

QUEST

PROPERTY CONSULTANTS

177 LEA BRIDGE ROAD
LONDON
E10 7PN

1ST DECEMBER 2022

VALUATION REPORT FOR
PROPLEND SECURITY LIMITED

REF: 20849



EXECUTIVE SUMMARY

Property	177 Lea Bridge Road, London E10 7PN		
Client	E-Ten Properties Limited		
Tenure	Freehold		
Use Class	Class E (Commercial, Business and Service) and Class C3 (Residential)		
Location	Leyton, in the Waltham Forest Council		
Description	A terraced two-storey period building arranged as a ground floor Class E retail unit and a self-contained one bedroom flat on the first floor		
Total Floor Areas	Retail	NIA: 58.79 m ² / 633 ft ²	ITZA: 39.10 m ² / 421 ft ²
	Flat	IPMS: 46.49 m ² / 500 ft ²	GIA: 46.49 m ² / 500 ft ²
Valuation Date	1 st December 2022		
Market Value	£400,000		
Market Value (special assumption 90-days sale)	£360,000		
Market Value (special assumption tenancy in-situ)	£500,000		
Market Value (vacant possession)	£475,000		
Market Rent	£1,791.67 per calendar month	£21,500 per annum	
Reinstatement Value	£350,000		
Suitable for Loan Security	YES		

This summary is provided for reference purposes only and should be read in conjunction with the full Valuation Report to follow and must not be relied upon as a separate document.

<p>Strengths</p>	<ul style="list-style-type: none"> • Freehold • Ground floor shop newly extended and refurbished • Flat presented in good letting standard and includes front access • Both units are rated with valid EPCs
<p>Weaknesses</p>	<ul style="list-style-type: none"> • Residential situated above commercial • Secondary trading location • Lack of selective licence for the residential flat
<p>Opportunities</p>	<ul style="list-style-type: none"> • Opportunity to sell the property • To settle outstanding rent review and increase rental income • Proposed new occupational lease with 8-years term certain for retail unit • Future asset management opportunities
<p>Threats</p>	<ul style="list-style-type: none"> • Economic and political uncertainty • High levels of inflation in recent months • Rising interest rates • Residential sales market activity continues to fall • Negative outlook in Q3 2022 for commercial property with capital values and rents turning negative at headline level across the UK • Risk of financial penalties imposed given the lack of licencing

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1.0 INSTRUCTIONS

We have been instructed by Proplend Security Limited to prepare a report and valuation in respect of the subject property for the purposes of loan security.

At **Appendix 1** of this report, we enclose a copy of the Lender's instruction form dated 28th November 2022 and a copy of our agreed terms of engagement of the same date is attached in **Appendix 2** of this report.

This report has been carried out in accordance with the RICS Valuation – Global Standards, effective from 31 January 2022, incorporating the IVSC International Valuation Standards produced by The Royal Institution of Chartered Surveyors and known as “The RICS Red Book Global” and should be read in conjunction with the terms of business and general principles.

1.1 Property

This report is for the valuation of the property known as:

177 Lea Bridge Road

London

E10 7PN

1.2 Valuation Date

The date of valuation is 1st December 2022.

1.3 Basis of Value

We will specifically provide our opinion of the following:

- a. The **Market Value** of the freehold interest in the subject property.
- b. The **Market Value** of the freehold interest in the subject property on the **special assumption** of a sale being completed within a period of 90 days.
- c. The **Market Value** of the freehold interest in the subject property on the **special assumption** of the proposed tenancy being in-situ as further detailed in this report.
- d. The **Market Value** of the freehold interest subject to vacant possession.
- e. The **Market Rent** of the subject property.
- f. The **Reinstatement Value** of the subject property for insurance purposes, as a guide only.

2.0 INSPECTION

An inspection of the property was undertaken on 1st December 2022 by Sotiris Charalambous MSc MRICS; weather conditions were clear.

2.1 Restrictions to Inspection

We have inspected the building externally from ground level and have not been able to obtain clear views of the roof. Our inspection has been limited to the visible internal and external parts. Our inspection was also limited by the presence of furniture, fixtures and floor coverings.

3.0 LOCATION

The subject property is on the north side of Lea Bridge Road, close to its junction with Burwell Road, within Leyton in Waltham Forest Council and the E10 postal region.

Lea Bridge Road is an arterial thoroughfare of East London forming part of the A104 which runs from Islington Green to Epping.

The immediate vicinity forms a mixed used location largely made up of terraces of period residential properties, industrial units surrounding the railway tracks and retail units predominantly found along Lea Bridge Road.

The property is situated within a terrace of two storey buildings forming a secondary retail parade of nine retail units. It appears all units along the parade are occupied. The upper parts of each respective building provide mainly residential or ancillary accommodation.

The prime retail pitch in the locality is found approximately a mile away to the northeast. The locality includes various educational institutions including The Lammas and George Mitchell secondary schools, as well as St Saviour's C of E and Thomas Gamuel primary schools.

The Leyton Jubilee Park is conveniently reached within circa half a mile to the southeast.

Public transport links in the vicinity are adequate, with Lea Bridge railway station situated approximately 0.2 miles to the west and provides direct routes to Stratford and Tottenham Hale. Various bus routes operate along Lea Bridge Road.

The area is rated with an average Public Transport Accessibility Level rating of 3.



4.0 DESCRIPTION

4.1 Property Description

The subject property comprises a terraced two storey period building arranged to provide a ground floor Class E retail unit and a self-contained first floor one bedroom flat.

The ground floor has been recently extended over a single storey to the rear elevation. Access to the shop is via its own entrance forming part of a glazed shop front to the front elevation. The shop front has a clear width of 3.806 metres and secured with metal roller shutter blinds. Upon entry, an open plan sales area is formed leading to the rear where a newly erected ground floor rear extension accommodates a kitchen and WC.

The flat is accessible via its own ground floor entrance to the front elevation to the left hand side of the shop front. Upon entry, an entrance hallway is formed with a staircase leading up to the first floor landing. The flat is arranged to provide a reception and kitchen to the front, and a bedroom and shower/WC to the rear.

4.2 Construction

We consider the property to have originally been constructed with conventional building materials, with elevations of solid brick construction beneath what appears to be a flat roof behind a parapet wall covered with felt. We had limited views of the main roof at the time of our inspection due to the height and configuration of the building. As such, we have assumed the main roof is free from any major defects that would adversely affect our valuation. The building has recently been extended by way of a single storey extension at ground floor level which appears to have been constructed of cavity brick elevations with breezeblock infills. The shop front is aluminium framed with double glazed panes. Fenestration the upper floor is of uPVC double glazed windows. Floors are of solid concrete on the ground floor and raised timber construction to the first floor.

4.3 Accommodation

Unit	Floor	Description	Measurements
Retail	Ground floor	Open plan sales area, staff kitchen/WC	
Total Net Internal Area (NIA)			58.77 m² / 633 ft²
Area In Terms of Zone (ITZA)			39.10 m² / 421 ft²
Flat	Ground floor	Entrance hallway, staircase	3.31 m ² / 36 ft ²
	First floor	Reception, kitchen, bedroom, shower/WC	43.17 m ² / 465 ft ²
Total IPMS - Residential			46.49 m² / 500 ft²
Total Gross Internal Area (GIA)			46.49 m² / 500 ft²

The above floor areas have been measured in accordance with the RICS Property Measurement 2nd Edition (January 2018).

Please refer to **Appendix 3** where we enclose the floorplans of the subject property.

4.4 Condition

We emphasise that we have not been instructed to carry out a structural/building survey and our inspection has only identified, where stated, apparent areas of disrepair.

Our inspection has been limited to the visible internal and external parts. Our inspection was also limited by the presence of furniture, fixtures and floor coverings.

The ground floor unit is presented in good condition and finished to a good standard.

The first floor flat is presented in good condition and finished to a good letting standard.

We have inspected the building externally from ground level and have not been able to obtain clear views of the main roof. We have assumed that the main roof is free of any major defects that would adversely affect our valuation.

Externally, we expect surfaces to have weathered commensurate with age and ongoing maintenance to the general fabric of the building should be anticipated in the future. The subject property has a useful economic life in excess of 25 years, subject to regular maintenance and repair when necessary. We assume such repair and maintenance will be undertaken.

As our inspection was limited to parts of the property which are covered, unexposed or inaccessible and such parts have been assumed to be free of any defects or disrepair that would adversely affect our valuation.

From our knowledge of the area, we would expect the subsoil to the foundations to be clay which is particularly susceptible to drying and shrinkage in times of extreme drought. This risk applies to virtually all the properties within the London clay belt and is normally accepted by the majority of purchasers.

A photographic record of the subject property taken during our inspection can be found in **Appendix 4** of this report.

4.5 Services

We have assumed that mains services are connected to the subject property and that all services are adequate and fully operational.

5.0 PLANNING

Where we have been unable to make verbal enquires, online enquiries of the Local Authority have been undertaken to confirm town planning matters, which may affect our valuation. We believe that the information that we have obtained is correct, but we cannot accept liability for either incorrect or for material omissions in the information gleaned, including statutory notices or contraventions of statutory requirements.

5.1 Planning Consents

Through our enquiries with Waltham Forest Council, we have uncovered the following relevant material planning history:

Application Summary	Decision	Date
<u>213557</u> Construction of single storey ground floor rear extensions to No. 177, 179 and 181 together with the installation of rear first floor windows. Relocation of the rear residential entrance doors to the front elevation including alterations to the shopfront elevations.	Granted with conditions	09 Feb 2022
<u>980603</u> CHANGE OF USE FROM RETAIL TO INSURANCE BROKERS OFFICE (USE CLASS A2)	Granted	16 Nov 2020

Based on the above planning history it is reasonable to assume that the property as constructed and used fully complies with the requisite planning regulations. We have assumed all building control sign offs are in place.

We recommend your solicitors confirm that the property as constructed and used at the date of valuation fully complies with the requisite planning regulations. Should information be forthcoming suggest otherwise, the valuation should be reverted to us for revision.

5.2 Conservation/Listing

The subject property is not a listed building nor situated within a conservation area. The property does not appear to fall within an area where Article 4 directions apply.

5.3 Licensing

According to Waltham Forest Council since May 2020, all privately rented properties let to either an individual, a single family or two unrelated shares requires selective licencing, save as to some exemptions. The selective licencing scheme will remain in place until 30 April 2030.

The property is not exempt and therefore requires selective licencing to lawfully continue letting the flat on the first floor.

Through our investigations with the Waltham Forest Council, we have not identified any selective licence relating to the residential flat. We are informed by the borrower, that an application for the relevant licence has been made and pending approval.

We note that licensed properties must meet certain conditions, and penalties for breach of licence conditions may include enforcement action and/or prosecution where a Court may impose an unlimited fine for each breach. Alternatively, the Council may impose a financial penalty of up to £30,000 for each licence condition breach.

Our valuation takes into consideration that the flat is unlicensed, the cost to bring the properties to a licensed standard as well as the risk of financial penalties.

We recommend that your legal advisors confirm the above.

5.4 Highways

We assume that the street the property is situated on is an adopted road, as there are no indications to suggest otherwise. Your solicitor's searches should be able to confirm this assumption and recommend we are notified if the road is not adopted.

6.0 RATING

6.1 Business Rates

The ground floor unit is described in the 2017 Rating list as follows:

Address	Description	Rateable value
177 Lea Bridge Road, London E10 7PN	Shop and premises	£8,000

This information has been obtained from the Valuation Office Agency. We have not investigated whether this is a fair assessment. Rateable Values have been reassessed under the 2017 Rating Revaluation effective from 1st April 2017. The actual rates payable may be affected by various reliefs or discounts that are available.

The future rateable value of the unit in preparation of the 2023 Rating list is described as follows:

Address	Description	Rateable value
177 Lea Bridge Road, London E10 7PN	Shop and premises	£8,900

This information has been obtained from the Valuation Office Agency. We have not investigated whether this is a fair assessment. Rateable Values have been reassessed under the 2023 Rating Revaluation effective from 1st April 2023. The actual rates payable may be affected by various reliefs or discounts that are available.

6.2 Council Tax

We were unable to identify a council tax entry in relation to the first floor flat, and as such we have assumed the unit is expected to be rated from the local authority and that the rating will be a fair assessment in line with current market parameters.

7.0 TENURE

We are informed that the subject property is held with a freehold title.

Following our enquiries with the Land Registry we understand the property is held under a freehold title number EGL78614 which includes several other buildings along the parade. The freehold title plan is attached in **Appendix 5** of this report.

We further understand there is a leasehold title relating to the subject property with the title number AGL323117. The relevant title plan is attached in **Appendix 6** of this report.

This valuation takes is based on the assumption the subject property is held with a freehold title.

We recommend your solicitors confirm this information is correct. Should information be forthcoming that indicate the property is held with a leasehold title, this valuation should be reverted for revision.

We have not been provided with a Report on Title and have assumed that the property is not subject to any defect in title, any adverse covenant, or subject to any unusual or other onerous restrictions, rights or outgoings, and that good title can be shown.

For the purposes of this valuation report, it is assumed that there are no outstanding disputes with the neighbouring occupiers. Moreover, it is also assumed that there are no wayleaves or easements granted in favour of the subject property, or, indeed, any neighbouring property or properties.

We recommend your legal advisors confirm the above assumptions and that the above information is accurate before being relied upon.

8.0 TENANCIES

8.1 Commercial

We have been provided with a copy of the renewal lease, with reference to the original lease dated 6th October 1998, and the main salient points are as follows:

Renewal Lease Summary	
Dated:	28 th August 2014
Original Landlord:	Judith Goldthorpe
Tenant:	Coversure Insurance Services (Leyton) Ltd
Demise:	The property known as 177 Lea Bridge Road, Leyton London E10
Term:	15 years commencing on and including the 24 th June 2014 and ending on, and including 23 rd June 2029
Passing Rent:	£7,750 per annum from 24 th June 2014
Rent Reviews:	28 th August 2019 (outstanding) and 28 th August 2024
Break Option:	10 th anniversary of the term with not less than six months' prior notice
User:	Not to use the premises other than as an Insurance Office or for such other use falling within Classes A1 or A2 of the Schedule to the Town and Country Planning (Use Classes) Order 1987 as the Landlord shall consent to (such consent not to be unreasonably withheld) and not to use the upper floors of the demised premises otherwise than for residential purposes
Repairs:	Full repairing and insuring covenants. The Tenant shall keep the property in good and substantial repair and condition
Alterations:	Not to make any structural alterations or additions whatsoever to the demised premises nor to make any alteration or additions to the demised premises except with the previous consent in writing of the Landlord

Renewal Lease Summary

Alienation:	Not to assign underlet agree to underlet share or part with the possession or occupation of the whole or any part or parts of the demised premises. With the prior consent of the Landlord (such consent not to be unreasonably withheld) the Tenant may assign the whole of the demised premises provided that the Landlord may as a condition of granting consent to any assignment required. The assignor shall enter into an authorised guaranteed agreement
LTA 1954	Within the provisions of the Landlord and Tenant Act 1954 (LTA 1954)

We recommend that your legal advisors confirm the above information is accurate.

We are informed the above lease is intended to be surrendered by way of a mutual agreement between the parties and the same tenant will be granted a new occupational lease in respect of the ground floor only, for a term of 8 years at the initial rent of £16,000 per annum, subject to a rent review on the fourth anniversary of the term. We are further informed the lease will not include any break options and will be drafted outside the provisions of security of tenure under the Landlord and Tenant 1954 Act (LTA 1954).

We are informed the above proposed lease and the deed of surrender have not yet been formally documented and signed, as such our valuation is subject to the occupational lease agreement currently in place as detailed above.

8.2 Residential

We understand the flat is subject to standard Assured Shorthold Tenancy (AST) agreement at the passing rent of £16,200 per annum / £1,350 per calendar month.

We were not furnished with copy of the tenancy agreement and assume this is drafted on standard, non-onerous, terms and conditions where vacant possession can be obtained within a period of six months.

We note the demise stated in the occupational lease above includes the upper residential parts, which prior to the approved planning application were classed as ancillary accommodation to the ground floor unit. The current lease is restrictive as to any assignment or underletting of part of the property. As such our valuation considers the flat is for the sole use of the tenant.

We recommend that your legal advisors confirm the above information is accurate.

9.0 STATUTORY OBLIGATIONS

We have assumed that all relevant legislation has been complied with.

9.1 Fire Regulations

Where we are not provided with a copy of a Fire Risk Assessment, we will assume that all relevant legislation has been complied with.

9.2 External Cladding

The Royal Institution of Chartered Surveyors (RICS) has issued a guidance note in March 2021, with effect from April 2021, for the valuation of properties in multi-storey, multi occupancy residential buildings with cladding. The guidance note details certain criteria where EWS1 forms would be required.

The External Wall Fire Review process will require a fire safety assessment to be conducted by suitably qualified and competent professionals. Subsequently, an EWS1 form must be completed by a member of a relevant professional body within the construction industry with sufficient expertise to identify the relevant materials within the external wall and attachments and whether fire resisting cavity barriers and fire stopping have been installed correctly.

Through our visual inspection from ground level, we are of the opinion that the building does not fall within any of the prescribed criteria and as such there will be no requirement for an EWS1 form in this regard. Should information be forthcoming that indicate otherwise the valuation should be reverted to us for revision.

9.3 Deleterious/Hazardous Materials

Asbestos has been widely used in construction since the 1950's, predominantly as an insulator, fire protection and against corrosion. Asbestos is often found within buildings built pre-2000 and can be included within ceiling and floor tiles, pipe insulation, boilers etc.

The Control of Asbestos Regulations 2012 came into force on 6 April 2012, updating previous asbestos regulations to take account of European Directives. The regulations impose a duty to manage asbestos by the person(s) who manage non-domestic premises.

The use of asbestos is prohibited in buildings post-2000. Since the construction of the building is prior to the above regulations it is possible asbestos materials have been used. We consider it reasonable to assume, however, that a management plan is in situ controlling asbestos risk.

9.4 Energy Performance Certificates

The Energy Act 2011 and subsequently the Minimum Energy Efficiency Standards (MEES) stipulates that since April 2018, a property with an Energy Efficiency Rating below the prescribed level, being Band E, will not be able to be let until improvements have been carried out to improve the Energy Efficiency Rating at or above Band E.

Our research has revealed the following Energy Performance Certificates for the subject property:

Address	Valid until	Band
177 Lea Bridge Road, London E10 7PN	14 Apr 2029	D (89)
177A Lea Bridge Road, London E10 7PN	14 Jul 2032	D (59)

The existing EPCs indicate that the property falls within the acceptable energy performance range for the purposes of the regulations under the Energy Act 2011. The legislation is expected to be reviewed again in the near future and the method of assessment may change since the EPCs certificates were issued, further that on renewal of the EPCs the rating may change. We have assessed the considered risks to value moving forward in the light of the current EPC rating and any risks relating to a future re-rating of the asset. The relevant EPCs are attached to **Appendix 7** of this report.

9.5 Physical Constraints

The Disability Discrimination Act 1995 & 2005 and the Equality Act 2010 provide duties on property owners and managing agents to ensure that reasonable measures are undertaken to ensure that there are no physical/accessibility constraints to a property, including fire escape routes, which would be discriminatory. Our own inspection did not identify any such constraints that would require reasonable alterations to be carried out. We therefore assume that the property complies with the above legislation.

10.0 ENVIRONMENTAL MATTERS

10.1 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 to the property. In the absence of an environmental audit or other environmental investigation or soil survey, we will assume that no contamination, or the possibility of contamination, exists.

As such, we have assumed there would be no adverse effect on value of the property or on its marketability. However, should it be established that contamination exists at the property or on any neighbouring land, or that the premises have been or are being put to a contaminative use, then this might adversely impact on our opinions of value, and we would need to review the valuation advice contained within this report.

10.2 Flooding

Through our research of the Environment Agency website, the property is indicated as having a very low risk of flooding from surface water and at very low risk of flooding from rivers and the sea. The risk of flooding is reflected within our valuation.

10.3 Radon Gas

Radon is a natural radioactive gas, which enters buildings from the ground. Exposure to high concentrations increases the risk of lung cancer. Public Health England (PHE) recommends that radon levels should be reduced in homes where the annual average is at or above 200 becquerels per cubic metre (200 Bq m⁻³). This level is termed the Action Level.

PHE defines radon affected areas as those with 1% chance or more of a house having a radon concentration at or above the Action Level of 200 Bq m⁻³.

The subject property is situated within an area where some parts are in bands of elevated radon potential. Maximum radon potential is 1-3%. We have assumed that the necessary protection measures will be in place following its refurbishment and our valuation is based on this assumption.

10.4 Invasive Species / Tree management

We did not identify any invasive plant species within or around accessible areas of the subject property. We recommend regular inspection and pruning of surrounding trees and bushes close to the external elevations to prevent any potential structural disturbances to the building.

11.0 COMPARABLE EVIDENCE

Comparable evidence is sourced through local estate agents, surveyors, land registry data, specialist online databases and our in-house database. The information sourced is believed to be correct but has not been confirmed by reference to contracts of sale or other documentation.

11.1 Investment sales

Property	Sale Price	Date
Flat 2 & Flat 3, 325 Lea Bridge Road, London E10 7LA	£440,000	Jul 2022
These are two self-contained residential units situated with a similar mixed-use building along the subject road. The units were listed separately at auction and jointly sold prior for £440,000. We are informed by the auctioneers the units were let for the combined passing rent of £27,000 per annum. We understand the first floor unit is a two bedroom flat of approximately 530 sq. ft and includes a private rear patio. The second floor flat is a one bedroom unit measuring approximately 363 sq. ft. Internally the units were presented in average condition and finished to basic letting standard. The sale reflects a Gross Initial Yield (GIY) of 6.14%		
442 Hoe Street, Walthamstow, London E17 9AH	£235,000	26 May 2022
This is a freehold mid-terraced two storey commercial building situated within the main trading location in the vicinity. The property extends to of approximately 397 sq. ft (based on VOA measurements) and has narrow floorplates. We understand the property sold vacant reflecting £592 psf.		
123 Stoke Newington High Street, London N16 0PH	£282,000	26 May 2022
This leasehold ground floor shop situated along a more desirable commercial high street sold at auction in May 2022 for £282,000. We understand the unit sold with a virtual freehold of approximately 960 years unexpired. The unit is let to Shaw Trust Limited, a charity shop with strong covenant strength, on an FRI lease at the passing rent of £18,000 per annum. The remaining terms are undisclosed. The sale reflects a GIY of 6.38%.		
141 Hoe Street, London E17 3AL	£775,000	16 Dec 2021
This is a freehold commercial investment within a superior retail trading location comprising a ground floor shop and self-contained offices on the first and second floors. The entire property is let on a single occupational lease from the multiple real estate agent 'Churchill International' for a term of 15 years from October 2018 at the passing rent of £35,000 per annum. The rent is subject to five yearly rent reviews. The property sold at auction and the sale reflects a GIY of 4.52%.		
248 Lea Bridge Road, London E10 7LN	£612,000	14 Sep 2021
This end of terrace two storey mixed-use building arranged as a ground floor shop and a first floor three bedroom flat sold at auction in September 2021 for £612,000. The shop unit measures		

Property	Sale Price	Date
approximately 736 sq. ft and sold with vacant possession. Through our enquiries with the auctioneers, we understand the flat has a value of circa £350,000. As such the apportionment to the retail unit is in the region of £262,000 which reflects a capital value of £356 psf.		

11.2 Commercial lettings

Property	Rent p.a	Date
642 Lea Bridge Road, London E10 6AP	£22,500	Aug 2022
This is a newly refurbished ground floor Class E shop along the subject road but situated along the main trading hub of the locality. We understand the unit let to an independent local tenant at the passing rent of £22,500 per annum. We have not been informed as to lease terms achieved. The unit incorporates an internal floor area of approximately 682 sq. ft and based VOA measurements the area ITZA is circa 476 sq. ft. The letting reflects £33.00 psf overall and £47.27 psf ITZA.		
336 Lea Bridge Road, London E10 7LD	£18,000	Aug 2021
This corner ground floor Class E unit situated within a new-build development let in August 2021 for £18,000 per annum. The property is situated along the subject road approximately 0.3 miles to the east within a slightly superior trading location. The incoming tenant secured a 10 year lease subject a rent review on the fifth anniversary. We are informed a three month rent free period was agreed. The unit measures approximately 538 sq. ft reflecting circa 413 sq. ft ITZA. The shop was presented in shell condition. We note this unit benefits from a return frontage. The letting reflects a rent of £33.46 psf overall and £43.59 psf ITZA.		
339 Lea Bridge Road, London E10 7LA	£16,825	May 2021
This basement and ground floor Class E unit situated along the subject road let in May 2021 for £16,825 per annum. The unit is situated within a similar three storey building along a slightly superior trading location. We understand the unit measures a total of 1,100 sq. ft and of an area ITZA of circa 425 sq. ft. The relevant lease provides a ten year term subject to a break option and a rent review on the fifth anniversary. Taking into account a half rate for the basement the letting reflects £19.50 psf on a weighted overall basis and £39.59 psf ITZA.		
607 Lea Bridge Road, London E10 6AJ	£14,000	Nov 2019
This ground floor Class E unit situated along the prime trading location of Lea Bridge Road let in November 2019 for £14,000 per annum. The unit let on an FRI lease for a term of 10 years subject to a rent review on the fifth anniversary of the term. A six-month rent-free period was agreed. The shop measures approximately 575 sq. ft and of an area		

Property	Rent p.a	Date
ITZA circa 473 sq. ft. The letting reflects £24.35 psf overall and £29.60 psf ITZA.		
599 Lea Bridge Road, London E10 6AJ	£18,700*	Jul 2019
This ground floor Class E unit along the prime trading pitch of Lea Bridge Road let in July 2019 for £18,000 per annum. The unit measures approximately 761 sq. ft and has an area ITZA of approximately 482 sq. ft. A new lease was agreed for a 10-year term subject to a rent review on the fifth anniversary. The initial rent of £18,000 per annum was subject to fixed increases, rising to £18,500 in year 2 and £19,000 per annum the following year, up to the rent review date. The average rent of £18,700 per annum reflects £24.57 psf overall and £38.80 psf ITZA.	*average	

11.3 Residential lettings

Property	Rent p.a	Date
333A Lea Bridge Road, London E10 7LA	£15,000	Jul 2022
This first floor one bedroom flat similarly situated above commercial premises let in July 2022 for £1,250 per calendar month. We have not been provided with a floorplan but are informed it measures approximately 538 sq. ft. Internally, the unit was presented in average condition and finished to a basic letting standard.		
333B Lea Bridge Road, London E10 7LA	£13,800	Jul 2022
This second floor one bedroom flat similarly situated above commercial premises let in July 2022 for £1,150 per calendar month. We have not been provided with a floorplan of the unit but understand this is a smaller sized unit than the subject residential flat. Internally, the unit was presented in average condition and finished to a basic letting standard.		
413A Lea Bridge Road, London E10 7EA	£14,400	Apr 2022
This first floor one bedroom flat situated above commercial premises along the subject road let in April 2022 for £1,200 per calendar month. We understand the unit is of a similar size and internally was presented in good condition and finished to a basic standard.		

11.4 Marketing History

Through our enquiries with Land Registry open price data, we were unable to identify any previous sales relating to the subject property.

12.0 MARKET OVERVIEW

12.1 RICS UK Commercial Property Market Survey

Q3 2022: Outlook for capital values and rents turns negative at the headline level

- 81% of respondents view the market to be turning down
- Headline capital value and rental projections turn negative for the year ahead
- Office and retail sectors see the sharpest drop in demand but industrial momentum is also fading noticeably

The Q3 2022 RICS UK Commercial Property Survey results point to a weakening in market activity over the quarter, with the prospect of significant further interest rate rises weighing heavily on the outlook over the year ahead. Indeed, just over 80% of survey participants now consider the commercial real estate market to be in a downturn, with headline expectations for rents and capital values falling into negative territory during Q3.

On the occupier side, the all-property average net balance for tenant demand fell to -10%, down from a reading of +17% in the previous iteration of the survey. As such, this latest figure is indicative of an overall decline in tenant demand during Q3, bringing to an end a run of five successive quarters of growth beforehand. At the sector level, occupier demand fell for both retail and office space, posting net balances of -37% and -22% respectively. Furthermore, virtually all parts of the UK are seeing a downward trend coming through for tenant demand in the office and retail portions of the market. For the industrial sector, although the latest national net balance of +21% remains in positive territory, this measure has eased in each of the last three reports and is now noticeably softer than the reading of +61% posted back in Q4 last year.

When looking at changes in the availability of leasable space, respondents reported a further rise across both the retail and office sectors, alongside a modest decline in industrial vacancies. In keeping with this, the value of incentive packages offered by landlords in the office and retail spheres continued to pick-up, with the pace of increase accelerating (in net balance terms) over the latest survey period.

Focussing on the office sector, close to 90% of respondents expect businesses to scale back at least some of their office footprint over the next twelve months. The largest share of contributors (one-third) feel this reduction will be between 5 and 10%. That said, an almost equal share feel this trimming in office footprints could be somewhere between 10 and 20%+ over the year to come (a breakdown of the feedback to this question can be found on the third chart page).

With structural forces impacting the sector, alongside a deteriorating macro economic backdrop creating downward pressures more generally, office rental growth projections have been downgraded in the latest results. Indeed, prime office rents are now seen as remaining broadly flat in the year ahead, as opposed to the increase pencilled in previously. Meanwhile, the outlook is altogether more negative for secondary, with a net balance of -42% of respondents envisaging a decline in rents (down from a reading of -26% beforehand). Alongside this, twelve-month projections slipped deeper into negative territory for prime and secondary retail rents (posting respective net balances of -37% and -55%). For the industrial sector, while twelve-month rental expectations are still positive, the degree to which rents are envisaged rising is the most modest since the early stages of the pandemic.

With regards to investment market trends, a headline net balance of -18% of respondents cited a decline in buyer enquiries during Q3. This represents the weakest return for this metric since Q2 2020, having fallen from a reading of +12% last quarter. When disaggregated, sharp declines in investor interest was reported in both the office and retail sectors, while demand more or less stagnated with regards to industrial assets. Significantly, the series capturing overseas investment enquiries is now in negative territory (to a greater or lesser degree) across all mainstream sectors despite the fall in sterling.

For capital values, the twelve-month outlook has shifted markedly during Q3. Projections for prime office values have turned negative, with the net balance falling to -21% from +15% last quarter. For secondary offices, a net balance of -51% of respondents foresee a decline in values (compared to -26% last time). For retail, already negative projections were downgraded further with a net balance of -49% of contributors anticipating prime retail values falling in the year ahead, while the net balance stands at -65% for secondary.

Significantly, respondents are now pencilling in a marginally negative outturn for secondary industrial values (net balance -5%) which marks a stark turnaround relative to a reading of +57% seen at the start of the year. For prime industrial properties, the twelve-month capital value expectations net balance stands at +15%, albeit this is substantially softer than a recent high of +84% recorded in Q4 2021. With regards to some alternative sectors covered in the survey, capital value projections remain positive, although scaled back, for multifamily residential, data centres, aged care facilities and student housing. By way of contrast, hotels are expected to come under renewed pressure in the year to come.

Around 40% of UK respondents now feel the commercial property market is priced above fair value, a steady increase on just 29% taking this view at the end of last year. In London this share is much higher, at close to 60%. Lastly, 81% of respondents are now of the opinion that the market is in some stage of a downturn. This is up sharply from a share of 53% sensing the market was turning down in Q2 and substantially higher than 23% at the start of 2022. When disaggregated, a majority of respondents across all parts of the UK feel the market is in a downturn phase of the cycle.

RICS 2022

12.2 RICS UK Residential Property Market Survey

November 2022: Sales market activity continues to fall, now leading a softening in house prices

- Indicators on buyer demand, agreed sales and new instructions remain negative
- National house prices begin to fall
- Both price and sales expectations point to these trends being sustained over the near-term

The November 2022 RICS UK Residential Survey results show overall activity continues to weaken across the sales market, with higher interest rates and a difficult macroeconomic outlook both taking their toll on buyer sentiment. As a result, house prices have begun to pullback according to the latest feedback, a trend that is expected to continue over the near-term at least.

Looking at buyer demand, the headline net balance for new buyer enquiries came in at -38% in November, marking the seventh successive negative monthly reading for this indicator. Although the

latest reading is not quite as downbeat as -53% seen last month, it still suggests momentum behind purchaser demand remains weak.

For agreed sales, a national net balance of -35% of respondents reported a decline over the latest survey period. Again, this is marginally less negative than the reading of -45% posted in October, but continues to signal a contraction in sales volumes nonetheless. Moreover, respondents across all parts of the UK cited a decline in agreed sales, the second consecutive month in which this has been the case. Going forward, the three and twelve-month sales expectations series returned net balances of -44% and -38% respectively, with both pointing to a further fall in sales activity.

Alongside this, the survey's measure of new instructions coming onto the sales market remains in negative territory, posting a net balance of -9% at the aggregate level. That said, given the drop-off in sales volumes of late, average stock levels on estate agents books ticked up marginally in November (moving from 34 to 35 properties). Looking ahead, the near term pipeline for listings appears subdued, with a net balance of -54% of respondents noting that the number of market appraisals undertaken over the month was below the comparable period last year.

With respect to house prices, a net balance of -25% of survey participants are now seeing a fall at the national level. This is down from a reading of -2% last month and represents the weakest figure for the price growth gauge since May 2020. Furthermore, prices are reportedly retreating across most parts of the UK, with the latest feedback especially downcast in the South East and South West of England. For now, prices continue to edge higher in Scotland and Northern Ireland, albeit the pace of growth (in net balance terms) is significantly softer than earlier in the year.

Over the coming twelve-month, an aggregate net balance of -61% of contributors foresee a further decline in house prices, down from an already weak reading of -48% last month. Virtually all parts of the UK exhibit negative price expectations for the year ahead, with projections being downgraded between the October and November survey results in most cases.

In the lettings market, tenant demand continues to rise, evidenced by a net balance of +35% of respondents reporting a pick-up in November (part of the monthly non-seasonally adjusted lettings dataset). At the same time, the flow of fresh supply becoming available on the rental market continues to dwindle, as a net balance of -27% of respondents highlighted a decline in landlord instructions this month. Consequently, the ongoing misalignment between rising demand and falling supply continues to exert upward pressure on rents. Indeed, a headline net balance of +43% of contributors anticipate rental prices moving higher over the coming three months, although this has somewhat moderated from a recent high of +66% back in February this year.

RICS 2022

13.0 VALUATION METHODOLOGY

13.1 Key Considerations

The subject property is situated along a main arterial route of East London along a mixed used road. The property forms part of a retail parade of nine units within a secondary trading location. Lea Bridge railway station is situated in close proximity to the west and the area has an average PTAL of 3. Footfall is considered to be at modest levels along the subject pitch.

The property itself, is a two storey period building arranged to provide a ground floor Class E unit and a self-contained one bedroom flat on the first floor.

The rear of the ground floor has been recently extended by way of a single storey extension and measures approximately 633 sq. ft of NIA and 421 sq. ft ITZA. The unit falls under Class E use and is entirely let to 'Coversure Insurance' on an FRI lease with the term expiring in June 2029. The tenant is of a modest covenant strength. The passing rent of £7,750 per annum has been in effect since the commencement of the lease in June 2014 with the rent review in 2019 remaining outstanding. We are of the opinion the property is substantially under rented and an uplift in rent could be sought.

Furthermore, the upper parts which are included in the prescribed lease were previously used as ancillary accommodation to the ground floor unit with internal access. The first floor flat has been recently converted into residential following the approved planning application in February 2022 and a front private entrance has been created to provide access from street level. The flat measures approximately 500 sq. ft and arranged to provide a reception, kitchen, bedroom and bath/WC. The relevant lease restricts any assignment or subletting of part of the property and as such our valuation considers the unit is for the sole use of the current tenant. As such we have made an adjustment to our opinion of the Market Rent to reflect the upper residential flat cannot be let in the open market.

We are informed that the current lease is intended to be surrendered by mutual consent and further informed the same tenant will be granted a new occupational lease in respect of the ground floor unit only, for a term of 8 years subject to an initial rent of £16,000 per annum and subject to a rent review on the fourth anniversary of the term. The lease will not be subject to any break options and will be drafted outside the provisions of security of tenure under the Landlord and Tenant 1954 Act (LTA 1954). We understand the proposed lease and the deed of surrender have not yet been formally documented and signed, as such our valuation is subject to the current tenancy.

The property is presented in good condition and finished to a good standard, being recently refurbished. Both the ground floor and the upper parts include valid EPCs.

We note the flat does not include the required selective licence. Our valuation takes into consideration that the flat is unlicensed, the cost to bring the properties to a licenced standard as well as the risk of financial penalties.

We are informed the property is held on a freehold title. Our research has revealed a leasehold title relating to the subject property. We recommend your solicitors clarify the property is held on a freehold title as this valuation is based on this assumption.

We are of the opinion that the subject property would predominately appeal to investors and owner occupiers to a lesser extent. Should the freehold interest be required to be disposed of in its current

layout and condition, at the valuation date, we would anticipate a transaction would have been completed within a period of 6-9 months, at figures similar to our opinion of the Market Value reported. This is on the basis that the property is openly marketed by suitable local agents at the correct levels.

Rental demand for commercial property in the area is at modest to restrained levels. If the property were to be let on an occupational lease agreement based on market standards and following completion, we consider a marketing period of 6-9 months to be adequate to secure a tenant.

In terms of residential property, rental demand in the area remains strong. Should the units be required to be let on Assured Shorthold Tenancy agreements following completion on standard 6 to 12 month terms, we consider a marketing period of between 2-5 weeks to be adequate to achieve a letting in this regard.

13.2 Valuation Approach

We have used the income approach of valuation to value the property. We have obtained suitable comparable evidence within the local area and have analysed this according to many factors, most particularly, the location, specification, tenure, size, age, unexpired term and re-letting opportunities. We have therefore made adjustments when comparison is made with the subject property and have combined this with our knowledge and expertise to result in our opinion of the Market Value of the property detailed further in this report.

The property is held on a single lease at the passing rent of £7,750 per annum which has been in effect since the commencement of the lease in June 2014. The rent review in 2019 remains outstanding. We are of the opinion the property is substantially under rented and an uplift in rent could be sought.

Due to the distinct lack of direct and recent retail letting transactions we have used more historic transactions and relied on our experience in valuing similar units in the specific location to form our opinion of the Market Rent.

The most recent transaction occurred at 642 Lea Bridge Road, a Class E unit situated within a superior commercial location in the wider area. The unit is set over the ground floor, is of a similar size and similarly newly refurbished. The agreed rent of £22,500 per annum reflects a rate of £33.00 psf overall and £47.27 psf ITZA.

The transaction at 336 Lea Bridge Road which was agreed in August 2021 at a rent of £18,000 per annum, reflects £33.46 per sq. ft overall and £43.59 per sq. ft ITZA. We have made adjustments to reflect this a new build unit with return frontage. We have made further adjustments to reflect the unit was offered in shell condition. More historic evidence demonstrates a consistent range of rents between £19.50 psf and £24.57 psf overall, while in terms of Zone A, rents range between £29.60 psf and £39.59 psf.

Our opinion of Market Rent for the ground floor unit is in the region of £14,000 per annum.

In relation to the rental value of the residential flat, we are of the opinion this would achieve a rent in the open market, the region of £1,250 per calendar month / £15,000 per annum.

To value the subject property employed the term and reversion method of valuation.

To value the term, we have capitalised the passing rent for a period of 18 months up to the break date in June 2024 at an All-Risks-Yield (ARY) of 4.00%. Based on the above, our opinion of Market Rent following reversion is in the region of £29,000 per annum. We capitalised the Market Rent at the reversionary yield of 6.00% deferred by 18 months. We have then deducted costs for void and rent free periods in order to secure a tenant for the ground floor unit.

In light of the above, our opinion of the Market Value is £400,000.

To value the property, on the special assumption with the new proposed lease is in situ, we have employed the straight capitalisation method. We consider the proposed new rent of £16,000 per annum to be marginally above our opinion of Market Rent and as such we have applied an All Risks Yield (ARY) of 7.00 % to result in a capital value of £230,000.

We have similarly used the investment method of valuation to value the residential flat above. Given the comparable evidence above and considering the condition of the unit we are of the opinion that an ARY of 5.50% is appropriate. This results to a capital value of circa £270,000.

According to your instructions, we have also valued the property with subject to vacant possession. We have capitalised our opinion of Market Rent being £29,000 per annum and applied an ARY of 6.00% which equates to £483,000 and have allowed a 6-month void and rent free period to secure a tenant for the ground floor unit to result at capital value of £475,000.

To arrive at our opinion of Market Rent subject to the current lease we have discounted the rental value of the upper residential part by 50% to account at the fact that the unit cannot be let at the open market. As such we consider the Market Rent to be £21,500 per annum.

14.0 LOAN SECURITY

In setting the loan facility, the Bank must consider the factors noted within this report and that the valuation is carried out as at the valuation date. The Bank must also be aware that values can fall, as well as rise, over time and can change rapidly in periods of economic decline and uncertainty.

We do believe that the property would offer adequate security for the loan, assuming that in accordance with best commercial practice, such loan is for a sensible portion of the Market Value reflecting the risks noted above.

15.0 VALUATION

The following opinions of value are as at **1st December 2022**:

- a. The **Market Value** of the freehold interest in the subject property is **£400,000 (Four Hundred Thousand Pounds)**.
- b. The **Market Value** of the freehold interest in the subject property **special assumption** of a sale being completed within a period of 90 days is **£360,000 (Three Hundred and Sixty Thousand Pounds)**.
- c. The **Market Value** of the freehold interest in the subject property **special assumption** of a proposed tenancy in-situ as detailed in this report is **£500,000 (Five Hundred Thousand Pounds)**.
- d. The **Market Value** of the freehold interest in the subject property with the benefit of vacant possession is **£475,000 (Four Hundred and Seventy Five Thousand Pounds)**.
- g. The **Market Rent** of the subject property is **£21,500 (Twenty One Thousand and Five Hundred Pounds) per annum**.
- e. The **Reinstatement Value** of the subject property for insurance purposes, as a guide only, is a figure in the region of **£350,000 (Three Hundred and Fifty Thousand Pounds)**.

Valuation Note: The above is provided for guidance without any liability. We assume clearance and reinstatement using modern methods and materials. The figure is not reflective of any extra costs relating to conservation area status or listed buildings (or indeed proximity to listed buildings). The above figure should not be relied upon, prior to building surveyor or other professional with replacement costs experience, undertaking a formal reinstatement valuation to confirm the above is accurate.

15.1 Valuation Definitions

Our valuation has been carried out in accordance with the **RICS Valuation Global Standards**, effective from 31 January 2022, incorporating the IVSC International Valuation Standards produced by The Royal Institution of Chartered Surveyors.

IVS104 defines **Market Value** as; the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

IVS104 defines the **Market Rent** 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 each acted knowledgeably, prudently, and without compulsion.

16.0 VALUATION STIPULATIONS

Basis of Value

Where Quest Property Consultants are instructed to provide valuations on the basis of limited marketing/ disposal periods, we draw your attention to the guidance provided by the RICS Valuation Global Standards, effective from January 2022, and UK national supplement that an opinion under such circumstances is only valid at the valuation date and may not be relied upon in the event of a future default when market conditions and sale circumstances may be different.

Disposal Costs Taxation and Other Liabilities

No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages or other charges, which may be secured thereon. Furthermore, no allowance is made to reflect any liability to repay any government or other grants or taxation allowance that may arise on disposal. Unless otherwise stated, no allowance is made for the possible impact of potential legislation which is under consideration and valuations are prepared and expressed exclusive of VAT payments.

Documentation

We do not normally read documents of title and rarely have access to full lease documentation. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature, which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation, we recommend that reliance should not be placed on our interpretation without verification by your lawyers.

Tenants

Although we reflect our general understanding of a tenant's status in our valuations, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

Measurements

All measurements are carried out in accordance with the Property Measurement 2nd Edition (January 2018) issued by the Royal Institution of Chartered Surveyors, except where we specifically state that we have relied on another source. The areas adopted are purely for the purpose of assisting us in forming an opinion of rental or capital value. They should not be relied upon for other purposes nor used by other parties without our written authorisation.

Estimated Rental Value

Our opinion of rental value is formed purely for the purposes of assisting in the formation of an opinion of capital value. It does not necessarily represent the amount that might be agreed by negotiation, or determined by an Expert, Arbitrator or Court, at rent review or lease renewal. This statement does not apply to our opinion of Market Value.

Town Planning and Other Statutory Regulations

Information on town planning is, wherever possible, obtained either verbally from local planning authority officers or publicly available electronic or other sources. It is obtained purely to assist us in forming an opinion of capital value and should not be relied upon for other purposes.

It is assumed that the property has been constructed in full compliance with valid Town Planning and Building Regulation approval and it is not subject to any outstanding statutory notice as to its construction, use or occupation. Unless our enquiries have revealed the contrary, it is further assumed that the existing use of the subject premises is duly authorised or established and that no adverse planning conditions apply.

If reliance is required, we recommend that verification be obtained from lawyers that:

- the position is correctly stated in our report
- the property is not adversely affected by any other decisions made, or conditions prescribed, by public authorities
- that there are no outstanding statutory notices.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and EC regulations, including fire regulations, access and use by disabled persons and control and remedial measures for asbestos in the workplace.

Structural Surveys

We have not been instructed to carry out a structural survey and have not inspected woodwork or other parts of the property that are covered, unexposed or inaccessible and such parts will be assumed to be in good repair and condition. We do not test the services and we therefore do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention. Unless stated otherwise in our reports we assume any tenants are fully responsible for the repair of their demise either directly or through a service charge.

This valuation does not purport to express an opinion about or to advise upon the condition of un-inspected parts and should not be taken as making any implied representation or statement about such parts.

Deleterious Materials

We do not normally carry out investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

Site Conditions

We do not normally carry out investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters. However, should our site inspection and further reasonable

enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

Insurance

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms, for example in regard to Composite Panels, Terrorism, Flood and Rising Water Table.

NHBC (Applicable to New Build projects or buildings erected in the last ten years)

The 2013 edition of the NHBC Standards came into effect for every NHBC registered home where works were started on or after 1 January 2013. This is an essential part of risk management to ensure buildings are constructed to the correct standards. This keeps potential problems to a minimum, benefitting both homeowners and builders. We assume that the subject property benefits from the required certification and we recommend your legal advisers confirm this is correct prior to capital advance. This could potentially impact on any resale and the valuation provided herein. We have assumed that the property has the necessary warranties and we reserve the right to review our valuation if this is not the case.

Outstanding Debts

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

External Cladding

We have inspected the building externally from ground level and have not been able to obtain clear views of the entire building. Some composite clad and combustible materials, however, may prove difficult to identify by simple views without further specialist investigations and conducting a fire-risk assessment. We do not carry out investigations on site to ascertain whether any building was constructed or altered using combustible materials and unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

17.0 SIGNATURES

Sotiris Charalambous MSc MRICS inspected the property. The valuation has been undertaken by Sotiris Charalambous MSc MRICS and Achilleas Pilides MSc MRICS. We confirm that the above-named and Quest Property Consultants, the firm, are independent valuers as defined by PS 2 of the, "The RICS Red Book Global". Sotiris Charalambous MSc MRICS and Achilleas Pilides MSc MRICS have the relevant experience in valuing the type of property concerned in the particular location and are RICS Registered Valuers.

We confirm that we do not have a conflict of interest in carrying out this instruction.

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.



.....
Sotiris Charalambous MSc MRICS
Director
For and on behalf of
Quest Property Consultants Ltd



.....
Achilleas Pilides MSc MRICS
Director
For and on behalf of
Quest Property Consultants Ltd

12th December 2022
Ref: 20849

2. TERMS OF ENGAGEMENT



TERMS OF ENGAGEMENT

<p>Identification and status of the valuer</p>	<p>Name: Achilleas Pilides & Sotiris Charalambous</p> <p>Qualifications: MSc, MRICS</p> <p>Registered valuer status: RICS Registered Valuers</p> <p>Experience and expertise: Achilleas Pilides MSc MRICS has 13 years' experience in valuing the type of properties concerned in the specific locations. Sotiris Charalambous MSc MRICS has 5 years' experience in valuing the type of properties concerned in the specific locations.</p> <p>Previous involvement with the property or parties to the case: We confirm that our firm has previously valued this property for loan security purposes on behalf of a lender. Our only involvement is in the valuation of this property subject to this and previous instruction.</p> <p>Conflict of interest: We confirm that we do not have a conflict of interest in carrying out this instruction.</p> <p>Confidentiality: Confidential Information, as defined by the RICS PS - Conflicts of Interest 2017, are maintained confidential unless disclosure is required or permitted by law, or with prior written consent by the instructing party.</p> <p>Declaration of independence and objectivity: We confirm that both the above-named and Quest Property Consultants, the firm, are independent valuers as defined by PS 2 of the RICS Valuation - Global Standards.</p>
<p>Client</p>	<p>Proplend Security Limited 20-22 Wenlock Road London N1 7GU</p>
<p>Purpose of valuation</p>	<p>Loan Security</p>

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Quest Property Consultants Ltd Incorporated in England & Wales Number 09601872
Registered office: 30 Bloomsbury Street, London WC1B 3QJ





Properties to be valued	<p>Address: 177 Lea Bridge Road, London E10 7PN</p> <p>Interests to be valued: Freehold</p> <p>Tenancies: Subject to residential and commercial tenancies</p> <p>Type and use: Class E (Commercial, business and Service), C3 (Residential)</p>
Basis of value	<p>The following definitions of Basis of Value will be used. They are derived from the RICS Valuation - Global Standards, effective from 31 January 2022, incorporating the IVSC International Valuation Standards and (where applicable) the relevant RICS national or jurisdictional supplement.</p> <p>VPS4 of the standards applies the definitions outlined in the IVS 104 Bases of Value and specifies additional mandatory requirements for RICS members.</p> <p>VPS4 of the standards defines Market Value as; the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.</p> <p>IVS104 defines the Market Rent 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 each acted knowledgeably, prudently, and without compulsion.</p>
Valuation date	As of the date of inspection
Special assumptions	<ul style="list-style-type: none">a) Current value of the property on 90-day saleb) Current value of the property assuming vacant possession
Assumptions and extent of investigations	<p>Inspection: We will inspect the building externally from ground level and may not be able to obtain clear views of the roof. Our inspection is limited to the visible internal and external parts. Our inspection is also limited by the presence of furniture, fixtures and floor coverings.</p> <p>As our inspection is limited to parts of the property which are covered, unexposed or inaccessible and such parts is assumed to be free of any defects or disrepair that would adversely affect our valuation.</p> <p>Condition of buildings: We have not been instructed to carry out a structural survey and have not inspected woodwork or other parts of the property that are covered, unexposed or inaccessible and such parts will be assumed to be in good repair and condition. We do not test the services and we therefore do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention. Unless stated otherwise in our reports we assume any tenants are fully</p>



	<p>responsible for the repair of their demise either directly or through a service charge.</p> <p>This valuation does not purport to express an opinion about or to advise upon the condition of un-inspected parts and should not be taken as making any implied representation or statement about such parts.</p> <p>Site Conditions: We do not normally carry out investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.</p> <p>Services: We assume that mains services are connected to the subject property and that all services are adequate and fully operational.</p> <p>Planning: Where we are unable to make verbal enquires, online enquiries of the Local Authority will be undertaken to confirm town planning matters, which may affect our valuation. We believe that the information that we obtain is correct, but we cannot accept liability for either incorrect or for material omissions in the information gleaned, including statutory notices or contraventions of statutory requirements.</p> <p>Highways: We assume that the street the property is situated on is an adopted road, as there are no indications to suggest otherwise. Your solicitor's searches should be able to confirm this assumption and recommend we are notified if the road is not adopted. We assume any rights of way in relation to the secure service road have been adequately granted.</p> <p>Title: Where we are not provided with a Report on Title and we will assume that the property is not subject to any defect in title, any adverse covenant, or subject to any unusual or other onerous restrictions, rights or outgoing, and that good title can be shown.</p> <p>For the purposes of this valuation report, it is assumed that there are no outstanding disputes with the neighbouring occupiers. Moreover, it is also assumed that there are no wayleaves or easements granted in favour of the subject property, or, indeed, any neighbouring property or properties.</p> <p>Contamination: We will not carry 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 to the property. In the absence of an</p>
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	<p>environmental audit or other environmental investigation or soil survey, we will assume that no contamination, or the possibility of contamination, exists. Should it be established that contamination exists at the property or on any neighbouring land, or that the premises have been or are being put to a contaminative use, then this might adversely impact on our opinions of value and we would need to review the valuation advice contained within the report.</p> <p>Hazardous or deleterious materials: We do not normally carry out investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.</p> <p>Where the property is of an age where it could contain deleterious materials such as asbestos, we assume that if any works are proposed to be undertaken within the property an appropriate survey, carried out by a suitably qualified person, will be undertaken to reveal the nature and location of such materials which can be disposed of safely in accordance with current guidelines.</p> <p>Radon gas: Where our enquiries appear to confirm that the property is not within an area significantly affected by Radon Gas, we will assume that protection measures are not required.</p> <p>Flooding: We will raise online enquiries through the Environment Agency website, to determine whether the property is within an area prone to flooding. Any risk of flooding will be reflected within our opinion of value.</p> <p>Sustainability: The Energy Act 2011 and subsequently the Minimum Energy Efficiency Standards (MEES) stipulates that since April 2018, a property with an Energy Efficiency Rating below the prescribed level, being Band E, will not be able to be let until improvements have been carried out to improve the Energy Efficiency Rating at or above Band E.</p> <p>Where our search of the EPC Register does not reveal an EPC for the property, we will state in our report whether our visual inspection suggests that the assessed rating would fall below Band E and the impact upon the valuation.</p> <p>Fire Regulations: <i>(Occupied business property of 5 people+)</i> Where we are not provided with a copy of a Fire Risk Assessment, we will assume that all relevant legislation has been complied with.</p> <p>External Cladding: We do not carry out investigations on site to ascertain whether any building was constructed or altered using combustible materials and unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used. Based on guidelines introduced by the RICS, the Building Societies Association and UK Finance, where the property has been</p>
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	constructed with external panelling and forming part of a building that exceeds 18-meters or six storeys in height we are required to request a signed EWS1 form, following investigations by a qualified professional conducting a fire risk assessment.
Source of information	Comparable evidence is sourced through local estate agents, surveyors, land registry data, specialist online databases and our in-house database. The information sourced is believed to be correct, but not confirmed by reference to contracts of sale or other documentation.
Restrictions on publication	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.
Third party liability	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.
RICS Valuation Standards (and departures from it)	The Valuation and Report will be prepared in accordance with the RICS Valuation Global Standards, effective from 31 January 2022, incorporating the IVS (International Valuation Standards) and (where applicable) the relevant RICS national or jurisdictional supplement.
Descriptions of report	The report(s) will be prepared in accordance with the minimum reporting contents of VPS 3. The report will be made available in pdf form, unless otherwise requested.
Fee	£600.00 + VAT
Complaints	The firm operates a Complaints Handling Procedure in accordance with RICS guidelines. A copy is available upon request.
RICS monitoring	The firm and valuer are registered with RICS Valuer Registration. Please note that our files may be subject to monitoring under the institution's conduct and disciplinary regulations.
Terms of business	Quest Property Consultants Ltd requires fees are payable upon completion of the instruction but prior to the release of any reports.

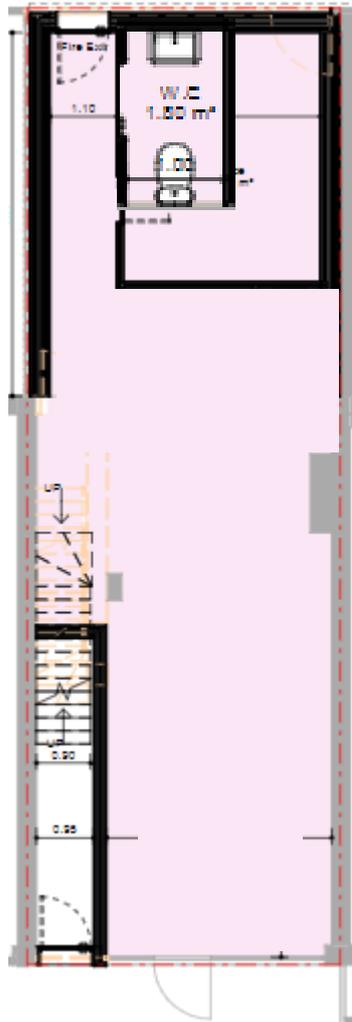
We accept these terms of engagement as an accurate summary of the instructions to provide a valuation.

Signed 
For and on behalf of
Quest Property Consultants Ltd
Dated: 28th November 2022

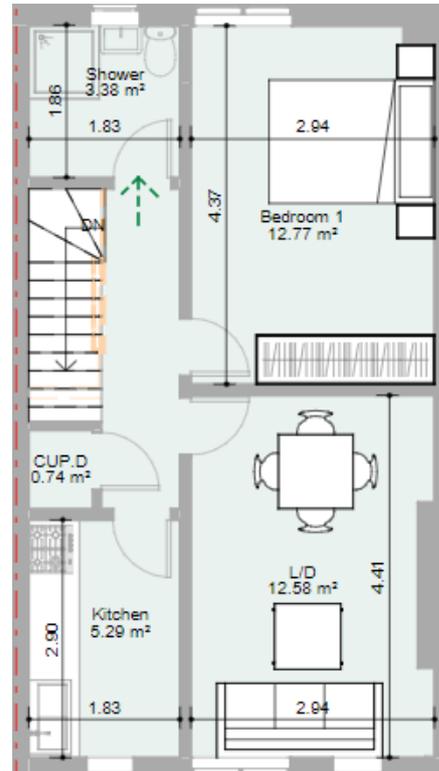
Signed 
Client Name:
PROLEND SECURITY LTD
Dated 29. 11. 22

3. FLOORPLANS

Ground floor shop



First floor flat



4. PHOTOGRAPHIC EVIDENCE

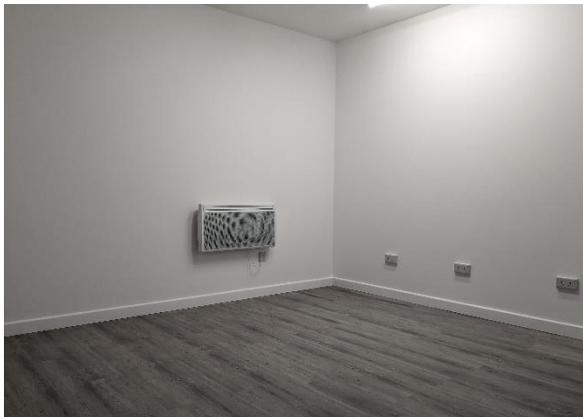
Shop front elevation



Ground floor open sales area



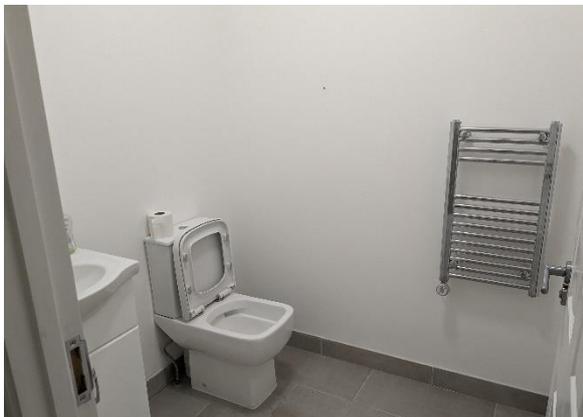
Rear sales area



Kitchen



WC



First floor flat reception



First floor flat kitchen



First floor flat bedroom



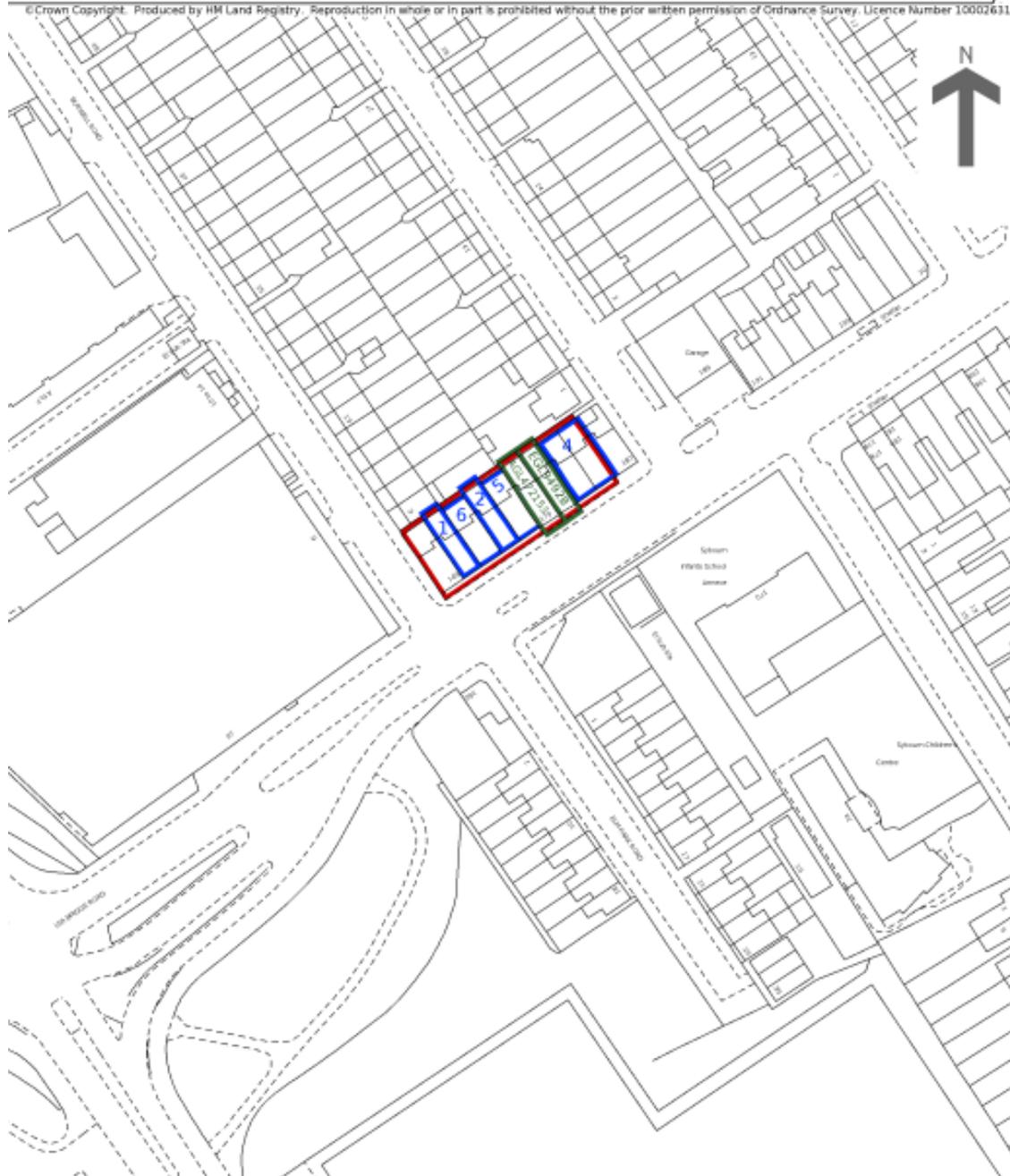
5. FREEHOLD TITLE PLAN

HM Land Registry
Official copy of
title plan

Title number **EGL78614**
Ordnance Survey map reference **TQ3687SW**
Scale **1:1250**
Administrative area **Waltham Forest**



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6. LEASEHOLD TITLE PLAN

HM Land Registry
Official copy of
title plan

Title number **AGL323117**
Ordnance Survey map reference **TQ3687SW**
Scale **1:1250**
Administrative area **Waltham Forest**



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The land in this title lies within the area edged red hereon and is more particularly described in the lease or leases referred to in the property register.



7. ENERGY PERFORMANCE CERTIFICATE

Coversure Insurance Services Ltd 177 Lea Bridge Road LONDON E10 7PN		Energy rating D
Valid until 14 April 2029	Certificate number 9629-3004-0311-0100-2791	

Property type	A1/A2 Retail and Financial/Professional services
Total floor area	85 square metres

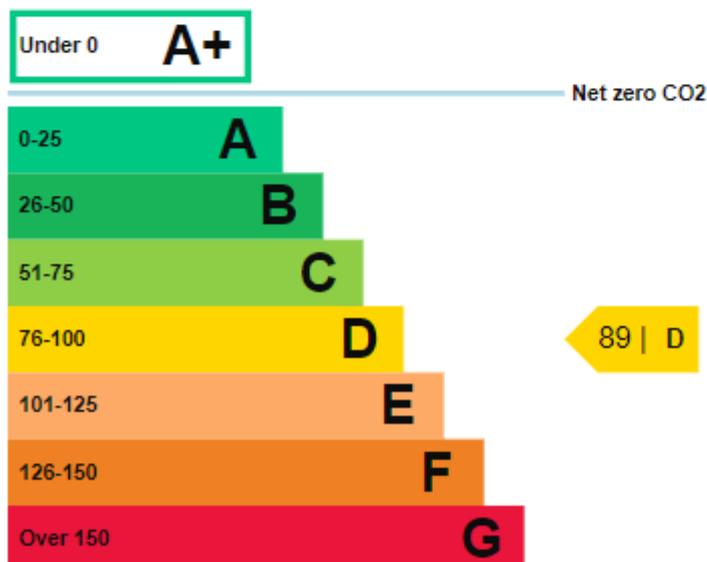
Rules on letting this property

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

You can read [guidance for landlords on the regulations and exemptions](#).

Energy efficiency rating for this property

This property's current energy rating is D.



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

177A Lea Bridge Road London E10 7PN		Energy rating D
Valid until 14 July 2032	Certificate number 9732-4223-6000-0865-4292	

Property type	Top-floor flat
Total floor area	43 square metres

Rules on letting this property

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

You can read [guidance for landlords on the regulations and exemptions](#).

Energy efficiency rating for this property

This property's current energy rating is D. It has the potential to be C.

[See how to improve this property's energy performance.](#)

Score	Energy rating	Current	Potential
92+	A		
81-91	B		
69-80	C		73 C
55-68	D	59 D	
39-54	E		
21-38	F		
1-20	G		

The graph shows this property's current and potential energy efficiency.