



Proposed: residential conversion and development.

Viability Statement on:

8 Polygon Road, Crumpsall,
Manchester, M8 5DD.

On behalf of:

T & A Textiles and Hosiery Limited

14 October 2021:

Prepared by James Staveley,
MRICS.

Evaluate Chartered Surveyors,
111 Piccadilly,
Manchester, M1 2HY.

evaluate
Chartered Surveyors & Valuers

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T & A Textiles and Hosiery Limited
Sleepdown House
Bower Street, Off Ten Acre Lane
Newton Heath
Manchester
M40 2BH

Via email only c/o: m.khan@studiotashkeel.com

14 October 2021

Dear Sirs,

Viability Statement.

Property: 8 Polygon Road, Crumpsall, Manchester, M8 5DD.

Valuation Certificate - Terms of Appointment

In accordance with your instructions confirmed in our letter to you dated 29 September 2021, we report accordingly.

In preparing this report, we confirm that Evaluate Chartered Surveyors are able to undertake this Viability Statement on the terms of engagement, which are agreed.

We can confirm that we are not aware of any conflicts of interest in undertaking this instruction.

Scope of Instructions

We have completed our investigations into the assumed freehold property and provide our viability report and desktop assessment. We understand that our viability statement is required in connection with a potential offsite viable contribution.

Our report and valuations have been carried out in accordance with The RICS Valuation – Global Standards issued November 2019 being effective from January 2020 and incorporating IVSC International Valuation Standards, as published by the Royal Institution of Chartered Surveyors (RICS). On this basis and due to the limited information, no inspection, assumptions and no enquiries this constitutes an informal assessment only and should not be used for financial or lending purposes.

Limitations

Our viability statement is totally dependent on the accuracy of the information, which has been supplied to us and upon the assumptions set out herein. If they prove to be incorrect or inadequate, the accuracy of the viability statement may be affected. In accordance with

the recommendations of the RICS we require that neither the whole nor any part of our report nor any reference thereto be included in any published document, circular or statement, nor published in any way without our prior written approval of the form or context in which it is to appear.

Our desktop opinions and assessments are totally dependent on the accuracy of the information, which has been supplied to us and upon the assumptions set out herein. If they prove to be incorrect or inadequate, the accuracy of the opinions may be affected. It is a guide only and should not be used for financial purposes.

This is a "desktop" overview provided for guidance only on an informal basis. It is not intended to be and must not be relied upon as a substitute for the valuation conclusions that would be reached by Evaluate Chartered Surveyors following a formal valuation commissioned and carried out on our standard terms and conditions. Such conclusions may well be materially different.

The contents of this report are confidential to the addressee for the specific purpose to which they refer and are for their use only. Neither this letter nor any part thereof may be reproduced or referred to in any document, circular or statement, nor may its contents, or part thereof be disclosed orally or otherwise to a third party unless agreed with JA Property Consultant Limited t/a Evaluate Chartered Surveyors.

This report has been prepared by James Staveley, MRICS. We also confirm that the individual carrying out this valuation has the appropriate knowledge, skills and experience to undertake the valuation competently. We trust that this report is satisfactory for your current requirements, but, if we can be of further assistance, please do not hesitate to contact us.

Yours Sincerely



James Staveley, BSc (Hons), MRICS, RICS Registered Valuer
Director
For and on behalf of Evaluate Chartered Surveyors

8 Polygon Road, Crumpsall, Manchester, M8 5DD.

1 Executive Summary

The report is being submitted in support of a planning application for the proposed redevelopment of a four storey development at 8 Polygon Road, Crumpsall, Manchester, M8 5DD 'site', application number 128475/FO/2020.

The planning application is for the Change of use to of existing building, together with the erection of 4 storey extension, installation of roof dormer to the existing building and demolition of southern annex to create 25 residential apartments (Class C3) with associated car parking, cycle storage and bin store.

The financial viability of the proposals has been fully tested in order to ascertain the maximum levels of planning contributions that the scheme is able to support.

The report provides an overview of the scheme and presents evidence for the assumptions adopted within a residual viability appraisal and then compares this to the developers profit that the proposal would generate, based on current market conditions and development costs.

The comprehensive viability modelling has shown that the scheme cannot viably afford to provide financial contributions or other benefits that would allows for a normal market level of return to a developer, enabling the development to be delivered, also reflecting the commercial risks involved in developing such a scheme.

2 Introduction

We set out below our financial viability assessment which has been prepared on behalf of the Applicant in support of the planning application.

This report has been prepared in accordance with relevant guidance on preparing financial viability assessments for planning purposes. However, it is not a 'red book' valuation and should not be relied upon as such.

We have been provided with the following information by the Applicant and their professional advisors:

- Site plans and proposed residential accommodation schedule, produced by Studio Tashkeel Architecture reference 1811105.
- Affordable Housing Statement, produced by DEPOL Chartered Town Planners and dated 29 July 2021.
- Contractors pricing for the proposed development by Atkins Building Services, dated 11 October 2021.

The viability of a development for planning purposes is assessed by comparing the residual land value of the proposed development with an appropriate developers' profit (DP) for undertaking such a scheme. If the DP is lower than 15% then the scheme is not technically viable.

This is illustrated by the diagram below.

GROSS DEVELOPMENT VALUE
Less
Costs
Less
PLANNING CONTRIBUTIONS
Less
SITE VALUE
Equals
DEVELOPERS PROFIT

The residual land value of the proposed development has been modelled using the industry recognised software.

This report will provide a summary of the development proposals, provide the assumptions and evidence used to arrive at a suitable developer's profit and then set out the assumptions and evidence used to undertake the viability appraisal.

The report will summarise the results of the viability appraisal, compare the residual land value with the costs and then provide conclusions to this.

3 Proposed Development and Massing

We briefly summarise the proposals below and attach some basic plans along with an accommodation schedule at Appendix 1.

The applicant proposes to redevelop the site to provide 25 apartments with associated car parking and landscaping.

The basement will be increased to a floorspace of 207 square metres which will be used to accommodate a one bedroom apartment. This will be created in the north west corner of the original building. The rest of the basement will be used for a two bedroom apartment, a secure bike store and the existing stairwells.

The ground floor floorspace will be increased to 444 square metres and will accommodate five one bedroom apartments and two x two bedroom apartments. As shown on the submitted plans, this will involve the part demolition of the current ground floor structure and the erection of a new building structure in the south west corner.

The first floor is proposed to accommodate a further five x one bedroom apartments and three x two bedroom apartments. This will increase the floorspace of this floor to 480 square metres.

The second floor will contain two x one bedroom apartments and three x two bedroom apartments which will predominantly be sited in the southern end of the building. As a result the second floor floorspace will be increased to 326 square metres.

A dormer is proposed to allow for the creation of a third floor. This will be used to contain three x two bedroom apartments with a total floorspace of 229 square metres.

The proposed total floorspace (assumed (GIA) will be 1,686 sq m. The table below summarises the proposed residential (NIA).

Floor	Unit number / type	Area (sq m)	Area (sq ft)
Lower ground floor	Unit 1 – one bedroom	39	420
	Unit 2 – two bedroom	<u>70</u> 109	<u>753</u> 1,173
Ground floor	Unit 3 – one bedroom	40	431
	Unit 4 – two bedroom	68	732
	Unit 5 – one bedroom	37	398
	Unit 6 – one bedroom	43	463
	Unit 7 – one bedroom	43	463
	Unit 8 – two bedroom	68	732
	Unit 9 – one bedroom	<u>43</u> 342	<u>463</u> 3,682
First floor	Unit 10 – one bedroom	38	409
	Unit 11 – two bedroom	68	732
	Unit 12 – one bedroom	53	570
	Unit 13 – one bedroom	37	398
	Unit 14 – one bedroom	43	463
	Unit 15 – one bedroom	43	463
	Unit 16 – two bedroom	61	657
	Unit 17 – two bedroom	<u>61</u> 404	<u>657</u> 4,349
Second floor	Unit 18 – two bedroom	61	657
	Unit 19 – one bedroom	43	463
	Unit 20 – one bedroom	43	463
	Unit 21 – two bedroom	61	657
	Unit 22 – two bedroom	<u>61</u> 269	<u>657</u> 2,897
Third floor	Unit 23 – two bedroom	68	732
	Unit 24 – two bedroom	61	657
	Unit 25 – two bedroom	<u>61</u> 190	<u>657</u> 2,046
Total		1,314	14,147

The development will also provide an average residential unit size of 52.56 sq m with a mix of 52%, one bed roomed and 48%, two bed roomed. The lower ground floor will contain a bike store.

It is also noted that the proposed development is situated on a 'brownfield site'.

4 Planning Context

National Planning Policy

The National Planning Policy Framework (NPPF) identifies that there is presumption in favour of sustainable development. At a national level, the National Planning Policy Framework (NPPF) stipulates that planning obligations, including the provision of OPA or other contributions, should not compromise the viability or the deliverability of development.

To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, design standards, infra-structure contributions, or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.

The NPPF confirms that planning obligations should only be sought where they are:

- necessary to make the development acceptable in planning terms;
- directly related to the development; and
- fairly and reasonably related in scale and kind to the development.

It further requires that local planning authorities should take account of change in market conditions over time, and wherever appropriate, be sufficiently flexible to prevent planned development being stalled.

Greater Manchester Spatial Framework

Role and Subject	Greater Manchester Spatial Framework The Greater Manchester Spatial Framework (GMSF) will provide an overarching plan that will cover the whole of the Greater Manchester conurbation and is being prepared jointly by the ten Greater Manchester local authorities. It will set out the scale and distribution of housing and employment growth across the conurbation for the next 20 years. It will identify strategic land allocations for housing and employment and also key infrastructure requirements to support this growth. It will provide a strategic environmental policy framework to ensure that growth is accommodated in a sustainable way and that Greater Manchester will be resilient to existing and future climate pressures. The GMSF will also set out strategic development management policies where it is important for there to be a consistent Greater Manchester approach.
Coverage	Greater Manchester Wide
Status	The GMSF is being progressed as a joint Greater Manchester Plan. It is one of a suite of documents which support the Greater Manchester Combined Authority's growth and reform ambitions and devolution agreement. These also include: • A Greater Manchester 'Vision' which extends beyond the Greater Manchester Strategy; • A residential growth strategy setting out how we will bring forward land to meet our identified demand; • A transport strategy; • An infrastructure plan; and • An investment strategy, sitting alongside financial tools such as the Manchester Investment Fund and the Housing Investment Fund.
Conformity	Consistent with national planning policy and having regard to the Greater Manchester Strategy, Our People, Our Place.

Local Planning Policy

The Local Plan will set out the vision for the City, the spatial strategy, policies and key allocations to 2036. It will set out the quantity, type and general location of development to meet anticipated development requirements to 2036, including the scale of employment and residential development.

HOUSING CC6 The following sites are allocated for residential development:- a) Barrow Hill Road/Charles Cradock Drive; b) Bignor Street; c) Derby Street/Salford Brow; d) Boomfield Drive; e) Newsholme Street/Winterford Road; f) Crescent Road; g) Middleton Road/Melton Road; h) Zeneca sportsground, Hazelbottom Road/Chataway Road (subject to a replacement site being agreed with the Council); i) Park Road. Reason: To provide opportunities for a range of housing development so as to promote the revitalization of the City's housing stock and to meet the housing requirements set out in Strategic Guidance. CC7 The Council will continue to improve the environment of terraced housing areas in need of upgrading, with priority being given to the Greenhill Road area. Reason: To ensure the continued revitalisation of the City's housing areas, and to complement action to improve the housing stock itself. CC8 The Council will

continue to improve the environment of Council estates, especially the Waterloo Road estate. Reason: To ensure the continued revitalisation of the City's housing areas, and to complement action to improve the housing stock itself. The elements of these improvements will be included in a brief to be prepared by the City Council. CC9 The following sites are allocated as permanent residential and winter quarters for travelling show people:- a) Collingham Street; b) Waterloo Street/Celia Street. Reason: To meet a specific need and to provide a degree of permanence to what have been temporary arrangements to date.

INDUSTRIAL AND COMMERCIAL USES CC10 The Council will encourage the continued high level of economic activity in Strangeways and lower Cheetham Hill Road areas, recognising particularly the needs of the wholesale trades which dominate these areas. The Council recognises the regional role played by this locality and will pursue policies designed to improve the efficiency of existing businesses (notably wholesale cash and carry and bulk distributive trades), by environmental improvements and better parking and servicing. Permission will be granted for the redevelopment of buildings or sites only where the proposals incorporate sufficient parking and servicing for their own needs, subject to a proper balance of other planning requirements contained in policies expressed elsewhere in the Plan. Reason: To ensure the continued economic vitality of this key area in the City's economy. CC14 The Bury New Road/Fairy Lane site is allocated for commercial employment uses such as wholesale cash and carry, subject to proper provision being made to ensure highway safety, and proper safeguards for the amenity of nearby residents. Reason: In order to promote employment opportunities. The site is alongside a busy main road and close to housing. CC15 The main road frontage of the site at Cheetham Hill Road/Bignor Street is allocated for business uses, subject to a high quality of design. Reason: To increase employment opportunities and secure the development of an unattractive gap in a main road frontage. CC16 The former Queen's Road Tip is proposed for comprehensive development, to include:- a) office uses/light industry (B1 Use Class); b) general industry/wholesale/distribution (B2 and B8 Use Classes); c) leisure or recreational facilities, including open space accessible to the public. Any proposed development would need to demonstrate that there would be no adverse impact on adjoining residential communities and to take measures to ameliorate any ground contamination present at the time of development. Proposals should be designed to create better links for pedestrians and cyclists with adjoining residential areas and the Irk Valley. Reason: To maximise employment and economic activity on an under-used site, and to take the opportunity provided by redevelopment to improve footpath, cycle and recreation links in the area. An example of the latter would be a connection between footpaths 108/95 and 90.

Affordable Housing Requirement

Policy H8 of the Core Strategy requires 20% affordable housing within new residential development, which equates to five affordable units out of the proposed twenty five apartments. However, as the development involves the conversion of an existing vacant building NPPF paragraph 63 requires this affordable housing contribution to be reduced by a proportionate amount. Footnote 28 defines a proportionate amount as being equivalent to the existing gross floorspace of the existing buildings. As identified in Chapter 2, the gross floorspace of the existing building totals 924sq metres. The

gross floorspace of the proposed building totals 1,686sq metres. Consequently, the gross floor space of the existing building is 54.81% of the gross floor space of the proposed building.

Following the definition as set out in NPPF footnote 28, the affordable housing requirement should therefore be reduced by 54.81%. This equates to 2.74 units thereby reducing the affordable housing requirement from 5 units to 2.26 units, which when rounded to the nearest whole number equals 2 affordable housing units required.

In accordance with Core Strategy Policy H8, the affordable housing requirement will be provided in the form of two intermediate rent units which will be marketed at a rate of 80% of the standard market rent price for those units.

5 Viability Methodology

In simple terms, the viability of the application is assessed by comparing the residual land value of the proposed development / costs with an appropriate developer's profit. The DP can be considered as the value below which a reasonable landowner is unlikely to release a site for development. If the developer's profit is below the industry standard 15% of total costs, it is considered to be a commercial unviable venture to the risks involved in construction and development. With developments of this nature costs can increase during the development period or sale values can fall. Both of these would result in a fall in developers' profit.

The residual land value of the proposed development is arrived at by summing the revenues derived from the development and deducting from these the costs of development (including an appropriate profit allowance).

There are a number of different approaches adopted in order to reach an acceptable DP depending on site specific factors such as whether there are any existing buildings and the planning history and potential of the site.

There are documents that provide guidance on developers profit such as that detailed below:

- The Royal Institution of Chartered Surveyors (RICS) – Financial Viability in Planning Guidance Note (1st Edition, April 2012); and

6 Viability Appraisal Assumptions

We consider below the assumptions adopted within the viability appraisal attached as Appendix 2.

This includes; development Phasing & Timescales. We briefly detail below the estimated construction and sales programme adopted within the appraisal:

Private Residential Values. We have undertaken research of residential values in the local and surrounding areas. Based upon the comparable evidence we have adopted the following estimated sales values:

Gross Development Value

Residential From our comparable data, we have adopted an average sale price of £212 per sq ft, as calculated below.

One bedroomed - £87,711 (allows for affordable element).

Two bedroomed - £155,250.

Costings

We have been provided with contractors pricing for the proposed development by Atkins Building Services, dated 11 October 2021 at £1,850,000.00 and £1,900,000.00 and have adopted accordingly to reflect a third party assessment to complete the proposed development.

Timescales

In undertaking a residual appraisal, we have adopted the approach of a third party purchaser and allowed for a one months pre construction lead in period with a further three months completion and a total sales period of 18 months. This is considered conservative as a sale may be achieved prior to this. We have proceeded on the assumption that the effects of the coronavirus, will not affect the development progressing in term of building materials and supplies.

Developer's Profit; For a commercially acceptable development to proceed, a level of return is required by the developer which reflects the risk of development. In the current market, an acceptable return for a development of this nature is approximately 15% of the total costs.

We are of the opinion that these profit levels will be required in order to secure the funding required by a developer to deliver the project. We have applied this level of profit within the appraisal.

7 Viability Results & Conclusions

We attach the viability appraisal summary at Appendix 2. We detail below the results of the appraisal based upon the inputs set out above.

Gross Development Value	£3,000,000
Acquisition Costs	£52,131
Construction Costs (adopted) Further allowance made for professional fees works, warranties and contingency.	£1,771,825
Finance @ 8%	£224,813
Sale / legal Fees/promotion	£60,560
Profit on Cost @ 15%	£391,727

Residual Value	£502,184
Say,	£500,000

The appraisal demonstrates that based on expected sale prices, costs and a normal return of developers profit an additional off site contributions would make the proposed scheme commercial unacceptable to proceed, as a negative land value may be achieved.

The Developers profit has been adopted in accordance with published guidance on the financial viability in planning process.

The viability appraisal therefore demonstrates that the scheme cannot viably afford to provide any open space or other additional enhancement contributions. Any requirement for open space contribution on the site or other financial contributions in lieu of this will make the scheme undeliverable at the current time.

8 Profit Margin with no contributions and Sensitivity Analysis

Development site values/residual valuations are inherently volatile and increases or decreases in build costs and sales values can have a dramatic effect on residual value. We have undertaken a sensitivity analysis which illustrates a range of residual values for increases/decreases in build costs and sales values in 5% incremental changes and the effect on profit and cost. It should be noted that residual appraisals are by their nature sensitive to variables and as such if remaining costs increase by 5%, the site value will decrease to £415,000 and developers profit to 11%.

9 Viability Results and Conclusions

Based upon the findings herein the development produces a developer's return of 15%, which any return below this would be considered a commercially unacceptable level.

The developer's profit has been adopted in accordance with published guidance on the financial viability in planning process.

The comprehensive viability modelling has shown that the scheme cannot viably afford to provide any open space contribution or enhancements required by various departments whilst providing the other benefits and allowing for a competitive market return to the developer to enable the development to be delivered.

We trust that the above is clear but please do not hesitate to contact us should you require anything further.

Appendix 1

Plans – overview





**Artist illustration
North West view**



**Artist illustration
South West view**



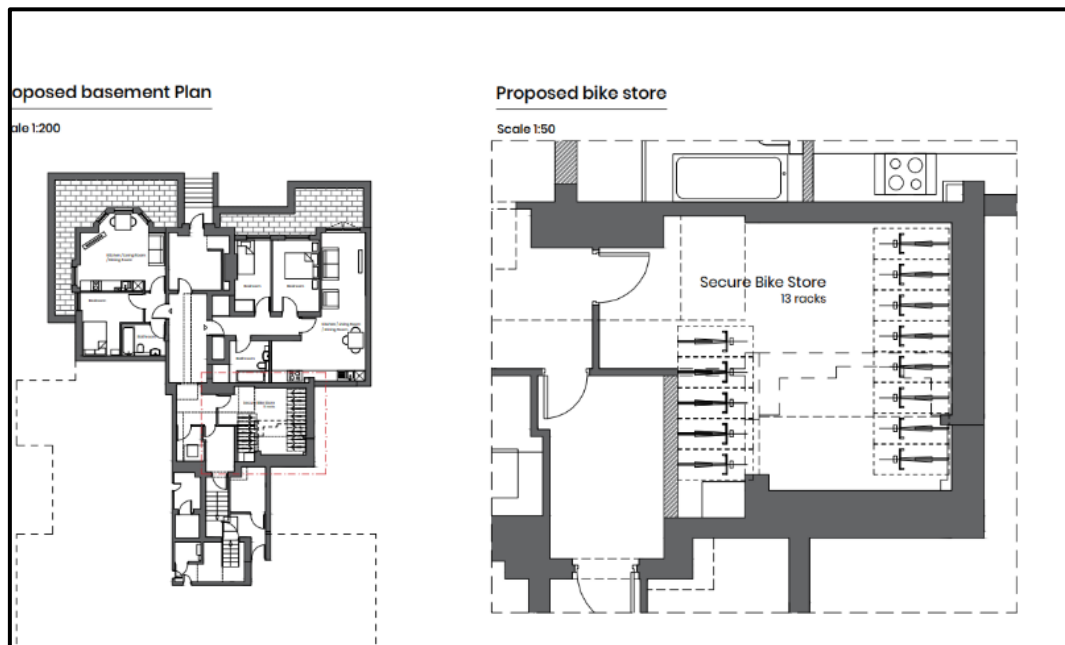
Artist illustration
Front Aerial view



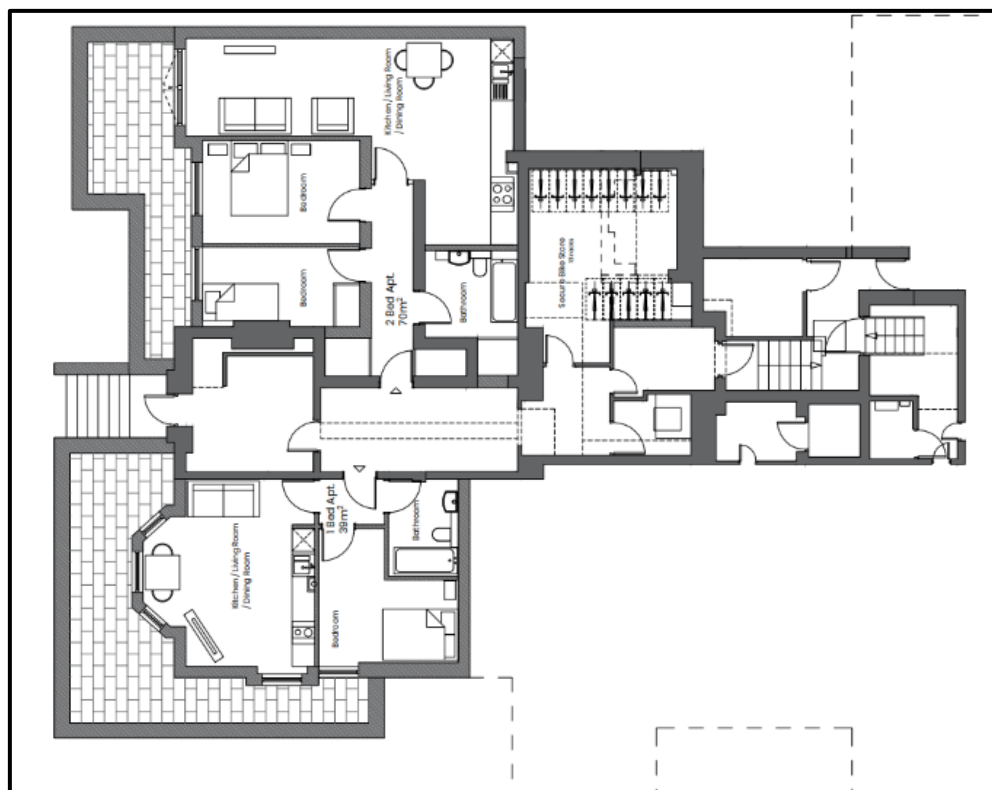
Artist illustration
Rear Aerial view



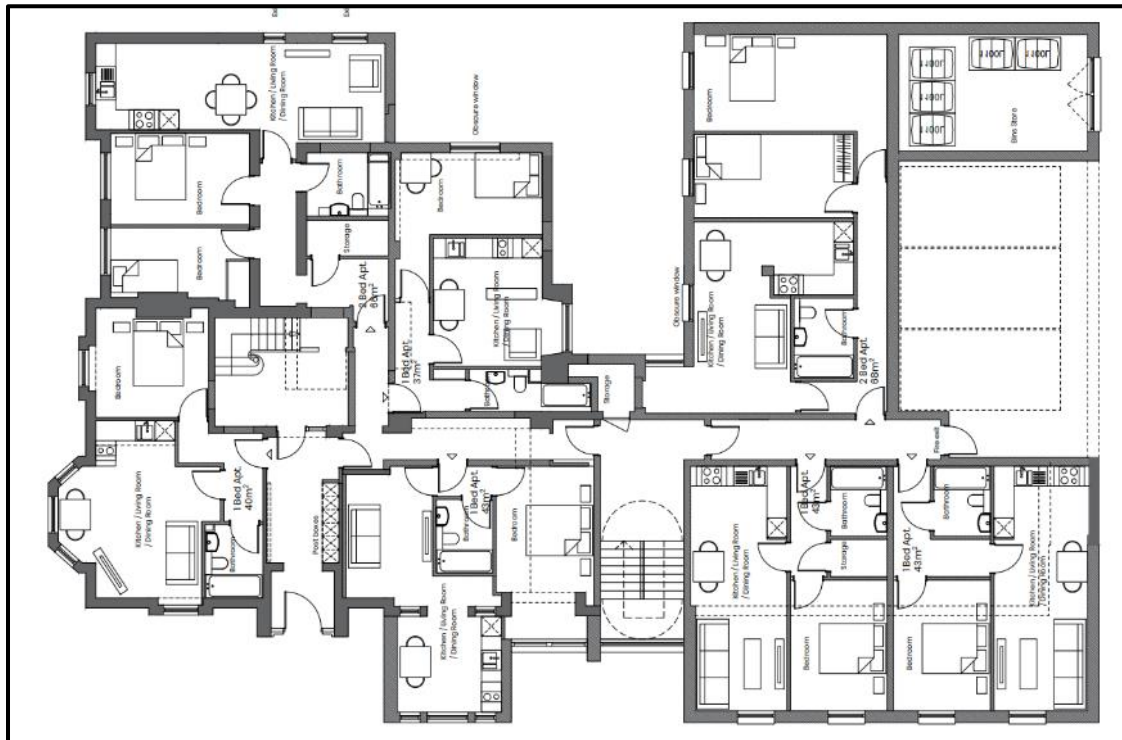
Proposed landscape and boundary



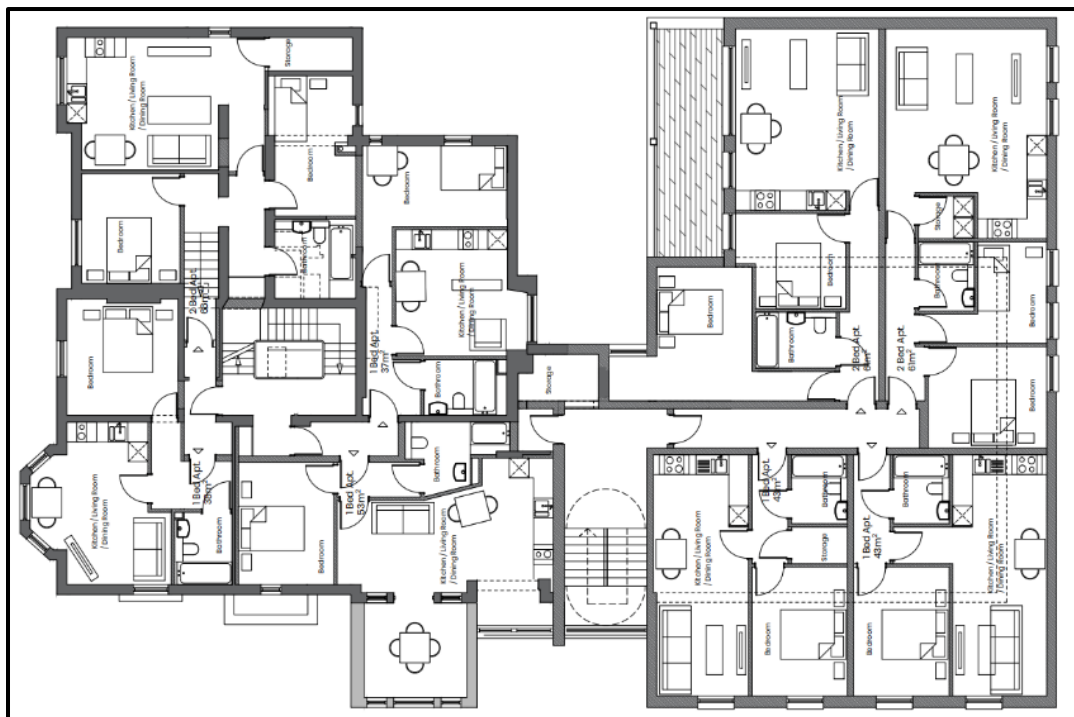
Basement and bike store



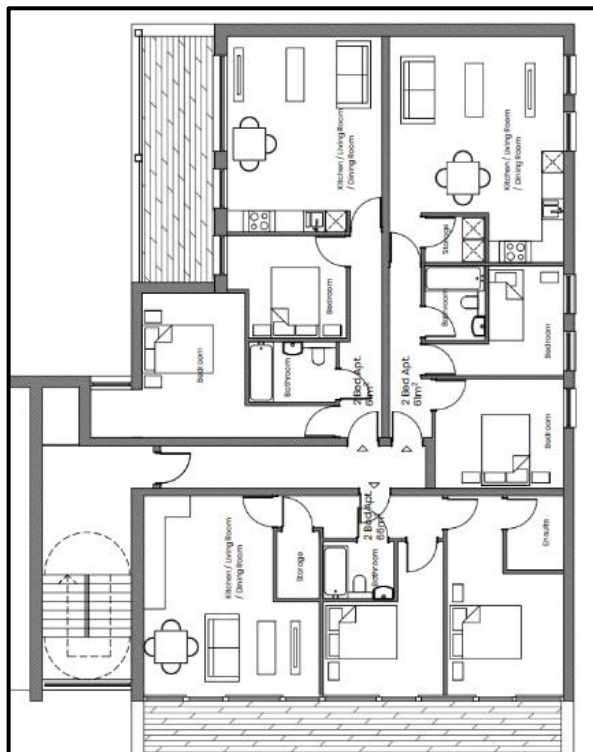
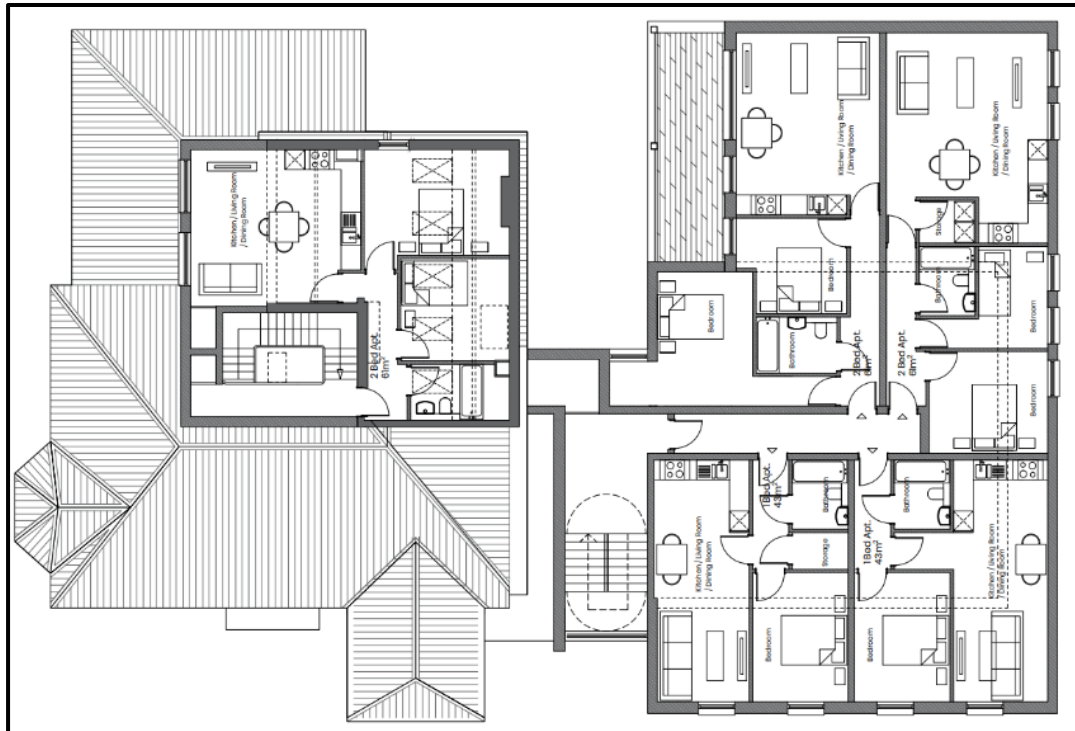
Lower ground floor



Ground floor



First floor



Second floor

Chartered Surveyors & property consultants

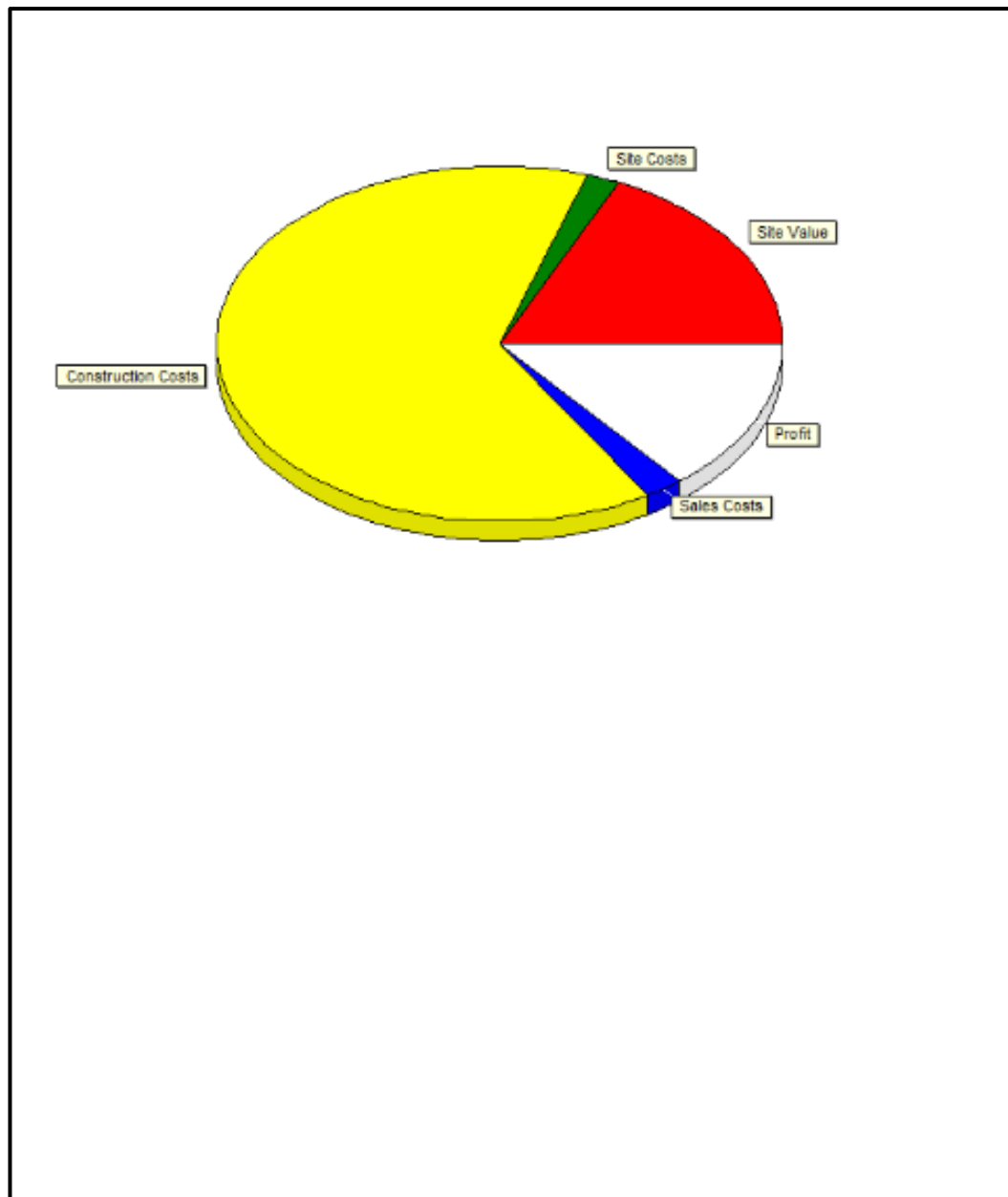
Offices in Manchester and South Manchester

JA Property Consultant Limited t/a Evaluate is registered in England and Wales (registered number 12433090) and is regulated by RICS (regulation number 842059).

Appendix 2

Residual appraisal

Development Appraisal					
T & A Textiles and Hosiery Limited					
8 Polygon Road, Crumpsall, Manchester, M8 5DD.					
Residential					
25 flats					
13 x 1 bed	5,038 sq. ft	at	£200.00	£1,007,600	
12 x 2 bed	8,280 sq. ft	at	£225.00	£1,863,000	
2 x 1 bed affordable	829 sq. ft	at	£160.00	£132,640	
Total	14,147			£3,003,240	
Value					£3,003,240
Total Residential Value					£3,003,240
Net Development Value					
					£3,003,240
Site Costs					
Site Value		acres		£502,184	16.72%
Stamp Duty	4% of	£502,184		£20,087	0.67%
Legal Fees	1% of	£502,184		£5,022	0.17%
Site Agency Fees	1% of	£502,184		£5,022	0.17%
Site Survey				£2,000	0.07%
prelims				£5,000	0.17%
planning				£15,000	
Total Site Costs				£554,315	18.46%
Construction Costs					
25 flats	£102.50	14,147 sq. ft		£1,450,000	48.28%
Utilities				£15,750	0.52%
Professional Fees	10% of	£1,450,000		£145,000	4.83%
Contingency	10% of	£1,610,750		£161,075	5.36%
Total Construction Costs				£1,771,825	59.00%
Sales Costs					
Letting Fees	15% of				0.00%
Legals on Lettings	5% of				0.00%
Agents Sale Fees	2% of	£3,003,240		£45,049	1.50%
Agents Legal Fees	0% of	£3,003,240		£10,511	0.35%
Promotion				£5,000	0.17%
Total Sales Costs				£60,560	2.02%
Finance					
Build Costs	70.000% of +BUILD+BUILD	8.000%	29 mths	£177,875	
Land	50.000% of +SITEVALUE	8.000%	29 mths	£46,937	
Equity		0.000%		£0	
Total Finance				£224,813	7.49%
Total Development Costs					£2,611,513
Net Profit					£391,727



Appendix 3



The Old Post Office,
7 Market Street,
Denton,
Manchester M34 2JL

T. 0161 336 9688
F. 0161 320 3393
E. enquiries@atkinsbuilding.com
W. www.atkinsbuilding.com

Our Ref EST111021/DBA/df

11 October 2021

Studio Tashkeel Architecture
89 Princess Street
Manchester
M1 4HT

For the Attention of Muthahar Khan

By e-mail – m.khan@studiotashkeel.com

Dear Sis

BUDGET ESTIMATE – EST111021

Re: T & A Textiles, 8 Polygon Road, Crumpsall

Further to our site meeting last week at the above property we have now overviewed the planning drawing that we received from yourself. Considering the present condition of the existing building and the overall total square meterage of the whole project relating to the formation of 25no apartments, excluding specification and structural drawings, and based on our experience of previous contracts and 1300 square metres for 25 apartments plus common areas our budget costs would be in the region of:-

£1,850,000.00 and £1,900,000.00 – One million eight hundred and fifty thousand pounds to One million nine hundred thousand pounds.

No allowances have been made for the following

- Professional Fees
- Local Authority Fees
- Utility Company Fees
- VAT

We trust that we have interpreted your requirements correctly however, if you wish to discuss the matter further please do not hesitate to contact the writer.

Yours sincerely

Darren Atkins

Darren Atkins
Managing Director

VAT Registration No 741 1371 64 – Company No 3800050



Registered Builder
Registered No. 77033

Appendix 4

Terms and Conditions of the report

These are the general Terms and Conditions upon which our valuations and report are prepared, unless agreed otherwise in writing or stated otherwise in the body of this report. JA Property Consultant Limited maintains a Complaints Handling Procedure in accordance with RICS guidance. This can be obtained from the office manager.

Bases of valuation

Our report and valuations have been carried out in accordance with The RICS Valuation – Global Standards issued November 2019 being effective from January 2020 incorporating IVSC International Valuation Standards as published by the Royal Institution of Chartered Surveyors (RICS). In accordance with the Standards, we have valued on the basis of Market Value and Market Rent subject to any special assumptions, which are set out herein. The definitions of these valuation bases are given below:

Market Value (MV)

Valuation Standards 3.2 of the Standards defines Market Value as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Market Rent (MR)

Valuation Standards 3.3 of the Standards defines Market Rent as:

"The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing wherein the parties had acted knowledgeable, prudently and without compulsion."

A full commentary on the meaning of and implicit assumptions within these definitions is included in the Standards and we can provide a copy of this on request.

Valuation assumptions

We have made the following assumptions:

- 1 All valuations are carried out in accordance with the Practice Statements and Guidance Notes set out in the terms of the Valuation Standards, 9th edition ("the Standards") published by the Royal Institution of Chartered Surveyors.
- 2 All information supplied to us by your Client, yourselves, or your professional advisers, or any other named party, is assumed to be correct and complete.
- 3 We have not had access to the title deeds of the property and are therefore unable to comment as to whether they are free from, for example, any onerous or unusual covenants, restrictions, outgoings, or statutory notices likely to have an adverse effect upon the value of the property. We have assumed for the purpose of our valuations that none such exist.
- 4 Generally, plans and maps provided for identification purposes only are reproductions of Ordnance Survey maps with the sanction of the Controller of HM Stationery Office, Crown Copyright reserved, and are to a scale of 1:1250 or 1:2500 and provided by Promap.
- 5 All the covenants in any Headleases have been complied with and there are no disputes with the Lessors or notices received from the Lessors or Lessees which would adversely affect the valuation.
- 6 Verbal enquiries have been made to the relevant Planning Authority, where possible, as to the impact of any highway improvement proposals, comprehensive development schemes and other ancillary planning matters that could affect property values. Unless our enquiries have indicated otherwise, it is assumed the property's use is duly authorised or established and no adverse planning conditions or restrictions apply. It should be noted that employees or Town Planning Departments now give information on the basis that it should not be relied upon and the formal searches should be made for more certain information.
- 7 It is assumed that each property is not occupied and used with, nor that the premises have been, or are, being, put to any contaminative use. This might reduce the values now reported.

- 8 In the absence of any information to the contrary, no allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972.
- 9 The Landlord and Tenant Act 1987 gives certain rights to residential tenants to acquire the long leasehold interest in a building where more than 50% of the floor space is in residential use. Where this is applicable we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act and that such tenants have elected not to acquire the long leasehold or head leasehold interest, and therefore any sale on the open market is unrestricted.
- 10 We have not undertaken a building survey and not tested any services or inspected woodwork or other parts of the structure, which are covered, unexposed or inaccessible. Therefore these parts are assumed to be in good repair and condition and the services in full working order.
- 11 We have not arranged for any investigation to determine whether high alumina cement concrete, calcium chloride additive, blue asbestos or any other deleterious or hazardous material has been used in the construction, and we cannot therefore confirm that the property is free from risk in this regard. Our valuation has been prepared on the assumption that any investigation would not reveal the presence of such materials.
- 12 We have not undertaken any site investigation, geological, mining or geophysical survey and therefore cannot clarify whether the ground has sufficient load-bearing strength to support any of the existing buildings or any other constructions that may be erected in the future.
- 13 We have not included plant and machinery not forming part of the service installations of the building. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools. Furthermore, no account of any goodwill, that may arise from the present occupation of the property, is allowed for in our valuation.
- 14 We have not instigated any environmental audit or other environmental investigation or soil survey on the property which may evidence any contamination or the possibility of any such contamination. Therefore we have assumed that there has been no contaminative or potentially contaminative uses ever carried out in the property. Should it be established that contamination, seepage or pollution exists at the property or on any neighbouring land or that the premises have been, or are being, put to a contaminative use (unless stated otherwise in our report) then this might affect the values stated in the report.
- 15
- i There are no abnormal ground conditions, archaeological remains, or hazardous or deleterious materials present which might adversely affect the present or future occupation, development or value of the property;
 - ii The property is free from rot, infestation, structural or design defect;
 - iii No high alumina cement or other currently known prohibited or suspect materials or techniques have been used in the construction of, or any subsequent alterations or additions to, the property;
 - iv The property is not contaminated and is not adversely affected by the Environmental Protection Act 1990 or any other environmental law; and
 - v Any processes carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities and operated in accordance with the licence.
- If any of the above assumptions prove to be inappropriate, then the value of the property concerned may be lower.
- 16 We have not included any allowance in our valuation for works that might become necessary to enable access for disabled persons under the Disability Discrimination Act 1995.
- 17 In respect of commercial premises valued on a yield basis, the Market Value reported is the gross amount paid for the subject interest, less an allowance for standard purchasers costs, calculated as 1.8% in respect of agents' and legal fees, together with stamp duty liability, as follows:

Commercial		Residential	
Up to and incl £150,000	0%	Up to and incl £125,000	0%
£150,001 to £250,000	2%	£125,001 to £250,000	2%
£250,001 and above	5%	£250,001 to £925,000	5%
		£925,001 to £1,500,000	10%

		Above £1,500,000	12%
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- Please note that in certain 'disadvantaged areas' some residential premises benefit from stamp duty relief.
- 18 We have taken no account of any other taxation liability that may arise on disposal, nor of any costs associated with either acquisition or disposal incurred by the owner. In addition, no allowance has been made to reflect any liability to repay any government or other grants or taxation allowance that may arise on disposal.
- 19 We have reported in the body of the report upon the VAT status of the property. Unless stated to the contrary, all rentals and capital values stated are exclusive of VAT at the prevailing rate.
- 20 Our valuation report has been based upon a number of assumptions stated therein. If any assumptions are proved to be incorrect, we wish to reserve the right to alter our opinion of value accordingly.
- 21 Our maximum liability for all advice and services provided in connection with this project both before or after the date of this letter shall not in the aggregate exceed £1,000,000 (one million pounds), per any one claim.
- 22 Where we have been requested to provide an insurance reinstatement cost estimate then, unless otherwise indicated, this exercise has been carried out by reference to RICS BCIS or published data relating to building costs. The figure provided is therefore only a very broad estimate of reinstatement cost, assuming no allowance for unusual ground conditions, removal of dangerous materials or requirement to adopt specialised materials or techniques. It should therefore be used only as a guide.
- 23 JA Property Consultant Limited maintains a complaints handling procedure as regulated by the RICS. Please contact the office manager for full information.
- 24 We have not reflected the Equality Act 2010 or an asbestos risk or current fire risk or regulations.
- 25 Compliance with Statutory Matters. We have not been advised as to whether all the current safety regulations have been undertaken, for example that all fire safety regulations such as smoke alarms are in place. We have proceeded on the assumption that all compliance regulations have been met and that there are no outstanding matters, however would recommend your solicitors confirm this.