Nancledra Preschool
Nancledra
Penzance
Cornwall TR20 8NB
advisorybaord@nancledrapreschool.com

Ref: Valuation report
(Letter sent via email)

26th March 2024

Dear Mr and Mrs Thomas,

As you are aware, Nancledra Preschool are eager to purchase the freehold of the Nursery site from you and to this end, the Advisory Board have been busy raising funds for the deposit (including applying for grant funding), taking financial advice from our accountants, instructing Solicitors and securing a mortgage offer.

We have secured a mortgage offer from HSBC. We had entered into these discussions with HSBC on the basis of a purchase price of £265,000, a figure justified by your advisors.

HSBC had offered us a mortgage in principle of 75% of the Market Value. To secure this mortgage offer, HSBC instructed a valuation of the site by Mr S Sly MRICS, an RICS Registered Valuer of Charterwood Commercial Property Consultants Limited. This is a standard part of the process for mortgage providers. A copy of the report is attached.

Unfortunately, the valuation instructed by HSBC has valued the property at a Market Value of £225,000 mainly due to the very specific and limiting wording of the restrictive covenant. Please see section 20.0 'Valuation Commentary' on pages 9,10 and 11 of the report for a more detailed explanation.

HSBC have since confirmed that unfortunately they are only able to lend up to 75% of the Market Value (£225,000). As a charity we cannot pay more for the property than it is worth- its Market Value.

Consequently the Advisory Board find ourselves in the unfortunate position of having to return to you to renegotiate the purchase price to reflect Market Value. This is an unforeseen situation for the Advisory Board to find ourselves in having not previously taken professional advice on the value of the property or indeed seen the wording of the restrictive covenant.

Please be reassured that the Advisory Board are committed to purchasing the property and are willing to proceed with the purchase promptly providing we can renegotiate the purchase price to reflect Market Value at £225,000. HSBC have provided the mortgage offer and our solicitors are ready to proceed with the next stage of the process.

Yours sincerely,

Nancledra Preschool Advisory Board.