

12<sup>th</sup> May 2016

Ken Morgan  
John Rowan Partnership  
Craven House  
40 Uxbridge Road  
London W5 2BS

Dear Ken

**RE: Lister & Treeves Houses, Lomas Street, London E1 5BG**

Thank you for your email instructions of the 15<sup>th</sup> April 2016 and I can report as follows.

**Instructions and Purpose of Valuation**

You have requested a valuation report in respect of obtaining the following:-

1. Likely leaseholder buy-out costs
2. An overall view of the value of the site in the context of the Whitechapel Vision, should the council wish to sell the site to a developer.

**Date of Valuation**

This is to be the date of our report i.e 12<sup>th</sup> May 2016. This valuation is to remain valid for a maximum 3 month period beyond which we reserve the right to carry out a revaluation to take account of any change in property market conditions.

**Basis of Valuation**

This is to be Market Value as defined by the RICS Valuation Red Book – Professional Standards – January 2014 Edition at VPS4 1.2.1

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.

**Date and Extent of Inspection**

My inspection was carried out on the 19<sup>th</sup> April 2016 where I was able to inspect the external of the said property only.

Please note, the level of information that has been passed to me is limited and as such this report has made assumptions, that may need to be adjusted once the relevant information has been received.

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## Photographs

Lister House



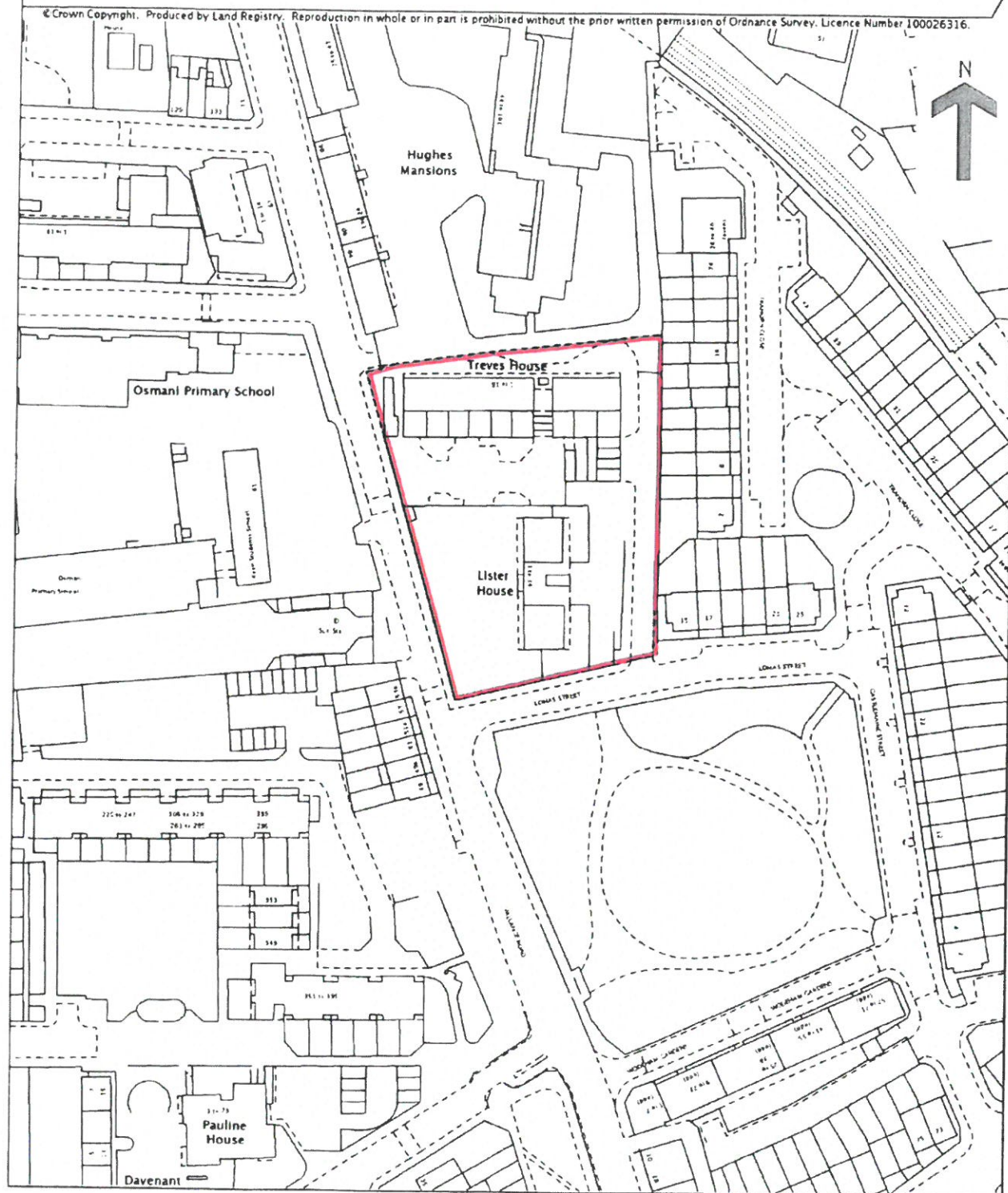
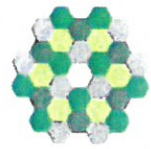
Treves House





Land Registry  
Current title plan

Title number **EGL555399**  
Ordnance Survey map reference **TQ3481NW**  
Scale **1:1250 enlarged from 1:2500**  
Administrative area **Tower Hamlets**



This is a print of the view of the title plan obtained from Land Registry showing the state of the title plan on 10 May 2016 at 15:15:10. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

This title is dealt with by Land Registry, Wales Office.

**Location and Amenities**

The property is located just off the B108 Vallance Street that connects the A1029 Bethnal Green Road to north, through to the A11 Whitechapel Road to the south. Numerous underground and overground stations are within walking distance, with the closest being Whitechapel and Aldgate East. The Royal London Hospital is within half a mile and the area provides excellent access into the City and surrounding areas. There is a small recreational park area alongside the premises and the Osmani School is also opposite.

**Description**

The property consists of a tower block and a lower level block standing side by side. From my internal inspection it is clear that the buildings are in need of a great deal of updating and refurbishment. Lister Court appears to have an entryphone system and lift access. Treves House has direct access to the ground floor flats and communal parts to the uppers.

**Accommodation**

Lister Court consists of 33 self contained flats within a block containing ground floor and eight floors above. From the limited information given, I have made the assumption from what has been passed to me that this block consists of 33 x two bedroom split level flats.

Treves House consists of 18 units that again I have assumed are all two bedroom split level units.

**Site Area**

We estimate the site area to be 1.127 acres.

**Construction**

Appears at brief inspection to be brick under a flat roof, although we believe it possibly may be of concrete construction.

**Repair and Condition**

The general construction appears to be poor. I have had sight of the John Rowan report that explains condition in more detail.

**Services**

I could not gain access to ascertain which services were connected.

**Tenure**

I am valuing the site of a Freehold basis. I have not been furnished with individual lease information. Therefore an assumption has been made on the leasehold basis that they would have long leases.

**Valuation Assumptions of Individual Flats**

It appears that two bedroom ex local authority flats have an average value in unmodernised states of £310,000 each. The additional bedrooms on other flats I would apply circa £15,000 per bedroom (ie £325,000 for three bedroom, £340,000 for four bedroom and £355,000 for five bedroom) The rental values passed to me state £5797pa for two bedroom units, £7084pa for three bedroom units and £8107pa for five bedroom units. This in my opinion is underlet on current market rents.

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### **Valuation**

In my opinion assessing the leaseholders loss should they be required to sell under CPO, there should be a payment of circa 5 years loss of income in addition to the current market value of each property. However, the rents I have been given are below market rent values, so the leaseholder could potentially argue on this basis. I would therefore suggest that the figure will be a permutation of individual open market values of the dwellings plus 15% as a compensation payment.

The freehold market value of the whole site in my opinion will be in the region of **£5,000,000 to £7,000,000 (Five Million pounds to Seven Million Pounds)** with vacant possession. This is based upon the assumption that the minimum replacement will be for 51 units, although I do believe there may be a strong case for an uplift to this planning. My advice would be for the council to enter into one of the following methods for disposal to maximise the value:-

1. Obtain a planning consent and then dispose of the freehold interest. I would suggest with the complexity of buy outs that would still be in place, that a sale by public auction would be the best method in this instance.
2. Tender for a partner and then enter into a subject to planning deal, that would be activated upon planning and complete upon vacant possession being obtained.

### **Valuation Assumptions and Caveats**

The following assumptions and limitations apply to this valuation and report:

#### **1. Title**

That good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing; 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 property, nor its condition, nor its use, nor its intended use, is or will be unlawful; and, unless otherwise stated full vacant possession is assumed.

#### **2. State of Repair**

We have not carried out a building survey, nor have we inspected those parts of the property which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts.

#### **3. Contamination, Hazardous Substances and Environmental Matters**

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material may be present at the site/property or in the surrounding area. Nor have we carried out any investigation into past or present uses either of the property or of any neighbouring land to establish whether there is any contamination or potential for contamination to the subject property from these uses or sites. We are, therefore, unable to report that the property is free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

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However, should it be established subsequently that contamination, seepage or pollution 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 now reported.

#### **4. Services**

That unless otherwise stated in the report, all mains services are available onto the site/property including mains gas, electricity, water and drainage. No tests have been carried out to any existing service installations, we are therefore unable to give any assurance or warranty as to their condition.

#### **5. Planning**

That planning permission and statutory approvals for the existing use and enjoyment of the property including any extensions or alterations have been obtained and that there are no onerous matters or restrictions attached thereto.

#### **6. New Buildings**

That in the case of new properties the construction of which has not been completed, the construction will be satisfactorily completed. Furthermore that in the case of newly constructed residential property these will have the benefit of a registered NHBC warranty.

#### **7. Taxation**

We have taken no account of VAT or any other form of taxation which may be levied on the disposal or deemed disposal of the property. We recommend that specialist advice should be sought on matters of taxation if applicable.

#### **8. Other Costs and Charges**

No account has been taken in our valuation of any acquisition or disposal costs such as estate agents fees, solicitors fees, or any statutory charges.

#### **9. Access**

That unless otherwise stated all necessary rights of way and easements for the running and maintaining of services are available to the property from the publicly adopted highway.

#### **10. Ground Conditions**

That we have not been provided with a copy of any soil test or analysis and have therefore assumed that there is adequate ground bearing capacity for the proposed use or the continuation of the existing use, as appropriate.

#### **11. Antiquities**

That the site and/or sub soil is free of any archaeological remains, antiquities etc. which might impede or prohibit the use and enjoyment of the property in the manner proposed.

#### **Declaration**

This valuation has been carried out in accordance with the stated Purpose of Valuation and Basis of Valuation as set out above and is in compliance with the Valuation Standards in the RICS Red Book. We also confirm that we are acting as independent valuers and that we have no conflict of interest.

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**Source, Extent and Non Disclosure of Information**

In preparing this report and valuation I have relied upon information supplied by the client. The information provided is assumed to be correct and I am therefore unable to accept liability for any discrepancies that may arise as a result of this information.

**Third Party Reference**

This report is confidential to yourself and your immediate professional advisers and I am therefore unable to accept liability from any third party by whom I have not been instructed.

**Non Publication Clause**

Neither the whole nor any part of this report is to be published, copied or reproduced without the prior written approval of the Valuer.

I trust this is the information which you require but if you do need any further assistance or advice please do not hesitate to contact me.

Whilst writing we attach our invoice for settlement.

**Please note that should the relevant information requested be submitted to me, I can of course update the particular values accordingly.**

If you have any further queries, please contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Arnold', with a stylized, flowing script.

Phillip Arnold mrics fnava fnaea crem cem

**Chartered Surveyor, Auctioneer, Managing Partner**