

Bringing the property valuation
market into the 21st century



Valuation Report

| | |
|--------------------------|--|
| Address | 16 Shirley High Street, Southampton, Hampshire, SO15 3NH |
| Lender | Proplend Security Ltd |
| Lender Address | 20-22 Wenlock Road, London, M1 7GU |
| Applicant Name | Prime Property Investors Ltd |
| Date | Thursday 27th September 2018 |
| Valuation Company | Gully Howard Chartered Surveyors |
| Valuer | J Whittle, MRICS |

vas-group.co.uk

PROPERTY DETAILS

| | | | |
|------------------------------|--|---------------------------|------------------------------|
| Property Address: | 16 Shirley High Street, Southampton, Hampshire, SO15 3NH | | |
| Lender: | Proplend Security Ltd | Date of Valuation: | Thursday 27th September 2018 |
| Purpose of Valuation: | Loan Security | Valuation Method: | Comparison & Investment |



VALUATION:

(please carefully read the lenders instruction letter and make sure that valuations are provided on the required basis)

| | |
|---|----------|
| VP | £225,000 |
| VP - 180 day (6 month) marketing period | £225,000 |
| VP - 90 day (3 month) marketing period | £200,000 |
| Market Rent (MR) | £18,000 |
| Insurance Reinstatement Estimate: | £220,000 |

| | | |
|--------------------------|--------------------------------|----------------|
| VALUATION ISSUES: | Estimated Sales period: | 6 to 12 months |
|--------------------------|--------------------------------|----------------|

LOCATION / DESCRIPTION:

| | | | |
|-----------------------------|---|-------------------|------------|
| Location Summary: | Situated within a secondary trading location on Shirley High Street, within the Shirley District of Southampton, Hampshire. | | |
| Description Summary: | Ground floor retail unit in A3 Use, with a separately accessed 2 bedroom apartment at first floor, in vacant possession. | | |
| Condition Summary: | Presented to a basic standard. The upper parts of the Property would benefit from repair, refurbishment and modernisation. | | |
| Floor Area: | Ground floor retail unit – 47.52m ² (511.54ft ²) NIA Ground floor ancillary – 9.09m ² (97.85ft ²) NIA Garage/store – 21.6m ² (232.5ft ²) NIA | Site Area: | 0.04 acres |

| | | | |
|--|--|--|--|
| | Ground Floor Retail ITZA – 38.83m ² (417.98ft ²) | | |
| | First Floor Residential – IPMS 2 – 46.68m ² | | |

TENURE / TENANCY:

| | | | |
|----------------------|---|---------------------|-------------------|
| Tenure: | Assumed Freehold, with vacant possession. | Tenancy: | N/a |
| Passing Rent: | N/a | Market Rent: | £18,000 per annum |

SWOT ANALYSIS:

| | |
|--|---|
| <p>Strengths:</p> <ul style="list-style-type: none"> • A3 Consent • Potential for renovation and refurbishment of upper parts | <p>Weaknesses:</p> <ul style="list-style-type: none"> • Poor condition of Property • Other vacant retail units within this locality |
| <p>Opportunities:</p> <ul style="list-style-type: none"> • Renovation and refurbishment of upper parts | <p>Threats:</p> <ul style="list-style-type: none"> • Electrical safety concerns • Gas safety concerns • Other vacant Property to let within this locality |

DEFECTS & SPECIALIST REPORTS:
(Please identify any structural, legal or environmental issues from the drop-down lists. Please confirm the status of the defect and provide further commentary below if you have recommended that a specialist report is required)

| Legal Issues | Report Required / Issue Identified | Structural Issues | Report Required / Issue Identified | Environmental Issues | Report Required / Issue Identified |
|-----------------|------------------------------------|-------------------|------------------------------------|----------------------|------------------------------------|
| Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |

Comments:

RECOMMENDED ACTION POINTS / SUITABILITY FOR LOAN SECURITY:

| | |
|---|---|
| <p>We would recommend the following action points:</p> | <ul style="list-style-type: none"> • Obtain an Electrical Safety Certificate • Obtain a Gas Safety Certificate • Obtain a copy of the Asbestos Register and Management Plan. |
|---|---|

| | |
|---|-----|
| Is the property suitable for loan security? | YES |
|---|-----|

Please note that this Executive Summary is merely a summary of the valuation report and should not be read in isolation to the full valuation report provided overleaf.

Client: Proplend Security Ltd
20-22 Wenlock Road
London
M1 7GU



Property: 16 Shirley High Street
Southampton
Hampshire
SO15 3NH

Valuer: Jamie Whittle BSc (Hons) PGDipSurv MRICS
RICS Registered Valuer
Valuers Telephone Number: 07779 147977
Valuers E Mail: jwhittle@gullyhoward.com

Property Type: Mixed Use Commercial Residential – Ground Floor A3 Retail Unit with first floor 2 bedroom flat.

Owner: Not known
Borrower: Prime Property Investors Ltd

Date of Visit Thursday 27th September 2018
Date of Valuation Thursday 27th September 2018

Reference: Ours: 221833
Yours: Proplend Security Ltd.

Directors

Nick Buckle BSc (Hons) MRICS
Jamie Whittle BSc (Hons) PGDipSurv MRICS
Shaun Woolford MBA BSc (Hons) DipProjMan MRICS

Gully Howard Limited Offices
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APPENDIX 5: PROPLEND RELIANCE LETTER

1. TERMS OF INSTRUCTION

In accordance with your instructions received via VAS Panel (see **Appendix 1**), we have pleasure in providing you with our Report, prepared subsequent to the inspection on Thursday 27th September 2018 of 16 Shirley High Street, Southampton, Hampshire, SO15 3NH (the Property) by Jamie Whittle BSc (Hons) PGDipSurv MRICS, RICS Registered Valuer (the Valuer) who has the relevant knowledge and experience of valuing this type of property.

We confirm that this Report has been prepared in accordance with the RICS Valuation – Global Standards 2017, incorporating the IVSC International Valuation Standards, July 2017 Edition (the "Manual").

As far as we are aware no conflicts of interest, either personal or in relation to Gully Howard Ltd (the Company), exist. The Company is an External Valuer as defined in the Manual and, unless stated to the contrary, is deemed to be an "Independent Valuer" with no other current or presently foreseeable fee earning relationship concerning the Property and/or Business apart from the valuation fee.

The Company's employees or agents are not authorised to make any representations concerning the Report unless confirmed by the Company in writing.

The "Date of Valuation" means the date as of which the valuation and/or appraisal is stated to be expressed. Where separately quoted the "Date of Issue" means the date as of which the Report is signed and despatched.

Unless otherwise stated, the photographs published within the Report were taken during the inspection of the Property.

We understand that this Report is required for secure lending purposes; it is to be used only by the Client and its professional advisers, and no responsibility to third parties can be accepted. Neither the Company nor its servants or agents accept any responsibility for losses or damages of any nature whatsoever and howsoever incurred in the event of the contents of the Report being copied, disclosed, distributed or published in any manner to any other person without the prior consent of the Company. No person or body other than the Client may rely on the Report. The Report has been prepared in good faith on the basis of enquiries made by the Company and information supplied to the Company. We confirm that appropriate Professional Indemnity Insurance is in place in respect of this valuation.

In preparing the Report on a Business or Property which is owned or operated by a limited company, the Company has not made any enquiries about any aspects of the limited company, its members or Directors and the Company's enquiries are limited to enquiries concerning the limited company's assets. Any limited company implications have been disregarded in the preparation of the Report.

Unless stated otherwise in this Report, all information in respect of the property/business has been provided by the Applicant.

According to our records, we have not previously provided Valuation Advice in respect of the Property.

2. EXECUTIVE SUMMARY

- 2.1 Address** 16 Shirley High Street
Southampton
Hampshire
SO15 3NH
- 2.2 Location** Situated within a secondary trading location on Shirley High Street, within the Shirley District of Southampton, Hampshire.
- 2.3 Description** Ground floor retail unit in A3 Use, with a separately accessed 2 bedroom apartment at first floor, in vacant possession.
- 2.4 Appearance** Presented to a basic standard. The upper parts of the Property would benefit from repair, refurbishment and modernisation.
- 2.5 Accommodation** Ground floor retail unit – 47.52m² (511.54ft²)
Ground floor ancillary – 9.09m² (97.85ft²)
Garage/store – 21.6m² (232.5ft²)

Ground Floor Retail ITZA – 38.83m² (417.98ft²)

First Floor Residential – IPMS 2 – 46.68m²

Laid out to provide:

Landing leading to lounge – 4.48m x 4.57m
Double bedroom 1 – 3.95m x 2.52m
Bathroom – 2.15m x 1.48m, recessed to 1.24m
Double bedroom 2 – 3.01m x 2.37m
Kitchen – 3.02 x 1.97m
- 2.6 Services** Assumed connection to mains water, drainage, electricity and gas.
- 2.7 Statutory Enquiries** Planning enquiries undertaken. No onerous issues identified. Assumed Lawful Use in accordance with A3 (Restaurant) Use or A5 (Takeaway) Use of the Use Classes Order 1987, as amended 2005.
- 2.8 Site and Ground Conditions** No specialist report commissioned.
- 2.9 Environmental Issues** No specialist report commissioned.
- 2.10 Tenure** Assumed Freehold, with vacant possession.
- 2.11 Valuation Considerations** The direct comparable and investment methods of appraisal have been adopted with due regard given to the sale and letting of retail premises and residential dwellings throughout the Shirley Area and wider surround.

2.12 Security for Loan

The Property is considered to be suitable security in accordance with the Bank's normal lending criteria.

The Property is considered to have a useful economic life of at least 25 years provided it is subject to an appropriate ongoing maintenance regime.

2.13 Lender Action Points

- Obtain an Electrical Safety Certificate
- Obtain a Gas Safety Certificate
- Obtain a copy of the Asbestos Register and Management Plan.

2.14 Market Value

The Market Value of the Freehold Interest in **16 Shirley High Street, Southampton, Hampshire, SO15 3NH** is considered to be fairly represented at a figure of **£225,000 (Two Hundred and Twenty Five Thousand Pounds)**, with the benefit of vacant possession.

The Market Value of the Freehold Interest in **16 Shirley High Street, Southampton, Hampshire, SO15 3NH** is considered to be fairly represented at a figure of **£225,000 (Two Hundred and Twenty Five Thousand Pounds)**, with the benefit of vacant possession, assuming there has been a 180 day (6 month) marketing period between the inception of marketing and exchange of contracts, taking place at the date of the valuation, which may not necessarily have been a reasonable period for proper marketing.

The Market Value of the Freehold Interest in **16 Shirley High Street, Southampton, Hampshire, SO15 3NH** is considered to be fairly represented at a figure of **£200,000 (Two Hundred Thousand Pounds)**, with the benefit of vacant possession, assuming there has been a 90 day (3 month) marketing period between the inception of marketing and exchange of contracts, taking place at the date of the valuation, which may not necessarily have been a reasonable period for proper marketing.

Market Rental Value of 16 Shirley High Street, Southampton, Hampshire, SO15 3NH is considered to be fairly represented at a figure of **£18,000 (Eighteen Thousand Pounds)** per annum, or thereabouts, on the basis of a standard Full Repairing and Insuring Lease, following a programme of repair, refurbishment and modernisation.

The summary given above should not be read or relied upon in isolation of the report of which it forms part.



Jamie Whittle
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RICS Registered Valuer
Director
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3. LOCATION

The Property is located on Shirley High Street, Southampton. Shirley High Street and Shirley Road are a continuation of the same road, and represents the principle retail Area, within the district of Shirley, Southampton.

Shirley is a District on the western side of Southampton and is the most suburban Shopping Area outside of the City, which offer a broad range of retail occupiers, restaurants and public houses.

Southampton is the largest City in the Ceremonial County of Hampshire. The City is a Unitary Authority with an estimated population of in excess of 55,000.

Significant employers within the City include Southampton City Council, University of Southampton, Southampton Airport at Eastleigh, Ordnance Survey, BBC South and Carnival UK.

Please note **Appendix 2** which is a General Location Plan with the approximate situation of the Property indicated by a marker.

4. THE PROPERTY

We understand the area of land to be valued, as determined by site inspection, is as shown outlined red on the plan attached at **Appendix 3**. This plan is provided for indicative purposes only.

Confirmation should be sought, following consideration of title documentation that the area over which the Client will take a charge does not deviate significantly from this area shown. Any variation should be reported to the Valuer for review, as this may impact on the Valuation.

The Property comprises a mid-terrace, 2 storey building, constructed of conventional construction specification, comprising brick cavity elevations, under a cut timber truss and rafter roof with concrete tile covering and flat roof areas.

Fenestrations are by way of single glazed softwood casements, in poor order, and the retail unit benefits from an aluminium powder coated shopfront window.

Floors are of a mix of solid and suspended timber at ground floor and suspended timber at upper parts.

5. APPARENT CONDITION

5.1 Limitations on Inspection and Reporting

Unless specifically noted to the contrary, our valuation assumes:

- that except for any defects specifically noted in our report, the Property is in good condition;
- that no construction materials have been used that are deleterious, or likely to give rise to structural defects;
- that no hazardous materials are present;
- that unless expressly stated otherwise, all relevant statutory requirements relating to use or construction have been complied with; and
- that any services, together with any associated computer hardware and software, are fully operational and free from impending breakdown or malfunction.

We have reflected the apparent general condition noted during the course of our valuation inspection and any defects or hazards of which we become aware in the course of our investigations. Any matters that we consider material to the valuation have been reflected in our opinion provided. The client should make further enquiries to satisfy themselves accordingly in relation to such matters.

We have not undertaken a structural or any other type of survey of this Property. Our inspection of the exterior has been undertaken whilst standing at ground level within the boundaries of the site and adjacent public/communal areas. Internally, we have not inspected any parts of the Property covered, unexposed or inaccessible. No testing of services or machinery has been undertaken. All are assumed to be in working order with a reasonable life expectancy, but this is not confirmed.

Only the commissioning of a full structural or other similar survey will reveal the full range of defects.

The Property was vacant at time of inspection. We have not been able to gain access to inspect the roof or roof valleys. It is assumed that access to these locations would not reveal any significant defects. Whilst attention is drawn to some defects it does not mean that other defects do not exist.

Appendix 4 is a selection of photographs depicting the main built structures (internal and external).

5.2 External

Within the limitations of our instructions and inspection, we consider the Property to be in poor order for its age, having regard to the Property type. There is evidence to suggest water penetration to the rear roof structure as evidenced by staining to the ceiling within the first floor residential accommodation.

In addition, the window casements and external joinery are in poor order and require repair and redecoration.

There have been various alterations of a structural nature undertaken over the years. We have not verified that such alterations were undertaken with Planning Consent and or Building Regulation Approval. These matters should be confirmed by your Legal advisors prior to an offer of finance being made.

There are areas of flat roof at the Property. It should be noted that flat roofs of all kinds generally have a lesser economic lifespan than more traditional designs and can be prone to sudden failure without warning.

5.3 Internal

Within the limitations of our instructions and inspection, we consider the interior of the retail unit to be in poorly order, requiring a programme of repair, refurbishment and modernisation. There are a number of commercial fixtures and fittings left in situ, and we cannot confirm whether these are in working order.

We also note that, there appears to be obsolete and redundant wiring exposed throughout the Property and it is essential that an Electrical Safety Certificate is provided.

With regard to the residential accommodation at upper parts, this is presented in a rudimentary order and requires a full programme of repair, refurbishment and modernisation, prior to occupation. This has been taken into account when providing our opinion of Market Value.

6. ACCOMMODATION

6.1 Main Areas

A schedule of the accommodation follows.

The main floor areas have been measured in accordance with the RICS Code of Measuring Practice (6th Edition) on a Net Internal Area (NIA) basis with regard to the retail unit.

With regard to the residential accommodation at upper parts, we have measured in accordance with International Property Measurement Standards (IPMS) 2.

IPMS 2 – Residential: is the sum of the areas of each floor level of a building measured to the Internal Dominant Face; which may be reported on a component by component basis for each floor of a building.

Ground floor retail unit – 47.52m² (511.54ft²)

Ground floor ancillary – 9.09m² (97.85ft²)

Garage/store – 21.6m² (232.5ft²)

Ground Floor retail ITZA – 38.83m² (417.98ft²)

First floor residential – IPMS 2 – 46.68m²

Laid out to provide:

Landing leading to lounge – 4.48m x 4.57m

Double bedroom 1 – 3.95m x 2.52m

Bathroom – 2.15m x 1.48m, recessed to 1.24m

Double bedroom 2 – 3.01m x 2.37m

Kitchen – 3.02 x 1.97m

6.2 Ancillary Accommodation

The residential accommodation, at upper parts, is accessed via a shared lobby at the rear of the ground floor. It should be noted that there is a rear pedestrian access to the enclosed courtyard and the rear entrance of the Property, and as such, the residential accommodation can be accessed without traveling through the ground floor retail unit.

6.3 Residential Accommodation

As described, above.

6.4 Site and Outbuildings

To the rear of the Property is an enclosed yard with a rear pedestrian access and a single garage, used as storage.

It should be noted, that we were unable to access the interior of the garage, however, we have assumed the garage is part of the Property being conveyed and has been included in our Valuation.

Should this not be the case, the Valuer reserves the right to amend the opinion of Value provided.

7. STATUTORY ENQUIRIES

7.1 Planning

We have examined the website maintained by Southampton City Council. From these enquiries we assume that the Property is put to a Lawful Use in accordance with A3 (Restaurant/Café) and/or A5 (Takeaway) Use, of the Use Classes Order 1987, as amended 2005.

We can confirm, there are currently no Planning Applications lodged or pending in regard to the Property.

However, please note a full planning history, including conditions attached to planning consents, can only be obtained in response to a formal search request which, in view of the required time scale has not been made. Only a full Planning History Search can reveal whether there are any material issues likely to impact on valuation.

7.2 Environmental Health and Fire

We have assumed that there are no outstanding issues in respect of either authority.

7.3 Access

Access to the Property is via Shirley High Street, which we assume to be an adopted highway. This has not been verified.

7.4 Rating

According to GOV.uk, the Property is included on the 2017 non-domestic rating list at a Rateable Value of £12,750, described as a 'Shop and Premises'.

We assume water and environmental charges are payable in addition.

7.5 Asbestos

The control of Asbestos at Work Regulations 2006 place a duty on those who maintain buildings and employs staff who may come into contact with Asbestos in the course of their work.

This will necessitate an Asbestos Register being produced following invasive investigation to identify Asbestos Containing Materials which may be present in the building.

As no Asbestos Register has been disclosed to us we are unable to provide further comment in relation to any material impact the existence of Asbestos may have on the valuation we provide. Accordingly, we reserve the right to amend our opinion of value subject to an Asbestos Register being disclosed to us, should it reveal the possibility of significant remediation or management to comply with this statutory duty.

For the avoidance of doubt our opinion does not confirm there are no Asbestos Containing Materials present which would require special remediation or management, merely we have assumed there are none.

The Lender should obtain a copy of the Asbestos Register and Management Plan, prior to a commitment to advance funds.

7.6 The Equality Act 2010

The Equality Act 2010 places an obligation on service providers to make "reasonable adjustments" for disabled people so that they can access the service provider's goods, facilities and services.

Some properties will need physical modifications for the occupier to be able to comply with the Act. Often these will be insubstantial but if major modifications are required (for example to provide wheelchair access), these could prove costly. The responsibility lies with the occupier, but a landlord may not unreasonably withhold consent to a tenants request to make modifications (regardless of the terms of the lease). A property without the necessary modifications may also be harder to sell or let.

For valuation purposes we have assumed that no significant costs of a capital nature are required to achieve compliance with legislation. Should this not be the case then we may wish to review the valuation opinion provided, upon receipt of a costed schedule of the required works.

7.7 EPC's

We have considered the online Non-Domestic Energy Performance Certificate Register operated by Landmark Information Group and can confirm that the ground floor has an energy rating of C. Accordingly, from the available information and our current understanding of the proposed regulations, the provisions of the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 under the Energy Act 2011 will not impact upon the current and future value and marketability of the Property.

Furthermore it should be noted that if the Government were to change the banding for Minimum Energy Efficiency Standards then this would have a further material effect on value and marketability of the Property.

It should be further noted that after 1 April 2023, landlords must not continue to let any Property which has an EPC rating of less than E, under either existing or new tenancy agreements. Therefore, the property must be brought up to the minimum E rating before 1st April 2023 to comply with the Regulations, unless the landlord registers the Property as a qualifying exemption.

We recommend that you ensure that the borrower establishes a clear strategy to ensure that all relevant parts of the property comply with the expected EPC requirements as this might involve upgrade and capital expenditure.

8. SERVICES

We have not undertaken tests of services however we have assumed that mains water, drainage, gas and electricity are available and connected.

Further enquiries to confirm availability and condition of services are recommended. Any variation from the situation assumed could impact on valuation.

9. SITE CHARACTERISTICS

We have not commissioned a site investigation geographical or geophysical survey and therefore can give no opinion as to whether the ground has sufficient load bearing capacities to support the existing or proposed or future developments or whether there are underground minerals, workings or faults.

Our valuation has assumed that the site is physically capable of development or redevelopment, when appropriate, and that no special or unusual costs will be incurred in providing foundations and infrastructure. We have also assumed that there are no archaeological remains on or under the land which could adversely impact on value;

10. ENVIRONMENTAL ISSUES

10.1 Contaminated Land

We have not been provided with any Environmental Investigation or soil survey Audit nor are we aware of any having been carried out on the Property which may draw attention to any contamination or the possibility of any such contamination.

For valuation purposes we have assumed that no contaminative or potentially contaminative uses have ever been carried out at the Property. We have not carried out an investigation into past or present uses, either at the Property or of any neighbouring land, to establish whether there is any potential for contamination to the Property from these uses or sites and we have therefore assumed none exists.

Should it subsequently be established that contamination, seepage, leaching or pollution exists at the Property or on any neighbouring land, or that the Property has been or is being put to any contaminative use, this is likely to reduce the value now reported.

10.2 Japanese Knotweed

As much of the exterior of the property and the land which was readily accessible without undue difficulty or risk to personal safety, has been inspected visually. This inspection has included as much of the property that was visible when standing at ground level within the boundaries of the site, and adjacent public/communal areas, and when standing at the various floor levels.

This visual inspection of the Property and grounds of a property is relatively cursory during the normal valuation inspection process. If the Client wants greater assurance, a more detailed inspection, such as a Building Survey should be commissioned. Although these are not specialist Knotweed services, the inspection of the property and its grounds will be more comprehensive than with a mortgage valuation inspection and there will thus be a greater opportunity to identify any growth.

The most common effects of Japanese Knotweed and affected areas include the following.

Drains and other buried services: Knotweed roots can exploit existing cracks and gaps in the pipes in their search for water, which will further damage and, in some cases, block the drains. Large, densely packed clumps or 'stands' of Japanese Knotweed can disrupt drain runs. In the worst cases, the drains must be renewed.

Patios, paths and drives: Japanese Knotweed can exploit poorly laid surfacing, grow between slabs and movement joints of concrete drives and disrupt brick paving. Repairs can involve the removal of the existing paving and bedding, eradication of the plant, removal of the disruptive crowns and roots and replacement of the path, patio or drive.

Boundary and retaining walls: closely packed stands can undermine garden walls with shallow foundations. The mass of the stands can 'push over' retaining walls, often resulting in sudden collapse.

Outbuildings: vigorous stands of Japanese Knotweed can overwhelm lightweight, insubstantial and poorly founded outbuildings such as garden sheds, greenhouses and poorly built garages.

Conservatories: although the effects will be similar to those described for outbuildings, owners and valuers usually attribute greater importance to these structures; thus, Knotweed-affected conservatories may affect value.

Gardens: the invasive nature of the plant can ruin well-planned and well-stocked gardens. Some owners spend tens of thousands of pounds on renovating and redesigning outside spaces, including sophisticated water features and bespoke outbuildings. Japanese Knotweed can spoil much of this.

Neighbourhood features associated with the growth of Knotweed typically include the presence of:

local water sources, such as culverts, ponds, canals and lakes; public and private paths, cycle-paths, roads, railway or underground railway embankments, dual carriageways and motorways; large open spaces, car parks and cleared sites; and commercial and industrial buildings, workshops, storage depots and similar.

Within the limits imposed on our inspection and by our terms and conditions of engagement, we noted no indication of Japanese Knotweed. For the avoidance of doubt our opinion does not confirm that Japanese Knotweed (or other invasive/notifiable species) are not present which would require special remediation or management, merely we have assumed there are none.

We reserve the right to amend our opinion of value subject to a specialist survey being commissioned and its results being made known to us should it reveal the possibility of significant remediation or management to comply with statutory duties.

10.3 Flooding

We have examined the website maintained by GOV.uk in respect of flood risk and can confirm the Property is situated in an area at low risk of flooding from tidal or fluvial sources, without defences.

11. TENURE

We have relied upon information provided by the Selling Agent relating to Title, boundaries and related matters. We have not commissioned a formal legal search and will assume the information provided to be accurate, up-to-date and complete.

11.1 Title

We have valued on the assumption of a Freehold Title, in vacant possession.

11.2 Rights of Way Easements etc

We assume the Property is not subject to any third party rights of way or easements which would adversely impact on Value.

12. VALUATION CONSIDERATIONS

12.1. Market Overview and Valuation Methodology

By reference to general comment, the commercial Property market within the outer South-East Region appears reasonably robust. This is despite adverse Macro Economic Issues stemming from the outcome of the EU Referendum held on 23rd June 2016, and continued uncertainty as to the outcome on the economy of a 'No Deal' Brexit.

In addition, interest rates have recently been increased by The Bank of England, to 0.75%, and although the signs are not yet demonstrable to suggest this has had a cooling effect on the Housing Market, any future interest rate rises, or further uncertainty, could impact adversely on market confidence effecting house prices.

Whilst it is the valuer's duty to reflect, not lead the market, it is our opinion that our valuation is being provided in a market which may reflect similar trends in value seen after the Banking Crisis of 2008.

The property market is constantly changing and is susceptible to many external factors which can affect business confidence and property values. If any reliance is to be placed upon the valuations following any changes which could affect business confidence and property values, then further consultation is strongly recommended. In any event, the Report should not be relied upon without confirming the valuation with the valuer.

In providing our valuation, we have utilised the direct comparable and investment methods of appraisal.

The investment approach attempts to determine the underlying open market rental value applicable to the Property, to which is applied an appropriate multiplier (YP) both being derived from the analysis of open market transactions involving similar properties.

The direct comparable approach, considers the sale of vacant property considered to be broadly comparable analysed on a capital value per square metre basis, this figure being then applied to the subject.

12.2 Subject Property

In providing our opinion of Market Value of the ground floor retail unit, in Café/Restaurant Use, we have had regard to property deals listed below.

1. The sale of 2 Gordon Buildings Shirley High street, Shirley, at a sale price of £230,000, completing on 21st September 2017. This property is let for a term of 7 years from 1st December 2013, at a passing rent of £18,000 per annum to Southampton Pie Ltd. This equated to a gross initial yield of 7.82%, as a tenanted investment.
2. The sale of 53 Shirley High Street, Shirley, at a sale price of £350,000, completing on 8th April 2017, for a large retail unit in vacant possession, previously let to Clinton Cards.
3. The sale of 25 Shirley High Street, Shirley, at a sale price of £195,000, completing on 19th May 2017. This property is let to Reflections Café in A3 use, at a current rent of £14,500 per annum. This equates to a gross initial yield of 7.43%, as a tenanted investment.
4. The sale of 100 Shirley High Street, Shirley, at a sale price of £202,000, completing on 19th September 2016. This property is let to Exciting Escapes, at a current rent of £20,000 per annum, for a 3 year term, with effect from 19th September 2016. This equates to a gross initial yield of 9.9%, as a tenanted investment.
5. The sale of 57-59 Shirley High Street, Shirley, at Acuitis Auction, on 13th October 2016, at a sale price of £700,000. This property is a multi-let commercial investment occupied by Costa Ltd and CEX Ltd, with a total combined rental income of £55,150 per annum, including ground rent received from the 1st and 2nd floor of the residential accommodation. This equates to a gross initial yield of 7.88%.
6. The letting of 41 Shirley High Street, Shirley, at initial rent of £15,000 per annum, with effect from 1st November 2016. This property has an ITZA of 790ft², which equates to a rental rate of £18.99 per ft² Zone A.
7. The letting of 319 Shirley Road, Shirley, at initial rent of £11,000 per annum, with effect from 15th February 2017, for a 10 year term. This property has an ITZA of approximately 575ft², which equates to a rental rate of £19.13 per ft² Zone A.
8. The letting of 2 Shirley Avenue, Shirley, at initial rent of £25,000 per annum, with effect 1st May 2017. This unit has a net sales area of approximately 1,250ft², which equates to a rental rate of £20 per ft² on an overall basis.
9. The letting of 419 Shirley Road, Shirley, at initial rent of £16,000 per annum, with effect from 15th May 2018. This property has a net sale area of approximately 944ft², which equates to a rental rate of £16.95 per ft².
10. The letting of 389 Shirley Road, Shirley, at initial rent of £12,600 per annum, with effect from 25th May 2017. This unit has an ITZA of 490ft², which equates to a rental rate of £25.71 per ft² Zone A.
11. The sale of 95 Above Bar Street, Southampton, at a sale price of £425,000, at Alsop's Auction, on Monday 27th March 2017. This Property let to Café Rio Ltd. trading as Café Bite, for a 10 year Term from 27th January 2015 at a current rent of £45,000 per annum. This represents a gross initial yield of 10.6%.
12. The current rent of Ground Floor Shop 7 St James Road, Upper Shirley, Southampton, of £8,000 per annum. This unit is let to Thomas Coombes, trading as a coffee shop. The unit has a net internal area of approximately 471.37ft² and an ITZA of 386ft², which equates to a rental rate of £20.73 per ft² Zone A.

With regard to the residential accommodation at upper parts, we have had regard to the property deals listed below:

1. The sale of 59 Richville Road, Southampton, at a sale price of £153,750, completing on 30th May 2018, for a 2 bedroom first floor apartment.
2. The sale of Upper Floor flat, 17 Dawlish Avenue, Southampton, at a sale price of £177,000, completing on 10th May 2018, for a 2 bedroom flat.
3. The sale of Flat4, Clifton Court, Clifton Road, Southampton, at a sale price of £162,500, completing on 1st December 2017, for a 2 bedroom flat.
4. The sale of 52 Briarswood, Southampton, at a sale price of £142,500, completing on 17th November 2017, for a 2 bedroom first floor flat.

In applying this evidence, adjustments have been made to reflect the particular circumstances of the Property, including its age, size, construction specification, condition, location, layout and general price movements and changes in market sentiment since the comparator deal was transacted.

In our appraisal we have applied a rental rate of £20 per ft² ITZA to the ground floor retail area, and a spot figure of £250 per annum to the garage in storage use.

This produces a Market Rent, which we have rounded to £11,000 per annum.

To this we have applied a yield of 9% to reflect vacant possession, which equates to a Market Value of the ground floor retail unit, which we have rounded to £125,000.

With regard to the first floor, 2 bedroom apartment, we have applied a comparative Market Value of £100,000, reflecting the current condition of the Property; requiring a programme of repair, refurbishment and modernisation.

We are of the opinion, that following a programme of repair, refurbishment and modernisation, the first floor apartment, will have an indicative Market Value of circa £150,000.

Our opinion of Market Rent of the first floor 2 bedroom apartment is £585pcm, reflecting the current condition of the accommodation and £650 - £700pcm following a programme of repair, refurbishment and modernisation.

This is supported by the following comparable lettings:

1. The letting of a 2 bedroom flat above a retail unit on Shirley Road at a rent of £640pcm.
2. The letting of a 2 bedroom flat in Aspley Court, Shirley, Southampton at a rent of £625pcm.
3. The letting of a 2 bedroom flat (Flat 3) Winchester Road, Southampton at a rent of £575pcm.

Considering the condition of this part of the Property, and the comparative Market Value applied, and adding this back to the Market Value of the ground floor retail unit in Takeaway Use, we provide an opinion of current Market Value of **£225,000**.

We have made further adjustments to reflect both 180 day (6 month) and 90 day (3 month) restrictive marketing periods.

13. SECURITY FOR LOAN

13.1. Suitability for Mortgage

We consider the Property would be suitable for commercial mortgage purposes, subject to normal freehold/long leasehold lending criteria.

The Property is considered to have a useful economic life of at least 25 years provided it is subject to an appropriate ongoing maintenance regime.

13.2. Realisation Issues

Given the current state of the property market, it is the case that any opinion given may be subject to 'abnormal uncertainty' caused by 'market instability', as referred in RICS Guidance Note 5. This is described as situations where:

"Macro economic or political crisis can have a sudden and dramatic affect on markets. This could manifest itself by either panic buying or selling or simply a disinclination to trade until it is clear how prices in the market will be affected in the longer term".

Please be advised that we consider such circumstances exist at present. The valuation now reported represents our best attempt to estimate current Market Value based upon available evidence and reasonable assumptions, such that finance is available in the market on acceptable terms. However, given the uncertainty in today's market there may be a difference between the valuation figure and the price achievable in the future.

13.3. Alternative Use

The Property would be put to its most economically beneficial use, upon completion of a programme of repair, refurbishment and modernisation, with regard to the upper parts. The Market Value of the Property will increase, subject to a letting of the ground floor retail unit in restaurant/takeaway Use.

13.4. Additional Comments

The Company recommends that all the usual prudent and appropriate enquiries are made prior to a commitment to purchase/advance funds being made.

Where appropriate, such enquiries should include, but are not limited to, the taking of independent professional advice from Solicitors and Accountants, the appropriate warranties being taken from the vendor(s) or proprietor(s), the taking up of all necessary trade and bank references, the inspection of the vendor(s)' or proprietor(s)' accounts, examinations of all necessary consents, regulations, permissions, licences and bylaws, and all the usual searches and other precautions usually undertaken by a Solicitor, Accountant or other professional adviser in connection with the purchase or mortgage of a Property/Business.

This Report is not intended to replace any of the investigations or enquiries referred to previously. This Report may, indeed, point to further enquiries being necessary. If, as a result of these enquiries, any discrepancy arises from information provided to the Company and/or detailed in the Report or additional information becomes available which has a bearing on the contents/recommendations/conclusions of the Report, this should be reported to the Company as soon as practicable in order that any necessary adjustments may be made to the Report.

The property market is constantly changing and is susceptible to many external factors which can affect business confidence and property values. If any reliance is to be placed upon the valuations

following any changes which could affect business confidence and property values, then further consultation is strongly recommended. **The market has the potential for rapid movement in light of recent, and possible future, changes in the political climate. Before relying upon this report, confirmation should be obtained that the valuation is unchanged from the date it was provided.**

14. CAPITAL VALUE

14.1. Valuations

The Market Value of the Freehold Interest in **16 Shirley High Street, Southampton, Hampshire, SO15 3NH** is considered to be fairly represented at a figure of **£225,000 (Two Hundred and Twenty Five Thousand Pounds)**, with the benefit of vacant possession.

The Market Value of the Freehold Interest in **16 Shirley High Street, Southampton, Hampshire, SO15 3NH** is considered to be fairly represented at a figure of **£225,000 (Two Hundred and Twenty Five Thousand Pounds)**, with the benefit of vacant possession, assuming there has been a 180 day (6 month) marketing period between the inception of marketing and exchange of contracts, taking place at the date of the valuation, which may not necessarily have been a reasonable period for proper marketing.

The Market Value of the Freehold Interest in **16 Shirley High Street, Southampton, Hampshire, SO15 3NH** is considered to be fairly represented at a figure of **£200,000 (Two Hundred Thousand Pounds)**, with the benefit of vacant possession, assuming there has been a 90 day (3 month) marketing period between the inception of marketing and exchange of contracts, taking place at the date of the valuation, which may not necessarily have been a reasonable period for proper marketing.

Market Value (MV) 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.

Market Rental Value of 16 Shirley High Street, Southampton, Hampshire, SO15 3NH is considered to be fairly represented at a figure of **£18,000 (Eighteen Thousand Pounds)** per annum, or thereabouts, on the basis of a standard Full Repairing and Insuring Lease, following a programme of repair, refurbishment and modernisation.

Market Rental Value (MRV) 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.

Reinstatement Assessment for Insurance purposes

It is our recommendation that the buildings located on the Property are insured for a figure of no less than **£220,000 (Two Hundred and Twenty Thousand pounds)** excluding VAT. It is understood this indication is for guidance only to ensure the buildings are adequately insured. We are advised that a formal estimate, which would normally be provided by a Quantity Surveyor or equivalent expert, is not required. This figure is provided on a Day One basis only and should be index linked to take account of future inflation. This estimate covers only the main structures and does not include allowance for any trade fixtures and fitting or other specialist installations which may be sited as a result of current use. Please refer to the Report Assumptions section for clarification.

Signature of person undertaking the Inspection and Preparation of this report



Name and Qualifications: JAMIE WHITTLE BSc (Hons) PGDipSurv MRICS
RICS Registered Valuer
Director
GULLY HOWARD CHARTERED SURVEYORS
jwhittle@gullyhoward.com

Counter Signature



Name and Qualifications: SHAUN R WOOLFORD MBA, BSc(Hons), Dip Proj Man, MRICS
RICS Registered Valuer
Director
GULLY HOWARD CHARTERED SURVEYORS
swoolford@gullyhoward.com

Date of Issue: 5th October 2018



APPENDIX 1

****PLEASE SEND ALL REPORTS TO VAS PANEL****

Following our recent communications, please take this as our formal instruction to carry out a valuation of the property detailed below on behalf of:

Proplend Security Limited

Please note that our client's requirements are attached. Please make sure all Lender requirements are adhered to, including their basis of valuation.

***IMPORTANT* - Please append the VAS Executive Summary to the front of your Valuation Report (Not as a separate document as this will be rejected at Audit Stage) – As agreed in our Panel Agreement**

Please ensure that a minimum of 10 photographs of the property - including internal photographs are taken at the time of the inspection

The Service Level Agreement (SLA) for this instruction is: **5 days** from date of inspection

Should there be any reason that the SLA cannot be adhered to, VAS Panel should be notified immediately in order to keep our client informed of the delay in issuing the Report.

Your Report should be submitted electronically to info@vas-panel.com no later than 12pm on the Report return date.

THE INSPECTION DATE MUST BE COMMUNICATED TO VAS PANEL WITHIN 24 HOURS OF INSTRUCTION

Property Address:

16 Shirley High Street
Southampton
Hampshire
SO15 3NH

Estimated Value:

£224,000.00

Property Description:

AUCTION PROPERTY - INSPECT & REPORT ASAP Mixed retail and residential - Sales particulars attached

Property Type:

Semi-Commercial

Type of Report Requested:

Red Book & VAS Panel Executive Summary

Valuation Requirements:

AS IS

Additional Information:

AUCTION PROPERTY - INSPECT & REPORT ASAP Client may Lease to a 3rd party after completion.

Report to be carried out on behalf of:

Proplend Security Limited

20-22 Wenlock Road, London, N1 7GU

Applicant Name:

Prime Property Investors Limited
Mr Abul Kalam Shofraz-Ul Musa Miah

Access Arranged Through:

Mr Peter Bryan @ Fox & Sons Auction

Access Contact Details:

peter.bryan@fox-and-sons.co.uk

02380 338 066

NB: Copies of the Report are NOT to be distributed to any third party, including Brokers or the Applicant, without full consent of VAS Panel. Valuation figures are also not to be disclosed to those parties stated without written consent from VAS Panel, failure to acquire consent may result in exclusion from the panel.

Please note: All Valuation reports are audited by our affiliated valuation audit company Valuation Audit Services UK Ltd (VAS Audit) The emphasis of the audit will be centred around rental/ sales comparables with full methodology and justification of your valuation approach.

We trust the above is self-explanatory, however; should you require any further information or assistance please do not hesitate to contact us.

Kind Regards,

Team VAS

T: 01642 262 217

www.vas-panel.com



NOTICE: This email is confidential and is intended for the named recipient only. It may contain privileged and confidential information. If you are not the intended recipient, please notify us by email without disclosing or making use of the information, and delete the message from your system immediately. Emails are susceptible to data corruption, interception, falsification, delay, unauthorised amendment and viruses. You should therefore carry out such virus and other checks as you consider appropriate.

Ref: Prime Property Investors Limited

Dear VAS,

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 Report 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. The Valuation Report should be completed within 5 or 7 (for development appraisals) business days of the inspection. Please notify us if there will be any delay. Please notify us if there will be any delay. **Please advise us immediately if you are unable to give prompt attention to this matter.**

| | |
|-------------|--|
| Borrower: | Prime Property Investors Limited |
| Properties: | 16 Shirley High Street, Shirley, Southampton, Hampshire, SO15 3NH |
| Tenure: | Freehold |
| Use: | Mixed Use (Residential) |
| Tenancies: | To be a new 3-year FRI lease for Mr A Islam for a rental of £20,000-00 p.a. |
| Access: | To arrange access to the Property please contact the agent directly - Peter Bryan / 02380 338066 / peter.bryan@fox-and-sons.co.uk. Please provide details of any parts of the Property that were not inspected within your report. |

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 and valuation must be undertaken and signed by a qualified valuer with a minimum 2 years PQE. A qualified valuer must be both a member of the Royal Institution of Chartered Surveyors, MRICS/FRICS and an RICS registered valuer. The Lender requires all residential and commercial valuation reports (excluding short form residential templates) are to be countersigned by a Chartered Surveyor, MRICS/FRICS and an RICS registered valuer with a minimum of 5 years PQE.

Whilst your report will be addressed to Proplend Security Ltd, it will need to be uploaded to the Proplend website and 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 commentary on continued likely market demand for properties of this size and nature, in this location, for sale and to let.
6. Please provide an estimated reinstatement cost of the buildings for insurance purposes.

7. 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 on any noticeable defects that might warrant further investigation and which might affect the marketability of the Property.
8. Please certify that the Property is acceptable for secured lending purposes.

Please provide as appendices:

1. Sufficient colour photographs of the street scene, exterior (front and rear) and interior of the Property.
2. A general location map and a more detailed plan showing boundaries you have assumed for the Property.
3. Land registry extract.

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

VAS Panel will collect the valuation fee directly from the client and will pay your invoice 30 days from receipt of the completed valuation report. Proplend Security Limited cannot accept any responsibility for non-payment of your fees in this regard.

Yours Sincerely,

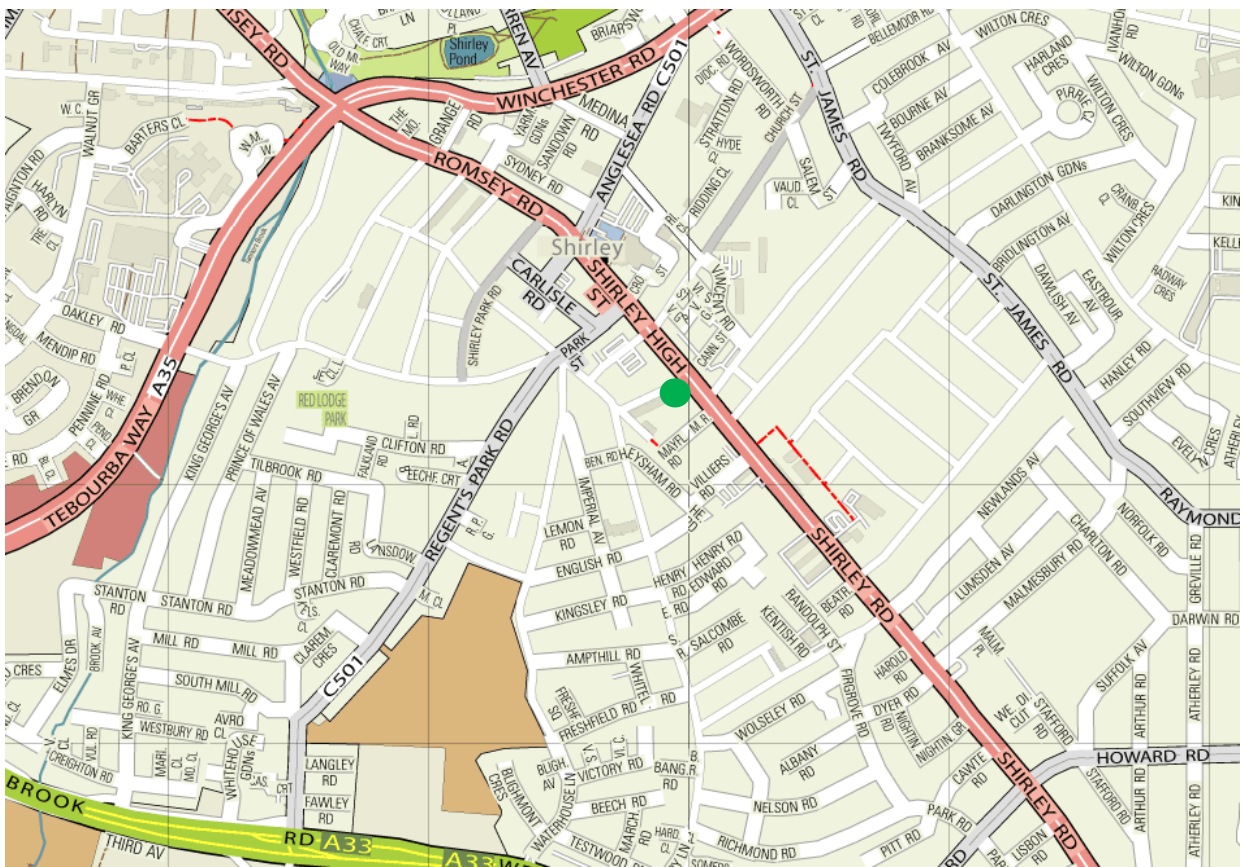


Brian Bartaby
Director
Proplend Security Ltd



APPENDIX 2

LOCATION PLAN

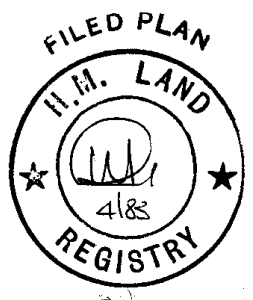




APPENDIX 3

| | | | |
|-----------------------------------|-----------------------------|-----------------|------------------------|
| H.M. LAND REGISTRY | | TITLE NUMBER | |
| | | HP227345 | |
| ORDNANCE SURVEY PLAN REFERENCE | SU 3913 | SECTION W | Scale 1/1250 |
| COUNTY HAMPSHIRE | DISTRICT SOUTHAMPTON | | © Crown copyright 1980 |

ADMINISTRATIVE AREA : SOUTHAMPTON



This is a copy of the title plan on 30 AUG 2018 at 09:31:34. This copy does not take account of any application made after that time even if still pending in HM Land Registry when this copy was issued.

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APPENDIX 4























APPENDIX 5

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

Dear Sirs,

Re 16 Shirley High Street, Southampton, Hampshire, SO15 3NH

Further to our recent report and valuation dated **Thursday 27th September 2018** we write to confirm that the valuation completed for Proplend Security Limited can also be relied upon by Cairn Special Opportunities Credit Master Fund.

We trust the above is self-explanatory, however; should you require any further information or assistance please do not hesitate to contact us.

Yours Faithfully,



JAMIE WHITTLE BSc (Hons) MRICS
RICS Registered Valuer
Director - GULLY HOWARD CHARTERED SURVEYORS