

REPORT AND VALUATION



**209 – 211 WALSALL ROAD
PERRY BARR
BIRMINGHAM
B42 1TY**

10th July 2017

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I Location plan

II Site plan

Michael Sheppard MRICS

The Directors
Premier Waste (UK) PLC Retirement Benefit Scheme
209 – 211 Walsall Road
Perry Barr
Birmingham, B42 1TY

10th July 2017

Dear Sirs

RE: 209 – 211 Walsall Road, Perry Bar, Birmingham, B42 1TY

1. Instructions

Thank you for your kind instructions of 29th June 2017 to undertake a valuation survey of the premises at the above address for own accounts purposes. We are instructed to provide the following valuation:-

Market Value

2. Identification of and status of the Valuer

The Valuation Report has been prepared and undertaken by Michael Sheppard, a full member of the Royal Institution of Chartered Surveyors enjoying the status of MRICS. Michael is also an RICS Registered Valuer and has nearly 30 years of experience in the Midlands property market.

3. Extent of investigation

Michael Sheppard MRICS visited the property on Wednesday 5th July 2017. We have not undertaken a measured survey and instead relied upon floor areas give to us. We have

however made enquiries and studied transactions on comparable property and we are now able to report to you as follows:-

4. Location:

The property is located approximately 4 miles to the north of Birmingham city centre in an area known as Perry Barr. The immediate locality is predominantly residential though it does enjoy a strong mix of out-of-town retail, business, industrial and warehouse premises too.

Enjoying frontage to the dual-carriageway A34 that links Walsall town centre 4 miles to the north of the property and Birmingham city centre to the south, the property is also well located for the national motorway network with M6 junctions 7 and 8 (for M5) both being within 1 mile.

5. Description:

The subject property comprises two of the three buildings on site operated by Premier Waste UK. The first is a two-storey office building fronting the site while the second is a single-storey steel frame industrial/ warehouse unit to the left –hand side of the site as facing from Walsall Road. Between the two aforementioned buildings and included within the property subject of this report, is a 44-space car park.

Main access to the office building is from the Walsall Road with secondary access taken from the car park at the rear. The industrial/ warehouse building is accessed only from a one-way concrete surfaced roadway that runs through the whole site and is shared with two other industrial users, one immediately to the right of the building used for industrial purposes and another at the far rear of the site. Neither of these two other industrial properties are included in this valuation.

i). Office building

The two-storey brick-built building is under flat roof. Appearing to date from the 1970's the building has been fully refurbished in recent years and offers a mix of open plan and closed plan air conditioned offices plus reception. There are male and female WC accommodation plus kitchen on both floor levels.



ii). Industrial/ warehouse building

The steel frame building over concrete floor is understood to have originally been constructed approximately 6 years ago. It is irregular in plan due to it running parallel to the site boundary on the left-hand side of the site. It comprises three unit areas with each being used for material storage. The material for the purpose of this report is assumed to be non-hazardous.



In late 2013 we understand that the premises were substantially damaged by fire and that during 2014 the property was completely rebuilt. This included new upvc-coated steel roof and elevation panels throughout and a number of new steel frame sections. Significantly too, a dry sprinkler system together with a tank holding a 90-minute long supply of water was installed following a fire prevention plan agreed being agreed with the insurers. All measures agreed within the fire prevention plan we understand have been fully adopted.



6. Floor areas

We have not undertaken a measured survey. Nevertheless, from information provided to us we understand that the floor areas are as follows:-

	Sq.ft.	Sq.m.
Office block	5,400	501.68
Industrial/ warehouse	42,334	3,932.96
	<hr/>	<hr/>
Total (GEA)	47,734	4,434.64

7. Tenure:

We understand that you own the subject property on freehold title.

8. Services:

We understand that all mains services are either connected or are available to each of the buildings described above.

9. Planning:

We have not made an official search of the Local Authorities' Planning Register. We can therefore give no guarantee that the existing use of the property is lawful.

That said, we do informally understand that the property forms part of a larger holding for which long established industrial consent exists and further, is the subject of an approved waste transfer license.

10. General repair:

We have not undertaken a structural survey. Informally however, the apparent condition of the offices is good and well maintained. The industrial/ warehouse building is fairly new and externally in very good condition. Internally though the shredding and storage use is very messy and internal panels are already heavily discoloured.

11. Ground conditions:

We have not undertaken investigations into the ground conditions. The River Tame runs along the far side rear boundary and whilst it is known that part of the neighbouring site (right-hand side as facing) is within an area at risk of flooding, the subject site is at an appreciably higher level and assumed not to be at risk. Whether the higher site level is natural or the result of being built up is not known.

12. Marketability

Despite the current market being in a subdued state following 'Brexit' providing the property is competitively priced, there is a reasonable demand for similar property to the subject at this time..

However, before marketing the industrial building it would require a thorough clean and tidy out and possibly, the replacement of roof lights and roof insulation panels if these could not be cleaned to reasonable satisfaction.

The fact that the property shares access with two neighbouring heavy industrial users (including maintenance obligations one assumes) and the lack of a recognized yard area and only limited vehicle parking while however deter many would-be purchasers or tenant occupiers. For this reason we have made a reduction on value against what is likely to have been reported had these adverse conditions not existed.

13. Basis of valuation:

The valuation report has been undertaken based on Market Value. The definition of *market value* as defined in IVS Framework paragraph 29 is: 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 arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

14. Valuation date:

10th July 2017

15. Valuation:

From experience we are of the opinion that the **Market Value of the above mentioned premises as at the valuation date with the benefit of the tenancy is a sum of £1,400,000 (one million and four hundred thousand pounds).**

16. VAT:

It is not known if an election has been made to waive exemption in relation to VAT. Accordingly, if an election has been made VAT would need to be charged as an addition to any rental or as an addition to a sale price.

17. Energy Performance Certificate (EPC):

In the event that the property is placed on the market for disposal an EPC would need to be obtained.

18. Comparable evidence:

In considering the value of the property, due consideration has been given to recent transactions as well as properties currently available, including: -

i). Building 2A, Summit Crescent Industrial Estate, Smethwick, B66 1BT

Two-storey, self-contained office block of 4,311 sq.ft.(400.50 sq.m.) fronting an industrial estate. The whole property was let in April 2017 on a new FRI lease for a term of 10 years with upward-only rent review and break clause at the end of the fifth year. Initial rental agreed is £35,000 pax though the tenant obtained six months rent-free in addition to the landlord undertaking a refurbishment programme costing £52,500. The value of the rent-free and the refurbishment reduce the average rental over the first five years to a level of £21,000 (£4.87 psf/ £52.43 psm). However, to fairly compare this property to the subject one must include the cost of refurbishment. Therefore this comparable indicates that the subject office block if let separately to the industrial building may have a rental value of £7.31 psf/ £78.68 psm (£39,474 pax).

ii). Units 10-11 Oldbury Road Industrial Estate, West Bromwich, B70 9DD

High bay (24') traditional industrial comprising 46,030 sq.ft. on 1.724 acres/ 4,278 sq.m. on 0.698 hectares). The premises sold in January 2017 for £1,680,000.

iii). 269 Wellington Road, Perry Barr, Birmingham, B20 2QQ

Late twentieth century warehouse and offices totalling 23,091 sq.ft. /2,145 sq.m. being marketed for sale or to let. The price quoted is £1,250,000 or £110,000 pax rental.

iv). 58 Chester Street, Aston, Birmingham, B6 4LW

Older style traditional industrial building located close to the A38M at Aston and comprising 40,922 sq.ft./ 3,802 sq.m. including mezzanine of 8,533 sq.ft. / 799 sq.m. and three-storey offices of 5,944 sq.ft./ 552 sq.m. The property is being marketed for sale with a quoted price of £1,700,000.

v). 65 Cheston Road, Aston, Birmingham, B7 5ED

Brick-built traditional industrial premises with two-storey offices providing a total of 32,185 sq.ft./ 2,990 sq.m. The property is being marketed for sale with a price of £1,350,000 being quoted.

vi). Walsall Road, Perry Barr, Birmingham, B42 1BP

Next door to the subject property the former Tucker Fasteners site is now being marketed for industrial/ warehousing development.

On the main body of the site a steel framed 346,000 sq.ft./ 32,144 sq.m. I being constructed speculatively with terms quoted being £39,780,000 freehold (£115 psf/ £1,175 psm) or £2,249,000 pax leasehold (£6.50 psf/ £70 psm).

On a smaller part, known as Barberry 46 the developer has plans to build a unit of 45,875 sq.ft./ 4,262 sq.m. The quoted terms are £5,505,000 freehold (£120 psf/ £1,292 psm) or £321,125 pax leasehold (£7 psf/ £75 psm).

Both developments will offer far higher eaves and much greater yard and parking areas and are clearly quite a different 'animal' than the subject.

19. General:

i). Fixtures and Fittings

For the purpose of this report normal Landlord/vendor's fixtures and fittings and building services have been included. However, the valuation figures exclude trade fixtures, machinery, furnishings and other equipment not generally included in a property sale.

ii). Repair/Condition

We have not undertaken a structural survey and can give no opinion or guarantee that the premises are free from any defects.

Tests have not been undertaken in respect of services neither has any investigation been carried out to determine whether high alumina cement, blue asbestos, wood-wool slabs or any other material which is generally accepted as not being good for the purpose has been used in the construction and the report is on the basis that no adverse conditions exist.

iii). Ground Conditions

We have not carried out a site investigation and can give no opinion that the ground has sufficient load bearing strength to support the structures erected thereon.

Nor are we able to give an opinion regarding the structural design of the property or suitability of any foundations.

No tests have been undertaken or commissioned to ascertain that the site is free from contamination accordingly no guarantees can be given in that connection.

iv). Title

Title deeds have not been inspected and for this report we have relied upon information as supplied to us and have no knowledge of any restrictive covenants, easements, wayleaves, rights of way or of light or of support or prescriptive rights unless referred to above.

v).Measurements

Measurements are carried out in accordance with the Guidance Note or Practice Statements issued by the Royal Institution of Chartered Surveyors unless otherwise stated in our report.

vi).Planning

No official searches have been made of the planning register. Although enquiries have been made as referred to.

vii). Fire Health and Safety Legislation

We cannot guarantee that the property complies with current fire safety requirements and regulations nor health and safety or any other legislation or regulations.

viii). Taxation

The valuation does not take into account industrial buildings allowance or any matter concerning taxation. Nor does the valuation have regard to any incidental costs of sale that might arise on a disposal.

vix). Sustainability

As the Valuer has a responsibility to the client to ensure that a valuation reflects the material factors that may influence value, sustainability must be considered to comply with RICS valuation standards.

It is our opinion as at the date of valuation, the market for this type and nature of property does differentiate, in terms of either occupier or investor demand, between a building that displays strong sustainability credentials and one that does not, and is likely to be taken into account by any occupier particularly in terms of running costs of the building. This situation could change in the future

having regard to the energy performance rating of the building and the changing requirements of the Energy Act.

20. Assumptions and Special Assumptions:

Unless specified otherwise our valuation is subject to the following definition:

- i). A willing seller
- ii). That, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale
- ii). That the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation, and
- iv). That no account is taken of any additional bid by a purchaser with a special interest
- v). The valuation is also as at the date of the report, unless otherwise stated.

21. Compliance:

This report and valuation complies with and has been undertaken in accordance with the RICS Valuation – Professional Standards – January 2014 – including the International Valuation Standards, and may be subject to monitoring under the Institutions conduct and disciplinary regulations.

22. Restrictions of Use, Distribution or Publication:

This report is strictly for the private use and information of the addressee and for the purposes contained in the instructions for this report. No right of publication of the whole or part of the report and valuation is permitted without our prior written consent.

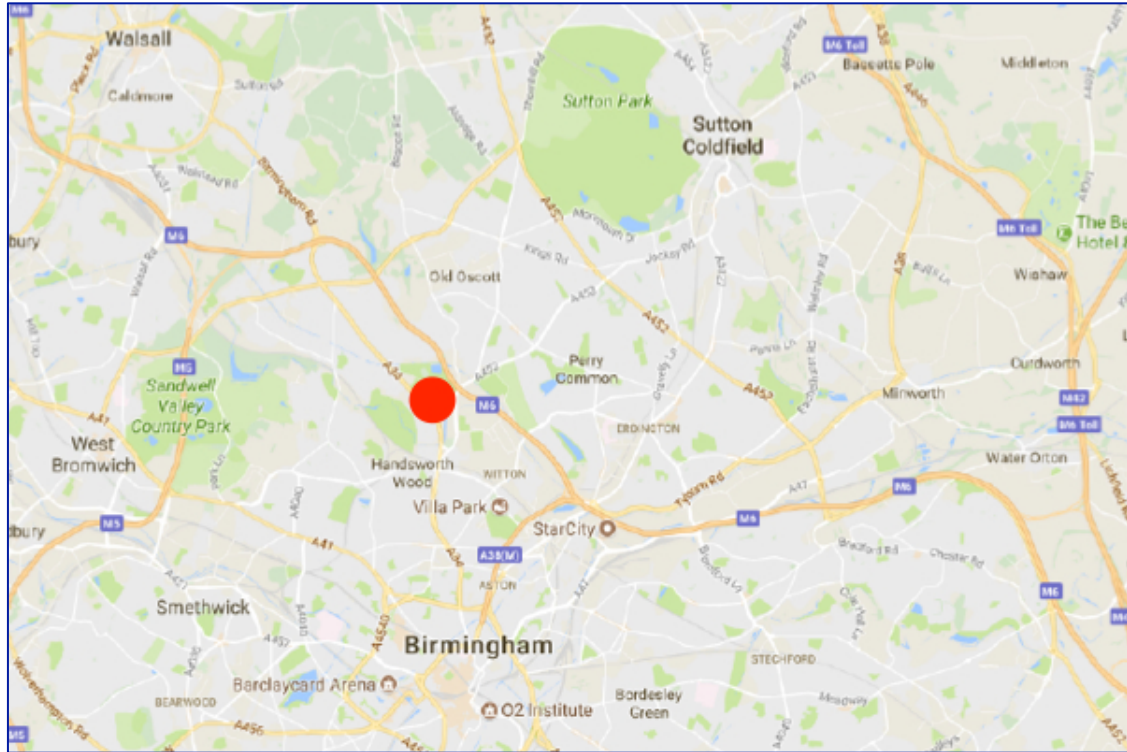
We trust this report and valuation is sufficient for your purposes but should clarification be required then please do not hesitate to contact the writer.

Yours faithfully,

Michael G Sheppard MRICS
MS Surveyors

APPENDIX I

Location plan:



APPENDIX II

Site plan:

