SECURED LENDING VALUATION

66 Wind Street

Swansea

SA1 1EQ

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

66 Wind Street, Swansea, SA1 1EQ

Description	The property is 66 Wind Street, situated in Swansea, an industrial and retail town on the sandy South West Wales coast being in a prominent and conveniently located position on Wind Street which is the most popular area for restaurants and bars in Swansea. The property benefits from great transport links situated some 4 miles from the M4 and being some 40 miles from Cardiff the Capital city of Wales.
Accommodation	The property comprises a three storey end of terrace building, with ground floor bar and offices on the first and second floors. The property benefits from a basement, which was formerly utilised as part of an Italian Restaurant. The property is of a traditional brick construction, with pitched slate roof, having been renovated some 15 years ago The ground floor and basement are occupied for the purposes of a cocktail bar, measuring in total approximately 2,635ft^2 whilst to the first and second floors are offices of approximately 2,141ft^2.
Tenure	We are informed that the subject property is held freehold under registered title number WA44806.
Occupation	We are informed that the ground floor is currently let to CMR (Swansea) Ltd. On a lease which expires on 31st August 2021 at a current passing rent of £30,000 per annum. The first and second floors are let on a licence at £350 per calendar month.
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 and a marketing period of say 6 months is **£335,000** (**Three Hundred and Thirty Five Thousand Pounds)** as at 5th 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.

CONTENTS

APPENDICES

I Instructions
II Plans & Photographs
III Terms of Business for Valuations
IV Copy of Lease

1. INSTRUCTIONS

1.1 We refer to written instructions received on 4th December 2018, we understand you require an opinion of value of the property 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 We have previously valued the subject property on your behalf, however, understand that you are satisfied with this and thus that no conflict of interest arises.

1.4 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.

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 report.

3. LOCATION AND SITUATION

3.1 The property is 66 Wind Street, situated in Swansea, an industrial and retail town on the sandy South West Wales coast being in a prominent and conveniently located position on Wind Street which is the most popular area for restaurants and bars in Swansea. The property benefits from great transport links situated some 4 miles from the M4 and being some 40 miles from Cardiff the Capital city of Wales.

4. DESCRIPTION AND CONSTRUCTION

4.1 The property is currently being run as an evening bar and comprises three floors with the Ground and first floor being utilised for trade. The first and second floors are in reasonable condition and currently utilised as storage. The property also comprises a basement which is currently used as a cellar/cooler room. The property is of a traditional brick construction and stone construction, being under a pitched slate roof, with single glazed timber sash windows.

4.2 The ground floor comprises the bar with a standing area of wood flooring along with seating areas to the right hand side as you walk in. to the side of the bar you will find access to a kitchen which is currently being used as a washing and food preparation area. The Main Bar area has a single pane wooden frame glass frontage with the main access located right of centre.

4.3 The First and second floors are self-contained and are accessed by means of a separate entrance off Wind Street itself.

4.4 The first and second floor areas are in reasonable condition and are currently let on a license.

4.5 The basement comprises the Beer Cellar in two sections and has a cooler facility. Access to the basement is made through a door located right of the bar.

5. ACCOMMODATION

5.1 The property has been measured in accordance with RICS/ISVA code of measuring practise.

5.2 Schedule of areas:-

	m^2	ft^2
Ground Floor -	165.3	1,779
First floor -	88.0	947.25
Second Floor -	110.9	1,193.75
Basement -	79.60	856

6. CONDITION

6.1 We have not carried out a structural survey of the property, nor have we had access to those parts of the property which are unexposed or inaccessible. It is our opinion that the property is in reasonable condition commensurate with its age, construction and use.

6.2 We would add that the property would benefit from modernisation to the first and second floors which may require a capital expenditure of some £30,000 to £35,000.

7. SERVICES

7.1 We understand that all mains services are available, although these have not been tested.

8. TENURE

8.1 We understand that the property is held freehold under registered title number WA48006.

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 We are informed that the ground floor is currently let to CMR (Swansea) Ltd. On a lease which expires on 31st August 2021 at a current passing rent of £30,000 per annum. The first and second floors are let on a licence at £350 per calendar month.

9.2 Copy of lease and license included under the Appendix IV.

10. PLANNING

10.1 We have not made enquiries of the Local Planning Authority but for the purposes of our valuation have assumed that it has the necessary planning consents for its current uses.

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 sustained periods of decline, however during the course of the last 18 months we have seen an increase in market activity due to the well-publicised economic recovery and credit improvements. This has led to considerable optimism within the market, however, the recent budget statement by the chancellor has indicated that there could be some turbulent times ahead.

14.2 Wind street is the desirable destination for nightlife in Swansea, with similar destinations within the city centre remaining popular despite the economic downturn and probably comparing favourably to secondary and tertiary towns such as Bridgend and Port Talbot which have become quieter, having had their losses compounded by the smoking ban of 2008.

14.3 The subject property is situated within a prominent position of Wind Street and indeed offers itself for a number of other diversified uses such as hotel, restaurant, retail or even residential and thus subject to obtaining the necessary planning consent may prove a worthy mixed use investment property.

15. RATEABLE VALUE

15.1 The rating assessment of this premises as of 1st April 2010 is as follows:-

(a) Ground Floor & Basement - £41,500
(b) First Floor - £5,700
(c) Second Floor - £5,400

16. COMPARABLE EVIDENCE

We are able to provide the following:-

16.1 20-21 Wind Street, a nearby 3 storey building of 4,140 square foot being let for £40,000 per annum achieved a price of £460,000 in May 2018, representing a yield of 8.48%.

16.2 10 Wind Street, a nearby three storey listed building of 32,968 square foot and being let for £145,000 achieved a sale price of £1,575,000 in February 20018, equating to a yield of 8.67%.

16.3 Unit 1, City Gates, Wind Street, modern bar/restaurant was let to a national covenant ‘Coyote Ugly’ for £100,000 per annum.

16.4 Unit 2, City Gates, Wind Street, a modern retail unit was let to ‘Superbowl UK’ for £280,000 per annum in May 2018.

17. VALUATION CONSIDERATIONS

17.1 The property is a mixed use premises situated on the renowned Wind St, Swansea.

17.2 The property comprises a ground floor bar and basement of 2,635ft^2 being let at £30,000 per annum.

17.3 The property is located on Wind St, being the heart of the Swansea Social scene.

17.4 The property comprises a first and second floor currently let on a licence at £350 per calendar month.

17.5 In this current market and the uncertainty of the agreement currently in place we would suggest a yield of circa 11%

18. RENTAL VALUE

18.1 We estimate the rental value of the ground floor to be approximately £30,000 per annum.

18.2 We estimate the rental value of the first and second floors as offices to be approximately £5,000 per annum.

19. MARKET VALUE

19.1 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, SUBJECT TO TENANCY 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 **£335,000 (Three Hundred and Thirty Five Thousand Pounds)** as at the 05/12/2018.

19.2 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 POSESSION 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 **£335,000 (Three Hundred and Thirty Five Thousand Pounds)** as at the 05/12/2018.

20. SPECIAL ASSUMPTIONS

20.1 We believe that the value of this property subject to a restricted marketing period of 90 days is fairly represented by the figure of **£285,000 (Two Hundred and Eighty Five Thousand Pounds).**

21. REINSTATEMENT COSTS

21.1 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 polices can result in wide variations of premium, dependent upon the range of perils covered and type of reinstatement clauses e.g. Modern Materials Clause.

22. CONFIDENTIALITY

22.1 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: D Williams Dated: 5th December 2018

Dylan Williams BSc (Hons) MRICS
Partner

REES RICHARDS AND PARTNERS

Reviewed and approved by:-

Signed: Rhys Richards Dated: 5th December 2018

Mr. Rhys Richards MRICS
Senior Surveyor

REES RICHARDS AND PARTNERS

APPENDIX I

INSTRUCTIONS

Ref: Trallwyn Limited

Rees Richards & Partners
Druslyn House
De-la Buche Street
Swansea
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:	Trallwyn Limited
Contact Name:	Cornelius Moloney/Richard Berkley
Phone Number:	07768512079
Email:	richardberkley@thepropertyfundingagency.com
Properties:	66 Wind Street, Swansea, SA1 1EQ
Tenure:	Freehold
Use:	Mixed Use (Commercial)
Tenancies:	The ground floor is currently let to CMR (Swansea) Ltd on a lease which expires on 31st August 2021 at a current passing rent of £30k p.a. The first and second floors are let on licences at a rental of £12k p.a.
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 £500 + 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

LOCATION PLAN

Ordnance Survey © Crown Copyright 2017. All rights reserved. Licence number 100022432. Plotted Scale - 1:7500

Promap®

Official copy of register of title
Copi swyddogol o gofrestr teitl

Title number / Rhif teitl	Edition date / Dyddiad yr argraffiad
WA448006	26.06.2017

This official copy shows the entries on the register of title on 05 DEC 2018 at 16:00:44.

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 16:00:44.

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.

SWANSEA/ABERTAWE

1 (21.11.1988) The Freehold land shown edged with red on the plan of the above Title filed at the Registry and being 1 St Mary Street and 66 Wind Street, Swansea (SA1 1EQ).

2 (22.11.2004) A new title plan based on the latest revision of the Ordnance Survey Map has been prepared.

3 (14.04.2016) The edged and numbered 1 in blue on the title plan is no longer of any significance and should be ignored since the entry in the register which gave rise to this reference has been cancelled.

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: TRALLWYN LIMITED (Co. Regn. No. 09854192) of Jamesons Hall, Foundry Road, Morriston, Swansea SA6 8DU.

2 (26.06.2017) The price stated to have been paid on 13 June 2017 was £335,000.

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 Proplend Security Limited referred to in the Charges Register.

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 (26.06.2017) REGISTERED CHARGE dated 13 June 2017.

2 (26.06.2017) Proprietor: PROPLEND SECURITY LIMITED (Co. Regn. No. 8620117) of 20-22 Wenlock Road, London N1 7TA.

End of register / Diwedd y gofrestr

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 05 December 2018 shows the state of this title plan on 05 December 2018 at 16:00:45. 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, Wales Office .

Dymar nodiadau y cyfeirir atynt ar y copi swyddogol canlynol.

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

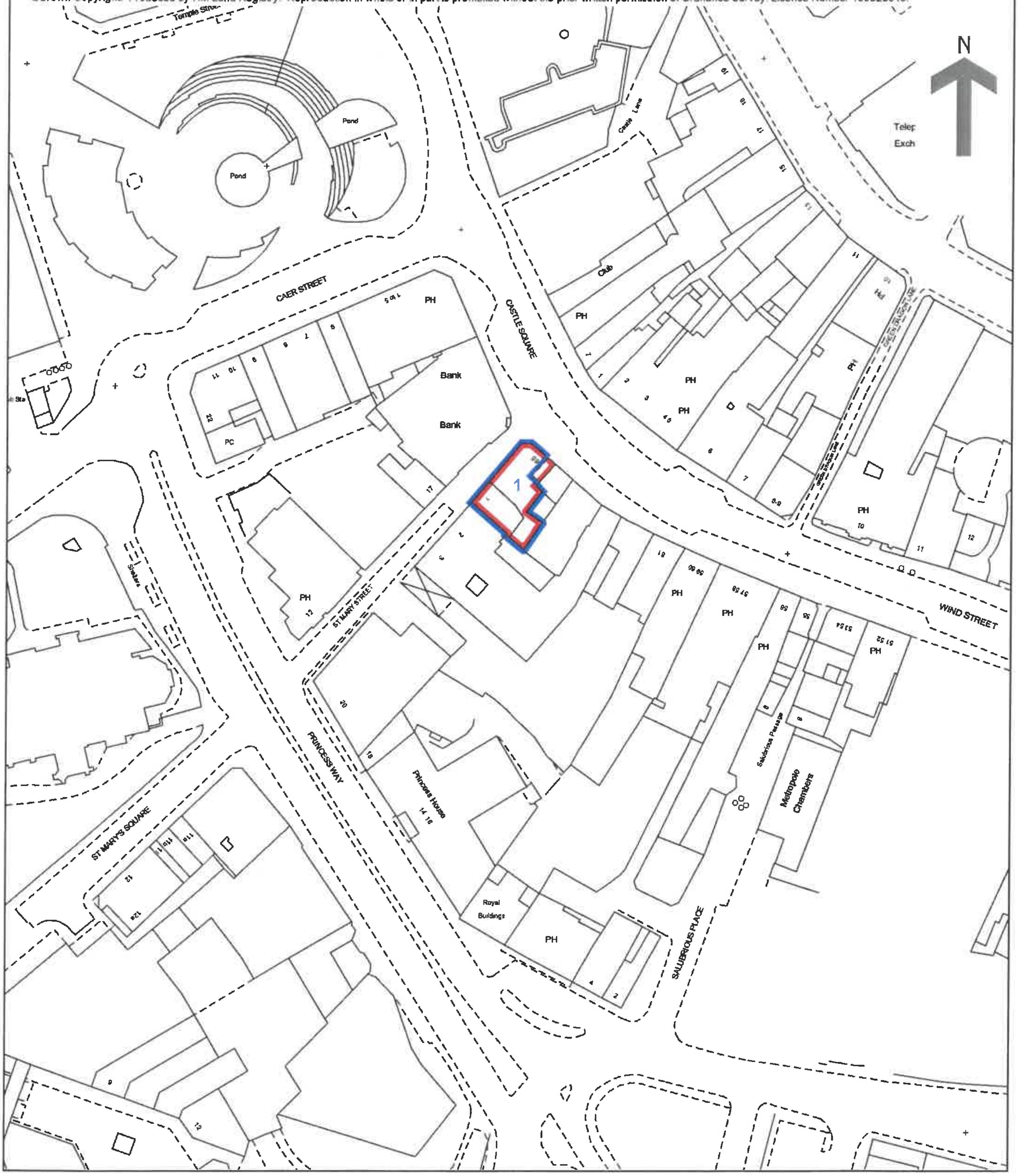
Sylwch mai hwn ywr unig gopi swyddogol a ddarparwn. Ni fyddwn yn darparu copi swyddogol papur.

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.

Maer copi swyddogol hwn a gyhoeddir ar 05 Rhagfyr 2018 yn dangos sefyllfar cynllun teitl hwn ar 05 Rhagfyr 2018 am 16:00:45. 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 gwyriadau yn y raddfa. Maen bosibl na fydd mesuriadau wedi eu graddio or cynllun hwn yn cyfateb mesuriadau rhwng yr un pwyntiau ar y llawr.
Gweinyddir y teitl hwn gan Gofrestrfa Tir EM Swyddfa Cymru.

HM Land Registry
Official copy of title plan

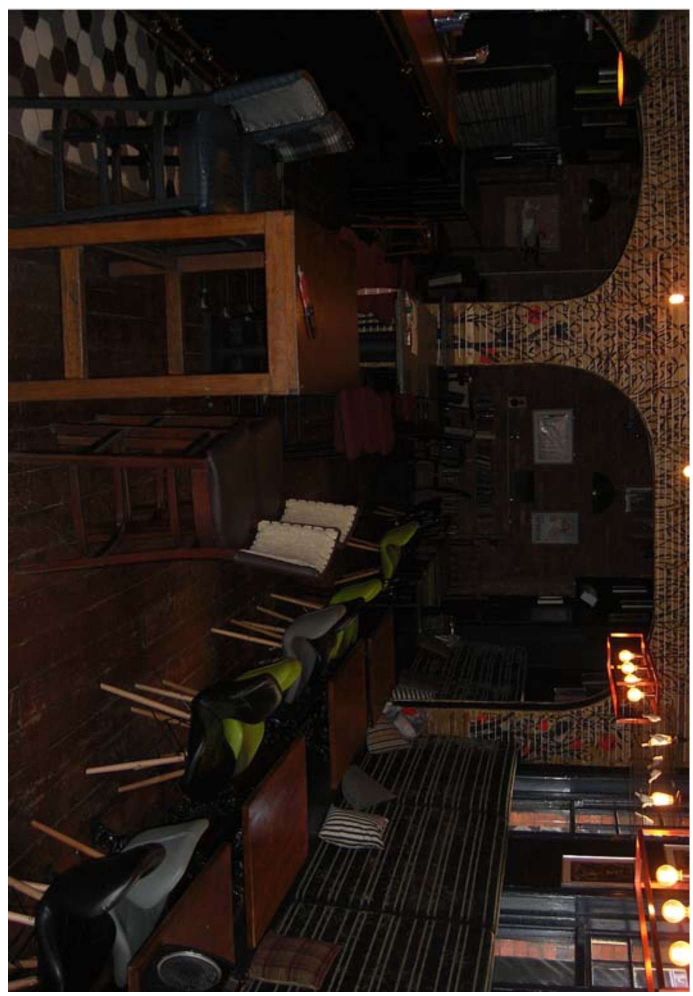
Title number **WA448006**
Ordnance Survey map reference **SS6592NE**
Scale **1:1250**
Administrative area **Swansea / Abertawe**



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

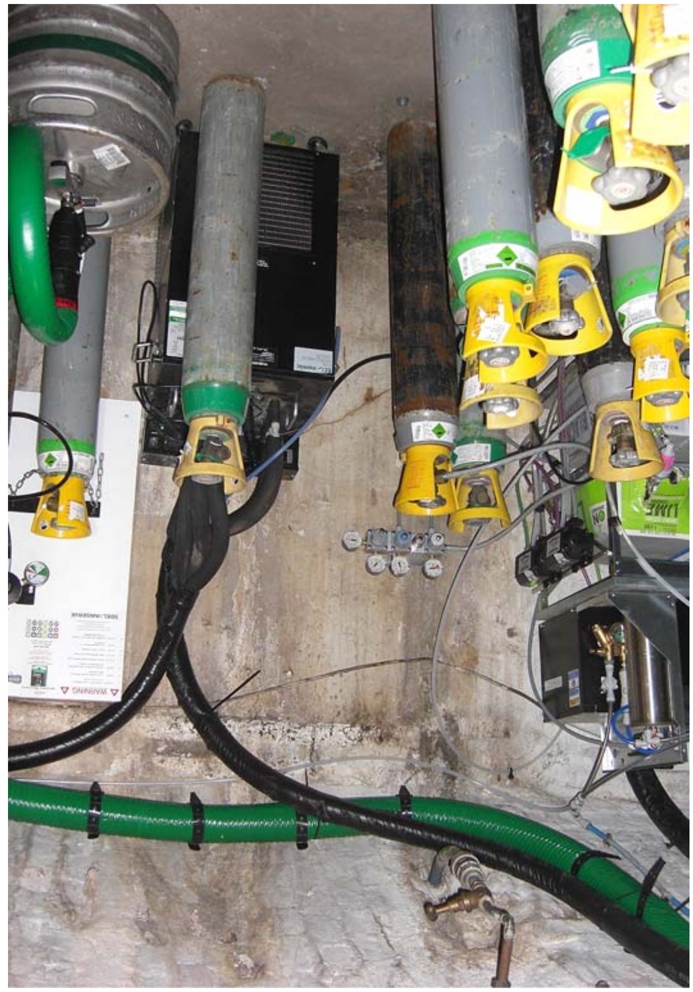
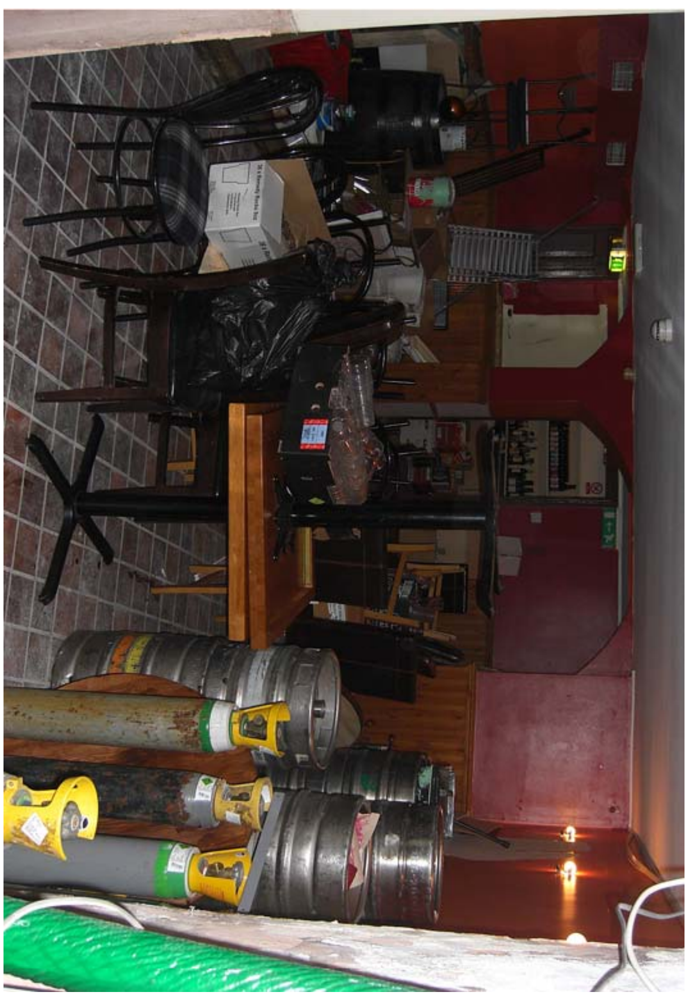

THE PERCH

WIND STREET









MAGNERS
Budweiser
McCOY'S
JACK DANIEL'S
KOPPARBERG
PREMIUM CIDER


WARNING


HEINEKEN
SmartDispense

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 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 inquires 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 thee ' 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 indentified 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.'

< > < > < >

Signed for and agreed on behalf of RR&P	
	....
Dated	....
Signed for and agreed on behalf of the Client	
	....
Dated	....

APPENDIX IV

COPY OF LEASE

THIS AGREEMENT is made the day of 2016

BETWEEN:

(1) **MOLONEY PROPERTIES LIMITED** ('the Owner') and

(2) **ISLAM SULIMAN**
('the Licensee')

NOW IT IS AGREED as follows:

1 **DEFINITIONS AND INTERPRETATION**

In this agreement the following expressions have the meanings given in this clause.

1.1 **'The Premises'**

'The Premises' means the flat above 66 Wind Street Swansea

1.2 **'The Licence Fee'**

'The Licence Fee' means £350 per month for the Licence period or such other fee as shall be agreed between the Owner and the Licensee

1.3 **'The Licence Period'**

'The Licence Period' means the period from the date of this agreement until determination on giving one clear month's notice

1.4 **'VAT'**

'VAT' means value added tax or any other tax of a similar nature

1.5 **Headings**

The clause and subclause headings do not form part of this agreement and must not be taken into account in its construction or interpretation.

1.6 **References to clauses**

Any reference in this agreement to a clause or subclause without further designation is to be construed as a reference to the clause or subclause of this agreement so numbered.

2 **THE LICENCE**

Subject to clauses 3 LICENSEE'S UNDERTAKINGS and 4 GENERAL, the Owner gives the Licensee the right, for the Licence Period in common with the Owner and all others authorised by the Owner so far as is not inconsistent with the rights given to use the Premises For the storage of furniture and occasional use as an office

3 **LICENSEE'S UNDERTAKINGS**

The Licensee agrees and undertakes as set out in this clause 3.

3.1 **Licence fee and outgoings**
The Licensee must pay the Licence Fee to the Owner

3.2 **Condition of property**
The Licensee must keep the Premises clean and tidy and clear of rubbish and leave them in a clean and tidy condition and free of the Licensee's equipment, goods and chattels at the end of the Licence Period.

3.3 **Signs and notices**
The Licensee must not display any signs or notices at the Premises without the prior written consent of the Owner.

3.4 **Nuisance**
The Licensee must not use the Premises in such a way as to cause any nuisance, damage, disturbance, annoyance, inconvenience or interference to the Premises or adjoining or neighbouring property or to the owners, occupiers or users of any adjoining or neighbouring property.

3.5 **Statutory requirements and insurance**
The Licensee must not do anything that will or might constitute a breach of any statutory requirement affecting the Premises or that will or might wholly or partly vitiate any insurance effected in respect of the Premises from time to time.

3.6 **Indemnity**
The Licensee must indemnify the Owner, and keep the Owner indemnified, against all losses, claims, demands, actions, proceedings, damages, costs or expenses or other liability arising in any way from this licence, any breach of any of the Licensee's undertakings contained in this clause, or the exercise or purported exercise of any of the rights given in clause 2 THE LICENCE.

3.7 **Owner's rights**
The Licensee must not in any way impede the Owner, or its officers, servants or agents, in the exercise of its rights of possession and control of the Premises and every part of the Premises nor remove any items belonging to the Owner from the Premises

4 **GENERAL**

4.1 **Determination**
The rights granted in clause 2 THE LICENCE are to determine-without prejudice to the Owner's rights in respect of any breach of the undertakings contained in clause 3 LICENSEE'S UNDERTAKINGS-

4.1.1 immediately on notice given by the Owner at any time following any breach by the Licensee of his undertakings contained in clause 3 LICENSEE'S UNDERTAKINGS,

4.1.2 On the giving of one clear month's notice when all the equipment of the Licensee shall be removed and the Premises be left in good condition and in repair in accordance with the terms of the Licence

4.2 **Assignment prohibited**

The benefit of this licence is personal to the Licensee and is not assignable, and the rights given in clause 2 THE LICENCE may only be exercised by the Licensee and his employees and customers

4.3 **Warranty excluded**

The Owner gives no warranty that the Premises are legally or physically fit for the purposes specified in clause 2 THE LICENCE.

4.4 **Liability excluded**

The Owner is not to be liable for the death of, or injury to the Licensee or his employees and customers, or for damage to any property of theirs, or for any losses, claims, demands, actions, proceedings, damages, costs or expenses or other liability incurred by them in the exercise or purported exercise of the rights granted by clause 2 THE LICENCE.

4.5 **Notices**

All notices given by either party pursuant to the provisions of this agreement must be in writing, and are to be sufficiently served if delivered by hand or sent by registered post or recorded delivery, or sent by fax provided that a confirmatory copy is delivered by hand or sent by registered post or recorded delivery on the same day, to the other party at his or its last known address.

AS WITNESS the hands of the parties hereto

SIGNED by the Owner

SIGNED by the Licensee

The Law Society

The Law Society Business Lease (Whole of Building) (Registered) 2008

LR1. DATE OF LEASE ______ 2015

LR2. TITLE NUMBER(S)

LR2.1 LANDLORD'S TITLE NUMBER(S) WA448006

LR2.2 OTHER TITLE NUMBERS ______

LR3. PARTIES TO THIS LEASE

LANDLORD MOLONEY PROPERTIES LIMITED

ADDRESS Abbeyleix Road Ballyroan Count Laios Ireland

POSTCODE ______

COMPANY NO. ______

TENANT CMR (SWANSEA) LIMITED

ADDRESS Jamesons Hall, Foundry Road, Morriston, Swansea

POSTCODE SA6 8DU

COMPANY NO. 09736886

GUARANTOR ______

ADDRESS ______

POSTCODE ______

COMPANY NO. ______

LR4. PROPERTY 1 ST. MARY STREET AND 66 WIND STREET SWANSEA

POSTCODE SA1 1EQ

In the case of a conflict between this clause and the remainder of this lease then, for the purposes of registration, this clause shall prevail.

LR5. PRESCRIBED STATEMENTS ETC. None

LR6. TERM FOR WHICH THE PROPERTY IS LEASED

From and including 1st November 2015

To and including 31st August 2021

LR7. PREMIUM None

LR8. PROHIBITIONS OR RESTRICTIONS ON DISPOSING OF THIS LEASE

This lease contains a provision that prohibits or restricts dispositions.

LR9.	RIGHTS OF ACQUISITION ETC.	
LR9.1	TENANT'S CONTRACTUAL RIGHTS TO RENEW THIS LEASE, TO ACQUIRE THE REVERSION OR ANOTHER LEASE OF THE PROPERTY, OR TO ACQUIRE AN INTEREST IN OTHER LAND	None
LR9.2	TENANT'S COVENANT TO (OR OFFER TO) SURRENDER THIS LEASE	None
LR9.3	LANDLORD'S CONTRACTUAL RIGHTS TO ACQUIRE THIS LEASE	None
LR10.	RESTRICTIVE COVENANTS GIVEN IN THIS LEASE BY THE LANDLORD IN RESPECT OF LAND OTHER THAN THE PROPERTY	None
LR11.	EASEMENTS	
LR11.1	EASEMENTS GRANTED BY THIS LEASE FOR THE BENEFIT OF THE PROPERTY	None
LR11.2	EASEMENTS GRANTED OR RESERVED BY THIS LEASE OVER THE PROPERTY FOR THE BENEFIT OF OTHER PROPERTY	None
LR12.	ESTATE RENTCHARGE BURDENING THE PROPERTY	None
LR13.	APPLICATION FOR STANDARD FORM OF RESTRICTION	None
[LR14.	DECLARATION OF TRUST WHERE THERE IS MORE THAN ONE PERSON COMPRISING THE TENANT	

The Tenant is more than one person. They are to hold the property on trust for themselves as [joint tenants] [tenants in common in equal shares]]

USE ALLOWED	Bar and Restaurant or any other use to which the Landlord consents (and the Landlord is not entitled to withhold that consent unreasonably)
RENT	THIRTY THOUSAND Pounds (£30,000.00) a year, subject to increase from every review date under clause 8 (market rent review) or, if this box is ticked ☐ , clause 15 (index-linked rent review)
FIRST PAYMENT DATE	The First December 20 15
MONTHLY PAYMENT DATE	The First day of every month
RENT REVIEW DATES	Every ______ anniversary of the start of the lease term

The Landlord lets the property to the Tenant for the lease term at the rent and on the terms in clauses 1 to 14 and in any additional clauses.

TENANT'S OBLIGATIONS

1 PAYMENTS

1. The Tenant is to pay the Landlord:

1.1 the rent, which is to be paid by the following instalments:

(a) on the first payment date, a proportionate sum from that date to the next monthly payment date

(b) on each monthly payment date, one-twelfth of the annual rent

1.2 a fair proportion (decided by a surveyor whom the Landlord nominates) of the cost of repairing, maintaining and cleaning: party walls, party structures, yards, gardens, roads, paths, gutters, drains, sewers, pipes, conduits, wires, cables and things used or shared with other property

1.3 the cost (including professional fees) of any works to the property which the Landlord does after the Tenant defaults

1.4 the costs and expenses (including professional fees) which the Landlord incurs in:

(a) dealing with any application by the Tenant for consent or approval, whether it is given or not

(b) preparing and serving a notice of a breach of the Tenant's obligations, under section 146 of the Law of Property Act 1925, even if forfeiture of this lease is avoided without a court order

(c) preparing and serving schedules of dilapidations either during the lease term or recording failure to give up the property in the appropriate state of repair when this lease ends

(d) insuring the property under this lease

1.5 interest at the Law Society's interest rate on any of the above payments when more than fourteen days overdue, to be calculated from its due date

1.6 in making payments under this clause:

(a) nothing is to be deducted or set off

(b) any value added tax payable is to be added

2 The Tenant is also to make the following payments, with value added tax where payable:

2.1 all periodic rates, taxes and outgoings relating to the property, including any imposed after the date of this lease (even if of a novel nature), to be paid on the due date to the appropriate authorities

2.2 the cost of the grant, renewal or continuation of any licence or registration for using the property for the use allowed, to be paid to the appropriate authority

2.3 a registration fee of £40 for each document which this lease requires the Tenant to register, to be paid to the Landlord's solicitors when presenting the document for registration

3 USE

3. The Tenant is to comply with the following requirements as to the use of the property and any part of it, and is not to authorise or allow anyone else to contravene them:

3.1 to use the property, except any residential accommodation, only for the use allowed

3.2 to use any residential accommodation only as a home for one family

3.3 not to do anything which might invalidate any insurance policy covering any part of the property or which might increase the premium

3.4 not to hold an auction in the property

3.5 not to use the property for any activities which are dangerous, offensive, noxious, illegal or immoral, or which are or may become a nuisance or annoyance to the Landlord or to the owner or occupier of any neighbouring property

3.6 not to display any signs or advertisements on the outside of the property or which are visible from outside the property unless the Landlord consents (and the Landlord is not entitled to withhold that consent unreasonably)

3.7 not to overload any part of the property

3.8 to comply with every statutory obligation authorising or regulating how the property is used, and to obtain, comply with the terms of, renew and continue any licence or registration which is required

4 ACCESS

4 The Tenant is to give the Landlord, or anyone with the Landlord's written authority, access to the property:

4.1 for these purposes:

(a) inspecting the condition of the property, or how it is being used

(b) doing works which the Landlord is permitted to do under clause 5.8

(c) complying with any statutory obligation

(d) viewing the property as a prospective buyer, tenant or mortgagee

(e) valuing the property

(f) inspecting, cleaning or repairing neighbouring property, or any sewers, drains, pipes, wires or cables serving the property or any neighbouring property

4.2 and only on seven days' written notice except in an emergency

4.3 and during normal business hours except in an emergency

4.4 and the Landlord is promptly to make good all damage caused to the property and any goods there in exercising these rights

5 CONDITION AND WORK

5 The Tenant is to comply with the following duties in relation to the property:

5.1 to maintain the state and condition of the property, but the Tenant need not alter or improve it except as required in clause 5.7

5.2 to decorate the inside and outside of the property:

(a) in every fifth year of the lease term

(b) in the last three months of the lease term (however it ends) except to the extent that it has been decorated in the previous year

and on each occasion the Tenant is to use the colours and the types of finish used previously

5.3 not to make any structural alterations, external alterations or additions to the property

5.4 not to make any other alterations affecting services or systems in the property unless the Landlord gives written consent in advance (and the Landlord is not entitled to withhold that consent unreasonably)

5.5 to notify the Landlord of all alterations or additions to the property not covered by clauses 5.3 or 5.4

5.6 to keep any plate glass in the property insured for its full replacement cost with reputable insurers, to give the Landlord details of that insurance on request, and to replace any plate glass which becomes damaged

5.7 to do any work to the property required under a statute even if it alters or improves the property. The work is to be done on the following conditions:

(a) before doing it, the Tenant is to obtain the Landlord's written consent (and the Landlord is not entitled to withhold that consent unreasonably)

(b) the Landlord is to contribute a fair proportion of the cost, taking into account any value of the work to the Landlord

and any dispute is to be decided by arbitration under clause 14.3

5.8 If the Tenant fails to do any work which this lease requires and the Landlord gives the Tenant written notice to do it, to do that work. In such a case, the Tenant is to start the work within two months, or immediately in case of emergency, and proceed diligently with it. In default, the Tenant is to permit the Landlord to do the work

5.9 However, this clause:

(a) does not require the Tenant to make good damage by a risk not required to be insured under clause 11.1 unless resulting from the act or default of the Tenant

(b) only requires the Tenant to make good damage caused by an insured risk to the extent that the insurance money has not been paid because of any act or default of the Tenant

6 TRANSFER ETC.

6. The Tenant is to comply with the following:

6.1 the Tenant is not to share occupation of the property and no part of it is to be transferred, sublet or occupied separately from the remainder

6.2 the Tenant is not to transfer or sublet the whole of the property unless the Landlord gives written consent in advance (and the Landlord is not entitled to withhold that consent unreasonably)

6.3 any sublease is to be on terms which are consistent with this lease, but is not to permit the sub-tenant to underlet

6.4 within four weeks after the property is transferred, mortgaged or sublet, the Landlord's solicitors are to be notified and a copy of the transfer, mortgage or sublease sent to them for registration with the fee payable under clause 2.3

6.5 if—

(a) the financial standing of the proposed transferee, and any guarantor, is lower than that of the current Tenant, or the proposed transferee is resident or registered overseas, and

(b) the Landlord reasonably requires

a Tenant who transfers the whole of the property is to give the Landlord a written guarantee, in the terms set out in the Guarantee Box, that the transferee will perform the Tenant's obligations

7 OTHER MATTERS

7. The Tenant:

7.1 is to give the Landlord a copy of any notice concerning the property or any neighbouring property as soon as it is received

7.2 is to allow the Landlord, during the last six months of the lease term, to fix a notice in a reasonable position on the outside of the property announcing that it is for sale or to let

7.3 is not to apply for planning permission relating to the use of the property or any addition or alteration unless the Landlord gives written consent in advance (and the Landlord is not entitled to withhold that consent unreasonably where the use or addition or alteration is permitted by this lease or has the Landlord's written consent)

7.4 in occupying, using and doing work on the property, is to comply with all statutory requirements

8 RENT REVIEW - MARKET RENT

8.1 On each rent review date, the rent is to increase to the market rent if that is higher than the rent applying before that date

8.2 The market rent is the rent which a willing tenant would pay for the property on the open market, if let on the rent review date by a willing landlord on a lease on the same terms as this lease without any premium and for a term equal to the remainder of the lease term, assuming that at that date:

(a) no account is taken of any goodwill belonging to anyone who has occupied the property

(b) the property is vacant and has not been occupied by the Tenant or any sub-tenant

(c) the property can immediately be used

(d) the property is in the condition required by this lease and any damage caused by any of the risks to be insured under clause 11 has been made good

(e) no tenant or sub-tenant has previously during the lease term done anything to the property to increase or decrease its rental value. In this paragraph "anything" includes work done by the Tenant to comply with clause 5.7, but nothing else which the Tenant was obliged to do under this lease

8.3 If the Landlord and the Tenant agree the amount of the new rent, a statement of that new rent, signed by them, is to be attached to this lease

8.4 If the Landlord and the Tenant have not agreed the amount of the new rent two months before the rent review date, either of them may require the new rent to be decided by arbitration under clause 14.3

8.5 (a) The Tenant is to pay rent at the rate applying before the rent review date until the next rent payment date after the new rent is agreed or decided

(b) Starting on that rent payment date, the Tenant is to pay the new rent

(c) On that rent payment date, the Tenant is also to pay any amount by which the new rent since the rent review date exceeds the rent paid, with interest at 4% below the Law Society's interest rate on the excess of each instalment from its payment date

9 DAMAGE

9. If the property is damaged by any of the risks required to be insured under clause 11 and as a result of that damage the property, or any part of it, cannot be used for the use allowed:

9.1 the rent, or a fair proportion of it, is to be suspended for three years or if earlier, until the whole of the property can again be used for the use allowed

9.2 if at any time it is unlikely that the property will be fully restored either within three years from the date of the damage, or (if sooner) before the end of the lease term, the Landlord (so long as he has not wilfully delayed the restoration) or the Tenant may end this lease by giving one month's notice to the other in which case

(a) the insurance money belongs to the Landlord and

(b) the Landlord's obligation to make good damage under clause 11 ceases

9.3 a notice under clause 9.2 is only effective if given within three years from the date of the damage

9.4 If the insurers refuse to pay all or part of the insurance money because of the Tenant's act or default:

(a) to the extent of that refusal, the Tenant cannot claim the benefit of clause 9.1

(b) the Tenant cannot serve notice under clause 9.2

9.5 If the property is damaged (but not as a result of the act or default of the Tenant) by a risk not required to be insured under clause 11.1 and as a result of that damage the property, or any part of it, cannot be used for the use allowed:

(a) the rent or a fair proportion of it is to be suspended for three years, or if earlier, until the whole property can again be used for the use allowed, and

(b) not earlier than two months after the date of the damage, either the Landlord or the Tenant may, unless the Landlord has previously undertaken promptly to make good the damage, end the lease by giving at least one month's notice to the other

9.6 Any dispute under any part of this clause is to be decided by arbitration under clause 14.3

LANDLORD'S OBLIGATIONS AND FORFEITURE RIGHTS

10 QUIET ENJOYMENT

10. The Landlord is to allow the Tenant to possess and use the property without lawful interference from the Landlord, anyone who derives title from the Landlord or any trustee for the Landlord

11 INSURANCE

11. The Landlord is to:

11.1 keep the property (except the plate glass) insured on reasonable terms with reputable insurers to cover:

- (a) full rebuilding, site clearance, professional fees, value added tax and three years' loss of rent
- (b) against fire, lightning, explosion, earthquake, landslip, subsidence, heave, riot, civil commotion, aircraft, aerial devices, storm, flood, water, theft, impact by vehicles, damage by malicious persons and vandals and third party liability and other risks reasonably required by the Landlord

so far as cover is available at normal insurance rates for the locality and subject to reasonable excesses and exclusions

11.2 take all necessary steps to make good as soon as possible all damage to the property by insured risks except to the extent that the insurance money is not paid because of the act or default of the Tenant

11.3 give the tenant on request once a year:

- (a) particulars of the policy and evidence from the insurer that it is in force
- (b) details of any commission received by the Landlord for that insurance

12 FORFEITURE

12. This lease comes to an end if the Landlord forfeits it by entering any part of the property, which the Landlord is entitled to do whenever:

- (a) payment of any rent is fourteen days overdue, even if it was not formally demanded
- (b) the Tenant has not complied with any of the terms of this lease
- (c) the Tenant if an individual (and if more than one, any of them) is adjudicated bankrupt or an interim receiver of the Tenant's property is appointed
- (d) the Tenant if a company (and if more than one, any of them) goes into liquidation (unless solely for the purpose of amalgamation or reconstruction when solvent), or has an administrative receiver appointed or has an administration order made in respect of it or the directors of the Tenant give notice of their intention to appoint an administrator

The forfeiture of this lease does not cancel any outstanding obligation of the Tenant or a Guarantor

13 END OF LEASE

13. When this lease ends the Tenant is to:

13.1 return the property to the Landlord leaving it in the state and condition in which this lease requires the Tenant to keep it

13.2 (if the Landlord so requires) remove anything the Tenant fixed to the property and make good any damage which that causes

13.3 remove all the alterations or additions to the property made by the Tenant or its predecessors without the Landlord's consent (where that consent was required)

13.4 remove all or any of the alterations or additions to the property made, either with the Landlord's consent or where such consent was not required, by the Tenant or its predecessors in title if—

- (a) the Landlord reasonably requires, and
- (b) the Landlord gives the Tenant written notice of the requirement at least six months before the end of this lease, or later if shorter notice is reasonable

GENERAL

14 PARTIES' RESPONSIBILITY

14.1 Whenever more than one person or company is the Landlord, the Tenant or the Guarantor, their obligations can be enforced against all or both of them jointly and against each individually

SERVICE OF NOTICE

14.2 The rules about serving notices in section 196 of the Law of Property Act 1925 (as since amended) apply to any notice given under this lease

ARBITRATION

14.3 Any matter which this lease requires to be decided by arbitration is to be referred to a single arbitrator under the Arbitration Act 1996. The Landlord and the Tenant may agree the appointment of an arbitrator, or either of them may apply to the President of the Royal Institution of Chartered Surveyors to make the appointment

HEADINGS

14.4 The headings do not form part of this lease

15 RENT REVIEW - INDEX-LINKED

15.1 Clause 8 does not apply to this lease

15.2 On each rent review date, the rent is to be adjusted by reference to the Index, as follows

15.3 The adjusted rent is to be: the initial rent payable under this lease (after any rent free period has expired) multiplied by the Index figure at the rent review date and divided by the Index figure at the start of the term of this lease

15.4

- (a) The Tenant is to pay rent at the rate applying before the rent review date until the next rent payment date after the new rent is agreed or decided
- (b) Starting on that rent payment date, the Tenant is to pay the new rent
- (c) On that rent payment date:
  - (i) the Tenant is also to pay any amount by which the new rent since the rent review date exceeds the rent paid, with interest at 4% below the Law Society's interest rate on the excess of each instalment from its rent payment date
  - (ii) the Landlord is to refund any amount by which the rent paid exceeds the rent payable since the rent review date, with interest at 4% below the Law Society's interest rate on the excess of each instalment from the date of receipt

15.5 For the purposes of this clause:

- (a) The Index means the "all items" figure of the Index of Retail Prices published by the Office for National Statistics or any officially published index intended to supersede it
- (b) The Index figure for a particular date means the last published figure of the Index before that date
- (c) If the method of calculation of the Index is changed, any official reconciliation between the old and the new method should be adopted

15.6 Any dispute under any part of this clause is to be decided by arbitration under clause 14.3

GUARANTEE BOX

The terms in this box only take effect if a guarantor is named in clause LR.3 and then only until the Tenant transfers this lease with the Landlord's written consent. The Guarantor must sign this lease.

The Guarantor agrees to compensate the Landlord for any loss incurred as a result of the Tenant failing to comply with an obligation in this lease during the lease term or any statutory extension of it. If the Tenant is insolvent or this lease ends because it is disclaimed, the Guarantor agrees to accept a new lease, if the Landlord so requires, in the same form but at the rent then payable. Even if the Landlord gives the Tenant extra time to comply with an obligation, or does not insist on strict compliance with terms of this lease, the Guarantor's obligation remains fully effective.

CODE FOR LEASING BUSINESS PREMISES IN ENGLAND AND WALES 2007

This lease is intended to conform to the Code, which is endorsed by the Department for Communities and Local Government, the Welsh Assembly Government, the Law Society and other bodies. Please see www.leasingbusinesspremises.co.uk

THIS DOCUMENT CREATES LEGAL RIGHTS AND LEGAL OBLIGATIONS. DO NOT SIGN IT UNTIL YOU HAVE CONSULTED A SOLICITOR.

If a party to this lease is a company:

(a) two directors, or
(b) a director and a company secretary, or
(c) a single director whose signature is independently witnessed

must sign on behalf of the company.

Signed as a deed by/on behalf of the Landlord and delivered in the presence of:

....
Landlord

....

....
Witness

....
....
....
Witness's occupation and address

Signed as a deed by/on behalf of the Tenant and delivered in the presence of:

....
Tenant

....

....
Witness

....
....
....
Witness's occupation and address

Signed as a deed by/on behalf of the Guarantor and delivered in the presence of:

....
Guarantor

....

....
Witness

....
....
....
Witness's occupation and address