

PROPERTY REPORT

(not for mortgage purposes)

XXXX
Leyton
London. E10 XXX



FOR

Mr X

Prepared by:

XXXX

INDEPENDENT CHARTERED SURVEYORS

Marketing by:

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XXXX

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INTRODUCTION AND INSTRUCTION

We have been asked by Mr X to prepare a Property Report on XXXX, London. E10 XXX We have been asked to advise on the following areas:-

- 1) To make recommendations with regard to what to offer for the freehold of the property.
- 2) To advise on the rent review.

We have carried out a visual inspection (non evasive) of the property on XXXX as well as carrying out desktop research and viewing the lease to provide a Property Report for non mortgage purposes.

We are Independent Chartered Building Surveyors. We are registered with the Royal Institution of Chartered Surveyors and are members of the Independent Surveyors and Valuers Association.

The Property Report is prepared by:

XXXX
BSc MSc MRICS
Chartered Surveyor.

The work has been carried out as per our standard Terms and Conditions of Contract which have been emailed to you as part of the confirmation of our instructions. If you would like further clarification please do not hesitate to contact us.

TERMS OF ENGAGEMENT/LIMITATIONS

This report is being carried out under our terms of engagement for Building Surveys, as agreed to and signed by yourselves. If you have not seen or are not happy with the terms of engagement please phone immediately XXXX or email the secretary from which this survey came from.

SYNOPSIS

This is a period three storey corner property with a general store operating on the ground floor. The property and business is set within a small neighbourhood shopping parade which consists of a dozen or so properties located on both sides of XXXX

The property consists of a ground floor trading area, storage and staff toilets with a separate external access to accommodation on the first and second floor.

Mr X advises that he has been the lease holder since XXX and is due to have his first rent review in XXX. The owner has advised that he may be interested in selling the property and suggested the value of XXXXXX.

Mr X has asked us as Independent Chartered Surveyors to offer advice with regard to the matter set out in the Introduction and Instruction.

We have duly had a brief/cursory survey of the property to acquaint ourselves with the property, carried out desktop research and we have also had a brief view of a copy of the lease (although Mr X us that this was not his lease but a copy of the previous lease).

There are various further details with regard to this Property Report such as assumptions we have made set out within the Appendices; please read the report in full including this section.

We would also advise that the actual lease should be seen by a commercial solicitor to check and confirm our assumptions are correct.

The weather was dry with some cloud at the time of our survey.



Left hand view



Rear view



Trading area

Location map

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

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KEY FACTORS

Accommodation and Facilities

This is a three storey property with a shop on the ground floor and accommodation on the first and second floors.

Ground Floor: Approximately 100m² trading area
with additional 20m² storage space and a staff toilet

First Floor: Approximately 100m²

Consisting of:- Two bedrooms
Lounge
Kitchen
Bathroom
Access corridors

Second Floor: Approximately 100m²

Consisting of:- Two bedrooms
Lounge
Kitchen
Bathroom
Access corridors

Note we have used Goview plans to measure the property and have not measured to the RICS standard method of measurement.

Outside Areas

There is a small area of pavement at the front of the property which looks to be under your ownership.

Your Legal Advisor needs to check and confirm what your legal rights are with regard to access and parking and permitted hours of work.

Property condition

The property is to a below average maintenance standard generally; specifically the roof and movement in the structure. The movement may make it difficult to obtain a mortgage on the property from a standard valuation and it is likely a building survey is required; which we would recommend.

Ground Floor:	Average
First Floor:	Average
Second Floor:	Below Average

User Class and trade

We assume this property to be User Class A1 and to be an established business, trade at the shop at the time of our inspection was average to above average.

Rent

The rent basis was originally agreed in XXXX by the original lease holder and is coming up for review in XXXX The rent is currently XXXX

PROPERTY APPRAISAL

Flats accommodation

Flat 1: First floor flat with own entrance
Flat 2: Second floor/top floor flat with own entrance

Flat 1 & 2: Anticipated value XXXXX

Less costs for maintenance and upgrade XXXX

Value of Flats 1&2: XXXX

Value band: XXXX

Flats valuation data

Our research and our experience has found sales data showing:-

Flats of 60 m² sold at approximately XXXX plus depending upon specification.

Flats of 100 m² sold at approximately XXXX plus again depending upon specification.

Flats over commercial property usually have a reduction in value.

An example of the data used is in the Appendices; we have taken information from local comparable data from the Land Registry from the last three years.

Commercial Unit

The commercial unit sits on a neighbourhood parade in a tertiary location which has some units which are closed and some units that have had a change of usage to residential use.

Shop

Shop approximately 100m² trading area and 20m² store/staff area

Current rent: XXXX

Market rent: XXXX

Open market value: XXXX

Retail valuation data

There is a limited amount of data available in the market; we have spoken to local agents and looked at research market data.

Please see an example of the data used in the Appendices which we have used to gather information.

Appraisal of whole – shop and flats

This would mean we would expect the property to have a market value in the region of XXXXXXXXXXXX

We feel that XXXXXXXXXXXX is too high for this property in its current condition.

RENT REVIEW

Rental value

As we understand it your rent review is due in XXXXXXXXX and was last agreed at XXXXXXXXX in XXXXXXXXX by the last leasee.

As discussed the rent review will be based upon the terms in your lease, you kindly showed us a copy of the old lease to the previous owners and advised your lease was the same.

We have duly viewed this lease whilst at the property and draw the following conclusions:

Basis for rental review

The basis for the rent review is

- 1) An open market rent

This is a rent that would be achieved if the shop was rented in XXXXX

- 2) There is no upward only clause on the rent

Upward only clauses in leases mean at best rents can stay the same or go up, without such an upward only clause it means in theory the rent could go down as well as up; we say in theory as landlords usually strongly resist reductions in rents.

- 3) There is an arbitration clause requiring any disagreement on rent is settled by referral to The Royal Institution of Chartered Surveyors who will appoint an Independent Chartered Surveyor

Whilst this is likely to be an expensive way to settle the rent when compared against one to agree it, it does mean a settlement process is in place.

- 4) An experienced commercial property solicitor/legal advisor needs to confirm the above and check the lease

Current rent: XXXX

Rent review Negotiations

Your lease states an open market rent, so a rent review would be based upon this an open market rent is based upon other business rents. Unfortunately recently there has been a lack of open market transactions

Whilst it could be argued the property market has declined for some years and a lower rent is now due by yourself, the reduction could be relatively small compared with the time taken to negotiate

Equally we feel a landlord could argue a case for the same rent or a higher one. From the trade seen on the day it could be argued the trade warrants a higher rent, as you run the business and take profit from it you are best placed to understand this and access it.

We do not believe there is a strong case for a reduction or increase in the present rent and the best presented argument /comparables would win the rent increase or reduction

We would ask for a rent reduction to XXXX but expect the landlord to wish to continue with the current rent.

RICS Arbitration

The lease allows for RICS arbitration to agree a rent, whilst this is a good process it can be expensive and time consuming and it is best to agree outside of this formal process. It does help you if all else fails.

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Property Appraisal (not for mortgage purposes)

The property appraisal is built up of the flats and accommodation and the ground floor shop together with the consideration based upon the condition of the property which relates to any maintenance issues, repair issues and legal requirements that have been overlooked.

We are not carrying out a property appraisal for mortgage purposes or for any legal requirement you have asked us to provide a view as to what the property may be purchased for from the current owner by yourselves.

This is different to an open market valuation which is in brief (and there is a long RICS definition) the average person on the street selling to the average person on the street. As you occupy the property there may be a value over and above that which the average person would pay as you have an established business and rented accommodation at the property.

Equally there is a value to the present owner as the property is occupied and we assume rents are being paid. Whilst selling to you it would mean that the transaction could take place without the cost of commercial agents etc the amount offered would have to motivate the owner to sell.

Findings and Assumptions

We have viewed the property briefly (for approximately one hour) and from this made assumptions; as set out in the key facts and Appendices. We reiterate that these assumptions mean that this is a valuation not for mortgage purposes.

SUMMARY UPON REFLECTION

The Summary Upon Reflection is a second summary so to speak, which is carried out when we are doing the second or third draft a few days after the initial survey when we have had time to reflect upon our thoughts on the property. We would add the following in this instance:

Based on the information that we have been given we do not feel that the property is worth the XXXXX that the landlord is asking for and indeed we do not feel that it is worth close to this figure. Please see our comments.

As you currently occupy the property you are in the best position to understand the profitability of the shop. Our property appraisal means that the property is worth the XXXX we would be happier at the lower end of this price range the XXXXX; the property may be worth more or less to you.

Please note that the value of the property has been reduced by the property issues that we have found and requirements to bringing the property up to a modern day standard.

From the issues that we have seen at the property we recommend that a full structural survey is carried out before you purchase this property.

PHOTOGRAPHIC RECORD

EXTERNAL PHOTOS



Left hand view



Rear view



Rear view



Garden



Garden with storage area

Outside Areas



Pavement outside shop



Pavement outside shop

INTERNAL PHOTOGRAPHS

The following photos are a selection of photos taken internally recording how the property was on the day of our survey. We have not necessarily taken photographs of each and every room.

Ground Floor shop unit



Shop



Shop



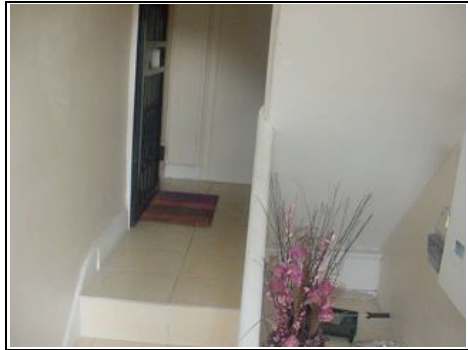
Shop counter



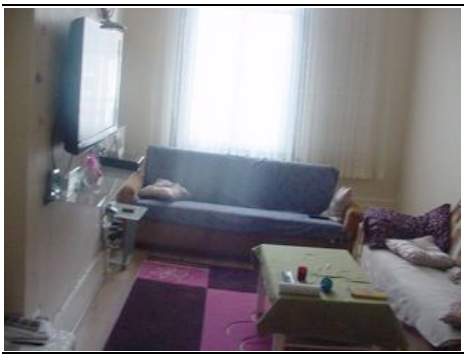
Storage area to rear

Accommodation

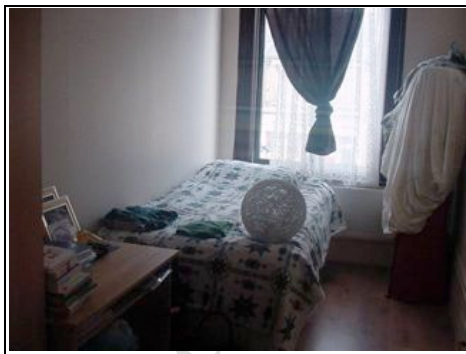
First Floor



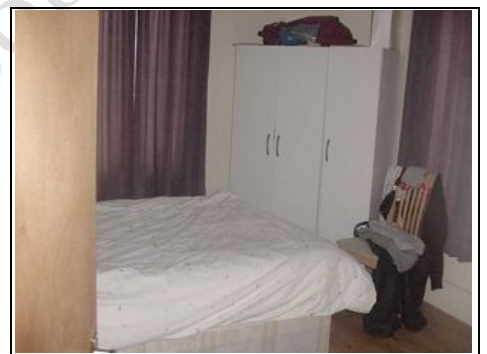
Entrance



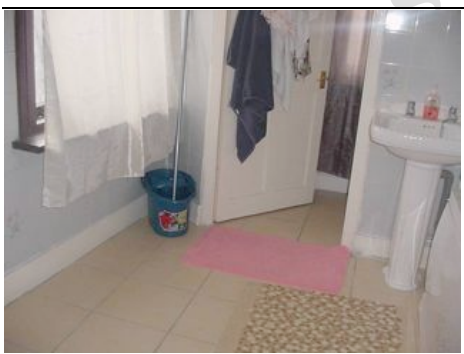
Lounge with sinking floor



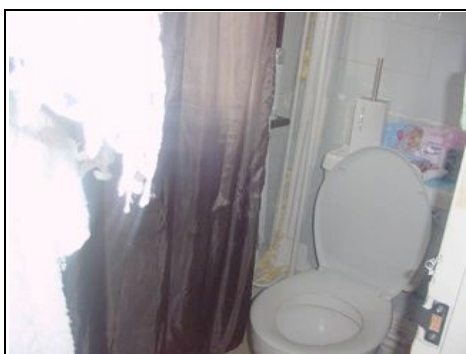
Bedroom One



Bedroom Two



Bathroom



WC

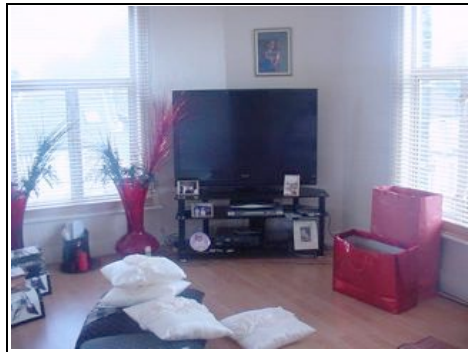


Kitchen

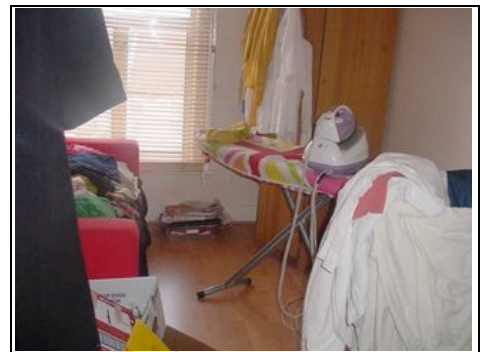
Second Floor



Bedroom



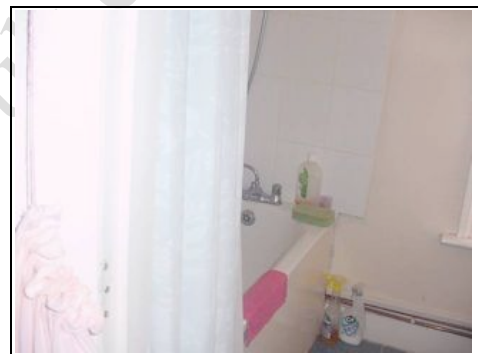
Lounge



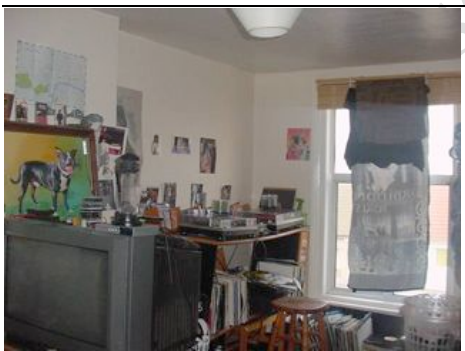
Box bedroom



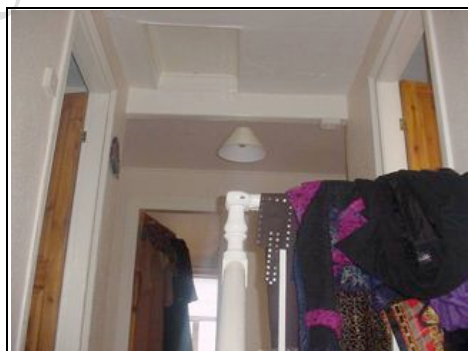
Kitchen



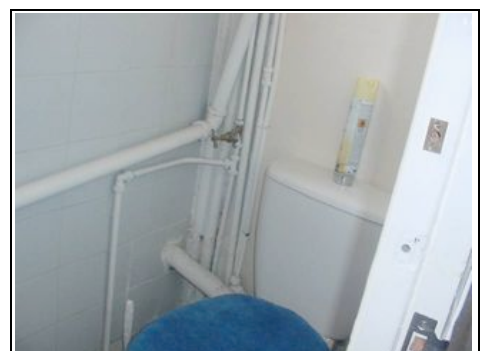
Bathroom which is off the Kitchen



Bedroom



Landing



WC

If you would like any further advice on any of the issues discussed or indeed any that have not been discussed! Please do not hesitate to contact us on XXXX

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APPENDICES

LOCATION MAPS

CONSTRUCTION SUMMARY

TIME LINE

PROPERTY CONDITION

NEIGHBOURHOOD SHOPPING PARADE

DATA IN RELATION TO FLAT VALUES

USER CLASSES

LIMITATIONS

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LOCATION MAPS

XXX

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CONSTRUCTION SUMMARY

External

Chimneys:	Brick chimneys
Main Roof:	Not visible
Rear Roof:	Flat felt roof
Roof Structure:	Not accessed
Gutters and Downpipes:	Mixture of Cast Iron and or Plastic
Soil and Vent Pipe:	Cast Iron
Walls:	Flemish Bond brickwork with cement re-pointing (assumed)
External Detailing:	Mixture of plastic sliding sash windows and picture windows to the shop
Foundations:	Not inspected
External access:	Access to first and second floor living accommodation

Internal

Ceilings:	Originally lath and plaster likely to be some replacements in plasterboard (assumed)
Walls:	Mixture of solid and studwork (assumed)
Floors: Ground Floor:	Solid underfoot assumed concrete
First Floor:	Joist and floorboards with embedded timbers (assumed)
Second Floor:	Joist and floorboards with embedded timbers (assumed)

The boiler is dated and the electrics are also dated.
We have used the term 'assumed' as we have not opened up the structure.

Time Line – A brief history of the structure

This has been based upon a discussion with Mr X

DATE	DESCRIPTION
XXX	Mr X took over the lease
XXX	Review date of lease

We have seen the lease for approximately half an hour; this was a copy of the lease rather than the lease itself. If you wish us to comment further you need to forward a copy of your actual lease to us.

PROPERTY CONDITION

Summaries of property condition are not ideal as they try to précis often quite complex subjects into a few paragraphs.

It is inevitable with a report on a building of this nature that some of the issues we have focussed in on you may dismiss as irrelevant and some of the areas that we have decided are part of the 'character' of this property you may think are very important. We have taken in the region of 100 photographs during the course of this survey and many pages of notes and carried out desk top research. If an issue has not been discussed that you are interested in or concerned about, please phone and talk to us before you purchase the property (or indeed commit to purchasing the property) or commit to a new lease, as we will more than likely have noted it and be able to comment upon it; if we have not we will happily go back.

We have divided the Property Condition into 'Plus Points', 'Medium Priority' and 'High Priority', to allow you to clarify and focus on exactly what the issues are.

Plus Points

Survey reports often are full of only the faults and general 'doom and gloom', so we thought we would start with some positive comments on the property!

- 1) You have traded a business at the property for the last two years and therefore know its potential.
- 2) The rear of the property has room for development subject to Local Authority Approvals.

We are sure you can think of other things to add to this list.

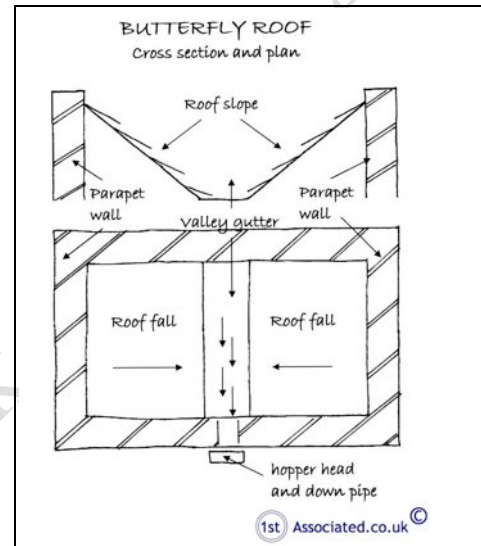
Medium Priority

Problems / issues raised in the medium priority section are usually solvable, but often need negotiation upon. However, a large number of them may sometimes put us off the property.

1.0) Roof

We did not have access to the roof at the time of our survey but from the rear of the property it does look to be a butterfly roof and there are signs of discolouration to the brickwork and plant life at the top which indicate that there are problems with the roof.

The property as mentioned is likely to have a butterfly roof although we cannot be certain of this as we were not able to access the roof.



ACTION REQUIRED: General repairs to the parapet walls and to the valley gutters etc.

ANTICIPATED COST: £2,000 to £5,000 (two to five thousand pounds); please obtain quotations.

2.0) Tie-bars

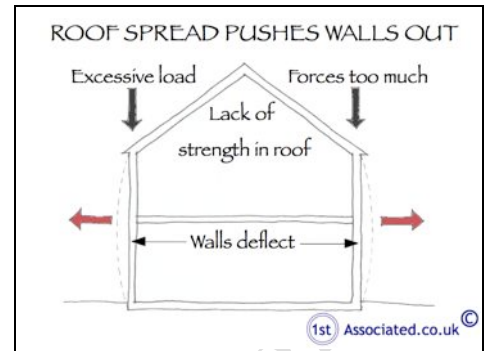
There are tie bars visible at floor level indicating that there is old movement within the property as does the general sloping to the floors. This is normally caused by deterioration to the joist ends and we would recommend further investigation.



Tie bar

ACTION REQUIRED: Further investigation recommended opening up the floors to check the condition.

ANTICIPATED COST: £200 to £300 (two to three hundred pounds) to open up the floors and check the condition if further repairs £2,000 to £3,000 (two to three thousand pounds); please obtain quotations.

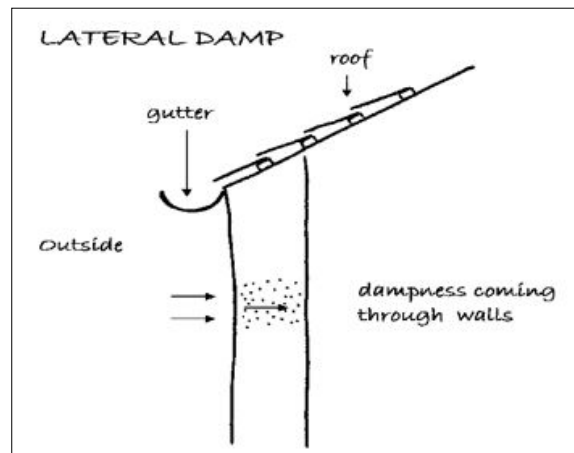


3.0) Dampness

We could see that there was lateral dampness to the walls. This is where water ingress occurs through the walls. This can be for various reasons such as poor pointing or wall materials or inadequate gutters and downpipes, such as poorly jointed gutters.



Dampness getting in to second floor



ACTION REQUIRED: Re-pointing work externally as well as resolving the roof problems.

ANTICIPATED COST: £3,000 to £5,000 (three to five thousand pounds); please obtain quotations.

4.0) Some of the accommodation areas have polystyrene tiles

We noted that some of the accommodation areas have polystyrene tiles which are no longer recommended in habitable areas. Unfortunately due to the likelihood of lath and plaster ceilings removal is likely to require a new ceiling.



Polystyrene ceiling tiles

ACTION REQUIRED: Removal polystyrene tiles and re-plaster

ANTICIPATED COST: £3,000 to £5,000 (three to five thousand pounds); please obtain quotations.

5.0) Decoration external and internal

The property would benefit from being redecorated both externally and internally.

ACTION REQUIRED: Carry out redecorate to external and internal of the property.

ANTICIPATED COST: £5,000 to £10,000 (five to ten thousand pounds) dependent upon the amount of repair work required and if scaffolding is required externally; please obtain quotations.

6.0) Cast iron soil and vent pipes to the rear of the property

The cast iron soil and vent pipes to the rear of the property are deteriorating.

ACTION REQUIRED: Repair, prepare and paint using a rust stop agent.

ANTICIPATED COST: Costs included in the external decoration above; please obtain quotations.

7.0) Electrics

We do not believe that the electrics would meet current Institute of Electrical Engineers (IEE) standards.

ACTION REQUIRED: Re-wire or part re-wire.

ANTICIPATED COST: £4,000 to £6,000 (four to six thousand pounds); please obtain quotations.

8.0) Heating

The property has older style boilers in the property therefore anticipate future work and improvements.

ACTION REQUIRED: Upgrading of boiler system.

ANTICIPATED COST: £3,000 to £5,000 (three to five thousand pounds) although to install a complete system will be far more expensive; please obtain quotations.

You should obtain at least three like for like quotations from suitably qualified skilled trades' people with regard to this work.

High Priority

We normally put here things that we feel will be difficult to resolve and will need serious consideration.

There is nothing which we feel falls within this section but the total costs of the works we have identified is in the region of approximately £22,000 (twenty two thousand pounds) to approximately and £40,000 (forty thousand pounds). The above property issues would need to be looked at more closely should you purchase the property we would recommend a Building Survey on a property of this age.

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XXXXX

Other Items

Moving on to more general information.

Maintenance

It should be appreciated that defects which would normally be highlighted in a modern property, effectively form part of the property's overall character and style. Such defects are considered acceptable and may not have been specifically referred to as defects within the context of this Report.

This type of property will require ongoing maintenance and repair and a budget for such work must be allowed to ensure it is maintained in good condition. This will prevent undue and unnecessary deterioration.

Services

We have carried out a visual inspection of the services and no tests have been carried out. We would comment as follows in brief. More detail is within the main body of the report.

Electrics

For the electrics we would recommend an inspection, test and report to Institute of Electrical Engineers standards (IEE) carried out by an NICEIC registered and approved electrical contractor or equivalent.

Heating

We would recommend that the system be tested and overhauled before exchange of contracts and that a regular maintenance contract is placed with an approved heating engineer.

Drainage

We would recommend a closed circuit TV camera report. In older properties, such as this, drainage was often push fitted together rather than bonded together.

Water Supply

There is danger in older properties of having a lead water supply; we would recommend that you speak to the water company to ask them if they have carried out such replacement, as you will be re-piping much of the water used in the building it gives an ideal opportunity to also check for any remaining lead pipes.

ACTION REQUIRED - SERVICES: We would reiterate that we recommend with regard to all services that you have an independent check by a specialist contractor.

Estimates of Costs

Where we have offered an estimate of building costs please remember we are not experts in this area. We always recommend you obtain quotations for the large jobs before purchasing the property (preferably three quotes). The cost of building work has many variables such as the cost of labour and estimates can of course vary from area to area when giving a general indication of costs. For unskilled labour we currently use between £75 and £100 per day (the higher costs in the city areas) and for tradesmen we use between £100 and £200 per day for an accredited, qualified, skilled tradesman. Other variations include the quality of materials used and how the work is carried out, for example off ladders or from scaffold.

If you obtain builders estimates that vary widely, we would advise the work is probably difficult or open to various interpretations and we would recommend a specification is prepared. It would usually be best to have work supervised if it is complex, both of which we can do if so required.

NEIGHBOURHOOD SHOPPING PARADE

The following photos are a selection of photos taken of the neighbourhood shopping parade. We consider this a tertiary neighbourhood shopping area which is declining.



Adjacent shops



Shops in same parade as property in this report



Empty and damaged units across the road



Units converted to residential use

DATA IN RELATION TO FLAT VALUES

Property Types



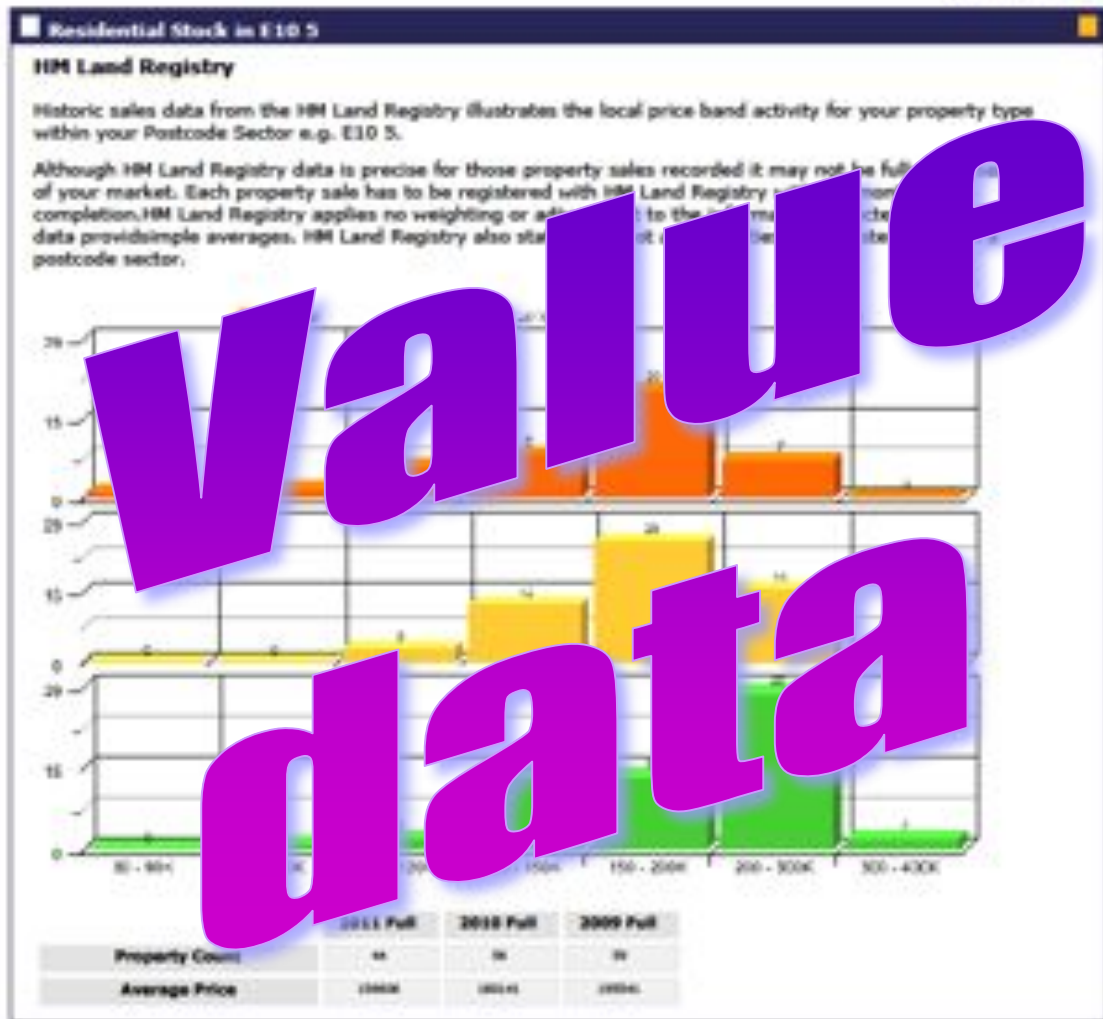
Average Prices



Price Trends



HM Land Registry – Actual Sales



1stASSC

Property Comparables

The research yielded ninety nine property comparables of which we chose the following. The location is identified on the map below.

**value
data**

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■ About The Data

This report provides you with an in-depth analysis of price trends in your area. The report is based upon information provided by Hometrack, the only independent property research and database company in the UK.

The report contains independent, up-to-date information that gives a clear picture of price trends for each type of property in your area. The report also gives information on how many viewings each type of property will typically get before it sells, how quickly properties are selling in the area and how many local buyers and sellers are entering the market at that time.

Conflicting reports about whether national and regional house prices are going up or down are creating confusion and uncertainty amongst home owners and making the choice of whether to buy, sell or rent property even more difficult than it needs to be. By offering this report we hope to remove some of this confusion, let you know what is really going on in your area and give you enough information to make an informed choice.

As a House Price Index Contributor for Hometrack we are licensed to use the latest available data collected from authorised agents up and down the country. According to Hometrack House Price Index Contributors are amongst the top 30% in the UK, as assessed by a team of mystery shoppers. The mystery shopping approach encourages House Price Index Contributors to strive to maintain the highest standards within the industry. In the assessment, we were judged against various standards of service that included: quality of customer care, our depth of local market knowledge, how we market properties and how we advertise them in print and on the web.

In choosing a Hometrack House Price Index Contributor we believe you will get more informed and better-qualified advice and you will be presented with personalised reports on the market place and the property being bought or sold. This is designed to provide you with a more secure and less stressful way of buying or selling your home. Further details are available at www.hometrack.co.uk.

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Development value option

We have also considered a redevelopment of the property and the valuations that could be achieved as residential units.

Three flats or large house

Three flats	XXX
Large house, five bedrooms	XXX

Best value as present layout providing occupied, rented and upgraded.

Client level of Knowledge

We write our reports differently dependent upon the client level of knowledge, in this case we have deemed you as having average property and valuation knowledge.

If you feel we have not assessed your knowledge level correctly please contact us immediately and we will duly amend this document to be written for your knowledge level.

USE CLASSES ORDER

We recommend that you confirm the position of each case with the Council's Planning Department.

(Correct April 2006)

Town and Country Planning Act (TCPA) Classes Order	Use/Description of development	Permitted Change to another use class
A1: Shops	The retail sale of goods to the public: Shops, Post Offices, Travel Agencies & Ticket Agencies, Hairdressers, Funeral Directors & Undertakers, Domestic Hire Shops, Dry Cleaners, Internet Cafés, Sandwich Bars (where sandwiches or other cold food are to be consumed off the premises).	No Permitted Change
A2: Financial & Professional Services	Financial Services: Banks, Building Societies & Bureau de Change. Professional Services (other than Health or Medical Services): Estate Agents & Employment Agencies. Other services which it is appropriate to provide in a shopping area: Betting Shops. (Where the services are provided principally to visiting members of the public).	A1 (where there is a ground floor display window)
A3: Restaurants & Cafés	Restaurants & Cafés (i.e. places where the primary purpose is the sale and consumption of food and light refreshment on the premises). This excludes Internet Cafés which are now A1.	A1 or A2
A4: Drinking Establishments	Public House, Wine Bar or other Drinking Establishments (i.e. premises where the primary purpose is the sale and consumption of alcoholic drinks on the premises).	A1, A2 or A3
A5: Hot Food Take-away	Take-aways (i.e. premises where the primary purpose is the sale of hot food to take-away).	A1, A2 or A3
B1: Business	a) Offices, other than a use within Class A2 (Financial Services) b) Research and development of products or processes c) Light industry	B8 (where no more than 235 sq.m.)
B2: General Industrial	General Industry: use for the carrying out of an industrial process other than one falling in class B1.	B1 or B8 (B8 limited to 235 sq.m.)
B8: Storage & Distribution	Use for storage or distribution centre.	B1 (where no more than 235 sq.m.)
C1: Hotels	Use as a Hotel, Boarding House or Guesthouse, where no significant element of care is provided.	No Permitted Change
C2: Residential Institutions	Hospital, Nursing Home or Residential School, College or Training Centre where they provide residential accommodation and care to people in need of care (other than those within C3 Dwelling Houses).	No Permitted Change
C2A: Secure Residential Institution	Use for a provision of secure residential accommodation, including use as a prison, young offenders institution, detention centre, secure training centre, custody centre, short term holding centre, secure hospital, secure local authority accommodation or use as a military barracks.	No Permitted Change
		No Permitted

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C3: Dwelling Houses	Use as a Dwelling House (whether or not as a sole or a main residence), a) by a single person or people living together as a family, or b) by not more than six residents living together as a single household (including a household where care is provided for residents).	Change
D1: Non-Residential Institutions	Clinics & Health Centres, Crèches, Day Nurseries & Day Centres, Museums, Public Libraries, Art Galleries & Exhibition Halls, Law Court, Non-Residential Education & Training Centres. Places of Worship, Religious Instruction & Church Halls.	No Permitted Change
D2: Assembly & Leisure	Cinema, Concert Hall, Bingo Hall, Dance Hall, Swimming Bath, Skating Rink, Gymnasium, or area for indoor or outdoor sports or recreations, not involving motor vehicles or firearms.	No Permitted Change
Not in any use class (Sui – Generis*)	A use on its own, for which any change of use will require planning permission. Includes, Theatres, Nightclubs, Retail Warehouse Clubs, Amusement Arcades, Launderettes, Petrol Filling Stations and Motor Car Showrooms.	No Permitted Change
	Casinos - following declassification planning permission is needed for any premises, including D2 premises, to undergo a material change of use to a casino.	D2

Footnote

* Where uses do not fall within the four main use classes they are classified as sui-generis. We have provided examples of some sui-generis uses but this list is not exhaustive.

The Town and Country Planning (Use Classes) Order 1987 is the principle order which has been subject to a number of subsequent amendments. The above is intended as a general guide only. Reference must be made in the final instance to the Town and Country Planning Act 1990, as amended by the Use Classes (Amendment) Order 2005, and General Permitted Development (Amendment) Order 2005 and written confirmation obtained from the Local Planning Authority that no consent is required. No liability is accepted for the information it contains or for any errors or omissions.

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LIMITATIONS

Property Report

1. Conditions of Engagement

Please note: references to the masculine include, where appropriate, the feminine.

Subject to express agreement to the contrary (which in this particular case has been none) and any agreed amendments/additions (of which in this particular case there have been none), the terms on which the Surveyor will undertake the Property Report are set out below.

Based upon a visual inspection as defined below the Surveyor will advise the Client by means of a written report as to his opinion of the visible condition and state of repair of the specific problem or problems only.

2. The Inspection

a) Accessibility and Voids

The Surveyor will base this report on a visual inspection and accordingly its scope is limited. It does not include an inspection of those areas, which are covered, unexposed or inaccessible. Our visual inspection will relate to the specific defects shown to us only.

b) Floors

We have not opened up the floor structure. We have only carried out a visual inspection and any conclusions will be based upon our best assumptions. We can open up the floor if so required at an extra fee.

c) Roofs

The Surveyor will not inspect the roofs in this instance.

d) Boundaries, Grounds and Outbuildings

The inspection will not include boundaries, grounds and outbuildings unless specifically stated (none stated).

e) Services

No services inspected.

f) Areas not inspected

The Surveyor will have only inspected those areas identified within the report. His report will be based upon possible or probable defects based upon what he has seen together with his knowledge of that type of structure. If you feel that any further areas need inspection then please advise us immediately.

g) Property Report

As this is a Property Report we do not offer any comment or guidance upon reactive maintenance and/or planned or routine maintenance items.

h) Whilst we have used reasonable skill and care in preparing this report, it should be appreciated that the Chartered Surveyors cannot offer any guarantee that the property will be free from future defects or that existing defects will not suffer from further deterioration;

3. Deleterious and Hazardous materials

a) Unless otherwise expressly stated in the Report, the Surveyor will assume that no deleterious or hazardous materials or techniques have been used in the construction of the property. However the Surveyor will advise in the report if in his view there is a likelihood that high alumina cement (HAC) concrete has been used in the construction

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and that in such cases specific enquiries should be made or tests carried out by a specialist.

4. Contamination

The Surveyor will not comment upon the existence of contamination as this can only be established by appropriate specialists. Where, from his local knowledge or the inspection he considers that contamination might be a problem he should advise as to the importance of obtaining a report from an appropriate specialist.

5. Consents, Approvals and Searches

- a) The Surveyor will assume that the property is not subject to any unusual or especially onerous restrictions or covenants which apply to the structure or affect the reasonable enjoyment of the property.
- b) The Surveyor will assume that all bye-laws, Building Regulations and other consents required have been obtained. In the case of new buildings and alterations and extensions, which require statutory consents or approval the Surveyor will not verify whether, such consents have been obtained. Any enquiries should be made by the Client or his legal advisers.

Drawings and specifications will not be inspected by the Surveyor. It is the Clients responsibility to forward any drawings and specifications that he has or knows the whereabouts of to us to include information in our report. If these are not forthcoming we will make our best assumptions based upon the information available.

- c) The Surveyor will assume that the property is unaffected by any matters which would be revealed by a Local Search and replies to the usual enquiries or by a Statutory Notice and that neither the property nor its condition its use or intended use is or will be unlawful.

6. Fees and Expenses

The Client will pay the Surveyor the agreed fee for the Report and any expressly agreed disbursements in addition.

7. Restrictions on Disclosures

- a) This report is for the sole use of the Client in connection with the property and is limited to the current brief. No responsibility is accepted by the Chartered Surveyors if used outside these terms.
- b) Should any disputes arise they will be dealt with and settled under English law;
- c) This report does not fall under the Third Parties Rights Act.

8. Safe Working Practices

The Surveyor will follow the guidance given in Surveying Safely issued by the Royal Institution of Chartered Surveyors (RICS).

9. Building Survey

We recommend that a full structural building survey is carried out on this property before purchase.

LIMITATIONS

Property appraisal

This Property Report and property appraisal is provided for the stated purpose(s) of a non mortgage value and rent review and for the sole use of the named Client. It is confidential to the Client and his/her professional advisers and the surveyor accepts no responsibility whatsoever to any other person. Neither the whole nor any part of the Property Report or any other reference hereto may be included in any published document, circular or statement or published in any way, without the surveyors written approval of the form and context in which it may appear.

If you are proposing to purchase the property and you wish to be satisfied as to the condition of it, you should have a chartered building surveyor's detailed inspection and report before deciding whether to enter into a contract. If the property is of architectural or historic interest, or listed as such or is in a conservation area or of unusual construction, appropriate specialist advice should be sought before carrying out works.

Assumptions

You are reminded that the Property Appraisal has been prepared in accordance with the Conditions of Engagement which entitles the surveyor to make assumptions which may on further investigation, for instance by your legal representative, prove to be inaccurate. Any exception is clearly stated in the report. If you require further information/ detail contact us immediately.

Limitations

- 1.0 The purpose of the appraisal/valuation has been agreed between the Client and the surveyor as advised in relation to what to offer for a freehold purchase of the property and how the future rent review will be carried out
- 2.0 The subject, including treatment of fixtures and fittings, and tenure (freehold/leasehold) of the property to be valued shall be as specified by/agreed with the Client.
- 3.0 Unless otherwise agreed, the basis/bases of valuation to be provided will be as prescribed by The Royal Institution of Chartered Surveyors and agreed/confirmed in writing by the surveyor to the Client before the Report is issued, along with any special assumptions relating to the basis/bases. In this instance the valuation is not for mortgage purposes
- 4.0 Subject to paragraphs 6 and 7 below, the surveyor shall carry out such inspections and investigations as are, in the surveyors professional judgement, appropriate and possible in the particular circumstances.
- 5.0 The surveyor shall rely upon information provided by the Client and/or Client's legal or other professional advisers relating to tenure, tenancies and other relevant matters.
- 6.0 The surveyor will have regard to the apparent state of repair and condition of the property but will not carry out a building survey nor inspect those parts of the property which are covered, unexposed or inaccessible. Such parts will be assumed to be in good repair and condition. The surveyor will not be under a duty to arrange for the testing of electrical, heating or other services.
- 7.0 In reporting the surveyor will meet the relevant requirements of the RICS Appraisal and Valuation Manual and will make the following assumptions, which he/she will be under no duty to verify:

- a) that no harmful or hazardous material has been used in the construction of the property or has since been incorporated, and that there is no contamination in or from the ground, and it is not landfilled ground;
- b) that good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings;
- c) 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;
- 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; and
- e) that no radon gas is present at the property.

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

9.0 The Client will pay to the surveyor the fee agreed/confirmed in writing by the surveyor and the amount of any Value Added Tax on the fee. In addition, if similarly agreed/confirmed in writing, the Client will reimburse the surveyor the cost of all reasonable out-of-pocket expenses which may be incurred, and any VAT thereon

THE PROPERTY APPRAISAL DEFINITIONS

10.0 Market Value (MV)

- 10.1 The definition of '**Market Value**' is the Valuer's opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration at the date of the valuation assuming:
- 10.2 a willing seller;
- 10.3 that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- 10.4 that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- 10.5 that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- 10.6 that both parties to the transaction had acted knowledgeably, prudently and without compulsion.