

**72 Princes Avenue  
Hull  
HU5 3QJ**

**REPORT AND VALUATION**

**FOR**

**Abram SASS  
60 Ash Grove  
Hull  
HU5 1LU**

**IN RESPECT OF**

**Hullensian Property Limited**

**Prepared by**

**M E Waterfield, FRICS**

**13<sup>th</sup> August 2024**



**File Reference: LS6267**

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## EXECUTIVE SUMMARY

<b>ADDRESS</b>	<b>72 Princes Avenue, Hull, HU5 3QJ</b>
<b>DATE OF INSPECTION</b>	7 <sup>th</sup> August 2024
<b>SURVEYOR</b>	M E Waterfield, FRICS
<b>PROPERTY LOCATION AND DESCRIPTION</b>	Three storey mid terraced mixed use property with ground floor operating as an established butchers and first and second floors offering residential accommodation.
<b>TENURE</b>	Long lease to be established as at the date of purchase (999 years)
<b>TENANCY</b>	<p>The property is let separately.</p> <p>The ground floor commercial is held on a 5 year lease from the 10<sup>th</sup> November 2022 at a rent of £9,000 per annum internal repairing.</p> <p>The residential duplex element is let on a 5 year lease for £5,400 per annum. There are rent review provisions with a maximum increase of 3% at the end of the term.</p>
<b>VALUATION DATE</b>	7 <sup>th</sup> August 2024
<b>PURPOSE OF VALUATION</b>	<b>Pension (SASS) purchase for commercial unit as a separately listed title at land registry.</b>
<b>MARKET RENT</b>	£9,000 per annum
<b>MARKET VALUE</b>	<b>£100,000 (One Hundred Thousand Pounds)</b>

**This Executive Summary should to be read in conjunction with our Valuation and Report together with all the Conditions and Assumptions contained therein.**

13<sup>th</sup> August 2024

Our Ref: MEW/KH/LS6267

Your Ref: Derek Abram

Abram SASS  
60 Ash Grove  
Hull  
HU5 1LU

**For the attention of:- Mr Derek Abram – Hullensian Property Limited**

Dear Sirs

**72 PRINCES AVENUE, HULL, HU5 3QJ**

Pension Fund – Abram SASS

## **1. INSTRUCTIONS**

We refer to your email dated the 22<sup>nd</sup> July 2024 to carry out a Market Valuation of the above mentioned commercial ground floor premises and, in accordance with our agreed Terms and Conditions of Engagement, we inspected it on the 7<sup>th</sup> August 2024 and write to advise you as to our opinion of the Market Rent and Market Value of the leasehold interest for pension purposes.

We confirm that as far as we are aware, Lincolnshire Surveyors has not had any previous involvement with the property or site or the borrower/purchaser, which could give rise to a conflict of interest.

A copy of the letter of instruction together with our acknowledgement and Terms of Engagement are attached at Appendix I. Our Valuation and Report is subject to the Valuation Definitions and Reservations, together with the Conditions and Assumptions contained therein, also included at Appendix I.

For the purposes of this Valuation and Report, the valuation date is the 7<sup>th</sup> August 2024.

## **2. BASES OF VALUATION**

### **Definition: “Market Value”**

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.

### **Definition: “Market Rent”**

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 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.

## **3. DATE AND EXTENT OF INSPECTION**

The property was inspected on the 7<sup>th</sup> August 2024.

The property was inspected by M E Waterfield, FRICS who carried out both the valuation report and the Building Survey inspection.

The weather conditions were bright, fine and dry at the time of inspection.

The surveyor has the relevant experience, knowledge, skills and understanding to undertake the valuation competently.

#### **4. INFORMATION RELIED UPON**

We have relied upon information provided by Hullensian Property Limited in relation to purchase and transfer into pension fund and agents Garness Jones and any appropriate websites.

#### **5. LOCATION & SITUATION**

##### **Location**

Kingston Upon Hull usually shortened to Hull is a port city and unitary authority area in the East Riding of Yorkshire. It lies upon the River Hull at its confluence with the Humber Estuary 25 miles inland from the North Sea and 37 miles south east of York.

The population of the city as at the 2022 census was 268,852 and it is the fourth largest city in the Yorkshire and Humber region after Leeds, Sheffield and Bradford.

Located on an established part of Princes Avenue on a parade of shops that include cafés, restaurants and retail accommodation. Princes Avenue is a sought after location with mixed use retail with highly densely residential population located off the Avenue.

A Location Plan showing the area in its regional context and a Street Plan with the road shown in its local context are attached at Appendix II. An Ordnance Survey extract on which the site boundaries of the subject property, as we understand them, are edged in red, is attached at Appendix III.

#### **6. DESCRIPTION**

Three storey terraced mixed use accommodation.

Commercial element on the ground floor:	Retail shop area, preparation room with cold store, toilets, ancillary accommodation and garage.
Ground floor entrance lobby	
First floor:	Lounge, kitchen, bathroom, separate toilet, bedroom.
Second floor:	Two bedrooms
Outside:	Vehicle hardstanding to the rear.

The property is believed to have been built originally approximately 100 years ago and is of traditional construction comprising solid brick elevations under a recently renewed concrete tile roof covering.

The windows are uPVC framed with inset sealed unit double glazing.

The ground floors are of solid construction, the first and second floors are timber board on joist.

The residential section benefits from gas fired central heating.

From our understanding of the site boundaries, as set out on the attached Ordnance Survey extract, we have estimated the site area to be approximately 0.14hectares (0.34 acres). The site is broadly on a principally level rectangular shape plot.

Photographs of the subject property are attached at Appendix IV.

A copy of our Building Survey report is attached at Appendix V.

## 7. ACCOMMODATION

The subject property has been measured in accordance with the RICS Code of Measuring Practice (6<sup>th</sup> Edition) and the approximate net internal floor areas have been assessed as follows: -

FLOOR	ACCOMMODATION	Sq M	Sq Ft
Ground floor	Retail Zone A	22.6	243
	Retail Zone B	9.5	102
	Internal Storage Area 1	11.8	127
	Internal Storage Area 2	9.7	104
	Internal Storage Area 3	2.3	25
	Garage	13.2	142
	<b>TOTAL</b>	<b>69.1</b>	<b>744</b>

	Metric Dimensions	Imperial Equivalent ‘ ‘
Gross Frontage	5.75	18.86
Built Depth	27.5	90.22

## 8. SERVICES

We understand that all mains' services (gas, electricity, water and drainage) are connected to the subject site.

The residential accommodation benefits from gas fired central heating.

We are not aware of heating to the commercial area.

None of these installations were tested during the course of our inspection. It is assumed, therefore, for the purposes of this valuation report, that all plant and machinery is fully and regularly maintained under maintenance contracts and that there are currently no outstanding works or repairs required.

We consider that the electrical installations are somewhat dated and, therefore, we would recommend that all electrical circuits should be checked and tested by a reputable electrical contractor who, preferably, should be NICEIC registered.

We have assumed that all gas installations have been tested within the past twelve months by a reputable Gas Safe registered gas engineer and have been certified as being safe.

## 9. CONDITION

A full Building Survey has been undertaken and a copy of the report is attached in the Appendices.

Lincolnshire Surveyors has not carried out a building survey and therefore no warranty is given or implied that the structure is free from defect, infestation or rot. We have not inspected any parts of the property which are covered, unexposed or inaccessible. For the purposes of the valuation such parts and also the structure of the building are assumed to be in good repair and condition. We do not express an opinion about, or advise upon, the condition of uninspected parts and our Valuation and Report should not be taken as making any implied representation or statement about such parts.

Lincolnshire Surveyors has not carried out any investigation on site in order to determine the suitability of the ground conditions or any of the services. Our Valuation and Report assumes that these aspects are satisfactory, and that, where any development is proposed, no extraordinary expenses or delays will arise. We have not carried out a geophysical survey nor had access to any information concerning past uses of the

land. We have no reason to believe that any unusual ground conditions exist and we have assumed that ground bearing conditions are normal.

Lincolnshire Surveyors has not arranged for any investigation or inspection to be carried out to determine whether or not deleterious or hazardous materials have been used in the construction of the property or have since been incorporated or used. We cannot therefore report that the property is free from any such risks. For the purposes of this Valuation and Report it has been assumed that such investigations or inspection will not disclose the presence of any such materials.

#### **Remaining Economic Life**

Subject to the property being properly maintained and repaired, we consider that the property has a remaining useful economic life. The life of the building may be further extended if regularly maintained and replacements / renewals undertaken as necessary.

### **10. ASBESTOS**

Under the Control of Asbestos Regulations 2006, there is now a statutory duty on owners/occupiers of all property to manage asbestos. We have not carried out a survey of the building in order to establish whether asbestos based materials may be present, and we can therefore give no assurances whatsoever.

Our valuation assumes that there is no asbestos or asbestos based materials present in the building. It is only possible to establish the nature of materials by undertaking an asbestos survey, which should be undertaken by appropriate specialists. If, after having carried out such a survey, it is found that our assumptions are incorrect then we should be advised immediately so that we may reconsider our valuation if we feel it appropriate.

### **11. ENVIRONMENTAL ISSUES**

We have made verbal enquiries of the local planning authority who could not comment whether the site is on contaminated land without undertaking a site specific survey.

The Environment Agency website indicates that the property is not immediately within an area of pollution concern, with no sites nearby being monitored for contamination at present.

Lincolnshire Surveyors has not carried out any investigation into the past or present uses, either of the property or of any neighbouring land, to establish whether or not there is any potential for contamination to the property. In the absence of an environmental audit or other environmental investigation or soil survey, we will assume that no contamination, or the possibility of contamination, exists.

On the basis of visual inspection and the information in the public domain we are of the opinion that investors are likely to conclude that there are no significant environmental risks associated with this property. As such we have assumed there would be no adverse effect on the value of the property or on its marketability. However, should it be established that contamination exists at the property or on any neighbouring land or that the premises have been or are being put to a contaminative use then this might adversely impact on our opinions of value, and we would need to review the valuation advice contained in this report.

No indications of contaminative land uses were noted during our inspection for valuation purposes, and we have not investigated past uses of the property or any adjacent land. Our inspection was only of a limited, visual nature and we cannot give any reassurances that uses on the site or in the surrounding areas have not contaminated the property or ground waters. In the event of contamination being discovered, further specialist advice should be obtained. You are advised to ensure that your legal advisor takes up the usual enquiries on your behalf, in respect of possible contamination issues (prior to entering a commitment to purchase). Should it be established that contamination does exist, this might reduce the market values reported.

#### **Flood Risk**

The Environment Agency website does not identify the property as lying within an area liable to flooding.

## 12. STATUTORY ENQUIRIES

### Planning

We have made verbal enquiries of the Local Authority regarding town planning matters, which may affect our valuation. We believe that the information that we have been given is correct, but we cannot accept liability for either incorrect information or for material omissions in the information supplied to us, including statutory notices or contraventions of statutory requirements.

We have established that the subject property lies within the administrative jurisdiction of Hull City Council.

The subject property appears to have established mixed residential/commercial use, although the local Planning Authority, through our verbal enquiries, were unable to confirm the same. We recommend that your legal advisers provide further advice in this regard. Our valuation assumes that all necessary Planning Permissions and other statutory consents have been granted and that it has the necessary Building Regulations approval.

### Highways

We assume that the property has full vehicular rights of access and that there are no onerous terms or excessive charges applying to the property. This should be confirmed by your legal advisers.

### Business Rates

We have established, via the website of the Valuation Office Agency that the subject property is assessed for Business Rates purposes as follows: -

Address	Description	Rateable Value
72 Princes Avenue, Hull, HU5 3QJ	Shop and premises Class E (a)	£4,250
	<b>TOTAL</b>	<b>£4,250</b>

The Uniform Business Rate (UBR) for the year 2024/2025 stands at 49.9 pence in the pound (£).

## 13. FIRE PROTECTION

Fire Certificates are now no longer issued by the Fire Authority. Under the Regulatory Reform (Fire Safety) Order 2005 it is the duty of the responsible person i.e. employer, landlord or occupier to ensure that appropriate fire precautions are provided, and they are under an obligation to carry out a Fire Risk Assessment. We have not seen a copy of the Fire Risk Assessment.

It is assumed, for the purposes of this Valuation Report, that the subject property complies in all respects with current fire regulations and that such fire fighting equipment as is required is provided on site and is in a serviceable condition and fit for immediate use.

## 14. TENURE

Lincolnshire Surveyors has not been provided with a Report on Title and we therefore assume that the property is not subject to any defect in title, any adverse covenant, or subject to any unusual or other onerous restrictions, rights or outgoings, and that good marketable title can be shown.

- We understand that the property is currently held Freehold.
- On the completion of purchase, the commercial unit will transfer to Abram SASS on a long term lease (999 years)

For the purposes of this Valuation and Report, it is assumed that there are no outstanding disputes with the neighbouring occupiers. Moreover, it is also assumed that there are no wayleaves or easements granted in favour of the subject property or, indeed, any neighbouring property or properties.

## **15. TENANCIES**

### Commercial

Ground floor butchers - Held on a 5 year lease from 10<sup>th</sup> November 2022 at £9,000 per annum (internal repairing).

### First and Second floor Residential

Three bedroom flat currently let on a 5 year agreement at £5,400 per annum with a review mechanism of 3% maximum increase at the end of the term.

## **16. TENANTS COVENANT STRENGTH**

No reports or investigations have been undertaken in relation to the commercial tenants covenant strength.

## **17. MARKET CONDITIONS**

The Q2 2024 RICS UK Commercial Property Monitor results are indicative of a relatively flat headline picture for the market. Illustrating this, measures capturing both occupier and investor demand remained largely stable. That said, the current feedback is at least a little more encouraging than was the case throughout much of 2023. Similar to last quarter, 34% of respondents are of the opinion that the market is at the bottom of the current cycle, while 41% sense conditions are consistent with the early stages of recovery (minimally changed compared to respective shares of 35% and 38% in the previous iteration of the survey).

In keeping with the steady tone to the latest data, the headline occupier demand series posted a net balance of +4%, identical to the reading seen last quarter. Given this value remains very close to zero, it suggests tenant demand trends were more or less stable. At the sector level, the office and industrial categories posted net balances of +7% and +10%, pointing to a marginal pick-up in occupier demand in both cases. Conversely, the net balance of -5% registered for the retail sector, although slightly less negative than the -10% reading seen previously, continues to point to subdued momentum behind tenant demand.

Alongside this, space available for occupancy rose modestly across the office and retail sectors, albeit the pace of increase softened slightly compared to last time (in net balance terms). Interestingly, vacant space reportedly edged up slightly within the industrial segment, evidenced by a net balance reading of +9% being registered in Q2. This marks a departure from the almost uninterrupted decline in the availability of industrial space over the past decade.

Looking ahead over the coming twelve months, rental growth projections continue to point to a mixed performance across different asset classes. Still leading the way, prime industrial rents are seen rising over the next year by a net balance of +59% of contributors. At the same time, secondary industrial rents are also expected to move higher, albeit the net balance of +22% is noticeably more moderate than that for prime. Meanwhile, the prime/secondary split remains even more pronounced for offices, with the twelve-month rental expectations series posting a net balance of +45% across the former and a still firmly negative -32% for the latter. Looking at the prime retail sector, a net balance of +10% of respondents now foresee rents increasing over the year ahead. Although the latest figure is relatively modest, it does represent the most positive reading for this metric since 2017. Nevertheless, secondary retail rents continue to exhibit a negative outlook, posting a net balance of -32%.

At the regional level, the outperformance of the prime office market in London continues to come through in the latest expectations data. Indeed, a net balance of +68% of respondents covering London foresee prime office rents rising over the year ahead. This stands significantly above net balance readings of +29%, +25% and +29% for the South, Midlands and the North respectively.

Looking at the investment market, the all-sector net balance for investment enquiries came in at -4% in Q2, completely unchanged from Q1. As such, this measure is signalling a stagnant trend in investor demand of late. At the sector level, industrial properties did attract another small rise in buyer interest (net balance +10%), while slightly negative net balance readings were returned across the office (-9%) and retail (-18%) sectors.

Over the next twelve months, a net balance of +57% of survey participants foresee capital values rising across the prime industrial sector, with the figure standing at +19% for secondary. In both cases, these forward-looking readings are marginally stronger than last quarter. Across the prime office sector, a net balance of +38% of respondents expect capital values to move higher, up from a reading of +25% in Q1. By way of contrast, a net balance reading of -33% in Q2 shows that secondary office values are still seen coming under downward pressure over the next twelve months, even if this is slightly less negative than the reading of -41% seen in Q1. For prime retail properties, a net balance of +12% of contributors anticipate an upward trend in capital values, up from a reading of +5% beforehand. Again, secondary retail is still seen struggling, with capital values expected to fall according to a net balance of -29% of respondents.

Away from the traditional sectors, both capital value and rental growth projections remain firmly positive for several alternative CRE asset classes. In particular, student housing, data centres, life sciences and multifamily residential all exhibit solid expectations for the year ahead. At the other end of the spectrum, the outlook is much flatter for the leisure sector, although this does mark an improvement compared to the marginally negative assessment respondents put forward last quarter.

### **Local Market**

Andrew Lawson, Chesterfield, The Resort Group Plc, AL@ theresortgroupplc.com - High level of uncertainty is putting a hold on the economy in general. There is a general lack of confidence.

James Alexander Bruce Ottewell, Derby, Alexander Bruce Estates Ltd, james@alexanderbruce.co.uk - Difficult.

John Chappell, Skegness, Chappell & Co Surveyors Ltd, john@ chappellandcosurveyors.co.uk - The ability of the market to turn the corner and improve, adding to economic efficiency, is dependent upon fast action by the new Government in terms of economic stability leading to an easing of interest rates and to carry out long overdue reforms of the UK planning system. However, these have to be coupled with investment in infrastructure and incentives to expand the construction workforce, both of which are currently woefully inadequate in terms of delivering economic growth in the UK

## **18. MARKET RENT**

We are of the opinion that the Market Rent of the subject premises in accordance with the current market conditions and subject to the definitions, caveats and assumptions contained in this report, as at the date of this report is, **£9,000 per annum (Nine Thousand Pounds)**.

## **19. VALUATION CONSIDERATIONS**

We have been provided with information that the commercial area is to have a separate legal title from the first floor residential accommodation from the date of purchase.

We understand that a new 999 year lease will be established.

## **20. VALUATION**

### **Market Value**

We are of the opinion that the Market Value of the commercial leasehold interest in the subject property, in its current condition and having regard to the existing tenancies that produce a rental income of £9,000 per

annum as at 7<sup>th</sup> August 2024 is **£100,000 (One Hundred Thousand Pounds)**

#### Methodology

The methodology utilised is the investment basis established from devaluing and rationalising comparable evidence provided below.

#### Comparable Evidence

##### **93 Princes Avenue, Hull, HU5 3QP**

Retail unit, lease agreed 10<sup>th</sup> January 2023 at £22,500, equating to £9.25 per square foot, slightly poorer location.

##### **120 Chanterlands Avenue, Hull, HU5 3TS**

Lease agreed 1<sup>st</sup> November 2023 at £9,500 equating to £16.87 per square foot.

##### **121-123 Chanterlands Avenue, Kingston upon Hull, HU5 3TG**

Ground floor retail unit let 25<sup>th</sup> March 2022 at £15,000 equating to £12.34 per square foot.

Rationalisation of the above, and taking into consideration the comparable evidence and timescales, we are of the opinion that the current rent per square foot is assessed at £14.90 per square foot, equating to £8,940 rounded up to £9,000 per annum.

It is our considered opinion that the yield rate for properties in such a commercial area is fairly estimated in the region of 9%.

## **21. REINSTATEMENT COST ASSESSMENT**

The following reinstatement costs are provided as an indication of likely costs of reinstatement of the building for insurance purposes. This informal assessment has been prepared by the valuation surveyor and based upon BCIS (Building Cost Information Service) tables.

It should be noted that our opinion is a broad estimate of the likely reinstatement cost and should be used for guidance purposes only. It should not be relied upon in arranging actual insurance cover as a formal estimate would need to be sought from a quantity surveyor or similar expert.

Our informal assessment has been calculated on the basis of the following assumptions: -

- a) Unless otherwise stated, we will have made allowances to cover the cost of necessary demolition and site clearance prior to rebuilding, together with any external works such as hard standings, private roadways and fences and professional fees which would normally be incurred.
- b) Our assessment does not include any allowance for any loss of rent incurred or the provision of alternative accommodation during the rebuilding period.
- c) Our assessment does not allow for the removal of any dangerous building material that may add significantly to the reinstatement cost, nor does it provide for any special foundations required due to adverse ground conditions.
- d) Our assessment assumes that rebuilding will be permitted by the planning authority and that there will be no planning restrictions imposed.

Our estimate of the Reinstatement Cost Assessment, on a “day one basis”, excluding inflation, is in the region of **£460,000 (Four Hundred and Sixty Pounds)**.

## 22. LIMITATION OF LIABILITY & GENERAL COMMENTS

This Valuation and Report is confidential to the client and neither the Valuation, nor the Report, nor any part, is to be disclosed or made available to any third party without the written approval of Lincolnshire Surveyors. Lincolnshire Surveyors will not accept responsibility for the Valuation or the Report to any party other than its client.

If the Valuation and/or the Report is disclosed or made available to any third party, then it shall be disclosed in full, and any terms and conditions shall be disclosed to, and imposed on, such third party.

Neither the whole nor any part of the Valuation or the Report may be included in any document, circular, or statement, or published in any way, without the prior written approval of Lincolnshire Surveyors as to the form, content and context in which it will appear.

This Valuation and Report has been prepared in accordance with the Practice Statements of the RICS Valuation Standards (6th Edition).

Our valuations are opinions of value given all the facts, circumstances and market conditions known at the date of this report. Changes in market sentiment can occur without warning brought about by any number of external factors affecting confidence about stability or affordability or fears about more prolonged market falls or even recession. It therefore may be prudent to update opinions of value at the precise point that commitments are to be entered into or at a relevant decision date.

This Valuation and Report has been prepared by M E Waterfield, FRICS, who is the External Valuer.

We hereby confirm that Lincolnshire Surveyors holds Professional Indemnity Insurance with a limit of £1 million in accordance with the verification notice previously sent to you.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'M E Waterfield', with a long, sweeping horizontal stroke extending to the right.

**M E Waterfield, FRICS**

For and on behalf of Lincolnshire Surveyors