

**Appendix 4 Property Schedules**



## Schedule 1 – 2 Lady Pit Lane, Leeds, LS11 6AJ

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### 1.1 Inspection

The property was inspected on 31 October 2022, in dry and overcast weather conditions by Jessica Walker MRICS.

### 1.2 Location

The property is situated just south of Leeds, south of the M621 Motorway towards to the north of Hunslet Carr. The immediate surrounding area is largely residential in nature with some commercial elements. Hunslet Carr is an inner-city area in south Leeds, West Yorkshire. It is 1 mile south east of the city centre and has an industrial past. The area has a mixture of modern and 19<sup>th</sup> century industrial buildings, terraced housing and 20<sup>th</sup> century housing, as well as being supplemented by the construction of more modern buildings.

Leeds (population 751,500 – 2011 census) is a major city within the City of Leeds Metropolitan Borough in West Yorkshire. Leeds is ranked as a Gamma City by the Globalization & World Cities Research Network. The cultural, financial and commercial heart of West Yorkshire, Leeds was historically associated with production and trade of wool in the 17<sup>th</sup> and 18<sup>th</sup> Centuries and was a major mill town during the Industrial Revolution. Today Leeds' economy is diverse, but largely centred around the service sector with over 30 national and international banks having office representation in Leeds, not to mention that the only Bank of England subsidiary office is situated in the city.

Leeds is well-accessible; it lies 25 miles west of York, 35 miles north of Sheffield, 10 miles east of Bradford and has direct access to the M1 and M62 motorways via the M621 outer ring road. The HS2 high speed rail-link will ultimately link London with Leeds via an East Midlands Hub and Sheffield. Leeds has one of the largest and busiest railway stations in the UK. In addition, Leeds Bradford Airport provides a convenient link for air-travel, being less than 10 miles north west of the city.

The general location of the property is illustrated on the following Ordnance Survey extract:



### 1.3 The Site

Site Area

**Approximate Areas**  
0.059 hectares (0.145 acres)

#### Notes on Site

The site is irregular in shape and slopes gently from south to north. The subject site is situated at the junction of Lady Pit Lane and Hunslet Hall Road. The property can be accessed from the south which enters into a staff car park. The northern boundary meets Hunslet Hall Road while the western boundary directly meets neighbouring offices.

The extent of the site boundaries, as we understand them, are shown edged red on the Land Registry Title plan at the end of this schedule.

### 1.4 Description & Construction

For the purposes of this instruction, we do not intend to describe the forms of construction adopted in detail but would instead refer you to our appended schedule of photographs.

The property comprises a ground floor unit currently in operation as a dental surgery. Above the property is a separate dental workshop not associated with the subject property and doesn't form part of this valuation exercise. The ground floor unit is positioned to the end of a terrace, all occupied by commercial users. The property is of brick and block construction surmounted by a pitched concrete tile roof. Windows and external doors are PVCu framed and double glazed. Elevations are brick facing incorporating decorative vertical tiling beneath the first-floor windows.

Internally, the property has been fit to a good standard, comprising laminate floors to the entrance/lobby and common areas such as the staff room and kitchen while the surgeries are served by non-slip vinyl flooring. The accommodation benefits from LED panel lights to the waiting area and fluorescent strip lighting to the surgeries. Heating is provided by way of a gas fired boiler serving wall mounted radiators. CCTV is in operation internally and externally.



Front Elevation



Entrance/Lobby



Example Dentist Surgery



Rear Elevation

### 1.5 Accommodation

The following accommodation is provided:

Description	Approximate Net Internal Floor Area	
	m <sup>2</sup>	sq ft
Reception/Surgeries/Staff Room/Patient WC	140.86	1,516
Staff Room WC	-	-
<b>Total NIA</b>	<b>140.86</b>	<b>1,516</b>

The above areas have been ascertained from measurements taken during our inspection.

### 1.6 Development Proposals

None, that we are aware of.

### 1.7 Condition

We have not carried out a building survey and our comments that follow should not be regarded as such.

However, the following points are worthy of note:

- The property appeared to be in good condition commensurate with its age, nature of use and construction.

### 1.8 Services & Amenities

Mains services: We understand all mains and services are available and connected to the site.

Heating: The property is served by way of gas fired wall mounted radiators.

Air conditioning: None.

Lifts: None.

Other: N/A.

None of the above services were tested during the course of our inspection of the property.

## 1.9 Statutory Enquiries

### Highways

From enquiries made of the local Highways Authority we understand that the main roads and footpaths in the vicinity of the property are made up and adopted. As such we assume there are no outstanding liabilities pertaining to the property.

### Planning

The current Leeds Local plan forms part of the statutory development plan for the Leeds district. It sets out the council's vision and strategy for the area until 2023 and provides the basis for decisions on planning applications. Following our enquiries with the local authority we are aware the property is allocated within the following areas.

- Natural Resources and Waste: Minerals 2 – MSA Sand and Gravel
- H3 Density Zone: City centre and fringe
- Urban Regeneration: SP4 Regeneration priority area
- H6 Article 4 direction area

The property is not Listed nor situated within a Conservation Area.

Enquiries have been made with the Local Planning Authority in relation to the planning situation concerning the property. There are currently no outstanding applications for planning pertaining to the subject property. We have presumed that the property has full consent for its current use.

There don't appear to be any recent planning history regarding the subject property.

### Registration/Licences

Our report assumes that there have been no undisclosed statutory matters which could have a material effect on our valuation.

Unless stated to the contrary in this report, we have assumed that the use of the property complies with all Building Consents, Planning Permissions, Public Health Statutes and Regulations and Bye-Laws.

### Property Taxation

The property is assessed in the 2017 rating list as follows.

Address	Description	Rateable Value 2017 list
Surgery Ground Floor, 2 Lady Pit Lane, Lees, LS11 6AJ	Surgery and premises	£16,250

The National Non-Domestic Rating Multiplier is set at 51.2 pence in the pound for rateable values above £51,000 and 49.9 pence in the pound for rateable values below £51,000 for the rates year 2022/23.

The subject property may be subject to transitional phasing and as such multiplying the Rateable Value by the National Non-Domestic Rating Multiplier may not give a true representation of the rates payable.

#### Equality Act 2010 & Disability Discrimination

It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

On the basis that an accessibility audit for Equality Act purposes has not been undertaken, we would recommend that the occupiers commission an audit to ensure compliance with the relevant legislation and undertake those works identified that are considered to be economically viable.

#### The Regulatory Reform (Fire Safety) Order 2005

We have not had sight of any Fire Safety Assessment for this property. We recommend that the occupiers take appropriate measures to ensure that they are in compliance with the legislation.

Our valuation assumes that a Fire Safety Assessment has not been carried out but that the findings of any such report would not be valuation significant.

### 1.10 Environmental Issues

#### Flooding

From enquiries made of the Environment Agency website, we understand the agency classifies the subject property as being within an area categorised as Flood Zone 1 - land assessed as having a less than 1 in 1,000 annual probability of river or sea flooding (<0.1%).

We are not aware of any flooding issues with the property, nor are we aware of any underground culverts or history of flooding within the area.

#### Mineral Workings & Mining

The Leeds area is generally not affected by mine workings but should there be workings in the vicinity of this property we would have expected any ground movement associated therewith to have ceased long ago.

#### Energy Performance Certificates

An EPC was compiled for the building on 19 June 2015, showing the property to have an Energy Performance Asset Rating of 99 falling within Band D.

### 1.11 Tenure & Tenancies

FREEHOLD

The property is currently occupied by way of 15 year lease to Rodericks Dental Limited. A copy of the lease has been summarised within the table below:

<b>Ground Floor 2 Lady Pit Lane Leeds LS11 6AJ</b>	
Landlord	A & H Developers Limited
Tenant	Rodericks Dental Limited
Guarantor	None
Term	15 Years beginning on 31 January 2020, ending on and including 30 January 2035
Rent	£13,500 Per Annum
Rent Review Date	31 <sup>st</sup> January 2025 and every fifth anniversary of that date
Break Clause	None
Permitted Use	Dental practice or such other use within Use Class D1 as approved by the Landlord.
Alienation	The Landlord and Tenant agree that for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 the Landlord may give its consent to an assignment subject to conditions
Repairs	FRI
Security of Tenure	Yes

### 1.12 Comparable Transactions

In arriving at our opinion of Market Value (MV1 & MV2), we have had regard to the investment evidence included in the front end report.

In arriving at our opinion of Market Value assuming vacant possession we have had regard to the following office transactions. We believe that the property could easily be restored into an office/retail unit and given the popularity of the location we believe there would be a strong level of demand on these basis.

<b>Address</b>	<b>Description</b>	<b>Lease Start Date</b>	<b>Achieved rent</b>
Unit 7 Landmark Court Leeds LS11 8JT	The property comprises a self-contained purpose built office over two floors extending 6,182 sq ft. The property is located adjacent to J2 of the M621 Motorway. Future Horizons signed a 10 year lease from May 2021 at an achieved rent of £11.65 psf.	May 2021	£72,000 P.A.  £11.65 psf
Unit 4 Carlton Court Brown Lane West Leeds LS12 6LT	The property comprises a purpose built 2 storey purpose built office building with open plan accommodation and 2 glazed partitioned meeting rooms on the first floor plus a meeting room on the ground floor. The unit benefits from	January 2021	£15,400 P.A.  £12.00 psf

	10 car parking spaces. Genix Healthcare signed for 1,284 sq ft of office accommodation from January 2021 on a 5 year at an achieved rent of £12.00 psf.		
First Floor 247 Elland Road Leeds West Yorkshire LS11 8TU	The property comprises a first floor offices accessed via a front door to the front elevation of the building extending to 1,253 sq ft. The office is cellular and benefits from double glazed aluminium framed windows as well as benefitting from kitchen facilities and male and female WC's. There are 3 designated parking spaces.	October 2020	£8,000 P.A. £6.38 psf

### 1.13 Valuation Considerations

#### Valuation Methodology

In making our valuations, we have used both the comparative and investment methods of valuation.

#### 1.13.1 Market Rent (MR)

For any investment valuation it is important to first look at the rental income, to assess whether the property is let at, above or below Market Rent.

Due to the lack of directly comparable evidence in this location on Lady Pit Lane, we have sought evidence of office use properties within nearby areas to be used as a guide only, alongside our market knowledge and experience. In the event that the subject property was to fall vacant, we consider that if the property was unable to be let to another dental operator, then it would most likely be purchased with the intention utilising the property for office use.

The comparable evidence listed shows that rates can vary quite substantially depending on the pitch and positioning of the building, as well as the size and overall condition, with the evidence highlighting a range between c. £6- 12 psf. We would comment that Unit 7 Landmark Court and Unit 4 Carlton Court are purpose built offices and of a better specification and offer more traditional workable space. The First Floor comparable unit at 247 Elland Road comprises a similar property type to the subject proeprty, albeit a more dated comparable transaction. That said, we would expect a slight premium to be payable for the permitted use as a D1 (dental surgery) associated with the subject property, in our experience this will be in the region of 10-15% above standard office use.

The property is currently let to Rodericks Dental Limited by way of a 15 year lease at a passing rent of £13,500 per annum. Broadly speaking this equates to c.£8.90 psf. In arriving at our opinion of Market Rent (MR) we have applied a rate of £10 psf to the NIA, therefore we believe the investment to be marginally under rented at present.

On this basis, Market Rent of the subject property is £15,000 per annum.

### 1.13.2 Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies

In valuing the subject property on this basis, we have utilised the investment method of valuation.

There is a lack of what we consider to be directly comparable sales evidence of dental practices within Beeston and the wider West Yorkshire region, we have therefore extended our search and had consideration to transactions nationally, using these as a guide only alongside our local market knowledge and experience.

As shown in the evidence table above, net yields range from between c.4-13%, the tenant covenant strength, location, and prospect for rental growth affecting the yield achievable; for example, at the lower end of the range, Appledore, Forest Road, Bracknell, a modern purpose built surgery let to a strong covenant in the form of BUPA Dental Care for 10 years term certain. Conversely, at the higher end of the range, 839 Welbeck Road, a converted residential dwelling of a basic standard and specification with little scope for rental growth.

The strength of the tenant's covenant is the most important factor when determining an investment yield, closely followed by the length of the unexpired term, the prospects of rental growth and the property's general location. On this basis we have obtained a Creditsafe report for Rodericks Dental Limited, the details of which are as follows:

#### **Rodericks Dental Limited**

The company has a risk score of 51/100 and is rated low risk. They have a credit limit of £100,000 and contract limit of £5,100,000. As such, we consider that the market would perceive this tenant to be of a reasonable local covenant strength.

In making our valuations we have applied a yield of 8.0% to the passing rent for the term certain, before allowing for a 3 month reletting void, and subsequently capitalising our opinion of Market Rent into perpetuity at a reversionary yield of 8.5%. The yield applied reflects the property's location, covenant strength of the tenant and alternative use potential.

Finally, we have made the appropriate deductions for SDLT and professional fees. In adopting the above methodology, we arrive at a Market Value of the subject property of £180,000. This reflects an equivalent yield of 7.97% which sits within the range of evidence. For reference, we have attached a copy of our valuation calculations at Appendix III.

### 1.13.3 Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days

In providing our opinion of Market Value on the above basis, it requires us to make a special assumption that a sale is to be completed within 90 days.

Given that we consider that the subject property would require a marketing period of up to 12 months, we consider such a stipulated timeframe to constitute a restricted marketing period.

Similarly, evidence of transactions within such a timeframe are scarce, however we consider that any prudent purchaser would seek to negotiate a discount. We have applied a discount in the order of 10% from our opinion of MV1.

On this basis, we arrive at a Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days of £160,000.

#### **1.13.4 Market Value (MV3) of the Property assuming Vacant Possession**

In providing our opinion of Market Value, this basis requires us to make a special assumption that the subject property is available with full vacant possession as at the valuation date.

We have again adopted the investment method of valuation as we consider that a prospective purchaser would continue to hold the subject property for investment purposes. Therefore, valuing on this basis as opposed to a straight to capital approach.

In adopting this methodology, we have allowed for an initial void of 12 months to secure a letting on standard commercial lease terms before adopting a reversionary yield of 9.5% to our opinion of Market Rent, capitalising this income into perpetuity.

Having applied the above methodology, we arrive at a rounded Market Value subject to the special assumption of vacant possession (MV3) of £140,000, reflecting a reversionary yield of 10.53%. For reference, we have attached a copy of our valuation calculations at Appendix III.

#### **1.14 Security Considerations/Lender Action Points**

- We consider that the property is suitable security bearing in mind the Bank is contemplating a loan, subject to the usual prudent lending criteria.
- We do not consider that there is any hope value or synergistic value associated with adjoining buildings.
- We do not believe that there is any higher alternative use value.
- We consider that the property is marketable and should perform in line with its peers.
- We do not consider that values will rise in the short to medium term.
- The building has an estimated economic life in excess of 25 years, assuming appropriate maintenance is undertaken.
- The building is in excess of 50 years old and will require increasing expenditure on maintenance, repair and ultimate renewals.
- For mortgage regulation purposes, we confirm that less than 40% of the property to be held as security is residential in nature.
- Our investigations have not revealed any recent transaction or agreed price in respect of the subject premises. However, such information does come to light before the loan is finalised, we would request that you refer the matter back to us for further consideration.

#### **1.15 Valuation Opinion**

Having regard to the above schedule, we are of the opinion that the value of the unencumbered freehold interest on the bases requested is:

<b>Valuation Bases</b>	
Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies	£180,000 (One Hundred and Eighty Thousand Pounds)
Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;	£160,000 (One Hundred and Sixty Thousand Pounds)
Market Value (MV3) of the Property assuming Vacant Possession	£140,000 (One Hundred and Forty Thousand Pounds)
Market Rent (MR)	£15,000 p.a. (Fifteen Thousand Pounds Per Annum)

We stress the importance of the valuation date, as recent experience has shown that property values may change quite significantly over a relatively short period of time.

Where statements are made upon the prospect of future growth or fall in rental and/or capital values it must be appreciated that such change may not occur, and that values can fall as well as rise.

#### **1.16 Insurance Reinstatement Estimate**

You have also requested that we provide an estimate of the likely reinstatement cost for fire insurance purposes. This estimate has been arrived at using an instantaneous basis of value, adopted without regard to future inflation and without provision of loss of rent, any consequential loss or VAT. However, the estimate includes allowances for demolition, site clearance and professional fees.

We recommend that a level of cover be affected to the sum of:

£295,000 (Two Hundred and Ninety Five Thousand Pounds)

**Appendix I - Site Plan**

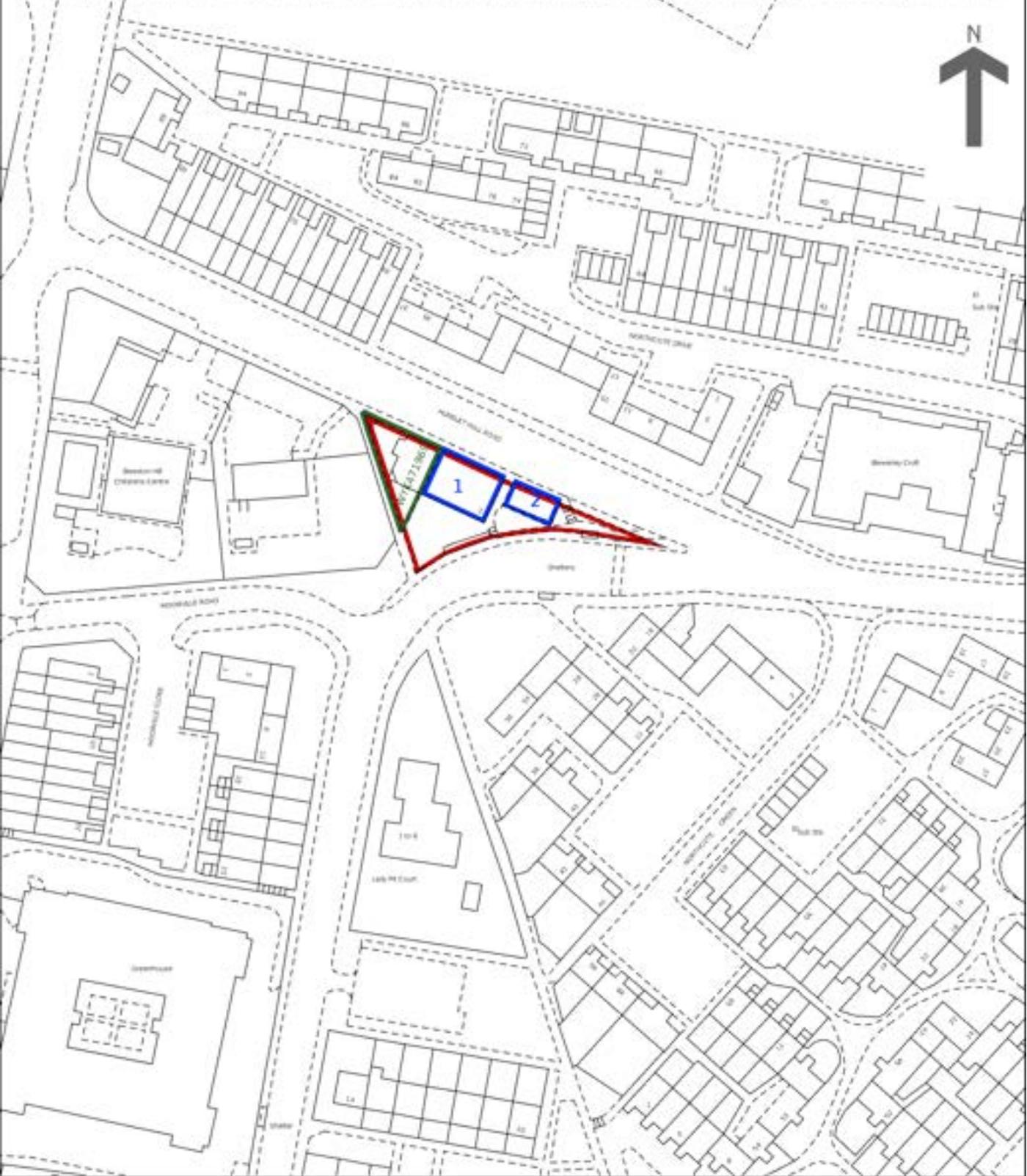


# HM Land Registry Current title plan

Title number **WYK190210**  
Ordnance Survey map reference **SE2931NE**  
Scale **1:1250**  
Administrative area **West Yorkshire : Leeds**



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This is a print of the view of the title plan obtained from HM Land Registry showing the state of the title plan on 25 October 2022 at 14:03:08. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

This title is dealt with by HM Land Registry, Nottingham Office.

**Appendix II – Photographs**





Front Elevation



Reception



Decontamination Room



Kitchenette



Surgery



Rear Elevation

**Appendix III – Valuation Calculations**





## 2 Lady Pit Lane, Leeds, LS11 6AJ

Valuation Date:	28/11/2022		
Freehold			
Rounded Value:	140,000	Net Initial Yield:	0.000%
Net Rent:	0	Nominal Equivalent Yield:	9.603%
Total ERV:	15,000	True Equivalent Yield:	10.154%
Total Area:	1,516 sqft	Reversionary Yield:	10.525%
Net value / sqft	92		

### Unit001

<b>Current</b>	Gross income	0		
	Net Income		0	
	YP (9.500% for 1 year)	0.9132		0
<b>Nov 2023</b>	Gross income	15,000		
	Net Income		15,000	
	YP (9.500% in perpetuity deferred for 1 year)	9.6131		144,196

### Unit Gross Value

144,196

### Summary of Unit Values

Unit001	144,196
<b>Total of Unit Values</b>	<b>144,196</b>

### Buyers Costs

Agents Fees	1.0000%	-1,680	v	
Legal Fees	0.5000%	-840	v	
Stamp Duty	(=0.0000%)	0		
Total (=1.8000% of Say Value):				-2,520

<b>Net Value</b>	<b>141,646</b>
<b>Rounded Net Value</b>	<b>140,000</b>

Total VAT Amount: 425

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
28/11/2022	142,520	0	0	0	0.000%	0.000%
28/11/2023	142,520	0	15,000	15,000	10.525%	10.525%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
Running Yields and Net Initial Yield are based on say value plus buyer's costs 142,520.  
Formulae as in Parry's Tables: rent annually in arrears.  
Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
Cap Adj Running Yield is based on rounded cumulative capital invested.  
Buyer's costs are based on Say Value.  
VAT rate of 20.00% applied where applicable.



## 2 Lady Pit Lane, Leeds, LS11 6AJ

Valuation Date:	28/11/2022		
Freehold			
Rounded Value:	180,000	Net Initial Yield:	7.343%
Net Rent:	13,500	Nominal Equivalent Yield:	7.973%
Total ERV:	15,000	True Equivalent Yield:	8.381%
Total Area:	1,516 sqft	Reversionary Yield:	8.159%
Net value / sqft	119		
WAULT (to First Break):	12 yrs, 2 mths		
WAULT (to Lease Expiry):	12 yrs, 2 mths		

### Unit001, Rodericks

<b>Current</b>	Gross income	13,500		
	Net Income		13,500	
	YP (8.000% in perpetuity)	12.5000		168,750
<b>Jan 2025</b>	Gross income	15,000		
	Net Income		15,000	
	Increase in Net Income		1,500	
	YP (8.000% in perpetuity deferred for 2 years and 2 months)	10.5802		15,870
<b>Jan 2035</b>	Gross income	0		
	Net Income		0	
	Decrease in Net Income		-15,000	
	YP (8.000% in perpetuity deferred for 12 years and 2 months)	4.9007		-73,510
<b>Apr 2035</b>	Gross income	15,000		
	Net Income		15,000	
	Increase in Net Income		15,000	
	YP (8.000% in perpetuity deferred for 12 years and 5 months)	4.8073		72,109

**Unit Gross Value** **183,219**

### Summary of Unit Values

Unit001, Rodericks	183,219
<b>Total of Unit Values</b>	<b>183,219</b>

### Buyers Costs

Agents Fees	1.0000%	-2,160	v	
Legal Fees	0.5000%	-1,080	v	
Stamp Duty	(=0.3267%)	-600		
Total (=2.1333% of Say Value):				-3,840

<b>Net Value</b>	<b>179,402</b>
<b>Rounded Net Value</b>	<b>180,000</b>

Total VAT Amount: 538

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
28/11/2022	183,840	0	13,500	13,500	7.343%	7.343%
31/01/2025	183,840	0	15,000	15,000	8.159%	8.159%
31/01/2035	183,840	0	0	0	0.000%	0.000%
30/04/2035	183,840	0	15,000	15,000	8.159%	8.159%



## 2 Lady Pit Lane, Leeds, LS11 6AJ

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
Running Yields and Net Initial Yield are based on say value plus buyer's costs 183,840.  
Formulae as in Parry's Tables: rent annually in arrears.  
Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
Cap Adj Running Yield is based on rounded cumulative capital invested.  
Buyer's costs are based on Say Value.  
VAT rate of 20.00% applied where applicable.

## Schedule 2 – 4 Station Road, Doncaster, DN12 3DB

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### 2.1 Inspection

The property was inspected on 1<sup>st</sup> November 2022, in slightly wet and overcast weather conditions by Jessica Walker MRICS.

### 2.2 Location

The subject property is situated to the south west of Doncaster within Conisbrough. The property is situated to the east of Station Road, which adjoins the A630 to the south. Conisbrough is a town in the metropolitan borough of Doncaster in South Yorkshire and is equidistant from Doncaster and Rotherham.

Doncaster is a minster town in South Yorkshire, England. Named after the River Don, it is the administrative centre of the larger Metropolitan Borough of Doncaster. It is the second largest settlement in South Yorkshire after Sheffield, with which the town shares the international Doncaster Sheffield Airport, 6 miles (10 km) to the south-east. Founded by the Romans, Doncaster is a major regional town with important transport links and recreational sites. It is also a market town. At the 2021 census, the borough had a population of 308,100, while its built-up area had a population of 158,141 at the 2011 census.

Sheffield lies 17 miles south-west, Leeds 25 miles north-west and York 30 miles to the north. The towns of Bawtry, Mexborough, Conisbrough, Hatfield and Stainforth, among others, are only a short distance away within the metropolitan borough.

The general location of the property is illustrated on the following Ordnance Survey extract:



**2.3 The Site**

Site Area

**Approximate Areas**  
0.061 hectares (0.15 acres)



## Notes on Site

The site is irregular in shape sloping downwards south to north. Pedestrian and car access to the site is accessed from the western boundary from Station Road. There is no customer/staff parking on site, however. The property is positioned centrally on the site. The northern, eastern, and southern boundaries all meet neighbouring residential property.

The extent of the site boundaries, as we understand them, are shown edged red on the Land Registry Title plan at the end of this schedule.

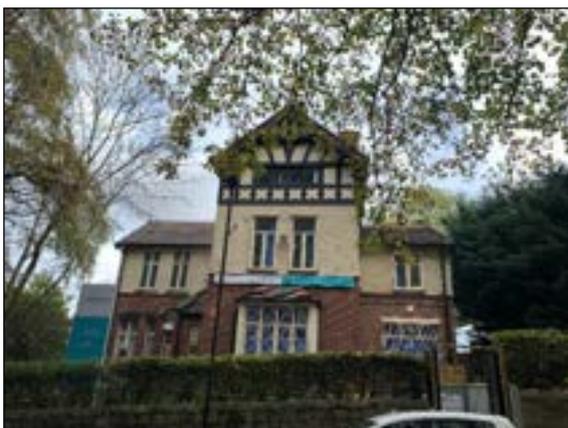
### 2.4 Description & Construction

For the purposes of this instruction, we do not intend to describe the forms of construction adopted in detail but would instead refer you to our appended schedule of photographs.

The property comprises a large Victorian house which has been converted and is currently operated as a dental surgery. The property is of traditional brick construction surmounted by a multi pitched slate roof incorporating a chimney stack and areas of Victorian roof cresting. Elevations are red brick facing with concrete pebbledash render to the first and second storeys. Windows are timber framed and single glazed with security grills to the ground floor and incorporate some areas of decorative stained glass.

Internally, the property has been finished to a reasonable standard and appears well maintained. The ground floor features a large reception/waiting area, as well as two surgeries and a decontamination room, a customer WC, stores and managers office. There is a grand feature staircase with ornate decorative panels which leads to the first floor. Beneath the staircase at ground floor level is access to the basement which houses a compressor.

To the first floor are four further surgeries, a staff WC and a clinical waste room. At attic level there is a staff room and stock room. The property is served by way of a gas fired Vaillant boiler serving wall mounted radiators throughout. Floors are laminate in the reception/lobby and non-slip vinyl to the surgeries and offices. The reception/waiting area is served by LED inset spotlights, while the surgeries are served by florescent strip lighting.



Front Elevation



Reception/Waiting Area



Surgery



Rear Elevation

## 2.5 Accommodation

The following accommodation is provided:

Description	Approximate Net Internal Floor Area	
	m <sup>2</sup>	sq ft
Basement	-	-
Ground Floor – Reception/surgery/decontamination room, 1 x surgery, customer WC and offices	92.76	998
First Floor – Staff WC, 4 x surgeries and clinical waste	84.72	912
Attic – Staff Room and Stock Room	34.49	371
<b>Total</b>	<b>211.97</b>	<b>2,282</b>

The above areas have been ascertained from measurements taken during our inspection.

## 2.6 Development Proposals

None, that we are aware of.

## 2.7 Condition

We have not carried out a building survey and our comments that follow should not be regarded as such.

However, the following points are worthy of note:

- During inspection we noticed signs of penetrating damp at attic level which is likely as a result of flashing issues at the chimney stack and roof intersection, however without access to the roof we cannot confirm this and would recommend further inspection.
- The ground floor WC was out of order and under maintenance at the time of inspection.
- Some of the timber framed windows were flaking and would benefit from treating and repainting or replacing.

- The property is of an age where regular maintenance is required. We recommend that a rolling maintenance programme is adopted to ensure that the property does not fall into disrepair.

## 2.8 Services & Amenities

Mains services: We understand all mains and services are available and connected to the site.

Heating: The property is served by way of gas fired wall mounted radiators.

Air conditioning: None.

Lifts: None.

Other: Compressor at basement level.

None of the above services were tested during the course of our inspection of the property.

## 2.9 Statutory Enquiries

### Highways

From enquiries made of the local Highways Authority we understand that the main roads and footpaths in the vicinity of the property are made up and adopted. As such we assume there are no outstanding liabilities pertaining to the property.

### Planning

The current Doncaster Local Plan sets out how Doncaster Borough will grow and develop from 2015 to 2035. It identifies where and how new jobs, homes and services will be located. After independent examination the Local Plan was adopted on 23 September 2021. Following our enquiries with the local authority we are aware the property is allocated within the following areas.

- Doncaster Boundary
- Development Limits
- Residential Policy Area
- Town Centre Boundaries

The property is not Listed nor situated within but is close to a Conservation Area.

The most recent planning history for this property is summarised in the following table:

Address	Description	Application Number	Status
4 Station Road Conisbrough Doncaster DN12 3DB	Display of banner	21/00075/PD	Enquiry Closed
	Replacement of external fire escape stairs to rear elevation and installation of new access ramp in connection with internal	06/01926/FUL	Planning Permission GRANTED

	alterations to create seven surgeries in place of four existing surgeries		
--	---	--	--

### Registration/Licences

Our report assumes that there have been no undisclosed statutory matters which could have a material effect on our valuation.

Unless stated to the contrary in this report, we have assumed that the use of the property complies with all Building Consents, Planning Permissions, Public Health Statutes and Regulations and Bye-Laws.

### Property Taxation

The property is assessed in the 2017 rating list as follows.

Address	Description	Rateable Value 2017 list
4 Station Road, Conisbrough, Doncaster, South Yorkshire, DN12 3DB	Surgery and premises	£15,000

The National Non-Domestic Rating Multiplier is set at 51.2 pence in the pound for rateable values above £51,000 and 49.9 pence in the pound for rateable values below £51,000 for the rates year 2022/23.

The subject property may be subject to transitional phasing and as such multiplying the Rateable Value by the National Non-Domestic Rating Multiplier may not give a true representation of the rates payable.

### Equality Act 2010 & Disability Discrimination

It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

On the basis that an accessibility audit for Equality Act purposes has not been undertaken, we would recommend that the occupiers commission an audit to ensure compliance with the relevant legislation and undertake those works identified that are considered to be economically viable.

## 2.10 Environmental Issues

### Flooding

From enquiries made of the Environment Agency website, we understand the agency classifies the subject property as being within an area categorised as Flood Zone 1 - land assessed as having a less than 1 in 1,000 annual probabilities of river or sea flooding (<0.1%).

We are not aware of any flooding issues with the property, nor are we aware of any underground culverts or history of flooding within the area.

## Mineral Workings & Mining

The Doncaster area is generally affected by mine/mineral workings, but should there be workings in the vicinity of this property we would have expected any ground movement associated therewith to have ceased long ago.

## Energy Performance Certificates

An EPC was compiled for the building on 20 September 2019, showing the property to have an Energy Performance Asset Rating of 74 falling within Band C.

## 2.11 Tenure & Tenancies

FREEHOLD

The property is currently occupied by way of 15 year lease to Dental Partners. A copy of the lease has been summarised within the table below:

<b>4 Station Road, Conisbrough, DN12 3DB</b>	
Landlord	A & H Developers Limited
Tenant	Dental Partners
Guarantor	None
Term	15 Years beginning on and including the 31 January 2020
Rent	£19,000 Per Annum
Rent Review Date	31 <sup>st</sup> January 2025 and every fifth anniversary of that date
Break Clause	Tenant break option on 30 January 2025 and 30 January 2030
Permitted Use	Dental Surgery
Alienation	The Landlord and Tenant agree that for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 the Landlord may give its consent to an assignment subject to conditions
Repairs	FRI
Security of Tenure	Yes

## 2.12 Comparable Transactions

In arriving at our opinion of Market Value (MV1 & MV2), we have had regard to the investment evidence included in the front end report.

In arriving at our opinion of Market Value assuming vacant possession we have had regard to the following office transactions. We believe that the property could easily be converted into traditional office accommodation should there be no demand for a dental surgery.

<b>Address</b>	<b>Description</b>	<b>Lease Start Date</b>	<b>Achieved rent</b>
Cavendish Court South Parade Doncaster DN1 2DJ	The property comprises a high specification first floor office space in Doncaster. It comprises on-site parking, café and nursery, cycle	October 2021	£26,700 £18.97 psf

	parking and shower facilities. Accepted Money Ltd signed a 1 year term from October 2021 for 1,430 sq ft.		
C13 Taylors Court Rotherham S62 6NU	The property comprises an attractive courtyard style office development arranged in three blocks. The building is comprised of traditional brick construction set over two floors and is surmounted by a pitched tile roof. Devonshire Care Ltd signed a 3 year term for 1,246 sq ft of office space from June 2021.	June 2021	£9,345 PA £7.50 psf
Suite B6 Magistrates Court Taylors road Rotherham S62 6NU	The property comprises an attractive courtyard style office development arranged in three blocks. The building is comprised of traditional brick construction set over two floors and is surmounted by a pitched tile roof. Respectful Care have signed a 3 year lease for 1,267 sq ft of space. They also achieved 4 months' rent free at the start.	May 2021	£8,337 PA £6.58 psf

## 2.13 Valuation Considerations

### Valuation Methodology

In making our valuations, we have used both the comparative and investment methods of valuation.

#### 2.13.1 Market Rent (MR)

For any investment valuation it is important to first look at the rental income, to assess whether the property is let at, above or below Market Rent.

Due to the lack of directly comparable evidence in this location on Station Road, we have sought evidence of office use properties within nearby towns to be used as a guide only, alongside our market knowledge and experience. In the event that the subject property was to fall vacant, we consider that if the property was unable to be let to another dental operator, then it would most likely be purchased with the intention of using the property as offices.

The comparable evidence listed shows that rates can vary quite substantially depending on the pitch and positioning of the building, as well as the size and overall condition, with the evidence highlighting a range between c. £6- 19 psf. We would comment that the comparable transactions detailed were all of a better specification, offer more traditional workable space and are substantially smaller than that of the subject property. That said, we would expect a slight premium to be payable for the permitted use as a D1 (dental

surgery) associated with the subject property, in our experience this will be in the region of 10-15% above standard office use.

Additionally, we have, of course, had regard to the prevailing rent at the subject property. The current lease is for a term of 15 years at a rent of £19,000 per annum with break options in years 5 and 10. Broadly speaking this equates to c.£8.33 psf. In arriving at our opinion of Market Rent (MR) we have applied a rate of £7.50 psf to the NIA, therefore we believe the investment to be marginally over rented at present.

On this basis, Market Rent of the Subject Property is £17,000 Per Annum.

#### 2.13.2 Market Value (MV1) in its current condition subject to, and with the benefit of any existing leases or tenancies

In valuing the subject property on this basis, we have utilised the investment method of valuation.

There is a lack of what we consider to be directly comparable sales evidence of dental practices within Conisbrough and the wider South Yorkshire region, we have therefore extended our search and had consideration to transactions nationally, using these as a guide only alongside our local market knowledge and experience.

As shown in the evidence table above, net yields range from between c.4-13%, the tenant covenant strength, location, and prospect for rental growth affecting the yield achievable; for example, at the lower end of the range, Appledore, Forest Road, Bracknell, a modern purpose built surgery let to a strong covenant in the form of BUPA Dental Care for 10 years term certain. Conversely, at the higher end of the range, 839 Welbeck Road, a converted residential dwelling of a basic standard and specification with little scope for rental growth.

The strength of the tenant's covenant is the most important factor when determining an investment yield, closely followed by the length of the unexpired term, the prospects of rental growth and the property's general location. On this basis we have obtained a Creditsafe report for Dental Partners Limited, the details of which are as follows:

#### **Dental Partners Limited**

The company has a risk score of 96/100 and is rated very low risk. They have a credit limit of £75,000 and contract limit of £115,000. As such, we consider that the market would perceive this tenant to be of a reasonable local covenant strength.

In making our valuations we have applied a yield of 7.25% to the passing rent for the term certain, before allowing for a 3 month reletting void, and subsequently capitalising our opinion of Market Rent into perpetuity at a reversionary yield of 7.75%. The yield applied reflects the property's location, covenant strength of the tenant and alternative use potential.

Finally, we have made the appropriate deductions for SDLT and professional fees. In adopting the above methodology, we arrive at a Market Value of the subject property of £220,000. This reflects an equivalent yield of 7.68% which sits within the range of evidence. For reference, we have attached a copy of our valuation calculations at Appendix III.

### 2.13.3 Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;

In providing our opinion of Market Value on the above basis, it requires us to make a special assumption that a sale is to be completed within 90 days.

Given that we consider that the subject property would require a marketing period of up to 12 months, we consider such a stipulated timeframe to constitute a restricted marketing period.

Similarly, evidence of transactions within such a timeframe are scarce, however we consider that any prudent purchaser would seek to negotiate a discount. We have applied a discount in the order of 10% from our opinion of MV1.

On this basis, we arrive at a Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days of £200,000.

### 2.13.4 Market Value (MV3) of the Property assuming Vacant Possession

In providing our opinion of Market Value, this basis requires us to make a special assumption that the subject property is available with full vacant possession as at the valuation date.

We have again adopted the investment method of valuation as we consider that a prospective purchaser would continue to hold the subject property for investment purposes. Therefore, valuing on this basis as opposed to a straight to capital approach.

In adopting this methodology, we have allowed for an initial void of 12 months to secure a letting on standard commercial lease terms before adopting a reversionary yield of 8% to our opinion of Market Rent, capitalising this income into perpetuity.

Having applied the above methodology, we arrive at a rounded Market Value subject to the special assumption of vacant possession (MV3) of £190,000, reflecting a reversionary yield of 8.75%. For reference, we have attached a copy of our valuation calculations at Appendix III.

## 2.14 Security Considerations/Lender Action Points

- We consider that the property is suitable security bearing in mind the Bank is contemplating a loan, subject to the usual prudent lending criteria.
- We do not consider that there is any hope value or synergistic value associated with adjoining buildings.
- We do not believe that there is any higher alternative use value.
- We consider that the property is marketable and should perform in line with its peers.
- We do not consider that values will rise in the short to medium term.
- The building has an estimated economic life in excess of 25 years, assuming appropriate maintenance is undertaken.
- The building is in excess of 100 years old and will require increasing expenditure on maintenance, repair and ultimate renewals.
- For mortgage regulation purposes, we confirm that less than 40% of the property to be held as security is residential in nature.

- Our investigations have not revealed any recent transaction or agreed price in respect of the subject premises. However, such information does come to light before the loan is finalised, we would request that you refer the matter back to us for further consideration.

## 2.15 Valuation Opinion

Having regard to the above schedule, we are of the opinion that the value of the unencumbered freehold interest on the bases requested is:

Valuation Bases	
Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies	£220,000 (Two Hundred and Twenty Thousand Pounds)
Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;	£200,000 (Two Hundred Thousand Pounds)
Market Value (MV3) of the Property assuming Vacant Possession	£190,000 (One Hundred and Ninety Thousand Pounds)
Market Rent (MR)	£17,000 p.a. (Seventeen Thousand Pounds Per Annum)

We stress the importance of the valuation date, as recent experience has shown that property values may change quite significantly over a relatively short period of time.

Where statements are made upon the prospect of future growth or fall in rental and/or capital values it must be appreciated that such change may not occur, and that values can fall as well as rise.

## 2.16 Insurance Reinstatement Estimate

You have also requested that we provide an estimate of the likely reinstatement cost for fire insurance purposes. This estimate has been arrived at using an instantaneous basis of value, adopted without regard to future inflation and without provision of loss of rent, any consequential loss or VAT. However, the estimate includes allowances for demolition, site clearance and professional fees.

We recommend that a level of cover be affected to the sum of:

£500,000 (Five Hundred Thousand Pounds)

**Appendix I - Site Plan**

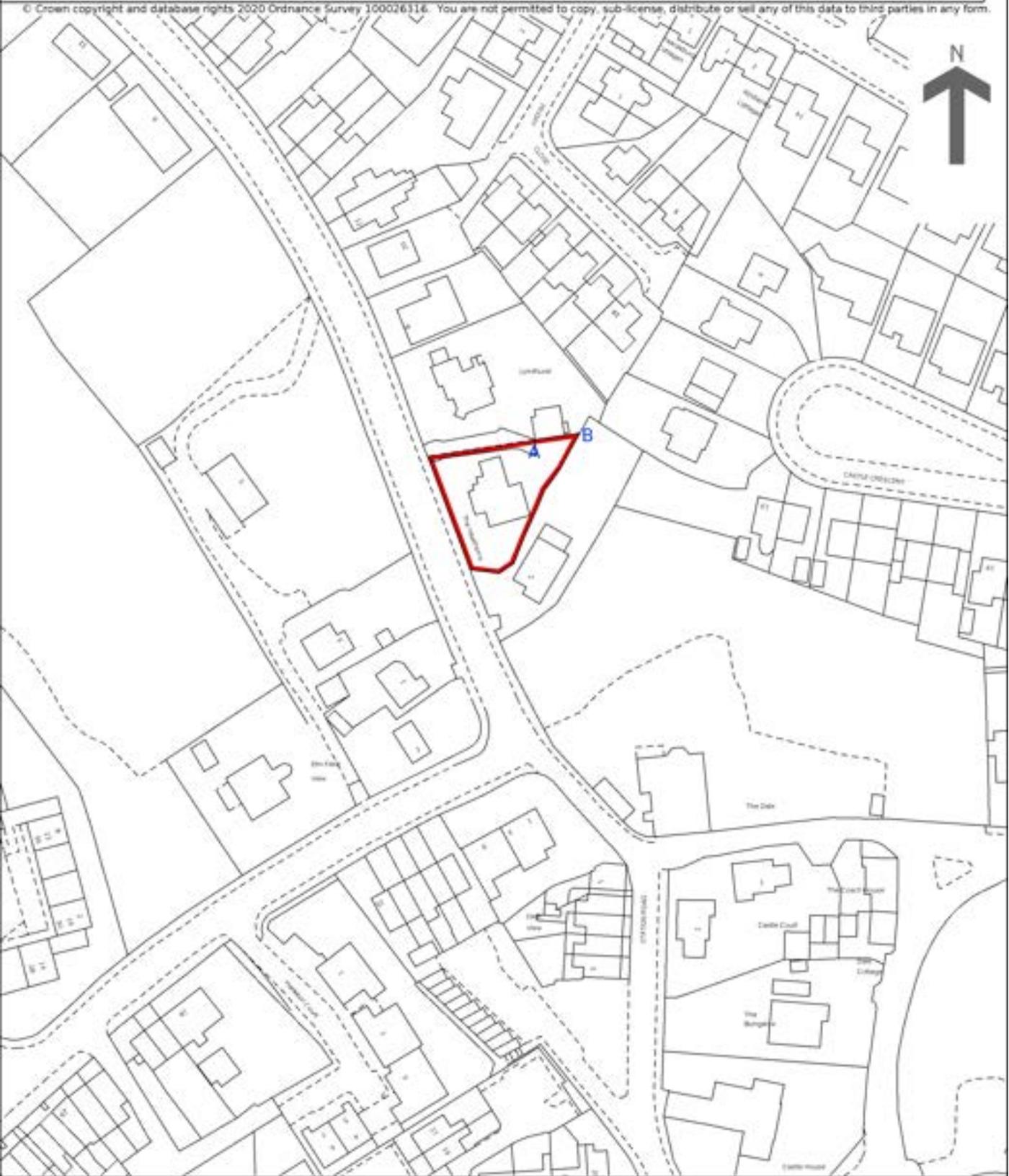


# HM Land Registry Current title plan

Title number **SYK681186**  
Ordnance Survey map reference **SK5199SW**  
Scale **1:1250**  
Administrative area **South Yorkshire :**  
**Doncaster**



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This is a print of the view of the title plan obtained from HM Land Registry showing the state of the title plan on 02 November 2022 at 17:09:47. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

This title is dealt with by HM Land Registry, Nottingham Office.

**Appendix II – Photographs**





Front Elevation



Rear Elevation



Reception



Cellar



Managers Office



Surgery



Staff WC

**Appendix III – Valuation Calculations**



## 4 Station Road, Doncaster, DN12 3DB

Valuation Date:	28/11/2022		
Freehold			
Rounded Value:	220,000	Net Initial Yield:	8.431%
Net Rent:	19,000	Nominal Equivalent Yield:	7.675%
Total ERV:	17,000	True Equivalent Yield:	8.064%
Total Area:	2,282 sqft	Reversionary Yield:	7.543%
Net value / sqft	96		
WAULT (to First Break):	2 yrs, 2 mths		
WAULT (to Lease Expiry):	12 yrs, 2 mths		

### Unit001, Dental Partners

<b>Current</b>	Gross income	19,000		
	Net Income		19,000	
	YP (7.250% for 2 years and 2 months)	1.9408		36,876
<b>Jan 2025</b>	Gross income	17,000		
	Net Income		17,000	
	YP (7.750% in perpetuity deferred for 2 years and 2 months)	10.9764		186,599

**Unit Gross Value** **223,475**

### Summary of Unit Values

Unit001, Dental Partners	223,475
<b>Total of Unit Values</b>	<b>223,475</b>

### Buyers Costs

Agents Fees	1.0000%	-2,640	v	
Legal Fees	0.5000%	-1,320	v	
Stamp Duty	(=0.6199%)	-1,400		
Total (=2.4364% of Say Value):				-5,360

<b>Net Value</b>	<b>218,184</b>
<b>Rounded Net Value</b>	<b>220,000</b>

Total VAT Amount: 655

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
28/11/2022	225,360	0	19,000	19,000	8.431%	8.431%
01/02/2025	225,360	0	17,000	17,000	7.543%	7.543%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
 Running Yields and Net Initial Yield are based on say value plus buyer's costs 225,360.  
 Formulae as in Parry's Tables: rent annually in arrears.  
 Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
 Cap Adj Running Yield is based on rounded cumulative capital invested.  
 Buyer's costs are based on Say Value.  
 VAT rate of 20.00% applied where applicable.



## 4 Station Road, Doncaster, DN12 3DB

Valuation Date:	28/11/2022		
Freehold			
Rounded Value:	190,000	Net Initial Yield:	0.000%
Net Rent:	0	Nominal Equivalent Yield:	8.097%
Total ERV:	17,000	True Equivalent Yield:	8.492%
Total Area:	2,282 sqft	Reversionary Yield:	8.753%
Net value / sqft	83		

### Unit001

<b>Current</b>	Gross income	0		
	Net Income		0	
	YP (8.000% for 1 year)	0.9259		0
<b>Nov 2023</b>	Gross income	17,000		
	Net Income		17,000	
	YP (8.000% in perpetuity deferred for 1 year)	11.5741		196,759

### Unit Gross Value

196,759

### Summary of Unit Values

Unit001	196,759
<b>Total of Unit Values</b>	<b>196,759</b>

### Buyers Costs

Agents Fees	1.0000%	-2,280	v	
Legal Fees	0.5000%	-1,140	v	
Stamp Duty	(=0.4468%)	-800		
Total (=2.2211% of Say Value):				-4,220

<b>Net Value</b>	<b>192,446</b>
<b>Rounded Net Value</b>	<b>190,000</b>

Total VAT Amount: 577

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
28/11/2022	194,220	0	0	0	0.000%	0.000%
28/11/2023	194,220	0	17,000	17,000	8.753%	8.753%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
 Running Yields and Net Initial Yield are based on say value plus buyer's costs 194,220.  
 Formulae as in Parry's Tables: rent annually in arrears.  
 Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
 Cap Adj Running Yield is based on rounded cumulative capital invested.  
 Buyer's costs are based on Say Value.  
 VAT rate of 20.00% applied where applicable.

## Schedule 3 – 360 Anlaby Road, Hull, HU3 6NS

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### 3.1 Inspection

The property was inspected on 1<sup>st</sup> November 2022, in slightly wet and overcast weather conditions by Jessica Walker MRICS.

### 3.2 Location

The subject property is located to the south of Anlaby Road to the west of Hull city centre. In the immediate vicinity, there are a variety of commercial occupiers which front onto Anlaby Road, with a dense network of terraced housing within close proximity to the subject property. To the east of the site boundary is the railway line with Hull Railway Station being located circa 1 mile east. To the north of the subject property is the MKM Stadium.

Kingston upon Hull (population 256,100 – 2011 census) is a city and Unitary Authority in the Ceremonial County of the East Riding of Yorkshire. The city stands on the River Hull, close to its junction with the Humber Estuary, circa 20 miles inland from the North Sea. Hull historically served as a market town, fishing and whaling centre, trading hub, military supply port and industrial centre. The city suffered heavy bombings during the Hull Blitz in World War II which started a period of post-industrial decline fuelling social deprivation and damaging education and policing statistics. In the 21st Century boom, Hull benefitted from considerable investment in retail, offices and housing including the St. Stephen's retail development and the recently developed high quality offices at the Marina. Notable employers including Smith & Nephew,





### 3.3 The Site

Site Area

**Approximate Areas**  
0.01 ha hectares (0.025 acres)

#### Notes on Site

The site is irregular in shape and is generally level throughout. The property is accessed via the southern elevation, facing Anlaby Road. To the eastern and western boundaries, the property directly meets neighbouring retail units. To the north of the site is a small courtyard which can be accessed by a fire exit to the rear of the property. Beyond this is a neighbouring commercial to the rear. The property does not benefit from parking or vehicular access.

The extent of the site boundaries, as we understand them, are shown edged red on the Land Registry Title plan at the end of this schedule.

### 3.4 Description & Construction

For the purposes of this instruction, we do not intend to describe the forms of construction adopted in detail but would instead refer you to our appended schedule of photographs.

The property comprises a two storey terraced property currently occupied as a dental surgery. The property is of traditional brick construction surmounted by a multi-pitched timber framed roof with slate interlocking tiles. Elevations are painted brick facing incorporating a glazed retail frontage. Windows are double glazed and PVCu framed, with the rear windows featuring iron security bars. To the rear is a single storey extension which has ivy/vegetation growing on the external elevations.

Internally, the property finds a reception/waiting area upon entry, along with surgery 1, managers office, sterilisation room, WC, a second office and a storage room. While the first floor comprises a kitchen, WC, surgeries 2 and 3, a canteen and sterilisation room. The property is served by a gas fired boiler serving wall mounted radiators and air conditioning. The building benefits from laminate floors throughout with drop ceilings incorporating inset Cat II lighting.



Front Elevation



Surgery



Rear Elevation



Adjoining Property to the North

**3.5 Accommodation**

The following accommodation is provided:

Description	Approximate Net Internal Floor Area	
	m <sup>2</sup>	sq ft
Ground Floor – Reception/Waiting Area, Surgery 1, office, sterilisation, customer WC and office and stores	93.01	1,001
First Floor – Staff WC, surgery 2 and 3, canteen sterilisation	60.66	653
<b>Total</b>	<b>153.67</b>	<b>1,654</b>



In addition to the above, as the property occupies a retail pitch, we have calculated the area of the retail unit in terms of Zone A (ITZA), which equates to 57.75 m<sup>2</sup> (622 sq ft).

The above areas have been ascertained from measurements taken during our inspection.

### **3.6 Development Proposals**

None, that we are aware of.

### **3.7 Condition**

We have not carried out a building survey and our comments that follow should not be regarded as such.

However, the following points are worthy of note:

- Overall, the property appeared reasonably well maintained throughout.
- However, throughout the course of our inspection we did note evidence of rising damp towards the rear of the property at ground floor level. We understand that a DPM had recently been installed, however signs of damp had since returned. We would recommend that this is inspected by an appropriate specialist and steps are taken to remedy the issue.

### **3.8 Services & Amenities**

Mains services: We understand all mains and services are available and connected the site.

Heating: The property is served by way of gas fired wall mounted radiators.

Air conditioning: The presence of Air Conditioning/Comfort Cooling was noted within the premises, however we have not been provided with any information as to whether or not HCFC (R22) refrigerant is incorporated in the system. If present the costs of replacing HCFC (R22) coolants may be substantial. We note that the occupier/purchaser should make their own enquiries to satisfy themselves in this respect. For the purposes of this valuation, we assume that the system does not contain any HCFC (R22) coolant and that there would be no onerous or excessive costs associated with the same.

Lifts: None.

Other: N/A.

None of the above services were tested during the course of our inspection of the property.

### **3.9 Statutory Enquiries**

#### **Highways**

From enquiries made of the local Highways Authority we understand that the main roads and footpaths in the vicinity of the property are made up and adopted. As such we assume there are no outstanding liabilities pertaining to the property.

## Planning

The current Hull Local plan 2016-2032 was adopted on 23 November 2017 and is part of the statutory development plan for Hull. It will be used for guidance of new development in the city, and provides a vision and strategic policies for the city. Following our enquiries with the local authority we are aware the property is allocated within the following areas.

- Local Centre 6 (LC-6) – Policies 11 and 12
- Housing regeneration priority area – Policy 4.
  - Newington and St Andrew's Area Action Plan

The property is not Listed nor situated within a Conservation Area.

The most recent planning history for this property is summarised in the following table:

Address	Description	Application Number	Status
360 Anlaby Road Kingston Upon Hull HU3 6NS	1) Use of first floor as additional floor space for dental surgery. 2) Replacement of existing windows at first floor level on front elevation. 3) Installation of new shop front	07/00747/FUL	Application Permitted
Genix Dental Clinic 360 Anlaby Road Kingston Upon Hull HU3 6NS	1. Proposed change of use to dentist surgery. 2. Installation of new shopfront.	96/00287/PF	Unknown
360 Anlaby Road Kingston Upon Hull HU3 6NS	Change of use of ground floor carpet and curtain shop to fish and chip shop	85/00201/PF	Unknown

## Registration/Licences

Our report assumes that there have been no undisclosed statutory matters which could have a material effect on our valuation.

Unless stated to the contrary in this report, we have assumed that the use of the property complies with all Building Consents, Planning Permissions, Public Health Statutes and Regulations and Bye-Laws.

## Property Taxation

The property is assessed in the 2017 rating list as follows.

Address	Description	Rateable Value
360 Anlaby Road, Hull, HU3 6NS	Surgery and premises	£7,200

The National Non-Domestic Rating Multiplier is set at 51.2 pence in the pound for rateable values above £51,000 and 49.9 pence in the pound for rateable values below £51,000 for the rates year 2022/23 (In Wales the 2022/23 multiplier is 53.5 pence in the pound, while Scotland is set at 49.8 for rateable values up to £50,999, 51.1 for rateable values between £51,000 and £94,999 and 52.4 for rateable values above £95,000.

The subject property may be subject to transitional phasing and as such multiplying the Rateable Value by the National Non-Domestic Rating Multiplier may not give a true representation of the rates payable.

### **Equality Act 2010 & Disability Discrimination**

It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

On the basis that an accessibility audit for Equality Act purposes has not been undertaken, we would recommend that the occupiers commission an audit to ensure compliance with the relevant legislation and undertake those works identified that are considered to be economically viable.

### **3.10 Environmental Issues**

#### **Flooding**

From enquiries made of the Environment Agency website, we understand the agency classifies the subject property as being within an area categorised as Flood Zone 3 - land assessed as having a 1 in 100 or greater annual probability of river flooding (>1%), or a 1 in 200 or greater annual probability of flooding from the sea (>0.5%) in any year. It is also an area benefitting from flood defences.

We are not aware of any flooding issues with the property, nor are we aware of any underground culverts or history of flooding within the area.

#### **Mineral Workings & Mining**

The Hull specific area is not generally affected by mine/mineral workings, but should there be workings in the vicinity of this property we would have expected any ground movement associated therewith to have ceased long ago.

#### **Energy Performance Certificates**

An EPC was compiled for the building on 8 April 2021, showing the property to have an Energy Performance Asset Rating of 97 falling within Band D.

### **3.11 Tenure & Tenancies**

#### **FREEHOLD**

We are informed that a 'draft' commercial lease is in place to a connected party to the Bank's Client, and whilst we are informed that rent is being paid, the lease has not been formally executed. We have summarised the terms of the 'draft' lease in the table below.

<b>360 Anlaby Road, Kingston upon Hull, HU3 6NS</b>	
Landlord	A & H Developers Limited
Tenant	Genix Healthcare Hull Limited
Guarantor	None
Term	10 Years
Rent	£15,000 Per Annum
Rent Review Date	None
Break Clause	None
Permitted Use	Dental Surgery
Alienation	As a condition of giving approval to an assignment, the Landlords may require the Tenant to enter into an Authorised Guarantee Agreement under Section 16 of the Landlord & Tenant (Covenants) Act 1995 guaranteeing that the assignee will perform all the Tenant's covenants in this lease
Repairs	FRI
Security of Tenure	Yes

### 3.12 Comparable Transactions

In arriving at our opinion of Market Value (MV1 & MV2), we have had regard to the investment evidence included in the front end report.

In arriving at our opinion of Market Value assuming vacant possession we have had regard to the following retail transactions. We believe that the property could easily be restored into a retail unit and given the popularity of the location we believe there would be a reasonable level of demand on this basis.

<b>Address</b>	<b>Description</b>	<b>Lease Start Date</b>	<b>Achieved rent</b>
Unit 3 949-953 Spring Bank W Hull HU5 5BE	Comprising a corner terraced, ground floor retail unit on the outskirts of Hull, within a popular parade of shops. The property appears to be of a reasonably good condition. The property has been let to an undisclosed tenant by way of a 3-year term with 3-months' rent free producing £6,807 p.a.	June 2022	£6,807 p.a. £16.25 psf (ITZA)
548 Hessle Rd Hull HU3 5BL	Comprising a mid-terrace, ground floor retail unit on the outskirts of Hull city centre, situated on a popular parade of shops. The property is of a reasonably good and modern condition and has been let to an undisclosed, private tenant by way of a 3-year term.	June 2022	£6,750 p.a. £17.53 psf (ITZA)

144 New Bridge Road Hull HU9 2NU	The property comprises a lock up shop with a front sales shop, middle room, rear room and a kitchen with WC. An unknown tenant signed a 3 year lease from April 2022 at £3,900 p.a.	March 2022	£3,900 p.a. £10.62 psf ITZA
Suite F4 33-34 Caroline Street Hull HU2 8DY	The property comprises a corner plot with ground floor retail space with WC facilities. Roller shutter doors are fitted. The premises are let by a 5 year lease at £3,880 p.a. Reportedly 3 months' rent free at the start.	August 2021	£3,880 p.a. £8.19 psf ITZA
637 Anlaby Road Hull HU3 6SX	The property comprises a retail unit to the ground floor on Anlaby Road. The property includes an office/storage/kitchen and WC's to the rear. An unknown tenant signed a 1 year lease with no rent incentives at £4,800 p.a.	December 2021	£4,800 p.a. £10.19 psf ITZA

### 3.13 Valuation Considerations

#### Valuation Methodology

In making our valuations, we have used both the comparative and investment methods of valuation.

#### 3.13.1 Market Rent (MR)

For any investment valuation it is important to first look at the rental income, to assess whether the property is let at, above or below Market Rent.

In arriving at our opinion of Market Value we have had regard to transactional evidence on Anlaby Road and evidence of retail use properties within the nearby area, alongside our market knowledge and experience. In the event that the subject property was to fall vacant, we consider that if the property was unable to be let to another dental operator, then it would most likely be purchased with the intention of restoring the property to its former use as a retail unit.

The comparable evidence listed shows that rates can vary quite substantially depending on the pitch and positioning of the building, as well as the size and overall condition, with the evidence highlighting a range between c. £8- 18 psf ITZA. We would expect a slight premium to be payable for the permitted use as a D1 (dental surgery) associated with the subject property, in our experience this will be in the region of 10-15% above standard retail use.

Additionally, we have, of course, had regard to the prevailing rent at the subject property, although to reiterate we are informed that whilst rent is being paid, the lease has not been formally executed. The 'draft' lease is to a connected party to the Bank's Client for a term of 15 years at a rent of £15,000 per annum. Broadly speaking this devalues to c.£23 psf ITZA (£9.00 psf overall). In arriving at our opinion of Market

Rent (MR) we have applied a rate of £15 psf ITZA (£6.00 psf overall), therefore we consider the property to be over rented at present.

On this basis, Market Rent of the subject property is £10,000 per annum.

### 3.13.2 Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies

In valuing the subject property on this basis, we have utilised the investment method of valuation.

We must reiterate that we are aware of the unexecuted lease as well as the interconnected nature of the landlord and tenant, which some investors may view negatively since the existing lease could be terminated and vacant possession readily granted. That being said, we consider a prospective purchaser would take a view and nonetheless acquire the property for investment purposes.

Similarly, there is a lack of what we consider to be directly comparable sales evidence of dental practices within Hull and the wider Humber region, we have therefore extended our search and had consideration to transactions nationally, using these as a guide only alongside our local market knowledge and experience.

As shown in the evidence table above, net yields range from between c.4-13%, the tenant covenant strength, location, and prospect for rental growth affecting the yield achievable; for example, at the lower end of the range, Appledore, Forest Road, Bracknell, a modern purpose built surgery let to a strong covenant in the form of BUPA Dental Care for 10 years term certain. Conversely, at the higher end of the range, 839 Welbeck Road, a converted residential dwelling of a basic standard and specification with little scope for rental growth.

The strength of the tenant's covenant is the most important factor when determining an investment yield, closely followed by the length of the unexpired term, the prospects of rental growth and the property's general location. On this basis we have obtained a Creditsafe report for Genix Healthcare Hull Ltd, the details of which are as follows:

#### **Genix Healthcare Hull Ltd**

The company has a risk score of 73/100 and is rated very low risk. They have a credit limit of £6,000 and contract limit of £9,000. As such, we consider that the market would perceive this tenant to be of a reasonable local covenant strength.

However, we would emphasise that as at the date of valuation the lease has not been executed and therefore any weight that a prospective investor purchaser would put behind the tenant covenant is effectively diminished. Whilst we are informed that the lease could be completed if required, owing to the interconnected nature of the landlord and tenant, this in itself carries an element of risk as in reality the lease could also be terminated at any point in time.

For the reasons outlined above, in making our valuations we have assumed that the income from Genix Healthcare Hull Ltd is secure for 12 months. As such, we have applied a yield of 7.0% to the passing rent for the term certain, i.e. 12 months, before allowing for a 3 month reletting void, and subsequently capitalising our opinion of Market Rent into perpetuity at a reversionary yield of 7.25%.

Finally, we have made the appropriate deductions for SDLT and professional fees. In adopting the above methodology, we arrive at a Market Value of the subject property of £140,000. This reflects an equivalent yield of 7.14% which sits within the range of evidence. For reference, we have attached a copy of our valuation calculations at Appendix III.

### 3.13.3 Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;

In providing our opinion of Market Value on the above basis, it requires us to make a special assumption that a sale is to be completed within 90 days.

Given that we consider that the subject property would require a marketing period of up to 12 months, we consider such a stipulated timeframe to constitute a restricted marketing period.

Similarly, evidence of transactions within such a timeframe are scarce, however we consider that any prudent purchaser would seek to negotiate a discount. We have applied a discount in the order of 10% from our opinion of MV1.

On this basis, we arrive at a Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days of £125,000.

### 3.13.4 Market Value (MV3) of the Property assuming Vacant Possession

In providing our opinion of Market Value, this basis requires us to make a special assumption that the subject property is available with full vacant possession as at the valuation date.

We have again adopted the investment method of valuation as we consider that a prospective purchaser would continue to hold the subject property for investment purposes. Therefore, valuing on this basis as opposed to a straight to capital approach.

In adopting this methodology, we have allowed for an initial void of 6 months to secure a letting on standard commercial lease terms before adopting a reversionary yield of 8% to our opinion of Market Rent, capitalising this income into perpetuity.

Having applied the above methodology, we arrive at a rounded Market Value subject to the special assumption of vacant possession (MV3) of £120,000, reflecting a reversionary yield of 8.19%. For reference, we have attached a copy of our valuation calculations at Appendix III.

## 3.14 Security Considerations/Lender Action Points

- We consider that the property is suitable security bearing in mind the Bank is contemplating a loan, subject to the usual prudent lending criteria.
- We do not consider that there is any hope value or synergistic value associated with adjoining buildings.
- We do not believe that there is any higher alternative use value.
- We consider that the property is marketable and should perform in line with its peers.
- We do not consider that values will rise in the short to medium term.
- The building has an estimated economic life in excess of 25 years, assuming appropriate maintenance is undertaken.

- The building is in excess of 50 years old and will require increasing expenditure on maintenance, repair and ultimate renewals.
- For mortgage regulation purposes, we confirm that less than 40% of the property to be held as security is residential in nature.
- Our investigations have not revealed any recent transaction or agreed price in respect of the subject premises. However, such information does come to light before the loan is finalised, we would request that you refer the matter back to us for further consideration.

### 3.15 Valuation Opinion

Having regard to the above schedule, we are of the opinion that the value of the unencumbered freehold interest on the basis(es) requested is:

Valuation Bases	
Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies	£140,000 (One Hundred and Forty Thousand Pounds)
Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;	£125,000 (One Hundred and Twenty Five Thousand Pounds)
Market Value (MV3) of the Property assuming Vacant Possession	£120,000 (One Hundred and Twenty Thousand Pounds)
Market Rent (MR)	£10,000 p.a. (Ten Thousand Pounds Per Annum)

We stress the importance of the valuation date, as recent experience has shown that property values may change quite significantly over a relatively short period of time.

Where statements are made upon the prospect of future growth or fall in rental and/or capital values it must be appreciated that such change may not occur, and that values can fall as well as rise.

### 3.16 Insurance Reinstatement Estimate

You have also requested that we provide an estimate of the likely reinstatement cost for fire insurance purposes. This estimate has been arrived at using an instantaneous basis of value, adopted without regard to future inflation and without provision of loss of rent, any consequential loss or VAT. However, the estimate includes allowances for demolition, site clearance and professional fees.

We recommend that a level of cover be affected to the sum of:

£360,000 (Three Hundred and Sixty Thousand Pounds)

**Appendix I - Site Plan**



H.M. LAND REGISTRY		TITLE NUMBER	
		HS98858	
ORDNANCE SURVEY PLAN REFERENCE	TA0728	SECTION M	Scale 1/1250
COUNTY HUMBERSIDE		DISTRICT KINGSTON UPON HULL	
			© Crown copyright 1975



This is a print of the view of the title plan obtained from HM Land Registry showing the state of the title plan on 02 November 2022 at 17:11:58. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

This title is dealt with by HM Land Registry, Kingston upon Hull Office.

**Appendix II – Photographs**





Front Elevation



Front Elevation



Surgery



WC



Evidence of Rising Damp



Rear Elevation

**Appendix III – Valuation Calculations**





## 360 Anlaby Road, Hull, HU3 6NS

Valuation Date:	28/11/2022		
Freehold			
Rounded Value:	140,000	Net Initial Yield:	10.525%
Net Rent:	15,000	Nominal Equivalent Yield:	7.138%
Total ERV:	10,000	True Equivalent Yield:	7.475%
Total Area:	654 sqft	Reversionary Yield:	7.017%
Net value / sqft	214		
WAULT (to First Break):	1 yrs, 0 mths		
WAULT (to Lease Expiry):	1 yrs, 0 mths		

### Unit001, Genix Hull

<b>Current</b>	Gross income	15,000		
	Net Income		15,000	
	YP (7.000% for 1 year)	0.9346		14,019
<b>Nov 2023</b>	Gross income	0		
	Net Income		0	
	YP (7.250% for 3 months deferred for 1 year)	0.2231		0
<b>Feb 2024</b>	Gross income	10,000		
	Net Income		10,000	
	YP (7.250% in perpetuity deferred for 1 year and 3 months)	12.6376		126,376

**Unit Gross Value** **140,395**

### Summary of Unit Values

Unit001, Genix Hull	140,395
<b>Total of Unit Values</b>	<b>140,395</b>

### Buyers Costs

Agents Fees	1.0000%	-1,680	v	
Legal Fees	0.5000%	-840	v	
Stamp Duty	(=0.0000%)	0		
Total (=1.8000% of Say Value):				-2,520

<b>Net Value</b>	<b>137,912</b>
<b>Rounded Net Value</b>	<b>140,000</b>

Total VAT Amount: 414

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
28/11/2022	142,520	0	15,000	15,000	10.525%	10.525%
28/11/2023	142,520	0	0	0	0.000%	0.000%
27/02/2024	142,520	0	10,000	10,000	7.017%	7.017%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
Running Yields and Net Initial Yield are based on say value plus buyer's costs 142,520.  
Formulae as in Parry's Tables: rent annually in arrears.  
Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
Cap Adj Running Yield is based on rounded cumulative capital invested.  
Buyer's costs are based on Say Value.  
VAT rate of 20.00% applied where applicable.

## 360 Anlaby Road, Hull, HU3 6NS

Valuation Date:	28/11/2022		
Freehold			
Rounded Value:	120,000	Net Initial Yield:	0.000%
Net Rent:	0	Nominal Equivalent Yield:	8.029%
Total ERV:	10,000	True Equivalent Yield:	8.441%
Total Area:	654 sqft	Reversionary Yield:	8.186%
Net value / sqft	183		

### Unit001

<b>Current</b>	Gross income	0		
	Net Income		0	
	YP (8.000% for 3 months)	0.2382		0
<b>Feb 2023</b>	Gross income	10,000		
	Net Income		10,000	
	YP (8.000% in perpetuity deferred for 3 months)	12.2618		122,618

### Unit Gross Value

122,618

### Summary of Unit Values

Unit001	122,618
<b>Total of Unit Values</b>	<b>122,618</b>

### Buyers Costs

Agents Fees	1.0000%	-1,440	v
Legal Fees	0.5000%	-720	v
Stamp Duty	(=0.0000%)	0	
Total (=1.8000% of Say Value):			-2,160

<b>Net Value</b>	<b>120,450</b>
<b>Rounded Net Value</b>	<b>120,000</b>

Total VAT Amount: 361

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
28/11/2022	122,160	0	0	0	0.000%	0.000%
28/02/2023	122,160	0	10,000	10,000	8.186%	8.186%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
 Running Yields and Net Initial Yield are based on say value plus buyer's costs 122,160.  
 Formulae as in Parry's Tables: rent annually in arrears.  
 Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
 Cap Adj Running Yield is based on rounded cumulative capital invested.  
 Buyer's costs are based on Say Value.  
 VAT rate of 20.00% applied where applicable.

## Schedule 4 – 101 Wales Road, Sheffield, S26 6RA

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### 4.1 Inspection

The property was inspected on 1<sup>st</sup> November 2022, in slightly wet and overcast weather conditions by Jessica Walker MRICS.

### 4.2 Location

The subject property is situated in Kiveton Park, a village on the outskirts of Sheffield to the south side of Wales Road. The immediate surround area is commercial in nature with networks of residential housing beyond. Just south of the subject property is Wales Recreation Ground.

Sheffield is a city in the English county of South Yorkshire. In the city centre, the Millennium Gallery shows metalwork and art from Sheffield and around the world. It adjoins the Winter Garden, a large temperate glasshouse filled with plants. Kelham Island Museum covers the city's industrial heritage. The nearby countryside is part of Peak District National Park, characterised by moorland and rocky ridges.

The general location of the property is illustrated on the following Ordnance Survey extract:



**4.3 The Site**

Site Area

**Approximate Areas**  
0.026 hectares (0.065 acres)



Notes on Site

The site is generally regular in shape and level throughout and is accessed from the northern boundary fronting onto Wales Road. To the south of the site is a large yard area which is accessed down the western boundary and currently offers car parking. The eastern boundary adjoins a neighbouring retail property occupied by Lloyds Pharmacy. The western boundary meets a neighbouring residential property.

The extent of the site boundaries, as we understand them, are shown edged red on the Land Registry Title plan at the end of this schedule.

4.4 Description & Construction

For the purposes of this instruction, we do not intend to describe the forms of construction adopted in detail but would instead refer you to our appended schedule of photographs.

The property comprises a 2 storey plus attic property currently occupied as a dental surgery. The property is of traditional brick construction surmounted by a timber framed pitched roof with slate tiles. To the rear is a 2 storey extension surmounted by a flat felt covered roof. Elevations are of painted concrete render incorporating PVCu framed double glazed window units.

The property is accessed via the western elevation. Internally, to the ground floor is a reception with customer WC and surgeries 1 and 5 to the front and rear of the property respectively. To the first floor is a kitchen, surgeries 2, 3 and 4 and a staff room. Finally, to the third floor is storage, office space and two decontamination rooms. The reception and offices are served by laminate floors while the surgeries benefit from non-slip floor coverings. The property benefits from inset Led lights to the reception and offices and fluorescent lighting to the surgeries.



Front Elevation



Surgery



Decontamination Room



Rear Elevation

#### 4.5 Accommodation

The following accommodation is provided:

Description	Approximate Net Internal Floor Area	
	m <sup>2</sup>	sq ft
Ground Floor – Reception, customer WC, Surgery 1 and 5	61.01	657
First Floor – Kitchen, Surgeries 2, 3 and 4	60.53	652
Attic – Store, office, decontamination x2	23.77	256
<b>Total</b>	<b>145.32</b>	<b>1,564</b>

The above areas have been ascertained from measurements taken during our inspection.

#### 4.6 Development Proposals

None, that we are aware of.

#### 4.7 Condition

We have not carried out a building survey and our comments that follow should not be regarded as such.

However, the following points are worthy of note:

- The property appeared to be in reasonable condition commensurate with its age, nature of use and construction.

#### 4.8 Services & Amenities

Mains services: We understand all mains and services are available and connected to the site.

Heating: The property is served by way of gas fired wall mounted radiators.

Air conditioning: None.

Lifts: None.

Other: N/A.

None of the above services were tested during the course of our inspection of the property.

## 4.9 Statutory Enquiries

### Highways

From enquiries made of the local Highways Authority we understand that the main roads and footpaths in the vicinity of the property are made up and adopted. As such we assume there are no outstanding liabilities pertaining to the property.

### Planning

The current Rotherham Local Plan provides a long-term development strategy, setting out policies and proposals for new housing, shopping, and employment. It consists of a number of documents which can be read with one another. The sites and policies document were adopted in 2018. Despite our efforts we have not been able to establish whether or not the property is situated within an allocated area. As such this valuation assumes that there would be no unexpected threats to the valuation herein reported.

The most recent planning history for this property is summarised in the following table:

Address	Description	Application Number	Status
101 Wales Road Kiveton Park	Erection of dormer window to rear	RB2011/1410	Granted Conditionally
	Change of use of dentist surgery	RB1979/2660	Granted
	Kitchen and bedroom extension	RB1969/2505	Granted

### Registration/Licences

Our report assumes that there have been no undisclosed statutory matters which could have a material effect on our valuation.

Unless stated to the contrary in this report, we have assumed that the use of the property complies with all Building Consents, Planning Permissions, Public Health Statutes and Regulations and Bye-Laws.

### Property Taxation

The property is assessed in the 2017 rating list as follows.

Address	Description	Rateable Value 2017 list
101 Wales Road, Kiveton Park, Sheffield, S26 6RA	Surgery and premises	£8,100

The National Non-Domestic Rating Multiplier is set at 51.2 pence in the pound for rateable values above £51,000 and 49.9 pence in the pound for rateable values below £51,000 for the rates year 2022/23 (In Wales the 2022/23 multiplier is 53.5 pence in the pound, while Scotland is set at 49.8 for rateable values up to £50,999, 51.1 for rateable values between £51,000 and £94,999 and 52.4 for rateable values above £95,000.

The subject property may be subject to transitional phasing and as such multiplying the Rateable Value by the National Non-Domestic Rating Multiplier may not give a true representation of the rates payable.

#### **Equality Act 2010 & Disability Discrimination**

It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

However, from our brief inspection of the property the following items which may be worth further consideration were noted, including inter alia:

On the basis that an accessibility audit for Equality Act purposes has not been undertaken, we would recommend that the occupiers commission an audit to ensure compliance with the relevant legislation and undertake those works identified that are considered to be economically viable.

#### **4.10 Environmental Issues**

##### **Flooding**

From enquiries made of the Environment Agency website, we understand the agency classifies the subject property as being within an area categorised as Flood Zone 1 - land assessed as having a less than 1 in 1,000 annual probabilities of river or sea flooding (<0.1%).

We are not aware of any flooding issues with the property, nor are we aware of any underground culverts or history of flooding within the area.

##### **Mineral Workings & Mining**

The Sheffield area is generally affected by mine/mineral workings, but should there be workings in the vicinity of this property we would have expected any ground movement associated therewith to have ceased long ago.

##### **Energy Performance Certificates**

An EPC was compiled for the building on 20 September 2019, showing the property to have an Energy Performance Asset Rating of 79 falling within Band D.

#### **4.11 Tenure & Tenancies**

FREEHOLD

We understand that the property is currently let to Dental Partners Ltd by way of a 15 year lease. The lease has been summarised within the table below:

<b>101 Wales Road. Kiveton Park, Sheffield, S26 6RA</b>	
Landlord	A & H Developers Limited
Tenant	Dental Partners Limited
Guarantor	None
Term	15 Years beginning on and including 31 January 2020
Rent	£12,500 Per Annum
Rent Review Date	None
Break Clause	Tenant break option on 30 January 2025 and 30 January 2030
Permitted Use	Dental surgery
Alienation	The Landlord and Tenant agree that for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 the Landlord may give its consent to an assignment subject to conditions
Repairs	FRI
Security of Tenure	Yes

#### 4.12 Comparable Transactions

In arriving at our opinion of Market Value (MV1 & MV2), we have had regard to the investment evidence included in the front end report.

In arriving at our opinion of Market Value assuming vacant possession we have had regard to the following office transactions. We believe that the property could easily be converted into an office unit.

<b>Address</b>	<b>Description</b>	<b>Lease Start Date</b>	<b>Achieved rent</b>
Unit 2 The Point Coach Road Bassetlaw Worksop S81 8BW	The property comprises a modern single storey office building with allocated parking for up to 3 cars. Mint Security signed a 5 year lease from May 2021 for 1,011 sq ft	May 2021	£10,500 PA £10.39 psf
Unit 7 The Point Coach Road Bassetlaw Worksop S81 8BW	The property comprises a modern single storey office building with allocated parking for up to 7/8 cars. T2 Designs Solutions took both units over 2 leases, taking Unit 7 and 8 both comprising 790 sq ft respectively on 5 year leases on the same terms.	December 2020	£7,000 PA £8.87 psf
Unit 8 The Point Coach Road Bassetlaw Worksop S81 8BW		December 2020	£7,000 PA £8.87 psf

## 4.13 Valuation Considerations

### Valuation Methodology

In making our valuations, we have used both the comparative and investment methods of valuation.

#### 4.13.1 Market Rent (MR)

For any investment valuation it is important to first look at the rental income, to assess whether the property is let at, above or below Market Rent.

Due to the lack of directly comparable evidence in this location on Station Road, we have sought evidence of office use properties within nearby villages to be used as a guide only, alongside our market knowledge and experience. In the event that the subject property was to fall vacant, we consider that if the property was unable to be let to another dental operator, then it would most likely be purchased with the intention of using the property as offices.

The comparable evidence listed shows that rates can vary quite substantially depending on the pitch and positioning of the building, as well as the size and overall condition, with the evidence highlighting a range between c. £8- 11 psf. We would comment that the comparable transactions detailed were all of a better specification and offer more traditional workable space. That said, we would expect a slight premium to be payable for the permitted use as a D1 (dental surgery) associated with the subject property, in our experience this will be in the region of 10-15% above standard office use.

Additionally, we have, of course, had regard to the prevailing rent at the subject property, although to reiterate we are informed that whilst rent is being paid, the lease has not been formally executed. The 'draft' lease is to a connected party to the Bank's Client for a term of 15 years at a rent of £12,500 per annum with break options in years 5 and 10. Broadly speaking this equates to c.£8.00 psf. In arriving at our opinion of Market Rent (MR) we have applied a rate of £8 psf to the NIA, therefore we believe the investment to be rack rented.

On this basis, Market Rent of the Subject Property is £12,500 Per Annum.

#### 4.13.2 Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies

In valuing the subject property on this basis, we have utilised the investment method of valuation.

There is a lack of what we consider to be directly comparable sales evidence of dental practices within Kiverton and the wider South Yorkshire region, we have therefore extended our search and had consideration to transactions nationally, using these as a guide only alongside our local market knowledge and experience.

As shown in the evidence table above, net yields range from between c.4-13%, the tenant covenant strength, location, and prospect for rental growth affecting the yield achievable; for example, at the lower end of the range, Appledore, Forest Road, Bracknell, a modern purpose built surgery let to a strong covenant in the form of BUPA Dental Care for 10 years term certain. Conversely, at the higher end of the range, 839 Welbeck Road, a converted residential dwelling of a basic standard and specification with little scope for rental growth.

The strength of the tenant's covenant is the most important factor when determining an investment yield, closely followed by the length of the unexpired term, the prospects of rental growth and the property's general location. On this basis we have obtained a Creditsafe report for Dental Partners Limited, the details of which are as follows:

#### **Dental Partners Limited**

The company has a risk score of 96/100 and is rated very low risk. They have a credit limit of £75,000 and contract limit of £115,000. As such, we consider that the market would perceive this tenant to be of a reasonable local covenant strength.

In making our valuations we have applied a yield of 7.25% to the passing rent for the term certain, i.e. until the first break in year 5, before allowing for a 3 month reletting void, and subsequently capitalising our opinion of Market Rent into perpetuity at a reversionary yield of 7.5%.

Finally, we have made the appropriate deductions for SDLT and professional fees. In adopting the above methodology, we arrive at a Market Value of the subject property of £160,000. This reflects an equivalent yield of 7.56% which sits within the range of evidence. For reference, we have attached a copy of our valuation calculations at Appendix III.

#### **4.13.3 Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;**

In providing our opinion of Market Value on the above basis, it requires us to make a special assumption that a sale is to be completed within 90 days.

Given that we consider that the subject property would require a marketing period of up to 12 months, we consider such a stipulated timeframe to constitute a restricted marketing period.

Similarly, evidence of transactions within such a timeframe are scarce, however we consider that any prudent purchaser would seek to negotiate a discount. We have applied a discount in the order of 10% from our opinion of MV1.

On this basis, we arrive at a Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days of £145,000.

#### **4.13.4 Market Value (MV3) of the Property assuming Vacant Possession**

In providing our opinion of Market Value, this basis requires us to make a special assumption that the subject property is available with full vacant possession as at the valuation date.

We have again adopted the investment method of valuation as we consider that a prospective purchaser would continue to hold the subject property for investment purposes. Therefore, valuing on this basis as opposed to a straight to capital approach.

In adopting this methodology, we have allowed for an initial void of 12 months to secure a letting on standard commercial lease terms before adopting a reversionary yield of 8.5% to our opinion of Market Rent, capitalising this income into perpetuity.

Having applied the above methodology, we arrive at a rounded Market Value subject to the special assumption of vacant possession (MV3) of £135,000, reflecting a reversionary yield of 9.09%. For reference, we have attached a copy of our valuation calculations at Appendix III.

#### 4.14 Security Considerations/Lender Action Points

- We consider that the property is suitable security bearing in mind the Bank is contemplating a loan, subject to the usual prudent lending criteria.
- We do not consider that there is any hope value or synergistic value associated with adjoining buildings.
- We do not believe that there is any higher alternative use value.
- We consider that the property is marketable and should perform in line with its peers.
- We do not consider that values will rise in the short to medium term.
- The building has an estimated economic life in excess of 25 years, assuming appropriate maintenance is undertaken.
- The building is in excess of 100 years old and will require increasing expenditure on maintenance, repair and ultimate renewals.
- For mortgage regulation purposes, we confirm that less than 40% of the property to be held as security is residential in nature.
- Our investigations have not revealed any recent transaction or agreed price in respect of the subject premises. However, such information does come to light before the loan is finalised, we would request that you refer the matter back to us for further consideration.

#### 4.15 Valuation Opinion

Having regard to the above schedule, we are of the opinion that the value of the unencumbered freehold interest on the bases requested is:

Valuation Bases	
Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies	£160,000 (One Hundred and Sixty Thousand Pounds)
Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;	£145,000 (One Hundred and Forty Five Thousand Pounds)
Market Value (MV3) of the Property assuming Vacant Possession	£135,000 (One Hundred and Thirty Five Thousand Pounds)
Market Rent (MR)	£12,500 p.a. (Twelve Thousand Five Hundred Pounds Per Annum)

We stress the importance of the valuation date, as recent experience has shown that property values may change quite significantly over a relatively short period of time.

Where statements are made upon the prospect of future growth or fall in rental and/or capital values it must be appreciated that such change may not occur, and that values can fall as well as rise.

#### **4.16 Insurance Reinstatement Estimate**

You have also requested that we provide an estimate of the likely reinstatement cost for fire insurance purposes. This estimate has been arrived at using an instantaneous basis of value, adopted without regard to future inflation and without provision of loss of rent, any consequential loss or VAT. However, the estimate includes allowances for demolition, site clearance and professional fees.

We recommend that a level of cover be affected to the sum of:

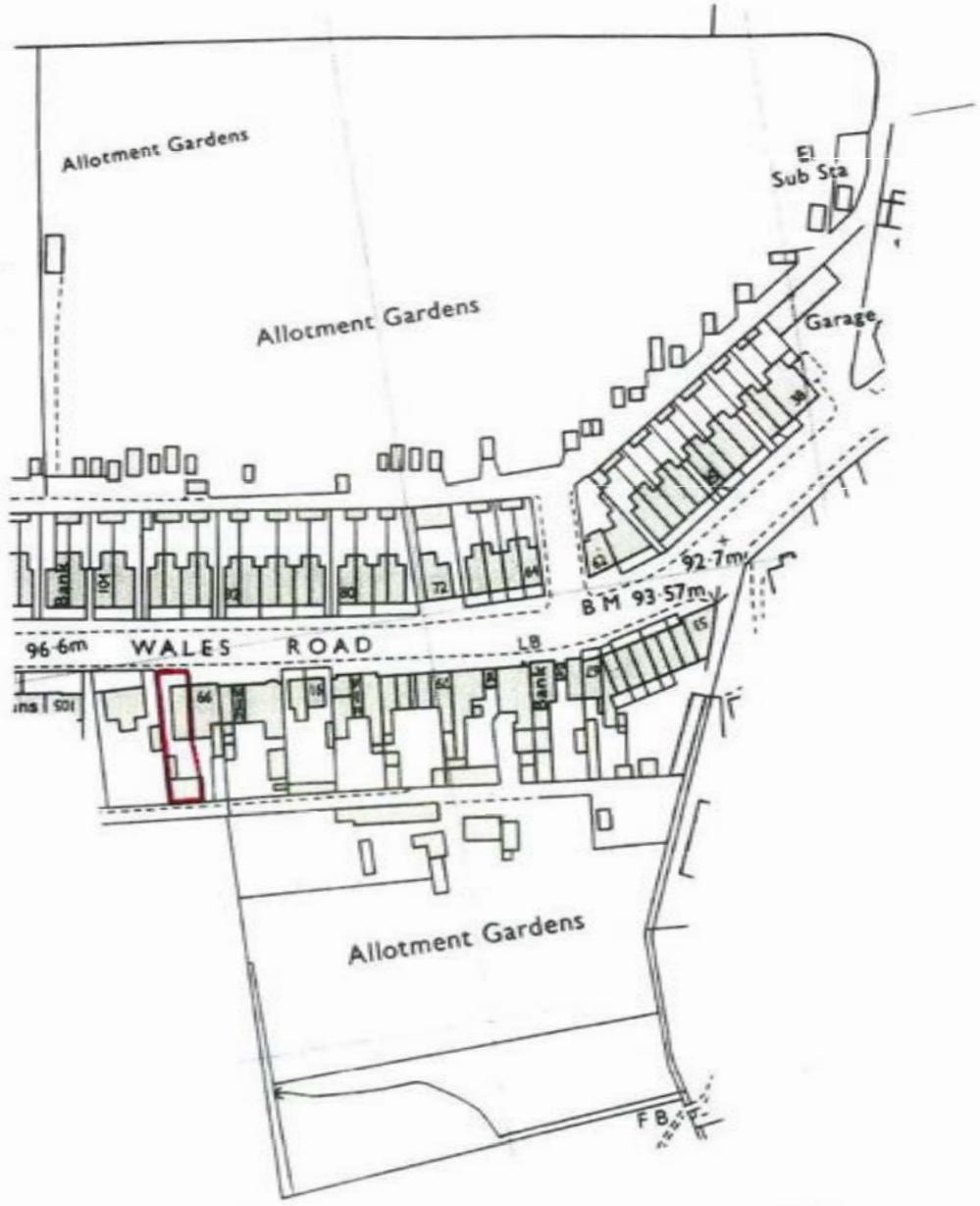
£325,000 (Three Hundred and Twenty Five Thousand Pounds)

**Appendix I - Site Plan**



H.M. LAND REGISTRY		TITLE NUMBER	
		SYK 13908	
ORDNANCE SURVEY PLAN REFERENCE	SK 4882	SECTION J	Scale 1:1250 Enlarged from 1:2500
COUNTY SOUTH YORKSHIRE	DISTRICT ROTHERHAM	© Crown copyright 1974	

WALES PARISH



*[Handwritten signature]*

**Appendix II – Photographs**





Front Elevation



Front Elevation



Surgery



WC



Evidence of Rising Damp



Rear Elevation

**Appendix III – Valuation Calculations**





## 101 Wales Road, Kiveton, S26 6RA

Valuation Date:	28/11/2022		
Freehold			
Rounded Value:	160,000	Net Initial Yield:	7.665%
Net Rent:	12,500	Nominal Equivalent Yield:	7.547%
Total ERV:	12,500	True Equivalent Yield:	7.912%
Total Area:	1,564 sqft	Reversionary Yield:	7.665%
Net value / sqft	102		
WAULT (to First Break):	2 yrs, 2 mths		
WAULT (to Lease Expiry):	12 yrs, 2 mths		

### Unit001, Dental Partners

<b>Current</b>	Gross income	12,500		
	Net Income		12,500	
	YP (7.250% for 2 years and 2 months)	1.9408		24,261
<b>Jan 2025</b>	Gross income	0		
	Net Income		0	
	YP (7.500% for 3 months deferred for 2 years and 2 months)	0.2043		0
<b>Apr 2025</b>	Gross income	12,500		
	Net Income		12,500	
	YP (7.500% in perpetuity deferred for 2 years and 5 months)	11.1953		139,941

**Unit Gross Value** **164,202**

### Summary of Unit Values

Unit001, Dental Partners	164,202
<b>Total of Unit Values</b>	<b>164,202</b>

### Buyers Costs

Agents Fees	1.0000%	-1,920	v
Legal Fees	0.5000%	-960	v
Stamp Duty	(=0.1385%)	-200	
Total (=1.9250% of Say Value):			-3,080

<b>Net Value</b>	<b>161,080</b>
<b>Rounded Net Value</b>	<b>160,000</b>

Total VAT Amount: 483

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
28/11/2022	163,080	0	12,500	12,500	7.665%	7.665%
31/01/2025	163,080	0	0	0	0.000%	0.000%
30/04/2025	163,080	0	12,500	12,500	7.665%	7.665%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
Running Yields and Net Initial Yield are based on say value plus buyer's costs 163,080.  
Formulae as in Parry's Tables: rent annually in arrears.  
Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
Cap Adj Running Yield is based on rounded cumulative capital invested.  
Buyer's costs are based on Say Value.  
VAT rate of 20.00% applied where applicable.

## 101 Wales Road, Kiveton, S26 6RA

Valuation Date:	28/11/2022		
Freehold			
Rounded Value:	135,000	Net Initial Yield:	0.000%
Net Rent:	0	Nominal Equivalent Yield:	8.391%
Total ERV:	12,500	True Equivalent Yield:	8.814%
Total Area:	1,564 sqft	Reversionary Yield:	9.096%
Net value / sqft	86		

### Unit001

<b>Current</b>	Gross income	0		
	Net Income		0	
	YP (8.500% for 1 year)	0.9217		0
<b>Nov 2023</b>	Gross income	12,500		
	Net Income		12,500	
	YP (8.500% in perpetuity deferred for 1 year)	10.8430		135,538

**Unit Gross Value** **135,538**

### Summary of Unit Values

Unit001	135,538
<b>Total of Unit Values</b>	<b>135,538</b>

### Buyers Costs

Agents Fees	1.0000%	-1,620	v	
Legal Fees	0.5000%	-810	v	
Stamp Duty	(=0.0000%)	0		
Total (=1.8000% of Say Value):				-2,430

<b>Net Value</b>	<b>133,142</b>
<b>Rounded Net Value</b>	<b>135,000</b>

Total VAT Amount: 399

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
28/11/2022	137,430	0	0	0	0.000%	0.000%
28/11/2023	137,430	0	12,500	12,500	9.096%	9.096%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
 Running Yields and Net Initial Yield are based on say value plus buyer's costs 137,430.  
 Formulae as in Parry's Tables: rent annually in arrears.  
 Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
 Cap Adj Running Yield is based on rounded cumulative capital invested.  
 Buyer's costs are based on Say Value.  
 VAT rate of 20.00% applied where applicable.

# 1. Schedule 5 – 16 The Wynd, Marske-by-the-Sea TS11 7LA

## 1.1 Inspection

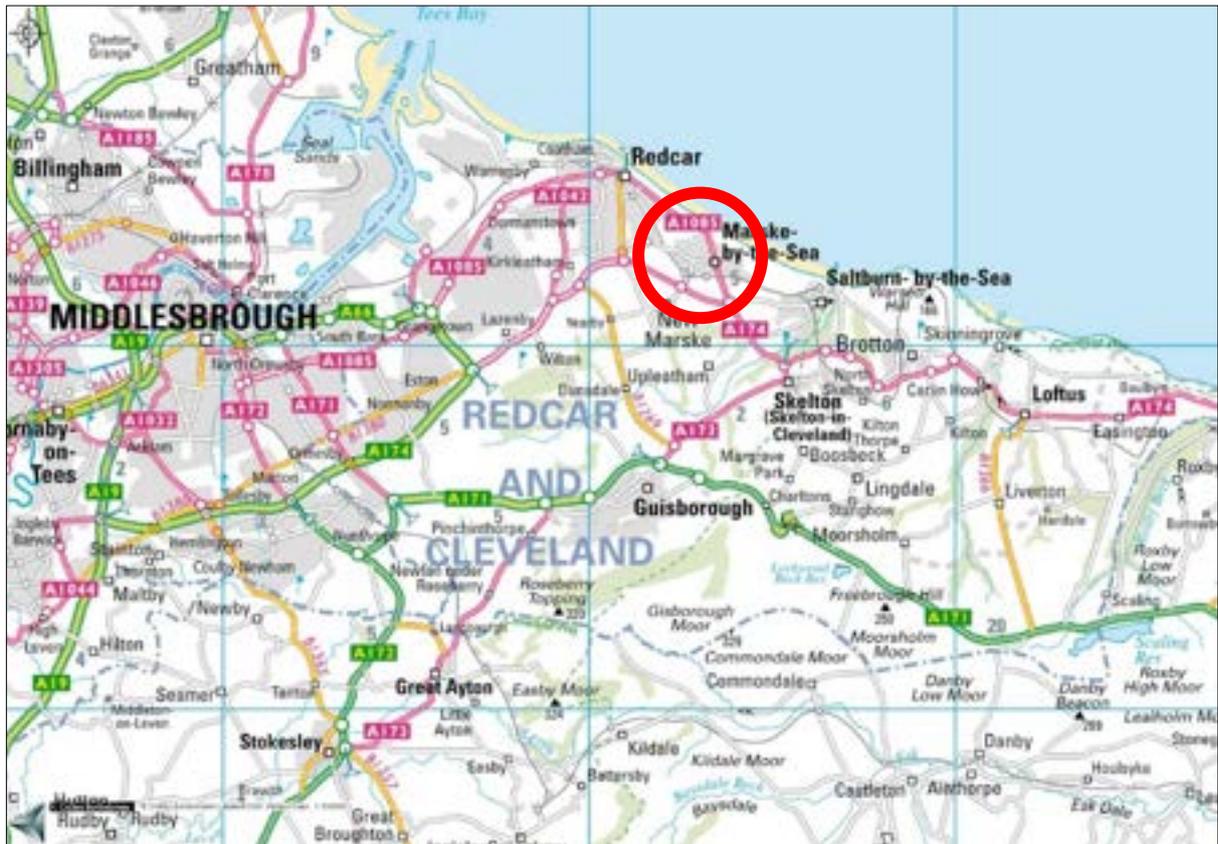
The property was inspected on 3<sup>rd</sup> November 2022, in dry and overcast weather conditions by Emma Williams MRICS.

## 1.2 Location

The subject property is situated on The Wynd, Marske-by-the-Sea, located centrally in the town and immediately off the High Street (A1085).

Marske-by-the-Sea, with a population of c. 8,282 (2011 Census), is a coastal town in the north east of England located between Redcar and Saltburn-by-the-Sea, approximately 12 miles north east of Middlesbrough and approximately 5 miles south east of Redcar forming part of East Cleveland.

The general location of the property is illustrated on the following Ordnance Survey extract:



Not to scale

### 1.3 The Site

Site Area  
Frontage to The Wynd

**Approximate Areas**  
0.03 hectares (0.06 acres)  
10 metres (33 feet)

#### Notes on Site

The subject property occupies an irregular shaped site that is broadly level in terms of topography.

The extent of the site boundaries, as we understand them, are shown edged red on the Land Registry Title plan at the end of this schedule.

### 1.4 Description & Construction

The subject property comprises a two storey, terraced retail unit, currently operating as a dental practice. The building is of brick construction with tiled cladding in parts, under a tiled pitched roof structure, with rear offshoots of the same construction under a pitched and mono-pitched roof structure. A flat canopy extends from the front elevation, incorporating shop signage. Windows are a mix of uPVC framed double glazed units and wooden framed single glazed units.

Internally, to the ground floor, there is a reception, patient waiting area, three surgeries, patient toilet, and ancillary stores. To the first floor, a further patient waiting area, surgery, staff room, office, cleaning / decontamination room, and staff toilet. The property is finished to a good standard and specification, predominantly comprising painted plaster walls, and a mix of commercial grade laminate and vinyl flooring.

Externally, to the rear, there is a small, grassed lawn with an adjacent concrete drive available for staff.

Front Elevation



Rear Elevation



### 1.5 Accommodation

The following accommodation is provided:

Description	Approximate Net Internal Floor Area	
	m <sup>2</sup>	sq ft
Ground floor	73	785
First floor	71	769
<b>Total</b>	<b>144</b>	<b>1,554</b>

The above areas have been ascertained from measurements taken during our inspection.

## 1.6 Development Proposals

None.

## 1.7 Condition

We have not carried out a building survey and our comments that follow should not be regarded as such.

Overall, the subject property is generally in a good condition commensurate with its age, form of construction and nature of use.

Furthermore, we would comment that the property is let on a full repairing lease and as such any wants of repair is the responsibility of the tenant.

## 1.8 Services & Amenities

Mains services: We understand that all mains services are connected or available to the property.

Heating: Gas fired central heating to wall-mounted radiators.

Other: Specialist dental fixtures and fittings installed by the Tenant.

None of the above services were tested during the course of our inspection of the property.

## 1.9 Statutory Enquiries

### Highways

From enquiries made of the local Highways Authority we understand that the main roads and footpaths in the vicinity of the property are made up and adopted. As such we assume there are no outstanding liabilities pertaining to the property.

### Planning

The most recent planning history for this property is summarised in the following table:

Address	Description	Application Number	Status
16/16A The Wynd, Marske-by-the-Sea	Change of use of first floor flat as extension to existing dental practice.	R/2010/0441/CA	Approved

## Property Taxation

The property is assessed in the 2017 rating list as follows.

Address	Description	Rateable Value
16 The Wynd, Marske-by-the-Sea, Redcar	Surgery and premises	£11,000

The National Non-Domestic Rating Multiplier is set at 51.2 pence in the pound for rateable values above £51,000 and 49.9 pence in the pound for rateable values below £51,000 for the rates year 2022/23.

The subject property may be subject to transitional phasing and as such multiplying the Rateable Value by the National Non-Domestic Rating Multiplier may not give a true representation of the rates payable.

## Equality Act 2010 & Disability Discrimination

It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

However from our brief inspection of the property the following items which may be worth further consideration were noted, including inter alia:

- Unlevel access;
- Accessible WC;
- Stair access to upper floors only.

On the basis that an accessibility audit for Equality Act purposes has not been undertaken, we would recommend that the occupiers commission an audit to ensure compliance with the relevant legislation and undertake those works identified that are considered to be economically viable.

## The Regulatory Reform (Fire Safety) Order 2005

We have not had sight of any Fire Safety Assessment for this property. We recommend that the occupiers take appropriate measures to ensure that they are in compliance with the legislation.

## 1.10 Environmental Issues

### Flooding

From enquiries made of the Environment Agency website, we understand the agency classifies the subject property as being within an area categorised as Flood Zone 1 - land assessed as having a less than 1 in 1,000 annual probability of river or sea flooding (<0.1%).

We are not aware of any flooding issues with the property, nor are we aware of any underground culverts or history of flooding within the area.

### Energy Performance Certificates

Our investigations indicate that the current EPC is at or above the required minimum level under the MEES, with an Energy Performance Rating of a E (124).

Furthermore, after consultation in late 2021, the government has announced that there will be changes to the minimum energy efficiency standards for England and Wales and all rental properties will need a minimum EPC rating of 'C' or above by 2025.

With this in mind, we would highlight that the subject property is likely to require capital expenditure in the short to medium term to ensure it meets the required EPC standards.

### 1.11 Tenure & Tenancies

#### FREEHOLD

We are informed that a 'draft' commercial lease is in place to a connected party to the Bank's Client, and whilst we are informed that rent is being paid, the lease has not been formally executed. We have summarised the terms of the 'draft' lease in the table below.

16 & 16A The Wynd, Marske-by-the-Sea	
Landlord	A&H Developers Limited
Tenant	Genix Healthcare Marske Limited
Guarantor	N/A
Term	10 years from February 2020
Rent	£17,000 per annum
Rent Review Date	N/A
Break Clause	N/A
Permitted Use	Silent
Alienation	Assignment and subletting of part prohibited. Assignment and subletting of whole requiring Landlord's consent and compliance with the lease terms.
Repairs	Full repairing
Insurance	Landlord insures and tenant pays a proportion of the premium by way of insurance rent.
Security of Tenure	Yes

### 1.12 Comparable Transactions

In arriving at our opinion of Market Value (MV1 & MV2), we have had regard to the investment evidence included in the front end report.

In arriving at our opinion of Market Rent (MR) there is a scarcity of evidence from Marske-by-the-Sea itself; therefore we have extended our search primarily to the neighbouring town of Redcar, which we consider to be broadly similar in terms of retail offering:

Address	Description	Lease Start Date	Achieved rent
62 High Street, Redcar	Ground floor retail unit extending to 2,063 sq ft.	October 2022	£25,000 p.a. (£12.11 psf / c.£480 per week)
7 King Street, Redcar	Ground floor retail unit extending to 334 sq ft.	June 2022	£7,620 p.a. (£22.80 psf / c.£147 per week)

65 High Street, Redcar	Ground floor retail unit extending to 1,600 sq ft.	February 2022	£12,000 p.a. (£7.50 psf / c.£230 per week)
2 High Street, Redcar	Ground floor retail unit extending to 1,054 sf ft. An undisclosed tenant has taken a 3 year lease.	December 2021	£10,500 p.a. (£9.96 psf / c.£202 per week)
2 High Street, Redcar	Ground floor retail unit extending to 861 sf ft. An undisclosed tenant has taken a 3 year lease.	December 2021	£6,800 p.a. (£7.90 psf / c.£131 per week)
2 High Street, Redcar	Ground floor retail unit extending to 688 sf ft.	September 2021	£5,500 p.a. (£7.99 psf / c.£106 per week)
2 High Street, Redcar	Ground floor retail unit extending to 710 sf ft.	September 2021	£7,100 p.a. (£10 psf / c.£136 per week)
133 High Street, Redcar	Ground floor retail unit extending to 998 sq ft. Lease assignment for a remaining term of 2 years 4 months.	Jan 2021	£9,000 p.a. (£9.01 psf / c.£173 per week)
125 High Street, Marske-by-the-Sea	Ground floor retail unit extending to 1,050 sq ft.	March 2020	£10,200 p.a. (£9.71 psf / c.£196 per week)

### 1.13 Valuation Considerations

#### Valuation Methodology

In making our valuations, we have used both the comparative and investment methods of valuation.

##### 1.13.1 Market Rent (MR)

For any investment valuation it is important to first look at the rental income, to assess whether the property is let at, above or below Market Rent.

Due to the lack of directly comparable evidence within Marske-by-the-Sea, we have extended our search to the neighbouring coastal town of Redcar, which we consider to be broadly similar in terms of a retail location i.e. a tertiary investment town within the context of the wider north east, supported by market knowledge derived from our agency experience. We have then made appropriate adjustments to reflect differences between the properties.

We would note that retail units in this location will typically attract local covenants who ascertain rents on the basis of affordability to their business, as opposed to a rate per sq ft. As such, this can typically result in no set tone, with rents instead equating to an affordable rent per week or rent per calendar month. As a result, for some property, this can provide a difficult process to increase / grow rental rates.

As shown within the comparable evidence above, overall rates for retail accommodation range from £106 - £480 per week, the majority of evidence sitting within a rate range of c.£7.50 - £12.10 psf. Clearly size directly affecting the weekly rate, unsurprisingly the larger units achieving the higher rates per week. With

this in mind, 62 and 65 High Street, Redcar, are the most similar in size to the subject, here rates of £480 and £230 per week were achieved respectively. The most recent contemporary comparable we have been able to identify in Marske-by-the-Sea itself is that of 125 High Street, smaller in size than the subject at 1,050 sq ft and achieving a weekly rate of c.£196 per week and £9.71 psf.

Additionally, we have, of course, had regard to the prevailing rent at the subject property, although to reiterate we are informed that whilst rent is being paid, the lease has not been formally executed. The 'draft' lease is to a connected party to the Bank's Client for a term of 10 years at a rent of £17,000 per annum. Broadly speaking this devalues to c.£10.94 psf.

Taking into consideration all of the above and the fact that the passing rent sits within the comparable evidence range identified, we consider the subject property to be broadly rack-rented.

On this basis, Market Rent of the subject property is £17,000 per annum.

### 1.13.2 Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies

In valuing the subject property on this basis, we have utilised the investment method of valuation.

We must reiterate that we are aware of the unexecuted lease as well as the interconnected nature of the landlord and tenant, which some investors may view negatively since the existing lease could be terminated and vacant possession readily granted. That being said, we consider a prospective purchaser would take a view and nonetheless acquire the property for investment purposes.

Similarly, there is a lack of what we consider to be directly comparable sales evidence of dental practices within Marske-by-the-Sea and the wider Teesside region, we have therefore extended our search and had consideration to transactions nationally, using these as a guide only alongside our local market knowledge and experience.

As shown in the evidence table above, net yields range from between c.4-13%, the tenant covenant strength, location, and prospect for rental growth affecting the yield achievable; for example, at the lower end of the range, Appledore, Forest Road, Bracknell, a modern purpose built surgery let to a strong covenant in the form of BUPA Dental Care for 10 years term certain. Conversely, at the higher end of the range, 839 Welbeck Road, a converted residential dwelling of a basic standard and specification with little scope for rental growth.

The strength of the tenant's covenant is the most important factor when determining an investment yield, closely followed by the length of the unexpired term, the prospects of rental growth and the property's general location. On this basis we have obtained a Creditsafe report for Genix Healthcare Marske Ltd, however the company is listed as 'non-trading'.

Furthermore, we would emphasise that as at the date of valuation the lease has not been executed and therefore any weight that a prospective investor purchaser would put behind the tenant covenant is effectively diminished. Whilst we are informed that the lease could be completed if required, owing to the interconnected nature of the landlord and tenant, this in itself carries an element of risk as in reality the lease could also be terminated at any point in time.

For the reasons outlined above, in making our valuations we have assumed that the income from Genix Healthcare Marske Ltd is secure for 12 months. As such, we have applied a yield of 8.75% to the passing rent for the term certain, i.e. 12 months, before allowing for a 9 month reletting void, and subsequently capitalising our opinion of Market Rent into perpetuity at a reversionary yield of 9.25%. Whilst we acknowledge that these yields sit at the higher end of the evidence range, we consider them to be reflective of the above mentioned risks and appropriately reflect the location.

Finally, we have made the appropriate deductions for SDLT and professional fees. In adopting the above methodology, we arrive at a Market Value of the subject property of £170,000. This reflects an equivalent yield of 9.22% which sits within the range of evidence. For reference, we have attached a copy of our valuation calculations at Appendix III.

#### 1.13.3 Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;

In providing our opinion of Market Value on the above basis, it requires us to make a special assumption that a sale is to be completed within 90 days.

Given that we consider that the subject property would require a marketing period of up to 12 months, we consider such a stipulated timeframe to constitute a restricted marketing period.

Similarly, evidence of transactions within such a timeframe are scarce, however we consider that any prudent purchaser would seek to negotiate a discount. We have applied a discount in the order of 15% from our opinion of MV1.

On this basis, we arrive at a Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days of £145,000.

#### 1.13.4 Market Value (MV3) of the Property assuming Vacant Possession

In providing our opinion of Market Value, this basis requires us to make a special assumption that the subject property is available with full vacant possession as at the valuation date.

We have again adopted the investment method of valuation as we consider that a prospective purchaser would continue to hold the subject property for investment purposes. Therefore, valuing on this basis as opposed to a straight to capital approach.

In adopting this methodology, we have allowed for an initial void of 9 months to secure a letting on standard commercial lease terms before adopting a reversionary yield of 9.50% to our opinion of Market Rent, capitalising this income into perpetuity.

Having applied the above methodology, we arrive at a rounded Market Value subject to the special assumption of vacant possession (MV3) of £160,000, reflecting a reversionary yield of 10.42%. For reference, we have attached a copy of our valuation calculations at Appendix III.

### 1.14 Security Considerations/Lender Action Points

- We consider that the property is suitable security bearing in mind the Bank is contemplating a loan, subject to the usual prudent lending criteria.

- We do not consider that there is any hope value or synergistic value associated with adjoining buildings.
- We do not believe that there is any higher alternative use value.
- We consider that the property is marketable and should perform in line with its peers.
- We do not consider that values will rise in the short to medium term.
- The building has an estimated economic life in excess of 25 years, assuming appropriate maintenance is undertaken.
- The building is in excess of 50 years old and will require increasing expenditure on maintenance, repair and ultimate renewals.
- For mortgage regulation purposes, we confirm that less than 40% of the property to be held as security is residential in nature.
- Our investigations have not revealed any recent transaction or agreed price in respect of the subject premises. However, such information does come to light before the loan is finalised, we would request that you refer the matter back to us for further consideration.

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• The property is held freehold.</li> <li>• Let and income producing.</li> <li>• The property is generally in a good decorative condition.</li> </ul>	<ul style="list-style-type: none"> <li>• Secondary / tertiary investment location in the wider context of the North East.</li> <li>• The lease pertaining to Genix Healthcare Marske Limited is unexecuted and the company is facing dissolution, as such this offers limited security of income.</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Improve income security by executing the lease for Genix Healthcare Marske Limited.</li> <li>• Ensure a proactive approach is taking to make sure the property meets the upcoming EPC standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued decline within the retail market.</li> <li>• Continued increases in interest rates, lending, energy prices, and cost of living.</li> </ul>

### 1.15 Valuation Opinion

Having regard to the above schedule, we are of the opinion that the value of the unencumbered freehold interest on the bases requested is:

<b>Valuation Bases</b>	<b>16 The Wynd, Marske-by-the-Sea</b>
Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies	£170,000 (One Hundred and Seventy Thousand Pounds)
Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;	£145,000 (One Hundred and Forty Five Thousand Pounds)
Market Value (MV3) of the Property assuming Vacant Possession	£160,000 (One Hundred and Sixty Thousand Pounds)
Market Rent (MR)	£17,000 p.a. (Seventeen Thousand Pounds per annum)

We stress the importance of the valuation date, as recent experience has shown that property values may change quite significantly over a relatively short period of time.

Where statements are made upon the prospect of future growth or fall in rental and/or capital values it must be appreciated that such change may not occur, and that values can fall as well as rise.

The property markets will continue to watch the economic indicators, with a period of market uncertainty seemingly likely, certainly in the short, if not medium term. Which is likely to result in a restricted number of open market transactions, but potentially an increase in distressed sales, should economic performance continue to decline, and interest rates continue to rise. The Bank of England continues to report that it will have no hesitation in raising interest rates further in an effort to cool the economy and control inflation, with leading commentators expressing concern that the UK economy may be entering a recessionary period.

### **1.16 Insurance Reinstatement Estimate**

You have also requested that we provide an estimate of the likely reinstatement cost for fire insurance purposes. This estimate has been arrived at using an instantaneous basis of value, adopted without regard to future inflation and without provision of loss of rent, any consequential loss or VAT. However, the estimate includes allowances for demolition, site clearance and professional fees.

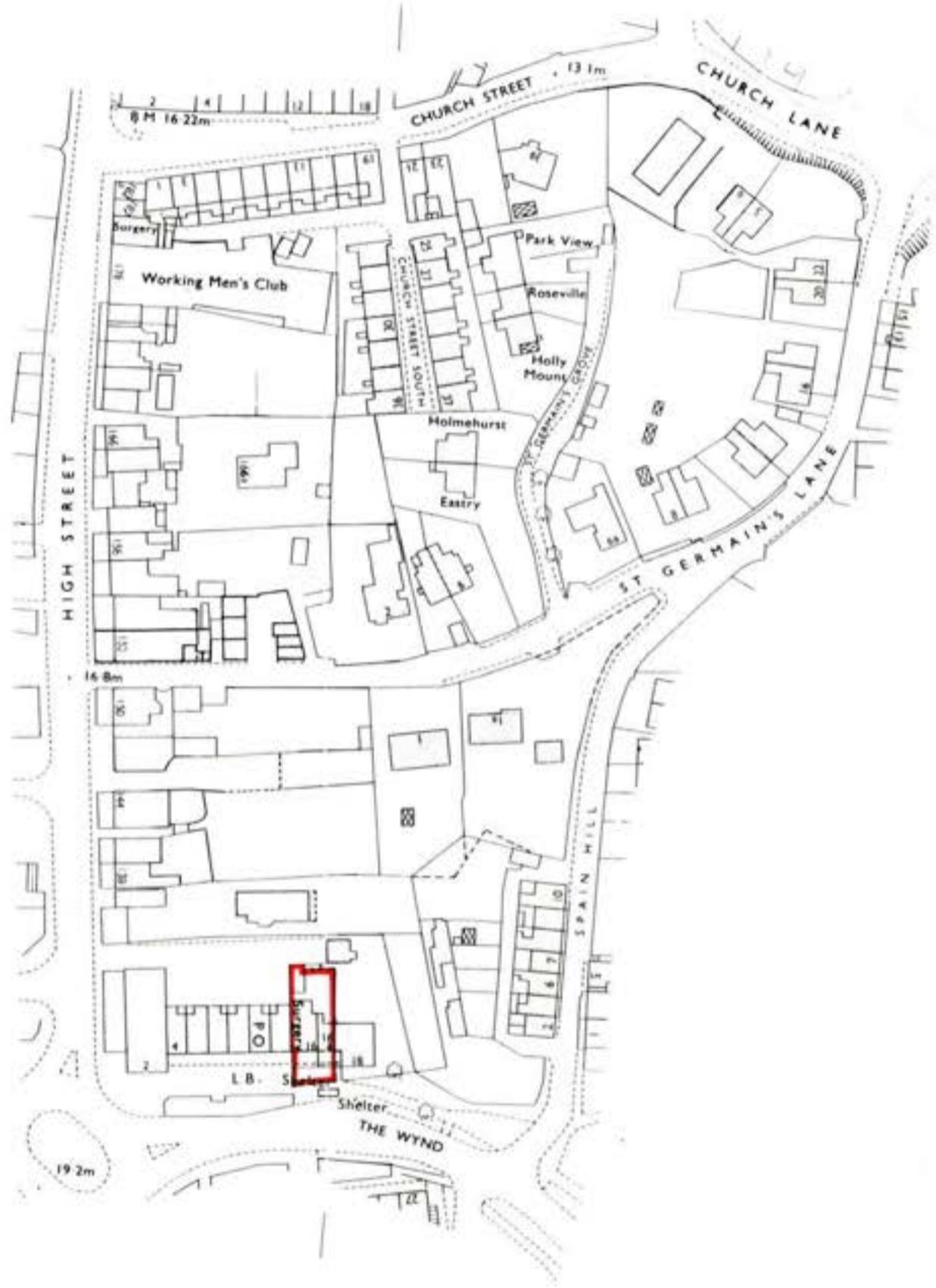
We recommend that a level of cover be affected to the sum of:

£310,000 (Three Hundred and Ten Thousand Pounds)

**Appendix I - Title Plan**



H.M. LAND REGISTRY		TITLE NUMBER	
		CE128878	
ORDNANCE SURVEY PLAN REFERENCE	NZ 6322	SECTION K	Scale 1/1250
COUNTY CLEVELAND	DISTRICT LANGBAURGH-ON-TEES		© Crown copyright 1985



**Appendix II – Photographs**





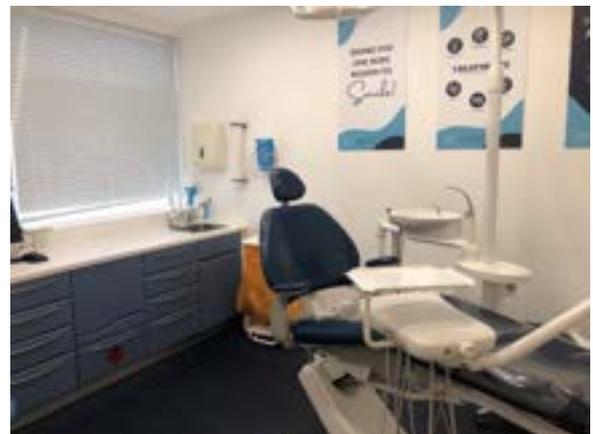
1. Front elevation



2. Rear elevation



3. Reception



4. Surgery



5. Waiting room



6. Decontamination room



7. Office



8. Staff room

**Appendix III – Valuation Calculations**





## 16 The Wynd, Marske-by-the-Sea, TS11 7LA

Valuation Date:	30/11/2022		
Freehold			
Rounded Value:	170,000	Net Initial Yield:	9.801%
Net Rent:	17,000	Nominal Equivalent Yield:	9.226%
Total ERV:	17,000	True Equivalent Yield:	9.753%
Total Area:	0 sqft	Reversionary Yield:	9.801%
WAULT (to First Break):	1 yrs, 0 mths		
WAULT (to Lease Expiry):	1 yrs, 0 mths		

### 16 The Wynd, Genix Healthcare Marske Ltd

<b>Current</b>	Gross income	17,000		
	Net Income		17,000	
	YP (8.750% for 1 year)	0.9195		15,632
<b>Nov 2023</b>	Gross income	0		
	Net Income		0	
	YP (9.250% for 9 months deferred for 1 year)	0.6353		0
<b>Aug 2024</b>	Gross income	17,000		
	Net Income		17,000	
	YP (9.250% in perpetuity deferred for 1 year and 9 months)	9.2602		157,424

**Unit Gross Value** **173,056**

### Summary of Unit Values

16 The Wynd, Genix Healthcare Marske Ltd	173,056
<b>Total of Unit Values</b>	<b>173,056</b>

### Buyers Costs

Agents Fees	1.0000%	-2,040	v	
Legal Fees	0.5000%	-1,020	v	
Stamp Duty	(=0.2307%)	-400		
Total (=2.0353% of Say Value):				-3,460

<b>Net Value</b>	<b>169,611</b>
<b>Rounded Net Value</b>	<b>170,000</b>

Total VAT Amount: 509

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
30/11/2022	173,460	0	17,000	17,000	9.801%	9.801%
30/11/2023	173,460	0	0	0	0.000%	0.000%
30/08/2024	173,460	0	17,000	17,000	9.801%	9.801%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
 Running Yields and Net Initial Yield are based on say value plus buyer's costs 173,460.  
 Formulae as in Parry's Tables: rent annually in arrears.  
 Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
 Cap Adj Running Yield is based on rounded cumulative capital invested.  
 Buyer's costs are based on Say Value.  
 VAT rate of 20.00% applied where applicable.

## VP 16 The Wynd, Marske-by-the-Sea, TS11 7LA

Valuation Date:	30/11/2022		
Freehold			
Rounded Value:	160,000	Net Initial Yield:	0.000%
Net Rent:	0	Nominal Equivalent Yield:	9.345%
Total ERV:	17,000	True Equivalent Yield:	9.867%
Total Area:	0 sqft	Reversionary Yield:	10.424%

### 16 The Wynd

<b>Current</b>	Gross income	0		
	Net Income		0	
	YP (9.250% for 9 months)	0.6940		0
<b>Aug 2023</b>	Gross income	17,000		
	Net Income		17,000	
	YP (9.250% for 5 years deferred for 9 months)	3.6165		61,480
<b>Aug 2028</b>	Gross income	0		
	Net Income		0	
	YP (9.250% for 9 months deferred for 5 years and 9 months)	0.4173		0
<b>May 2029</b>	Gross income	17,000		
	Net Income		17,000	
	YP (9.250% in perpetuity deferred for 6 years and 6 months)	6.0830		103,411
<b>Unit Gross Value</b>				<b>164,891</b>

### Summary of Unit Values

16 The Wynd	164,891
<b>Total of Unit Values</b>	<b>164,891</b>

### Buyers Costs

Agents Fees	1.0000%	-1,920	v
Legal Fees	0.5000%	-960	v
Stamp Duty	(=0.1468%)	-200	
Total (=1.9250% of Say Value):			-3,080

<b>Net Value</b>	<b>161,745</b>
<b>Rounded Net Value</b>	<b>160,000</b>

Total VAT Amount: 485

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
30/11/2022	163,080	0	0	0	0.000%	0.000%
30/08/2023	163,080	0	17,000	17,000	10.424%	10.424%
30/08/2028	163,080	0	0	0	0.000%	0.000%
30/05/2029	163,080	0	17,000	17,000	10.424%	10.424%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
 Running Yields and Net Initial Yield are based on say value plus buyer's costs 163,080.  
 Formulae as in Parry's Tables: rent annually in arrears.  
 Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
 Cap Adj Running Yield is based on rounded cumulative capital invested.  
 Buyer's costs are based on Say Value.



**VP 16 The Wynd, Marske-by-the-Sea, TS11 7LA**

VAT rate of 20.00% applied where applicable.

## Schedule 6 – 88-90 Main Street, Mexborough, Sheffield, S64 9EB

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### 6.1 Inspection

The property was inspected on 1<sup>st</sup> November 2022, in dry and bright weather conditions by Jessica Walker MRICS.

### 6.2 Location

The subject property is situated to the north of Main Street close to the town centre of Mexborough. The immediate surrounding area comprises a network of terraced residential housing along with retail occupiers fronting Main Street. To the south of the subject property is an industrial estate, less than half a mile away. To the north are playing fields. Mexborough town centre is situated less than a mile to the south east.

Mexborough is a town in the Metropolitan Borough of Doncaster in South Yorkshire. Situated between Manvers and Denaby Main, it lies on the River Don close to where it joins the River Dearne, and the A6023 road runs through the town.

Doncaster is a minster town in South Yorkshire, England. Named after the River Don, it is the administrative centre of the larger Metropolitan Borough of Doncaster. It is the second largest settlement in South Yorkshire after Sheffield, with which the town shares the international Doncaster Sheffield Airport, 6 miles (10 km) to the south-east. Founded by the Romans, Doncaster is a major regional town with important transport links and recreational sites. It is also a market town. At the 2021 census, the borough had a population of 308,100, while its built-up area had a population of 158,141 at the 2011 census.

The general location of the property is illustrated on the following Ordnance Survey extract:



### 6.3 The Site

Site Area

**Approximate Areas**  
0.024 hectares (0.059 acres)

Notes on Site

The site is fairly regular in shape. To the north of the site is a neighbouring residential property. To the eastern boundary is a small workshop/warehouse, while to the western boundary is a nursery/school. The building is set to the southern portion of the site, with the remainder of the site forming a rear car park.

The extent of the site boundaries, as we understand them, are shown edged red on the Land Registry Title plan at the end of this schedule.

**6.4 Description & Construction**

For the purposes of this instruction, we do not intend to describe the forms of construction adopted in detail but would instead refer you to our appended schedule of photographs.

The property comprises a two storey plus attic detached property, currently operated as a dental surgery. The dentist is of traditional brick construction surmounted by a multi-pitched and hipped pantile roof with a dormer window to the attic at the rear. Elevations are red brick facing incorporating stone quoin detailing. Windows are PVCu framed and double glazed throughout.

Internally, the property comprises a reception room, managers office, customer WC, x 2 surgeries and an X-Ray room to the ground floor, while the first floor includes a filling room, x3 surgeries, a decontamination room and staff WC. The attic offers storage, a staff room and a compressor room. Throughout the property are laminate floors apart from within the surgeries which have non-slip vinyl flooring. Lighting is by way of LED and fluorescent luminaries, walls are painted plaster.



Front Elevation



Staff Room





Surgery



Rear Elevation

## 6.5 Accommodation

The following accommodation is provided:

Description	Approximate Net Internal Floor Area	
	m <sup>2</sup>	sq ft
Ground Floor – reception, surgery 1 and 2, offices, customer WC and X-ray	113.50	1,222
First Floor – filling room, surgery 3, 4 and 5, staff WC and decontamination	109.23	1,176
Attic – staff room, stores and compressor room	37.23	401
<b>Total</b>	<b>259.96</b>	<b>2,798</b>

The above areas have been ascertained from measurements taken during our inspection.

## 6.6 Development Proposals

None, that we are aware of.

## 6.7 Condition

We have not carried out a building survey and our comments that follow should not be regarded as such.

However, the following points are worthy of note:

- The property appeared in good condition commensurate with its age, nature of use and construction.

## 6.8 Services & Amenities

Mains services: We understand all mains and services are available and connected to the site.

Heating: The property is served by way of gas fired wall mounted radiators.

Air conditioning: None.

Lifts: None.

Other: N/A.

None of the above services were tested during the course of our inspection of the property.

## 6.9 Statutory Enquiries

### Highways

From enquiries made of the local Highways Authority we understand that the main roads and footpaths in the vicinity of the property are made up and adopted. As such we assume there are no outstanding liabilities pertaining to the property.

### Planning

The current Doncaster Local Plan sets out how Doncaster Borough will grow and develop from 2015 to 2035. It identifies where and how new jobs, homes and services will be located. After independent examination the Local Plan was adopted on 23 September 2021. Following our enquiries with the local authority we are aware the property is allocated within the following areas.

- Doncaster Boundary
- Development Limits
- Residential Policy Area
- Nature Improvement Areas
- Heat Opportunity Areas
- Shallow Coal
- PEDL License Areas

The property is not Listed nor situated within a Conservation Area.

Address	Description	Application Number	Status
Genix Healthcare Limited 88-90 Main Street Mexborough S64 9EB	Display of 1 non-illuminated fascia sign (10.4m x 4.2m)	11/01767/ADV	Application Withdrawn
	Display of externally illuminated fascia sign (2.00m x 1.50m) one non-illuminated fascia sign (0.94m x 0.60m) t front, and externally illuminated wall sign (2.00m x 0.45m) to one side	11/01727/ADV	Advertisement Consent Granted
Rear of 88-90 Main Street Mexborough South Yorkshire S64 9EB	Erection of one detached block of 7 flats on approximately 0.15 ha of land (being resubmission of	10/03593/FUL	Planning Permission Granted

	application refused under ref. 10/02630/FUL on 04.11.10)		
	Erection of one detached block of 7 flats on approx 0.15 ha of land	10/02630/FUL	Planning Permission Refused
Land to Rear of 88-90 Main Street Mexborough Doncaster South Yorkshire S64 9EB	Outline application for residential apartment block on approximately 0.1 ha of land	04/6708/P	Assumed Abandoned
88-90 Main Street Mexborough South Yorkshire S64 9EB	Change of use of first floor bedsits to Dental Clinic	98/0940/P	Planning Permission Granted

### Registration/Licences

Our report assumes that there have been no undisclosed statutory matters which could have a material effect on our valuation.

Unless stated to the contrary in this report, we have assumed that the use of the property complies with all Building Consents, Planning Permissions, Public Health Statutes and Regulations and Bye-Laws.

### Property Taxation

The property is assessed in the 2017 rating list as follows.

Address	Description	Rateable Value 2017 list
88/90 Main Street, Mexborough, South Yorkshire, S64 9EB	Surgery and premises	£17,250

The National Non-Domestic Rating Multiplier is set at 51.2 pence in the pound for rateable values above £51,000 and 49.9 pence in the pound for rateable values below £51,000 for the rates year 2022/23.

The subject property may be subject to transitional phasing and as such multiplying the Rateable Value by the National Non-Domestic Rating Multiplier may not give a true representation of the rates payable.

### Equality Act 2010 & Disability Discrimination

It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

On the basis that an accessibility audit for Equality Act purposes has not been undertaken, we would recommend that the occupiers commission an audit to ensure compliance with the relevant legislation and undertake those works identified that are considered to be economically viable.

## The Regulatory Reform (Fire Safety) Order 2005

We have not had sight of any Fire Safety Assessment for this property. We recommend that the occupiers take appropriate measures to ensure that they are in compliance with the legislation.

Our valuation assumes that a Fire Safety Assessment has not been carried out but that the findings of any such report would not be valuation significant.

## 6.10 Environmental Issues

### Flooding

From enquiries made of the Environment Agency website, we understand the agency classifies the subject property as being within an area categorised as Flood Zone 1 - land assessed as having a less than 1 in 1,000 annual probability of river or sea flooding (<0.1%).

We are not aware of any flooding issues with the property, nor are we aware of any underground culverts or history of flooding within the area.

### Mineral Workings & Mining

The Sheffield area is generally affected by mine/mineral workings, but should there be workings in the vicinity of this property we would have expected any ground movement associated therewith to have ceased long ago.

### Energy Performance Certificates

An EPC was compiled for the building on 1 November 2019 showing the property to have an Energy Performance Asset Rating of 84 falling within Band D.

## 6.11 Tenure & Tenancies

### FREEHOLD

We understand that the property is currently let to Rodericks Dental by way of a 15 year lease. This has been summarised within the table below:

<b>88 and 90 Main Street, Mexborough, S64 9EB</b>	
Landlord	A & H Developers Limited
Tenant	Rodericks Dental Limited
Guarantor	None
Term	15 Years beginning on and including the date of this lease (1 February 2020) and ending on, and including 31 January 2035
Rent	£25,500 Per Annum
Rent Review Date	5 yearly upwards only
Break Clause	None
Permitted Use	Dental practice or such other use within Use Class D1 as approved by the landlord (such approval not to be unreasonably withheld or delayed)
Alienation	The Landlord and Tenant agree that for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 the Landlord may give its consent to an assignment subject to conditions
Repairs	FRI
Security of Tenure	Yes

### 6.12 Comparable Transactions

In arriving at our opinion of Market Value (MV1 & MV2), we have had regard to the investment evidence included in the front end report.

In arriving at our opinion of Market Value assuming vacant possession we have had regard to the following office transactions. We believe that the property could easily be converted into an office unit.

<b>Address</b>	<b>Description</b>	<b>Lease Start Date</b>	<b>Achieved rent</b>
Cavendish Court South Parade Doncaster DN1 2DJ	The property comprises a high specification first floor office space in Doncaster. It comprises on-site parking, café and nursery, cycle parking and shower facilities. Accepted Money Ltd signed a 1 year term from October 2021 for 1,430 sq ft.	October 2021	£26,700 £18.97 psf
C13 Taylors Court Rotherham S62 6NU	The property comprises an attractive courtyard style office development arranged in three blocks. The building is comprised of traditional brick construction set over two floors and is surmounted by a pitched tile roof. Devonshire Care Ltd signed a 3 year term for 1,246 sq ft of office space from June 2021.	June 2021	£9,345 PA £7.50 psf

<p>Suite B6 Magistrates Court Taylors road Rotherham S62 6NU</p>	<p>The property comprises an attractive courtyard style office development arranged in three blocks. The building is comprised of traditional brick construction set over two floors and is surmounted by a pitched tile roof. Respectful Care have signed a 3 year lease for 1,267 sq ft of space. They also achieved 4 months' rent free at the start.</p>	<p>May 2021</p>	<p>£8,337 PA  £6.58 psf</p>
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### 6.13 Valuation Considerations

#### Valuation Methodology

In making our valuations, we have used both the comparative and investment methods of valuation.

#### 6.13.1 Market Rent (MR)

For any investment valuation it is important to first look at the rental income, to assess whether the property is let at, above or below Market Rent.

Due to the lack of directly comparable evidence in Mexborough, we have sought evidence of office properties within nearby towns to be used as a guide only, alongside our market knowledge and experience. In the event that the subject property was to fall vacant, we consider that if the property was unable to be let to another dental operator, then it would most likely be purchased with the intention of converting the property for office use.

The comparable evidence listed shows that rates can vary quite substantially depending on the pitch and positioning of the building, as well as the size and overall condition, with the evidence highlighting a range between c. £6.50- 19 psf. We would comment that the comparable transactions detailed were all of a better specification and offer more traditional workable space. That said, we would expect a slight premium to be payable for the permitted use as a D1 (dental surgery) associated with the subject property, in our experience this will be in the region of 10-15% above standard office use.

Additionally, we have, of course, had regard to the prevailing rent at the subject property. The current lease is for a term of 15 years at a rent of £25,500 per annum. Broadly speaking this equates to c.£9.11 psf. In arriving at our opinion of Market Rent (MR) we have applied a rate of £7 psf to the NIA, therefore we believe the investment to be over rented at present.

On this basis, Market Rent of the subject property is £19,500 per annum.

### 6.13.2 Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies

In valuing the subject property on this basis, we have utilised the investment method of valuation.

There is a lack of what we consider to be directly comparable sales evidence of dental practices within Mexborough and the wider South Yorkshire region, we have therefore extended our search and had consideration to transactions nationally, using these as a guide only alongside our local market knowledge and experience.

As shown in the evidence table above, net yields range from between c.4-13%, the tenant covenant strength, location, and prospect for rental growth affecting the yield achievable; for example, at the lower end of the range, Appledore, Forest Road, Bracknell, a modern purpose built surgery let to a strong covenant in the form of BUPA Dental Care for 10 years term certain. Conversely, at the higher end of the range, 839 Welbeck Road, a converted residential dwelling of a basic standard and specification with little scope for rental growth.

The strength of the tenant's covenant is the most important factor when determining an investment yield, closely followed by the length of the unexpired term, the prospects of rental growth and the property's general location. On this basis we have obtained a Creditsafe report for Rodericks Dental, the details of which are as follows:

#### **Rodericks Dental Limited**

The company has a risk score of 51/100 and is rated low risk. They have a credit limit of £100,000 and contract limit of £5,100,000. As such, we consider that the market would perceive this tenant to be of a reasonable local covenant strength.

In making our valuations we have applied a yield of 8.5% to the passing rent for the term certain, before allowing for a 3 month reletting void, and subsequently capitalising our opinion of Market Rent into perpetuity at a reversionary yield of 9%. The yield applied reflects the property's location, covenant strength of the tenant and alternative use potential.

Finally, we have made the appropriate deductions for SDLT and professional fees. In adopting the above methodology, we arrive at a Market Value of the subject property of £255,000. This reflects an equivalent yield of 9.44% which sits within the range of evidence. For reference, we have attached a copy of our valuation calculations at Appendix III.

### 6.13.3 Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days

In providing our opinion of Market Value on the above basis, it requires us to make a special assumption that a sale is to be completed within 90 days.

Given that we consider that the subject property would require a marketing period of up to 12 months, we consider such a stipulated timeframe to constitute a restricted marketing period.

Similarly, evidence of transactions within such a timeframe are scarce, however we consider that any prudent purchaser would seek to negotiate a discount. We have applied a discount in the order of 15% from our opinion of MV1.

On this basis, we arrive at a Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days of £215,000.

**6.13.4 Market Value (MV3) of the Property assuming Vacant Possession**

In providing our opinion of Market Value, this basis requires us to make a special assumption that the subject property is available with full vacant possession as at the valuation date.

We have again adopted the investment method of valuation as we consider that a prospective purchaser would continue to hold the subject property for investment purposes. Therefore, valuing on this basis as opposed to a straight to capital approach.

In adopting this methodology, we have allowed for an initial void of 12 months to secure a letting on standard commercial lease terms before adopting a reversionary yield of 10% to our opinion of Market Rent, capitalising this income into perpetuity.

Having applied the above methodology, we arrive at a rounded Market Value subject to the special assumption of vacant possession (MV3) of £175,000, reflecting a reversionary yield of 10.9%. For reference, we have attached a copy of our valuation calculations at Appendix III.

**6.14 Security Considerations/Lender Action Points**

- We consider that the property is suitable security bearing in mind the Bank is contemplating a loan, subject to the usual prudent lending criteria.
- We do not consider that there is any hope value or synergistic value associated with adjoining buildings.
- We do not believe that there is any higher alternative use value.
- We consider that the property is marketable and should perform in line with its peers.
- We do not consider that values will rise in the short to medium term.
- The building has an estimated economic life in excess of 25 years, assuming appropriate maintenance is undertaken.
- The building is in excess of 150 years old and will require increasing expenditure on maintenance, repair and ultimate renewals.
- For mortgage regulation purposes, we confirm that less than 40% of the property to be held as security is residential in nature.
- Our investigations have not revealed any recent transaction or agreed price in respect of the subject premises. However, such information does come to light before the loan is finalised, we would request that you refer the matter back to us for further consideration.

**6.15 Valuation Opinion**

Having regard to the above schedule, we are of the opinion that the value of the unencumbered freehold interest on the bases requested is:

Valuation Bases	
Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies	£255,000 (Two Hundred and Fifty Five Thousand Pounds)



Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;	£215,000 (Two Hundred and Fifteen Thousand Pounds)
Market Value (MV3) of the Property assuming Vacant Possession	£175,000 (One Hundred and Seventy Five Thousand Pounds)
Market Rent (MR)	£19,500 p.a. (Nineteen Thousand Five Hundred Pounds Per Annum)

We stress the importance of the valuation date, as recent experience has shown that property values may change quite significantly over a relatively short period of time.

Where statements are made upon the prospect of future growth or fall in rental and/or capital values it must be appreciated that such change may not occur, and that values can fall as well as rise.

#### **6.16 Insurance Reinstatement Estimate**

You have also requested that we provide an estimate of the likely reinstatement cost for fire insurance purposes. This estimate has been arrived at using an instantaneous basis of value, adopted without regard to future inflation and without provision of loss of rent, any consequential loss or VAT. However, the estimate includes allowances for demolition, site clearance and professional fees.

We recommend that a level of cover be affected to the sum of:

£590,000 (Five Hundred and Ninety Thousand Pounds)

**Appendix I - Site Plan**





**Appendix II – Photographs**





Front Elevation



Surgery



Managers Office



Reception



Rear Elevation

**Appendix III – Valuation Calculations**





## 88/90 Main Street, Mexborough, S64 9EB

Valuation Date:	28/11/2022		
Freehold			
Rounded Value:	255,000	Net Initial Yield:	9.739%
Net Rent:	25,500	Nominal Equivalent Yield:	8.868%
Total ERV:	19,500	True Equivalent Yield:	9.439%
Total Area:	2,798 sqft	Reversionary Yield:	7.447%
Net value / sqft	91		
WAULT (to First Break):	12 yrs, 2 mths		
WAULT (to Lease Expiry):	12 yrs, 2 mths		

### Unit001, Rodericks

<b>Current</b>	Gross income	25,500		
	Net Income		25,500	
	YP (8.500% for 12 years and 2 months)	7.4044		188,812
<b>Jan 2035</b>	Gross income	0		
	Net Income		0	
	YP (9.000% for 3 months deferred for 12 years and 2 months)	0.0830		0
<b>Apr 2035</b>	Gross income	19,500		
	Net Income		19,500	
	YP (9.000% in perpetuity deferred for 12 years and 5 months)	3.8111		74,316

**Unit Gross Value** **263,127**

### Summary of Unit Values

Unit001, Rodericks	263,127
<b>Total of Unit Values</b>	<b>263,127</b>

### Buyers Costs

Agents Fees	1.0000%	-3,060	v
Legal Fees	0.5000%	-1,530	v
Stamp Duty	(=0.9060%)	-2,250	
Total (=2.6824% of Say Value):			-6,840

<b>Net Value</b>	<b>256,205</b>
<b>Rounded Net Value</b>	<b>255,000</b>

Total VAT Amount: 769

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
28/11/2022	261,840	0	25,500	25,500	9.739%	9.739%
01/02/2035	261,840	0	0	0	0.000%	0.000%
30/04/2035	261,840	0	19,500	19,500	7.447%	7.447%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
Running Yields and Net Initial Yield are based on say value plus buyer's costs 261,840.  
Formulae as in Parry's Tables: rent annually in arrears.  
Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
Cap Adj Running Yield is based on rounded cumulative capital invested.  
Buyer's costs are based on Say Value.  
VAT rate of 20.00% applied where applicable.

## 88/90 Main Street, Mexborough, S64 9EB

Valuation Date:	28/11/2022		
Freehold			
Rounded Value:	175,000	Net Initial Yield:	0.000%
Net Rent:	0	Nominal Equivalent Yield:	9.929%
Total ERV:	19,500	True Equivalent Yield:	10.518%
Total Area:	2,798 sqft	Reversionary Yield:	10.915%
Net value / sqft	63		

### Unit001

<b>Current</b>	Gross income	0		
	Net Income		0	
	YP (10.000% for 1 year)	0.9091		0
<b>Nov 2023</b>	Gross income	19,500		
	Net Income		19,500	
	YP (10.000% in perpetuity deferred for 1 year)	9.0909		177,273

**Unit Gross Value** **177,273**

### Summary of Unit Values

Unit001	177,273
<b>Total of Unit Values</b>	<b>177,273</b>

### Buyers Costs

Agents Fees	1.0000%	-2,100	v	
Legal Fees	0.5000%	-1,050	v	
Stamp Duty	(=0.2706%)	-500		
Total (=2.0857% of Say Value):				-3,650

<b>Net Value</b>	<b>173,673</b>
<b>Rounded Net Value</b>	<b>175,000</b>

Total VAT Amount: 521

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
28/11/2022	178,650	0	0	0	0.000%	0.000%
28/11/2023	178,650	0	19,500	19,500	10.915%	10.915%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
 Running Yields and Net Initial Yield are based on say value plus buyer's costs 178,650.  
 Formulae as in Parry's Tables: rent annually in arrears.  
 Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
 Cap Adj Running Yield is based on rounded cumulative capital invested.  
 Buyer's costs are based on Say Value.  
 VAT rate of 20.00% applied where applicable.

# 1. Schedule 7 – 222 Linthorpe Road, Middlesbrough TS1 3QW

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## 1.1 Inspection

The property was inspected on 3<sup>rd</sup> November 2022, in dry and overcast weather conditions by Emma Williams MRICS.

## 1.2 Location

The subject property is located on Linthorpe Road in Middlesbrough, the main thoroughfare where to the northern end there is a pedestrianised prime shopping area attracting national retailers including Next, Boots and Starbucks. Though as you progress to the southern end there is a gradual shift from the retail offering on the high street to include for bars and restaurants, which is where the subject property is located.

Middlesbrough is a large town situated on the south bank of the River Tees in the north east of England, located approximately 40 miles south of Newcastle upon Tyne and 27 miles south east of Durham. Together with the nearby towns of Stockton on Tees and Hartlepool it forms part of the wider Teesside conurbation with an overall population of circa 375,000 persons (2011 census).

The general location of the property is illustrated on the following Ordnance Survey extract:



Not to scale

### 1.3 The Site

Site Area  
Frontage to Linthorpe Road

**Approximate Areas**  
0.02 hectares (0.05 acres)  
6 metres (20 feet)

#### Notes on Site

The subject property occupies a regular shaped site that is broadly level in terms of topography.

The extent of the site boundaries, as we understand them, are shown edged red on the Land Registry Title plan at the end of this schedule.

### 1.4 Description & Construction

The subject property comprises a three storey, terraced mixed use unit currently operating as a dental practice. The building is of brick construction, under a tiled pitched roof structure incorporating a dormer attic window and brick built chimney. The building extends to the rear via two storey and single storey offshoots of the same construction. The front elevation incorporates bay windows to the ground and first floor. Windows are a mix of uPVC framed double glazed units and wooden framed single glazed units.

Internally, to the ground floor, there is a reception, patient waiting area, three surgeries, patient toilet, and ancillary stores. To the first floor, there is a further patient waiting area, two surgeries, cleaning / decontamination room, staff toilet, and stores. To the second floor, a staff room and offices. The property is finished to a good standard and specification, predominantly comprising painted plaster walls, and a mix of commercial grade laminate and vinyl flooring.

Externally, there is a small, enclosed entrance yard to the front of the property, although very little useable yard space to the rear.

Front Elevation



Rear Elevation



## 1.5 Accommodation

The following accommodation is provided:

Description	Approximate Net Internal Floor Area	
	m <sup>2</sup>	sq ft
Ground floor	89	954
First floor	48	521
Second floor	27	292
<b>Total</b>	<b>164</b>	<b>1,767</b>

The above areas have been ascertained from measurements taken during our inspection.

## 1.6 Development Proposals

None.

## 1.7 Condition

We have not carried out a building survey and our comments that follow should not be regarded as such.

Overall, the subject property is generally in a good condition commensurate with its age, form of construction and nature of use. However, the following points are worthy of note:

- Exposed plasterwork in the ground floor reception which we are informed is the result of a leak that has been fixed, although the plaster is yet to be painted.
- Similarly, exposed plasterwork was evident in the first floor surgery which is currently under refurbishment.
- Externally, it was noted that there was vegetation growth in the small external yard and flaking paintwork on the wooden window panes.

Furthermore, we would comment that the property is let on a full repairing lease and as such any wants of repair is the responsibility of the tenant.

## 1.8 Services & Amenities

Mains services: We understand that all mains services are connected or available to the property.

Heating: Gas fired central heating to wall-mounted radiators.

Other: Specialist dental fixtures and fittings installed by the Tenant.

None of the above services were tested during the course of our inspection of the property.

## 1.9 Statutory Enquiries

### Highways

From enquiries made of the local Highways Authority we understand that the main roads and footpaths in the vicinity of the property are made up and adopted. As such we assume there are no outstanding liabilities pertaining to the property.

### Property Taxation

The property is assessed in the 2017 rating list as follows.

Address	Description	Rateable Value
222 Linthorpe Road, Middlesbrough	Surgery and premises	£14,750

The National Non-Domestic Rating Multiplier is set at 51.2 pence in the pound for rateable values above £51,000 and 49.9 pence in the pound for rateable values below £51,000 for the rates year 2022/23.

The subject property may be subject to transitional phasing and as such multiplying the Rateable Value by the National Non-Domestic Rating Multiplier may not give a true representation of the rates payable.

### Equality Act 2010 & Disability Discrimination

It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

However from our brief inspection of the property the following items which may be worth further consideration were noted, including inter alia:

- Unlevel access;
- Accessible WC;
- Stair access to upper floors only.

On the basis that an accessibility audit for Equality Act purposes has not been undertaken, we would recommend that the occupiers commission an audit to ensure compliance with the relevant legislation and undertake those works identified that are considered to be economically viable.

### The Regulatory Reform (Fire Safety) Order 2005

We have seen the Fire Safety Assessment for this property which appears to be satisfactory. However, it must be stated that our inspection does not extend to undertaking our own assessment of any potential risks.

## 1.10 Environmental Issues

### Flooding

From enquiries made of the Environment Agency website, we understand the agency classifies the subject property as being within an area categorised as Flood Zone 1 - land assessed as having a less than 1 in 1,000 annual probability of river or sea flooding (<0.1%).

We are not aware of any flooding issues with the property, nor are we aware of any underground culverts or history of flooding within the area.

**Energy Performance Certificates**

Our investigations indicate that the current EPC is at or above the required minimum level under the MEES, with an Energy Performance Rating of a E (104).

Furthermore, after consultation in late 2021, the government has announced that there will be changes to the minimum energy efficiency standards for England and Wales and all rental properties will need a minimum EPC rating of 'C' or above by 2025.

With this in mind, we would highlight that the subject property is likely to require capital expenditure in the short to medium term to ensure it meets the required EPC standards.

**1.11 Tenure & Tenancies**

FREEHOLD

We are informed that a 'draft' commercial lease is in place to a connected party to the Bank's Client, and whilst we are informed that rent is being paid, the lease has not been formally executed. We have summarised the terms of the 'draft' lease in the table below.

<b>222 Linthorpe Road, Middlesbrough</b>	
Landlord	A&H Developers Limited
Tenant	Genix Healthcare Middlesbrough Limited
Guarantor	N/A
Term	5 years from 1 <sup>st</sup> April 2021
Rent	£17,000 per annum
Rent Review Date	N/A
Break Clause	N/A
Permitted Use	Silent
Alienation	Assignment and subletting of part prohibited. Assignment and subletting of whole requiring Landlord's consent and compliance with the lease terms.
Repairs	Full repairing
Security of Tenure	Yes

**1.12 Comparable Transactions**

In arriving at our opinion of Market Value (MV1 & MV2), we have had regard to the investment evidence included in the front end report.



In arriving at our opinion of Market Rent (MR) there is a scarcity of what we consider to be contemporary true comparable evidence. Hence, we have had regard to the limited evidence which we have been able to identify, combined with our market knowledge and experience:

Address	Description	Lease Start Date	Achieved rent
186-188 Linthorpe Road, Middlesbrough	A 6,298 sq ft unit comprising ground floor restaurant accommodation with upper floor seating and ancillary stores. 5 year lease agreed between connected parties.	June 2022	£31,200 p.a. (c.£4.95 psf)
71-73 Linthorpe Road, Middlesbrough	A 3,220 sq ft unit comprising ground floor retail and first / second floor stores, with ancillary basement stores of 965 sq ft. Pedestrianised shopping area.	October 2021	£43,000 p.a. (c.£12.14 psf assuming third rate for basement)
134-136 Marton Road, Middlesbrough	A 4,925 sq ft unit comprising ground floor retail and upper floor ancillary store and / or offices. Spectrum Healthcare Clinic have taken a 5 year lease.	March 2021	£29,000 p.a. (£5.87 psf)
Suite 1, 251-255 Linthorpe Road, Middlesbrough	A 1,995 sq ft retail / office unit has secured a 7 year 6 months lease with a tenant break at year 2 and annually thereafter.	April 2021	£14,600 p.a. (£7.35 psf)
Unit 2, 378 Linthorpe Road, Middlesbrough	A 1,222 sq ft ground floor retail unit, modern, newly constructed and refurbished unit.	February 2021	£10,000 p.a. (£8.18 psf)
87-89 Linthorpe Road, Middlesbrough	A 6,381 sq ft unit comprising ground floor retail and first / second floor stores. Secured A3 planning consent for the premises.	January 2021	£18,000 p.a. (£2.82 psf)
182 Linthorpe Road, Middlesbrough	A 3,506 sq ft unit comprising ground and first floor retail space with rear ancillary stores. 7 year lease agreed between connected parties, break option at third and fifth anniversary.	November 2020	£22,000 p.a. (£6.27 psf)
449 Linthorpe Road, Middlesbrough	A 4,400 sq ft unit comprising ground floor retail and first floor ancillary stores. Lease renewal.	July 2020	£25,000 p.a. (£5.68 psf)
134 Linthorpe Road, Middlesbrough	A 2,402 sq ft unit comprising ground floor retail / office space with similar upper floor stores / office space.	June 2020	£19,500 p.a. (£8.11 psf)

## 1.13 Valuation Considerations

### Valuation Methodology

In making our valuations, we have used both the comparative and investment methods of valuation.

#### 1.13.1 Market Rent (MR)

For any investment valuation it is important to first look at the rental income, to assess whether the property is let at, above or below Market Rent.

Due to the lack of directly comparable evidence in this location on Linthorpe Road, we have sought evidence of larger retail units within Middlesbrough to be used as a guide only, alongside our market knowledge and experience. In the event that the subject property was to fall vacant, we consider that if the property was unable to be let to another dental operator, then it would revert to use as a ground floor retail unit with upper floor ancillary stores and / or offices.

The comparable evidence listed shows that rates can vary quite substantially depending on the pitch and proximity to the town centre, as well as the size and overall condition, with the evidence highlighting a range between c. £3-12 psf. At the higher end of the range, 71-73 Linthorpe Road, occupying a more prominent location than the subject. Conversely, at the lower end of the range, 87-89 Linthorpe Road, a poor condition unit substantially larger in size and thus we would expect an allowance for quantum to be made. A useful guide in terms of size is the lettings at 251-255 Linthorpe Road and 378 Linthorpe Road where rates of £7.35 psf and £8.18 psf were achieved. We would comment that we would expect a slight premium to be payable for the permitted use as a D1 (dental surgery) associated with the subject property, in our experience this will be in region of 10-15% above standard retail use.

Additionally, we have, of course, had regard to the prevailing rent at the subject property, although to reiterate we are informed that whilst rent is being paid, the lease has not been formally executed. The 'draft' lease is to a connected party to the Bank's Client for a term of 5 years at a rent of £17,000 per annum. Broadly speaking this devalues to c.£9.60 psf. This sits comfortably within the evidence range, albeit at the higher end of the range. However, taking into account the above mentioned comments, we consider the subject property to be broadly rack rented.

On this basis, Market Rent of the subject property is £17,000 per annum.

#### 1.13.2 Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies

In valuing the subject property on this basis, we have utilised the investment method of valuation.

We must reiterate that we are aware of the unexecuted lease as well as the interconnected nature of the landlord and tenant, which some investors may view negatively since the existing lease could be terminated and vacant possession readily granted. That being said, we consider a prospective purchaser would take a view and nonetheless acquire the property for investment purposes.

Similarly, there is a lack of what we consider to be directly comparable sales evidence of dental practices within Middlesbrough and the wider Teesside region, we have therefore extended our search and had consideration to transactions nationally, using these as a guide only alongside our local market knowledge and experience.

As shown in the evidence table above, net yields range from between c.4-13%, the tenant covenant strength, location, and prospect for rental growth affecting the yield achievable; for example, at the lower end of the range, Appledore, Forest Road, Bracknell, a modern purpose built surgery let to a strong covenant in the form of BUPA Dental Care for 10 years term certain. Conversely, at the higher end of the range, 839 Welbeck Road, a converted residential dwelling of a basic standard and specification with little scope for rental growth.

The strength of the tenant's covenant is the most important factor when determining an investment yield, closely followed by the length of the unexpired term, the prospects of rental growth and the property's general location. On this basis we have obtained a Creditsafe report for Genix Healthcare Middlesbrough Ltd, the details of which are as follows:

#### **Genix Healthcare Middlesbrough Ltd**

The company has a risk score of 58/100 and is rated low risk. They have a credit limit of £500 and contract limit of £3,500. As such, we consider that the market would perceive this tenant to be of a reasonable local covenant strength.

However, we would emphasise that as at the date of valuation the lease has not been executed and therefore any weight that a prospective investor purchaser would put behind the tenant covenant is effectively diminished. Whilst we are informed that the lease could be completed if required, owing to the interconnected nature of the landlord and tenant, this in itself carries an element of risk as in reality the lease could also be terminated at any point in time.

For the reasons outlined above, in making our valuations we have assumed that the income from Genix Healthcare Middlesbrough Ltd is secure for 12 months. As such, we have applied a yield of 8.25% to the passing rent for the term certain, i.e. 12 months, before allowing for a 6 month reletting void, and subsequently capitalising our opinion of Market Rent into perpetuity at a reversionary yield of 8.75%. Whilst we acknowledge that these yields sit at the higher end of the evidence range, we consider them to be reflective of the above mentioned risks and appropriately reflect the location.

Finally, we have made the appropriate deductions for SDLT and professional fees. In adopting the above methodology, we arrive at a Market Value of the subject property of £185,000. This reflects an equivalent yield of 8.66% which sits within the range of evidence. For reference, we have attached a copy of our valuation calculations at Appendix III.

#### **1.13.3 Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;**

In providing our opinion of Market Value on the above basis, it requires us to make a special assumption that a sale is to be completed within 90 days.

Given that we consider that the subject property would require a marketing period of up to 12 months, we consider such a stipulated timeframe to constitute a restricted marketing period.

Similarly, evidence of transactions within such a timeframe are scarce, however we consider that any prudent purchaser would seek to negotiate a discount. We have applied a discount in the order of 20% from our opinion of MV1.

On this basis, we arrive at a Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days of £150,000.

#### 1.13.4 Market Value (MV3) of the Property assuming Vacant Possession

In providing our opinion of Market Value, this basis requires us to make a special assumption that the subject property is available with full vacant possession as at the valuation date.

We have again adopted the investment method of valuation as we consider that a prospective purchaser would continue to hold the subject property for investment purposes. Therefore, valuing on this basis as opposed to a straight to capital approach.

In adopting this methodology, we have allowed for an initial void of 6 months to secure a letting on standard commercial lease terms before adopting a reversionary yield of 8.75% to our opinion of Market Rent, capitalising this income into perpetuity.

Having applied the above methodology, we arrive at a rounded Market Value subject to the special assumption of vacant possession (MV3) of £175,000, reflecting a reversionary yield of 9.52%. For reference, we have attached a copy of our valuation calculations at Appendix III.

#### 1.14 Security Considerations/Lender Action Points

- We consider that the property is suitable security bearing in mind the Bank is contemplating a loan, subject to the usual prudent lending criteria.
- We do not consider that there is any hope value or synergistic value associated with adjoining buildings.
- We do not believe that there is any higher alternative use value.
- We consider that the property is marketable and should perform in line with its peers.
- We do not consider that values will rise in the short to medium term.
- The building has an estimated economic life in excess of 25 years, assuming appropriate maintenance is undertaken.
- The building is in excess of 100 years old and will require increasing expenditure on maintenance, repair and ultimate renewals.
- For mortgage regulation purposes, we confirm that less than 40% of the property to be held as security is residential in nature.
- Our investigations have not revealed any recent transaction or agreed price in respect of the subject premises. However, such information does come to light before the loan is finalised, we would request that you refer the matter back to us for further consideration.

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• The property is held freehold.</li> <li>• Let and income producing.</li> <li>• The property is generally in a reasonable decorative condition.</li> </ul>	<ul style="list-style-type: none"> <li>• The lease pertaining to Genix Healthcare Middlesbrough Limited is unexecuted, as such this offers limited security of income.</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Improve income security by executing the lease for Genix Healthcare Middlesbrough Limited.</li> <li>• Ensure a proactive approach is taking to make sure the property meets the upcoming EPC standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued decline within the retail market.</li> <li>• Continued increases in interest rates, lending, energy prices, and cost of living.</li> </ul>

### 1.15 Valuation Opinion

Having regard to the above schedule, we are of the opinion that the value of the unencumbered freehold interest on the bases requested is:

<b>Valuation Bases</b>	<b>222 Linthorpe Road, Middlesbrough</b>
Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies	£185,000 (One Hundred and Eighty Five Thousand Pounds)
Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;	£150,000 (One Hundred and Fifty Thousand Pounds)
Market Value (MV3) of the Property assuming Vacant Possession	£175,000 (One Hundred and Seventy Five Thousand Pounds)
Market Rent (MR)	£17,000 p.a. (Seventeen Thousand Pounds per annum)

We stress the importance of the valuation date, as recent experience has shown that property values may change quite significantly over a relatively short period of time.

Where statements are made upon the prospect of future growth or fall in rental and/or capital values it must be appreciated that such change may not occur, and that values can fall as well as rise.

The property markets will continue to watch the economic indicators, with a period of market uncertainty seemingly likely, certainly in the short, if not medium term. Which is likely to result in a restricted number of open market transactions, but potentially an increase in distressed sales, should economic performance continue to decline, and interest rates continue to rise. The Bank of England continues to report that it will have no hesitation in raising interest rates further in an effort to cool the economy and control inflation, with leading commentators expressing concern that the UK economy may be entering a recessionary period.

### **1.16 Insurance Reinstatement Estimate**

You have also requested that we provide an estimate of the likely reinstatement cost for fire insurance purposes. This estimate has been arrived at using an instantaneous basis of value, adopted without regard to future inflation and without provision of loss of rent, any consequential loss or VAT. However, the estimate includes allowances for demolition, site clearance and professional fees.

We recommend that a level of cover be affected to the sum of:

£350,000 (Three Hundred and Fifty Thousand Pounds)

**Appendix I - Title Plan**



H.M. LAND REGISTRY		TITLE NUMBER	
		CE73325	
ORDNANCE SURVEY PLAN REFERENCE	COUNTY	SHEET	NATIONAL GRID
	CLEVELAND		NZ 4919
Scale: 1/1250		MIDDLESBROUGH DISTRICT	© Crown copyright 1983.

ADMINISTRATIVE AREA MIDDLESBROUGH



**Appendix II – Photographs**

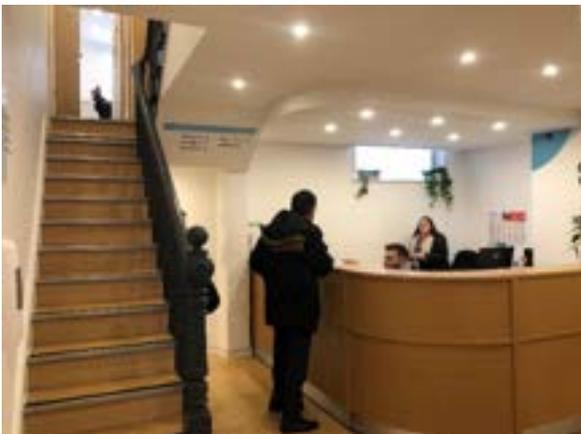




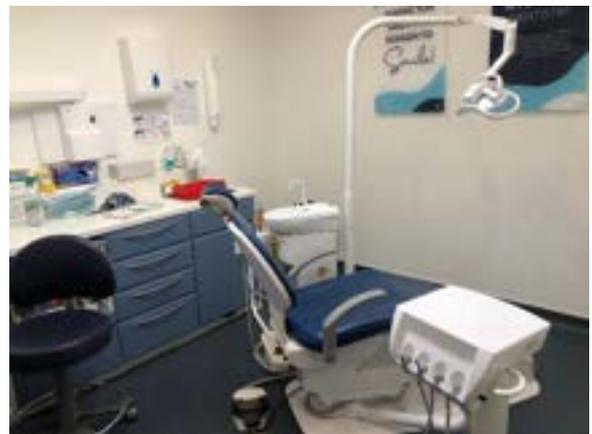
1. Front elevation



2. Rear elevation



3. Reception



4. Surgery



5. Ground floor layout



6. Office



7. Decontamination room



8. Patient WCs

**Appendix III – Valuation Calculations**



## 222 Linthorpe Road, Middlesbrough, TS1 3QW

Valuation Date:	30/11/2022		
Freehold			
Rounded Value:	185,000	Net Initial Yield:	8.993%
Net Rent:	17,000	Nominal Equivalent Yield:	8.657%
Total ERV:	17,000	True Equivalent Yield:	9.129%
Total Area:	0 sqft	Reversionary Yield:	8.993%
WAULT (to First Break):	1 yrs, 0 mths		
WAULT (to Lease Expiry):	1 yrs, 0 mths		

### 222 Linthorpe Road, Genix Healthcare Middlesbrough Ltd

<b>Current</b>	Gross income	17,000		
	Net Income		17,000	
	YP (8.250% for 1 year)	0.9238		15,704
<b>Nov 2023</b>	Gross income	0		
	Net Income		0	
	YP (8.750% for 6 months deferred for 1 year)	0.4316		0
<b>May 2024</b>	Gross income	17,000		
	Net Income		17,000	
	YP (8.750% in perpetuity deferred for 1 year and 6 months)	10.0774		171,316

**Unit Gross Value** **187,020**

### Summary of Unit Values

222 Linthorpe Road, Genix Healthcare Middlesbrough Ltd	187,020
<b>Total of Unit Values</b>	<b>187,020</b>

### Buyers Costs

Agents Fees	1.0000%	-2,220	v
Legal Fees	0.5000%	-1,110	v
Stamp Duty	(=0.3574%)	-700	
Total (=2.1784% of Say Value):			-4,030

<b>Net Value</b>	<b>183,064</b>
<b>Rounded Net Value</b>	<b>185,000</b>

Total VAT Amount: 549

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
30/11/2022	189,030	0	17,000	17,000	8.993%	8.993%
30/11/2023	189,030	0	0	0	0.000%	0.000%
30/05/2024	189,030	0	17,000	17,000	8.993%	8.993%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
 Running Yields and Net Initial Yield are based on say value plus buyer's costs 189,030.  
 Formulae as in Parry's Tables: rent annually in arrears.  
 Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
 Cap Adj Running Yield is based on rounded cumulative capital invested.  
 Buyer's costs are based on Say Value.  
 VAT rate of 20.00% applied where applicable.

## VP 222 Linthorpe Road, Middlesbrough, TS1 3QW

Valuation Date:	30/11/2022		
Freehold			
Rounded Value:	175,000	Net Initial Yield:	0.000%
Net Rent:	0	Nominal Equivalent Yield:	8.778%
Total ERV:	17,000	True Equivalent Yield:	9.243%
Total Area:	0 sqft	Reversionary Yield:	9.516%

### 222 Linthorpe Road

<b>Current</b>	Gross income	0		
	Net Income		0	
	YP (8.750% for 6 months)	0.4694		0
<b>May 2023</b>	Gross income	17,000		
	Net Income		17,000	
	YP (8.750% for 1 year deferred for 6 months)	0.8818		14,990
<b>May 2024</b>	Gross income	0		
	Net Income		0	
	YP (8.750% for 6 months deferred for 1 year and 6 months)	0.4139		0
<b>Nov 2024</b>	Gross income	17,000		
	Net Income		17,000	
	YP (8.750% in perpetuity deferred for 2 years)	9.6635		164,279
<b>Unit Gross Value</b>				<b>179,269</b>

### Summary of Unit Values

222 Linthorpe Road	179,269
<b>Total of Unit Values</b>	<b>179,269</b>

### Buyers Costs

Agents Fees	1.0000%	-2,100	v
Legal Fees	0.5000%	-1,050	v
Stamp Duty	(=0.2925%)	-500	
Total (=2.0857% of Say Value):			-3,650

<b>Net Value</b>	<b>175,597</b>
<b>Rounded Net Value</b>	<b>175,000</b>

Total VAT Amount: 527

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
30/11/2022	178,650	0	0	0	0.000%	0.000%
30/05/2023	178,650	0	17,000	17,000	9.516%	9.516%
30/05/2024	178,650	0	0	0	0.000%	0.000%
30/11/2024	178,650	0	17,000	17,000	9.516%	9.516%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
 Running Yields and Net Initial Yield are based on say value plus buyer's costs 178,650.  
 Formulae as in Parry's Tables: rent annually in arrears.  
 Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
 Cap Adj Running Yield is based on rounded cumulative capital invested.  
 Buyer's costs are based on Say Value.



**VP 222 Linthorpe Road, Middlesbrough, TS1 3QW**

VAT rate of 20.00% applied where applicable.

# 1. Schedule 8 – 226 Linthorpe Road, Middlesbrough TS1 3QW

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## 1.1 Inspection

The property was inspected on 3<sup>rd</sup> November 2022, in dry and overcast weather conditions by Emma Williams MRICS.

## 1.2 Location

The subject property is located on Linthorpe Road in Middlesbrough, the main thoroughfare where to the northern end there is a pedestrianised prime shopping area attracting national retailers including Next, Boots and Starbucks. Though as you progress to the southern end there is a gradual shift from the retail offering on the high street to include for bars and restaurants, which is where the subject property is located.

Middlesbrough is a large town situated on the south bank of the River Tees in the north east of England, located approximately 40 miles south of Newcastle upon Tyne and 27 miles south east of Durham. Together with the nearby towns of Stockton on Tees and Hartlepool it forms part of the wider Teesside conurbation with an overall population of circa 375,000 persons (2011 census).

The general location of the property is illustrated on the following Ordnance Survey extract:



Not to scale

### 1.3 The Site

Site Area  
Frontage to Linthorpe Road

**Approximate Areas**  
0.02 hectares (0.05 acres)  
6 metres (20 feet)

#### Notes on Site

The subject property occupies a regular shaped site that is broadly level in terms of topography.

The extent of the site boundaries, as we understand them, are shown edged red on the Land Registry Title plan at the end of this schedule.

### 1.4 Description & Construction

The subject property comprises a three storey, terraced mixed use unit currently vacant. The building is of brick construction, under a tiled pitched roof structure incorporating a dormer attic window and brick built chimney. The building extends to the rear via a two storey offshoot of the same construction, under a pitched and hipped roof. The front elevation incorporates bay windows to the ground and first floor. Windows are a mix of uPVC framed double glazed units and wooden framed single glazed units.

Internally, the ground floor has most recently been used as an estate agent providing office accommodation. Whilst the upper floors have formerly been used as a dental practice, this space most recently appears out of use and in a poor state of repair and condition.

Externally, there is a small, enclosed entrance yard to the front of the property, although very little useable yard space to the rear.

Front Elevation



Rear Elevation



### 1.5 Accommodation

The following accommodation is provided:

Description	Approximate Net Internal Floor Area	
	m <sup>2</sup>	sq ft
Ground floor	46	497
First floor	48	513
Second floor	33	351
<b>Total</b>	<b>127</b>	<b>1,361</b>

The above areas have been ascertained from measurements taken during our inspection.

## 1.6 Development Proposals

None.

## 1.7 Condition

We have not carried out a building survey and our comments that follow should not be regarded as such.

Overall, the subject property is generally in a poor decorative state and condition and in need of refurbishment, in particular, the following points are worthy of note:

- Several of the windows to the rear are boarded up.
- Repointing required in isolated areas to the rear elevation brickwork.
- Damp noted in several locations throughout the property, it was particularly prevalent in the first floor rear surgery and second floor front surgery. We would strongly recommend this is further investigated at the earliest opportunity to prevent further consequential damage to the fabric of the building.
- Externally, there is vegetation growth in the rear yard.

## 1.8 Services & Amenities

Mains services: We understand that all mains services are connected or available to the property.

Heating: Gas fired central heating to wall-mounted radiators.

Other: Specialist dental fixtures and fittings installed by the Tenant.

None of the above services were tested during the course of our inspection of the property.

## 1.9 Statutory Enquiries

### Highways

From enquiries made of the local Highways Authority we understand that the main roads and footpaths in the vicinity of the property are made up and adopted. As such we assume there are no outstanding liabilities pertaining to the property.

### Planning

The most recent planning history for this property is summarised in the following table:

Address	Description	Application Number	Status
226 Linthorpe Road, Middlesbrough	Retrospective change of use from (D1) dentist surgery to (A2) estate agent	19/0588/COU	Approved with conditions November 2019

### Property Taxation

The property is assessed in the 2017 rating list as follows.

Address	Description	Rateable Value
226 Linthorpe Road, Middlesbrough	Surgery and premises	£13,500

The National Non-Domestic Rating Multiplier is set at 51.2 pence in the pound for rateable values above £51,000 and 49.9 pence in the pound for rateable values below £51,000 for the rates year 2022/23.

The subject property may be subject to transitional phasing and as such multiplying the Rateable Value by the National Non-Domestic Rating Multiplier may not give a true representation of the rates payable.

### Equality Act 2010 & Disability Discrimination

It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

However from our brief inspection of the property the following items which may be worth further consideration were noted, including inter alia:

- Unlevel access;
- Accessible WC;
- Stair access to upper floors only.

On the basis that an accessibility audit for Equality Act purposes has not been undertaken, we would recommend that the occupiers commission an audit to ensure compliance with the relevant legislation and undertake those works identified that are considered to be economically viable.

### The Regulatory Reform (Fire Safety) Order 2005

We have not had sight of any Fire Safety Assessment for this property. We recommend that the occupiers take appropriate measures to ensure that they are in compliance with the legislation.

## 1.10 Environmental Issues

### Flooding

From enquiries made of the Environment Agency website, we understand the agency classifies the subject property as being within an area categorised as Flood Zone 1 - land assessed as having a less than 1 in 1,000 annual probability of river or sea flooding (<0.1%).

We are not aware of any flooding issues with the property, nor are we aware of any underground culverts or history of flooding within the area.

**Energy Performance Certificates**

Our investigations indicate that the current EPC is at or above the required minimum level under the MEES, with an Energy Performance Rating of a C (71).

Furthermore, after consultation in late 2021, the government has announced that there will be changes to the minimum energy efficiency standards for England and Wales and all rental properties will need a minimum EPC rating of 'C' or above by 2025.

With this in mind, we would highlight that the subject property is likely to require capital expenditure in the short to medium term to ensure it meets the required EPC standards.

**1.11 Tenure & Tenancies**

FREEHOLD

We are informed that a 'draft' commercial lease is in place to a connected party to the Bank's Client, and whilst we are informed that rent is being paid, the lease has not been formally executed. We have summarised the terms of the 'draft' lease in the table below.

<b>226 Linthorpe Road, Middlesbrough</b>	
Landlord	A&H Developers Limited
Tenant	Genix Healthcare Middlesbrough Limited
Guarantor	N/A
Term	5 years from 1 <sup>st</sup> September 2022
Rent	£15,000 per annum
Rent Review Date	N/A
Break Clause	N/A
Permitted Use	Silent
Alienation	Assignment and subletting of part prohibited. Assignment and subletting of whole requiring Landlord's consent and compliance with the lease terms.
Repairs	Full repairing
Security of Tenure	Yes

Moreover, we are informed that a third party lease was in place with Georgina and Mark Branson (t/a Hunters Estate Agents) for a term of 5 years from 29<sup>th</sup> September 2019 at a rent of £15,000 per annum. However, we are informed that this was surrendered prior to the above being drafted.

**1.12 Comparable Transactions**

In arriving at our opinion of Market Value (MV1 & MV2), we have had regard to the investment evidence included in the front end report.



In arriving at our opinion of Market Rent (MR) there is a scarcity of what we consider to be contemporary true comparable evidence. Hence, we have had regard to the limited evidence which we have been able to identify, combined with our market knowledge and experience:

Address	Description	Lease Start Date	Achieved rent
186-188 Linthorpe Road, Middlesbrough	A 6,298 sq ft unit comprising ground floor restaurant accommodation with upper floor seating and ancillary stores. 5 year lease agreed between connected parties.	June 2022	£31,200 p.a. (c.£4.95 psf)
71-73 Linthorpe Road, Middlesbrough	A 3,220 sq ft unit comprising ground floor retail and first / second floor stores, with ancillary basement stores of 965 sq ft. Pedestrianised shopping area.	October 2021	£43,000 p.a. (c.£12.14 psf assuming third rate for basement)
134-136 Marton Road, Middlesbrough	A 4,925 sq ft unit comprising ground floor retail and upper floor ancillary store and / or offices. Spectrum Healthcare Clinic have taken a 5 year lease.	March 2021	£29,000 p.a. (£5.87 psf)
Suite 1, 251-255 Linthorpe Road, Middlesbrough	A 1,995 sq ft retail / office unit has secured a 7 year 6 months lease with a tenant break at year 2 and annually thereafter.	April 2021	£14,600 p.a. (£7.35 psf)
Unit 2, 378 Linthorpe Road, Middlesbrough	A 1,222 sq ft ground floor retail unit, modern, newly constructed and refurbished unit.	February 2021	£10,000 p.a. (£8.18 psf)
87-89 Linthorpe Road, Middlesbrough	A 6,381 sq ft unit comprising ground floor retail and first / second floor stores. Secured A3 planning consent for the premises.	January 2021	£18,000 p.a. (£2.82 psf)
182 Linthorpe Road, Middlesbrough	A 3,506 sq ft unit comprising ground and first floor retail space with rear ancillary stores. 7 year lease agreed between connected parties, break option at third and fifth anniversary.	November 2020	£22,000 p.a. (£6.27 psf)
449 Linthorpe Road, Middlesbrough	A 4,400 sq ft unit comprising ground floor retail and first floor ancillary stores. Lease renewal.	July 2020	£25,000 p.a. (£5.68 psf)
134 Linthorpe Road, Middlesbrough	A 2,402 sq ft unit comprising ground floor retail / office space with similar upper floor stores / office space.	June 2020	£19,500 p.a. (£8.11 psf)

## 1.13 Valuation Considerations

### Valuation Methodology

In making our valuations, we have used both the comparative and investment methods of valuation.

#### 1.13.1 Market Rent (MR)

For any investment valuation it is important to first look at the rental income, to assess whether the property is let at, above or below Market Rent.

Due to the lack of directly comparable evidence in this location on Linthorpe Road, we have sought evidence of larger retail units within Middlesbrough to be used as a guide only, alongside our market knowledge and experience.

The property has most recently been occupied as an estate agents on the ground floor with the upper floors largely untouched given the poor state of repair and condition, which once formerly operated as a dental practice. We are informed by the Bank's Client that the building is to revert to such use following refurbishment, with the costs to be covered by the Tenant.

The comparable evidence listed shows that rates can vary quite substantially depending on the pitch and proximity to the town centre, as well as the size and overall condition, with the evidence highlighting a range between c. £3-12 psf. At the higher end of the range, 71-73 Linthorpe Road, occupying a more prominent location than the subject. Conversely, at the lower end of the range, 87-89 Linthorpe Road, a poor condition unit substantially larger in size and thus we would expect an allowance for quantum to be made. A useful guide in terms of size is the lettings at 251-255 Linthorpe Road and 378 Linthorpe Road where rates of £7.35 psf and £8.18 psf were achieved.

Additionally, we have, of course, had regard to the prevailing rent at the subject property, although to reiterate we are informed that whilst rent is being paid, the lease has not been formally executed. The 'draft' lease is to a connected party to the Bank's Client for a term of 5 years at a rent of £15,000 per annum. Broadly speaking this devalues to c.£11 psf. Whilst this perhaps appears full sitting at the higher end of the comparable evidence, we would comment that the subject is somewhat smaller than much of the evidence and thus will not benefit from an allowance for quantum. Moreover, we are aware that the previously agreed third party lease to Hunters Estate Agents also achieved a rent of £15,000 per annum. This proves difficult to look past and arguably provides *prima facie* evidence of what a willing lessee is prepared to pay.

A further point to highlight is that we are aware that the property is currently being marketed by local agents Connect Property with an asking rent of £20,000 per annum. We are unclear as to the rationale behind this given the fact that we are informed that a lease is in place. Notwithstanding this we consider the asking rent of £20,000 per annum to be full.

Having taken all of the above into account, we are of the opinion that Market Rent of the subject property is £15,000 per annum. We would highlight that we consider this rate to appropriately reflect the current condition of the property, and need for refurbishment / redecoration.

However, we would comment that subject to the refurbishment works being undertaken and planning permission granted, we would expect an enhanced rent to be achievable.

### 1.13.2 Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies

In valuing the subject property on this basis, we have utilised the investment method of valuation.

We must reiterate that we are aware of the unexecuted lease as well as the interconnected nature of the landlord and tenant, which some investors may view negatively since the existing lease could be terminated and vacant possession readily granted. That being said, we consider a prospective purchaser would take a view and nonetheless acquire the property for investment purposes.

Similarly, there is a lack of what we consider to be directly comparable sales evidence of dental practices within Middlesbrough and the wider Teesside region, we have therefore extended our search and had consideration to transactions nationally, using these as a guide only alongside our local market knowledge and experience.

As shown in the evidence table above, net yields range from between c.4-13%, the tenant covenant strength, location, and prospect for rental growth affecting the yield achievable; for example, at the lower end of the range, Appledore, Forest Road, Bracknell, a modern purpose built surgery let to a strong covenant in the form of BUPA Dental Care for 10 years term certain. Conversely, at the higher end of the range, 839 Welbeck Road, a converted residential dwelling of a basic standard and specification with little scope for rental growth.

The strength of the tenant's covenant is the most important factor when determining an investment yield, closely followed by the length of the unexpired term, the prospects of rental growth and the property's general location. On this basis we have obtained a Creditsafe report for Genix Healthcare Middlesbrough Ltd, the details of which are as follows:

#### **Genix Healthcare Middlesbrough Ltd**

The company has a risk score of 58/100 and is rated low risk. They have a credit limit of £500 and contract limit of £3,500. As such, we consider that the market would perceive this tenant to be of a reasonable local covenant strength.

However, we would emphasise that as at the date of valuation the lease has not been executed and therefore any weight that a prospective investor purchaser would put behind the tenant covenant is effectively diminished. Whilst we are informed that the lease could be completed if required, owing to the interconnected nature of the landlord and tenant, this in itself carries an element of risk as in reality the lease could also be terminated at any point in time.

For the reasons outlined above, in making our valuations we have assumed that the income from Genix Healthcare Middlesbrough Ltd is secure for 12 months. As such, we have applied a yield of 8.25% to the passing rent for the term certain, i.e. 12 months, before allowing for a 6 month reletting void, and subsequently capitalising our opinion of Market Rent into perpetuity at a reversionary yield of 8.75%. Whilst we acknowledge that these yields sit at the higher end of the evidence range, we consider them to be reflective of the above mentioned risks and appropriately reflect the location. Furthermore, whilst ordinarily we would make an allowance for the refurbishment works referred to above, we are informed that the tenant is to bear the cost and we consider the rent to appropriately reflect the current condition.

Finally, we have made the appropriate deductions for SDLT and professional fees. In adopting the above methodology, we arrive at a Market Value of the subject property of £140,000. This reflects an equivalent yield of 8.88% which sits within the range of evidence. For reference, we have attached a copy of our valuation calculations at Appendix III.

#### 1.13.3 Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;

In providing our opinion of Market Value on the above basis, it requires us to make a special assumption that a sale is to be completed within 90 days.

Given that we consider that the subject property would require a marketing period of up to 12 months, we consider such a stipulated timeframe to constitute a restricted marketing period.

Similarly, evidence of transactions within such a timeframe are scarce, however we consider that any prudent purchaser would seek to negotiate a discount. We have applied a discount in the order of 20% from our opinion of MV1.

On this basis, we arrive at a Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days of £115,000.

#### 1.13.4 Market Value (MV3) of the Property assuming Vacant Possession

In providing our opinion of Market Value, this basis requires us to make a special assumption that the subject property is available with full vacant possession as at the valuation date.

We have again adopted the investment method of valuation as we consider that a prospective purchaser would continue to hold the subject property for investment purposes. Therefore, valuing on this basis as opposed to a straight to capital approach.

In adopting this methodology, we have allowed for an initial void of 6 months to secure a letting on standard commercial lease terms before adopting a reversionary yield of 8.75% to our opinion of Market Rent, capitalising this income into perpetuity.

Having applied the above methodology, we arrive at a rounded Market Value subject to the special assumption of vacant possession (MV3) of £135,000, reflecting a reversionary yield of 10.92%. For reference, we have attached a copy of our valuation calculations at Appendix III.

### 1.14 Security Considerations/Lender Action Points

- We consider that the property is suitable security bearing in mind the Bank is contemplating a loan, subject to the usual prudent lending criteria.
- We do not consider that there is any hope value or synergistic value associated with adjoining buildings.
- We do not believe that there is any higher alternative use value.
- We consider that the property is marketable and should perform in line with its peers.
- We do not consider that values will rise in the short to medium term.
- The building has an estimated economic life in excess of 25 years, assuming appropriate maintenance is undertaken.

- The building is in excess of 100 years old and will require increasing expenditure on maintenance, repair and ultimate renewals.
- For mortgage regulation purposes, we confirm that less than 40% of the property to be held as security is residential in nature.
- Our investigations have not revealed any recent transaction or agreed price in respect of the subject premises. However, such information does come to light before the loan is finalised, we would request that you refer the matter back to us for further consideration.

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• The property is held freehold.</li> </ul>	<ul style="list-style-type: none"> <li>• The lease pertaining to Genix Healthcare Middlesbrough Limited is unexecuted, as such this offers limited security of income.</li> <li>• The property is in a poor decorative condition and requires refurbishment.</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Improve income security by executing the lease for Genix Healthcare Middlesbrough Limited.</li> <li>• Ensure a proactive approach is taking to make sure the property meets the upcoming EPC standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued decline within the retail market.</li> <li>• Continued increases in interest rates, lending, energy prices, and cost of living.</li> </ul>

### 1.15 Valuation Opinion

Having regard to the above schedule, we are of the opinion that the value of the unencumbered freehold interest on the bases requested is:

<b>Valuation Bases</b>	<b>226 Linthorpe Road, Middlesbrough</b>
Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies	£140,000 (One Hundred and Forty Thousand Pounds)
Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;	£115,000 (One Hundred and Fifteen Thousand Pounds)
Market Value (MV3) of the Property assuming Vacant Possession	£135,000 (One Hundred and Thirty Five Thousand Pounds)
Market Rent (MR)	£15,000 p.a. (Fifteen Thousand Pounds per annum)

We stress the importance of the valuation date, as recent experience has shown that property values may change quite significantly over a relatively short period of time.

Where statements are made upon the prospect of future growth or fall in rental and/or capital values it must be appreciated that such change may not occur, and that values can fall as well as rise.

The property markets will continue to watch the economic indicators, with a period of market uncertainty seemingly likely, certainly in the short, if not medium term. Which is likely to result in a restricted number of open market transactions, but potentially an increase in distressed sales, should economic performance continue to decline, and interest rates continue to rise. The Bank of England continues to report that it will have no hesitation in raising interest rates further in an effort to cool the economy and control inflation, with leading commentators expressing concern that the UK economy may be entering a recessionary period.

#### **1.16 Insurance Reinstatement Estimate**

You have also requested that we provide an estimate of the likely reinstatement cost for fire insurance purposes. This estimate has been arrived at using an instantaneous basis of value, adopted without regard to future inflation and without provision of loss of rent, any consequential loss or VAT. However, the estimate includes allowances for demolition, site clearance and professional fees.

We recommend that a level of cover be affected to the sum of:

£270,000 (Two Hundred and Seventy Thousand Pounds)

**Appendix I - Title Plan**



H.M. LAND REGISTRY		TITLE NUMBER	
		CE75460	
ORDNANCE SURVEY PLAN REFERENCE	COUNTY	SHEET	NATIONAL GRID
	CLEVELAND		NZ 4919
Scale: 1/1250		MIDDLESBROUGH DISTRICT	© Crown copyright 1983.
			SECTION
			H

ADMINISTRATIVE AREA MIDDLESBROUGH



**Appendix II – Photographs**





1. Front elevation



2. Rear yard



3. Ground floor office



4. Ground floor office



5. First floor former surgery



6. First floor former surgery



7. Staff room



8. Staff facilities

**Appendix III – Valuation Calculations**



## 226 Linthorpe Road, Middlesbrough, TS1 3QW

Valuation Date:	30/11/2022		
Freehold			
Rounded Value:	140,000	Net Initial Yield:	10.525%
Net Rent:	15,000	Nominal Equivalent Yield:	8.877%
Total ERV:	15,000	True Equivalent Yield:	9.373%
Total Area:	0 sqft	Reversionary Yield:	10.525%
WAULT (to First Break):	1 yrs, 0 mths		
WAULT (to Lease Expiry):	1 yrs, 0 mths		

### 226 Linthorpe Road, Genix Healthcare Middlesbrough Ltd

<b>Current</b>	Gross income	15,000		
	Net Income		15,000	
	YP (8.250% for 1 year)	0.9238		13,857
<b>Nov 2023</b>	Gross income	0		
	Net Income		0	
	YP (8.750% for 6 months deferred for 1 year)	0.4316		0
<b>May 2024</b>	Gross income	15,000		
	Net Income		15,000	
	YP (8.750% in perpetuity deferred for 1 year and 6 months)	10.0774		151,161

**Unit Gross Value** **165,018**

#### Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Refurbishment		Nov 2022	1 Mnth	10.00%		-20,000	-20,000
						-20,000	

**Adjusted Unit Value** **145,018**

#### Summary of Unit Values

226 Linthorpe Road, Genix Healthcare Middlesbrough Ltd	145,018
<b>Total of Unit Values</b>	<b>145,018</b>

#### Buyers Costs

Agents Fees	1.0000%	-1,680	v	
Legal Fees	0.5000%	-840	v	
Stamp Duty	(=0.0000%)	0		
Total (=1.8000% of Say Value):				-2,520

<b>Net Value</b>	<b>142,453</b>
<b>Rounded Net Value</b>	<b>140,000</b>

Total VAT Amount: 427

#### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
30/11/2022	162,520	-20,000	15,000	15,000	10.525%	9.230%
30/11/2023	162,520	0	0	0	0.000%	0.000%
30/05/2024	162,520	0	15,000	15,000	10.525%	9.230%



## 226 Linthorpe Road, Middlesbrough, TS1 3QW

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
Running Yields and Net Initial Yield are based on say value plus buyer's costs 142,520.  
Formulae as in Parry's Tables: rent annually in arrears.  
Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
Cap Adj Running Yield is based on rounded cumulative capital invested.  
Buyer's costs are based on Say Value.  
VAT rate of 20.00% applied where applicable.



## VP 226 Linthorpe Road, Middlesbrough, TS1 3QW

Valuation Date:	30/11/2022		
Freehold			
Rounded Value:	135,000	Net Initial Yield:	0.000%
Net Rent:	0	Nominal Equivalent Yield:	8.883%
Total ERV:	15,000	True Equivalent Yield:	9.369%
Total Area:	0 sqft	Reversionary Yield:	10.915%

### 226 Linthorpe Road

<b>Current</b>	Gross income	0		
	Net Income		0	
YP (8.750% for 6 months)	0.4694			0
<b>May 2023</b>	Gross income	15,000		
	Net Income		15,000	
YP (8.750% for 5 years deferred for 6 months)	3.7542			56,313
<b>May 2028</b>	Gross income	0		
	Net Income		0	
YP (8.750% for 6 months deferred for 5 years and 6 months)	0.2959			0
<b>Nov 2028</b>	Gross income	15,000		
	Net Income		15,000	
YP (8.750% in perpetuity deferred for 6 years)	6.9090			103,635
<b>Unit Gross Value</b>				<b>159,948</b>

### Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Refurbishment		Nov 2022	1 Mnth	10.00%		-20,000	-20,000
						-20,000	

**Adjusted Unit Value** **139,948**

### Summary of Unit Values

226 Linthorpe Road	139,948
<b>Total of Unit Values</b>	<b>139,948</b>

### Buyers Costs

Agents Fees	1.0000%	-1,620	v
Legal Fees	0.5000%	-810	v
Stamp Duty	(=0.0000%)	0	
Total (=1.8000% of Say Value):			-2,430

<b>Net Value</b>	<b>137,474</b>
<b>Rounded Net Value</b>	<b>135,000</b>

Total VAT Amount: 412

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
30/11/2022	157,430	-20,000	0	0	0.000%	0.000%
30/05/2023	157,430	0	15,000	15,000	10.915%	9.528%
30/05/2028	157,430	0	0	0	0.000%	0.000%
30/11/2028	157,430	0	15,000	15,000	10.915%	9.528%



## VP 226 Linthorpe Road, Middlesbrough, TS1 3QW

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
Running Yields and Net Initial Yield are based on say value plus buyer's costs 137,430.  
Formulae as in Parry's Tables: rent annually in arrears.  
Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
Cap Adj Running Yield is based on rounded cumulative capital invested.  
Buyer's costs are based on Say Value.  
VAT rate of 20.00% applied where applicable.

## Schedule 9 – 13 Watson Street, Morley Leeds, LS27 0AH

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### 9.1 Inspection

The property was inspected on 31<sup>st</sup> October 2022, in dry and overcast weather conditions by Jessica Walker MRICS.

### 9.2 Location

The subject property is located to the east of Watson Street, to the south west of Morley Town Centre. The immediate surrounding area is residential in nature, predominantly in the form of Semi-detached houses. Morley is well accessed being situated at Junction 27 of the M62 Motorway which connects with the M621 Motorway also.

Morley is a market town and a civil parish within the City of Leeds metropolitan borough, in West Yorkshire, England. Morley is the largest town in the Borough of Leeds after Leeds itself. Morley forms part of the Heavy Woollen District. It lies approximately 5 miles south-west of Leeds city centre.

Leeds (population 751,500 – 2011 census) is a major city within the City of Leeds Metropolitan Borough in West Yorkshire. Leeds is ranked as a Gamma City by the Globalization & World Cities Research Network. The cultural, financial and commercial heart of West Yorkshire, Leeds was historically associated with production and trade of wool in the 17th and 18th Centuries and was a major mill town during the Industrial Revolution. Today Leeds' economy is diverse, but largely centred around the service sector with over 30

national and international banks having office representation in Leeds, not to mention that the only Bank of England subsidiary office is situated in the city.

Leeds is well-accessible; it lies 25 miles west of York, 35 miles north of Sheffield, 10 miles east of Bradford and has direct access to the M1 and M62 motorways via the M621 outer ring road. The HS2 high speed rail-link will ultimately link London with Leeds via an East Midlands Hub and Sheffield. Leeds has one of the largest and busiest railway stations in the UK. In addition, Leeds Bradford Airport provides a convenient link for air-travel, being less than 10 miles north west of the city.

The general location of the property is illustrated on the following Ordnance Survey extract:





### 9.3 The Site

Site Area

**Approximate Areas**  
0.023 hectares (0.057 acres)

#### Notes on Site

The site is regular in shape and generally level throughout. It is situated to the east side of Watson Street and can be accessed from the western boundary. The building is positioned to the south west portion of the site, with the remainder forming yard areas to the north and east. The western boundary meets Watson Street, the northern, southern and eastern boundaries all meet residential properties.

The extent of the site boundaries, as we understand them, are shown edged red on the Land Registry Title plan at the end of this schedule.

### 9.4 Description & Construction

For the purposes of this instruction, we do not intend to describe the forms of construction adopted in detail but would instead refer you to our appended schedule of photographs.

The property comprises a two storey detached former residential property currently occupied as a dental surgery. The property is of traditional brick construction surmounted by a pitched timber framed slate roof. Elevations are red brick facing with a Yorkshire stone façade. Windows are double glazed and PVCu framed with external iron security bars to the ground floor. The flat roof single storey extension wraps around the north and east elevations of the property.

Internally, the property finds a reception/waiting room, offices, toilets and x3 surgeries to the ground floor. To the first floor are two further surgeries, a kitchen, and a sterilisation area. Floors are laminate throughout

along with nonslip vinyl coverings to the surgeries. The property benefits from drop ceilings with inset Cat II lighting. The property is served by an Ideal gas fired boiler serving wall mounted radiators.



Front Elevation



Waiting Room



Surgery



Rear Elevation

**9.5 Accommodation**

The following accommodation is provided:

Description	Approximate Area/IPMS	Gross/Net	Internal	Floor
		m <sup>2</sup>		sq ft
Ground Floor – Reception, waiting room, offices, stores, surgery, surgeries 1, 2, 5 and customer WC		100.40		1,081
First Floor – Surgeries 3 and 4, sterilisation area, kitchen		47.51		511
<b>Total</b>		<b>147.91</b>		<b>1,592</b>

The above areas have been ascertained from measurements taken during our inspection.



## 9.6 Development Proposals

None, that we are aware of.

## 9.7 Condition

We have not carried out a building survey and our comments that follow should not be regarded as such.

However, the following points are worthy of note:

- The chimney stack would benefit from being repointed.
- The rear yard is concrete covered but currently overgrown with vegetation.

## 9.8 Services & Amenities

Mains services: We understand all mains and services are available and connected to the site.

Heating: The property is heated by way of gas fired wall mounted radiators.

Air conditioning: None.

Lifts: None.

Other: N/A

None of the above services were tested during the course of our inspection of the property.

## 9.9 Statutory Enquiries

### Highways

From enquiries made of the local Highways Authority we understand that the main roads and footpaths in the vicinity of the property are made up and adopted. As such we assume there are no outstanding liabilities pertaining to the property.

### Planning

The current Leeds Local plan forms part of the statutory development plan for the Leeds district. It sets out the council's vision and strategy for the area until 2023 and provides the basis for decisions on planning applications. Following our enquiries with the local authority we are aware the property is allocated within the following areas.

- Natural Resources and Waste – Minerals 3 MSA Coal
- Urban Regeneration – SP4 Regeneration priority area
- H3 Density Zones: Other urban areas

The property is not Listed nor situated within a Conservation Area.

The most recent planning history for this property is summarised in the following table:

Address	Description	Application Number	Status
13 Watson Street Morley Leeds LS27 0AH	First floor side extension to existing dental practice including internal alterations to form an additional surgery.	N/A	N/A

#### Registration/Licences

Our report assumes that there have been no undisclosed statutory matters which could have a material effect on our valuation.

Unless stated to the contrary in this report, we have assumed that the use of the property complies with all Building Consents, Planning Permissions, Public Health Statutes and Regulations and Bye-Laws.

#### Property Taxation

The property is assessed in the 2017 rating list as follows.

Address	Description	Rateable Value 2017 list
13 Watson Street, Morley, Leeds, LS27 0AH	Surgery and premises	£12,000

The National Non-Domestic Rating Multiplier is set at 51.2 pence in the pound for rateable values above £51,000 and 49.9 pence in the pound for rateable values below £51,000 for the rates year 2022/23.

The subject property may be subject to transitional phasing and as such multiplying the Rateable Value by the National Non-Domestic Rating Multiplier may not give a true representation of the rates payable.

#### Equality Act 2010 & Disability Discrimination

It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

On the basis that an accessibility audit for Equality Act purposes has not been undertaken, we would recommend that the occupiers commission an audit to ensure compliance with the relevant legislation and undertake those works identified that are considered to be economically viable.

### 9.10 Environmental Issues

#### Flooding

From enquiries made of the Environment Agency website, we understand the agency classifies the subject property as being within an area categorised as Flood Zone 1 - land assessed as having a less than 1 in 1,000 annual probability of river or sea flooding (<0.1%).

We are not aware of any flooding issues with the property, nor are we aware of any underground culverts or history of flooding within the area.

## Mineral Workings & Mining

The Leeds area is generally affected by mine workings, but should there be workings in the vicinity of this property we would have expected any ground movement associated therewith to have ceased long ago.

## Energy Performance Certificates

An EPC was compiled for the building on 2 October 2019, showing the property to have an Energy Performance Asset Rating of 83 falling within Band D.

## 9.11 Tenure & Tenancies

FREEHOLD

We understand that the property is let to Dental Partners Ltd by way of a 15 year lease. This has been summarised within the table below:

13 Watson Street, Morley, Leeds, LS27 0AH	
Landlord	A & H Developers Limited
Tenant	Dental Partners Limited
Guarantor	None
Term	15 Years beginning on and including the Term Commencement Date, 31 January 2020
Rent	£18,250 Per Annum
Rent Review Date	None
Break Clause	Tenant break option 30 January 2025 and 30 January 2030
Permitted Use	Use as a dental practice within Class D1 of the Town and Country Planning (Use Classes) Order 1987 as at the date this lease is granted together with ancillary offices or for any other use within Class D1 with the landlord's approval (such approval not to be unreasonably withheld or delayed)
Alienation	The Landlord and Tenant agree that for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 the Landlord may give its consent to an assignment subject to conditions
Repairs	FRI
Security of Tenure	Yes

## 9.12 Comparable Transactions

In arriving at our opinion of Market Value (MV1 & MV2), we have had regard to the investment evidence included in the front end report.

In arriving at our opinion of Market Value assuming vacant possession we have had regard to the following office transactions. We believe that the property could easily be converted into an office.

Address	Description	Lease Start Date	Achieved rent
Suite One Peel Mill	The property comprises a serviced office. The property has been fit to a	May 2022	£6,960 P.A.

Leeds LS27 8AG	traditional office specification. An unknown tenant signed a 3 year lease from May 2022 for 560 sq ft.		£12.43 psf
Capital Park 1 Sterling Way Wakefield WF3 1BU	The property comprises a newly refurbished two-storey detached office building of brickwork construction. Create Fertility signed a 10 year lease from November 2021 for 4,862 sq ft.	November 2021	£85,000 P.A. £17.50 psf
Suite 7 Cliffe park Bruntcliffe Road Leeds LS27 0RY	The property comprises a self-contained office building on the established purpose built office park of Cliffe Park. Artisan New Estate signed a 5 year lease from August 2021 for 1,188 sq ft.	August 2021	£17,250 P.A. £14.50 psf
Unit 3 Cliffe park Bruntcliffe Road Leeds LS27 0RY	The property comprises a self-contained office building on the established purpose built office park of Cliffe Park. Nobia Holdings UK Limited signed a 3 year lease for 3,796 sq ft from July 2021.	July 2021	£45,000 P.A. £11.72 psf
Unit 8 Howley Park Road Leeds LS27 0S	The property comprises a building of masonry construction with accommodation set over two floors. The property is purpose built for offices and extends to 1,294 sq ft. Butler and Young signed a lease renewal in March 2021.	March 2021	£15,450 P.A. £11.94 psf

### 9.13 Valuation Considerations

#### Valuation Methodology

In making our valuations, we have used both the comparative and investment methods of valuation.

#### 9.13.1 Market Rent (MR)

For any investment valuation it is important to first look at the rental income, to assess whether the property is let at, above or below Market Rent.

Due to the lack of directly comparable evidence in this location within Morley, we have sought evidence of office use properties within the wider Leeds area to be used as a guide only, alongside our market knowledge and experience. In the event that the subject property was to fall vacant, we consider that if the

property was unable to be let to another dental operator, then it would most likely be purchased with the intention of restoring the property to its former use as a residential dwelling or converted into office use.

The comparable evidence listed shows that rates can vary quite substantially depending on the pitch and positioning of the building, as well as the size and overall condition, with the evidence highlighting a range between c. £11- 17.50 psf. We would comment however that the comparable transactions detailed were all of a better specification and offer more traditional workable space. That said, we would expect a slight premium to be payable for the permitted use as a D1 (dental surgery) associated with the subject property, in our experience this will be in the region of 10-15% above standard retail/office use.

Additionally, we have, of course, had regard to the prevailing rent at the subject property. The property is currently let for a term of 15 years at a rent of £18,250 per annum with break options in years 5 and 10. Broadly speaking this equates to c.£11.46 psf. In arriving at our opinion of Market Rent (MR) we have applied a rate of £11.50 psf to the NIA, therefore we believe the investment to be rack rented.

On this basis, Market Rent of the subject property is £18,250 per annum.

#### 9.13.2 Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies

In valuing the subject property on this basis, we have utilised the investment method of valuation.

There is a lack of what we consider to be directly comparable sales evidence of dental practices within Morley and the wider West Yorkshire region, we have therefore extended our search and had consideration to transactions nationally, using these as a guide only alongside our local market knowledge and experience.

As shown in the evidence table above, net yields range from between c.4-13%, the tenant covenant strength, location, and prospect for rental growth affecting the yield achievable; for example, at the lower end of the range, Appledore, Forest Road, Bracknell, a modern purpose built surgery let to a strong covenant in the form of BUPA Dental Care for 10 years term certain. Conversely, at the higher end of the range, 839 Welbeck Road, a converted residential dwelling of a basic standard and specification with little scope for rental growth.

The strength of the tenant's covenant is the most important factor when determining an investment yield, closely followed by the length of the unexpired term, the prospects of rental growth and the property's general location. On this basis we have obtained a Creditsafe report for Dental Partners Limited, the details of which are as follows:

#### **Dental Partners Limited**

The company has a risk score of 96/100 and is rated very low risk. They have a credit limit of £75,000 and contract limit of £115,000. As such, we consider that the market would perceive this tenant to be of a reasonable local covenant strength.

In making our valuations we have applied a yield of 7.0% to the passing rent for the term certain, before allowing for a 3 month reletting void, and subsequently capitalising our opinion of Market Rent into perpetuity at a reversionary yield of 7.5%. The yield applied reflects the property's location, covenant strength of the tenant and alternative use potential.

Finally, we have made the appropriate deductions for SDLT and professional fees. In adopting the above methodology, we arrive at a Market Value of the subject property of £235,000. This reflects an equivalent yield of 7.46% which sits within the range of evidence. For reference, we have attached a copy of our valuation calculations at Appendix III.

#### 9.13.3 Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days

In providing our opinion of Market Value on the above basis, it requires us to make a special assumption that a sale is to be completed within 90 days.

Given that we consider that the subject property would require a marketing period of up to 12 months, we consider such a stipulated timeframe to constitute a restricted marketing period.

Similarly, evidence of transactions within such a timeframe are scarce, however we consider that any prudent purchaser would seek to negotiate a discount. We have applied a discount in the order of 15% from our opinion of MV1.

On this basis, we arrive at a Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days of £200,000.

#### 9.13.4 Market Value (MV3) of the property assuming Vacant Possession

In providing our opinion of Market Value, this basis requires us to make a special assumption that the subject property is available with full vacant possession as at the valuation date.

We have again adopted the investment method of valuation as we consider that a prospective purchaser would continue to hold the subject property for investment purposes. Therefore, valuing on this basis as opposed to a straight to capital approach.

In adopting this methodology, we have allowed for an initial void of 12 months to secure a letting on standard commercial lease terms before adopting a yield of 8.75% to our opinion of Market Rent, capitalising this income into perpetuity.

Having applied the above methodology, we arrive at a rounded Market Value subject to the special assumption of vacant possession (MV3) of £185,000, reflecting a reversionary yield of 9.66%. For reference, we have attached a copy of our valuation calculations at Appendix III.

### 9.1 Security Considerations/Lender Action Points

- We consider that the property is suitable security bearing in mind the Bank is contemplating a loan, subject to the usual prudent lending criteria.
- We do not consider that there is any hope value or synergistic value associated with adjoining buildings.
- We do not believe that there is any higher alternative use value.
- We consider that the property is marketable and should perform in line with its peers.
- We do not consider that values will rise in the short to medium term.
- The building has an estimated economic life in excess of 25 years, assuming appropriate maintenance is undertaken.

- The building is in excess of 100 years old and will require increasing expenditure on maintenance, repair and ultimate renewals.
- For mortgage regulation purposes, we confirm that less than 40% of the property to be held as security is residential in nature.
- Our investigations have not revealed any recent transaction or agreed price in respect of the subject premises. However, such information does come to light before the loan is finalised, we would request that you refer the matter back to us for further consideration.

## 9.2 Valuation Opinion

Having regard to the above schedule, we are of the opinion that the value of the unencumbered freehold interest on the bases requested is:

Valuation Bases	
Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies	£235,000 (Two Hundred and Thirty Five Thousand Pounds)
Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;	£200,000 (Two Hundred Thousand Pounds)
Market Value (MV3) of the Property assuming Vacant Possession	£185,000 (One Hundred and Eighty Five Thousand Pounds)
Market Rent (MR)	£18,250 p.a. (Eighteen Thousand Two Hundred and Fifty Pounds Per Annum)

We stress the importance of the valuation date, as recent experience has shown that property values may change quite significantly over a relatively short period of time.

Where statements are made upon the prospect of future growth or fall in rental and/or capital values it must be appreciated that such change may not occur, and that values can fall as well as rise.

## 9.3 Insurance Reinstatement Estimate

You have also requested that we provide an estimate of the likely reinstatement cost for fire insurance purposes. This estimate has been arrived at using an instantaneous basis of value, adopted without regard to future inflation and without provision of loss of rent, any consequential loss or VAT. However, the estimate includes allowances for demolition, site clearance and professional fees.

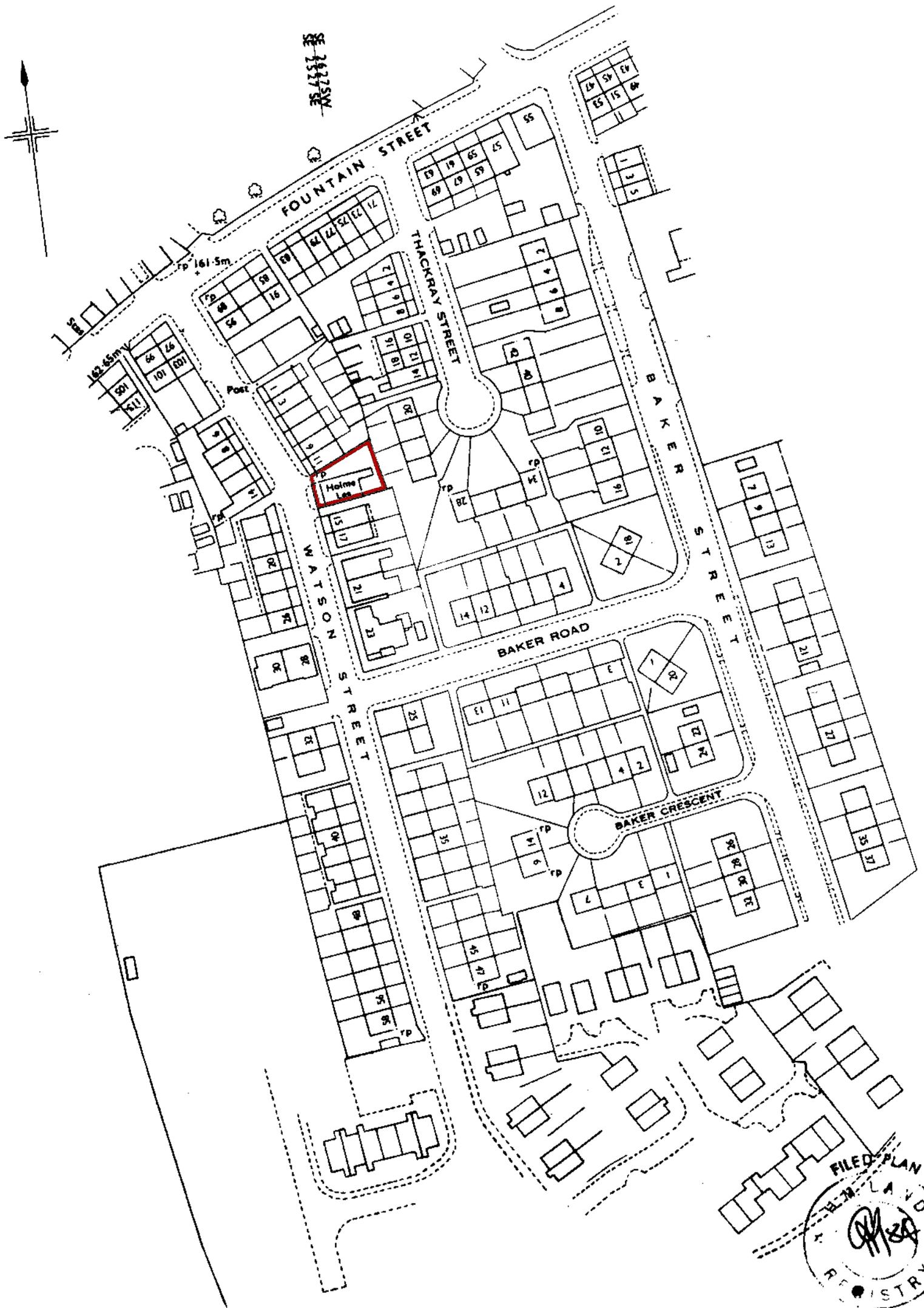
We recommend that a level of cover be affected to the sum of:

£350,000 (Three Hundred and Fifty Thousand Pounds)

**Appendix I - Site Plan**



H.M. LAND REGISTRY		TITLE NUMBER	
		WYK 325458	
ORDNANCE SURVEY PLAN REFERENCE	SE 2527	SECTION N	Scale 1/1250
COUNTY WEST YORKSHIRE	DISTRICT LEEDS	© Crown copyright 1983	



This is a print of the view of the title plan obtained from HM Land Registry showing the state of the title plan on 02 November 2022 at 17:30:21. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

This title is dealt with by HM Land Registry, Nottingham Office.

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**Appendix II – Photographs**





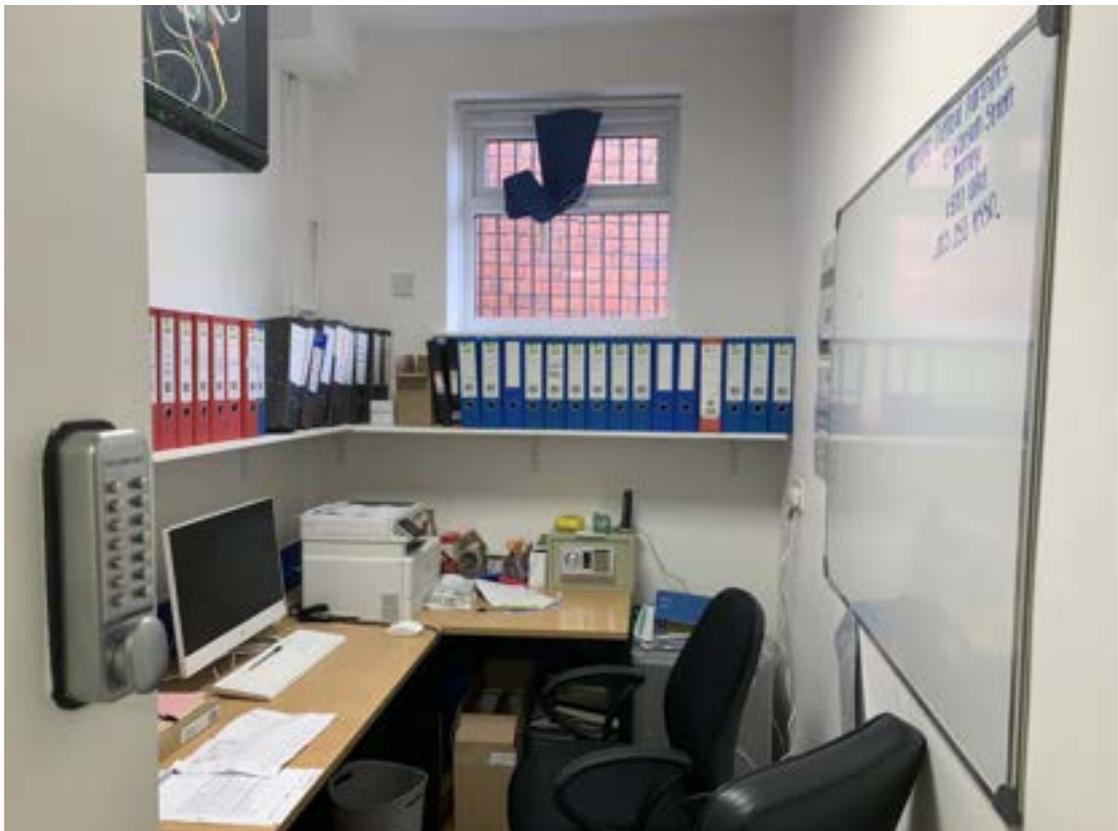
Front Elevation



Reception



Reception



Office



Surgery



Decontamination Room



Rear Yard



Rear Elevation

**Appendix III – Valuation Calculations**





## 13 Watson Street, Leeds, LS27 0AH

Valuation Date:	29/11/2022		
Freehold			
Rounded Value:	235,000	Net Initial Yield:	7.575%
Net Rent:	18,250	Nominal Equivalent Yield:	7.459%
Total ERV:	18,250	True Equivalent Yield:	7.816%
Total Area:	1,592 sqft	Reversionary Yield:	7.575%
Net value / sqft	148		
WAULT (to First Break):	2 yrs, 2 mths		
WAULT (to Lease Expiry):	12 yrs, 2 mths		

### Unit001, Dental Partners

<b>Current</b>	Gross income	18,250		
	Net Income		18,250	
	YP (7.000% for 2 years and 2 months)	1.9479		35,550
<b>Jan 2025</b>	Gross income	0		
	Net Income		0	
	YP (7.500% for 3 months deferred for 2 years and 2 months)	0.2043		0
<b>Apr 2025</b>	Gross income	18,250		
	Net Income		18,250	
	YP (7.500% in perpetuity deferred for 2 years and 5 months)	11.1953		204,314

**Unit Gross Value** **239,864**

### Summary of Unit Values

Unit001, Dental Partners	239,864
<b>Total of Unit Values</b>	<b>239,864</b>

### Buyers Costs

Agents Fees	1.0000%	-2,820	v
Legal Fees	0.5000%	-1,410	v
Stamp Duty	(=0.7147%)	-1,700	
Total (=2.5234% of Say Value):			-5,930

<b>Net Value</b>	<b>233,973</b>
<b>Rounded Net Value</b>	<b>235,000</b>

Total VAT Amount: 702

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
29/11/2022	240,930	0	18,250	18,250	7.575%	7.575%
31/01/2025	240,930	0	0	0	0.000%	0.000%
30/04/2025	240,930	0	18,250	18,250	7.575%	7.575%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
Running Yields and Net Initial Yield are based on say value plus buyer's costs 240,930.  
Formulae as in Parry's Tables: rent annually in arrears.  
Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
Cap Adj Running Yield is based on rounded cumulative capital invested.  
Buyer's costs are based on Say Value.  
VAT rate of 20.00% applied where applicable.

## 13 Watson Street, Leeds, LS27 0AH

Valuation Date:	29/11/2022		
Freehold			
Rounded Value:	185,000	Net Initial Yield:	0.000%
Net Rent:	0	Nominal Equivalent Yield:	8.868%
Total ERV:	18,250	True Equivalent Yield:	9.340%
Total Area:	1,592 sqft	Reversionary Yield:	9.655%
Net value / sqft	116		

Unit001			
<b>Current</b>	Gross income	0	
	Net Income		0
	YP (8.750% in perpetuity)	11.4286	0
<b>Nov 2023</b>	Gross income	18,250	
	Net Income		18,250
	Increase in Net Income		18,250
	YP (8.750% in perpetuity deferred for 1 year)	10.5090	191,790
<b>Unit Gross Value</b>			<b>191,790</b>

Summary of Unit Values	
Unit001	191,790
<b>Total of Unit Values</b>	<b>191,790</b>

### Buyers Costs

Agents Fees	1.0000%	-2,220	v	
Legal Fees	0.5000%	-1,110	v	
Stamp Duty	(=0.4071%)	-700		
Total (=2.1784% of Say Value):				-4,030

<b>Net Value</b>	<b>187,659</b>
<b>Rounded Net Value</b>	<b>185,000</b>

Total VAT Amount: 563

Running Yield Report						
Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
29/11/2022	189,030	0	0	0	0.000%	0.000%
29/11/2023	189,030	0	18,250	18,250	9.655%	9.655%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
 Running Yields and Net Initial Yield are based on say value plus buyer's costs 189,030.  
 Formulae as in Parry's Tables: rent annually in arrears.  
 Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
 Cap Adj Running Yield is based on rounded cumulative capital invested.  
 Buyer's costs are based on Say Value.  
 VAT rate of 20.00% applied where applicable.

## Schedule 10 – 12 Northgate, Tickhill, Doncaster, DN11 9HY

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### 10.1 Inspection

The property was inspected on 1<sup>st</sup> November 2022, in dry and bright weather conditions by Jessica Walker MRICS.

### 10.2 Location

The subject property is situated to the West of Northgate Road (A60) to the north of the town centre. Tickhill has good access to the national motorway network via Junction 3 of the M18 Motorway 5 miles to the west and the A1(M) Motorway less than half a mile to the east.

Tickhill is a market town and civil parish in the Metropolitan Borough of Doncaster, South Yorkshire, England, close to the border with Nottinghamshire. Tickhill has a population of 5,228, according to the 2011 Census.

Doncaster is a minster town in South Yorkshire, England. Named after the River Don, it is the administrative centre of the larger Metropolitan Borough of Doncaster. It is the second largest settlement in South Yorkshire after Sheffield, with which the town shares the international Doncaster Sheffield Airport, 6 miles to the south-east. Founded by the Romans, Doncaster is a major regional town with important transport links and recreational sites. It is also a market town. At the 2021 census, the borough had a population of 308,100, while its built-up area had a population of 158,141 at the 2011 census. Sheffield lies 17 miles south-west, Leeds 25 miles north-west, York 30 miles to the north, Hull 36 miles north-east, and Lincoln 32 miles south-east.

The general location of the property is illustrated on the following Ordnance Survey extracts:



### 10.3 The Site

Site Area

**Approximate Areas**  
0.019 hectares (0.048 acres)

#### Notes on Site

The site is irregular in shape, forming an L-shape. To the north of the site is a commercial garage and takeaway shop. To the south of the site is a further commercial property occupied by Samuel Burley. The property fronts onto Northgate Road to the east. The rear can be accessed via the southern boundary and leads to a small garden/rear yard. Beyond the southern elevation is a residential property.

A&H Developers Ltd  
Our Ref: VNP/222196/E3C  
November 2022



The extent of the site boundaries, as we understand them, are shown edged red on the Land Registry Title plan at the end of this schedule.

#### 10.4 Description & Construction

For the purposes of this instruction, we do not intend to describe the forms of construction adopted in detail but would instead refer you to our appended schedule of photographs.

The property comprises a two storey detached former residential property currently operated as a dental surgery. The property is of solid stone construction surmounted by a timber framed pitched slate roof incorporating a chimney stack. Windows to the front elevation are single glazed timber sash with decorative panelling. To the rear windows are PVCu framed and double glazed.

Internally, the property comprises a reception/waiting room, surgery 1, an office, X-ray room and customer toilets to the ground floor. To the first floor are 2 further surgeries, a kitchen, decontamination room and storage. Walls are of painted plaster and floors are laminate covered throughout. The property is served by way of LED inset lighting.



Front Elevation



Surgery



Rear Yard



Rear Elevation

## 10.5 Accommodation

The following accommodation is provided:

Description	Approximate Net Internal Floor Area	
	m <sup>2</sup>	sq ft
Ground Floor		
Reception, surgery 1, X-Ray Room, office and customer WC	55.38	596
First Floor		
2 x surgeries, kitchen, decontamination room and storage	52.48	565
<b>Total</b>	<b>107.86</b>	<b>1,161</b>

The above areas have been ascertained from measurements taken during our inspection.

## 10.6 Development Proposals

None, that we are aware of.

## 10.7 Condition

We have not carried out a building survey and our comments that follow should not be regarded as such.

However, the following points are worthy of note:

- The timber framed sashed windows to the front elevation were rotting in parts and would benefit from replacing.
- The property appeared to be in reasonably good condition with regards to its age, nature of use and construction.

## 10.8 Services & Amenities

Mains services: We understand that all mains and services are available and connected to the site.

Heating: The property is served by gas fired wall mounted radiators.

Air conditioning: None.

Lifts: None.

Other: Intruder alarm.

None of the above services were tested during the course of our inspection of the property.

## 10.9 Statutory Enquiries

### Highways

From enquiries made of the local Highways Authority we understand that the main roads and footpaths in the vicinity of the property are made up and adopted. As such we assume there are no outstanding liabilities pertaining to the property.

### Planning

The current Doncaster Local Plan sets out how Doncaster Borough will grow and develop from 2015 to 2035. It identifies where and how new jobs, homes and services will be located. After independent examination the Local Plan was adopted on 23 September 2021. Following our enquiries with the local authority we are aware the property is allocated within the following areas.

- Doncaster Boundary
- Neighbourhood Plan Areas
- Development Limits
- Residential Policy Area
- Town Centre Boundaries
- Listed Buildings
- Hydrocarbons – PEDL License Areas

The property is Listed but is not situated within a Conservation Area.

Address	Description	Application Number	Status
12 Northgate Tickhill Doncaster South Yorkshire DN11 9HY	Display of 1 no. non illuminated wall mounted sign (1.8m x 0.8m), 1 no. non illuminated wall mounted sign (0.35m x 0.5m) and 1 no. non illuminated double sided projecting sign 0.6m x 0.75m) (being resubmission of application refused under ref 07/02673/ADV on 04.10.07.)	08/00917/ADV	Advertisement Consent Granted
	Listed Building Consent for display of 1 no. non illuminated advertisement panel (1.8m x 0.8m), display of 1 no. double sided projecting sign (0.75 x 0.6m), display of 1 no. wall sign (0.35m x 0.5m) (being resubmission of application refused under ref 07/02735/LBC on 04.10.07.)	08/00916/LBC	Listed Building Consent Granted
	Listed Building Consent for display of 1 no. externally	07/02735/LBC	Listed Building Consent Refused

	illuminated advertisement panel (1.8m x 0.9m), display of 1 no. double sided projecting sign (0.75 x 0.65m), display of 1 no. wall sign (0.35m x 0.5m)		
	Display of 1 no. externally illuminated wall mounted sign (1.8m x 0.09m), 1 no. non illuminated wall mounted sign (0.03m x 0.05m) and 1 no. non illuminated double sided projecting sign 0.06m x 0.07m)	07/02673/ADV	Advertisement Consent Refused
	Listed Building Consent for structural restraint work and door widening to surgery. Alterations to staircase to widen corridor, partitioning to form new admin and waiting areas, sub-division of kitchen area and formation of new disabled/unisex WC's.	07/01271/LBCSTR	Listed Building Consent Refused

#### Registration/Licences

Our report assumes that there have been no undisclosed statutory matters which could have a material effect on our valuation.

Unless stated to the contrary in this report, we have assumed that the use of the property complies with all Building Consents, Planning Permissions, Public Health Statutes and Regulations and Bye-Laws.

#### Property Taxation

The property is assessed in the 2017 rating list as follows.

Address	Description	Rateable Value 2017 list
12 Northgate, Tickhill, Doncaster, South Yorkshire, DN11 9HY	Surgery and premises	£8,200

The National Non-Domestic Rating Multiplier is set at 51.2 pence in the pound for rateable values above £51,000 and 49.9 pence in the pound for rateable values below £51,000 for the rates year 2022/23 (In Wales the 2022/23 multiplier is 53.5 pence in the pound, while Scotland is set at 49.8 for rateable values up to £50,999, 51.1 for rateable values between £51,000 and £94,999 and 52.4 for rateable values above £95,000.

The subject property may be subject to transitional phasing and as such multiplying the Rateable Value by the National Non-Domestic Rating Multiplier may not give a true representation of the rates payable.

## Equality Act 2010 & Disability Discrimination

It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

However from our brief inspection of the property the following items which may be worth further consideration were noted, including inter alia:

- Unlevel access;
- No accessible WC;
- Stair access to upper floors only.

On the basis that an accessibility audit for Equality Act purposes has not been undertaken, we would recommend that the occupiers commission an audit to ensure compliance with the relevant legislation and undertake those works identified that are considered to be economically viable.

## 10.10 Environmental Issues

### Flooding

From enquiries made of the Environment Agency website, we understand the agency classifies the subject property as being within an area categorised as flood Zone 1 - land assessed as having a less than 1 in 1,000 annual probability of river or sea flooding (<0.1%).

We are not aware of any flooding issues with the property, nor are we aware of any underground culverts or history of flooding within the area.

### Mineral Workings & Mining

The Doncaster area is generally affected by mine/mineral workings, but should there be workings in the vicinity of this property we would have expected any ground movement associated therewith to have ceased long ago.

### Energy Performance Certificates

Our investigations indicate that the current EPC is at the required minimum level under the MEES, with an Energy Performance Rating of a E (117).

## 10.11 Tenure & Tenancies

### FREEHOLD

We are informed that a 'draft' commercial lease is in place to a connected party to the Bank's Client, and whilst we are informed that rent is being paid, the lease has not been formally executed. We have summarised the terms of the 'draft' lease in the table below.

**12 Northgate, Tickhill, Doncaster, DN11 9HY**

Landlord	A & H Developers Limited
Tenant	Genix Healthcare Tickhill Limited
Guarantor	N/A
Term	15 Years – Feb 2020
Rent	£11,000 Per Annum
Rent Review Date	None
Break Clause	Year 5 & 10
Permitted Use	Silent
Alienation	Assignment and subletting of part prohibited. Assignment and subletting of whole requiring Landlord's consent and compliance with the lease terms.
Repairs	FRI
Security of Tenure	None

**10.12 Comparable Transactions**

In arriving at our opinion of Market Value (MV1 & MV2), we have had regard to the investment evidence included in the front end report.

In arriving at our opinion of Market Value assuming vacant possession we have had regard to the following residential transactions. We believe that the property could easily be restored into a residential dwelling (STP) and given the popularity of the location we believe there would be a strong level of demand on this basis.

Address	Description	Date of Sale	Sale Price
38 Westgate Tickhill Doncaster	Comprising a midterrace two bedroom dwelling located within the village of Tickhill. Internally, the property was finished to a reasonable specification.	March 2021	£162,500 £164 psf
40 Westgate Tickhill Doncaster	Comprising an end terrace two bedroom dwelling located within the village of Tickhill. Internally, the property was finished to a reasonable specification.	December 2020	£180,000 £184 psf
Church Lane Tickhill Doncaster	Comprising an end terrace two bedroom cottage located within the village of Tickhill. Internally, the property was finished to a good specification.	October 2019	£185,000 £241 psf

There are very few letting transactions involving office/ business use accommodation within the immediate location. Consequently, in arriving at our opinion of Market Rent (MR) we have had regard to the following comparable transactions from nearby villages and made appropriate allowances:

Address	Description	Lease Start Date	Achieved rent
Market Place Tickhill Doncaster	Comprising 900 sq ft of ground floor retail/ office space located within a courtyard setting in the village of Tickhill.  The property let by way of a 3 year FRI lease at a rent of £12,000 p.a.	April 2019	£13.33 psf
14 Swan Street Bawtry Doncaster	Comprising 842 sq ft of office accommodation within a former nursery building, located within the village of Bawtry.  The property was let on confidential FRI terms at a rent of £12,000 p.a.	September 2019	£14.25 psf
23 Top Street Bawtry Doncaster	Comprising an attractive two storey building providing 415 sq ft of ground floor office accommodation, located within the village of Bawtry.  The property was let on confidential terms at £7,500 p.a.	August 2022	£18.07 psf

### 10.13 Valuation Considerations

#### Valuation Methodology

In making our valuations, we have used both the comparative and investment methods of valuation.

#### 10.13.1 Market Rent (MR)

For any investment valuation it is important to first look at the rental income, to assess whether the property is let at, above or below Market Rent.

Due to the lack of directly comparable evidence within Tickhill, we have sought evidence of office/ business use properties within nearby villages to be used as a guide only, alongside our market knowledge and experience. In the event that the subject property was to fall vacant, we consider that if the property was unable to be let to another dental operator, then it would most likely be purchased with the intention of restoring the property to its former use as a residential dwelling.

The comparable evidence listed shows that rates can vary quite substantially depending on the pitch and positioning of the building, as well as the size and overall condition, with the evidence highlighting a range between c. £13- 18 psf. We would comment that the comparable transactions detailed were all of a better specification and offer more traditional workable space. That said, we would expect a slight

premium to be payable for the permitted use as a D1 (dental surgery) associated with the subject property, in our experience this will be in the region of 10-15% above standard retail/office use.

Additionally, we have, of course, had regard to the prevailing rent at the subject property, although to reiterate we are informed that whilst rent is being paid, the lease has not been formally executed. The 'draft' lease is to a connected party to the Bank's Client for a term of 15 years at a rent of £11,000 per annum. Broadly speaking this equates to c.£9.50 psf. In arriving at our opinion of Market Rent (MR) we have applied a rate of £10 psf to the NIA, therefore we believe the investment to be marginally under rented at present.

On this basis, Market Rent of the subject property is £11,600 per annum.

#### 10.13.2 Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies

In valuing the subject property on this basis, we have utilised the investment method of valuation.

We must reiterate that we are aware of the unexecuted lease as well as the interconnected nature of the landlord and tenant, which some investors may view negatively since the existing lease could be terminated and vacant possession readily granted. That being said, we consider a prospective purchaser would take a view and nonetheless acquire the property for investment purposes.

Similarly, there is a lack of what we consider to be directly comparable sales evidence of dental practices within Tickhill and the wider South Yorkshire region, we have therefore extended our search and had consideration to transactions nationally, using these as a guide only alongside our local market knowledge and experience.

As shown in the evidence table above, net yields range from between c.4-13%, the tenant covenant strength, location, and prospect for rental growth affecting the yield achievable; for example, at the lower end of the range, Appledore, Forest Road, Bracknell, a modern purpose built surgery let to a strong covenant in the form of BUPA Dental Care for 10 years term certain. Conversely, at the higher end of the range, 839 Welbeck Road, a converted residential dwelling of a basic standard and specification with little scope for rental growth.

The strength of the tenant's covenant is the most important factor when determining an investment yield, closely followed by the length of the unexpired term, the prospects of rental growth and the property's general location. On this basis we have obtained a Creditsafe report for Genix Healthcare Tickhill Ltd, the details of which are as follows:

#### **Genix Healthcare Tickhill Ltd**

The company has a risk score of 73/100 and is rated low risk. They have a credit limit of £2,500 and contract limit of £4,000. As such, we consider that the market would perceive this tenant to be of a reasonable local covenant strength.

However, we would emphasise that as at the date of valuation the lease has not been executed and therefore any weight that a prospective investor purchaser would put behind the tenant covenant is effectively diminished. Whilst we are informed that the lease could be completed if required, owing to the interconnected nature of the landlord and tenant, this in itself carries an element of risk as in reality the lease could also be terminated at any point in time.

For the reasons outlined above, in making our valuations we have assumed that the income from Genix Healthcare Tickhill Ltd is secure for 12 months. As such, we have applied a yield of 7.25% to the passing

rent for the term certain, i.e. 12 months, before allowing for a 3 month reletting void, and subsequently capitalising our opinion of Market Rent into perpetuity at a reversionary yield of 7.5%. The yield applied reflects the underlying alternative use value as a residential dwelling.

Finally, we have made the appropriate deductions for SDLT and professional fees. In adopting the above methodology, we arrive at a Market Value of the subject property of £150,000. This reflects an equivalent yield of 7.57% which sits within the range of evidence. For reference, we have attached a copy of our valuation calculations at Appendix III.

#### 10.13.3 Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;

In providing our opinion of Market Value on the above basis, it requires us to make a special assumption that a sale is to be completed within 90 days.

Given that we consider that the subject property would require a marketing period of up to 12 months, we consider such a stipulated timeframe to constitute a restricted marketing period.

Similarly, evidence of transactions within such a timeframe are scarce, however we consider that any prudent purchaser would seek to negotiate a discount. We have applied a discount in the order of 10% from our opinion of MV1.

On this basis, we arrive at a Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days of £135,000.

#### 10.13.4 Market Value (MV3) of the Property assuming Vacant Possession

In providing our opinion of Market Value, this basis requires us to make a special assumption that the subject property is available with full vacant possession as at the valuation date.

We have again adopted the investment method of valuation as we consider that a prospective purchaser would continue to hold the subject property for investment purposes. Therefore, valuing on this basis as opposed to a straight to capital approach.

In adopting this methodology, we have allowed for an initial void of 3 months to secure a letting on standard commercial lease terms before adopting a reversionary yield of 7.5% to our opinion of Market Rent, capitalising this income into perpetuity.

Having applied the above methodology, we arrive at a rounded Market Value subject to the special assumption of vacant possession (MV3) of £150,000, reflecting a reversionary yield of 7.6%. As a sense check, given the strong residential demand in the area, this equates to a capital value of £120 psf, which we deem sensible given the renovation works which would be required. For reference, we have attached a copy of our valuation calculations at Appendix III.

### 10.14 Security Considerations/Lender Action Points

- We consider that the property is suitable security bearing in mind the Bank is contemplating a loan, subject to the usual prudent lending criteria.
- We do not consider that there is any hope value or synergistic value associated with adjoining buildings.
- We do not believe that there is any higher alternative use value.
- We consider that the property is marketable and should perform in line with its peers.
- We do not consider that values will rise in the short to medium term.

- The building has an estimated economic life in excess of 25 years, assuming appropriate maintenance is undertaken.
- The building is in excess of 150 years old and will require increasing expenditure on maintenance, repair and ultimate renewals.
- For mortgage regulation purposes, we confirm that less than 40% of the property to be held as security is residential in nature.
- Our investigations have not revealed any recent transaction or agreed price in respect of the subject premises. However, such information does come to light before the loan is finalised, we would request that you refer the matter back to us for further consideration.

### 10.15 Valuation Opinion

Having regard to the above schedule, we are of the opinion that the value of the unencumbered freehold interest on the bases requested is:

Valuation Bases	12 Northgate, Tickhill
Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies	£150,000 (One Hundred and Fifty Thousand Pounds)
Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;	£135,000 (One Hundred and Thirty Five Thousand Pounds)
Market Value (MV3) of the Property assuming Vacant Possession	£150,000 (One Hundred and Fifty Thousand Pounds)
Market Rent (MR)	£11,600 p.a. (Eleven Thousand Six Hundred Pounds Per Annum)

We stress the importance of the valuation date, as recent experience has shown that property values may change quite significantly over a relatively short period of time.

Where statements are made upon the prospect of future growth or fall in rental and/or capital values it must be appreciated that such change may not occur, and that values can fall as well as rise.

### 10.16 Insurance Reinstatement Estimate

You have also requested that we provide an estimate of the likely reinstatement cost for fire insurance purposes. This estimate has been arrived at using an instantaneous basis of value, adopted without regard to future inflation and without provision of loss of rent, any consequential loss or VAT. However, the estimate includes allowances for demolition, site clearance and professional fees.

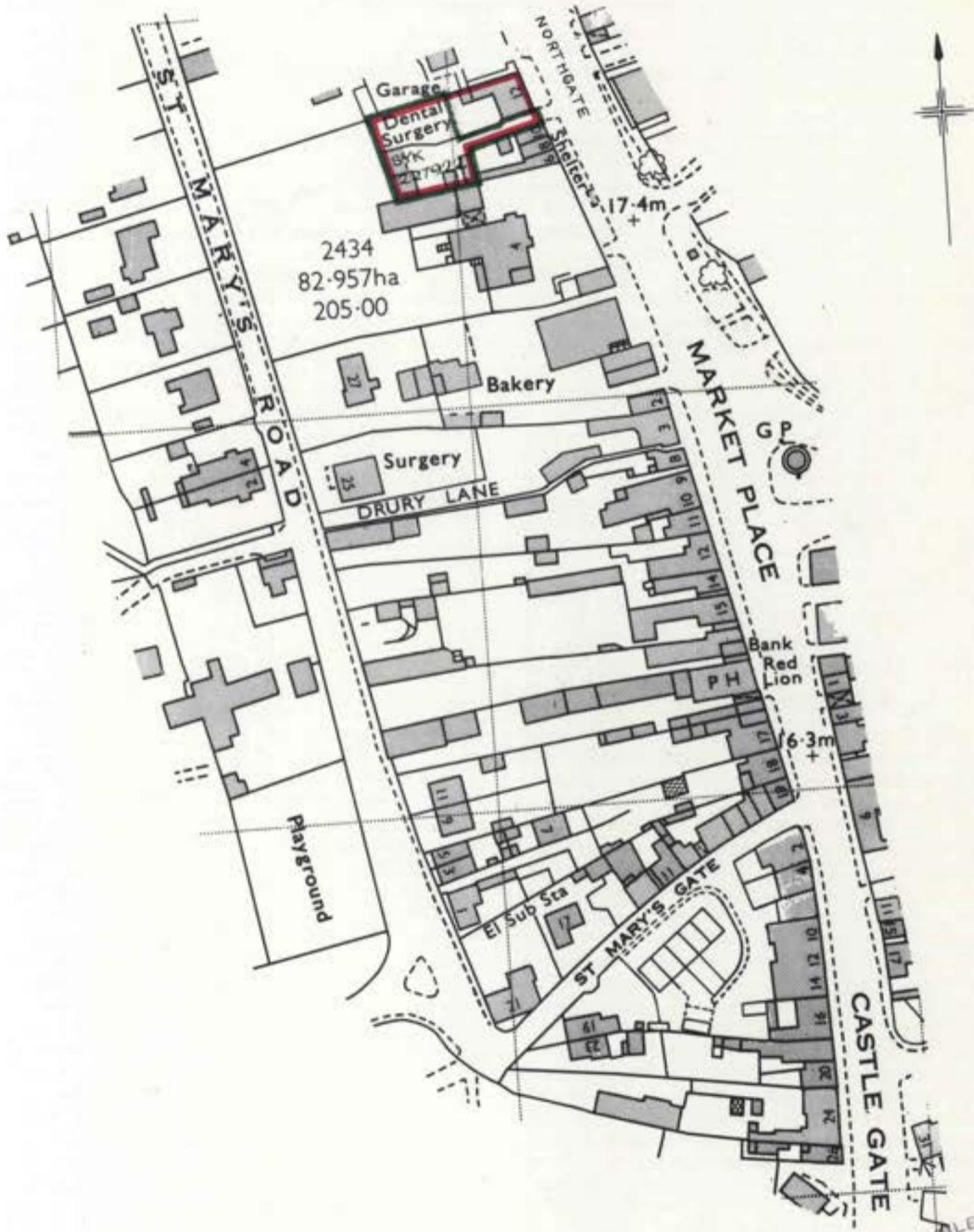
We recommend that a level of cover be affected to the sum of:

£240,000 (Two Hundred and Forty Thousand Pounds)

## Appendix I - Site Plan

H.M. LAND REGISTRY		TITLE NUMBER	
		SYK 31275	
ORDNANCE SURVEY PLAN REFERENCE	COUNTY	SHEET	NATIONAL GRID
	SOUTH YORKSHIRE		SK 5993
			SECTION
			B
Scale: 1/1250 Enlarged from 1/2500 DONCASTER DISTRICT			© Crown copyright 1976

TICKHILL PARISH



This is a print of the view of the title plan obtained from HM Land Registry showing the state of the title plan on 09 November 2022 at 11:47:16. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

This title is dealt with by HM Land Registry, Nottingham Office.

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## Appendix II – Photographs



Front Elevation



Front Elevation



Rear Yard



Rear Elevation



Surgery



Customer Toilet



Reception

## Appendix III – Valuation Calculations



## 12 Northgate, Tickhill, DN11 9HY

Valuation Date:	24/11/2022		
Freehold			
Rounded Value:	150,000	Net Initial Yield:	7.204%
Net Rent:	11,000	Nominal Equivalent Yield:	7.569%
Total ERV:	11,600	True Equivalent Yield:	7.940%
Total Area:	1,161 sqft	Reversionary Yield:	7.597%
Net value / sqft	129		
WAULT (to First Break):	1 yrs, 0 mths		
WAULT (to Lease Expiry):	1 yrs, 0 mths		

### Unit001, Genix Healthcare Tickhill

<b>Current</b>	Gross income	11,000		
	Net Income		11,000	
YP (7.250% for 1 year)	0.9324			10,256

<b>Nov 2023</b>	Gross income	11,600		
	Net Income		11,600	
YP (7.500% in perpetuity deferred for 1 year)	12.4031			143,876

**Unit Gross Value** **154,132**

### Summary of Unit Values

Unit001, Genix Healthcare Tickhill	154,132
<b>Total of Unit Values</b>	<b>154,132</b>

### Buyers Costs

Agents Fees	1.0000%	-1,800	v	
Legal Fees	0.5000%	-900	v	
Stamp Duty	(=0.0184%)	0		
Total (=1.8000% of Say Value):				-2,700

<b>Net Value</b>	<b>151,380</b>
<b>Rounded Net Value</b>	<b>150,000</b>

Total VAT Amount: 454

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
24/11/2022	152,700	0	11,000	11,000	7.204%	7.204%
24/11/2023	152,700	0	11,600	11,600	7.597%	7.597%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
Running Yields and Net Initial Yield are based on say value plus buyer's costs 152,700.  
Formulae as in Parry's Tables: rent annually in arrears.  
Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
Cap Adj Running Yield is based on rounded cumulative capital invested.  
Buyer's costs are based on Say Value.  
VAT rate of 20.00% applied where applicable.

## 12 Northgate, Tickhill, DN11 9HY

Valuation Date:	24/11/2022		
Freehold			
Rounded Value:	150,000	Net Initial Yield:	0.000%
Net Rent:	0	Nominal Equivalent Yield:	7.461%
Total ERV:	11,600	True Equivalent Yield:	7.816%
Total Area:	1,161 sqft	Reversionary Yield:	7.597%
Net value / sqft	129		

### Unit001, Genix Healthcare Tickhill

<b>Current</b>	Gross income	0		
	Net Income		0	
	YP (7.500% for 3 months)	0.2389		0
<b>Feb 2023</b>	Gross income	11,600		
	Net Income		11,600	
	YP (7.500% in perpetuity deferred for 3 months)	13.0944		151,895

**Unit Gross Value** **151,895**

### Summary of Unit Values

Unit001, Genix Healthcare Tickhill	151,895
<b>Total of Unit Values</b>	<b>151,895</b>

### Buyers Costs

Agents Fees	1.0000%	-1,800	v
Legal Fees	0.5000%	-900	v
Stamp Duty	(=0.0000%)	0	
Total (=1.8000% of Say Value):			-2,700

<b>Net Value</b>	<b>149,210</b>
<b>Rounded Net Value</b>	<b>150,000</b>

Total VAT Amount: 448

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
24/11/2022	152,700	0	0	0	0.000%	0.000%
24/02/2023	152,700	0	11,600	11,600	7.597%	7.597%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
 Running Yields and Net Initial Yield are based on say value plus buyer's costs 152,700.  
 Formulae as in Parry's Tables: rent annually in arrears.  
 Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
 Cap Adj Running Yield is based on rounded cumulative capital invested.  
 Buyer's costs are based on Say Value.  
 VAT rate of 20.00% applied where applicable.

## Schedule 11 – 2 College Court, Gildersome, Leeds, LS27 7WF

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### 12.1 Inspection

The property was inspected on 31 October 2022, in dry and overcast weather conditions by Jessica Walker MRICS.

### 12.2 Location

The property is located north of the A62 to the east of College Road within College Court. The surrounding area is largely residential in nature with some commercial property in the immediate vicinity. The property is less than a mile north of Junction 27 of the M62 and its junction with the M621 Motorway.

The property is situated within Gildersome, a village and civil parish in the City of Leeds, 5 miles south west of Leeds city centre in West Yorkshire, England. Gildersome forms part of the Heavy Woollen District.

Leeds (population 751,500 – 2011 census) is a major city within the City of Leeds Metropolitan Borough in West Yorkshire. Leeds is ranked as a Gamma City by the Globalization & World Cities Research Network. The cultural, financial and commercial heart of West Yorkshire, Leeds was historically associated with production and trade of wool in the 17th and 18th Centuries and was a major mill town during the Industrial Revolution. Today Leeds' economy is diverse, but largely centred around the service sector with over 30 national and international banks having office representation in Leeds, not to mention that the only Bank of England subsidiary office is situated in the city.

Leeds is well-accessible; it lies 25 miles west of York, 35 miles north of Sheffield, 10 miles east of Bradford and has direct access to the M1 and M62 motorways via the M621 outer ring road. The HS2 high speed rail-link will ultimately link London with Leeds via an East Midlands Hub and Sheffield. Leeds has one of the largest and busiest railway stations in the UK. In addition, Leeds Bradford Airport provides a convenient link for air-travel, being less than 10 miles north west of the city.

The general location of the property is illustrated on the following Ordnance Survey extract:



### 12.3 The Site

Site Area

**Approximate Areas**  
\*00 hectares (00 acres)

#### Notes on Site

The subject site is irregular in shape (title number WYK850219) and is held on 4 smaller parcels of land within College Court, made up of the main property along with associated on site allocated parking. To the northern, western and eastern boundaries are commercial occupiers respectively, while the southern boundary meets Gelderd Road (A62).

The extent of the site boundaries, as we understand them, are shown edged red on the Land Registry Title plan at the end of this schedule.

### 12.4 Description & Construction

The property comprises a two storey modern, open plan office block which has been purpose built. The property is of reinforced concrete frame construction surmounted by a timber framed pitched and hipped slate covered roof. Elevations are brick facing incorporating aluminium framed D/G powder coated double glazed windows.

Internally, to the ground floor are two open plan offices, a WC and has storage to the rear. The first floor comprises a large open plan office, some modular offices and a kitchenette. The property finds painted plaster walls, raised access carpet covered walls, suspended ceilings, recessed Cat II lighting and is served by a gas boiler serving wall mounted radiators. Perimeter trunking is apparent throughout. There is a lift found in the entrance hall. WC's are tiled.



Front Elevation



Store Room/Office



First Floor Office



Kitchenette

## 12.5 Accommodation

The following accommodation is provided:

Description	Approximate Net Internal Floor Area	
	m <sup>2</sup>	sq ft
<b>Ground Floor</b>		
Open Plan Offices	133.96	1,442
Toilets	-	-
<b>First Floor</b>		
Open Plan Offices	144.89	1,560
<b>Total</b>	<b>278.85</b>	<b>3,002</b>

The above areas have been ascertained from measurements taken during our inspection.

## 12.6 Development Proposals

None, that we are aware of.

## 12.7 Condition

We have not carried out a building survey and our comments that follow should not be regarded as such.

However, the following points are worthy of note:

- The timber fascia and soffits require repainting/replacing.
- Vegetation growth was noted within the guttering.
- Internally, the property was found in a reasonably good state of repair following recent re-decor works.

## 12.8 Services & Amenities

Mains services: We understand all mains and services are available and connected to the site.

Heating: The property is served by way of a gas fired boiler serving wall mounted radiators.

Air conditioning: None.

Lifts: There is disabled lift access to the first floor.

Other: Security lighting and CCTV.

None of the above services were tested during the course of our inspection of the property.

## 12.9 Statutory Enquiries

### Highways

From enquiries made of the local Highways Authority we understand that the main roads and footpaths in the vicinity of the property are made up and adopted. As such we assume there are no outstanding liabilities pertaining to the property.

### Planning

The most recent planning history for this property is summarised in the following table:

Address	Description	Application Number	Status
Genix Healthcare, 2 College Court, Gildersome, Morley, Leeds, LS27 7WF	Change of use from B1(office) to D1 (Health Clinic)	17/01447/FU	Withdrawn

### Registration/Licences

Our report assumes that there have been no undisclosed statutory matters which could have a material effect on our valuation.

Unless stated to the contrary in this report, we have assumed that the use of the property complies with all Building Consents, Planning Permissions, Public Health Statutes and Regulations and Bye-Laws.

### Property Taxation

The property is assessed in the 2017 rating list as follows.

Address	Description	Rateable Value 2017 list
Ground Floor 2, College Court, College Road, Gildersome, Morley, Leeds, LS27 7WF	Offices and premises	£9,600
First Floor 2, College Court, College Road, Gildersome, Morley, Leeds, LS27 7WF	Offices and premises	£11,000
<b>Total</b>		<b>£20,600</b>

The National Non-Domestic Rating Multiplier is set at 51.2 pence in the pound for rateable values above £51,000 and 49.9 pence in the pound for rateable values below £51,000 for the rates year 2022/23.

The subject property may be subject to transitional phasing and as such multiplying the Rateable Value by the National Non-Domestic Rating Multiplier may not give a true representation of the rates payable.

#### **Equality Act 2010 & Disability Discrimination**

It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

However from our brief inspection of the property the following items which may be worth further consideration were noted, including inter alia:

- Level access;
- Accessible WC;
- Accessible lift to first floor.

On the basis that an accessibility audit for Equality Act purposes has not been undertaken, we would recommend that the occupiers commission an audit to ensure compliance with the relevant legislation and undertake those works identified that are considered to be economically viable.

#### **12.10 Environmental Issues**

##### **Flooding**

From enquiries made of the Environment Agency website, we understand the agency classifies the subject property as being within an area categorised as Flood Zone 1 - land assessed as having a less than 1 in 1,000 annual probabilities of river or sea flooding (<0.1%).

We are not aware of any flooding issues with the property, nor are we aware of any underground culverts or history of flooding within the area.

##### **Energy Performance Certificates**

Our investigations indicate that the current EPC is above the required minimum level under the MEES, with an Energy Performance Rating of a C (64).

#### **12.11 Tenure & Tenancies**

##### **FREEHOLD**

We understand that the property is currently let as an office by way of a 5 year commercial lease. A copy of the lease has been summarised within the table below:

## 2 College Court, Gildersome, Morley, Leeds, LS27 7WF

Landlord	A & H Developers Limited
Tenant	AFP Digital Limited
Guarantor	None
Term	5 Years – Nov 2019
Rent	£36,000 Per Annum
Rent Review Date	Stepped rent: £30,000 p.a. 2019- 2020 £33,000 p.a. 2020- 2021 £36,000 p.a. 2021- 2024
Break Clause	None
Permitted Use	Offices within use Class B1 of the Town and Country Planning (Use Classes) Order 1987 as at the date this lease is granted
Alienation	The Tenant shall not assign the whole of this lease without the consent of the Landlord, such consent not to be unreasonably withheld or delayed
Repairs	FRI
Security of Tenure	No

### 12.12 Comparable Transactions

In arriving at our opinion of Market Value (MV) we have had regard to the following comparable transactions:

Address	Description	Date of Sale	Sale Price
Wentworth House Gildersome Morely LS27 7LE	Comprising a modern out of town office block extending to 7,125 sq ft over two storeys, located approximately 6 miles from Leeds City Centre. At the time of sale the property was Let on FRI terms to Gallagher Bassett International Ltd until 23rd March 2024 at a rent passing of £113,500 pa. The tenant had vacated the building and was open to an early surrender of the lease. We understand that the property subsequently acquired with vacant possession.	October 2022	£800,000  £112.28 psf

Vanguard House 9 Dewsbury Rd Leeds	<p>The property comprises a brick built converted warehouse building providing office accommodation extending to circa 28,435 sq ft arranged over three floors. The property is located within Leeds city centre with access to the M621 motorway and Leeds Railway Station situated close by.</p> <p>At the time of sale the property was let in its entirety to Civica UK until September 2023.</p>	March 2022	<p>£6.5M</p> <p>NIY 7.16%</p>
Howley Park Close Leeds	<p>Comprising a modern out of town office block extending to circa 1,294 sq ft, located within Howley Park Business Village.</p> <p>The property was purchased with vacant possession in June 2021.</p>	June 2021	<p>£185,000</p> <p>£143 psf</p>

In arriving at our opinion of Market Rent (MR) we have had regard to the following comparable transactions:

Address	Description	Lease Start Date	Achieved rent
Suite 4 6-7 Bruntcliffe Rd Leeds LS27 0RY	<p>Comprising 1,406 sq ft of ground floor modern office accommodation located within an established out of town office location close to Junction 27 of the M62. The accommodation benefits from adequate parking, air conditioning, raised access floors and DDA access.</p> <p>The property let to Ziegler Ltd in June 2022 by way of a 5 year FRI lease, incorporating a tenant break in year two.</p>	June 2022	£12.80 psf
Kingston House Woodhead Rd Birstall WF17 9TD	<p>Comprising 9,707 sq ft of ground floor and first floor office accommodation located within an established out of town office location close to Junction 27 of the M62. The accommodation benefits</p>	November 2021	£13.20 psf

	<p>from 50 allocated parking spaces, air conditioning, raised access floors and suspended ceilings.</p> <p>The property was let to Morrison Water Services in November 2021 by way of a 7 year FRI lease.</p>		
<p>Building 3 Turnberry Park Leeds LS27 7LE</p>	<p>The property comprises a modern office building of brick construction arranged over two floors, extending to 6,243 sq ft. The site is strategically positioned on the A650 just off Junction 27 of the M62 at its intersection with the M621.</p> <p>The property was let to Lovell Partnerships Ltd in January 2020 by way of a 10 year FRI lease, incorporating a 5 year mutual break option.</p>	<p>January 2020</p>	<p>£12.50 psf</p>

## 12.13 Valuation Considerations

### Valuation Methodology

In making our valuations, we have used both the comparative and investment methods of valuation.

#### 12.13.1 Market Rent (MR)

For any investment valuation it is important to first look at the rental income, to assess whether the property is let at, above or below Market Rent.

The comparable evidence listed above range from £12.50 -£13.20 psf, however we would comment that the latter two transactions were of substantially larger properties and therefore we would usually see an allowance to reflect quantum, however, this is generally cancelled out by their superior location closer to Leeds City Centre and motorway junctions.

Given the property's location and specification we have applied a rate of £12.50 psf to the net floor area. This produces a rounded rental opinion of £37,500 p.a., which we understand to be slightly higher than the passing rent.

#### 12.13.2 Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies

In valuing the subject property on this basis, we have utilised the investment method of valuation.

The strength of the tenant's covenant is the most important factor when determining an investment yield, closely followed by the length of the unexpired term, the prospects of rental growth and the property's general location. On this basis we have obtained a Creditsafe report for AFP Digital Ltd, the details of which are as follows:

#### **AFP Digital Ltd**

The company has a risk score of 47/100 and is rated low risk. They have a credit limit of £23,000 and contract limit of £34,500. As such, we consider that the market would perceive this tenant to be of a reasonable local covenant strength.

Having regard to recent transactional evidence, we consider the property to be marginally under rented at present. Consequently, in arriving at our opinion of Market Value (MV) we have utilised the Term and Reversion investment technique. In our calculations we have applied a yield of 7.5% to the term and then applied a yield of 8% to our opinion of Market Rent (MR) at the reversion, factoring in a 6 month void period at lease expiry. This produces a rounded valuation opinion of £432,500 when allowing for purchaser's costs at the prevailing rates, reflecting a true equivalent yield of 8.39%. For reference, we have attached a copy of our valuation calculations at Appendix III.

#### **12.13.3 Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;**

Given that we consider that the subject property would require a marketing period of up to 12 months, we consider such a stipulated timeframe to constitute a restricted marketing period.

Therefore, we consider that any prudent purchaser would seek to negotiate a discount. Consequently, we have deducted circa 15% from our opinion of MV1.

On this basis, we arrive at a Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days of £365,000.

#### **12.13.4 Market Value (MV3) of the Property assuming Vacant Possession**

In providing our opinion of Market Value, this basis requires us to make a special assumption that the subject property is available with full vacant possession as at the valuation date.

We have again adopted the investment method of valuation as we consider that a prospective purchaser would continue to hold the subject property for investment purposes. Therefore, valuing on this basis as opposed to a straight to capital approach.

In adopting this methodology, we have allowed for an initial void of 6 months to secure a letting on standard commercial lease terms before adopting a yield of 8.5% to our opinion of Market Rent, capitalising this income into perpetuity.

Having applied the above methodology, we arrive at a rounded Market Value subject to the special assumption of vacant possession (MV3) of £390,000, which reflects a capital rate of £130 psf. We are of the opinion that should the property become vacant there would likely be interest from parties looking to

owner occupy as well as traditional investors. For reference, we have attached a copy of our valuation calculations at Appendix III.

#### 12.14 Security Considerations/Lender Action Points

- We consider that the property is suitable security bearing in mind the Bank is contemplating a loan, subject to the usual prudent lending criteria.
- We do not consider that there is any hope value or synergistic value associated with adjoining buildings.
- We do not believe that there is any higher alternative use value.
- We consider that the property is marketable and should perform in line with its peers.
- We do not consider that values will rise in the short to medium term.
- The building has an estimated economic life in excess of 25 years, assuming appropriate maintenance is undertaken.
- The building is in excess of 30 years old and will require increasing expenditure on maintenance, repair and ultimate renewals.
- For mortgage regulation purposes, we confirm that less than 40% of the property to be held as security is residential in nature.
- Our investigations have not revealed any recent transaction or agreed price in respect of the subject premises. However, such information does come to light before the loan is finalised, we would request that you refer the matter back to us for further consideration.

#### 12.15 Valuation Opinion

Having regard to the above schedule, we are of the opinion that the value of the unencumbered freehold interest on the bases requested is:

Valuation Bases	
Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies	£432,500 (Four Hundred and Thirty Two Thousand Five Hundred Pounds)
Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;	£365,000 (Three Hundred and Sixty Five Thousand Pounds)
Market Value (MV3) of the Property assuming Vacant Possession	£390,000 (Three Hundred and Ninety Thousand Pounds)
Market Rent (MR)	£37,500 p.a. (Thirty Seven Thousand Five Hundred Pounds Per Annum)

We stress the importance of the valuation date, as recent experience has shown that property values may change quite significantly over a relatively short period of time.

Where statements are made upon the prospect of future growth or fall in rental and/or capital values it must be appreciated that such change may not occur, and that values can fall as well as rise.

### **12.16 Insurance Reinstatement Estimate**

You have also requested that we provide an estimate of the likely reinstatement cost for fire insurance purposes. This estimate has been arrived at using an instantaneous basis of value, adopted without regard to future inflation and without provision of loss of rent, any consequential loss or VAT. However, the estimate includes allowances for demolition, site clearance and professional fees.

We recommend that a level of cover be affected to the sum of:

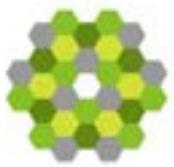
£770,000 (Seven Hundred and Seventy Thousand Pounds)

**Appendix I - Site Plan**

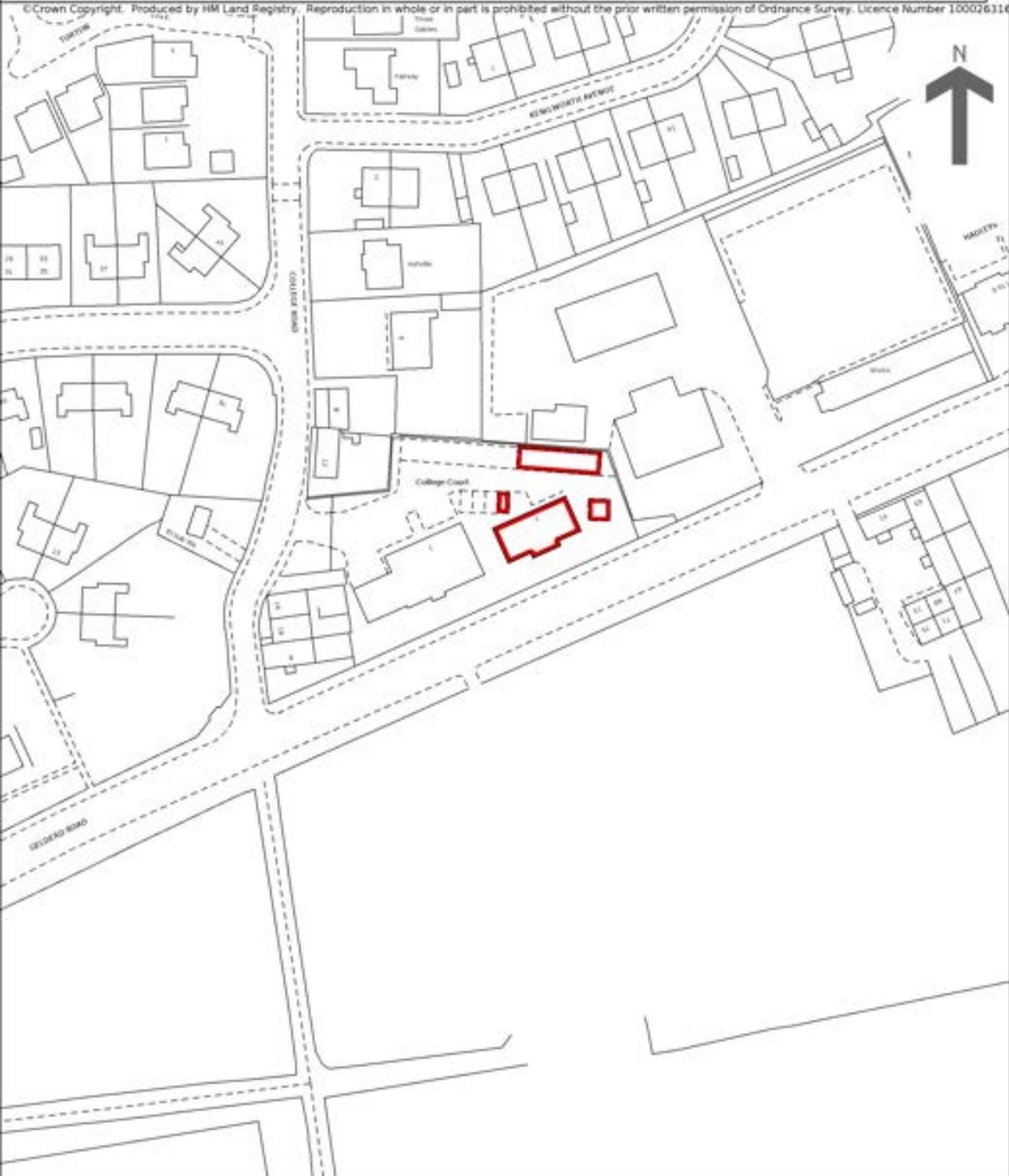


# HM Land Registry Current title plan

Title number **WYK850219**  
Ordnance Survey map reference **SE2428NE**  
Scale **1:1250**  
Administrative area **West Yorkshire : Leeds**



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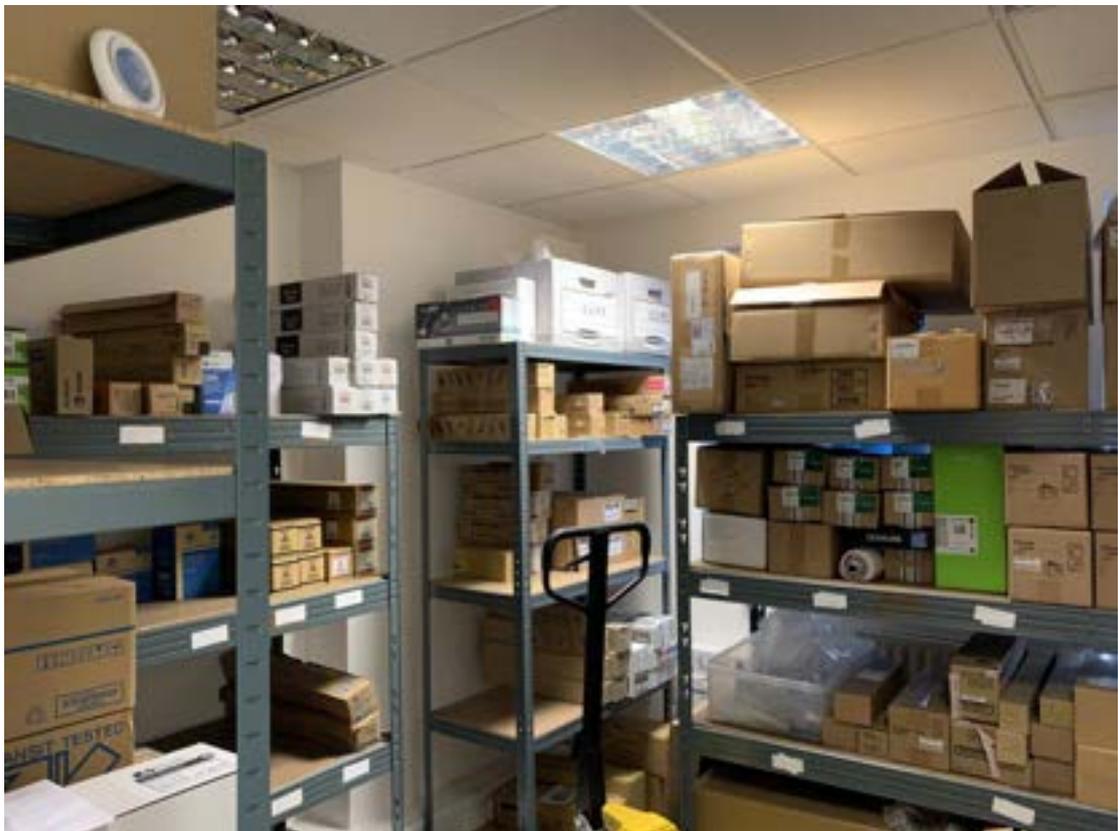
This title is dealt with by HM Land Registry, Nottingham Office.

**Appendix II – Photographs**





Front Elevation



Ground Floor – Office used for Storage



Ground Floor – Office



Ground Floor WC



First Floor Boardroom



Kitchenette

**Appendix III – Valuation Calculations**





## 2 College Court, Gildersome, LS27 7WF

Valuation Date:	23/11/2022		
Freehold			
Rounded Value:	432,500	Net Initial Yield:	7.975%
Net Rent:	36,000	Nominal Equivalent Yield:	7.991%
Total ERV:	37,500	True Equivalent Yield:	8.393%
Total Area:	3,002 sqft	Reversionary Yield:	8.307%
Net value / sqft	144		
WAULT (to First Break):	1 yrs, 11 mths		
WAULT (to Lease Expiry):	1 yrs, 11 mths		

### Unit001, AFP Digital Ltd

<b>Current</b>	Gross income	36,000		
	Net Income		36,000	
	YP (7.500% for 1 year and 11 months)	1.7258		62,130
<b>Oct 2024</b>	Gross income	0		
	Net Income		0	
	YP (8.000% for 6 months deferred for 1 year and 11 months)	0.4072		0
<b>Apr 2025</b>	Gross income	37,500		
	Net Income		37,500	
	YP (8.000% in perpetuity deferred for 2 years and 5 months)	10.3785		389,195

**Unit Gross Value** **451,324**

### Summary of Unit Values

Unit001, AFP Digital Ltd	451,324
<b>Total of Unit Values</b>	<b>451,324</b>

### Buyers Costs

Agents Fees	1.0000%	-5,190	v	
Legal Fees	0.5000%	-2,595	v	
Stamp Duty	(=2.5713%)	-11,125		
Total (=4.3723% of Say Value):				-18,910

<b>Net Value</b>	<b>432,420</b>
<b>Rounded Net Value</b>	<b>432,500</b>

Total VAT Amount: 1,297

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
23/11/2022	451,410	0	36,000	36,000	7.975%	7.975%
01/11/2024	451,410	0	0	0	0.000%	0.000%
30/04/2025	451,410	0	37,500	37,500	8.307%	8.307%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
Running Yields and Net Initial Yield are based on say value plus buyer's costs 451,410.  
Formulae as in Parry's Tables: rent annually in arrears.  
Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
Cap Adj Running Yield is based on rounded cumulative capital invested.  
Buyer's costs are based on Say Value.  
VAT rate of 20.00% applied where applicable.



## 2 College Court, Gildersome, LS27 7WF

Valuation Date:	23/11/2022		
Freehold			
Rounded Value:	390,000	Net Initial Yield:	0.000%
Net Rent:	0	Nominal Equivalent Yield:	8.512%
Total ERV:	37,500	True Equivalent Yield:	8.946%
Total Area:	3,002 sqft	Reversionary Yield:	9.236%
Net value / sqft	130		

### Unit001

<b>Current</b>	Gross income	0		
	Net Income		0	
	YP (8.500% for 1 year)	0.9217		0
<b>Nov 2023</b>	Gross income	37,500		
	Net Income		37,500	
	YP (8.500% in perpetuity deferred for 1 year)	10.8430		406,614

### Unit Gross Value

406,614

### Summary of Unit Values

Unit001	406,614
<b>Total of Unit Values</b>	<b>406,614</b>

### Buyers Costs

Agents Fees	1.0000%	-4,680	v	
Legal Fees	0.5000%	-2,340	v	
Stamp Duty	(=2.3148%)	-9,000		
Total (=4.1077% of Say Value):				-16,020

<b>Net Value</b>	<b>390,556</b>
<b>Rounded Net Value</b>	<b>390,000</b>

Total VAT Amount: 1,172

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
23/11/2022	406,020	0	0	0	0.000%	0.000%
23/11/2023	406,020	0	37,500	37,500	9.236%	9.236%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
Running Yields and Net Initial Yield are based on say value plus buyer's costs 406,020.  
Formulae as in Parry's Tables: rent annually in arrears.  
Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
Cap Adj Running Yield is based on rounded cumulative capital invested.  
Buyer's costs are based on Say Value.  
VAT rate of 20.00% applied where applicable.

## Schedule 12 – 14 Hartley Street, Mexborough, Sheffield, S64 9LX

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### 13.1 Inspection

The property was inspected on 31 October 2022, in dry and overcast weather conditions by Jessica Walker MRICS.

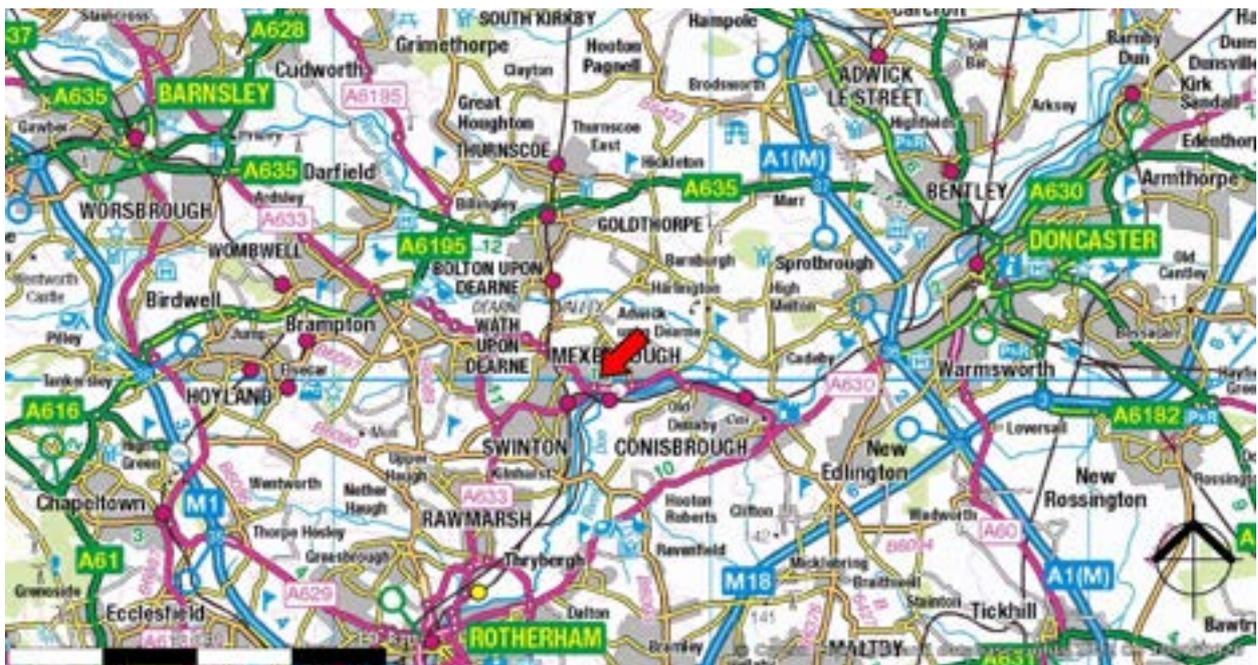
### 13.2 Location

The property is located Mexborough just south of Main Street to the west side of Hartley Street, close to the town centre of Mexborough. The immediate surrounding area is mixed retail and residential. Opposite the subject property is a small retail park with associated car parking.

Mexborough is a town in the Metropolitan Borough of Doncaster in South Yorkshire, England. Situated between Manvers and Denaby Main, it lies on the River Don close to where it joins the River Dearne, and the A6023 road runs through the town.

Sheffield is a city in the English county of South Yorkshire. In the city centre, the Millennium Gallery shows metalwork and art from Sheffield and around the world. It adjoins the Winter Garden, a large temperate glasshouse filled with plants. Kelham Island Museum covers the city's industrial heritage. The nearby countryside is part of Peak District National Park, characterised by moorland and rocky ridges.

The general location of the property is illustrated on the following Ordnance Survey extract:



### 13.3 The Site

Site Area

**Approximate Areas**  
0.006 hectares (0.016 acres)

## Notes on Site

The site is regular in shape and level throughout. The property fronts Hartley Road to the eastern boundary, the northern and southern boundaries directly adjoin neighbouring mixed retail accommodation. To the southern boundary is a rear access road used for bin storage.

The extent of the site boundaries, as we understand them, are shown edged red on the Land Registry Title plan at the end of this schedule.

### 13.4 Description & Construction

For the purposes of this instruction, we do not intend to describe the forms of construction adopted in detail but would instead refer you to our appended schedule of photographs.

The property comprises a mid-terraced property with retail frontage at ground floor level and timber framed windows to the first floor front elevation while they are PVCu to the rear elevation. The property is of traditional brick construction surmounted by a timber framed pitched slate roof. To the rear is an electric roller shutter door.

Internally, the ground floor operates as a barber including laminate floors, a suspended ceiling and Cat II lighting. Walls are wall papered. To the rear is a small kitchenette and toilet. Upstairs the property comprises a bathroom, kitchen and ancillary stores.



Front Elevation



Ground Floor Retail



First Floor Stores



Rear Elevation

### 13.5 Accommodation

The following accommodation is provided:

Description	Approximate Net Internal Floor Area	
	m <sup>2</sup>	sq ft
Ground Floor – Retail incl. kitchen and staff WC	47.42	510
First Floor – Stores, Kitchen, Bathroom	34.80	375
<b>Total</b>	<b>82.22</b>	<b>885</b>

The above areas have been ascertained from measurements taken during our inspection.

### 13.6 Development Proposals

None, that we are aware of.

### 13.7 Condition

We have not carried out a building survey and our comments that follow should not be regarded as such.

However, the following points are worthy of note:

- The timber framed windows to the first floor are showing signs of rot and would benefit from replacement.
- Overall, the property was found to be in a reasonable state of repair commensurate to the property's age, nature of use and construction type.

### 13.8 Services & Amenities

Mains services: We understand all mains and services are available and connected to the property.

Heating: The property is heated by wall mounted radiators served by a gas fired boiler.

Air conditioning: None.

Lifts: None.

Other: N/A.

None of the above services were tested during the course of our inspection of the property.

### 13.9 Statutory Enquiries

#### Highways

From enquiries made of the local Highways Authority we understand that the main roads and footpaths in the vicinity of the property are made up and adopted. As such we assume there are no outstanding liabilities pertaining to the property.

#### Planning

The current Doncaster Local Plan sets out how Doncaster Borough will grow and develop from 2015 to 2035. It identifies where and how new jobs, homes and services will be located. After independent examination the Local Plan was adopted on 23 September 2021. Following our enquiries with the local authority we are aware the property is allocated within the following areas.

- Mexborough: Main Town Development Limits – see Policy 1
- Mexborough (Town Centre) Town Centre Boundary – see policy 22, 23 and 70
- Residential Policy Area – see policy 10

The most recent planning history for this property is summarised in the following table:

Address	Description	Application Number	Status
14 Hartley Street Mexborough S64 9LX	Change of use from Class D1 (Dental Practice) to Class B1 (Dental Laboratory)	11/03251/FUL	Planning permission granted

#### Registration/Licences

Our report assumes that there have been no undisclosed statutory matters which could have a material effect on our valuation.

Unless stated to the contrary in this report, we have assumed that the use of the property complies with all Building Consents, Planning Permissions, Public Health Statutes and Regulations and Bye-Laws.

#### Property Taxation

The property is assessed in the 2017 rating list as follows.

Address	Description	Rateable Value 2017 list
14 Hartley Street, Mexborough, Sheffield, S64 9LX	Shop and premises	£5,200

The National Non-Domestic Rating Multiplier is set at 51.2 pence in the pound for rateable values above £51,000 and 49.9 pence in the pound for rateable values below £51,000 for the rates year 2022/23.

The subject property may be subject to transitional phasing and as such multiplying the Rateable Value by the National Non-Domestic Rating Multiplier may not give a true representation of the rates payable.

#### Equality Act 2010 & Disability Discrimination

It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

However from our brief inspection of the property the following items which may be worth further consideration were noted, including inter alia:

- Unlevel access;
- No accessible WC;
- Stair access to upper floors only.

On the basis that an accessibility audit for Equality Act purposes has not been undertaken, we would recommend that the occupiers commission an audit to ensure compliance with the relevant legislation and undertake those works identified that are considered to be economically viable.

#### The Regulatory Reform (Fire Safety) Order 2005

We have not had sight of any Fire Safety Assessment for this property. We recommend that the occupiers take appropriate measures to ensure that they are in compliance with the legislation.

Our valuation assumes that a Fire Safety Assessment has not been carried out but that the findings of any such report would not be valuation significant.

### 13.10 Environmental Issues

#### Flooding

From enquiries made of the Environment Agency website, we understand the agency classifies the subject property as being within an area categorised as Flood Zone 1 - land assessed as having a less than 1 in 1,000 annual probabilities of river or sea flooding (<0.1%).

We are not aware of any flooding issues with the property, nor are we aware of any underground culverts or history of flooding within the area.

#### Mineral Workings & Mining

The Mexborough area is generally affected by mine workings, but should there be workings in the vicinity of this property we would have expected any ground movement associated therewith to have ceased long ago.

#### Energy Performance Certificates

Our investigations indicate that the current EPC is above the required minimum level under the MEES, with an Energy Performance Rating of a C (63).

### 13.11 Tenure & Tenancies

#### FREEHOLD

We understand that the property is currently let as a barbershop by way of a 5 year commercial lease. A copy of the lease has been summarised within the table below:

14 Hartley Street, Mexborough, South Yorkshire, S64 9LX	
Landlord	A & H Developers Limited
Tenant	Mahmudi Jamshid
Guarantor	None
Term	5 Years
	1 April 2019
Rent	£5,500 Per Annum
Rent Review Date	None
Break Clause	The tenant may on the third anniversary of the lease by giving 28 days notice
Alienation	As condition of giving approval to an assignment, the Landlords may require the Tenant to enter into an Authorised Guarantee Agreement under Section 16 of the Landlord & Tenant (Covenants) Act 1995 guaranteeing them that the assignee will perform all the Tenant's covenants in this lease
Repairs	FRI
Security of Tenure	Yes

### 13.12 Comparable Transactions

In arriving at our opinion of Market Value (MV) we have had regard to the following comparable transactions:

Address	Description	Date of Sale	Sale Price
65 High Street Mexborough S63	Comprising a mid terrace retail unit extending to circa 1,313 sq ft over two storeys. The property was sold with vacant possession in October 2021.	October 2021	£86,000 £65.50 psf
25- 27 Doncaster Road Goldthorpe S63 9HG	Forming part of a terraced parade comprising 2x ground floor shops with office accommodation above No. 27 (accessed internally) and a store at first floor above No. 25. The property extends to 1,669 sq ft in total.  At the time of sale the shop at No. 25 was let to M Bull t/a café for a term of 7 years from 13 <sup>th</sup> November	July 2021	£130,000 NIY 7.78%

	2020 at a rent of £7,200 per annum by way of an FRI lease incorporating RPI linked rent reviews in 2023 and 2026. The shop at No. 27 was let to A Tarff t/a florist by way of an FRI lease for a term of 3 years from 1 <sup>st</sup> August 2018 at a rent of £3,100 per annum.		
32-36 Barnsley Road, Goldthorpe S63 9NQ	The property forms a former cinema which has been converted to provide 3x retail units and a gym to the rear. We understand that the property benefits from planning permission to convert the gym into 3 additional retail units. There is also scope for residential at first floor level STP. At the time of sale the property was producing a combined rental income of £25,800 p.a. We would comment that the property is very unique and as such is likely to require intensive maintenance.	October 2020	£220,000  NIY 11.45%

In arriving at our opinion of Market Rent (MR) we have had regard to the limited evidence which we have been able to identify, combined with our market knowledge and experience:

Address	Description	Lease Start Date	Achieved rent
3 Main Street Mexborough S64 9LU	The property forms a ground floor retail unit extending to circa 534 sq ft plus a small office extending to circa 60 sq ft located within Mexborough town centre. The property was let to Ooh Baby Baby by way of a 5 year FRI lease at a rent of £5,500 p.a. The property occupies an inferior position to that of the subject property.	December 2021	£5,500 p.a.  £11.11 psf ITZA
59-59a High Street Mexborough S64 9AB	Comprising a retail unit located within the centre of Mexborough town centre. The property extends to circa 645 sq ft (369 sq ft ITZA) and benefits from a return frontage. The property was let in September 2021 on unknown terms. The property	September 2021	£7,800 p.a.  £21.13 psf ITZA

	occupies a superior position than that of the subject property.		
90 High Street Mexborough S64 9AU	The property comprises a retail unit extending to circa 2,248 sq ft (527 psf ITZA) with ground floor retail space, kitchen, WC and storage area. There is further storage space to the first and second floors. The property is located on the High Street close to its junction with Main Street, West Street and Swinton Road in the centre of Mexborough town centre. The property let to Mr Mia by way of a 10 year FRI lease in September 2019. The property occupies a superior position to that of the subject property.	September 2019	£9,000 p.a.  £17.08 psf ITZA

### 13.13 Valuation Considerations

#### Valuation Methodology

In making our valuations, we have used both the comparative and investment methods of valuation.

#### 13.13.1 Market Rent (MR)

For any investment valuation it is important to first look at the rental income, to assess whether the property is let at, above or below Market Rent.

Due to the lack of transactional evidence within Mexborough, we have sought evidence within the last 3 years to be used as a guide only, alongside our market knowledge and experience.

The comparable evidence listed shows that rates can vary quite substantially depending on the pitch and proximity to the town centre, as well as the size and overall condition, with the evidence highlighting a range between c. £11- 20 psf ITZA.

Given the property's position on Hartley Street and specification we have applied a rate of £15 psf ITZA. This produces a rounded rental opinion of £5,500 p.a., which we understand to be in line with the passing rent.

#### 13.13.2 Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies

In valuing the subject property on this basis, we have utilised the investment method of valuation.

The strength of the tenant's covenant is the most important factor when determining an investment yield, closely followed by the length of the unexpired term, the prospects of rental growth and the property's general location.

The property is currently let to a local covenant tenant who operates the property as a barbershop. The tenant has been in occupation since April 2019, with circa 2 years remaining until lease expiry. We consider the property to be rack rented at present at a passing rent of £5,500 p.a. Consequently, in arriving at our opinion of Market Value (MV) we have applied a yield of 9% to the passing rent which produces a rounded valuation opinion of £60,000 when allowing for purchaser's costs at the prevailing rates. For reference, we have attached a copy of our valuation calculations at Appendix III.

#### 13.13.3 Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;

Given that we consider that the subject property would require a marketing period of up to 12 months, we consider such a stipulated timeframe to constitute a restricted marketing period.

Therefore, we consider that any prudent purchaser would seek to negotiate a discount. Consequently, we have deducted circa 20% from our opinion of MV1.

On this basis, we arrive at a Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days of £50,000.

#### 13.13.4 Market Value (MV3) of the Property assuming Vacant Possession

In providing our opinion of Market Value, this basis requires us to make a special assumption that the subject property is available with full vacant possession as at the valuation date.

We have again adopted the investment method of valuation as we consider that a prospective purchaser would continue to hold the subject property for investment purposes. Therefore, valuing on this basis as opposed to a straight to capital approach.

In adopting this methodology, we have allowed for an initial void of 12 months to secure a letting on standard commercial lease terms before adopting a yield of 10% to our opinion of Market Rent, capitalising this income into perpetuity.

Having applied the above methodology, we arrive at a rounded Market Value subject to the special assumption of vacant possession (MV3) of £50,000, reflecting a reversionary yield of 10.81%. For reference, we have attached a copy of our valuation calculations at Appendix III.

### 13.14 Security Considerations/Lender Action Points

- We consider that the property is suitable security bearing in mind the Bank is contemplating a loan, subject to the usual prudent lending criteria.
- We do not consider that there is any hope value or synergistic value associated with adjoining buildings.
- We do not believe that there is any higher alternative use value.
- We consider that the property is marketable and should perform in line with its peers.
- We do not consider that values will rise in the short to medium term.

- The building has an estimated economic life in excess of 25 years, assuming appropriate maintenance is undertaken.
- The building is in excess of 100 years old and will require increasing expenditure on maintenance, repair and ultimate renewals.
- For mortgage regulation purposes, we confirm that less than 40% of the property to be held as security is residential in nature.
- Our investigations have not revealed any recent transaction or agreed price in respect of the subject premises. However, such information does come to light before the loan is finalised, we would request that you refer the matter back to us for further consideration.

### 13.15 Valuation Opinion

Having regard to the above schedule, we are of the opinion that the value of the unencumbered freehold interest on the bases requested is:

Valuation Bases	14 Hartley Road, Mexborough
Market Value (MV1) in its current condition subject to, and with the benefit of, any existing leases or tenancies	£60,000 (Sixty Thousand Pounds)
Market Value (MV2) in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;	£50,000 (Fifty Thousand Pounds)
Market Value (MV3) of the Property assuming Vacant Possession	£50,000 (Fifty Thousand Pounds)
Market Rent (MR)	£5,500 p.a. (Five Thousand Five Hundred Pounds Per Annum)

We stress the importance of the valuation date, as recent experience has shown that property values may change quite significantly over a relatively short period of time.

Where statements are made upon the prospect of future growth or fall in rental and/or capital values it must be appreciated that such change may not occur, and that values can fall as well as rise.

### 13.16 Insurance Reinstatement Estimate

You have also requested that we provide an estimate of the likely reinstatement cost for fire insurance purposes. This estimate has been arrived at using an instantaneous basis of value, adopted without regard to future inflation and without provision of loss of rent, any consequential loss or VAT. However, the estimate includes allowances for demolition, site clearance and professional fees.

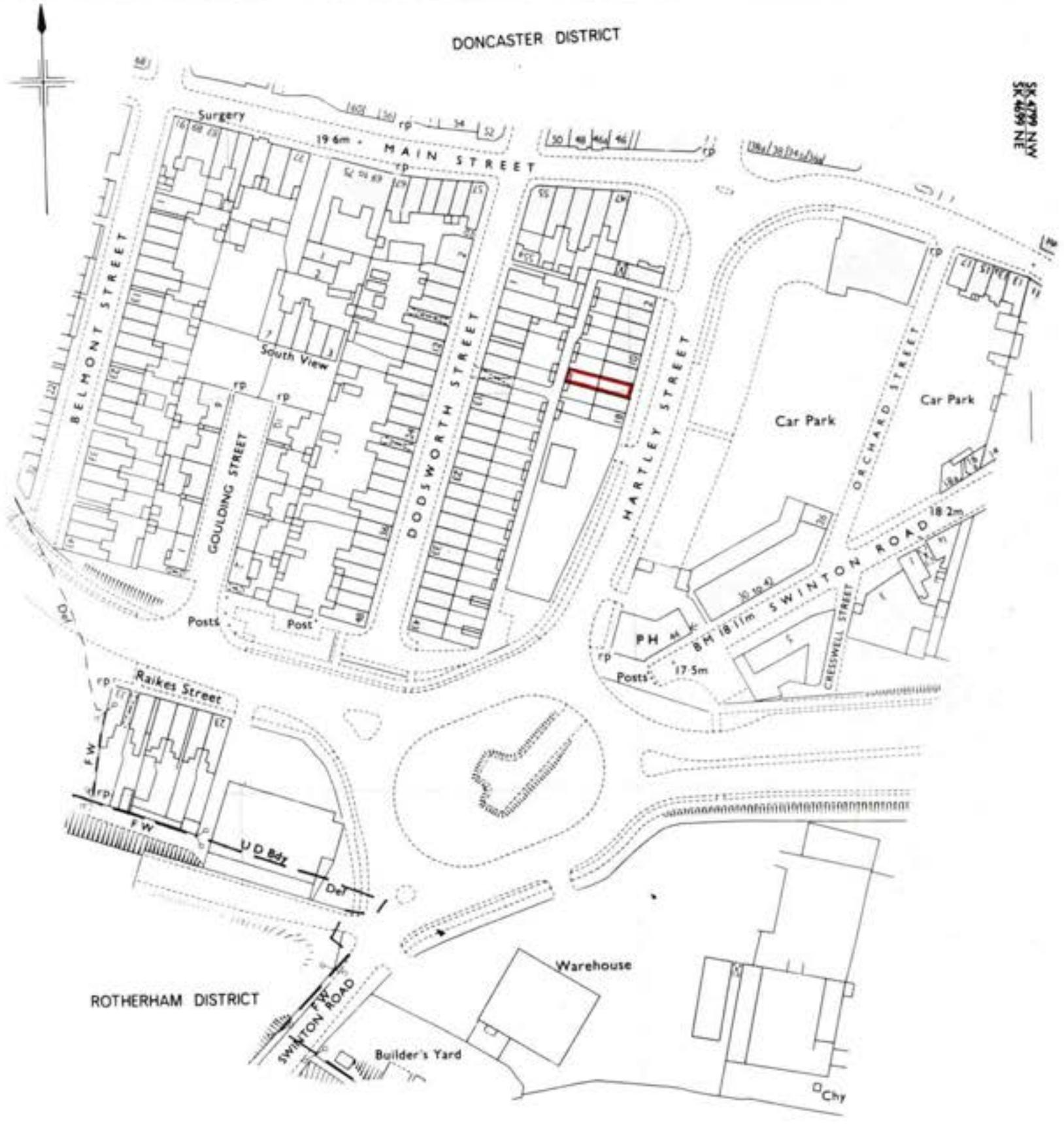
We recommend that a level of cover be affected to the sum of:

£200,000 (Two Hundred Thousand Pounds)

**Appendix I - Site Plan**



<b>H.M. LAND REGISTRY</b>		TITLE NUMBER		
		<b>SYK 84398</b>		
ORDNANCE SURVEY PLAN REFERENCE	COUNTY	SHEET	NATIONAL GRID	SECTION
	SOUTH YORKSHIRE		SK 4699	E
Scale: 1/1250			© Crown copyright 1971.	



This is a print of the view of the title plan obtained from HM Land Registry showing the state of the title plan on 29 November 2022 at 18:55:18. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

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**Appendix II – Photographs**





Front Elevation



Ground Floor Retail



Ground Floor Rear Kitchenette



First Floor Stores



First Floor Kitchen



First Floor Stores



Rear Elevation

**Appendix III – Valuation Calculations**



## 13 Hartley Street, Mexborough, s64 9lx

Valuation Date:	23/11/2022		
Freehold			
Rounded Value:	60,000	Net Initial Yield:	9.005%
Net Rent:	5,500	Nominal Equivalent Yield:	8.924%
Total ERV:	5,445	True Equivalent Yield:	9.446%
Total Area:	363 sqft	Reversionary Yield:	8.915%
Net value / sqft	165		
WAULT (to First Break):	1 yrs, 4 mths		
WAULT (to Lease Expiry):	1 yrs, 4 mths		

### Unit001, Mahmudi Jamshid

<b>Current</b>	Gross income	5,500		
	Net Income		5,500	
	YP (9.000% for 1 year and 4 months)	1.2061		6,633
<b>Mar 2024</b>	Gross income	5,445		
	Net Income		5,445	
	YP (9.000% in perpetuity deferred for 1 year and 4 months)	9.9050		53,933

**Unit Gross Value** **60,566**

### Summary of Unit Values

Unit001, Mahmudi Jamshid	60,566
<b>Total of Unit Values</b>	<b>60,566</b>

### Buyers Costs

Agents Fees	1.0000%	-720	v	
Legal Fees	0.5000%	-360	v	
Stamp Duty	(=0.0000%)	0		
Total (=1.8000% of Say Value):				-1,080

<b>Net Value</b>	<b>59,495</b>
<b>Rounded Net Value</b>	<b>60,000</b>

Total VAT Amount: 178

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
23/11/2022	61,080	0	5,500	5,500	9.005%	9.005%
01/04/2024	61,080	0	5,445	5,445	8.915%	8.915%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
 Running Yields and Net Initial Yield are based on say value plus buyer's costs 61,080.  
 Formulae as in Parry's Tables: rent annually in arrears.  
 Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
 Cap Adj Running Yield is based on rounded cumulative capital invested.  
 Buyer's costs are based on Say Value.  
 VAT rate of 20.00% applied where applicable.

## 14 Hartley Street, Mexborough, s64 9lx

Valuation Date:	23/11/2022		
Freehold			
Rounded Value:	50,000	Net Initial Yield:	0.000%
Net Rent:	0	Nominal Equivalent Yield:	9.838%
Total ERV:	5,500	True Equivalent Yield:	10.415%
Total Area:	363 sqft	Reversionary Yield:	10.806%
Net value / sqft	138		

### Unit001

<b>Current</b>	Gross income	0		
	Net Income		0	
	YP (10.000% in perpetuity)	10.0000		0
<b>Nov 2023</b>	Gross income	5,500		
	Net Income		5,500	
	Increase in Net Income		5,500	
	YP (10.000% in perpetuity deferred for 1 year)	9.0909		50,000

**Unit Gross Value** **50,000**

### Summary of Unit Values

Unit001	50,000
<b>Total of Unit Values</b>	<b>50,000</b>

### Buyers Costs

Agents Fees	1.0000%	-600	v	
Legal Fees	0.5000%	-300	v	
Stamp Duty	(=0.0000%)	0		
Total (=1.8000% of Say Value):				-900

<b>Net Value</b>	<b>49,116</b>
<b>Rounded Net Value</b>	<b>50,000</b>

Total VAT Amount: 147

### Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
23/11/2022	50,900	0	0	0	0.000%	0.000%
23/11/2023	50,900	0	5,500	5,500	10.806%	10.806%

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.  
 Running Yields and Net Initial Yield are based on say value plus buyer's costs 50,900.  
 Formulae as in Parry's Tables: rent annually in arrears.  
 Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"  
 Cap Adj Running Yield is based on rounded cumulative capital invested.  
 Buyer's costs are based on Say Value.  
 VAT rate of 20.00% applied where applicable.