

The Old Kent Market

8 Fort Hill
Margate
Kent
CT9 1HD

The Dugout

4 Fort Hill
Margate
Kent
CT9 1HD

Olby's Café

3 - 5 King Street
Margate
Kent
CT9 1DD

Kent Creative

5 & 6, (or 5 - 7)
Mansion Street
Margate
Kent
CT9 1HE



Client: Proplend Security Limited

Branch: London

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

Valuation Date: 06 September 2019

Reference: 260315

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):	G E Bowra Group Limited
Person(s) Interviewed:	George Bowra
Previous Visits:	We have not previously visited the subject properties
Inspection Date:	2 August 2019
Valuation Date:	06 September 2019

Undertaken by:	Stephen Greenhill MRICS (0056307) <i>Registered Valuer</i>	
Assisted by:	Callum Brown (6836227) <i>Trainee Business 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

- ❖ A mixed use freehold investment, comprising; a former cinema converted into a covered market with licensed, catering and retail units, an interlinked café bar, cellar bar and live music venue; and three residential maisonettes
- ❖ Occupying the larger part of an island site on Margate's sea front, overlooking The Harbour and adjacent to The Turner Contemporary Gallery.
- ❖ The Old Kent Market was created from the former Parade Cinema erected in 1911, adjoining Crawford House dates from the Regency period and no's 3 - 5 King Street are from the Victorian era.
- ❖ The part stucco rendered, brick and slate former cinema, prior to the current tenant's improvements undertaken in 2013-2015, to create the existing trading concept of an indoor covered market, extended to 412.5 m² (4,438 ft²) GIA, namely; ground floor 381m² (4,100 ft²) GIA and first floor 31.5 m² (339 ft²) GIA.
- ❖ The Old Kent Market now offers; an ice cream kiosk of 6 m² (65 ft²) NIA; 12 ground floor licensed, catering and retail units of a collective 143.3 m² (£1,542 ft²) NIA serving into a central food court - 42 seats; overlooked by a galleried mezzanine landing walkway providing access to a further 15 shops and six open fronted units of a collective 87.0 m² (935 ft²) NIA, an overall 236.3 m² (2,542 ft²) NIA.
- ❖ The overall scene a set by a street vendors cart, an original telephone box and a converted London Transport double decker open topped bus used as a café/bar/restaurant.
- ❖ The Old Kent Market is let to Andrew Barratt on the balance of a 30-year FRI reversionary lease expiring 31 March 2027 and the current passing rent from the five-year rent review in April 2017 is £31,520 per annum.
- ❖ The Dugout occupies the ground floor and basement of attached no 4 Fort Hill, a five-storey over basement rendered brick and slate building, together with a large portion of the basement of the former cinema. Collectively these licensed premises extend to 161.4 m² (1,736 ft²) GIA.
- ❖ It is currently arranged with a ground floor front bar also providing the entrance to a basement cellar bar, entertainment suite, supported by a beer cellar, kitchen and customer toilets. Collectively these offer 157.6 m² (1,695 ft²) NIA, namely; ground floor 8.0 m² (86 ft²) and basement 149.6 m². (1,610 ft²) NIA.
- ❖ The Dugout is let to Ray Summers trading as The Dugout on the balance of a six-year FRI lease expiring 31 March 2023, at a commencing rent of £9,270 per annum for the existing term, subject to a three year upward only rent review in April 2020. The existing lessee has been in occupation we are advised since August 2003; and runs the business in conjunction with the lessees of Olby's Cafe and Kent Creative.
- ❖ Crawford House is effectively a five-storey maisonette, the ground floor entrance and part of the second-floor accommodation within the front portion of the former cinema, the remainder on the upper floors of no 4 Fort Hill over The Dugout. Collectively this one/two reception room, three/four-bedroom residential property, extends to 113 m² (1,216 ft²) IPMS2.
- ❖ The property has been let unfurnished on an AST agreement to Ray Summers, lessee of The Old Kent Market, since December 2015, the current rent of £850 per calendar month from August 2018, annualising at £10,200, exclusive of Council Tax and services.
- ❖ Olby's Cafe occupies the larger part of the ground floor and whole of the basement of no's 3 – 5 King Street, an attached three-storey over basement rendered brick, part slate and flat roofed property, which was previously arranged as two shops with accommodation above. These licensed premises extend to 154.2 m² (1,659 ft²) GIA.
- ❖ They are currently arranged with a ground floor split-level café bar, basement customer toilets, catering kitchens and a beer cellar. Collectively these offer 142.5 m² (1,533 ft²) NIA, namely; ground floor 65.4 m² (703 ft²) and basement 77.1 m². (829 ft²) NIA.
- ❖ Olby's Cafe is let to Heather Deslandes trading as Olby's Soul Café on the balance of a six-year FRI lease from 9 July 2018, at a commencing rent of £13,262 per annum for the existing term, subject to a three year upward only rent review in July 2021. The existing lessee has been in occupation we are advised since 1996 and runs the business in conjunction with the lessees of The Dugout and Kent Creative.
- ❖ Flat 3 King Street is effectively a four-storey maisonette, with a shared approach from the street to the ground floor rear entrance. It is arranged with an open plan lounge/dining room/kitchen, four bedrooms and a bathroom, extending to 99 m² (1,065 ft²) IPMS2.
- ❖ The property has been let unfurnished on an AST agreement to Gary Allen and Davina McGhee, since February 2011, the current rent of £700 per calendar month from December 2017, annualising at £8,400, exclusive of Council Tax and services.
- ❖ Flat 5 King Street is effectively a three-storey maisonette, similarly sharing the approach from the street to a ground floor rear entrance. It is arranged with one reception room, kitchen, two bedrooms and a bathroom, extending to 81.8 m² (880 ft²) IPMS2.

Executive Summary

Property Summary

- ❖ The property has been let unfurnished on an AST agreement to Eli Anthony Thompson and Heather Dawn Deslandes, lessees of Kent Creative and Olby's Café respectively since April 2008, the current rent of £650 per calendar month from July 2019, annualising at £7,800, exclusive of Council Tax and services.
- ❖ Kent Creative occupies the remainder of the basement of the former cinema and part of no's 5-6 Mansion Street. These licensed premises extend to 252.2 m² (2,714 ft²) GIA. They are currently arranged with a ground floor reception entrance with stairs down to a cloakroom and an open plan music venue with bar. Collectively these offer 249 m² (2,680 ft²) NIA, namely; ground floor 5.9 m² (63.5 ft²) and basement 243.1 m². (2,615 ft²) NIA.
- ❖ The premises are currently let to Kent Creative Limited, sole director of which is Eli Anthony Thompson, on the balance of a six-year FRI lease from 14 August 2018, at a commencing rent of £10,688 per annum for the existing term, subject to a three year upward only rent review in August 2021. The existing lessee has been in occupation we are advised since 1996 and runs the business in conjunction with the lessees of The Dugout and Olby's Cafe.
- ❖ The purpose of this report and those of Pinder report reference no's 260311 – 29 Albion Street, Broadstairs; and 260312 – no 4 Broad Street, Ramsgate; each dated 23 August 2019; is in conjunction with a funding proposal to redevelop the remainder of the adjoining no's 3 & 5 Mansion Street, which had historically been occupied by sailmakers. This is to make way for the erection of a mixed retail and residential development of ground floor shop units and self-contained residential flats for resale or letting purposes.
- ❖ That property is also owned by the borrowers; but is not included as part of the security being offered in the subject loan application.

Market Commentary

- ❖ G E Bowra Group Limited purchased the freehold investment interest of the former cinema building in 2008, after having initially acquired the long leasehold investment interest in The Dugout bar in circa 1972.
- ❖ They went on to purchase the remainder of the building at basement level in 1978, when occupied by a snooker hall, leisure space from which Kent Creative is now operating. Crawford House had also been included in that purchase.
- ❖ The letting of the ground floor and basement of The Hoy public house and restaurant last year, despite being closed, commanded a £25,000 premium; and that of the former Cobb's Brewery pub in King Street this year, indicates there continues to be demand for licensed premises to lease in this area.
- ❖ The Old Kent Market as a freehold investment is likely to attract interest from both local and regional commercial investors, who recognise an opportunity for rental growth at the five-year rent review in 2022. The existing lessee of six years could also be a potential purchaser.
- ❖ The Dugout, Kent Creative and Olby's that are effectively operated as a combined business, might similarly be of interest to both local and regional commercial investors, who again recognise an opportunity for rental growth at the next three-year rent views.
- ❖ As Crawford House occupies a commanding seafront position on Margate's seafront and offers four-bedroom accommodation and a roof-top terrace, it is likely to have greatest appeal in the residential market for vacant possession, as opposed to 'buy-to-let' landlords.
- ❖ In contrast, Flat no's 3 & 5 King Street are more likely to be of interest to 'buy-to-let' landlords than for owner-occupation, in that it is located above a café bar run in conjunction with a live music venue and cellar bar, with the associated late - night noise intrusions.

Methodology

- ❖ In considering the Market Value of the subject commercial properties, we have had principal regard to the 'investment' method of valuation, involving the assessment the Market Rent, based on available comparable information, this then being capitalised at an appropriate yield.
- ❖ In connection with **The Old Kent Market** from the on-site measurements taken at the time of our recent visit, the ground floor extends to 381m² (4,100 ft²) GIA and the first-floor offices and staff facilities a further 31.5 m² (339 ft²) GIA, a collective 412.5 m² (4,438 ft²) GIA.
- ❖ This excludes the tenant's improvements on entry in 2013/2015 to install a mezzanine floor and create the existing indoor covered market, which under the '21-year Rule' of Landlord and Tenant Acts and subsequent case law, these improvements we assume will not become 'rentalised' by the Landlord until March 2036 at the earliest; and on the basis of the five-year rent review pattern, perhaps November 2038, which is 19 years hence.
- ❖ The current passing rent at The Old Kent Market of £31,520 per annum from the April 2017 rent review, based upon the above referred 412.5 m² (4,438 ft²) GIA prior to tenant's improvements, equates to £76/m² (£7.10/m²) GIA. However, this appears to be understated for a building in such a prime seafront position, the User Clause seemingly allowing for any alternative use and where by far the greatest amount of trading space is on the ground floor.
- ❖ Following our market research and investigations, we have assessed the current Market Rent in the region £47,000 per annum; but rounded this to £45,000 per annum for valuation purposes, equating to £109/m² (£10.15ft²) GIA, which appears to more closely accord with local commercial estate agent's expectation.

Executive Summary

Methodology

- ❖ The sizable capital investment made by the present tenant shortly after entry therefore, appears to provide him with a particular incentive to continue to trade The Old Kent Market in the medium to longer term, which may be expected to provide considerable comfort to investment buyers.
- ❖ We have however discounted the prospect of a higher rent to include the tenant's improvements, on the basis that these are unlikely to become rentalised until 2038, which is considered too remote to have any material effect on the current value of the investment.
- ❖ In view of this and the prospect of a much improved rent from the April 2022 rent review and by reference to the prevailing level of freehold investment yields in this sector, we have applied a 7.5% yield to the passing rent of £31,500 per annum and a 10.5% yield for the prospective £45,000 per annum from the next five-year review. This produces a calculated £402,140, which we have rounded to £400,000 for valuation purposes.
- ❖ In respect of **The Dugout**, according to our on-site measurements and calculations, the premises extend to 157.6 m² NIA, namely 8.0 m² for the ground floor front bar/entrance and 149.6 m² in the basement including the catering kitchens, beer and storage cellars, as well as customer toilets.
- ❖ Having regard to the later referred to comparable evidence, we have assessed the current market rent for these licensed premises at the passing rent of £9,270 per annum, equating to £129/m² (£12/ft²) ITGFBS – In Terms of Ground Floor Bar Space and an overall £59/m² (£5.50/ft²) NIA.
- ❖ The current tenant Ray Summers trading as The Dugout has been in occupation since August 2003 and runs these premises in conjunction with the lessees of both Kent Creative music venue and Olby's Café bar.
- ❖ In view of these aspects and by reference to the prevailing level of freehold investment yields in this sector, we have applied an 8% gross investment yield to the passing rent of £9,270 per annum to arrive at a calculated £115,875, which we have rounded to £115,000 for valuation purposes.
- ❖ With regard to **Olby's Café**, according to our on-site measurements and calculations, the premises extend to 142 m² NIA, namely 95.5 m² on the ground floor and 46.5 m² in the basement, the latter arranged as customer toilets, catering kitchens, beer and storage cellars.
- ❖ Having regard to the later referred to comparable evidence, we have assessed the current market rent for these licensed premises at £17,000 per annum, equating to £275/m² (£25.60/ft²) ITZA and an overall £120/m² (£11.15/ft²) NIA. This compares with the passing rent of £13,262 per annum from the commencement of the existing six-year term in July 2018, equating to £215/m² (£20/ft²) ITZA and an overall £93/m² (£8.68/ft²) NIA.
- ❖ The current tenant Heather Deslandes trading as Olby's Café has been in occupation since 1996 and runs these premises in conjunction with the lessees of both The Dugout and Kent Creative.
- ❖ In view of these aspects and the prospect of an improved rent from the July 2021 rent review and by reference to the prevailing level of freehold investment yields in this sector, we have applied an 8% yield to the passing rent of £10,688 per annum and a 10% yield for the prospective £17,000 per annum from the next three-year review. This produces a calculated £164,560, which we have rounded to £165,000 for valuation purposes.
- ❖ In respect of **Kent Creative**, according to our on-site measurements and calculations, these premises extend to 249 m² NIA, namely the ground floor entrance/reception 5.9 m²; and basement of 243.1 m², arranged with a cloaks store and open plan music venue and bar; but excludes the shared customer toilets already included in The Dugout assessment.
- ❖ Having regard to the later referred to comparable evidence, we have assessed the current market rent for these licensed premises at £15,500 per annum, equating to £122/m² (£11.35/ft²) ITGFBS – In Terms of Ground Floor Bar Space and an overall £62/m² (£5.80/ft²) NIA, after having made a £750 per annum deduction for shared use of the customer's toilets.
- ❖ The current tenant Eli Thompson of Kent Creative Limited has been in occupation since 1996 and runs these premises in conjunction with the lessees of both Olby's Café bar and The Dugout.
- ❖ In view of these aspects and the prospect of an improved rent from the August 2021 rent review and by reference to the prevailing level of freehold investment yields in this sector, we have applied a 9.0% yield to the passing rent of £13,262 per annum and an 11% yield for the prospective £15,500 per annum from the next three-year review. This produces a calculated £133,455, which we have rounded to £135,000 for valuation purposes.
- ❖ In respect of the residential properties, we have had principal regard to the comparison method of valuation, as well as considering the investment approach where the individual asset is more likely to be acquired by an investor.
- ❖ Having regard to the available comparable evidence, we consider that each of the rents currently being charged for the unfurnished accommodation let on AST agreements are reflective of current market conditions.
- ❖ In respect of **Crawford House**, it occupies a commanding seafront position on Margate's seafront, but adjoins and in part lies within the former Parade Cinema building; as well as over the ground floor bar and entrance to The Dugout. The property extends to 113 m² (1,216 ft²) IPMS2, offering one/two reception room, three/four-bedroom residential accommodation arranged over five floors, together with a large timber decked roof-top terrace.
- ❖ Following an analysis of the later referred comparable evidence, we have assessed the value of Crawford House at £285,000, equating to £57,000 per habitable room and £2,522/m² IPMS2. As the property is currently let on an AST agreement at £850 per calendar month, an annualised £10,200; and the ascribed value equates to a particularly strong 3.6% gross investment yield, it suggests it is likely to have greatest appeal in the residential market for vacant possession, as opposed to 'buy-to-let' landlords.
- ❖ **Flat no's 3 & 5 King Street** occupy a favourable position close to the seafront in Margate's Old Town; but are located above Olby's Café that is run in conjunction with the Kent Creative live music venue and The Dugout cellar bar, with the associated noise intrusions, hence are more likely to appeal to 'buy-to-let' landlords than for owner-occupation..

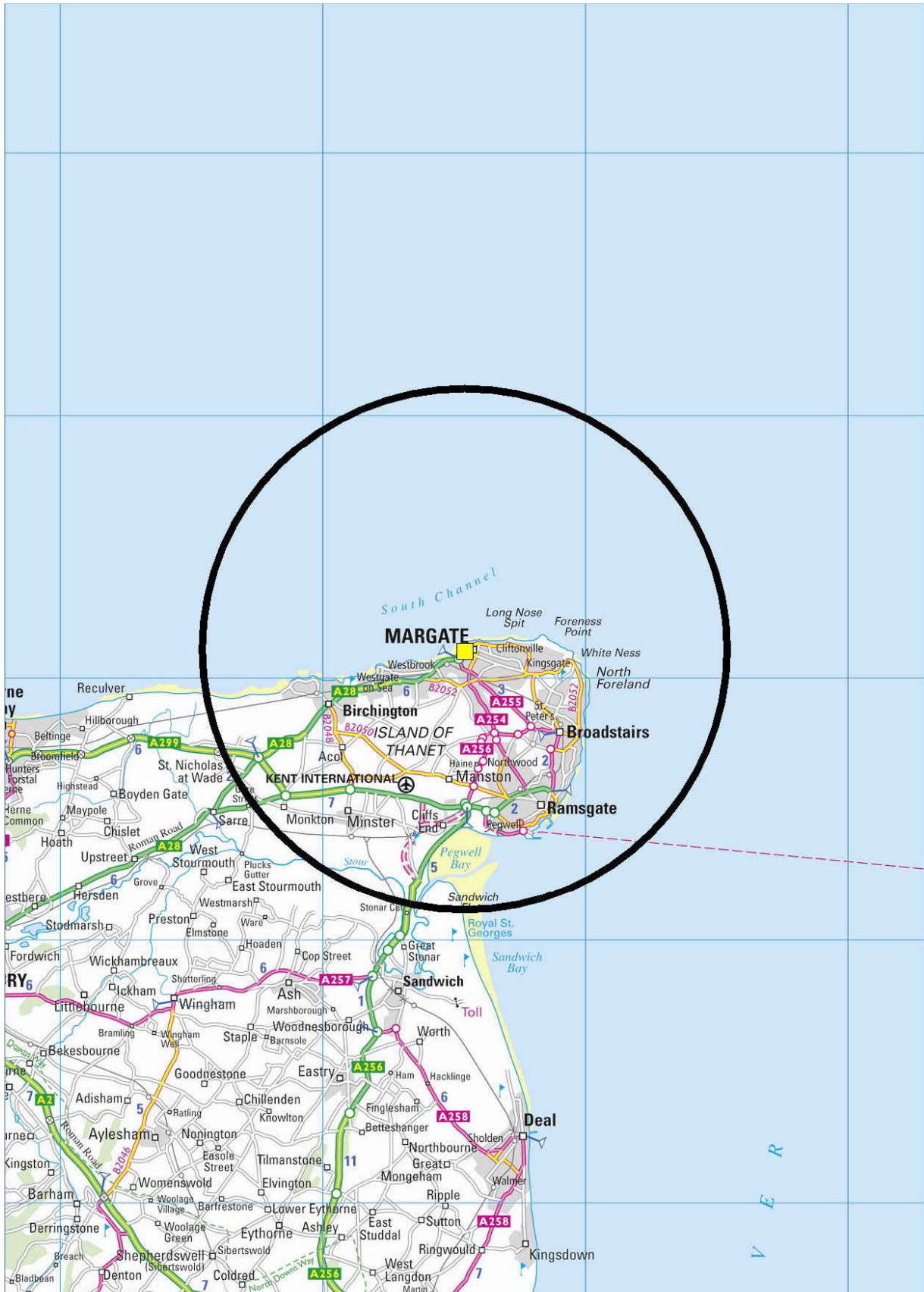
Executive Summary

Methodology

- ❖ They share a pedestrian approach from the street with the adjoining Barnacles public house, with entrance doors to the individual flats at the rear of the building, which is also less than ideal.
- ❖ Flat no 3 King Street is effectively a maisonette with accommodation arranged over four floors and extends to a calculated 99 m² (1,065 ft²) IPMS2, offering an open plan lounge/diner/kitchen, three bedrooms and a bathroom. The presentation has been adversely affected by previous water intrusion and whilst remedial works externally have since been undertaken, internal repairs and decoration at the time of our recent visit had yet to be fully completed.
- ❖ Following an analysis of comparable evidence, we have assessed the value of this property at £200,000, which based upon the annualised rent of £9,600, equates to a 4.8% gross investment yield, which appears to be an appropriate return for 'buy-to-let' landlords in this location.
- ❖ Flat no 5 King Street is effectively also a maisonette, but this time arranged over three floors and extends to 81.8 m² (880 ft²) IPMS2, offering one reception room, two-bedroom residential accommodation.
- ❖ We have assessed the value of this property at £150,000, which based upon the annualised rent of £7,800, the ascribed value thereby equates to a 5.2% gross investment yield.
- ❖ In summary, the collective freehold investment value of the four commercial elements described above, is £815,000 and the three residential properties £635,000, which leads us to report a freehold market value subject to leases of £1,450,000.
- ❖ If the properties were to be disposed of with vacant possession, or as a single asset, we would expect that a purchaser would require a significant discount, reflecting the need to secure tenants for the various units.
- ❖ 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>)	£1,350,000
Market Value (<i>subject to leases</i>)	£1,450,000

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

Margate is situated in the south-east corner of Kent and falls within the administrative district of Thanet Council. The Isle of Thanet, which is part of the easternmost peninsula of Kent includes the coastal towns of Westgate-on-Sea, Broadstairs and Ramsgate and is a popular holiday destination.

Margate is some 3.5 miles from Ramsgate and around 2.5 miles from Broadstairs, whilst the county city of Canterbury is approximately 16 miles distant. The area is well connected with the A299 linking with the A2 and the M2 motorway, which in turn connects with the M25 motorway. Margate also benefits from a main line railway link to London and the south-east whilst Channel port connections are to the south at Dover and Folkestone.

The subject properties occupy a prominent position on the sea front in Margate Old Town, with its individual boutique shops, bars and cafes; and the Turner Contemporary Gallery lying adjacent.

The Old Kent Market is a substantial former cinema, amplified by a bright pink and red painted front facade with white lettering bearing the name of the lessee's concern at high level. Adjoining to the south is the front bar of The Dugout, no 4 Fort Hill, which also provides the entrance to the associated cellar bar and entertainment suite below the former cinema.

The Dugout front bar/entrance occupies the ground floor of a five-storey Regency style building, the upper floors forming part of Crawford House, no 6 Fort Hill.

Olby's Café and Flats no's 3 and 5 King Street, occupy a double fronted property, which was previously arranged as two shops with private living accommodation. Kent Creative is accessed from Mansion Street and linked to both The Dugout and Olby's at basement level.

None of the properties benefit from on-site parking, but there is time restricted kerbside parking in local streets.

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.

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

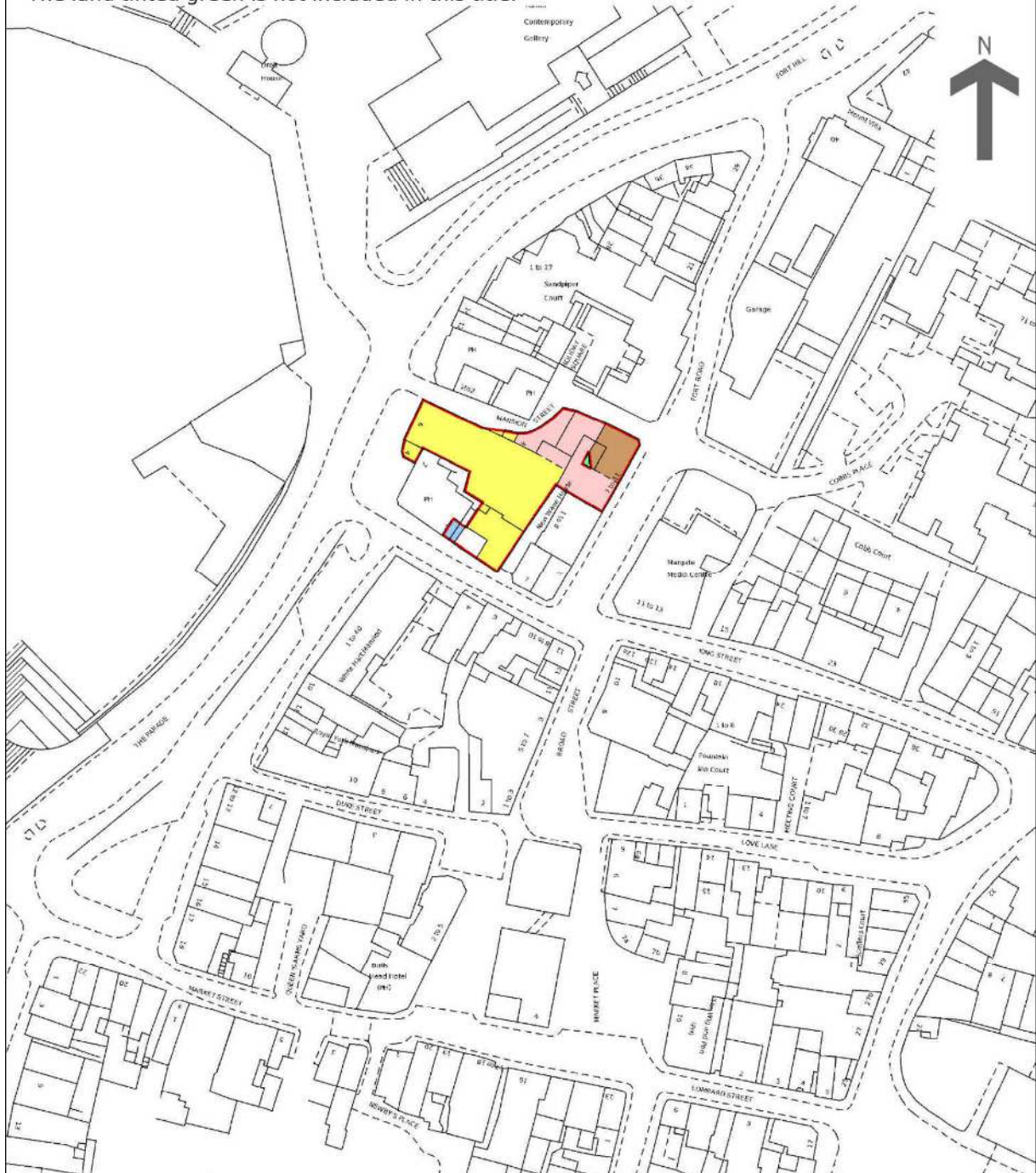
Site Plan

HM Land Registry
Official copy of
title plan

Title number **K405206**
Ordnance Survey map reference **TR3571SW**
Scale **1:1250**
Administrative area **Kent : Thanet**



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Site & Aspects of Title

Site Plan

The Freehold land shown edged with red on the plan of the above Title filed at the Registry represents; 4, 6 and 8 Fort Hill, Margate (CT9 1HD), 3 and 5 King Street, Margate (CT9 1DD), and 5 and 6 Mansion Street, Margate (CT9 1HE).

The land tinted green on the title plan is not included in the registration.

To the part tinted blue on the title plan, only the First, Second and Attic Floors are included in the title.

As to the part tinted brown on the title plan, only the cellar at sub-basement level is included in the title and is subject to the following covenants: the property is subject to easements, with the adjoining property have a right to entry for repairs and maintenance, which parts of the land are subject to leases from 1 April 1997 for 30 years.

A Conveyance of the land tinted pink and yellow dated 26 August 1973 was made for the right of way leading from King Street to the said premises as colours red and blue.

Aldermore Bank has a legal charge over the property dated 9 October 2015.

The site area provides for 950.5 m² (10,227 ft²).

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

The Old Kent Market, no 8 Fort Hill

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

Rights of Way	Restrictive Covenant	Easements
✓	✓	✗

In the south-eastern corner of the building is a fire exit opening to the cobbled courtyard behind New Waves House, through which there is a pedestrian right of way to King Street.

The Dugout, no 4 Fort Hill

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

Rights of Way	Restrictive Covenant	Easements
✓	✓	✗

The connecting hallway between The Dugout and Kent Creative, whilst falling within the lease plan of The Dugout, is also used by patrons of Kent Creative to reach the shared customer toilets, hence we assume there is a right of way to facilitate this.

We later refer to rights right of way in the case of emergency for customers of The Dugout and Olby's, to pass through the music venue to reach fire exit doors opening onto Mansion Street. There are corresponding arrangements for customers of Kent Creative and Olby's to pass through The Dugout to reach fire exit doors in the ground floor front bar opening to Fort Hill.

Oldby's Café, no's 3-5 King Street

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

Rights of Way	Restrictive Covenant	Easements
✓	✓	✗

The beer cellars serving Oldby's Café are approached from the right-hand side of the café bar using the connecting staircase down to Kent Creative, when upon entering the music venue, there is a right of way to a fire-door into these refrigerated cellar storage areas.

Site & Aspects of Title

Kent Creative, no’s 5 & 6 Mansion Street

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

Rights of Way	Restrictive Covenant	Easements
✓	✓	✗

We above refer to the connecting hallway between The Dugout and Kent Creative, also being used by patrons of Kent Creative to reach the shared customer toilets, over which we assume there is a right of way.

We later refer to a right of way in the case of emergency for customers of Olby’s and The Dugout to pass through the subject live music venue to reach the fire exit doors opening onto Mansion Street. There are corresponding arrangements for Kent Creative customers to pass through those premises to reach ground floor fire exits opening to Kent Street and Fort Hill respectively.

Crawford House, no 6 Fort Hill

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

Rights of Way	Restrictive Covenant	Easements
✗	✓	✓

Flat no 3 King Street

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

Rights of Way	Restrictive Covenant	Easements
✓	✓	✗

As indicated previously, maisonettes no’s 3 and 5 King Street share a pedestrian approach from King Street through a covered passageway to a right of way over an alleyway in the ownership of the adjoining pub, before turning right to a pathway behind the subject building, leading to the respective entrance doors.

Flat no 5 King Street

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

Rights of Way	Restrictive Covenant	Easements
✓	✓	✗

Site & Aspects of Title

Tenure and Title

We are advised that the property is freehold, with the properties leased and the main terms are outlined below.

The Old Kent Market

We have been provided with a copy of the head lease dated 1 November 1978, between landlord's (1) Mecca Limited, (2) Classic Cinemas Properties Limited; and (3) Intereuropean Property Holdings Limited; and tenant Andrew Barratt trading as The Old Kent Market, together with the reversionary lease which is due to expire 31 March 2027.

Landlord:	G E Bowra Group Limited
Tenant:	Philip John Thorley & Peter Charles Wealands
Assignee:	Andrew James Barratt
Commencement Date:	Original lease dated 1 November 1978.
Term:	Initial lease represents 20 years, together with the reversionary lease for a further 30 years, thereafter, and the assignment for the remainder of the term ending 31 March 2027.
Passing Rent:	£31,520 per annum following review as at 1 April 2017.
Review Pattern:	Upward only five-year reviews to Market Rent.
Permitted Use:	Originally Bingo Hall then further stated as any alternative use.
Alienation:	Assignment and subletting of the whole permitted, with Landlord's consent, which is not to be unreasonably withheld and subject to conditions.
Insurances:	Landlord insures the buildings as a whole, recovering an appropriate proportion of the premium from Tenant by way of Insurance Rent.
Repairing obligations	Full repairing on the part of the Tenant.
Special Conditions:	None noted
Additional Comments:	The initial lease states that the Tenant is ". . .not to assign or underlet any part less than the whole of the demised premises, to which in the current format the lessee provides for multiple units within the building, to which all are on licence to other occupiers."

Strength of Covenant

The present tenant Andrew Barratt took an assignment of the lease on 14 August 2013 and subsequently carried out extensive alterations over an 18-month period, reputedly costing in excess of £350,000; to create the existing covered market with central food court. These works included the installation of a mezzanine level with galleried landings providing access to associated individual shop units and open fronted stalls, which have since been let on individual licences to various individual retail and catering operators.

Under the '21-year Rule' of Landlord and Tenant Acts and subsequent case law, these Tenant's improvements we assume would not become 'rentalised' by the Landlord until March 2036 at the earliest; and on the basis of the five-year rent review pattern, perhaps November 2038, which is 19 years hence.

The sizable capital investment made by the present tenant shortly after entry therefore, appears to provide him with a particular incentive to continue to trade The Old Kent Market in the short to medium term, which may be expected to provide considerable comfort to investment buyers.

Site & Aspects of Title

The Dugout

Landlord:	G E Bowra Group Ltd
Tenant:	Ray Summers, trading as The Dugout.
Commencement Date:	1 February 2017
Term:	Six years
Initial rent:	£9,270 per annum
Review Pattern:	Three-year upward only review to Market Rent.
Permitted Use:	A3 – Restaurants & Cafes.
Alienation:	Assignment/subletting of the whole permitted, with Landlord's consent, which is not to be unreasonably withheld and subject to conditions
Insurance Obligations:	Landlord insures the buildings as a whole, recovering an appropriate proportion of the premium from Tenant by way of Insurance Rent.
Repairing obligations:	Full Repairing on the part of the Tenant.
Special Conditions:	None noted

Strength of Covenant

George Bowra advises that Ray Summers has been tenant of The Dugout since August 2003 and despite the User Clause being for A3 – Restaurants & Cafes, the associated business, with the apparent consent of the Landlord, appears in recent times to have been run as a fully licensed bar and cellar night spot offering music and comedy acts. Whilst having an extensively equipped catering kitchen, there is seemingly a limited food offering.

Olby's Café

Landlord:	G E Bowra Group Ltd
Tenant:	Heather Deslandes T/A Olbys Soul Cafe
Commencement Date:	9 July 2018
Term:	Six years
Initial rent:	£13,262 per annum
Review Pattern:	Three yearly upward only to market rent.
Permitted Use:	A3 – 'Restaurants & Cafes'.
Alienation:	Assignment/subletting of the whole permitted, with Landlord's consent, which is not to be unreasonably withheld and subject to conditions
Insurances:	Landlord insures the building as a whole, recovering an appropriate proportion of the premium from the Tenant by way of Insurance Rent.
Repairing obligations:	Full Repairing on the part of the Tenant.
Special Conditions:	None noted

Strength of Covenant

Heather Deslandes trading as Olby's Café has been in occupation since 1996 and runs these premises in conjunction with the lessees of both The Dugout and Kent Creative.

Site & Aspects of Title

Kent Creative

Landlord:	G E Bowra Group Limited
Tenant:	Kent Creative Limited
Commencement Date:	14 August 2018
Term:	Six years
Initial rent:	£10,688 per annum
Review Pattern:	Three-year upward only to Market Rent
Permitted Use:	Unspecified
Alienation:	Assignment/subletting of the whole permitted, with Landlord's consent, which is not to be unreasonably withheld and subject to conditions.
Insurance Obligations	Landlord insures the building as a whole with an appropriate proportion of the premium recovered from the Tenant by way of additional rent.
Repairing obligations:	Full Repairing on the part of the Tenant.
Special Conditions:	None noted

Strength of Covenant

Kent Creative Limited is a private limited company listed at Companies House under Registration no 11566523, with the date of first registration 13 September 2018. The nature of the business under SIC – Standard Industrial Classification is recorded as "Support activities to performing arts".

The sole director of the company is Eli Anthony Thompson, who George Bowra advises has been in occupation of the live music venue since 1996 and runs these premises in conjunction with the lessees of both Olby's Café and The Dugout.

Residential Elements

We have been provided with AST agreements relating to no's 3 & 5 King Street, together with notices of rent increases, but for Crawford House, no 6 Fort Hill, we have only been supplied with a notice of rent review in the form of a letter from the landlord to the present tenant.

Crawford House, no 6 Fort Hill

Crawford House is let unfurnished, subject to an AST agreement to Andrew Barratt of no 8 Fort Hill (The Old Kent Market), from 7 December 2015. The initial period was for six-months, but monthly thereafter and the current rent from 1 August 2018 is £850 per calendar month, an annualised £10,200 per annum, exclusive of Council Tax and services.

Flat no 3 King Street

This maisonette is let unfurnished, subject to an AST agreement to Davina McGhee & Gary James Allen from 7 February 2011. The initial period was for six-months, but monthly thereafter and the current rent from 7 July 2019 is £800 per calendar month, an annualised £9,600 per annum, exclusive of Council Tax and services.

Flat no 5 King Street

This maisonette is let unfurnished, subject to an AST agreement to Eli Anthony Thompson & Heather Dawn Deslandes (lessees respectively of Kent Creative and Olby's Café) from 16 April 2008. The initial period was for six-months, but monthly thereafter and the current rent from 16 July 2019 is £650 per calendar month, an annualised £7,800 per annum, exclusive of Council Tax and services.

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.

External Property

Front Elevations Of The Old Kent Market & No 6 Fort Hill



Return Frontages To The Dug Out



External Property

Site Description/Potential

The subject properties in the ownership of G E Bowra Group Limited, occupy the larger part of an island site fronting the Fort Hill Margate seafront; also bounded by Mansion Street to the north, Fort Road to the south-east and King Street to the south-west.

The Old Kent Market

The covered market and ground floor entrance to Crawford House and part of the second floor accommodation, collectively occupy the whole of the ground floor and upper parts of the former Parade Cinema building, which stands in a prominent seafront position on the junction with Mansion Street. The latter provides for a delivery door into the front portion of the covered market and an emergency exit from a secondary stairwell

The property has no external areas, but the building extends back to a cobbled courtyard behind New Wave House in other ownership fronting Fort Road, the courtyard providing for a rear fire exit for The Old Kent Market and pedestrian right of way into King Street.

Adjoining the north-eastern corner of The Old Kent Market, is a four-storey building over basement cellars no's (3 & 5 (and 7) Mansion Street) which had historically been occupied by sailmakers. That property is also owned by the borrowers; but is not included as part of the security being offered in the subject loan application.

G E Bowra Group Limited have early proposals to demolish that building and the associated single storey section, to make way for the erection of a mixed retail and residential development of ground floor shop units and self-contained residential flats for resale or letting purposes.

The Dugout:

The majority of this fully licensed bar and cellar night spot is located at basement level beneath the Old Town Market, but the small ground floor front bar, which also provides the stairway entrance to the lower trading areas, is part of attached five-storey Crawford House, on the south-western side of the former cinema.

Whilst there are no external areas, we later refer to the current lessee having the benefit of a pavement licence, with tables and chairs enclosed by movable rope and post barriers at the time of our recent visit for 18 customers.

Set back from the main road behind a deeper pavement and having return frontage to King Street is Barnacles public house in other ownership, who also seemingly trade with the benefit of a pavement licence.

Olby's Café, together with Flat's 3 & 5 King Street:

The three-storey building now occupied by Olby's, no's 3-5 King Street and the residential maisonettes above, is attached to Barnacles public house and seemingly includes a flying freehold over part of the ground floor bar and covered passageway to an alleyway in the ownership of the pub. The latter provides a right of way approach to a rear path to the subject maisonettes.

On the south-eastern side of the property is the cobbled courtyard behind New Wave House, which provides for a fire exit from Olby's and pedestrian right of way into King Street. The property otherwise has no external areas.

Beyond the cobbled courtyard at the junction between King Street and Fort Road, are two four-storey buildings no's 7 & 9 King Street, which include two lock-up shops that were sold by the borrowers as a freehold retail investment in October 2017; the upper parts as residential units having previously been sold off on long leases.

Kent Creative:

The majority of the club is located in the basement of the former cinema, with a small reception lobby at ground floor level within a single storey extension. The property has no external areas.

The remainder of this single storey section is shortly to be demolished by the borrower in conjunction with the attached three-storey building over basement cellars, no's 3, 5 & 7 Mansion Street, the former sail makers premises now in near derelict condition.

External Property

Buildings Description

The Old Kent Market was erected in 1911 and initially opened as Parade Cinema, but three years later was renamed Picture Theatre. In 1952 it was taken over by the Classic Cinemas chain and renamed Classic Repertory Cinema that closed in 1963 to become a Vogue Bingo Club. The building reverted to its original use between 1979 and 1981, when known as New Parade Cinema and following closure in 1982, was converted to a snooker club operating as Thanet Matchroom Social Club. The following table summarises the apparent construction of the major building elements.

The Old Kent Market

Element	Description
Fire Escape	Apart from using the dual front entrance, alternative means of escape in the case of emergency include; the side delivery door or fire exit from the secondary internal fire escape, each onto Mansion Street; and the rear fire exit doors to the cobbled courtyard behind New Wave House, leading to King Street.
Flat Roofs	Front portion bitumen felt covered with timber decked terrace approached from third floor of adjoining Crawford House.
Pitched Roofs	Slate covered.
Rainwater Goods	Combination of cast iron and plastic hoppers, gutters and downpipes.
Walls	Pink painted stucco rendered in the Regency dressed stone style with red string courses and reveals to front portion of the building. Cream colour washed northern elevation to Mansion Street, mellow brick south-eastern elevation to courtyard.
Window Frames	Timber framed to part glazed entrance doors and fixed window to first floor, but also a white PVCu framed and double-glazed replacement unit.

The Dugout

Element	Description
Fire Escape	Apart from using the ground floor front entrance, there are double fire exit doors from this bar opening to the street. At basement level, from the hallway to shared customer's toilets there are connecting fire doors opening into Kent Creative, from which there are stairs up to the ground floor entrance to this music venue, where fire exit doors open to Mansion Street.
Flat Roofs	Presumably either bitumen-felt or asphalt covered flat roofed section.
Pitched Roofs	Slate covered.
Rainwater Goods	Seemingly metal profile troughs to plastic downpipe onto rooftop terrace above front section of The Old Kent Market.
Walls	Whitened stucco rendered ground floor elevations in the Regency dressed stone style with upper floors of building light blue painted.
Window Frames	Regency style timber framed fixed ground floor window and three pairs of French doors, first floor bow window and predominantly sashes elsewhere, but French style dormers to roof.

Olby's Café, together with Flats 3 & 5 King Street

Element	Description
Fire Escape	Apart from using the front entrance door, alternative means of escape from the ground floor are provided by double fire doors from the front bar that open to the street. However, double doors to the adjoining external courtyard from the raised seating area in the café bar are currently boarded externally. At basement level there is a fire door into Kent Creative, from which there are stairs up to the ground floor entrance to this music venue, where fire exit doors open to Mansion Street.
Flat Roofs	Mineralised felt covered behind parapets, serving pitched front section.
Pitched Roofs	Slate covered.
Rainwater Goods	Felt covered troughs behind front parapets, served by cast iron hopper and downpipe.
Walls	Rendered and whitened front elevation with grey painted shop fronts, windows and surrounds.
Window Frames	Predominantly traditional sashes, but a PVCu double glazed replacement unit to third-floor rear bedroom of no 3 King Street.

External Property

Kent Creative:

Element	Description
Fire Escape	The entrance to the live music venue from Mansion Street with double fire exit doors, also serves as part of an alternative means of escape in the case of emergency from both Olby's and The Dugout. There are corresponding arrangements for Kent Creative customers through those premises to reach ground floor fire exits opening to Kent Street and Fort Hill respectively.
Flat Roofs	Bitumen felt covered to single storey section fronting Mansion Street.
Pitched Roofs	Concrete tile covered to former cinema building
Rainwater Goods	Combination of original cast iron and sectional plastic gutters, hoppers and downpipes.
Walls	Grey painted brick single storey elevations to Mansion Street.
Window Frames	Timber entrance/fire exit doors, but no windows as venue mainly in basement.

Services

The Old Kent Market, no 8 Fort Hill

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

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

The property presumably has a three-phase electricity supply, as we noted the installation of a communal walk-in cold room, as well as several licensed and catering outlets operating from units within the covered market.

Domestic hot water is supplied from a Stelflow electric water heater located in the first-floor utility lobby and a Redring Direct 3 electric water heater over the basin in the staff toilet.

The premises also have a CCTV surveillance system, linked to computerised recording equipment in the management office.

The Dugout, no 4 Fort Hill

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

The property has air conditioning in the basement club, served by externally mounted compressors on the south-eastern facing wall of the building.

The premises also have a CCTV surveillance system, which we understand is a condition of the Premises Licence.

Olby's Café, no's 3-5 King Street

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

Domestic hot water is supplied by a wall-mounted Ariston electric water heater located in the wash-up.

Kent Creative, no's 5 & 6 Mansion Street

We are advised that the property or the associated shared customer toilet facilities, are connected to the following:

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

The property has air conditioning in the live music venue, ((served by externally positioned compressors located where?))

There was also an electric curtain fan heater positioned above the entrance door from Mansion Street.

The premises have a CCTV surveillance system, which we understand is a condition of the Premises Licence.

External Property

Residential

Crawford House, no 6 Fort Hill

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

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

The property has a gas-fired central heating and domestic hot water system, served by a Magna Clear wall mounted boiler located in the second-floor bathroom.

Flat no 3 King Street

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

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

The property has a gas-fired central heating and domestic hot water system, served by a Main Combi wall mounted boiler located in the first-floor kitchen.

Flat no 5 King Street

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

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

The property has a gas-fired central heating and domestic hot water system, served by a Main Combi 24HE wall mounted boiler located in the first-floor kitchen.

Systems and Equipment

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

External Property

Front Elevations Of Oldby's Cafe



Entrance To Kent Creative From Mansion 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.

The Old Kent Market

Externally the front elevation was well presented with a particularly striking pink and red coloured paint co-ordination, this continuing at the lower level to the northern elevation, whereas the upper part includes a hand painted mural depicting fresh produce. The remainder of the northern elevation facing Mansion Street up to the entrance to Kent Creative is cream painted smooth render over a blackened plinth, but in need of recoating, particularly behind the commercial refuse bins; whereas the furthest section above the associated flat roof is in mellow brickwork.

The front portion of the roof providing for the terrace accessed from the third-floor bedroom, is timber decked and this is adversely affected by lichen growth, likely to provide a hazard to the tenants during wet weather, hence this should be cleaned and treated to prevent a potential personal accident and insurance claim.

The borrower's first major capital investment following acquisition of the property in 2008, was to remove the glass roof that had been a feature of the building during its original use as a cinema; and replace it with a more conventional pitched slate covered roof. However, leaning thereon in what appears to be a precariously position at eaves level with the northern elevation adjoining Mansion Street, is a fan unit, which had previously served the air extraction system of The Dugout cellar bar and Kent Creative music venue, since superseded by the installation of air conditioning.

On the assumption the air extraction system is now redundant and is no longer required, steps should be taken to remove this disused fan unit, both for safety and ascetic reasons.

George Bowra was not aware as to whether an asbestos survey has previously been prepared for the part of the former cinema occupied by The Old Kent Market.

Our valuations have 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 prepared for no 8 Fort Hill, Margate on 30 April 2012 and this provided a 57 EP rating, falling within Band C (51 – 75).

Therefore, as EP Band 'D' is better than the Band 'E' 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, a provision which came into effect on 1 April 2018.

The Dugout & Crawford House, 6 Fort Hill:

The Dugout occupies the ground floor and basement of the Crawford House building, with the balance of the trading space arranged as a cellar bar, entertainment area and customer toilets within the basement of the former cinema.

Externally, Crawford House is well presented and in good decorative condition, but noted deterioration of the softwood joinery at higher levels, a couple of missing slates on the south facing roof slope and front section of the lead covered ridge starting to lift.

George Bowra was not aware as to whether an asbestos survey has previously been prepared for Crawford House, part of which is occupied by The Dugout. We did however note that the basement lobby at the bottom of the stairs from the front bar has an Artex coated ceiling, which we would expect to be included within an asbestos survey.

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

An Energy Performance Certificate (EPC) was issued for no 6 Fort Hill, Margate as a 'Semi-detached house' on 25 April 2009 and this provided a 57 EP rating, falling within Band F (21 – 38). Whilst this EPC will have since expired due to time effluxion, it being over the 10-year maximum life for such a certificate, the previously assessed EP Band 'F' was worse than the Band 'E' (39 – 54) generally acceptable to loan sources.

Nevertheless, as Crawford House is a Listed building, an EPC was not strictly required, as this is one of the exceptions under EP legislation. George Bowra's interpretation of same is that as the previous certificate has expired, a replacement one is not required, even if the existing tenant were to vacate and the property offered for sale or to let.

The national on-line register of Non-Domestic Energy Performance Certificates, does not currently include an EPC for The Dugout, no 6 Fort Hill, Margate. However, as both Crawford House and the former cinema are Listed buildings, it could be argued that an EPC was not required.

External Property

Nevertheless, we later refer to an EPC having recently been prepared for no's 3 -5 King Street, Margate, which George Bowra advises relates to the combined premises occupied by Olby's Café, Kent Creative and that part of The Dugout under The Old Kent Market. This provides an EP rating of 83, falling within Band 'D' (76 - 100).

Olby's Café & Flat no's 3 & 5 King Street:

Externally the property appears to be well presented, with the traditional shop-fronts of the former retail units having been retained for the current use as a fully licensed café bar.

The felt covered rear roof and surround to the front pitched slated section behind front parapets we are advised was re-felted in 2012/2013 and the front elevations patch repaired and redecorated in 2018 following previous water intrusion. The latter had resulted in internal damage to the walls, adjoining ceilings and associated coving in the first-floor open plan living/dining room/kitchen and second floor front bedrooms of Flat 3, each where making good by the tenants is currently in hand, but has yet to be completed.

George Bowra was not aware as to whether an asbestos survey has previously been prepared for the building occupied by Olby's; but noted that the stair lobby to the customer's toilets has an Artex coated ceiling, which we would expect to be included within an asbestos survey.

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

An Energy Performance Certificate (EPC) was issued for the 'Top-floor maisonette' no 3 King Street, Margate on 29 October 2008, which provided a 60 EP rating, falling within Band D (55 – 68), but this certificate will have since expired due to time effluxion.

However, we before refer to the borrowers having recently arranged for a Non-Domestic Energy Performance Certificate (EPC) to be prepared for no's 3 – 5 King Street, Margate and this was issued on 26 August 2019. It provides an 83 EP rating, falling within Band D (76 – 100).

Therefore, as EP Band 'D' is better than the Band 'E' 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, a provision which came into effect on 1 April 2018.

Kent Creative & The Dugout

The Kent Creative music venue is approached from Mansion Street, with the reception lobby housed within part of a single storey section attached to The Old Kent Market, the remainder having historically been used in conjunction with adjoining former sailmaker's workshops, no's (5 & 6 Maison Street)

Externally, the entrance to the subject premises is presented with grey painted walls in need of recoating, with a mural depicting a group of people with scooters stretching the full length of this single storey extension to the other buildings. The flat roof covering appeared to be in poor condition.

George Bowra was not aware as to whether an asbestos survey has previously been prepared for the parts of the former cinema occupied by Kent Creative and The Dugout. At the time of our recent visit we noted the ceiling of the open plan music venue had an Artex coated ceiling, which we would expect to be included within an asbestos survey.

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

The national on-line register of Non-Domestic Energy Performance Certificates, does not currently include an EPC for Kent Creative, no's 6 Fort Hill, Margate. However, as the former cinema is a Listed building, it could have been argued that an EPC was not required.

Nevertheless, we before refer to an EPC having recently been prepared for no's 3 -5 King Street, Margate, which we are advised relates to the combined premises occupied by Olby's Café, Kent Creative and that part of The Dugout under The Old Kent Market. This provides an EP rating of 83, falling within Band 'D' (76 - 100).

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.

External Property

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 estimates are provided purely for guidance purposes to assist the named client in their consideration of the stated business proposal. They 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 estimates 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, they make 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 figures for the existing structures (exclusive of VAT), should not be less than as follows;

The Old Kent Market, no 8 Fort Hill, The Dugout, no 4 Fort Hill and Kent Creative, no's 5 & 6 Mansion Street – £2,500,000.

Olby's Café no's 3 - 5 King Street and Flat no's 3 & 5 King Street – £700,000.

Crawford House, no 6 Fort Hill – £240,000.

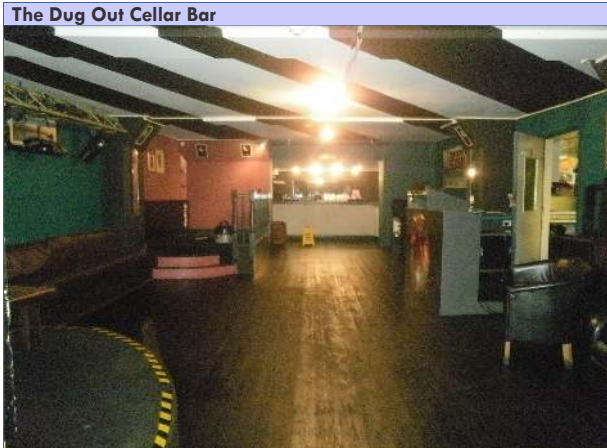
On these specific assumptions, we suggest that the reinstatement figure for the existing structure (exclusive of VAT) should not be less than **£3,400,000**.

Internal Property

The Old Town Market



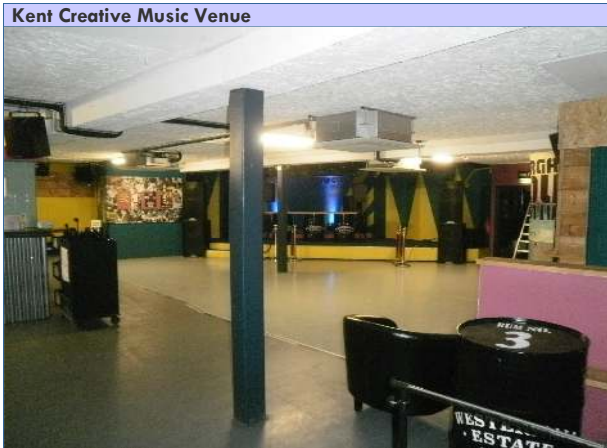
The Dug Out Cellar Bar



Oldbys Cafe Bar



Kent Creative Music Venue



Third Floor Lounge At Crawford House



Internal Description

Property Areas

Old Kent Market, no 8 Fort Hill

The landlords' schedule provided indicates these premises extend to between 391.4m² (4,212ft²) to 402.7m² (4,333ft²). In contrast, our onsite measurements and calculations indicate that this extends to 563.6 m² (6,065 ft²) GIA over the three floors.

Area	Size m ²	Description
Ground Floor		
Ice Cream Kiosk	6.0	Located on northern side of the main entrance, with double doors from pavement. Fitted with serve-over counter.
Main Entrance Steps (left)	3.4	Provides access to the ice cream kiosk and market hall.
Main Entrance Steps (right)	4	Provides access to the herb room and market hall.
Open Plan Covered Market Hall	339	Feature vaulted ceiling of the former cinema, an original street vendor's cart, a red painted telephone box and a London Transport double decker open topped bus converted for use as a café/bar/restaurant. Otherwise arranged with 12 licensed and catering units serving into a central food court - 42 seats, overlooked by a galleried mezzanine landing walkway providing access to further shop units and open fronted stalls.
Communal Utility Room	9.9	Fitted heavy duty stainless steel wash-up and a walk in refrigerated cold room.
Rear Fire Exit Lobby	8.4	Provides access to customer and licence holders toilets.
Disabled WC	3.6	Fitted fold down baby changing mat, wash hand basin and low-level WC.
Unisex Toilet	2.3	Fitted wash hand basin and low-level WC.
Internal Fire Escape Lobby	3.4	Double fire exits door open to Mansion Street.
Under stairwell storage	1.0	Approached from internal fire escape lobby.
Mezzanine		
Landing Walkway	150.4	Arranged with 15 retail shops and 6 open fronted stalls.
Internal Fire Escape Landing	3.8	Descending to ground floor fire exit.
First Floor		
Management Office	13.2	Used as security room.
Store Room	8.6	With internal window overlooking market hall.
Utility Lobby	4.8	With electrical switch gear and hot water cylinder.
Staff Toilet	1.9	Fitted extractor fan, wash hand basin and low-level WC.

From the on-site measurements taken at the time of our recent visit, we have calculated the 34 licensed, catering and retail units extend to a collective 236.3 m² (2,542 ft²) NIA; comprising; ice cream kiosk 6.0 m² (65 ft²), 12 ground floor licensed and catering units of a collective 143.3 m² (1,542 ft²) and 21 mezzanine floor retail shop and open fronted display units 87.0 m² (935 ft²) NIA. This excludes the street vendors cart for the sale of fresh flowers or greengrocery and a converted London Transport double decker open topped bus for use as a café/bar/restaurant.

Internal Description

The Dugout, no 4 Fort Hill

The landlords' schedule provided indicates these premises extend to 160.1 m² (1,723 ft²) GIA. This is distinctly similar to our calculated 161.4 m² (1,730 ft²) GIA.

Area	Size m ²	Description
Basement		
Main Entertainment Area	72.6	With raised stage and DJ booth.
Cellar Bar	25.7	With L-shaped bar servery having back fittings and ceramic tiled working surface, recessed stainless steel wash-up.
Beer Cellar	4.4	Adjacent to cellar bar servery with wall mounted air conditioning unit as cellar cooler.
Catering Kitchen	19.2	Fitted fume extraction hood, open fronted base units with stainless steel working surfaces, stainless steel double bowl wash-up and wash hand basin.
Storage Area	4.2	Under stairwell.
Hallway to Customer Toilets	3.8	Also used by customers of Kent Creative.
Ground Floor		
Front Bar	8.0	Bar servery with rear bottle display surface, recessed stainless-steel wash hand basin.

The following accommodation is shared with Kent Creative.

Area	Size m ²	Description
Basement		
Male Toilets	10.8	With three urinal pods, two pedestal wash hand basins and two separate cubicles having low level WCs.
Female Toilets	12.7	With two pedestal wash hand basins and three separate cubicles with WCs having built-in cisterns.

The female toilets have two further WC cubicles, but these were locked at the time of our recent visit, hence the stated 12.7 m² NIA excludes these.

Internal Description

Olby's Café, no's 3 & 5 King Street

The landlords' schedule provided indicates these premises extend to 264.3 m² (2,844 ft²) GIA. As compared with our own measurements and calculations of 154.2 m² (1,659 ft²) GIA.

Area	Size m ²	Description
Ground Floor		
Café Bar	30.7	Boarded floor, wall panelling below dados and high ceiling with original coving - 20 seats
Upper Seating Area	10.2	Feature arched stained glass window - 8 seats
DJ booth	1.2	Approached from upper seating area.
Front Bar	23.2	Boarded floor, wall panelling below dados, high ceiling with original coving and bar servery with rear bottle displays - 8 seats
Basement		
Hallway	9.7	To customer's toilets
Male WC	6.9	Ceramic tiled floor and walls, two raised wash hand basins to vanity unit and two WC cubicles.
Female WC	8.5	Ceramic tiled floor and walls, two urinal pods, raised wash hand basin to vanity unit and WC cubicle.
Food Servery	3.3	With roller shutter.
Catering Kitchen	6.4	Fitted fume extraction hood.
Wash-Up	5	Fitted double bowl stainless steel wash-up and wash hand basin.
Lobby to Cellars	2	Accessed only through Ken Creative music venue.
Linked Cellar Rooms	47	With restricted ceiling height, including; beer cellar room having refrigerated cellar cooler; cellar store room and under-stairs storage recess.

Internal Description

Kent Creative, no's 5 & 6 Mansion Street Venue

The landlords' schedule provided indicates these premises extend to 248.3 m² (2,672 ft²) GIA, as compared with our distinctly similar 252.2 m² (2,714 ft²) GIA from our own measurements and calculations.

Area	Size m ²	Description
Basement		
Open Plan Music Venue	241.8	Painted chipboard bar floor area with centrally positioned servery, lower painted plywood dance floor, raised stage and separate DI booth. Principally painted walls apart from a timber clad section and Artex coated ceilings with surface mounted air conditioning units.
Stair Lobby	3.2	At bottom of stairs from reception lobby before entering music venue.
Cloak Room	1.3	With stable door to stair lobby.
Ground Floor		
Reception Lobby	5.9	Approached from Mansion Street entrance, with reception counter.

The following accommodation is shared with The Dugout.

Area	Size m ²	Description
Basement		
Male WC	10.8	As previously described.
Female WC	12.7	As previously described.

Internal Description

Crawford House, no 6 Fort Hill (four-bedroom maisonette)

The property that is approached from the pavement through a front door positioned next to the dual entrance to Old Town Market, offers accommodation arranged over five floors, extending to a calculated 113 m² (1,216 ft²), IPMS2. It also benefits from a large roof terrace, providing scenic views across Margate seafront.

The accommodation is more particularly described as follows;

Ground Floor:

Entrance lobby (including stairwell) – 1m x 2.5m, with meter cupboard recess.

First Floor:

Kitchen/Breakfast Room – 4.7m x 6m, plus feature bow window – 1.8 m², with stairwell located centrally in room, which occupies a space of 1.1m x 1.6m. Oak effect finished kitchen units with granite effect working surfaces having recessed gas hob, filter fan hood, integrated electric oven and stainless-steel wash-up.

Second Floor:

Landing area – 2.15m x 3.26m
Bathroom – 1.9m x 3m, with three-piece white suite.
Living Room – 5.5m x 4.7m
Bedroom – 4m x 2.3m
Bedroom – 4m x 2.2m

Third Floor:

Stairwell – 1.3m x 3.3m
Bedroom – 2.9m x 3.3m, with access to timber decked roof terrace 10.0m x 4.8m.

Fourth Floor:

Bedroom – 2.7m x 3.6m, with feature arched windows.

Flat 3 King Street (four-bedroom maisonette)

The property shares a pedestrian approach from the pavement with Flat 5 King Street, through a passageway beneath the upper floors of the building, to the respective entrance doors at the rear.

The accommodation of Flat 3 King Street, which is arranged over four floors, extends to a calculated 99 m² (1,065 ft²) IPMS2. It is more particularly described as follows;

Ground Floor:

Entrance lobby – 3.1m x 2.2m
Shower Room – 1.8m x 1.6m, fitted extractor fan to ceiling housing, white corner shower cubicle, pedestal wash basin and low-level WC.

Stairwell – 3.2m x 1.1m

First Floor:

Landing – 1m x 2.9m with under stairs storage cupboard.
Open Plan Living/Dining Room/Kitchen;
Living Room Area 3.46m x 4.2m,
Dining Area 2.2m x 1.9m
Kitchen – 1.1m x 2.26m + 2.4m x 3.9m, with maple effect finished kitchen units having granite effect working surfaces, recessed one and a half bowl wash-up, gas hob with filter fan above and integrated electric cooker.

Second Floor:

Bedroom – 1.8m x 3.5m + 2.5m x 2.3m
Bedroom – 5.3m x 2.2m + 2.7m x 2m
Bathroom – 1.76m x 2.1m, with white three-piece bathroom suite.

Third Floor:

Bedroom – 4.9m x 2.5m
Bedroom - 2.76m x 2.6m

Internal Description

Flat 5 King Street (two-bedroom maisonette)

The accommodation that is arranged over three floors, extends to a calculated 81.8 m² (880 ft²) IPMS2. It is more particularly described as follows;

Ground Floor:

Entrance Lobby – 1.86m x 2.5m

Landing (including stairwell) – 4.2m x 2m

First Floor:

Half Landing

Bathroom – 1.9m x 2.5m, Fitted extractor fan to wall housing and white three-piece bathroom suite.

Second Floor:

Landing – 3.9m x 1.2m, with built-in store cupboard.

Bedroom – 3.2m x 4.1m

Bedroom – 3.1m x 5.1m

Kitchen – 3.6m x 2.4m with recently fitted high gloss finished kitchen units with granite effect working surfaces, recessed gas hob, fitted electric oven and Belfast sink.

Living Room – 4.36m x 5m, with ceramic tiled fireplace with oak surround.

Measurement of Accommodation

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

Internal Description

Access

The Old Kent Market, no 8 Fort Hill

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

There is a step up from the pavement to the ice cream kiosk, but on the dual main entrance to the indoor market, three steps and a threshold on the left-hand approach; and four steps and a threshold on the right. Once inside the building there are no changes in level to reach the individual shop units on the ground floor, seating in the central food court, or customer's toilets; the latter that include those specifically designed or since adapted for wheelchair users.

There is however a deep step up onto the former London Transport bus adapted for use as a café bar restaurant, with further steps up to the seating on the upper deck.

The remaining shop units are at mezzanine level, approached by a flight of stairs each with 13 steps on either side of the market hall. Customers and licence holders may alternatively use the internal fire escape stairs with 14 steps to access this level. There are also three steps up from the mezzanine walkway to the first-floor management offices.

The Dugout, no 4 Fort Hill

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

There is a step and threshold through the ground floor entrance door from the pavement in Fort Hill into the front bar, with 13 steps down stairs into the cellar bar and three steps up onto the stage in the entertainment area. For staff, from the L-shaped servery there are three steps and a threshold through the door into the wash-up area of the catering kitchen; within which is a two-step change in levels down to the cooking area.

There is a one-step change in levels in the shared lobby with the Kent Creative music venue and the customer toilets were not specifically designed or have since been adapted for wheel chair users.

Oldby's Café, no's 3-5 King Street

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

There is a step up through the front entrance door into the café bar from which there are three steps to the raised seating area, or a single step down to the front bar. From the latter are 11 steps down to the basement and a graded slope in the restricted width passageway to the customer's toilets, which understandably have not been specifically designed or since adapted for wheelchair users.

The wide connecting staircase from the café bar down to Kent Creative music venue has 12 steps.

For staff there is a step up from the front bar to behind the servery, three steps up from the raised seating area in the café bar to the DJs booth. Additionally, from the music venue there is both a step down and step up through the lobby into the beer cellars.

Kent Creative, no's 5 & 6 Mansion Street

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

On the Mansion Street approach to the live music venue, there is a step up through the entrance doors into the reception lobby. Once inside the building, there are 22 steps with half landings down to the stair lobby with cloak room, before going through into the bar area. There is a step down from the latter onto the dance floor and two steps therefrom up onto the stage.

As indicated previously, the customer toilets that are shared with The Dugout bar and entertainment suite, were not specifically designed or have since been adapted for wheel chair users.

Internal Description

Crawford House, no 6 Fort Hill

There is a threshold on the front door into the entrance hall and stairs with 11 steps to first floor, 12 steps to second floor and 10 steps to third floor.

Flat no 3 King Street

There is a step up on the pathway external approach to the maisonettes and a further three steps up to the entrance door to Flat 3, which also has a threshold. Once inside the building there is level access to the ground floor accommodation, but stairs with 11 steps to the first floor, 12 steps to the second floor and 10 steps to the third floor.

Flat no 5 King Street

There is a threshold on the front door into the entrance lobby, three steps in the stair lobby, a further nine steps to the first-floor landing; and nine steps therefrom to the second floor.

The Equality Act 2010

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

Decoration and Furnishing

The Old Kent Market

Internally the property was generally well presented and managed, the barrel-vaulted ceiling of the former cinema being a particular-feature for the covered market and subdivision of the ground floor to provide individual units for the retail, licensed and catering outlets serving to a central food court, despite rather basic tables and benches, appears to work well, as there were no apparent vacancies.

The galleried landing walkway at mezzanine level is a worthy addition, this providing access to further retail units and six shallow open fronted units, perhaps suitable for the display of artist's work, albeit the latter were not occupied at the time of our recent visit.

Customer toilets that are on the ground floor, are presented with non-slip floor coverings, half ceramic tiled walls and white sanitary-ware.

However, building works in connection with the formation of the first-floor utility lobby appear incomplete, the staff toilet was in poor decorative condition and both the management office and adjoining store room poorly presented.

The Dugout

Internally the ground floor front bar was reasonably presented, this serving to customers using the pavement seating; and as a 'feeder' to the cellar bar offering music and comedy acts. The latter is typical of a rather dated provincial late-night bar and entertainment venue.

The customer toilets shared with Kent Creative, are presented with non-slip floor coverings, modern fully ceramic tiled walls and modern suspended ceilings with acoustic tiles.

Olby's Café

Internally the ground floor café bar and front bar were reasonably presented, albeit the floor boards are rather worn and pitted, testament to a predominantly wet led trade over an extended period. The customer's toilets also had a reasonable presentation.

The food service area, catering kitchen and wash-up were of a rather basic appointment, in places in poor decorative condition and arranged so ceramic tiled splashbacks do not correspond with the height of adjoining working surfaces. This is despite the premises having been awarded a 5/5 rating following the Environmental Health Officer's last visit on 10 May 2018.

The connecting lobby between the Kent Creative music venue and beer cellars used by Olby's Café, has both been constructed to a minimal specification and is incomplete. This includes the absence of an intumescent strip on the fire door.

Whilst the refrigerated beer cellar appears suitable for purpose, a large diameter aluminium ducting pipe intrudes into this space before passing through the adjoining cellar storage area.

The concrete floors of the cellar areas have suffered from impact damage and in such a damp environment, the decorative surfaces of the brick and concrete block walls have been adversely affected accordingly.

Internal Description

Kent Creative

Internally the premises are presented as a distinctly dated provincial licensed music venue, which appears to have been created on a restricted budget, with the use of painted chipboard and plywood floors, predominantly painted, but a combination of timber and corrugated galvanised metal sheet clad walls; and Artex coated ceilings. We noted damp staining to part of the latter, due we are advised to a water leak from The Old Kent Market above and whilst this has since been repaired, making good to decorations in the subject premises have yet to be undertaken.

Crawford House

The accommodation is generally reasonably presented and decorated; but noted several outstanding repair and maintenance issues. These not comprehensively include; the absence of a door or panel to conceal the electricity meter and associated equipment in the recessed housing of the entrance lobby; a cracked window pane in the second-floor bathroom; water intrusion through a deteriorating fourth floor bedroom window; and timber decking to the rooftop terrace in need of cleaning to remove algae, thereby reducing the likelihood of a personal accident on a slippery surface during wet weather.

No's 3 & 5 King Street

Flat 3

Wood chip and other papered walls, Artex coated ceilings to the entrance hall, landings, living/dining room/kitchen and bedrooms. The second floor L shaped bedroom was in extremely poor condition, with mould growth to the windows and a hole in the ceiling, following the before referred previous water intrusion.

The third-floor bedroom currently used for the storage of tenant's household furniture and other effects, is in poor decorative condition, so too the bathroom window at this level.

Flat 5

Whilst the maisonette has recently installed kitchen units and benefits from high ceilings on the second floor throughout, there several outstanding repair issues. These include; damage around the lock of the front entrance door; the sitting room ceiling would benefit from redecoration and the traditional sash windows are in poor decorative condition.

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 have made online enquires, which have provided the following information:

The public register indicates that no's 4, 6 and 8 Fort Hill are listed buildings, but the remainder of the properties in the subject group of investments under consideration are not.

no 8 Fort Hill (The Old Kent Market)

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

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

The subject property lies within Margate Conservation Area.

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
L/TH/13/0376	09/04/2014	Approved	Application for Listed Building consent for external alterations, including erection of kiosk, replacement doors, creation of entrance steps to front elevation and insertion of door to side elevation. Internal works including removal of ceiling and staircase, insertion of mezzanine floor, staircases and internal walls
F/TH/13/0381	20/06/2014	Approved	Change of use from snooker hall to mixed A1, A3 and A4 use, insertion of mezzanine floor, siting of tables and chairs to forecourt and alterations to front elevation to include erection of kiosk and replacement doors and creation of entrance steps, together with insertion of door to side elevation

4 Fort Hill (The Dugout)

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

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

The subject property lies within Margate Conservation Area.

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/07/0044	12/03/2007	Approved	Installation of door to allow maintenance access onto flat roof.
L/TH/07/0594	19/07/2007	Approved	Application for listed building consent for the erection of decking & handrail to first floor roof area.
L/TH/07/0045	12/03/2007	Approved	Listed building consent for the installation of a door.
L/TH/05/0552	22/06/2005	Approved	Installation of doors to shopfront and replacement of existing door with window.
F/TH/05/0557	22/06/2005	Approved	Installation of doors to shopfront and replacement of existing door with window.

Statutory Authorities

No's 3 – 5 King Street (Olby's Café)

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 Margate Conservation Area.

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/09/0119	07/04/2009	Approved	Alterations to shop front
F/TH/91/0346	20/06/1991	Approved	Change of use of ground floor restaurant to public house bar with installation of new shop fronts

5 & 6 Mansion Street (Kent Creative)

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

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

The subject property lies within Margate Conservation Area.

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/16/1289	30/03/2017	Approved	Erection of 4-storey building containing 10No self contained flats together with retail unit at ground floor level following demolition of existing buildings
CD/TH/15/0333	22/07/2015	Approved	Application for lawful development certificate for alterations and extensions to facilitate the conversion of property to 9no. self-contained flats
C/TH/08/0399	21/05/2008	Approved	Application for conservation area consent for partial demolition of building
F/TH/07/1723	23/04/2008	Approved	Alterations and extensions to facilitate the conversion of property to nine self-contained flats
C/TH/05/0393	21/06/2005	Approved	Conversion of storerooms and extension to form five apartments
F/TH/05/0392	21/06/2005	Approved	Change of use and conversion of storerooms and extension, together with erection of first and second floor extension and alterations to the roof and fenestration to create five flats
F/TH/93/0819	14/07/1994	Approved	Change of use and conversion of ground, first and second floors to 3 self-contained flats with erection of a staircase and associated gates and external alterations

6 Fort Hill (Crawford House)

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

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

The subject property lies within Margate Conservation Area.

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

Statutory Authorities

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/17/1380	07/12/2017	Withdrawn	Retrospective application for the erection of steel fire escape and 3No air conditioning units to rear elevation
F/TH/17/1381	07/12/2017	Withdrawn	Retrospective application for Listed Building Consent for the erection of steel fire escape and 3No. air conditioning units to rear elevation
F/TH/18/0677	26/10/2018	Approved	Part retrospective installation of replacement air conditioning units and erection of timber enclosure, together with replacement handrail with balustrading to existing fire escape staircase and landing
L/TH/18/0678	26/10/2018	Approved	Part retrospective application for Listed Building Consent for installation of replacement air conditioning units and erection of timber enclosure, together with replacement handrail with balustrading to existing fire escape staircase and landing.

Rating Authority

The rateable values of the subject properties are as follows:

The Old Kent Market - £18,750,

The Dugout - £10,250

Olby's Café - £7,700

Ken Creative - (listed as 5-7 Mansion Street) £11,500.

The residential accommodation falls within the following Council Tax Bands:

Crawford House, no 6 Fort Hill – Band A, with Council Tax of £1,209 per annum payable for 2019/2020.

No 3 King Street – Band B, with Council Tax of £1,410 per annum payable for 2019/2020.

No 5 King Street – Band A.

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.

The Old Kent Market, no 8 Fort Hill

At the time of our recent visit, we noted that the premises have a fire alarm and emergency lighting system.

Fire-fighting equipment was supplied and serviced by EK Fire Protection from Dover, whose last visit for this purpose was in March 2018.

The Dugout, no 4 Fort Hill

At the time of our recent visit, we noted that the premises have a fire alarm and emergency lighting system.

Fire-fighting equipment was supplied and serviced by London & Home Counties Fire Protection from Snodland, whose last visit for this purpose was in June 2017.

Olby's Café, no's 3-5 King Street

At the time of our recent visit, we noted that the premises have a fire alarm and emergency lighting system.

Fire-fighting equipment was supplied by London & Home Counties Fire Protection from Snodland, but there was no service record attached to the extinguisher inspected.

Kent Creative, no's 5 & 6 Mansion Street

At the time of our recent visit, we noted that the premises have a fire alarm and emergency lighting system, linked to a control panel in the reception lobby.

Fire-fighting equipment was supplied and serviced by London & Home Counties Fire Protection from Snodland, whose last visit for this purpose was in June 2017.

Statutory Authorities

Crawford House, no 6 Fort Hill

George Bowra advises that the property has battery operated smoke alarms, but we did not observe any specific fire protection measures having been undertaken at this property.

However, as the accommodation is arranged over five floors and is let to a single household; under the Housing Act 2004 and HHSFS – Housing Health & Safety Rating System, for a ‘Single household up five or six storeys’, there is a Grade A, LD3 requirement for a fire alarm system with detectors and a central control panel.

Flat no 3 King Street

Fire protection measures include a wired glass panel to the front entrance door and the installation of smoke detectors and alarms, albeit several of these units appeared either incomplete or not in use at the time of our recent visit, presumably following the before referred to damage caused by previous water intrusion.

Flat no 5 King Street

We did not observe any specific fire protection measures having been undertaken at this property. However, as the accommodation is arranged over three floors and is let to a single household; under the Housing Act 2004 and HHSFS – Housing Health & Safety Rating System, for a ‘Single household up to four storeys’, there is a Grade D, LD3 requirement for interlinked smoke or heat alarms.

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

The Old Kent Market, no 8 Fort Hill

Due to the nature of The Old Kent Market, multiple listings have been found in respect of the businesses that are registered under the provisions of the Food Safety Act 1990.

The Dugout, no 4 Fort Hill

The Dugout – no listing found

Olby’s Café, no’s 3-5 King Street

We understand that the lessee operator of Olby’s Café, Heather Deslanders, has previously registered her business under the provisions of the Food Safety Act 1990 and the premises received a 5/5 rating following the Environmental Health Officer’s last visit on 10 May 2018.

Kent Creative, no’s 5 & 6 Mansion Street

Kent Creative - no listing found

For the purpose of our valuations, we have assumed that there are no outstanding issues with this Authority that would impact on the operation of the businesses or result in any significant costs to the operators to address. However, we recommend that this be confirmed.

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.

Statutory Authorities

Licensing

The Old Kent Market, no 8 Fort Hill

Premises Licence

We are advised that the tenant of The Old Kent Market, Andrew James Barratt, or his nominee/s hold a Premises Licence and at the time of our recent visit three of the concessions appeared to be offering alcohol for sale, namely;

The Open Top Special Restaurant/BB's Café & Bar from the converted London Transport bus;

Freddie's Pub Bar; and The Little Prince "Welcome Pub".

We also assume The Old Kent Market operates with both PRS and PPL licences.

Pavement Licence

The lessee operator of The Old Kent Market is understood to hold a Pavement Licence from Kent County Council, costing an advised £200 per annum. Whilst there were tables and chairs for 20 customers on the pavement outside the property at the time of our recent visit, George Bowra advises that the maximum number of seats allowed is not specified in this licence, but a 1.2m gap must be provided to enable pedestrians and wheelchairs to pass.

The Dugout, no 4 Fort Hill, Olby's Café, no's 3-5 King Street and Olby's Café, no's 3-5 King Street

Premises Licence

George Bowra advises that the lessees of these properties hold a single Premises Licence, which includes an entertainment licence for a collective 400-person capacity.

We also assume they operate with both PRS and PPL licences.

Pavement Licence

The lessee operator of The Dugout is also understood to hold a Pavement Licence from Kent County Council, costing an advised £200 per annum. Similarly, as for The Old Kent Market, whilst there were tables and chairs for 18 customers on the pavement outside the property at the time of our recent visit, the maximum number of seats allowed is not specified in this licence, subject to the above referred to provisos.

The Licensing Act 2003

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

Methodology and Comparable Evidence

When preparing our valuations, we have had principal regard to the 'investment' method 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:

Commercial

Comparable Evidence - Rental Value –Retail & Catering

For Olby's Cafe

Location	Date	Rent	£ per m ²
No 3 Duke Street, Margate	August-2019	£22,000	£168
no 44 King Street, Margate	August-2019	£32,000	£96
no 16 King Street, Margate	Nov-2017	£12,000	£208
No 34 King Street, Margate	Sep-2017	£12,000	£122
no 9 King Street, Margate	April 2015	£6,852	£112
no 7 King Street, Margate	Dec-2014	£6,500	£107

The above schedule includes a selection of asking and passing rents for licensed, catering and retail premises located in Margate, which have been analysed against the VOAs measurements for the April 2017 Rating Revaluation, or in the absence thereof, those appearing in the agents' letting details.

- ❖ The first comparable relates to lock-up premises previously occupied by an American diner on the ground floor and a bar and customer toilets in the basement, located in the Old Town of Margate, close to many independent food outlets, retail shops, galleries and 'op-up' shops. Extending according to the VOA measurements to 130.8 m² NIA, the premises are currently on the market at an asking rent of £22,000 per annum, equating to £287/m² (£26.73/ft²) ITZA and £168/m² (15.63/ft²) NIA.
- ❖ The second comparable relates to a public house of Margate's former Cobbs Brewery, located adjacent to the Old Town and latterly occupied by The Ambrette Restaurant, until they relocated into 'The Hoy' on the seafront in April 2018. The substantial three-storey building over basement cellars extended as a whole to 333.4 m² NIA, but only the ground floor restaurant, kitchen and customer toilets, together with an office and stores of a collective 166.6 m² NIA were in use at the time of the April 2017 Rating Revaluation.

The property has since been let on a 20-year FRI lease from August 2019, at a commencing rent of £32,000 per annum, equating to an overall £96/m² (£8.92/ft²) NIA, but seemingly £192/m² (17.86/ft²) NIA for the space previously in use. The letting agents advise that the lessees are intending to run a bar and restaurant from the premises in conjunction with letting rooms to be created from the disused accommodation on the upper floors. They have been granted a six-month rent-free period for fitting out, but a tenant's break clause option after three years.

- ❖ The third comparable relates to lock-up ground floor and basement retail premises, with a total floor area of 58 m². The property was let on a seven-year FRI lease from November 2017 at a commencing rent of £12,000 per annum, equating to £517/m² (£48/ft²) ITZA and an overall £208/m² (£19.36/ft²) NIA, subject to a three year upward only rent review. The lessees were operators of Hantvert Found, a small seafood restaurant next door, has facilitated their expansion, but the premium rent reflective of a 'Special Tenant'.
- ❖ The fourth comparable relates to lock-up ground and first floor retail premises with a total floor area of 106.1 m² NIA, previously occupied by Kingfisheries bait shop. The property was let on a seven-year FRI lease from September 2017 at a commencing rent of £12,000 per annum, equating to £358/m² (£33.30/ft²) ITZA and an overall £122/m² (£11.31/ft²) NIA, subject to upward only rent reviews in 2019 and 2022, the former also coinciding with a tenant's break clause.
- ❖ The fifth comparable relates to a lock-up shop occupying the ground floor and basement only of a Victorian semi-detached four-storey building fronting King Street adjoining the cobbled courtyard adjacent Olby's Café. The premises that extended to 57.6 m² over the two floors was let on a six-year FRI lease from April 2012 with a passing rent from the three-year review in 2015 of £6,852 per annum, equating to £195/m² (£18.12/ft²) ITZA and an overall £112/m² (£10.37/ft²) NIA.

Methodology and Comparable Evidence

- ❖ The sixth comparable relates to lock-up shop occupying the ground floor and basement only of a Victorian semi-detached four-storey building on the corner of King Street with Fort Road, close to Margate's seafront. The premises that extended to 60.8 m² over the two floors was let on a six-year FRI lease from December 2011 with the passing rent from the three-year review in 2014 of £6,500 per annum, equating to £293/m² (£27.23/ft²) ITZA and an overall £107/m² (£9.94/ft²) NIA.

Olby's Café

The property occupies a favourable trading position in Margate's Old Town, amongst antique, vintage and retro shops, a short distance from the seafront and The Old Kent Market. The premises are arranged over ground floor and basement and whilst having been operated in conjunction with the Kent Creative live music venue and The Dugout bar since 1996, with minor alterations to access the beer cellar, it could be operated as an autonomous unit as an independent café bar, or alternatively be returned to its former use as two retail shops.

According to our on-site measurements and calculations, the premises extend to 142m², namely 95.5 m² on the ground floor and 46.5 m² in the basement, the latter arranged as customer toilets, catering kitchens, beer and storage cellars.

Having regard to the above comparable evidence, we have assessed the current market rent for these licensed premises at £17,000 per annum, equating to £275/m² (£25.60/ft²) ITZA and an overall £120/m² (£10.15/ft²) NIA. This compares with the passing rent of £13,262 per annum from the commencement of the existing six-year term in July 2018, equating to £215/m² (£20/ft²) ITZA and an overall £93/m² (£8.68/ft²) NIA.

Comparable Evidence - Rental Value – Licensed Bars & Entertainment Venues

The Dugout & Kent Creative music venue

Location	Date	Rent	£ per m ²
no 44 King Street, Margate	Aug-2019	£32,000	£96
Cliff Terrace, Margate	Jun-2019	£32,000	£84
Ethelbert Crescent, Margate	Oct-2018	£30,000	£80
No 10 Fort Hill, Margate	Apr-2018	£25,000	£87

- ❖ The first comparable relates to a public house of Margate's former Cobbs Brewery, located adjacent to the Old Town and latterly occupied by The Ambrette Restaurant, until they relocated onto the seafront in April 2018. The substantial three-storey building over basement cellars extended as a whole to 333.4 m² NIA, but only the ground floor restaurant, kitchen and customer toilets, together with an office and stores of a collective 166.6 m² NIA were in use at the time of the April 2017 Rating Revaluation.

The property has since been let on a 20-year FRI lease from August 2019, at a commencing rent of £32,000 per annum, equating to an overall £96/m² (£8.92/ft²) NIA, but seemingly £192/m² (17.86/ft²) NIA for the space previously in use. The letting agents advise that the lessees are intending to run a bar and restaurant from the premises in conjunction with letting rooms to be created from the disused accommodation on the upper floors. They have been granted a six-month rent-free period for fitting out, but also a tenant's break clause option after three years.

- ❖ The second comparable relates to the former Caprice Club bar and nightclub at Cliftonville, which occupied the ground, lower ground and basement floors of Paragon Court, a Grade II Listed building erected in 1830, otherwise arranged as flats. The commercial premises that extended to 381 m², had latterly operated as a late night public house that closed in March 2016.

The agents marketed the club on a dual basis, asking for offers in excess of £400,000 for the freehold/long leasehold interest, or alternatively to let at an asking rent of £32,000 per annum, the latter equating to £84/m² (£7.80/ft²) NIA, the asking price suggesting an 8% initial gross investment yield for an investor having paid the asking price.

- ❖ The third comparable relates to a recently created lock-up licensed restaurant extending to 375 m² NIA, occupying the ground floor of the Cliftonville Leisure Complex, where the anchor tenant is Bugsy's Tenpin Bowling Alley. The premises that had previously formed part of a nightclub, are now let on a 20-year FRI lease from 2 October 2018 to experienced local catering operators, the commencing rent of £30,000 per annum equating to £80/m² (£7.43/ft²) NIA, subject to three-year upward only rent reviews. The tenants were granted an initial nine-month rent-free period for fitting out from a 'shell finish'.

Methodology and Comparable Evidence

- ❖ The fourth comparable relates to lock-up ground floor and basement fully licensed premises of 287.1 m² NIA, previously operated as The Hoy public house and restaurant; part of a substantial four-storey building occupying a prime trading position on Margate's seafront, at the junction of Fort Hill with Mansion Street. The property was let to The Ambrette Restaurant on a 15-year FRI lease at a commencing rent of £25,000 per annum, equating to an overall £87/m² (8.09/ft²). The lessees also paid a £25,000 premium on entry in recognition of trade fixtures and fittings being included.

The Dugout & Kent Creative

The front bar and entrance to The Dugout cellar bar and entertainment suite holds a strategic trading position on Margate's seafront, adjacent to The Harbour and the Turner Contemporary Gallery. It adjoins The Old Kent Market to the north and Barnacles public house to the south, each also trading with the benefit of a Pavement Licence from Kent Council.

The premises are arranged over ground floor and basement and has been operated in conjunction with the Kent Creative live music venue and Olby's cafe bar since 1996. However, we do not consider it can currently be operated as an autonomous unit unless alterations were carried out, as whilst the shared customer toilets are included on the lease plan for The Dugout, there is presently no alternative means of escape in the case of fire from the basement entertainment suite, other than passing through Kent Creative.

The Dugout

According to our on-site measurements and calculations, these premises extend to 157.6 m² NIA, namely 8.0 m² for the ground floor front bar/entrance to the cellar bar and entertainment suite; and in the basement of 149.6 m² the latter including the catering kitchens, beer and storage cellars, as well as the customer toilets.

Having regard to the above comparable evidence, we have assessed the current market rent for these licensed premises at the passing rent of £9,270 per annum, equating to £129/m² (£12/ft²) ITGFBS – In Terms of Ground Floor Bar Space and an overall £59/m² (£5.50/ft²) NIA.

Kent Creative

According to our on-site measurements and calculations, these premises extend to 249 m² NIA, namely a ground floor entrance with reception counter of 5.9 m²; and the basement of 243.1 m², the latter including; a cloaks store and the open plan music venue and bar; but excludes the customer toilets already included in The Dugout assessment.

Having regard to the above comparable evidence, we have assessed the current market rent for these licensed premises at £15,500 per annum, equating to £122/m² (£11.35/ft²) ITGFBS – In Terms of Ground Floor Bar Space and an overall £62/m² (£5.80/ft²) NIA, after having made a £750 per annum deduction for shared use of the customer's toilets.

The Old Kent Market

Comparable Evidence - Rental Value

Location	Date	Rent	£ per m ²
Cliff Terrace, Margate	Jun-2019	£32,000	£84
No 10 Fort Hill, Margate	Apr-2018	£25,000	£87

We have been unable to uncover any directly comparable recent rental evidence for former traditional cinemas, either locally or from the wider region, but on the basis of the User Clause in the original lease referring to a bingo hall and this later having been extended to include any alternative uses, for the purposes of our assessment we consider it appropriate to include the previously referred to comparable evidence in the schedule above.

- ❖ The first comparable relates to the former Caprice Club bar and nightclub at Cliftonville, which occupied the ground, lower ground and basement floors of Paragon Court, a Grade II Listed building erected in 1830, otherwise arranged as flats. The commercial premises that extended to 381 m², had latterly operated as a late night public house that closed in March 2016.

The agents marketed the club on a dual basis, asking for offers in excess of £400,000 for the freehold/long leasehold interest, or alternatively to let at an asking rent of £32,000 per annum, the latter equating to £84/m² (£7.80/ft²) NIA.

- ❖ The second comparable relates to the previously referred to lock-up ground floor and basement fully licensed premises of 287.1 m² NIA, previously operated as The Hoy public house and restaurant; occupying a prime trading position on Margate's seafront, adjacent to The Old Kent Market. Let to The Ambrette Restaurant on a 15-year FRI lease at a commencing rent of £25,000 per annum, equating to an overall £87/m² (8.09/ft²), the lessees also paying a £25,000 premium on entry for trade fixtures and fittings.

Methodology and Comparable Evidence

In connection with the letting of the ground floor and basement of The Hoy pubic house and restaurant building, which lies adjacent to The Old Kent Market, our analysis of that transaction is the commencing rent for the 15-Year FRI lease entered into by The Ambrette Restaurant, of £25,000 per annum, equated to a calculated £128/m² (12/ft²) ITGFBS and an overall £87/m² (£8.10/ft²) NIA. Furthermore, it has a stated 370 m² GIA over the two floors, the commencing rent thereby equating to £68/m² (£6.28/ft²) GIA.

With regard to The Old Kent Market, from the on-site measurements taken at the time of our recent visit, the ground floor extends to 381m² (4,100 ft²) GIA and the first-floor offices and staff facilities a further 31.5 m² (339 ft²) GIA, a collective 412.5 m² (4,438 ft²) GIA.

This excludes the lessee's improvements on entry in 2013/2015 to install a mezzanine floor and create the existing indoor covered market with an ice cream kiosk of 6 m² (65 ft²) NIA, 12 ground-floor licensed, catering and retail units of a collective 143.3 m² (£1,542 ft²) NIA serving into a central food court - 42 seats. The food court is overlooked by the galleried mezzanine landing walkway providing access to a further 15 shop units and six open fronted stalls of a collective 87.0 m² (935 ft²) NIA, an overall 236.3 m² (2,542 ft²) NIA.

An original street vendor's cart for the sale of fresh flowers or greengrocery and a converted London Transport double decker open topped bus for use as a café/bar/restaurant, are also part of the lessee's trading concept, which appears to have thus far been a successful venture, in that apart from the open fronted stalls at mezzanine level, there were seemingly no other vacancies at the time of our recent visit.

The current passing rent at The Old Kent Market of £31,520 per annum from the April 2017 rent review, equates to £76/m² (£7.10/m²) GIA and whilst this is 13% higher than the commencing rent for The Ambrette Restaurant at The Hoy, a far greater proportion of space at the latter was not on the ground floor.

Therefore, similarly to the associated licensed premises within this report, we have calculated that the former cinema, prior to tenant's improvements, would have offered 390.3 m² (4,200 ft²) NIA, namely 361.8 m² on the ground floor and 28.5 m² on the first floor. Additionally, we have assessed it as providing 387.3 m² ITGFBS, to which we have applied a rate of £129/m² (£12/ft²) to arrive at a current Market Rent of £46,902 per annum, rounding down to £45,000 per annum for valuation purposes, equating to £109/m² (£10.15ft²) GIA, which appears to more closely accord with local commercial estate agent's expectation.

Comparable Evidence – Investment Value - Retail & Catering

Location	Date	Price	Rent	Yield
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 46 High Street, New Romney	Feb-2017	£182,000	£18,000	9.9
no 73 High Street, Ramsgate	Oct-2016	£122,500	£11,230	9.2
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 approaching five years.

- ❖ The first 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 second 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 third comparable is in respect of the sale of the long leasehold investment interest in New Romney high street, which was sold by auction in February 2017. The property formed part of an end of terraced building comprising a ground floor restaurant let to Aboyne House Fish Restaurant for a term of seven years from February 2012 at a passing rent of £18,000 per annum. The sale price of £182,000, generated a gross initial yield of 9.9%.

Methodology and Comparable Evidence

- ❖ The fourth comparable relates to a freehold mixed retail 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 fifth 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.

Comparable Evidence – Investment Sales - Licensed Bars & Entertainment Venues

Location	Date	Price	Rent	Yield
Cliff Terrace, Cliftonville, Margate	Jun-2019	£400,000	£32,000	8.0
12a Purdeys Way, Rochford	Feb-2019	£615,000	£55,000	8.5

In terms of licensed bars and entertainment venues, we have considered evidence from a much wider area, including the following:

- ❖ The first comparable relates to the previously referred to sale in June 2019 of the former Caprice Club bar and nightclub at Cliftonville, which closed in 2016. The freehold/long leasehold interest had been marketed at offers in excess of £400,000, or alternatively to let at an asking rent of £32,000 per annum, the latter suggesting an 8% initial gross investment yield for an investor having paid the asking price.
- ❖ The second comparable relates to the sale of freehold leisure investment for £615,000 in February 2019. The property comprised a modern unit on an established industrial estate close to London Southern Airport. Extending to 1,036.5 m² (11,155 ft²) and arranged over ground and mezzanine floors to provide a trampoline park with cafeterias, customer seating areas, toilets and staff ancillary areas, it benefited from substantial on-site parking and secure rear yard.

The entire property was let to Bounce Village Limited (with personal guarantor) on a 10-year FRI lease from 27 July 2015 at a commencing rent of £55,000 per annum, subject to a five-year rent review. The sale price represented an **8.51%** gross initial yield.

Comparable Evidence – Investment Sales

For The Old Kent Market

Location	Date	Price	Rent	Yield
1 & 3 High Street, Ramsgate	Jul-2018	706,000	£63,118	8.9
2C New Rents, Ashford	Jul-2018	£630,000	£47,000	7.5
East Street, Gateshead	Nov-2017	£3,335,000	£384,920	11.5
Various locations	Jun-2016	£17.2m	£1.922m	11.2

- ❖ The first comparable relates to a three-storey building arranged as a ground floor banking hall with basement and first floor ancillary accommodation, occupying a prominent corner position on Ramsgate's pedestrianised High Street at its junction with Queen Street. Extending to 290.5 m² over the three floors, the property was let to HSBC Bank Plc on a 15-year FRI lease from 3 June 2008 with passing rent at the time of the sale of £63,118 per annum, subject to annual RPI linked uplifts.

Methodology and Comparable Evidence

Marketed as a freehold bank investment, the property was sold at auction in July 2018 for a reported £706,000, equating to an initial 8.94% gross investment yield.

- ❖ The second comparable relates to the freehold investment sale of Castle Buildings, 2C New Rents, Ashford In July 2018, which comprised a ground floor shop, with separately accessed leisure accommodation to the first floor. The ground floor was let to Nero Holdings Limited for a five-year term from July 2017 at an initial rent of £34,500 per annum, while the first floor is let to Pressure Point Escape Rooms for three years from March 2017 at an initial rent of £12,500 per annum, however, benefitting from a stepped rent increase to £14,000 per annum in March 2019.

The property was sold by auction for £630,000 in July 2018, generating a gross initial yield of 7.46%, then with the rent increase from March 2019, it equates to an improved 7.7% gross yield.

- ❖ The third comparable relates to Mecca Bingo on East Street, Gateshead that was sold for £3,335,000 in November 2017. The property extended to 3,319 m² (35,712 ft²) of mostly ground floor leisure accommodation, let to Mecca Bingo to September 2021 at a passing rent of £384,920 per annum. The site of approximately 2.978 acres (1.2 hectares) has 225 car parking spaces, with a capacity for around 2,000 people. The sale price equates to a gross initial yield of 11.54%. Interestingly the passing rent equated to a rental rate of £116/m² (£10.78/ft²)
- ❖ The fourth comparable relates to a portfolio of 12 Gala Bingo investments that was sold in June 2016 for £17.2m. The remaining details of the sale are confidential, but we are aware that the combined rental for all the units was in the order of £1.922m per annum, the sale price reflecting an overall initial 11.2% gross yield

Commercial - Valuations Summary

Market Values (subject to leases)

Property	Current Rent per annum	Gross Investment Yield	MV1	£ per m ² /GIA
Old Kent Market	£31,520	7.88%	£400,000	£970
The Dug out	£9,270	8.06%	£115,000	£713
Olby's Café	£13,262	8.04%	£165,000	£1,070
Kent Creative	£10,688	7.92%	£135,000	£535
Total			£815,000	

Comparable Evidence – Residential Rents

- ❖ A two-bedroom top floor flat, located above the adjacent Barnacles public house, has a letting agreed at £550 per calendar month, albeit it had initially been marketed at an advertised rent of £700 per calendar month.
- ❖ A two-bedroom flat in Hawley Square, has a letting agreed, with advertised rent having been £650 per calendar month.
- ❖ A two-bedroom apartment in Addington Street, is currently on the market to let at an asking rent of £700 per calendar month.
- ❖ A two bedroom flat in Trinity Square, is presently available to let at an advertised rent of £675 per calendar month.
- ❖ A four-bedroom Grade II listed three-storey Georgian town house, within central Margate, is currently being offered to the market to let, with an advertised asking rent of £1,150 per calendar month.
- ❖ A four-bedroom three-storey town house, located centrally to Margate, with an advertised rent of £900 per calendar month, has a letting agreed.

Methodology and Comparable Evidence

Comparable Evidence – Residential Sales

For Crawford House

Location	Date	Sale Price	£ per m ²
Flat 8, no 1 King Street, Margate	Aug-2019	£165,000	£2,750
No 2 Duke Street, Margate	Aug-2019	£485,000	£2,091
Flat 9, Royal York Mansions, The Parade, Margate	Mar-2018	£225,000	£1,940
no 25a King Street, Margate	Sep-2017	£260,000	£4,000
Flat 8, no1 King Street, Margate	Mar-2016	£110,000	£1,833
Flat 1, no's 1-2 Marine Gardens, Margate	Oct-2015	£326,000	£2,991

The above schedule includes a selection of residential flats and houses, either on the seafront or nearby in Margate Old Town, including those having an existing or previous commercial connotation, which have been sold, are presently under offer, or on the market, with the sale/asking prices as appropriate analysed against the size of each unit that appears in the associated EPC.

- ❖ The first comparable relates to a self-contained one reception room, two-bedroom fourth floor residential flat requiring some updating, located above Barnacles public house on Margate seafront, overlooking the harbour arm and adjacent to the Turner Contemporary Gallery. Extending according to the EPC to 60 m², the property having views of the beach, harbour and sea is currently on the market at an asking price of £165,000 with a share of the freehold, equating to £55,000 per habitable room and £2,750/m² TUFA.

The property was listed for rent in January 2019 at an asking rent of £700 per calendar month, annualising at £8,400 per annum, the now asking price suggesting a 5.09% gross investment yield for a 'buy-to-let' landlord.

- ❖ The second comparable relates to a period semi-detached Grade II Listed four-storey over basement former restaurant with accommodation above, situated in the centre of Margate's Old Town. The building has since 2000 been used as a three-reception room, three-bedroom private house, together with a basement arranged with four rooms. Extending according to the EPC to 232 m² TUFA, the property has been marketed as offering versatile accommodation and is currently under offer off an asking price of £485,000, the latter equating to £80,833 per habitable room and £2,091/m² TUFA.
- ❖ The third comparable relates to a self-contained one reception room, two-bedroom fourth floor residential flat created within the roof space of Royal Court Mansions on Margate seafront opposite The Harbour. The ground floor of the building is devoted to shop units where occupiers include a café/bar/restaurant, second hand goods shop and a fish and chip takeaway. Extending according to the EPC to 123 m², the property was sold in March 2018 for a recorded £225,000, equating to £75,000 per habitable room and £1,829/m² TUFA.
- ❖ The fourth comparable relates to a semi-detached one reception room, two-bedroom brick and flint Grade II Listed two-storey period house with a courtyard garden and a dedicated parking space, situated in Margate Old Town, a short distance from the seafront. Extending according to the EPC to 65 m² TUFA, the property was initially marketed with a guide price of £325,000, but sold in September 2017 for a recorded £260,000, equating to £86,667 per habitable room and £4,000/m² TUFA.
- ❖ The fifth comparable relates to the above referred self-contained one reception room, two-bedroom fourth floor residential flat, located above Barnacles. Extending to 60 m² TUFA, the property was sold in March 2016 for a recorded £110,000, equating to £36,667 per habitable room and £1,833/m² TUFA.
- ❖ The sixth comparable relates to a self-contained one reception room, three-bedroom first floor residential flat with outside terrace, located above business premises occupied by bookmakers, close to Margate high street and the beach. Extending according to the EPC to 109 m², the property having been refurbished to a high standard and overlooking the seafront, was sold in October 2015 for a recorded £326,000, equating to £82,500 per habitable room and £2,991/m² TUFA.

In respect of Crawford House, it occupies a commanding seafront position on Margate's seafront, but adjoins and in part lies within the former Parade Cinema building, which has for the last six years been run as an indoor covered market; as well as over the ground floor bar and entrance to The Dugout. The property that extends to 113 m² (1,216 ft²) IPMS2, offers one/two reception room, three/four-bedroom residential accommodation arranged over five floors, together with a large timber decked roof-top terrace enjoying views of The Harbour and bay.

Following an analysis of the above comparable evidence, we have assessed the value of Crawford House at £285,000, equating to £57,000 per habitable room and £2,522/m² IPMS2. As the property is currently let on an AST agreement at £850 per calendar month, an annualised £10,200 per annum, the ascribed value thereby equating to a particularly strong 3.6% gross investment yield, which suggests that a property such as this is likely to have greatest appeal in the residential market for vacant possession, as opposed to 'buy-to-let' landlords.

Methodology and Comparable Evidence

For Flat no's 3 & 5 King Street

Location	Date	Sale Price	£ per m ²
Flat 8, no 1 King Street, Margate	Aug-2019	£165,000	£2,750
Flat 7, no 23 King Street, Margate	Mar-2019	£107,000	£1,877
Flat 3, no's 8-10 King Street, Margate	Sep-2018	£138,000	£2,936
Flat 5, no's 8-10 King Street, Margate	Nov-2016	£130,000	£2,766
no 33 King Street, Margate	Jun-2015	£165,000	£1,964

The above schedule includes a selection of residential flats, including those above commercial premises; and a former shop currently arranged as a private house, each located fronting King Street in Margate Old Town. These have either been sold or are presently on the market, with the sale/asking prices as appropriate analysed against the size of each unit that appears in the associated EPC.

- ❖ The first comparable relates to a self-contained one reception room, two-bedroom fourth floor residential flat requiring some updating, located above Barnacles public house on Margate seafront, overlooking the harbour arm and adjacent to the Turner Contemporary Gallery. Extending according to the EPC to 60 m², the property having views of the beach, harbour and sea is currently on the market at an asking price of £165,000 with a share of the freehold, equating to £55,000 per habitable room and £2,750/m² TUFA.
- ❖ The second comparable relates to a self-contained residential flat within a converted double-fronted Georgian house in Margate Old Town, with its individual boutique shops, bars and cafes, a short distance from the seafront. Extending according to the EPC to 57 m², the property was sold in March 2019 for a recorded £107,000, equating to £82,500 per habitable room and £2,991/m² TUFA.
- ❖ The third comparable relates to a self-contained second floor residential flat over shop premises selling antique and vintage items, within a four-storey building fronting King Street, close to its junction with Fort Road and a short walk from the seafront. Extending according to the EPC to 47 m², the property offering one reception room, fitted kitchen, one bedroom, a study/dressing room and shower room, was sold following refurbishment in September 2018 for a recorded £138,000, equating to £46,000 per habitable room and £2,936/m² TUFA.

The flat had previously been marketed for rental purposes in May 2018 at an asking rent of £495 per calendar month, an annualised £5,940 per year, this suggesting a prospective 4.3% gross investment yield for a 'buy-to-let' landlord.

- ❖ The fourth comparable relates to a self-contained third floor one reception room, one/two-bedroom split-level converted residential flat over shop premises within the same four-storey building in King Street, close to its junction with Fort Road and a short walk from the seafront. Similarly extending according to the EPC to 47m² TUFA, the property was sold following refurbishment in November 2016 for £130,000, equating to £65,000 per habitable room and £2,766/m² TUFA.
- ❖ The fifth comparable relates to a period semi-detached two-storey house with rear garden in King Street, which had historically been used as a shop. Extending according to the EPC to 84 m², the property arranged with two reception rooms, kitchen, two bedrooms and a bathroom, together with and an outbuilding in the garden, had initially been marketed at an asking price of £185,000, but this was later reduced to 'offers over £165,000'; and sold for this figure in June 2015, equating to £41,250 per habitable room and £1,964/m² TUFA.

Flat no's 3 & 5 King Street occupy a favourable position close to the seafront in Margate's Old Town, which has a vibrant mix of vintage/retro shops, local bars and restaurants. The flats are located above Olby's Café that is run in conjunction with the Kent Creative live music venue and The Dugout cellar bar, with the associated noise intrusions, hence are more likely to appeal to 'buy-to-let' landlords than for owner-occupation.

They share a pedestrian approach from the street with the adjoining Barnacles public house, with entrance doors to the individual flats at the rear of the building, which is less than ideal.

Flat no 3 King Street is effectively a maisonette with accommodation arranged over four floors and extends to a calculated 99 m² (1,065 ft²) IPMS2, offering an open plan lounge/diner/kitchen, three bedrooms and a bathroom. The presentation has been adversely affected by previous water intrusion and whilst remedial works externally have since been undertaken, internal repairs and decoration at the time of our recent visit had yet to be fully completed.

Following an analysis of the above comparable evidence, we have assessed the value of Flat no 3 King Street at £200,000, equating to £33,333 per habitable room and £2,020/m² IPMS2. The property is currently let on an AST agreement at £800 per calendar month, an annualised £9,600 per annum, the ascribed value thereby equating to a 4.8% gross investment yield, which appears to be an appropriate return for 'buy-to-let' landlords in this position.

Flat no 5 King Street that is effectively also a maisonette, but this time arranged over three floors, extends to 81.8 m² (880 ft²) IPMS2, offering one reception room, two-bedroom residential accommodation.

Methodology and Comparable Evidence

Similarly, following an analysis of comparable evidence, we have assessed the value of Flat no 5 King Street at £150,000, equating to £50,000 per habitable room and £1,834/m² IPMS2. The property is currently let on an AST agreement at £650 per calendar month, an annualised £7,800 per annum, the ascribed value thereby equating to a 5.2% gross investment yield, which appears to be an appropriate return for 'buy-to-let' landlords.

Residential - Valuations Summary

Property	£ per m ² /IPMS2	MV1
Crawford House, 6 Fort Hill	£2,522	£285,000
Flat 3 King Street	£2,020	£200,000
Flat 5 King Street	£1,834	£150,000
Total		£635,000

Additional Commentary

Market Rent

As detailed herein, we have assessed the commercial properties to have a combined Market Rental Value of £86,770 per annum and the residential properties £26,400 per annum, a collective £113,170 per annum.

Marketability

The Old Kent Market as a freehold investment is likely to attract interest from both local and regional commercial investors, who recognise an opportunity for rental growth at the five-year rent review in 2022. The existing lessee of six years could also be a potential purchaser.

The Dugout, Kent Creative and Olby's that are effectively operated as a combined business, might similarly be of interest to both local and regional commercial investors, who again recognise an opportunity for rental growth at the next three-year rent views.

As Crawford House occupies a commanding seafront position on Margate's seafront and offers four-bedroom accommodation and a roof-top terrace, it is likely to have greatest appeal in the residential market for vacant possession, as opposed to 'buy-to-let' landlords.

In contrast, Flat no's 3 & 5 King Street are more likely to be of interest to 'buy-to-let' landlords than for owner-occupation, in that it is located above a café bar run in conjunction with a live music venue and cellar bar, with the associated late -night noise intrusions.

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 10-12 months to be required. However, if the property were disposed of in the event of foreclosure, or if a restrictive time period were imposed then we would expect a reduction in realisable value. It is impossible to be definitive as to the extent of this as it would be dependent upon the particular circumstances, but the valuations subject to assumptions outlined herein provide some illustration of this scenario.

Valuations

Within the opinions of valuation stated:-

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

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

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

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

MARKET VALUE

(a) The Market Value of the current asset is**£1,350,000**
(one million, three hundred and fifty thousand pounds)

MARKET VALUE

(b) The Market Value of the current asset, subject to the tenancies detailed herein, is**£1,450,000**
(one million, four hundred and fifty thousand pounds)

Valuations

Basis of Valuation

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

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

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

Market Value – Special Assumptions

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

Explanatory Notes

(Effective from 19 May 2014)

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

(a) Definitions

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

"Pinders"	<i>means Pinders Professional & Consultancy Services Limited whose registered office is at Pinder House, Central Milton Keynes, MK9 1DS.</i>
"the Client"	<i>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.</i>
"Proposed Borrowers"	<i>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.</i>
"the Property"	<i>means all those freehold/leasehold premises which have been inspected by Pinders and reported upon.</i>
"the Business"	<i>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.</i>
"the Report"	<i>means a Report on the Property and/or Business prepared by Pinders.</i>
"date of Inspection"	<i>the date on which Pinders' representative carried out the inspection of the premises.</i>
"date of Valuation"	<i>the date on which the opinion of value applies.</i>

(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