

SECURED LENDING VALUATION

4 Hamilton Terrace

Milford Haven

SA73 3AN

UNDERTAKEN ON BEHALF OF:

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

Prepared by:

Rees Richards & Partners
Druslyn House
De-la Beche Street
Swansea
SA1 3HH

Date of Inspection: 05/12/2018

Date of Report: 05/12/2018

EXECUTIVE SUMMARY

4 Hamilton Terrace, Milford Haven, SA73 3AN

Description	The property is located in the heart of the industrial town of Milford Haven, Pembrokeshire, West Wales, some 103 miles from the capital city Cardiff and 52 miles west of the M4.
Accommodation	The property is an end of terrace three storey, traditional concrete brick and block building with rear extension, being under a pitched interlocking concrete tiled roof. The ground floor (2,050ft ²) is let subject to a tenancy held by Natwest Bank, whilst the upper floors are currently vacant and set to be converted to 4 residential apartments.
Tenure	We are informed that the subject property is held freehold under registered title number WA906670.
Occupation	The property is currently held subject to tenancy on the ground floor, whilst the first and second floors are held owner occupied but currently vacant. Natwest are vacating the property in the spring of 2019.
Market Value of the Freehold Interest	Having carefully considered the matter we are of the opinion that the Market value of the freehold interest with vacant possession is £230,000 (Two Hundred and Thirty Thousand Pounds) as at 5 th December 2018.

This summary should be read in conjunction with the main body of the report. A decision as to whether or not to accept the property as suitable security for lending purposes should not be made on the basis of this summary alone.

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1. INSTRUCTIONS

- 1.1 We refer to written instructions received on the 4th December 2018. We understand you require an opinion of value for secured lending purposes.
- 1.2 The inspection and valuation of the property was undertaken by Mr. Dylan Williams BSc (Hons) MRICS who is a Professional Associate of the Royal Institution of Chartered Surveyors and a RICS Registered Valuer who has the relevant experience in valuing property of this nature.
- 1.3 The bases of valuation and a list of the assumptions and sources of information upon which our valuation has been based are attached as Appendix III to this report.
- 1.4 We have previously valued the subject property for you in November 2016 and March 2017. We can confirm that no conflict of interest arises in this matter.

2. DATE OF VALUATION

- 2.1 The property was inspected on 05/12/2018 which is to be the date of valuation for the purposes of this valuation.

3. LOCATION AND SITUATION

- 3.1 The property is located in the industrial coastal town of Milford Haven, Pembrokeshire, west Wales, being some 103 miles west of the capital city Cardiff and 52 miles from the M4 at junction 49.
- 3.2 The property fronts directly onto Hamilton Terrace, being one of the main highways which travels through the town and home to a number of professional and financial institutions, including Nat West and Barclays along with a number of solicitors and public taverns.
- 3.3 In the main the area is of mixed use and is generally considered to be one of the main professional districts within the town whilst being within easy walking distance to the renowned marina along with the retail park, which is home to Tesco Supermarket.
- 3.4 The current ground floor use is suitable and in keeping with the character of the area, whilst the first and second floors represent an opportunity of providing living accommodation which would benefit from vast views over the coastline.

4. DESCRIPTION AND CONSTRUCTION

- 4.1 The property is an end of terraced three storey building, dating back to the early 1900's. The property is divided into two separate units, namely the ground floor being occupied by Nat West Bank and the first and second floor being currently vacant but set to be redeveloped for residential use.
- 4.2 Photographs of the property are attached to the rear of this report at Appendix II.
- 4.3 The property is of a traditional brick and block construction being under a pitched interlocking concrete tiled roof, it has been extended to the rear in 'bit part' over a number of years, we would comment that these extended areas appear to be of a cavity brick and block construction under part interlocking concrete tile/ part felt roof. The majority of the glazed units at the rear of the property are timber framed single glazed units and would benefit from being replaced by upvc double glazing.

- 4.4 The ground floor of the property is to be converted to two 2 bed apartments upon obtaining vacant possession in February 2019.

5. ACCOMMODATION

- 5.1 To the ground floor is the main retail/banking area, two offices and two storage/filing rooms, we were not granted access to the first and second floors but are informed by the customer that there are a number of offices/flats in need of refurbishment and it is proposed to undertake a complete redevelopment of these floors
- 5.2 The property has been measured in accordance with RICS/ISVA code of measuring practise as detailed below:-

	NIA (Nett Internal Area)	
<u>Ground Floor</u>		
Banking/Customer Area	84.7	911.73
Counter Area	28.40	305.70
Office 1	19.80	213.13
Office 2	31.0	333.69
Store Room 1	14.20	152.85
Store Room 2	12.70	136.70
<u>First Floor</u>		
Office	113	1216.36
<u>Second Floor</u>		
Office	113	1216.36
<u>TOTAL</u>	<u>416.8M²</u>	<u>4486.54ft²</u>

- 5.3 The site comprises a level irregular shaped site of 0.085 acres on which is sited a property with a Gross External Area of 226M².
- 5.4 The site has been measured in accordance with land registry title plan WA906670 using the area measurement tool on the Ordnance Survey Promap website.

6. **CONDITION**

- 6.1 In accordance with your instructions, we have not carried out a building survey, nor have we inspected those parts of the property which are covered, unexposed or inaccessible.
- 6.2 This report does not purport to express an opinion about nor to advise upon the condition of un-inspected parts and it should not be taken as making implied representation or statement about such parts.
- 6.3 There were no essential repairs noted, however we would advise upgrade of all windows and doors to upvc double glazing.
- 6.4 In addition we recommend that the customer subject the property to regular and appropriate maintenance. If the property is subject to such maintenance we believe that the property will have a useful life in excess of 25 years.
- 6.5 The valuation is provided on the assumption that at the date of valuation there are no inherent or latent defects affecting the property that would affect the valuations herein reported. If this assumption proves to be invalid at a later date we reserve the right to reissue the valuation report.

7. **SERVICES**

- 7.1 The property benefits from all mains water, electric, gas and sewerage.

8. **TENURE**

- 8.1 We understand that the property is held freehold under registered title number WA906670.
- 8.2 We have assumed that good title can be shown with no unusual or onerous covenants or restrictions which might adversely affect the property.

9. **OCCUPATION**

- 9.1 The property is currently held subject to the following lease:-

Ground Floor

- (a) Lease Dated 22nd February 1999
- (b) Term 20 Years, ending 21st February 2019
- (c) Tenant – National Westminster Bank Plc
- (d) Current Passing rent £10,900 per annum

First Floor

Currently held owner occupied and vacant.

- 9.2 Natwest are to vacate the property in February 2019.

10. PLANNING

- 10.1 We understand that the property is subject to a planning consent listed under application number 14/0816/PA.
- 10.2 Planning consent is required prior to converting the ground floor to residential use.
- 10.3 A copy of the planning consent is included under Appendix II.

11. HIGHWAYS

- 11.1 We have not made enquires of the local highway authority with regards to roadside parking.

12. ENVIRONMENTAL ISSUES

- 12.1 We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. However, should it be established subsequently that the contamination exists at the property or on any neighbouring land or that the premises have been or are being put to a contaminative use, we may wish to review the values reported.

13. MINES & MINERALS

- 13.1 For the purposes of this valuation, no account has been taken of possible mines or mineral deposits at the site. It is advised that you contact a suitably qualified mineral surveyor to carry out the necessary investigations, should you require this information.

14. MARKET TRENDS & GENERAL COMMENTS

Commercial/Residential/Leisure

- 14.1 During 2007 and 2013, both the commercial and residential property markets in South West Wales experienced a sustained period of decline, however during the course of the last 12 months we have seen an improvement in market activity due to the well-publicised economic recovery.
- 14.2 The Bank of England Base Rate appears set remain at an all-time record low for the next 3 months, however there are a number of financial commentators predicting that with the drop in unemployment (below 7%) and inflation figures set to increase, it is only a matter of time until the Bank of England increase the base rate.

15. RATEABLE VALUE

- 15.1 The property is currently listed as having a rateable value of £10,500 per annum as of April 2010.

16. SUITABILITY OF SECURITY

- 16.1 The property is considered to be suitable security in its present state and condition, subject to our recommendations.
- 16.2 The value of a commercial property is subject to fluctuation over time, resulting from the changes in local market forces, legislation and national economic conditions.
- 16.3 Whilst it is for the lender to assess the risk attached to such fluctuations over the period of any loan, and to determine an appropriate level of security, we are unaware of any foreseeable events or circumstances, other than those detailed within this report, which would suggest that the subject property is unsuitable security for loan purposes, over the normal period of a commercial mortgage for this type of property. This assumes that the necessary maintenance and upgrades are made to the property to ensure that it continues to meet legislative and market requirements.

17. COMPARABLE EVIDENCE

Obtaining comparable evidence has been difficult due to the rarity of properties of this nature being made available on the open market, we are however, able to provide the following:-

- 17.1 15 Charles Street, a nearby 3 storey building with 3 residential flats above a retail shop are being let for £450 per calendar month.
- 17.2 70/70a Charles Street a nearby retail premises with accommodation above, sold for £50,000 in May 2015 representing a net yield of 8.84%.
- 17.3 70 Charles Street, Milford Haven, a two storey mid terrace retail property with 2 bed flat above, being let for £12,120 per annum sold for £99,000 in May 2018 representing a net yield of 12.03%.
- 17.4 Residential apartments are averaging £100,000 within the locality, in particular nearby Nelson Quay, a modern quayside development constructed in 2006. We would discount the subject to take into account their town centre proximity and type of construction.

18. VALUATION CONSIDERATIONS

- 18.1 The property comprises of an end of terrace three storey property, being divided into ground floor commercial premises and first and second floor space suitable for conversion to residential apartments.
- 18.2 The property is subject to a tenancy held on the ground floor by Nat West Bank Plc at a passing rent of £10,900 per annum. Natwest are to vacate in February 2019.
- 18.3 The property comprises 2,050ft² to the ground floor and 1,216ft² on both the first and second floors (2,432ft² total)
- 18.4 The ground floor will be converted to two 2 bed apartments upon obtaining the necessary planning consent.
- 18.5 The property is located in the industrial town of Milford Haven, Pembrokeshire West wales where a large majority of the economy is reliant upon industry, in particular the oil refinery, which up until recently has been subject to a number of proposed mergers/takeovers and rumours of closure.

19. RENTAL VALUE

- 19.1 We are of the opinion that the rental value of the property upon completion of the 6 apartments will be £32,400 per annum.

20. MARKET VALUE

- 20.1 Having carefully considered the matter we are of the opinion that the present market value of this freehold property in its present condition and in accordance with this report and the information supplied to us and contained herein, with vacant possession and with a likely marketing period of say six months, necessary in which to complete sale by private treaty, in such circumstances is fairly represented by the figure of **£230,000 (Two Hundred and Thirty Thousand Pounds)** as at the 5th December 2018.
- 20.2 We are of the opinion that the value of the property upon completion of the six 2 bed apartments will be **£480,000 (Four Hundred and Eighty Thousand Pounds)**.

21. SPECIAL ASSUMPTIONS

- 21.1 We believe that the value of this property in its current condition, subject to a restricted marketing period of 90 days is fairly represented by the figure of **£190,000 (One Hundred and Ninety Thousand Pounds)**.
- 21.2 We believe that the value of the property upon completion subject to a restrictive marketing period of 90 days is fairly represented by the figure of **£400,000 (Four Hundred Thousand Pounds)**.

22. REINSTATEMENT COSTS

- 22.1 We would recommend insurance cover of no less than £750,000 however, these are provided solely as a guide and we advise that formal detailed assessments with quotations should be sought from specialist insurance companies. Individual tailored policies can result in wide variations of premium, dependent upon the range of perils covered and type of reinstatement clauses e.g. Modern Materials Clause.

23. CONFIDENTIALITY

- 23.1 This report is to be regarded as confident to the party to whom it is addressed and it is intended for the use of that party only. This report is intended as a valuation report and is not intended to be used for any other purpose. Consequently and in accordance with current practice, any liability to any third party in respect of the whole or any part of its contents is hereby expressly excluded. Before the report or any part of it is reproduced or referred to in any document, circular or statement, and before its contents or the contents of any part of it are disclosed orally to any third party, our written approval as to the form and context of such publication or disclosure must be obtained.

We trust that the information provided is adequate for your purposes. If there is anything in the report that you would like to discuss, please do not hesitate to contact Dylan Williams at this office.



Signed:
Dylan Williams BSc (Hons) MRICS
Partner
REES RICHARDS AND PARTNERS

Dated: 5th December 2018

Reviewed and approved by:-



Signed:
Mr. Rhys Richards MRICS
Senior Surveyor
REES RICHARDS AND PARTNERS

Dated: 5th December 2018

APPENDIX I
INSTRUCTIONS

Ref: Milford Flats Limited

Rees Richards & Partners
Druslyn House
De-la Beche Street
Swanea
SA1 3HH

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 notify us if there will be any delay. **Please advise us immediately if you are unable to give prompt attention to this matter.**

Borrower:	Milford Flats Limited
Contact Name:	Cornelius Moloney or Richard Berkley
Phone Number:	07768 512079
Email:	richardberkley@thepropertyfundingagency.com
Properties:	4 Hamilton Terrace, Milford Haven, SA73 3AN
Tenure:	Freehold
Use:	Mixed Use (Residential)
Access:	via Cornelius Moloney

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 uploaded to the Proplend website and 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.

Report on Title

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

Fees

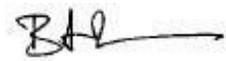
You have quoted and the Borrower has agreed to pay a fee of £750 + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, and addressed to this company, we ask that you seek settlement of your fee from the proposed Borrowers whose contact details are supplied above. Proplend Security Limited cannot accept any responsibility for non-payment of your fees in this regard.

Contact Details

Please contact Proplend on 0203 637 8418 if you have any queries regarding this instruction.

Please send the Valuation Report to borrower@proplend.com, with hard copy to 15 Little Green, Richmond TW9 1QH. Draft reports are not acceptable. Following provision of the Valuation Report, you should be prepared to discuss its contents with the Lender.

Yours Faithfully,



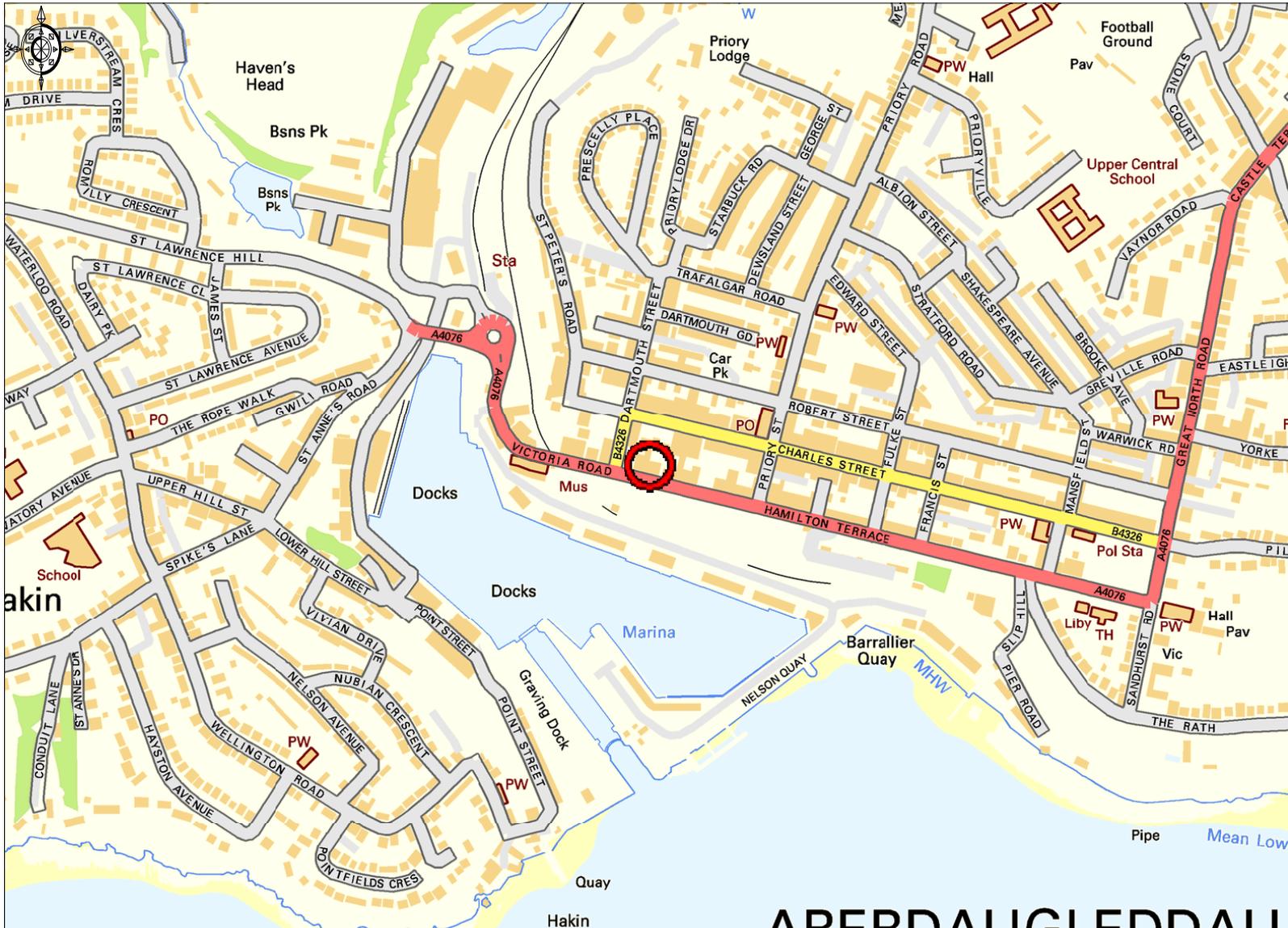
Brian Bartaby
Director

Proplend Security Limited

APPENDIX II
PLANS & PHOTOGRAPHS



Ordnance Survey © Crown Copyright 2014. All rights reserved. Licence number 100022432. Plotted Scale - 1:175000



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





Official copy
of register of
title
Copi
swyddogol o
gofrestr teitl

Title number / Rhif teitl
WA906670

Edition date / Dyddiad yr
argraffiad 26.06.2017

This official copy shows the entries on the register of title on 05 DEC 2018 at 15:58:26.

This date must be quoted as the "search from date" in any official search application based on this copy.

The date at the beginning of an entry is the date on which the entry was made in the register.

Issued on 05 Dec 2018.

Under s.67 of the Land Registration Act 2002, this copy is admissible in evidence to the same extent as the original.

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

Mae'r copi swyddogol hwn yn dangos y cofnodion yn y gofrestr teitl ar 05 RHAGFYR 2018 am 15:58:26.

Rhaid dyfynnu'r dyddiad hwn fel y "dyddiad y chwilir ohono" mewn unrhyw gais am chwiliad swyddogol sy'n seiliedig ar y copi hwn.

Y dyddiad ar ddechrau cofnod yw'r dyddiad y gwnaethpwyd y cofnod yn y gofrestr.

Cyhoeddwyd ar 05 Rhagfyr 2018.

Dan adran 67 Deddf Cofrestru Tir 2002, mae'r copi hwn yn dderbyniol fel tystiolaeth i'r un graddau 'r gwreiddiol.

Gweinyddir y teitl hwn gan Gofrestrfa Tir EM Swyddfa Cymru.

A: Property Register / Cofrestr Eiddo

This register describes the land and estate comprised in the title.

Mae'r gofrestr hon yn disgrifio'r tir a'r ystad a gynhwysir yn y teitl.

PEMBROKESHIRE/SIR BENFRO

- 1 (09.03.1999) The Freehold land shown edged with red on the plan of the above Title filed at the Registry and being Natwest Chambers, 4 Hamilton Terrace, Milford Haven (SA73 3AL).
- 2 (09.03.1999) An Agreement dated 5 May 1939 made between (1) Truman Hanbury Buxton & Company Limited and (2) William John Job and Mary Maria Job relates to the access of light and air.
-NOTE: Copy filed.
- 3 (09.03.1999) The land has the benefit of a right of way on foot only over the land shown by a blue broken line on the filed plan for the purposes connected with the property of escape in case of emergency or for fire or other drill practice with such drill practice taking place approximately once every six months.

Title number / Rhif teitl WA906670

B: Proprietorship Register / Cofrestr Perchnogaeth

This register specifies the class of title and identifies the owner. It contains any entries that affect the right of disposal.

Mae'r gofrestr hon yn nodi'r math o deitl ac yn enwi'r perchennog. Mae'n cynnwys unrhyw gofnodion sy'n effeithio ar yr hawl i waredu.

Title absolute/Teitl llwyr

- 1 (26.06.2017) PROPRIETOR: MILFORD FLATS LIMITED (Co. Regn. No. 10503468) of Jamesons Hall, Foundry Road, Morrison, Swansea SA6 8DU.
- 2 (26.06.2017) The price stated to have been paid on 13 June 2017 was £270,000.
- 3 (26.06.2017) RESTRICTION: No disposition of the registered estate by the proprietor of the registered estate or by the proprietor of any registered charge not being a charge registered before the entry of this restriction is to be registered without a written consent signed by the proprietor for the time being of the Charge dated 13 June 2017 in favour of Popeland Security Limited referred to in the Charges Register or their conveyancer.

C: Charges Register / Cofrestr Arwystlon

This register contains any charges and other matters that affect the land.

Mae'r gofrestr hon yn cynnwys unrhyw arwystlon a materion eraill sy'n effeithio ar y tir.

- 1 (09.03.1999) Option to renew contained in a Lease dated 22 February 1999 made between (1) Rockwest Properties Limited and (2) National Westminster Bank PLC.

-NOTE: Copy Filed.
- 2 (26.06.2017) REGISTERED CHARGE dated 13 June 2017.
- 3 (26.06.2017) Proprietor: POPELAND SECURITY LIMITED (Co. Regn. No. 8620117) of 20-22 Wenlock Road, London N1 7GU.

End of register / Diwedd y gofrestr

These are the notes referred to on the following official copy

Dymar nodiadau y cyfeirir atynt ar y copi swyddogol canlynol.

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

Maer copi swyddogol electronig or cynllun teitl yn dilyn y neges hon.

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

Sylwch mai hwn ywr unig gopi swyddogol a ddarparwn. Ni fyddwn yn darparu copi swyddogol papur.

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.

Anfonwyd y copi swyddogol hwn yn electronig a phan gaiff ei argraffu ni fydd wrth raddfa. Gallwch gael copi swyddogol papur trwy archebu un o Gofrestrfa Tir EM.

This official copy is issued on 05 December 2018 shows the state of this title plan on 05 December 2018 at 15:58:27. 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.

Maer copi swyddogol hwn a gyhoeddir ar 05 Rhagfyr 2018 yn dangos sefyllfar cynllun teitl hwn ar 05 Rhagfyr 2018 am 15:58:27. Maen dderbyniol fel tystiolaeth ir un graddau r gwreiddiol (adran 67 Deddf Cofrestru Tir 2002). Maer cynllun teitl hwn yn dangos safle cyffredinol, nid union linell, y terfynau. Gall fod gwyrriadau yn y raddfa. Maen bosibl na fydd mesuriadau wedi eu graddio or cynllun hwn yn cyfateb mesuriadau rhwng yr un pwyntiau ar y llawr.

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

Gweinyddir y teitl hwn gan Gofrestrfa Tir EM Swyddfa Cymru.

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Hawlfraint y Goron. Cynhyrchwyd gan Gofrestrfa Tir EM. Gwaherddir atgynhyrchur cyfan neu ran heb ganiatd ysgrifenedig blaenorol yr Arolwg Ordnans. Rhif Trwydded 100026316.

H.M. LAND REGISTRY		TITLE NUMBER	
		WA 90 6670	
ORDNANCE SURVEY PLAN REFERENCE	SM9005	SECTION B	Scale 1/1250
ADMINISTRATIVE AREA		PEMBROKESHIRE / SIR BENFRO	© Crown Copyright



















APPENDIX III

STANDARD TERMS OF BUSINESS FOR VALUATIONS

REES RICHARDS & PARTNERS

Standard Terms of Business for Valuations

Application - As it is in the interest of both parties that there is a full understanding of the terms of reference and the service to be provided, this document sets out our Standard Terms of Business for Valuations. We are pleased to discuss variations and to arrange the provision of extended or additional services, such as site, building or structural surveys.

Appointment - The client appoints Rees Richards & Partners to provide the agreed services exercising reasonable skill and care. This document and the acknowledgement letter are to be read together as a single document. Any variations to these terms agreed following the initial settlement of the terms are to be recorded in writing and agreed by all the relevant parties. Rees Richards & Partners will confirm whether or not they have had a previous involvement with the subject property and whether or not they consider that any conflict arises in preparing advice on behalf of the client.

Performance standards - We confirm that the valuations and appraisals will be carried out in accordance with the RICS Valuation Standards (The Red Book). Compliance with the RICS Rules of Conduct and the Red Book is mandatory for Chartered Surveyors in the interests of maintaining high standards of service and for the protection of clients. Furthermore, compliance with these standards may be subject to monitoring under the RICS conduct and disciplinary regulations.

Liability and duty of care - Rees Richards & Partners owes to the client a duty to act with reasonable skill and care in providing the service and complying with the client's instructions where those instructions do not conflict with these terms or applicable law and professional rules.

We have no liability for the consequences, including delay in or failure to provide the services, of any failure by the client or any agent of the client: promptly to provide information or other material reasonably requested, or where that material is inaccurate or incomplete, or to follow our advice or recommendations.

The contents of the valuation report are intended to be confidential to the party to whom it is addressed. Unless provided otherwise by law or regulation, we owe no duty of care and have no liability to any third party for the whole or any part of our valuation.

We confirm that Rees Richards & Partners holds professional indemnity insurance in respect of the service to be provided.

The client's obligations - The client agrees to pay the fees for the work carried out in accordance with the rates or structure set out in the acknowledgement letter. The client will be responsible for the timely provision of all information and cooperation reasonably, including that from third parties engaged directly by the client, required by us to assist in the performance of the service. We will assume that the information provided is complete and correct.

The client will not make available to any third party or reproduce the whole or any part of the report, nor make reference to it, in any publication without our prior written approval of the form and context in which such disclosure may be made.

In the event of a termination of our services, our fees will be calculated on a quantum meruit basis having regard to the agreed rates or fee structure.

Jurisdiction - English law shall apply in every respect in relation to the valuation and the agreement with the client which shall be deemed to

have been made in England. In the event of any dispute arising in connection with the valuation, including any third party using the valuation, the parties will submit to the jurisdiction of the English courts only.

Regulated Purpose Valuations - The RICS has established particular requirements where a valuation may be made available to third parties, such as part of a company's published financial statement. Such valuations, and the disclosures required within the report will be identified in the acknowledgement letter.

The status of the valuer - The valuation will be the responsibility of a named suitably qualified valuer who will be acting as an external valuer. Where the valuation is a Regulated Purpose Valuation, the acknowledgement letter will include a statement as to our policy on the rotation of the valuer having responsibility for the subject valuation. The report will also include statements in relation to the length of time the valuer has been continuously the signatory to valuations provided for you for the same purpose as the report, the extent and duration of the relationship of Rees Richards & Partners with you, and an indication of the proportion of fees relative to the total income of Rees Richards & Partners within a range of five percentage points.

Complaints - In the event that a complaint should arise, we confirm that we have a complaints handling procedure, a copy of which will be provided on request.

Valuation conditions and assumptions

Inspections and investigations will be carried out to the extent necessary to produce a valuation which is professionally adequate for its purpose. Where valuations have to be made on restricted information, the nature of the restrictions will be set out in the acknowledgement letter and the report. Subject to the comments in the following paragraphs, we shall make certain assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, our valuations that we will not verify as part of the valuation process, but treat them as a 'supposition taken to be true'. In the event these assumptions prove to be incorrect then our valuations will need to be reviewed.

Bases of valuation - The Red Book recognises four bases of value: 1. Market Value 2. Market Rent 3. Worth (Investment Value) 4. Fair Value.

The acknowledgement letter will specify the basis to be adopted, together with any assumptions amending the definitions. The definitions of these terms are set out at the end of this document.

Condition and repair - Unless specifically instructed to carry out a separate building survey, or commission a test of service installations, our valuation will assume, that except for any defects specifically noted in our report, the property is in good condition; that no construction materials have been used that are deleterious, or likely to give rise to structural defects; that no hazardous materials are present; that all relevant statutory requirements relating to use or construction have been complied with and that any services, together with any associated computer hardware and software, are fully operational and free from impending breakdown or malfunction. We shall, however, reflect the general condition noted during the course of our valuation inspection and any defects or hazards of which we become aware in the course of our investigations. Any matters that we consider material to the valuation will be referred to in our report.

Ground conditions and environmental risks - Unless provided with information to the contrary, our valuation will assume; that the site is physically capable of development or redevelopment, when appropriate, and that no special or unusual costs will be incurred in providing foundations and infrastructure; that there are no archaeological remains on or under the land which could adversely impact on value; that the property is not adversely affected by any form of pollution or contamination and that there is no abnormal risk of flooding. We shall, however, comment on any factors discovered during the course of our valuation enquiries that could affect the market perception of risks caused by these factors.

Title and tenancies - We shall rely upon information provided by you or your solicitor relating to title, boundaries and related matters. We will not commission a formal legal search and will assume the information provided to be accurate, up-to-date and complete.

Tenant status - Although we reflect our general understanding of a tenant's status in our valuation, we will make no detailed enquiries about the financial status of tenants. We will assume that appropriate enquiries were made when leases were originally exchanged, or when consent was granted to any assignment or underletting

Planning and highway enquiries - We shall make informal enquiries of the local planning and highway authorities and also rely on information that is publicly published or available free of charge. Any information obtained will be assumed to be correct. No local searches will be instigated. Except where stated to the contrary, we shall assume that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the property.

It is assumed that the building has been constructed in full compliance with valid Town Planning and Building Regulations approval, has the benefit of a current fire certificate, and that the property is not subject to any outstanding Statutory Notice as to its construction, use or occupation.

Unless our inquiries have revealed the contrary, it is further assumed that the existing use of the subject property is duly authorised or established and that no adverse planning condition or restriction applies.

We would however draw your attention to the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. We assume that, if you should need to rely upon the information given about Town Planning matters, your solicitors would be instructed to institute such formal searches.

Floor areas and age - All measurements will be taken in accordance with the RICS Code of Measuring Practice. The floor areas in our report will be derived from measurements taken on site or that have been scaled from the drawings supplied and checked by sample measurements on site. Where the age of a building is estimated, this is for guidance only.

Plans - Generally the plans that are provided for identification purposes only, are reproductions of Ordnance Survey maps with the sanction of the Controller of H M Stationery Office, Crown Copyright reserved and from maps published by Geographia Limited and Chas E Goad Cartographers, reproduced subject to their copyright.

Plant and equipment - We will include in our valuations those items of plant and equipment normally considered to be part of the service installations to a building and which would normally pass with the property on a sale or letting. We will exclude all items of process plant and machinery and equipment, together with their special

foundations and supports, furniture and furnishings, vehicles, stock and loose tools, and tenants' fixtures and fittings.

Development properties - For properties in the course of development, we will reflect the stage reached in construction and the costs remaining to be spent at the date of valuation. We have regard to the contractual liabilities of the parties involved in the development and any cost estimates that have been prepared by the professional advisers to the project. For recently completed developments, we will take no account of any retentions, nor will we make allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability.

Disposal costs and liabilities - No allowance will be made for expenses of realisation or for taxation which may arise in the event of a disposal and the valuation is expressed as exclusive of VAT or other tax that may be due on such a disposal. Mortgages and similar charges are disregarded.

Reinstatement assessment- We will not provide a reinstatement assessment for insurance purposes. Should this service be required, it will be as an additional service to these standard terms.

Special Purchaser - No account has been taken of any offer which could be made by a Special Purchaser which would otherwise cause an increase in value.

Taxation. No adjustment has been made to reflect any liability to taxation that may arise on disposal nor for any costs associated with either acquisition or disposal incurred by the owner. Furthermore, no allowance is made to reflect any liability to repay any government or other grants or taxation allowance that may arise on disposal.

We have reported in the body of the report upon the VAT status of the properties. Unless stated to the contrary, all rentals and capital values expressed herein are deemed to be exclusive of VAT at the prevailing rate.

Defective Premises Act 1972 - No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972.

Landlord and Tenant Act 1987 - The 1987 Act gives certain rights to residential tenants to acquire the freehold interest in a building where more than 50% of the floor space is in residential use. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold or head leasehold interest, and therefore disposals into the open market are unrestricted.

General - Neither the whole nor any part of this Valuation Certificate or any reference thereto may be published nor disclosed orally to a third party in any way without the Valuer's written approval of the form and context in which it may appear.

Further, this Valuation Certificate is confidential to you/your Company in the context in which it is supplied and we expressly disclaim any responsibility towards third parties in respect of the whole, or any part of its contents.

For the avoidance of doubt, such approval is required, whether or not Rees Richards & Partners are referred to by name and whether or not our valuations are combined with others.

Definitions of Bases of Valuation reproduced from The RICS Valuation – Professional Standards – Global and UK (2014) and International Valuation Standards (IVS):

Market Value - ‘The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.’

Conceptual Framework, as published in International Valuation Standard 1

The term property is used because the focus of these Standards is the valuation of property. Because these Standards encompass financial reporting, the term Asset may be substituted for general application of the definition. Each element of the definition has its own conceptual framework.

‘The estimated amount....’

Refers to a price expressed in terms of money (normally in the local currency) payable for the property in an arm’s-length market transaction. Market Value is measured as the most probable price reasonably obtainable in the market at the date of valuation in keeping with the Market Value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special consideration or concessions granted by anyone associated with the sale, or any element of Special Value.

.....‘a property should exchange.....’

Refers to the fact that the value of a property is an estimated amount rather than a predetermined or actual sale price. It is the price at which the market expects a transaction that meets all other elements of the Market Value definition should be completed on the date of valuation.

.....‘on the date of valuation.....’

Requires that the estimated Market Value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made.

.....‘between a willing buyer.....’

Refers to one who is motivated, but not compelled to buy. This buyer is neither over-eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than on an imaginary or hypothetical market which cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present property owner is included among those who constitute ‘the market’. A valuer must not make unrealistic assumptions about the market conditions or assume a level of Market Value above that which is reasonably obtainable.

.....‘a willing seller.....’

Is neither an over-eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the property at market terms for the best price attainable in the (open) market after proper marketing, whatever that price may be. The factual circumstances of the actual property owner are not a part of this consideration because the ‘willing seller’ is a hypothetical owner.

.....‘in an arm’s-length transaction.....’

Is one between parties who do not have a particular or special relationship (for example, parent and subsidiary companies or landlord and tenant) which may make the price level uncharacteristic of the market or inflated because of an element of Special Value (see IVS 2, paragraph 3.8) The market value transaction is presumed to be between unrelated parties each acting independently.

.....‘after proper marketing.....’

Means that the property would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The length of exposure time may vary with market conditions, but must be sufficient to allow the property to be brought to the attention of an adequate number of potential purchasers. The exposure period occurs prior to the valuation date.

‘.....wherein the parties had each acted knowledgeably, prudently.....’

Presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the property, its actual and potential uses and the state of the market as of the date of valuation. Each is further presumed to act for self-interest with that knowledge and prudently to seek the best price for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the date of valuation, not with benefit of hindsight at some later date. It is not necessarily imprudent for a seller to sell property in a market with falling prices at a price which is lower than previous market levels. In such cases, as is true for other purchase and sale situations in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time.

‘.....and without compulsion’.

Establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market Value is understood as the value of a property estimated without regard to costs of sale or purchase, and without offset for any taxes.

Market Rent- ‘The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm’s-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.’

Whenever Market Rent is provided the ‘appropriate lease terms’ which it reflects should also be stated.

Worth, or Investment Value – ‘The value of property to a particular owner, investor, or class of investors for identified investment or operational objectives.’

Fair Value – ‘The amount for which an asset could be exchanged, between knowledgeable, willing parties, in an arm’s-length transaction.’

IVS 2 notes:

‘The application of Fair Value under accounting standards is IVA1. In accounting standards, Fair Value is normally equated to Market Value.’

‘Fair Value is a broader concept than Market Value. Although in many cases the price that is fair between two parties will equate to that obtainable in the general market, there will be cases where the assessment of Fair Value will involve taking into account matters that have to be disregarded in the assessment of Market Value.’

'A common application of Fair Value is for assessing the price that is fair for shareholding in a business, where particular synergies between two specific parties may mean that the price that is fair between them is different from the price that might be obtainable in the wider market. In contrast, Market Value requires any element of Special Value, of which Synergistic Value is an example, to be disregarded.'

'For other purposes, Fair Value can be distinguished from Market Value. Fair Value requires the assessment of the price that is fair between two specific parties taking into account the respective advantages and disadvantages that each will gain from the transaction.'

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Signed for and agreed on behalf of RR&P	

Dated
Signed for and agreed on behalf of the Client	

Dated