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Valuation Report

Address	Marlbank Inn, Marlbank Road, Wellend, Malvern, Worcestershire WR13 6NA
Lender	Proplend Security Limited
Lender Address	20-22 Wenlock Road, London, N1 7GU
Applicant Name	Raise Property 1 Limited
Date	21 st March 2018
Valuation Company	Bruton Knowles
Valuer	May Dudley MSc MRICS

PROPERTY DETAILS:

Property Address:	Marlbank Inn, Marlbank Road, Wellend, Malvern, Worcestershire, WR13 6NA		
Lender:	Proplend Security Limited	Date of Valuation:	15 th March 2018
Purpose of Valuation:	Loan Security	Valuation Method:	Comparison



VALUATION:

(please carefully read the lenders instruction letter and make sure that valuations are provided on the required basis)

Market Value	£440,000 (Four Hundred and Forty Thousand Pounds)
Market Value assuming a restricted marketing period of 180 days	£395,000 (Three Hundred and Ninety Five Thousand Pounds)
Market Rent (MR)	£37,500 per annum (Thirty Seven Thousand Five Hundred Pounds)
Insurance Reinstatement Estimate:	£350,000 (Three Hundred and Fifty Thousand Pounds)

VALUATION ISSUES: Not applicable	Estimated Sales period:	Up to 12 months
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LOCATION / DESCRIPTION:

Location Summary:	The property fronts Malvern Road 5 miles south of Great Malvern.		
Description Summary:	A public house at ground floor level with four letting rooms and owners accommodation to the first floor. There is land to the side and rear of the property to accommodate a small caravan park and area for tents to pitch up for the night.		
Condition Summary:	The property appeared to be in a reasonable condition commensurate with its age and use.		
Floor Area:	GIA of 411.22 sq m (4,426 sq ft)	Site Area:	1.52 acres / 0.62 hectares

TENURE / TENANCY:

Tenure:	Freehold	Tenancy:	Not applicable
Passing Rent:	N/A	Market Rent:	£37,500 per annum (Thirty Seven Thousand Five Hundred Pounds)

SWOT ANALYSIS:

Strengths: <ul style="list-style-type: none"> • Location • Condition 	Weaknesses: <ul style="list-style-type: none"> • Fickle nature of the leisure market • Unable to obtain confirmation of the licence for the caravan park
Opportunities: <ul style="list-style-type: none"> • Creating more letting rooms within the outbuildings 	Threats: <ul style="list-style-type: none"> • Market uncertainty

DEFECTS & SPECIALIST REPORTS:

(Please identify any structural, legal or environmental issues from the drop-down lists. Please confirm the status of the defect and provide further commentary below if you have recommended that a specialist report is required)

Legal Issues	Report Required / Issue Identified	Structural Issues	Report Required / Issue Identified	Environmental Issues	Report Required / Issue Identified
Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Comments: We have been unable to confirm that there is a licence in place for the caravan park. For the purpose of our valuation we have assumed that a licence is in place. Your solicitors should confirm.

RECOMMENDED ACTION POINTS / SUITABILITY FOR LOAN SECURITY:

We would recommend the following action points:	<ul style="list-style-type: none"> • Not Applicable
Is the property suitable for loan security?	YES

Please note that this Executive Summary is merely a summary of the valuation report and should not be read in isolation to the full valuation report provided overleaf.

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Location and Site Plans

Appendix Two

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Letter of Instruction

Appendix Four

Letter of Confirmation & Standard Terms and Conditions of Engagement

1. Terms of Instruction

- 1.1 In accordance with your letter of instruction dated 7th March 2018 (copy at Appendix Three), the agreed scope and details of which are set out in our letter of confirmation dated 8th March 2018 (copy at Appendix Four), we have inspected the subject property in order to advise you of our opinion of the current normally market value of the freehold interest in the property for secured lending purposes.
- 1.2 The subject property was inspected by and this report is prepared by **May Dudley MSc MRICS** who has sufficient current local and regional knowledge of the particular market and the skills and understanding to undertake this valuation competently.
- 1.3 The Valuation Date is 15th March 2018, being the date of inspection. The extent of our inspection was limited by standard fixtures and fittings. Our valuation has excluded any element of the goodwill (to include the fixtures and fittings).
- 1.4 We confirm that this valuation is prepared in accordance with the RICS Valuation – Global Standards 2017, which incorporates the International Valuation Standards, published by the Royal Institution of Chartered Surveyors and we are acting as external valuers as defined therein.
- 1.5 We confirm that, to the best of our knowledge and belief, we have had no material involvement with the subject property or the borrower. We therefore consider that we do not have any conflict of interest in providing this report.
- 1.6 You have also requested that we provide an additional valuation on the following Special Assumption:
- a) Market Value subject to a restricted marketing period of 180 days
- 1.7 We have considered this special assumption in accordance with Valuation Technical & Performance Standard 4 of the RICS Valuation – Global Standards 2017 and consider that it can reasonably be regarded as realistic, relevant and valid in connection with the particular circumstances of the valuation.
- 1.8 Our letter confirming instructions, including our Standard Terms and Conditions of Engagement, forms an integral part of this valuation report. They should be read in full as they contain important caveats and conditions relevant to this valuation including limits of liability, non-publication restrictions, condition and contamination. Full definitions of the basis of valuation are also included.

- 1.9 Where we are providing one or more valuations of a property or properties (“the Property”), in circumstances where you have already made a loan secured (whether wholly or partially) against the Property, and you make further loan or loans secured on the Property in reliance of our valuation(s), our liability to you for any loss that you incur arising from our valuation(s) will be limited to the lesser of: (1) the further sum (if any) that you lend in reliance of our valuation(s); or (2) the difference between our valuation(s) and the true value of the Property at the date of our valuation(s). This limitation of liability applies irrespective of whether, in making a loan based on our valuation(s), you have released the original charge and executed a new charge, or lent additional sums against the original charge. We will not be liable for any loss arising from the original loan (including any extensions to that loan prior to our valuation(s)) that you made, secured by the Property, unless: (1) We carried out the original valuation(s) of the Property; (2) You made the original loan in reliance of our valuation(s); and (3) Our original valuation(s) was negligent.
- 1.10 This Report and Valuation has been prepared on the basis that there has been full disclosure of all relevant information and facts which may affect the valuation. It is provided for the stated purposes and only for the use of the party whom it is addressed. It is confidential to Proplend Security Limited and may not be disclosed to any other third party without our prior written consent. In breach of this condition, no responsibility can be accepted to third parties for the comments or advice contained in this report.

2. Property Report

2.1 Location

- 2.1.1 The property is located 5 miles south of Great Malvern, an area in the Spa Town of Malvern running at the front of the Malvern Hills, a designated area of Outstanding Natural Beauty. Worcester is located 13 miles northeast, Cheltenham 22 miles southeast and Hereford 20 miles west.
- 2.1.2 The property is 14 miles southwest of Junction 7 of the M5 allowing access northbound towards the M6 or alternatively the property is 7 miles north of Junction 2 of the M50 allowing access west of the Country.
- 2.1.3 Great Malvern Railway Station is located 5 miles north, which is one of two stations serving the town of Malvern (the other being Malvern Link Station slightly further north) on the Hereford to Worcester section of the Cotswold line.
- 2.1.4 The property fronts Marlbank Road (A4104) leading westbound towards the A449. The property is located in close proximity of the Three Counties Show Ground located less than 3 miles to the north. Worcestershire Golf Club is also to the north whilst the property is surrounded by the Malvern Hills.
- 2.1.5 The immediate surrounding area is of open countryside.
- 2.1.6 A Location Plan and an Ordnance Survey extract are attached at Appendix One. Our understanding of the extent of the subject property is outlined in red on the extract which is provided for identification purposes only.

2.2 Description

- 2.2.1 The property is a detached public house of brick construction rendered to the front and side elevations with upvc double glazed windows throughout. To the first floor there are four letting rooms and owner residence. The public house has three pedestrian entrances into the pub.
- 2.2.2 One of the entrances leads off the front elevation into the main lounge with bar area. The bar leads through to a storage area, office, cellar and kitchen. The property also has a side entrance (off the car park) leading directly through to the male/female/disabled w.c.'s, with an addition of two shower rooms. The pub is decorated with traditional patterned carpet, painted walls and two open fire places with the bar in a central location. We have been advised that the property

caters for 60-70 covers on a Sunday lunch, which can increase up to 120 in the summer months utilising the outside area.

- 2.2.3 There is staircase access to the first floor providing four letting rooms (one is currently being used as a private room) and owner’s accommodation.
- 2.2.4 Each letting room has a bedroom and ensuite shower room. The owner’s residence is a two bedroom flat providing a living room, two bedrooms and a shower room. There is no kitchen in this area as the commercial kitchen is utilised.
- 2.2.5 In addition, to the rear elevation there is a semi-detached outbuilding, currently used as two storage areas. This property could be converted into further letting room’s subject to planning consent.
- 2.2.6 To the side elevation there is a car parking area for approximately 40 car parking spaces with access to land at the rear for a nine space caravan park plus an additional area for tents to pitch up.
- 2.2.7 We have not valued any element of the goodwill, to include any of the fixtures and fittings.
- 2.2.8 Photographs of the main elevations of the subject property are attached at Appendix Two.

2.3 Accommodation

2.3.1 We took internal measurements of the subject property at the time of our inspection and can therefore report the following approximate gross internal floor areas calculated in accordance with the RICS’ Code of Measuring Practice (6th Edition):-

Floor	Use	Gross Internal Area Sq M	Approx Sq ft
Ground	Public House	240.00	2,583
First	Letting Room 1	18.62	200
First	Letting Room 2	21.01	226
First	Letting Room 3	15.70	169
First	Letting Room 4	21.21	228
First	Owners 2 bedroom accommodation	49.42	532
Ground	Outbuilding	45.25	487
Total		411.22	4,426

2.3.2 Using Promap software we calculate that the site extends to approximately 0.62 hectares (1.52 acres).

- 2.3.3 We have also calculated an approximate site area for the land used as the caravan park which totals approximately 0.36 hectares (0.88 acres).
- 2.2.4 We have been requested to provide an apportionment between residential and commercial uses to assist your own review of whether the proposed loan is regulated for FCA purposes. For the avoidance of doubt, we make no judgement as to the potential status of occupants for regulatory purposes. The following figures are assessed on a gross internal basis:
- ❑ Total Area of the property, including all land – 6,335.49 sq m
 - ❑ Commercial Floor area, including land – 240.00 sq m
 - ❑ Residential Floor area, including land – 6,095.49 sq m
 - ❑ Percentage residential use – 96%

2.4 Services

- 2.4.1 We understand that the property is connected to all mains services – gas, electricity, drainage and water, but have not carried out any tests in this regard.

2.5 Condition

- 2.5.1 Your attention is directed to our Standard Terms and Conditions of Engagement contained at Appendix Four. We confirm that we have not carried out a building condition survey.
- 2.5.2 During the course of our inspection we noted that the property generally appeared to have been satisfactorily maintained having regard to its age, use and construction.
- 2.5.3 We have not been provided with any structural or M & E surveys and we are not aware of any items of repair, structural defects or symptoms of the same, which are likely to impact on the value and reletability of the property.
- 2.5.4 We do not consider that there are any remedial works to be essential to maintain the value of the property other than standard maintenance and redecoration.
- 2.5.5 It was possible to inspect all parts of the building which would normally be accessible at the time of our inspection.

- 2.5.6 The age and style of construction of the subject property is such that materials such as high alumina cement concrete, woodwool shuttering, calcium chloride or asbestos are unlikely to have been used in its original construction or subsequent alteration. We are valuing on this basis.
- 2.5.7 We did note that there is an outbuilding located to the rear of the property currently used for storage. This property could be converted into further letting rooms with the appropriate planning consent being obtained.
- 2.5.8 Our valuation is based on the assumption that the building and its services are in a good working order and no allowance has been made for any outstanding wants of repair or defects.

2.6 Environmental Matters

- 2.6.1 Your attention is directed to our Standard Terms and Conditions of Engagement contained in Appendix Four.

Contamination

- 2.6.2 We noted no obvious signs of contamination during our inspection but we are not qualified to give assurances on environmental issues. Our valuation has been undertaken on the basis that the property is not contaminated. Should it be established subsequently that contamination exists on the subject property or any neighbouring land; this might reduce the values now reported.
- 2.6.3 To the best of our knowledge, the previous use of the property was a Public House.

Flooding

- 2.6.4 We have referred to the Environment Agency flood maps and can confirm the property lies outside of any flood plain area.

Radon

- 2.6.5 The Ionising Radiation Regulations 1999 require employers to take action when radon is present above a defined level in the workplace. Advice may be obtained from your local Health and Safety Executive Area Office or The Environmental Health Department of your local Authority.
- 2.6.6 Having made enquiries of the Radon UK website we can advise the property lies outside of any radon gas affected area.

Made up Ground

- 2.6.7 Our enquiries show that the postcode WR13 6NA is not known to have been used for landfill and as such we do not believe the property to be affected by ground heave, landslip or subsidence.

Coal Mining

- 2.6.8 Having made enquiries of the Coal Authority website we can advise the property lies outside of any deep cast or surface mining area.

Invasive Species

- 2.6.9 Japanese Knotweed can block footpaths and damage concrete, tarmac, flood defences and the stability of river banks and Giant Hogweed can cause harm to human health. Injurious weeds are native species, which cause problems for farming as they are harmful to livestock and must not be allowed to spread to agricultural land.
- 2.6.10 During the course of our inspection in March 2018 we did not note the presence of any invasive vegetation; however we are not qualified to give such assurances and cannot guarantee that the land is entirely free from the same. For the purpose of this report, we are valuing on the basis that there is no invasive vegetation present including Japanese Knotweed.

Archaeological Remains

- 2.6.11 We are unaware of the presence, or likely presence, of any archaeological remains on or adjacent to the subject property and have assumed there are none in arriving at our opinion of value.

2.7 Local Authority & Statutory Enquiries

- 2.7.1 Your attention is directed to our Standard Terms and Conditions of Engagement contained at Appendix Four.
- 2.7.2 We have assumed that the property and its value are unaffected by any matters which would be revealed by a Local Search and replies to the usual enquiries or statutory notice and that neither the property, nor its condition, nor its use, nor its intended use is or will be unlawful. It is recommended that verification is obtained from acting solicitors that
- The position is correctly stated in this Report;
 - The property is not adversely affected by any other decisions made or conditions prescribed by local authorities; and
 - That there are no outstanding statutory notices

2.7.3 The valuation is prepared on the basis that the premises comply with all statutory regulations.

Planning

2.7.4 We have reviewed the Local Planning Authority’s website regarding town planning matters that may affect the valuation. The property lies within the planning jurisdiction of Malvern Hills District Council.

2.7.5 Obtained from the council’s website we summarise the following pertinent planning decisions:

App. Ref	Details	Decision	Date
06/00265/FUL	Conversion of existing use to holiday cottage, extension to provide new toilets and alterations to ground and first floors.	Approval	27 th April 2006
76/00137/FUL	Conversion of existing barn to general functions room	Approval	12 th April 1976

2.7.6 We have been unable to find any further documentation to suggest that the application reference 06/00265/FUL relates to the rear outbuilding, or that works have formally been recognised to deem the consent still valid. For the purpose of our valuation we have assumed that consent is not in place.

2.7.7 Nevertheless, the rear outbuilding would benefit from being converted subject to the necessary planning consent.

2.7.9 We have been unable to obtain a copy of the licence pertaining to the rear caravan park. For the purpose of our valuation we assume the licence is in place. If this is not the case the values are likely to be adversely affected. Your solicitors should clarify.

2.8.10 Our enquiries have indicated that there are no significant schemes within the immediate vicinity, which we consider would be detrimental to the values in this report.

2.7.11 The property is not a Listed building.

2.7.12 We have not made specific enquiries to verify this this information, which is assumed to be correct. We do not accept liability for either incorrect information or for material omissions in the information obtained, including statutory notices or contraventions of statutory requirements.

Highways

2.7.13 We have been unable to establish whether there is any highway or major development proposals in the immediate area that may impact upon the value of the subject property. We assume there are none but your solicitors should confirm as part of their normal Local Search enquiries. Given the nature and surfacing of Marlbank Road we have assumed that it is a highway adopted and maintainable at public expense. Your solicitors should confirm in the normal way.

Fire Safety Order and Fire Risk Assessment

2.7.13 The Fire Safety Order applies to owners, occupiers, landlords, employers and anyone else with control of the premises, e.g. a facilities manager, building manager and managing agent of a business or other non-domestic premises.

2.7.14 We have not made any enquiries in this regard and we have not been provided with a copy of the risk assessment, but in preparing our valuation have assumed that all necessary measures are in place and that no additional costs would be incurred in order to comply.

2.7.15 We recommend that your solicitor checks that the responsible party has fulfilled their obligations, including:

- carry out a fire risk assessment of the premises and review it regularly;
- tell staff or their representatives about the risks you've identified;
- put in place, and maintain, appropriate fire safety measures;
- plan for an emergency;
- provide staff information, fire safety instruction and training.

Equality Act 2010

2.7.16 The Equality Act encompasses the previous Disability Discrimination Act which deals with accessibility of premises and the workplace and seeks to limit discrimination in the terms of race, religion or physical ability. The Act seeks to ensure that disabled persons can access and acquire premises and that they are suitably adapted if for public workplace access. The Act places a Duty of Care on owners and physical changes to premises may be required for compliance purposes.

Office, Shops & Railway Premises Act

2.7.17 We assume that, where appropriate, the property complies with this legislation.

Control of Asbestos At Work Act

2.7.18 We have not had sight of a written record in respect of the presence or otherwise of asbestos at the subject property. We presume that there are no costs outstanding in this regard.

Energy Performance Certificates (EPC)

2.7.19 The Energy Act 2011 makes provides for EPC minimum standards such that from 1 April 2018 it will be unlawful to let residential or business premises that do not meet minimum energy efficiency standards. It is expected that the minimum threshold will be an EPC rating in Band E (i.e. it will be unlawful to let premises with an F or G rating).

2.7.20 From April 2020 privately rented residential properties will be affected (including where a lease is already in place and the property is occupied by a tenant) and from April 2023 all commercial properties let on existing leases will be similarly affected, subject to a number of exemptions.

2.7.21 We have consulted the online Non-Domestic Energy Performance Register and obtained a copy of the EPC, reference no. 0591-0970-7030-2700-7203, dated 2nd March 2012. The certificate records an energy efficiency rating of D, which is satisfactory.

Sustainability

2.7.22 As the property market adjusts to new legislative requirements and the drive for more sustainable property assets, it is possible, in the future, that there will be an increasing divergence of values between those buildings which are considered to be compliant or "sustainable" and those which are not. Property investors and occupiers are becoming increasingly sensitive to a building's environmental and sustainability performance (e.g. BREEAM rating) with consequent implications for both rental and capital values.

2.7.23 At present, however, there is little consensus in market evidence or meaningful analysis of investment performance to enable any firm conclusions on to be drawn from the impact on capital and rental values of the various legislative initiatives and "sustainability" generally, but this may change.

Business Rates

2.7.24 Our enquiries with <https://www.tax.service.gov.uk/view-my-valuation/search> confirm that, as at the date of this report, the subject property has the following 2017 list entry(ies):-

Address	Description	Rateable Value
Marlbank Inn Marlbank Road Wellend Malvern Worcestershire WR13 6NA	Public House & Premises	£22,275

2.7.25 In England the standard Uniform Business Rate (UBR) for the rating year 2017/2018 is 47.9 pence per £1.00 of rateable value and 46.6 per £1.00 for smaller businesses.

2.7.26 The actual rating liability may be subject to upwards/downwards transitional adjustment in accordance with regulations, which are made from time to time. We have not investigated the amount actually payable in respect of the subject property. In addition some properties may benefit from a lower rate in the Pound if they are in receipt or are eligible for additional rates relief.

Council Tax

2.7.27 Our enquiries with <http://www.mycounciltax.org.uk> confirm that, as at the date of this report, the subject property has the following banding(s) for council tax purposes:-

Address	Band	Tax
Marlbank Inn Marlbank Road Wellend Malvern Worcestershire WR13 6NA	A	£1,109.38

2.8 Tenure

2.8.1 We have not been provided with any Title documentation. We understand that the property is owned freehold and we have assumed that the Title is unencumbered and free from any unusual or especially onerous or restrictive covenants, easements, restrictions, encumbrances, outgoing rights or rights of way which could affect value. This should be verified by your solicitors.

2.8.2 We understand the property is being purchased for £440,000.

2.9 Occupation

2.9.1 We understand the property is owner occupied and following completion of the sale vacant possession will be granted. Due to this we are valuing the property on the basis of vacant possession.

3. The Valuation

3.1 Factors Affecting Value

3.1.1 The property is located fronting Marlbank Road in close proximity to the Three Counties Showground set to the east of the Malvern Hills. The property is also in close proximity to Malvern Railway Station and motorway network links if required. These are all positive attributes in connection to utilising the letting rooms.

3.1.2 The property is a detached Public House of brick construction, majority of which is rendered with a pitched roof and upvc double glazed windows throughout. The public house is to the ground floor and there are four letting rooms and owners accommodation to the first floor.

3.1.3 The property has land to the side and rear utilised as a caravan park and an area for tents to pitch.

3.1.4 There is an outbuilding to the rear of the property, which would benefit from being converted into letting rooms subject to planning consent being granted.

3.1.5 We have been unable to find any further documentation to suggest that the application reference 06/00265/FUL relates to the rear outbuilding, or that works have formally been recognised to deem the consent still valid. For the purpose of our valuation we have assumed that consent is not in place.

- 3.1.6 We have been unable to obtain a copy of the licence pertaining to the rear caravan park. For the purpose of our valuation we assume the licence is in place. If this is not the case the values are likely to be adversely affected. Your solicitors should clarify.
- 3.1.7 We understand the property is currently owner occupied and that vacant possession will be granted following completion of the purchase.
- 3.1.8 We have had regard to comparable evidence when forming our opinion of Market Value, splitting the asset between the caravan park, the letting rooms, owner's accommodation and ground floor public house. Given the use of the property we have had to widen our geographical search when obtaining the evidence and adjust accordingly.
- 3.1.9 We have not valued any element of the goodwill, to include any of the fixtures and fittings.
- 3.1.10 We do not consider that there are any remedial works to be essential to maintain the value of the property other than usual routine maintenance.
- 3.1.11 Due to the reasons stated above we consider the property represents suitable security for loan purposes on the assumption that it will be maintained in a reasonable state of repair.

3.2 Market Conditions & Demand

- 3.2.1 It has been published in the Autumn budget which brought about significant change for the pub market towards the end of 2017. The changes included beer duty was to be frozen; differing from the initial plan to increase in line with RPI. Instead a new duty band will be created, targeting drinks with ABV's of 6.7% to 7.5%.
- 3.2.2 In addition, the effectiveness of the Licensing Act 2003 was also debated within the House of Lords, recommending that planning committees, not local authority licensing committees, should take ownership for licencing.
- 3.2.3 An extension for another year (up until March 2019) of £1,000 business rates relief to pubs with a Rateable Value of under £100,000. This is to support smaller public houses. The change to indexation of business rates from RPI to CPI will also be brought forward to take place in 2018.
- 3.2.4 The market is seeing a slight increase in pub co.'s planning more acquisitions to include Brighton Pier Group following their purchase of Lethington Leisure (Paradise Island Adventures Golf) for £10.5 million.
- 3.2.5 There has been an increase in demand for premium drinks, mixers and craft beers with 54% of consumers aged 18 – 34 years olds stating they would now choose higher quality drinks.

- 3.2.6 Due to the location of the property we would anticipate owner occupiers or pub co's to be interested in purchasing the property for continued use.

3.3 Comparable Evidence

Capital Value Evidence and Analysis

- 3.3.1 Due to the nature of the property we have had to widen our geographic search area in order to find comparable evidence and adjust accordingly. We have reviewed both properties which sold with vacant possession and as an investment.
- 3.3.2 **73 – 75 High Street, Cheltenham, GL50 1DU**
In October 2016 a ground floor public house extending to 5,755 sq ft sold for £1,050,000 as an investment, equating to £182.45 per sq ft. The property produces an income of £90,000 per annum on a 23 year lease commencing January 2001, reflecting a gross yield of 8.57%. This property is in a superior location and was sold as an investment therefore we would expect a higher rate per sq ft.
- 3.3.3 **Swan Inn, Drybrook, Gloucestershire, GL17 9DQ**
In March 2016 a freehold detached public house with ground floor bar / dining area and upper part residential (four bedroom flat) sold at auction with vacant possession for £211,000. The floor area totals approximately 2,013 sq ft, equating to approximately £104.82 per sq ft. This property is 23 miles south of the subject; however is a similar style property in type and layout, located to the east of Wye Valley Area of Outstanding Beauty. We note the historic nature of this comparable.
- 3.3.4 **Oliver's, 19 Lower Gungate, Tamworth, B79 7AT**
In April 2017 this public house extending to 6,593 sq ft sold for £400,000, equating to £60.67 per sq ft. The property is a two storey end of terrace building and is in close proximity to the subject. The property is substantial with owner's accommodation on the first floor. We understand the property was sold with vacant possession, and has since been fully refurbished. It now trades successfully as a branded Hogarths Gin Palace.
- 3.3.5 **Triples Bar Ltd, 13 Bradleys Lane, Tipton, DY4 9EZ**
In April 2016 a public house sold at auction for £135,000. The property extends to approximately 2,046 sq ft which equates to £65.98 per sq ft. This property was sold with vacant possession and was in an inferior condition by comparison.

3.3.6 The Wild Lime, 38 Bridge Street, Banbury, OX16 5PY

In December 2017 a freehold public house sold for £795,000 at auction as an investment. The property extends to approximately 7,108 sq ft, which equates to £111.85 per sq ft. The property was producing an income of £67,000 per annum (£9.43 per sq ft) on a 40 year lease commencing 25/03/1987 (FRI), reflecting a gross yield of 8.43%. The Tenant is Surrey Pubs & Inns Limited. This property is in a far superior location, however sold as an investment as opposed to vacant.

3.3.7 The Queen Adelaide, 99 Windmill Lane, Nottingham, NG3 2BH

In May 2017 a substantial public house sold at auction for £204,000. The property extends to approximately 5,084 sq ft, which equates to £40.13 per sq ft Capital Value. This property is in a far inferior condition in comparison to the subject, also noting the vacant possession nature of the transaction. We would expect a higher rate per sq ft to be applied to the subject property.

3.3.8 Flat 2 Halas House, Holywell Road, Malvern, WR14 4LE

In October 2017 a two bedroom flat was sold for £95,000. This property is within a block of flats.

3.3.9 Apartment 17, Wells House, Holywell Road, Malvern, WR14 4LH

In October 2017 a two bedroom flat was sold for £180,000. This property is contained within a renovated period property, closer to Malvern and as such we would expect a far higher value for this property to be achieved.

3.3.10 3 Royal Well Court, West Malvern Road, Upper Colwall, Malvern WR14

In October 2017 a 2 bedroom flat was sold for £188,000. Again, similar to the comparable above the property is contained within a renovated period property, closer to Malvern and as such we would expect a far higher value for this property to be achieved.

Rental Value Evidence and Analysis

3.3.11 We have been unable to find any relevant and recent comparable evidence in connection to the subject property and have therefore had to rely on local market knowledge. We have reviewed the below historic lettings.

3.3.12 Hot Rock Restaurant, Bridgnorth Road, Bridgnorth WV15 5NR

In March 2012 an undisclosed tenant has taken 1,722 sq ft of ground floor retail space on a 20 year lease at £22,000 per annum in years 1 and 2 rising to £26,000 per annum in years 3, 4 and 5 subject to a rent review and option to break in year 5. The average rent across 5 years is therefore £24,400 per annum, this equates to £14.17 per sq ft. Although this transaction is historic we would expect a high rate per sq ft to be achieved due to this property being far smaller.

3.3.13 **Yates, 34 Queen Square, Wolverhampton WV1 1TL**

In May 2015 a freehold Public House across five floors and basement was let in May 2015 on a 25 year lease at a rent of £11.09 per sq ft. We do not have any further details in connection to this.

3.4 Valuation Methodology

- 3.4.1 We have adopted the comparable and investment methods of valuation when undertaking your instructions.
- 3.4.2 When forming our opinion of Market Value we have split the asset, applying £10,000 per caravan pitch on the basis that there is electricity in place (£90,000), £20,000 per letting room based on the condition and ensuite facilities that are in place (£80,000), £100,000 to the owners accommodation flat, deducting 20% to reflect the fact it is located as part of the pub and occupiers must utilise the commercial kitchen facilities (£80,000) and we have applied £75.00 per sq ft to the ground floor public house (£193,755).
- 3.4.3 The combined total is therefore £443,755, which for the purpose of our valuation we have rounded to £440,000. We understand the property is being purchased for £440,000, therefore we believe this purchase price is in line with the market.
- 3.4.4 The above valuation assumes that the caravan park is licenced. Solicitors should clarify this position. In the event a licence is not in place we reserve the right to review our valuation on the basis that the figures are likely to be adversely affected.
- 3.4.5 Please note that we have not valued any element of the goodwill, to include fixtures and fittings.
- 3.4.6 When forming our opinion of Market Rent we have applied a blended rate of £8.50 per sq ft. This includes an element for the caravan park and lettings rooms, based on the evidence we have reviewed providing properties within a town centre location therefore we would expect a lower rate per sq ft for the public house in isolation. The rent is therefore £37,624 per annum, which for the purpose of our valuation we have rounded to £37,500 per annum.
- 3.4.7 No allowance has been made for costs of acquisition or realisation of the property, nor for any liability for taxation which may arise on disposal whether actual or notional, e.g. VAT, Inheritance Tax of Capital Gains Tax. Unless stated to the contrary it is assumed that where there is an imposition or otherwise of VAT on the rent that the lessee will be able to fully reclaim the VAT paid.

3.5 Suitability for Loan Security

- 3.5.1 In our opinion, the property represents suitable security for loan purposes on the assumption that it will be maintained in a reasonable state of repair. The amount of such loan is at your discretion.
- 3.5.2 It is our opinion that the estimated useful economic life of the property should be no less than the term of the loan again assuming that the property is maintained and kept in a reasonable state of repair.

3.6 Estimated Reinstatement Cost

- 3.6.1 Your attention is drawn to our letter containing our Standard Terms and Conditions of Engagement contained at Appendix Four in this regard.
- 3.6.2 Our informal estimate of the current reinstatement cost of the subject property is some £350,000.
- 3.6.3 You should not rely on this figure for insurance purposes and we strongly recommend that the Bank obtains a formal assessment by a Building Surveyor. We can provide a formal assessment if required.

3.7 Verification

- 3.7.1 This report has been based, to some extent, on information provided verbally which should be checked by your solicitors. In particular, this applies to tenure and planning. Their searches may also reveal whether any historical use of the property is likely to have resulted in contamination or whether there are any encumbrances or other third party rights affecting the title or use of the property. If any assumption we have made proves incorrect the matter should be referred back to us as it may have an impact on the value of the property and its suitability as loan security.

3.8 Valuation Definitions

Market Value

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

Market Rent

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

3.9 Valuation

- 3.9.1 In our opinion, the Market Value of the property, freehold with full vacant possession throughout as at 15th March 2018 and subject to the assumptions and comments in this Report and the Appendices was **£440,000 (Four Hundred and Forty Thousand Pounds)**.
- 3.9.2 In our opinion the Market Value of the subject property on the special assumption that a sale is completed within 180 days or less as at 15th March 2018, freehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£395,000 (Three Hundred and Ninety Five Thousand Pounds)**.
- 3.9.3 In our opinion the Market Rent of the subject property as at 15th March 2018 on the assumption that a lease would be granted for a term of not less than five years on full repairing and insuring terms and subject to the assumptions and comments in this Report and Appendices was **£37,500 (Thirty Seven Thousand, Five Hundred Pounds)** per annum exclusive.
- 3.9.4 Values change over time, particularly when markets are unusually active or inactive. This should be borne in mind in relation to the date of valuation.

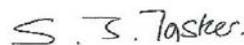
We trust that this report is satisfactory for your immediate purposes but, should any matter require further clarification, we shall be pleased to hear from you. We would reiterate that neither the whole nor any part of this Valuation Report may be included in any published document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.

Valuer:



May Dudley MSc MRICS
RICS Registered Valuer
For and on behalf of
Bruton Knowles LLP

Approving Officer:

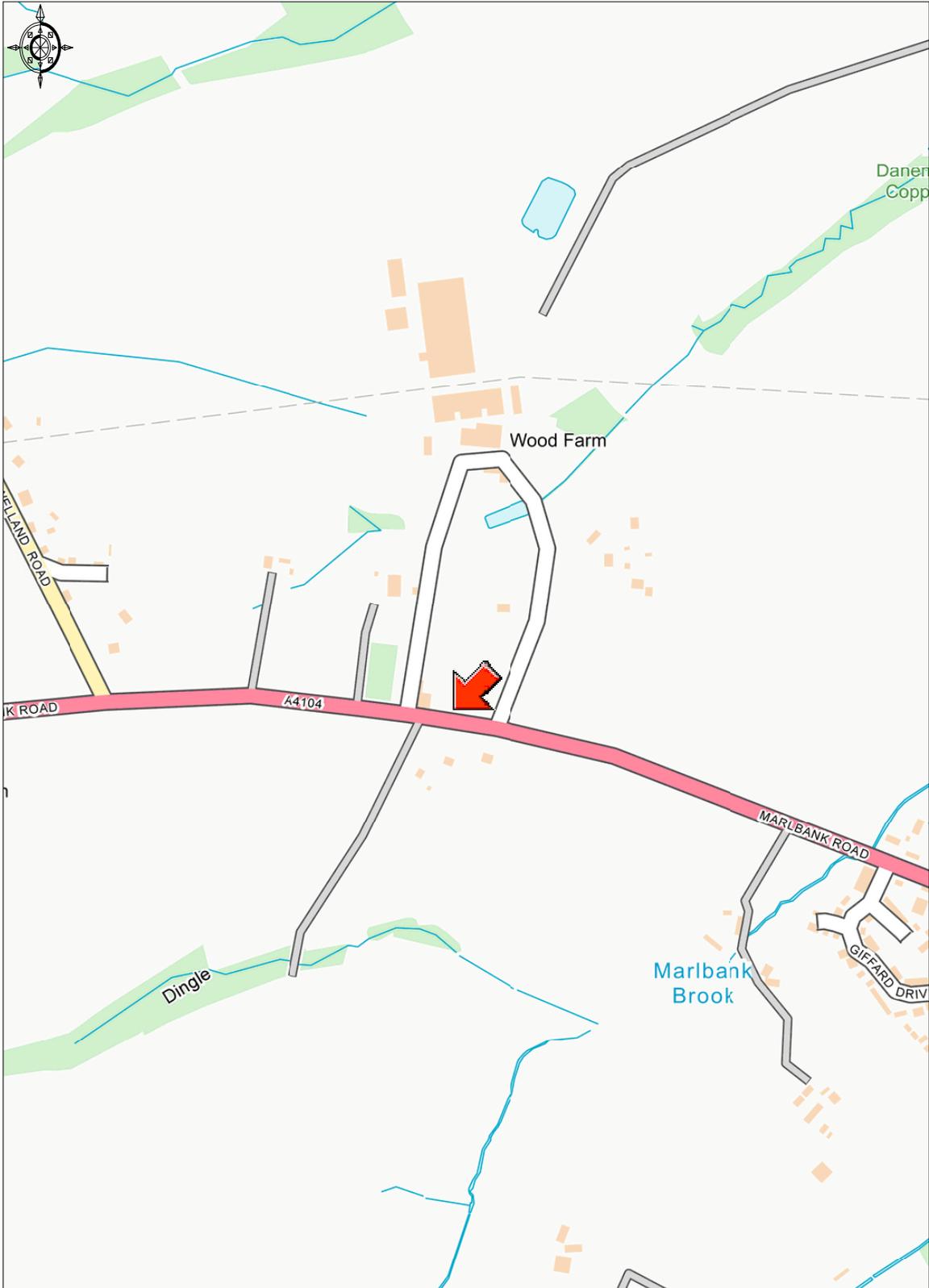


Steven Tasker BSc (Hons) MRICS
RICS Registered Valuer
For and on behalf of
Bruton Knowles LLP

Appendix One

Location and Site Plans

**LOCATION MAP : Marlbank Inn, Marlbank Road,
Welland, Malvern, WR13 6NA**



H.M. LAND REGISTRY

TITLE NUMBER

HW 185709

ORDNANCE SURVEY
PLAN REFERENCE

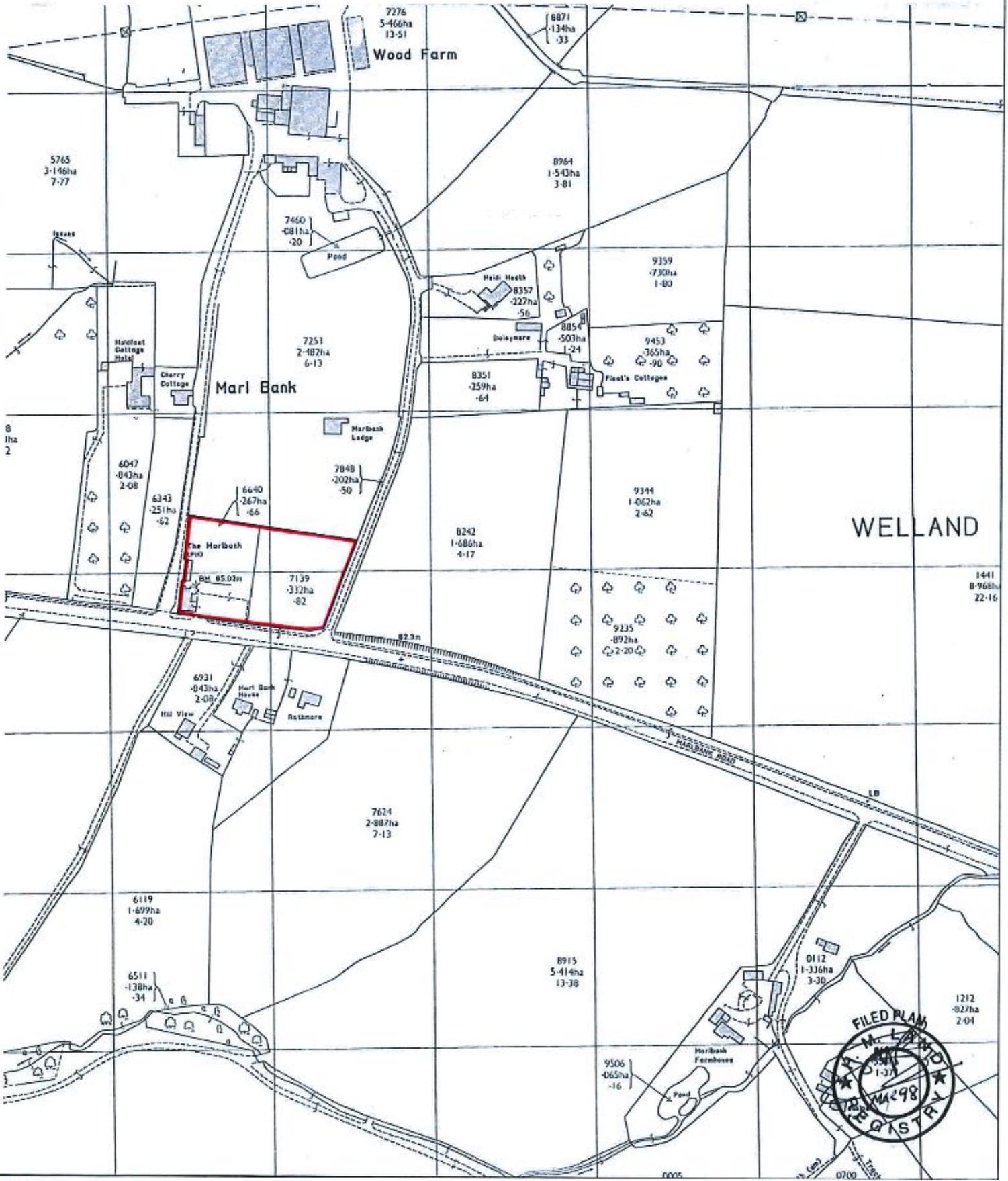
SO 7840

Scale
1:2500



COUNTY HEREFORD AND WORCESTER DISTRICT MALVERN HILLS

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Appendix Two

Photographs

PHOTOGRAPHS

**Marlbank Inn, Marlbank Road,
Welland, Malvern, WR13 6NA**



Front Elevation



Rear Caravan Park



Car Parking



Street Scene

PHOTOGRAPHS

**Marlbank Inn, Marlbank Road,
Welland, Malvern, WR13 6NA**



Outbuildings



Lounge



Letting Room



Letting Room Ensuite

Appendix Three

Letter of Instruction

****PLEASE SEND ALL REPORTS TO VAS PANEL****

Following our recent communications, please take this as our formal instruction to carry out a valuation of the property detailed below on behalf of:

Proplend Security Limited

Please note that our client's requirements are attached. Please make sure all Lender requirements are adhered to, including their basis of valuation.

***IMPORTANT* - Please append the VAS Executive Summary to the front of your Valuation Report (Not as a separate document as this will be rejected at Audit Stage) – As agreed in our Panel Agreement**

The Service Level Agreement (SLA) for this instruction is: **5 days** from date of inspection

Should there be any reason that the SLA cannot be adhered to, VAS Panel should be notified immediately in order to keep our client informed of the delay in issuing the Report.

Your Report should be submitted electronically to info@vas-panel.com no later than 12pm on the Report return date.

THE INSPECTION DATE MUST BE COMMUNICATED TO VAS PANEL WITHIN 24 HOURS OF INSTRUCTION

Property Address:

Marlbank Inn
Marlbank Road
Welland, Malvern
Worcestershire
WR13 6NA

Estimated Value:

£440,000

Property Description:

Public House

Property Type:

Licensed (Pubs / Restaurants)

Type of Report Requested:

Red Book + VAS Panel Exec Summary

Valuation Requirements:

AS IS – Please book in ASAP

Additional Information:

N/A

Report to be carried out on behalf of:

Proplend Security Limited
20-22 Wenlock Road, London, N1 7GU

Applicant Name:

Raise Property 1 Limited

Access Arranged Through:

Sunny Panwar

Access Contact Details:

07949 619 243/ sunny@raisecapitalgroup.com

NB: Copies of the Report are NOT to be distributed to any third party, including Brokers or the Applicant, without full consent of VAS Panel. Valuation figures are also not to be disclosed to those parties stated without written consent from VAS Panel, failure to acquire consent may result in exclusion from the panel.

Please note: All Valuation reports are audited by our affiliated valuation audit company Valuation Audit Services UK Ltd (VAS Audit) The emphasis of the audit will be centred around rental/ sales comparables with full methodology and justification of your valuation approach.

We trust the above is self-explanatory, however; should you require any further information or assistance please do not hesitate to contact us.

Kind Regards,

Team VAS

T: 01642 262 217

A: The Palace Hub | 28-29 Esplanade | Redcar | TS10 3AE

W: www.vas-panel.com



Ref: Raise Property 1 Limited

Hi VAS,

Please accept this letter as our formal instruction to your firm to carry out a valuation, for mortgage purposes, on the addresses indicated below upon which we, Proplend Security Limited shall rely. The valuation may be shown to any third parties in connection with the financing of the property albeit it cannot be relied on by those parties directly. **Please advise us immediately if you are unable to give prompt attention to this matter.**

Borrower:	Raise Property 1 Limited
Properties:	The Marlbank Inn, Marlbank Road, Wellend, Malvern, WR13 6NA
Tenure:	Freehold
Use:	Pub/Restaurant with 4 ensuite bedrooms
Tenancies:	To be owner occupied
Access:	TBC

Instruction

The report should be addressed to Proplend Security Limited which must clearly state that it can be relied upon for lending purposes by the parties named herein. Please ensure that the report accords with the current RICS Appraisal and Valuation Manual.

Please indicate in your report if the valuer or your firm have had any previous involvement with the property forming the subject of the valuation. If so, please indicate the nature and extent of that involvement and confirm specifically that you consider there is no conflict of interest on the part of the valuer or your firm.

The report must be signed by a partner or director of the firm who is a member of the Royal Institute of Chartered Surveyors.

Whilst your report will be addressed to Proplend Security Ltd, it will need to be viewed by its Lending members on the understanding that only Proplend Security Ltd may rely on the report for mortgage purposes. Can you please confirm within your report that this is understood and accepted?

Valuation and Report

The Market Valuation referred to below should be based on current values and should reflect market conditions prevailing at the date of the report, and changes in market conditions that you are able to predict, and should include:

1. The Market Valuation for loan security purposes of the Property in its current condition at the date of your inspection, subject to any current tenancies in place and sold as a going concern. Please indicate the period of marketing you have assumed in arriving at your valuation.
2. A valuation of the Property on the assumption that the Property was being sold without the benefit of a going concern.
3. Please provide comparable evidence to support your assumptions on values.
4. Please provide an estimated rental value for the Subject Properties.
5. Please provide commentary on continued likely market demand for properties of this size and nature, in this location, for sale and to let.
6. Please provide an estimated reinstatement cost of the buildings for insurance purposes.
7. Please provide a full description of the Property to include its accommodation, its size, its construction, location and general state of repair. These details should be supported with photos of the Properties. Whilst you are not instructed to carry out a structural survey on each Property, please comment of any noticeable defects that might warrant further investigation and which might affect the marketability of the Property.
8. Please certify that the Property is acceptable for secured lending purposes.

Report on Title

A copy of the solicitors Report on Title will be sent to you so that you can cross check your assumptions with the facts contained within the said report and comment on specific items which may affect your valuation.

Contact Details

Please contact Philip Gould on 0203 397 8290 if you have any queries regarding this instruction. Yours Sincerely,

Philip Gould

Philip Gould
Proplend Security Ltd

Signature Certificate

Document Ref.: DT9PJ-DBFEU-WZUZO-TUSBR

Document signed by:

	<p>Philip Gould Verified E-mail: pgould@proplend.com</p> <p>IP: 147.147.136.178 Date: 02 Mar 2018 12:05:11 UTC</p>	<p><i>Philip Gould</i></p> 
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Document completed by all parties on:
02 Mar 2018 12:05:11 UTC

Page 1 of 1



Signed with PandaDoc.com

PandaDoc is the document platform that boosts your company's revenue by accelerating the way it transacts.



Appendix Four

Letter of Confirmation & Standard Terms and Conditions of Engagement

Date: 8th March 2018
Our ref: MD/JH/JN519030
Your ref:

Vas
The Palace Hub
28-29 Esplanade
Redcar
TS10 3AE

Property Consultants

Embassy House, 60 Church Street
Birmingham, B3 2DJ
T 0121 212 7657
E may.dudley@brutonknowles.co.uk
W brutonknowles.co.uk
Offices across the UK

Dear Sirs,

Proplend Security Limited
Marlbank Inn, Marlbank Road, Welland, Malvern, Worcestershire, WR13 6NA
Confirmation of Instructions and Conditions of Engagement

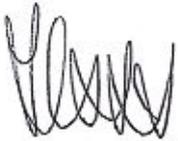
We acknowledge your written instructions dated 7th March 2018 to carry out a valuation of the above-mentioned property. We write to confirm our acceptance of those instructions which will be undertaken in accordance with the RICS Valuation – Global Standards 2017 and subject to our standard Terms and Conditions of Engagement which confirm the scope and details of the service to be provided by us and which will form part of our valuation report.

In addition, we confirm the following:

- The subject of the valuation is the freehold interest in the above-mentioned property assuming full vacant possession;
- The valuation is to be provided in connection with possible secured lending;
- The date of the valuation will be the date of inspection;
- In accordance with our normal practice, we confirm that, to the best of our knowledge and belief, we have had no prior dealings with the subject property or the borrower. We therefore consider that we do not have any conflict of interest in accepting these instructions;
- The report will be prepared in accordance with the RICS Valuation – Global Standards 2017 and we confirm we have sufficient knowledge of the particular market and the skills and understanding necessary to undertake the valuation competently.

- The basis of valuation will be Market Value and the attached sheets contain a full definition. From our existing knowledge of the property and your requirements, we can confirm that we consider this to be the most appropriate basis of valuation.
- Our fee will be £1,500 plus VAT as agreed. Payment is due on receipt of the valuation.
- Bruton Knowles follows documented procedures to deal with all complaints, as part of our Quality Assurance certification. A copy is available on request.
- This valuation may be subject to monitoring under the Royal Institution of Chartered Surveyors conduct and disciplinary regulations

Yours Faithfully,



 **May Dudley MSc MRICS**
Senior Surveyor

Standard Terms & Conditions of Engagement

1 R.I.C.S. Valuation Standards

Our valuation has been made in accordance with the RICS Valuation – Global Standards 2017, this firm being independent Valuers as defined in the manual.

2 Basis/Bases of Valuation

In accordance with your instructions, our valuation has been prepared under one or more of the following bases of valuation.

Market Value (MV) is :-

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

The interpretative commentary contained within Valuation Technical and Performance Standard 4 (VPS4) of the RICS Valuation – Global Standards 2017 forms an integral part of this definition.

Market Rent (MR) is :-

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

The interpretative commentary contained within VPS4 of the RICS Valuation – Global Standards 2017 forms an integral part of this definition.

Existing Use Value (EUV) is :-

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

Fair Value (FV) is :-

The definition adopted by the International Accounting Standards Board (IASB) in IFRS 13:

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

The interpretative commentary contained within VPS4 of the RICS Valuation – Global Standards 2017 forms an integral part of this definition.

Market Value having regard to Trading Potential is :-

Defined in VGPA4 of RICS Valuation – Global Standards 2017 and a trade related property is considered to be an individual trading entity and is typically valued on the assumption that there will be a continuation of trading.

3 Scope & Title

We have not carried out formal searches of Local Authority Registers or on Title and it has therefore been assumed that no onerous or restrictive covenants attach to Title. You should rely on your solicitor in these matters and we reserve the right to amend our valuation should any encumbrance be shown to materially affect the value of the property. For owner occupied properties, our valuation assumes vacant possession would be given by the vendor upon completion of a disposal. For tenanted premises, our valuation is subject to the information on tenancies contained within our Report unless otherwise stated. Our valuation is made on the assumption that information given to us, either verbally or in writing by the Bank, your representatives or from any official sources (including, where relevant, the Borrower, the vendor, the selling agents and the Local Authority), is capable of formal substantiation. Our valuation also assumes that the property is free from any borrowings or encumbrances, unless otherwise stated.

4 Condition

We have not carried out a building survey or tested services, nor have we inspected those parts of the property which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about, or advise upon, the condition of uninspected parts and our Report should not be taken as making any implied representation or statement about such parts. We have not arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous material has 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 our valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

With specific regard to the Control of Asbestos Regulations 2006, we will reflect the content of any written risk assessment provided, however where a risk assessment has not been carried out or is not available, we will assume that a risk assessment would not reveal any matters which could affect value.

We are under no duty to and have not a) moved anything; b) used a moisture detecting meter; c) arranged for the testing of electrical, heating or other service installations; or d) carried out an environmental audit. We have also assumed that no radon gas is present at the property. Unless stated to the contrary, no investigations have been carried out to determine whether the site has a history of instability and we are, therefore, unable to report that the property is free from risk in this respect. We have assumed, for the purpose of the valuation, that such investigation would not disclose the presence of any such problems

5 Contamination

We will not identify the existence of contamination unless either reports have been made available to us in this respect or, during the course of our inspection, we conclude that there may be material contamination at the property or on any neighbouring land. In the latter case we will report this possible contamination immediately with a view to a decision being taken as to whether the valuation instructions are to be amended. Otherwise, our valuation has been undertaken on the assumption that no contaminative or potentially contaminative uses have ever been carried out on the property. Should it be established subsequently that contamination does exist at the property or on any neighbouring land, or that the premises have been or are being put to any contaminative use, this might reduce the values reported.

6 Local Authority Enquiries

Where appropriate, verbal enquiries have been made of the local authority and unless otherwise stated, we have assumed that there are no planning proposals, highway improvements or compulsory acquisition schemes likely to affect value. We have also assumed planning consent and all other statutory requirements have been obtained and complied with for the erection and occupation of the building. Formal searches have not been made and we reserve the right to amend our valuation should information at variance to these assumptions be forthcoming. No allowance has been made for rights, obligations or liabilities arising from the Defective Premises Act 1972 or the Disability Discrimination Act 1995.

7 Fixtures & Fittings and Plant and Machinery

Unless stated to the contrary, our valuation has excluded any element of goodwill, trade equipment and moveable fixtures and fittings attached to the property. We have also excluded any stock associated with the business. Our valuation includes only such items as form part of the normal building services installations and any items in the nature of specialist or the present occupiers process plant and machinery have been excluded. No equipment or fixtures and fittings have been tested in respect of Electrical Equipment Regulations and Gas Safety Regulations and we assume that where appropriate all such equipment meets the necessary legislation.

8 Sources, Extent and Non-Disclosure of Information

In preparing our valuation we have relied upon such information as has been provided by the client or building occupier in respect of tenure, tenancies, planning consent and any other relevant information. Where leases or other documents have been produced to us, our Report so states. Otherwise, such information should be verified and in the event of significant variation from the information initially given to us, our valuation could require adjustment.

9 VAT, Taxation and Costs of Acquisition or Realisation

No allowance has been made for costs of acquisition or realisation of the property, nor for any liability for taxation which may arise on disposal whether actual or notional, e.g. VAT, Inheritance Tax or Capital Gains Tax. Unless stated to the contrary it is assumed that where there is an imposition or otherwise of VAT on the rent that the lessee will be able to fully reclaim the VAT paid.

10. Reinstatement Cost

Where we have been requested to provide our opinion of the buildings' reinstatement cost, we confirm that we have not carried out a formal estimate of the reinstatement value of the premises. The figure provided is for guidance purposes only and we recommend that a formal assessment is obtained from a specialist insurance valuer if insurance cover is to be effected. However, our informal estimate is inclusive of site clearance, demolition, statutory and professional fees but excludes VAT, loss of rent, the cost of alternative accommodation for the reinstatement period and inflation during the policy year or the rebuilding period.

11. Future Prospects

Where our Report contains any statement as to the prospect of future growth in rental and/or capital values, it should be appreciated that such growth may not occur and that the values can fall as well as rise.

12. Disclaimer

Our valuation is provided only for the purpose agreed with the instructing client and will be for the sole use of the client. As such, it is confidential to the client and his professional advisers. We accept responsibility to the client alone that the report has been prepared with the skill, care and diligence which may reasonably be expected of a competent valuer but accept no responsibility whatsoever to any other person who relies upon the report at his own risk. Neither the whole nor any part of the Valuation Report may be included in any published document, circular or statement nor published in any way without our written approval of the form and context in which it may appear. We undertake all services only on the basis of these terms which shall apply to the exclusion of any other terms and conditions which the client may seek to impose. No variation of these terms shall be binding unless agreed in writing by an authorised representative of BK and the client.

Where we are providing one or more valuations of a property or properties ("the Property"), in circumstances where you have already made a loan secured (whether wholly or partially) against the Property, and you make further loan or loans secured on the Property in reliance of our valuation(s), our liability to you for any loss that you incur arising from our valuation(s) will be limited to the lesser of: (1) the further sum (if any) that you lend in reliance of our valuation(s); or (2) the difference between our valuation(s) and the true value of the Property at the date of our valuation(s). This limitation of liability applies irrespective of whether, in making a loan based on our valuation(s), you have released the original charge and executed a new charge, or lent additional sums against the original charge. We will not be liable for any loss arising from the original loan (including any extensions to that loan prior to our valuation(s)) that you made, secured by the Property, unless: (1) We carried out the original valuation(s) of the Property; (2) You made the original loan in reliance of our valuation(s); and (3) Our original valuation(s) was negligent.