

# #LSHKNOWS VALUATION

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## VALUATION REPORT

ON

TIPTON SERVICE STATION  
232 WHITEHALL ROAD  
TIPTON  
DY4 7EX

ON BEHALF OF:  
PROPLEND SECURITY LIMITED

DATE:  
26 SEPTEMBER 2022



#LSHKNOWS  
**VALUATION**



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### APPENDICES

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## 1. EXECUTIVE SUMMARY



Front Elevation



Street Map

Property Address	Tipton Service Station, 232 Whitehall Road, Tipton, DY4 78EX
Location	The subject property is located on Whitehall Road within the suburb of Tipton within the West Midlands. Tipton is approximately three miles east of Dudley and seven miles north east of Birmingham.
Description	Type: Investment – Petrol Filling Station/Workshop
	Forecourt Shop Floor Area: 311.5 sq m (3,354 sq ft) NIA
	Tyre Workshop Floor Area: 225.2 sq m (2,423 sq ft) GIA
	Condition: Average
Tenure	Freehold subject to two occupational leases
Number of Tenants	<p>Two Tenants:</p> <ol style="list-style-type: none"> <li>1) Petrogas Group UK Limited – Relating to the Petrol Filling Station/Forecourt- 20-year lease from 20<sup>th</sup> June 2017 until 19<sup>th</sup> June 2037. Stepped rents from an initial rent of £50,000 per annum until the fifth anniversary; £55,000 per annum from the fifth to tenth anniversary and £60,000 until the fifteenth anniversary. Upwards only Open Market Rent Review on fifteenth year. Tenant break option on 20<sup>th</sup> June 2032.</li> <li>2) Habib Qadir Majed – Relating to the Tyre Workshop - 20-year lease from 20<sup>th</sup> June 2018 until 19<sup>th</sup> June 2038. Contracted rent of £12,000 per annum. Rent review on 20<sup>th</sup> June 2023 and every fifth anniversary to open market rent.</li> </ol>
Rental Profile	Passing Rent: £67,000 per annum (net)
	Market Rent (headline): £84,950 per annum (net)
Valuations and Yield Profile	Valuation Date: 23 <sup>rd</sup> August 2022, being the date of inspection.
	Market Value (MV) £1,000,000
	Net initial yield: 6.22%
	Reversionary yield: 7.89%
Special Assumption Valuations	Equivalent yield: 7.77%
	MVSA VP: £790,000
	MVSA VP 90 Days: £630,000
	MVSA VP 180 Days: £710,000

Asset Management Issues / opportunities	Issues: Some signs of historic water ingress on some ceiling tiles in the shop and stores. Opportunities: Shop roof inspected for defects and replace damaged/missing ceiling tiles.														
Valuation Issues	None.														
Key Issues needing clarification:	We note the site has three underground fuel tanks which may give rise to contamination issues. It is down to the Clients discretion as to whether a recent Environmental Audit is required, or a historic survey can be relied upon.														
Asset Scoring	<table border="1"> <tr> <td><b>Macro Location</b></td> <td>3 - Average</td> </tr> <tr> <td><b>Micro Location</b></td> <td>3 - Average</td> </tr> <tr> <td><b>Build Quality</b></td> <td>4 - Good</td> </tr> <tr> <td><b>WAULT</b></td> <td>3 - Average</td> </tr> <tr> <td><b>Tenant Quality</b></td> <td>3 - Average</td> </tr> <tr> <td><b>Liquidity</b></td> <td>3 - Average</td> </tr> <tr> <td><b>Total</b></td> <td>19/30</td> </tr> </table>	<b>Macro Location</b>	3 - Average	<b>Micro Location</b>	3 - Average	<b>Build Quality</b>	4 - Good	<b>WAULT</b>	3 - Average	<b>Tenant Quality</b>	3 - Average	<b>Liquidity</b>	3 - Average	<b>Total</b>	19/30
<b>Macro Location</b>	3 - Average														
<b>Micro Location</b>	3 - Average														
<b>Build Quality</b>	4 - Good														
<b>WAULT</b>	3 - Average														
<b>Tenant Quality</b>	3 - Average														
<b>Liquidity</b>	3 - Average														
<b>Total</b>	19/30														
Suitable as Mortgage Security 'above	Yes - Subject to the specific assumptions, comments and recommendations detailed within this Report.														

26 September 2022

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**THE DIRECTORS**  
Proplend Security Limited  
20-22 Wenlock Road  
London  
N1 7GU

Lambert Smith Hampton  
Interchange Place  
Edmund Street  
Birmingham  
B3 2TA

For the attention of: Proplend Security Limited

Our Ref: TB

Dear Sir / Madam

<b>CLIENT</b>	<b>PROPLEND SECURITY LIMITED</b>
<b>APPLICANT</b>	<b>PARAGON REAL ESTATE (MIDLANDS) LIMITED</b>
<b>THE PROPERTY</b>	<b>TIPTON SERVICE STATION, 232 WHITEHALL ROAD, TIPTON, DY4 7EX</b>
<b>REFERENCE</b>	<b>B/S</b>

## 2. TERMS OF INSTRUCTION

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Appointment	We refer to your instruction email dated 18 <sup>th</sup> August 2022, acknowledged on 18 <sup>th</sup> August 2022 (copies at Appendix 2), to provide you with a Valuation Report in respect of the Freehold Interest in the above Investment Property, for Loan Security purposes. We have inspected the Property, made relevant enquiries and now have pleasure in reporting to you.
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The basis upon which we usually prepare our Valuations and Reports is set out in the Terms of Engagement (copy at Appendix 2). Unless and except where here specifically stated otherwise, this Report has been prepared in accordance with these Terms of Engagement

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RICS Compliance	We confirm that this report and valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors' Valuation Global Standards (also known as Red Book Global Standards the "Red Book").
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Lambert Smith Hampton acts in the capacity of External Valuer in connection with this instruction.

We confirm that the Valuation Division of Lambert Smith Hampton has a Quality Management System which complies with BS EN ISO 9001:2015.

Lambert Smith Hampton holds appropriate professional indemnity insurance for this valuation instruction.

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Valuation Date	The Valuation Date is 23 August 2022 being the date of inspection.
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Basis of Valuation	Market Value (MV) and Market Rent (MR) (definitions at Section 11).
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Special Assumption Valuations	A Special Assumption valuation is one that either assumes facts that differ from the actual facts existing at the Valuation Date, or that would not be made by a typical market participant in a transaction on the Valuation Date.
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You have requested valuations based on the following special assumptions:

- Market Value with the assumption of vacant possession.

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	<ul style="list-style-type: none"><li>• Market Value with the assumption of vacant possession and special assumption of a 90-day period in which to exchange contracts.</li><li>• Market Value with the assumption of vacant possession and special assumption of a 180-day period in which to exchange contracts.</li></ul>
VAT	Our Valuation is exclusive of any VAT payable
Purchaser's Costs	Our Valuation, unless otherwise stated, is produced net of Purchaser's costs at the appropriate rate, plus VAT.
Valuer	<p>This Report and Valuation has been prepared by Tim Bloomer BSc (Hons) MRICS, Associate Director and member of the RICS Valuer Registration Scheme'.</p> <p>This Report and Valuation has been checked by Mark D Weller MRICS, LSH Director and a member of the RICS Valuer Registration Scheme.</p> <p>Each has acted with independence, integrity and objectivity, and has sufficient current local and national knowledge of the particular market as well as appropriate skills, qualifications, experience and understanding for the purposes of this instruction.</p>
Inspection	The Property was inspected on 23 August 2022 by The Valuer.
Free of Conflict of Interest	<p>We have confirmed to you that over the last two years we have had no involvement with the Property, the Applicant, a prospective Borrower or with any party connected with a transaction or which lending is required.</p> <p>We therefore consider ourselves to be free of any conflict of interest in providing this advice for you.</p>
Reliance upon Information provided by applicant or other third parties	<p>We have previously agreed that we shall rely upon the following information for the purpose of reporting to you.</p> <p>Provided by the Borrower:</p> <ul style="list-style-type: none"><li>• Signed occupational lease dated 20<sup>th</sup> June 2017 – Petrol Filling Station.</li><li>• Signed occupational lease dated 20<sup>th</sup> June 2018 – Tyre Workshop.</li><li>• Copy of a site plan.</li></ul> <p>We have assumed that all material information has been fully disclosed to us and our Valuations have been prepared on the basis that there is no further information available.</p>
Limitation and Liability	<p>We draw your attention to the Assumptions, Limitations and Regulatory information set out within this Report to which our advice is subject and our Terms of Engagement agreed between us.</p> <p>This Valuation Report is provided for the stated purpose and for the sole use of the named Client. It is confidential to the Client and his professional advisors and the Valuer accepts no responsibility whatsoever to any other person.</p> <p>Neither the whole, not any part of this Valuation Report, nor any reference hereto may be included in any published document, circular or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear.</p> <p>Such publication of, or reference to, this Valuation Report may not be made unless it contains a sufficient contemporaneous reference to the Special Assumptions set out herein or Departures from the 'Red Book'.</p>

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Valuer:



Tim Bloomer MRICS  
RICS Registered Valuer  
Associate Director  
**For and on behalf of**  
**LAMBERT SMITH HAMPTON**

Checked by:



Mark D Weller MRICS  
RICS Registered Valuer  
Director  
**For and on behalf of**  
**LAMBERT SMITH HAMPTON**

### 3. LOCATION

#### Macro Location

Tipton is an industrial town, north west of Birmingham in the Borough of Sandwell, West Midlands. It is a part of the Black Country, located approximately equidistant between Birmingham and Wolverhampton, in the West Midlands conurbation. Tipton is the fifteenth most populous settlement in the West Midlands, following larger cities such as Birmingham, Coventry and Wolverhampton.

Tipton is approximately 10 miles to the north west of Birmingham, six miles to the south east of Wolverhampton and two miles north east of Dudley. Tipton Railway Station, located in the town centre, is on the West Coast Main Line and West Midlands Railways provides services between Walsall and Wolverhampton. The closest airport is Birmingham Airport (BHX) which is approximately 17 miles south east of Tipton.

Tipton has a population of 38,777 as per the 2011 UK Census, growing from 34,878 in 2001; a fast growth of 11.18% in ten years. Tipton has a working age population of 63.9% which is slightly below the national average working age distribution of 64.8% recorded in the 2011 census.

#### Micro Location

Tipton is a suburb located between Wolverhampton and Birmingham in the West Midlands. The property is 1.8 miles east from Tipton town centre and is situated on Whitehall Road B4166 which provides an arterial route crossing the Black Country. The wider motorway network is accessible via Junctions 1 & 2 of the M5 at West Bromwich and Oldbury, which are both situated within 3-4 miles of the property.

Dudley Port Train Station located 0.9 miles south-west of Tipton on the Stour Valley Line and is operated by West Midlands Railway Services, primarily serving the surrounding areas of Wolverhampton, Walsall, and Birmingham. In addition, there are nearby direct bus links to Tipton town centre, Dudley and West Bromwich.

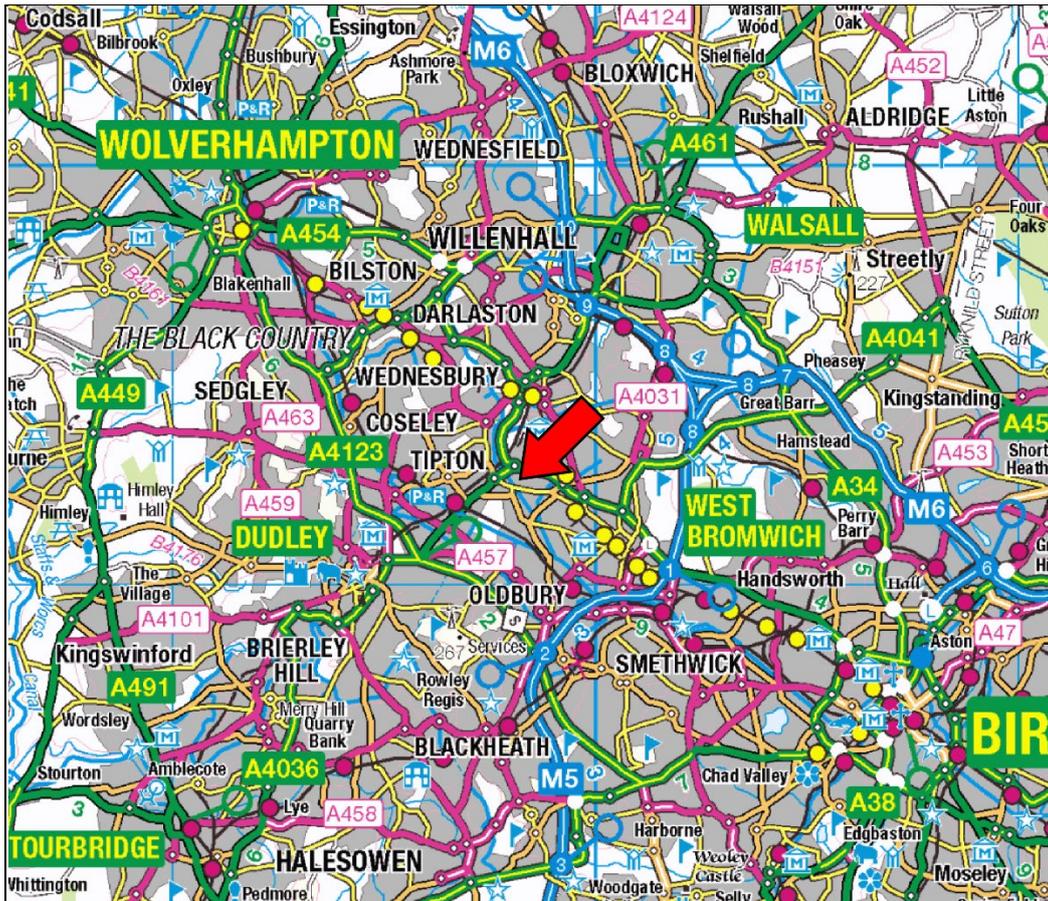
The property is situated in a mixed residential and industrial area. There are a number of warehouse/distribution units located on Whitehall Road as well as a block of flats adjacent to the subject property on Sheepwash Lane. Whitehall Industrial Park comprises both commercial offices and industrial units. Great Bridge Retail Park is situated within a mile to the north of the site and includes a number of tenants which include Asda, KFC, McDonalds, Boots, B & M, Poundland and B and Q.



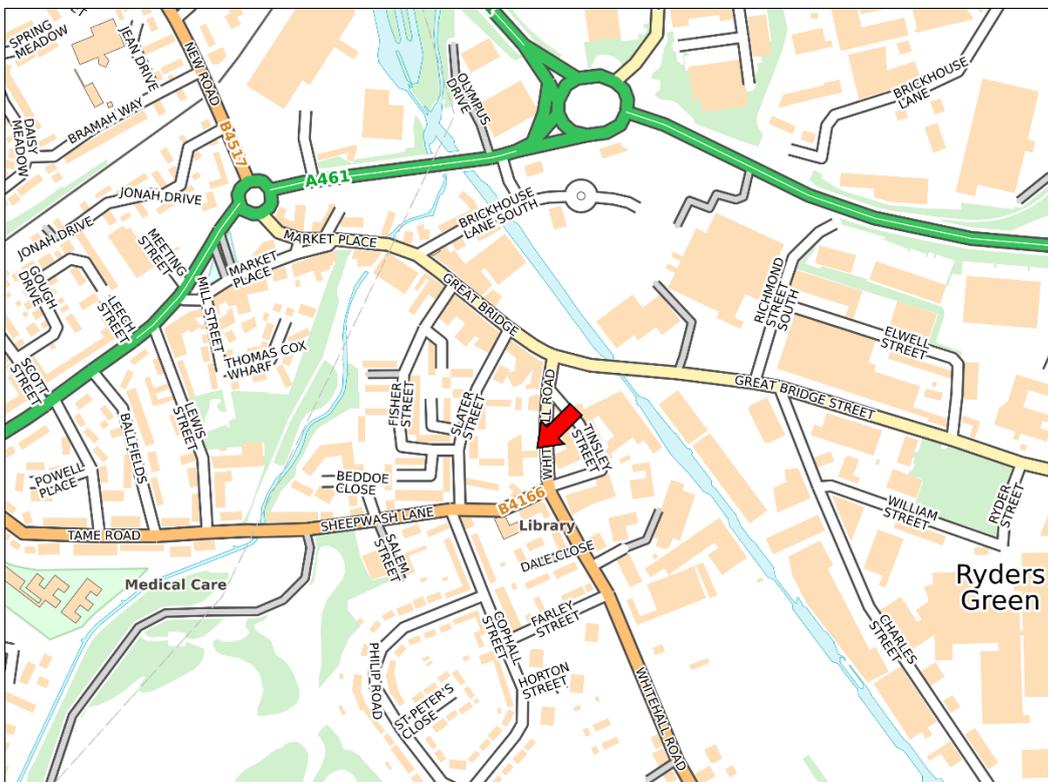
Street Scene



Street Scene



City Plan



Street Plan



The boundaries of the Property, as we understand them to be, are outlined in red on the copy extract from the Ordnance Survey Plan shown above.

Approximate dimensions and area, as scaled from the Ordnance Survey Plan		
Frontage to Whitehall Road:	79.81 m	262 ft
Site Depth:	38.13 m	125 ft
Site Area:	0.22 hectares	0.56 acres

The property is situated on an irregular shaped site of flat topography. The site has a concrete surfaced forecourt and customer car park with 25 lined parking spaces. Access to the site is directly from Whitehall Road which is assumed to be an adopted highway.

## 4. DESCRIPTION AND CONSTRUCTION

### Description

A freehold investment property comprising an independently branded petrol filling station with convenience store and a tyre fitting workshop.

### Age and Construction

The petrol filling station was built in 1988 and extended in 2013 to comprise a brick built forecourt shop with flat roof; external signage; double glazed shop front windows and secure roller shutters.

The forecourt is independently branded with a flat steel canopy; incorporated LED ceiling lighting and a clearance height of 4.4m. The forecourt has four fuel islands which have 12 fuel nozzles for either Unleaded or Diesel fuel grades.

We have been advised by the Applicant that there are three underground tanks which are estimated to be around 30 years old:

Tank Number	Fuel Grade	Capacity	Age (years)
1	Unleaded	23,000 Litres	30
2	Diesel	23,000 Litres	30
3	Diesel	9,000 Litres	30

We were unable to inspect the underground tanks and as such our valuation is provided on the strict assumption that all facilities have been retained appropriately and the necessary certificates and records documenting such can be provided. For the avoidance of doubt, we were advised that no spillages or leaks have occurred during the period of ownership and our valuation is provided on the assumption that this information is correct. We have made no allowance in our opinion of market value for relining or replacing the tank farm.

The tyre workshop is attached to the forecourt shop and is of brick construction with a flat roof and external signage. There are two roller shutter doors for vehicular access both 2.6m in height. Adjacent to the workshop is a tyre store room of steel portal frame with profile walls and a flat steel roof.



Front Elevation – Petrol Filling Station



Front Elevation – Tyre Workshop And Store

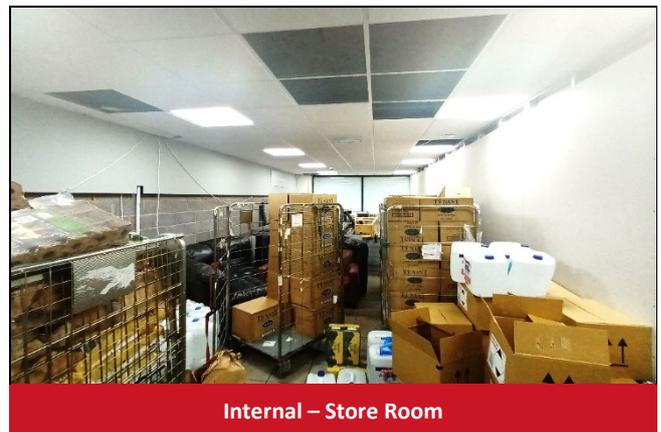
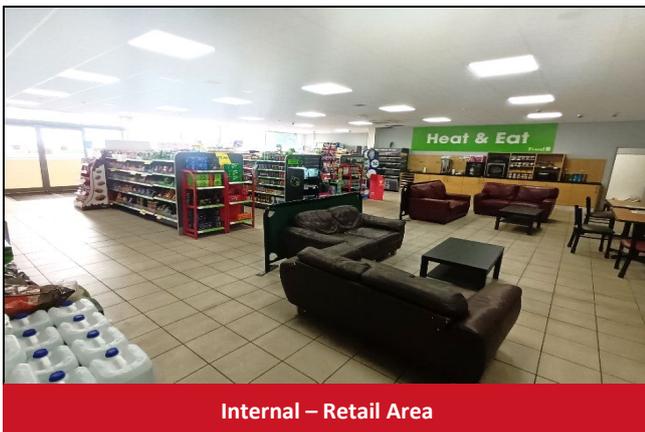
## Internal Finishes and Specification

### Tipton Service Station

The forecourt shop has a modern fit-out comprising a service counter with EPOS systems, discreet cigarette gantry and product displays. The retail area has a tiled floor; chiller cabinets; product shelving and suspended ceiling with integrated LED lighting and air conditioning units. There is a customer seating area with hot drink machines and a wall mounted flat screen television fitted for entertainment.

Adjacent to the retail area is a store room and a staff kitchen with fitted worktop, cupboards, sink unit and a staff toilet. The staff kitchen/toilet has a tiled floor with painted plastered walls and a suspended ceiling with integrated LED lighting.

There is a larger store room to the opposite side of the retail area with a walk in fridge/freezer and fire exit doors to the rear of the property. To the rear of the service desk is a hallway leading to the staff kitchen/staff room comprising fitted worktops, cupboards and a sink unit. There is a managers office and a staff toilet/shower room to the end of the hallway leading to a fire exit door. The staff shower room has tiled walls and floor; hand wash basin, toilet and an enclosed shower cubicle.





Internal – Staff Kitchen/Toilet



Internal – Store Room



Internal – Staff Kitchen



Internal – Staff Shower Room

### AB Tyres

The workshop comprises a concrete floor; two fitting bays; ceiling strip lighting and painted brick interior walls. To the rear of the workshop is a staff room with cupboards, sink unit and toilet. The adjacent tyre store also has a concrete floor with ceiling strip lighting and exposed steel frame with profile walls.



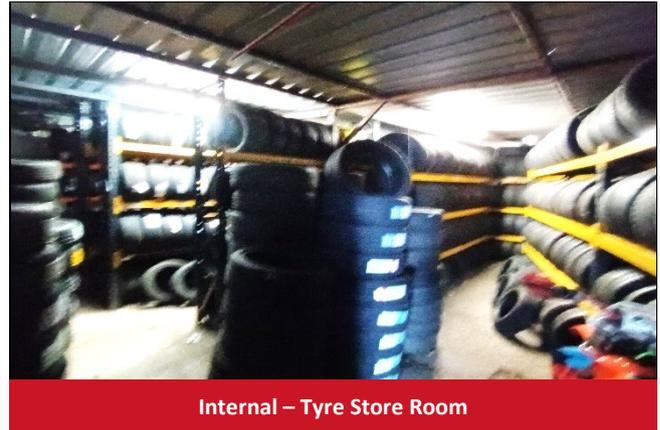
Internal – Tyre Fitting Area



Internal – Staff Kitchen/Toilet



Internal – Tyre Store Room



Internal – Tyre Store Room

## External Areas

The site has parking for approximately 20 vehicles. The small workshop also has a small parking area, accommodating a further 6 vehicles.

## Services

We understand that the property is connected to all mains services including gas, water, drainage and electricity.

## Accommodation

We have considered the property with reference to the RICS guidance on property measurement. The RICS Professional Statement – RICS Property Measurement, 2nd Edition, January 2018 - sets out the preferred basis of measurement as being to IPMS, however this has yet to be widely adopted by the market and does not yet form an industry-wide basis of measurement. Most agents still market property to let or sell on the basis of its Net or Gross Internal Area, calculated in accordance with the former reference for measurement, The Code of Measuring Practice (6th Edition, May 2015). Comparable transactions are also generally analysed on this basis. Hence for the purpose of valuing the Property, we have adopted the basis we feel most appropriate having due regard to the type and nature of the property and its comparables.

From measurements taken on site, we calculate that the Property provides the following approximate accommodation:

### Tipton Service Station

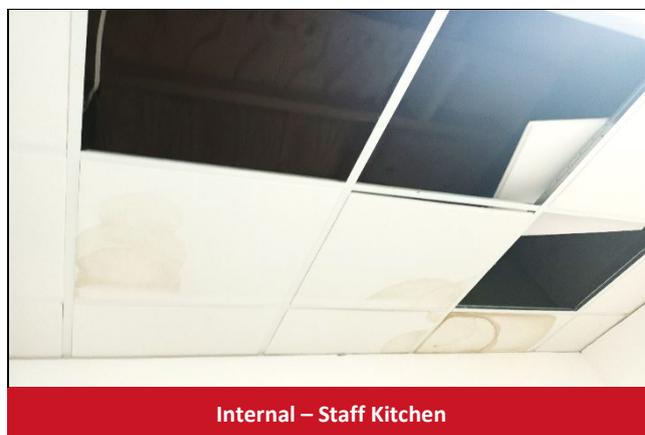
Floor	Use	Sq Metres	Sq Feet
Ground	Retail Area	171.6	1,847
	Store Room	40.8	439
	Staff Kitchen	5.0	54
	Store Room	56.3	606
	Staff Kitchen	30.8	332
	Managers Office	7.0	76
	<b>Total Net Internal Area:</b>		<b>311.5</b>

### AB Tyres

Floor	Use	Sq Metres	Sq Feet
Ground	Workshop	70.7	761
	Store Room	58.5	629
	Store Room	96.0	1,033
<b>Total Gross Internal Area:</b>		<b>225.2</b>	<b>2,423</b>

## Repair and Condition

We have not been advised by the borrower/ owner of any issues with the Property or repairs that are required. From our inspection, the Property appeared to be in average condition considering its age, specification and use. We noted some signs of historic leaks around the ceiling air conditioning units and ceiling tiles. They do not appear to be recent defects and do not affect our opinion of Market Value:



The property is held under two full repairing and insuring leases and therefore any repairs should be the tenant(s) liability.

We have not been advised by the borrower/owner of any intended Capital Expenditure (Capex) planned or required for the foreseeable future.

We estimate the building has a remaining economic life of at least 25 years, provided an adequate and suitable programme of maintenance and repair is followed.

## Sustainability

In undertaking this Valuation, we have searched the web based EPC register managed by Landmark and this includes copies of the EPC's which rate as follows:

Unit	Energy Performance Band	Energy Performance Asset Rating	Issue Date
Great Bridge Service Station, 232, Whitehall Road, Tipton, DY4 7EX	C	59	02 May 2017
Tyre Workshop, 232 Whitehall Road, Great Bridge, Tipton, DY4 7EX	C	60	11 December 2020

## Accessibility

During the course of our inspection, no features were noted to suggest the Property does not meet the requirements of current accessibility and disability legislation, in its capacity as a place of employment and a provider of services, and taking into account the Act's requirements for reasonable adjustments to be made.

## Hazardous and Deleterious Materials

For the purpose of this report, we have assumed that, unless indicated to the contrary, a survey would not disclose any evidence of asbestos or deleterious materials in the construction of the subject in circumstances where it is likely to have an effect on health or safety.

## 5. CONTAMINATION AND ENVIRONMENTAL MATTERS

Your borrower has not advised us of any issues of contamination, ground stability or flooding with the site and therefore in valuing the Property, we have taken it to be free of any issues. Our observations from our inspection are as follows:

### Contamination

We note the site has three underground fuel tanks which may give rise to contamination issues. It is down to the Clients discretion as to whether a recent Environmental Audit is required, or a historic survey can be relied upon for loan security.

### Ground Conditions

The Property is located in an area where there is thought to be past mining or other underground activities.

### Masts and Lines

There are no telecommunications base stations at the property.

There are no masts or high voltage overhead transmission lines passing overhead, or in close proximity to the Property.

### Flood Risk

#### Flooding

The Environment Agency website identifies the subject as being within an area classed as having a very low risk of flooding from rivers or the sea and a very low chance of flooding from surface water.

#### Drainage

For the purpose of this Report, we have assumed that, unless indicated to the contrary, enquiries would not disclose any evidence of historic pluvial flooding, relating to the drainage of surface water or groundwater flooding.

### Fire, Health & Safety

We were unable to ascertain whether a Risk Assessment has been undertaken, hence without evidence to the contrary, we have assumed that it has and that the Property complies with current regulations and that there are no outstanding issues.

We have assumed that this assessment will continue to be reviewed and updated if there are any alterations to the premises or changes to work practices or use of the premises. We recommend that your Solicitors be instructed to verify the position.

## 6. TENURE AND TENANCIES

### Tenure

Freehold subject to two occupational leases.

### Tenancies and Other Agreements

We have been provided with a copy of both occupational leases. We consider the pertinent clauses of the leases to be as follows:

<b>Lease Date</b>	20 June 2017
<b>Landlord</b>	Paragon Real Estates (Midlands) Ltd
<b>Tenant</b>	Petrogas Group UK Limited
<b>Term</b>	20 year lease from 20 <sup>th</sup> June 2017 until 19 <sup>th</sup> June 2037. 14 years 10 months unexpired.
<b>Rent</b>	Stepped rents from £50,000 per annum until the fifth anniversary; £55,000 per annum until the tenth anniversary; £60,000 until the fifteenth anniversary.
<b>Rent Review</b>	Fifteenth anniversary of the date of the lease on 20 <sup>th</sup> June 2032. Upwards only to open market rent.
<b>Break Option</b>	Tenant break option on 20 <sup>th</sup> June 2032.
<b>Permitted User</b>	Sui Generis - Use as a petrol filling station with ancillary convenience store, sale of hot and cold food and drinks for consumption on or off the Property, ATM, car wash, jet wash and valeting and ancillary offices and as a site for container storage.
<b>Repairing Obligations</b>	FRI
<b>Other</b>	Within Sections 24-28 of Landlord And Tenant 1954 Act.

We have been provided with a copy of the occupational lease dated 15 May 2020 between Paragon Real Estates (Midlands) Ltd as original Landlord and JC Fuels Ltd as original Tenant. We consider the pertinent clauses of this to be as follows:

<b>Lease Date</b>	20 June 2018
<b>Landlord</b>	Paragon Real Estates (Midlands) Ltd
<b>Tenant</b>	Habib Qadir Majed
<b>Term</b>	20 year lease from 20 <sup>th</sup> June 2018 until 19 <sup>th</sup> June 2038. 15 years 10 months unexpired.
<b>Rent</b>	£12,000 per annum
<b>Rent Review</b>	Rent review on 20 <sup>th</sup> June 2023 and every fifth anniversary. Upwards only to open market rent.
<b>Permitted User</b>	Vehicle Repair/MOT Workshop
<b>Repairing Obligations</b>	FRI
<b>Other</b>	Within Sections 24-28 of Landlord And Tenant 1954 Act.

We confirm that we have not yet had sight of your Solicitor's Report on Title, however, upon receipt of a copy, would be pleased to separately confirm whether the content of this has an impact on the advice provided within this appraisal report.

## Contracted Rental Income

£67,000 per annum net

## Comments on Leases

**Tipton Service Station** – let to Petrogas Group UK Limited with the lease expiring 19 June 2037 (14 years and 10 months unexpired). Tenant only break clause on 20 June 2032. Rent increase due in five years to £60,000 per annum. Rent review on the fifteenth anniversary upwards only to open market rent.

**AB Tyres** – let to Habib Qadir Majed t/a AB Tyres Whitehall Road Limited for a term of 20 years from 20 June 2018 (15 years and 10 months unexpired). Five yearly upwards only rent reviews to open market rent.

## Tenant's Status

We have made brief status enquiries of the Tenant Companies by sourcing Dunn & Bradstreet credit reports. The findings related to both Petrogas Group UK Limited and A B Tyres Whitehall Road Limited are detailed below:

**Petrogas Group UK Limited** – The Company has a credit rating of 2A 3 as at 17 August 2022. The overall business risk is stated as 'moderate'. The company currently has a Delinquency Score of 75, indicating a moderate probability of delinquency over the next 12 months at 6.38%.

At the time of producing this report the last published accounts available were those dated 31/12/2020 which detail the Company as having a total turnover of £467,287,000 down from £634,943,000 the previous year. The company received pre-tax profits of £3,728,000, up from pre-tax profits of £1,991,000 and a tangible net worth of £5,928,000, up from £140,000.

We have undertaken further web based enquiries of the Tenant Company and understand that Petrogas Group UK Limited is a wholly owned indirect subsidiary of Applegreen plc, which provides the sale of automotive fuel in specialised stores. Applegreen plc operates over 500 forecourt sites and employs around 10,700 people across Ireland, UK and America. Founded in 1992, Applegreen operates a retail led business model focussed upon offering 'low fuel prices', and enjoys established partnerships with a number of notable brands, which include Starbucks, Waitrose, W H Smith and KFC.

**AB Tyres Whitehall Road Limited** - The Company has a credit rating of N3 as at 11 July 2022. The overall business risk is stated as 'moderate'. The company currently has a Delinquency Score of 27, indicating a moderate probability of delinquency over the next 12 months at 14.37%.

At the time of producing this report the last published accounts available were those dated 30/09/2020, which detail the Company as having a tangible net worth of (£3,097), up from (£7,866) the previous year.

We have undertaken further web based enquiries of the Tenant Company and understand that A B Tyres Limited was founded in September 2015, and is an independent tyre expert specialising in tyre fitting and wheel tracking. The company stocks a full range of tyres from world renowned brands such as Michelin, Dunlop and Pirelli, providing for a range of vehicles which include cars, motorbikes, SUVs, 4 x 4s and vans.

## 7. STATUTORY ENQUIRIES

### Town Planning

The Property lies within an area administered by Sandwell Metropolitan Borough Council whose Local Plan provides the framework for guiding, controlling and facilitating development.

The Proposals Map annexed to the Local Plan identifies the subject as lying within the A1 Building Consultancy Operational Area and a Mineral Safeguarding Area.

We understand from planning history obtained from the Council's website that the following pertinent applications have been decided:

Reference	Address	Date	Decision	Detail
DC/14/57575	Great Bridge Service Station, 232 Whitehall Road, Tipton, DY4 7EX	20 November 2014	Grant Conditional Retrospective Consent	Retention of a freestanding ATM and bollards
DC/12/55456	Great Bridge Service Station, 232 Whitehall Road, Tipton, DY4 7EX	22 February 2013	Grant Permission Subject to Conditions	Proposed single storey side and rear extension to service station shop.
DC/17/60776	AB Tyres Limited, 232 Whitehall Road, Tipton, DY4 7EX	27 September 2017	Grant Conditional Retrospective Consent	Retention of side extension for storage of tyres.

We understand the Property is not listed, and not within a Conservation Area.

We are not aware of any outstanding Enforcement Notices.

### Business Rates

We have made on-line enquiries of [www.gov.uk](http://www.gov.uk) and are informed that the entries appearing in the 2017 Rating List as at the Valuation Date, are as follows:

Address	Description	Rateable Value
Great Bridge Service Station 232, Whitehall Road, Tipton, West Midlands, DY4 7EX	Petrol filling station and premises	£8,750
Ab Tyres Whitehall Road Limited, Whitehall Road, Tipton, West Midlands, DY4 7EX	Vehicle repair workshop and premises	£3,550
Advertising Right Great Bridge Service Station Site 2107, Whitehall Road, Tipton, West Midlands, DY4 7EX	Advertising right and premises	£450

This list may not be fully up to date or exhaustive; some properties are recorded under different addresses to their postal address and appeals may be in progress. Specialist advice should be taken by the occupiers about the full rates liability.

## Registration and Licences

We assume that the Tenant has the benefit of all appropriate licences as stated below:

### **Licences**

We are aware the shop has a premises licence to sell alcohol, by retail, for consumption off the premises, within the business opening times.

### **Other Certificates**

We have assumed the property fully complies with all current health and safety, environmental health and other regulations including the Certificate of Gas and Electrical Installation.

### **The Petrol (Consolidation) Regulations 2014 (PCR)**

The Petroleum Consolidation Regulations 2014 which came into force on 1 October 2014 apply to:-

- Workplaces that store petrol where petrol is dispensed, i.e. retail and non-retail;
- Petrol filling stations; and
- Non-workplace premises storing petrol, for example at private homes or at clubs, associations or similar.

Petrol Enforcements Authorities PEAS, formally Petroleum Licensing Authority (PLAS) are responsible for importing piped petroleum, The Petroleum (Consolidation) Regulations 2014. They also continue to enforce DSEAR at workplaces covered by PCRs.

## Regulated Mortgages

We confirm that none of the total of the land to be given as security is used as, or in connection with, a dwelling.

## 8. MARKET CONDITIONS

### Market Commentary

#### General Economic Comment

We attach at Appendix 2 a copy of our current Economic and Macro Property Market Commentary.

#### Occupational Market Commentary

We have access to the Petrol Retailers Association Fuel Market Review 2021/22 which provides the following data with regard to the sector:

*“On 23<sup>rd</sup> March 2020 the UK entered into a national lockdown. As the lockdown started to bite, members saw a dramatic fall in fuel sales volume which was down to around 40% of normal trade. Indeed, Easter Sunday on April 12 saw a new low with fuel volumes falling to 19% of normal business. While there was a huge drop in fuel volumes, many members reported increases in their shop-only trade.*

*During this time, the CWA also successfully lobbied for the continued opening of automated car washes and the closure of hand car washes. The CWA obtained an agreement from BEIS that automated rollover and conveyor car washes and jet washes do not involve close contact between staff and customers, and therefore the risk of the spread of the virus would be negligible.*

*In August, there was some good news as data was released showing that symbols and independents had seen a 45.4% growth in sales in the 12- week period ending August 9. The data revealed that shoppers spent £660m in symbol and independent stores, up from £460m in the same 12 weeks in 2019. August also marked the start of the ‘Eat Out to Help Out’ scheme, which prompted a significant uplift in footfall in the hospitality sector.*

*Notably during 2020 Asda was sold to a consortium led by TDR Capital and supported by brothers Zuber and Mohsin Issa – founders EG Group.*

*Towards the end of 2020, the Government announced that it would bring forward the banning of the sale of new ICE vehicles to 2030, Boris Johnson said: “We’ll invest more than £2.8bn in electric vehicles, lacing the land with charging points and creating long-lasting batteries in UK gigafactories. This will allow us to end the sale of new petrol and diesel cars and vans in 2030. However, we will allow the sale of hybrid cars and vans that can drive a significant distance with no carbon coming out of the tailpipe until 2035.”*

For 2022, Members are taking advantage of the good margins to be earned in properly run compliant vehicle valeting. As the CWA continues to gain traction within the Government for a single enforcement body (SEB) and an industry licensing scheme, we hope that there will be a “renaissance” in vehicle valeting, after all EVs need cleaning as well.

In September 2022, it was announced that Asda has agreed a deal with Co-Op to acquire 129 petrol filling stations from its portfolio for £600m. Asda currently owns 320 petrol filling stations across the UK with this latest portfolio acquisition being part of a plan to move into a more convenience/grocery lead market.

#### Market Structure

The overall numbers are not significantly different from the last review with 8,400 open retail sites in the UK, a total retail motor fuel volume of 36bn litres and an average fuel volume of 4.3mlpa per site. Total shop sales were £4.5bn – with average shop sales of £12,100 per week from an average 74sq m shop. There are now 5,454 independent dealer sites in the UK (a net decrease of 104 sites compared with the last review). Almost 50% of these sites are operated by dealer groups with three sites or more (141 groups), and they sell 71% of the dealer fuel volume and account for 66% of the dealer shop sales. The average dealer site now sells 2.45mlpa and turns over £10,100 per week through a 69sq m shop.

The hypermarkets have 19% (1,588) of the sites with a 44.8% share of motor fuel sales, a marginal increase of 0.1% over the previous 12 months and they are the single-largest sector by some degree. There have been 12 new-build sites in the hypermarket sector over the past 12 months. For the first time in a long while Tesco has been the most active and has added five new sites – all unmanned and installed as a unit with above-ground tanks in the car park of an existing Tesco store. Asda added four sites – three of which are also unmanned automats. Sainsbury's added three new standard forecourts, all at new store locations.

The dealer sector now has 65% (5,454) of the sites and has seen a minor 0.5% decrease in motor fuel market share over the past year to 36.8%. Over the same period 75 dealer sites closed with 38 from the unbranded sector and 14 from Certas Energy brands.

In addition, 50 dealer sites were bought by the oil companies and moved into the company owned sector (Applegreen, BP, Certas Energy and Phillips 66 all bought dealer sites over the past 12 months). There were 17 new-build dealer sites added over the same period, including six by Euro Garages plus 21 dealer-owned sites re-opened after a period of closure. Nine sites were acquired from the oil companies and added into the dealer sector.

After a lengthy period of decreases the company owned sector rebounded last year by adding 51 sites and this has continued into 2018/19 with the addition of another 50 sites acquired from the dealer sector.

Oil company sites represent 16.2% (1,358) of the sites and their market share has marginally increased to 18.3%. There were four new-build oil company sites – three BP and one Applegreen – and five sites were rebuilt and reopened after a period of closure. No company-owned sites closed in the past 12 months, although nine sites were sold into the dealer sector.

The company-owned sector is primarily Shell with 564 sites, BP with 326 sites and Esso with the 198 Tesco Alliance sites. Applegreen is next with 105 company sites then Certas Energy with 62 sites, comprising its company-owned chain in Scotland and its Fuel Express network of 35 automat sites.

Regionally, the forecourt sector continues to be dominated by London and the South East, with 23.6% of the UK's motor fuel and 27% of forecourt shop sales from 19.3% of the sites. Northern Ireland has the smallest regional market share in terms of fuel volume (2.6%) but with 6.9% of shop sales from 563 sites (6.7% of the UK sites).

The number of unmanned sites (automats) has increased again over the past year to 257. Asda now has 159 unmanned forecourts, Certas Energy has 38 and Costco's 13 sites are all unmanned. Tesco has added five unmanned sites, taking its total to 12. Sainsbury's was unchanged at seven unmanned sites.

## Market Share

Tesco has maintained its position as the leading fuel retailer in the UK with a 16% market share. For the fourth year in succession the brand with the largest increase in number of sites supplied over the last 12 months was Esso with an increase of 53 sites to 1,197 sites. The Esso brand remains second behind BP in terms of site numbers but only by 14 and with the extension of the Esso brand into the dealer market under Greenery; it is likely to overtake BP quite soon. Essar increased its site numbers from 49 to 70 over the past 12 months, all added into its dealer network. Applegreen also added a further 13 sites to total 105 sites although many of them are partially branded as 'Low Prices Always' rather than a full Applegreen (NB while Applegreen now owns the 34 Welcome Break sites these are currently reported separately in our data).

The brands with the largest losses as seen by us were Certas Energy (-45) and BP for the second year (-37). The 'unbranded' sites total decreased by 35 to 545 and they remain most vulnerable to a squeeze on margins and to the pressures of the environmental factors surrounding forecourt operation.

In the dealer sector Esso and Essar show the largest increases. Esso, as the flagship brand for Greenery, has increased its dealer presence by 67 sites and Essar is up by 21 sites. Esso continues to lead BP in supplying the most dealer sites with 999, followed by BP with 885 and Texaco in third place with 727 sites.

In terms of motor fuel market share in the dealer sector Esso is leading the way with 25.6%, with BP next on 24.8%, then Shell with 14.7% and Texaco with 13.8%. These four brands now account for almost 80% of the motor fuel sold through the dealer network. Ten per cent of the dealer network (543 sites) remains unbranded but they have only a 2% share of

the motor fuel market. During the past 12 months 324 dealer sites – 6% of the dealer network – have changed fuel brand. This would suggest that, given an even distribution of five-year fuel supply contract dates, for every dealer site that changes fuel brand at the end of its contract then two others remain with their current brand.

## Forecourt Shops

The proportion of sites that have a forecourt shop in some form has remained constant at 88% over the past year, and the forecourt shop sector continues to have sales of around £4.5bn per year. There are now 2,430 sites with convenience stores (up by 68 sites from 2017) and they retail 59% of the forecourt shop sales – the average convenience store turns over £22,000 per week from a 140 sq m store.

Sites with the BP fuel brand have the most forecourt shops – 1,210 – with 289 of these being M&S Simply Food. Esso has overtaken BP with a 22.8% market share of the forecourt shop sector with BP now second on 22.1% – the next brand Shell has only 13.9% of the shop sales. Of all the fuel brands the Co-op network has the highest average annual shop turnover at £1.2m per site. In the dealer sector there are 4,818 forecourt shops (excluding kiosks) with total shop sales of over £2.4bn per year (54% of the overall forecourt shop sales). Within the dealer sector, 88% of sites have a shop and 27% of the sites (1,493) have a full c-store. Esso dealer sites have a 26.1% share of the dealer forecourt shop sector with BP behind on 25.3%. There are still 458 dealer sites with no forecourt shop and 178 dealer sites with just a kiosk.

In terms of forecourt shop fascia, Spar is the leader with 1,123 shops selling 17.4% of the forecourt shop sales. Spar has increased its presence on the forecourt by a further 29 shops over the last 12 months. The Tesco/Tesco Express shop fascia remains in second place on 691 sites (including the Esso/Tesco Alliance sites as well as the shops on its own Tesco forecourts) and it is behind Spar with a 16.2% share of the £4.5bn forecourt shop market.

We are still recording that over 14% of forecourt shops (1,068) have no recognised fascia brand on their shop although this is 90 less than the previous year. In terms of regional distribution, London and the South East dominate with 27% of forecourt shop sales and the next region is East England with 10.5% of the shop sales.

## The ‘Fuel Crisis’

In September 2021 BP stated that they would need to close a select number of petrol stations due to a lack of lorry drivers to supply fuel. This quickly escalated and other fuel suppliers started to echo the same statement which resulted in a sudden spike in public demand due to a ‘panic buying’ situation across the UK. The PRA (Petrol Retailers Association) stated that up to two-thirds of outlets had run out of fuel in the following days since 25<sup>th</sup> September and the remaining operators were becoming “partly dry or running out soon.” There was an estimated shortage of more than 100,000 HGV drivers in the UK which had also affected other sectors including the supermarkets and fast food chains.

Petrol prices were now at an eight-year high and continue to be at premium levels into 2022. It is reported that there were a number of reasons for this sudden ‘Fuel Crisis.’ One particular reason many are blaming is Brexit. European drivers went back to their home countries after Brexit was announced as this would result in added border bureaucracy and have an impact on their income.

Deliveries of fuel has since stabilised towards the end of 2021 and into 2022 although fuel prices still remain high. With the easing of the remaining COVID-19 restrictions in England from 28<sup>th</sup> March 2022; it was hoped that fuel prices and delivery issues would return to a pre-pandemic market; however with the ongoing conflict between Ukraine and Russia the fuel market has been affected and concerns have been raised regarding further price increases and possible shortages of fuel, particularly across Europe. As the fuel market has recently begun to cool off since the announcement of the conflict in Ukraine, the price of fuel as since lowered marginally, although still at an unprecedented level.

## Rental Comparables Analysis

### Petrol Filling Station Rents

Within the sector, rental evidence is generally not available as each petrol filling station will have their rent assessed as a percentage of the Fair Maintainable Operating Profit (FMOP) which can be achieved when operated by a Reasonably Efficient Operator (REO). As such, rental evidence is often confidential as to how they are calculated and will be greatly influenced by the operation being undertaken on site. However, through our knowledge and experience within the sector we advise that rents relating to petrol filling stations generally fall within the range of 30% to 35% of the FMOP.

### Industrial/Workshop Rental Evidence

We have gathered rental evidence of vehicle workshop/light industrial and industrial lettings to form an opinion of the Market Rent for the workshop unit. We detail the evidence below from a local radius:

1 Withy Road, Bilston, Wolverhampton

£7.94 per sq ft

**Date:** August 2022

**Agreed Rent:** £11,000 per annum

**Description:** 1,385 sq ft industrial unit located on an industrial park let for a 12 month term with FRI obligations. The property is of steel portal frame with one loading door.

Unit 1-4, Biddings Lane, Bilston, Wolverhampton

£7.12 per sq ft

**Date:** February 2022

**Agreed Rent:** £12,000 per annum

**Description:** 1,685 sq ft industrial unit located on an industrial park. We are unaware of the agreed lease terms. The property is a warehouse of steel portal frame with one loading door and three office suites.

Units 6-14 Bath Street, Bilston, Wolverhampton

£6.89 per sq ft

**Date:** February 2022

**Agreed Rent:** £13,500 per annum

**Description:** 1,959 sq ft industrial unit located on an industrial park. We are unaware of the agreed lease terms. The property is a warehouse of steel portal frame with one loading door and an office suite.

Unit E, Bilston, Wolverhampton

£6.55 per sq ft

**Date:** March 2022

**Agreed Rent:** 15,000 per annum

**Description:** 2,289 sq ft industrial unit located on an industrial park. We are unaware of the agreed lease terms. The property is a warehouse of steel portal frame with one loading door and an office suite.

Unit 1, Purbrook Road, Wolverhampton

£4.55 per sq ft

**Date:** June 2021

**Agreed Rent:** £10,500 per annum

**Description:** 2,308 sq ft industrial unit located on an industrial park. We are unaware of the agreed lease terms. The property is a warehouse of steel portal frame with one loading door and office suites.

The evidence for light industrial/industrial properties within the local area ranges from £4.55 per sq ft to £7.94 per sq ft. An element of quantum and the quality of the property reflects the rent that has been achieved. As the subject workshop has a floor area of 2,423 sq ft, we are of the opinion that the letting of Unit E, Bilston, Wolverhampton is a good comparable albeit located on an industrial park. Therefore £6.50 per sq ft can be applied to the subject to form a Market Rent of £15,749 per annum, sensibly rounded to £15,750 per annum.

## Yield and Capital Value Analysis

### Investment Sales Comparable Evidence

We have considered investment sales evidence from a wide radius of the subject property as petrol filling station sales are limited within the West Midlands region:

**Eastfield Service Station, 139 Eastfield Side, Sutton-In-Ashfield, NG17 4JW**

**£500,000 (8.2% Net Initial Yield)**



**Date:** June 2021

**Sale Price:** £500,000

**Description:** Freehold investment auction sale. Site let to national operator MPK Garages Ltd as Tenant on a 15 year lease expiring 30 November 2026. £44,000 per annum rent at the time of sale. Fuel court Essar branded and shop Londis branded. FRI obligations. The sale reflects an GIY of 8.8% and NIY of 8.2%.

**Applegreen Service Station, Swaything Rd, Southampton, Hampshire, SO30 3AG**

**£2,230,000 (6.5% Net Initial Yield)**



**Date:** March 2022

**Sale Price:** £2,230,000

**Description:** Freehold investment sale. The site is let to Rochpion Properties (4) LLP on a 20-year FRI lease, expiring June 2027. The tenant has an option to renew the lease for a further 15 or 20 years with no less than 12 months' notice. At the time of sale, the lease provided a passing rent of £151,470 per annum, and benefits from annual fixed increases of 2%.

The premises have been sub-let to Petrogas Group UK Ltd until 15th June 2027. Fuel court and convenience store both branded Applegreen.

**Muckley Corner Service Station, Lichfield, WS14 0BH**

**£1,800,000 (6.2% Net Initial Yield)**



**Date:** July 2021

**Sale Price:** £1,800,000

**Description:** Freehold investment sale with national operator Rontect Properties Ltd as Tenant on a 20-year lease expiring 20 June 2027. £112,156 per annum at the time of sale and subject to annual 2% increases. Fuel court Texaco branded and shop Co-Op branded.

**Texaco, High Street, Shirehampton, Bristol, BS11 0DE**

**£2,000,000 (6.1% Net Initial Yield)**



**Date:** December 2020

**Sale Price:** £2,000,000

**Description:** Freehold investment auction sale. Site let to national operator Co-Operative Foodstores Ltd as Tenant on a 20-year lease expiring 20 June 2027. £131,948 per annum at the time of sale and subject to annual 2% increases. Fuel court Texaco branded and shop Co-Op branded. The sale reflects an GIY of 6.2% and NIY of 6.1%

**Pendragon Service Station, Main Rd, Bridgend, Mid Glamorgan,  
CF33 6HR****£1,250,000 (6.1% Net Initial Yield)****Date:** December 2021**Sale Price:** £1,250,000

**Description:** Freehold investment auction sale. The site is let to Rontec Properties (No. 4) Ltd until April 2038, an unexpired term of approximately 16 years. The lease has no break option and provides a passing rent of £82,806 per annum subject to fixed annual rental uplifts of 2%. Fuel court Esso branded and convenience store Co Op branded. The sale reflects an GIY of 6.25% and NIY of 6.1%.

### **Closed Sales Comparable Evidence**

We have also considered transactional evidence of former petrol filling stations when forming an opinion of the special assumption that the property has full vacant possession. Comparable evidence is very limited even on a national basis. We have therefore sought comparables from a national radius to form an opinion on value with consideration to the location, the site infrastructure and the current condition of the subject property:

#### **Former Campden Road Garage, Campden Road, Stratford Upon Avon, Warwickshire, CV37 8LJ**

A former petrol filling station which sold in October 2020 for £565,000. The site comprises a 554 sq ft workshop, 116 sq ft office and the original forecourt canopy in place. The site area is 0.37 acres and is adjacent to a new housing development on the edge of Stratford upon Avon. The site was sold with strong development potential. The sale reflects £1,527,027 per acre.

#### **Former petrol filling station, Old Mill Drive, Sorrington, West Sussex, RH20 4NH**

The site sold in October 2019 for £825,000. The Site comprised a former petrol filling station, two storey vehicle repair workshop and a bus turning circle area, which occupies an approximate site area of 1.15 acres (0.46 hectares). The sale equated to £717,391 per acre.

#### **Former petrol filling station, Old Mill Drive, Sorrington, West Sussex, RH20 4NH**

The site was sold in October 2019 for £825,000. The site comprised a former petrol filling station, vehicle repair workshop and a bus turning circle area, which occupies an approximate site area of 1.15 acres. The sale equated to £717,391 per acre.

#### **Four Crosses Garage, Holyhead Road, Shrewsbury**

This comparable has a semi-rural location to the north west of Shrewsbury in the village of Bicton. A former petrol filling station with shop, workshops and storage extending to 3,218 sq ft in a poor condition. Sold in March 2019 for £350,000 reflecting £108 per sq ft capital value on the existing buildings. Sold for continued forecourt and servicing use. The total site area is 0.5 acres which reflects a sale price of £700,000 per acre.

#### **Former Minsterworth Garage, Minsterworth, Gloucester, GL2 8JG**

A closed down site was sold with the benefit of a two bedroom dilapidated bungalow on neighbouring land for £780,000 in 2019. The site is 1.7 acres and comprised a plot of land at the rear, a retail shop and an MOT/workshop premises. We understand that the sale of the land excluding the bungalow was agreed at £510,000. This sale reflects a value of £458,823 per acre.

**Former Plumley Service Station, Chester Road, Plumley, WA16 0TZ**

Currently this roadside former petrol filling station and car wash is for sale at an asking price of £600,000. The site has an area of 0.5 acres and is on the A556 main road between the M6 Motorway and Northwich. The site comprises an existing building previously a retail shop with a staff room, office and toilet. The sale at the asking price would equate to £1,200,000 per acre.

Former petrol filling stations range in value depending on numerous factors including location, redevelopment potential and the surrounding area. It is common for such sites, subject to planning, to be redeveloped for residential developments. However if the location is right for an experienced operator then the redevelopment as a petrol filling station can also be considered.

The comparable evidence states sites located in rural area where values are expected to be lower than those sites located in built up urban locations. The values on a per acre basis range from £458,823 per acre for a rural site to £1,527,027 per acre for a site located near to a town and adjacent to a new residential estate.

We are of the opinion that the vacant possession value will equate to the upper end range of the evidence stated above. If the site were to be redeveloped it is likely the use would be as existing use or industrial due to the location.

## 9. VALUATION COMMENTARY

### Location

The property is prominently located within Great Bridge village centre, upon Whitehall Road, a short distance from Tipton town centre, approximately 1.8 miles east. Whitehall Road comprises a section of the B4166, which provides access to the A461, which runs to the south of Tipton and is an important route crossing the Black Country. Other key transport connections are within close proximity: Junctions 1 & 2 of the M5 are within 3-4 miles and Dudley Port Railway Station is 0.9 miles' south-west which provides rail links with the areas of Wolverhampton, Walsall and Birmingham.

The property is directly accessed off both Whitehall Road and benefits from considerable frontage along the main road, approximately 262 ft (79.81 m).

In addition to the traditional industrial units in the area immediately to the east (Whitehall Industrial Park), the area also has a large retail park (Great Bridge Retail Park) situated to the north, which houses a number of notable occupiers which include Asda, Boots and McDonalds. The retail park can be accessed directly off the A461, and it should be noted that Asda also operates a petrol filling station on the site, which potentially provides direct competition to the subject property. Despite this, overall, the location is considered well suited to the property's use.

### Property

The property comprises a petrol filling station, convenience store and workshop. The convenience store and petrol station is independently branded and has benefitted from a complete refurb in recent years throughout. There are signs of some historic leaks to the ceiling tiles likely because of roof or air conditioning unit defects. The workshop is of a condition commensurate with its use as a vehicle workshop. Ample parking is provided for customers and staff.

### Tenants and Lease Terms

The property is subject to two occupational leases:

**Tyre Workshop** – This unit is let to Habib Qadir Majed (t/a AB Tyres Whitehall Limited) with an unexpired term of 15 years and 10 months. The lease has five yearly rent reviews to open market rent. Overall, the tenant is of a Moderate Business Risk.

**Tipton Service Station** – This unit is let to Petrogas Group UK Limited, with the lease expiring 19 June 2037 subject to a Tenant only break clause on 20 June 2032. The lease has an unexpired term of 14 years and 10 months with stepped rents, increasing £5,000 every 5 years, until a rent review scheduled on the fifteenth anniversary of the date of the lease (20 June 2032). Overall, the tenant is of a Moderate Business Risk.

### Proposed Purchase Price

No sale price is available in this case as we understand the property to be subject to refinance.

## SWOT

We consider strengths, weaknesses, opportunities and threats of the Property at the date of Valuation to be:

<b>Strengths</b>	Prominently location on Whitehall Road Good unexpired lease terms of both leases
<b>Weaknesses</b>	Nearby petrol filling station competition Signs of historic roof/air conditioning leaks in the shop
<b>Opportunities</b>	Modernisation of workshop Increase in the rent at the rent review dates
<b>Threats</b>	Potential volatility for interest rate rises due to Global economic circumstances which may have a material impact on Rents and Capital Values. Contamination of land

## 10. VALUATIONS AND VALUATION METHODOLOGY

### Market Rent - Methodology

Within the sector, rental evidence is generally not available as each petrol filling station will have their rent assessed as a percentage of the Fair Maintainable Operating Profit (FMOP) which can be achieved when operated by a Reasonably Efficient Operator (REO). As such, rental evidence is often confidential as to how they are calculated and will be greatly influenced by the operation being undertaken on site. However through our knowledge and experience within the sector we advise that rents relating to petrol filling stations generally fall within the range of 30% to 35% of the FMOP.

#### Petrol Filling Station

We have not been supplied with any trading information by the Tenant. We have therefore applied our experience and knowledge of the sector to form an opinion on the FMT and thus suitable rent cover.

We are of the opinion that the turnover reflects approximately 2.5 million litres of fuel sales and £7,000 per week in shop sales. Applying a general profit margin of 5ppl to the fuel forms £125,000. Then a profit margin of around 20% to the annual shop sales at £364,000 forms £72,800, totalling £197,800 EBITDA. Please note that this is has been applied in a hypothetical situation based on our judgements and sector knowledge.

To form our opinion of Market Rent on these terms we have adopted a 35% rent cover reflects £69,230 per annum sensibly rounded to £69,200 per annum.

#### Tyre Workshop

For the workshop we have applied £6.50 per sq ft to the subject floor area of 2,423 sq ft to form a Market Rent of £15,750 per annum.

In total the Market Rent is £84,950 per annum.

### Market Rent

We are of the opinion that the current **Market Rent** of the Tipton Service Station, 232 Whitehall Road, Tipton, DY4 78EX, as at 23 August 2022, is:

**£84,950 Per Annum (Net)**  
**(Eighty Four Thousand Nine Hundred And Fifty Pounds Per Annum)**

Our opinion of Market Rent is stated as a headline rent and to achieve this, standard market letting incentives may be required. It assumes the terms of an institutional lease granted as appropriate on effectively full repairing and insuring terms for a minimum term of 10 years without unduly onerous or beneficial covenants inferred on either party to it.

### Market Value

As the property comprises a standing investment, for valuation purposes we have adopted the investment approach or income capitalisation method of valuation which provides an indication of value by taking the income generated by the Property with an allowance for its Market Rent, and capitalising this at an appropriate yield based on sales of other similar properties for which transactional information is available. We have adjusted these comparables to reflect differences in age, size, condition, location, covenant, lease term and any other relevant factors.

We have applied a term and reversion approach to the valuation as the property is currently under rented. There are two occupational leases at the property, it is likely an investor would purchase the property as a whole as the site is on one title, therefore we have applied a yield of 6.5% to the term and a yield of 7.5% to the reversion at the Market Rent for each unit allowing for the fixed rent increase. This totals £1,018,028 after purchasers costs which we have sensibly rounded to £1,000,000.

We are of the opinion that the current **Market Value** of the freehold interest of Tipton Service Station, 232 Whitehall Road, Tipton, DY4 78EX, as at 23 August 2022, subject to the leases detailed herein, for loan security purposes is:

**£1,000,000**  
**(One Million Pounds)**

Our valuation reflects the following yield profile:

<b>Net Initial Yield</b>	6.22%
<b>Reversion Yield</b>	7.89%
<b>Equivalent Yield</b>	7.77%

A valuation printout is attached at Appendix 3.

We consider 9-12 to exchange of contracts is a realistic period required to achieve this value.

## Special Assumption Valuations

We are of the opinion that the current **Market Value** of the freehold interest in Tipton Service Station, 232 Whitehall Road, Tipton, DY4 78EX, as at 23 August 2022, with the **Special Assumption** of full and effective **Vacant Possession**, for loan security purposes, is:

**£790,000**  
**(Seven Hundred And Ninety Thousand Pounds)**

We have had regard to the comparable evidence for vacant petrol filling station sales to form our opinion of the Market Value with the special assumption of vacant possession. We have applied a yield of 9% to our opinion of Market Rent deferred for 18 months to total £786,454 after purchasers costs and sensibly rounded to £790,000. This reflects £1,410,714 per acre which is in line with comparable evidence considering the site location and re-development potential.

We are of the opinion that the current **Market Value** of the freehold interest in Tipton Service Station, 232 Whitehall Road, Tipton, DY4 78EX, as at 23 August 2022, with the **Special Assumption** as stated below, for loan security purposes, is:

**£630,000**  
**(Six Hundred And Thirty Thousand Pounds)**

We have applied a 20% deduction to the Special Assumption of Vacant Possession to form the Market value with the following special assumptions:

- Vacant Possession and that the subject is unlet
- Exchange contracts is to take place at the date of valuation, following a marketing period of 90 days

This forms £632,000 which we have sensibly rounded to £630,000.

We are of the opinion that the current **Market Value** of the freehold interest in Tipton Service Station, 232 Whitehall Road, Tipton, DY4 78EX, as at 23 August 2022, with the **Special Assumption** as stated below, for loan security purposes, is:

**£710,000**  
**(Seven Hundred And Ten Thousand Pounds)**

We have applied a 10% deduction to the Special Assumption of Vacant Possession to form the Market value with the following special assumptions:

- Vacant Possession and that the subject is unlet
- Exchange contracts is to take place at the date of valuation, following a marketing period of 180 days

This forms £711,000 which we have sensibly rounded to £710,000.

## Estimate of Reinstatement Cost

We estimate the reinstatement cost on an informal basis of the premises in the sum of:

**£1,600,000**  
**(One Million Six Hundred Thousand Pounds)**

The above estimation is calculated by taking the area of the existing property and assuming it could be rebuilt, having regard to averaged build cost indices published by the RICS BCIS and making an allowance for appropriate professional fees and demolition. It is designed as a guide only, for comparison against cover already taken out and should not be relied upon for effecting cover. If a formal valuation for fire insurance purposes is required, our Building Consultancy department will be able to undertake this on your behalf as a separate instruction.

## Suitability as Mortgage Security

We are of the opinion that, subject to comment within this report, the property offers security suited to your purpose and intended loan facility.

We have not been informed of the details of the loan terms however, we have assumed that these are made on sensible loan to value ratios (not more than 75%) and without any unusual constraints or caveats.

## 11. ASSUMPTIONS, LIMITATIONS AND REGULATORY INFORMATION

### Information

Any third party information supplied by the client, professional advisors, investigation agencies, Local Authorities, statutory bodies and other stated sources is accepted as being correct unless otherwise specified.

### Development Proposals

For the purpose of this Report and Valuation we have assumed that any proposed works will be completed in accordance with the details provided, to a reasonable standard of workmanship and in accordance with relevant regulations.

### Services

Unless otherwise stated we understand that all mains services are available to the property, including electricity, gas, water and mains drainage, although we have not made any enquiries of the respective service supply companies. We further assume that any of the services or associated controls or software are in working order and free from defect.

### Condition

We have not carried out a building survey of the property as this was not within the scope of our instructions, nor have we inspected those parts of the property which are covered, unexposed or inaccessible, and for the purpose of this report, such parts have been assumed to be in good repair and condition.

We cannot express an opinion about, or advise upon the condition of un-inspected parts and this report should not be taken as making any implied representation or statement about such parts.

Further, we have not tested any of the drains or other services, and for the purpose of this valuation we have assumed that they are all operating satisfactorily and no allowances have been made for replacement or repair.

The property has been valued with due regard to its appropriate existing state of repair and condition, including reference to its age, nature of construction and functional obsolescence. We believe we have formed a general opinion of the state of repair of the property in so far as it is likely to affect our valuation.

It is assumed that normal periodic maintenance will be carried out to maintain the property in a state of repair fit for its present use.

It is assumed that the condition of the property at the date of valuation is identical to that found at the date of our inspection.

### Plant and Machinery

Unless otherwise specified all items normally associated with the valuation of land and buildings are included in our valuations and reinstatement cost assessments (if provided), including:

Fixed space heating, domestic hot water systems, lighting and main services supplying these, sprinkler systems and associated equipment, water, electricity, gas and steam circuits not serving industrial or commercial premises, substation buildings, lifts and permanent structures including crane rails where forming an integral part of the building structure, fixed demountable partitions, suspended ceilings, carpets, drains, sewers and sewerage plants not primarily concerned with treating trade effluent, air conditioning except where part of a computer installation or primarily serving plant or machinery.

Unless otherwise specified the following items are excluded:

All items of processed plant and machinery, tooling and other equipment not primarily serving the building, cranes, hoists, conveyors, elevators, structures which are ancillary to, or form part of an item of process plant and machinery, sewerage plants primarily concerned with treating trade effluent, air conditioning where part of a computer installation or primarily serving plant and machinery, and water, electricity, gas, steam, and compressed air supplies and circuits serving industrial and commercial processes.

Unless otherwise specified, no allowance is made for the cost of repairing any damage caused by the removal from the premises of items of plant and machinery, fixtures and fittings.

In the case of petrol filling stations, hotels and other properties normally sold and valued as operational entities, all items of equipment normally associated with such a property are assumed to be owned and are included within the valuation unless otherwise specified.

### Defective Premises Act 1972 (subject to any amendments)

Liabilities or obligations or any rights there under, whether prospective or accrued are not reflected in valuations unless actually specified.

### Asbestos and Deleterious Materials

This material was regularly used from 1960s to 1980s. The cost of maintenance, alteration and repair of any building where asbestos is present can be significantly increased because of the need to take appropriate precautions under The Control of Asbestos Regulations 2012 (amended February 2016). This in turn may impact value.

Under the terms of these Regulations a Dutyholder is required to manage asbestos in non-domestic premises. Typically, this encompasses a positive obligation to assess the likelihood of asbestos containing materials (ACMs) being present at the premises. This can be achieved either by reference to bona fide statements confirming that ACMs were not incorporated into the construction of the building, or by commissioning an asbestos survey. The results of that survey would then be interpreted, acted upon and recorded in an Asbestos Management Plan. For the purpose of our report, we have assumed that, unless indicated to the contrary, a survey would not disclose any evidence of asbestos or deleterious materials in the construction of the subject, in circumstances where it is likely to have an effect on health or safety.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious materials have been used in the construction of the property, or have since been incorporated and we are, therefore, unable to report that the property is free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

#### **Composite Panel Cladding**

If the property has composite panel cladding, this may have implications for insurance depending on the type of panelling used; this may have an adverse impact on value. Our valuations, unless otherwise stated, assumes that if appropriate for the type of property being valued and not already provided, the property would obtain an appropriate EWS 1 form.

Many insurance companies are now requesting confirmation from the building owner/insured as to whether composite panels have been used and if so what make they are and whether they are approved for use by the Loss Prevention Council (LPC), it being virtually impossible to tell from external inspection only.

Unless advised to the contrary and addressed within our report our valuation assumes that that there are no issues with the type and nature of the panelling utilised and that the building is fully insurable on standard commercial terms.

#### **Contamination**

Unless otherwise stated herein, we have not been instructed to commission a formal audit in respect of the subject site in relation to the potential presence of contamination. Furthermore, our brief enquiries have provided no evidence that there is a significant risk of contamination affecting the property or neighbouring property which would affect our valuation.

We have not carried out, nor are we qualified to carry out an Environmental Audit. Our comments herein are therefore merely a guide and should not be relied upon. If you require confirmation of the position, we strongly recommend that an initial Environmental Audit is carried out.

If we have been provided with third party reports, we have accepted them as being correct.

We have assumed that any/all necessary decontamination works have been undertaken at the subject in its current and/or permitted use to be legally undertaken without contravention of any existing contamination related statute.

A purchaser in the market might, in practice, undertake further investigations than those undertaken by us. If those further investigations were to reveal contamination, then this might reduce the value/s now reported.

Where property has been redeveloped we have assumed that any necessary de-contamination works required for the proposed redevelopment of the subject have been undertaken.

#### **Contaminative Invasive Species**

Unless otherwise informed we have assumed that there is no presence of any contaminative invasive species.

#### **Ground Conditions**

Unless otherwise stated, we have not been provided with a site investigation or geographical or geophysical survey. We have therefore assumed the ground has sufficient load bearing strength to support the existing structures (and/or any other structure which may be erected in the future) without exorbitant or excessive costs. It is further assumed that there are no underground minerals, archaeological remains etc which may have a detrimental impact on value.

For the purpose of this advice we have assumed that the ground conditions are satisfactory for a traditional method of construction. We have also assumed that there are no contaminating or other deleterious materials present which may prevent the development of the site in a traditional method or at normal cost levels. Furthermore, we have assumed that the site is capable of being serviced at a reasonable cost level, and that there would be no exorbitant or excessive off site costs relating to matters such as drainage, infrastructural adaptations etc.

If we have confirmed herein that the subject is located in an area of past mining activity, we recommend your solicitors instigate a mining search to comment upon the incidence of mining related settlement and location of mine shafts.

#### **Flooding**

**Flood Risk** - the Environment Agency website uses indicative Flood Plain maps to provide a general overview of areas of land in natural flood plains and therefore potentially at risk of flooding from rivers or sea. The maps use the best information currently available, based on historical flood records and geographical models and indicate where flooding from rivers, streams, water courses or the sea is possible.

The information relating to the likelihood of flooding is the Environment Agency's assessment of the likelihood of flooding from rivers and the sea at any particular location, based on the presence and effect of all flood defences, predicted floor levels, and ground levels. The probability or likelihood of flooding is described as the chance that a location will flood in any one year.

**Drainage** – surface water run off flooding, known as ‘pluvial’ flooding, at times of prolonged, exceptionally heavy downpours of rain, is becoming increasingly frequent given surrounding drains and sewers are not always able to cope. It can be made worse in urban areas where the ground consists mostly of hard surfaces, such that the rain flows straight off rather than soaking away. Rising groundwater levels resulting from heavier rainfall and reduces abstractions can also present problems.

### **Town Planning**

We have made informal enquiries of the local planning and highway authorities and the information provided is assumed to be correct.

Unless otherwise stated, all planning information has been given via web based enquiries of the Local Planning Authority. In the absence of further information, we have assumed that the uses being carried out in each of the properties is an authorised planning use and that the buildings have been erected with full planning permission.

No formal search has been instigated and if reassurance is required we recommend that verification be obtained from your solicitors that the position is correctly stated in our report, that the property is not adversely affected by local authority proposals or requirements and that there are no outstanding statutory notices.

We have assumed that the properties and their value are unaffected by any matters which will be revealed by a local search and replies to the usual enquiries or by any statutory notice and that neither the properties nor their condition nor their present or intended uses are or will be unlawful.

We trust that your solicitors will check this information by taking out a local search and again, we would be pleased to advise further upon receipt of the confirmation of these details.

We have assumed that each property has full unconditional consent for the stated use and development described within.

For reference, following the Planning and Compulsory Purchase Act 2004, the old plan-making system is replaced by Local Development Frameworks (LDF). The LDF is not a single document or plan; rather, it is a suite of documents that combine to form the development plan for the area. A principal Strategy Document, sets the overall planning policy approach, which is supported by various Development Plan Documents (DPDs) for specific issues, such as site allocation.

### **Rating**

For reference the empty property rates for vacant commercial premises are 100% of the basic occupied business rate, after initial void periods have elapsed. For most properties, excluding industrial, the void period is 3 months. For industrial properties, the void period is 6 months.

Unless otherwise stated we have not investigated whether the property is subject to any transitional relief or phasing and are unable to comment in this respect.

### **Health and Safety Legislation**

Our valuation assumes that, in so far as is relevant to the subject, the property complies with the requirements of the Office Shops and Railway Premises Act 1963 as well as any superseding statute. The Act provides for securing the health, safety and welfare of persons employed to work in office or shop premises and those employed to work in certain railway premises.

### **Fire Legislation**

As from 1 October 2006 the Regulatory Reform (Fire Safety) Order 2005 came into force in England and Wales. This has now been supplemented by the Fire Safety Act 2021. Under these regulations, Fire Certificates are no longer issued and existing certificates have been superseded by Risk Assessments. A Risk Assessment is required for all non-domestic properties, as well as tenanted domestic properties, and is to be carried out by a 'Responsible Person' as defined within the Order. The findings of any risk assessment must be recorded in writing where more than five or more persons are employed or the premises are licensed or there is an alterations notice.

The smoke and Carbon Monoxide Alarm (England) Regulations 2015 came into effect from 1 October 2015 requiring that landlords of residential property must provide (a) a smoke alarm on each storey of the premises on which there is a room used wholly or partly as living accommodation and (b) a carbon monoxide alarm in any room of the premises which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance. A landlord has a responsibility to insure that the detectors are checked and in proper working order. It is assumed that the property is compliant in regard to the above regulations.

### **General Legislation**

For the purpose of this report, we have assumed that the property complies with current fire regulations, building regulation controls, employment regulations, defective premises and health and safety legislation.

### **Discrimination**

The Equality Act 2010 and subsequent updates, makes it unlawful for service providers to treat disabled people less favourably because they are disabled (unless there is a clear and fair reason) in relation to their access to their place of employment or education; their access to goods, services and facilities (although note that where private clubs are concerned, only those with 25 or more members are required to be compliant with the Act) and their access to the functions of public bodies.

Employers, educators and service providers must all make *reasonable* adjustments for disabled people to be able to access and use property they have a right or need to visit; this is not restricted to physical access.

Where a temporary or permanent physical feature makes it impossible, or unreasonably difficult, for disabled customers to make use of a service or place of education or work, the provider has to take reasonable measures to remove the feature; alter it so that it no longer has that effect; provide a reasonable means of avoiding the feature; or, provide a reasonable alternative method of making the service available to disabled people.

The test of reasonableness is about what is practical in the service provider's individual situation; what resources they might have (and the amount of any resources already spent on making adjustments); whether taking any particular measures would be effective in overcoming a particular difficulty; the extent to which it is practicable for the service provider to take the measures; the extent of any disruption which taking the measures would cause.

For the purpose of this report and valuation we have assumed that the property complies with the relevant requirements of the Equality Act 2010 ('the Act').

### **Sustainability**

Investor and occupational decisions are increasingly being informed by a range of sustainability related metrics that are beginning to be developed and that can provide measures of some aspects of a property's sustainability characteristics, for example Energy Performance Certificates (EPCs) and BREEAM. Furthermore, industry benchmarking of sustainability performance is becoming more common place.

Characteristics that may be considered are land use, design and configuration, construction materials and services, location and accessibility, fiscal and legislative considerations and management and leasing issues. If, at the date of valuation, the market does not differentiate (in terms of demand), between a building that displays strong sustainability credentials and one that does not, there will be no impact on value.

### **Energy Performance Certificates**

EPCs contain information about the energy performance of a building.

To meet the current EU Energy Performance of Buildings Directive, EPCs must be produced by the 'relevant person' prior to marketing for property transactions including the sale, rent or construction of all buildings, whether residential or commercial, with the exception of places of worship, buildings less than 50 sq m, industrial sites, workshops and non-residential agricultural buildings that do not use a lot of energy, and temporary buildings.

The 'relevant person' will be the vendor or prospective landlord as appropriate; where a tenant wishes to assign or sub-let its interest and the premises have common heating or air-conditioning services, the landlord of those constituent parts becomes the 'relevant person'.

Local Authority Trading Standards Officers have powers to levy fines for non-compliance. EPCs are valid for 10 years from the date of production and can be reused as many times as required within that period, provided that changes have not occurred to the property relating to, for example, layout or refurbishment.

DECs (Display Energy Certificates) - Since 9 July 2015 public buildings in the UK over 250m<sup>2</sup> must display a Display Energy Certificate (DEC) prominently at all times. The aim of the Energy Performance of Buildings Directive is for the public to receive energy information about a building they are visiting. The Certificate provides information of a similar nature to an EPC but is an advisory document and thus not registered in the same way as an EPC.

**Rental properties** – when renting a property (including sub-letting and assignment, but excluding lease renewals, extensions or surrenders) to a new tenant, landlords are required to produce an EPC to the tenant and a tenant cannot legally move into the property until an EPC has been produced. Landlords are not required to produce an EPC to an existing tenant or if an existing lease is renewed or for dwellings in multiple occupation.

**Properties for sale** - sellers must obtain an EPC prior to marketing and provide a hard copy to the purchaser on completion.

Any commercial building over 50 sq m, needs a Commercial EPC. A CEPC must have been commissioned and then handed over as soon as was practicable if not available at the date of marketing/sale.

Our valuations assume that EPCs would be provided on sale in accordance with the aforementioned legislation however **we recommend that this is clarified by your legal advisors.**

### **Tenure**

Unless otherwise stated, we have not inspected any documents of title and for the purposes of this valuation we have assumed that the subject interest is unencumbered and free from any unduly onerous or unusual easements, restrictions, outgoings, covenants or rights of way and that it is not affected by any local authority proposals. We recommend that your solicitors be instructed to verify the position.

### **Tenant Status**

Unless otherwise stated, we have assumed that there are no arrears of rent, service charge or other relevant payments, or undisclosed breaches of covenant.

Furthermore, unless otherwise confirmed herein, we have not made status enquiries of the tenant company/ies and have assumed that all financially sound and capable of meeting their rental and other responsibilities under the lease terms.

### **Disclosure of New Build Incentives**

Following an agreement between the Council of Mortgage Lenders (CML), the Home Builders Federation (HBF) and Homes in Scotland, from 1 September 2008 the developer/builder or selling agent is required to complete a 'CML Disclosure of Incentives Form' for each sale of a newly built home, including newly converted property yet to be occupied for the first time. The form includes all details of the sale price and an incentive included in the selling package, and is to be supplied to the Valuer on request.

### **Taxation and Grants**

Value Added tax, taxation, grants and allowances, are not included in capital and rental values as, unless otherwise specified in the report, they are always stated on a basis exclusive of any VAT liability even though VAT will in certain cases be payable.

It is assumed for the purposes of valuation that any potential purchaser is able to reclaim VAT, unless otherwise stated. In particular, it should be noted that where a valuation has been made on a Depreciated Replacement Cost basis the Replacement Cost adopted is net of VAT unless otherwise stated.

Unless otherwise specified Lambert Smith Hampton will not take into account of any existing or potential liabilities arising for capital gains or other taxation or tax reliefs as a result of grants or capital allowances, available to a purchaser of the property.

### **Market Value (MV)**

We have prepared our valuation on the basis of Market Value (MV) which is defined in accordance with the RICS Red Book Global Standards, as:

“The estimated amount for which an asset or liability should exchange on the *Valuation Date* between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

### **Fair Value**

1. The estimated price for the transfer of an asset or liability between identified knowledge and willing parties that reflects the respective interests of those parties (IVS 2013).
2. The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (IFRS 13).

### **Depreciated Replacement Cost (DRC)**

The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

### **Operational Entities**

The RICS advises that the most appropriate basis of valuation of properties normally sold as operational entities is Market Value as defined above. Such properties include public houses, hotels, holiday parks and other leisure uses, together with nursing homes, residential care homes, private hospital and petrol filling stations.

Our valuations reflect the following:

- a. The market’s perception of trading potential with an assumed ability on the part of the purchaser to renew existing license, consents, registrations and permits;
- b. That the property is offered with vacant possession throughout, although in the case of nursing and residential care homes, subject to the contractual rights of the patients/residents occupying the home from time to time;
- c. That trade fixtures, fittings, furniture, furnishings and equipment are included.

Our valuations also specifically assume, unless otherwise specified that the business will continue to operate at a level not significantly worse than that indicated to us.

### **Existing Use Value**

The estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.

### **Market Rent**

We have prepared an additional valuation on the basis of Market Rent (MR which is defined in accordance with the RICS Red Book Global Standards, as:

“The estimated amount for which an interest in *real property* should be leased on the *Valuation Date* between a willing lessor and willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Further, no allowance is made for any costs of sale or any liability for taxation, including VAT, which may arise on disposal.

### **Insurance**

Insurance is usually arranged by clients (or their brokers) based on reinstatement cost assessments or occasionally on an indemnity basis and other methods of valuation are not appropriate. Therefore, in situations where advice is provided for insurance purposes, our methodology will be on a Reinstatement Cost Assessment basis.

### **Reinstatement Cost Assessment**

The replacement figure stated for fire insurance purposes is a 'Day One' valuation and is given solely as a guide which may have to be varied and should not therefore be regarded as a formal valuation for insurance purposes. If a formal valuation for fire insurance purposes is required by our Building Consultancy department will be able to undertake this on your behalf as a separate instruction.

It is assumed that the policy is on an indemnity basis with a fully operative reinstatement clause and no special conditions. We have assumed an instantaneous basis of value and have had no regard to any variation in building costs subsequent to the date of our estimate.

No provision is included for trade fixtures and fittings, occupiers fit out items, Value Added Tax, nor for loss of rent, extra costs of working or other consequential loss, local authority requirements and party wall works. Further, the figure excludes any land remediation and special contaminated waste costs. However, the figure is inclusive of professional fees, demolition and site clearance and is based on a building cost index.

Following the outcome of the legal case *Bartoline v Royal and Sun Alliance Insurance plc* and another 2006, our assessment will not include for cost liabilities arising from any environmental consequences, contamination or pollution. We recommend that you consult your Insurers in respect of any specialist cover required.

A Reinstatement cost assessment is our opinion of the likely cost of reinstating all the buildings, on the basis that:

- a. The accommodation provided will be similar in construction, design and area to the existing buildings;
- b. The works will be in compliance with conditions imposed by local Authorities in connection with the construction of the building;
- c. Unless reported separately, allowances are made to cover the cost of necessary demolition and site clearance prior to rebuilding, external works such as hard standing, private roadways and fences and professional fees which would normally be incurred.

Unless otherwise stated the reinstatement cost does not include any allowances for:

- a. Any loss of rent incurred during rebuilding;
- b. Planning restrictions which a planning authority might impose;
- c. Special foundations required for plant and machinery or due to adverse ground conditions;
- d. Any plant, machinery, equipment, tanks, loose tools, office furniture and equipment (refer to the heading "Plant, Machinery, Fixtures and Fittings" for details of items normally included);
- e. Any effect of inflation on building costs occurring after the valuation date;
- f. VAT (except on professional fees) which normally be payable in addition.

### **Apportionment of Value**

Apportionments provided between buildings, land and plant and machinery are normally depreciation purposes only. In normal circumstances apportionments are not valuations and they should not be used for any other purpose unless specified in our report.

### **Future Useful Economic Life**

Future useful economic life of buildings is normally assessed in bands of years, most frequently subject to a maximum of fifty years. This applies to freehold properties and to leasehold properties where the future life is less than the unexpired term of the lease. An average figure is usually provided for groups of buildings forming a single asset. The figures are appropriate for depreciation purposes only.

### **Compliance with Valuation Standards**

Where applicable our valuations are defined in accordance with RICS Red Book Global Standards, published by the Royal Institution of Chartered Surveyors ("RICS"), the Insurance Companies (Valuation of Assets) Regulations 1981, the Financial Conduct Authority (FCA) "Listing Rules" ("Source Book") and "City Code on Takeovers and Mergers" ("Blue Book") as amended and revised from time to time. Copies are available for inspection.

### **Total Valuation (Aggregation)**

Where provided this is the aggregate of the value of each individual property. It is envisaged that properties would be marketed individually or in groups in a structured and planned basis over an appropriate period of time. If all properties were to be sold as a single lot, the realisation would not necessarily be the same as the total of the valuations. This assumption is not applicable to valuations made for taxation purposes.

### **Limitations and Liabilities**

This Valuation Report is provided for the stated purpose and for the sole use of the named client. It is confidential to the client and their professional advisors and the Valuer accepts no responsibility whatsoever to any other person.

Neither the whole nor any part of this Valuation Report nor any reference hereto may be included in any published document, circular, or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear.

Such publication of, or reference to this valuation report may not be made unless it contains a sufficient contemporaneous reference to the Special Assumptions or departure(s) from the RICS Red Book Global Standards.

# APPENDICES

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APPENDIX 1: INFORMATION PROVIDED

APPENDIX 2: ECONOMIC AND MACRO PROPERTY MARKET COMMENTARY

APPENDIX 3: VALUATION PRINTOUT

**APPENDIX 4: EMAIL OF INSTRUCTION, LETTER OF ACKNOWLEDGEMENT  
AND LSH TERMS OF ENGAGEMENT**

#LSHKNOWS  
**VALUATION**



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