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**DESKTOP VALUATION REPORT
IN RESPECT OF**

**LAS PALMAS HOTEL
30-34 ALEXANDRA ROAD
BLACKPOOL
FY1 6BU**

by:

**G B Forbes BSc MRICS
Brent Forbes Chartered Surveyors
Kingfisher Business Centre
Burnley Road, Rawtenstall
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Issued On:

27TH MAY 2024

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PREMISES TO BE VALUED

All those premises known as Las Palmas Hotel, 30-34 Alexandra Road, Blackpool FY1 6BU.

CLIENT

Mr Rafael Suski

COMPLIANCE

The Valuation Report has been undertaken strictly in accordance the RICS Valuation Standards – Global and UK national supplement (incorporating the IVS) January 2022 Edition.

PURPOSE AND BASIS OF VALUATION

We are instructed by Mr Rafael Suski to prepare a valuation of the above premises for possible acquisition purposes on the following basis:

- (a) Market Value

DEPARTURES

The following departures have been agreed:

None

DATE OF INSPECTION

The property has not been inspected and this is purely a desktop valuation based on the information provided by the client, along with our own research.

DATE OF VALUATION

27th May 2024

1. Location

- 1.1 The property is close to seaside attractions including arcades, amusements and bars and is situated within walking distance of the Promenade (A684), close to Blackpool Central.
- 1.2 The property is very accessible, being located off Park Road (A583) which, in turn, links with the M55 and M6, providing a substantial catchment area.
- 1.3 The surrounding properties are predominantly hotels, bed and breakfasts and apartments.
- 1.4 The general location is shown marked red on the location plan accompanying this report at Appendix 1.

2. Description and Accommodation

- 2.1 The property comprises of an inner parade hotel that is of brick construction with a rendered front and rear elevation. There is a pitched slate roof to the main structure and what appears to be a single-storey outrigger to the rear with corrugated asbestos roof.
- 2.2 The property has ramped disabled access to the front and a piece of land to the rear that is suitable for parking for up to approximately 10 vehicles.
- 2.3 Internally, the accommodation is arranged over the ground, first, second and third floors.
- 2.4 We are advised that it comprises of a reception, off which is a seating area with games room, a bar, commercial kitchen and dining room. There is also a separate owner's apartment.
- 2.5 There are 38 ensuite letting bedrooms.
- 2.6 We would estimate the date of construction to be around 1880.

3. Services

- 3.1 We have assumed that all mains services are connected, and that the drainage is to public sewer.
- 3.2 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.
- 3.3 The property has the benefit of gas-fired central heating. We understand that there are also fire and smoke alarms with full certification.

4. Repair and Condition

- 4.1 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.
- 4.2 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.
- 4.3 We understand that the property was extensively refurbished in 2017 with a new central heating boiler, the upgrading of the fire and smoke alarm systems, the roof was overhauled, the front elevation was rendered, UPVC double glazing was provided, and the common areas along with many of the bedrooms were improved with new decorations and fixtures and fittings. This was approximately 7 years ago now and we believe that the property is in need of some upgrading/refurbishment, in particular to the bedrooms.

5. Title

- 5.1 Whilst we have not been provided with any title documents, we have assumed that the property is freehold.
- 5.2 We have valued the property on the above basis.
- 5.3 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 covenants, restrictions, rights of way, encumbrances or outgoings.

6. Town Planning

- 6.1 The local planning authority is Blackpool Borough Council.
- 6.2 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) (Amendment) (England) Regulations 2020.
- 6.3 Alexandra Road is a made-up and adopted highway, maintainable at public expense.
- 6.4 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.

- 6.5 We understand the property is not a Grade II Listed Building, nor is it situated within a Conservation Area.
- 6.6 The above information is sourced via verbal and internet enquiries of the local planning and highway authorities and the information provided is assumed to be correct. No formal search has been undertaken.

7. Statutory Obligations

The following information is for advisory purposes only and does not have any bearing on either the rental or capital values as reported unless stated.

7.1 Energy Performance Certificate

- 7.1.1 EPCs give information on a building's energy efficiency on a sliding scale from A (very efficient) to G (least efficient), as well as making recommendations as to how to improve these ratings.
- 7.1.2 An Energy Performance Certificate is believed to be a requirement in this instance.
- 7.1.3 In undertaking this valuation we have not been provided with a copy of an Energy Performance Certificate for the property/subject units. Our valuation assumes that an EPC would be provided on sale in accordance with the aforementioned legislation.
- 7.1.4 Under the MEES (Minimum Energy Efficiency Standards), there is a minimum standard of E required with regard to an EPC rating. Since 1st April 2018, the granting of a new lease, as well as lease renewals and/or a sale, insists upon a classification of E or above. It is also noted that on a more regular basis, companies/banks offering finance/loans require a minimum standard of E and above.

7.2 Energy Act 2011

- 7.2.1 This Act is one of the UK government tools to reach the UK carbon reduction target of 80% by 2050. The main principles include:
- establishes a new obligation on energy companies to help certain groups of consumers, who need extra support, with saving energy
 - facilitates the roll-out of smart meters
 - widens access to energy performance certificates
 - makes information on energy bills clearer
 - introduces measures designed to help improve energy security and to encourage low carbon generation
 - grants additional powers to the Coal Authority to charge for certain services
- 7.2.2 The flagship policy in the Bill is the 'Green Deal', a scheme whereby householders, private landlords and businesses would be given finance upfront to make energy efficiency improvements, which would then be paid for by energy bill savings.

7.2.3 Other key points include:

From April 2018 it is unlawful to rent out business premises that do not reach a minimum energy efficiency standard. The minimum threshold is a rating of “E” as defined by the Energy Performance Certificate (EPC).

7.2.4 Increasingly those buildings which do not meet at least an ‘E’ on the EPC scale will face obsolescence. This could result in a ‘brown discount’, a factor which is beginning to be identified in the non-domestic property market, whereby the worst performing buildings will be less attractive to owners and occupiers until their energy efficiency is addressed.

7.3 Fire Certificate

7.3.1 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.

7.4 Equality Act 2010

7.4.1 The Equality Act 2010, effective 1st October 2010, supersedes previous litigation concerning discrimination, mainly contained within the Disability Discrimination Act. The duty falls on service providers and owners not to discriminate against a disabled person by not providing a service in the same terms as which it is provided to others or subject a person to any other detriment. Reasonable steps must be taken to avoid discrimination, eg adding access ramps or handrails on stairways if alternative service provisions are believed to disadvantage the disabled person. Due to the many issues facing disabled individuals, we are not able to comment fully on all matters relating to the Act. In order to properly assess what steps, if any, need to be taken to ensure that the Property is compliant, we recommend that an Access Audit is undertaken so that any deficiencies are identified. Once completed, we would be happy to comment on the likely effect, if any, on the Property’s value. In the absence of a suitable report, we have assumed that there are no issues that negatively affect the value of the Property reported here.

7.5 Asbestos at Work Regulations

7.5.1 Obligations encompassed within the Control of Asbestos Regulations 2012 require that owners and occupiers of buildings manage asbestos within their buildings, involving an asbestos survey being undertaken and maintaining a register of any such materials. We have not been informed whether or not a full survey or register has yet been prepared and recommend that confirmation should be sought from the conveyance that an asbestos inspection report has been obtained and that any required management plan has been implemented.

8. Land Contamination / Environmental Issues

8.1 Flooding

8.1.1 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.

8.1.2 Based on the postcode **FY1 6BU** the website indicates that the property is within an area that is classed as low risk. This takes into consideration any flood defences that may be in the area. This has been noted for your information and for the purpose of the valuation.

8.2 Contamination

8.2.1 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.

8.2.2 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.

8.2.3 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.

8.3 Radon Gas

8.3.1 According to information sourced from the Health Protection Agency website the property is not thought to be in an area at risk from Radon gas. We would recommend that your legal advisors consult with the Local Authority as to what remedial action, if any, is required.

8.4 Mining

8.4.1 We have not made any enquiries to obtain a Mining Report nor have we 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 and have assumed that there is no potential subsidence/substance which would adversely affect the property.

9. Valuation and Market Commentary

9.1 Market Commentary

- 9.1.1 This hotel is conveniently located for the Promenade, the tram and local bus service.
- 9.1.2 Externally, from the photographs we've been provided, the property is well presented, as is the ground floor entrance and reception. We have not had sight of any of the bedrooms but are informed that they are all with ensuite shower facilities.
- 9.1.3 Market demand for hotel accommodation in Blackpool has reduced substantially over the last few years. It was initially damaged by Covid-19, when it was reported that up to a billion pounds worth of revenue was lost within the tourism industry. Many of the hotels have now been altered to accommodate multiple occupancy on a residential basis, a good number of which have a high level of migrant population. This has had an impact on the town generally, there being reduced spending and fewer visitors. We understand that, of late, there has been an improvement as there are a reduced number of hotel bedrooms, the high cost of living, which has resulted in a number of families not travelling abroad for holidays.
- 9.1.4 The property is held by way of a lease dated 15th January 2016 for a term of 9 years from 1st September 2015. The lease is on full repairing and insuring terms with 3-year rent reviews and the current passing rent is £40,000 per annum. We understand that the lease is to be renewed when it expires in September of this year.
- 9.1.5 In arriving at our valuation, we have considered a number of hotels and similar style accommodation that is available for sale or to let within Blackpool. Based upon the comparable evidence, we are of the opinion that the current passing rent of £40,000 per annum appears to be realistic. We have capitalised this to provide a Market Value.

9.2 Yields

- 9.2.1 Yields vary very much, depending upon the property's location and condition. This property is in need of some upgrading and, whilst in a convenient location, there is a substantial amount of competition and a number of the hotels in the area have been considerably upgraded. Based on the accommodation and lease terms, we are of the opinion that an appropriate yield would be 12.5%.

9.3 Comparables

- 9.3.1 The following comparables have been considered:
- 9.3.2 **Albert Road, Blackpool** – 20-bedroom ensuite hotel situated close by. Currently available: £359,500.
- 9.3.3 **9a Albert Road, Blackpool** – 45-bedroomed ensuite hotel, close to Winter Gardens. Asking price: £450,000.
- 9.3.4 **Dickinson Street, Blackpool** – 4-storey double-fronted hotel, 20 bedrooms. Let at £21,850 pa. Asking price: £250,000.
- 9.3.3 **9-11 Cocker Street, Blackpool** – double fronted 20-bedroomed ensuite hotel finished to a very high standard, close to North Parade. Asking price: £435,000.
- 9.3.4 **Pelham Lodge, General Street, Blackpool** – 15-bedroomed ensuite hotel with owner's accommodation. Available: £399,000.

9.4 Methodology

- 9.4.1 This appraisal is based upon the analysis of sales of comparable properties in the area. It takes into consideration adjustment factors such as location, condition, tenure/tenancy details.
- 9.4.2 Based upon the current passing rent of £40,000, we have applied a yield of 12.5% to arrive at a Market Value.
- 9.4.3 Whilst we place principal reliance upon this method of valuation, we may also sense check our analysis by direct comparable evidence based upon capitalised sales rates.
- 9.4.4 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.

10. Market Value

10.1 **Market Value (MV)** (as settled by the International Valuation Standards Council) is defined as:

“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.”

10.1.1 The Market Value below has been prepared on the basis of an exchange of contracts on the date of valuation and that appropriate marketing has already taken place.

10.2 Valuation Breakdown

Accommodation	Measurement/price per sq ft	Value
	Rent Received	£40,000 pa
	Years Purchase in perpetuity @ 12.5%	x8
		£320,000
	Market Value, say	£320,000

10.2.1 We are of the opinion that the property has the following Market Value:

£320,000
(Three hundred and twenty thousand pounds)

10.2 The appropriate marketing period for this particular property is considered to be 6 months.

11. Costs / Grant Availability

11.1 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).

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

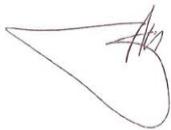
11.3 Our valuation is exclusive of VAT unless otherwise stated.

12. Qualification

- 12.1 Gregory Brent Forbes is a Member of The Royal Institution of Chartered Surveyors, is registered under the RICS Valuer Registration Scheme, is experienced in commercial property valuations, and is fully able to undertake a valuation of the property for acquisition purposes, as an independent external Valuer with no other current interest in the subject premises.

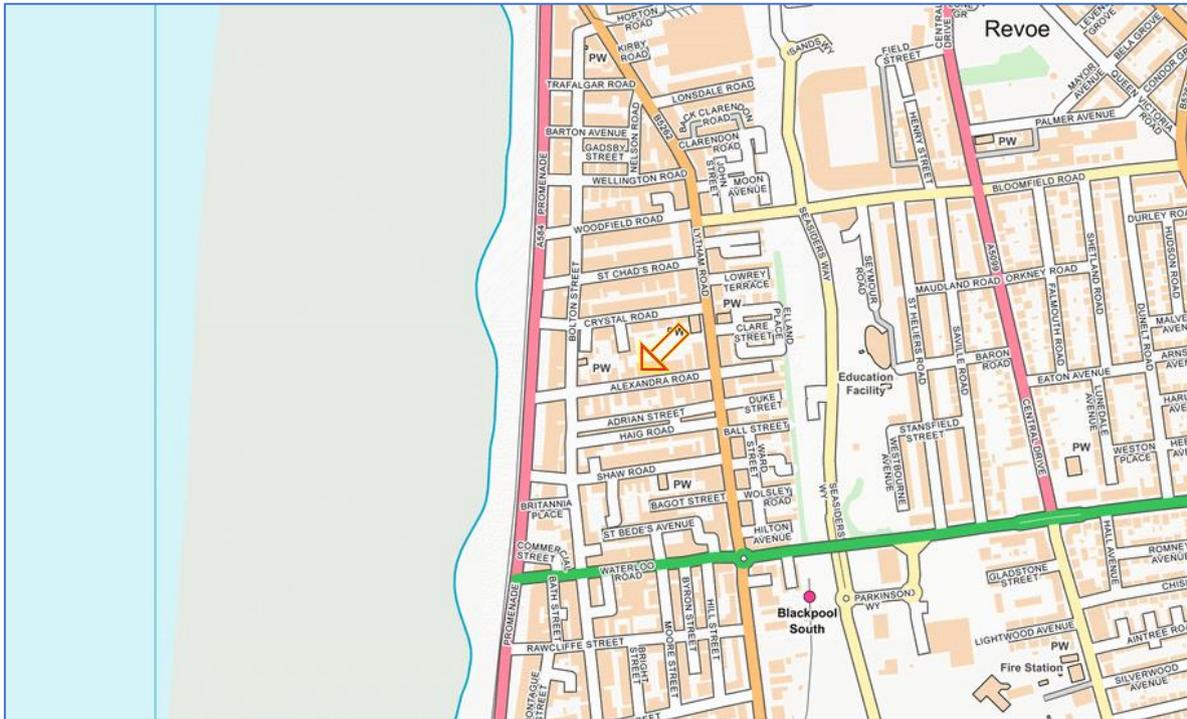
This report should be read in conjunction with the enclosed Addendum.

Yours faithfully



G B Forbes, BSc MRICS
Brent Forbes Chartered Surveyors
RICS Registered Valuer

Appendix 1 – General Location



Appendix 2 – Photographs









ADDENDUM

Extent of Investigation

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.

Nature and Source of the information to be relied upon

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.

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 outgoing.
- 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 firefighting 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 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 (eg 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.

Special Assumptions

A special assumption is an assumption that either:

- a) Assumes facts that differ from the actual facts existing at the valuation date; or
- b) That would not be made by a typical market participant in a transaction on the valuation date.

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.

Restrictions on Use, Distribution or 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.

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 asset in a syndicate, the client must notify the Valuer, with a view to agreeing responsibility to the further named parties.