

Global Restructuring Group

West Register (GB) Policy & Procedures Manual

April 2011

GRG West Register (GB) Policy & Procedures Manual

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1. Glossary

ACH	Asset Class Head
AMO	Asset Management Objective
APP	Asset Purchase Proposition
APS / APA	Asset Protection Scheme / Asset Protection Agency
AUM	Assets Under Management
BRG	Business Recovery Group
Capex	Capitalised Expenditure
CDM	Construction (Design & Management Regulations)
CRU	Corporate Restructuring Unit
DD	Due Diligence
DETM	Deal Execution Team Member
ERV	Estimated Rental Value
EV	Expected Value
ExCo	GRG Executive Committee
GDV	Gross Development Value
GRG RM	GRG Relationship Manager
H&S	Health and Safety
HSO	Health and Safety Officer
IP	Insolvency Practitioner
JV	Joint Venture
NPV	Net Present Value
Opex	Operating expenses
PAU	Property Advisory Unit
PCM	Primary Case Manager
PPE	Personal Protective Equipment
PRiSM	GBM Risk Management System
RBS / RBSG	Royal Bank of Scotland Group
REMIT	Real Estate Management Information Tool
RMP / RMPS	RM Platform (Strategic) - UK (sub-GBM) and Ulster credit risk management workflow tool for proposing, recording and approving credit limits
RRMB	RBS Restructuring and Risk Management Board
SCR	Strategy & Credit Review
SEM	Site Enclosure Measures
SIG	Strategic Investment Group
SPGC	GRG Strategic Property Group Committee
SPS	Site Protective Security
SPV	Special Purpose Vehicle
TOGC	Transfer of Going Concern
VAT	Value Added Tax
WR	West Register Property (Great Britain)
WRPI	West Register (Property Investments) Ltd
WRR	West Register (Realisations) Ltd

2. West Register Property (Great Britain)

2.1. Mission statement

“To acquire property from distressed situations where taking ownership is determined to be the best way to maximise recovery and to create additional value through active asset management with a view to exiting when market conditions are more opportune.”

2.2. Aims and Objectives

- To fully comply with the Asset Management Objective (AMO) (where relevant) as set out by the Asset Protection Agency:

“The AMO requires us to maximise the expected NPV of Protected Assets, including by minimising losses and potential losses and maximising recoveries and potential recoveries in respect thereof. NPV to be assessed on a risk-adjusted basis using a discount rate corresponding to the Treasury’s cost of funds. “Risk-adjusted” is equivalent to the “Expected NPV” (“EV”) which means the probability-weighted NPV of different possible scenarios for a given strategy.”

- To formulate, in a timely manner, recommendations for purchase of property from distressed debt situations. The bid price is to be based on asset specifics, taking cognisance of the longer term value of the asset and utilising NPV calculations using the approved Gilt discount rate.
- To create increased recovery for the Bank through:
 - Active involvement in the bidding process stimulating market demand;
 - Keeping bidders “honest” by under-pinning bids;
 - Bringing the insolvency process to an end by buying in the residual assets.
- Once approved, effect the acquisition in a timely and efficient manner undertaking the appropriate level of due diligence taking into consideration that RBS already has the economics in the deal but gaining sufficient information about the asset to produce an appropriate asset management strategy.
- Full adherence to the health and safety protocol on all owned assets.
- Work within all RBS Group policies.
- Undertake high quality asset stewardship ensuring that all cash is captured and budgets / facility limits are adhered to with assets and asset strategies reviewed on a timely basis.
- Preserve and create value through active and entrepreneurial asset management utilising “best in class” outsourcing where appropriate.
- Devise / implement strategies either on an asset specific or portfolio basis to maximise recovery.

2.3. Governance and Oversight Structure

The RBS Restructuring and Risk Management Board, GRG Executive Committee and Senior GRG Committees

The RBS Restructuring and Risk Management Board (“RRMB”) has delegated operational and risk authority to the GRG Executive Committee (“Exco”) which includes setting the overall risk appetite for the West Register (“WR”) businesses, with the GRG risk and capital framework underpinning the delivery of the GRG and WR strategies. WR reports monthly through the Committee hierarchy through to the RRMB in its review of the monthly GRG Executive pack.

EXCO ensures that implementation of WR strategy and operations are in line with the agreed risk appetite.

On behalf of Exco, the GRG Strategic Property Group committee (“SPGC”) operates as a committee of the EXCO with full authority delegated by EXCO to act on all risk and control matters across WR activities, including, but not limited to, credit risk, market risk, operational risk, compliance and regulatory risk, enterprise risk, treasury and liquidity risk, reputational risk, insurance risk and country risk. The SPGC authority is derived from the GRG Executive Committee and from Delegated Authorities confirmed to it from time to time by subsidiary companies.

The responsibilities and authorities of the SPGC extend to RBS NV. SPGC has approval authority over decisions affecting the risk and/or financial position of RBS NV, subject to specific conditions for RBS NV as

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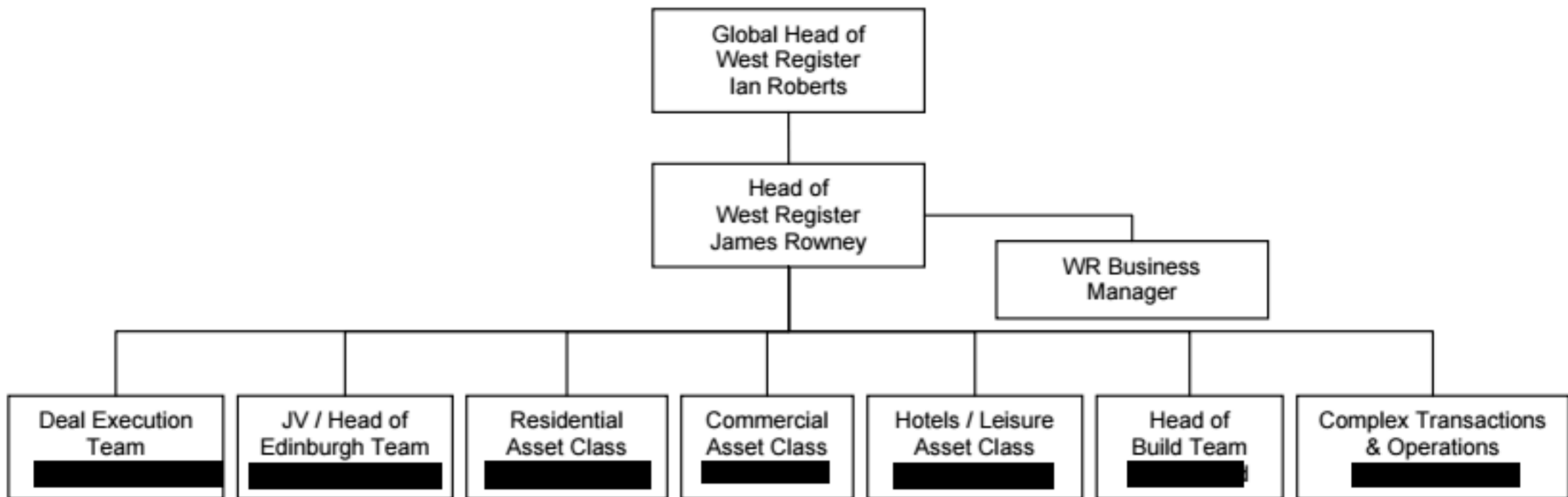
stipulated under Quorum and Decision Making Process set out in its Terms of Reference, and in accordance with the requirements as specified in the High Level Control Document for RBS NV Risk Management.

West Register operates under defined operating guidelines (policy & procedures) as approved by the SPGC. Members of SPGC are listed in Section 21.4.

The APP Committee is a sub-committee of SPGC. It recommends and approves (subject to delegated authority from SPGC) limits, policies, processes and procedures to enable the effective management of risk across the activities of WR. Its remit includes all credit risk, market risk, operational risk, compliance and regulatory risk, enterprise risk and country risk affecting or likely to affect GRG. All property acquisitions, disposals and increases to limits must be approved by the relevant APP Committee - each approving committee must include 2 directors of the subsidiary company acquiring /disposing of, or increasing funding for the asset.

2.4. Team Structure

The team is structured along the lines of asset class with the majority of staff situated in London and the rest in Edinburgh. See appendix for latest detailed team structure chart – an overview is provided below. When managing cases, a team approach is encouraged and it will sometimes be more appropriate for teams to manage different asset classes.



2.5. Process Overview and Case Lifecycle

There are several key inter-related processes embedded within WR which cover the lifecycle of a case. A map of the WR-specific procedures is included in the appendix and show which processes are applicable at which point in the case lifecycle. The key parts of the case lifecycle are:

Stage	Relevant Dates	Primary Owner
Pipeline Cases & Acquisition Approval	Introduction – APP Approval	GRG RM & PCM
Bid Submission	Approval – Documents Received	PCM, DETM
Asset Acquisition	Documents Received – Completion	PCM, DETM
Asset Management	Completion – Sale	PCM
Asset Disposal	Sale – Review	PCM

GRG RM – GRG Relationship Manager, PCM – Primary Case Manager, DETM – Deal Execution Team Member

Before a property is purchased by WR, the case is owned by the relevant GRG team handling that case. During this period, all management information is maintained on the RMP or PRiSM platforms. This is used to track credit exposure and case-specific information, though its property-specific information is limited. Once a case is being shadowed by WR (i.e. all the way from case introduction through to subsequent purchase or lapse), management information from a WR perspective is reported via the REMIT system (the Real Estate Management Information Tool). It is advised that all WR employees should read the REMIT training guide within two weeks of joining. This material is included in Section 21.11.

At each stage in the case lifecycle, various levels of information are required to be filled in to REMIT by the Primary Case Manager (PCM) to allow management information (MI) to be reported in a timely and efficient manner. The requisite information at each point is included under the 'Management Information Required' section, along with any other MI requirements.

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Another process that is embedded throughout the entire case lifecycle is the Asset Protection Scheme (APS) Approval Process. It should be noted that not all assets are covered under the scheme. Under each heading of the case lifecycle, there is an APS section that handles the necessary approvals needed to comply with APS legislation. WR-specific APS Guidance Notes have been issued by the APS and can be found in Section 21.14.

2.6. Housekeeping and team administrative requirements

There are several requirements imposed on WR staff as part of the wider GRG and RBS-wide requirements. Such requirements include the joiners & leavers processes, holiday approvals, filing and the clear desk policy. These requirements are covered either by the RBS Group Policy or the GRG procedure manual. All WR employees should read this procedure manual and make themselves aware of their obligations and ensure that within two months of joining WR that they undertake the 'Introduction to GRG' course.

3. Pipeline Cases Process

3.1. Case Introduction and Review

Cases are introduced to WR by the Relationship Manager (RM) within the GRG Business Unit that currently owns that case. WR's typical customers for case introduction are the Real Estate Recoveries team and Real Estate Restructuring teams. RMs are required to notify all new cases to the 'West Register' mailbox (██████████) which serves as a central mailbox for all new cases.

The mailbox is checked daily by the WR Business Manager who reviews the case details and assigns a Primary Case Manager (PCM) to the case depending on the nature of the property and resource availability. He / she will also set up the case in REMIT with just the case name and PCM assigned. The email is then archived in the mailbox and can be picked up by the PCM at a later date for future reference. It is then the PCM's responsibility to update REMIT and maintain all information about that case.

A suggested response timeframe has been agreed with various GRG Recoveries teams. The following acts as a guide only and represents best practice when responding to our GRG colleagues.

Day 1	GRG RM appoints Insolvency Practitioner (IP)
Day 29 (4 weeks from appointment)	GRG RM sends redacted version of IP's report to West Register mailbox. Case is allocated by WR Business Manager
Day 39 (10 days from receiving report)	PCM is required to submit indicative bid level GRG RM gives feedback whether an APP is likely to be required
Day 44 (15 days from receiving report)	PCM submits APP for approval

The above schedule ensures that within three months of appointment, the GRG RM has a clear indication of the likely level of provisioning required for a case.

3.1.1 Net Present Value

A Net Present Value (NPV) calculation must be prepared for all properties referred to WR under the rules of the APS. When advising on or acquiring an asset, the table below displays who should prepare an NPV calculation and the circumstances.

	BRG Case	Non-BRG Case
Advice on value today >£250k	Property Advisory Unit – valuation advice only	WR
Advice on value today <£250k	Property Advisory Unit – valuation advice only	Not required
When acquiring property	WR	WR

The NPV should be saved in the Case Folder, and a copy saved in the Pipeline / APS NPVs folder **as sent to the GRG RM**. The naming convention for this is Case Name - Property Address.

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3.1.2 The Property Advisory Unit

The Property Advisory Unit sits within the Business Restructuring Group (BRG) and provides advice to BRG RMs on all property-related cases. WR's relationship with BRG is always via PAU, except for in sales situations where WR have been asked to submit a bid as part of a consensual sale. In these cases, the following protocol is to be followed:

1. The PAU Representative will email the WR mailbox with a copy of the Strategy and Credit Review (SCR); Strategic Valuation Paper (SVP); property marketing details and any other property information that may be required to formulate a bid. In certain cases, it may be necessary to redact the SCR paper because of sensitive information. Refer to Section 5.1 for further clarification. The relevant BRG RM will be copied in this communication.
2. The PCM will be appointed accordingly and will contact the BRG RM to discuss the background connection and PAU to discuss the property.
3. The PCM will formulate a NPV calculation including a bid price and communicate this to the BRG RM and PAU Representative with a view to firming up on the APP submission.
4. Prior to APP submission, the PCM must email the 'connection background' section of the APP to the BRG RM for review. This will ensure that all of the relevant and up to date connection information is available for the committee.
5. A formal bid should then be submitted once approval is gained, following the guidelines in the Bid Submission Process in Section 5.

3.1.3 NPV Acceptance

Once the NPV Calculation has been sent to the GRG RM, they must decide whether a) the NPV is higher than the NPVs produced for alternative scenarios (e.g. versus external bids or a deal restructure) or b) the bid price in that NPV calculation is higher than the external bids received for the property. This ensures that the highest NPV is achieved whilst meeting the Insolvency Practitioner's obligations to maximise recovery for the bank. If an NPV is accepted, the Asset Acquisition Approval Process should be followed. If the NPV is lower than the alternative scenarios, or we are later outbid, the Lapsed Cases process in Section 3.2 should be followed.

3.1.4 Management Information Requirements

For pipeline deals, it is the PCM's responsibility to maintain the case and property-related information in REMIT.

Field	Allowed Information
Case ID	Make up any unique code for this – can be numbers or letters.
Case Name	Whilst in the pipeline, please use the Connection Name as supplied by the GRG RM
Original Connection	This is the same as the Case Name but does need to be completed.
Primary Case Manager	Your name (SURNAME, First name)
Secondary Case Manager	(SURNAME, First name)
WR Silo	Commercial, Residential, JV, Hotels or Complex
GRG Relationship Manager	
Case Status	When in the pipeline, only statuses A and B are relevant. Status A is used to mark pipeline cases. Status B is used when we are in the process of submitting an APP.
Case Tracking – Summary Property Information	Include a short overview of the property, limited to 255 characters. This is used as part of the Management Information Process.
Financial Info – Debt £	Original connection debt.
Property Info – Bid Price	Enter an indicative bid level – this does not have to be final.
Property Info – Price to Beat	Please enter the best external bid here (if known / allowed – refer to Section 5.1 for further guidance).
Property Info – Town & County	When in the pipeline, only outline info is needed here – detailed address can be put in once we are in documentation
Property Info – Demise	Please update Size, Area, Units, Use, Construction

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3.2. Lapsed Cases

A lapsed case covers all cases that have been looked at by a PCM and have subsequently not been purchased by WR. This covers cases where the WR NPV was deemed to be too low, a bid was made but was later unsuccessful, the deal was restructured / returned to satisfactory (RTS) or it was below the de minimis £250k.

3.2.1 NPV too low

If an NPV is produced that is deemed to be too low by the GRG RM (i.e. there is no opportunity for WR to add value) and alternative methods produce a higher NPV, the case lapses. At this point in the case lifecycle, the PCM is not permitted to know external bids since the case may become 'live' again at a later date (i.e. external bidders fall away).

Once a successful acquisition has been made by the external party, this information is permitted to be seen by the PCM and recorded by the PCM as the 'Price to Beat' in REMIT.

3.2.2 Unsuccessful bids

If an APP is produced (refer to Asset Acquisition Process), the bid is submitted and is later declined by the Insolvency Practitioner (IP), this is captured under the lapsed cases process. On REMIT the case must be set to lapsed and the reason for lapse is that we were outbid by an external bidder.

If any value was deemed to be added by our involvement in the bid process, the relevant information should also be captured in REMIT – refer below for guidelines. An example of this would be where we successfully bid on a property, clean off title issues prior to acquisition, then subsequently lose the bid owing to a higher offer at the eleventh hour. Any increase in external bids during this time is deemed to have been value added by WR involvement.

3.2.3 Process for WR to decline to make an offer

A 'no' decision cannot be made without the approval of the Asset Class Head (in whose absence, the Head of WR). The Asset Class Head will then discuss and justify all "no" decisions on a weekly basis with the Head of WR. Once the decision is made, it is imperative that this is documented in REMIT on a **WEEKLY BASIS**. A memorandum should be prepared by the PCM and reported directly to the WR Executive by the WR Head. Examples of 'no' decisions are likely to be limited to cases where the potential reputational risk of acquiring is deemed to be too high or where the asset is potentially an environmental liability.

3.2.4 Management Information Requirements

The following information needs to be filled in by the PCM on REMIT when recording a lapsed deal. For straightforward cases, the 'Quick Case' form in REMIT can be used.

Field	Allowed Information
Deal Status	Set the deal status to F – Lapsed.
Reason for Lapse	Please select the most appropriate reason for lapse: <ul style="list-style-type: none">• Under de minimis £250k value• No opportunity to add value (NPV too low)• Deal restructured• Outbid by external bidder
Property Info – Price to Beat	If we have knowledge of the external bids, use this as the Price to Beat. It is imperative that if we were outbid on a property, the 'Price to Beat' be completed once the PCM is allowed to know that information.
Property Info – Bid Price	In all cases, enter our likely bid price (even if not final)
Sale / Lapse Date	Always complete this for lapsed cases
Value Added	Where we feel that our intervention in the bid process has increased the recovery for the bank, indicate this increased recovery here. Use the Case Narrative field to capture the circumstances behind the value captured.

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4. Asset Acquisition Approval Process

The Asset Acquisition Approval Process is based on the production, submission and approval of the Asset Purchase Proposition (APP) document.

4.1. APP Production

If an NPV has been accepted by the GRG RM, an Asset Purchase Proposition (APP) should be produced. The blank APP Template can be found in the template folder.

Information	Where to get it
Property Information	The receivers and agents will normally produce a 'schedule of accommodation' that can be used to fill out the detailed property information.
Cashflow Information	<p>The following is a reference guide when preparing a residual valuation.</p> <p>Gross Development Value If a property is being marketed, the agent would usually be able to provide a guide price. If it is not being marketed, transacted deals (e.g. for residential properties on www.aboutmyplace.com) can be used as a guide price as well as properties being marketed. www.globrix.com is a good reference guide for this and gives average selling price for an area. (Note that marketing prices are usually more than today's value).</p> <p>Capex Estimates of build costs can be obtained from the "Spon's Architects' and Builders' Price Book" located in the template folder. The WR Build Team should be consulted in relation to all build matters.</p> <p>Opex The rule of thumb for residential operating expenses is: 10% void – assume 10% of the properties are void (i.e. reduce rent by 10%) 10% management fees – to cover asset manager fees 10% operating expenses – to cover costs of maintenance etc Funding costs are usually included at 4% which represents the upper limit to WR's actual cost of funds.</p> <p>Bid Price The 'goal seek' function in Excel can be used to set the bid price based on your Target Return. If you were looking to set the Target Return at a 10% profit on cost, you would select the profit on cost cell and click Tools, Goal Seek... The 'Set cell' box would refer to the profit on cost; In the 'To value' box, type 10%; Then select the 'By changing cell' box and select the bid price box in the cashflow. This will then change the bid price to ensure a 10% profit on cost is achieved.</p>
Target Return	<p>All acquisitions are made by reference to an NPV figure, primarily for use by the APS when deciding whether an acquisition is the best option to maximise recovery.</p> <p>In assessing the bid price for a case, the amount of new capital being invested by the Bank is a key factor in determining the amount of positive NPV which should be appropriate.</p> <p>For example, where we are buying a site for £1m and investing £10m to develop out that site, the returns that we should expect will be similar to market expectations, as that fresh cash will require a commensurate return</p>

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	<p>on capital to justify its allocation.</p> <p>If, by contrast, we are buying an investment property for £1m and the only new cash being put in is for initial acquisition costs, then the positive NPV will only need to be modest for the new capital to receive appropriate compensation.</p> <p>The relative cost of the new capital may vary depending upon the risks in the deal and so the rate to be applied should reflect the return that the market would expect for that risk.</p> <p>Another key aspect will be the risks borne through the investment. The APP Model includes a probability analysis that can provide an expected value based on the probabilities put into the model.</p> <p>In considering the probabilities, the volatility of returns, should be considered. It is perfectly reasonable, for example, to have a higher probability for a downside outcome if the risks are weighted that way. Equally, the upside and downside assumption do not have to be mirror images of each other – the upside might be 10% higher rents, but no change in exit value compared to the business case, whilst the downside might be -20% on both rents and values.</p>
APS Facility Information	<p>APS Facility information (where applicable) can be obtained by emailing [REDACTED] with the CIN & CIS codes for a case. The CIN & CIS codes can be obtained from RMP.</p>
Price to Beat	Refer to Section 5.1.
Case Background	The GRG RM will usually produce an 'SCR Paper' which will have a concise background to the case. This is a good reference guide.

It is appropriate to engage with the Deal Execution team as soon as possible so they are aware of the case and are able to feed in summary due diligence issues into the APP.

4.2. APP Sighting Forum and APP Submission

The APP Approval Process is a two stage process.

All papers being submitted to the APP Committee require to be referred in the first instance to the APP Sighting Forum or in exceptional circumstances the Chairperson of the APP Sighting Forum.

Draft APPs need to be submitted to Mark Pasha by 4pm on a Tuesday (in whose absence, Ben Deacon), which are then circulated to the team in advance of the APP Sighting Forum at 11.50am on Wednesday.

The APP Sighting Forum is chaired by James Rowney (in whose absence Joss Brushfield or Howard Lincoln) and its purpose is to discuss the APPs and highlight any areas for change prior to submission to the APP Committee meeting.

Following the APP Sighting Forum, if the decision is to pursue the case, the requisite amendments should be made by the PCM and submitted to Mark Pasha by 4pm on Thursday.

All APP submission papers must be received by GRG Central Operations for circulation to the APP Committee, at least 2 business days in advance of the APP Committee meeting. This will enable the correct committee to be organised, in line with the level of sanction authority required.

The REMIT Deal Status flag should be set to 'B – APP Being Prepared' during this period

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4.3. APP Approval

4.3.1 APP Committee

APP Committee meetings are held weekly at 2.30pm on Mondays. There are two levels of committees used for APP approval:

The "A Committee" convenes first and has the mandate to approve all APPs and transactions of £5m or greater (or local sterling equivalent). [REDACTED] or the relevant Country Head will present cases at Committee A. The quorum must include the Chairman plus two members of:

Board Position	Name	Role Description
Chairman	Derek Sach	Global Head of GRG
Alternate Chairman	Laura Barlow	Head of GRG, UK
	Declan Hourican	Head of Finance, GRG
Committee Members	Peter Ballard	Head of Corporate Restructuring Unit, GRG
	Joy McAdam	Head of Recoveries, Litigation and Property, GRG
	Ian Roberts	Global Head of West Register
	James Rowney	Head of West Register, Property
		Country Head of Case being presented

The "B Committee" convenes directly after the A Committee and approves all APPs and transactions less than £5m (or local sterling equivalent). The Primary Case Manager will present at the B Committee. The quorum will be two members of:

Board Position	Name	Role Description
Committee Members	Declan Hourican	Head of Finance, GRG
	Laura Barlow	Head of GRG, UK
	Ian Roberts	Global Head of West Register
	Joy McAdam	Head of Recoveries, Litigation and Property, GRG
	James Rowney	Head of West Register, Property
		Country Head of Case being presented

It should be noted that the £5m limit applies to the Gross Asset Value after the transaction. Therefore, where a transaction is less than £5m, but the net effect is to increase the Gross Asset Value above £5m, the A Committee should be used for approval.

In both cases the quorum must include at least two directors of the subsidiary company acquiring / disposing of the assets. GRG Central Operations will circulate minutes after each meeting, confirming the decision of the committee and noting facilities approved, to the quorum; the relevant Case Director; GRG Finance & the Head of the Deal Execution Team. [REDACTED] (in whose absence, [REDACTED]) sends the results of the meeting to the team.

He will then give the signed APPs to the Head of Deal Execution who scans the signed APP and saves it into the relevant case folder. The scanned APP is then sent to the PCM and GRG Finance Team.

Completion must occur within six months of the APP approval date. Should this period expire, the APP should be resubmitted to ensure the business plan is still valid. The projected completion date should be assessed by the DETM to ensure that this period does not expire. Any anticipated overruns should be reported to the PCM and the Head of Deal Execution Team as soon as they become apparent.

4.3.2 Sanctioned Facilities and WR Finance

The facility sanctioned in the APP is made up of:

- Bid price
- Acquisition costs
- Capitalised expenditure
- Operating expenditure
- Headroom

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The signed APP is scanned by the DETM and sent electronically to the GRG Finance team.

Once the signed APP and signed Pre-Completion Checklist is received by the GRG Finance team, a physical bank account is then opened with the limit being the sum of the sanctioned items. **All of the constituent parts are the gross costs required for the proposed life of the case as sanctioned in the business plan.** Any income that is factored into the business plan will affect the headroom element of the facility. It is therefore possible to have a negative headroom figure, depending on the timing of the cashflows e.g. where an asset is already generating income upon purchase. The headroom element is also used to facilitate the payment and subsequent recovery of VAT. Once acquisition VAT has been recovered, it is the responsibility of GRG Finance to reduce the limit by this amount so that this part of the facility cannot be 'recycled'. Refer to the Management Accounts Review Process for further details.

4.4. APS Approval

4.4.1 APS Approval for asset acquisition

The APS decision for WR to acquire an asset covered by the APS is sanctioned by a webform submitted by the GRG RM who owns the case. The NPV provided to the GRG RM by WR, proves that a sale to WR will maximise returns to the bank when compared against other options (e.g. external sale or restructuring).

4.4.2 APS Approval for costs and realisation expenses

All costs and realisation expenses are then sanctioned by the APS by submitting the signed APP via webform by the DETM. Once approved, all costs sanctioned in the APP by the APP Committee are then also approved by the APS.

If there is any spend outside of these limits, or if there is a significant change to the business plan, the Facility Amendment Process will need to be followed in Section 12.

5. Bid Submission Process

In general, once the required approvals are in place, a bid should be prepared and submitted to the Insolvency Practitioner or their agent as soon as possible so as to minimise the time to complete.

It is the responsibility of the PCM to ensure the receiver accepts the offer **in writing** as soon as possible.

Once the offer is accepted, the DETM can then liaise with the receiver's lawyers and progress the transaction.

5.1. Integrity of Bid Process

To ensure that WR achieves maximum return for the bank it is imperative that the integrity of the bidding process is preserved. Accordingly, unless there are specific circumstances, a PCM should bid blind for a property with no knowledge of external bids. WR is only allowed to bid once for a property, the purpose of which is threefold: 1) to ensure a fair bid price is submitted; 2) to reduce the administrative time of running a bidding process; and 3) to ensure the bank cannot be accused of self-dealing, thus preserving the integrity of the bid process and not discouraging the external market from submitting bids.

Generally the GRG RM will guide the PCM whether the WR bid price is acceptable, but to ensure a consistent approach is taken, the following acts as a guideline.

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Situation	Allowed Information
There are third parties with an economic interest in the charged asset(s) (e.g. second ranking charge-holders / guarantors).	(a) <u>Information Sharing</u> : WR should be provided with no more information about the charged asset(s) than any other bidders. However, subject to the Bank's need to know policy, and any confidentiality obligations applicable to the information, it is possible to flag (i) the level of provisioning; (ii) background to the customer's debt and security package; and (iii) defects or downsides affecting the charged asset(s), to WR even if these are not being disclosed to other bidders. (b) <u>Marketing Process</u> : a full marketing process will be required.
There are clearly no third parties with an economic interest in the charged asset(s).	(a) <u>Information Sharing</u> : Subject to the need to know policy, and any confidentiality obligations applicable to the information, a more pragmatic line can be taken and GRG may share information about the charged asset(s) (e.g. schedules of occupation, officeholders' report, valuation reports) with WR, even if that might not be shared with third party bidders. (b) <u>Marketing Process</u> : a full marketing process is not required but, as a minimum, up to date professional valuations must be obtained. ¹

Once a sale to WR has completed, any information about the purchased asset(s) may be shared with WR subject only to the need to know policy and any confidentiality obligations applicable to the information. In any situation in which the customer is, or any securities issued by the customer are, listed (and so any information may be "inside information") GRG Legal and GRG Compliance must be consulted at the earliest possible opportunity and before any information is shared between GRG and WR.

A bid integrity guidance note is included in Appendix Section 21.7.

5.2. Bid submission prerequisites

A formal bid can only be made on a property once the APP has been approved. The bid letter can only be signed in accordance with the Authorised Signatories in Section 40. It should be noted that APS approval is not required to submit the bid since the bid letter is non-contractual and explicitly states that our offer is subject to internal approval.

5.3. Appropriate West Register entity

There are currently four general-purpose WR vehicles actively used by West Register Property:

- West Register (Realisations) Ltd
- West Register (Property Investments) Ltd
 - West Register (Hotels Number 1) Ltd
 - West Register (Hotels Number 3) Ltd

5.3.1 West Register (Realisations) Ltd ("WRR")

Generally, WRR should only be used when we expect to sell the property within twelve months of acquisition, i.e. it is being held for sale. This is a vehicle with a broad mandate to purchase property, with a view to trading/reselling the assets in the market. A caveat should be made that due to uncertain market factors (both Property & Macro Economic) it may not always be viable to resell the asset in the short term due to a lack of interest from prospective purchasers.

5.3.2 West Register (Property Investments) Ltd ("WRPI")

Generally, where we do not intend to sell the asset within twelve months, WRPI should be used as the acquiring vehicle in bid submission. This vehicle differs from Realisations in that it seeks to purchase property with a view to hold in the medium term future as an investment, therefore generating a return on the asset.

¹ Of course, whether an officeholder will require anything more than a professional valuation may vary from case to case.

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5.3.3 West Register (Hotels Numbers 1 & 3) Ltd

These are subsidiary companies of WRPI and each have a distinct use detailed below.

Vehicle	Asset Type
Hotels Number 1	Town centre hotels which are business or boutique oriented
Hotels Number 3	Country House and Coaching Inn style hotels and guest houses

5.3.4 Additional Entities

Where it is deemed that a further holding entity is required for a transaction, further SPVs can be set up. It should be noted that the additional time and effort incurred by the GRG Finance Team required when setting up and maintaining these SPVs should be weighed against the potential cost savings. The procedures for setting up a new entity are governed by RBS Group Policy with the involvement of the GRG Finance Team. Refer to Section 9 for details on the appointment of directors and Joint Venture considerations. A full diagram of the current SPV structure can be found in the appendix, including the legacy assets transferred from the Property Ventures portfolio.

5.4. Management Information Requirements

The following information is required to be filled in to REMIT by the DETM during the bid process:

Field	Allowed Information
Deal Status	Status C should be used once the APP has been approved but the bid has not yet been accepted by the agent. Status D should be used once the bid has been approved.
Case Tracking – Date Bid Accepted	Inputted by the DETM on the date the bid was accepted by the agent / IP.
Case Tracking – Documents Received Date	Inputted by the DETM on the date that documents were received by the DETM from the receiver's lawyers (e.g. Report on Title (RoT)). Since there is usually some delay by the agent in providing a RoT, this date is normally used when assessing the time to complete a case.

6. Asset Acquisition Process

Once all the necessary approvals have been gained for the acquisition of an asset, the case is handed over to the WR Deal Execution Team to appoint and liaise with external lawyers to progress the transaction.

6.1. General Protocol for Acquisition of Asset

The list below outlines the general procedures that need to be completed when acquiring an asset. During this process, a number of documents need to be acquired and maintained. These are listed in following sections.

Filing of the Signed APP	On receiving the signed APP, the DETM should set up a hard copy acquisition file containing a copy of the signed APP and any other relevant information in relation to the property. The hard copy files are kept in the filing cabinets provided. In addition, the signed APP should be emailed to the GRG Finance Team to request that they open the relevant account and if possible some indication should be provided on timings. A pdf copy of the signed APP should also be inserted into the relevant computer folder within Pipeline – Deal in Docs. In relation to a Hotel Purchase, a copy of the APP should also be sent through to Group Secretariat (namely Rachel Fletcher).
New deal checklist	A new deal checklist is to be started for new asset acquisitions. The form is found in the templates folder. This is self explanatory – and is an aide memoire to ensure that we follow the procedures set

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	out in this manual and wider RBSG policies
Instruction of Solicitors	<p>A quote should be obtained from the relevant solicitors, and this should be checked against the amounts provided for in the APP. The Head of Deal Execution (or in his absence, the Head of West Register) will approve the law firm to be instructed, which should be on the Transactional Group Legal panel.</p> <p>Since the law firms that are appointed are on the approved panel, RBS benefits from preferential rates and therefore only one quote is sufficient for approval. This expedites the process of appointment and enables the most suitable firm to be used for each specific case. Once the quote is approved by the Head of Deal Execution, an engagement letter will need to be sent to the relevant law firm for counter signature and return. This will need to be signed by two Authorised Signatories. The engagement letter can be found in the templates folder but may require tailoring for the particular transaction (for instance on portfolio purchases). Any material amendments to the engagement letter should be sanctioned by the Head of Deal Execution (under advice from Group Legal).</p> <p>Once instructed, the DETM should ensure that contact details are provided to the administrator's solicitors and the DETM should chase to ensure that the title pack is issued as soon as possible so that the due diligence process can commence.</p> <p>The DETM should chase of the signed acknowledgement of the instruction letter which should then be put in the hard copy folder.</p>
Due Diligence Reporting	The Deal Execution Team aims to achieve completion within 28 working days. During the acquisition process, the DETM is responsible for reviewing the Due Diligence report, contract, transfer and other acquisition documents and distilling the information back to the PCM.
Title Insurance	Where defective title insurance is needed the solicitors should be instructed to obtain two quotes, one of which should be from First Title. They should be asked for a quote on our standard agreed terms, which includes a flat rate discount of 15%.
VAT	VAT analysis and advice will be provided internally by Group Tax based in Edinburgh. VAT issues will be dealt with predominantly by Janice Murdoch. A copy of the contract should be provided to Janice to comment on and information regarding proposed strategy post completion and VAT elections should also be provided. Janice will arrange for VAT elections to be made (pre or post completion depending on whether the transaction is a Transfer of Going Concern).
Capital Allowances	<p>Capital Allowances should be considered, especially on the larger commercial properties. Ewan Reid will provide advice in relation to any allowances or elections which may need to be entered into as part of the transaction. The GRG Finance Team should also be notified in relation to capital allowances claims.</p> <p>Group tax will generally not advise in relation to Stamp Duty Land Tax (SDLT) and SDLT forms will need to be reviewed by DET and then signed off by Authorised Signatories.</p>

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6.2. Pre-Completion Documentation Required

The following checklist provides a guide as to the necessary information required to be held and maintained during the Asset Acquisition Process and before completion.

Item	Notes
Due Diligence Issues List	<p>A Due Diligence Issues List should be prepared during the Asset Acquisition Process. This covers (in general):</p> <ul style="list-style-type: none">• Title issues• Rights which benefit or affect the property• Relevant findings from search results• VAT and capital allowances analysis• Whether security arrangements are needed• A separate list of any indemnities provided in the underlying contract / documentation• Insurance• Arrears info, and• How the issues are to be dealt with and flag any liabilities which WR will be subject to post completion. <p>Issues identified should be discussed with the PCM (for instance where there are service charge void costs it should be checked with the PCM that the APP contains sufficient provision, equally if there are items which require capital expenditure, it should be checked that these are within the APP approved Capex limits).</p>
Pre-Completion Checklist	<p>Once the due diligence has been finalised and contracts are being readied for signature the DETM must produce and review the Pre-Completion Checklist with the Head of Deal Execution (HoDE). This acts as a final check that the terms are as per the approved APP and all due diligence matters are satisfactorily resolved to enable completion (for instance, if security is required that this has been put in place for completion). Once this has been signed and dated by the HoDE, it is possible to complete the transaction. If the HoDE is unavailable, the Head of WR, any WR Company Director, Joss Brushfield or Barbara Turnbull can sign the Checklist.</p>
Asset Management Handover Checklist	<p>This document only applies to residential properties and contains some further information regarding planning permissions, ground rents etc.</p>
Completion Statement	<p>The completion statement should be obtained and provided to the GRG Finance Team in advance of completion (ideally giving the accounts team at least 2 days notice of completion). This should include details of WR's solicitor's bank account details to which the monies should be sent.</p>
Summary of Rental Income	<p>If we have a property that is let & income producing, we should send a summary of the rental terms (amounts/dates) to GRG Finance and the relevant property manager, with an instruction to elect the property into the property management contract and for GRG Finance to diarise.</p>

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6.3. Documentation Required Upon Completion

Upon completion, these additional records should be kept for audit purposes.

Item	Notes
APP Sanction Period	The DETM should ensure that the completion date is within six months of the APP approval date. Should this period have expired, an APP resubmission should be prepared in line with Asset Acquisition Approval Process.
Signature of Documents	Certain of the above documents will require a signature upon completion. The DETM should be aware that the signing authority is more onerous than the standard Companies Act requirements and two Authorised Signatories are required for all documents. The documents should be signed in accordance with the Authorised Signatories in Section 21.2. If in doubt, the DETM should discuss with the Head of Deal Execution in advance of signature.
'Victory' Email	Upon completion, it is customary to send an email to the Primary Case Manager and cc the "GRG West Register" mailbox and GRG Finance Team. The email should contain: <ul style="list-style-type: none">• A concise list of the key issues to be resolved• Due Diligence Issues List attachment• Handover Checklist attachment• Details of the VAT treatment of the purchase
Insurance	WR's properties are insured through a global RBS block policy. Provided that the asset has a reinstatement value of less than £5m there is no need to notify Group Insurance. The property simply needs to be added to the Insurance Schedule (contained within the Insurance folder within the Legal Team folder in the shared WR computer drive). The DETM should obtain reinstatement and contents values from the PCM to insert into the schedule if possible. If this information is not available, the schedule is updated by the PCM in any event with these figures on a quarterly basis. This process is overseen by the WR Business Manager. It may also be appropriate to insert comments into the schedule (for instance if buildings insurance is not required as it has already been put in place by a management company). For properties which have a reinstatement value of more than £5m, RBS Group Insurance (Stewart Hill) needs to be notified in advance of completion with details of the property and the various insurance values. Certain cases will not be insured by the RBS block policy (e.g. legacy JVs). It is important therefore to ensure that cover is in place before completion.

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Deal Ex Traffic Light	This should be changed to reflect the complexity of the case. For example: Red - numerous significant issues were encountered during the asset acquisition process Amber – default position – some material issues were encountered Green – few material issues were encountered. This is then reported in the monthly Management Information Reporting Process.
Deal Status Commentary	This should be used to summarise the transaction and detail any of the significant issues encountered. This then serves as a permanent record of the transaction.

7. Asset Management Processes

It is the responsibility of each PCM to ensure their cases are being managed with a view to maximise the recovery for the bank. This responsibility covers all areas of the activity surrounding the asset including, inter alia:

- Insurance (refer to Section 6.3).
- Security (refer to Section 18.3)
- Appointment of Managing Agents (refer to Section 7.4)
- Keeping within agreed limits (refer to Section 12)
- Keeping planning current / enhancing planning
- Exploring alternative uses
- Keeping REMIT updated
- Adherence to all approvals
- Following the agreed Asset Management Objective

There are several procedures that need to be followed when managing an asset. These are listed below.

7.1. The SCR Process (replaces Asset Reviews)

A rolling programme of Strategic Credit Reviews (SCRs) is overseen by GRG Central Operations. The Committee presiding over the reviews follows the GRG SCR process as defined in the SCR guidelines. Refer to <https://cbfmnet.fm.rbsgrp.net/S814/P4> for further guidance. The SCRs are held separately from traditional SCR meetings due to the property-specific nature of the cases. Minutes of the meeting will then be produced by GRG Central Operations and saved in the Assets Under Management Minutes folder for future reference.

All reviews are conducted using the West Register specific SCR Template (located in the template folder) which should be updated with the latest case information and financials from the management accounts. If there is a material or urgent issue that needs discussing, the weekly APP Sighting Forum should be used to discuss the issue.

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7.1.1 SCR frequency

This differs according to the complexity of a case. This is determined by the Asset Management Traffic Light that the Primary Asset Manager must determine at acquisition.

Traffic Light	Review Process	Definition
3 – Red	Quarterly reviews	Cases that are: <ul style="list-style-type: none">• Over budget (both over physical bank limits and sanctioned Opex/Capex limits)• Active development sites• Receiving media attention• > £25m book value
2 – Amber	Bi-annual reviews	Cases that do not meet Red criteria but where the underlying assets are still the subject of considerable scrutiny (e.g. pending legal issues).
1 – Green	Annual reviews	Cases that do not meet Red criteria where the underlying assets are stabilised (e.g. generating income, secured vacant site).

The Asset Management Traffic Light is reviewed at the SCR meeting for appropriateness. Any changes are subsequently made by the GRG Central Operations team and the review dates amended accordingly. The Chairman of the SCR has the authority to override the SCR frequency detailed above, with the ability to defer or bring forward a review to a different date. The traffic light may also be set to Red during the Management Accounts Review Process should it become apparent that further funds or sanctioned limits have been exceeded.

7.2. APS Approval Process

You can find out whether a case is covered by the APS by checking the 'Financial Information' tab in REMIT. APS approval is required for:

- Any expense incurred outside of the sanctioned costs in the original APP;
- Any material deviations from the sanctioned business case; and
- Sale of assets covered by the APS below the price set out in the sanctioned business plan. Refer to Section 19.4 for further information.

In the case of expenses in excess of the sanctioned business plan or for material deviations to the business plan (i.e. these usually affect the costs in relation to a case), the Facility Amendment Process will need to be followed.

Where the PCM is seeking approval to sell assets at a price materially below the sanctioned business plan, the Asset Disposals Process needs to be followed.

For legacy assets which are covered by the APS in old-form APP format, the APS Central Compliance Team confirmed that all costs sanctioned in the signed APP are sanctioned provided that there has been no material deviation from the sanctioned business plan. This is also conditional on the spend on those assets being within sanctioned limits. Again, the Facility Amendment Process should be followed where it is apparent that there is a deviation from the sanctioned costs and business plan.

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7.3. Asset management checklist

When managing an asset, the following should be a relatively exhaustive list of things that need to be done from an administrative perspective.

Item	Notes
Case Folder	Ensure the case folder is saved in the 'Assets Under Management' folder and in the appropriate WR Company. Make sure the folder is named the same as the case name in REMIT.
Email correspondence	All relevant email correspondence relating to a case should be saved in the shared case folder within the West Register mailbox.
Cost Tracker Template	The Cost Tracker Template can be found in the template folder. Make a copy and save this in the Case Folder Ensure all invoices received for a case are logged in here – including acquisition fees. This will help determine which invoices are yet to be paid and ascertain remaining costs.
Signed APP	Have you got a scanned pdf copy of the original signed APP in the Case Folder?
Signed Facility Amendment Request	If you have one, ensure a pdf copy of the signed Facility Amendment Request is in the Case Folder.
SCR Template	This is constantly updated with the latest financial information and is used in the monthly SCR process.
REMIT Information	Have you updated REMIT with the latest information? Things to consider: Recent lettings Updates to ERV and values Changes in strategy Whether WR are on site or not Change in Traffic Light
Sanctioned Cost Report	This report is sent out fortnightly/monthly and gives the latest bank balance position and sanctioned costs. When approving spend and invoices, ensure you have clearance in both the bank account and sanctioned costs before you approve the cost. This should be used in conjunction with the other available financial information to account for costs incurred since the last report was produced.

NB For certain legacy cases (e.g. Property Ventures cases transferred into West Register), some of these documents will not be applicable.

7.4. Insurance Review

On a quarterly basis, an insurance schedule must be returned to RBS Group Insurance to ensure that the most up-to-date information is held for their records. This process is led by the Head of Deal Execution, and requires all PCMs to ensure the insurance information on the 'H&S and Insurance' tab of REMIT is accurate. A quarterly download of the insurance information (including Buildings, Contents and Loss of Rent values) is maintained by the Deal Execution team. The download is then reviewed and sent to Stewart Hill at RBS Group Insurance.

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7.5. Management Information Requirements

It is the responsibility of the PCM to maintain accurate information pertaining to their cases in REMIT. The following acts as a guide to the information needed:

Field	Allowed Information
Advisors Tab	Please list all parties who are used for a particular case. You do not need to fill in info regarding fees and when it was last updated. This helps with secondary RMs managing a case.
Property Tab	Please update all fields as and when they are updated – e.g. Income, Estimated Rental Value, Occupancy, Construction and Strategy. Ensure the strategy is relevant to the current build and occupancy status. Agent Ref - If a property is being managed by ARIM or LSH, please include the external agent's reference here. This is used to automatically update occupancy information etc.
Asset Management Tab	For cases where West Register are managing the build process, tick the 'Currently on Site' box.
Health & Safety and Insurance Tab	The PCM must ensure all properties have sufficient insurable values allocated.

8. External Suppliers

8.1. Supplier Approval Process

The Supplier Approval Process covers the approvals required to appoint a Supplier where we have no existing relationship with that Supplier. This covers all appointments of Suppliers **and** Contractors as defined in Section 8.3. Where we are looking to appoint a lawyer, the provisions set out in the Asset Acquisition Process should be followed. There is also a separate requirement for the appointment of Joint Venture partners in Section 9.

Whenever it is necessary to appoint a new external supplier, a PCM should first check existing relationships held with WR assets. For example, where two similar assets are geographically close, it would make financial and operational sense to use the same supplier, rather than appoint a new supplier. Similarly, WR uses suppliers that specialise by asset class regardless of geography for example, residential lettings agents.

A Supplier Details Request Form must be submitted to the supplier by the PCM. This must then be filled out by the supplier with the relevant account information and returned to the PCM who then confirm the relevant details and pass on for signature by two Asset Class Heads as defined in the Team Structure Chart in Section 2.3.

8.2. Supplier Appointment Process

Where a Supplier is to operate under a build contract, the Contractor Appointment Process should be followed in Section 8.3. WR intends to minimise the amount of external suppliers used for managing cases, mindful of the fact that the best asset manager needs to be appointed for larger cases and for specialist cases. A Supplier Appointment Memo should be filled out with the relevant information and approved as follows:

Estimated annual fees (excluding VAT)	Minimum alternative estimates required	Approval process
Up to £10,000	0	PCM approval only
£10,000 - £50,000	0	PCM and Asset Class Head (ACH)
£50,000 - £250,000	1	ACH and Head of WR
£250,000 - £500,000	2	Head of WR and Global Head of WR
Over £500,000	2	WR Executive A Committee

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The Supplier Appointment Memo template can be found in the templates folder. Additionally, a Group Sourcing and Vendor Management approved contract must be used. Refer to http://grmweb.fm.rbsgrp.net/grouprisk/policy/dealing_with_external_suppliers/standards/dealing_with_external_suppliers.asp#c4 for further information.

The APA has also confirmed that for new Supplier appointments, no mention of these specific Suppliers need to have been made in the sanctioned APP. Additionally, their appointment does not require a webform submission.

8.3. Contractor Appointment Process

This process should be followed for all appointments requiring the supplier to operate under a build contract with WR. For the avoidance of confusion, these suppliers are referred to as Contractors. For new appointments (where we have no existing relationship with the Contractor), a Supplier Details Request Form must be submitted to the Contractor by the Build Team Member. This must then be filled out by the Contractor with the relevant account information and returned to the Build Team Member who then confirm the relevant details and pass on for signature by two Asset Class Heads as defined in the Team Structure Chart in Section 2.3.

In certain cases, the cost estimate is not the overriding factor in appointing specific Contractors. For example, the incumbent Contractor in place on purchased development may be best placed to continue the works given their knowledge of the site. For all new contracts, a memorandum should be prepared by the Build Team Member assigned to a case and approved as follows:

Estimated total remaining fees under contract (excluding VAT)	Minimum alternative estimates required	Memorandum approved by
Up to £10,000	0	Build Team Member approval only
£10,000 - £50,000	0	Build Team Member and Head of Build Team
£50,000 - £100,000	1	ACH and Head of Build Team
£100,000 - £1,000,000	1	Head of WR and Head of Build Team
£1,000,000 - £2,500,000	2	Head of WR, Head of Build Team and Global Head of West Register
Over £2,500,000	2	WR Executive A Committee

In documenting the agreed contract, a standard JCT or similar contract is to be used. In the case of more complex works, an amended version from the MacFarlane's approved suite of contracts can be used. The Build Team Member assigned to the case should use and prepare the appropriate build contract in conjunction with our appointed advisors. These are located in the templates folder. Any material amendments to these contracts must be signed off by the Head of Build Team and the Head of Deal Execution Team.

Prior to appointing the Contractor, the PCM and Build Team Member agree which Contractor is appropriate based on costs provided by the Contractor, ensuring that the costs are within the sanctioned capex limits. After appointment, the Contractor must then provide regular updates to the relevant Build Team Member or Contract Administrator with regards to progress on site and performance versus budget.

8.4. Contractor Review Process

A Build Cost Budget is maintained by the Head of Build Team and a record of updates must be maintained on a monthly basis by the Build Team Member. This is then reviewed on a two-month cycle by the Build Team Members, Head of Build Team, the Head of WR and Ben Deacon. The following process should be followed where the current or projected results are outside budget:

- Where the spend is within APP sanctioned costs but is projected to exceed Budget, approval for those costs should be gained from the relevant Asset Class Head and the Head of WR;
- Where the spend is outside APP sanctioned costs and also exceeds the Budget, approval should first be sought from the relevant Asset Class Head and the Head of WR. Additionally, the Facility Amendment Process should be followed once approval is gained.

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Where the Build Team Member is aware of an actual or projected deviation from budget, the Build Team Member must notify the PCM and Head of Build Team in a timely manner.

It should be noted that the appointment of Contractors on WR Cases is not always within the control of the PCM (e.g. Joint Ventures with a minority shareholding). In these cases, the Build Team should be consulted prior to that appointment and appropriate representations made.

9. Joint Venture and Subsidiary Creation Process

It is sometimes necessary to create joint venture entities and create additional WR subsidiaries. Any such additional legal entities, whether wholly-owned by RBS Group or otherwise, will be incorporated in accordance with the RBS Group Policy Standard for Legal Entities Incorporation/Dissolution and the Special Purpose Vehicles policy standard. In accordance with this standard, the application form for approval of creation of such entities will be signed by the Head of GRG in his capacity of Divisional Chief Executive.

10. West Register Finance

This section covers all processes that have interactions with the GRG Finance Team. It should be noted that the processes are owned by GRG Finance and that WR staff should operate within the stipulated procedures. The following acts as a guide as to how WR staff should interact with GRG Finance.

10.1. Invoice Approval & Review Process

This process is administered by the GRG Finance team, with initial sanctions being gained via the Asset Acquisition Approval Process.

10.1.1 Invoice Approvals Process

When an invoice is received in relation to a case, the following needs to be included:

Stamp the Invoice	Several stamps have been provided for use around the WR offices. These give a template that needs to be filled out when approving an invoice.
Identify the Case	The case name as it appears on REMIT should be written clearly on the invoice. The Sun Account code must also be included when approving the invoice. This can be found on the financials tab in REMIT for the case.
Classify the Spend	The PCM should decide whether the expense is Capex, Opex, Acquisition Costs or Disposal Fees. A simple guide is included in this document – refer below for further information.
Check within Limits	This is a self-policing declaration where a PCM must check that the spend is within sanctioned limits (be it Opex or Capex). The Cost Tracker Template should be used in conjunction with the latest Sanctioned Cost Report to check whether the case is within sanctioned limits.
PCM Declaration	The PCM then signs and declares on the front cover that they confirm that the spend will not exceed sanctioned limits.
Invoice Submission	The signed invoice should then be given to the GRG Finance Team for processing.
Invoice Approval	The GRG Finance Team will scan the invoice and enter the invoice into IPOS, which will then check the invoice against the sanctioned operating or capital expenditure and email a request for approval to an authoriser within defined parameters. Refer to Section 21.3 for the list of Invoice Signatories.

Once approved, the invoice is paid and the review of costs is picked up in the Management Accounts Review Process.

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10.1.2 Classification of Costs

Capex

Capitalised costs are those costs deemed to increase the value of an asset. These are therefore added to the balance sheet rather than being expensed through the profit and loss statement and contribute towards the book value.

In the course of a development, the associated costs including professional fees need to be capitalised. There is often confusion around repairs and maintenance. If costs are incurred to restore the asset to its original condition, i.e. resurfacing a driveway or painting, then this is a repair (Opex) and not Capex. Where we enhance the value of the property, i.e. build a patio or put up gates and electric fencing then this would be Capex. Where you are unsure, the GRG Finance Team should be consulted.

Opex

All other expenditure is basically an operating expense and is recognised in the profit and loss statement. There is often confusion over professional fees. Where we are seeking planning advice and the value of property will increase as a result of the approved planning then this can be capitalised. If planning consent is not given then this would be Opex.

Architect fees follows the same principle, if we do build we capitalise otherwise we would expense.

Acquisition Costs

When we purchase a property, the related purchase costs need to be capitalised. Costs include, but are not limited to:

- Legal Fees
- Any Registration fees
- Agent fees (if applicable)
- Environment survey fees
- Any other survey fees relating to the purchase

Disposal Fees

Invoices relating to the sale of a property need to be correctly allocated to the cost of disposal so that we can calculate the profit or loss on a sale.

Fees generally included are:

- Legal Fees
- Valuation Fees
- Agent Fees
- Any other related disposal cost

Where there is unclear that an expense should be capitalised or expensed, it is prudent to expense the item. Any valuation uplifts should then be picked up in the Fair Value Process.

11. Management Accounts Review Process

The management accounts are prepared by the GRG Finance Team on a monthly basis with a deadline for completion on working day ten of the month. The report covers the financial results for each case on the following bases:

- Inception to date results
- Year to date results
- Month result
- Cash recovered

The process of producing the reports is overseen by the Head of GRG Finance. The review has many purposes:

- To ensure that all PCMs are comfortable with the financial results of their cases and to identify any anomalies in the accounts;
- To identify missing payments that should have been received into the bank accounts;
- To identify those facilities where the acquisition VAT element needs to be removed to reduce the artificial headroom created upon acquisition of VAT-opted properties;

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- To identify cases where the facility has exceeded the expiry date as defined in the sanctioned APP;
- To identify cases where the physical bank account limits have breached; and
- To identify any spend that exceeds the sanctioned limits within the facility e.g. Capex and Opex.

The management accounts are circulated to the team as soon as the final draft is ready. The PCMs then review the results and report any discrepancies to the Asset Class Head. A series of meetings is held by Ben Deacon and [REDACTED] with each Asset Class Head in turn and the accounts reviewed.

If the bank account limit or sanctioned Capex or Opex limits are exceeded, the Asset Management Traffic Light is changed to Red within REMIT and the case is picked up in the Facility Amendment Process.

The meeting is currently held on the third Thursday of the month with a subsequent review by the Head of WR and Head of Recoveries.

Should a sanctioned facility exceed the expiry date as specified in the APP, a revised APP should be submitted in line with the Asset Acquisition Approval Process. The expiry date is defined as being the final completion date of the assets within an APP plus the sanctioned time period within that APP. This covers cases where there are significant delays between APP approval and completion and subsequent account opening.

It should be noted that this review process is a backwards looking test for ascertaining the financial performance of a case. It is the responsibility of the PCM to take ownership of the financials of their cases and identify any likely breaches in sanction before they occur. The PCM is given the following tools to assist their analysis of their cases:

- Regular provision of monthly management accounts;
- Regular provision of bank account spend versus limits;
- Cost Tracker Template, located in the templates folder. This can be used to budget for costs where invoices have not yet been received; and
- Invoice Log, this is produced by GRG Central Operations (middle office) and is integrated with REMIT. This can be used to accrue for costs for which invoices have been received but have not yet been reflected in the management accounts.

If the PCM identifies any likely breaches before they occur, they should follow the Facility Amendment Process.

12. Facility Amendment Process

As discussed earlier in this document, when a facility is sanctioned, the bid price, Capex, Opex, and acquisition fees are sanctioned on a gross basis with any other cashflows (such as VAT and income) forming the headroom allocated to that account. This process is followed when it becomes evident a facility has breached either the physical bank account limit or the sanctioned costs within the sanctioned business plan. The Management Accounts Review Process picks this up as a backwards looking test and it is the PCM's responsibility to review their financials to look forward, identify and rectify possible future breaches in a timely manner. This process should be followed where there is a material deviation from the sanctioned business plan.

12.1. How do I amend the sanctioned Capex or Opex for a case?

When a cost has exceeded the limit as defined in the sanctioned business plan, the Asset Management Traffic Light is set to Red as defined in the Management Accounts Review Process in Section 11. This does not cover cases where the physical bank account limit has been exceeded. This automatically brings forward the due date for the next SCR as overseen by GRG Central Operations. The SCR Template includes a section needed to amend these sanctioned limits (provided no new cash limits are required). The Chairman of the SCR signs off the requested amendment on the SCR Paper which is then passed back to GRG Central Operations. The scanned SCR Paper is then attached to a webform and sent to the APS for subsequent approval (if the asset is covered by the APS). Once APS approval is gained, the PCM should update REMIT and inform GRG Finance.

12.2. How do I request further funds for a case?

Where it is evident from the Management Accounts Review Process, or from the knowledge of the PCM on a forward-looking basis, that further cash is required (and a larger facility) a Facility Amendment Request (FAR) must be resubmitted incorporating the previously sanctioned costs as well as current spend and projected financial requirements. The FAR template is located in the Templates folder and is based on the SCR template.

The FAR is then submitted in line with the Asset Acquisition Approval Process. The FAR should summarise how the overspend occurred, the current financial position and future costs required to complete the case. It should be noted that the same WR Executive "A" and "B" Committee authority levels apply, however this is based on the consolidated Book Value of the assets under scrutiny.

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13. Value Capture

Value added must be captured at all points in the Case Lifecycle. For cases where we do not complete, but it is evident that WR has added value through the bid process, the Pipeline Cases Process should be followed. Additional value is measured relative to the best external bid received at acquisition by WR -(the 'Price to Beat').

13.1. How is 'additional value' determined?

'Value Added' as mentioned in the mission statement is defined as the difference between the total recovery made by West Register (i.e. all cash recovered by WR post-acquisition through operating the assets and subsequent sale) and what could be achieved by external sale at acquisition.

The obvious downside to this is that for the majority of assets, this 'Price to Beat' will be subject to much interpretation, given that there are usually very few serious bids made for our assets.

It will therefore be down to the discretion of the APP Committee (and via some negotiation with the West Register team) at what level this price should be set.

Example Case

A - Original Debt	£100m
B - Best External Offer at WR Acquisition	£30m
C - WR Purchase Price	£50m
D - Subsequent WR Costs	£20m
E - Subsequent WR Sale Price	£60m
Notional Profit (E – D –C)	£10m loss
Cash Recovery (i.e. cash realised) (E – D)	£40m
Value Added by WR (E – D – B)	£10m profit

As can be seen in the example above, WR have made a £10m loss on paper. However, the actual recovery by WR was £10m in excess of an external sale at acquisition. It is important that this Price to Beat is set at the outset so we can judge performance effectively.

The 'Price to Beat' is recorded in REMIT at a property level so that when each property is sold, we can determine the value added through sale.

13.2. How is 'Price to Beat' determined?

The Price to Beat is captured by the PCM upon deal completion by reference to the relevant GRG RM. This is then entered into REMIT and a quarterly download is taken and sent to the Head of WR and Head of GRG Finance for review and approval. A 10% reduction is taken to the Price to Beat to reflect:

- The costs that would have been incurred upon external sale via insolvency fees and agents' fees; and
- The haircut also reflects the fact that any external offer is almost always subject to downwards correction (or 'chipping') to reflect findings from their due diligence process.

13.3. How is Value Added reported?

A download from REMIT is taken on a fortnightly basis and any value added is discussed at the team meeting. These results are then fed into the Monthly Management Information Pack and reported to the APP Committee.

13.4. Management Information Requirements

Refer to Section 3.2 for REMIT information required when capturing value-added in a lapsed case. All necessary information for capturing value-added through sale will be captured by the PCM during the normal asset management processes. Refer to Sections 0 and 19.6 for further details.

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14. Fair Value Process

The fair value process is owned primarily by the GRG Finance Team. It is used to ensure that the assets are stated at a true and fair value in the balance sheet and is conducted annually in coordination with all team members and subsequent sign-off by external auditors.

All PCMs should be aware that they will be asked to justify the value of their assets at year-end, but with interim reviews during the SCR Process. Any material movements in value (whether they be upward or downward) should be flagged first to Ben Deacon who will then liaise with the GRG Finance Team. Materiality for the purposes of this process is determined by the external auditors and is based on a case, not property, level. i.e. the PCM must justify the value of that case regardless of the number of properties contained. It should be noted, however, that certain cases will require property level analysis, for example where certain properties within a portfolio are being marketed for sale.

15. Data Stewardship and Security

It is the responsibility of the PCM to maintain up-to-date records of their cases. There is no preference as to whether a paper-based or electronic system is used, so long as it complies with the relevant data security protocol. This is overseen by GRG Central Operations and all WR staff should read the GRG Procedure Manual to ensure they are familiar with their obligations.

All WR team members have write access to all information in REMIT, which in turn brings a responsibility to ensure their data is maintained and key information not changed without due cause.

Regular backups of REMIT are taken in line with the RBS data backup protocol.

16. Dealing with the Media

It is the general policy of West Register not to comment to the press. Any approaches by the press should be forwarded to the attention of the RBS UK Media Centre where either David Gaffney or Nigel Owen will prepare the relevant response. Should a WR team member be approached in person by the press, they should ascertain the publication they represent and forward their queries to the RBS UK Media Centre.

17. Complaint Handling

When dealing with all WR customers, the PCM needs to ensure they treat them in a fair and sensitive manner. This is core to the "Treating Customers Fairly" (TCF) requirements which form part of the Financial Services Authority's (FSA) "Principles of Business". Should the PCM receive a complaint, the following process should be followed:

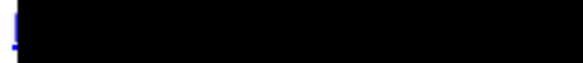
- Notify their Asset Class Head;
- Notify the Head of West Register
- Follow the GRG Complaint Handling procedure to log and resolve the complaint (<https://cbfmnet.fm.rbsgrp.net/S814/P54>)

For further resources, please refer to the following information:

Learning and Development for Complaint Handlers

http://www.group.rbsgrp.net/GCRC1/Learning_and_Development/Concerns_and_Queries/default.asp

To log onto Concerns & Queries System (C&Q)



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18. Health & Safety Compliance

All employees must adhere to the West Register specific Health & Safety (H&S) Procedures as well as the Group H&S Policies which can be found on the Group Insite page:

http://www.group.rbsgrp.net/hr/Health_Safety/Default.asp.

WR is a unique service line within the Group and some activities encountered during the normal course of business may not be covered by Group H&S Policies. Where Group Policies are silent, or an overlap occurs, the WR protocol is to be followed in the first instance. Should employees be unsure of their commitments under the H&S Policy, the WR Health & Safety Officer (WR HSO) should be contacted immediately for guidance. As of November 2010, Paul Round (Head of Build Team) was nominated as WR HSO.

Health and Safety requirements fall into two main categories: Personal H&S Requirements (i.e. measures required when conducting site visits) and Site-Specific H&S Requirements (i.e. site security).

18.1. Personal Health & Safety Requirements

The following table acts as a summary of the Health & Safety Protocol required to be followed by WR staff when carrying out any WR related activities. The full protocol can be found in the Security folder in the WR drives. If you have difficulties locating or interpreting this document, please refer to the WR HSO.

Prior to any site visit, a risk assessment should be conducted. For further information and guidance with regards to site-specific risks and measures to mitigate them, refer to Section 21.7.

Any site visits where the work activities fall outside the scope of the West Register Specific Risk Assessment in Section 21.7 should be brought to the attention of the WR HSO.

H&S Requirement	Summary of Employee Obligations
General requirements	Familiarise yourself with Group H&S requirements.
Personal Protective Equipment (PPE)	When visiting a site, Personal Protection Equipment (PPE) must be taken and used as defined in the Risk Assessment. PPE should be checked for any defects. Training should be requested in case of difficulty using the PPE.
Lone Working	Group Policy that employees generally should not work alone and the relevant Group Policy should be adhered to. Special care needs to be taken by female / less experienced employees, especially when after dark or outside normal working hours. Details of the place being visited must be left with the departmental secretary or line manager when working alone, plus any changes communicated as required. If you feel under threat of imminent violence, then activate the Personal Attack Alarm and [REDACTED] (from outside the UK).
Visits to Construction and Demolition Sites	Employees must use correctly sized PPE. Do not enter any excavation that is not shuttered and barred. Only use scaffolding or access equipment if the Principal Contractor has consented to its use. Report all accidents and near misses to the Principal Contractor, your line manager and the WR HSO.
Visits to Empty/Part Complete Buildings	Avoid use of lifts / elevators. Carry a torch and spare batteries. Be aware of trespassers – make as much noise as you can. Under no circumstances should employees inspect parts of the building which are considered 'at height' and where there is a risk of falling. Visits to derelict or otherwise unsafe buildings should not be undertaken alone.
Visits to Occupied Buildings	Report to reception on arrival and departure. Ask for specific site rules and procedures including the risk assessment for the

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	<p>building. Only access roof areas if accompanied by a responsible person who has detailed knowledge of the property. Use of ladders is only permitted when accompanied by a responsible person.</p>
Hazardous Substances	<p>Should anyone disturb or come into contact with any hazardous substance, they should stop work, inform Reportline and contact their line manager and/or WR HSO immediately for further advice.</p>
Accident Reporting / H&S Reporting	<p>You must report all accidents and near miss incidents, which occur during or as a result of work activity, to your line manager and the WR HSO as well as to Reportline which operates between 8am-6pm Monday to Friday, tel: [REDACTED]</p> <p>If on a site controlled by a principal contractor or owner/occupier the employee should ensure that the accident book is completed and this information is forwarded to the WR HSO / RBS Group H&S for investigation.</p>
Construction (Design & Management Regulations) 2007 - CDM Regulations	<p>Where a case is, or will be, subject to any form of design or construction works, a Build Team member is to oversee the appointment of designers and CDM Coordinators ensuring that competent, suitably qualified personnel for the project are employed.</p>
H&S Training	<p>Regular H&S training is to be provided to meet the needs of WR.</p>
Protecting the Public	<p>Site enclosure measures and warning signage to protect public is to be installed at all WR sites where there is such a requirement.</p>
Reduction of WR Liability	<p>Where WR owned assets are being managed or operated by third parties such as Joint Venture partners, asset managers, operators or management teams, Primary Case Managers are to ensure that H&S responsibility is as far as practically possible passed over to such persons so to reduce WR's/RBS H&S liabilities.</p>

18.2. Health & Safety Training Log

All existing and new employees must make themselves familiar with Group H&S policies and the WR protocol before any site visits and within three months of joining the team.

All existing employees must familiarise themselves with these documents every quarter and the prior to visiting site, where the WR risk assessment will need to be reviewed and the required control measures implemented.

At the end of each quarter employees must provide evidence of this familiarisation by signing and dating the H&S Training Log located in the WR H&S equipment cupboard of each WR office.

It is the responsibility of the relevant Asset Class Head (or ultimately the Head of WR) to ensure that all new employees are inducted, existing staff are familiarised and that the training log is completed prior to month end of each quarter.

If any subsequent training is conducted, for example if the WR H&S Policy manual is updated, this is required to be reviewed and again, the employee must sign the log to indicate they have completed this training.

Group H&S training requirements are logged as part of the Regular Reading and Viewing procedures as defined in the GRG Procedure Manual.

18.3. Site-Specific Security Requirements

Security on WR assets falls into two categories:

18.3.1 Site Enclosure Measures (SEM)

This covers physical barriers to the boundary of a site preventing unauthorised access and securing its contents. Barriers take the form of historic permanent boundary treatments (such as hedges or trees, walls and fences) and temporary measures (such as Herras fencing, construction hoarding, boarding or grilles to secure windows or doors and Jersey blocks to prevent traffic access).

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Where SEM is provided and there are risks within the site/property (for example deep excavations, trip hazards, possibility of falls from height, risk of collapse by the building or stored materials) warning signage is appropriate to advise of the dangers to the general public.

18.3.2 Site Protective Security (SPS)

This covers the security regime put in place to protect the asset and prevent unauthorised access onto the site. Regimes can take the form of weekly or fortnightly security inspections, hourly security inspections covering pre-determined times on either a drive-by or internal inspection basis, full time manned security, CCTV cameras and live-in guardians.

18.3.3 Initial Security Review Process

The PCM must take overall responsibility for all SEM & Site Protective Security (SPS) on their case. The following process should be followed prior to the acquisition of a case and utilises the “**Security Review Form**” (SRF) which can be found in the Templates folder.

Site Inspection	The PCM, or appointed nominee, must inspect each asset prior to completion paying particular attention to both SEM & SPS.
Initial Form Completion	The SRF (located in the templates folder) must be completed following the site visit and should be accompanied by photos indicating general site conditions and shortfalls. The “ Description of Non-Conformance ” section of the SRF should be completed as appropriate.
Identify Shortfalls & Propose Works	The PCM, or appointed nominee, must establish any remedial works required to SEM and adequacy of SPS by completing the SRF. Particular attention should be paid to: <ul style="list-style-type: none"> • Boundary treatments noting openings which prevent the site from being fully enclosed; • The suitability and condition of existing SEM; • Consideration of additional or replacement SEM to ensure site is fully enclosed preventing unauthorised access by the general public; • The suitability of current SPS measures. Where applicable, the PCM should question on-site personnel with regards to any incidents that have occurred and obtain from the agent or IP the incident logs to enable an appraisal to be made; • Infrastructure installed, or ease of installing, to enable 24hr/12hr security or remote CCTV installations to be put in place and any implication of installing such services; • Hazards, materials or rubbish on site which require addressing so to comply with Insurers Code of Practice; and • Requirement of warning signage and its installation. <p>The “Corrective Action Proposal” section of the SRF should be completed as appropriate.</p>
Adequate Sanctioned Costs	The PCM should make adequate allowances in their APP submission to cover SEM & SPS and for any immediate site clearance to ensure the Insurers Code of Practice is adhered to.
Security Appraisal	Immediately after the initial inspection, a meeting should be held with PCM, DETM and other WR Team Members (where applicable) to appraise the current arrangements and corrective action proposals within the SRF. The “ Corrective Action Evaluation ” section of the SRF is to be completed at that meeting to ensure the proposed works are appropriate.

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Scheduled Works	Once approved, the required works as identified in the SRF should be scheduled to commence as soon after completion as reasonably possible. For any security firm to be appointed as part of ongoing SPS arrangements, the PCM should follow the Supplier Appointment Process. Once all works and provisions in the SRF have been completed, the “ Corrective Action Verification ” section of the SRF should be completed in order to verify that the necessary arrangements were completed to a satisfactory standard.
Security Review	Within two weeks of the completion date, the DETM must arrange for the Security Company appointed (if applicable) to undertake an initial appraisal of the site which includes focus on the adequacy of the SEM with commentary on any deterioration and if the Insurers Code of Practice will be met on completion. Any shortfalls reported to the PCM should result in the SRF being reviewed, updated and agreed by the PCM, DETM and other WR Team Members (where applicable) as consulted in the Security Appraisal part of the process.
Completion	Upon completion of the works, the SRF should be passed to the Asset Class Head and signed off. A scanned copy of the signed form must be held in the relevant case folder.

18.3.4 Subsequent Security Review Process

Following case completion, the PCM should continue to manage the asset and proactively assess whether the SEM and SER provisions are still sufficient and appropriate. In general, this process should be followed where emergent issues on site are experienced, such as the failure of security fencing.

Any proposed changes should be logged on the SFR which can be found in the templates folder. A copy should be made of any prior SRF submissions so that changes can be tracked.

The same process as for the Initial Security Review Process should be adhered to with any corrective action identified scheduled to commence as soon as practically possible.

18.3.5 Periodic Security Review Process

A periodic review of security provisions is conducted at end of each quarter. The PCM is required to fill out the SFR based upon information received from security reports. Again, a copy should be held of all prior submissions.

The information on the SFR should be summarised and entered into REMIT on the Health & Safety tab. This information is then collated and reported to the APP Committee on a quarterly basis.

18.4. Management Information Requirements

The following information is required to be filled into REMIT in respect of H&S.

Field	Comments
Last Review Date	To be updated with the last review date
Site Protective Security (SPS) Status	To be taken from the relevant Security Review Form section
Site Enclosure Measures (SEM) Status	
Warning Signage Status	
Comments	To cover any comments the PCM has in relation to the case.
Advisors Tab	Any Security Company appointed should be entered here.

19. Asset Disposals Process

19.1. General Procedural Guidelines

The SCR process will ensure that asset managers actively involve themselves with the case. If the PCM feels that the best way to optimise value recovery is by sale, there are several authorisations required. Once a Completion Statement has been received from the solicitor instructed on a sale, the PCM should forward this to Ben Deacon and the GRG Finance Team.

19.2. Internal authorisation required to dispose of an asset

In general, if the disposal is materially outside the most recently sanctioned business case, further approval will be required. This is necessary because any material deviations from the sanctioned business plan will require APS approval.

Examples of material deviations from the business plan include:

- Sale of a whole property (i.e. sale of all assets held in a case) significantly below the price sanctioned in the business plan; and
- Sale of a single unit within a larger property (e.g. if the sale of a flat within a block is significantly below the average sales price in the sanctioned business plan).

Materiality is defined as being any sale made at below 90% of the sanctioned business plan. Any sales prices in excess of the sanctioned business plan are not deemed to be material. It should be noted that for piecemeal sales (such as in the second example above), the price as sanctioned in the business plan is the average price. Therefore any sales less than 90% of the average sanctioned sales price will require internal authorisation.

An Asset Disposal Form should be prepared and approved as follows. This form incorporates the NPV calculations to be submitted with the APS approval below.

Cost of Asset	>= £500,000 Allocated Book Value	< £500,000 Allocated Book Value
Sale Price		
>= 90% of Sanctioned Business Plan Sales Price	Asset Class Head (ACH) and Head of WR	ACH
< 90% of Sanctioned Business Plan Sales Price	WR Executive B Committee	ACH and Head of WR

For sales where the gross sales price receivable in any one transaction (i.e. if we are selling a single property or multiple properties in one transaction) is £5m or greater, a memorandum should be prepared and submitted to the WR Executive A Committee for approval prior to the transaction occurring. The memorandum should then be signed by the Chairman of this committee and submitted to GRG Finance before the transaction completes. The memorandum should substantiate why the sale maximises recovery to the bank.

19.3. 'Know Your Client' (KYC) requirements

Further internal clearance is required to be obtained before any asset sales in respect of 'Know Your Client' requirements. Before any sale, the PCM must send an email to the GRG KYC team (email address 'GRG KYC'), with a subject heading 'West Register Property - Asset Sale'. The email should contain details of the purchaser: either the individual's names & address or the company name, whichever is applicable. The KYC team will undertake the necessary enquiries and revert back to the PCM. An 'all-clear' decision should be received before any sale and it is the responsibility of the PCM to ensure this clearance is obtained.

19.4. APS approval required to dispose of an asset

A separate approval will always be required for a subsequent disposal of the Non-Cash Realisation by West Register, such action constituting Prohibited Conduct under the APS Scheme rules. A webform needs to be submitted in order to seek APS approval for asset disposals. The NPV calculation within the Asset Disposal Form must be completed and sent to the APS approver.

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19.5. Disposals Review Process

Once all assets within a case have been disposed, the Primary Case Manager must update the Asset Disposal Form with the historic cashflows pertinent to the case. This is used to finalise the net cash recovery made for that case which can then be compared against the 'Price to Beat'. Any cash receivable in excess of this amount is deemed as value added by West Register. The Asset Disposal Form must be prepared within one month of disposing of the asset and submitted to the Head of WR before review by the team at the APP Sighting Forum.

Once discussed with the team, the Disposal Review Form is then submitted to the Finance Team who will then maintain a record of the cash generated and value added by WR.

19.6. Management Information Requirements

Upon disposal of an asset, the following information in REMIT should be updated:

Field	Allowed Information
Property Information – Demise Sale Date	When a single property within a case is sold (i.e. one of many properties), the sale date must be entered at a demise level.
Property Information – Demise Sale Price	When a single property within a case is sold (i.e. one of many properties), the sale price (gross of fees) must be entered at a demise level.
Case Tracking – Case Sale Date	When the final property within a case is sold (i.e. all economic interest within that case is sold), the sale / lapse date should also be included at case level.
Case Status	When the final property in a case is sold (i.e. all economic interest within that case is sold), the Case Status should be set to "G – Sold".
Notes	Any relevant notes should also be made to assist in the reporting of the transaction.

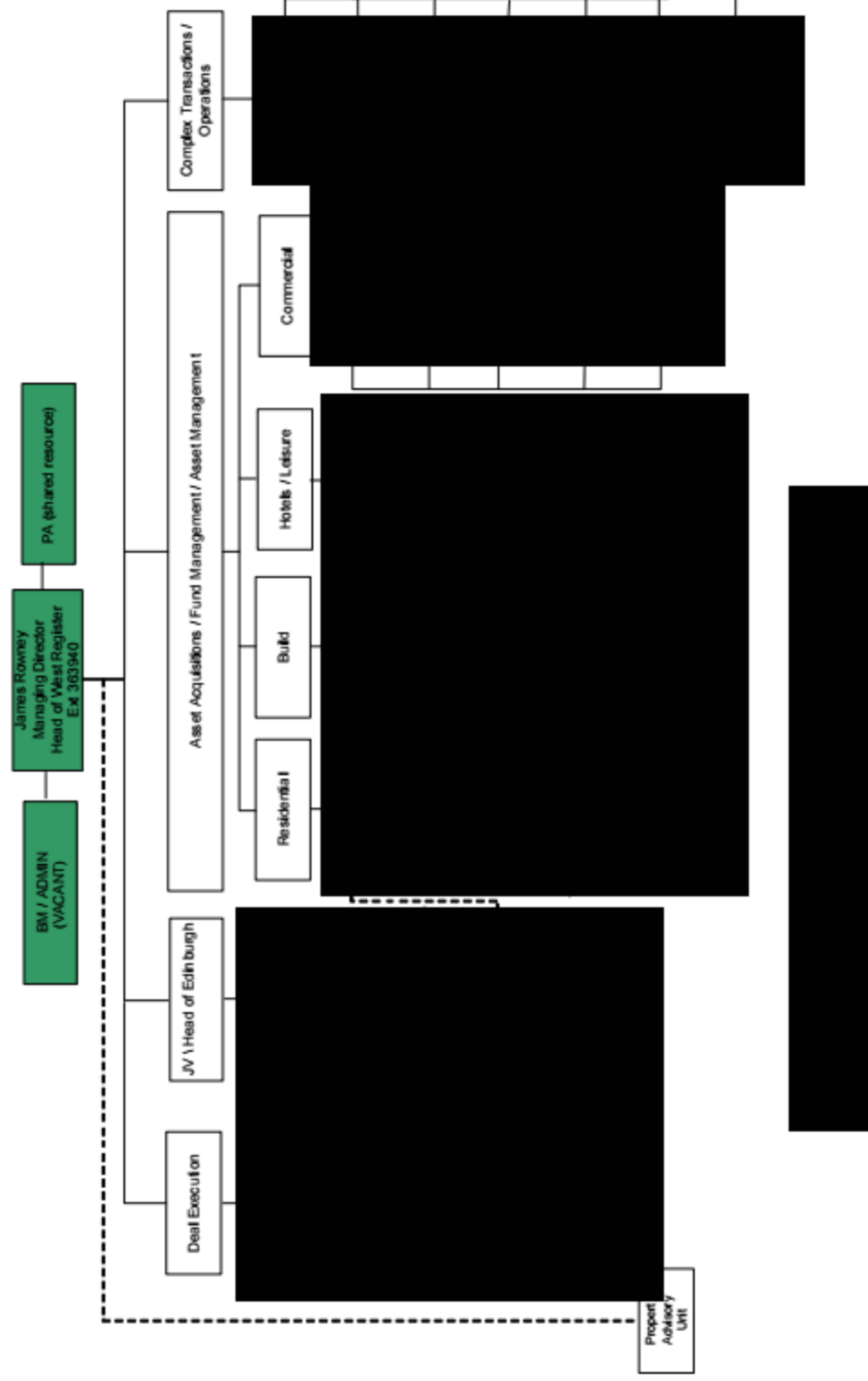
20. Management Information Reporting Process

All the MI collected during the case lifecycle is collected periodically and reported to the WR Executive Board. There are several regular key reports that are prepared and presented. The timing and information included is included in the table below.

Report	Frequency and Timing	Contents & Responsibility
Team WIP and APPs	Weekly – sent on a Thursday afternoon two working days in advance of the APP Committee meeting	<p>Weekly Update Paper including:</p> <ul style="list-style-type: none"> - Current book value and forecast - Caseload and forecast - Schedule of residential units under management and their current status - Schedule of commercial units under management and their current status - Schedule of hotels and land under management and their current status <p>Pipeline Paper including:</p> <ul style="list-style-type: none"> - Near term pipeline detailing APPs being prepared through to completed deals (by value and caseload) - Top five cases by value in each deal status within REMIT - Recently unsuccessful bids <p>All APPs and other papers for submission to the APP Committee. Current responsibility for preparing this pack lies with [REDACTED] (in whose absence, Ben Deacon)</p>
Management Information Pack	Monthly – produced after Management Account Review process is complete	<p>Key Information contained in this report covers:</p> <ul style="list-style-type: none"> - Current caseload - Pipeline cases - Property forecasts - Current portfolio statistics and composure - Management Accounts summary including month's result and YTD figures <p>Current responsibility for this report lies with Ben Deacon (in whose absence, [REDACTED])</p>

21. Appendix

21.1. Team Structure



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21.2. Authorised Signatories

The delegated signing authority is as follows:

Up to £100,000	Two members of: James Rowney, Howard Lincoln, Joss Brushfield or Barbara Turnbull
Up to £250,000	One member of: James Rowney, Howard Lincoln, Joss Brushfield or Barbara Turnbull AND A Director of the WR Entities
Over £250,000	Any two Directors of the WR Entities

For contracts to bid upon, purchase or sell a property, if the APP has been approved by the Head of GRG the above delegated signing authority does not need apply. In these cases, any two of the signatories listed above can approve the transaction.

21.3. Directors of West Register Entities

As at 28th January 2011, the Directors of West Register (Realisations) Ltd and West Register (Property Investments) Ltd are:

- Derek Sach (Chair)
- Declan Hourican
- Laura Barlow
- James Rowney
- Steve Eighteen
- Marcus Pollmann
- Nathan Bostock
- Rory Cullinan
- Ian Roberts
- Joy McAdam

As at 28th January 2011, the Directors of West Register (Hotels Number 1) Ltd, West Register (Hotels Number 2) Ltd and West Register (Hotels Number 3) Ltd are:

- Declan Hourican
- Joy McAdam
- James Rowney



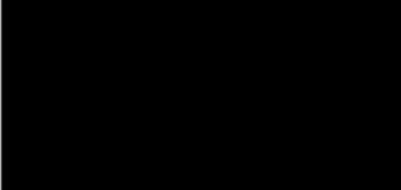



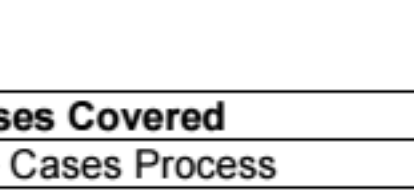
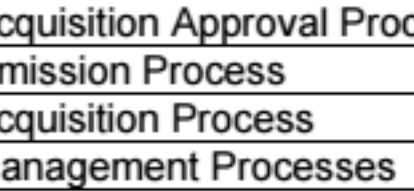
A full list of Directors for each WR company can be found in Section 21.13.

21.4. Directors of GRG Strategic Property Group Committee

As at 28th January 2011, the Directors of the GRG Strategic Property Group Committee are:

- Derek Sach (Chair)
- Nathan Bostock
- Rory Cullinan
- Declan Hourican
- Laura Barlow
- Joy McAdam
- Ian Roberts
- James Rowney

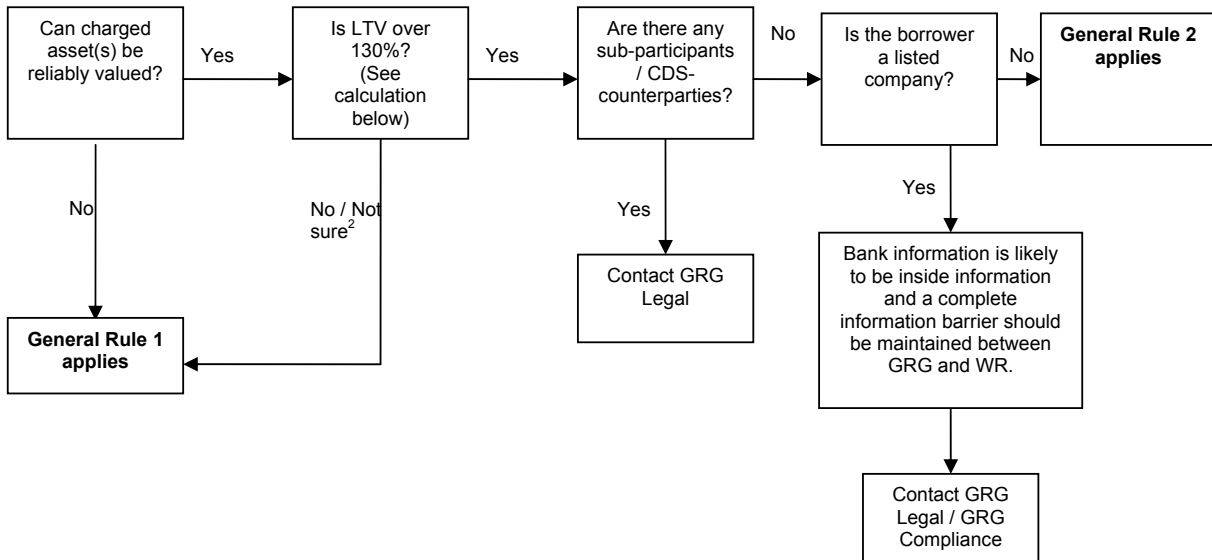
21.5. Invoice Signatories

Amount including VAT £	Conditions	Approval Required
Below £10,000	Where Head of Build Team has initiated invoice	Approval by Head of Build Team only
Below £60,000	Invoice initiator is not the relevant Asset Class Head (ACH)	Relevant ACH will approve invoice by email sign-off.
	Invoice initiator is also the relevant Asset Class Head	Different ACH must approve the invoice. The invoice will require two physical signatures for authorisation as the new system cannot deal with this type of transaction at present.
	Sanctioned Opex or Capex is breached	This invoice will need additional approval by one of: <ul style="list-style-type: none"> •  •  •  • 
£60,000 and above	The invoice will be paid via the CHAPS process	Requires the additional approval by one of: <ul style="list-style-type: none"> •  •  •  • 

21.6. REMIT Case Classifications

Case Status	Processes Covered
A – Case Under Review	Pipeline Cases Process
B – APP Being Prepared	Asset Acquisition Approval Process
C - APP Approved - Bid Not Yet Accepted	Bid Submission Process
D - APP Approved - Bid Accepted and In Legal Docs	Asset Acquisition Process
E - Case Completed and Under Management	Asset Management Processes
F – Lapsed	Lapsed Deals Process
G – Sold	Disposals Process

21.7. Guidance on Information Sharing with Recoveries



For the purpose of this guidance note, LTV should be calculated as follows:

$$\text{LTV} = \frac{\text{Secured exposure} - \text{nominal value of personal guarantee}}{\text{Net expected recovery from charged assets}} \times 100$$

The reliability of this test in ascertaining whether any other parties have an economic interest in the sale of the charged asset(s) depends upon the reliability of the valuation evidence. RMs should not apply this calculation rigidly, but should simultaneously step back and consider the core question: does anyone other than the Bank have an economic interest in the sale? Seek input from your line managers as necessary.

General rule 1

WR should be provided with no more information about the charged asset(s) than any other bidders. However, it is possible to flag (i) the level of provisioning; (ii) background to the customer's debt and security package; and (iii) defects or downsides affecting the charged asset(s), to WR even if these are not being disclosed to other bidders, *provided that*: there are no confidentiality obligations applicable to the information which restrict disclosure to WR – see further below.

General rule 2

A more pragmatic line can be taken and GRG may share information about the charged asset(s) (e.g. schedules of occupation, officeholders' report, valuation reports) with WR, even if that might not be shared with third party bidders, *provided that*: there are no confidentiality obligations applicable to the information which restrict disclosure to WR – see further below.

Guidance on confidentiality obligations

Where facility documents are in Bank standard format, then there is no confidentiality obligation owed to the customer which would restrict disclosure of information to WR. Where facility documents are not in Bank standard format, confirm the extent of any confidentiality obligations owed to the customer with GRG Legal or external solicitors. There may, of course, be confidentiality obligations owed to other parties in respect of a particular piece of information – if so, confirm the extent of any restrictions/waivers with GRG Legal or external solicitors.

21.8. West Register Specific Risk Assessment and Controls

WR carries out a range of business activities (other than sedentary office activities) that may subject employees to an increased risk of personal injury. These activities involve entering and working on a wide range of different premises throughout the UK and includes but is not limited to the following list:

- Vacant land
- Part built sites
- Completed sites (vacant and occupied)
- Residential premises
- Commercial premises (Industrial Offices and Retail)
- Hotels
- Horse racing courses
- Marinas
- Caravan parks
- Airports
- Fishing lakes
- Car show rooms
- Abattoirs

The RBS Group takes its responsibilities very seriously in terms of employee protection and under no circumstances should employees engaged in any Group activity place themselves in potentially dangerous situations or contravene the advice given in this assessment.

The purpose of this risk assessment is to ensure that the hazards associated with such activities are identified and assessed and that the required controls are put in place to prevent injury or harm to RBS employees and those working on behalf of RBS. The physical activities undertaken during visits to these premises may include:

- Entering the property and adjacent properties not owned by RBS
- Climbing Scaffolds
- Entering Basements
- Entering Plant rooms
- Entering occupied premises
- Accessing roof spaces and roofs
- Using a Cherry picker or similar equipment to access roofs
- Accessing upper floors, basements, loft spaces using ladders
- Taking photos and notes during inspections
- Entering dark spaces due to lack of lighting
- Inspecting partially completed sites
- Using a boat (owner operated) to inspect harbour walls and groynes
- Travelling to sites by car or by public transport including trains, buses and planes
- Abseiling to inspect facades
- Using window cleaning cradles
- Entering food preparation and handling areas e.g. abattoirs

As there are a wide range of potential hazards associated with the many different activities on the sites visited, this risk assessment looks at the generic hazards that are associated with the different premises and advises on the general controls that need to be put in place

It should be noted that whilst this document can serve as a useful reminder of the hazards identified and the controls that the Group has put in place each visit may present different hazards on arrival at the location. How those hazards manifest themselves will have a bearing on how best to address or control them in the field. This section should be used as a basis for that dynamic field review.

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The basis for any risk assessment can be broken down into the following steps:

1. Identify the hazards associated with the activity
2. Decide who is at risk from the hazards (i.e. West Register Staff in this case)
3. Evaluate that risk and decide on the appropriate controls, then document and review as necessary

There may be visits to properties that are currently in operation and owned by 3rd parties and as such there is an onus on the operators to ensure the safety of all those who enter and work on their premises. In such cases RBS employees need to observe all appropriate safety demonstrations, briefings, warning signs and advice that is given prior to and during their visit. If the employee feels that the relevant safety precautions are not in place and that they are at risk they should relay this information to their hosts or the operators and take the appropriate actions to ensure their own safety during the visit.

Work Activity	Hazard	Control Measures in place or to be put in place
Lone Working on offsite locations	<p>Threats to personal safety of employees (particular female) from 3rd parties</p> <p>Risk of personal injury and lack of any response or help when working alone</p>	<p>Remain vigilant when travelling on public transport late at night or in remote places. Do not escort strangers around empty and/or derelict properties when alone.</p> <p>When attending occupied premises, a site representative e.g. security or a housekeeper, should be contacted with details and the nature of the visit. Any changes to these arrangements must be communicated to the departmental secretary [or their deputy].</p> <p>Attack/panic alarms should be requested from line managers and be issued if recommended.</p> <p>When site appointments are being made, employees should obtain full information on the property including site contact details, type of building, arrangements for meeting others on site and any other information which might be available before a field/lone worker attends site.</p> <p>When attending a vacant building or part built site, the field/lone worker needs to call to a designated colleague providing approximate timescales for the visit. A follow-up call should be made when leaving this location, with details of the next visit if any.</p> <p>When a visit is planned outside of normal working hours, arrangements should be confirmed to a nominated person [preferably their Line Manager] who can be contacted by the lone/field worker.</p> <p>In any potentially dangerous situations confrontation should be avoided and, if provoked, employees should arrange to leave the scene/area immediately and report this to Reportline and their Line Manager (Reportline Tel. [REDACTED]).</p> <p>If problem sites are known [e.g. run-down, derelict, high crime areas], arrangements should be made for two members of staff to visit these areas, if possible. However, there may be occasions when a visit may need to be abandoned. Where the visit is abandoned the field/lone worker's line manager should be immediately informed so that future action can be taken as appropriate.</p> <p>No one is to work alone on roofs, unless a specific assessment confirms that the roof is securely</p>

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Work Activity	Hazard	Control Measures in place or to be put in place
Using work equipment	<p>Injury and ill health from improper use of work equipment</p> <p>Injury and ill health through improperly maintained work equipment</p>	<p>guarded around all edges and the roof construction is non-fragile.. Employees should be accompanied by another member of staff, or by a site representative. If using a site representative, this should be arranged prior to attending site.</p> <p>RBS is responsible for all equipment supplied to their employee. The employee must be able to use the equipment without exposure to danger or risk to their health and safety. Where work equipment is provided appropriate training must be carried out</p> <p>Any equipment that is not new must be tested prior to being issued. All portable electrical appliances supplied for the work activity will be added to the company's PAT testing and examination programme. All equipment must in good working order and regularly inspected for defects and taken out of service if defects are found</p>
<p>Entering Development sites and other property and or adjacent properties which may not be owned by RBS</p> <p>Assessing development sites that may be derelict or partially finished</p>	<p>Risk of injury through accessing properties via other property / land</p> <p>Risk of injury from Guard Dogs</p> <p>Risk of injury from unfinished or part completed development site</p>	<p>Ensure that permission is sought where its required for entering any premises that is not owned by RBS – when entering the property or adjacent property ensure that there are no guard dogs, or other security controls that might cause harm.</p> <p>Wear any PPE required and if not specified by local rules wear basic construction site PPE – Hard hat, high visibility vest, safety footwear</p> <p>Take into account all local hazards associated with the development site such as unsuitable flooring or walking surfaces, missing hand and guard rails, stored loads, residual chemicals, obstructions and any other observable hazards. Carry out your work based on this knowledge of the hazards identified.</p> <p>Never enter excavations that are shuttered or barriered</p> <p>Never enter confined spaces (separate specific risk assessment needed – see main body of report)</p> <p>Never enter lift shafts or use lifts that are not fully in service</p>
Climbing scaffolding	<p>Falling from height</p> <p>Cut and lacerations from rough sharp edges of scaffolding</p> <p>Bangs to the head or other body parts from low scaffolding or from dross moving through across confined spaces</p>	<p>Only use fully complete, properly erected scaffolding for access, inspect the scaffolding tags to ensure it has been checked recently and is safe to use.</p> <p>Don't climb outside the scaffolding, e.g. on handrails</p> <p>Do not carry items when ascending scaffolding ladders unless securely fastened and both hands are free facilitate climbing</p>

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Work Activity	Hazard	Control Measures in place or to be put in place
		<p>Ensure any work equipment is not able to fall or drop from the scaffolding</p> <p>Wear appropriate PPE at a minimum hard hat and gloves and safety footwear to provide a firm footing and a non slippery shoe sole</p> <p>Where scaffolding is incomplete or has obvious defects or has not been used in some time this should not be accessed until a thorough inspection has taken place and the scaffolding is deemed safe to use</p>
<p>Entering into basements</p>	<p>Slips trips falls Bump hazards due to low ceilings Colliding with objects equipment due to inadequate lighting Potential for wild animals or trespassers to be present in such places Potential for asphyxiation due to noxious atmosphere</p>	<p>Wear PPE when required or where a local assessment requires it</p> <p>Ensure there is adequate lighting before entering and use a torch if there are no lights</p> <p>Enter the basement slowly and take care to pick out appropriate safe pathway into and out of the basement</p> <p>Listen for animals and or trespassers and make noise to ensure the area is not inhabited and allow time for it to be vacated</p> <p>Be aware of the atmosphere conditions and do not enter the basement if there is a smell of gas, chemicals or other readily identifiable substances</p>
<p>Entering into plant rooms</p>	<p>Slips trips falls Collision with plant and equipment Exposure to chemicals Hot and cold surfaces and pipes Excessive noise</p>	<p>Ensure PPE is worn where required including hearing protection</p> <p>Stay on designated walkways</p> <p>Do not interfere or tamper with plant and equipment</p> <p>Know how to get out of the plant room in case of emergency</p> <p>Do not touch or sample any chemicals</p> <p>Do not climb onto any equipment, racking or piping without appropriate access equipment</p> <p>Ensure all assess equipment is suitable for accessing the roof space or roof safely</p> <p>Ensure adequate lighting</p> <p>Do not walk on the roof space floor unless it is designed for it</p> <p>Take care to observe roof openings, vents and other holes where you might fall through</p> <p>Do not work close too or approach the edge of roofs as there may be no edge protection</p> <p>Do not operate the controls; these are only to be operated by trained operators.</p>
<p>Assessing and working roof spaces</p>	<p>Fall from heights Collision due to poor light Falling through the roof or openings</p>	
<p>Use of a Mobile</p>	<p>Falls from height</p>	

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Work Activity	Hazard	Control Measures in place or to be put in place
Elevating Work Platform (MEWP) or cherry picker to access roofs or other high fixtures and fittings		<p>Always wear a harness when using MEWPs or Cherry pickers</p> <p>Do not stand on the guard rails</p> <p>Do not climb out of the MEWP or Cherry picker</p> <p>Use this equipment for inspections only and do not use it to access high areas of buildings or roofs</p>
Access upper floors, basements, loft spaces using a ladder	<p>Falling from height whilst using a ladder</p> <p>Dropping items on people below from unsecured equipment</p>	<p>Ensure where possible all ladders are tied off at the top</p> <p>Two people required if they are not secured - foot the ladder firmly at the base (by another individual)</p> <p>Only use on firm stable ground</p> <p>Apply three points of contact at all times when ascending or descending</p> <p>Do not work from ladders they are for access and inspections not a working platform</p> <p>Carry all items in a back pack (rucksack) or other suitable method to keep hands free</p> <p>No more than one person on a ladder at any one time</p> <p>Wear appropriate footwear with suitable heel and sole grip</p>
Entering into food preparation areas	<p>Potential for burns from ovens, hot oil,</p> <p>Potential for collision with staff and equipment working in the kitchens</p> <p>Potential exposure to food waste and pathogens from uncooked meats</p>	<p>Follow all local rules and safety requirements including hygiene precautions such as overalls, gloves and hair nets when entering such areas</p> <p>Do not interfere with or use any equipment or implements in the food preparation areas</p> <p>Do not handle any raw meat or produce</p> <p>Don't handle food waste in the food preparation and other associated areas</p>
Entering dark spaces on partially complete sites without electricity	<p>Risk of collision with equipment or building materials, or falling on uneven surfaces</p>	<p>Ensure that temporary lighting is put in place for the duration of all visits to dark areas - this includes appropriate portable torches and lamps</p> <p>Ensure that exits are known and that everyone can get out of the area in an emergency - Carry a mobile phone to stay in communication</p> <p>If travelling alone ensure that someone is aware of your movements and can raise the alarm in the event of an emergency</p>
Taking photos and notes during the Inspection	<p>Risk of injury in partially completed sites on uneven footing or ladders or dark spaces</p>	<p>Always ensure that photos and notes are taken in a position that does not put you at risk of injury</p> <p>Stand on firm stable ground and do not walk around or work from ladders when talking photos or notes</p>

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Work Activity	Hazard	Control Measures in place or to be put in place
Using a boat (owner operated) to inspect harbour walls, groins	Risk of drowning if you fall overboard or hypothermia if exposed to cold water for long periods	Always follow the boat owners local rules Never operate the boat or craft without appropriate training and licensing Always wear flotation devices provided Take particular care embarking and disembarking from the vessel Stay with the protective railings of the craft (if provided) Ensure clothing that is suitable for ambient weather conditions and water temperature is warm
Travelling to site in own car or hire car, or by public transport (trains, planes, buses	Risk of injury and death due to known road user hazards Risk of harm due to public unrest / terrorist activity in some countries	Follow the group Driving Policy and Travel policies for all other methods of travel Do not travel to any international location without prior arrangement from the appropriate level. All international travel needs to be booked through the RBS group travel desk
Abseil to inspect a facade	Potential for serious injury due to falling from a height or collision with obstacles during the abseil	This activity should not be undertaken unless you are trained in abseiling procedures and that an approved Abseiling Contractor is overseeing the descent All equipment must be inspected prior to use and emergency provisions must be put in place due to the high risk nature of this activity. Group H&S and WR H&S Officers to be notified prior to commencing or planning such activities.
Use window cleaning cradles	Risk of falling from height	Use of these cradles requires the use of PPE such as hard hats, safety footwear and high visibility vests as well as being harnessed into the cradle. These cradles must only be operated by competent, trained staff who are familiar with their use Never climb on to the guard rails or out of the cradle

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All employees should be aware of the RBS group Safety policies currently in place
http://www.group.rbsgrp.net/hr/Health_Safety/Default.asp

The PCM should:

- Ensure that the controls and suggested controls in the tables in this risk assessment are actioned (if not already in place);
- Ensure that all employees who carry out such activities are aware of the hazards and the controls in this assessment by giving suitable briefings, awareness or training;
- Review this assessment regularly to ensure it's kept up to date and other activities are assessed as they are identified; and
- Equip themselves with a simple personal safety pack to take on such visits. Based on the generic hazards this could include, a hard hat, gloves, high visibility vest, protective footwear, Safety glasses, torch, earplugs and a whistle or other device for attracting attention and a back pack for keeping cameras, notepads and other equipment safe when negotiating uneven ground or ascending ladders.

In summary, the safety basics include:

- Let some one know where and when you are visiting and returning from site;
- Assess the area locally when you arrive;
- Follow the local safety rules (if there are any);
- Wear any PPE when required;
- Know what to do if you or someone else is injured; and
- Know how to get to safety in the event of an emergency.

RBS Group H&S Website Links:

Lone working	http://www.group.rbsgrp.net/Grphr5/Health_and_Safety/Lone_Working/default.htm
Accident Reporting	http://www.group.rbsgrp.net/Grphr5/Health_and_Safety/Accident_Reporting/default.htm
Supplementary Risk Assessment	http://www.group.rbsgrp.net/Grphr5/Health_and_Safety/Supplementary_Risk_Assessment/default.htm
Driving on Business	http://www.group.rbsgrp.net/hr5/Health_and_Safety/Driving/default.asp

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21.9. Procedure Map

The chart below demonstrates which processes are applicable at each stage of the deal lifecycle.

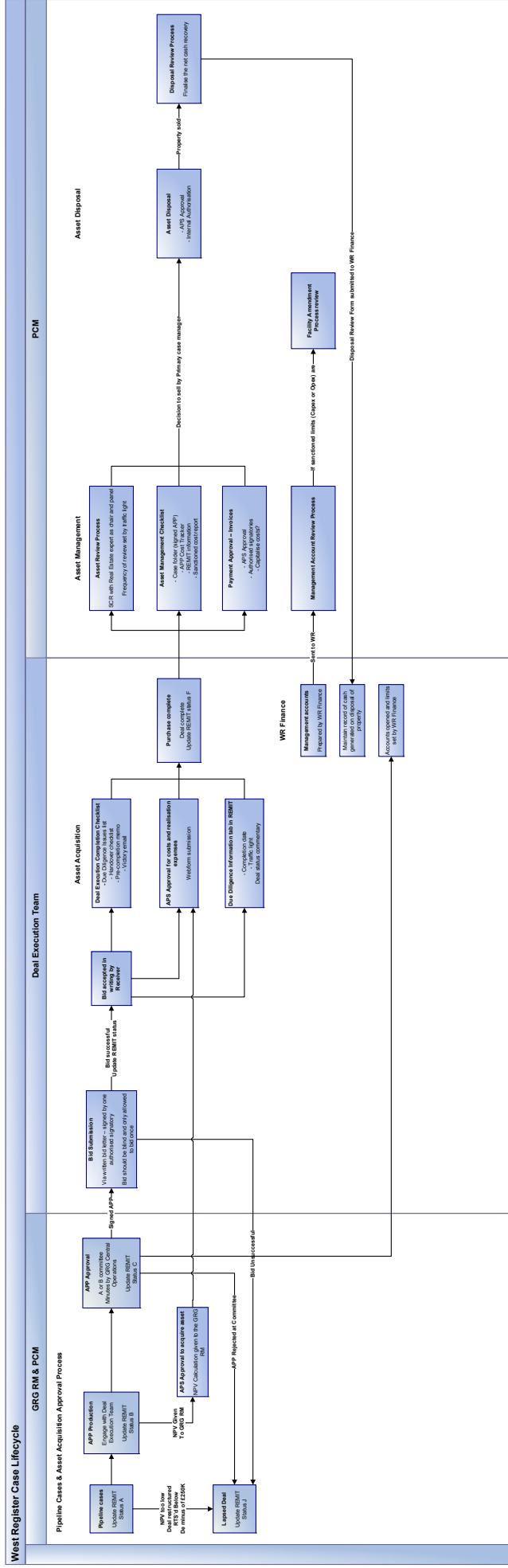
Deal Lifecycle & Process	Pipeline Deals Notification – APP Approval	Asset Acquisition APP Approval – Completion	Asset Management Completion – Sale	Asset Disposal Sale
Case Introduction & Review				
Lapsed Deals				
Asset Acquisition Approval Process				
Bid Submission Process				
Deal Execution Process				
SCR Process				
APS Approval Process				
Health & Safety Process				
Security Process				
Supplier Selection Process				
Asset Manager Appointment Process				
Management Accounts Review Process				
Facility Amendment Process				
Payment Approval Process				
Fair Value Process				
Dealing with the Media				
Asset Disposal Process				
Disposal Review Process				
Management Information				

- Applicable all the time
- Applicable some of the time

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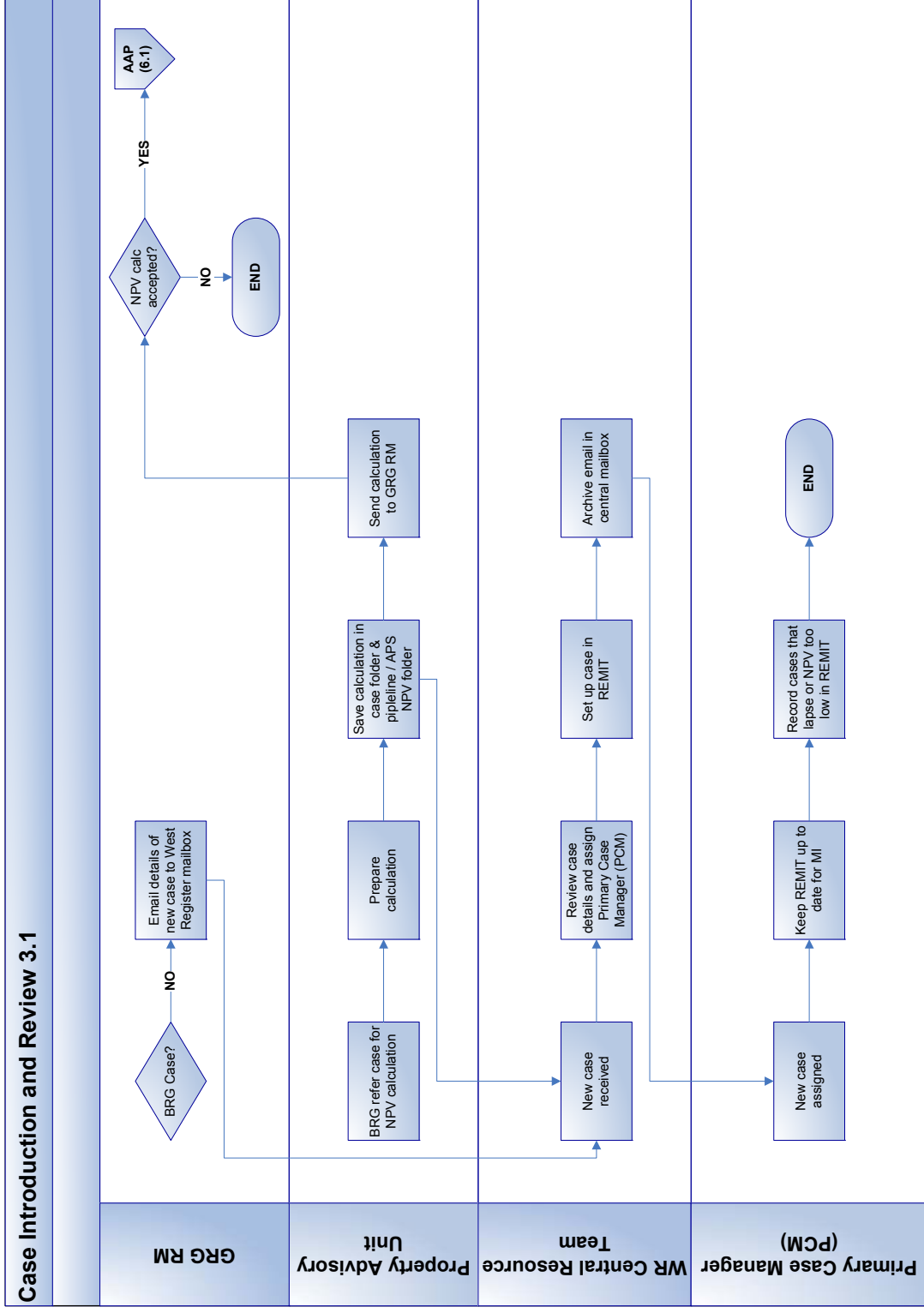
21.10. Process Maps

21.9.1 End to End High Level Processes



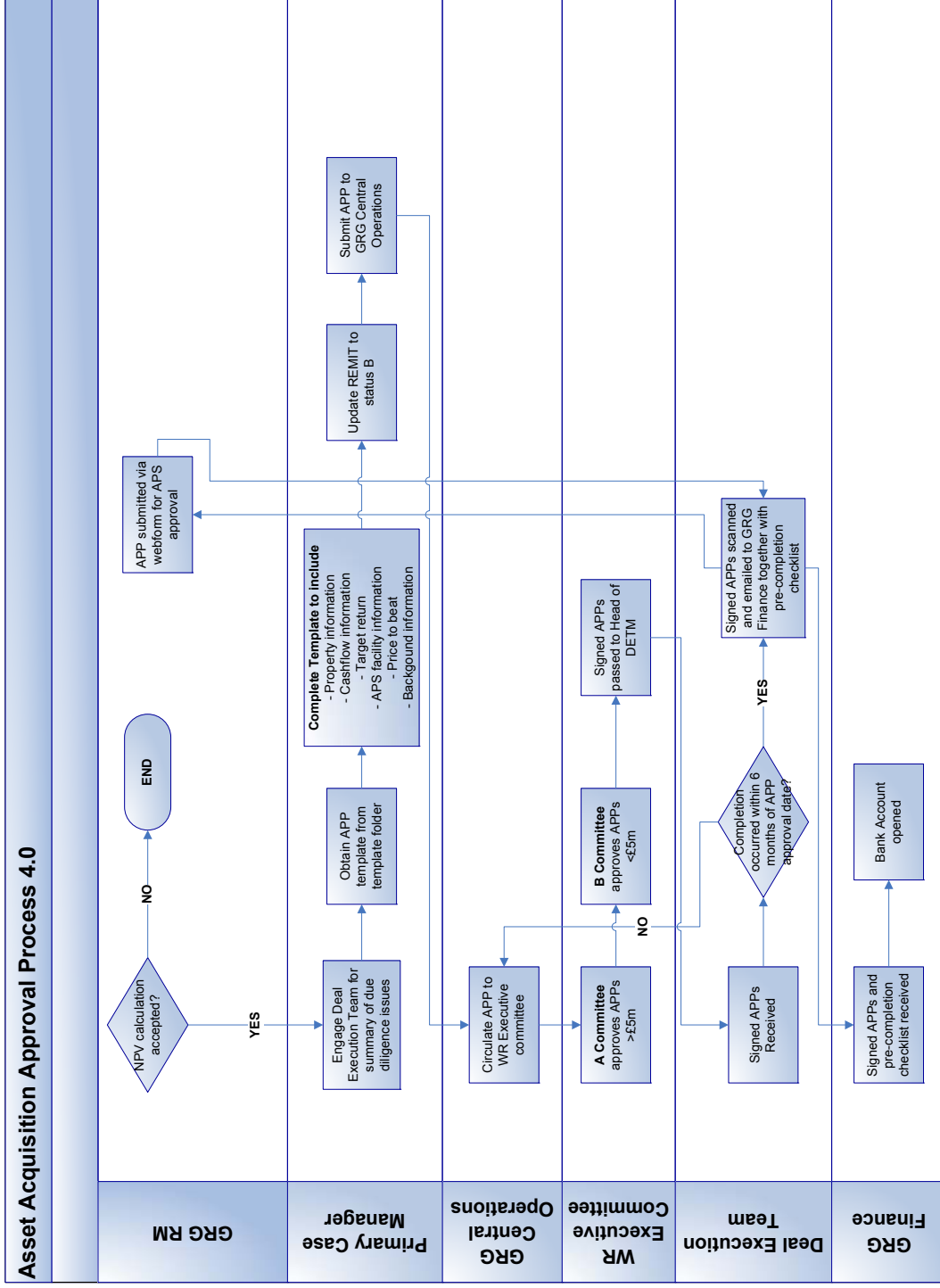
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21.9.2 Case Introduction and Review



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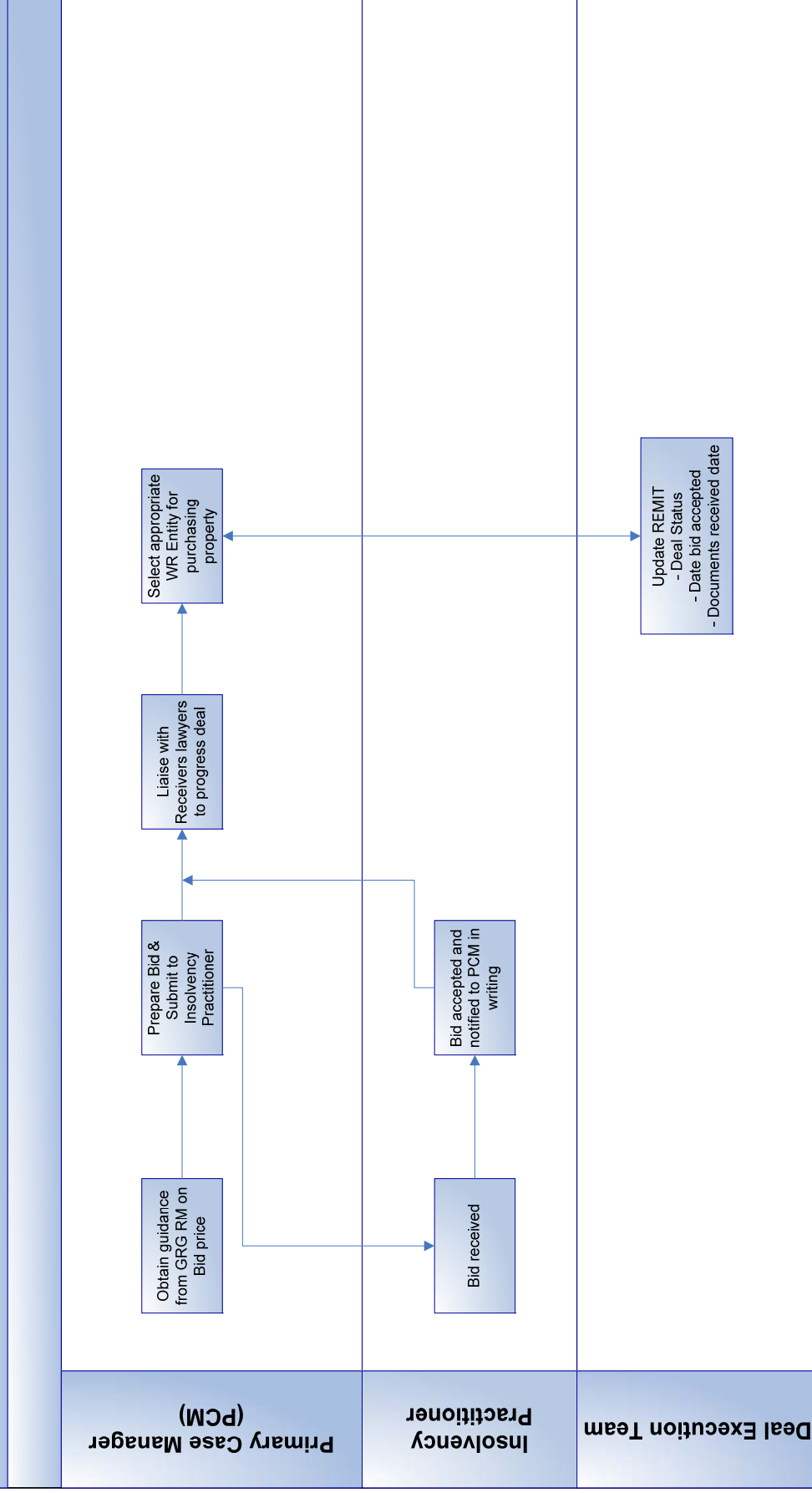
21.9.3 Asset Acquisition and Approval Processes



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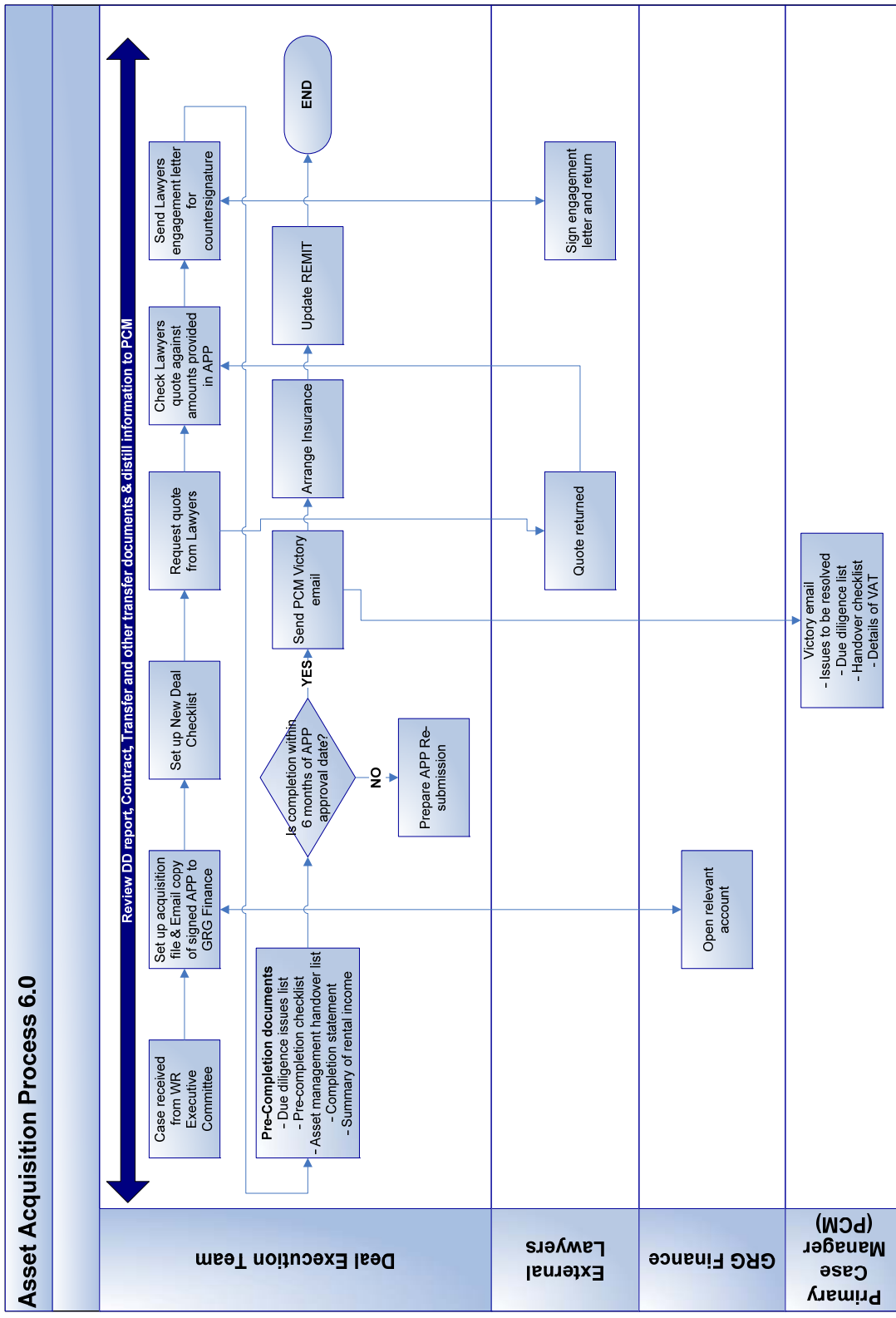
21.9.4 Bid Submission Process

Bid Submission Process 5.0



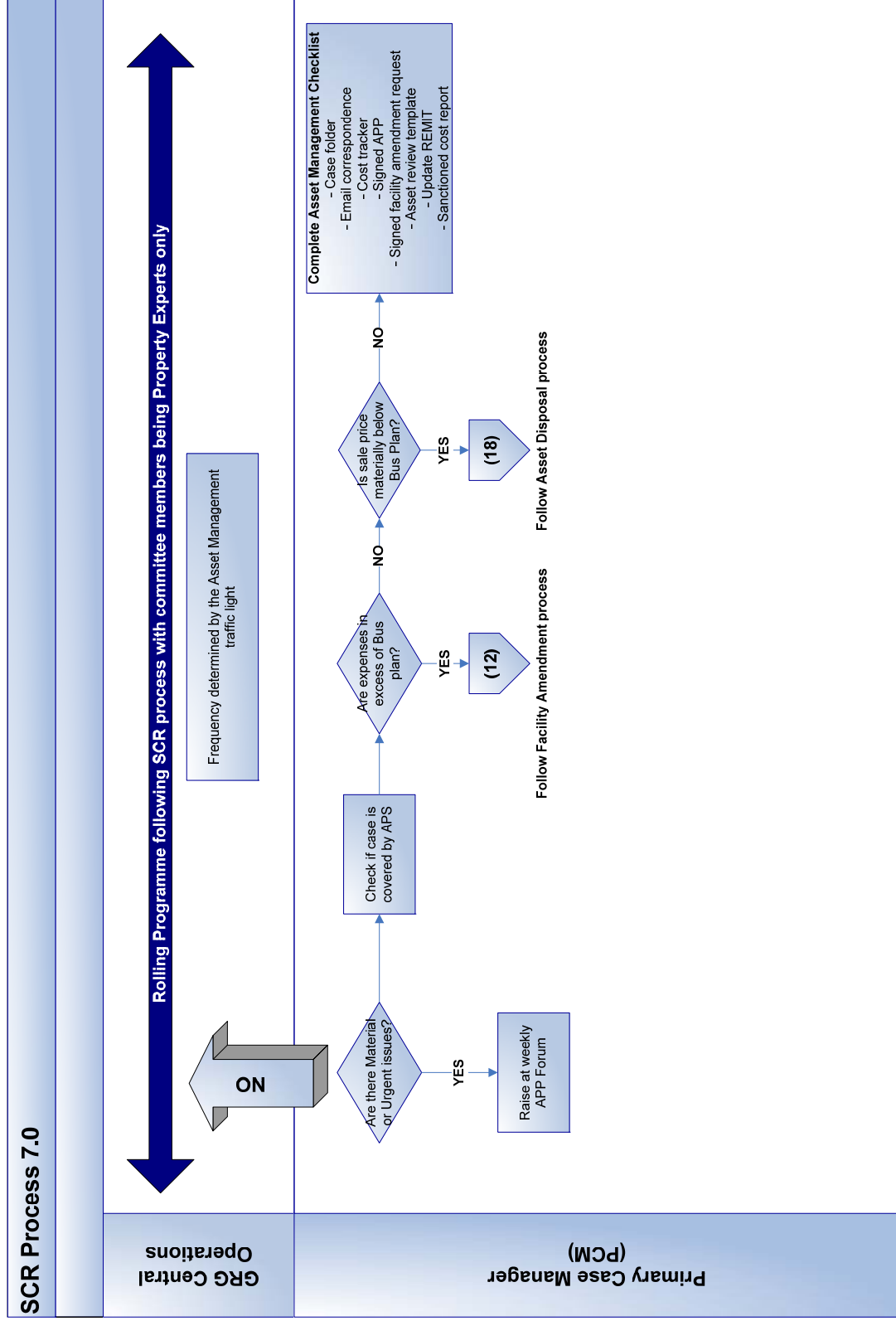
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21.9.5 Asset Acquisition Process



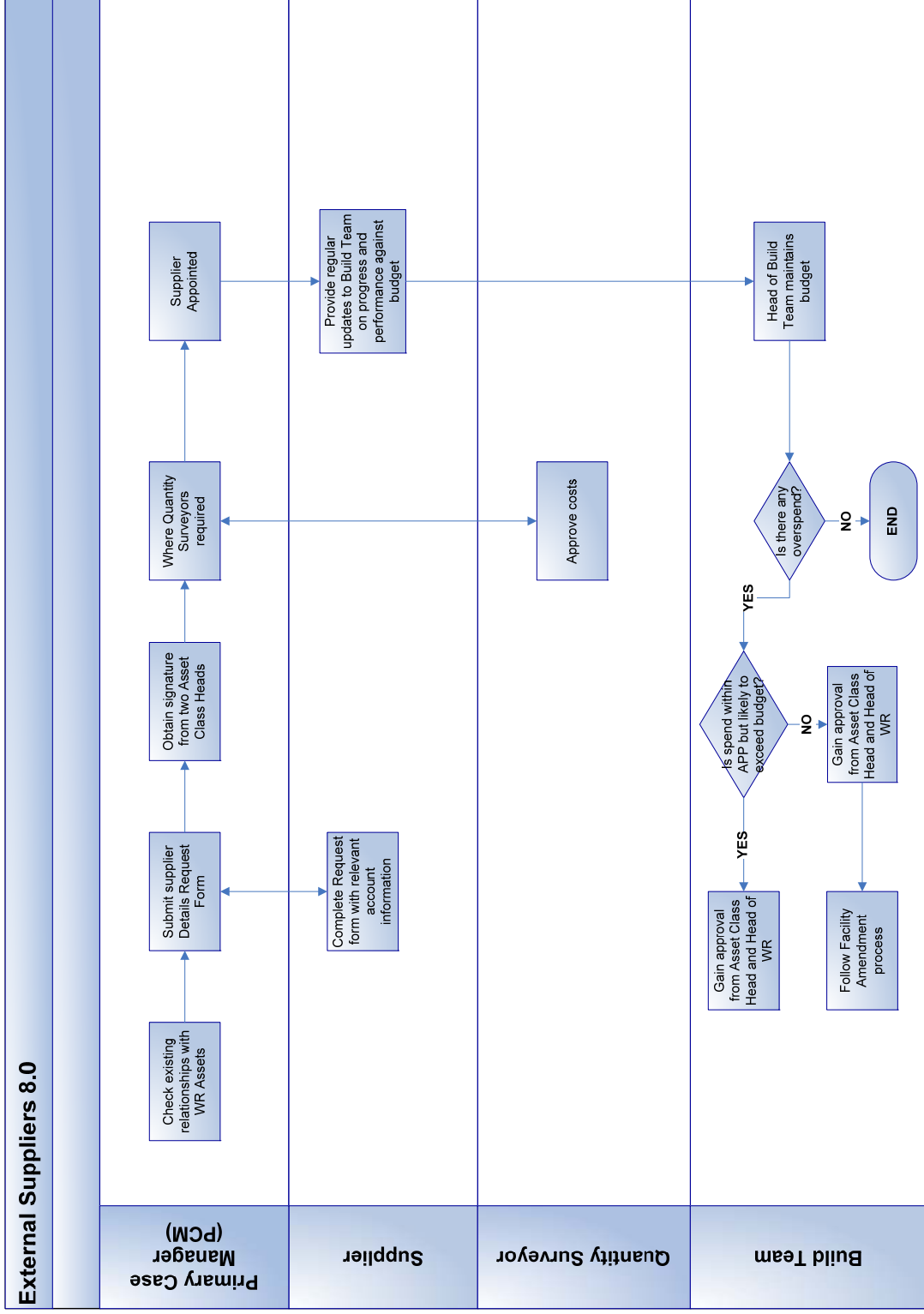
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21.9.6 SCR Process



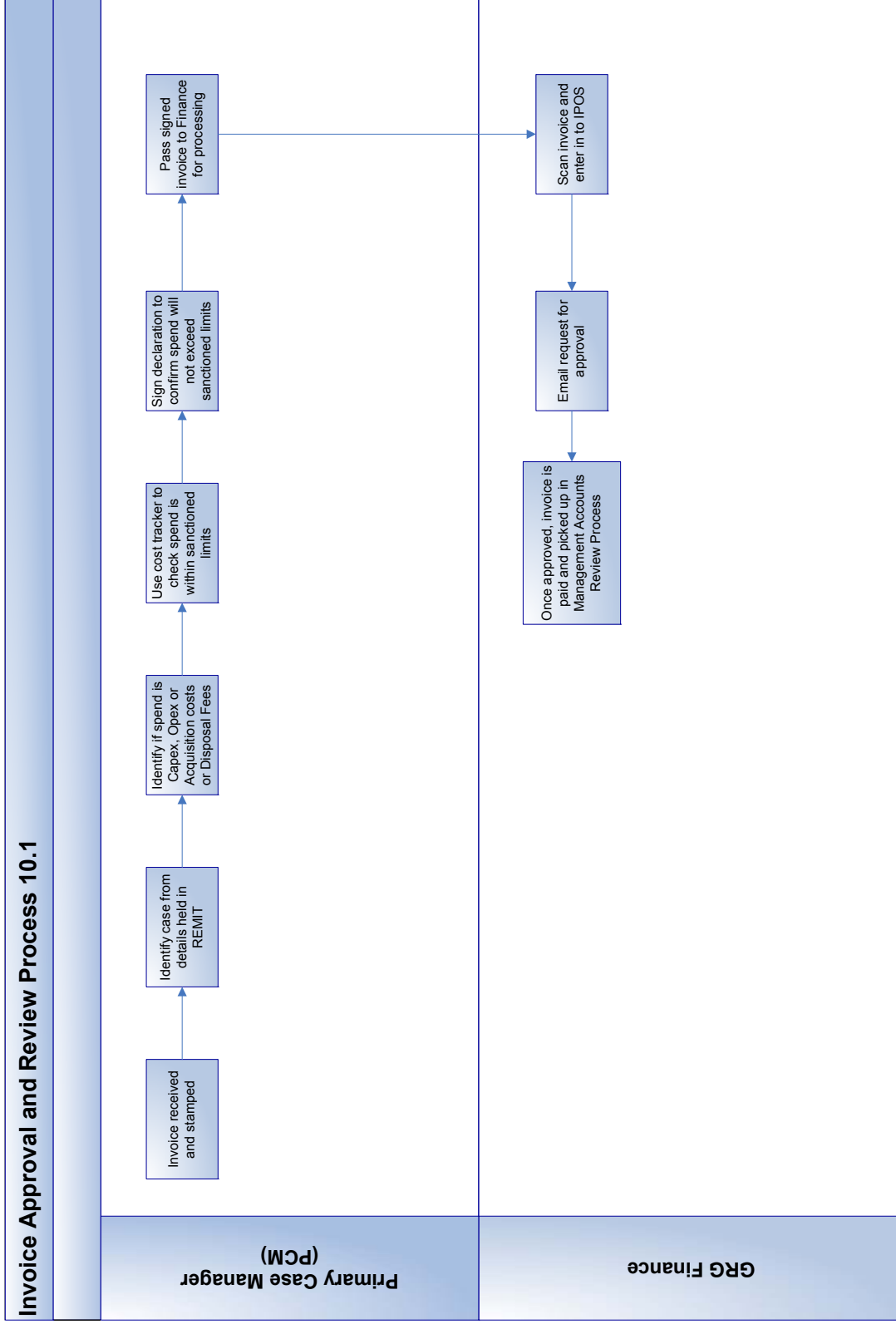
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21.9.7 External Suppliers



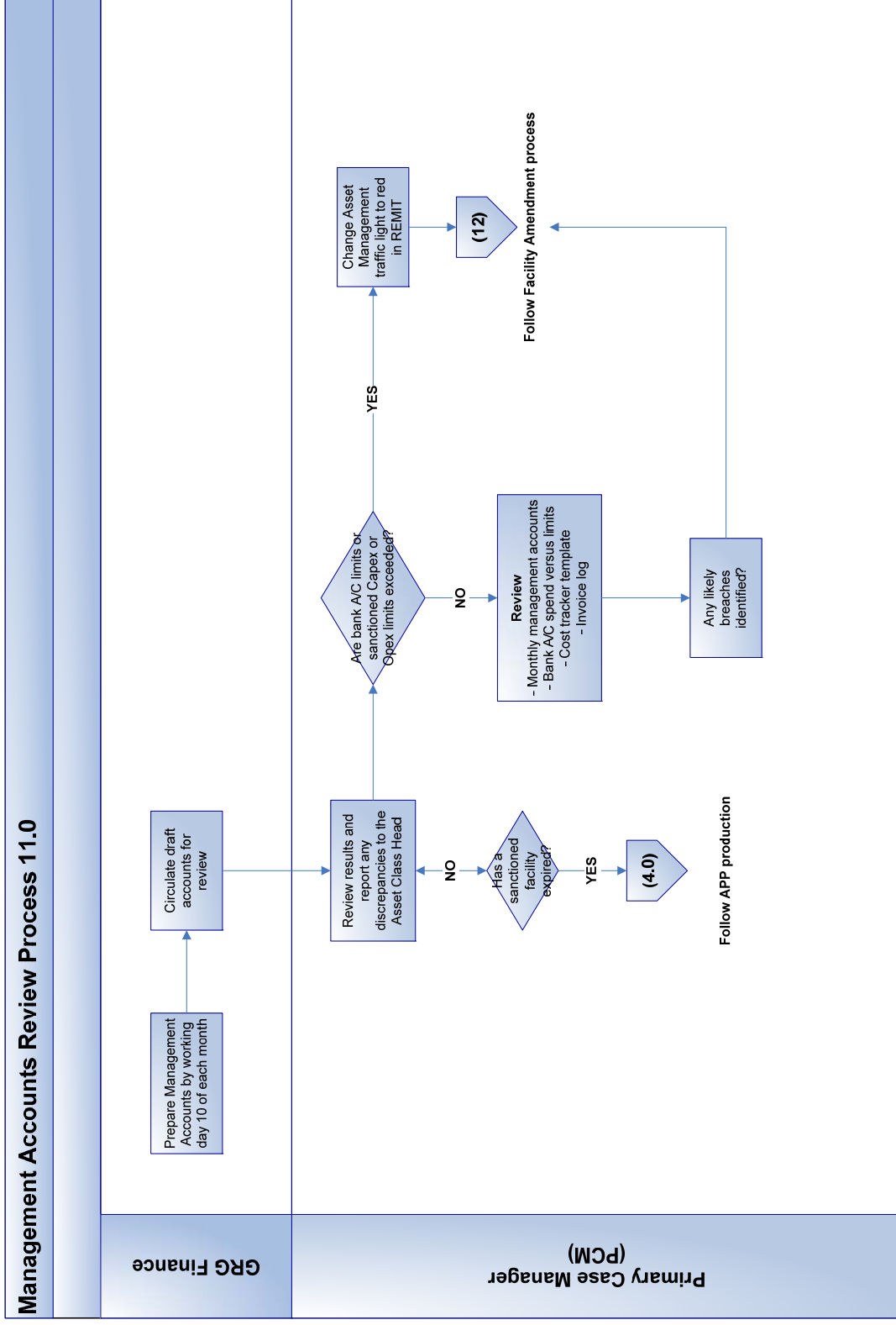
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21.9.8 Invoice Approval and Review Process



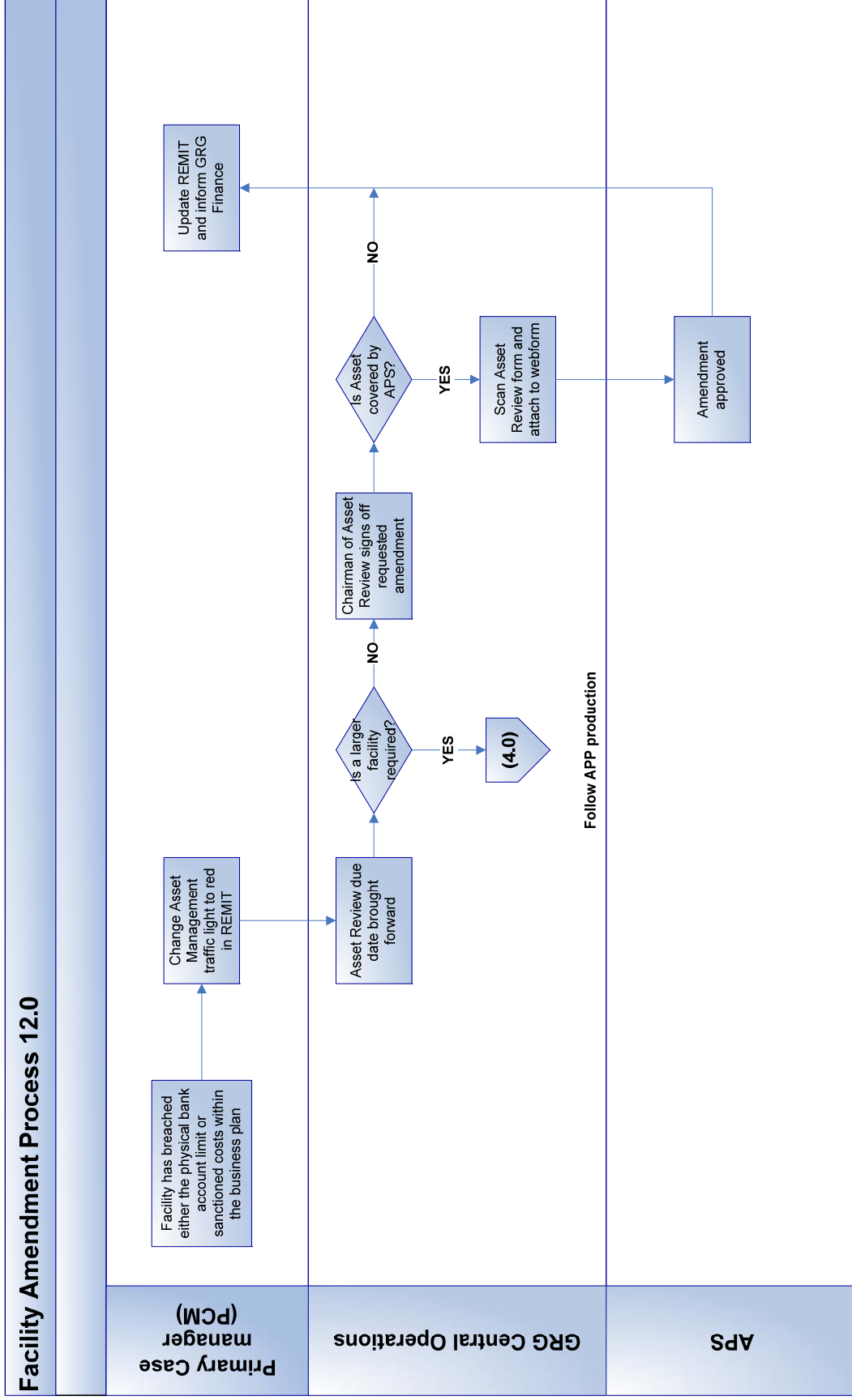
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21.9.9 Management Accounts Review Process



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21.9.10 Facility Amendment Process



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21.11. REMIT Training Slides

What is REMIT and Why is it Important?

What is REMIT?

- REMIT, or in full the Real Estate Management Information Tool, is a Microsoft Access **database that holds the basic banking and property information for each case** referred to the West Register team.
- The system is used solely by West Register
- REMIT **encompasses the entire West Register pipeline** (from those cases recently referred to the team and being evaluated as potential buy-ins to those purchased and under management and those that never make it into the portfolio.)
- REMIT is not a duck.

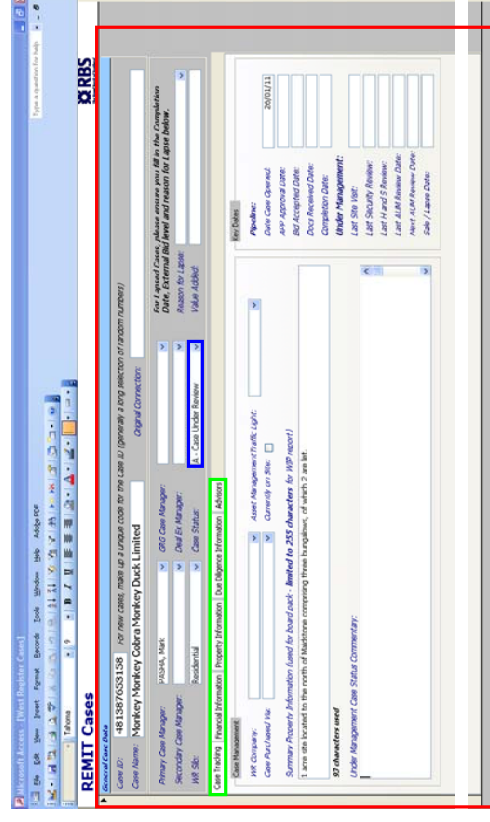
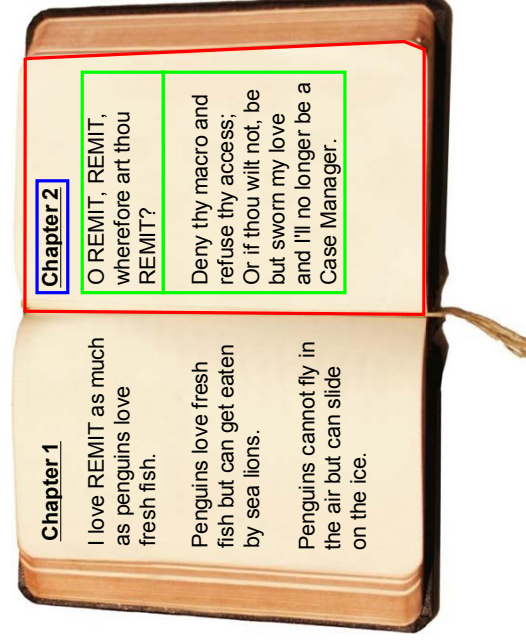


Why is it important?

- The data in REMIT **drives the weekly and monthly reporting** to senior GRG management and inaccurate data reflects badly on the team when compared to other parts of GRG.
- Accurate data, both in the pipeline and under management, allows West Register to **properly demonstrate the actual workload of the team** (in terms of cases and value).
- REMIT provides a **common central location for the basic key information relating to each case** that can be easily referenced by any West Register team member.

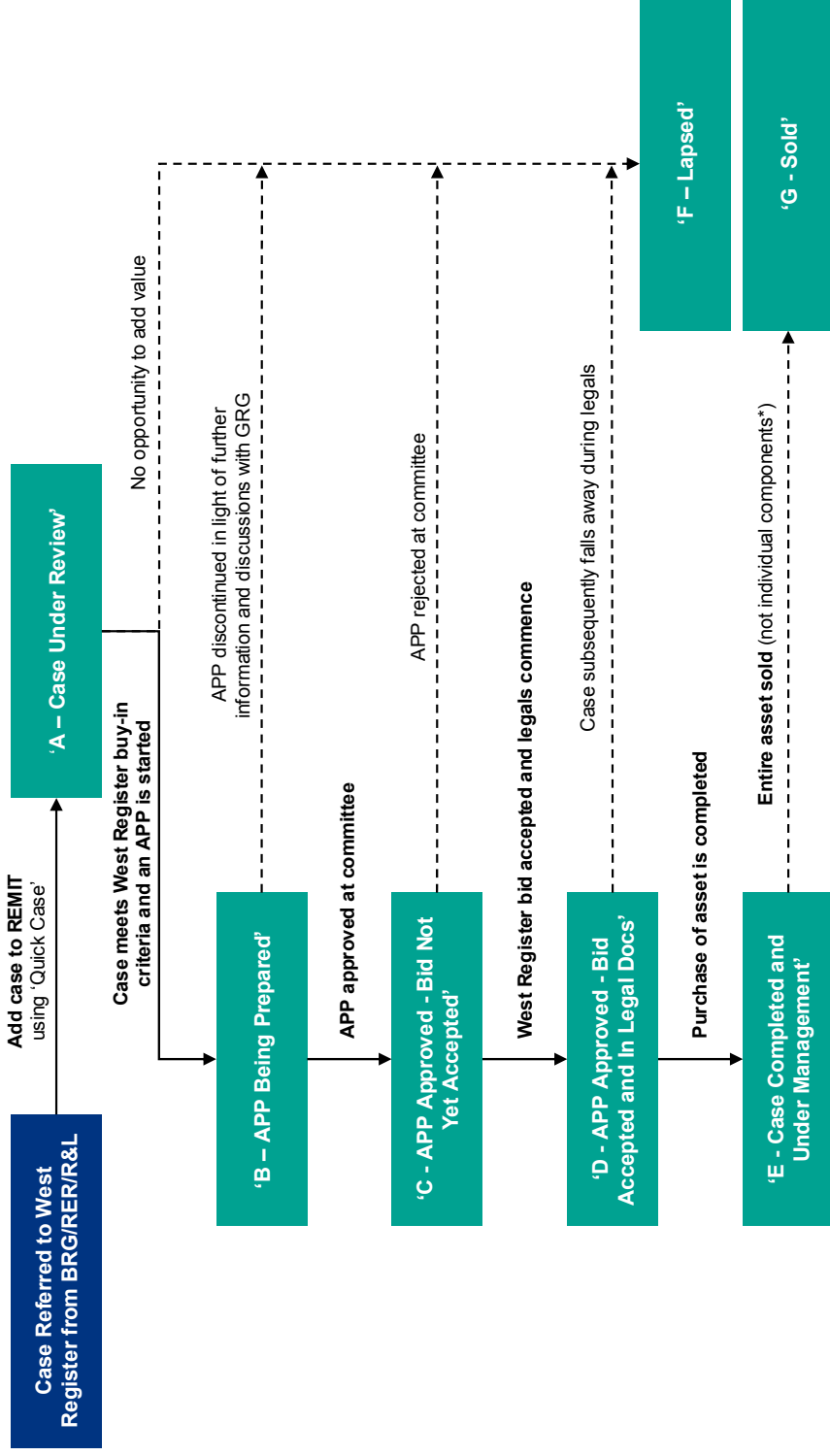
How REMIT is Structured?

- Perhaps the simplest way to visualise how REMIT is structured is to think of it like book.
- In the same way a book is divided into chapters, which are subdivided into pages, which are further subdivided into paragraphs, REMIT is organised by 3 main subdivisions. These are Statuses, then Informational Tabs.
- Visually, REMIT is set up such that each Case has its own page on the screen (red section below). Within the Case page, there are 5 Informational Tabs (green section below) and the General Information Bar (the grey section above the tabs). These hold the detailed property and bank information for each case.
- Although the Case Status is held within the Case page, in essence it creates the chapters within REMIT, by allowing cases to be grouped by their position in the pipeline. This is further illustrated in the following 2 slides.



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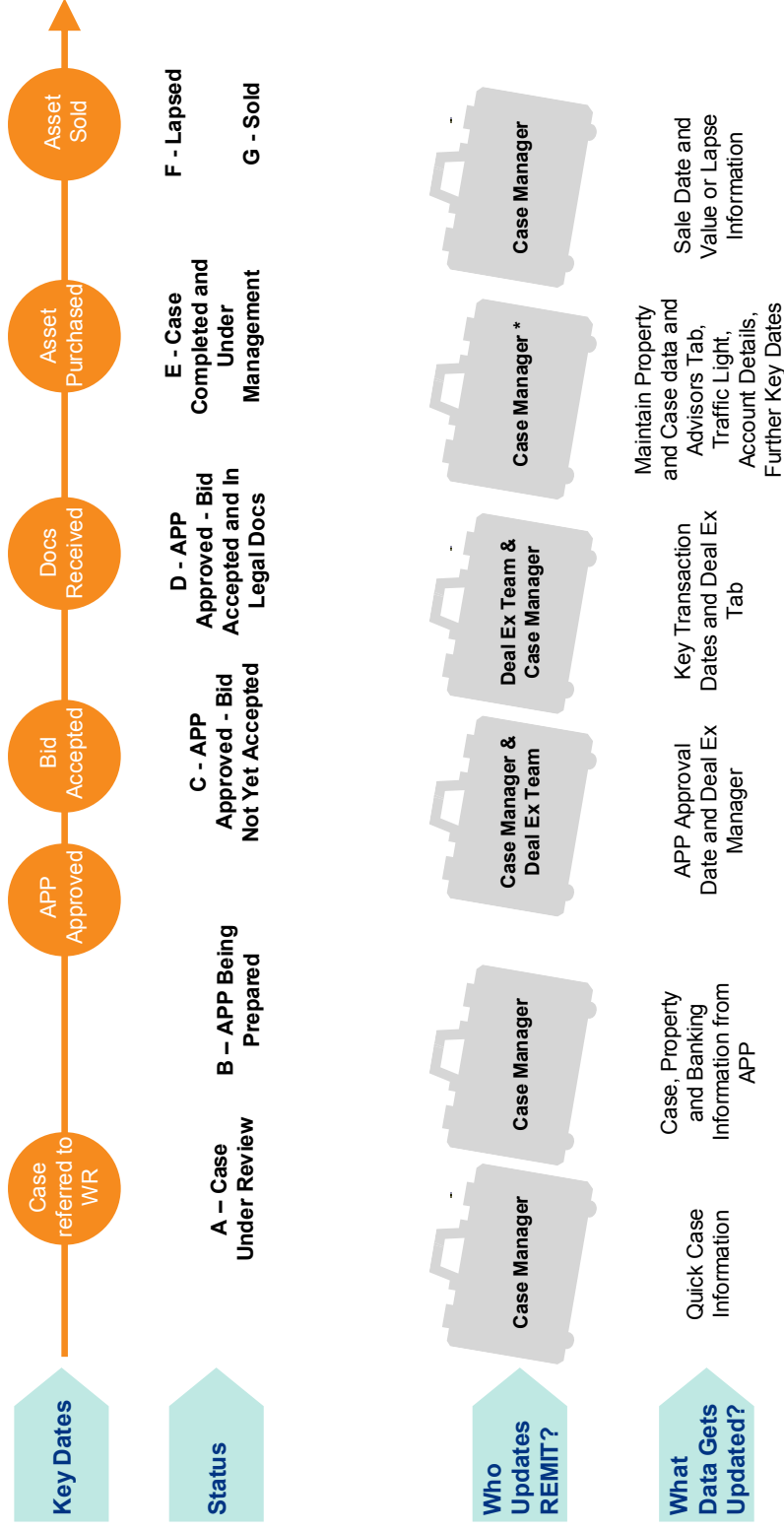
How to Classify Cases Throughout the Buy-in Process



* Individual unit / plot sales dealt with at the demise level



Overview of Case Lifecycle and Corresponding REMIT Responsibilities



* reporting weekly changes to Pash/Decs

General Points to Remember When Using REMIT

- Any changes made to REMIT are instantly updated and so there is **no** need to click the **save** button.
- **if one makes any changes to the property data under management it is vital that you drop a note to Pash and Deacs** to explain what changes have been made. This is necessary so that all movements in the data can be explained accurately in the reporting each week.
- **Obeying the naming conventions is critical because searching in REMIT requires exact matches.**

Naming Conventions	
Pipeline (A – D)	Under Management (E)
Case Name	Full Case Connection Name*
Connection Name	Full Case Connection Name*

* Use the **EXACT** same connection name in REMIT as is used in the APP

All people names should follow the convention **LAST, First** (note: it is possible to free type a name if it is not available in a drop down box)

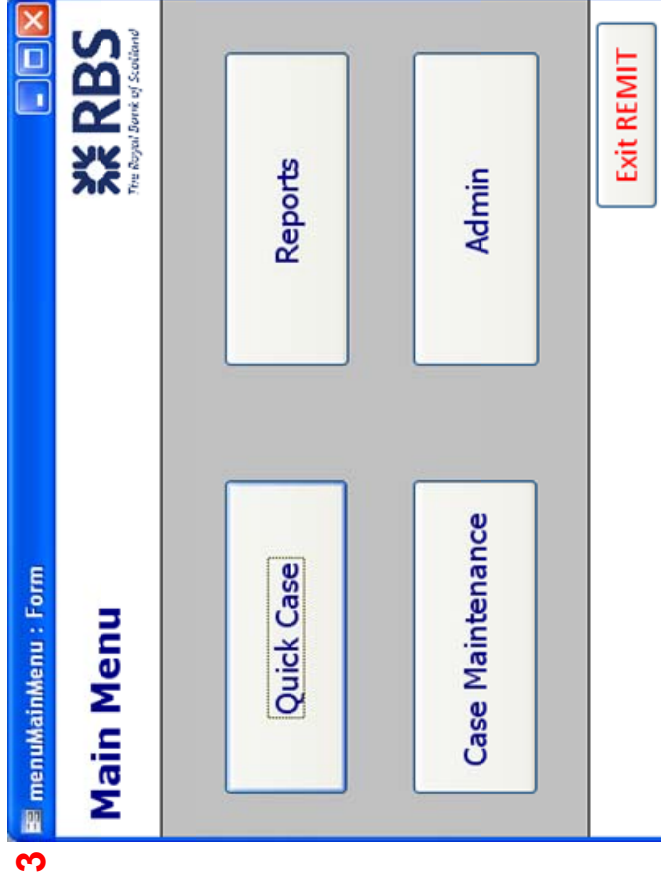
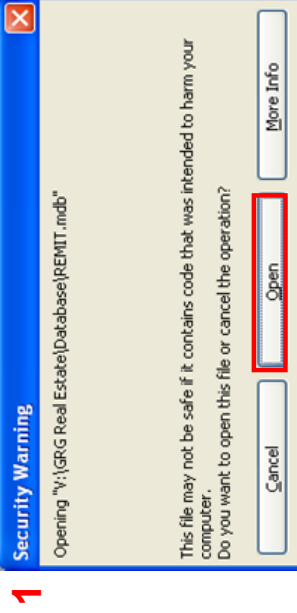


Filling Out the Data

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Opening REMIT

- REMIT is located on the shared drive (eurofiler7) in GRG Real Estate\Database



Using the Search Bar

The screenshot shows a web-based search interface titled "Filter Records". It features several input fields: "Case Name:", "WR Silo:", "Primary RM:", "WR Status:", "Deal Ex:", "Town:", "Connection:", and "On Site:". Below these fields is a "Search filters" button. To the right of the search fields are buttons for "Filter Records", "New Case", "Clear Filters", and "Refresh". A "Close" button is located at the bottom right. Red arrows and text annotations highlight specific features: "Applies filters" points to the "Filter Records" button; "Adds a new case within full case view" points to the "New Case" button; "Deletes all entries in search filters" points to the "Clear Filters" button; and "Search filters" points to the "Search filters" button.

- The search function will only match **EXACT** searches (i.e. if you are looking for the Leeds, Concorde Street case and you type Concorde Street, Leeds into the Case Name bar, there will be no matches.)
- It is possible to search using multiple fields (e.g. if you want to know all the residential team cases in Leicester, one can filter WR Silo as Residential and Town as Leicester and then hit Filter Records.
- Before starting a new search, it is best to hit the Clear Filters button to get rid of all the existing search inputs.

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Quick Case



- **When?** As soon as a case is referred to West Register
- **Who?** Case Manager

Connection name can be new free text OR selected from a dropdown if the connection already exists

Quick Case

Case Information

Case ID:

Primary Case Manager:

Date Created:

WR Silo:

Case Details:

Connection:

Case Status:

Reason for Lapse:

Value Added:

Lapse Date:

Property & Bid Information

Name	Town	NPV / Bid	Price to Beat
11-17 Castle Dene	Maidstone, Kent	750,000	750,000
*		0	0

Record: of 1

Just enter random numbers

LAST, First

Must be less than 255 characters

Case Status can be assigned straight to 'F - Lapsed' where it is immediately apparent that WR cannot add value. Cases that are referred to WR with short notice can be assigned straight to 'B - APP Being Prepared'

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What Quick Case Looks Like in Full Case View General Information and Case Tracking Tab

REMIT Cases

General Case Data

Case ID: 481387653158 *For new cases, make up a unique code for the Case ID (generally a long selection of random numbers)*

Case Name: Monkey Monkey Cobra Monkey Duck 1 Limited

Original Connector: []

For Lapsed Cases, please ensure you fill in the Completion Date, External Bid level and reason for Lapse below.

Reason for Lapse: []

Value Added: []

Primary Case Manager: PASHA, Mark

Secondary Case Manager: []

Deal Ev Manager: []

MR Sib: Residential

Case Status: A - Case Under Review

Case Tracking: Financial Information | Property Information | Due Diligence Information | Advisers

Case Management

WR Company: []

Case Purchased Via: []

Asset Management Traffic Light: []

Currently on Site:

Summary Property Information (used for board pack - limited to 255 characters for WIP report)

1 acre site located to the north of Madstone comprising three bungalows, of which 2 are let.

97 characters used

Under Management Case Status Commentary: []

Key Dates

Pipeline:

Date Case Opened: 26/01/11

APP Approval Date: []

Bid Accepted Date: []

Docs Received Date: []

Completion Date: []

Under Management:

Last Site Visit: []

Last Security Review: []

Last Hand S Review: []

Last ALUM Review Date: []

Next ALUM Review Date: []

Sale / Lease Date: []

Filter Records

Case Name: []

Primary Case Manager: []

Deal Ev Manager: []

Original Connector: []

MR Sib: []

Case Status: []

Town: []

CN Site: []

Record: 1 of 1

Form View

Filter Records

Clear Filters

New Case

Refresh

Close



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What Quick Case Looks Like in Full Case View Property Information Tab

REMIT Cases

General Case Data

Case ID: 481387653158 For new cases, make up a unique code for the Case ID (generally a long selection of random numbers.)

Case Name: Monkey Monkey Cobra Monkey Duck Limited Original Connector:

Primary Case Manager: PASHA, Mark GRG Case Manager:

Secondary Case Manager: Residential Deal Ex Manager:

MR Sbn: Case Status: A - Case Under Review Value Added:

Case Tracking | Financial Information | Due Diligence Information | Advisers

Properties - Demises

Address 1	Address 2	Postcode	Price to Beat	Bid Price	Site Area (acres)	Site Tenure
11-17 Castle Dene		Maidstone, Kent	750,000	750,000		

Demise/Unit Name Red/Spaces Area (sq ft) Units Use Use Class Zone ERV Ground Sale Value Sale Date Demise/Unit Status Agent Ref

This is demise 1 of 0

Record: 1 of 1

Filter Records

Case Name: Monkey Cobra Monkey Duck Limited MR Sbn:

Primary Case Manager: Case Status:

Deal Ex Manager: Town:

Original Connector: On Site:

Record: 1 of 1

Form View

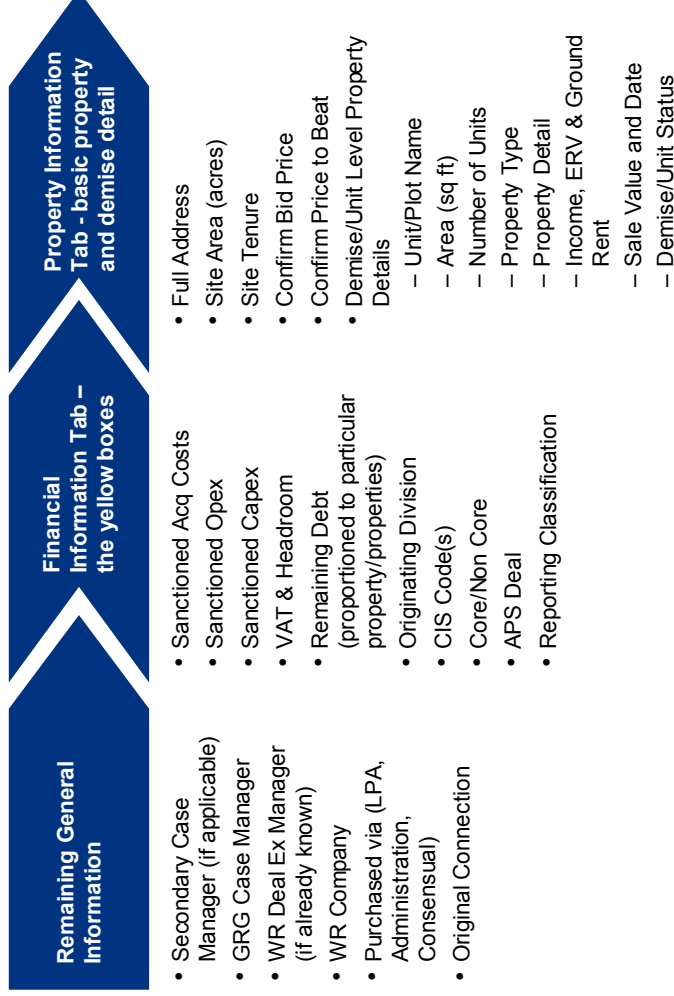
Filter Records Clear Filters New Case Refresh

Close

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B - APP Being Prepared

- Upon **completion of the APP** the **Case Manager** must fill out the following information on the expanded case page (found via the Case Maintenance button)
- All of these inputs are required in order to present an APP and hence should be available to the Case Manager to enter into REMIT without any further enquiries.



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B - APP Being Prepared General Information

Remaining General Information

Financial Information Tab – the yellow boxes

Property Information Tab – basic property and demise detail

Microsoft Access - [West Register Cases]

File Edit View Insert Format Records Tools Window Help Adobe PDF

REMIT Cases

General Case Data

Case ID: 481387653158 For new cases, make up a unique code for the Case ID (generally a long selection of random numbers)

Case Name: Monkey Monkey Cobra Monkey Duck Limited Original Connection: Monkey Monkey Cobra Monkey Duck Limited

Primary Case Manager: PASHA, Mark GRG Case Manager: STRAWBRIDGE, Lesley

Secondary Case Manager: MCCOWAN, Paul Deal Ex. Manager: LAURENCE, David

WIR SIB: Residential Case Status: B - APP Being Prepared

Case Tracking Financial Information Property Information Due Diligence Information Advisors

Case Management: WIR Company: West Register (Realisations) Ltd Asset Management Traffic Light: Currently on Site:

Case Purchased Via: Administration

Summary Property Information (used for board pack - limited to 255 characters for WIP report)

1 acre site located to the north of Madstone comprising three bungalows, of which 2 are let.

99 characters used

Under Management Case Status Commentary:

REV DATES

Pipeline:

Date Case Opened: 26/01/11

APP Approval Date:

Docx Received Date:

Completion Date:

Under Management:

Last Site Visit:

Last Security Review:

Last H and S Review:

Last ALM Review Date:

Next ALM Review Date:

Sale / Lease Date:

Filter Records

Case Name: Monkey Cobra Monkey Duck Ltd WIR SIB:

Primary Case Manager: Case Status:

Deal Ex. Manager: Town:

Original Connection: On Site:

Records: 1 of 1

Form View

Filter Records Clear Filters New Case Refresh

Close



A Note on Adding a New Property and New Demise

REMIT Cases

General Case Data

Case ID: 481387653158 *For new cases, make up a unique code for the Case ID (generally a long selection of random numbers!)*

Case Name: Monkey Monkey Cobra Monkey Duck Limited

Original Contractor: Monkey Monkey Cobra Monkey Duck Limited

Primary Case Manager: PASHA, Mark

Secondary Case Manager: MCGOWAN, Paul

WR Sib: Residential

CRG Case Manager: STRAWBRIDGE, Lesley

Deal Ex Manager: LAURENCE, David

Case Status: B - APP Being Prepared

Reason for Lapse: Value Adjust:

Properties - Demises

Address 1	Address 2	Town & County	Postcode	Price to Beat	Bid Price	Site Area (ares)	Site Tenure
11-17 Castle Dene	Monkey Monkey Street	Maldstone, Kent	M04 3EY	750,000	750,000	1.00	Freehold
13, 15	2 Beds	2	Residential - House - Detch	Private	30,000	0	0
17	2 Beds	1	Residential - House - Detch	Private	0	10,000	0
				30,000	40,000		

Record: 1 of 1

DEMISE:

To add a new demise line simply enter new data into the blank line (indicated with a *)

A new line will appear as soon as any data is entered into the blank sections

PROPERTY:

To add a new property (i.e. the address line and corresponding demises) click the button with the triangle and the *

To scroll between properties click the triangle button

To scroll to the end/beginning of the properties within a case use the triangle button with the vertical line

Filter Records

Case Name: Monkey Cobra Monkey Duck

WR Sib: [Dropdown]

Case Status: [Dropdown]

Deal Ex Manager: [Dropdown]

Town: [Dropdown]

On Site: [Dropdown]

Buttons: Filter Records, New Case, Clear Filters, Refresh

Record: 1 of 1

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C - APP Approved - Bid Not Yet Accepted

REMIT Cases

Case ID: 481387653158 For new cases, make up a unique code for the Case ID (generally a long selection of random numbers)

Original Connection: Monkey Monkey Cobra Monkey Duck Limited

Primary Case Manager: PASHA, Mark GRG Case Manager: STRAWBRIDGE, Lesley
 Secondary Case Manager: MCGOWAN, Paul Deal Ex Manager: LAURENCE, David
 MR Sib: Residential Case Status: B - APP Being Prepared

Key Dates

Date Case Opened:	25/01/11
APP Approval Date:	25/01/11
Bid Accepted Date:	
Docs Received Date:	
Completion Date:	

Under Management:

Last Site Visit:
 Last Security Review:
 Last H and S Review:
 Last AUM Review Date:
 Next AUM Review Date:
 Sale / Lapse Date:

Case Management:

West Register (Realisations) Ltd Asset Management Traffic Light:
 Case Purchased Via: Administration Currently on Site:

Summary Property Information (used for board pack - limited to 255 characters for WIP report)

1 are site located to the north of Madstone comprising three bungalows, of which 2 are let.

93 characters used

Under Management Case Status Commentary:

- Once JMR confirms that an APP has been approved, Case Manager should key in the APP Approval Date and liaise with Deal Ex (if not already done) as to who the Deal Ex Case Manager will be.

Filter Records

Case Name: Monkey Cobra Monkey Duck MR Sib:
 Primary Case Manager: Case Status:
 Deal Ex Manager: Town:
 Original Connection: On Site:

Filter Records New Case
 Clear Filters Refresh

Record: 1 of 1



D - APP Approved - Bid Accepted and In Legal Docs

- Due Diligence Information Tab to be filled out by Deal Ex Case Manager as running summary of the key issues and status updates.
- Deal Ex also responsible for filling out the Key Dates below.

Key Dates

Pipeline:

Date Case Opened: 11/01/11

APP Approval Date:

Bid Accepted:

Docs Received:

Completion Date:

Under Management:

Last Site Visit:

Last Security Review:

Last H and S Review:

Last ALUM Review Date:

Next ALUM Review Date:

Sale / Lapse Date: 11/01/11

- For definitions of Deal Ex Traffic Light, see Traffic Light Key slide in Appendix



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E - Case Completed and Under Management

- Upon acquisition the Case Manager must update the case status to 'E - Case Completed and Under Management'. Over the course of the hold period the Case Manager is then responsible for maintaining the following key information:
 - **Property Information:** Ensure that any changes to the demise status are updated on a timely basis (i.e. changes to planning, changes as units get built, updates to lettings and sales etc.)
 - **Maintaining an accurate snapshot of the property portfolio under management is vital for the quality of the weekly and monthly reporting.** Please **remember to inform Pash/Deacs when changes are made to demise data** in order that these can be accurately reflected in the reporting.
 - A wise old Dutch mongoose once said "hard days banking can never be complete without a full set of accurate reports for management." May we all abide by this shrewd and enlightening observation.
 - **Third Party Advisors:** When third parties are appointed (lawyers, agents, managers etc) update their details in the Advisors tab.

The screenshot displays a software interface with several tabs: Case Tracking, Financial Information, Property Information, Due Diligence Information, and Advisors. The 'Advisors' tab is active, showing a table with columns for Role, Letting Agent, Supplier, Person, Telephone, Mobile, and Email Address. A red box highlights the 'Person' section, which includes a dropdown menu for 'Person' (currently set to 'Cheryl Risk') and a text field for 'Email Address' (containing 'arim@arim.com'). Below the table, there are navigation controls and a 'Record: 1 of 2' indicator. A pop-up window titled 'Under Management:' is overlaid on the right side of the interface, containing several input fields: 'Last Site Visit:', 'Last Security Review:', 'Last H and S Review:', 'Last ALM Review Date:', 'Next ALM Review Date:', and 'Sale / Lapse Date:'. The 'Next ALM Review Date:' field is populated with '11/01/11'. An 'Add New Supplier' button is visible in the top right corner of the interface.

- **Key Dates:** Ensure under management dates on the Case Tracking Tab correct.
- **Asset Management Traffic Light:** Ensure this dropdown is correct on Case Tracking tab. For definitions of Asset Management Traffic Light see Traffic Light Key slide in Appendix.
- **Account Details:** One off addition of the bank account and sun code details (these can be obtained by asking Finance at time of purchase.)



F - Lapsed

When lapsing a case, the **MINIMUM** information required is as follows:

1) BASIC CASE INFORMATION

The basic information that would be inputted from Quick Case

1. Case ID
2. Primary RM
3. Case Status
4. Case and Connection Name (the same)
5. Case Details
6. Address/Location Info

2) SPECIFIC INFORMATION REQUIRED FOR LAPSING CASES

From the General Section (grey area of the top of the REMIT screen)

A) Reason for Lapse

There are 4 options

- Outbid by external bidder - where WR made a formal bid but did not end up purchasing. Provide the WR indicative bid and external bid.
- No opportunity to add value - where WR NPV was too low - no formal bid made. Provide the WR indicative bid and external bid.
- Case Restructured - Provide the WR indicative bid if devised.
- Below deminimis £250k - No info required

B) Value Added

If you believe that WR's work added value please quantify this here. For example ...

West Register successfully bid £1.2m for a property, with best external bid of £800k. The deal-ex team then instructed lawyers and cleared various title notices, investing significant time and expense. A subsequent bid was accepted at £1.35m in light of the clean title and WR were unable to match this bid. The value added was therefore £550k, being the difference between the two external bids.

From Case Tracking Tab

C) Sale / Lapse Date

The date that the case was lapsed on REMIT

From the Property Tab

D) Price to Beat

Price to beat is the external bid for which the property eventually sold (need to liaise with R&L/BRG to confirm this figure)

E) Bid Price

Bid price is either, depending on the scenario,

- (a) WR's actual bid; or
- (b) WR's proposed bid that was not actually carried forward

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F - Lapsed

REMIT Cases

Case ID: 1461513584 For new cases, make up a unique code for the Case ID (generally a long selection of random numbers)

Case Name: Lapsing A Case Original Connection: Lapsing A Case

Primary Case Manager: PASHA, Mark GIG Case Manager:
 Secondary Case Manager: Deal Ex Manager:
 IPR Sib: Residential Case Status: F - Lapsed

Reason for Lapse: Outbid by external bidder
 Value Added: 550,000

Address 1	Address 2	Town & County	Postcode	Price to Bid	Bid Price	Site Area (acres)	Site Tenure
11 - 17 Castle Dene	Monkey Monkey Street	Maldstone, Kent	M04 3EY	800,000	1,200,000	1.00	Freehold

Demise/Unit Name: Res/Sources Area (sq ft) Units Use Class Income Ground Sale Value Sale Date Demise/Unit Status Agent Ref

Key Dates

Pipeline:

Date Case Opened: 11/01/11
 APP Approval Date:
 Bid Accepted:
 Docs Received:
 Completion Date:
Under Management:
 Last Site Visit:
 Last Security Review:
 Last H and S Review:
 Last ALM Review Date:
 Next ALM Review Date:
 Sale / Lapse Date: 11/01/11

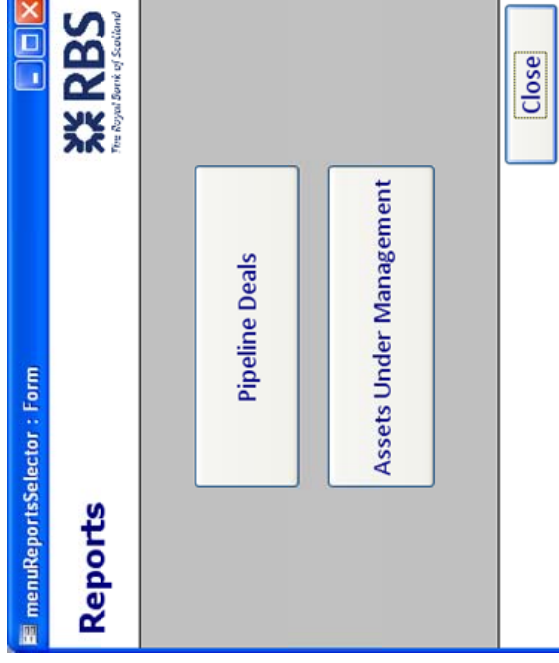
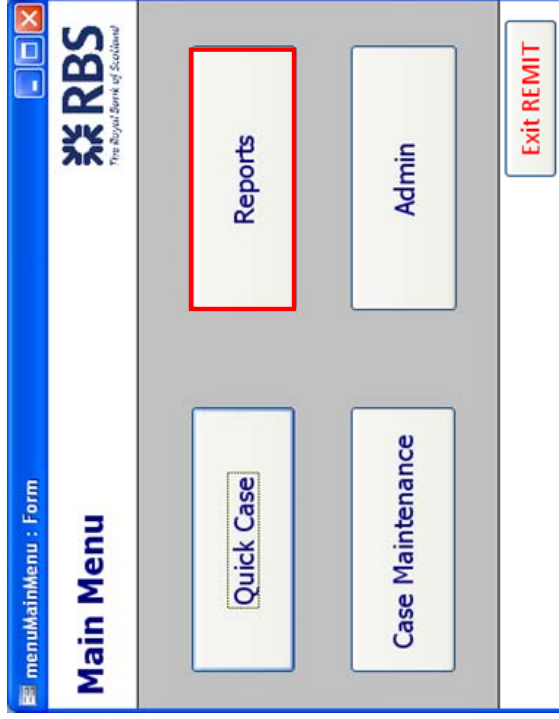


Awwwww, it's a sleeping panda .. lapsed and no longer active.

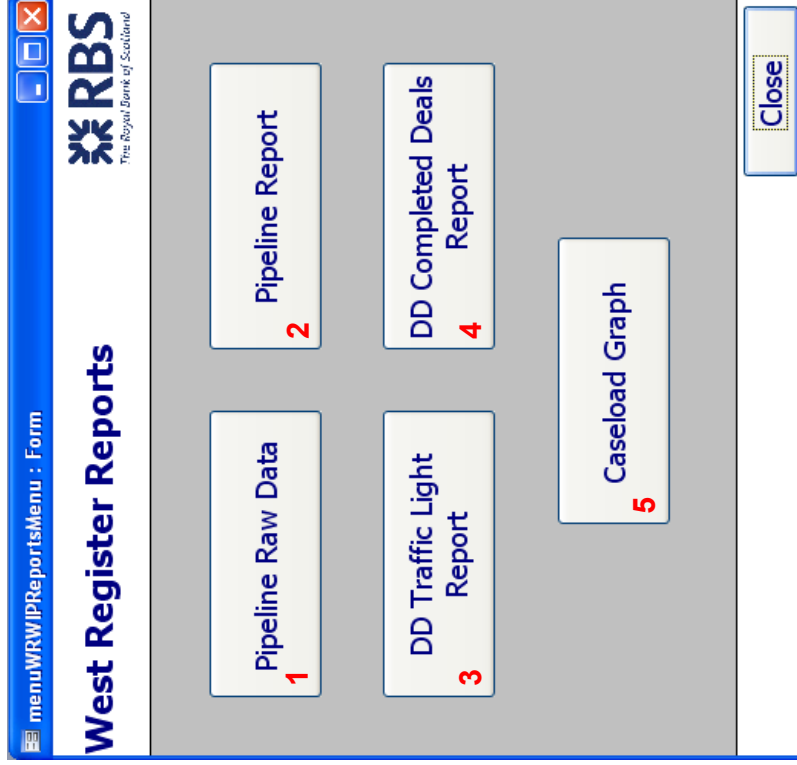
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Reports

- Based off the data contained within each case page, REMIT can be used to generate any number of summary reports across a given set of variables.
- The accuracy of the reports of course depends on the accuracy and completeness of the information.
- Pre-programmed into REMIT, there are a number of useful reports that can be accessed through the Reports button on the opening page.
- These are divided into Pipeline and Assets Under Management.

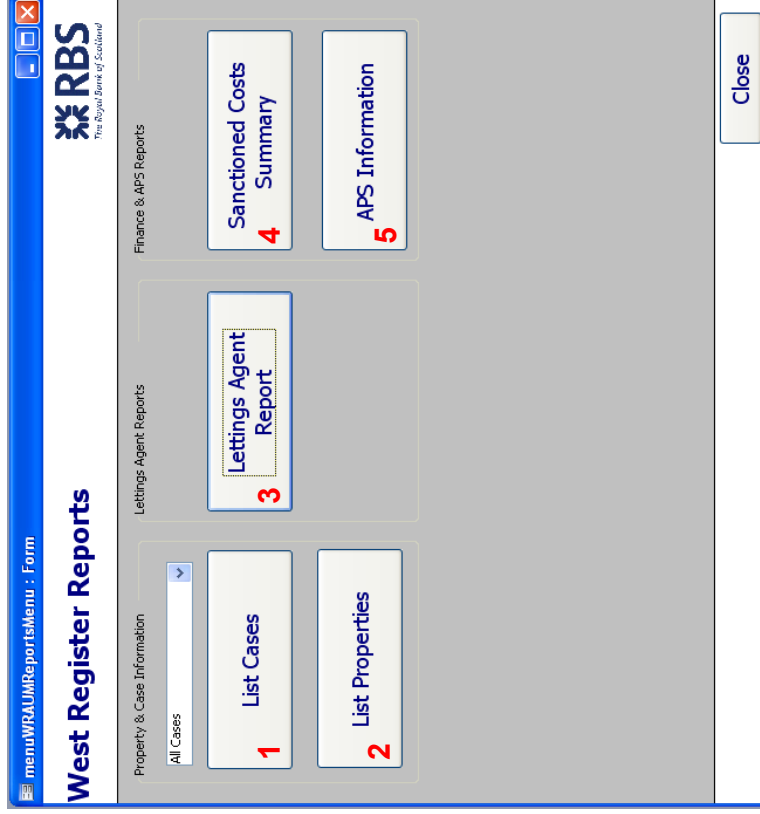


Pipeline Reports



1. Returns a list of all the cases in the pipeline (A and B) with a selection of summary information (e.g. brief description, bid/value, case manager, date case opened etc) in a format ready to export to Excel
2. Returns the same data as #1 but in a pre-designed report format
3. Returns a list of cases in the DealEx pipeline (C and D) with a selection of summary information (e.g. key dates, case managers, status update etc)
4. In essence a summary report of all completed transactions. Returns a list of all deals under management but with the same variables as #3
5. Returns graphs showing the number of cases per WR team member (according to the REMIT data)

Assets Under Management Reports



1. Select either 'All Cases' or a specific team from the drop down box and List Cases returns a list of the cases with the key case information including bid price, sanction limits, case managers, purchase date, connection name etc
2. Select either 'All Cases' or a specific team from the drop down box and List Properties returns a list of the demise level entries (i.e. every unit listed within a case) with the basic property and location information
3. Returns a list of all the units allocated to WR letting agents (this is driven by whether an agent reference has been entered at the demise level – if the agent reference is blank then the units will not be picked up in this report)
4. Returns a list of all cases and their associated sanction limits
5. Returns a list of all cases and the key APS information (CIS codes, APS?, Originating Division etc)

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The Invoice Log

REMIT Cases

Case ID: 481387653158 For new cases, make up a unique code for the Case ID (generally a long selection of random numbers)

Case Name: Monkey Monkey Cobra Monkey Duck Limited Original Connection: Monkey Monkey Cobra Monkey Duck Limited

Primary Case Manager: PASHA, Mark GRG Case Manager: STRAWBRIDGE, Lesley
 Secondary Case Manager: MCGOWAN, Paul Deal Ex Manager: LAURENCE, David
 MR Sib: Residential Case Status: B - ATP Being Proposed Value Added:

Sanctioned facilities per latest RPP

Total Bid Price:	750,000
Total Price to Bid:	750,000
Sanctioned Acc Costs:	22,340
Sanctioned Oper & Disposal Costs:	26,241
Sanctioned Cases:	95,000
VAT & Headroom:	(13,993)
Total Facility:	839,908

Financial Reporting Information

Remaining Debt:	3,000,000
Originating Division:	Business & Commercial
CIS Code(s):	C23D4B
Core / Non-Core:	Core
APS Case:	<input checked="" type="checkbox"/>
Bank Account:	
SAN Account Code:	
Bank Facility Expiry Date:	
Percentage Ownership:	100%

Summary Property Information

Reporting Classification: Residential

Total Passing Rent: 1

Total ERV: 1

Properties in Case: 1

View Invoice Log

Please fill in yellow boxes with data from APP and finance

- The invoice log is the system that runs parallel to REMIT where GRG COO log all the WR invoices that have been processed and paid
- There are 2 ways to access the system:
 - Via the case page on REMIT:
 - Click the View Invoice Log button on the Financial Information tab. This will return a list of all invoices that have been paid in relation to the specific case selected
 - By going to GRG Real Estate/Database one can access the entire Invoice Log for all cases by opening the INVOICE LOG file

Filter Records

Case Name: Monkey Monkey Cobra Monkey Duck Limited MW Sib: [dropdown]
 Primary Case Manager: [dropdown] Case Status: [dropdown]
 Deal Ex Manager: [dropdown] Town: [dropdown]
 Original Connection: [dropdown] Ch Site: [dropdown]

Record: 1 of 1

Buttons: Filter Records, Clear Filters, New Case, Refresh



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Some More Invoice Log

DateReceived	SancClassification	Supplier	InvoiceDate	InvoiceNo	VAT	GrossAmount	ChequeNo	DateSent	Notes
13/01/2011	Opex	1st Security Solutions Ltd	20/12/2010	1318/10	£1,361.80	£9,277.80	81	26/01/2011	
13/01/2011	Opex	1st Security Solutions Ltd	03/01/2011	1319/10	£1,361.80	£9,277.80	81	26/01/2011	
06/01/2011	Opex	1st Security Solutions LTD	06/12/2010	1286/10	£1,361.80	£9,277.80	80	19/01/2011	
20/12/2010	Opex	Terrence O'Rourke Ltd	15/12/2010	17928	£89.25	£589.25	79	23/12/2010	
20/12/2010	Opex	Terrence O'Rourke Ltd	15/12/2010	17929	£306.65	£2,059.95	79	23/12/2010	
17/12/2010	Opex	JDS Residential Ltd	17/11/2010	116/GLO4	£500.50	£3,360.50	78	23/12/2010	
06/12/2010	Opex	1st Security Solutions Ltd	22/11/2010	1273/10	£1,361.80	£9,277.80	77	13/12/2010	
26/11/2010	Opex	1st Security Solutions Ltd	09/11/2010	1256/10	£1,361.80	£9,277.80	76		
24/11/2010	Opex	Signs & Safety Ltd	15/11/2010	2108/28	£36.95	£248.05	75	29/11/2010	
09/11/2010	Opex	1st Security Solutions Ltd	25/10/2010	1226/10	£1,361.80	£9,277.80	72	23/11/2010	
09/11/2010	Opex	1st Security Solutions Ltd	25/10/2010	116/GLO3	£102.38	£687.38	74	18/11/2010	
09/11/2010	Opex	Braintree District Council	26/06/2010	0601066891	£1.00	£9,324.63	73	22/11/2010	
09/11/2010	Opex	1st Security Solutions Ltd	11/10/2010	1210/10	£1,361.80	£9,277.80	72	23/11/2010	
09/11/2010	Opex	Chalmers Hough Council	29/07/2010	7807/194D	£1.00	£9,617.04	0	18/11/2010	CHAPS
09/11/2010	Purchase Costs	Travers Smith	22/10/2010	88853	£2,245.15	£22,136.88	71	26/11/2010	
19/10/2010	Opex	JDS Residential	30/09/2010	116/GLO1	£588.53	£3,951.53	70	27/10/2010	
19/10/2010	Opex	JDS Residential	30/09/2010	116/GLO2	£588.53	£6,090.53	70	27/10/2010	
06/10/2010	Opex	1st Security Solutions Ltd	13/09/2010	1148/10	£1,361.80	£9,277.80	69	03/11/2010	
06/10/2010	Opex	1st Security Solutions Ltd	13/09/2010	1148/10	£1,361.80	£9,277.80	69	03/11/2010	
06/10/2010	Opex	1st Security Solutions Ltd	27/09/2010	1165/10	£1,361.80	£9,277.80	69	03/11/2010	
10/09/2010	Opex	BC Haverhill	25/08/2010	1011/23	£70.00	£470.00	68	15/09/2010	
02/09/2010	Opex	Chelmsford Borough Council	29/07/2010	700313802	£5,799.51	£56,527.04	PAID		Passed to finance for a CHAPS Payment 02/09/2010
02/09/2010	Opex	1st Security Solutions Ltd	19/07/2010	1024/10	£1,632.66	£10,952.16	67	06/09/2010	
01/09/2010	Opex	Travers Smith	10/08/2010	86045	£1,292.77	£8,680.12	66	06/09/2010	
17/08/2010	Opex	1st Security Solutions Ltd	02/08/2010	1106/10	£1,361.80	£9,277.80	65	01/09/2010	
05/08/2010	Opex	WSP Environmental	30/07/2010	12025628	£277.83	£2,536.83	64	06/08/2010	
20/07/2010	Opex	Travers Smith	08/07/2010	84787	£3,704.12	£55,679.25	PAID		CHAPS Payment to be arranged 20/07/2010
20/07/2010	Opex	Trade Marks Registry		TM16		£50.00	62	16/07/2010	Cheque not to be posted/ handed back to finance
14/07/2010	Opex	Terrence O'Rourke	08/07/2010	17485	£870.54	£5,845.04	61	16/07/2010	

- The example to the left shows the invoice log for Great Leighs
- In order to search for something specific, enter the log and press Ctrl + F. This will bring up the window highlighted in red below. In order to search the entire log make sure that the 'Look In' dropdown has "frominvoicelog" selected. Then type the detail you are searching for (i.e. an amount or invoice number) in the 'Find What' box

- The same search method applies to the full invoice log as well





Appendix

REMIT Classifications for Demise/Units

Demise Status Categories

Site/Planning Only	Unfinished/Being Built	Completed Being Let	Completed Being Sold
A1 - Plot only	B1 - Part built – mothballed	C1 - Minor works prior to rent	D1 - Minor works prior to sale
A2 - Plot with outline planning	B2 - Part built - pre-works DD	C2 - Marketing for rent	D2 - Marketing for sale
A3 - Plot with detailed planning	B3 - Part built - pre-works tendering	C3 - Under offer for rent	D3 - Under offer for sale
	B4 - Part built - on site works	C4 – Let	D4 - Freehold sold
		C5 – Unlettable	D5 - Leasehold sold
			D6 - Ground rent purchased

Degree of Completion

- A** Broad category for sites/plots of land. For reporting purposes this level of detail is sufficient (note: more work is required to verify the accuracy of the current data on REMIT)
- B** Only units that are part built are included in B1 and B2. The B2 category is where WR purchases part built units and is now considering whether to complete the build and how best to proceed. If WR decides to build out a scheme (either part built or not previously under construction) use B3 and B4.
- C** Completed units where the intention is to let.
- D** Completed units where the intention is to sell. Also encompasses all sold units (D4 and D5), as well as units where WR holds the freehold to previously sold leaseholds prior to purchase (D6).

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A Note on Entering Commercial Units Filling Out Multi Tenanted Commercial Spaces - Part 1

- A single office building with 4 tenants.

Method 1

Properties + Demises		Address 1		Address 2		Town & County	Postcode	Price to Beat	Bid Price	Site Area (acres)	Site Tenure	
Demise/Unit Name	Bedys/Spaces	Area (sq ft)	Units	Use	Use Class	Income	ERV	Ground	Sale Value	Sale Date	Demise/Unit Status	Agent Ref
Tenant 1	0	10,000	1	Commercial - Office	B1 - Business	10,000	10,000	0	0		C4 - Let	MAA123
Tenant 2	0	10,000	0	Commercial - Office	B1 - Business	10,000	10,000	0	0		C4 - Let	MAA124
Tenant 3	0	10,000	0	Commercial - Office	B1 - Business	10,000	10,000	0	0		C4 - Let	MAA125
Tenant 4	0	10,000	0	Commercial - Office	B1 - Business	10,000	10,000	0	0		C4 - Let	MAA126
* This is demise 1 of 4		40,000	1			40,000	40,000					

Method 2

Properties + Demises		Address 1		Address 2		Town & County	Postcode	Price to Beat	Bid Price	Site Area (acres)	Site Tenure	
Demise/Unit Name	Bedys/Spaces	Area (sq ft)	Units	Use	Use Class	Income	ERV	Ground	Sale Value	Sale Date	Demise/Unit Status	Agent Ref
Tenants 1, 2, 3, 4	0	40,000	1	Commercial - Office	B1 - Business	40,000	40,000	0	0		C4 - Let	MAA123
* This is demise 1 of 1		40,000	1			40,000	40,000					

- Both methods are acceptable. The first lists the individual tenants and their individual rents but note only the top line has a positive unit entry (because there is only one office)
- The second takes the an aggregate approach.



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A Note on Entering Commercial Units Filling Out Multi Tenanted Commercial Spaces - Part 2

- An industrial shed with ancillary office space

Demise/Unit Name	Beats/Spaces	Area (sq ft)	Units	Use	Use Class	Income	ERV	Ground	Sale Value	Sale Date	Demise/Unit Status	Agent Ref
Commercial - Industrial & Office	0	26,897	1	Commercial - Industrial & Office	B1 - Business	5,000	20,000	0	0		C4 - Let	MAAA123
Ancillary Space	0	4,856	0	Commercial - Office	B1 - Business	5,000	5,000	0	0		C4 - Let	

- As with the previous example note that only one entry needs a positive unit number as there is only one industrial shed. In instances where one building shares multiple use classes choose the primary space as the line to put the unit on.
- There is no aggregate solution in this scenario.



A Note on Entering Demises Individually or in Groups Example Uses Completed Residential Stock

- Example Property: 10 flats (5 x 3 bed and 5 x 2 bed)
 - 8 are let (5 x 2 bed and 3 x 3 bed)
 - All the 2 beds are 750 sq ft and all the 3 beds are 950 sq ft
 - Passing rent for a 2 bed = £650 pcm and for a 3 bed = £775
 - ERV for a 2 bed = £675 pcm and for a 3 bed = £800

Note: The same methods can be applied to units under construction OR planning permissions – the more detail on REMIT, the better our reporting and fundamental understanding of our portfolio

Method 1 – Grouping (slightly quicker to enter but more fiddly to manage)

Properties → Demises																	
Address 1		Address 2		Town & County		Postcode		Price to Beat		Bid Price		Site Area (acres)		Site Tenure			
11-17 Castle Dene		Monkey Monkey Street		Maidstone, Kent		M04 3EY		750,000		750,000		1.00		Freehold			
Demise/Unit Name	Beds/Spaces	Area (sq ft)	Units	Use	Use Class	Income	ERV	Ground	Sale Value	Sale Date	Demise/Unit Status	Agent Ref					
2	2	3,750	5	Residential - Flat - Purpose	Private	39,000	40,500	0	0		C4 - Let						
3	3	2,850	3	Residential - Flat - Purpose	Private	27,900	28,800	0	0		C4 - Let						
3	3	1,900	2	Residential - Flat - Purpose	Private	0	19,200	0	0		C2 - Marketing for rent						
*																	
This is demise 2 of 3														66,900	88,500	0	

Method 2 – Individual Unit Entries (slightly longer to enter but much simpler to maintain over the long run)

Properties → Demises																	
Address 1		Address 2		Town & County		Postcode		Price to Beat		Bid Price		Site Area (acres)		Site Tenure			
11-17 Castle Dene		Monkey Monkey Street		Maidstone, Kent		M04 3EY		750,000		750,000		1.00		Freehold			
Demise/Unit Name	Beds/Spaces	Area (sq ft)	Units	Use	Use Class	Income	ERV	Ground	Sale Value	Sale Date	Demise/Unit Status	Agent Ref					
Unit 1	2	750	1	Residential - Flat - Purpose	Private	7,800	8,100	0	0		C4 - Let	AA2					
Unit 2	2	750	1	Residential - Flat - Purpose	Private	7,800	8,100	0	0		C4 - Let	AA3					
Unit 3	2	750	1	Residential - Flat - Purpose	Private	7,800	8,100	0	0		C4 - Let	AA4					
Unit 4	3	950	1	Residential - Flat - Purpose	Private	0	9,600	0	0		C2 - Marketing for rent	AA5					
Unit 5	3	950	1	Residential - Flat - Purpose	Private	0	9,600	0	0		C2 - Marketing for rent	AA6					
This is demise 6 of 10														66,900	88,500	0	



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A Note on Entering Hotels

- Important variable that are required when entering a hotel onto REMIT are:
 - Number of beds
 - Whether it is Let or Managed (not applicable for planning only or unfinished)
- Also for hotels income data should be read; Income \approx EBITDA and ERV \approx Stabilised EBITDA

The screenshot shows a software interface for entering hotel data. The main form is titled 'Properties + Demises' and contains several fields and dropdown menus. The 'Beds' field is highlighted with a red box, and the 'Managed' and 'Let' radio buttons are also highlighted with a red box. The 'Managed' radio button is selected.

Demise/Unit Name	Bed/Spaces	Area (sq ft)	Units	Use	Use Class	Income	ERV	Ground	Sale Value	Sale Date	Demise/Unit Status	Agent Ref
The Point Hotel	139	0	1	Commercial - Hotels	Managed	1,000,000	1,530,000		0		C4 - Let	

Address 1: 34 Bread Street
Address 2: 34 Bread Street
Town & County: Edinburgh, Edinburgh
Postcode: EH3 9AF
Bid Price: 16,250,000
Price to Beat: 0
Site Area (acres): 0.00
Site Tenure: [dropdown]

This is demise 1 of 1
1,000,000 | 1,530,000 | 0



A Note on Selling Units and Entering Ground Rents

If Site Tenure = Freehold

- WR has only acquired ground rent investments
 - Demise Status = Ground Rent Purchased
 - Ground = enter the annual ground rent owed to WR (positive entry)

Demise/Unit Name	Sub/Spacer	Area (sq/ft)	Units	Use	Use Class	Income	ERV	Ground	Sale Value	Sale Date	Demise/Unit Status	Agent Ref	
FLATS / Pkcs 9	3	Beds	0	1	Residential - Flat - Purpose	Private	0	0	100	0	0	Ground rent purchased	

- WR owns freehold units and then sells the freehold
 - During hold period unit is classed as usual depending on let/vacant status
 - At point of sale Demise Status = Freehold Sold
 - Ground = £0

During Hold Period:

Demise/Unit Name	Sub/Spacer	Area (sq/ft)	Units	Use	Use Class	Income	ERV	Ground	Sale Value	Sale Date	Demise/Unit Status	Agent Ref
FLATS / Pkcs 9	3	Beds	0	1	Residential - Flat - Purpose	Private	8,000	8,000	0	0	Ct - Let	

At Point of Sale:

Demise/Unit Name	Sub/Spacer	Area (sq/ft)	Units	Use	Use Class	Income	ERV	Ground	Sale Value	Sale Date	Demise/Unit Status	Agent Ref
FLATS / Pkcs 9	3	Beds	0	1	Residential - Flat - Purpose	Private	0	0	120,000	26/01/11	D4 - Freehold sold	

- WR owns freehold units and then sells them leasehold
 - During hold period unit is classed as usual depending on let/vacant status
 - At point of sale Demise Status = Leasehold Sold
 - Ground = enter the annual ground rent owed to WR (positive entry)

During Hold Period:

Demise/Unit Name	Sub/Spacer	Area (sq/ft)	Units	Use	Use Class	Income	ERV	Ground	Sale Value	Sale Date	Demise/Unit Status	Agent Ref
FLATS / Pkcs 9	3	Beds	0	1	Residential - Flat - Purpose	Private	8,000	8,000	0	0	Ct - Let	

At Point of Sale:

Demise/Unit Name	Sub/Spacer	Area (sq/ft)	Units	Use	Use Class	Income	ERV	Ground	Sale Value	Sale Date	Demise/Unit Status	Agent Ref
FLATS / Pkcs 9	3	Beds	0	1	Residential - Flat - Purpose	Private	0	0	120,000	26/01/11	D5 - Leasehold sold	

If Site Tenure = Leasehold

- WR owns leasehold units
 - WR owes ground rent to freeholder during the hold status but with Ground = annual ground rent owed to Freeholder (negative entry)
 - At point of sale Demise Status = Leasehold Sold
 - Ground = £0

During Hold Period:

Demise/Unit Name	Sub/Spacer	Area (sq/ft)	Units	Use	Use Class	Income	ERV	Ground	Sale Value	Sale Date	Demise/Unit Status	Agent Ref
FLATS / Pkcs 9	3	Beds	0	1	Residential - Flat - Purpose	Private	8,000	8,000	100	0	Ct - Let	

At Point of Sale:

Demise/Unit Name	Sub/Spacer	Area (sq/ft)	Units	Use	Use Class	Income	ERV	Ground	Sale Value	Sale Date	Demise/Unit Status	Agent Ref
FLATS / Pkcs 9	3	Beds	0	1	Residential - Flat - Purpose	Private	0	0	120,000	26/01/11	D5 - Leasehold sold	



A Note on Capturing Value in Mixed Use Schemes

- The way REMIT is structured means that a slight complication arises when trying to capture value on a mixed use scheme (either a building with a mix of commercial and residential use, a site with a planning permission for commercial and residential use or a site with an existing mix of commercial and residential buildings.)
- In these instances, although WR will bid a single price, it is important to show the different components of the bid price, broken down by their use classes on REMIT (i.e. a site with planning permission for offices and houses might have a total bid of £10m of which £8m relates to offices and £2m to houses – as WR reports value in terms of residential and commercial, it is therefore necessary to show the £8m and £2m breakdown on REMIT not just the total £10m.)
- To do this, one has to treat the building or permission as 2 properties, one which holds the residential units and their associated value and the other which holds the commercial units and their associated value.
- In the below example WR purchased a building with 4 flats over a shop for a total of £320,000. Whilst this is only one site, in order to capture it accurately, there are 2 properties, the first with the 4 flats and a value of £230,000 and the second with the commercial unit and a value of £90,000. Note that it is only necessary to fill in the Site Area and Tenure on 1 of the properties.

Property 1

Properties -> Demises		Address 2		Town & County		Postcode		Price to Beat		Site Area (Acres)		Site Tenure	
Demise/Unit Name	Beds/Spacer	Area (sq ft)	Units	Use	Use Class	Income	ERV	Ground	Sale Value	Sale Date	Demise/Unit Status	Agent Ref	
Unit 3	1		0	Residential - Flat - Purpose	Private	5,400	5,400	0	0		C1 - Let	R50096	
Unit 4	1		0	Residential - Flat - Purpose	Private	5,940	5,940	0	0		C1 - Let	R51001	
Unit 1	1		0	Residential - Flat - Purpose	Private	4,800	4,800	0	0		C1 - Let	R50095	
Flat 2	1		0	Residential - Flat - Purpose	Private	0	4,560	0	0		C2 - Marketing for rent	R50096	
* * * * *													
This is demise 1 of 4													
16,140 20,700 0													

Property 2

Properties -> Demises		Address 2		Town & County		Postcode		Price to Beat		Site Area (Acres)		Site Tenure	
Demise/Unit Name	Beds/Spacer	Area (sq ft)	Units	Use	Use Class	Income	ERV	Ground	Sale Value	Sale Date	Demise/Unit Status	Agent Ref	
Commercial	0		1	Commercial - Retail	A1 - Shops	9,750	9,750	0	0		C1 - Let	GVA0010	
* * * * *													
This is demise 1 of 1													
9,750 9,750 0													



Traffic Light Keys

Deals In Docs



- Complicated case where a number of significant issues were uncovered in the due diligence stage – remote chance of imminent completion
- Few, if any, major issues discovered to date – expected to complete according to regular 28 day timeframe
- Straightforward case - expected to complete imminently

Assets Under Management

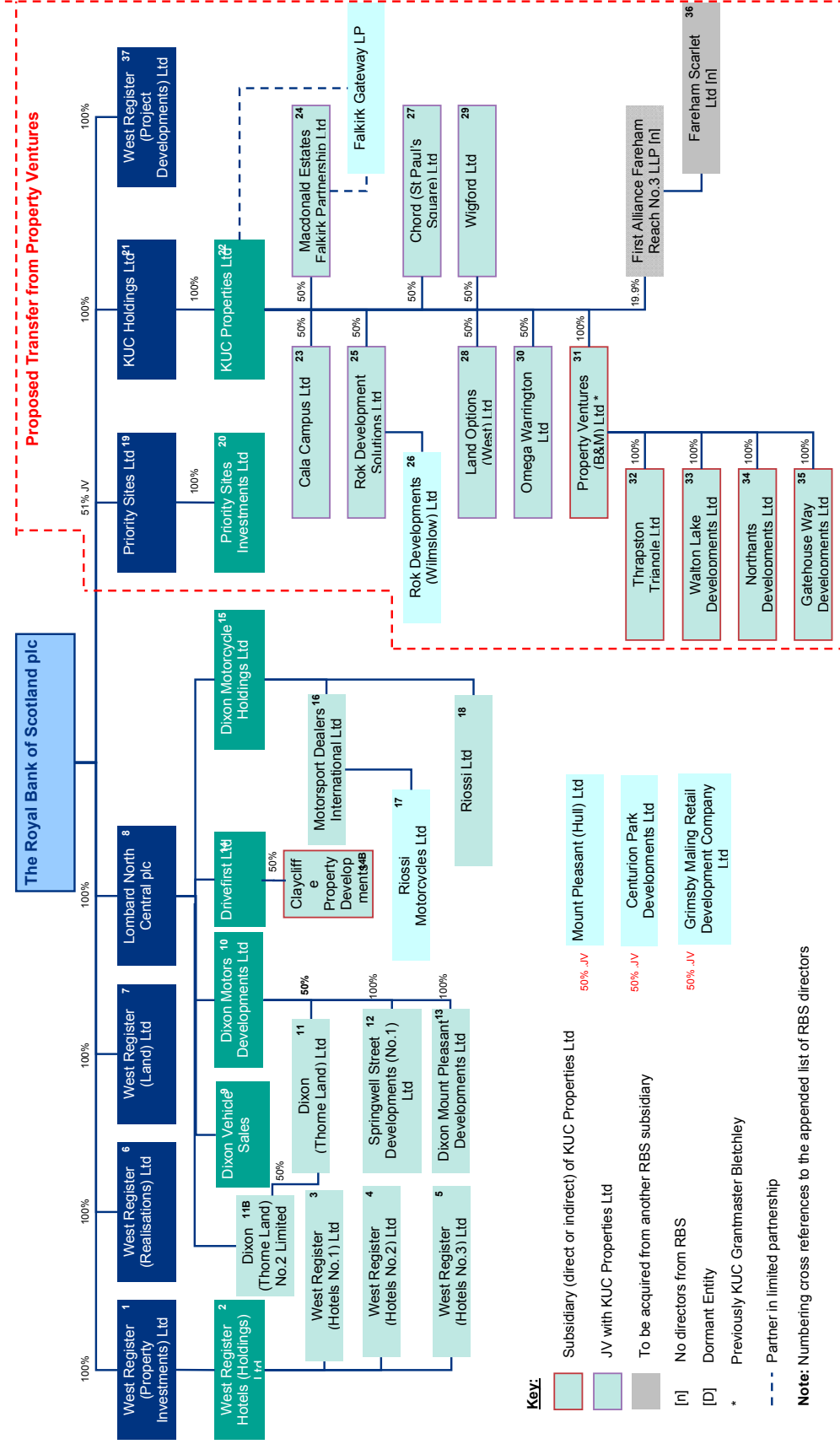


- Time intensive active asset management required.
- Includes: (1) cases over £25m (2) cases with active development (3) cases with accounts over limit (4) cases receiving media interest
- Active asset management required
- Passive asset management only (i.e. being managed by external agent)

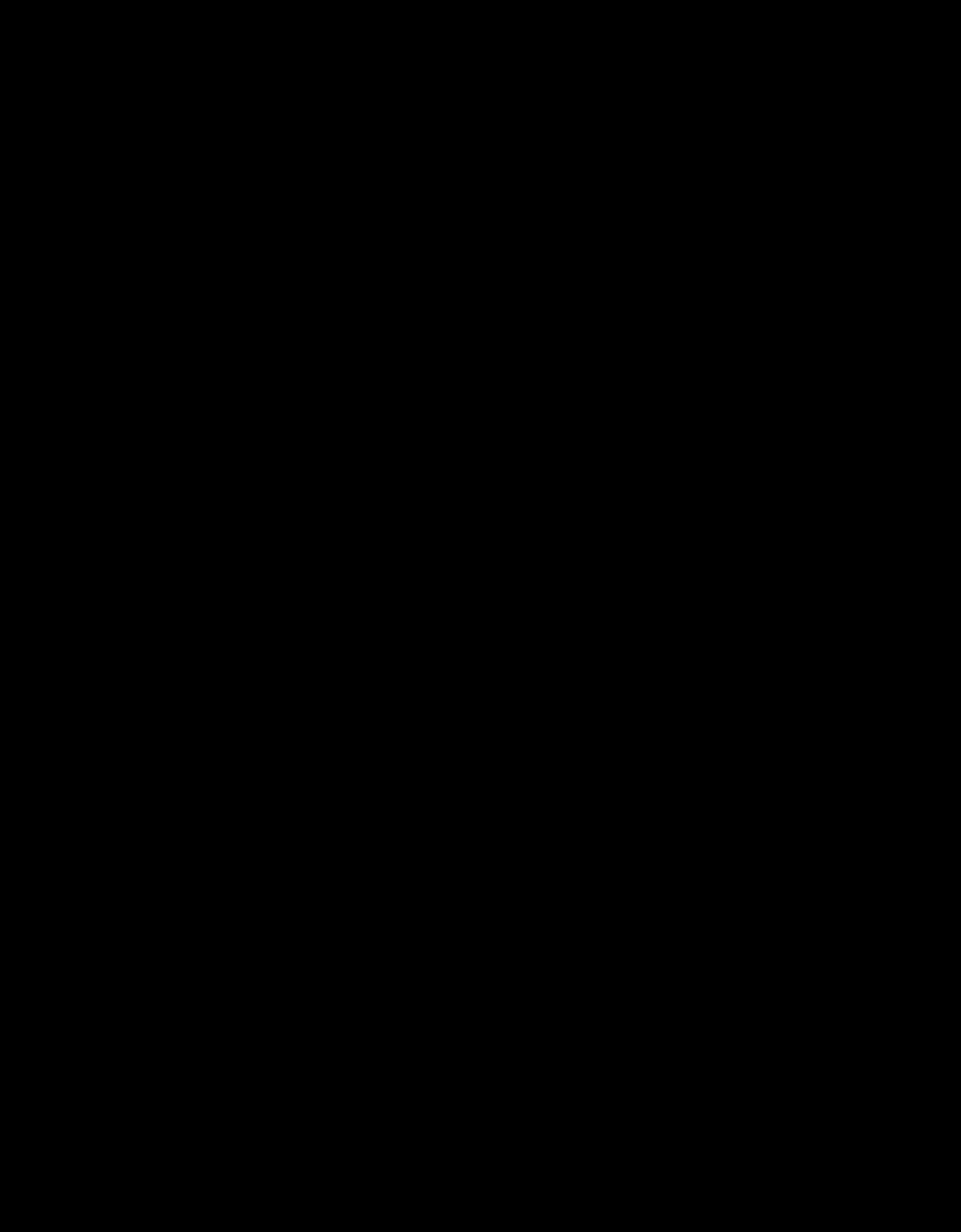


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21.12. West Register UK Corporate Structure Chart



21.13.



21.14. APS Guidance Notes

Introduction

The purpose of this note is to set out the work that the UK Asset Recovery team (“West Register”) undertakes, the impact that the APS Rules will have on that work, and a practical and workable solution for the issues highlighted. West Register Realisations Limited, West Register Land Limited, and West Register Property Investments Limited (together, “West Register”) provide an advisory role to the other teams within GRG and acquire property-related assets (ranging from individual properties to development sites and commercial property (generically referred to as “property” in this note), predominantly out of enforcement scenarios, but also as part of consensual restructurings. The property is then managed and/or developed and/or sold.

Please note that separate West Register companies hold equity and related instruments acquired by the Strategic Investment Group (“SIG”) within GRG. Those companies and operations are beyond the scope of this paper.

Executive Summary

APS Approval for West Register actions involving the acquisition and management of property assets which constitute Non-Cash Realisations should be sought in one APS Webform at the outset of the acquisition process wherever possible. This is to be achieved as follows:

1. As with current practice, West Register submits an Asset Purchase Proposition (“APP”) to the APP Committee prior to submitting a bid.
2. The template APP will be amended to ensure it encompasses sufficient strategic, financial and AMO analysis.
3. The West Register bid for property is to be submitted “subject to contract and internal approvals” (to take into account the need for APS Approval).
4. Should the West Register bid be the administrator/receiver’s preferred bid, the mainstream (i.e. non-West Register) GRG RM will submit an APS Webform requesting approval for the disposal of the property/release of security and the West Register acquisition, strategy and budget (i.e. conduct relating to a Realisation and incurrence of Realisation Expenses). The (credit approved) APP will also be submitted by the mainstream GRG RM as part of the APS Approval request. For ease of reference, the APS Webform will include relevant background and AMO wording from the APP form and not merely refer to the attachment. The West Register RM will provide this wording to the mainstream GRG RM when they send the APP to them.
5. This applies equally to the auction sales process, where the mainstream GRG RM will seek APS approval to release security prior to the auction process and for the West Register acquisition at the proposed bid price, as well as APS Approval for the ongoing West Register strategy and budget. Whilst the West Register bid may not be successful, the APP should be APS Approved prior to the auction in the same manner as set out in (4) above.
6. Further approvals only need to be sought by West Register if and when there are diversions from the APS-Approved APP budget/strategy. The current West Register asset management policy will be amended to ensure APS approvals are identified and obtained where required, with an APS Compliance representative on the review committee if deemed appropriate. The asset management policy review process works on the following basis: Red (monthly case review), Amber (bi-monthly case review) and Green (bi-annual case review).
7. A separate approval will always be required for a subsequent disposal of the Non-Cash Realisation by West Register, such action constituting Prohibited Conduct under the APS Scheme rules.

Background

The strategy in relation to the property is determined at the point at which West Register submits a bid for approval in the form of an Asset Purchase Proposition (“APP”). Presently, the APP is submitted to the APP committee comprising Derek Sach, Laura Barlow, Joy McAdam and Declan Hourican. The APP contains (in addition to property and loan information) (a) purchase rationale; (b) bid price analysis; (c) asset management strategy, and (d) exit strategy.

APS Analysis

In simple terms, the key APS impact on acquisitions, management and disposals of Non-Cash Realisations by West Register is as follows:

- When West Register acquires property relating to a Covered Asset, the property is classified as a Non-Cash Realisation (Condition 7.3).
- The purchase price paid by West Register and received by RBS in respect of the Non-Cash Realisation will generally not constitute a Recovery for the purposes of the Scheme Rules (Condition 7.3).
- A Recovery is made in relation to the Non-Cash Realisation where West Register receives:
 - proceeds upon disposal of the property
 - any income derived from the property whilst managed by West Register (e.g. rental income), in each case, after the underlying Covered Asset has Triggered (Condition 7.1)

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- Between acquisition and disposal, West Register must manage the Non-Cash Realisation in accordance with the asset management obligations set out in the Scheme Rules (including the Asset Management Objective etc, see Condition 10.8).
- Any expenditure in relation to the property which is incurred in accordance with Condition 7.20 of the Scheme Rules constitutes a Realisation Expense.

Note

Individual approvals are only required by West Register where the Asset Actions in question have not already been approved by virtue of the mainstream GRG APS Approval submission. Disposals will always require separate APS Approval as they will constitute Prohibited Conduct.

In view of the analysis set out above and the terms of the Asset Management Framework, the table below indicates which actions undertaken West Register require APS Approval.

In view of the analysis set out above and the terms of the Asset Management Framework, the table below indicates which actions undertaken West Register require APS Approval:

Advisory

Action	APS Approval Required	Rationale	Comments
Advising BRG and CRU teams in relation to valuations and strategy	N	Advisory role only	

Acquisition Process

Action	APS Approval Required	Rationale	Comments
Submitting APP for internal credit approval prior to formal bid	N	Not an action requiring APS approval.	APP requires credit approval from APP approvals committee (Derek, Laura, Joy, Declan). One-bid policy.
Submitting formal bid	N See comments	In a non-consensual scenario, West Register is treated at arm's length by receivers/administrators. It doesn't automatically follow therefore that submission of a bid will be followed by acquisition of asset. In a consensual scenario, a disposal to West Register will be APS approved as part of the Restructuring.	Bid will be submitted subject to internal Approvals. APS Approval for a formal bid will be sought for the acquisition by WR (see below).
Acquiring Asset	Y See comments	Conduct relating to a Realisation	Approvals for acquisitions by West Register are sought as part of the APS Approval request by the mainstream GRG RM alongside the approval to agree a sale/release of the relevant security. (Note: APS Approval for a decision by WR not to submit a bid is also covered in the mainstream RM's APS Webform submission)
Due Diligence: Instructing lawyers, environmental consultants etc.	Y	Conduct relating to a Realisation/Realisation Expenses	DD will only take place once approval has been given to acquire the asset.
Reduction in bid price	N See comments	Conduct relating to a Realisation	Affects the approval given for disposal –a Webform will be required to be submitted by mainstream GRG RM.

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Portfolio Management Process

Action	APS Approval Required	Rationale	Comments
Appointment of external asset managers/JV partners/building contractors	Y	Conduct relating to a Realisation/Realisation Expenses	APS Approval for asset management strategy (including appointments, budget and expenditure) will be sought at the same time as APS Approval for security release. Appointments/expenditure outside APS Approved parameters requires separate APS Approval. Also see narrative below re individual approvals.
Opex	Y	Incurring Realisation Expenses	As above.
Capex (including development costs)	Y	Incurring Realisation Expenses	As above.
Other management fees e.g. legal/agent costs	Y	Incurring Realisation Expenses	As above.
Actions around occupational leases e.g. surrenders, amendments, agreements for lease (as distinct from long leaseholds)	Y	Conduct relating to a Realisation	As above.
Litigation e.g. actions against tenants	Y	Conduct relating to a Realisation/Incurring Realisation Expenses	As above.

Disposal Process

Action	APS Approval Required	Rationale	Comments
Disposal or part disposal of Protected Assets (including granting of long leaseholds at a premium)	Y	Prohibited Conduct (therefore if Covered Amount greater than £50m, APA approval required).	

22. Document Governance

Endorsed by:

The Members of the GRG Strategic Property Group Committee

Owned by:

Ben Deacon
280 Bishopsgate, London, EC2M 4RB



22.1. Document Information

Location	V:\GRG Real Estate\West Register\Personal folders\Ben Deacon\Procedure Manual\West Register Policy & Procedures Manual v1.2 (printed).doc
Date Last Saved	30 March 2011
Last Saved By	Deaconb

22.2. Versions

Version	Date	Comment / Changes
1.0	1 March 2011	Original draft
1.1	29 March 2011	Updated Contractor appointment levels, Asset Reviews now superseded by SCR Process, various other minor changes
1.2	1 April 2011	Updated Governance and Oversight Terms. First printed draft distributed to team. Process flowcharts included in appendix.

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