PINDERS

Albarino Tapas Bar Restaurant

29 Albion Street
Broadstairs
Kent
CT10 1LX

Client: Proplend Security Limited
Branch: Richmond
Proposed Borrower(s): G E Bowra Group Limited - George Bowra
Valuation Date: 23 August 2019
Reference: 260311

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, Richmond
Proposed Borrower(s):	G E Bowra Group Limited - George Bowra
Purpose of Report:	Loan security purposes in relation to re-financing
Business Owner(s):	SLD Restaurants Limited - Steven Dray
Person(s) Interviewed:	George Bowra & Steven Dray
Previous Visits:	According to our records, we have not previously visited this property.
Inspection Date:	2 August 2019
Valuation Date:	23 August 2019

Undertaken by:	Stephen Greenhill MRICS (0056307) *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 long leasehold (25 yrs+) property in order to provide a Valuation Report for loan security purposes in relation to re-financing.

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

Property Summary

- Restaurant
- Long Leasehold (999-years from June 1988 at a fixed ground rent of £5 per annum, plus insurance rent)
- Sublet on six-year FRI lease from August 2018 at a commencing rent of £14,532 per annum
- Located within a Conservation Area in the fashionable seaside town of Broadstairs, between Margate and Ramsgate.
- Ground floor & basement only of circa 1850 three-storey over cellars building, part of the former Balmoral Hotel
- NIAs 96.8 m² (1,040 ft²), comprising; Bar/Restaurant 35.2 m², Kitchens 9.8 m², Preparation/Storage 48.5 m², Customer Toilet Facilities 3.3 m²
- Externally the front of the property, in conjunction with Balmoral Mansions, has a good presentation, but we were unable to gain access to the rear of the building at the time of our recent visit.

Market Commentary

- The market for licensed premises such as bars and restaurants in secondary locations has generally come under pressure from increased business rates, rising operating costs and an over provision in some locations. As a result, we are witnessing a number of closures and consolidations in the corporate sector leading to vacant units being offered for sale or lease. Unsurprising, investor sentiment towards the secondary sector has waned in recent years, although demand is still good for sites in improving areas.
- Whilst the subject property is not in the High Street, it is well located for its existing use in fronting the busy Albion Street that connects the town centre with Harbour Street, one of the principal access roads to the sandy cove of Viking Bay. The subject premises are also situated directly opposite Balmoral Gardens, which provides a pedestrian access to and from The Parade.
- Albion Street is clearly a sought-after position amongst those in the catering industry, in that apart from The Albion Hotel and a Prezzo Restaurant on the opposite side of the road from Albarino; there is a Costa unit at the top adjoining High Street. Furthermore, there are a sufficient number of other pubs, restaurants and cafes in the street to create a destination location for those living in Margate, Broadstairs and Ramsgate, as well as seasonal visitors.
- The size of the subject property and strength of covenant provided by the present lessee of individual as opposed to corporate covenant, would clearly not be of interest to large scale investors. The most likely source of demand would be from local investors, including first time entrants into the investment market, who seek a greater return than those having been provided by banks and building societies in recent years.
- The current tenant could also be a potential source of demand if he had an interest in becoming an owner-occupier.

Executive Summary

Methodology

- In considering the Market Value of the subject property, we have had principal regard to the 'investment' method of valuation, involving the assessment of the Market Rent, based on available comparable information, this then being capitalised at an appropriate yield.
- The subject lock-up bar/restaurant extending to 96.8 m² NIA arranged over ground floor and basement, was created by the borrowers in 2010 from conversion of a previous book shop, which in turn had historically been part of the former Balmoral Hotel.
- The premises were initially let to a member of the Magnolia family of local restauranteurs, but this individual only stayed for a year before assigning the lease to the present tenant Steven Dray of SLD Restaurants Limited, trading as Albarino tapas bar & restaurant.
- Following our market research and investigations into the prevailing level of rents for lock-up licensed and other catering premises in Broadstairs town centre, we have concluded the present passing rent of £14,532 per annum, equating to an overall £150/m² (£13.95/ft²) NIA, is representative of current market conditions.
- With regard to the valuation of the subject property, we have noted that it has A4 – 'drinking establishments' use and the present lessee who has been in occupation since October 2011, entered into a further six-year term in August 2018, which may be expected to give comfort to a would-be investor.
- After having considered the later referred to investment comparables, we consider it appropriate to apply a 7.5% gross yield to the current passing rent as being representative of Market Rent, to arrive at a virtual freehold investment value of £193,760, rounded to £195,000 for valuation purposes.
- In connection with the freehold vacant possession value of the property in the event of the present lessee vacating, we have allowed for a six-month marketing period to secure a replacement tenant and a further one-month rent free period for fitting out, to arrive at a calculated £185,347, rounded to £185,000 for valuation purposes.
- Based upon the property extending to a calculated 110.6 m² GIA, this equates to £1,673/m² GIA, which as the licensed restaurant was created following conversion of the former bookshop in 2010 and generally it continues to be well presented, this also appears appropriate, noting that the Stacked Sandwich Bar with accommodation above, no 7 High Street, Broadstairs, is currently on the market at an asking price of £475,000, equating to £2,363/m² GIA, albeit this includes a residential element, which the subject property does not.
- 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)*	£185,000
Market Value *(subject to leases)*	£195,000

Location Map

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

Digital Map Data © Bartholomew (2017)

Local Environment

Location

The east Kent town of Broadstairs and its near neighbours of Ramsgate and Margate form part of the Isle of Thanet, within the Thanet administrative district. The area stands to the east of Herne Bay, to the north of Deal and to the north east of Canterbury.

The area is served by railway links and includes the A28 and A229 main roads whilst the former Manston airfield lies to the west of the area.

Over recent times the area has seen a degree of deprivation with the Isle of Thanet having a bad press and poor job opportunities. However, there has been investment in the area to include new roads, European funding and the area has seen the development of new business parks and shopping centres.

The town has also much been associated with the holiday trade and retirement with the town centre including a mix of traditional and corporate shops and other services.

The subject property lies on Albion Street, which connects the town centre to Harbour Street, one of the principal access roads to the sandy cove of Viking Bay. For the most part it is bordered by commercial units, with a good number of catering outlets and some retail.

The property is reasonably prominent being situated fronting Albion Street opposite the Balmoral Gardens pathway through to The Parade and is close to a public pay and display car park. There are limited on street parking facilities within the town centre.

Environmental Matters

From our limited inspection of the property, we detected no evidence to suggest the existence of any current or past contamination.

Information in the public domain suggests that this neighbourhood is in a Radon Affected Area, as defined by the Health Protection Agency. Radon is a naturally occurring gas, which, in some areas, can be in higher concentrations and affect people's health. In this regard, we refer to the Health Protection Agency on the www.hpa.org.uk website for further details.

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 demise premises.

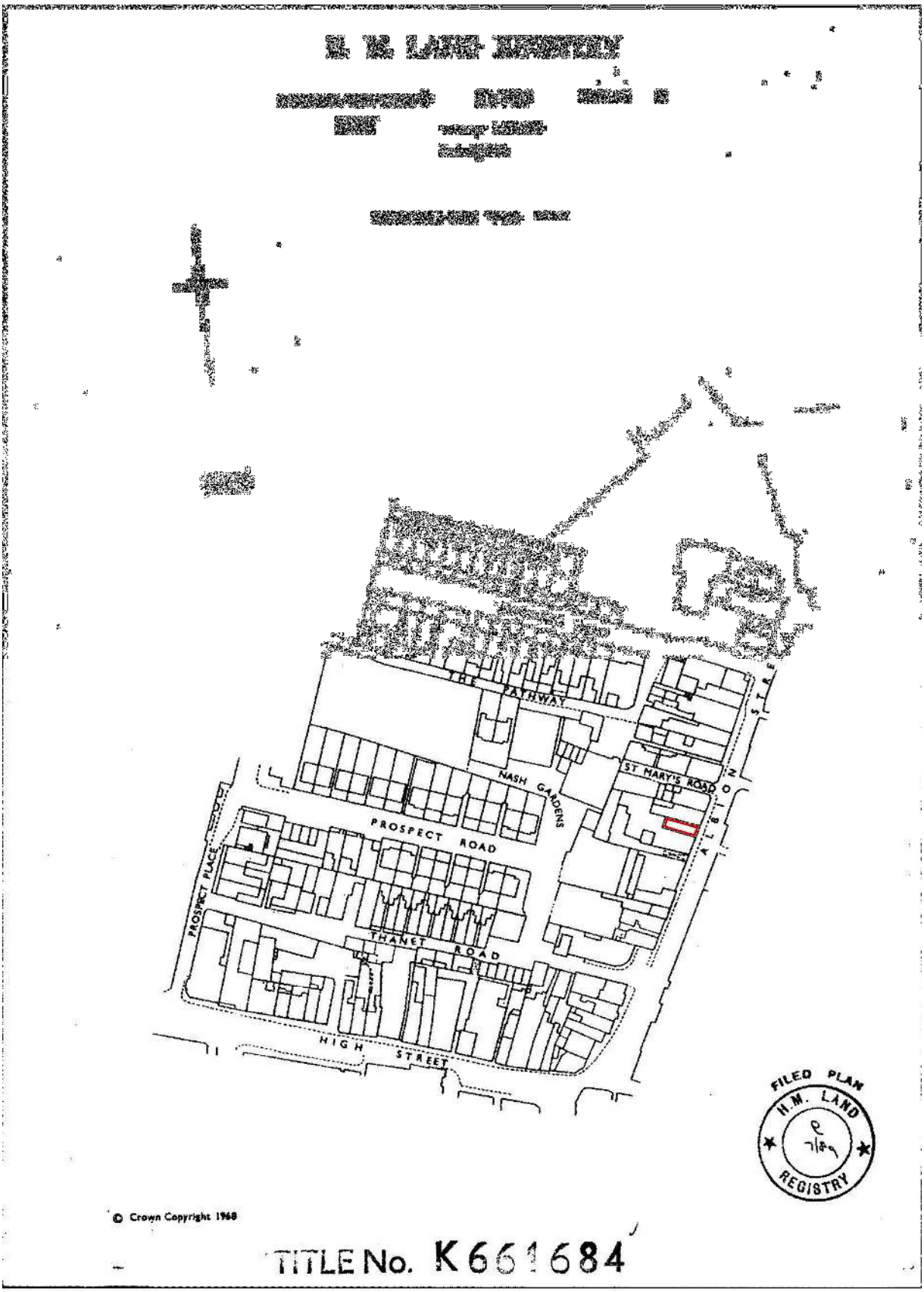
From our informal enquiries, there is no indication that the property or its immediate locality:

- 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 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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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
✓	✗	✓

H M Land Registry entries last updated 8 January 2016 refer to the title of the subject property as including any legal easements granted, but is subject to any rights that it reserves, by the registered lease of 999 years from 25 June 1988 between first parties' Mr C E & Mrs K M Bowra; and second parties' Sheila, Alan and Paul Kemp.

The subject property shares an open fronted entrance porch from the pavement with the occupants of seven residential flats on the upper floors of Balmoral Mansions. It also has the benefit of access at all reasonable times to the basement cellars of adjoining no 31 Albion Street, through which there is a designated alternative means of escape to the rear.

We draw your attention to the above, but 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 in respect of the above in due course.

Site & Aspects of Title

Tenure and Title

H M Land Registry entries last updated 8 January 2016 refer to the subject property as including the ground floor shop and basement only of no 29 Albion Street.

The legal Proprietor G E Bowra Group Limited holds the property on a 999-year lease from 25 June 1988, at a fixed rent of £5 per annum and insurance rent, from freeholders Mr C E & Mrs K M Bowra.

The borrowers have sub-let the subject property as a whole since converting the former bookshop into a restaurant, the current tenant having been in occupation since October 2011.

We have been supplied with present The Law Society lease dated 31 July 2018, from which we have extracted the following information.

Landlord:	G E Bowra Group Limited
Tenant:	SLD Restaurants Limited
Commencement Date:	08 August 2018
Term:	Six years
Rent:	£14,532 per annum
Review Pattern:	Three year upward only reviews to market rent
Alienation:	Assignment of the whole permitted, with Landlord's prior written consent, which is not to be unreasonably withheld.
Insurance:	Landlord insures the building for its full reinstatement cost and three year's loss of rent, reclaiming an appropriate proportion of the premium from the tenant by way of insurance rent. Tenant to insure the plate glass.
Repairing Obligations:	Full repairing on the part of the tenant, decorating both internally and externally every five years and in the last three months of the term.
User Clause:	Use Class A3 - Restaurant and Café
Special Conditions:	Condition 16.1 reads; "It is expressly agreed that the terms of this lease shall be varied to provide a) That there shall be no subletting of the whole or any part of the premises and b) All rent will be paid by Banker's Standing Order to arrive on the relevant quarter day and c) The lessee will have the right of way at all times over the areas hatched in blue on the lease plan and d) The lessee will give access at all reasonable times to the basement area outlined in green on the lease plan.

It is essential that solicitors inspect the lease to confirm that it 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..

Strength of Covenant

George Bowra advises that following the creation of the subject premises from the former book shop, they were initially let to a member of the local Magnolia family of restauranteurs, on a six-year FRI lease from August 2010, at a commencing rent of £13,000 per annum, subject to a three-year rent review. However, that individual only stayed a little over a year before assigning the lease to present tenant Steven Dray of SLD Restaurants Limited in October 2011.

Trading as 'Albarino' a Spanish style tapas bar and restaurant, we understand that Mr Dray had previously been head chef of an hotel in the Bahamas and as a sole trader has since established a good reputation at the subject premises, which said to be rated as Broadstairs' No 1 restaurant on Trip Advisor.

External Property

Front Elevation

Street Scene Looking South-west Along Albion Street

External Property

Site Description/Potential

The subject property that abuts the pavement of Albion Street, has no external areas.

The ground floor occupies a footprint of 55 m² with the basement cellars extending to a calculated 51.1 m² (550 ft²) GEA.

Whilst the residential flats above are part of Balmoral Mansions in the ownership of the G E Bowra Group, they do not form part of the security being offered to the bank in this loan application.

Buildings Description

The subject property forms the ground & basement floors only of no 29 Albion Street, which is in turn is part of the circa 1850 three-storey over cellars former Balmoral Hotel.

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

Element	Description
Fire Escape	Apart from using the shared front entrance porch with the flats arranged on the upper floors of Balmoral Mansions, an alternative means of escape in the case of fire is provided by a door from the basement store room, through the neighbouring cellar of no 31 Albion Street, to reach an external fire exit opening into an enclosed well from which there is a fixed vertical ladder up to the rear of the building.
Pitched Roofs	Concrete tiled main roof with felt covered dormers.
Rainwater Goods	Sectional black plastic gutters and downpipes.
Walls	Whitened stucco rendered front elevation in the Regency dressed stone style with first and second floor projecting bay windows
Window Frames	Hardwood framed shop-front with lower fixed glazed panels and upper inward opening windows to street. White PVCu double glazed sash type to upper floors.

Services

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

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

The premises have a three-phase electricity supply and a gas-fired domestic hot water and central heating system, served by a wall-mounted Main Eco Elite boiler located in the basement through store room. Space heating in the restaurant is delivered through a ceiling mounted Skyline unit.

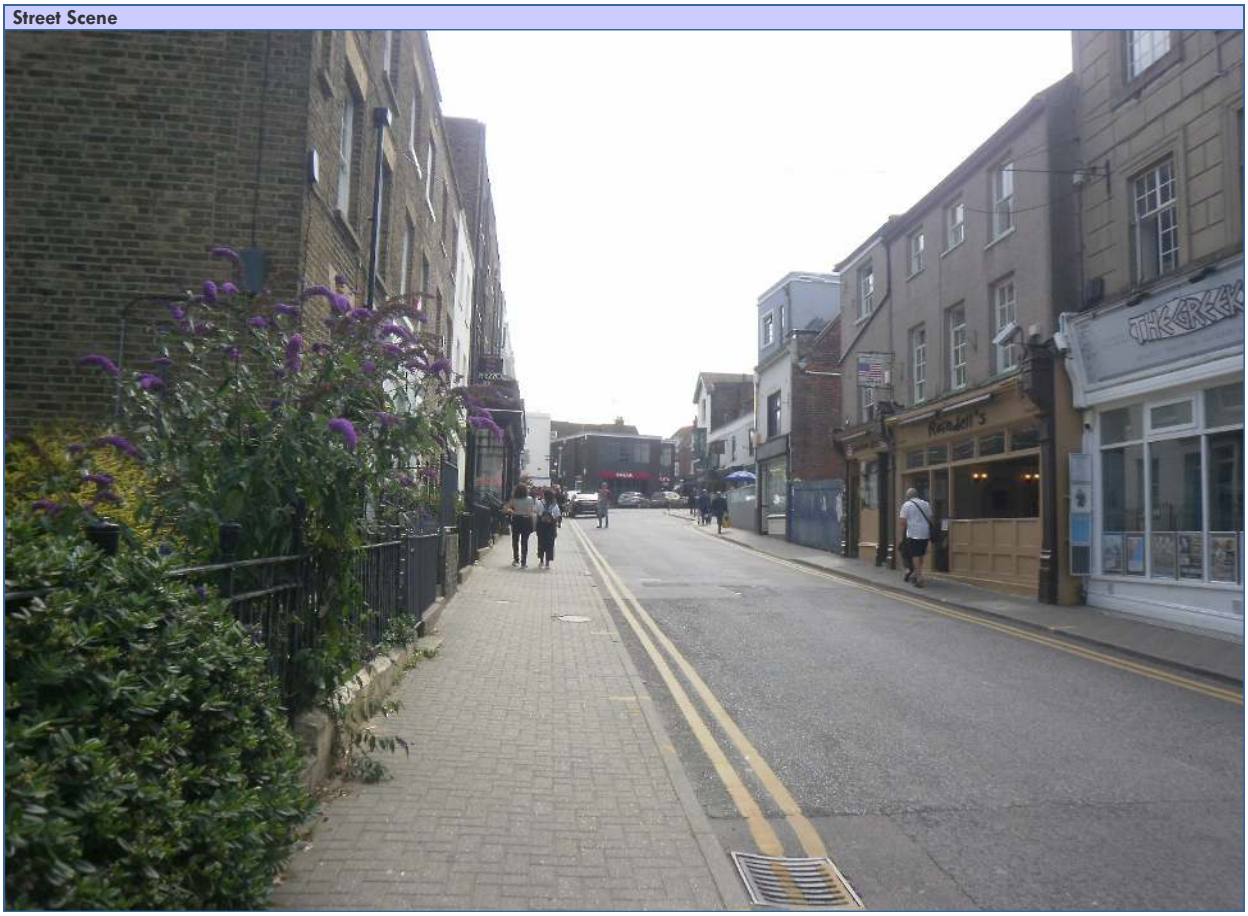
Systems and Equipment

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

Street Scene Looking North Down Albion Street

Street Scene



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 which would attract a significant cost.

The front of the Balmoral Mansions building, of which the subject property forms part, has a good presentation, but there is no direct access to the rear, other than through the basement cellar of adjoining no 31 Broad Street to the outside fire escape stair well. As the latter is below ground level, the brickwork has perhaps understandably been adversely affected by damp with associated lichen growth.

We have been informed by George Bowra that an asbestos survey was undertaken, prior to the refurbishment works by the borrower to convert the former bookshop into a restaurant in 2009/2010. We have not been provided with a copy of that report; but understand that it did not identify any areas containing asbestos materials.

Our valuations have therefore been prepared on the assumption that there are no asbestos related issues, which would attract a significant cost.

An Energy Performance Certificate (EPC) does not appear to have been previously issued for the subject property.

Nevertheless, for the purposes of our report and valuations, we assume the latter would have an EPC rating of 'E' falling with the (101 - 125) EP banding, as Band 'E' or above is generally acceptable to loan sources. The latter is also the MEES minimum requirement for commercial premises in the future being let, which came into effect on 1 April 2018.

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 will become 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.

On these specific assumptions, we suggest that the reinstatement figure for the existing structure (exclusive of VAT) should not be less than **£250,000.**

Internal Property

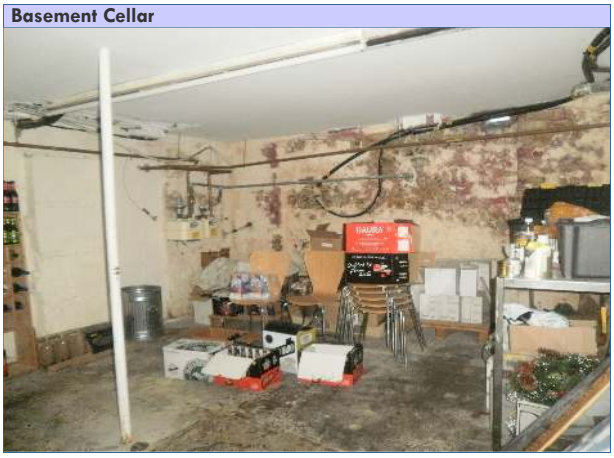
Bar - Restaurant

Catering Kitchen

Customer's Toilet

Basement Through Store Room

Basement Cellar



Internal Description

Property Areas

Area	Size m² (Approx)	Description
Bar/Restaurant	35.2	Bar servery with Spanish ceramic tiled counter and rear bottle displays. Arranged with 24 seats/covers.
Customer Toilet	3.3	Approached through lobby from bar/restaurant.
Catering Kitchen	9.8	Fitted fume extraction hood, stainless steel wash-up and wash hand basin.
Freezer Alcove	1.5	Accessed from catering kitchen.
Basement Preparation/Freezer Room	28.6	With walk-in cold room.
Basement Cellar	18.5	Accessed from through store room.

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.

Residential Accommodation

As currently arranged, there is no owner's or staff living accommodation.

Internal Description

Access

Level access to premises	Level access to public areas	Disabled WC
✗	✓	✓

There are two steps up from the pavement into the shared recessed porch, but no other changes in level for customers to enter the bar/restaurant, to reach the servery and seating, or the separate toilet, which was specifically designed to accommodate wheelchair users.

For staff however, there are 16 treads on the stairs from the catering kitchen down to the basement preparation/freezer room and two steps up therefrom into the front cellar. Furthermore, there is a vertical fire escape ladder from the enclosed well area at the rear of no 31 Albion Street, up to ground level at the back of that building.

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

Internally the bar/restaurant was presented to a high standard, in good decorative condition and appointed in a Spanish theme, together with tenant's trade fixtures, fittings and equipment for the chosen style of trade as a licensed tapas bar and restaurant. The customer's toilet was also well appointed, having been installed when these licensed premises were created approximately nine years ago.

The catering kitchen appeared well equipped, with the basement preparation/freezer room having refrigerated storage including a walk-in cold room. However, the cellar at the front of the building had a poor presentation in that it has an uneven brick and concrete floor; and the damp environment has over an extended period, adversely affected the decorative coating to the brick walls, particularly at the front of the building, which is below the adjoining pavement.

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 & Steven Dray of the following:

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

We draw your attention to the above and recommend that solicitors confirm the details in due course.

The subject property lies within Broadstairs Conservation Area 2.

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

We have accessed the online planning database of the local authority, which revealed the following planning history in relation to the subject property:

Reference	Date	Decision	Proposal
F/TH/09/0103	27/03/2009	Approved	Change of use and conversion of ground floor from retail shop (A1 use class) to drinking establishment (A4 use class) with alterations to shop front and erection of ducting to rear.

Rating Authority

The Rateable Value of the subject property is £6,300.

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 advised that a Fire Risk Assessment has been prepared and there are currently no matters outstanding.

At the time of our recent visit we noted the presence of an emergency lighting and smoke alarm system, linked to a control panel located in the basement through preparation/freezer room.

Fire-fighting equipment was supplied by First Fire Protection, but there is no subsequent service record on the extinguishers.

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 understand that the subject premises are registered under the provisions of the Food Safety Act 1990 and it is assumed that the associated business meets fully with the requirements of this legislation.

The premises were last inspected by the Environmental Health Officer on 14 March 2018, when the business received a rating of 5 out of 5 under the Food Hygiene Rating System, hence we assume there continues to be no matters outstanding and have valued on this understanding.

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

The lessee operates his business as Albarino tapas bar and restaurant with the benefit of a Premises Licence for the sale of alcohol, Steven Dray being the Designated Premises Supervisor.

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 of valuation, together with an analysis of comparable market information and regard to our own extensive database.

Comparable Evidence

Relevant comparable evidence includes the following, but due to the confidential basis on which much of our comparable information is obtained and held, we are often only able to divulge information which is already within the public domain:

Comparable Evidence - Rental Value

Location	Date	Rent	£ per m²
no 23 Albion Street, Broadstairs	Aug-2019	£12,000	£133
No 8 Dundonald Road, Broadstairs	Jan-2019	£8,842	£227
no 7 High Street, Broadstairs	Jul-2018	£15,540	£165
no 13 Albion Street, Broadstairs	Sep-2016	£30,000	£185
Albion Street, Broadstairs	Sep-2015	£26,000	£146
Albion Street, Broadstairs	Sep-2014	£21,000	£118

The above schedule includes a selection of asking and passing rents for retail and catering premises located in Broadstairs, which have been analysed against the VOAs measurements for the April 2017 Rating Revaluation.

- The first comparable relates to lock-up ground floor restaurant premises fronting Albion Street, Broadstairs, mid-way between High Street and Harbour Street, directly opposite Balmoral Gardens leading to The Parade. Extending to 90.2 m², the premises comprise; a front restaurant, customers toilets, catering kitchen and stores, together with an outside area for alfresco dining and two on-site parking spaces. Occupied by The Greek Taverna, the business is currently on the market as a leasehold trading entity at a price guide of £115,000, subject to a commencing rent of £12,000 per annum, the latter equating to £155/m² (£14.43/ft²) ITZA and an overall £133/m² (12.35/ft²) NIA.

- The second comparable is in respect of lock-up retail premises of 39 m² (420 ft²) NIA occupying the ground floor only of a mid-terrace three-storey property amongst a small group of local shops at the junction with York Street, in an otherwise predominantly long established residential area of Broadstairs. The retail unit is let to a sole proprietor trading as Smiths coffee bar & wellness, on a recently created 10 year FRI lease at a commencing rent of £7,800 per annum, increasing by 5% each year until the five year rent review, the average rent over the first six years of the term being £8,842 per annum, equating to £302/m² (£28.05/ft²) ITZA and an overall £227/m² (£21.07/ft²) NIA.

- The third comparable relates to retail premises occupying the ground floor and basement only of a semi-detached mixed commercial and residential property fronting Broadstairs High Street, next to the post office and opposite Boots. Extending to 93.9 m² NIA and 45 m² ITZA, the lock-up shop was let to a Stacked Sandwich Shop franchisee on a 12-year FRI lease from July 2012, the current passing rent of £15,540 per annum from the 2018 three-year rent review equating to £345/m² (£32/ft²) ITZA and an overall £165/m² (£15.38/ft²) NIA.

- The fourth comparable relates to lock-up restaurant premises trading as Taylors, occupying the ground floor and basement only of a modern purpose-built mixed commercial and residential property occupying a prime trading position between Broadstairs High Street and the harbour. Immediately opposite is a Prezzo restaurant and the Albion Hotel, with a Costa unit nearby. Extending to 162.2 m² NIA, the lock-up restaurant with a 20-cover terrace for alfresco dining is currently held by the operators on a 20-year FRI lease from September 2016, the passing rent of £30,000 per annum plus VAT, equating to £245/m² (22.75/ft²) ITZA and an overall £185/m² (£17.20/ft²) NIA, on the basis of the lessee will recoup the VAT element. There is a tenant's break clause corresponding with the five-year rent review in 2026.

- The fifth comparable relates to licensed restaurant premises occupying ground floor and basement, within a larger end of terrace property fronting Albion Street in the fashionable coastal town of Broadstairs. Extending to 117.8 m² (1,913 ft²) NIA and arranged with 62-covers, the premises were let on a 21-year FRI lease from 1 September 2014 at a commencing rent of £21,000 per annum, equating to £193/m² (17.94/ft²) ITZA and an overall £118/m² (£11/ft²) NIA, subject to three-year reviews.

  However, at the time of our visit in September 2015, we had assessed the market rental value of the lock-up restaurant instead at £26,000 per annum, equating to £239/m² (£22.20/ft²) ITZA and an overall £146/m² (13.60/ft²) NIA, suggesting the lessee had negotiated a particularly favourable commencing rent on entry.

Methodology and Comparable Evidence

Comparable Evidence – Investment Value

Location	Date	Price	Rent	Yield
no 7 High Street, Broadstairs	Aug-2019	£475,000	£26,040	5.5
no 29 Hawley Street, Margate	Jul-2018	£153,000	£14,820	9.7
no's 7 & 9 King Street, Margate	Oct-2017	£260,000	£13,352	5.1
no's 4a & 4b Broad Street, Ramsgate	Jul-2017	£175,000	£14,000	8.0
no 73 High Street, Ramsgate	Oct-2016	£122,500	£11,230	9.2
Albion Street, Broadstairs	Sep-2015	£275,000	£21,000	7.6
no's 43 – 49 High Street, Margate	Mar-2015	£500,000	£47,500	9.5

The above schedule includes a selection of retail, catering and licensed premises, which have been marketed, sold or we have valued as freehold or virtual freehold investments in this coastal region during the last approximate five years.

- The first comparable relates to a semi-detached three-storey shop property with maisonette, occupying a prime trading position in Broadstairs High Street, next to the post office and opposite Boots. The ground floor shop and basement are let to a Stacked Sandwich Shop franchisee on a 12-year FRI lease from July 2012 with a current passing rent of £15,540 per annum, whereas the three-bedroom maisonette is vacant, but capable of being let at £875 per month exclusive. The property is currently being marketed as a freehold mixed-use investment at an asking price of £475,000, which based upon the collective rental stream of £26,040 per annum, equates to a prospective 5.5% gross investment yield.

- The second comparable relates to the freehold investment of 29 Hawley Street, Margate, arranged as a ground floor hot food takeaway with a self-contained two-bedroom maisonette above. The entire property was let to L J Kee Esq, trading as South Garden Chinese Takeaway on a 20-year FRI lease from 28 October 2002, the passing rent at the time of the sale of £14,820 per annum, subject to four-year rent reviews. The property was marketed as a freehold takeaway investment and sold in July 2018 for a reported £153,000, representing an initial 9.69% gross investment yield.

- The third comparable relates to two separate lock-up shops occupying the ground floor and basements of adjoining Victorian semi-detached four-storey properties on the corner of King Street with Fort Road, close to Margate's seafront. No 7 King Street was let on a six-year FRI lease from December 2011 with a passing rent of £6,500 per annum and no 9 King Street on a six-year FRI lease from April 2012 with a passing rent of £6,852 per annum. The shops were sold as a freehold investment by the G E Bowra Group in October 2017 for an advised £260,000, which based upon the combined rental stream of £13,352 per annum, equated to a 5.14% gross investment yield.

- The fourth comparable relates to the circa 1930s single storey building arranged as two lock-up shop units fronting Broad Street in Ramsgate town centre, a short distance from King Street and directly opposite Iceland. At the time of the internal sale of the freehold retail investment by George Bowra to the associated property company G E Bowra Group Limited in July 2017, no 4a Broad Street was let at £10,000 per annum to Michelle Greg trading as Coles of Ramsgate, a licensed café bar and no 4b Broad Street at £4,000 per annum to Serena Lowman trading as 'Magick', a specialist gift shop. The recorded sale price thereby equated to an 8.0% initial gross yield.

- The fifth comparable is in respect of the freehold shop and ground rent residential investment of 73 High Street, Ramsgate, the ground and basement occupied by a café trading as Cockneys Pie, Mash, Liquor and Eels, on a three-year FRI lease from 26 August 2016 at a commencing rent of £9,000 per annum with fixed increases to £12,000 per annum. The upper floors arranged as three residential flats in other ownerships produced a collective ground rent of £450 per annum, increasing to £900 per annum in 2036 and £1,350 per annum in 2069. The property was marketed as a freehold shop and ground rent residential investment and sold at auction in October 2016 for a reported £122,500, equating to an initial 8.53% gross investment yield, on the basis that the vendor topped up the rent on the shop from £9,000 per annum to £10,000 per annum for the first four months of the term. Additionally, as the combined rental income over the three-year period then averaged a calculated approximate £11,230 per annum, the sale price appears to have represented a 9.16% gross yield to the investor.

- The sixth comparable comprises; a licensed restaurant occupying the ground floor and basement; within an end of terrace four-storey property fronting Albion Street in Broadstairs. The restaurant was let to a sole trader on a 21-year FRI lease from 1 September 2014 at a commencing rent of £21,000 per annum. We valued the freehold interest of the restaurant investment in September 2015 for £275,000, equating to an initial 7.64% gross investment yield, but as it was our opinion the market rent was then £26,000 per annum, a prospective 9.45% for the freehold investor.

- The final comparable relates to a fast food restaurant situated in a prominent trading position fronting Margate High Street at the junction with Bilton Square. Occupying the ground and basement only of a larger building, the lock-up A3/A5 premises were let to Cascade Caterers Limited trading a KFC on a 20-year effective FRI lease from 17 November 2003, the passing rent at the time of the sale of £47,500 per annum, subject to five-year rent reviews. The property held subject to a 999-year peppercorn lease was marketed as a virtual freehold restaurant investment and sold in March 2015 for a reported £500,000, representing an initial 9.5% gross investment yield.

Methodology

The subject lock-up licensed premises occupy a favourable trading position fronting Albion Street, connecting the town's High Street with Harbour Street. It is also located immediately opposite Balmoral Gardens, the pathway through which leads to The Parade.

Due to the number of catering establishments that have been established along Albion Street over the years, it is clearly an obvious choice for drinking and dining for local residents of Broadstairs, drive-out trade from Margate and Ramsgate, as well as for holiday visitors and day trippers.

The subject premises arranged over ground floor and basement, extend to a calculated 96.8 m² and the negotiated commencing rent on lease renewal for a further six-year term in August 2018 was £14,532 per annum. This equates to £319/m² (£29.60/ft²) ITZA and an overall £150/m² (£13.95/ft²) NIA, which by reference to the above referred to comparable evidence, appears to be reflective of current market conditions.

We have therefore adopted the passing rent for the purposes of our valuation of the virtual freehold (999-year lease from 25 June 1988 at a fixed ground rent of £5 per annum, plus insurance rent) of the subject property.

Following our market research and investigations into the marketing and sale of freehold or virtual freehold retail, catering and licensed premises in this coastal region during recent years, we have applied a 7.5% gross yield to the passing rent of £14,532 per annum, to arrive at an investment value of £193,760, which we have rounded to £195,000 for valuation purposes.

Market Value with specified assumptions

In connection with the virtual freehold vacant possession value of the property, in the event of the present lessee vacating, we have allowed for a six-month marketing period to secure a replacement tenant and a further one month rent free period for fitting out, to arrive at a calculated £185,347, rounded to £185,000 for valuation purposes.

Based upon the property extending to a calculated 110.6 m² GIA, this equates to £1,673/m² GIA, which as the licensed restaurant was created following conversion of the former bookshop in 2010 and generally it continues to be well presented, this also appears appropriate, noting that the Stacked Sandwich Bar with accommodation above, no 7 High Street, Broadstairs, is currently on the market at an asking price of £475,000, equating to £2,363/m² GIA, albeit this includes a residential element, which the subject property does not.

Additional Commentary

Market Rent

As indicated previously, we consider the present passing rent of £14,532 per annum to be reflective of current market conditions and have rounded this to a Market Rent of £14,500 per annum.

Marketability

We consider that there would be good demand for the subject concern, primarily from the owner-occupier market.

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 premises 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 6 - 8 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.

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 **£185,000**
(one hundred and eighty five thousand pounds)

MARKET VALUE

(b) The Market Value of the current asset, subject to the tenancies detailed herein, is **£195,000**
(one hundred and ninety five thousand pounds)

MARKET RENTAL VALUE

(c) The annual Market Rental Value of the current asset is **£14,500**
(fourteen thousand and five hundred 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.

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