



Report and valuation

Aberystwyth Marina
Y Lanfa, Aberystwyth, SY23 1AS

Report date: 4 June 2015

Prepared for:

The Directors
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Valuation summary

INSTRUCTIONS

Our instructions are to prepare a report and valuation of the freehold and leasehold interests in Aberystwyth Marina, Y Lanfa, Aberystwyth, SK23 1AS for secured lending purposes as confirmed in your instruction letter issued on 18 May 2015. Our valuation has been prepared in accordance with our request for services, also dated 18 May 2015.

DATE OF INSPECTION

20 May 2015

VALUATION

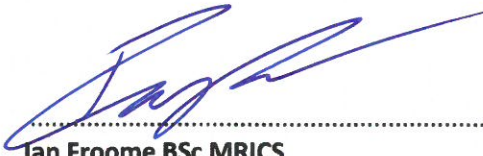
Subject to the considerations set out in the following report, we are of the opinion that the Market Value of the part freehold and part leasehold interest in Aberystwyth Marina, as a going concern marina valued with reference to trading potential can, as at the date of inspection, be fairly stated in the sum of:

£1,800,000 (One million eight hundred thousand pounds)

This property has been valued by a valuer qualified for the purpose of the valuation and experienced in valuing properties of a comparable nature, complexity and value to the property. Unless specifically confirmed otherwise, the valuer is an Independent Valuer. We confirm that Vail Williams LLP holds appropriate Professional Indemnity Insurance cover for this valuation instruction.

This valuation has been prepared in accordance with the RICS Valuation – Professional Standards. Furthermore it is to be considered as a constituent part of our report and not in isolation. Your attention is drawn to our Terms of Reference and the basis of valuation contained therein.

Neither the whole nor any part of our report may be reproduced or referred to without the valuer's written approval.

A handwritten signature in blue ink, appearing to read 'Ian Froome', written over a dotted line.

Ian Froome BSc MRICS
RICS Registered Valuer
Partner
Vail Williams LLP
4 June 2015

A handwritten signature in blue ink, appearing to read 'Peter Sudworth', written over a dotted line.

Peter Sudworth MRICS ACI Arb
RICS Registered Valuer
Partner
Vail Williams LLP
4 June 2015

1 EXECUTIVE SUMMARY

- 1.1. This Valuation report of Aberystwyth Marina, Y Lanfa, Trefechan, Aberystwyth, SY23 1AS has been completed by Vail Williams, 1000 Lakeside, Western Road, Portsmouth, PO6 3EN for the benefit of Proplend Security Ltd, 145-157 St John Street, London, EC1V 4PW.
- 1.2. The property was inspected on 20 May 2015 by Ian Froome BSc MRICS, a RICS Registered Valuer qualified for the purpose of this valuation and experienced in valuing properties of a comparable nature, complexity and value of the property.
- 1.3. This Valuation report is prepared in accordance with your letter of instruction issued on 18 May 2015, and also our request for services issued on the same day. The basis of valuation is Market Value as defined within the terms and conditions attached as appendix 6 of this report.
- 1.4. Aberystwyth Marina has around 150 berths plus a small boatyard. The only building is a marina office with adjacent berth holders facilities, these are finished to a high standard having been recently refurbished.
- 1.5. Marina occupancy has fallen in recent years, partly we suspect because the parent company has entered administration. With the best of intentions an administrator will not be able to run an operation of this nature with the same intensity as a fully committed owner manager.
- 1.6. The marina is also suffering from a lack of dredging in recent years, to the extent that deeper draught keeled yachts may ground at low water springs. This has lead some berth holders to leave and will be a disincentive to potential new customers. As a matter of urgency the marina basin should be dredged, we have been advised this work has been costed at circa £67,000 and we have made a suitable allowance for the cost of this work within our valuation.
- 1.7. The majority of the property is held on a 99 year lease from 2007, the landlord is Ceredigion Council. The rent passing is £7,500 per annum and this has not increased since the lease start, despite rent review dates occurring in April 2010 and April 2015. We have, as discussed with yourselves, valued on the specific assumption that these outstanding rent reviews will not be implemented by the Council, so assuming that the rent will remain £7,500 per annum until at least the April 2020 rent review. If the Council seeks to implement either of the outstanding reviews and is successful in securing a material increase in rent, this will alter the value of the property, and our valuation will need to be re-assessed in the light of this revised rent.
- 1.8. For the avoidance of doubt we consider the current rent to be low, so we would expect the Council to seek to instigate at least the 2015 rent review if they are well advised. You should therefore seek to clarify the matter of the rent to be paid before you complete this purchase, so that if a rental increase should materially reduce the value then the purchase price can be adjusted accordingly.
- 1.9. The interest to be valued includes the stone revetment around the edge of the marina basin, this is held freehold. A structure of this nature represents a potentially significant repairing liability. You should therefore satisfy yourselves that it is structurally sound before you complete the purchase, and if you or your customer have any doubts you should obtain an opinion from a suitably qualified structural engineer.
- 1.10. You have not advised us of the amount or term of the proposed loan facilities. As a general comment we consider this property to be generally suitable for secured lending purposes provided the various issues summarised above are either addressed or taken into account within your lending decision.

2 LOCATION

- 2.1. The town of Aberystwyth lies on the west coast of Wales, fronting Cardigan Bay. Road access to the town is via the A487 along the Welsh coast from either north or south. The A44 provides access from South Wales and the Midlands. This road runs through central Wales and has been upgraded, but it remains a single carriageway road so Aberystwyth is at least a 2 hour drive from the M4 at Newport. The drive time is similar from the M54 at Telford or Shrewsbury. Aberystwyth is also served by rail, the station is in the town centre approximately half a mile north of the marina.
- 2.2. The marina lies at the mouth of the River Rhiedol. It is a sheltered location, with a sea wall and esplanade providing protection from the seaward side.
- 2.3. Aberystwyth is located towards the centre of Cardigan Bay. There are a number of small harbours and inlets along the bay from Fishguard in the south to Abersoch at the north, but there are no other full service marinas within the bay. The nearest marinas are at Pwllheli and Anglesey to the north, or at Milford Haven to the south.

3 DESCRIPTION

- 3.1. Aberystwyth Marina lies in an area of former commercial docks which have now been largely redeveloped for housing and other non-harbour related uses. Road access is via Y Lanfa from Penparcau Road. The banks of the harbour are lined with modern residential development on the south side and a sizeable office building to the east, neither of which are within the marina ownership.
- 3.2. The land ownership of the marina includes a small parcel of land opposite the main marina bridge head, upon which is built the marina office and facilities building. Also at the northern end of Y Lanfa is an area of land used for boat storage and car parking. A concrete slipway leads from this land into the river. The boatyard area is largely hard surface with a mix of tarmac, concrete and block paving. In common with most marina yards it will be used predominantly for parking in the summer and for boat storage during the winter, when the parking needs are lighter.
- 3.3. The marina facilities building is a single storey structure constructed of rendered masonry elevations beneath a pitched slate roof. The marina reception office is of sufficient size to also include a small sales area, with racking laid out with a few common chandlery and convenience items which can be sold from the marina reception. Behind the reception desk is a separate admin office and at one side is a store, which also includes a sink so is useable as a tea and coffee making facility.
- 3.4. The remainder of this building contains the berth holder's facilities which have been recently refurbished to a high standard. There are four rooms, each of which contains a shower, WC and a wash basin. The rooms are fully tiled and fitted out with high quality sanitary ware. One of the rooms is specifically adapted for disabled use. In addition to these four bathrooms there is a small cleaner's store and another room which is currently unused. Work has commenced to partition this room to create a small gents WC. The remaining area will be incorporated into the marina office and reception area, thus increasing the available floor space. An enlarged reception office could be used for a more comprehensive retail offer, or an area could be set aside for a boat sales and brokerage operation.
- 3.5. The marina pontoons are accessed from a bridge head opposite the marina facilities building. This bridge head is secured by a galvanised steel gate with a key code lock. An access bridge leads down to the pontoons, which are of a standard floating type held in place by steel piles. The main pontoons are substantial structures, comprising a galvanised steel frame on concrete floats. The deck is a concrete screed which is hard wearing and easily cleaned. Some of the pontoons serving the smaller berths at the eastern end of the marina are of

more traditional construction with a hardwood timber deck. They appear serviceable, but the differential in freeboard between the concrete and timber pontoons means that they do not sit level in the water.

4 ACCOMMODATION

- 4.1. We have measured the floor area of the facilities block in accordance with the RICS Code of Measuring Practice to be as follows:

Description	Sq m	Sq ft
Reception office and retail area	29.7	320
Rear admin office	7.4	80
Store and kitchen	12.5	135
WC block	25.9	279
Space within WC block to be added to the reception office	10.3	111

- 4.2. The marina pontoons provide a total of 147 berths. At present 2 of these berths are unusable because there is a restricted fairway between these berths and an adjoining pontoon. A further 2 berths are occupied by the fuel pontoon and are not therefore used for annual berthing. This means that a total of 143 berths are available for use by annual or seasonal berth holders. A full schedule of the berths including the berthing length is included with our valuation calculations as Appendix 3 of this report.
- 4.3. We have measured the site areas from the Ordnance Survey plan. The slipway and boat yard area to the north of the site has a useable land area of approximately 0.19 hectares (0.45 acres). The site of the facilities block and marina office is held freehold and has an area of approximately 380 sq m (4,100 sq ft).
- 4.4. The leasehold river bed upon which the marina is constructed has a site area of approximately 1.45 hectares (3.6 acres).

5 SERVICES

- 5.1. The site benefits from mains water and electricity supplies. We understand that drainage from the facilities building is to the mains sewer.
- 5.2. Services bollards along the main pontoons provide electricity supplies to the marina berths. There are also water points at intervals along the pontoons.
- 5.3. We have not tested the services and therefore for the purpose of our valuation we have assumed they are fit for purpose and compliant with current legislation.

6 REPAIR AND CONDITION

- 6.1. We have not carried out a detailed building survey of any of the properties on this site, nor have we inspected any part of the buildings or site that was not readily accessible. The comments set out below are general observations taken from our brief inspection of the property.

- 6.2. The facilities building is a modern structure that appeared in good condition for its age and use. The showers and toilets have recently been refurbished and are well presented. Some work was underway to complete the refurbishment of the gents WC but this is relatively minor work in the context of this valuation.
- 6.3. The marina pontoons were noted to be in reasonable condition. As mentioned in the description section above there are areas where timber and concrete pontoons have been joined and the differential in freeboard means they do not sit level. In addition there are places where the pontoons will benefit from maintenance in the next few years, but in general they are adequate for their current use at present.
- 6.4. We have not had sight of an asbestos report. The only building on site appears to be a modern structure and we would not expect asbestos containing materials to have been used in its construction. Your legal adviser should seek confirmation of this point before proceeding.
- 6.5. The interest to be valued includes the stone revetment around the edge of the marina basin, this is held freehold. A structure of this nature represents a potentially significant repairing liability. You should therefore satisfy yourselves that it is structurally sound before you complete the purchase, and if you or your customer have any doubts you should obtain an opinion from a suitably qualified structural engineer

7 TENURE

- 7.1. The main part of the site, comprising the marina pontoons and the boat yard are leasehold. The small area of land upon which the facilities building sits is freehold. We have valued on the assumption that the freehold title is free of any onerous or unusual covenants or restrictions.
- 7.2. We have been provided with a copy of the lease for the marina and boatyard areas and the main points of this lease are summarised as follows:

Date of Lease	12 th July 2007
Landlord	Cyngor Sir Ceredigion
Tenant	Meirion Ellis Jones
Demise	Foreshore and Bed of Afon Rheidol at Aberystwyth Harbour
Lease Term	99 years from 12 th July 2007
Commencing Rent	£7,500 per annum
Rent Reviews	<p>The rent is to be reviewed on 1st April 2010 and 5 yearly thereafter. The basis of rent review is to the open market rental value.</p> <p>The lease contains an obligation by the tenant to construct the marina and to keep it in good condition. It is possible therefore that a literal interpretation of the rent review clause could allow the landlord to charge the full rental value of the complete marina. We believe that the intention of the parties was that rent reviews should be based on the ground rental value of the riverbed only. We have valued on this basis but this point should be confirmed by your legal advisers.</p>

Current Rent	<p>We understand the current rent remains at the commencing figure of £7,500 per annum.</p> <p>There have since been two rent review dates, on 1st April 2010 and 1st April 2015 and we have not seen any evidence that either of these reviews has been concluded. There is therefore the potential for the landlord to seek to instigate one or both of these rent reviews and to seek a significant increase in rent.</p>
Tenant's Works	<p>The tenant is required to construct works to increase the marina size from 110 berths to 184 berths. The marina contains around 147 berths so whilst some additional development has been undertaken this lease clause does not appear to have been fully complied with. It is possible that subsequent correspondence or agreements with the council have effectively amended this clause to allow the current marina layout to become the permitted layout but again this point should be confirmed before the purchase is completed.</p>
Repairs and Insurance	<p>The property is held on full repairing and insuring terms.</p>
Dredging	<p>The lease includes the right for the tenant to undertake dredging works to the marina area. In addition there is an obligation upon the tenant to keep the premises dredged to a depth of not more than 4.1 metres below ordnance datum.</p>
Permitted Use	<p>Use as a marina, with the leased land area to be used as a boat park, together with ancillary uses.</p>
Alienation	<p>Underletting is prohibited, but the tenant may assign the whole of the lease subject to first obtaining the consent of the landlord and the superior landlord (The Crown Estate). Statute will import a requirement that the landlord's consent is not to be unreasonably withheld.</p>

- 7.3. We have, in consultation with you, made the specific assumption that the rent is to remain at the current level of £7,500 until at least April 2020. This means that the rent reviews outstanding from April 2010 and April 2015 are assumed to have been concluded at nil increase. You should ensure this is documented in writing with the landlord before you rely on this assumption. If, following discussions with the landlord, it is apparent that the rent is not agreed at the current level, then our valuation will need to be reassessed in the light of any revised rental that may be agreed upon review.

8 TENANCIES

- 8.1. There are no tenancies in place in respect of any part of the site.
- 8.2. Individual berths are occupied by way of an annual or seasonal moorings licence. A licence of this nature is drawn on such terms that do not create a landlord and tenant relationship; it merely allows a boat owner to keep a vessel within the marina for a specified period.

9 PLANNING

- 9.1. The property lies within the administrative area of Ceredigion County Council.
- 9.2. Information from the Council website indicates that planning permission was granted in April 1997 for the construction of the marina office and facilities buildings.
- 9.3. We could not find any other planning history directly related to this site on the Council planning website. We note however that the information provided by the vendor's agents suggested that a previous planning permission had been granted for an additional 35 berths.
- 9.4. We are aware that your customer has discussed the potential for expanding the marina with the local planning authority and we understand that they have received a positive in principle response. We have therefore valued on the assumption that reasonable proposals to reconfigure the berths to increase the berthing capacity are likely to be received favourably by the local planning authority.
- 9.5. We have otherwise valued on the assumption that the current use of the site for a marina with boatyard and ancillary activities including chandlery retail from the marina office are the current permitted uses for planning purposes.

10 BUSINESS RATES

- 10.1. We have established from the Valuation Office Agency website that the property is described in the 2010 Rating List as marina and premises with a rateable value of £17,500.

11 ENVIRONMENTAL ISSUES

- 11.1. A contamination potential observation checklist is attached as an Appendix to this report. We have not been provided with any specific environment reports or assessments in respect of the premises. From our visual inspection the site appeared to be well managed and there were no obvious signs of oil spillage or other contamination. We have assumed that the diesel storage tank for the fuel facility complies with current fuel storage regulations and you should obtain appropriate confirmation from the vendor to this effect.
- 11.2. As we have no indications that there is any contamination on site, the only basis that we can adopt for the valuation of this site is to assume that it is clear of contamination. Your legal advisers should take up the usual enquiries in respect of environmental matters before proceeding and in the event of any contamination being discovered our valuation may need to be re-assessed.

12 MARKET COMMENTARY AND GENERAL REMARKS

- 12.1. The market for coastal marinas in the UK has seen very little transaction activity for the last few years, at least in respect of the sale of individual marinas. In recent months there have been two marina groups sold; Dean and Reddyhoff Marinas was sold in May 2015 to The Mansford Group and Premier Marinas has been purchased by The Wellcome Trust. Both of these sales are corporate transactions that do not provide much directly comparable assistance for the valuation of Aberystwyth Marina.
- 12.2. What these transactions do demonstrate however is that there is a level of market confidence within the UK marina industry. Both of the above corporate transactions represent very strong levels of value and high multipliers on the prevailing levels of trading profit. They indicate therefore that the buyers are optimistic that as the UK economy

recovers from the recent recession, leisure spending in general, and marina incomes in particular should see sustained growth.

- 12.3. The marina industry has been relatively stagnant over the last 5 or 6 years. As the recession commenced in 2009 many marinas saw their occupancy levels falling as boats were either taken out of the water and stored in cheaper boatyards or they were sold abroad. This trend was exacerbated for a brief period in 2009 when the Sterling to Euro exchange rate was favourable to European buyers.
- 12.4. In the later years of the economic downturn the situation has stabilised and many marinas reported flat occupancy and income levels. The main difficulty that the UK marina market has encountered is a very quiet new boat sales market. However in the last year or so there are signs that boat sales levels are starting to pick up and this trend, if it continues, will benefit the entire market. In recent years a lot of marinas have seen their occupancy rates starting to rise, but due to price discounting or special deals for smaller boats (both of which were in evidence at Aberystwyth in recent years) income levels have often remained static despite improving occupancy. We would be optimistic that as the market continues to recover marina incomes will now start to see some sustained growth. This has in our opinion fuelled the prices paid for both Dean and Reddyhoff and The Premier Marinas Group.
- 12.5. There are no recent comparable transactions involving the sale of individual marinas to assist in this valuation. This is because there have been no open market sales of going concern marinas in recent years. The last sale of which we are aware is the Port Dinorwic Marina near Bangor in North Wales. This was sold in 2013 but it could hardly be described as a fully operational going concern. The marina was in administration and whilst we do not have full details it would appear that the previous owner had left the country. Port Dinorwic has around 150 berths, but nearly two thirds of these are within a tidal basin which dries at low water and the remainder are within a locked basin. The repairing liabilities that come with a lock and the fact that much of the property comprises historic listed structures significantly depressed the value. In addition the trade for the marina had almost disappeared and it was sold for a very low figure, believed to be circa. £650,000 in the autumn of 2013.
- 12.6. The company controlling Aberystwyth Marina is also currently in administration, but the difference here is that the marina is still trading, albeit at a slightly reduced level. The property includes stone revetments to the basin edge as well as a slipway which potentially represent significant repairing liabilities. The stone revetments are within the freehold ownership and you should ensure that your borrower is comfortable that the underlying structure of these revetments are sound. We have valued on the assumption that there are no structural issues but you should satisfy yourselves that this assumption is correct before proceeding.
- 12.7. There is a need for some capital expenditure at Aberystwyth, notably on the dredging of the marina basin. The basin has been allowed to silt up to the degree that it is now compromised for larger fin keeled yachts. Such yachts usually require up to 2 metres draught and we understand the water depth can now drop to a metre or less at low water springs.
- 12.8. If the marina is dredged then the potential market is significantly widened, both for annual berth holders and for visiting yachts, which represent a useful source of potential additional income.
- 12.9. We understand that dredging is usually undertaken in conjunction with the harbour authority, which is in turn controlled by Ceredigion County Council. We understand that your customers have agreed for an experienced contractor, Van Oord to undertake the dredging works to the marina basin as soon as possible after acquisition. This will form part of a programme of refurbishment and improvement that will firstly ensure that all of the berths are fully available for use. In due course the intention is to seek consent to reconfigure the berths and expand the berthing capacity.

- 12.10. We have assumed that all necessary licences and consents are in place to permit the dredging to commence as soon as possible after acquisition. If this is not the case then you should ensure that there is a clear pathway agreed to obtain these consents, and that no obstacles, such as the need for a full environmental assessment, are envisaged.
- 12.11. The proposals to reconfigure and expand the marina have been the subject of a successful application for a grant from the Coastal Communities Fund, part of the “Big Lottery Fund”. We understand that the total amount of the grant is £300,000 and this is to fund both physical works, including new pontoons and dredging as well as additional employment to staff the enlarged marina.
- 12.12. Within our valuation we have not made any addition for the potential to expand the marina. This is because there is at present no consent in place and whilst the Council and the harbour authority have we understand offered their support in principle, it is not appropriate to include the hope value for non-consented works within a valuation appraisal for secured lending purposes.
- 12.13. We have however taken into account the fact that grant funding is in place to assist your customers with those elements of the works that do not require specific planning permissions. However because the dredging is essential work we have made an allowance for the cost of that work.
- 12.14. We understand that the dredging works being undertaken by Van Oord have been costed at £67,650. Additional works totalling over £500,000 are anticipated, but these will comprise more wide ranging improvements. Therefore within our valuation we have made a capital expenditure deduction to reflect the dredging only on the basis that our valuation does not reflect the benefit of any other improvement works.
- 12.15. In addition to a valuation of the marina as an operational entity, you have asked us to comment on the proposals to create a lease of the marina to the Cardiff Marine Group. Firstly it should be noted that the head lease from Ceredigion Council does not permit subletting. We are aware that your customers are in dialogue with the Council and you should ensure that they obtain the Council’s approval to create this leasehold structure, to include a deed of variation to the lease.
- 12.16. On the assumption that their lease is varied to permit this sublease structure, the proposal is for the entire marina to be leased to the Cardiff Marine Group for a term of at least 10 years at a commencing rental of £145,000 per annum. We have been provided with consolidated accounts for the Cardiff Marine Group Limited for 2014 and they indicate that the group should be more than capable of meeting this rental liability, albeit that we have not undertaken any detailed financial analysis of the covenant strength of the company.
- 12.17. Our analysis of Aberystwyth Marina and trading projections indicate that the rental level of £145,000 may require some subsidy from the group for the first year or so, but thereafter assuming that the necessary capital investment is undertaken we would expect the marina to be able to support this level of rental, albeit that there would be a relatively small margin remaining to the marina after payment of this rental.
- 12.18. We are aware that this is an inter-company transaction, with Aberystwyth Marina to be set up as a wholly owned subsidiary of the Cardiff Marine Group. If at any time the landlord and tenant of this sublease arrangement should become entirely independent parties then we would have some concerns because this rental level is high given the anticipated profitability of the marina. In other words, a tenant having to pay a rent that starts at £145,000 with subsequent increases, may well have insufficient net profit remaining to keep them interested in investing and further developing the marina business.
- 12.19. For this reason we would recommend that the bank consider taking a charge over both the long leasehold and the occupational sub-leasehold interest. This would ensure that in the event of default the bank would have the option of either selling the investment subject to

the existing lease to Cardiff Marine Group, or securing a surrender of that occupational lease such that you could sell the marina as an operational entity to an operator, if that was the preferred option to secure the best value.

13 CAPITAL VALUE

- 13.1. The valuation of a marina, in common with most properties usually valued with reference to their trading potential, is assessed on the earnings multiplier approach. A multiplier or all risks yield is applied to the valuer's opinion of the fair maintainable net profit figure in order to derive the price that a purchaser might invest in order to receive the benefit of those net profits.
- 13.2. The nature of the marina market in recent years is such that there have been very few transactions and therefore the appropriate yield cannot easily be derived by direct analysis of comparables. Instead we have used our knowledge of the marina market and current market sentiment to inform our opinion of value. We do also have knowledge of the recent portfolio transactions involving Dean and Reddyhoff and the Premier Marinas Group. These transactions represent very low yields, but they are corporate transactions which occupy a very different market sector. Nevertheless they are indicative that there is a degree of confidence returning to the marina market.
- 13.3. Our detailed valuation calculations are set out within an Appendix to this report. We have set out within these calculations the last known accounts figures for the Aberystwyth Marina business, being accounts for the years ending March 2012 and March 2013. We have not been provided with any accounts figures for 2014 or 2015. We have then set out our projections for income for the next 3 full years.
- 13.4. It is apparent that marina occupancy has dropped notably since 2013 so our assessment of the first year reflects occupancy of 70%, or around 100 filled berths. Provided investment is undertaken, notably in dredging the marina basin then a well run marina operation should be capable of growing this occupancy and we have targeted a fully trading occupancy of 90%, or just under 130 berths occupied. Additional income should be generated from visitors and we have followed the actual income levels achieved in 2012 and 2013. We would be optimistic however that with an appropriate marketing campaign it should be possible to increase this visitor income because the marina is well placed for vessels in transit between north and south Wales. It provides a secure mooring and visitors will benefit from the vibrant nature of Aberystwyth, being a large university town.
- 13.5. Other income will be generated from boat lifting and the storage of boats ashore. We are aware that the Cardiff Marine Group intends to push this element of the business hard, by marketing it in conjunction with their existing operations and using their established track record. However a valuation must assume a sale in the open market and we cannot therefore take into account any specific additional value that the Cardiff Marine Group will add, over and above any other buyer in the market. It is therefore to be hoped that the Cardiff Marine Group will achieve greater income levels than those that we have projected, but we consider our figures to be appropriate for a secured lending valuation.
- 13.6. Retail income will be received from diesel sales and some chandlery operations within the marina office. Finally there is the opportunity for brokerage and boat sales income. Once again we have included just a modest figure, taking a prudent approach to this valuation.
- 13.7. We have assessed the likely overheads based upon the previous year's accounts but also applying figures that we believe to be reasonable for a marina of this size, nature and location. It should be noted that, as set out within Chapter 7, Tenure above, we have made the specific assumption that the current rent of £7,500 per annum continues to be payable. You should confirm this point with the vendors and/or Ceredigion Council. If the Council takes steps to increase the rental at one or both of the currently outstanding rent reviews then we would need to reappraise our valuation in the light of the revised rental figures.

- 13.8. We have made an allowance for ongoing repairs and maintenance expenditure, to include a sum towards the cost of future maintenance dredging. In addition we have made a specific initial allowance to reflect the capital cost of the dredging which is now urgently needed. This has been assessed by Van Oord Contractors at circa. £67,000 and therefore we have deducted this sum from the final valuation.
- 13.9. Our valuation adopts a yield of 10% on the anticipated operating profits which we consider to be a reasonable yield in all the circumstances. If this marina were fully trading and located on the south coast of England then the yield would certainly be well into single figures. However we have to take a cautious approach because the marina has been on the market for some time and has failed to sell at an asking price of over £2 million. The holding company for the marina has gone into administration and it has suffered from a lack of investment, which has led to reduced occupancy. All of these factors require caution when selecting an appropriate yield.
- 13.10. Subject to the considerations set out within this report we are of the opinion that the **Market Value** of the freehold and leasehold interests in Aberystwyth Marina, **as a going concern marina valued with reference to trading potential** can, as at the date of inspection, be fairly stated in the sum of:
- £1,800,000 (one million eight hundred thousand pounds)**
- 13.11. You have also asked us to provide an opinion of the value of the property on the assumption that it is not a going concern. This is unlikely to be experienced in reality. As has been seen from the current example, in the event of a business failure it is commonplace for creditors to ensure the appointment of administrators so that the marina can remain trading in order to preserve value.
- 13.12. Nevertheless in order to provide you with the valuation for which you have asked, we have considered how the value might be affected if the marina was not trading. Any buyer would have to take immediate steps to reopen the marina and build occupancy from scratch. They would know that for the first year or two there would be little income and significant costs while the business was built back up to capacity. For this reason any purchaser acquiring this marina in a non-trading condition would make a substantial discount. We would repeat that we consider it unlikely that these circumstances would ever apply in practice, but our valuation on this basis is set out below.
- 13.13. Subject to the considerations set out in this report we are of the opinion that the **Market Value** of the part freehold and part leasehold interest in Aberystwyth Marina, **on the special assumption that the marina is closed and not trading** can, as at the date of inspection, be fairly stated in the sum of:
- £1,300,000 (one million three hundred thousand pounds)**
- 13.14. Finally you have asked us to provide an opinion of the value of the property on the assumption that an occupational lease is put in place, as outlined in this report. This lease will be for a term of at least 10 years without breaks and the tenant will be the Cardiff Marine Group Limited. The rent will commence at £145,000 per annum and we have assumed that it will include provisions for rent review, ideally with some minimum uplift provision at the fifth year.
- 13.15. As outlined above we would strongly recommend that you consider taking a charge over this occupational leasehold interest as well as the long leasehold interest that is being acquired so that you can have ultimate control over the property should a default occur.

- 13.16. Based on these assumptions and subject to the considerations set out in this report we are of the opinion that the **Market Value** of the part freehold and part leasehold interest in Aberystwyth Marina, **assuming that a new occupational lease is granted to the Cardiff Marine Group Limited on FRI terms for a minimum term of 10 years without breaks and upwards only rent reviews, at a commencing rental of £145,000 per annum**, can as at the date of inspection, be fairly stated in the sum of:

£1,800,000 (one million eight hundred thousand pounds)

14 RENTAL VALUE

- 14.1. The majority of the property is held on a long lease from Ceredigion Council. The lease term is 99 years from July 2007 and the current rent is £7,500 per annum. There are rent reviews apparently outstanding from April 2010 and April 2015.
- 14.2. In our opinion the current rental paid of £7,500 per annum is low. It is common for the ground rent of sea or river bed for marina use to be assessed on the basis of a percentage of marina income. We are aware of some examples where the rent is as high as 15% of income, but only for very high value marinas, usually on the south coast where premium berthing fees can be charged.
- 14.3. We would expect the rental value of this marina to be between 5% and 10% of berthing income, assuming a long ground lease of the sea bed with the marina structures remaining tenant's fixtures.
- 14.4. Based upon the historic and anticipated future moorings income levels of circa. £250,000 this indicates that a rental value of at least £20,000 might well be achievable by Ceredigion Council if they were to implement the outstanding rent reviews.
- 14.5. You have advised that you intend to establish an occupational lease of the entire marina to the Cardiff Marine Group Limited. The rent payable will be £145,000 per annum. As outlined above we consider this to be a high level of rental, although it can be justified by the projected income and profit levels once the business is well established. We consider this level of rental to be sustainable for an inter-company arrangement, provided that sufficient funds are made available for periodic repairs and maintenance. However if this marina were placed on the market to let then no third party tenant would agree to pay anywhere near this level of rent. Indeed it is unusual for operational marinas to be let as a going concern, to the extent that there is no real lettings market for marinas.
- 14.6. It is for this reason that we strongly recommend that you ensure that you are able to control both sides of the occupational lease at all times. This will mean that in the event of default by the borrower you will have the option of either continuing with the lease to the Cardiff Marine Group or, if preferred, that you have the ability to force a surrender of the lease to ensure that the marina could then be offered for sale as a going concern to an operator.

15 INSURANCE REINSTATEMENT VALUE

- 15.1. You have asked us to provide an opinion of the estimated reinstatement cost of this property for insurance purposes. We are able to provide insurance estimates for standard types of building using cost information prepared by the BCIS. However, a marina is a specialist facility and therefore we do not have either the expertise or the information available to be able to provide an insurance reinstatement estimate.
- 15.2. An assessment of the reinstatement value of this property would require pricing of the cost of rebuilding canal walls and other specialist structures. We would recommend you should

consult a Quantity Surveyor or similarly qualified professional to derive an accurate build cost estimate for this marina.

- 15.3. You have in addition asked us to provide an opinion of the reinstatement estimate of the marina buildings for insurance purposes. The only building at Aberystwyth Marina is the facilities and office building. We would recommend that, for insurance purposes, a reinstatement estimate of £105,000 be adopted for this building, on a day one basis, taking no account of inflation during the period of insurance cover.

16 SECURITY FOR THE LOAN

- 16.1. You have not advised us of the amount or term of the proposed loan facilities. As a general comment we consider this property to be generally suitable for secured lending purposes provided the various issues raised within this report are either addressed or taken into account within your lending decision.
- 16.2. Specifically you should ensure that you are aware of the potential liabilities that arise from the fact that the freehold ownership includes the stone revetment around the marina basin edge. If you or your customers have any concerns over the stability of that revetment then you should commission an appropriate structural engineer's report.
- 16.3. We have made the specific assumption that the ground rent payable under the headlease will remain at £7,500 per annum until the rent review due on 1st April 2020. If assurances cannot be received to this effect from the vendors and the Council then our valuation will need to be reassessed in the light of any revised rental figures that may be assessed.

Legal statement

Vail Williams LLP, a Limited Liability Partnership, registered in England (number OC319702).

Registered office: 540 Thames Valley Park, Reading, Berkshire RG6 1RA.

Any reference to a Partner means a Member of Vail Williams LLP or an employee or consultant with equivalent standing and qualifications.

A full list of Members is open for inspection at the registered office.

Regulated by RICS

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APPENDIX 1

Photographs



Overview of the marina pontoons



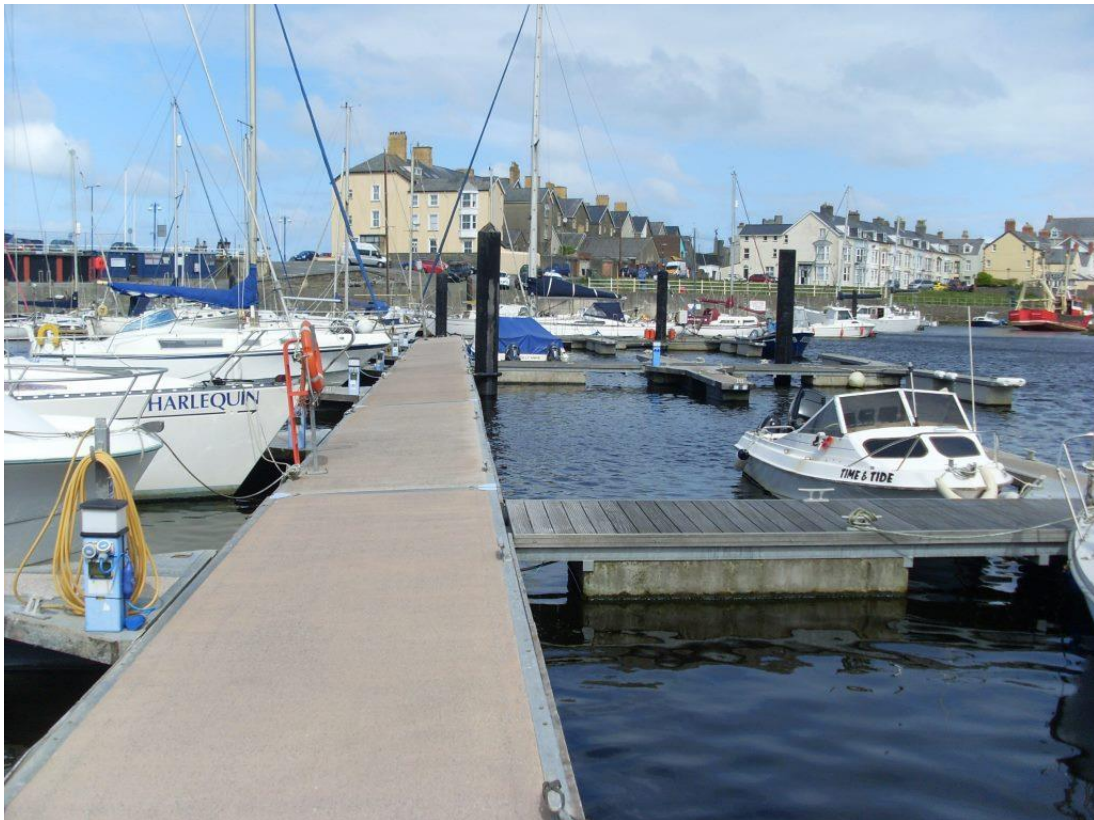
Office and facilities building



Boat storage and parking area



Slipway



Pontoon detail, showing the freeboard differential between timber and concrete pontoons



Fuel pontoon

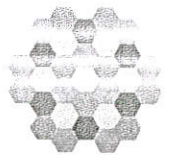
APPENDIX 2

Ordnance Survey Plan

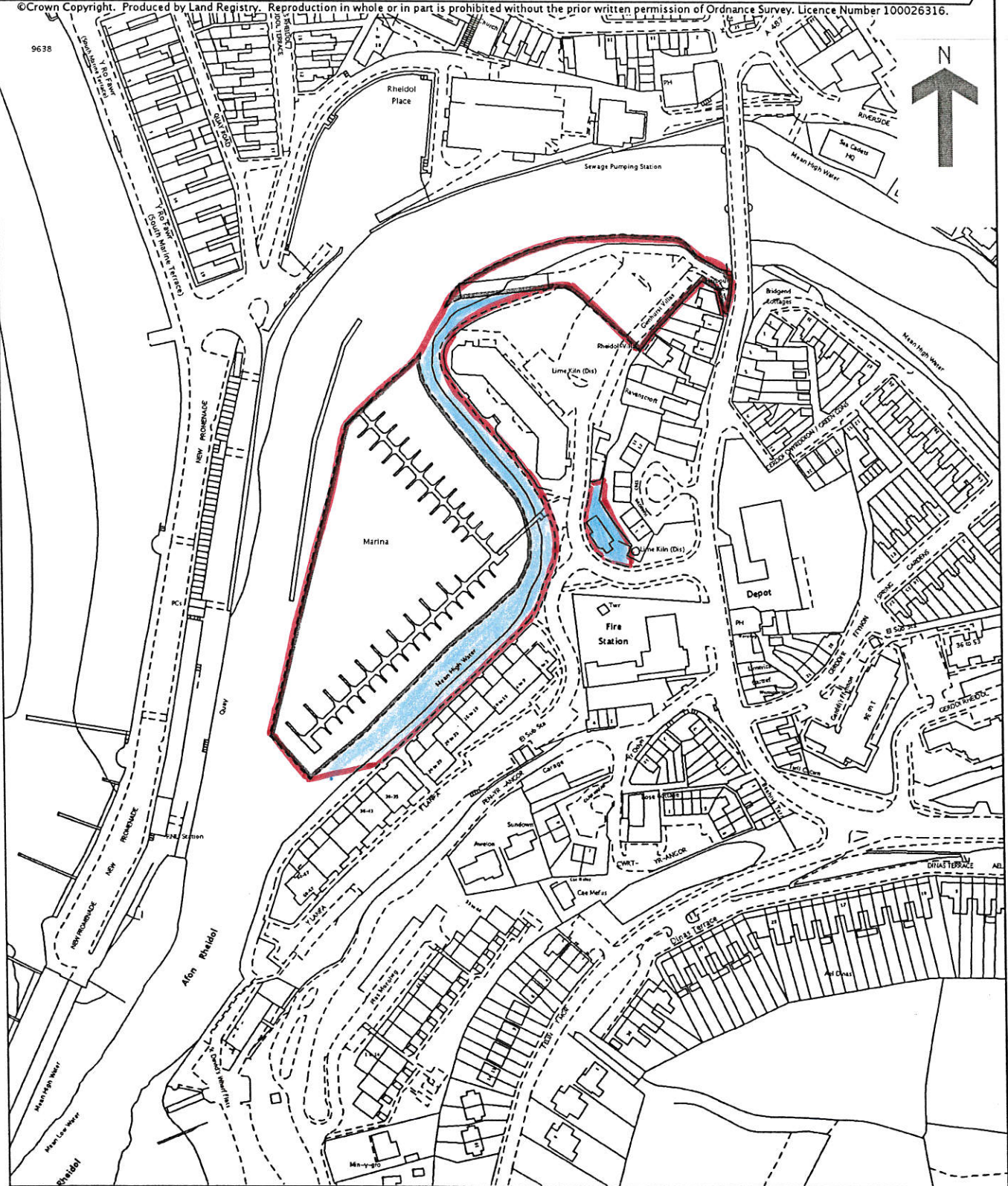
The entire site to be valued is shown edged red on the attached Title Plan extract. Those parts of the property that are held freehold are shown shaded blue, the remainder is leasehold.

Land Registry
Official copy of
title plan

Title number CYM364047
Ordnance Survey map reference SN5881SW
Scale 1:2500
Administrative area Ceredigion / Ceredigion



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This official copy is incomplete without the preceding notes page.
Mae'r copi swyddogol hwn yn anghyflawn heb y dudalen nodiadau flaenorol.

APPENDIX 3

Trading Projections and Valuation Calculations

Aberystwyth Marina - berthing length calculation

Date prepared: 20/05/2015

Berth numbers	Berth length (m)	Total berths	Total metres	Current annual charge, per berth inc VAT	Current annual charge, per berth exc VAT	Total potential annual income
1-33	7	33	231	£2,215	£1,846	£60,913
36-37	14	2	28	£3,775	£3,146	£6,292
38-54	11	17	187	£3,240	£2,700	£45,900
55-56	9	2	18	£2,695	£2,246	£4,492
57	15	1	15	£4,290	£3,575	£3,575
58-75	9	18	162	£2,695	£2,246	£40,425
76	15	1	15	£4,290	£3,575	£3,575
77-87	9	11	99	£2,695	£2,246	£24,704
90-113	9	24	216	£2,695	£2,246	£53,900
114	15	1	15	£4,290	£3,575	£3,575
115	7	1	7	£2,215	£1,846	£1,846
116-123	5	8	40	£1,745	£1,454	£11,633
124	7	1	7	£2,215	£1,846	£1,846
125-128	5	4	20	£1,745	£1,454	£5,817
129	7	1	7	£2,215	£1,846	£1,846
130-133	5	4	20	£1,745	£1,454	£5,817
134-135	7	2	14	£2,215	£1,846	£3,692
136-139	5	4	20	£1,745	£1,454	£5,817
140-147	7	8	56	£2,215	£1,846	£14,767
Total usable berths		143	1177			£300,429

Berths not used for annual mooring

34-35 fuel berth
88-89 not in use - restricted fairway

Max potential berthing income on a £ per metre model

assuming all berths let on annual mooring agreements at an average rate per metre

Rate used: £300 includes VAT

Max potential berthing income: £294,250

NOTE: the Practical Boat Owner 2014 guide suggests £280
but the 2015 guide suggests £310 per m, inc VAT

Valuation date: 20/05/2015

ASSUMPTIONS AND BACKGROUND

Tenure:	leasehold
Annual inflation rate, income	1.0%
Annual inflation rate, costs	2.0%

Number of berths	143	excludes 2 unusable berths and fuel berth
Max berthing length (sep sheet)	1,177 metres	equates to an average berth length of 8.2 metres
Berthing charge per m, p.a. inc VAT	£300	Equivalent per metre excluding VAT: £250.00
Service charge, per boat p.a.	£0.00	
Potential max berthing income	£294,250	

Notes on berthing income:

Actual income figures only provided for the period up to March 2013. No figures after that date, but marina entered administration so likely to be notably lower.

Comparables reflect very different sites. North Welsh marinas popular and good access from Manchester, etc. so prices well over £300 achieved for high quality marinas

Port Dinorwic and Victoria dock located in Menai Straights and limited tidal access hence lower prices

Pembrokeshire marinas lower prices due to location, but this is not markedly different to Aberystwyth's road access.

This marina is already trading so has an existing level of occupancy. The reason for adopting a DCF is to model the business growth following the takeover of the marina which is currently in Administration. Investment in dredging, facilities improvements and focus on business development is expected to see the occupancy and trade improve. There is also potential to improve the layout with a berth reconfiguration, but this does not yet have planning or other consents so cannot be included within an appraisal for secured lending purposes.

Mooring rate comparables: (prices are for 2015/16 unless stated otherwise). Source is PBO marina guide. All prices include VAT

Hafan Pwllhelli Marina: deep water moorings, access channel min 0.5m at MLWS, £360 per m, pa

Holyhead Marina: access at all tide states. £318 per metre, pa

Victoria Dock, Caernarfon: access high water +/- 2.5 hrs. £231 per metre pa

Port Dinorwic Marina: Locked basin, access HW +/- 2.5 hrs. £290 per metre pa

Conwy Quays Marina: half tide cill gate, £390 per metre pa

Neyland Yacht Haven: lower basin deep water moorings £290 per metre pa

Milford Marina: access at all tide states, £246 per metre pa

Assumed berth occupancy:	Year	occupancy %	number occupied
(Note: percentages are averages for	2016	70%	100
each year, not level to be reached	2017	80%	114
by the end of the year)	2018	90%	129

Notes on other income:

This marina is largely moorings only. Potential for limited additional income through:

Seasonal summer mooring, and overnight visitor moorings

Sales of diesel from dedicated fuel pontoon

Boat lifting via slipway and boatyard storage, albeit this will be limited by small size of boatyard.

Limited convenience/chandlery sales from marina office.

Brokerage commissions - potential for some boat sales activity from the marina office.

Notes on expenses:

Rates - current RV £17,500

Repairs and maintenance figure shown is an allowance to keep the marina in good condition for the long term. It does not take into account initial cap-ex to bring the marina up to standard, this is allowed for as an end allowance in the valuation. This repairs allowance allows a fair maintainable trading position to be established.

Other costs are based on our expectations of a marina of this size and layout.

P & L Projections		ACTUAL		PROJECTIONS				Comments
Year end 31 March:	2012	2013	2016	2017	2018			
INCOME								
Annual/seasonal mooring income	£	229,648	£ 265,726	£ 205,975	£ 237,754	£ 270,148		
Visitor berthing	£	11,239	£ 12,216	£ 12,000	£ 12,120	£ 12,241		
dry storage	£	4,386	£ 5,942	£ 10,000	£ 10,100	£ 10,201		
boat lifting	£	8,412	£ 9,308	£ 10,000	£ 10,100	£ 10,201		
slipway usage fees	£	976	£ 1,178	£ 1,500	£ 1,515	£ 1,530		
labour charges	£	609	£ 1,492	£ 1,500	£ 1,515	£ 1,530	wash-down etc.	
diesel	£	24,859	£ 22,391	£ 25,000	£ 25,250	£ 25,503		
electricity re-charges	£	3,887	£ 1,219	£ 2,000	£ 2,020	£ 2,040		
Other, inc retail and brokerage	£	-	£ -	£ 10,000	£ 10,100	£ 10,201	gross profit figure assumed for retail element	
Total Turnover	£	284,016	£ 319,472	£ 277,975	£ 310,474	£ 343,595		
Diesel cost of sales	£	16,206	£ 19,921	£ 21,250	£ 21,463	£ 21,677	15% margin assumed for diesel	
Gross Profit	£	267,810	£ 299,551	£ 256,725	£ 289,012	£ 321,918		
OVERHEADS								
Staff	£	50,617	£ 53,653	£ 45,000	£ 45,900	£ 46,818		
Crown/Council rent	£	22,125	£ 23,931	£ 7,500	£ 7,500	£ 7,500	Assumes no rent increase - caveated within report	
Rates and water		inc above	inc above	£ 10,000	£ 10,200	£ 10,404	RV £17,500 + allowance for water rates	
Light and heat		inc above	inc above	£ 5,000	£ 5,100	£ 5,202		
Insurance	£	5,768	£ 4,900	£ 5,000	£ 5,100	£ 5,202		
Harbour service costs	£	5,004	£ 9,429	£ 7,000	£ 7,140	£ 7,283	assumed to be harbour dues, but needs clarification	
print, post and stationery	£	3,837	£ 4,212	£ 1,000	£ 1,020	£ 1,040		
advertising		inc above	inc above	£ 5,000	£ 5,100	£ 5,202	needs to be significant to build up trade	
telephone	£	1,744	£ 1,686	£ 1,500	£ 1,530	£ 1,561		
plant and motor expenses	£	11,077	£ 13,541	£ 6,000	£ 6,120	£ 6,242	Allow for boat mover rental	
legal and professional fees	£	12	£ 800	£ 1,000	£ 1,020	£ 1,040		
Accountancy	£	875	£ 1,460	£ 2,000	£ 2,040	£ 2,081		
Sundry expenses	£	1,094	£ 1,311	£ 1,000	£ 1,020	£ 1,040		
Subscriptions	£	693	£ 871	£ 750	£ 765	£ 780		
repair and maintenance	£	-	£ -	£ 20,000	£ 20,400	£ 20,808	includes sinking fund for future dredging	
Cleaning	£	-	£ -	£ 5,000	£ 5,100	£ 5,202	allow £100 per week to clean facilities block	
Bank & card charges	£	-	£ -	£ 2,500	£ 2,550	£ 2,601		
Total expenses	£	102,846	£ 115,794	£ 125,250	£ 127,605	£ 130,007		
EBITDA	£	164,964	£ 183,757	£ 131,475	£ 161,407	£ 191,911		
		58.1%	57.5%	47.3%	52.0%	55.9%		
MARINA VALUATION:								
yield/discount rate adopted				10.0%	10.0%	10.0%		
Years purchase						10		
Present value				1.0000	0.9091	0.8264		
value PV'd to start of year 1				£131,475	£146,733	£1,586,041		
Market Value, based on existing trade & reflecting growth potential:				£1,864,249			Dredging has been priced by Van Oord at £67,000	
Deduct initial capital sum for dredging:				-£67,000			Further improvements are planned including extra	
MV of current marina, assuming grant funding is secured:				£1,797,249			pontoons, however consents are not yet in place for	
SAY:				£1,800,000			these pontoons so we have not included their value, so	
Value assuming business closed:							we should not allow for their cost either.	
Starting point - current trading MV				£1,800,000				
deduction for loss of trade, deduct 1 full year EBITDA:				-£131,475				
				£1,668,525				
Further deduction for forced sale, say 20%				-£333,705				
				£1,334,820				
SAY:				£1,300,000				

APPENDIX 4

Contamination Observation Checklist

CONTAMINATION POTENTIAL OBSERVATION CHECKLIST

Please complete the following checklist during your site inspection.

PROPERTY	Aberystwyth Marina
DATE OF INSPECTION	20 May 2015

Only tick the appropriate box to record the features observed in the course of the inspection of the property and surrounding area.

ELEMENT	FEATURE									
	Present Y or N	Inspected Y or N	Asbestos eg roof, lagging/ insulation	Waste/ Fly Tipping	Bulk Storage Tanks eg Fuel/Chemicals Above/Below Ground	Chemicals present Storage? Secure? Bunded?	Oil/ Chemical staining present?	Irregular Topogra- phy	Vegetation Die Back	Electrical sub station /pylons
Buildings: Occupied vacant	Y	Y								
Basements	N									
Hardstanding	Y	Y								
Derelict rough or open ground	N									
Agricultural Land	N									
Subterranean features (e.g Air Raid Shelters)	N									
Landscaping	Y	Y								
Natural Woodland	N									
Water Course	Y	Y								
Radiation Warning Signs	N									

Please provide details in your report of any material observations during the course of your inspection. (Examples may include: unbunded above ground fuel storage tanks, evidence of leaks and/or spillage of potentially contaminative substance, inadequate storage of bulk chemicals, etc.)

Additional comments:

The marina includes a diesel fuel sales facility, comprising a fuel pump on a dedicated service pontoon. This pump is fed from a storage tank that we have not inspected, but we have assumed that the tank complies with current legislation. You should obtain suitable confirmation that this is the case.

APPENDIX 5

Bank Instruction Letter

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

Our Ref: BR0053

18th May 2015

Vail Williams LLP
Attn. Ian Froome BSc MRICS
1000 Lakeside
North Harbour
Western Road
Portsmouth
Hampshire
PO6 3EN .

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: Aberystwyth Marine Ltd

PROPERTIES: Aberystwyth Marina, Y Lanfa, Trefechan, Aberystwyth, Dyfed, SW23 1AS

TENURE: Part – Freehold and Part Leasehold

USE: Established Marina with ancillary buildings

TENANCIES: See attached particulars

ACCESS: For access and further documentation please contact
John Rushby, Colliers International
Direct +44 121 265 7618 | Mobile +44 7717 341800

Instruction

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

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

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

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

Valuation and Report

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

1. The Market Valuation for loan security purposes of the Property in its current condition at the date of your inspection, subject to any current tenancies in place and sold as a going concern. Please indicate the period of marketing you have assumed in arriving at your valuation.
2. A valuation of the Property on the assumption that the Property was being sold without the benefit of a going concern.
3. A valuation of the Property on the assumption that a new occupational lease to Cardiff Marine Group Ltd is entered into, on FR&I terms, for a minimum term of 10 years, without a break clause, with upward only rent reviews and at a commencing rental of £145,000 p.a.
4. Please provide comparable evidence to support your assumptions on values.
5. Please provide an estimated rental value for the Subject Properties.
6. Please provide an estimated reinstatement cost of the buildings for insurance purposes.
7. Please provide a full description of the Property to include its accommodation, its size, its construction, location and general state of repair. These details should be supported with photos of the Properties. Whilst you are not instructed to carry out a structural survey on each Property, please comment of any noticeable defects that might warrant further investigation and which might affect the marketability of the Property.
8. Please certify that the Property is acceptable for secured lending purposes.

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 £4,000 + 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

APPENDIX 6

Vail Williams Request for Services
and Terms and Conditions of
Engagement

REQUEST FOR SERVICES (RFS)	
TITLE	ABERYSTWYTH MARINA, Y LANFA, ABERYSTWYTH
SERVICES	VALUATION
PROJECT NUMBER	P15-1282

CLIENT DETAILS	
NAME	Proplend Security Ltd
PRIMARY CONTACT	Richard Berkley



PROPERTY	
ADDRESS	Aberystwyth Marina Y Lanfa Trefechan ABERYSTWYTH Dyfed SY23 1AS

SERVICES	DESCRIPTION
BACKGROUND	Terms have been agreed for Cardiff Marine Group Limited to acquire Aberystwyth Marina as a going concern. A valuation is required for secured lending purposes.
SCOPE OF SERVICES	Vail Williams will prepare a valuation of the freehold and long leasehold interests in Aberystwyth Marina for the benefit of Proplend Security Ltd. The purpose of the valuation is for secured lending purposes. The valuation may not be assigned to any other party without the prior written approval of Vail Williams LLP.
DELIVERY DATES	Provided that all necessary information is supplied promptly, we will report during the week commencing 1 st June 2015.
REPORTING & COMMUNICATION	Our report will be addressed to the Directors of Proplend Security Ltd, H1 Ascot Business Park, Lyndhurst Road, Ascot, SL5 9FE

FEES	
TRANSACTION TYPE	<p>We have agreed a fixed fee of £4,000 plus VAT for the preparation of this report. This fee includes the costs associated with one visit to Aberystwyth. If additional visits to the site are required then the cost of such visits will be added to the fee as a disbursement.</p> <ul style="list-style-type: none"> ♦ All fees are subject to VAT at the current rate. ♦ All fees exclude disbursements.

ABORTIVE COSTS	
	As per clause 6.2 within the Terms and Conditions of Engagement.

INVOICING DETAILS	
FULL NAME & ADDRESS	<p>Whilst our contractual agreement is with Proplend Security Ltd, and they remain ultimately liable to pay our fees, it has been agreed that we will invoice Cardiff Marine Group Limited, who will be liable to pay the fees on behalf of Proplend Security Ltd. Our report will be released upon payment of the fees. The invoicing address is:-</p> <p>Cardiff Marine Group Ltd, Penarth Road, Cardiff, CF11 8TU</p>

VAIL WILLIAMS LLP JOB/TASK OWNER		VAIL WILLIAMS LLP AUTHORISED SIGNATORY	
PRIMARY CONTACT			
NAME	IAN FROOME	NAME	PETER SUDWORTH
TITLE	PARTNER	TITLE	PARTNER
CONTACT DETAILS	EMAIL: IFROOME@VAILWILLIAMS.COM TEL: 023 9220 3205	CONTACT DETAILS	EMAIL: PSUDWORTH@VAILWILLIAMS.COM TEL: 01293 612600
DATE	18 MAY 2015	DATE	18 MAY 2015
SIGNATURE: 		SIGNATURE: 	

CLIENT- CONFIRMATION OF ENGAGEMENT	
NAME	
TITLE	
DATE	
SIGNATURE ON BEHALF OF THE CLIENT:	

VAIL WILLIAMS LLP
SPECIFIC TERMS & CONDITIONS OF ENGAGEMENT
VALUATION

1. INTERPRETATION

1.1 The definitions and rules of interpretation set out in clause 1 of the General Terms shall apply to these Specific Terms. In addition, in these Specific Terms, the following expressions shall, where the context so admits, be deemed to have the following meanings:

"General Terms" means the general terms and conditions of engagement enclosed with these Specific Terms.

"Market Rent" means 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.

"Market Value" means 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.

"Specific Terms" means these Specific Terms and Conditions of Engagement – Valuations.

"Valuation" means VW's valuation of the capital and/or rental value of the Property.

"Valuation Report" means the report setting out the Valuation.

1.2 References to clauses are to the clauses of these Specific Terms unless expressly stated otherwise.

1.3 These Specific Terms shall apply, together with the Request for Services and the General Terms, to VW's appointment to provide valuation services in respect of the Property.

2. METHODOLOGY

2.1 The Valuation will be carried out on the basis of Market Value or Market Rent as set out in the Request for Services.

2.2 The Valuation Report is prepared in accordance with the Practice Statements in the RICS Valuation Standards (The Red Book) as amended from time to time.

2.3 Unless otherwise agreed by VW in writing, all Valuations are exclusive of any VAT and all other taxes and levies which may be, or may become, payable in respect of or in relation to the Property.

2.4 If VW is instructed to carry out a Valuation of the Property and the Property is tenanted, VW will not make any enquiries to ascertain the status or credit worthiness of any tenant at the Property. VW will carry out the Valuation on the assumption that all tenants at the Property are stable, well structured and able to meet the covenants and conditions and terms called for under the terms of their lease of the Property, including rental, and offering reasonable certainty of income in the foreseeable future.

2.5 When carrying out a Valuation of the Market Value of the Property, VW may deduct purchasers' costs including legal and surveyor's fees and stamp duty from the gross valuation figure so that the Valuation reflects the net price which, in VW's opinion, would be paid for the Property. The Valuation will not make allowances for any expenses of realisation which might arise in the event of disposal or development of the Property, whether actual or notional.

2.6 VW will make reasonable enquiries of the Local Authority which VW considers in VW's absolute discretion necessary to carry out the Valuation. All enquiries of the Local Authority will be made verbally or via the internet unless otherwise agreed by VW in writing. Unless otherwise agreed by VW in writing, VW has assumed that all uses of the Property evident at the time the Valuation is carried out are fully authorised and not in contravention of any planning permission or any condition

attached thereto or any restrictive covenant and that all necessary statutory, building and fire regulation requirements have been fully complied with.

2.7 VW will not inspect any title deeds to the Property. All Valuations are based on the assumption that there are no onerous restrictions or unusual outgoings affecting the Property's title.

2.8 VW shall not be liable for the true interpretation of the legal position of the Client or other parties. Any legal interpretation set out within the Valuation Report should be referred to the Client's legal advisers for verification.

2.9 Subject to clause 2.6, unless otherwise agreed by VW in writing, VW has not undertaken or seen copies of any searches, enquiries or replies to enquiries in respect of the Property. The Valuation has been carried out on the assumption that all such searches and enquiries would reveal nothing that would adversely affect the Valuation.

2.10 The Valuation has been carried out on the assumption that:

2.10.1 there are no hazardous or deleterious materials at the Property or in the surrounding area likely to adversely affect the Valuation;

2.10.2 there is no contamination at the Property or in the surrounding area likely to adversely affect the Valuation; and

2.10.3 the Property is in good structural condition.

2.11 Unless otherwise agreed by VW in writing, the Valuation excludes any value attributable to:

2.11.1 trade fixtures, fittings and equipment at the Property other than those fixtures which are normally regarded as being part of the Property such as sanitary fittings, fixed heating and lighting and mains services supplying these; or

2.11.2 any business carried on at the Property.

2.12 Unless otherwise agreed by VW in writing, all Valuations are undertaken by an "external valuer" as defined by the RICS Valuation Standards as amended from time to time.

3. ADVISING ON FUTURE GROWTH

3.1 If VW advises on the prospect of future growth in the Property's rental and/or capital value, the Client accepts that such advice is given on the basis of the state of the market at the time the advice is given and that such growth may not occur and that the rental and/or capital value of the Property may fall as well as rise. VW shall not be liable to the Client for:

3.1.1 any losses incurred by the Client as a result of any decline in the rental and/or capital value of the Property; or

3.1.2 the Client's failure to achieve profits and/or growth in respect of the rental and/or capital value of the Property

as a result of changes to the state of the market.

4. VALUATIONS FOR LENDERS

4.1 Where VW is appointed by a lender to carry out a Valuation of the Property as security for a loan the Valuation is carried out on the assumption that the borrower will maintain the Property in reasonable repair throughout the term of the loan.

5. VALUATIONS FOR INCLUSION IN COMPANY ACCOUNTS

5.1 When carrying out a Valuation of the Property for inclusion within the Client's company accounts an apportionment of the value between buildings (depreciable amount) and land (residual non depreciable element) may be required. It should be noted that this is an informal apportionment and

the individual amounts set out in the Valuation Report do not necessarily represent the value of each part of the Property or the collective whole.

6. VALUATIONS FOR INSURANCE PURPOSES

6.1 Where a Valuation is given for the purposes of the Client obtaining insurance cover for the re-instatement value of the Property:

6.1.1 the Valuation is the cost of re-instatement at the date the Valuation is carried out and makes no allowance for inflation throughout the period of insurance cover or construction. The Valuation includes an allowance for building costs and demolition to re-instate the Property and, where appropriate, the protection of adjacent buildings, but not any VAT liability which the Client may incur in respect of re-instating the Property. If the Client is VAT registered insurance companies would not normally reimburse VAT incurred in respect of re-instating the Property. VW recommends that the Client discusses with the Client's insurance company the inclusion of the VAT element of the works when the relevant insurance policy is negotiated; and

6.1.2 the Valuation is based on figures taken from the RICS Building Costs Information Service as amended from time to time. This is a quarterly review on the general levels of building prices derived from detailed analysis of accepted tenders. It should be remembered that the figures are averages used to calculate the mean price for a particular type of building in a particular location. Consequently it cannot be more than a general guide.

7. RESTRICTIONS ON SHARING THE VALUATION REPORT

7.1 Subject to clauses 7.3 and 7.4, the Client may not share the Valuation Report directly or indirectly with any third party without VW's prior written consent which VW may make subject to such conditions as VW may in its absolute discretion specify (including without limitation the payment of further Fees by the Client to VW).

7.2 The Client shall fully comply with all conditions imposed on the Client by VW under clause 7.1.

7.3 Subject to clause 7.4, where the Client is a bank and the Valuation Report has been prepared for the Client's own customer, the Valuation Report may be shared with the Client's customer.

7.4 If the Client is allowed to share the Valuation Report with a third party under clauses 7.1 or 7.3, the Valuation Report may be shared with that third party provided that VW shall have the benefit of the indemnity set out in clause 8.1 of the General Terms in respect of the third party's reliance upon the Valuation Report.

VAIL WILLIAMS LLP
GENERAL TERMS & CONDITIONS OF ENGAGEMENT

1. INTERPRETATION

1.1. In these General Terms the following expressions shall, where the context so admits, be deemed to have the following meanings:-

"Agreement" means the agreement between VW and the Client under which VW agrees to provide the Services to the Client and comprising of the Request for Services, these General Terms and any Specific Terms.

"Business Day" means Monday to Friday inclusive excluding Bank Holidays and Public Holidays in England.

"Client" means the person(s) named on the Request for Services.

"Client Materials" means all documents, products and materials provided by the Client to VW in connection with the Services;

"Confidential Information" means all information (including all oral and visual information), and all information recorded in writing or electronically or in any other medium or by any other method disclosed to or obtained by either party from the other, or a third party acting on behalf of the other, and shall include but not be limited to: (i) the terms of the Agreement; and (ii) any information relating to the other party's operations, processes, pricing, plans, intentions, know how, designs, trade secrets, opportunities and business affairs.

"Control" shall have the meaning given to it by section 574 Capital Allowances Act 2001.

"Deliverables" means all documents, products and materials produced by VW and provided by VW to the Client as part of the Services (excluding any Client Materials).

"Designated Member" means any member of a limited liability partnership who, for the purposes of the Limited Liability Partnerships Act 2000, is a designated member.

"Expenses" shall have the meaning given to it by clause 6.3.

"Fees" means VW's fees for the provision of the Services as set out in the Agreement.

"General Terms" means these general terms and conditions of engagement.

"Pre-existing Materials" means all documents, products and materials provided by VW to the Client as part of the Services and which existed prior to the date of the Request for Services (excluding any Client Materials).

"Property" means the freehold or leasehold property(ies) which is the subject of the Client's instructions to VW as set out in the Request for Services.

"Quantum Meruit Payment" means a fee for time spent by VW in providing the Services, such time being charged at VW's then current hourly rates for the persons engaged in providing the Services.

"Request for Services" means the request for services document provided by VW to the Client.

"Services" means the services which VW has agreed to provide to the Client as set out in the Agreement.

"Specific Terms" means any terms and conditions of engagement relevant to specific Services provided by VW to the Client.

"Third Party Contract" means any contract entered into by the Client (either by the Client itself or by VW acting as the Client's agent) with a third party and which relates to the Services.

"Third Party Contractor" means any contractor appointed under a Third Party Contract.

"VW" means Vail Williams LLP, a Limited Liability Partnership registered in England (registered number OC319702) and

whose registered office is at 540 Thames Valley Park, Reading, Berkshire, RG6 1RA.

1.2 The headings shall not affect the interpretation of the Agreement.

1.3 A reference to a person includes a natural person, corporate or unincorporated body. References to the singular include the plural and vice versa. References to any gender include all other genders.

1.4 A reference to a statute or statutory provision is a reference to it as it is in force for the time being, taking account of any amendment, extension or re-enactment and includes any subordinate legislation for the time being made under it.

1.5 References to clauses are to the clauses of these General Terms unless expressly stated otherwise.

2. BASIS OF AGREEMENT

2.1. VW undertakes all Services only on the basis of the terms of the Agreement which shall apply to the exclusion of any other terms and conditions which the Client may seek to impose or which are implied by trade, custom, practice or course of dealing.

2.2 The Client's continued instructions to act shall be deemed to be the Client's acceptance of the terms of the Agreement.

2.3 In the event of any conflict between these General Terms, the Specific Terms and/or the Request for Services, the conflict shall be resolved in the following order of priority (with the Request for Services taking the highest priority) and the Agreement shall be construed accordingly:

2.3.1 the Request for Services;

2.3.2 the Specific Terms;

2.3.3 these General Terms

3. COMMENCEMENT AND DURATION

3.1 The Agreement shall commence on the date of the Request for Services and shall, subject to earlier termination in accordance with the terms of the Agreement, continue in full force and effect until the Services have been delivered.

4. VW'S GENERAL OBLIGATIONS

4.1. VW shall:

4.1.1 perform the Services with all due skill, care and diligence; and

4.1.2 use reasonable endeavours to observe all health and safety rules and regulations and any other reasonable safety or security requirements applicable to the Property and which are brought to VW's attention by the Client.

4.2 Time of provision of the Services shall not be of the essence of the Agreement.

4.3 The Agreement sets out the full range of services which VW has agreed to provide to the Client and VW shall not be liable to the Client for any failure to provide services not expressly set out in the Agreement. Without prejudice to the generality of the foregoing, VW does not advise on asbestos or other hazardous or deleterious materials, above or below ground contamination, utilities or services, or electrical, mechanical or engineering matters. The fact that a report or any other documentation prepared by VW does not refer to these matters does not mean that there are no issues at the Property in respect of such matters. VW advises the Client that specialist professional advice is taken in all instances.

- 4.4 VW shall ensure that all persons engaged by VW to deliver the Services are of sufficient seniority and experience to deliver the Services in accordance with the Agreement. VW reserves the right to change the persons engaged by VW to deliver the Services at any time.
- 4.5 VW shall deliver the Services as adviser and not as an expert witness. If VW agrees to act as expert witness in connection with any matter, the Client acknowledges and agrees that VW may charge the Client a separate fee for acting as expert witness.

5. CLIENT'S GENERAL OBLIGATIONS

- 5.1 The Client shall:
- 5.1.1 co-operate with VW on all matters relating to the Services;
 - 5.1.2 provide VW with all data, information and documentation:
 - 5.1.2.1 reasonably requested by VW in connection with the Services; or
 - 5.1.2.2 which is material to the Property or the Services.

The Client shall notify VW immediately of any change to any information, data or documentation previously provided by the Client to VW;
 - 5.1.3 save where VW is appointed to find a suitable Property for the Client in accordance with the Client's instructions, notify VW of all known and suspected health and safety risks applicable to the Property. The Client warrants that, save for any health and safety risks notified to VW under this clause 5.1.3, it is safe for VW and any third parties attending at the Property with VW's consent to attend at the Property for any purposes related to VW's performance of the Services;
 - 5.1.4 immediately notify VW if the Client becomes aware of any connection which may exist between VW and the Client (other than VW's appointment to provide the Services under the Agreement); and
 - 5.1.5 promptly provide VW with all information reasonably requested by VW to allow VW to calculate the Fees.
- 5.2 The Client warrants that:
- 5.2.1 all data, information and documentation provided by the Client to VW under or in connection with the Agreement is accurate, complete and not misleading;
 - 5.2.2 it has not failed to disclose any facts which may be material to VW's ability to fully and lawfully perform the Services;
 - 5.2.3 it has full power and authority to enter into the Agreement and to instruct VW to deliver the Services; and
 - 5.2.4 it will at all times during the term of the Agreement fully comply with all applicable laws.
- 5.3 The Client shall not, without the prior written consent of VW, at any time from the date of the Request for Services to the expiry of 12 months following the expiry or termination of the Agreement, solicit or entice away from VW or employ or attempt to employ any person who is, or has been, engaged as an employee or consultant of VW in connection with the provision of the Services.

- 5.4 The Client shall indemnify and keep indemnified VW for and against any and all claims, costs, damages, demands, expenses (including legal expenses), liabilities and losses suffered or incurred by VW as a result of the death or personal injury of any person, or the damage to any person's property, if the death or personal injury to that person, or the damage to that person's property, is suffered or incurred as a result of that person's attendance at the Property, save that the indemnity in this clause 5.4 shall not apply if the death or personal injury, or damage to property, is caused as a result of VW's negligence.

- 5.5 The Client shall at all times during the term of the Agreement maintain sufficient insurance cover to meet any liability which the Client may incur under or in connection with the Agreement.

6. FEES AND EXPENSES

- 6.1 Subject to clause 6.2, VW shall invoice the Client for the Fees in accordance with the Agreement.
- 6.2 If the Client terminates the Agreement other than in accordance with the terms of the Agreement, then VW may invoice the Client for the Quantum Meruit Payment (less any Fees already paid by the Client to VW in respect of the Services to which the Quantum Meruit Payment relates).
- 6.3 The Client shall pay to VW all reasonable out of pocket expenses incurred by VW in the performance of the Services including without limitation expenses incurred as a result of travel, subsistence, hotel accommodation, advertising, sign boards, mailings, telemarketing, photography, the preparation of records, models and presentation materials, the costs of producing or reproducing documents, drawings and maps, the cost of couriers and special postal services and any marketing expenses and any other costs incurred by VW as a result of VW performing the Services ("**Expenses**"). Mileage will be charged on the standard HMRC scales from time to time. Rail and air travel will be charged at cost to VW. VW may invoice the Client for the Expenses at any time after they have been incurred by VW.
- 6.4 VAT and all other similar taxes and levies from time to time ("**VAT**") shall be payable (at the then prevailing rate) on all sums due to VW under the Agreement where applicable and VW shall add VAT to its invoices accordingly.
- 6.5 Subject to clause 6.12, the Client shall pay all invoices submitted by VW in accordance with the Agreement within 14 days of the date of invoice. Time of payment shall be of the essence of the Agreement.
- 6.6 All sums payable by the Client to VW under the Agreement shall be paid to VW in the currency in which they are invoiced and the Client shall be responsible for any costs incurred by VW in converting any payment into that currency.
- 6.7 Without prejudice to any other right or remedy which VW may have, if the Client fails to pay any VW invoice submitted in accordance with the Agreement within 14 days of the date of the invoice, VW may:
- 6.7.1 charge interest on such sum from the due date for payment at the annual rate of 3% above the base rate from time to time of National Westminster Bank Plc accruing on a daily basis and being compounded quarterly until payment is made, whether before or after any judgment;
 - 6.7.2 charge the Client for all reasonable costs and expenses incurred by VW as a result of the late payment (including without limitation all reasonable costs and expenses incurred by VW in chasing the late payment); and/or
 - 6.7.3 suspend all Services and any services VW is providing to the Client under any other

agreement between the parties until payment is made in full.

- 6.8 All amounts due under the Agreement shall be paid in full without any set-off, counterclaim, deduction or withholding (save as required by law).
- 6.9 No amounts due to VW under the Agreement shall be contingent on the Client receiving payment from any third party. All amounts due to VW under the Agreement shall be paid to VW in full regardless of whether the Client has received payment from any third party.
- 6.10 VW shall not under any circumstances be liable to refund to the Client any sums received from the Client under the Agreement.
- 6.11 Where the Client comprises more than 1 person, each person shall be jointly and severally liable to VW for all payments due to VW under the Agreement.
- 6.12 VW may, at the Client's request, agree to invoice any third party for payment of any sums due to VW under the Agreement. If VW does invoice a third party for such payment, the Client acknowledges and agrees that the Client is ultimately responsible for any delay or failure by the third party to make such payment to VW in accordance with the Agreement.

7. INTELLECTUAL PROPERTY RIGHTS

- 7.1 The copyright and all other intellectual property rights in any Deliverables or Pre-existing Materials shall belong exclusively to VW and VW's licensors.
- 7.2 The copyright and all other intellectual property rights in any Client Materials shall belong exclusively to the Client and the Client's licensors. The Client grants VW a non-exclusive, royalty-free, transferrable licence to use, modify and distribute the Client Materials to such extent as is reasonably necessary to allow VW to deliver the Services.
- 7.3 The Client warrants that it has the right to licence the use of the Client Materials to VW in accordance with clause 7.2 and that VW's use of the Client Materials in accordance with the Agreement shall not infringe the intellectual property rights of any third party.
- 7.4 The Client shall indemnify and keep indemnified VW for and against any and all claims, costs, damages, demands, expenses (including legal expenses), liabilities and losses suffered or incurred by VW as a result of the Client's breach of clause 7.3.

8. THIRD PARTY RELIANCE

- 8.1 The Deliverables and Pre-existing Materials are supplied by VW solely for the Client's benefit. If the Client shares any Deliverables or Pre-existing Materials directly or indirectly with a third party, the Client shall indemnify and keep indemnified VW for and against any and all claims, costs, damages, demands, expenses (including legal expenses), liabilities and losses suffered or incurred by VW as a result of the third party relying on those Pre-existing Materials or Deliverables.

9. INDEMNITY

- 9.1 The Client shall indemnify and keep indemnified VW for and against any and all claims, costs, damages, demands, expenses (including legal expenses), liabilities and losses (together "**Losses**") suffered or incurred by VW as a result of VW performing the Services, save where such Losses are incurred by VW as a result of VW's default or negligence.

10. TERMINATION

- 10.1. Either party may terminate the Agreement with immediate effect by serving written notice on the other party if:

- 10.1.1 the other party commits a material breach of the Agreement and (if such breach is remediable) fails to remedy that breach within 14 days of receiving notice of the breach (any failure by the Client to pay VW any Fees or Expenses on the due date for payment shall be deemed a material breach of the Agreement);
- 10.1.2 the other party repeatedly breaches the Agreement in such a manner as to reasonably justify the opinion that its conduct is inconsistent with it having the intention or ability to give full effect to all the terms of the Agreement; or
- 10.1.3 the other party is declared bankrupt or insolvent or enters into liquidation whether compulsory or voluntary or has a receiver or administrator appointed in respect of any of its assets or has a receiving order made against it or makes any arrangement with its creditors or if distress or execution is levied or threatened upon any of the other party's property, or any judgment against the other party remains unsatisfied for more than 14 days or if the other party is unable to pay its debts as they fall due, or if the terminating party reasonably suspects that any of these events is about to happen in respect of the other party;.

- 10.2 VW may terminate the Agreement with immediate effect by serving written notice on the Client if the Client suffers a change of Control.

11. EFFECTS OF TERMINATION

- 11.1 On the expiry or termination of the Agreement for any reason:
- 11.1.1 the accrued rights, remedies, obligations and liabilities of the parties under the Agreement as at expiry or termination shall not be affected, including the right to claim damages in respect of any breach of the Agreement which existed at the date of expiry or termination; and
- 11.1.2 clauses which expressly or by implication have effect after the expiry or termination of the Agreement shall continue in full force and effect, including without limitation the following clauses: clause 1 (Interpretation), clause 5.1.5 (Provision of Information to Calculate Fees), clause 5.3 (Non-poaching), clause 6 (Fees and Expenses), clause 7 (Intellectual Property Rights), clause 8 (Third Party Reliance), clause 9 (Indemnity), clause 11 (Effects of Termination), clause 15.8 (Third Party Contracts Indemnity) and clause 16 (General).

12. COMPLAINTS

- 12.1 VW operates a complaints procedure in accordance with the RICS Rules of Conduct for Firms. A copy of this is available on request from any of VW's offices.

13. RELATED SERVICES

- 13.1 Subject to clause 13.2, the Client acknowledges that VW may provide property related services to third parties in relation to the Property for which VW may receive remuneration from the third party.
- 13.2 If VW is asked to provide property-related services to a third party and the provision of those services conflicts with the provision of the Services to the Client, VW shall notify the

third party and the Client as soon as reasonably possible and ask for consent from both parties to continue to act for them. If the either party does not consent, VW may, without liability to the Client, serve notice on the Client to terminate the Agreement with immediate effect.

14. ANTI MONEY-LAUNDERING

14.1 VW is under a legal obligation to comply with the Money Laundering Regulations 2007 ("**Regulations**") to obtain and keep evidence of identity of all VW's clients. The Client agrees to provide VW with all documentation VW requests to enable VW to comply with its obligations under the Regulations. Any breach by the Client of this clause 14 shall be deemed a material breach of the Agreement.

15. THIRD PARTY CONTRACTS

15.1 The Client shall enter into the Third Party Contracts, such Third Party Contracts to be entered into in the Client's own name and on the Client's own behalf.

15.2 If the Request for Services says the Client appoints VW to act as the Client's agent, VW may (subject to the authority limits, if any, set out in the Request for Services) do all or any of the following so far as VW deems such acts to be necessary or desirable to ensure the proper delivery of the Services in accordance with the Agreement:

15.2.1 to enter into Third Party Contracts in the Client's name and on the Client's behalf;

15.2.2 to issue instructions to the Third Party Contractors;

15.2.3 to receive, consider and action all notices received under or in connection with the Third Party Contracts;

15.2.4 to serve notices under the Third Party Contracts, including without limitation the service of notices to renew, extend or terminate any Third Party Contract; and

15.2.5 to carry out all or any of the obligations of the Client under the Third Party Contracts.

15.3 The Client shall be solely responsible for making all payments under the Third Party Contracts and VW shall not under any circumstances be responsible for making any such payments on the Client's behalf.

15.4 If, notwithstanding clause 15.3, VW agrees to make a payment on the Client's behalf under a Third Party Contract, the Client shall immediately pay to VW sufficient sums, in cleared funds, to enable VW to make such payment in full on the Client's behalf in accordance with the terms of the Third Party Contract.

15.5 The Client declares that every act, document, agreement, deed, matter and thing which shall be made, executed or done by VW by virtue of and in accordance with this clause 15 shall be as good, valid and effective as if the same had been made, executed or done by the Client.

15.6 The Client ratifies and confirms and agrees to ratify and confirm everything that VW does or causes to be done by virtue of and in accordance with this clause 15.

15.7 The Client shall indemnify and keep indemnified VW from and against any and all claims, costs, damages, demands, expenses (including legal expenses) liabilities and losses suffered or incurred by VW as a result of:

15.7.1 VW exercising the rights granted to it under this clause 15; or

15.7.2 without prejudice to the generality of clause 15.7.1, any claim brought against VW under any Third Party Contract.

16. GENERAL

16.1 Upon completion of the Services, VW will store all documentation relating to the Services for a period of at least 7 years following completion of the Services. Once the 7 years have elapsed, VW may, at VW's option, destroy the documentation.

16.2 No variation of the terms of the Agreement shall be binding on VW unless agreed in writing between the Client and a Designated Member of VW.

16.3 Neither party shall be liable to the other for any delay or failure to perform its obligations under the Agreement if and to the extent such delay or failure is caused by an event beyond its reasonable control. If such event prevents either party from performing its obligations under the Agreement for more than 12 weeks, either party may, without limiting its other rights or remedies, terminate the Agreement by giving written notice to the other party. This clause 16.3 shall not apply to any obligation on the Client to pay any sum to VW.

16.4 A person who is not a party to the Agreement shall not have any rights under or in connection with it whether under the Contracts (Rights of Third Parties) Act 1999 or otherwise.

16.5 The Agreement constitutes the entire agreement between the parties for the provision of the Services. Each party agrees that it has not relied on any statement, representation or warranty not set out in the Agreement. Nothing in the Agreement shall limit or exclude either party's liability for fraud or fraudulent misrepresentation.

16.6 The Client shall not assign, transfer or deal in any other manner with any or all of its rights or obligations under the Agreement without VW's prior written consent. VW may at any time assign, transfer or deal in any way with any or all of VW's rights and obligations under the Agreement.

16.7 Any notice or other communication given under the Agreement shall be in writing, addressed to that person's address as set out in the Request for Services (or to such other address as that party may have notified in accordance with this clause 16.7) and shall be delivered personally or sent by pre-paid first class post.

16.8 A notice or other communication shall be deemed received: if delivered personally, when left at the address mentioned in clause 16.7; and if sent by pre-paid first class post, at 9.00am on the second Business Day after posting.

16.9 The Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be construed in accordance with, and shall be governed by, English law and the parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any such dispute or claim.



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Our services

Occupier Services
Tenant Services
Landlord Services
Landowner Services
Developer Services
Corporate Real Estate
Property Acquisition & Disposal
Property Asset Management
Service Charge Consultancy
Treasury Management
Building Consultancy
Dilapidations Disputes
Investment & Funding
Lease Advisory
Planning Consultancy
Development Consultancy
Business Rates
Property Valuation
LPA Receivership

Making commercial sense of property

Vail Williams LLP, a Limited Liability Partnership, registered in England (number OC319702). Registered office: 540 Thames Valley Park, Reading, Berkshire RG6 1RA. Any reference to a Partner means a Member of Vail Williams LLP or an employee or consultant with equivalent standing and qualifications. A full list of Members is open for inspection at the registered office.

Regulated by RICS