

SURVEY REPORT AND ATTACHED LETTER OF OPINION OF VALUE

This is to Certify that the undersigned carried out a valuation and condition report on the vessel at Marine, England on the at the request of

Purpose of the inspection

The inspection was requested in order to evaluate the 'General Condition and Value' of the vessel for underwriting purposes and only those items affecting the insurability have been examined. This valuation is carried out on the understanding that I am legally liable to the above client only and not to any subsequent holder of the said report. Such liability must be constructed as a contract under British law and jurisdiction and any dispute arising hereunder shall be submitted to the exclusive jurisdiction of the courts of England and Wales. This report is not to be used for any other purpose.

Conditions and factors limiting the inspection

- Y The vessel was afloat, out of commission, thus allowing access to the internal parts of the vessels structure only.
- Y Machinery installations, auxiliary and ancillary equipment and other service systems, electronic equipment, pumping and plumbing, sanitation systems, navigational aids and other sundry items were visually inspected only. None of these items were dismantled nor were specific tests applied as remedial works were still in progress.
- Y The steering gear installation was visibly inspected internally only.
- Y The main propulsion engine was examined externally only.
- Y All tanks were inspected where visible but not internally and they have not been pressure tested and their contents have not been tested for contamination.
- Y Windows, hatches, crash bulkheads and external doors have not been tested for water tightness.
- Y The skin fittings and valves have not been dismantled.
- Y No testing of the DC/AC electrical systems were undertaken due to remedial works in progress.
- Y No liability whatsoever is accepted for any injury, death or damages arising from those parts of the vessel to which access could not be gained at the time of the valuation/inspection and on the strength of which I am unable to comment.
- Y Due to over coatings joiner work, installations alike, access to certain parts of the vessel were difficult or impossible and therefore no responsibility can therefore be accepted for failure to discover or report on these defects which may exist in these areas.
- Y The vessel was not tested for transverse or longitudinal metacentric stability or buoyancy and this report must not be taken to imply that the vessel has sufficient stability or buoyancy for the intended purpose.

Matters of design were not considered to be part of the brief.

- ÿ This inspection/valuation is not undertaken with any intention to ascertain that the vessel *presently* complies with any rule or code of practice as may be required by any authority under whose jurisdiction the vessel may be operated, however information was made available to the Surveyor on the day of the inspection that the vessel will 'on commissioning' (scheduled for December 2005) comply with MCA Mega Yacht Coding and Bureau Veritas Classing rules, although on the day of the inspection this was not guaranteed. (see paragraph A and paragraph B below)

Scope of BV classification

It should be emphasized that it is the ship owner who has total control over a vessel, including the manner in which it is operated and maintained. Classification is voluntary and its effectiveness depends upon the ship owner, and other interests, operating in good faith by disclosing to the class society any damage or deterioration that may affect the vessels classification status. If there is the least question, the owner should notify class and schedule a survey to determine if the vessel is in compliance with the relevant class standard.

(A). This valuation report is based on the completion & implementation of the published rules of the classification process, which should consist of:

- ÿ A technical review of the design plans and related documents for a new vessel to verify compliance with the applicable rules;
- ÿ Attendance at the construction/refitting of the vessel in the shipyard by a classification society surveyor(s), and at the relevant production facilities that provide key components such as steel, engine, generators and castings, to verify that the vessel is constructed in accordance with the classification rules;
- ÿ Upon satisfactory completion of the above, the ship owners request for the issuance of a class certificate will be considered by the relevant classification committee, or another body, of the class society and, if deemed satisfactory, the assignment of class will be approved and a certificate of classification issued;
- ÿ Once in service, the owner must submit the vessel to clearly specified program of periodical class Surveys, carried out onboard the vessel, to verify that the ship continues to meet the relevant rule conditions for continuation of class.

(B) This valuation report is based on the completion & implementation of the Maritime and Coastguard Agency (MCA) Codes of Practice for Small commercial vessels. (SCV).

Compliance with the code is a guarantee that the vessel is sound, well found and equipped with the appropriate safety gear, all in working order.

(scheduled for completion on December 2005). As the vessel is British and is to be used commercially at sea it is a requirement that it is SCV Certificated by one of the MCA Certification Authorities such as the RYA. Commercial use broadly means engaged in activities on a commercial basis, even if not for payment, carrying cargo or passengers.

Vessels particulars

Name of vessel:
Hail Port: Granton. British Flag.
Owner:
Hull ID Number: Official Number:
Intended use: Commercial activities.
Navigation Limits: Category A-Ocean. Merchant shipping regulations.
Date of valuation:
Last Hauled: January 2005.
Type: Steel Motor Yacht .
Builder/history: Fishing vessel, constructed by Hall Russell &Co. Converted by Putford Enterprises for use as a standby vessel and sold by them in September 1993 to the present owner who is presently converting her into a luxury Motor Yacht.
Year of Built: 1960 Circa
LOA: 32 Metres **Beam:** 7.35 Metres **Draft:** 3.36 Metres.
Gross Tons: 235 GRT.
Main Engine: Eight cylinder/ turbo/ 1000HP diesel engine driving shaft.
Max speed: 12 Knots.
Colours: White topsides and teak laid deck.
Weather: 45 degr.F,clear, breezy.
Fuel capacity: 30 Tons.
Water capacity: 6 Tons.
Waist holding tank capacity: Not observed.
Coding: For MCA Compliance-to be completed.
Class: Bureau Veritas Class- to be completed.



Measurements/information and weight were taken from available published information. No actual measurements were made by the Surveyor.

General Description, Design and Construction

"....." has a welded all-steel shell built by Hall Russell & Co to fishing vessel standards and were at the time one of the prolific builders. Since passing into private ownership the vessel has been refitted internally a number of times and more recently substantial changes in the deign of the superstructure have taken place.

The vessel has ten guest berths and six to eight crew berths in various cabins. Eight shower and toilet compartments were distributed through and some on-suite.

Hull form is single/doubled chine with a soft-nosed raked bow and transom stern. Underwater profiles were not observed. Single propeller and rudder supposedly behind a steel skeg although not confirmed; with teak laid decking and painted steel superstructures, wheelhouse/bridge and raised sidings. The vessel generally appeared to have been built to accepted marine industry standards and practices at the time of its construction, using commonly accepted materials.

Hull & Cathodic protection

No underwater plating was observed. Areas of internal plating and framing could not be inspected due to the presence of linings and I cannot confirm that these areas are free of defect. The hull was of fairly standard form with side slabs and internal 10mm framing spaced at 600mm centres. Original plating thickness was estimated on the basis of control measurements taken at points where deterioration was unlikely to have occurred and was thought to be perfectly adequate specification. Forward and aft entry and exit lines were reasonable. Fabrication was to a satisfactory standard as apparent internally. Immersed Sacrificial anodes not observed.

Topsides

The topsides remain in a good condition. Seams remain sound where examined. Paintwork appeared as new.

Superstructure / decking.

Teak forward and aft decks were fitted over fabricated steel. The gunwhales were rolled with sides plates with substantial hardwood capping. Visibly inspected and found to be in a good condition, satisfactory and effective. Where it was possible to examine the deck fastenings these were found adequate, in generally good order and the planking was properly secured. The deck and superstructure unit was particularly examined for cracks in highly stressed areas and around deck fittings but no defects were found. The deck was tested in a number of places, and no significant undue flexing of the deck structure was noted.



Bilge/ballast and access

The vessel was subdivided by various watertight screen bulkheads. The bulkheads were visibly inspected where access was available and found satisfactory and effective. Ballasting was not observed but apparently pored concrete remains properly secured in areas amidships.

Bilge pumping installation

The vessel was fitted with a 25 Ton general service pump /general service ring with approximately seven float activated/alarmed stations capable of drawing from various compartments. A main fire pump forward appeared to be satisfactory and effective. Although it was not possible to survey all the associated pipe work in detail such as I was able to inspect appeared satisfactory with the connections in a serviceable condition.

Two portable 300 Litre GPH submersible pumps were secured above decks and found to be in a good serviceable condition.

Deck fittings

The lifting derrick on the aft deck has been recently load tested for BV classing and various items/pullies and cabling were under remedial works. As far as possible to establish with out dismantling the fittings including mooring cleats and fairleads were securely fastened and suitable for the yacht.

Electrical installation

Remedial works on various electrical AC/DC items were still in progress and this should not be overlooked.



The 3 phase/30Hz-380 or 420Volt system and two sets of ships batteries were visibly inspected where accessible, the heavy duty lead acid type batteries were adequately secured against any movement. I suggest the batteries pillar terminal covers are properly PVC covered. The area of installation was considered adequately ventilated and the batteries appeared to be in reasonably good condition.

The electrical systems were fitted with marine type breaker panels which appeared to be satisfactory installed and effective. The breakers, wiring and associated equipment where accessible was found to be in good order and generally operational, with none of the wiring found to run in the bilge areas and clear of any source of direct heat. The accessible wiring inspected was PVC insulated, and in the limited places for inspection, the wiring was adequately clipped up and fitted where necessary with bulkhead glands and crimped end fittings and found in good order. In the

limited places for inspection, the cable sizes appeared to be adequate for the circuits examined and the cables were all of the multi-strand type.

Ac electrical installation works were in progress and due for completion December 2005.

Engine installation

An English Electric 1000BHP 8 cylinder/turbo diesel engine was installed, serial number IH5236, coupled to a Michael Bearings hydraulic reverse/reduction gearbox. The engine was solidly mounted on substantial engine beds. The engine was inspected visually and appeared to be in serviceable condition, well secured with no evidence found of loose mountings or displaced shims.



Fuel tanks and fuel systems

The vessel was fitted with two fourteen ton fuel oil tanks, one 330 gallon service tank and one dirty oil tank of steel construction. There was no deterioration visible to the accessible parts of the tanks, although I was unsure whether the tanks were filled up and it was not possible to check fully their oil tight integrity and this is not guaranteed. There were however no obvious signs of leakage at any of the joints or fittings. It was not possible to open up the tanks and inspect their interiors, although the material of construction was considered suitable for the fuel contained therein and appeared to comply with the 30 minute fire resistant requirement of BS 476/20. The tanks were properly secured and no sign of movement was observed.

The tanks filling and vent pipe appeared suitable for the fuel used, and complied with the relevant standards. The filling pipes were taken to deck level and were so arranged that it was not possible for fuel to overflow into the vessels hull or bilge.

The fuel piping was properly secured and supported. Fuel was drawn from the top of the tanks and the fuel filters were non corrodible, non breakable and impact resistant.

Flame arrestors/bunker vents on the fuel vent pipes were installed on the exterior. The openings were furnished with effective gauzed flame arrestors. The vent pipes noticeably extended to a height above that of the deck filling connections, and the open end of the pipes were fitted in a position where no danger would occur from escaping fuel or vapour.

Sea valves and skin fittings

The fittings were not drawn or opened during this inspection, but various valves were examined in situ internally by hammer and scrape testing, and they were considered satisfactory operational with no obvious signs of water ingress in way of seals or glands. Although it was not possible to survey all the associated pipework in detail such as I was able to inspect appeared satisfactory with the connections found to be in a serviceable condition.



Steering gear

The rudder was not observed during this inspection. The vessel was fitted with a Hydramel Hydraulics steering system. The rudder stock was properly supported at its head and the steering gear unit was satisfactory secured, effective and intended for its use. No testing was undertaken to prove the system was satisfactorily operational.

Fire fighting, Navigational & Safety equipment

The vessel carried adequate Fire fighting and Safety equipment presently under MCA installation supervision, and formed under the MCA guidelines. Personal safety equipment has not been inspected within the scope of this survey.



Domestic Plumbing, Tankage and Sanitation

It was not possible to open up the tanks and inspect their interiors and the quality of the water inside was not tested.

The vessel was fitted with 2.5 ton and 3 ton freshwater tanks of steel construction with suitable filler and venting arrangements. Two water makers were also installed onboard and under MCA approval. The tanks were not filled up and it was not possible to check fully their watertight integrity and this is not guaranteed although no signs of leakage from the joints or fittings were noted and the tanks appeared to be in a good condition, properly secured and effective. The plumbing was of fixed steel piping and fitted with various pressure pumps and were examined as far as practicable and found generally in good order. Sanitation systems were not observed.

Ground tackle

Two suitable Danforth type anchors and a hydraulically operated winch and gypsy were secured onboard, and a dedicated anchor attachment point was fitted. The size of the anchors complied with coding recommendations and windlass arrangements were such that it could be considered to be a strong point in accordance with the necessary directives and it was considered to be capable of adequately accepting mooring, anchoring or towing loads. The winch was not tested during this inspection.



Hatches, ports, ventilation

Solenoid operated/damper switch downs/motorised shut down engine room exhaust ports were examined although not operated and found to be satisfactory and considered effective.

The hatches and access doors appeared to be strong enough to withstand the point of load of a normal beings weight and the load to be expected from the water in the sea areas for which the vessel was apparently designed. The hatches and similar openings were of such a size and placed in such a position that it was considered that they would not be likely to allow serious down flooding of the vessel, although this could not be guaranteed. The windows which were toughened and were examined and found satisfactory and effective. The windows and shuttles appeared to be strong enough to withstand the water pressures likely to be encountered within the sea areas for which the vessel was apparently classified.

Internal Fitting Out

The cabin spaces were insulated as far as could be observed. Hull sides appeared to be properly insulated. No samples were removed or tested for flammability. I note however that it would appear that the flame resistances for furnishings/foam etc is under MCA supervision.

The interior was found to be in a good cosmetic condition and was new and competently installed using high quality materials. Bulkheads and joinery work showed good care and finish in a light Oak laminate. The furniture was constructed from hardwood framing with draws and locker doors functional. The floors were carpet covered.

Miscellaneous equipment

Tender:

Boston Whaler with 200HP Yamaha outboard engine. Visibly inspected and found to be in a good condition and suitable for its intended purpose.

Summary/observations/conclusion

'SAMPLE COPY' is almost at the end of a substantial refitting programme which has been ongoing for the past twelve years. There has been full assistance from the MCA who have helped equip the vessel with the appropriate safety gear, etc. The refitting of the vessel in the shipyard has been overseen by a Bureau Veritas Classification society surveyor(s) who has verified that the vessel is constructed in accordance with their classification rules.

Brooks Marine of Lowestoft undoubtedly have some good craftsmen, who have reconstructed the vessel into something of a prestigious luxury Motor Yacht which was found to be in a good condition generally, and the vessel has been fitted out using high quality materials, and she now has a very extensive inventory of new navigational and safety equipment.

With the recommendations related to MCA coding practices and BV class industry standards continuing and finally implemented, the vessel should be considered a good marine risk for insurers and lenders and suited for her intended purpose of ocean going voyages. Any recommendations concerning maintenance should be considered normal maintenance or improvements to be done by a prudent owner and crew and are not intended to detract from the vessel's overall condition or value.



Valuation

The Fair Market Value given herein is defined as the highest price that can be obtained by a willing seller from a willing buyer, with neither being compelled to sell or buy, and the subject vessel having been offered on the open market for a reasonable time. The guidelines used for the valuation are as provided by industry pricing guides. Estimates based on currently listed asking prices, along with market conditions were also considered. Valuations are provided for use by underwriters and lenders only and do not constitute any guaranty that these figures are attainable in actual current or future markets. Valuation opinions are subject to prevailing economic conditions, both general and those specifically relating to local patterns of competition, consumer intensity, payment terms, etc.

Parties having a secured interest in the valuation of the vessel should periodically review the currency of the valuation basis, in order to protect their financial interests.

Fair Market Value: (in Pounds Sterling)

1. Vessel: £1,200,000.00 (One Million, Two Hundred Thousand Pounds).
2. Tender/outboard: £15,000.00 (Fifteen Thousand Pounds).

This valuation is submitted without prejudice and is not to be considered a survey of the vessel. The inspection was for the sole purpose of forming a general opinion on condition/valuation and may not be used for any other purpose.

Definition of terms & ratings.

1. The use of the word *appears/appeared* indicates that a very close inspection of that component/system/area was not possible due to constraints imposed upon the surveyor (e.g. no power available, inability to remove panels).
2. The use of the word *serviceable/adequate* indicates that particular system, component or item is sufficient for a specific requirement.
3. The use of the word *good condition* indicates that the component /system is nearly new with only minor cosmetic or structural discrepancies noted.
4. The use of the word *fair* indicates that the component/system is functional as is with minor repairs and should be monitored often to see if its condition deteriorates.
5. The use of the word *poor* indicates that the component/system is unsuitable as is and will need to be replaced or repaired for it to be considered functional.
6. *Readily accessible* means cable of being reached for operation, inspection or maintenance without removal of any craft structure or use of any tools or removal of any item.

Survey practice statement

This Valuation report is for the benefit of and is not transferable except for the named Owner's purpose and may not be used for other purposes and may not be relied upon by any other person without written consent by the surveyor. The surveyor warrants that this report is a true and unbiased opinion of the vessel, based upon a visual inspection inboard only on the date of the inspection. The findings, opinions and conclusions are based upon the best professional judgment of the undersigned surveyor. If this report does not discuss a specific item, equipment or machinery, it is not covered by this inspection. While every effort has been made to conduct a thorough inspection/valuation, there can be no guarantee or warranty, express or implied, as to the condition or suitability of the vessel and her equipment or machinery. This report makes no representation and does not purport to describe any condition

which may have changed since the date of the inspection and the recommendations herein are limited to those that, in the opinion of this surveyor, are reasonably necessary and appropriate, based upon the conditions and circumstances as they existed at the time of the survey. Respectfully submitted,

Signed *SM TRUSS AssocIIMS INSIGHT*

MEMBERS OF THE INTERNATIONAL INSTITUTE OF MARINE SURVEYING