

VALUATION REPORT

185 Replingham Road
Southfields
London
SW18 5LY

UNDERTAKEN ON BEHALF OF

Proplend Security Limited &
Cairn European Commercial Mortgage Fund
20-22 Wenlock Road
London
N1 7GU

FOR THE ATTENTION OF

Brian Bartaby

03 February 2017

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EXECUTIVE SUMMARY

185 Replingham Road
Southfields
London
SW18 5LY



Tenure	Freehold
Total gross Income	£13,400 per annum
Market Rental Value	£13,400 per annum
Market Value	£220,000
Market Value (VP)	£190,000
Description	A ground floor shop forming part of a mid terrace, three storey, property. Situated off the main retail pitch of Southfields, within a predominantly residential use area. NIA of 458 sq ft (42.57 sq m)

Loan security The particular strengths and weaknesses of the property are as follows:

Strengths

- Freehold;
- Let and income producing at Market Rent;
- Low vacancy rates; and
- Popular retail location with independent traders servicing the residents.

Weaknesses

- Further east of the main retailing pitch of Southfields.

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

Property Address: 185 Replingham Road, Southfields, London, SW18 5LY

Client: Proplend Security Limited & Cairn European Commercial Mortgage Fund

Customer: Keildon Property Limited

Reference no: RMV2017-600-MS

1.0 INTRODUCTION

Instructions

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

Purpose of valuation

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

Compliance

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

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

Inspection

- 1.10 The property was inspected externally and internally on Monday 30th January 2017. The valuation has been prepared by Megan Scott MRICS, a Senior Surveyor at Cluttons LLP, who we confirm has experience in valuing commercial properties of this type.

Date of valuation

- 1.11 The valuation date is the date of this report, 03 February 2017.

2.0 LOCATION AND SITUATION

- 2.1 The subject property is situated on the northern side of Replingham Road in Southfields, an area administered by Wandsworth Council.
- 2.2 The property is located away from the main retail pitch, within a predominantly residential use location. Surrounding retailers are entirely local traders and include a mix of local restaurants, solicitors, dry cleaners, hair and beauty and home security.
- 2.3 Southfields is a small district, located 6 miles south-west of Charing Cross. The street services local residents only and is predominantly made up of independent local traders. There are very few national retailers present, those noted include Tesco Express, HSBC and Sainsbury's Local
- 2.4 Southfields tube station (District Line) is located a 5-10 minute walk to the west of the subject property, close to the main retail pitch of Southfields.
- 2.5 Please refer to the Location Plan and Ordnance Survey extract attached at **Appendix C**.

3.0 DESCRIPTION AND CONSTRUCTION

- 3.1 The property comprises a ground floor shop, forming part of a Victorian mid-terrace three storey building with residential accommodation above. The external construction comprises brick elevations, with timber framed single glazed windows, beneath a pitched tiled roof.
- 3.2 The shop is trading as a physiotherapy and internally, the unit provides two treatment rooms, a reception area to the rear with separate kitchenette and a WC. Access to a side-rear courtyard is through a single timber framed door.
- 3.3 The property is finished with spotlights throughout, painted and plastered walls, natural light to all rooms with the exception of the kitchenette, laminate flooring and wall mounted radiators.
- 3.4 Photographs of the property are attached at **Appendix D**.

4.0 ACCOMMODATION

- 4.1 We have scaled the net internal floor area (NIA) from a floor plan of the property, provided to us by the Borrower, and undertaken check measurements. We have

measured the NIA of the property in accordance with the RICS Code of Measuring Practice (6th Edition). We set out the NIA below:-

Accommodation	Use	NIA (sq m)	NIA (sq ft)
Ground Floor	Shop	42.57	458

5.0 SITE

5.1 The site is shown, for identification purposes only, edged red on the attached Ordnance Survey extract (scale approximately 1:1,250), has the following dimensions and area:

	Metric	Imperial
Site frontage	4.85 metres	16 feet
Site depth	13.46 metres	44 feet
Site Area	0.006 hectares	0.015 acres

5.2 The site is level, and rectangular in shape.

5.3 An Ordnance Survey Plan extract is attached at **Appendix B**.

6.0 CONDITION AND STATE OF REPAIR

6.1 In preparing this report, Cluttons LLP were not instructed to undertake any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the subject property. We emphasise that we have not undertaken a building survey of the property, and should you require a more detailed report upon the structural condition and state of repair, a further inspection and report will be necessary. We would also refer you to our comments made under the heading 'Environmental Issues' below.

6.2 No significant defects were apparent on the date of inspection.

6.3 We can confirm that we have taken into account the existing condition of the property within our valuation.

7.0 SERVICES

7.1 The site is connected to all the main services, including electricity, gas and water.

7.2 It was beyond the scope of our inspection to test the services, however, we have assumed these are fully operational, are subject to regular maintenance and comply with all current guidelines and regulations.

8.0 ENVIRONMENTAL ISSUES

- 8.1 We were not instructed to undertake or commission an environmental assessment to establish whether contamination exists or may exist, nor are we aware of any such assessment having been prepared by a specialist advisor in respect of the subject property and its environs.
- 8.2 However, during the course of our inspection of the property and its immediate vicinity for valuation purposes and our usual subsequent enquiries, the possibility that the property may be contaminated has been considered. This was done by complying with the requirements of the “Royal Institution of Chartered Surveyors” and the property observation checklist for identifying apparent potential for contamination included therein.
- 8.3 We would remind you that, in accordance with your instructions, we have not undertaken any detailed site investigations. Historical land uses for the property and surrounding area appear to have been retail and residential use.
- 8.4 For the purposes of this valuation report, we shall assume that no contamination or deleterious materials exist to be sufficient to affect our opinions of value. However, we would stress that should this assumption prove to be incorrect, the values reported herein may be reduced.
- 8.5 We assume that the Local Authority have served no notices upon the subject property.

Energy Performance Certificates

- 8.6 Energy Performance Certificates (EPCs) are required for the construction, sale or rent of residential buildings. We have consulted the Landmark Non Domestic Energy Performance Register and have been unable to obtain a copy of the Energy Performance Certificate for the commercial unit.
- 8.7 The Energy Act 2011 includes new provisions under which, inter-alia, with effect from April 2018 it will be unlawful to let business premises that do not meet minimum energy efficiency standards. The exact details will be the subject of secondary legislation but it is currently suggested that the minimum required threshold will be an EPC rating of E (i.e. it will be unlawful to let units with an F & G rating). Despite the current EPC rating, given the age and type of construction of the subject building, we cannot rule out the possibility that some future expenditure on compliance measures will be required to improve its thermal efficiency, ready for future disposal particularly should the energy efficiency requirements become more stringent.
- 8.8 Generally, as the new legislation becomes embedded over time, it seems likely that the property market will see an increasing divergence of values between those buildings which are compliant and those which are not. Similarly it is widely predicted that property investors and occupiers will become increasingly sensitive to a building's wider environmental and sustainability performance (e.g. BREEAM rating) with consequent implications for capital performance.

Flood Risk

- 8.9 A search of the Environment Agency's website has identified that the property is at very low risk of flooding. This means that each year, this area has a chance of flooding of less than 1 in 1000 (0.1%).

9.0 PLANNING

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

Application Number	Decision Date	Decision	Details
2007/1101	20/04/2007	Approve with conditions	Use of ground floor as a physiotherapy practice.

- 9.4 The use falls within the D1 Use Class from which there are no alternative permitted change of use.
- 9.5 Replingham Road is understood to be adopted and maintained by the Local Authority and our valuations assume full and unequivocal rights of pedestrian and vehicular access are available to the property from this highway.
- 9.6 Our valuations further reflect that as far as we have been able to confirm and otherwise assume neither the site nor the local area will be detrimentally affected by any town planning or other related published proposals within the foreseeable future.
- 9.7 In arriving at our opinion of value we have assumed that the property complies with all the necessary statutory consents, including town planning and current building regulation requirements.

10.0 BUSINESS RATES

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

Address	Description	Rateable Value
185 Replingham Road, Southfields	Shop & Premises	£7,800

- 10.2 The national non-domestic multiplier for 2016/2017 is 49.7p in the £.

11.0 TENURE

- 11.1 We understand that the property is held Freehold.
- 11.2 We have not seen Title Deeds and have assumed that these are free from any unduly onerous restrictions, easements, or covenants that would affect our opinion of value.

12.0 TENANCY

12.1 We have been provided with a lease dated 6 November 2013 between Neil Patrick Counihan and Irene Inger Allen, and have summarised the principal terms in the table below.

Lease Date: 06 November 2013

Demise:	Ground floor shop 185 Replingham Road, London, SW18 6QS		
Current Lessor:	Neil Patrick Counihan		
Current Lessee:	Irene Inger Allen		
Term:	5 year lease commencing on 06 November 2013 (expiry 05 November 2018)		
Original Rent:	£13,400 per annum	Next Review:	06 November 2016
Rent Passing:	£13,400 per annum	Frequency:	3 rd year of the term
Break Date	The tenant may terminate the lease at any time subject to at least six months notice.		
Rent Free Period:	N/A		
Basis of Rent Review:	Upward only rent review to the higher of the Annual Rent payable immediately before the Review Date or the Market Rent payable on the relevant Review Date, assuming the property is let as a whole for a period equal to the unexpired term. Standard assumptions and disregards apply. If the Landlord and Tenant are not able to agree the amount of the reviewed rent, two months prior to the Review Date the matter may be referred to an Arbitrator.		
Decoration	The Tenant must decorate the inside of the property in the first and last year of the term. The Tenant must also maintain and decorate the shop front.		
Repairs:	The Tenant must maintain the state and condition of the property.		
Alterations	The Tenant may make alterations (excluding any structural alterations or additions), with the prior consent of the Landlord which is not to be unreasonably withheld.		
Insurance LL/T:	The Landlord agrees to keep the Premises insured, the cost of which is recovered from the Tenant.		
Approved Use:	Retail shop or Therapy Clinic or any other use to which the Landlord consents.		
Alienation:	The Tenant is permitted to sublet the whole of the property, subject to the Landlord's consent, which shall not be unreasonably withheld. The sublease is to be on terms which are consistent with this lease, but is not to permit the sub-tenant to underlet.		
Other	This lease is subject to the Landlord and Tenant Act 1954.		

12.2 You have advised us that the current rent remains at £13,400 per annum following on from the rent review in November 2016.

12.3 We consider the lease is drawn on acceptable full repairing and insuring terms.

13.0 MARKET COMMENTARY

- 13.1 The referendum vote for the UK to leave the European Union (EU) on 24 June 2016 has caused new turmoil, volatility and continuing uncertainty in financial markets. As far as the broader commercial property market is concerned, while there are signs of some stability returning, there remains a significant risk of a slowing of the market and a widespread downward price adjustment.
- 13.2 The vote to leave the European Union is likely to affect GDP growth through a number of channels, but there is currently little post-referendum data available to assess the scale of those effects. The current available indicators suggest that domestic demand growth is likely to slow over the near term, as greater uncertainty and lower confidence drag on activity. However, a clear picture has yet to emerge.
- 13.3 In August, The Bank of England cut interest rates to 0.25% - the first reduction in seven years - and introduced a package of other measures aimed at stimulating the economy post the EU Referendum vote. While the aim of a rate cut is to buoy economic confidence, by showing that the Bank of England is willing to support the economy with stimulus, it may also undermine business and consumer confidence by suggesting that the economy may be in a worse state than already portrayed.
- 13.4 5/10 year Gilts and 10 year swap rates are at 0.96% and 0.93% respectively. It is likely that these historically low levels will be maintained for the foreseeable future.
- 13.5 The Bank of England's view on the outlook for the economy, contained in their separately published Inflation Report, made it clear that there has been a weakening in the UK economy since the referendum. The Bank expects 2.5% less growth over the next two years, and ultimately a weaker economy is likely to lead to lower occupational demand for property, which will have a negative impact on values.
- 13.6 The Royal Institution of Chartered Surveyors (RICS) commercial property market survey in July 2016 reported a significant weakening in occupier demand following the referendum, and a sharp fall in investor enquiries. At the same time open-ended property funds came under severe pressure as investors sought to withdraw their investments, particularly from funds with large property developments, thus causing liquidity concerns. A number of leading commercial property funds suspended redemptions, while others cut their fund values, typically between circa 5 and 15 per cent. Latterly some of the trading suspensions have started to be lifted.
- 13.7 Recent figures from Investment Property Databank, published in August, reveal a -2.75% fall in commercial property values in July, with West End offices down -3.3%. The City of London office market was worst hit, seeing values fall by -4.2%. The index for All UK Property index August for August albeit shows a more modest fall in capital values of -0.65% a quiet month for transaction completions and there are significant variations between property sub-sectors.
- 13.8 Amid reports of some price-chipping and a number of collapsed deals, many investment agents are now reducing their pricing expectations for the coming months and reporting outward yield shifts in most sectors. Some analysts are forecasting that commercial property values are at risk of a downward adjustment of circa 5% and that the value of commercial property is now suffering its biggest fall since the 2008

financial crisis. This sentiment is echoed by the latest Investment Property Forum UK Consensus Forecast.

- 13.9 Thus, general economic and property market uncertainty is set to remain for the short to medium term, at least, as the full impact of the Brexit decision and ensuing trade/political negotiations are manifest in the coming months and years.

14.0 RENTAL VALUE

- 14.1 We set out below details of some recent lettings which we have considered in arriving at our opinion of Market Rent.

- **128 Brookwood Road, Southfields, London, SW18** – A ground floor A1 unit, totalling 626 sq ft and located on a road that runs south from Replingham Road where the subject property is located. The unit let in September 2016 on a new ten year lease, subject to a tenant break option in year five, two months rent free and a commencing rent of £12,000 per annum, reflecting £19 per sq ft overall.

Inferior location, being the only retail unit in a residential use area.

- **58-60 Allfarthing Lane, London, SW18** – a large double fronted A1 retail unit, arranged across the ground floor and totalling 910 sq ft. The unit comprises an open plan sales area, rear store and a rear WC. There is also use of half of the forecourt for c. 2-3 cars. Let on a new 18 year lease, subject to a seven month rent free period, a rent review in year five and a commencing rent of £17,500 per annum (£19 per sq ft) in year one, rising to £19,500 per annum (£21 per sq ft) in year two, £20,000 per annum (£22 per sq ft) in year three and £20,500 per annum (£22.50 per sq ft) in years four and five.

Large retail unit in comparison, and located within a residential area.

- **29 Replingham Road, SW18 5LT** – a semi-detached three storey property providing a ground floor retail unit totalling 1,208 sq ft with small storage accommodation within the basement. Let in February 2014 to Cook Trading Ltd on a 10 year lease, subject to a tenant break option and rent review in year 5 and 3 months rent free, at a passing rent of £30,000 per annum, reflecting £24.80 per sq ft overall.

Larger retail unit by comparison and located within the main retail pitch just east of Southfields tube station.

- 14.2 In consideration of the comparable evidence we are of the view that the Market Rent is in line with the current passing rent of £13,400 per annum, reflecting £29.26 per sq ft, which is reflective of the secondary pitch, but, conversely, the small size of the subject property.

- 14.3 We consider a marketing period of circa 6 months should be expected, followed by a three month rent free period assuming a new ten year lease, subject to a tenant break option in year five.

15.0 CAPITAL VALUE

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

- **197-199 Replingham Road, London, SW18** – A mid terrace mixed use restaurant and residential building, arranged across the ground and two upper floors. The ground floor is a triple fronted unit let to Slum bar/restaurant on a ten year lease from March 2015 subject to upward only rent reviews at the end of the fifth year and a rent of £20,000 per annum. The unit totals 1,510 sq ft and the enclosed yard totals 42 sq ft. The upper residential flats are sold off on long leases, and the total rent received is £20,220 per annum. The property is currently under offer at close to the asking price of £375,000, reflecting £242 per sq ft and a net initial yield of 5.18%.

Large restaurant unit, let on a long lease in comparison although located in the subject pitch.

- **21 Trinity Road, Tooting Bec, London, SW17** – a ground floor estate agents totalling 313 sq ft, and two upper floors providing residential accommodation sold off on 125 year leases. The estate agent is let for ten years from December 2015, with a rent review in the third year and a current rent of £11,000 per annum. The three upper flats each provide a ground rent of £100 per annum. The freehold sold in May 2016 for £170,000, reflecting a capital value of £543 per sq ft and a net initial yield of 6.61%.

Superior retail pitch in comparison, and a long lease.

- **621 Garratt Lane, London, SW18** – an end of terrace building consisting of a retail unit across the ground and basement floors, totalling 969 sq ft, and residential space across the upper three floors. The four flats are sold off on long leases, providing a ground rent of £250 per annum each. The retail unit is let to a specialist bathroom and radiator retailer from February 2014 on a five year lease, at £14,000 per annum. The freehold sold in April 2016 for £230,000, reflecting a capital value of £237 per sq ft and a net initial yield of 5.95%.

Located south of Earlsfield mainline station, at the end of the main retail parade.

- **183 Replingham Road, SW18** – a mid-terrace property providing ground floor retail (A1) accommodation, suitable for a variety of uses and totalling 833 sq ft. Located adjacent to the subject property on the northern side of Replingham Road. The freehold, subject to a long lease on the residential upper parts, sold to an owner occupier with vacant possession in September 2014 for £190,000, reflecting a capital value of £228 per sq ft.

Although sold with vacant possession, the property is located within the same pitch as number 185 and is therefore worth noting. The property came to the market on September 2013 for an asking price of £225,000 which was later reduced to £200,000 resulting in good levels of interest.

16.0 VALUATION COMMENTARY

- 16.1 The evidence detailed above are all situated within comparable locations within the surrounding area and form part of local high streets providing predominantly independent traders servicing nearby residents.
- 16.2 In consideration of the evidence obtained and upon reflection of the various strengths and weaknesses of the property, we have applied a Market Rent of £13,400 per annum, reflecting £29.26 per sq ft overall, which we have capitalised at 6.5%. We have also capitalised the ground rent received from the two upper flats of £1,000 per annum at 4.0%.
- 16.3 This produces a Market Value of £220,000, reflecting £474 per sq ft overall and a net initial yield of 6.5%.

- 16.4 In undertaking our vacant possession valuation, we have applied a current void of 6 months, with a rent free period of 3 months assuming a new ten year lease, with a rent review and tenant break option in year five. We have also capitalised the ground rent received from the two upper flats of £1,000 per annum at 4.0%.
- 16.5 This produces a Market Value of £190,000, reflecting £414 per sq ft.
- 16.6 A copy of the valuation printouts are attached at **Appendix E**.

17.0 MARKETABILITY

- 17.1 There are very few, if any, vacant shop units on Replingham Road including the parade in which the subject property is located, i.e. away from the main retailing pitch that is surrounding Southfields station.
- 17.2 Although the unit is situated away from the main retailing pitch, demand is still apparent for small lot sizes such as the subject property, resulting in low void periods and therefore attracting a number of private investors to areas such as Southfields.

18.0 VALUATION

Market Value

- 18.1 We are of the opinion that the current Market Value of the freehold in 185 Replingham Road, Southfields, SW18 5LY, as at the date of valuation, is:

£220,000

(Two hundred and twenty thousand pounds)

18.2 Market Value with vacant possession

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

£190,000

(One hundred and ninety thousand pounds)

Market Rent

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

£13,400 per annum

(Thirteen thousand four hundred pounds per annum)

19.0 REINSTATEMENT COST

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

£70,000

(Seventy thousand pounds)

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

20.0 SUITABILITY FOR LOAN SECURITY

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

Strengths

- Freehold;
- Let and income producing at Market Rent;
- Low vacancy rates; and
- Popular retail location with independent traders servicing the residents.

Weaknesses

- Further east of the main retailing pitch of Southfields.

21.0 CONFIDENTIALITY AND DISCLOSURE

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



Prepared by _____

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APPENDIX A

Instruction Letter & Our Terms of Engagement

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

Our Ref: Keildon Property Limited

27th January 2017

Cluttons LLP
Portman House
2 Portman Street
London
W1H 6DU

Dear Sir,

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 and Cairn Global Funds PLC, acting for its sub-fund Cairn European Commercial Mortgage Fund, 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: Keildon Property Ltd

PROPERTIES: Ground Floor, and Freehold Interest to upper floor of
185 Replingham Road, Southfields, London SW18 5LY

TENURE: Freehold

USE: Physiotherapy Practice

TENANCIES: Single tenancy

ACCESS: Diana Gwynn (PA to Dr Neil Counihan) – 07866 990 727 gwynns@ntlworld.com

Instruction

The report should be addressed to **Proplend Security Limited and Cairn Global Funds PLC, acting for its sub-fund Cairn European Commercial Mortgage Fund**, 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 Limited and Cairn Global Funds PLC, acting for its sub-fund Cairn European Commercial Mortgage Fund, it will need to be viewed by its Lending members on the understanding that only Proplend Security Limited and Cairn Global Funds PLC,

acting for its sub-fund Cairn European Commercial Mortgage Fund 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 they have vacant possession.
3. Please provide comparable evidence to support your assumptions on values.
4. Please provide an estimated rental value for the Subject Property.
5. Please provide an estimated reinstatement cost of the buildings for insurance purposes.
6. 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.
7. Please certify that the Property is acceptable for secured lending purposes.

Report on Title

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

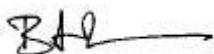
Fees

You have quoted and the Borrower has agreed to pay a fee of **£2,000 + 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 Borrower whose contact details are supplied above. Proplend Security Limited and Cairn Global Funds PLC, acting for its sub-fund Cairn European Commercial Mortgage Fund, 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 draft copy of your report by email in the first instance to admin@proplendsecurity.com with final hard copy to H1 Ascot Business Park, Lyndhurst Road, Ascot SL5 9FE.

Yours faithfully,



Brian Bartaby
Proplend Security Limited
Director

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

FAO Brian Bartaby

27 January 2017

Dear Sirs,

Re: 185 Replingham Road, London, SW18 5LY

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

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

I confirm that the valuer has sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently. I also confirm that Cluttons LLP holds adequate Professional Indemnity Insurance cover to undertake the valuation.

You have requested valuations on the following basis:-

- i) Market Value of the property in its current condition, as at the date of our inspection, subject to the existing tenancy;
- ii) Market Value with Vacant Possession; and
- iii) Market Rent.

You have additionally asked us to provide a guide on the reinstatement cost of the property for insurance purposes. We propose providing an indicative estimate that is sufficient for you to judge whether your interest as mortgagee is adequately covered in the policy effected by the Borrower.

The valuation will be carried out by Megan Scott, a Senior Surveyor at Cluttons LLP. We have arranged to inspect the property on Monday 30th January 2017 at 4pm.

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

Our fee for undertaking this work will be £2,000, exclusive of VAT. You have requested that we invoice the customer direct. We reserve the right to revert to Proplend Security Limited if we are unable to obtain payment from your customer.

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

As per your instruction, the effective valuation date will be the date of our instruction.

Yours sincerely,



Megan Scott
Senior Surveyor
Valuation Consultancy

T: 020 7647 7258
E: megan.scott@cluttons.com
Ref: RMV2017-567-MS

TERMS AND CONDITIONS OF BUSINESS

GENERAL TERMS OF BUSINESS

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

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

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

Our relationship with you

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

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

Responsibility for work

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

Fees

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

Data protection

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

Copyright

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

Complaints procedure

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

Applicable law and jurisdiction

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

Liability

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

Regulation

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

Miscellaneous

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

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

Signed Julie Parlick
Name Julie Parlick
Date 30-01-17
Address H1-Ascot Bus. Park
Lyndhurst Rd - Ascot
Postcode SL5 9FE

Signed for and on behalf of Cluttons LLP

Signed MEGAN SCOTT
Date JAN 2017

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

Professional liability insurance

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

December 2011

APPENDIX B

Our Standard Valuation Assumptions and bases

1.0 STANDARD VALUATION ASSUMPTIONS AND BASES OF VALUATION

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

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

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

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

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

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

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

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

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

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

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

1. Market Value (MV)

Market Value is defined as:

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

2. Market Rent (MR):

Market Rent is defined as:

The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

3. Fair Value

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

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

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

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

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

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

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

4. Investment Value

Investment Value (or Worth) is defined as:

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

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

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

The estimated amount for which an asset is expected to exchange at a date, after the valuation date and specified by the valuer, between a willing buyer and a willing seller, in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

6. Existing Use Value (EUV)

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

The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion – assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

2.0 STANDARD CONDITIONS FOR INFORMAL ESTIMATES OF CURRENT REINSTATEMENT COST

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

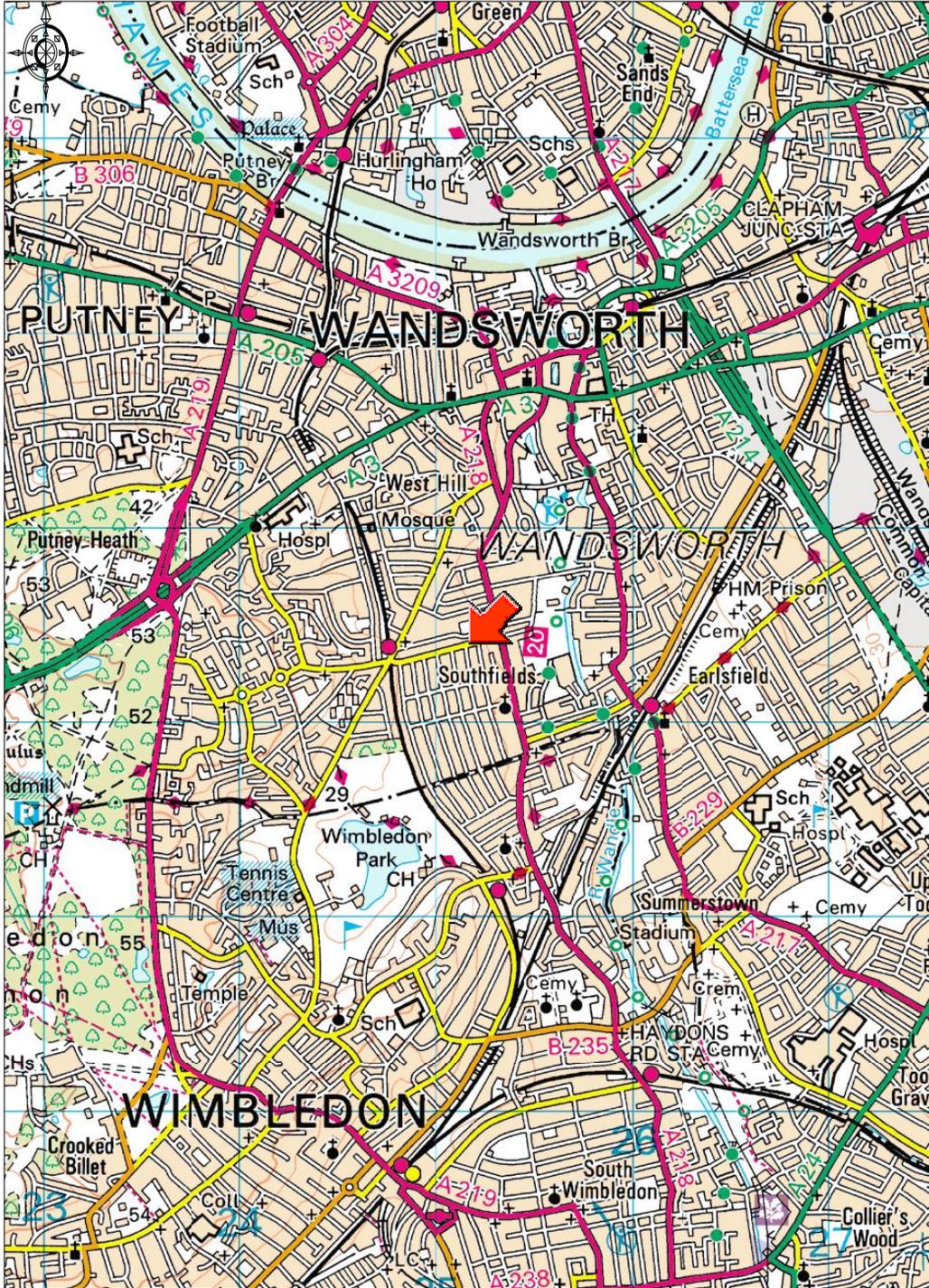
- iv) It is assumed no allowance has to be made for any costs for the remediation of any contamination of the land in accordance with the requirements of the Environment Agency or any other statutory body.
 - v) No allowance is made within our estimate for any costs requiring special demolition and disposal,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

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

APPENDIX C

Location Plans

185 Replingham Road, London, SW18 5LY



Ordnance Survey © Crown Copyright 2014. All rights reserved.
Licence number 100022432. Plotted Scale - 1:35000

This plan is for indicative purposes only

185 Replingham Road, London, SW18 5LY



Ordnance Survey © Crown Copyright 2014. All rights reserved.
Licence number 100022432. Plotted Scale - 1:7500

This plan is for indicative purposes only

185 Replingham Road, London, SW18 5LY



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Licence number 100022432. Plotted Scale - 1:1250

This plan is for indicative purposes only

APPENDIX D

Photographs

185 Replingham Road, Southfields, London, SW18 5LY

Front Elevation



Replingham Road



Replingham Road



Treatment room



Treatment room



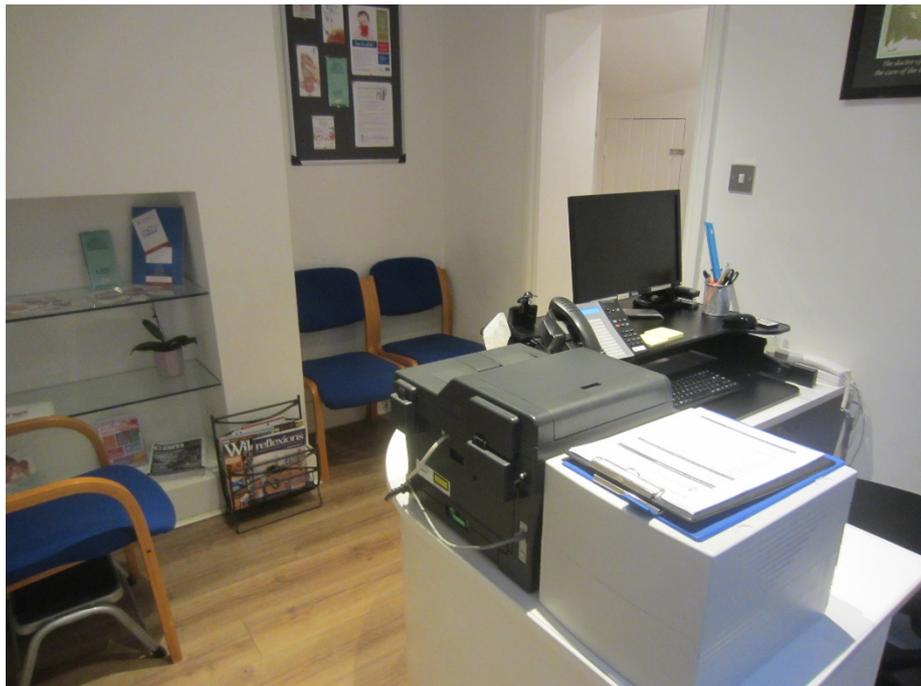
WC



Kitchen



Reception room



APPENDIX E

Valuation Printout

185 Replingham Road, Southfields, SW18 5LY

Report Date 03 February 2017
Valuation Date 03 February 2017

File/Ref No
 Region South East

Description / Notes **Assumptions**

Valuation Tables Annually in Arrears

Valuation

Gross Valuation	<u>£222,640</u>
Capital Costs	£0
Net Value Before Fees	<u>£222,640</u>

Less Stamp Duty	@0.64% of Net Value	-£1,424
Agents Fee	@1.00% of Net Value	-£2,655
Legal Fee	@0.50% of Net Value	-£1,327

Fees include non recoverable VAT @ 20.00 %

Net Valuation	£217,234
	Say <u>£220,000</u>

Equivalent Yield	6.2281%	True Equivalent Yield	6.4698%
Initial Yield (Deemed)	6.4678%	Initial Yield (Contracted)	6.4678%
Reversion Yield	6.4678%		

Total Contracted Rent	£14,400	Total Current Rent	£14,400
Total Rental Value	£14,400	No. Tenants	2
Capital value per ft ²	£480.35		

Running Yields

Date	Gross Rent	Net Rent	Annual	Quarterly
03-Feb-2017	£14,400	£14,400	6.4678 %	6.7380 %
06-Nov-2018	£1,000	£1,000	0.4492 %	0.4504 %
06-Aug-2019	£14,400	£14,400	6.4678 %	6.7380 %

Yields based on £222,640

185 Replingham Road, Southfields, SW18 5LY

Report Date 03 February 2017
Valuation Date 03 February 2017

Freehold TenureTenant - Southfields Physiotherapy

Description
Status Occupied and Let
Lease 5 years from 06-Nov-2013
Expiring 05-Nov-2018
Rent Reviews every 3 years Upward only
Parent Tenure Freehold
Current Rent £13,400
Rental Value £13,400 from Areas (Rounded)
Valuation Method Hardcore (6.500 %)

NotesAreas

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
	£29.26	458	100.00 %	0.00	£13,401
		458			£13,401
*Rental Value using Rounded ERV					£13,400

Lease History

Date	Years	Months	Days	Event	Rent Paid
06-Nov-2016	2	0	0	Review	£13,400
06-Nov-2018	0	6	0	Post Void	£0
06-May-2019	0	3	0	Rent Free	£0
06-Aug-2019	0	0	0	Reversion	£13,400

Component Valuation

03-Feb-2017					
Gross rent (Current)			£13,400		
Valuation rent				£13,400	
YP perp			@ 6.50%	15.3846 yp	
					<u>£206,154</u>
06-Nov-2018					
Gross rent		(Re-letting Void)		£0	
Valuation rent				-£13,400	
YP 0 Yrs 9 Mths			@ 6.50%	0.7097 yp	
PV 1 Year 9 Mths @ 6.50%				x 0.8952	
				0.6353 yp	
					<u>-£8,514</u>
Gross Value					<u>£197,640</u>

185 Replingham Road, Southfields, SW18 5LY

Report Date 03 February 2017
Valuation Date 03 February 2017

Tenant - ground rent

Description
Status Occupied and Let
Lease 10 years from 01-Jan-2010
Expiring 31-Dec-2019
Rent Reviews every 5 years Upward only
Parent Tenure Freehold
Current Rent £1,000
Rental Value £1,000
Valuation Method Hardcore (4.000 %)

Notes

Areas - None Defined

Lease History

Date	Years	Months	Days	Event	Rent Paid
01-Jan-2015	5	0	0	Review	£1,000
01-Jan-2020	0	0	0	Reversion	£1,000

Component Valuation

03-Feb-2017
Gross rent (Current) £1,000
Valuation rent £1,000
YP perp @ 4.00% 25.0000 yp
£25,000
Gross Value **£25,000**

VP - 185 Replingham Road, Southfields, SW18 5LY

Report Date 03 February 2017
Valuation Date 03 February 2017

File/Ref No
Region South East

Description / Notes **Assumptions**

Valuation Tables Annually in Arrears

Valuation

Gross Valuation	<u>£194,234</u>
Capital Costs	£0
Net Value Before Fees	<u>£194,234</u>

Less Stamp Duty	@0.45% of Net Value	-£867
Agents Fee	@1.00% of Net Value	-£2,320
Legal Fee	@0.50% of Net Value	-£1,160

Fees include non recoverable VAT @ 20.00 %

Net Valuation		£189,886
	Say	<u>£190,000</u>

Equivalent Yield	7.0692%	True Equivalent Yield	7.3775%
Initial Yield (Deemed)	0.5148%	Initial Yield (Contracted)	0.5148%
Reversion Yield	7.4137%		

Total Contracted Rent	£1,000	Total Current Rent	£1,000
Total Rental Value	£14,400	No. Tenants	2
Capital value per ft ²	£414.85		

Running Yields

Date	Gross Rent	Net Rent	Annual	Quarterly
03-Feb-2017	£1,000	£1,000	0.5148 %	0.5165 %
03-Nov-2017	£14,400	£14,400	7.4137 %	7.7704 %

Yields based on £194,234

VP - 185 Replingham Road, Southfields, SW18 5LY

Report Date 03 February 2017
Valuation Date 03 February 2017

Freehold Tenure

Tenant - Vacant

Description
 Status Occupied and Let
 Lease 10 years from 03-Aug-2017
 Expiring 02-Aug-2027
 Rent Reviews every 3 years Upward only
 Parent Tenure Freehold
 Current Rent £0
 Rental Value £13,400 from Areas (Rounded)
 Valuation Method Hardcore (7.500 %)

Notes

Breaks

Act Date	Penalty
* 20-May-2020 Tenant	£0

Areas

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
	£29.26	458	100.00 %	0.00	£13,401
		458			£13,401

*Rental Value using Rounded ERV £13,400

Lease History

Date	Years	Months	Days	Event	Rent Paid
03-Feb-2017	0	6	0	Pre Void	£0
03-Aug-2017	0	3	0	Rent Free	£0
03-Nov-2017	2	6	17	ResumeERV	£13,400
20-May-2020	0	0	0	Reversion	£13,400

Component Valuation

03-Aug-2017					
Gross rent (Current)				£0	
Valuation rent				£0	
YP perp			@ 7.50%	13.3333 yp	
PV 6 Mths @ 7.50%				x 0.9645	
				12.8598 yp	
					<u>£0</u>
03-Nov-2017					
Gross rent	(Resume market (non-RR))			£13,400	
Valuation rent				£13,400	
YP perp			@ 7.50%	13.3333 yp	
PV 9 Mths @ 7.50%				x 0.9472	
				12.6294 yp	
					<u>£169,234</u>
Gross Value					<u>£169,234</u>

VP - 185 Replingham Road, Southfields, SW18 5LY

Report Date 03 February 2017
Valuation Date 03 February 2017

Tenant - ground rents

Description
Status Occupied and Let
Lease 10 years from 01-Jan-2010
Expiring 31-Dec-2019
Rent Reviews every 5 years Upward only
Parent Tenure Freehold
Current Rent £1,000
Rental Value £1,000
Valuation Method Hardcore (4.000 %)

Notes

Areas - None Defined

Lease History

Date	Years	Months	Days	Event	Rent Paid
01-Jan-2015	5	0	0	Review	£1,000
01-Jan-2020	0	0	0	Reversion	£1,000

Component Valuation

03-Feb-2017
Gross rent (Current) £1,000
Valuation rent £1,000
YP perp @ 4.00% 25.0000 yp
£25,000

Gross Value **£25,000**