

Valuation Report

Contact details

[REDACTED] Kuflink Bridging Ltd, Kuflink Ltd, Kuflink Security Trustees Ltd, 21 West Street, Gravesend, Kent, DA11 0BF
[REDACTED] Ref:

[REDACTED]
[REDACTED]
[REDACTED]

Inspection & Valuation Date: 22/02/2019

Executive Summary



Front Elevation

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, exclusions and bases of valuation stated herein and should not be read in isolation.

Property Type	Two former houses converted for use as a school.	
Passing Rents	N/A	
Market Rent	£86,500 pa	
Market Value	£2,200,000 (Two Million, Two Hundred Thousand Pounds)	
Market Value (Restricted – 90 days)	£1,950,000 (One Million, Nine Hundred & Fifty Thousand Pounds)	
Market Value (Vacant Possession)	£2,200,000 (Two Million, Two Hundred Thousand Pounds)	
Market Value (Vacant Possession Restricted – 90 days)	£1,950,000 (One Million, Nine Hundred & Fifty Thousand Pounds)	
Building Reinstatement	£1,185,000 (One Million, One Hundred & Eighty-Five Thousand Pounds)	
Liquidity	Disposal Period:	3-6 months
	Lettings:	6-9 months

1. Instructions

Instructions	1.1	We refer to your instruction letter received 24/04/2019 and to our subsequent acceptance thereof, to provide a transcribed valuation report [REDACTED] ("the property"). Copies of these documents are attached at Appendix 1 . The initial inspection being carried out on 22 nd February 2019 and report dated 25 th February 2019, referenced BM017718.
	1.2	This valuation has been carried out in accordance with your instruction letter, the 'model conditions of engagement between the lender and valuer' as set out in the RICS Valuation – Professional Standards incorporating the International Valuations Standards July 2017 Global Edition ('The Red Book') and our General Terms of Business for Valuations ("General Terms of Business").
Client	1.3	Our client for this instruction is Kuflink Bridging Ltd, Kuflink Ltd, Kuflink Security Trustees Ltd ("the Client").
Valuation Standards	1.5	The Valuation has been undertaken in accordance with the RICS Valuation – Professional Standards incorporating the International Valuations Standards July 2017 Global Edition ('The Red Book').
Purpose of Valuation	1.6	Secured lending purposes.
Conflicts of Interest	1.7	In preparing this report, we confirm that we are acting as External Valuers and we are not aware of any conflict of interest in this respect.
Professional Indemnity	1.8	We confirm that our Professional Indemnity Insurance provides cover for £10,000,000 (per claim). We further confirm that Bellevue Mortgages have had no historic claims.
Third Party Reliance	1.9	This report has been prepared on behalf of our Client and no responsibility is accepted to any third party.
Disclosure & Publication	1.10	Neither the whole nor any part of this valuation report, nor any reference thereto may be included in a published document, circular or statement, nor published in any way without the prior written approval of Bellevue Mortgages of the form or context in which it may appear.
	1.11	This Report is for the use of the party to whom it is addressed and should only be used within the context of the instructions under which it is prepared and these assumptions. It may be disclosed to other professional advisers assisting in respect of that purpose. No responsibility is accepted to any third party for the whole or any part of its contents.
Valuation Date	1.12	An inspection of the property was undertaken on 22/02/2019, hereon referred to as the date of valuation.
Expertise	1.13	This report has been prepared by Zain Ahmad BSc (Hons) MRICS who is a RICS Registered Valuer. We also confirm that the individual carrying out this valuation has the appropriate knowledge, skills and experience to undertake the valuation competently.

Mandating	1.14	The report and valuation has been mandated by [REDACTED] as part of Bellevue Mortgages quality assurance procedures.
Lender Specific	1.15	N/A
Valuation Bases	1.16	The RICS definitions of Market Value and Market Rent are contained within our General Terms of Business. In accordance with your instructions, we have provided opinions of the value on the following bases:-
Market Value (MV)	1.17	The Market Value in its current condition, with the existing tenancy.
Special Assumption (1)	1.18	The Market Value in its current condition, with existing tenancy, assuming a marketing period restricted to 90 days.
Special Assumption (2)	1.19	The Market Value in its current condition, with vacant possession.
Special Assumption (3)	1.20	The Market Value in its current condition, with vacant possession, assuming a marketing period restricted to 90 days.
Market Rent (MR)	1.21	The Market Rent of the property. Our letting assumptions are set out in the Valuation Section of this report.
Readers Guidance Notes	1.22	Clients should note that this valuation report should not be relied upon in isolation and should be read in conjunction with our Standard Limitations & Assumptions, copies of which are attached at Appendix 2 .
	1.23	Factual information contained within this report has been summarised, the context of each element will not be fully understood, unless it is read in conjunction with our Standard Limitations & Assumptions, which provides detailed commentary and explanation of each element of this report.
	1.24	The Standard Limitations & Assumptions set out our assumptions, restrictions, limitations and exclusions.

2. The Property

Situation / Location	2.1	The subject property is located in a predominantly residential location along Mansfield Road, in between its junctions with Northbrook Road and Beal Road, within Ilford (London Borough of Ilford). Retailing facilities, including national covenants, can be found nearby along Cranbrook Road and within Ilford Town Centre, both of which are within a short walking distance.
	2.2	Ilford is a typically densely populated North-East London district, situated approximately nine and a half miles north-east of Central London, which benefits from reasonable demand from both the rental and vacant possession sectors.
	2.3	Away from the retailing pitch Ilford represents a "medium value" greater London residential suburb, comprising properties of varying eras, many of which have been the subject of flat conversion schemes.
	2.4	Ilford Mainline Station is situated within a short walking distance, offering a frequent commuter service into Central London, via London Liverpool Street. Numerous bus routes serve the surrounding area.
	2.5	A location map can also be found within Section 8 .
Description	2.6	The subject property comprises the freehold interest in two, semi-detached, which have been converted for use as a school. The buildings originally appear to have been constructed circa 1900s.
	2.7	As at the date of inspection, the property was occupied, however we understand the property has been let to a school on a charitable basis at a nominal rent.
Construction Details	2.8	The main walls of the subject property are of solid brickwork construction (fully pebble-dash rendered to the front) beneath a pitched and concrete tile covered roof. The two storey extension to the rear appears to be of masonry construction, clad with timber, rising to an assumed flat roof. There were limited views of the roofs owing to the height and configuration of the building.
	2.9	Floors throughout the building are of a mixture of solid concrete and suspended timber construction.
	2.10	Natural lighting and ventilation is provided by double glazed windows, set within a mixture of aluminium and uPVC frames.
General Repair & Condition	2.11	Internally, the property is in moderate order throughout. Externally, items of disrepair were noted; however these defects are consistent for a property of this age and type and should prove capable of remedy by routine maintenance.
General Remarks	2.12	N/A
	2.13	Illustrative photographs can be found within Section 9 .
Significant Issues	2.14	Overall, for loan security purpose, no significant defects or items requiring urgent attention were noted which would be likely to require a retention or be the subject of a condition of the mortgage advance.

Economic Life	2.15	Subject to regular maintenance and decoration it is anticipated that the building will retain a useful economic life of at least twenty-five years.	
Services	2.16	It would appear from our inspection that mains supplies of gas, electricity and water are provided to the property. Soil drainage is believed to be discharged to the public sewer.	
Accommodation	2.17	Ground Floor	Various class rooms, reception office, assembly hall, boiler room, kitchenette and various male/female W.Cs.
		Net Internal Area	341.40 sq m (3,675 sq ft)
		First Floor	Various class rooms and offices, staff room and various male/female W.Cs.
		Net Internal Area	299.50 sq m (3,224 sq ft)
		Total Area	640.90 sq m (6,899 sq ft)
		External	Circa 11 parking spaces to the front with various rear playgrounds and amenity spaces.
Regulated Mortgages	2.18	0%	of the floor area is occupied by the residential element.

3. Tenure & Tenancies

Tenure

3.1 The Office Copy provides the following information:

3.2	Title No.	[REDACTED]
3.3	Tenure	Freehold
3.4	Leasehold Term Unexpired (Years)	N/A
3.5	Proprietor	[REDACTED]
3.6	Price / Date	£2,024,999 (31 st March 2017) – <i>inclusive of other titles</i>
3.7	Lenders Security/Demise	A Land Registry title plan can be found within Section 10 .

Tenancies

3.8 We have been provided with an unsigned and undated lease which states the property is currently occupied by your customers business (Creams Franchising Limited) by way of 15 year lease at a current passing rent of £65,000 per annum.

3.9 As your customer [REDACTED] and [REDACTED] are connected parties, the lease is therefore held on inter-company arrangements.

3.10 Noting the inter-company arrangement, we therefore consider the current Market Value of the property to be similar to that of the property if vacant possession were available.

4. Statutory & Legal Matters

Planning Enquiries 4.1 We have made informal enquiries with the Local Planning Authority responsible for this area, via their website.

Use Class 4.2 D1 – Non-Residential Institution

Planning History 4.3

Ref. No.	Description	Decision & Date
3195/18	Change of use from education (D1) to 4x1, 5x2, 3x3 and 1x4+ bedroom flats (C3). Single and part two storey rear extension. Alterations to roof with additional of part second floor. (Summary)	Application Submitted
0219/09/04	Landscaping (Condition 5): Change of use from care home (C2 Use Class) to school (D1 Use Class). Demolition of existing extension. Two storey extension to rear of 36-38 Mansfield Road. Associated external and internal alterations. DISCHARGE OF CONDITION.	Granted 01.12.2010
0219/09/05	Refuse storage facilities (Condition 14): Change of use from care home (C2 Use Class) to school (D1 Use Class). Demolition of existing extension. Two storey extension to rear of 36-38 Mansfield Road. Associated external and internal alterations. DISCHARGE OF CONDITION.	Granted 16.11.2010
0219/09/06	Materials (Condition 3): Change of use from care home (C2 Use Class) to school (D1 Use Class). Demolition of existing extension. Two storey extension to rear of 36-38 Mansfield Road. Associated external and internal alterations. DISCHARGE OF CONDITION.	Granted 11.08.2010
0219/09/03	External Lighting (Condition 4): Change of use from care home (C2 Use Class) to school (D1 Use Class). Demolition of existing extension. Two storey extension to rear of 36-38 Mansfield Road. Associated external and internal alterations. DISCHARGE OF CONDITION.	Granted 09.07.2010
0219/09/01	Scheme for the control of construction activity (Condition 9): Change of use from care home (C2 Use Class) to school (D1 Use Class). Demolition of existing extension. Two storey extension to rear of 36-38 Mansfield Road. Associated external and internal alterations. DISCHARGE OF CONDITION.	Granted 06.07.2010
0219/09/02	Green Travel Plan (Condition 6): Change of use from care home (C2 Use Class) to school (D1 Use Class). Demolition of existing extension. Two storey extension to rear of 36-38 Mansfield Road. Associated external and internal alterations. DISCHARGE OF CONDITION.	Granted 06.07.2010

		0219/09	Change of use from care home (C2 Use Class) to school (D1 Use Class). Demolition of existing extension. Two storey extension to rear [REDACTED] [REDACTED] Associated external and internal alterations.	Refused 28.10.2009
		0215/07	Variation of (Condition 2) of planning permission 1749/91: To increase the number of elderly persons to be accommodated at Nos [REDACTED] from 23 to 30. Demolish existing rear laundry room & caravan outbuilding. Two storey rear extension including 7 x additional care rooms and staff area within rear conservatory extension.	Withdrawn 16.03.2007
		2463/06	Demolish existing rear laundry room & caravan outbuilding. Two storey rear extension including 7 x additional care rooms and staff area within rear conservatory extension.	Withdrawn 03.11.2006
Alterations	4.4	The property has been extended to the rear.		
Significant Matters	4.5	N/A		
Planning Restrictions	4.6	The property is not listed as a building of historical or architectural importance nor is it situated within a conservation area.		
Highways	4.7	Adopted		
Service Roads / Communal Areas	4.8	No		
Rateable Value	4.9	£82,500 – school and premises		
Council Tax Band	4.10	N/A		
HMO Specific Legislation & Licensing	4.11	N/A		
EPC Rating	4.12	D		

5. Environmental Considerations

Flooding Risks	5.1	Risk of Flooding From Rivers & Sea	Very Low
		Risk of Flooding From Reservoirs	Very Low
		Risk of Flooding From Surface Water	Very Low
Contamination	5.2	From our basic enquiries and from our inspection of the property and its surroundings, we have no reason to believe that contamination is present.	
Plant Life	5.3	At the time of inspection no obvious evidence of any harmful vegetation was found on the site.	
Radon	5.4	The property is in a part of the country where there is a very low likelihood of radon posing a potential risk to health.	

JBW

6. Comparable Evidence & Market Analysis

D1/Office Lettings

Address	Description	Letting Terms	Tenant	Rent Per Annum	Rent £ per sq ft	Date of Transaction	Comments
Olympic House, Clements Road, IG1	Fourth floor office suite – 6,025 sq ft.	New 10 year lease with a rent review in the fifth year.	Local LTD	£49,000	£8.13	October 2017	We consider the property and location to be similar, however we consider the use class to be inferior.
Suite 7, Clements Lane, IG1	Ground floor office suite – 1,500 sq ft.	New 5 year lease with no rent reviews or breaks.	Local LTD	£24,000	£16.00	May 2018	We consider the property to be inferior, however the location is similar. It is also smaller, showing a higher rate per sq ft owing to quantum.
Arndene House, 41-55 Perth Road, IG2	Ground floor office suite – 1,500 sq ft.	New 15 year lease with five yearly rent reviews and no breaks. A twelve month rent free period was agreed.	Local LTD	£32,500	£21.67	August 2017	We consider the property and location to be superior, however it is smaller, showing a higher rate per sq ft owing to quantum.

JBW

D1/Office Sales

Address	Description	Sold price	Initial / Reversionary Yields	Date of Transaction	Comments
30 Uphall Road, IG1	A detached, purpose built office block, with a car park for circa 10 cars to the rear, measuring approximately 4,692 sq ft	£1,300,000	£277	March 2018	We consider the property and location to be slightly inferior.
277 Cranbrook Road, IG1	A detached, purpose built office block, with a car park for circa 12 cars to the rear, measuring approximately 5,250 sq ft	£2,850,000	£543	December 2017	We consider the property and location to be superior.
585 Barking Road, E13	A semi-detached, converted office building, with a car park to the rear, measuring approximately 1,633 sq ft	£780,000	£478	December 2017	We consider the property and location to be superior. This property is smaller, showing a higher rate per sq ft owing to quantum.

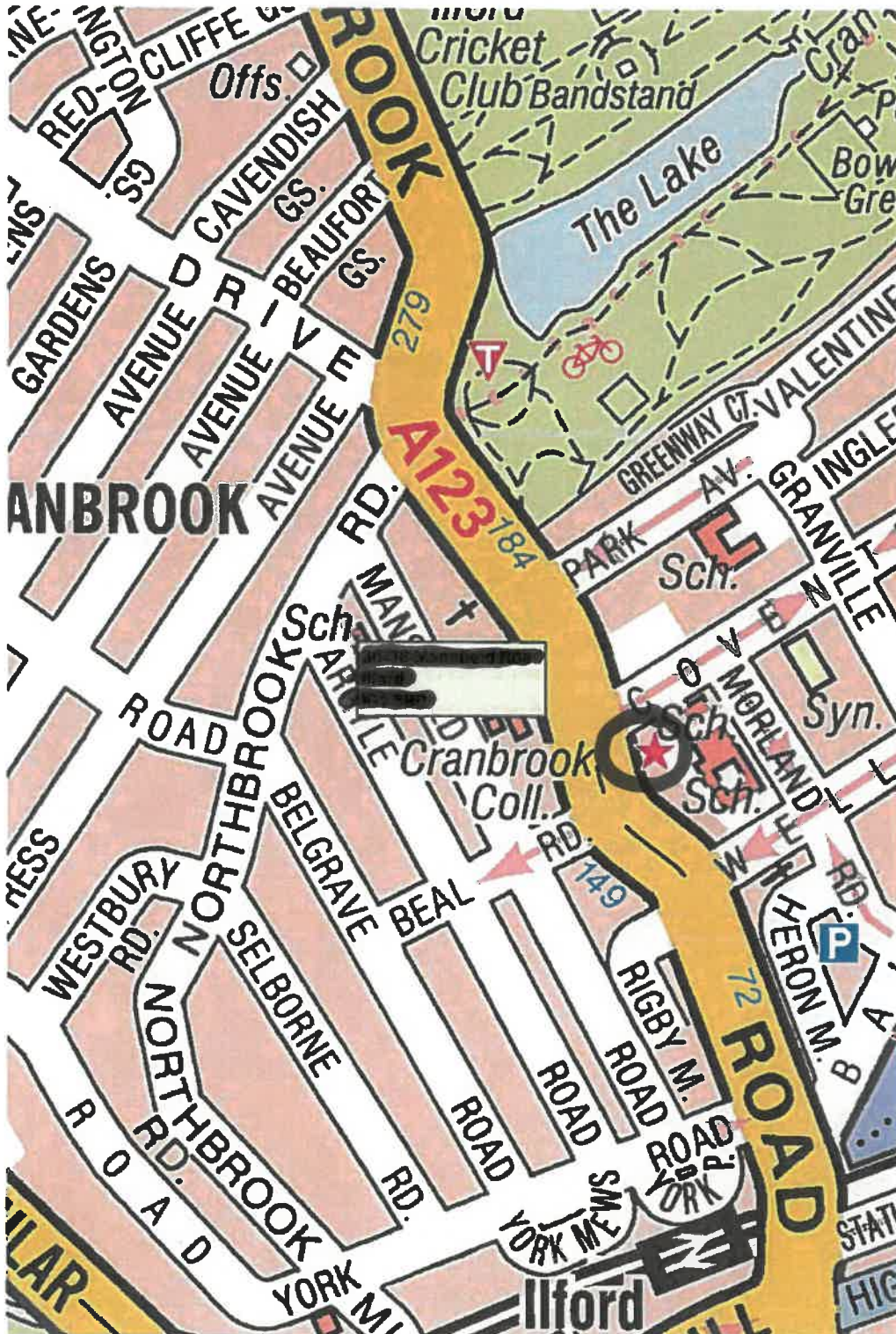
Market Commentary & Economic Overview	6.1	[REDACTED]
	6.2	In arriving at our Market Value / Market Rent we have, where possible, analysed the latest transactional evidence available. When considering our reported values we have also relied upon a greater degree of judgement having regard to market sentiment, than would be applied under more certain market conditions.
Demand	6.3	If priced correctly the property would be popular with a range of owner occupiers / investors / developers.
Liquidity	6.4	The property should sell/let within timescales mentioned below at our opinion of Market Value/Market Rent assuming current market conditions and in the condition and standard of presentation as at the valuation date.
		Sale: 3-6 months Letting: 6-9 months
		We would recommend that the property is sold via private treaty / auction as being the most effective method of disposal.
		A rent incentive of up to 3 months may be required in order to secure a commercial tenant, thus the total rental diminution for this element may be between 9 – 12 months.

7. Valuation

Methodology	7.1	Comparable
Rental Values	7.2	The general consensus of professional opinion is that similar D1/office properties will achieve rents in the region of £10.00 - £15.00 per sq ft (FRI lease terms) depending upon size, layout, specification and permitted use.
	7.3	We are of the opinion that the Market Rent for the property, if let on standard commercial terms (10 year FRI lease, with option to break in year 5), is fairly reflected in the sum of £86,500 per annum (circa £12.54 per sq ft).
Capital Values	7.4	The general consensus of professional opinion is that similar properties will achieve values on a capital value per sq ft basis ranging from £310.00 - £330.00 per sq ft depending upon layout, specification and permitted use.
Capital Value Calculation	7.5	For ease of reference the net internal area of the subject property is 640.90 sq m (6,899 sq ft). We have, therefore, adopted a rate of circa £320.00 per sq ft, to arrive at a Market Value of say £2,200,000.
Market Value	7.6	<p>We are of the opinion that the Market Value of the freehold interest in the property, with the existing tenancy, in the condition found at the time of our inspection as at the assumed date of valuation, is fairly reflected in the sum of:</p> <p>£2,200,000 (Two Million, Two Hundred Thousand Pounds).</p>
Market Value (Restricted)	7.7	<p>We are of the opinion that the Market Value of the freehold interest in the property, with the existing tenancy, assuming a marketing period restricted to 90 days, in the condition found at the time of our inspection as at the assumed date of valuation, is fairly reflected in the sum of:</p> <p>£1,950,000 (One Million, Nine Hundred & Fifty Thousand Pounds).</p>
Market Value (Vacant Possession)	7.8	<p>We are of the opinion that the Market Value of the freehold interest in the property, with vacant possession, in the condition found at the time of our inspection as at the assumed date of valuation, is fairly reflected in the sum of:</p> <p>£2,200,000 (Two Million, Two Hundred Thousand Pounds).</p>
Market Value (Vacant Possession Restricted)	7.9	<p>We are of the opinion that the Market Value of the freehold interest in the property, with vacant possession, assuming a marketing period restricted to 90 days, in the condition found at the time of our inspection as at the assumed date of valuation, is fairly reflected in the sum of:</p> <p>£1,950,000 (One Million, Nine Hundred & Fifty Thousand Pounds).</p>

Market Rent	7.10	<p>We are of the opinion that the Market Rent for the property, if let on standard commercial lease terms (10 year FRI lease, with option to break in year 5), as at the date of valuation is:</p> <p>£86,500 per annum</p>
Building Reinstatement	7.11	<p>We would recommend that the property be insured for a minimum sum of:</p> <p>£1,185,000 (One Million, One Hundred and Eight-Five Thousand Pounds).</p>
Suitability for Lending	7.12	<p>Subject to the comments in this report we consider the property offers good security for loan purposes.</p>
Lenders Action Points	7.13	<ul style="list-style-type: none"> • We are not legal advisors and as with all legal documentation the lenders legal advisors should confirm that our understanding of the tenure and tenancies is correct. • The lenders legal advisors should confirm the valuation has been prepared in accordance with the statutorily permitted use and that acceptable consent from all parties concerned is in place. • Local authority enquiries have been made, however these are limited and your legal advisors may discover adverse information within their searches which should be brought to our attention. • The lenders legal advisors should confirm that the interest under consideration has a good and marketable title.

8. Location Map



9. Property Photographs



Street Scene



Rear Elevation



Rear Elevation



Assembly Hall



Typical Classroom



Staff Room



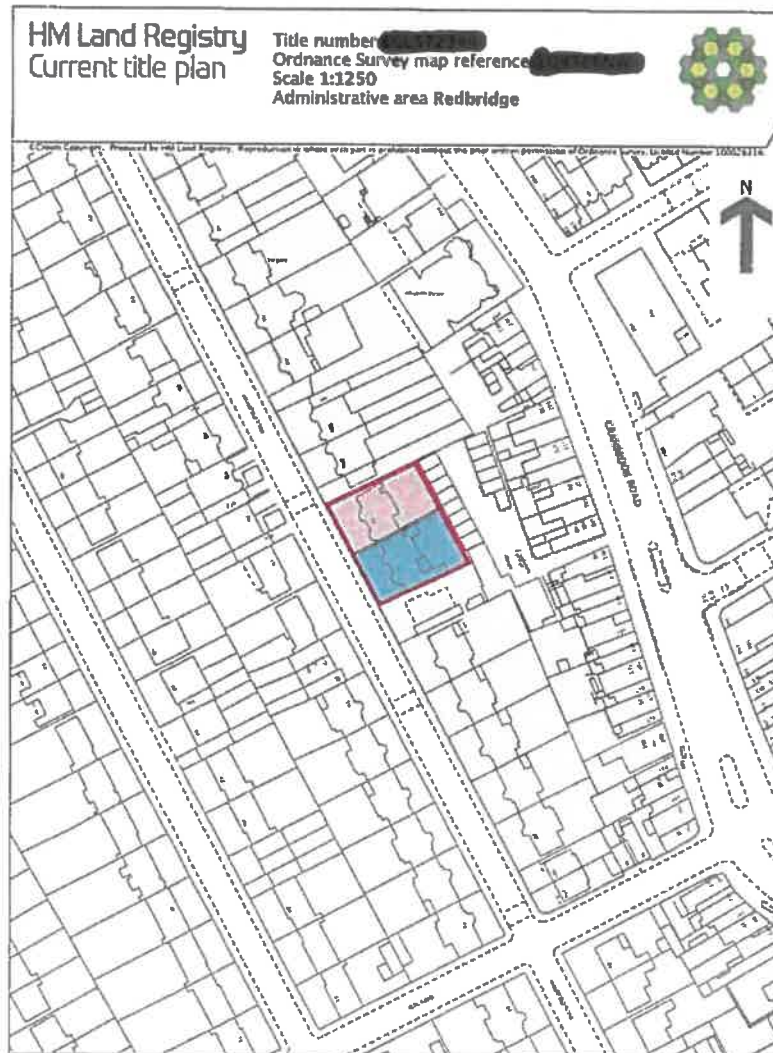
Typical WC

10. Land Registry - Title Plan

Lenders Security

The area edged in red on the title plan reflects the demise of the subject property and lenders security.

We have not been provided with a Report on Title, however, if one is produced we will be pleased to review and pass comment.



This is a print of the view of the title plan obtained from HM Land Registry showing the state of the title plan on 01 September 2017 at 09:48:07. 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, Birkenhead Office.