



GERALDEVE

Valuation of: 9 Langtry Road
London
NW8 0AJ



On behalf of: Jordan International Bank

Valuation Date: 21 November 2019

**GERALDEVE**

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21 November 2019

Our Reference: U0012011

Dear Sir

Borrower: First Light Properties Limited
Property: 9 Langtry Road, London, NW8 0AJ

Terms of Engagement

In accordance with your instruction dated 30 October 2019 and our confirmation of instructions, we have pleasure in reporting as follows.

Copies of the engagement documentation are attached at Appendix v.

Scope of Instruction

We have inspected and completed our investigations into the leasehold property held as an investment by the borrower and have pleasure in providing this valuation report. We understand that the purpose of this valuation report is to assist you in forming a decision as to whether the leasehold interest in the above property provides suitable security for lending purposes.

In preparing this report, we confirm that Gerald Eve LLP are acting as External Valuers and we are not aware of any conflict of interest in this respect, albeit we note that Gerald Eve LLP has carried out valuations on other properties owned by the borrower within the past two years. We also confirm that our maximum liability for all advice and services provided in connection with this project both before and after the date of this letter shall not in aggregate exceed £5,000,000 (five million pounds).

Bases of Valuation and Valuation Assumptions

Our report and valuation have been carried out in accordance with the RICS Valuation – Global Standards 2017 of the Royal Institution of Chartered Surveyors (RICS). We refer in this report to those Global Standards and the national standards and guidance set out in UK national supplement 2018 [collectively “the Standards”]. Definitions of the valuation bases adopted together with the various assumptions made when undertaking our valuation are set out in the Terms and Conditions of the report at Appendix vi hereto.

In accordance with your instruction we have herein reported our opinion of value on the following basis:

- Market Rent
- Market Value
- Market Value subject to the Special Assumption of a six month sale period
- Market Value subject to the Special Assumption of vacant possession

Limitation

Our valuation is totally dependent on the accuracy of the information which has been supplied to us and upon the assumptions set out herein. If they prove to be incorrect or inadequate, the accuracy of the valuation may be affected.

In accordance with the recommendations of the RICS we require that neither the whole nor any part of our report nor any reference thereto be included in any published document, circular or statement, nor published in any way without our prior written approval of the form or context in which it is to appear. In accordance with the Standards we are also required to draw your attention to the possibility that this valuation may be investigated by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations.

The valuation report is provided for the stated purpose and solely for your use, and your professional advisers, and neither the undersigned nor Gerald Eve LLP accept any responsibility whatsoever to any other person. This valuation and report is only applicable to and should only be relied upon for the original loan which has triggered this report. We understand the valuation is required with a view to providing a loan for a term of 3 years at a maximum percentage exposure of 70% against your valuation figures.

Investigations

A full inspection of the subject property was undertaken by Nigel Whitehurst MRICS on 11 November 2019. The valuation reported herein is subject to the assumption that no material changes to either the subject property or its immediate locality have taken place between our inspection and the valuation date.

The valuation date for the valuation reported herein is 21 November 2019.

This report has been prepared by Chris Owen MRICS and checked by Nigel Whitehurst MRICS, both of whom are RICS Registered Valuers. We also confirm that the individuals carrying out this valuation have the appropriate knowledge, skills and experience to undertake the valuation competently.

We trust that this report is satisfactory for your current requirements, but, if we can be of further assistance, please do not hesitate to contact us.

Yours faithfully




Nigel Whitehurst MRICS, RICS Registered Valuer
Partner

Chris Owen MRICS, RICS Registered Valuer
Surveyor

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Executive Summary

VALUATION FOR LOAN SECURITY PURPOSES

Valuation Date: 21 November 2019

9 Langtry Road, London, NW8 0AJ



Description

The property comprises a 4 storey end of terrace Regency house of traditional brick construction beneath a pitched tiled roof with single glazed wood framed sash windows. The building has been converted into 11 studio flats.

The property has a total gross internal floor area of some 224.47 sq m (2,417 sq ft) on a site of 0.018 hectares (0.043 acres).

Tenure

Freehold.

Tenancy

Studio	Tenant	Term	Rent (£ pa gross)
1	Mr John Matthew Wood	12 months expiring 28 March 2020	£13,780
2	Nestor Veloso Pabuayon	12 months expiring 21 April 2020	£14,160
3	Ms Yupa Hughes	12 months expiring 28 March 2020	£14,300
4	Mr Damien Gerard Singh Roda	12 months expiring 07 April 2020	£14,160
5	Ms Sevilla Pacquing Ganaten	6 months expiring 05 November 2019	£14,300
6	Mr Marcial Gaco	12 months expiring 28 March 2020	£14,300
7	Miss Ghenet Woldu Berhe	12 months expiring 28 March 2020	£14,040
8	Mr Jabeb Abdullah Lumenda and Ms Lasima Pasbi Mangal	12 months expiring 28 March 2020	£14,300
9	Mr Christian Edmond Henri Devaux	12 months expiring 2 December 2019	£13,780
10	Mr Andrew Harding	12 months expiring 28 March 2020	£14,300
11	Ms Emelita Mascarenas	12 months expiring 11 November 2020	£14,160
Total			£155,580

Passing Rent £155,580 pa (gross)

Market Rent £143,400 pa (gross)

Market Value £2,490,000 (Two Million Four Hundred and Ninety Thousand Pounds)

Market Value under the Special Assumption of a six-month marketing period	£2,225,000 (Two Million Two Hundred and Twenty-Five Thousand Pounds)
Market Value under the Special Assumption of vacant possession	£2,190,000 (Two Million One Hundred and Ninety Thousand Pounds)
Reinstatement Cost Estimate	£500,000 (Five Hundred Thousand Pounds)
Lender Action Points	Check further into the restrictive covenants relating to the British Transport Commission. We advise that your solicitors verify whether an Indemnity Policy relating to the subject's planning use is in place.

*Assuming that the loan-to-value ratio, interest cover ratio and loan term length are within market-typical parameters, we are of the opinion that **the subject premises provide acceptable security for lending purposes.***

In conclusion we consider the subject property to be a well presented residential investment of 11 studio flats within a converted period house on Langtry Road, close to the amenities of Kilburn High Road and nearby transport links including Kilburn Park London Underground station (Bakerloo line) and Kilburn High Road Overground station. Furthermore this is an affluent area of London where there is a good demand.

This executive summary should be read in conjunction with the full valuation report enclosed. More detailed comment on the subject premises' suitability as loan security is provided at Section 16 of the report.

1. Location



Location map (1:50000)

The subject premises are located in Kilburn in the north west London Borough of Camden. The West End is some 3.5 miles to the south east, Hampstead is 2 miles to the north east, Wembley is 5.9 miles to the west and Stratford is some 11 miles to the east.

Kilburn is primarily a residential commuter area of north west London with retail provision provided along Kilburn High Road including a number of national retailers (Marks & Spencer, TK Maxx, Boots, WH Smith and Poundland to name but a few).

Public transport connections are excellent with Kilburn Park (Bakerloo line) providing a journey time of 13 minutes to Oxford Circus. Further Kilburn, St Johns Wood and Swiss Cottage (Jubilee line) are within 1 mile to the east. There are also Overground stations at Kilburn High Road, South Hampstead, Brondesbury and West Hampstead, all within a mile of Kilburn High Road.

Road links are good with Kilburn High Road forming part of the A5 which links with the A40 some 1.8 miles to the south and A406 (North Circular Road) some 3 miles to the north.

A larger copy of the map showing the location of Kilburn is included at Appendix i.

2. Situation



Ordnance Survey map (1:1250)

The subject premises are situated in a predominately residential location with the Overground railway line running behind the property.

The neighbouring land uses are all residential with the closest retail provision being provided on Kilburn High Road some 0.2 miles (5 minute walk) to the west.

The subject premises are situated on the north side of Langtry Road (a cul de sac). Kilburn Park underground station (Bakerloo line) is within an 8 minute walk and Kilburn High Road Overground station is within a 4 minute walk.

A larger copy of the Ordnance Survey map showing the situation of the subject premises is included at Appendix ii.

3. Description



Typical studio

The subject premises comprise a 4 storey end of terrace Regency house of traditional brick construction beneath a pitched tiled roof with new double glazed wood framed sash windows to the front elevation and double glazed UPVC windows to the rear elevation. The building, which is arranged over basement and 3 storeys above, has been converted into 11 studio flats. 3 of the studios are situated on a lower ground floor level.

Internally each studio has been finished with wooden laminate floor coverings, painted plastered walls, suspended light fittings, wall mounted radiators and a modern kitchen. Each studio also benefits from having their own WC and shower room.

At the time of our inspection the property appeared to be served by mains electricity, gas, water and drainage services.

None of these services were tested at the time of inspection, but, for the purpose of the valuation reported herein, we have assumed all services to be fully operational.

Additional photographs of the subject premises are included at Appendix iii.

4. Accommodation

As per your instruction, we have relied on the floor areas measured during our previous inspection on 29 January 2016. As at that date the property was measured on a gross internal area basis, in accordance with the RICS Code of Measuring Practice and found to provide accommodation as follows.

<u>Accommodation</u>	<u>Floor Area (GIA)</u>	
Studio 1	21.56 sq m	232 sq ft
Studio 2	20.17 sq m	217 sq ft
Studio 3	20.89 sq m	225 sq ft
Studio 4	16.98 sq m	183 sq ft
Studio 5	17.14 sq m	185 sq ft
Studio 6	21.00 sq m	226 sq ft
Studio 7	16.90 sq m	182 sq ft
Studio 8	19.98 sq m	215 sq ft
Studio 9	23.12 sq m	249 sq ft
Studio 10	26.51 sq m	285 sq ft
Studio 11	20.22 sq m	218 sq ft
<u>Total</u>	<u>224.47 sq m</u>	<u>2,417 sq ft</u>

We have scaled the Ordnance Survey map and calculate the total site area to be 0.018 hectares (0.043 acres).

5. Condition

As per your instruction and our Terms of Engagement the inspection we have carried out was for valuation purposes only and did not include a full building survey. However, from our observation, with regard to the general condition of the subject premises, we would comment as follows.

The subject premises were generally in a good condition. We did not notice any major structural defects or wants of repair and would expect the property to let and/or sell readily in its current condition.

Upon inspection we did not notice any obvious sign of deleterious and/or hazardous materials. Accordingly, for the purpose of the valuation reported herein we have assumed that the subject premises are free from such materials.

With regard to physical obsolescence, if a regular maintenance programme is adhered to we would expect the subject premises to have a useful life in excess of twenty five years.

6. Environmental Issues

As per your instruction and our Terms of Engagement, the inspection we have carried out was for valuation purposes only and did not include an environmental survey. However, we have commissioned and reviewed an Enviroscreen desktop environmental survey.

The findings of the Enviroscreen survey are attached at Appendix iv. It concludes as follows.

“This property has passed for commercial lending purposes and as such has no significant liability to the lender regarding contamination risk.”

We can accept no liability with regard to the accuracy of the Enviroscreen survey. However, for the purpose of the valuation reported herein, we have assumed that the subject premises do not suffer from any environmental issues which might adversely affect their value.

We have had reference to the Environment Agency’s flood map. The flood map identifies sites that may be at risk from sea or river flooding. The assessment of flood risk for the site of the subject premises is as follows.

Very Low – “The chance of flooding each year is less than 0.1% (1 in 1000)”

We have had sight of the following EPC Certificates for the property:

Address	Date	EPC rating	Potential EPC rating
Flat 1	10 December 2014	E	C
Flat 2	10 December 2014	C	B
Flat 3	10 December 2014	E	C
Flat 4	10 December 2014	C	B
Flat 5	10 December 2014	C	B
Flat 6	10 December 2014	D	B
Flat 7	10 December 2014	D	C
Flat 8	10 December 2014	D	B
Flat 9	10 December 2014	D	B
Flat 10	10 December 2014	F	C
Flat 11	10 December 2014	E	B

We would draw your attention to the Government’s Minimum Energy Efficiency Standards (MEES) Regulations which came into effect on 1 April 2018. The MEES Regulations outlaw the renewal of existing tenancies or grant of new tenancies within buildings that have an EPC rating of less than ‘E’ (i.e properties with an ‘F’ or ‘G’ rating). Further to this, existing leases within buildings that do not meet the new requirements will become unlawful from 1 April 2020 and 1 April 2023 for residential and commercial properties respectively. Consequently, capital expenditure will likely be required on currently inefficient premises to maintain their lettable.

7. Planning

We have had reference to the planning policies of Camden Council. The relevant policies affecting the subject premises are contained within the Local Development Framework (LDF) which replaced the Unitary Development Plan in November 2010. Within the LDF the Core Strategy sets out the key elements of our vision for the borough and is a central part of the LDF. Within the policies map the property is situated in an Archaeological Priority Area.

We have made enquiries of Camden Council but they were unable to confirm that the subject premises have planning permission for their current C3 (residential) use as studios. When we valued the property in November 2014 we were provided with a Report on Title prepared by Fieldfisher Waterhouse LLP dated December 2014 in which it is stated that an Indemnity Policy was to be put in place. We advise that your solicitors verify whether this policy is in place.

We have had reference to the planning website of Camden Council and note there are no entries for this property.

Our planning investigations do not always reveal all planning agreements and conditions such as Section 106 Agreements. We would suggest your solicitor clarifies the existence of, and if necessary, compliance with any such conditions and agreements.

The subject premises are not listed as a building of special architectural or historic interest nor are they situated within a conservation area.

We are not aware of any planning or highway proposals for the surrounding area which might adversely affect the property, but we recommend that your solicitors clarify this matter.

8. Business Rates/Council Tax

Council Tax

We have had reference to the council tax Valuation List for the borough of Camden and note the council tax liability associated with the subject premises to be as follows.

<u>Property</u>	<u>Council Tax Band</u>	<u>Council Tax Liability 2019/20</u>
Flat 1 at 9 Langtry Road, London, NW8 0AJ	C	£1,388.76
Flat 2 at 9 Langtry Road, London, NW8 0AJ	C	£1,388.76
Flat 3 at 9 Langtry Road, London, NW8 0AJ	B	£1,215.16
Flat 4 at 9 Langtry Road, London, NW8 0AJ	B	£1,215.16
Flat 5 at 9 Langtry Road, London, NW8 0AJ	C	£1,388.76
Flat 6 at 9 Langtry Road, London, NW8 0AJ	C	£1,388.76
Flat 7 at 9 Langtry Road, London, NW8 0AJ	A	£1,041.57
Flat 8 at 9 Langtry Road, London, NW8 0AJ	A	£1,041.57
Flat 9 at 9 Langtry Road, London, NW8 0AJ	A	£1,041.57
Flat 10 at 9 Langtry Road, London, NW8 0AJ	A	£1,041.57
Flat 11 at 9 Langtry Road, London, NW8 0AJ	A	£1,041.57

Your borrower would be liable for the council tax liability were the property to become vacant.

9. Tenure

The property is held freehold under title number LN103159, with our understanding of the extent of the freehold title outlined on the Ordnance Survey map included at Appendix ii.

Within the Land Registry details there is a Transfer dated 19 September 1952 between The British Transport Commission and Peter Solome containing covenants allowing the Commission access at all reasonable times to parts of the land which adjoin the land of the Commission for repairing, maintaining etc. fences, walls, railway banks, abutment or retaining walls, bridges or other works.

There are also restrictive covenants within the Transfer stating:

- no building is to be erected on the site or part of the site or execute works or make any addition or alterations to the buildings without previously submitting detailed plans and sections and obtaining the British Transport Commissions approval;
- or without complying with the Commissions reasonable conditions as to foundations to protect the Commissions land and works adjoining and beneath the property.

There is further a restriction not at any time to

- erect a structure within 6 feet of the back of the Commission's parapet wall;
- to stack or lean anything against the parapet wall or;
- do anything which will affect the stability of the raised roadway adjoining the property.

We have previously valued this property for ICG Longbow in November 2014 and received a Report on Title prepared by Fieldfisher dated December 2014 in which they state the following:

Note: There is no evidence that the consent of The British Transport Commission was obtained to any buildings which have been erected (if that be the case) or in respect of the execution of the works or the making of any addition or additions to any buildings or the material alteration of any existing buildings on the property since 19 September 1952. Whilst we consider the possibility of any claim under the restrictive covenants for failure to obtain the consent of The British Transport Commission is very low, we propose to consider the possibility of title indemnity being taken out on the basis that for the specific risk the cost will be low.

We understand from the Borrower's solicitors that no new buildings, alterations or additions have been made since September 1952 and that the recent refurbishment works did not constitute the erection of additions or alterations. Whilst we note the confirmations from the Borrower's solicitors the wording of the above covenant is very wide and covers also the execution of any works. The upshot is that we consider there are almost certainly technical breaches of the restrictive covenant and indeed by virtue of recent works which have been carried out and taking some sort of overall title indemnity would be sensible.

We understand that a restrictive covenant title indemnity policy is in place to cover the above.

We advise that all information relating to the tenure of the subject premises is verified by your solicitors.

10. Tenancy

We understand the individual flats are let on the following ASTs:

Studio	Tenant	Term	Rent (£ pa gross)
1	Mr John Matthew Wood	12 months expiring 28 March 2020	£13,780
2	Nestor Veloso Pabuayon	12 months expiring 21 April 2020	£14,160
3	Ms Yupa Hughes	12 months expiring 28 March 2020	£14,300
4	Mr Damien Gerard Singh Roda	12 months expiring 07 April 2020	£14,160
5	Ms Sevilla Pacquing Ganaten	6 months expiring 05 November 2019	£14,300
6	Mr Marcial Gaco	12 months expiring 28 March 2020	£14,300
7	Miss Ghenet Woldu Berhe	12 months expiring 28 March 2020	£14,040
8	Mr Jabeb Abdullah Lumenda and Ms Lasima Pasbi Mangal	12 months expiring 28 March 2020	£14,300

Studio	Tenant	Term	Rent (£ pa gross)
9	Mr Christian Edmond Henri Devaux	12 months expiring 2 December 2019	£13,780
10	Mr Andrew Harding	12 months expiring 28 March 2020	£14,300
11	Ms Emelita Mascarenas	12 months expiring 11 November 2020	£14,160
Total			£155,580

We assume the tenant of Flat 5 is currently holding over and the terms of her individual tenancy agreement continues as before.

11. Market Commentary

The Residential Market

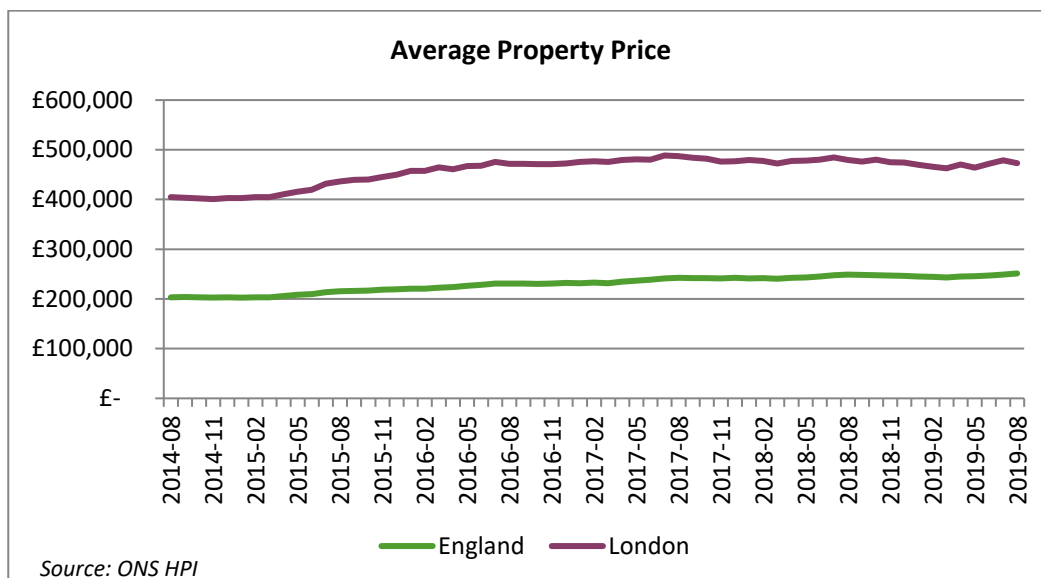
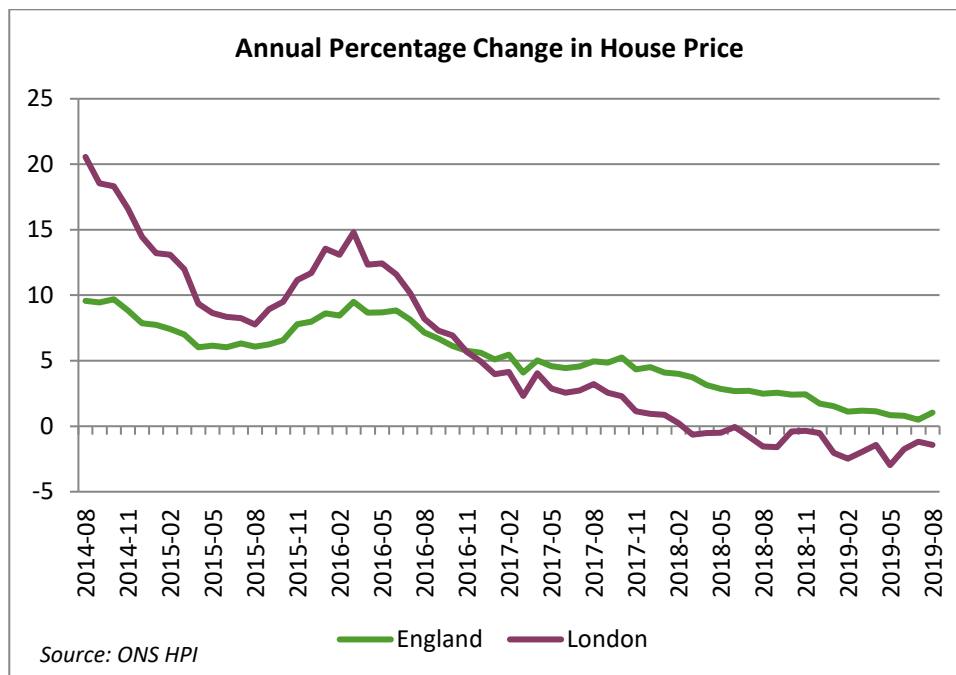
House price growth

The performance of the residential market has been presented with reference to ONS house price data to August 2019. These figures generally show continued steady annual increase in house prices nationally, with the exception of London (-1.4% annual change). London was also the only region to show negative monthly change in average prices.

Region	Average Property Price	Monthly Change	Annual Change
England	£251,233	0.8%	1.1%
Northern Ireland (Quarter 2 - 2019)	£136,767	0.8%	3.5%
Scotland	£154,549	0.3%	1.6%
Wales	£168,318	2.3%	4.5%
East Midlands	£197,682	1.8%	2.6%
East of England	£294,192	0.3%	0.1%
London	£472,753	-1.3%	-1.4%
North East	£134,736	3.1%	3.3%
North West	£168,221	1.3%	3.1%
South East	£326,232	0.8%	-0.6%
South West	£260,901	0.7%	0.9%

Given the uncertainty created by Brexit, and by changes in Government and Central Bank policies to take the heat out of the Housing Market, these figures are remarkable, with excess liquidity being the main culprit, especially within the regions, where affordability is greater. There are signs that regional house price inflation is mixed, with no clear pattern.

The two graphs below illustrate the slower rate of house price growth in London (compared to England) since November 2016, and the divergence in average prices.



Over the 12 months to August 2019, the majority of London boroughs have seen negative annual house price inflation. Out of 33 boroughs, 11 saw house prices increase, with the largest positive annual percentage change being in Hackney (5.39%) and Barking and Dagenham (2.70%). House prices in Kensington and Chelsea (-9.08%), Brent (-8.66%) and Westminster (-6.88%), felt the greatest year on year falls. These have persisted over the last six months, with the following boroughs reporting negative growth back in February 2019: Kensington and Chelsea (-3.60%), Brent (-4.80%) and Westminster (-19.60%). Overall, according to the ONS, the London market is experiencing a negative trend for house prices, which is underwritten by buyer cautiousness in an undeniably uncertain political and economic climate. The statistical headlines are however skewed, in our opinion, by the effect of even individual sales in a low-volume market (see our comments on turnover in the paragraphs below).

Lonres reports that in Q2 2019 Prime London markets saw prices fall, down -5.3% year on year. Knight Frank reports annual falls in prime central London of -3.9% respectively, in the year to September 2019, although Knight Frank's performance report is linked to price bandings such as -2.9% for those priced up to £1M, compared to -2.5% for prices between £5M to £10M. The London market remains price sensitive, with continued disparity between buyers' and sellers' expectations.

Sales Volumes

Sales volumes are low, with the number of property transactions across England decreasing from 79,056 in June 2018 to 59,975 in June 2019 (a 24.14% decline). Sales volumes figures in London show a steeper fall, decreasing by -29.48% over the same period (ONS HPI). This large monthly variance in the year to June 2019 is likely a result of subdued demand due to political and economic uncertainty, and the imbalance between buyers' and sellers' expectations. That said, some agents in a number of London Boroughs reported an increase in demand from domestic buyers in the first two quarters of 2019. Lonres reports that buyers were predominantly purchasing below £2 million and above £5 million, with an increase in transaction volumes of 16% and 12% respectively. These are most likely purchasers who have a necessity to move: for schools, work or separation, but also include opportunistic overseas buyers for whom the low sterling exchange rate is attractive. Nevertheless, the difficulty in truly analysing the market in the climate is evidenced by Lonres reporting a 20% fall in volumes for transactions priced between £2 million and £5 million.



Rental Market

The lettings market is impacted both by ongoing political uncertainty and by changes in the ways homes and investments are taxed and regulated. According to the ONS Private Housing Rental Index, private rents in England increased by 1.3% in the 12 months to September 2019, unchanged from May 2019.

In prime central London, rental values fell by -0.1% in the year to September 2019 (Knight Frank). This is mainly attributable to the increase in supply of lettings in higher price brackets, fuelled by Brexit uncertainty and some 'unexpected' landlords who listed their property for sale in response to tax changes and have returned to the lettings market after failing to achieve their asking price. The number of tenancies agreed by Knight Frank in London increased by 34% in the year to August, the highest such increase in more than five years. The political uncertainty has caused more individuals to rent than to buy, irrespective of the large build-up of demand in the sales market. Demand has been particularly strong in the lower price brackets, reflected by the fact average rental values between £250 and £500 per week increased by 3% in the year to September, while rental values between £1,000 to £5,000 per week are declining. The latter reflects more subdued demand among more senior corporate tenants, according to Knight Frank.

Market Influences

The UK housing market continues to remain relatively stable, despite prevailing global and domestic economic and geo-political conditions. However, in higher value areas, the domestic market continues to suffer from affordability issues exacerbated by low wage growth. Other influencing factors include higher SDLT rates and increasingly stringent mortgage regulations. Having said that, gross mortgage lending across the residential market in September 2019 was £22.3 billion, some 3.7% higher than the same month in 2018 (UK Finance). Although mortgage approvals for home purchase were 13.5 per cent higher, re-mortgage approvals were 23.4 per cent higher and approvals for other secured borrowing were 8.5 per cent higher than in September 2018, that was a

particularly low month. The increases are somewhat exaggerated, therefore. Record low interest rates have helped to underpin market liquidity, with some 96% of all mortgages issued in July being fixed-rate. With regards to international buyers, whilst on the one hand they have faced increased exposure to capital gains tax and inheritance tax, on the other they have benefitted from a weakening of Sterling since Brexit, particularly against the US dollar. For instance, as at July 2019 the effective discount for US dollar-denominated buyers in prime central London compared to before the EU Referendum was 24%. The number of transactions above £10 million fell 3.6% in prime central London in the year to May compared to the previous 12 months. This compared to a decline of 11.5% between £1 million and £2 million, underlying the, “Relatively stronger performance of the higher-value market” (Knight Frank).

In August 2018, the Bank of England increased the base rate by 25 basis points, to 0.75% the first rise since November 2017, and only the second in a decade. The Market responses have been moderated by ongoing stress testing on mortgages; a wide margin on some lending rates relative to base rate (so absorption may be possible by Banks); income multipliers have tightened as well as limits on loan-to-value ratios. The prospect of further rises seems low, unless Sterling collapses as a result of ‘no deal’ Brexit, the probability of which has receded.

There is an overarching uncertainty across the market: nationally, the housing market has unquestionably experienced an accelerated slowdown as a result of lending restrictions and uncertainty surrounding Brexit.

Savills reports that the value of the capital’s most expensive housing stock has adjusted by as much as -20.4% since the market peaked in 2014. This contrasts to both the global financial crisis and the early 1990s recession, when although greater price falls on a per annum basis were reported, these were over a shorter period of time. Vendors are still having to adjust their price expectations to fall in line with the market and developers are now readily offering incentives and discounts in order to secure sales, especially to bulk purchasers.

Conclusion

The long-term effect on the UK housing market of any departure from the EU, which is likely to be determined by the outcome of the General Election in December, are unpredictable but are likely to be lower rate growth in value. However, the recent statistics demonstrate the UK housing market’s relative resilience, which is particularly evident in the Regions.

Aside from Brexit, various other factors have exacerbated the market slow down. These include; a high supply of London new build, the Conservative Government minority, a change in party leadership, attempted suspension of Parliament, tax changes over the last few years, increasingly stringent mortgage regulations and historically low wage inflation. Recent net wage growth is likely to benefit the Regions, and first-time buyers.

We do not anticipate a significant downturn in values for the remainder of 2019, despite political uncertainty prevailing for much of the remainder of the year, while the mood of the market is to hold, or hold-off.

Weakening global growth has undermined much house price growth potential, and overall prime central London prices are expected to be marginally down.

The London Borough of Camden Market

Average flat price in Camden (07/2019) £	827,595
Monthly flat price change %	7.2
Annual flat price change %	9.5

Note: This data refers to the new official UK House Price Index, replacing the Land Registry index.

Market activity was down in the year to May 2019 (the last month for which all property-type transaction volumes are available) with 91 transactions per month compared with 142 per month a year earlier. This represents a fall of 36% on the year, although volumes peaked at 196 in December 2018 falling to a five year low in May 2019.

Over a five year period transaction volumes have been on a downwards trend, starting at 228 per month in May 2014, peaking at 438 in March 2016. The low in May 2019 is the amongst least amount of transactions to have occurred in 20 years, the only other time that less transactions have occurred, is when 89 were sold in February 2009, the depths of the Financial Crisis.

The Kilburn Residential Market

According to Land Registry data from the last year flats (such as the subject) accounted for the majority of recorded sales in Kilburn with an average selling price of £595,996. Terraced properties had an average selling price of £1,380,967. Semi-detached properties sold for £1,803,730 on average. Detached properties fetched an average of £2,995,823.

From our conversation with local agents we understand that it is a slow market with very little transacting, and those that are trading are taking longer to complete. This is not helped by the general outlook of the property market, nor the time it is taking for Camden Council to return legal searches, which we understand is up to 12 weeks. Despite this, we understand that Langtry Road is relatively sought after given its attractive building stock, close proximity to Kilburn High Road (A5), Kilburn Underground station and Kilburn High Road Overground station which will appeal to purchasers in the long term, in our opinion.

12. Market Rent

As at the valuation date the passing rent of the subject premises is £155,580 pa.

In arriving at our opinion of Market Rent we have had reference to the comparable evidence summarised below.

Ref	Property	Lease Event	Date	Rent	Comments
1.	Flat 3, 337 West End Lane, NW6	Letting	October 2018	£15,340 pa (£1,278.30 pcm)	Studio Flat
2.	Flat 1a, 48 Loveridge Road, NW6	Letting	October 2018	£12,480 pa (£1,040 pcm)	Studio Flat
3.	Flat 4, 280 Kilburn High Road, NW6	Letting	September 2019	£14,560 pa (£1,213.33 pcm)	Studio Flat
4.	Flat 5, 29 Exeter Road, NW2	Letting	November 2018	£11,700 pa (£975 pcm)	Studio Flat

Further comment on each piece of evidence is provided below.

Ref.1: The property is located on West End Lane, a central West Hampstead location and is situated on the first floor of a mixed-use converted period house. The flat comprises 183 sq ft and we understand the property to be presented in an excellent newly refurbished condition.



Ref.2: The property is located on a quiet residential road between West Hampstead and Kilburn. It is situated on the first floor of a period converted house and is presented in a reasonable condition. The flat comprises 194 sq ft.

Ref.3: The property is a second floor studio flat located above a restaurant premises in a period mixed-use building along Kilburn High Road. The flat comprises 440 sq ft and we understand the property to be presented in a reasonable condition.





Ref.4: The property is a first floor studio flat located in converted period house on a residential road in Kilburn. The flat comprises 312 sq ft and we understand the property to be presented in an excellent newly refurbished condition.

It can be seen that studios range from £975 pcm for a refurbished studio in Kilburn to £1,278.30 pcm for a refurbished studio closer to West Hampstead with the flats all being of varying sizes. The studios within the subject property are all of a reasonable specification and appear to have been well maintained. Furthermore they are all within close proximity to Kilburn High Road Overground station and Kilburn Park Underground station. There is some variation in size between the studio flats in the subject building, eight of which are larger than 200 sq ft whilst three of them are below 200 sq ft. For the smaller studio flats we are of the opinion they could command a Market Rent of £1,050 pcm which is line with the letting of Flat 1a, 48 Loveridge Road, a studio flat of 194 sq ft. For the larger studio flats we are of the opinion they should achieve rents towards the middle of the range highlighted above of £1,100 pcm, were they to become vacant.

Having had reference to the above evidence, we are of the opinion that, as at 21 November 2019, the subject premises could command a Market Rent of:

Studio	Size (Sq Ft)	Market Rent (£ pw)	Market Rent (£ pa gross)
1	232 sq ft	£254	£13,200
2	217 sq ft	£254	£13,200
3	225 sq ft	£254	£13,200
4	183 sq ft	£242	£12,600
5	185 sq ft	£242	£12,600
6	226 sq ft	£254	£13,200
7	182 sq ft	£242	£12,600
8	215 sq ft	£254	£13,200
9	249 sq ft	£254	£13,200
10	285 sq ft	£254	£13,200
11	218 sq ft	£254	£13,200
Total			£143,400

This Market Rent would be achievable on the assumption of 6 or 12 month ASTs and assumes that the studios are let to private tenants.

13. Lettability

Given the nature of the subject premises we would expect them to let readily should they become vacant in the near future.

With reference to current market conditions, if the property is vacant as at the valuation date we would expect a marketing period of 4 to 12 weeks to be required to achieve lettings at the Market Rents reported above.

14. Market Value

In arriving at our opinion of Market Value we have had reference to the comparable evidence summarised below.

In our opinion, due to the sizes of the studios being below 300 sq ft they would not be marketable on an individual basis other than to investors purchasing as cash buyers. We have therefore assumed that the property would sell as a block to an investor and have researched the sale of HMO investments.

Ref	Property	Sale Date	Sale Price	Sale Price psf	Comments
1.	21 Camden Park Road, London, NW1	September 2019	£1,250,000	7.03%	8 studios, 6 have shared facilities
2.	19 Holmdale Road, West Hampstead, NW6	September 2019	£1,730,000	5.72%	HMO
3.	6 Inglewood Road, West Hampstead, NW6	July 2019	£1,340,000	5.64%	2 x 1 bed and 3 studios
4.	8 Inglewood Road, West Hampstead, NW6	July 2019	£1,555,000	5.16%	3 x 1 bed, 1 x 2 bed and 1 studio
5.	2 Selan Gardens, Hayes	July 2019	£569,000	13.30%	9 bedsits
6.	Ruby Court, 6 Tring Avenue, Wembley	June 2019	£725,000	9.19%	2 x 1 bed and 4 studios
7.	Elizabeth House, 97 St James's Road, Croydon	May 2019	£1,300,000 (last bid)	8.08%	14 bedsits
8.	49 Cobbold Road, Willesden, NW10	February 2019	£406,500	8.27%	5 bedsits and 1 studio

Further comment on each piece of evidence is provided below.

Ref.1: 21 Camden Park Road, London, NW1

This mid-terrace period property has been converted into 8 studios, 2 of which are self-contained with the remaining 6 having shared facilities. The studios are all let on ASTs at a total gross rent of £87,892 pa.

This property is situated in a relatively affluent north London area and includes 6 studios with shared facilities as opposed to the subject property where the studios all have their own facilities.

We would expect the subject property to achieve a keener gross yield.



Ref.2: 19 Holmdale Road, West Hampstead, NW6

Mid-terrace Victorian converted house containing 3 x 1 bed flats and 3 x studios situated in a very affluent and sought-after location.

The flats are all let on ASTs at a total rent of £98,904 pa.

This property is in a more affluent location and benefits from having 1-bedroom flats where higher rents can be achieved. We would expect the subject property to achieve a softer gross yield.

Ref.3: 6 Inglewood Road, West Hampstead, NW6

This mid-terrace period property has been converted into 5 flats (2 x 1 bed self-contained flats and 3 self-contained studios) and is licensed as an HMO. The flats are all let on ASTs at a total rent of £76,596 pa.

This property is situated in an affluent area of London and includes flats as opposed to all being studios.

We would expect the subject property to achieve a much softer yield reflecting the location and condition of the subject studios.



Ref.4: 8 Inglewood Road, West Hampstead, NW6

This mid-terrace period property has been converted into 5 flats (3 x 1 bed self-contained flats, 1 x 2 bed and a self-contained studio) and is licensed as an HMO. The flats are all let on ASTs at a total rent of £80,312.04 pa.

This property is situated in an affluent area of London and includes flats as opposed to all being studios.

We would expect the subject property to achieve a much softer yield reflecting the location and condition of the subject studios.

Ref.5: 2 Selan Gardens, Hayes

This end of terrace 1930's property has been converted into 9 bedsits all with their own kitchenettes and shower/WC. There is also a rear garden. The bedsits are let on 6 -month ASTs at a total rent of £75,663.60 pa. There is one vacant bedsit.

This property is situated in a similar residential suburb of London albeit one which is much further away from central London. The yield achieved is very soft in comparison to other sales and may be due to continuing concerns over Brexit as well as stamp duty changes negatively affecting residential investors.

We would however expect the subject property to achieve a keener yield due to it being self-contained studios rather than bedsits and being fully income producing.





Ref.6: Ruby Court, 6 Tring Avenue, Wembley

This end of terrace 1930's property comprises 6 flats (4 x studios and 2 x 1 bed) all let on 12-month ASTs from 2018 at a total rent of £66,600 pa.

This property is situated in a similar north London suburb.

Ref.7: Elizabeth House, 97 St James's Road, Croydon

This detached period property has been converted into 14 bedsits with shared facilities (4 single and 10 double rooms) let on ASTs at a total rent of £105,000 pa. There is an HMO licence in place until 23 August 2023.

This property did not sell at auction however, the last bid was £1,300,000.

This property is situated in a south London suburb and comprises bedsits with shared facilities as opposed to the subject property where the studios all have their own facilities. We would therefore expect the subject property to achieve a keener yield.



Ref.8: 49 Cobbold Road, Willesden, NW10

This mid-terrace period property has been converted into 6 bedsits with 1 room having an en-suite shower/WC. The property is subject to a single AST but was being occupied as an unregulated HMO.

This property is situated in a similar north London suburb and comprises with shared facilities as opposed to the subject property where the studios all have their own facilities.

We would therefore expect the subject property to achieve a keener yield.

Comparable Analysis

It can be seen above that there is a wide range of gross yields being achieved for residential properties in multiple occupation (5.16% to 13.30%) dependant on location. The keenest yields have been achieved for 2 adjacent properties situated in affluent West Hampstead with the softest yield being achieved for a converted 1930's house with 9 bedsits (albeit with their own facilities) and 1 vacant bedsit.

In the current market it is very difficult to value HMOs due to the reduced investor demand that has arisen from additional taxes and also with vendors holding off putting their properties onto the market whilst Brexit is ongoing. In the more recent auctions' there have been a number of HMOs that have remained unsold or have been withdrawn. Our valuation is therefore subject to a higher degree of valuer judgement being adopted.

We have had the greatest regard to Ref.2 and Ref.3 as these comprise two residential HMO investments located in a nearby affluent area of London of which both house a number of studio flats.

We have therefore adopted a gross yield of **6.25%** reflecting the above. The yield also reflects the fact that the studios are situated in an attractive period building, presented in a good condition, are very close to public transport links which will ensure they let relatively quickly but also reflecting the fact the property backs onto the railway line as well as lacking planning permission.

Market Value

In assessing the Market Value of the subject premises, we have followed the investment method of valuation. We have adopted the approach as set out above.

We are of the opinion that the Market Value of the freehold interest in the subject premises, subject to the existing tenancies, as at 21 November 2019, is in the sum of:

£2,490,000
(Two Million Four Hundred and Ninety Thousand Pounds)

Market Value subject to the Special Assumption of a six-month sale period

In assessing the Market Value of the subject premises, subject to the Special Assumption of a six-month sale period, we have followed the investment method of valuation. We are of the opinion that the subject property would likely take longer than 6 months to sell given the current uncertainty surrounding the marketplace with an upcoming general election and the outcome of Brexit still relatively unknown. We have therefore moved the gross yield out by 0.5% to reflect this.

We are of the opinion that the Market Value of the freehold interest in the subject premises, subject to the Special Assumption of a six-month sale period, as at 21 November 2019, is in the sum of:

£2,300,000
(Two Million Three Hundred Thousand Pounds)

Market Value subject to the Special Assumption of vacant possession

In assessing the Market Value of the subject premises, subject to the Special Assumption of vacant possession, we have followed the investment method of valuation. We have adopted a marketing period of 3 months and then valued our opinion of Market Rent at a gross yield of 7.00% reflecting the fact the property would be non-income producing.

We are of the opinion that the Market Value of the freehold interest in the subject premises, subject to the Special Assumption of vacant possession, as at 21 November 2019, is in the sum of:

£2,190,000
(Two Million One Hundred and Ninety Thousand Pounds)

15. Saleability

The Market Value stated above, makes the assumption that, prior to the valuation date, the property is exposed to the market in the most appropriate manner and over a sufficient length of time so as to effect its disposal at the best price reasonably obtainable.

We are of the opinion that a sale of the subject premises would take in the order of six to twelve months from commencement of marketing to exchange of contracts.

We would expect potential purchasers to be private investors.

16. Security

We have not been provided with the terms of the loan being offered to your borrower. However, assuming that the loan to value ratio, interest cover ratio and loan term length are within market-typical parameters, we are of the opinion that the subject premises provide acceptable security for lending purposes. We would summarise the strengths, weaknesses, opportunities and threats associated with the property as follows:

<u>Strengths</u>	<u>Weaknesses</u>
<ul style="list-style-type: none"> Fully let and income producing Situated in an affluent and popular area of north west London 	<ul style="list-style-type: none"> Railway line immediately to the rear Studios too small to sell individually No planning permission although the studios have been separately rated for over 4 years. We understand there is an Indemnity Policy in place to cover this
<u>Opportunities</u>	<u>Threats</u>
<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> There remains considerable political uncertainty in regard to the outcome of Brexit Further interest rate rises An abundance of flats acting as competition in the area

In conclusion we consider the subject property to be a well presented residential investment of 11 studio flats within a converted period house on Langtry Road, close to the amenities of Kilburn High Road and nearby transport links including Kilburn Park London Underground station (Bakerloo line) and Kilburn High Road Overground station. Furthermore, this is an affluent area of London where there is a good demand.

We would be pleased to discuss any of the issues or recommendations raised in this report. Please do not hesitate to contact us if we can be of further assistance in this respect.

17. Reinstatement Cost Estimate

We have not undertaken a detailed reinstatement cost appraisal. The estimate does not, therefore, constitute a formal building reinstatement cost assessment. It is intended for guidance purposes only and should not be relied upon for insurance purposes. A qualified person should be consulted to provide a building survey for insurance purposes.

The estimate is as a guide for a modern replica of the subject building. It is inclusive of demolition costs, site clearance and professional fees, but makes no allowance for VAT.

Our informal estimate of the current reinstatement cost, on a day-one basis, is in the order of:

£500,000

(Five Hundred Thousand Pounds)

We will have no liability to you or any other party in respect of the informal reinstatement cost assessment.

Gerald Eve LLP is a national firm of chartered surveyors and property consultants with a network of nine offices and more than 500 employees.

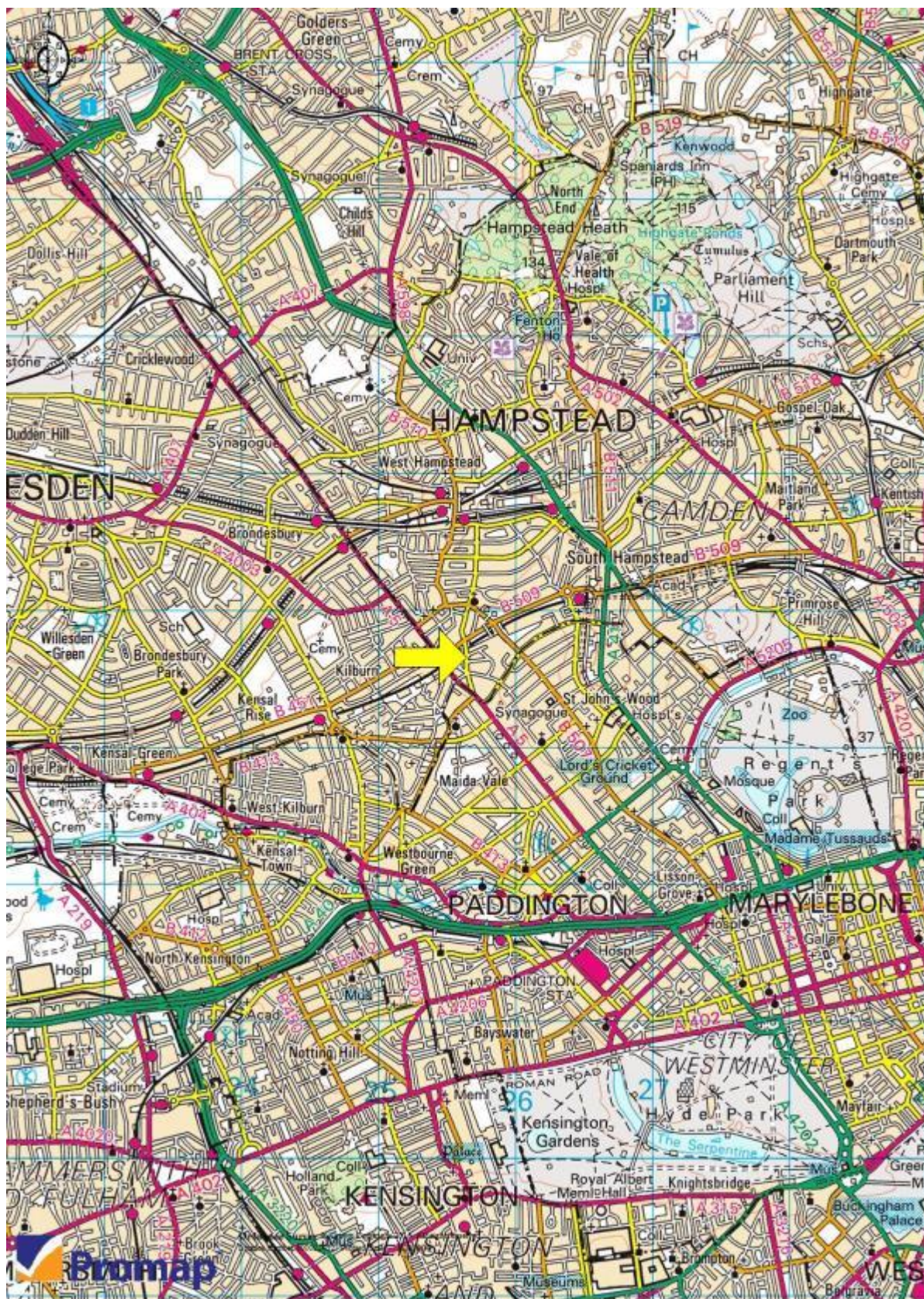
In addition to valuation our range of services includes occupational and investment agency, planning and development, every aspect of building consultancy, rent review and lease renewal instructions, compulsory purchase and compensation, business rates, property taxation and project services.

If we can assist you further with regard to the subject of this valuation or any other property related issue please do not hesitate to contact either of the signatories to this report.



 GERALDEVE

Appendix i – Location Map



Appendix ii – Ordnance Survey Map



Appendix iii – Photographs



Langtry Road looking east



Langtry Road looking west



Typical studio



Typical bathroom



Typical studio



Typical studio



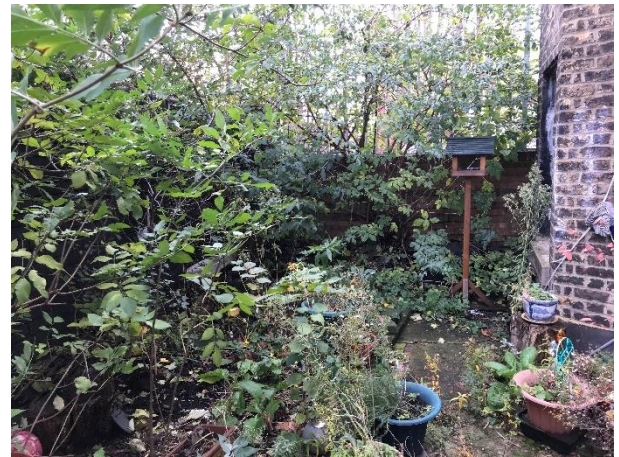
Typical bathroom



Typical studio



Rear yard



Rear yard

Report date: **03 June 2016**

Customer ref: **AL000929_ESC**

Property address: **9, Langtry Road, LONDON, NW8 0AJ**

Report Commissioned by: **Gerald Eve LLP**

On behalf of: **N/A**

Purpose of report: **Providing an investment valuation of the property**

Freehold or Leasehold: **Freehold**

Redevelopment Yes or No: **No - It is understood that there are no redevelopment plans for the site**

Argyll Environmental's professional opinion describes the level of risk associated with the information disclosed in the associated Enviroscreen data, as the following:

Property Assessment

PASSED

Property Value

Unlikely to have an adverse effect on the value of the property.

Contaminated Land

The property is unlikely to be designated "contaminated land" within the meaning of Part 2A of the Environmental Protection Act 1990.

Environmental Factors for consideration

In this case no environmental factors have been identified

Lending Risk Assessment

Passed

This property has passed for commercial lending purposes and as such has no significant liability to the lender regarding contamination risk.

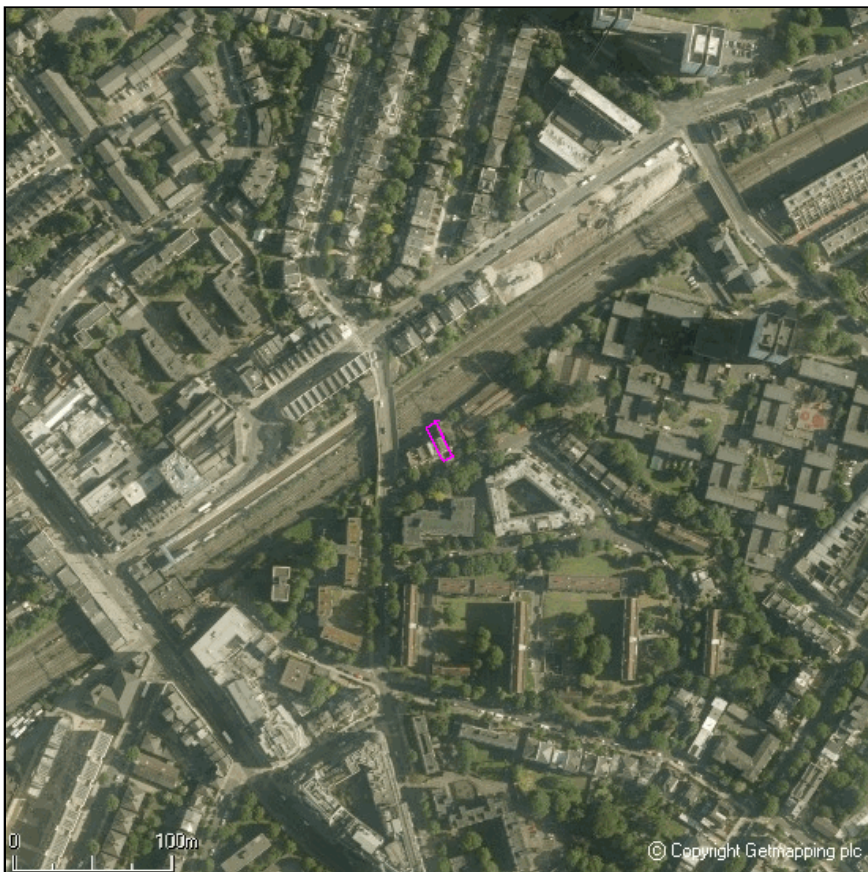
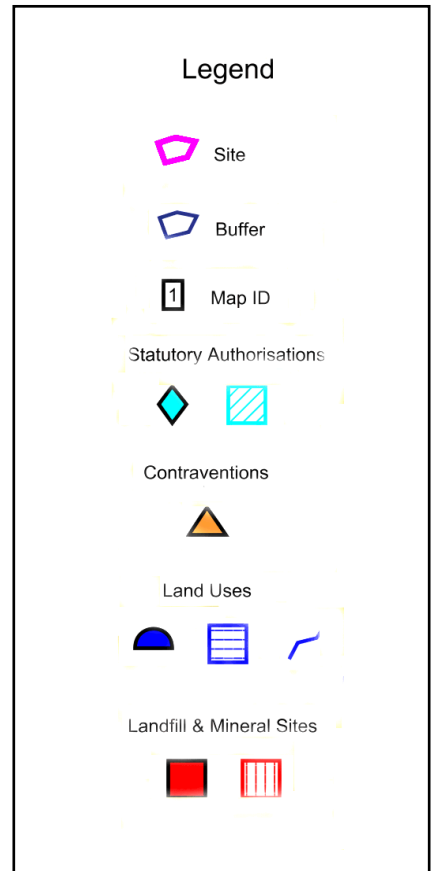
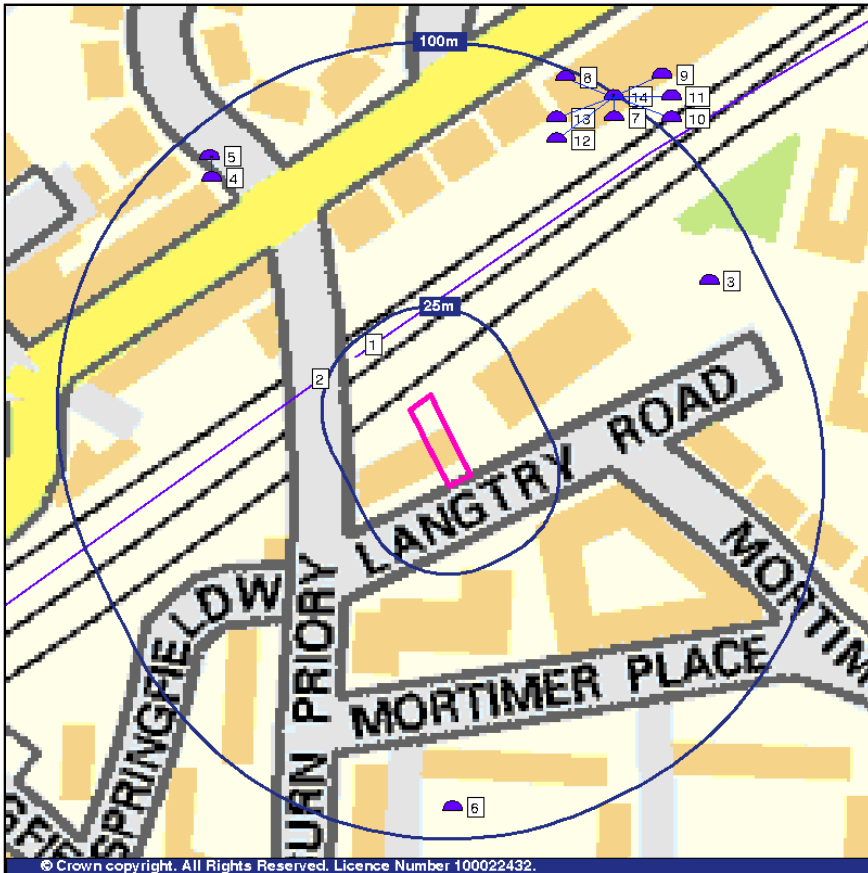
Based on valuation guidance from the RICS Red Book this report complies with UK GN1.1 - Appendix 2.2(E) Contamination and hazardous substances and valuation guidance from the RICS Red Book - Appendix 2.2(F) Environmental Matters.

Approved by:

Argyll Environmental Ltd



Site Address: 9, Langtry Road, LONDON, NW8 0AJ



Site Boundary: Total Area
0.02 Ha

Prepared For
Gerald Eve LLP
72 Welbeck Street
London
W1G 0AY

Client Ref
AL000929_ESC

Purchase Order No.
N/A

Client Name
N/A

Factors affecting the site

Map ID On Site 0 - 25m 25 - 100m

	Map ID	On Site	0 - 25m	25 - 100m
Historical Land Uses				
Potentially Contaminative Industrial Uses (Past Land Use)				
Railways, Date of mapping: 1874-1991	1		✓	
Railways, Date of mapping: 1874-1991	2			✓
Historical Tanks And Energy Facilities				
Electrical Sub Station Facilities, Scale of Mapping: 1:1,250, Date of Mapping: 1972	3			✓
Electrical Sub Station Facilities, Scale of Mapping: 1:2,500, Date of Mapping: 1970	4			✓
Electrical Sub Station Facilities, Scale of Mapping: 1:1,250, Date of Mapping: 1968 - 1972	5			✓
Electrical Sub Station Facilities, Scale of Mapping: 1:1,250, Date of Mapping: 1972	6			✓
Contemporary Trade Directory Entries				
Performance Auto Cars, ,Abbey Road Motorist Centre,131-179,Belsize Road,London, Car Body Repairs, Status: Inactive, Positional Accuracy: Manually positioned to the address or location	7			✓
Le Tour Worldwide, 131 Belsize Road,London, Car Engine Tuning & Diagnostic Services, Status: Inactive, Positional Accuracy: Manually positioned within the geographical locality	8			✓
Redglade Motors Ltd, ,Abbey Road Motorist Centre,131-179,Belsize Road,London, Car Body Repairs, Status: Inactive, Positional Accuracy: Automatically positioned to the address	9			✓
A.N.S., ,Abbey Road Motorist Centre,131-179,Belsize Road,London, Garage Services, Status: Inactive, Positional Accuracy: Automatically positioned to the address	10			✓
Travels Pest Control & Environmental Services, ,Abbey Road Motorist Centre,131-179,Belsize Road,London, Pest & Vermin Control, Status: Inactive, Positional Accuracy: Automatically positioned to the address	11			✓
Bonsai Recovery Ltd, ,Abbey Road Motorist Centre,131-179,Belsize Road,London, Car Breakdown & Recovery Services, Status: Inactive, Positional Accuracy: Manually positioned to the address or location	12			✓
Hampstead Blinds, ,Abbey Road Motorist Centre,131-179,Belsize Road,London, Blinds, Awnings & Canopies, Status: Inactive, Positional Accuracy: Manually positioned to the address or location	13			✓
Air Conditioning Centre, ,Abbey Road Motorist Centre,131-179,Belsize Road,London, Air Conditioning Equipment & Systems, Status: Inactive, Positional Accuracy: Manually positioned to the address or location	14			✓
Landfill & Mineral Sites				
Local Authority Landfill Coverage				
London Borough of Camden, - Has no landfill data to supply *	N/A			
Statutory Authorisations				
No features identified within this category	N/A			
Contraventions				
No features identified within this category	N/A			
Natural Features				
Extreme Flooding from Rivers or Sea without Defences				
No	N/A			

Factors affecting the site

Map ID On Site 0 - 25m 25 - 100m

	Map ID	On Site	0 - 25m	25 - 100m
Flooding from Rivers or Sea without Defences				
No	N/A			
Areas Benefiting from Flood Defences				
No	N/A			
Flood Water Storage Areas				
No	N/A			
Flood Defences				
No	N/A			
Groundwater Vulnerability				
Geological Classification: Non Aquifer (Negligibly permeable) - Formations which are generally regarded as containing insignificant quantities of groundwater. However, groundwater flow through such rocks, although imperceptible, does take place and needs to be considered in assessing the risk associated with persistent pollutants, Soil Classification: Not classified, Map Scale: 1:100,000	N/A	✓		
Drift Deposits				
No	N/A			
Radon Potential				
The property is in a lower probability radon area, as less than 1% of homes are above the action level	N/A	✓		
Radon Protection Measures				
None	N/A	✓		
Coal Mining Affected Areas				
In an area which may not be affected by coal mining	N/A			
Brine Compensation Area				
No	N/A			

Local Authority Landfill Coverage * if applicable. It has not been possible to obtain Landfill data from this authority therefore the fact that no local authority landfills are disclosed in this report does not necessarily confirm that no local authority landfills exist. We recommend that if you are concerned about landfill you should contact the relevant local authority. "-" denotes the nearest Local Authority Landfill Coverage.

Useful Contact Information

London Borough of Camden
Town Hall, Judd Street, London, WC1H 9JE
Telephone 020 7974 4444, Fax 020 7974 6866
info@camden.gov.uk
www.camden.gov.uk

Environment Agency National Customer Contact Centre (NCCC)
PO Box 544, Templeborough, Rotherham, S60 1BY
Telephone 03708 506 506
enquiries@environment-agency.gov.uk

British Geological Survey Enquiry Service
British Geological Survey, Kingsley Dunham Centre, Keyworth, Nottingham, Nottinghamshire, NG12 5GG
Telephone 0115 936 3143, Fax 0115 936 3276
enquiries@bgs.ac.uk
www.bgs.ac.uk

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THE
COAL
AUTHORITY



British
Geological Survey
NATURAL ENVIRONMENT RESEARCH COUNCIL

Additional Information

In completing this report Argyll Environmental has undertaken a review of the Enviroscreen data made available to it. No site inspection, further enquiries or investigation of surface or ground conditions has been carried out by Argyll Environmental. No information as to the age, value and type of property has been made available.

Surveyors are reminded to refer to the RICS guidance note 'Contamination, the environment and sustainability - Implications for chartered surveyors and their clients', published April 2010, and consider using the property observation checklists developed by the RICS for identifying apparent potential for contamination and recording observations made during the normal course of inspection. The checklists are contained at Appendices A-C of the above guidance note. Completion of these checklists does not constitute an environmental assessment for the purposes of Professional Indemnity Insurance where many surveyors are unlikely to have appropriate indemnity cover.

The information in this Enviroscreen® Certificate is derived from a number of statutory and non-statutory sources (refer to the user guide). Whilst every effort is made to ensure accuracy, Landmark cannot guarantee the accuracy or completeness of such information or data, nor to identify all the factors that may be relevant. If you are a private individual using this Certificate Landmark recommend that you discuss its contents in full with your professional advisor. It is essential to read this Certificate in conjunction with the User Guide and your attention is drawn to the scope of the Certificate section within the User Guide.

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Commercial Premises Environmental Insurance

Landmark information Group provides a link to Arlington Insurance Services Limited which is able to offer environmental insurance underwritten by ACE Insurance Group Limited for 9, Langtry Road, LONDON, NW8 0AJ. The insurance is subject to an Enviroscreen certificate report having been commissioned and a quote obtained from Arlington Insurance Services Limited.

Key policy Benefits:

- n Coverage for sudden and gradual pollution
- n Coverage for on-site and off-site first party cleanup
- n Automatic coverage for biodiversity damage
- n Damage to third party property, including diminution in value
- n Policy periods up to 5 years coverage
- n Limit of indemnity up to £5m
- n Self Insured Retentions from £2,500 per loss
- n Proactive claims support to minimise losses and their financial and reputational impacts on the business
- n Legal Defence Expenses

This statement does not contain the full terms and conditions of the coverage provided, which can be found in the policy document. The Environmental Impairment Liability (EIL) Policy is a claims-made policy offering a range of cover for gradual, sudden and accidental pollution resulting from the ownership, control and/or operation of premises.

Insurance Quotations

The Enviroscreen report has highlighted potential issues with the site at:
[9, Langtry Road, LONDON, NW8 0AJ](#)

These potential issues would need to be assessed by an environmental specialist before an indicative insurance quote is given.

Please telephone 020 7734 3346 to receive advice on insurance from an environmental specialist.

For further information please go to www.arlingtoninsuranceservices.com/environmental.

This insurance is offered by



ACE European Group Limited, ACE Building, 100 Leadenhall Street, London EC3A 3BP
Arlington Insurance Services Ltd, Goldsmith House, 137 Regent Street, London W1B 4HZ

Authorised and regulated by the Financial Services Authority

LANDMARK STANDARD TERMS & CONDITIONS

Full Terms and Conditions can be found on the following link:

<http://www.landmarkinfo.co.uk/Terms/Show/515>



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London
W1G 0AY

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Almack House
26 - 28 King Street
London
SW1Y 6QW
T +44 (0)20 3144 0200
F +44 (0)20 3144 0259
info@jordanbank.co.uk
www.jordanbank.co.uk

For the attention of Nigel Whitehurst

Date: 30th October 2019
Ref: GH/First light

Dear Sirs

RE: First Light Properties Limited

We write with reference to our e-mail exchanges and confirm our request to you to inspect and value the properties detailed on the attached schedule, on our behalf for Bank Mortgage purposes on a market value basis.

The properties have been valued by your firm previously and as such, we are happy for you to rely on your previous measurements.

The valuation is required with a view to providing a loan for a term of 3 years at a maximum percentage exposure of 70% against your valuation figures.

The details of the properties to be charged and the basis of the lettings are provided on the attached schedule.

When reporting, please also supply us with the following:-

- Your calculations used when arriving at your valuation for the properties in their existing condition.
- Your confirmation that you find the properties to be occupied in accordance with the information contained within the schedule.
- Your opinion as to whether you believe the rents are in line with current market rates.
- A valuation figure for the properties assuming a sale in a six month period.
- Confirmation that the properties are acceptable for Bank Mortgage purposes.
- A figure for fire insurance purposes for each property.
- Comments on the life of the building and state any factors which could affect the usage of the properties in the foreseeable future.



- The approximate age of the properties.
- Details of the internal and external construction, access and the possibility of any deleterious materials which may require further investigation.
- Quote specific measurements of the areas involved.
- A market commentary to include details of location, area, and any benefits and deterrents, and comment on the ability and time to let, re-let or achieve a sale.
- Provide details of the comparables used.
- Supply some photographs. External, internal and of the immediate surrounding area.
- Your confirmation that there is no conflict of interest in your reporting to us. We require you to declare any connection you may have had with our proposed borrower, or previous dealings with the property.

When reporting please give consideration to the following:-

- Obtaining a copy of the occupational lease agreements and let us have your comments as to content and suitability. If it is not available at the time of your reporting, we will forward it to you at a later date.
- Advise us whether there is any evidence based on your inspection of the properties and general and local knowledge and enquiries that the properties or those in the immediate vicinity may have at some stage had a contaminative use.

Your fee has been agreed at £8,000 (Plus VAT and disbursements) and I can confirm I hold funds to cover this cost.

Please address and send your invoice to Jordan International Bank Plc but marked as payable by "First Light Properties Limited".

We look forward to receiving your acceptance of this letter of instruction together with two copies of your report duly signed by a valuation partner who is either a Fellow or an Associate of the Royal Institution of Chartered Surveyors. Your fee account should also be forwarded directly to ourselves.

Please provide us with 2 copies of the report, following your initial draft submission by email to gary.heath@jordanbank.co.uk.

Yours faithfully
For and on Behalf of Jordan International Bank Plc

A handwritten signature in black ink, consisting of a series of overlapping loops and a long horizontal stroke extending to the right.

Agreed and Accepted
For Gerald Eve LLP

.....

..... Date

Schedule of Property Assets to be valued

Property Details	Rents
9 Langtry Road, London NW8 0AJ	£153,000
45 Walm Lane , London NW2 4QU	£73,296
81 Ashford Court, Ashford Road, Cricklewood London, NW6 6BP	£16,800
128 Ashford Court, Ashford Road, Cricklewood London, NW6	£18,192

**GERALDEVE**72 Welbeck Street, London, W1G 0AY
www.geraldeve.com**F.A.O. Gary Heath
Jordan International Bank Plc
Almack House
26-28 King Street
London
SW1Y 6QW**

8 November 2019

Our Reference: U0012011

Dear Gary,

Properties: 9 Langtry Road, London, NW8 0AJ
45 Walm Lane, London, NW2 4QU
81 Ashford Court, Ashford Road, Cricklewood, London, NW6 6BP
128 Ashford Court, Ashford Road, Cricklewood, London, NW6 6BP

Engagement

We refer to your instructions, received on 30 October 2019, for Gerald Eve LLP to value the properties identified above. Under the terms of the Valuation – Global Standards 2017 of the Royal Institution of Chartered Surveyors (RICS), we are required to set out our conditions of engagement and the assumptions to be made in carrying out your instructions. We refer in this letter to those Global Standards and the national standards and guidance set out in UK national supplement 2018 [collectively “the Standards”].

Introduction

The signatory to this ‘Engagement Letter’ shall be the valuer responsible for this instruction. Other partners and staff of Gerald Eve LLP may be involved in this instruction under their direction, and the term “we” and “our” in this letter refer to this team and the firm collectively.

We confirm that the valuations will be prepared by RICS Registered Valuers in accordance with the requirements of the Standards and shall represent our honest and objective opinion of the value of the properties. We also confirm that we have current local and national knowledge of the particular market and the skills and understanding to competently prepare the valuations.

This ‘Engagement Letter’ is accompanied by and should be read in conjunction with our ‘General Valuation Assumptions’, which apply to all valuation work carried out by Gerald Eve LLP, and our ‘Terms of Engagement’, which apply to all work carried out by Gerald Eve LLP.

Our ‘General Valuation Assumptions’ and our ‘Terms of Engagement’ are included at Appendix i and Appendix ii respectively and will prevail unless explicitly agreed otherwise in either this ‘Engagement Letter’ or our ‘Valuation Report’. This letter together with its appendices forms the Contract between Jordan International Bank Plc and Gerald Eve LLP.

Status of Valuer

We shall be acting as an External Valuer for the purpose of this instruction. An External Valuer is defined in the Standards as below.

"A valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client, or the subject of the assignment".

We confirm that we have carried out the necessary checks and are not aware of any conflict of interest in respect of this instruction.

We have previously advised valued other properties owned by the borrower but do not consider any conflict of interest to have arisen as a result.

Purpose of Valuation

The purpose of the valuation is for secured lending.

Subject of Valuation

The interests to be valued are detailed below.

The freehold interests in 9 Langtry Road (end of terrace Regency house comprising 11 studios) and 45 Walm Lane (an end of terrace Victorian building comprising a ground floor retail unit with 2 x 3 bed maisonettes above and a 2 bed ground floor flat at the rear) and 189-year leasehold interests in 81 (a 1 bed 4th floor flat) and 128 (a 2 bed 1st floor flat) Ashford Court, a 1950's purpose built residential block.

Bases of Value

The valuations are to be prepared in accordance with the following bases of value, as defined by the Standards.

Market Value

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

Market Rent

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

Special Assumptions

In addition to the bases of value we will also report the valuations subject to the following Special Assumption.

Market Value assuming a 6-month sale period.

Market Value subject to the Special Assumption of vacant possession.

Assumptions

The extent of our enquiries and the information provided to us will deem it necessary to make a number of assumptions in order to complete the valuations. These assumptions are detailed in our 'General Valuation Assumptions' attached at Appendix i.

Tenure

As stated above, it is the freehold and leasehold interests in the subject premises which are to be valued.

We shall not arrange to inspect the title deeds nor make other title investigations. If we are provided with a report on title we shall give consideration to and comment on its content in our Valuation Report. Otherwise, we shall assume a good clean and marketable title in accordance with our 'General Valuation Assumptions'. We recommend that your solicitors verify that these assumptions are appropriate.

Tenancy

We understand that the subject premises are currently let on 16 ASTs to residential tenants and a local retail occupier on a 15-year FRI lease expiring on 30 June 2027 at a rent of £13,500 pa subject to 5 yearly upwards only rent reviews.

We have been provided with copy ASTs and the lease for the retail unit which we shall rely upon as being good and accurate for the purpose of the valuation.

We shall make certain market-typical assumptions in respect of those terms not provided to us. Where this is the case the assumed terms will be clearly stated in our 'Valuation Report'. We recommend that your solicitors verify that these assumptions are appropriate.

Inspection

We shall carry out an inspection of the subject premises and the immediate locality in order to ascertain their configuration, specification, condition and setting. Not being afforded access to all parts of the subject premises may reduce the accuracy of the values reported.

Our inspection will be for valuation purposes only and will not constitute a building survey. Accordingly we will not make investigations into the soundness or otherwise of the building structure and fabric, nor the ground conditions.

Our inspection will be for valuation purposes only and will not involve any on-site environmental investigations. We will, however, commission an Enviroscreen desktop environmental survey and comment on its findings within our 'Valuation Report'.

Measurement

We have previously carried out a full measured survey of the subject premises. Unless we note any material changes to the size of the subject premises we shall rely upon the floor areas calculated from our previous measured survey. If you are aware of any material changes to the size of the subject premises since our original inspection dates on 7 June 2016 (9 Langtry Road), 30 January 2017 (45 Walm Lane) and 29 January 2018 (81 and 128 Ashford Court) when we previously measured then please bring this to our attention.

Information

The valuations will be dependent upon the accuracy of the information provided or to be provided to us.

It is assumed that all information likely to have an effect on the value of the subject premises will be provided to us by you, your professional advisers, your client and your client's professional advisers and that no such information will be intentionally withheld. Likewise, it is assumed that the information provided or to be provided to us is correct and complete.

If subsequently it should transpire that information was incorrect or inadequate, the accuracy of the valuations may be affected and we reserve the right to make appropriate amendments.

Currency

The valuations shall be reported in pounds sterling (£).

Valuation Date

The valuation date shall be the date of our Valuation Reports.

Fee

Our fee for this instruction will be £8,000 plus VAT. This fee is inclusive of our expenses.

Publication

In accordance with the requirements of the RICS, neither the whole nor any part of our 'Valuation Report', nor any reference thereto, should be included in any published document, circular or statement, nor published in any way without the prior written approval of Gerald Eve LLP, as to the form and context in which it may appear, such approval not to be unreasonably withheld.

Responsibility

The valuations will be provided for the stated purpose only and are solely for you and your professional advisers' use. The undersigned, the signatories to the 'Valuation Report' and Gerald Eve LLP will have no liability or responsibility whatsoever to any other party.

Professional Indemnity Insurance

We confirm that we have professional indemnity insurance in place and that our maximum liability for all advice and services provided in connection with this project both before and after the date of this 'Engagement Letter' shall not in aggregate exceed £5,000,000 (five million pounds). This limitation shall apply to you (together with any Associated Person as identified herein for whom you are acting as agent in relation to the Contract) on any basis for any losses, damages, costs or expenses arising from or in connection with our services in relation to this instruction.

Complaints Procedure

We are required to inform you, under the RICS Rules of Conduct, that Gerald Eve LLP operates a complaints handling procedure and a copy of this can be provided on request. In the unlikely event that you have reason to make such an enquiry, this should be addressed to the managing partner, Simon Rees.

Investigation

In accordance with the Standards we are required to draw your attention to the possibility that the valuations to which this 'Engagement Letter' relates may be investigated by the RICS for the purposes of the administration of their conduct and disciplinary regulations.

We trust that this 'Engagement Letter' satisfactorily outline the service we will be providing to you. If you should any questions in this respect please do not hesitate to contact us.

We shall begin work on the instruction once we have received back a countersigned copy of this 'Engagement Letter'.

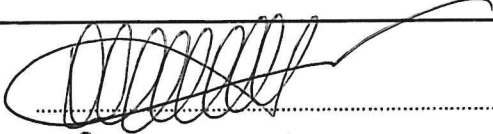
Yours sincerely



Nigel Whitehurst MRICS, RICS Registered Valuer
Partner

For and on behalf of Gerald Eve LLP
020 7333 6272
07551 170514
nwhitehurst@geraldeve.com

Gerald Eve LLP is a limited liability partnership registered in England and Wales (registered number OC339470) and is regulated by the RICS. The term partner is used to refer to a member of Gerald Eve LLP or an employee or consultant with equivalent standing and qualifications. A list of members and non-members who are designated as partners is open to inspection at our registered office; 72 Welbeck Street, London W1G 0AY and on our website.

Countersigned by:  [signature]
Name: GARY HEATH [print name]

Date: [date]

For and on behalf of Jordan International Bank Plc in acceptance of this 'Engagement Letter', including the 'General Valuation Assumptions', and 'Terms of Engagement' included as appendices hereto.

Gerald Eve LLP is a national firm of chartered surveyors and property consultants with a network of nine offices and more than 400 employees.

In addition to valuation our range of services includes occupational and investment agency, planning and development, every aspect of building consultancy, rent review and lease renewal instructions, compulsory purchase and compensation, business rates, property taxation and project services.

Appendix i – 'General Valuation Assumptions'

Detailed below are the assumptions made in relation to the valuation(s) reported herein. These prevail unless explicitly agreed otherwise in either our 'Engagement Letter' or 'Valuation Report'.

The assumptions are written in the singular. Where the reported valuation(s) refers to two or more properties these terms and conditions should also be taken to apply in the plural.

If any of the assumptions should prove inaccurate or inappropriate then the accuracy of the reported valuation(s) may be affected and we reserve the right to make appropriate amendments.

General

1. We have been supplied with all information likely to have an effect on the value of the subject premises and no such information has been intentionally withheld.
2. All information supplied to us by you, your professional advisers, your client and your client's professional advisers is correct and complete.

Statutory & Regulatory

3. The subject premises are fully compliant with all statutory regulations.
4. The subject premises benefit from full planning consent for their current use and any conditions relating to such have been fully met and complied with.
5. The subject premises are fully compliant with all building regulations.
6. There are no outstanding planning or building regulation enforcement notices relating to the subject premises.
7. The subject premises are not and will not be subject to any compulsory purchase order.
8. The subject premises are not and will not be adversely affected by any highways proposal or nearby planning application which would be identified by a local search.
9. Where relevant, necessary notices have been served on any residential tenants which may have the right to acquire an superior interest in the subject premises under the Landlord and Tenant Act 1987 and such tenants have elected not to acquire the superior interest.

Tenure & Tenancy

10. The interest in the subject premises valued herein is free and clear of all mortgages or other charges on or over it.
11. The interest in the subject premises valued herein has a good and marketable title free from any encumbrances, unduly onerous or unusual easements, rights of way, rights of light, restrictions, outgoings or conditions which would have an adverse effect upon value.
12. All the covenants in any leases or headleases have and will continue to be complied with, there are no disputes with any tenants or lessors and no notices have been received from any lessors or tenants which would adversely affect the valuation reported herein.
13. In respect of all rent reviews, lease renewals and potential compensation claims under the Landlord & Tenant Act 1927 there have been no tenant's improvements made to the subject premises.

Material

14. The subject premises are, or are capable of being, without undue expense, connected to the public services of electricity, gas, sewerage, telephone and water.
15. All building services and utilities are fully operational and free from any defect whatsoever.
16. All elements of the subject premises which form part of its integral structure, are unexposed and/or are inaccessible are in good repair and free from any defect whatsoever.
17. The building fabric of the subject premises do not contain any hazardous or deleterious materials nor do they suffer from any rot, infestation or latent material defect.
18. The subject premises have been constructed in an appropriate manner given the ground conditions and the load bearing capacity of the site.

Environmental

19. There are no actual or potential environmental or contamination matters, affecting the water, ground or air which form part or all of the subject premises.
20. There are no abnormal ground conditions or archaeological remains present.
21. The properties do not have EPC ratings of either 'F' or 'G' and no extraordinary capital expenditure would be required in order to get them into a saleable and/or lettable condition in accordance with the Energy Act 2011.
22. Any processes which are carried out at the subject premises which are regulated by environmental legislation are appropriately licensed by the relevant authority.

Taxation

23. No allowance has been made to reflect any CGT or other taxation liability that that may arise upon disposal.
24. The valuation reported herein is exclusive of VAT (if applicable).
25. No allowance has been made to reflect any liability to repay any government or other grants or taxation allowance that may arise upon disposal.
26. For property valued using the investment method, SDLT has been allowed for at the following rates.

Commercial & Mixed Use

Charged at different rates depending on the portion of the purchase price that falls within each rate band:

Up to £150,000	0%
£150,001 to £250,000	2%
Over £250,001	5%

Residential

Charged at different rates depending on the portion of the purchase price that falls within each rate band:

Up to £125,000	0%
£125,001 to £250,000	2%
£250,001 to £925,000	5%
£925,001 to £1,500,000	10%
Over £1,500,001	12%
Company > £500,000	15%

In addition, the cost of agency and legal fees upon acquisition have also been allowed for at a combined rate of 1.8%.

Other

27. Building insurance covering the subject premises is and will continue to be available on commercially acceptable terms. This building insurance will provide cover in respect of matters including but not limited defective construction, an increased risk of flooding, fire, and terrorism.
28. No value has been attached to any goodwill associated with the subject premises as a result of its present or past occupation.
29. No value has been attached to any chattels (including stock or furniture).
30. No value has been attached to any tenant-owned fixtures.
31. No value has been attached to any plant and machinery not forming part of the service installations of the building.
32. No allowance has been made for any expenses of realisation.

Appendix ii – ‘Terms of Engagement – General’

Detailed below are the ‘Terms of Engagement’ which apply to all work carried out by Gerald Eve LLP. These prevail unless explicitly agreed otherwise in our ‘Engagement Letter’.

Introduction

Gerald Eve LLP is a limited liability partnership incorporated in England and Wales (registered number OC339470) whose registered office is at 72 Welbeck Street, London W1G 0AY. Gerald Eve LLP is regulated by the Royal Institution of Chartered Surveyors (“RICS”).

When instructed to advise on a new matter, Gerald Eve LLP will normally send a letter confirming the instruction, except where a formal fee bid or formal proposal has been made and accepted (the letter, fee bid or proposal are referred to in this document as “the Engagement Letter”). The terms of the Engagement Letter will, together with the terms contained in this document (the “Terms of Engagement”), apply to the relationship between Gerald Eve LLP and its client.

References in these Terms of Engagement to:

“Gerald Eve”, “we”, “us” and “our” are to Gerald Eve LLP.

“the Client”, “you” and “your” are to the company, organisation or person to whom Gerald Eve LLP will provide the Services under the Contract.

“the Contract” are to the Engagement Letter and these Terms of Engagement together.

“Partner” are to a title referring to a member of Gerald Eve LLP or an employee or consultant with equivalent standing and qualifications. A list of partners of Gerald Eve LLP is available for inspection at 72 Welbeck Street, London W1G 0AY.

“Services” are to the services that Gerald Eve LLP will provide the Client under the Contract.

Any replacement of, or variation to, the Contract shall be binding on Gerald Eve LLP and you only when agreed in writing by both parties. No representation about or in relation to the Services shall have any effect unless expressly agreed in writing by Gerald Eve LLP and you as a specific variation to the Contract. Gerald Eve, however, reserves the right to vary these Terms of Engagement from time to time for legal or regulatory reasons, and will provide the Client with reasonable notice of such variation. Once agreed to by the Client, the Contract will remain binding and in effect unless and until terminated in accordance with its terms.

Any dates specified in the Contract for performance of the Services by Gerald Eve LLP are, unless otherwise stated in the Engagement Letter, intended to be an estimate only and the Client shall not be entitled to terminate the Contract or recover losses incurred as a result of any delay in Gerald Eve providing or performing the Services.

If there is any inconsistency between the Engagement Letter and these Terms of Engagement, the Engagement Letter shall prevail.

The Services, and the fees and expenses to be paid by you, shall be as set out in the Engagement Letter.

Insurance & Liability

Gerald Eve shall have and keep in effect professional indemnity insurance in no less than the minimum sum as from time to time prescribed by RICS in respect of its appointment under the Contract. Gerald Eve shall produce evidence on request from the Client that appropriate professional indemnity insurance has been effected and remains in effect.

Gerald Eve shall provide the Services with reasonable skill, care and diligence and acknowledges that (save as otherwise provided in these Terms of Engagement) Gerald Eve will be liable to you for losses, damages, costs or expenses (“losses”) directly caused by its negligence or wilful default.

Gerald Eve shall have no liability for: (i) losses where there is no breach of the Contract or of a legal duty owed to the Client by us; (ii) losses that are not a reasonably foreseeable result of any such breach by us; (iii) any increased losses resulting from breach of the Contract by the Client; (iv) any business losses and/or losses to non-consumers.

Gerald Eve will not be liable for any losses under any circumstances which are due or in any respect attributable to the provision of false, misleading or incomplete information or documentation by any party other than Gerald Eve or losses which are due to any acts or omissions of any person other than Gerald Eve or due to any cause beyond Gerald Eve’s reasonable control.

The liability of Gerald Eve LLP shall be limited to the maximum amount specified in the Engagement Letter or if no sum is specified, the sum of £5 million and Gerald Eve LLP shall have no liability for any losses in excess of such maximum amount. The exclusions and limitations in these Terms of Engagement will not operate to exclude or limit any liability for fraud or liabilities which cannot lawfully be limited or excluded. For the avoidance of doubt nothing in the Contract shall exclude Gerald Eve’s liability for death or personal injury caused by its negligence.

By accepting our Terms of Engagement you are agreeing that Gerald Eve alone will provide our services to you and you agree not to bring any claim whether in contract, tort, under statute or otherwise against any individual member, employee or consultant of Gerald Eve.

If you have agreed a limitation or exclusion of liability with any other person (for example, another adviser) in connection with a matter in

which we are advising you, you agree that we will not be liable to you for any amount which we would have been able to recover from that other person by way of indemnity, contribution or otherwise but are unable to recover because you agree, or are treated as having agreed, with them any limitation or exclusion on their liability.

If you start proceedings against us to claim for losses and there is another person who is liable (or potentially liable) to you in respect of the same losses, then you will if we so request join them into the proceedings, subject to any legal prohibition against your joining them in that way.

All warranties, conditions and other terms implied by statute or common law are, to the maximum extent permitted by law, excluded from the Contract.

No third party may rely upon the advice or services provided to the Client under the Contract without the prior written consent of Gerald Eve. The advice and services provided by Gerald Eve will be provided to the Client only and will not be provided to any other party and, to the maximum extent permitted by law, we will not accept or assume responsibility to anyone other than the Client.

Payment of Fees

The fees payable by the Client for the Services will be set out in the Engagement Letter and are in all cases quoted exclusive of Value Added Tax (VAT) and disbursements. Unless otherwise stated, disbursements which will be payable by you in certain circumstances as set out in the Engagement Letter and as agreed with you prior to such disbursements being incurred.

Gerald Eve shall be entitled to render fee accounts monthly in arrears unless otherwise agreed with you.

Fee accounts will, unless otherwise agreed, be addressed by Gerald Eve to you and you will be responsible for their payment, notwithstanding that another party may have agreed to pay or reimburse part or all of the fees or disbursements.

Payment is to be made (including in the case of termination under 24 below) on receipt of the invoice or fee account by the Client or its solicitor, agent or representative.

All sums payable under the Contract are subject to VAT at the prevailing rate. Gerald Eve reserves the right to charge interest, both before and after judgment, at the rate of 3% per annum above the published base rate for Barclays Bank Plc accruing on a daily basis from the date which is 30 days after the date of the invoice until payment is made.

Termination of Contract

Unless provided otherwise in the Engagement Letter, you may terminate the Contract at any time by giving us not less than four weeks' notice in writing.

Gerald Eve shall be entitled to terminate the Contract immediately by giving notice in writing in the event that:

you become bankrupt or insolvent, including making a composition or arrangement with your creditors, you become subject to an administrative order, you go into liquidation or your assets are taken over by a third party;

Gerald Eve gives you written notice specifying a breach or breaches of the Contract and you have failed within 30 days of the service of such notice to remedy such breach or breaches;

performance or provision of the Services has been suspended for reasons beyond the reasonable control of either party for more than 28 days; or

you fail to give clear or proper instructions, within a reasonable period after being requested in writing by Gerald Eve to do so, on how Gerald Eve is to proceed, or you give instructions which conflict with the rules of professional conduct which apply to chartered surveyors.

If the Contract is terminated for any reason Gerald Eve shall be entitled to payment of fees earned and expenses incurred by Gerald Eve for the Services performed up to the date of such termination.

Retention of Documents

Gerald Eve will retain all files and documents for a reasonable period, which will in any event be not less than six years after performance of the Services is completed or terminated, but thereafter may dispose of them unless requested in writing by you not to do so. Gerald Eve reserves the right to make a charge for the costs incurred in storing or retrieving files and documents after the six-year period.

Conflicts of Interest and Confidentiality

It is Gerald Eve's practice to check for conflicts of interest before accepting instructions. You accept however that Gerald Eve provides a range of professional services to clients and that there can be no certainty that all situations where a conflict of interest may arise will be identified. You therefore undertake to notify Gerald Eve promptly of any conflict or potential conflict of interest relating to the provision of the Services of which you are, or become, aware. Where a conflict or potential conflict is identified by either party, and Gerald Eve believes that your interests can be properly safeguarded by the implementation of appropriate procedures, Gerald Eve will discuss and seek to agree such procedures with you.

Save as agreed with you or as required by law or regulation, professional duty or as is necessary to protect Gerald Eve's own legitimate interests, Gerald Eve shall not disclose to any other person (except its own advisers) any confidential information relating to you or your business which is provided or obtained during the provision of the Services.

Gerald Eve is registered under the Data Protection Act 1998, with which we undertake to comply in all our dealings with your personal

data. We will keep your personal information secure. Occasionally, we may contact you by telephone, letter, email or otherwise to inform you about other products or services we offer. We try to limit this contact to acceptable levels, but if you wish to exercise your right to opt out, simply write to the following address: 72 Welbeck Street, London W1G 0AY.

You accept that Gerald Eve owes a duty of confidentiality to all of its clients and accordingly that it will not be required to disclose to you, or to use on your behalf, any documents or information in its possession and in respect of which a duty of confidentiality is owed to another client or former client.

Intellectual Property Rights

Gerald Eve will retain copyright and all other intellectual property rights in all documents and other works we develop or generate for you in providing the Services. We grant you a non-exclusive, non-transferable, royalty-free licence to use such documents or other works solely for purposes relating to the Services provided by Gerald Eve.

Money Laundering Regulations

Under anti-money laundering laws, Gerald Eve will require formal evidence of your identity before accepting or acting on instructions. We are required to report suspicions of money laundering activity to the relevant authorities, and we may not be permitted to tell you if we make such a report.

It is the policy of Gerald Eve not to accept cash payments or deposits in excess of 15,000 euros (or the sterling equivalent) or linked payments or deposits the total of which would exceed that amount.

By entering into the Contract, you accept that the duties and constraints imposed on Gerald Eve by the relevant legislation may have to take precedence over instructions received from you where such instructions, if acted upon, would or may result in an offence or a breach of duty by Gerald Eve under the legislation.

General Matters

Gerald Eve may assign the benefit of a Contract to any partnership or corporate entity (including a limited liability partnership) which carries on its business in succession to it. Such assignee may also assume all of Gerald Eve's obligations under the Contract, and you will accept the performance by such assignee of the Services in substitution for the performance by Gerald Eve. Other than as envisaged by this paragraph 34, neither Gerald Eve nor you may assign or transfer the benefit or burden of the Contract without the written consent of the other party.

Any notice required to be given by one party to the other shall be in writing and shall be served by first class post to, or by delivery to, the last known address of the other party. If delivered by hand, such notice shall be deemed to have been received on the date of delivery and, if sent by post, shall be deemed served on the second working day after posting.

In the event that any of the terms or provisions of the Contract are found to be invalid, illegal or unenforceable in any respect, the remainder of the Contract shall remain valid and enforceable.

Failure or delay by Gerald Eve in enforcing or partially enforcing any provision of the Contract will not be considered as a waiver of any of its rights under the Contract.

The parties to this Contract do not intend that any term of this Contract will be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person that is not a party to it. Accordingly no third party shall have any right to enforce or rely on any provision of the Contract.

These Terms of Engagement shall be governed and interpreted in accordance with the laws of England and each of the parties submits to the non-exclusive jurisdiction of the English Courts.

The Engagement Letter and these Terms of Engagement constitutes the whole agreement between the parties relating to the Services and replaces any previous agreements and arrangements whether written or oral relating to this subject matter.

Complaints Procedure

In accordance with the RICS Rules of Conduct a copy of Gerald Eve's complaints procedure is available on request.

Appendix iii – Abbreviations

Abbreviations used within this 'Engagement Letter' and our 'General Valuation Assumptions' are defined below.

ADR	Average Daily Rate
AGA	Authorised Guarantee Agreement
AST	Assured Shorthold Tenancy
BREEAM	Building Research Establishment Environmental Assessment Method
CGT	Capital Gains Tax
EPC	Energy Performance Certificate
FF&E	Furniture, Fixtures and Equipment
FMS	Fair Market Share
FRI	Full Repairing and Insuring
GIA	Gross Internal Area
GOP	Gross Operating Profit
ITZA	In Terms of Zone A
MOD	Minor Operated Department
MPI	Market Penetration Index
MR	Market Rent
MV	Market Value
NIY	Net Initial Yield
NIA	Net Internal Area
pa	Per Annum
pcm	Per Calendar Month
psf	Per Square Foot
psm	Per Square Metre
pw	Per Week
RGI	Revenue Generation Index
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Price Index
RevPAR	Revenue Per Available Room
sq ft	Square Feet
sq m	Square Metres
UBR	Uniform Business Rate (multiplier)
VAT	Value Added Tax
ZA	Zone A

Appendix vi – Terms and Conditions

These are the general terms and conditions upon which our valuation and report are prepared, unless agreed otherwise in writing or stated otherwise in the body of this report. The below terms and conditions are written in the singular. Where the reported valuation(s) refer to two or more properties these terms and conditions should also be taken to apply in the plural.

Bases of Valuation

We have carried out our report and valuation in accordance with the Valuation – Global Standards 2017 of the Royal Institution of Chartered Surveyors (RICS). We refer in this report to those Global Standards and the national standards and guidance set out in UK national supplement 2018 [collectively “the Standards”]. In accordance with the Standards, we have valued on the basis of Market Value and Market Rent subject to any special assumptions, which are set out herein. The definitions of these valuation bases are given below:

Market Value (MV):

VPS 4 (4) of the Standards defines Market Value as (as defined in IVS 104 paragraph 30.1):

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

Market Rent (MR):

VPS 4 (5) of the Standards defines Market Rent as (as defined in IVS 104 paragraph 40.1):

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

A full commentary on the meaning of and implicit assumptions within these definitions is included in the Standards and we can provide a copy of this on request.

Valuation Assumptions:

We have made the following assumptions:

1. All valuations are carried out in accordance with the Valuation – Global Standards 2017 of the Royal Institution of Chartered Surveyors (RICS). We refer in this report to those Global Standards and the national standards and guidance set out in UK national supplement 2018 [collectively “the Standards”].
2. All information supplied to us by your Client, yourselves, or your professional advisers, or any other named party, is assumed to be correct and complete.
3. We have not had access to the title deeds of the property and are therefore unable to comment as to whether they are free from, for example, any onerous or unusual covenants, restrictions, outgoings, or statutory notices likely to have an adverse effect upon the value of the property. We have assumed for the purpose of our valuation that none such exist.
4. Generally, plans and maps provided for identification purposes only are reproductions of Ordnance Survey maps with the sanction of the Controller of HM Stationery Office, Crown Copyright reserved, and are based on a scale of 1:1,250 or are location maps based on a scale of 1:50,000 and provided by Promap.
5. All the covenants in any Headleases have been complied with and there are no disputes with the Lessors or notices received from the Lessors or Lessees which would adversely affect the valuation.

6. Unless our enquiries have indicated otherwise, it is assumed the property's use is duly authorised or established with the local planning authority and that no adverse planning conditions or restrictions apply. It should be noted that employees or Town Planning Departments now give information on the basis that it should not be relied upon and, therefore, we advise that formal searches are undertaken if greater certainty is required.
7. It is assumed that each property is not occupied and used with, nor that the premises have been, or are, being, put to any contaminative use. This might reduce the values now reported.
8. In the absence of any information to the contrary, no allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972.
9. The Landlord and Tenant Act 1987 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 any sale on the open market is unrestricted.
10. We have inspected and carried out a measured survey of the property in accordance with the Code of Measuring Practice (6th Edition) prepared by the Royal Institution of Chartered Surveyors. Unless otherwise stated, it is assumed that the building has been constructed and is being occupied and used with all requisite consents and in compliance with valid Town Planning and Building Regulations approval and has the benefit of a current Fire Certificate and that the property complies with all relevant statutory regulations.
11. We have not undertaken a building survey, nor have we tested any services or inspected woodwork or other parts of the structure, which are covered, unexposed or inaccessible. Therefore these parts are assumed to be in good repair and condition and the services in full working order.
12. The Government requires an Energy Performance Certificate (EPC) to be produced for property transactions including the sale, rent or construction of both residential and non-residential dwellings. For the purposes of this valuation we have not been provided with a copy of an EPC for the premises. Our valuation is based on the assumption that any transaction will be conducted in accordance with the aforementioned legislation.
13. We have not arranged for any investigation to determine whether high alumina cement concrete, calcium chloride additive, blue asbestos or any other deleterious or hazardous material has been used in the construction, and we cannot therefore confirm that the property is free from risk in this regard. Our valuation has been prepared on the assumption that any investigation would not reveal the presence of such materials.
14. We have not undertaken any site investigation, geological, mining or geophysical survey and therefore cannot clarify whether the ground has sufficient load-bearing strength to support any of the existing buildings or any other constructions that may be erected in the future.
15. We have not included plant and machinery not forming part of the service installations of the building. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools. Furthermore, no account of any goodwill, that may arise from the present occupation of the property, is allowed for in our valuation.
16. This report gives no warranties as to the condition of the structure, foundations, soil and services.

17. We have not instigated any environmental audit or other environmental investigation or soil survey on the property which may evidence any contamination or the possibility of any such contamination. Therefore we have assumed that there has been no contaminative or potentially contaminative uses ever carried out in the property. Should it be established that contamination, seepage or pollution exists at the property or on any neighbouring land or that the premises have been, or are being, put to a contaminative use (unless stated otherwise in our report) then this might affect the values stated in the report.
18. i) There are no abnormal ground conditions, archaeological remains, or hazardous or deleterious materials present which might adversely affect the present or future occupation, development or value of the property;
- ii) The property is free from rot, infestation, structural or design defect;
- iii) No high alumina cement or other currently known prohibited or suspect materials or techniques have been used in the construction of, or any subsequent alterations or additions to, the property;
- iv) The property is not contaminated and is not adversely affected by the Environmental Protection Act 1990 or any other environmental law; and
- v) Any processes carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities and operated in accordance with the licence.

If any of the above assumptions prove to be inappropriate, then the value of the property concerned may be lower

19. We have not included any allowance in our valuation for works that might become necessary to enable access for disabled persons under the Equality Act 2010.
20. In respect of commercial and residential premises valued on a yield basis, the Market Value reported is the gross amount paid for the subject interest, less an allowance for standard purchasers costs, calculated as 1.8% in respect of agents' and legal fees, together with stamp duty liability, as follows:

<u>Commercial & Mixed Use</u>		<u>Residential</u>	
Charged at different rates depending on the portion of the purchase price that falls within each rate band:		Charged at different rates depending on the portion of the purchase price that falls within each rate band:	
Up to £150,000	0%	Up to £125,000	0%
£150,001 to £250,000	2%	£125,001 to £250,000	2%
Over £250,001	5%	£250,001 to £925,000	5%
		£925,001 to £1,500,000	10%
		Over £1,500,001	12%
		Company > £500,000	15%

21. We have taken no account of any other taxation liability that may arise on disposal, nor of any costs associated with either acquisition or disposal incurred by the owner. In addition, no allowance has been made to reflect any liability to repay any government or other grants or taxation allowance that may arise on disposal.
22. Unless stated to the contrary, all rental and capital values stated are exclusive of VAT at the prevailing rate.
23. Our valuation report has been based upon a number of assumptions stated therein. If any assumptions are proved to be incorrect, we wish to reserve the right to alter our opinion of value accordingly.



24. Our maximum liability for all advice and services provided in connection with this project both before or after the date of this letter shall not in the aggregate exceed £5,000,000 (five million pounds). This limitation shall apply to our aggregate liability to you (together with any Associated Person as identified in our Terms of Engagement for whom you are acting as agent in relation to the Contract) on any basis for any losses, damages, costs or expenses (“losses”) arising from or in connection with our services in relation to this project.

Appendix vii – Abbreviations

Abbreviations used within our reports are defined below.

ADR	Average Daily Rate
AGA	Authorised Guarantee Agreement
AST	Assured Shorthold Tenancy
BREEAM	Building Research Establishment Environmental Assessment Method
EPC	Energy Performance Certificate
FF&E	Furniture, Fixtures and Equipment
FMS	Fair Market Share
FRI	Full Repairing and Insuring
GIA	Gross Internal Area
GOP	Gross Operating Profit
ITZA	In Terms of Zone A
MOD	Minor Operated Department
MPI	Market Penetration Index
MR	Market Rent
MV	Market Value
NIY	Net Initial Yield
NIA	Net Internal Area
pa	Per Annum
pcm	Per Calendar Month
psf	Per Square Foot
psm	Per Square Metre
pw	Per Week
RGI	Revenue Generation Index
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Price Index
RevPAR	Revenue Per Available Room
sq ft	Square Feet
sq m	Square Metres
UBR	Uniform Business Rate (multiplier)
VAT	Value Added Tax
ZA	Zone A