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VAS | PANEL

VALUATION REPORT

Address – 55 Belsize Park, Belsize Park, London, NW3 4EE

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

Date – 19th February 2018

Valuer – London's Surveyors & Valuers Limited

Property Address:	55 Belsize Park, Belsize Park, London, NW3 4EE		
Lender:	Proplend Security Limited Application Number: SB/PG	Applicant Name:	Moll Estates Ltd
Valuer:	Mark Francis, BSc MRICS	Date of Valuation:	19th February 2018
Purpose of Valuation:	Loan Security	Valuation Method:	Comparison / Investment



Front view



Rear view

VALUATION:

(please carefully read the lenders instruction letter and make sure that valuations are provided on the required basis)

Market Value (MV)	£2,200,000	Two million two hundred thousand pounds
Market Value (MV) with the special assumption of the property in its current condition at the date of our inspection subject to any current tenancies in place and sold as a going concern	£2,200,000	Two million two hundred thousand pounds
Market Value (MV) – a valuation of the property on the assumption that the property was being sold without the benefit of a going concern	£2,200,000	Two million two hundred thousand pounds
Market Rent (MR)	£105,560 per annum	One hundred and five thousand five hundred and sixty pounds per annum
Insurance Reinstatement Estimate:	£1,850,000	One million eight hundred and fifty thousand pounds

VALUATION ISSUES: The property has been valued as a House in Multiple Occupation subject to a two year full repairing and insuring lease. We have undertaken a term and reversion exercise valuation.

Our valuation is subject to a mandatory House in Multiple Occupation Licence and it assumes that all the necessary licences and requirements have been met in this respect.

Estimated Sales period:

Up to nine months

No additional 'hope value' has been attributed to this property as no planning consents are in place.

LOCATION / DESCRIPTION:

Location Summary:	Belsize Park, a near prime residential area of North West London		
Property Type:	A five storey end terraced former house	Size:	5,685 sq. ft. / 528 sq. m
Description Summary:	The property is occupied as a 13 room House in Multiple Occupation with ancillary storage at lower ground and third/attic floor level and subject to a 15 year full repairing and insuring lease, of which there are two years unexpired.		
Condition:	Externally in need of upgrading, internally reasonable but some upgrading would benefit	Site Area:	670 sq. m

TENURE / TENANCY:

Tenure:	Freehold		
Tenancy:	The property is subject to the remaining two years of a 15 year full repairing and insuring lease at £25,000 per annum. Each of the rooms, bar one, is advised to be let on an Assured Shorthold Tenancy basis.	Market Rent:	£105,560 per annum. The property is slightly under rented in terms of the individual rooms and significantly under rented in respect of the full repairing and insuring lease.

DEVELOPMENT:

(if applicable)

Planning:	Our valuation is of the property based on its current C3 Use – House in Multiple Occupation. No additional 'hope value' has been added for any potential as no consents are in place.		
Overall Build / Conversion Costs:	N/A	Remaining Costs to Complete the Development / Conversion	N/A

SWOT ANALYSIS:

Strengths:

- Near prime location
- Conveniently situated for all the usual facilities
- Relatively easy to manage this property

Weaknesses:

- The property is subject to a two year unexpired lease term under Market Rent
- Externally, the property is in need of general maintenance and repair

Opportunities:

- Potential for long term capital appreciation in this near prime area
- Scope to undertake external and also internal refurbishment works to enhance potential income and Market Value
- Subject to the necessary consents being obtained, there is potential for change of use – as none in place no 'hope value' has been attributed

Threats:

- Current London property market uncertainty
- Taxation on rented properties

DEFECTS & SPECIALIST REPORTS:

(please identify any structural, legal or environmental issues from the drop down lists. Please confirm the status of the defect and provide further commentary below if you have recommended that a specialist report is required)

Legal Issues	Report Required / Issue Identified	Structural Issues	Report Required / Issue Identified	Environmental Issues	Report Required / Issue Identified
EPC	Issue Flagged	Damp	Issue Flagged	Choose an item.	Choose an item.
Leases	Issue Flagged	Choose an item.	Choose an item.	Choose an item.	Choose an item.
Comments:	As indicated in our report, there is no apparent EPC Certificate for this property. As the property is subject to a full repairing and insuring lease, a full report should be obtained that there are no onerous implications contained therein. Similarly, the individual Assured Shorthold Tenancies should be scrutinised in order that no security of tenure beyond the standard can be established. It should also be clarified that all licences and requirements have been met in respect of the property being a licensed House in Multiple Occupation.				

RECOMMENDED ACTION POINTS / SUITABILITY FOR LOAN SECURITY:

We would recommend the following action points:

- Check lease
- Check tenancy agreements
- Check licence/requirements
- Check EPC situation

Is the property suitable for loan security?

Yes, subject to the various confirmations being satisfied

Please note that this Executive Summary is merely a summary of the valuation report and should not be read in isolation to the full valuation report provided overleaf.

PREMIER VALUATION REPORT



ADDRESS

55 BELSIZE PARK
BELSIZE PARK
LONDON
NW3 4EE

CLIENT

PROPLEND SECURITY LIMITED
20-22 WENLOCK ROAD
LONDON
N1 7GU

PREPARED BY

MARK FRANCIS, BSc MRICS

DATE OF INSPECTION

19TH FEBRUARY 2018



Front Elevation



Rear Elevation

EXECUTIVE SUMMARY

55 BELSIZE PARK, BELSIZE PARK, LONDON, NW3 4EE



Front Elevation



Location Map

1. **Market Values:** £2,200,000 (Two million two hundred thousand pounds) – in its current condition at the date of our inspection subject to any current tenancies in place and sold as a going concern

£2,200,000 (Two million two hundred thousand pounds) – on the assumption that the property is being sold without the benefit of a going concern
 2. **Aggregate Rental Value:** £105,560 (One hundred and five thousand five hundred and sixty pounds) per annum
 3. **Insurance Reinstatement Cost:** £1,850,000 (One million eight hundred and fifty thousand pounds)
-
4. **Description:**
 - A five storey link detached former house configured as a 13 room House in Multiple Occupation incorporating basement and attic storage
 - Built in around 1870
 5. **Location:**
 - Belsize Park, a near prime residential area of North West London
 - Conveniently situated for a good range of amenities
 - Forms part of the Belsize Conservation Area

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- | | | |
|-----|----------------------------|---|
| 6. | Condition: | <ul style="list-style-type: none">• Externally, the property is in need of general maintenance• Internally, the individual rooms are in a reasonably lettable condition although would benefit from some upgrading |
| 7. | Gross Internal Floor Area: | <ul style="list-style-type: none">• 5,685 sq. ft. / 528 sq. m |
| 8. | Tenure: | <ul style="list-style-type: none">• Freehold |
| 9. | Tenancies: | <ul style="list-style-type: none">• 12 of the 13 bedsits are advised to be let on Assured Shorthold Tenancies. The entire property is let on a 15 year full repairing and insuring lease from March 2005 therefore having two years unexpired |
| 10. | Valuation Date: | <ul style="list-style-type: none">• 19th February 2018 |
-

RISK ANALYSIS

- | | | |
|------|----------------|---|
| 11.1 | Strengths: | <ul style="list-style-type: none">• Near prime location• Conveniently situated for all the usual facilities• Relatively easy to manage this property |
| 11.2 | Weaknesses: | <ul style="list-style-type: none">• The property is subject to a two year unexpired lease term under Market Rent• Externally, the property is in need of general maintenance and repair |
| 11.3 | Opportunities: | <ul style="list-style-type: none">• Potential for long term capital appreciation in this near prime area• Scope to undertake external and also internal refurbishment works to enhance potential income and Market Value• Subject to the necessary consents being obtained, there is potential for change of use – as none in place no 'hope value' has been attributed |
| 11.4 | Threats: | <ul style="list-style-type: none">• Current London property market uncertainty• Taxation on rented properties |
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12. Matters for your Legal Adviser:
- In respect of the current full repairing and insuring lease, a full report should be obtained confirming any onerous implications and that no security of tenure can be established by the tenant (Avoca House Hotel (Swiss Cottage) Limited)
 - Confirm that each of the bedsits is currently let on an appropriate Assured Shorthold Tenancy (we are aware that Room 5 is currently vacant)
 - Confirm that all the necessary licences and requirements are in place for this property as a House in Multiple Occupation
 - Confirm that there is a Certificate of Lawfulness for use as a House in Multiple Occupation
 - Investigate apparent lack of Energy Performance Certificate
13. Demand:
- Reasonable
14. Marketing Period to Exchange of Contracts:
- Up to nine months
15. Suitability as Loan Security:
- Suitable

This summary is strictly confidential to the addressee. It must be read in conjunction with the whole report and may not be copied, distributed or considered in isolation from the full report.

PREMIER VALUATION REPORT INDEX

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Your ref: SB/PG – VAS Panel

Our ref: HG025839/MF/eg

28th February 2018

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

Dear Sirs

RE: 55 BELSIZE PARK, BELSIZE PARK, LONDON, NW3 4EE

APPLICANT: MOLL ESTATES LTD

1. INSTRUCTIONS

In accordance with your undated instructions received via VAS Panel on 12th February 2018, we have inspected the above property and made all relevant enquiries in order to provide you with our opinion of the current Market Value as at the date of inspection of the Freehold interest, subject to the existing lease and current tenancies.

As requested, our opinion of Aggregate Rental Value is provided in Section 19.

We understand that our valuation is required for secured lending purposes for your applicant, Moll Estates Ltd, who is proposing to refinance the property.

We confirm that we are not aware of any conflict of interest preventing us from providing you with an independent valuation of the property.

2. BACKGROUND TO THE VALUATION

There is no last sale information on Her Majesty's Land Registry website.

The weather at the time of our inspection was overcast with light drizzle.

A representative of Moll Estates Ltd, Majella Dillon was present throughout our inspection along with a number of the existing tenants. Also present were our Managing Director, Simon White, FRICS C.Build E MCABE and our Director, Richard Taylor, BSc (Hons) MRICS.

We commenced our inspection at 12.30pm and terminated it at 1.40pm.

3. BASIS OF THE VALUATION

Our valuation has been carried out in accordance with the latest edition of the Royal Institution of Chartered Surveyors Valuation – Professional Standards [‘The Red Book’] incorporating the International Valuation Standards [IVS] 2017. It has been undertaken by independent Valuers, as defined by the RICS Valuation Practice Statements and IVSC. The property was inspected on 19th February 2018 by Mark Francis, BSc MRICS, who is accredited by the RICS Valuers Registration Scheme. The date of valuation is the date of inspection.

It is usual for a valuer to be asked to express an opinion as to the suitability of a property as security for a loan, debenture or mortgage. However, it is a matter for the lender to assess the risk involved and make their own assessment in fixing the terms of the loan, such as the percentage of value to be advanced, the provision for repayment of the capital, and the interest rate. We refer in our report to all matters which are within our knowledge and which may assist you in the assessment of the risk.

Our report and valuation in accordance with these requirements is set out below.

The valuation is subject to there being no unusual matters or factors not revealed to us and subject to the comments made in this report.

We confirm we have no financial interest in this transaction and that we have had no dealings with this property within the last 12 months.

We confirm that our insurance policy enables us to undertake residential valuations and our current sum insured is £15,000,000 (fifteen million pounds), in respect of each and every claim. This is arranged by Howden Group UK Limited, 16 Eastcheap, London, EC3M 1BD.

We confirm the valuer is experienced in valuing properties of this type and is qualified to carry out the instructions. We confirm valuations under our Premier Valuation service are subject to RICS and external audit.

4. DESCRIPTION

(a)	Predominant use?	Residential House in Multiple Occupation
(b)	Approximate date of construction?	1870
(c)	Overall quality?	Tired and in need of some repair

The proposed security comprises a five storey former link detached house currently configured as a 13 room House in Multiple Occupation incorporating basement and attic storage.

The bedsitting rooms are arranged over the raised ground, first and second floors. They share communal bathroom and WC facilities.

This is an older style House in Multiple Occupation and we assume that all the necessary licences and requirements are in place for this use which should be clarified by your Legal Adviser.

As previously indicated, the property is subject to a 15 year full repairing and insuring lease with the landlord being the applicant and the tenant being Avoca House Hotel (Swiss Cottage) Limited. This lease commenced on 25th March 2005 and it terminates on 24th March 2020, therefore having two years unexpired with the current rent passing being £25,000 per annum. As indicated, this lease should be fully investigated and reported on by your Legal Adviser highlighting any onerous implications.

5. LOCATION AND VIDEO LINK

(a)	<p>General Location</p> <p>This property is situated in a near prime predominantly residential area of North West London known as Belsize Park. A good range of amenities is available in nearby Swiss Cottage, Finchley Road, Belsize Park and Hampstead including shops, restaurants, cafés and bars.</p> <p>Belsize Park, the road itself, comprises mainly stucco fronted Victorian houses, the majority of which are divided into converted flats with some remaining houses and some similar style Houses in Multiple Occupation and hotels plus some infill flat blocks.</p>						
(b)	<p>Specific Location of the Subject Property</p> <p>Belsize Park, the road, runs off College Crescent/Fitzjohns Avenue, just to the north of Swiss Cottage and to the south of Hampstead.</p> <p>This property faces approximately south east and is double fronted and link detached.</p> <p>It forms part of the Belsize Conservation Area in the Camden Council administrative district.</p> <p>Nearest Transport Links</p> <table border="0"> <tr> <td>Underground Stations</td> <td>Swiss Cottage (0.2 miles)</td> </tr> <tr> <td></td> <td>Finchley Road (0.3 miles)</td> </tr> <tr> <td>Overground/Railway Station</td> <td>South Hampstead (0.4 miles)</td> </tr> </table>	Underground Stations	Swiss Cottage (0.2 miles)		Finchley Road (0.3 miles)	Overground/Railway Station	South Hampstead (0.4 miles)
Underground Stations	Swiss Cottage (0.2 miles)						
	Finchley Road (0.3 miles)						
Overground/Railway Station	South Hampstead (0.4 miles)						
(c)	<p>To access a video link to view the road and front elevation go to: https://www.periscope.tv/londonssurveyors/1zqJVrvRVDZJB</p> <p>We confirm that the video link will work on Google Chrome, Safari and Mozilla Firefox but would caution not all operating systems. Some in-house IT systems may also not allow the importation of video links.</p>						
(d)	<table border="0"> <tr> <td>Overall quality?</td> <td>Near prime</td> </tr> </table>	Overall quality?	Near prime				
Overall quality?	Near prime						
(e)	<table border="0"> <tr> <td>Prospects of the location (both macro and micro) over the next five years?</td> <td>Reasonable</td> </tr> </table>	Prospects of the location (both macro and micro) over the next five years?	Reasonable				
Prospects of the location (both macro and micro) over the next five years?	Reasonable						



Street Scenes

6. ACCOMMODATION

(a)	Gross internal floor area?	5,685 sq. ft.
		528 sq. m
(b)	Source of floor area?	Measurements taken on site



Room 7



Room 14

The table below summarises the accommodation within the property:

Room Numbers	Floor Levels	Positions Within Building	Gross Internal Floor Areas	
			Sq. Ft.	Sq. M
5	Raised Ground	Front left	266	24
6	Raised Ground	Rear left	153	14
7	Raised Ground	Front right	272	25
8	Raised Ground	Rear right	187	17
9	First	Front left	243	23
10	First	Rear left	145	13
11	First	Front right	251	23
12	First	Rear right	221	21
14	Second	Front left	204	19
15	Second	Rear left	204	19
16	Second	Rear right	160	15
17	Second	Mid right	141	13
18	Second	Front right	174	16

The positions of the rooms are taken if standing in Belsize Park facing the front of the property.

Each of the bedsitting rooms incorporates a small kitchen area.

At lower ground floor level, there are a number of uninhabitable storage rooms. At third/attic floor level, there are also a number of storage rooms incorporating water tanks and laundry drying areas.

On the raised ground floor there are two WCs (21 sq. ft./2 sq. m and 12 sq. ft./1 sq. m) together with a bathroom (78 sq. ft./7 sq. m).

On the first floor, there is a bath/shower room (70 sq. ft./7 sq. m).

On the second floor, there are two shower rooms (each 21 sq. ft./2 sq. m) and a WC (28 sq. ft./3 sq. m).

There are therefore a total of 13 letting rooms and we understand that there are currently 14 occupiers.

Outside, there are front and rear gardens.

Representative photographs are shown in Appendix 1.

Our enquiries reveal that 55 Belsize Park is subject to an HMO Mandatory Licence (Licence Number: 50839) with 13 letting rooms and a maximum number of persons of 20. The licence commenced on 5th December 2014 and expires on 4th December 2019. The name of the licence holder is the current tenant (Avoca House Hotel (Swiss Cottage)) Limited, their address being 46 Belsize Park, Belsize Park, London, NW3 4EG. The property manager is Ms M Dillon (the lady who showed us the property).

You will note that the aggregate floor area of the 13 bedsits falls short of the figures stated above in Section 6(a) and in the Executive Summary. The higher total includes all common parts including hallways, landings and storage.

Having regard to the room sizes, it is our understanding that each of the rooms meets the minimum requirements for bedsitting rooms in Houses in Multiple Occupation.

7. SERVICES

Mains electricity, water and drainage are connected to this building. Each of the rooms has electric heating. Domestic hot water is provided communally from pressurised cylinders.

8. CONSTRUCTION

(a)	Date built?	c1870
(b)	Traditionally constructed?	Yes
(c)	Walls?	Solid brickwork/part rendered and off white/cream colour painted
(d)	Roofs?	Pitched/hipped and slate clad
(e)	Windows/doors?	Painted timber framed single glazed units with some secondary glazing fitted
(f)	Floors?	Ground bearing concrete and suspended timber

9. CONDITION AND REPAIR

(a)	Any parts of the property NOT inspected (save those areas excluded by the terms of this instruction)?	No
(b)	Overall state of repair?	The individual rooms are reasonably presented although there is scope to upgrade the weathered building fabric
(c)	Any disrepair or structural defects likely to have an adverse impact on value identified or suspected?	No
(d)	Evidence of damp and/or timber decay?	Yes
(e)	Any deleterious materials identified or suspected?	Not to our knowledge
(f)	Any areas of concern where further investigations are recommended?	No

As instructed, we have not carried out a building survey, nor have we tested any of the services. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that, externally, the property is in need of general overhaul. The roof, in the short term, requires re-covering including strengthening where necessary, external rainwater goods need to be replaced/overhauled and external redecoration undertaken. As previously indicated, each of the individual rooms is in reasonable order for letting purposes. The lower ground and third/attic floor levels are currently used as storage and are not in a habitable condition.

There is evidence of significant dampness and timber defects to this property which will require investigation and remedial treatments although specialist reports are not required.

As previously indicated, it is understood that the property is let on a full repairing and insuring lease to the current tenant who is associated with the applicant. Under the terms of a full repairing and insuring lease, the tenant is responsible for the condition of the property both inside and inside and for maintaining appropriate buildings insurance. The tenant is required to return the property in the same condition as to when it was let. We have not been provided with a Schedule of Condition at the commencement of the lease or been provided with any dilapidation notices in respect of the current condition and therefore make the assumption that none exist. We further assume that, overall, the property is in the same condition as it was when the lease commenced. We reserve the right to amend our opinion of the Market Value if it transpires that a Schedule of Condition was prepared at the commencement of the tenancy or if any dilapidation notices have been served or are likely to be enforced when the tenancy terminates, as this could have an impact on the overall value of the property.

Should you require a more detailed report upon the property's structural condition or state of repair, a further inspection and report would be necessary.

10. ESSENTIAL REPAIRS FOR LENDING PURPOSES

None, in the circumstances.

11. SITE

(a)	Approximate site area (not measured)?	670 sq. m
(b)	Any parts of the site NOT inspected (save those already excluded by the terms of this instruction)?	No
(c)	What are the predominant surrounding land uses?	Residential
(d)	Does the site shape / topography have an adverse impact on value?	No
(e)	Any adverse ground conditions identified or suspected?	No
(f)	Are there any trees within influencing distance?	Yes
(g)	Any areas of concern where further investigations are recommended?	No

The site is clearly defined and is level from front to back and side to side. Almost certainly, this building will be constructed on London Clay and we would advise that there is no evidence of any significant movement or distortion to the structure that would justify further investigation.

You will note, that we have answered 'Yes' in respect of Section (f) and in this regard, we would comment that there are trees/vegetation within influencing distance of the building. Whilst no apparent structural damage has been caused to date, ongoing professional maintenance in respect of these trees/vegetation must be ensured.

12. ENVIRONMENTAL CONSIDERATIONS

(a)	Any potential sources of contamination identified or suspected?	No
(b)	Does the valuation assume the property does not suffer from contamination?	Yes
(c)	Any evidence of or risk of flooding from rivers or streams?	No
(d)	Any areas of concern where further investigations are recommended?	No

(e) Contamination

We are not aware of the content of any environmental investigation or soil survey which may have been carried out on the property and which may draw attention to contamination or the possibility of any contamination. In undertaking our instructions we assume that no contaminative or potentially contaminative uses have ever been carried out in the property. We have not carried out any investigation into past or present uses of the property or of any neighbouring land to establish whether there is any contamination or potential contamination and have assumed that none exist.

(f) Environmental Matters

We are not aware of any environmental reports that have a detrimental effect on the property or its immediate surroundings, or that the area is affected by a flood risk. No sub-soil investigations have been undertaken and it is assumed that they are stable. We are not aware of any mining or mineral extraction in the immediate area.

(g) Sustainability

The property, as a whole, (or individually in respect of the rooms) appears to have no Energy Efficiency Rating or Environmental Impact Rating present on the Energy Performance Certificate Register. In April 2018, new regulations are imposed whereby each property needs to have an Energy Efficiency Rating in excess of F (minimum therefore E) before it can be let. This will need to be investigated by your Legal Adviser as to the potential future lettable of this security as this could also impact on the value of this property.

Should it be established subsequently that contamination, seepage or pollution exist at the property or on any neighbouring land or that the premises have been or are being put to a contaminative use then we reserve the right to review our valuation advice.

13. TOWN PLANNING, HIGHWAYS AND STATUTORY CONSIDERATIONS

(a)	Local Planning Authority?	Camden Council
(b)	Current planning use?	No information available on the Camden Council Planning portal however the property is licensed as a House in Multiple Occupation and therefore we assume it has Use Class C4 and has been valued as such
(c)	Listing?	No
(d)	Conservation Area?	Yes
(e)	Are there any other statutory matters / regulatory requirements likely to have an adverse impact on value?	No

We have not made enquiries of the Local Planning Authority and have assumed that all necessary Planning Consents and Approvals have been obtained. A Certificate of Lawfulness should be obtained to confirm that the property has a C4 planning Use – House in Multiple Occupation.

We have not made enquiries but do not believe that the property is directly affected by any highway, town planning or other schemes or proposals.

We have valued the property on the basis that Belsize Park is a made up road, which is adopted and maintained at public expense.

In respect of the existing House in Multiple Occupation licence, it is assumed that the necessary licences and requirements have been met in respect of the property's Fire Risk Assessment, Asbestos register and electricity certification. This should be confirmed by your Legal Adviser.

14. TAXATION

From the Valuation Office Agency and Camden Council's websites we understand that 55 Belsize Park, as a whole, is assessed for Council Tax purposes as follows:-

Council Tax Band: H Council Tax Payable: £2,834.92 per annum (2017/18)

15. TENURE

We have valued on the assumption of the following details on tenure. These should be verified by your Legal Adviser as correct before you place any reliance on our valuation.

(a)	Tenure?	Freehold
(b)	Any title characteristics likely to have an adverse impact on value, either now or in the foreseeable future?	Yes

You have instructed us to value the Freehold interest. The property is currently subject to a 15 year full repairing and insuring lease expiring in March 2020 therefore having two years unexpired.

As indicated above, your Legal Adviser will need to provide a full report on the current lease highlighting any potential onerous implications. Our valuation assumes that the tenant (Avoca House Hotel (Swiss Cottage) Limited) will have no security of tenure on expiry of the lease in 2020.

Each of the bedsitting rooms is understood to be let on an Assured Shorthold Tenancy and 12 of the 13 rooms are currently occupied.

Our valuation of the Freehold interest is therefore a term and reversion exercise. The existing rent passing for the current lease has been capitalised for the remaining two years and then we have undertaken a reversion valuation to full Market Value subject to the existing House in Multiple Occupation use.

It is possible, subject to the necessary consents being obtained, that the property could be redeveloped in which case its value would escalate. However, no additional 'hope value' has been attributed. We must reiterate that the property has been valued as a House in Multiple Occupation assuming use Class 4.

We have not been shown a copy of any Report on Title although we have seen the lease (not fully reported upon) and have not been shown the individual tenancy agreements, nor have we made any enquiries of the Land Registry, and neither has our attention been drawn to the existence of any such restrictions. We are therefore unable to comment on any restrictive covenants, third party rights or easements, and have valued the property on the basis that none exist.

16. TENANCIES

As previously described, we understand that the property is subject to a two year full repairing and insuring lease from Moll Estates Ltd to Avoca House Hotel (Swiss Cottage) Limited with the current rent passing of £25,000 per annum. A copy of the lease is enclosed as Appendix 6.

12 of the 13 bedsitting rooms are currently let and the details of these are summarised in the table overleaf.

Room Numbers	Tenants' Names	Passing Rents	
		Per Week	Per Annum
5	Vacant	£0 (£175 has been allowed for as we feel this property could be instantly re-let)	£9,100
6	Ms Hewalunuwilage	£145	£7,540
7	Ms Gok	£165	£8,580
8	Mr Kilday	£155	£8,060
9	Mr Latezar & Ms Lina	£165	£8,580
10	Ms Romano	£110	£5,720
11	Mr Salgado	£165	£8,580
12	Mr Sokoli	£145	£7,540
14	Mrs Butler	£150	£7,800
15	Ms Viklund	£150	£7,800
16	Mrs Stoicheva	£110	£5,720
17	Mr Manjili	£125	£6,500
18	Mr & Mrs Stoyanova	£150	£7,800
Totals	14 (at present)	£1,910	£99,320

17. THE LONDON RESIDENTIAL PROPERTY MARKET

(a) General Market

Much like with 2017, we expect this year to be dominated by the global economic and political landscape.

The effects of Stamp Duty Land Tax legislation changes in 2014 and 2016 are still being felt and it is yet to be seen whether Philip Hammond's introduction of the permanent exemption for first time buyers from Stamp Duty for properties worth up to £300,000, will stimulate the lower end of the London market.

What 2018 holds in store is extremely difficult to predict. We are 'entering the unknown' with 'BREXIT' around the corner and therefore it is almost impossible to say with any certainty what impact this unprecedented event will have on the wider economy. How this will feed through to property prices and transaction volumes is equally unsure.

Respected buying agent Henry Prior has recently said "The housing market is over-cooked. A decade of rising prices including doubling in the South East is coming to an end and houses are going to once again be regarded as homes rather than investments. The reality is that prices are becoming unaffordable for many and markets always have to adjust to compensate. Hold on, 2018 may be a bumpy ride".

There is a growing feeling, particularly in London, that transaction volumes may also decline this year. Homeowners may choose to stay put and take advantage of low mortgage rates rather than accept a lower price for their property and then have to pay for moving costs and Stamp Duty. It is thought that homeowners may choose to remortgage and we expect this to be especially prevalent during quarters three and four of this year as 'BREXIT' looms.

However, on a more positive note, people do need to move home whether it is for financial or lifestyle reasons. With interest rates likely to remain low and house building set to increase, the fundamentals are in place to suggest that transaction volumes, at least in good quality new developments, will be sustainable.

The Office for National Statistics have recently reported that the rate of Consumer Prices Index inflation fell to 3.0% in December, from 3.1% in November 2017. The 0.1% drop was from the highest the rate had been at in nearly six years. The last time it reached above 3% was in March 2012.

The outcome was in line with economists' expectations, who widely believe that Britain's soaring inflation has now peaked following sterling's collapse in the wake of the Brexit vote.

British consumers have been searching for a reprieve after taking a double-hit from a Brexit-fueled jump in the cost of living and paltry wage growth.

Despite December's fall in CPI, everyday prices still rose more rapidly across the UK as a whole in 2017 than in France, Germany and the wider European Union.

Research has indicated that overall, this general election was meant to deliver a much needed injection of confidence in UK PLC; however, as this has failed to materialise, sterling was an overnight casualty. Inflation has been running at roughly the same rate since last spring following significant increases, partly due to the weaker pound after the European referendum. It remains too early to say whether this slight fall is the start of any longer-term reduction in the rate of inflation.

According to Knight Frank, at the top end of the market, average values in Prime Central London were down by 0.7% in the year up to December 2017, having 'bottomed out' at the start of last year. It must be said that this general statistic cannot simply be applied to specific cases. For example, average prices rose 1.9% in the year to December for homes valued at between £5 million and £10 million, compared to a fall of 1.2% for properties priced at between £1 million and £2 million.

This all points to an interesting and challenging 2018 where certain parts of the market will outperform others, whether that is geographically or in different price ranges. Given the extended nature of 'BREXIT' talks, we at London's Chartered Surveyors consider that asking price reductions will remain the key driver for increasing market liquidity in the coming months.

(b) Market Specific to Belsize Park/Hampstead

The Belsize Park/Hampstead market has stabilised over the course of the past three years or so although there has been a fall in values at the top end due to the 2014 and 2016 Stamp Duty Land Tax legislation changes along with the uncertainties surrounding the run up to and the result of the EU Referendum in 2016 and ensuing 'BREXIT' matters to date.

Given the current tenure and tenancy details plus use of the subject property, it would only appeal to investors. For this reason, we anticipate that there may be an extended marketing period of up to say nine months to achieve a sale for the building as it stands.

The investor market for properties of this type has been damaged slightly by the general market conditions as reported above plus the increasing regulations being imposed by Local Authorities and Government in respect of Houses in Multiple Occupation and the private rented sector in general.

18. MARKET VALUATIONS AND COMMENTARY INCLUDING COMPARABLE MAP

Our opinion of value is based on an analysis of recent market transactions supported by knowledge derived from our valuation experience.

(a) Schedule of Comparable Sales Evidence – Investment Sales

1. 17 Estelle Road, Hampstead, London, NW3 2JX. This is a four storey mid terraced building arranged to provide two self contained flats and five bedsitting rooms sharing facilities. One flat and two of the bedsitting rooms are subject to Assured Shorthold Tenancies, two of the bedsitting rooms are subject to protected tenancies and the other flat is vacant. The total current rent passing is £38,800 per annum. This property was sold at auction in October 2017 at £1,250,000 reflecting a gross yield of 3.10%. This is a lower yield than we have attributed to the subject as one of the flats is vacant and two of the rooms are let on protected tenancies therefore making the rents more secure, there also being potential to redevelop the vacant flat.
2. 87 Herbert Gardens, Willesden, London, NW10 9BH. This is a three storey mid terraced house currently arranged as a House in Multiple Occupation with eight rooms and let at £37,200 per annum. This property was sold in November 2017 at £850,000 reflecting a gross yield of 4.38%. This is a lower yield than attributed to the subject as this property has less rooms and is therefore less management intensive.
3. 1 Finsbury Park Road, Finsbury Park, London, N4 2LA. This is a four storey end terraced House in Multiple Occupation, let as nine rooms having a total rent passing of £58,056. It was sold at auction in February 2016 at £1,200,000 reflecting a gross yield of 4.84%.
4. 23 Rona Road, Hampstead, London, NW3 2HY. This is a four storey end terraced house currently let as five self contained units achieving £73,527 per annum. It was sold prior to auction in July 2017 at £1,428,000 reflecting a gross yield of 5.15%.
5. 14 Royal College Street, Camden, London, NW1 0TH. This is a five storey mid terraced House in Multiple Occupation which was sold at auction in November 2015 at £1,490,000. It comprises nine letting rooms and was let at £88,400 per annum and this reflected a gross yield of 5.93%. This is considered to be in a marginally inferior location to the subject. The house is let on a single tenancy and the rental level seems high on this basis which has distorted the yield upwards.

(b) Analysis of Comparable Sales

As indicated above, our valuation approach of the Freehold interest of this property has been a term and reversion exercise. The property is currently let on a 15 year full repairing and insuring lease at £25,000, expiring in two years. As will be seen below, the property is under let and therefore this income is very secure and a yield of 2% has been applied. The value of this remaining term is therefore £49,144.

The reversion to full rental value has been assessed at £105,560. This has been capitalised at 4.50%, deferred for two years, to reflect the existing lease. The value of the reversion is therefore £2,148,099.

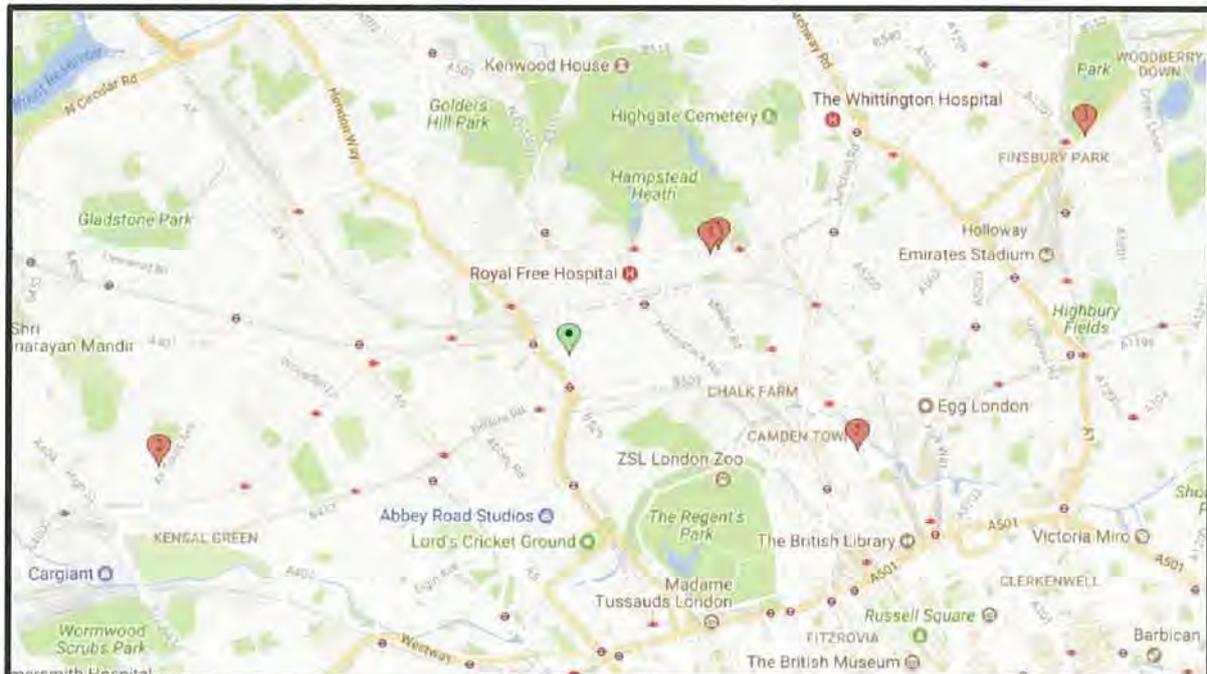
Adding to the two together equals £2,197,243 which has been rounded to £2,200,000. Our Freehold valuation of the property subject to its existing use is therefore £2,200,000.

Based on the investment sales above, we have attributed a yield to full rental value of 4.50%. The investment transactions display gross yields ranging from 3.10% through to 5.93%. We consider that our rental yield utilised of 4.50% reflects the fact that the property is situated in a near prime area and also that the rooms are only in a reasonable condition, there being 13 and so there is more potential for voids.

Your instructions request that we provide a 'Market Valuation for loan security purposes of the property in its current condition at the date of our inspection, subject to any current tenancies in place and sold as a going concern'. We consider that this value is £2,200,000. You have also requested that we provide 'a valuation on the property on the assumption that the property was being sold without the benefit of a going concern'. As the property currently has an apparent Use Class of C4, as opposed to being an hotel as such, we do not consider that any additional value can be attributed as it being sold 'as a going concern'. It is our understanding that consent would be required to change this Use and therefore we consider that there is no difference in value.

As previously indicated, if planning consent could be obtained for redevelopment or return to a single dwelling (C3 Use), the value of this security could escalate but, as no permissions are in place, no additional 'hope value' has been attributed. Without the C4 Use or current lease, as a vacant property, the house could be worth in the region of £4,000,000 however this figure should not be relied upon.

(c) Comparable Property Map



(d) Market Values

- (1) Market Value of the property in its current condition at the date of our inspection subject to any current tenancies in place and sold as a going concern, in the order of:

£2,200,000
(TWO MILLION TWO HUNDRED THOUSAND POUNDS)

- (2) Valuation on the assumption that the property was being sold without the benefit of a going concern, in the order of:

£2,200,000
(TWO MILLION TWO HUNDRED THOUSAND POUNDS)

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.

In the context of the RICS definition of Market Value, we consider that a period of up to nine months is a reasonable period within which to negotiate completion of a sale by private treaty of the property at the level of our valuations, as indicated in Sections 18(e)(1) and (2) above taking into account the nature of the property and the state of the market.

19. AGGREGATE RENTAL VALUATION AND COMMENTARY

(a) Aggregate Rental Value

In our opinion, the current aggregate rental value on the assumption that the building is fully let as 13 bedsits with shared facilities, is in the order of **£105,560 (One hundred and five thousand five hundred and sixty pounds) per annum.**

Having researched the local lettings market and having spoken with various reputable local Letting Agents, we are aware that bedsits in this part of the Capital can let for anything generally ranging from £100 per week to £200 per week depending on their sizes, conditions, floor levels and whether or not they have private or shared facilities. Self contained studios can obviously let for more

A number of such rooms/studio flats is listed below to demonstrate this:

1. Room E, 120 Fellows Road, Belsize Park, London, NW3. This is a double room with a kitchenette amenity and a shared bathroom in good condition which was let in February 2018 at £175 per week.
2. Room F, 120 Fellows Road, Belsize Park, London, NW3. This is a self contained studio flat with kitchenette and shower room larger than all of the subject units and in good order which was let in February 2017 at £265 per week.
3. Flat 6, 165 Haverstock Hill, Belsize Park, London, NW3. This is a top floor studio flat in good condition which was let in February 2018 with private kitchen and bathroom amenities at £254 per week.
4. Room A, 17 Estelle Road, Hampstead, London, NW3. This is a double room with kitchenette and shared bathroom in average condition which was let at £175 per week in February 2017.
5. Room B, 17 Estelle Road, Hampstead, London, NW3. This is a double room with kitchenette facility sharing bathroom amenities in reasonable order which was let for £167 per week in August 2016.

We are also aware of a number of rooms that let in a building on nearby albeit busier Finchley Road having shared bathroom facilities although private kitchen amenities, at rental levels in the region of £150 per week but the Letting Agent involved was not prepared to release door number or further details.

For your information, individual rental values are summarised in the table below.

Room Numbers	Rental Values	
	Per Week	Per Annum
5	£175	£9,100
6	£145	£7,540
7	£175	£9,100
8	£155	£8,060
9	£175	£9,100
10	£125	£6,500
11	£175	£9,100
12	£175	£9,100
14	£165	£8,580
15	£165	£8,580
16	£125	£6,500
17	£125	£6,500
18	£150	£7,800
Totals	£2,030	£105,560

Market Rent is defined as:

The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and 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.

(b) Conclusion

Having regard to the comparable sales and lettings evidence as indicated above, we are of the opinion that the subject property is currently worth £2,200,000 (Two million two hundred thousand pounds), assessing the remaining term of the lease and then a reversion to full rental value capitalised appropriately. It is capable of achieving an aggregate gross rental income in the sum of £2,030 (Two thousand and thirty pounds) per week equating to £105,560 (One hundred and five thousand five hundred and sixty pounds) per annum.

20. INDICATION OF REINSTATEMENT VALUE

You have sought from us an indication for insurance purposes of the current reinstatement cost of the property in its present form. This we are pleased to provide below, but is given solely as a guide. A formal estimate for insurance purposes can only be given by a Quantity Surveyor or other person with sufficient current experience of replacement costs. We confirm that the property has not been inspected by such a person, and therefore the cost estimate below is provided without liability, and for guidance purposes only.

Having applied the latest BCIS data, we would recommend that the subject property be insured for a minimum sum of **£1,850,000 (One million eight hundred and fifty thousand pounds)**. This sum allows for full reinstatement, professional fees and VAT, but excludes any allowance for inflation or loss of rent, and should accordingly be updated on an annual basis to keep pace with rising costs. We would emphasise that the figure detailed above is our estimate of the costs of rebuilding the property and bears no direct relationship to current market values.

The external area of the property is 607 sq. m as measured under the IPMS and RICS Property Measurement Standards.

(d) The Property as Security for the Loan

Having regard to all of the comparable evidence currently available and bearing in mind the contents of this report as a whole, we can confirm that in our opinion, this property forms a suitable security for the funds of Proplend Security Limited.

22. GENERAL REMARKS

The proposed security comprises a five storey end terraced former house, currently used and occupied as a 13 room House in Multiple Occupation, with ancillary storage at lower ground and third/attic floor levels. The property is subject to a 15 year full repairing and insuring lease, with two years to run, at £25,000 per annum and we assume that no security of tenure can be established by the tenant.

This property is situated in a near prime predominantly residential area convenient for a good range of amenities.

Having regard to the content of this report as a whole and in particular the comparable evidence listed earlier, we are satisfied that our valuation figure of £2,200,000 is supportable. It must be reiterated that the property has been valued in accordance with its existing and apparent C4 Use Class (House in Multiple Occupation).

Consequently, the property can be regarded as a suitable security at the level of our valuation figure.

23. ASSUMPTIONS AND CONDITIONS

(a) General Assumptions

Our valuation has been carried out on the basis of the following General Assumptions. If any of them are subsequently found not to be valid, we may wish to review our valuation, as there may be an impact on it.

- (1) That the Freehold interest is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing contained in the Freehold Title. Should there be any mortgages or charges, we have assumed that the property would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.
- (2) That we have been supplied with all information likely to have an effect on the value of the property, and that the information supplied to us and summarised in this report is both complete and correct.
- (3) That the building has been constructed and is used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful (other than those points referred to above).
- (4) That the property is not adversely affected, nor is likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice (other than those points referred to above).
- (5) We have not carried out a Building Survey or opened up the construction in order to make a detailed examination and no tests have been made of the drains, electrical or gas installations, hot or cold water systems or other services. No inspection has been made of the woodwork or other parts of the structure which are covered, unexposed, or inaccessible and we are, therefore, unable to report that that such part of the property are free from rot, beetle and other defects.

- (6) That the property is connected or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
- (7) That in the construction or alteration of the building no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.

For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material in any adverse conditions.

No investigations have been carried out to ascertain the presence of Radon gas or emissions from power cables.

- (8) That the property has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.
- (9) We have not carried out, nor commissioned, a site investigation or geographical or geophysical survey and can therefore give no assurances, opinion or guarantee that the ground has sufficient load bearing strength to support the existing structure or structures which may be erected upon it. We can give no assurance, opinion or guarantee that there are no underground mineral or other workings within the site or its vicinity, nor that there is any fault or disability underground.

(b) General Conditions

Our valuation has been carried out on the basis of the following general conditions:

- (1) We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the property.
- (2) Our valuation is exclusive of VAT.
- (3) No allowance has been made for any expenses of realisation.
- (4) Excluded from our valuation is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
- (5) This property has been valued individually and no allowance has been made, either positive or negative, should it form part of a larger disposal.
- (6) No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EEC legislation.
- (7) The valuation has been carried out using comparable data of property transactions supplied to us and assumed to be correct.

24. VERIFICATION

This report contains many assumptions, some of a general and some of a specific nature. Our valuation is based upon certain information supplied to us by others. Some information we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of this report.

We recommend that you satisfy yourself on all these points, either by verification of individual points or by judgement of the relevance of each particular point in the context of the purpose of our valuation. Our valuation should not be relied upon pending this verification process.

We confirm that we are not excluded under the Building Societies Act 1989 (Section 13) in carrying out this report. The surveyor who has completed this report has appropriate experience in valuations of this type.

25. CONFIDENTIALITY

Finally, in accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

We trust that the above is satisfactory for your purposes, but if we can be of any further assistance then please do not hesitate to contact us.

Yours faithfully



MARK FRANCIS, BSc MRICS
RICS Diploma Number: 0083484



SEAN MANSFIELD, BSc (Hons) MRICS
RICS Diploma Number: 1165186

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APPENDIX 1

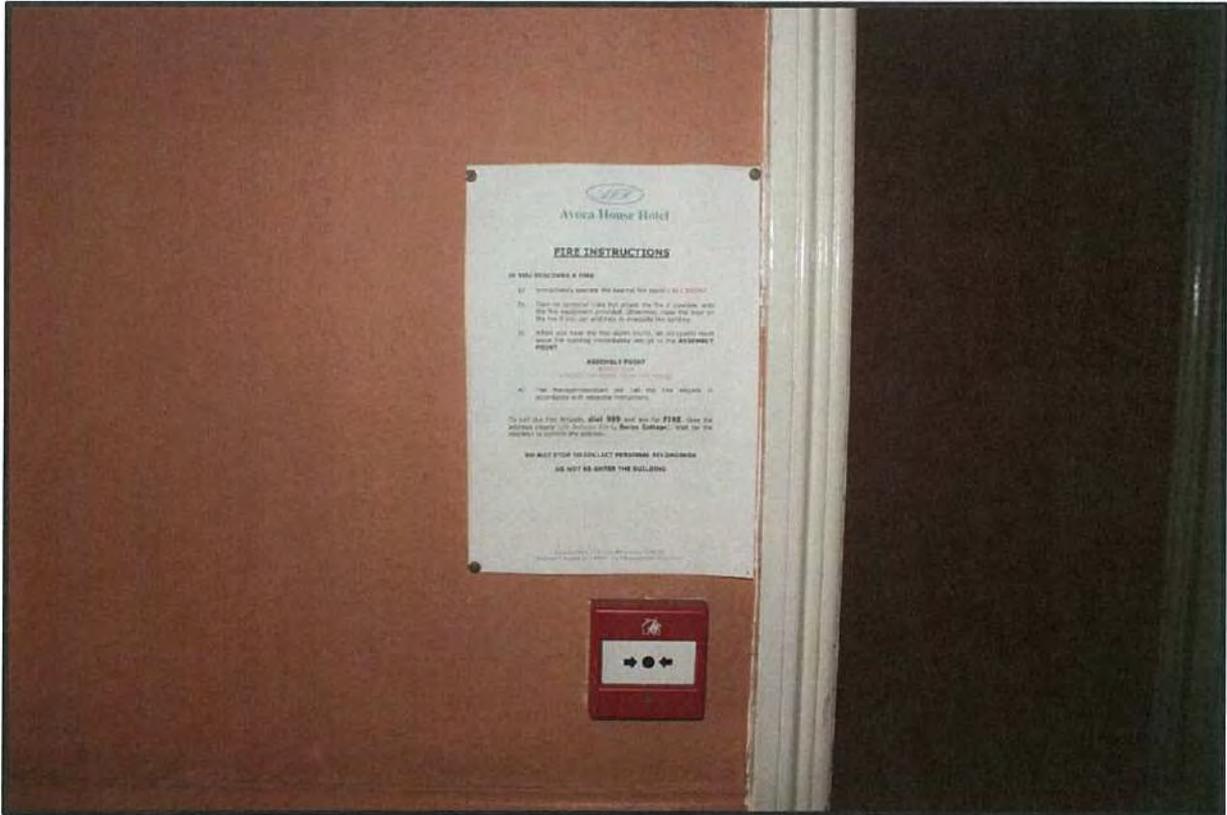
PHOTOGRAPHS



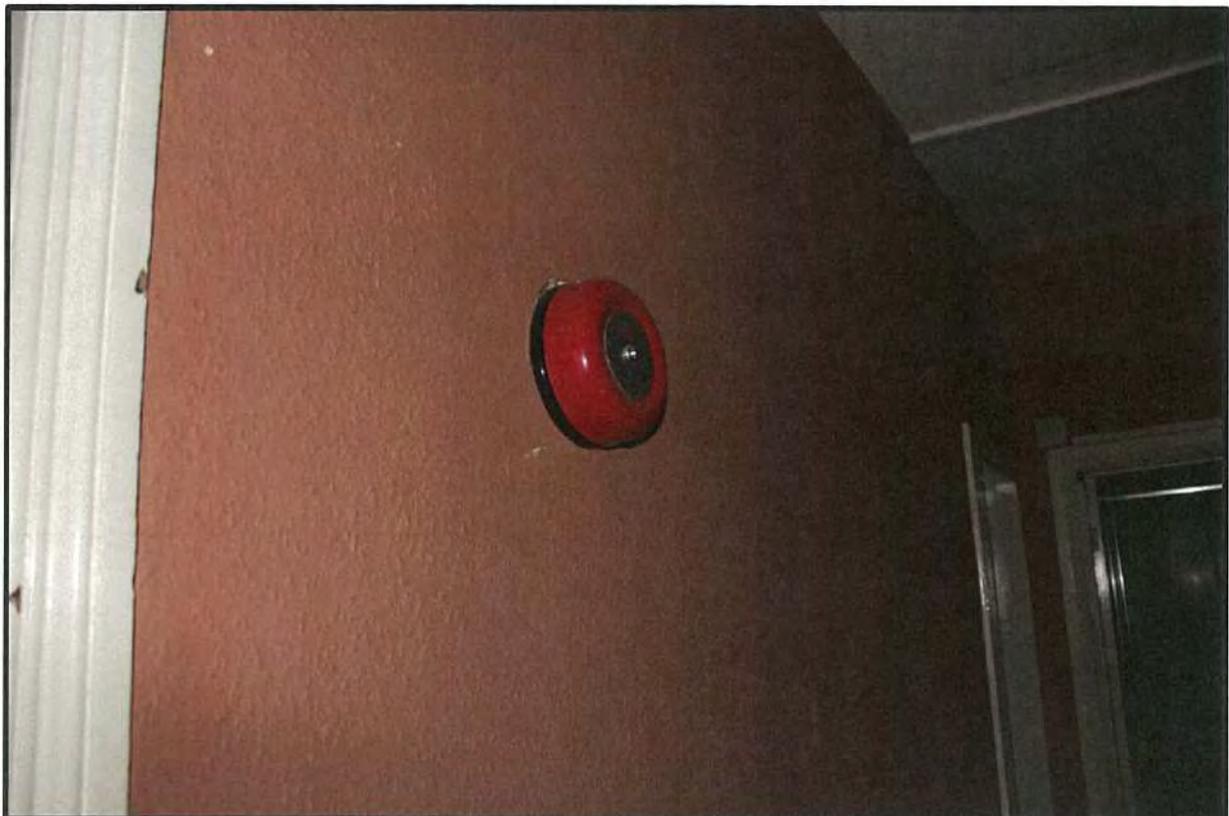
COMMUNAL HALL



FIRE ALARM



FIRE ALARM



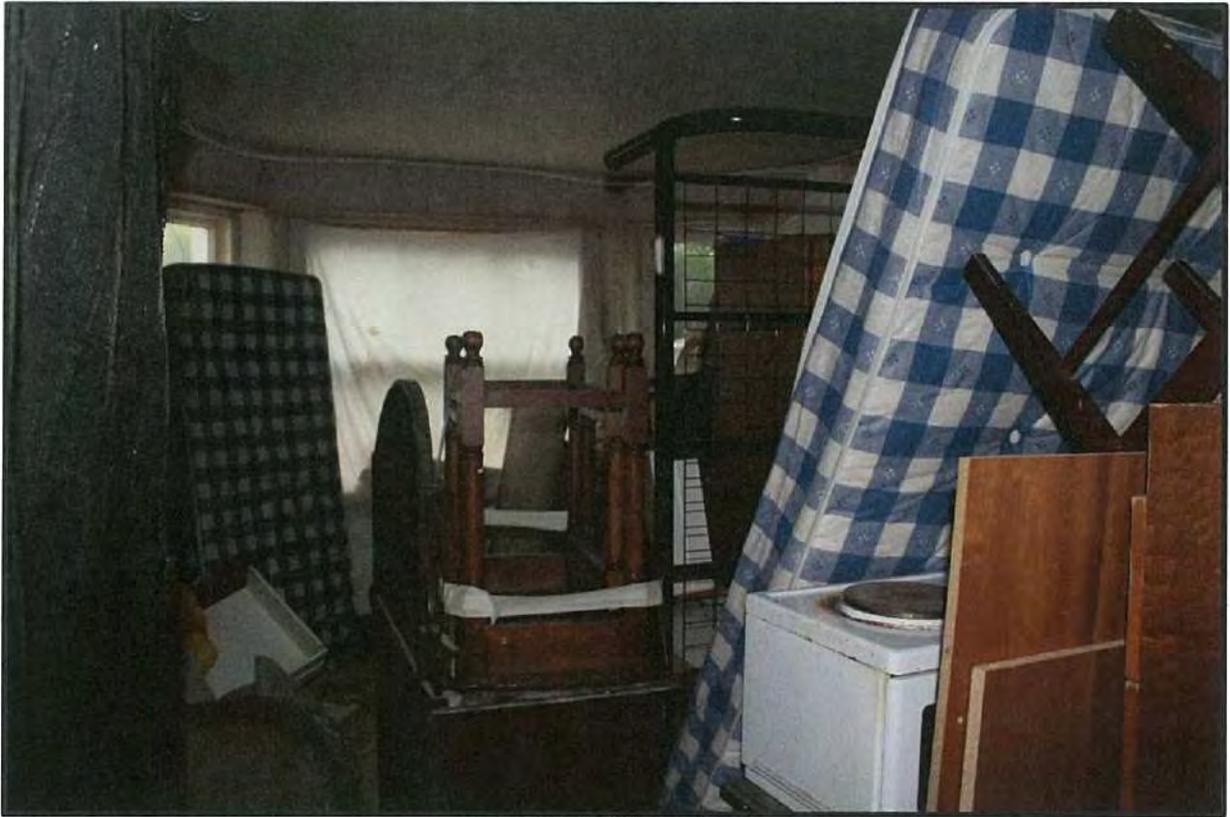
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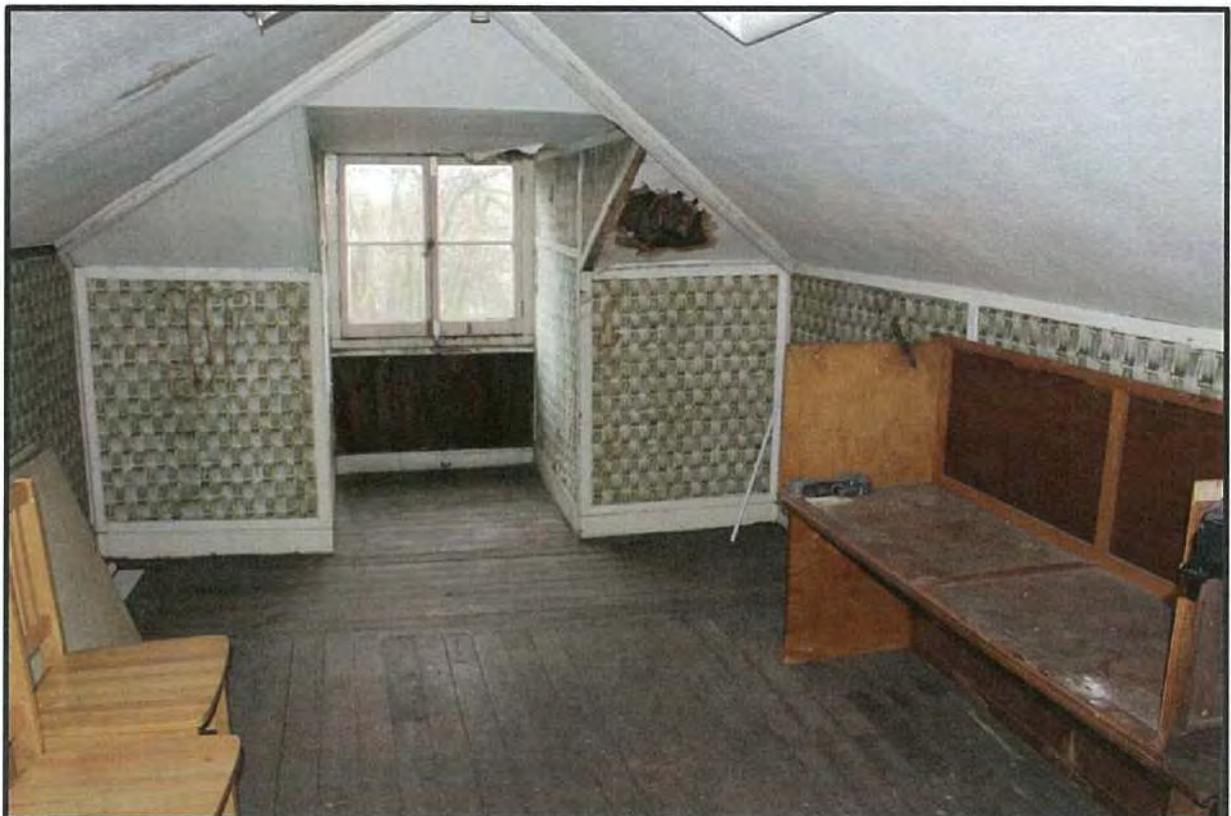
FIRE EQUIPMENT



BASEMENT STORAGE



BASEMENT STORAGE



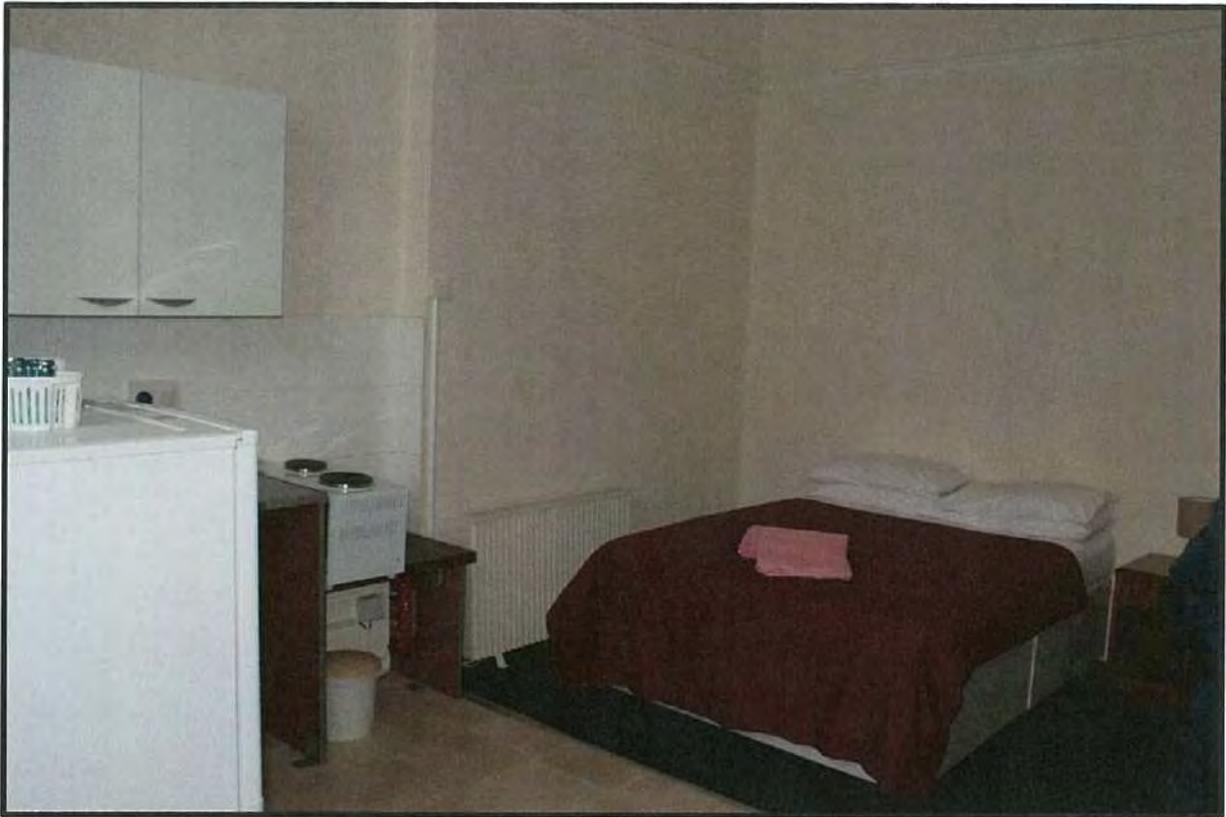
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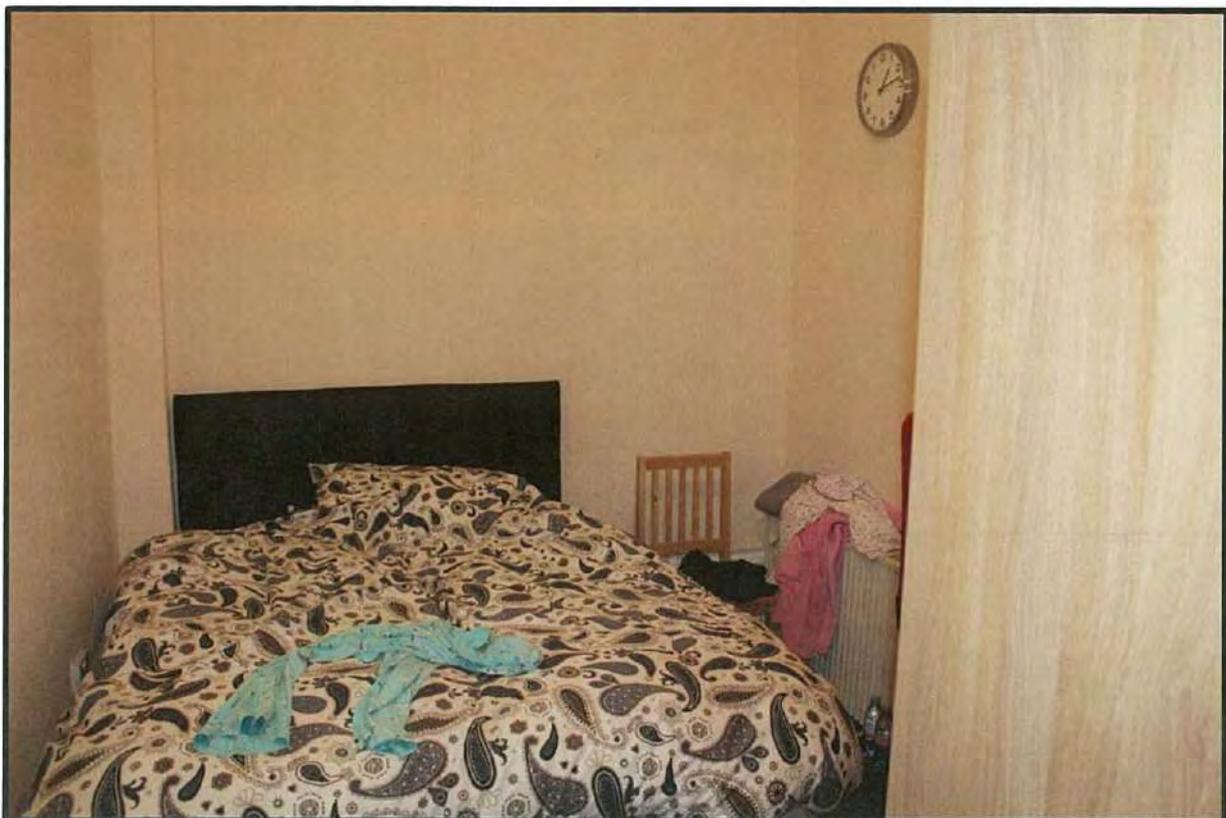
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REAR GARDEN



ROOM 5



ROOM 6



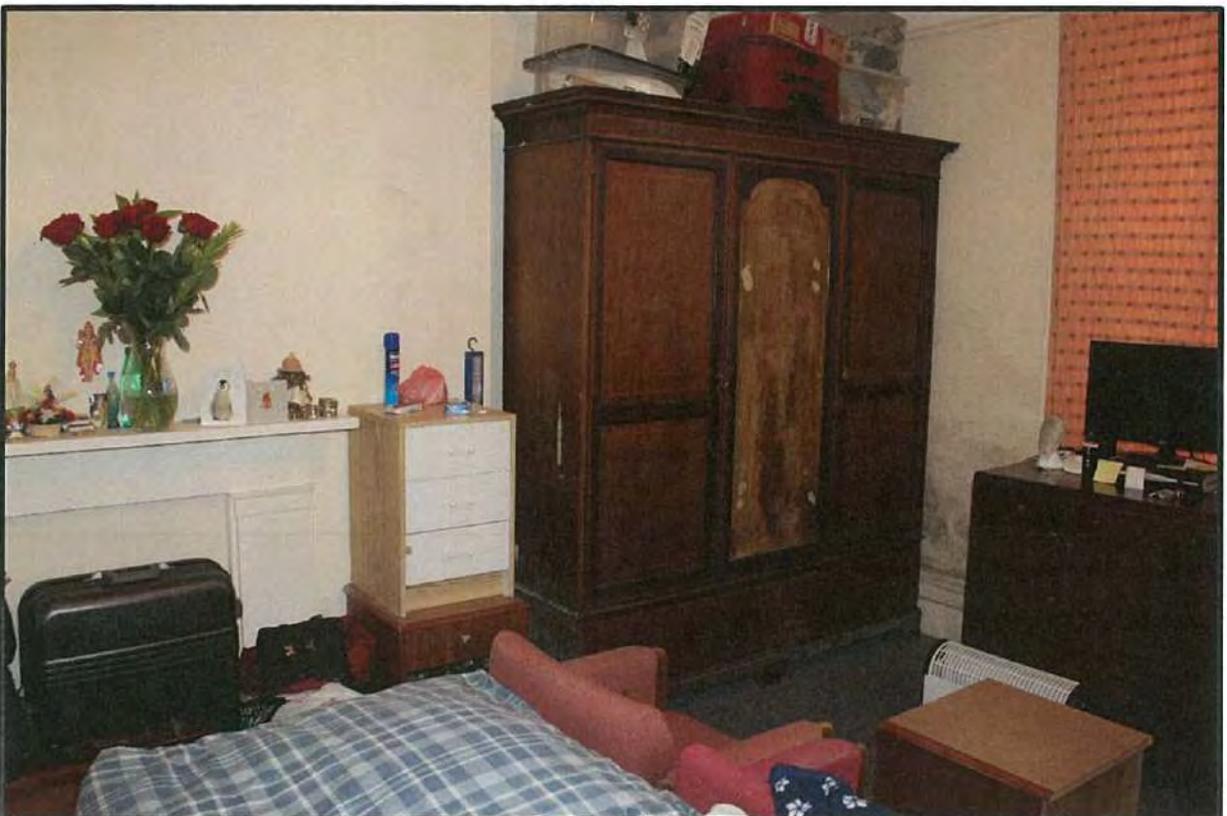
ROOM 8



ROOM 9



ROOM 10



ROOM 11



ROOM 12



ROOM 15



ROOM 16



ROOM 17



ROOM 18



COMMUNAL HOT WATER TANK



BIN STORAGE AREA



REPRESENTATIVE ELECTRICAL INSTALLATION



REPRESENTATIVE ELECTRICAL INSTALLATION



PENETRATING DAMPNESS



REPRESENTATIVE PLUMBING INSTALLATION



LEAKING RAINWATER GOODS



DEFECTIVE JOINERY



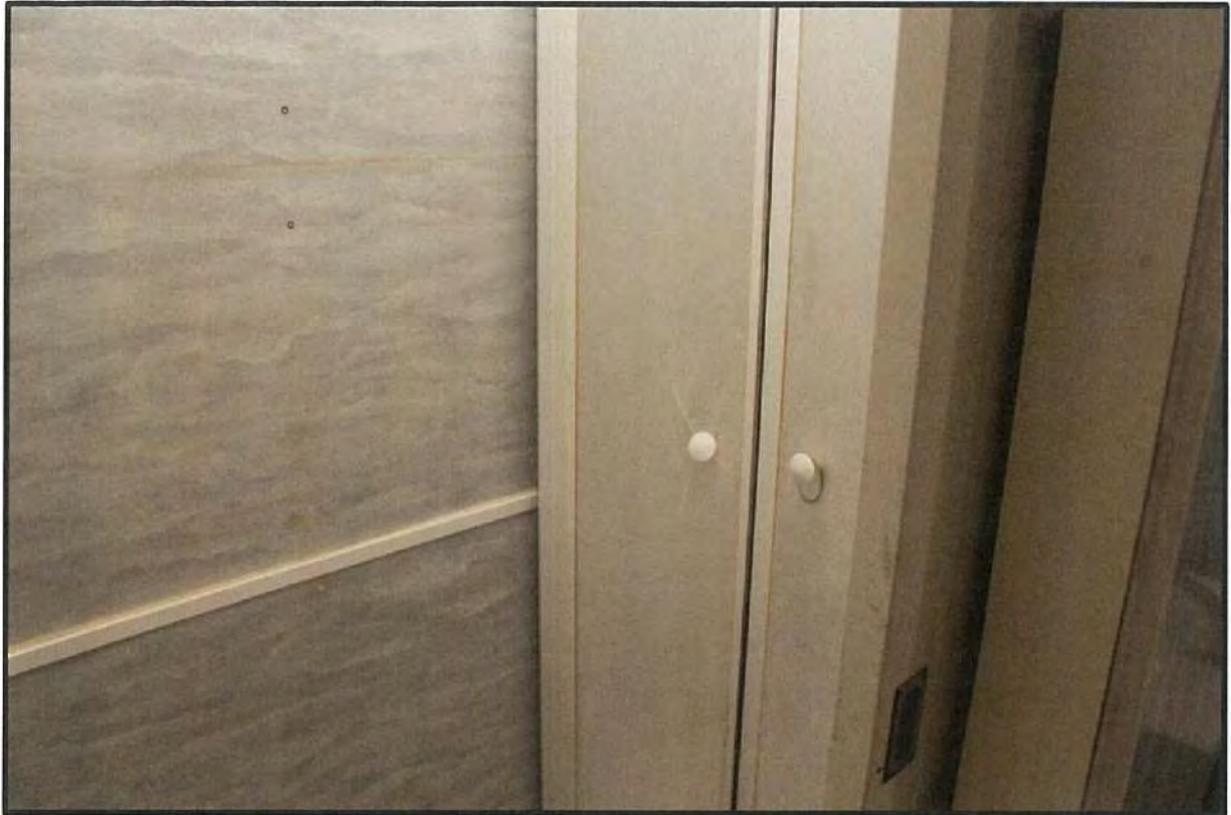
WC



WCS



BATHROOM ARRANGEMENTS



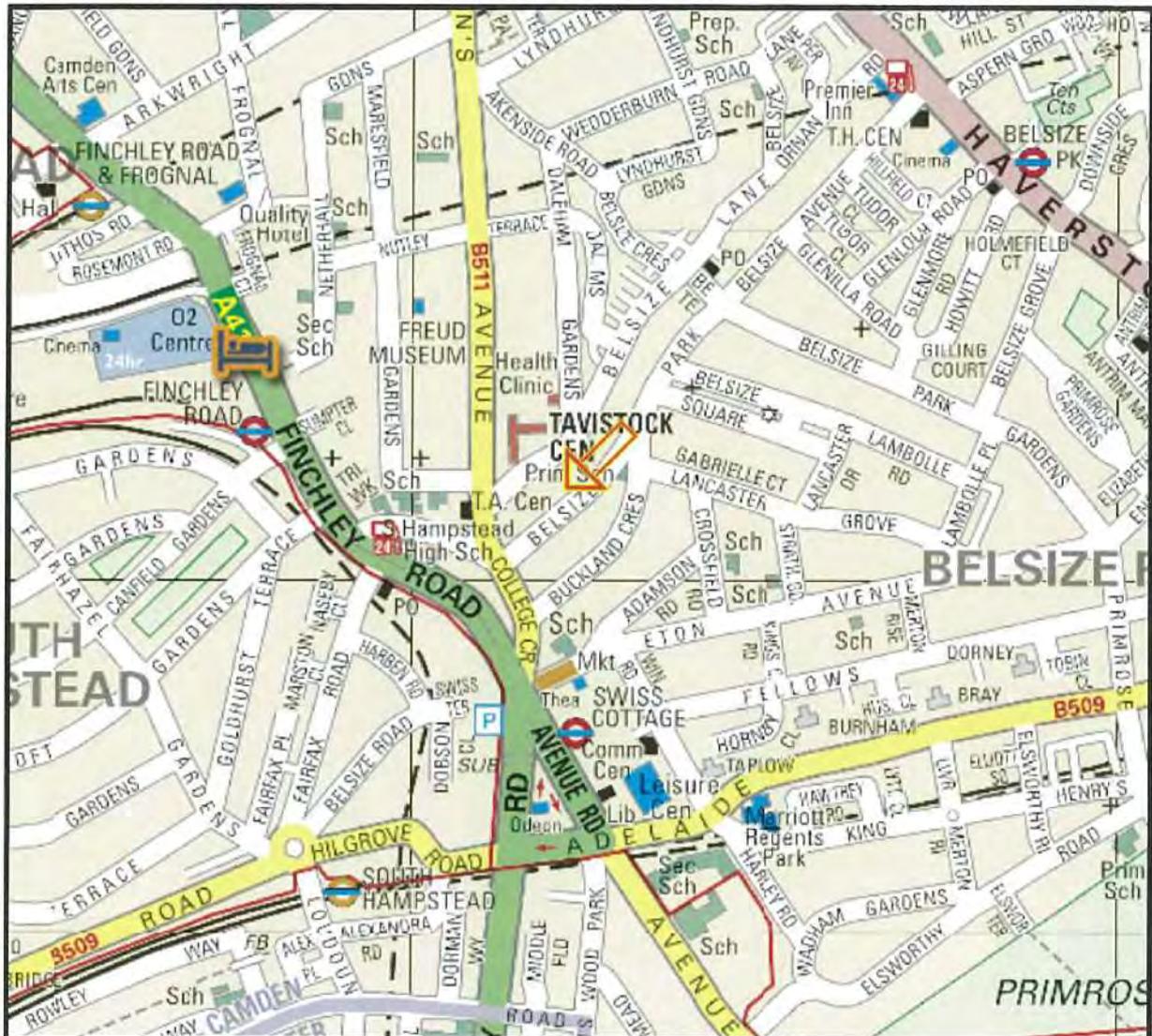
BATHROOM ARRANGEMENTS



SHOWER ROOMS

APPENDIX 2

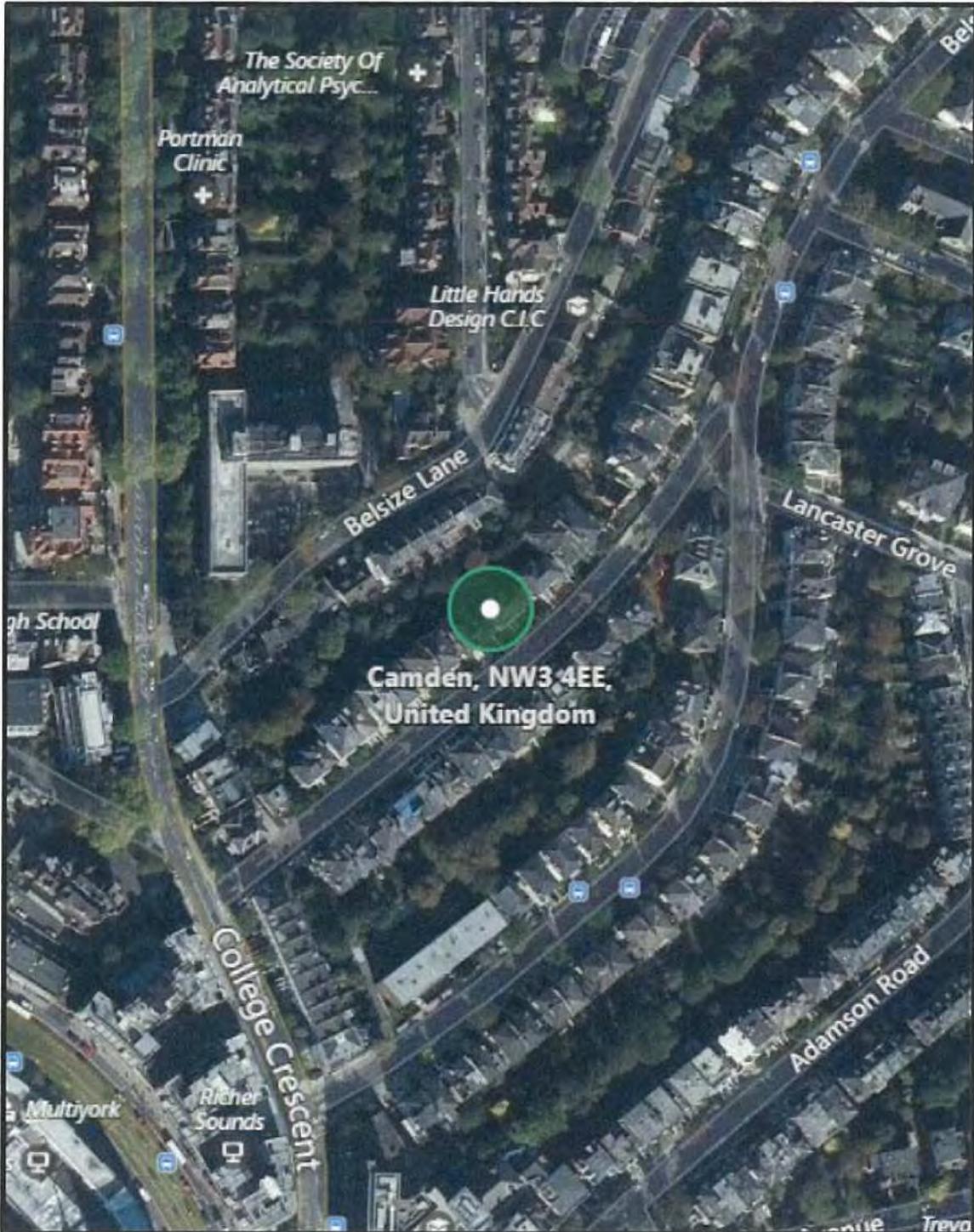
LOCATION MAP



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APPENDIX 3

AERIAL VIEW



APPENDIX 4

LAND REGISTRY EXTRACT

These are the notes referred to on the following official copy

The electronic official copy of the title plan follows this message.

Please note that this is the only official copy we will issue. We will not issue a paper official copy.

This official copy was delivered electronically and when printed will not be to scale. You can obtain a paper official copy by ordering one from HM Land Registry.

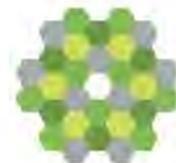
This official copy is issued on 28 February 2018 shows the state of this title plan on 28 February 2018 at 09:38:59. It is admissible in evidence to the same extent as the original (s.67 Land Registration Act 2002). This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

This title is dealt with by the HM Land Registry, Croydon Office .

HM Land Registry

Official copy of
title plan

Title number **NGL309083**
Ordnance Survey map reference **TQ2684NE**
Scale **1:1250**
Administrative area **Camden**

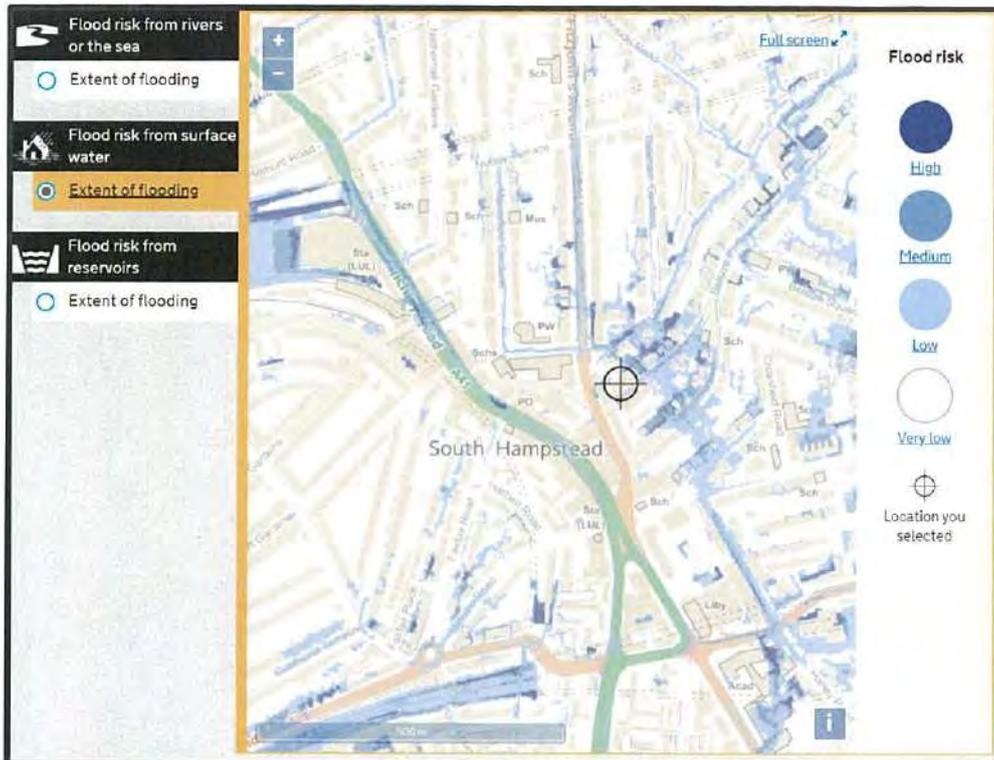


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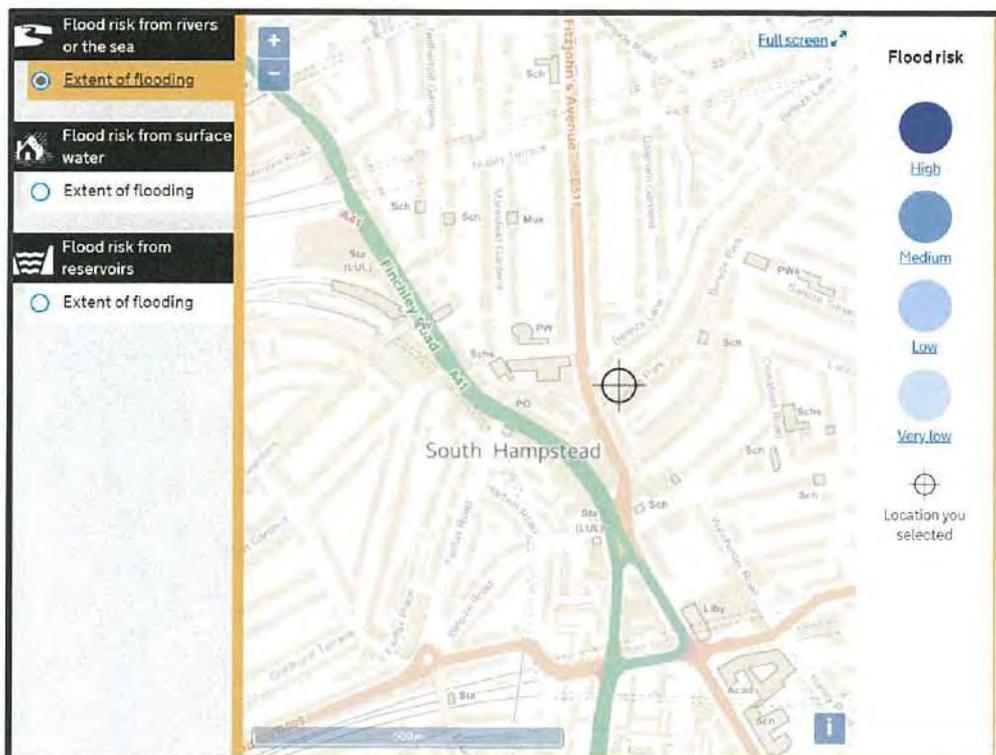


APPENDIX 5

RIVERS AND STREAMS FLOOD MAPS



Map of surface water flood risk



Map of river and sea flood risk

APPENDIX 6

CURRENT LEASE OF PROPERTY

2. DEFINITIONS

- 2.1 For all purposes of this lease the terms defined in clauses 1 and 2 have the meanings specified
- 2.2 'Insured Risks' means fire, lightning, explosion, aircraft (including articles dropped from aircraft), riot, civil commotion, malicious persons, earthquake, subsidence, landslip, storm, tempest, flood, bursting and overflowing of water pipes, tanks and other apparatus and impact by road vehicles and such other risks as the Landlord may from time to time reasonably require the Tenant to insure against
- 2.3 'Interest' means interest during the period from 14 days after the date on which payment is lawfully due to the date of payment both before and after any judgment at the Interest Rate then prevailing or should the base lending rate referred to in clause 1.7 cease to exist such other rate of interest as is most closely comparable with the Interest Rate to be agreed between the parties or in default of agreement to be determined by the Surveyor acting as an expert and not as an arbitrator
- 2.4 'the 1954 Act' means the Landlord and Tenant Act 1954 and all statutes regulations and orders included by virtue of clause 3.12
- 2.5 'Pipes' means all pipes, sewers, drains, mains, ducts, conduits, gutters, watercourses, wires, cables, channels, flues and all other conducting media and includes any fixings, louvers, cowls and any other ancillary apparatus which are in or under or which serve the Premises

- 2.6 'the Planning Acts' means the Town and Country Planning Act 1990 the Planning and Compensation Act 1991 and all statutes regulations and orders included by virtue of clause 3.12
- 2.7 'Rent' means the Initial Rent and any increased rent payable hereunder
- 2.8 'Surveyor' means any Chartered Surveyor or firm of Chartered Surveyors appointed by the Landlord to perform any of the functions of the Surveyor under this lease

3. INTERPRETATION

- 3.1 The expressions 'the Landlord' and 'the Tenant' wherever the context so admits include the person for the time being entitled to the reversion immediately expectant on the determination of the Term and the Tenant's successors in title respectively and any reference to a superior landlord includes the Landlord's immediate reversioner (and any superior landlords) at any time
- 3.2 Where the Landlord or the Tenant (or any Guarantor) for the time being is two or more persons obligations expressed or implied to be made by or with such party are deemed to be made by or with such persons jointly and severally
- 3.3 Word importing one gender include all other genders and words importing the singular include the plural and vice versa
- 3.4 The expression 'the Term' includes the Contractual Term and any period of holding-over or extension or continuance (but not by way of renewal) of the Contractual Term whether by statute or common law
- 3.5 References to 'the last year of the Term' include the last year of the Term if the Term shall determine otherwise than by effluxion of time and references to 'the expiration of the Term' include such other determination of the Term

- 3.6 References to any right of the Landlord to have access to the Premises shall be construed as extending to any superior landlord and any mortgagee of the Premises and to all persons authorised in writing by the Landlord and any superior landlord or mortgagee (including agents, professional advisers, contractors, workmen and others) where such superior lease or mortgage grants such rights of access to the superior landlord or mortgagee
- 3.7 Any covenant by the Tenant not to do an act or thing shall be deemed to include an obligation not to permit or suffer such act or thing to be done by another person
- 3.8 Any provisions in this lease referring to the consent or approval of the Landlord shall be construed as also requiring the consent or approval of any mortgagee of the Premises and any superior landlord where such consent or approval is required by the terms of the relevant mortgage or superior lease and such requirement of consent or approval shall not be construed as implying that an obligation is imposed upon a mortgagee or any superior landlord not unreasonably to refuse or delay any such consent or approval unless the relevant mortgage or superior lease so provides
- 3.9 References to 'consent of the Landlord' or words to similar effect mean a consent in writing signed by or on behalf of the Landlord and to 'approved' and 'authorised' or words to similar effect mean (as the case may be) approved or authorised in writing by or on behalf of the Landlord
- 3.10 The terms 'the parties' or 'party' mean the Landlord and/or Tenant but except where there is an express indication to the contrary exclude the Guarantor
- 3.11 'Development' has the meaning given by the Town and Country Planning Act 1990 Section 55

- 3.12 Any reference to a specific statute includes a reference to any statutory extension or modification amendment or re-enactment of such statute and any regulations or orders made under such statute and any general reference to 'statute' or 'statutes' includes a reference to any regulations or orders made under such statute or statutes
- 3.13 Any reference in this lease to any clause, sub-clause or schedule without further designation shall be construed as a reference to the clause, sub-clause or schedule to this lease so numbered
- 3.14 The clause, paragraph and schedule headings do not form part of this lease and shall not be taken into account in its construction or interpretation

4 DEMISE

The Landlord with full title guarantee demises to the Tenant the Premises Together With the rights contained or referred to in the Property Register of Title No. NGL 309083 and Subject To the matters contained or referred to in the Charges Register of the said title in so far as they affect the Premises to hold the Premises to the Tenant for the Contractual Term paying therefor for the first five years of the said Term the Initial Rent of £8,000 (eight thousand pounds) and thereafter such rent as is payable under the terms of clause 8 hereof such rent to be paid by equal quarterly payments in advance on the usual quarter days the first payment of rent to be made on the date hereof in respect of rent for the period from 25th March 2005 to 24th June 2005

5. THE TENANT'S COVENANTS

The Tenant covenants with the Landlord;

5.1 RENT

- 5.1.1 To pay the rent on the days and in the manner set out in this lease and not to exercise or seek to exercise any right or claim to withhold rent or any right or claim to legal or equitable set-off
- 5.1.2 If so required in writing by the Landlord, to make such payments by banker's order or credit transfer to any bank account in the United Kingdom or the Republic of Ireland that the Landlord may from time to time nominate

5.2 OUTGOINGS AND VAT

To pay and to indemnify the Landlord against:

- 5.2.1 all rates, taxes, assessments, duties, charges, impositions and outgoings which are now or during the Term shall be charged, assessed or imposed upon the Premises or upon the owner or occupier of them excluding any payable by the Landlord occasioned by receipt of the rents or by the grant of this lease or any disposition or dealing with or ownership of any interest reversionary to the interest created by this lease
- 5.2.2 VAT (or any tax of a similar nature that may be substituted for it or levied in addition to it) properly chargeable on the Rent or on any payment made by the Tenant or any notional payment deemed to be so made under any of the terms of or in connection with this lease or in respect of any payment made by the Landlord where the Tenant agrees in this lease to reimburse the Landlord for such payment

5.3 ELECTRICITY, GAS AND OTHER SERVICES CONSUMED

To pay to the suppliers and to indemnify the Landlord against all charges for electricity, gas and other services consumed or used at or in the Premises (including meter rents)

5.4 REPAIR AND CLEANING

5.4.1 To repair the Premises and keep them and all buildings on them in good repair and condition and properly cleaned and decorated

5.4.2 To replace from time to time the Landlord's fixtures and fittings in the Premises which may be or become beyond repair at any time during or at the expiration of the Term

5.4.3 To clean the Premises and keep them in a clean, neat and tidy condition and (without prejudice to the generality of the above) to clean both sides of all windows and window frames in the Premises when required

5.4.4 In every third year of the Term and in the last year of the Term to redecorate the exterior of the Premises in a good and workmanlike manner and with appropriate materials of good quality to the reasonable satisfaction of the Surveyor

5.4.5 In every fifth year of the Term and in the last year of the Term to redecorate the interior of the Premises in a good and workmanlike manner and with appropriate materials of good quality to the reasonable satisfaction of the Surveyor

5.4.6 Where the use of Pipes is common to the Premises and other property to be responsible for and to indemnify the Landlord against all sums due from and to undertake all work that is the responsibility of the owner

lessee or occupier of the Premises in relation to those Pipes or other things

5.5 WASTE AND ALTERATIONS

5.5.1. Not to:

5.5.1.1 commit any waste

5.5.1.2 make any structural alteration or addition to the Premises

5.5.1.3 make any non-structural additions to the Premises save as permitted by the following provisions of sub-clause 5.5 hereof

5.5.1.4 unite the Premises with any adjoining premises

5.5.2 Not to make non-structural alterations or additions to the Premises without:

5.5.2.1 obtaining and complying with all necessary consents of any competent authority and paying all charges of any such authority in respect of such consents

5.5.2.2 making an application to the Landlord supported by drawings and where appropriate a specification in duplicate prepared by an architect or member of some other appropriate profession (who shall supervise the work throughout to completion)

5.5.2.3 paying the reasonable and proper fees of the Landlord, any superior landlord, any mortgagee and their respective professional advisers and

5.5.2.4 entering into such covenants as the Landlord may reasonably require as to the execution and reinstatement of the alterations and in any case of any works of a substantial nature the Landlord may require prior to the commencement of such

works the provision by the Tenant of reasonably adequate security in the form of a deposit of money or the provision of a bond as assurance to the Landlord that any works which may from time to time be permitted by the Landlord shall be fully completed

5.5.3 Subject to the provisions of clause 5.5.2 not to make any alterations or additions to the Premises without the consent of the Landlord such consent not to be unreasonably withheld or delayed

5.5.4 To remove any additional buildings, additions, alterations or improvements made to the Premises at the expiration of the Term if so requested by the Landlord and to make good any part or parts of the Premises which may be damaged by such removal

5.5.5. Not to make connections with the Pipes that serve the Premises otherwise than in accordance with plans and specifications approved by the Landlord such approval not to be unreasonably withheld or delayed subject to consent to make such connection having previously been obtained from the competent statutory authority or undertaker

5.6 STATUTORY OBLIGATIONS

5.6.1 At the Tenant's own expense to execute all works and provide and maintain all arrangements upon or in respect of the Premises or the use to which the Premises are being put that are required in order to comply with the requirements of any statute (already or in the future to be passed) or any government department, local authority or other public or competent authority or court of competent jurisdiction regardless of

whether such requirements are imposed on the lessor, the lessee or the occupier

5.6.2 Not to do in the Premises any act or thing by reason of which the Landlord may under any statute incur have imposed upon it or become liable to pay any penalty, damages, compensation, costs, charges or expenses

5.6.3 Without prejudice to the generality of the above to comply in all respects with the provisions of any statutes and any other obligations imposed by law or by any byelaws applicable to the Premises or in regard to carrying on the trade or business for the time being carried on at the Premises

5.7 ACCESS OF LANDLORD AND NOTICE TO REPAIR

5.7.1 To permit the Landlord at all reasonable times in the day time on a weekday and on reasonable notice

5.7.1.1 to enter upon the Premises for the purpose of ascertaining that the covenants and conditions of this lease have been observed and performed

5.7.1.2 to view (and to open up floors and other parts of the Premises where such opening-up is reasonably required in order to view) the state of repair and condition of the Premises causing as little disturbance and inconvenience in so doing as is reasonably possible and

5.7.1.3 to give to the Tenant (or leave upon the Premises) a notice specifying any repairs, cleaning, maintenance or painting that the Tenant has failed to execute in breach of the terms of this lease and to request the Tenant immediately to execute the

same including the making good of such opening-up (if any) provided that any such opening-up shall be made good by and at the cost of the Landlord where such opening-up reveals no breaches of the terms of this lease

5.9.2 Immediately to repair, cleanse, maintain and paint the Premises as properly required by such notice

5.9.3 If within two months of the service of such a notice the Tenant shall not have commenced and be proceeding diligently with the execution of the work referred to in the notice or shall fail to complete the work within a reasonable time or if in the Surveyor's reasonable opinion the Tenant is unlikely to have completed the work within such period to permit the Landlord to enter the Premises to execute such work as may be necessary to comply with the notice and to pay to the Landlord the reasonable and proper cost of so doing and all expenses properly incurred by the Landlord (including legal costs and surveyor's fees) within fourteen days of a written demand

5.10 ALIENATION

5.10.1 Not to hold on trust for another nor (save pursuant to a transaction permitted by and effected in accordance with the provisions of this lease) part with the whole or any part of the Premises nor permit another to occupy the whole or any part of the Premises

5.10.2 The Tenant shall be at liberty to sublet parts of the Premises as flats or bed-sittingrooms without the consent of the Landlord to respectable and responsible tenants under assured tenancies or on licences or other terms terminable on not more than two months notice for occupation

by the subtenant or occupant and his family only and on condition that such sub-tenancies or occupational licences shall be non-assignable by the subtenant or licensee and shall not grant any exclusive tenancy or licence over the halls, landings or staircases of the Premises

5.10.3 Not to assign the whole of the Premises without first obtaining the written consent of the Landlord which shall not be unreasonably withheld or delayed.

5.10.4 On any assignment of the whole of the Premises the Tenant shall satisfy the following conditions specified for the purpose of Section 19 (1A) of the Landlord and Tenant Act 1927, namely,

(i) upon or before any assignment and before giving occupation to the assignee the Tenant shall enter into an authorised guarantee agreement and shall covenant with the Landlord in such terms as the Landlord shall reasonably require and

(ii) that such intended assignee shall if the Landlord reasonably require pay a reasonable rent deposit and

(iii) on or before any assignment the proposed assignee shall give a direct covenant to the Landlord to observe and perform the tenant's covenants and conditions contained herein and any deed supplemental hereto for so long as the proposed assignee is liable hereunder.

5.10.5 The Tenant shall pay the reasonable costs of the Landlord's solicitors surveyors and/or managing agents incurred in or in contemplation of any application for any such consent (whether or not the same is granted and whether or not the same is withheld) save where consent is unreasonably withheld or proffered subject to unreasonable conditions) and shall when

making such application provide a solicitors' undertaking for the payment of such costs

5.10.6 Not to underlet the whole of the Premises without first obtaining the prior written consent (which shall be prepared by the Landlord's solicitors at the expense of the Tenant) of the Landlord both as to the proposed undertenant and the form of the underlease such consent not to be unreasonably withheld or delayed and subject to the following conditions:-

(i) the underlease shall reserve a yearly basic rent payable by equal quarterly instalments in advance on the usual quarter days of an amount which will be not less than the basic rent for the time being payable hereunder or (if greater) the then current open market rental value of the Premises

(ii) the underlease shall not be granted in consideration of a fine or premium.

(iii) the underlease shall contain a covenant on the part of the undertenant in the underlease that the undertenant will not assign, transfer, mortgage, charge, underlet, license or share or part with the possession or occupation of the premises thereby demised or any part thereof Provided that the undertenant may assign, mortgage or charge the whole of the premises thereby demised if the undertenant has first obtained the prior consent by deed of the Landlord under this Lease (such consent not be to be unreasonably withheld or delayed)

(iv) the Tenant shall not knowingly permit or suffer any breach by any underlessee of the provisions of any such underlease and at all times shall

strictly enforce the same and operate and enforce any provisions therein
for the review of rent

(v) the Tenant shall not at any time reduce, or permit to be reduced, the
rent payable by any underlease or waive, forego or compound the same

5.10.7 Within twenty eight days of any assignment, underlease, charge or any
transmission or other devolution relating to the Premises to produce for
registration with the Landlord's solicitor such deed or document, or a
certified copy of it, and to pay the Landlord's solicitor's reasonable
charges for the registration of every such document such charges not
being less than Thirty-five pounds plus VAT

5.11 NUISANCE ETC AND RESIDENTIAL RESTRICTIONS

5.11.1 Not to do nor allow to remain upon the Premises anything which may be or
become or cause a nuisance, disturbance, inconvenience, injury or damage to the
Landlord or its tenants or the owners or occupiers of adjacent or neighbouring
premises

5.11.2 Not to use the Premises for a sale by auction or for any dangerous, noxious,
noisy or offensive trade, business or occupation nor for any illegal or immoral act
or purpose

5.12 LANDLORD'S COSTS

To pay to the Landlord on an indemnity basis all costs, fees, charges, disbursements and
expenses (including without prejudice to the generality of the above those payable to
counsel, solicitors, surveyors and bailiffs) properly and reasonably incurred by the
Landlord in relation to or incidental to:

5.12.1 every application made by the Tenant for a consent or licence required by the
provisions of this lease whether such consent or licence is granted or refused or

proffered subject to any lawful qualification or condition or whether the application is withdrawn unless such refusal qualification or condition is unlawful whether because it is unreasonable or otherwise

5.12.2 the preparation and service of a notice under the Law of Property Act 1925 Section 146 or incurred by or in contemplation of proceedings under Section 146 or 147 of that Act notwithstanding that forfeiture is avoided otherwise than by relief granted by the court

5.12.3 the recovery or attempted recovery of arrears of rent or other sums due hereunder from the Tenant and

5.12.4 any steps taken in contemplation of or in direct connection with the preparation and service of a schedule of dilapidations during or after the expiration of the Term

5.13 THE PLANNING ACTS

5.13.1 Not to commit any breach of planning control (such term to be construed as it is used in the Planning Acts) that affect the Premises and to indemnify (both during or following the expiration of the Term) and keep the Landlord indemnified against all liability whatsoever including costs and expenses in respect of any contraventions

5.13.2 At the expense of the Tenant to obtain all planning permissions and to serve all such notices as may be required for the carrying out of any operations or user on the Premises which may constitute Development provided that no application for planning permission shall be made without the previous consent of the Landlord such consent not be unreasonably withheld or delayed in any case where the application for and implementation of such planning permission

will not create or give rise to any tax or other fiscal liability for the Landlord or where the Tenant indemnifies the Landlord against such liability

5.13.3 Subject only to any statutory direction to the contrary to pay and satisfy any charge or levy that may subsequently be imposed under the Planning Acts in respect of the carrying out or maintenance of any such operations or the commencement or continuance of any such user by the Tenant or a person claiming through the Tenant

5.13.4 Notwithstanding any consent which may be granted by the Landlord under this lease not to carry out or make any alteration or addition to the Premises or any change of use until:

5.13.4.1 all necessary notices under the Planning Acts have been served and copies produced to the Landlord

5.13.4.2 all necessary permissions under the Planning Acts have been obtained and produced to the Landlord

5.13.4.3 the Landlord has acknowledged that every necessary planning permission is acceptable to it such acknowledgment not to be unreasonably withheld or delayed the Landlord being entitled to refuse to acknowledge its acceptance of a planning permission on the grounds that any condition contained in it or anything omitted from it or the period referred to in it would in the reasonable opinion of the Surveyor be (or be likely to be) prejudicial to the Landlord's interest in the Premises whether during or following the expiration of the Term

5.13.5 Unless the Landlord shall otherwise direct to carry out and complete before the expiration of the Term:

5.13.5.1 any works stipulated to be carried out to the Premises by a date subsequent to such expiration as a condition of any planning permission granted for any development begun before the expiration of the Term and

5.13.5.2 any Development begun upon the Premises in respect of which the Landlord shall or may become liable for any charge or levy under the Planning Acts

5.13.6 In any case where a planning permission is granted subject to conditions and if the Landlord reasonably so requires to provide security for the compliance with such conditions and not to implement the planning permission until security has been provided

5.13.7 If reasonably required by the Landlord but at the cost of the Tenant to appeal against any refusal of planning permission or the imposition of any conditions on a planning permission relating to the Premises following an application by the Tenant

5.14 PLANS, DOCUMENTS AND INFORMATION

If called upon to do so to produce to the Landlord or the Surveyor all plans, documents and other evidence as the Landlord may reasonably require in order to satisfy itself that the provisions of this lease have been complied with

5.16 ENCROACHMENTS

5.16.1 Not to stop up darken or obstruct any windows or light belonging to the Premises

5.16.2 To take all reasonable steps to prevent any new window, light, opening, doorway, path, passage, pipe or other encroachment or easement being made or acquired in, against, out of or upon the Premises and to notify the Landlord

immediately upon the Tenant becoming aware that any such encroachment or easement has been made or acquired (or attempted to be made or acquired) and at the request of the Landlord to adopt such means as shall reasonably be required and in so far as the Tenant is so empowered to prevent such encroachment or the acquisition of any such easement

5.17 YIELD UP

At the expiration of the Term

5.17.1 to yield up the Premises in good repair and in accordance with the terms of this lease

5.17.2 to give up all keys of the Premises to the Landlord

5.18 INTEREST ON ARREARS

5.18.1 If the Tenant shall to pay the rent or any sum due under this lease within fourteen days of the date due whether formally demanded or not the Tenant shall pay to the Landlord interest at the Interest Rate on the rent or other sum from the date when they were due to the date on which they are paid and such interest shall be deemed to be rent due to the Landlord

5.18.2 Nothing in the preceding sub-clause shall entitle the Tenant to withhold or delay any payment of the rent or any other sum due under this lease after the date upon which it falls due or in any way prejudice affect or derogate from the rights of the Landlord in relation to such non-payment including (but without prejudice to the generality of the above) under the proviso for re-entry contained in this lease

5.19 STATUTORY NOTICES ETC

To give full particulars to the Landlord of any notice, direction, order or proposal for the Premises made given or issued to the Tenant by any local or public authority within

seven days of receipt by the Tenant and if so required by the Landlord to produce it to the Landlord and without delay to take all necessary steps to comply with the notice direction or order and at the request of the Landlord and at the cost of the Landlord to make or join with the Landlord in making such objection or representation against or in respect of any notice direction order or proposal as the Landlord shall reasonably deem expedient

5.21 SALE OF REVERSION ETC

To permit upon reasonable notice at any reasonable times in the day during the Term prospective purchasers of or agents instructed in connection with the sale of the Landlord's reversion or of any other interest superior to the Term to view the Premises without interruption provided they are authorised in writing by the Landlord or its agents

5.22 DEFECTIVE PREMISES

To give notice to the Landlord of any defect in the Premises known to the Tenant which might give rise to an obligation on the Landlord to do or refrain from doing any act or thing in order to comply with the provisions of this lease or the duty of care imposed on the Landlord pursuant to the Defective Premises Act 1972 or otherwise and at all times to display and maintain all notices which the Landlord may from time to time reasonably require to be displayed at the Premises

6. INSURANCE - TENANT TO INSURE

6.1 The Tenant covenants with the Landlord to insure the Premises in accordance with this clause

6.2 Insurance shall be effected.

- 6.2.1 In such substantial and reputable insurance office or with such underwriters and through such agency as the Landlord may from time to time approve in the joint names of the Landlord and the Tenant.
- 6.2.2 For the following sums, being the full cost of rebuilding and reinstating all buildings on the Premises including architects', surveyors' and other professional fees payable upon any applications for planning permission or other permits or consents that maybe required in relation to the rebuilding or reinstatement of the said buildings, the cost of debris removal, demolition, site clearance, any works that may be required by statute and incidental expenses and
- 6.2.3 against damage or destruction by the Insured Risks to the extent that such insurance may ordinarily be arranged for properties such as the Premises subject to such reasonable excesses, exclusions or limitations as the insurer may require.
- 6.3 The Tenant shall pay the insurance premiums on the due dates and shall provide copies of the insurance policy and the current year's schedule to the Landlord on demand together with evidence that the premiums have been paid
- 6.4 If during the Term the Premises or any part of them are damaged or destroyed by any of the Insured Risks and the Tenant has received payment in full of any insurance claim made in respect of such destruction or damage and such payment has not been withheld in whole or in part by the insurer and it is impossible and uneconomic to reinstate the Premises within three years from the destruction or damage the Landlord or the Tenant may by notice serviced upon the other at any time after the date of such damage or destruction invoke the provisions of clause 6.5, provided that the Tenant shall have placed all

sums received in respect of such an insurance claim in a separate bank account in the joint names of the Landlord and the Tenant

- 6.5 Upon service of the notice in accordance with sub-clause 6.4 the Term will absolutely cease but without prejudice to any rights or remedies that may have accrued to either party against the other and all money received in respect of the insurance effected by the Tenant pursuant to this clause together with any interest received in respect of such monies shall belong to the Landlord
- 6.6 The Tenant covenants with the Landlord to comply with all the reasonable requirements and recommendations of the insurers and not to do or omit to do anything that could cause any policy of insurance on or in relation to the Premises to become void or voidable wholly or in part and to keep the Premises supplied with such fire fighting equipment as the insurers and the fire authority may require and to comply with any fire certificate issued in relation to the Premises and to maintain all fire fighting equipment to the satisfaction of the insurers in an efficient working order.
- 6.7 If and whenever during the term the Premises or any part of them are damaged or destroyed by an assured risk to rebuild and reinstate the Premises or the part damaged or destroyed to the reasonable satisfaction and under the supervision of the Surveyor and to pay the reasonable fees of the Surveyor for such supervision the Tenant being allowed towards the expenses of so doing upon rebuilding and reinstatement being completed the amount received in respect of such damage destruction or damage under the insurance policy.
- 6.8 To notify the Landlord forthwith of any changes to the insurance policy effected by the Tenant in relation to the Premises and to take all reasonable

steps to ensure that the cover under the insurance policy is not reduced in any way.

7. LANDLORD'S COVENANTS

The Landlord covenants with the Tenant to permit the Tenant peaceably and quietly to hold and enjoy the Premises without any interruption or disturbance from or by the Landlord or any person claiming or in trust for the Landlord or by title paramount.

8. RENT REVIEW

8.1 In this clause the following expressions shall have the following means

8.1.1 The 'Rent Review Dates' - The dates being the expiration of the fifth and tenth years of the term each which date is referred to as 'the Relevant Rent Review Date'

8.1.2 The 'Open Market Rent' - the yearly rent for which the Premises might reasonably be expected to be let with vacant possession on the Relevant Rent Review Date by a willing lessor for a term of ten years and otherwise upon the terms and conditions (save as to the amount of rent payable) contained in this lease there being disregarded (a) any effect on rent by the fact that the Tenant has been in occupation of the Premises (b) any goodwill attached to the Premises by reason of the carrying on thereat of the business of the Tenant and (c) any effect on rent of any improvements carried out by the Tenant at his own expense other than any improvements carried out during the first three years of the Term or in pursuant of an obligation to the Landlord.

- 8.2 If at any time not more than six months before the Relevant Rent Review Date the Landlord shall give notice in writing to the Tenant of its desire to review the yearly rent payable hereunder as from the Relevant Rent Review Date such yearly rent shall from and after the Relevant Rent Review Date be whichever is the higher of (a) the yearly rent reserved hereunder immediately before the Relevant Rent Review Date and (b) the Open Market Rent
- 8.3 If the Landlord and the Tenant shall not have agreed the Open Market Rent before the Relevant Rent Review Date the Open Market Rent shall be determined by an independent surveyor (hereinafter called the "Appointed Surveyor") to be agreed upon in writing by the Landlord and the Tenant and in default of such agreement to be nominated by the President for the time being of the Royal Institution of Chartered Surveyors on the application of either party hereto
- 8.4 The determination of the Open Market Rent by the Appointed Surveyor (which shall be made by him as an expert and not as an arbitrator) shall be final and binding upon the Landlord and the Tenant and the fees of the Appointed Surveyor shall be borne by the Landlord and the Tenant in equal shares
- 8.5 If on the Relevant Rent Review Date the Open Market Rent shall not have been agreed or determined as aforesaid the yearly rent reserved hereunder immediately before the Relevant Rent Review Date shall continue to be payable until the determination of the Open Market Rent by the Appointed Surveyor but so that immediately on demand after such determination the excess difference (if any) over the amount actually so reserved and the amount which would have been payable had the determination been made before the

Relevant Rent Review Date shall be paid by the Tenant to the Landlord together with interest at the Interest Rate less 3% from the Relevant Rent Review date up to the date of payment and if not so paid shall be recoverable as rent in arrear

FURTHER CONDITIONS

9.1 RE-ENTRY

If and whenever during the Term:

- 9.1.1 the rent (or any part of it) under this lease is outstanding for fourteen days after becoming due whether formally demanded or not or
- 9.1.2 there is a breach by the Tenant or the Guarantor of any covenant or other term of this lease or any document expressed to be supplemental to this lease or
- 9.1.3 an individual Tenant:-
 - 9.1.3.1 has an interim receiver appointed in respect of his property pursuant to the Insolvency Act 1986 or
 - 9.1.3.2 becomes bankrupt
- 9.1.4 a company Tenant
 - 9.1.4.1 enters into liquidation whether compulsory or voluntary (but not if the liquidation is for amalgamation or reconstruction of a solvent company)
 - 9.1.4.2 has a receiver appointed
 - 9.1.4.3 has an administration order made pursuant to the Insolvency Act 1986
- 9.1.5 the Tenant enters into an arrangement for the benefit of its creditors or

9.1.6 the Tenant has any distress or execution levied on its goods at the Premises

the Landlord may re-enter the Premises (or any part of them in the name of the whole) at any time (and even if any previous right of re-entry has been waived) and then the Term will absolutely cease but without prejudice to any rights or remedies which may have accrued to the Landlord against the Tenant or the Guarantor or to the Tenant against the Landlord in respect of any breach of covenant or other term of this lease (including the breach in respect of which the re-entry is made)

9.2 LICENCES ETC UNDER HAND

Whilst the Landlord is a limited company or other corporation all licences, consents, approvals and notices required to be given by the Landlord shall be sufficiently given if given under the hand of a director, the secretary or other duly authorised officer of the Landlord or the Surveyor on behalf of the Landlord

9.3 SERVICE OF NOTICES

The provisions of the Law of Property Act 1925 Section 196 as amended by the Recorded Delivery Service Act 1962 shall apply to the giving and service of all notices and documents under or in connection with this lease except that Section 196 shall be deemed to be amended as follows:

9.3.1 the final words in section 196 (4) ...' and that service ... be delivered' shall be deleted and there shall be substituted '...and that service shall be deemed to be made on the third Working Day after the registered letter has been posted "Working Day" meaning any day from Monday to Friday (inclusive) other than Christmas Day Good Friday and any statutory bank or public holiday'

9.3.2 any notice or document shall also be sufficiently served if sent by fax or email or or any other means of electronic transmission to the party to be served and

that service shall be deemed to be made on the day of transmission if transmitted before 4pm on a Working Day but otherwise on the next following Working Day (as defined above)

and in this clause 'party' includes the Guarantor

9.4 STAMP DUTY CERTIFICATE

It is hereby certified by the Landlord and the Tenant that there is no agreement for lease to which this lease gives effect

IN WITNESS of which this deed has been executed the day and year first above written

Lease/

SIGEND AS A DEED by

MOLL ESTATES LIMITED by

..... Director

..... Director/Secretary

Counterpart/

SIGEND AS A DEED by

AVOCA HOUSE HOTEL (SWISS COTTAGE) LIMITED by

..... Director

..... Director/Secretary

TITLE NUMBER

H.M. LAND REGISTRY

NO. 406100

PLANNING SURVEY
REFERENCE

COUNTY
GREATER LONDON

SHEET

NATIONAL GRID

SECTION

TQ 2684

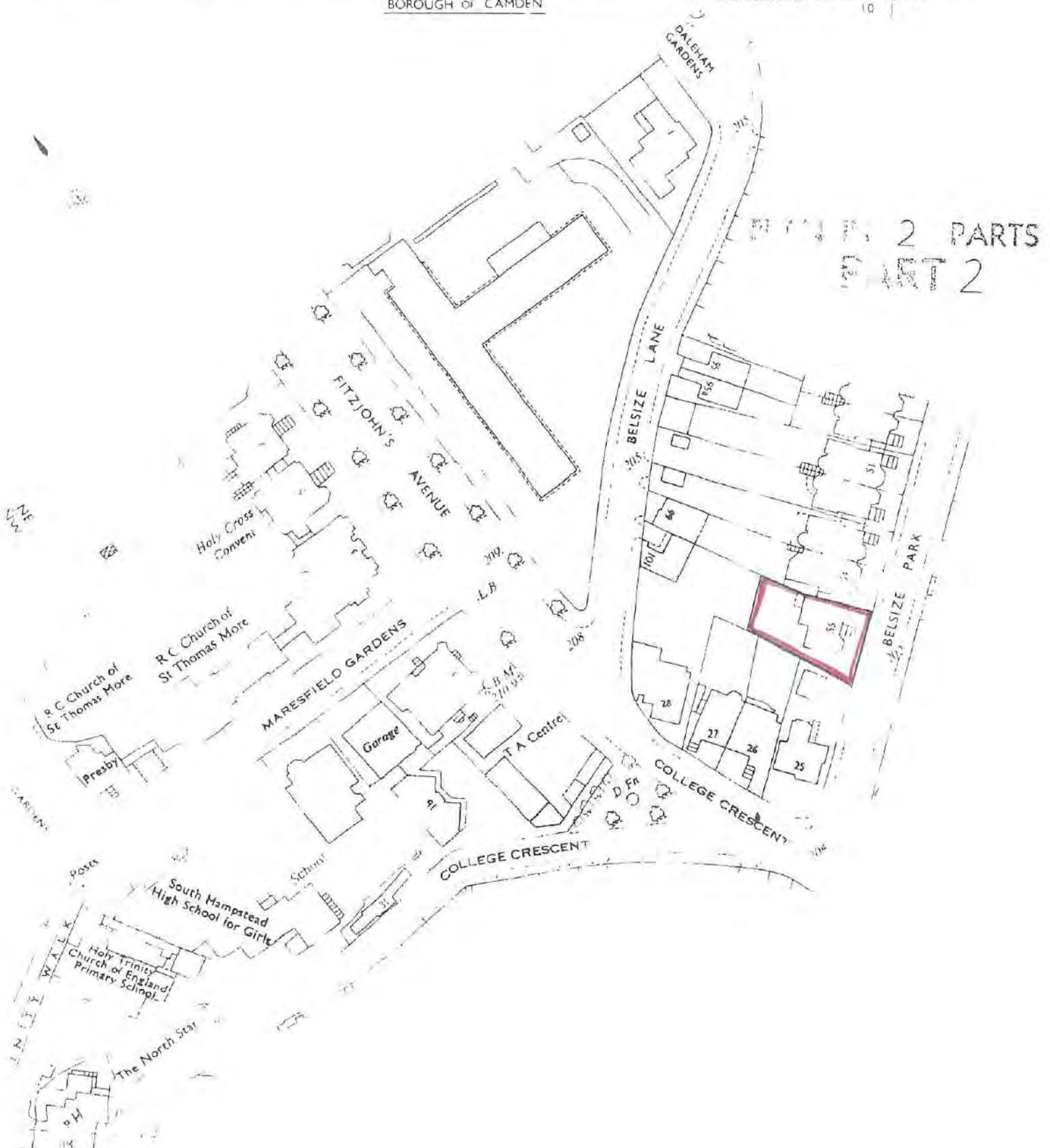
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BOROUGH OF CAMDEN

Old Reference LN VI 9 GH&I
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PLANNING SURVEY 2 PARTS
PART 2

APPENDIX 7
LETTER OF INSTRUCTION

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

Ref: SB/PG

VAS Panel,
The Palace Hub,
28-29 Esplanade,
Redcar,
TS10 3AE

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: Moll Estates Ltd
Properties: 55 Belsize Park, London, NW3 4EE.
Tenure: Freehold
Use: HMO
Tenancies: A 15-year FRI lease to associated management company, Avoca House Hotel (Swiss Cottage) Ltd, from 25/3/2005, at a rent of £25,000-00 per annum.
Access: via Majella Dillon 07415 700755

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. Please provide comparable evidence to support your assumptions on values.
4. Please provide an estimated rental value for the Subject Properties.
5. Please provide commentary on continued likely market demand for properties of this size and nature, in this location, for

sale and to let.

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.

