

VALUATION REPORT
RELATING TO
LAND AND BUILDINGS KNOWN AS
JOHN SMITH LIMITED, UNIT 1, SMITH STREET,
STOCKPORT, CHESHIRE 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**

(a) Market Value being the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arms length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

2.2 **Market Rent**

(b) Market Rent being the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

2.3 **Insurance Reinstatement Cost Valuation**

(c) An Insurance Reinstatement Cost Valuation, calculated from build costs provided by the BCIS.

- 2.4 Our valuation has been prepared in accordance with the RICS Valuation – Professional Standards dated January 2014 prepared by the Royal Institution of Chartered Surveyors.

- 2.5 For the purpose of providing this report an inspection of the subject property was carried out on 25th December 2016 which is the date of our valuation.

3.0 **EXTENT OF INSPECTION AND INVESTIGATIONS**

- 3.1 We have carried out such inspections and investigations which are, in our professional judgement, appropriate and possible in the particular circumstances.
- 3.2 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 will be assumed to be in good repair and condition. We have not expressed an opinion about or advised upon the condition of uninspected parts and our report should not be taken as making any implied representation or statement about such parts.
- 3.3 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 have been used in the construction of this property, or have since been incorporated, and we have

therefore been unable to report that the property is free from risk in this respect. For the purpose of our valuation we have assumed that such investigation would not disclose the presence of any such material to any significant degree.

- 3.4 We have not made formal enquiries of the relevant Local Planning Authority when preparing our valuation. No searches have been carried out and we therefore assume that any searches or enquiries would not reveal any detrimental factors.
- 3.5 We have not carried out or commissioned site investigations or geographical surveys and therefore can give no opinion or assurance or guarantee that the ground has sufficient load bearing strength to support the existing construction or any other construction that may be erected upon it in the future.
- 3.6 We have not given any opinion or assurance or guarantee that there are no underground mineral or other workings beneath the site or in its vicinity or that there is no fault or disability underground which could or might affect the property or any construction thereon.
- 3.7 We have not investigated whether the site or adjoining sites have been in the past contaminated or are affected or have been affected by Japanese Knotweed. Our valuation has been prepared on the assumption that the land is not contaminated or is not affected by Japanese Knotweed or has otherwise been treated to the satisfaction of the relevant authorities.
- 3.8 We have not inspected roof voids or sub floor areas and cannot comment on further defects which may be revealed from an inspection of these areas.
- 3.9 Where appropriate we have assumed, unless we are specifically instructed to the contrary, that the property complies with the Factories Act 1961, The Offices, Shops and Railways Premises Act 1963, the Buildings Acts, the Defective Premises Act 1972, the Health and Safety at Work etc. Act 1974 and any other related legislation and regulations made thereunder.
- 3.10 No allowance will be made in our valuation in respect of rights obligations or liabilities arising under the Equality Act 2010 (previously the Disabilities Discrimination Act 1995 as amended in 2005). The Regulatory Reform (Fire Safety) Order 2005 or the Control of Asbestos Regulations 2006. We have assumed the property complies in all respects with all relevant statutory regulations and that there are no outstanding notices against the property/properties.
- 3.11 We have assumed that a valid current Energy Performance Certificate is available for the property as well as a Fire Risk Assessment and Asbestos Management Plan.

4.0 **ASSUMPTIONS**

- 4.1 In preparing our 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 an 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) that 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 and tenancy details outlined within our report are correct;
- g) that the property is constructed in accordance with valid Town Planning consents and Building regulations Approvals and that it complies with all relevant statutory or other notices in connection with the property or its present use;
- h) we have taken no account of liability for taxation which may arise upon disposal of the property;
- i) that all directions given throughout our report assume that the property is looked at facing the front elevation of the building;
- j) that there are adequate rights of way over all adjoining land, roads, driveways and passageways for the purpose of access to the property and no unusual or onerous liabilities in respect of their maintenance,

4.2 **Exclusion of Liability**

Our valuation is provided for the stated purposes and for the sole use of the named Client. It is confidential to the Client and the Client's professional advisers. The valuer accepts responsibility to the Client alone that the report will be prepared with the skill, care and diligence reasonably to be expected of a competent Chartered Surveyor but accepts no responsibility whatsoever to any parties other than the Client. Any such parties rely upon the report at their own risk.

4.3 **Publication**

Neither the whole nor any part of the report or any reference to it may be included in any published document, circular or statement nor published in anyway without the Valuer's written approval of the form and context in which it may appear.

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 the RICS Professional Statement "RICS Property Measurement 1st Edition May 2015".

<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.

Due to the overall age of the subject property we would recommend that the electrical wiring be tested and certified in due course. If this reveals significant works required then this may affect the valuation figures outlined within this report.

5.5 **External:** The extent of land and buildings to be valued is as outlined within plans appended to the rear of this report.

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 external steel profile sheeting to the front of the building and this requires repair/replacement in due course.

d) There is a detached downspout to the front elevation of the right building and this requires replacement.

e) If the electrical wiring within the unit has not been tested and certified within the last 2 years then we would recommend that it be tested and certified 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.

9.4 We understand from the website of the Valuation Office Agency that the property is assessed for rating purposes at Rateable Value £46,000. We understand that the 2017 Rateable Value is £46,000.

9.5 We have been provided with the Energy Performance Certificate for the building, a copy of which is appended herein. The property has an Energy Efficiency Rating of C.

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 estate 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 Due to prevailing market conditions generally we would anticipate that a fairly lengthy marketing period would be required to achieve a sale of the property at the valuation figures outlined within this report and if a more restricted marketing period were required to achieve a sale of the property then the value which could be achieved upon re-sale would inevitably be adversely affected.
- 10.7 We are not aware of any unusual or onerous restrictions, encumbrances or outgoing, including covenants or easements affecting the subject property.
- 10.8 We confirm that the surveyor inspecting and valuing the subject premises is suitably qualified in accordance with the RICS Valuation – Professional Standards January 2014 and has sufficient current local knowledge of the market for this type of property and the skills and understanding to undertake an unbiased and objective valuation in a competent manner.
- 10.9 We confirm that no conflict of interest arises as a result of our acceptance of the customer's instructions. We have not had any dealings with this property or with the customer in the past. This valuation has been undertaken by Philip M Cooke FRICS IRRV who is an RICS registered valuer who is an external valuer having acted with integrity, independence and objectivity.
- 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 type properties as well as asking prices and rentals of properties currently being marketed. In interpreting this information we have used both the comparison and investment methods of valuation.

- 11.2 The effective date of our valuation is the date of inspection which is the 25th December 2016.
- 11.3 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)

- 11.4 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

- 11.5 We would recommend a valuation for insurance/reinstatement purposes (including professional fees but excluding VAT, loss of rent and the cost of alternative accommodation for the reinstatement period) of in the sum of £800,000.

12.0 **QUALIFICATIONS**

- 12.1 This report has been prepared by Philip M Cooke FRICS IRRV.
- 12.2 This report has been prepared by a valuer ('the Employee') on behalf of Roberts and Roberts (Property Consultants) Limited a firm or company of valuers and surveyors ('the Employer'). The statements and opinions expressed in this report are expressed on behalf of the Employer, who accepts full responsibility for these.
- 12.3 Without prejudice and separately to the above, the Employee will have no personal liability in respect of any statements and opinions contained in this report, which shall at all times remain the sole responsibility of the Employer to the exclusion of the Employee.
- 12.4 In proceeding to rely upon the information or advice contained within this report the "client" accepts that the "employee" has no personal liability as stated above.

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

Dated this 1st day of January 2017

Mr Smith
1 Smith Street
Stockport
SK4 1AS

Our Ref: PMC/WAT/VCexample