



Report and Valuation as at 4 October 2011

Prepared on behalf of
HSBC Private Bank (UK) Limited

Fusun Gencsu

6 Chalcot Crescent, Primrose Hill,
London NW1 8YD

Private & Confidential

DTZ
48 Warwick Street
LONDON
W1B 5NL

October 2011



Executive Summary

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HSBC Private Bank (UK) Limited
6 Chalcot Crescent, Primrose Hill, London NW1 8YD
Date of Report: 13 October 2011
Date of Valuation: 4 October 2011

Executive Summary

6 Chalcot Crescent,
Primrose Hill,
London NW1 8YD



Property type

3-bedroom mid terraced house



Physical characteristics of the property:	
Floor area	Approximately 154.21 sq m / 1,660 sq ft
Approximate year of construction	1850
Specification	The property has a good level of specification
Condition	The property has been refurbished approximately 5 years ago and it appears to have been well maintained considering its age, use and construction. However, we have not undertaken a condition survey and we would draw your attention to our Assumptions in Section 4.1.
Deleterious materials	<p>The age and style of the subject property are such that materials such as alumina cement concrete, woodwool shuttering or calcium chloride are unlikely to have been used in its original construction or subsequent alteration. We would draw your attention to Section 4.1 of this Valuation Report.</p> <p>Due to the age of the house some asbestos might have been incorporated in the property in the past. We advise that the lawyers make a specific enquiry of the borrower as to whether they are aware if any asbestos remains. If any does remain it will need to be removed under controlled conditions if it becomes damages or works are carried out in the vicinity of asbestos.</p>
Obsolescence	Subject to satisfactory maintenance, the property is unlikely to suffer unduly from obsolescence.
Environmental issues	<p>We have made enquiries of the relevant Environmental Authority website in order, so far as reasonably possible, to establish the potential existence of contamination arising out of previous or present uses of the site and any adjoining sites.</p> <p>Our enquiries and inspection have provided no evidence that there is a significant risk of contamination in respect of the property. Accordingly, you have instructed us to make an Assumption that no contamination or other adverse environmental matters exist in relation to the property sufficient to affect value. Other than as referred to above, we have not made any investigations to establish whether there is any contamination or potential for contamination to the subject property. A purchaser in the market might, in practice, undertake further investigations than those undertaken by us. If it is subsequently established that contamination exists at the property or on any neighbouring land, or that the premises have been or are being put to any contaminative use, then this might reduce the value now reported. You are advised to ensure your legal adviser takes up the usual enquiries on your behalf, in respect of possible contamination, before entering into a financial commitment concerning the property.</p>



Location	The property is located in Primrose Hill, a prime residential district in north London. The house is situated in one of the most desirable roads in the area.
Tenure	You have informed us that the property has freehold tenure.
Tenancies	We have been informed by the managing agents Goldschmidt Howland that the house has been occupied by a corporate tenant since 17 th July 2006. The initial term of the tenancy agreement was one year however, it has been extended and it now runs until July 2012. The rental sum payable for the initial term was £78,000. The current rent payable is £88,400 per annum.
Market Value	
Market Value as at 04 October 2011	£1,900,000 (One million, nine hundred thousand pounds)
Market Rent	£88,400 per annum
Valuation on Special Assumptions	
Market Value on a Special Assumption of vacant possession	£2,000,000 (Two million pounds)
Purchase price and date	We understand that the applicant has owned the property for a long time and no marketing has been undertaken in recent years.
Key investment/market considerations	
Strengths/opportunities	
<ul style="list-style-type: none"> – Well regarded residential location in Primrose Hill – Situated on a highly desirable crescent – Located close to the Primrose Hill park – Very close to local amenities – Benefits from a south facing garden – The property is well presented 	
Weaknesses/risks	
<ul style="list-style-type: none"> – The garden is slightly overlooked by a neighbouring block of flats – No garage or allocated parking space, however this is not unusual for houses of this size and in this location 	



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Email: matthew.duncombe@dtz.com
Direct tel: 020 3296 4540
Direct fax: 020 3296 4430

For the attention of: Paul Millbank

Your ref:
Our ref: MD/NB

13 October 2011

Dear Sirs

Applicant: Fusun Gencsu
Property: 6 Chalcot Crescent, Primrose Hill, London NW1 8YD

1. Terms of instruction, Valuation, suitability for loan security, disclosure and confidentiality

1.1 Terms of instruction

1.1.1 Loan proposition

We understand that our report and valuation (the "Valuation Report") is required in connection with reviewing an existing loan secured on the above property.

We understand the property is currently used as security for a commercial mortgage secured by way of a fixed first legal charge over the interest value in this Valuation Report. We have not been made familiar with the full details of the loan proposal.

1.1.2 Our appointment and valuation date

In accordance with your letter of instruction, dated 23 September 2011 and our reply dated 28 September 2011 (Section 5), we have valued the freehold interest in the above property, as at 4 October 2011, in connection with the proposed loan facility.

DTZ

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A list of directors' names is open to inspection at the above address
DTZ Debenham Tie Leung Limited Registered in England No 2757768
Registered office 125 Old Broad Street London EC2N 2BQ





1.1.3 Compliance with RICS Valuation Standards

We confirm that the valuation has been prepared in accordance with the appropriate sections of the Valuation Standards ("VS") and United Kingdom Valuation Standards ("UKVS") contained within the RICS Valuation Standards – Global and UK, 7th Edition (the "Red Book").

1.1.4 Status of valuer and conflicts of interest

We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. We also confirm that where more than one valuer has contributed to the valuation the requirements of VS 1.6.4 of the Red Book have been satisfied. Finally, we confirm that we have undertaken the valuation acting as an External Valuer qualified for the purpose of the valuation.

We further confirm that we have no current, anticipated or previous recent involvement with the property and/or parties to the transaction and therefore do not consider that any conflict arises in preparing the advice requested.

1.2 Valuation and Estimated reinstatement cost assessment

The property is described in Section Two of this Valuation Report and our market analysis and valuation approach are discussed in Section Three of this Valuation Report. The valuations referred to below must be read in conjunction with the other sections of this Valuation Report.

1.2.1 Bases of valuation

Our opinion of the Market Value of the property has been primarily derived using comparable recent market transactions on arm's length terms.

In accordance with your instructions, we have undertaken our valuation on the following bases:-

- a Market Value**
- b Market Rent**

We have set out the definitions of the above bases of valuation in Section 4.2 of this Valuation Report.

In addition, you have requested that we provide a valuation on the following basis:

- c Market Value assuming vacant possession throughout**

In preparing our valuation on these bases, it is necessary for us to prepare a valuation on a "Special Assumption". A Special Assumption is referred to in the Glossary in the Red Book as an assumption that "assumes facts that differ from the actual facts existing at the valuation date".



In the circumstances of this instruction, we consider the above Special Assumption may be regarded as realistic, relevant and valid, as we are also providing you with our opinion on value not on a special assumption.

Moreover, we have also provided an Estimated Reinstatement Cost Assessment, the definition for which we have included in Section 4.1 of this Valuation Report.

Our Valuation Report is subject to our standard Valuation Conditions and Assumptions which are included in Section 4.1 of this Valuation Report. In the event that any of our Assumptions prove to be incorrect then our valuation should be reviewed.

1.2.2 Valuation

i Market Value

We are of the opinion that the Market Value of the freehold interest in the above property, subject to the existing tenancy, as at 4 October 2011, subject to the Assumptions and comments in this Report and the Appendices is:

£1,900,000	(One million, nine hundred thousand pounds)
-------------------	--

ii Market Rent

We are of the opinion that the Market Rent of the property, as at 4 October 2011, subject to the Assumptions and comments in this Report and the Appendices is:

£88,400	(Eighty-eight thousand, four hundred pounds per annum)
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Valuations undertaken based on "Special Assumptions"

The valuations detailed below should be considered in the context of our comments under paragraph 1.2.1.

iii Market Value assuming vacant possession throughout

We are of the opinion that the Market Value of the freehold interest in the above property, assuming vacant possession throughout, as at 4 October 2011, subject to the Assumptions and comments in this Report and the Appendices is:

£2,000,000	(Two million pounds)
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iv Estimated reinstatement cost assessment as at 4 October 2011

£550,000	(Five hundred and fifty thousand pounds)
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The above assessment must be considered in the context of our comments under Section 4.1.13. In particular, we have not carried out a formal reinstatement cost assessment through our Building Consultancy Division. Our assessment should be treated as a guide only and should not be relied upon. It should be used for comparative purposes only against the borrower's proposed reinstatement cover. Should any discrepancies arise, a formal reinstatement cost assessment should be commissioned.

1.3 Suitability for loan security

In our opinion, subject to the comments and Assumptions contained below and elsewhere in this Valuation Report, the freehold interest in the property provides reasonable security for the purposes of a loan.

If the subject property is not exempt from the requirement for an Energy Performance Certificate ("EPC") to be made available by the vendor in the event of a sale, failure to comply with these certification requirements may lead to a penalty charge notice and a fine.

A copy of this Valuation Report should be provided to your solicitors and they should be asked to inform us if they are aware of any aspect which is different, or in addition, to that we have set out; in which case we will be pleased to reconsider our opinion of value in the light of their advice and/or opinions.

1.4 Disclosure and confidentiality

The contents of this Valuation Report and Appendices are confidential to the party to whom they are addressed for the specific purpose to which they refer and are for their use only. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of their contents. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained.

Yours faithfully

N C Jacks FRICS

Director

RICS Registered Valuer

For and on behalf of DTZ Debenham Tie Leung Limited



2. 6 Chalcot Crescent, Primrose Hill, London NW1 8YD

2.1 Inspection

The property was inspected internally and externally by Matthew Duncombe MRICS and Natalia Boloz MSc on 29 September 2011.

2.2 Location and situation

6 Chalcot Crescent is located in North West London, in the sought after residential district of Primrose Hill. Chalcot Crescent is accessed from Regent's Park Road and is situated close to Primrose Hill.

Primrose Hill is a well regarded residential area, popular primarily among owner occupiers. Chalcot Crescent is one of the more desirable addresses in the neighbourhood and the property is located at the beginning of the crescent close to the Primrose Hill Park. Regents Park is situated within 400 yards. The property is well located for a wide range of shops, restaurants and cafes with Camden Town centre situated within a 10 minutes' walk from the property.

There are two underground stations located in a close proximity to the house. Chalk Farm Station (Northern Line) is situated approximately 0.4 mile from the subject and the Camden Town Station (Northern Line) is placed approximately within 0.8 miles.

We are aware that the proposed High Speed Two (HS2) railway line passes under Primrose Hill. The proposed route is north of the subject property and Chalcot Crescent does not appear to be affected by the proposed route. No doubt your lawyer's local searches will reveal the exact proposed route and how far distant it is from the subject property.

When carrying out our research we were not aware the proposed rail line having a detrimental effect on the sale of property within the immediate area.

An Ordnance Survey extract showing the location of the property based on our site inspection is included in Appendix A. The site plan is for identification purposes only. We advise that the accuracy of the plan is verified by your solicitors.

2.3 Description and construction

2.3.1 Age and external specification



The subject property is a Grade II listed mid terrace house that is understood to have been built in approximately 1850. The property is of a brick construction beneath a pitched and slate roof. Walls to the front elevation are part stucco rendered, and walls to the rear aspect are of exposed brick.

The property is arranged over lower ground, ground, first and second floors and benefits from a south facing garden at the rear of the house.

From searching the local authority website we are aware that in 1993 a rear extension was added to the mezzanine level of the building which currently serves as the third bathroom. All windows are sash style, single glazed throughout the property with the exception of the extension which has double-glazed windows.



The property is located on Chalcot Crescent which comprises very similar residential houses and it is accessed from Regents Park Road.

There is no parking space or garage attached to the property. However, on-street permit parking is available.

2.3.2 Internal specification



At the time of the inspection, the internal accommodation of the house was as follows (all measures are approximate):

Lower Ground Floor:

Kitchen	3.20m x 3.20m
Dining room	4.65m x 3.96m
Utility room	1.30m x 1.47m
Front court yard	

Access to near garden

Mezzanine Level

Cloakroom (contains HB/WC)

Ground Floor:

Double reception room 7.39m x 3.73m
Entrance hall



First Floor

Bedroom 1 5.03m x 4.04m
Bathroom 1 3.20m x 2.97m
Balcony

Second Floor

Bedroom 2 3.20m x 2.97m
Bedroom 3 4.04m x 3.51m
Bathroom 2

All mains services are connected to the property with heating via gas boiler to radiators.

The current tenant informed us that the house was refurbished approximately 5 years ago and no major works have been undertaken since then.

2.4 Condition

The property appears to have been satisfactorily maintained having regard to its age, use and construction. However, we have not undertaken a condition survey and we would draw your attention to our Assumptions in Section 4.1.

We noted that there are a few damp stains present on walls and ceilings in the ground floor living room; we have been informed by the current tenant that the damp was caused by a defective shower tray which has now been repaired.

In general terms the property was presented to a good standard.

2.5 Deleterious materials

The age and style of construction of the subject property are such that materials such as high alumina cement concrete, woodwool shuttering, calcium chloride or asbestos are unlikely to be used in its original construction or subsequent alteration. We would draw your attention to Section 4.1 of this Valuation Report.

Due to the age of the house some asbestos might have been incorporated in the property in the past. We advise that the lawyers make a specific enquiry of the borrower as to whether they are aware if any asbestos remains. If any does remain it will need to be removed under controlled conditions if it becomes damaged or works are carried out in the vicinity of asbestos.

2.6 Floor areas

We have undertaken a measured survey at the time of the inspection. Measurement was in accordance with the current Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors.

We estimated that the Gross Internal Area to be approximately 154.21 sq.m. / 1,660 sq.ft.

2.7 Site

An Ordnance Survey extract showing our understanding of the boundaries of the property edged in red is attached at Appendix A. This site plan is for identification purposes only. We advise that the accuracy of the plan is verified by your solicitors.

2.8 Flood enquiries

We have made enquiries of the Environment Agency website and are advised that the subject property falls outside the extent of the extreme flood. This is categorised as having a chance of flooding equivalent to 0.1% (1 in 1000).

2.9 Environmental matters

We have made enquiries of the Environment Agency website in order, so far as reasonably possible, to establish the potential existence of contamination arising out of previous or present uses of the site and any adjoining sites.

Our enquiries and inspection have provided no evidence that there is a significant risk of contamination in respect of the property. Accordingly, you have instructed us to make an Assumption that no contamination or other adverse environmental matters exist in relation to the property sufficient to affect value. Other than as referred to above, we have not made any

investigations to establish whether there is any contamination or potential for contamination to the subject property. A purchaser in the market might, in practice, undertake further investigations than those undertaken by us. If it is subsequently established that contamination exists at the property or on any neighbouring land, or that the premises have been or are being put to any contaminative use, then this might reduce the value now reported. You are advised to ensure your legal adviser takes up the usual enquiries on your behalf, in respect of possible contamination, before entering into a financial commitment concerning the property.

2.10 Planning

Camden Local Council
Camden Town Hall
Argyle Street
London WC1H 8NJ

www.camden.gov.uk

We have made enquiries of the Local Council's website and have been advised that the property is not subject to any enforcement actions. We have been further advised that there are no outstanding planning applications in respect of the property.

The local Council website states that 6 Chalcot Crescent has a record of 4 applications made to Camden Council. All applications were made in 1993, and 2 of them have been withdrawn whereas 2 were approved in the same year. Please see the below table for details.

Reference Number	Description	Decision	Date
9301303	Subdivision of single family dwelling to form a flat at basement level and maisonette on ground first and second floors. Blocking up of basement door to garden conversion of ground floor rear window to door to provide access to a new wooden deck with staircase to garden as shown on drawing nos. 78/01-06	Grant Full or Outline Planning Permission n	13-10-1993
9301595	Alterations of rear window to form French windows and timber staircase to garden. (Plans submitted)	Withdrawn after Reg'n	14-12-1993
9370213	Works of internal and external alterations in connection with conversion of property to 2 residential units as shown on drawing nos. 78/01-06.	Grant List.Build. or Cons.Area Consent	13-10-1993
9370267	Alterations of rear window to form French windows and timber staircase to garden. (Plans submitted)	Withdrawn after Reg'n	14-12-1993



The subject property is located in Primrose Hill Conservation area and it is a Grade II listed building.

We are aware that the proposed High Speed Two (HS2) railway line passes under Primrose Hill. The proposed route is north of the subject property and Chalcot Crescent does not appear to be affected by the proposed route. No doubt your lawyer's local searches will reveal the exact proposed route and how far distant it is from the subject property.

When carrying out our research we were not aware the proposed rail line having a detrimental effect on sales of property within the immediate area.

2.11 Council Tax

An inspection of the Government and Local Council websites reveals that the property falls within Band H for Council Tax purposes. The charge for the current 2011/2012 financial year is £2,662.70.

2.12 Tenure and VAT

We have not been provided with a copy of the Report on Title. You have informed us that the property is held freehold. We have assumed that the freehold is free from rent charge, restriction as to use, title or occupation and free from any other restriction which may affect value. We have not had sight of the title deeds.

We advise that a copy of this Valuation Report should be provided to your solicitors and they should be asked to inform us if they are aware of any aspect which is different from, or in addition to, that we have set out in this Report.

2.13 Tenancy

We have been informed by the managing agents Goldschmidt & Howland that the house has been occupied by a corporate tenant since 17th July 2006. The initial term of the tenancy agreement was one year however, it has been extended and it now runs until July 2012. The rental sum payable for the initial term was £78,000. The current rent payable is £88,400 per annum. The above information should be verified by your lawyers and we should be informed if anything is to the contrary. In particular your lawyers should confirm possession could be obtained in July 2012.

3. Market analysis and valuation approach

3.1 Market commentary

General market considerations for residential property

During 2011 the national housing market has been weakening with the main house price indices reporting stable or prices reducing slightly.

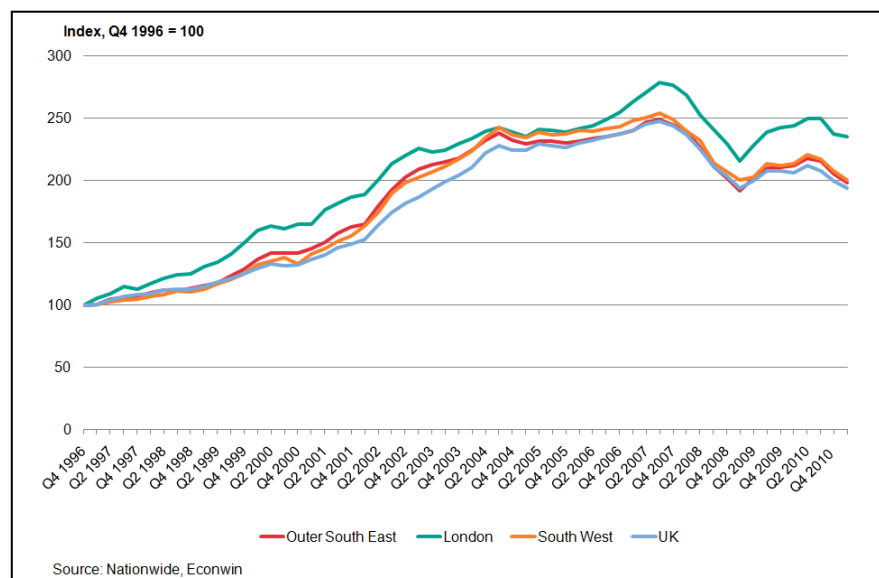
The Nationwide House Price Index reported that UK house prices fell by 0.6% in August and that prices are just 0.4% lower than one year ago.

The Halifax House Price Index reported that house prices fell by 1.2% in August and are 2.6% lower than a year ago.

The RICS Housing Market Survey for August 2011 indicates that more respondents to the survey are reporting price falls than rises, with the most cited factor for this response being the general level of economic uncertainty, followed by the lack of mortgage availability. The RICS stated that in August new buyer enquiries declined, whilst new vendor instructions remained flat during the month. The report does paint a regional picture, with house prices continuing to increase in London, and the remainder of the country experiencing price declines.

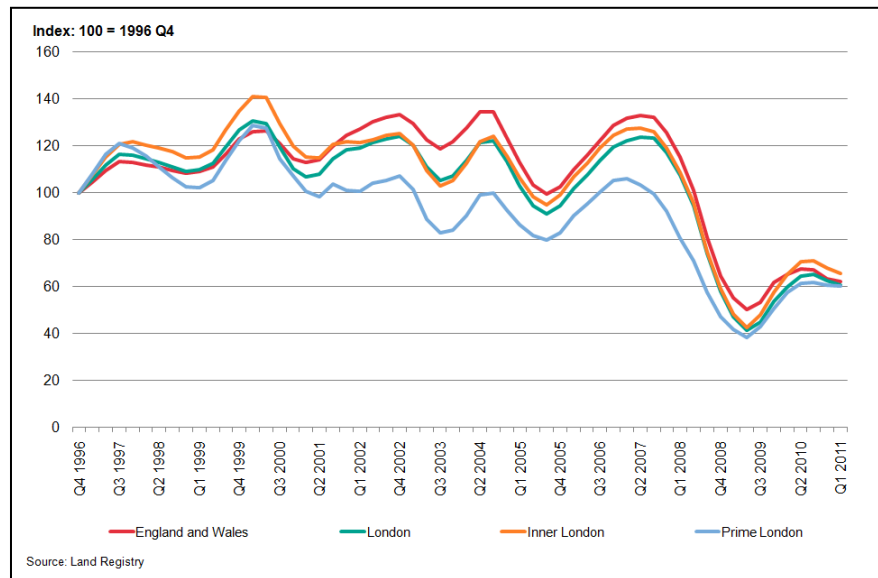
This regional pattern is illustrated by the house price index report produced by the Land Registry which indicates that prices in prime central London have increased strongly in the last year. According to the Land Registry, house prices in the City of Westminster have increased by 6.6% since July 2010 and house prices in the Royal Borough of Kensington and Chelsea have increased by 10.4%. The market for prime property in central London has been driven by international purchasers. Such buyers are attracted to London by its position as a leading financial centre, together with other factors such as the education system and London's standing in the world.

Figure 1: House Prices



Whilst the number of transactions has improved since the trough in Spring 2009, the level of activity remains significantly below that experienced in recent years.

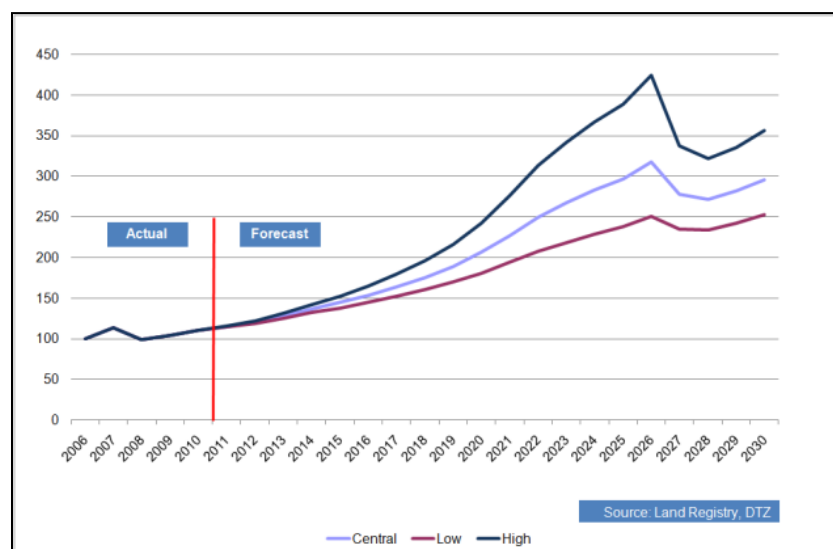
Figure 2: Sales Transactions



The expectations are that for the remainder of 2011 the mainstream market outside London will remain weak, with many commentators predicting that property prices will continue to fall over the coming months. The market in London and the South East is, however, expected to be more resilient, with prices continuing to rise, albeit at a slower rate.

DTZ's Research Team has prepared three scenarios for the potential future movement of value of residential property in London, as shown in the following graph:

Figure 3: Residential Forecast





Rental Market

The RICS residential lettings survey for the three months to July 2011 shows that rents climbed further at the national level, although the pace has moderated compared to the previous period. Increasing rents are being driven by strong tenant demand relative to new landlord instructions. However, the fact that new instructions continue to creep up is beginning to weigh on rental expectations, though the latter remain upbeat. Regionally, rental growth in London and the South has out-performed the rest of the country, though all regions have improved.



3.2 Specific comments and valuation approach

Market Value

The subject property is a Grade II mid terrace house which is presented in a good order throughout. It is located in a desirable location within a well regarded road in Primrose Hill and it is situated amongst similar style residences.

Primrose Hill is a sought-after location due to its close proximity to a number of parks (Primrose Hill and Regents Park) as well as local amenities including cafes, restaurants, bars and shops.

The subject is one of only a limited number of houses of that size located in the neighbourhood and it is arranged over lower ground, ground, first and second floors. The house also benefits from a rear garden of a reasonable size in the area.

Due to low availability of houses of this size in the area, the comparable evidence for the subject is restricted. When forming our opinion of Market Value we have had consideration to the following market comparables:

Address	GIA	Accom.	Tenure	Condition	Price	Sale Date	£/ft ²
<u>6 Chalcot Crescent, NW1</u>	1,660	3 bedrooms	Freehold	Good	TBC	n/a	TBC
29 Chalcot Square, London NW1	2,700	4 bedrooms	Freehold	Poor	£3,600,000	16/02/2010	£1,333
19, Albert Terrace Mews NW1	1,277	2 bedrooms	Freehold	Good	£1,855,000	01/02/2010	£1,352
104 Regents Park Road, NW1	1,835	2 bedrooms	Freehold	Average	£2,050,000	05/07/2011	£1,117
2 Regents Park Terrace, NW1	2,980	3 bedrooms	Freehold	Good	£3,125,000	08/07/2011	£1,049
120 Regents Park, NW1	2,995	5 bedrooms	Freehold	Good	£3,430,000	02/09/2011	£1,145
8 Edis Street, NW1	2,143	4 bedrooms	Freehold	Average	£2,285,000	24/05/2011	£1,066
31 Fitzroy Road, NW1	2,935	4 bedrooms	Freehold	Good	£2,700,000	28/05/2010	£920
24 Fitzroy Road, NW1	2,774	5 bedrooms	Freehold	Good	£2,250,000	01/04/2011	£811



29 Chalcot Square is a 4-bedroom house of 2,700 sq ft. It is located in a very desirable road and therefore although needing major refurbishment works it was sold in February 2010 for £3,600,000. The sale price equalled to £1,333 per sq.ft.

In January 2010, the 2 bedroom 19 Albert Terrace Mews house was sold for £1,855,000. The property is 1,277 sq ft and it had been refurbished approximately 2 years ago therefore offering a high level of specification. Due to a high standard of finish, the price per square foot amounted £1,352.

Although house prices have increased over the year, 29 Chalcot Square is positioned in a better location than the subject and 19 Albert Terrace Mews offers a better quality finish, therefore we believe that 6 Chalcot Crescent would achieve less than these comparables.

104 Regents Park Road is a 2-bedroom house with the Gross Internal Area of 1,835 sq ft. The property occupies lower ground and ground floors only and at a time of the sale its condition was considered average. The house was sold in July 2011 for £2,050,000, which equals £1,117 per sq.ft. The Gross Internal Area of 104 Regents Park Road house is very close to the size of the valued property however it has just 2 bedrooms and it is located on lower ground and ground floors only therefore we believe that the 6 Chalcot Crescent would achieve more than £1,117 per square foot.

2 Regents Park Terrace is a 3-bedroom house of 2,980 sq ft of Gross Internal Area and it was sold in July 2011 for £3,125,000. The property was in a good condition throughout and it secured a £1,049 per square foot.

The 5 bedroom house located in 120 Regents Park Road was sold in September 2011 for £3,430,000. It was 2,995 sq ft and presented to a high standard. The price achieved per square foot was £1,145.

2 Regents Park Terrace and 120 Regents Park Road are both in a good order throughout similar to the subject property and they comprise of 3/5 bedrooms respectively. However since 6 Chalcot Crescent is a more sought after residential address we again believe that the house would achieve more than the above mentioned comparables.

Having had regard to the above comparables, we consider the market value of 6 Chalcot Crescent assuming vacant possession is £2,000,000, which equals to £1,205 per sq.ft.

Since the house is currently occupied by a tenant we must make a discount from our value with vacant possession. This is to allow for a delay in gaining vacant possession and a reduced number of purchasers for a house with a tenant in place. We have made a 5% deduction from our Market Value assuming vacant possession to arrive at market value of £1,900,000.



Market Rent

Address	GIA	Accom.	Floor	Tenure	Condition	Rent per Week	Rent per Annum	£/ft ²
<u>6 Chalcot Crescent, NW1</u>	1,660	3 bedrooms	n/a	Freehold	Good	£1,700	88,400	£53
9 Chalcot Road, NW1	1,950	4 bedrooms	n/a	Freehold	Very good	£2,000	104,000	£53
113 Albert Street, NW1	2,000	4 bedrooms	n/a	Freehold	Good	£1,900	98,800	£49
63 Princess Road, NW1	1,880	4 bedroom	n/a	Freehold	Good	£1,750	91,000	£48
8 Rothwell Street, NW1	1,660	3 bedroom	n/a	Freehold	Average	£1,500	78,000	£47
18 St Marks Crescent, NW1	2,757	5 bedroom	n/a	Freehold	Below Average	£1,900	98,800	£34

8 Rothwell Street house is the same size as the subject property, however since its condition is only average, we believe that our property would achieve more than £1,500 per week.

11 Albert Street is a 4 bedroom house offering a similar specification as the subject however since it is slightly larger therefore we do not believe that 6 Chalcot Crescent would achieve £1,900 per week.

We have also had regard to the current tenancy and rent payable which is £1,700 per week, and assessing this and the comparable evidence we are of the opinion that £1,700 per week/ £88,400 per annum is a fair reflection of the Market Rent.



4. Assumptions and definitions

4.1 Valuation conditions and Assumptions

These are the conditions and Assumptions upon which our valuations and reports are normally prepared and form an integral part of our appointment together with our related Engagement Letter and DTZ Terms and Conditions. Unless otherwise referred to in this Valuation Report these conditions and Assumptions apply to the valuation(s) that are the subject of this Valuation Report. We have made certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, our valuations that we have not verified as part of the valuation process but rather, as referred to in the Glossary to the RICS Valuation Standards (Red Book), have treated as "a supposition taken to be true". In the event that any of these Assumptions prove to be incorrect then our valuation(s) will need to be reviewed.

4.1.1 Bases of Valuation

The property has been valued on the basis/bases set out in Section 1.2 of this Valuation Report and defined in Section 4.2 of this Valuation Report.

4.1.2 Title

We have not had access to the title deeds of the property. Unless specifically advised to the contrary by you or your legal adviser, we have made the Assumption that titles are good and marketable and are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also made the Assumption that the property are/is free from mortgages, charges or other encumbrances.

Where a Certificate of Title has been made available, we have reflected its contents in our valuation(s). Save as disclosed either in any such Certificate of Title or as referred to in our Valuation Report, we have made the Assumption that there is good and marketable title and that the property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also made the Assumption that the property is free from mortgages, charges or other encumbrances.

Where a Valuation Report contains site plans these are based on extracts of the Ordnance Survey or other maps showing, for identification purposes only, our understanding of the extent of title based on site inspections or copy title plans supplied to us. If verification of the accuracy of these plans is required, the matter must be referred by you to your solicitors.

4.1.3 Condition of structure and services, deleterious materials

It is a condition of DTZ or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.



Our valuation has taken account of the general condition of the property as observed from the valuation inspection. Where a separate condition or structural survey has been undertaken and made available to us, we have reflected the contents of the survey report in our valuation, and we may have discussed the report with the originating surveyor.

Due regard has been paid to the apparent state of repair and condition of the property, but a condition survey has not been undertaken, nor has woodwork or other parts of the structure which are covered, unexposed or inaccessible, been inspected. Therefore, we are unable to report that the property is structurally sound or is free from any defects. We have made an Assumption that the property is free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects other than such as may be mentioned in our Valuation Report.

Unless access was readily available, we have not been able to gain access to the roof or roof voids and we have thus made the Assumption that inspection of those parts will not reveal defects of which we are not aware, such as would have an adverse effect on the value or the saleability of the property.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious material have been used in the construction or any alterations in respect of the property, and therefore we cannot confirm that the property is free from risk in this regard. For the purposes of our valuation(s), we have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

We have not carried out an asbestos inspection and have not acted as an asbestos inspector in completing the valuation inspection of properties that may fall within the Control of Asbestos at Work Regulations 2002. We have not made an enquiry of the duty holder (as defined in the Control of Asbestos at Work Regulations 2002), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, we have made an Assumption that there is a duty holder, as defined in the Asbestos at Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. We advise that such enquiries be undertaken by a lawyer during normal pre-contract or pre-loan enquiries.

No mining, geological or other investigations have been undertaken to certify that the site is free from any defect as to foundations. We have made an Assumption that the load bearing qualities of the site of the property are sufficient to support the buildings constructed, or to be constructed thereon. We have also made an Assumption that there are no services on, or crossing the site in a position which would inhibit development or make it unduly expensive and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of the property.

No tests have been carried out as to electrical, electronic, heating, plant and machinery equipment or any other services nor have the drains been tested. However, we have made an Assumption that all services, including gas, water, electricity and sewerage are provided and are functioning satisfactorily.



4.1.4 Plant and Machinery

No allowance has been made for any items of plant or machinery not forming part of the service installations of the building. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with any of the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools.

4.1.5 Goodwill

No account has been taken in our valuation(s) of any business goodwill that may arise from the present occupation of the property.

4.1.6 Floor areas and inspections

Unless referred to otherwise in our Valuation Report, we have physically inspected the property and have either carried out a measured survey or have calculated floor areas from plans provided by the Applicant or their agents, supported by check measurements on site. Measurement has been in accordance with the current Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors.

Where we were not instructed to measure and calculate the floor areas, we have applied floor areas provided by the Applicant or their agents. We have made an Assumption that these areas have been measured and calculated in accordance with the current Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors.

4.1.7 Environmental matters

We have made the enquiries referred to in Section 2 of this Valuation Report regarding environmental matters including contamination and flooding, and we have had regard to any environmental reports referred to in Section 2 of this Valuation Report. However, we have not undertaken a formal environmental assessment.

Where our enquiries have lead us to believe that the property is unaffected by contamination, flooding or other environmental problems, then, unless you have instructed us otherwise, our valuation is based on an Assumption that no contamination or other adverse environmental matters exist in relation to the property sufficient to affect value.

4.1.8 Statutory requirements and planning

We have made an inspection of the website of the relevant planning authorities as referred to in Section 2 of this Valuation Report as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values. We have also sought to ascertain whether any outstanding planning applications exist which may affect the property and whether it is listed or included in a Conservation Area. We have also attempted to verify the existing permitted use of the property, and endeavoured to have sight of any copies of planning permissions. The results of these enquiries are in Section 2 of this Valuation Report.



Save as disclosed in a Certificate of Title or unless otherwise advised, and unless otherwise referred to in this Valuation Report we have made the Assumption that the building has been constructed in full compliance with valid town planning and building regulations approvals and that where necessary has the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, we have also made the Assumption that the property is not subject to any outstanding statutory notices as to its construction, use or occupation and that the existing use of the property is duly authorised or established and that no adverse planning conditions or restrictions apply.

We have made the Assumption that the property complies with all relevant statutory requirements.

In England and Wales, the Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates ("EPC") to be made available for all properties, when bought or sold, subject to certain exemptions. If the subject property is not exempt from the requirements of this Directive, we shall make an Assumption that an EPC is made available, free of charge, to a purchaser of the interest which is the subject of our valuation.

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

In instances where we have valued a property with the benefit of a recently granted planning consent or on the Special Assumption that planning consent is granted, we have made an assumption that it will not be challenged under Judicial Review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the property, or the area in which it is located) within a period of three months of the granting of a planning consent. When a planning consent is granted subject to a Section 106 Agreement, the three month period commences when the Section 106 Agreement is signed by all parties.

If a planning consent is subject to Judicial Review, we must be informed and asked to reconsider our opinion of value. Advice would be required from your lawyer and a town planner, to obtain their opinion of the potential outcomes of such a Judicial Review, which we will reflect in our reconsideration of value.

4.1.9 Leasing

We have read all the leases and related documents provided to us, subject to the provisions of paragraph 10 below. We have made an Assumption that copies of all relevant documents have been sent to us and that they are complete and up to date.

We have not undertaken investigations into the financial strength of any tenant. Unless we have become aware by general knowledge, or we have been specifically advised to the contrary, we have made an Assumption that:



- a where a property is occupied under leases then the tenants are financially in a position to meet their obligations, and
- b there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

4.1.10 Legal issues

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted for the true interpretation of the legal position of our client or other parties. Where we express an opinion upon legal issues affecting the valuation, then such opinion should be subject to verification by the client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the client or other parties in respect of the valuation of the property and our Valuation Report will include a statement to this effect.

4.1.11 Information

We have made the Assumption that the information provided by you, the Applicant and your respective professional advisers in respect of the property we have valued is both full and correct. We have made the Assumption that details of all matters relevant to value within your and their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

4.1.12 Estimated reinstatement cost assessment

We have considered the extent and nature of the building and an estimated reinstatement cost assessment has been undertaken as part of our normal valuation exercise. We have not carried out a formal reinstatement cost assessment through our Building Consultancy Division. Our assessment should be treated as a guide only and should not be relied upon. It should be used for comparative purposes only against the borrower's proposed reinstatement cover. Should any discrepancies arise, a formal reinstatement cost assessment should be commissioned.

The figures set out in our Valuation Report are our assessment of the cost of reconstructing the property at the date of valuation. They include an allowance for demolition, removal of debris, temporary shoring, statutory and professional fees which are likely to be incurred on reconstruction, but exclude any allowance for VAT. If you are unable to recover VAT, or can recover part only, you should advise your insurers and increase the Base Sum Insured appropriately. The figures make no allowance for loss of rent during the rebuilding period, nor for inflation, nor the cost of dealing with any contamination which may be present and have to be dealt with prior to reconstruction. The assessment does not provide advice in respect of terrorist damage cover and you should consult with your insurers in respect of this.

We have assumed that the reinstated building and its use would be similar to that existing, and the replacement building would be to the original design, in modern materials, using modern techniques to modern standards.



4.1.13 Deduction of notional purchaser's costs

The Market Value which we have attributed to the property is the figure we consider would appear in a contract for sale, subject to the appropriate assumptions for this Basis of Value. Where appropriate, we have made an allowance in respect of stamp duty and purchaser's costs.

4.1.14 Taxation

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

Our valuation figure for each property is that receivable by the willing seller excluding VAT, if applicable.

4.1.15 Building Society Act 1986

We confirm that we are not disqualified under Section 13 of the Building Societies Act 1986 from reporting to you.

4.2 Definitions of bases of valuations

4.2.1 Market value

Market Value as defined in Valuation Standard 3.2 of the RICS Valuation Standards – Global and UK ("the Red Book") and applying the conceptual framework which has been settled by the International Valuation Standards Council (IVSC). Under VS 3.2, the term "Market Value" means *"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."*

The conceptual framework settled by the IVSC is included in VS 3.2 and is reproduced below:-

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

3.2.1 **'The estimated amount ...'** Refers to a price expressed in terms of money (normally in the local currency) payable for the property in an arm's-length market transaction. Market Value is measured as the most probable price reasonably obtainable in the market at the date of valuation in keeping with the Market Value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated

price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of Special Value.

- 3.2.2 **'... a property should exchange ...'** Refers to the fact that the value of a property is an estimated amount, rather than a predetermined or actual sale price. It is the price at which the market expects a transaction that meets all other elements of the Market Value definition should be completed on the date of valuation.
- 3.2.3 **'... on the date of valuation ...'** Requires that the estimated Market Value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made.
- 3.2.4 **'... between a willing buyer ...'** Refers to one who is motivated, but not compelled to buy. This buyer is neither over-eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than on an imaginary or hypothetical market which cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present property owner is included among those who constitute 'the market'. A valuer must not make unrealistic assumptions about market conditions or assume a level of Market Value above that which is reasonably obtainable.
- 3.2.5 **'... a willing seller ...'** Is neither an over-eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the property at market terms for the best price attainable in the (open) market after proper marketing, whatever that price may be. The factual circumstances of the actual property owner are not a part of this consideration because the 'willing seller' is a hypothetical owner.
- 3.2.6 **'... in an arm's-length transaction ...'** Is one between parties who do not have a particular or special relationship (for example, parent and subsidiary companies or landlord and tenant) which may make the price level uncharacteristic of the market or inflated because of an element of Special Value, (defined in IVS 2, para. 3.8). The Market Value transaction is presumed to be between unrelated parties each acting independently.
- 3.2.7 **'... after proper marketing ...'** Means that the property would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The length of exposure time may vary with market conditions, but must be sufficient to allow the property to be brought to the attention of an adequate number of potential purchasers. The exposure period occurs prior to the valuation date.

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

3.2.9 **'... and without compulsion'** Establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

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

4.2.2 Market Rent

Market Rent as defined in Valuation Standard 3.3 of the Red Book. Under VS 3.3 the term "Market Rent" means 'The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.'

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

The commentary from the Red Book is reproduced below.

"1. The definition of market rent is the Market Value definition modified by the substitution of a "willing lessor" and "willing lessee" for a "willing buyer" and "willing seller", and an additional assumption that the letting will be on 'appropriate lease terms'. This definition must be applied in accordance with the conceptual framework of Market Value at VS3.2, together with the following supplementary commentary:

'... willing lessor and willing lessee ...'

1.1 The change in the description of the parties simply reflects the nature of the transaction. The willing lessor is possessed with the same characteristics as the willing seller, and the willing lessee with the same characteristics as the willing buyer, save that the word 'price' in the interpretive commentary to Market Value should be changed to 'rent', the word 'sell' changed to 'let' and the word 'buy' changed to 'lease'.

'... appropriate lease terms ...'

1.2 Market rent will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the



market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews, and the responsibilities of the parties for maintenance and outgoings, will all impact the market rent. In certain states, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account where appropriate.

- 1.3 Valuers must therefore take care to set out clearly the principal lease terms that are assumed when providing market rent. If it is the market norm for lettings to include a payment or concession by one party to the other as an incentive to enter into a lease, and this is reflected in the general level of rents agreed, the market rent should also be expressed on this basis. The nature of the incentive assumed must be stated by the valuer, along with the assumed lease terms. Market rent will normally be used to indicate the amount for which a vacant property may be let, or for which a let property may re-let when the existing lease terminates. Market Rent is not a suitable basis for settling the amount of rent payable under a rent review provision in a lease, where the actual definitions and assumptions have to be used."



5. Instructions

Copy of letters confirming instructions

We have included a copy of your letter of instruction dated 23 September 2011, together with a copy of our reply dated 28 September 2011.



HSBC Private Bank (UK) Limited
6 Chalcot Crescent, Primrose Hill, London NW1 8YD
Date of Report: 13 October 2011
Date of Valuation: 4 October 2011

Appendices

- A Location plans
- B Further photographs
- C Tenancy Agreement

Direct Line: +44 020 78605230
Fax: 020 78605009
Email: paul.millbank@hsbcpb.com

Matthew Duncombe
123 Old Broad Street
London
EC2N 2BQ

23 September 2011

Dear Mr Duncombe,

FUSUN GENCSU
6 Chalcot Crescent, Primrose Hill, London, NW1 8YD

Terms of reference

We request you to provide to the Bank your valuation and appraisal of the above property, for secured lending purposes. Your report should be addressed to HSBC Private Bank (UK) Limited at the below address and be made available by 7 October 2011. **Initially an e-mailed copy of the valuation is to be sent to me at paul.millbank@hsbcpb.com.** Following provision of the report, please be prepared to discuss its contents with the Bank, if required. The valuation is to be as at the date of your report.

Compliance

Your report is to be carried out in accordance with the relevant sections contained within the RICS Appraisal and Valuation Standards (Red Book) as amended.

Please confirm that so far as you are aware no conflicts of interest, either personal or in relation to your firm exist and that you have Professional Indemnity Insurance cover, as required by your professional body, sufficient on a per claims basis to cover this transaction and that you will advise us if this is not the case before accepting these instructions. You must be prepared to produce evidence of your insurance cover on request.

Tenure of property

The interest to be valued is freehold.

Basis of valuation

The valuation is required for a property which is (or is intended to be) held as an investment.

Please comment on the suitability of the property to secure a loan over five years.

The valuation is to be provided on the basis of Market Value as defined by the RICS. If property is to be valued as an operational entity, please report on the effect that closure of the business could have on Market Value by reference to the special assumptions set out in the section below.

Content of Report and Additional Matters

The report must contain all of the information required as a minimum by the Red Book. In addition:

1. The Bank seeks comment on:
 - (a) potential and demand for alternative uses, or any foreseeable changes in the current mode or category of occupation;
 - (b) if material disrepair has been noted, any assumptions made about future repairs;
 - (c) past, current and future trends in the market in the locality and/or demand for the category of property;
 - (d) current marketability and whether sustainable over the life of the loan (where stated);
 - (e) the valuation methodology adopted;
 - (f) details of significant comparable transactions relied upon;
 - (g) any other matters revealed during normal valuation enquiries which could have a material affect on the value.
2. The Bank seeks re-instatement value for insurance purposes.
3. Please provide as appendices:
 - (a) colour photographs of the property;
 - (b) a general location map;
 - (c) a more detailed plan showing boundaries you have assumed for the property;
 - (d) copies of planning consents;
 - (e) any other relevant information.
4. In the case of an investment property, please include the following Additional Report Contents:
 - (a) a summary of occupational leases, indicating whether read or not and the source of any information relied upon;
 - (b) current rental income and comparison with current open market rental value. Where the property comprises a number of different lettable units, provide separate information on each;
 - (c) comment on the market's view of the quality, suitability and strength of the tenant's covenant;
 - (d) comment on sustainability of income over life of the loan, with particular reference to lease breaks, determinations and anticipated market trends;
 - (e) comment on potential for redevelopment or refurbishment at the end of occupational leases.

Contamination

Unless specifically agreed to the contrary and where there is no indication of contamination, you may value the property on this assumption.

However, if subsequent to this instruction or arising from your site inspection/investigations it appears that contamination is or may be present, this must be covered in your report. If the contamination appears so great as to substantially affect the valuation, please return to the Bank to

discuss the matter and for fresh instructions on how best to proceed. Otherwise, prepare your valuation assuming no contamination but include precise details of what further investigations you believe are necessary to quantify the risks to the Bank.

Would you also please confirm that if subsequent investigations quantify (to your satisfaction) the cost in monetary terms of dealing with the contamination, you would be prepared to provide a revised valuation figure.

Access

For access to the property please contact Fusun Gencsu on +90 532 312 5231, from whom all appropriate leases/documentation etc. can also be obtained.

The report will be for the use of the Bank and its professional advisers, although a copy will also be made available to Fusun Gencsu. We acknowledge that you will only accept responsibility to the Bank in connection with the report and not to any other party and that no part of the report may be reproduced without your agreement.

It is understood that you will not undertake a full structural survey but please report on the general condition, any visible defects and any indications you may have regarding materials used.

Valuation fee

The fee for this report is to be a maximum of £1,750, (exclusive of VAT and any reasonable out of pocket expenses) which will be paid by the Bank after receipt by this office of your invoice.

Yours sincerely,



.....
for and on behalf of HSBC PRIVATE BANK (UK) LIMITED



HSBC Private Bank (UK) Limited
78 St James's Street
London, SW1A 1JB

Email: matthew.duncombe@dtz.com
Direct tel: 020 3296 4540
Direct fax: 020 3296 4430

For the attention of: Paul Millbank

Your ref:
Our ref: MD/bm

28 September 2011

Dear Sirs

Valuation Engagement Letter for Residential Property

We refer to the discussions between Matthew Duncombe of DTZ and Seema Shah of the Bank, for DTZ to provide valuations of the property detailed below. We thank you for your valued instruction and are pleased to confirm the basis on which we propose to carry out the Services.

The Scope of the Engagement

Our Engagement is summarised below:-

Client:	HSBC Private Bank (UK) Limited
Applicant:	Fusun Gencsu
Property:	6 Chalcot Crescent, Primrose Hill, London NW1 8YD
Type of property:	Residential house
Tenure:	You have informed us the interest to be valued is freehold
Date of valuation:	Date of Issue of Valuation Report
Purpose of Valuation:	Secured lending

DTZ

48 Warwick Street
London, W1B 5NL, England
Tel: +44 (0)20 3296 3000
Fax: +44 (0)20 3296 3200
www.dtz.com/uk

A list of directors' names is open to inspection at the above address
DTZ Debenham Tie Leung Limited Registered in England No 2757768
Registered office 125 Old Broad Street London EC2N 2BQ



Certificate No
GB077/71454



Certificate No
GB96/8160



1. Compliance with RICS Valuation Standards

DTZ confirms that the valuations will be prepared in accordance with the appropriate sections of the Valuation Standards ("VS") and United Kingdom Valuation Standards ("UKVS") contained within the RICS Valuation Standards – Global and UK, 7th Edition (the "Red Book").

2. Status of valuer and conflicts of interest

DTZ confirms that the valuations shall be undertaken by a suitably qualified valuer, or valuers, who have the knowledge, skills and understanding to undertake the valuations competently and will act as an External Valuer qualified for the purpose of the valuations.

DTZ further confirms that we have had no previous, recent or current involvement with the property. As you are aware we are currently undertaking another valuation on your behalf for the same applicant on a different property. We do not anticipate any future fee-earning relationship with the property, the borrower or a party connected to the transaction. Therefore, we do not consider that any conflict arises in preparing the advice requested.

3. Bases of valuations

In accordance with your instructions, we will undertake our valuation on the following bases:-

Market Value

Market Rent

The definitions of Market Value and Market Rent are set out in Schedule 1 attached.

Assumptions

Valuations carried out by DTZ for the purposes of the services identified above will be prepared on the basis that the Assumptions set out in the Valuation Conditions and Assumptions are correct. Your countersignature of this letter represents your confirmation that all of these Assumptions are correct. You must promptly notify DTZ in writing if any of the Assumptions are incorrect. Should any amendment to the Assumptions set out in the Valuation Conditions and Assumptions result in an increase in the scope of the Engagement this may result in an appropriate increase in DTZ's fees and expenses due under the Terms of the Engagement.

In addition we will also provide an estimated reinstatement cost assessment, the definition of which is set out in paragraph 13 of the Valuation Conditions and Assumptions.



Other matters

Secured Lending – Loan details

In accordance with item 1 of the commentary of UKVS 3.1, we will follow the procedures in Appendix 5, rather than those of UKVS 3.1 and UK Appendix 10.

Currency

The Property is to be valued in pounds sterling using the current exchange rate as at the date of valuation.

Addressee

Our Report will be addressed to the addressee of this letter.

Staffing

N C Jacks FRICS will be responsible for our work on this assignment. He will be assisted by Matthew Duncombe MRICS of the Valuations team, who will be responsible for the day-to-day conduct of the project.

Fees

Our fee for undertaking the Services shall be £1,750. This fee excludes VAT and expenses which shall also be payable pursuant to Clause 3.2 of DTZ Terms and Conditions. This fee includes the provision of three copies of the Valuation Report. Where additional copies are required, a charge may be made reflecting the time spent and costs incurred.

Our fees and expenses shall be payable whether or not the transaction proceeds, and in the event that instructions are withdrawn, the fee or a proportion of it will be payable in accordance with Clause 15 of the DTZ Terms and Conditions.

Invoices for fees and, where appropriate, expenses shall be issued upon completion of the Valuation Report.

Limitation of Liability

The cap on liability in Clause 12.4 of the DTZ Terms and Conditions should be modified in relation to this valuation so that DTZ's aggregate liability arising out of, under or in connection with this Engagement shall be 100% of the total Market Value of this Engagement in this instance.



Disclosure and Syndication

Publication or disclosure of our Valuation Report shall not be permitted by DTZ unless, where relevant, it incorporates adequate reference to the Special Assumptions and/or Departures from the RICS Valuation Standards referred to in the Engagement.

Clause 8.1 of the DTZ Terms and Conditions states that the provision of the services is for the Client's benefit only. If we are subsequently asked to extend responsibility to other parties, then there will be an additional fee payable, to be agreed, to cover our additional time costs, indemnity and insurance liabilities subject to a minimum of £500, plus VAT.

Terms and Conditions

The terms and Conditions governing this Engagement shall be the DTZ Terms and Conditions (attached for your ease of reference), and this Engagement Letter (including the attached Valuation Conditions and Assumptions).

We would be grateful if you would sign and date the enclosed copy of this letter and return the same to us by way of confirmation of your firm's acceptance of the above terms and conditions.

Yours faithfully

Matthew Duncombe MRICS
Associate Director
RICS Registered Valuer
For and on behalf of
DTZ Debenham Tie Leung Limited



Acceptance of DTZ Engagement Letter and the DTZ Terms and Conditions

I have read the DTZ Engagement Letter, the Valuation Conditions and Assumptions and the DTZ Terms and Conditions and hereby confirm this Engagement on the basis of the Terms of Business.

Signature

Name

Position & Company

Date



SCHEDULE 1:

DTZ Residential Property Valuation Engagement Letter

Definitions of the Bases of Valuation

Market Value

Market Value as defined in Valuation Standard 3.2 of the RICS Valuation Standards – Global and UK ("the Red Book") and applying the conceptual framework which has been settled by the International Valuation Standards Council (IVSC). Under VS 3.2, the term "Market Value" means *"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."*

The conceptual framework settled by the IVSC is included in VS 3.2 and is reproduced below:-

- "3.2 The term *property* is used because the focus of these Standards is the valuation of property. Because these Standards encompass financial reporting, the term *Asset* may be substituted for general application of the definition. Each element of the definition has its own conceptual framework.
- 3.2.1 ***'The estimated amount ...'*** Refers to a price expressed in terms of money (normally in the local currency) payable for the property in an arm's-length market transaction. *Market Value* is measured as the most probable price reasonably obtainable in the market at the date of valuation in keeping with the *Market Value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *Special Value*.
- 3.2.2 ***'... a property should exchange ...'*** Refers to the fact that the value of a property is an estimated amount rather than a predetermined or actual sale price. It is the price at which the market expects a transaction that meets all other elements of the *Market Value* definition should be completed on the date of valuation.
- 3.2.3 ***'... on the date of valuation ...'*** Requires that the estimated *Market Value* is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made.
- 3.2.4 ***'... between a willing buyer ...'*** Refers to one who is motivated, but not compelled to buy. This buyer is neither over-eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the

realities of the current market and with current market expectations, rather than on an imaginary or hypothetical market which cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present property owner is included among those who constitute 'the market'. A valuer must not make unrealistic Assumptions about market conditions or assume a level of Market Value above that which is reasonably obtainable.

- 3.2.5 '**... a willing seller ...**' Is neither an over-eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the property at market terms for the best price attainable in the (open) market after proper marketing, whatever that price may be. The factual circumstances of the actual property owner are not a part of this consideration because the 'willing seller' is a hypothetical owner.
- 3.2.6 '**... in an arm's-length transaction ...**' Is one between parties who do not have a particular or special relationship (for example, parent and subsidiary companies or landlord and tenant) which may make the price level uncharacteristic of the market or inflated because of an element of *Special Value*, (see IVS 2, paragraph 3.8). The *Market Value* transaction is presumed to be between unrelated parties each acting independently.
- 3.2.7 '**... after proper marketing ...**' Means that the property would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The length of exposure time may vary with market conditions, but must be sufficient to allow the property to be brought to the attention of an adequate number of potential purchasers. The exposure period occurs prior to the valuation date.
- 3.2.8 '**... wherein the parties had each acted knowledgeably, prudently ...**' Presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the property, its actual and potential uses and the state of the market as of the date of valuation. Each is further presumed to act for self-interest with that knowledge and prudently to seek the best price for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the date of valuation, not with benefit of hindsight at some later date. It is not necessarily imprudent for a seller to sell property in a market with falling prices at a price which is lower than previous market levels. In such cases, as is true for other purchase and sale situations in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time.
- 3.2.9 '**... and without compulsion**' Establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.
- 3.3 *Market Value* is understood as the value of a property estimated without regard to costs of sale or purchase and without offset of any associated taxes."

Market Rent

Market Rent as defined in Valuation Standard 3.3 of the Red Book. Under VS 3.3 the term "Market Rent" means *'The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.'*

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

The commentary from the Red Book is reproduced below.

"1. The definition of Market Rent is the Market Value definition modified by the substitution of a "willing lessor" and "willing lessee" for a "willing buyer" and "willing seller", and an additional Assumption that the letting will be on 'appropriate lease terms'. This definition must be applied in accordance with the conceptual framework of Market Value at VS 3.2, together with the following supplementary commentary:

'...willing lessor and willing lessee...'

1.1 The change in the description of the parties simply reflects the nature of the transaction. The willing lessor is possessed with the same characteristics as the willing seller, and the willing lessee with the same characteristics as the willing buyer, save that the word 'price' in the interpretive commentary to Market Value should be changed to 'rent', the word 'sell' changed to 'let' and the word 'buy' changed to 'lease'.

'...appropriate lease terms...'

1.2 Market Rent will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews, and the responsibilities of the parties for maintenance and outgoings, will all impact on the Market Rent. In certain states, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account where appropriate.

1.3 Valuers must therefore take care to set out clearly the principal lease terms that are assumed when providing Market Rent. If it is the market norm for lettings to include a payment or concession by one party to the other as an incentive to enter into a lease, and this is reflected in the general level of rents agreed, the Market Rent should also be expressed on this basis. The nature of the incentive assumed must be stated by the valuer, along with the assumed lease terms. Market Rent will normally be used to indicate the amount for which a vacant property may be let, or for which a let property may re-let when the existing lease terminates. Market Rent is not a suitable basis for settling the amount of rent payable under a rent review provision in a lease, where the actual definitions and Assumptions have to be used."



6 Chalcot Crescent, Primrose Hill, London NW1 8YD

Valuation Conditions and Assumptions for Single Residential Property

These are the conditions and Assumptions upon which our valuations and reports are normally prepared and form an integral part of our appointment together with our related Engagement Letter and DTZ Terms and Conditions. These conditions and Assumptions apply to the valuation that will be the subject of this instruction. We shall make certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, our valuations that we will not verify as part of the valuation process but rather, as per the Glossary to the RICS Valuation Standards – Global and UK (Red Book), will treat as “a supposition taken to be true”. In the event that any of these Assumptions prove to be incorrect then our valuation will need to be reviewed.

1. Bases of Valuations

The property will be valued on the bases set out in the Engagement Letter as those terms are defined in the Schedule attached thereto.

2. Title

We will not have access to the title deeds of the property. Unless specifically advised to the contrary by you or your legal adviser, we shall make the Assumption that titles are good and marketable and are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We shall also make the Assumption that the property is free from mortgages, charges or other encumbrances.

Where a Certificate of Title is available, we will reflect its contents in our valuation. Save as disclosed either in any such Certificate of Title or as referred to in our Report, we will make the Assumption that there is good and marketable title and that the property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We will also make the Assumption that the property is free from mortgages, charges or other encumbrances.

Where a Valuation Report is required to contain site plans these will be based on extracts of the Ordnance Survey or other maps showing, for identification purposes only, our understanding of the extent of title based on site inspections or copy title plans supplied to us. If verification of the accuracy of these plans is required the matter must be referred by you to your solicitors. If the property being valued is to be developed, we shall make the Assumption that your legal adviser is satisfied that the extent of the land/property is sufficient to accommodate the development valued, as we will not be carrying out a measured survey for this purpose, as such an exercise is not part of your valuation instructions.

3. Condition of structure and services, deleterious materials

It is a condition of DTZ or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or give warranties as to, the condition of the structure, foundations, soil and services.

Our valuation will take account of the general condition of the property as observed from the valuation inspection. Where a separate condition or structural survey has been undertaken and made available to us, we shall reflect the contents of the survey report in our valuation, but may need to discuss the report with the originating surveyor.

Due regard will be paid to the apparent state of repair and condition of the property, but a condition survey will not be undertaken, nor will woodwork or other parts of the structure which are covered, unexposed or inaccessible, be inspected. Therefore, we will be unable to report that the property is structurally sound or is free from any defects. We will make an Assumption that the property is free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects other than such as may be mentioned in our Valuation Report.

Unless access is readily available, we will not be able to gain access to the roof or roof voids and we shall thus make the Assumption that inspection of those parts would not reveal defects of which we are not aware, or would have an adverse effect on the value or the saleability of the property.

We will not arrange for investigations to be made to determine whether high alumina cement concrete, woodwool shuttering, calcium chloride additive, asbestos or any other deleterious material have been used in the construction or any alterations, and therefore we will not be able to confirm that the property is free from risk in this regard. For the purposes of our valuation, we will make an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

We will not carry out an asbestos inspection and will not act as an asbestos inspector in completing the valuation inspection of properties that may fall within the Control of the Asbestos at Work Regulations 2002. We will not make an enquiry of the duty holder (as defined in the Control of Asbestos of Work Regulations 2002), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, we will make an Assumption that there is a duty holder, as defined in the Control of Asbestos of Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. We advise that such enquiries be undertaken by a lawyer during normal pre-contract or pre-loan enquiries.

No mining, geological or other investigations will be undertaken to certify that the site is free from any defect as to foundations. We will make an Assumption that the load bearing qualities of the site of the property are sufficient to support the buildings constructed, or to be

constructed thereon. We will also make an Assumption that there are no services on, or crossing the site in a position which would inhibit development or make it unduly expensive, and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of the property.

No tests will be carried out as to electrical, electronic, heating, plant and machinery equipment or any other services nor will the drains be tested. However, we will make an Assumption that all services, including gas, water, electricity and sewerage, are provided and are functioning satisfactorily.

4. Plant and Machinery

No allowance will be made for any items of plant or machinery not forming part of the service installations of the building. We will specifically exclude all items of plant, machinery and equipment installed wholly or primarily in connection with any of the occupants' businesses. We will also exclude furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools.

5. Goodwill

No account will be taken in our valuation of any business goodwill that may arise from the present occupation of the property.

6. Floor areas and inspections

We will physically inspect the property and will carry out a measured survey on site. Measurement will be in accordance with the current Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors.

7. Environmental matters, including flooding

We shall make enquiries of the borrower, the managing agents and the relevant Local Authority website regarding environmental matters including contamination and flooding. We shall also make enquiries of the Environment Agency website regarding flooding. We shall have regard to any environmental reports which may be produced. However, we shall not provide a formal environmental assessment.

However, if our enquiries or any reports indicate the existence of environmental problems without providing method statements and costings for remedial works, then we may not be able to issue a Valuation Report except on the Special Assumption that the subject property is assumed NOT to be affected by such environmental matters. In certain circumstances, the making of such a Special Assumption may be unrealistic and our Valuation Report may include a statement that we have made a Departure from the requirements of the RICS Valuation Standards. In these circumstances, our Valuation Report may include a recommendation that an investigation should be undertaken to quantify the costs and that subsequently our valuation should be reviewed.



Where our enquiries lead us to believe that the property is unaffected by contamination or other environmental problems, including the risk of flooding, then, unless you instruct us otherwise, our valuation will be based on an Assumption that no contamination or other adverse environmental matters exist in relation to the property sufficient to affect value.

If the property lies within or close to a flood plain, or has a history of flooding, we shall make the Assumption that building insurance is in place and available to be renewed to the current or any subsequent owner of the property, without payment of an excessive premium or excess.

Depending on the nature of the investigations made, our Valuation Report may include a statement that, in practice, a purchaser might undertake further investigations and that if these revealed contamination or other environmental problems, then this might reduce the value reported.

8. Statutory requirements and planning

We will make enquiries of the relevant planning authority website as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values. We will also seek to ascertain whether any outstanding planning applications exist which may affect the property, and whether it is listed or included in a Conservation Area. We shall also attempt to verify the existing permitted use of the property, and endeavour to have sight of any copies of planning permissions.

Save as disclosed in a Certificate of Title or unless otherwise advised, we shall make the Assumption that the building has been constructed in full compliance with valid town planning and building regulations approvals and that where necessary, it has the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, we shall also make the Assumption that the property is not subject to any outstanding statutory notices as to its construction, use or occupation and that the existing use of the property is duly authorised or established and that no adverse planning conditions or restrictions apply.

We shall make the Assumption that the property complies with all relevant statutory requirements.

In England and Wales, the Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates ("EPC") to be made available for all properties, when bought or sold, subject to certain exemptions. If the subject property is not exempt from the requirements of this Directive we shall make an Assumption that an EPC is made available, free of charge, to a purchaser of the interest which is the subject of our valuation.

Please note the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. We will make an Assumption that, if you should



need to rely upon the information given about town planning matters, your solicitors would be instructed to institute such formal searches.

Certain planning authorities will not provide verbal information and require a formal written application for information. Some authorities charge for the information supplied. In such cases we may discuss with you whether to obtain the information and also the extent to which a Valuation Report issued without the receipt of such information or prior to receipt of formal response should be qualified. We would look to you to recompense us for any costs levied upon us by the authority in this matter.

In instances where we are to value property with the benefit of a recently granted planning consent, or on the Special Assumption that planning consent is granted, we will make an assumption that it will not be challenged under Judicial Review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the property, or the area in which it is located) within a period of three months of the granting of a planning consent. When a planning consent is granted subject to a Section 106 Agreement, the three month period commences when the Section 106 Agreement is signed by all parties.

If a planning consent is subject to Judicial Review, we must be informed and asked to reconsider our opinion of value. Advice would be required from your lawyer and a town planner, to obtain their opinion of the potential outcomes of such a Judicial Review, which we will reflect in our reconsideration of value.

9. Defective Premises Act 1972

No allowance will be made for rights, obligations or liabilities arising under the Defective Premises Act 1972.

10. Legal issues

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted for the true interpretation of the legal position of our client or other parties. Where we express an opinion upon legal issues affecting the valuation, then such opinion should be subject to verification by the client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the client or other parties in respect of the valuation of the property and our Valuation Report will include a statement to this effect.

11. Information

We shall make the Assumption that the information provided by you/the borrower/your professional advisers in respect of the property to be valued is both full and correct and our Valuation Report will contain a statement to this effect. We shall make the Assumption that details of all matters relevant to value within your/their collective knowledge, for example prospective lettings, rent reviews, legal aspects, outstanding requirements under legislation

and planning decisions, have been made available to us, and that such information is up to date.

12. Estimated reinstatement cost assessment

We will consider the extent and nature of the building with an estimated reinstatement cost assessment being undertaken as part of our normal valuation exercise. We will not carry out a formal reinstatement cost assessment through our Building Consultancy Division. Our assessment should be treated as a guide only and should not be relied upon. It should be used for comparative purposes only against the borrower's proposed reinstatement cover. Should any discrepancies arise, a formal reinstatement cost assessment should be commissioned.

The figures set out in our Valuation Report will be our assessment of the cost of reconstructing the property at the date of valuation. They will include an allowance for demolition, removal of debris, temporary shoring, statutory and professional fees which are likely to be incurred on reconstruction, but will exclude any allowance for VAT. If you are unable to recover VAT, or can recover part only, you should advise your insurers and increase the Base Sum Insured appropriately. The figures will make no allowance for loss of rent during the rebuilding period, nor for inflation, nor the cost of dealing with any contamination which may be present and have to be dealt with prior to reconstruction. The assessment will not provide advice in respect of terrorist damage cover and you should consult with your insurers in respect of this.

We will assume that the reinstated building and its use will be similar to that existing, and the replacement building will be to the original design, in modern materials, using modern techniques to modern standards.

13. Deduction of notional purchaser's costs

The Market Value which we will attribute to the property is the figure we consider would appear in a contract for sale, subject to the appropriate assumptions for this Basis of Value. Where appropriate, we will make an allowance in respect of stamp duty and purchaser's costs.

14. Taxation

No adjustment will be made to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. Furthermore, no allowance will be made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

Our valuation figure for each property will be that receivable by the willing seller excluding VAT, if applicable.



15. Building Society Act 1986

We will confirm that we are not disqualified under Section 13 of the Building Societies Act 1986 from reporting to you.

16. Monitoring

The compliance of the valuation with RICS Valuation Standards may be subject to monitoring by the RICS under its Conduct and Disciplinary regulations.

DTZ Terms and Conditions

Clause 1 - Definitions

In the DTZ Terms and Conditions and the Engagement Letter the following terms shall have the following meanings:-

- 1.1 "Client": the person, firm or company to whom DTZ is to provide Services in accordance with the Terms of Business.
- 1.2 "DTZ": Debenham Tie Leung Ltd, whose registered office is at 125 Old Broad Street, London, EC2N 2BQ; telephone: +44 (0)20 3296 3000 and, where appropriate, any subsidiary and/or associated company of DTZ Debenham Tie Leung Limited and/or any holding company of DTZ Debenham Tie Leung Limited and/or any subsidiary and/or any associated company of such holding company.
- 1.3 "DTZ Terms and Conditions": these DTZ standard terms and conditions of business.
- 1.4 "Engagement": the Client's appointment of DTZ to provide particular Services pursuant to the Terms of Business.
- 1.5 "Engagement Letter": The DTZ letter for a DTZ business line issued to the Client which identifies particular Services to be provided by it and that sets out other terms and conditions that shall form part of the Engagement contract between DTZ and the Client together with the DTZ Terms and Conditions. Where the context admits, documents cross referenced and/or attached to the DTZ letter shall form part of the Engagement Letter.
- 1.6 "Force Majeure Event": an event falling within the definition set out at Clause 14.1.
- 1.7 "Intellectual Property Rights": all patents, copyrights and design rights (whether registered or not and all applications for any of the foregoing), and all rights of information, data, know-how or experience whether patentable or not whensoever and howsoever arising and all renewals and extensions thereof.
- 1.8 "Party": DTZ or the Client as the case may be.
- 1.9 "Services": services falling within the known areas of expertise and specialisation of DTZ as more particularly identified in an Engagement Letter or, where no Engagement Letter has been issued, that are the subject of a Client instruction to DTZ to proceed to act on the Client's behalf.
- 1.10 "Terms of Business": Subject to 24.7, the DTZ Terms and Conditions and any applicable Engagement Letter.

Clause 2 - Scope of Business

- 2.1 Where the Client appoints DTZ to provide Services, the appointment shall be on the basis of the DTZ Terms and Conditions and any applicable Engagement Letters. The purpose of an Engagement Letter shall be to address

business line and project specific issues, including the precise scope of Services, timescales for deliverables and fee levels as well as certain other terms and conditions.

- 2.2 In carrying out the Services, DTZ shall exercise the reasonable care and skill to be expected of a competent provider of services similar in scope, nature and complexity to the Services. No other warranty or representation, express or implied, shall apply under and/or in connection with the Engagement.

Clause 3 - Fees and Expenses

- 3.1 All fees for performance of the Services shall be calculated in accordance with the fee structure set out in the Engagement Letter.
- 3.2 The Client shall reimburse to DTZ all expenses properly incurred by it in the performance of the Services, including without limitation, travel expenses, accommodation, subsistence, telephone, fax, postage, copying, photography, advertising and any other goods and services purchased.
- 3.3 DTZ reserves the right to require payments to be made on account before commencing or completing any Services. In such event, the amount of the on account payment shall be calculated having regard to the programme for performance of the Services and the likely timing and amounts of expenses to be incurred.
- 3.4 Fees stated shall be exclusive of value added tax which, where applicable, shall be charged to the Client at the prevailing rate.

Clause 4 - Payment

- 4.1 Invoices are payable by the client within 14 days of the date of the invoice.
- 4.2 All payments due to be made to DTZ under the Terms of Business shall be made without set-off or counterclaim and free of and without deduction for any taxes, levies or duties of any description. If the Client is required at any time by any applicable law to make any such deduction from any payment, the sum due in respect of such payment shall be increased such as shall result (notwithstanding such deduction in DTZ's receipt on its due date) in a net sum equal to the sum DTZ would have received had no such deduction been required.
- 4.3 DTZ may charge the Client interest (both before and after any judgment) on the balance of any unpaid invoice, at the rate of 3 % per annum over the Bank of

England base rate. Such interest shall run from the due date of settlement of the invoice until the date payment of the balance is received.

Clause 5 - The Client's Obligations

- 5.1 The Client shall pay to DTZ all fees, expenses and value added tax, as required pursuant to Clauses 3 and 4. DTZ may suspend and/or cease further work on behalf of the Client in the event of none, partial or late payment of any DTZ invoice.
- 5.2 The Client shall provide to DTZ all information reasonably required, and at the necessary times, to enable DTZ to carry out the Services pursuant to the Terms of Business.
- 5.3 The Client acknowledges that DTZ is entitled to rely upon the accuracy, sufficiency and consistency of any information supplied to it by the Client. DTZ shall have no liability for any inaccuracies contained in any information provided by the Client or any third party on behalf of the Client.
- 5.4 The Client authorises DTZ to speak to or meet with any other person it may need to contact in order to provide the Services. DTZ may release to such person for the purpose of the Services any information reasonably necessary to perform the Services and which it has obtained during the Engagement. DTZ shall not be liable for any use subsequently made of that information.

Clause 6 - Intellectual Property

- 6.1 DTZ is the beneficial owner of all Intellectual Property Rights arising out of or in connection with the provision of the Services to the Client.
- 6.2 Subject to all payments due under the Engagement having been paid, the Client shall have an irrevocable, royalty free, non-exclusive licence to copy and use all materials created by or on behalf of DTZ (and in relation to which DTZ is the beneficial owner of the Intellectual Property Rights) for any purpose relating to the Engagement.

Clause 7 – Electronic Communications

- 7.1 DTZ shall not be liable for any loss arising from the Client's receipt of any information, data or communications supplied or sent by DTZ electronically. The Client shall use all reasonable procedures to seek to ensure that any materials sent by any electronic medium and/or by computer disc to DTZ are virus free.
- 7.2 DTZ may communicate with the Client by email.

Clause 8 – Documents

- 8.1 The provision of the Services is for the Client's benefit only. No part of any report or advice produced by DTZ for the Client shall be reproduced, transmitted, copied or disclosed to any third party without the prior written consent of

DTZ and DTZ shall not be liable to any third party which relies upon any such report or advice.

- 8.2 After completing an Engagement, DTZ shall be entitled to keep any Client papers and documents held while payments due under the Engagement are outstanding.
- 8.3 DTZ shall keep its Engagement files for 6 years after issue of DTZ's final invoice, on the basis that DTZ shall have the Client's authority to destroy the files upon the expiry of that period unless the Client has beforehand requested in writing the return of Client papers or documents. DTZ shall not be liable for any loss of documentation after the stated retention date.
- 8.4 The Client shall be responsible for DTZ's charges in producing any documentation which the Client requires in order to comply with a third party request for disclosure under the Freedom of Information Act 2000 (FOIA). For the avoidance of doubt, the Client, not DTZ, shall liaise with such third party.

Clause 9 - Confidentiality

- 9.1 DTZ shall seek the Client's prior consent to DTZ announcing without limitation, through advertising, and by references in proposals or submissions to prospective clients, that they are providing or have provided the Services to the Client. Such consent shall not be unreasonably withheld or delayed.
- 9.2 The Client shall keep confidential and not disclose to any other person (whether before or after termination or expiry of the Engagement): (a) any information received by it in respect of the methodologies and/or technologies used by DTZ in providing the Services; (b) the details of the commercial terms on which DTZ provides the Services; and (c) any other information in respect of DTZ's business activities which comes into its possession as a consequence of DTZ providing the Services and which is not publicly available.
- 9.3 DTZ shall keep confidential and not disclose to any other person (whether before or after termination or expiry of the Engagement) any information in respect of the Client's business activities which comes into its possession as a consequence of DTZ providing the Services and which is not publicly available.
- 9.4 The provisions of Clauses 9.2 and 9.3 shall not apply to either Party to the extent that disclosure is required by law or regulatory authorities or to the respective professional advisers of the Parties.

Clause 10 – Professional Indemnity Insurance

- 10.1 DTZ shall effect and maintain, for a period of 6 years from completion of any Engagement, professional indemnity insurance with a limit of indemnity of no less than £10 million provided always that such insurance remains available at commercially reasonable rates.

Clause 11 - Non-Solicitation by Client

- 11.1 The Client shall not offer employment to any employee of DTZ working on an Engagement for the Client or induce or solicit any such employee to take up employment with the Client for a period of 6 months following the end of any involvement by that person with any Engagement for the Client.
- 11.2 In the event that the Client breaches Clause 11.1, DTZ shall be entitled to be paid compensation by the Client equal to 6 months salary of the employee concerned.

Clause 12 - Limitation of Liability

- 12.1 DTZ shall not be liable for any special, indirect or consequential loss or damage (including, without limitation, loss of profits or business revenue) suffered by the Client (including as a result of an action brought by a third party).
- 12.2 Without prejudice to the other sub-clauses of Clause 12, where the Engagement involves DTZ being appointed as part of a Client project team, liability for loss and/or damage arising under or in connection with the Engagement shall be limited to that proportion of the Client's loss and/or damage which it would be just and equitable to require DTZ to pay having regard to the extent of DTZ's responsibility for the same and on the basis that all other Client consultants and contractors shall be deemed to have provided contractual undertakings on terms no less onerous than this Clause 12.2 to the Client in respect of the performance of their services in connection with the project and that there are no exclusions of or limitation of liability nor joint insurance or co-insurance provisions between the Client and any other party referred to above and on the basis they shall be deemed to have paid to the Client such proportion which would be just and equitable for them to pay having regard to the extent of their responsibility.
- 12.3 DTZ shall have no duty or liability in tort to the Client save that nothing in this Clause 12, or in the Engagement, shall exclude or restrict any liability either Party may have for death or personal injury arising out of negligence.
- 12.4 Notwithstanding anything to the contrary contained elsewhere in the Engagement, the total liability of DTZ arising under or in connection with an Engagement shall not exceed £5,000,000.

Clause 13 – Money Laundering and Anti-Bribery Procedures

- 13.1 The Client shall provide all necessary cooperation so as to ensure that DTZ is able to meet its obligations under:
- 13.1.1 The Proceeds of Crime Act 2002 and Money Laundering Regulations 2007; and
- 13.1.2 The Bribery Act 2010,
- and shall itself comply with such obligations.

Clause 14 – Force Majeure

- 14.1 Neither Party shall be deemed to be in default or liable to the other Party for any matter whatsoever for any delays in performance or from failure to perform or to comply with the Terms of Business due to any cause beyond that Party's reasonable control including, without limitation, acts of God, acts of Government or other competent regulatory authority, telecommunications, network operators, war or national emergency, riots, civil commotion, fire, explosion, flood, epidemic, lock-outs, strikes and other industrial disputes (in each case, whether or not relating to that Party's workforce).
- 14.2 Each Party agrees to give notice forthwith to the other upon becoming aware of a Force Majeure Event, such notice to contain details of the circumstances giving rise to the Force Majeure Event.

Clause 15 - Termination

- 15.1 Without prejudice to any other rights or remedies a Party may possess:
- 15.1.1 DTZ may terminate the Engagement by notice immediately if the Client has failed to pay an invoice within 30 days of the final date for payment of that invoice.
- 15.1.2 Either Party may terminate the Engagement by notice immediately if the other Party becomes insolvent.
- 15.1.3 Either Party may terminate the Engagement by notice immediately if the other Party is in breach of its obligations and where such breach is capable of remedy the other Party fails to remedy such breach within 30 days of receipt of a notice specifying the breach.
- 15.2 For the purposes of Clause 15.1.2, a Party is insolvent if it enters into an arrangement, compromise or composition in satisfaction of its debts or goes into liquidation (in either case otherwise than for the purpose

of amalgamation or reconstruction), or has a winding up or bankruptcy order made against it, or it has appointed to it an administrator or administrative receiver or any step analogous to any of the foregoing occurs.

- 15.3 Either Party may terminate an Engagement by giving not less than 30 days written notice to the other. In such event DTZ shall be entitled to payment of fees for the Services it has performed, and payment of the expenses it has properly incurred, up to the date of termination. Where the Engagement Letter does not identify how to calculate the fees that shall be payable where termination under this Clause 15.3 occurs, a fair and reasonable pro rata calculation shall apply having regard to the fees payable for the completion of the Engagement, the expected duration of the entire Engagement and the Services performed prior to termination.
- 15.4 The expiration or the termination of an Engagement, however arising, shall not operate to affect such of the provisions of the Engagement as are expressed to operate or continue in effect after then and shall be without prejudice to any rights or liabilities accrued at the date of such expiration or termination.

Clause 16 – No Waiver, Partnership or Joint Venture

- 16.1 No waiver by a Party of any breach by another Party in the performance of any of its obligations under this Agreement shall operate or be construed as a waiver of any other or further breach whether of a like or different character or be effective unless in writing duly executed by an authorised representative of the affected Party.
- 16.2 The failure by a Party to insist on any occasion upon the performance of the terms, conditions and provisions of the Engagement, or time or other indulgence granted by one Party to another shall not thereby act as a waiver of any breach, as acceptance of any variation, or as the relinquishment of any right under the Engagement, which shall remain in full force and effect.
- 16.3 An Engagement shall not be interpreted or construed to create an association, joint venture or partnership between the Parties, or to impose any partnership obligation or liability upon either Party.

Clause 17 – Entire Agreement

- 17.1 The Terms of Business constitute the entire agreement and understanding of the Parties as to the subject matter of the Terms of Business. They supersede any prior agreement or understandings between the Parties and no variation of the DTZ Terms and Conditions or any Engagement Letter shall be binding unless agreed in writing.
- 17.2 The Client expressly acknowledges that it has not been induced to enter into the Terms of Business by any warranty or representation or

other assurance not expressly incorporated in the Terms of Business.

Clause 18 – Severability

- 18.1 If any provision of the Terms of Business is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of the Terms of Business shall not be impaired.

Clause 19 – Contracts (Rights of Third Parties) Act 1999

- 19.1 DTZ may perform any of its obligations or exercise any of its rights under the Terms of Business through any subsidiary or associated company of DTZ Debenham Tie Leung Limited or any holding company of DTZ Debenham Tie Leung or any subsidiary or associated company of such holding company but in all other respects no term of the Engagement is intended for the benefit of a third party and the Parties do not intend that any term of the Engagement shall be enforceable by a third party either under the Contracts (Rights of Third Parties) Act 1999 or otherwise.

Clause 20 – Assignment

- 20.1 An Engagement shall not be assigned or transferred by either Party without the prior consent of the other save that DTZ shall be entitled by writing to the Client to assign all or any of its rights under an Engagement to any company in the same group of companies as DTZ or associated with DTZ.

Clause 21 – Notices

- 21.1 Any notice or other information to be given by either Party to the other under the Engagement shall be given by:
- 21.1.1 Delivering the same by hand;
- 21.1.2 Sending the same by pre-paid registered post; or
- 21.1.3 Sending the same by telex, facsimile transmission or comparable means of communication;

to the other Party at the address given in Clause 21.4.

- 21.2 Any notice or information sent by post in the manner provided by Clause 21.1.2 which is not returned to the sender as undelivered shall be deemed to have been given on the second day after the envelope containing it was so posted; and proof that the envelope containing any such notice or information was properly addressed, pre-paid, registered and posted, and that it has not been returned to the sender, shall be

sufficient evidence that the notice or information has been duly given.

- 21.3 Any notice or information sent by telex, facsimile transmission or comparable means of communication shall be deemed to have been duly given on the date of transmission, provided that a confirming copy is sent to the other Party at the address given in Clause 21.4 within 24 hours after transmission.
- 21.4 The address of either Party for service for the purposes of Clause 21 (but excluding legal proceedings) shall be that of its registered or principal office, or such other address as it may last have notified to the other Party in writing from time to time.

Clause 22 – Miscellaneous

- 22.1 Each Party warrants that it has power to enter into the Terms of Business and that it has obtained all necessary consents and/or approvals to do so.
- 22.2 The Engagement shall inure to the benefit of, and be binding upon, the permitted successors and permitted assignees to the Parties.
- 22.3 Where the Client comprises two or more Parties their liability under the Engagement shall be joint and several.
- 22.4 No actions or proceedings arising under or in respect of the Engagement shall be commenced against DTZ after 6 years after the date of completion of the Engagement, or such earlier date as may be prescribed by law.

Clause 23 - Dispute Resolution and Governing Law

- 23.1 In the event that the Client is dissatisfied with the provision of the Services by DTZ under the Terms of Business it must refer such complaint in the first instance to the director in charge of the Engagement in accordance with the provisions of DTZ's complaints procedure current at the time of the complaint. DTZ shall supply to the Client a copy of the complaints procedure upon the request of the Client.
- 23.2 The parties irrevocably submit to the exclusive jurisdiction of the English Courts, subject to the rights of either party to enforce a judgement obtained in the English Courts in any other jurisdiction.
- 23.3 The terms of Business shall be governed by and construed in accordance with English Law.

Clause 24 – Interpretation

- 24.1 Words importing the singular also include the plural and vice versa where the context requires.
- 24.2 Words importing persons or parties shall include firms, corporations and any other organisation having legal capacity.
- 24.3 The headings in the Terms of Business are not part of the Terms of Business nor shall they be

taken into consideration in its interpretation or construction;

- 24.4 All references in the Terms of Business to Clause numbers are references to Clause numbers in the DTZ Terms and Conditions and not to those in any other documents forming part of the DTZ Terms and Conditions unless the context otherwise indicates.
- 24.5 Reference to a statute or statutory provision includes it as from time to time amended, extended or re-enacted.
- 24.6 These DTZ Terms and Conditions and any applicable Engagement Letter shall be read together as a single document.
- 24.7 If there is any conflict between the provisions of:
- 24.7.1 The DTZ Terms and Conditions and any applicable Engagement Letter, the Engagement Letter shall have priority;
- 24.7.2 An Engagement Letter and any documents cross referenced and/or attached to that Engagement Letter, the Engagement Letter shall have priority.

Clause 25 - Data Protection

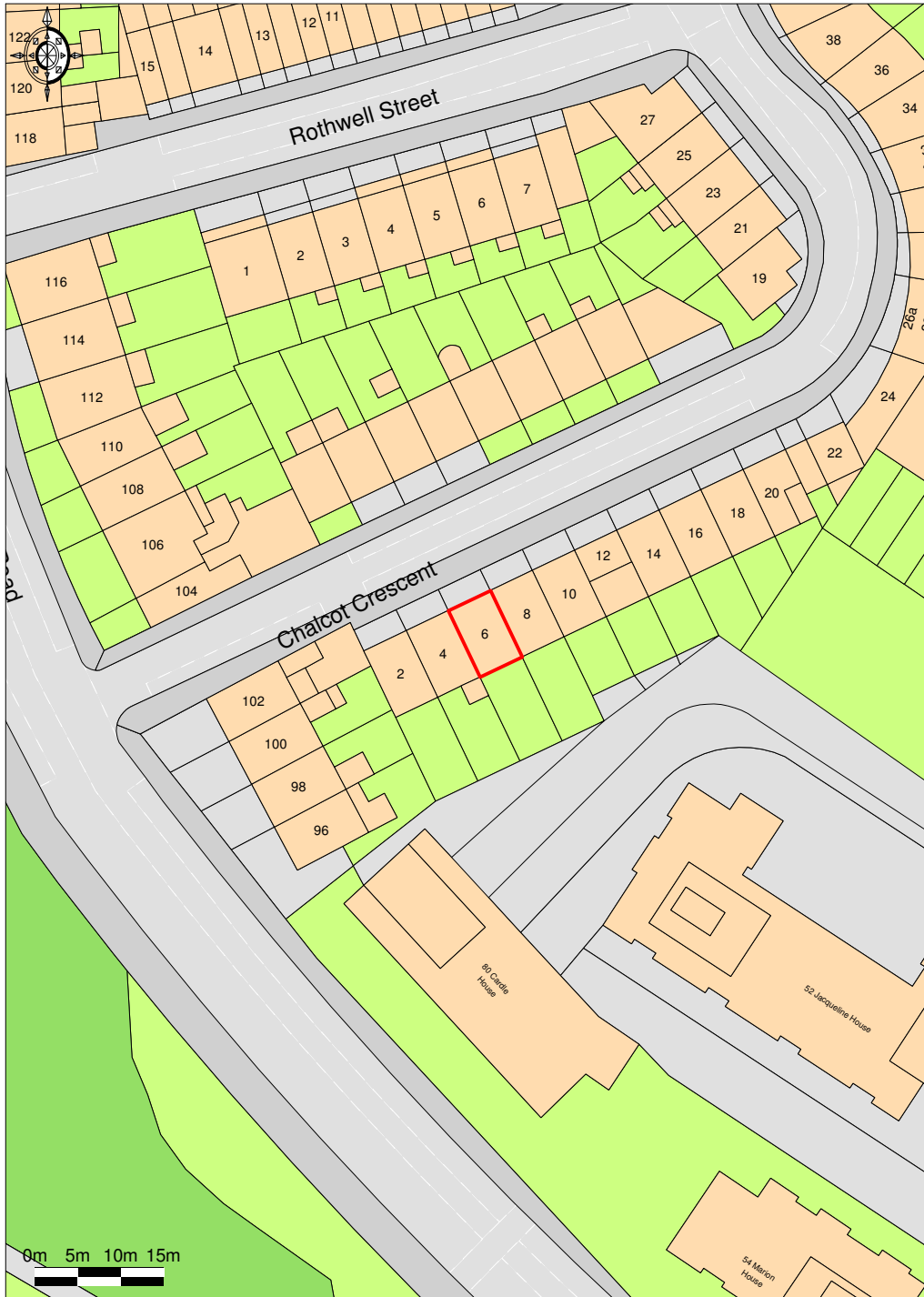
- 25.1 DTZ may use the Client's details in providing the Services under this Engagement and for the ongoing administration of the Services. To the extent that the Data Protection Act applies, DTZ undertakes that:

i) - It shall comply with the obligations of a "data controller" under the provisions of the Seventh Data Protection Principle as set out in Schedule 1 of the Data Protection Act 1998;

ii) - DTZ shall not disclose or allow access to any personal data provided by the Client or acquired by DTZ during the course of executing its obligations under this Engagement, other than to a person employed or engaged by DTZ and their legal or financial advisers;

iii) - Any disclosure of or access allowed to personal data shall be made in confidence and shall extend only so far as is necessary for the purposes of carrying out the Engagement and shall not be disclosed in breach of any Law.

- 25.2 It is a condition of this Engagement, that DTZ may search your record at Credit Reference Agencies for the purposes of verifying your identity and to assess whether you are able to fulfil your payment obligations under the Terms of this Engagement.



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6 Chalcot Crescent, Primrose Hill, NW1 8YD

6 CHALCOT CRESCENT, PRIMROSE HILL, LONDON NW1



FRONT ELEVATION

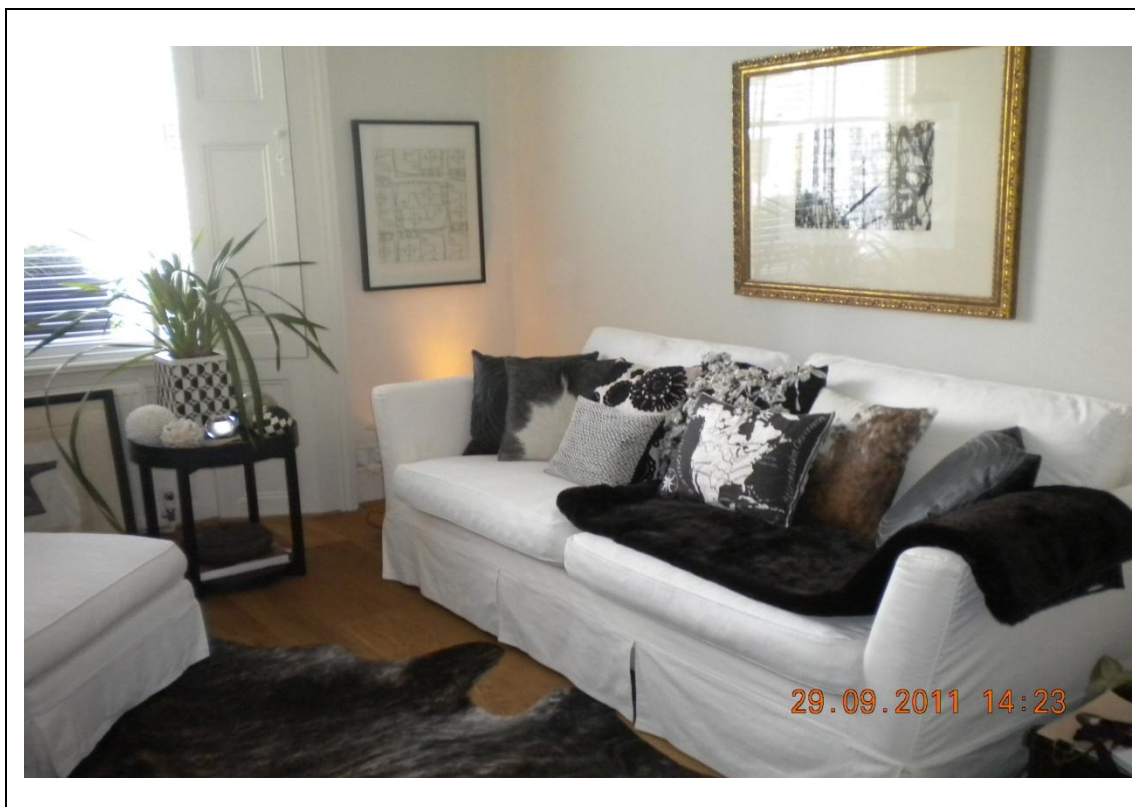


STREET SCENE

6 CHALCOT CRESCENT, PRIMROSE HILL, LONDON NW1



REAR GARDEN



LIVING ROOM

6 CHALCOT CRESCENT, PRIMROSE HILL, LONDON NW1

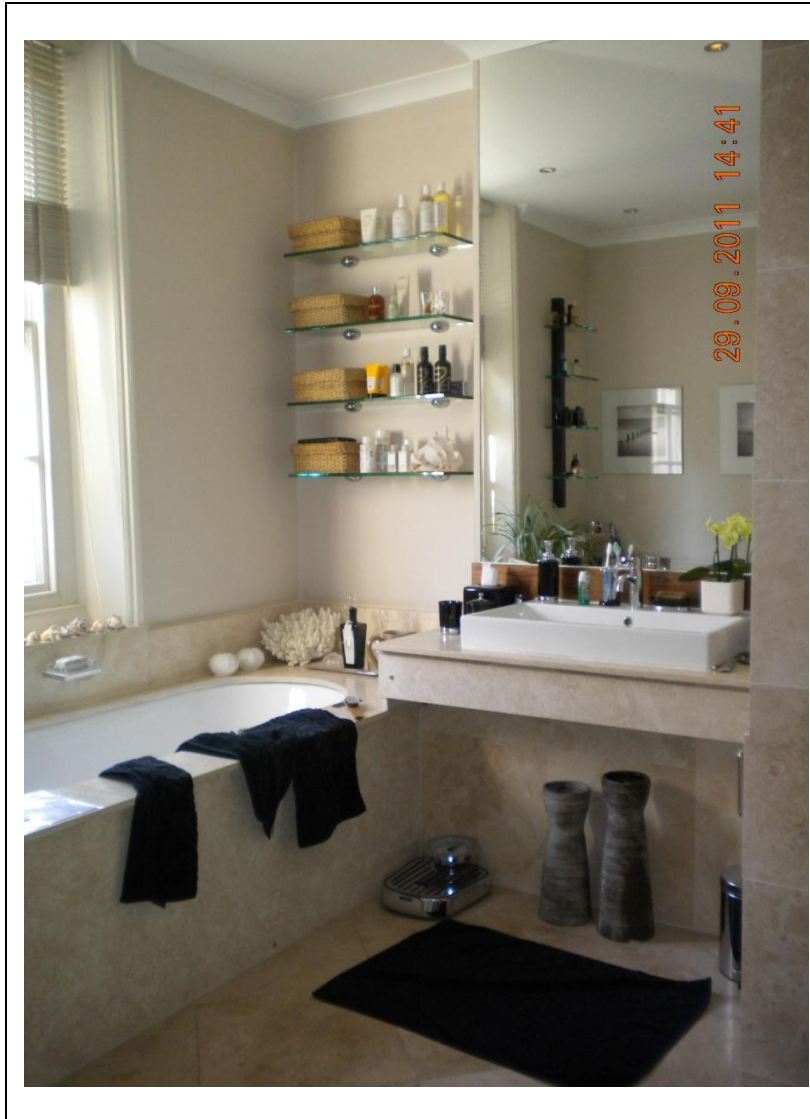


KITCHEN



BEDROOM

6 CHALCOT CRESCENT, PRIMROSE HILL, LONDON NW1



BATHROOM



AGREEMENT FOR A COMPANY TENANCY

[This document should not be used to create a tenancy where the initial fixed term is to be for more than three years;
you should consult a Solicitor, as such an agreement must be created by Deed]

IMPORTANT

This agreement contains the terms and obligations of the tenancy. It sets out the promises made by the landlord to the tenant and by the tenant to the landlord. These promises will be legally binding once the agreement has been signed by both parties and then dated. Whilst every attempt has been made to compose this agreement using plain and intelligible language, it inevitably contains some legal terms or references.

If either party does not understand this agreement, or anything in it, it is strongly suggested you ask for an explanation before signing it. You might consider consulting a Solicitor, Citizens Advice Bureau or Housing Advice Centre.

Both parties are advised to obtain confirmation in writing when the Landlord gives the Tenant consent to carry out any action under this Agreement

The Name and Address of the Letting Agent (if any) who arranged this tenancy is :-

GOLDSCHMIDT & HOWLAND PROPERTY SERVICES LIMITED

47-49 Maida Vale

London

W9

DEFINITIONS

In this Agreement the following Definitions and Interpretation apply:

“The Landlord” includes anyone owning a leasehold or freehold interest in the Property, entitling him to possession of it upon the cessation or expiry of the Tenancy and anyone who subsequently owns the Property.

“The Tenant” includes anyone entitled to possession of the Property under this Agreement.

“The Occupier” means any named employee of the Tenant and his immediate family who are authorised by the Landlord or the Tenant to reside at the Property under the care and control of the Tenant. The Tenant may allow additional or replacement Occupiers to Occupy the Property upon receipt of written confirmation from the Landlord.

“The Property” includes references to any part or parts of the Property, the building, boundaries fences garden and outbuildings belonging to the Landlord including the use of common access ways and facilities if the Property forms part of a larger building, unless they have been specifically excluded from the Tenancy.

“The Fixtures and Fittings” include references to any of the fixtures, fittings, furniture, furnishings, equipment, or effects, floor, ceiling or wall coverings specified in the Inventory and Schedule of Condition.

“Agent” means Goldschmidt and Howland Property Services Limited trading as Goldschmidt and Howland Property Services Limited whose registered office address is at 13a Heath Street, London, NW3 6TP or any other person appointed by the Landlord as the Agent.

“Inventory and Schedule of Condition” is the document drawn up prior to the commencement of the Tenancy by the Inventory Clerk which shall include the Fixtures and Fittings in the Property including all matters specified in the Inventory and Schedule of Condition which will be given to the Tenant at the start of the Tenancy after the check in of the Inventory and Schedule of Condition has taken place.

“Term” or “Tenancy” includes any extension or continuation of the contractual Tenancy or any periodic Tenancy arising after the expiry of the period set out in clause 1.12.

“Deposit” is the money held by the Agent as stakeholder or Landlord during the Tenancy in case the Tenant fails to comply with the terms of this Agreement.

“Stakeholder” means that deductions can only be made from the Deposit at the end of the Tenancy with the written consent of both parties or an appropriate third party makes a decision.

“TDSRA” means the Tenancy Deposit Scheme for Regulated Agents run by the The Dispute Service for the resolution of disputes between Landlords/Agents and Tenants as to the return of the deposits at the end of tenancies.

“Stamp Duty Land Tax” is the tax payable by the Tenant to the Stamp Office if the Rent after deduction of the discount exceeds £120,000. Further information can be obtained from the website at www.inlandrevenue.gov.uk/so or by telephoning 0845 6030135.

“Emergency” means where there is a risk to life or damage to the fabric of the Property or Fixtures and Fittings contained in it.

“Superior Landlord” means the person for the time being who owns the interest in the building of which the Property form part giving him the right to possession of the Property at the end of the Landlord’s lease of the Property.

“Head Lease” sets out the promises your Landlord has made to his Superior Landlord. The promises contained in this Head Lease will bind the Tenant if he has prior knowledge of those promises.

“Guarantor” is the person responsible for discharging the Tenant’s obligations if the Tenant defaults whether the Landlord elects to pursue the Tenant or not.

References to the singular include the plural and references to the masculine include the feminine.

The Tenant and Landlord agree that the laws of England and Wales shall apply to this Agreement.

1 SUMMARY of CORE TERMS

1.1 Insert here, (only after this agreement has been signed by, or on behalf of, both parties) the binding DATE of this contract

1.2 Name(s) of LANDLORD(S) :

Fusun Genscu

1.3 ADDRESS for Landlord(s) :

Hisar Mektebi Sokak 4 Rumelihisari 34470 Istanbul, Turkey

IMPORTANT: - A landlord is required by law (for the purposes of sections 47 and 48 Landlord & Tenant Act 1987) to provide a tenant with his address when making written demands for rent and if that address is not in England and Wales, provide an address in England and Wales at which notices (including notices in proceedings) may be sent to or served on the landlord, by the tenant.

THEREFORE, Where the address for the landlord inserted at 1.3 is not in England and Wales you must insert, in clause 1.4, an alternative address for the landlord (for the purposes of sections 47 and 48 Landlord & Tenant Act 1987), which is in England and Wales.

1.4 Alternative ADDRESS for Landlord (if applicable) :

C/o 1 Heath Street, Hampstead, London, NW3 6TP

1.5 Name(s) of TENANT(S) :

H & M Hennes Ltd

1.6 ADDRESS of Tenant(s) :

2nd Floor, Holden House, 57 Rathbone Place, London W1T 1HE

1.7 Name(s) of OCCUPIER(S) :

Janke Nystrom & Kent Johansson

1.8 Name(s) of GUARANTOR(S) : (IF ANY)

N/A

1.9 ADDRESS of Guarantor(s) : (IF ANY)

N/A

1.10 ADDRESS of PROPERTY to be LET :

6 Chalcot Crescent, Primrose Hill, London, NW1 8YD

1.11 EXCLUSIONS from the Let Property / INCLUDED with the Let Property (e.g. Garage or other outbuildings etc) (IF APPLICABLE)

N/A

1.12 Initial TERM of the tenancy will be :

One year

COMMENCEMENT date; from and including :

17th July 2006

EXPIRY date; to and including :

16th July 2007

1.13 RENT FOR THE TERM

£78,000.00

Seventy eight thousand pounds.

Rent is payable in advance by four quarterly instalments of £19,500.00 with the first instalment to be payable to Agent on the signing hereof and with a further three quarterly instalments payable to the Agent by bankers standing order to Coutts & Co, St Martins Office, 440 Strand, London WC2R 0QS, SC/18-00-02, Goldschmidt & Howland Client Account, A/No. 02526093.

1.14 A security DEPOSIT of

£ 9,000.00

Is to be paid on or before the signing of this agreement to the Agent to be held as Stakeholder to be held and dealt with in accordance with the terms and conditions of section 6. The Agent shall invest the Deposit in a separate interest bearing account and the Tenant shall be entitled to any interest thereon.

1.15 The Landlord lets and the Tenant takes the Property for the Term at the Rent payable as above.

This Agreement incorporates the following Letting Provisions

2. TENANT'S OBLIGATIONS

PLEASE NOTE: These are the things that the Tenant agrees to do or not to do. It is important for the Tenant to understand what he must or must not do. If the Tenant breaks, or does not comply with any of these obligations, the Landlord may be entitled to claim damages or compensation from the Tenant, or to seek other legal remedies against the Tenant, including the possibility of eviction.

General

- 2.1** Any obligation upon the Tenant under this Agreement to do or not to do anything shall also require the Tenant not to permit or allow any licensee or visitor to do or not to do that thing.
- 2.2** To be responsible and liable for all the obligations under this Agreement.

Payment by the Tenant

- 2.3** Pay the Rent at the time and in the manner specified.

Utilities, television Licence and Council Tax

- 2.4** Pay the council tax or ensure the Occupier pays the council tax or any substituted property tax for the Property during the entire term of the tenancy (regardless of whether the Property is occupied by the Tenant) to the local authority or by paying that sum to the Landlord, or the Agent, where the Landlord, or the Agent, has paid it to the local authority (whether legally required to do so or not) within 14 days of receiving a written request for such monies.
- 2.5** Pay or ensure the Occupier pays for all gas, electric and water including sewerage and environmental charges,
the telephone for or supplied to the Property including the proportion of the standing charges for the period of the tenancy and pay the appropriate terrestrial television licence fee, cable television or satellite television charges (if any) for the use of the television or associated broadcast receiving equipment at the property.
- 2.6** To arrange with the relevant authorities for all accounts to be transferred and addressed to the Tenant in the Tenant's or the Occupier's name at the start of the tenancy.
- 2.7** To pay for the reconnection of any services which are disconnected due to the actions or lack of action of the Tenant or the Occupier.
- 2.8** Not to tamper, interfere with, alter, or add to, or allow the Occupier to tamper, interfere with, alter, or add to the installations or meters relating to the supply of such services to the Premises. This includes the installation of any pre-payment meter.
- 2.9** Not to allow a water meter to be installed without the prior consent of the Landlord which will not be unreasonably withheld.
- 2.10** To arrange for the telephone account (including any telephone for the burglar alarm system) to be transferred addressed to the Tenant in his name.
- 2.11** Not to allow the telephone to be disconnected altered or removed without the Landlord's consent which will not be unreasonably withheld.
- 2.12** Not to change or allow the Occupier to change the number of the telephone and not transfer the telephone number at the end of the tenancy.
- 2.13** Not to change or allow the Occupier to change the utility suppliers without the Landlord's consent which will not be unreasonably withheld.

- 2.14** To provide the name, address and account number of the new supplier to the landlord or the Agent within seven days of transfer.
- 2.15** To pay the reasonable costs of transferring it back to the original supplier at the end of the tenancy, if the supplier is changed either with or without the Landlord's consent.
- 2.16** To arrange for the reading of the gas, electricity and water meter, if applicable, at the end of the Tenancy and the departure of the Tenant from the Premises.
- 2.17** To pay all outstanding accounts with the utility service providers and the local authority at the end of the Tenancy.

Condition of the Property

- 2.18** To take and ensure the occupier takes reasonable precautions to keep the interior of the Property and the Fixtures and Fittings clean and tidy and in the same state and condition as they were at the beginning of the Tenancy as shown in the Check In Report of the Inventory and Schedule of Condition (except for fair wear and tear, damage by accidental fire and other insured risks and repairs that are the obligation of the Landlord).
- 2.19** To take and ensure the occupier takes reasonable precautions to prevent the Property, the Fixtures and Fittings from being destroyed or damaged.
- 2.20** To make good, pay for repair, compensate the Landlord, or replace with articles of a similar kind and of equal value any of the Fixtures and Fittings that have been destroyed, lost, broken, or damaged due to the negligence or misuse of the occupier, his family, visitors, or workmen (apart from fair wear and tear and damage by accidental fire or other insured risks), as shown in the Check Out Report of the Inventory and Schedule of Condition.
- 2.21** To pay for the professional cleaning of the Property, the Fixtures and Fittings (including any soiled carpets, curtains, linen, blankets, quilts or duvets) at the end of the Tenancy, to the same standard to which the Property and Fixtures and Fittings were cleaned prior to the start of the Tenancy, as stated in the Check In Report of the Inventory and Schedule of Condition.
- 2.22** Ensure that the water softener (if any) is operational throughout the tenancy and to provide or ensure the Occupier provides salt for the appliance as and when necessary provided written instructions are given to the Tenant at the start of the Tenancy.
- 2.23** Replace promptly or ensure the Occupier replaces promptly all broken or cracked glass or mirrors caused by the negligence of the Tenant, the Occupier, his family, permitted guests or workmen.
- 2.24** To inform the Landlord, or the Agent, as soon as any repairs or other matters falling within the Landlord's obligations to repair the Property as set out in this Agreement, come to the attention of the Tenant.
- 2.25** To clean or ensure the Occupier cleans the inside and outside of the windows regularly and at the end of the Tenancy provided they were cleaned at the start of the Tenancy as shown in the Check In Report of the Inventory and Schedule of Condition.
- 2.26** To clean or ensure the Occupier cleans the chimneys once a year (if applicable) provided they were cleaned at the start of the Tenancy.
- 2.27** To clean or ensure the Occupier cleans the filter on the extractor fan (if applicable) as and when necessary.
- 2.28** To replace the filter on the extractor fan at the end or earlier termination of the tenancy.
- 2.29** To keep or ensure the Occupier keeps all smoke alarms in good working order by replacing batteries provided they were in working order at the start of the Tenancy.
- 2.30** Replace or ensure the Occupier replaces all fuses, light bulbs and fluorescent tubes as and when necessary.

- 2.31** To take reasonable precautions and ensure the Occupier takes reasonable precautions not to obstruct all gutters, sewers, drains, sanitary apparatus, water and waste pipes, air vents and ducts at the Property.
 - 2.32** To pay for the removal of any obstruction and any damage caused by an obstruction or any over-flow if it is due to the negligence or misuse of the Occupier, his family, visitors, or contractors.
 - 2.33** Take all reasonable precautions and ensure the Occupier takes reasonable precautions including keeping the Property heated during the winter months to prevent damage occurring to any pipes or other installation in the Property that may be caused by frost, provided the pipes and other installations were adequately insulated at the start of the Tenancy.
 - 2.34** To take all reasonable precautions and ensure the Occupier takes reasonable precautions to prevent condensation by keeping the Property adequately ventilated and heated.
 - 2.35** To take all reasonable precautions and ensure the Occupier takes reasonable precautions to prevent pest infestation at the Property and to pay for getting rid of any infestation caused by the negligence of the Tenant, his family or visitors.
 - 2.36** Not to block or allow the Occupier to block any air vents or other ventilation ducts.
 - 2.37** To inform or to ensure the Occupier informs the Landlord or the Agent of any build up of soot or brown staining above gas appliances which could be due to a defect or build up of carbon monoxide.
 - 2.38** To leave or ensure the Occupier leaves the Fixtures and Fittings at the expiry or earlier ending of the Tenancy in the same rooms as at the start of the Tenancy as shown in the Inventory and Schedule of Condition.
 - 2.39** Not remove or allow the Occupier to remove from the Property any, or all of, or any substituted Fixtures and Fittings specified in the Inventory and Schedule of Condition.
 - 2.40** Not to decorate or alter or allow the Occupier to decorate or alter the Property without the written consent of the Landlord.
 - 2.41** Not to bring into the Property any of the Tenant's or the Occupier's own furniture or bulky equipment (if the Property is furnished) without the previous consent of the Landlord which will not be unreasonably withheld.
 - 2.42** To carry out any work or repairs that the Tenant or Occupier is required to carry out under this Agreement within a reasonable time of being notified; provided the Landlord or the Agent has given the Tenant written notice of those repairs; or to give authority to the Landlord or the Agent to have the work carried out at the Tenant's expense. When the Tenant has not complied with this obligation, the Landlord may enter the Property (provided the Tenant has been given at least 24 hours notice in writing) with workmen, to carry out any repairs or other works. The reasonable cost of any repairs or work will be charged to and paid for by the Tenant.
 - 2.43** To make good, or compensate for, any failure by the Tenant or the Occupier to comply with the obligations set out in this Agreement.
- Garden (IF ANY)**
- 2.44** Keep or ensure the Occupier keeps the garden (if any) in good order and condition throughout the Tenancy provided it was in good condition at The start of the Tenancy.
 - 2.45** To cut or ensure the Occupier cuts the grass or ensure regularly during the growing season.
 - 2.46** To weed or ensure the Occupier weeds the borders, beds, paths and patios provided they were weeded at the start of the Tenancy.
 - 2.47** Not to or allow the Occupier to lop, cut down, remove, or damage any tree shrub or plant growing on the Property, unless it is required to keep the garden in good order.

- 2.48** To leave or ensure the Occupier leaves the garden in a clean and tidy condition at the end of the Tenancy provided it was in a clean and tidy condition at the start of the Tenancy.
- 2.49** To allow or ensure the Occupier allows access to any gardener appointed by the Landlord (if applicable) to tend the garden at times as agreed.

Insurance

- 2.50** Give to the Landlord or the Agent or ensure that the Occupier gives to the Landlord or the Agent as soon as it comes to the attention of the Tenant or Occupier notice of and provide details of any loss, damage or destruction of the Property, Fixtures or Fittings whether by fire or any other insured risk.
- 2.51** Not to do or fail to do anything or allow the Occupier to do or fail to do anything that leads to the policy on the Property, or Fixtures and Fittings not covering any part of the losses otherwise covered by the policy, provided a copy of the relevant parts of the policy has been given to the Tenant or the Occupier at the start of the Tenancy.
- 2.52** To pay to the Landlord all reasonable sums paid by the Landlord for any increase in the insurance premium for the policy, or necessary expenses incurred as a result of a failure by the Tenant, his family, or visitors, to comply with clause **2.51** of this Agreement.
- 2.53** **The Tenant is advised that the Landlord's insurance does not cover the possessions of the Occupier and that he should make certain that the Occupier insures his own belongings.**

Access

- 2.54** To allow or ensure the Occupier allows the Landlord, the Superior Landlord or their respective Agents with or without workmen or others at all reasonable times during the tenancy upon the Tenant being given at least 24 hours notice in writing (except in case of emergency) to enter the Property for the purpose of:
- repairing and painting the outside and inside of the Property;
 - carrying out or completing any structural or other necessary or proper repairs to the Property or adjoining premises;
 - maintenance of the Property or Fixtures and Fittings;
 - carrying out a gas safety check;
 - carrying out repairs for which the Landlord has a statutory obligation;
 - inspecting the state and condition of the inside of the Property and the Fixtures and Fittings;
- and the person entering the Property causing as little inconvenience disturbance and damage as possible; and thereafter making good any damage caused.
- 2.55** To allow or ensure the Occupier allows during the last eight weeks of the tenancy (however it is ended) the Landlord, the Agent, or any other person who has authority from the Landlord accompanying any prospective tenant or purchaser to enter and view the Property at reasonable hours, upon giving at least 24 hours notice in writing, and the arrangement of a mutually convenient appointment made by the Landlord or the Agent.
- 2.56** To allow or ensure the Occupier allows during the last eight weeks of the Tenancy to permit, at the discretion of the Landlord or his Agent, a For Sale or To Let board to be displayed on the Property.

Assignment

- 2.57** Not assign underlet charge or part with or share possession or occupation of the Property or any part thereof (apart from as agreed at clause **2.58** below) without the consent of the Landlord which will not be unreasonably withheld.
- 2.58** Not to permit or allow the Occupier to permit any person other than the Occupier (as set out in clause **1.7** of this Agreement) and any permitted children to occupy or reside in the Premises.

Use of the Property

- 2.59** Not carry or allow the Occupier to carry on or permit to be carried on solely from the Property any profession trade or business.
- 2.60** Not to register or allow the Occupier to register a company at the Property.
- 2.61** Not to use or allow the Occupier use the Property or any part for any illegal or immoral purpose.
- 2.62** Not to carry or allow the Occupier to carry on any sale or auction or any public meeting for religious political or other purposes.
- 2.63** To use the Property as a private residence for the occupation of the Occupier and his immediate family only.
- 2.64** Not to use or consume or allow to be used or consumed any drugs or any other substance which is, or becomes, prohibited or restricted by law other than according to any conditions required for the legal use of such restricted substances.
- 2.65** Not to use the Property or allow the Occupier to use the Property in a way which causes a nuisance annoyance or damage to any neighbouring adjoining or adjacent premises or the owners or occupiers of them. This includes any nuisance caused by noise.
- 2.66** Not to or allow the Occupier to use or play any electrical or musical instruments of any kind or practice any singing in the Property so as to cause annoyance to nearby residents or occupiers.
- 2.67** Not to or allow the Occupier to leave any refuse or rubbish anywhere in the Property other than in the receptacle provided for this purpose.
- 2.68** To remove or pay for the removal of all rubbish from the Property, during and at the end of the Tenancy.
- 2.69** To place or ensure the Occupier places all refuse in a plastic bin liner and put it in the dustbin or receptacle made available.
- 2.70** To dispose or ensure the Occupier disposes of all refuse through the services provided by the Local Authority.
- 2.71** Not to or allow the Occupier fix or display anything on or from the Property which is visible outside.
- 2.72** Not to or allow the Occupier to fix any blinds to the inside or outside of the windows of the Property without the prior consent of the Landlord or the superior Landlord which will not be unreasonably withheld.
- 2.73** Not to or allow the Occupier to place or erect any aerial, satellite dish, notice, cable equipment, advertisement, sign or board on or in the Property without the prior consent of the Landlord or the Agent which will not be unreasonably withheld.
- 2.74** To pay all the costs of installation, removal and repair of any damage done as a result of a breach of clause **2.73** above.
- 2.75** Not to or allow the Occupier to keep any dangerous or inflammable goods, materials or substances in or on the Property, apart from those required for general household use.
- 2.76** Not to or allow the Occupier to fix or hang, any posters, pictures, photographs or ornaments to the walls or ceilings or woodwork with nails, glue, sticky tape, blu-tac or similar adhesive fixings other than solely with a reasonable number of commercially made picture hooks appropriate for the purpose and to make good at the end of the tenancy, or be liable for the fair costs of making good, any damage or marks or holes caused by such fixings.
- 2.77** Not to smoke or allow any guests or anyone else to smoke in the Property without the consent of the Landlord which will not be unreasonably withheld.

- 2.78** To park and to ensure the occupier and visitors park only private motor vehicles in the designated parking bays at the Property.
- 2.79** Not to and ensure the Occupier does not leave any bicycles, wheelchairs, prams, pushchairs or other objects in any of the common parts of the building.

Vacant Property

- 2.80** Not to or allow the Occupier to leave the Property vacant or unoccupied for a period in excess of 28 consecutive days without first giving notice to the Landlord or the Agent.
- 2.81** To comply and ensure the Occupier complies with any conditions of the insurer for vacant premises provided details were given to the Tenant at the start of the tenancy.

Locks and Burglar Alarm

- 2.82** Not to or allow the Occupier to alter or change or install any locks on any doors or windows in or about the Property except in an emergency, where any new or additional locks or bolts are fitted to the property, to promptly provide the Landlord or his Agent with an appropriate set of keys.
- 2.83** To hand over to the Landlord or the Agent all the keys to the Property on the last day of the tenancy.
- 2.84** To lock and bolt or ensure the Occupier locks and bolts the outside doors and the windows when the Property is left empty and at night.
- 2.85** To set and activate the burglar alarm (if applicable).
- 2.86** Not to have or allow the Occupier to have any additional keys made for any locks without the prior consent of the Landlord not to be unreasonably withheld
- 2.87** To return any additional keys (if applicable) to the Landlord at the expiration or earlier ending of the tenancy
- 2.88** To pay to the Landlord on written demand any reasonable costs incurred by the Landlord in replacing the locks if any keys given to the Tenant or which are subsequently cut are not returned at the end or earlier termination of the tenancy.
- 2.89** To pay any call out charges or repairs for the burglar alarm incurred by the Landlord due to the negligence, misuse or accidentally setting off of the alarm by the Tenant, his family, his visitors or contractors.
- 2.90** To take over the telephone line (if any) for the central monitoring system for the burglar alarm and to pay the rent and all charges in connection with it.

Notices

- 2.91** To forward or ensure the Occupier forwards any notice or order or proposal affecting the Property or its boundaries to the Landlord or his Agent within a reasonable time of receipt of any notice, order, or proposal.
- 2.92** To forward or ensure the Occupier forwards all correspondence addressed to the Landlord at the Property to the Landlord or the Agent within a reasonable time.

Animals and Pets

- 2.93** Not to keep or allow the Occupier to keep any pets, animals, reptiles, insects, or birds (whether domestic or otherwise) in or on the Property without the prior consent of the Landlord or the Agent which will not be unreasonably withheld, unless it is in breach of the Head Lease.

Costs to be Paid by the Tenant

- 2.94** To pay to the Landlord, or Agent, all reasonable costs and expenses, as agreed by the Tenant or awarded by the Court, incurred by the Landlord in:
- recovering or attempting to recover any Rent or other monies in arrears;
 - the enforcement of any reasonable obligation of the Tenant under this Agreement;

- the service of any Notice relating to any major breach of this Agreement whether or not court proceedings are brought.

- 2.95** To pay to the Landlord the cost of any repairs of any mechanical and electrical appliances belonging to the Landlord arising from the misuse or negligence by the Tenant, the Occupier, his family, or his visitors.
- 2.96** To pay the sum of £117.50 including VAT for the preparation and completion of this Agreement.
- 2.97** To pay the sum of £58.75 including VAT for the preparation of any documents for every renewal or extension of the tenancy.
- 2.98** To pay for the checking of the Inventory and Schedule of Condition at the termination or earlier ending of the tenancy and the preparation of any schedule of damage whether during or at the end of the tenancy
- 2.99** To pay the additional cost incurred by the Landlord, the Agent or the Inventory Clerk in making and attending a second appointment to check the Inventory and Schedule of Condition if the Tenant or his Agent fails to attend a mutually agreed second appointment.
- 2.100** To accept that if either the Tenant or his agent does not attend a second appointment a check out report will be prepared by the Inventory Clerk at that time, although the Tenant is not bound to accept the report.
- 2.101** To pay interest on any payment of Rent not paid within seven days of the due date as set out in this Agreement. Interest is payable from the date on which the Rent was due until the date on which the Rent is actually paid. The interest rate will be 4% above the Base Rate of The Bank of England.

Inventory and Check Out

- 2.102** To return a signed copy of the Inventory and Schedule of Condition given to the Tenant at the start of the Tenancy, within 7 days of the Commencement Date or the date on which it is given to the Tenant or his agent with any written amendments or notes.
- 2.103** To agree that if the Check-In Inventory and Schedule of Condition given to the Tenant at the start of the Tenancy will be regarded as a true record of the Condition of the Property and will be used to assess all damage for check-out purposes at the end of the Tenancy, if the signed copy with any amendments or alterations referred to in clause **2.102** above is not returned to the Landlord or the Agent.
- 2.104** To allow access for the check of the Inventory and Schedule of Condition at the termination or earlier ending of the Tenancy following receipt of reasonable notice from the Landlord or the Agent.

Head Lease

- 2.105** To comply or ensure the Occupier complies with the obligations of the Head Lease provided a copy of the obligations have been given to the Tenant with this Agreement.

3. LANDLORD'S OBLIGATIONS

PLEASE NOTE: These are the things that the Landlord agrees to do or not to do. If the Landlord breaks or does not comply with any of his obligations in this agreement or of his statutory obligations, the Tenant may be entitled to claim damages or compensation from the Landlord, or to seek other legal remedies against the Landlord.

THE LANDLORD AGREES WITH THE TENANT AS FOLLOWS:

Outgoings

- 3.1** To pay, cover and compensate the Tenant for all tax assessments and outgoing for the Property apart from those specified as the obligations of the Tenant in this Agreement.
- 3.2** To pay the ground rent, service charges and any other costs specified in the Head Lease (if applicable); including any licence fee or other charges made by the managing agent of the Superior Landlord which are incurred in arranging the letting of the Property.

3.3 To pay the mortgage payments (if applicable) to any mortgagee of the Property and comply with the other covenants of the mortgage deed of the Property.

3.4 To compensate and reimburse the Tenant for any losses, costs, or expenses arising out of any non-compliance with clause **3.3**.

Head Lease

3.5 To comply with and perform the terms and conditions of the Head Lease apart from any obligations which are the responsibility of the Tenant.

3.6 To take all reasonable steps to ensure that the Superior Landlord complies with the obligations of the Superior Lease.

Insurance

3.7 To insure or make certain the Superior Landlord (if applicable) insures the Property with a reputable company under a general household policy.

3.8 To keep or make certain the Superior Landlord keeps the Property insured during the period of the tenancy against loss or damage by fire and such other risks as are normally covered by a comprehensive insurance policy.

3.9 To keep the Property and the Landlord's contents (if any) insured for such sums and on such terms as the Landlord feels appropriate against fire and other risks normally covered by a comprehensive household policy and any other such risks as the Landlord considers necessary from time to time.

3.10 To provide a copy of the relevant sections of the policies to the Tenant at the start of the tenancy including any conditions specified by the insurer for vacant premises.

Quiet Enjoyment

3.11 To allow the Tenant to quietly hold and enjoy the Property during the tenancy without any unlawful interruption by the Landlord or any person rightfully claiming under, through or in trust for the Landlord.

Consents

3.12 To confirm that all necessary consents have been obtained to enable the Landlord to enter this Agreement (whether from Superior Landlords, lenders, mortgagees, insurers, or others).

3.13 That the Landlord is the sole owner of the freehold interest in the Property (if applicable) and that no consent is necessary to enter into this Agreement.

Non UK Resident Landlord's

3.14 Where the Landlord's normal place of abode is not in the United Kingdom he agrees to nominate a representative or appoint an Agent to whom, the rent due under this agreement shall be paid. If the Landlord fails to appoint such a representative or Agent the Landlord agrees that the Tenant will be entitled to deduct, and hold for payment to the Inland Revenue, basic rate tax from the rent as may be required by the Finance Act 1995 or subsequent similar legislation as it relates to non UK Resident Landlords.

Statutory Repairing Obligations

3.15 To comply with the obligations to repair the Property as set out in sections 11 to 16 of the Landlord and Tenant Act 1985 (as amended by the Housing Act 1988). These sections impose on the Landlord obligations to repair and keep in good repair and order:

- the structure of the Premises and exterior (including drains, gutters and pipes);
- certain installations for the supply of water, electricity and gas;
- sanitary appliances including basins, sinks, baths and sanitary conveniences;
- installations for space heating and water heating; but not other fixtures, fittings, and appliances for making use of the supply of water and electricity.

This obligation arises only after notice has been given to the Landlord by the Tenant as set out in the Tenant's obligations.

- 3.16** To repay to the Tenant any reasonable costs incurred by the Tenant to remedy the failure of the Landlord to comply with his statutory obligations as stated in clause **3.15** above.

Other Repairs

- 3.17** To keep in repair and proper working order the Fixtures and Fittings, and all mechanical and electrical items belonging to the Landlord and forming part of the Fixtures and Fittings; and to have repairs carried out as quickly as possible to limit any inconvenience to the Tenant; except for any damage or costs arising from any other breach of the obligations which are the Tenant's responsibility under the terms of this Agreement.

Inventory

- 3.18** To pay for the cost of making a fully comprehensive Inventory and Schedule of Condition at the Start of the Tenancy
- 3.19** To pay for the cost of checking the Inventory and Schedule of Condition at the start of the Tenancy.

4. THE LANDLORD AND TENANT AGREE AS FOLLOWS:

Payment by a Third Party

- 4.1** Any person other than the Tenant who pays all or any part of the rent due under this Agreement to the Landlord or the Agent shall be deemed to have made the payment as agent for and on behalf of the Tenant and the Landlord or the Agent shall be entitled to assume this without making any additional enquiry.

Interruptions to the Tenancy

- 4.2** If the Property or a significant part of it is destroyed, damaged, or made uninhabitable by fire, or any other risk against which the Landlord has insured, or the Property becomes inaccessible or unfit for occupation or use rent will cease to be payable until the Property is reinstated and rendered habitable; unless the insurance monies are not recoverable (whether in whole or in part) because of any thing done or not done by the Tenant, his family, his visitors or his contractors.

- 4.3** If the Property is not made habitable within fourteen days, unless the damage is due to anything done, or not done by the Tenant, the Occupier, his family, his visitors or his contractors either party may terminate this Agreement by giving immediate written notice to the other party.

- 4.4** If the Tenant does not terminate the tenancy under clause **4.3** above the rent payable under this Agreement or a fair proportion of it according to the nature or damage sustained shall be suspended unless the damage is due to anything done, or not done by the Tenant, the Occupier, his family, his visitors or his contractors until the Property shall again be fit for occupation or use.

- 4.5** Any rent paid in advance shall be returned to the Tenant the amount in case of dispute with the written consent of both parties to be settled by arbitration.

Early Termination

- 4.6** If the Tenant vacates the Property during the Term unless it is according to the break clause (if any), the Tenant will remain liable to pay rent and any other monies payable under this Agreement until the Term expires; or the Property is re-let whichever is earlier, whether or not the Tenant chooses to continue occupying the Property.

Removal of Goods

- 4.7** The Tenant will be responsible for meeting all reasonable removal and or storage charges, when small items are left in the Property which can be easily moved and stored; and the Landlord elects to remove them and store them for a maximum of one month.
- 4.8** Charges will only be incurred after the Landlord has given to the Tenant written notice addressed to the Tenant at the registered office address of the Tenant, or in the absence of any address after making

reasonable efforts to contact the Tenant to inform him that items have not been cleared; and the Tenant has failed to collect the belongings promptly thereafter.

- 4.9** If the items are not collected within one month of the Tenant being notified the Landlord may dispose of the items and the Tenant will be liable for all reasonable costs of disposal which may be deducted from any sale proceeds or the Deposit.
- 4.10** Any remaining costs after the deductions have been made under clause **4.9** will remain the liability of the Tenant.
- 4.11** The Tenant will remain liable for rent and other monies under this Agreement when the Property is left full of bulky furniture, or a large amount of other bulky and heavy discarded items belonging to the Tenant or the Occupier; which may prevent the Landlord residing in, re-letting, selling or making any other use of the Property until the items are removed from the Premises.
- 4.12** The Landlord or the Agent can remove, store or dispose of the items after giving the Tenant at least 14 days written notice, addressed to the Tenant at the registered office address of the Tenant; or in the absence of any address after making reasonable efforts to contact the Tenant; to inform him that they consider the items to be abandoned.

Data Protection Act 1998

- 4.13** Personal information of the Landlord, the Tenant and the Occupier will be retained by the Agent during the Tenancy; that present and future addresses of the parties may be provided to each other, to utility suppliers, the local authority, any credit agencies, reference agencies and for debt collection.

5. ENDING THE TENANCY AND RE-ENTRY

- 5.1** If at any time:
- (a) the Rent, or any part of it remains unpaid for 10 days after falling due, whether formally demanded or not; or
 - (b) if any agreement or obligation of the Tenant is not complied with; or
 - (c) if the Premises are left vacant or unoccupied for more than 28 days without the Landlord's consent; or
 - (d) if the Tenant shall become bankrupt, goes into liquidation becomes insolvent or enters into a voluntary arrangement with its creditors or is made the subject of a winding-up order whether compulsory or voluntary;

the Landlord may give written Notice to the Tenant that the Landlord seeks possession of the Property. If the Tenant does not comply with that Notice the Landlord will bring this Agreement to an end and re-gain possession of the Property by complying with his statutory obligations; obtaining a court order; and re-entering the Property with the County Court Bailiff. When the Bailiff enforces a possession order the Tenancy shall end. This clause does not prejudice any other rights that the Landlord may have for the Tenant's obligations under this Agreement.

6. DEPOSIT

- 6.1** The Agent shall hold the deposit referred to in clause **1.14** as stakeholder throughout the term of the tenancy as security for and in respect of, the performance by the tenant of all the obligations of the tenant in this Agreement including those set out in this section **6**; to pay for or be used for;
- 6.2** Any damage, or compensation for damage, to the Property its fixtures and fittings or for missing items for which the tenant may be liable, subject to an apportionment or allowance for reasonable fair wear and tear and for the age and condition of each and any such item at the commencement of the tenancy.
- 6.3** The fair costs incurred in compensating the landlord for, or for rectifying or remedying any meaningful breach by the tenant of his obligations under this agreement, including those relating to the cleaning of the premises, its fixtures and fittings.

- 6.4** Any unpaid accounts for utilities or water charges or environmental services or other similar services or Council Tax incurred at the property for which the tenant is liable
- 6.5** After the end of the Tenancy the Landlord or Agent shall return the Deposit with interest, subject to any deductions made under this Part of the Agreement which have been agreed in writing by both parties as soon as reasonably practicable. If there is more than one Tenant, the Landlord or the Agent may, with the written consent of the Tenant, return the Deposit by cheque to any one Tenant at his last known address.
- 6.6** Any rent or other money lawfully due or payable by the tenant under this agreement of which the tenant has been made aware and which remains unpaid after the end of the tenancy.
- 6.7** If monies lawfully due to the landlord under this agreement are more than the deposit held, the tenant will be liable to pay any excess to the landlord within 14 days of written demand.
- 6.8** This Tenancy is included in the Tenancy Deposit Scheme for Regulated Agents (TDSRA). The Landlord and/or tenant must endeavour to notify the Member Firm (Goldschmidt & Howland Property Services Limited) that there is a dispute over the deposit, as soon as possible and within 20 days of the lawful end of the tenancy and the vacation of the property (it is strongly recommended that such notification be given in writing). The Independent Case Examiner (ICE) of the TDSRA reserves the right to decline to consider disputes which have arisen outside the timescale.
- 6.9** If, after 10 working days following the notification of a dispute and reasonable attempts in that time to resolve any differences of opinion, there remains an unresolved dispute between the Landlord and the Tenant over the allocation of the deposit it will (subject to **6.10** below) be submitted to the Independent Case Examiner (ICE) of the TDSRA for expert impartial, third party adjudication. All parties agree to co-operate with his investigation.
- 6.10** Where the amount of dispute is over £5,000 the Landlord and Tenant agree to submit to formal arbitration through the engagement of an arbitrator appointed by the ICE of the TDSRA although, with the written agreement of both parties, the ICE may at his discretion accept the dispute for informal adjudication. The appointment of an arbitrator will incur an administration fee of £235 shared equally between the Landlord and the Tenant; the liability for any subsequent costs will be dependent upon the award made by the arbitrator.
- 6.11** The statutory rights of either Landlord or Tenant to take legal action against the other remain unaffected
- 6.12** The deposit (or appropriate balance) will be returned as soon as is reasonably practicable once vacant possession has been obtained following the final day of the tenancy; after the agreement and deduction of any sums or money (if any), in accordance with section 6, which are due to the Landlord arising from the Tenant's breach of, or failure to comply with, the Tenant's obligations under this Agreement.
- 6.13** The deposit (or appropriate balance) will be returned to the Tenant by cheque and where the Tenant comprises more than one person, the deposit (or appropriate balance), may be returned to any one of them individually for and on behalf of all Tenants.

7. NOTICES

- 7.1** The Tenant shall as soon as reasonably practicable deliver or post on to the address set out in clause **1.4**, any notice or other communication which is delivered or posted to the Property.
- 7.2** The provisions as to the service of notices are that if the Landlord or the Agent deliver by hand any Notices or documents which are necessary under the Agreement, or any Act of Parliament to the registered office address of the Tenant or the last known address of the Tenant if different by 5pm; and reasonable evidence is kept of the delivery; the documents or Notices will be deemed delivered on the next working day which excludes Saturdays, Sundays and Bank Holidays.
- 7.3** If any documents or Notices are sent by registered, or recorded delivery post to the registered office address of the Tenant the documents will be deemed delivered upon proof of delivery being obtained; or if the

documents or Notices are sent by ordinary first class post addressed to the Tenant at the registered office address of the Tenant or the last known address of the Tenant if different; and reasonable evidence is kept of the delivery; the documents or Notices will be deemed delivered two working days later, which excludes Saturdays, Sundays and Bank Holidays.

7.4 The provisions as to the service of notices are that if the Tenant or his agent deliver by hand by 5pm any Notices or documents which are necessary under the Agreement, or any Act of Parliament at the address specified in clause **1.4** or the last known address of the Landlord if different; and reasonable evidence is kept of the delivery; the documents or Notices will be deemed delivered on the next working day which excludes Saturdays, Sundays and Bank Holidays.

7.5 If any documents or Notices are sent by registered or recorded delivery post at the address specified in clause **1.4** the documents will be deemed delivered upon proof of delivery being obtained; or if the documents or Notices are sent by ordinary first class post addressed to the Landlord at the address specified in clause **1.4** or the last known address of the Landlord if different; and reasonable evidence is kept of the delivery; the documents or Notices will be deemed delivered two working days later, which excludes Saturdays, Sundays and Bank Holidays.

8. STAMP DUTY LAND TAX

8.1 The parties certify that there is no other Agreement for a long term lease or tenancy, which attracts Stamp Duty Land Tax payable at a higher rate on a purchase or premium, to which this Agreement gives effect.

8.2 The Tenant agrees that he will comply with his legal responsibility to pay the costs of the Stamp Duty Land Tax for the Agreement given to him and signed by the other party if the rent after deduction of the discount exceeds £120,000 and signed by the other party. Further information can be obtained from the Inland Revenue website on www.inlandrevenue.gov.uk or by telephoning **0845 6030135**.

10. BREAK CLAUSES

10.1 BUSINESS BREAK CLAUSE

If the Tenant shall desire to determine the tenancy hereby created at or at any time after the end of the first six months thereof on the ground that the Tenant's place of employment is no longer within a 50 kilometre radius of the Property or that the Tenant has died or become incapacitated and therefore unable to follow their employment within the said area and shall give the Landlord not less than two months previous notice in writing of such desire together with evidence of such ground to the reasonable satisfaction of the Landlord and shall up to the time of such determination pay the rent and observe and perform the agreements and obligations on the Tenant's part hereinbefore reserved and contained then immediately on the expiration of such notice the present tenancy and everything herein contained shall cease and be void but without prejudice to the rights and remedies of either party against the other in respect of any antecedent claim or breach of obligation

11. OPTION TO RENEW

11.1 OPTION TO RENEW FOR 2 SUCCESSIVE PERIODS AT RENTS LINKED TO RPI BUT WITH MINIMUM OF 3% & MAXIMUM 5%

The Landlord shall on the written request of the Tenant made not less than 60 days before the expiration of the term granted by this Tenancy Agreement and if there shall not at the expiration of the said term be any existing breach or non-observance of any of the obligations on the part of the Tenant herein contained at the expense of the Tenant enter into a new Tenancy Agreement in respect of the property for a further term of 1 year less 1 day from the expiration of the said term at a rental fixed in accordance with the following provisions of this clause and containing the same obligations and provisions as herein contained including provision for one further renewal of 1 year less 1 day in similar terms to this Clause but excluding any provision for a further renewal the Tenant on the execution of such new

Agreement to execute a counterpart thereof PROVIDED ALWAYS that this provision shall become null and void if this Agreement is determined by the Tenant pursuant to the provisions of clause 10.1 hereof.

The yearly rent payable during such further term ("the New Rent") shall be a sum equal to the yearly rent payable hereunder ("the Existing Rent") increased by a sum bearing the same proportion to the Existing Rent as shall be borne by any increase in the Index of Retail Prices as at the date 2 months before the date of the expiry of the term hereof to the figure shown therein for the month of the date hereof PROVIDED THAT the New Rent shall not be more than 5% nor less than 3% of the Existing Rent.

12. SPECIAL PROVISIONS

12.1. The Landlord agrees to complete the following prior to the commencement of the Tenancy:

- ☐ To lay wooden flooring in the reception room & hallway.
- ☐ To Ensure all carpets are in good condition throughout.
- ☐ To professionally clean the property throughout.

Signatures to the Agreement

SIGNED

By the **LANDLORD**
Fusun Gencsu

WITNESS'S SIGNATURE

WITNESS'S NAME AND ADDRESS

SIGNED

By the **TENANT**
H & M Hennes

WITNESS'S SIGNATURE

WITNESS'S NAME AND ADDRESS