

Valuation Report

37 Doughty Street

Bloomsbury

London

WC1N 2AA

Contact Details

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Bank Reference: Churchgate Property Services Limited

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Letter of Confirmation & Standard Terms and Conditions of Engagement

1 Executive Summary

Property	37 Doughty Street, Bloomsbury, London, WC1N 2AA
Classification and Use	Residential
Location	Located around the popular Mecklenburgh Square in the heart of Bloomsbury. The property lies within close proximity to Kings Cross and St Pancras.
Description	A mid terrace Georgian house, which has been divided to provide seven self-contained flats.
Planning Use	C3 (Residential)
Floor Area	GIA of 302.05 sq m (3,256 sq ft)
Tenure	Freehold
Condition	The property appeared to be in a reasonable condition commensurate with its age, use and construction.
Specialist Reports	We do not recommend any specialist reports should be obtained in respect of contamination, structural movement, timber, damp, services.
Environmental	No obvious sign of contamination upon inspection.
Valuation	<p>In our opinion the Market Value of the subject property as at 15th July 2019 freehold subject to the existing tenancies and subject to the assumptions and comments in this Report and Appendices was £2,500,000 (Two Million, Five Hundred Thousand Pounds).</p> <p>In our opinion the Market Value of the subject property as at 15th July 2019 freehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was £2,800,000 (Two Million, Eight Hundred Thousand Pounds).</p> <p>In our opinion the Market Rent of the subject property as at 15th July 2019 on the assumption that standard Assured Shorthold Tenancies are in place (6 to 12 months) and subject to the assumptions and comments in this Report and Appendices was £146,500 (One Hundred and Forty Six Thousand, Five Hundred Pounds) per annum exclusive.</p>

Comment

We are not aware of any security related issues, items that require clarification from legal or otherwise.

Our valuation is undertaken during a period of uncertainty regarding Brexit. Values are often susceptible to market forces and political unpredictability. Values may be adversely affected if the UK enters a period of further protracted Brexit negotiations and political turmoil.

Note

The above is merely a summary of the valuation report and reference should be made to the remainder of the document for a more detailed report of the property.

SWOT ANALYSIS

Strength

- Prime location.

Weakness

- The flats are dated inside and would benefit from new kitchens and bathrooms.

Opportunities

- Refurbish the flats and enhance rental value.

Threats

- Impact on the property market following Brexit.

Important Notice to Mortgage Applicants

This report has been prepared to allow the mortgage lender to assess the suitability of the property as security; it has not been prepared for the benefit of the Mortgage Applicant who is not entitled to rely on the report. The services have not been tested and a detailed survey has not been carried out and thus defects could exist which are not mentioned in the report. The Valuer is entitled to make certain assumptions which during subsequent legal or other investigations may prove to be inaccurate. Applicants acquiring property interests are strongly advised to obtain their own detailed advice from suitably qualified professionals before exchanging contracts.

2 Terms of Instruction

- 2.1 In accordance with your letter of instruction received 11th July 2019 (copy at Appendix Three), the agreed scope and details of which are set out in our letter of confirmation dated 19th July 2019 (copy at Appendix Four), we have inspected the subject property in order to advise you of our opinion of the market value of the freehold interest in the property for secured lending purposes.
- 2.2 The subject property was inspected by and this report is prepared by **Nicole Fitzpatrick BSc (Hons) MRICS** who has sufficient current local, regional & national knowledge of the particular market and the skills and understanding to undertake this valuation competently.
- 2.3 The Valuation Date is 15th July 2019, being the date of inspection.
- 2.4 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.
- 2.5 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.
- 2.6 You have also requested that we provide additional valuation on the following Special Assumption:
- a) Market Value assuming vacant possession
- 2.7 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.
- 2.8 We have valued the property using information provided to us by the Banks customer including AST agreements. If any of the information upon which we have relied is subsequently found to be incorrect, this may affect the valuation figure, which would need to be reconsidered.

- 2.9 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.
- 2.10 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.
- 2.11 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.
- 2.12 Any transferee, successor or assignee relying upon the Report shall be deemed to be bound by the terms of our engagement letter and our liability shall be no greater in either amount or duration as a result of extending reliance to those third parties. The number of assignments shall be no more than two.

3. Property Report

3.1 Location

- 3.1.1 The property is located fronting onto Mecklenburgh Square in the centre of Bloomsbury along a residential road.
- 3.1.2 Bloomsbury is a district in the West End of London. It is bound by Fitzrovia to the west, Covent Garden to the south, Regent Park and St Pancras to the north and Clerkenwell to the east.
- 3.1.3 Bloomsbury is home to The British Museum, the largest museum in the United Kingdom and numerous educational institutions including The University College London, The University of London, The New Collage of Humanities, The University of Law, The Royal Academy of Dramatic Arts and many others.
- 3.1.4 Several railway stations serve Bloomsbury. There are four London underground stations in the area namely Russell Square, Kings Cross St Pancras, Easton Square and Chancery Lane.
- 3.1.5 The subject property lies within close proximity to Great Ormond Street and the Royal London Hospital for Integrated Medicine. Bloomsbury is also the location of The University College Hospital, which reopened in 2005.
- 3.1.6 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.

3.2 Description

- 3.2.1 Mid-terraced Grade II listed Georgian property of brick construction with tiled roof and timber framed windows, which has been divided to provide seven flats.
- 3.2.2 The lower ground floor which is accessed via an external metal staircase (Flat 1) and an internal staircase (Flat 2) comprises two flats known as Flat 1 and Flat 2. Flat 1 benefits from bedroom/reception room, kitchen and bathroom. Flat 2 benefits from bedroom/reception room, kitchen, bathroom and store room. It also has direct access to the enclosed rear garden.
- 3.2.3 Flat 3 is located at ground floor and comprises reception room, bedroom, bathroom and kitchen. It also has a small outdoor terrace.

- 3.2.4 Flat 4 is located at first floor and comprises kitchen/reception room, bedroom and bathroom.
- 3.2.5 Flats 5 and 6 are located at second floor. Both comprise bedroom/living room, kitchen and bathroom. It should be noted that the kitchen area for Flat 5 is located across the hallway.
- 3.2.6 Flat 7 is located at third floor and benefits from kitchen/dining room, two bedrooms and bathroom.
- 3.2.7 Access between floors is via an internal staircase.
- 3.2.8 Internally, the properties have been presented to a satisfactory standard throughout. Externally, on street parking is available, however a permit is required.
- 3.2.9 Photographs of the main elevations of the subject property are attached at Appendix Two.

3.3 Accommodation

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

Floor	Use	Net Sales Area Sq M	Approx Sq ft
Lower ground – Flat 1	Residential	30.27	326
Lower ground – Flat 2	Residential	25.11	270
Ground – Flat 3	Residential	49.94	538
First – Flat 4	Residential	44.94	482
Second – Flat 5	Residential	21.04	226
Second – Flat 6	Residential	31.95	344
Third – Flat 7	Residential	49.02	528
Total		252.27	2,715

- 3.3.3 We understand the total gross internal floor area of the building to be 302.50 sq m (3,256 sq ft). This floor area has been obtained from the marketing particulars.
- 3.3.3 Using Promap software we calculate that the site extends to approximately 0.012 hectares (0.029 acres).

- 3.2.4 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 whole property is residential use.

3.4 Services

- 3.4.1 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.

3.5 Condition

- 3.5.1 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.
- 3.5.2 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.
- 3.5.3 We have not had any structural or M & E survey provided to us. We did not note any items of repair, structural defects, or symptoms of the same which are likely to impact on the value and reletability of the property.
- 3.5.4 We do not consider that any remedial works to be essential to maintain the value of the property.
- 3.5.5 It was possible to inspect all parts of the building which would normally be accessible.
- 3.5.6 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.
- 3.5.7 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.

3.6 Environmental Matters

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

Contamination

- 3.6.2 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.

- 3.6.3 To the best of our knowledge, the previous use of the property was residential.

Flooding

- 3.6.4 We have referred to the Environment Agency flood maps and note that the property does not appear to be within an area affected by flooding.

Radon

- 3.6.5 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.
- 3.6.6 We did not notice any radon detectors at the property during our inspection for valuation purposes and therefore assume that the property is not affected. This should be confirmed by your solicitors.

Made up Ground

- 3.6.7 The property is not situated within an area of historic landfill, and our valuation is based upon the assumption that the property is not affected.

Coal Mining

- 3.6.8 The property is not located within an area of historic coal mining and our valuation is based upon the assumption that the property is not affected.

Invasive Species

- 3.6.9 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.
- 3.6.10 During the course of our inspection in July 2019 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

- 3.6.11 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.

3.7 Local Authority & Statutory Enquiries

- 3.7.1 Your attention is directed to our Standard Terms and Conditions of Engagement contained at Appendix Four.
- 3.7.2 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

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

Planning

- 3.7.4 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 Camden Council where planning decisions are governed by the Local Plan.

3.7.5 The property is Grade II Listed, under listed building entry number 1356733 and is situated in a Conservation Area.

3.7.6 Obtained from the council's website we summarise the following pertinent planning decisions:

App. Ref	Details	Decision	Date
2017/2297/P	Certificate of lawfulness for proposed studio bedsit unit at basement floor level rear (Class C3 use).	Agreed	24 th April 2017
2017/0409/P	Change of use from office (Class B1 use) at basement floor level rear to studio self-contained flat (Class C3 use).	Withdrawn	February 2017

3.7.7 We are not aware of any outstanding planning applications or enforcement notices.

3.7.8 We have not made specific enquiries to verify 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

3.7.9 Given the nature and surfacing of Doughty Street 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

3.7.10 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.

3.7.11 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.

3.7.12 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.

Smoke & Carbon Monoxide Alarm (England) Regulations 2015

3.7.13 These regulations came into effect on 1st October 2015. Premises occupied under an Assured Shorthold Tenancy (AST) must have:

- A smoke alarm on each storey of the premises on which there is a room used wholly or partly as living accommodation (including bathrooms and w.c.'s).
- A carbon monoxide alarm in any room of the premises which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance.

3.7.14 These alarms must be checked by or on behalf of the landlord to ensure that each prescribed alarm is in property working order on the day the AST begins if it is a new tenancy (as opposed to a renewal). Landlord are recommended to instruct the tenants (to include a reference within the AST) to check the alarms on a regular basis during their tenancy.

3.7.15 At the time of our inspection, we noted alarms were fitted as prescribed under these regulations and assume that the Landlord checked they were in proper working order on the day the AST begun and that the tenant has been advised to check them regularly. This should be confirmed by your solicitors.

Equality Act 2010

3.7.16 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.

Energy Performance Certificates (EPC)

3.7.17 The Energy Act 2011 provides for EPC minimum standards such that from 1 April 2018 it is 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).

3.7.18 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.

- 3.7.19 We have consulted the online Domestic Energy Performance Register and have obtained a copy of the EPC Certificates, which we have detailed below;

Address	Reference	Date	Energy Efficiency Rating
Flat 1 37 Doughty London WC1N 2AA	8021-6724-6510-7115-5922		D 60 - satisfactory
Second Floor Studio 1 37 Doughty London WC1N 2AA	8711-7124-6160-1425-9926		D 67 – satisfactory
Flat 2 37 Doughty London WC1N 2AA	0460-2819-6855-0701-3581		D 64 – satisfactory expired
Basement Flat 2 37 Doughty London WC1N 2AA	9518-0016-7247-5568-9934		D 66
Flat 4 37 Doughty London WC1N 2AA	0098-9075-6265-6311-7020		D 65 – satisfactory expired
Flat 5 37 Doughty London WC1N 2AA	8506-3796-0120-5706-2513		D 68 – Satisfactory expired
Flat 6 37 Doughty London WC1N 2AA	0165-2819-6759-0701-7535		D 57 – Satisfactory expired

- 3.7.20 We recommend that EPC certificates are obtained for flats where they have expired, namely Flat 2, 4, 5 and 6.

Sustainability

- 3.7.21 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.

- 3.7.22 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.

Council Tax

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

Address	Band	Tax
Basement 37 Doughty London WC1N 2AA	D	£1,563
Ground Floor 37 Doughty London WC1N 2AA	E	£1,910
First Floor 37 Doughty London WC1N 2AA	E	£1,910
Studio 1 (left) second floor 37 Doughty London WC1N 2AA	c	£1,389
Studio 2 (right) second floor 37 Doughty London WC1N 2AA	C	£1,389
Third floor 37 Doughty London WC1N 2AA	D	£1,563

- 3.7.24 We note there is no Council Tax band listing for the second basement flat.

3.8 Tenure

- 3.8.1 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.

3.9 Occupation

- 3.9.1 We have been provided with details of the AST agreements which we have detailed below;
- 3.9.2 Ground floor flat let for 12 months expiring 23rd July 2020 let at a rent of £20,857 per annum.
- 3.9.3 First floor flat let for 12 months expiring 28th September 2019 let at a rent of £23,464 per annum.
- 3.9.4 Second floor, Studio 1 let for 24 months expiring 28th July 2019 let at a rent of £13,818 per annum.
- 3.9.5 Second floor, Studio 2 let for 12 months expiring 8th October 2019 let at a rent of £15,643 per annum.
- 3.9.6 Third floor flat let for 12 months expiring 28th October 2019 let at a rent of £23,987 per annum.
- 3.9.7 Both basement flats are currently vacant.
- 3.9.8 Total rent received £97,769 per annum.

4. The Valuation

4.1 Factors Affecting Value

- 4.1.1 The subject property is located in the centre of Bloomsbury. It is in close proximity to both Kings Cross St Pancras and Euston.
- 4.1.2 A number of educational institutions are located close by and the property is in close proximity to Great Ormond Street and the Royal London Hospital for Integrated Medicine.

- 4.1.3 The property is a mid terrace Grade II Listed building, which has been divided to provide seven flats. The lower ground floor comprises Flats 1 and 2 at lower ground floor, Flat 3 at ground floor, Flat 4 at first floor, Flats 5 and 6 at second floor and Flat 7 at third floor.
- 4.1.4 Whilst in a satisfactory condition the flats would benefit from new kitchens and bathrooms. Renovation works would lead to increased rental potential.
- 4.1.5 Five out of the seven flats are currently let generating an income of £97,769 per annum.
- 4.1.6 Prior to becoming vacant Flat 1 was achieving £22,100 per annum and Flat 2 £23,400 per annum. Flats 1 and 2 are being repainted, which is why they are vacant.
- 4.1.7 It has been reported in July 2019 by the Office for National Statistics that there is a 4.4% decline on annual basis in residential property costs in London. This marks the biggest fall since the 7% reduction on August 2019 as the effects off the financial crisis took a hold on the sector.
- 4.1.8 The wider ONS figures showed a continuation of a slowdown across the UK as a whole, with prices increasing by 1.2 % in the year to May, down from 1.5% in April.
- 4.1.9 We understand the bank's customer is purchasing the property for £2,500,000 directly through the current owner. The property was on the market with Portico for £3,000,000. We have been advised the property was under offer at £3,000,000 though we have been unable to confirm this with the marketing agents.
- 4.1.10 Our valuation is undertaken during a period of uncertainty regarding Brexit. Values are often susceptible to market forces and political unpredictability. Values may be adversely affected if the UK enters a period of further protracted Brexit negotiations and political turmoil.

4.2 Market Conditions & Demand

- 4.2.1 According to the most recent Halifax House Price Index, the average house price in the UK is £236,619.
- 4.2.2 On a monthly basis, house prices rose by 1.1%, versus a fall of 1.3% March.
- 4.2.3 House prices in the three months to April were 5.0% higher than in the same three months a year earlier.

- 4.2.4 In the latest quarter (February to April) house prices were 4.2% higher than in the preceding three months (November to January). The average house price is now £236,619.
- 4.2.5 In April 2009 average house prices were £154,663 - the low point following the 2008 financial crash. Since then we have seen an increase of £81,956, which reflects a 4.3% average annual increase.
- 4.2.6 The sharp 5% rise in April's annual change figure comes against the backdrop of a particularly low growth rate over the corresponding period in 2018, impacting year-on-year comparisons. This also factors in a notably high growth figure recorded in February this year, driven by a higher volume of London sales and more expensive new build properties.

Housing Activity

- 4.2.7 Monthly UK home sales remain steady. March saw 101,830 home sales, which, as for February, was very close to the 5 year average of 100,959. When comparing sales in January to March, against October to December there is a 0.3% rise. March home sales were 2.8% above the previous 12 month average. (Source: HMRC, seasonally-adjusted figures).
- 4.2.8 Mortgage approvals fell again from February to March to a level below the 12 month and 5 year averages. Bank of England industry-wide figures show that the number of mortgages approved to finance house purchases – a leading indicator of completed house sales - fell 4.6% to 62,341. The March rate is 3793 below the 5 year average monthly approval rate of 66,134, and is 2852 below the previous 12 month average of 65,193. (Source: Bank of England, seasonally-adjusted figures).
- 4.2.9 Demand for and supply of housing remains subdued for another month. The RICS UK Residential Market Survey again showed a subdued result for nearly every measure again. The sales to stock ratio of 31.4% is now at its lowest rate since September 2013. Price expectations and sales expectations showed a small improvement, for the second month running, but both expectations remain firmly negative. (Source: Royal Institution of Chartered Surveyors' (RICS) monthly report).
- 4.2.10 The uncertainties surrounding the UK's departure from the European Union ("Brexit") could have significant effects on the subject property in the form of inflated development costs (in the case of the UK reverting to WTO trading rules with the European Union). The ongoing uncertainty could also cause the market for the completed apartments to fluctuate. The Market Value reported herein reflects the situation and the associated market sentiment as at the valuation date. As the subject property comprises a development opportunity for which planning consent is in place, and the anticipated development timescale to leave the European Union has already been extended and may be extended further. Any change in the UK's relationship with the European Union from the status quo has the potential to disrupt the development process. This risk goes two ways. Anecdotal evidence suggests that the uncertainty since the Brexit referendum in July 2016 has already impacted on inflation and the wider economy. If Brexit were

to be cancelled or significantly delayed, or if Brexit were to be very soft (with the trading relationship between the UK and European Union largely unaffected) then this could counteract these effects to some degree.

4.3 Comparable Evidence

- 4.3.1 Bloomsbury with an overall average of £782,398 was similar in terms of sold prices to nearby WC1 (£769,615), but was cheaper than High Holburn (£1,000,000) and Holburn (£1,185,307).
- 4.3.2 During the last year, sold prices in Bloomsbury were 14% down on the previous year and similar to 2014 when the average house price was £774,795.

Capital Value Evidence and Analysis

4.3.3 **7a Heathcote Street, London, Greater London WC1N 2AL**

Sold in April 2019 for £470,000. The property is a 1 bed flat extending to 448 sq ft and the price paid equates to £1,049.11 per sq ft of accommodation. The property benefits from a double bedroom, private entrance, communal garden and a share of the freehold. The property appears to be finished to a standard commensurate with its age. The property is situated 0.1 miles from the subject property.

4.3.4 **Flat 39, Clare Court, Judd Street, London, Greater London WC1H 9QW**

Sold in February 2019 for £435,000. The property is a second floor 1 bed flat extending to 463 sq ft and the achieved price equates to £939.52 per sq ft. From images, the flat appears to be quite dated and in need of cosmetic modernisation. The flat is much larger than some of the flats within the subject property and this will have an impact on the values. The property is located 0.4 miles from the subject.

4.3.5 **Flat B, Bevan House, Boswell Street, London, Greater London WC1N 3BT**

Sold in February 2019 for £455,000. The property is a 468 sq ft lower ground 1 bed flat and the price paid equates to £972.22 per sq ft. The property appears to be well maintained and benefits from a communal garden, long lease and a share of the freehold. The property is situated 0.4 miles from the subject.

4.3.6 **34 Great James Street, Holborn, London WC1N 3HB**

Sold in February 2019 for £3,150,000. The property is a 6 bed terraced period townhouse in need of modernisation. The dwelling extends to approximately 3,196 sq ft and the price paid equates to £985.61 per sq ft. The property is not split into individual flats and was sold with planning permission to create a family home with 6 bedrooms, 7 bathrooms, 2 reception rooms and a large kitchen. The dwelling benefits from a large garden. The property is located 0.3 miles from the subject property.

4.3.7 4 Regent Square, Kings Cross, London WC1H 8HZ

Sold in June 2018 for £1,800,000. The property is a 5 bedroom Grade II Listed Regency House comprising 2,541 sq ft of accommodation split across 5 floors. The price paid equates to £708.38 per sq ft. The dwelling is in need of complete modernisation throughout but benefits from period features, a large garden, excellent views over Regent Square Gardens, and a separate flat to the basement. The property is situated 0.3 miles from the subject property.

4.3.8 Amwell Street, Finsbury, EC1R

Sold in March 2018 for £1,960,000. The property is a Georgian Grade II Listed Building with 7 bedrooms split into flats extending to 2,461 sq ft. The price paid equates to £796.42 per sq ft. The property is split over 5 floors and appears to be very dated and in need of modernisation. The dwelling benefits from a garden and is situated 0.5 miles from the subject.

Rental Value Evidence and Analysis**4.3.9 Regent Square, Bloomsbury, London, WC1H**

Let in July 2019 at a rent of £1,842 per calendar month. The property is a third floor 1 bed flat extending to 478 sq ft and the agreed rent equates to £22,104 per annum. The property looks to be finished to a good standard and benefits from excellent views over Regent Square Park. The flat is situated 0.3 miles from the subject property.

4.3.10 Guilford Street, Bloomsbury, London, WC1N

Let in March 2019 at a rent of £1,950 per calendar month. The property is a second floor, 1 bed flat within a recently converted Georgian building with south facing views towards Queen Square. The flat extends to 457 sq ft and the agreed rent equates to £23,400 per annum. The property appears to be finished to a good standard and is located just 0.2 miles from the subject.

4.3.11 Regent Square, London WC1H

Let in August 2018 at a rent of £2,102 per calendar month. The property is a first floor, 1 bed flat located 0.3 miles from the subject property. The property extends to 552 sq ft and the agreed rent equates to £25,224 per annum. The flat has been recently redecorated and benefits from period features including sash windows, high ceilings and a 15ft long Juliet balcony overlooking Regent Square Gardens. The flat is situated 0.3 miles from the subject property.

4.3.12 Doughty Street, London, Greater London, WC1N

Let in June 2018 at a rent of £1,500 per calendar month. The property is a 1 bed flat located on the same road as the subject property. The monthly rent equates to £18,000 per annum. UPAD Nationwide marketed the property prior to the transaction. The property appears to be quite basic and fairly dated.

Yield Evidence and Analysis

- 4.3.13 We have widened our geographical search to within 3.5 miles of the subject property as no flat investments have been sold within the immediate vicinity.
- 4.3.14 **11 Collection Place, 96 Boundary Road, St Johns Wood, London, NW8 0RH**
Sold in July 2019 for £1,900,000. The property is a four bedroom, three bathroom house, comprising 3,020 sq ft of accommodation and is let at a rent of £96,200 per annum. The sales price equates to a gross yield of 5.05%.
- 4.3.15 **55 Kensington Road, Waterloo, London, SE1 7PZ**
Sold in November 2018 for £920,000. The property is a terraced house arranged over four floors providing five bedroom and is let at a rent of £46,800 per annum. The sales price equates to a gross yield of 5.09%.
- 4.3.16 **1-11 Anchor Terrace, Cephass Avenue, Mile End, London, E1 4VA**
Sold in September 2018 for £7,500,000. The property is a terrace of eleven houses of which eight are let on Assured Shorthold Tenancy agreements and three are vacant. Total rent received was £267,589 per annum. The sales price equates to a gross yield of 3.57%.
- 4.3.17 **11 St Marks Rise, Hackney, London, E8 2NJ**
Sold in February 2019 for £1,250,000. The property is a terraced building arranged as four flats, let on three Assured Shorthold Tenancies and one Assured Tenancy. We are unaware of the rental income of this property.
- 4.3.18 **86 Lauriston Road, Hackney, London, E9 7HA**
Failed to sell at auction in July 2017. The property is a mid-terraced building over five floors arranged as three self-contained flats let at a rent of £74,400 per annum. The asking price equates to a gross yield of 4.4%.

4.4 Valuation Methodology

- 4.4.1 In arriving at our opinion of Market Value we have had regard to the comparable evidence above.

4.4.2 We are of the opinion some of the flats are under rented. We have applied the following.

Unit	Rent
Flat 1	£22,100 per annum
Flat 2	£23,400 per annum
Flat 3	£24,000 per annum
Flat 4	£23,464 per annum
Flat 5	£13,817 per annum
Flat 6	£15,642 per annum
Flat 7	£24,000 per annum
Total	£146,423 per annum

4.4.3 We have then deducted 15% from our opinion of Market Rent for unforeseen management costs and potential void periods. This provides a net rent of £124,459 per annum.

4.4.4 We have capitalised the net rent at 5% to provide a Market Value of £2,489,191, which we have rounded to £2,500,000.

4.4.5 In arriving at our opinion of Market Value with vacant possession we have had regard to Grade II Listed properties in need of modernisation. We have applied £800 per sq ft. This provides a Market Value of £2,820,800, which we have rounded to £2,800,000. This equates to £400,000 per flat.

4.4.6 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.

4.5 Suitability for Loan Security

4.5.1 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.

4.5.2 It is our opinion that the estimated useful economic life of the propertie should be no less than the term of the loan again assuming that the properties are maintained and kept in a reasonable state of repair.

4.6 Estimated Reinstatement Cost

- 4.6.1 Your attention is drawn to our letter containing our Standard Terms and Conditions of Engagement contained at Appendix Four in this regard.
- 4.6.2 Our informal estimate of the current reinstatement cost of the subject property is some £620,000.
- 4.6.3 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.

4.7 Verification

- 4.7.1 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.

4.8 Valuation Definitions

Market Value

- 4.8.1 “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

- 4.8.2 “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”

4.9 Valuation

- 4.9.1 In our opinion the Market Value of the subject property as at 15th July 2019 freehold subject to the existing tenancies and subject to the assumptions and comments in this Report and Appendices was **£2,500,000 (Two Million, Five Hundred Thousand Pounds)**.
- 4.9.2 In our opinion the Market Value of the subject property as at 15th July 2019 freehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£2,800,000 (Two Million, Eight Hundred Thousand Pounds)**.
- 4.9.3 In our opinion the Market Rent of the subject property as at 15th July 2019 on the assumption that standard Assured Shorthold Tenancies are in place (6 to 12 months) and subject to the assumptions and comments in this Report and Appendices was **£146,500 (One Hundred and Forty Six Thousand, Five Hundred Pounds)** per annum exclusive.
- 4.9.4 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.
- 4.9.5 Our valuation is undertaken during a period of uncertainty regarding Brexit. Values are often susceptible to market forces and political unpredictability. Values may be adversely affected if the UK enters a period of further protracted Brexit negotiations and political turmoil.

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:



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

Approving Officer:



Adam Rock BSc (Hons) FRICS IRRV (Hons)
RICS Registered Valuer
For and on behalf of
Bruton Knowles LLP

Appendix One

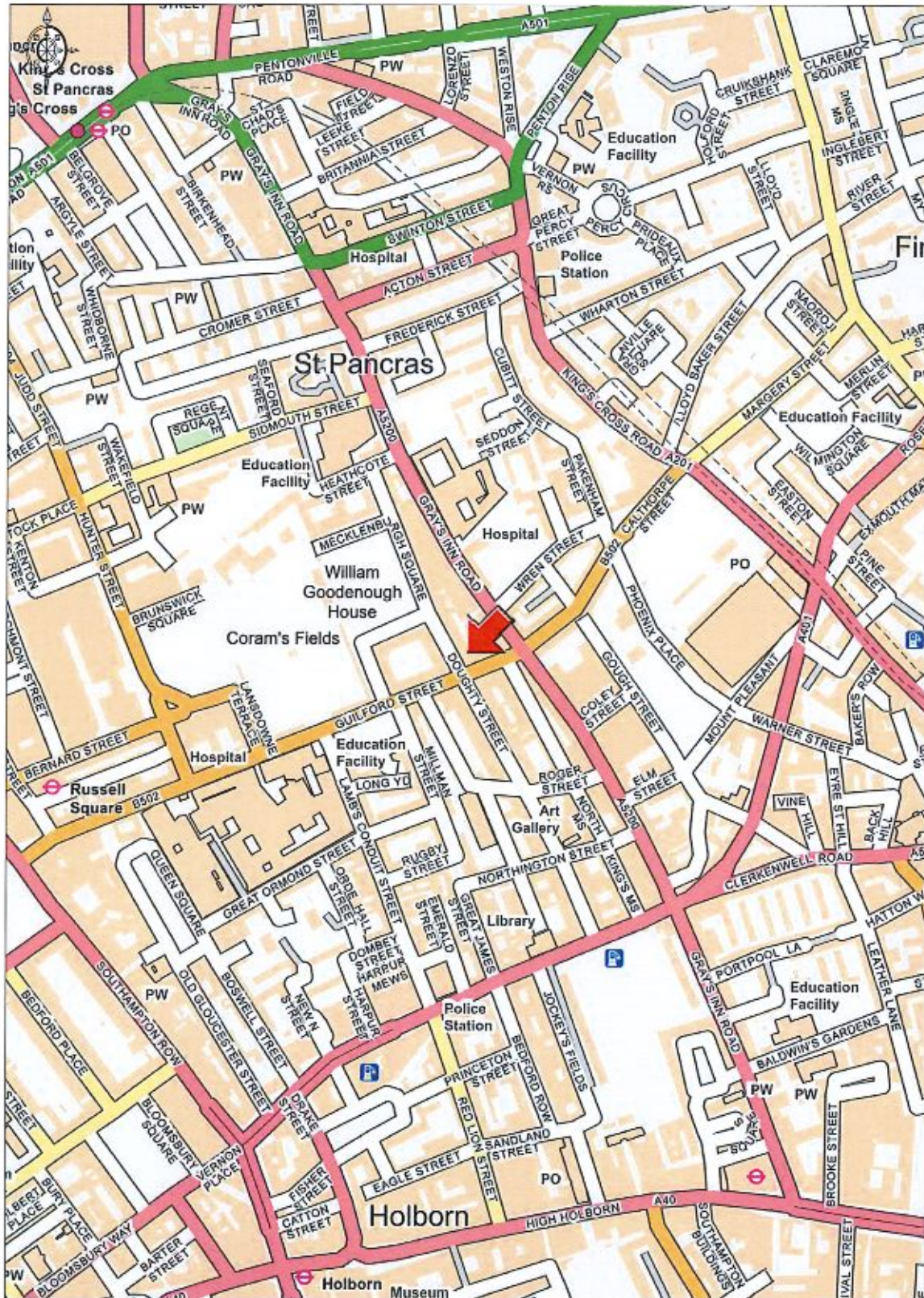
Location and Site Plans

37 Doughty Street,
Bloomsbury,
WC1N 2AA

BK Bruton Knowles

est. 1862

Property Consultants



Promap
LANDMARK INFORMATION GROUP

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Prepared by Bruton Knowles,
for Identification Purposes Only

H.M. LAND REGISTRY

TITLE NUMBER

25820

ORDNANCE SURVEY
PLAN REFERENCE

COUNTY	SHEET
GREATER LONDON	

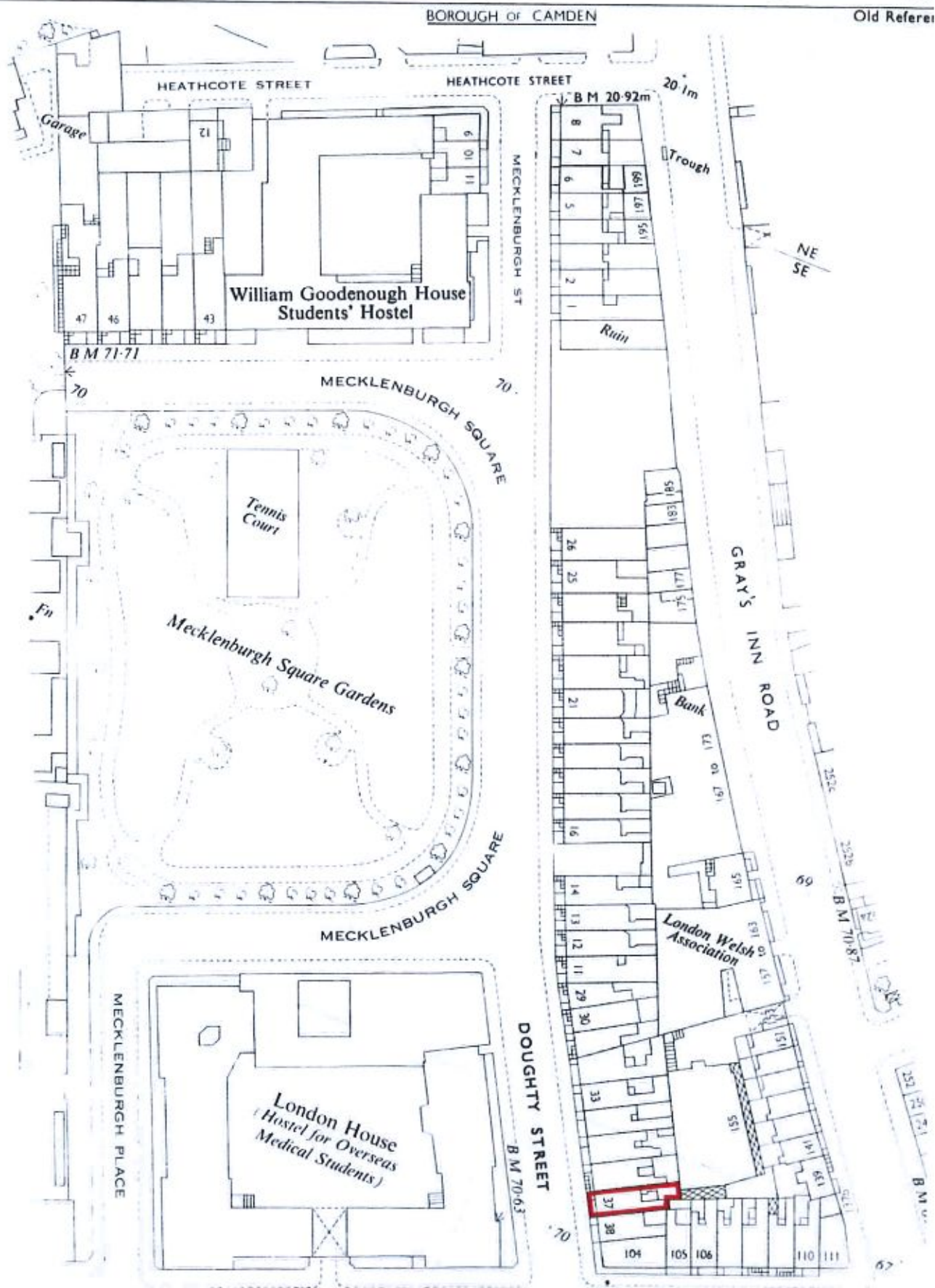
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Scale: 1/1250

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Old Referees



Appendix Two

Photographs

PHOTOGRAPHS

37 Doughty Street, Bloomsbury, London, WC1N 2AA



Front elevation



Street view



Internal (1)



Internal (2)

PHOTOGRAPHS

37 Doughy Street, Bloomsbury, London, WC1N 2AA



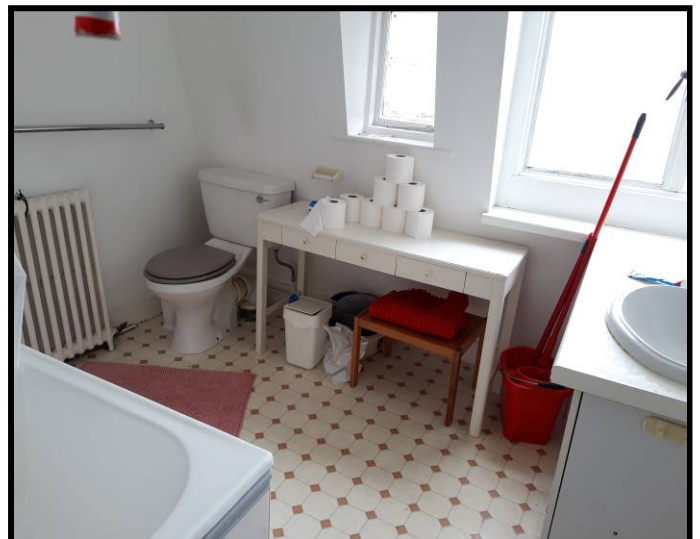
Internal (3)



Internal (4)



Internal (5)



Internal (6)

Appendix Three

Letter of Instruction



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

Attn: Adam Rock,
Bruton Knowles LLP,
60 Church Street,
Birmingham,
B3 2DJ

Ref: Churchgate Property Services Limited

Dear Sirs,

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 notify us if there will be any delay. **Please advise us immediately if you are unable to give prompt attention to this matter.**

Borrower:	Churchgate Property Services Limited
Contact Name:	Avtar Sandhu
Phone Number:	07793 888888
Email:	Sandhu@greencyc.com
Properties:	37 Doughty Street, Bloomsbury, WC1N 2AA
Tenure:	Freehold
Use:	Residential
Tenancies:	7 x AST agreements, producing a rental of £160k p.a.
Access:	via Mr. Avtar Sandhu, as above.

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 uploaded to the Proplend website and 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. A valuation of the Property on the assumption of Vacant Possession.
4. Please provide comparable evidence to support your assumptions on values.
5. Please provide an estimated rental value for the Subject Properties.
6. Please provide commentary on continued likely market demand for properties of this size and nature, in this location, for sale and to let.
7. Please provide an estimated reinstatement cost of the buildings for insurance purposes.
8. 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.
9. 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.

Fees

You have quoted and the Borrower has agreed to pay a fee of £2,000-00 + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, and addressed to this company, we ask that you seek settlement of your fee from the proposed Borrowers whose contact details are supplied above. Proplend Security Limited cannot accept any responsibility for non-payment of your fees in this regard.

Contact Details

Please contact Proplend on 0203 637 8418 if you have any queries regarding this instruction.

Please send the Valuation Report to borrower@proplend.com, with hard copy to 15 Little Green, Richmond TW9 1QH. Draft reports are not acceptable. Following provision of the Valuation Report, you should be prepared to discuss its contents with the Lender.

Yours Faithfully,



Brian Bartaby
Director

Proplend Security Limited

Appendix Four

Letter of Confirmation & Standard Terms and Conditions of Engagement

- ☐ Our fee will be £2,000 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 sincerely,



NF Nicole Fitzpatrick BSc (Hons) MRICS
Associate

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.