VALUATION
   - of -
XXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXX
XXXXXXXXXX
XXXXXXXXX
   - for -
XXXXXXXXXXXXXXXXXXX

1.00 INSTRUCTIONS
1.10 Scope of Instructions

In accordance with the attached letter of instruction and Conditions of Engagement dated XXXXXXXXXXXXXXX to XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX to inspect the above premises and prepare a Report & Valuations advising on the Market Value of the Freehold Interest, subject to the existing Lease, and the Market Rental Value for XXXXXXX purposes.

The Valuation Date to be assumed is at the date of our inspection.

This Report & Valuations have been carried out in accordance with the R.I.C.S. Valuation Standards (April 2010). We understand that a Market Valuation and Market Rental Valuation are required as defined below:-

The Market Value is defined in these Valuation Standards 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.’ We understand that you require a Market Valuation of the Freehold Interest, subject to the existing Lease (as described at Paragraph 2.00 Tenure below).

The Market Rental is defined in these Valuation Standards 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 knowledgeably, prudently and without compulsion.’ The Lease terms are to be as described at Paragraph 2.00 Tenure below.
1.20 **Scope of Inspection**

The premises were inspected on XXXXXXXXXXXXX and, at the time of the inspection, were occupied by XXXXXXXXXXXXX for his XXXXXXXXXXXX business.

2.00 **TENURE**

We have assumed that the premises are Freehold and they are not subject to any onerous restrictions or covenants.

We have been provided with a copy of a Law Society Business Lease (copy attached) in respect of the letting of the premises to XXXXXXXXXXXXX with effect from XXXXXXXXXXXXX to XXXXXXXXXXXXX. As far as we can ascertain, XXXXXXXXXXXXX is continuing to occupy the premises on the same terms, except that we have been advised the current rental now amounts to £XXXXXXX per annum. In arriving at the Market Value below, we have assumed that XXXXXXXXXXXXX has a Secure Business Tenancy which is regulated by the Landlord and Tenant Acts (as amended).

3.00 **DESCRIPTION**

3.10 **Construction History and Situation**

The premises comprise a single storey factory building believed to have been built of part brick and part timber frame under a pitched slate roof in about 1865/70 and was purchased in about 1930 by the XXXXXXXXXXXXX and used as a XXXXXXXXXXXXX.

The premises are located fronting XXXXXXXXXXX Street in a secondary position, in an established mixed and improving residential/commercial area just off the top of XXXXXXXXXXX Street, within walking distance of the centre of the large market town of XXXXXXXXXXXXX where all usual facilities are available. The premises occupy a rectangular shaped site with narrow frontage onto XXXXXXXXXXX Street and frontage to the rear onto XXXXXXXXXXX Road.

3.20 **Accommodation**

The accommodation comprises the following:-

3.21 **Toilet Block**

Constructed partly of 100mm Fletton brick and partly of timber frame and boarding under mineral felt flat roofs and comprising a Wash Room with two wash hand basins with electric hot water heater over and 2 no. W.C. cubicles.
3.22 **Store** - attached to the Toilet Block – *(locked and not available for an inspection)*

3.23 **Factory**

The main premises comprises a single span building (measuring about 36.75m x 6.40m internally) temporarily divided into 2 no. work areas with Store Area to rear (currently used as a XXXXXXXXXX) and 2 no. small partitioned Offices to the centre area. The building has an eaves height of about 3.9m (12’9’). The original building is built of timber frame stanchions with 225mm solid brick plinth walls with metal framed single glazed windows to the sides under a timber trussed pitched roof having a natural slate covering. There is a concrete floor and 225mm solid brick front and rear gable walls and painted timber weatherboarding above the windows up to the soffits. There is a metal roller shutter door to the front providing a recessed entrance with a maximum eaves height of 2.4m.

The Factory has a Net Internal Floor Area measured in accordance with the R.I.C.S. Code of Measuring Practice (6th Edition) of about 235m² (2,530ft²).

3.24 **Outside**

The property occupies a rectangular shaped site as shown edged red on the attached extract from the Ordnance Survey Sheet (scale 1/1250). The boundaries have been shown for identification purposes only based upon the plan supplied to us and have not been verified with the Title Deeds. The site has a frontage of about 6.1m to XXXXXXXX Street, about 8.0m to XXXXXXXXX Road and an area of about .04 hectare (.11 acre).

There is a yard area to the front of the premises laid to concrete bays which provides space for car parking or storage. There is a narrow concrete path along the side of the premises and also to the rear. The rear of the premises is some 700mm/1100mm above the yard to the adjacent premises and XXXXXXXXXX Road and the boundary to the rear with XXXXXXXXXX Road is formed by a 2m height 225mm solid red brick wall.

3.25 **Services**

We understand that the main services of electricity (3 phase), water and drainage are connected to the premises. Mains gas is not connected to the premises, although we understand mains gas is available within the locality.
3.26 **Outgoings**

From an enquiry to XXXXXX District Council (Business Rates Department) we understand that the premises are assessed for Business Rates and Rateable Value (2010 Revaluation) is £XXXXXX. The premises are described in the Valuation List as “Warehouse”.

4.00 **CONDITION**

We have not carried out a Building Survey nor have we inspected those parts of the property which are covered, unexposed or inaccessible and such parts are assumed to be in good repair and condition.

This Report does not purport to express an opinion about or advise upon the condition of uninspected parts and should not be taken as making any implied representation or statement about such parts.

The property has not been improved for many years and is in need of substantial renovation. The slate roofs have numerous chipped slates and some slipped slates. There is evidence of rising and penetrating damp to the brick plinth walls and spalled brickwork to the rear gable wall. There is no central heating to the premises and the toilet facilities are very basic. Internal and external decorations are generally poor.

Under Clause 5.1 of the Lease, the Tenant is to “maintain (the premises) in no worse state and condition”. A Schedule of Condition (with photographs) is understood to be attached to the Lease which presumably acts as the benchmark for this Clause, although we have not been provided with a copy.

5.00 **PLANNING**

We have assumed that the premises have an established use classified as Class B1 (Light Industrial) under the Town and Country Planning (Use Classes) Order 1987.

From our enquiries to XXXXXX District Council (Planning Department) we understand that the building is not Listed.

Babergh District Council Local Plan Alteration No.2 (2006) has a general note at Paragraphs 7.4 & 7.5 which states:­

‘Some buildings are not Listed but of local interest. These make a positive contribution to visual amenity and character. Sympathetic new uses will be sought for non-listed buildings of local interest in order to enable their retention’.
The property and site does offer scope for potential redevelopment although, if alternative uses are to be pursued, the Planning Department have advised the above policy would be applied.

6.00 VALUATION

We are of the opinion that the Market Value of the Freehold Interest, in its present condition, subject to the existing Lease, for XXXXXXXX purposes, is in the region of £XXXXXXXX (XXXXXXXXXXXXXXXXXX)

We are of the opinion that the Market Rental Value of the premises on the assumption of the continuing Lease terms as described above, is in the region of £XXXXXXXX (XXXXXXXXXXXXXXXXXXXXXX) per annum.

In arriving at the Valuation figures above, the comparable and investment methods of Valuation have been used to assess the Market and Market Rental Values. The premises are unique due to their type, size and location and, in arriving at the Market Value above, we have had difficulty in finding any direct comparison evidence. Our Valuation has been arrived at using indirect comparison evidence which has been adjusted appropriately. These factors have also been taken into consideration when arriving at the Market Valuation and Market Rental Values above.

The premises are in need of substantial renovation and this has been taken into consideration when arriving at the Market Value above.

As indicated at Paragraph 5.00 above, the premises do offer scope for potential redevelopment. However, in the absence of any redevelopment proposals, we have not been able to reflect this in the Market Value above and have assumed that the premises continue to be used for similar commercial uses.

There has been a decline in commercial capital values over the last 12 months due to uncertainty in the commercial (and residential) property market, due to lower levels of activity and volumes of transactions resulting from the ‘credit crunch’. In addition, the availability of loan finance from Banks and Finance Companies for investment or redevelopment projects has become more restricted as a result of more rigorous lending criteria. Despite falling Bank base rates (reduced on 5th March 2009 to 0.5%) which now stand at their lowest level since 1955, the uncertain economic outlook for both the national and local commercial property market is continuing.

In arriving at the Valuation above, no allowance has been made for Value Added Tax or Capital Gains Tax arising on the disposal of all or part of the premises.
7.00 CONTAMINATION

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have ever been carried out in the property. We have not carried out any investigation into past or present uses, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the property or on any neighbouring land, or that the premises have been put or are being put to a contaminative use, this may greatly reduce the Values now reported.

We have not seen the Health and Safety Management Plan for any possible asbestos containing materials in the premises. You should obtain a copy of this to ensure it complies fully with the Control of Asbestos at Work Regulations 2002 and present Health and Safety legislation.

8.00 FIRE SAFETY

We have not been made aware of a Fire Risk Assessment for the premises and, in arriving at the Market Valuations above, have assumed that the premises comply with the relevant Regulations and Legislation.

9.00 ACCESS

We have not been made aware of an Access Audit for the premises and, in arriving at the Market Valuations above, we have assumed that any adaption required to the premises to comply with the Access Provisions of the Disability Discrimination Act 1995 will not be onerous and adversely affect the Market Values of the property. We noted that there is no designated disabled W.C. accommodation.

10.00 GENERAL

This Report is prepared for your sole use as set out under Paragraph 1.10 above and is confidential to you and your Professional Advisers. We accept no responsibility whatsoever to any other parties. Any such parties that rely on the Report do so at their own risk.
Neither the whole nor any part of this Report or reference to it may be included in any published document, circular or statement, nor published in any way without our written approval of the form and context in which it may appear.

This Report and Valuation may be subject to monitoring under the R.I.C.S. Conduct and Disciplinary Regulations to verify compliance with the R.I.C.S. Valuation Standards.

We confirm that our Mr. G.N. Harcourt-Powell has previously inspected the premises on XXXXXXXXXXXXX to provide a Report and Valuation for XXXXXXXXXXXXXXXXXXXXX.

The premises were inspected by G.N. Harcourt-Powell Esq., FRICS, for and on behalf of Harcourt-Powell Ltd., Chartered Surveyors, who we confirm has relevant local knowledge and experience in valuing commercial premises.

Date G.N. Harcourt-Powell Esq., FRICS
Director
for and on behalf of Harcourt-Powell Ltd
Chartered Surveyors & Valuers
SUDBURY : SUFFOLK

(Acting as External Valuers as defined in the R.I.C.S. Valuation Standards).