PINDERS

1-12 Westcliff Arcade

Ramsgate
Kent
CT11 8LH

Client: Proplend Security Limited
Branch: Richmond
Proposed Borrower(s): G E Bowra Group Limited
Valuation Date: 05 July 2019
Reference: 260095

RICS

Investment Valuation Report

Purpose and Limitations of Report

This report is provided to assist the instructing Client in consideration of the subject property in relation to the purpose stated opposite. Pinders accepts liability only to the Client and no other party, however involved.

The report comprises a Freehold Valuation and expressly does not, in any way, constitute a building (structural) survey or a due diligence assessment. It remains the responsibility of the Client and, where appropriate, the borrower(s), to confirm the accuracy and validity of the information provided.

Pinders accepts no liability to the Client, or any other party, should information relied upon in arriving at our opinions of value prove to be misrepresented, either fraudulently or otherwise.

Whilst reference may be made within the report to aspects of tenure, title, planning and other statutory obligations, all such aspects should be verified by solicitors acting on behalf of the Client and/or the proposed borrower(s). The report is not intended as a substitute for the searches which would be expected in relation to any property acquisition or investment.

We can confirm that neither the valuer nor Pinders has any known conflict of interest in accepting your instructions, nor any previous knowledge of the property or the potential borrower other than as specifically stated within the report.

Unless specified elsewhere, this report has been prepared in accordance with our Conditions of Engagement and in accordance with The Royal Institution of Chartered Surveyors (RICS) Valuation - Professional Standards, for the sole purpose of assisting the Client and Proposed Borrower indicated above, in consideration of the subject property. The Explanatory Notes appended to this report also refer.

Whilst the valuations contained within this report are expressed in a way which is suitable for lending purposes, any party, other than the Client shown above, wishing to rely upon the contents of the report for such purposes, will need to instruct Pinders to prepare and provide a further report, which addresses the party's specific requirements.

We can confirm that Pinders has in place appropriate Professional Indemnity Insurance in respect of this valuation. A copy certificate to this effect can be provided to the Client upon request.

Terms of Reference

Client:	Proplend Security Limited
Proposed Borrower(s):	G E Bowra Group Limited
Purpose of Report:	Loan security purposes in relation to refinancing
Person(s) Interviewed:	George Bowra
Previous Visits:	None
Inspection Date:	26 June 2019
Valuation Date:	05 July 2019

Undertaken by:	James Bampton MRICS (0856193) *Registered Valuer*	
Approved for Issue by:	Malcolm Kidby MRICS (1117803) *Director*	

We appreciate that there may be many parties involved in consideration of this proposal and this report (inclusive of photographs, maps and site plans) will be provided by electronic mail in pdf file format (requires Acrobat Reader software) to facilitate easy transfer of information. However, we recommend that our lending clients rely only upon an authenticated hard copy of the report, which has the Pinders' security seal attached below.

If you wish to discuss any aspect of this report, please contact our Operations team at:-

Pinder House
Central Milton Keynes MK9 1DS
Telephone: 01908 350500
Email: info@pinders.co.uk

Executive Summary

Introduction

In accordance with your instructions, we have visited the subject properties and businesses in order to provide an Investment Appraisal and Valuation Report for loan security purposes in connection with refinancing.

This Executive Summary should be read in conjunction with our entire report and should not be relied upon in isolation.

Property Summary

- Restaurant use
- Freehold, subject to various leases
- Located within a Conservation Area overlooking the Royal Harbour
- 12 Grade II Listed terraced units that have been merged to create five restaurant/café style premises
- Total net internal area 407.9 sq m
- Further seating available under external canopied area
- Buildings generally in reasonable condition with no significant wants of repair noted

Market Commentary

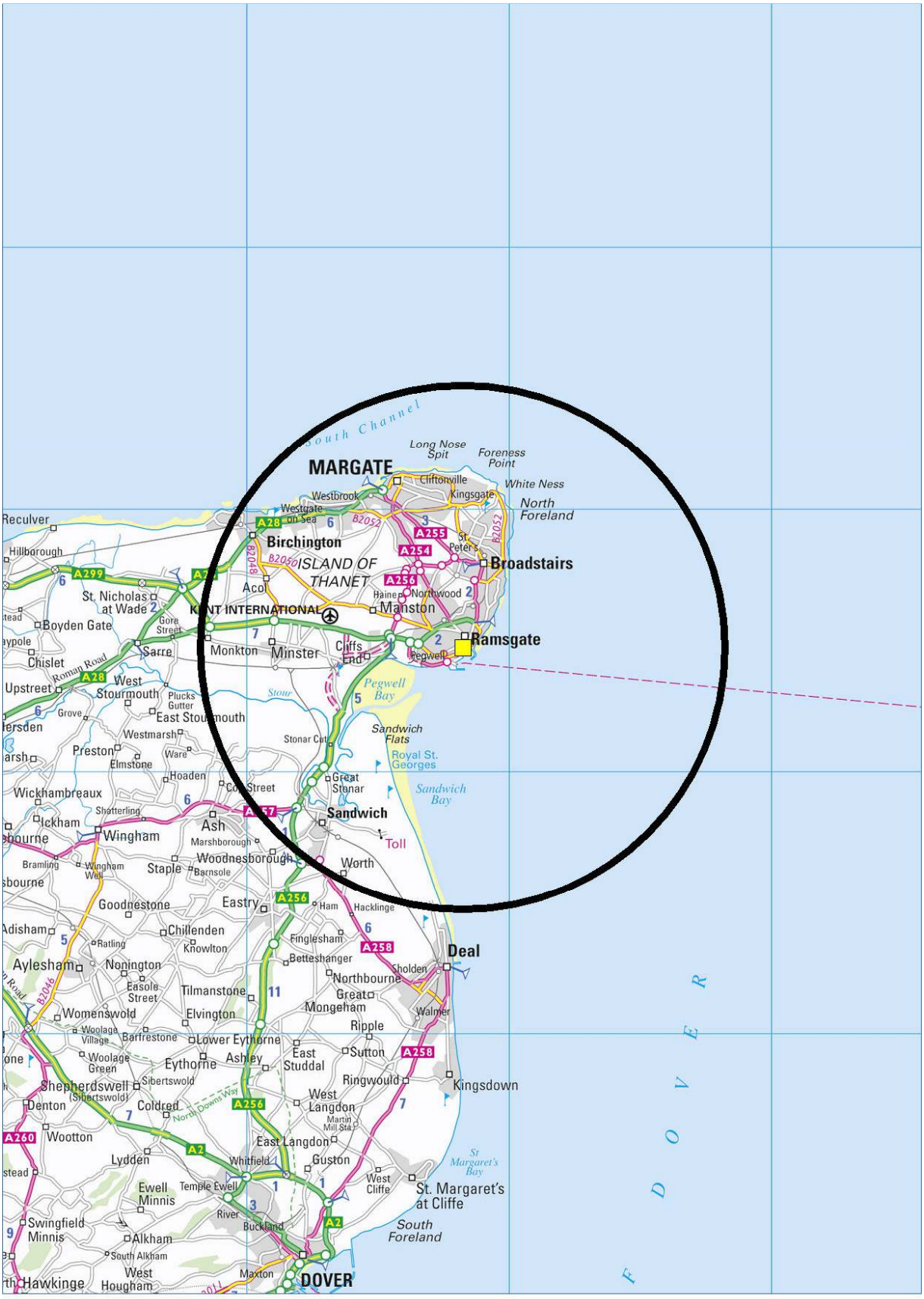
- The market for retail and restaurant premises in secondary locations has generally come under pressure from increased business rates, rising retailer administrations and store consolidations. As a result, average rents across the sector are in decline and vacancy rates are rising. Unsurprising, investor sentiment towards the secondary sector has waned in recent years, although demand is still good for sites in improving areas.
- The subject property is unusual in providing a parade of boutique, local restaurants overlooking the Royal Harbour. The overall lot size is too small to appeal to large scale investors, so the most likely source of demand would be from local investors. The current tenants could also be a potential source of demand if they had an interest in becoming owner occupiers.

Methodology

- In arriving at our opinions of Market Value, we have adopted the investment and comparables methods of valuation.
- We consider it reasonable to assume that the outstanding rent review for 1 & 2 West Cliff will soon be settled as part of a forthcoming assignment. Therefore, we have effectively deemed that the passing rent for 1 & 2 West Cliff is £14,300 per annum. On that basis, we have assumed that the deemed passing rent for all the units is £83,777 per annum.
- Our opinion of Market Value, subject to leases, is £950,000, reflecting a (deemed) net initial yield of 8.3% and an gross initial yield of 8.8%. We consider that a reasonable marketing period would be six months.
- We refer to the Methodology and Comparable Evidence section towards the end of this report for further commentary

Valuations Summary	**Existing**
Market Value *(with vacant possession)*	£900,000
Market Value *(subject to leases)*	£950,000
Market Value *(6 months to sell, subject to leases)*	£950,000

Location Map



The circle above is of 10km (6 mile) radius centred on the subject business/property.

Local Environment

Location

The town of Ramsgate lies within the district of Thanet in east Kent. Ramsgate was one of the great English seaside resorts between the mid 18th century and the early 20th century. However, like many seaside towns, it experienced decline with the advent of cheap foreign travel in the post-war decades. Falling visitor numbers were made worse by a decline in the town's small trades and industries, fishing and boat building. The Thanet Care Commissioning Group Locality Profile for Ramsgate published in April 2017 stated that five out of the seven wards within Ramsgate were in the most deprived quintile in Kent. Nevertheless, the town is still rich in heritage, with over 450 Listed places and the attraction of the historic Royal Harbour. A large marina created within the inner harbour in the 1970s is also a key feature.

Local road links are good, with Royal Parade (B2054) being one of the key roads within the town centre. However, parking in the immediate area is limited. Public transport links are also good, with numerous bus routes within the town centre. Ramsgate railway station is approximately one mile to the north west of the subject property.

The subject property comprises a small parade of restaurants and cafés located within the town centre on West Cliff Arcade, to the north of the Royal Parade road at its north eastern end. The arcade is situated directly in front of the Royal Temple Yacht Club, and directly overlooks the harbour and sea to the south. West Cliff Arcade is not directly accessible from Royal Parade as it slopes down from stone balustrade steps off Rose Hill to the south west towards Leopold Street to the north east. The majority of the parade is pedestrianised. The subject property and the surrounding local areas are all within the Ramsgate Conservation Area.

Environmental Matters

From our limited inspection of the property, and using information available in the public domain, we have identified the following.

Whilst we are not specialist horticultural experts, based on our limited inspection of the subject property, we noted no obvious evidence of Japanese knotweed within the curtilage of the subject demise.

Our enquiries of the Environment Agency indicate that the subject property is located in an area that has a low probability of flooding, which is land having a less than 1 in 1,000 annual probability of river or sea flooding.

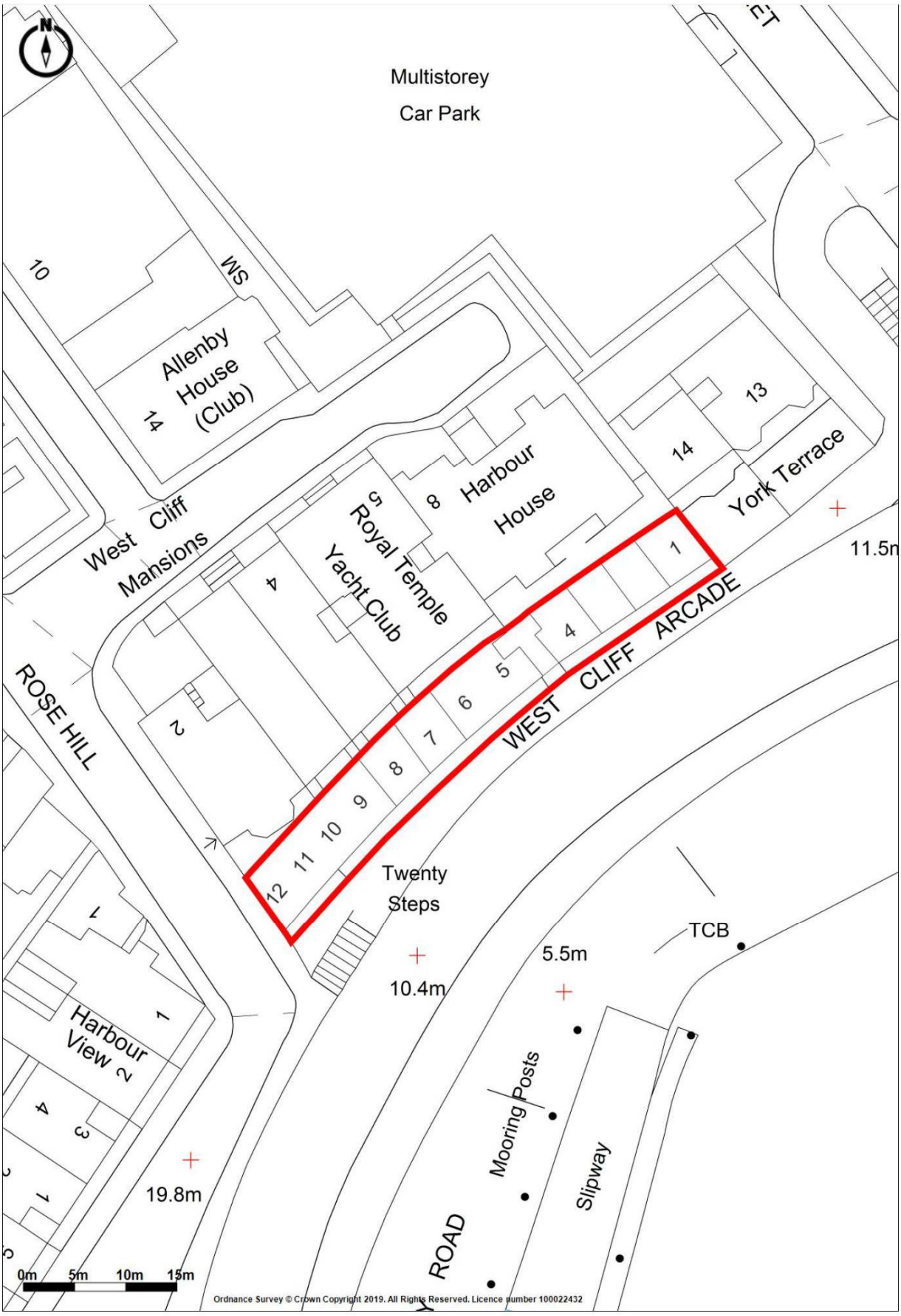
From our informal enquiries, there is no indication that the property or its immediate locality:

- is on or near landfills;
- is located within a mining area;
- is located within a tin mining area;
- is in an area that has been identified as having a risk of subsidence or landslip;
- is located within an area that is at risk of flooding;
- is affected by naturally occurring gases;
- is subject to water or land pollution;
- has been used for the manufacture, storage or sale of hazardous/toxic materials such as chemicals, petroleum products, pesticides, fertilisers, acids, asbestos, explosives, paint or radioactive materials;
- is the site of below-ground storage tanks;
- is close to incinerators or chimneys giving off heavy emissions.

Subject to the limitations of our inspection we have detected no evidence to suggest that deleterious or hazardous materials or techniques have been used in the construction or subsequent modification of the building.

We refer you to the paragraph headed 'Environmental Matters' within the appended Explanatory Notes.

Site Plan



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LANDMARK INFORMATION

Site & Aspects of Title

Site Plan

The plan shown opposite has been obtained from the Land Registry and shows the boundaries of the site as recorded. We advise that the area outlined in red corresponds with the property inspected.

It should be noted that this plan and the markings thereon indicate the approximate extent of the site inspected and no guarantee can be given as to whether this corresponds to that over which title is held. It remains the responsibility of the Client to investigate and confirm the legal boundaries and title applying to the property.

Restrictive Covenants, Rights of Way and Easements

Based on our investigations, we are aware of the following:

Rights of Way	Restrictive Covenant	Easements
✓	✗	✓

Each unit has a flat roof that is used as a terrace by the properties set above the slope directly behind by the arcade. We understand from Mr Bowra that there are various rights of way and licences that permit the roofs to be used in this manner.

We draw your attention to the above; however, we do not consider the above to have an impact on the operation of the business or our assessment of Market Value.

We recommend that solicitors confirm the details and provide further clarification in respect of the above in due course.

Tenure and Title

We are advised that the property is freehold, subject to various leases, as summarised below.

We highlight that we have not been provided with a copy of the lease for Unit 1 & 2, but Mr Bowra has given us some details. We have seen leases for all the other units. Our understanding of the current tenancy agreements is as follows:

1 & 2 West Cliff Arcade

Demised Premises:	1 & 2 West Cliff Arcade, Ramsgate, CT11 8LH.
Landlord:	G E Bowra Group Ltd.
Tenant:	T & S Wollard (to be confirmed by solicitors).
Commencement Date:	1 March 2010.
Term:	Expiring 28 February 2020 (to be confirmed by solicitors).
Passing rent:	£11,300 per annum (to be confirmed by solicitors).
Review Pattern:	Rent reviews outstanding effective 1 March 2013, 2016 and 2019.
Permitted Use:	To be advised.
Alienation:	To be advised.
Repairing Obligations:	To be advised.
Additional Comments:	We are informed by Mr Bowra that the lease is shortly to be assigned. Further details are currently not available to us.

Site & Aspects of Title

The Galley, 3 West Cliff Arcade

Demised Premises:	The Galley, 3 West Cliff Arcade, Ramsgate, CT11 8LH.
Landlord:	G E Bowra Group Ltd.
Tenant:	Andrea Sutherland.
Commencement Date:	19 June 2017.
Term:	10 years.
Passing rent:	£7,004 per annum (increased effective 25 March 2018 from £6,336 per annum).
Review Pattern:	Upwards only effective 25 March 2018 and every third anniversary thereafter.
Permitted Use:	Use Class A3 of the Town and Country Planning (Use Classes) Order.
Alienation:	Assignment/sub-letting of the whole permitted subject to the Landlord's written consent, such consent not to be unreasonably withheld.
Repairing obligations:	The Tenant covenants to keep the premises clean and tidy and in good condition. The Tenant shall not be responsible for maintaining and repairing the top 0.25mm surface of the roof of the property.
Additional Comments:	Lease includes the security of tenure provisions of the Landlord & Tenant Act 1954.

4-5 West Cliff Arcade

Demised Premises:	4-5 West Cliff Arcade, Ramsgate, CT11 8LH.
Landlord:	G E Bowra Group Ltd.
Tenant:	Mark and Donna Way.
Commencement Date:	25 March 2018 (to be confirmed – see Additional Comments below).
Term:	Three years (to be confirmed – see Additional Comments below).
Passing rent:	£15,248 per annum.
Review Pattern:	Not applicable.
Permitted Use:	A3.
Alienation:	Assignment of the whole subject to Landlord's written consent (not to be unreasonably withheld). No sub-letting of the whole or any part.
Repairing obligations:	The Tenant is to maintain the state and condition of the property.
Special Conditions:	The Landlord and the owners and members and guests of the Royal Temple Yacht Club and 2, 3 and 4 West Cliff Mansions have a right of way over the roof of the property.
Additional Comments:	The original lease term expired on 24 March 2018. Nevertheless, the Landlord and the Tenant signed a rent review memorandum dated 22 June 2018 agreeing a rent of £15,248 per annum from 25 March 2018 to 24 March 2021. We assume this means that a new lease term has been granted until 24 March 2021. However, as this is a legal matter, this assumption should be confirmed by solicitors.

Site & Aspects of Title

6 & 7 West Cliff Arcade

Demised Premises:	6 & 7 West Cliff Arcade, Ramsgate, CT11 8LH.
Landlord:	G E Bowra Group Ltd.
Tenant:	Paolo & Carla Magnolia, Leonardo & Alessandra Carannante.
Commencement Date:	1 April 2016.
Term:	Six years.
Passing rent:	£15,025 per annum (increased at rent review effective 1 April 2019 from £13,582 per annum – to be confirmed by solicitors).
Review Pattern:	Every third anniversary of the start of the lease term.
Permitted Use:	A3.
Alienation:	Assignment of the whole subject to Landlord's written consent (not to be unreasonably withheld). No sub-letting of the whole or any part.
Repairing obligations:	The Tenant is to maintain the state and condition of the property.
Special Conditions:	The Landlord and the owners and members and guests of the Royal Temple Yacht Club and 2, 3 and 4 West Cliff Mansions have a right of way over the roof of the property.
Additional Comments:	We have not seen a copy of the memorandum for the rent review effective 1 April 2019.

8-12 West Cliff Arcade

Demised Premises:	8-12 West Cliff Arcade, Ramsgate, CT11 8LH.
Landlord:	G E Bowra Group Ltd.
Tenant:	La Magnolia Limited
Commencement Date:	1 February 2014.
Term:	Six years.
Passing rent:	£32,200 per annum (increased at rent review effective 1 February 2017 from £30,000 per annum – to be confirmed by solicitors).
Review Pattern:	Every third anniversary of the start of the lease term.
Permitted Use:	Restaurant.
Alienation:	Assignment of the whole subject to Landlord's written consent (not to be unreasonably withheld). No sub-letting of the whole or any part.
Repairing obligations:	The Tenant is to maintain the state and condition of the property.
Special Conditions:	The Landlord and the owners and members and guests of the Royal Temple Yacht Club and 2, 3 and 4 West Cliff Mansions have a right of way over the roof of the property.

Site & Aspects of Title

It is essential that solicitors inspect the leases to confirm that they provides satisfactory security for bank lending purposes and to confirm the lease terms, as indicated above. Should any of the latter vary from those indicated above, we reserve the right to reconsider our opinion of value.

Our valuations assume that any prospective purchaser would be granted full possession of the property, free of any restrictions on title and that all fixtures, fittings and items of equipment remaining would be provided on a fully unencumbered basis. Unless stated, we have not been provided with a report on title, but we would be pleased to co-operate with solicitors acting for the Client in respect of such a report should this be required..

External Property

Front Elevation

Street View

External Property

Site Description/Potential

The subject property is a small terrace of restaurant units located on a pedestrianised arcade that slopes downwards in a north easterly direction. The arcade can be accessed either from stone balustrade steps off Rose Hill to the south west or up the road from Leopold Street at the bottom of the slope to the north east. The approach to the units is not particularly steep but could be challenging for those with mobility issues.

We understand that the external areas to the front of each unit, which are covered by timber awnings, are included with the demised areas. The tenants use these areas for outside seating for customers. Additional outside seating areas not included within the demised areas are available subject to licence agreements from the Local Authority.

Each unit has a flat roof, so in theory there is physical scope to add additional floors. However, as the Royal Temple Yacht Club and others have a right of way to use those flat roofs as a terrace, there would be legal obstacles to any development.

There are no parking spaces allocated to the subject units.

Buildings Description

1-12 West Cliff Arcade is a terrace of Grade II Listed buildings completed in 1883. The shop fronts are divided by painted brick piers in line with the party walls. The piers support decorative cast iron brackets, which in turn support glazed timber awnings that run along almost the entire front of the arcade.

As previously stated, each unit has a flat roof that is used as a terrace by the properties set above the slope directly behind by the arcade.

Some of the units have been combined with archways formed in their party walls, and as a result there are effectively only five units, which vary in size. The majority of the units are arranged over ground floor and basement, with only Unit 4-5 not having access to a basement.

The following table summarises the apparent construction of the major building elements.

Element	Description
Walls	Brick elevations
Flat Roof	Waterproof membrane
Windows	Traditional, timber framed, single glazed, full width, shop front windows
Rainwater Goods	Appear to be a mixture of metal and plastic

Services

We are advised that the property is connected to the following:

Mains Water	Electricity	Mains Drainage	Mains Gas	Central Heating
✓	✓	✓	✓	Gas

Systems and Equipment

Whilst it is beyond the scope of our instructions to undertake tests of services, equipment, fixtures and fittings, we assume that all such items are operating safely and efficiently and are appropriate for the purposes to which they are put.

External Property

Front Elevation

Front Elevation

External Property

Condition

It should be noted that we have not undertaken any form of survey, structural or otherwise and the following comments are based on our brief inspection of the property. Our valuations have been prepared on the assumption that there are no inherent structural defects associated with the property or any wants of repair that would attract a significant cost.

Generally, both the exterior and interior of each unit appear to be in reasonable repair and condition.

Our valuations assume that there is no asbestos on site or asbestos related issues that would attract a significant cost. We refer to the information below.

We have not found any Energy Performance Certificates (EPC) relating to the subject units on the EPC online register. However, current Government guidance is that an EPC is not required if it can be demonstrated that the building is Listed or officially protected, and the minimum energy performance requirements would unacceptably alter it. The subject units are all Grade II Listed.

Asbestos

All owners/occupiers of non-domestic properties and communal areas of domestic properties are required, under the Control of Asbestos Regulations (2012), to provide a record of an inspection to verify whether any form of asbestos is present. If asbestos is detected, then an appropriate management plan must be implemented. We have not inspected for asbestos and, unless otherwise stated, our valuations exclude any costs relating to this management plan.

Energy Performance Certificate and Display Energy Certificates

All non-domestic properties over 50m² in size require an EPC when constructed, sold or let. There are certain exemptions, for example, if the building is to be demolished. The certificate includes an energy efficiency rating between A (most efficient) and G. It is valid for a period of 10 years assuming there are no changes to the building or its' use.

From 9 January 2013, a DEC is required to be prominently displayed in all buildings that are occupied in whole or part by a public authority or by institutions frequently visited, providing a public service to a large number of persons, and that have a useable space of 500 m² or more. They are valid for a period of one year. The accompanying advisory report is valid for a period of seven years, or 10 years if the building is less than 1,000 m² in size, assuming no changes to the property or use. If available, for example the building has been constructed, sold or let, the EPC for these buildings also needs to be prominently displayed, although there is currently no requirement to commission an EPC specifically for this purpose. From April 2018, it became unlawful to let properties with the two lowest ratings of F and G.

Please contact us for further information about arranging an asbestos survey or EPC

Reinstatement Assessment

It should be appreciated that an assessment of the likely costs of fully reinstating a property is a complex and detailed exercise usually undertaken by a building or quantity surveyor. The following estimate is provided purely for guidance purposes to assist the named client in their consideration of the stated business proposal. It should not be relied upon by either the named client, or any other party, as a basis for assessing levels of insurance cover and Pinders accept no liability in this regard.

Whilst the estimate provided allows for the approximate costs of demolition, debris removal and professional fees, and assumes the use of modern materials, construction techniques and compliance with all current building regulations, it makes no allowance for any alterations to the layout or configuration of the property that may be required for the ongoing operation of the business.

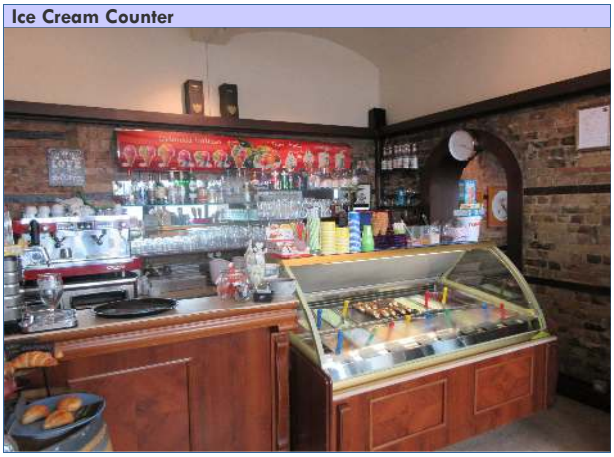
The subject property is Listed and, as such, we recommend that this aspect be separately negotiated with insurers since the use of modern materials and construction techniques may not be permitted and the cost of reinstatement could, therefore, be substantially higher. As aforementioned, the following is provided for guidance purposes only and should not be relied upon.

On these specific assumptions, we suggest that the reinstatement figure for the existing structure (exclusive of VAT) should not be less than **£1,000,000.**

Internal Property

Restaurant

Ice Cream Counter



Restaurant

Kitchen

Kitchen

Internal Description

Property Areas

Units 1 & 2	Size sq m (Approx)	Description
Ground floor	34.0	Restaurant with circa 30 covers depending on density of layout
	10.0	Kitchen
	2.0	Customer WC
Basement	22.0	Storage

Units 1 & 2 provide a total net internal area (NIA) of 68 sq m, with scope for an additional four covers beneath the external canopy area.

We have applied different values to different areas, which we discuss in more detail in our Methodology & Comparable Evidence section.

Unit 3	Size sq m	Description
Ground floor	13.7	Single café unit with counter
	5.5	Kitchen
Basement	16.4	Restaurant with circa 10 covers depending on density of layout
	1.8	Customer WC

Unit 3 provides a total NIA of 37.4 sq m, with scope for one table under the canopy (a maximum of four covers).

Units 4 & 5	Size sq m	Description
Ground floor	41.7	Restaurant with circa 30 covers depending on density of layout
	12.8	Kitchen
	4.0	Customer WC

Units 4 & 5 provide a total NIA of 58.5 sq m, with scope for up to eight covers externally under the canopy area.

Units 6 & 7	Size sq m	Description
Ground floor	46.4	Ice cream parlour and takeaway/delicatessen
Basement	33.1	Ancillary office and storage
	5.9	Customer WC

Units 6 & 7 provide a total NIA of 85.4 sq m, with scope for up to eight covers externally under the canopy area.

Units 8 to 12	Size sq m	Description
Ground floor	94.8	Restaurant with circa 60 covers depending on density of layout
	29.5	Kitchen
Basement	22.2	Ancillary office and storage
	12.1	Customer WC

Units 8-12 provide a total NIA of 158.6 sq m, with scope for up to 28 covers externally under the canopy area.

Measurement of Accommodation

We endeavour to measure the accommodation at the time of our inspection but, where this is not possible, we will either rely upon measurements taken from plans provided, schedules of measurements or other information advised to us by the owner of the business.

Internal Description

Access

Level access to premises	Level access to public areas	Disabled WC
✖	✖	✖

Those units that have been merged together have changes in floor levels due to the slope along which the property is built. Furthermore, the customer WCs are typically located down fairly narrow staircases in the basement areas. Therefore, access to the property is challenging for those with disabilities. However, these are historic, Grade II Listed buildings, and thus it would be difficult to make any physical alterations.

The Equality Act 2010

The Equality Act came into force on 1 October 2010. The Act consolidates and brings together previous equality laws including the law on disability discrimination. Operators are under a duty to make reasonable adjustments to the provision of their services to accommodate people with disabilities. The duty is anticipatory - so adjustments must be made before a claim for disability discrimination is brought. What will constitute a reasonable adjustment very much depends on the size and nature of the service.

Decoration and Furnishing

The original individual units are broadly of similar size, but some double units, and one quadruple unit, have been merged together by creating internal archways within the party walls. The floors between each merged unit are not level so the premises are arranged over split levels. As a result, even the largest of the units has a fairly restricted layout that makes space planning difficult. On the plus side, the small layouts do create an intimate atmosphere for diners.

Each unit is fitted out by the tenant for use as a restaurant or café premises with a fitted kitchen, carpet or timber laminate covered flooring, and central heating to radiators. The internal specification is basic but functional and generally in reasonable decorative order.

Statutory Authorities

For the purpose of this report and our valuations, we have assumed that there are no matters outstanding or that would be of concern to any of the Statutory Authorities, or any matters that would have a detrimental impact on Market Value.

Planning and Highways

We are advised by George Bowra of the following:

Listed Building	Conservation Area	Tree Preservation Orders	Section 106 Agreements	Adopted highway
✓	✓	✗	✗	✓

We have accessed the Local Authority's planning website, which revealed the following planning history specific to the subject property within the past 20 years.

Reference	Date	Decision	Proposal
F/TH/08/1467	27/02/2009	Approved	Alterations to shopfronts together with the erection of a single storey extension adjacent to Unit 12 below Rose Hill.
L/TH/08/1473	27/02/2009	Approved	Listed Building Consent for alterations to shopfronts together with the erection of a single storey extension adjacent to Unit 12 below Rose Hill.
L/TH/06/0571	29/06/2006	Approved	5 West Cliff Arcade. Internal alterations and repairs, and paint exterior of building.
A/TH/02/0263	24/03/2003	Approved	Erection of two wrought iron arches incorporating the display of non-illuminated, wrought iron lettering over upper and lower pedestrian entrances to Westcliff Arcade together with the erection and display of three, non-illuminated sign boards.
L/TH/02/0271	24/03/2003	Approved	Erection of one wrought iron arch incorporating the display of non-illuminated wrought iron lettering over the upper pedestrian entrance to Westcliff Arcade adjacent to Rose Hill following removal of existing lamps.
A/TH/01/0451	20/08/2001	Withdrawn	Erection of two wrought iron arches and the display of two non-illuminated signs together with the erection and display of three non-illuminated flat sign boards.
L/TH/01/0649	20/08/2001	Withdrawn	Erection of one wrought iron arch over stairway supporting non-illuminated advertisement.

Our valuations have been prepared on the specific assumption that planning permission exists for the property's existing use.

Rates

All of the subject units are valued as "restaurant and premises" for the purposes of business rates.

The Rateable Value of 1-2 Westcliff Arcade is £6,900; 3 Westcliff Arcade is £4,300; 4-5 Westcliff Arcade is £7,600; 6-7 Westcliff Arcade is £8,100; and 8-12 Westcliff Arcade is £15,750.

Fire Authority

The Fire Authority no longer routinely inspects premises, and it is the responsibility of the occupier to undertake an appropriate Fire Risk Assessment.

We are not aware of a Fire Risk Assessment having been prepared.

Regulatory Reform (Fire Safety) Order 2005

We have not undertaken any form of Fire Risk Assessment for the premises, nor can we confirm the adequacy, or otherwise of any Risk Assessments seen. We recommend that business proprietors fully acquaint themselves with the requirements of the Regulatory Reform (Fire Safety) Order 2005, which cover statutory fire prevention in almost every commercial property.

Environmental Health Authority

We have referred to the 'Scores on the Doors' website, which shows that all five premises have been awarded a 5 out of 5 ('very good') rating by Thanet District Council. Thai Orchid (Units 1-2) was awarded this rating on 29 September 2017; The Galley (Unit 3) on 11 July 2017; Bon Appetit (Units 4-5) on 12 October 2018; L.A. Magnolia Ice Cream & Deli (Units 6-8) on 1 May 2019; and La Magnolia (Units 8-12) on 14 May 2018.

We therefore assume that there are no matters outstanding with the Environmental Health Authority with regard to any of the units.

Statutory Authorities

Food Safety Act 1990

We recommend that business proprietors fully acquaint themselves with the terms and conditions of the Food Safety Act 1990 and its various subordinate regulations. These include the introduction of a scheme for compulsory registration of all food premises under The Food Premises (Registration) Regulations 1991, the latter relating to England, Scotland and Wales, and applying to most types of businesses, with few exemptions.

Licensing

We noted during our inspection that tenants hold physical copies of licences to supply alcohol on the premises. We have not carried out any further checks, and presume that all the relevant tenants have a Premises Licence where appropriate.

The Licensing Act 2003

The Licensing Act 2003 provides that premises where a licensable activity takes place require a Premises Licence. For the purpose of this report and our valuations, we have assumed that the business will have the necessary licences in place to continue to trade as existing and/or proposed.

Methodology and Comparable Evidence

When preparing our valuations, we have had principal regard to the investment and comparable methods of valuation, together with an analysis of comparable market information and regard to our own extensive database.

Comparable Evidence

We have considered the following sales and lease transactions:

Market Rental Value

Westcliff Arcade is physically somewhat isolated from other retail and restaurant operators within Ramsgate town centre. However, it benefits from its location directly above the Royal Harbour with attractive views across the sea. Furthermore, as there is a total of five restaurant/café operators within Westcliff Arcade, it has sufficient numbers to act as a destination location for diners rather than relying on passing trade.

We conclude that Westcliff Arcade effectively forms its own local market. Accordingly, we have placed most weight on the following recent transactions from the arcade itself:

- 6 & 7 West Cliff Arcade was subject to rent review effective 1 April 2019, with the rent increasing from £13,582 per annum to £15,025 per annum. We analyse that the agreement reflects a rate of approximately £270 per sq m on best space, with the ancillary accommodation and customer WCs at basement level valued at 25%.

- The lease term for 4-5 West Cliff Arcade expired on 24 March 2018. Nevertheless, the Landlord and the Tenant signed a rent review memorandum dated 22 June 2018 agreeing a rent of £15,248 per annum from 25 March 2018 to 24 March 2021. We have assumed, subject to solicitor's confirmation, that this means that a new lease term has been granted. We analyse that the agreement reflects a rate of approximately £290 per sq m on best space, with the ground floor kitchen at 70%, and the ground floor customer WCs at half rate.

- The rent for 3 West Cliff Arcade was increased at rent review effective 25 March 2018 to £7,004 per annum (from £6,336 per annum). We analyse that the agreement reflects a rate of approximately £270 per sq m on best space, with the ground floor kitchen at 70%, the basement restaurant at half rate and the basement customer WCs at 25%.

Our analysis of recent evidence from the subject parade itself ranges from £270 per sq m to £290 per sq m. The higher rate was achieved for 4-5 West Cliff, which has a C-shaped layout with two frontages effectively bookending the entrance to the Royal Temple Yacht Club. Therefore, whilst we consider that the higher rate is justified for 4-5 West Cliff, we have valued all the other units based on a rate of £270 per sq m on best space.

We have summarised our calculation of Market Rent as follows, after reasonable rounding:

Address	Passing rent	Date rent agreed	Market Rent
1 & 2 West Cliff Arcade	£11,300 per annum	2013, 2016 & 2019 outstanding	£14,300 per annum
3 West Cliff Arcade	£7,004 per annum	25/03/2018	£7,000 per annum
4 & 5 West Cliff Arcade	£15,248 per annum	25/03/2018	£15,200 per annum
6 & 7 West Cliff Arcade	£15,025 per annum	01/04/2019	£15,000 per annum
8-12 West Cliff Arcade	£32,200 per annum	01/02/17	£33,500 per annum

The total passing rent is £80,777 per annum, compared to a total Market Rent of £85,000 per annum.

The units that have recently had rent agreements are understandably broadly rack rented. There is reasonable scope to increase the rent for 8-12 West Cliff Arcade at the next review in February 2020. However, it is apparent that the main reason for the difference between the passing rent and Market Rent is the outstanding rent reviews on 1 & 2 West Cliff Arcade rather than any significant recent growth in local rental values.

We have queried with Mr Bowra as to why the 2013, 2016 and 2019 rent reviews for 1 & 2 West Cliff are outstanding. He informed us that the tenant is a 'difficult character', but that the lease should shortly be assigned in any case. This highlights a problem with low rented commercial properties in that the costs of dispute resolution by a third party are so high relative to the rent involved that matters can remain unresolved.

Market Value

The subject units are all let to local covenants with reasonably short unexpired terms. The lack of a secure income stream will be a concern for investors. Therefore, we have focused on investment sales of similar retail premises with income streams of circa five years or less.

- 125/129 Mortimer Street and 6 Bank Street, Herne Bay are two retail units let as a single property to Peacocks Stores Limited for a term expiring 10 November 2024 at a passing rent of £38,500 per annum without review. The freehold interest was sold in February 2019 for £505,000, reflecting a net initial yield of 7.28%.

- 18 Grange Road, Ramsgate is a four storey mixed use building within a parade of similar properties. The ground floor retail unit was let to a local covenant for a term of three years from March 2016 at a rent of £8,400 per annum. The first and second floors were let as a single maisonette by way of an Assured Shorthold Tenancy agreement at a rent equivalent to £8,340 per annum. The freehold interest was sold in September 2018 for £190,000, reflecting a net initial yield of 8.62%.

- 80 High Street, Margate is a four storey, terraced building located on a secondary High Street retail pitch. The whole building was let to a local retail covenant for a term of four years from 23 November 2016 at a rent of £20,000 per annum. The freehold interest was sold in December 2017 for £315,000, reflecting a net initial yield of 6.14%. The yield is relatively keen, which takes into account that there is reasonable scope to convert the upper floors to residential on expiry of the lease term, subject to planning permission.

The comparable evidence provides a yield range of between 6.14% and 8.62%. We consider that the yield for the subject property would be at the high end of the range, taking into account the short length of the unexpired terms, the local covenant strength of the tenants, and the lack of any obvious opportunities for development.

Methodology

We consider it reasonable to assume that the outstanding rent reviews for 1 & 2 West Cliff will soon be settled as part of the forthcoming assignment. Therefore, we have effectively deemed that the passing rent for 1 & 2 West Cliff is £14,300 per annum. On that basis, we have assumed that the deemed total passing rent is £83,777 per annum.

Our opinion of Market Value, subject to leases, is £950,000, reflecting a (deemed) net initial yield of 8.37% and an gross initial yield of 8.8%. We consider that a reasonable marketing period would be six months.

Market Value with specified assumptions

We are instructed by the lender to provide an additional opinion of Market Value on the special assumption that the property was being sold without the benefit of a going concern.

Our opinion of Market Value on the special assumption of vacant possession is £900,000, assuming an average rental void period of six months, letting fees at 10%, and standard purchaser's costs.

Additional Commentary

Market Rent

We have assessed the property to have a combined Market Rental Value of **£85,000 per annum** as detailed herein.

Marketability

The subject units are all let to local covenants with reasonably short unexpired terms. The lack of a secure income stream will be a concern for investors. However, given the attractive views across the Royal Harbour and the sea beyond, and a critical mass of five restaurant/café operators, we consider that the re-letting prospects for 1-12 Westcliff Arcade are reasonable.

We conclude that there would be reasonable demand for the freehold interest from local investors if the property became available for sale.

Loan Security

Clearly, the value of a property is subject to fluctuation over time, resulting from changes in local market forces, legislation and national economic conditions. Whilst it is for the lender to assess the risk attached to such fluctuations over the period of any loan, and to determine an appropriate level of security, we are unaware of any foreseeable events or circumstances, other than those detailed within this report, which would suggest that the subject property is unsuitable security for loan purposes.

Additionally, we would expect the property to have a useful economic life over a typical loan term for a business of this nature. This assumes that the necessary maintenance and upgrades are made to the property to ensure that it continues to meet legislative and market requirements.

Whilst it is possible for sales to complete quickly, in the current market we would not consider it unusual for a marketing period of some six months to be required. However, if the property were disposed of in the event of foreclosure, or if a restrictive time period were imposed then we would expect a reduction in realisable value. It is impossible to be definitive as to the extent of this as it would be dependent upon the particular circumstances, but the valuations subject to assumptions outlined herein provide some illustration of this scenario.

Valuations

Within the opinions of valuation stated:-

- The term **'asset'** refers to the property and/or business inspected and as described within our report, subject to any stated assumptions. Where appropriate, opinions of Proposed Valuation are provided on the assumption that any changes to the property and/or business, as outlined herein, have been completed, the business is trading in line with our Projection and formal trading information can be made available in support of such.

- All opinions of valuation provided assume that **full and unrestricted title** would be transferred to a prospective purchaser with the current owner permanently vacating all rights to the property and removing all of their personal belongings ("*chattels*").

- Where the term **'Trade Inventory'** is used, it is assumed to include all items of relocatable furniture and equipment (beds, chairs, tables, crockery, etc) but not permanently installed fixtures and fittings, sanitary ware, floor-coverings, etc.

- In view of the unpredictability of the conveyancing process, valuations that are expressed subject to a **specified time restriction** are provided on the basis that a sale has been agreed within that timescale, subject to contract, rather than legally completed.

MARKET VALUE

(a) The Market Value of the current asset is **£900,000**
(nine hundred thousand pounds)

MARKET VALUE

(b) The Market Value of the current asset, subject to the tenancies detailed herein, is **£950,000**
(nine hundred and fifty thousand pounds)

MARKET VALUE subject to:-

[i] a sale of the asset has been required within a 6 month period.

(c) The Market Value of the current asset, subject to the tenancies detailed herein, is **£950,000**
(nine hundred and fifty thousand pounds)

Valuations

Basis of Valuation

The bases of value above are as defined by The Royal Institution of Chartered Surveyors (RICS) Valuation - Professional Standards, and are subject to the qualifications and limitations referred to within this report. Full definitions of the valuations are outlined below.

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

Market Value – Special Assumptions

Unless otherwise specified, this valuation assumes that the asset is to be offered for sale free of any perceived blight resulting from factors such as the threat of action by statutory authorities or the appointment of Receivers. It should be appreciated that the impact of the specified restricted sale period will be more significant during periods where transactions are prolonged due to uncertain market conditions.

Explanatory Notes

(Effective from 19 May 2014)

This Appendix forms part of the Report, and it is assumed that the Client is fully conversant with its contents.

(a) Definitions

Unless the context otherwise requires, the following terms have the meanings ascribed (where appropriate, references in the singular will also apply in the plural):-

"Pinders"	*means Pinders Professional & Consultancy Services Limited whose registered office is at Pinder House, Central Milton Keynes, MK9 1DS.*
"the Client"	*means the person(s) or body from whom the instructions to prepare the Report have been received. Reference to the Client, who shall be identified on the front page of the Report, shall in all cases be interpreted to mean only this person(s) or body.*
"Proposed Borrowers"	*means the individual(s) or company whose proposal is the subject of the Report. Any reference to Proposed Borrowers within these Explanatory Notes also applies to alternative forms such as "Proposed Purchasers", "Proposed Vendors", etc.*
"the Property"	*means all those freehold/leasehold premises which have been inspected by Pinders and reported upon.*
"the Business"	means the business trade or profession carried on or to be carried on by the Proposed Borrower in respect of which Pinders has been requested to prepare the Report.
"the Report"	*means a Report on the Property and/or Business prepared by Pinders.*
"date of Inspection"	*the date on which Pinders' representative carried out the inspection of the premises.*
"date of Valuation"	*the date on which the opinion of value applies.*

(b) Limitations of Report

Pinders has prepared this Report for use only by the Client to assist them in the consideration of the proposal stated and in respect of the subject business and/or premises, and for no other purpose whatever. It is confidential to the Client and other than for information purposes it is not for use by the Proposed Borrowers or any other party in any way.

Pinders accepts responsibility to the Client alone that the Report will be prepared with the skill, care and diligence to be expected of a competent business valuer and appraiser, but accepts no responsibility whatsoever to any person other than the Client. No person or body other than the Client may rely on the Report and neither the whole, nor any part of the Report, nor any reference thereto, is to be included in any published document, circular or statement, nor published in any way without the written approval of Pinders as to the form and context in which it may appear.

The Report may include an appraisal of a business concern together with comments as to its trading potential. In making such assessments Pinders accept no responsibility for loss of whatever nature which may result directly or indirectly from:

- the suppression, deception or falsification of material facts by the Vendor, Proprietor, and/or Proposed Borrowers;
- any mismanagement of the business;
- insufficient capitalisation, stock and staffing levels;
- changes in the financial and market situation compared to those prevailing at the date of the Report;
- material alterations to the nature, character, extent and pricing structure of the business;
- failure to maintain all proper and prudent insurance cover.

This Report is not intended to replace any of the investigations or enquiries normally undertaken in connection with the purchase or mortgage of a property/business and we do not accept responsibility for loss of whatever nature directly or indirectly arising out of failure to make such enquiries. Such enquiries include, but are not limited to, the taking of independent professional advice from solicitors and accountants, the entering into of a professionally drawn acquisition agreement with the appropriate warranties being taken from the Vendor or Proprietor, the taking up of all necessary trade and bank references, the inspection of the Vendor's or Proprietor's or Proposed Borrowers' accounts, examinations of all necessary consents, regulations, permissions, licences and bylaws.

Furthermore it is the Client's responsibility to ensure that all trading information provided to Pinders is substantiated by audited/certified accounts and, where appropriate, an Accountant's Certificate. Any discrepancy arising from such documentation should be reported to Pinders as soon as practicable in order that any necessary adjustments may be made to the Report. The Report may point to further enquiries being necessary and failure to make such enquires will be taken as evidence of non-reliance upon the Report and valuations therein.

It must be remembered that the Report does not contain a decision as to whether the stated proposal should proceed. It should also be noted that we do not supply "investment advice" either for the purposes of the Financial Services Act 1986 or at all. We do not offer advice as to whether shareholdings or debentures should be taken in the case of an incorporated business or equity acquired in the case of an unincorporated business or partnership. Should the Client and/or the Proposed Borrowers require such advice, they should seek assistance from their independent financial adviser.

Unless otherwise stated, the Report is not a Report of a survey, whether "Building Survey", "Structural Survey" or otherwise and no such building or structural survey has been carried out. In making the Report regard will be had to the apparent state of repair, construction and condition of the Property, taking into consideration major defects which are obvious in the course of a visual inspection of so much of the exterior and interior of the Property as is accessible at the time of inspection with safety, and without undue difficulty. The inspection will view those parts of the Property as can be seen whilst standing at ground level within the boundaries of the site and adjacent public/communal areas and whilst standing at the various floor levels, which Pinders considers reasonably necessary to provide the service, having regard to its purpose.

Pinders shall be under no duty to examine those parts of the Property which are covered, unexposed or inaccessible, or to raise boards, inspect woodwork, move anything, or use a moisture detecting meter. Neither shall Pinders have a duty to arrange for the testing of electrical, heating or other services which, unless indicated to the contrary, shall be assumed to be in a working and serviceable condition. If Pinders' inspection suggests that there may be material hidden defects Pinders will so advise and may exceptionally defer submitting a final Report until the results of further investigations are available.

It is assumed that those parts of any building erected on the Property which have not been inspected or made available for inspection would not reveal material defects of such a nature as to cause Pinders to alter the Report and Valuation.

In making the Report Pinders has made the following assumptions:

(i) We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of this 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 Report we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

(ii) Pinders cannot give any opinion whatsoever regarding the structural design of any construction upon the property nor as to the suitability of any foundations to such constructions.

(iii) That the plant, machinery, equipment, fixtures and fittings are in serviceable order, adequate for the effective trading of the business, and will remain so for the foreseeable future.

(c) Aspects of Title

In making the Report Pinders has made the following assumptions:

- That the Property is not subject to any unusual or especially onerous covenants, restrictions, encumbrances or outgoings which might affect Pinders' valuation or which might prevent all or part of the Property from being properly used in connection with the Business.
- That the Title is as described to Pinders and as referred to in this Report and that there is good and marketable Title to the Estate or Interest which Pinders has valued. Unless indicated to the contrary, title deeds and/or lease documents have not been inspected. Any interpretation of leases and other legal documents and legal assumptions given in our capacity as Business Valuers and Appraisers must be verified by a suitably qualified lawyer if it is to be relied upon.
- That the valuation of the Property/Business is unaffected by any matters which would be revealed by any searches and replies to such enquiries as are raised or should properly be raised by the Client/Proposed Borrower and/or by Solicitors acting on his/their behalf or by any statutory notice, restriction or liability; Pinders must be advised of any variations as to this assumption.
- That the Property and/or Business, its use or intended use, or its condition is not in any way unlawful or in breach of any provisions of the Town and Country Planning Acts, Building Control, Licensing Acts, Registered Homes Act, Environmental Health Acts, or other statutory requirements, and that the Property has direct access from a publicly maintained highway.
- Pinders' understanding of the boundaries is noted, but Pinders has no knowledge (expressed or implied) of the responsibilities for fencing and legal advice should be sought in this respect, if required. Pinders assumes that such boundaries show the true extent of the property and that there are no potential or existing boundaries or other disputes or claims outstanding. Where indicated site areas are obtained from published plans or as advised to Pinders. They are not derived from a physical site survey and are approximate unless otherwise indicated. Unless otherwise stated, any measurements noted are carried out in accordance with the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors.

Pinders shall be under no obligation to verify any of these assumptions. It remains the responsibility of the Client to ensure that all appropriate enquiries and investigations are made and the report is not intended to replace any of those enquiries/investigations.

(d) Environmental Matters

Pinders has not carried out, nor has it commissioned, a site investigation, geographical or geophysical survey and therefore can give no opinion or assurance or guarantee that the ground has sufficient load bearing strength to support the existing constructions or any other construction that may be erected upon it in the future. Pinders cannot give any opinion or assurance or guarantee that there are no underground mineral or other workings beneath the site or in the vicinity nor that there is any fault or disability underground. It is not possible for Pinders, therefore, to certify that any land is capable of further development or redevelopment at a reasonable cost for the use for which there is permission.

Unless otherwise stated, we are not aware of the content of any environmental audit or any other environmental investigation or soil survey which may have been carried out on the property and which may draw any attention to contamination or the possibility of any subsequent contamination. In our undertaking we will assume that no contaminative or potentially contaminative uses have ever been carried out in the property. We have not carried out an investigation into past or present uses, either of the property or of any neighbouring land, to establish whether there is any potential for contamination to the subject property from these uses or sites, and have therefore assumed that none exist. Should it be established subsequently that any contamination exists at the property or on any neighbouring land, or that the premises have been or are being put to a contaminated use, this might reduce the values now reported.

(e) Generally

This Report has been prepared in good faith on the basis of enquiries made and information supplied to us. We reserve the right to claim qualified privilege in respect of any part of this Report should the contents be subsequently challenged by a party claiming to be aggrieved at anything stated herein. Sections 12 to 16 of the Supply of Goods and Services Act 1982 (or any statutory enactment thereof for the time being in force) are hereby excluded.

Valuations may be relied upon for the stated purpose as at the date specified. It is for the Client alone to make judgement as to their reliance upon the contents of the Report thereafter. In normal market conditions the value may not change materially in the short term (approximately 3-6 months). However, the property market is constantly changing and is susceptible to many external factors which can affect investor confidence and corresponding values.

Value added tax, taxation, grants and allowances are not included in capital and rental values as, unless otherwise specified in the report, these are always stated on a basis exclusive of any VAT liability even though VAT will in certain circumstances be payable. Unless otherwise specified no account is taken of any existing or potential liabilities arising for Capital Gains or other taxation or as a result of grants or capital allowances.

In the event of a dispute arising in connection with a valuation or the contents of the Report, unless expressly agreed otherwise in writing, Pinders Professional & Consultancy Services Limited and the Client will submit to the jurisdiction of the British Courts only. This will apply wherever the property or Client is located, or the advice provided.

Pinders are deemed to be "External Valuers" with no other current or presently foreseeable fee earning relationship concerning the subject property and/or business apart from the valuation fee. Pinders will disclose to the best of its knowledge previous inspections undertaken. Pinders is not however able to disclose any present or previous relationship with any of the interested parties, contrary to the requirements of the Valuation - Professional Standards of the Royal Institution of Chartered Surveyors.

None of our employees, partners or consultants individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring any claim against any such individuals personally in connection with our services.

If you suffer loss as a result of our breach of contract or negligence, our liability shall be limited to a just and equitable proportion of your loss having regard to the extent of responsibility of any other party. Our liability shall not increase by reason of a shortfall in recovery from any other party, whether that shortfall arises from an agreement between you and them, your difficulty in enforcement, or any other cause.

Our contract with you for the provision of this valuation is subject to English/Scots Law (as appropriate to the location of the subject property). Any dispute in relation to this contract, or any aspect of the valuation, shall be subject to the exclusive jurisdiction of the Courts of England and Wales/Scotland, and shall be determined by the application of English/Scots Law regardless of who initiates proceedings in relation to the valuation.

(f) Valuations

The valuations provided will be made on the assumptions stated within the Report and/or these Explanatory Notes in respect of the individual subject business/property, unless otherwise agreed, on whichever of the following or other bases as have been agreed between Pinders and the Client, such bases where applicable to be as defined or referred to in the Valuation - Professional Standards of the Royal Institution of Chartered Surveyors.

The valuations provided are for the value of the business/property as described. No account has been taken of any special tax or other inducement or liability which may arise as a result of any transaction in contemplation nor of normal costs involved in the execution of such a transaction. The full definitions of the valuations provided in the Report are set out below: If the Report contains other valuation bases, these are as specifically requested by the Client with our advice identified within the Report to be on a basis not recommended by the Royal Institution of Chartered Surveyors, and provided for guidance purposes only.

DEFINITIONS OF VALUATION

Market Value (MV)	*The estimated amount for which an asset or liability 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 each acted knowledgeably, prudently and without compulsion.*
Market Value with special assumptions	*Opinions of Market Valuation can be provided in accordance with special assumptions which are indicated by the client. These assumptions will be clearly stated within the body of the report.*
Market Rental Value (MRV)	*The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion.*

Interpretive Commentary, as published the RICS Valuation – Professional Standards January 2014.

(a) 'The estimated amount …'

Refers to a price expressed in terms of money (normally in the local currency) payable for the asset in an arm's-length market transaction. Market Value is the most probable price reasonably obtainable in the market on the date valuation date in keeping with the Market Value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of Special Value.

(b) '… an asset should exchange …'

Refers to the fact that the value of an asset is an estimated amount rather than a predetermined or actual sale price. It is the price in a transaction that meets all the elements of the Market Value definition at the valuation date.

(c) '… on the valuation date …'

Requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made.

(d) '… between a willing buyer …'

Refers to one who is motivated, but not compelled to buy. This buyer is neither over-eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than on an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute 'the market'.

(e) '… a willing seller …'

Is neither an over-eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner.

(f) '… in an arm's-length transaction …'

Is one between parties who do not have a particular or special relationship eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of Special Value. The Market Value transaction is presumed to be between unrelated parties each acting independently.

(g) '… after proper marketing …'

Means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The method of sale is deemed to be the most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date.

(h) '… and where the parties had each acted knowledgeably and prudently …'

Presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price which is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time.

(i) '… and without compulsion'

Establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase, and without offset for any associated taxes.

PINDERS

01 HEALTHCARE & EDUCATION

02 LICENSED TRADE

03 RETAIL & CATERING

04 LEISURE & HOSPITALITY

05 SERVICE & MANUFACTURING

SERVICES

- Appraisal & Valuation
- Consultancy
  - Feasibility Studies
  - Market Surveys
  - Needs Assessment
  - Rent Reviews
  - Planning Consultancy
  - Charities Commission
- Dispute Resolution
  - Arbitration
  - Independent Expert
- Building Surveying
  - Building Surveys
  - Dilapidations
  - Schedules of Condition
  - Project Monitoring
  - Asbestos Inspection
  - Energy Performance
  - Fire Risk Assessment
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