

COMMERCIAL PROPERTY INSTRUCTION TERMS AND CONDITIONS OF ENGAGEMENT

J & E Shepherd



To:

Date:

Dear

We write to confirm your instructions to inspect, report upon and value the property at: -

PROPERTY TO BE VALUED:

INTEREST TO BE VALUED: Heritable (Scottish equivalent of English Freehold) interest.

PURPOSE OF VALUATION:

The instruction is based on the following information and is subject to the undernoted Terms and Conditions of Engagement.

INSTRUCTING PARTY:

CLIENT:

PRICE QUOTED/AGREED: Not Applicable

CLASSIFICATION OF PROPERTY:

STATUS OF VALUER: RICS Registered External Valuer

DATE OF VALUATION: As at date of Valuation Report

SPECIAL ASSUMPTIONS: As contained within our Valuation Report

INFORMATION TO BE RELIED UPON: As contained within our Valuation Report

ACCESS ARRANGEMENTS:

FEE £ exclusive of VAT plus any agreed additional costs/fees associated with separate specialist investigations.

Unless otherwise agreed, the fee invoice will be made out in the name of the instructing party who will be liable for payment. It is expected that payment will be received within 30 days of issue.

In the event of our fee for the services provided in terms of this Contract, V.A.T thereon and/or outlays incurred on your behalf in connection therewith not being settled within our standard settlement terms of 30 days, we reserve the right:-

1. To instruct Solicitors, Debt Collection Agents or other third parties to endeavour to collect said fees, V.A.T. and outlays for us. It is a specific condition of our accepting instructions from you that in the event of said Solicitors, Debt Collection Agents or third parties being instructed by us, you will be liable to reimburse us for the whole fees and other costs charged by them to us and thereby incurred in that connection; and
2. To exercise our statutory right under the Late Payment of Commercial Debts (Interest) Act, 1998 as amended by the Late Payment of Commercial Debts Regulations, 2002 and any subsequent legislation to claim interest and compensation for debt recovery costs under such legislation.

THE VALUER: J & E Shepherd, Chartered Surveyors at the address shown above.

Terms and Conditions of Engagement

The Valuer shall inspect the property to be valued and shall provide a written report and valuation. Unless the property is to be valued as part of an operational entity the valuation shall not include trade fixtures and fittings, tenants improvements, plant and machinery unless specifically agreed in writing.

Following discussion with the instructing party and/or client it is understood that the valuation is required for . On this understanding the Valuer will assess the valuation on the basis of .

The valuation will be undertaken in accordance with the RICS Valuation - Professional Standards January 2014 edition incorporating the IVSC International Valuation Standards. Compliance with these standards may be investigated by the RICS for the purposes of administration of the Institutions conduct disciplinary regulations.

The valuation report is prepared solely for the use of . No responsibility is accepted to any other party for the whole or any part of its contents. It may be disclosed to another professional advisor assisting in respect of the purpose for which this valuation is prepared. Neither the whole nor any part of the Report, nor reference thereto may be included in any published document, without the Valuers written approval over the form and context in which it may appear.

Signature:

Date:

DEFINITION OF VALUE

The agreed basis of valuation is MARKET VALUE, which is defined in the RICS Valuation Standards and is reproduced below.

Market Rent

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.

Market Value

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.

Existing Use Value

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.

Worth and Investment Value

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

Fair Value

The estimated price for the transfer of an asset or a liability between identified knowledgeable and willing parties that reflects the respective interests of those parties.

SCOPE OF WORK AND VALUATION ASSUMPTIONS

REPAIR AND CONDITION

Our written report constitutes a valuation and not a building survey. Comments, if any, on the physical condition of the foundations, walls, floors, ceilings, roof or roof voids, roof coverings, chimneys, gutters, drains, pipes, tanks and services etc., must be read in this context.

If further information is required a separate survey with respect to these items or to other parts of the property related thereto must be specifically instructed in writing.

Woodwork or other parts of the property, which were covered, unexposed or inaccessible, have not been inspected and we are therefore unable to report that such parts of the property are free from rot, beetle or other defects.

In the absence of any information to the contrary, we have assumed that:

- there are no abnormal ground conditions, nor archaeological remains present which might adversely affect the current or future occupation, development or value of the property.
- no currently known deleterious or hazardous materials including but not limited to composite panelling have been used in the construction of, or subsequent alterations or additions to, the Property; and
- the services, and any associated controls or software, are in working order and free from defect.

STATUTORY ENQUIRIES

We have not secured a written planning history from the local authority nor have we made formal enquiries to other relevant bodies. The information contained within our report therefore represents our findings based on verbal enquiries with the relevant statutory bodies and investigations thought appropriate. Whilst the information provided is taken to be accurate, we have assumed that a full planning history and further formal enquiries will be conducted by your legal advisors. Any discrepancy should be immediately notified to ourselves in order that we may advise whether this may impact our valuation(s) reported.

Unless stated otherwise within our report, and in the absence of any information to the contrary, we have assumed that:

- all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;
- the property is not adversely affected by town planning or road proposals.
- all alterations, additions or extension to the property have received all necessary Town Planning Consents, Building Authority Approvals (Building Warrants) and Completion Certificates.
- the property complies with all relevant statutory and local authority requirements, including but not limited to Fire Regulations, The Disability Discrimination Act, The Control of Asbestos Act, The Licensing Scotland Act, Health and Safety Regulations, Environmental Health Regulations and similar.

FIXTURES & FITTINGS

Unless otherwise specified the following items are excluded; except in the case of Trading Related valuations where they are specifically included, unless stated to the contrary:

All items of process plant and machinery, tooling and other equipment not primarily serving the building, cranes, hoists, conveyors, elevators, structures which were ancillary to, or form part of an item of process plant and machinery, sewerage plant primarily concerned with treating trade effluents, air conditioning forming part of a computer installation or primarily serving plant.

In the case of trading related valuations, all items of trade equipment and fittings currently present within the property that are necessary for the continued operation of the business are assumed to be owned outright (unless otherwise stated) and included with the sale of the business. No tests have been undertaken to establish the operation of the trade fixtures and fittings which are assumed to be in good working order.

INFORMATION SOURCES

All information provided to the valuer by the client and/or the client's professional advisors or any other party is assumed to be complete and correct.

TITLE, TENURE AND TENANCIES

It is assumed that there are no encumbrances or unduly onerous restrictions, easements, outgoings or conditions that would have an adverse effect upon the value of the property and that a good and marketable title is held.

We do not generally have access to all leases, title deeds, or other legal documents relating to the property.

Any information recorded in this report represents our understanding of the relevant documents provided. We should emphasise that the interpretation of the documents of title (including relevant deeds, leases and planning consents), is the responsibility of your legal advisor.

Unless otherwise stated and in the absence of any information to the contrary, we have assumed that:

- There are no tenant's improvements that will materially affect our opinion of the rent that would be obtained at rent review or lease renewal.
- The tenants will meet their obligations under their leases and are responsible for insuring the property or reimbursing the cost of insurance to the landlords, payment of business rates, and all repairs, whether directly or by means of a service charge.
- There are no user restrictions or other restrictive covenants in leases which would adversely affect value.
- Where appropriate, permission to assign the interest being valued would not be withheld by the landlord.
- Vacant possession can be secured for all accommodation let on a temporary basis, serviced occupancy etc.

Where we have not conducted credit enquiries on the financial status of any of the tenants, we have, reflected our general understanding of the likely perception of tenants in the marketplace. Accordingly, purchasers should satisfy themselves of the financial strength of the tenants prior to purchase.

GROUND AND ENVIRONMENTAL INVESTIGATIONS

We will not carry out or commission a site investigation or geographical or geophysical survey. We will, therefore, not be able to give any opinion or assurance or guarantee that the ground has sufficient load bearing strength to support any of the existing constructions or any other constructions that may be erected in the future. We also cannot give any opinion or assurance or guarantee that there are no underground mineral or other workings beneath the site or in its vicinity nor that there is any fault or disability underground that might affect the property or any construction thereon.

We will not undertake or commission an environmental assessment to establish whether contamination exists or may exist. We will not carry out any detailed 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 of the subject property from these uses or properties.

Therefore, for the purposes of our report, unless definitive information to the contrary is made available to us, we will normally assume that no contamination exists in relation to the property which would affect value.

If, during the course of our inspection and subsequent enquiries for valuation purposes, or through our knowledge of the locality, we become aware of any matters which may indicate the likelihood of, or potential for, contamination of the subject property, these will be stated in the report.

Should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the value(s) set out in the report. You should therefore inform us of this immediately and we will reconsider our opinion of value accordingly.

REINSTATEMENT COST ASSESSMENT

Any reinstatement figure indicated within the report is provided for guidance purposes only, as a formal estimate for insurance purposes can only be given by a Quantity Surveyor or other person with sufficient current experience of replacement costs.

Unless otherwise stated, the calculation is based upon the building in its present form including the cost of demolition, site clearance and professional fees but excluding:

- VAT
- Loss of rent or turnover
- Cost of alternative accommodation for the reinstatement period.
- Any other consequential loss.

TAXATION

We have not been advised whether the property is elected for Value Added Tax (VAT). For the avoidance of doubt, all values stated in the report are exclusive of VAT and take no account of any liability for taxation that may arise upon the disposal or acquisition of the property.

SITE BOUNDARIES

The boundaries markings highlighted on appended plan(s) indicate the approximate extent of the site inspected as understood or as indicated to us during our visit to the property. No guarantee can be given as to whether this corresponds to that over which the title is held. It remains the responsibility of your legal advisor to confirm the legal boundaries and title applying to the property.

Should any of the assumptions or any additional stated assumptions prove to be incorrect (or inappropriate), we reserve the right to revise our opinion(s) of value accordingly.

The foregoing Instruction Acknowledgement and Conditions of Engagement sets out the basis upon which we are to prepare our report and valuation of the property at **Property To Be Valued**.

Please check that these incorporate your instructions and if we do not hear from you by return, we shall assume that all matters are in order and we will proceed with our inspection.

If appropriate, please pass a copy of this Instruction Acknowledgement and Conditions of Engagement to your client.

To comply with the regulations of the Royal Institution of Chartered Surveyors this firm has a written complaints procedure.

Yours faithfully

J & E Shepherd

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