
VALUATION REPORT

**166 AIGBURTH ROAD & 2 DALMENY STREET
AIGBURTH
LIVERPOOL
L17 7BR**

Prepared on Behalf of

**Proplend Security Limited
20-22 Wenlock Road
London
N1 7GU**

SEPTEMBER | 2017

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For the attention of: Mr Brian Bartaby

7 September 2017

Dear Sir

VALUATION – 166 AIGBURTH ROAD & 2 DALMENY STREET, AIGBURTH, LIVERPOOL L17 7BR

1.0 INTRODUCTION

Purpose of Valuation

In accordance with your written instructions dated 22 August 2017 we have inspected the Subject Property for the purpose of advising as to its Market Value for loan security purposes. Our report is provided on the understanding that only Proplend Security Ltd may rely on the report for mortgage purposes although may be viewed by its Lending members.

You have informed us that the Bank's Customer in respect of this instruction is Liverpool Pizza Slice Ltd

Date of Valuation

31 August 2017.

Inspection

An inspection of the Subject Property was undertaken on the 31 August 2017, at which time weather conditions were generally sunny and clear.

Name and Status of Valuer

The inspection was undertaken by Phil Winckles BSc (Hons) MRICS acting as an external valuer. He is also an RICS Registered Valuer and has sufficient knowledge and skills necessary to undertake the valuation competently.

Nature of Property and Interest

The Subject Property comprises a three storey, plus attic and basement, end terrace Victorian mixed use premises providing a ground floor and basement commercial shop and two self-contained flats each let to students providing five bedrooms with shared living accommodation.

We understand that the Subject Property is held freehold subject to the tenancies indicated.

Basis of Valuation

The valuation set out within this report is made in accordance with the RICS Valuation – Global Standards 2017. We would confirm that the valuation may be subject to monitoring under RICS conduct and disciplinary regulations. Our instructions are to provide an assessment of Market Value and Market Rent of the property and these are defined by the Standards as set out below:

We have assessed Market Value in accordance with VPS4 and IVS 104 paragraph 30.1 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."

We have assessed Market Rent in accordance with VPS4 and IVS 104 paragraph 40.1 as

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and 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."

Previous Involvement/Conflicts of Interest

We have not had any prior involvement with the Subject Property or Customer and therefore do not consider there to be a conflict of interest in this instance.

Sources of Information

We have relied upon information supplied to us by your Customer in relation to the extent of the demise, nature of interest to be valued and any tenancies.

Informal enquiries have also been made with the Local Authority in relation to planning and highway issues and via the internet in relation to rateable value and other issues. These informal enquiries should be verified formally by your solicitors.

2.0 EXECUTIVE SUMMARY

Location:

The Subject Property is located within Aigburth, a residential suburb situated approximately four miles to the south of Liverpool City Centre. Aigburth Road is recognised as a secondary retailing area. The area is characterised by a high density of retail, residential and commercial users. The Subject Property is situated fronting Aigburth Road at its junction with Dalmeny Street.

Description:

The Subject Property comprises a three storey, plus attic and basement, end terrace Victorian mixed use premises providing a ground floor and basement commercial shop and two self-contained flats each let to students providing five bedrooms with shared living accommodation.

Tenure:

We understand that the Subject Property is held freehold subject to the tenancies indicated.

<i>Valuation Date:</i>	31 August 2017.
<i>Market Value:</i>	£700,000 (SEVEN HUNDRED THOUSAND POUNDS).
<i>Market Value (Subject to the special assumption of vacant possession):</i>	£600,000 (SIX HUNDRED THOUSAND POUNDS).
<i>Market Rent:</i>	£69,200 (SIXTY NINE THOUSAND TWO HUNDRED POUNDS) PER ANNUM.
<i>Suitability for Loan Security Purposes:</i>	We are of the opinion that the property provides acceptable security and has an economic life in excess of 25 years.

3.0 LOCATION

The Subject Property is located within Aigburth approximately four miles to the south of Liverpool City Centre. The wider area of Aigburth continues to be a popular residential area, due to the facilities on offer to its residents. There is a large availability of open and recreational space such as Sefton Park, Otterspool Promenade and the recently refurbished Festival Gardens.

The popular Lark Lane area of Aigburth is a short walking distance from the Subject Property and is widely considered to be one of the City's most 'bohemian' quarters with an abundance of restaurants, bars and cafes. The area was recently featured in the Guardian's 2015 list of 'best urban places to live' in the country.

The area surrounding the Subject Property is largely residential in character and is predominately made up of terraced properties. However, there are a substantial amount of larger detached and semi-detached properties located on the opposite side of Aigburth Road around Sandringham Drive, Alexandra Drive and Parkfield Road.

Aigburth is served by Aigburth Road (A561) which links the area to Liverpool City Centre, approximately 4 miles to the north. Aigburth Road supports a number of retailers ranging from national brands, such as Tesco, Home Bargains and Subway, through to a variety of smaller independent shops and fast food outlets that are operated by local traders. There have been some visible improvements and modernisations along the street recently, with some properties benefiting from new shop fronts, signage, and windows. The shop units are set back from the main road and there is a modest amount of on-street parking available.

Transport links within the immediate locality are excellent. Regular bus services operate along the A561 linking the Subject Property with Liverpool City Centre to the north and Speke and Liverpool John Lennon Airport to the south. St Michaels train station is located within 0.5 miles of the Subject Property. St Michaels, situated on the 'Northern Line' of the Merseyrail network, provides a 7-minute rail service to Liverpool City Centre.

Moreover specifically, the Subject Property is situated fronting Aigburth Road at its junction with Dalmeny Street.

Location and situation plans are included within Appendices 1 and 2 of this report.

4.0 DESCRIPTION

The Subject Property comprises a three storey, plus attic and basement, end terrace Victorian mixed use premises providing a ground floor and basement commercial shop and two self-contained flats each let to students providing five bedrooms with shared living accommodation. Construction is typical of its age and type with external elevations faced in brick with an extension to the rear which has been rendered. Roof coverings are pitched and tiled. Windows comprise of double glazed units throughout with velux windows to the roof.

Fronting Aigburth Road at ground floor the accommodation is arranged as a pizza takeaway shop with basement prep area and storage. Internally the accommodation provides a Customer waiting and dining area and rear kitchen with stairwell to the basement. At basement level there is food preparation area, staff WC and further stores/staff area. Externally windows are provided via a double glazed shop front with electronic security roller shutters.

The accommodation is finished to an attractive standard with floors being covered with a mixture of vinyl and tiled coverings. There are a range of bespoke fittings to the Customer servery with stainless steel equipment to the kitchen areas. Wall coverings are provided in painted plaster with original ceramic tiled coverings to the Customer area. Lighting is provided via a mix of pendent, spot and fluorescent units. Heating is provided via ambient heat from the cooking equipment.

Access to the residential accommodation is self-contained with access to both units from the side of the premises. Flat 166A provides a ground floor entrance with stairwell to upper floor where the accommodation is laid out over the top two floors. At third floor the accommodation provides a kitchen/living room, central corridor and three bedrooms with the fourth floor providing two bedrooms and bathroom together with a separate area consisting of a further bedroom and bathroom. In total the apartment provides 6 bedrooms. Flat 166B is set out over the ground and first floor levels. At ground floor the accommodation includes a kitchen/living room with access to an enclosed yard whilst at first floor there are five bedrooms and a shared bathroom.

The residential accommodation is finished to a good standard throughout and we understand was fully upgraded a few years ago with more recent cosmetic upgrading undertaken since as part of a programme of maintenance. Flooring comprises of suspended floors throughout overlain with a combination of carpet, laminate and tiled coverings. Walls are finished in painted plaster with tiled coverings to the kitchen and bathrooms. Both kitchens provide a range of modern wall and base units with integrated cooker and gas hob. Each of the bathrooms provide a modern suites with either a shower cubicle or bath, WC and pedestal wash basin. The bedrooms to the fourth floor area positioned within the roof void with ceiling lines following the roof line with exposed timber beams. Heating is provided via a gas fired central heating system to each flat to panel radiators.

Externally the Subject Property is pavement fronted. There is a small enclosed yard to the rear of the Subject Property which is covered with timber decking and is utilised by the flat at 166B Aigburth Road.

We would refer you to the photographs within Appendix 3 of this report.

5.0 ACCOMMODATION/SITE AREA

From our site inspection we calculate that the property provides the following approximate areas, measured in accordance with the RICS Property Measurement (1st Edition) on a net internal basis for the commercial and gross internal basis for the residential accommodation.

	sq.m	(sq.ft)
Basement	38.7	(416)
Ground Floor	44.4	(478)
166B Aigburth Road - Ground Floor	43.4	(467)
166B Aigburth Road - First Floor	77.3	(832)
166A Aigburth Road - Second Floor	66.8	(719)
166A Aigburth Road - Third Floor	44.8	(482)
TOTAL	315.4	(3,395)

We have calculated the site area with reference to Promap mapping software to be:

0.012 Hectares (0.031 Acres)

6.0 SERVICES

We understand that all mains services are connected to the Subject Property although we must stress that, unless otherwise specified, we have not tested any of these services, and for the purpose of our valuation we have assumed that they are all operating satisfactorily. We have not made any enquiries of the respective service supply companies.

7.0 TENURE

We have been advised by your Customer that the Subject Property is held freehold.

We would emphasise that we have not inspected any title documents or leases and have assumed for the purposes of this Valuation Report that good and marketable title can be shown. We have been verbally advised that the title to the Subject Property is held by way of an unencumbered title which is free from any onerous or unusual restrictions, covenants, easements, outgoing rights or rights of way and furthermore that it is not affected by any Local Authority proposal. We consider it essential that your solicitors formally verify this position and our comments should not be relied upon until confirmation is gained.

8.0 TENANCIES

We understand that the Subject Property is currently fully let.

We have been provided with a copy of the tenancy for the commercial accommodation and a schedule for the residential elements:

Landlord:	Liverpool Pizza Slice.
Tenant:	Mr Selcuk Munur Irfan.
Property:	Land and buildings known as 166 Aigburth Road. The lease includes the Landlord's fixtures and fittings and equipment.
Term:	6 years from 20 February 2016.
Premium:	£1,200 pcm.
Rent:	£14,400 per annum.
Use:	Take away food shop and mobile food stands.

Repair:	To keep the Property in good repair and condition throughout the term and when necessary renew and rebuild.
Insurance:	Tenant to insure.
Alienation:	Not to assign or charge part of the lease. Not to underlet the whole without prior written consent of the Landlord (such consent not to be unreasonably withheld or delayed). Not to assign the whole without prior written consent of the Landlord (such consent not to be unreasonably withheld or delayed).
Alterations:	Not to make external or structural alterations. Not to make any internal, non-structural alterations without consent of the Landlord (such consent not to be unreasonably withheld or delayed).
Rent Review:	None.
Option to determine:	None.
Security of Tenure:	The lease is excluded from the Security of Tenure provisions of the Landlord and Tenant Act 1954.

We have been provided with a schedule of the tenancies for the residential accommodation however the agreements relate to the tenancies expiring on 24 June 2017. We understand that these agreements have now been terminated and new tenancies are in place at a passing rental of £62,400 per annum. We have not had sight of the actual agreements and would recommend that your solicitors confirm this. During our inspection one flat was occupied and we were advised by your Customer that the Tenant's of the second flat were due to move on 1 September 2017.

9.0 CONDITION AND REPAIR

We have not undertaken a building survey of the Subject Property as this was not within the scope of our instructions and our survey was a brief one for valuation purposes only. We have not inspected those parts of the property which are covered, unexposed or inaccessible, and for the purpose of this report, such parts have been assumed to be in good repair and condition.

We did note however during the course of our inspection the following defects, which are, for the avoidance of doubt, not intended to be an exhaustive list and do not imply that other serious defects may be present:

- Externally, the guttering was blocked. Your Customer advised that this was due to be addressed later the same day.
- Upper level fascias would benefit from repainting.
- To the basement there was slight water staining to lower level paintwork indicative of moisture penetration. During our inspection this was relatively slight although should be monitored and remedied as appropriate.
- The majority of the accommodation has been subject to recent refurbishment and redecoration. We would comment that such redecoration can mask potential defects.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious materials have been used in the construction of the property, or has since been incorporated and 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 investigations would not disclose the presence of such material to any significant extent.

When inspecting a property, we have not undertaken an asbestos survey and cannot therefore comment on whether materials containing asbestos have been incorporated within the structure. It has been necessary for us to assume when preparing our valuation that any such materials will not have an adverse effect on value.

We would recommend that the Bank's Solicitors verify, in accordance with the Control of Asbestos at Work Regulations 2006, that a suitable Asbestos Survey has been undertaken. A necessary register should be made available to your Solicitors, as well as an appropriate risk management plan.

This report excludes any investigation into structural engineering design or compliance with legislation relating to buildings, building regulations or by-laws.

10.0 SITE AND GROUND CONDITIONS

We have not carried out any site investigations in order to determine the suitability of ground conditions and surveys, nor undertaken environmental, archaeological or geotechnical surveys. Our valuation is undertaken on the basis that these aspects are satisfactory and that there are no underground mineral or other workings beneath the site or in its vicinity; and that the ground has sufficient load bearing strength to support the existing use.

11.0 ENVIRONMENTAL ISSUES

We have not been instructed to make any investigations in relation to the presence or potential presence of contamination in land or buildings, and we have assumed that if such investigations were made to an appropriate extent, then no such contamination would be discovered sufficiently to affect value. We have not carried out any investigations into the past or present uses of the property or any adjoining or adjacent land to establish whether there is any potential for contamination from such uses or sites and have for the purpose of our valuation assumed that none exist.

Whilst not exclusively, we are not aware of any natural hazards (ground instability, mining or mineral extraction, radon, gas, risk of flooding from all mechanisms, including pluvial and fluvial sources) and/or non-natural hazards (such as contamination where substances are in, on or under the ground resulting from current or historic uses) affecting the property.

We are also not aware of any other hazardous materials present in or on the property, including overhead electrical power lines, telecommunication lines and (but not limited to) regulated hazards, including chemicals, radioactive substances, explosive materials, waste management activities, asbestos, ozone depleting substances, oils and deleterious materials, such as building materials that degrade with age, causing structural problems, for example, high alumina cement, calcium chloride or wood wool shuttering.

Should it be established that contamination exists, this may reduce the value reported and we reserve the right to amend our report as appropriate.

No indication to past or present contaminative land uses were noted during our inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated sub soils or ground water. In the event of contamination being discovered then further specialist advice should be obtained.

We have examined the website for UK Radon; it shows that the Subject Property is at the boundary of the lowest possible potential for exposure to radon (less than 1%).

We have investigated the flood risk potential by inspecting the Environment Agency website, which states that the Subject Property is not situated near a flood risk area. The flood risk from surface water is rated as 'low'.

12.0 STATUTORY ENQUIRIES

Town Planning

The Subject Property is situated within the Planning jurisdiction of Liverpool City Council.

Planning within the City will be guided by Liverpool City Council's UDP, which is to be replaced by the Local Plan. The Local Plan will guide new development over the next fifteen years. A draft Local Plan is currently in the process of being prepared.

Liverpool City Council will no longer accept verbal planning enquiries, with all enquiries required to be made in writing. Due to the time constraints imposed upon us in providing our report, this has not been possible. We have therefore assumed for the purposes of our valuation that the property has the necessary planning consent for its existing use. No formal search has been instigated and we would recommend that verification be obtained from your solicitors and we have assumed the property is not adversely affected by any Local Authority proposals or requirements and that there are no outstanding statutory notices.

We have undertaken a search via the Council's planning explorer which has returned the following applications and consents/ no recent applications or consents concerning the Subject Property.

****Commentary should be provided as to whether the Subject Property is listed, situated in a conservation area or subject to trade related licences or specialist consent****

Rating

We have made enquiries via the Valuation Office website which indicates the following listing:

Address	Description	Rateable Value
166, Aigburth Road, Liverpool L17 7BR	Shop and Premises	£5,500

The current uniform business rate for 2017/18 is 47.9p in the £1. The current uniform small business rate multiplier for 2017/2018 is 46.6 pence in the £1.

Council Tax

We have made enquiries via the Valuation Office website which indicates that the property is listed as follows:

Address	Description	Rateable Value
ROOMS AT 166A, AIGBURTH ROAD, LIVERPOOL L17 7BR	Band A	£1,167.95
ROOMS AT 166B, AIGBURTH ROAD, LIVERPOOL L17 7BR	Band A	£1,167.95

Highways

We understand that Aigburth Road and Dalmeny Street are made up and adopted highways.

Statutory Regulations

For the purposes of this report we have assumed that the property complies with current Fire Regulations, Building Regulation Controls, Health and Safety Legislation, Employment Regulations and that there are no outstanding obligations or liabilities or anything out of the provisions of the Defective Premises Act 1972.

We have assumed that unless indicated to the contrary, the property complies with the Equality Act 2010 in respect of the ground floor only. We have not undertaken any enquiries of the occupier as to whether a Disability Access Order has been undertaken. We believe that the Subject Property does not comply as there is stair access only on between floors.

We have undertaken a searched via the EPC Register and have identified the following assessments. We have not undertaken EPC assessment as part of this instruction and therefore the following information should be considered as a guide and not a current assessment:

Property	Band - Rating	Potential - Rating
ROOMS AT 166A, AIGBURTH ROAD, LIVERPOOL L17 7BR	Band C (69-80) -73	Band C (69-80) -76
ROOMS AT 166B, AIGBURTH ROAD, LIVERPOOL L17 7BR	Band E (39-54) -53	Band C (69-80) -78

We are aware of the proposed changes outlined within the Energy Act 2011 effective from April 2018 that propose to make be unlawful to rent out a residential or business premise that does not reach a minimum energy efficiency standard (EPC rating "E"). The Subject Property is assessed at or above Band E.

In April 2015, Liverpool City Council introduced a Landlord Licensing Scheme requiring all private landlords in the City to register for a five-year licence for each of their rented properties.

We have undertaken a search via the Liverpool City Council website and noted no applications listed on the HMO or Landlord Licensing Register. We have not had sight of any licence for the Subject Property and have assumed that there are no breaches or pending action against the premises. The residential is arrange over three levels and is occupied by five person per dwelling on this basis the a HMO licence may be required. We would propose that you verify the position of this application with your solicitor.

13.0 GENERAL COMMENTS

According to the Office of National Statistics, the UK Economy grew by 0.3% in Q2 2017. Whilst such figures provide a positive outlook for the economy, there remains an in balance between sectors. The largest contributors to growth in services were retail trade, which improved after a fall in the first quarter, and film production and distribution. Construction and manufacturing were the largest downward pulls on quarterly GDP growth, following 2 consecutive quarters of growth.

Whilst the predicted outlook for the national economy is more positive, there remains some unease about sustained growth. A combination of international and national external factors has impacted upon the property market and will likely continue to do so during 2017. In particular, the volatility within the stock markets, slow down within China's economic, weak commodity prices and uncertainty over the UK's position within the EU has, and will continue to have, some bearing on investment activity moving forward.

Furthermore, there is currently a degree of caution amongst commentators concerning reduced growth following the UK's decision to leave the European Union (following the Referendum on 23 June 2016). Until such time as the terms of the UK's withdrawal from the EU are known, it is difficult to predict the impact on the UK economy (which is particularly dependent on the UK's continued access to the common market). The Monetary Policy Committee at the Bank of England recently decided to maintain interest rates to a historic low of 0.25% although the level in which this will be transferred to Bank lending remains to be seen.

In addition to the above, there has been some speculation that inflation may increase as a result of the devaluation of Sterling following the UK's decision for withdrawal (which has been compounded by the decision of the Bank of England to reduce interest rates). Whilst this may immediately impact the UK economy, in large prime investment classes funds have adopted somewhat of a "wait and see" approach before committing to longer term projects to assess what the immediate outlook for the UK economy is likely to be. A degree of inertia, in addition to existing uncertainty could further harm the prospects of growth in the immediate future. However within the wider "general market" liquidity remains good and there has been no tangible evidence of a drastic change within the current market.

The Q2 2017 RICS UK Commercial Property Market Survey provided that there has been growth within the market for both rental and capital values although sentiment was more cautious. Across the UK, occupier demand was reported flat at the all-sector level. Falling demand was reported within office and retail sectors although reasonable growth was recorded in the industrial market. The report highlights that the rental levels are anticipated to rise within the industrial sector. With regards to the investment market, this remains modestly positive although there remains an imbalance across market sectors with the industrial market again being viewed positively.

In respect of the residential housing market, the Office of National Statistics recently published that nationally, UK average house prices have increased by 4.9% in the year to June 2017 (down from 5.0% in the year to May 2017). The average house price in England was £240,000. Wales saw house prices increase 3.6% over the latest 12 months, with the average house price to stand at £152,000. In Scotland, the average house price was £144,000, representing an increase in value of 2.9% over the last twelve months. London continues to be the region with the highest average house price at £482,000. The East of England was the region, which showed the highest annual growth with prices increasing by 7.2% in the year to June 2017. This was followed by the East Midlands at 7.1%. The lowest annual growth was in the North East, where prices increased by 2.5% over the year.

The Subject Property is situated under the governance of Liverpool City Council where, according to Land Registry data, the average house price was £123,920 as at June 2017. This is representative of an increase in value of 3.51% compared with June 2016. The average price of an apartment was recorded at £102,106, which shows an increase of 4,410 on the last twelve months. The total number of property sales has increased with 390 sales recorded in April 2017 compared to 379 in March 2016. It should be noted that the Local Authority boundaries cover a mixture of settlements and demographics.

In considering the Market Rent of the ground floor premises, we have had regard to the following comparable evidence:

- 333 Aigburth Road, Aigburth, Liverpool
The property comprises a ground floor commercial unit of 578 sq.ft within a similar three storey building. The property let by way of a 5-year FRI lease in April 2017 for £9,000 per annum, reflecting £15.57 per sq.ft on an overall basis. The terms of the lease included a 4-month rent-free period, tenant break option in April 2020 and rent reviews in April 2020 and April 2021.
- 134 Aigburth Road, Aigburth, Liverpool
The property comprises a ground floor commercial unit of 494 sq.ft within a similar three storey building. The property let by way of a 5-year IRI lease in July 2015 for £7,500 per annum, reflecting £15.18 per sq.ft on an overall basis. No incentives were included within the terms of the lease.
- 308 Smithdown Road, Wavertree, Liverpool
The property comprises a ground floor commercial unit of 823 sq.ft within a similar three storey building. The property is situated within a densely populated student area approximately 1.5 miles east of the Subject Property. The property let by way of a 5-year lease in December 2014 for £11,000 per annum, reflecting £13.37 per sq.ft on an overall basis. No incentives were included within the terms of the lease.
- 372 Smithdown Road, Wavertree, Liverpool
The property comprises a ground floor commercial unit of 428 sq.ft within a similar three storey building. The property is situated within a densely populated student area approximately 1.6 miles east of the Subject Property. The property let by way of a 10-year FRI lease in August 2014 for £7,500 per annum, reflecting £17.52 per sq.ft on an overall basis. The terms of the lease included a tenant option to break and provision for rent review in year 5.
- 507 Smithdown Road, Wavertree, Liverpool
The property comprises a ground floor commercial unit of 330 sq.ft within a similar three storey building. The property is situated within a densely populated student area approximately 1.3 miles east of the Subject Property. The property let by way of a 3-year lease in June 2014 for £6,000 per annum, reflecting £18.18 per sq.ft on an overall basis. The terms of the lease included a 1-month rent-free period and provision for rent review in year 3.

In respect of the ground floor and basement, the Subject Property offers a visible frontage to a main arterial roadway within an active retail parade. It also benefits from a return frontage and is in good repair. We would anticipate that any lettings would be on a 3 to 5 year clear term with rental incentives equal to 5% of the contractual term (i.e. 3 months on a 5-year term). We understand that the passing rental is currently £14,400 per annum. This rental is towards the upper end of values we would anticipate and we are of the opinion that a more sustainable rental would be in the order of £12,000 per annum.

In considering the Market Rent of the upper floor accommodation, we would comment that much of the accommodation in the locality is of a relatively basic standard as opposed to the Subject Property which is fully refurbished:

- Alexandra Drive, Aigburth, Liverpool
The property comprises a 4 bedroom flat situated within a fully converted Mansion house. The flat is located within close proximity to Sefton Park. The property is finished to a good standard comprising four double bedrooms, open plan lounge with kitchen, and a recently refurbished bathroom. The property benefits from a communal garden to the rear that is shared by the neighbouring flats within the converted Mansion. The flat is currently being marketed to rent for £80 per person per week (inclusive of utility bills).
- 126 Aigburth Road, Aigburth, Liverpool
The property comprises a 6 bedroom flat situated within a similar three storey, mixed use building. The building is located within close proximity to the Subject Property. The property is finished to a good standard. The flat possesses five double bedrooms and one single bedroom, open plan lounge, brand new fitted kitchen with dining area and a modern bathroom. The flat is currently being marketed to rent for £80 per person per week (inclusive of utility bills).
- Linnet Lane, Aigburth, Liverpool
The property comprises a 4 bedroom flat situated to the first floor of a converted, detached Victorian house. The building is located within close proximity to Sefton Park. The property is finished to a good standard comprising four double bedrooms, open plan lounge and a recently refurbished and upgraded kitchen and bathroom. The flat is currently being marketed to rent for £79 per person per week (inclusive of utility bills).

We understand that the residential Subject Property accommodation is currently let to students at £62,400 per annum. This reflects a gross rental of £109.09 per room per week inclusive of bills. In our opinion this is the maximum rental likely to be attainable and could again be viewed as being above the Market Rent. In our opinion an appropriate Market Rent would be £100 per room per week. This provides a gross rental of £57,200 per annum.

We would comment that student accommodation within the area is currently undergoing a period of change with trends suggesting growth within the City Centre areas and a potential reducing demand in more suburban locations. There are also rumours within the market that one of the University's may close its Aigburth campus. On this basis, the longevity of income for the student lettings is not certain and if these events were to happen the rental attainable would reduce (which would have a corresponding impact on values). We would recommend that the valuation is accordingly kept under regular review.

In considering the Market Value of the Subject Property, we have had regard to market transactions within the area including the following:

- 118 Aigburth Road, Aigburth, Liverpool
The property comprises a similar three storey, mid-terrace mixed use building. The building provides a ground floor accountancy firm of 555 sq.ft and a 4 bedroom self-contained flat above. The property has sold (subject to contract) for £150,000 having been marketed for £159,950. At the time of sale, the ground floor shop generated gross income of £7,908 per annum with the self-contained flat producing £14,400 per annum, providing an aggregated total of £22,308 per annum. The rent of the self-contained flat devalues at £69 per person per week. The prospective sale reflects a gross initial yield of 14.87%.

- 166 Aigburth Road, Aigburth, Liverpool
The property comprises a similar three storey, mid-terrace mixed use building. The building provides a ground floor retail shop of 583 sq.ft and residential accommodation above. The property sold in January 2017 for £135,000. At the time of sale, the ground floor shop generated gross income of £12,213 per annum, reflecting a gross initial yield of 9.04%.
- 284-284A Aigburth Road, Aigburth, Liverpool
The property comprises a similar three storey, mid-terrace mixed use building. The building provides a ground floor retail shop of 320 sq.ft and residential accommodation above. The property sold in July 2016 for £173,000.
- 136 Aigburth Road, Aigburth, Liverpool
The property comprises a three storey, end-terrace mixed use building. The building provides a ground floor shop of 439 sq.ft and 4 self-contained flats. The property sold in January 2016 for £216,000. We are advised that when fully let, the property generates rental income in excess of £21,000 per annum, reflecting a gross reversionary yield of 9.72%.
- 114-114A Aigburth Road, Aigburth, Liverpool
The property comprises a similar three storey, mid-terrace mixed use building. The building provides a ground floor retail shop of 311 sq.ft and a 3 bedroom flat above. The property sold in September 2015 for £100,000. At the time of sale, the property was fully let generating rental income of £11,460 per annum, reflecting a gross initial yield of 11.46%.
- 337 Aigburth Road, Aigburth, Liverpool
The property comprises a similar three storey, mid-terrace mixed use building. The building provides a ground floor shop of 399 sq.ft and residential accommodation above. The property sold in September 2015 for £146,000.
- 106 Aigburth Road, Aigburth, Liverpool
The property comprises a similar three storey, mid-terrace mixed use building. The building provides a ground floor shop of 927 sq.ft and residential accommodation above. The property sold in February 2015 for £115,000.
- 64-64A Aigburth Road, Aigburth, Liverpool
The property comprises a similar three storey, mid-terrace mixed use building. The building provides a ground floor shop of 294 sq.ft and residential accommodation above. The property sold in June 2013 for £130,000.
- 162 Aigburth Road, Aigburth, Liverpool
The property comprises a similar three storey, mid-terrace mixed use building. The building provides a ground floor shop of 1,914 sq.ft and residential accommodation above. The property sold in February 2012 for £130,000.
- Apartments 1-12, 4A Parkfield Road, Liverpool
The property comprised a detached Victorian premises providing 12 studio flats. Eleven apartments were let at the point of sale providing a passing rental of £57,600 per annum. The property was marketed via auction in March 2017 although failed to meet the reserve of £800,000. A sale at this level would have reflected an initial yield of 7.2% and reversionary yield of approximately 8%.

- Apartment 1-4, 2 Sefton Drive, Liverpool
The property comprised a semi-detached residential property divided to provide three self-contained two bedroom flats. The passing rental at the point of sale was £13,200 per annum. The property was sold in November 2016 for £198,000. The sale reflects a gross initial yield of 7%.
- Apartment 1, 2 & 3, 12 Croxteth Road Liverpool
The property comprised a semi-detached residential property divided to provide four self-contained 3 one bedroom and 1 two bedroom flat. The passing rental at the point of sale was £13,920 per annum with a projected ERV of £19,320 per annum. The property was sold in November 2016 for £256,000. The sale reflects a gross initial yield of 5.4% and reversionary 7.5%.
- 30 Croxteth Grove, Liverpool
The property comprised a detached Victorian residential premises converted to provide a 10 bedroom HMO. The property had an estimated rental value of £40,000 per annum and was sold in March 2016 for £273,000. The sale reflects a reversionary yield of 14.7%.
- 1 Hadassah Grove, Liverpool
The property comprised a three storey and basement residential house converted to provide and 8 bedroom HMO. The property was let providing a gross income of £35,360 per annum. The property was marketed for sale in February 2017 although failed to meet the sale reserve. The final bid was £296,000. A sale at this level would have reflected an initial yield of 11.9%.
- 19 Hunters Lane, Liverpool
The property comprised a substantial Victorian residential property converted to provide a seventeen bedroom HMO. The annual passing rental was c. £53,000. The property was marketed for sale in September 2016 although failed to meet the reserve with the final bid being £382,000. A sale at this level would reflect an initial yield of 13.9%.
- 4 Gresford Avenue, Wavertree, Liverpool
The property comprised an eight bedroom HMO let to students at an aggregated rental of £25,152 per annum. The property was sold in £155,000 in January 2016. The sale reflects an initial yield of 16.2%.
- 120 Princes Road, Toxteth, Liverpool
The property comprises a terrace property providing a 10 bedroom HMO. The property currently produces £44,196 per annum. The property is currently on the market at £375,000, equating to a gross yield of 13.8%.
- 30 Princes Road, Toxteth, Liverpool
The property comprises a three storey building currently on the market at £900,000. The property produces an annual income of £93,000 per annum, equating to a gross yield of 10.3%.
- 150 Princes Road, Toxteth, Liverpool
The property comprises a three storey terrace property providing six self-contained flats, currently producing £23,040 per annum. The property was marketed via auction in May 2016 (and had been in prior auctions at a higher guide) however failed to sell. The property had a guide price of £285,000.

In considering the valuation we have had regard to market evidence. We would comment that the Subject Property consists of a somewhat unusual asset given the density of accommodation provided. There have been few examples of similar properties in the area gross such rental levels and therefore how the market would view such an interest is less clear. We are aware that the Subject Property is currently let at a combined rental of £76,800 per annum however for the reasons mentioned we consider this is at the upper end of the range of rental levels attainable. In our opinion a more sustainable rental level would be £69,200 per annum.

In determining the Market Value we have capitalised the passing rental reflecting a net initial yield of 10.4% providing, following an allowance for purchaser's costs of a value of £700,000.

On the basis that the Subject Property were to be sold with vacant possession we have allowed for a period of re-letting and determined the value at £600,000.

14.0 VALUATION

We have prepared our valuation on the basis of adopting the comparative and investment methods of valuation having regard to market evidence.

We are of the opinion that the Market Value of the freehold interest in the Subject Property with the benefit of the existing leases is in the region of:

£700,000
(SEVEN HUNDRED THOUSAND POUNDS)

Our valuation assumes a normal marketing period of twelve to fifteen months.

We are of the opinion that the Market Value of the freehold interest in the Subject Property subject to the special assumption of vacant possession is in the region of:

£600,000
(SIX HUNDRED THOUSAND POUNDS)

Our valuation assumes a normal marketing period of twelve to fifteen months.

We are of the opinion that the Market Rent of the (freehold/leasehold) interest in the Subject Property is in the region of:

£69,200 PER ANNUM
(SIXTY NINE THOUSAND TWO HUNDRED POUNDS) PER ANNUM

Suitability for Loan Security Purposes

Subject to a properly conceived and implemented programme of repair, planned maintenance and periodic upgrading, we consider that the Subject Property has an economic life exceeding 25 years and therefore, the property represents suitable security for a loan secured by way of mortgage.

In a default scenario the appropriate course of action would be the appointment of Law of Property Act receivers, to monitor the property, applying income to debt reduction and property maintenance during the marketing period. Failure to deal with the property by way of this method could result in a diminution in security and value.

15.0 REINSTATEMENT COST

We estimate the reinstatement cost of the Subject Property is in the sum of £475,000.

The replacement cost for reinstatement purposes is given solely as a guide and should not therefore be regarded as formal valuation for insurance purposes. It is assumed that the policy is on an indemnity basis with a full operative reinstatement clause and no special conditions. We have assumed an instantaneous basis of value and have had no regard to any variation in building cost subsequent to the date of our estimate. No provision is included for Value Added Tax, nor for loss of rent or extra costs of working or other consequential loss, Local Authority requirements and party wall works, and no account of the effect of inflation. The figure is inclusive of professional fees, demolition and site clearance.

If a formal valuation for reinstatement purposes is required then a suitable professional should be instructed to undertake this valuation on your behalf as a separate instruction.

16.0 DECLARATION

We confirm that (other than any matters referred to above) to the best of our knowledge, neither we nor any other employee or partner of Keppie Massie has had any previous involvement with the Subject Property or parties involved or has any financial interest in the Subject Property. This valuation has been carried out in accordance with the provisions of the Practice Statements contained in the Valuation – Professional Standards published by the RICS.

Yours faithfully



Phil Winckles BSc (Hons) MRICS
Associate
Registered Valuer
For and on behalf of
KEPPIE MASSIE



Ged Massie BSc (Hons) MRICS IRRV MCI Arb
Partner
Registered Valuer
For and on behalf of
KEPPIE MASSIE

APPENDIX 1

LOCATION PLAN



APPENDIX 2

SITUATION PLAN

H.M. LAND REGISTRY		TITLE NUMBER	
		MS 4 13137	
ORDNANCE SURVEY PLAN REFERENCE	SJ 3687	SECTION	Scale 1/1250
COUNTY	MERSEYSIDE	DISTRICT	LIVERPOOL
			© Crown copyright



This is a print of the view of the title plan obtained from HM Land Registry showing the state of the title plan on 05 September 2017 at 22:06:09. 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 HM Land Registry, Birkenhead Office.

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APPENDIX 3

PHOTOGRAPHS



Front & Side Elevation



Rear & Side Elevation



Street View



Street View



Ground Floor Shop



Basement



166A Aigburth Road



166A Aigburth Road



166A Aigburth Road



166A Aigburth Road



166B Aigburth Road



166B Aigburth Road



166B Aigburth Road



166B Aigburth Road (Rear Yard)

APPENDIX 4

**TERMS OF BUSINESS/
NOTES AND CONDITIONS OF
ENGAGEMENT AND ASSUMPTIONS**

KEPPIE MASSIE

TERMS OF BUSINESS

1. PRELIMINARY

- 1.1 Keppie Massie ('KM') undertakes all services only on the basis of these terms of business and on the terms of the letter of acceptance of instructions from KM to the Client. These shall apply to the exclusion of any other terms and conditions which the Client may seek to impose.
- 1.2 No variation of these terms shall be binding unless agreed in writing between an authorised representative of KM and the Client.
- 1.3 The purpose for which the Advice is required shall be as agreed between the Client and KM.
- 1.4 KM shall advise the Client in writing as to the opinion of value of the relevant interests specified by the Client in the subject of property.

2. CHARGES

- 2.1 Fees will be charged at the rate set out in the letter of acceptance of instructions and will be payable if the objectives of the Client are met by any means during the continuance of KM's instructions. In the event of a material change in the scope of its instructions, KM reserves the right to charge an additional fee.
- 2.2 In addition to such fees, the Client shall pay to KM all reasonable out-of-pocket expenses incurred in the performance of its instructions.
- 2.3 KM undertakes to provide up to two copies of its written Report and thereafter reserves the right to make a charge for additional copies.
- 2.4 KM may receive and retain usual commissions and discounts on orders for goods and services placed on the Client's behalf.
- 2.5 VAT shall be payable, where applicable, in addition to all fees, disbursements and other amounts due from the Client to KM.
- 2.6 In the event of KM's instructions being terminated by either party for any reason, KM shall be entitled to charge a fee on one of the following basis:-
- 2.6.1 quantum meruit for the work undertaken or
 - 2.6.2 time spent at KM's standard hourly rate from time to time or
 - 2.6.3 a fair and reasonable proportion of the fee to which KM would have been entitled if the matter had been successfully completed on the terms agreed between KM and the Client prior to such termination.
- 2.7 KM reserves the right to charge you for photocopying at 20p per sheet.

3. PAYMENT

- 3.1 KM will invoice the Client for fees due as set out in the letter of acceptance of instructions.
- 3.2 Accounts for disbursements and out-of-pocket expenses may be submitted at the time when such expenditure is incurred.
- 3.4 Invoices are due for payment upon presentation. KM shall be entitled to charge the Client interest (both before and after any judgement) on any unpaid invoice at a rate of 8% per annum over the base rate for the time being of Barclays Bank plc from the date which is 30 days after the date of invoice until payment is made.
- 3.5 Without prejudice to any other rights it may have, in the event that any sum due from the Client to KM remains unpaid for more than 30 days KM shall be entitled to suspend all further work for the Client until such time as the relevant payment is made and KM shall not be liable for any delays, losses, costs or expenses occasioned by such suspension.
- 3.6 In the event that payment is received in advance of completion of the service, the payment will not be treated as Client Money and will not therefore be subject to the protection of the RICS Client Money Protection Scheme unless separately agreed.

4. CLIENT'S WARRANTY AND INDEMNITY

- 4.1 The Client hereby represents and undertakes to KM that all information provided by the Client and/or its professional advisers regarding the Property is complete and correct, that the Property and its use complies with all relevant statutory requirements and that there are no other material facts known to the Client relating to the Property which may be relevant to KM in carrying out its instructions.
- 4.2 The Client hereby undertakes to indemnify KM and keep KM indemnified against all losses, damages, costs and expenses, including legal fees on a solicitor and own client basis, arising out of or by virtue of the Client's instructions to KM other than any losses, damages, costs and expenses arising by virtue of the default or negligence of KM.

5. EXCLUSION CLAUSES

- 5.1 Any Report, Valuation or Advice provided by KM in connection with the client's instructions may be subject to exclusions relevant to the particular Report, Valuation or recommendation in which such exclusions would be specified. The general principles adopted in the preparation of Valuations and Reports are printed overleaf.

6. DOCUMENTS

- 6.1 The copyright of all Reports, forecasts, drawings, accounts and other documents originating by KM in relation to its instructions remain the property of KM.

7. COMPLAINTS

Any dispute or complaint between the client and KM relating to KM's professional services, carried out on behalf of the client shall be dealt with in accordance with KM's complaints handling procedure; a copy of KM's procedure for complaints handling is available on request. KM follows the RICS's arrangements for complaints or redress under the Designated Professional Body Scheme.

8. TERMINATION

- 8.1 The termination of KM's appointment shall not affect any rights accrued by either party prior to that date.
- 8.2 Either party may terminate KM's appointment immediately by giving written notice if the other party:-
- 8.2.1 has a receiver, administrative receiver or administrator appointed over all or any part of its assets or undertaking or
 - 8.2.2 passes a resolution to wind up or has a liquidator appointed or
 - 8.2.3 ceases or threatens to cease trading.
- 8.3 KM shall be entitled to terminate its appointment by the Client in the event that the Client:-
- 8.3.1 fails to pay any sum due to KM within 90 days of the due date or
 - 8.3.2 in the reasonable opinion of KM refuses or neglects to provide the co-operation necessary for KM to carry out its instructions or the conduct of the Client otherwise renders the performance of KM's instructions impracticable.

9. LIMITATIONS ON LIABILITY

- 9.1 The Royal Institution of Chartered Surveyors (RICS) recommends the use of liability caps to members as a way in which to manage the risk in survey and valuation work. Our aggregate liability arising out of, or in connection with this survey /valuation, whether arising from negligence, breach of contract, or any other cause whatsoever, shall in no event exceed 33% of the value. This clause shall not exclude or limit our liability for actual fraud, and shall not limit our liability for death or personal injury caused by our negligence.
- 9.2 Our contract with you for the provision of this survey/valuation is subject to English Law. Any dispute in relation to this contract, or any aspect of the valuation, shall be subject to the exclusive jurisdiction of the courts of England and Wales, and shall be determined by the application of English Law, regardless of who initiates proceedings in relation to the valuation.
- 9.3 Our survey/valuation is provided for your benefit alone and solely for the purposes of the instruction to which it relates. Our survey/valuation may not, without our written consent, be used or relied upon by any third party, even if that third party pays all or part of our fees, or is permitted to see a copy of our report. If we do provide written consent to a third party relying on our survey/valuation, any such third party is deemed to have accepted the terms of our engagement.
- 9.4 If you suffer loss as a result of our breach of contract or negligence, our liability shall be limited to a just and equitable proportion of your loss having regard to the extent of responsibility of any other party. Our liability shall not increase by reason of a shortfall in recovery from any other party, whether that shortfall arises from an agreement between you and them, your difficulty in enforcement, or any other cause.
- 9.5 None of our employees, partners or consultants individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring any claim against any such individuals personally in connection with our services.

10. GENERAL

- 10.1 These conditions are subject to English Law and the parties irrevocably submit to the exclusive jurisdiction of the English Courts for the resolution of all disputes arising between the parties save that as this clause is for the exclusive benefit of KM, it shall retain the right to bring proceedings against the Client in any court which has jurisdiction under the 1968 Brussels Convention.
- 10.2 This Firm is not authorised by the Financial Conduct Authority (FCA). However, we are included on The Register maintained by the FCA so that we can carry out insurance Mediation activity which is broadly advising on, selling, and administration of insurance contracts. This part of our business, including arrangements for complaints or redress, if something goes wrong, is regulated by the Royal Institution of Chartered Surveyors (RICS). The Register can be accessed via the FCA website www.fca.gov.uk/register
- 10.3 KM is regulated by RICS.
- 10.4 Keppie Massie is a Partnership – A full list of Partners can be made available upon request.

NOTES AND CONDITIONS OF ENGAGEMENT AND ASSUMPTIONS

For the assistance of clients, we list below the general principles upon which our Valuations and Reports are normally prepared and they shall apply unless specifically mentioned otherwise in the body of the Report.

1) RICS Appraisal and Valuation Manual

All Valuations are carried out in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors and are undertaken by appropriately qualified valuers as defined therein. KM, and the appointed valuer, are registered with RICS Valuer Registration.

2) Valuation Basis

All Valuations are made on the appropriate basis as agreed with the client in accordance with the provisions and definitions of the Appraisal and Valuation Manual unless otherwise specifically agreed and stated.

The specific basis of valuation adopted in relation to a particular instruction and the definition thereof is detailed in the body of the report to which this document forms an Appendix.

No allowances are made in our valuations for any expenses of realisation, or to reflect the balance of any outstanding mortgages, either in respect of capital or interest accrued thereon.

Our valuations are based upon the facts and evidence available at the date of the valuation. It is therefore recommended that valuations be periodically reviewed.

3) Information Supplied

We accept as being complete and correct the information provided to us by the sources detailed in our report, relating to items such as tenure, tenancies, tenants' improvements and other relevant matters.

4) Documentation and Title

We do not normally read documents of title. Where title documentation or leases are provided to us, we recommend that reliance should not be placed on our interpretation thereof without prior verification by your legal advisors.

Unless notified to the contrary, we assume that each property has a good and marketable title and is free from any pending litigation. We further assume that all documentation is satisfactorily drawn and that there are no unusual or onerous restrictions, easements, covenants or other outgoing which would adversely affect the value of the relevant interest(s).

5) Tenancies

It is assumed that, except where otherwise stated, all properties are subject to normal outgoing and that tenants are responsible for all repairs, the cost of insurance and payment of rates and other unusual outgoing, either directly or by means of service charge provisions.

Unless otherwise stated, it is further assumed that rent reviews are on an upward only basis and that neither the landlord nor the tenant may terminate the contract prematurely.

6) Tenants' Covenant Strength

Unless specifically requested, we do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. Furthermore, we assume, unless otherwise advised, that the tenant is capable of meeting its financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

7) Inspections

We undertake such inspections and conduct investigations as are, in our opinion, correct in our professional judgement, appropriate and possible in the particular circumstances.

8) Measurements

All property measurement is carried out in accordance with the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors, unless we specifically state that we have relied upon another source of information or method.

Unless specifically requested, we do not undertake a measured site survey but calculate site areas by reference to the identified boundaries of the property and the appropriate Ordnance Survey Plan.

9) Town Planning and Other Statutory Regulations

Wherever possible, we undertake direct enquiries to obtain town planning and highway information from the relevant Local Authority. If specifically instructed we will undertake to obtain the verification of the position, as stated in our Report.

Our Valuations are prepared on the assumption that the premises comply with all relevant statutory enactments and Building Regulations and that a valid and up-to-date Fire Certificate has been issued. We also assume that all necessary consents and authorisations for the use of the property and the process carried out therein have been obtained and will continue to subsist and are not subject to any onerous conditions.

We further assume that there are no outstanding obligations or liabilities arising out of the provision of the Defective Premises Act 1972.

10) Building Surveys

Unless expressly instructed, we do not undertake building surveys, or test any of the electrical, heating, or other services. Any readily apparent defects or items of disrepair noted during our inspection will be reflected in our Valuations, but no assurance is given that any property is free from defect. We assume that those parts which have not been inspected would not reveal material defects which would cause us to alter our Report and Valuations.

11) Deleterious Materials

Unless expressly instructed, we do not carry out investigations to ascertain whether any building has been constructed or altered using deleterious materials or methods. Unless specifically notified, our valuations assume that no such materials or methods have been used. Common examples include high alumina cement concrete, calcium chloride, asbestos and wood wool as permanent shuttering.

12) Site Conditions

Unless specifically requested, we do not carry out investigations on site in order to determine the suitability of ground conditions and services, nor do we undertake environmental, archaeological, or geotechnical surveys. Unless notified to the contrary, our Valuations are on the basis that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas, or other noxious substances.

In the case of properties which may have redevelopment potential, we assume that the site has load bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems. Furthermore, we assume in such circumstances that no unusual costs will be incurred in the demolition and removal of any existing structure on the property.

13) Environmental Contamination

In preparing our Valuations we have assumed that no contamination or potentially contaminative use is, or has been, carried out at the property. Unless specifically instructed, we do not undertake any investigation into the past or present uses of either the property or any adjoining or nearby land, to establish whether there is any potential for contamination from these uses and assume that none exists.

Should it, however, be subsequently established that such contamination exists at any of the properties or on any adjoining land or that any premises have been or are being put to contaminative use, this may be found to have a detrimental effect on the value reported.

In preparing our Valuations, we have assumed that all necessary consents and authorisations for the use of the property and the processes carried out at the property are in existence, will continue to subsist and are not subject to any onerous conditions.

14) Plant and Machinery

Our Valuations include items usually regarded as forming part of the building and comprising landlord's fixtures, such as boilers, heating, lighting, sprinklers and ventilation systems but generally exclude operational plant and machinery and those fixtures and fittings normally considered to be the property of the tenant.

15) Taxation

In preparing our Valuations, no allowances are made for any liability which may arise for payment of Corporation Tax or Capital Gains Tax, or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. We also specifically draw your attention to the fact that our Valuations are exclusive of any VAT liability which may be incurred.

16) Government Grants

All Valuations are given without any adjustment for capital based Government grants received or potentially receivable at the date of the valuation.

17) Special Purchaser Value

Unless otherwise stated, our Valuations do not reflect any element of marriage value or special purchaser value which could possibly be realised by a merger of interests or by a sale to an owner or occupier of an adjoining property, other than in so far as this would be reflected in offers made in the open market by prospective purchasers apart from the purchaser with a special interest.

18) Aggregation

In the valuation of portfolios, each property is valued separately and not as part of the portfolio. Accordingly, no allowance, either positive or negative, is made in the aggregate value reported to reflect the possibility of the whole or part of the property being put on the market at any one time.

19) Overseas Properties

Our Valuations of overseas properties will be reported in the appropriate local currency and represent our opinion of the realisable value in the country of origin, computed in accordance with local practices with no allowance made for the transfer of funds to the UK.

20) Confidentiality

Our Valuations and Reports are strictly confidential to the party to whom they are addressed, or their other professional advisors, for the specific purpose to which they refer and no responsibility whatsoever is accepted to any third parties for the whole or part of their contents.

21) Publications

Neither the whole nor any part of our Reports, nor any reference thereto, maybe included in any published document, circular or statement, or published in any way or disclosed orally to a third party, without our written approval of the form and context of such publication or disclosure. Such approval is required whether or not Keppie Massie are referred to by name and whether or not the Reports are combined with others. Please note that KM files may be subject to monitoring under RICS conduct and disciplinary regulations.

22) Special Assumptions

We would refer to any specific comments within the main body of the report.

APPENDIX 5

LETTER OF INSTRUCTION

Our Ref: RB/SB

22nd August 2017

Attn: Mr P Winckles,
Keppie Massie Surveyors and Property Consultants
Alabama House,
6 Rumford Place,
Liverpool,
L3 9BY

Dear Sirs,

Please accept this letter as our formal instruction to your firm to carry out a valuation, for mortgage purposes, on the addresses indicated below upon which we, Proplend Security Limited shall rely. The valuation may be shown to any third parties in connection with the financing of the property albeit it cannot be relied on by those parties directly. **Please advise us immediately if you are unable to give prompt attention to this matter.**

BORROWER: Liverpool Pizza Slice Ltd

PROPERTIES: 166a & 166b Aigburth Road, Liverpool, L17 7BR
2 Dalmeny Street, Liverpool, L17 9PA

TENURE: Freehold

USE: Retail – food and drink

TENANCIES: 6 year lease from February 2016 to Selcuk Munur Irfan at a rental of £14,400 p.a. as attached. Please assume for the HMO/residential part of property ASTs in place at a rental of £60k p.a.

ACCESS: Via Mathew Berridge – 07999 997414

Instruction

The report should be addressed to Proplend Security Limited which must clearly state that it can be relied upon for lending purposes by the parties named herein. Please ensure that the report accords with the current RICS Appraisal and Valuation Manual.

Please indicate in your report if the valuer or your firm have had any previous involvement with the property forming the subject of the valuation. If so, please indicate the nature and extent of that involvement and confirm specifically that you consider there is no conflict of interest on the part of the valuer or your firm.

The report must be signed by a partner or director of the firm who is a member of the Royal Institute of Chartered Surveyors.

Whilst your report will be addressed to Proplend Security Ltd, it will need to be viewed by its Lending members on the understanding that only Proplend Security Ltd may rely on the report for mortgage purposes. Can you please confirm within your report that this is understood and accepted?

Valuation and Report

The Market Valuation referred to below should be based on current values and should reflect market conditions prevailing at the date of the report, and changes in market conditions that you are able to predict, and should include:

1. The Market Valuation for loan security purposes of the Property in its current condition at the date of your inspection, subject to any current tenancies in place and sold as a going concern. Please indicate the period of marketing you have assumed in arriving at your valuation.
2. A valuation of the Property on the assumption that the Property was being sold without the benefit of a going concern.
3. Please provide comparable evidence to support your assumptions on values.
4. Please provide an estimated rental value for the Subject Properties.
5. Please provide an estimated reinstatement cost of the buildings for insurance purposes.
6. Please provide a full description of the Property to include its accommodation, its size, its construction, location and general state of repair. These details should be supported with photos of the Properties. Whilst you are not instructed to carry out a structural survey on each Property, please comment of any noticeable defects that might warrant further investigation and which might affect the marketability of the Property.
7. Please certify that the Property is acceptable for secured lending purposes.

Report on Title

A copy of the solicitors Report on Title will be sent to you so that you can cross check your assumptions with the facts contained within the said report and comment on specific items which may affect your valuation.

Fees

You have quoted and the Borrower has agreed to pay a fee of £1000 + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, and addressed to this company, we ask that you seek settlement of your fee from the proposed Borrowers whose contact details are supplied above. Proplend Security Limited cannot accept any responsibility for non-payment of your fees in this regard.

Please contact Richard Berkley on 07768 512079 if you have any queries regarding this instruction. Please send a copy of your report by email in the first instance to admin@proplendsecurity.com with hard copy to H1 Ascot Business Park, Lyndhurst Road, Ascot SL5 9FE.

Yours faithfully,



Brian Bartaby
Proplend Security Limited
Director