

**FINANCIAL VIABILITY APPRAISAL
IN RESPECT OF**

**THE FORMER WHITE HOUSE HOTEL
LON PONT MORGAN
ABERSOCH
LL53 7AF**

Prepared by:

**Petty - Chartered Surveyors
Piccadilly House
49 Piccadilly
Manchester
M1 2AP**

on

10 September 2012

PREMISES TO BE VALUED

All those premises known as, The Former White House Hotel, Lon Pont Morgan, Abersoch, LL53 7AF

For the purpose of identification only, these are marked on the plan accompanying this report, and enclosed within Appendix 1.

CLIENT

Broomco Ltd (3857), Soughton House, Hall Lane, Sychdyn, Mold, Flintshire, CH7 6AD

APPLICANT

Broomco Ltd (3857), Soughton House, Hall Lane, Sychdyn, Mold, Flintshire, CH7 6AD

COMPLIANCE AND DEPARTURES

The Valuation Report has been undertaken strictly in accordance with the RICS Valuation Standards – Global and UK, 7th Edition.

Under the terms of engagement agreed between parties the following departures have been agreed:

None

PURPOSE AND BASIS OF VALUATION

We are instructed by Broomco Ltd to prepare valuations of the above premises for financial viability appraisal purposes on the following bases:

- (a) Market Value

Instruction Reference: N/A

DATE OF INSPECTION

The premises were inspected on 3 September 2012 by Mr P J Kelly, FRICS.

EXECUTIVE SUMMARY

PROPERTY:	The Former White House Hotel Lon Pont Morgan Abersoch LL53 7AF
DETAILS OF THE PROPOSED DEVELOPMENT:	The Applicant's proposal is to demolish the existing buildings and to develop a 42 bed hotel and spa complex which will also house 18 apartments, which will be made available for private sale to raise the necessary finance to make the scheme viable.
DETAILS OF AFFORDABLE CONTENT:	<p>We are instructed to provide viability advice based upon an affordable content of 30%, 10% down to one apartment.</p> <p>An affordable content of 30%, i.e. 5 apartments yields a profit of £41,332 or 0.4% of GDV.</p> <p>An affordable content of 10%, i.e. 2 apartments yields a profit of £198,932 or 2% of GDV.</p> <p>An affordable content of one apartment yields a profit of £250,532 or 2.5% of GDV.</p>
WE HAVE ALSO BEEN INSTRUCTED TO ADVISE AS TO THE EFFECT ON VIABILITY OF THE PROVISION OF A COMMUTED SUM PAYMENT TOWARDS AFFORDABLE HOUSING POSITION OFF-SITE, AGAIN AT 30%, 10% AND ONE APARTMENT AFFORDABLE CONTENT.	<p>A 30% provision results in a loss of £4,108.</p> <p>A 10% provision results in a profit of £179,636 or 1.8% of GDV.</p> <p>A one apartment provision results in a profit of 2.4% of GDV.</p>
DETAILS OF SECTION 106 OBLIGATIONS PROVIDED:	Not applicable.
ACQUISITION PRICE OF THE SITE:	£1,050,000 (One million and fifty thousand pounds)

**OPINION / EVIDENCE OF FINAL
SALES VALUES UNIT BY UNIT:**

We have adopted a sales value of £400 per sq ft illustrated on the Schedule included within Section 12 of the this report.

**OPINION / EVIDENCE OF
CONSTRUCTION COSTS ON A
PRICE PER SQ M GIA:**

The Applicant's have undertaken a full development cost appraisal, details of which are included within Section 12 of this report.

**OPINION / EVIDENCE OF
ADDITIONAL COSTS:**

Additional costs including; fees, contingency, abnormals and finance are illustrated within Section 12 of this report.

PROFIT REQUIREMENTS:

In our opinion, in current market conditions, a prudent developer would require a profit of at least 20% of gross development value. Even with 100% private market value sales of the apartments, this scheme is highly marginal. Taking into account the cost of the development and the initial acquisition cost, the developer's profit is only £302,132 or 3% of GDV. The provision of any affordable content whatsoever would render the scheme unviable.

1. LOCATION

Immediate Vicinity

The property is situated fronting Lon Pont Morgan, the A499 on the northern edge of the village of Abersoch overlooking the beach and harbour. It is accessed off Lon Pont Morgan via Whitehouse Drive. There is a development of detached bungalows to the south of the site and the centre of Abersoch is within a few minutes walk.

There is ample on-site parking.

Wider Vicinity

Abersoch is a popular coastal seaside resort in Gwyneth North Wales with approximately 1,000 inhabitants. It is situated on the east facing south coast of the Llyn Peninsula at the southern end of the A499. It is about 7 miles south west of Pwllheli and 27 miles south west of Caernarfon. The village takes its name from the River Afonsoch which reaches the sea in the village.

Originally a fishing port, Abersoch is now a tourist centre specialising in dinghy sailing and other water sports such as wind surfing and jet skiing. Nearby Porth Neigwl or Hells Mouth is also popular for surfing.

Each year since 2000, Abersoch has been host to Wakestock, a wake boarding event. The big air competition on the main beach is held in July. Central Abersoch has a variety of small shops, as well as bars, restaurants, cafes and hotels. It is also popular for its close proximity to Snowdonia National Park with Snowdon being visible from Abersoch Bay on clear days. There is an 18 hole golf course nearby.

Abersoch has a primary school for 3 to 8 year olds. The neighbouring village of Sarn Bach has a primary school for 3-11 year olds. The closest specialist school is Ysgol Hafod Lon in Pwllheli.

The general location is shown marked red on the plan accompanying this report and enclosed within Appendix 2.

2. DESCRIPTION

Existing Site

The property currently comprises of a derelict detached former hotel which has remained vacant since the hotel closed several years ago.

The buildings are of rendered brickwork and slate construction and are thoroughly derelict.

The property occupies a landmark site off the A499 on the edge of Abersoch. Part of the site is currently occupied as a temporary car park.

Proposed Scheme

The Applicant's proposal is to demolish the existing buildings and to develop a 42 bed hotel and spa complex which will also house 18 apartments which will be made available for private sale to raise the necessary finance to make the scheme viable.

The proposed accommodation will be configured at lower ground floor, ground, first, second and third floor levels and will be of modern design using modern glazing systems along with local natural materials and render.

The building will be set back on the site in order to reduce impact on its surroundings and will be orientated to maximise sea views from hotel rooms and apartments. The design incorporates balconies which face south and southeast allowing for passive solar gains.

The design incorporates full landscaping and parking areas on site.

The spa and swimming pool facilities will be located at lower ground floor level with the main hotel entrance, restaurant, kitchen and public areas at ground floor level.

The rooms and apartments will be located at first, second and third floor levels along with a hotel bar at first floor level.

Photographs illustrating the site and existing premises are enclosed within Appendix 3.

Drawings and plans of the proposed scheme are enclosed within Appendix 4.

3. ACCOMMODATION

We have calculated the site area to be approximately 1 acre or thereabouts.

Proposed Scheme

The proposed scheme envisages the following accommodation:

Lower Ground Floor

- Spa reception
- Swimming pool and Jacuzzi
- Male / female changing
- Steam room
- Sauna
- Gymnasium
- Treatment rooms
- Fitness studio
- Office
- Storage

Ground Floor

- Hotel reception and lobby
- Office
- Restaurant with approximately 140 covers and private dining area
- Kitchen / stores

Offices
Male / female WC's
Bar

First Floor

Hotel Rooms

Room 1-8	23.9 sq m	(257 sq ft)
Room 9	27.3 sq m	(293 sq ft)
Room 10	28.7 sq m	(308 sq ft)
Room 11	30.7 sq m	(330 sq ft)
Room 12	24.8 sq m	(266 sq ft)
Room 13	23.3 sq m	(250 sq ft)
Room 14	21.9 sq m	(235 sq ft)
Room 15	22.8 sq m	(245 sq ft)
Room 16	28.7 sq m	(308 sq ft)
Room 17	27.4 sq m	(294 sq ft)
Room 18	28.9 sq m	(311 sq ft)
Room 19	28.9 sq m	(311 sq ft)
Room 20	28.8 sq m	(310 sq ft)
Room 21		

Apartments

Apartment A 76.9 sq m (827 sq ft)

Comprising; entrance hall, lounge, kitchen, dining, bedroom and bathroom

Apartment B 80.7 sq m (868 sq ft)

Comprising; lounge, kitchen, dining, two bedrooms and bathroom

Second Floor

Hotel Rooms

Room 21-8	23.9 sq m	(257 sq ft)
Room 29	27.3 sq m	(293 sq ft)
Room 30	28.7 sq m	(308 sq ft)
Room 31	30.7 sq m	(330 sq ft)
Room 32	24.8 sq m	(266 sq ft)
Room 33	23.3 sq m	(250 sq ft)
Room 34	23.0 sq m	(247 sq ft)
Room 35	23.0 sq m	(247 sq ft)
Room 36	21.9 sq m	(235 sq ft)
Room 37	22.8 sq m	(245 sq ft)
Room 38	28.7 sq m	(308 sq ft)
Room 39	27.4 sq m	(294 sq ft)
Room 40	28.9 sq m	(311 sq ft)
Room 41	28.9 sq m	(311 sq ft)
Room 42	28.8 sq m	(310 sq ft)

Apartments

Apartment C 76.9 sq m (827 sq ft)

Comprising; lounge, kitchen, dining, bedroom and bathroom

Apartment D 93.8 sq m (1,009 sq ft)

Comprising; lounge, kitchen, dining, two bedrooms, en-suite bathroom

Apartment E 80.7 sq m (868 sq ft)

Comprising; lounge, kitchen, dining, two bedroom and bathroom

Third Floor

Apartments

Apartment F 46.8 sq m (503 sq ft)

Comprising; lounge, kitchen, two bedrooms and a bathroom

Apartment G 46.8 sq m (503 sq ft)

Comprising; lounge, kitchen, two bedrooms and bathroom

Apartment H 46.8 sq m (503 sq ft)

Comprising; lounge, kitchen, two bedroom and bathroom

Apartment J 46.8 sq m (503 sq ft)

Comprising; lounge, kitchen, two bedrooms and bathroom

Apartment K 95.7 sq m (1,030 sq ft)

Comprising; lounge, kitchen, dining, two bedroom, en-suite and bathroom

Apartment L 80.7 sq m (868 sq ft)

Comprising; lounge, kitchen, dining, two bedrooms and a bathroom

Apartment M 52.8 sq m (568 sq ft)

Comprising; lounge, kitchen, dining, bedroom and bathroom

Apartment N 75.9 sq m (816 sq ft)

Comprising; lounge, kitchen, dining, two bedrooms and bathroom

Apartment P 75.9 sq m (816 sq ft)

Comprising; lounge, kitchen, dining, two bedrooms and bathroom

Apartment Q 47.5 sq m (511 sq ft)

Comprising; lounge, kitchen, dining, bedroom and bathroom

Apartment R 103.0 sq m (1,108 sq ft)

Comprising; lounge, kitchen, dining, two bedrooms and bathroom

Apartment S 66.0 sq m (710 sq ft)

Comprising; lounge, kitchen, dining, two bedroom and bathroom

Apartment T 63.5 sq m (683 sq ft)

Comprising; lounge, kitchen, dining, two bedroom and bathroom

4. EXISTING REPAIR AND CONDITION

We have not carried out a structural survey and have not inspected woodwork or other parts of the structure which are unexposed or inaccessible and we are therefore unable to report that any such parts are free from defect.

The property has been valued with due regard to its appropriate existing state of repair and condition, including reference to its age, nature of construction and functional obsolescence. We believe we have formed a general opinion of the state of repair of the property in so far as it is likely to affect our valuation.

It is assumed that normal periodic maintenance will be carried out to maintain the property in a state of repair fit for its present use.

It is further assumed that the condition of the property at the date of valuation is identical to that found at the date of our inspection.

Whilst we would stress that we have not carried out a survey, the property in its existing state is in a derelict condition and in our opinion, beyond economic repair.

5. STATUTORY ENQUIRIES

Planning & Highways

The local planning authority is Gwynedd Council.

We have prepared this valuation report on the basis that the subject property has planning permission for hotel use under Class C1 of the Town & Country Planning (Use Classes) Order 2010.

As mentioned earlier, the purpose of this report is to provide a financial viability appraisal in conjunction with an application to demolish the existing buildings and to develop a 42 bed hotel incorporating 18 apartments.

Lon Pont Morgan is a made up highway maintainable at public expense.

As far as we are aware, the property is not adversely affected by local authority proposals or requirements, and in addition we have assumed that there are no outstanding statutory notices which would materially affect the value of the property within the foreseeable future.

We understand the property is not a Listed Building, nor is it situated within a Conservation Area.

The above information is sourced via verbal enquiries of the local planning and highway authorities and the information provided is assumed to be correct. No formal search has been instigated and if reassurance is required we recommend that verification be obtained from your solicitors that the position as stated in our report is correct.

Incentives

Not applicable.

Council Tax / Rateable Value

Deleted

Energy Performance Certificate

Energy Performance Certificates (EPC) must be produced for property transactions including the sale, rent or construction of buildings.

An Energy Performance Certificate is not believed to be a requirement in this instance.

In undertaking this valuation we have not been provided with a copy of an Energy Performance Certificate for the premises/subject units. Our valuation assumes that an EPC would be provided on sale in the accordance with the aforementioned legislation and we would recommend that this is clarified by your legal advisors.

Fire Certificate

On 1 October 2006 the Regulatory Reform (Fire Safety) Order 2005 came into force. All existing fire legislation has been repealed (including the Fire Precautions Act 1971, Fire Precautions (Workplace) Regulations 1997/99 and the Management of Health and Safety in the Workplace Regulations 1999). As such, fire certificates are no longer issued and have been replaced with the requirement for a Fire Risk Assessment. The effect of this is that employers are now solely responsible for fire safety within their workplaces.

Licensing

The Licensing Act 2003 was the biggest single reform of liquor licensing in the UK for many years. The responsibility for licensing has moved from the Magistrates Court to the Local Authorities and the Act brings together a number of different aspects of licensing including liquor and Public Entertainment licensing. The new system incorporates two types of licence – a Personal Licence for a qualified individual and a Premises Licence for the building or venue.

Offices, Shops and Railways Premises Act

This legislation, together with the Factories Act, and Health and Safety legislation concern themselves with the protection of workplace health, safety and welfare.

No issues were encountered which would adversely affect value.

Equality Act

The Equality Act supersedes a number of Acts made under Equality and Discrimination Legislation. One of the acts that it replaces is the Disability Discrimination Act which has specific reference to property and the workplace. The Equality Act seeks to ensure that any person having a premises dealing does not discriminate in terms of race, religion or ability, against a person in occupation or who wishes to acquire the premises in some way, be it the title or in letting the premises, or part of. The Act seeks to ensure that a disabled person is not precluded from acquiring premises by the owner/landlord not allowing physical changes to be made. Acquiring can be deemed to be acquisition, letting or working within. The Act also places a duty of care on owners/landlords to ensure that common parts are compliant. Therefore building owners and occupiers should be aware that it may be necessary to undertake physical changes to a building in order to comply with this Act. Non-compliance could result in civil proceedings.

Petty Chartered Surveyors have not carried out or commissioned any investigations to determine whether or not the property complies with the requirements of this Act, nor have they made any allowance for the cost of compliance works.

Residential Properties

In the event that the property is to be let out, then the following information is pertinent;

1. Before a property can be marketed for let, it will require an energy performance certificate.
2. Gas installations must be checked annually by a registered gas engineer and appropriate certification obtained.
3. Any deposit taken must be held with a registered deposit agency.

Mortgage Regulation

Not applicable.

Costs and Grant Availability

Our valuation is produced gross of purchaser's costs unless stated and no allowance has been made in our valuation for any vendor's costs or taxation (actual or notional)

Furthermore, no allowances have been made for any grants or incentives to which a purchaser may be entitled.

Our valuation is exclusive of VAT unless otherwise stated.

6. SERVICES

It is understood that all mains services are connected and that drainage is to public sewer. We have not made any enquiries of the respective service supply companies.

Further, we have not tested any of the drains or other services, and for the purpose of this valuation we have assumed that they are all operating satisfactorily and no allowances have been made for replacement or repair.

7. SITE AND GROUND CONDITIONS

Flooding

We have made enquiries of the Environment Agency website which uses indicative Flood Plain maps to provide a general overview of areas of land in natural flood plains and therefore potentially at risk of flooding from rivers or sea. The maps use the best information currently available, based on historical flood records and geographical models and indicate where flooding from rivers, streams, water courses or the sea is possible.

Based on the postcode **LL53 7AF** the website indicates that the property falls outside an area that might be subject to extreme flood and therefore the chance of flooding each year from a river or the sea is 0.1% or less.

Radon Gas

According to information sourced from the Health Protection Agency website the property is thought to be in an area at risk from Radon gas. We would recommend that the banks legal advisors consult with the Local Authority as to what remedial action, if any, is required.

Mining

The subject property is not thought to be located in an area associated with mining activity.

We have not carried out or commissioned a site investigation or geographical or geophysical survey and we can give no assurance that the ground has sufficient load bearing strength to support either existing structures or any other structure which may be erected in the future. In addition, we cannot provide any assurance that there are no underground mineral or other workings beneath the site or in its vicinity.

8. ENVIRONMENTAL ISSUES

Contamination

We have not been instructed to commission a formal audit in respect of the subject site in relation to the potential presence of contamination. Our brief enquiries have provided no evidence that there is a significant risk of contamination affecting the property or neighbouring property which would affect our valuation.

We would stress that we have not carried out, nor are we qualified to carry out an Environmental Audit. Our comments are therefore merely a guide and should not be relied upon. If you require confirmation of the position, we strongly recommend that an initial Environmental Audit is carried out.

Should it, however, be established subsequently that contamination exists at the property or on any neighbouring land or that the premises have been or are being put to contaminative use, this might reduce the values now reported.

Asbestos

From May 2004 new legislation requires property owners, occupiers and managers to identify and control Asbestos Containing Material ("ACM") in their property. If potential ACM is in good condition and undisturbed the Health and Safety Executive ("HSE") recommends that the ACM is identified and a management plan formulated as follows:

- Identify its position.
- Inspect its condition regularly.
- Take a precautionary approach to maintenance and minimising disturbance that could cause fibre release.
- HSE sees removal as a last resort unless the material is in poor condition or at risk of damage

In carrying out and providing this report and valuation Petty Chartered Surveyors have not undertaken an ACM inspection and understand that the owner of the property has not obtained or commissioned a report from an ACM Inspector. Furthermore, Petty Chartered Surveyors have made no allowance for the potential liability.

Petty Chartered Surveyors can provide details of qualified ACM inspectors if required

9. TITLE

Whilst we have not been provided with any title documents we are verbally informed that the property is held freehold.

We have valued the property on the above basis.

We have assumed for the purposes of this valuation that good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, rights of way, encumbrances or outgoing. We recommend that your solicitors be instructed to verify the position.

We have not had sight of your Solicitor's report on title. However, upon receipt of a copy, we would be pleased to separately confirm whether the content of that report has an impact on the advice provided within this appraisal report.

10. TENANCIES

Current

There were no tenancies apparent upon our inspection.

11. DEVELOPMENT ISSUES AND GENERAL COMMENTS

For the purpose of this report and valuation we have assumed that these proposed Works will be completed in accordance with the details provided, to a reasonable standard of workmanship and in accordance with relevant regulations.

Residential Property: Disclosure of Incentives

Following an agreement between the Council of Mortgage Lenders (CML), the Home Builders Federation (HBF) and Homes in Scotland, from 1 September 2008 the developer/builder or selling agent is required to complete a 'CML Disclosure of Incentives Form' for each sale of a newly built home, including newly converted property yet to be occupied for the first time. This form includes all details of the sale price and incentives included in the selling package.

No information regarding disclosed sales incentives was available at the time of inspection, and the valuation is based on the understanding that no sales incentives are offered on this property. We recommend that this is confirmed by the Lender's legal advisor in accordance with the Council of Mortgage Lender's Handbook.

The Projected Development

A full costed estimate of the development cost has been provided by the Applicant's who are experienced in the delivery of substantial residential and commercial developments.

Details of costings are provided later in this report.

The estimated build cost is £6,634,677, provided from a fully costed and detailed estimate from the Applicant's. To this we have added contingency at 10%, professional fees at 8%, planning fees at £50,000, funders arrangement fees at £75,000, legal fees at £25,000, Project Manager fees at £40,000, funders monitoring fees at £30,000, interest at 7.5% and sales fees in respect of the apartments at 2.5% of GDV.

We have assumed that on completion the development will be finished to a good standard to comply with the necessary regulations in force at that date, and that an industry standard warranty will put in place at the developer's expense

Construction Costs

The construction costs devalue to approximately £120 per sq ft or £1,289 per sq m, which is in line with market parameters.

Development Profit

In current market conditions, one would expect a development profit of 20% of Gross Development Value.

Timescale

The projected timescale to complete the development is within 2 years, which in our opinion is realistic.

The Development Team

As mentioned earlier, the Development Team has a substantial amount of experience in delivering development projects such as the subject development and is considered to be fully able to complete this development to a high standard.

Fees and Guarantees

See our comments under Construction Costs above.

12. MARKET TRENDS AND GENERAL COMMENTS

General

Market conditions in the hotel sector generally have been difficult for the past few years. In the Provinces, transactional activity has been relatively low and particularly price sensitive. The general economic challenges, increase in food costs, the VAT rise and unemployment have all been particularly acutely felt across Wales.

Potential buyers have been far more difficult to engage than they were at the height of the market and generally, have only been interested in hotels in key locations or those in "distress", which they perceive as likely bargains.

The vast majority of operators have cut their costs dramatically in order to survive the difficult trading conditions but the severity of these cuts, particularly in the Provinces is of major concern to the sector.

Funding continues to be a major problem in the hotel sector. The branded budget sector continued to grow during 2010 and 2011 with all the main operators opening new sites across the UK. Budget operators, Travel Lodge and Premier Inn were amongst those who continued to explore opportunities to expand their estates during the year.

Prospects remain relatively weak in the Provincial market, which is considerably less robust than the London market and as the effects of the public sector spending reviews and VAT rises filter through, the market remains uncertain.

There is however a lack of four star standard hotels and spa's in the local area.

Demand for hotels in Abersoch and the surrounding area is particularly strong over the summer months and the area is popular with affluent visitors from Cheshire.

The proposed hotel is within approximately 2 hours drive of the Liverpool and Manchester conurbations.

There has been a growth in the "staycation" market, i.e. UK residents taking holidays in the UK and this has helped support trading at many hotels, particularly in destinations outside of London.

In terms of the corporate market, Abersoch is in our opinion, too far away from the main commercial centres in the wider area, however the core market for the Whitehouse Hotel and Spa would most likely be people staying for leisure reasons including overnight and short break spa visitors, the wedding market and people staying in the area to pursue outdoor pursuits, as well as non residents visiting the spa, restaurant and bar.

Turning to the residential market, Abersoch is regarded as a popular residential location and residential values are relatively high compared with other areas of North Wales.

There is a significant market for second homes and holiday homes within the area along with a sizeable retirement market. The majority of apartments in the Abersoch area are contained within converted older properties rather than within purpose built developments.

UK Housing Market

The June 2012 RICS Housing Market Survey shows a deterioration in the headline price balance, along with a further slide in all activity indicators. This is in line with the softening economic dataflow and the continuing uncertainty emanating from the euro crisis.

The seasonally adjusted net price balance turned more negative in June, from -17 to -22 i.e. 22% more surveyors recorded price falls rather than rises. That said, whilst the price balance is negative, 63% of all surveyors recorded unchanged prices for the three months up to June. Additionally, of the respondents that did report a price fall, 83% of them did so in the 0 to -2% range.

Activity contracted in June, with all indicators continuing to lose momentum after the temporary spike in the lead up to the expiry of the stamp duty exemption (at the end of March). Starting with demand and supply, both new buyer enquiries and new vendor instructions declined this month, recording their lowest net balances in over 18 months. Turning to transactions, newly agreed sales decreased in June, with the net balance falling from -5 to -12. Average sales per surveyor (per branch) edged down from 15.6 to 15.5, while average stocks on surveyors books (per branch) fell by 0.8% from 67.6 to 67. This resulted in the sales to stock ratio - an indicator of market slack - remaining unchanged at 23.1%, considerably less than the long run average of 33%.

The outlook for the next three months remains broadly unchanged, with sales expectations turning slightly more positive and price expectations remaining negative albeit less so. The longer term 12 month outlook deteriorated, with price expectations falling further into negative territory and sales expectations broadly flat after rising the previous month.

At the regional level, London remains the only region in the survey where the price balance is positive, a trend that has continued more or less uninterrupted since February 2011. Of those regions recording negative balances, the South East was least negative, reinforcing the notion of a North/South price divide across England. The West and East Midlands recorded the most negative price net balances. Outside of England & Wales, Scotland and Northern Ireland continued to see falls in house values.

Yields

Not applicable.

Comparables

We have considered market transactions of hotel and apartment properties within the general and wider areas which include the following:

Hotel Evidence

The Holiday Inn, Tadcaster Road, Dringhouses, York – this is a 142 bed hotel constructed in 1971 having been fully refurbished in 2006 including conference facilities, sold in February 2012 for £4,568,000, let to LRG Hotels at £422,500 per annum.

Premier Inn, Vicar Lane, Bradford – a centrally located ten storey 118 bed hotel, redeveloped in 2011, sold in December 2011 for £6,092,000.

De Vere Village Hotel, Tempest Drive, Walsall – a five storey 125 bed hotel with conference facilities and fitness centre, sold in September 2011 for £12,250,000, subject to a lease to De Vere Group Plc at a rent of £910,867 per annum.

Travel Lodge, Birmingham Road, Stratford-Upon-Avon – a four storey 91 bed hotel, with three adjoining retail units at ground floor level, sold in July 2011 for £6,750,000, subject to a lease to Travel Lodge Hotels Ltd at a rent of £362,635 per annum, with additional leases to Dominoes Pizza at £28,500 per annum, Bath Store at £20,000 per annum and one vacant unit with a prospective rental income of £36,850 per annum.

Travel Lodge, Birmingham Central, Charlotte Street, Birmingham – a 100 bed hotel, sold in July 2011 for £7,258,000, subject to a lease to Travel Lodge Ltd at a rent of £410,000 per annum.

Travel Lodge, Bradford Road, Keighley – a refurbished traditional 43 bed hotel, sold in July 2011 for £1,700,000, let to Travel Lodge Hotels Ltd at a rent of £119,000 per annum.

Travel Lodge, Loughborough Central, Bridge Street, Loughborough – a new 87 bed hotel, sold in June 2011 for £5,750,000, leased to Travel Lodge Ltd at a rent of £368,000 per annum.

Sheffield Park Hotel, Chesterfield Road South, Sheffield – a 95 bed hotel with conference facilities, constructed in the 1980's and extensively refurbished in 2005, sold in April 2011 for £4,000,000 and re branded as Hilton Double Tree.

Belfry Hotel, Mellor's Way, Nottingham – this is a modern 120 bed hotel with conference facilities, sold in August 2010 for £14,000,000.

Travel Lodge, Strand Street, Liverpool – a new 141 bed hotel, sold in April 2010 for £10,080,000, leased to Travel Lodge Ltd at a rent of £680,000 per annum.

Apartment Evidence

Flat 2, Glasfor, Abersoch – this is a three bedroom first floor flat, recently under offer at £290,000.

Sarn Bach, Abersoch – a spacious ground floor two bedroom apartment in a converted building, currently on the market for sale at £275,000.

Preswylfa, Abersoch – a refurbished ground floor two bedroomed flat situated in a converted building, currently on the market for sale at £235,000.

Talafon, Abersoch – a recently refurbished three bedroom second floor apartment in a converted property above Talafon Stores, currently on the market for sale at £219,500.

Congl Feddw, Abersoch – a modern two bedroom apartment recently refurbished, recently on the market for sale at £195,000.

Flat 1, Tawelfor, Abersoch – a two bedroom flat, sold in December 2009 at £186,000.

Ger-Y-Nant, Llanbedrog – this is a two bedroom flat situated in Llanbedrog Village, currently on the market for sale at £146,500.

Tenants and Covenant

Not applicable.

Methodology

The property valuation has been prepared using both the comparison and residual methods. Regard has been had toward the comparables and market conditions mentioned above and factors have been weighted accordingly

We stress the importance of the valuation date as recent experience has shown that property values may change quite significantly over a relatively short period of time.

This valuation has been prepared in a period of market uncertainty. The RICS Valuation Standards requires that where market uncertainty could have a material effect on a valuation, the Valuer must draw this to the client's attention.

The current turmoil and uncertainty in the world's financial markets has resulted in commercial and residential properties selling in much reduced quantities with virtually no market activity in some areas. Many vendors are choosing not to go to the market until conditions improve. Many purchasers are choosing not to buy now in the expectation that market conditions will continue to deteriorate and they will be able to purchase more favourably in the future. Other transactions are falling due to the current difficulty in funding acquisitions.

This lack of market activity and the resulting lack of market evidence means that it is generally not possible to value with as high a degree of certainty as would be the case in a more stable market with a good level of market evidence.

Valuation Breakdown & Commentary

Our valuations of the proposed apartments have been based upon a price of £400 per sq ft.

In respect of the provision of affordable housing in the following Schedules, we have adopted a price of £150,000 per affordable unit, which is in line with the maximum affordable housing for sale prices contained in the Supplementary Planning Guidance: Affordable Housing Booklet of Gwyneth Council.

The following Schedule details our projected valuations of the apartments and also provides a gross development value for the apartments.

In Column 2, we set out our projected market values assuming a 30% affordable content. In Column 3, we set out our projected value assuming a 10% affordable content and in Column 4, we set out our value assuming an affordable content of one apartment.

Gross Development Values (Apartments)

		Column 1	Column 2	Column 3	Column 4
Apartment	Area Sq Ft At £ per Sq Ft	MV Assuming 100% Private	MV Assuming 30% Affordable	MV Assuming 10% Affordable	MV Assuming Affordable Content of One Apartment
A	828 sq ft at £400 per sq ft	£331,200	£331,200	£331,200	£331,200
B	869 sq ft at £400 per sq ft	£347,600	£347,600	£347,600	£347,600
C	828 sq ft at £400 per sq ft	£331,200	£331,200	£331,200	£331,200
D	1,010 sq ft at £400 per sq ft	£404,000	£404,000	£404,000	£404,000
E	869 sq ft at £400 per sq ft	£347,600	£347,600	£347,600	£347,600
F	504 sq ft at £400 per sq ft	£201,600	£150,000	£150,000	£150,000
G	504 sq ft at £400 per sq ft	£201,600	£150,000	£150,000	£201,600
H	504 sq ft at £400 per sq ft	£201,600	£150,000	£201,600	£201,600
J	504 sq ft at £400 per sq ft	£201,600	£150,000	£201,600	£201,600
K	1,030 sq ft at £400 per sq ft	£412,000	£412,000	£412,000	£412,000
L	869 sq ft at £400 per sq ft	£347,600	£347,600	£347,600	£347,600
M	568 sq ft at £400 per sq ft	£227,200	£227,200	£227,200	£227,200
N	817 sq ft at £400 per sq ft	£326,800	£326,800	£326,800	£326,800
P	817 sq ft at £400 per sq ft	£326,800	£326,800	£326,800	£326,800
Apartment	Area Sq Ft	MV	MV	MV	MV

	At £ per Sq Ft	Assuming 100% Private	Assuming 30% Affordable	Assuming 10% Affordable	Assuming Affordable Content of One Apartment
Q	511 sq ft at £400 per sq ft	£204,400	£150,000	£204,400	£204,400
R	1,109 sq ft at £400 per sq ft	£443,600	£443,600	£443,600	£443,600
S	710 sq ft at £400 per sq ft	£284,000	£284,000	£284,000	£284,000
T	684 sq ft at £400 per sq ft	£273,600	£273,600	£273,600	£273,600

Total Gross Development Value Apartments – A to T

Assuming 100% Private	Assuming 30% Affordable	Assuming 10% Affordable	Assuming Affordable Content of One Apartment
£5,414,000	£5,153,200	£5,310,800	£5,362,400

Turning to the hotel development, we have adopted a Projected Market Value of £110,000 per room, which is at the upper end of the comparable evidence mentioned overleaf, reflecting the high quality proposed development and location.

The hotel GDV is therefore as follows:

42 rooms at £110,000 per room = £4,620,000

The total Gross Development Value is therefore:

£10,034,000
(Ten million four hundred and thirty four thousand pounds)

assuming 100% Private apartments

We set out below four Schedules, each detailing a residual calculation.

Schedule 1

Illustrates a residual calculation, assuming all apartments are available for private sale at market value.

GDV 100% PRIVATE		10,034,000
BUILD COST	6,634,677	
CONTINGENCY 10%	663,467	
PROF FEES 8%	530,774	
PLANNING FEES	50,000	
FUNDERS ARR FEES	75,000	
LEGAL FEES	25,000	
PROJECT MAN.	40,000	
MONITORING FEES	30,000	
INTEREST 7.5%	497,600	
SALES FEES RE APTS	135,350	8,681,868
		NDV
		1,352,132
ACQUISITION COST		1,050,000
PROFIT		302,132
		3.00%

Schedule 2

This illustrates a residual calculation, assuming the provision of affordable housing of 30% of the number of apartments, i.e. 5 apartments. In this respect, we have chosen the 5 smallest apartments as affordable units.

GDV 30% AFFORDABLE		9,773,200
BUILD COST	6,634,677	
CONTINGENCY 10%	663,467	
PROF FEES 8%	530,774	
PLANNING FEES	50,000	
FUNDERS ARR FEES	75,000	
LEGAL FEES	25,000	
PROJECT MAN.	40,000	
MONITORING FEES	30,000	
INTEREST 7.5%	497,600	
SALES FEES RE APTS	135,350	8,681,868
		NDV
		1,091,332
ACQUISITION COST		1,050,000
PROFIT		41,332
		0.40%

Schedule 3

This shows a similar calculation, assuming the provision of affordable housing at 10% of the number of apartments (2 apartments).

GDV 10% AFFORDABLE		9,930,800
BUILD COST	6,634,677	
CONTINGENCY 10%	663,467	
PROF FEES 8%	530,774	
PLANNING FEES	50,000	
FUNDERS ARR FEES	75,000	
LEGAL FEES	25,000	
PROJECT MAN.	40,000	
MONITORING FEES	30,000	
INTEREST 7.5%	497,600	
SALES FEES RE APTS	135,350	8,681,868
	NDV	1,248,932
ACQUISITION COST		1,050,000
PROFIT		198,932 2.00%

Schedule 4

This illustrates a similar calculation, assuming the provision of an affordable content of one apartment.

GDV 1 APT AFFORDABLE		9,982,400
BUILD COST	6,634,677	
CONTINGENCY 10%	663,467	
PROF FEES 8%	530,774	
PLANNING FEES	50,000	
FUNDERS ARR FEES	75,000	
LEGAL FEES	25,000	
PROJECT MAN.	40,000	
MONITORING FEES	30,000	
INTEREST 7.5%	497,600	
SALES FEES RE APTS	135,350	8,681,868
	NDV	1,300,532
ACQUISITION COST		1,050,000
PROFIT		250,532 2.50%

The build cost is based upon a firm estimate of the basic cost of the scheme, prepared by the Applicant's and devalues to £120 per sq ft, or £1,289 per sq m.

We have included:

Contingency at	10%
Professional fees at	8%
Planning fees	£50,000
Funder's arrangement fees	£75,000
Legal fees	£25,000
Project management fees	£40,000
Monitoring fees, re lender	£30,000
Finance interest at	7.5%

We have also included:

Legal and agents fees in respect of the future sales of the apartments at 2.5% of the GDV of the apartments.

It can be seen from the Schedules, that even with 100% private market value sales of the apartments, this scheme is highly marginal, taking into account the cost of the development and the initial acquisition cost of £1,050,000, the developer's profit is only £302,132 or 3% of GDV.

Turning to Schedule 2, with the assumed provision of 30% of the apartments as affordable housing, yields a profit of only £41,332 or 0.40% of GDV.

Turning to Schedule 3, with the assumed provision of an affordable content of 10% of the apartments, the calculation yields a profit of £198,132 or 2% of GDV.

On Schedule 4, the assumption is an affordable content of one apartment, which yields a profit of £250,532 or 2.5% of GDV.

The profit levels yielded illustrate the fact that even with 100% private market value sales of apartments, this scheme is highly marginal.

Generally, in current market conditions, developers would require a developer's profit of at least 20% of GDV and the above Schedules illustrate the fact that with any affordable content whatsoever, the scheme will be totally unviable.

We have also been instructed to provide advice as to the effect on viability of the provision of a commuted sum payment towards affordable housing provision off-site, based upon an affordable content of 30%, 10% and one apartment.

Using our calculation of profit detailed in Schedule 1 above, assuming all apartments are available for private sale at market value, resulted in a profit of £302,132, or 3% of GDV.

On the basis of a 30% affordable housing provision off-site, our calculation of the commuted sum, in accordance with the Welsh Governments Acceptable Cost Guidance / Oncosts For Use With SHG Funded Housing in Wales, May 2011 is as follows:

$$5 \times £105,600 \times 58\% = £306,240$$

Deducting this sum from the previously calculated profit of £302,132, yields a loss of £4,108.

On the basis of a 10% provision of affordable housing off-site, the calculation is as follows:

$$2 \times \text{£}105,600 \times 58\% = \text{£}122,496$$

Deducting this sum from the previously calculated profit of £302,132, yields a profit of £179,636 or 1.8% of GDV.

Adopting an affordable housing provision off-site of one apartment, would involve the following calculation:

$$1 \times \text{£}105,600 \times 58\% = \text{£} 61,248$$

Deducting this sum from the previously calculated profit of £302,132, yields a profit of £240,884 or 2.4% of GDV.

Again, all of the above profit figures demonstrate the fact that with any affordable content or commuted sum, this scheme would be totally unviable.

Sale Information

It is understood that the acquisition cost was £1,050,000.

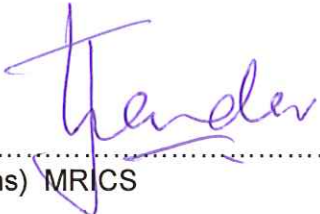
If further information comes to light before the loan is finalised this must be disclosed to the valuer and the matter must be referred back to the valuer for further consideration.


13. QUALIFICATION

P J Kelly is a Fellow of The Royal Institution of Chartered Surveyors, is registered under the RICS Valuer Registration Scheme, is experienced in commercial and residential property valuations, and is fully able to undertake a valuation of the property for assessing viability as an independent external valuer with no other current interest in the subject premises.

SPEAR WORKS, 35 DERBY STREET, CHEETHAM HILL, MANCHESTER, M8 8AT

I certify that the above named property which is the subject of this report has been inspected by me, that I valued the property and prepared this report, and that I am not disqualified from reporting on this property.


SIGNED
J A Lauder BSc (Hons) MRICS


COUNTERSIGNED
P J Kelly, FRICS

Dated the 12 day of June 2012

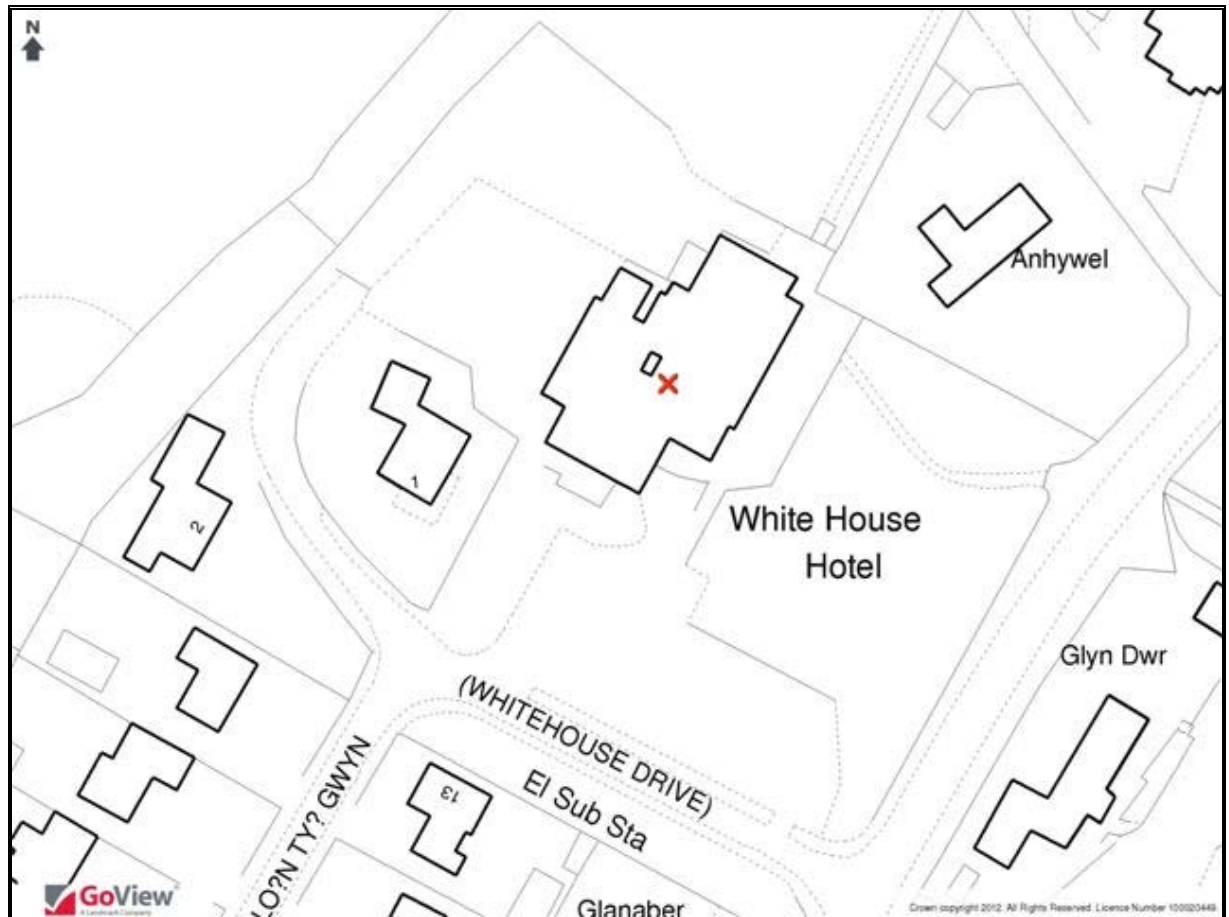
On behalf of:

Petty - Chartered Surveyors
www.pettycommercial.co.uk

APPENDIX 1

Site Plan

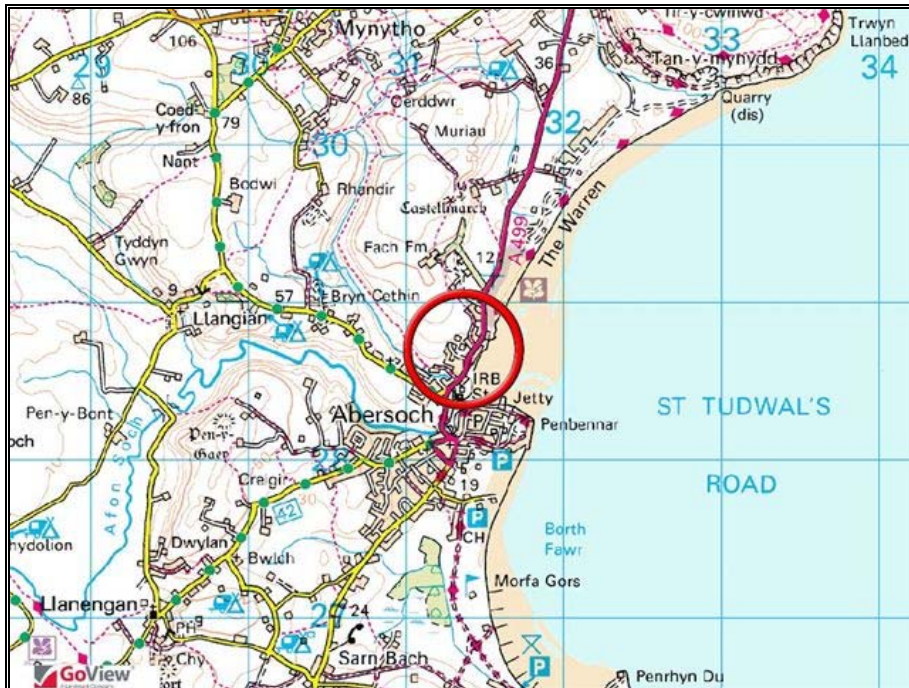
THE FORMER WHITEHOUSE HOTEL, LONPONTMORGAN, ABERSOCH, LL53 7AF



APPENDIX 2

Location Plan

THE FORMER WHITEHOUSE HOTEL, LONPONTMORGAN, ABERSOCH, LL53 7AF



APPENDIX 3

Photographs

**THE FORMER WHITEHOUSE HOTEL, LONPONTMORGAN,
ABERSOCH, LL53 7AF**



**THE FORMER WHITEHOUSE HOTEL, LONPONTMORGAN,
ABERSOCH, LL53 7AF**



APPENDIX 4

Proposed Scheme

**THE FORMER WHITEHOUSE HOTEL, LONPONTMORGAN,
ABERSOCH, LL53 7AF**

APPENDIX A

Terms of Engagement

**THE FORMER WHITEHOUSE HOTEL, LONPONTMORGAN,
ABERSOCH, LL53 7AF**



APPENDIX A

Terms of Engagement:
Commercial and Residential Valuations

1. CLIENT

Mr David McClean

2. PURPOSE OF VALUATION

The valuation is required for report purposes.

3. PREMISES TO BE VALUED

The White House Hotel, Lonpontmorgan, Abersoch, LL53 7AF

4. INTEREST TO BE VALUED

We understand that the interest to be valued is freehold / leasehold / long leasehold etc

5. PROPERTY TYPE / CLASSIFICATION

We understand that the property is currently used a vacant hotel.

Unless otherwise agreed, enquiries made by the Valuer of any planning or other authority or body will normally be made by telephone or by internet research. There will be no requirement to make a visit in person to these bodies. Where response from such bodies are not made in sufficient time for the report, it may be necessary to make a special assumption.

6. BASIS OF VALUATION

The Valuer shall advise the Client in writing as to the opinion of value of the relevant

interest specified by the Client in the subject property.

Unless otherwise stated in the report the estimate of value will be given before any costs or tax liability which may arrive on disposal or any costs of the purchaser on acquisition.

The valuation(s) required and referred to in the correspondence confirming the instructions shall comply with one or more of the bases of valuation defined below:

Market Value (as settled by the International Valuation Standards Council)

“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the properties had each acted knowledgeably, prudently and without compulsion”

Market Rent (as settled by the International Valuation Standards Council)

“The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arms length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion”

7. DATE OF VALUATION

The date of valuation will be the date of the report unless agreed in writing with the Client to be some other date. The assumption will be made that subject premises has not varied in its physical condition from its condition on the date of inspection (unless stated otherwise as a special condition).

8. DISCLOSURE OF MATERIAL INVOLVEMENT AND VALUER STATUS

We have had any material involvement with the property in the preceding 24 months to the date of this valuation and we are not aware of any conflict of interest in relation to our carrying out these instructions.

In preparing the report we confirm that the Valuer is acting as an independent external valuer with no other current interest in the subject premises

9. GENERAL ASSUMPTIONS

In making the report, the following general assumptions will be made which the Valuer shall be under no duty to verify:-

- a) That no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated.
- b) That no deleterious, hazardous or contaminating materials are present in the site or the site of any building which is the subject of the valuation. No formal environmental assessment will be provided.
- c) There was and is no contamination on the site. If, however, it is established subsequently that contamination exists, or existed at the property or in any neighbouring land or that the premises have been or are being put to contaminative use, this might reduce the value(s) reported.
- d) That inspection of those parts which have not been inspected would neither reveal material defects nor cause the Valuer to alter the valuation materially.
- e) That good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings.

- f) That the property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries or by any statutory notice and that neither the property, nor its condition, nor its use, nor its intended use, is or will be unlawful.
- g) That (as appropriate) fire certificates, licences, planning permissions and building regulation exist and that any buildings and services comply in all respects to such certificates, licences, planning permissions and approvals together with requirements of the Factory Acts, the Offices, Shops and Railway Premises Acts and Health & Safety Acts and Regulations.
- h) Unless stated otherwise, the following items will be assumed to form part of the premises to be valued and to be free from any lease or hire purchase agreement. When valuing Market Rent, they will be assumed to be landlord's items:
Heating, lighting, air-conditioning, lights and fire fighting installations and appliances. Cranes non demountable, Shop fronts, suspended ceiling, floor screeds and surfaces, plaster to walls, carpets, decoration, window blinds and curtains, non-demountable and demountable partitioning.
- i) Where valuations refer to any future building works, that those building works will be completed with sound materials and in a good and workmanlike manner to comply with any relevant fire certificates, licences, planning permission and building regulation approvals, together with requirements of the Factory Acts, the Offices Shops and Railways Premises Acts and Health & Safety Acts and Regulations.

Where valuations relate to some future event (e.g. the completion of building works), that the general level of values will not vary between the date of the valuation and the date of the future event to which the valuation relates

Where assumptions are made in the valuation which subsequently transpire to be inappropriate, then it may be necessary to revise the valuation figures.

10. SPECIAL ASSUMPTIONS

A special assumption is an assumption that either:

- a) Requires the valuation to be based on fact that differ materially from those that exist at the date of valuation; or
- b) 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 will either be specified in the confirmation of instructions, or confirmed with the Client later or noted within the report as "special assumption(s)".

Where assumptions are made in the valuation which subsequently transpire to be inappropriate, then it may be necessary to revise the valuation figures.

11. EXTENT OF VALUER INVESTIGATIONS

Subject as hereinafter provided, the Valuer shall carry out such inspections and investigations as are, in the Valuer's professional judgment, appropriate and possible in the particular circumstances.

It will normally be the intention that the premises will be inspected internally and externally. If this proves impossible a statement will be made in our report indicating any variation.

The Valuer shall have regard to the apparent state of repair and condition of the property, but shall be under no duty to carry out a structural survey or building survey nor to inspect those parts of the property which are covered, unexposed or inaccessible; neither shall the Valuer have a duty to arrange for the testing of electrical, heating or other services. No guarantee will be given that the premises are free from insect or rodent infestation, nor that the timbers are free from insect or fungal attack or that any service or plant is in working order.

12. NATURE AND SOURCE OF INFORMATION

The Valuer shall, unless otherwise expressly agreed, rely upon information provided by the Client or the Client's legal or other professional advisers relating to tenure, tenancies and other relevant matters.

While every care will be taken to correctly interpret any legal document, no liability will be accepted if the interpretation is incorrect. The Client is advised to take legal advice on the interpretation of legal documents.

13. RESTRICTIONS ON PUBLICATION

Neither the whole nor any part of the report nor any reference to it may be included in any published document, circular or statement nor published in anyway without the Valuer's written approval of the form and context in which it may appear.

14. LIMITS OR EXCLUSION OF LIABILITY TO PARTIES OTHER THAN THE CLIENT

The valuation may not be relied upon by any person other than the Client unless a further application is made to the Valuer and the Valuer's consent is given.

The report will be provided for the stated purpose(s) and for the sole use of the named Client. It will be confidential to the Client and the Client's professional advisers. The Valuer accepts responsibility to the Client alone that the report will be prepared with the skill, care and diligence reasonably to be expected of a competent Chartered Surveyor, but accepts no responsibility whatsoever to any parties other than the Client. Any such parties rely upon the report at their own risk.

In the event of a proposal to place a loan on the subject property in a syndicate, the client must notify the valuer, with a view to agreeing responsibility to the further named parties

15. VALUATION STANDARDS AND DEPARTURES

The Valuation Report has been undertaken strictly in accordance with the RICS Valuation Standards – Global and UK, 7th Edition

The following departures have been agreed:

None

16. KNOWLEDGE AND UNDERSTANDING

The valuer undertaking the report will be a member of The Royal Institution of Chartered Surveyors, experienced in commercial and residential property valuations and fully able to undertake a valuation of the property for the required purposes.

17. FEE BASIS

The agreed fee is £5,000 plus VAT which excludes out-of-pocket expenses.

The Client will pay the Valuer the fee agreed and will reimburse the Valuer the cost of all out-of-pocket expenses which may be incurred and pay the amount of VAT on the fee and expenses.

18. REGULATION

Petty (CS) Ltd is registered for regulation by the RICS and abide by the RICS Rules of Conduct for Firms, paragraph 7

A copy of Petty (CS) Ltds complaint procedure is available on request. These can also be viewed on line at : <http://www.pettycommercial.co.uk/complaints>

19. COMPLIANCE

Compliance with the RICS Valuation Standards may be subject to monitoring under the Institution's conduct and disciplinary regulations. The valuation report may therefore be investigated for compliance under these standards

20. GENERAL

A person who is not an addressee of these conditions of engagement has no rights under the Contracts (Rights of Third Parties) Act 1999 but this does not have any right or remedy of a third party, which exists or is available apart from that Act.

Unless agreed otherwise, the Valuer will not be responsible for advising on, or the sending of, any notices that may be required under the provisions of any lease or any statute.

Files will not be kept longer than 6 years after the date of the final invoice (the date). If the Client requires the file after that date then it will be his responsibility to advise Petty Chartered Surveyors at least 6 months before the date and arrange for its removal and storage.

If the surveyor is provided with custody of any of the Client's documents, these

documents will be retained during the course of the engagement at the end of which they will be returned to the client unless separate arrangements have been agreed between parties.

- a) This engagement may be terminated by either party by notice in writing to the regular correspondence address or the other party marked for the appropriate partner or contact.
- b) In the event of instructions being withdrawn before completion of the work, fees will be charged of the proportion of the work completed or on the basis of time spent.
- c) This engagement shall be governed by and construed in accordance with the laws of England and Wales and dispute arising out of this engagement shall be subject to the exclusive jurisdiction of the English Courts.
- d) Save where Petty Chartered Surveyors instructs Independent Experts, Consultants or other Third Parties on your behalf, the duties and responsibilities owed to you are solely and exclusively those of Petty Chartered Surveyors and that no employee of Petty Chartered Surveyors shall owe you any personal duty of care or be liable to you for any loss or damage howsoever arising as a consequence of the acts or omissions of such employee (including neglect acts or omissions) save and to the extent that such loss or damage is caused by fraud, dishonestly, wilful misconduct or unauthorised conduct on the part of such employee.

This term is intended to be enforceable by and for the benefit of the employees of
Petty Chartered Surveyors.

Signed:

Mr David McClean

Dated: