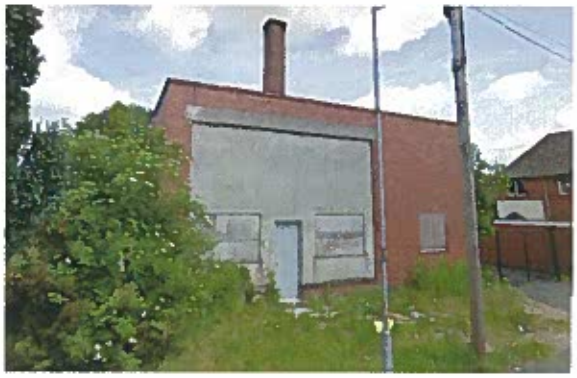
Market Value Report for Former District Heating Building at Broughton Street, Coalville, Leicestershire LE67 3SD



Report for:
S Shah
Charnwood Borough Council

Prepared by:
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Case Number: 1428660

Client Reference: S Shah

Date: 20 November 2012

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1. Introduction

I refer to your e-mail instructions dated 14 June and 13 July 2012, and my confirmatory email dated 15 June 2012. The property has now been inspected and valued, and a price agreed with the purchaser, and I am pleased to report to you as follows.

This report should be read in conjunction with the VOA Standard Terms of Business, which are attached as an appendix to this report.

2. Executive Summary

The property comprises a former District Heating Building, sitting in a small plot of land, adjacent to a Fire Station, a short distance form the centre of Coalville.

The agreed opinion of **Market Value** of the freehold interest in the former District Heating Building on Broughton Street, Coalville, as at 20 November 2012, is **£40,000 (Forty Thousand Pounds),** inclusive of Council's costs.

3. Valuation Parameters

3.1 Subject of the Valuation

District Heating building and site on Broughton Street, Coalville, Leicestershire, LE67 3SD.

3.2 Purpose of Valuation

It is understood that the valuation is required for disposal purposes, following a request by Leicestershire Fire and Rescue Service to purchase the Council's interest in the property.

3.3 Basis of Valuation

The basis of valuation adopted is Market Value which 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."

3.4 Assumptions

For general assumptions, please refer to Section 7 of the VOA "Standard Terms of Business" included in the appendix.

3.5 Date of Valuation

The date of valuation is 20 November 2012.

I would draw your attention to the fact that values change over time and that a valuation given on a particular date may not be valid on an earlier or later date.

3.6 Date of Inspection

The date of inspection is 3 September 2012.

3.7 Extent of Survey

An external inspection only was carried out.

For more detail of the extent of survey, please refer to Section 2 of the VOA "Standard Terms of Business" included in the appendix.

3.8 Tenure

Freehold with vacant possession.

3.9 Onerous Easements and Restrictions

None that I am aware of.

3.10 Information Provided

We have assumed that all information provided by you with regard to details of tenure, and all other relevant information is correct. Advice will, therefore, be dependent upon the accuracy of this information and should it prove to be incorrect or inadequate, the accuracy of the valuation may be affected.

4. Property Information

4.1 Situation

The subject property is located within a local authority built housing estate close to the centre of Coalville and adjoining a fire service station.

4.2 Description

The building comprises a double height single storey brick and flat roof building which housed the boiler formerly providing nearby domestic properties with hot water and heating. The building has a Gross External Area of approximately 97 sq m.

There is a part surfaced and part grassed area to the front of the building with side vehicular access to hard standing and service area at the rear.

4.3 Site Area

The subject land covers an area of approximately 380 sq m (0.09 ac).

4.4 Access and Highways

It is assumed that the subject property adjoins adopted highway maintainable at public expense.

4.5 Planning

No enquiries have been made and no information provided on the property's planning status and potential and it is assumed that there are no planning proposals that adversely affect the property.

It is understood that the Fire service will shortly be submitting a planning application for alterations and improvements to their current buildings and site, which incorporates the land occupied by the subject property.

4.6 Contamination

No contamination survey has been carried out for the purpose of this valuation.

4.7 Mineral Stability

The property is not in an underground mining area and a Mining Subsidence Report has not been obtained.

5. Valuation

5.1 Valuation Methodology

The comparative method of valuation has been used in arriving at my opinion of value. I have considered the value of the property for both re-use of the existing building and yard also for redevelopment purposes. Where appropriate I have allowed for estimated costs of demolition and clearance and also planning risk in relation to an application for change in use.

5.2 Comparable Evidence

Regard has been had to evidence of land value for residential development in the Coalville area.

5.3 Opinion of Value

I am of the opinion that the Market Value of the freehold interest in the former District Heating Building on Broughton Street, Coalville, as at 20 November 2012, is **£40,000 (Forty Thousand Pounds)**, inclusive of the Council's costs.

5.4 Valuation Commentary

The above value has been agreed, subject to contract, with Leicestershire Fire and Rescue Service's agent, John Bishop, Director, FHP Property Consultants.

It should be noted that the value agreed and reported above, is inclusive of the Council legal and surveyor's fees. The net proceeds to the Council upon completion will therefore be less than the value stated.

6. General Information

6.1 Costs of Sale or Acquisition

It is assumed that both parties to any proposed transaction would bear their own proper legal costs and surveyor's fees.

No allowance has been made for liability for taxation that may arise on disposal.

6.2 VAT

It is understood that this transaction is not one to which VAT is applicable and the stated opinion of value has due regard to this fact. In the event that this understanding is found to be inaccurate, the valuation should be referred back for reconsideration.

6.3 RICS Professional Standards / Status of Valuer

The valuation is compliant with the International Valuation Standards and has been prepared in accordance with the RICS Valuation - Professional Standards 2012 Edition. If agreed departures from these Standards have been required in accordance with any instruction received from you, these will be specifically identified and detailed in this report.

In accordance with RICS requirements it is confirmed that the valuation has been carried out by a RICS Registered Valuer who has the appropriate knowledge, skills and understanding to undertake the valuation competently.

The valuation has been carried out by myself in the capacity of an external valuer.

6.4 'Disclosure of any Material Involvement'

DVS has no previous involvement with this property to the best of my knowledge.

6.5 Publication

The client will not make available to any third party or reproduce the whole or any part of the report, nor make any reference to it, in any publication without our prior written approval of the form and context in which the disclosure may be made.

6.6 Responsibility

The valuation report should only be used for the purpose stated therein, and no responsibility is accepted to any Third Party who may seek to rely on the content of the report unless previously agreed.

6.7 Validity

This report remains valid for 6 (six) months from its date unless market circumstances change or further or better information comes to light, which would cause us to revise our opinion.

6.8 Exempt Information

You may wish to consider whether this report contains Exempt Information within the terms of paragraph 9 of Schedule 12A to the Local Government Act 1972 (section 1 and Part 1 of Schedule 1 to the Local Government (Access to Information Act 1985) as amended by the Local Government (access to Information) (Variation) Order 2006.

7. Recommendations / the Next Steps

I am happy to recommend the agreed valuation reported above for the Council's approval for the disposal of its interest in the land.

8. Further Property Services

DVS can also provide the following further services in connection with this proposal:

- Full or Basic Condition Surveys
- Details of local marketing agents
- Energy Certificates / Environmental Assessments
- Planning Enquires

We trust that the above report is satisfactory for your purposes. However, should you require clarification of any point do not hesitate to contact me further, as above.

Kenneth A. Shirer

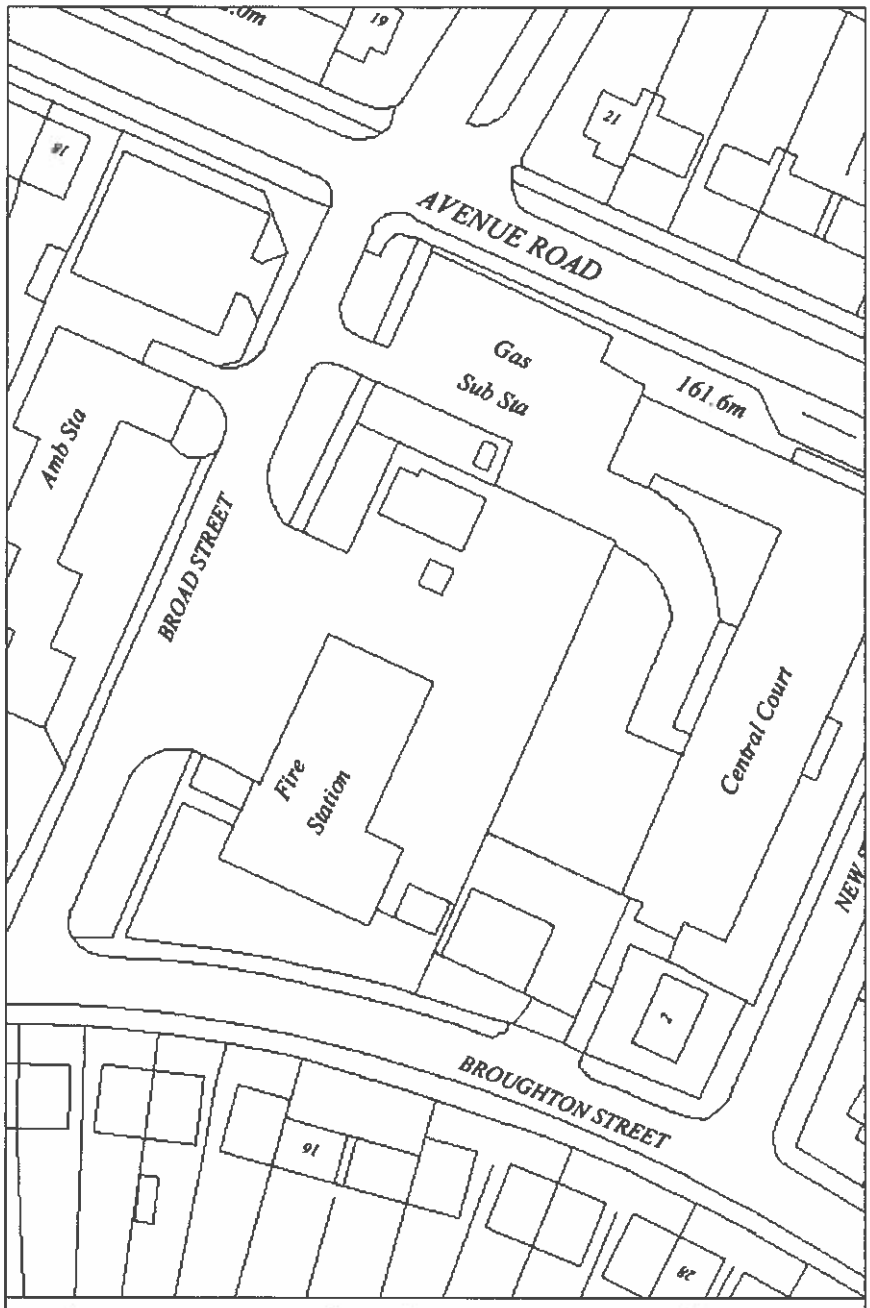
Kenneth A Shirer BA (Hons) MRICS
RICS Registered Valuer
Senior Surveyor
DVS

Date: 20 November 2012

9. Appendices

9.1 Plan
9.2 VOA Standard Terms of Business

9.1 Plan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Sub Sta
161.6m
Amb Sta
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Fire
Station
Central Court
BROUGHTON STREET
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21
91
7
91
Plan title: DVS Plan District heating Building, Broughton Street, Coalville, LE67 3SD
Copyright (c) 2003 Ordnance Survey
Date: 20/11/2012
OM sequence no:
Scale: 1:500

9.2 VOA Standard Terms of Business

THE VALUATION OFFICE AGENCY – DVS

DVS is the property services arm of the Valuation Office Agency

STANDARD TERMS OF BUSINESS FOR VALUATIONS

This document details the standard terms upon which the Valuation Office Agency will provide valuations and will be referred to when instructions are confirmed for each case. Any specific variations from these standard terms which are required and have been agreed for a case will be captured in the confirmation of instructions document. The two documents are to be read together as a single document. Any variations subsequently agreed following the initial settlement of terms must be agreed before the report is delivered.

We are pleased to discuss variations and to arrange the provision of extended or additional services such as consultancy, building and other surveys and contamination reports.

The RICS Valuation – Professional Standards 2012 Edition, apply to the majority of valuations, but you may instruct the Agency to depart from these Standards where necessary and any such departures will be detailed in the report. Any variations will be dealt with on a case specific basis.

Valuations undertaken under the RICS Valuation – Professional Standards 2012 Edition are also considered to comply with the International Valuation Standards.

1. **Inspection and Investigations**

   Such inspection of the property and investigations as the Valuer decides is professionally adequate and possible in the particular circumstance will be undertaken, unless you instruct otherwise. Where valuations have to be made on restricted information, the nature of the restrictions will be agreed between the parties.

2. **Survey**

   No detailed site survey, building survey nor inspection of covered, unexposed or inaccessible parts of the property will be undertaken, nor the services tested and the Valuer will have regard to the apparent state of repair and condition, assuming those parts not seen are in good condition. No responsibility can therefore be accepted for identification or notification of those defects that would only be apparent following such a survey or inspection. If the Valuer decides further investigation to be necessary, separate instructions will be obtained from you.

   The Agency's Building Surveyors can undertake building and many other surveys subject to a separate fee.

3. **Minerals**

If the property is situated in an underground mining area where there is a risk of damage from underground mining subsidence a report from the Agency's Mining Specialists is normally obtained, unless the client instructs otherwise.

This report would be subject to a separate fee.

4. **Basis of Valuation**

The basis on which the valuation is to be carried out will be stated in the Confirmation of Instructions letter. If you have any query on the nature or appropriateness of the basis this should be raised immediately with the Valuer.

The bases most often used are defined below; unless otherwise stated these are taken from the RICS Valuation – Professional Standards 2012 Edition.

4.1 **Market Value (MV)** VS 3.2 defines MV 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."*

4.2 **Market Rent (MR)** is based on the definition of Market Value and is the basis to be used when valuing on a rental basis when lease terms are not known or provided to the valuer. VS 3.3 provides that valuations based on MR shall adopt the definition settled by the International Professional Standards Committee, as follows:

"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."

4.3 **Existing Use Value (EUV)** is to be used only in connection with the valuation to fair value of certain public sector assets for inclusion in IFRS based Financial Statements. It is defined at UKVS 1.3 as:

"The estimated amount for which an asset 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 acted knowledgeably, prudently and without compulsion – assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost."

4.4 **Existing Use Value for Social Housing (EUV-SH)** is to be used only for the inclusion in Financial Statements of housing stock held by registered social housing providers for social housing. It is defined at UKVS 1.13:

"Existing use value for social housing (EUV-SH) is the estimated amount for which a property 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 – subject to the following special assumptions that the property will continue to be let by a body pursuant to delivery of a service for the existing use:

(a) at the valuation date any regulatory body, in applying its criteria for approval, would not unreasonably fetter the vendor's ability to dispose of the property to organisations intending to manage their housing stock in accordance with that regulatory body's requirements;

(b) properties temporarily vacant pending re-letting would be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let them, rather than with vacant possession; and

(c) any subsequent sale would be subject to all of the above special assumptions."

4.5 **Depreciated replacement cost (DRC):** International Accounting Standards stipulate that DRC may be used as a method for reporting the Market Value of Specialised Property in Financial Statements. It is defined at para.2.3 of GN6 as:

"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."

It is also used as a Basis of Valuation in UKGAAP based accounting and the parties should agree in which context it is being used.

4.6 **Value of Plant and Equipment to the Business (VPEB)** is used for the valuation of plant and equipment for inclusion in Financial Statements. UKVS 1.11 defines VPEB as:

'An opinion of the price at which an interest in the plant and equipment utilised in a business would have been transferred at the valuation date, assuming that:

(a) the plant & equipment will continue in its present use in the business;

(b) there is adequate potential profitability of the business, or continuing viability of the undertaking, both having due regard to the value of the total assets employed and the nature of the operation; and

(c) the transfer is part of an arm's length sale of the business wherein both parties had acted knowledgeably, prudently and without compulsion.'

4.7 Where the Valuer is aware of the possibility of Special Value attaching to property arising, for example, from the physical, functional or economic association with some other property, the basis of valuation may be modified and a Special Assumption added to reflect the relevant circumstances. Any Special Assumptions necessary will be agreed before the report is issued. Special Value and Special Assumptions are defined in the RICS Valuation – Professional Standards 2012 Edition.

5. **Planning**

When it is relevant to the valuation, enquiries may be made at the Valuer's discretion of the Local Planning Authority as to the planning status and potential of the property. A brief statement of the outcome or assumptions made will be included in the report.

6. **Machinery and Business Assets (Plant and Machinery)**

Unless otherwise instructed (e.g. if undertaking a plant and machinery valuation) valuations will normally exclude machinery and business assets (e.g. process plant, machinery and equipment) except where it is considered to be an integral part of any building or structure and essential for its effective use, i.e. building services installations which are normally included in valuations of land and buildings.

The Agency's Machinery and Business Assets Valuers can value your process items subject to a separate fee.

7. **Assumptions**

When reporting, except where the report text indicates otherwise, the following assumptions will normally be made which the Agency will not verify as part of the valuation process unless they are prima facie incorrect or unreasonable.

- that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated;
- that good title can be shown and that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoings;
- that the property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries or by any statutory notice, and that neither the construction of the property nor its condition, use or intended use was, is or will be unlawful or in breach of any covenant;
- that inspection of those parts that have not been inspected would neither reveal defects nor cause material alteration to any valuation;
- that all information provided by you with regard to the purpose of the request and details of tenure, tenancies, planning consents and all other relevant information is correct. The advice will therefore be dependent on the accuracy of this information and should it prove to be incorrect or inadequate the Basis or the accuracy of any valuation may be affected;
- that no environmental assessment of the property will be provided to or by the Agency, nor is the Agency instructed to arrange consultants to investigate any matters with regard to contamination or presence of radon gas. It will be assumed that the property (including its site) and neighbouring properties are free of radon gas and not contaminated and no search of contaminated land registers will be made.

However if an inspection is made and obvious signs of contamination are visible this will be reported to you and further instructions will be requested from you. In such circumstances it is recommended that further investigations are undertaken.

The Agency's Environmental Specialists are available to undertake assessments subject to a separate fee.

- that there has been no recent flooding affecting the property or that any representation of the property on any map identifying possible flood occurrences will have no effect on value. (This should not be taken as implying a guarantee that flooding can never occur).

- that no access audit will be undertaken to ascertain compliance with the Equality Act 2010 and that the premises are compliant.

  The Agency's Building Surveyors can undertake such audits subject to a separate fee.

- in the case of trading related properties the Valuer will assume that all licences, fire certificates and permissions required to operate the business will be transferable to a purchaser.

8. **Validity**

Current valuations, i.e. those agreed with you as being required as at the date of the report, are subject to a validity period, normally of 3 or 6 months, and this will be stated in the report. Reliance should not be placed on the valuation beyond that period, nor if further or better information relevant to the valuation comes to your attention, without reference back to the VOA for an updated valuation.

9. **Fees**

The Confirmation of Instructions letter will state the basis of fee payable for the case concerned, unless already agreed elsewhere with you. Our fees are payable by our client within 30 days from the receipt of our invoice whether or not the amount is disputed or is being passed on to a third party for reimbursement. The VOA reserves the right, subject to prior notification of details of time spent, to invoice at suitable points during the financial year for work in progress undertaken but not yet formally reported. Where a case is cancelled before completion, our fees will be calculated on a 'work done' basis with added reasonable disbursements unless alternative arrangements have been agreed.

10. **Publication**

The client will not make available to any third party or reproduce the whole or any part of the report, nor make reference to it, in any publication without our prior written approval of the form and context in which such disclosure may be made.

11. **Responsibility**

The valuation report should only be used for the purpose stated therein, and no responsibility whatsoever is accepted to any Third Party who may seek to rely on the content of the report unless previously agreed.

12. **Commercial Confidentiality and Freedom of Information**

We will do all that we can to keep any information gathered or produced during this assignment confidential. The Freedom of Information Act 2000 or Environmental Information Regulations 2004, and subordinate legislation, may apply to some or all of the information exchanged between yourself and the Valuation Office Agency under this engagement. Therefore the Valuation Office Agency's duty to comply with the Freedom of Information Act may necessitate, upon request, the disclosure of information provided by you unless an exemption applies.

The Valuation Office Agency undertakes to make reasonable endeavours to discuss the appropriateness of disclosure, or the applicability of any exemptions allowed by the Act, with you prior to responding to any third party requests. However, the Valuation Office Agency reserves the right to comply with its statutory obligations under the Act in such manner as it deems appropriate.

The Valuation Office Agency requires you to make all reasonable endeavours to discuss with us the appropriateness of disclosure, or the applicability of any exemptions allowed by the Act, prior to your responding to any third party requests for information provided to you by the Valuation Office Agency.

13. **Previous Involvement**

The VOA will check that there is no conflict of interest and disclose any previous material involvement with the property or state that there has been no such involvement.

14. **Quality Assurance, Complaints Handling Procedure and RICS Regulation**

It is confirmed that the valuation will be carried out by a RICS Registered Valuer who has appropriate knowledge and the skills and understanding to undertake the valuation competently.

The VOA operates a rigorous QA/QC system. This includes the inspection by Team Leaders of a sample of work carried out during the life of the instruction together with an audit process carried out by experienced Chartered Surveyors upon completion of casework. This includes a feedback cycle to ensure continuous improvement.

The Agency has a comprehensive complaints handling procedure if you are not getting the service you expect. If you have a query or complaint it may be best to speak first to the person you have been dealing with or their manager. If you remain dissatisfied you should be offered a copy of our brochure "Our Code of Practice on Complaints". If it is not offered to you, please request a copy or access it on our website www.voa.gov.uk.

It is possible that the RICS (Royal Institution of Chartered Surveyors) may at some stage ask to see the valuation for monitoring purposes.

15. Currency

Unless otherwise stated, all prices or values are stated in pounds sterling.