

VALUATION REPORT

351 Purley Way
Croydon
CR0 4NW

for loan security purposes
Prepared for:
Proplend Security Limited

Name of Valuer: Andrew Seale MRICS, RICS Registered Valuer

Email: valuations@barnsdales.co.uk
Tel: 01302 323453

Date: 7th February 2022
Ref: 19609 Our Ref: BDN'1297



RICS

the mark of
property
professionalism
worldwide

Barnsdales Valuations Limited
Unit 9 Cirencester Office Park
Tetbury Road, Cirencester
GL7 6JJ

barnsdales.co.uk

EXECUTIVE SUMMARY

TYPE OF PROPERTY: RETAIL SHOWROOM; WAREHOUSE; RESIDENTIAL

VALUE VOLATILITY: GOOD

DATE OF VALUATION: 07/02/2022

| | |
|---|--|
| STRENGTHS <ul style="list-style-type: none">• Well located• Busy road• Capital and income growth | WEAKNESSES <ul style="list-style-type: none">• Old buildings• Limited access to rear warehouse |
| OPPORTUNITIES <ul style="list-style-type: none">• Conversion of upper floors to residential apartments• Creation of showroom on mezzanine | THREATS <ul style="list-style-type: none">• Growth in inflation and high interest rates. |
| KEY ISSUES/ RISKS (INCLUDING LENDER ACTIONS): <ul style="list-style-type: none">• None | |
| ASSET QUALITY: Good | |

SPECIAL ASSUMPTIONS: NONE

SUITABILITY FOR LOAN SECURITY: GOOD

SUMMARY OF VALUES

| | | |
|---|------------------------------|--|
| VALUATION 1 – MARKET VALUE | £1,175,000 | (one million one hundred and seventy five thousand pounds) |
| VALUATION 2 – VACANT POSSESSION VALUE | £1,175,000 | (one million one hundred and seventy five thousand pounds) |
| VALUATION 3- MARKET VALUE AS AN INVESTMENT | £1,175,000 | (one million one hundred and seventy five thousand pounds) |
| VALUATION 4 – ALTERNATIVE USE | Not applicable | |
| VALUATION 5 – MARKET VALUE SUBJECT TO RESTRICTED MARKETING | £1,050,000 | (one million and fifty thousand pounds) |
| VALUATION 6 – MARKET VALUE SUBJECT TO QUANTUM DISCOUNTS | Not Applicable | |
| VALUATION 7 – PROJECTED VALUE SUBJECT TO WORKS COMPLETION | £1,400,000 | (one million four hundred thousand pounds) |
| VALUATION 8 – MARKET RENT | £100,000 per annum exclusive | (one hundred thousand pounds) |
| VALUATION 9 – CONTRACT RENT | Not Applicable | |
| REINSTATEMENT VALUE | £900,000 | (nine hundred thousand pounds) |

CONTENTS

| | |
|--|----|
| 1.0 VALUATION | 6 |
| 1.1 Address of Property | 6 |
| 1.2 Client | 6 |
| 1.3 Purpose of Valuation SECURE LENDING / INTERNAL / FINANCIAL REPORTING / ACCOUNTS / PROBATE | 6 |
| 1.4 Valuations..... | 7 |
| 1.5 Valuation Date..... | 7 |
| 1.6 Valuation Basis | 7 |
| 2.0 The Property (Subject Of The Valuation) | 8 |
| 2.1 Location | 8 |
| 2.2 Description (and Existing Use)..... | 8 |
| 2.3 Construction | 9 |
| 2.4 Age..... | 9 |
| 2.5 Site..... | 9 |
| 2.6 Accommodation | 9 |
| 2.7 Services and Amenities | 10 |
| 2.8 Weather Conditions | 10 |
| 2.9 Energy Performance Certificate (EPC)..... | 10 |
| 2.10 Fire Regulations..... | 11 |
| 2.11 Equality Act 2010 & Disability Discrimination..... | 11 |
| 3.0 Environmental Considerations | 12 |
| 3.1 Invasive Vegetation | 12 |
| 3.2 Contamination..... | 12 |
| 3.3 Deleterious Materials..... | 12 |
| 3.4 Flooding..... | 12 |
| 3.5 Radon | 13 |
| 3.6 Coal Mining | 13 |
| 4.0 Local Authority And Statutory Issues | 14 |
| 4.1 Rating Assessment | 14 |
| 4.2 Town Planning..... | 14 |
| 4.3 Highways | 14 |

| | | |
|-------|---|-------------------------------------|
| 4.4 | Mortgage Regulation..... | 14 |
| 5.0 | Tenure/Title..... | 16 |
| 5.1 | Lease Commentary..... | 16 |
| 5.2 | Strength of Covenant | 16 |
| 6.0 | Loan Security | 16 |
| 6.1 | Security Considerations..... | 16 |
| 6.2 | Condition For Security..... | 17 |
| 6.3 | Economic Life | 17 |
| 6.4 | Loan Security | 17 |
| 6.4.1 | Important Issues And Areas For Further Advice | 17 |
| 7.0 | Valuation Considerations | 18 |
| 7.1 | Comparable Analysis | 19 |
| 7.2 | Methodology And Rationale | 21 |
| 8.0 | Market Summary..... | 24 |
| 9.0 | Privacy Statement | 25 |
| 10.0 | Signature And Date Of Report..... | 26 |
| | APPENDICES | 27 |
| | APPENDIX I ASSUMPTIONS AND DISCLAIMERS..... | 27 |
| | APPENDIX II Photographs/Digital Images..... | 30 |
| | APPENDIX III Location/Title Plan | 32 |
| | APPENDIX IV Copy of instruction letter..... | 33 |
| | APPENDIX V Copy of EPC..... | 37 |
| | APPENDIX VI Executive Summary | Error! Bookmark not defined. |

1.0 VALUATION

1.1 ADDRESS OF PROPERTY

351 Purley Way
Croydon
CR0 4NW

1.2 CLIENT

For the attention of Proplend Security Limited
Upload to Method Portal.

1.3 PURPOSE OF VALUATION

The purpose of our Valuation Report is for loan security purposes and is for the use of the aforementioned client only. Third party use is not permitted without prior written consent.

PHOTOGRAPH DEPICTING THE FRONT ELEVATION



1.4 VALUATIONS

Market Value

We value this property in its present condition **Freehold** and with vacant possession in the sum **£1,175,000 (one million one hundred and seventy five thousand pounds)**

Market Rent

We are of the opinion the property in its present condition commands a market rental value of **£100,000 per annum exclusive (one hundred thousand pounds)**

Reinstatement Cost for Insurance Purposes

We recommend the property be insured on a reinstatement basis for a minimum of **£900,000 (nine hundred thousand pounds)**

This should be treated as a guidance figure and we can confirm it has been obtained by the Building Cost Information Service which we use in conjunction with the RICS. The figure is inclusive of VAT, professional fees and site clearance.

1.5 VALUATION DATE

7th February 2022

Values can change over time and a valuation given on a particular date may not be valid on an earlier or later date.

1.6 VALUATION BASIS

Market Value

'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 Rent

"Market Rent is defined as 'The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion"

Our valuation(s) is / are reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – is attached to this RICS Red Book valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on

the real estate market, we recommend that you keep the valuation of 351 Purley Way, Croydon under frequent review.

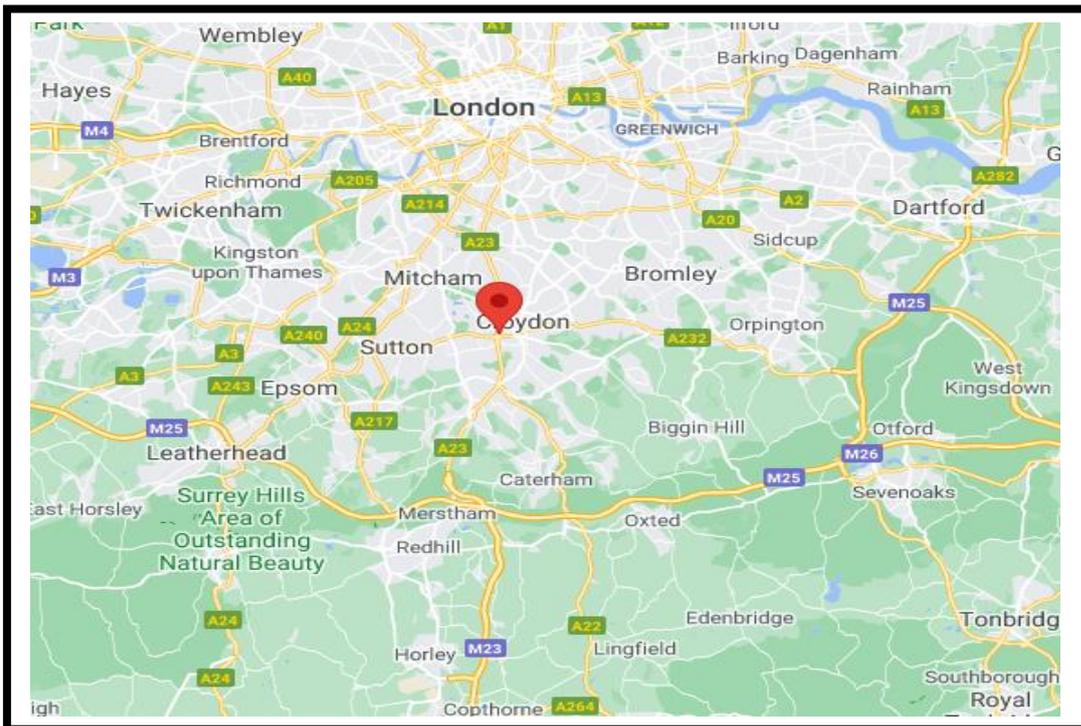
SEE ASSUMPTIONS AND DISCLAIMERS.

2.0 THE PROPERTY (SUBJECT OF THE VALUATION)

2.1 LOCATION

The property is located on Purley Way in of Croydon, approximately 10 miles south of London city centre. Junction 8 of the M23 motorway which connects to the M25 is approximately 9 miles south of the Subject property. The surrounding properties are predominantly retail and residential with Purley Cross Retail Park close by. West Croydon train station is approximately 2 miles east of the Subject.

Croydon has an approximate population of 385,000, whilst London possesses around 9 million residents, both according to the most recent census.



2.2 DESCRIPTION (AND EXISTING USE)

The building consists of the following elements:

- Front Retail Showroom
- Middle Retail Showroom

- Rear Warehouse
- Mezzanine stores
- Front first and second floor residential requiring substantial refurbishment.
- Small basement stores.

We are not aware of any significant development or change of use potential of the property or properties in the locality which would materially affect the valuation.

2.3 CONSTRUCTION

- A 3 storey building at the front of brick wall and pitched tiled roof.
- A single storey warehouse of steel frame and brick wall and flat roof construction in the middle.
- A single storey warehouse to the rear, with steel frame and brick wall and pitched corrugated sheet roofing, with roof lights.

2.4 AGE

We believe the front property was constructed circa 1900's and the rear extensions in the 1960's and 1970's.

2.5 SITE

The site is approximately 11 metres in width by 65 metres in depth.

2.6 ACCOMMODATION

| | Description | Floor Area (Sqm) | Floor Area (Sqft) |
|--------------|-----------------------|------------------|-------------------|
| Ground Floor | Front Retail Showroom | 48.70 | 524 |
| | Office | 16.26 | 175 |
| | Rear Retail Showroom | 130.55 | 1,405 |
| | Rear Warehouse | 453.91 | 4,884 |
| | Reduced height stores | 49.03 | 528 |
| | Mezzanine Stores | 148.49 | 1,598 |
| | Basement Stores | 32.09 | 345 |
| | Sub-total | | 879.03 |
| First Floor | Residential | 61.95 | 667 |
| Second Floor | Residential | 50.49 | 543 |
| | Sub-total | 112.44 | 1,210 |
| Total | | 991.47 | 10,669 |

Measured in accordance with the latest code of measuring practice and where applicable the RICS Property Measurement, 2nd Edition incorporating International Property Measurement Standard.

Percentage of the floor area in residential use =11 %

2.7 SERVICES AND AMENITIES

Mains services

We assume that all mains services are connected or available to the site.

None of the above services were tested during the course of our inspection of the Property.

The Electricity at Work Regulations impose an absolute duty on the owner or occupier of an electrical installation to prevent any risk of injury from electrical causes, such as electrocution, heat, radiation or uncontrolled fire. It is the responsibility of a Landlord/employer to ensure that plant, electrical equipment and electrical installations remain safe by way of regular monitoring by a suitably qualified and competent contractor, a member of NICEIC or ECA. Certification should be maintained for inspection.

We have not been advised as to whether the property's electrical system has been subject to regular inspection. Further investigation is required in this respect.

2.8 WEATHER CONDITIONS

The weather conditions upon inspection were dry. We can confirm that the weather conditions did not impact in our ability to undertaken the valuation in any way.

2.9 ENERGY PERFORMANCE CERTIFICATE (EPC)

Legislative changes under the Energy Act 2011 will make it unlawful to rent out and re-let premises with an EPC rating below a minimum level of E1 from 2018. This applies to any property let on a tenancy which is 6 months or more and less than 99 years in length, and which is legally required to have an EPC. In addition, this legislation will extend to cover existing lettings in 2020 for residential properties and 2023 for commercial buildings

The existing EPC certificate that has been provided indicates that the subject property will fall within the acceptable energy performance range for the purposes of the Act. Although the legislation is not expected to be reviewed again until 2020, the method of assessment may have changed since the EPC certificate was issued. It is therefore advisable to obtain an expert's opinion on whether the building would still comply with the minimum standard if the building were re-certified under the current methodology.

- Current EPC Rating D
- EPC Expiry Date 17/05/2031

There is no EPC Certificate for the first and second floor front areas of the building, which we understand which will be redeveloped to residential use.

2.10 FIRE REGULATIONS

The occupier was not able to confirm that a Fire Risk Safety Assessment has been undertaken. The fire authorities enforce the order and they are permitted to inspect the premises and where required restrict access or order remedial work.

We have assumed that a suitable and sufficient Fire Risk Assessment has been carried out. Under the Regulatory Reform (Fire Safety) Order 2005 this assessment needs to be recorded in writing where there are five or more employees, the property is under enactment of a licence or where an alterations notice has been served.

2.11 EQUALITY ACT 2010 & DISABILITY DISCRIMINATION

It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

3.0 ENVIRONMENTAL CONSIDERATIONS

3.1 INVASIVE VEGETATION

We did not identify any Japanese Knotweed or other particularly prevalent invasive species at the property.

We did not note the presence of trees in close enough proximity to structures to pose a threat in the short term in our opinion.

3.2 CONTAMINATION

We have not carried out any investigation into past or present uses, either of the property or of any neighbouring land, to establish whether there is any potential for contamination from these uses or sites to the subject property and therefore have assumed none exist. However, should it be established subsequently that contamination exists at the property or on any neighbouring land or that the premises have been or are being put to any contaminative use, this might reduce the values now reported.

We have considered the question of whether the property could be affected by contamination. However, we are not environmental auditors, we have not made any detailed enquiries as to historic land use and any contamination arising there from and our inspection has been for valuation purposes and we have not made any contamination investigations, invasive or otherwise.

3.3 DELETERIOUS MATERIALS

We have not undertaken any tests to confirm that deleterious, hazardous, inherently dangerous or unsuitable materials or techniques were used in the construction of the property or have since been incorporated. Therefore, we are not able to confirm the premises are free from such materials. Asbestos is present in many buildings constructed or altered during the 20th Century and poses a particular hazard to health. Special precautions must be observed when handling asbestos: the removal of the material can be very costly. Businesses are obliged to comply with the Management of Asbestos Regulations.

3.4 FLOODING

We have not made specific enquiries but we have checked the Environment Agency website (www.environment-agency.gov.uk) which indicates that the property is located in flood plain – Zone 1 which is low risk.

We always recommend that sufficient insurance cover is in place to reflect the flood risk at the property.

3.5. RADON

The property is in a part of the country where there is an increased likelihood of Radon potentially posing a risk to health of 3-5%. Radon is a naturally occurring radioactive gas and is linked to increased incidences of lung cancer. Further information may be obtained from the Health Protection Agency, www.hpa.org.uk (search 'Radon').

3.6. COAL MINING

We have carried out a Coal Mining Search, which is recommended in accordance with the current edition of the Law Society's Guidance Notes and Directory (see www.coal.gov.uk).

According to the Coal Authority website, the property is not within an area affected by coal mining.

4.0 LOCAL AUTHORITY AND STATUTORY ISSUES

Local Authority: Croydon

4.1 RATING ASSESSMENT

We have referred to the Valuation Office Agency website and this indicates the property is included within the Rating List 2017 being described as warehouse & premises with a Rateable Value of £45,000.

The actual liability may be subject to relief or phasing in respect of which regulations are made from time to time. A change in use of the premises could also affect the assessment or the amount payable. We have not investigated the amount actually payable in respect of the subject property.

We have checked the VOA and the residential property on the first and second floors has a Council Tax banding of B, shown in the list as Maisonette 1st & 2nd floors.

4.2 TOWN PLANNING

We have been advised by the Local Authority Planning Department that the property has planning consent for retail showroom at the front and middle buildings and warehouse to the rear. There is residential on the first and second floor at the front of the building. and there are no adverse conditions attached to the consent. The planning use on the property is retail, Class E, residential Class C3 and B2 / B8 warehouse / stores in accordance with the Town and Country Planning Use Classes Order 1987 as amended on 1 September 2020.

In arriving at our valuation we have assumed that any works of alteration or construction have been carried out in accordance with planning and building regulations required. It is also assumed that all statutory and legal obligations relating to the buildings and site and the occupation thereof have been complied with. These matters should be checked by your Legal Advisers.

4.3 HIGHWAYS

The property is located on Purley Way, which we strongly believe to be an adopted road. Solicitors searches will be able to confirm this and should the road not be adopted, we advise we are notified for comment.

4.4 MORTGAGE REGULATION

Lenders are required to ensure the mortgage contract will be regulated if more than 40% of the land to be given as security is (or should be) in residential use.

We would draw to your attention that there is a residential use at the property but as this is self-contained (i.e. it will have its own private access on re-developemnt) the mortgage contract would not be required to be regarded as 'regulated' on the assumption the applicant or connected party does not intend occupying the residential property and it will be let to third party tenants.

5.0 TENURE/TITLE

We have not had sight of a copy of the title deeds, however, we have been advised as follows:

The property is freehold and vacant possession can be gained of the whole premises immediately.

We understand that the property is freehold. We have not been provided with a copy of the certificate on title or report on title and we are therefore unable to comment further in this respect. We therefore assume that for the purpose of this valuation report that the site is free from any rent charges on use, title, occupation etc. We also assume that the site is free from any restrictions which could materially impact the valuation figures. We reserve the right to amend our opinion of value should a report on title be made available.

5.1 LEASE COMMENTARY

Not applicable.

5.2 STRENGTH OF COVENANT

Not applicable.

6.0 LOAN SECURITY

6.1 SECURITY CONSIDERATIONS

- We consider the property is suitable security bearing in mind the Bank is contemplating a loan, subject to the usual prudent lending criteria.
- We do not consider there is any hope value or synergistic value associated with adjoining buildings.
- We do not believe there is any higher alternative use value.
- We consider the property is marketable and should perform in line with its peers.
- We do not consider that values will rise in the short to medium term.
- The building has an estimated economic life of 25 to 50 years, assuming appropriate maintenance is undertaken.
- Our investigations have not revealed any recent transaction or agreed price in respect of the subject premises. If however, such information does come to light before the loan is finalised, we would request that you refer the matter back to the writer for further consideration.
- We consider that a reasonable marketing period in which to achieve our opinion of Market Value (MV) to be 12-18 months.

6.2 CONDITION FOR SECURITY

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

The general condition of the property appears consistent with its age and type of construction, but some works of repair and maintenance are required. Elements of the property are ageing and likely to require attention, including the rear flat and pitched warehouse roofs.

The Applicant intends to redevelop the mezzanine to a showroom and the front residential to apartments.

The electrical and mechanical components and fittings within the property would appear to be in reasonable condition. However, these have not been tested by a specialist contractor and we are therefore unable to confirm whether they are in safe working order. Our valuation assumes only general maintenance works would be required for such components and fittings to be useable.

6.3 ECONOMIC LIFE

In our opinion, the property has a functional and economic life of at least **25** years providing that general maintenance and repair works continue to be undertaken. Therefore, the marketability of the property should be sustainable during this period.

6.4 LOAN SECURITY

It is our opinion that the property **is** suitable for loan security.

6.4.1 IMPORTANT ISSUES AND AREAS FOR FURTHER ADVICE

None

7.0 VALUATION CONSIDERATIONS

We can confirm that the valuation has been undertaken in line with the 2020 edition of the RICS Valuation – Professional Standards (The Red Book) and the incorporated International Valuation Standards (IVS).

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review

7.1 COMPARABLE ANALYSIS

In considering the value of the property, we have analysed information relating to recent transactions as follows:

Retail Comparable Rental Evidence

- **32 North End Croydon CR0 1UB**
03/03/2022 - £85,000 p.a. 1,805 sq.ft. £83 / sq.ft. ZA / £47 / sq.ft. overall.
Centrale Shopping Centre. Next door to WHSmith
- **4-5 Purley Way Crescent Croydon CR0 3JS**
24/10/2021 £45,000 p.a. 2,385 sq.ft. £33.50 / sq.ft. zone A / £20 / sq.ft. overall
- **195-197 Brighton Road South Croydon CR2 6EG**
17/09/2021 £40,000 p.a. 1,285 sq.ft. £31 / sq.ft. overall

Retail Comparable Sales Evidence

- **77 Banstead Road Carshalton Surrey SM5 3NP**
31/01/2022 £460,000 1,450 sq.ft. GF Shop £17,500 p.a.; Maisonette 725 sq.ft. £14,500 p.a. £317.24 / sq.ft. Initial Yield 7%
- **290-290A Lower Addiscombe Road Croydon London CR0 7AE**
22/12/2021 £485,000 1,220 sq.ft. £397.54 / sq.ft.
- **86 High Street Sutton SM1 1EX**
£750,000 2,523 sq.ft. £297 / sq.ft.
- **1 & 1A High Street Purley Surrey CR8 2AF**
15/07/2021 £500,000 2,370 sq.ft. Rent £40,340 Gross Initial Yield 8.07%
- **128-130 North End Croydon CR0 1UD**
23/03/2021 - £1.65 million 3,672 sq.ft. Rent £100,000 £449.89 / sq.ft. 5.7% initial yield.

Industrial Comparable Rental Evidence

- **42b Gloucester Road, Croydon CR0 2DA**
06/02/2022 £28,500 p.a. 2,850 sq.ft. £9.58 / sq.ft. Building age 1954
- **616 Mitcham Road Croydon CR0 3AA**
05/10/2021 – 13,082 sq.ft. £12.61 / sq.ft. Building Age 1930
- **42 Imperial Way Croydon CR0 4RR**
27/06/2021 – 4,350 sq.ft. £14.95 /sq.ft. 1970 building.

- **4-5 Swan Close, Croydon CR0 2DZ**
16/04/2021 – 4,346 sq.ft. £52,000 £13.49 / sq.ft. 1984 build.

Industrial Comparable Sales Evidence

- **59 Imperial Way Croydon CR0 4RR**
11/10/2021 – 13,127 sq.ft. £1.8 million £134.46 / sq.ft. 1959 building
- **Mercury House Vulcan Way Croydon CR0 9UG**
29/12/2021 26,377 sq.ft. £3.1 million £117.53 / sq.ft. 1990 building
- **39 Willow Lane, Mitcham London CR4 4NA**
14/07/2021 12,736 sq.ft. £2.56 million £210.12 / sq.ft. 5.2% net initial yield
- **23 Franthorne Way Bellingham Trading Estate London SE6 3BX**
30/04/2021 5,425 sq.ft. £725,000 £133.64 / sq.ft.

Residential Comparable Sales Evidence

- **15 Cavendish Road Croydon CR0 3LB**
03/12/2021 £258,000 1 bed flat @ 40 sq.m.
- **22a Allen Road, Croydon CR0 3NT**
27/09/2021 £240,000 57.7 sq.m.
- **Flat 9 Phyllis House Ashley Lane Croydon CR0 4HP**
21/09/2021 £251,000 63.3 sq.m.

Residential Comparable Rental Evidence

- **Croydon – CR0 4ND**
06/01/2022 - Maisonette 2 beds 2 bathrooms £1,500 pcm 1,199 sq.ft.
- **Pinnacle Apartments Saffron Central Square Croydon**
08/02/2022 - £1,175 pcm 41.6 sq.m.
- **Park Lane Croydon CR0**
08/02/2022 2 bed apartment £1,200 pcm
- **29 Oakfield Road Croydon CR0 2UU**
08/02/2022 Studio apartment £650 pcm

The majority of property valuations rely on the comparable evidence which a valuer is able to source and which are readily available at the date of the valuation. There are instances where it is not possible to fully research every piece of comparable evidence or is not made available at the date of the valuation / when the report is being prepared. There may also be instances where further comparable evidence which was not available at the date of the valuation which subsequently comes to the attention of the valuer which may have changed the opinion of the valuer should this have been available at the date of the valuation. Should this occur, the valuer retains the right (but is under no obligation to do so) to amend his opinion of value.

7.2 METHODOLOGY AND RATIONALE

Valuation Method 1 Capitalisation of Rental Value

| Floor | Description | Floor Area (sq.ft.) | £/sq.ft. | £-Rent |
|--------------|-----------------------|---------------------|----------|---------------------|
| Ground | Front Retail Showroom | 524 | £30 | £15,720 |
| Ground | Office | 175 | £30 | £5,250 |
| Ground | Middle Showroom | 1,405 | £15 | £21,075 |
| Ground | Rear Warehouse | 4,884 | £10 | £48,840 |
| Ground | Reduced height stores | 528 | £5 | £2,640 |
| Mezzanine | Stores | 1,598 | £3 | £4,794 |
| Basement | Stores | 345 | £2 | £690 |
| First Floor | Residential | 667 | nil | nil |
| Second Floor | Residential | 543 | nil | nil |
| Total Rent | | | | £99,009 |
| | | | | Say £100,000 |

Valuation

| | |
|--------------------|-----------------------|
| Rent | £100,000 |
| Initial Yield 8.5% | |
| Years Purchase | 11.76 |
| Total | £1.176 million |

Valuation Method 2 Application of Comparable Sales Evidence According to Use

| Floor | Description | Floor Area (sq.ft.) | £/sq.ft. | £- Capital Value |
|--------------|-----------------------|---------------------|----------|---------------------------|
| Ground | Front Retail Showroom | 524 | £300 | £157,200 |
| Ground | Office | 175 | £200 | £35,000 |
| Ground | Middle Showroom | 1,405 | £150 | £210,750 |
| Ground | Rear Warehouse | 4,884 | £110 | £537,240 |
| Ground | Reduced height stores | 528 | £75 | £39,600 |
| Mezzanine | Stores | 1,598 | £50 | £79,900 |
| Basement | Stores | 345 | £25 | £8,625 |
| First Floor | Residential | 667 | £95 | £63,365 |
| Second Floor | Residential | 543 | £80 | £43,440 |
| Total Value | | | | £1,175,120 |
| | | | | Say £1.175 million |

Residential Development Appraisals

First Floor Apartment

Gross Development Value £200,000

Less cost of refurbishment
 £100 / sq.ft. x 667 sq.ft (£66,700)

Less developers profit
 20% GDV (£40,000)

Less Contingency
 15% GDV (£30,000)

Residual Value £63,300

Second Floor Apartment

Gross Development Value £150,000

Less cost of refurbishment
 £100 / sq.ft. x 543 sq.ft (£54,300)

Less developers profit
 20% GDV (£30,000)

Less Contingency
 15% GDV (£22,500)

Residual Value £43,200

My valuation after redevelopment of the upper floor residential apartments is as follows:

| | |
|------------------------|-------------------------|
| Commercial Element | £1,068,315 |
| First Floor Apartment | £200,000 |
| Second Floor Apartment | £150,000 |
| Total | £1,418,315 |
| | Say £1.4 million |

7.3 VAT, TAXATION & COSTS

No allowance has been made to our opinions of value for any liability associated with taxation or disbursement costs arising from the sale of the property.

8.0 MARKET SUMMARY

- We are of the opinion that, should the property come to the market to let, it would rent within 12-18 months.
- We are of the opinion that, should the property come to the market for sale, it would sell within 12-18 months.
- We feel that this property would be suitable for sale via an auction, in line with some of the comparables listed below. This could reduce the timescales for sale
- On this occasion there are no conflicts with the definitions of the basis of value or its underlying assumptions.
- The property is currently used for X use which we do not believe to be the most suitable use for occupation.
- The potential occupational demand for this type of property is currently retail / residential / warehouse, however, it should be noted that demand can change over time and this opinion is at the date of valuation only.
- Flood risk/contamination etc could impact on the potential marketability of the property, however, we would assume that this would not rule out a substantial number of potential occupiers.
- There is current market uncertainty due to both Brexit and the Coronavirus pandemic, the future trends or volatility we cannot yet judge. This may impact a period within the length of the loan.
- LOCAL MARKET COMMENTARY.

The market for secondary retail, warehouse and residential use remains good in this location,

9.0 PRIVACY STATEMENT

We can confirm that the named valuer and firm of Barnsdales are an independent valuer as defined by PS 2 S3.4 of the, *'The Red Book'*(RICS Valuations – Global Standards). The valuer has the relevant experience in valuing the type of property concerned in the particular location and is an RICS Registered Valuer. Our Valuations and Reports are confidential to the party to whom they are addressed and for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties. Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.

A copy of this report may be provided (on a non-reliance basis) (i) where disclosure is required by applicable law or regulation, by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body or in respect of legal or arbitration proceedings in connection with this report; (ii) where disclosure is required by the rules of any stock exchange, listing authority or similar body upon which an Addressee's shares or other securities are listed; (iii) to an Addressee's affiliates, officers, directors, employees, auditors and professional advisors in connection with the loan and hedging transactions under the Facility Agreement; (iv) to any financial institution or other entity in connection with the loan and hedging transactions under the Facility Agreement; (v) to any person to whom such Addressee may potentially assign or transfer all or any of its rights and obligations under any documentation relating to or under the Facility Agreement and to the professional advisors of each such person; and (vi) to any rating agency in connection with any securitisation of (or Referable to) the Facility Agreement and to investors in such securitisation including in each case their professional advisers and (vii) or otherwise, with your prior written consent.

10.0 SIGNATURE AND DATE OF REPORT

The property was inspected on 7th February 2022 and then reported by Andrew Seale MRICS, an external Registered valuer, who has sufficient current local knowledge of the particular market, and the skills and understanding to undertake the valuation competently.

We confirm that neither the firm nor the valuer has any conflict of interest in this matter.

The undersigned has not previously had any professional involvement in connection with the property.



Signed.....

Andrew Seale BSc (Hons) MRICS
RICS Registered Valuer (0120102)



Signed.....

Gary Thompson FRICS
RICS Registered Valuer (748768)

for and on behalf of



BARNSDALES VALUATIONS LIMITED
4 Sidings Court
DONCASTER
DN4 5NU

Date of Report: 14th February 2022

APPENDICES

APPENDIX I ASSUMPTIONS AND DISCLAIMERS

Assumed date of valuation: 7th February 2022

Basis of valuation: Market Value as defined by RICS Glossary of Terms, namely: Market value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

There are instances where it is not possible to fully research every piece of comparable evidence or is not made available at the date of the valuation / when the report is being prepared. There may also be instances where further comparable evidence which was not available at the date of the valuation which subsequently comes to the attention of the valuer which may have changed the opinion of the valuer should this have been available at the date of the valuation. Should this occur, the valuer retains the right (but is under no obligation to do so) to amend his opinion of value.

Reinstatement value An indication for insurance purposes of the current reinstatement cost of the building(s) in its/their present form will be prepared. In recommending this figure we shall consider the property in relation to the RICS/BCIS Guidance Notes on Re-building Costs on a 'day one' basis assuming the policy will make allowance for this. A replacement valuation, where appropriate, is intended to mean providing a replacement building(s) of similar size, general appearance and quality to that as existing but not necessarily constructed with the same materials as the original structure.

Assumptions as to title: It is assumed that there can be proved good, unencumbered title to the property and that there are no restrictive covenants, easements, planning matters, compulsory purchase orders or any other matter which could be revealed by a local search, replies to usual

enquiries or any statutory notice and which would impact on value.

Extent of Survey:

This valuation report does not constitute a building survey and no investigations have been made separately carried out in respect of latent defects, deleterious materials or other hazardous substances. There has been no investigation to establish the condition and location of the water mains supply and soil water drainage. No test of the electrical installations was undertaken and for the purposes of this valuation, we have assumed any electrical installations will be undertaken to the standards recommended by the Institute of Electrical Engineers and in compliance with part P of the Building Regulations. No test of the gas installations was undertaken and for the purposes of this valuation we have assumed the gas pipes and connections will be installed to those standards of the Council of Registered Gas Installers and in accordance with part L of the Building Regulations.

Contamination:

No investigations have been carried out with respect to contamination and it is assumed that none is present. We have not inspected any asbestos register relating to this property to provide advice as to whether such material exists in the property. The exposed nature of the interior of the property is such that only wood, bricks and mortar were evident. However, should it be established subsequently that contamination exists at the property or on any neighbouring land or that the premises have been or are being put to any contaminative use, we reserve the right to review our valuation.

Planning:

We have valued the property on the basis that the necessary detailed planning, building and statutory undertakings, consents and requirements have been forthcoming. We are not aware of any potential development or change of use of the property or properties in the locality which would materially affect our valuation.

Building control:

Note was made of the presence of fire safety installations and we have therefore assumed that all building control

and fire regulation approvals have been sought and awarded. We have undertaken the valuation on the basis that the property is located on an adopted highway maintainable at public expense but we have not made enquiries.

Taxation: No allowance has been made for VAT or capital gains taxation on purchase or disposal.

General Disclaimer: In accordance with the advice of the Royal Institution of Chartered Surveyors, this report is confidential to you and your advisors and is for the sole purpose expressed above. We can accept no responsibility if it is relied upon by anyone else, whether for the stated purpose or for any other.

In addition, neither the whole nor the part of this report may be include in any published document, circular or statement, nor published in any way, without our written approval of the form and context in which it may appear (such approval not to be unreasonably withheld).

**Barnsdales Chartered Surveyors,
4 Sidings Court,
DONCASTER DN4 5NU**

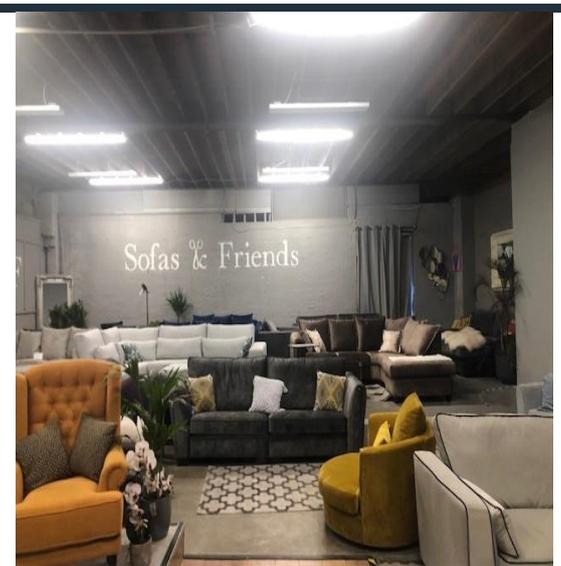
APPENDIX II PHOTOGRAPHS/DIGITAL IMAGES



351 PURLEY WAY CROYDON



FRONT SHOWROOM



MIDDLE SHOWROOM



REAR WAREHOUSE



UPPER FLOOR RESIDENTIAL



MEZZANINE STORES



STREET SCENE

APPENDIX III LOCATION/TITLE PLAN



HM Land Registry
Current title plan

Title number **SGL721443**
Ordnance Survey map reference **TQ3165SW**
Scale **1:1250**
Administrative area **Croydon**



This is a print of the view of the title plan obtained from HM Land Registry showing the state of the title plan on 28 September 2021 at 15:33:50. 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, Croydon Office.

APPENDIX IV COPY OF INSTRUCTION LETTER

APPENDIX V COPY OF EPC

2/15/22, 1:38 PM Energy performance certificate (EPC) - Find an energy certificate - GOV.UK

Energy performance certificate (EPC)

| | | |
|--------------------------------------|---------------------------|--|
| 351 PURLEY WAY CROYDON CR0 4NW | Energy rating D | Valid until: 17 May 2031 Certificate number: 0951-1202-5309-0795-2704 |
|--------------------------------------|---------------------------|--|

Property type: A1/A2 Retail and Financial/Professional services

Total floor area: 961 square metres

Rules on letting this property

Properties can be let if they have an energy rating from A+ to E.

If a property has an energy rating of F or G, the landlord cannot grant a tenancy to new or existing tenants, unless an exemption has been registered.

From 1 April 2023, landlords will not be allowed to continue letting a non-domestic property on an existing lease if that property has an energy rating of F or G.

Energy efficiency rating for this property

This property's current energy rating is D.

| | | | |
|----------|-----------|--------------|--------|
| Under 0 | A+ | Net zero CO2 | |
| 0-25 | A | | |
| 26-50 | B | | |
| 51-75 | C | | |
| 76-100 | D | | 96 D |
| 101-125 | E | | |
| 126-150 | F | | |
| Over 150 | G | | |

Properties are given a rating from A+ (most efficient) to G (least efficient).

How this property compares to others

Properties similar to this one could have ratings:

If newly built: 27 | B

If typical of the existing stock: 78 | D

<https://find-energy-certificate.service.gov.uk/energy-certificate/0951-1202-5309-0795-2704?print=true> 1/3