

Report and Valuation



299 Mare Street  
Hackney  
London  
E8 1EJ

On behalf of:

Brian Bartaby  
Proplend Security Ltd  
15 Little Green  
Richmond  
TW9 1QH

Prepared by Arwel Griffith FRICS

Date of Inspection: 15 August 2023

J.R. Welch., FRICS.  
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Property Address: 299 Mare Street, Hackney, London, E8 1EJ  
Client Reference: BR3020 Hackney Mixed Use  
Report Reference: BX041388

## IMPORTANT NOTICE TO MORTGAGE APPLICANTS

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

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## Valuation Report Details

**Property:** 299 Mare Street  
Hackney  
London  
E8 1EJ

**Introducer:** Unknown

**Lender:** Brian Bartaby  
Proplend Security Ltd

**Client Reference:** BR3020 Hackney Mixed Use

**Applicant:** Aysal Mare Ltd (Mr Alaettin Aysal)

**Date of Inspection & Valuation:** 15 August 2023

**Report Prepared by:** Arwel Griffith FRICS, RICS Registered Valuer  
J Raymond Welch Surveyors Limited  
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## Executive Summary

<b>Property Type</b>	A three-storey, end of terrace property in mixed use, comprising of a retail unit at ground floor level, and two self-contained flats at first and second floor levels.				
<b>Tenure</b>	Held freehold at the Land Registry under Title No. LN93235.				
<b>Brief summary of location</b>	At the centre of the Mare Street business district, surrounded by similar properties in terms of both age and use.				
<b>Property in keeping with location?</b>	Yes				
<b>Indicate location quality (tick)</b>	Good		Average	✓	Poor
<b>Brief summary of description</b>	<p>Originally built around 1900, the subject property is a three-storey end of terrace building in mixed use. At ground floor level is a retail premises trading as Britannia Fish &amp; Kebab, and there are two self-contained flats above.</p> <p>Access to the flats is over what appears to be a communal use walkway to the left-hand side of the property that leads to The Ship Public House &amp; Hotel. Your legal advisers will need to confirm that there is an adequate right of way or easement in place enabling access to both flats over this communal use walkway.</p>				
<b>Brief summary of construction</b>	The external walls are of conventional solid brickwork design, beneath a double pitched main roof, the covering over which could not be seen. The three storey and single storey rear additions both have flat roofs thought to be covered in felt. There are PVC and iron rain and waste water goods, replacement double glazed windows, some protected by iron bars, and floors internally are a mixture of suspended timber and solid design.				
<b>Indicate condition quality (tick)</b>	Good		Age consistent	✓	Poor

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Number of units	3.
Basis of Measurement	Gross Internal Area (GIA) for the two flats, Net Internal Area (NIA) for the ground floor retail unit.
Accommodation breakdowns	<p><b><u>Retail unit</u></b></p> <p>Front sales and seating area for up to 26 covers 54.91 sq m / 591 sq ft          WC area 4.78 sq m / 51 sq ft          Kitchen/food preparation with cold store 17.4 sq m / 191 sq ft</p> <p><b><u>299A (First Floor Flat)</u></b>          Two bedrooms, one reception room, kitchen and bathroom 43 sq m / 463 sq ft</p> <p><b><u>299B (Second Floor Flat)</u></b>          Three bedrooms, one reception room, kitchen and bathroom 65.98 sq m / 710 sq ft</p>
Planning use (assumed if necessary)	The two flats are both in C3 Use Class. The primary use of the ground floor retail unit appears to be a takeaway which is a Sui General (r) use class. However, it may fall into the E(b) use class, as it does also provide seating for 26 covers. It would be prudent to request your legal advisers to comment further to you in this regard.
Year built	1900
Economic life	25 years +, assuming adequate periodic expenditure upon maintenance and repair
Standard services & in working order?	Yes, all main services are installed, but none tested.
Mortgage regulation? Yes/No	Yes, the residential flats are 58.45% of the total floor area.
Is the property vacant? Yes/No	Flat 299B was vacant when inspected, but we believe an agreement has recently been agreed for a tenant to occupy.
Number of tenancies (if applicable)	Three.

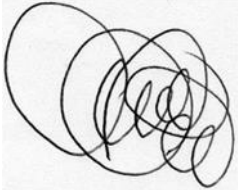
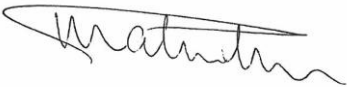
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<b>Tenant details</b>	<p>The ground floor retail premises is let under the terms of a lease dated 13 July 2023 to Huseyin Ullah Durmaz and Kazin Sari for a term of 20 years. The agreed passing rental is £39,000 per annum, and the first review is due on 13 July 2027.</p> <p>299A (first floor flat), is let under the terms of a guaranteed rent agreement (lease) to Filey Properties Ltd from 13 March 2023 until 12 March 2024 at £1,500 pcm, which equates to £18,000 pa.</p> <p>299B (second floor flat) is also now let under the terms of a guaranteed rent agreement (lease) to Filey Properties Ltd at £2,000 pcm, which equates to £24,000 pa, from 20 March 2023 until 19 March 2024.</p> <p>Your legal advisers must confirm to you the full details of all tenancy agreements. Our valuation assumes that the guaranteed rent agreements for 299A and B do not confer significant security of tenure on any tenants beyond the term end dates.</p>								
<b>Assessment of passing rents</b>	At about Market Rental Value (MRV).								
<b>Brief summary of marketability</b>	The property is in the centre of the Mare Street business district, and should prove reasonably popular with investor purchasers and tenants, if it became available for sale or rental.								
<b>Indicate demand (tick)</b>	<b>Good</b>			<b>Average</b>	<b>✓</b>	<b>Poor</b>			
<b>Timeframe to re-sell (in months)</b>	<b>&lt;3</b>	<b>3-6</b>		<b>6-9</b>		<b>9-12</b>	<b>✓</b>	<b>12+</b>	
<b>Timeframe to re-let (at reported rent level)</b>	<b>&lt;3</b>	<b>3-6</b>	<b>✓</b>	<b>6-9</b>		<b>9-12</b>		<b>12+</b>	
<b>EPC Rating</b>	<b>A/B/C</b>			<b>D/E</b>	<b>D(66) E(49) D(80)</b>	<b>F</b>			<b>G</b>
<p>We have examined the EPC Register and have found entries for all three units.</p> <p>For the ground floor retail premises, the certificate number is 0920-0034-0009-3494-7006. The energy efficiency rating is D(80), and the certificate is valid until 12 April 2024.</p>									

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	<p>For 299A, the certificate number is 9300-8184-0622-6895-0973. The energy efficiency rating is D (66) and the certificate is valid until 2 February 2033.</p> <p>For 299B, the certificate number is 0040-2860-5890-2127-3385. The energy efficiency rating is E (49) and the certificate is valid until 2 February 2033.</p>
Comparable value range	£925,000 to £2,750,000
Comparable rent range	Retail £25 to £77.14 per ft sq; Residential £1,750 to £2,600pcm (AST).
Comparable yield range	6.31% to 6.53%
Adopted yield (include basis)	7.5%
Is there a risk of flooding? Yes/No	No
SWOT Analysis	<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>At the centre of the Mare Street central business district, surrounded by properties of similar age, but differing characters. Nearby properties include a KFC, Cash Converters, and The Ship Public House / Hotel.</li> </ul> <p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>Reducing demand for ‘high street’ retail units may impact on future demand from tenants for the retail premises.</li> <li>Access to the two flats is via a covered communal use walkway that leads to The Ship Public House / Hotel. This type of access may not prove suitable for all mortgage lenders which may limit demand.</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>To improve the condition of the two upper flats, in an effort to achieve a greater rental income figure.</li> </ul> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>General market uncertainty in the UK caused in part by the ongoing Ukraine/Russia war, and at home in the UK, the rising cost of living, and increasing mortgage interest rates.</li> </ul>

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<b>Lenders Action Points</b>	<ul style="list-style-type: none"> <li>• To confirm the freehold tenure.</li> <li>• To confirm the tenancy details.</li> <li>• To ensure that the tenants of the two upper flats have security of tenure beyond the term end dates.</li> <li>• To confirm the boundary positions.</li> <li>• To confirm the permitted uses for the retail and residential units.</li> </ul>
<b>Market Value (MV)</b>	£1,075,000
<b>Market Value (MV) subject to the special assumption of a 90 day marketing period in which to achieve a sale</b>	£875,000
<b>Market Value (MV) of the property assuming vacant possession</b>	£950,000
<b>Market Rental Value (MRV)</b>	£81,000 per annum
<b>Insurance Reinstatement Cost Assessment</b>	£750,000
<b>Signature 1 (valuer name and signature)</b>	 Arwel Griffith FRICS, RICS Registered Valuer
<b>Signature 2 (name and countersignature)</b>	 Martin Hill FRICS, RICS Registered Valuer

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**Appendices**

A	INSTRUCTIONS
B	LOCATION/STREET/TITLE PLAN
C	PHOTOGRAPHS
D	CONDITIONS OF ENGAGEMENT

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## 1 INSTRUCTIONS

1.1 We have received instructions from you to inspect and value the property known as 299 Mare Street, Hackney, London, E8 1EJ.

1.2 This report provides you with our opinion of:

- (a) Market Value (MV):
- (b) Market Value (MV) - subject to the special assumption of a 90-day marketing period in which to achieve a sale:
- (c) Market Value (MV) of the property, assuming vacant possession:
- (d) Market Rental Value (MRV):

Of the freehold interest in the subject premises, as at the date of inspection, and in the light of current market conditions.

1.3 Our report is undertaken in accordance with RICS Valuations – Global Standards 2022 incorporating the International Valuation Standards, (The Red Book).

1.4 The RICS definitions of Market Value and Market Rent are as follows:

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

Market Rent is 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.

1.5 We understand that this valuation is required for the purposes of assisting you in considering the suitability of this property in respect of a provision of loan, mortgage or other finance and is thus for commercial secured lending purposes. This valuation is intended solely for this and for no other purposes and should not be relied upon by any third party to whom it is not addressed who would do so entirely at their own risk.

1.6 In preparing this valuation we have relied upon the following information:

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- (a) Sales evidence from online websites including Rightmove, Zoopla and Essential Information Group.
  - (b) Information from local estate agents.
  - (c) Information from online websites including the Environment Agency, Valuation Office Agency, the local Authority Online Planning Portal, The Land Registry, BCIS, English Heritage (Historic England), amongst others.
  - (d) Information provided by the applicant.
- 1.7 In accepting this report, it is assumed that you are satisfied that we are able to place reliance on the information and that you accept the report on this basis.

## 2 CONDITIONS OF ENGAGEMENT

- 2.1 Your instructions are accepted on the basis of your Panel or Service Agreement which has previously been agreed between our respective organisations or, in the absence of this, our standard Terms & Conditions based upon the requirements of the Royal Institution of Chartered Surveyors, a copy of which was sent to you when your instructions were received. Any variances from the appropriate Terms and Conditions which have been agreed are noted in this report. A copy of the appropriate Terms & Conditions is included in the Appendix to this report.
- 2.2 We have discussed and agreed with you any special assumptions (if any) prior to commencing the valuation process.
- 2.3 We are external valuers as defined in the RICS Valuations – Global Standards 2022 incorporating the International Valuation Standards, (The Red Book). We are not aware of any conflicts that preclude us from preparing this valuation.
- 2.4 In accordance with these regulations, it is confirmed that this firm does not have any anticipated, or has not had any current or recent fee earning involvement with the property to be valued. This is however one of two properties we are inspecting on your behalf for which the applicant is the same.

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### 3 DETAILS OF INSPECTION

- 3.1 The property was inspected on 15 August 2023, and the report has been prepared by Arwel Griffith FRICS, RICS Registered Valuer acting as an independent valuer, with the relevant knowledge, skills and understanding to undertake the valuation competently.
- 3.2 At the time of our inspection, we saw the ground floor retail unit, and 299A to be occupied by tenants. 299B was vacant. On the day of our visit, we met with a representative of the applicant who enabled access into all parts of the premises.
- 3.3 The weather conditions at the time of our inspection were sunny and bright.

### 4 LOCATION

- 4.1 The subject property occupies a position on the north side of Mare Street, approximately 75 metres or so to the west of its junction with Sylvester Road.
- 4.2 It is part of quite a popular mixed residential and commercial locality, that comprises of buildings of similar ages but differing characters.
- 4.3 The site is almost opposite Morning Lane, and is surrounded by a number of other retail uses including KFC, Cash Converters, and The Ship Public House / Hotel.
- 4.4 Hackney is an inner London borough in the London Borough of Hackney, about 5 miles (8 kms) north-east of Charing Cross. At the last census, it had a population of just under 300,000.
- 4.5 It is bounded by Islington to the West, Haringey to the north, Waltham Forest to the north-east, Newham to the east, and Tower Hamlets to the south-east.
- 4.6 Hackney was one of the host boroughs of the London Olympics that took place in 2012. The Queen Elizabeth Olympic Park, and Westfield Stratford, a major shopping centre, are both about a mile away.
- 4.7 Three London Overground railway lines serve the Hackney area. Trains originate from London's Liverpool Street station.
- 4.8 There are many Transport for London (TfL) bus routes that pass through the area providing good links to surrounding localities.

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- 4.9 About 100 metres or so to the west of the property is the Hackney Empire which is a Grade II\* listed building. It is a theatre built originally as a music hall in 1901. Famous names that have performed at the venue include Charlie Chaplin, Stan Laurel, and Julie Andrews.
- 4.10 For identification purposes, we have included a location, street and title plan in Appendix B.

## 5 THE PROPERTY

### 5.1 Description and Construction:

- 5.2 The subject property is a three-storey, end of terrace building. It is in mixed use, with a ground floor retail premises trading as Britannia Fish & Kebab, and two self-contained flats at first and second floor levels.
- 5.3 Access to 299A and 299B is over a communal use walkway to the left-hand side of the building that leads to The Ship Public House & Hotel. This access may not be suitable for some mortgage lenders, and may impact on future demand from tenants.
- 5.4 Built around 1900, the building is of conventional solid brickwork design, beneath a double pitched main roof, the covering over which could not be seen.
- 5.5 Rain and waste water goods are a mixture of iron and PVC, and there are replacement double glazed windows to the two upper floor levels, with a modern ground floor shop front.
- 5.6 Floors internally are a mixture of suspended timber and solid design.
- 5.7 External, internal and street scene photographs are attached in Appendix C.

## 6 ACCOMMODATION

<b>Ground floor</b>	<p><b><u>Retail unit</u></b>          Front sales and seating area for up to 26 covers          WC area          Kitchen/food preparation with cold store</p>
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<b>First Floor</b>	<p><b><u>299A (First Floor Flat)</u></b>          Two bedrooms, one reception room, kitchen and bathroom</p>
<b>Second Floor</b>	<p><b><u>299B (Second Floor Flat)</u></b>          Three bedrooms, one reception room, kitchen and bathroom</p>
<b>External</b>	<p>The site is broadly rectangular in shape, and is mostly flat in character.</p> <p>Your legal advisers will need to confirm to you that there are appropriate rights of way or easements in place enabling access over what appear to be a number of communal use walkways around the building.</p>

## 7 CONDITION

- 7.1 At the time of our inspection, we saw the property to be in a fair state of repair having regard to its age and type. There will however be a need for some expenditure periodically on a general programme of modernisation and refurbishment, but this can be carried out as part of an ongoing programme of routine maintenance and repair, as opposed to be required as a condition of the mortgage advance. The overall condition of the property has been taken into account in our valuation advice.
- 7.2 We have not undertaken a structural or building survey of the property. The building does show some signs of past damage and distortion, but where seen this appears to be of some age and is not thought to be continuing. It would nonetheless be worth ensuring that any buildings insurance policy taken out includes adequate cover against subsidence damage, heave, and landslip, as a reasonable precaution against any possible future need for expenditure upon structural remediation works.
- 7.3 We have made a visual internal and external inspection only. The external inspection has been undertaken from ground level only. We have not inspected those parts of the property which are covered, unexposed or inaccessible including the roof space and such parts are assumed to be in good repair and condition.
- 7.4 We have not tested the services or arranged for investigations to be carried out to determine whether any deleterious materials have been used in the construction of the subject premises or subsequent additions. In the event that a subsequent survey reveals defects in the subject property we reserve the right to revise our valuation.

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## 8 MEASUREMENT RECORD

8.1 We have measured the premises in accordance with the current RICS Code of Measuring Practice (6<sup>th</sup> Edition) and calculate it provides the following approximate Gross Internal Area (GIA) for 299A and 299B, and Net Internal Area (NIA) for the ground floor retail unit.

Floor	Description	Sq m	Sq ft
<b>Ground – Retail Unit</b>	Front sales and seating area for up to 26 covers	54.91	591
	WC area	4.78	51
	Kitchen/food preparation with cold store	17.4	191
<b>First – Flat 299A</b>	Two bedrooms, one reception room, kitchen and bathroom	43.0	463
<b>Second – Flat 299B</b>	Three bedrooms, one reception room, kitchen and bathroom	65.98	710

*NB: We are aware of the International Property Measurement Standards (IPMS), but there is at present an insufficient body of comparable evidence available of properties of this type that have been measured upon their bases. Thus, we consider our deviation from these standards to be appropriate in this instance, our measurements are provided on the basis of Net Internal Area (NIA) for the ground floor retail premises, and Gross Internal Area (GIA) for the two flats, calculated in accordance with the core principals of the RICS Code of Measuring Practice (6<sup>th</sup> Edition).*

## 9 MORTGAGE REGULATION

9.1 58.45% of the total floor area is being used in connection with the residential use.

## 10 SERVICES

10.1 We have not been able to make specific enquiries with the statutory undertakers in the time available regarding the availability, capacity, or location of services. However, our observations indicate that all mains services are installed.

10.2 No plant or machinery has been included in this valuation other than that normally considered in forming a service installation for the benefit of the property in general.

10.3 It is assumed for the purposes of this valuation that all services are regularly inspected by appropriately qualified persons and any requirements complied with in full.

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## 11 BUILDING & PLANNING

- 11.1 The local authority is the London Borough of Hackney.
- 11.2 The current permitted use of the two flats is thought to be C3 use class as defined in the Town and Country Planning (Use Classes) Order 1987 – as amended. The retail unit is likely either to fall into the E(b) or Sui Generis (r) use class, your legal advisers will need to confirm this to you.
- 11.3 We have researched the local authority’s planning portal for any recently recorded planning history, and we have found one entry under planning reference 2003/0315. An application was made for *‘Installation of internally illuminated fascia sign, projecting box sign at ground floor and projecting box sign at first floor’*. The application was refused on 2 June 2003.
- 11.4 The Historic England website confirms the building is not listed.
- 11.5 The local authority website suggests the property is not located in a conservation area, but this will need to be confirmed to you by your legal advisers.
- 11.6 The local authority will not respond to verbal enquiries other than on a general basis. The local authority search will in due course confirm the current use is lawful and whether or not the property is the subject of enforcement action.
- 11.7 We are not aware of any development proposals for the immediate area that may have an adverse effect upon the property.
- 11.8 The property is accessed from Mare Street, we believe that this is a made up and adopted roadway. Legal advisers should confirm this during their pre-contract enquiries.
- 11.9 We have assumed that all statutory consents were obtained with regard to the use, occupation and any alterations at the premises in the past.
- 11.10 Occupiers are required to obtain a Fire Risk Safety Assessment which should be kept under review. We are unaware whether a fire risk assessment has been undertaken. We have assumed full legislative compliance and that the appropriate risk assessment is in place.

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## 12 ENVIRONMENTAL ISSUES

- 12.1 We have not been provided with an Environmental Audit. Based upon our visual inspection of the site including immediately adjoining land, there is no obvious contaminative or potentially contaminative use which might reduce the values now reported. We reserve the right to review our valuation in the event that contamination issues come to light.
- 12.2 We are not professionally qualified to provide advice on environmental issues. The Royal Institution of Chartered Surveyors instructs its valuers not to take environmental liabilities into account when producing a valuation of a particular property. As a result, if there is any doubt about environmental liability, a specialist environmental survey should be carried out on the property.
- 12.3 Based on our inspection of the property for valuation purposes, no evidence was noted to suggest that the property may have been affected in the past by any significantly adverse ground conditions.
- 12.4 According to the Environment Agency website [www.environment-agency.gov.uk](http://www.environment-agency.gov.uk) the property is not located in a significant flood risk area, but it would be prudent to ensure that any buildings insurance policy taken out includes adequate cover against flood risk.

## 13 OTHER ENVIRONMENTAL ISSUES

ISSUES	COMMENTS
Equality Provisions	There do not appear to be any valuation issues resulting from the Equality Act.
Asbestos	We have not undertaken a detailed asbestos survey; we are unable to confirm if there is any asbestos on site. If you require fuller advice in this regard, you will need to call in appropriately qualified specialist to inspect and to advise you more fully. Any found that requires removal, should only be undertaken by those appropriately qualified to do so, and in full compliance with regulations that apply.
Mining	This is not a mining area.
Mundic Block	Not applicable in this area.
Radon	This is not an area where radon is of concern.

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Invasive Species	We have not identified any invasive species on site at the time of our visit. However, we are not specialists. You may decide to call in an appropriately qualified specialist to inspect and to advise you more fully and if any is found, it will need to be dealt with as the specialist considers most appropriate.
Archaeological Remains	We saw no evidence of such remains and we assume no such remains exist.
Subsidence/Landslip	There is a moderate potential risk of foundation damage to properties within the postcode of the subject property. We have assumed appropriate insurance is in place

- 13.1 Energy Performance Certificates (EPC’s) are required by law when a dwelling is constructed or marketed for sale or to let. We have examined the EPC Register and we have found entries for all three units.
- 13.2 For the ground floor retail premises, the certificate number is 0920-0034-0009-3494-7006. The energy efficiency rating is D (80), and the certificate is valid until 12 April 2024.
- 13.3 For 299A, the certificate number is 9300-8184-0622-6895-0973. The energy efficiency rating is D (66) and the certificate is valid until 2 February 2033.
- 13.4 For 299B, the certificate number is 0040-2860-5890-2127-3385. The energy efficiency rating is E (49) and the certificate is valid until 2 February 2033.
- 13.5 The UK Government has enacted legislative changes to make it unlawful to let residential or commercial properties with an EPC Rating of F or G (i.e. the lowest 2 grades of energy efficiency) from 1 April 2018. This is likely to have an adverse effect on the value of properties with poor EPC ratings as necessary improvements could be costly.

## 14 TENURE AND OCCUPATIONAL LEASES

- 14.1 We are informed that your customers hold the freehold interest in the premises. We have assumed that there is a good and marketable title being free from any charges or encumbrances that would deter an informed and prudent purchaser or have a detrimental impact upon value.

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- 14.2 We have not been provided with a copy of any Report on Title.
- 14.3 The property is being valued on the various bases requested in your letter of instructions.
- 14.4 We have attached in Appendix B an extract of the Land Registry Title Plan (No. LN93235) which is the surveyor’s understanding of the site boundaries. We confirm that the property valued ONLY falls within the red line as shown in the plan.
- 14.5 It is important that your legal advisers verify the above details in their Report on Title and should confirm the above information and assumptions during the course of their pre-contract enquiries and should any documentation become evident to the contrary, we reserve the right to amend our valuation advice accordingly.

**15 BUSINESS RATES / COUNCIL TAX**

15.1 We have examined the Non Domestic Business Rates Database on the Valuation Office website [www.voa.gov.uk](http://www.voa.gov.uk) the entry is:-

Description	Rateable Value	Local Authority Reference
Restaurant and Premises	£24,750	3159259

- 15.2 We have examined the Council Tax List on the Valuation Office website [www.voa.gov.uk](http://www.voa.gov.uk). The entry for 299A is Council Tax Band B under local authority reference 570412614.
- 15.3 The entry for 299B is Council Tax Band B under local authority reference 570412621.

**16 INSURANCE RE-INSTATEMENT COST**

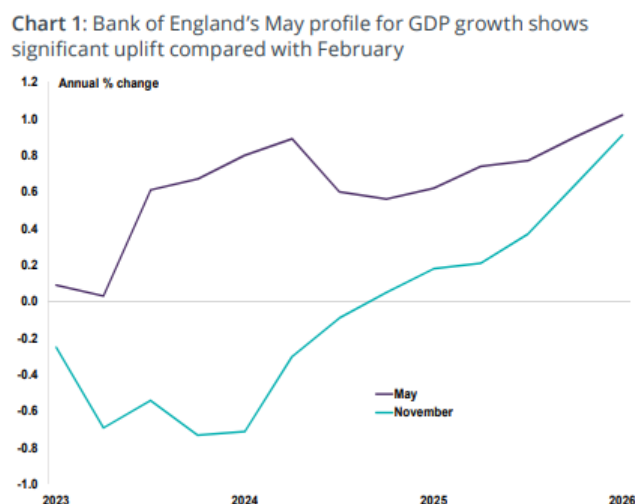
16.1 We have been requested to provide a Reinstatement Cost Estimate and have carefully considered the style and construction of the property, whether or not it is listed or in a conservation area and after reference to the most recent edition of the Building Cost Information Service (BCIS) of RICS it is our advice that the property should be insured for a minimum sum of £750,000 (Seven Hundred and Fifty Thousand Pounds).

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- 16.2 This sum allows for demolition, site clearance, full reinstatement and professional fees but excludes loss of rent provision and any allowance for inflation. If the insurance policy is not index linked throughout the term the cost of rebuilding may well be greater close to the time of renewal and it may therefore be appropriate to insure for a higher sum to allow for increasing costs. Partial rebuild may attract VAT.
- 16.3 This insurance reinstatement appraisal is provided for guidance only. It does not take into account any additional Local Authority requirements, which may be involved in the rebuilding and assumes that there are no foundation problems or need for abnormal foundations or rebuilding. It should therefore be verified by a specialist commercial buildings insurance assessor.
- 16.4 The cost of rebuilding bears no relationship to Market Value.

## 17 MARKET COMMENTARY

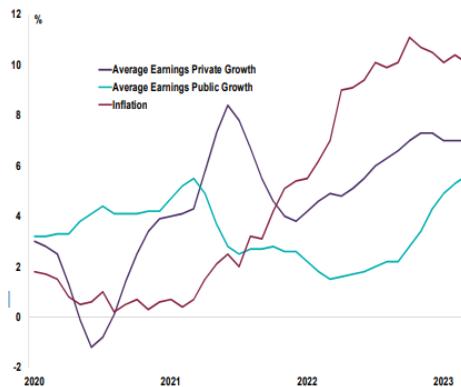
17.1 The continued resilience of macro data is clearly visible in the latest (May) economic forecasts from the Bank of England. Chart 1 compares the profile for GDP growth in its most recent analysis against what was anticipated back in February. The Bank now expects the economy to expand by 0.25% this year (rather than contract) and while the projection for 2024 only shows output rising modestly once again, the economy is still predicted to be 2% larger at the end of next year when set against expectations in the last forecast.



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- 17.2 Alongside this, the Bank has now become a little more cautious about the likely easing in inflation pressures. Back in February, its estimates had inflation falling to the 2% target in the second quarter of 2024. Now, the Bank doesn't see the headline measure getting there until the early part of 2025. Meanwhile, a key area of concern is that a higher rate of core inflation (which will not respond as readily to a fall in energy costs) is steadily becoming more firmly embedded. To the extent this might be happening, it is arguably a result both of higher wages (albeit the rate of increase still lags the headline inflation rate as shown in Chart 2) and some price gouging. For now, the labour market remains tight even if there are a few signs it may be fraying around the edges. Employment rose by a further 182k in the first quarter but a sizable drop in inactivity (linked to student numbers) resulted in a slight rise in the unemployment rate (to 3.9%). Significantly, the number of people registered as long term sick continues to increase highlighting a more fundamental problem regarding labour supply.
- 17.3 A further challenge lies with the prospect of a significant tightening in credit conditions in the wake of the recent wave of bank failures primarily in the US. Responses to questions regarding credit availability in both the RICS Commercial and Construction Monitors are certainly consistent with the picture becoming a little more restrictive (albeit not dramatically).

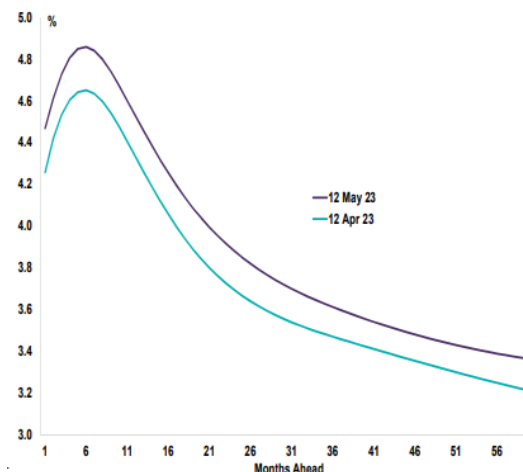
Chart 2: Inflation continues to outstrip wage growth even more so in the public than in the private sector



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17.4 Chart 3 shows money market expectations for base rates in the light of recent events. The latest increase in policy rates to 4.5% was widely viewed as likely to be followed by at least a temporary pause in the tightening cycle. That said, the signal from the money markets is that it may be premature to call the peak just yet. That could change if the impact of previous moves starts to manifest itself more powerfully, possibly through the delayed impact on households as they refinance mortgages on higher rates. Even so, it is implausible that the Monetary Policy Committee will shift its focus to active consideration of interest rate cuts for some time to come. To get to that stage, it will likely need to see inflation fall much lower, wage growth easing back, and evidence that labour market conditions have loosened sufficiently. This is unlikely to emerge until well into 2024.

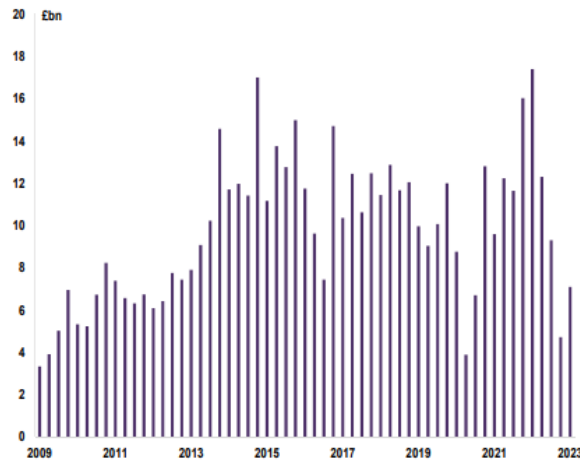
Chart 3: Money market interest rate expectations point to at least one more hike over the coming months



17.5 Transaction activity may have picked up in Q1 but, as CoStar data demonstrates in Chart 4, it remains relatively subdued on a historical comparison, with the volume of sales amounting to just over £7bn. This chimes with the results of the latest RICS Commercial Property Monitor, which shows the investment enquiries sentiment metric still in negative territory, albeit the net balance of -14% represents an improvement on the -30% recorded in the final part of last year. Significantly, the headline RICS indicator measuring occupier demand is now broadly stable, with the picture in the three mainstream sectors either a little more positive than previously or less negative.

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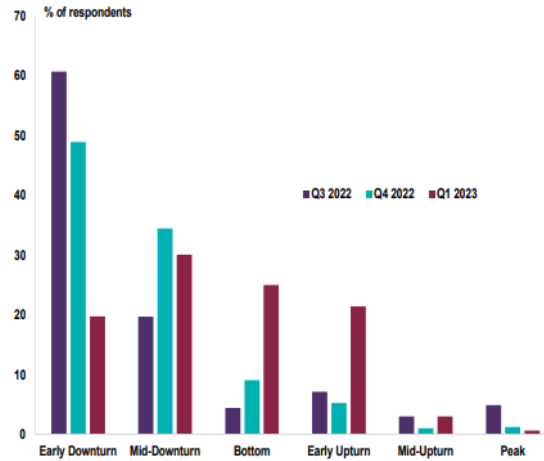
Chart 4: CoStar data shows investment activity remained relatively subdued in the first quarter of the year



17.6 The slightly better tone to the market is also visible in price and rent data. Capital values at an aggregate level have now risen for two months in succession (according to CBRE), while the rental value trend remains solid. Significantly, while the former is still almost 18% down on where it was a year ago, the latter is 4% higher. It is noteworthy that the biggest reduction in values over the period is still being attributed to the industrial sector, with a drop of around 27%. The retail sector was the only area to see a fall in yields in Q1 which may in part reflect the substantial adjustment that has already taken place in that segment of the market. In the RICS survey, around 75% of respondents took the view that the market is either still in a downturn or at the bottom of the cycle. However, as Chart 5 shows, there has been a shift in perception with more viewing the market closer to the floor and around 20% actually suggesting it is the early phase of an upturn.

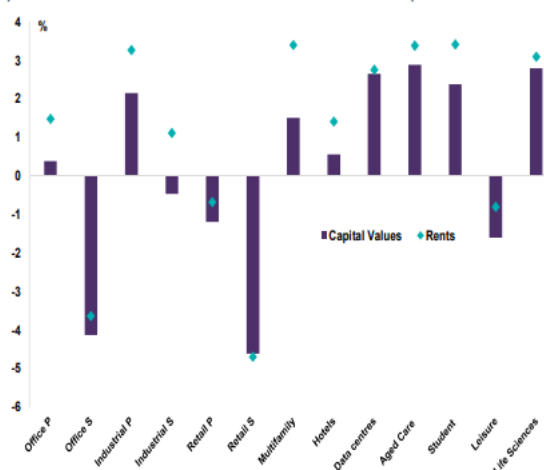
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Chart 5: The RICS Monitor shows a rising share of contributors viewing the real estate cycle more advanced in the downturn



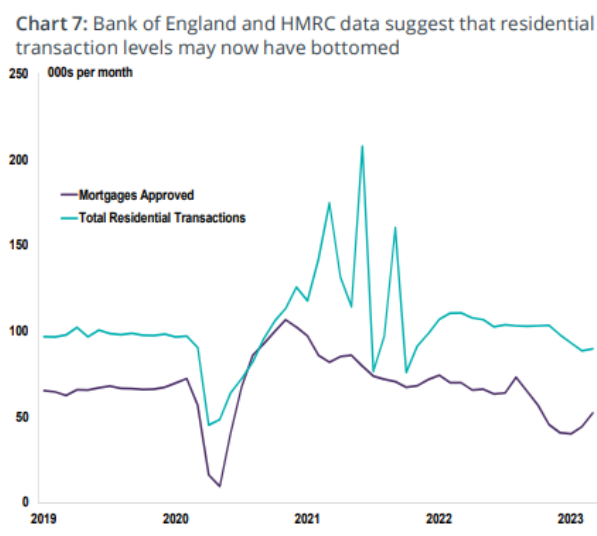
17.7 Looking ahead, expectations for returns for real estate show two distinct trends. First, there is a polarisation between the best in class and the rest, as reflected in diverging projections between prime and secondary assets. Interestingly in this regard, Savills note that in the city, 92% of take-up this year has been of Grade A quality, of which 61% was recently comprehensively refurbished/developed. In addition, they point out that over half of Q1 take-up was in buildings with a BREEAM rating of ‘Excellent’ or ‘Outstanding’. Second, there continues to be a stronger interest in those areas of real estate which traditionally have been bundled up as alternative assets. This is clearly evident in Chart 6 which shows projections for both rents and capital values over the course of the next twelve months.

Chart 6: Respondents to the RICS Monitor show a preference for prime and alternatives in terms of 12 months expectations



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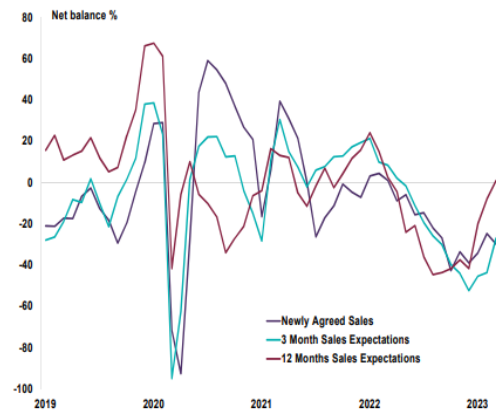
17.8 Some signs are emerging of a more stable picture in the residential market. Charts 7 shows both a modest rise in new mortgage approvals in March as well a flatlining in actual completion numbers as reported by HMRC. The increase in the former at least in part likely reflects a fall in mortgage rates over the past few months, but, to provide some context, the March figure of 52,000 is still some way below the pre-pandemic average. Moreover, data from the RICS Residential Market Survey casts doubt as to whether the better trend in activity can be sustained, particularly given the little room for any further lowering in borrowing costs in the face of latest Bank of England action.



17.9 Significantly, the key new buyer enquiries metric actually slipped further back into negative territory in April, when captured on a seasonally adjusted basis (net balance of -37% as against -30% previously). Alongside this, as highlighted in Chart 8, the newly agreed sales indicator and the 3 months sales expectations series continue to send cautionary messages. However, there does appear to be a slightly more positive trend in the 12 months sales expectations series which has now, albeit only modestly, turned positive.

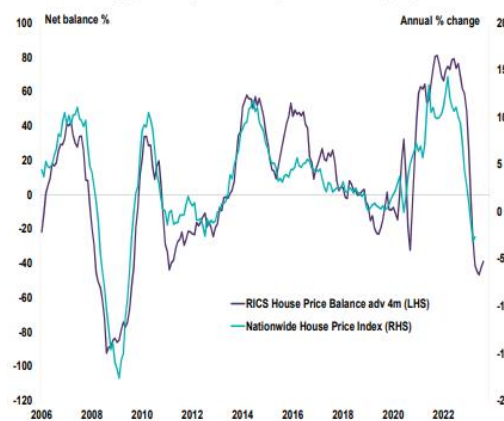
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Chart 8: RICS data points to an improving trend in sales activity looking in 2024



17.10 As far as pricing is concerned, all the main data sources continue to point to relatively modest falls to date. Chart 9 shows the RICS house price balance against the Nationwide index with a four-month lead. Similar to the activity numbers, there are some early signs of a more stable trend coming through. That said, a key challenge remains one of affordability both in terms of the house price earnings metric and, increasingly, in terms of ongoing financing costs. As regards the former, the Q1 figure from Nationwide stands at 6.4, which is down from a recent high of 6.9 but remains well above the long run average of 4.7. For the latter, the most recent share of mortgage costs as a share of take home income reached 37% (its highest level since Q3 2008). Against this backdrop, a renewed discussion is beginning around how to improve access to the market including the launch of a no deposit mortgages.

Chart 9: Price data from both the RICS (4 month lead) and Nationwide suggest the picture may also be steadying



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17.11 Meanwhile, the strength of the lettings markets shows no sign of abating, with demand remaining strong and supply still constrained. Indeed, respondents to the RICS survey continue to point to tax and regulatory changes as hampering supply. The result of this imbalance is that the RICS Rent Expectations series is not far off historic highs in net balance terms.

17.12 The latest official data on construction activity points to a gently rising trend in output, despite the macro challenges, with total activity just over 6% above pre-pandemic levels (January 2020). Meanwhile, the Q1 RICS Construction Monitor also shows a modest improvement in workloads during the first three months of the year. Significantly, as Chart 10 highlights, this pattern is visible to a greater or less extent in all sub-sectors, with the notable exception of private residential which remains in negative territory. Unsurprisingly, infrastructure workloads continue to show the strongest momentum and, drilling down a little further, this picture is particularly marked in energy related areas.

Chart 10: The RICS Construction Monitor shows workloads rising to some extent in most sectors away from private housing

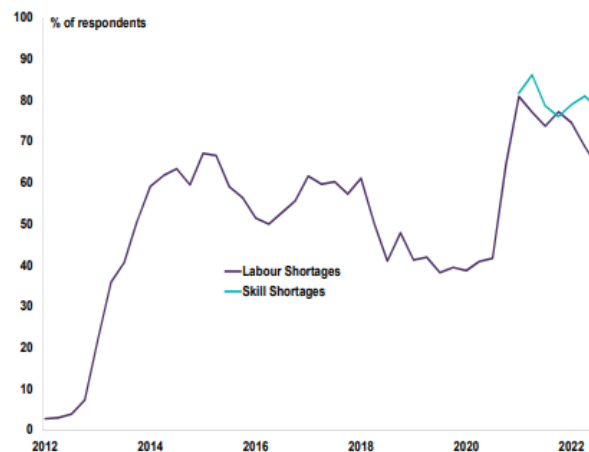


17.13 Alongside this, forward looking metrics from the survey are also painting a more upbeat picture compared with the Q4 results. The net balance reading for infrastructure, looking out over the next twelve months, now stands at +31% as against +22% in the last iteration of the questionnaire. The comparable figures for private residential development are +9% as against -11%, while for private non-residential they are +15% versus -5%.

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17.14 That said, meaningful challenges around both material costs as well as labour and skills continue to overhang the industry. Looking first at material costs, there is some good news with the year-on-year increase slowing to under 9% from a peak that approached 30%. Nevertheless, the direction of travel is still upwards, albeit more modestly. Moreover, the RICS Monitor still highlights significant concerns about this issue. At the same time, contributors to the survey remain particularly vexed by the scale of labour shortage in general and more pertinently, the difficulties in hiring skilled labour. Chart 11 shows something in the region of 80% of respondents viewing this as a factor hampering development plans.

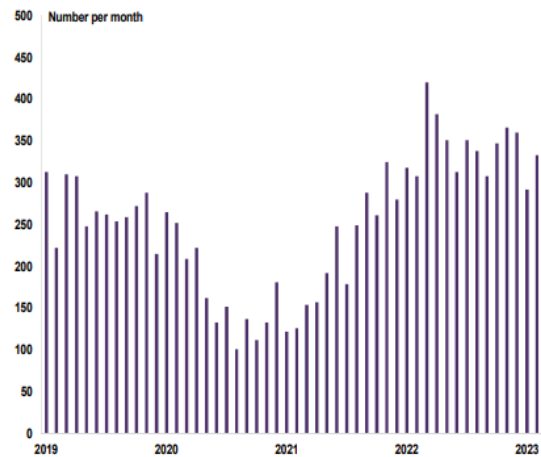
Chart 11: Labour shortages and skills in particular continue to be key areas of concern according to RICS respondents



17.15 Increasing concerns about financial constraints is another message that is evident in the survey, with the credit environment remaining tough. That said, the RICS metric designed to capture payment delays continues to rise only fairly modestly. The latest data on insolvencies in construction is captured in Chart 12. After a sharp increase in the early part of last year, the trend did look to have stabilised, however the March reading does represent a new high. The majority of contractors becoming insolvent have been the smaller specialist businesses where the vulnerability to fixed price contracts in the face of rising costs has been most acute.

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Chart 12: The number of insolvencies in the construction industry has increased by 6.5% over the past year



#### 17.16 Local Market Conditions

17.17 The property is in mixed use, and is at the centre of the Mare Street business district surrounded by properties of similar ages and characters. Nearby retail uses vary, they include both local traders and a number of national multiples, including KFC and Cash Converters.

17.18 If the property became available for sale or rental, it would be likely to prove reasonably popular with both investor buyers and tenants. However, it is impossible to predict with any certainty what impact a number of events both around the world and at home in the UK might have in the foreseeable future. These include the ongoing Ukraine/Russia war and in the UK the rising costs of living, and increasing mortgage interest rates.

17.19 What seems likely is that capital sales rates will not increase for the foreseeable future, and may in fact start to decline.

17.20 Better news for residential investors is that both Zoopla and Rightmove are forecasting an increasing in Market Rental Value (MRV) in this locality over the next 12 months by between 3% and 5%.

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## 18 VALUATION METHODOLOGY & COMPARABLES

- 18.1 The valuation has been prepared in accordance with normal practice taking into account comparable evidence and current market conditions. In determining our opinion of Market Value, we have had regard to both the direct capital comparison method of valuation and the investment method of valuation.
- 18.2 We have carried out our usual research and enquiries and have analysed the existing commentaries and online databases which we have assumed to be accurate in determining our opinion as to the Market Value (MV) of the subject property.
- 18.3 The transaction dates for the evidence listed below are inevitably historic. We have reflected in arriving at our opinion of Market Value our estimate of more recent changes in supply and demand and hence values in the locality.
- 18.4 In arriving at our opinion of Market Value we have had regard to the following recent sales of similar properties in the area: -

Property Address	Description	Transaction Details
<b>Commercial Sales</b>		
<b>7-19 Amhurst Road London E8 1LL</b>	A store front retail unit, part of the sale of a large portfolio of mixed residential / commercial units, came to the market through CBRE (0207 182 2000).	Sold on 31 May 2022. The selling agents confirm that the portion of sales price attributable to this property breaks down to <b>£151.47 per sq ft</b> , and a gross freehold yield of <b>6.47%</b> .
<b>101 Dalston Lane London E8 1NH</b>	A ground floor retail unit extending to 3,357 sq ft came to the market through Stirling Ackroyd Group Ltd (0203 917 8187) and sold on 3 December 2021.	CoStar confirms that the sale of a virtual freehold long leasehold interest completed at <b>£925,000</b> reflecting a capital sales rate of <b>£275.54 per sq ft</b> , and a gross freehold yield of <b>6.31%</b> .

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<b>82-84 Kingsland High Street London E8 2NS</b>	A store front building extending in total to 5,167 sq ft let to Boots. Bought by Golden Waratah Group Ltd on 30 December 2021 through selling agents Allsop at their auction sale.	CoStar confirms the agreed sales price of <b>£2,750,000</b> breaks down to a capital sales rate of <b>£532.22 per sq ft</b> and a gross freehold yield of <b>6.53%</b> .
<b>245-247 Well Street London E9 6RG</b>	A large three storey mixed residential and retail use building extending in total to 8,135 sq ft bought by Akkes Ltd on 31 March 2022.	CoStar confirms the agreed price of <b>£2,550,000</b> breaks down to a capital sales rate of <b>£330.50 per sq ft</b> .
<b>Commercial Lettings</b>		
<b>412 Mare Street Hackney London E8 1HP</b>	673 sq ft of ground floor retail space let on a 10 year fully repairing and insuring lease from June 2023 ending in June 2033. Letting agents Strettons (0208 509 4436).	CoStar confirms the agreed rent of <b>£35,000 pa</b> breaks down to <b>£52.01 per sq ft</b> on an overall basis.
<b>Celia Fiennes House 8-20 Well Street London E9 7PX</b>	481 sq ft of ground floor retail space known as Unit 4, let to London Beard Company Ltd on a fully repairing and insuring lease from February 2023.	CoStar confirms the agreed rent of <b>£15,000 pa</b> breaks down to <b>£31.19 per sq ft</b> on an overall basis.

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<p><b>Morning Lane London E9 6ND</b></p>	<p>350 sq ft of ground floor retail space let to Atlas Grinds on a fully repairing and insuring lease for five years that commenced in February 2023 and which ends in February 2028.</p>	<p>CoStar confirms the agreed rental of <b>£27,000 pa</b> breaks down to an overall rate of <b>£77.14 per sq ft</b>. This is considered well in excess of current Market Rental Value, the leasing agents Stirling Ackroyd Group Ltd confirm that the ingoing tenant was keen to use the premises as a bar / nightclub in this particular part of the Hackney locality.</p>
<p><b>171-173 Mare Street London E8 3RH</b></p>	<p>1,100 sq ft of ground floor retail space let on a fully repairing and insuring lease from December 2022.</p>	<p>Leasing agents CDG Leisure (0207 900 5520) confirm the agreed rental of <b>£27,500 pa</b>, which breaks down to an overall rate of <b>£25 per sq ft</b>.</p>
<p><b>Residential Lettings</b></p>		
<p><b>316 Mare Street London E8 1HA</b></p>	<p>A two-bedroom flat above retail premises in the same postcode, came to the market through Rayners (0208 986 4415).</p>	<p>Let agreed on an Assured Shorthold Tenancy from 13 January 2023 at <b>£1,800 pcm</b> on an AST agreement.</p>
<p><b>332A Mare Street London E8 1HA</b></p>	<p>A two-bedroom flat above retail premises in the same postcode. Came to the market through Keatons (0208 525 7788).</p>	<p>Let agreed on an AST agreement from 21 December 2022 at <b>£1,750 pcm</b> on an AST agreement.</p>

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<b>303A Mare Street London E8 1EJ</b>	A three-bedroom flat above retail premises in the same postcode.	Currently available and attracting early interest through Filey Properties (0207 254 4444) at <b>£2,600 pcm</b> on an AST agreement.
<b>10 Median Road London E5 8PL</b>	A three-bedroom converted flat extending to 44 sq m came to the market on 30 March 2023 through Rayners (0208 986 4415).	Let agreed on a 12 month AST agreement from 30 April 2023 at <b>£2,500 pcm</b> .

## 20 VALUATION ANALYSIS

- 20.1 The subject of this report is a three-storey end of terrace building, built around 1900. It is in mixed use. At ground floor level is a retail premises trading as Britannia Fish & Kebab.
- 20.2 There is a side access that serves those entering and leaving The Ship Public House & Hotel. It also gives access to separate doorways that lead to 299A and 299B. 299A is at first floor level and 299B is at second floor level (top). Your legal advisers must confirm to you that there is an adequate right of way or easement in place over the communal access walkway enabling access to both flats.
- 20.3 The property is at the centre of the Mare Street business district surrounded by other similar properties. A number of occupiers are local traders, but in addition there are some national multiples that include KFC, and Cash Converters. The Hackney Empire is also a short distance away to the west.
- 20.4 Considering the comparable evidence:
- 20.5 **Commercial Sales and Rentals**
- 20.6 The comparable evidence gives quite a wide range of achieved sales rates. The yield range is 6.31% to 6.53% which is indicative of still quite a strong amount of demand for properties in this central area.

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20.7 Lettings vary widely rate wise. Even in Mare Street itself, the range is £25 to £52.01 per ft sq. The achievable range tends to be influenced significantly by the actual position in the Mare Street locality, and the quality of the building. The subject property would not achieve the upper end of the range given the relatively poor-quality shared walkway access to the upper levels, and the proximity of the flats to a public house /hotel use.

20.8 **Residential Lettings**

20.9 There is a good amount of tenant demand in this area, The letting details of the flats we refer to earlier, are both supported by the comparable evidence.

20.10 With regards to Market Rental Value (MRV), taking into account the comparable evidence referred to above, we are of the opinion that the current passing rentals are a good indication of current Market Rental Value. Thus, our assessment of Market Rental Value for this property is £81,000 per annum.

20.11 We have capitalised this sum by our chosen gross freehold yield of 7.5% which is a Years Purchase (YP) multiplier of 13.33 which arrives at our opinion of Market Value of £1,075,000.

20.12 The calculation is:

Market Rental Value (MRV)	£81,000
YP in perpetuity @ 7.5%	<u>13.33</u>
<b>Market Value (MV)</b>	<b>£1,075,000 (rounded)</b>

20.13 We are aware that the applicant has estimated the value to be £1,300,000 which in our opinion is excessive.

20.14 The applicant paid £845,000 according to Land Registry on 1 March 2023, which appears to have been a purchase at undervalue.

20.15 Overall, it is our view that given the size, age and nature of the property, it would be reasonable attractive to the investor purchaser and tenant sectors of the market if it became available. A sale should be capable of being achieved within 9 to 12 months of marketing, and a letting within 3 to 6 months.

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- 20.16 We have adopted a special assumption for the limited marketing period, as instructed, in order to assist you with loan security assessment taking into account the timing and expeditious disposal following a default.
- 20.17 In arriving at our opinion of Market Rental Value (MRV) we have assumed a minimum lease term of five years for the ground floor retail unit on usual market terms, none of which we have assumed would have a detrimental impact on value of the freehold interest.
- 20.18 For the flats we have assumed AST agreements for 12 months with tenants break clauses triggerable after six months.

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## 21 VALUATIONS

21.1 Having regard to the comments set out above, we have considered the matter of value in accordance with the appropriate RICS guidelines and we set out below our opinions of value of the freehold interest in the property known as 299 Mare Street, Hackney, London, E8 1EJ:

Market Value (MV):	£1,075,000 (One Million and Seventy-Five Thousand Pounds)
Market Value (MV) subject to the special assumption of a 90-day marketing period in which to achieve a sale:	£875,000 (Eight Hundred and Seventy-Five Thousand Pounds)
Market Value (MV) of the property assuming vacant possession:	£950,000 (Nine Hundred and Fifty Thousand pounds)
Market Rental Value (MRV):	£81,000 p.a. (Eighty-One Thousand Pounds per annum)
Insurance Reinstatement Cost Assessment:	£750,000 (Seven Hundred and Fifty Thousand Pounds)

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## 22 SECURITY & RECOMMENDATIONS

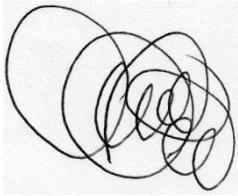
- 22.1 Allowing for regular maintenance including decoration and repairs as appropriate it is anticipated that the building will retain a useful economic life of at least 25 years + assuming adequate periodic expenditure upon maintenance and repair.
- 22.2 Subject to the above comments, the property is considered to provide suitable security for an advance by the mortgage lender on its usual terms for an asset of this type and age.
- 22.3 Any matters arising which contradict this report and the assumptions stated herein, or are otherwise likely to affect the valuation should be referred back for reconsideration.

## 23 LIMITATION & PUBLICATION

- 23.1 This valuation is prepared solely for the use of the addressee and no responsibility is accepted to any other party for the whole or any part of its contents. (It may be disclosed to other professional advisors assisting in respect of the purpose for which the valuation is prepared).
- 23.2 Neither the whole nor any part of this valuation certificate nor any reference thereto may be included in any published document, circular or statement nor published in any way without our approval of the form and context in which it may appear.
- 23.3 We deem there to be no conflict of interest in relation to providing this valuation.

Property Address: 299 Mare Street, Hackney, London, E8 1EJ  
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Report Reference: BX041388

**24 SIGNATURE OF VALUER**



**Arwel Griffith FRICS  
RICS Registered Valuer  
For and on behalf of  
J Raymond Welch Surveyors Ltd**

**Date: 15 August 2023**



**Martin Hill FRICS  
RICS Registered Valuer  
For and on behalf of  
J Raymond Welch Surveyors Ltd**

**Date: 15 August 2023**

Property Address: 299 Mare Street, Hackney, London, E8 1EJ  
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## Appendix B – Location / Street / Title plans

Property Address: 299 Mare Street, Hackney, London, E8 1EJ  
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**Property Address:** 299 Mare Street, Hackney, London, E8 1EJ  
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H.M. LAND REGISTRY		TITLE NUMBER	
		LN93235	
ORDNANCE SURVEY	COUNTY	SHEET	NATIONAL GRID
PLAN REFERENCE	GREATER LONDON		TQ 3484
Scale: 1/1250		© Crown copyright 1972	
		Old Reference LN VII B M	



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## Appendix C – Photographs

Property Address: 299 Mare Street, Hackney, London, E8 1EJ  
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Front



Shop food sales counter

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Shop seating area



Shop kitchen

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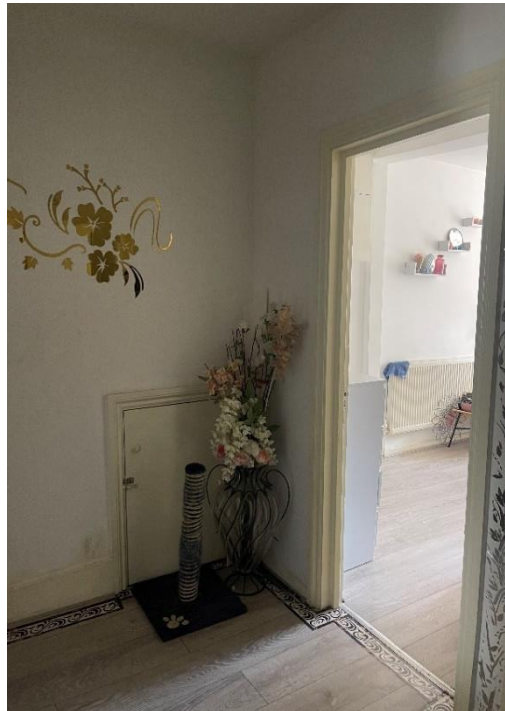


Shop food preparation area



Shop WC

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299a Entrance Hallway



299a lounge

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299a kitchen



299a bathroom

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299a bedroom



299a Bedroom

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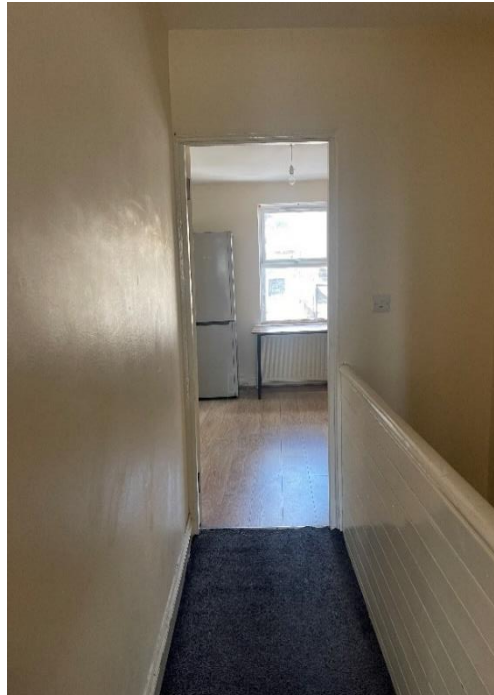


299a outside space



Access stairs to 299b

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299b landing



299b lounge

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299b kitchen



299b bedroom

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299b bedroom



299b bedroom

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299b bathroom

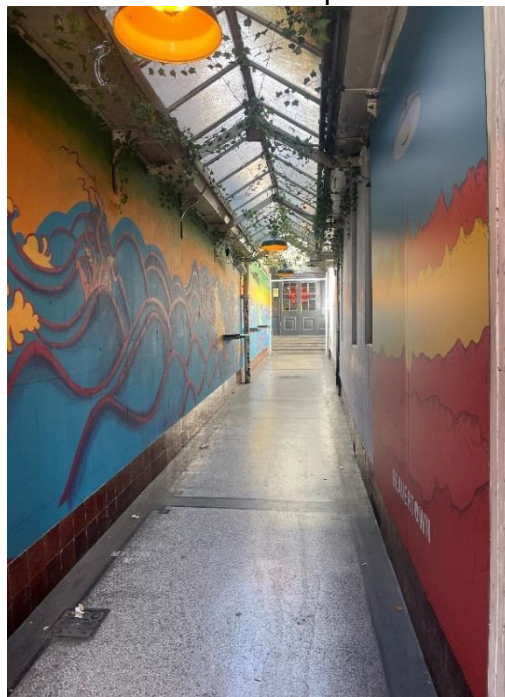


299b utility area

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299b outside space



Communal access walkway to 299a and b, and nearby commercial use

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Street scene west



Street scene east

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## Appendix D – Conditions of Engagement

**CONDITIONS OF ENGAGEMENT  
FOR  
THE VALUATION AND APPRAISAL  
OF  
LAND AND BUILDINGS  
FOR  
COMMERCIAL SECURED LENDING PURPOSES**

Property Address: 299 Mare Street, Hackney, London, E8 1EJ  
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## 1 The Service

1.1 Our Valuer will provide directly to the Client Lender a Report based on an inspection as described below. In respect of the subject property, our Valuer will be an Independent Valuer, who is a Corporate Member of the Royal Institution of Chartered Surveyors, and:-

- (a) in respect of the particular type of property, has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding necessary to undertake the valuation competently;
- (b) each valuation will be prepared by, or under the supervision of, an appropriately qualified Member who accepts responsibility for it.
- (c) has, and whose partners, co-directors and employees, have, no other recent or foreseeable potential fee-earning relationship concerning the subject property, apart from the fee for the service and who has disclosed any past or present relationship with any of the interested parties or any previous involvement with the subject property as required by the Royal Institution of Chartered Surveyors, and no significant financial interest or management involvement in the borrower's concern.

1.1.1 Our valuer will act with independence, integrity and objectivity in undertaking the valuation.

1.1.2 In the event that the instruction is issued by you as a prospective borrower, or a broker you should be aware that the Report may not be acceptable to a lender.

1.2 The Report will provide the following points:-

1.2.1 A full description of the property, its location, apparent state of repair and other relevant information such as the site area and floor space;

1.2.2 Our Valuer's valuation (s):-

- (a) on whichever of the bases (see paragraph 4 below) have been agreed between our Valuer and the Client Lender and/or such other basis as they may have agreed;

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- (b) if our Valuer believes there is a special prospective purchaser, on the above basis(es) but reflecting the bid of that special prospective purchaser:-
  - (i) where the valuation(s) reported pursuant to (a) above, has/have been affected by the existence of an unimplemented planning consent for change of use or other development or by the prospect of such consent(s) being available, our Valuer will so report and advise as to the amount(s) of the increase reported in consequence.

1.2.3 In the case of property to be held as an investment:-

- (a) a projection, at rental levels current at the reporting date, of the rental income to which the owner will be entitled from the property if it remains fully occupied;
- (b) an opinion upon the effects on value of the quality and terms of the lease(s) and relevant implications upon the valuation in respect of privity of contract (if any); and
- (c) our Valuer's view of the market's opinion of tenant covenants for the class of the subject property in the subject locality.

1.2.4 Advice, if our Valuer considers it relevant, that there is a significant prospect of or potential for change of use or other development of the subject property, or those in the vicinity, which would materially affect the value of the subject property.

1.2.5 Advice on any other factors, which our Valuer considers, is likely materially to affect the status of the property as security.

1.2.6 Comment upon the proposed purchase price if this has been notified to our Valuer.

1.2.7 A statement as to any special assumptions which our Valuer has made.

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- 1.2.8 Our Valuer's opinion of the property as a lending security in terms of present saleability, suitability, expected obsolescence and potential, bearing in mind the length (which will be stated) of the term of the loan contemplated by the Client Lender and assuming that the borrower will maintain the property in a reasonable state of repair.
- 1.2.9 An opinion (without liability on the part of the Valuer) of current market conditions and current and expected trends in respect of the type of property in the area.
- 1.2.10 A statement as to the valuation method adopted, and an indication as to the extent to which our Valuer has been able to have regard to comparable market transactions:-
- (a) in the case of property valued for the existing use as an operational entity having regard to trading potential, the opinion which our Valuer has formed as to the future trading potential, including the gross income and profitability likely to be achieved; and
  - (b) in the case of property valued on a residual basis, the significant material figures and assumptions made and the consequences of changes thereto.
- 1.2.11 If requested by the Client Lender, an indication for insurance purposes (which is given solely as a guide, as a formal estimate for insurance purposes can be given only by a quantity surveyor or other person with sufficient current experience of replacement costs) of the current reinstatement cost of:-
- (a) the buildings in their present form (unless otherwise stated); or
  - (b) buildings being constructed as proposed to be completed; each including the costs of clearance and professional fees but excluding:-
    - (i) VAT (except on fees);
    - (ii) loss of rent; and/or
    - (iii) cost of alternative accommodation for the reinstatement period.

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- 1.2.12 Any other aspects, other than the usual legal investigations, which our Valuer considers require further consideration or investigations by or on behalf of the Client Lender.
- 1.3 Following provision of the Report, our Valuer will be prepared to discuss its contents with the Client Lender's representative.
- 1.4 Our Valuer shall, unless otherwise expressly agreed, rely upon information provided by the Client Lender and/or the Client's legal or other professional advisers relating to tenure, leases and all other relevant matters. No responsibility or liability will be accepted for the true interpretation of the legal position of the client or other parties.
- 1.5 Subject to paragraph 2.1 below, our Valuer shall carry out such inspections and investigations as are, in his or her professional judgement, appropriate and possible in the particular circumstances. These will include oral town planning enquiries.
- 1.6 If our Valuer's inspection suggests that there may be material hidden defects our Valuer will so advise and may exceptionally defer submitting a final Report until the results of further investigations are available.
- 1.7 The report will not identify the existence of contamination unless, by agreement with the Client Lender, reports thereon from others have been obtained and made available to our Valuer, who will have no liability in respect thereof. If, however, our Valuer in the course of his/her inspection concludes that there may be material contamination, our Valuer will report this to the Client Lender with a view to a decision being taken as to whether the instructions are to be amended.
- 1.8 In preparing the report, unless otherwise stated by our valuer, the following assumptions will be made which our Valuer shall be under no duty to verify:-
- (a) that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated;
  - (b) that good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings;
  - (c) that the property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries, or by any statutory notice, and that neither the property, nor its condition, or its use, or its intended use, is or will be unlawful;

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- (d) that inspection of those parts that have not been inspected would neither reveal material defects nor cause our Valuer to alter the valuation(s) materially; and
  - (e) unless otherwise stated, that no contaminative or potentially contaminative uses have ever been carried out on the property and that there is no potential for contamination of the subject property from past or present uses of the property or from any neighbouring property.
  - (f) that no alterations are required under the Equality Act 2010.
  - (g) that, regarding asbestos, there are no onerous liabilities resulting from a survey, risk assessment, or asbestos register.
- 1.9 In providing the Service our Valuer will have regard to relevant contents of the *RICS Valuations – Global Standards 2022 incorporating the International Valuation Standards (The Red Book)*.
- 1.10 The report will be provided for the stated purpose and for the sole use of the named Client Lender. We accept responsibility to the Client Lender alone that the report will be prepared with the skill, care and diligence reasonably to be expected of a competent Valuer, and accept no responsibility whatsoever to any parties other than the Client Lender. Any such parties rely upon the Report at their own risk. Neither the whole nor any part of the Report, nor any reference to it, may be included in any published document, circular or statement, or published in any way, without our Valuer's written approval of the form and context in which it may appear.
- 1.11 In the event of a proposal to place the loan on the subject property in a syndicate, the client must notify the valuer with a view to agreeing responsibility to the further, named parties.

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## 2 The Inspection

- 2.1 Our Valuer will undertake a visual inspection of so much of the exterior and interior of the property as is accessible with safety and without undue difficulty 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 our Valuer considers reasonably necessary to provide the Service, having regard to its purpose. Our Valuer is under no duty to carry out a building survey or to inspect those parts of the property which are covered, unexposed or inaccessible, including the roof space or to raise boards, move anything, use a moisture detecting meter, or to arrange for the testing or electrical, heating or other services. An assumption will be made that the subject property is in good repair, except for any defects specifically noted. Also, an assumption will be made that the services, and any controls or software, are in working order and free from defect.

## 3 The Report

- 3.1 If it is not reasonably possible to carry out a substantial part of the Inspection (see paragraph 2 above) this will be stated.
- 3.2 Where our Valuer relies on information provided, this will be indicated in the Report, with the source of the information.
- 3.3 The Report will state the existence of any apparently recent significant alterations and extensions to as to alert the Client Lender's legal advisers.

## 4 Valuation

- 4.1 The valuation(s) provided will be on the aforementioned assumptions in respect of individual subject properties otherwise agreed) as inspected, on whichever of the following or other bases as have been agreed between our Valuer and the Client Lender, such bases where applicable to be as defined or referred to in the RICS Valuations – Global Standards 2022 (The Red Book) of The Royal Institution of Chartered Surveyors.
- 4.1.1 Market Value with interpretative commentary.
- 4.1.2 A further valuation subject to a defined marketing constraint.
- 4.1.3 Market Value as a full operational entity valued having regard to trading potential.

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4.2 The valuation(s) will exclude any additional value attributable to personal goodwill, or the value of any fixtures and fittings which are only of value in situ to the present or proposed occupier, except in the case of property which is fully equipped and valued as an operational entity, where only personal goodwill is excluded.

4.3 Market rent with interpretative commentary.

## 5 Instruction and Charges

5.1 All instructions of the Client Lender will be made directly by the Client Lender and confirmed in writing.

5.2 The Client Lender will pay to our Valuer the fee initially agreed between them, or any amendment thereto to be agreed if the instructions are subsequently modified. In addition, the Client Lender will reimburse the cost of all reasonable out of pocket expenses (unless it is prior agreed that these will not be charged) which may be incurred and pay the amount of any Value Added Tax on the fee and expenses.

5.3 The Valuation Report will be released on payment of our Valuer's fees.

## 6 Complaints Procedure

6.1 Any complaints and / or disputes regarding work carried out by J Raymond Welch Surveyors Ltd are taken very seriously and managed in an understanding manner with conciliation designed to generate resolution. A copy of our Complaints Procedure is available on request.