

VALUATION REPORT
RELATING TO
LAND AND BUILDINGS KNOWN AS
JOHN SMITH LIMITED, UNIT 1,
SMITH STREET, SK4 1AB



1.0 **INSTRUCTIONS**

- 1.1 To offer an opinion of value of the above mentioned property on the instructions of the Mr D Smith in connection with a proposed purchase.
- 1.2 We can confirm that to the best of our knowledge no conflict of interest arises as a result of our acceptance of these instructions. We confirm that we carry Professional Indemnity Insurance on a per claim basis in respect of the service we are providing in the sum of £2,000,000.

2.0 **BASIS OF VALUATION**

- 2.1 Market Value being the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.
- 2.2 Our rental value is based on Market Rent being the estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.
- 2.3 Our valuation is based on the assumption that the tenure details are as outlined within paragraph 7.0 however it excludes any goodwill, fixtures, fittings and non-fixed items.
- 2.4 The valuation has been prepared in accordance with the Appraisal and Valuation Manual prepared by the Royal Institution of Chartered Surveyors.
- 2.5 Our valuation is made subject to certain assumptions in respect of title and planning matters which are subject to written verification. If these assumptions are incorrect then our valuation may require amendment.
- 2.6 For the purpose of providing this report an inspection of the subject property was carried out on 10th September 2011.

3.0 **CAVEATS**

- 3.1 We have not carried out a building survey, nor have we inspected those parts of the property which are covered, unexposed or inaccessible, nor have we tested services within the property and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts.
- 3.2 We have not arranged for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or any other hazardous or deleterious material has been used in the construction of this property, or has since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material to any significant degree.

- 3.3 This valuation report is confidential to the client for the specific purpose to which it refers. Neither the whole nor any part of this valuation report/certificate or any reference hereto may be included in any published document, circular or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear. Such publication of, or reference to this valuation report/certificate will not be permitted unless it contains a sufficient contemporaneous reference to the departure(s) from the Practice Statements in the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.
- 3.4 Our enquiries have not revealed any contamination affecting the property or neighbouring property which would affect our valuation. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated sub-soils or ground waters. However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises have been or are being put to any contaminative use, this might reduce the valuation now reported.

4.0 **ASSUMPTIONS**

- 4.1 In preparing this report, unless otherwise stated, the following assumptions have been made which we shall be under no duty to verify:
- a) that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated;
 - b) that good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings;
 - c) that the property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries, or by any statutory notice, and that neither the property, nor its condition, nor its use, nor its intended use, is or will be unlawful;
 - d) that inspection of those parts that have not been inspected would neither reveal material defects nor cause the Valuer to alter the valuation(s) materially;
 - e) unless otherwise stated, that no contaminative or potentially contaminative uses have ever been carried out on the property and that there is no potential for contamination of the subject property from past or present uses of the property or from any neighbouring property;
 - f) that the tenure details outlined within paragraph 7.0 are correct;
 - g) that the property has the benefit of planning consent falling within Class B2 of the Town & Country Planning (Use Classes) Order 1987 as amended;
 - h) that all parts of the property have been constructed in accordance with planning permission and Building Regulations approvals;
 - i) that the car parking area directly to the front of the property forms part of the subject property to be valued and that there are no rights of way over this area of land in favour of any other party;

- j) that all directions given throughout this report assumes that the property is looked at from the front car parking area facing the front elevation of the building.

5.0 **THE PROPERTY**

5.1 **Description:** The subject property comprises a single storey end terraced industrial unit with integral ground and first floor offices.

5.2 **Construction:** The building, which is believed to date from the 1960's, and was extensively refurbished in 1996/1997. The building is of brick and blockwork construction clad to the external elevations by steel profile sheeting, set beneath a pitched roof supported by steel trusses and covered with powder coated steel profile sheeting interspersed with GRP roof lights. There is a rear single storey extension of brick and blockwork construction, clad to the external elevations with steel profile sheeting, set beneath a mono pitched steel profile covered roof. Internal floors throughout the property are of solid construction to ground floor, suspended concrete construction to the first floor offices and timber suspended construction to the first floor store. Window frames are of uPVC type and double glazed with access to the property being provided by way of a galvanised steel roller shutter door to the front elevation.

5.3 **Accommodation:** The property offers the following accommodation measured on a Gross Internal Area basis in accordance with Latest Edition of the RICS Code of Measuring Practice:-

<u>Ground Floor</u>		<u>m²</u>	<u>ft²</u>
Main Workshop and Ancillary Accommodation	(GIA)	300.85	3238.34
Rear Workshop	(GIA)	266.79	2871.72
Rear Right Store	(GIA)	30.77	331.20
<u>First Floor</u>		<u>m²</u>	<u>ft²</u>
Offices	(GIA)	152.05	1622.98
Mezzanine Stores	(GIA)	130.20	1401.47

5.4 **Services:** We have not carried out tests to services and have assumed for the purpose of this valuation report that all services within the property are functioning satisfactorily unless otherwise stated.

The property is connected to mains drainage and gas, water, single and Three Phase electricity are connected from public supplies. Space heating to the property is provided by way of a gas fired central heating system in respect of the offices with one room benefiting from a comfort cooling unit. The workshop areas are heated by way of gas fired radiant heaters.

5.5 **External:** To the front of the subject property is an extensive concrete and stone chipping covered car parking area providing ample parking and loading and unloading facilities. To the right and rear of the property are common estate roads shared with the adjoining occupiers on the estate.

Solicitors should be asked to confirm that there are adequate rights of way afforded over these estate roads for the purpose of ingress and egress to the subject property and no unusual or onerous liabilities or restrictions in respect of the maintenance or use of these estate roads.

5.6 **Location:** The subject property forms part of a small industrial estate off Smith Street in Stockport. The property is surrounded by similar industrial units predominantly dating from the 1960's.

6.0 **CONDITION**

6.1 Our instructions did not extend to the carrying out of a building survey and no account has been taken within our valuation of any defects that such a survey might reveal. We have not inspected those parts of the property covered, unexposed or inaccessible, we have not undertaken inspections of roof voids or sub-floor areas nor have we tested services.

6.2 At the time of our inspection the property was occupied and consequentially stored items, fixtures, fittings and floor coverings limited our internal inspection.

6.3 The property overall has been maintained to a generally satisfactory standard both internally and externally and was extensively refurbished in 1996/1997. The following defects were however highlighted during the course of our inspection:-

- a) The main roof covering was showing slight signs of twisting however it has been recovered over recent years and was found to be in generally satisfactory order.
- b) Certain twisting and deflection was evident to external elevations to the main building however this was considered to be well within acceptable limits at the current time and no remedial action is warranted at this stage.
- c) Impact damage was evident to render and brickwork to the front right corner of the main building and this requires repair in due course.
- d) There is a detached downspout to the front elevation of the right building and this requires replacement.
- e) Cracking and crazing to render to the right elevation of the single storey building was apparent however no remedial action was warranted at this stage.
- f) The rear right workshop unit internally is in fairly basic order and will require refurbishment in due course although it is suitable for its current use.
- g) Internally the main building has been fully re-plastered with suspended ceilings throughout. Certain areas of damp penetration were however observed to wall and ceiling surfaces which would indicate that certain damp proofing works are still required and these should be undertaken in due course.

7.0 **TENURE AND TENANCIES**

7.1 We understand from The client that the property is freehold and free from chief rent and our valuation has been prepared on the assumption that this information is correct.

7.2 We understand from The client that there are no occupational tenancies affecting the subject property. We are however informed that a new lease will be granted between the Pension Fund and the company and this lease will be for a term of 10 years on a fully repairing and insuring basis, subject to a rent review on the 5th anniversary of the commencement date of the lease.

7.3 We would advise the customer's solicitors verify the information outlined within paragraphs 7.1 and 7.2 above is correct. If this information is found to be incorrect then this may have a detrimental effect with regards to the valuation figures outlined within this report.

8.0 **REPORT ON TITLE**

8.1 We have not been provided with a Report on Title although, should one be provided, we will be happy to comment further by way of a side letter. It will be appreciated that we will reserve the right to amend the valuation figure until such a report has been provided.

8.2 It will be appreciated that, at this stage, we have assumed that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoing and that the property is unaffected by any statutory notice and that neither the property nor its use gives rise to a contravention of any statutory requirements.

9.0 **TOWN PLANNING & DEVELOPMENT**

9.1 We have not inspected specific copies of planning or Building Regulations consents nor have we had sight of the Fire Risk Assessment or Asbestos Management Plan and would advise the customer's solicitors make the necessary checks in order to verify all relevant approvals and certificates are in place/have been obtained.

9.2 The Local Planning and Highway Authorities now refuse to take verbal planning and highway enquiries and we have not therefore been able to confirm whether there are any planning or highway proposals likely to have an adverse effect on the subject property. Our valuation assumes that there are no adverse Planning or Highway proposals affecting the property. Solicitors should be asked to verify this information in due course and if our assumptions are found to be incorrect then this may have a detrimental effect with regards to the valuation figures outlined within this report.

9.3 We have assumed for the purpose of this valuation report that the estate roads are maintained at the joint expense of all occupiers on the estate and have assumed that Crossley Road is made up and adopted by the Local Highway Authority.

9.4 We have assumed for the purpose of this valuation report that the property has the benefit of planning consent falling within Class B2 of the Town & Country Planning (Use Classes) Order 1987 as amended.

9.5 The property is currently assessed for rating purposes at ratable value £46,000

10.0 **VALUATION COMMENTRY**

10.1 The subject property comprises a single storey end terraced industrial unit with integral ground and first floor offices.

10.2 The subject property forms part of a small industrial esate off Smith Street in Stockport. The property is surrounded by similar industrial units predominantly dating from the 1960's.

10.3 The property was extensively refurbished in 1996/1997 and has been maintained to a fair standard both internally and externally however we would recommend that the client make themselves fully aware of the cost of dealing with all items of disrepair outlined within this report.

10.4 The market for industrial units within the Stockport area has not fared particularly well over the course of the last three years since the onset of the recession. More limited levels of both owner occupier, investor and tenant demand who coupled with more limited availability of commercial property finance has resulted in fairly significant falls in capital values for this type of building over the course of the last three years.

10.5 Despite the fact that the market is going through a period of uncertainty, we still consider there will be a fairly healthy level of interest in the subject property from the owner occupier sector of the property market however it should be anticipated that a fairly lengthy marketing period will be required to achieve the valuation figures outlined within this report. If a relatively short marketing period were required then the value which could be achieved upon re-sale would inevitably be adversely affected.

10.6 We are not aware of any unusual or onerous restrictions, encumbrances or outgoing, including covenants or easements affecting the subject property

11.0 **VALUATION**

11.1 In arriving at our opinion of value we have relied upon our knowledge of the local property market within this particular area and have reflected evidence of comparable sales and lettings of similar properties. In interpreting this information we have used both the comparison and investment methods of valuation.

11.2 We are of the opinion that the current Market Value (as defined within paragraph 2.1) of the property, taking into account the various assumptions made throughout this report, is in the sum of:-

£ 430,000
(Four hundred & sixty thousand pounds)

11.3 We are of the opinion that the Market Rent (as defined within paragraph 2.2) assuming a lease for a term of 10 years on a fully repairing and insuring basis, is in the sum of :-

£ 40,000 per annum

12.0 **QUALIFICATIONS**

12.1 This report has been prepared by Philip M Cooke MRICS IRRV.

.....MRICS IRRV
pp ROBERTS & ROBERTS
Chartered Valuation Surveyor

Dated this 20th day of October 2011

Mr Smith
1 Smith Street
Stockport
Cheshire
SK4 1AS

Our Ref: PMC/WAT/VCexample