
VALUATION REPORT

**THE PRINT HOTEL
56-58 STANLEY STREET
LIVERPOOL
L1 6AU**

Prepared on Behalf of

**Proplend Security Limited and
[content removed]
H1 Ascot Business Park
Lyndhurst Road
Ascot
SL5 9FE**



NOVEMBER | 2016

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Our ref: AGM/PW/HM
Your ref:



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2 November 2016

Dear Sirs

VALUATION – THE PRINT HOTEL, 56-58 STANLEY STREET, LIVERPOOL L1 6AU

1.0 INTRODUCTION

Purpose of Valuation

In accordance with your written instructions we have inspected the Subject Property for the purpose of advising as to its Market Value for loan security purposes.

We understand that your Customer in respect of this instruction is Signature Stanley Street Hotel Ltd.

Whilst our report is to be addressed to Proplend Security Limited and [content removed], we understand it will need to be viewed by its Lending members on the understanding that only Proplend Security Limited and [content removed] may rely on the report for mortgage purposes.

Date of Valuation

2 November 2016.

Inspection

An inspection of the Subject Property was undertaken on the 21 October 2016, at which time weather conditions were fair and clear.

Name and Status of Valuer

The inspection was undertaken by Phil Winckles BSc (Hons) MRICS acting as an external valuer. He is also an RICS Registered Valuer and has sufficient knowledge and skills necessary to undertake the valuation competently.

Nature of Property and Interest

The Subject Property comprises a mid terrace commercial premises consisting of hotel, bar, reception, function room and associated ancillary uses including office, kitchen and storage accommodation. In its entirety the property extends over sub-basement, basement, ground, mezzanine and five upper floors.

We understand the Subject Property is held freehold and whilst presently subject to a series of investor long leasehold interests, we understand that these are due to be extinguished/bought back as part of the intended facility. This will therefore provide an unencumbered freehold interest.

Basis of Valuation

The valuation set out within this report is made in accordance with the RICS Professional Standards, Global and UK RICS Valuation – Professional Standards January 2014. We would confirm that the valuation may be subject to monitoring under RICS conduct and disciplinary regulations. Our instructions are to provide an assessment of Market Value and Market Rent of the property and these are defined by the Standards as set out below:

We have assessed Market Value in accordance with VPS4 1.2 and IVS Framework paragraph 29. Under these provisions, the term *"Market Value"* is defined as *"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion"*.

We have assessed Market Rent in accordance VPS4 1.3 and IVS Real Property Interests paragraph C9. Under these provisions, the term *"Market Rent"* is defined as *"the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion"*.

Previous Involvement/Conflicts of Interest

We have previously valued the Subject Property on behalf of another financial lender. We understand you are aware of this and it is not considered to represent a conflict of interest in this instance.

Sources of Information

We have relied upon information supplied to us by yourselves in relation to the extent of the demise, the nature of the interest to be valued and any tenancies.

In respect of our assessments of trading potential, these have been undertaken having regard to the information supplied by your Customer. We have adopted this information within our assessment and it is recommended that you are comfortable that this provides an accurate representation of the position.

Informal enquiries have also been made with the Local Authority in relation to planning and highway issues and via the internet in relation to rateable value and other issues. These informal enquiries should be verified formally by your solicitors.

We have not been provided with Land Registry Office Copy Entries or Plans.

Terms of Business/Notes and Conditions of Engagement and Assumptions

See Appendix 4 of this report.

2.0 EXECUTIVE SUMMARY

<i>Location:</i>	The Subject Property is located within Liverpool City Centre. The property is positioned fronting directly on to Stanley Street with a secondary entrance to the rear via Rainford Gardens.
<i>Description:</i>	The Subject Property comprises a mid terrace commercial premises consisting of hotel, bar, reception, function room and associated ancillary uses including office, kitchen and storage accommodation. In its entirety the property extends over sub-basement, basement, ground, mezzanine and five upper floors.
<i>Tenure:</i>	We understand that the property is held freehold subject to owner occupation.
<i>Valuation Date:</i>	2 November 2016.
<i>Market Value (on the basis that it is subject to an occupational lease to Signature Living Hotels Limited):</i>	£3,200,000 (THREE MILLION TWO HUNDRED THOUSAND POUNDS).
<i>Market Value (on the basis that it is fully equipped as an operational entity and valued having regard to trading potential):</i>	£3,200,000 (THREE MILLION TWO HUNDRED THOUSAND POUNDS).
<i>Market Value (on the special assumption that the property is vacant, closed, accounts are not available, inventory has been removed and licences lost or breached) :</i>	£2,500,000 (TWO MILLION FIVE HUNDRED THOUSAND POUNDS).
<i>Market Rent:</i>	£250,000 (TWO HUNDRED AND FIFTY THOUSAND POUNDS) PER ANNUM.
<i>Suitability for Loan Security Purposes:</i>	We are of the opinion that the property provides adequate security for loan purposes subject to the comments contained herein.

3.0 LOCATION

The Subject Property is situated within Liverpool City Centre within close proximity to the main retail area of Liverpool One, Paradise Street, Church Street and Whitechapel. In addition, the Met Quarter shopping centre is located directly opposite.

The Subject Property is situated fronting on to Stanley Street close to its junction with Whitechapel. There is also a secondary entrance to the rear on to Rainford Gardens.

The immediate surroundings comprise primarily of national retail occupiers along Whitechapel with occupiers along Stanley Street consisting of a variety of restaurants, bars and hotel uses.

The Met Quarter, situated opposite, comprises a covered retail and leisure offering with a number of luxury brand stores including Hugo Boss, Armani Exchange, TM Lewin, LK Bennett and Carluccio's.

To the rear the Subject Property is Cavern Quarter which comprises a variety bars and nightclubs including the Cavern Club, Revolution and Reflex together with a number of independent operators. The Cavern Quarter comprises one of the main tourist destinations within Liverpool City Centre.

The Subject Property is conveniently located by road, rail and bus services. Moorfields and Liverpool Central Train Services are within 0.2 miles whilst Liverpool Lime Station is within 0.4 miles. Liverpool Lime Street provides national train line services.

Location and situation plans are included within Appendices 1 and 2 of this report.

4.0 DESCRIPTION

The Subject Property comprises a mid terrace commercial premises consisting of hotel, bar, reception, function room and associated ancillary uses including office, kitchen and storage accommodation. In its entirety the property extends over sub-basement, basement, ground, mezzanine and five upper floors.

We understand that the property was initially constructed in 1884 and has subsequently been converted to its current use. Elevations are faced with brick with replacement double glazed units. There were no lines of sight to roof coverings although we understand that these are of a part pitched construction. The property benefits from lift access between floors and air-conditioning.

The primary access to the property is at ground floor level from Stanley Street into a reception and bar. A secondary access is also available to the rear. The accommodation is finished to a good standard with concrete flooring with a mixture of plastered, panel and furnished wall coverings. The ground floor accommodation also provides ancillary stores, kitchen and wc accommodation together with lift lobby to the upper floors. There is an additional mezzanine area from the ground floor which provides a seating area.

Access to the basement level can be gained either from the ground floor reception or via a self-contained access door from Stanley Street. At basement level the property provides a function room, bar and stores. The accommodation is finished to a good standard with painted plaster walls, vinyl floor coverings and decorative lighting.

At sub-basement level the property provides male and female wcs, commercial kitchen, office accommodation and cellar stores. The accommodation is also finished to a good standard reflective of the uses with the store areas being of a more functional finish.

In total the Subject Property provides fifteen principal rooms each sleeping multiple guests. Access to the upper floors is via lift or stairwell access.

To the first floor the accommodation incorporates, four rooms known as "the Sanctum". Each room is finished in a similar style and finish with carpeted floors to the main room with walls in either painted plaster or feature quilted fabric coverings. Each of the rooms include ensuite bathrooms with WC, wash basin and either single or multiple baths. Each of the bathrooms are fully tiled to floors and walls. We understand that the Sanctum rooms (1, 2, 3 and 4) sleep 4, 5, 8 and 8 persons respectively.

To the second floor, the rooms are themed in a Moulin Rouge theme with the layout and fit out similar to that of the Sanctum Rooms. Room 4 also benefits from a kitchen which provides modern units, sink and oven. In total we understand that the accommodation sleeps 26 people across the four rooms.

To the third floor, the rooms are themed in a "Sex and The City" theme with the layout and fit out similar to that of the Sanctum Rooms and Moulin Rouge theme. Room 4 again, also benefits from a kitchen which provides modern units, sink and oven. In total we understand that the accommodation sleeps 20 people across the four rooms.

To the fourth floor the letting accommodation is provided in a single apart-hotel let known as the "Hangover" suite. The accommodation is provided across a kitchen, two bathrooms, and two bedrooms. In total the rooms sleeps 11 people.

The fifth and attic floor of the building are split into two further single apart-hotel lets known as the Bond and Casino suite. The Bond room is arranged across a duplex configuration with upper level consisting of bedroom and ensuite shower-room with the lower level providing a further two bedrooms, two bathrooms and kitchen. We understand that the room sleeps 15 people. The Casino room is positioned on the top floor of the Subject Property and comprises two bedrooms, bathroom, showeroom, kitchen and WC. We understand that the room sleeps 10 people.

We would refer you to the photographs within Appendix 3 of this report.

5.0 ACCOMMODATION/SITE AREA

From our site survey which we calculate that the property provides the following approximate areas, measured in accordance with the RICS Property Measurement (1st Edition) on a net internal basis with the rooms calculated on a gross internal basis:

	sq.m	(sq.ft)
Basement	156.6	(1,686)
Upper Basement	197.0	(2,120)
Ground Floor	173.2	(1,865)
Ground Floor - Mezzanine	30.3	(326)
Fifth Floor Plant	N/A	N/A
Sub Total	557.1	(5,996)
Sanctum 1	32.3	(348)
Sanctum 2	34.8	(375)
Sanctum 3	38.1	(410)
Sanctum 4	53.8	(579)
"Moulin Rouge" 1	31.6	(341)
"Moulin Rouge" 2	36.8	(396)
"Moulin Rouge" 3	36.8	(396)
"Moulin Rouge" 4	28.8	(310)
"Sex & City" 1	39.5	(425)

	sq.m	(sq.ft)
"Sex & City" 2	39.7	(427)
"Sex & City" 3	37.8	(407)
"Sex & City" 4	41.6	(448)
"Hangover"	87.4	(940)
"Bond"	111.4	(1,199)
"Casino"	53.9	(580)
Sub Total	704.4	(7,582)
TOTAL	1,261.5	(13,578)

The Subject Property offers one hundred per cent site coverage without external areas or parking.

6.0 SERVICES

We understand that all mains services are connected to the Subject Premises although we must stress that, unless otherwise specified, we have not tested any of these services, and for the purpose of our valuation we have assumed that they are all operating satisfactorily. We have not made any enquiries of the respective service supply companies.

7.0 TENURE

We would emphasise that we have not inspected any title documents or leases and have assumed for the purposes of this Valuation Report that good and marketable title can be shown. We have assumed that the subject interest is unencumbered and free from any onerous or unusual restrictions, covenants, easements, outgoing rights or rights of way and furthermore that it is not affected by any Local Authority proposal. We consider it essential that your solicitors formally verify this position and our comments should not be relied upon until confirmation is gained.

We understand that the Subject Property is held freehold.

8.0 TENANCIES

We understand that the Subject Property is held freehold subject to fourteen long leasehold interests covering the upper floor bedrooms. These interests are each for a term of 125 years from 2013 and are subject to an annual investor management return (payable annually). We also understand that the leases include an option to purchase in favour of the Customer which is intended to be exercised shortly therefore extinguishing/buying back the leases. This will therefore provide an unencumbered freehold interest.

As part of this facility we understand that it is the intention for the Customer to enter into a Propco/Opco lease. We have not had sight of the draft lease but understand that the salient terms are as follows:

Landlord:	Signature Stanley Street Hotel Ltd.
Tenant:	Signature Living Hotels Ltd.
Contractual Term:	5 years (to be confirmed).
Property:	The Print Hotel, 56-58 Stanley Street, Liverpool L1 6AU.
Annual Rent:	Market Rent.
Repair:	The Tenant shall keep the Property clean and tidy and in good repair and condition and shall ensure that any Service Media within and exclusively serving the Property is kept in good working order.

Alterations:	The Tenant shall not make any alteration to the Property without the consent of the Landlord, such consent not to be unreasonably withheld except, non-structural alterations provided that the Tenant: (a) makes good any damage to the Property. (b) immediately after completion of such alterations give to the Landlord copies of the plans and specifications for the alterations.
Alienation:	We understand that the lease will permit assignment of the whole and subletting in part (including sub-letting of hotel rooms for short term stays).
Insurance:	Landlord to insure and recover via insurance rent.
Permitted Use:	As a Hotel (C1), Restaurant (A3) and Bar (A4) together with associated amenities.
Service Charge:	We understand the lease will include a service charge provision.

9.0 CONDITION AND REPAIR

We have not undertaken a building survey of the Subject Premises as this was not within the scope of our instructions and our survey was a brief one for valuation purposes only. We have not inspected those parts of the property which are covered, unexposed or inaccessible, and for the purpose of this report, such parts have been assumed to be in good repair and condition.

At the time of our inspection, the Subject Property appeared to be in good condition overall having regard to its age, type and character and the uses to which it has been put, based upon the short period of our superficial inspection for the stated purpose only. During the short period of our superficial inspection for the stated purpose only, we did not note any material defects that would cause us to affect our opinion of value. For the avoidance of doubt, the above comment should not be construed as a certificate or guarantee that the property is free from defect, either latent or patent, or risk in any regard which may be revealed upon a closer or more detailed inspection.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious materials have been used in the construction of the property, or has since been incorporated and we are, therefore, unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of such material to any significant extent.

When inspecting a property, we have not undertaken an asbestos survey and cannot therefore comment on whether materials containing asbestos have been incorporated within the structure. We have not had sight of an Asbestos Survey or risk register for the property and have assumed, when preparing our valuation that any such materials will not have an adverse effect on value.

This report excludes any investigation into structural engineering design or compliance with legislation relating to buildings, building regulations or by-laws.

10.0 SITE AND GROUND CONDITIONS

We have not carried out any site investigations in order to determine the suitability of ground conditions and surveys, nor undertaken environmental, archaeological or geotechnical surveys. Our valuation is undertaken on the basis that these aspects are satisfactory and that there are no underground mineral or other workings beneath the site or in its vicinity; and that the ground has sufficient load bearing strength to support the existing use.

11.0 ENVIRONMENTAL ISSUES

We have not been instructed to make any investigations in relation to the presence or potential presence of contamination in land or buildings, and we have assumed that if such investigations were made to an appropriate extent, then no such contamination would be discovered sufficiently to affect value. We have not carried out any investigations into the past or present uses of the property or any adjoining or adjacent land to establish whether there is any potential for contamination from such uses or sites and have for the purpose of our valuation assumed that none exist.

Should it be established that contamination exists, this may reduce the value reported and we reserve the right to amend our report as appropriate.

No indication to past or present contaminative land uses were noted during our inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated sub soils or ground water. In the event of contamination being discovered then further specialist advice should be obtained.

12.0 STATUTORY ENQUIRIES

Town Planning

The Subject Property is situated within the Planning jurisdiction of Liverpool City Council.

Planning within the City will be guided by Liverpool City Council's UDP which is to be replaced by the Local Plan. The Local Plan will guide new development over the next fifteen years. A draft Local Plan is currently in the process of being prepared.

Liverpool City Council will no longer accept verbal planning enquiries with all enquiries required to be made in writing. Due to the time constraints composed upon us in providing our report this has not been possible.

We have therefore assumed, for the purpose of the valuation, that the Subject Property has the necessary planning consent for its existing use. No formal search has been instigated and we would recommend that verification be obtained from your solicitor, and we have assumed that the Subject Property is not adversely affected by any Local Authority proposals or requirements and that there are no outstanding statutory notices.

In the usual manner we would recommend that this is confirmed by your solicitors.

Rating

We have made enquiries via the Valuation Office website which indicates the following listing:

Address	Description	Rateable Value
56-58 Stanley Street, Liverpool	Hotel and Premises	£51,500

The current uniform business rate for 2016/17 is 49.7p in the £1.

Highways

We understand that Stanley Street is a made up and adopted highway.

Statutory Regulations

For the purposes of this report we have assumed that the property complies with current Fire Regulations, Building Regulation Controls, Health & Safety Legislation, Employment Regulations and that there are no outstanding obligations or liabilities or anything out of the provisions of the Defective Premises Act 1972.

We have assumed that unless indicated to the contrary, the property complies with the Equality Act 2010 and understand a Disability Access Order has been undertaken and the Subject Property does comply.

We have undertaken a search via the EPC Register and noted that an EPC has been prepared and the Subject Property is listed under Band D. We are aware of the proposed changes outlined within the Energy Act 2011 effective from April 2018 that propose to make be unlawful to rent out a residential or business premise that does not reach a minimum energy efficiency standard (EPC rating "E"). We have not undertaken an EPC assessment and are therefore unable to comment upon compliance.

13.0 GENERAL COMMENTS

According to the Office of National Statistics the UK Economy grew by 0.5% in Q3 2016, decreasing from 0.7% in Q2 2016. The UK Economy has therefore expanded 2.3% at Q3 2016 compared with the same quarter a year ago.

Whilst the predicted outlook for the national economy is more positive, there remains some unease about sustained growth. A combination of international and national external factors has impacted upon the property market and will likely continue to do so during the final stages 2016. In particular, the volatility within the stock markets, slow down within China's economic, weak commodity prices and uncertainty over the UK's position within the EU has, and will continue to have, some bearing on investment activity moving forward. Economic results also indicate an imbalance within the economy with the services industries increasing by 0.8% whilst output decreased in the other 3 main industrial groups (construction decreasing by 1.4%, agriculture decreasing by 0.7% and production decreasing by 0.4%, within which manufacturing decreased by 1.0%).

Furthermore, there is currently a degree of caution amongst commentators concerning reduced growth over the next 12 months following the UK's decision to leave the European Union following the Referendum on 23 June 2016. Until such time as the terms of the UK's withdrawal from the EU are known, it is difficult to predict the impact on the UK economy (which is particularly dependent on the UK's continued access to the common market). The Monetary Policy Committee at the Bank of England recently decided to cut interest rates to a historic low of 0.25% although the level in which this will transferred to Bank lending remains to be seen.

In addition to the above, there has been some speculation that inflation may increase as a result of the devaluation of Sterling following the UK's decision for withdrawal (which has been compounded by the decision of the Bank of England to reduce interest rates). Whilst this may immediately impact the UK economy, in large prime investment classes funds have adopted somewhat of a "wait and see" approach before committing to longer term projects to assess what the immediate outlook for the UK economy is likely to be. A degree of inertia, in addition to existing uncertainty could further harm the prospects of growth in the immediate future. However within the wider "general market" liquidity remains good and there has been no tangible evidence of a drastic change within the current market.

In respect of the UK commercial property market, the Q2 2016 RICS UK Commercial Property Market Survey indicated a significant deterioration in market sentiment following the Brexit vote. On a UK-wide basis, occupier demand failed to rise for the first time since 2012. The headline net balance fell from an increase of 21% previously to a reading of zero in Q2. Declines were reported in the office and retail areas of the market but demand proved somewhat more resilient across the industrial sector. The regional breakdown shows the occupier demand gauge moderated across all parts of the country, although the shift was most noticeable in London. Alongside this, availability remains constricted, with the supply of leasable space more or less unchanged in the office and retail sectors during Q2, while industrial availability continued to decline.

In respect of the UK housing market, the Office of National Statistics recently published that house prices increased by 9.2% over the year to August 2016, with the average price in England now £236,000. Wales saw house prices increase by 2.7% over the last 12 months to stand at £145,000. On a regional basis, London continues to be the region with the highest average house price at £489,000, followed by the South East and the East of England, which stand at £318,000 and £277,000 respectively. The lowest average price continues to be in the North East at £127,000 with the average price in the North West being £151,000.

According to Land Registry data, the average value of properties within Liverpool as at August 2016 is £120,702. This represents an increase in values of 3.8% over the last twelve months. The average price of detached, semi-detached, terrace and flat properties as at August 2016 was £ £230,766, £144,212, £103,113 and £98,562 respectively. The number of sales has fallen over the last twelve months with 590 sales recorded in June 2015 and 396 in June 2016.

The Liverpool Hotel Futures 2016 (prepared for Liverpool Vision) was stated that room night demand has increased by 19% between 2011 and 2013 and is anticipated to increase by a further 26% by the end of the year. The 2014 Hotel Futures study also forecasted that growth in the hotel market could require the development of between 2,472 (low growth) and 4,140 (high growth) new hotel bedrooms in the ten years to 2025. By means of comparison, the scale of this growth at the high growth rate is similar to the number of new bedrooms that have been developed over the past ten years.

Liverpool's Hotel and Leisure market has been one of the most successful sectors of growth during the last five years. The City Centre now provides 6,323 bedrooms (up from 3,481 in 2008) with average occupancy of 76.7% for 2015 and an increase in weekend occupancy to 88.4%. The Average Daily Rate (ADR) has increased to £70.03 and the Revenue per Available Room (RevPAR) has increased to £53.87 and £78.62 for the weekend (Source Liverpool Vision – March 2016). Investor confidence has also been strong with notable high profile sales in the City Centre.

Most recently sales in the City Centre including, Hotel Indigo, Chapel Street for £11m to investment group MCAP Global Finance and The Hard Day's Night to Millennium & Copthorne Hotels for £13.8m. Further new build and conversion schemes are also planned including the conversion of the former Martin's Bank building and opening of the Double Tree by Hilton.

In respect of these two recent sales, The Hard Days Night Hotel was sold on behalf of administrators (although remained operational). Income for the year end 2013 and 2014 was £3.86m and £3.46m respectively. Operational profit was reportedly £34,221 and £602,573 although with an expectation that this could be improved through revised operational running. The property was sold for £13.8m reflecting a multiplier on the last years trading figures of 18YP (although some caution needs to be attached to this given there were reported concerns over management at the point of sale).

The Hotel Indigo meanwhile transacted for sum of £11m to investment group MCAP. The business reported an average turnover of £11m with EBITDA in the region £850,000. The sale reflects a multiplier on EBITDA of 13 reflecting the trading returns associated with branded hotels.

In addition to the above we are also aware of the sale of the Novotel Hotel within the last two years. The property provides 209 beds and is leased to Accor and at the point of sale had c.10 years unexpired term with tenant options to extend. The passing rental was fixed at 22% of total revenue. With the property selling ultimately selling for £13,150,000.

Notwithstanding the strength of the market, there have been few new build hotel's brought forward due to the City already having good brand representation and restrictions on the availability of sustainable lease and finance models. Where new build Hotels have been constructed, these have principally been brought forward via forward funding, pre-lets or in association with wider developments (i.e. the Pullman Hotel adjacent the ACC Liverpool Extension).

In respect of the commercial aspects of the Subject Property, the arrangement of accommodation enables the sub-letting of space if required. The function is accessed both directly within the building and also via a self-contained access at the front. On this basis we have also had regard to lettings of leisure properties within the market.

- 27 Victoria Street, Liverpool – operator Reform Club
The premises are occupied on an assignment of a lease of 27 years effective from 1 July 1991 due to expire on 30 June 2018. The premises are mainly situated on ground floor comprising 3,240 sq.ft although this does include a small basement office of circa 161 sq.ft. We understand that the passing rent is £70,000 per annum which was reviewed in 2011.
- 2 Temple Court, Liverpool - operator Revolution Bar
The passing rent is £93,500 per annum which equates to approximately £21.50 per sq.ft for the ground floor element of the accommodation.
- 4/8 Temple Court, Liverpool – operator Reminiss
A lease effective from March 2009 at an average rent of approximately £67,000 which equates to £24.50 per sq.ft for the ground floor.
- Ground Floor and Basement, Harrington House, Harrington Street, Liverpool
The property comprised a ground floor bar and within a larger multi-storey 1970s office building. The surrounding area is a somewhat secondary position. The accommodation has recently been subject to a lease renewal at £50,000 per annum on a 25 year term from 30 September 2015.

- 36-40 Stanley Street and 5-7 Temple Court, Liverpool

The property comprises two interconnected buildings fronting Stanley Street and Temple Court. 36-40 Stanley Street is arranged on basement, ground, first and second floor accommodation. The Casa Italia restaurant occupies the ground, first and second floors. The basement area is occupied by Imagine in conjunction with the leisure accommodation fronting Temple Court. 5-7 Temple Court comprises basement, ground and five upper floors with the basement, in conjunction with Stanley Street, and ground floor occupied by the Imagine Night Club and the upper floors separately occupied as five apartments. The residential premises are approached from an independent entrance on Temple Court. The Property is let to Bodyrockers Limited t/a Imagine by way of a 25 year lease from 2001 at £55,040 per annum and Casa Italia (UK) Limited by way of a 25 year lease from 1997 at £57,500 per annum. The upper floors provide a ground rent of £100 per annum. The combined rental income is £112,490 per annum. The property was brought to the market on behalf of LPA Receivers and sold in December 2014 at £1m. The sale reflects a net initial yield at 10.6% and that the accommodation is currently arguably over-rented. If re-let to Market Rent this would provide a net reversionary yield (to market rent) in the order 9%.
- 50-54 Stanley Street, Liverpool

The property is situated close to the Subject Property and at the point of sale comprised a vacant former retail building. Accommodation was arranged over basement, lower ground, ground and four upper floors extending to 21,500 sq.ft. The property was sold for £1,350,000 in November 2012 and subsequently redeveloped to a Hotel and restaurant. The sale value reflects an equivalent value of £125 per sq.ft for the ground floor and £75 per sq.ft for the basement and ground floors prior to redevelopment with discounted levels for the remaining lower and upper floors.
- The Lime Kiln, Concert Square, Liverpool

Concert Square is located approximately 0.5 miles from the Subject Property and comprises one of Liverpool's further main areas for bars and restaurants. The property comprised a double height two storey bar over 13,682 sq.ft let to JD Wetherspoon Plc (t/a Lloyds No1 Bar). The property was held by way of lease with a clear term of 14 years at passing rental of £140,000 per annum. The property was sold in July 2014 for £1,970,000 reflecting a net initial yield of 6.72% reflecting the remaining term and tenant's covenants strength.

The Subject Property comprises a fifteen bedroom apart-hotel providing beds for 87 persons together with function room, reception, basement stores and ground floor bar together with associated amenities. The Subject Property is operated by the Customer in conjunction with a number of other hotels including the Shankly Hotel, 30 James Street and Arthouse Square together with smaller apart-hotel rental outlets. The operation of the Subject Property is geared towards multi-room occupancy with each room having a number of beds providing a cost effective solution to group guests in comparison with more traditional single or twin room hotels. The accommodation is therefore popular with visiting group, teams and "stag" and "hen" parties. However increasingly we understand that the Subject Property and others within the Customer Portfolio are being occupied by families.

In considering the valuation of the Subject Property we have been provided with trading figures by your Customer which we have summarised below:

	Jan to Dec 15	Jan to Sept 16 (Actual)	Jan to Dec 16 (inc forecast)
Income			
Rooms	£664,736	£523,589	£687,911
Food & Bar	£425,582	£308,239	£414,376
Other	£9,841	£6,356	£21,125
TOTAL	£1,100,159	£838,184	£1,123,412
Food and Bar Cost	£127,674	£92,615	£124,456
Total Direct Payroll	£297,043	£219,008	£262,403
Total Direct Expenses	£121,017	£93,383	£127,844
Total Indirect Payroll	£33,000	N/A	N/A
Utilities	£66,010	£99,700	£132,719
Total Fixed Costs	£92,004	£111,050	£149,000
EBITDA	£363,411	£222,428	£326,990

In respect of the above figures, adjustments are required to this to reflect how the market would view the performance. Whilst the figures above appear realistic for the nature of the operation, and we have no reason to dispute the accuracy of the information provided, there are three particular areas where we would anticipate further adjustments should be considered. This relates to booking commissions, repairs and total fixed costs (investor returns).

We are aware that the Customer has developed a system of room bookings direct (as opposed to using intermediary booking services such as laterooms, expedia, lastminute.com, hotels.com etc.). We understand that this has been developed over a period of years although within the market operators will often still rely upon such services as a source of attracting custom. Typically such commission fees for outlets of this type will relate to 2-4% of total room income and within our assessment we have adopted a sum of 3% of total room income.

In respect of the repairs, whilst we understand that the direct expenses include a degree of repairs although we would anticipate this sum to be higher having regard to the intensive use of the operation. Accordingly we have allowed a further sum of 2.5% of the total income in this regard.

Finally, the current operation and funding for the hotel has been established via a long leasehold sale of rooms to private investors. In return for the capital purchase of the room, the investors are provided with a contractual annual return. This sum is recorded within the accounts provided under "Total Fixed Costs" and accounts for the majority of expenditure. Within the market operators will traditional finance their operations via bank or private lending for which returns are substantially less onerous. Accordingly within our assessment we have added back the sums paid to the investors.

On this basis we have considered and analysed the information provided which provides the following adjusted forecast:

	Jan to Dec 15	Jan to Sept 16 (Actual)	Jan to Dec 16 (inc forecast)
Income			
Rooms	£664,736	£523,589	£687,911
Food & Bar	£425,582	£308,239	£414,376
Other	£9,841	£6,356	£21,125
TOTAL	£1,100,159	£838,184	£1,123,412
Food and Bar Cost	£127,674	£92,615	£124,456
Total Direct Payroll	£297,043	£219,008	£262,403
Total Direct Expenses	£121,017	£93,383	£127,844
Total Indirect Payroll	£33,000	£0	£0
Utilities	£66,010	£99,700	£132,719
Total Fixed Costs	£92,004	£111,050	£149,000
ADJUSTMENTS			
<u>Deduct</u>			
Room Commissions (3%)	£19,942	£15,708	£20,637
Repairs (2.5% Income)	£27,504	£20,955	£28,085
<u>Add Back</u>			
Investor Returns	£92,004	£86,400	£115,800
EBITDA	£407,969	£272,166	£394,067

With reference to the above trading figures, income and occupancy can be summarised as follows:

	Jan to Dec 15	Jan to Sept 16 (Actual)	Jan to Dec 16 (inc forecast)
Average Room Rate	£127.81	£125.65	£123.40
Rooms Available	6,205	4,658	6,222
Rooms Sold	5,201	4,162	5,569
Occupancy %	83.8%	89.4%	89.5%
RevPar	£107.13	£112.27	£110.47

The information provided indicates a stable level of trade from the Subject Property over the previous year, current trading (part year) and anticipated trading to the year end. Whilst EBITDA has decreased marginally from the year ending December 2015 to the (projected) year end December 2016 the deduction is very slight. In addition, whilst there has been a marginal fall, occupancy has increased and as a result RevPar has also from £107.13 to £110.47 per night.

We have outlined above recent sales of Hotel accommodation concerning prime stock. The multipliers achieved reflect the nature of the operation and we are of the opinion that for stock similar to Subject Property a likely multiplier would be in the region of 8YP which would equate to a sum of £3,200,000.

Having regard to a rental assessment, the majority of operations within the market are now undertaken on an operating return basis with rentals in the order of 20-25% of turnover. For the Subject Property, this would equate to a range of £220,000 to £275,000 to which we have determined a mid-point at £250,000 per annum.

In addition to the above you have also asked us to consider the valuation on the assumption that the entire Subject Property is let on an operational lease between the Customer and Signature Living Hotels Ltd. Having regard to the proposed lease terms, and a rental of £250,000 per annum, we would anticipate that the Market Value would be reflected at £3,200,000. A value at this level reflects an initial yield of 8% and a net initial yield of 7.3% which we consider is fair reflecting the nature of the Tenant's covenant.

14.0 VALUATION

We have prepared our valuation on the basis of the comparative method of valuation having regard to market evidence, we have also taken into account the trading potential of the Subject Property for the market valuations as requested. Our valuations have been undertaken on the basis that the information provided is accurate and reflective of current operational performance.

We are of the opinion that the Market Value on the Special Assumption that it is fully equipped as an operational entity and valued having regard to trading potential is in the region of:

£3,200,000
(THREE MILLION TWO HUNDRED THOUSAND POUNDS)

Our valuation assumes a normal marketing period of twelve months.

We are of the opinion that the Market Value on the Special Assumption that it is let on the proposed lease at Market Rent is in the region of:

£3,200,000
(THREE MILLION TWO HUNDRED THOUSAND POUNDS)

Our valuation assumes a normal marketing period of twelve months.

We are of the opinion that the Market Value on the special assumption that the Subject Property is vacant, closed, accounts are not available, inventory has been removed and licences lost or breached is in the region of:

£2,500,000
(TWO MILLION FIVE HUNDRED THOUSAND POUNDS)

Our valuation assumes a normal marketing period of twelve months.

We are of the opinion that the current Market Rent of the freehold interest in the Subject Property is in the region of:-

£250,000 PER ANNUM
(TWO HUNDRED AND FIFTY THOUSAND POUNDS) PER ANNUM

Suitability for Loan Security Purposes

Subject to a properly conceived and implemented programme of repair, planned maintenance and periodic upgrading, we consider that the Subject Property has an economic life exceeding 25 years and therefore, the property represents suitable security for a loan secured by way of mortgage.

In a default scenario the appropriate course of action would be the appointment of Law of Property Act receivers, to monitor the property, applying income to debt reduction and property maintenance during the marketing period. Failure to deal with the property by way of this method could result in a diminution in security and value.

Following the EU referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. We are now in a period of uncertainty in relation to many factors that impact the property investment and letting markets. Since the Referendum date it has not been possible to gauge the effect of this decision by reference to transactions in the market place. The probability of our opinion of value exactly coinciding with the price achieved, were there to be a sale, has reduced. We would, therefore, recommend that the valuation is kept under regular review and that specific market advice is obtained should you wish to effect a disposal.

15.0 REINSTATEMENT COST

We would estimate the reinstatement cost of the Subject Property to be in the sum of £870,000.

The replacement cost for reinstatement purposes is given solely as a guide and should not therefore be regarded as formal valuation for insurance purposes. It is assumed that the policy is on an indemnity basis with a full operative reinstatement clause and no special conditions. We have assumed an instantaneous basis of value and have had no regard to any variation in building cost subsequent to the date of our estimate. No provision is included for Value Added Tax, nor for loss of rent or extra costs of working or other consequential loss, local authority requirements and party wall works, and no account of the effect of inflation. The figure is inclusive of professional fees, demolition and site clearance.

If a formal valuation for reinstatement purposes is required then a suitable professional should be instructed to undertake this valuation on your behalf as a separate instruction.

16.0 DECLARATION

We confirm that (other than any matters referred to above) to the best of our knowledge, neither we nor any other employee or partner of Keppie Massie has had any previous involvement with the Subject Property or parties involved or has any financial interest in the Subject Property. This valuation has been carried out in accordance with the provisions of the Practice Statements contained in the Valuation – Professional Standards published by the RICS.

Yours faithfully



Phil Winckles BSc (Hons) MRICS
Associate
Registered Valuer
For and on behalf of
KEPPIE MASSIE



Ged Massie BSc (Hons) MRICS IRRV MCIArb
Partner
Registered Valuer
For and on behalf of
KEPPIE MASSIE

APPENDIX 1

LOCATION PLAN

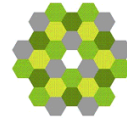


APPENDIX 2

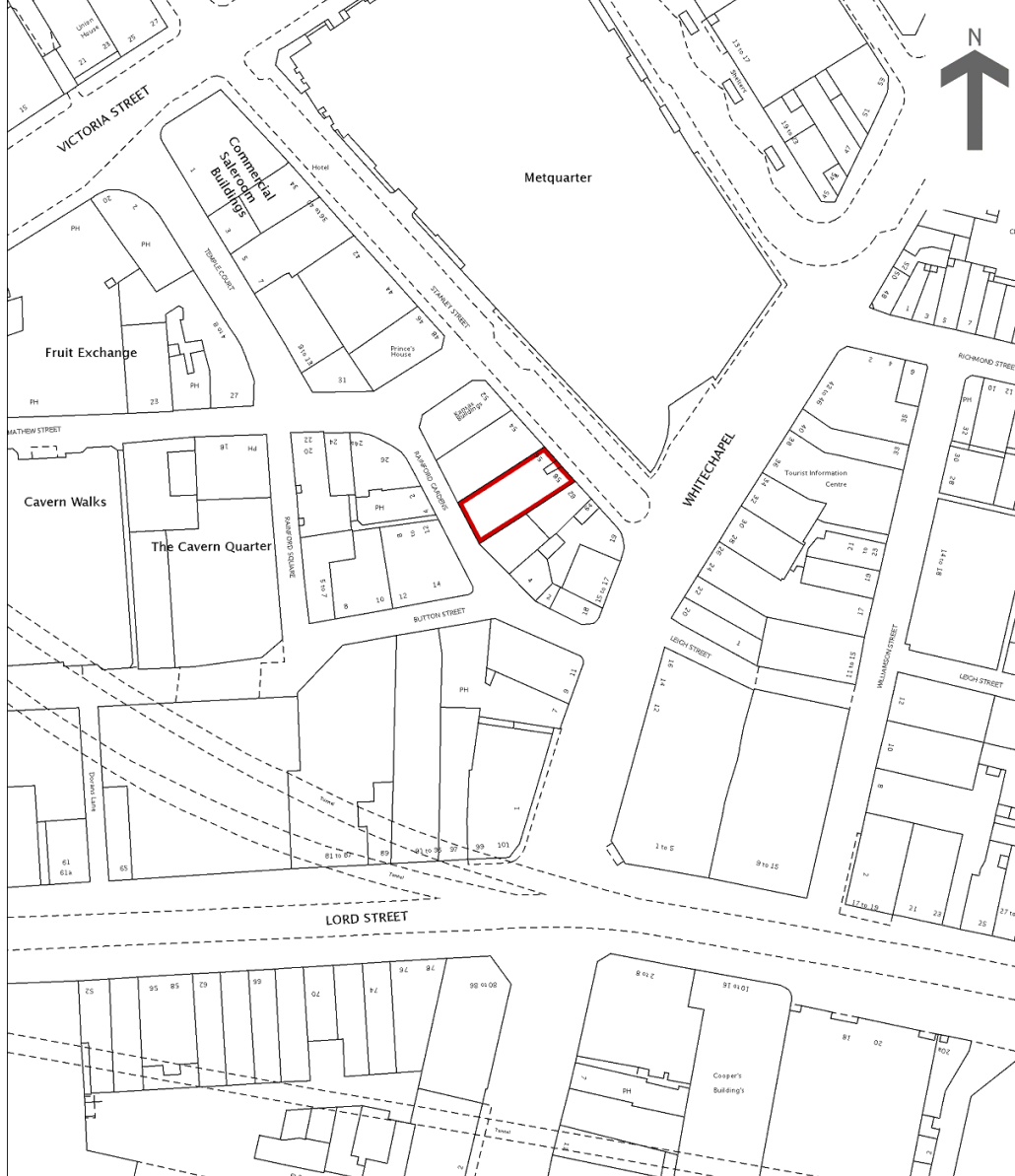
SITUATION PLAN

Land Registry Current title plan

Title number **MS485047**
Ordnance Survey map reference **SJ3490SE**
Scale **1:1250**
Administrative area **Merseyside : Liverpool**



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This is a print of the view of the title plan obtained from Land Registry showing the state of the title plan on 29 October 2014 at 19:37:43. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground. See Land Registry Public Guide 19 - Title plans and boundaries.

This title is dealt with by Land Registry, Birkenhead Office.

APPENDIX 3

PHOTOGRAPHS



Front Elevation



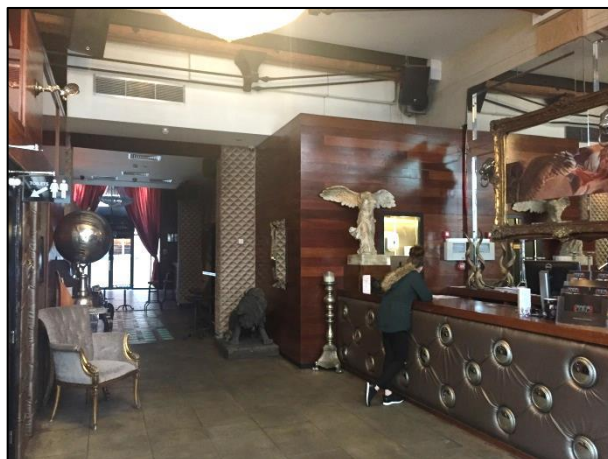
Rear Entrance



Rear Entrance



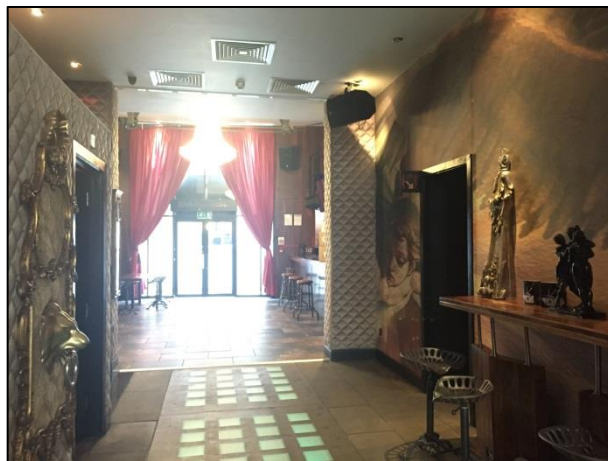
Stanley Street



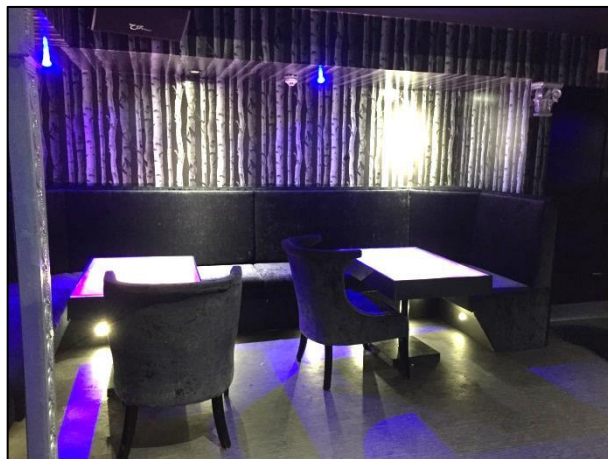
Ground Floor Reception



Ground Floor Reception



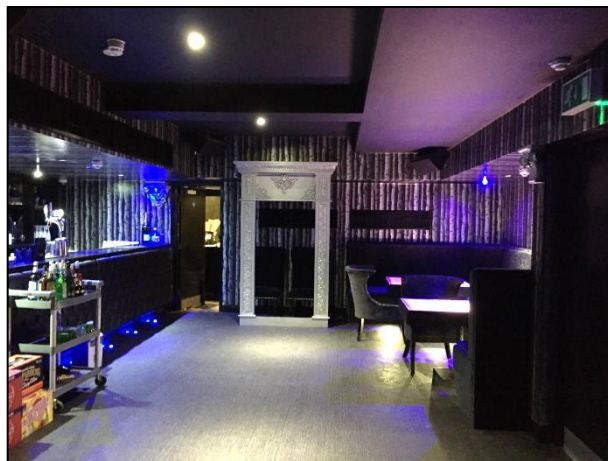
Ground Floor Reception



Basement Function Room



Basement Function Room



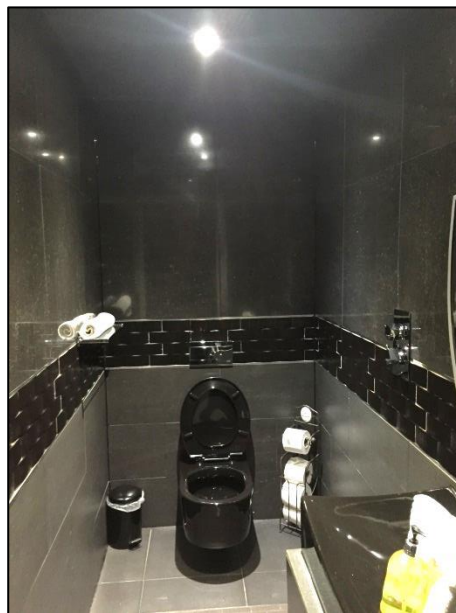
Basement Function Room



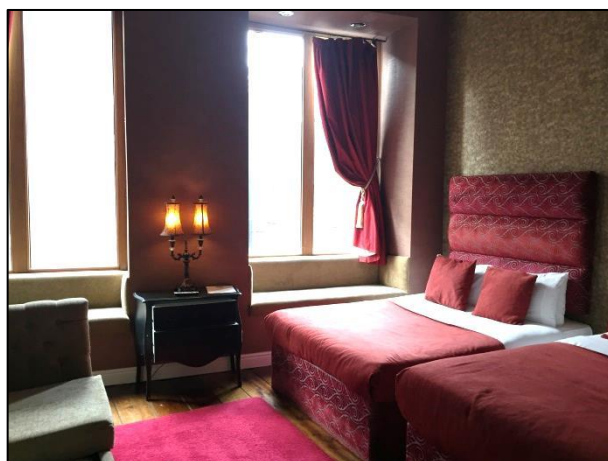
Sanctum - Room 1



Sanctum – Room 1



Sanctum – Room 1



Moulin Rouge – Room 2



Moulin Rouge – Room 2



Moulin Rouge – Room 2



Hangover Suite – Room 5



Hangover Suite – Room 5



Hangover Suite – Room 5



Hangover Suite – Room 5



Hangover Suite – Room 5



Hangover Suite – Room 5



Casino Suite



Casino Suite



Casino Suite



Casino Suite



Casino Suite

APPENDIX 4

TERMS OF BUSINESS/ NOTES AND CONDITIONS OF ENGAGEMENT AND ASSUMPTIONS

**KEPPIE MASSIE
TERMS OF BUSINESS**

1. PRELIMINARY

- 1.1 Keppie Massie ('KM') undertakes all services only on the basis of these terms of business and on the terms of the letter of acceptance of instructions from KM to the Client. These shall apply to the exclusion of any other terms and conditions which the Client may seek to impose.
- 1.2 No variation of these terms shall be binding unless agreed in writing between an authorised representative of KM and the Client.
- 1.3 The purpose for which the Advice is required shall be as agreed between the Client and KM.
- 1.4 KM shall advise the Client in writing as to the opinion of value of the relevant interests specified by the Client in the subject of property.

2. CHARGES

- 2.1 Fees will be charged at the rate set out in the letter of acceptance of instructions and will be payable if the objectives of the Client are met by any means during the continuance of KM's instructions. In the event of a material change in the scope of its instructions, KM reserves the right to charge an additional fee.
- 2.2 In addition to such fees, the Client shall pay to KM all reasonable out-of-pocket expenses incurred in the performance of its instructions.
- 2.3 KM undertakes to provide up to two copies of its written Report and thereafter reserves the right to make a charge for additional copies.
- 2.4 KM may receive and retain usual commissions and discounts on orders for goods and services placed on the Client's behalf.
- 2.5 VAT shall be payable, where applicable, in addition to all fees, disbursements and other amounts due from the Client to KM.
- 2.6 In the event of KM's instructions being terminated by either party for any reason, KM shall be entitled to charge a fee on one of the following basis:-
 - 2.6.1 a quantum meruit for the work undertaken or
 - 2.6.2 time spent at KM's standard hourly rate from time to time or
 - 2.6.3 a fair and reasonable proportion of the fee to which KM would have been entitled if the matter had been successfully completed on the terms agreed between KM and the Client prior to such termination.
- 2.7 KM reserves the right to charge you for photocopying at 20p per sheet.

3. PAYMENT

- 3.1 KM will invoice the Client for fees due as set out in the letter of acceptance of instructions.
- 3.2 Accounts for disbursements and out-of-pocket expenses may be submitted at the time when such expenditure is incurred.
- 3.3 Invoices are due for payment upon presentation. KM shall be entitled to charge the Client interest (both before and after any judgement) on any unpaid invoice at a rate of 8% per annum over the base rate for the time being of Barclays Bank plc from the date which is 30 days after the date of invoice until payment is made.
- 3.4 Without prejudice to any other rights it may have, in the event that any sum due from the Client to KM remains unpaid for more than 30 days KM shall be entitled to suspend all further work for the Client until such time as the relevant payment is made and KM shall not be liable for any delays, losses, costs or expenses occasioned by such suspension.

4. CLIENT'S WARRANTY AND INDEMNITY

- 4.1 The Client hereby represents and undertakes to KM that all information provided by the Client and/or its professional advisers regarding the Property is complete and correct, that the Property and its use complies with all relevant statutory requirements and that there are no other material facts known to the Client relating to the Property which may be relevant to KM in carrying out its instructions.
- 4.2 The Client hereby undertakes to indemnify KM and keep KM indemnified against all losses, damages, costs and expenses, including legal fees on a solicitor and own client basis, arising out of or by virtue of the Client's instructions to KM other than any losses, damages, costs and expenses arising by virtue of the default or negligence of KM.

5. EXCLUSION CLAUSES

- 5.1 Any Report, Valuation or Advice provided by KM in connection with the client's instructions may be subject to exclusions relevant to the particular Report, Valuation or recommendation in which such exclusions would be specified. The general principles adopted in the preparation of Valuations and Reports are printed overleaf.

6. DOCUMENTS

- 6.1 The copyright of all Reports, forecasts, drawings, accounts and other documents originating by KM in relation to its instructions remain the property of KM.

7. COMPLAINTS

Any dispute or complaint between the client and KM relating to KM's professional services, carried out on behalf of the client shall be dealt with in accordance with KM's complaints handling procedure; a copy of KM's procedure for complaints handling is available on request. KM follows the RICS's arrangements for complaints or redress under the Designated Professional Body Scheme.

8. TERMINATION

- 8.1 The termination of KM's appointment shall not affect any rights accrued by either party prior to that date.
- 8.2 Either party may terminate KM's appointment immediately by giving written notice if the other party:
 - 8.2.1 has a receiver, administrative receiver or administrator appointed over all or any part of its assets or undertaking or
 - 8.2.2 passes a resolution to wind up or has a liquidator appointed or
 - 8.2.3 ceases or threatens to cease trading.
- 8.3 KM shall be entitled to terminate its appointment by the Client in the event that the Client:
 - 8.3.1 fails to pay any sum due to KM within 90 days of the due date or
 - 8.3.2 in the reasonable opinion of KM refuses or neglects to provide the co-operation necessary for KM to carry out its instructions or the conduct of the Client otherwise renders the performance of KM's instructions impracticable.

9. GENERAL

- 9.1 These conditions are subject to English Law and the parties irrevocably submit to the exclusive jurisdiction of the English Courts for the resolution of all disputes arising between the parties save that as this clause is for the exclusive benefit of KM, it shall retain the right to bring proceedings against the Client in any court which has jurisdiction under the 1968 Brussels Convention.
- 9.2 This Firm is not authorised by the Financial Services Authority. However, we are included on The Register maintained by the Financial Services Authority so that we can carry out insurance Mediation activity which is broadly advising on, selling, and administration of insurance contracts. This part of our business, including arrangements for complaints or redress, if something goes wrong, is regulated by the Royal Institution of Chartered Surveyors (RICS). The Register can be accessed via the Financial Services Authority website www.fsa.gov.uk/register

NOTES AND CONDITIONS OF ENGAGEMENT AND ASSUMPTIONS

For the assistance of clients, we list below the general principles upon which our Valuations and Reports are normally prepared and they shall apply unless specifically mentioned otherwise in the body of the Report.

1) RICS Appraisal and Valuation Manual

All Valuations are carried out in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors and are undertaken by appropriately qualified valuers as defined therein.

2) Valuation Basis

All Valuations are made on the appropriate basis as agreed with the client in accordance with the provisions and definitions of the Appraisal and Valuation Manual unless otherwise specifically agreed and stated.

The specific basis of valuation adopted in relation to a particular instruction and the definition thereof is detailed in the body of the report to which this document forms an Appendix.

No allowances are made in our valuations for any expenses of realisation, or to reflect the balance of any outstanding mortgages, either in respect of capital or interest accrued thereon.

Our valuations are based upon the facts and evidence available at the date of the valuation. It is therefore recommended that valuations be periodically reviewed.

3) Information Supplied

We accept as being complete and correct the information provided to us by the sources detailed in our report, relating to items such as tenure, tenancies, tenants' improvements and other relevant matters.

4) Documentation and Title

We do not normally read documents of title. Where title documentation or leases are provided to us, we recommend that reliance should not be placed on our interpretation thereof without prior verification by your legal advisors.

Unless notified to the contrary, we assume that each property has a good and marketable title and is free from any pending litigation. We further assume that all documentation is satisfactorily drawn and that there are no unusual or onerous restrictions, easements, covenants or other outgoing which would adversely affect the value of the relevant interest(s).

5) Tenancies

It is assumed that, except where otherwise stated, all properties are subject to normal outgoing and that tenants are responsible for all repairs, the cost of insurance and payment of rates and other unusual outgoing, either directly or by means of service charge provisions.

Unless otherwise stated, it is further assumed that rent reviews are on an upward only basis and that neither the landlord nor the tenant may terminate the contract prematurely.

6) Tenants' Covenant Strength

Unless specifically requested, we do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. Furthermore, we assume, unless otherwise advised, that the tenant is capable of meeting its financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

7) Inspections

We undertake such inspections and conduct investigations as are, in our opinion, correct in our professional judgement, appropriate and possible in the particular circumstances.

8) Measurements

All property measurement is carried out in accordance with the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors, unless we specifically state that we have relied upon another source of information or method.

Unless specifically requested, we do not undertake a measured site survey but calculate site areas by reference to the identified boundaries of the property and the appropriate Ordnance Survey Plan.

9) Town Planning and Other Statutory Regulations

Wherever possible, we undertake direct enquiries to obtain town planning and highway information from the relevant Local Authority. If specifically instructed we will undertake to obtain the verification of the position, as stated in our Report.

Our Valuations are prepared on the assumption that the premises comply with all relevant statutory enactments and Building Regulations and that a valid and up-to-date Fire Certificate has been issued. We also assume that all necessary consents and authorisations for the use of the property and the process carried out therein have been obtained and will continue to subsist and are not subject to any onerous conditions.

We further assume that there are no outstanding obligations or liabilities arising out of the provision of the Defective Premises Act 1972.

10) Building Surveys

Unless expressly instructed, we do not undertake building surveys, or test any of the electrical, heating, or other services. Any readily apparent defects or items of disrepair noted during our inspection will be reflected in our Valuations, but no assurance is given that any property is free from defect. We assume that those parts which have not been inspected would not reveal material defects which would cause us to alter our Report and Valuations.

11) Deleterious Materials

Unless expressly instructed, we do not carry out investigations to ascertain whether any building has been constructed or altered using deleterious materials or methods. Unless specifically notified, our valuations assume that no such materials or methods have been used. Common examples include high alumina cement concrete, calcium chloride, asbestos and wood wool as permanent shuttering.

12) Site Conditions

Unless specifically requested, we do not carry out investigations on site in order to determine the suitability of ground conditions and services, nor do we undertake environmental, archaeological, or geotechnical surveys. Unless notified to the contrary, our Valuations are on the basis that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas, or other noxious substances.

In the case of properties which may have redevelopment potential, we assume that the site has load bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems. Furthermore, we assume in such circumstances that no unusual costs will be incurred in the demolition and removal of any existing structure on the property.

13) Environmental Contamination

In preparing our Valuations we have assumed that no contamination or potentially contaminative use is, or has been, carried out at the property. Unless specifically instructed, we do not undertake any investigation into the past or present uses of either the property or any adjoining or nearby land, to establish whether there is any potential for contamination from these uses and assume that none exists.

Should it, however, be subsequently established that such contamination exists at any of the properties or on any adjoining land or that any premises have been or are being put to contaminative use, this may be found to have a detrimental effect on the value reported.

In preparing our Valuations, we have assumed that all necessary consents and authorisations for the use of the property and the processes carried out at the property are in existence, will continue to subsist and are not subject to any onerous conditions.

14) Plant and Machinery

Our Valuations include items usually regarded as forming part of the building and comprising landlord's fixtures, such as boilers, heating, lighting, sprinklers and ventilation systems but generally exclude operational plant and machinery and those fixtures and fittings normally considered to be the property of the tenant.

15) Taxation

In preparing our Valuations, no allowances are made for any liability which may arise for payment of Corporation Tax or Capital Gains Tax, or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. We also specifically draw your attention to the fact that our Valuations are exclusive of any VAT liability which may be incurred.

16) Government Grants

All Valuations are given without any adjustment for capital based Government grants received or potentially receivable at the date of the valuation.

17) Special Purchaser Value

Unless otherwise stated, our Valuations do not reflect any element of marriage value or special purchaser value which could possibly be realised by a merger of interests or by a sale to an owner or occupier of an adjoining property, other than in so far as this would be reflected in offers made in the open market by prospective purchasers apart from the purchaser with a special interest.

18) Aggregation

In the valuation of portfolios, each property is valued separately and not as part of the portfolio. Accordingly, no allowance, either positive or negative, is made in the aggregate value reported to reflect the possibility of the whole or part of the property being put on the market at any one time.

19) Overseas Properties

Our Valuations of overseas properties will be reported in the appropriate local currency and represent our opinion of the realisable value in the country of origin, computed in accordance with local practices with no allowance made for the transfer of funds to the UK.

20) Confidentiality

Our Valuations and Reports are strictly confidential to the party to whom they are addressed, or their other professional advisors, for the specific purpose to which they refer and no responsibility whatsoever is accepted to any third parties for the whole or part of their contents.

21) Publications

Neither the whole nor any part of our Reports, nor any reference thereto, maybe included in any published document, circular or statement, or published in any way or disclosed orally to a third party, without our written approval of the form and context of such publication or disclosure. Such approval is required whether or not Keppie Massie are referred to by name and whether or not the Reports are combined with others.

22) Special Assumptions

We would refer to any specific comments within the main body of the report.