

Mr Scott Lunn
Property and Investment
Brighton & Hove City Council
The Housing Centre
Unit 1 Fairway Trading Estate
Eastergate Road
Brighton
BN2 4QL

9 February 2018

Dear Scott,

Land adjacent to 336 Mile Oak Road, Portslade, BN41 2RA

Instructions

In accordance with your instructions we have inspected the above mentioned freehold land, owned by Brighton & Hove City Council ("the Council"), in order to advise you as to our opinion of Market Rental Value (IMRV) subject to full vacant possession based on the following investigations, limitations, and assumptions.

We have valued the property based on certain information provided. We have not been provided with any Report on Title. Further comments on specific information provided is detailed within.

A copy of your Purchase Order ref BHC0578550/0 confirming the instruction is attached, along with our Standard Valuation Assumptions & Bases of Valuation.

Purpose of valuation

We understand that our market rent valuation is required to assist the Council in considering alternative options to the sale of the land and garage.

This report has been prepared in accordance with the Valuation Standards, Guidance Notes and Appendices contained in the RICS UK Valuation - Global Standards July 2017 - "The Red Book". The firm may be considered to be an external valuer as defined in the RICS Valuation Standards and we have not had any previous material involvement with the land or a connected party, save for undertaking a marketing exercise to sell the land, including negotiating and agreeing sale terms with prospective purchasers.

The valuation has been undertaken by William Shipley BSc FRICS a partner and RICS Registered Valuer who has the knowledge, skills and understanding to undertake the valuation competently.

Inspection

The land has not been inspected for the purposes of this valuation as it is well known to us due to the marketing process undertaken over the past twelve months.

Location

The site is located towards the northern end of Portslade, East Sussex. The area of Mile Oak is predominately residential, consisting mainly of semi-detached dwellings dating back to the 1950s.

There is a small parade of shops, including a convenience store and takeaway, and a pub approximately 500m northwards.

There are no parking restrictions in this part of the city and there is free on-street parking available along Mile Oak Road. Several residents in the immediate area have private forecourts for parking, including the adjoining neighbours. Various bus services are available in the locality, providing connections across the city and beyond.

A plan of the site, outlined in red, is attached.

Description

The site comprises a small sloping plot of land, mainly surfaced in concrete with a small, derelict garage to the rear. The area is overgrown and generally in poor condition. The overall plot size is 74.4 sqm (801 sq ft).

The garage is of a pre-fabricated concrete build under what appears to be an asbestos roof and is visually in poor condition externally. The garage is located to the rear of the site in a small and narrow section. Whilst we have not had access to the garage, we believe the existing gross internal floorspace to be approximately 11 sqm (118 sqft). This is not suitable to accommodate a modern sized car.

The site is immediately adjacent to an electric sub-station (not included within the site) and is bounded by the residential properties and gardens at 334 and 336 Mile Oak Road.

Market Rent Valuation Commentary

Our market rent valuation has been undertaken on the basis of the existing land and dilapidated garage.

We have based our valuation upon comparable evidence with B&HCC's housing portfolio of garages and parking spaces.

The following evidence is available within Portslade:

Address	Description	Rent
Graham Avenue, Portslade, BN41 2WT	Car parking spaces	£4.73 per week
Graham Avenue, Portslade, BN41 2WT	Modern sized garages	£17.70 per week
Wickhurst Close, Portslade, BN41 2TG	Modern sized garages	£17.70 per week
Valley Road, Portslade, BN41 2TH	Modern sized garages	£17.70 per week

The above garages all comprise purpose-built facilities, capable of accommodating a modern sized vehicle or a standard storage requirement. The garage located on the subject site is not suitable for such a purpose and given its dilapidated nature may not be suitable for dry storage.

Freehold and leasehold garages are generally used for a variety of purposes besides parking and in particular are often utilised for storage. However, the garage on the land is dilapidated and may not

be wind and watertight, and so usable for very basis storage only. The remainder of the site is suitable for parking a motor vehicle.

Accordingly, in our opinion, and assuming the land is let as per its current condition, we would assess the market rent based upon a rate of £10 per week, plus vat, providing a market rent of £520 plus vat.

Market Rent

In our opinion, the Market Rental Value of the land and garage adjacent to 336 Mile Oak Road, Portslade is:

£520.00 per annum exclusive of VAT

(Five Hundred and Twenty Pounds exclusive of VAT)

This valuation has been carried out in accordance with our Standard Valuation Assumptions and Bases of Valuation.

Sale Price

A sale of the garage and land has been agreed with the adjoining owner of 336 Mile Oak Road for £27,500, following a marketing campaign. Based upon our market rent this reflects a gross yield of 1.89%. Unless any letting was short term only, allowing for early repossession, the investment yield would be considerably higher. At a yield of, say, 5% the capital value would equate to £10,400.

Accordingly, in our opinion the sale price agreed represents best consideration, and also a special purchaser premium.

Confidentiality and Disclosure

Our valuation is confidential to the addressees for the specific purpose to which the report refers and no responsibility is accepted to any third party for the whole or any part of its contents.

If our opinion of value is disclosed to persons other than the addressees of this report, the basis of valuation should be stated. Before the certificate or any part of it is reproduced, or referred to in any document, circular or statement, and before its contents or the contents of any part of it are disclosed verbally to a third party, our written approval as to the form and context of such publication or disclosure must first be obtained.

William Shipley

Colin Brades

Prepared by _____

Reviewed by _____

**William Shipley BSc FRICS
(RICS Registered Valuer)**

**Colin Brades DipVEM, MRICS
(RICS Registered Valuer)**

T 01273 223571
E bill.shipley@cluttons.com

T 01273 224578
E colin.brades@cluttons.com

For and on behalf of
Cluttons LLP
Commercial Valuation

44-46 Old Steine, Brighton, BN1 1NH
T 01273 738383
www.cluttons.com © Cluttons 2014

1.0 STANDARD VALUATION ASSUMPTIONS AND BASES OF VALUATION

All valuations and appraisals have been carried out in accordance with **The RICS UK Valuation – Global Standards July 2017) - "The Red Book"**. Compliance with The Red Book is mandatory for Chartered Surveyors in the interests of maintaining high standards of service and for the protection of clients.

Please note that our valuation may not be relied upon for the stated or any other purposes until such time as our fee account has been paid in full.

Unless agreed otherwise in writing, or stated otherwise in our Valuation Report, the following Standard Conditions of Engagement shall apply:

General Comment

All valuations are professional opinions on a stated basis, coupled with any appropriate assumptions or special assumptions. A valuation is not a fact, it is an estimate. The degree of subjectivity involved will inevitably vary from case to case, as will the degree of certainty, or probability, that the valuer's opinion of market value would exactly coincide with the price achieved were there an actual sale at the valuation date.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

1.1 Assumptions: In preparing the Valuation and Report, we have made the following general assumptions:

- i) We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.
- ii) We rely upon information provided to us, by the sources listed, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our

- report. We assume that this information is up-to-date, complete and correct and may be safely relied on.
- iii) That all information provided as to ownership (e.g. tenure, lease terms, tenant's improvements, development expenditure, etc.) is up to date, complete and correct. Also, that there are no encumbrances or unduly onerous or unusual easements, restrictions, outgoing or conditions, likely to have an adverse effect upon the value of the property, attaching to the relevant interest in the property of which we have not been made aware and that a good and marketable title to the relevant interest is held.
 - iv) Where we have read leases, no reliance should be placed on our interpretation of these documents without reference to solicitors, particularly where purchase or lending against the security of a property is involved. We assume that all covenants in any head leases have been complied with and that there are no disputes with the lessors or notices received from the lessors or lessees which would adversely affect the valuation. Information regarding tenure and tenancies must be checked by your legal advisers.
 - v) That, unless we have been informed otherwise, each property complies with all relevant Statutory Requirements (including, but not limited to, Fire Regulations, Bye-Laws, Disability Access, Asbestos, Radon Gas and Health and Safety at Work).
 - vi) That each property has been constructed, and is occupied, in accordance with valid Town Planning Consents and Building Regulations Approvals, and that it complies with any other relevant Statutory and Bye-Law requirements and that there are no outstanding Statutory or other notices in connection with the property or its current use.
 - vii) That, unless we have been notified otherwise, the presence of high alumina cement, calcium chloride additive, blue asbestos or any other deleterious, harmful or hazardous material has not been determined and our valuation assumes that these materials have not been used in the construction of any of the buildings or subsequently added.
 - viii) With regard to development properties, we have assumed, except where notified otherwise, that there are no leases, underleases, tenancies, licences or other agreements under which any person has or will have any right to possession, occupation or use of the property or any part thereof and that vacant possession for development is obtainable.

-
- 1.2 **Special assumptions:** Where special assumptions are necessary in order to adequately provide the valuation(s) required, these will have been agreed and confirmed in writing before the Report is issued. Special Assumptions may only be made if they can be regarded as realistic, relevant and valid, in connection with the particular circumstances of the valuation.
- 1.3 **Restricted information:** Where we have undertaken a Valuation on the basis of restricted information, the nature of the restriction and the impact upon the accuracy of the valuation has been referred to in our Report.
- 1.4 **Revaluations:** Revaluations without re-inspections are made only on the assumption that the client has confirmed that no material changes to the physical attributes of the property and the area in which it is situated have occurred. (For residential properties only: Unless otherwise agreed, we will not undertake revaluations without re-inspections if the property was inspected more than 12 months previously because the condition of such property can materially change significantly during this period of time, especially when let.)
- 1.5 **Structural condition:** No structural surveys have been carried out, nor have we tested any services or inspect roof voids, woodwork or any parts of the structures which are covered, unexposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order. Any obvious defects or items of disrepair have been taken into account, but we are not be able to give any assurance that any property is free from defect.
- 1.6 **Plant and machinery:** Plant and machinery and trade fixtures and fittings have not been included in the valuation unless forming part of the structure or service installations and normally valued with the building.
- 1.7 **Site history investigations and surveys:** We recommend that a site history investigation and survey is undertaken although this is usually commissioned by lawyers. We have not carried out or commissioned a site investigation or geographical or geophysical survey unless requested to do so and, therefore, we are not able to give any opinion or assurance or guarantee that the ground has sufficient load bearing strength to support any of the existing constructions or any other constructions that may be erected in the future. We also cannot give any opinion or assurance or guarantee that there are no underground mineral, other workings, or archaeological remains beneath the site or in its vicinity nor that there is any fault or disability underground which could or might affect the property or any construction thereon or that there is no abnormal risk of flooding.
- 1.8 **Contamination:** We are not qualified to give specific advice on the nature or risk of contamination. If, during the course of our inspection and subsequent enquiries for

valuation purposes, or through our knowledge of the locality, we became aware of any matters which may indicate the likelihood or potential for contamination of the subject property, these are stated in our Report. If a Contamination Report is considered necessary, this should again be commissioned by lawyers as part of their due diligence process. Should it be established subsequently 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, this might reduce the values set out in our Valuation Report and we must be notified immediately.

- 1.9 **Measurements:** All measurements have been carried out in accordance with the latest Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors, unless stated otherwise in our Report.
- 1.10 **Planning/rating:** We have made informal oral enquiries of the relevant local planning and rating authorities together with publicly available electronic sources and we have taken into account the information received in the preparation of our Valuation Report. This verbal information is given to us and accepted by us on the basis that it should not be relied upon. Written enquiries can take several weeks for response and incur charges. No searches have been carried out and, therefore, unless we are specifically advised to the contrary, we have assumed that the property and its value are unaffected by any matters which would be revealed by a full Local Search. We recommend that formal written enquiries should be undertaken by your lawyers.
- 1.11 **Tenant covenant:** We have undertaken limited research into the strength of covenant offered by commercial tenants in order to form a view of the likely perception of their financial status from the standpoint of potential purchasers. We have assumed that their financial standing is satisfactory, unless our research indicated otherwise. Unless informed to the contrary, we have assumed in all cases that there are no significant arrears of payment and that all commercial tenants are capable of meeting their obligations under the terms of leases and agreements. You should be aware we have made no such checks on residential tenants.
- 1.12 **Taxation/costs of realisation:** No account has been taken of any liability for taxation, which may arise upon the disposal of the property, nor have we deducted the likely costs of such disposal. However, normal purchaser's costs are reflected in our valuations where necessary.
- 1.13 **Development properties:** For properties in course of development, we have reflected the stage reached in construction and the costs remaining to be spent at the date of valuation. We have had regard to the contractual liabilities of the parties involved in the development and any cost estimates that have been prepared by the professional advisors to the project. For recently completed developments, we have

taken no account of any retentions, nor have we made allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability.

- 1.14 **Build Cost Information:** Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that we are supplied with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at in reliance upon the build cost information supplied to us by you or your advisors. In the absence of any build cost information supplied to us, we may have regard to published build cost information. There are severe limitations on the accuracy of build costs applied by this approach and professional advice on the build costs should be sought by you. The reliance which can be placed upon our advice in these circumstances is severely restricted. If specialist build cost advice is subsequently obtained, we recommend that we are instructed to review our advice.
- 1.15 **Valuation date:** The date of our valuation is specified in the Valuation Report.
- 1.16 **Comparables:** Information quoted in our reports is often based upon our verbal enquiries and electronically available information and its accuracy cannot be assured. However, such information is only referred to where we have reason to believe its general accuracy, or where it is in accordance with our expectation. We have not inspected comparable properties.
- 1.17 **Publication:** Prior consent in writing is required for any reproduction or public reference to the valuation or Report.
- 1.18 **Reliance on the report:** The Valuation Report has been provided only for the purpose agreed with the instructing Client and is for the sole use of that Client. As such, it is confidential to the Client and his professional advisors to whom we accept responsibility that the Report has been prepared with the skill, care and diligence that can reasonably be expected of a competent Valuer. We accept no responsibility whatsoever to other parties that subsequently rely on this report, for the whole or any part of its contents.
- 1.19 **Loan security:** Where instructed to comment on the suitability of property as a loan security, we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.
- 1.20 **Complaints procedure:** In accordance with the requirements of the RICS, a copy of our complaints procedure is available on request.

1.21 **Valuation Bases:** Valuations and appraisals are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions contained in The Red Book. The basis of valuation will have been agreed in the letter covering the specific terms for the instruction.

1.22 The definitions of the various valuation bases are reproduced below as follows:

1. Market Value (MV)

Market Value is defined as:

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.

2. Market Rent (MR):

Market Rent is defined as:

The estimated amount for which a property would 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.

3. Fair Value

There are three recognised definitions of Fair Value and the valuer needs to be make explicit which definition is being adopted.

For valuations for inclusion in financial statements prepared in accordance with UK GAAP, the Fair Value definition applicable under FRS 102 (UK GAAP) is :-

'The amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.'

In our view, the adoption of the required Fair Value basis does not result in any material difference in the values now reported from the previously used definition of Market Value.

For valuations prepared in accordance with IFRS, the definition adopted by the International Accounting Standards Board in IFRS 13 is:

The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

This definition is also considered by RICS for most practical purposes to be the same as the Market Value.

The definition adopted by the IVSC in IVS Framework paragraph 38 is:

The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties.

This definition is not the same as Market Value. For more information, valuers should refer to IVS Framework paragraphs 38-42.

4. Investment Value

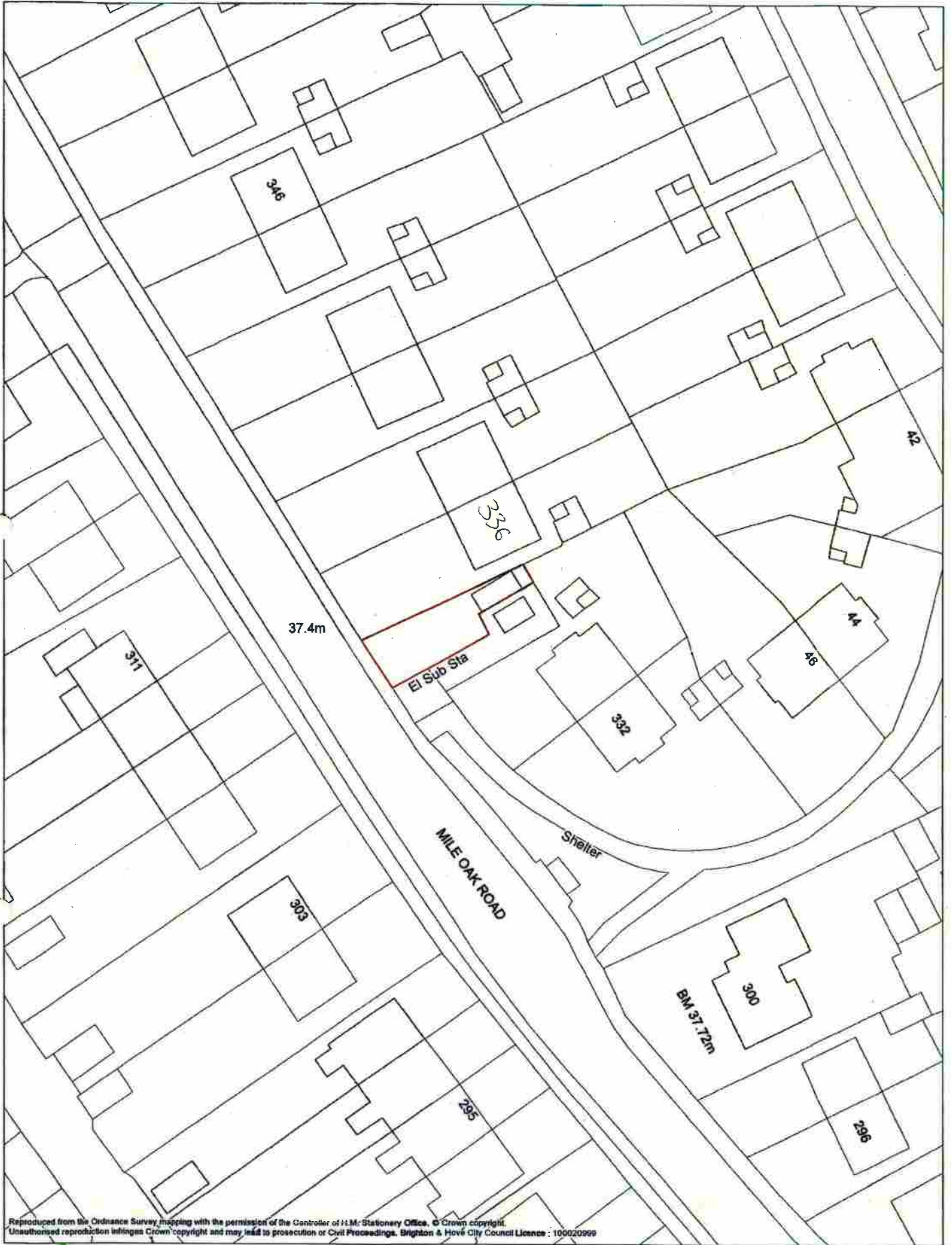
Investment Value (or Worth) is defined as:

Investment Value is the value of an asset to the owner or a prospective owner for individual investment or operational objectives.

5. Projected Market Value (PMV) of Residential Property only

Projected Market Value is designed to provide residential mortgage lenders with a simple numeric indication of the valuer's opinion of short-term market trends and is defined as:

The estimated amount for which an asset is expected to exchange at a date, after the valuation date and specified by the valuer, 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.



Reproduced from the Ordnance Survey mapping with the permission of the Controller of H.M. Stationery Office. © Crown copyright.
 Unauthorised reproduction infringes Crown copyright and may lead to prosecution or Civil Proceedings. Brighton & Hove City Council Licence: 100020999



Land Adjacent 336 Mile Oak Road

Scale 1:500



P

