

VALUATION REPORT

38-40 Belmont Road
Erith
Kent
DA8 1LB

UNDERTAKEN ON BEHALF OF

Proplend Security Limited
145-157 St John Street
London
EC1V 4PW

FOR THE ATTENTION OF

Richard Berkley

02 April 2015

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EXECUTIVE SUMMARY

38-40 Belmont Road, Erith,
DA8 1LB



Tenure	Freehold
Total gross Income	£53,744 per annum
Market Rental Value	£46,400 per annum
Market Value	£530,000
Market Value (VP)	£450,000
Description	A mixed use site comprising a car showroom with a forecourt , an additional car maintenance workshop to the rear and two other buildings which are occupied by vehicle paint spraying and bodyworks repairs. Aggregate GIA 2,858 sq ft.
Loan security	The particular strengths and weaknesses of the property are as follows:

Strengths

- Freehold;
- Let and income producing; and
- Located on a fairly busy through road to the main commercial district in Bexleyheath.

Weaknesses

- Secondary commercial location.
- Short unexpired lease terms on the garage workshops; and
- Disjointed ownership.

We have taken these factors into consideration in determining our opinion of Market Value.

Property Address: 38-40 Belmont Road, Erith, Kent, DA8 1LB

Client: Proplend Security Limited

Customer: Mr Ronald Johnson

Reference no: RMV2015-199-HM

1.0 INTRODUCTION

Instructions

- 1.1 In accordance with your instructions, we have inspected the above mentioned freehold property, held by your customer, in order to advise you as to our opinion of:
- The current Market Value of the freehold interest in the property, as at the date of valuation, and otherwise on the basis of the other assumptions contained herein.
 - The current Market Value of the freehold interest in the property, as at the date of valuation, assuming vacant possession and otherwise on the basis of the other assumptions contained herein.
 - Market Rent.
- 1.2 You have additionally asked us to provide a guide on the reinstatement cost of the building for insurance purposes. We propose providing an indicative estimate that is sufficient for you to judge whether your interest as mortgagee is adequately covered in the policy effected by the Borrower.
- 1.3 We have valued the property based on the information provided and otherwise on the assumptions referred to herein. We have not been provided with any Report on Title and have assumed the property has good title, free from any onerous or restrictive covenants and other encumbrances.
- 1.4 Having made all necessary enquiries and completed our research, we are now able to report to you with our opinion of value.

Purpose of valuation

- 1.5 We understand that our valuation is required for secured lending purposes. A copy of your Instruction letter together with our letter of our engagement is enclosed at **Appendix A**.

Compliance

- 1.6 We confirm that this report has been prepared strictly in accordance with the Valuation Standards, Guidance Notes and appendices contained in the RICS Valuation - Professional Standards 2014 – Global and UK (“The Red Book”). The firm is considered to be an external valuer as defined in the RICS Standards.
- 1.7 We confirm that our professional indemnity insurance cover, on a per claim basis, is available in respect of the services provided.
- 1.8 We have undertaken a conflict of interest check and can confirm that we are not aware of any conflict of interest arising as a result of our acceptance of this instruction.

- 1.9 The valuation has been carried out in accordance with our Standard Valuation Assumptions and Bases of Valuation, which are attached at **Appendix B**.

Inspection

- 1.10 The property was inspected externally and internally by Helena Mensah MRICS on Tuesday 24 March 2015. The valuation has been prepared by Helena Mensah MRICS and reviewed by Rupert Maude FRICS, a Partner of Cluttons LLP, who we confirm has experience in valuing commercial properties of this type.

Date of valuation

- 1.11 The valuation date is the date of this report, 02 April 2015.

2.0 LOCATION AND SITUATION

- 2.1 The subject site is located on the northern side of Belmont Road, close to its junction with Becton Place, in Erith, Kent, within an area administered by the London Borough of Bexley.
- 2.2 Erith is a district of south east London, located c.12 miles to south-east of Central London, adjacent to the River Thames. Erith is also situated to the north east of Bexleyheath and north west of Dartford and comprises a mix of industrial, rural and residential uses.
- 2.3 Belmont Road runs off east from Bedonwell Road before leading to Brook Street. The subject site is set back from Belmont Road and is situated adjacent to a two storey office, a hand car wash and valeting centre, Londis newsagent and a Gulf Filling Station. The surrounding uses are of a predominantly residential nature.
- 2.4 Bexleyheath, Barnehurst and Erith Mainline train stations are located c.1.5, 0.7 and 1.5 miles to the south-west, south and north-east respectively, providing services into Central London and neighbouring suburbs. The surrounding area is also served by local bus routes.
- 2.5 Please refer to the Location Plan and Ordnance Survey extract attached at **Appendix C**.

3.0 DESCRIPTION AND CONSTRUCTION

- 3.1 The subject property comprises a car showroom and garage workshops within a larger site with the remainder not held by your Customer. Access to the site is from Belmont Road, leading to a concrete forecourt and showroom to the left and with garage workshops to the rear of the showroom.
- 3.2 Externally, the single storey showroom (building 1) comprises brick elevations and double glazed windows beneath a flat roof. Internally, the showroom is finished with carpeted flooring over a solid concrete floor, plastered walls and ceilings and spotlighting. Entrance into the showroom leads to a small ancillary office to the left with a suspended ceiling and a small part tiled kitchenette. A small WC with a lino covered floor to the left of the office, houses a Potterton gas boiler.
- 3.3 To the rear of the showroom is a garage workshop (building 2) occupied by GW Coachworks. The garage comprises exposed block walls, a concrete floor, fluorescent tube lighting and is fitted with a paint shop to the rear. Externally, the

garage has concrete elevations and an electric up and over roller shutter door, beneath a flat roof.

- 3.4 An additional garage (building 3) occupied by GW Coachworks is located opposite and to the rear of the two storey office building (not in the ownership). Externally, the single storey garage comprises brick elevations and basic up and over shutter doors, beneath a pitched corrugated asbestos roof. Internally the workshop comprises a concrete floor, exposed brick walls, fluorescent tube lighting and a small office to the left.
- 3.5 To the rear of the site is a detached single storey shed (building 4), with metal clad walls, fluorescent tube lighting and a basic up and over shutter door, beneath a pitched steel truss roof.
- 3.6 Photographs of the site are attached at **Appendix D**.

4.0 ACCOMMODATION

- 4.1 We have measured the gross internal area (GIA) of each building, in accordance with the RICS Code of Measuring Practice (6th Edition). We set out the areas below:-

Accommodation	Use	Sq m	Sq ft
Building 1	Showroom	62.9	677
Building 2	Workshop	65.3	703
Building 3	Garage	77.1	830
Building 4	Shed	60.2	648
Total		265.5	2,858

5.0 SITE

- 5.1 The site is shown, for identification purposes only, edged red on the attached Ordnance Survey extract (scale approximately 1:1,250). The buildings have the following site areas.

	Metric	Imperial
Building 1	0.011 ha	0.028 acres
Building 2	0.007 ha	0.017 acres
Building 3	0.007 ha	0.017 acres
Building 4	0.008 ha	0.020 acres

- 5.2 An Ordnance Survey Plan extract is attached at **Appendix C**.

6.0 CONDITION AND STATE OF REPAIR

- 6.1 In preparing this report, Cluttons LLP were not instructed to undertake any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the subject property. We emphasise that we have not undertaken a building survey of the property, and should you require a more detailed report upon the structural condition and state of repair, a further inspection and report will be necessary. We would also refer you to our comments made under the heading 'Environmental Issues' below.
- 6.2 No significant defects were apparent on the date of inspection. It should be noted that the buildings are of very basic quality.
- 6.3 We can confirm that we have taken into account the existing condition of the property within our valuation.

7.0 SERVICES

- 7.1 The site is connected to all the main services, including electricity, gas and water.
- 7.2 It was beyond the scope of our inspection to test the services, however, we have assumed these are fully operational, are subject to regular maintenance and comply with all current guidelines and regulations.

8.0 ENVIRONMENTAL ISSUES

- 8.1 We were not instructed to undertake or commission an environmental assessment to establish whether contamination exists or may exist, nor are we aware of any such assessment having been prepared by a specialist advisor in respect of the subject property and its environs.
- 8.2 However, during the course of our inspection of the property and its immediate vicinity for valuation purposes and our usual subsequent enquiries, the possibility that the property may be contaminated has been considered. This was done by complying with the requirements of the "Royal Institution of Chartered Surveyors" and the property observation checklist for identifying apparent potential for contamination included therein.
- 8.3 We would remind you that, in accordance with your instructions, we have not undertaken any detailed site investigations. Historical land uses for the property and surrounding area appear to have been residential and commercial use.
- 8.4 For the purposes of this valuation report, we shall assume that no contamination or deleterious materials exist to be sufficient to affect our opinions of value. However, we would stress that should this assumption prove to be incorrect, the values reported herein may be reduced.
- 8.5 We assume that the Local Authority have served no notices upon the subject property.
- Flood Risk**
- 8.6 A search of the Environment Agency's website has identified that the property is at very low risk of flooding. This means that each year, this area has a chance of flooding of less than 1 in 1000 (0.1%).

9.0 PLANNING AND RATING

Town planning

- 9.1 The property falls within the administrative boundaries of the London Borough of Bexley.
- 9.2 We have made informal online enquiries of the local planning portal, which has confirmed that the property is not listed nor situated within a Conservation Area.
- 9.3 We have inspected the statutory planning register on Bexley Council's website and outline details of major planning applications submitted with regards to the property:-

Application Number	Address	Decision Date	Decision	Details
11/01146/FUL	G A Motors 40 Belmont Road	15/03/12	Granted subject to conditions	Formation of first floor offices
06/14585/FUL	38-40 Belmont Road	26/03/07	Permitted	Erection of 3 light industrial workshop units (Class B1/B2) incorporating mezzanine floors

- 9.4 We have not made specific additional enquiries with the Local Authority and our valuations further assume that the property will not be significantly affected by any town planning or other related proposals within the foreseeable future.
- 9.5 Belmont Road is understood to be adopted and maintained by the Local Authority and our valuations assume full and unequivocal rights of pedestrian and vehicular access are available to the property from this highway.
- 9.6 Our valuations further reflect that as far as we have been able to confirm and otherwise assume neither the site nor the local area will be detrimentally affected by any town planning or other related published proposals within the foreseeable future.
- 9.7 In arriving at our opinion of value we have assumed that the property complies with all the necessary statutory consents, including town planning and current building regulation requirements.

Rating

- 9.8 We have made informal online enquiries of the Valuation Office website which confirms that the property is listed for Business Rates purposes as follows.

Address	Description	Rateable Value
Garage at 38-40 Belmont Road	Car showroom & Premises	£9,000
P & P Motor company r/o 40 Belmont Road	Workshop & Premises	£2,600
Pheasant Garage, 40 Belmont Road	Vehicle repair workshop & Premises	£10,750

9.9 The national non-domestic multiplier for 2015/2016 is 49.3p in the £.

10.0 TENURE

10.1 We understand that the property is held Freehold.

10.2 We have not seen Title Deeds and have assumed that these are free from any unduly onerous restrictions, easements, or covenants that would affect our opinion of value.

10.3 We have assumed that the Customer has ownership or a Right of Way over the service road into the site. We have assumed that the maintenance and repair of the service road is shared between the Customer and the adjoining landowners

11.0 TENANCIES

11.1 We have been provided with copy leases and have summarised the principal terms for each lease in the table below.

Unit	Tenant	Lease Start	Lease Expiry	Rent p.a (Review Date)	Comments
Car Showroom 38-40 Belmont Road	Ravinder Chhokar	13/10/14	12/10/19	£14,000 (13/10/17)	Permitted use: Car Showroom within Use Class A1. Within Security of Tenure Provisions of LTA 1954.
Car Body Repairs at Part 38-40 Belmont Road	GW Coachworks	10/09/12	9/09/17	£30,540 (10/09/15)	Permitted use: Car Body Repairs within Use Class A1. Within Security of Tenure Provisions of LTA 1954.
Car Mechanic at Part 38-40 Belmont Road	WD Autos	10/09/12	9/09/17	£9,204 (10/09/15)	Permitted use: Car Mechanic within Use Class A1. Within Security of Tenure Provisions of LTA 1954.
Aggregate Rent				£53,744	

11.2 The tenants must keep the property in good repair and decorate the premises in accordance with the terms of the lease.

11.3 Assignments and subletting of the whole and internal/non-structural alterations are permitted with the prior consent of the Landlord, such consent not to be unreasonably withheld.

- 11.4 We consider the leases are drawn on acceptable full repairing and insuring terms.

12.0 MARKET COMMENTARY/

The UK economy

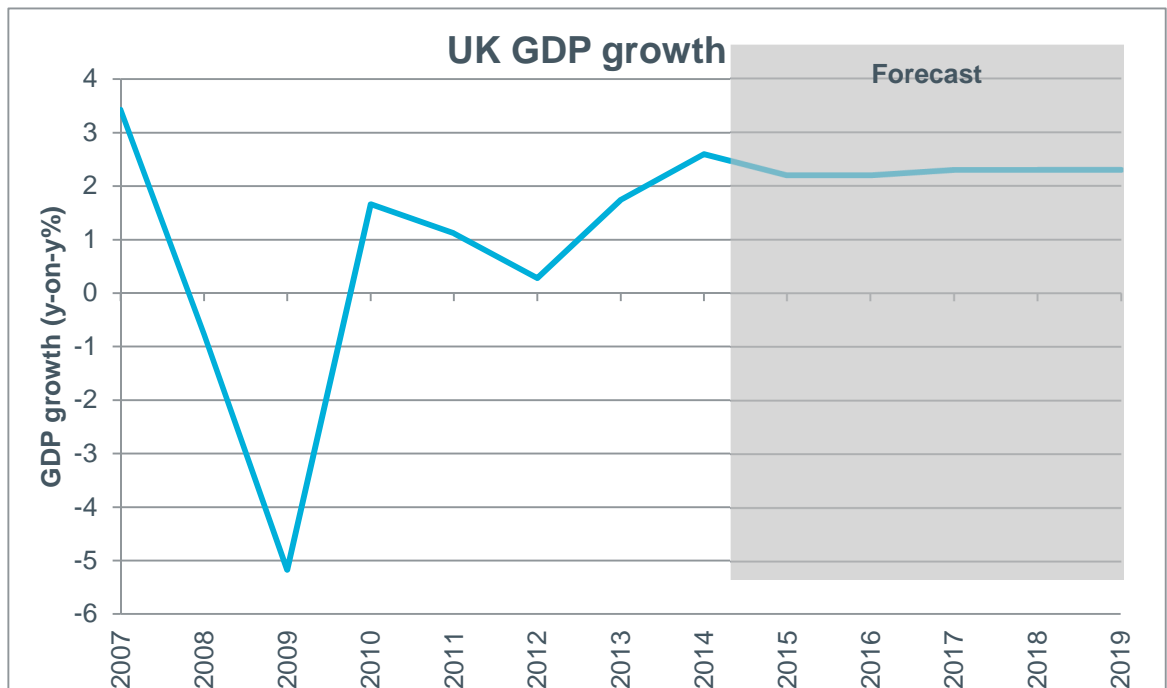
- 12.1 UK GDP growth during the fourth quarter of 2014 was confirmed at 0.5%. This follows the 0.7% growth during Q3. Total growth in 2014 was 2.6% (ONS).
- 12.2 During the 2014 Autumn Statement, the Chancellor announced that 500,000 new jobs have been created up to December 3 and the UK is the fastest growing economy in the G7.
- 12.3 The Chancellor also announced revised GDP growth figures for the UK. The forecast for 2015 was revised upwards, but 2016 to 2019 saw marginal declines in GDP forecasts.

Employment, Wage Growth and Industry

- 12.4 Positive employment data continues to add to the favourable economic readings. During the final quarter of last year, employment rose by just over 100,000, with nearly 75% of that figure in the full-time category. The level of unemployment subsequently fell to its lowest level since August 2008, ending the year at 5.7%. The economic turnaround clearly gained strength in 2014, with the rate of growth in employment nearly double that of 2013. (Experian)
- 12.5 The widespread improvement in employment is also helping to drive up household consumption levels. This, coupled with government initiatives such as Help-to-Buy, is underpinning household demand, although policies such as the Mortgage Market Review are now negating this to an extent.
- 12.6 Moreover, real wage growth has surpassed the level of inflation and more full time jobs are being created, which is helping to underpin consumer confidence and subsequently, spending levels are rising, further bolstering overall economic growth.
- 12.7 The ONS reported that year on year, real wages grew 1.7% in the October to December 2014 period. CPI fell to 0.3% in January from 0.5% in December, the lowest CPI rate on record, and lowest inflation rate by any measure since 1960.
- 12.8 As a result, a rise in interest rates is no longer an immediate concern, with our base rate forecast suggesting a rise in late 2015 or possibly 2016. Any increase is expected to be gradual, with a 0.25% rise projected per quarter.
- 12.9 Elsewhere, the headline Markit/CIPS Construction Purchasing Managers' Index (PMI) rose to 60.1 in February, from 59.1 in January. Experian forecast an increase of 2.9% in those employed in the construction industry in 2015.
- 12.10 The Markit/CIPS index for the services sector fell to 56.7 in February, down from 57.2 in December.

Economic forecast

- 12.11 With these factors in mind, we forecast economic expansion of 2.2% this year, with the same growth projected in 2016.



Source: Cluttons, Experian

COMMERCIAL PROPERTY PERFORMANCE

- 12.12 In general, commercial property capital values remain 27% below peak levels, with offices (-19%), industrial (-22%) and retail (-33%) also some way from previous highs, according to the latest data from IPD.
- 12.13 The only exceptions to this have been pockets of Central London, where capital values within the offices sector in the West End and Mid Town have recovered and are now 15.3% above market peak, according to figures from IPD data. However, capital values in the City still sit 10.9% below the pre-recession peak.
- 12.14 Yields have compressed further within London, with capital and rental values continuing to rise. Central London offices are showed yields of 5% for 2014, however this is expected to be slightly lower at 4.8% this year.
- 12.15 The squeeze on yields is expected to filter out towards the best performing regional locations over the course of 2015 as well. Yields in Rest of South East offices for instance, dipped to 7.4% last year and is are forecast to achieve 7.0% in 2015.
- 12.16 With strong rental value growth being forecast, yields are expected to come under further pressure as the year progresses. For instance, we expect rental growth of 8.3% for Central London offices in 2015, and 5.4% in Rest of South East offices in 2015, moving to 5.0% (2016) and 4.5% (2017).

13.0 RENTAL VALUE

- 13.1 We set out below details of some recent lettings of industrial space which we have considered in arriving at our opinion of Market Rent.
- **Units 5-12 Bourne Industrial Park, Crayford, DA1** – a terraced workshop unit of 480 sq ft, constructed with brickwork elevations, incorporating sash windows under a pitched roof. The unit benefits from 5 car parking spaces. Let in September 2013 to Reliable Elevator Services Ltd for £5,990 per annum, reflecting £12.48 psf.

Superior location within an industrial park, and the evidence is for a smaller sized property.

- **5 Hassop Road, London, NW2** – 1st floor workshop space of 890 sq ft, let to Baycastle Ltd for a term of 3 years, at a rent of £10,000 per annum, reflecting £11.24 psf. The unit benefits from air conditioning, 3 phase power, central heating and roller shutters.

Superior location, although a historic transaction.

- **13-18 Bourne Industrial Park, Crayford, DA1** – a terraced workshop unit of 2,179 sq ft, constructed with brickwork elevations, with a part clad front elevation beneath a pitched roof. Let in August 2013 to SG Smith Parts Ltd for a term of 6 years, at a rent of £23,991 per annum, reflecting £10.50 psf.

Superior location within an industrial park, although the evidence is for a larger sized property.

- 13.2 Much of the rental evidence available for car showrooms is for significantly larger showrooms (c. 10,000 – 35,000 sq ft), let to major dealerships such as Kia and Volkswagen and in closer proximity to central London. The rents agreed range between £13.40 and £18.50 psf. The subject property on the other hand comprises a 677 sq ft let to a local individual and thus is not directly comparable. A new lease was however recently agreed in October 2014 at a rent of £14,000 per annum, reflecting £20.70 psf. Following on from our comparison with the evidence available and our discussions with local agents we consider the rent agreed is reflective of Market Rent.

14.0 CAPITAL VALUE

- 14.1 In determining our opinion of the Market Value of the property, we have used the comparative and investment method of valuation involving the assimilation of relevant sales information, as well as analysing data obtained from internet based research. Evidence relied upon includes the following.

- **Samlet Car Centre, Samlet Road, Swansea, SA7 9AD** – a warehouse/workshop building of 4,945 sq ft, used for the storage of cars, offices and showroom. Let to Samlet Car Sales Ltd, producing an annual rental income £25,000. Sold in July 2014 for £275,000, reflecting 9.09% NIY.

Inferior geographical location.

- **Senate Electrical, Sandy Lane, Sidcup, Bexley, DA14** – a light industrial/trade counter unit of 15,126 sq ft, with ground floor warehouse and office accommodation and additional office accommodation on the lower ground and first floors. Let to Rexel Senate Limited on a lease expiring in February 2069, at a rent of £82,000 per annum. The freehold interest sold in October 2014 for £1,040,000, reflecting 7.45% NIY.

Superior location within an established industrial use, although the evidence is for a larger sized property.

- **Farwig Lane, Bromley, BR1 3RE** – an industrial unit of c.15,256 sq ft, let to Howden Joinery Properties Limited, with an unexpired term of 13.33 years, at a rent of £82,000 per annum. The freehold interest was sold in January 2014 for £1,250,000, reflecting 6.20% NIY.

Superior location and larger sized property.

- **Units 2, Pound Lane Industrial Estate, Ashford, Kent TN23** – a terraced single storey steel portal framed industrial unit of 2,488 sq ft, let to Opak Ltd for a term of 3 years from August 2013, at a rent of £13,000 per annum. The freehold interest sold in July 2014 for £101,000, reflecting 7.78% NIY.

Short unexpired lease term.

15.0 VALUATION COMMENTARY

- 15.1 In consideration of the evidence obtained and upon reflection of the various strengths and weaknesses of the property, we have valued as follows:-
- We consider that the showroom is rack rented, reflecting a Market Rent of £13.50 psf on the showroom and £4,800 pa for the forecourt. We consider the two workshops let to GW Coachworks to be over-rented and have reflecting this by applying a rate of £15.00 psf. We have applied a rate of £14.50 psf to the workshop let to WD Autos.
 - We have assumed a nine month expiry void at the lease end of the showroom followed by a three month rent free period, assuming a new five year lease term is granted at our opinion of market rent.
 - With regards to the garage workshops, we have applied a lease expiry void of six months followed by a three month rent free period, assuming a new five year lease term is granted at our opinion of market rent.
 - We have applied a capitalisation rate of 8.5% on the showroom and 8.00% on the garage workshops.
 - We have deducted purchaser costs of 5.8%.
- 15.2 This produces a Market Value of £530,000 reflecting a Net Initial Yield of 9.55%, an Equivalent Yield of 8.15%, a Reversionary Yield of 8.24% and an overall Capital Value of £185 psf.

Market Value with the Special Assumption of vacant possession

- 15.3 You have also asked us to provide a valuation on the Special Assumption of vacant possession. In undertaking our valuation we have applied the following:-
- Current voids of nine and six months across the showroom and garage workshops respectively, followed by a three month rent free period, assuming a new five year lease is granted.
 - Market Rents applied as detailed above.
 - Capitalisation rate of 9.5% on the showroom and 9.00% on the garage workshops; and
 - Deducted purchaser costs of 5.8%.
- 15.4 This produces a Market Value of £450,000, reflecting c. £157psf.
- 15.5 A copy of the valuation printouts are attached at **Appendix E**.

16.0 MARKETABILITY

- 16.1 The subject site is located on a fairly busy through road to Bexleyheath, where the main commercial hub of the borough is located. The site is situated in Erith, a suburb within Greater London and a cheaper alternative, within easy reach of Central London.
- 16.2 The site is also located with residential surrounding uses, and subject to the appropriate planning requirements there could be the potential for residential conversion and development.

17.0 VALUATION

Market Value

- 17.1 We are of the opinion that the current Market Value of the freehold in 38-40 Belmont Road, Erith, DA8 1LB as at the date of valuation, is:

£530,000

(Five hundred and thirty thousand pounds)

Market Value with vacant possession

- 17.2 In our opinion, the Market Value of the freehold interest in the property, assuming vacant possession, as at the date of this report, is:

£450,000

(Four hundred and fifty thousand pounds)

Market Rent

- 17.3 Our opinion of the aggregate Market Rent of the Property, as at the valuation date, is:

£46,400 per annum

(Forty six thousand, four hundred pounds per annum)

18.0 REINSTATEMENT COST

- 18.1 You have instructed us to provide you with an informal estimate of the current reinstatement cost of the subject property for insurance purposes. This is provided solely as a guide for comparison against cover already taken out and is based solely in connection with the preparation of the market valuation.
- 18.2 Our estimate of the current reinstatement costs of the subject property in its existing condition, on a day one basis, is in the order of:

£360,000

(Three hundred and sixty thousand pounds)

- 18.3 This estimate is prepared on a full reinstatement basis, inclusive of professional fees, demolition costs, site clearance, etc, but make no allowance for any loss of rent or rental voids that may be incurred.
- 18.4 The figure is given as a guide for the construction of an identical building, constructed of modern materials.
- 18.5 No allowance has been made in our estimate for any increase in building costs which may arise during the period of insurance or during any period of rebuilding or any period necessary for design and obtaining requisite consents prior to such rebuilding.
- 18.6 No allowances have been made in our estimate for the incidence of Value Added Tax, other than on professional fees.
- 18.7 We would remind you that this estimate does not constitute a formal Building Reinstatement Cost Assessment and must not be relied upon as such.
- 18.8 Please note it is not common practice to provide a reinstatement cost assessment for part of a building which is combined within the construction of the whole building. We have provided you with the above figure for your internal review purposes only.

19.0 SUITABILITY FOR LOAN SECURITY

- 19.1 On the basis of the above information with which we have been provided and following our inspection, we would summarise the main strengths and weaknesses of the subject property as follows.

Strengths

- Freehold;
- Let and income producing; and
- Located on a fairly busy through road to the main commercial district in Bexleyheath.

Weaknesses

- Secondary commercial location.
- Short unexpired lease terms on the garage workshops; and
- Disjointed ownership.

20.0 CONFIDENTIALITY AND DISCLOSURE

- 20.1 Our valuation is confidential to the addressees for the specific purpose to which the report refers and no responsibility is accepted to any third party for the whole or any part of its contents.
- 20.2 If our opinion of value is disclosed to persons other than the addressees of this report, the basis of valuation should be stated. Before the certificate or any part of it is reproduced, or referred to in any document, circular or statement, and before its contents or the contents of any part of it are disclosed verbally to a third party, our written approval as to the form and context of such publication or disclosure must first be obtained.

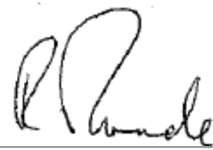
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For and on behalf of
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APPENDIX A

Instruction Letter & Our Terms of Engagement

Proplend Security Limited
145-157 St John Street
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EC1V 4PW

Our Ref: BR0048

17th March 20145

Cluttons LLP
Attn Rupert Maude
2 Portman Street,
London
W1H 6DU
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Dear Sirs,

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

BORROWER:	Mr Ronald Johnson
PROPERTIES:	38 – 40 Belmont Road, Erith, Kent DA8 1LB 281 Broadway, Bexleyheath, Kent DA6 8DG
TENURE:	Freehold
USE:	Offices, retail and sui generis (for the scrap metal yard)
TENANCIES:	See attached schedule
ACCESS:	For access and further documentation please contact Ron Johnson on 07785 770407 or 0208 304 9988 or his assistant, Julie Brooks, on the above land-line

Instruction

The report should be addressed to Proplend Security Limited which must clearly state that it can be relied upon for lending purposes by the parties named herein.

Please ensure that the report accords with the current RICS Appraisal and Valuation Manual.

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

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

Valuation and Report

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

1. The Market Valuation for loan security purposes of the Property in its current condition at the date of your inspection, subject to the current tenancies in place. Please indicate the period of marketing you have assumed in arriving at your valuation.
2. A valuation of both properties on the assumption that they have vacant possession.
3. Please provide comparable evidence to support your assumptions on values.
4. Please provide an estimated rental value for each of the Subject Properties.
5. Please provide an estimated reinstatement cost of the buildings for insurance purposes.
6. Please provide a full description of each Property to include its accommodation, its size, its construction, location and general state of repair. These details should be supported with photos of the Properties. Whilst you are not instructed to carry out a structural survey on each Property, please comment of any noticeable defects that might warrant further investigation and which might affect the marketability of the Property.
7. Please certify that the Property is acceptable for secured lending purposes.

Report on Title

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

Fees

You have quoted and the Borrower has agreed to pay a fee of £6,000 + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, and addressed to this company, we ask that you seek settlement of your fee from the proposed Borrowers whose contact details are supplied above. Proplend Security Limited cannot accept any responsibility for non-payment of your fees in this regard.

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

Yours faithfully,



Brian Bartaby
Proplend Security Limited
Director

Proplend Security Limited
145-157 St John Street
London
EC1V 4PW

Attn: Brian Bartaby
19 March 2015

Dear Sirs

Borrower: Mr Ronald Johnson
Properties: 38-40 Belmont Road, Erith, Kent DA8 1LB
281 Broadway, Bexleyheath, DA6 8DG

Thank you for your instructions to undertake valuations of the freehold interests in the above mentioned properties for secured lending purposes. This letter is to record our agreement of terms of engagement in line with latest RICS requirements.

I confirm that neither I, nor Cluttons LLP, has any current or previous involvement with the properties or borrower. Therefore, in accepting this instruction, we are not aware of any material conflicts of interest and we are able to undertake the valuation in the capacity of External Valuer.

I confirm that the valuer has sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently. I also confirm that Cluttons LLP holds adequate Professional Indemnity Insurance cover to undertake the valuation. For the purpose of this engagement, our aggregate liability whether in contract, tort or otherwise in connection with the valuation shall be limited to a maximum of £2,000,000.

As requested, we will provide you with our opinion of the Market Value and as specifically requested based on the following assumptions:-

- i) Market Value subject to existing tenancies
- ii) Market Value on the special assumption of vacant possession; and
- iii) Market Rent.

You have additionally asked us to provide a guide on the reinstatement cost of the building for insurance purposes. We propose providing an indicative estimate that is sufficient for you to

judge whether your interest as mortgagee is adequately covered in the policy effected by the Borrower.

The valuations will be carried out by Helena Mensah MRICS and overseen by Rupert Maude a Partner of Cluttons LLP.

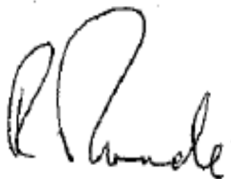
The firm is registered for regulation by RICS and the valuation will be undertaken by an RICS Registered Valuer in accordance with the current RICS Valuation - Professional Standards 2014 - Global and UK ("The Red Book"). Compliance with these standards may be subject to monitoring under RICS conduct and disciplinary regulations. Our terms and conditions, which includes details of the firm's complaints handling procedure, are attached for signature and return (if appropriate). Also enclosed are our Standard Valuation Assumptions.

Our fee for undertaking this work will be £6,000, exclusive of VAT. If for any reason this job fails to complete, we reserve the right to make a fair charge to cover the time and expenses incurred. We will, as requested by yourself, invoice the borrower direct. Publication of our report will be dependent on settlement of our fee.

Our report will be addressed to Proplend Security Limited and is for your use only. No responsibility will be accepted to any other party, unless our prior agreement is given to extend our liability to further named parties. Also, our prior consent in writing will be required if you wish to reproduce the report or refer to it in any published document.

The effective valuation date will be the date of our report.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R Maude', with a stylized, cursive script.

Rupert Maude FRICS
Partner
Valuation Consultancy

T: 020 7647 7240
E: Rupert.maunder@cluttons.com
Ref: RMV2015-198&199-HM

TERMS AND CONDITIONS OF BUSINESS

GENERAL TERMS OF BUSINESS

These General Terms of Business have been prepared in order to clarify the basis upon which we will act for you. They apply to all services provided by Cluttons LLP.

They are to be read in conjunction with any other correspondence from us confirming the basis upon which your particular instructions are accepted ("Appointment Correspondence"). Any such additional terms will be sent to you before your instructions are confirmed/accepted.

The General Terms of Business and Appointment Correspondence will govern the contract ("The Contract") between you and Cluttons LLP. The Contract will apply unless varied in writing.

Our relationship with you

- When we refer, in this document and elsewhere, to "Cluttons", "we", "our" and "us", we are referring to Cluttons LLP. We use the word "partner" to refer to a member of Cluttons LLP. No reference to a "partner" is to imply that any person is carrying on business with others in partnership.
- Your relationship is solely with Cluttons LLP. No member, employee, agent or consultant of Cluttons LLP will have any personal legal liability for the work that we undertake for you. Individuals signing letters, reports and other documents in their own names do so as representatives of Cluttons LLP, without assuming any personal legal liability.
- Reference to papers and documents includes any written communication, however transmitted, on our stationery or from a Cluttons' email account. We do not accept responsibility for the contents of emails from other accounts.
- Our work for you is confidential to you and may not be passed on to or shared with others without our prior written consent. We accept no responsibility to anyone other than you, our client, for the work that we undertake for you. In the absence of express agreement to the contrary, no term of The Contract is enforceable pursuant to the Contracts (Rights of Third Parties) Act 1999 by any person who is not party to it.
- If you provide information and documentation to us, then we must rely on you for its accuracy. We will not be liable for any errors or losses arising from false, incomplete or misleading information or documentation that you have supplied.

- On completion of our work for you, we will usually store the papers relevant to your instruction, on the understanding that we have authority to destroy the file 12 years from the date on which our final fee invoice was issued.

Responsibility for work

- If we engage other professional advisors on your behalf, whether within or outside the UK, we do so as your agent. Their fees shall be for your account in addition to our own fees and, unless we have otherwise agreed in writing, we accept no responsibility for their work.
- We may from time to time refer work to a firm with which we are in association. We will advise you clearly where this is the case. You accept that the appointment in respect of such advice is directly between you and any firm we are in association with and that Cluttons LLP has no liability to you (in contract, tort (including negligence) or otherwise) for the referral or any such work undertaken.
- Where we refer work to a firm with which we are in association with, unless you advise us otherwise, you agree that we may use our discretion and disclose information which you have provided to us (whether or not this information is confidential).
- Where we refer work to another professional adviser or any firm we are in association with, we may receive a referral fee from them. In such cases, we shall let you have details of the referral fee and seek your consent.

Fees

- Fees will be as set out in the Appointment Correspondence.
- Unless specified otherwise in the Appointment Correspondence, in addition to professional fees you will be responsible for repaying any disbursements, including advertising, photocopying charges and out of pocket expenses, incurred on your behalf. Where these sums are significant, we may ask for a sum on account before the costs are incurred, or for reimbursement immediately afterwards.
- We do not pay interest on monies held on account of fees and disbursements.
- Invoices are payable on receipt. In the event of non payment within thirty days of issue, we retain the right to charge interest on the amount outstanding at a rate of 5% above the base rate from time to time of Barclays Bank plc. Additionally, there will be no obligation to carry out any further work for you on any matter until the outstanding amount has been paid.
- If it is necessary to use solicitors or other parties to recover agreed fees, costs or charges, you agree to pay any reasonable costs incurred by us in that respect.
- All fees, costs and charges are subject to Value Added Tax.
- If any cheque you submit is dishonoured, a charge of £50 will be added to your account to cover our administrative time and charges made by our bankers.
- If you instruct us that a third party will be responsible for paying our fees, we will accept such an instruction only on the basis that you will pay our fees if they are not paid promptly (within 30 days of issue) by the third party.

Data protection

- Cluttons LLP complies with data protection legislation and we observe the confidentiality of our clients' affairs.
- Information about you that we learn in the course of acting for you may be shared within Cluttons LLP for the purposes of fulfilling your instructions, notifying you of matters that we consider might be of interest to you and for similar promotional reasons.
- This does not affect your statutory rights under the Data Protection Acts 1984 and 1998.

Copyright

- We retain copyright in and ownership of all documents, drawings, maps, reports, photographic and other records produced by us in connection with our work for you.

Complaints procedure

- In accordance with the Royal Institution of Chartered Surveyors' rules of conduct and disciplinary procedures, we have a formal procedure to deal with complaints from clients and others. Details of this procedure are available from the Client Partner who is handling your affairs, although we would normally expect that any difficulties arising can be resolved satisfactorily with the Client Partner and that the formal complaints procedure can be avoided.

Applicable law and jurisdiction

- Whether instructions are carried out within or out the UK, the Laws of England shall apply to The Contract and the English courts shall have jurisdiction.

Liability

- The maximum amount of our liability in respect of the work that we do for you will be limited to the amount (if any) specified in the Appointment Correspondence.
- If no amount is specified therein, our liability in contract, tort (including negligence) or otherwise will not exceed £2 million or (if higher) an amount equal to 10 times the agreed fee (excluding disbursements and VAT) charged by us to you for performing the service to which the claim relates, subject always to our total liability not exceeding £10 million.
- These liability limits are total figures, regardless of the number of people who comprise our client for any one instruction.
- These limitations would not apply to loss or damage caused by our deliberate and wilful default, or to damages for death or personal injury.
- Claims may be brought only against Cluttons LLP, and not (except for fraud) against Cluttons LLP's individual members, employees, consultants or agents.
- We will not be liable for any indirect consequential loss, damage, cost or expense of any kind. We shall not be liable to you, or be deemed to be in breach of The Contract, by reason of any delay in performing any of our obligations therein if the delay or failure is due to any cause beyond our reasonable control
- Any alleged liability on our part is to take account of other parties' contributory negligence and legal responsibilities, regardless of those parties' ability to pay or liability limitations in their own terms of engagement.

38-40 BELMONT ROAD ERM + 281 BROADWAY

BEXLEYHEATH

Regulation

- When we take instructions from a new client, we may be obliged, under money laundering regulations, to ask for evidence of identity.
- We may also be required, in some cases, to disclose information to governmental or other regulatory authorities. For example, money laundering regulations require us to notify the Serious Organised Crime Agency if we suspect or have reasonable grounds for suspecting that our client or another person is using the proceeds of crime. In that event, we may be precluded from seeking our client's consent to notify and/or from informing our client that notification has been made.

Please sign below to confirm your acceptance of these terms of business and receipt of our instruction letter.

Signed

Name

Date

Address

Postcode

[Signature]

S. BATHORY

145-157 St John St

London

EC1V 4PN

Miscellaneous

- No variation to these conditions shall be binding unless agreed in writing between the parties.
- You acknowledge that in instructing Cluttons LLP you have not done so on the basis of, and do not rely on, any representation, warranty or other provision not expressly provided for in The Contract.
- If any provision of The Contract is held by any competent authority to be invalid or unenforceable in whole or in part, the validity of the remainder of The Contract shall not be affected.

Signed for and on behalf of Cluttons LLP

Signed

Date

Cluttons LLP is a limited liability partnership in England and Wales under the number OC310771, registered office and head office - Portman House, 2 Portman Street, London W1H 6DU. Regulated by RICS.

Professional liability insurance

The contact details of our professional indemnity insurance underwriter and information on the territorial coverage of that insurance are available on request.

December 2011

APPENDIX B

Our Standard Valuation Assumptions and bases

1.0 STANDARD VALUATION ASSUMPTIONS AND BASES OF VALUATION

All valuations and appraisals have been carried out in accordance with **The RICS Valuation - Professional Standards - Global and UK (January 2014) - "The Red Book"**. Compliance with The Red Book is mandatory for Chartered Surveyors in the interests of maintaining high standards of service and for the protection of clients.

Please note that our valuation may not be relied upon for the stated or any other purposes until such time as our fee account has been paid in full.

Unless agreed otherwise in writing, or stated otherwise in our Valuation Report, the following Standard Conditions of Engagement shall apply:

1.1 **Assumptions:** In preparing the Valuation and Report, we have made the following general assumptions:

- i) We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.
- ii) We rely upon information provided to us, by the sources listed, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our report. We assume that this information is up-to-date, complete and correct and may be safely relied on.
- iii) That all information provided as to ownership (e.g. tenure, lease terms, tenant's improvements, development expenditure, etc.) is up to date, complete and correct. Also, that there are no encumbrances or unduly onerous or unusual easements, restrictions, outgoing or conditions, likely to have an adverse effect upon the value of the property, attaching to the relevant interest in the property of which we have not been made aware and that a good and marketable title to the relevant interest is held.
- iv) Where we have read leases, no reliance should be placed on our interpretation of these documents without reference to solicitors, particularly where purchase or lending against the security of a property is involved. We assume that all covenants in any head leases have been complied with and that there are no disputes with the lessors or notices received from the

lessors or lessees which would adversely affect the valuation. Information regarding tenure and tenancies must be checked by your legal advisers.

- v) That, unless we have been informed otherwise, each property complies with all relevant Statutory Requirements (including, but not limited to, Fire Regulations, Bye-Laws, Disability Access, Asbestos, Radon Gas and Health and Safety at Work).
 - vi) That each property has been constructed, and is occupied, in accordance with valid Town Planning Consents and Building Regulations Approvals, and that it complies with any other relevant Statutory and Bye-Law requirements and that there are no outstanding Statutory or other notices in connection with the property or its current use.
 - vii) That, unless we have been notified otherwise, the presence of high alumina cement, calcium chloride additive, blue asbestos or any other deleterious, harmful or hazardous material has not been determined and our valuation assumes that these materials have not been used in the construction of any of the buildings or subsequently added.
 - viii) With regard to development properties, we have assumed, except where notified otherwise, that there are no leases, underleases, tenancies, licences or other agreements under which any person has or will have any right to possession, occupation or use of the property or any part thereof and that vacant possession for development is obtainable.
- 1.2 **Special assumptions:** Where special assumptions are necessary in order to adequately provide the valuation(s) required, these will have been agreed and confirmed in writing before the Report is issued. Special Assumptions may only be made if they can be regarded as realistic, relevant and valid, in connection with the particular circumstances of the valuation.
- 1.3 **Restricted information:** Where we have undertaken a Valuation on the basis of restricted information, the nature of the restriction and the impact upon the accuracy of the valuation has been referred to in our Report.
- 1.4 **Revaluations:** Revaluations without re-inspections are made only on the assumption that the client has confirmed that no material changes to the physical attributes of the property and the area in which it is situated have occurred. (For residential properties only: Unless otherwise agreed, we will not undertake revaluations without re-inspections if the property was inspected more than 12 months previously because the condition of such property can materially change significantly during this period of time, especially when let.)

- 1.5 **Structural condition:** No structural surveys have been carried out, nor have we tested any services or inspect roof voids, woodwork or any parts of the structures which are covered, unexposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order. Any obvious defects or items of disrepair have been taken into account, but we are not be able to give any assurance that any property is free from defect.
- 1.6 **Plant and machinery:** Plant and machinery and trade fixtures and fittings have not been included in the valuation unless forming part of the structure or service installations and normally valued with the building.
- 1.7 **Site history investigations and surveys:** We recommend that a site history investigation and survey is undertaken although this is usually commissioned by lawyers. We have not carried out or commissioned a site investigation or geographical or geophysical survey unless requested to do so and, therefore, we are not able to give any opinion or assurance or guarantee that the ground has sufficient load bearing strength to support any of the existing constructions or any other constructions that may be erected in the future. We also cannot give any opinion or assurance or guarantee that there are no underground mineral, other workings, or archaeological remains beneath the site or in its vicinity nor that there is any fault or disability underground which could or might affect the property or any construction thereon or that there is no abnormal risk of flooding.
- 1.8 **Contamination:** We are not qualified to give specific advice on the nature or risk of contamination. If, during the course of our inspection and subsequent enquiries for valuation purposes, or through our knowledge of the locality, we became aware of any matters which may indicate the likelihood or potential for contamination of the subject property, these are stated in our Report. If a Contamination Report is considered necessary, this should again be commissioned by lawyers as part of their due diligence process. 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 a contaminative use, this might reduce the values set out in our Valuation Report and we must be notified immediately.
- 1.9 **Measurements:** All measurements have been carried out in accordance with the latest Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors, unless stated otherwise in our Report.
- 1.10 **Planning/rating:** We have made informal oral enquiries of the relevant local planning and rating authorities together with publicly available electronic sources and we have taken into account the information received in the preparation of our Valuation Report. This verbal information is given to us and accepted by us on the basis that it should

not be relied upon. Written enquiries can take several weeks for response and incur charges. No searches have been carried out and, therefore, unless we are specifically advised to the contrary, we have assumed that the property and its value are unaffected by any matters which would be revealed by a full Local Search. We recommend that formal written enquiries should be undertaken by your lawyers.

- 1.11 **Tenant covenant:** We have undertaken limited research into the strength of covenant offered by commercial tenants in order to form a view of the likely perception of their financial status from the standpoint of potential purchasers. We have assumed that their financial standing is satisfactory, unless our research indicated otherwise. Unless informed to the contrary, we have assumed in all cases that there are no significant arrears of payment and that all commercial tenants are capable of meeting their obligations under the terms of leases and agreements. You should be aware we have made no such checks on residential tenants.
- 1.12 **Taxation/costs of realisation:** No account has been taken of any liability for taxation, which may arise upon the disposal of the property, nor have we deducted the likely costs of such disposal. However, normal purchaser's costs are reflected in our valuations where necessary.
- 1.13 **Development properties:** For properties in course of development, we have reflected the stage reached in construction and the costs remaining to be spent at the date of valuation. We have had regard to the contractual liabilities of the parties involved in the development and any cost estimates that have been prepared by the professional advisors to the project. For recently completed developments, we have taken no account of any retentions, nor have we made allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability.
- 1.14 **Build Cost Information:** Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that we are supplied with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at in reliance upon the build cost information supplied to us by you or your advisors. In the absence of any build cost information supplied to us, we may have regard to published build cost information. There are severe limitations on the accuracy of build costs applied by this approach and professional advice on the build costs should be sought by you. The reliance which can be placed upon our advice in these circumstances is severely restricted. If specialist build cost advice is subsequently obtained, we recommend that we are instructed to review our advice.
- 1.15 **Valuation date:** The date of our Valuation Report, unless specified otherwise.

- 1.16 **Comparables:** Information quoted in our reports is often based upon our verbal enquiries and electronically available information and its accuracy cannot be assured. However, such information is only referred to where we have reason to believe its general accuracy, or where it is in accordance with our expectation. We have not inspected comparable properties.
- 1.17 **Publication:** Prior consent in writing is required for any reproduction or public reference to the valuation or Report.
- 1.18 **Reliance on the report:** The Valuation Report has been provided only for the purpose agreed with the instructing Client and is for the sole use of that Client. As such, it is confidential to the Client and his professional advisors to whom we accept responsibility that the Report has been prepared with the skill, care and diligence that can reasonably be expected of a competent Valuer. We accept no responsibility whatsoever to other parties that subsequently rely on this report, for the whole or any part of its contents.
- 1.19 **Loan security:** Where instructed to comment on the suitability of property as a loan security, we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.
- 1.20 **Complaints procedure:** In accordance with the requirements of the RICS, a copy of our complaints procedure is available on request.
- 1.21 **Valuation Bases:** Valuations and appraisals are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions contained in The Red Book. The basis of valuation will have been agreed in the letter covering the specific terms for the instruction.
- 1.22 The definitions of the various valuation bases are reproduced below as follows:

1. Market Value (MV)

Market Value is defined 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.

2. Market Rent (MR):

Market Rent is defined as:

The estimated amount for which a property would 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.

3. Fair Value

There are two recognised definitions of Fair Value and the valuer needs to be make explicit which definition is being adopted.

The definition adopted by the International Accounting Standards Board in IFRS 13 is:

The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

This definition is considered by RICS for most practical purposes to be the same as the Market Value.

The definition adopted by the IVSC in IVS Framework paragraph 38 is:

The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties.

For more information, valuers should refer to IVS Framework paragraphs 38-42.

4. Investment Value

Investment Value (or Worth) is defined as:

Investment Value is the value of an asset to the owner or a prospective owner for individual investment or operational objectives.

5. Projected Market Value (PMV) of Residential Property only

Projected Market Value is designed to provide residential mortgage lenders with a simple numeric indication of the valuer's opinion of short-term market trends and is defined as:

The estimated amount for which an asset is expected to exchange at a date, after the valuation date and specified by the valuer, 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.

6. Existing Use Value (EUV)

Existing Use Value is the basis suitable for financial reporting purposes under UK accounting standards UK GAAP only and is defined as:

The estimated amount for which an asset 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 acted knowledgeably, prudently and without compulsion – assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

2.0 STANDARD CONDITIONS FOR INFORMAL ESTIMATES OF CURRENT REINSTATEMENT COST

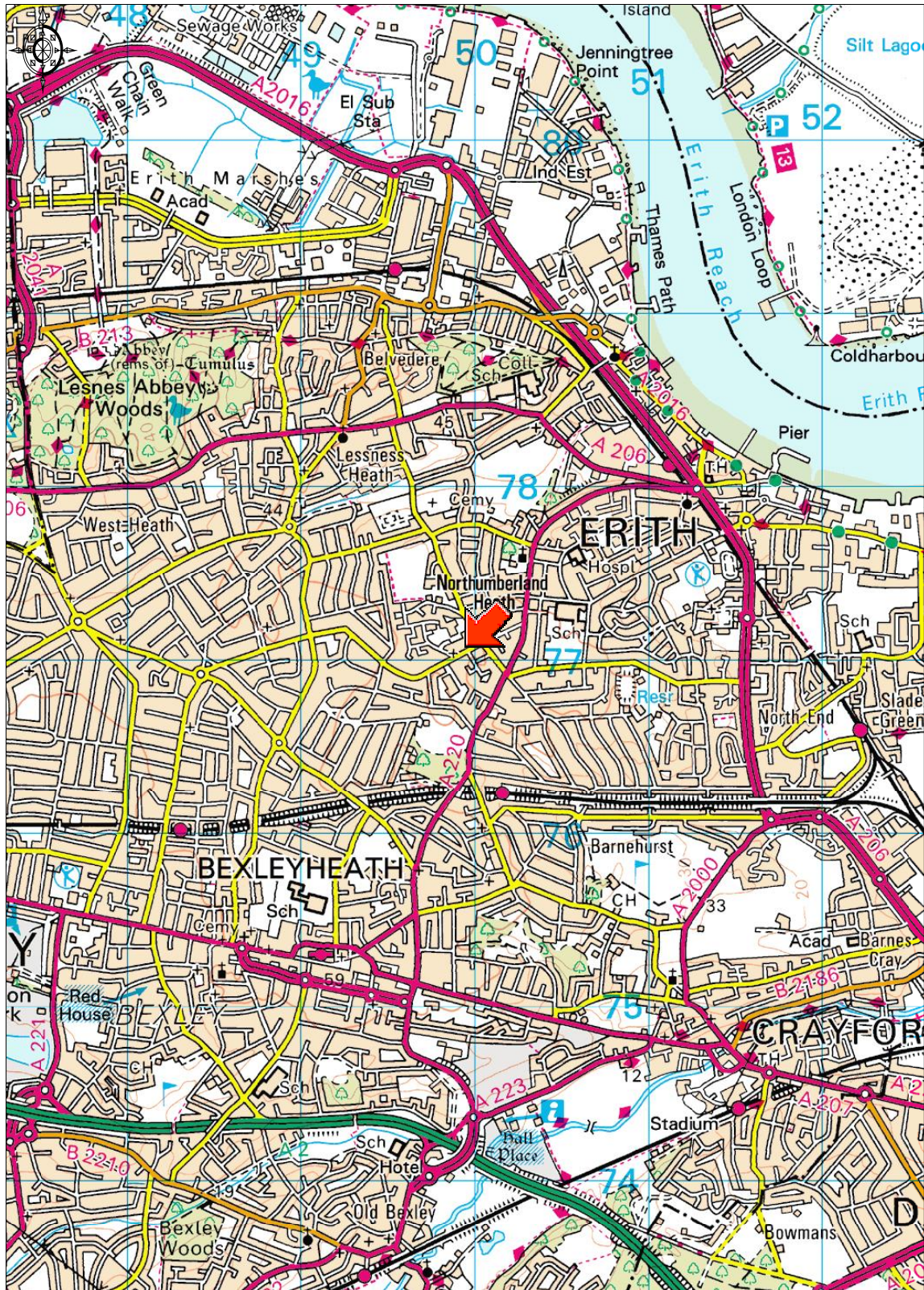
- 2.1 The following standard conditions apply: -
- 2.2 If requested to do so, we have provided an informal estimate of the probable current reinstatement cost for insurance purposes assuming total loss of the property and this is provided solely as a guide for comparison against cover already taken out.
- 2.3 The estimate is based solely on the inspection of the property undertaken in connection with the preparation of market valuations.
- 2.4 The estimate does not constitute a formal Building Reinstatement Cost Assessment, and must not be relied upon as such
- 2.5 The information is provided as a guide only and is be subject to the following conditions:-
 - i) The estimate is given as a guide for the construction of an identical building, constructed of modern materials.
 - ii) The estimate is given on a day one basis of insurance and no allowance what so is made for any increase in building costs which may arise during the period of insurance or during any period of rebuilding and any period necessary for design and obtaining necessary consents prior to such rebuilding. We recommend you ensure that adequate provision is made under the policy for inflation.
 - iii) No allowance is made for any additional costs that may have to be incurred during reconstruction to meet current requirements of Local Authorities, Building Inspectors, Statutory Undertakers, Mortgagees, Landlords and Freeholders nor for any matters of a consequential nature, e.g. fire prevention and thermal insulation.

- iv) It is assumed no allowance has to be made for any costs for the remediation of any contamination of the land in accordance with the requirements of the Environment Agency or any other statutory body.
 - v) No allowance is made within our estimate for any costs requiring special demolition and disposal, handling and/or dealing with dangerous or hazardous materials or situations remaining on or originating from the premises in the event of any incident.
 - vi) The estimate includes normal water, electricity and gas installations as appropriate.
 - vii) The estimate excludes tenants fit out/alterations furnishings, floor coverings, light fittings, furniture, wall coverings, false ceilings, all other occupiers fixtures and fittings, telephone installations and specialist service installations and buildings contents which would normally be subject of separate contents policies.
- 2.6 No allowance is made for the incidence of Value Added Tax, except on professional fees (unless stated otherwise).
- 2.7 In the case of commercial property VAT is payable on re-instatement expenditure and, unless the VAT status of the insured enables total recovery, a sum equal to the VAT which the insured will be unable to recover should be added. On the assumption that the insured is registered for VAT, we have not included an allowance for VAT in the assessment. It is recommended that, before arranging cover, you discuss the recovery or non-recovery of VAT with your insurers and accountants.
- i) We have not undertaken a structural survey and, in the absence of detailed drawings or specifications, assumptions will have to be made as to the construction of the buildings.
 - ii) The estimate is prepared on a full reinstatement basis, inclusive of professional fees, demolition costs, or site clearance but makes no allowance for any loss of rent or rental void incurred nor for any costs of alternative accommodation during the reinstatement period, nor other consequential losses such as the loss of income. These aspects should be considered with you insurers or brokers
- 2.8 Should you require a formal Building Reinstatement Cost Assessment for insurance purposes, prepared by a Chartered Building Surveyor, based on a detailed inspection for such purposes. We will be pleased to provide a proposal for consideration

- 2.9 We strongly recommend formal assessments for Grade I and Grade II* listed buildings, since their reconstruction can be subject to English Heritage involvement and guidance and might involve more expense than normal rebuilding, for which informal estimates are not suitable.

APPENDIX C

Location Plans



38-40 Belmont Road, Erith, Kent DA8 1LB



38-40 Belmont Road, Erith, Kent DA8 1LB



APPENDIX D

Photographs

38-40 Belmont Road, Erith, DA8 1LB



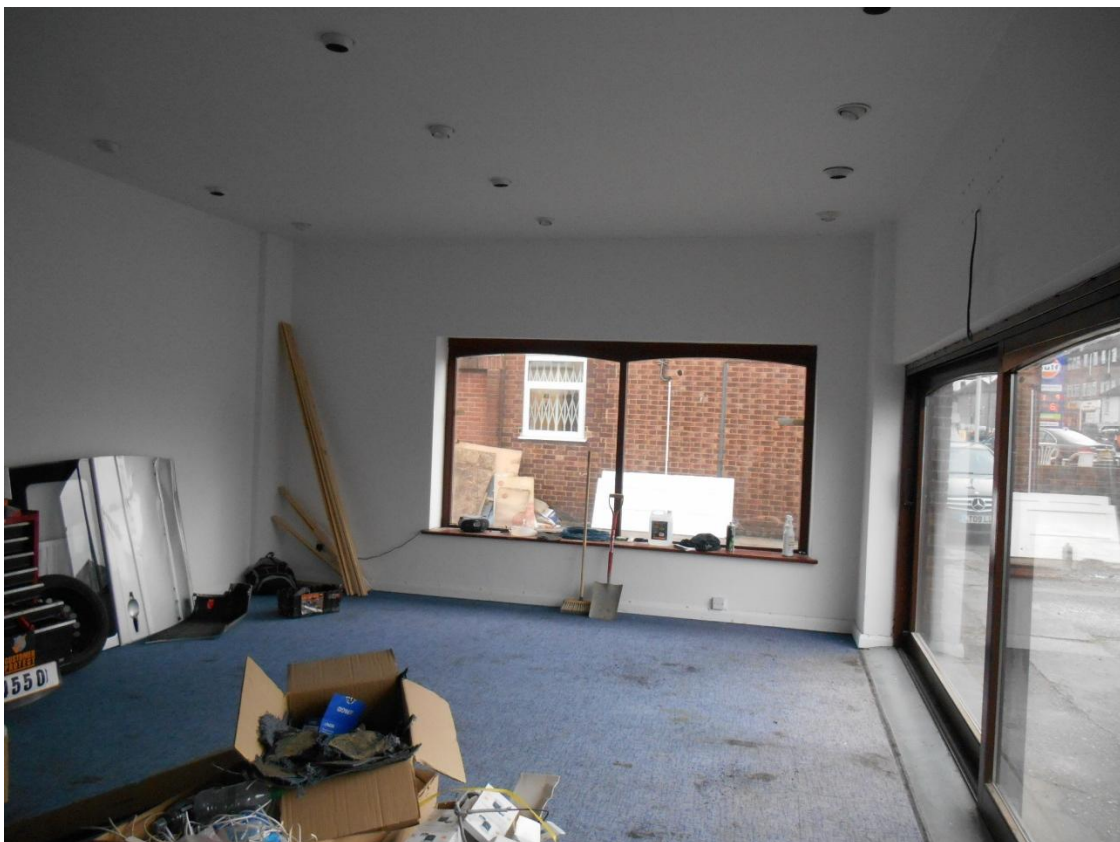
Site frontage and showroom



Showroom and forecourt



Shared yard



Showroom



GW Coachworks front building



GW Coachworks rear building



William Lole workshop



Belmont Road

APPENDIX E

Valuation Printouts

30-40 Belmont Road, Erith, Kent, DA8 1LB

Report Date 02 April 2015
 Valuation Date 02 April 2015
 File/Ref No Mr Ronald Johnson
 Region South East

Description / Notes **Assumptions**

Valuation Tables Annually in Arrears

Valuation

Gross Valuation £562,884
 Capital Costs £0
 Net Value Before Fees £562,884

Less Stamp Duty @4.00% of Net Value -£21,281
 Agents Fee @1.00% of Net Value -£6,384
 Legal Fee @0.50% of Net Value -£3,192

Fees include non recoverable VAT @ 20.00 %

Net Valuation £532,026
 Say £530,000

Equivalent Yield 8.1461% True Equivalent Yield 8.5772%
 Initial Yield (Deemed) 9.5480% Initial Yield (Contracted) 9.5480%
 Reversion Yield 8.2433%

Total Contracted Rent £53,744 Total Current Rent £53,744
 Total Rental Value £46,400 No. Tenants 3
 Capital value per ft² £185.44

Running Yields

Date	Gross Rent	Net Rent	Annual	Quarterly
02-Apr-2015	£53,744	£53,744	9.5480 %	10.1461 %
10-Sep-2017	£23,400	£23,400	4.1572 %	4.2675 %
10-Jun-2018	£46,400	£46,400	8.2433 %	8.6861 %
13-Oct-2019	£32,400	£32,400	5.7561 %	5.9693 %
13-Oct-2020	£46,400	£46,400	8.2433 %	8.6861 %

Yields based on £562,884

30-40 Belmont Road, Erith, Kent, DA8 1LB

Report Date 02 April 2015

Valuation Date 02 April 2015

Freehold TenureTenant - Mr Ravinder Chhoker

Description Car Showroom
 Status Occupied and Let
 Lease 5 years from 13-Oct-2014
 Expiring 12-Oct-2019
 Rent Reviews every 5 years Upward only
 Parent Tenure Freehold
 Current Rent £14,000
 Rental Value £14,000
 Valuation Method Hardcore (8.500 %)

NotesAreas

Areas	per ft ²	ft ²	% of ERV	+/- % adjust	Rent pa
Showroom	£13.50	677	100.00 %	0.00	£9,140
Car spaces	£0.00	0	100.00 %	0.00	£4,800
		677			£13,940
*Rental Value using Manually input ERV					£14,000

Lease History

Date	Years	Months	Days	Event	Rent Paid
13-Oct-2014	5	0	0	Review	£14,000
13-Oct-2019	0	9	0	Post Void	£0
13-Jul-2020	0	3	0	Rent Free	£0
13-Oct-2020	0	0	0	Reversion	£14,000

Component Valuation

02-Apr-2015					
Gross rent (Current)			£14,000		
Valuation rent			£14,000		
YP perp		@ 8.50%	11.7647 yp		
					<u>£164,706</u>
13-Oct-2019					
Gross rent		(Re-letting Void)	£0		
Valuation rent			-£14,000		
YP 1 Year 0 Mths		@ 8.50%	0.9217 yp		
PV 4 Yrs 6 Mths @ 8.50%			x 0.6910		
			0.6369 yp		
					<u>-£8,917</u>
Gross Value					<u>£155,789</u>

30-40 Belmont Road, Erith, Kent, DA8 1LB**Report Date** 02 April 2015**Valuation Date** 02 April 2015**Tenant - GW Coachworks**

Description Car Body Repairs
 Status Occupied and Let
 Lease 5 years from 10-Sep-2012
 Expiring 09-Sep-2017
 Rent Reviews every 5 years Upward only
 Parent Tenure Freehold
 Current Rent £30,540
 Rental Value £23,000 from Areas (Rounded)
 Valuation Method Hardcore (8.000 %)

Notes**Areas**

Areas	per ft ²	ft ²	% of ERV	+/- % adjust	Rent pa
GW Coachworks - B2	£15.00	703	100.00 %	0.00	£10,545
GW Coachworks - B3	£15.00	830	100.00 %	0.00	£12,450
		1,533			£22,995
*Rental Value using Rounded ERV					£23,000

Lease History

Date	Years	Months	Days	Event	Rent Paid
10-Sep-2012	5	0	0	Review	£30,540
10-Sep-2017	0	6	0	Post Void	£0
10-Mar-2018	0	3	0	Rent Free	£0
10-Jun-2018	0	0	0	Reversion	£23,000

Component Valuation

02-Apr-2015					
Gross rent (Current over-rented)			£30,540		
Rental Value			£23,000		
Net rent			£30,540		
Less Froth Ded.			-£7,540		
Valuation rent			£23,000		
YP perp		@ 8.00%	12.5000 yp		
					<u>£287,500</u>
10-Sep-2017					
Gross rent		(Re-letting Void)	£0		
Valuation rent			-£23,000		
YP 0 Yrs 9 Mths		@ 8.00%	0.7011 yp		
PV 2 Yrs 5 Mths @ 8.00%			x 0.8289		
			0.5811 yp		
					<u>-£13,366</u>
02-Apr-2015					
Gross rent		(Froth)	£7,540		
Valuation rent			£7,540		
YP 2 Yrs 5 Mths		@ 9.00%	2.1060 yp		
					<u>£15,879</u>
Gross Value					<u>£290,013</u>

30-40 Belmont Road, Erith, Kent, DA8 1LB**Report Date** 02 April 2015**Valuation Date** 02 April 2015**Tenant - WD Autos**

Description Car Mechanics
 Status Occupied and Let
 Lease 5 years from 10-Sep-2012
 Expiring 09-Sep-2017
 Rent Reviews every 5 years Upward only
 Parent Tenure Freehold
 Current Rent £9,204
 Rental Value £9,400 from Areas (Rounded)
 Valuation Method Hardcore (8.000 %)

Notes**Areas**

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
ED Lole - B4	£14.50	648	100.00 %	0.00	£9,396
		648			£9,396
*Rental Value using Rounded ERV					£9,400

Lease History

Date	Years	Months	Days	Event	Rent Paid
10-Sep-2012	5	0	0	Review	£9,204
10-Sep-2017	0	0	0	Reversion	£9,400

Component Valuation

02-Apr-2015					
Gross rent (Current)			£9,204		
Valuation rent			£9,204		
YP perp			@ 8.00%	12.5000 yp	
					<u>£115,050</u>
10-Sep-2017					
Gross rent			(Reversion)	£9,400	
Valuation rent				£196	
YP perp			@ 8.00%	12.5000 yp	
PV 2 Yrs 5 Mths @ 8.00%				x 0.8289	
				10.3610 yp	
					<u>£2,031</u>
Gross Value					<u>£117,081</u>

VP 30-40 Belmont Road, Erith, Kent, DA8 1LB

Report Date 02 April 2015
 Valuation Date 02 April 2015
 File/Ref No Mr Ronald Johnson
 Region South East

Description / Notes **Assumptions**

Valuation Tables Annually in Arrears

Valuation

Gross Valuation £472,051
 Capital Costs £0
 Net Value Before Fees £472,051

Less Stamp Duty @3.00% of Net Value -£13,513
 Agents Fee @1.00% of Net Value -£5,405
 Legal Fee @0.50% of Net Value -£2,703

Fees include non recoverable VAT @ 20.00 %

Net Valuation £450,430
 Say £450,000

Equivalent Yield 9.1450% True Equivalent Yield 9.6533%
 Initial Yield (Deemed) 0.0000% Initial Yield (Contracted) 0.0000%
 Reversion Yield 9.8294%

Total Contracted Rent £0 Total Current Rent £0
 Total Rental Value £46,400 No. Tenants 3
 Capital value per ft² £157.45

Running Yields

Date	Gross Rent	Net Rent	Annual	Quarterly
02-Apr-2015	£0	£0	0.0000 %	0.0000 %
02-Jan-2016	£32,400	£32,400	6.8637 %	7.1685 %
02-Apr-2016	£46,400	£46,400	9.8294 %	10.4643 %

Yields based on £472,051

VP 30-40 Belmont Road, Erith, Kent, DA8 1LB

Report Date 02 April 2015

Valuation Date 02 April 2015

Freehold TenureTenant - Vacant

Description Car Showroom
 Status Occupied and Let
 Lease 3 years from 02-Jan-2016
 Expiring 13-Oct-2019
 Rent Reviews every 5 years Upward only
 Parent Tenure Freehold
 Current Rent £0
 Rental Value £14,000
 Valuation Method Hardcore (9.500 %)

NotesAreas

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
Showroom	£13.50	677	100.00 %	0.00	£9,140
Car spaces	£0.00	0	100.00 %	0.00	£4,800
		677			£13,940
*Rental Value using Manually input ERV					£14,000

Lease History

Date	Years	Months	Days	Event	Rent Paid
02-Apr-2015	0	9	0	Pre Void	£0
02-Jan-2016	0	3	0	Rent Free	£0
02-Apr-2016	3	6	12	ResumeERV	£14,000
14-Oct-2019	0	0	0	Reversion	£14,000

Component Valuation

02-Jan-2016					
Gross rent (Current)			£0		
Valuation rent				£0	
YP perp			@ 9.50%	10.5263 yp	
PV 9 Mths @ 9.50%				x 0.9342	
				9.8337 yp	
					<u>£0</u>
02-Apr-2016					
Gross rent	(Resume market (non-RR))			£14,000	
Valuation rent				£14,000	
YP perp			@ 9.50%	10.5263 yp	
PV 1 Year @ 9.50%				x 0.9132	
				9.6131 yp	
					<u>£134,583</u>
Gross Value					<u>£134,583</u>

VP 30-40 Belmont Road, Erith, Kent, DA8 1LB

Report Date 02 April 2015
Valuation Date 02 April 2015

Tenant - Vacant

Description Car Body Repairs
Status Occupied and Let
Lease 1 years from 02-Oct-2015
Expiring 11-Jun-2017
Rent Reviews every 5 years Upward only
Parent Tenure Freehold
Current Rent £0
Rental Value £23,000 from Areas (Rounded)
Valuation Method Hardcore (9.000 %)

NotesAreas

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
GW Coachworks - B2	£15.00	703	100.00 %	0.00	£10,545
GW Coachworks - B3	£15.00	830	100.00 %	0.00	£12,450
		1,533			£22,995
*Rental Value using Rounded ERV					£23,000

Lease History

Date	Years	Months	Days	Event	Rent Paid
02-Apr-2015	0	6	0	Pre Void	£0
02-Oct-2015	0	3	0	Rent Free	£0
02-Jan-2016	1	5	10	ResumeERV	£23,000
12-Jun-2017	0	0	0	Reversion	£23,000

Component Valuation

02-Oct-2015					
Gross rent (Current)			£0		
Valuation rent				£0	
YP perp			@ 9.00%	11.1111 yp	
PV 6 Mths @ 9.00%				x 0.9578	
				10.6425 yp	
					£0
02-Jan-2016					
Gross rent	(Resume market (non-RR))			£23,000	
Valuation rent				£23,000	
YP perp			@ 9.00%	11.1111 yp	
PV 9 Mths @ 9.00%				x 0.9374	
				10.4157 yp	
					£239,561
Gross Value					£239,561

VP 30-40 Belmont Road, Erith, Kent, DA8 1LB

Report Date 02 April 2015
Valuation Date 02 April 2015

Tenant - Vacant

Description Car Mechanics
Status Occupied and Let
Lease 5 years from 02-Oct-2015
Expiring 01-Oct-2020
Rent Reviews every 5 years Upward only
Parent Tenure Freehold
Current Rent £0
Rental Value £9,400 from Areas (Rounded)
Valuation Method Hardcore (9.000 %)

NotesAreas

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
ED Lole - B4	£14.50	648	100.00 %	0.00	£9,396
		648			£9,396

*Rental Value using Rounded ERV £9,400

Lease History

Date	Years	Months	Days	Event	Rent Paid
02-Apr-2015	0	6	0	Pre Void	£0
02-Oct-2015	0	3	0	Rent Free	£0
02-Jan-2016	4	9	0	ResumeERV	£9,400
02-Oct-2020	0	0	0	Reversion	£9,400

Component Valuation

02-Oct-2015					
Gross rent (Current)			£0		
Valuation rent				£0	
YP perp			@ 9.00%	11.1111 yp	
PV 6 Mths @ 9.00%				x 0.9578	
				10.6425 yp	
					<u>£0</u>
02-Jan-2016					
Gross rent	(Resume market (non-RR))			£9,400	
Valuation rent				£9,400	
YP perp			@ 9.00%	11.1111 yp	
PV 9 Mths @ 9.00%				x 0.9374	
				10.4157 yp	
					<u>£97,907</u>
Gross Value					<u>£97,907</u>