

RURAL PROPERTY VALUATION REPORT

Castle Toward
Toward
Dunoon
Argyll
PA23 7UH



BAIRD
LUMSDEN

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1.0 NAME AND ADDRESS

Client: Argyll & Bute Council
Facility Services – Estates
Blairvadach
Helensburgh
G84 8ND

Instructing Source: Hugh Blake, Asset Manager, Argyll & Bute Council

2.0 ADDRESS OF PROPERTY INSPECTED

Castle Toward
Toward
Dunoon
Argyll
PA23 7UH

3.0 INTRODUCTION

In accordance with our instructions received from Hugh Blake of Argyll & Bute Council dated 13 March 2014, we confirm that we have carried out an inspection of the above mentioned property to determine the Market Value of the property as at 7 February 2014.

Our inspection was carried out by Donald Yellowley MRICS, RICS Registered Valuer on 19 March 2014 in dry weather conditions.

We confirm that this report has been prepared in accordance with the latest edition of the RICS Valuation – Professional Standards (Red Book) and that all relevant requirements with regard to compliance and competence have been met.

We confirm that we are not aware of any conflicts of interest or potential conflicts of interest which may arise as a result of our acceptance of this instruction. In addition, we confirm that we hold an adequate level of Professional Indemnity Insurance.

We refer to our Conditions of Engagement attached which should be read in conjunction with this report.

Having carried out our inspection and completed relevant enquiries, we would now report as follows:-

4.0 GENERAL DESCRIPTION

(Brief description including areas, composition, location and nature)

Castle Toward comprises a substantial Mansion House which is set on the southern tip of The Cowal Peninsula via Dunoon in Argyll.

The property lies within an area of grounds and woodland extending to approximately 57.75 hectares (142.70 acres) in total and includes the main house, together with two Cottages, a Gate Lodge complex, Walled Gardens and various outbuildings.

The property overlooks the Clyde Estuary and includes an area of sea frontage. Otherwise the property lies within a predominately rural location, although there are a number of rural residential properties within relatively close proximity. Essential facilities and amenities are available within Dunoon which lies approximately 8 miles to the north, whilst the City of Glasgow lies approximately 41 miles to the east and can be reached via ferries from Dunoon.

Plans showing the extent and location of the property are attached within Appendix 1.

5.0 TITLE AND TENURE

We assume that the property is held on the basis of ownership with marketable title with vacant possession available throughout. We have further assumed that the property is free from encumbrances, restrictions or outgoings of an onerous nature which would affect the value.

6.0 FIXED EQUIPMENT

6.1 Dwelling

6.1.1 Name

Castle Toward



6.1.2 Age

The "B" Listed Mansion House was designed by David Hamilton and built for the Kirkland Family in the 1820's. The house was extended in the 1920's.

6.1.3 Construction

The main walls are of stone construction and the main roof is pitched and overlaid in slates, although includes various flat felt clad sections.

6.1.4 Accommodation

The main rooms include the following;

Lower Ground Floor: Dining Room, Kitchen, 10 Storage Rooms, Laundry, Washroom, Workshop, 3 WC's and General Stores.

Ground Floor: Reception Hall, Kitchen, Office, Dining Room, Office, Kitchenette, Library, Drawing Room, Ballroom, Sitting Room, WC, Games Room, Kitchen, Store and Office.

First Floor: Hall, (approx.) 14 Bedrooms, 6 Shower Rooms, 2 Toilets.

Second Floor: 11 Bedrooms, 2 Shower Rooms, 3 Toilets.

6.1.5 Outbuildings

A range of General Storage buildings lie mainly to the rear of the property.

6.1.6 Services

Water:	Private
Electricity:	Mains
Drainage:	Private, to septic tank
Hot Water:	Oil fired central heating system and electric immersion
Heating:	Oil fired central heating system

The services were not tested for the purpose of our report and are assumed to be functional. We have been informed that the above service connections are in place and assume this to be accurate.

6.1.7 Situation

The house lies within an area of parkland which is surrounded by woodland and it includes a substantial lawned area to the front of the house. The property is approached to the rear by a private driveway.

6.1.8 General Condition and Observations

(General comment restricted due to the scope of the report, as stated in the Conditions of Engagement.)

Based on our limited inspection of the property, we would comment as follows:-

- Over recent years the property has been used as a residential school/activity centre and is generally in basic order throughout. Although the house retains a number of original features it would benefit from a full programme of renovation and restoration.
- The property occupies an attractive location overlooking the Clyde Estuary.

6.2 **Secondary Dwellings (1 & 2)**

(Brief external inspection only, suitable to secondary dwellings, as stated in our Conditions of Engagement)

6.2.1 **Name**

East and West Cottages



6.2.2 **Age**

Estimated approximately 50 years old.

6.2.3 **Construction**

The properties appear to be of brick construction with walls rendered externally and the roofs are pitched and overlaid in slates.

6.2.4 **Accommodation**

The accommodation within each semi-detached cottage comprises the following:-

East Cottage: Hall, Living Room, Kitchen, Sitting Room, Bathroom and four Bedrooms.

West Cottage: Hall, Living Room, Kitchen, Lobby, Larder, Study, two Bathrooms and six Bedrooms.

6.2.5 **Outbuildings**

None

6.2.6 **Services**

Water: Private
Electricity: Mains
Drainage: Private, to septic tank

The services were not tested for the purpose of our report and are assumed to be functional. We have been informed that the above service connections are in place and assume this to be accurate.

6.2.7 Situation

The East and West Cottages form a pair of semi-detached properties which lie to the north of the main house.

6.2.8 General Condition and Observations

(General comment restricted due to the scope of the report, as stated in the Conditions of Engagement.)

Access was not obtained to the properties during our inspection and generally they appear to be in fairly basic order and in need of a programme of restoration and renovation.

6.3 **Secondary Dwellings (3)**

(Brief external inspection only, suitable to secondary dwellings, as stated in our Conditions of Engagement)3

6.3.1 **Name**

Gate Lodge Complex



6.3.2 **Age**

The Gate Lodge Complex is assumed to date from a similar time to the main house.

6.3.3 **Construction**

The walls appear to be of stone construction and the roofs are pitched and overlaid in slates. There are also flat lead felt sections.

6.3.4 **Accommodation**

The Gate Lodge Complex includes five Flats.

6.3.5 **Outbuildings**

A range of outbuildings and stores lie to the rear of the main building.

6.3.6 **Services**

Water: Private
Electricity: Mains
Drainage: Private, to septic tank

The services were not tested for the purpose of our report and are assumed to be functional. We have been informed that the above service connections are in place and assume this to be accurate.

6.3.7 **Situation**

The Gate Lodge Complex lies at the entrance to the Estate and alongside the public road.

6.3.8 **General Condition and Observations**

(General comment restricted due to the scope of the report, as stated in the Conditions of Engagement.)

The Gate Lodge Complex is generally in a poor state of repair and in need of a full programme of modernisation and restoration.

6.4 **Buildings**



6.4.1 **Buildings**

(List of accommodation and construction)

Within the grounds of the house, lie a variety of outbuildings including two nissen huts and also various buildings which are attached to the walled garden. The buildings appear to be partly used for horse stabling purposes.

In addition, it was noted that the ruins of the original Castle Toward lie to the east of the main house.

7.0 THE LAND



The Castle Toward grounds extend to approximately 57.75 hectares (142.70 acres) in total and consist of an area of parkland and woodland, together with some shore frontage.

The property extends from the high water mark on the southern side of the subjects to a height of approximately 50 metres above sea level to the north. The property includes two small areas which include the source of the water supply.

8.0 WOODLANDS AND FORESTRY

The property includes a certain amount of mature woodland, which consists of a range of species of trees of various ages. It was noted that there are a large number of rhododendrons growing within the woodland. Generally the woodland appears to be of limited commercial value, however, provides an element of amenity and shelter.

We are not specialist timber valuers and in addition we have not been provided with any detailed compartment notes or carried out any timber measurement, disease risk or wind blow risk assessments. As such we have little information beyond our original visual inspection on which to base our woodland valuations figures. In addition, we have assumed that the woodland has historically been professionally maintained and managed and that it has not significantly been affected by wind blow, disease or other detrimental aspects.

Our valuation of the forestry elements of the property is based on our general knowledge of the market for properties of this type.

9.0 SPORTING

All Sporting Rights are assumed to be in hand.

10.0 OTHER CONSIDERATIONS

10.1 Planning

We are not aware of any current Planning Consents or Planning Applications relating to the property.

We note that in terms of the current Argyll & Bute Council Local Plan 2009 the majority of the Castle Toward site is designated as a Potential Development Area for developments consisting of mixed tourism / education / leisure / housing / business use. Within the emerging 2013 Local Plan it appears to have a similar zoning.

As mentioned above, we understand that the main house and Gate Lodge are "B" Listed by Historic Scotland.

10.2 Property Market

2008 was the peak of the mainstream property market and thereafter we faced the most challenging and difficult market conditions for a generation. These conditions remain with us and are unlikely to materially improve in the immediate short term.

In terms of the mainstream housing market, conditions have however stabilised and the majority of stock is transacting within reasonable timescales, provided price expectations are realistic. We are however still a long way from what can be considered as "normal" market conditions and features such as lengthy marketing periods, few viable purchasers and a lack of mortgage funds remain the norm.

Castle Toward was marketed by Baird Lumsden on behalf of Argyll & Bute Council during 2010 and a number of offers to purchase the property were received at a closing date. These offers ranged from £2,300,000 to £1,285,000 and were subject to securing planning consent for a variety of development schemes. This marketing process provides us with some insight into how the market would react to the property being marketed for sale in 2014.

Although Castle Toward is fairly unique in terms of size and location, we are aware of a range of other large houses, with grounds which have sold within Scotland over recent years. In considering our opinion of the Market Value we have taken into account the current condition of the property and the fact that it appears to have deteriorated since 2010 when it was still operating as an outdoor recreation centre.

Our opinions on the property market are given on the basis of current market evidence and trends. For the avoidance of doubt, we confirm that property values can fall as well as rise and our opinions should not be regarded in any way as a prediction on future market trends.

10.3 Environmental Considerations

No indications of past or present contaminative land uses were noted during the inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on this site, or in the surrounding areas, have not contaminated sub-soils or ground waters. In the event of contamination being discovered, further specialist advice should be obtained.

11.0 VALUATION

(This valuation has been completed in accordance with the RICS Valuation - Professional Standards, (Red Book)).

Having regard to the content of this report, including the terms and conditions attached hereto, and assuming that the property is not subject to any onerous burdens of which we are not aware, we are of the opinion that the **Market Value** of the property as at 7 February 2014, assuming vacant possession throughout, would be fairly presented in the sum of **£1,800,000 (ONE MILLION EIGHT HUNDRED THOUSAND POUNDS STERLING)**.

This figure consists of the following;

The main building and grounds	-	£1,440,000
The East and West Cottages	-	£ 160,000
The Gate Lodge Complex	-	£ 200,000

Should any of the assumptions contained within this report prove incorrect, we reserve the right to reconsider our opinion of value if appropriate.

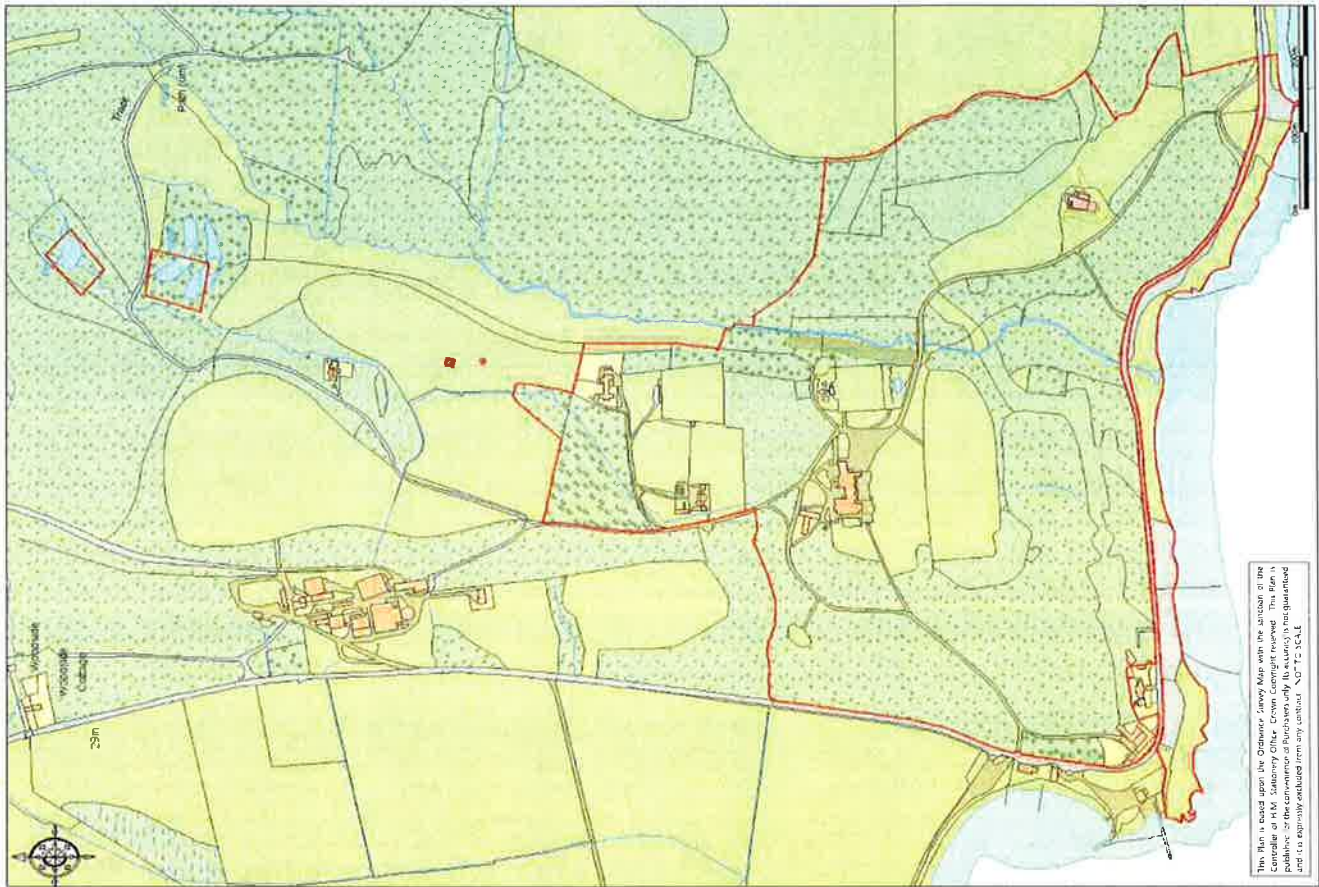
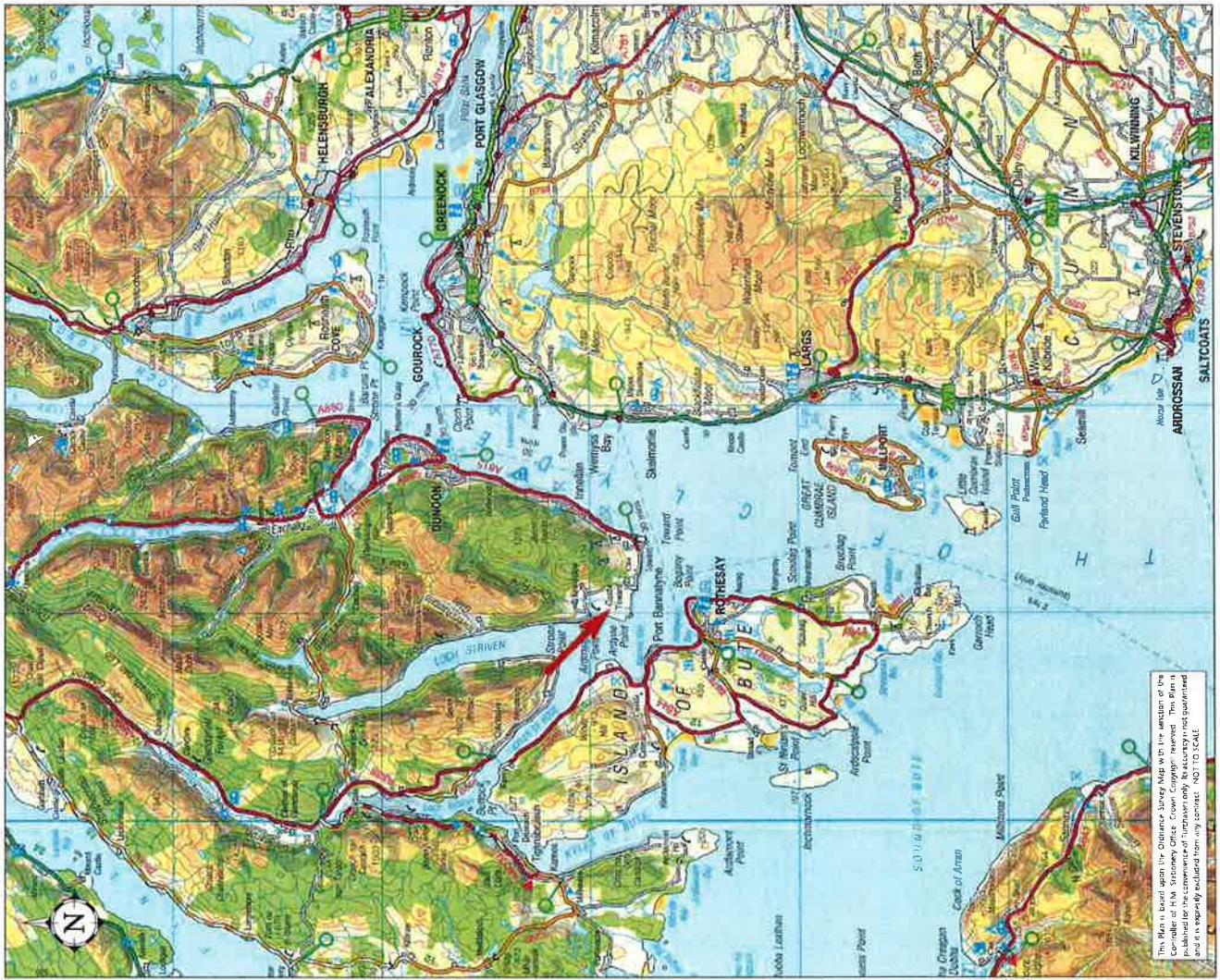
SURVEYOR: Donald Yellowley MRICS, RICS Registered Valuer



FIRM: Baird Lumsden
DATE OF REPORT: 19 March 2014
REPORT REFERENCE: 20/1670/214

APPENDIX 1

PLANS



APPENDIX 2

RURAL PROPERTY VALUATION – CONDITIONS OF ENGAGEMENT

1.0 THE SERVICE

1.1 Unless specified in the body of the Report, our valuations are carried out in accordance with the RICS Valuation – Professional Standards (Red Book) and the following terms and conditions apply:-

Unless otherwise stated, the Valuer is an External Valuer as defined in the latest edition of the RICS Valuation – Professional Standards (Red Book).

The Valuer provides directly to the Client a Report based on an inspection as described below, and either:-

- (a) in respect of the particular type of property, has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding necessary to undertake the valuation competently; or
- (b) where he satisfies (a) above, except that he has insufficient current knowledge, he will be or has been assisted by a person(s) who has/have such knowledge and the skills and understanding necessary to provide the assistance required;

This report may be used for loan security purposes. **IT IS NOT A SURVEY.**

We reserve the right to re-inspect and issue further Rural Property Valuation Reports on the same property.

1.2 The firm has a Complaints Procedure in accordance with the Royal Institution of Chartered Surveyors Rules of Conduct and Disciplinary Procedures. A copy of this procedure is available on request.

1.3 Compliance with the RICS Valuation – Professional Standards (Red Book) may be subject to monitoring under the Institutions conduct at disciplinary regulations and the Valuer Registration Scheme.

1.4 The Client will pay to DM Hall/DMH Baird Lumsden the fee initially agreed between them, subject to any amendment thereto to be agreed if the Valuer's instructions are subsequently modified. In addition, the Client will reimburse DM Hall the cost of all reasonable out-of-pocket expenses which may be incurred and pay the amount of any Value Added Tax on the fee and expenses.

1.5 Unless otherwise agreed in writing, and subject to Condition 1.6 below, the maximum liability of DM Hall and the Valuer (in contract, delict, negligence or otherwise) howsoever arising, in relation to the property, shall be 20% of the value of the property on the basis identified in the Confirmation of Instructions or, if no basis is expressed, Market Value as defined by the RICS, on the date of the instruction.

1.6 The maximum aggregate liability in contract, delict, negligence or otherwise, howsoever arising, of DM Hall and the Valuer in respect of any one claim or series of claims arising from, or in relation to, this Report shall not in any circumstances exceed £10,000,000 or the limit of liability stated in the professional indemnity insurance policy of DM Hall, whichever is the lower. A copy of the policy certificate is available on request.

This maximum aggregate liability is irrespective of how many separate and individual claims may be presented or their total and the Client expressly in advance frees, relieves and holds harmless DM Hall and its members as members and as individuals, past and present, from any such claims past, present and future in excess of the limitation of liability set out in this clause.

2.0 THE INSPECTION

2.1 GENERAL

The inspection that has been undertaken should not be regarded as a survey. The valuation inspection is designed to provide a limited report on the property. We did not inspect parts of the property which were covered, unexposed or inaccessible and are therefore unable to report that any such part of the property, its dwellings, the buildings or the land are free from defect. Specialist fixed equipment will not be tested and no warranties can be given. Services, such as water, gas, electricity and drainage, will not be tested.

The purpose of the inspection is to provide an opinion of value. Comments may be made on the readily apparent state of repair of the Property. The inspection is not a building or structural survey and the Report will not detail defects that do not materially affect value. Where defects are mentioned in the Report, they should be regarded as indicative and not exhaustive.

The Valuer will not carry out an asbestos inspection and will not be acting as an inspector in completing a valuation inspection of properties that may fall within the Control of Asbestos Regulations 2012. No enquiry of the duty holder, as defined in the Control of Asbestos Regulations 2012, of the existence of an asbestos register, or of any plan for the management of asbestos will be made. The Client's legal adviser/conveyancer should confirm the duty holder under these regulations, the availability of an Asbestos Register and the existence and management of any asbestos containing materials. For the purposes of this valuation, it is assumed that there is a duty holder, as defined in the Control of Asbestos Regulations 2012, and that a Register of Asbestos and effective Management

Plan is in place which does not require any immediate expenditure or pose a significant risk to health or breach the HSE Regulations.

The Valuer will not carry out an inspection for Japanese Knotweed or other infestations by invasive species. Unless otherwise stated it is assumed that there is no Japanese Knotweed or other infestations by invasive species within the boundaries of the Property or in neighbouring properties. The identification of infestations of this type should be made by a specialist contractor. It must be removed by specialist contractors and removal may be expensive. Where the Valuer does report the presence of Japanese Knotweed or invasive species, further investigations may be recommended.

2.2 **PRINCIPAL DWELLINGS**

In the case of principal dwellings (unless otherwise stated) only major visible defects will be noted. Subject to reasonable accessibility, the roof space is inspected only to the extent visible from the access hatch without entering it. The surveyor will not inspect under floor areas, communal roof spaces or other parts not readily accessible. The exterior and roof of the property will be inspected from ground level only. The area of the property will be taken into account, and the rooms individually inspected, but floor coverings and furniture will not be moved.

2.3 **SECONDARY DWELLINGS**

Unless otherwise stated only a brief external inspection of secondary dwellings will be made. It is a fundamental assumption of this valuation that a more detailed inspection of these dwellings would not reveal the need for essential repairs which would materially affect the valuation.

2.4 **FARM BUILDINGS**

In the case of other buildings, including farm buildings, only a general note on condition will be included.

2.5 **THE LAND**

An analysis of the soil or woodlands (if any) will not be undertaken and accordingly we cannot warrant that they are free from disease, pest, infestation or other deficiency, nor will we make an inspection of underground equipment. We will carry out an inspection of the general condition of the boundaries only.

3.0 **THE REPORT**

3.1 **GENERAL**

In accordance with our normal practice, the report is for the use only of the party to whom it is addressed or their named client and no responsibility is accepted to any third party for the whole or any part of its content. In addition, neither the whole nor any part of the report, nor any reference thereto, may be included in any document, circular or statement without prior written approval of the form and context in which it will appear.

Defects which are not considered materially to affect the value of the property or other matters which would be attended to during normal maintenance may not be mentioned. Such defects, if present, might affect the decision to purchase the property and we would strongly recommend that consideration be given to the need for a more detailed inspection and report. If defects have been mentioned in this report, they should be regarded as indicative and not exhaustive. Notwithstanding the above comment, we would recommend a more detailed inspection and report.

3.2 **RECOMMENDATIONS**

The surveyor may recommend that a part of the mortgage be retained by the lenders until such time as particular repair works are carried out. Similarly the report may suggest that the borrower should undertake to carry out certain repairs or commission more extensive investigation where hidden defects are suspected since these may have a material effect on the value of the property. The report can be made available to buyers by lenders, but it should not be relied upon as a report of the condition of any of the buildings or land. For loan security purposes the report can be used as a guide to lenders, to enable them to decide the level of loan to be made.

Where this report is used for loan security purposes, it is merely a valuation based on a restricted inspection to meet the requirements of lending institutions. The property is valued in present condition and unless otherwise stated assumes vacant possession. If a retention figure is recommended then the figure should not be regarded as an estimate of repair costs. Its purpose is to protect the interests of the lending institution. It is recommended that detailed estimates be obtained before proceeding with the purchase.

No opinion of insurance reinstatement costs will be given, unless specifically instructed and agreed prior to the inspection.

The Report will not identify the existence of contamination unless, by agreement with the Client, reports thereon from others have been obtained and made available to the Valuer, who will have no liability in respect thereof. If, however, the Valuer in the course of the Valuer's inspection concludes that there may be material contamination, the Valuer will report this to the Client with a view to a decision being taken as to whether the Valuer's instructions are to be amended.

4.0 INFORMATION SOURCES AND ASSUMPTIONS

- 4.1 We have assumed that ground burdens are nominal or have been redeemed and that unless otherwise stated there are no unusual outgoing or onerous restrictions contained within the Titles of which we have no knowledge. We have further assumed that the subjects are unaffected by any adverse planning proposals.
- 4.2 The Valuer shall, unless otherwise expressly agreed, rely upon information provided by the Client and/or the Client's legal or other professional advisers, the seller and other sources, relating to tenure, leases and all other relevant matters. Sources will be disclosed in the report.
- It is assumed that good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing.
- 4.3 Unless otherwise stated we do not take into account, any liability for taxation or costs of acquisition or realisation in our calculations.
- 4.4 Research, if any, carried out in the preparation of this valuation should not be regarded as substitute for a search which will be carried out by your solicitor prior to purchase. This valuation may require modification following such a search.
- 4.5 It is not our practice to make enquiries in respect of minerals and their commercial viability or whether undermining has occurred in the past.
- 4.6 Unless otherwise stated, it is assumed that all required valid planning permissions and statutory approvals for the buildings and for their use, including any recent or significant extensions or alterations, have been obtained and complied with. It is not our normal practice to make specific enquiries of Central or Local Government Planning Policy which may have affect on the valuation.
- 4.7 It has been further assumed that no deleterious or hazardous materials or techniques have been used in the construction of the subjects and that there is no contamination in or from the ground or from the immediate surrounds. No investigations have been carried out. Unless specifically instructed we do not buy new plans to assist in our inspection, plans can provide evidence of previous land uses and we recommend that these be consulted. Comment may be made upon potential liabilities however these should be regarded as indicative and not exhaustive.
- 4.8 It is assumed that no notices have been issued by Statutory Authorities and that no significant capital expenditure is required to comply with the provisions of fire, health and safety at work, control of substances hazardous to health, control of pollution and animal welfare legislation and regulations or any other relevant legislation or regulations which, to comply with, may result in immediate significant capital expenditure on the property.
- 4.9 Single Farm Payment Entitlement was introduced under the Single Payment Scheme in September 2003. The Single Farm Payment Entitlement is an asset separate from the land. Unless significantly advised to the contrary, we have disregarded any element of Single Farm Payment Entitlement from our report and valuation.

5.0 VALUATION

- 5.1 The basis of the valuation provided will normally be Market Value (MV), unless otherwise stated, and the basis is as defined in the RICS Valuation – Professional Standards (Red Book) as shown below. Unless otherwise stated the date of the valuation will be the date of the inspection, and the figure is reported in pounds sterling.
- 5.2 The valuations provided will be on the assumptions set out in section 4.0 in respect of individual subject properties (unless otherwise agreed) as inspected. The valuations will be provided on the bases of value stated in the Confirmation of Instructions and as defined in the latest edition of the RICS Valuation – Professional Standards (Red Book) as published by The Royal Institution of Chartered Surveyors. Any special assumptions or reference to a particular buyer will be clearly stated.
- 5.3 The valuations will exclude any additional value attributable to personal goodwill, or the value of any fixtures and fittings which are only of value *in situ* to the present or proposed occupier, except in the case of a Property which is fully equipped and valued as an operational entity, where only personal goodwill is excluded.
- 5.4 Unless otherwise stated, in the valuation of portfolios, each Property is valued separately and not as part of the portfolio. Accordingly, no allowance, either positive or negative, is made in the aggregate value reported to reflect the possibility of the whole or part of the portfolio being put on the market at any one time.

6.0 EPC

- 6.1 The Energy Performance of Buildings (Scotland) Regulations 2008, as amended, requires that an Energy Performance Certificate (EPC), be prepared in respect of any property or part of a property which is intended to be made available for sale or for let, and that the Energy Rating be stated on all property advertisements. Obtaining an EPC is the responsibility of the vendor or landlord. Failure to comply with these regulations may result in summary fines being imposed. DM Hall can advise further in respect of these regulations and, where necessary, provide an EPC service.

7.0 DEFINITIONS

- 7.1 The "Valuer" is the author of the Report on the Property.
- 7.2 The "Property" is the property which forms the subject of the Report.
- 7.3 "DM Hall" is DM Hall LLP, a limited liability partnership registered in Scotland with registration number SO301144 and having its registered office at 17 Corstorphine Road, Edinburgh EH12 6DD. DMH Baird Lumsden is a fully owned subsidiary of DM Hall.
- 7.4 The "Client" is the person, firm or company to whom DM Hall is to provide the Report in accordance with the Confirmation of Instructions and these Conditions of Engagement.
- 7.5 The "Confirmation of Instructions" is the letter issued by DM Hall confirming receipt of instructions to prepare a valuation, setting out the Services and setting out the fee for the Report.
- 7.6 "Market Value" means 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.
- 7.7 "Market Rent" means the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
- 7.8 "Building Reinstatement Cost Assessment" means an estimate for insurance purposes of the current cost of:
- (a) rebuilding the Property in its present form (unless otherwise stated); or
 - (b) the Property being constructed as currently proposed;
- each including the costs of site clearance and professional fees but excluding:
- (i) VAT (except on fees);
 - (ii) loss of rent; and
 - (iii) the cost of alternative accommodation for the reinstatement period.
- 7.9 The "Services" means the specific services to be provided by DM Hall to the Client pursuant to the Confirmation of Instructions and section 1 of these Conditions of Engagement.
- 7.10 The "Lender" means a party who has provided or intends or proposes to provide financial assistance to the Client towards the purchase or remortgage of the Property and in whose favour a standard security will be granted over the Property.