

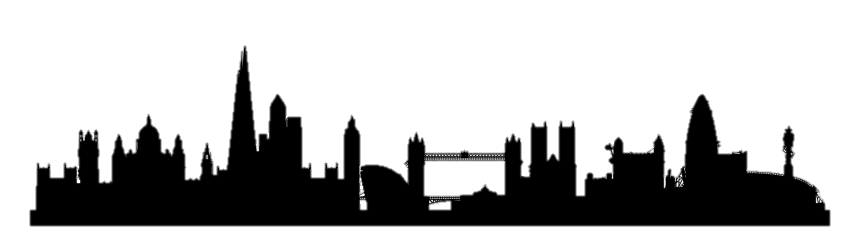
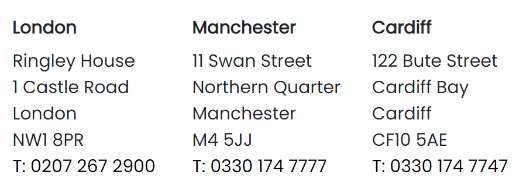
**Date of Valuation: [Enter Date] 2022**

**Prepared on behalf of: [Enter Full Lender Name and Address]**

# Property Address

Report and Valuation

Report and Valuation



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|  |  |
| --- | --- |
| **Executive Summary** | |
| Property Address: | Property Address |
| Client: |  |
| Borrower/ Applicant: |  |
| Date of Valuation: | [Enter Date] 2022 |
| Tenure: | Freehold / Long Leasehold Title (Title No. (Insert Title No.)) |
| Tenancies: | £ |
| Location: | Describe location |
| Description: |  |
| Construction Type/Age: |  |
| Planning Use: |  |
| Floor Area: | m2 (sq. ft) |
| EWS1 Requirement: | Yes/No |
| Market Value: | £ (market value) |
| Market Value  on the special assumption of vacant possession: | £ |
| Market Value  on the special assumption of a 3 / 6/ 9 month marketing period: | £ |
| Market Rent: | £ |
| Reinstatement Value: | £ - guidance purposes only, excluding any VAT |
| Letting Period: | Commercial 6 to 9 months  Residential 3 to 6 months |
| Sales Marketing Period: | Commercial 6 to 9 months  Residential 3 to 6 months |
| Legal Action Points: | * Confirm title is clean and readily available for marketing purposes * Confirm tenancy assumptions * Confirm full planning and building regulation assumptions * Confirm all assumptions within the body of this report |
| Specialist Reports | None required for mortgage purposes / We strongly recommend… |
| Suitability for bank security: | We are of the opinion that the property provides suitable security for bank lending for a loan period of up to 25 years, subject to reasonable loan to value criteria. |
| **SWOT ANALYSIS** | |
| Strength: | * Freehold title * Income producing asset |
| Weaknesses: | * The property is located in a secondary location * Basic condition |
| Opportunities: | * Opportunity to refurbish the property to a higher standard * Opportunity to let or sell at market levels |
| Threats: | * Uncertainty surrounding full effects of the rising costs of living on the property market * Global economic climate |
| **This Executive Summary should not be read in isolation and should be considered with our full report.** | |

# Introduction

Toby

## Terms of Instruction

We refer to your instructions dated [insert date] requesting us to prepare a valuation report in respect of the subject property for the purposes of loan security.

This report is subject to the terms set out in the Service Agreement for the Provision of Survey and Valuation Services between [insert lender] and Ringley Limited.

The following valuation has been carried out in accordance with the RICS Valuation – Global Standards effective 31st January 2022, incorporating the International Valuation Standards Council (IVSC), produced by the Royal Institution of Chartered Surveyors (RICS) otherwise known as ‘The Red Book’.

### 

## Date of Valuation

[Enter Date] 2022

## Valuer Declaration

We confirm Ringley Group Limited have acted in the capacity as External Valuers. We confirm that, to the best of our knowledge, we have had no material involvement with the subject property, the applicant or connected parties within the past 18 months which could give rise to a conflict of interest.

We confirm that we possess the necessary knowledge, expertise and experience required to provide the requisite advice in respect of the subject property. That adequate professional indemnity insurance is held and that both the firm and the Valuer are registered under the RICS Valuation Registration Scheme.

## Liability cap

We confirm we hold appropriate Professional Indemnity Insurance for this instruction with liability capped at the lower of 30%/60%/100% (Lender dependent) of the Market Value or the level of our Professional Indemnity Insurance.

## Confidentiality & Disclosures

This report is solely for the use of the client and for the stated purposes only and no liability is accepted to third parties for the whole or part of its contents. No part of this report, nor any reference to it may be made, copied, disclosed, distributed or published in any manner to any other person without prior written approval of Ringley Group Limited of the form and context in which it may appear.

## Currency Adopted

We have adopted pounds sterling (GBP / £) throughout this valuation report.

### 

## Bases of Value

In undertaking our valuation, we have adopted the definitions of Market Value and Market Rent as defined within the Red Book:

**Market Value** The estimated amount for which an asset or liability 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**  The estimated amount for which an interest in real property, should lease 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**.**

|  |
| --- |
| Bases of Value |
| Market Value |
| Market Value on the special assumption of vacant possession |
| Market Value on the special assumption of a 3 / 6/ 9 month marketing period |
| Market Rent |
| Reinstatement Value |

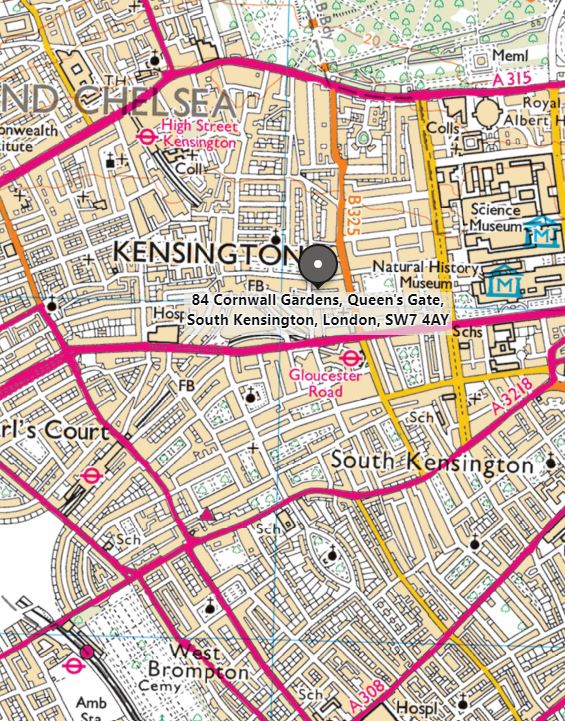
## Inspection Details and Limitations

A full inspection of the property was undertaken by Christopher Georgallis BSc (Hons) MSc MRICS on [Enter Date] 2022. The weather was dry and sunny at the time of the inspection. There were no restrictions to the inspection.

# LOCATION

## Site Map

Below we enclose a location plan in addition to an extract from the Land Registry Plan, showing the approximate boundaries of the property upon which we have based our opinion of value on.



Title Plan: (Insert Title No.)

Location Plan

## Location

Describe location

The subject property is located to a purposes built block off Green Lanes, situated within the desirable North London commuter suburb Winchmore Hill, within the N21 postcode.

Winchmore Hill is located within the London Borough of Enfield, approximately 11 miles north of Charing Cross. Winchmore Hill borders Enfield to the north, Palmers Green to the south and Southgate to the west.

Public transport in the immediate area is good. Winchmore Hill London Overground Station is located within a 10 minute walk of the subject property providing National Rail services into Moorgate. The closest London Underground station is Southgate which is a short bus ride away. Bus services are readily available along Green Lanes itself.

Road connections nearby include the North Circular Road (A406) and the A10 (Great Cambridge Road) which in turn connect to the M25 Motorway to the north. Green Lanes itself provides road links into Shoreditch/ City of London.

Retail and leisure amenities are good. Winchmore Hill provides a good section of coffee shops, public houses, shops, restaurants and a Sainsbury Superstore directly opposite. There is a petrol station adjacent to the building.

# The Property

## Description

The subject property comprises of a first floor two bedroom self-contained flat situated within a wider purpose built residential block dating from 1950’s. The building benefits from a secure entrance and communal parking to the front. The communal areas have been recently refurbished. At the time of inspection, works were being carried out to the external balconies.

Upon entry to the flat, there is a hallway with a WC immediately to the left. A kitchen and a bedroom and a bathroom are located to the left hand side of the corridor. To the right is a double bedroom and the living room. At the time of our inspection, the flat was let on a Standard Assured Shorthold Tenancy (AST) agreement and held as a residential investment.

Generally speaking, the flat was finished to a basic landlord’s specification. The kitchen area included high and low rise storage cupboards, laminate worktops and some integrated appliances such as hob/oven. The bathroom includes a bath unit with a shower attachment, a low flush WC and a sink unit. Flooring was tiled to the kitchen to the bathroom, wooden flooring to the living room and carpet to the bedroom. There is no carpet to the main bedroom. Walls/ ceilings are plastered and painted throughout.

## Photographs

Below we enclose photographs of the subject property.

|  |  |
| --- | --- |
|  |  |
| Subject property | Rear elevation |
|  |  |
| Street scene | Internal accommodation |
|  |  |
| Internal accommodation | Internal accommodation |
|  |  |
| Internal accommodation | Internal accommodation |

## Construction

The main section of the building is of solid brick construction below a laterally pitched roof which sits behind a parapet wall to the front elevation extending to the apex above the second floor. The roof is timber frames with a tile covering and a hip to the rear elevation. The is a three storey section to the original building to the rear, again of solid brick construction and with a flat roof. There was no view of this roof available during our inspection. To the front of the building there is a single storey section with a flat roof above the retail unit.

There are two separate two storey sections to the rear, both of cavity wall construction, one with a flat bitumen felt covered roof and one with a pitched, timber framed slate covered roof with hips to front and rear.

The majority of the external elevations are of exposed brick work with the exception of the upper elevation to the front which has a painted render finish.

The ground floor shop front is of timber framed, single glazed construction.

The windows at the property are modern uPVC sealed double glazed units.

Internally the floors are of suspended timber construction and the majority of the wall are plastered and painted to a finish. The shop unit has a suspended ceiling.

## Age

The subject property dates from…

## Repair and Condition

The property is generally in good condition internally and externally with no visible signs of repairs needed.

We emphasise that we have not undertaken a building survey of the property and should you require a more detailed report upon its structural condition and state of repair, a further inspection and report will be necessary.

Many buildings materials and component parts of structures contain pollutants and hazardous materials, such as asbestos. Awareness of the problems they can cause has increased in recent years and their content in modern products is far less than in years past. As, in most cases, such pollutants and hazardous materials cannot be established from a superficial inspection, we can give no assurances that the component parts of the property do or do not contain such elements.

We are of the opinion that the property has an economic life expectancy in excess of 25 years, subject to normal maintenance and repair.

## Accommodation

The subject property has been measured in accordance with the Code of Measuring Practice (6th Edition) and / or the RICS Property Measurements Second Edition January 2018 incorporating the International Property Measurements Standards (IPMS Offices and Residential). The subject property has been measured in terms of GIA / NIA / IPMS OFFICE / IPMS3A RESIDENTIAL / IPMS3B RESIDENTIAL.

|  |  |  |  |
| --- | --- | --- | --- |
| Floor | Description | Area (m2) | Area (ft2) |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| Total |  | m2 | ft2 |

##### Exclusions and Outside Areas

Balcony –

Garden –

## Current / Proposed User Class

We consider the property to be suitable for its current use as …. There are no other obvious alternative uses for this property other than... We are of the opinion that a purchaser would purchase the property for its existing use.

## 

## Services

All main services are connected or appear capable of connection. The subject property has gas fired combi boiler. This boiler provide heating via radiators in each room and domestic hot water.

We have not tested any of the services and as such for the purpose of this valuation have assumed that they are all of a good operating standard. No allowances have been made for repairs unless explicitly stated elsewhere within this report.

# Statutory Matters

## Town Planning

At the time of our inspection the planning use of the property appeared to fall within Use Class… of The Town & Country Planning (Use Classes) Order 1987 (as amended) which came into force on 1st September 2020.

The London Borough of ------ online planning register indicates that the property has the following recent planning history:

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Reference | Entry | Decision |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

Based on the above planning history…

The property does not meet/ meets the minimum required sizes required by the Local Authority.

We consider that the property has/ has not been constructed in line with the approved planning consent.

We consider the property is / is not being used in line with the consented planning use.

[For Development Reports] The bank should be aware that the planning permission may have been subject a section 106 agreement or CIL Liability. In either case we recommend the bank ensures that any outstanding payments or obligations have been settled.

[For New Build Properties] In the current banking climate many lenders will not provide funding for the purchase of newly converted or built property where the property is not covered by a recognised defect liability warranty e.g. NHBC. Without an approved warranty or certificate being obtained for the proposed new scheme the value of the property could be adversely affected and our opinion of value may be lower than that stated within this report. Your solicitors should verify a defect liability warranty is in place prior to loan.

## Conservation Area and Listed Building Search

The property is/is not located within a recognised Conservation Area. The property is / is not listed under Licence Number -----.

## Highways and Rights of Access

We assume that the street the property is situated on is an adopted road, as there are no indications to suggest otherwise. Your solicitor’s searches should be able to confirm these assumptions and recommend we are notified if the road is not adopted.

## Licensing

We are of the opinion no licensing is needed for the current use of the building.

Or

We have seen a copy of the…

1. HMO Mandatory Licence?
2. HMO Selective Licence?
3. Sui Generis Hmo’s?
4. Alcohol Premises License?

## Building Control and Regulations

We have assumed for valuation purposes that there are no outstanding building control matters affecting the property.

We have not been able to establish whether the person in control of the property has taken any steps towards compliance with the Regulatory Reform (Fire Safety) Order which requires a fire risk assessment for both commercial properties and blocks of flats.   **This should be confirmed through your legal advisors.**

There were no obvious issues notes during the inspection with regard to the Offices, Shops and Railway Premises Act.

The Smoke and Carbon Monoxide Alarm (England) Regulations 2022 came into force on 1 October 2022. Private sector landlords are required from 1 October 2022 to have at least one smoke alarm installed on every storey of their properties and a carbon monoxide alarm in any room containing a solid fuel burning appliance (eg a coal fire, wood burning stove). After that, the landlord must make sure the alarms are in working order at the start of each new tenancy. We note from our inspection that each of the subject flats seen had smoke alarms (not tested).

We have assumed that the properties comply with current Landlord Legislation with regard to the Smoke and Carbon Monoxide Regulations 2022.

All occupiers should be aware that Health and Safety requirements differ greatly according to how the premises are used. We have not made enquiries to ascertain the appropriateness of the premises for their current use or to confirm compliance with regulations.

We have assumed for the purposes of this report that there are no outstanding improvement notices under the Environmental Health and Food Safety Regulations including the Food Safety Act 1990 and the Food Hygiene Regulations 1970 and 1990 or other notices served under appropriate legislation.

**Equality Act:** The Equality Act requires reasonable adjustments to be made in relation to accessibility to buildings and premises. In practice, this means that due regard must be given to any specific needs of likely building users that might be reasonably met. During our inspection we did not note anything that, in our opinion, conflicted with the requirements of the Equality Act.

# Local Taxation

## Business Rates

The following information has been obtained from the Valuation Office Agency’s Website:

|  |  |  |
| --- | --- | --- |
| Description | Rateable Value | Amount Payable |
|  |  |  |
|  |  |  |
|  |  |  |

## Council Tax

The following information has been obtained from online Government data and the local authority website:

|  |  |  |
| --- | --- | --- |
| Property Address | Council Tax Band | Amount Payable for 2022 - 23 |
| Flat 1 |  |  |
| Flat 2 |  |  |
| Flat 3 |  |  |

# Energy Performance Certificate (EPC)

The property of this size and type would require an Energy Performance Certificate (EPC) in the event of a sale, letting sub-letting or renewals. The Energy Efficiency Regulations 2015 make it unlawful to let residential or commercial property with an Energy Performance Certificate rating of below an **E.** As of April 2020 for domestic property and April 2023 for non-domestic property, all existing leases and tenancies will need to meet the minimum requirements. EPC certificates are valid for a period of ten years.

We have researched the online domestic and non-domestic EPC registers as provide the following information:-

|  |  |  |
| --- | --- | --- |
| Property Address | EPC Rating | Expiry Date |
| Flat 1 |  |  |
| Flat 2 |  |  |
| Flat 3 |  |  |

If the assessments meet an E or above:-

The above assessments meet the minimum requirement of an E or above. We have no further recommendations. The benchmarks may have changed since the date of evaluation and therefore up to date assessments may be required.

If the assessments do not meet the requirements of an E or above:-

The above assessments do not meet the minimum requirement of an E or above. We are not qualified to assess the likely costs of improving the EPC rating. We recommend specialist advice is sought in this regard. We strongly recommend the bank stipulate as part of the loan agreement that the borrower carries out the recommend improvements and an up to date certificate showing an E or above is provided.

If no EPC is provided:-

We were unable to source an updated EPC for the subject property. The property is not/ is exempt. We strongly recommend the bank stipulate as part of the loan agreement that the borrower provides an up to date certificate showing an E or above is provided.

OR

This EPC will most likely expire during the term of the proposed loan and therefore we would recommend the bank consider an update EPC showing a rating of at least an E. From 1st April 2025 for new tenancies or 1st April 2028, the EPC must be a C. We recommend the bank monitors this matter going forward and ensures that the necessary improvements are made by the 2025 target date in order to achieve an EPC rating of C or above for each of the flats.

# Environmental Matters

We have not been instructed to make any investigations in relation to the presence or potential presence of contamination in land or buildings, and we have assumed that if such investigations were made to an appropriate extent, then no such contamination would be discovered sufficiently to affect value.

We have not carried out any investigations into the past or present uses of the property or any adjoining or adjacent land to establish whether there is any potential for contamination from such uses or sites. From our inspection of the property and its surroundings, we have no reason to believe that contamination is present. There is no evidence to suggest that there has been a more hazardous use than the current use. Our valuation therefore assumes that the property is unaffected.

However, should it be established subsequently that contamination exists at the property, or on any neighbouring land, or that the premises have been put to any contaminative use, we reserve to right to review our valuation in light of this information.

Check instruction if Groundsure is required and comment upon.

## Asbestos

We have been unable to ascertain whether Asbestos Containing Materials (ACMs) are present at the subject property. We have not been provided with an Asbestos Management plan.

The property is of an age where asbestos based products may have been utilised in its original construction or subsequent alteration.

For the purposes of valuation, we have assumed that no asbestos is present at the property and as a result, no significant capital costs would be identified by any investigation process. However, should the above be deemed incorrect we reserve the right to alter our opinion of value. **Your solicitors should verify the required asbestos reports are provided, if appropriate.**

## Flood Risk

Our enquiries with the Environment Agency’s website indicates the surrounding area and subject property’s risk of flooding each year. We report the following findings:-

Rivers and the Sea ‘Very Low Risk’ Less than 1 in 1000 (0.1%) chance of flooding

Surface Water ‘Very Low Risk’ Less than 1 in 1000 (0.1%) chance of flooding

Flood defences reduce but do not completely eliminate the chance of flooding as they can be overtopped or fail.

Our Market Values are provided on the basis the subject property is capable of being fully insured by reputable insurers at reasonable premiums. If this is not the case then we strongly recommend this valuation report is referred back to us for revision.

## Japanese Knotweed and Invasive Species

For those parts of the site visible we could see no obvious sign of Japanese Knotweed. For the purpose of valuation, we have assumed therefore that the property is free from Japanese Knotweed or other invasive species. However, we have not undertaken a detailed site investigation and cannot state categorically that no such infestation exists.

Or

We did identify what we believe to be Japanese Knotweed within the subject property boundary. We recommend that a specialist company is instructed to carry out a full investigation and the report is provided to us to comment upon.

We did / did not note any large trees within 6 metres of the building perimeter.

## Radon Gas

We have carried out an investigation of the Radon UK Map which confirms the property is / is not within an area affected by Radon Gas. We assume any protection measures are not required.

## Archaeological Remains

We saw no evidence of such remains but we have not made enquiries. Sometimes, however, protection or investigation of such remains is required by relevant authorities and this can result in major expenditure, inconvenience and delay as well as having a detrimental effect to the value of the property.

Our opinion of value assumes no such remains exist but if you are concerned and your further prudent enquiries reveal new information, then this should be referred to us as the value could be affected.

## Coal Mining

We saw no evidence of such but we have not made enquiries. Our opinion of value assumes no coal mining in existence to the subject property but if you are concerned and your further prudent enquiries reveal new information, then this should be referred to us as the value could be affected.

# Tenure

## Title

The property is held on a Freehold / Long Leasehold. It is held under title number (Insert Title No.).

Long Leasehold Only – We have carried out a Land Registry search which confirms the property is held on a term of --- from --- thus has an unexpired term of --- years. Our valuation assumes that the subject flat is held subject to a ground rent of no more than £350 per annum and that there is a service charge liability which we assume is drafted upon non onerous conditions. Furthermore this valuation assumes that the lease is drafted upon standard terms and conditions with no onerous terms.

We assume that the property is not subject to any defect in title, any adverse covenant, or subject to any unusual or other onerous restrictions, rights or outgoings, and that good title can be shown.

For the purposes of this valuation report, it is assumed that there are no outstanding disputes with the neighbouring occupiers. Moreover, it is also assumed that there are no wayleaves or easements granted in favour of the subject property, or, indeed, any neighbouring property or properties.

## Report on Title

We have not been provided with a Report on Title and therefore assume that the property is not subject to any defect in title, any adverse covenant, or subject to any unusual or other onerous restrictions, rights or outgoings, and that good title can be shown.

# Tenancies

## Commercial

The ground floor commercial unit is let on a commercial lease. We set out below the pertinent terms:

|  |  |
| --- | --- |
| Date of Lease: |  |
| Landlord: |  |
| Tenant: |  |
| Demise: |  |
| Premium: |  |
| Term: |  |
| Rent: |  |
| Insurance: |  |
| Tenant’s Repairing Obligations: |  |
| Planning Use: |  |
| Assignment: |  |
| Subletting: |  |
| Break Clause: |  |
| Notes: |  |

## Residential

The residential units within the property are let on Assured Shorthold Tenancy (AST) agreements. We set out below the salient points:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Flat | Tenant | Term | Expiry | Rent (PCM) |
| Flat 1 |  |  |  |  |
| Flat 2 |  |  |  |  |
| Flat 3 |  |  |  |  |

**Your solicitors should verify the above tenancy assumptions.**

# Market Commentary

## RICS Market Commentary

Insert RICS commentary.

## Local Market Commentary

Local market commentary specific to subject property

# Key Property Factors

[Insert Commentary around location of asset and Market Demand]

[Which type of investors/owner occupiers does the property attract?]

[Commentary around Tenant demand]

[Timescales associated with selling and leasing the property]

[Any incentives or voids that the lender needs to be aware of]

# Comparable Evidence

## Sales

### Residential

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **\*Address\*** | **\*Address\*** | **\*Address\*** | **\*Address\*** | **\*Address\*** | **\*Address\*** |
| **Distance** |  |  |  |  |  |  |
| **Description** |  |  |  |  |  |  |
| **Sale Date** |  |  |  |  |  |  |
| **Sale Price** |  |  |  |  |  |  |
| **Size (ft2)** |  |  |  |  |  |  |
| **£ per ft2** |  |  |  |  |  |  |
| **Analysis** |  |  |  |  |  |  |

### Commercial

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **\*Address\*** | **\*Address\*** | **\*Address\*** | **\*Address\*** | **\*Address\*** | **\*Address\*** |
| **Distance** |  |  |  |  |  |  |
| **Description** |  |  |  |  |  |  |
| **Sale Date** |  |  |  |  |  |  |
| **Sale Price** |  |  |  |  |  |  |
| **Size (ft2)** |  |  |  |  |  |  |
| **£ per ft2** |  |  |  |  |  |  |
| **Net Yield** |  |  |  |  |  |  |
| **Tenancy / Income details** |  |  |  |  |  |  |
| **Analysis** |  |  |  |  |  |  |

## Lettings

### Residential

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **\*Address\*** | **\*Address\*** | **\*Address\*** | **\*Address\*** | **\*Address\*** | **\*Address\*** |
| **Description** |  |  |  |  |  |  |
| **Sign Date** |  |  |  |  |  |  |
| **Price Agreed PCM** |  |  |  |  |  |  |
| **Size (ft2)** |  |  |  |  |  |  |
| **£ per ft2** |  |  |  |  |  |  |
| **Distance** |  |  |  |  |  |  |
| **Analysis** |  |  |  |  |  |  |

### Commercial

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **\*Address\*** | **\*Address\*** | **\*Address\*** | **\*Address\*** | **\*Address\*** | **\*Address\*** |
| **Description** |  |  |  |  |  |  |
| **Letting Date** |  |  |  |  |  |  |
| **Price Agreed** |  |  |  |  |  |  |
| **Size (ft2)** |  |  |  |  |  |  |
| **£ per ft2**  **/ £ ITZA** |  |  |  |  |  |  |
| **Distance** |  |  |  |  |  |  |
| **Agreed Lease Terms** |  |  |  |  |  |  |
| **Analysis** |  |  |  |  |  |  |

# Marketing History

We are unaware of any marketing history in relation to the subject property.

# Valuation

## Comparable Analysis

We have sourced comparables based on the location, size, age and specification of the subject property and have made adjustments where necessary.

Our research shows that… have sold for between…reflecting £.. - £… psf. We consider our best comparable to be… The subject property is superior/inferior in terms of…

## Methodology

|  |  |
| --- | --- |
| Positive Factors Affecting the Property | Negative Factors Affecting the Property |
|  |  |
|  |  |
|  |  |

##### Tenant Covenant Checks

As valuers, we are not qualified to interpret company accounts or provide an assessment as to whether a tenant can meet their lease obligations, in particular to payment of rent. We have however conducted a credit check on the existing tenant and have formed a view considering the wider context that ----- are considered a Weak Covenant / Strong Covenant and will be able to meet their current lease obligations. **We have reflected the covenant strength of the tenant within our yield approach.**

##### Market Value

Residential – We have used the comparable method of valuation.

Commercial – We have used the investment method of valuation.

Economic circumstances with interest rates rising, inflation increasing, and the cost-of-living crisis may lead to volatility in the market which could mean that the value of the property may change in the very short term.

##### Market Rent

Analysis of lettings comps.

Analysis of investment comps.

##### Vacant Possession Value

As per your instructions, we have been instructed to provide an assessment of value on the **special assumption that the property is sold with vacant possession.**

At present, the property is let and income producing. In today’s market, a prospective purchaser will inherit associated void costs and re-letting risks involved with vacant property.

We have adopted the following assumptions:-

* Applying our opinion of Market Rent as mentioned above
* Average void period of 6,9,12 months
* Associated rent free period of 2,3,6,9 months for any prospective tenant assuming a 5 year lease / 12 month AST
* Letting agent fees at 10.00% calculated off our opinion of Market Rent

Once the above has been deducted from our opinion of Market Value, this produces a **Market Value on the special assumption of vacant possession** of **£….**

# Valuation Figures

|  |  |
| --- | --- |
| Valuation Figures |  |
| Market Value | **£**  (Pounds) |
| Market Value on the special assumption of vacant possession | **£**  (Pounds) |
| Market Value on the special assumption of a 180 day marketing period | **£**  (Pounds) |
| Market Rent  NB. The Market Rent is provided on the basis the subject property is let on a standard Assured Shorthold Tenancy agreement for an initial fixed term of 12 months on standard terms and conditions. | **£**  (Pounds) |
| Reinstatement Value  NB. This sum allows for full reinstatement costs, demolition costs, professional fees (and VAT on fees only) but excludes any allowance for inflation and should accordingly be updated on an annual basis to keep pace with rising costs. We would emphasise that the figure detailed above is our estimate of the cost of rebuilding the premises and bears no direct relationship to current Market Value. The figure is for guidance only and does not comprise a formal fire insurance valuation of this property. Our calculation is based on the gross external area of the buildings and the current Building Cost Information Service Indices. It should not be relied upon prior to a building surveyor or other professional with replacement costs experience, undertaking a formal reinstatement valuation to confirm the above is accurate. | We are not aware of the current level of building reinstatement insurance cover and therefore cannot comment upon the adequacy of the same. We would recommend that the property be insured for a minimum sum of;  **£**  (Pounds). |

# Volatility and Risk Analysis

On the basis of information made available to us, we consider that over the short to mid-term future:-

|  |  |
| --- | --- |
| Demand from prospective purchasers for the Property is likely to: | Improve |
| The amount a prospective purchaser might pay and therefore the capital value of the Property is likely to | Improve |
| The vicinity as a location for its current use(s) is likely to: | Remain static |
| The condition of buildings on the Property (save for normal (‘wear and tear’) is likely to: | Remain static |
| Demand from prospective tenants & therefore the rental value of the Property is likely to | Marginally improve |
| If the Property becomes vacant, the covenant quality of prospective tenants is likely to: | Remain static |

The opinions above are considered the most likely of the alternatives, rather than that which will actually occur. The opinions must not be taken as assurance as to what will actually occur, as it is not possible to give such forecasts with accuracy. For example, the amount a prospective purchaser might pay and therefore the capital value of the Property and rental value depends on factors including economic conditions and interest rates, which are difficult to forecast. The condition of a property, apart from wear and tear, will only remain static if it is properly maintained and no assurance can be given that proper maintenance will be carried out.

# Legal Matters

Confirm that the property matches the area outlined in red on the site plan enclosed.

Confirm the planning status.

Confirm that a fire risk assessment has been undertaken.

Confirm that an asbestos report has been undertaken.

Confirm all of the assumptions made in this report prior to the release of funds.

# Suitability for Loan Security

We consider that the subject property is / is not suitable for loan security; however it is down to the Lender to undertake its own comprehensive risk assessment when setting terms of the loan. **Prior to the release of any funds we strongly recommend any assumptions made in this report are verified by your legal advisors or referred back to us for further comment.**

The Lender should be aware that property values can rise and fall over time in line with market and economic changes and any proposed loan amount should be considered within a reasonable proportion of Market Value. Additionally should the Lender find itself as Mortgagee in Possession and a Receiver is appointed to sell the subject property, the price achieved may be less than our opinion of Market Value.

# Signatures

The valuation has been undertaken by Christopher Georgallis BSc (Hons) MSc MRICS – RICS Registered Valuer.

We confirm the above named Valuer is an Independent Valuer and has the relevant experience in carrying our Valuations of this nature.

This Report and Valuation is issued solely for the use of the Addressee as agreed within the Terms of Engagement for the specific purpose to which it refers. We do accept any responsibility or reliability in respect of any third parties for the whole or any part of its contents, even if a Third Party meets the whole or any part of the cost of this instruction or is permitted to see a copy of this Report and Valuation.

Neither the whole nor any part of this Report and Valuation may be included in any published document, statement or disclosed in any way without our previous written consent.

For the avoidance of doubt, the Report and Valuation is provided by Ringley Group Limited and no partner, member or employee assumes any personal responsibility for it nor shall owe a duty of care in respect of it.

|  |  |
| --- | --- |
| …………………………………………………………….  Christopher Georgallis BSc (Hons) MSc MRICS Director – RICS Registered Valuer  RICS Membership No. 5034607 | …………………………………………………………….  Nichola Pughe BSc (Hons) MRICS  Director of Valuation – RICS Registered Valuer  RICS Membership No. 5600009 |

On behalf of Ringley Group.

# Valuation Stipulations, Assumptions and Caveats

## Valuation Assumptions

1. That the title is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings. Should there be any mortgages or charges, we have assumed that the properties would be sold free of them. We have not inspected the Title Deeds, Leases, Tenancies or Land Registry Certificate.
2. That we have been supplied with all information likely to have an effect on the value of the properties, and that the information supplied to us and summarised in this report is both complete and correct.
3. That the property is unaffected by any statutory notice and that neither the property, nor its use, nor its intended use gives rise to a contravention of any statutory requirements.
4. That the buildings have been constructed and is used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful.
5. No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EEC legislation.
6. No allowance has been made for any Capital Gains Tax or other taxation liability that might arise upon a sale of the properties.
7. Our valuation is exclusive of VAT.
8. That the properties are connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
9. That the properties have not suffered any land contamination in the past, nor are they likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot access the likelihood of any such contamination.
10. That the properties are not adversely affected, nor is likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies usual enquiries, or by any statutory notice.
11. That in the construction or subsequent alterations of the buildings no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.

## Caveats

The valuations have been prepared in accordance with the Practice Statements in the RICS Valuation - Professional Standards 31st January 2022.

This Report has been prepared following an inspection of the property so far as we were able for valuation purposes only. We have not carried out a building survey or opened up the construction in order to make a more detailed examination and no tests have been made of the drains, electrical or gas installations, hot or cold water system or any other services; no inspection has been made of the woodwork or other parts of the structure which are covered, unexposed or inaccessible and we are, therefore, unable to report that such parts of the property are free from rot, beetle and other defects. This Report is not to be relied upon or taken as a detailed report on the structural or other condition of the property. If such advice is required, a suitable survey should be commissioned.

Our Report assumes that there are no outstanding liabilities by reason or any failure by the parties to comply with the terms contained in any Lease or Agreement and that there are no defects that would seriously affect the market value of the property.

As we have not made formal enquiries of the Owners or any Authority (including matters of Planning, Highways and Services) the statements, opinion and conclusions expressed or implied are believed to be accurate but are given by the Valuers without warranty. Should any variations or adverse facts be revealed or disclosed, for example as part of the Solicitors’ Searches and enquiries, our valuation and advice may then require reconsideration and revision.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement, concrete or calcium chloride additive, or any potentially deleterious or hazardous material has been used in the construction of this property or has since been incorporated. We are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material in any adverse condition.

We have not carried out, nor commissioned, a site investigation or geographical or geophysical survey and can therefore give no assurance, opinion or guarantee that the ground has sufficient load bearing strength to support the existing structures or any other structure or structures which may be erected upon it. We can also give no assurance, opinion or guarantee that there are no underground mineral or other workings within the site or its vicinity, nor that there is any fault or disability underground.

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 any such contamination. We have assumed that no contaminative or potentially contaminative uses have ever been carries out on the property but we have not carried out any investigation into past or present uses of either the property or any neighbouring land to establish whether there is any potential for contamination from these uses or sites which may affect the subject property and have therefore assumed that none exists. However, should it be subsequently established that contamination exists at the property or in any neighbouring land or that the premises have been or are, being put to a contaminative use, this may substantially reduce the value as now reported. Eradication of contamination in land and buildings can be a very costly undertaking.

Finally, this Report has been prepared for the stated and requested purpose of valuation only and no responsibility will be accepted to any individual or other party for the whole or any part of its contents should the Report be reproduced in whole or part, or disclosed or otherwise relied upon for any other purpose.

Our report will take precedence over any oral advice given prior to it being received.

## Extent of investigations

Our investigations and enquiries are summarised within the relevant sections of the report and appendices. Unless stated otherwise, we have assumed that the information provided is accurate and can be verified and that we have been supplied with all the information that has a material effect on value. We do not accept responsibility or liability for any errors or omissions in the information or documentation provided to us nor for nay consequences arising.

## VALUATION DEFINITIONS

## Market Value

The estimated amount for which an asset or liability 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

The estimated amount for which 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.

## Existing Use Value

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 acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.

## Valuation of Plant and Machinery to the Business

An opinion of the price at which an interest in the plant and machinery utilized in a business would have been transferred at the date of valuation assuming:

(a) that the Plant & Machinery will continue in its present use in the business;

(b) adequate potential profitability of the business, or continuing viability of the undertaking, both having due regard to the value of the total assets employed and the nature of the operation;

(c) that the transfer is part of an arm’s-length sale of the business wherein both parties acted knowledgeably, prudently and without compulsion.

## Existing Use Value for Social Housing

An opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

(a) a willing seller;

(b) 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 the price and terms and for the completion of the sale;

(c) 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;

(d) that no account is taken of any additional bid by a prospective purchaser with a special interest;

(e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion;

(f) the property will continue to be let by a body pursuant to delivery of a service for the existing use;

(g) that at the valuation date any regulatory body in applying its criteria for approval would not unreasonably fetter the vendor’s ability to dispose of the property to organisations intending to manage their housing stock in accordance with that regulatory body’s requirements.

(h) that properties temporarily vacant pending re-letting should be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let them, rather than with vacant possession; and

(i) that any subsequent sale would be subject to all the same assumptions as above.

## Depreciated Replacement Cost

DRC is based on an estimate of the Market Value for the existing use of the land, plus the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimization.

## TENANCIES CREATED AFTER 15th JAN 1989

##### ASSURED SHORTHOLD TENANCIES

A tenancy commencing on or after 15th Jan 1989 for a fixed term of not less than 6 months, and otherwise satisfies the requirements of an assured tenancy.

The landlord cannot end the tenancy in the first 6 months unless there is breach of term or condition. Provided the landlord has given the tenant not less than two months’ notice that he requires possession and such notice was given on or before the day the tenancy comes to an end or at any time thereafter possession is guaranteed by virtue of the fact that the term has come to an end.

##### ASSURED TENANCIES

An assured tenancy arises if a dwelling-house (including part thereof) is let, after 15th Jan 1989, as a separate dwelling, with or without the provision of furniture and/or services, provided the tenants are not protected tenants of the same landlord.

The tenant must be an individual and occupy the dwelling as his only or principal home. The landlord’s power to determine an assured tenancy is curtailed, the tenant can still give notice to quit, depending on the terms of his tenancy (if any), to surrender his tenancy.

##### RESIDENT LANDLORD LETTINGS

After 15th Jan 1989 a tenancy in a landlord’s main residence cannot be an assured shorthold tenancy unless it is granted to a person who immediately before the grant was an assured tenant of part of the same building.

There are no statutory provisions to protect tenants of resident landlords. Their rights and liabilities are principally governed by their contract. The landlord has to take proceedings in the County Court to obtain possession however, even this protection is not afforded to tenancies which are “excluded tenancies” i.e, if any accommodation is shared with the landlord or landlord’s family. Any accommodation other than areas used for storage or access satisfy the requirement. The premises must be the landlord’s only or principal home or that of a member of his family.

##### COMPANY LETTINGS

A tenancy taken by a company, government organisation or other legal entity cannot be assured. Typically, property will be taken for an employee as a licensee depending on any terms and restrictions laid down in the agreement.

Tenure rights are less than for assured tenants, once the agreed term has expired, the tenant has no further statutory tenancy rights and must leave. Furthermore, there are different statutory requirements for serving notices, operating rent increases and terminating the tenancy.

##### HOLIDAY LETTINGS

Sched 1 of the Housing Act 1988 states that ‘a holiday let’ cannot be an assured tenancy. Short lettings are generally understood to be a letting of 1 to 4 weeks.

A holiday letting agreement operates under contract law giving the tenant few rights of tenure, the possession procedure is simpler than for a standard tenancy. The landlord merely has to be satisfied that the letting was genuinely for the purpose of a holiday. Firms often create a contract by ‘offer and acceptance’ so signing a holiday letting agreement creates a binding legal contract, it may have a dilapidation deposit, utilities are normally included in the rental fee.

### TENANCIES CREATED BEFORE 15th JAN 1989

##### RESTRICTED CONTRACTS

A restricted contract arose prior to 15th Jan 1989 where the rent included payment for the use of furniture and/or services and no regulated tenancy was created. A dwelling meant a house (or part thereof) where the tenant was entitled, in addition to exclusive occupation of part of the house, to use other parts of the house in common with any other person.

This provision was a hangover from the period before 14th August 1974 when the Rent Act 1974 came into force and created full security of tenure for the majority of furnished lettings. Exclusions included properties of high rateable value, holiday lettings, Crown properties, Local Authority properties and cases where there was substantial provision of board to the occupier, (S19, Rent Act 1977).

Lettings by resident landlords of part of their home were normally regarded as restricted contracts as long as the landlord remained resident, subject to the qualifications contained in S12 and Sched 2 of the Rent Act 1977.

**RENT ACT 1977 TENANCIES** (as amended by Housing Act 1988)

A regulated tenancy under the 1977 Rent Act was normally a ‘protected statutory tenancy’ if during the term of the original agreement it was ‘protected’. Where a tenant remained in occupation at the end of the term, a ‘statutory’ tenancy arose on the same terms and conditions as originally agreed.

Under a Statutory the tenant could remain in residence and on their death it automatically transferred to a spouse (or a person living with the tenant as a spouse). If there was no “spouse” the tenancy could pass to a “member of the tenant’s family” so long as they had been living with the tenant for 6 months prior to, and at the death of the tenant, where death occurred before the commencement of the 1988 Act. If the death of the first successor occurred prior to the commencement of the Housing Act 1988, there can only be a second transmission where an individual was:

1. directly before the death of the original tenant, a member of that tenant’s family;
2. directly before the death of the first successor, a member of the first successor, a member of the successor’s family; and
3. residing in the dwelling with the first successor for a period of two years prior to, and at the time of, the first successor’s death.

Second transmissions are therefore, relatively rare, but where one does occur it will be an Assured Tenancy by succession.

##### HOUSING ASSOCIATION & SECURE TENANCIES

Generally, in accordance with law of landlord and tenant, e.g. S11 Landlord & Tenant Act 1985.

Part VI of the Rent Act 1977 applied the principle of rent regulation to a “housing association tenancy”, created prior to 15th Jan 1989, if it would have been regulated but for the fact that the landlord was a Housing Association, a Housing Trust or Housing Corporation.

A housing association tenancy was also a secure tenancy if the dwelling was let as a separate dwelling, the tenant occupied it as their only or principal home and the landlord was a local authority, a local co-operative or a registered housing association, the Housing Corporation or a charitable housing trust.

A tenancy was not a secure tenancy if it was for a fixed term of more than twenty-one years; if the tenant was an employee of the landlord; if the premises were on land required for development so being used for housing on a temporary basis; if it was a tenancy of accommodation provided under the Housing (Homeless Persons) Act 1977 (max 12 months); if was accommodation (max 1 year) for someone coming into a new district to take up ahead employment; if it was accommodation leased by a Housing Association for short term temporary housing; if it was temporary accommodation whilst works were being carried out to tenant permanent home; if it was an agricultural holding, if it was licensed by an almshouse charity and the license fee was not above the maximum approved by the Charity Commissioners.

Housing association tenancies created after 15th Jan 1989 other than renewals to existing tenants cannot normally be secure tenancies, new local authority secure tenancies are possible.

##### **PROTECTED SHORTHOLD TENANCY**

A tenancy which in all other respects qualified as a regulated tenancy and was granted to a new tenant after 28th Nov 1980 but before 15th Jan 1989 was a protected shorthold tenancy if: -

1. it was for a fixed term certain of between 1 and 5 years;
2. it could not be terminated by the landlord except in the case of non-payment of rent or breach of a tenancy obligation;
3. a statutory notice had been served on the tenant prior to the grant of the tenancy informing him that it was a protected shorthold tenancy.

Section 52 of the Housing act 1980 enabled the landlord to obtain possession at the end of the fixed term or on the anniversary of the expiry date providing certain procedural requirements were met. In all other respects a protected shorthold tenant had the same rights as other regulated tenants. Where a protected shorthold tenancy expired after 15th Jan 1989 and a new tenancy was granted it automatically became an assured shorthold tenancy unless the landlord served a notice upon the tenant indicating otherwise.

##### RESTRICTED CONTRACTS

A restricted contract arose where, prior to 15th Jan 1989, one person granted another the right to occupy as a residence a dwelling in consideration of a rent which included payment for the use of furniture or for services. A dwelling meant a house (or part thereof) where the tenant was entitled, in addition to exclusively occupying part of the house, to use other parts of the house in common with any other person.

This provision was a hangover from the period before 14th August 1974 at which time the Rent Act 1974 came into force and created full security of tenure for the majority of furnished lettings.

If the contract established a regulated tenancy, then no restricted contract was created. Lettings by resident landlords of part of their home were normally regarded as restricted contracts as long as the landlord remained resident, subject to the qualifications contained in S12 and Sched 2 of the Rent Act 1977.

There were certain exclusions for properties of high rateable value, holiday lettings, Crown properties, Local Authority properties and cases where there was substantial provision of board to the occupier, (S19, Rent Act 1977).

##### BUSINESS TENANCIES

The Landlord and Tenant Act 1954 protects a tenant if the tenant uses the premises for business purposes. The landlord may be able to recover possession if he intends to occupy the premises as his residence but he might be liable to pay compensation. A tenancy of term not exceeding 6 months will avoid protection under the 1954 Act.

A company letting agreement for residential property should prohibit the use of the property for business purposes and define the terms of occupation of the property by the employees of the company or any other occupiers to avoid protection under the landlord a Tenant Act 1954.

##### CONTRACTING OUT OF THE 1954 LANDLORD & TENANT ACT

It is possible to create a lease outside the protection of the 1954 Act but both parties will need to make a joint application to the relevant court.

##### FULL REPAIRING & INSURING LEASE

The tenant is responsible for the cost of all repairs and insurance to the property as described by the covenants in the lease either directly or by pay of contributing to a service charge. FRI terms ensure that on the expiry of the lease the building is returned to the freeholder in good repair which is essential for a property investor. A schedule of dilapidations can also be served on the tenant prior to the expiry of the lease to detail any necessary repairs and decorations required to satisfy the lease covenants.

##### INTERNAL REPAIRING LEASE

The landlord is responsible for the cost of external maintenance of the property with usually the tenant being responsible for internal maintenance and decorations. IRL terms suit properties that are in poor repair, may be redeveloped or where the term agreed is short.

GUIDE TO THE USE CLASSES ORDER IN ENGLAND 1987 (as amended)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

SUMMARY OF MEASURING PRACTICE

# Appendices

|  |  |
| --- | --- |
| Appendix A | Instruction letter |
| Appendix B | Confirmation of instruction |
| Appendix C | Title Plan |