

VALUATION INSPECTION REPORT
OF

**7 SOUTH HILL GROVE
HARROW
MIDDLESEX HA1 3PR**

ON THE 20th MARCH 2023

ON BEHALF OF

**PROPLEND SECURITY LIMITED
20-22 WENLOCK ROAD
LONDON N1 7GU**

Prepared By:
Giles Owens MRICS
Brendons Chartered Surveyors
Royal Chambers
104 Pitshanger Lane
Ealing, London W5 1QX
Date: 5th April 2023
Our Ref: E8A9B521/GO/PMM

VALUATION REPORT SUMMARY

| | |
|-----------------------------|--|
| PROPERTY: | 7 South Hill Grove, Harrow, HA1 3PR |
| DESCRIPTION: | An extended semi detached 2 storey house arranged as 6 letting rooms each with en-suite with shower/WC and shared reception room and kitchen, within an established residential area. |
| LOCATION: | The property is located within a quiet residential cul-de-sac accessed via Wood End Road, to the west of Greenford Road, within a residential area comprising in the main 1930s built semi detached houses close to Sudbury Hill TFL and underground station (Piccadilly). |
| PLANNING USE: | 7 South Hill Grove, Harrow, HA1 3PR C2 Residential Institution, as defined by Use Classes Order 2020. |
| TENURE: | The property is held Freehold subject to an existing tenancy. |
| PURPOSE: | Proposed loan security. |
| VALUATION DATE: | 20 th March 2023. |
| VALUATION BASIS: | Market Value subject to tenancy. Market Value with vacant possession. Market Value 90 day disposal. |
| MORTGAGE REGULATION: | At the date of inspection all the building and land areas were being used in connection with a residential dwelling. |

ADDRESS OF PROPERTY

7 South Hill Grove, Harrow, HA1 3PR

PURPOSE OF VALUATION

Assessment of Market Value of the subject property for lending purposes.

INSTRUCTIONS

Instructed by Proplend Security Limited in February 2023 to provide a valuation for proposed loan security purposes.

The borrower is Mr N and Ms D M Kritikos.

In accordance with your instructions (Appendix 1), the above property was inspected by Mr Giles Owens MRICS (hereafter called "The Valuer") RICS Registered Valuer, who is acting as an External valuer. The valuation is provided in accordance with the 'RICS Valuation – Global Standards 2018 (The Red Book)'

Your instructions are accepted on the basis of your Panel or Service Agreement which has previously been agreed between our respective organisations or, in the absence of this, our standard Terms and Conditions based upon the requirements of the Royal Institution of Chartered Surveyors. Any variance from the appropriate Terms and Conditions which have been agreed, are noted in this report. A copy of the instruction letter is included in the Appendix to this report.

We are not aware of any conflicts of interest that preclude us from preparing this valuation.

We have discussed and agreed with you in writing any special assumptions prior to commencing the valuation process, other than the marketing constraints defined in you instructions.

We are external valuers as defined in the RICS Valuation – Professional Standards 2014, as amended.

TENURE

The property is held Freehold, Title No. MX140829 Edition dated 20 January 2022, copied 27th March 2023 – a copy is attached.

Title Absolute held in the name of Mr N Kritikos and Ms D M Kritikos.

We note on the charges register a charge held by NatWest Bank and Alternative Bridging UK Ltd. The property is subject to an occupational lease.

DESCRIPTION

The property comprises a semi-detached house originally built in the 1930s and has been extended by virtue of side and rear extensions. The property is arranged as a house in multiple occupation having 1 letting room on the second/attic floor, 3 letting rooms to the first floor together with office and separate bathroom/WC, and 2 letting rooms to the ground floor, with shared kitchen and lounge areas.

The front garden is paved to provide 2/3 off road car parking spaces and shared use of the rear garden accessed from the lounge.

South Hill Grove is a residential cul-de-sac off West End Lane, approximately 400m west of Green Road and Sudbury Hill Harrow TFL station and Sudbury Hill underground station (Piccadilly line) within a residential suburb about 14km northwest of central London, with retail facilities within Greenford Road by the stations, together with recreational facilities in nearby.

CONSTRUCTION

The main part of the house is of traditional solid brick construction with the more recent side and rear elevation extension being of cavity brick/block, together with a side dormer to the roof area, under concrete tiled clad roof slopes.

ACCOMMODATION

The property has been measured to a gross internal floor area in accordance with the RICS Code of Measuring Practice.

Ground Floor:

Entrance Hall
Bedroom 1 (4.44m x 2.3m) with en-suite shower/WC
Staff Office (4.3m x 3.88m)
Lounge (6.99m x 5.27m max)
Kitchen (5.3m max x 2.7m)
Shower/WC

First Floor:

Bedroom 2 (3.9m x 3.45m) with en-suite shower/WC
Bedroom 3 (3.95m x 3.4m) with en-suite shower/WC
Bedroom 4 (4.4m x 2.3m) with en-suite shower/WC
Bedroom 5 (5m x 1.8m) with en-suite shower WC
Office (3.36m x 2.2m)
Bathroom/WC (2.4m x 1.7m)

Second Floor:

Bedroom 6 (4.8m x 3m) with en-suite shower/WC (area of reduced head height)

The Gross Internal Area is: 156.88 sq m / 1,688 sq ft

Outside:

Front garden (paved) 2/3 off road parking spaces

Rear garden - approximately 22m deep

TENANCY

The entire property is subject to an occupational lease on the following terms:

- Landlord: Mr N and Ms D M Kritikos
- Tenant: Y C C Limited – changed name to Daffodils Homes Ltd 17th May 2022
- Guarantor: Jose Jameskutty
- Term: 5 years from 13th April 2022 expiring 2027
- Rent: Initial rent £5,000 per calendar month, after 12 months rising to £5,500 per month
- Tenant Covenant: To pay rent, insurance, rates and taxes and all outgoings
- Assignment: Of the whole only with Landlord's consent, not to be unreasonably withheld
- Repair: To keep in good and substantial repair and including windows. Not to put into a better condition as evidence by Schedule of Condition (not supplied)
- Decorate: As reasonably necessary and in the last 3 months of term. Within 3 months of termination replace floor coverings
- Alteration: Tenant may undertake internal non-structural alterations subject to Landlord's consent, not to be unreasonably withheld
- Use: Permitted use only - C2 Residential Accommodation for people in need of care within Use Classes Order of Town & Country Planning Act 1987
- Lease: Excluding Sections 24 – 28 The Landlord and Tenant Act option.
- Break Clause: Tenant may terminate lease on serving notice at least 3 months prior to break after 2 years from commencement date

Rent Review: April 2025 to a market rent assuming a hypothetical lease for a term of 5 years with a rent review every 3rd year with a break option after 2

Assumptions of Valuation: Willing Landlord and Tenant, vacant possession, no premium and time is not of the essence

ENVIRONMENTAL ISSUES

Contamination

From our enquiries and from our inspection of the property and its surroundings, we have no reason to believe that any contamination is present. Our views as to value therefore assume that the property is unaffected. However, should it be established subsequently that contamination exists at the property, or on any neighbouring land, or that the premises have been put to any contaminative use, this might reduce the value now reported.

Flooding

We have not made specific enquiries, but we are not aware that the property has been identified by the Environment Agency as being one where there is an increased risk of flooding such as on a floodplain.

To the best of our knowledge, no recent flooding affecting the property has occurred. Clients seeking further information should refer to the Environment Agency website (www.environment-agency.gov.uk).

Radon

The property is in a part of the country where there is a very low likelihood of radon posing a potential risk to health.

Knotweed

Japanese knotweed is a highly invasive plant known to cause damage to brickwork, foundations, paving and drainage. Eradication by long term biological control or excavation is a matter for a specialist contractor.

Disposal of the plant or contaminated soil is regulated as "Controlled Waste" under the **Waste Management Licensing Regulations 1994**. It may also be necessary to treat adjoining properties if similarly affected.

At the time of inspection no obvious evidence of any harmful vegetation was found on the site.

We recommend regular inspection and maintenance of plant life to prevent any potential harm to the stability of the building.

PLANNING MATTERS / ISSUES

The property lies within an area covered by the London Borough of Harrow which is also the Local Planning Authority. We understand that the premises fall under C2 Residential. As a result, the property is not listed as a registered House in Multiple Occupation as the operator is a Registered Social Landlord.

We have not made specific enquiries of the planning authority but do note the following planning history.

2012 – Ref 0480: Lawful development. Alterations to roof to include rear dormer.

Ref 11644: Retrospective application for change of Use from house to Care Home for the Elderly (C2)

GARAGE / PARKING SPACES

Apart from the front garden area we are not aware of any additional parking spaces for the property.

ROADS AND FOOTPATHS

We understand from previous verbal enquiries of the Highways Authority that Clarendon Gardens is a made-up road, which is adopted and maintainable at public expense.

MAINS SERVICES (No tests have been carried out to any of the services)

No tests have been carried out to any of the services. All mains services are connected to the property.

HEATING SYSTEMS

The property benefits from a gas fired combination boiler providing central heating and hot water together with an electrical hot water cylinder.

MOVEMENT / SUBSIDENCE / GROUND HEAVE, ETC

There was no evidence of movement to the main structure.

CONDITION

Generally, the properties have been fitted and decorated to an acceptable standard throughout. This valuation is made on the assumption that the property is in a condition commensurate with its age, character, style of construction and mode of use at the date of this valuation and that it will remain so throughout the term of the loan.

We have made a visual internal and external inspection of the premises on the date of inspection prior to preparing this valuation. The external inspection has been undertaken from ground level only. We have not inspected those parts of the property which are covered, unexposed or inaccessible including the roof space and such parts are assumed to be in good repair and condition.

At the time of our inspection the condition of the property was assumed good for all elements of the property.

We have not been instructed to undertake any structural or building survey, test the services or arrange for investigations to be carried out to determine whether any deleterious materials have been used in the construction of the subject premises or subsequent additions. In the event that a subsequent survey reveals defects in the subject premises, we reserve the right to reconsider our valuation in the light of the revised facts.

We have not carried out a survey to determine whether asbestos is present in the property or completed a risk assessment.

We have been informed by the applicant that no asbestos is known to exist on the site, and we have been unable to identify or inspect an Asbestos Register or Asbestos Management Plan. Any asbestos disclosures in the Asbestos Register requiring work or management may have an adverse effect on the reported valuation.

The relevant legislation is contained in the Control of Asbestos Regulations 2006. The control of Asbestos at Work Regulations imposes a duty to protect workers from exposure to Asbestos Containing Materials (ACM's). If it is reported that asbestos is known to exist in the premises, a written management plan for the property should be in place.

COUNCIL TAX

We were able to determine that the property is entered into the Council Tax List as follows:

Local Authority - Harrow

Band E

Amount of Council Tax 2023/24 - £2,643.43 p.a.

ENERGY PERFORMANCE CERTIFICATE

Legislation now requires that most residential properties require an Energy Performance Certificate (EPC) when sold or let. The Energy Efficiency (Private Rented Property) Regulations 2015 have now brought into force with Minimum Energy Efficiency Standards (MEES) that were introduced by the government in the Energy Act 2018.

As a result of the implementation landlords will not be permitted to rent out any property with an Energy Performance Certificate (EPC) rating of lower than an E. This applies to all properties that are required to have an EPC under the Energy Performance of Buildings Regulations 2012 and are let on a tenancy for a term of six months or more.

Properties will need to be upgraded before they can be let, and owners, tenants and lenders (where a borrower is in default) should take into account the possibility of having to bear the cost involved. In addition, this legislation will extend to cover existing lettings in 2020 and for residential properties in 2020.

An Energy Performance Certificate (EPC) is intended to inform potential buyers or tenants about the energy performance of the building, so they can consider energy efficiency as part of their investment or business decision to occupy that premises.

EPC dated March 2022
Floor Area 154 sq m
Rating D

ESSENTIAL REPAIRS RECOMMENDED

There are none.

EXTENT OF INVESTIGATIONS

We have made a visual internal and external inspection of the premises on the date of inspection prior to preparing this valuation. The external inspection has been undertaken from ground level only. We have not inspected those parts of the property which are covered, unexposed or inaccessible including the roof space and such parts are assumed to be in good repair and condition.

MATTERS TO BE EXAMINED BY SOLICITORS

We have highlighted our thoughts on the planning matters and the current layouts above.

We would suggest that your legal advisors are consulted in this respect prior to any advance.

The present guarantor should be advised in connection with this additional borrowing facility.

SPECIALIST REPORTS RECOMMENDED

There are none.

INSURANCE REINSTATEMENT VALUE

We are not aware of the current level of building reinstatement insurance cover and therefore cannot comment upon the adequacy of the same.

However, we would recommend that the building be insured for a minimum sum of **£579,000 (Five Hundred and Seventy Nine Thousand Pounds)** excluding VAT in its present condition.

These sums allows for demolition, site clearance, full reinstatement and professional fees, but excludes loss of rent provision, the cost of alternative accommodation for the reinstatement period and VAT (except on fees). It also excludes any allowance for inflation, and should accordingly be updated on an annual basis to keep pace with rising costs.

The insurance reinstatement appraisal is provided for guidance only. It does not take into account any additional Local Authority requirements, which may be involved in the rebuilding and assumes that there are no foundation problems or need for abnormal foundations or rebuilding. It should therefore be verified by a specialist commercial buildings insurance assessor.

We emphasise that the figure detailed above is our estimate of the cost of rebuilding the premises and bears no direct relationship to current Market Value.

We advise that you have sight of the current level of cover afforded to the property.

SUMMARY

The property has been fitted out to a good standard throughout for its current use as a C2 residential institution/house in multiple occupation (subject to the necessary consents), the continued availability of which is assumed for the purposes of this valuation. The market rent and market values are based on knowledge of the market and the stated comparables attached to this report.

I am able to confirm that the inspection, report and valuation are in accordance with the RICS Valuations Professional Standards 2014 and that I have the requisite knowledge and expertise to carry out the valuation. I am able to confirm that myself and Brendons Chartered Surveyors have no existing relationship or potential conflicts of interest in providing the valuation report.

MARKET CONDITIONS

HMO's are popular with buy to let investors because it is considered that they have a higher income generating potential than ordinary 'family homes'.

By splitting single properties into multiple 'bedsits' Landlords can reduce their exposure to loss of income due to vacancy, or non payment.

However, HMO investments require a higher initial cost and maintenance when compared to regular single family properties to the requirement for each room to have washing/WC facilities, together with obtaining additional certificates regarding fire proofing, sound insulation, alarms, fire and carbon monoxide detectors and other requirements.

The fact that the property is 'ready to go' will, in our opinion, attract interest from a broad range of residential investors as the market for affordable accommodation continues to increase, caused in the past by the rise in property values and the increasing regulation making investment in residential property less attractive, so are leaving the market thereby reducing the amount of suitable housing stock for affordable accommodation.

VALUATION

We have been requested to provide a valuation on the following basis:

1. Market Valuation subject to the existing tenancy.
2. Market Valuation subject to the existing tenancy assuming a sale to be completed in 90 days.
3. Market Valuation assuming vacant possession.
4. Estimated rental value.

Comparable evidence, rents and yield.

1. Market Valuation subject to the existing tenancy.
Current rent £5,500 per month = £66,000 p.a.

£880,000 (Eight Hundred and Eighty Thousand Pounds)

2. Market Valuation subject to the existing tenancy assuming a sale to be completed in 90 days.

£750,000 (Seven Hundred and Fifty Thousand Pounds)

3. Market Value assuming V.P.

We are of the opinion if the property were to become vacant that it would be a requirement to obtain planning consent for a House in Multiple Occupation.

£830,000 (Eight Hundred and Thirty Thousand Pounds)

4. Market Rental Value

We are of the opinion that the market rental value assuming a HMO licence in place is

£63,000 (Sixty Three Thousand Pounds) p.a (£5,250 per month)

COMPARABLE EVIDENCE

4 Weber Road, Cricklewood, NW2 6DA

Semi detached house arranged as 5 letting rooms each with ensuite shower/WC, and subject to individual AST's.

Total rent £61,896 p.a., equivalent to £12,380 per room p.a.

31 Wembley Park Drive, Wembley HA9 8HD

Substantial semi-detached 10 bedroom HMO, 8 with ensuite facilities, 2 rooms shared bathroom/WC.

Total rent £95,400 p.a., equivalent to £9,540 per room p.a.

Placed at Auction November 2022 with reserve price reflecting 7.07% yield, withdrawn prior to Auction.

63 Sudbury Court Drive, Harrow, HA1 3SG

Detached house arranged as 6 bed HMO, 2 rooms vacant, producing £46,500 p.a., sold in November 2022 @ £950,000 equivalent to 4.89%, £11,625 per room p.a.

Heber Road, Cricklewood, NW2 6AA

Semi-detached house arranged as 7 bedroom HMO approximately 1,495 sq ft, producing £82,320 p.a.

ASSUMPTIONS FOR VALUATION AND INSPECTION OF THE PROPERTY

Our valuation assumes the following (none of the assumptions have been verified):

- (a) This residential property has a bonafide C2 Residential Institutional Licence
- (b) that all required, valid planning permissions and statutory approvals for the buildings and for their use, including any extensions or alterations, have been obtained and complied with
- (c) that no deleterious or hazardous materials or techniques have been used, that there is no contamination in or from the ground, and that it is not landfilled ground
- (d) that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown
- (e) that the property and its value are unaffected by any matters which would be revealed by a local search replies to the usual pre-contract enquiries, or by any statutory notice which may indicate that neither the property, nor its condition, its use, or its intended use, is or will be unlawful
- (f) that an inspection of those parts have not been inspected, or a survey inspection would not reveal material defects or cause the valuer to alter the valuation materially
- (g) that the property is connected to, and there is the right to use, the reported main services on normal terms
- (h) that sewers, main services and the roads giving access to the property have been adopted, and that any lease provides rights of access and egress over all communal estate roadways, pathways, corridors, stairways and use of communal grounds, parking areas and other facilities

It must be stressed that no Building Survey has been completed, no services have been tested and no town planning enquiries have been made. We have not inspected a Local Search of the property or Office Copy Entries on Title.

In the event that enquiries and investigations indicate that the valuation assumptions contained in this Report prove to be incorrect, it is vital that the client's legal advisers refer the matter back to us for reconsideration of the valuation.

This Report and valuation is for the sole use of the party to whom it is addressed and the client's immediate professional advisers and no responsibility for its contents is

accepted to any Third Party. This Report may not be reproduced or photocopied in any form or shown to any Third Party without our express approval

We certify that the properties in this Report have been inspected by me, that I valued the property and prepared this Report and that I am not disqualified from reporting on the property, and am able to confirm that I have had no previous involvement with this property.

Signed:



**Giles Owens MRICS
Brendons Chartered Surveyors**

OFFICIAL COPY OF REGISTER OF TITLE AND PLAN



Official copy of register of title

Title number MX140829

Edition date 20.01.2022

- This official copy shows the entries on the register of title on 05 APR 2023 at 16:05:00.
- This date must be quoted as the "search from date" in any official search application based on this copy.
- The date at the beginning of an entry is the date on which the entry was made in the register.
- Issued on 05 Apr 2023.
- Under s.67 of the Land Registration Act 2002, this copy is admissible in evidence to the same extent as the original.
- This title is dealt with by HM Land Registry, Wales Office.

A: Property Register

This register describes the land and estate comprised in the title.

HARROW

- 1 (28.05.1943) The Freehold land shown edged with red on the plan of the above Title filed at the Registry and being 7 South Hill Grove, Harrow (HA1 3PR).

B: Proprietorship Register

This register specifies the class of title and identifies the owner. It contains any entries that affect the right of disposal.

Title absolute

- 1 (30.06.1995) PROPRIETOR: NIKOLAOS KRITIKOS and DYMNA MARY KRITIKOS of 7 South Hill Grove, Sudbury Hill, Middx HA1 3PR.
- 2 (22.10.2007) RESTRICTION: No disposition of the registered estate by the proprietor of the registered estate, or by the proprietor of any future registered charge, is to be registered without a written consent signed by the proprietor for the time being of the Charge dated 11 October 2007 in favour of National Westminster Bank Plc referred to in the Charges Register.
- 3 (20.01.2022) RESTRICTION: No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the Charge dated 13 January 2022 in favour of Alternative Bridging (Uk1) Limited referred to in the Charges Register.

C: Charges Register

This register contains any charges and other matters that affect the land.

- 1 A Conveyance of the land in this title dated 29 July 1932 made between (1) G.K. Metcalfe Limited (Vendors) and (2) Kenneth Vivian Page (Purchaser) contains restrictive covenants.

NOTE: Copy filed.

C: Charges Register continued

- 2 The land is subject to the rights reserved by the Conveyance dated 29 July 1932 referred to above.
- 3 (22.10.2007) REGISTERED CHARGE dated 11 October 2007.
NOTE: See the entry below altering the priority of this charge.
- 4 (22.10.2007) Proprietor: NATIONAL WESTMINSTER BANK PLC (Co. Regn. No. 929027) of 315 Station Road, Harrow, Middx HA1 2AD.
- 5 (20.01.2022) REGISTERED CHARGE dated 13 January 2022.
NOTE: See the entry below altering the priority of this charge.
- 6 (20.01.2022) Proprietor: ALTERNATIVE BRIDGING (UK1) LIMITED (Co. Regn. No. 09265635) of 1st Floor, Healthaid House, Marlborough Hill, Harrow HA1 1UD.
- 7 (20.01.2022) The priorities of the charges dated 13 January 2022 and 11 October 2007 referred to above have been altered by a Deed dated 13 January 2022.

End of register

H. M. LAND REGISTRY

© NATIONAL GRID PLAN
GREATER LONDON

TQ 1585

SECTION A

Scale 1 1250

BOROUGH OF HARROW



PHOTOGRAPHS







