

Magick

4 Broad Street
Ramsgate
Kent
CT11 8NQ



Client: Proplend Security Limited

Branch: London

Proposed Borrower(s): G E Bowra Group Limited - George Bowra

Valuation Date: 23 August 2019

Reference: 260312

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, London
Proposed Borrower(s):	G E Bowra Group Limited - George Bowra
Purpose of Report:	Loan security purposes in relation to re-financing
Business Owner(s):	Serena Lowman, trading as Magick
Person(s) Interviewed:	George Bowra & Serena Lowman
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) <i>Registered Valuer</i>	
Approved for Issue by:	Malcolm Kidby MRICS (1117803) <i>Director</i>	

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 freehold 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

- ❖ Freehold retail investment let on a six-year FRI lease from September 2014 to sole trader Serena Lowman, from which she operates 'Magick', a specialist gift shop. The commencing rent of £7,800 per annum was not increased at the three-year review in 2017.
- ❖ The property occupies a secondary retail trading position opposite Iceland, in an otherwise mixed-use location of Ramsgate town centre.
- ❖ Corner shop premises arranged over ground and first floors, created by borrower in 2014 from part of a circa 1955 end of terrace three-storey public house and premises.
- ❖ Extending to 66.9 m² (720 ft²) NIA, comprising; retail area 29.5 m², storage/meeting room 29.6 m², staff facilities 7.8 m² and staff toilet.
- ❖ Shop windows and doors well presented, but elevations would benefit from cleaning as particularly grimy around associated pediments.

Market Commentary

- ❖ The market for retail premises in secondary locations has generally come under pressure from increased business rates, rising retailer administrations and store consolidations. As a result, average rents across the sector are in decline and vacancy rates are rising. Unsurprising, investor sentiment towards the secondary sector has waned in recent years, although demand is still good for sites in improving areas.
- ❖ The subject property is located in a secondary trading position on the edge of Ramsgate town centre; yet is close to the part pedestrianised High Street and Kings Street, where there continues to be representation from many national retailers, loan institutions and service providers; together with numerous independent traders.
- ❖ The size of the 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 she 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 shop extending to 66.9 m² NIA arranged over two floors, was created by the borrowers in 2014 from part of former licensed premises 'the Ambassador bar and night-club'. That move provided the opportunity for the present lessee Serena Lowman to expand her business 'Magik', which she had initially started from adjoining retail premises no 4b Broad Street in June 2010.
- ❖ Following our market research and investigations into the prevailing level of rents for lock-up shop premises in Ramsgate town centre, whilst the current passing rent for no 4 Broad Street of £7,800 per annum, equating to an overall £116/m² (£10.84/ft²) NIA, is lower than the later referred to comparable evidence, the £275/m² (£25.52/ft²) ITZA appears representative of current market conditions.
- ❖ Therefore, whilst Ms Lowman has expressed a wish in entering into a further six-year term when the present lease expires in August 2020, we do not anticipate there will be any rental growth during the intervening 12 months.
- ❖ With regard to the valuation of the subject property, we have noted that it has A1 – retail use and been occupied by the present lessee since it was formed in 2014.
- ❖ Whilst the existing term is due to come to an end in August 2020, we note that Ms Lowman has indicated to the borrower of her intention to take a new six-year lease at that time, which may be expected to give some comfort to a would-be freehold investor.
- ❖ After having considered the later referred to investment comparables, we consider it appropriate to apply a 9% gross yield to the current passing rent as being representative of Market Rent of £7,800 per annum, to arrive at a freehold investment value of £86,667, rounded to £85,000 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 £82,418, rounded to £80,000 for valuation purposes.
- ❖ This equates to £1,040/m² GIA, which as the property was created five years ago and generally it continues to be well presented, this also appears appropriate, as the most recent sale of no 34 High Street for £132,000 equating to £1,039/m², whilst in need of refurbishment, is clearly located in a better trading position.
- ❖ We refer to the Methodology and Comparable Evidence section towards the end of this report for further commentary.

Valuations Summary	Existing
Market Value <i>(with vacant possession)</i>	£80,000
Market Value <i>(subject to leases)</i>	£85,000

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 town of Ramsgate lies within the district of Thanet in east Kent. Ramsgate was one of the great English seaside resorts between the mid-18th century and the early 20th century. However, like many seaside towns, it experienced decline with the advent of cheap foreign travel in the post-war decades. Falling visitor numbers were made worse by a decline in the town's small trades and industries, fishing and boat building.

The Thanet Care Commissioning Group Locality Profile for Ramsgate published in April 2017 stated that five out of the seven wards within Ramsgate were in the most deprived quintile in Kent. Nevertheless, the town is still rich in heritage, with over 450 Listed places and the attraction of the historic Royal Harbour. A large marina created within the inner harbour in the 1970s is also a key feature.

The subject property is located on the edge of the central town centre shopping area, at the cross roads junction between Broad Street and Turner Street. Adjoining are two shop units in the borrower's family ownership, no 4b Broad Street also occupied by the lessee of Magick and no 4a Broad Street' Coles café.

On the opposite side of Broad Street is an Iceland food store and beyond the junction with Turner Street Cox & Sons furniture store, a children's activity centre at Broad Street Hall and a haberdasher's. Shops in Turner Street tend to be occupied by small independent retailers and service providers.

A short distance to the south-west of the subject property is the part pedestrianised section of High Street, where there is immediate representation by national retailers and financial institutions including; Holland & Barrett, Poundland, New Look, W H Smith, Card Factory, Bonmarche', Boots, Thomson travel, HSBC and Lloyds Bank. Additionally, a short distance to the south-east is King Street, where there are two greengrocers, a butcher, a McDonalds fast food restaurant, Subway sandwich bar and a Coral book-makers office, together with numerous independent retailers and service providers.

There are double lines on either side of Turner Street and on the property side of Broad Street, but a taxi rank opposite and pay and display kerbside parking beyond the junction with Turner Street.

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.

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

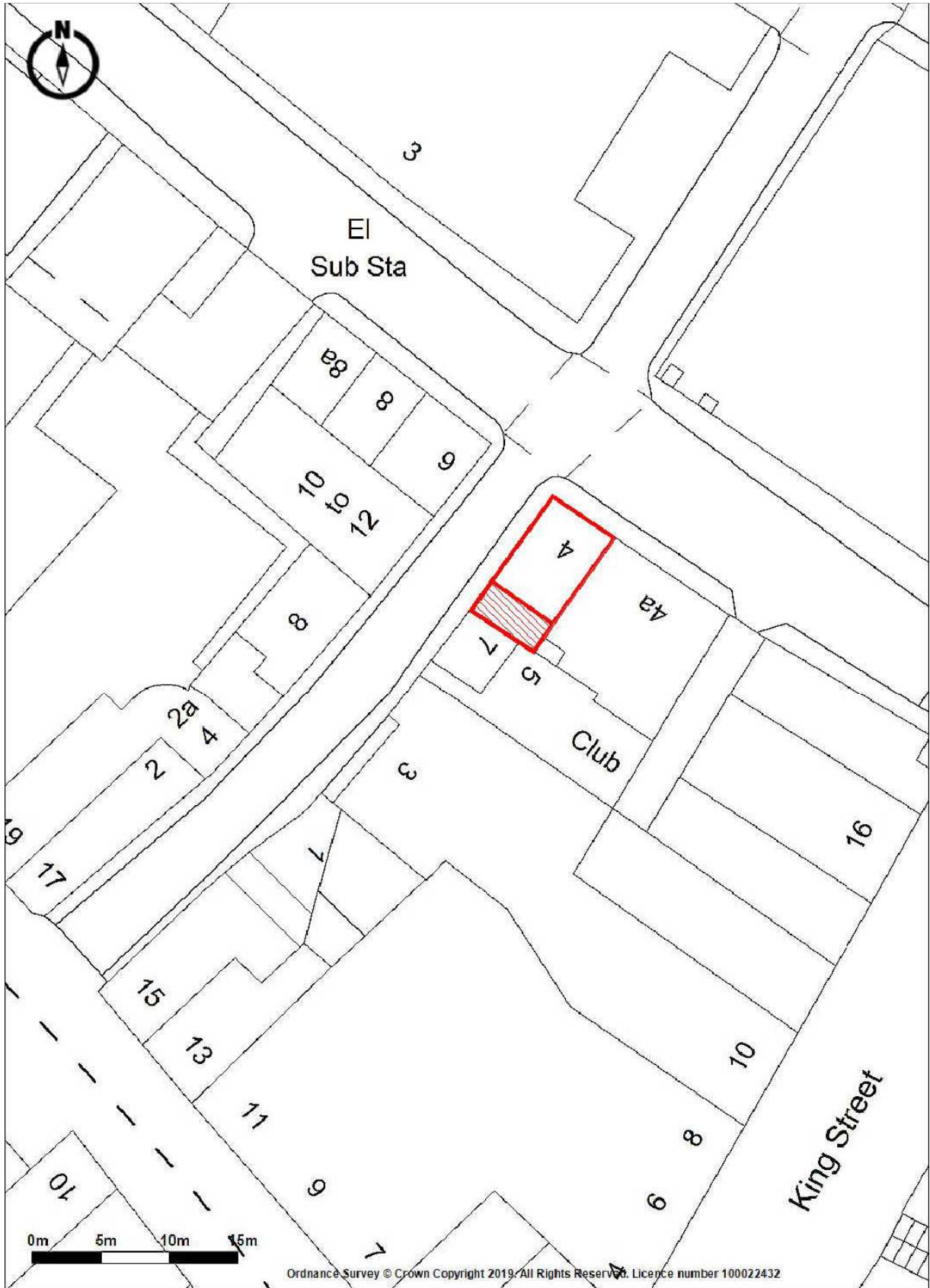
- ❖ is on or near landfills;
- ❖ is located within a mining area;
- ❖ is located within a tin mining area;
- ❖ is in an area that has been identified as having a risk of subsidence or landslip;
- ❖ is located within an area that is at risk of flooding;
- ❖ is subject to water or land pollution;
- ❖ has 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.

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.

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

Site Plan



Site & Aspects of Title

Site Plan

The plan shown opposite has been obtained from the Promap on-line facility 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
x	x	x

We recommend that solicitors confirm the details in respect of the above in due course.

Tenure and Title

We are advised that the property is freehold, subject to a six-year FRI lease from 11 September 2014 at a commencing rent of £7,800 per annum,

We have been supplied with a copy of The Law Society lease dated 22 September 2014, from which the following information has been extracted.

Landlord:	G E Bowra Group Limited
Tenant:	Serena Lowman
Commencement Date:	11 September 2014
Term:	Six years
Rent:	£7,800 per annum
Review Pattern:	Three-year upward only rent review to Market Rent. There was no increase at the September 2017 rent review.
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:	A1 – Retail.
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."

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.

Site & Aspects of Title

Magick is a specialist retailer offering fancy goods, gifts and crafts, claimed by the lessee operator Serena Lowman as being Kent's finest magical witchcraft shop, having an extensive range of wicca and pagan products, including jewelry and pendulums, figurines, books, crystals, candles, oils, incense, altar tools, tarot cards and cauldrons.

Marketed and promoted through web-sites www.magick-shop.co.uk and www.magickramsgate.co.uk, the lessee has recently introduced on-line sales through www.guidingangles.co.uk/serena-the-magick-shop/4592247507.

She seemingly also arranges for guest mediums to give customers who are interested 'psychic readings' in prearranged groups held in the meeting room above the shop.

At the time of George Bowra's acquisition of the freehold interest in the former bar and night club, lock-up shop no 4b Broad Street was already occupied by Serena Lowman. However, following negotiation with her new landlords, she agreed to surrender part of what was then a larger shop.

This enabled the borrowers, following change of use planning consent, to implement their proposals to convert the former licensed premises into a ground floor lock-up corner shop unit and two self-contained residential flats. On completion of those works, in September 2014, she took the existing six-year lease on no 4 Broad Street, the ground floor retail area of which is connected to that of no 4b Broad Street and this provided her with the opportunity to expand the 'Magick' business.

Whilst the existing lease is due to expire in September 2020, George Bowra advises that Ms Lowman has already expressed a wish to renew this for a further six-year term. However, the property company would not generally enter into negotiations with an existing lessee for such, any earlier than six months prior to the end of their lease.

External Property

Shop Frontages To Broad Street & Turner Street



The 4 Broad Street & 7 Turner Street Building As A Whole



External Property

Site Description/Potential

The subject property that abuts the pavements of both Broad Street and Turner Street, has no external areas.

The ground floor occupies a footprint of 37 m² (37m²), whereas the first floor extends to a calculated 50.7 m² (546 ft²) GEA, by 'flying' over the communal approach to Flats 1 & 2, no 7 Turner Street.

Whilst these residential units are also 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 property is a circa 1955 end of terrace two-storey corner shop, created by the borrower in 2014 from part of former licensed premises latterly used as a bar and night club.

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

Element	Description
Fire Escape	Apart from using the front entrance door into the retail area of no 4 Broad Street, an alternative means of escape in the case of fire is provided through the open link into the adjoining retail area of no 4b Broad Street, where the original entrance door to that unit is now a designated fire exit back into Broad Street. However, the external door from Turner Street to the retail area of the subject premises, is not used by the present tenant, whereas the open staircase to the first floor provides the only means of access to and from this level.
Flat Roofs	Assumed mineralised felt covered surround to central pitched section set behind dwarf parapets serving the three-storey building as a whole.
Pitched Roofs	Slate covered central section set behind dwarf parapets.
Rainwater Goods	None visible externally, hence assumed internally housed.
Walls	Smooth rendered front elevations to Broad Street and Turner Street, pebble dash to rear.
Window Frames	Pine framed shop display windows and part glazed entrance doors, white PVCu framed and double-glazed sashes to upper floors.

Services

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

Mains Water	Electricity	Mains Drainage	Mains Gas	Central Heating
✓	✓	✓	✗	None

Space heating is provided by wall-mounted electric convector heaters and domestic hot water by an electric water heaters located above the wash-up in the staff kitchen and wash hand basin in the staff toilet.

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 South-east Towards King Street



Street Scene Looking North-west Along Broad Street



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.

Generally, the building has a reasonable external presentation, but the elevations are rather grimy, particularly around the pediments of the ground floor shop windows and doors.

As a general comment, flat roof coverings have a more limited lifespan and will require ongoing maintenance, prior to renewal.

We have been informed by George Bowra that an asbestos survey was prepared prior to the alterations to the former Ambassador Bar & Night Club, no 7 Turner Street, the latter including creation of the subject lock-up shop, now known as no 4 Broad Street.

We have not been provided with a copy of this report; but understand from him 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.

A Non-Domestic Energy Performance Certificate (EPC) was issued for no 7 Turner Street on 15 April 2011, which was prior to the G E Bowra Group's purchase of the former bar and night club building in December of that year. This gave an EPC rating of 76, falling within Band 'D' (76 - 100).

As Band 'E' or above is generally acceptable to loan sources, no further comment is required in this instance. 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 **£140,000**.

Internal Property

Ground Floor Retail Shop Area



Retail Area Looking Towards Adjoining Unit No 4a Broad Street



First Floor Staff Sitting & Storage Room



Staff Kitchen



Staff Toilet



Internal Description

Property Areas

Area	Size m2 (Approx)	Description
Retail Area	29.5	Excluding open tread pine stairs to first floor. Pine balustrade to ramp on entry beside service counter, fitted picture rails and ceiling coving. Access flap in floor to cellar with restricted ceiling height, not used by the lessee and not inspected at the time of our visit. Opening through to retail area of adjoining no 4b Broad Street held on separate lease by retailer from another landlord within the Bowra family.
Storage/Meeting Room	29.6	Excluding stairs. Arranged with informal seating for 12 persons.
Staff Kitchen	7.8	Fitted white gloss finish wall cupboards, base units with granite effect working surfaces, recessed stainless steel wash-up.
Staff Toilet	2.7	Fitted white suite with wash hand basin to vanity cupboard and low-level WC. Extractor fan to wall housing.

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 owners or staff living accommodation.

Access

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

On entering the shop there is a ramp with hand rail up to the ground floor retail area, where there are no changes in level to reach the service counter or peruse the displays of merchandise.

However, the first-floor retail area, presently arranged as a meeting room and for storage, is approached by stairs with 16 treads.

Furthermore, the premises do not provide any dedicated disabled toilet facilities.

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 premises were well presented, reasonably decorated and appeared to be appropriately appointed with tenant's trade fixtures, fittings and equipment for the chosen style of trade as a specialist magical witchcraft shop. It was seemingly well stocked at the time of our recent visit.

The staff kitchen and toilet facilities were also relatively modern, as they had been installed by the landlord approximately five years ago.

There is therefore no obvious requirement for refurbishment at the present time.

Statutory Authorities

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

Planning and Highways

We are advised by George Bowra of the following:

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

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

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
OL/TH/06/0241	27/03/2006	Withdrawn	Erection of a three storey building comprising 3No three bedroom, self contained flats following demolition of existing building (outline application)
C/TH/07/0885	14/08/2007	Approved	Conservation area consent for the demolition of existing buildings
F/TH/07/0884	14/08/2007	Approved	Erection of 4 storey building comprising of 3 flats and two shops following demolition of existing buildings
F/TH/08/0334	21/05/2008	Approved	Change of use and conversion of bar and night club to 4 self contained flats and 1 bedsit, together with erection of first and second floor extension to rear, and alterations to fenestration.
F/TH/10/0685	07/10/2010	Approved	Application for extension of time of planning permission F/TH/07/0884, for erection of 4 storey building comprising of 3 flats and two shops following demolition of existing buildings
F/TH/11/0855	03/01/2012	Approved	Change of use from night club to 2no. flats, retail unit on ground and first floor together with three storey rear extension, replacement windows and doors
F/TH/12/0509	01/08/2012	Approved	Change of use of shop (Use Class A1) to restaurant (Use Class A3) and take-away (Use Class A5)
F/TH/12/0734	28/11/2012	Approved	Change of use from night club to 2no. flats, retail unit on ground and first floor together with three storey rear extension, replacement windows and doors without compliance of condition 4 attached to planning permission F/TH/11/0855 to change the windows. This was originally refused, then appeal made and was then granted.
F/TH/14/0055	11/08/2014	Approved	Change of use from night club to 2no. flats, retail unit on ground and first floor together with three storey rear extension, replacement windows and doors without compliance with condition 7 of planning permission F/TH/12/0734 to relocate refuse storage area.

Rates, Water and Environmental Charges

At the April 2010 Rating Revaluation, no 7 Turner Street as the former Ambassador Bar & Night Club was described as a 'Public House & Premises' with a Rateable Value of 8,500, but the property was removed from the 'Rating List' on 28 November 2017.

The subject retail premises no 4 Broad Street however, now appears to be rated collectively with adjoining ground floor unit no 4b Broad Street, also occupied by Ms Lowman, as the Rateable Value of £8,400, has been assessed on 88.66 m² (954 ft²), arranged over both ground and first floors.

On the basis of the VOAs April 2017 calculations, if no 4 Broad Street were to be rated separately, we have assessed this would result in a Rateable Value of £5,000.

Statutory Authorities

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 assume that a fire risk assessment has previously been prepared and there are currently no matters outstanding, noting at the time of our recent visit that the premises have an emergency lighting system and fire-fighting equipment was in place.

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

As non-catering premises, the present operator's business will not be subject to EHO inspections and Food Safety legislation.

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

As a retail business, the lessee does not hold a Premises Licence.

Methodology and Comparable Evidence

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

Comparable Evidence - – Rental Value

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:

Location	Date	Rent	£ per m ²
no 13 George Street, Ramsgate	Jul-2017	£8,500	£176
no 4 Turner Street, Ramsgate	Nov-2016	£4,000	£168
No 73 High Street, Ramsgate	Aug-2016	£11,000	£165
No 4a Broad Street, Ramsgate	Feb-2015	£10,000	£173
no 4b Broad Street, Ramsgate	Dec-2014	£4,000	£168

The above schedule includes a selection of lock-up shop premises located within Ramsgate town centre, where the annual passing rents have been

analysed against the NIAs either recorded in the agent's particulars; or in the absence thereof, the VOA's rating assessment.

- ❖ The first comparable relates to lock-up shop premises occupied for the purposes of a day-time café and bakery, located in George Street, a short distance from High Street towards Meeting Street Car Park and the Library. Extending to 48.3 m² NIA, the unit was let to a sole operator trading as 'The Hive' for six years from 13 July 2017, at a commencing rent of £8,500 per annum, equating to £314/m² (£29.15/ft²) ITZA and an overall £176/m² (£16.35/ft²) NIA, subject to a three-year rent review.
- ❖ The second comparable is in respect of lock-up retail premises of 23.8 m² NIA located in Turner Street, between High Street and Broad Street, let to a sole proprietor trading as 'Geek Havok' for a term of three years from 21 November 2016 at a fixed rent of £4,000 per annum, equating to £222/m² (£20.65/ft²) ITZA and an overall £168/m² (£15.62/ft²).
- ❖ The third comparable relates to lock-up shop premises occupied for the purposes of a day-time café/restaurant, located in High Street between The Computer Clinic shop and Macies pubic house. Extending to 66.6 m² NIA, the unit was let to a sole operator trading as 'Cockneys' for the period 26 August 2016 to 31 December 2019. There was a concessionary rent during the first three months, followed by a stepped rent for the next three years averaging £11,000 per annum, equating to £355/m² (33/ft²) ITZA and an overall £165/m² (£15.35/ft²) NIA.
- ❖ The fourth comparable is in respect of lock-up shop premises of 57.7 m² NIA in Broad Street, a short distance from King Street, occupied for the purposes of a cocktail bar and restaurant. The premises are let to Michelle Greg trading as 'Coles of Ramsgate' for a period of six years from 5 February 2015 at a commencing rent of £10,000 per annum, equating to £246/m² (£22.83/ft²) ITZA and an overall £173/m² (£16.10/ft²) NIA.
- ❖ The final comparable relates to a lock-up shop unit of 23.8 m² NIA occupied for the purposes of a specialist gift shop, in conjunction with adjoining corner shop no 4 Broad Street on the junction with Turner Street. Let for a period of six years from 1 December 2014 to a sole trader, the commencing rent of £4,000 per annum under the present term, equating to both £222/m² (£20.65/ft²) ITZA and an overall £168/m² (£15.62/ft²) NIA, was subject to a three-year rent review in 2017, but when there was no increase.

Methodology and Comparable Evidence

Comparable Evidence – Investment Value

Location	Date	Sale Price	Rent	Yield (%)
no 34 High Street, Ramsgate	Jul-2019	£132,000	£18,000	13.6
no 18 Grange Road, Ramsgate	Sep-2018	£190,000	£16,740	8.8
no 47 High Street, Ramsgate	Jul-2018	£210,000	£11,500	5.5
no's 19 High Street & 4 Turner Street, Ramsgate	Dec-2017	£325,000	£24,760	7.6
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

The above schedule includes a selection of retail and catering premises, which

have been marketed and sold as freehold investments in Ramsgate during the last approximate three years.

- ❖ The first comparable relates to freehold commercial premises with upper parts within a circa 1960s three-storey end of terrace building fronting the pedestrianised section of Ramsgate High Street. Previously leased to Vodaphone Retail Limited and latterly let to confectioner's trading as 'Sweetbarrow', we understand the rent being paid was £18,000 per annum, equating to a calculated £447/m² (41.51/ft²) ITZA and an overall £165/m² (£17.00/ft²) NIA.

Extending according to the EPC to 127m² TUFA, the vacant property was marketed with an auction price guide of £85,000 - £100,000 and sold in July 2019 for a reported £132,000, suggesting a prospective 13.6% gross yield, on the basis of the premises again being let at the previous rent. However, as the property is in need of refurbishment, the cost thereof when combined with the purchase price will have the effect of reducing the yield, unless a higher rent can then be achieved as a result of the additional investment.

- ❖ The second comparable is in respect of a four-storey mixed use building within a parade of similar properties. The ground floor retail unit was let to a local covenant trading as 'Sizzors' hair & beauty salon for a term of three years from March 2016 at a rent of £8,400 per annum. The first and second floors were let as a single maisonette by way of an Assured Shorthold Tenancy agreement at a rent equivalent to £8,340 per annum. The freehold interest was sold in September 2018 for £190,000, equating to a gross initial yield of 8.8%.
- ❖ The third comparable relates to a mid-terrace shop property in Ramsgate High Street close to the junction with Hardres Street, with adjacent occupiers being Peacocks and F Hinds jewellers. Comprising; a ground floor retail unit leased to Boots Opticians for a term of five years, from May 2016 on FRI basis, at an initial rent of £11,500 per annum. The property was marketed as a freehold shop investment and sold in July 2018 for a reported £210,000, equating to a gross initial yield of 5.5%, the vacant upper floors providing potential for residential development.
- ❖ The fourth comparable is in respect of a mixed retail and residential investment within a four-storey building fronting Ramsgate High Street, immediately opposite Poundland and New Look; and a three-storey building connected to it fronting Turner Street. 19 High Street, provided for a 67.6 m² vacant retail unit with a prospective rent of £12,000 per annum; and 4 Turner Street for a 24 m² retail unit leased from November 2016 for a term of three years, at a fixed rent of £4,000 per annum. The upper floors included four one-bedroom flats let on AST's with a combined rent of £20,760 per annum.

The property was marketed as a freehold retail and residential investment having an income stream of £24,760 per annum and sold in December 2017 for £325,000, equating to a 7.62% gross initial yield; but with the prospect of the rent role increasing to £36,760 per annum on letting lock-up shop 19 High Street, this would move out the gross yield to 11.31% for the investor.

- ❖ The fifth comparable relates to the circa 1930s single storey building arranged as two shop units fronting Broad Street, 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 Limited in July 2017, no 4a Broad Street as previously indicated was let at £10,000 per annum to Michelle Greg trading as Coles of Ramsgate and no 4b Broad Street at £4,000 per annum to Serena Lowman trading as 'Magick'. The recorded sale price thereby equating to an 8.0% initial gross yield.
- ❖ The final 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.

Methodology and Comparable Evidence

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.

Methodology

As indicated previously, we have had principal regard to the 'investment method' of valuation.

In connection with the assessment of market rent, the subject lock-up shop extending to 66.9 m² NIA arranged over two floors, was created by the borrowers in 2014 from part of former licensed premises' the Ambassador bar and night-club. That move provided the opportunity for the present lessee Serena Lowman to expand her business 'Magik', which she had initially started from adjoining retail premises no 4b Broad Street in June 2010.

Following our market research and investigations into the prevailing level of rents for lock-up shop premises in Ramsgate town centre, whilst the current passing rent for no 4 Broad Street of £7,800 per annum, equating to an overall £116/m² (£10.84/ft²) NIA, is lower than the above referred to comparable evidence, the £275/m² (£25.52/ft²) ITZA appears representative of current market conditions.

Therefore, whilst Ms Lowman has expressed a wish in entering into a further six-year term when the present lease expires in August 2020, we do not anticipate there will be any rental growth during the intervening 12-month; but may give some comfort to a would-be freehold investor.

After having considered the above investment comparables, we consider it appropriate to apply an 9% gross yield to the current passing rent as being representative of Market Rent of £7,800 per annum, to arrive at a freehold investment value of £86,667, rounded to £85,000 for valuation purposes.

Market Value with specified assumptions

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 £82,418, rounded to £80,000 for valuation purposes.

This equates to £1,040/m² GIA, which as the property was created five years ago and generally it continues to be well presented, this also appears appropriate, as the most recent sale of no 34 High Street for £132,000 equating to £1,039/m², whilst in need of refurbishment, is clearly located in a better trading position.

Additional Commentary

Market Rent

As indicated previously, we consider the present passing rent for the subject property of £7,800 per annum, exclusive of business rates and services, be representative of current market conditions.

Marketability

The market for retail premises in secondary locations has generally come under pressure from increased business rates, rising retailer administrations and store consolidations. As a result, average rents across the sector are in decline and vacancy rates are rising. Unsurprisingly, investor sentiment towards the secondary sector has waned in recent years, although demand is still good for sites in improving areas.

The subject property is located in a secondary trading position on the edge of Ramsgate town centre; yet is close to the part pedestrianised High Street and Kings Street, where there continues to be representation from many national retailers, loan institutions and service providers; together with numerous independent traders.

The size of the 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 she had an interest in becoming an owner-occupier.

Loan Security

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

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

Whilst it is possible for sales to complete quickly, in the current market we would not consider it unusual for a marketing period of some 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**£80,000**
(eighty thousand pounds)

MARKET VALUE

(b) The Market Value of the current asset, subject to the tenancies detailed herein, is**£85,000**
(eighty five thousand pounds)

MARKET RENTAL VALUE

(c) The annual Market Rental Value of the current asset is**£7,800**
(seven thousand and eight 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 enquiries 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.

01	HEALTHCARE & EDUCATION
02	LICENSED TRADE
03	RETAIL & CATERING
04	LEISURE & HOSPITALITY
05	SERVICE & MANUFACTURING

SERVICES

▶ Appraisal & Valuation

▶ Consultancy

- ▣ Feasibility Studies
 - ▣ Market Surveys
 - ▣ Needs Assessment
 - ▣ Rent Reviews
 - ▣ Planning Consultancy
 - ▣ Charities Commission
-

▶ Dispute Resolution

- ▣ Arbitration
 - ▣ Independent Expert
-

▶ Building Surveying

- ▣ Building Surveys
 - ▣ Dilapidations
 - ▣ Schedules of Condition
 - ▣ Project Monitoring
 - ▣ Asbestos Inspection
 - ▣ Energy Performance
 - ▣ Fire Risk Assessment
 - ▣ Insurance Reinstatement
-

▶ Project Management

- ▣ Employers Agent
- ▣ Design & Contract
- ▣ CDM Co-ordinator