



HUNTLEY & PARTNERS_{LLP}

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VALUATION REPORT

In respect of:

**The Ashgrove Hotel, 218 Citadel Road,
Plymouth, PL1 3BB**

On behalf of:

Bridgewater/Together Commercial
Finance Ltd
**Lake View, Lakeside,
Royal Business Park, Cheadle,**

Client's Customer:

Caroline Benson

Prepared by:

**Huntley & Partners LLP
117 Ridgeway, Plympton, Plymouth,
Devon, PL7 2AA**

Tel: 01752 206020

Date: 05.05.2021

Our ref: H418v

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Valuation Report Appendices

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1.	Explanatory Notes	Yes
2.	Client's Instruction.....	Yes
3.	Huntley & Partners LLP Standard Terms of Business for Valuation.....	No
4.	Conflict of Interest Correspondence.....	No
5.	Floor Plans & Elevations.....	No
6.	1:1250 Ordnance Survey Site Plan.....	No
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8.	Asbestos Register/Asbestos Management Plan	No
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10.	Land Registry Plan.....	Yes
11.	Report on Title.....	No
12.	Planning Documentation.....	No
13.	Energy Performance Certificate.....	Yes
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15.	Flood Risk Assessment Report.....	No
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17.	Covenant Information/ Experian Report.....	No
18.	Valuation Printout	No
19.	Sales / Letting Brochure(s)	No
20.	Ocean Stays Revenue Projection 2021.....	Yes

Executive Summary



Address: The Ashgrove Hotel, 218 Citadel Road, Plymouth, Devon, PL1 3BB

O/S Grid Ref: SX 47445 54073

Location & Situation: Central Plymouth – mixed residential and hotel/guest house situation.

Brief Description: Four storey town house arranged as 16 self-contained double en suite bedrooms with staff accommodation, rear enclosed yard with space for one vehicle.

General Condition: Excellent

Floor Areas:

Description	Measurement	Metric	Imperial
Total Floor Area Approx:	GIA Useable Rooms:	282.27m ²	3,038ft ²
	GIA Circulation:	67.51 m ²	726 ft ²
	TOTAL:	350m²	3,765 ft²
Total Site Area – (approx) Note: all areas rounded to nearest whole number and site area based on Google Maps.		200m ² /0.02ha	239 yd ² / 0.05acres

Tenure: Freehold

Occupational Tenancies: None. Rooms to be occupied as hotel rooms.

Planning Use & Classification: C1 Hotels - Hotels, boarding and guest houses where no significant element of care is provided (excludes hostels). To be confirmed by the Bank's legal advisor.

Business: The property is to be operated as an "apart hotel" whereby the 16 rooms are sold/let out on a night by night basis to individuals visiting the city for pleasure or business. The proposed business has not yet commenced trading and hence there are no accounts or financial figures available to us. *Consequently you have requested a Bricks & Mortar (VP or Investment Values)).*

We have been provided with the Bank's clients' forecast trading figures which we attach at Appendix 20.

Ocean Stays Projections 2021		Current Trade Assessment (CTA)		Fair Maintainable Trade (FMT)	
Turnover:	£ 317,769	Net Turnover:	None	Net Turnover:	None
GP:	£ 120,250	GP:	None	GP:	None
GP%:	38%	GP%:	None	GP%:	None
EBITDA:	£ 142,150	Adjusted Net Profit:	None	Adjusted NP:	None
EBITDA%:	% 45	Adjusted NP%:	None	Adjusted NP%:	None

Net Profit is expressed before interest, taxation, depreciation, amortisation and hire purchase and leasing costs.

Valuations:

We have reviewed Appendix A and our instructions to provide a Bricks and Mortar (VP or Investment Values). We are providing the valuations as set out below which we have referenced against Appendix A of the instructions provided.

Valuations		
Market Value (MV)	£600,000	Six Hundred Thousand Pounds
Market Value (MV) with Special Assumption 1 (Vacant Possession 180 day period)	£500,000	Five Hundred Thousand Pounds
Market Value (MV) with Special Assumption 2 (Vacant Possession 90 day period)	£375,000	Three Hundred and Seventy Five Thousand Pounds
Market Rent (MR)	Nil	Nil
Insurance Reinstatement Estimate <i>The property is a Listed Building. We recommend that an appropriately qualified surveyor be appointed to provide a formal reinstatement valuation.</i>	£1,000,000	One Million Pounds

Basis of Market Value (MV): Market Value as a C1 Apart Hotel of 16 double en suite bedrooms with vacant possession and no trading history.

Special Assumption 1: Market Value as above but assuming a sale is required within a restricted 180 day marketing period.

Special Assumption 2: Market Value as above but assuming a sale is required within a restricted 90 day marketing period.

Basis of Market Rent (MR): Nil – we do not consider there to be a rental market for the property.

Estimated Value (EV): £750,000 as provided by Method in our instructions.

Purchase Price (PP): £450,000 as advised by Bank's client.

Comment on EV or PP: We cannot value at the EV. The PP is based on the original form and use of the property which has now been materially altered.

Client Action Points: Reinstatement Valuation – appoint professionally qualified surveyor to undertake formal Insurance Reinstatement Valuation.

17.11 – Asbestos Survey and Management Plan required.

19.1 – Business Rates – we expect that the Local Authority may wish to revalue the premises following the recent refurbishment.

19.2 – Planning – Bank's legal advisor to confirm the planning status and that there are no outstanding or pending enforcement actions and that the current refurbishment is compliant in terms of planning, Building Regulations and Listed Building requirements.

19.4 Bank's legal advisor to confirm compliance with Equality Act.

19.5 Client's customer to provide Fire Risk Assessment.

Methodology: Market Valuation based on comparable approach.

Comment on Comps: Comparable evidence for C1 "apart hotels" is extremely limited in terms of trading assets and particularly so for assets which are newly refurbished and vacant. We have not identified any evidence.

Market Demand: Uncertain for "apart hotel" with no trading history. If adapted to provide owner's accommodation and offered as a guest house then we believe demand would be in line with the peer group and, subject to pricing in line with market conditions, demand would in our opinion be reasonable. Please see our comments in Methodology (25.8) and Marketability (26).

Suitable for Loan Security: The property is in excellent condition having been recently comprehensively refurbished. The Bank's clients' proposed business plan is untested although similar type businesses operate in the city. Subject to the Bank a) positively satisfying itself as regards the viability of the business plan and b) applying appropriate loan facilities, then we would consider the property to be capable of providing suitable security.

SWOT Analysis:

Strengths	Weaknesses
<ul style="list-style-type: none"> Good location for waterfront and city centre High quality refurbishment Attractive building Forecast for recovery and longer term hotel sector good. 	<ul style="list-style-type: none"> No trading data Lack of comparable market Uncertain market (buyers as apart hotel) Nil letting potential Removal of all owner's accommodation Listed Building
Opportunities	Threats
<ul style="list-style-type: none"> Reinstatement of owner's accommodation if required Conversion to residential but will require consents which may not be forthcoming. To maintain in good order to achieve best room rates and occupancy levels. 	<ul style="list-style-type: none"> Local competition from the established guest house and hotel sector. Trading projections not met Poor management leading to disrepair Economic uncertainty COVID-19 and prolonged lock-down impacting adversely on business and tourism.

Disclaimer

The Executive Summary should always be read in conjunction with the entire Report and must never be considered or treated in isolation.

This Report must only be considered in conjunction with the Explanatory Notes at Appendix 1 which constitute an integral part of this report.

Hotel

Methods Ref: 16709

Our Ref: H418v

05.05.2021

Huntley and Partners LLP
117 Ridgeway, Plympton
Plymouth, PL7 2AA

Dear Sirs,

Subject of Valuation: The Ashgrove Hotel, 218 Citadel Road, Plymouth, Devon, PL1 3BB

Applicant: Caroline Benson

1. Introduction

In accordance with your instructions (Appendix 2) received 13th April 2021, the above property was inspected by Andrew Jarrold MRICS RICS Registered Valuer - 0081117, who is acting as an External valuer. The valuation is provided in accordance with the RICS Valuation – Global Standards 2019 (The Red Book).

We confirm that the valuation has been prepared for Secured Lending purposes to determine the Market Value (MV), Market Value (MV) Subject to Special Assumptions and Market Rent (MR).

The valuation, unless otherwise stated, is provided subject to the **(A)** Client's Reporting Requirements, which are appended to this report.

Your attention is drawn to the fact that this report is not a building survey, but a valuation prepared in accordance with the requirements of the Client and appropriate RICS guidelines.

All advice given is for and on behalf of Huntley & Partners (herein after "The Practice") and is not provided in an individual capacity. No personal duty is owed to you by any individual member of The Practice, its Directors, Associates or Staff. This notwithstanding the valuation report is written in the first person by Andrew Jarrold and counter signed by Brian Hasell FRICS FAVLP RICS Registered Valuer.

2. Client

Bridgewater/Together Commercial Finance Limited (hereinafter "The Client").

3. Other Intended Users

None

4. Valuation Date

5th May 2021.

5. Weather Conditions and Limitations of Inspection

The conditions were sunny and dry at the time the inspection was undertaken. The external inspection of the building was taken from ground level only. The roof space was not accessed.

At the date of the inspection the building was unoccupied. Floor surfaces were obscured by fitted floor coverings.

6. Bases of Valuation

The bases of valuation applicable for secured lending valuations are set out in VPS4 – (Basis of Value, assumptions and special assumptions) of The Red Book as follows:

1.2 *Market Value (MV)*

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.

1.3 *Market Rent (MR)*

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 terms in an arm's length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

The bases of valuation required by the Client are Market Value (MV), Market Value (MV) Subject to Special Assumptions and Market Rent (MR).

7. Special Assumptions (See Appendix 1)

The Special Assumptions required by the Client are:

- 1) Vacant Possession – sale within 180 day marketing period
- 2) Vacant Possession – sale within 90 day marketing period

8. Interest to be Valued

Freehold.

9. Use and Classification

C1 Hotels - Hotels, boarding and guest houses where no significant element of care is provided (excludes hostels) – to be confirmed by the Bank's legal advisor.

10. Purpose of Valuation

The valuation is required by the Client for Secured Lending purposes/the consideration of a commercial mortgage application.

11. Terms of Business

A copy of the Client's guidelines and requirements are attached to the rear of this report at Appendix 3.

12. Confidentiality and Limit of Liability

This valuation is provided on the basis that it is for the purpose stated above and for no other purpose whatsoever.

The Practice has prepared this report for the Client only, although it is agreed the Client may release a copy of this report to its customer for information. Third parties may not rely upon the contents of this report without the express written consent of The Practice.

13. Restrictions on Publication

The report must not be reproduced in full, or in part, for any purpose without the express written consent of The Practice.

14. Conflicts of Interest & Disclosure of Previous Material Involvement

I am aware of and have considered the RICS Conflict of Interest Professional Statement (2017).

I confirm The Practice has not had previous material involvement with the subject of the valuation.

I confirm that there is no conflict of interest arising from The Practice undertaking this valuation as there is no relationship between The Practice and the customer and understand in any case that The Practice's responsibility is entirely to the Client and not to its customer.

15. Professional Indemnity Insurance

The Practice holds Professional Indemnity Insurance for valuations with £1,000,000 any one claim and in the aggregate, plus unlimited reinstatements.

16. Nature and Source of Information Relied on

The sources of information relied upon are set out herein, and where information is not provided, and assumptions have been made which do not constitute "Special Assumptions" these are detailed in the body of the report.

We have received a copy of Ocean Stays Projections 2021 from the Bank's Client. We were shown over the property by the Bank's Client.

17. The Property

17.1. Location

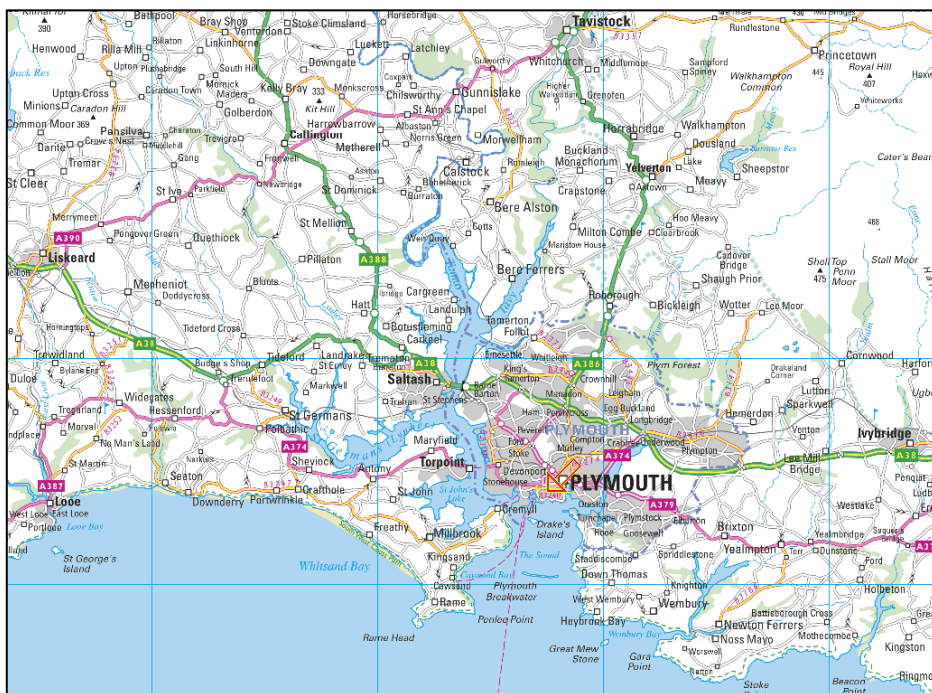
Plymouth is the largest centre of population in the South West after Bristol and has a population of around 264,000. Principal towns or cities nearby include Truro (56 miles west), Exeter (45 miles north-east) and Torquay (33 miles east).

In terms of size, Exeter has an estimated population of some 128,900, Truro 21,000 and Torquay 65,245. In contrast the nearest major city is Bristol (121 miles north-east) with a population of some 686,000.

Plymouth is renowned for its naval port which remains one of the largest in Europe. The city has also recently been confirmed as a Freeport. Local statistics state 128,000 people in employment (2016), £266m current approved and planned capital investment by the City Council, a pledge to build 26,700 new homes by 2034 and corresponding population growth some 32,000 to 300,000 (2034). Underpinning the economy is a GVA of some £5.2bn (2016). (Source Visitplymouth.co.uk)

In addition to the above, the city has unitary status, a thriving university (ranked 43rd out of some 169 listed universities with total students of some 20,000).

Transport links – by road – A38 dual carriageway to M5 Exeter. By train - regular main line service to London via Exeter (2.5hrs approx). By air – Exeter International Airport at M5 Jct29.



17.2. Situation

The property is situated in the centre of Plymouth on the southern side of Citadel Road a short distance east of its junction with Elliot Street. The situation is characterised by residential houses/flats and guest houses/hotels. Plymouth Hoe and waterfront are within easy walking distance as are the shopping facilities of the City Centre. Rear access to the property is available for vehicles from Leigham Terrace Lane.



17.3. Character of Area / Locality

The area is mainly residential (houses and flats) together with commercial hotels and guest houses. To the rear is a modern development of flats (Azure West) and nearby is the world renowned Plymouth Marine Laboratory. In terms of value this is a desirable area which has seen quite substantial investment in recent years with properties being refurbished and improved. The proximity and convenience of the Hoe and city centre means that this is an area with improving values.

The proposed use of the property as hotel accommodation is in our opinion entirely in keeping with the location/situation. Your Client's customer intends to operate this as an "apart hotel".

17.4. Competition

Hotels	Distance from Subject	Rating	Room Rates
Jewells Guest House	Adjoining	****	From £65
Citadel House	70m west approx.	***	From £67
The Grosvenor Hotel	100m south approx.	****	From £76

Note – Room rates as at current pricing and expected to rise during the summer period.

17.5. Description of the Property (Type & Age)

The property forms part of a Listed terrace which we understand was constructed around 1870 (Historic England). The building is arranged on basement, ground and three upper floors. To the rear, a tenement extends from basement to first floor and at ground floor an extension has been built into the yard space which it is intended to be used as a laundry facility. The front of the property has plenty of character with rendered walls, pilaster relief work around the entrance and windows, and small baluster balconies added to the front elevation at first floor.

The property is approached up four stone steps to the front door which is set back from the pavement. There is a lightwell to the front accessed from the basement and which is formed by a low level wall with balusters and concrete coping. Our inspection indicated that, at basement level, the building appears to extend under the pavement and the space available would be suitable for basic storage.

The frontage of the building could be described as having a "classical" style appearance.

To the rear is an enclosed yard space formed by stone walls with a concrete ground finish and metal panel gates. This space provides good access for rear loading and there is a solid staircase with timber safety rails leading down to the basement level where there is an area of open yard space and a store room.

Internally, the front door leads into a small porch and then into the central hallway which gives access to rooms 1 and 2, and to the rear a staffroom fitted with kitchen units and leading on into the planned utility space. The staffroom includes an en suite shower with w.c. and washbasin. The CCTV and security systems for the property are also centralised in this space.

The basement provides rooms 3, 4, 5 and 6. At first floor rooms 7, 8, 9 and 10. Second floor rooms 11, 12 and 14 (N.B. no room 13 listed) and third floor rooms 15, 16 and 17. All are essentially double rooms with en suites and a mixture of additional facilities as summarised in the Accommodation below.



17.6. Construction

Exterior Frontage: Rendered stucco type walls, painted with pilaster mouldings around windows and front door. Small baluster balconies to first floor front. Most likely traditional stone construction.

Roof: Not visible from ground inspection but believed to be of pitched timber frame with tile/slate covering over the main house and over the tenement extension. The utility extension has a flat asphalt type roof covering.

Exterior Rear: Rendered and painted. Plastic guttering and downpipes and uPVC double-glazed window units throughout.

Interior: Suspended timber flooring, plastered walls, retained moulding and relief work in ground floor rooms and hallway.

We were advised by the Client's customer that the entire property has been completely refurbished and such works include a new roof. Subject to one or two minor snagging items (i.e.: fitting a door handle, finishing off some decorating/equipment installation in utility space and some minor decorative works in the communal areas) and which we were advised were in hand, we can confirm that the entire premises inside and out have been refurbished and finished to a very good standard.

We repeat that we cannot comment on the roof as it was not visible and neither have we been inside the roof space.

17.7. Services

Mains drainage, water, gas and electricity. (Gas meter under pavement outside room 3).

Note three boilers, one in basement, one in room 10 and one advised to be in roof – not seen.

Should the Client require specific commentary on the condition / life expectancy of the services it should appoint a suitably qualified (mechanical & electrical) engineer to investigate further.

17.8. Accommodation and Floor Areas

In brief, the property comprises:

Ground Floor:

Room 1 is a double room with en suite facilities, small sink, fridge, microwave and surface mounted hob. Facing to the front.

Room 2 is a double room with en suite facilities, sink, fridge, microwave and surface mounted hob. Facing into the rear yard.

Staffroom and utility as described above.

A staircase from the central hallway leads down to:

Basement:

Room 3 – single room with en suite, fridge and microwave. Access to under pavement store and lightwell.

Room 4 – double room with en suite, microwave. Facing front into lightwell.

Room 5 – Twin room with en suite, small sink, fridge, microwave and surface mounted hob. Facing rear.

Room 6 – Twin room with en suite, small sink, fridge, microwave and surface mounted hob. Formed in tenement extension and facing rear. Has access into rear basement yard space.

Hot water boiler positioned under stairs.

From the central hallway the staircase leads to:

First Floor:

Room 7 – double room with en suite, fridge and microwave. Formed in the rear tenement section and accessed from half landing. Facing rear. Situated over the staff room below. Return staircase to:

Room 8 – double room with en suite, fridge and microwave. Situated over the entrance hallway. Facing front.

Room 9 – double room with en suite, microwave. Situated over Room 1. Facing front.

Room 10 – double room with en suite, sink, microwave, fridge, and surface mounted hob. Second boiler in cupboard in room. Situated over Room 2. Facing rear.

Staircase to:

Second Floor:

Room 11 – double with en suite, fridge and microwave. Facing front. Situated over Room 8 below.

Room 12 – double room with en suite and microwave. Facing front. Situated over Room 9 below.

Room 13 – not listed.

Room 14 – double room with en suite, sink, fridge, microwave, surface mounted hob. Situated over Room 10. Facing rear.

Staircase to:

Third Floor:

Room 15 – double room with en suite, microwave and fridge. Situated over room 11. Facing front.

Room 16 – double room with en suite, microwave. Situated over room 12. Facing front.

Room 17 – double room with en suite, sink, fridge, microwave, surface mounted hob. Situated over room 14. Facing rear.

All rooms fitted with widescreen televisions, kettles and basic cutlery, plates, glasses.

All rooms finished to a similar format and very high standard throughout.

To the rear – an enclosed yard space on two levels, ground and basement. To the front an enclosed lightwell with access from Room 3 in the basement.

In accordance with the RICS Property Measurement (2nd Edition), the floor areas have been measured on site by Andrew Jarrold and stated with reference to the current edition of the RICS Code of Measuring Practice. The measurements were taken on the inspection date(s) confirmed in Section 4 using a distometer / laser measuring tool. The measurements are as follows:

Description	Measurement	Metric	Imperial
Basement	GIA	56.57m ²	608.90ft ²
Ground Floor	GIA	74.73m ²	804ft ²
First Floor	GIA	61.38m ²	660.72ft ²
Second Floor	GIA	42.67m ²	459.30ft ²
Third Floor	GIA	46.92m ²	505.00ft ²
Communal	GIA	67.51m ²	726.67m ²
Total Note: all areas rounded to nearest whole number.	As Above	350m²	3,765ft²

The imperial measurements have been calculated by multiplying the metric measurement by 10.764.

17.9. Site Area

The site is rectangular in shape with pedestrian access only from the front and pedestrian and vehicle access from the rear. Parking space for one vehicle off-road.

The site has been measured using the Google Map application and all measurements/areas are approximate.

Description	Metric	Imperial
Site Area Approx:	200m ² /0.02ha	239yd ² / 0.05acres

The imperial measurements have been calculated by multiplying the metric measurement by 1.19599 and 2.47105.

The subject property is marked red on the site plan attached to the rear of this report at Appendix 6.

17.10. State of Repair

In accordance with the Client's instruction, I have not carried out a building survey, nor have I inspected those parts of the property which are covered, unexposed or inaccessible.

This report does not purport to express an opinion about nor to advise upon the condition of uninspected parts and it should not be taken as making implied representation or statement about such parts.

There were no essential repairs noted.

A small crack was noted in the external wall at ground level to the utility space.

Some cracks in rear boundary wall.

Neither of the above were noted to be of any material concern. However if a detailed comment is required then a formal condition/structural survey should be commissioned.

Description	Description
	

The property should be subjected to regular and appropriate maintenance, in which case I believe it will have a useful life more than 20/25 years.

The valuation is provided on the assumption that at the date of valuation there are no inherent or latent defects affecting the property that would affect the valuations herein reported. If this assumption proves to be invalid later, then I reserve the right to reissue the valuation report.

17.11. Hazardous and Deleterious Materials (See Appendix 1)

We have seen a copy of an Asbestos Report dated 16th March 2020 prepared by Applecliff Ltd and this report states that it was prepared for Bell Group prior to commencing works on the property.

This report provides details of Asbestos within the building and makes recommendations. We would assume that since the building has now been comprehensively refurbished that these recommendations were complied with. The Bank's legal advisor to confirm. We would also advise that a further inspection should be undertaken and an Asbestos Management Plan prepared to deal with any residual asbestos related issues.

The report referred to here was provided to us by our Client's Customer.

18. **Legal Matters**

18.1. **Interest**

I have not been provided with any title documentation or a Report on Title in respect of the property.

The asset is assumed to be freehold and I have assumed that there is a good and marketable title that is free from any onerous restrictions or covenants.

18.2. **Occupational Tenancies/ Leases**

I am advised that the property is to be valued with vacant possession and not subject to any occupational tenancy or tenancies.

17.3. **VAT (See Appendix 1)**

I have been unable to establish whether the property has been elected for VAT purposes and I have assumed that it has not. If VAT is chargeable, I have assumed that a proposed purchaser would be an organisation of sufficient size to be able to recover any VAT paid.

17.4. **Other Legal Issues**

I am unaware of any other legal matters which may have a negative impact on the values herein under reported.

18. **Statutory Matters**

18.1. **Business Rates & Council Tax**

The property appears on the Valuation Office Agency website in the Rating List as follows:

Address	Description	RV 2017
218 Citadel Road, Plymouth, Devon, PL1 3BB	Guest House and Premises	£7,100

We believe that the local authority will require to update their records and review the valuation following the refurbishment. The Bank's legal advisor to confirm.

The former owner's residential accommodation has been removed from the premises and the Council Tax entry deleted.

18.2. **Planning**

Local policy for the Planning Authority is documented within the Plymouth City Council Joint Local Plan adopted by the city on 26th March 2019.

I am unaware of how the locality is zoned by the planning authority.

I am not aware of any development proposals for the immediate area that may have an adverse effect upon the property.

I have consulted the Local Authority's website and understand the following points:

- The property is not as far as we are aware subject to outstanding planning enforcement action and there is none pending. Bank's legal advisor to confirm.
- The property is/ situated within a The Hoe Conservation Area registered 1st February 1975 and updated 17th June 2016.
- The property is included with other properties as a Grade II Listed Building – List Entry Number 1330545.
- From review of Plymouth City Council planning portal, we have noted the following applications:

Internal refurbishment and replacement windows – reference no 20/00465/FUL - Decision – Grant Conditionally Thursday 18th June 2020.

Internal refurbishment and replacement windows – reference no 20/00466/LBC - Decision – Grant Conditionally Thursday 18th June 2020.

Demolition of existing conservatory and erection of new day room/conservatory – 86/02001/FUL – Decision – Grant Conditionally Monday 22nd September 1986.

We have not seen or noted any applications concerning the recent refurbishment. The Bank's legal advisor to confirm that the refurbishment accords with planning, Building Regulations and Listed Building requirements.

The property predates the Town and Country Planning system. I have therefore assumed that the use is permitted and that a Certificate of Lawful Use could be obtained if sought. I have also assumed that there are no issues outstanding that would have a material impact in respect of this valuation.

18.3. Highways & Access

Citadel Road is an adopted public highway with public on-street parking.

18.4. Equalities Act 2010 (Disability Discrimination) (See Appendix 1)

I considered the implications of the EA 2010 when inspecting the property and believe that the design and layout may not comply with this legislation. Bank's legal advisor to confirm.

There is no ramp access into the property.

18.5. Fire Safety (See Appendix 1)

I have not had sight of a Fire Risk Assessment (FRA) for the property. I recommend the Client's customer undertakes a Fire Safety Risk Assessment. .

The valuation assumes that if an FRA has not been carried out the property does, or could easily, comply with The Regulatory Reform (Fire Safety) Order 2005, and that the cost of adaption would not be valuation significant.

During my inspection, I did note the following:

- Smoke alarms
- Fire alarm control panel

The building does not exceed 6 storeys. We have not measured its height and cannot confirm that it is less than 18m.

The building does not appear to have any external cladding or cladding systems.

18.6. Energy Performance Certificates (EPCs) (See Appendix 1)

I have seen an EPC for the property that places it in Band D, and a copy is attached at Appendix 13. The certificate is dated 2nd January 2017.

We would point out that this EPC predates the current purchase and refurbishment and we would recommend that an updated EPC to reflect the refurbishment be obtained.

18.7. Registration / Licences

Not applicable

20. Ground Conditions and Environmental Risks (See Appendix 1)

20.1. Contaminated Land (See Appendix 1)

I have not carried out any investigation into past uses of the property or past or present uses of neighbouring land to establish whether there is any potential for contamination from these to the property and have assumed that none exists.

Furthermore I am not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination. In undertaking this valuation, I have assumed that no contaminative or potentially contaminative uses have been carried out on the property.

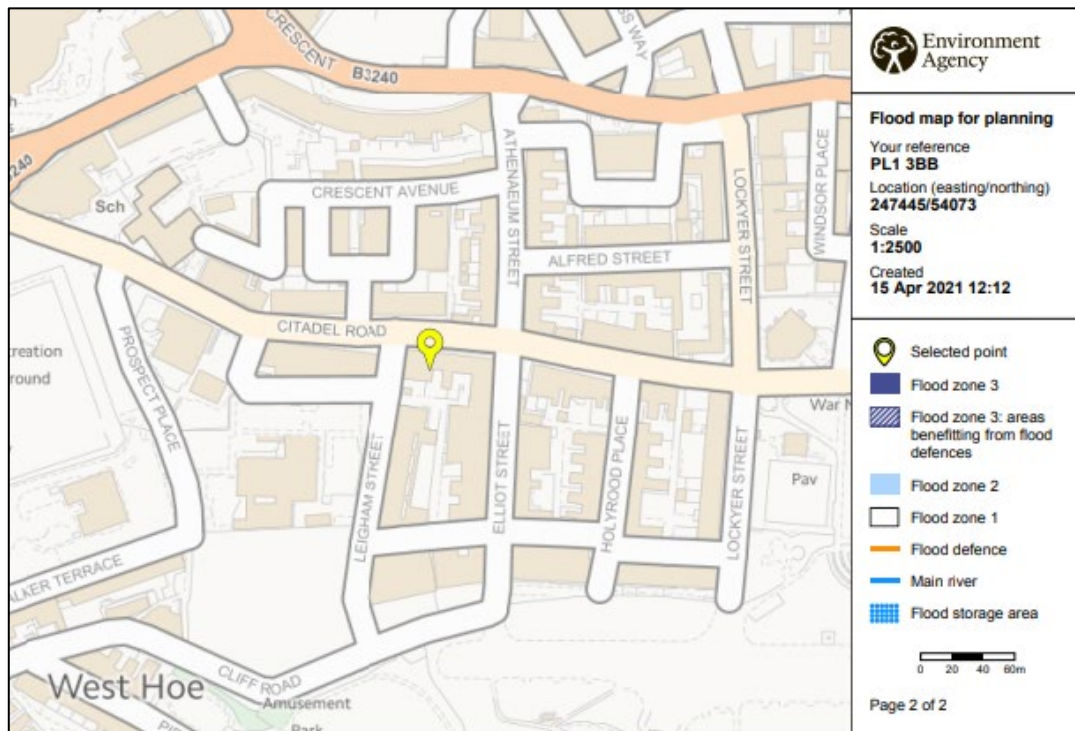
20.2. Invasive Plant Species

During my site inspection I did not observe any Japanese Knotweed. This aside, please note that I am not qualified to advise on the presence or otherwise of any invasive plant species on the subject property.

If the Client requires confirmation of the presence or otherwise of any individual plant species on the property a suitably qualified expert should be employed to survey and report accordingly. If this reveals the presence of any such plants on the property, I should be notified immediately so that I can review my valuation report.

20.3. Flooding and Flood Risk Management

I have checked the Environment Agency flood risks map for the locality and note the property is not in a defined risk area. It should be noted that this only identifies flood risks from rivers or the sea and not risks from dams, rainwater run-off, etc.



My investigations have led me to conclude that the property does not have an above average risk of flooding from river or sea flooding, and for this valuation I have assumed it does not have an above average risk from any other identifiable potential flood sources.

A site-specific Flood Risk Assessment or Flood Screening Report should identify flood risks from all identifiable sources and factor in the specific local topography which may make a property likely to flood. Should the Client require any further information on Flood Risk from other potential sources then I would recommend that it obtains a desktop Flood Screening report.

20.4. High-Voltage Electrical Supply Apparatus & Overhead Transmission Lines (See Appendix 1)

As far as we are aware the property is not located close to any high-voltage electrical supply apparatus or high-voltage overhead transmission lines.

20.5. Telecommunications Base Stations and Telephone Masts (See Appendix 1)

I did not observe any telecommunications base stations and telephone masts nearby but have assumed that this is not an issue that affects the property.

20.6. Mineral Workings (Coal Mining & Brine Extraction) (See Appendix 1)

I have consulted the records for mining activity in the area on the Coal Authority website's interactive mining map (<http://mapapps2.bgs.ac.uk/coalauthority/home.html>). The map suggests there is no mining activity in the locality of the property.

I have not been provided with any coal board or mining searches in respect of the property and understand that the Client has not commissioned any for this valuation.

20.7. Other Mineral Workings & Quarrying Activities (See Appendix 1)

I have not carried out any investigations in respect of the presence or otherwise of non-coal mineral workings or quarries and recommend that should the Client require confirmation of the presence of any such workings or activities they should obtain a copy of a Shallow Mining Hazards Report from the BGS.

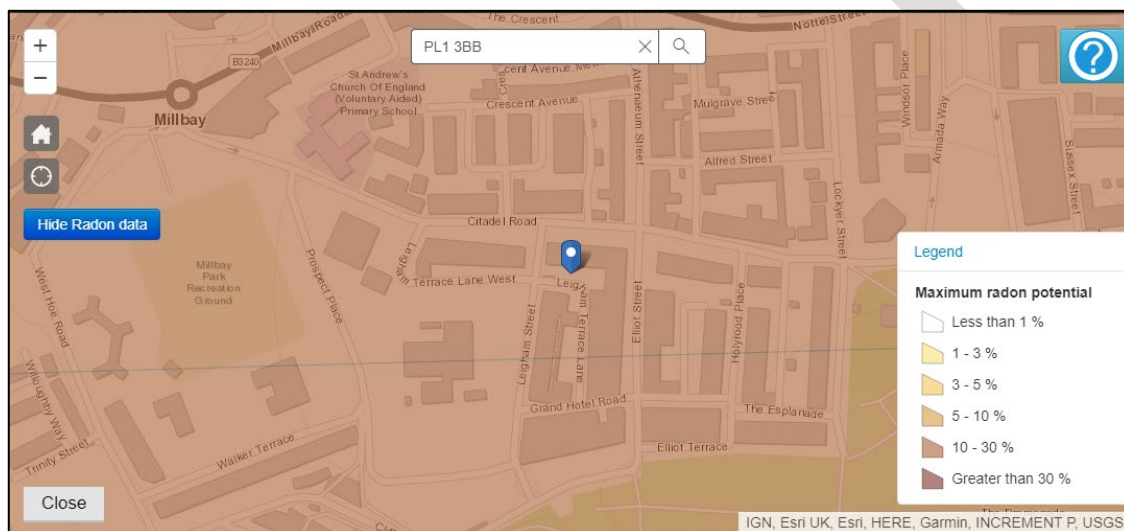
20.8. Ground Movement Risk

There are no trees within a notifiable distance and none appear to have been recently removed. The property is not built on a significant slope but it should be noted that the property is built onto land which has an upward incline to the Hoe. I have assumed that there is minimal risk of natural subsidence which I believe to be reasonable.

Should the Client require further commentary on the possibility of ground movement it should obtain a Ground Condition Survey that investigates subsidence risks.

20.9. Radon Gas (See Appendix 1)

I have checked the Public Health England interactive Radon map which shows the Radon status for the location of the property. Should the Client require further guidance then we would recommend advice is sought from an appropriately qualified professional.



20.10. Archaeological Remains

I have not consulted the Historic Environmental Records (HER) relating to the subject property and in preparing this valuation I have assumed there are no archaeological remains on, under or near the land which could adversely affect the values reported. If the Client requires more information, it should appoint a suitably qualified party to investigate and report.

20.11. Other Adverse Ground Conditions or Environmental Risks

I am not aware of the contents of any site investigation reports identifying any other adverse ground conditions affecting the property.

20.12. General

In undertaking this valuation, I have assumed that no adverse environmental issues, including but not limited to those described above, exist or may affect the property, whether within its boundaries or on adjacent land.

Should it subsequently be established that this assumption is incorrect I should be notified in order that I may consider whether this affects the values reported, and I reserve the right to reissue the valuation if necessary.

21. Business Appraisal

21.1. Business History

Former guest house. We have not been provided with any historic trading data and it should be noted that the property has been refurbished and re-organised to provide 16 apart hotel rooms.

21.2. Reputation

New business – no trading history.

21.3. Historic Accounts

New business – no trading history.

21.4. Historic Accounts Summary

New business – no trading history.

21.5. Hotel Metrics

New business – no trading history.

21.6. VAT Returns Summary

New business – no trading history.

21.7. Current Operating Format

We are advised that the property will be operated as an “apart hotel” business open 365 days per year.

21.8. Sources of Income

Accommodation Income

Our Client’s Customer will generate income from the letting of the individual rooms on a day by day basis.

We have been advised that they intend to charge room tariffs from £60 to £100 per night depending on the time of year and room.

Food Income

Not applicable – no food or dining facilities on site.

Drinks Income

Not applicable – no drinks/bar on site.

Other Income

None that we have been advised of.

21.9. Licenses

None that we have been advised of.

21.10. Seasonality

Our Client's Customer has recognised that room tariffs will vary according to time of year.

21.11. Staffing

We have been advised that there will be a formal cleaning contract. We have not been advised of any directly employed staff.

21.12. Entertainment

Not applicable, although we note Ocean Stays Projections include an allowance of £600.00

21.13. Advertising and Promotion

Ocean Stays Projections include an allowance of £1,500.00 for advertising.

21.14. Credit Card Charges

Not known.

21.15. Hire Purchase, Leasing and Rental Agreements

Not advised of any. Not aware of any.

21.16. Current Trade Assessment (CTA)

We summarise the Ocean Stays Projections as provided to us and as shown in more detail at Appendix 20.

Ocean Stays Projections 2021	
Turnover:	£ 317,769
GP:	£ 120,250
GP%:	38%
EBITDA:	£ 142,150
EBITDA%:	45%

21.17. Assessment of Fair Maintainable Trade (FMT)

New business – no trading information available.

21.18. Future Proposals

None other than to commence trading as an “apart hotel”.

21.19. Trade Projections/ Trade Potential

We expect that the property should prove attractive to the tourism and business market as it is well located and very well refurbished and presented.

22. Consideration of Suitability as Loan Security

I have considered the property's suitability for loan security.

The value of a commercial property is subject to fluctuation over time, resulting from the changes in local market forces, legislation and national economic conditions.

Whilst it is for the Client to assess the risk attached to such fluctuations over the period of any loan, and to determine an appropriate level of security, I am 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, over the normal period of a commercial mortgage for this type of property. This assumes that the necessary maintenance and upgrades are made to the property to ensure that it continues to meet legislative and market requirements.

The property is in excellent condition having been recently comprehensively refurbished. The Bank's customer's proposed business plan is untested, although similar type businesses operate in the city. Subject to the Bank a) positively satisfying itself as regards the viability of the business plan and b) applying appropriate loan facilities then we would consider the property to be capable of providing suitable security.

23. Mortgage Regulation

On a Gross Internal Area basis, including external yards and land, etc., the residential element of the property is less than 40% and is not going to be fully occupied by the applicant.

24. General UK Economic Background

24.1. UK Property Market

The RICS Q4 2020 UK Commercial Property Market Survey headlines with "Widening disparity between strong industrial sector performance and struggling office and retail markets." Key bullet points:

- Retail and office availability still rising at a rapid pace
- Industrials continue to outperform, as occupier and investor demand strengthens noticeably in Q4
- Outlook for capital values and rents increasingly divergent at the sector level

The auction markets continue to report investor appetite for commercial property subject to appropriate pricing. The recent January 2021 Allsop commercial market survey found that:

- Top investment choices for 77% of commercial property buyers were for retail (38%) and industrial (39%)
- Investors in leisure assets favour hotels (50%) over pubs (23%) and restaurants (27%)
- Only 9% of investors are planning on selling their assets in 2021 with the rest preferring to hold or change use
- COVID-19 has had no impact on investment criteria and asset allocation for nearly half of respondents (43%), while 18% said it had had a positive effect
- Only a third of investors have said that the announcement of the vaccination programme has had a positive impact on their plans for 2021, with 66% citing no impact or a negative impact

The commercial market remains very active but clearly asset selection is of increasing focus with investors and there is good demand subject to appropriate pricing.

In the residential sector the March 2021 UK Residential Market Survey headlines with "sales market activity rises firmly over the month." Key bullet points:

- Buyer enquiries and agreed sales gain significant impetus following stamp duty holiday extension
- House prices continue to move higher across the UK

- Forward looking indicators point to renewed momentum being sustained over the near term

The strength of the residential sector is well proven by the 2020 Allsop Auction results which we summarise in comparison with 2019 in the table below:

Year	Total Sales	Success Rate %	Total Lots Sold	Av Lot Size	Lots over £1m
2020	£315.8m	86%	1,222	£256,264	39
2019	£351.3m	79%	1,278	£274,894	57

Consequently, despite the impact of COVID-19, had the lot numbers sold been comparable year on year the total sales would have been within approx. 6.75% of the performance in 2019. We consider that this indicates a strong market.

Allsop quote for 2021: "In the final quarter of this year (2021), provided that the vaccine does its job, confidence will be strengthened, market activity will improve and prices will gradually rise again. With a new and safer normal in sight, 2022 could potentially see a significant uptick in property prices - and indeed the global economy. By then, the second and third quarters of 2021 will, in hindsight, be seen as the time to have bought residential property in the UK."

24.2. Market and Sector Conditions (Including Threats to Price Stability)

We have broadly addressed this above. Whilst there are always the factors of economic performance, interest rates and inflation having an impact on investment/occupational demand, we are of the opinion that the current primary impact to Price Stability in the hospitality sector (hotels/pubs/leisure properties) is the ongoing uncertainty created by the COVID-19 pandemic and associated lockdowns.

Despite all of this anecdotal verbal reports are that the leisure sectors in the South West had a very strong second half in 2020 once lockdown restrictions were eased. The sector again expects a strong second half as the current lockdown is set to be eased in June and government advice remains strongly against European/International travel.

The subject property is presented as an "apart hotel". We are not aware that there is a particularly established sector in the city for this type of operation although the model would seem to fit with the explosion in online easy booking for accommodation, as demonstrated by such platforms as AirBnB and Bookings.com etc.

24.3. Local Market Commentary

A specialist report which analyses the impact on the rate at which hotel markets recover across the UK, has positioned Plymouth as the top city in the ranking of 35 markets nationwide. The area's predicted success is due to the fact that it benefits from a predominantly domestic tourism base (86 per cent), as well as a significant portion of its domestic travellers visiting for leisure purposes. The city ranked 26th in the UK Hotel Markets Index 2020 but is ranked no.1 in forecast recovery potential.

We also refer here to a further report dated January 2019 and prepared for Plymouth City Council. This study outlines the significant tourist attractions within the city, including Britain's largest marine aquarium (attracting around 300,000 visitors per annum) and identifies visitor trips increasing from around 584,000 in 2008 to 755,000 in 2017 with overseas trips having increased by a continuous average growth rate of 4.97% since 2012.

Key drivers of demand for visiting Plymouth include:

- The waterfront city – Britain's Ocean City – natural harbour and rich maritime history
- Devon & Cornwall in close proximity along with their coasts and tourist attractions

- Economic drivers such as defence, marine, medical and engineering services – all enticing business trips
- Business trips driven by major employers such as public sector/NHS, naval dockyard and major manufacturers
- Visits to water-related sporting events, Theatre Royal
- Large student population.

Hotel supply in Plymouth (2019) is reported to be formed by some 30 hotels providing some 1,734 rooms most of which is focused in the 3-star and budget sectors, and which collectively account for over 80% of Plymouth's hotel bedroom supply. 4-star properties account for some 14% of total supply.

As at the time of the 2019 report, Plymouth was identified as having second lowest number of hotels (30) versus the highest (Newcastle 82) and the second lowest room supply (1,734 rooms) with Swansea being the lowest with 1,292 rooms – the peer group being some 8 comparator cities. The overall development pipeline was estimated at some 1,161 additional rooms in 9 potential schemes across the city.

In addition to the above are guesthouse bed spaces listed at some 673 beds. The report also focuses in on the AirBnB sector which at the time of print had increased to some 946 active rentals in 2018.

As regards demand for the subject property, we feel that there would be occupational demand from visitors to the city whether they be tourists or on business. We do also consider that the subject property would be in competition from the budget hotels in the city and multitude of guest houses.

In terms of tenant demand, we have little to no evidence to support a statement on this. Our professional opinion is that there would be very limited demand from occupiers/tenants seeking to take a lease over the entire premises in order to enable them to run a hotel/room lettings business.

The property is presently new to the marketplace and does not have a trading history. We are not able to readily identify the investor marketplace to which this property would appeal. It is a business property and would likely appeal to those with a background in the hospitality/leisure industry and its appeal will primarily be the business potential of the asset. As we have said this is untested at the time of this report.

25. Valuation Considerations

25.1. The Property

The property has been comprehensively refurbished to a very good standard and externally presents very well. The property is also in a good location for the waterfront/Hoe and for the city centre. On-street parking is available (although metered).

25.2. The Business

The proposed business is that of letting “apart rooms” using platforms such as AirBnB, Bookings.com etc. The property is operated and managed remotely and there is no owner's accommodation, no guest lounge or dining area.

25.3. Legal Matters/ Statutory Matters/ Ground Conditions and Environmental Risks

None that we are aware of.

25.4. Void Running Costs

The owner of vacant property remains liable for continuing costs in terms of security, business rates and/or council tax, insurance including the costs of complying with the insurer's demands for continuing cover, and ongoing maintenance and repair. We do not have any guidance on such costs although we would refer our Client to the Ocean Stays Projections 2021 at Appendix 20.

25.5. Alternative Use / Development Opportunities

The property could convert to residential use (possibly with rooms let on Assured Shorthold Tenancies) or as a House in Multiple Occupation. Both uses would represent a change of use requiring Planning Consent and possibly Listed Building Consent. Such changes of use may also require Building Regulation Consents. There is no certainty that these consents would be forthcoming and we have therefore discounted these options.

25.6. Hope Value

No hope value has been attributed to the values reported herein.

25.7. Estate Management

The subject property requires a basic level of property management understanding which would include awareness in how to run and operate the business but also in addressing and maintaining the condition of the building.

We do not have any particular knowledge regarding the Client's Customer, although we are aware that they have other property interests. We are also aware of the fact that they have acquired and successfully undertaken a very intensive and comprehensive refurbishment of the subject property.

We cannot specifically comment on the extent of management required but would point out that in order to achieve and maintain the highest occupancy levels and room rates, the property will need to be kept in top condition both externally and internally. Being a "sea-front" property (within close proximity to the sea-front) such properties do tend to be more aggressively affected by salty air and damp conditions. We therefore expect that the exterior of the building will require regular cleaning and in some areas decoration in order to remain presented to the standard as noted at the time of our inspection. Similarly the levels of occupancy forecast by Ocean Stays in their projection for 2021/2022 means that if these levels are achieved there will likely be quite considerable internal wear and tear to regularly address. It should be noted that maintenance of the property may also be of further importance and regard given the Grade II Listed status of the building.

25.8. Methodology

The property is an "apart hotel" having been converted from a guest house. The conversion has meant that the owner's accommodation has been removed and replaced by rooms which can be sold/hired on a night by night basis.

We are not clear as to the market that this property would appeal to but if any, it might appeal to an individual or small/medium size private business with experience in the hotel/leisure sector seeking a business proposition as opposed to a property investment. It would be unlikely to appeal to the traditional property investor/market as it is not a property subject to a commercial or residential lease generating income. Furthermore, we consider that there would be very limited if any demand from the letting sector. The property is set up to operate and trade as a business.

We have had great difficulty in identifying relevant comparable evidence. We have not identified a comparable type of property. Furthermore we do not have any relevant business trading data for the property. There is no trading/track record.

Once the property has an established trade history it is likely that the market of potential buyers may increase as the trading figures and evidence of running costs will give buyers confidence in the model and its income generation. At that point in time we freely accept that the property may well benefit from an increase in value which will be driven by a) the quality of the property, b) investor/operator confidence arising from the established proven trading record (at the levels projected by Ocean Stays) and c) an end value driven by both the intrinsic property value and an element of capitalised business value.

We have considered the Ocean Stays Projections and we have noted their projected room rates and occupancy levels. The basis of valuation does not require us to analyse these projections but we do accept that should the projected levels of income and associated costs be achieved over a two/three year trading period, then their forecast valuation might at that point in time be justifiable. But in our opinion, in order to be achievable, the asset will also require intrinsic property value growth over that timeframe. We cannot forecast the potential or prospect for such growth.

At our meeting on site with the Client's Customer, it was made very clear to us that this property is not a guest house and should not be assessed on this basis. We understand and appreciate the reasons for the Client's Customer's position in this respect. We have however tried to articulate our approach/ methodology and reasons why we have reverted to the guest house sector as the underlying potential market for this property.

Consequently, whilst we fully understand that the property is not a guest house, we do consider that if the property were equipped with owners' accommodation, then it would certainly appeal to the established guest house market. In the absence of owner's accommodation we consider the appeal in this sector would be extremely limited. In our opinion, the guest house market would be the natural market to have recourse to in the absence of any clarity regarding the marketplace for the property as an "apart hotel".

We have therefore approached the valuation of the property on the basis that the primary market would currently be the guest house sector.

However given that there is no owner's accommodation available we have made an allowance for such space to be re-provided. We have not specifically identified which rooms would be utilised, but we have assumed that the requirement would be for a double bedroom with en suite, owner's lounge and kitchen plus guest/residents' dining room and lounge. We have therefore assumed that this requirement would consume the equivalent of a minimum of 4 rooms leaving 12 rooms available as guest letting rooms.

Given that we have not been able to identify any "apart hotel" sales, we have considered the local guest house market and analysed prices/sales in terms of price/sale rate per room.

We have valued the property using the capital comparative method of valuation. This relies on the consideration of where possible transactions involving similar properties. Having regard to the above we have therefore had regard where possible to recent sales and the current marketing of similar property within the locality. We detail some of the evidence/guidance upon which we have relied.

We have valued on the basis of comparable sales and we have not applied yields/multipliers as we have approached the valuation by way of general room sales rate comparisons.

We have assumed that the property could be quite readily adapted to provide 12 guest rooms with owner's accommodation and guest/residents' dining/lounge space.

We have taken account of the excellent quality of the refurbishment and the standard of the accommodation provided and the appearance of the property.

Taking account of the above we have valued the 12 rooms at a rate of £50,000 per room plus an allowance of say £50,000 for the owner's accommodation (as readily evidenced by current asking prices for one bedroom properties and making allowance for the accommodation being contained as part of a guest house). This provides a valuation of £650,000. From this we have made a deduction estimated at £50,000 (as explained in the paragraph below) to allow for costs of works in rearranging the accommodation.

The Client's Customer reports spending £350,000 on the property. We have assumed that 4 rooms are required for adaption to provide owner's and additional guest/residents' space and proportionally this would equate to some £115,000. As much of this cost would have involved the wider fabric of the building, we have made a discount of some 55% and applied the estimated figure of £50,000 to undertake the adaptation.

We report a market value of £600,000 which equates to approximately £50,000 per room (12 rooms) or £37,500 as presently arranged (16 rooms).

The obvious alternative approach would be to value the premises as a potential residential lettings investment or House in Multiple Occupation. Both would require Planning Consent and quite possibly Listed Building Consent and Building Regulations. We would point out that, if valued on this basis, then we would estimate that the net rental income that might be generated could be in the region of £60,000 which if capitalised at around 8% would generate a value of around £750,000 before any applicable costs. This would equate to £46,875 per room which is, in our experience, within the upper range of capital value room rates for best quality HMOs in the city. *(For information our rental estimate is based on a basic £500 per room per month with an allowance of 35% for operational costs and voids).* This is not a valuation and this information is simply provided to help understand the valuation in a wider context.

25.9 Comparable Evidence

Sales Evidence	Price	£psf / NIY
<p>(1) <u>Phantele, 176 Devonport Road, Plymouth, Devon, PL1 5RD</u> A very nicely presented, 8 letting bedroom guest house which has been trading very profitably for over 12 years. Renovated to a high standard inside and out. Owner's accommodation includes double bedroom, lounge, bathroom and an additional separate lounge next to the ground floor. Outside large rear courtyard, garden, double garage used as a workshop. Not evidence as such as not sold or under offer but helpful guidance. On the market for some 12 months plus.</p>	Asking Price £485,000	n/a
<p>(2) <u>Citadel Hotel, 55 Citadel Road, Plymouth, PL1 3AU</u> A beautifully presented large 13 bedroom guest house with good trading history as a B&B, room only basis. All rooms have undergone a rolling programme of refurbishment and have been decorated to a good standard. Some rooms have full or partial en suite facilities. Owner's accommodation includes kitchenette, lounge, two bedrooms, cloakroom. Outside private seating space, laundry room, double garage and parking for 4 vehicles. Not evidence as such as not sold or under offer but helpful guidance. New on the market in the past two weeks as advised by the selling agent.</p>	Asking Price £679,500	n/a
<p>(3) <u>Westwinds Guest House, 99 Citadel Road, The Hoe, Plymouth</u> This property comprises a single fronted 5-storey, mid-terraced 9 bedroom period guest house originally constructed as a single private dwelling and believed to have been converted to its current use with owner's accommodation in the early 1960s following bomb damage to the rear tenement in the Second World War. 6 rooms have en suite facilities, and the other 3 rooms have a shared bathroom / WC. The property also has a spacious owner's flat although it is not self-contained. There is vehicular access to the remainder of the rear courtyard from the cobbled access lane adjoining the rear boundary. This property is situated on the north side of Citadel Road approximately midway between the junctions with Lockyer Street to the east and Athenium Street to the west within The Hoe area of Plymouth. This property and business sold as a trading entity with the sale price apportioned as around £380,000 for the property and £52,000 for the goodwill. We consider this sale to be historic but helpful guidance.</p>	May 2018 £432,000	n/a
<p>(4) <u>The Caledonia Guest House, 27 Athenaeum Street, The Hoe, Plymouth</u> This property comprises a period Grade II Listed mid-terrace former house, believed to have been constructed in 1829. The accommodation is arranged over 4 floors, which incorporate a lower ground floor and loft area. To the rear of the property there is parking for six vehicles by way of tandem parking arrangements. Operated as a guest house offering bed</p>	August 2017 £435,000	n/a

and breakfast facilities with nine letting rooms, (six with en suite facilities) and the remaining three rooms in the loft share a communal bathroom. There is two bedroom owners' accommodation in the lower ground floor cellar area. This property was sold in good condition and sold in August / September 2017 as a fully equipped trading entity. A smaller property and historic evidence but helpful guidance.		
(5) <u>Casa Mia Guest House, 201 Citadel Road, The Hoe, Plymouth</u> This property comprises a single fronted 3 & 4-storey, mid-terraced 8 bedroom period guest house originally constructed as a single private dwelling and believed to have been converted to its current use with owner's accommodation over 30 years ago. All letting rooms have en suite facilities. The property also has a spacious self-contained lower ground floor owner's flat. There is vehicular access to the remainder of the rear courtyard from the cobbled access lane adjoining the rear boundary. This property is situated in a prime trading area overlooking Hoe Park within The Hoe area of Plymouth. This property is in good condition (at time of sale) and sold in early 2019 as a fully equipped trading entity. A smaller property and somewhat historic but helpful guidance.	£355,000	n/a
(6) <u>Gallery Guest House, 66 North Road East, Plymouth, PL4 6AL</u> This is a 5 storey mid-terrace period building believed to date from the early-mid 1800s and currently used as a trading guest house with 8 guest bedrooms and lower ground floor self-contained owner's accommodation of 1-2 bedrooms. The rear tenement and extensions are contained within a rear courtyard garden and there is a parking area for 3 cars adjacent to it with access from a cobbled rear lane. The upper floor comprises 5 double / twin guest rooms (all with en suite showers & WCs) and 3 single guest rooms (1 with en suite shower & WC plus 2 with en suite showers but separate WCs). The property trades as a fully fitted guest house and has a good internal specification with modern kitchen and bathroom facilities. The property is situated to the north of the retail centre of Plymouth and north of Plymouth University on the edge of the Mutley district. This property and business sold in July 2018 for £465,000.	£465,000	n/a
(7) <u>Sea Breezes Guest House, 28 Grand Parade, West Hoe, Plymouth, Devon, PL1 3DJ</u> This property occupies a waterfront situation offering 6 "quality" en suite letting bedrooms/suites with self-contained owners' apartment providing lounge, and double bedroom en suite. Reported at time of sale as one of the top rated guest houses in the City. Sold in January 2020 for £465,000.	£465,000	n/a
(8) <u>The Drake Hotel, 2 Windsor Villas, Lockyer Street, Plymouth, Devon, PL1 2QD</u> An impressive Grade II freehold detached Victorian coastal hotel in a prime trading position adjacent to Plymouth City Centre and the Hoe. 16 quality en suite letting bedrooms plus three/four bedroom owner's accommodation. Dining room, lounge/bar, reception and commercial kitchen. Forecourt parking for some 6-7 cars with space at the rear for a further 8-10 cars. Currently on the market and has been for some two years. Was under offer but failed to proceed. Price now reduced. A very substantial and impressive property.	£795,000	n/a
(9) <u>No 1 Windsor Villas, Lockyer Street, Plymouth, Devon, PL1 2QD</u> A very similar property to The Drake Hotel but providing 13 en suite letting rooms and 4 bedroom owner's accommodation with large car park. Currently on the market and has been for some 2 years. Confidentially this property received an offer of about £800,000 some 12/14 months ago. Vendors reported to be in no need or rush to sell.	£995,000	n/a

Market Rent

As we have stated above, we do not consider that there would be market demand from occupiers seeking to lease the premises and manage the accommodation as an “apart hotel”. We do not consider it would appeal to the hotel market, nor do we consider that it would appeal to the guest house sector. Our opinion of Market Rent for the property in its existing C1 use (to be confirmed by our Client’s legal advisor) is therefore nil.

25.10 Analysis of Comparable Evidence

Sales Evidence

- Comparable 1: We have considered this property and we have supposed that the owner’s accommodation may provide two further bedrooms – this would potentially deliver a 10 bedroom apart hotel. On this basis the room rate on the asking price would reflect a rate of £48,500 per room. Guidance only.
- Comparable 2: Adopting a similar approach this property could potentially provide 15 bedrooms. The asking price on this basis would equate to around £45,300 per room. Guidance only.
- Comparable 3: This property sold on a room rate of approximately £48,000 – excluding owner’s space but is now historic evidence.
- Comparable 4: Based on an estimate of 11 rooms this property sold at a rate of £39,545 – but is historic evidence.
- Comparable 5: This property sold on a room rate of approximately £44,375 – excluding owner’s space and now somewhat historic evidence.
- Comparable 6 – Based on an estimate of 10 rooms this property sold at a rate of £46,500 – historic evidence.
- Comparable 7 – Based on an estimate of 8 rooms this property sold at a rate of £58,000 per room.
- Comparable 8 – Based on only the 16 rooms and ignoring the owner’s accommodation the asking price equates to £49,687 per room approx. If we allow a further 3 bedrooms the price per room reduces to £41,842. On the market guidance only.
- Comparable 9 – Based on the existing 13 rooms the rate is £76,538 per room. If we allow a further 2 bedrooms the rate per room reduces to £66,333 per room.

All of the above provide a very wide range of different types of property and accommodation and it is therefore particularly difficult to compare these to the subject property.

Where we state “historic” evidence we would add that in our opinion the market has changed little in the intervening period.

From the evidence available it would appear that there is a general consistency in room pricing which is in the region of £45,000 to £50,000.

25.11 Covenant Information

The property is to be valued with vacant possession.

25.12 Adopted Values, Yields, and Multipliers

We have valued on the comparable basis. We have not adopted yields and multipliers.

26. Marketability

26.1 Saleability

The market for guest houses in Plymouth seems to be somewhat slow at present. This can be attributed to a number of factors which may include uncertainty driven by the pandemic but also uncertainty driven by the influx and competition provided by the budget hotels. Furthermore, there may well be issues around pricing with vendors expecting higher prices, particularly as the residential market has

experienced growth, whilst on the purchasing side this leads to more challenging issues around affordability and viability.

I believe that in its current form and as adapted as a guest house the property would perform in line with its peers (guest house/hotel sector) in the locality as valued and that some 6 to 12 months minimum marketing period would be required to achieve a sale of the property on the open market. In the absence of any adaptation and given the uncertainty surrounding the demand for an “apart hotel” property with no trading record then we expect that a sale could take longer than 12 months to achieve.

As valued we believe interest may come from speculators and those in the guest house sector.

26.2 Lettability

We do not consider that there is a lettings sector for the property.

27. Valuations

The Valuation Calculation is explained in the text at 25.8.

- Market Value - £600,000 – Vacant Possession, no trading history – minimum 12 months to market.
- Market Value – £500,000 - 180 days marketing, vacant possession and no trading history.
- Market Value - £375,000 – 90 days marketing (Auction sale), vacant possession and no trading history.

Note:

- The 180 day figure is reduced by some 15% to reflect the uncertainty in the market and uncertain saleability. This is based on the evidence available to us as regards current prices/sales and our professional opinion.
- The 90 day figure is reduced by £225,000 or approx. 35% to 40% - there is no evidence to support this deduction which is based on our professional experience and which we believe is the level of discount that buyers in the auction sector may seek.

We repeat that the property does not presently fit into an established/recognised market/sector for Plymouth and there is limited comparable evidence. Coupled with the uncertainty provided by the pandemic there is considerable uncertainty in the market and whilst there is demand for guest houses, even this demand is cautious and we believe that wider than usual tolerances should be applied in accordance with RICS guidance at this time.

28. Insurance Reinstatement Estimate (See Appendix 1)

I have assessed the full reinstatement insurance cover using the BCIS (Building Cost Information Service) tables. The minimum reinstatement insurance cover that should be put in place is stated in the Executive Summary. The property is Listed. We recommend that an appropriately qualified surveyor be appointed to assess and confirm the level of reinstatement insurance cover required.

29. Additional Comments

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation(s) is / are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.

30. Client's Action Points or Specialist Reports Required

In addition to the usual legal searches and reports, I recommend the Client undertakes the following:

- Reinstatement Valuation – appoint professionally qualified surveyor to undertake formal Insurance Reinstatement Valuation.
- 17.11 – Asbestos Survey and Management Plan required.
- 19.1 – Business Rates – we expect that the Local Authority may wish to revalue the premises following the recent refurbishment.
- 19.2 – Planning – Bank's legal advisor to confirm the planning status and that there are no outstanding or pending enforcement actions and that the current refurbishment is compliant in terms of planning, Building Regulations and Listed Building requirements.
- 19.4 Bank's legal advisor to confirm compliance with Equality Act.
- 19.5 Client's Customer to provide Fire Risk Assessment.
- 19.6 Commission up to date EPC to reflect refurbishment.

31. Statement of Competence

I confirm I have the necessary knowledge, skills and understanding to undertake this valuation competently.

32. Internal Quality Assurance

To comply with The Practice's internal quality assurance procedures all valuations are countersigned by another RICS Registered Valuer who will have reviewed the valuation report.

33. Signatures

Signed by:



Andrew D V Jarrold MRICS
RICS No 0081117
Huntley and Partners LLP
5th May 2021



Counter Signed by:



Brian J Hasell FRICS
RICS No 1124821
Huntley and Partners LLP
5th May 2021



Explanatory Notes

Special Assumptions

A Special Assumption is an assumption that either requires the valuation to be based on facts that differ materially from those that exist at the date of valuation or is one that a prospective purchaser (excluding a purchaser with a special interest) could not reasonably be expected to make at the date of valuation, having regard to prevailing market circumstances.

Special Assumptions can include assumptions that (i) planning consent has been, or will be, granted for development (including a change of use) at the property; (ii) a building or other proposed development has been completed in accordance with a defined plan and specification and the property has been changed in a defined way (for example, removal of process equipment, removal of asbestos); (iii) the property is vacant when, in reality, at the date of valuation it is occupied; (iv) it is let on defined terms when, in reality, at the date of valuation it is vacant; or (v) the exchange takes place between parties where one or more has a special interest and that creates additional value.

The Red Book confirms that examples of the circumstances under which it may be appropriate to make special assumptions include: (i) a situation where a bid from a special purchaser has been made, or can be reasonably anticipated; (ii) a situation where circumstances mean that the interest being valued cannot be offered freely and openly in the market; (iii) a past change in the physical circumstances of the property where the valuer has to assume those changes have not taken place; (iv) an impending change in the physical circumstances of the property, for example, a new building to be constructed or an existing building to be refurbished or demolished; or, (iv) an anticipated change in the mode of occupation or trade at the property.

Hazardous and Deleterious Materials

Hazardous Materials can be defined as building materials that may be prejudicial to human health. Some potentially hazardous materials are commonly used in construction, for example lead which is used widely in the form of flashings, etc.

Lead is considered to be potentially hazardous where used for plumbing in a drinking water supply as its particles can leach into water. Lead-based paint can be hazardous to human health when ingested, particularly by children.

Asbestos is far more problematic. Airborne particles are easily inhaled which can cause asbestosis and other respiratory diseases. It is estimated that asbestos, in some form, is present in one and a half million buildings in the UK, as its use was commonplace until the mid-1980s.

The *Control of Asbestos Regulations* 2012 came into effect on 6 April 2012 to consolidate and update legislation requiring all non-domestic property to have a management plan in place, and imposed additional requirements such as notification of work, medical surveillance and record keeping. In any building where asbestos is present the cost of maintenance, alteration and repair can be significantly increased because of the need to take appropriate precautions under the Regulations, and this can impact on value.

Whereas a Hazardous Material by its very nature is potentially hazardous to health, Deleterious Materials can be considered to be building materials that are environmentally unfriendly, or which tend to fail in use. Deleterious Materials are generally considered as including High Alumina Cement, Calcium Chloride, Woodwool Slabs and Galvanised Wall Ties.

VAT

By default, commercial property is exempt from VAT; however, commercial property less than three years old is standard rated (currently 20%).

An owner can elect to waive the exemption from VAT and choose to charge VAT on a property, but once exercised it cannot be revoked for 20 years. However, the option to tax is personal to the owner of the building and does not automatically pass with the building to the purchaser. A buyer of an opted property must also exercise the option to tax if it wishes to charge VAT on rent / future sale proceeds. An elected building may have more limited appeal if a buyer or tenant is unable to recover VAT. This is compounded if Stamp Duty Land Tax (SDLT) would be charged on any lease or sale since it is assessed on the VAT inclusive rent or purchase price which can increase the tax significantly. If potential tenants/purchasers can recover VAT, VAT is less likely to be an issue.

Equalities Act 2010 (Disability Discrimination)

Disability has a wide definition and valuers should be aware of the potential liability on building owners or occupiers to comply with the Act and its possible impact on the value of the property interest. However, it is important to note that the duty of compliance rests with the occupier. Although physical changes to a property may enable a particular occupier to comply with the Act this may also be achieved by changes in the way they conduct their business.

Fire Safety

From 1 October 2006, The *Regulatory Reform (Fire Safety) Order 2005* (SI 2005 No. 1541) introduced a requirement for the 'responsible person' to make a suitable and sufficient assessment of the risks and to identify the fire precautions required to comply with the Order. The Order applies to all non-domestic property.

Such fire precautions may include adaptation of the building and installation of fire safety equipment, but must in all cases include signage, fire safety action plans, staff training, identifying duty holders and routine maintenance/monitoring via signed and dated checklists. It is usually the case that the occupier is responsible for compliance once the buildings are occupied.

Energy Performance Certificates

In England and Wales an EPC is required to be made available for all buildings when sold or rented. It remains valid for ten years. Display Energy Certificates are required for, and must be displayed in, certain public buildings.

Sellers and landlords - the 'relevant person' – are responsible for providing EPCs to prospective buyers and tenants without charge. Landlords are required to cooperate in providing an EPC if their tenant wishes to assign or sublet premises served by common heating or air conditioning services.

The Energy Act 2011 banned the letting of residential or commercial properties that do not meet minimum energy performance standards. The threshold is for properties graded "F" or "G". Properties will need to be upgraded before they can be let, and owners, tenants and lenders (where a borrower is in default) should take into account the possibility of having to bear the cost involved.

Ground Conditions and Environmental Risks

The RICS provides guidance to RICS Registered Valuers in relation to ground conditions and environmental risks in RICS Guidance Note 13/ 2010 *Contamination, the Environment and Sustainability* (3rd Edition).

Contaminated Land

Contamination, or pollution, of land or buildings can be caused by a wide variety of activities, both current and historic, and is not confined to areas that have been used for heavy industrial processes. The RICS acknowledges that few valuers will have the knowledge or expertise to advise on the extent and nature of any contamination present, or any appropriate remedial works.

Flooding and Flood Risk Management

The risks of flooding are increasing due to development on floodplains, flood and coastal defences nearing the end of their useful lives, and climate changes. Valuers are expected to be aware of flooding issues which may affect a property. Floods can happen anywhere at any time, caused by rising ground water levels, burst water drains and hillside run-off from sudden rain, as well as flooding from rivers and the sea.

Under pressure from Government following repeated instances of severe flooding The Association of British Insurers (ABI) has set up Flood Re, a not-for-profit flood reinsurance fund owned and managed by the insurance industry, to help those households who live in a flood risk area find affordable home insurance. The cost will be met from the policy premiums and a £180m annual levy on UK home insurers, and it is expected around 350,000 properties will meet the eligibility criteria.

The scheme relates to residential property with a Council Tax band of A-H located in England, Wales, Scotland or Northern Ireland. The insurance contract will be with an individual (not a company) who resides in it, or a member of whose family resides in it, for some or all the time, or it may be vacant. However, the scheme does not include property built after 1 January 2009 unless it is a new building replacing a dwelling erected before that date that has been demolished.

High Voltage Electrical Supply Apparatus and Overhead Transmission Lines

The possible effects of electrical and electromagnetic fields have been the subject of occasional media coverage with the result that, where there is high-voltage electrical supply equipment including overhead transmission lines close to the property, there is a risk that public perception may affect marketability.

Telecommunications Base Stations & Telephone Masts

All telecommunication base stations are registered with the Radio Communications Agency. The Agency records stations that are not secret, have a power level above 17bBW or are greater than 30m in height. Both actual and proposed sites are included. Base stations do not necessarily comprise a free-standing mast: they might equally consist of an antenna attached to an existing building or other structure. Until recently OFCOM maintained a register of locations of base stations, but there is now no up to date, comprehensive database to identify these.

Mineral Workings (Coal Mining & Brine Extraction)

Historic mineral workings exist in many parts of the country and can affect property, particularly from shallow workings and the contaminative activities found in close proximity to the surface. The greatest concentration of mine entries occurs in recognised coalfields and former metal-mining areas but may also have taken place outside those areas.

Coal has been extracted in Britain over a period of several centuries, but it was not until 1850 that the *Inspection of Coal Mines in Great Britain Act* made the preparation of mine plans a statutory obligation. Subsequently many attempts were made to strengthen and extend the legislation but in 1927 a government committee conceded that plans made prior to 1887 could not be regarded as accurate in determining the actual position of workings but must be treated as evidence that old workings exist in the neighbourhood. Therefore, even when former mine workings have been recorded their precise locations cannot always be identified. Neither can it be ascertained whether the shafts have been capped to reduce the risk of collapse or how effective such capping has been.

Following the nationalisation of the British coal mining industry in 1947 coal mining records and mine abandonment plans were passed to the National Coal Board (later the British Coal Corporation). In 1994, following the privatisation of the coal industry and the establishment of the Coal Authority, all mining records relating to coal became lodged with the Coal Authority.

Other Mineral Workings & Quarrying Activities

As noted in the previous section archive data and published information is not always complete, accurate and reliable.

The mining records deposited with the Coal Authority in 1994 exclude metalliferous mine records (such as iron, lead, copper, zinc, and gold) and industrial minerals (such as limestone and sandstone) for which there are no national repositories of data and information beyond the information compiled by the British Geological Survey (BGS).

The data used for reporting the risk of subsidence from shallow mine workings is derived by BGS through analysis of geological maps and maps of mine workings, and through its own extensive local geological knowledge. The BGS defines shallow mining as workings within 40m of the ground surface.

Ground Movement Risk

Subsidence is the downward movement of a property caused by the movement of soil supporting the foundations. When this movement is unevenly distributed within the fabric of a building stress cracks may appear in the fabric, often at window and door openings.

Most identifiable natural subsidence claims in the UK are caused by moisture extraction from shrinkable clays which is normally associated with vegetation roots and/or extreme dry weather, i.e. the ground on which a property stands dries out, causing it to shrink, but in certain areas geological factors can lead to the appearance of sink holes. On the other hand, leaking drains or water pipes can soften and wash away foundation soils leaving a void. Other less common factors that can cause natural subsidence include ground vibration from traffic or construction works, poorly compacted ground, compressible soils, and landslip.

Heave is essentially the opposite of subsidence and is the expansion of ground foundation soils causing upward pressure on a property. If this upward pressure is uneven, as with subsidence it can cause distortion in the fabric of the property. The main cause is the removal of nearby trees and vegetation, or occasionally a chemical reaction which leads to expanding crystallisation of minerals causing subsequent damage. Another cause can be the hydration and swelling of certain building materials, most noticeably red shale, which was at one time commonly used as a sub-base material.

The British Geological Survey (BGS) publishes various datasets of information detailing, amongst other things, the potential compressibility of soil, potential for landslides, potential for running sand, potential for solubility of rock and the potential for shrinkage and swelling of soil. The north-east of England is not generally noted as having either moderate or significant risks with regard to the shrinkage or swelling of soil.

Radon Gas

Radon Gas is a naturally-occurring substance, particularly, but not exclusively, prevalent in areas with granite sub-strata. Any risk to health requires long-term exposure and is therefore more usually associated with residential property, but it could also be a concern in commercial buildings. The indicative Atlas of Radon in England and Wales published by the Public Health England is prepared at a regional scale and offers little guidance on individual properties.

Insurance Reinstatement Estimate

An Insurance Reinstatement Estimate is provided solely as an approximate indication of the replacement cost of:

- The buildings in their present form (unless otherwise stated);
- Buildings being constructed as proposed when completed; and,
- The business fixtures and fittings and any plant and equipment included in the valuation which must be separately stated.

Each including the cost of clearance and professional fees but excluding:

- VAT (except on fees);
 - Loss of rent or turnover;
 - Cost of alternative accommodation for the reinstatement period; and/or,
 - Any other consequential loss.
-

A formal estimate for insurance purposes can only be given by a Building Surveyor or other person with sufficient current experience of replacement costs. A valuation surveyor is not qualified to provide an estimate in some cases and will decline to do so, for example if a building is Listed, or lies within a Conservation Area, or where access is restricted. In this case the Client should appoint a suitably experienced Building Surveyor to prepare a formal Reinstatement Estimate.

Hotel



Method

Further to recent communications please find below our formal valuation instruction. We trust that the valuation instruction is self-explanatory.

Our reference: 16709
Generated at: Tue, Apr 13, 2021 4:50 PM
Generated by: Lauren Robertson

Huntley & Partners LLP
117 Ridgeway,
Plympton,
Plymouth,
Devon,
PL7 2AA

Anticipated inspection date on or before: Apr 19, 2021

As the client requires strict adherence to the SLA turnaround times we would request that if you have any difficulties arranging access or should you encounter any other issue that will affect your ability to report within the required timescales that you advise Method by email immediately so that we may advise the client and manage their expectation.

Standard Service Level Agreement: Within 5 working days from inspection of the property.

Please note that valuation reports cannot be accepted unless it included the following:

1. Colour Photographs (Internal & External).
2. All Appendices are attached.
3. The report must be signed and counter signed where applicable.
4. Please omit the fee charged to Method from your confirmation letter.

Please pay attention to our client's requirements as set out in the instruction, particularly who the report needs to be addressed to.

Type of valuation: Full Valuation of Hotel
On behalf of: Bridgewater/ Together Commercial Finance Limited
Applicant Name: CAROLINE BENSON
Is business goodwill to be valued?: No

Requirement:
Bricks & Mortar (VP or Investment Values)

Subject Property Address:
Ashgrove Hotel,
218 Citadel Road,
The Hoe,
Plymouth,
PL1 3BB

Property Type: Hotels (Specialist and Trading)
Estimated Value: £750,000
Tenure: Not Known

Property description:

The security is a 16 bed aparthotel Is there any chance that you would have someone that could go on Thursday April 8th as the clients are on site on that day vacant possession bricks and mortar

Please confirm the date of inspection within 24 hours of instruction

The Valuation Report is to be submitted electronically to Method, by no later than 2.00pm on the date of return.

If there are any reasons why the SLA will not be met then please advise Method immediately. Please note, persistent failure to adhere to the stipulated SLAs, without consent may result in suspension from the Panel.

PLEASE NOTE: You may not release any copies of the reports to any party other than Method without the express written consent of Method. For the avoidance of doubt this includes brokers or applicants. You may also not discuss valuation figures with any other party than Method without Method's express written consent. Failure to adhere to this will result in your immediate suspension from Method's Valuation Panel.

For the avoidance the addressee is your client in this matter and to whom you agree to be liable should there be any loss resulting from any negligence on your behalf.

You are to report on Method's valuation templates when they are included with this instruction. If no valuation report, or development appraisal and valuation report, is provided then you may use your practice's own templates, subject to prior written approval by Method Limited. Should you experience any difficulties in using Method's templates then please contact a member of the Method Valuation Team for clarification and/or assistance.

Please also note that a minimum of 3 comparables will be required to demonstrate the capital values, rental rates or yields i.e. depending on the method of valuation adopted, as well as a suitably detailed explanation as to the rates, multipliers or yields adopted in your valuation calculation.

Access details are as follows:

Access Arranged Through: CAROLINE BENSON

Access Contact Number: 07989434625

Access Contact Email:

Access Notes:

Finally please find at Appendix A, any specific requirements of the client for valuations, which should be fully addressed, where applicable, in your valuation report as well as details of to whom the report should be addressed.

Appendix A

Please note that Bridgewater/ Together Commercial Finance Limited, requires a valuation of the property for secured lending purposes - with the following details to be included in the report:

Bases of Valuation

- 1) Market Value
- 2) Market Value with the assumption of vacant possession
- 3) Market Value with the assumption of vacant possession, and the special assumption of a 90 day period in which to exchange contracts.
- 4) Market Value with the assumption of vacant possession, and the special assumption of a 180 day period in which to exchange contracts
- 5) Market Rent
- 6) Market Value of the Site in its existing condition (Development Only)
- 7) Gross Development Value (Development Only)

Information required within the report

- 1) Confirmation that the Report is produced in accordance with the current edition of the RICS Appraisal and Valuations Standards
- 2) Confirmation that so far as you are aware no conflicts of interest, either personal or in relation to your firm exist, and that Professional Indemnity Insurance on a per claim basis is available in respect of the service provided
- 3) Valuation summary
- 4) Location, including commentary on advantages and disadvantages
- 5) Detailed description and photographs – both internal and external
- 6) Details of the Property's construction
- 7) Details of the Property's condition
- 8) Site area and ground conditions
- 9) Schedule of accommodation, including a floor by floor breakdown, with any tenancies clearly defined
- 10) Measurements must be in accordance with the current RICS Code of Measuring Practice
- 11) Residential element as a percentage of the property
- 12) Council Tax Band/ Rateable Value
- 13) Tenure
- 14) Tenancy – including a summary of the relevant leases, tenancy agreements and comments thereon
- 15) Services
- 16) Suitability of the property for secured lending purposes
- 17) Lending risks both short and medium term
- 18) The impact of MEES Regulations where the Property is situated in England or Wales; or Section 63 of the Climate Change (Scotland) Act 2009 where the Property is situated in Scotland
- 19) More specifically, comment is required upon:
The impact of these regulations on future cash flow (as a result of lease expiry profiles and EPC expiry profiles);
Any additional capital or operational expenditure required to improve a sub-standard EPC rating, and the subsequent impact on Market Value (where applicable);
Any implications on future Market Value or Market Rent
- 20) Commentary on any invasive vegetation, contamination, and/or hazardous substances identified upon inspection
- 21) Valuation methodology including valuation calculations
- 22) For specialist properties such as public houses, hotels, care homes etc., make the special assumption that trade has ceased, no trading records are available and the trade inventory has been removed. The Valuer should make reasonable enquiries to confirm the existence of relevant licenses/registrations. Any reasoned assumptions relating to licenses/registrations affecting the property should be clearly stated
- 23) Residual appraisal (Development Only)
- 24) Breakdown of building costs adopted – please provide a comment of how these benchmark against BCIS / industry standards (Development Only)
- 25) Copies of any relevant planning consent(s) and documentation including approved drawings, Section 106 agreements etc., and commentary thereon (Development Only)
- 26) Commentary on anticipated demand for the proposed development (Development Only)
- 27) Commentary on the site in a local market context (Development Only)
- 28) Please comment on whether any works undertaken prior to instruction appear of reasonable quality and standard (Development Only)
- 29) If the property is to be refurbished or reconstructed in any way, please estimate the cost to undertake the works, and the Gross Development Value upon completion of the
- 30) Commentary on any factors that might affect value
- 31) If the property is being/has been recently marketed, please provide details of the selling agent, include a copy of the sales particulars in the report, and comment on the nature of enquiries and feedback provided by the selling agent
- 32) Comment on the likely occupational and investor/owner occupier demand for the property 33) Reinstatement value
- 34) Office copy entries
- 35) Promap site plan for the area valued
- 36) Copy of the most recent Energy Performance Certificate (available from the either Non-Domestic Energy Performance Register – <https://www.ndepcregister.com/> in the case of commercial properties; or the Domestic EPC Register – <https://www.epcregister.com/> in the case of residential properties)

Please note that should you believe that the property is NOT suitable for lending purposes or requires significant refurbishment works/expenditure please provide a cash purchase value.

It may be necessary to forward a Title Plan and/or Report on Title, and obtain your written confirmation as to whether anything in the Report on Title has any effect on the valuation(s) provided.

Report as defined above should be addressed to:

Bridgewater/ Together Commercial Finance Limited
Lake View, Lakeside
Royal Business Park, Cheadle, SK8 3GW

Once the report is completed, please submit the full SIGNED report electronically to Method, by no later than 2.00pm on the date of return.

If you cannot meet the above provisos and requirements please advise Method at once.

These are the notes referred to on the following official copy

The electronic official copy of the title plan follows this message.

Please note that this is the only official copy we will issue. We will not issue a paper official copy.

This official copy was delivered electronically and when printed will not be to scale. You can obtain a paper official copy by ordering one from HM Land Registry.

This official copy is issued on 05 May 2021 shows the state of this title plan on 05 May 2021 at 13:31:05. It is admissible in evidence to the same extent as the original (s.67 Land Registration Act 2002). This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground. This title is dealt with by the HM Land Registry, Plymouth Office .

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H.M. LAND REGISTRY		DN73416	
ORDNANCE SURVEY PLAN REFERENCE	COUNTY	SHEET	NATIONAL GRID
	DEVON		SX 4753
Scale: 1/1250	PLYMOUTH DISTRICT		© Crown Copyright 1976.



15/04/2021

Energy performance certificate (EPC) - Find an energy certificate - GOV.UK

Energy performance certificate (EPC)

Ashgrove Hotel
218 Citadel Road
PLYMOUTH
PL1 3BB

Energy rating

D

Valid until 1 January 2027

Certificate number

0620-0636-3369-9592-5096

Property type

C1 Hotels

Total floor area

390 square metres

Rules on letting this property

Properties can be let if they have an energy rating from A+ to E.

If a property has an energy rating of F or G, the landlord cannot grant a tenancy to new or existing tenants, unless an exemption has been registered.

From 1 April 2023, landlords will not be allowed to continue letting a non-domestic property on an existing lease if that property has an energy rating of F or G.

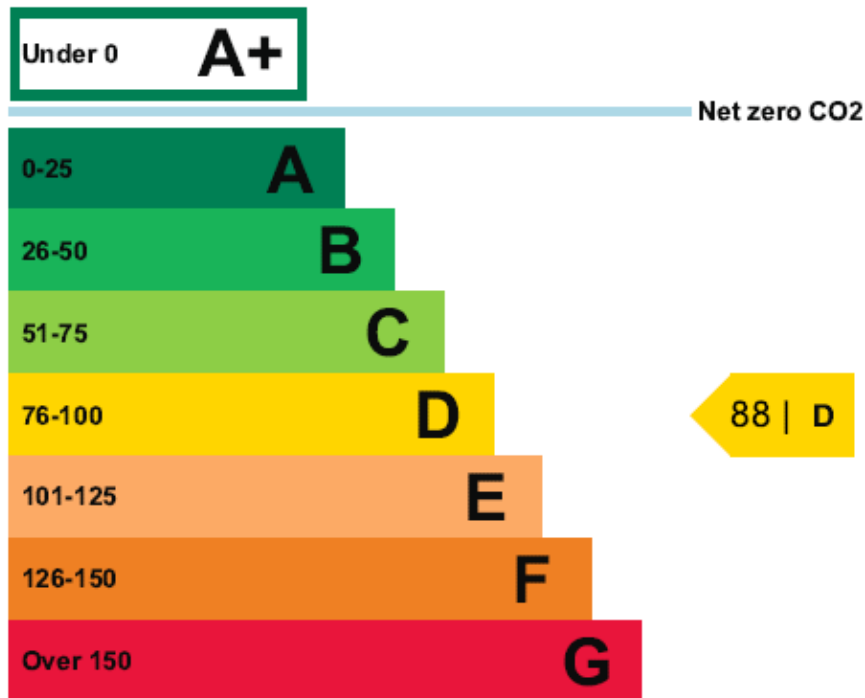
You can read [guidance for landlords on the regulations and exemptions](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/824018/Non-Dom-Private-Rented-Property-Minimum-Standard-Landlord-Guidance.pdf)
(https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/824018/Non-Dom-Private-Rented-Property-Minimum-Standard-Landlord-Guidance.pdf).

Energy efficiency rating for this property

This property's current energy rating is D.

15/04/2021

Energy performance certificate (EPC) - Find an energy certificate - GOV.UK



Properties are given a rating from A+ (most efficient) to G (least efficient).

Properties are also given a score. The larger the number, the more carbon dioxide (CO2) your property is likely to emit.

How this property compares to others

Properties similar to this one could have ratings:

If newly built

35 | B

If typical of the existing stock

102 | E

Breakdown of this property's energy performance

Main heating fuel

Natural Gas

Building environment

Heating and Natural Ventilation

Assessment level

3

Building emission rate (kgCO₂/m² per year)

239.86

Primary energy use (kWh/m² per year)

1391

► [What is primary energy use?](#)

Recommendation report

Guidance on improving the energy performance of this property can be found in the [recommendation report \(/energy-certificate/9920-2935-0466-3650-6090\)](#).

Contacting the assessor and accreditation scheme

This EPC was created by a qualified energy assessor.

If you are unhappy about your property's energy assessment or certificate, you can complain to the assessor directly.

If you are still unhappy after contacting the assessor, you should contact the assessor's accreditation scheme.

Accreditation schemes are appointed by the government to ensure that assessors are qualified to carry out EPC assessments.

Assessor contact details**Assessor's name**

Tom Le Gallez

Telephone

07863 254599

Email

tom@legallez.co.uk

Accreditation scheme contact details**Accreditation scheme**

Elmhurst Energy Systems Ltd

Assessor ID

EES/008693

Telephone

01455 883 250

Email

enquiries@elmhurstenergy.co.uk

Assessment details**Date of assessment**

16 December 2016

Date of certificate

2 January 2017

Employer

Tom Le Gallez Energy Assessment & Renewables Ltd

Employer address

13 Laura Grove Paignton TQ3 2LR

Assessor's declaration

The assessor is not related to the owner of the property.

Other certificates for this property

If you are aware of previous certificates for this property and they are not listed here, please contact us at mhcdg.digital-services@communities.gov.uk, or call our helpdesk on 020 3829 0748.

There are no related certificates for this property.

APPENDIX 20

Income Matrix							
Room Type	Single	Double	Deluxe	Total			
Number of	1	8	7	16			
Nightly Rate				Ave	Occ.	% of Yr	£ GBP Annual T/O
Low Season	£60	£75	£85	£73	50%	30%	£68,711.25
Mid Season	£65	£80	£90	£78	65%	40%	£126,691.50
High Season	£70	£90	£100	£87	75%	30%	£122,366.25
							£317,769.00

PROFIT AND LOSS				£ GBP
Income	Rate	Variable		
Room Sales	317,769	100%		317,769
TOTAL				317,769
Cost of Sales				
Tier 1 Mortgage / Finance	520,000	5%		26,000
Booking Fees	317,769 Sales	10% Commission Average		31,777
Bookings Management	285,992 Sales Less Commission	10%		28,599
Business Rates (SBR R N/A)				-
Insurance	342.00 /month	12 Months		4,104
Utilities	2,500 2017 Actual	130% Uplift: higher use		3,250
TV License	151 Actual	100%		151
Maintenance	3,000 Estimate	100%		3,000
Cleaning	317,769 Sales	15% Proportion		47,665
VAT	317,769	16.67%		52,972
Total Cost of Sales				197,519
GROSS PROFIT				120,250
Operating Expenses				
Advertising & Marketing	1,500 Estimate	100%		1,500
Salaries	2,000 Estimate	100%		2,000
Public Performance License	600	100.00%		600
Total Operating Expenses				4,100
NET PROFIT				116,150
EBITDA (Earnings before interest, tax, depreciation and amortization)				E= 142,150

Acquisition Costs				
Purchase Price				450,000
Refurb Cost				350,000
Legal, Prof & SDLT	12000 Stamp			36,000
Loan Interest & Fees				26,000
			A=	862,000

Post 2 Years Trading Refinance				
Valuation (EBITDA x7.5 Multiple)	M=	7.5	V=	1,066,128
Loan to Value - 70%		70%	CF=	746,290