

BRAMPTONS

Chartered Surveyors & Valuers

338 Hook Road • Chessington • Surrey • KT9 1NU

Tel: 020 8974 1535

Email: davidambrose@mail.com

D. Ambrose MRICS

18th December 2020

SPVY00024 Ltd
c/o, Yielders
L8, One Canada Square,
Canary Wharf
London
EC14 5AA

Ref: DA/val/

DRAFT

Dear Sirs,

Re: Flat 4, Freight Building, 10, Liberty Centre, Wembley, HA0 1TX

Further to your instructions to carry out a valuation of the above property we carried out our inspection of the property on the 17th December 2020 and can report to you as follows:

PURPOSE AND DATE OF VALUATION

We understand that the valuation is required for investment purposes and the date of valuation is the date of this Report.

INTEREST TO BE VALUED

We understand that we are to value the long leasehold interest (in excess of 90 years unexpired) with vacant possession at the date of valuation.

PROPERTY SITUATION AND DESCRIPTION

The subject property comprises of a first floor converted flat in this ex- office building dating from around 1958 of ground floor and two other stories built in cavity fair faced brick with some on-site parking surrounding the building and at the frontage to Mount Pleasant Road. There is an overhanging concrete portico and concrete bands protruding through the front face of fair faced cavity brickwork typical of 1960's architectural design. The canopy needs some attention as there are signs of water penetration and blocked guttering.

It has been converted into residential accommodation (eight flats) and is next door to another purpose built flat development called Liberty Wharf and has the Grand Union Canal at the rear. The area is mixed with older light industrial/office buildings being developed into new residential accommodation.

The subject flat is located at the front of the building and was originally a 2-bedroom flat that is now currently arranged as an HMO with three self-contained bedrooms two of which have en-suite

shower rooms/WC's and the third has the benefit of a bathroom/WC across the Hall. There is a communal kitchen and the bathroom/shower rooms and kitchen are modern and in good condition. There is a an electric Heatrae Boiler situated in the kitchen supplying heat to panel radiators. There are ample PVC double glazed windows to the frontage which makes the rooms quite light.

The Liberty Centre is located close to Alperton Underrground Tube and local shops with good road access to the North Circular (A406) at Hangar Lane.

ACCOMMODATION

Ground Floor

Communal entrance with tiled entrance hall, electrical intake cupboards, fire detection system and granolithic floor leading to staircase.

First Floor- Flat 4

Entrance Hall- electric meter/fuse board, timber floor, smoke alarm, radiator, LED lights

Area C

Bedroom- 4.27m x 2,53m (14ft x 8ft 8in), wood laminate floor, PVC double glazed windows (double aspect), smoke alarm, LED lighting

En-suite Shower room/WC (internal)- 1.14m x 2.90m (3ft 9in x 9ft 6in), extractor fan, PVC double-glazed window

Communal Kitchen- 2.44m x 3.05m (8ft x 10ft), wooden floor, cupboard with Heatrae Sadia boiler, programmer, infra red hob/electric oven, integrated appliances, PVC window

Area B

Bedroom- 3.81m x 3.05m (12ft 6in x 10ft), Timber floor, PVC window, radiator

Off corridor: Bathroom/WC (internal)- 2.13m x 2.93m (7ft x 9ft 4in), glass tiled floor/walls, shower, WC and hand basin, heated towel rail, LED lights

Area A

Bedroom – 4.45m x 2.36m (14ft 8ins x 7ft 9in), timber floor, radiator, PVC windows, smoke alarm

En-suite Shower room/WC (internal)- 1.37m x 1.53m (4ft 6ins x 5ft 2ins), heated towel rail, glass tiling, LED lights

Outside: Parking (we were informed that one space goes with the flat- solicitors to confirm)

Gross Internal Area (GIA)- 775sq ft

CONDITION

We have not carried out a Building Survey or any test of the services and no warranty can be given in that regard but the subject property appears to be in good condition. We understand that it has been recently refurbished to a good standard and is modern and has a fair decorative finish.

We saw evidence of fire detection equipment/systems to the common parts and smoke alarms to the subject flat and it is important to confirm that it complies with the relevant Fire Risk Regulation legislation for HMO's.

We saw no evidence of any cladding or balconies to the building which can cause substantial problems if containing any flammable material for leaseholders but again your solicitors need to confirm.

TENURE

We are assuming for these purposes that the property is Leasehold with a long lease in excess of 90 years with no onerous or restrictive covenants but have not seen a copy of the lease.

SUB-LETTING

We understand that the subject flat is let to a registered Charity called Single Homeless Project on a Full Repairing & Insuring (FRI) lease for a term of 15 years from the 22nd September 2020 with a mutual break clause mid way through at a rent of £35,901.84 subject to rent reviews in accordance with the Local Housing Allowance room rate issued by Brent Borough Council every calendar year.

COUNCIL TAX

Council Tax Band: Band 'C'

Local Authority: Brent Borough Council

MARKET RESEARCH

We set out below some sales achieved on local similar properties within recent times and have made adjustments for time elapsed in our assessment of value.

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COMPARABLES

Address	Description	Price	Date
Flat 3	2 beds	£375,000 sold	Sept 2016
Flat 2	2 beds	£350,000 sold	July 2016

ANALYSIS

We have looked at Land Registry data for the area and the House Price Index (HPI) and adjusted the prices of the comparables accordingly if necessary to give an indication of how values have performed over the period but they are not as up to date as desired.

It has been a most unusual year starting with the aftermath effects of Brexit and then the ongoing pandemic which had initially caused severe problems for Valuers in trying to establish market value, as at the beginning of the year, there was no real market due to the lockdown. The market recovered very swiftly in June once the lockdown was released and the pent up demand and other financial stimuli meant a fairly healthy residential market although the trend was away from flats and buyers wanted outside space and there has been an exodus out of London with peoples working habits changing and a lack of foreign investment in real estate.

This has meant in some cases that flat values in London have actually fallen due to an over supply and because there is not the amount of foreign buyers/investors anymore who made up a large proportion of the market. Flats have generally struggled to sell at pre-Covid prices which is why it's necessary to value with a note of caution in this extraordinary year.

Another major factor that has affected the sale of flats in the wake of the Grenfell tragedy is the matter of cladding where in some cases owners have not been able to sell flats unless a cladding survey has been conducted and passed as safe. Building societies and lenders have made it a condition that the seller has a special form EWS1 and without it cannot sell the flat. This has caused major problems as many blocks of flats have cladding and cannot get the survey carried out by Freeholders. Where flammable cladding has been identified the Government has set aside a fund for helping with the cost of removing the cladding but this is thought to be inadequate. There is rather a stalemate at present which has affected the market greatly especially in riverside flat developments which invariably have some form of cladding.

In this case there does not appear to be any form of cladding as it's an older building built of brick so may be exempt but we recommend that your solicitors confirm this point.

VALUATION

Basis of valuations

We understand that we are required to provide both a vacant possession (VP) value and also an investment value (IV) based on the letting to Single Homeless Project (SHP).

Strength of Covenant of SHP

We understand that SHP is a registered charity established in the 1970's with approximately 380 staff and turnover of circa £20 Million. They are well known tenants of the vendors and of course substantially funded by the LA.

Vacant Possession valuation

Taking the above factors into consideration we are of the considered opinion that the **Market Value (MV)** of the subject property as at the valuation date in its current condition with vacant possession can be fairly represented in the sum of:

£400,000 Leasehold
(Four Hundred Thousand Pounds)

Investment Value valuation

We are of the considered opinion that the investment value of this flat subject to the lease to The Single Homeless Project, a registered charity established in the 1970's who have a 15 year lease with a tenant's break mid-way through the term at a rent of £35,901 per annum can be fairly represented in the sum of:

£435,000 Leasehold.
(Four Hundred & Thirty Five Thousand Pounds)

This represents an above 8% return on capital and as it's an FRI lease the gross and net yield should be broadly similar.

DEFINITION OF MARKET VALUE (MV)

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 had each acted knowledgeably, prudently and without compulsion.

ASSUMPTIONS & LIMITATIONS

- 1 We confirm that the valuation has been carried out in accordance with the current practice statements, guidance notes and appendices of the latest edition of the RICS Appraisal & Valuation Standards (the 'Red Book').

- 2 The Valuer is an external Valuer as defined in the Red Book. The valuation method adopted is the comparative method and we have regard to details of similar properties which have sold recently or are currently available.
- 3 Our Valuation assumes that planning consent exists for its current use as an HMO.
- 4 We have not carried out any investigations to past or present uses of the property or any neighbouring land to establish whether there is any contamination or potential for contamination to the subject property from these uses of sites and have therefore assumed that none exist. Should it be established however subsequently that contamination seepage or pollution exists at the property or on any neighbouring property or that the property has been or is being put to a contaminative use this might reduce the value now reported.
- 5 We have assumed that the property contains no deleterious substances or materials. Unless we are otherwise informed our valuation is on the basis that no such defects exist.
- 6 Our Valuation has been assessed and made upon the assumption that no alterations are required under the Disability Discrimination Act as amended.
- 7 That good Title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings.
- 8 The property and its value are unaffected by any matters which would be revealed by a Local Authority search and replies to the usual enquiries, or by any statutory notice, and that neither the property, nor its condition, nor its use, or intended use will be unlawful.
- 9 That inspection of those parts which have not been inspected would neither reveal material defects nor cause the Valuer to alter the valuation materially.
- 10 That no radon gas is present at the property.
- 11 That the building complies with all statutory requirements including the Fire Risk Assessment Act, Control of Asbestos at Work Act and the recent requirements on cladding on buildings.
- 12 We are not aware that the building has been inspected by a Fire Risk assessor to determine whether it requires an External Wall Survey and thus the issue of a EWS1 (External Wall

Fire Review) certificate. The purpose of this is to minimise the risks of fire on the exterior wall materials of a building to ensure it meets cladding regulatory requirements.

This valuation is carried out on the basis that either the building does not require such a fire review or that it does comply with these standards.

13 Our valuation is valid for a period of three months from the date of this report.

PRIVITY OF REPORT

This report is provided for your sole use. It is confidential to you and your professional advisers. We accept no responsibility whatsoever to any other parties. Any such parties rely upon the report at their own risk.

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

Yours sincerely,

D. Ambrose, MRICS
Bramptons