

Byrom & Thomas

Chartered Surveyors

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Your ref:

Our ref: DHT/Unit 9 Westside IE,
Jackson Street 1

Date: 4 May 2021

Eric Chisnall, Elaine Chisnall, Jayne Speakman
Folglade SSAA
c/o Folglade Pipe and Fittings Limited
Unit 9 Westside Industrial Estate
Jackson Street
St Helens
WA9 3AT

FAO Jayne Speakman
By email jayne@folglade.co.uk

Dear Sir / Madam

Unit 9 Westside Industrial Estate, Jackson Street, St Helens WA9 3AR Pension Scheme – Folglade SSAS

We refer to your recent request that we provide you with a Valuation Only Report of the above property, which we can confirm has been inspected to a degree commensurate with providing this information.

Our report therefore follows:

PURPOSE OF VALUATION

To provide a capital and rental value of the above property, in connection with pension planning and retirement of one of the Trustees.

DATE OF VALUATION

The valuation date is the same as the date of the inspection, namely 29 April 2021.

The subject of the valuation will be the property as addressed in the heading.

BASIS OF VALUATION

We have valued the property on the basis of valuation requested in your instructions and refer to the **Royal Institution of Chartered Surveyors Valuation Professional Standards** (The Red Book) Global Standards effective from 31 January 2020 and the UK Nation Supplement. Specifically the UK practice statements, all financial references being in GB Pounds sterling (£).

See the glossary of definitions at the end of the report, this list is to be considered as part of the report.

RICS REGISTERED VALUERS

This firm is registered under the Royal Institution of Chartered Surveyors (RICS) Valuer Registration Scheme and Leslie T Byrom and D Huw Thomas of this company are Approved and Certified Registered Valuers. D Huw Thomas is also an Approved and Registered Business Valuer.

We are content that the valuer has the required skill and knowledge to undertake this valuation.

MARKET VALUE (MV) As defined by the “Red Book”

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.

In the market at the present time we are assuming that the reasonable period of marketing will have been six months immediately prior to the date of the valuation.

MARKET RENT As defined by the “Red Book”

Market Rent: 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.

LIMITATIONS

This report is intended for your own use in considering the value of the property. This use is extended to your professional advisors, but no liability is accepted to any third parties who may endeavour to rely upon this report.

The copyright of this report remains the property of Byrom & Thomas. This report should not be included in any publication or prospectus without the express written permission of Byrom & Thomas.

This report is intended to convey an opinion as to the value of the property only, and should not be relied upon to give an indication of the repair or condition of the property, nor to comment upon the condition of the site or foundations. We have not undertaken a structural or building survey of the property.

This report should not be relied upon until all professional fees, which are part of the contract between Byrom & Thomas and yourselves, have been discharged.

We have had no previous involvement with this property nor the Trustees.

We have no conflict of interest in this case.

ASSUMPTIONS AND CAVEATS

1. The title for the property is indicated later in the report and we are assuming that there are no other encumbrances or restrictions placed upon the property within the title deeds which have not been inspected.
2. This report assumes that there are no adverse matters which would be revealed by a local search, replies to usual enquiries or by any statutory notice.
3. This inspection report does not purport to be a building survey, it is assumed that there are no latent defects to the property and that further investigation particularly of inaccessible parts would not reveal any defects, including rot and inherently dangerous or unstable materials and techniques, external plants or growth.

If there are any reports from other specialist advisors on these subjects, we will make a statement as to the effect and reference to any significant matters drawn from these reports.

4. We have assumed that no hazardous or deleterious substances are present in or about the property or on adjoining sites, but no detailed investigations have been carried out (refer to UKGN4). We have not investigated the presence of contamination and we have assumed that no contamination is present.
5. With regard to the current planning use of the property, we have assumed that the present user is lawful, that full planning permissions have been granted and that there are no adverse conditions therein. We have not made any oral or written investigations of the planning consent unless otherwise stated in this report.

DEPARTURES FROM RICS GUIDANCE

We have not departed from the guidance as set out in the RICS Red Book effective from 31 January 2020.

SOURCE OF INFORMATION

When providing this report we have relied upon:

- a. Your verbal instructions, as confirmed in our Terms and Conditions of 28 April 2021 and accepted by your goodselves the same day, and would confirm we have acted in accordance with these instructions. We would further confirm acceptance of the instructions and that we have no conflict of interest in this matter.
- b. An inspection of the subject property.
- c. Details regarding tenure, as supplied by yourselves.

DESCRIPTION

The property comprises a purpose built, industrial unit, thought to have been built approximately 40 years ago of steel, portal-framed construction, with brick/block outer walling, much of which is also over-clad. We believe the roof covering has been replaced at some point and is now an insulated roof, with translucent panels to provide a modest level of natural light.

Within the unit, an office section has been formed on two levels, providing mezzanine storage also.

In addition, there is a concreted yard plus further, undeveloped land to the rear.

LOCATION

The property is located approximately 0.5 miles from St Helens Town Centre and is convenient for commuting. In particular, the M62 Motorway with the national motorway links, is within a short distance.

Liverpool City Centre is approximately 15 miles from the property.

ACCOMMODATION (all measurements are approximate)

Ground Floor:

Main workshop area 509 square metres (5,479 square feet)

Partitioned offices, staff room plus female, male and disabled WC's, 115 square metres (1,238 square feet)

First Floor:

Office 44 square metres (473 square feet)

Staff room and WC

Mezzanine storage 70 square metres (753 square feet)

Outside:

Yard area with palisade fencing, plus further undeveloped land to the rear.

We have not measured the site but, based upon information provided to us, we believe it extends to approximately 0.98 acres. See also comments in Tenure, later in the report.

We would also add that within the unit there are two, 5-tonne gantry cranes. We estimate the eaves to be 7 metres and there are two roller shutter doors, each with a height of 5-metres.

SERVICES

All main services appear to be connected but have not been tested by us.

The office accommodation has conventional gas-fired central heating with radiators.

The workshop has warm air-blowers.

APPARENT STATE OF REPAIR

As requested we have inspected this property to a degree commensurate with providing a valuation only report. We have not carried out a detailed survey, although the following items were noted during our brief inspection. These items should not be taken as an exhaustive list, merely those defects which were readily apparent to us.

This is an industrial unit, used to form metal fabrication and engineering, and is in what we would describe as reasonable condition for the type and age. Units of this nature do suffer from superficial wear and tear, particularly impact damage to the likes of the cladding. The damage we noted was commensurate with normal usage and we did not note any areas of disrepair which would affect the current use of the building.

Our enquiries have not revealed any contamination affecting the property or neighbouring properties which would affect our valuation. Should it, however, be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises have been used or are being put to any contaminative use, this may reduce the values now being reported.

We would point out that we have not inspected the land to the rear, which is adjacent to a railway line. The area is currently undeveloped, simply being vegetation. In our experience areas close to railway lines are more prone to problems such as Japanese Knotweed, but we have not carried out specific enquiries nor checked for Knotweed, and indeed it would not be particularly visible at the time of our inspection.

The property should have a useful economic life in excess of 25 years.

COMMERCIAL CONSIDERATIONS

This is a reasonable size unit with a slightly higher than average eaves height, on a larger than average plot and therefore with considerable storage facilities within a secure yard. It also benefits from a slightly higher than normal element of office space.

We have perused sales of lettings of similar properties, but none are identical.

We have particularly borne in mind the fact the main part of the property is situated on a piece of land which is held on a Long Lease at a Ground rent, and also reflected the fact that part is Freehold and there is considerable scope for redevelopment of that, albeit the lease will require renegotiating. It is likely that a premium would have to be paid, or, alternatively, the entire area be purchased on a Freehold basis, something which it is likely the Freeholder would be prepared to consider, albeit at a cost.

We have noted that the Valuation Office Agency have assessed the property at a Rateable Value, and therefore a rental value of £25,250. This is as at the 2017 Valuation List and based upon 2016 levels of value, which we believe are relatively modest.

We believe it would not be unreasonable reflecting the yard and storage facilities, to value the property at an overall figure of £5/square foot, but for the mezzanine storage to be at a reduced rate. We believe therefore that a sensible rental value for the property as it stands, lies in the sum of £36,000.

We understand that you purchased the property at the end of 2006, for the figure of £310,000. We would point out that values have risen since then, but must also bear in mind the fact that the Lease is a depreciating asset.

Given the Lease is a depreciating asset, we would normally value the property for capital purposes based upon a yield of 12.5%, however, in this instance, approximately half of the land is Freehold, and believe there is potential for considerable further development both in relation to the Freehold and the Long Leasehold areas, and therefore believe a yield of 10% would be more appropriate.

We therefore give a capital value, in the sum of £360,000.

TENURE

The interest to be valued is the property as described, subject to the following tenure.

We have been informed that the tenure is split. The rear section, edged blue on the plan, which is partially yard and partially overgrown and extending to approximately 0.48 acres, is understood to be Freehold, whilst the remaining section which includes the building, is Leasehold and extends to approximately 0.5 acres.

We understand the Lease is for a term of 99 years from 01 April 1981, at a Ground Rent reviewed every 21 years, and therefore due for a review in 2 years' time. We understand the passing rent is £4,800 per annum.

We understand the Title for this property vests with the Pension Trustees and the property is let to the company of Folglade Pipes and Fittings Limited, by way of a Full Repairing and Insuring Lease.

We are relying upon the above information in good faith. It is assumed there are no onerous restrictions or covenants. Undoubtedly searches will be made and should any change to the assumptions we have made be required, we will be happy to comment.

LOCAL AUTHORITY INFORMATION

Jackson Street is understood to be made and adopted by the Local Authority. We understand the property is assessed for Rating purposes at Rateable Value £25,250, inclusive of an element for Plant and Machinery.

DATE AND EXTENT OF INSPECTION

The property was inspected by D Huw Thomas BSc FRICS FCABE MEWI on 29 April 2021 when the weather was overcast but dry. The property has been inspected to a degree commensurate with providing a Valuation Only Report. We were not instructed to provide a full survey and nor have we done so and therefore make no warranty as to the overall condition of the property. We could not gain access to the land to the rear, which was fenced off.

OPINION OF VALUE

We are of the opinion that the following values may be relied upon.

a) The Market Value of this property, as previously defined:-

£ 360,000 (three hundred and sixty thousand pounds)

It is assumed that the property has been marketed for a period of six months by private treaty.

b) The Market Rental Value of this property as previously defined:-

£36,000 (thirty-six thousand pounds) per annum

In giving the above valuations we have used the comparative basis of valuation, that is comparing sales or asking prices of properties within the class and known to us.

All values in UK Sterling.

VAT TAXATION AND COST OF REALISATION

No allowance has been made for the applicant's liability for taxation which may arise on disposal whether actual or notional, this would include VAT and Capital Gains Tax.

PRACTICE STATEMENT

This valuation has been made in accordance with the Practice Statements in The Royal Institution of Chartered Surveyors Appraisal and Valuation Manual (The Red Book) effective from 31 January 2020.

The valuation has been carried out by this company's valuers who conform to the requirements of these Practice Statements.

This valuation may be considered an “independent valuation” undertaken by an independent valuer. As previously stated this valuation should be relied upon only by the party to whom it is addressed together with their professional advisors.

We trust the above information is of assistance to you however, should you have any queries, please do not hesitate to contact our Wirral office.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'D Huw Thomas', with a stylized flourish extending to the right.

D Huw Thomas BSc FRICS FCABE MEWI
RICS Registered Valuer & Business Valuer
Byrom & Thomas

The RICS Red Book refers to the following issues:

Assumption	A supposition taken to be true. It involves facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, needs not be verified by the valuer as part of the valuation process. Typically, an <i>assumption</i> is made where specific investigation by the valuer is not required in order to prove that something is true.
Basis of value	A statement of the fundamental measurement principles of a valuation.
Date of the report	The date on which the valuer signs the report.
Date of valuation	The date on which the valuation applies. This date may be before, or the same as, the date of report but it cannot be after that date. (May also be known as <i>valuation date</i> .)
Departure	Special circumstances where the mandatory application of the <i>valuation standards</i> may be inappropriate or impractical, or the valuer may be required to comply with non-RICS <i>Valuation Standards</i> .
Depreciated replacement cost (DRC)	The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.
External valuer	A valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client or the subject of the assignment.
Fair value	The estimated price for the transfer of an asset or liability between identified knowledgeable parties that properly reflects the respective interests of those parties.
Financial statements	Written statements of the financial position of a person or a corporate entity, and formal financial records of prescribed content and form. These are published to provide information to a wide variety of unspecified <i>third-party</i> users. <i>Financial statements</i> carry a measure of public accountability that is developed within a regulatory framework of accounting standards and the law.
Firm	The <i>firm</i> or organisation for which the valuer works, or through which the <i>member</i> trades.
Guidance notes	<i>Guidance notes</i> provide further material and information on good practice appropriate for particular types of circumstances. Where procedures are recommended for specific professional tasks they are intended to embody 'best practice' and are procedures which, in the opinion of RICS and IRRV, <i>members</i> should normally adopt in order to demonstrate the required level of professional competence.
Inspection	A visit to a property to examine it and obtain relevant information, in order to express a professional opinion of its value.
Intangible asset	A non-monetary asset that manifests itself by its economic properties. It does not have physical substance but grants rights and economic benefits to its owner.

Internal valuer	A valuer who is in the employ of either the enterprise that owns the assets, or the accounting <i>firm</i> responsible for preparing the enterprise's financial records and/or reports. An <i>internal valuer</i> is generally capable of meeting all the requirements of independence and professional objectivity required under VS 1.5 to VS 1.8 but, for reasons of public presentation and regulation, may not always be able to satisfy any additional criteria for independence under VS 1.9 in certain types of assignment.
International Financial Reporting Standards (IFRS)	Standards set by the International Accounting Standards Board with the objective of achieving uniformity in accounting principles. The standards are developed within a conceptual framework so that elements of <i>financial statements</i> are identified and treated in a manner that is universally applicable. These standards were previously known as International Accounting Standards (IAS).
Investment value, or Worth	The value of an asset to the owner or a prospective owner. (May also be known as <i>worth</i> .)
Market rent (MR)	The estimated amount for which a property, or space within a property, should be leased on the <i>valuation date</i> between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
Market Value (MV)	The estimated amount for which an asset or liability should exchange on the <i>valuation date</i> 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.
Marriage value	See <i>synergistic value</i> .
Member	A Fellow, Professional <i>member</i> , Associate <i>member</i> or Honorary <i>member</i> of the Royal Institution of Chartered Surveyors (RICS) or a <i>member</i> of the Institute of Revenues Rating and Valuation (IRRV).
Open Market Value (OMV)	A <i>basis of value</i> supported by the first four editions of the Red Book. Its application provides the same result as <i>Market Value</i> .
Registered for regulation/registered by RICS	(a) A <i>firm</i> that is registered for regulation by RICS under the RICS bye-laws. (b) A <i>member</i> who is registered as a valuer under the Valuer Registration Scheme (VRS).
Special assumption	An <i>assumption</i> that assumes facts that differ from the actual facts existing at the <i>valuation date</i> .
Special purchaser	A purchaser to whom a particular asset has <i>special value</i> because of advantages arising from its ownership that would not be available to general purchasers in the market.
Special value	An amount that reflects particular attributes of an asset or liability that are only of value to a <i>special purchaser</i> .

Specialised property	A property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise.
Synergistic value, or Marriage value	An additional element of value created by the combination of two or more interests where the value of the combined interest is worth more than the sum of the original interests. (May also be known as <i>marriage value</i> .)
Terms of engagement	Written confirmation of the conditions that either the <i>member</i> proposes, or that the <i>member</i> and client have agreed shall apply to the undertaking and reporting of the valuation.
Third party	Any party, other than the client, who may have an interest in the valuation or its outcome.
Trade related property	Any type of real property designed for a specific type of business where the property value reflects the trading potential of that business.
Trading stock	Stock held for sale in the ordinary course of business. For example, in relation to property, land and buildings held for sale by builders and development companies.
Valuation standard	A statement of the highest professional standards that apply mandatorily to <i>members</i> when providing written valuations.
Worth	See <i>investment value</i> .