

SPECIAL TERMS OF BUSINESS FOR VALUATIONS

These Special Terms of Business for Valuations shall apply only where valuation and appraisal work is carried out for you by Place Partnership Limited ("Place Partnership"), in which event they shall be read in conjunction with our General Terms of Engagement ("General Terms") and any Engagement Letter and shall form part of the Contract.

1. Limitations on Liability

- 1.1 Our valuation is confidential to the party to whom it is addressed for the stated purpose and no liability is accepted to any third party for the whole or any part of its contents. Liability will not subsequently be extended to any other party save on the basis of written and agreed instructions; this will incur an additional fee.
- 1.2 No claim arising out of or in connection with this agreement may be brought against any director, employee, or consultant of Place Partnership (each called a 'Place Partnership Person'). Those individuals will not have a personal duty of care to the client or any other party and any such claim for losses must be brought against Place Partnership. Paragraph 38 of our General Terms shall be varied to the extent that any Place Partnership Person may enforce this clause under the Contracts (Rights of Third Parties) Act 1999.

2. Disclosure and Publication

If our opinion of value is disclosed to persons other than the addressees of our report, the basis of valuation should be stated. Neither the whole or any part of the valuation report nor any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web-site) without our prior written approval of the form and context in which it may appear.

3. Our Fees

If before the valuation is concluded:-

- a) You end this instruction, we will charge abortive fees, or
- b) You delay the instruction by more than (1) month or materially alter the instruction so that additional work is required at any stage we will charge additional fees,

And in each case such fees will be calculated on the basis of reasonable time and expenses incurred.

4. Disclosable Interests

We may offer certain services to prospective clients and similarly services may be offered to them by another organisation in circumstances where we may benefit financially, such as, property letting and management services, building construction, refurbishment and maintenance services and the sale of the prospective purchaser's property.

We will disclose any material prior involvement with the property that is the subject of the valuation.

5. “The Red Book”

Valuations and appraisals will be carried out in accordance with the relevant edition of the RICS Valuation – Professional Standards (“The Red Book”) by valuers who conform to its requirements and with regard to relevant statutes or regulations. Compliance with The Red Book is mandatory for Chartered Surveyors in the interests of maintaining high standards of service and for the protection of clients.

6. Regulation and Monitoring

Place Partnership is registered for regulation in the UK by RICS. The valuation may be subject to monitoring under the RICS conduct and disciplinary regulations.

7. Valuation Basis

Valuations and appraisals are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions contained in The Red Book. The basis of valuation will be agreed with you and shall be in pounds sterling (£) unless otherwise stated.

8. Portfolios

Where requested to value a portfolio, unless specifically agreed with you otherwise, we will value the individual properties separately, upon the assumption that the properties have been freely and openly marketed.

9. Land Registry Inspection and Searches

We do not undertake searches or inspections of any kind (including web based searches) for title or price paid information in any publicly available land registers, including the Land Registry for England & Wales, Registers of Scotland and Land & Property Services in Northern Ireland.

10. Title

We do not read documents of title although, where provided, we consider and take account of matters referred to in solicitors’ reports or certificates of title. We would normally assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoing, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

11. Disposal Costs and Liabilities

No allowance is made in our valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our valuation will be exclusive of any VAT liability that may become chargeable. Properties are valued disregarding any mortgages or other charges.

12. Sources of Information

We rely upon the information provided to us, by the sources listed, as to details of tenure and tenancies (subject to 'Leases' below), planning consents and other relevant matters, as summarised in our report. We assume that this information is complete and correct.

13. Identity of Property to be Valued

We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

14. Boundaries

Plans accompanying reports are for identification purposes only and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with information given to us and/or our understanding of the boundaries.

15. Planning, Highway and Other Statutory Matters

Enquiries of the relevant Planning and Highways Authorities in respect of matters affecting the property, where considered appropriate, are normally only obtained verbally or from a Local Authority web site, and this information is given to us, and accepted by us, on the basis that it should not be relied upon. Written enquiries can take several weeks for response and incur charges. Where reassurance is required on planning matters, we recommend that formal written enquiries should be undertaken by the client's solicitors who should also confirm the position with regard to any legal matters referred to in our report. We assume that properties have been constructed, or are being constructed, and are occupied or used in accordance with the appropriate consents, that there are no outstanding statutory notices and that there is compliance with all relevant statutory requirements, including fire and building regulations.

16. Property Insurance

Our valuation assumes that the property would, in all respects, be insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

17. Building Areas and Age

Where so instructed, areas provided from a quoted source will be relied upon. Otherwise dimensions and areas measured on location or from plan are calculated in accordance with the current RICS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

18. Structural Condition

Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal remit of a valuation. Since we will not have carried out any of these investigations, except where separately instructed to do so, we are unable to report that the property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report referred to us or any defects or items of disrepair of which we are advised or which we note during the course of our valuation inspections but otherwise assume properties to be free from defect.

19. Ground Conditions

We assume there to be no unidentified adverse ground or soil conditions and that the local bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

20. Environmental Issues

Investigations into environmental matters would be obtained from suitably qualified environmental specialists by most responsible purchasers of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Anyone averse to risk is strongly recommended to have a proper environmental investigation undertaken. In any event such a report may be of assistance to any future sale of the property. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our valuations with reference to the source and nature of the enquiries. We would endeavor to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

We are not, however, environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation will be on the assumption that the property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified by reference to appropriate sections of The Red Book. In any event the valuation will be on the assumption that the property/site is free from contamination.

21. Minerals, Timber, Airspace etc.

Unless specifically agreed otherwise in confirming instructions and so stated within the main body of the valuation report, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unqualified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

22. Leases

The client should confirm to us in writing if they require us to read leases. Where we do read leases reliance must not be placed on our interpretation of these documents without reference to solicitors, particularly where purchase or lending against the security of a property is involved.

23. Covenant

We reflect our general appreciation of potential purchasers' likely perceptions of the financial status of tenants. We do not, however, carry out detailed investigations as to the financial standing of the tenants, except where specifically instructed, and assume, unless informed otherwise, that in all cases there are no arrears and that they are capable of meeting their obligations under the terms of leases and agreements.

24. Build Cost Information

Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. There are limitations on the accuracy of build costs applied by this approach and professional advice on the build costs should be sought by you. The reliance which can be placed upon our advice in these circumstances is severely restricted. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our advice.

25. Reinstatement Assessments

A reinstatement cost assessment for insurance purposes is not a valuation and is a specialist service. We recommend that separate instructions are issued for this specific purpose. If advice is required as a check against the adequacy of existing cover this should be specified as part of the initial instruction. Any indication given is provided only for guidance and must not be relied upon as the basis for insurance cover. Our reinstatement cost assessment should be compared with the owners and if there is a material difference, then a full reinstatement valuation should be considered.

26. Comparable Evidence

Where comparable evidence information is included in our report, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe its general accuracy of where it was in accordance with expectation. In addition, we have not inspected comparable properties.

27. Regulated Purpose Valuations (RPV)

RICS has established particular requirements in circumstances where a valuation although provided for a client may also be of use to third parties, for instance, the shareholders in a company, defined by the RICS as “Regulated Purpose Valuations”. Where a valuation is for a Regulated Purpose, in accordance with RICS requirements, Place Partnership is required to make specific disclosures to you.

When instructed in a continuing role as a valuer it is Place Partnership’s policy to rotate persons responsible for valuations and the signatory to the report, on a seven yearly basis, unless specifically agreed otherwise.

Valuation Bases

1. Market Value (MV)

Market Value 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.

2. Market Rent (MR):

Market Rent is defined as:

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.

3. Fair Value

The definition of Fair Value adopted by the International Accounting Standards Board is:

The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

4. Investment Value

Investment Value (or worth) is defined as:

Investment Value is the value of an asset to the owner or a prospective owner for individual investment or operational objectives.

5. Projected Market Value (PMV) of Residential Property only

Projected Market Value is designed to provide residential mortgage lenders with a simple numeric indication of the valuer's opinion of short-term market trends and is defined as:

The estimated amount for which an asset is expected to exchange at a date, after the valuation date and specified by the valuer, 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.

6. Existing Use Value (EUV)

Existing Use Value is the basis suitable for financial reporting purposes under UK accounting standards only and is defined as:

The estimated amount for which an asset 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 acted knowledgeably, prudently and without compulsion – assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

7. Depreciated Replacement Cost (DRC)

Depreciated Replacement Cost is a basis used for specialist property or where no normal market exists for that property and is defined as:

The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation."