86 – 92 Bell Green, Sydenham, Lewisham, London SE26 4PZ

Financial Viability Assessment (FVA) Report

For IMA Real Estate

July 2017

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1. Introduction

Sheridan Development Management Ltd (SDML) has been appointed by IMA Real Estate to undertake a financial viability assessment (FVA) to accompany its planning application for the redevelopment of the site at Bell Green, Sydenham, London Borough of Lewisham.

SDML is a private consultancy, owned and managed by Chartered Surveyor, Daniel Kaye.

He has over 25 years of experience in housing development, urban regeneration, asset management, property and land.

His practice provides development, regeneration, planning and housing strategy advice and services to local authorities, housing associations and specialist developers and investors, including financial viability assessments, development appraisals and affordable housing.

Prior to setting up SDML in 2015, Daniel Kaye was Development & Special Projects Director for one of the country's largest housing associations, the Guinness Partnership, where he was responsible for delivering a major housing led development and regeneration programme of over 2500 homes in London and the South-East.

Prior to Guinness he held senior development, regeneration and property roles at Peabody Trust, English Partnerships and the Commission for the New Towns, starting his career in Investment and Valuation at property consultants, Healey & Baker.

Daniel Kaye regularly gives talks and provides training in regard to financial viability and affordable housing.

IMA Real Estate is a highly experienced specialist residential and commercial developer and investor working in a joint venture partnership with investment fund, Ingenious.

The site was acquired by IMA Project Two Limited in June 2016.

This report is confidential to the applicant and officers (and any appointed agent) of the London Borough of Lewisham.

2. **Methodology**

In accordance with emerging 'good' and acknowledged practice in London this FVA report compares residual land value (RLV) of the proposed development with benchmark land value (BLV).

BLV has been assessed on the market value of the site in its existing use plus a landowner's premium of 20%.

For the purposes of this FVA we have not adopted BLV of the site if it were to be openly marketed for redevelopment, nor have we applied the actual acquisition price (and holding costs).

It should be noted that both would be in excess of the EUV plus 20%.

RLV has been assessed by undertaking a bespoke residual development appraisal model but with a similar format, inputs and outputs to proprietary models such as Argus.

The BLV has been compared to the RLV.

If the latter is equal to the former then (assuming an acceptable development profit margin) the project is deemed to be viable at the proposed level of affordable housing.

If the RLV is below the BLV then the project could be deemed as not viable, albeit the applicant may still be prepared to proceed with the project.

If the RLV is above the BLV, depending on the amounts, it could be deemed that there may be capacity for an additional contribution to affordable housing.

This report has been undertaken in accordance with general RICS valuation guidance but, for the avoidance of doubt it is not, nor should be regarded as, a Red Book Valuation.

3. **Scheme Overview**

This FVA accompanies a Full Planning Application being submitted under separate cover by WYG Planning Consultants via the planning portal. The description of the development is as follows:

"Demolition of existing buildings and construction of a mixed use development comprising part 8-storey, part 6-storey building, 23 no. residential units, 63sqm (GIA) commercial floorspace (A1, A2 & B1), 5 car parking spaces; 38 cycle parking spaces; refuse storage; communal amenity area; and associated highway works."

Council officers (and any appointed agents or independent assessors) will be familiar with the application details and/or will be able to review detailed plans and accompanying technical reports submitted to the London Borough of Lewisham.

For information, however, the architect's schedule of accommodation and floor areas is provided at Appendix 1.

The site in question has existing uses currently on it including four small retail units and four flats.

It occupies a reasonably prominent position on Bell Green.

The local area has experienced some regeneration and residential led new build development in recent years.

Notwithstanding this it should be regarded as a relatively secondary location.

Whilst the site benefits from reasonable bus it has a moderate PTAL rating of 3.

Other locations having been able to sustain comparatively higher levels of house price growth.

The development plot itself is quite small and tight and, as can be seen from the scheme plans and drawings, plot coverage is at almost 100%.

Accordingly, car parking, plant, bin storage and cycle storage facilities have been incorporated into the structure of the building at ground floor level.

4. **Benchmark Land Value (BLV)**

At Appendix 2 is a detailed and comprehensive report prepared by property consultants and chartered surveyors GVA undertaken on behalf of the clients, IMA Real Estate and Ingenious.

This report provides a market valuation based on existing use.

As can be seen this amounts to £980,000.

In accordance with the methodology as set out in section 2, when applying a 20% premium (landowner's incentive to release the land for redevelopment) the total value is £1,176,000.

Accordingly, the BLV for the site, excluding SDLT and sales costs can therefore be assumed at £1,176,000.

5. **Residual Development Appraisal**

Appendix 3 sets out the detailed residual development appraisal undertaken for this scheme.

A bespoke excel system has been used albeit that it follows a similar approach to that provided by standard software such as Argus.

Essentially development costs are subtracted from development values in order to establish a gross residual land value.

5.1 Development Value

Development value has been derived by adding the net sales revenue of individual apartments to the net investment value of the ground rents and ground floor commercial spaces.

Key assumptions, in accordance with the location and scheme details, are as set out in the development appraisal at Appendix 3.

Appendix 4 provides a schedule of comparable market evidence for residential property values drawn from properties recently being advertised for sale in the local area.

Actual sales prices, drawn from official Land Registry data, have also been reviewed.

Accordingly, a rate of £600 per sq ft, reflecting a moderate new build premium, has been applied as a blended average to the residential accommodation provided in the scheme.

It should be noted that no affordable housing has been assumed in the baseline appraisal as shown in the appendix.

It should also be noted that most property commentators and specialists have stated a belief that the London property market is slowing and, indeed, in some locations prices have been beginning to fall rather than grow against the trend experienced in recent years.

This is understood to be as a result of nervousness around the Brexit negotiations and an apparently imminent prospect of increases in interest rates, as well as a sense that the London residential property market has reached an ‘affordability peak’.

5.2 Development Costs

Development costs are as set out logically in the appraisal Appendix 3.

A market norm of 10% (of costs) for development fees has been applied as well as development financing costs of 6.75% taken for a period of one year out of an overall development programme from land acquisition through to completion of construction of 3 years.

Construction costs have been applied in accordance with the cost plan and report undertaken by Chartered Quantity Surveyors, Pellings.

Their report is provided at Appendix 5.

As can be seen a gross internal build cost of £2,151 per m2 is consistent with new build schemes of this size and nature.

It should be noted that IMA Real Estate do not have an in-house construction team and therefore would deliver this project by way of a third-party contractor tender process and using a design and build contract.

Development profit has been applied at 17.5% of gross development value.

It should be noted that it is becoming apparent that some banks and funders are seeking higher levels of development profit given the current market softening and nervousness.

This is understood to be closer to the level of 20% profit on gross development value.

5.3 Gross Residual Land Value

As can be seen from the development appraisal the resultant gross residual land value is £664,896, say £665,000.

Normally, land finance, acquisition costs and SDLT would need to be deducted from this to produce a net residual land value.

The gross figure produces a relatively low plot value of c£29,000 per unit.

This is a function of development economics in the current market.

5.4 Sensitivity Analysis

It is our view that a blended average value of £600 per sq ft for the residential accommodation is appropriate.

However, we have undertaken a sensitivity to show the impact of increasing this to £625 per sq ft.

This results in an increased gross RLV (still assuming 100% market housing) of £969,000.

5.5 Policy Compliant Appraisal

We have run the residual development appraisal to show the impact on residual land value of a policy compliant scheme.

In this instance, we have assumed the first two floors (8 units) are affordable rent, the third floor is intermediate rent or shared ownership (4 units) and the remaining upper floors are market sale (11 units).

Affordable rent has been assumed at 45% of OMV (£266 per sq ft), intermediate at 60% of OMV (£355 per sq ft) and market sale at £600 per sq ft.

This results in a negative gross residual land value of £1,070,995.

6. Conclusion

As can be seen from the analysis in this report and the appendices the gross RLV of £665,000 falls significantly below the BLV of £1,176,000.

Therefore, in accordance with national, regional and local planning no affordable housing can reasonably be provided in this project.

It should also be noted that any reduction in units as a result of design discussions would serve to exacerbate the viability position as fixed land costs would be spread over fewer homes thus increasing marginal costs per unit.

Appendix 1 – Schedule of Accommodation and Floor Areas

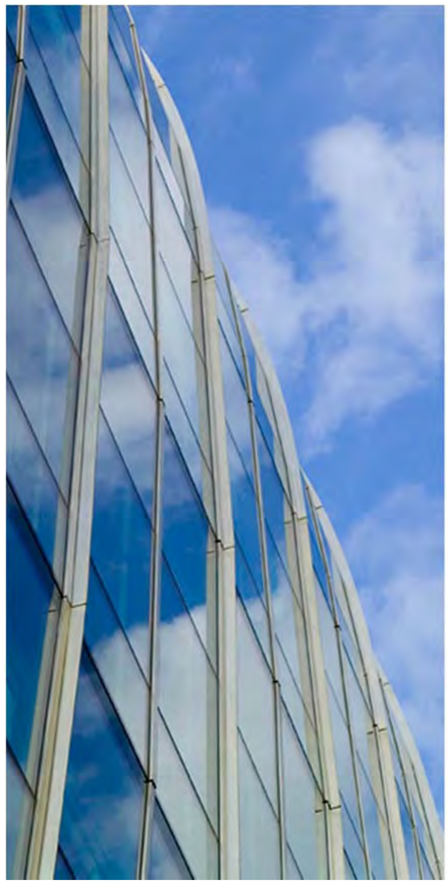
		Suite	Rms	Bed	People	SqM	*SqFt*	*Storey GIA*	*Storey GEA*	*Amenity Space*	GIA + Balcony Space SqM	*GIA + Balcony Space SqFt*	*Built-in Storage Space as NDSS*
Communal terrace										*81*			
Seventh floor		23	4	3	4	75	*807*	*102*	*117*	*107*	182	*8,690*	*3.06*
Sixth floor		22	4	3	4	79	*850*			*41*	120	*1,292*	*3.16*
		21	4	3	4	74	*797*	*191*	*210*	*6*	80	*861*	*2.51*
Fifth floor		20	4	3	4	75	*807*			*12*	87	*936*	*2.76*
		19	3	2	3	61	*657*			*10*	71	*764*	*2.32*
		18	2	1	2	50	*538*			*9*	59	*635*	*1.78*
		17	2	1	2	50	*538*	*280*	*301*	*6*	56	*603*	*2.48*
Fourth floor		16	4	3	4	75	*807*			*12*	87	*936*	*2.76*
		15	3	2	3	61	*657*			*10*	71	*764*	*2.32*
		14	2	1	2	50	*538*			*9*	59	*635*	*1.78*
		13	2	1	2	50	*538*	*280*	*301*	*6*	56	*603*	*2.48*
Third floor	Wheelchai	12	3	2	3	75	*807*			*12*	87	*936*	*4.18*
		11	3	2	3	62	*667*			*10*	72	*775*	*2.32*
		10	2	1	2	50	*538*			*9*	59	*635*	*1.78*
		9	2	1	2	50	*538*	*280*	*301*	*6*	56	*603*	*2.48*
Second floor	Wheelchai	8	3	2	3	75	*807*			*12*	87	*936*	*4.18*
		7	3	2	3	62	*667*			*10*	72	*775*	*2.32*
		6	2	1	2	50	*538*			*9*	59	*635*	*1.78*
		5	2	1	2	50	*538*	*280*	*301*	*6*	56	*603*	*2.48*
First floor	Wheelchai	4	3	2	3	75	*807*			*12*	87	*936*	*4.18*
		3	3	2	3	62	*667*			*10*	72	*775*	*2.32*
		2	2	1	2	50	*538*			*9*	59	*635*	*1.78*
		1	2	1	2	50	*538*	*280*	*301*	*6*	56	*603*	*2.48*
Ground floor	Commercial unit					63	*678*						
	Entrance lobby					35	*377*						
	Car Parking					179	*1,927*						
	Refuse store					14	*151*	*317*	*336*				
Totals for upper floors		**23**	**64**	**41**	**64**	**1,411**	**15,188**	**1,693**	**1,831**	**420**	**1,750**	**25,567**	**60**
Total for all floors		**23**	**64**	**41**	**64**	**1,702**	**18,320**	**2,010**	**2,167**	**420**	**1,750**	**25,567**	**60**

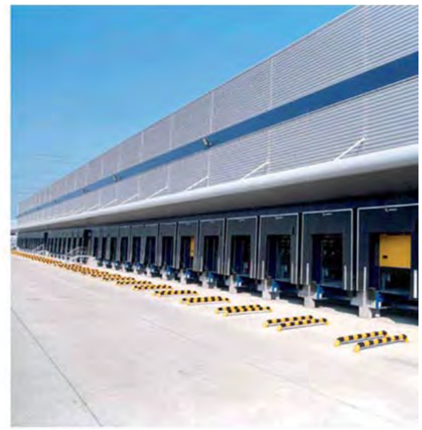
Appendix 2 – GVA Market Valuation (Existing Use)

Valuation Report

86-92 Bell Green, Sydenham, London, SE26 4PZ

October 2016





Prepared for

INGENIOUS REAL ESTATE

Bilfinger GVA
65 Gresham Street
London
EC2V 7NQ

Tel no: 08449 02 03 04

Executive Summary

Front elevation

Side and rear elevations

Location:

Mixed use tertiary location in Lower Sydenham, south London, with retail and residential-led regeneration immediately opposite the property to the north east.

Description:

A detached terrace of 4 retail shops with 4no 2-bedroom residential flats above built c. 1960.

Floor Area:

4,303 sq ft (400 sq m)

Tenure:

Freehold

Tenancies

3 of the flats are let on Periodic Tenancies (expired Assured Shorthold Tenancy agreements)

Income:

£39,000 pa

Loan Security:

We consider that the property provides satisfactory security for loan purposes, based on the following SWOT analysis:-

Strengths	Weaknesses
• Good train link into central London. • Close to regeneration area to north east of junction.	• "In between" location – not on a retail high street pitch but also on a busy junction with little space on the site to set a redevelopment back from the noise and traffic, which is not ideal for residential. • Poor external condition requiring methodical capital expenditure plan.
Opportunities	**Threats**
• Improving location as a result of regeneration and redevelopment in and around the former gas works to the north east. • Planning gain from a potential consent to redevelop. • Depending on retail lettings achieved it may be possible to recover some of the capital expenditure required through the service charge.	• Economy weakens.

Summary of Value:

Our valuations as at 31 October 2016 are summarised as follows:-

Market Value	£980,000
Market Rent per annum	£75,000

Market Conditions

Following the Referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. It is likely that the exit process will take some 24 plus months although the timing is presently uncertain. This combination of macro- economic, legal and political circumstances is unprecedented within the UK property market. Since that date we have monitored market transactions and market sentiment in arriving at our opinion of Market Value/Fair Value. After an initial period of uncertainty and an absence of activity, transactional volumes and available evidence have risen in most sectors of the market and liquidity is returning to more normal levels. This has led to a generally more stable outlook for the market. However, there remains a paucity of comparable transactions in certain sectors, such as our valuation scenario on the Special Aassumption that consent has been granted for the 24-flat scheme proposed by the Borrower, and in this case, we have had to exercise a greater degree of judgement in arriving at our opinion of value.

We have relied on information provided to us by you that we understand was in turn provided to you by the Borrower and have not verified all such information.

For example we have relied on:

- Tenancy information provided to us for the current occupiers and recent occupiers;
- Current floor areas provided to us except where we have measured or obtained floor areas from the Valuation Office Agency
- Accommodation and floor areas for the proposed scheme.

65 Gresham Street
London
EC2V 7NQ

T: +44 (0)8449 02 03 04

gva.co.uk

Direct Dial: 020 7911 2806
Email: John.Wills@gva.co.uk

Our reference: NXXP/AP09/02B621257

Your Ref:

21 November 2016

Ingenious Real Estate Finance LLP
15 Golden Square
London
W1F 9JG

Ingenious Real Estate Finance LLP as lender under the facility letter issued circa 21 November 2016 by Ingenious Real Estate Finance LLP and accepted by IMA Project Two Ltd as borrower circa 21 November 2016 (as amended, restated or novated from time to time) (the Facility Letter) and each of its: (i) Affiliates (as defined in the Facility Letter) who becomes a party at any time; and (ii) transferees, successors and assignees and/or their Affiliates which becomes a party to the Facility Letter as a lender in accordance with the terms thereof within 12 months of the date of this report (together the Addressees and each an Addressee).

For the attention of: Howard Sefton

Dear Sirs

Property: 86-92 Bell Green, Sydenham, London, SE26 4PZ
Borrower: IMA Project Two Limited

In accordance with your instructions dated 5 October 2016 we have inspected the above property in order to advise you of our opinion of its value for loan security purposes.

The property (edged red on the enclosed Ordnance Survey extract) has been valued with the benefit of the occupational leases detailed within our report, which produces a net rental income of £39,000 pa.

Our formal valuation advice has been prepared in accordance with the RICS Valuation – Professional Standards UK January 2014 (revised April 2015).

Valuation

WE ASSESS the **Market Value (MV)** of the freehold in the property identified within our report as at 31 October 2016 to be:-

£980,000
(Nine Hundred and Eighty Thousand Pounds)

Market Conditions

Following the Referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. It is likely that the exit process will take some 24 plus months although the timing is presently uncertain. This combination of macro- economic, legal and political circumstances is unprecedented within the UK property market. Since that date we have monitored market transactions and market sentiment in arriving at our opinion of Market Value/Fair Value. After an initial period of uncertainty and an absence of activity, transactional volumes and available evidence have risen in most sectors of the market and liquidity is returning to more normal levels. This has led to a generally more stable outlook for the market. However, there remains a paucity of comparable transactions in certain sectors, where we have had to exercise a greater degree of judgement in arriving at our opinion of value.

Within the main body of the report we have also provided additional valuations on the various bases required.

We have relied on information provided to us by you that we understand was in turn provided to you by the Borrower and have not verified all such information.

For example we have relied on:

- Tenancy information provided to us for the current occupiers and recent occupiers;
- Current floor areas provided to us except where we have measured or obtained floor areas from the Valuation Office Agency

All valuations are reported exclusive of VAT.

We draw your attention to our accompanying report, the Definitions and Reservations for Valuations to which our advice is subject and to the Terms of Engagement agreed between us.

Yours faithfully

Nathan Pask MRICS
RICS Registered Valuer
Director
Valuation Consultancy
For and on behalf of GVA Grimley Limited

Alexis Politakis MRICS
RICS Registered Valuer
Associate
Valuation Consultancy
For and on behalf of GVA Grimley Limited

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Appendices

1. Instructions

Instructions were received on 5 October 2016 to undertake a valuation of the property for secured lending purposes.

A copy of your letter of instruction is enclosed at Appendix 1.

We are instructed to provide the following valuations:-

- Market Value. The only tenanted parts of the property comprise 3 flats. The Assured Shorthold Tenancies are all holding over / Periodic Tenancies which can be terminated at 1-2 months' notice. In addition 2 of the 3 are to a company which we believe to be in liquidation. As such we believe that a purchaser would view the property as effectively vacant and our assessment of Market Value is therefore the basis of vacant possession (as below);

- Market Value on the Special Assumption of vacant possession;

Our valuation has been undertaken in accordance with your instruction letter and our terms of engagement, which have been prepared in accordance with the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) (the Red Book).

Conflict of Interest

As far as we are aware, we have no conflict of interest in relation to the provision of valuation advice in respect of the property. We have no on-going or previous fee earning relationship with the borrower nor the property and are therefore providing our advice as External Valuers in accordance with the provisions of the Red Book.

Professional Indemnity

See our "General Terms of Appointment - Clause 4: Limitation of Liability".

Nature and source of the information relied upon

In preparing our valuation, we have been provided with information by the client, the borrower and other sources. The extent to which this has been relied upon, and verified, by us in arriving at our opinion of value, is referred to in our report.

Date and Extent of Inspection

The property was inspected on 13 October 2016 by Alexis Politakis MRICS, an RICS Registered Valuer within the Valuation Consultancy Department of our Gresham Street office in London. Access was available to retail units 86, 88 and 90 Bell Green, and flats 32 and 36 Holmshaw Close.

2. Location

The property is located on Bell Green (A212), which is the continuation of Sydenham Road (A212) to the southwest and turns into Perry Hill (A212) to the north, at Bell Green's junction with Southend Lane, in Lower Sydenham. Sydenham Rail Station is 0.75 miles to the west, Forest Hill Rail Station is 0.9 miles to the northwest, Lower Sydenham Rail Station is 0.4 miles to the south and Bellingham Rail Station is 0.8 miles to the east.

In a regional context the property is 6.6 miles southeast of central London, approximately 1 mile south of the South Circular Road, 1.3 miles southwest of Catford and 2.8 miles northwest of Bromley.

The nearest motorway junctions are J3 and J4 of the M25, approximately 10.4 and 10.1 miles to the east southeast and southeast respectively.

We have provided a plan below showing the location of Lower Sydenham within the context of the surrounding region.

Demographics

Variable	Measure	Lewisham	London	England
2011 Population: All Usual Residents (Persons, Mar11)[1]	Count	275,885	8,173,941	53,012,456
2011 Population: Males (Persons, Mar11)[1]	Count	134,957	4,033,289	26,069,148
2011 Population: Females (Persons, Mar11)[1]	Count	140,928	4,140,652	26,943,308
2011 Density (number of persons per hectare) (Persons, Mar11)[1]	Rate	78.5	52.0	4.1
All Households (Households, Mar11)[1]	Count	116,091	3,266,173	22,063,368
All households who owned their accommodation outright (Households, Mar11)[1 2]	%	14.9	21.1	30.6
All households who owned their accommodation with a mortgage or loan (Households, Mar11)[1 2]	%	27.5	27.1	32.8
Very Good Health (Persons, Mar11)[1]	%	49.1	50.5	47.2
Good Health (Persons, Mar11)[1]	%	34.0	33.3	34.2
Day-to-Day Activities Limited a Lot (Persons, Mar11)[1]	%	7.1	6.7	8.3
Economically Active; Employee; Full-Time (Persons, Mar11)[1]	%	40.1	39.8	38.6
Economically Active; Employee; Part-Time (Persons, Mar11)[1]	%	11.7	10.9	13.7
Economically Active; Self-Employed (Persons, Mar11)[1]	%	10.7	11.7	9.8
Economically Active; Unemployed (Persons, Mar11)[1]	%	6.2	5.2	4.4
People aged 16 and over with 5 or more GCSEs grade A-C, or equivalent (Persons, Mar11)[1]	%	12.5	11.8	15.2
People aged 16 and over with no formal qualifications (Persons, Mar11)[1]	%	17.7	17.6	22.5

Source: Office for National Statistics

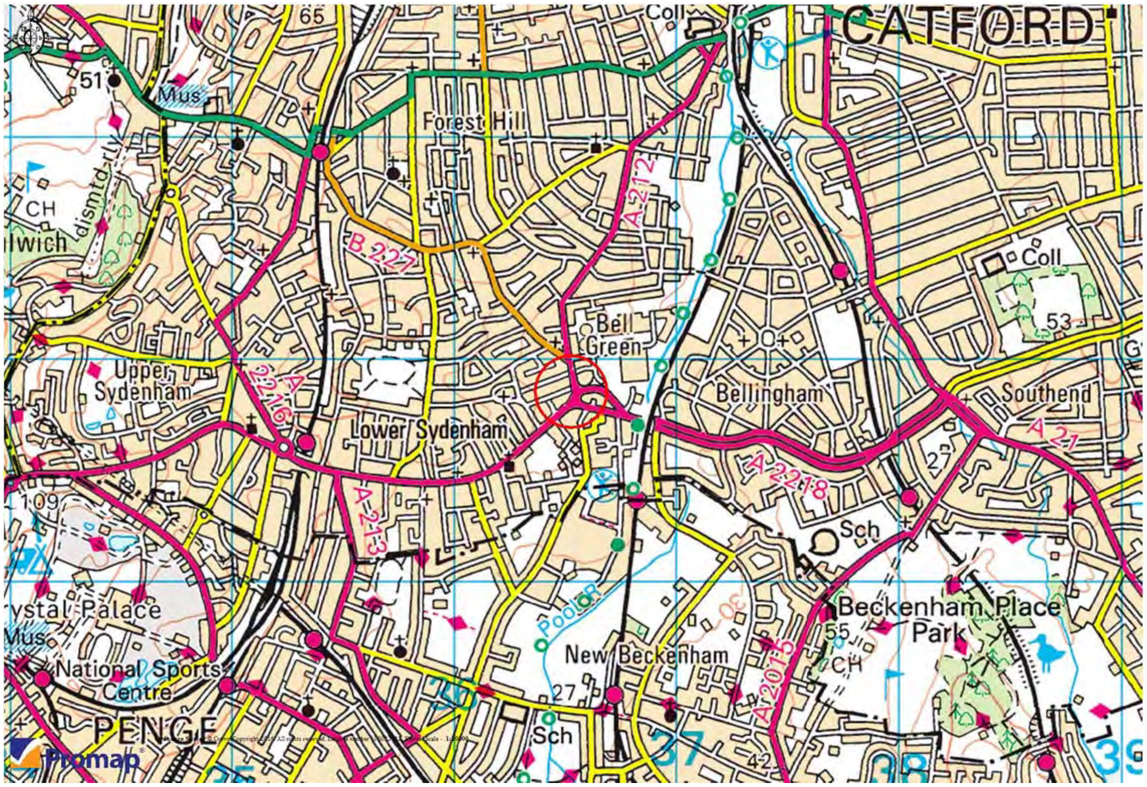
3. Situation

The property is situated in a mixed use area. Residential uses predominate in the surrounding streets and on upper floors. However, around the junction where the subject property is situated there are a mix of uses including retail and residential, and accommodation is of various ages and formats.

Immediate to the north of the property is Cippa Hous, a recently constructed mixed use building with a minimarket on the ground floor and 3 storeys of flats above. Across Bell Green to the northeast is Orchard Court, another recent residential scheme over ground and up to 6 upper floors. Immediately to the north of Orchard Court is a recently built 4-storey building with a retail unit on the ground floor and 3 floors of flats above. Sydenham Group Health Centre is immediately to the west and southwest of the subject property, while the north side of Bell Green immediately beyond the health centre to the southwest predominantly features retail uses on ground floors with residential uses over two floors above. Opposite the property on the southeast corner of the junction is The Bell public house. A little further to the southeast on Stanton Way is Haseltine Primary School.

The property sits in a tertiary position and does not form part of a continuous retail frontage. The accommodation it offers is more akin to the retail with residential above to the southwest of it along Bell Green than the more modern retail and residential accommodation provided by Cippa House, immediately to the north.

We have provided a plan below showing the approximate situation of the property, which is denoted by a red circle.



4. Description

The subject property comprises a terrace of 4 retail units with 4 residential flats over the 1st and 2nd floors above. The flats are accessed via an external staircase in the North West corner of the building and external west facing balconies. To the rear (west) of the building is a walled and gated yard.

South and East (front) elevations

East (front) and North elevations

The property is of brick and concrete construction, with brick elevations, UPVC double glazed windows, under a flat roof.

North and West (rear) elevations and access to rear yard from Holmshaw Way

West elevation

Internally the property provides 4 ground floor retail units and 4 residential flats over the 1st and 2nd floors above.

Flat 36 comprises a 2-bedroom flat on the 2nd floor of the building. The flat features uPVC double glazed windows and a uPVC front door, is carpeted in the entrance hallway, living room, corridor and the 2 bedrooms, with lino flooring to the kitchen and bathroom. The flat benefits from independent gas central heating. Internally the flat generally appeared to be in fair decorative order, although there are signs of minor dis-repair including some hairline cracking in the side wall of the living room and the living room ceiling, the kitchen sink units not being fixed to the low-level cabinets below, some damp coming through the bathroom wall presumably from a localised leak from the bath/shower plumbing, and some high-level hairline cracks in the plaster and potential damp around the top of the rear second bedroom. Externally there appear to be two holes in the outer course of bricks. One hole is in the side of the rear bedroom and another at high level on the outside of the entrance hallway to the flat. The flat may have suffered from damp chronically as there appears to be an extractor fan fitted to the rear of the second bedroom at high level with the vents to the exterior, although the intake inside the second bedroom appeared to have been taped over.

Flat 32 comprises a 2-bedroom flat on the 1st floor of the building and mirrors flat 36 in layout. The walls and ceilings are wallpapered. The entrance hallway and living room feature laminate flooring, while the kitchen and bathroom feature wood-effect lino flooring. The two bedrooms and the hallway between them are carpeted. The flat features independent gas central heating via a Worcester combi boiler situated in the entrance hallway and wall-mounted radiators in each of the rooms. The flat features UPVC windows throughout and a timber front door. Most rooms in the flat feature central pendant light fittings currently fitted with CFL bulbs while the kitchen features a fluorescent strip lighting unit. There are smoke detectors fitted in the entrance hall way and corridor between the bedrooms. The one in the corridor between the bedrooms was beeping indicating that it needs its battery changed. The flat appears to suffer from damp in several places particularly in the corners of the bedrooms where there appears to be mould growing on the wall paper and some of the wallpaper is peeling away from the walls. The bathroom is in a particularly poor state with mould to the ceiling mould to the grouting of the tiles and walls and in need of a new bathroom suite and general redecoration.

Flats 30 and 34 were not inspected but are understood to comprise tenanted 2-bedroom flats on the 1st and 2nd floors of the building respectively.

86 Bell Green comprises a vacant retail unit in fair condition, which appears to have formerly been trading as a hair / beauty salon. The shop features an aluminium-framed floor-to-ceiling glazed shop front, tiled floor and suspended ceiling with recessed down lights. To the rear there is a WC and access timber door with security bars on the inside to the rear yard. The shop appears to feature independent electricity and water supplies but no gas supply or central heating.

88 Bell Green comprises a vacant retail unit in average condition, which appears to have formerly been trading as a take-away sandwich shop. The unit features an aluminium–framed glazed shop front and twin external manually operated metal security roller shutters. Internally the retail unit features tiled floors and walls, a wall mounted air conditioning unit, ceiling mounted fluorescent strip lighting, kitchen extractor hood and ducting, WC and access to the rear yard.

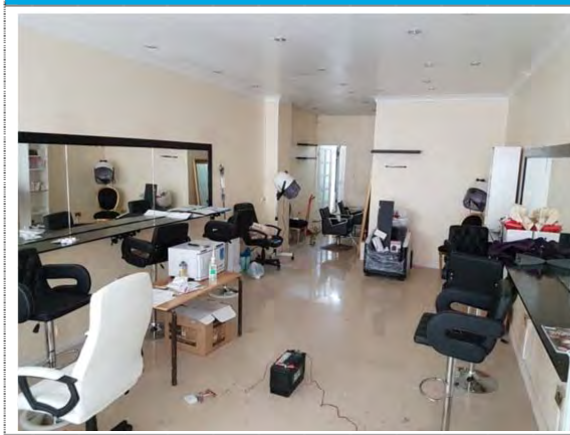
90 Bell Green comprises a vacant shop in average condition, which appears to have formerly been trading as an “accessories” shop likely selling mobile phone accessories. The shop features a timber-framed glazed shop front, tiled floor and suspended ceiling with recessed down lights. There are fitted display cabinets to the left and tight hand walls as well as cladding to the walls for shelving. To the rear of the shop there is a WC and ancillary storage/ office space.

All 3 shops inspected were basic in their fit out and did not appear to benefit from gas supplies or central heating. Creeping plants have found their way under the rear doors of numbers 86 and 88 into those retail units from the rear yard.

We were not able to access 92 Bell Green in the course of our inspection.

Flat 36

Flat 32



86 Bell Green

88 Bell Green

90 Bell Green

Externally there is pedestrian access to the retail units via Bell Green. There is an unsurfaced, gated, walled yard to the rear of the shops with a gate to the pavement from Holmshaw Close. There is a significant quantity of chattel items around the perimeter of the yard. Your legal advisors should confirm that there is a right of way from Holmshaw Close over the pavement to the gate and yard.

We were not able to access the yard as the gate was padlocked and the rear doors to the yard from 86 and 88 Bell Green were either locked or jammed shut. The yard has vegetation growing in various locations and there appears to be a tree growing immediately inside the south boundary close to the southwest corner which is damaging the boundary wall.

The residential parts of the property are accessed from an external stairwell to the North elevation. The stairwell features brick elevations on either side and concrete landings and stairs with bars across the void to the west of the stairwell. The ground floor entrance to the stairwell and each floor features gates but these do not appear to be locked or secure.

The stairwell is lit and there are buzzers on each floor for each of the two flats on that floor. The brick elevations on the inside of the stairwell appear to suffer from some water ingress from the flat roof above.

The fascia boards at high level around the entire property are in poor condition exhibiting wet rot resulting from chronic water damage and lack of maintenance.

There is a ground floor utility cupboard in the communal entrance which has had its door broken off and appears to be being squatted in or providing shelter for a homeless person with empty food packets and bedding on the floor.

Rear Yard

Ground Floor Utility Cupboard in Residential Stairwell Potentially being Squatted in

Entrance to External Stairwell to Residential Accommodation

Water damage to stairwell

5. Site Area

The subject property has an approximate site area of 0.034 hectares (0.084 acres).

The site is irregular in shape and is roughly flat. There is pedestrian access from Bell Green and via Holmshaw Close and Bell Green to the external stairwell accessing the residential accommodation. There appears to be vehicular access via Holmshaw Close over the pavement and through a double gate into the yard at the rear, although we cannot confirm whether there is a right of way or easement in place. You have asked us to assume that such a right of way or easement is in place for the purposes of this valuation. We strongly recommend that your legal advisors confirm that all necessary easements and/or rights of way are in place before lending against the property.

Boundaries subject to confirmation with deeds

This area has been computed using the Ordnance Survey Promap system. Our understanding of the site boundary is shown outlined in red on the plan above. We have assumed that this represents the correct boundary to the site and that there are no on-going boundary disputes. We would recommend that our understanding is confirmed by your legal advisers.

6. Floor Areas

We have been provided with the following floor areas for the residential units by the Borrower and supplemented these with the floor areas from the Valuation Office Agency (VOA). We assume that both the Borrower and VOA floor areas have been correctly prepared under the RICS Professional Statement – RICS Property Measurement 1st edition, May 2015 and in accordance with the RICS Code of Measuring Practice, 6th edition published by the Royal Institution of Chartered Surveyors on a Gross or Net Internal Area basis as applicable. The Borrower has also provided what appear to be Gross Internal Areas for the retail accommodation which appear to broadly correspond with VOA Net Internal Areas. We have also compared the floor area of Flat 34 against a measured area prepared by Floorplanz in 2008 and provided by the Borrower which is the same. We have not verified the floor areas or carried out check measurements. As agreed we are relying on the floor areas provided by the Borrower and obtained from the VOA on the assumption that the information is correct.

The residential floor areas are on a Gross Internal basis, while the retail floor areas are on a Net Internal basis.

We have measured the floor areas of Flat 36 and retail unit 86 Bell Green for comparison against the floor areas provided to us and include our measurements in brackets and with an asterisk in the table below. The differences between our measurements and the floor areas provided are within typical tolerances. For the purposes of this valuation we have relied on our own measurements for Flat 36 and retail unit 86 Bell Green and on Borrower, EPC and VOA floor areas where not measured.

Unit	Floor	Use	Basis	Source of Information	Areas	
					Sq m (ITZA)	Sq ft (ITZA)
92 Bell Green	G	Retail	NIA	VOA	32.4 (25.5)	349 (275)
90 Bell Green	G	Retail	NIA	VOA	37.2 (32.1)	400 (345)
88 Bell Green	G	Retail	NIA	VOA	43.2 (32.4)	465 (348)
86 Bell Green	G	Retail	NIA	VOA	37.2 37.5* (30.9)	400 403* (333)
Flat 30	1	Residential	GIA	Borrower	61	657
Flat 32	1	Residential	GIA	Borrower	64	689
Flat 34	2	Residential	GIA	Borrower	61	657
Flat 36	2	Residential	GIA	Borrower	64 63.5*	689 684*
	Totals				400	4,303

We have used a conversion factor of 10.764 in converting metric floor areas to imperial. We have rounded metric areas to one decimal places and imperial areas to the nearest whole unit.

The net retail frontage of the property is as follows:-

Frontage	Metres	Feet
86 Bell Green	3.78	12.4
88 Bell Green	4.00	13.1
90 Bell Green	4.04	13.3
92 Bell Green	3.90	12.8

7. Services

We understand that all mains services are connected / available to the residential flats in the and that all mains services but gas are connected to the retail units in the subject property. We have assumed that as there flats appear to have gas supplies that it would not be too onerous or costly to provide connections to the retail units if required. We assume that most comparable retail units will not necessarily benefit from connections to mains gas. We have not undertaken any tests to ascertain the condition or capacity of these services and have assumed for the purpose of this valuation that all service connections are in good order.

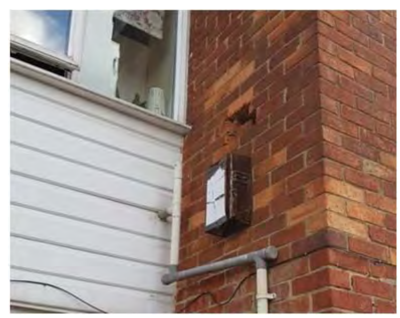
We understand that each of the residential flats has independent gas, water and electricity supplies and that each retail unit has independent water and electricity supplies.

8. Condition of Building

We have not carried out a building survey of the property but would comment that at the time of our inspection it appeared to have been under maintained and was in a poor state of repair, particularly externally, having regard to its age, character and use. The following matters in particular were noted during our inspection:-

- The gates to the external stairwell to the residential flats are not secure at ground floor level or upper floors.

- The ground floor utility cupboard in the communal residential stairwell entrance has had its door broken off and appears to be being squatted in.



- There are bricks missing from the outer layer of the cavity walls.

- The damp particularly at high level in the rear bedroom of Flat 36 and in the stairwell walls, and spalling brickwork suggests that part of the roof and timber fascia boards around the roofs perimeter may need overhauling. In addition selective replacement of bricks and repointing may be required. Thereafter, the affected parts of the property can be re-decorated.

- Damage to south boundary wall by tree growing in close proximity.

In view of the condition of the building we have made an allowance for some up-front capital expenditure: £50,000 for external / structural repair and maintenance and £10,000 per flat to redecorate and selectively re-fit. We are not qualified to estimate these costs and have not taken advice from building surveyors or quantity surveyors in adopting these figures. We would recommend that a building survey and budgeted capital expenditure and maintenance plan is commissioned from an independent suitably qualified professional. It may also be useful for consideration to be given to the ability to recover some or all of this expenditure over time through a service charge from potential future retail occupiers. If the building survey and budget report significantly different figures to those we have assumed please provide these to us so that we may reconsider our valuation.

9. Remaining Economic Life

We are of the opinion, that given reasonable maintenance and periodic repair, the subject property will have a remaining economic life in excess of 20 years. With an on-going maintenance and repair programme, the life could be extended further.

10. Deleterious Material

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous materials have been used in the construction of the property or have since been incorporated. Although our inspection did not reveal any obvious deleterious materials, we are unable to report that the property is free from risk in this respect. We have assumed for the purposes of this valuation and report that no deleterious materials were used in the construction of the property. Bearing in mind the age and nature of construction you may wish instruct further specialist investigations into the presence of deleterious materials such as high alumina cement.

11. Statutory Enquiries

Planning Policy

Local Planning Authorities are currently developing a new Local Plan which will form part of the Development Plan for the area, alongside the National Planning Policy Framework, forming the basis of planning decisions until circa. 2030. It will contain planning strategy, policies and site allocations. Prior to adoption of the documents in the new Local Plan, the Saved Policies from the Lewisham Local Development Framework and the London Plan will continue to be used, where they are in accordance with the National Planning Policy Framework.

The development is covered by the Lewisham Core Strategy, which was adopted on 29 June 2011. Under this Plan, the property is not zoned for any specific uses although it does fall within an Area of Archaeological Priority. Following the adoption of the Core Strategy the Local Development Framework has been developed via the adoption of the Site Allocations Local Plan in June 2013, the Development Management Local Plan on 26 November 2014 and the Lewisham Town Centre Local Plan on 26 February 2014. The Planning department have verbally confirmed that the property is not listed and is not situated within a designated Conservation Area.

Planning History

We have not been provided with a copy of the relevant Planning Consent, Building Regulations Approval or Licences and we would therefore recommend that confirmation is sought from your solicitors that these are in place. Our valuation assumes that planning is in place for the current / most recent apparent uses of A1 (shops) in the case of 86 and 90 Bell Green, A5 (hot food take-away) in the case of 88 and 92 Bell Green and C3 (dwelling houses) in the case of Flats 30-36 Holmshaw Close.

Equality Act 2010

The Equality Act places duties on employers and service providers to consider barriers (both physical and intangible) that disabled people might face when trying to access a service or employment. Using a particular product or designing a building in a certain way might help someone (person or organisation) meet their duties, but having an 'accessible' building in itself does not guarantee compliance with the Act.

Although the building is multi storey, the ground floor shops are at ground / pavement level. There is no lift access to the residential flats over the 1st and 2nd floors above which are reached via an external stairwell. However, we feel that the absence of lift access to the flats is commensurate with the age and quality of the residential accommodation and will be the case with other similar properties. As such we do not consider that a purchaser in the market would adjust their bid for the property by deducting the cost of the works necessary to remedy this.

Highways

We have made enquiries of Lewisham Council who have confirmed that Bell Green is adopted and maintainable at public expense. However, Holmshaw Close is street maintained by a Housing Association. We have assumed that the users of the subject property have the right to pedestrian access from Bell Green pavement and vehicular access along Holmshaw Close and over the pavement to the yard of the subject property and to the garage of the proposed redevelopment without liability to pay for the road's maintenance. We have assumed that there are no highway proposals which may have an adverse impact on the subject property. We recommend that your legal advisors confirm our understanding.

Rating

Business rates are levied as a tax on an occupier. However where premises are vacant and under the landlord's control, the landlord will assume responsibility for the payment of empty rates. Following the Finance Act 2008, empty property rates are assessed at 100% of the basic occupied business rate, after an initial void period of 3 months has elapsed. In the case of industrial property, the void period is extended by a further three months. Within our valuation, we have allowed for costs attributable to empty rates liability of the vacant elements. Further specific commentary on this aspect is contained in the 'Valuation Considerations' section of our report.

The property is assessed in the 2010 Rating List as follows:-

Address	Description	Rateable value
86 Bell Green, London, SE26 4PZ	Shop and premises	£5,800
88 Bell Green, London, SE26 4PZ	Shop and premises	£6,100
90 Bell Green, London, SE26 4PZ	Shop and premises	£6,000
92 Bell Green, London, SE26 4PZ	Shop and premises	£4,850

The Uniform Business Rate for the year commencing 1 April 2016 is 49.7p in the pound or 48.4p for small businesses (i.e. with below RV £25,500 in Greater London)

General

The majority of the above information has been provided to us from the web or verbally by local authorities or relevant public bodies. However, we would recommend that your legal advisers obtain formal confirmation that the information provided to us is correct. Should subsequent formal investigations contradict the information outlined above, then we would recommend that the matter is referred back to us in order to consider what impact, if any, this may have on our opinion of the value of the property.

12. Environmental Issues

In accordance with the RICS Practice Standards Guidance Note, 'Contamination, the Environment and Sustainability', 3rd Edition - dated April 2010, we acknowledge that some properties may be affected by environmental issues that are an inherent feature of either the property itself, or the surrounding area, and could have an impact on the value of the property interest.

Therefore, the following sections describe the underlying assumptions we have made regarding environmental issues, the extent of our enquiries and reliance on information provided by others in preparing this valuation.

Valuation Assumptions & Extent of Enquiries

We have not been instructed to make any investigations in relation to the presence or potential presence of contamination or other environmental features in land or buildings affecting the property.

We have not carried out any investigation into past uses, either of the properties or any adjacent land, to establish whether there is any potential for contamination from such uses or sites, and have therefore assumed that none exists.

In practice, purchasers in the property market do require knowledge about contamination and other environmental factors. A prudent purchaser of this property would be likely to require appropriate investigations to be made to assess any risk before completing a transaction. Should it be established that contamination does exist, or the property is affected by other environmental factors, this might reduce the value now reported.

No indications of past or present contaminative land uses or other environmental features were noted during the inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated subsoils or groundwater.

In the event of contamination being discovered or if it transpires there are other environmental features specifically affecting the property, further advice should be obtained of a suitably qualified and insured specialist.

For the purposes of this valuation we have assumed that the property and site are not affected by contamination.

Coal Mining

We are not qualified to give assurances on the ground condition of the site and we would confirm that we have not undertaken any formal enquiries to ascertain whether the property is affected by mining or other works. Furthermore, we have not undertaken any site stability enquiries, investigation works or research. Accordingly, we have specifically assumed for the purpose of this valuation and report that the property is not adversely affected in this regard, nor is it affected by subsidence, and our valuation advice has made no allowance for the cost of any necessary remedial works in this regard.

Invasive Plant Species

The Wildlife and Countryside Act 1981 (as amended) is the principal legislation which regulates the release of non-native species. Section 14(2) prohibits the release of certain invasive non-native plants into the wild in Great Britain; it is an offence under Section 14(2) to "plant or otherwise cause to grow in the wild" any plants listed on Part II of Schedule 9.

The most common plant species found on brownfield and urban sites include Japanese Knotweed, Giant Hogweed and Himalayan Balsam although other non-native species do exist. Japanese Knotweed poses a particular problem to property, as not only does it out-compete native species, it also has the potential to cause costly damage to buildings, pavements, roads, etc.

During our site inspection, we did not note the presence of Japanese Knotweed, Giant Hogweed or Himalayan Balsam. However, given the vegetation particularly along the south site boundary and in the rear yard, the presence of invasive plant species cannot be fully discounted without the provision of an ecological survey.

Flood Risk for Properties in England

Fluvial Flood Risk

From a review of the Flood Hazard Mapping on the Environment Agency (EA) website, the site is not located within an area considered to be at risk of flooding from rivers and/or the sea. Currently available mapping indicates that the risk of flooding at this locality is regarded as Very Low, with the chance of flooding in any year is less than 1 in 1000 (0.1%).

The above risk ratings take into account the effect of any flood defences that may be in this area. It is important to acknowledge that flood defences reduce, but do not completely stop the chance of flooding and they can be overtopped or fail.

Surface Water Flood Risk

From a review of the Flood Hazard Mapping on the Environment Agency (EA) website, the site is not located within an area considered to be at risk of flooding from surface water sources. Currently available mapping indicates that the risk of flooding at this locality is regarded as Low, with a chance of flooding in any year between 1 in 1,000 (0.1%) and 1 in 100 (1%).

It is also important to note that flooding can occur through other mechanisms such as insufficient drainage capacity and breach of water storage infrastructure such as reservoirs, and these forms of flooding have not been specifically assessed in the above risk categories.

Given that the property is located in an area designated as Very Low Risk associated with fluvial and/or coastal flood risk and Low Risk from surface water flooding we do not consider that the valuation presented will be adversely impacted.

13. Energy Performance Certificates (EPC)

In line with the EU Energy Performance of Buildings Directive (EPBD) the Government is seeking to improve the environmental efficiency of all buildings. All residential, public and commercial buildings sold or let are required to have an EPC, with few exemptions.

On 26 March 2015, the Energy Efficiency (Private Rented Property) (England and Wales) regulations were passed into law. These regulations are better known as the Minimum Energy Efficiency Standards (MEES). MEES regulations make it unlawful to let, sub-let or renew a lease in a property or unit which has an Energy Performance Certificate (EPC) rating below E i.e. F or G, until qualifying improvements have been made or an exemption certificate has been obtained. From 1 April 2018, the regulations will apply to all new lettings, sub lettings or renewals (where an EPC is in place). From 1 April 2023 all leased properties with an EPC will need to meet the minimum requirements.

Unit	EPC Rating	EPC Date
86 Bell Green, London, SE26 4PZ	G (155)	4/2/2016
88 Bell Green, London, SE26 4PZ	E (105)	4/2/2016
90 Bell Green, London, SE26 4PZ	D (90)	16/4/2013
92 Bell Green, London, SE26 4PZ	C (64)	4/2/2016
30 Holmshaw Close, London, SE26 4TH	D (63)	2/2/2016

Unit	EPC Rating	EPC Date
32 Holmshaw Close, London, SE26 4TH	C (77)	31/8/2010
34 Holmshaw Close, London, SE26 4TH	E (54)	2/2/2016
36 Holmshaw Close, London, SE26 4TH	D (62)	1/6/2009

The EPC and any recommendations are included in the appendices attached to this report. The EPCs lasts for 10 years from the date of issue.

The certificate for 36 Holmshaw Close was issued prior to 2010. We would comment that the EPC assessment requirements and quality have continued to evolve and a prudent purchaser may well wish to undertake a new assessment and potentially reflect any costs to upgrade the building within any offer made (assuming it is being sold or let). A satisfactory historic assessment is therefore no guarantee that an acceptable EPC rating will not affect the future value of a property and may have consequences if the next assessment takes place after April 2018.

86 Bell Green is rated G (155), which is below the minimum level required from April 2018 to allow the property to be let. The EPC improvement recommendations are shown in the appendices, although further appraisal of these options should be undertaken before implementing any works.

Within our valuation we have applied what we consider are appropriate rents and capital values based on the age and nature of the building, having regard to current market conditions. At the moment the market evidence suggests that the costs of upgrading buildings are rarely taken into account; though as awareness increases, we anticipate that this will become more prevalent. However, we suspect that non-compliant buildings will experience downward movement in values in the short to medium term as we approach the critical 2018 date.

In addition, it is considered that purchasers and occupiers will become increasingly influenced by EPC ratings, regardless of compliance, in the acquisition and occupation of buildings, which is likely to be reflected in prices and rents offered. There is no guarantee that buildings compliant with MEES regulations are protected against the behaviour of the market in stipulating what is an acceptable EPC rating for a particular building.

14. Tenure

We have not been provided with a Report on Title, however we understand that the interest to be valued is the unencumbered freehold interest, subject to the occupational leases in favour of Midos and Brailey.

We have assumed for the purposes of this valuation that there are no unduly onerous or restrictive covenants affecting Title which would have an adverse effect on value. This assumption should be verified by your solicitors.

15. Tenancy Information

We have been provided by the Borrower with a Schedule of Accommodation summarising the occupational leases in respect of Flats 30, 34 and 36, Periodic Tenancy Notices in respect of Flats 30 and 34 and Assured Shorthold Tenancy in respect of Flat 36 and understand that the 3 of the flats are let to 2 tenants as summarised in the tenancy schedule below:-

Unit	Tenant	Term	Lease start	Lease expiry	Rent review	Current rental pa	Comments
86 Bell Green							VACANT
88 Bell Green							VACANT
90 Bell Green							VACANT
92 Bell Green							VACANT
Flat 30, Holmshaw Close	Midos Residential Investments Ltd (In Liquidation)		29/12/2006			£13,800	Periodic Tenancy. 1 month tenant break. 2 months landlord break.
Flat 32, Holmshaw Close							VACANT

Unit	Tenant	Term	Lease start	Lease expiry	Rent review	Current rental pa	Comments
Flat 34, Holmshaw Close	Midos Residential Investments Ltd (In Liquidation)		29/12/2006			£13,800	Periodic Tenancy. 1 month tenant break. 2 months landlord break.
Flat 36, Holmshaw Close	Miss Leigh Frances Brailey	12 months	24/01/2015	23/01/2016	Annual. Upward only. RPI + 2% capped at 6% pa	£11,400	Periodic Tenancy. Rent Review not triggered. 1 month's notice to terminate

The tenants and a summary of their lease terms is provided in the tenancy schedule in the appendices. There are currently 2 tenants providing a total gross rent of £39,000 pa.

We have relied on the tenancy information provided in the Schedule of Accommodation, Periodic Tenancy Notices in respect of Flats 30 and 34 and Assured Shorthold Tenancy in respect of Flat 36 provided to us by the Borrower and has not been verified by a solicitor. We recommend that your legal advisors verify our understanding of the tenancy information.

Tenant Covenant

Midos Residential Investments Limited is a privately owned property management company founded in 2003. Although the company appears to be in Creditors Voluntary Liquidation since 7 June 2012, the tenancy agreements for Flats 30 and 34 have lapsed into Periodic Tenancies and may be terminated at 1-2 months' notice. As such Midos Residential Investments Limited's covenant strength is relatively unimportant. However, your legal advisors should confirm that the tenant's insolvency status does not compromise the Borrower's ability to secure vacant possession.

Our valuation assumes that Midos Residential Investments Limited will be considered equivalent to a local covenant such as the private person who is the tenant of Flat 36.

16. Economic Overview

The UK's economy is largely being driven by politics. The start of October has seen a little more clarity around the Brexit process, and we now know that the triggering of Article 50, which will start the formal process of leaving the EU, is scheduled for Q1 2017. This means that the UK is likely to exit the EU exit by March 2019. However, given the length of time that will be necessary to negotiate new trade deals, an interim arrangement is likely to follow formal exit.

The referendum was advisory, and a number of legal challenges are under way that could derail this timetable.

A key problem is that the referendum result was a vote against EU membership, not for any specific outcome. There is still no consensus over what the UK is actually trying to achieve through Brexit, which will need to be clarified before formal negotiations being. As a result the outcome for trade and migration is still very uncertain. This is key for the economic outlook. What is certain is that there will be an uneven impact across different sectors of the economy, and that the process of exiting the EU will be long and complicated.

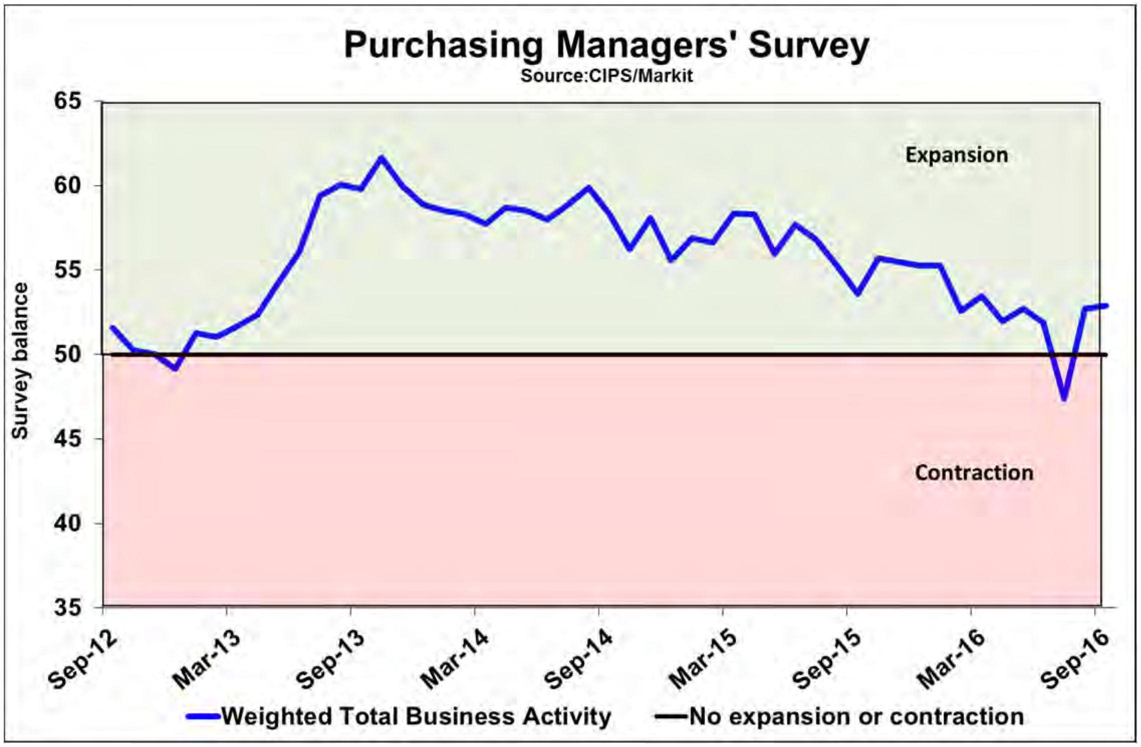
Businesses need certainty and the Government is under immense pressure to clarify its approach to Brexit. However, it also needs to take the time to get its strategy right across a vast range of complex issues. This dilemma will be a significant challenge.

Whatever approach the Government takes, the UK will remain a member of the EU for two years after Article 50 is triggered, and we will still be able to trade with the EU on the existing basis during this time (although discretionary EU funding will become much harder to obtain).

Confidence

Consumer confidence has started to rebound from the immediate referendum shock. The latest GfK survey plummeted from -1 in June to -12 in July, but rose to -7 in August and back to -1 in September. Consumer demand has been resilient so far, and retail sales have remained relatively buoyant. Indeed, growth rates for retail sales volumes over the three months, and the year to July-September of 1.8% and 5.1% respectively, were the fastest since January 2015.

Business confidence saw a significant increase in August, with a rebound in the respected Markit/CIPS Purchasing Managers' Index back into positive territory at 52.7, following the post-referendum drop to 47.7 (a reading below 50 indicates that contraction is expected). September saw a further modest increase to 52.9. This is illustrated in the chart below (which shows the average across the manufacturing, services and construction sectors).



Inflation and interest rates

CPI inflation was 1.0% in September, up from 0.6% in August. The rate has risen from broadly zero a year ago and will rise faster over the next year due to Sterling's devaluation. The consensus view is for 2.4% in 2017 (although it is likely to peak higher than this), but any further volatility in the foreign exchange markets could alter this outlook. The Bank of England deployed further stimulus in August to boost domestic demand. This included a reduction in the Base Rate to 0.25% and an injection of £70 billion into the economy through the purchase of government and corporate bonds (quantitative easing).

The Bank may well use further stimulus measures in the coming months, although there is only so much that monetary policy can achieve, particularly as interest rates are now so close to zero. Certainly, the Bank is not concerned at the prospect of inflation rising above its target range at this stage.

Government intervention

With interest rates close to zero, the bulk of any further stimulus measures will need to come from fiscal rather than monetary policy. With the previous target of eliminating the budget deficit (annual borrowing) by 2020 now jettisoned, there should be room for such stimulus. The Autumn Statement on 23 November will be keenly watched, as it will set out the Government's fiscal agenda. It is already clear that the new administration will signal some significant changes across a range of policy areas.

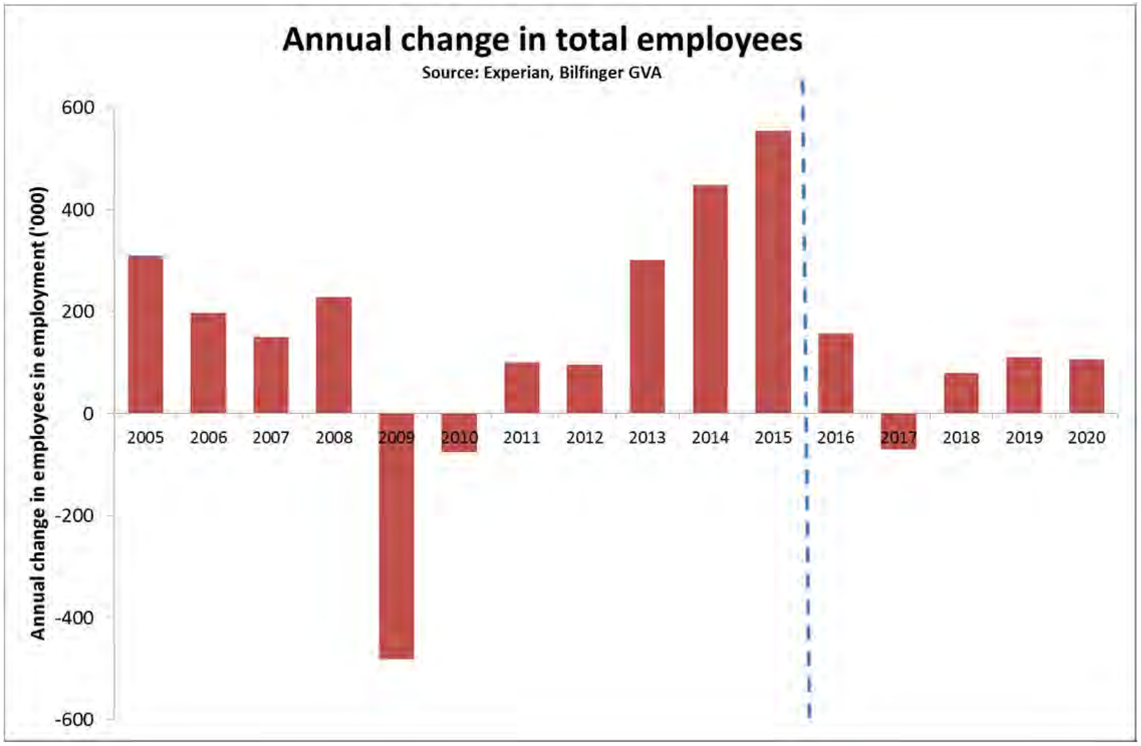
Infrastructure investment may well feature heavily. There is a strong argument in favour of this, given the low cost at which the government can borrow and the need to make significant improvements across a wide variety of infrastructure types. Without this, the more uncertain environment, lower economic growth and increased cost of imported materials are likely to mean a fall in investment.

Another key test will be the willingness of the new Government to take key decisions in this area, most notably on additional runway capacity in the South East. The Government's commitment to the important devolution agenda will also come under close scrutiny.

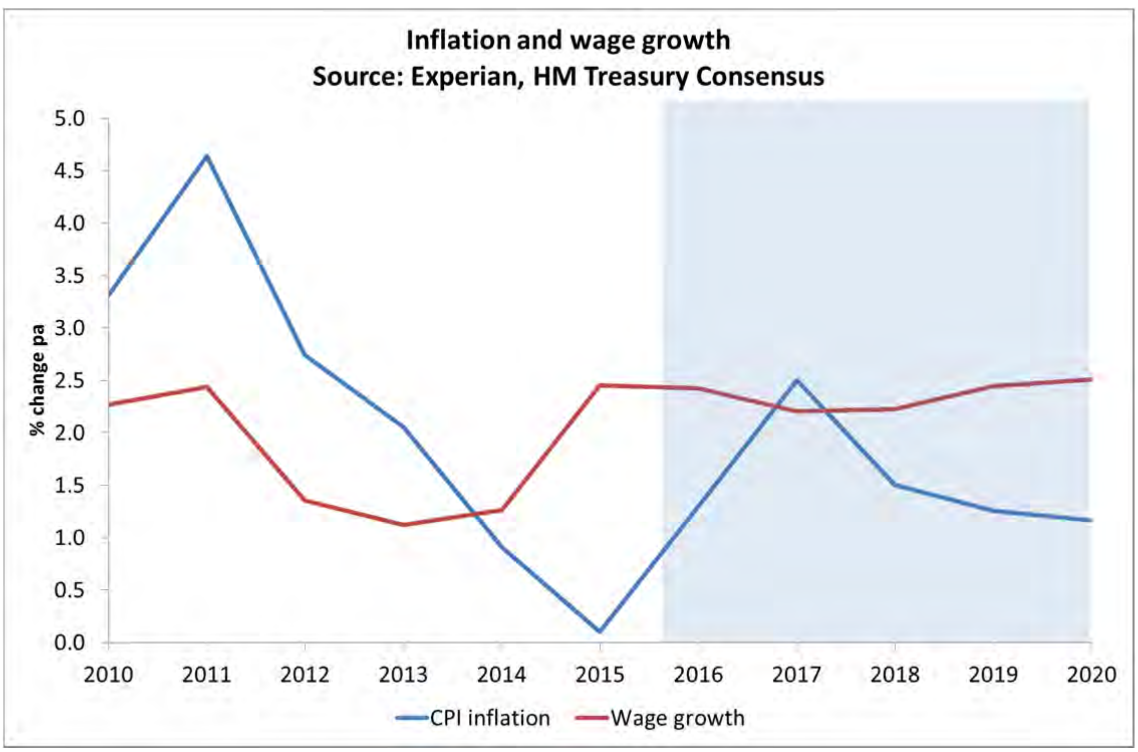
Employment trends

In total more than a million jobs were added to the UK labour force during 2014 and 2015. This growth was unsustainable and was already slowing prior to the EU referendum. However, the latest data suggests that the labour market has remained robust. During May-July (so partly covering the post-referendum period) employment rose by 174,000 compared with the previous three months. The unemployment rate has fallen to 4.9%, the lowest since Q3 2005.

The picture is likely to weaken as some businesses put hiring decisions on hold, and we expect a modest fall in employment next year, before growth resumes in 2018 (see the chart below).



Earnings are currently rising at a little over 2% pa. As the employment outlook weakens and inflation rises, earnings could be falling in real terms by the end of next year (see the chart below).



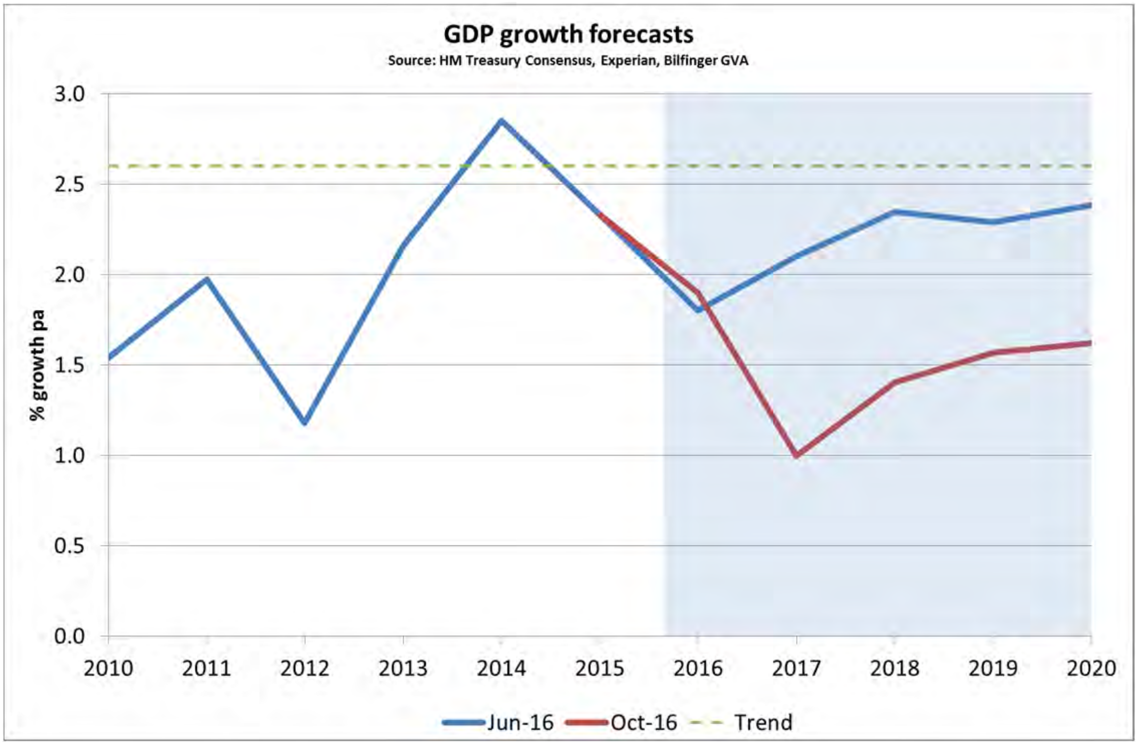
This erosion of consumer spending power is likely to negatively impact retail spending.

Outlook for growth

The UK economy was growing at a healthy rate in the run-up to the EU referendum, rising by 0.7% in Q2 (in line with the long-term trend), up from 0.4% in Q1. We expect a marked slowdown in growth during the second half of this year although given post-referendum survey evidence, a recession seems unlikely.

There is little change to the overall outlook for growth in 2016, but growth of just 1.0% is now forecast for 2017 (although this is an upward revision from 0.7% immediately post-referendum). However, this is a sharp drop in expected growth compared with the 2.1% forecast before the vote, and is well below the long-term average of circa 2.6% pa. Looking further ahead growth is expected to accelerate, but should remain well below trend. The revised forecasts suggest that the economy will be circa 4% smaller by 2020 than would have been the case using pre-referendum forecasts.

The chart below illustrates the forecast revisions. The EU remains our most important trading partner, and will also feel the impact of Brexit. Although only Ireland is heavily exposed to the UK in terms of exports, there is likely to be a negative impact on consumer and investor sentiment. Eurozone growth is already weak and is now likely to be even more subdued. The European Central Bank will probably come under pressure to provide more monetary stimulus.



The longer-term impact of Brexit remains highly uncertain, and much will depend on the type of trade deal that can be negotiated. A number of economic studies on the long-term impact have been undertaken. Most suggest a marked negative effect, but the wide range of possible impacts underlines the uncertainty.

With EU trade negotiations not starting until next year, markets are now likely to focus their attention on November's US Presidential election. We may also see further market volatility as more substantive policy announcements are made on the Government' approach to Brexit and more meaningful post-referendum economic data becomes available.

Ultimately, it is the reaction of the UK's consumers and corporates that will determine the health of the economy during and after the Brexit process.

Latest consensus forecasts, October 2016
Source: HM Treasury (compilation of forecasts), Bilfinger GVA

	2016	**2017**	**25-year trend**
Economic growth (GDP)	1.9%	1.0%	2.6% pa
Private consumption	2.7%	1.3%	
Employment growth	1.2%	0.1%	0.7% pa
Bank Base Rate (Q4)	0.2%	0.2%	

CPI – Inflation (Q4)	1.2%	2.4%	
RPI – Inflation (Q4)	2.1%	2.9%	

Bilfinger GVA Property and Economic Bulletin is enclosed at the appendices.

Residential Market

The Mortgage Market

Gross mortgage lending held steady in July at £21.4 billion, and is 1% lower than last year July. The trade lender stated that the subdued nature of property transactions and mortgage lending in July are consistent with a less positive backdrop for house purchase activity post-referendum (CML).

The number of **mortgages approved** by UK banks was down by a fifth year-on-year in August, dropping 21% since last year August. According to The British Banker's Association mortgage approvals decreased to a seasonally adjusted 36,997 in August, up from 39,967 in April, the lowest figure since January 2015. Remortgaging approvals slipped, with 23,940 loans approved for those switching lenders (BBA).

Rental market

Richard Sharp, an external member of the Financial Policy Committee (FPC) which is in charge of maintaining financial stability, warned that buy-to-let lending was also likely to cool significantly in the wake of the Brexit vote as banks assessed the impact on house prices (FPC).

House Building

The UK's biggest house builder, Barratt, could slow its **pace of construction** in the light of Brexit. The builder said it would also review its commitments of land on which to build, after the UK voted to leave the EU. Despite increasing new property completions by 5% last year, it said there was greater uncertainty facing the UK economy.

A total of 104,200 properties were sold in July, the first full month since the UK's vote to leave the EU. There is a belief amongst property professionals that there will be a rebound when considering the outlook in 12 months' time. House builder Persimmon reported a 29% jump in first-half profits, stating that customer interest since the Brexit vote has been "robust". First time buyers who were hoping for a slow-down in the market will face disappointment as mortgage lenders requiring a 5% deposit have withdrawn from the market according to Moneyfacts.

The Short-Term Outlook for House Prices

Growth in UK house prices picked up in June, but slowed in September as demand for homes softened. Robert Gardner, Chief Economist at Nationwide states that "the relative stability in the rate of house price growth suggests that the softening in housing demand evident in recent months has been broadly matched on the supply side of the market"

The average price of a property increased by 1.1% in Q3 2016; however the annual growth slowed to 6.6%, from 7.6%. The data gives a snapshot of the housing market immediately post referendum (Nationwide).

House price forecasts

House Price Forecasts for 2016 (HM Treasury)

	2016
HM Treasury	4.8%
Consensus – Median	5.5%
Consensus – Lowest	2.5%
Consensus – Highest	10.3%

Key Statistics – GDP and Labour Market Growth

GDP, Inflation & Unemployment % Change (HM Treasury)

	2017 (f)
GDP	0.9%
RPI Inflation	3.1%
CPI Inflation	2.5%
Unemployment Rate (% of workforce)	5.5%
Claimant count unemployment rate (% of workforce)	0.81%

Housing Statistics

UK House Price Change % (Nationwide House Price Index)

% Change:	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sept-16
Annual	4.4%	4.8%	5.7%	4.9%	4.9%	5.1%	5.2	5.6	5.3
Monthly	0.3%	0.3%	0.8%	0.2%	0.2%	0.2%	0.5	0.6	0.3

Regions over the last 12 months (Nationwide House Price Index)

Region	Annual % change (Q2 2016)	Annual % change (Q3 2016)
London	9.9%	7.1%
Outer Metropolitan	12.4%	9.6%
Outer SE	8.8%	8.0%
Northern Ireland	1.6%	2.4%
South West	5.6%	4.6%
East Midlands	4.0%	5.4%
East Anglia	5.5%	7.3%
North	-1.0%	-0.2%
West Midlands	5.1%	4.6%
Wales	0.9%	-0.5%
North West	1.8%	4.2%
Yorks & H	0.8%	4.2%
Scotland	0.5%	-0.2%
UK	5.1%	5.4%

Quarterly Housing Starts and Completions (seasonally adjusted) – England (DCLG)

	No. of Dwellings	
	Starts	Completed
2013 Q4	33,280	28,600
2014 Q1	35,770	27,700
2014 Q2	35,460	29,160
2014 Q3	33,490	30,490
2014 Q4	30,090	30,600
2015 Q1	38,850	34,020
2015 Q2	33,360	35,850
2015 Q3	34,850	35,290
2015 Q4	31,000	39,310
2016 Q1	35,530	32,950
2016 Q2	36,400	34,920

17. Market Commentary

Commercial occupier market

Occupier demand

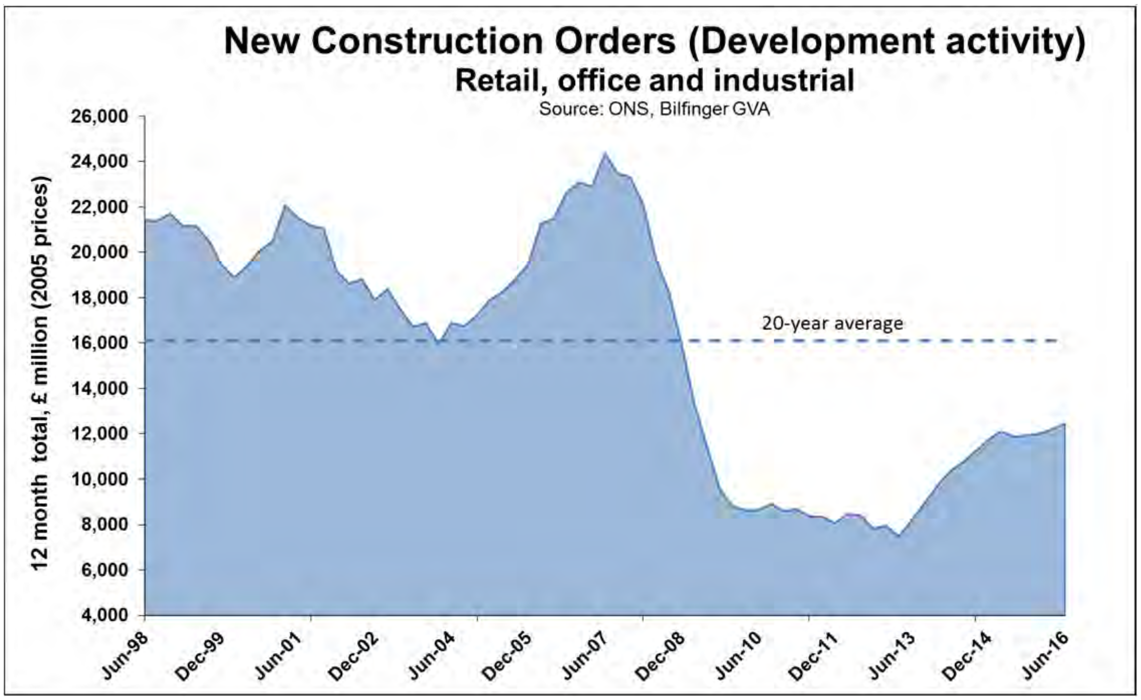
Occupiers now face considerable uncertainty across a range of fundamental issues including their ability to trade with the EU and to employ labour from the EU, as well as a more uncertain economic outlook.

There have been few concrete announcements by corporates on their strategies to deal with Brexit. This is unsurprising. Not only do strategies take months or years to evolve and implement, but corporates also lack hard information on the implications of Brexit upon which they can base any decisions.

A ‘soft’ Brexit which retained many of the current benefits of EU membership, including the UK’s important ‘passporting’ rights, could mean a relatively limited impact. A ‘hard’ Brexit would have wider-reaching implications. Survey evidence suggests that more than half of corporates did not undertake any contingency planning for a ‘Leave’ vote. They will now be undertaking this process in earnest, and the longer the uncertainty continues the more these contingency plans will have to be put into action.

Supply

The recent development cycle has been relatively subdued, meaning that few prime commercial occupier markets are in an oversupply situation and many are experiencing a shortage of stock. The chart below illustrates the low level of commercial construction in the current cycle (using new construction orders as a proxy). Although activity has recovered sharply, it has remained well below levels seen before the financial crisis.



The subdued development cycle has meant less new stock coming on stream. But other factors are also working to reduce the level of existing stock. These include the changes to permitted development rights legislation, which have accelerated the conversion of offices to other uses; and the minimum energy efficiency standards (MEES), which will prevent the granting of a new lease (or lease renewal) on a building with an EPC rating below 'E' from 1 April 2018.

Coupled with this, strong long-term underlying demand will underpin many key property sectors, including logistics, healthcare, student accommodation, and the private rented sector. The huge potential of PRS could be further increased if Brexit uncertainty means fewer first-time-buyers are willing to enter the housing market.

Clearly, there is only limited data on construction post-referendum. The latest ONS figures report that total UK construction output was flat in July, with new construction work rising by 0.5%. This suggests that the sector was resilient during the initial post-referendum period, but these figures can be quite volatile from month to month, so should be treated with caution.

There is now less certainly over future occupier demand, so it is likely that development activity will fall as schemes are put on hold. This will vary across sectors, reflecting the outlook for demand. The distribution sector, for example, may well be more insulated.

Sector impacts

In the lead up to the EU referendum, occupier activity across the Central London office market was muted with many businesses waiting to see the outcome before committing to office space. This resulted in just 4 million sq ft of take-up for the first half of the year, the lowest since 2012 and 18% down on the corresponding period in 2015. However, for many occupiers Brexit changes very little. Whilst there has been a tail off in new demand, continued low levels of availability are underpinning rental levels for the time being.

Demand across the 'Big Nine' regional office centres held up well in Q2, just 3% below the five-year average, in spite of the referendum uncertainty. Over the summer there has been a reasonable level of viewing activity and enquiry levels, although there has been a slowdown in the quantity of transactions.

Brexit uncertainty is certainly causing some occupiers to review their strategies. However the affects across most markets will be somewhat insulated by the shortage of quality stock and constrained development pipeline, with the prominence of more cautious pre-let development activity witnessed over the past two years.

A number of factors will help to cushion any impact on demand. For example, a significant number of civil service jobs will move from central London over the next five years, with the creation of 16 new super-hubs in outer London and many of the UK's regional cities. The UK's growing 'knowledge' sectors will also continue to fuel demand, and the Government's commitment to safeguard funding for research and innovation projects is reassuring.

Against a background of limited supply in many key locations, the industrial and logistics sector looks to be in a relatively strong position. The recent strong rate of average rental growth continues, with rental values rising by 4% over the 12 months to August.

We remain positive about the prospects for the industrial and logistics sectors. Manufacturers won't escape the economic impacts, but the positive effect of weaker Sterling will help to offset this. The huge shifts in the retail market will continue despite Brexit, and retailers will still need to respond to changing logistics requirements. Along with third-party logistics providers, retailers continued to provide the majority of demand during the first half of the year.

The early signs of a bounce-back in consumer confidence are certainly welcome news for the retail sector. Clearly, Brexit does not change the fundamental challenges faced by physical stores of the relentless move online. However, it could serve to accelerate the demise of retailers who were already in long-term difficulties.

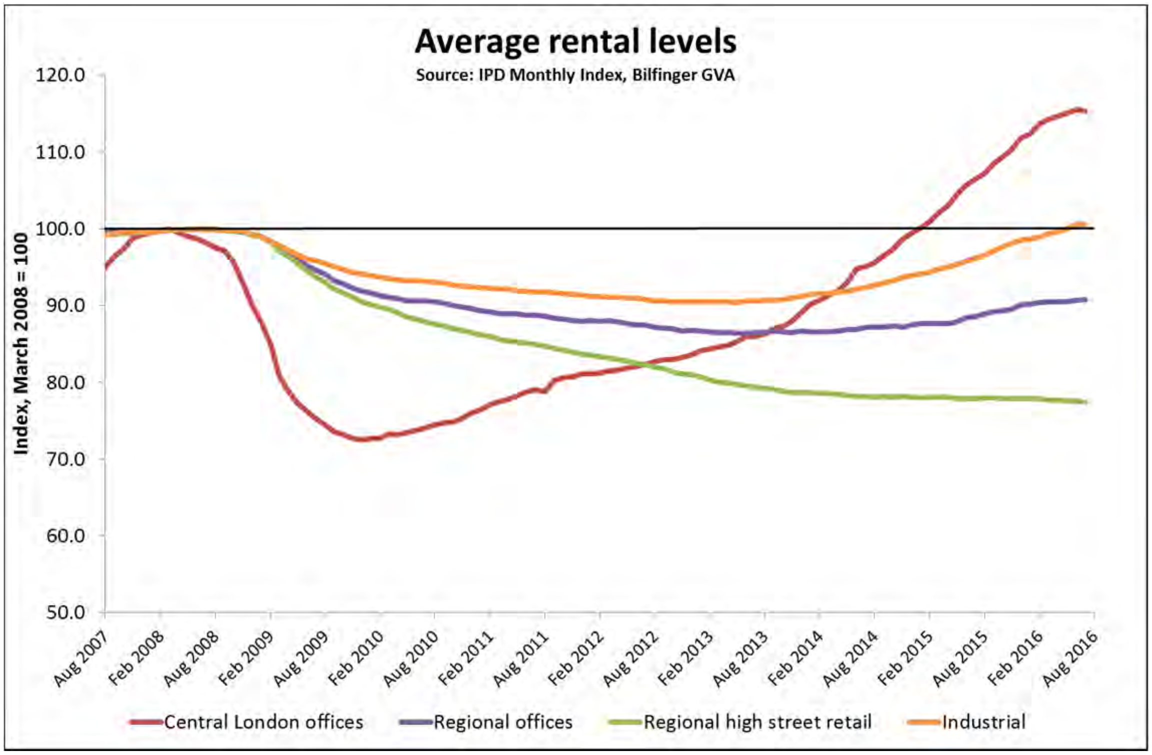
The latest figures from the Local Data Company suggest that the overall vacancy rate for shops increased marginally from 12.3% in June to 12.4% in July, reversing the trend of gradually falling rates seen since mid-2012. However, shopping centres saw a further fall in vacancy, and there has been very little new development over the latest cycle. This will help to maintain rental levels in the prime centres.

The leisure sector has been growing strongly, and should benefit from the depreciation of Sterling across a range of subsectors including restaurants, hotels and leisure parks. A rise in 'staycations' and more overseas tourists in the UK will help significantly. However, the leisure sector is particularly vulnerable to a change in immigration policy as it employs a significant number of EU nationals. This will come on top of the additional cost burden associated with the new National Living Wage.

Outlook for rental growth

There are plenty of reasons to think that the property market will continue to be resilient in the face of the challenges ahead. For occupiers, the current market represents a good time to renegotiate their lease terms. Indeed, with increased levels of uncertainty, we expect to see more occupiers re-gear existing leases rather than move.

Average rental levels remain below their previous 2008 peak across most UK commercial property sectors, with the main exception of the central London markets (see the chart below). Coupled with this, the lack of quality supply will help to underpin rental values, and so the likelihood of significant falls looks remote.

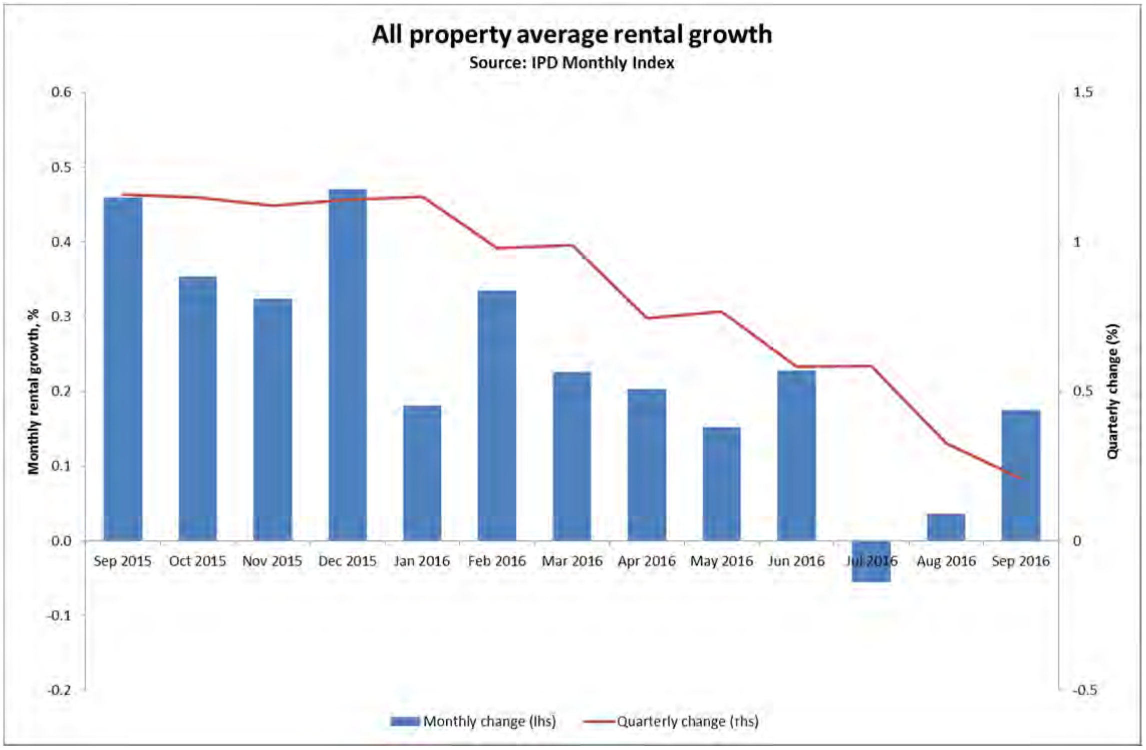


Even in central London, recent development activity has mainly replaced existing stock rather than provide additional space. Given the inherent advantages for many occupiers of locating in the capital (which include skills, English language, cultural benefits, access to world-class educational and technological institutions, plus our strategic time zone) we think occupier demand will prove resilient.

The loss of 'passporting' rights has the potential to have a significant impact on London's office market, but this is by no means certain, and will be a key part of trade negotiations. The Government has already sought to allay concerns over the ability of key overseas staff to work in the UK. On the retail and leisure side, central London will benefit disproportionately from the devaluation of Sterling.

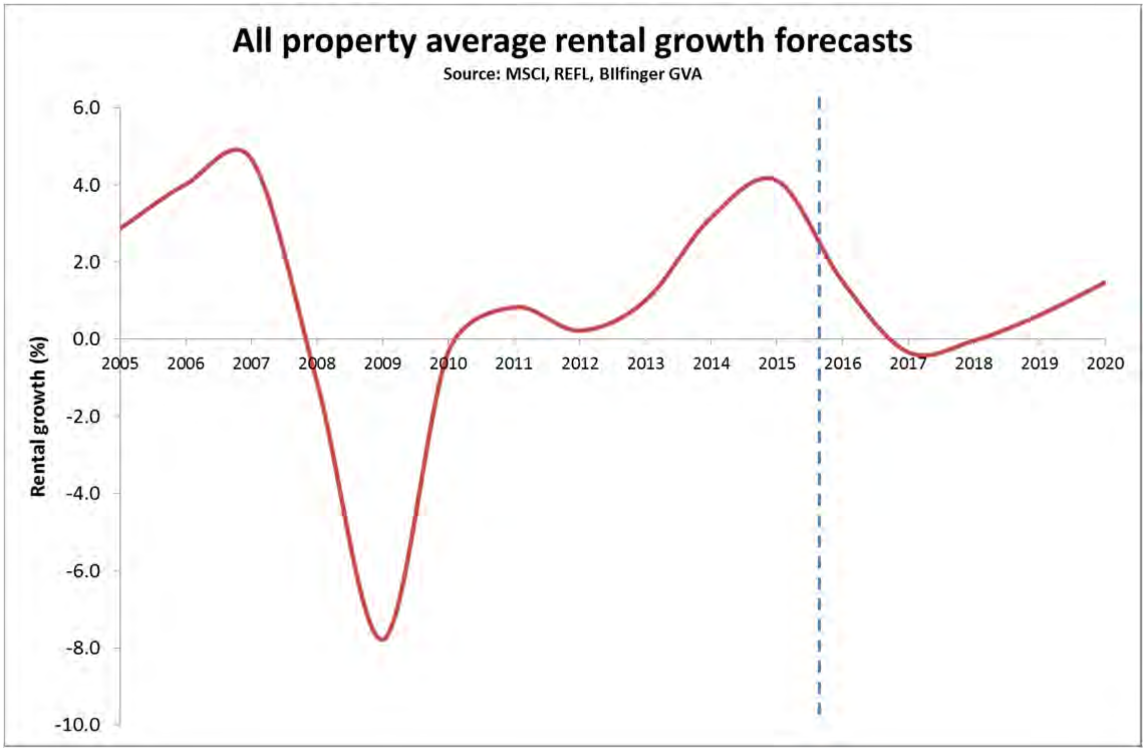
There is a direct link between economic and rental performance. Lower forecasts for economic output and employment growth following the EU referendum inevitably mean we have lowered our expectations for rental growth over the next five years.

All property rental growth has been decelerating over the course of this year. Average rental values increased by 1.3% during the first six months, but growth was virtually flat during July and August. However, growth picked up again a little in September, with all property rental values rising by 0.2% during the month (IPD Monthly Index, see the chart below).



We expect rental values to be broadly flat in 2017. Thereafter, rental values should begin to rise again, although this is likely to be a gradual acceleration. Given the shortage of stock in many markets, prime rents should outperform. However, the nature of Brexit and its impact on occupier demand is clearly hard to predict at this stage, and so there is a higher than usual level of uncertainty over this outlook.

Our revised forecasts for all property rental value growth are shown in the chart and table below.



All property rental value growth forecasts
Source: IPF, REFL, Bilfinger GVA

	2016	2017	2018
IPF Quarterly Consensus (August 2016)			
Maximum	3.2%	2.0%	2.1%
Minimum	-1.5%	-5.0%	-1.3%
Average	1.3%	-0.7%	0%
Bilfinger GVA (September 2016)	**1.4%**	**-0.3%**	**0%**

Commercial investment market

Initial concerns about a severe adverse reaction to the 'Leave' vote have proved unfounded although there has inevitably been a fall in investment transaction volumes, as many investors have opted for a 'wait-and-see' approach. Fears that the UK's institutional "retail" funds would be overwhelmed by the level of redemptions have not materialised, with only a small number of forced sales.

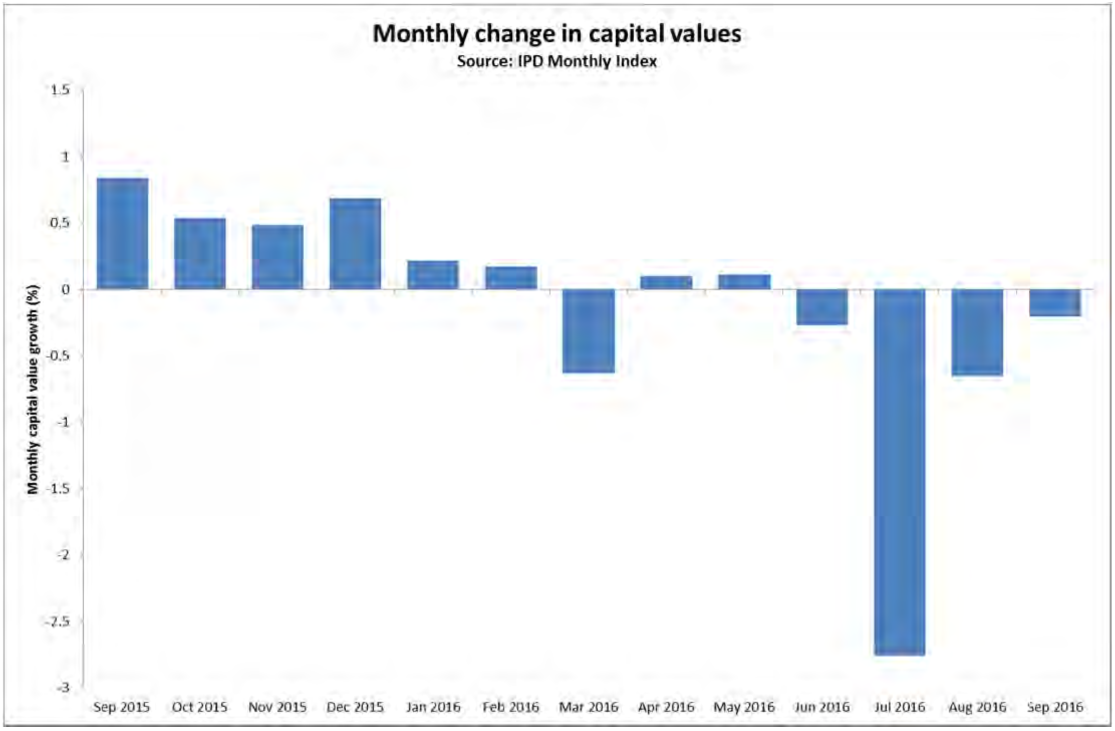
A slowdown in activity was already happening in the run-up to the EU referendum, with £12.3 billion transacted in Q2, the lowest since Q1 2014, and a sharp contrast from the £20 billion transacted in Q2 2015 (Property Data). The summer is always a quiet period, so the overall impact is hard to gauge, but a total of only £3.1 billion was transacted during July and August - a monthly average of just £1.5 billion. More than £8 billion was transacted over the same period last year.

Sterling's depreciation is already making the UK a more attractive place for overseas buyers, and this will benefit the investment markets in London and the key regional cities. Almost half of the value of purchases so far in Q3 has been from overseas buyers, up from 42% during the first half of the year.

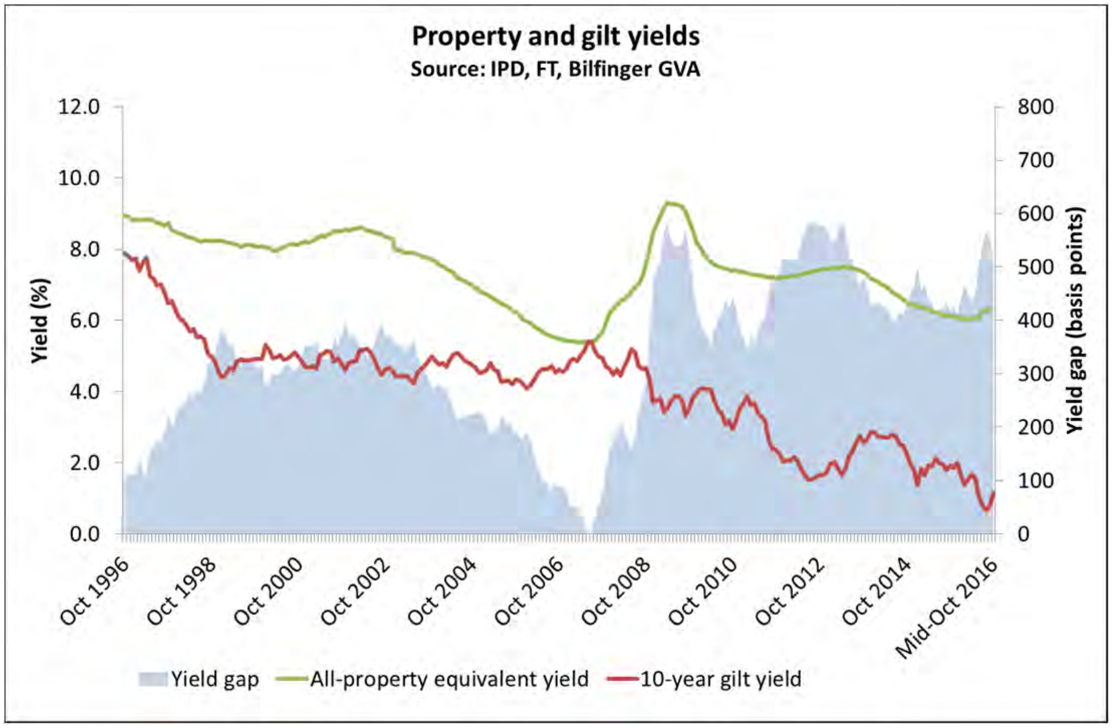
However, UK property companies are also seeing purchasing opportunities in the current market. There have been relatively few forced transactions from the 'retail' funds, which are gradually returning to business as usual.

The overall level of debt in the real estate market is not concerning, in sharp contrast to the situation after the financial crisis, with outstanding lending to real estate 40% lower than at its peak, according to Bank of England figures. The modest fall in capital values is unlikely to trigger a rise in real estate enforcement and while some lenders may reduce their level of new lending or become more selective, most are still firmly in the market.

A fall in commercial property values was inevitable following the referendum result, but it has certainly not been the sharp correction that could have occurred; the IPD Monthly Index recorded a drop of 2.8% in July, plus further modest falls of just 0.7% in August and 0.2% in September (see the chart below). In total, all property values have fallen by only 3.9% since peaking in May this year.



Gilt yields, already historically low before the referendum, tumbled further following the vote to circa 0.7% for 10-year gilts, although they have recovered some ground in the first half of October, to a little over 1.1%. The gap with commercial property yields remains historically wide, as the chart below illustrates, making property a relatively attractive asset.



There is now greater certainty over property values than in the initial post-referendum period and this should help to boost confidence and activity going forward. However, for very large central London office developments, land and buildings, retail parks and shopping centres, valuers are still exercising a greater degree of judgement in view of the lack of transactional evidence.

The economic outlook has undeniably deteriorated, although it is increasingly difficult to view Brexit in isolation; the vote to leave has arguably been a catalyst for an immediate correction to the economy and property markets which would have taken place in any event over a longer time period.

For many parts of the investment market, such as healthcare, student accommodation and PRS, a compelling long-term demand story coupled with long-dated secure income means that Brexit will hardly be an issue at all, although clearly the opportunities are not uniform across all UK locations. We are also upbeat about the distribution/logistics sector, where immense opportunities exist. The demand created by major shifts to retail distribution networks will not abate and, if anything, Brexit will serve to accelerate the rate of change as the pressure on retailers to achieve efficiencies becomes more acute.

Clearly total returns performance will be impacted by the 'Leave' vote, and slowing rental growth plus a modest upward shift in all property yields will mean much lower returns for this year and next than we have seen recently. As with rental growth, there is a higher than usual level of uncertainty over the outlook and an unfavourable outcome to the forthcoming Brexit negotiations (from the UK's point of view) could negatively impact occupational strategies.

Restricted supply will boost rental growth performance for quality stock and the significant weight of global capital looking to invest will maintain values. Brexit has not altered the fundamental benefits of investing in UK commercial property, which include high market transparency, liquidity, market size and quality, and its 'safe haven' status. Ultimately, commercial property is a long-term investment and we believe investors will continue to take a long-term view.

18. Local Market Commentary

Lower Sydenham is on the southern outskirts of the Lewisham retail market. Retail provision in the immediate vicinity is predominantly comprised of local amenity retail along the west side of Bell Green and north side of Bell Green to the south west. Newer big box retail predominates to the east of Bell Green. Occupiers include Sainsbury's, Sports Direct and in the 120,000 sq ft Bell Green Retail Park: B&Q, Halfords, Toys R Us and Currys PC World. To the east of Bell Green Retail Park there is also some new trade counter provision including occupiers HSS Hire, Tool Station and Plumb Centre present.

Surrounding retail town centres include Lewisham to the north northeast, Bromley to the south east and Croydon to the south west.

In mid-2016 prime rents in Lewisham stood at c. £110 psf Zone A, reflecting a marginal increase since late 2015. However, rents remain 18.5% below the pre-recession peak of £135 psf Zone A. Closer to the property rents along the main retail pitch of Sydenham Road to the south west, near Sydenham Station range from c. £30-£40 psf Zone A, although the section of Bell Green where the subject property is situated is considered inferior and likely to attract only local covenants.

Occupier Demand

Occupier demand along Sydenham Road is fair and lettings are agreed as long as the rent being asked is realistic. Letting voids of 9-18 months are the norm.

Market Rental

We are aware of the following rental evidence which we consider to be relevant to the subject property:-

105 Sydenham Road, Sydenham, SE26 5UA - The property comprises a 766 sq ft (488 sq ft ITZA) high street shop a few minutes' walk from Sydenham Rail Station, on the north side of Sydenham Road. In April 2016 the lease on the shop to Cheque Centres Ltd was surrendered (there was a 2017 tenant break option which Cheque Centres were planning to exercise) and a new lease entered into back-to-back with a private person at the same time as a change from A2 to D1 (education) planning use. However, the agent advising the outgoing tenant suggests that the incoming tenant paid a retail rent, in view of the property's high street location. The new lease was at a rent of £20,000 pa (£40.98 psf Zone A) on a 10-year term with a break in year 5 and a 3-month rent free incentive period. The deal was confirmed by Colette Brough of Whitelaw Baikie Figes (0141 221 6161).

105 Sydenham Road constitutes a more established retail location than the shops in the subject property.

Unit 4, Station Approach, Sydenham Road, Sydenham, SE26 5EU – An A1 ground floor shop of 358 sq ft (all Zone A) let in March 2016 on a 15-year term, no breaks, with 6 weeks rent free incentive period and 5-yearly rent reviews to Six Grapes Ltd a wine merchant at a rent of £10,500 pa (£29.32 psf). The shop had been on the market for 8 months prior to the letting. Details of the deal confirmed by Charlotte Hamilton of Baxter Philips (020 8313 9000).

This comparable is slightly superior to the subject in that it is located on a higher footfall more established retail pitch just off Sydenham Road and is let to a specialist retailer.

86-92 Bell Green, Sydenham, SE26 4PZ – Based on information provided to us by the Borrower we understand that all 4 shops in the subject property were let at £7,500 pa each. In the case of 86 Bell Green this rent was set on a new letting in February 2014 and reflects £22.52 psf Zone A pa. In the case of 88 Bell Green, based on the lease provided to us, we believe it was set at review since the end of June 2013 and reflects £21.55 psf Zone A pa. In the case of 90 Bell Green it was set on a new letting in May 2013 and reflects £21.74 psf Zone A pa. Finally, in the case of 92 Bell Green the rent of £7,500 pa, based on the lease provided to us, was set at rent review in September

2013 and reflects £27.27 psf Zone A pa.

Conclusions

We found no recent retail rental comparables in the immediate vicinity of the subject property. However, adjusting from the Sydenham Road comparables, considering the rents set on letting and rent review in the subject property in 2013-14 and local agents' comments that rents have not changed significantly in the past 2-3 years we believe that the shops in the subject property could be re-let at £22 psf pa Zone A on average.

Based on the passing rent on Flats 30, 34 and 36, and conversations with local estate agents, subject to redecoration and securing of the communal external stairwell to the residential accommodation we believe that the flats in the subject property could be re-let on Assured Shorthold Tenancies at an average £1,000 pcm (£12,000 pa).

Consequently we are of the opinion that the current Market Rent for the property is:

£75,000 per annum
(Seventy Five Thousand Pounds)

Unit/Floor	Sq ft	£ per sq ft	£ per annum
86 Bell Green	333 sq ft ITZA	£22	£7,326
88 Bell Green	348 sq ft ITZA	£22	£7,656
90 Bell Green	345 sq ft ITZA	£22	£7,590
92 Bell Green	275 sq ft ITZA	£22	£6,050
Flat 30 Holmshaw Close			£12,000
Flat 32 Holmshaw Close			£12,000
Flat 34 Holmshaw Close			£12,000
Flat 36 Holmshaw Close			£12,000
Total			**£76,622**

We would expect that subject to re-decoration of the flats and securing of the communal external stairwell that any Flat that became vacant could be re-let within 4-6 weeks.

As regards the retail accommodation as all the shops are currently vacant it may be harder to re-let the first one or two. We would allow 18 months to re-let and would assume a 3 month rent free incentive period to secure local covenants on 3-5 year term certain leases.

19. Investment Market Commentary

In mid-2016 prime retail yields in Lewisham stood at c. 6.00%, remaining stable relative to 6 months earlier, but still standing 75 basis points above the pre-recession peak in 2006.

Transactions that we have considered in assessing our valuation include:

86-92 Bell Green, Sydenham, SE26 4PZ – Based on the title register, the subject property was acquired by the Borrower on 3 June 2016 for £1,125,000. Based on information provided to us by the Borrower we understand that the property was fully let at the time when they acquired it, albeit the Assured Shorthold Tenancies in respect of the residential accommodation had lapsed. The weighted average unexpired term certain on the retail accommodation was in excess of 7 years albeit to local covenants. The total passing rent was £71,716 pa. As such the purchase price reflects a Net Initial Yield of 6.02%.

Clearly the recent sale of the subject property is the closest comparable, although as an investment it is currently inferior in that most of the property is vacant. We understand vacant possession of all the retail units was secured by the Borrower in late July 2016. In addition seeing as we understand that the Borrower's intention is to re-develop the property, their offer and purchase price may reflect an element of hope value specific to them.

93 Sydenham Road, Sydenham, London, SE26 5UA – Freehold mid terrace building comprising a 1,095 sq ft ground floor retail unit let on FRI terms to William Hill Organization Ltd, at a passing rent of £18,350 pa, with c. 9.5 years unexpired at the point of sale. The 1st and 2nd floors comprise to residential flats each on 125-year long leases from January 2004 producing £150 pa in ground rent each. The investment sold at the Barnett Ross auction on 16 December 2015 f or £331,000 reflecting a Net Initial Yield of 5.38%.

This comparable is superior to the subject in that it was let to a significantly stronger covenant for a significant unexpired term certain. In addition, the property was of a smaller lot size and only a few hundred yards from Sydenham Rail Station.

102-108 Kirkdale, Sydenham, SE26 4BG – Freehold building comprising a ground floor and basement retail unit let to an individual t/a Costcutter, at a passing rent of £40,000 pa, with an unexpired term certain of c. 13.75 years at the time it exchanged at auction. The 2 floors above comprise 14 residential flats sold long leasehold and generating a peppercorn rent. The investment exchanged at the 13 October 2016 Acuitus auction for £625,000 reflecting a Net Initial Yield of 6.09%.

This comparable is superior to the subject in its apparent external condition and in that the retail accommodation is let for a significant unexpired term certain. The location is slightly superior to the subject there being more retail uses in close proximity. This comparable is a similar distance to Sydenham Rail Station as the subject property is from Lower Sydenham Rail Station.

6b Champion Crescent, Sydenham, SE26 4HE – This property comprises a 1st and 2nd floor split level period conversion 2-bedroom flat of 833 sq ft. The long leasehold interest in the flat was sold in August 2016 for £430,000 (£516 psf).

The same flat is currently on the market to let asking £1,199 pcm. A letting at this level would reflect a yield of 3.35%.

This comparable is significantly superior to the flats in the subject property in terms of its quieter residential location and much superior condition and character.

7b Champion Crescent, Sydenham, SE26 4HE – This property is in the adjacent building to 6b Champion Crescent above and comprises a 1st floor period conversion 1-bedroom flat of 571 sq ft. The long leasehold interest in the flat was sold in November 2015 for £300,000 (£521 psf).

This comparable is significantly superior to the flats in the subject property in terms of its quieter residential location, condition and character.

Flat 39, Lucas Court, Winchfield Road, Sydenham, SE26 5TL – This property comprises a 3-bedroom flat of 697 sq ft in a 1930s/40s building. The long leasehold interest in the flat was sold in August 2016 for £300,000 (£430 psf).

The flat is comparable to the subject in terms of the quality of the accommodation compared with Flat 36 Holmshaw Close in the subject, but superior to the subject in that it is in a residential building in a quieter location.

27 Paxton Road, Perry Vale, SE23 2QG – This property comprises a purpose built top (2^{nd}) floor 3-bedroom flat of 774 sq ft. The property is situated in a purpose built development in a residential area and benefits from off-street parking and a communal swimming pool. The long leasehold interest in the flat was sold in August 2016 for £415,000 (£536 psf).

This comparable is significantly superior to the flats in the subject property in terms of its age, condition, communal facilities and residential setting.

54A and 54B Sydenham Road, Sydenham, SE26 5QF – Two 2-bedroom Victorian conversion flats on the 1^{st} and 2^{nd} floors above Acorn's estate agents in a high street setting. The flats were in good condition and benefited from acess from Sydenham Road as well as a fire escape to the rear. Each flat provided 592 sq ft of accommodation. Both flats sold in March 2015 for £250,000 each (£422 psf). The sales were confirmed by Yusef at Acorn estate agents (020 8776 7070).

Although quite dated these 2 sales are slightly superior to the flats in the subject property in terms of their proximity to a mainline rail station. On the other hand the flats in the subject property offer more accommodation at c. 660 sq ft each.

52B Sydenham Road, Sydenham, SE26 5QF –A 753 sq ft 2-bedroom Victorian conversion flats on the 2nd floor above a news agent in a high street setting. The flat benefited from access from Sydenham Road as well as a fire escape to the rear. The flat was brought to the market by Acorn estate agents (Yusef, 020 8776 7070) in April 2016 at for an asking price of £325,000 (£431 psf). The agents received interest from over 30 parties but the vendor decided to withdraw the flat from the market.

Although not a completed sale the agent was confident given the interest that the property would have sold for in the region of the asking price. The location of this comparable is slightly superior to the subject being closer to a wider selection of local amenity retail and to a mainline rail station.

40 Bell Green, Sydenham, SE26 4PZ –A 531 sq ft 2 double bedroom refurbished purpose built flat, a couple hundred yards north of the subject property on the west side of Bell Green. The flat sold in October 2015 for the guide price of £250,000 reflecting £470 psf.

The comparable is situated in a 30-40 year old residential development set back from Bell Green. As such it is superior to the flats in the subject property.

Charles Dickens Terrace, 184 Maple Road, Penge, SE20 8JB – A conversion of the upper floors of an 1980s building to provide 8 1, 2 and 3 bedroom flats for sale on 99-year leases. No firm offers have been received yet but the following asking prices are being quoted:

- 1-bed flat, 604 sq ft, £340,000 (£562 psf)
- 2-bed flat, 640 sq ft, £395,000 (£617 psf)
- 3-bed flat, 924 sq ft, £450,000 (£487 psf)

Lauren at Pedder estate agents (020 3641 5251) confirmed informed that the flats have just come to the market over the last week and are receiving good interest and are expected to sell at or close to the asking prices.

The comparable is in Penge rather than Lower Sydenham so not directly comparable in terms of location. It is in a superior micro location being situated one street in from the High Street and is effectively constitutes a new build comparable.

47 Newlands Park, Penge, SE26 5PN – A conversion of a detached 3 storey Victorian property into 5 flats of which 4 have been sold.

- Flat 1, ground floor, 2-bedroom, 2 bathroom, 788 sq ft. Sold for £455,000 (577 psf) in July 2016.
- Flat 4, 1st floor, 2-bedroom, 2 bathroom, 696 sq ft. Sold for £430,000 (617 psf) in May 2016.
- Flat 5, split level, loft conversion, 2-bedroom, 2 bathroom, 961 sq ft. Sold for £540,000 (561 psf).

Sales confirmed by Jenny at Foxtons' New Homes team in Croydon (020 8022 1811).

Although technically in Penge, the comparable is close to Sydenham Rail Station and provides a tone for comprehensively converted / new build flats.

Conclusions

Based on the comparables and the re-letting risks relating to the shops in the subject property which are currently vacant we believe an appropriate yield to apply to the retail rent on re-letting is 7.00%.

We believe that mortgage funding may be more restricted for the flats in view of their access and situation above A3/A5 retail. As such we have assumed that they would be most saleable together with the shops as a single investment. We have applied a yield of 6.00% to the residential Assured Shorthold Tenancy rent.

20. Valuation Considerations

In arriving at our opinion of Market Value, we have had regard to the following factors:-

- The current building is of poor quality – in particular the external side/rear access to the residential flats may put tenants and/or purchasers off;
- The property is majority vacant and due to situation of the subject shops not in an established high street location we have allowed 18 months for them to re-let;
- After 3 months' relief we have allowed for empty business rates in relation to the 4 shops.
- We have allowed 10% of the annual rent on re-letting for letting agents' fees.
- We have assumed that a purchaser would allow for £50,000 of up-front capital expenditure to improve the external condition of the property and £10,000 per flat of up-front capital expenditure to redecorate and selectively refurbish. We recommend that a building survey and budgeted capital expenditure / asset maintenance plan is instructed

to confirm these costs. If this reports significantly different costs please provide this to us so so that we may reconsider our valuation in light of this.

- Rents on re-letting are likely to be at £22 psf Zone A, lower than for retail units along Sydenham Road, and £1,000 pcm for the flats, lower than for flats with access from the front and/or on quieter residential streets;
- The 3 occupied flats are on expired Assured Shorthold Tenancies and may be vacated at 1-2 months' notice. As such we have treated them as vacant and have assumed that they will re-let in 1-2 months following selective redecoration and refurbishment.
- To reflect the retail re-letting risk we have capitalised the retail rent on re-letting at 7.00%.
- We believe that mortgage funding may be more restricted for the flats in view of their access and situation above A5 retail. As such we have assumed that they would be most saleable together with the shops as a single investment. We have applied a yield of 6.00% to the residential Assured Shorthold Tenancy rent.
- Based on conversations with local agents it is likely that poorer quality tenant covenants may be attracted to the subject property by the lower rents.

21. Basis of Valuation

We set out below our valuations on the various bases requested in your instruction letter. Our valuations are exclusive of VAT.

Market Value

We have carried out the valuation on a traditional income capitalisation basis having regard to appropriate yields.

Having regard to the above factors, we are of the opinion that the Market Value of the freehold interest in 86-92 Bell Green, Sydenham, London, SE26 4PZ as at 31 October 2016 is:-

£980,000
(Nine Hundred and Eighty Thousand Pounds)

Our valuation provides the following yield profile:-

Net Initial Yield	0.00%
Nominal Equivalent Yield	6.35%
True Equivalent Yield	6.60%
Reversionary Yield	7.40%

- Following the March 2016 Budget, purchaser's costs have been allowed for at an effective rate of 5.43%
- Our Market Value reflects a capital value of £228 psf

We believe a marketing period of circa 6 months would be required to achieve a sale at our opinion of Market Value.

A copy of our investment appraisal is attached in the appendices.

22. Reinstatement Cost Assessment

As a general note the construction sector has experienced considerable price fluctuation during the recessionary period through to recent recovery and the Building Cost Information Service of the RICS is forecasting tender price inflation to continue to increase over the coming years, well beyond general levels of inflation.

We recommend that if a full Insurance Reinstatement Cost Assessment has not been undertaken for the past 2/3 years that a formal assessment be undertaken to mitigate the risk of under insurance.

We have been requested to provide an informal estimate of the reinstatement cost for insurance purposes.

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

£1,090,000
(One Million and Ninety Thousand Pounds)

This figure includes demolition costs and statutory/professional fees, but excludes the following:-

- Tenants fixtures and fittings
- Inflation
- Legal Fees
- Loss of Rent
- Consequential Loss
- Agency Fees

- VAT

This assessment has been prepared by a valuation surveyor based on current guidelines. In order to produce a more formal assessment (which could be relied upon as the basis for insuring the property) our quantity surveyors would need to carry out a detailed inspection of the premises. We strongly suggest that our informal estimate is compared with the current sum insured. In the event of a material discrepancy between the two figures, we recommend that a formal assessment is undertaken.

23. Capital Allowances

Capital allowances might be available in relation to this property and could provide significant future tax savings. The benefit of such allowances is dependent on matters such as the tax position of the vendor and purchaser, contract agreements and the history of previous claims. A claim would require expert assessment. It is therefore not feasible to make a reliable estimate of the value of allowances as a part of this valuation report. Therefore we have not taken account of the value of capital allowances except to the extent that this value is reflected in market comparable evidence.

If a purchaser could claim capital allowances, this might present additional value to that purchaser and could result in an increased bid for the property.

Our Capital Allowances Team would be pleased to advise you further on this if required.

24. Suitability for Loan Security

We are of the opinion that the property provides adequate security for a commercial loan based on all of the factors referred to in this report.

Our assessment of the suitability of the property for loan purposes is based on the following SWOT analysis:

Strengths	Weaknesses
• Good train link into central London. • Close to regeneration area to north east of junction.	• “In between” location – not on a retail high street pitch but also on a busy junction with little space on the site to set a redevelopment back from the noise and traffic, which is not ideal for residential. • Poor external condition requiring methodical capital expenditure plan.

Opportunities	Threats
• Improving location as a result of regeneration and redevelopment in and around the former gas works to the north east. • Planning gain from a potential consent to redevelop. • Depending on retail lettings achieved it may be possible to recover some of the capital expenditure required through the service charge.	• Economy weakens.

Lender Action Points

- Building survey and budgeted capital expenditure / maintenance plan

Following the Referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. It is likely that the exit process will take some 24 plus months although the timing is presently uncertain. This combination of macro- economic, legal and political circumstances is unprecedented within the UK property market. Since that date we have monitored market transactions and market sentiment in arriving at our opinion of Market Value/Fair Value. After an initial period of uncertainty and an absence of activity, transactional volumes and available evidence have risen in most sectors of the market and liquidity is returning to more normal levels. This has led to a generally more stable outlook for the market. However, there remains a paucity of comparable transactions in certain sectors, such as our valuation scenario on the Special Aassumption that consent has been granted for the 24-flat scheme proposed by the Borrower, and in this case, we have had to exercise a greater degree of judgement in arriving at our opinion of value.

We note in particular that the subject property was acquired by the Borrower on 3 June 2016 for £1,125,000 and that at the time it was fully let and rent-producing. This transaction has been accepted as evidence and considered in our assessment of Market Value.

25. General Comments

We confirm that we meet the requirements as to competence and the definitions of an External Valuer within the RICS Valuation – Professional Standards UK January 2014 (revised April 2015).

The Valuation Report has been prepared by Alexis Politakis MRICS, an RICS Registered Valuer within the Valuation Consultancy Department.

The valuation has been discussed with and approved by Nathan Pask MRICS, an RICS Registered Valuer and Director in the same department.

Appendix 1

Instruction Letter

INGENIOUS

Bilfinger GVA
3rd Floor
65 Gresham Street
London
EC2V 7NQ

5th October 2016

For the attention of: Alexis Politakis

Dear Alexis,

Property:	86-92 Bell Green, Sydenham, London, SE26 4PZ
Borrower:	IMA Project Two Limited (Registered Number 10085572), whose registered office is 15 Golden Square, London, W1F 9JG
Lender:	Ingenious Real Estate Finance LLP

Following our telephone & email discussion please accept this letter as our formal instruction to prepare a report and valuation of the above mentioned Property for the Lender.

We require valuations of the Property as set out below.

We are advised that the purchase price was £1,125,000 on 10th June 2016 by the Borrower and that the tenure of the Property is freehold.

The Borrower will be able to provide you with any further details you may require.

Further information on the Property can be supplied by Simon Miller of the Borrower, telephone 0207 290 2820 or sm@imarealestate.co.uk

Report on Title

Please note that the Lender's legal advisors will be preparing a report on title for the Lender (the "Report"). A copy of the final Report will be sent to you and you will be required to confirm to the Lender that the Property is the property valued in your valuation report and that either you have taken the final draft of the Report into account in making your valuation or there is nothing in the Report which causes you to alter your valuation report.

We have been advised by the Borrower that they have acquired the freehold interest in the Property. Please confirm this and include in your report comments on any lease terms which may affect your valuation.

Environment/Contamination

Please note that your commentary on the environmental reports is required.

RICS

Please prepare your valuation report in accordance with the current RICS Valuation- Professional Standards using the reasonable skill, care and diligence to be expected of a properly qualified and competent valuer.

Please include the following in your valuation report:-

1. Market Value
2. Market Value on the Special Assumption of Vacant Possession

INGENIΘUS

3. Market Value on the Special Assumption that planning consent has been granted for the proposed residential development of 24 flats
4. An opinion of the likely purchaser profile and potential demand for the proposed units at the Property in the area. This should include specific information on the surrounding comparable developments stating sales prices, square footage and dates sales achieved;
5. An estimated rental value and the likely rental demand for the completed units, including specific information on surrounding comparable rental properties and the number available;
6. Photographs of the Property;
7. A plan or ordnance survey extract showing the boundaries you have assumed for the Property;
8. Reinstatement value for the Property for insurance purposes once the proposed Development is completed;
9. Comment on the planning permission for, and the planning history of, the Property;
10. Comment on any sites in the vicinity that have an approved planning consent and may form competition for the sale of the proposed units.
11. Certify that the Property is acceptable for secured lending purposes and describe any potential difficulties which may exist or arise should it be necessary for the Property to be sold as mortgagee.

We would ask you to refer specifically to the agents contacted in undertaking this instruction and comment upon any matters which may affect demand for the proposed dwellings.

Please note that the valuation must be addressed to the Lender and its assigns or successors in interest in the form set out at Appendix 1 and must include the disclosure wording in the form also set out at Appendix 1.

Conflicts

Please confirm to us in writing:

1. whether you have had any direct or indirect involvement in the Property; and
2. any business relationship you have, have had or if you are currently in negotiation with the Borrower;

which may give rise to a conflict of interest.

Please note that any involvement you have had with the Property and/or the Borrower must be referred to us before commencing work.

We shall be pleased to receive any additional comments that you may consider appropriate.

Please provide details of any limits upon liability proposed by you and of your professional indemnity insurance including a copy of the certificate.

Your fee is agreed at £3,750 plus any applicable VAT.

We look forward to receiving an electronic copy of your signed valuation report including any appendices and sent to howard.sefton@theingeniousgroup.co.uk with original copies sent in duplicate.

This letter (including the agreement constituted by your acknowledgement of its terms) and any non-contractual claims arising from it are governed by English law. The parties submit to the exclusive jurisdiction of the English courts.

Please contact us should you have any questions regarding this instruction.

Yours sincerely

Howard Sefton
Investment Director, Ingenious Real Estate Finance

Appendix 1

Addressee Wording:

To: Ingenious Real Estate Finance LLP as lender under the facility letter issued on [ ] by Ingenious Real Estate Finance LLP and accepted by [ ] as borrower on [ ] (as amended, restated or novated from time to time) (the **Facility Letter**) and each of its: (i) Affiliates (as defined in the Facility Letter) who becomes a party at any time; and (ii) transferees, successors and assignees and/or their Affiliates which becomes a party to the Facility Letter as a lender in accordance with the terms thereof within 12 months of the date of this report (together the **Addressees** and each an **Addressee**)

Disclosure Wording:

This report is given for the sole benefit of the Addressees and we do not assume any duty or liability to any person who is not an Addressee. A copy of this report may be provided on a non-reliance basis (i) where disclosure is required by applicable law or regulation, by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body or in respect of legal or arbitration proceedings in connection with this opinion; (ii) to the affiliates, officers, directors, employees, professional advisers and auditors of the Addressees; (iii) to any person including any rating agency for the purpose of a syndication, assignment, transfer, securitisation or collateralisation and to the professional advisors of each person. The Addressees may also make reference to the report, and include all or part of the report, in any offering materials or ongoing investor reporting materials related to a securitisation; (iv) to future owners or prospective purchasers of any property financed under the Facility Letter; and (v) or otherwise, with our prior written consent.

Appendix 2

Valuation & Tenancy Schedule

REPORT	Valuation Summary

GVA

Report Date 04 November 2016
Valuation Date 26 October 2016

Property

Address	86-92,Bell Green,Sydenham,London,SE26 4PZ
File/Ref No	02B621257

Gross Valuation				£1,157,527
Capital Costs				-£119,216
Net Value Before Fees				£1,038,311
Less	Stamp Duty	@3.93% of Net Value		-£38,500
	Agents Fee	@1.00% of Net Value		-£11,760
	Legal Fee	@0.50% of Net Value		-£5,880
	Fees include non recoverable VAT @ 20.00 %			
Net Valuation				£982,171
			Say	£980,000

Equivalent Yield	6.3477%	True Equivalent Yield	6.5967%
Initial Yield (Deemed)	0.0000%	Initial Yield (Contracted)	0.0000%
Reversion Yield	7.3957%		
Total Contracted Rent	£0	Total Current Rent	£0
Total Rental Value	£76,630	No. Tenants	8
Capital value per ft²	£714.81		

Running Yields

Date	Gross Rent	Net Rent	Annual	*Quarterly*
26-Oct-2016	£0	£0	0.0000 %	*0.0000 %*
26-Nov-2016	£24,000	£24,000	2.3163 %	*2.3502 %*
26-Dec-2016	£48,000	£48,000	4.6326 %	*4.7699 %*
26-Jul-2018	£76,630	£76,630	7.3957 %	*7.7506 %*

Yields based on £1,036,140

REPORT	Valuation Summary

GVA

Report Date 04 November 2016
Valuation Date 26 October 2016

Tenants

Tenant name	File / Ref No	Next Review	Expiry Date	Current Rent	ERV Method	ERV	Cap.Group	Val.Meth.	Yield 1	Yield 2	Gross Value
Freehold											
Standard UK Tenant		NA	25-Apr-2023	£0	Rounded	£7,330	Retail	Term & Reversion	7.000	7.000	£93,022
Standard UK Tenant		NA	25-Apr-2023	£0	Rounded	£7,660	Retail	Term & Reversion	7.000	7.000	£97,210
Standard UK Tenant		NA	25-Apr-2023	£0	Rounded	£7,590	Retail	Term & Reversion	7.000	7.000	£96,321
Standard UK Tenant		NA	25-Apr-2023	£0	Rounded	£6,050	Retail	Term & Reversion	7.000	7.000	£76,778
EFFECTIVELY VACANT (Midos)		NA	25-Nov-2017	£0	Manual	£12,000	Residential AST	Term & Reversion	6.000	6.000	£199,031
VACANT		NA	25-Dec-2017	£0	Manual	£12,000	Residential AST	Term & Reversion	6.000	6.000	£198,067
EFFECTIVELY VACANT (Midos)		NA	25-Nov-2017	£0	Manual	£12,000	Residential AST	Term & Reversion	6.000	6.000	£199,031
EFFECTIVELY VACANT (Brailey)		NA	25-Dec-2017	£0	Manual	£12,000	Residential AST	Term & Reversion	6.000	6.000	£198,067
Total				£0		£76,630					£1,157,527

Appendix 3

EPC's & Recommendations

Energy Performance Certificate
Non-Domestic Building

HM Government

86 Bell Green
LONDON
SE26 4PZ

Certificate Reference Number:
0120-0836-6719-8229-8002

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information on the Government's website www.communities.gov.uk/epbd.

Energy Performance Asset Rating

More energy efficient

A+

Net zero CO_2 emissions

A 0-25

B 26-50

C 51-75

D 76-100

E 101-125

F 126-150

G Over 150 — **155** This is how energy efficient the building is.

Less energy efficient

Technical Information

Main heating fuel: Grid Supplied Electricity

Building environment: Heating and Natural Ventilation

Total useful floor area (m^2): 41

Building complexity (NOS level): 3

Building emission rate ($kgCO_2/m^2$): 288.52

Benchmarks

Buildings similar to this one could have ratings as follows:

22 If newly built

66 If typical of the existing stock

Green Deal Information

The Green Deal will be available from later this year. To find out more about how the Green Deal can make your property cheaper to run, please call 0300 123 1234.

Administrative Information

This is an Energy Performance Certificate as defined in SI 2007:991 as amended.

Assessment Software:	iSBEM v5.2.d using calculation engine SBEM v5.2.d.2
Property Reference:	281788260000
Assessor Name:	Anthony Kerr
Assessor Number:	NHER001976
Accreditation Scheme:	National Energy Services
Employer/Trading Name:	A and K Sustain
Employer/Trading Address:	11, Emes road, Erith DA8 3EL
Issue Date:	04 Feb 2016
Valid Until:	03 Feb 2026 (unless superseded by a later certificate)
Related Party Disclosure:	Not related to the owner.

Recommendations for improving the property are contained in Report Reference Number: 0898-2896-1240-1700-2603

If you have a complaint or wish to confirm that the certificate is genuine

Details of the assessor and the relevant accreditation scheme are on the certificate. You can get contact details of the accreditation scheme from the Department's website at www.communities.gov.uk/epbd, together with details of the procedures for confirming authenticity of a certificate and for making a complaint.

Opportunity to benefit from a Green Deal on this property

The Green Deal can help you cut your energy bills by making energy efficiency improvements at no upfront costs. Use the Green Deal to find trusted advisors who will come to your property, recommend measures that are right for you and help you access a range of accredited installers. Responsibility for repayments stays with the property – whoever pays the energy bills benefits so they are responsible for the payments.

To find out how you could use Green Deal finance to improve your property please call 0300 123 1234.

Recommendation Report

HM Government

Report Reference Number: 0898-2896-1240-1700-2603

86 Bell Green
LONDON
SE26 4PZ

Building Type(s): A1/A2 Retail and Financial/Professional services

ADMINISTRATIVE INFORMATION	
Issue Date:	04 Feb 2016
Valid Until:	03 Feb 2026 (*)
Total Useful Floor Area (m^2):	41
Calculation Tool Used:	CLG, iSBEM, v5.2.d, SBEM, v5.2.d.2
Property Reference:	281788260000
Energy Performance Certificate for the property is contained in Report Reference Number: 0120-0836-6719-8229-8002	

ENERGY ASSESSOR DETAILS	
Assessor Name:	Anthony Kerr
Employer/Trading Name:	A and K Sustain
Employer/Trading Address:	11, Emes road, Erith DA8 3EL
Assessor Number:	NHER001976
Accreditation Scheme:	National Energy Services
Related party disclosure:	

(*) Unless superseded by a later recommendation report

Table of Contents

1. Background

Statutory Instrument 2007 No. 991, *The Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007,* as amended, transposes the requirements of Articles 7.2 and 7.3 of the Energy Performance of Buildings Directive 2002/91/EC. This report is a Recommendation Report as required under regulations 16(2)(a) and 19 of the Statutory Instrument SI 2007:991.

This section provides general information regarding the building:

Total Useful Floor Area (m^2):	41
Building Environment:	Heating and Natural Ventilation

2. Introduction

This Recommendation Report was produced in line with the Government's approved methodology and is based on calculation tool CLG, iSBEM, v5.2.d, SBEM, v5.2.d.2.

In accordance with Government's current guidance, the Energy Assessor did undertake a walk around survey of the building prior to producing this Recommendation Report.

3. Recommendations

The following sections list recommendations selected by the energy assessor for the improvement of the energy performance of the building. The recommendations are listed under four headings: short payback, medium payback, long payback, and other measures.

a) Recommendations with a short payback

This section lists recommendations with a payback of less than 3 years:

Recommendation	Potential impact
Replace tungsten GLS lamps with CFLs: Payback period dependent on hours of use.	HIGH

b) Recommendations with a medium payback

This section lists recommendations with a payback of between 3 and 7 years:

Recommendation	Potential impact
Some walls have uninsulated cavities - introduce cavity wall insulation.	LOW
Some windows have high U-values - consider installing secondary glazing.	LOW
Carry out a pressure test, identify and treat identified air leakage. Enter result in EPC calculation.	LOW

c) Recommendations with a long payback

This section lists recommendations with a payback of more than 7 years:

Recommendation	Potential impact
Some glazing is poorly insulated. Replace/improve glazing and/or frames.	LOW
Consider installing solar water heating.	LOW
Roof is poorly insulated. Install or improve insulation of roof.	LOW
Consider installing PV.	LOW

d) Other Recommendations

This section lists other recommendations selected by the energy assessor, based on an understanding of the building, and / or based on a valid existing energy report.

No recommendations defined by the energy assessor have been identified.

4. Next Steps

a) Your Recommendation Report

As the building occupier, regulation 10(1) of SI 2007:991 requires that an Energy Performance Certificate *"must be accompanied by a recommendation report"*.

You must be able to produce a copy of this Recommendation Report within seven days if requested by an Enforcement Authority under regulation 39 of SI 2007:991.

This Recommendation Report has also been lodged on the Government's central register. Access to the report, to the data used to compile the report, and to previous similar documents relating to the same building can be obtained by request through the Non-Dwellings Register (www.epcregister.com) using the report reference number of this document.

b) Implementing recommendations

The recommendations are provided as an indication of opportunities that appear to exist to improve the building's energy efficiency.

The calculation tool has automatically produced a set of recommendations, which the Energy Assessor has reviewed in the light of his / her knowledge of the building and its use. The Energy Assessor may have comments on the recommendations base on his / her knowledge of the building and its use. The Energy Assessor may have inserted additional recommendations in section 3d (Other Recommendations). He / she may have removed some automatically generated recommendations or added additional recommendations.

These recommendations do not include matters relating to operation and maintenance which cannot be identified from the calculation procedure.

c) Legal disclaimer

The advice provided in this Recommendation Report is intended to be for information only. Recipients of this Recommendation Report are advised to seek further detailed professional advice before reaching any decision on how to improve the energy performance of the building.

d) Complaints

Details of the assessor and the relevant accreditation scheme are on this report and the energy performance certificate. You can get contact details of the accreditation scheme from our website at www.communities.gov.uk/ epbd, together with details of their procedures for confirming authenticity of a certificate and for making a complaint.

5. Glossary

a) Payback

The payback periods are based on data provided by Good Practice Guides and Carbon Trust energy survey reports and are average figures calculated using a simple payback method. It is assumed that the source data is correct and accurate using up to date information.

The figures have been calculated as an average across a range of buildings and may differ from the actual payback period for the building being assessed. Therefore, it is recommended that each suggested measure be further investigated before reaching any decision on how to improve the energy efficiency of the building.

b) Carbon impact

The High / Medium / Low carbon impact indicators against each recommendation are provided to distinguish, between the suggested recommendations, those that would most effectively reduce carbon emissions from the building. For automatically generated recommendations, the carbon impact indicators are determined by software, but may have been adjusted by the Energy Assessor based on his / her knowledge of the building. The impact of other recommendations are determined by the assessor.

c) Valid report

A valid report is a report that has been:

- Produced within the past 10 years
- Produced by an Energy Assessor who is accredited to produce Recommendation Reports through a Government Approved Accreditation Scheme.
- Lodged on the Register operated by or on behalf of the Secretary of State.

6. Green Deal Information

When the Green Deal launches, it may enable you to improve the property to make it more energy efficient and cheaper to run, without having to pay for the work upfront.

Energy Performance Certificate
Non-Domestic Building

HM Government

88 Bell Green
LONDON
SE26 4PZ

Certificate Reference Number:
0080-0736-2949-1279-5002

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information on the Government's website www.communities.gov.uk/epbd.

Energy Performance Asset Rating

More energy efficient

A+

Net zero CO_2 emissions

A 0-25

B 26-50

C 51-75

D 76-100

E 101-125

F 126-150

G Over 150

Less energy efficient

105 This is how energy efficient the building is.

Technical Information

Main heating fuel: Grid Supplied Electricity

Building environment: Air Conditioning

Total useful floor area (m^2): 49

Building complexity (NOS level): 3

Building emission rate ($kgCO_2/m^2$): 129.22

Benchmarks

Buildings similar to this one could have ratings as follows:

30 If newly built

88 If typical of the existing stock

Green Deal Information

The Green Deal will be available from later this year. To find out more about how the Green Deal can make your property cheaper to run, please call 0300 123 1234.

Administrative Information

This is an Energy Performance Certificate as defined in SI 2007:991 as amended.

Assessment Software:	iSBEM v5.2.d using calculation engine SBEM v5.2.d.2
Property Reference:	814957220000
Assessor Name:	Anthony Kerr
Assessor Number:	NHER001976
Accreditation Scheme:	National Energy Services
Employer/Trading Name:	A and K Sustain
Employer/Trading Address:	11, Emes road, Erith DA8 3EL
Issue Date:	04 Feb 2016
Valid Until:	03 Feb 2026 (unless superseded by a later certificate)
Related Party Disclosure:	Not related to the owner.

Recommendations for improving the property are contained in Report Reference Number: 0591-7792-4240-0900-8603

If you have a complaint or wish to confirm that the certificate is genuine

Details of the assessor and the relevant accreditation scheme are on the certificate. You can get contact details of the accreditation scheme from the Department's website at www.communities.gov.uk/epbd, together with details of the procedures for confirming authenticity of a certificate and for making a complaint.

Opportunity to benefit from a Green Deal on this property

The Green Deal can help you cut your energy bills by making energy efficiency improvements at no upfront costs. Use the Green Deal to find trusted advisors who will come to your property, recommend measures that are right for you and help you access a range of accredited installers. Responsibility for repayments stays with the property – whoever pays the energy bills benefits so they are responsible for the payments.

To find out how you could use Green Deal finance to improve your property please call 0300 123 1234.

Recommendation Report

HM Government

Report Reference Number: 0591-7792-4240-0900-8603

88 Bell Green
LONDON
SE26 4PZ

Building Type(s): A1/A2 Retail and Financial/Professional services

ADMINISTRATIVE INFORMATION	
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Calculation Tool Used:	CLG, iSBEM, v5.2.d, SBEM, v5.2.d.2
Property Reference:	814957220000
Energy Performance Certificate for the property is contained in Report Reference Number: 0080-0736-2949-1279-5002	

ENERGY ASSESSOR DETAILS	
Assessor Name:	Anthony Kerr
Employer/Trading Name:	A and K Sustain
Employer/Trading Address:	11, Emes road, Erith DA8 3EL
Assessor Number:	NHER001976
Accreditation Scheme:	National Energy Services
Related party disclosure:	

(*) Unless superseded by a later recommendation report

Table of Contents

1. Background

Statutory Instrument 2007 No. 991, *The Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007,* as amended, transposes the requirements of Articles 7.2 and 7.3 of the Energy Performance of Buildings Directive 2002/91/EC. This report is a Recommendation Report as required under regulations 16(2)(a) and 19 of the Statutory Instrument SI 2007:991.

This section provides general information regarding the building:

Total Useful Floor Area (m^2):	49
Building Environment:	Air Conditioning

2. Introduction

This Recommendation Report was produced in line with the Government's approved methodology and is based on calculation tool CLG, iSBEM, v5.2.d, SBEM, v5.2.d.2.

In accordance with Government's current guidance, the Energy Assessor did undertake a walk around survey of the building prior to producing this Recommendation Report.

3. Recommendations

The following sections list recommendations selected by the energy assessor for the improvement of the energy performance of the building. The recommendations are listed under four headings: short payback, medium payback, long payback, and other measures.

a) Recommendations with a short payback

This section lists recommendations with a payback of less than 3 years:

Recommendation	Potential impact
Consider replacing T8 lamps with retrofit T5 conversion kit.	HIGH
Introduce HF (high frequency) ballasts for fluorescent tubes: Reduced number of fittings required.	LOW
In some spaces, the solar gain limit in criterion 3 of ADL2A 2010 is exceeded, which might cause overheating. Consider solar control measures such as the application of reflective coating or shading devices to windows.	MEDIUM

b) Recommendations with a medium payback

This section lists recommendations with a payback of between 3 and 7 years:

Recommendation	Potential impact
The default chiller efficiency is chosen. It is recommended that the chiller system be investigated to gain an understanding of its efficiency and possible improvements.	LOW

c) Recommendations with a long payback

This section lists recommendations with a payback of more than 7 years:

Recommendation	Potential impact
Add time control to heating system.	LOW
Add optimum start/stop to the heating system.	LOW
The default heat generator efficiency is chosen. It is recommended that the heat generator system be investigated to gain an understanding of its efficiency and possible improvements.	LOW
Consider installing solar water heating.	LOW
Some windows have high U-values - consider installing secondary glazing.	LOW

d) Other Recommendations

This section lists other recommendations selected by the energy assessor, based on an understanding of the building, and / or based on a valid existing energy report.

No recommendations defined by the energy assessor have been identified.

4. Next Steps

a) Your Recommendation Report

As the building occupier, regulation 10(1) of SI 2007:991 requires that an Energy Performance Certificate *"must be accompanied by a recommendation report"*.

You must be able to produce a copy of this Recommendation Report within seven days if requested by an Enforcement Authority under regulation 39 of SI 2007:991.

This Recommendation Report has also been lodged on the Government's central register. Access to the report, to the data used to compile the report, and to previous similar documents relating to the same building can be obtained by request through the Non-Dwellings Register (www.epcregister.com) using the report reference number of this document.

b) Implementing recommendations

The recommendations are provided as an indication of opportunities that appear to exist to improve the building's energy efficiency.

The calculation tool has automatically produced a set of recommendations, which the Energy Assessor has reviewed in the light of his / her knowledge of the building and its use. The Energy Assessor may have comments on the recommendations base on his / her knowledge of the building and its use. The Energy Assessor may have inserted additional recommendations in section 3d (Other Recommendations). He / she may have removed some automatically generated recommendations or added additional recommendations.

These recommendations do not include matters relating to operation and maintenance which cannot be identified from the calculation procedure.

c) Legal disclaimer

The advice provided in this Recommendation Report is intended to be for information only. Recipients of this Recommendation Report are advised to seek further detailed professional advice before reaching any decision on how to improve the energy performance of the building.

d) Complaints

Details of the assessor and the relevant accreditation scheme are on this report and the energy performance certificate. You can get contact details of the accreditation scheme from our website at www.communities.gov.uk/epbd, together with details of their procedures for confirming authenticity of a certificate and for making a complaint.

5. Glossary

a) Payback

The payback periods are based on data provided by Good Practice Guides and Carbon Trust energy survey reports and are average figures calculated using a simple payback method. It is assumed that the source data is correct and accurate using up to date information.

The figures have been calculated as an average across a range of buildings and may differ from the actual payback period for the building being assessed. Therefore, it is recommended that each suggested measure be further investigated before reaching any decision on how to improve the energy efficiency of the building.

b) Carbon impact

The High / Medium / Low carbon impact indicators against each recommendation are provided to distinguish, between the suggested recommendations, those that would most effectively reduce carbon emissions from the building. For automatically generated recommendations, the carbon impact indicators are determined by software, but may have been adjusted by the Energy Assessor based on his / her knowledge of the building. The impact of other recommendations are determined by the assessor.

c) Valid report

A valid report is a report that has been:

- Produced within the past 10 years
- Produced by an Energy Assessor who is accredited to produce Recommendation Reports through a Government Approved Accreditation Scheme.
- Lodged on the Register operated by or on behalf of the Secretary of State.

6. Green Deal Information

When the Green Deal launches, it may enable you to improve the property to make it more energy efficient and cheaper to run, without having to pay for the work upfront.

Energy Performance Certificate

Non-Domestic Building

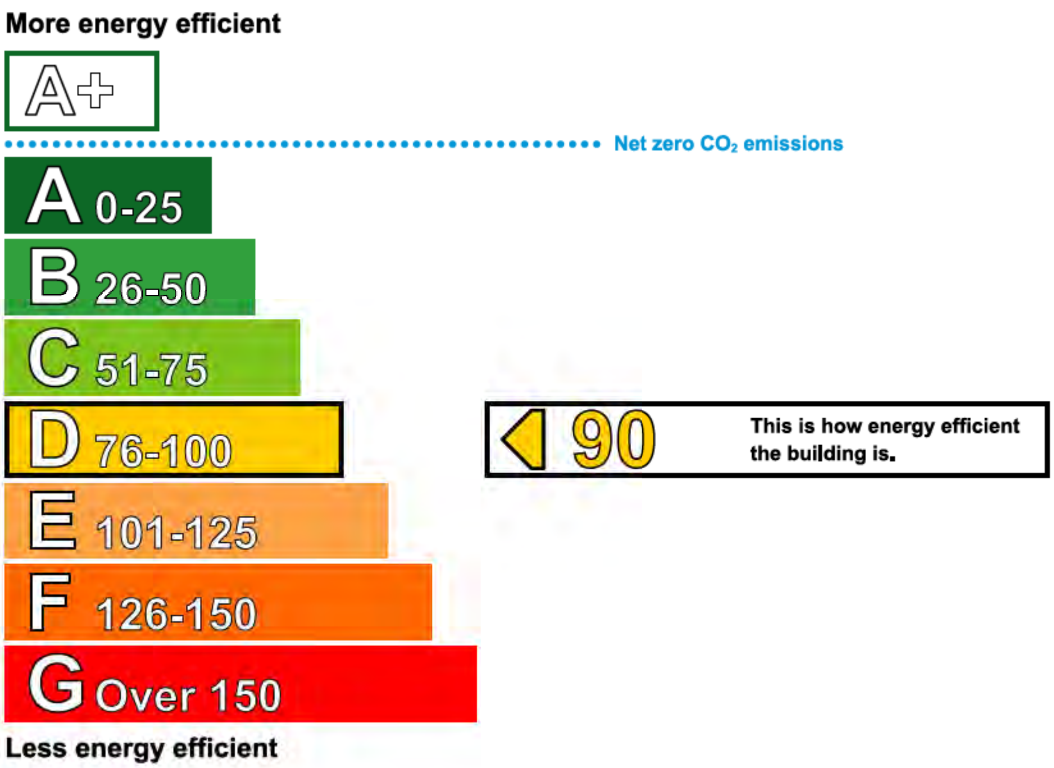
HM Government

90 Bell Green
LONDON
SE26 4PZ

Certificate Reference Number:
0993-9648-1130-2500-6703

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information on the Government's website www.communities.gov.uk/epbd.

Energy Performance Asset Rating



Technical Information

Main heating fuel: Grid Supplied Electricity
Building environment: Heating and Natural Ventilation
Total useful floor area (m^2): 44
Building complexity (NOS level): 3
Building emission rate ($kgCO_2/m^2$): 115.89

Benchmarks

Buildings similar to this one could have ratings as follows:

30 If newly built

81 If typical of the existing stock

Green Deal Information

The Green Deal will be available from later this year. To find out more about how the Green Deal can make your property cheaper to run, please call 0300 123 1234.

Administrative Information

This is an Energy Performance Certificate as defined in SI 2007:991 as amended.

Assessment Software:	Carbon Checker v1.7.1 using calculation engine SBEM v4.1.d.0
Property Reference:	631596180000
Assessor Name:	Malcolm Fox, MRICS, Dip NDEA
Assessor Number:	NGIS801445
Accreditation Scheme:	Northgate Information Solutions
Employer/Trading Name:	Malcolm Fox
Employer/Trading Address:	'Glengowan', Merlewood Drive, Chislehurst, BR7 5LQ
Issue Date:	16 Apr 2013
Valid Until:	15 Apr 2023 (unless superseded by a later certificate)
Related Party Disclosure:	Not related to the owner.

Recommendations for improving the property are contained in Report Reference Number: 0940-6959-0417-8210-6034

If you have a complaint or wish to confirm that the certificate is genuine

Details of the assessor and the relevant accreditation scheme are on the certificate. You can get contact details of the accreditation scheme from the Department's website at www.communities.gov.uk/epbd, together with details of the procedures for confirming authenticity of a certificate and for making a complaint.

Opportunity to benefit from a Green Deal on this property

The Green Deal can help you cut your energy bills by making energy efficiency improvements at no upfront costs. Use the Green Deal to find trusted advisors who will come to your property, recommend measures that are right for you and help you access a range of accredited installers. Responsibility for repayments stays with the property – whoever pays the energy bills benefits so they are responsible for the payments.

To find out how you could use Green Deal finance to improve your property please call 0300 123 1234.

Recommendation Report

HM Government

Report Reference Number: 0940-6959-0417-8210-6034

90 Bell Green
LONDON
SE26 4PZ

Building Type(s): A1/A2 Retail and Financial/Professional services

ADMINISTRATIVE INFORMATION	
Issue Date:	16 Apr 2013
Valid Until:	15 Apr 2023 (*)
Total Useful Floor Area (m^2):	44
Calculation Tool Used:	BuildDesk Ltd, Carbon Checker, v1.7.1, SBEM, v4.1.d.0
Property Reference:	631596180000
Energy Performance Certificate for the property is contained in Report Reference Number: 0993-9648-1130-2500-6703	

ENERGY ASSESSOR DETAILS	
Assessor Name:	Malcolm Fox, MRICS, Dip NDEA
Employer/Trading Name:	Malcolm Fox
Employer/Trading Address:	'Glengowan', Merlewood Drive, Chislehurst, BR7 5LQ
Assessor Number:	NGIS801445
Accreditation Scheme:	Northgate Information Solutions
Related party disclosure:	

(*) Unless superseded by a later recommendation report

Table of Contents

1. Background

Statutory Instrument 2007 No. 991, *The Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007,* as amended, transposes the requirements of Articles 7.2 and 7.3 of the Energy Performance of Buildings Directive 2002/91/EC. This report is a Recommendation Report as required under regulations 16(2)(a) and 19 of the Statutory Instrument SI 2007:991.

This section provides general information regarding the building:

Total Useful Floor Area (m^2):	44
Building Environment:	Heating and Natural Ventilation

2. Introduction

This Recommendation Report was produced in line with the Government's approved methodology and is based on calculation tool BuildDesk Ltd, Carbon Checker, v1.7.1, SBEM, v4.1.d.0.

In accordance with Government's current guidance, the Energy Assessor did undertake a walk around survey of the building prior to producing this Recommendation Report.

3. Recommendations

The following sections list recommendations selected by the energy assessor for the improvement of the energy performance of the building. The recommendations are listed under four headings: short payback, medium payback, long payback, and other measures.

a) Recommendations with a short payback

This section lists recommendations with a payback of less than 3 years:

Recommendation	Potential impact
Replace tungsten GLS lamps with CFLs: Payback period dependent on hours of use.	LOW
Consider replacing T8 lamps with retrofit T5 conversion kit.	HIGH
Introduce HF (high frequency) ballasts for fluorescent tubes: Reduced number of fittings required.	LOW
In some spaces, the solar gain limit in criterion 3 of ADL2A 2010 is exceeded, which might cause overheating. Consider solar control measures such as the application of reflective coating or shading devices to windows.	MEDIUM
Add time control to heating system.	LOW

b) Recommendations with a medium payback

This section lists recommendations with a payback of between 3 and 7 years:

Recommendation	Potential impact
Add optimum start/stop to the heating system.	MEDIUM
The default heat generator efficiency is chosen. It is recommended that the heat generator system be investigated to gain an understanding of its efficiency and possible improvements.	LOW
Some walls have uninsulated cavities - introduce cavity wall insulation.	MEDIUM

c) Recommendations with a long payback

This section lists recommendations with a payback of more than 7 years:

Recommendation	Potential impact
Some windows have high U-values - consider installing secondary glazing.	MEDIUM
Add local temperature control to the heating system.	MEDIUM
Add weather compensation controls to heating system.	MEDIUM
Add local time control to heating system.	LOW
Carry out a pressure test, identify and treat identified air leakage. Enter result in EPC calculation.	MEDIUM

d) Other Recommendations

This section lists other recommendations selected by the energy assessor, based on an understanding of the building, and / or based on a valid existing energy report.

No recommendations defined by the energy assessor have been identified.

4. Next Steps

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These recommendations do not include matters relating to operation and maintenance which cannot be identified from the calculation procedure.

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d) Complaints

Details of the assessor and the relevant accreditation scheme are on this report and the energy performance certificate. You can get contact details of the accreditation scheme from our website at www.communities.gov.uk/ epbd, together with details of their procedures for confirming authenticity of a certificate and for making a complaint.

5. Glossary

a) Payback

The payback periods are based on data provided by Good Practice Guides and Carbon Trust energy survey reports and are average figures calculated using a simple payback method. It is assumed that the source data is correct and accurate using up to date information.

The figures have been calculated as an average across a range of buildings and may differ from the actual payback period for the building being assessed. Therefore, it is recommended that each suggested measure be further investigated before reaching any decision on how to improve the energy efficiency of the building.

b) Carbon impact

The High / Medium / Low carbon impact indicators against each recommendation are provided to distinguish, between the suggested recommendations, those that would most effectively reduce carbon emissions from the building. For automatically generated recommendations, the carbon impact indicators are determined by software, but may have been adjusted by the Energy Assessor based on his / her knowledge of the building. The impact of other recommendations are determined by the assessor.

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A valid report is a report that has been:

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6. Green Deal Information

When the Green Deal launches, it may enable you to improve the property to make it more energy efficient and cheaper to run, without having to pay for the work upfront.

Energy Performance Certificate
Non-Domestic Building

HM Government

92 Bell Green
LONDON
SE26 4PZ

Certificate Reference Number:
0860-0836-6589-2329-1006

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information on the Government's website www.communities.gov.uk/epbd.

Energy Performance Asset Rating

More energy efficient

A+

Net zero CO_2 emissions

A 0-25

B 26-50

C 51-75

D 76-100

E 101-125

F 126-150

G Over 150

Less energy efficient

64 **This is how energy efficient the building is.**

Technical Information

Main heating fuel: Natural Gas

Building environment: Heating and Natural Ventilation

Total useful floor area (m^2): 42

Building complexity (NOS level): 3

Building emission rate ($kgCO_2/m^2$): 128.83

Benchmarks

Buildings similar to this one could have ratings as follows:

16 If newly built

47 If typical of the existing stock

Green Deal Information

The Green Deal will be available from later this year. To find out more about how the Green Deal can make your property cheaper to run, please call 0300 123 1234.

Administrative Information

This is an Energy Performance Certificate as defined in SI 2007:991 as amended.

Assessment Software:	iSBEM v5.2.d using calculation engine SBEM v5.2.d.2
Property Reference:	628518360000
Assessor Name:	Anthony Kerr
Assessor Number:	NHER001976
Accreditation Scheme:	National Energy Services
Employer/Trading Name:	A and K Sustain
Employer/Trading Address:	11, Emes road, Erith DA8 3EL
Issue Date:	04 Feb 2016
Valid Until:	03 Feb 2026 (unless superseded by a later certificate)
Related Party Disclosure:	Not related to the owner.

Recommendations for improving the property are contained in Report Reference Number: 0290-6951-0486-6830-8020

If you have a complaint or wish to confirm that the certificate is genuine

Details of the assessor and the relevant accreditation scheme are on the certificate. You can get contact details of the accreditation scheme from the Department's website at www.communities.gov.uk/epbd, together with details of the procedures for confirming authenticity of a certificate and for making a complaint.

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Recommendation Report

HM Government

Report Reference Number: 0290-6951-0486-6830-8020

92 Bell Green
LONDON
SE26 4PZ

Building Type(s): A1/A2 Retail and Financial/Professional services

ADMINISTRATIVE INFORMATION	
Issue Date:	04 Feb 2016
Valid Until:	03 Feb 2026 (*)
Total Useful Floor Area (m²):	42
Calculation Tool Used:	CLG, iSBEM, v5.2.d, SBEM, v5.2.d.2
Property Reference:	628518360000
Energy Performance Certificate for the property is contained in Report Reference Number: 0860-0836-6589-2329-1006	

ENERGY ASSESSOR DETAILS	
Assessor Name:	Anthony Kerr
Employer/Trading Name:	A and K Sustain
Employer/Trading Address:	11, Emes road, Erith DA8 3EL
Assessor Number:	NHER001976
Accreditation Scheme:	National Energy Services
Related party disclosure:	

(*) Unless superseded by a later recommendation report

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1. Background

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This section provides general information regarding the building:

Total Useful Floor Area (m^2):	42
Building Environment:	Heating and Natural Ventilation

2. Introduction

This Recommendation Report was produced in line with the Government's approved methodology and is based on calculation tool CLG, iSBEM, v5.2.d, SBEM, v5.2.d.2.

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a) Recommendations with a short payback

This section lists recommendations with a payback of less than 3 years:

Recommendation	Potential impact
Replace tungsten GLS lamps with CFLs: Payback period dependent on hours of use.	LOW
Consider replacing T8 lamps with retrofit T5 conversion kit.	HIGH
Add time control to heating system.	LOW
Introduce HF (high frequency) ballasts for fluorescent tubes: Reduced number of fittings required.	LOW
Add optimum start/stop to the heating system.	MEDIUM
The default heat generator efficiency is chosen. It is recommended that the heat generator system be investigated to gain an understanding of its efficiency and possible improvements.	LOW

b) Recommendations with a medium payback

This section lists recommendations with a payback of between 3 and 7 years:

Recommendation	Potential impact
Some windows have high U-values - consider installing secondary glazing.	MEDIUM
Add weather compensation controls to heating system.	MEDIUM
Add local time control to heating system.	LOW
Consider replacing heating boiler plant with a condensing type.	MEDIUM
Carry out a pressure test, identify and treat identified air leakage. Enter result in EPC calculation.	MEDIUM

c) Recommendations with a long payback

This section lists recommendations with a payback of more than 7 years:

Recommendation	Potential impact
Some glazing is poorly insulated. Replace/improve glazing and/or frames.	MEDIUM
Roof is poorly insulated. Install or improve insulation of roof.	MEDIUM
Consider installing solar water heating.	LOW
Consider installing PV.	LOW

d) Other Recommendations

This section lists other recommendations selected by the energy assessor, based on an understanding of the building, and / or based on a valid existing energy report.

No recommendations defined by the energy assessor have been identified.

4. Next Steps

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- Lodged on the Register operated by or on behalf of the Secretary of State.

6. Green Deal Information

When the Green Deal launches, it may enable you to improve the property to make it more energy efficient and cheaper to run, without having to pay for the work upfront.

Energy Performance Certificate

30, Holmshaw Close, LONDON, SE26 4TH

Dwelling type:	Mid-floor flat	**Reference number:**	8586-7429-4880-2128-4926
Date of assessment:	28 January 2016	**Type of assessment:**	RdSAP, existing dwelling
Date of certificate:	02 February 2016	**Total floor area:**	61 m²

Use this document to:

- Compare current ratings of properties to see which properties are more energy efficient
- Find out how you can save energy and money by installing improvement measures

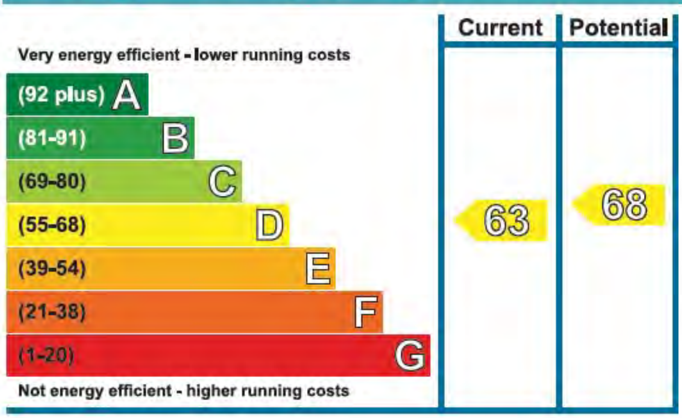
Estimated energy costs of dwelling for 3 years:	**£ 2,088**
Over 3 years you could save	**£ 321**

Estimated energy costs of this home

	Current costs	Potential costs	Potential future savings
Lighting	£ 225 over 3 years	£ 132 over 3 years	You could save £ 321 over 3 years
Heating	£ 1,566 over 3 years	£ 1,338 over 3 years	
Hot Water	£ 297 over 3 years	£ 297 over 3 years	
Totals	**£ 2,088**	**£ 1,767**	

These figures show how much the average household would spend in this property for heating, lighting and hot water. This excludes energy use for running appliances like TVs, computers and cookers, and any electricity generated by microgeneration.

Energy Efficiency Rating



The graph shows the current energy efficiency of your home.

The higher the rating the lower your fuel bills are likely to be.

The potential rating shows the effect of undertaking the recommendations on page 3.

The average energy efficiency rating for a dwelling in England and Wales is band D (rating 60).

Top actions you can take to save money and make your home more efficient

Recommended measures	Indicative cost	Typical savings over 3 years	Available with Green Deal
1 Low energy lighting for all fixed outlets	£25	£ 81	
2 Heating controls (room thermostat and TRVs)	£350 - £450	£ 240	✔

To find out more about the recommended measures and other actions you could take today to save money, visit **www.direct.gov.uk/savingenergy** or call **0300 123 1234** (standard national rate). The Green Deal may allow you to make your home warmer and cheaper to run at no up-front cost.

Summary of this home's energy performance related features

Element	Description	Energy Efficiency
Walls	System built, as built, no insulation (assumed)	★☆☆☆☆
	Timber frame, as built, partial insulation (assumed)	★★★☆☆
Roof	(another dwelling above)	—
Floor	(other premises below)	—
Windows	Fully double glazed	★★★☆☆
Main heating	Boiler and radiators, mains gas	★★★★☆
Main heating controls	Programmer, no room thermostat	★☆☆☆☆
Secondary heating	None	—
Hot water	From main system	★★★★☆
Lighting	Low energy lighting in 29% of fixed outlets	★★★☆☆

Current primary energy use per square metre of floor area: 262 kWh/m² per year

The assessment does not take into consideration the physical condition of any element. 'Assumed' means that the insulation could not be inspected and an assumption has been made in the methodology based on age and type of construction.

See addendum on the last page relating to items in the table above.

Low and zero carbon energy sources

Low and zero carbon energy sources are sources of energy that release either very little or no carbon dioxide into the atmosphere when they are used. Installing these sources may help reduce energy bills as well as cutting carbon. There are none provided for this home.

Opportunity to benefit from a Green Deal on this property

The Green Deal may enable owners and occupiers to make improvements to their property to make it more energy efficient. Under a Green Deal, the cost of the improvements is repaid over time via a credit agreement. Repayments are made through a charge added to the electricity bill for the property. To see which improvements are recommended for this property, please turn to page 3. You can choose which improvements you want to install and ask for a quote from an authorised Green Deal provider. They will organise installation by an authorised Green Deal installer. If you move home, the responsibility for paying the Green Deal charge under the credit agreement passes to the new electricity bill payer.

For householders in receipt of income-related benefits, additional help may be available.

To find out more, visit **www.direct.gov.uk/savingenergy** or call **0300 123 1234**.

Recommendations

The measures below will improve the energy performance of your dwelling. The performance ratings after improvements listed below are cumulative; that is, they assume the improvements have been installed in the order that they appear in the table. Further information about the recommended measures and other simple actions you could take today to save money is available at **www.direct.gov.uk/savingenergy**. Before installing measures, you should make sure you have secured the appropriate permissions, where necessary. Such permissions might include permission from your landlord (if you are a tenant) or approval under Building Regulations for certain types of work.

Measures with a green tick ✓ are likely to be fully financed through the Green Deal since the cost of the measures should be covered by the energy they save. Additional support may be available for homes where solid wall insulation is recommended. If you want to take up measures with an orange tick ✓, be aware you may need to contribute some payment up-front.

Recommended measures	Indicative cost	Typical savings per year	Rating after improvement	Green Deal finance
Low energy lighting for all fixed outlets	£25	£ 27	D65	
Heating controls (room thermostat and TRVs)	£350 - £450	£ 80	D68	✓

Alternative measures

There are alternative measures below which you could also consider for your home.

- Cavity, internal or external wall insulation

Choosing the right package

Visit **www.epcadviser.direct.gov.uk**, our online tool which uses information from this EPC to show you how to save money on your fuel bills. You can use this tool to personalise your Green Deal package.

Directgov
Public services all in one place

Green Deal package	Typical annual savings
Heating controls	**Total savings of £80**
Electricity/gas/other fuel savings	£6 / £74 / £0

You could finance this package of measures under the Green Deal. It could **save you £80 a year** in energy costs, based on typical energy use. Some or all of this saving would be recouped through the charge on your bill.

About this document

The Energy Performance Certificate for this dwelling was produced following an energy assessment undertaken by a qualified assessor, accredited by NHER. You can get contact details of the accreditation scheme at www.nesltd.co.uk, together with details of their procedures for confirming authenticity of a certificate and for making a complaint. A copy of this EPC has been lodged on a national register. It will be publicly available and some of the underlying data may be shared with others for compliance and marketing of relevant energy efficiency information. The Government may use some of this data for research or statistical purposes. Green Deal financial details that are obtained by the Government for these purposes will not be disclosed to non-authorised recipients. The current property owner and/or tenant may opt out of having their information shared for marketing purposes.

Assessor's accreditation number: NHER001976
Assessor's name: Mr Anthony Kerr
Phone number: 07493865596
E-mail address: anthonyjkerr71@gmail.com
Related party disclosure: No related party

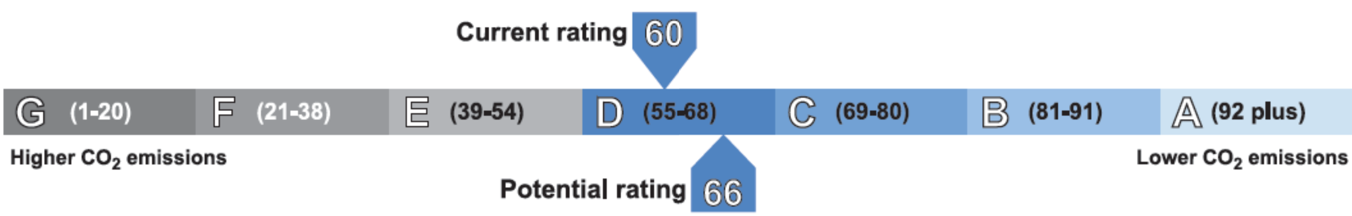
Further information about Energy Performance Certificates can be found under Frequently Asked Questions at **www.epcregister.com**.

About the impact of buildings on the environment

One of the biggest contributors to global warming is carbon dioxide. The energy we use for heating, lighting and power in homes produces over a quarter of the UK's carbon dioxide emissions.

The average household causes about 6 tonnes of carbon dioxide every year. Based on this assessment, your home currently produces approximately 2.8 tonnes of carbon dioxide every year. Adopting the recommendations in this report can reduce emissions and protect the environment. If you were to install these recommendations you could reduce this amount by 0.4 tonnes per year. You could reduce emissions even more by switching to renewable energy sources.

The environmental impact rating is a measure of a home's impact on the environment in terms of carbon dioxide (CO_2) emissions. The higher the rating the less impact it has on the environment.



Your home's heat demand

For most homes, the vast majority of energy costs derive from heating the home. Where applicable, this table shows the energy that could be saved in this property by insulating the loft and walls, based on typical energy use (shown within brackets as it is a reduction in energy use).

Heat demand	Existing dwelling	Impact of loft insulation	Impact of cavity wall insulation	Impact of solid wall insulation
Space heating (kWh per year)	7,779	N/A	N/A	N/A
Water heating (kWh per year)	1,961			

Addendum

This dwelling is a system built property or some of its walls are of non-conventional construction and requires further investigation to establish the type of construction, the type of wall insulation best suited (cavity insulation or internal/ external insulation) and the savings it might deliver. Please go to www.direct.gov.uk/savingenergy to find out more.

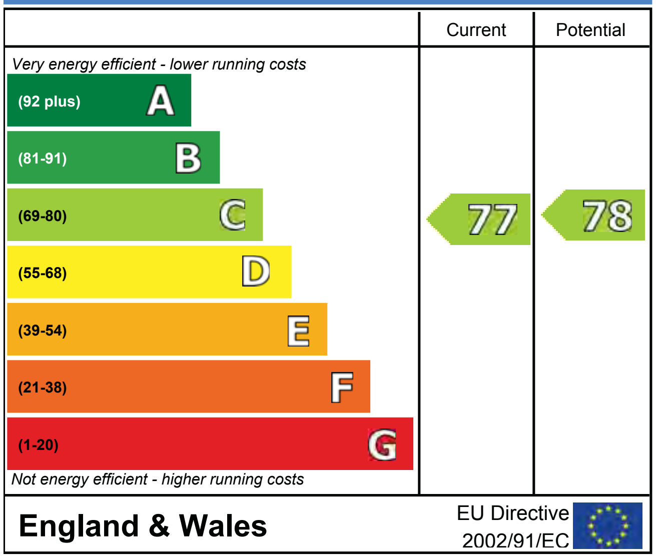
Energy Performance Certificate

32, Holmshaw Close,
LONDON,
SE26 4TH

Dwelling type:	Mid-floor flat
Date of assessment:	31 August 2010
Date of certificate:	31 August 2010
Reference number:	7598-6030-6258-7690-4914
Type of assessment:	RdSAP, existing dwelling
Total floor area:	44 m²

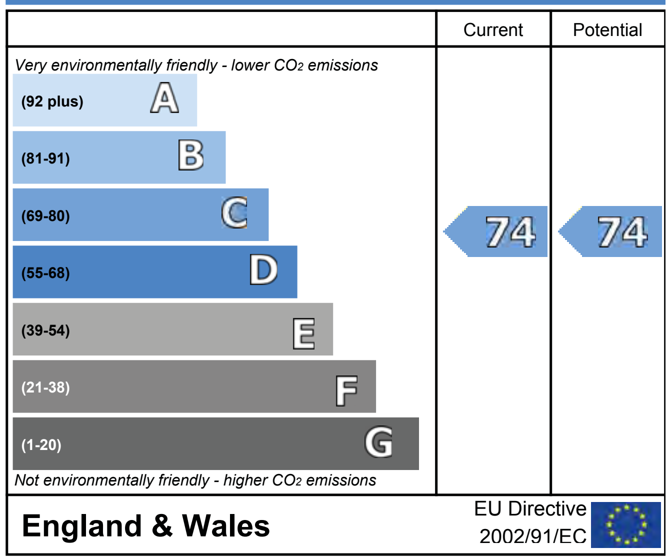
This home's performance is rated in terms of the energy use per square metre of floor area, energy efficiency based on fuel costs and environmental impact based on carbon dioxide (CO_2) emissions.

Energy Efficiency Rating



The energy efficiency rating is a measure of the overall efficiency of a home. The higher the rating the more energy efficient the home is and the lower the fuel bills are likely to be.

Environmental Impact (CO_2) Rating



The environmental impact rating is a measure of this home's impact on the environment in terms of Carbon dioxide (CO_2) emissions. The higher the rating the less impact it has on the environment.

Estimated energy use, carbon dioxide (CO_2) emissions and fuel costs of this home

	Current	Potential
Energy use	234 kWh/m² per year	231 kWh/m² per year
Carbon dioxide emissions	1.7 tonnes per year	1.7 tonnes per year
Lighting	£31 per year	£23 per year
Heating	£305 per year	£306 per year
Hot water	£78 per year	£78 per year

The figures in the table above have been provided to enable prospective buyers and tenants to compare the fuel costs and carbon emissions of one home with another. To enable this comparison the figures have been calculated using standardised running conditions (heating periods, room temperatures, etc.) that are the same for all homes, consequently they are unlikely to match an occupier's actual fuel bills and carbon emissions in practice. The figures do not include the impacts of the fuels used for cooking or running appliances, such as TV, fridge etc.; nor do they reflect the costs associated with service, maintenance or safety inspections. Always check the certificate date because fuel prices can change over time and energy saving recommendations will evolve.

To see how this home can achieve its potential rating please see the recommended measures.

Remember to look for the energy saving recommended logo when buying energy-efficient products. It's a quick and easy way to identify the most energy-efficient products on the market.

This EPC and recommendations report may be given to the Energy Saving Trust to provide you with information on improving your dwelling's energy performance.

About this document

The Energy Performance Certificate for this dwelling was produced following an energy assessment undertaken by a qualified assessor, accredited by Elmhurst Energy Systems Ltd, to a scheme authorised by the Government. This certificate was produced using the RdSAP 2005 assessment methodology and has been produced under the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007 as amended. A copy of the certificate has been lodged on a national register.

Assessor’s accreditation number:	EES/004895
Assessor’s name:	Mr. Richard Kenyon
Company name/trading name:	Homesdale
Address:	6 Wiverton Road, Bromley, London, SE26 5HY
Phone number:	07795 234051
Fax number:	
E-mail address:	rkenyon4@hotmail.com
Related party disclosure:	No related party

If you have a complaint or wish to confirm that the certificate is genuine

Details of the assessor and the relevant accreditation scheme are as above. You can get contact details of the accreditation scheme from their website at www.elmhurstenergy.co.uk together with details of their procedures for confirming authenticity of a certificate and for making a complaint.

About the building’s performance ratings

The ratings on the certificate provide a measure of the building's overall energy efficiency and its environmental impact, calculated in accordance with a national methodology that takes into account factors such as insulation, heating and hot water systems, ventilation and fuels used. The average Energy Efficiency Rating for a dwelling in England and Wales is band E (rating 46).

Not all buildings are used in the same way, so energy ratings use 'standard occupancy' assumptions which may be different from the specific way you use your home. Different methods of calculation are used for homes and for other buildings. Details can be found at www.communities.gov.uk/epbd.

Buildings that are more energy efficient use less energy, save money and help protect the environment. A building with a rating of 100 would cost almost nothing to heat and light and would cause almost no carbon emissions. The potential ratings on the certificate describe how close this building could get to 100 if all the cost effective recommended improvements were implemented.

About the impact of buildings on the environment

One of the biggest contributors to global warming is carbon dioxide. The way we use energy in buildings causes emissions of carbon. The energy we use for heating, lighting and power in homes produces over a quarter of the UK's carbon dioxide emissions and other buildings produce a further one-sixth.

The average household causes about 6 tonnes of carbon dioxide every year. Adopting the recommendations in this report can reduce emissions and protect the environment. You could reduce emissions even more by switching to renewable energy sources. In addition there are many simple everyday measures that will save money, improve comfort and reduce the impact on the environment. Some examples are given at the end of this report.

Visit the Department for Communities and Local Government website at www.communities.gov.uk/epbd to:

- Find how to confirm the authenticity of an energy performance certificate
- Find how to make a complaint about a certificate or the assessor who produced it
- Learn more about the national register where this certificate has been lodged - the Department is the controller of the data on the register for Data Protection Act 1998 purposes
- Learn more about energy efficiency and reducing energy consumption

Further information about Energy Performance Certificates can be found under Frequently Asked Questions at www.epcregister.com

Recommended measures to improve this home's energy performance

32, Holmshaw Close,
LONDON, SE26 4TH

Date of certificate: 31 August 2010
Reference number: 7598-6030-6258-7690-4914

Summary of this home's energy performance related features

The table below gives an assessment of the key individual elements that have an impact on this home's energy and environmental performance. Each element is assessed by the national calculation methodology against the following scale: Very poor / Poor / Average / Good / Very good. The assessment does not take into consideration the physical condition of any element. 'Assumed' means that the insulation could not be inspected and an assumption has been made in the methodology based on age and type of construction.

Elements	Description	Current performance	
		Energy Efficiency	Environmental
Walls	Cavity wall, as built, no insulation (assumed) Timber frame, as built, partial insulation (assumed)	Poor Average	Poor Average
Roof	(another dwelling above)	-	-
Floor	(other premises below)	-	-
Windows	Fully double glazed	Average	Average
Main heating	Boiler and radiators, mains gas	Good	Good
Main heating controls	Programmer and room thermostat	Average	Average
Secondary heating	None	-	-
Hot water	From main system	Good	Good
Lighting	Low energy lighting in 66% of fixed outlets	Good	Good
Current energy efficiency rating		C 77	
Current environmental impact (CO_2) rating			C 74

Low and zero carbon energy sources

None

Recommendations

The measures below are cost effective. The performance ratings after improvement listed below are cumulative, that is they assume the improvements have been installed in the order that they appear in the table.

Lower cost measures (up to £500)	Typical savings per year	Performance ratings after improvement	
		Energy efficiency	Environmental impact
1 Low energy lighting for all fixed outlets	£6	C 78	C 74
Total	**£6**		
Potential energy efficiency rating		C 78	
Potential environmental impact (CO_2) rating			C 74

Further measures to achieve even higher standards

None

Improvements to the energy efficiency and environmental impact ratings will usually be in step with each other. However, they can sometimes diverge because reduced energy costs are not always accompanied by a reduction in carbon dioxide (CO_2) emissions.

About the cost effective measures to improve this home's performance ratings

If you are a tenant, before undertaking any work you should check the terms of your lease and obtain approval from your landlord if the lease either requires it, or makes no express provision for such work.

Lower cost measures (typically up to £500 each)

These measures are relatively inexpensive to install and are worth tackling first. Some of them may be installed as DIY projects. DIY is not always straightforward, and sometimes there are health and safety risks, so take advice before carrying out DIY improvements.

1 Low energy lighting

Replacement of traditional light bulbs with energy saving recommended ones will reduce lighting costs over the lifetime of the bulb, and they last up to 12 times longer than ordinary light bulbs. Also consider selecting low energy light fittings when redecorating; contact the Lighting Association for your nearest stockist of Domestic Energy Efficient Lighting Scheme fittings.

About the further measures to achieve even higher standards

Not applicable

What can I do today?

Actions that will save money and reduce the impact of your home on the environment include:

- Ensure that you understand the dwelling and how its energy systems are intended to work so as to obtain the maximum benefit in terms of reducing energy use and CO2 emissions.
- Check that your heating system thermostat is not set too high (in a home, 21°C in the living room is suggested) and use the timer to ensure you only heat the building when necessary.
- Turn off lights when not needed and do not leave appliances on standby. Remember not to leave chargers (e.g. for mobile phones) turned on when you are not using them.
- Close your curtains at night to reduce heat escaping through the windows.
- If you're not filling up the washing machine, tumble dryer or dishwasher, use the half-load or economy programme.

For advice on how to take action and to find out about offers available to help make your home more energy efficient, call 0800 512 012 or visit www.energysavingtrust.org.uk.

Energy Performance Certificate

34, Holmshaw Close, LONDON, SE26 4TH

Dwelling type:	Top-floor flat	**Reference number:**	8407-4484-8129-3827-0963
Date of assessment:	28 January 2016	**Type of assessment:**	RdSAP, existing dwelling
Date of certificate:	02 February 2016	**Total floor area:**	61 m²

Use this document to:

- Compare current ratings of properties to see which properties are more energy efficient
- Find out how you can save energy and money by installing improvement measures

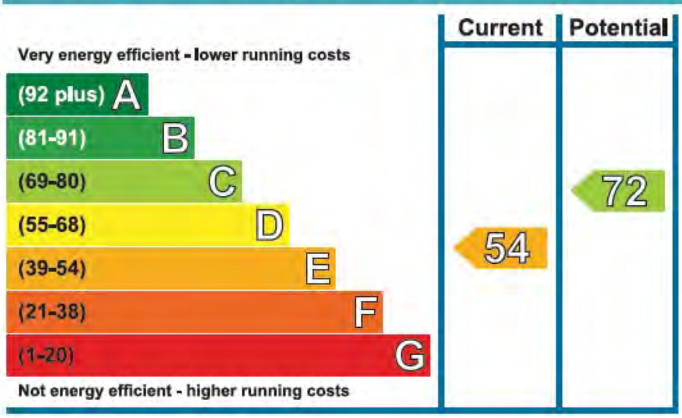
Estimated energy costs of dwelling for 3 years:	**£ 2,658**
Over 3 years you could save	**£ 1,083**

Estimated energy costs of this home

	Current costs	Potential costs	Potential future savings
Lighting	£ 225 over 3 years	£ 132 over 3 years	You could save £ 1,083 over 3 years
Heating	£ 2,148 over 3 years	£ 1,158 over 3 years	
Hot Water	£ 285 over 3 years	£ 285 over 3 years	
Totals	**£ 2,658**	**£ 1,575**	

These figures show how much the average household would spend in this property for heating, lighting and hot water. This excludes energy use for running appliances like TVs, computers and cookers, and any electricity generated by microgeneration.

Energy Efficiency Rating



The graph shows the current energy efficiency of your home.

The higher the rating the lower your fuel bills are likely to be.

The potential rating shows the effect of undertaking the recommendations on page 3.

The average energy efficiency rating for a dwelling in England and Wales is band D (rating 60).

Top actions you can take to save money and make your home more efficient

Recommended measures	Indicative cost	Typical savings over 3 years	Available with Green Deal
1 Flat roof insulation	£850 - £1,500	£ 798	✔
2 Low energy lighting for all fixed outlets	£25	£ 81	
3 Heating controls (room thermostat and TRVs)	£350 - £450	£ 201	✔

To find out more about the recommended measures and other actions you could take today to save money, visit **www.direct.gov.uk/savingenergy** or call **0300 123 1234** (standard national rate). The Green Deal may allow you to make your home warmer and cheaper to run at no up-front cost.

Summary of this home's energy performance related features

Element	Description	Energy Efficiency
Walls	System built, as built, no insulation (assumed)	★☆☆☆☆
	Timber frame, as built, partial insulation (assumed)	★★★☆☆
Roof	Flat, no insulation (assumed)	★☆☆☆☆
Floor	(another dwelling below)	—
Windows	Fully double glazed	★★★☆☆
Main heating	Boiler and radiators, mains gas	★★★★☆
Main heating controls	Programmer, no room thermostat	★☆☆☆☆
Secondary heating	None	—
Hot water	From main system	★★★★☆
Lighting	Low energy lighting in 29% of fixed outlets	★★★☆☆

Current primary energy use per square metre of floor area: 350 kWh/m² per year

The assessment does not take into consideration the physical condition of any element. 'Assumed' means that the insulation could not be inspected and an assumption has been made in the methodology based on age and type of construction.

See addendum on the last page relating to items in the table above.

Low and zero carbon energy sources

Low and zero carbon energy sources are sources of energy that release either very little or no carbon dioxide into the atmosphere when they are used. Installing these sources may help reduce energy bills as well as cutting carbon. There are none provided for this home.

Opportunity to benefit from a Green Deal on this property

The Green Deal may enable owners and occupiers to make improvements to their property to make it more energy efficient. Under a Green Deal, the cost of the improvements is repaid over time via a credit agreement. Repayments are made through a charge added to the electricity bill for the property. To see which improvements are recommended for this property, please turn to page 3. You can choose which improvements you want to install and ask for a quote from an authorised Green Deal provider. They will organise installation by an authorised Green Deal installer. If you move home, the responsibility for paying the Green Deal charge under the credit agreement passes to the new electricity bill payer.

For householders in receipt of income-related benefits, additional help may be available.

To find out more, visit **www.direct.gov.uk/savingenergy** or call **0300 123 1234**.

Recommendations

The measures below will improve the energy performance of your dwelling. The performance ratings after improvements listed below are cumulative; that is, they assume the improvements have been installed in the order that they appear in the table. Further information about the recommended measures and other simple actions you could take today to save money is available at **www.direct.gov.uk/savingenergy**. Before installing measures, you should make sure you have secured the appropriate permissions, where necessary. Such permissions might include permission from your landlord (if you are a tenant) or approval under Building Regulations for certain types of work.

Measures with a green tick ✔ are likely to be fully financed through the Green Deal since the cost of the measures should be covered by the energy they save. Additional support may be available for homes where solid wall insulation is recommended. If you want to take up measures with an orange tick ✔, be aware you may need to contribute some payment up-front.

Recommended measures	Indicative cost	Typical savings per year	Rating after improvement	Green Deal finance
Flat roof insulation	£850 - £1,500	£ 266	D67	✔
Low energy lighting for all fixed outlets	£25	£ 27	D68	
Heating controls (room thermostat and TRVs)	£350 - £450	£ 67	C72	✔

Alternative measures

There are alternative measures below which you could also consider for your home.

- Cavity, internal or external wall insulation

Choosing the right package

Visit **www.epcadviser.direct.gov.uk**, our online tool which uses information from this EPC to show you how to save money on your fuel bills. You can use this tool to personalise your Green Deal package.

Directgov
Public services all in one place

Green Deal package	Typical annual savings
Flat roof insulation	**Total savings of £333**
Heating controls	
Electricity/gas/other fuel savings	£6 / £327 / £0

You could finance this package of measures under the Green Deal. It could **save you £333 a year** in energy costs, based on typical energy use. Some or all of this saving would be recouped through the charge on your bill.

About this document

The Energy Performance Certificate for this dwelling was produced following an energy assessment undertaken by a qualified assessor, accredited by NHER. You can get contact details of the accreditation scheme at www.nesltd.co.uk, together with details of their procedures for confirming authenticity of a certificate and for making a complaint. A copy of this EPC has been lodged on a national register. It will be publicly available and some of the underlying data may be shared with others for compliance and marketing of relevant energy efficiency information. The Government may use some of this data for research or statistical purposes. Green Deal financial details that are obtained by the Government for these purposes will not be disclosed to non-authorised recipients. The current property owner and/or tenant may opt out of having their information shared for marketing purposes.

Assessor's accreditation number: NHER001976
Assessor's name: Mr Anthony Kerr
Phone number: 07493865596
E-mail address: anthonyjkerr71@gmail.com
Related party disclosure: No related party

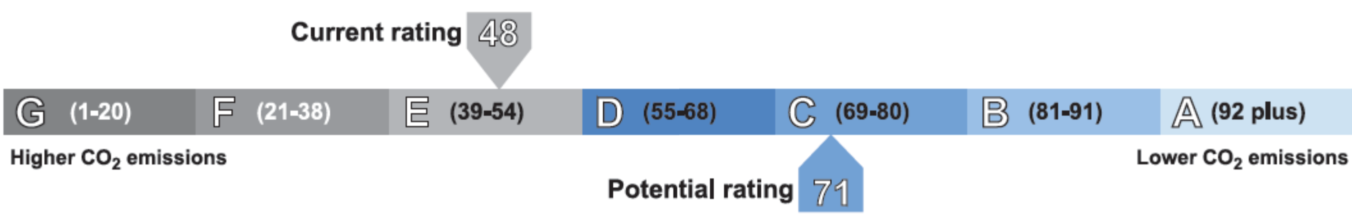
Further information about Energy Performance Certificates can be found under Frequently Asked Questions at **www.epcregister.com**.

About the impact of buildings on the environment

One of the biggest contributors to global warming is carbon dioxide. The energy we use for heating, lighting and power in homes produces over a quarter of the UK's carbon dioxide emissions.

The average household causes about 6 tonnes of carbon dioxide every year. Based on this assessment, your home currently produces approximately 3.8 tonnes of carbon dioxide every year. Adopting the recommendations in this report can reduce emissions and protect the environment. If you were to install these recommendations you could reduce this amount by 1.8 tonnes per year. You could reduce emissions even more by switching to renewable energy sources.

The environmental impact rating is a measure of a home's impact on the environment in terms of carbon dioxide (CO_2) emissions. The higher the rating the less impact it has on the environment.



Your home's heat demand

For most homes, the vast majority of energy costs derive from heating the home. Where applicable, this table shows the energy that could be saved in this property by insulating the loft and walls, based on typical energy use (shown within brackets as it is a reduction in energy use).

Heat demand	Existing dwelling	Impact of loft insulation	Impact of cavity wall insulation	Impact of solid wall insulation
Space heating (kWh per year)	11,601	N/A	N/A	N/A
Water heating (kWh per year)	1,880			

Addendum

This dwelling is a system built property or some of its walls are of non-conventional construction and requires further investigation to establish the type of construction, the type of wall insulation best suited (cavity insulation or internal/ external insulation) and the savings it might deliver. Please go to www.direct.gov.uk/savingenergy to find out more.

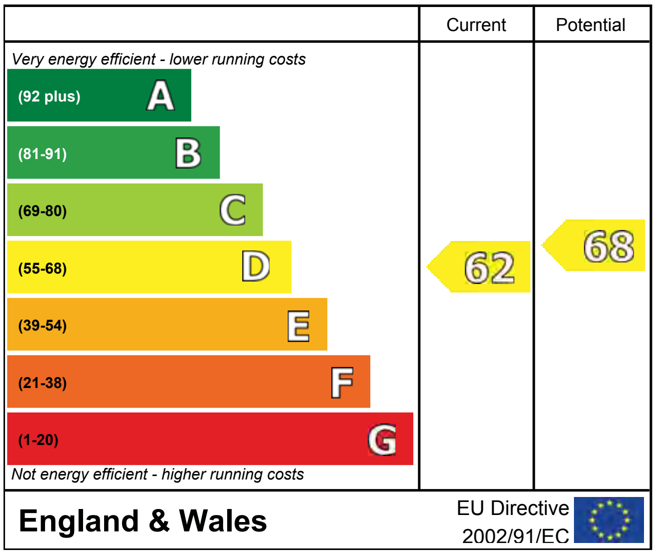
Energy Performance Certificate

36, Holmshaw Close,
LONDON,
SE26 4TH

Dwelling type:	Top-floor flat
Date of assessment:	01 June 2009
Date of certificate:	01 June 2009
Reference number:	8011-6626-6210-3249-5006
Total floor area:	64 m²

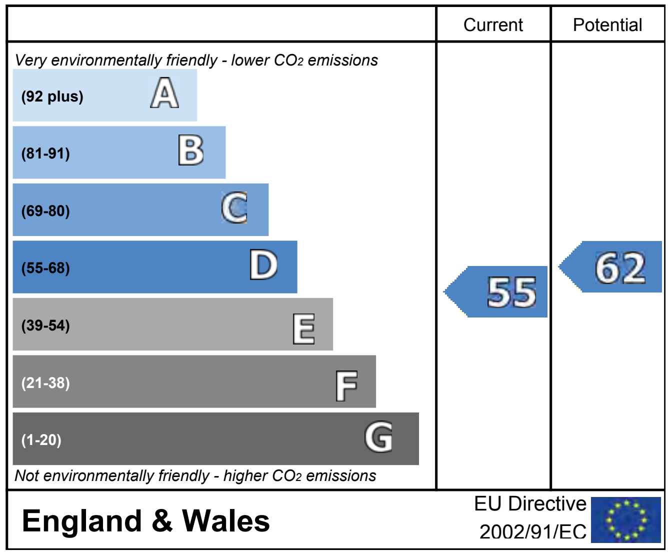
This home's performance is rated in terms of the energy use per square metre of floor area, energy efficiency based on fuel costs and environmental impact based on carbon dioxide (CO_2) emissions.

Energy Efficiency Rating



The energy efficiency rating is a measure of the overall efficiency of a home. The higher the rating the more energy efficient the home is and the lower the fuel bills are likely to be.

Environmental Impact (CO_2) Rating



The environmental impact rating is a measure of this home’s impact on the environment in terms of Carbon dioxide (CO_2) emissions. The higher the rating the less impact it has on the environment.

Estimated energy use, carbon dioxide (CO_2) emissions and fuel costs of this home

	Current	Potential
Energy use	339 kWh/m² per year	286 kWh/m² per year
Carbon dioxide emissions	3.6 tonnes per year	3.1 tonnes per year
Lighting	£47 per year	£31 per year
Heating	£517 per year	£455 per year
Hot water	£89 per year	£77 per year

Based on standardised assumptions about occupancy, heating patterns and geographical location, the above table provides an indication of how much it will cost to provide lighting, heating and hot water to this home. The fuel costs only take into account the cost of fuel and not any associated service, maintenance or safety inspection. This certificate has been provided for comparative purposes only and enables one home to be compared with another. Always check the date the certificate was issued, because fuel prices can increase over time and energy saving recommendations will evolve.

To see how this home can achieve its potential rating please see the recommended measures.

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Assessor’s accreditation number:	EES/004895
Assessor’s name:	Mr. Richard Kenyon
Company name/trading name:	Homesdale
Address:	6 Wiverton Road, London, Bromley, SE26 5HY
Phone number:	07795 234051
Fax number:	
E-mail address:	rkenyon4@hotmail.com
Related party disclosure:	

If you have a complaint or wish to confirm that the certificate is genuine

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About the building’s performance ratings

The ratings on the certificate provide a measure of the building's overall energy efficiency and its environmental impact, calculated in accordance with a national methodology that takes into account factors such as insulation, heating and hot water systems, ventilation and fuels used. The average Energy Efficiency Rating for a dwelling in England and Wales is band E (rating 46).

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About the impact of buildings on the environment

One of the biggest contributors to global warming is carbon dioxide. The way we use energy in buildings causes emissions of carbon. The energy we use for heating, lighting and power in homes produces over a quarter of the UK's carbon dioxide emissions and other buildings produce a further one-sixth.

The average household causes about 6 tonnes of carbon dioxide every year. Adopting the recommendations in this report can reduce emissions and protect the environment. You could reduce emissions even more by switching to renewable energy sources. In addition there are many simple everyday measures that will save money, improve comfort and reduce the impact on the environment. Some examples are given at the end of this report.

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- Learn more about energy efficiency and reducing energy consumption

Recommended measures to improve this home's energy performance

36, Holmshaw Close,
LONDON, SE26 4TH

Date of certificate: 01 June 2009
Reference number: 8011-6626-6210-3249-5006

Summary of this home's energy performance related features

The following is an assessment of the key individual elements that have an impact on this home's performance rating. Each element is assessed against the following scale: Very poor / Poor / Average / Good / Very good.

Elements	Description	Current performance	
		Energy Efficiency	Environmental
Walls	Cavity wall, as built, no insulation (assumed)	Poor	Poor
Roof	Flat, limited insulation (assumed)	Very poor	Very poor
Floor	(other premises below)	-	-
Windows	Fully double glazed	Good	Good
Main heating	Boiler and radiators, mains gas	Good	Good
Main heating controls	Programmer and room thermostat	Poor	Poor
Secondary heating	None	-	-
Hot water	From main system	Good	Good
Lighting	Low energy lighting in 50% of fixed outlets	Good	Good
Current energy efficiency rating		D 62	
Current environmental impact (CO_2) rating			D 55

Low and zero carbon energy sources

None

Recommendations

The measures below are cost effective. The performance ratings after improvement listed below are cumulative, that is they assume the improvements have been installed in the order that they appear in the table.

Lower cost measures (up to £500)	Typical savings per year	Performance ratings after improvement	
		Energy efficiency	Environmental impact
1 Low energy lighting for all fixed outlets	£12	D 63	D 56
2 Upgrade heating controls	£14	D 64	D 57
Sub-total	**£26**		
Higher cost measures (over £500)			
3 Replace boiler with Band A condensing boiler	£63	D 68	D 62
Total	**£89**		
Potential energy efficiency rating		D 68	
Potential environmental impact (CO_2) rating			D 62

Further measures to achieve even higher standards

None

Improvements to the energy efficiency and environmental impact ratings will usually be in step with each other. However, they can sometimes diverge because reduced energy costs are not always accompanied by a reduction in carbon dioxide (CO_2) emissions.

About the cost effective measures to improve this home’s energy ratings

If you are a tenant, before undertaking any work you should check the terms of your lease and obtain approval from your landlord if the lease either requires it, or makes no express provision for such work.

Lower cost measures (typically up to £500 each)

These measures are relatively inexpensive to install and are worth tackling first. Some of them may be installed as DIY projects. DIY is not always straightforward, and sometimes there are health and safety risks, so take advice before carrying out DIY improvements.

1 Low energy lighting

Replacement of traditional light bulbs with energy saving recommended ones will reduce lighting costs over the lifetime of the bulb, and they last up to 12 times longer than ordinary light bulbs. Also consider selecting low energy light fittings when redecorating; contact the Lighting Association for your nearest stockist of Domestic Energy Efficient Lighting Scheme fittings.

2 Heating controls (thermostatic radiator valves)

Thermostatic radiator valves allow the temperature of each room to be controlled to suit individual needs, adding to comfort and reducing heating bills provided internal doors are kept closed. For example, they can be set to be warmer in the living room and bathroom than in the bedrooms. Ask a competent heating engineer to install thermostatic radiator valves. Thermostatic radiator valves should be fitted to every radiator except the radiator in the same room as the room thermostat. Remember the room thermostat is needed as well as the thermostatic radiator valves, to enable the boiler to switch off when no heat is required.

Higher cost measures (typically over £500 each)

3 Band A condensing boiler

A condensing boiler is capable of much higher efficiencies than other types of boiler, meaning it will burn less fuel to heat this property. This improvement is most appropriate when the existing central heating boiler needs repair or replacement, but there may be exceptional circumstances making this impractical. Condensing boilers need a drain for the condensate which limits their location; remember this when considering remodelling the room containing the existing boiler even if the latter is to be retained for the time being (for example a kitchen makeover). Building Regulations apply to this work, so your local authority building control department should be informed, unless the installer is registered with a competent persons scheme[1], and can therefore self-certify the work for Building Regulation compliance. Ask a qualified heating engineer to explain the options.

About the further measures to achieve even higher standards

Not applicable

What can I do today?

Actions that will save money and reduce the impact of your home on the environment include:

- Ensure that you understand the dwelling and how its energy systems are intended to work so as to obtain the maximum benefit in terms of reducing energy use and CO2 emissions.
- Check that your heating system thermostat is not set too high (in a home, 21°C in the living room is suggested) and use the timer to ensure you only heat the building when necessary.
- Turn off lights when not needed and do not leave appliances on standby. Remember not to leave chargers (e.g. for mobile phones) turned on when you are not using them.
- Close your curtains at night to reduce heat escaping through the windows.
- If you’re not filling up the washing machine, tumble dryer or dishwasher, use the half-load or economy programme.

[1] For information on approved competent persons schemes enter "existing competent person schemes" into an internet search engine or contact your local Energy Saving Trust advice centre on 0800 512 012.

Appendix 4

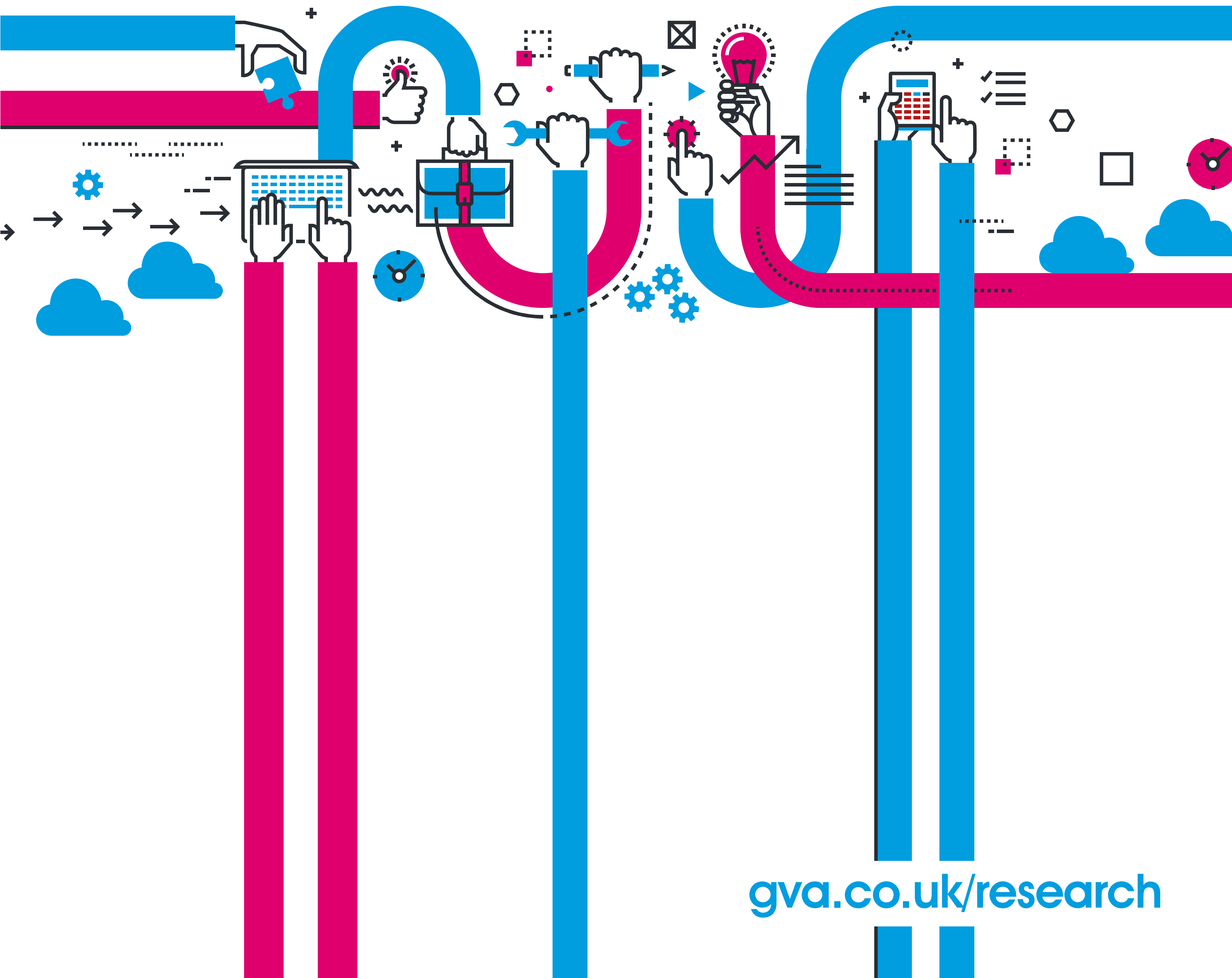
Bilfinger GVA Property & Economic Bulletin

Research

EPMR UK

Post-referendum outlook

September 2016



gva.co.uk/research

Economic outlook

Recent weeks have seen relative stability across the financial and property markets, helped by the quieter summer period. The rapid formation of a new government has helped to boost confidence, and an early general election appears to have been ruled out (although a second Scottish independence referendum is still theoretically possible).

A key point is that victory for the 'Leave' campaign was a vote against membership of the EU, rather than for any specific course of action. The question of the UK's future relationship with the EU remains as open as it was on 24 June and Government policy remains little more than "Brexit means Brexit".

One certainty is that the process of exiting the EU will be long and complicated. Indeed, it does not officially begin until the UK Government triggers the now-infamous Article 50 of the Lisbon Treaty. It has indicated that this will not happen until 2017, and it may well be delayed until next autumn, after the general elections in France and Germany have taken place.

Businesses need certainty and the Government is under immense pressure to clarify its approach to Brexit. However, it also needs to take the time to get its strategy right across a vast range of complex issues. This dilemma will be a significant challenge.

Whatever approach the Government takes, the UK will remain a member of the EU for two years after Article 50 is triggered, and we will still be able to trade with the EU on the existing basis during this time (although discretionary EU funding will become much harder to obtain).

The financial markets have settled down, with Sterling trading at circa 10% below its pre-referendum level against the US Dollar and the Euro. UK equities have increased in value since the referendum (the FTSE 100 by circa 8% and the FTSE 250 by circa 4%). That said, the share price of housebuilders and property REITs remains below pre-Brexit levels, but property shares were always going to be vulnerable to a 'Leave' vote compared with more defensive sectors. Fears that the UK's institutional "retail" funds would be overwhelmed by the level of redemptions have not materialised, with only a small number of forced sales.

Confidence

Most hard economic data still largely relates to the pre-referendum period, but there has been some reassuring post-result survey data. Consumer confidence has started to rebound from the immediate referendum shock. The latest GfK survey plummeted from -1 in June to -12 in July, but rose to -7 in August. Consumer demand has been resilient so far, and retail sales volumes over the period June-August were 1.6% higher than over the previous three months, and 5.5% higher than over the same period last year.

Business confidence saw a significant increase in August, with a rebound in the respected Markit/CIPS Purchasing Managers' Index back into positive territory. This is illustrated in chart 1 (which shows the average across the manufacturing, services and construction sectors).

Inflation and interest rates

CPI inflation was 0.6% in August, unchanged from July. The rate has risen from broadly zero a year ago and will rise faster over the next year due to Sterling's devaluation. The consensus view is for 2.5% in 2017 (although it is likely to peak higher than this), but any further volatility in the foreign exchange markets could alter this outlook.

The Bank of England deployed further stimulus in August to boost domestic demand. This included a reduction in the Base Rate to 0.25% and an injection of £70 billion into the economy through the purchase of government and corporate bonds (quantitative easing).

The Bank may well use further stimulus measures in the coming months, although there is only so much that monetary policy can achieve, particularly as interest rates are now so close to zero. Certainly, the Bank is not concerned at the prospect of inflation rising above its target range at this stage.

Government intervention

With interest rates close to zero, the bulk of any further stimulus measures will need to come from fiscal rather than monetary policy. With the previous target of eliminating the budget deficit (annual borrowing) by 2020 now jettisoned, there should be room for such stimulus.

This year's Conservative Party Conference in October and the Autumn Statement on 23 November will be keenly watched, as

Chart 1

Purchasing Managers' Index

Source: Markit/CIPS

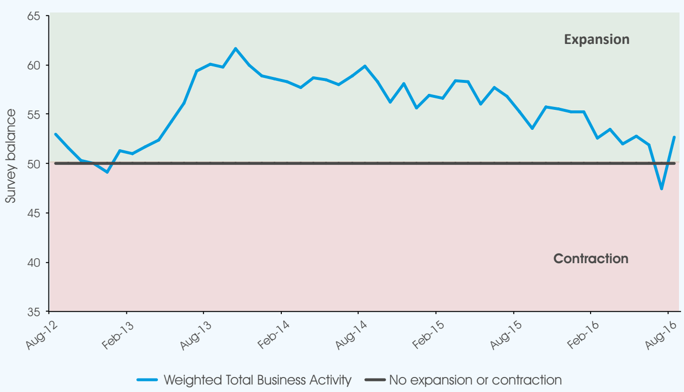
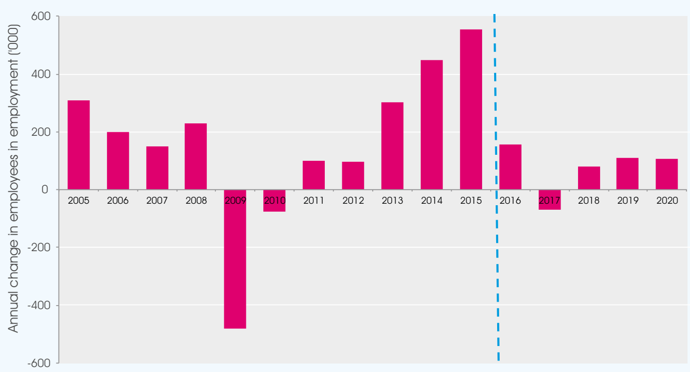


Chart 2

Annual change in total employees

Source: Experian, Bilfinger GVA



they will set out the Government's fiscal agenda. It is already clear that the new administration will signal some significant changes across a range of policy areas.

Infrastructure investment may well feature heavily. There is a strong argument in favour of this, given the low cost at which the government can borrow and the need to make significant improvements across a wide variety of infrastructure types. Without this, the more uncertain environment, lower economic growth and increased cost of imported materials are likely to mean a fall in investment.

Another key test will be the willingness of the new Government to take key decisions in this area, most notably on additional runway capacity in the South East. The Government's commitment to the important devolution agenda will also come under close scrutiny.

Employment trends

In total more than a million jobs were added to the UK labour force during 2014 and 2015. This growth was unsustainable and was already slowing prior to the EU referendum. However, the latest data suggests that the labour market has remained robust. During May-July (so partly covering the post-referendum period) employment rose by 174,000 compared with the previous three months. The unemployment rate has fallen to 4.9%, the lowest since Q3 2005.

The picture is likely to weaken as some businesses put hiring decisions on hold, and we expect a modest fall in employment next year, before growth resumes in 2018 (see chart 2).

Earnings are currently rising at a little over 2% pa. As the employment outlook weakens and inflation rises, earnings could be falling in real terms by the end of next year (see chart 3). This erosion of consumer spending power is likely to negatively impact retail spending.

Outlook for growth

The UK economy was growing at a healthy rate in the run-up to the EU referendum, rising by 0.6% in Q2 (in line with the long-term trend), up from 0.4% in Q1. We expect a marked slowdown in growth during the second half of this year although given post-referendum survey evidence, a major recession seems unlikely. However a technical recession (two quarters of declining output) remains possible, which would adversely affect confidence.

Growth of just 0.9% is now forecast for 2017, compared with the 2.1% previously expected (well below the long-term average of circa 2.6% pa).

Looking further ahead growth is expected to accelerate, but should remain well below trend. The revised forecasts suggest that the economy will be 4% smaller by 2020 than would have been the case using pre-referendum forecasts.

Chart 4 illustrates the forecast revisions. The EU remains our most important trading partner, and will also feel the impact of Brexit. Although only Ireland is heavily exposed to the UK in terms of exports, there is likely to be a negative impact on consumer and investor sentiment. Eurozone growth is already weak and is now likely to be even more subdued. The European Central Bank will probably come under pressure to provide more monetary stimulus.

The longer-term impact of Brexit remains highly uncertain, and much will depend on the type of trade deal that can be negotiated. A number of economic studies on the long-term impact have been undertaken. Most suggest a marked negative effect, but the wide range of possible impacts underlines the uncertainty.

With EU trade negotiations not starting until next year, markets are now likely to focus their attention on November's US Presidential election. We may also see further market volatility as more substantive policy announcements are made on the Government' approach to Brexit and more meaningful post-referendum economic data becomes available.

Ultimately, it is the reaction of the UK's consumers and corporates that will determine the health of the economy during and after the Brexit process.

Table 1

Latest consensus forecasts, September 2016
Source: HM Treasury (compilation of forecasts), Bilfinger GVA

	2016	2017	25 year trend
Economic growth (GDP)	1.8%	0.9%	2.6% pa
Private consumption	2.7%	1.2%	–
Employment growth	1.1%	0.1%	0.7% pa
Bank base rate (Q4)	0.2%	0.2%	–
CPI – Inflation (Q4)	1.3%	2.5%	–
RPI – Inflation (Q4)	2.2%	3.1%	–

Chart 3

Inflation and wage growth

Source: Experian, HM Treasury Consensus

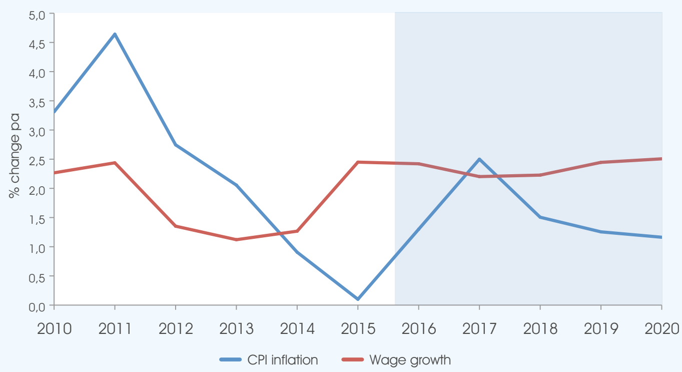
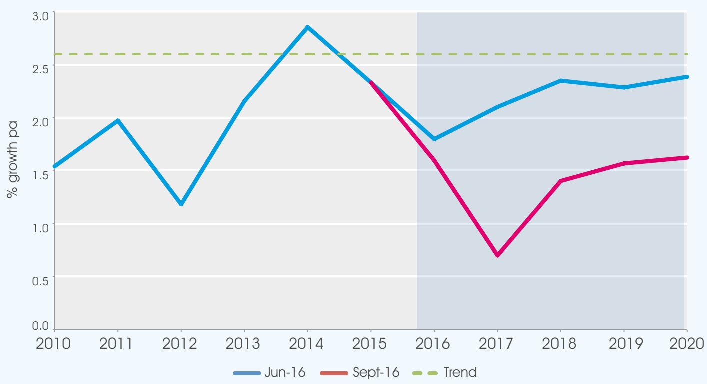


Chart 4

GDP growth forecasts

Source: HM Treasury Consensus, Experian, Bilfinger GVA



Commercial occupier market

Occupier demand

Occupiers now face considerable uncertainty across a range of fundamental issues including their ability to trade with the EU and to employ labour from the EU, as well as a more uncertain economic outlook.

There have been few concrete announcements by corporates on their strategies to deal with Brexit. This is unsurprising. Not only do strategies take months or years to evolve and implement, but corporates also lack hard information on the implications of Brexit upon which they can base any decisions.

A 'soft' Brexit which retained many of the current benefits of EU membership, including the UK's important 'passporting' rights, could mean a relatively limited impact. A 'hard' Brexit would have wider-reaching implications.

Survey evidence suggests that more than half of corporates did not undertake any contingency planning for a 'Leave' vote. They will now be undertaking this process in earnest, and the longer the uncertainty continues the more these contingency plans will have to be put into action.

Supply

The recent development cycle has been relatively subdued, meaning that few prime commercial occupier markets are in an oversupply situation and many are experiencing a shortage of stock. Chart 5 illustrates the low level of commercial construction in the current cycle (using new construction orders as a proxy). Although activity has recovered sharply, it has remained well below levels seen before the financial crisis.

The subdued development cycle has meant less new stock coming on stream. But other factors are also working to reduce the level of existing stock. These include the changes to permitted development rights legislation, which have accelerated the conversion of offices to other uses; and the minimum energy efficiency standards (MEES), which will prevent the granting of a new lease (or lease renewal) on a building with an EPC rating below 'E' from 1 April 2018.

Coupled with this, strong long-term underlying demand will underpin many key property sectors, including logistics, healthcare, student accommodation, and the private rented sector. The huge potential of PRS could be further increased if Brexit uncertainty means fewer first-time-buyers are willing to enter the housing market.

Clearly, there is only limited data on construction post-referendum. The latest ONS figures report that total UK construction output was flat in July, with new construction work rising by 0.5%. This suggests that the sector was resilient during the initial post-referendum period, but these figures can be quite volatile from month to month, so should be treated with caution.

There is now less certainly over future occupier demand, so it is likely that development activity will fall as schemes are put on hold. This will vary across sectors, reflecting the outlook for demand. The distribution sector, for example, may well be more insulated.

Sector impacts

In the lead up to the EU referendum, occupier activity across the Central London office market was muted with many businesses waiting to see the outcome before committing to office space. This resulted in just 4 million sq ft of take-up for the first half of the year, the lowest since 2012 and 18% down on the corresponding period in 2015. However, for many occupiers Brexit changes very little. Whilst there has been a tail off in new demand, continued low levels of availability are underpinning rental levels for the time being.

Demand across the 'Big Nine' regional office centres held up well in Q2, just 3% below the five-year average, in spite of the referendum uncertainty. Over the summer there has been a reasonable level of viewing activity and enquiry levels, although there has been a slowdown in the quantity of transactions.

Brexit uncertainty is certainly causing some occupiers to review their strategies. However the affects across most markets will be somewhat insulated by the shortage of quality stock and constrained development pipeline, with the prominence of more cautious pre-let development activity witnessed over the past two years.

A number of factors will help to cushion any impact on demand. For example, a significant number of civil service jobs will move from central London over the next five years, with the creation of 16 new super-hubs in outer London and many of the UK's regional cities. The UK's growing 'knowledge' sectors will also continue to fuel demand, and the Government's commitment to safeguard funding for research and innovation projects is reassuring.

Against a background of limited supply in many key locations, the industrial and logistics sector looks to be in a relatively strong position. The recent strong rate of average rental growth continues, with rental values rising by 4% over the 12 months to August.

Chart 5

New Construction Orders (Development activity) Retail, office and industrial

Source: ONS, Bilfinger GVA

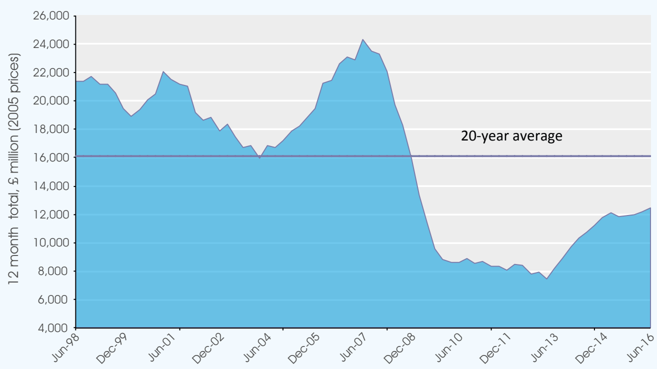
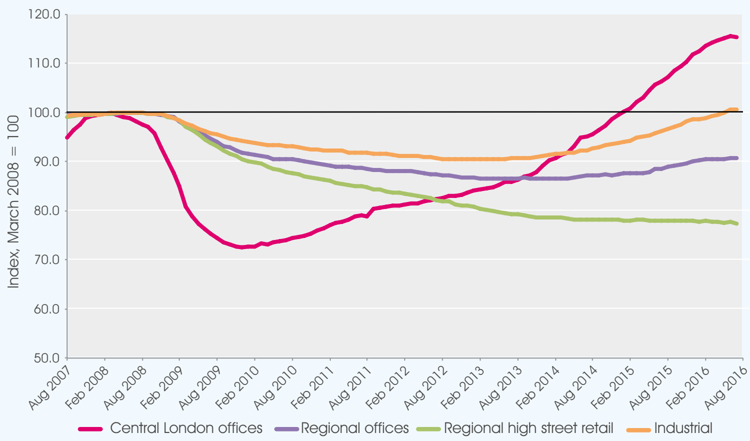


Chart 6

Average rental levels

Source: IPD Monthly Index, Bilfinger GVA



We remain positive about the prospects for the industrial and logistics sectors. Manufacturers won't escape the economic impacts, but the positive effect of weaker Sterling will help to offset this. The huge shifts in the retail market will continue despite Brexit, and retailers will still need to respond to changing logistics requirements. Along with third-party logistics providers, retailers continued to provide the majority of demand during the first half of the year.

The early signs of a bounce-back in consumer confidence are certainly welcome news for the retail sector. Clearly, Brexit does not change the fundamental challenges faced by physical stores of the relentless move online. However, it could serve to accelerate the demise of retailers who were already in long-term difficulties.

The latest figures from the Local Data Company suggest that the overall vacancy rate for shops increased marginally from 12.3% in June to 12.4% in July, reversing the trend of gradually falling rates seen since mid-2012. However, shopping centres saw a further fall in vacancy, and there has been very little new development over the latest cycle. This will help to maintain rental levels in the prime centres.

The leisure sector has been growing strongly, and should benefit from the depreciation of Sterling across a range of subsectors including restaurants, hotels and leisure parks. A rise in 'staycations' and more overseas tourists in the UK will help significantly. However, the leisure sector is particularly vulnerable to a change in immigration policy as it employs a significant number of EU nationals. This will come on top of the additional cost burden associated with the new National Living Wage.

Outlook for rental growth

There are plenty of reasons to think that the property market will continue to be resilient in the face of the challenges ahead. For occupiers, the current market represents a good time to renegotiate their lease terms. Indeed, with increased levels of uncertainty, we expect to see more occupiers re-gear existing leases rather than move.

Average rental levels remain below their previous 2008 peak across most UK commercial property sectors, with the main exception of the central London markets (see chart 6). Coupled with this, the lack of quality supply will help to underpin rental values, and so the likelihood of significant falls looks remote.

Even in central London, recent development activity has mainly replaced existing stock rather than provide additional space. Given the inherent advantages for many occupiers of locating in the capital (which include skills, English language, cultural benefits, access to world-class educational and technological institutions, plus our strategic time zone) we think occupier demand will prove resilient.

The loss of 'passporting' rights has the potential to have a significant impact on London's office market, but this is by no means certain, and will be a key part of trade negotiations. The Government has already sought to allay concerns over the ability of key overseas staff to work in the UK. On the retail and leisure side, central London will benefit disproportionately from the devaluation of Sterling.

There is a direct link between economic and rental performance. Lower forecasts for economic output and employment growth following the EU referendum inevitably mean we have lowered our expectations for rental growth over the next five years.

All property rental growth has been decelerating over the course of this year. Average rental values increased by 1.3% during the first six months, and have been virtually flat during July and August (IPD Monthly Index, see chart 7).

We expect rental values to be broadly flat in 2017. Thereafter, rental values should begin to rise again, although this is likely to be a gradual acceleration. Given the shortage of stock in many markets, prime rents should outperform. However, the nature of Brexit and its impact on occupier demand is clearly hard to predict at this stage, and so there is a higher than usual level of uncertainty over this outlook.

Our revised forecasts for all property rental value growth are shown in chart 8 and table 2

Table 2

All property rental growth forecasts
Source: IPF, REFL, Bilfinger GVA

IPF Quarterly Consensus (August 2016)	2016	2017	2018
Maximum	3.2%	2.0%	2.1%
Minimum	-1.5%	-5.0%	-1.3%
Average	1.3%	-0.7%	0%
Bilfinger GVA (September 2016)	**1.4%**	**-0.3%**	**0%**

Chart 7

All property average rental growth
Source: IPD Monthly Index

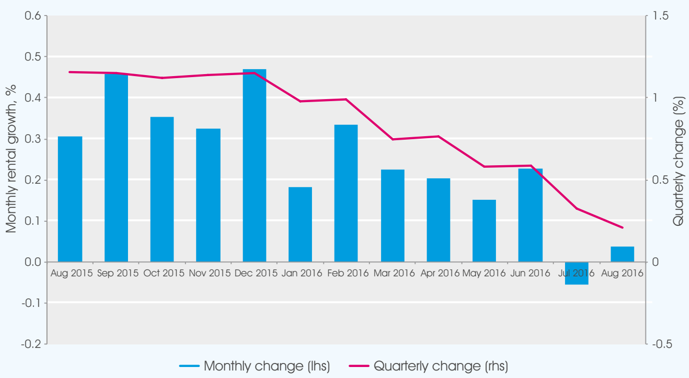
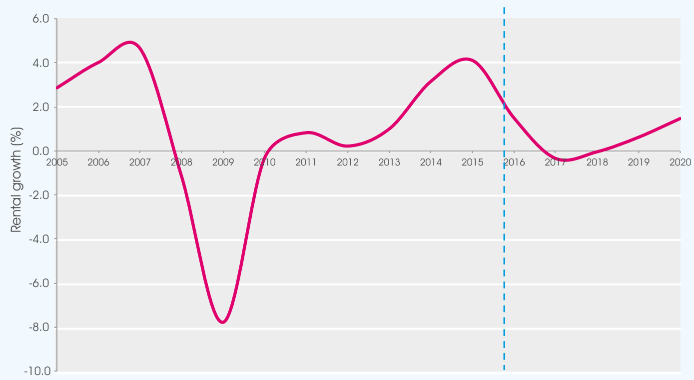


Chart 8

All property average rental growth forecasts
Source: MSCI, REFL, Bilfinger GVA



Commercial investment market

Initial concerns about a severe adverse reaction to the 'Leave' vote have proved unfounded although there has inevitably been a fall in investment transaction volumes, as many investors have opted for a 'wait-and-see' approach.

A slowdown in activity was already happening in the run-up to the EU referendum, with £12.3 billion transacted in Q2, the lowest since Q1 2014, and a sharp contrast from the £20 billion transacted in Q2 2015 (Property Data). The summer is always a quiet period, so the overall impact is hard to gauge, but a total of only £3.1 billion was transacted during July and August - a monthly average of just £1.5 billion. More than £8 billion was transacted over the same period last year.

Sterling's depreciation is already making the UK a more attractive place for **overseas buyers**, and this will benefit the investment markets in London and the key regional cities. Almost half of the value of purchases so far in Q3 has been from overseas buyers, up from 42% during the first half of the year.

However, **UK property companies** are also seeing purchasing opportunities in the current market. There have been relatively few forced transactions from the **'retail' funds,** which are gradually returning to business as usual.

The overall level of debt in the real estate market is not concerning, in sharp contrast to the situation after the financial crisis, with outstanding lending to real estate 40% lower than at its peak, according to Bank of England figures. The modest fall in capital values is unlikely to trigger a rise in real estate enforcement and while some lenders may reduce their level of new lending or become more selective, most are still firmly in the market.

A fall in **commercial property values** was inevitable following the referendum result, but it has certainly not been the sharp correction that could have occurred; the IPD Monthly Index recorded a drop of 2.8% in July plus a further fall of just 0.7% in August (see **chart 9**). Added to the modest drop seen prior to the vote in June, all property values have fallen by 3.7% over the last three months on the IPD measure.

Gilt yields, already historically low before the referendum, have tumbled further, standing at circa 0.8% for 10-year gilts. This has further widened the gap with commercial property yields, as **chart 10** illustrates, making property relatively more attractive.

There is now greater certainty over **property values** than in the initial post-referendum period and this should help to boost confidence and activity going forward. However, for very large central London office developments, land and buildings, retail parks and shopping centres, valuers are still exercising a greater degree of judgement in view of the lack of transactional evidence.

The economic outlook has undeniably deteriorated, although it is increasingly difficult to view Brexit in isolation; the vote to leave has arguably been a catalyst for an immediate correction to the economy and property markets which would have taken place in any event over a longer time period.

For many parts of the investment market, such as **healthcare, student accommodation and PRS**, a compelling long-term demand story coupled with long-dated secure income means that Brexit will hardly be an issue at all, although clearly the opportunities are not uniform across all UK locations.

We are also upbeat about the **distribution/ logistics sector**, where immense opportunities exist. The demand created by major shifts to retail distribution networks will not abate and, if anything, Brexit will serve to accelerate the rate of change as the pressure on retailers to achieve efficiencies becomes more acute.

Clearly **total returns performance** will be impacted by the 'Leave' vote, and slowing rental growth plus a modest upward shift in all property yields will mean much lower returns for this year and next than we have seen recently. As with rental growth, there is a higher than usual level of uncertainty over the outlook and an unfavourable outcome to the forthcoming Brexit negotiations (from the UK's point of view) could negatively impact occupational strategies.

Restricted supply will boost rental growth performance for quality stock and the significant weight of global capital looking to invest will maintain values.

Brexit has not altered the fundamental benefits of investing in UK commercial property, which include high market transparency, liquidity, market size and quality, and its 'safe haven' status. Ultimately, commercial property is a long-term investment and we believe investors will continue to take a long-term view.

Chart 9

Monthly change in capital values

Source: IPD Monthly Index

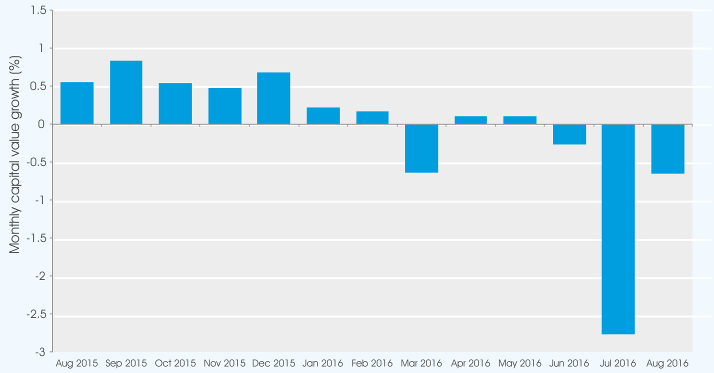
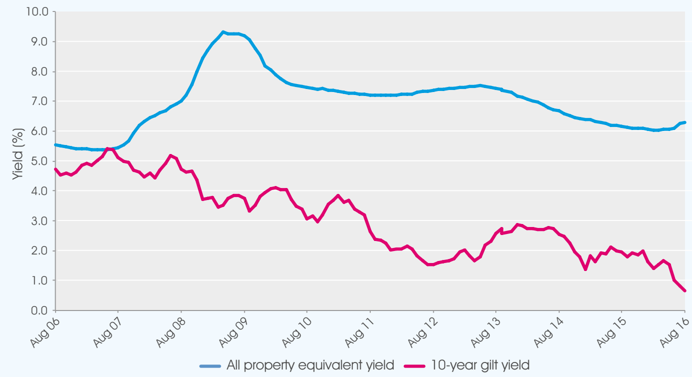


Chart 10

Property and gilt yields

Source: IPD, FT, Bilfinger GVA



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For further information please contact:

Daniel Francis
Head of Research

daniel.francis@gva.co.uk
020 7911 2363

gva.co.uk/research 08449 02 03 04

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Definitions & Reservations for Valuations

Definitions and reservations for valuations

Information

All information supplied by the Client, the Client's staff and professional advisers, local authorities, other statutory bodies, investigation agencies and other stated sources is accepted as being correct unless otherwise specified.

Tenure

Title Deeds and Leases are not inspected (unless specifically stated) and, unless we are informed to the contrary, it is assumed that a property is free of any onerous covenants, easements, other restrictions or liabilities including mortgages, grants and capital allowances which may affect the value.

No responsibility or liability will be accepted for the true interpretation of the legal position of the client or other parties.

Tenants

Tenants' status is investigated only where we are so instructed and so specified in the valuation.

Plans

Any plans supplied are for identification purposes only unless otherwise stated. The valuation assumes site boundaries are as indicated to us. The reproduction of Ordnance Survey sheets has been sanctioned by the Controller of Her Majesty's Stationery Office, Crown Copyright reserved.

Site areas

Site areas are normally computed from plans or the Ordnance Survey and not from a physical site survey. They are approximate unless otherwise indicated.

Floor areas and dimensions

Floor areas and dimensions are taken from inspection unless otherwise specified but are nevertheless approximate. Areas quoted are calculated in accordance with the RICS Professional Statement – RICS Property Measurement 1 edition, May 2015 on the basis agreed with the Client, i.e. adopting either (1) The Code of Measuring Practice, 6th edition published by the Royal Institution of Chartered Surveyors, or (2) The International Property Measurement Standards (IPMS): Office Buildings.

The following bases are those most frequently used under the Code of Measuring Practice, 6th edition:

Net Internal Area - Measured to the internal faces of external walls, excluding toilets, permanent corridors, internal walls and partitions, stairwells, plant rooms etc.

Gross Internal Area - Measured to the internal faces of external walls, including toilets, permanent corridors, internal walls and partitions, stairwells, plant rooms etc.

Gross External Area - Measured to the external faces of external walls, including toilets, permanent corridors, internal walls and partitions, stairwells, plant rooms etc.

The following bases are those used under The International Property Measurement Standards (IPMS): Office Buildings:

IPMS1 - The sum of the areas of each floor level of a building measured to the outer perimeter of external construction features and reported on a floor by floor basis.

IPMS 2 - Office - The sum of the areas of each floor level of an office building measured to the internal dominant face and reported on a component by component basis for each floor of a building.

IPMS 3 - Office - The floor area available on an exclusive basis to an occupier, but excluding standard facilities and calculated on an occupier-by-occupier or floor by floor basis for each building.

Ground conditions

Soil stability, mining and geological reports are not undertaken by us or normally inspected. Unless we are instructed to the contrary, we assume that the ground and any adjoining or nearby areas are not contaminated, that there are no dangerous materials in the vicinity and that it is capable of development without the need for abnormal costs on foundations and services.

Condition of buildings, plant etc

Our inspection of a property does not constitute a structural survey. When preparing our valuation we have regard to apparent defects and wants of repair and take into account the age of the property. We do not however carry out the detailed search for defects which is undertaken as part of the structural survey neither do we necessarily set out the various defects when making the report.

We do not inspect woodwork or other parts of the structure which are covered, unexposed or inaccessible. We do not arrange for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or any other deleterious materials or permanent woodwool shuttering or composite panelling has been used in the construction.

Unless so instructed we do not arrange for any investigations to be carried out to determine whether or not any deleterious or hazardous material or techniques have been used in the construction of the property or has since been incorporated and the services are not tested.

We are therefore unable to report that the property is free from defect in these respects.

For valuation purposes we assume unless otherwise stated that the property (including associated plant and machinery, fixtures and fittings) is in serviceable order and will remain so for the foreseeable future. It will be assumed that the building/s is/are in good repair, except for defects specifically noted.

Asbestos regulations

The Control of Asbestos Regulations 2012 came into force on 6 April 2012, updating previous asbestos regulations to take account of the European Commission's view that the UK had not fully implemented the EU Directive on exposure to asbestos (Directive 2009/148/EC). Your legal advisers should enquire as to compliance with these regulations and property owners will need to be able to provide confirmation as to the existence and condition of asbestos.

Fire safety

The Regulatory Reform (Fire Safety) Order 2005 (The Order) replaces previous fire safety legislation including both the Fire Precautions Act 1971 and the Fire Precautions (workplace) Regulation 1997. Consequently any fire certificate issued under the Fire Precautions Act 1971 will cease to have any effect. The Order came into force completely on the 1st April 2006.

The Order applies to the majority of premises and workplaces in England and Wales although does not include people's private homes. It covers general fire precautions and other fire safety duties, which are needed to protect 'relevant persons' in case of fire in and around most 'premises'.

Under the order, anyone who has control in a premises or anyone who has a degree of control over certain areas may be classified as a 'responsible person'. It is thus the duty of such individual to comply with the requirements of the Order and make certain that all measures are taken to ensure the safety of all the people he or she is directly or indirectly responsible for.

The responsible person must then carry out a Fire Risk Assessment. In short this is a five-point process whereby fire hazards must be identified, relevant persons at risk recognised, potential risks reduced, staff training implemented and the whole assessment regularly reviewed. The assessment must pay particular attention to those at special risk such as disabled people, those who have special needs and young persons. Furthermore the responsible person must provide and maintain clear Means of Escape, Signs, Notices, Emergency Lighting, Fire Detection & Alarm and Extinguishers.

This approach is different from previous legislation, as it is now necessary to consider everyone who might be on your premises, whether they are employees, visitors or members of the public.

The Risk Assessment must be regularly reviewed and if necessary amended. Finally if the responsible person employs five or more people, the premises are licensed or the Inspector requires it then the Risk Assessment must be formally recorded.

The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 effective 1 October 2015 require that landlords of residential property must provide (1) a smoke alarm on each storey of the premises on which there is a room used wholly or partly as living accommodation and (2) a carbon monoxide alarm in any room of the premises which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance. The landlord has a responsibility to ensure that the detectors are checked and in proper working order.

It is assumed that the property is compliant in regard to the above regulations.

Accessibility

From 1 October 2010, the Equality Act 2010 replaced previous anti-discrimination laws, including the Disability Discrimination Act, with a single Act to make the law simpler and to remove inconsistencies. The Equality Act protects the important rights of disabled people to access everyday facilities and services and to ensure that disabled workers are not disadvantaged.

Our report will contain observations of a general nature on the extent to which we consider that the building would be regarded by the market as complying with the accessibility requirements of the Equality Act. We have not, however, carried out an in-depth study which would be required to reach a formal view.

Energy performance certificates

From 2008 Energy Performance Certificates (EPCs) are required for the sale, rental or construction of commercial buildings. The requirement was phased in over 6 months between 6 April and 1 October 2008. Commercial properties with a useful floor area of more than 10,000 sq. m. were affected from 6 April 2008, those exceeding 2,500 sq. m. had to comply from 1 July 2008 and the remaining properties had to comply from 1 October 2008. An EPC must be provided on the sale, rental or construction (or in some cases modification) subject to transitional arrangements. Non-compliance may lead to sanction under civil legislation, involving a financial penalty.
Our valuation assumes that the property has an Energy Performance Certificate (if required under the Energy

Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007) and that the Certificate will be maintained as required.

Services

It is assumed that the services and any associated controls or software, are in working order and free from defect.

Composite panels and insurance

We will not test any panels within the property to see whether there are any polystyrene insulated composite panels. The presence of such panels may result in the property being uninsurable, which would have an adverse impact on value.

Defective Premises Act 1972

Obligations or liabilities or any rights thereunder, whether prospective or accrued, are not reflected in valuations unless actually specified.

Environmental issues

Our valuation report does not, constitute an environmental audit or survey and nothing contained in it should be treated as a statement that there are no contamination or pollution problems relating to the property or confirmation that the property, or any process carried on therein, complies with existing or proposed legislation on environmental matters. If we have been provided with third party reports we have accepted their contents as being correct.

Enquiries

Enquiries of local authorities and statutory undertakers are made verbally in respect of contingent liabilities such as road widening, road charges, redevelopment proposals and the possible effect of any town planning restrictions, and on occasion in respect of rating assessments. Local searches are not undertaken. No responsibility is accepted for any inaccurate information provided.

Generally it is assumed that buildings are constructed and used in accordance with valid Town Planning Consents, Permits, Licences and Building Regulation Approval, with direct access from a publicly maintained highway, that Town Planning Consents do not contain restrictions which may adversely affect the use of a property and that there are no outstanding statutory or other notices in connection with a property or its present or intended use.

It is further assumed unless otherwise stated that all necessary licences, permits etc either run with the property or are transferable to a new occupier as appropriate.

Flooding risk

The valuer will make enquiries concerning flooding risk where it is perceived to be of relevance as published by the Environmental Agency. However we are not qualified to definitively assess the risk of flooding and our valuation will assume no difficulties in this regard. Further, Bilfinger GVA shall not undertake any additional enquiries to confirm this information.

Plant, machinery, fixtures and fitting

Unless otherwise specified, all items normally associated with the valuation of land and buildings are included in our valuations and reinstatement cost assessments, including:-

Fixed space heating, domestic hot water systems, lighting and mains services supplying these, sprinkler systems and associated equipment, water, electricity, gas and steam circuits not serving industrial or commercial processes, sub-station buildings, lifts and permanent structures including crane rails where forming an integral part of the building structure, fixed demountable partitions, suspended ceilings, carpets, drains, sewers and sewerage plants not primarily concerned with treating trade effluent, air conditioning except where part of a computer installation or primarily serving plant and machinery.

Unless otherwise specified, the following items are excluded:-

All items of process plant and machinery, tooling and other equipment not primarily serving the building, cranes, hoists, conveyors, elevators, structures which are ancillary to, or form part of an item of process plant and machinery, sewerage plants primarily concerned with treating trade effluent, air conditioning where part of a computer installation or primarily serving plant and machinery, and water, electricity, gas, steam and compressed air supplies and circuits serving industrial and commercial processes.

Unless otherwise specified, no allowance is made for the cost of repairing any damage caused by the removal from the premises of items of plant, machinery, fixtures and fittings.

In the case of filling stations, hotels and other properties normally sold and valued as operational entities, all items of equipment normally associated with such a property are assumed to be owned and are included within the valuation unless otherwise specified.

Taxation and grants

Value Added Tax, taxation, grants and allowances are not included in capital and rental values as, unless otherwise specified in the report, these are always stated on a basis exclusive of any VAT liability even though VAT will in certain cases be payable.

It is assumed for the purposes of valuation that any potential purchaser is able to reclaim VAT, unless otherwise stated. In particular it should be noted that where a valuation has been made on a Depreciated Replacement Cost basis the Replacement Cost adopted is net of VAT unless otherwise stated.
Unless otherwise specified Bilfinger GVA will not take into account of any existing or potential liabilities arising for capital gains or other taxation or tax reliefs as a result of

grants or capital allowances, available to a purchaser of the property.

Market value (MV)

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

Market Value provides the same basis as the OMV basis of value supported by the first four editions of the Red Book, but no longer used as a defined term.

Fair value

1. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties (IVS 2013).

2. The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (IFRS 13).

Depreciated replacement cost

The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

Operational entities

The RICS advises that the most appropriate basis of valuation of properties normally sold as operational entities is Market Value as defined above. Such properties include public houses, hotels and other leisure uses, together with nursing homes, residential care homes, private hospital and petrol filling stations.

Our valuations reflect the following:-

a. The market's perception of trading potential with an assumed ability on the part of the purchaser to renew existing licenses, consents, registrations and permits;

b. That the property is offered with vacant possession throughout, although in the case of nursing and residential care homes, subject to the contractual rights of the patients/residents occupying the home from time to time;

c. That trade fixtures, fittings, furniture, furnishings and equipment are included.

Our valuations also specifically assume, unless otherwise specified that the business will continue to operate at a level not significantly worse than that indicated to us.

Existing use value

The estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.

Market rent

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

Insurance

Insurance is usually arranged by clients (or their brokers) based on reinstatement cost assessments or occasionally on an indemnity basis and other methods of valuation are not appropriate.

Reinstatement cost assessment

A Reinstatement cost assessment is our opinion of the likely cost of reinstating all the buildings, normally for insurance purposes, on the basis that:-

a. the accommodation provided will be similar in construction, design and area to the existing buildings;

b. the works will be in compliance with conditions imposed by local Authorities in connection with the construction of the building;

c. unless reported separately, allowances are made to cover the cost of necessary demolition and site clearance prior to rebuilding, external works such as hardstandings, private roadways and fences and professional fees which would normally be incurred.

Unless otherwise stated, the reinstatement cost does not include any allowance for:-

a. any loss of rent incurred during rebuilding;

b. planning restrictions which a planning authority might impose;

c. special foundations required for plant and machinery or due to adverse ground conditions;

d. any plant, machinery, equipment, tanks, loose tools, office furniture and equipment (refer to the heading "Plant, Machinery, Fixtures and Fittings" for details of items normally included);
e. any effect of inflation on building costs occurring after the valuation date;

f. VAT (except on professional fees) which will normally be payable in addition.

Note - A reinstatement cost assessment is not a valuation. The valuer's assessment of the reinstatement cost assessment should be regarded as an informal estimate and should not be used to arrange insurance cover with.

Apportionment of values

Apportionments provided between buildings, land and plant and machinery are normally for depreciation purposes only. In normal circumstances apportionments are not valuations and they should not be used for any other purpose unless specified in our report.

Future useful economic life

Future useful economic life of buildings is normally assessed in bands of years, most frequently subject to a maximum of fifty years. This applies to freehold properties and to leasehold properties where the future life is less than the unexpired term of the lease. An average figure is usually provided for groups of buildings forming a single asset. The figures are appropriate for depreciation purposes only.

Compliance with valuation standards

Where applicable our valuations are in accordance with the RICS Valuation – Professional Standards UK January 2014 (revised April 2015), published by the Royal Institution of Chartered Surveyors ("RICS''), the Insurance Companies (Valuation of Assets) Regulations 1981, the Financial Conduct Authority (FCA) "Listing Rules" ("Source Book") and "City Code on Takeovers and Mergers" ("Blue Book") as amended and revised from time to time. A copy is available for inspection.

RICS investigations

The valuation may be investigated by the RICS for the purposes of the administration of the Institutions conduct and disciplinary regulations. Guidance on the operation of the RICS monitoring scheme including matters relating to confidentiality is available from www.rics.org.

Total valuation

Where provided this is the aggregate of the value of each individual property. It is envisaged that properties would be marketed singly or in groups over an appropriate period of time. If all properties were to be sold as a single lot, the realisation would not necessarily be the same as the total of the valuations. This assumption is not applicable to valuations made for taxation purposes.

Legal issues

Any interpretation of leases and other legal documents and legal assumptions is given in our capacity as Property Consultants (including Chartered Surveyors and Chartered Town Planners) and must be verified by a suitability qualified lawyer if it is to be relied upon. No responsibility or liability is accepted for the true interpretation of the legal position of the client or other parties.

Jurisdiction

In the event of a dispute arising in connection with a valuation, unless expressly agreed otherwise in writing, Bilfinger GVA, the client and any third party using this valuation will submit to the jurisdiction of the British Courts only. This will apply wherever the property or the client is located, or the advice is provided.

Date, market conditions and validity of valuation

Valuations may be relied upon for the stated purpose as at the date specified. In normal market conditions the value may not change materially in the short term. However the property market is constantly changing and is susceptible to many external facets which can affect business confidence. If any reliance is to be placed on the valuation following any changes which could affect business confidence, then further consultation is strongly recommended. In any event, the valuation should not be considered valid after a period of three months.

Valuations and reports

Valuations and Reports are only for the use of the party to whom they are addressed. They may be disclosed only to other professional advisors assisting in respect of that purpose. No responsibility is accepted to any third party for the whole or any part of the contents.

Reports should be considered in their entirety and should only be used within the context of the instructions under which they are prepared.

Neither the whole nor any part of a valuation, report or other document or any reference thereto may be included in any published article, document, circular or statement or published in any way without prior written approval of Bilfinger GVA of the form and context in which it may appear.

Warranties

The client warrants and represents that, to the best of its knowledge, information and belief, the information supplied by and on its behalf to Bilfinger GVA is true and accurate and that it will advise and instruct its third party advisers to advise Bilfinger GVA in the event that it and/they receive notice that any such information is either misleading or inaccurate.

Updated December 2015

Appendix 3 – Residual Development Appraisal

Project	**Bell Green, Sydenham**
Client	**IMA Real Estate**
Date	**Jul-17**
Type	**Financial Viability Assessment**

Gross Development Value

Tenure	Floor area	Gross average rate per sq ft	Gross value	Tenure %	Revised gross value	Sales costs %	Actual sales cost	Net value	Net capital value per sq ft
Market sale	15209	£ 600	£ 9,125,400	100%	£ 9,125,400	3%	£ 273,762	£ 8,851,638	£ 582
Affordable rent	0	£ 600	£ -	50%	£ -	1.50%	£ -	£ -	#DIV/0!
Intermediate	0	£ 600	£ -	60%	£ -	1.50%	£ -	£ -	#DIV/0!
Total	15209	£ 600	£ 9,125,400	100	£ 9,125,400	3	£ 273,762	**£ 8,851,638**	£ 582

Commercial floor area	Value per sq ft	Annual gross rent	Yield	Year's purchase	Capital value	Sales costs	Actual sales costs	Net capital value	Net capital value per sq ft
678	£ 18	£ 11,863	7.75%	13.3	£ 158,172	2.50%	£ 3,954	**£ 154,218**	£ 228

Ground rent - no' of units	Average ground rent per annum	Annual gross ground rent	Yield	Year's purchase	Capital value	Sales costs	Actual sales costs	Net capital value	Net capital value per unit
23	£ 275	£ 6,325	5.50%	18.2	£ 115,000	2.50%	£ 2,875	**£ 112,125**	£ 4,875

GDV Summary	Amounts
Residential sales	£ 8,851,638
Commercial investment	£ 154,218
Ground rent investment	£ 112,125
Total GDV	**£ 9,117,981**

Development Costs	
Build cost (inc' 5% contingency)	£ 5,650,000
Fees at 10%	£ 565,000
Section 106	£ 50,000
CIL	£ 158,830
Sub-total	**£ 6,423,830**
Finance at 6.75% (2 year programme)	£ 433,609
Sub-total	**£ 6,857,439**
Profit at 17.5% of Total GDV	£ 1,595,647
Total scheme costs	**£ 8,453,085**

Total GDV	**£ 9,117,981**
Total scheme costs	**£ 8,453,085**
Gross residual land value	**£ 664,896**
Gross plot value per unit	**£ 28,909**

Appendix 4 – Residential Comparable Evidence

Properties in Bell Lane - Sydenham, available for sale July 2017							
Agent	**Address**	**Sale Price**	**No of beds**	**Type - eg/ Flat**	**Gross Internal Floor Area Sq Ft**	**Value per sq ft**	**Energy Rating**
Foxtons	Bell Green, Sydenham SE26	£235,000	1	Flat	515	£456.31	C
Stanford Estates	Paxton Road, London SE23	£300,000	1	Flat	498	£602.41	D
Purplebricks	179 Sydenham Road, Sydenham SE26	£285,000	1	Flat	532	£535.71	C
Housesimple	Berrymans Lane, London SE26	£335,000	1	End Terrace	562.2	£595.87	C
Foxtons	Bell Green Lane, Sydenham SE26	£340,000	2	Flat	712	£477.53	C
Robinson Jackson	Champion Road, Sydenham, London SE26	£325,000	2	Flat	669	£485.80	D
Stanford Estates	Moremead Road, London SE6	£325,000	2	Maisonette	538	£604.09	C
Property World	Sunnydene Street, London SE26	£435,000	2	House	863	£504.06	D
Property World	Addington Grove, London SE26	£425,000	2	Terraced House	887	£479.14	C
Alan De Maid	Moremead Road, London SE6	£325,000	2	Maisonette	584	£556.51	C
Robinson Jackson	Larkbere Road, Sydenham, London SE26	£450,000	2	Terraced	821	£548.11	C
Benjamin Matthews	Queenswood Road, London SE23	£475,000	2	Flat	821	£578.56	D
Crest Nicholson	Plots from Bloosleigh Business Park	£299,997	2	Flat	744	£403.22	Not available
Barnard Marcus	Dillwyn Close, London SE26	£375,000	3	End Terraced	890	£421.35	D
Robinson Jackson	Sunnydene Street, London SE26	£450,000	3	Terraced House	865	£520.23	D
Robinson Jackson	Fairlawn Park, London SE26	£550,000	3	Terraced House	1185	£464.14	D
Stanford Estates	Perry Hill, London SE6	£495,000	3	Terraced House	1301	£380.48	D
Alexander Charles & Browne	Priestfield Road, London SE23	£600,000	3	End Terraced	951	£630.91	F
Property World	Fairlawn Park, London SE26	£600,000	4	Terraced	1456	£412.09	D
Barnard Marcus	Perry Hill, London SE6	£750,000	4	End Terraced	1990	£376.88	C

Appendix 5 – Pellings' Cost Plan and Report

COST ESTIMATE

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

at

86 - 92 Bell Green, London
SE26 4PZ

for

IMA Real Estate

Issue 04

July 2017

Pellings

CLARIFICATIONS AND ASSUMPTIONS

1 Basis of Estimate

This Preliminary Cost Estimate is based on the following information:

1 Chassay Studio drawings:

1535-01 Version 10 - Site Location Map
1535-02 Version 10 - Site Context Plan - Existing
1535-03 Version 10 - Ground floor plan - Existing
1535-04 Version 10 - First Floor Plan - Existing
1535-05 Version 10 - Second Floor Plan - Existing
1535-10 Version 08 - Site Context Plan - Proposed
1535-11 Version 08 - Ground Floor Plan - Proposed
1535-12 Version 08 - 1-3 Floor Plan - Proposed
1535-13 Version 08 - 4-5 Floor Plan - Proposed
1535-13 Version 08 - 6th Floor Plan - Proposed*
1535-14 Version 08 - Penthouse floor Plan - Proposed
1535-15 Version 08 - Roof Plan proposed
1535-20 Version 08 - East Elevation - Proposed
1535-21 Version 08 - South Elevation - Proposed
1535-22 Version 08 - West Elevation - Proposed
1535-23 Version 08 - North Elevation - Proposed

* - duplicated drawing number with unique title

2 We have not had an opportunity to conduct a detailed survey of the site but we have utilised existing publicly available electronic photographic resources

2 Qualifications

1 We assume that the level of finish for the Residential scheme is to reflect private sale or rental specifications.
2 We assume that the Retail unit will be finished to a Category "A" level of fit-out; i.e. Shell, basic finishes and essential services.
3 The basis of the indicative £/m² rate derived can be better appreciated by interrogating the detailed estimates appended to this report.
4 GIFA is approximate due to early stage of design, with individual GIA figures rounded to the nearest whole number.
5 For clarity, we assume the proposed building is to be constructed with traditional construction methods (external block/brick masonry walls).
6 Costs are based on 2Q2017 prices with no allowance for inflation.
7 Costs are based on a Single Stage Competitive D&B procurement route.
8 Costs are based on a Contractor 'best programme' contract period
9 Contractors design fees are based upon appointment with planning consent under JCT D&B contract.
10 Given the design is in its infancy, all cost allowances are indicative based on the information provided, our interpretation of the client's aspirations and costs obtained for schemes of a similar nature. Consequently costs are likely to evolve as the design progresses and more information is made available.
11 Some nominal allowances have been made for incoming services and drainage connections. No allowance has been made for works to the immediate external or wider public realm spaces.
12 We have not included any sustainability enhancements to achieve any specific level of Code for sustainable Homes
13 No allowances have been made for increasing or reinforcing the electrical supply network in the area.
14 Cost include for Contractor's OH&P @ 7%
15 It is advisable that a non-negligent liability insurance cover is put place for the works; due to the proximity of the Bell Green Road.

CLARIFICATIONS AND ASSUMPTIONS

3 Exclusions

1 Asbestos removal, unless specifically stated.
2 Repairs or strengthening works underpinning, etc. to the adjacent / adjoining substructure.
3 Specialist lighting and controls
4 Clients professional fees (including statutory fees)
5 VAT
6 Provision of loose fittings and furnishings
7 Removal or diversion of buried services within the boundary of the site
8 Service upgrade.
9 Any off-site works.
10 Costs of compliance with any conditions imposed by Statutory bodies
11 Costs of Section 106, 278 and other Agreement(s) or Community Infrastructure Levy charges
12 Assumed no Party Wall or Rights of Lights issues
13 Parking suspension costs
14 Site security watch
15 Soft landscaping - shrubs to planters
16 Allowances for abnormal ground conditions
17 Land acquisition fees, and marketing / disposal fees
18 Tenant Improvement to B1 / A1 retail unit

4 Commercial Commentary

1 Given that likely timescales are unknown, no allowance has been made for inflation
2 However, PLLP is mindful that the construction industry is currently volatile, with some projects experiencing extra ordinarily high tender price inflation.
3 In our experience the most competitive prices are being achieved in the market via Contractors with an established and dependable supply chain. However, we anticipate that the current pressures prevalent within the construction industry means it is unlikely that they will remain completely insulated from the wider market forces.
4 Conversely, cost increases are greatest when significant risks remain unresolved, particularly where the Contractor is entirely responsible for the inherent commercial risk associated with such unknowns.
5 We are also mindful that the cost at 5% to 5.5% average year on year increase has been viewed by some commentators as conservative. However, at this juncture it is proving difficult to predict the impact of market forces and whether the level of growth currently being experienced will be sustained.
6 We would suggest that the Client retains a reasonable, undeclared Contingency to offset the potential risk that market forces will increase tender prices.

Pellings

INTRODUCTORY SUMMARY

1. Client

IMA Real Estate

2. Project Title

Redevelopment of 86 - 92 Bell Green as a Residential Development

3. Project description

The purpose of the proposal is to redevelop the site at 86 - 92 Bell Green as a residential development. The immediate neighbourhood has been the subject of regeneration within the past decade. The proximity of a substantial vacant site immediately to the east off Stanton Way strongly suggests that further regeneration will continue in the next few years.

The development proposed is regarded as a next stage in the ongoing regeneration of the area. The site is currently occupied by a 3-storey building containing 4 unoccupied retail units at ground floor with 4 flats above. The existing building has a poor visual quality about it when approaching from the south, this is due to the bare brick gable and prominent metal extraction flue. The proposal is to replace the existing building with a new building that responds to housing need, maximises the development potential of the site and enhances the appearance of the surroundings.

4. Location

The site is located on the west side of Bell Green at the junction with Southend Lane. Bell Green is a busy road characterised by a number of junctions, including the junction with Perry Hill and Perry Rise to the north of the site and the junction with Stanton Way and Sydenham Road to the south. The west side of Bell Green marks a transition in scale from the smaller-scale two and three-storey houses on Holmshaw Close and other residential streets to the west, to much larger scale buildings on the east side of Bell Green, including the 8-storey form of Orchard Court, the 4-storey block of Pear Tree Court and the 10-storey gasholders behind the buildings on Perry Hill. In townscape terms, the development site relates to Bell Green and the aforementioned buildings on this busy A-road.

5. Assumed solutions

Substructure

- Due to the space constraints on site and the proximity of the Bell Green Road, we have assumed that the substructure will be bored pile foundation with strip / raft pile cap system
- We have assumed that ready-mixed concrete trucks can access the site via Holmshaw close and that no road closure would be required during the concreting period.

Frame

- The Ground floor is assumed to be constructed in reinforced concrete frame.
- All other floors are assumed to be structural steel frame.

Upper floors

- The first floor slab is taken as a 250mm thick reinforced concrete slab with reinforcement allowed at 200kg/m³.
- From the second floor slab to the seventh floor, allowance has been made for composite reinforced concrete slabs with metal troughed permanent formwork with fabric reinforcement and rebar.

6. Dates

- Costs are current in 2nd quarter 2017, based on a South East location and Design and build procurement.
- Construction commencement is yet to be confirmed so no allowance has been included for inflation

7. Executive cost commentary

- The project will be finished to a good specification for either market sale or rent and therefore, for the purposes of benchmarking, the BCIS upper quartile category is a reasonable and appropriate comparator.
- The scheme achieves an overall cost of £2,627/m2. This reduces to £2,341/m2 when demolition, external works and contingencies are omitted. When benchmarked with BCIS cost data for similar schemes we find that the cost is within a close margin of BCIS upper quartile costs. In our further analysis, we found a comparable benchmark analysis on BCIS (#32338) for a scheme of 21 flats and a commercial unit in London SE1 area which achieved a cost of £2,374/m2.
- It should be noted that the development site is quite tight, achieving close to a 100% site coverage. Accordingly, construction costs would tend to be marginally higher to take account of parking, waste, cycle and other common parts being part of the superstructure of the building. In addition, usable terraces at the upper floors plus integral balconies for all apartments serve to add to marginal costs. The relatively shallow plot (in width and depth) and corresponding relatively low gross to net ratios result in a comparatively high wall to floor ratio thus also adding to marginal costs.
- Notwithstanding the above the base build cost (excluding demolition, preliminaries and other general cost items) is £1,890/m2. This compares favourably with average cost of similar schemes. Demolition and preliminaries allowances include site specific considerations which are provisional at this stage
- No allowances have currently been incorporated in the cost plan for Construction insurances or tender price inflation to start on site.

8. Design Efficiency Ratios

Item	Current Scheme
Gross Internal Floor Area	2,151 m2
Wall to Floor ratio	0.806
Net to Gross Internal Floor areas (Overall)	69%
Net to Gross Internal Floor areas (Ground floor)	20%
Net to Gross Internal Floor areas (First to Fifth floors)	79%
Net to Gross Internal Floor areas (Sixth floor)	72%
Net to Gross Internal Floor areas (Seventh floor)	64%

COST ESTIMATE
IMA REAL ESTATE
86 - 92 BELL GREEN, LONDON SE26 4PZ
MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

Pellings

MAIN SUMMARY

ACCOMMODATION SCHEDULE

Description	Number	Area (m²)	GIFA
NEWBUILD RESIDENTIAL			
1B2P	10	50 m2	500 m2
2B3P	5	62 m2	310 m2
2B3P	3	75 m2	225 m2
3B4P	4	75 m2	300 m2
3B4P	1	78 m2	78 m2
Balconies	aggregate	189 m2	189 m2
Circulation areas (Upper floors)	aggregate	232 m2	232 m2
Circulation areas (Ground floor entrance)	aggregate	50 m2	50 m2
Total Residential units (inc 4 nr. Intermediate units)	**23 No.**		**1,884 m2**
RETAIL UNITS			
Shop (A1 / B1)	1	63 m2	63 m2
	Total Retail units		**63 m2**
COMMUNAL SPACES			
Covered car parking, bike and bin store areas	aggregate	204 m2	204 m2
	Total		**204 m2**
GROSS INTERNAL FLOOR AREA			**2,151 m2**

This feasibility cost estimate is prepared for IMA Real Estate Limited for the construction of a Mixed-use block containing 23 nr. residential units and 1nr. Retail unit as set out on proposed drawings.

This exercise realises the following indicative figures, subject to specific assumptions and qualifications (refer to the 'Clarifications and Assumptions' section of this report)

Item			sub-totals	Totals	%	£/m2
GROSS INTERNAL FLOOR AREA		**2,151 m2**				
0.0	Facilitating works estimate		£130,500	£130,500	2%	61
1.0	Substructure		£268,360	£268,360	5%	125
2.0	Superstructure					
.1	Frame		£283,483			
.2	Upper Floors		£320,552			
.3	Roof		£41,420			
.4	Stairs and ramps		£63,000			
.5	External Walls		£442,000			
.6	Windows and External doors		£393,500			
.7	Internal walls and partitions		£279,700			
.8	Internal doors		£132,000	£1,955,655	36%	909
3.0	Internal Finishes					
.1	Wall finishes		£213,740			
.2	Floor finishes		£196,195			
.3	Ceiling finishes		£102,645	£512,580	10%	238
			sub-total carried forward	£2,867,095		£1,333

MAIN SUMMARY

Item			sub-totals	Totals	%	£/m2
			brought forward	£2,867,095		1,333
4.0	Fittings, furnishings and equipment		£229,000	£229,000	4%	106
5.0	Services					
.1	Sanitary Installations		£66,000			
.2	Services equipment		£32,030			
.3	Disposal Installations		£52,811			
.4	Water Installations		£85,933			
.5	Heat Source		£58,410			
.6	Space Heating and air conditioning		£179,124			
.7	Ventilation Systems		£16,150			
.8	Electrical installations		£232,845			
.9	Fuel Installations / Systems		Not used			
.10	Lift and Conveyor installation / systems		£95,000			
.11	Fire and lightning protection		£66,463			
12	Communications, security and control systems		£98,062			
.13	Specialist Installations		£30,000			
.14	Builders' work in Connection		£30,400	£1,043,228	19%	485
6.0	External works					
.1	Site preparation works		Included			
.2	Roads, paths, pavings and surfacings		£32,040			
.3	Soft landscaping, planting and irrigation systems		Excluded			
.4	Fencing, railings and walls		£11,000			
.5	External fixtures		£40,900			
.6	External drainage		£39,000			
.7	External services		£800			
.8	Minor building works and ancillary buildings		£4,250	£127,990	2%	60
			sub-total	£4,267,313		1,984
7.0	Contractor's General Cost Items: preliminaries etc					
.1	Management, site offices & general cost items		£645,950			
.2	Overheads & Profit	7.0%	£298,712			
.3	Design fees	4.0%	£170,693			
.4	Other fees and costs		Excluded	£1,115,355	21%	519
			sub-total	£5,382,668		2,502
8.0	Client's General cost items					
.1	Consultants' fees - precontract services		To be advised			
.2	Insurances / warranties & Statutory costs		To be advised	£0		0
			sub-total	£5,382,668		2,502
9.0	Contingencies / Provisional Allowances					
.1	Allowance for design development, etc.	£5,382,668	5%	£269,133		
			sub-total	£5,651,801		2,628
10.0	Inflation (Based on BCIS All-in Tender Price Indices)	[programme yet to be advised]		excluded		
				£5,651,801		2,628
ESTIMATED CONSTRUCTION COST			**say**	**£5,650,000**		
	Equivalent to (on average)		£2,627/m²	£244/ft²		

[Refer to Clarifications and Assumptions section]

COST ESTIMATE

IMA REAL ESTATE

86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

Summary	m²	ft²
Residential Units GIFA	1,884	20,279
Retail Unit GIFA	63	678
Covered car parking, bike and bin store areas	204	2,196
TOTAL GIFA	**2,151**	**23,153**

BUDGET COST ALLOWANCES

0.0 Facilitating works estimate

Item	Description	Qty	Unit	Rate	Totals
0.01	Provisional allowance for asbestos survey and removal	1	item	£40,000	£40,000
0.02	Allowance for full site investigation / trial holes / boreholes	1	item	£15,000	£15,000
0.03	Allowance for CCTV survey of existing drainage and / or CAT scan of buried services	1	item	£5,000	£5,000
0.04	Make safe, disconnect and strip out existing services - water, gas and electrics	1	item	£15,500	£15,500
0.05	Strip out fixtures, fittings and equipment, dispose off site	1	item		Excluded
0.06	Demolish existing building to ground level including breaking out ground slab and grubbing up foundations assumed not exceeding 1 m deep	1,860	m³	£25	£46,500
0.07	Site clearance (within site boundary)	340	m²	£25	£8,500
				Sub-total	**£130,500**

Facilitating works (Element Total) **£130,500**

Pellings

1.0 Substructure

Item	Description	Qty	Unit	Rate	Totals
	Assumptions: - Due to the space constraints on site and the proximity of the Bell Green Road, we have assumed that the substructure will be bored pile foundation with strip / raft pile cap system - We have assumed that ready-mixed concrete trucks can access the site via Holmshaw close and that no road closure would be required during the concreting period.				
1.1	Reduced level excavation commencing at Ground level, depth n.e. 700mm; including offsite disposal	236	m^3	£70	£16,520
1.2	Keeping excavations clear of water (provisional)	1	Item	£2,000	£2,000
1.3	Surface treatment; level and compact	336	m^2	£5	£1,680
	Pile foundation				
1.4	General attendances and pile mat, thickness average 450mm; including clearing away on completion	336	m^2	£60	£20,160
	Bored piles				
1.5	Mobilisation	1	Item	£6,000	£6,000
1.6	Installation of piles 450mm diameter; nominal length 20m; including cutting off top of piles	60	nr	£1,500	£90,000
1.7	Provisional allowance for breaking out obstructions	1	Item	£2,500	£2,500
1.8	Pile testing	1	Item	£3,500	£3,500
1.9	Filling to make up level; including Levelling and compacting	336	m^2	£10	£3,360
1.10	Blinding beds	336	m^2	£10	£3,360
1.11	Pile cap raft slab, incorporating downstand beams to structural engineer's design; including reinforcement and formwork to sides of slab	168	m^3	£350	£58,800
1.12	Allowance for reinforcement - 200kg/m^3	33.60	T	£1,300	£43,680
1.13	DPC laid horizontally with a min 150mm lap on vertical walls	336	m^2	£20	£6,720
1.14	Insulation	336	m^2	£30	£10,080
				Sub-total	**£268,360**

Substructure (Element Total) **£268,360**

Pellings

2.0 Superstructure

2.1 Frame

Item	Description	Qty	Unit	Rate	Totals
	(Assumed construction)				
2.1.1	Reinforced concrete frame to Ground floor	336	m²	£180	£60,480
2.1.2	Structural steel frame, erected and bolted on site, primed; First to third floor	55	T	£2,000	£109,263
2.1.3	Structural steel frame, erected and bolted on site, primed; Fourth to seventh floor	57	T	£2,000	£113,740
				Sub-total	**£283,483**

2.2 Upper Floors

Item	Description	Qty	Unit	Rate	Totals
	Assumptions: - The first floor slab is taken as a 250mm thick reinforced concrete slab with reinforcement allowed at 200kg/m³ - From the second floor slab to the seventh floor, allowance has been made for composite reinforced concrete slabs with metal troughed permanent formwork with fabric reinforcement and rebar.				
	First Floor				
2.2.1	250 thick reinforced insitu concrete floor slab	75	m³	£180	£13,545
2.2.2	Formwork to slab; sides and soffit	301	m²	£50	£15,050
2.2.3	Reinforcement to slab @ 200 kg/m³	15	t	£1,300	£19,565
2.2.4	Allowance for inserts, holes and voids	1	Item	£1,000	£1,000
2.2.5	Cantilevered balconies construction, included above (finishes elsewhere)	189	m²	-	Included
	Second Floor to Seventh Floor				
2.2.6	Slab taken as composite 150mm thick reinforced insitu slab	230	m³	£165	£37,942
2.2.7	Permanent troughed metal formwork to steel floor frames/. "Holorib" or equal approved	1,636	m²	£105	£171,780
2.2.8	Mesh reinforcement ; single layer	1,533	m²	£10	£15,330
2.2.9	Reinforcement to slab @ 150 kg/m³	34	t	£1,300	£44,840
2.2.10	Allowance for inserts, holes and voids	1	Item	£1,500	£1,500
2.2.11	Cantilevered balconies construction, included above (finishes elsewhere)		m²	-	Included
				Sub-total	**£320,552**

Pellings

2.0 Superstructure (cont.)

2.3 Roof

Item	Description	Qty	Unit	Rate	Totals
2.3.1	Structural steel frame to Pent house roof; galvanized roof decking	117	m²	£80	£9,360
2.3.2	Allowance for EPM single ply roof membrane	117	m²	£150	£17,550
2.3.3	Roof insulation; Celotex or equal approved	117	m²	£30	£3,510
2.3.4	Allowance for flashings to service penetrations	1	item	£2,000	£2,000
2.3.5	Mansafe system to pent house roof area	1	item	£4,000	£4,000
2.3.6	Allowance for internal rainwater pipe system	1	item	£5,000	£5,000
				Sub-total	**£41,420**

2.4 Stairs and ramps

Item	Description	Qty	Unit	Rate	Totals
2.4.1	Allowance for staircases between floors, including balustrades, handrails and finishes	7	nr	£9,000	£63,000
				Sub-total	**£63,000**

2.5 External Walls

Item	Description	Qty	Unit	Rate	Totals
2.5.1	Cavity wall construction, external skin of facing brick £600 /1000 and internal skin of 140 thick 7N/mm² concrete blockwork, 90 wide cavity, 70 thick insulation; parge coat to achieve air seal (measured over openings)	1,740	m²	£230	£400,200
2.5.2	Fire rated Hollow glass block walling to stairwell; including reinforcement with 6mm dia. stainless steel rods, pointed both sides	40	m²	£620	£24,800
2.5.3	Two skins facing bricks, 50 wide cavity, to parapets at 6th floor communal Roof terrace	35	m²	£150	£5,250
2.5.4	Coping / flashing to parapet wall above	35	m	£50	£1,750
2.5.5	Two skins facing bricks, 50 wide cavity, to parapets at 7th floor private roof terrace	50	m²	£150	£7,500
2.5.6	Coping / flashing to parapet wall above	50	m	£50	£2,500
				Sub-total	**£442,000**

2.0 Superstructure (cont.)

2.6 Windows and External doors

Item	Description	Qty	Unit	Rate	Totals
	Retail Unit				
2.6.1	Composite Timber/ Aluminium windows and fixed lights, double glazed units, cills, frames, fixed into prepared openings.	30	m²	£550	£16,500
2.6.2	Glazed entrance door and screen composite construction to match window, nominal 2400 high overall, ironmongery, single door	1	nr	£3,000	£3,000
	Residential Units				
2.6.3	Composite Timber/ Aluminium windows, double glazed units, cills, frames, fixed into prepared openings.	500	m²	£550	£275,000
2.6.4	Ground floor Entrance door (Front and rear); composite construction to match window, nominal 2400 high overall, ironmongery, single door	2	nr	£3,000	£6,000
2.6.5	Complete external single doors, including frame and ironmongery	5	nr	£2,500	£12,500
2.6.6	Complete external double doors, including frame and ironmongery	23	nr	£3,500	£80,500
				Sub-total	**£393,500**

2.7 Internal walls and partitions

Item	Description	Qty	Unit	Rate	Totals
2.7.1	Reinforced insitu concrete walls; to lift core, including rebar, formwork etc (Provisional)	1	Item	£30,800	£30,800
2.7.2	Internal block work - 200mm thick	1,530	m²	£100	£153,000
2.7.3	Internal partitions - assumed stud wall, including plaster board each side and skim coat	1,370	m²	£70	£95,900
				Sub-total	**£279,700**

2.8 Internal doors

Item	Description	Qty	Unit	Rate	Totals
	Residential Units				
2.8.1	Solid hardwood entrance doors and stairwell doors; 900 x 2100 high, c/w ironmongery. Assumed 1 hour fire doors to communal areas	36	nr	£1,500	£54,000
2.8.2	New single timber doors, paint finish; including architrave, lining and ironmongery	87	nr	£800	£69,600
	Residential Units (Intermediary)				
2.8.3	New single timber doors, paint finish; including architrave, lining and ironmongery	12	nr	£700	£8,400
				Sub-total	**£132,000**

Superstructure (Element Total) **£1,955,655**

Pellings

3.0 Internal Finishes

3.1 Wall finishes

Item	Description	Qty	Unit	Rate	Totals
	Retail Unit				
3.1.1	Plaster to walls	108	m²	£20	£2,160
3.1.2	One mist and two full coats to plastered surfaces	108	m²	£10	£1,080
3.1.3	Full height tiling to WC (assumed; none shown on drawing)	21	m²	£50	£1,050
	Residential Units				
3.1.4	Plaster to internal blockwork	4,800	m²	£20	£96,000
3.1.5	One mist and two full coats to plastered surfaces	4,800	m²	£12	£57,600
3.1.6	One mist and two full coats to plasterboard surfaces	2,740	m²	£10	£27,400
3.1.7	Full height tiling to bathroom; including backing	569	m²	£50	£28,450
				Sub-total	**£213,740**

3.2 Floor finishes

Item	Description	Qty	Unit	Rate	Totals
	Retail Unit				
3.2.1	Basic floor finishes, including screed	63	m²	£60	£3,780
3.2.2	Skirting generally; including paint finish	36	m	£20	£720
	Residential Units				
3.2.3	Floor finishes, including screed	1,495	m²	£80	£119,600
3.2.4	Skirting generally; including paint finish	2,225	m	£25	£55,625
	Residential Units (Intermediary)				
3.2.5	Floor finishes, including screed	200	m²	£60	£12,000
3.2.6	Skirting generally; including paint finish	298	m	£15	£4,470
				Sub-total	**£196,195**

3.0 Internal Finishes (cont.)

3.3 Ceiling finishes

Item	Description	Qty	Unit	Rate	Totals
	Retail Unit				
3.3.1	Cornice generally; paint finish		m		excluded
3.3.2	Decoration to concrete soffit	63	m²	£15	£945
	Residential Units				
3.3.3	Cornice generally; paint finish	2,523	m		excluded
3.3.4	Suspended MF ceiling with plaster board; including decoration	1,695	m²	£60	£101,700
				Sub-total	**£102,645**

Internal Finishes (Element Total) **£512,580**

Pellings

4.0 Fittings, furnishings and equipment

Item	Description	Qty	Unit	Rate	Totals
	Residential Units				
4.1	FFE generally, including Kitchen fittings; wall and base units, worktop, extract hood, and white goods	19	nr.	£10,000	£190,000
4.2	Fitted wardrobes (aggregate allowance)	19	nr.		To be confirmed
	Residential Units (Intermediate)				
4.3	Adaptations for wheelchair users to 3 nr. flats	3	nr.	£5,000	£15,000
4.4	FFE generally, including Kitchen fittings; wall and base units, worktop, extract hood, and white goods	4	nr.	£6,000	£24,000
	Fitted wardrobes		Item		excluded
				Sub-total	**£229,000**

Fittings, Furnishings & Equipment (Element Total) **£229,000**

COST ESTIMATE

IMA REAL ESTATE

86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

5.0 Services

5.1 Sanitary Installations

Item	Description	Qty	Unit	Rate	Totals
	Retail Unit (assumed)				
5.1.1	Sanitary Appliances	1	item	£750	£750
	WC, WHB, Mirror, roll holder, cloth hook etc				
	Residential Units				
5.1.2	Sanitary Appliances				
	Bath with bath panel; bath filler including wastes	19	nr	£600	£11,400
	WC and concealed cistern	22	nr	£400	£8,800
	Vanity unit, wash hand basin & taps	22	nr	£500	£11,000
	Mirror to WCs and / or bathrooms	22	nr	£50	£1,100
	Shower unit tray and screen	1	nr	£1,500	£1,500
	Heated towel rail	19	nr	£350	£6,650
	Sundries	19	nr	£500	£9,500
	Allow for tanking to wet rooms	22	nr	£350	£7,700
	Residential Units (Intermediate)				
5.1.3	Sanitary Appliances				
	Bath with bath panel; bath filler including wastes	4	nr	£300	£1,200
	WC and concealed cistern	4	nr	£200	£800
	Wash hand basin & taps	4	nr	£150	£600
	Mirror to WCs and / or bathrooms	4	nr	£50	£200
	Heated towel rail	4	nr	£350	£1,400
	Sundries	4	nr	£500	£2,000
	Allow for tanking to wet rooms	4	nr	£350	£1,400
				Sub-total	**£66,000**

Pellings

5.0 Services (cont.)

5.2 Services equipment

Item	Description	Qty	Unit	Rate	Totals
	Utilities mains supplies (Provisional)				
5.2.1	Allow roads traffic control or roads closure	1	item	£5,000	£5,000
5.2.2	Water	1	Item	£5,000	£5,000
5.2.3	Gas	1	Item	£5,000	£5,000
5.2.4	Electric	1	Item	£5,000	£5,000
5.2.5	Allow for new rising mains within building	23	nr	£500	£11,500
5.2.6	Builder's work in connection	2%	item	£26,500	£530
				Sub-total	**£32,030**

5.3 Disposal Installations

Item	Description	Qty	Unit	Rate	Totals
5.3.1	Rainwater Disposal installations.	1,947	m²	£13	£25,311
5.3.2	Soil, vent waste and overflow installations; to kitchen sinks, washing machines; basins; showers and WCs	50	nr	£250	£12,500
	Sewer connection :				
5.3.3	Allow a provisional sum for alterations and improvements to existing sewer connection or sewer connections	1	prov. sum	£10,000	£10,000
5.3.4	Allow for all necessary traffic control including all attendances and permissions etc.	1	prov. sum	£2,500	£2,500
5.3.5	Allow for all necessary road closures as necessary including all attendances and permissions etc.	1	prov. sum	£2,500	£2,500
				Sub-total	**£52,811**

5.4 Water Installations

Item	Description	Qty	Unit	Rate	Totals
5.4.1	Cold water installation and distribution	1,947	m²	£22	£42,834
5.4.2	Hot water installation and distribution	1,947	m²	£17	£33,099
5.4.3	Boosted cold water supplies; booster pumps, riser pipework, and such like	1	Item	£10,000	£10,000
				Sub-total	**£85,933**

5.0 Services (cont.)

5.5 Heat Source

Item	Description	Qty	Unit	Rate	Totals
5.5.1	Gas installation; meter, gas distribution pipe through service riser; main boilers	1,947	m²	£30	£58,410
				Sub-total	**£58,410**

5.6 Space Heating and air conditioning

Item	Description	Qty	Unit	Rate	Totals
5.6.1	Heating: Primary and secondary distribution from service riser, plenums and ductworks, grilles, instrumentation and controls, and insulation	1,947	m²	£32	£62,304
5.6.2	Underfloor heating wet system to private areas served by individual boiler plant	1,947	m²	£60	£116,820
5.6.3	Comfort cooling required for each apartment		m²		Excluded
				Sub-total	**£179,124**

5.7 Ventilation Systems

Item	Description	Qty	Unit	Rate	Totals
5.7.1	Local extract ventilation to bathrooms and WC	27	nr	£200	£5,400
5.7.2	Local extract ventilation to kitchens	23	nr	250	£5,750
5.7.3	Option : full heat recovery system		nr		Excluded
5.7.4	Allowance for Ventilation to stairwell, services duct and lift well, including controls	1	item	£5,000	£5,000
				Sub-total	**£16,150**

5.0 Services (cont.)

5.8 Electrical installations

Item	Description	Qty	Unit	Rate	Totals
	Retail Unit (assumed)				
5.8.1	General power; including sockets; U-pvc	63	m²	£30	£1,890
5.8.2	Power supply to mechanical services	63	m²	£5	£315
5.8.3	Lighting and emergency lighting	63	m²	£15	£945
5.8.4	Allowance for basic lights	63	m²	£30	£1,890
5.8.5	Provision of meters and consumer units	1	nr	£450	£450
	Residential Units Small Power				
5.8.6	General power; including sockets; U-pvc	1,747	m²	£30	£52,410
5.8.7	Small power to communal areas	282	m²	£15	£4,230
5.8.8	Power supply to mechanical services	1,747	m²	£5	£8,735
5.8.9	Extra for enhanced finish to standard residential units	1,747	m²	£10	£17,470
5.8.10	Waterproofed external power sockets (say)	10	nr	£200	£2,000
	Lighting				
5.8.11	Lighting and emergency lighting to communal areas	282	m²	£15	£4,230
5.8.12	Allowance for LED lighting to residential areas	1,747	m²	£45	£78,615
5.8.13	Extra for enhanced finish to standard residential units	1,747	m²	£15	£26,205
5.8.14	Brick light luminaires or similar to roof terraces	222	m²	£20	£4,440
5.8.15	Waterproofed luminaire to private balconies (say)	189	m²	£30	£5,670
5.8.16	Provision of meters and consumer units	19	nr	£450	£8,550
	Residential Units (Intermediate)				
5.8.17	General power; including sockets; U-pvc	200	m²	£30	£6,000
5.8.18	Power supply to mechanical services	200	m²	£5	£1,000
5.8.19	Allowance for Basic lights	200	m²	£30	£6,000
5.8.20	Provision of meters and consumer units	4	nr	£450	£1,800
				Sub-total	**£232,845**

Pellings

5.0 Services (cont.)

5.9 Fuel Installations / Systems

Item	Description	Qty	Unit	Rate	Totals
	Not used				
				Sub-total	

5.10 Lift and Conveyor installation / systems

Item	Description	Qty	Unit	Rate	Totals
5.10.1	6-8 person hydraulic lift; 0.4m/s; serving eight floors	1	nr	£95,000	£95,000
				Sub-total	**£95,000**

5.11 Fire and lightning protection

Item	Description	Qty	Unit	Rate	Totals
5.11.1	Allow provisional sum for creation of points and means of emergency egress, ladders, access hatches, doors etc.	1	prov. sum	£10,000	£10,000
5.11.2	Fire alarm / CO detection system	1,947	m²	£6	£11,682
5.11.3	Lightning Protection, Earthling and bonding	1,947	m²	£8	£15,576
5.11.4	Allowance for Sprinkler system and installation of dry riser inlets	1,947	m²	£15	£29,205
				Sub-total	**£66,463**

5.12 Communications, security and control systems

Item	Description	Qty	Unit	Rate	Totals
	Residential units				
5.12.1	Allowance for phone lines, broadband connections, aerial installation, cabling and containment (includes for Sky + system or equivalent)	1,413	m²	£12	£16,956
5.12.2	Allowance for video door entry system to residential apartments; 1nr per unit and 1nr to each entrance	25	nr	£600	£15,000
5.12.3	Allowance for CCTV to common areas; including recording equipment	1	Item	£10,000	£10,000
5.12.4	CAT6 cabling; including outlets (Standard residential units only)	1,213	m²	£30	£36,390
5.12.5	Connection to centralised satellite TV & data installation	23	nr	£120	£2,760
5.12.6	Intruder Alarm system	1,413	m²	£12	£16,956
				Sub-total	**£98,062**

5.0 Services (cont.)

5.13 Specialist Installations

Item	Description	Qty	Unit	Rate	Totals
5.13.1	Budgetary costings for Photo Voltaic panels for energy collection for the project.	1	Item	£30,000	£30,000
5.13.2	Allowance for other renewables		Item		Excluded
				Sub-total	**£30,000**

5.14 Builders' work in Connection

Item	Description	Qty	Unit	Rate	Totals
5.4.1	Allowance for BWIC (Provisional - 3% of services installation)	1	item	£30,400	£30,400
				Sub-total	**£30,400**

Services (Element Total) **£1,043,228**

Pellings

6.0 External works

6.1 Site preparation works

Item	Description	Qty	Unit	Rate	Totals
	elsewhere				
				Sub-total	

6.2 Roads, paths, pavings and surfacings

Item	Description	Qty	Unit	Rate	Totals
6.2.1	Tarmacadam paving to carpark area	208	m²	£90	£18,720
6.2.2	External Pavings to Terraces	222	m²	£60	£13,320
				Sub-total	**£32,040**

6.3 Soft landscaping, planting and irrigation systems

Item	Description	Qty	Unit	Rate	Totals
	Excluded				
				Sub-total	

6.4 Fencing, railings and walls

Item	Description	Qty	Unit	Rate	Totals
6.4.1	Metal balustrade to balconies, terraces, anodised steel handrails	22	nr.	£500	£11,000
				Sub-total	**£11,000**

6.5 External fixtures

Item	Description	Qty	Unit	Rate	Totals
6.5.1	Balconies to upper floors comprising steel framing, insulation, screed, waterproofing, non-slip tile finish; perimeter flashing and rainwater outlet	22	nr.	£850	£18,700
6.5.2	Vertical timber cladding to recessed balconies	22	nr.	£750	£16,500
	Cycle storage Spaces				
6.5.3	Installation of bike racks	38	nr.	£150	£5,700
				Sub-total	**£40,900**

6.0 External works (cont.)

6.6 External drainage

Item	Description	Qty	Unit	Rate	Totals
6.6.1	Foul water drainage	1	Item	£19,500	£19,500
6.6.2	External surface water drainage	1	Item	£19,500	£19,500
				Sub-total	**£39,000**

6.7 External services

Item	Description	Qty	Unit	Rate	Totals
6.7.1	Electric car charging points	2	nr	£400	£800
				Sub-total	**£800**

6.8 Minor building works and ancillary buildings

Item	Description	Qty	Unit	Rate	Totals
6.8.1	Bin store construction, including lighting	15	m²	£190	£2,850
6.8.2	Double door to bin store	1	nr	£1,000	£1,000
6.8.3	Single door to bin store	1	nr	£400	£400
				Sub-total	**£4,250**

External Works (Element Total) **£127,990**

7.0 Contractor's General Cost Items: preliminaries etc

7.1 Management, site offices & general cost items

Item	Description	Qty	Unit	Rate	Totals
7.1.1	STAFF AND SUPERVISION				
	Contract Manager - 2 days / wk.	60	week	£660	£39,600
	Site Manager	60	week	£1,260	£75,600
	Site Foreman	60	week	£1,050	£63,000
	Site Engineers - 1 day / wk.	60	week	£210	£12,600
	Quantity Surveyor - 2 day / wk.	60	week	£560	£33,600
	Project co-ordinator	60	week	£1,300	£78,000
	Site Labour / banksman	60	week	£400	£24,000
	Office cleaning	60	week	£140	£8,400
	Banksman	60	week	£400	£24,000
7.1.2	SITE ACCOMMODATION				
	Multipurpose site accommodation (canteen, drying room & office) - time related	60	week	£80	£4,800
	Multipurpose site accommodation (canteen, drying room & office) - fixed cost	1	item	£500	£500
	Canteen per unit - time related		week	£50	included above
	Canteen per unit - fixed cost		item	£500	included above
	Communications, faxes copiers computers etc	60	week	£30	£1,800
	Consumables	60	week	£60	£3,600
	Drying room per unit - time related		week	£30	included above
	Drying room per unit - fixed cost		item	£200	included above
	First aid and safety per unit - time related		week	£20	included above
	Meeting room per unit - time related		week	£40	assumed not required
	Meeting room per unit - fixed cost		item	£300	assumed not required
	Site Offices per unit - time related		week	£50	included above
	Site Offices per unit - fixed cost		item	£800	included above
	Storage per unit - time related	60	week	£20	£1,200
	Storage per unit - fixed cost	1	item	£150	£150
	Welfare facility - Time related cost	60	week	£60	£3,600
	Welfare facility - Fixed cost	1	item	£600	£600
7.1.3	TEMPORARY WORKS				
	Site compound setup / protection; including reinstatement of surface (parking lot)	1	item	£1,000	£1,000
	Site security watch	60	week	£450	Excluded
	Rubbish per skip	60	skip	£900	£54,000
	Site lighting power and water	60	week	£80	£4,800
	Moving of materials forklift	60	week	£100	£6,000
	Road cleaning	60	week	£100	£6,000
	Sign boards etc	1	item	£1,000	£1,000
	Entrance gates	1	nr	£1,200	£1,200
	Hoardings	120	m	£70	£8,400
7.1.4	PLANT				
	Small tools weekly	60	week	£200	£12,000
	Scaffolding including materials hoist	1,900	m²	£70	£133,000
	Scaffold safety, including netting, rails etc	1,900	m²	£15	£28,500
	Scaffold Health and safety inspection	50	week	£300	£15,000
				Sub-total	**£645,950**

7.0 Contractor's General Cost Items: preliminaries etc (cont.)

7.2 Overheads & Profit

Item	Description	Qty	Unit	Rate	Totals
	As main summary				
	OH&P uplift on base build costs (Items 0 - 6)	£4,267,313		7%	£298,712
				Sub-total	**£298,712**

7.3 Design fees

Item	Description	Qty	Unit	Rate	Totals
	As main summary				
	Uplift on base build costs (Items 0 - 6)	£4,267,313		4%	£170,693
				Sub-total	**£170,693**

7.4 Other fees and costs

Item	Description	Qty	Unit	Rate	Totals
7.4.1	Allowance for achieving Code Level 4; sustainable homes		item		Excluded
				Sub-total	

Contractor's General Cost Items (Element Total) **£1,115,355**

8.00 Client's General cost items

Item	Description	Qty	Unit	Rate	Totals
8.1	Consultants' fees - precontract services				To be advised
8.2	Insurances / warranties & Statutory costs				To be advised
				Sub-total	
	Client's General Cost Items (Element Total)				

9.00 Contingencies / Provisional Allowances

Item	Description	Qty	Unit	Rate	Totals
9.1	Allowance for design development, etc.				
	Contingency on overall costs (Items 0 - 8)	£5,382,668		5%	£269,133
				Sub-total	**£269,133**

Contingencies / Provisional Allowances (Total)	**£269,133**

10.0 Inflation

Item	Description	Qty	Unit	Rate	Totals
10.1	Inflation (Based on BCIS All-in Tender Price Indices) "[programme yet to be advised] "				excluded
				Sub-total	
	Inflation (Total)				

OVERALL SUMMARY

	Elements				Amount
	COLLECTION PAGE				
0.0	Facilitating works estimate				£130,500
1.0	Substructure				£268,360
2.0	Superstructure				£1,955,655
3.0	Internal Finishes				£512,580
4.0	Fittings, furnishings and equipment				£229,000
5.0	Services				£1,043,228
6.0	External works				£127,990
7.0	Contractor's General Cost Items: preliminaries etc				£1,115,355
8.0	Client's General cost items				To be advised
9.0	Contingencies / Provisional Allowances				£269,133
10.0	Inflation				Excluded
				Estimated Construction Cost	**£5,651,801**
				SAY	**£5,650,000**

Pellings LLP **www.pellings.co.uk**
Architecture & Planning ■ Interior Design ■ Building Surveying ■ Project Management ■ Cost Consultancy ■ Health & Safety
24 Widmore Road Bromley Kent BR1 1RY **t** 020 8460 9114 **e** bromley@pellings.co.uk