



REAL ESTATE & BUSINESS VALUERS

Incorporating **Taylor's Business Surveyors**

## Valuation Report



Property:	26-32 Carr Street, Ipswich, Suffolk, IP4 1EJ
Date of Valuation:	21 October 2019
Date of Report:	22 October 2019
Our Reference:	114499
Your Reference:	SB/Carr Street Estates Limited

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## 1 Confirmation of Instructions

Client:	Proplend Security Limited
Borrower(s):	Carr Street Estates Limited
Owner(s):	Carr Street Estates Limited
Property Address:	26-32 Carr Street, Ipswich, Suffolk, IP4 1EJ
Property Type:	Commercial investment
Purpose of Valuation:	Secured lending purposes
Previous Visits:	<p>The building was previously inspected and valued in February 2019 on the instructions of a different lender.</p> <p>The client is aware of our previous involvement and has conformed that no conflict of interest exists.</p>
Tenure:	Freehold
Date of Inspection/valuation:	21 October 2019
Compliance:	<p>As far as we are aware no conflict of interest, either personal or in relation to the Company, exists.</p> <p>The valuation may be subject to monitoring by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations.</p>

### Confirmation:

The property has been valued in accordance with RICS Valuation-Global Standards July 2017 incorporating IVSC International Valuation Standards.

Eddisons has appropriate Professional Indemnity Insurance cover on a per claim basis in respect of this instruction.

The inspection was undertaken by Jeremy Mussett MRICS and the Report contents discussed and agreed with Richard Bliss MRICS, both of whom are RICS Registered Valuers and have appropriate experience, qualifications and expertise in valuing similar properties.

This report must be read in conjunction with the Report Assumptions and Valuation Methodology section and will be prepared in accordance with the Bank's instructions and Eddisons' Letter of Engagement and Terms of Business, copies of which are appended to this report.

All valuation special assumptions have previously been agreed with the client. Whilst this report is addressed to Proplend Security Ltd we understand that it may be viewed by its Lending members. Only Proplend Security Ltd may rely on the report for mortgage purposes.

## 2 Executive Summary

### Location

- Ipswich is a large historical town in Suffolk, located in East Anglia about 66 miles (106 km) north east of London.
- Ipswich has experienced a building boom in the early part of the 21st century, mostly comprising regeneration of the docks.
- Ipswich is located close to the A14 and the A12 roads and benefits from good road connectivity.
- Rail services to London Liverpool Street are available in approximately one hour and ten minutes.
- Carr Street is one of Ipswich's prime retail pitches, in the pedestrianised part of the town centre.

### Property

- A prominent and substantial town centre building with aggregate GIA of 9,531.03 sq m / 102,592 sq ft.
- Ground floor and basement let to Poundland and Age UK Suffolk at an aggregate passing rent of £300,000 per annum.
- The whole building was formerly owned and occupied by Woolworths, who vacated circa ten years ago.
- Two upper floors are vacant and in poor condition.
- The building requires repair in places, although retail tenants not currently adversely affected.
- The building offers refurbishment, conversion and extension/development opportunities, subject to attaining planning consent.

### Accommodation

- A 26,044 sq ft ground floor retail unit let to Poundland.
- A 24,865 sq ft basement let to Age UK Suffolk.
- First floor is vacant and requires refurbishment – 27,122 sq ft
- Second floor is in shell condition – 24,561 sq ft

### Tenure

- Freehold.

### Leases/Tenancies

- The ground floor is let to Poundland on a lease expiring in December 2023 at a passing rent of £250,000 per annum.
- The basement is let to Age UK Suffolk on a lease expiring in June 2023 at a passing rent of £50,000 per annum. There is a tenant break clause in June 2021.

## Valuations

### **MV1 – Market Value**

Subject to:  
Existing leases  
Report commentary and recommendations  
Reasonable period of marketing of six to nine months

**£2,850,000 (Two million eight hundred and fifty thousand pounds)**

### **MV2 – Market Value**

Subject to:  
Existing leases  
Report commentary and recommendations  
Special assumption of a restricted marketing period of six months

**£2,850,000 (Two million eight hundred and fifty thousand pounds)**

### **MV3 - Market Value**

Subject to:  
Report commentary and recommendations  
Reasonable period of marketing of six to nine months  
Special assumption of vacant possession

**£2,450,000 (Two million four hundred and fifty thousand pounds)**

### **Aggregate Market Rent**

Subject to:  
Letting on standard commercial terms as detailed within the report  
Report commentary and recommendations  
Reasonable period of marketing of three months

**£245,000 per annum (Two hundred and forty five thousand pounds per annum)**

### **Reinstatement Cost**

**£10,850,000 (Ten million eight hundred and fifty thousand pounds)**

### **The Property as Security**

The property is considered to be suitable security for loan purposes.

## **Lenders Action Points and Recommendations**

- A full report on Title should be obtained together with confirmation as to the tenancy/occupancy position reported herein.
- Confirmation of insurance cover for flooding and subsidence risks is recommended.
- An asbestos survey and management plan is required in respect of the upper parts

### 3 Location

#### 3.1 Overview



Ipswich is a large historical town in Suffolk, located in the East Anglia region, about 66 miles (106 km) north east of London. It is also the county town of Suffolk. In 2011 the town of Ipswich was found to have a population of 133,384 persons, while the Ipswich built-up area is estimated to have a population of approximately 180,000 persons.

Ipswich has experienced a building boom in the early part of the 21st century. Construction has mainly concentrated around the former industrial dock on the River Orwell, which is now known as the Ipswich Waterfront. Regeneration of the area has made it a hub of culture in Ipswich; the area boasts fine dining restaurants, a boutique hotel, and the new regional university, the University of Suffolk. The new high rise buildings of the Regatta Quay development have topped the list of the tallest buildings in Ipswich. The mixed-use high rise building, the Cranfield Mill, is currently the tallest building in East Anglia.

Businesses operated from the dock include luxury boats and a timber merchant. Other industries have been established to the south of the wet dock. The Ipswich Village Development, begun in 2002 around Russell Road, is home to Suffolk County Council and Ipswich Borough Council.

Ipswich is located close to the A14 and the A12 roads; it is also on the Great Eastern main line from London Liverpool Street to Norwich, the East Suffolk line to Lowestoft and the Felixstowe branch line. There are two railway stations, Ipswich and Derby Road. The town is an hour from Stansted Airport and 40 minutes from Harwich international port; the port of Felixstowe, a major container port, lies some 12 miles (19 km) to the south east.

### 3.2 Setting

The position of the subject property is identified on the location map below.



The prime retail pitches of Ipswich town centre are the pedestrianised roads of Westgate Street, Tavern Street and Carr Street, with Tavern Street perhaps having the edge. In addition, Sailmakers Shopping Centre on Tavern Street and Buttermarket Shopping Centre on Buttermarket are in close proximity.

The retail centre of Ipswich remains busy, although there are certainly a number of vacant retail units in Tavern Street and Carr Street.

The vacant former Co-op store, owned by Co-op, at the eastern end of Carr Street is a substantial building which is due for redevelopment as a primary school.

Co-op has historically been a major landowner in Carr Street and another site owned by them at 36-46 Carr Street has recently been sold for redevelopment. The retail units available to let in the locality are considerably smaller than the subject units. Nearby occupiers include: Brighthouse, Card Factory, Specsavers, Millets, Superdrug, Betfred and various charity shops.

### **3.3 Access**

Access to the property is from Carr Street. There is a pedestrian passage on the west side of the building leading to the rear of the building and the car park.

## 4 Property

### 4.1 Description

26-32 Carr Street is a substantial commercial building understood to date from 1970. The building was purpose built for Woolworths, who remained in occupation until around ten years ago. The building is essentially detached, although adjoins a small period building on part of its east side.

The building appears to be of reinforced concrete frame construction, with intermediate loading taken by reinforced concrete columns and beams. The roof and intermediate floors are of reinforced 'concrete rib' type construction with screeded surfaces; the roof covering is of built-up bitumen felt.

The ground floor and basement of this building is now let to two retail tenants. The majority of the ground floor is let to Poundland Limited, with accommodation comprising a large retail unit fitted out to the specification of a typical Poundland store. Ancillary accommodation includes rear storage, manager's office and staff WC's. There are loading doors in the side of the building within Poundland's rear storage. A private access road from Cox Lane to the building, leading to a small staff car-park and the loading doors, falls within both the freehold demise and Poundland's occupational lease.

The basement of the building is let to Age UK Suffolk. Access is via a ground floor lobby to the right of the building, leading to escalators and a passenger lift to the basement. The basement comprises a substantial retail area and is understood to have previously been let to JJB Sports. Prior to occupation, we understand that the current owner fitted out and improved the basement area at a cost of circa £300,000. The lobby, lift, escalators and main retail space are now well presented. Ancillary areas include storage, kitchen and WCs.

The upper two floors of the building are vacant and dilapidated, having been vacant since Woolworths vacated. The only access to the upper parts is via stairs at the side of the building, next to the side entrance. The first floor comprises a number of different sections including: offices, staff canteen, changing rooms, toilets and storage area. The first floor is without power and central areas of this very large floor plate are without any natural light. There are considerable items of furniture, machinery, rubbish, fixtures and fittings that remain on this floor from its previous occupation.

The second floor is effectively in shell condition, having largely been stripped back to brick and concrete. Broken windows have led to a pigeon infestation.

The flat roof was accessed and was found to be in poor condition with repairs required. We have been provided with a building surveyor's report on the building dated 3 January 2019; we append a copy to this report. We will not repeat the findings of that report here, although would summarise that the building has been neglected for many years and repairs are now required to various elements. Asbestos is known to be present in many parts. The building survey does also note that there are no known structural defects.

The applicant may have long term development plans for the upper two floors. One option could be to bring them back into commercial use, although the cost of repair, having first replaced the roof covering, would be substantial.

It is unlikely to be viable to spend such sums given the likely return from commercial use. A second option would be to form substantial extensions, i.e., the addition of extra floors, and conversion to residential use. The Bank's customer may wish to limit interim repairs prior to any future development.

*External Photographs*



Front view



Street view



West elevation



East elevation

## 4.2 Accommodation

Floor	Accommodation	m <sup>2</sup>	f <sup>2</sup>
<b>Basement</b>	Age UK Suffolk	2,310.01	24,865
<b>Ground</b>	Poundland	2,419.55	26,044
<b>First</b>	Vacant	2,519.70	27,122
<b>Second</b>	Vacant	2,281.77	24,561
<b>Total Gross Floor Area</b>		<b>9,531.03</b>	<b>102,592</b>

## 4.3 Services

We understand that the following services are available:

Water	Mains
Gas	None
Electricity	Mains
Drainage	Mains
Heating	Electric heating to retail parts

## 4.4 Condition

The overall standard of external appearance is poor. We refer you to the building survey appended to this report.

The overall standard of internal appearance is reasonable in respect of the ground floor and basement retail elements, while poor in respect of the vacant first and second floors.

## 5 Tenure

Freehold

### 5.1 Leases

The property is subject to two commercial leases:

Tenant	Poundland Limited
Lease term	Ten years
Commencement date	13 December 2013
Term outstanding	Approximately 4 years 10 months
Permitted use	Class A1
Rent passing	£250,000
Review frequency	Five years
Last review	13 December 2018 –not implemented
Break clause	None
Repairs	Limited by reference to a schedule of condition appended to the lease.
Insurance	Landlord to insure
Assignment	Not to assign or sublet part only unless permitted. Not to assign as a whole without prior consent.
Forfeiture	No specific clauses
Service charge	To pay a fair proportion of outgoings
Other information	None

Tenant	Age UK Suffolk
Lease term	Six years
Commencement date	6 June 2018
Term outstanding	Approximately 5 years 3 months
Permitted use	Retail shop with ancillary café - A1 & A3
Rent passing	£50,000 per annum
Review frequency	No rent reviews known
Last review	N/A
Break clause	6 June 2021 with at least nine months' notice
Repairs	Initial works appended to lease undertaken by landlord. Tenant responsible for further internal works and repairs
Insurance	Landlord to insure
Assignment	Not to assign or sublet part only unless permitted. Not to assign as a whole without prior consent.
Forfeiture	No specific clauses
Service charge	To pay a fair proportion of outgoings
Other information	The provisions of sections 24 to 28 of the LTA 1954 are excluded.

## 5.2 Covenant Strength

We have undertaken a Creditsafe company search on Poundland Limited (company no. 02495645) and note that the Creditsafe score is 29 (out of 100) indicating a moderate risk.

The principal activity of the company is retail. The most recent key financial information is as follows:

Year to Date	Turnover	Pre-Tax Profit	Shareholders' Funds
01/10/2017	£2,245,804,000	-£127,838,000	-£22,598,000
27/03/2016	£1,214,818,000	£34,653,000	£95,695,000
29/03/2015	£1,111,526,000	£42,560,000	£85,951,000

Based upon the data above, we consider that the investment market would consider the tenants to be of average risk.

We have undertaken a Creditsafe company search on Age UK Suffolk (company no. 04150543) and note that the Creditsafe score is 51 (out of 100) indicating a moderate risk.

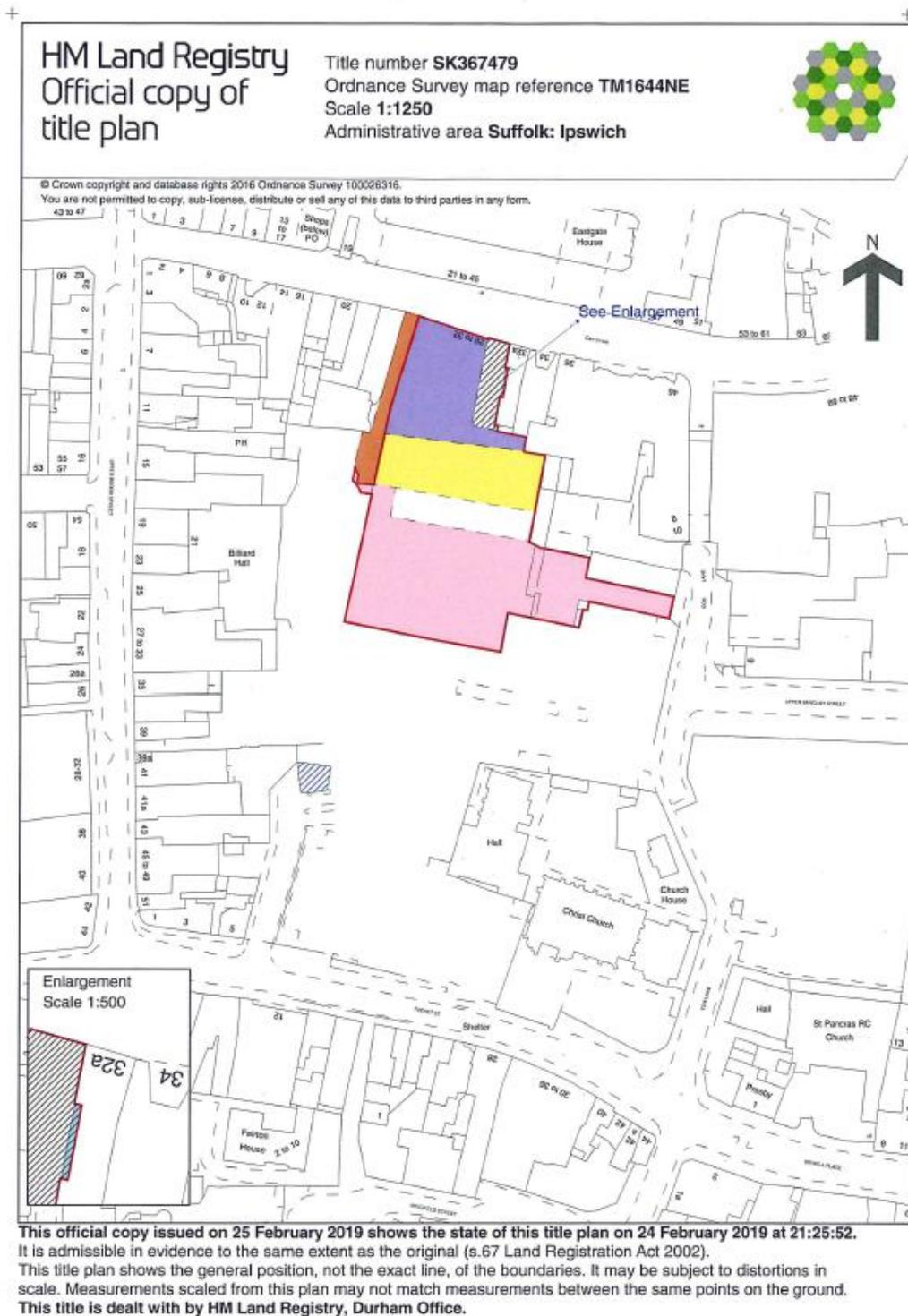
The principal activity of the company is charitable work. The most recent key financial information is as follows:

Year to Date	Turnover	Pre-Tax Profit	Shareholders' Funds
31/03/2018	£2,177,437	£23,400	-£195,071
31/03/2017	£3,137,818	-£411,181	-£351,471
31/03/2016	£3,864,724	-£588,579	£226,710

Based upon the data above, we consider that the investment market would consider the tenants to be of relatively low risk.

### 5.3 Site plan

We provide below a copy of the filed plan (Title number SK367479) and confirm that the boundaries accord with those apparent at the time of inspection.



*For more information on our assumptions in respect of Title and Tenure please refer to paragraph 10.1.1 within the Report Assumptions and Valuation Methodology section.*

## 6 Contamination and Environmental Issues

	Yes	No	Comments
<b>Ground Contamination</b> Any obvious signs of land contamination affecting the property at the time of inspection?		✓	There are no obvious signs of contamination.
<b>Asbestos</b> Has an asbestos survey been completed for the property?	✓		Asbestos is known to be present within the building. Copies of asbestos surveys and the asbestos management plan should be obtained from the existing owner. If these are unavailable, the Bank's customer should commission their own survey after completion.
<b>Radon</b> Does the property lie within a radon affected area?		✓	We have consulted the Public Health England website and the property is not affected by radon.
<b>Mundic Block</b> Is the property within an area known to be affected by usage of mundic block?		✓	None known.
<b>Ground Conditions</b> Were any adverse ground conditions noted at the time of inspection?		✓	We have assumed that full insurance cover is available in respect of subsidence risks and this should be confirmed.
<b>Flood Risk</b> Within a flood risk area as identified by the Environment Agency?		✓	The risk of flooding from rivers/sea and from surface water is very low.  We have assumed that full insurance cover is available in respect of flooding risks and this should be confirmed.
<b>Mining</b> Is the property within a mining area?		✓	None known.
<b>Invasive Species</b> Any invasive species noted at the time of inspection?		✓	Most species are very difficult to identify at certain times of the growing season or if cut back. We are not experts in this sector.

<p><b>Energy Performance Certificate</b>          Has an EPC been prepared for the property?</p>		<p><b>Basement</b>          Rating: C (52)          EPC Date: February 2016</p> <p><b>Ground to Second Floors</b>          Rating: D (83)          EPC Date: February 2016</p>
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*For more information on our assumptions in respect of Contamination and Environmental Issues please refer to paragraphs 10.1.10 to 10.1.18 within Report Assumptions and Valuation Methodology.*

## 7 Statutory Enquiries

### *Planning*

We have researched the planning website of Ipswich Borough Council and note that the subject property is not listed and is not located within a conservation area.

We have researched the Council's online planning records and have not found any recent planning applications or consents relating to the subject property.

The property is not within an area covered by an Article 4 Direction which removes permitted development rights.

### *Fire Regulations*

We understand that a fire risk assessment has been prepared for the property. We have assumed full legislative compliance for the purposes of this report.

### *Equality Act*

We have assumed compliance with this legislation in so far as is practical.

### *Rateable Value*

We have researched the Valuation Office Agency website which indicates the following Rateable Values:

26 Carr Street	Shop and premises	£73,000
1 <sup>st</sup> Floor, 26-32 Carr Street	Store and premises	£70,500
26-32 Carr Street	Shop and premises	£135,000

*For more information on our assumptions in respect of Statutory Enquiries please refer to paragraphs 10.1.5 to 10.1.9 within the Report Assumptions and Methodology section.*

## 8 Market Conditions

### Economic Overview

The first estimate of GDP for Q2 2019 indicates a reduction in output of 0.2%. This is weaker than market expectations and a significant change on the first quarter growth of 0.5%. The all important services sector was the only one to show growth and that was a very modest 0.1%, down from 0.3% in Q1.

The production sector fell to a negative figure of 1.4% in Q2, compared to a positive figure of 1.4% in Q1 2019 and, within this sector, manufacturing reduced by 2.3%. Many commentators have put this down to a reduction of the stockpiling seen in Q1. The construction sector also fell to a negative reading of 1.3% from the Q1 2019 figure of plus 1.0%.

The national annualised overall GDP growth rate is now 1.2%. The HM Treasury compiles a report which reviews the numerous market forecasts prepared by external organisations. The latest report dated July 2019 indicates an average forecast of 1.3% GDP growth for 2019.

The labour market remains strong and the unemployment rate was unchanged at 3.9% in the latest available figures to June 2019. This is the lowest rate seen since November 1974. The number of people in employment remains at an all-time high, being 32.8 million people or 76.1% of the potential workforce aged between 16 and 64. The Treasury report mentioned above indicates that the unemployment rate is now forecast to be 3.9% in 2019. Possibly reflecting the high employment rate, wage growth has risen further to an annualised rate of 3.9%.

Inflationary pressures have increased modestly and the CPI index showed an increase of 2.0% in the year to July 2019, up from 1.9% in June. The Treasury report indicates an average forecast for an increase in CPI of 1.8% in 2019. The increase in wage growth and reduction in CPI inflation (net wage growth after inflation 1.9%) should lead to an increase in consumer spending power.

In July 2018 the Bank of England responded to the rise in inflation by signalling only the second rise in Base Rate in 10 years. The rise of 0.25% took Base Rate up to 0.75% which still remains low by historic standards. Further modest and gradual increases in Base Rate are anticipated over the next two years subject, of course, to prevailing economic conditions.

### Residential Property Market

The July 2019 RICS Residential Market Survey results show some of the improvement seen in near term expectations series last month has been partly reversed this time out. In particular, the outlook for prices three months ahead has turned slightly negative once more, while respondents envisage sales remaining flat over the same time frame. That said, new buyer enquiries picked up slightly for the second consecutive month, although this has yet to feed into any meaningful increase in agreed sales.

Starting with new buyer demand, a headline net balance of +8% of contributors reported an increase in enquiries during July. This marks the second report running in which a small increase has been cited (net balance was +10% in June), with the disaggregated data showing a slightly positive trend in the majority of UK regions.

Despite the modest improvement in demand, newly agreed sales edged down a fraction across the UK over the month. Indeed, the national net balance slipped to -6%, from +3% in June. Notwithstanding this, some regions saw a stronger sales trend, with respondents across the North East and the West Midlands in particular reporting a reasonably solid pick-up during July.

Looking ahead, near terms sales expectations eased back into neutral territory, posting a net balance of -2% (down from +6% in June). What's more, sentiment is now only modestly positive regarding the twelve month outlook, with a national net balance of just +12% of respondents expecting sales to rise over the year ahead. When broken down, survey participants across the North East, North West, Wales and the West Midlands are more optimistic than the national average, as each area displays comfortably positive sales projections for the next twelve months.

Alongside this, new instructions to sell were seen as unchanged for the second successive report. This follows a string of eleven consecutive monthly declines in fresh listings beforehand. Even so, respondents continue to report that the volume of market appraisals undertaken over the month was down on the same period of last year. Accordingly, it seems there is little prospect of a sustained rise in supply coming onto the market in the immediate future.

Meanwhile, the survey's headline price indicator pulled back into negative territory in July, with the national net balance falling to -9% (having edged up to -1% in June). Nevertheless, contributors report that prices are rising at a solid pace in Northern Ireland, Scotland and Wales. By way of contrast, prices continue to fall in London, the South East and East Anglia.

Back at the national level, feedback from contributors is still suggesting that higher priced tiers of the market are facing a more challenging environment. 69% of respondents note that, for properties marketed at over £1m, sales prices are coming in below asking prices (up from 66% in April). However, for properties listed at up to £500k and below, 59% of survey participants report sales prices have been at least level with asking (albeit this is slightly down on 62% three months ago).

When it comes to the outlook for prices, near term expectations deteriorated over the month, as the headline net balance fell to -12% from zero in June. Further out, at the twelve month horizon, projections remain marginally positive in net balance terms, with the latest reading coming in at +9%. That said, this latest figure is noticeably softer than +25% returned previously. At the regional level, the current downward trend in prices is now expected to persist over the coming twelve months in London, the South East and East Anglia. At the other end of the scale, respondents envisage strong annual growth in prices across Scotland, Northern Ireland and Wales.

In the lettings market, the headline tenant demand indicator (quarterly seasonally adjusted data) picked-up to post the strongest reading since the closing stages of 2016. At the same time, landlord instructions fell once again, extending a run of continuous decline stretching back over the past thirteen quarters. Given the current imbalance between supply and demand, near term rental growth expectations were driven higher, with the headline net balance of +25% in July representing the most elevated reading in twelve quarters.

## **Brexit**

The nature of the future relationship between the UK and the EU remains very unclear with a number of possible outcomes still in play. Until the entire process has been completed, a significant element of uncertainty will continue to prevail. This situation should be carefully monitored by lenders and further advice should be sought from us if price volatility emerges.

## **Demand including timings for a Sale or Letting**

Rental demand for the retail units is considered to be average. If vacant, it may take twelve months to re-let the respective retail units and an attractive rent would need to be offered to entice tenants. However, there is a shortage of larger retail units available in the town centre prime retail pitches and the units currently available will be too small for some retailers.

Demand for the freehold interest is likely to be reasonable; we understand that the current sale to the Bank's customer was agreed in less than one month. Further, there were several under-bidders at a similar level. Purchasers of this property are likely to be planning development of some sort to add value and bring the upper parts back into use, either as commercial or residential uses.

## 9 Market Valuation and Loan Security

### 9.1 Valuation Approach

#### *Methods Utilised*

In preparing our advice we have primarily utilised the comparison and investment approaches.

Our valuations have been undertaken in accordance with the RICS Valuation-Global Standards July 2017 incorporating IVSC International Valuation Standards. The conventional valuation methods are however dependent upon comparable evidence and where a lack of open market transactional activity causes uncertainty to exist throughout this process we have also relied upon our own market assessment/judgement based upon several considerations to include any marketing history, current equivalent sale processes, publicised indices, sector analysis, local factors and daily dialogue with the active agents.

#### *Comparable Evidence*

In undertaking our valuation we have had regard to comparable evidence. In some instances confidentiality prevents us from disclosing full details. Where there is a lack of available evidence regard has been given to valuer judgement. We have made this clear in our assessment where relevant.

Where the property has been subject to a recent transaction or a provisionally agreed price, enquiries have been made to ascertain the price agreed/realised and the effect of other factors including any marketing undertaken has been paid in this respect. We have also indicated the extent to which this information has been accepted as evidence of Market Value.

If our enquiries have not revealed such details or the agreed purchase price has changed and such information comes to light prior to the proposed loan being finalised, then this information should be referred back to us for further consideration.

#### *Market Rent*

The RICS definition of Market Rent is *“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.”*

We have considered the following market evidence from within the locality of then subject property:

Address	Date	Rent (psf)	Comments
50 Tavern Street Ipswich IP1 3AJ	September 2018	£52.94	An undisclosed tenant has taken an 850 sq ft ground floor retail unit at £45,000 pa. This is a smaller unit in a better pitch.
6 High Street Ipswich IP1 3JX	March 2018	£3.85	A small retail unit at 317 sq ft in an inferior retail pitch was let for a term of six years at a rent of £6,500 pa.
12-14 Princes Street Ipswich IP1 1QT	June 2017	£11.96	A 1,538 sq ft retail unit in an inferior retail pitch let on a new seven year lease at a rent of £18,400 pa.
38 Tavern Street Ipswich IP1 3AP	April 2017	£35.37	A 1,272 sq ft retail unit let on a new ten year lease at a rent of £45,000 pa.
40 Tavern Street Ipswich IP1 3AP	October 2018	£86.66	A small 375 sq ft retail unit let on a new five year lease at a rent of £32,500 pa.
63 Upper Orwell Street Ipswich IP4 1HP	July 2018	£9.75	A 1,230 sq ft retail unit let on a new ten year lease at £12,000 pa.
36-46 Carr Street Ipswich IP4 1EW	September 2019	£5.77	A 5,200 sq ft ground floor retail unit was let to Brighthouse for a term of just two years. This is considered to be a low rent.
42 Tacket Street Ipswich IP4 1BA	June 2019	£19.46	A 411 sq ft ground floor retail unit in Tacket Street, which runs to the rear of Carr Street let on a new lease at a rent of £8,000 pa, reflecting £19.46 per sq ft.
28-32 Tacket Street Ipswich IP4 1BA	May 2019	£10.95	A 1,689 sq ft ground floor retail unit let on a new ten year lease at a rent of £18,500 pa, reflecting £10.95 per sq ft.

The comparables demonstrate a wide range of achieved rents, depending on size of unit and micro-location within the town centre. There has been a lack of lettings of larger town centre units within the last twelve months, save for the letting of the basement of the subject property to Age UK Suffolk. We have also researched retail units currently available to let within the vicinity.

We note asking rents in Carr Street, from four vacant units, from £14.25 per sq ft to £38.77 per sq ft on an overall basis. These are all smaller units ranging from 490 sq ft to 2,209 sq ft. Floor areas of this size would be too small for retailers such as Poundland, larger charity shops and supermarkets. The letting of 5,200 sq ft of retail space at 36-46 Carr Street reflects a low rate of just £5.77 per sq ft for a term of just two years. This is considered to be a 'soft' rent, reflecting redevelopment proposals for the building in the medium term.

There is considered to be reasonable rental demand for larger units, although a targeted marketing campaign by an experienced agent would be required. Tenants in the market for such space in this location may include larger charity shops, discount retailers such as Poundland, or similar, and clothing shops such as Primark.

The Poundland store is currently let at £250,000 per annum, reflecting £9.60 per sq ft overall. It is not appropriate to zone retail units of this size and width as, in the case of supermarkets/department stores, the overall floor area is deemed to be of equal value. The rent was agreed in 2013 and realistically there has been no rental growth since. In fact, the retail market has deteriorated slightly.

The achieved rate is low compared to both recent lettings and properties currently available, although in reality reflects the quantum of the unit at 26,044 sq ft. There is likely to be less demand for units of this size, although conversely there are also far fewer units available with such floor plates. As a result, rental demand is deemed to be reasonable. However, we realistically assess the current market rent to be circa £7.50 per sq ft, reflecting a market rent of £195,000 per annum. We note that a rent review effective from 13 December 2018 has not been implemented.

Similarly, the basement unit let to Age UK Suffolk reflects a very low rate of just £2.00 per sq ft. This rate reflects two factors. First, the size/quantum of the unit at 24,865 sq ft reduces the rate. Second, the fact that the space is at basement level, albeit that it has very good access and a high floor to ceiling height, significantly reduces rental value. Nevertheless, there is reasonable rental demand and we understand that prior to Age UK Suffolk, the basement was let to JJB Sports. The basement may be suitable for alternative uses, subject to planning, such as leisure/entertainment or restaurant. All things considered, we consider the unit to be rack-rented at £50,000 per annum.

We have not attributed any rental value to the upper floors, given the current condition of this accommodation. The aggregate market rent of the building is considered to be £245,000 per annum.

### *Market Value*

The RICS definition of Market Value is *"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 where the parties had each acted knowledgeably, prudently and without compulsion."* Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase, and without offset for any associate taxes.

We have considered the following investment market evidence:

Address	Date	Sale Price	Comments
29-33 Upper Brook Street Ipswich IP4 1ED	December 2017	£690,000	A double fronted retail unit with first floor ancillary accommodation totalling 5,683 sq ft. Subject to a ten year lease commencing in 2013. Producing £55,000 pa, reflecting an initial yield of 7.97% gross.
19-21 Upper Brook Street Ipswich IP4 1ED	December 2017	£700,000	A freehold building comprising two ground floor retail units with ancillary upper parts totalling 5,316 sq ft. Producing £64,500 pa reflecting an initial yield of 9.21% gross.
33 Tavern Street Ipswich IP1 3AG	February 2019	£800,000	A freehold town centre period building let to Lush on a ten year lease commencing in November 2012 at a rent of £70,000 pa. The sale reflects a gross initial yield of 8.75%.
36-46 Carr Street Ipswich IP4 1EW	January 2019	£1,000,000	A 35,155 sq ft building in close proximity producing in excess of £150,000 pa at date of sale, although deemed to be over-rented. The sale reflects a capital value of £28.44 per sq ft.
23-27 & 27a Pier Avenue Clacton CO15 1TN	July 2019	£475,000	A freehold basement/ground floor retail unit let to Vodafone with upper parts sold off producing ground rents only. The sale price equated to a gross initial yield of 9.47%.
33 Pier Avenue Clacton CO15 1QE	July 2019	£272,500	A freehold building comprising ground floor retail let to Clarks and upper parts sold off, producing £26,000 per annum. The sale price equated to a gross initial yield of 9.54%.
29-31 Pier Avenue Clacton CO15 1TN	July 2019	£400,000	A freehold building let to Clintons producing £37,250 per annum. The sale equates to a gross initial yield of 9.31%.

### *Market Value Analysis*

We have considered the market value of this property on an investment basis. We capitalise the income from the Poundland lease on a hardcore basis, with yields of 7.5% applied to the market rent element and 12% applied to the 'froth' rent until lease expiry. On lease expiry we assume 12 months void followed by a new lease at a rent of £195,000 per annum, with 12 months rent free.

We capitalise the income from the lease to Age UK Suffolk on a term and reversion basis, applying 7.5% to the term and 8.5% to the reversion. For valuation purposes we assume that the break option is exercised by the tenant and the lease ends in June 2021. We assume 12 months marketing followed by a new lease at £50,000 per annum with 12 months rent free.

We do not attribute any value to the upper floors. They have effectively been 'mothballed' until such time that it is viable to refurbish/develop them. Whilst urgent repairs are required in theory, the reality is that the building has been neglected for many years and continuing to do so may not adversely affect the existing income stream. Ad hoc repairs will inevitably be required, although we do not make specific capital allowances for these; rather, the cost of repairs will be deducted from general income by the applicant.

A copy of our investment calculation is appended to this report. The subject property was purchased by the Bank's customer at a price of £2,850,000 in early 2019 and we are thus able to support the purchase price.

The sale price reflects a capital value of £27.74 per sq ft overall, which is consistent with the nearby sale at 36-46 Carr Street at £28.44 per sq ft overall. Having considered all relevant factors, we are satisfied that they are adequately reflected in the purchase price of £2,850,000. Our opinion of market value, subject to the existing leases, is £2,850,000 **(MV1)**.

### *Special Assumption Valuations*

We have considered the market value on the special assumption of a restricted marketing period of six months. The current sale was agreed in less than one month and we are advised that there were three or four under-bidders at a similar level. The market value on the special assumption of a restricted marketing period of six months is also £2,850,000 **(MV2)**.

We have also considered the market value on the special assumption of vacant possession. In this scenario we assume new lettings in respect of the two retail units at market rents. We assume twelve months marketing periods, twelve months rent free to each tenant and ten year leases. Subject to these variables, the market value with the special assumption of full vacant possession is noted to be £2,450,000 **(MV3)**. A copy of our investment calculation is appended to this report.

*For more information on our assumptions in respect of our Valuation Approach and Analysis please refer to paragraphs 10.1.19 to 10.1.21 within the Report Assumptions and Valuation Methodology section.*

## 9.2 SWOT Analysis

We have set out below a SWOT analysis taking account of the property specific characteristics and the micro property market.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Two retail tenants of good covenant strength</li> <li>• Prime retail position in pedestrianised town centre</li> </ul>	<ul style="list-style-type: none"> <li>• Over-rented</li> <li>• Poor condition in parts</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Re-gear retail leases</li> <li>• Refurbish/let upper floors</li> <li>• Obtain planning consent for further development</li> </ul>	<ul style="list-style-type: none"> <li>• Retail tenants do not renew.</li> </ul>

## 9.3 Summary of Valuations

### MV1 – Market Value

Subject to:  
Existing leases  
Report commentary and recommendations  
Reasonable period of marketing of six to nine months

**£2,850,000 (Two million eight hundred and fifty thousand pounds)**

### MV2 – Market Value

Subject to:  
Existing leases  
Report commentary and recommendations  
Special assumption of a restricted marketing period of six months

**£2,850,000 (Two million eight hundred and fifty thousand pounds)**

### MV3 - Market Value

Subject to:  
Report commentary and recommendations  
Reasonable period of marketing of six to nine months  
Special assumption of vacant possession

**£2,450,000 (Two million four hundred and fifty thousand pounds)**

## **Aggregate Market Rent**

Subject to:

Letting on standard residential terms as detailed within the report

Report commentary and recommendations

Reasonable period of marketing of three months

**£245,000 per annum (Two hundred and forty five thousand pounds per annum)**

### **9.4 Action Points and Recommendations**

- A full report on Title should be obtained.
- Confirmation of insurance cover for subsidence risks is required.
- An asbestos survey and management plan will need to be commissioned by the Bank's customer after completion of the purchase if not already available.

### **9.5 Building Reinstatement Cost Assessment**

It is important to note that the assessment given hereafter is an informal guide only. Please refer to the Report Assumptions section for clarification.

The estimated cost for insurance purposes of reinstating the property with an equivalent structure as at the date of our inspection is estimated to be in the region of £10,850,000.

*For more information on our Estimate of Reinstatement Cost Assessment Limitations please refer to paragraphs 10.1.20 within the Report Assumptions and Methodology section.*

### **9.6 Security and Loan Suitability**

In our opinion, the property will retain a useful economic life of at least 25 years, subject to an appropriate maintenance programme. This includes urgent repairs as detailed within the building survey appended to this report.

We believe the property represents suitable security for loan purposes subject to any recommendations within this report and in accordance with normal commercial lending practice.

### **9.7 Mortgage Regulation**

In our opinion, 0% of the total gross floor area of the land and buildings to be given as security is used as, or in connection with, a dwelling.

### **9.8 Limitation and Publication**

This Valuation Report is prepared solely for the use of the Client and no responsibility is accepted to any other party for the whole or any part of its contents. It may be disclosed to other professional advisers assisting in the respect of the purpose for which this valuation report is prepared.

Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any published document, circular or statement nor published without the Valuer's written approval of the form and context in which it may appear.

We trust that this report is satisfactory for your present purposes but should you require any further information or clarification please do not hesitate to contact us.

**RICS Registered Valuer**

For and on behalf of Eddisons Taylors



Jeremy Mussett BSc Hons MRICS  
Director  
RICS No. 1111591

**RICS Registered Valuer**

For and on behalf of Eddisons Taylors



Richard Bliss BSc (Hons) MRICS ACI Arb  
Director  
RICS No. 1112302

## 10 Report Assumptions and Valuation Methodology

These should be read in conjunction with our Standard Conditions of Engagement. Unless we have commented to the contrary previously, we have made the following assumptions:

### 10.1.1 Title

It is assumed that the title to the property is as described by the Client/Vendor/Proposed Borrower and is as referred to in this report and that the Client/Vendor/Proposed Borrower has a good and marketable title to the estate or interest which we have valued. Unless indicated to the contrary, title deeds and/or lease documents have not been inspected or seen. Any interpretation of the leases and other legal documents and any legal assumptions are given in the capacity as business valuers and appraisers and must be verified by a suitably qualified lawyer if they are to be relied upon.

It is assumed that the property is not subject to any unusual or especially onerous covenants, easements, rights of way, restrictions, encumbrances or outgoings which might affect the valuation or which might prevent all or part of the property from being properly used (whether in its own right or, if relevant, in connection with the business).

We have assumed that the property has lawful and proper direct access from a publicly maintained highway without payment of any fee or contribution.

The Freehold or Leasehold Title is assumed to be held with the benefit of full Vacant Possession unless stated otherwise.

All Leases are assumed, unless otherwise stated, to have been drawn up in a fully assignable standard commercial format protected under the Security of Tenure provisions of the Landlord & Tenant Act 1954. We also assume that there are no outstanding dilapidation or other obligations and that the normal forfeiture clauses apply in the event of non-payment of rent, breach of covenant, bankruptcy etc.

We assume that your solicitors will prepare a Report on Title. If this does not confirm the title assumptions made or highlights the existence of easements, restrictive covenants etc., then this may alter the Valuations reported.

### 10.1.2 Trade Fixtures and Fittings

If relevant, it is assumed that the plant, machinery, equipment, fixtures and fittings are in serviceable order, (and where relevant, are adequate for the effective trading of the business) and shall remain so for the foreseeable future.

It is assumed that all decorative items, furniture, works of art and soft furnishings have no additional inherent value over and above that attributed to them as part of the existing and/or proposed business. In the event that there are any items of specific high value we would recommend that these be assessed by an appropriately qualified person separately.

### 10.1.3 The Inspection and Site Conditions

In preparing the Report regard has been had to the apparent state of repair, construction and condition of the property, taking into consideration major defects which are obvious in the course of a visual inspection of so much of the exterior and interior of the property as is accessible at the time of inspection with safety, and without undue difficulty. During the course of the inspection, we have viewed those parts of the property as can be seen whilst standing at ground level within the boundaries of the site and adjacent public/communal areas and whilst standing at the various floor levels, which we consider reasonably necessary to provide the Report, having regard to its purpose.

We have not examined those parts of the property which are covered, unexposed or inaccessible, or to raise boards, inspect woodwork, move anything, or use a moisture detecting meter. Neither shall we have a duty to verify the existence of and/or arrange for the testing of plant and equipment, including but not limited to electrical, heating, drainage or other services, service installations and appliances which, unless indicated to the contrary, have been assumed to be in a working and serviceable condition. We are unable test the adequacy or otherwise of any private drainage system or water supply.

Unless otherwise stated, the digital images published within the Report were taken during the inspection of the premises.

Where further investigations are recommended in relation to the repair or maintenance of the property, unless indicated otherwise, these should be undertaken by a Chartered Building Surveyor. Whilst our Valuations take into account the general appearance of the property, we have made the clear assumption that no significant property defects of a capital nature will be identified. If this is not the case, then we would wish to review the Valuation advice provided, upon receipt of a fully costed schedule of the required work.

Unless otherwise stated, any signs of structural movement within the property are assumed to be of an historic and non-progressive nature. We have not, however, undertaken any investigations and therefore we can make no assurances in this respect.

It must not be assumed that, if defects are not mentioned in the Report, all parts of the structure are free from defect and where attention is drawn in the Report to some defects, it does not mean that other defects may not exist.

If the Client, or their customer/proposed borrower, wishes to be satisfied as to the condition of the property, they should have a Building Surveyors' detailed inspection and report of their own before deciding whether to provide finance or enter into a contract.

If the property is of architectural or historic interest, or listed as such, or is in a Conservation Area or of an unusual construction, appropriate specialist advice should be sought before carrying out works.

We have not carried out, nor have we commissioned a site investigation, geographical or geophysical survey and therefore can give no opinion, assurance or guarantee that the ground has sufficient load bearing strength to support the existing constructions or any other construction that may be erected upon it in the future. We cannot give any opinion, assurance or guarantee that there are no underground minerals or other workings beneath the site or in the vicinity nor that there is any fault or disability underground. It is not possible, therefore, to certify that any land is capable of further development or redevelopment.

#### 10.1.4 Measurements

Where given, any floor areas and dimensions are taken from inspection unless otherwise specified and are approximate measurements only. Areas quoted are calculated in accordance with the RICS professional statement, RICS property measurement 1st edition, May 2015 (effective from 1 January 2016), unless the Client has instructed otherwise. We have assumed, unless stated otherwise, that any difference between the IPMS 1, 2 & 3 – Office and the respective previously utilised definitions under gross external area (GEA), gross internal area (GIA) and net internal area (NIA), are within acceptable tolerance and therefore not material.

Our understanding of the boundaries of the Property is as noted in the Report but should not be relied upon and should be verified by the Client and we have no knowledge of any responsibilities for fencing or of any boundary disputes or claims and legal advice should be sought in this respect.

Site areas are quoted as advised by the Client/Vendor/Proposed Borrower, unless specifically stated to the contrary. They are not derived from a physical site survey and are approximate unless otherwise indicated.

#### 10.1.5 Environmental Health

The Food Safety Act 1990 and its subordinate regulations introduced a system of compulsory registration applying to most types of businesses with few exceptions. Full details of this legislation can be found at:

- [www.opsi.gov.uk/ACTS/acts1990/Ukpga\\_19900016\\_en\\_1.htm](http://www.opsi.gov.uk/ACTS/acts1990/Ukpga_19900016_en_1.htm)
- [www.opsi.gov.uk/si/si1991/Uksi\\_19912825\\_en\\_1.htm](http://www.opsi.gov.uk/si/si1991/Uksi_19912825_en_1.htm)

For valuation purposes we have assumed full compliance with this and any more recent applicable legislation. Should this not be the case then we may wish to review the valuation opinion provided, upon receipt of a costed schedule of the required works.

#### 10.1.6 Equality Act

The Equality Act 2010 replaces the existing anti-discrimination laws and came into effect on 1 October 2010. It protects people who access goods facilities or services from discrimination by virtue of their (actual, perceived or association with), disability, gender reassignment, pregnancy/maternity, race (ethnic, colour and nationality), religion/belief, sex and sexual orientation. Businesses are under an obligation to ensure that there is no such discrimination by making 'reasonable adjustments' to their policy/procedures, the provision of auxiliary aids/services and the physical features of their business premises. Further guidelines are available from the Government Equalities Office [www.equalities.gov.uk](http://www.equalities.gov.uk).

For valuation purposes we have assumed that no significant costs of a capital nature are required to comply with this legislation. Should this not be the case then we may wish to review the valuation opinion provided, upon receipt of a costed schedule of the required actions, provisions or works.

#### 10.1.7 Fire

New UK Fire Regulations came into force on 1 October 2006. Full details can be found at [www.opsi.gov.uk/si/si2005/20051541.htm](http://www.opsi.gov.uk/si/si2005/20051541.htm). The business "occupier" of any commercial premises, as the "responsible person", now has a primary duty to carry out a Fire Risk Assessment, to act on its findings, to implement a fire safety policy and to train staff appropriately. This means that any person who has some level of control of commercial premises must take reasonable steps to reduce the risk of fire and to make sure that people can safely escape in such an event.

Fire Certificates, which were formerly required in respect of certain types of property, are no longer valid, although local Fire Authorities will still remain the main agency responsible for enforcing all fire safety legislation in respect of non-domestic properties.

We have not inspected the relevant fire safety policy documentation and we assume that solicitors will verify that the property/business is fully compliant with the findings of a competent Risk Assessment.

#### 10.1.8 Planning

We have made telephone and/or website enquiries of the local planning authority and have relied upon the information given to us. In the event that more or differing information comes to light following a more detailed planning search then we reserve the right to amend our valuation accordingly.

A formal planning search should be obtained, to include confirmation that there are no proposed developments within the vicinity which would adversely impact upon the subject business. For Valuation purposes we have assumed that there are no outstanding planning issues, and no undue restrictions on the current/proposed business format.

### 10.1.9 Licensing

The provisions of the Licensing Act 2003 are now in force and appropriate new-style 'Premises' and 'Personal' Licences as issued by the Local Authority should be in place. Full details can be found at:

- [www.opsi.gov.uk/ACTS/acts2003/20030017.htm](http://www.opsi.gov.uk/ACTS/acts2003/20030017.htm)

Such Licences have been assumed to be in place for Valuation purposes, although Solicitors should verify that the 'Premises' Licence contains no onerous conditions.

Unless otherwise stated, we have also assumed that there are no onerous conditions or undertakings that affect the licence(s). In the event that new information comes to light subsequent to our valuation that contradicts the information supplied then we reserve the right to amend our valuation accordingly. In the event that the property loses its licence there is likely to be a material effect on valuation.

### 10.1.10 Environmental Matters

Details of the legislative framework relating to contaminated land can be found at:

- [www.netregs.gov.uk/netregs/275207/276318/277712/?lang=e](http://www.netregs.gov.uk/netregs/275207/276318/277712/?lang=e).

We have assumed that no contaminative or potentially contaminative uses have ever been carried out in or adjoining the Property. Unless otherwise stated, 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 do not carry out an 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 Property from these uses or sites, and we therefore assume that none exists. Any such investigations are the responsibility of the Client.

However, should it be established subsequently that any contamination seepage or pollution exists at the Property or on any neighbouring land, or that the Property has been or is being put to a contaminative use, this might reduce the values reported.

In the normal course of events an Environmental Risk Assessment would be commissioned prior to lending. We have assumed for the purposes of our valuation that no issues of an environmental nature exist which will impact on the value of the property or business. Should any investigations indicate otherwise then we reserve the right to alter our valuation opinion.

### 10.1.11 Energy Performance Certificates/Energy Act 2011

In England & Wales, from October 2008, the sale, letting and construction of all residential and commercial property requires the provision of an Energy Performance Certificate (EPC). The aim of EPC's is to provide purchasers and tenants with information regarding the energy efficiency of their building. Generally, an EPC for commercial buildings is valid for 10 years, or until a new EPC is prepared.

In respect of care homes, these will only require an EPC upon construction, sale or rental (of the whole building). In this case the assessment will be undertaken under the procedures for non-residential dwellings.

On 18 October 2011 the Energy Bill became the Energy Act 2011. The Act includes a provision to ensure that from 1 April 2018 it will be unlawful to rent out business premises to new or renewing tenants that do not reach a minimum energy efficiency standard. In February 2015 the Government confirmed that this minimum rating will be E and the new rules will be extended to cover all leases by 1 April 2023.

With effect from 6 April 2012 an EPC has to be made available prior to marketing. The EPC rating will therefore become increasingly significant over the next six years and will have an effect on values where those properties with F and G ratings become less marketable if they require material levels of expenditure in order to upgrade to an acceptable rating.

The Energy Act also provides that from April 2016, private residential landlords will be unable to refuse a tenant's reasonable request for consent to energy efficiency improvements where a finance package, such as the Green Deal and/or the Energy Company Obligation (ECO), is available. The Act further provides powers to ensure that from 1 April 2018, it will be unlawful to rent out a residential property that does not reach a minimum energy efficiency standard of E and this will be extended to all leases in 2020.

### 10.1.12 Asbestos

Under the Control of Asbestos Regulations 2002 (as amended in 2006 and 2012) it is necessary for property owners/occupiers to undertake an inspection for asbestos in all non-domestic properties (to include common parts of shared residential dwellings). Following this exercise there are a number of requirements, including the need for an asbestos management plan to be drawn up and implemented. The timescale for completion of this process was 21 May 2004. Full details are available at:

- [www.hse.gov.uk/asbestos/regulations.htm](http://www.hse.gov.uk/asbestos/regulations.htm)
- [www.legislation.gov.uk/ukxi/2012/632/contents/made](http://www.legislation.gov.uk/ukxi/2012/632/contents/made)

For valuation purposes we have assumed that no significant costs of a capital nature have/will be identified as part of this investigation process. Should this not be the case then we may wish to review the valuation opinion provided, upon receipt of a costed schedule of the required works.

#### 10.1.13 Flooding

Further information can be found at <http://www.environment-agency.gov.uk/flood>. If we have indicated that the Property is located within an area that could be affected by flooding then an enquiry should be made of The Environment Agency to ascertain whether or not there is any history of flooding affecting the Property. For valuation purposes we have assumed that there is no such history and that full insurance cover in respect of flooding risk is available, without payment of an excessive premium.

#### 10.1.14 Landslip/Subsidence

Unless otherwise stated, we are not aware of any evidence of subsidence, heave or landslip at or in the vicinity of the property and have assumed that no such problems exist and that, in any event full insurance cover would be available in respect of all associated risks. We confirm that we have not made any detailed investigations in this regard.

#### 10.1.15 Mining

Where the property is identified as lying within a mineral bearing area, a mining search should be obtained. Further information can be found at <https://www.gov.uk/check-if-property-is-affected-by-coal-mining>. We have assumed for valuation purposes that no material factors potentially affecting the property will be identified and that full buildings insurance cover will be available in respect of any associated risks.

#### 10.1.16 Mundic Block

Mundic block or concrete is a local term for concrete manufactured with deleterious material, commonly metalliferous mine waste. The presence of deleterious material can cause later defects to develop, adversely affecting structural stability.

Guidance produced by the Royal Institution of Chartered Surveyors suggests that it is less likely that unsuitable material was used after 1950. An exception may relate to the surrounding district of Liskeard when the period is extended to pre-1960. This relates to the area within the postcodes PL12, 13, 14, 15, 17, 18, 22 and 23.

If we have indicated that the property could be affected by the use of Mundic then we recommend that a specific investigation be made as to the precise nature of construction of the main building, and confirmation formally sought as to the age of any additions. Should either the main building or any additions be of concrete blockwork, constructed pre-1950, Mundic sample tests should be undertaken to determine whether or not such deleterious materials exist. Further information and assistance can be found on the Building Research Establishment website at <http://www.bre.co.uk/pdf/106.pdf>. We reserve the right to amend our opinion as to value should this be the case, and for the purposes of this report we have made the clear assumption that no deleterious material has been used in the construction of the building/buildings forming part of this property.

#### 10.1.17 Radon

The National Radiological Protection Board, which merged with the Health Protection Agency on 1 April 2005, to form its new Radiation Protection Division, has identified the areas in which, in more than 1% of dwellings, the levels of radon gas entering the property are such that remedial action is recommended.

If we have indicated that the subject property is situated within such an area, we recommend the use of the relevant test and result service, which is available from the Health Protection Agency at <http://www.hpa.org.uk/radiation/>. We have provided our Report on the assumption that radon is not detectable at a level which would require remedial action.

#### 10.1.18 Invasive Species and Japanese Knotweed

There are 36 non-native invasive species defined by The Wildlife and Countryside Act 1981, (amended in April 2010); section 14 of the act details the law relating to the introduction of new species and Schedule 9 lists those plants classified as non-native invasive species. Many invasive plants are of limited importance in the context of value, while most are not commonly identifiable to those who are not experienced botanists.

The most deleterious non-native invasive species is Japanese Knotweed due to its destructive influence on built structures and the difficulty and cost of eradication. Due to the cost of eradication, attempts can be made by owners/vendors to disguise the presence of this plant by removal of surface vegetation and the covering of surfaces with ornamental materials or landscaping features; we have not undertaken an intrusive inspection in this regard. We recommend that enquiries are made of vendors/owners at the legal due diligence stage, when an undertaking should be sought that no infestation of Japanese Knotweed has been experienced at the property.

At the time of inspection, where non-native invasive species have been identified at the property or within the local area, we have detailed the nature of such infestation, its location and a recommended course of action. In the absence of any features which would clearly identify any invasive species our Report is provided on the assumption that no invasive species are present to a level which would require remedial action.

Further information relating to Japanese Knotweed, other invasive species, together with associated issues can be found on the following websites:

- The Wildlife and Countryside Act 1981 ([www.legislation.gov.uk/ukpga/1981/69/contents](http://www.legislation.gov.uk/ukpga/1981/69/contents))
- The Environment Agency ([www.environment-agency.gov.uk](http://www.environment-agency.gov.uk))
- The Cornwall Knotweed Forum ([www.cornwall.gov.uk](http://www.cornwall.gov.uk))
- Devon County Council ([www.devon.gov.uk](http://www.devon.gov.uk))
- GB non-native species secretariat (<https://secure.fera.defra.gov.uk/nonnativespecies>)
- Scottish Environmental Protection Agency ([www.sepa.org.uk](http://www.sepa.org.uk))

#### 10.1.19 Basis of Valuation

The Royal Institution of Chartered Surveyors considers that the appropriate basis of value to be used for all valuations or appraisals undertaken for secured lending is 'Market Value'. Market Value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion". Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase, and without offset for any associated taxes.

Any special assumptions made in calculating the Market Value will be agreed with the Client in advance and referred to within the Report. Any other bases of valuation considered appropriate in individual instances will be detailed separately.

The Royal Institution of Chartered Surveyors defines Market Rent as "the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Market Rent within our Report, unless otherwise stated, will be assessed upon the assumption that the property is fit for occupation, no premium is required and there are no tenant incentives. It will also assume a new, standard full repairing/insuring commercial lease, without onerous obligations or conditions, of at least a fifteen year term and a rent review period of no longer than five years.

#### 10.1.20 Estimate of Reinstatement Cost Assessment

If the Report includes an estimate of reinstatement cost assessment, this is an informal guide of the cost for insurance purposes of reinstating the property and is given without liability. A formal assessment for insurance purposes can only be given by a Quantity/Building Surveyor or other professional with sufficient current experience of such costs, following the preparation of a full bill of quantities. This is particularly relevant in the case of Architecturally Listed buildings and those properties situated within Conservation Areas, National Parks and the like or in cramped city centre or other unusual locations. The guide provided within our Report assumes:

- reinstating the property with an equivalent structure
- the use of modern materials and construction techniques
- the adherence to all current statutory requirements
- no allowance is made for inflation
- demolition and site clearance
- professional and statutory fees

However excludes VAT (including that payable on fees) and loss of rent and/or cost of alternative accommodation for the reinstatement period.

## 11 Letter of Instruction/Terms of Engagement



Proplend Security Limited  
 20-22 Wenlock Road  
 London  
 N1 7GU

Attn: Jeremy Mussett,  
 Eddisons Real Estate & Business Valuers,  
 31st Floor, 40 Bank Street,  
 London,  
 E14 5NR

Ref: SB  
 Carr Street Estates Limited

Dear Sirs,

Please accept this letter as our formal instruction to your firm to carry out a valuation, for mortgage purposes, on the addresses indicated below upon which we, Proplend Security Limited shall rely. The valuation may be shown to any third parties in connection with the financing of the property albeit it cannot be relied on by those parties directly. Please notify us if there will be any delay. **Please advise us immediately if you are unable to give prompt attention to this matter.**

Borrower:	Carr Street Estates Limited
Contact Name:	Shmuel Feldman
Phone Number:	07972 063270
Email:	zoltan.reich@springviewfinance.co.uk
Properties:	26-32 Carr Street, Ipswich, Suffolk, IP4 1EJ
Tenure:	Freehold
Use:	Retail
Tenancies:	The ground floor is let to Poundland on a lease expiring in December 2023 at a passing rent of £250,000 per annum.  The basement is let to Age UK Suffolk on a lease expiring in June 2023 at a passing rent of £50,000 per annum. There is a tenant break clause in June 2021.
Access:	via Shmuel/Zoltan as above

### Instruction

The report should be addressed to Proplend Security Limited which must clearly state that it can be relied upon for lending purposes by the parties named herein. Please ensure that the report accords with the current RICS Appraisal and Valuation Manual.

Please indicate in your report if the valuer or your firm have had any previous involvement with the property forming the subject of the valuation. If so, please indicate the nature and extent of that involvement and confirm specifically that you consider there is no conflict of interest on the part of the valuer or your firm.

The report must be signed by a partner or director of the firm who is a member of the Royal Institute of Chartered Surveyors.

Whilst your report will be addressed to Proplend Security Ltd, it will need to be uploaded to the Proplend website and viewed by its Lending members on the understanding that only Proplend Security Ltd may rely on the report for mortgage purposes. Can you please confirm within your report that this is understood and accepted?

### Valuation and Report

Proplend Security Limited Registered in England and Wales Company No: 08620117 T: 0203 397 8290



Proplend Security Limited  
20-22 Wenlock Road  
London  
N1 7GU

The Market Valuation referred to below should be based on current values and should reflect market conditions prevailing at the date of the report, and changes in market conditions that you are able to predict, and should include:

1. The Market Valuation for loan security purposes of the Property in its current condition at the date of your inspection, subject to any current tenancies in place and sold as a going concern. Please indicate the period of marketing you have assumed in arriving at your valuation.
2. A valuation of the Property on the assumption that the Property was being sold without the benefit of a going concern.
3. A valuation of the Property on the assumption of Vacant Possession.
4. Please provide comparable evidence to support your assumptions on values.
5. Please provide an estimated rental value for the Subject Properties.
6. Please provide commentary on continued likely market demand for properties of this size and nature, in this location, for sale and to let.
7. Please provide an estimated reinstatement cost of the buildings for insurance purposes.
8. Please provide a full description of the Property to include its accommodation, its size, its construction, location and general state of repair. These details should be supported with photos of the Properties. Whilst you are not instructed to carry out a structural survey on each Property, please comment of any noticeable defects that might warrant further investigation and which might affect the marketability of the Property.
9. Please certify that the Property is acceptable for secured lending purposes.

#### **Report on Title**

A copy of the solicitors Report on Title will be sent to you so that you can cross check your assumptions with the facts contained within the said report and comment on specific items which may affect your valuation.

#### **Fees**

You have quoted and the Borrower has agreed to pay a fee of £1250 + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, we ask that you seek settlement of your fee from the proposed Borrowers whose contact details are supplied above. Proplend Security Limited cannot accept any responsibility for non-payment of your fees in this regard.

#### **Contact Details**

Please contact Proplend on 0203 637 8418 if you have any queries regarding this instruction.

Please send the Valuation Report to [borrower@proplend.com](mailto:borrower@proplend.com), with hard copy to 15 Little Green, Richmond TW9 1QH. Draft reports are not acceptable. Following provision of the Valuation Report, you should be prepared to discuss its contents with the Lender.

Yours Faithfully,

A handwritten signature in black ink, appearing to read 'B Bartaby'.

Brian Bartaby  
Director

Proplend Security Limited

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Proplend Security Limited Registered in England and Wales Company No: 08620117 T: 0203 397 8290

Our ref: 114499  
Your ref: SB /Carr Street Estates Limited

**Private & Confidential**

FAO: Brian Bartaby  
Proplend Security Limited  
20-22 Wenlock Road  
London  
N1 7GU

40 Bank Street  
London  
E14 5NR

T / 020 7205 5767  
F / 020 7205 5768  
E / valuations@eddisons.com

[eddisons.com](http://eddisons.com)

21 October 2019

Dear Sirs

**Client: Carr Street Estates Limited**

**Property: 26-32 Carr Street, Ipswich, Suffolk, IP4 1EJ**

The purpose of this letter is to set out the terms under which Eddisons (“we”, “our” or “us”) will provide a valuation of the above property to (“you” or “your”).

This letter incorporates our standard terms of business and we enclose a copy of these for your attention. This letter varies our standard terms of business and to the extent that a conflict exists between this letter and our standard terms of business, the terms of this letter shall take precedence over our standard terms of business.

The Valuer has valued this property on behalf of another lender within the last two years. Eddisons has no conflict of interest in accepting this instruction. Proplend Security Limited is aware of our previous involvement and has confirmed that there is no conflict of interest.

**1. SCOPE OF SERVICES**

1.1 This letter sets out the basic terms upon which we shall perform the valuation services to you [and another if joint instructed] Further details of the services to be provided are set out below and shall be referred to hereinafter as the “**Services**”:

(a) Preparing a valuation of the above property.

**2. SERVICE PERFORMANCE REQUIREMENTS**

We propose to perform the Services in the following manner

- (a) Jeremy Mussett MRICS will carry out the valuation
- (b) We will complete an inspection of the property and prepare a valuation report
- (c) The report will confirm our assessment of Market Value

**3. AGREED FEE STRUCTURE**

3.1 Our fee is agreed at £1,250 plus VAT.

**4. PAYMENT TERMS**

4.1 Not applicable.

**5. CONTACT DETAILS**

5.1 Jeremy Mussett, Director

31<sup>st</sup> Floor, 40 Bank Street  
London  
E14 5NR

*Tel.* 020 7516 1610

*Email* [jeremy.mussett@eddisons.com](mailto:jeremy.mussett@eddisons.com)

**6. LIMITATION OF LIABILITY**

6.1 We shall supply the Services solely to you, exclusively for your benefit. Any advice or recommendations provided by us through performing the Services may not be used or relied on for any other purpose or by any other person unless you first obtain our permission.

6.2 Upon consideration of all relevant factors in the provision of the Services the parties agree that a fair and proportionate limit of our aggregate liability for any breach of contract, tort (including negligence) or otherwise arising out of our performance or non-performance of the Services will in no circumstances exceed the higher of (i) the total fees payable to us hereunder; and (ii) £250,000.

Please confirm your agreement to these arrangements by signing the duplicate copy letter and returning this to me.

Thank you for your instructions.

Yours faithfully



Jeremy Mussett MRICS  
RICS Registered Valuer  
Eddisons

DDI: 020 7516 1610

Email: [jeremy.mussett@eddisons.com](mailto:jeremy.mussett@eddisons.com)



# Terms of Business

## SCOPE OF OUR SERVICES

1. The valuation will be undertaken in accordance with the International Valuation standards and the relevant edition of RICS Valuation- Professional Standards issued by The Royal Institution of Chartered Surveyors (RICS) as at the date when the valuation is carried ("the Valuation Standards").
2. We would confirm that the valuer is a Registered Valuer and is also an "External Valuer" as defined in the Valuation Standards, and has relevant experience, knowledge, skills and understanding to undertake the valuation competently.
3. The valuation will be prepared as at the date of our inspection of the Property, unless otherwise agreed.
4. The valuation will be prepared on the basis that full disclosure of all information and facts which may affect the valuation will be made to us by the parties concerned and we cannot accept any liability or responsibility in any event, unless such disclosure has been made.
5. The Property will be valued as being free from borrowings and we will not make any allowance for any potential tax liability except in so far as they may influence general levels of value.
6. Unless stated in our letter of engagement the report we produce as part of our Services will be provided for the sole use of the person to whom it is addressed and no responsibility will be accepted to any other party for the whole or part of the contents. Neither the whole, nor any part of the report may be included in any published document, circular or statement without our written consent to the form, content and context in which this may appear.
7. The valuation will be prepared on a Market Value (MV) basis. The Valuation Standards definition of Market Value is:

"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 where the parties had each acted knowledgeably, prudently and without compulsion."

### Fair Value under IFRS:

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

8. The report may include an assessment of the Market Rent (MR). The Valuation Standards definition of Market Rent is:  
"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."

9. No special assumptions will be made in arriving at our assessment of MV unless otherwise agreed and stated in the valuation report.
10. The following, where applicable, will be regarded as falling within the definition of land and buildings and will be included in the valuation:  
Landlord's fixtures and fittings, electrical and lighting installations, mains switchgear, permanent heating installations, sprinkler installation within buildings, water and gas mains and fittings, drainage pipes and fittings, overhead cranes, permanent partitions, fences, yards and hardstanding.
11. We will rely upon information provided by you, or by your legal or other professional advisors as to tenure, tenancies and other relevant matters.
12. We will carry out such inspections and investigations as are, in our professional judgement, appropriate and possible in the particular circumstances.
13. We will not carry out a building survey, nor will we inspect woodwork or other parts of the property which are covered, unexposed or inaccessible and such parts are assumed to be in good repair and condition. The report does not purport to express an opinion about, or to advise upon, the condition of the property or uninspected parts and should not be taken as making any implied representation or statement about such.
14. We will not carry out any environmental assessments, access audits etc under the Equality Act, make any enquiries of the Health and Safety Executive or obtain a mining report unless specifically instructed to the contrary.
15. We will not arrange for any investigation to be carried out to determine whether or not high alumina cement, concrete or calcium chloride additive, asbestos, or any other potentially deleterious material has been used in the construction of this property or has since been incorporated and we will therefore be unable to report that the property is free from risk in this respect. For the purposes of the valuation we will assume that such investigations would not disclose the presence of any such material in any adverse conditions.
16. We will not make any written enquiries of the Local Planning Authority or Buildings Regulations Departments, although will make verbal and/or on-line enquiries as necessary) and will assume all buildings and structures and the use thereof which require planning consent or building regulations approval have a valid consent.

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17. We will not inspect the title deeds in respect of the Property and will rely upon verbal information given in respect to tenure. We will further assume a) that the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings; b) that good title can be shown; c) that the Property and its value are unaffected by any matters which would be revealed by a local search and relies to the usual enquiries, or by any statutory notice.
18. We will not undertake a Fire Risk Assessment of the property that may be required under the Regulatory Reform (Fire Safety) Order 2005, and are not able to state whether the legislation is applicable, the extent to which it is applicable and the associated implications. We will therefore assume that there are no contraventions that might affect the valuation.
19. We will not carry out an Energy Assessment but will comment upon the findings in an Energy Performance Certificate where available as far as this may affect the valuation.
20. The valuation may be subject to monitoring by the RICS for the purposes of the administration of RICS's conduct and disciplinary regulations.
21. Unless specifically agreed to the contrary the Services are supplied for your benefit only. In the event that you disclose any report being the product of the Services to any third party you agree to make the third party aware that they may not rely on any report and that we owe no duty to such third party.
22. Floor areas and dimensions are taken from inspections unless otherwise specified and are approximate measurements only.

#### HEALTH AND SAFETY

It is your responsibility to ensure that there are sufficient signs on the Property warning of any potential danger and that appropriate safeguards against danger are in place, and, where appropriate, to notify us in advance of any dangers. You shall be liable for all costs, expenses and damages arising from any injury occurring to our valuer or any third party as a result of hazards on the Property.

#### FEES AND CHARGES

By entering into this agreement, you agree that you will cover the fees and costs outlined in our letter of engagement, all of which will be subject to VAT.

The agreed fee includes one hard copy of the valuation report and one electronic PDF version. Additional hard copies of the valuation report will incur an administration fee of £100.00 plus VAT.

In the event that through no fault of their own our valuer is unable to gain access to the Property (either full or part access) or that you cancel the

valuation visit such that costs of attendance at the Property have already been incurred, we reserve the right to charge additional costs of any abortive visit.

If the matter does not proceed for any reason, fees will be charged on the basis of the time spent on your matter. The level will be calculated with reference to the charges, retainers, daily or hourly rate charged by us and advised to you from time to time plus any applicable disbursements and will be based on the number and seniority of the personnel used by us up to and including the time we send our invoice to you.

Should the scope of work change following your instruction to proceed and return of the signed Terms of Engagement, we reserve the right to amend our fee accordingly. You will be advised of any additional charges and change in the scope of work required.

#### Relevant hourly rates £ per hour

Partner/Director 250.00  
Associate Director 200.00  
Surveyor 150.00

#### PAYMENT

Payment is due upon presentation of a fee invoice. We reserve the right, however, to require you to pay for the valuation report in advance of receiving it, in which event we will inform you of the requirement as soon as reasonably practicable. If the invoice is not paid within 30 days, our accounts department will be instructed to advise you of the outstanding debt and to give notification that the amount(s) will be actioned for legal recovery if payment is not made within a further 14 days. If settlement is not made at this point, our lawyers will be automatically instructed to take action for recovery.

If you fail to make any payment at the time or within the period prescribed by these terms of business, then without prejudice to any other right or remedy available, we may at our sole discretion:

- I. suspend the performance of any or all of its obligations under the engagement; and/or
- II. charge interest (both before and after any judgment) on a day to day basis at the rate of 4% above the base lending rate of HSBC Bank Plc from time to time until payment; and/or
- III. terminate the engagement and any other engagement between you and us for the provision of the Services.

On matters where a third party has agreed to pay our fees, these still remain your responsibility should the third party fail for any reason to settle the account.

In the event that you dispute our fees and or charges you should ensure that any points of genuine dispute are notified to us within 14 days or receipt of our invoices. Failure to notify us within this time of any issue and or dispute shall confirm your agreement to the invoiced amount.

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## WARRANTIES

We warrant to you that we will perform the Services with reasonable care and skill. These terms are in lieu of all warranties, conditions, undertakings, terms and obligations implied by statute, common-law, trade usage, course of dealing or otherwise all of which are excluded to the fullest extent permitted by law.

## TERMINATION

We may terminate this agreement forthwith by notice in writing to you if you:

- (i) commit a breach of these terms of business provided that if the breach is capable of remedy (being actual remedy as opposed to remedy by payment of damages or compensation) the notice shall only be given if you have remedied the same within 30 days of having been given notice in writing specifying the breach and requiring it to be remedied; or
- (ii) you have a winding up petition presented against you and do not make an application to set aside the same within 7 days or you go into liquidation whether compulsorily or voluntarily (unless as part of a bona fide scheme for amalgamation or reconstruction first approved in writing by us), become subject to an administration order or have an administrator appointed, have a receiver or administrative receiver appointed over or encumbrancer take possession of the whole or any part of your assets, compound with your creditors or any class of the same, ceases to carry on its business or threatens to cease the same or becomes unable to pay your debts within the meaning of s.123 of the Insolvency Act 1986; or
- (iii) being an individual, have a bankruptcy order made against you or, being a partnership, have a bankruptcy order made against any of the partners or a notice served by a partner for the dissolution of the partnership.

Termination of the engagement for any reason shall not affect any accrued rights or liabilities of either party nor shall it affect the coming into or continuance in force of any provision of the terms of business which is expressly or by implication intended to come into or continue in force on or after such termination.

## LIMITATION OF LIABILITY

We shall accept liability to you for any loss of or damage to any property or injury to or death of person caused by our negligent act or omission or wilful misconduct or that of our employees, agents or sub-contractors.

Except for injury to or death of any person (for which no limit applies) our liability in respect of each event or series of connected events shall not exceed the amount detailed at 6.2 of the covering letter.

Notwithstanding anything else contained in these terms of business (and without limiting our liability in respect of injury to or death of any person caused by an negligent act or omission or our wilful misconduct, our employees or sub-contractors), we shall not be liable to you for any loss of profits, goodwill or any type of special, indirect or consequential loss whether arising from negligence, breach of contract or otherwise howsoever.

It is a condition of the provision of the Services that (save where we instruct independent experts, consultants or other third parties on your behalf), the duties and responsibilities owed to you are solely and exclusively those of us and that none of our employees shall owe the Client any personal duty of care or be liable to you for any loss or damage however arising as a consequence of the acts or omissions of such employee (including negligent acts or omissions) save and to the extent that such loss or damage is caused by the fraud, dishonesty, wilful misconduct or unauthorised conduct on the part of such employee. This term is intended to be enforceable by and for the benefit of our employees.

We accept no responsibility in respect of information (published or otherwise) provided by third party sources.

The Valuation shall be invalid after a maximum period of six months has passed from the date of Valuation. However, it should be noted that the property market is constantly changing and is susceptible to many external factors which can affect business confidence and property values. The Valuation is applicable at the valuation date and therefore will not reflect any market changes since this date. If any reliance is to be placed upon the Valuation following any changes which could affect business confidence and property values, then further consultation should be undertaken with us before placing any reliance upon this report.

## CONFIDENTIALITY

Each party shall keep confidential all information obtained from the other pursuant to or in contemplation of the engagement (including, without limitation, the Report), and shall use the same only for the purposes of the engagement and, subject to the provisions below, shall not disclose such information to any person without the other's prior written consent.

Each party may disclose confidential information to its own employees (and, in our case any sub-contractors) who need to know the same. You may disclose the report to your professional advisers PROVIDED THAT those professional advisers are made aware of the confidential nature of the report.

Together with our servants or agents we do not accept any responsibility for losses or damages of any nature whatsoever and howsoever incurred in the event of the contents of the report being copied, disclosed, distributed or published in any manner to any other person, without our prior written consent. Neither the whole nor any part of the report, nor any

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reference thereto is to be included in any published document, circular or statement, nor published in any way without our prior written approval as to the form and context in which it may appear.

Where personal information is disclosed to us and processed by us as part of the performance of the Services, you shall be responsible for obtaining all necessary consents and approvals to ensure that such processing is carried out in accordance with the Data Protection Act 1998 and will provide evidence of such consents and approvals to us on request.

#### **FORCE MAJEURE**

We shall not be liable to you or be deemed to be in breach of our obligation under this engagement by reason of any delay in performing, or any failure to perform any of our obligations under the engagement if the delay or failure was due to any cause beyond the Supplier's reasonable control including, without limitation, industrial action, war, fire, flood, inability to access the Property, prohibition or legal enactment of your kind or any act or omission.

#### **NOTICES**

All notices to be given under these terms of business shall be in writing and shall be delivered by hand or sent by registered post or facsimile to the party concerned at the address set out in the engagement letter or such other address as one party may from time to time designate by written notice to the other. Any such notice or other document shall be deemed to have been received by the addressee if delivered, upon delivery; if posted, on the second working day following the date of posting; and if sent by email, when the communication is transmitted to the recipient provided that it is before 5pm (otherwise it will be deemed to be received the next business day).

#### **GENERAL**

The terms of business shall be binding upon and ensure to the benefit of the parties and our legal successors but shall not be assignable by you without our prior written consent. We may sub-contract all or any part of its obligations under the engagement without your consent.

No waiver by us of any breach of these terms of business by you shall be considered as a waiver of any subsequent breach of the same or any other provisions. Any waiver must be in writing to be effective.

If any provision of these terms of business is held by any competent authority to be invalid or unenforceable in whole or in part the validity of other provisions of these terms of business and the remainder of the provision in question shall not be affected thereby.

A person who is not a party to the engagement has no rights under the Contracts (Rights of Third

Parties) Act 1999 to enforce any term of the engagement.

The engagement is governed by the laws of England and the English courts shall have exclusive jurisdiction to resolve any disputes arising as a result of or in connection with it.

#### **ANTI MONEY LAUNDERING**

Our engagement with you is conditional upon successful completion of our anti-money laundering and risk management procedures. We use third party electronic software to verify both your identity and residency details. By accepting these terms you agree that we may use your personal details for these purposes.

#### **COMPLAINTS HANDLING PROCEDURE**

Eddisons Taylors has a complaints handling procedure which is available via the website at [www.eddisons.com](http://www.eddisons.com) or on request.

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## 12 Valuation Calculations

### Summary Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 01/10/2019

#### Property

Address 26-32 Carr Street - Existing Leases ,

External ID

Gross Valuation 3,031,332  
Capital Expenses 0  
Net Value Before fees 3,031,332

Less Agent fee @1.00% Gross Sale Price 30,313  
Legal fee @0.80% Gross Sale Price 24,251  
Stamp Duty 142,709

Net Valuation 2,834,059  
Soy 2,834,059

Equivalent Yield 7.7278% True Equivalent Yield 8.100%  
Initial Yield (Valuation Rent) 9.8966% Initial Yield (Contracted Rent) 9.8966%

Reversion Yield 8.0823%

Total Valuation Rent 300,000 Total Contracted Rent 300,000  
Total Rental Value 245,000 Number of Tenants 2  
Capital value Per Area 0

#### Running Yields

Date	Gross Rent	Operating Expense	Ground Lease Expenses	Net Rent	Annual	Quarterly
01/10/2019	300,000	0	0	300,000	9.8966%	10.5404%
06/06/2021	250,000	0	0	250,000	8.2472%	8.6905%
01/06/2023	300,000	0	0	300,000	9.8966%	10.5404%
13/12/2023	50,000	0	0	50,000	1.6494%	1.6666%
01/12/2025	245,000	0	0	245,000	8.0823%	8.5076%

Yields Based On Gross Value

#### Tenants

Tenant Name	Suite	Next Review	Earliest Termination	CAP Group	Method	Contracted Rent	Valuation Rent	Rental Value	Gross Value	Initial Yield (Contracted)	Equivalent Yield	Reversionary Yield
Age UK Suffolk			05/06/2021	Override	T&R(7.5%, 8.5% Override)	50,000	50,000	50,000	512,444	9.7572%	8.4852%	9.7572%
Poundland			12/12/2023	Override	Hardcore(7.5%)	250,000	250,000	195,000	2,518,888	9.9250%	7.5552%	7.7415%

Printed on: 22/10/2019 16:33:34

Page 1 of 1

## Summary Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 01/10/2019

### Property

Address 26-32 Carr Street - Vacant Possession ,  
External ID

Gross Valuation 2,625,600  
Capital Expenses 0  
Net Value Before fees 2,625,600

Less Agent fee @1.00% Gross Sale Price 26,256  
Legal fee @0.80% Gross Sale Price 21,005  
Stamp Duty 120,780

Net Valuation 2,457,559  
Soy 2,457,559

Equivalent Yield 8%  
Initial Yield (Valuation Rent) 0%  
Reversion Yield 9.3312%

Total Valuation Rent 0  
Total Rental Value 245,000  
Capital value Per Area 0

### Running Yields

Date	Gross Rent	Operating Expense	Ground Lease Expenses	Net Rent	Annual	Quarterly
01/10/2019	0	0	0	0	0.0000%	0.0000%
01/10/2021	245,000	0	0	245,000	9.3312%	9.9019%

Yields Based On Gross Value

### Tenants

Tenant Name	Suite	Next Review	Earliest Termination	CAP Group	Method	Contracted Rent	Valuation Rent	Rental Value	Gross Value	Initial Yield	Initial Yield (Contracted)	Equivalent Yield	Reversionary Yield
Ground			30/09/2030	Override	T&R(8%, 8%)	0	0	195,000	2,089,763	0.0000%	0.0000%	8.0000%	9.3312%
Basement			30/09/2030	Override	T&R(8%, 8%)	0	0	50,000	535,837	0.0000%	0.0000%	8.0000%	9.3312%

Printed on: 22/10/2019 16:25:14

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## 13 Building Survey

## BUILDING SURVEY REPORT

On 26-32 Carr Street Ipswich IP4 1EL.

Client Glenpath Limited 30 St Kildas Road London N16 5BZ

Our Ref PJO N 14922 2018

Date Of Inspection 3<sup>rd</sup> January 2019

Inspected By P J Owen BSc MRICS  
James Aldridge Chartered Surveyors  
Camilla Court Nacton Ipswich  
Suffolk IP10 0EU Tel: 01473 659956  
E mail [ipswich@jamesaldridge.co.uk](mailto:ipswich@jamesaldridge.co.uk)



1.00	Instruction
2.00	Situation
3.00	General Description
4.00	Accommodation
5.00	Summary of Construction
	<b>Condition Externally</b>
6.00	Chimneystacks and Flues
7.00	Roof Covering / Roof Structure
	Roof Voids / Roof Structures
8.00	Rainwater Goods
9.00	Main External Walls
10.00	External Joinery
	<b>Condition Internally</b>
11.00	Ceilings
12.00	Internal Walls, Partitions and Plaster Finishes
13.00	Floors
14.00	Internal Joinery Elements
	<b>General Items</b>
15.00	Dampness
16.00	Timber Defects
17.00	Insulation
18.00	Decorations
19.00	Fire Precautions
20.00	Cellar
21.00	Security Issues
22.00	Deleterious Materials
	<b>Services</b>
23.00	Electricity
24.00	Gas / Oil Supply
25.00	Water Supply and Plumbing
26.00	Heating
27.00	Sanitary Fittings
28.00	Waste Pipes and Drainage
	<b>The Site</b>
29.00	Grounds
30.00	Tenure
	General Items for your Solicitors
31.00	Summary of Condition
32.00	Conclusions and Recommendations
33.00	Signature

Photographs (printed and on memory stick)  
Copy Agents Details  
Drone Survey (on memory stick)  
Floor Plans

## INTRODUCTION

### 1.00 Instructions

- .01 Our inspection of the property 26-32 Carr Street Ipswich IP4 1EL took place on 3<sup>rd</sup> January 2019 following telephone instructions received from Glenpath Limited.
- .02 Our inspection and this Report have been carried out and prepared in accordance with our standard Conditions of Engagement for Building Surveys. A copy of which has been previously forwarded to you and a further copy of which is enclosed with this Report and should be read as an integral part of it.
- .03 It should be appreciated that our report is to be regarded as a diagnosis of the overall condition of the property and quality of the structure and does not purport to be an inventory of every minor item of disrepair. It relates to those parts of the property that were reasonably and safely accessible at the time of the inspection.
- .04 At the time of our inspection the weather conditions were dry and sunny.
- .05 All directions given assume one is looking at the property facing the main front entrance door from the Carr Street.

### Status of the Property

- .06 The majority of the basement floor is occupied and trading as a second-hand furniture business run by a local Charity. The ground floor of the property is occupied and trading as Poundland. The first floor and second floor of the property are unoccupied.
- .07 We confirm that we were met at the property by a representative of the vendor's agent and confirm our client's visit and inspection during the course of our survey. We confirm that we also carried out our inspection with the aid of a Drone Pilot.

### 2.00 Situation

- .01 The property is situated centrally within the County Town of Ipswich. Fronting Carr Street which is an easterly continuation of the main High Street running through the town. All the land, right up to the building, is currently owned / leased by NCP Car Parks with just a relatively narrow footpath area leading through and down towards Ipswich Docks. The property is effectively attached to other commercial buildings towards the left hand end and front left hand corner.
- .02 Ipswich is a thriving and expanding County Town. There are numerous new build commercial and residential developments centrally within the town centre. Of particular note is the current redevelopment of the Ipswich Wet Dock and completion of the well known local landmark, 'The Wine Rack' which is a large multi-storey development of flats. Also proposals for additional bridges over the River Orwell to facilitate additional expansion within that area, subject to funding.

- .03 There are good access links to Ipswich via the main A12/A14 trunk roads and there is a main line railway station.
- .04 The area is not liable to flooding as far as we are aware.

### **3.00 General Description**

- .01 The property comprises an attached purpose built retail building constructed around 1970 for FW Woolworth & Co. and occupied by FW Woolworth & Co. until they vacated about ten years ago. Constructed on three floors plus basement accommodation. The basement accommodation was let out for some considerable time to JJB Sports and has relatively recently been re-let to a local Charity.
- .02 From a purely structural point of view, the property appears to have been little altered since first having been built. Alterations have been made to the original loading access towards the left hand end and it is presumed that parts of the land originally appended to the building occupied by FW Woolworth have been sold away.
- .03 The main ground floor retail area is now occupied by Pound Land who have made some internal alterations of a non structural nature. We understand that Poundland have been in occupation since 2013.

### **4.00 Accommodation**

- .01 No doubt you are fully familiar with the accommodation offered within the property which is detailed within the Estate Agent's particulars. Due to the fact that the upper floors have been effectively 'moth-balled' since the vacation of FW Woolworth, the original uses of many of these rooms are not really applicable but are used purely within this survey report for guidance purposes.

#### **Basement Level**

Escalators and stairs leading down to Basement  
Main Shop Floor Area  
Rear Storage Area  
Goods-In Area  
Lobby through to Loading Bays  
Side Corridor  
Gents Toilet  
Ladies Toilet  
Mess Room  
Office  
Under-Stair Store  
Access to rear enclosed redundant staircase

#### **Ground Floor**

Main Sales Area  
Stock Room Area  
Manager's Office  
Ladies W.C.  
Mens' W.C.

Mess Room  
Rear redundant staircase area  
Access to Cellar (redundant boilers)

### **First Floor**

Former Stock Room  
Restaurant Prep Room  
Girls' Toilet Area  
Mess Room Area  
Girls Lunch and Rest Room  
Kitchen  
Mens' Lunch Room  
Mens' Toilets  
Locker Rooms  
Purchase Room  
Pursers Room  
Office  
Sick Room  
Front Office  
Goods Lift Areas

### **Second Floor**

Storage / Unpacking Area  
Main Storage Area  
Meat Preparation Room  
Deli Preparation Room

### **Externally**

Vehicular Access Ramp leading up to side Loading Bay

## **5.00 Summary of Construction**

- .01 The building appears to be basically a reinforced concrete framed construction with loadings taken by intermediate reinforced concrete columns and beam construction as well as large stepped section steel internal beams, encased with concrete, part supporting upper floors. The roof and intermediate floors appear of reinforced 'concrete rib' type construction, screeded and the roof covering is of built-up bitumen felt at present.
- .02 The infill cladding panels are part of reinforced concrete and part brick construction.
- .03 Mains electricity, mains water and mains drainage and mains gas are connected. Heating via electric air conditioning type units to ground and lower floors. Understood to be connected to the Local Authority sewer.

## **Condition Externally**

### **6.00 Chimneystacks and Flues**

- .01 Presumed original brick built flues to left hand end which have previously been capped off. Brick structures appear in satisfactory condition.
- .02 From the Drone Survey we can see that the main large chimneystack flues are 'open', i.e. have not been capped off. We presume that as part of your conversion and refurbishment work that the chimneystack would not be required and you should allow to have the top weatherproofed.

### **7.00 Roof Covering / Roof Structure**

- .01 Access was able to be gained up onto the main roof area.
- .02 The main roof coverings over the entirety of the building are of built-up bitumen felt. It is quite apparent that the general maintenance of this roof covering has been neglected. There is a considerable build-up of moss / algae in various areas (photographed). The roof covering is rippling / bubbling in a number of areas (photographed) indicating lack of adhesion to the sub-straight.
- .03 There is evidence of leakage through the roof covering in various areas at first and second floor level. Our main concern, though, is the condition of the roof covering right along the rear edge, i.e. rear parapet (photographed). The upstand detailing, which should be properly dressed and flashed into the parapet upstand, has pulled away about an inch or so. This is letting rainwater in and behind the covering and has caused damp penetration along the top of the window line at second floor level.
- .04 It is quite unusual for an upstand to pull away like this. The reason is not clear. It is presumed, though, due to excessive thermal / expansion / contraction within the structure. We carefully inspected along the parapet line and there is no evidence to suggest that the parapet has moved backwards or leans out of alignment. We refer you, though, to our section below on Main Walls.
- .05 The Drone Survey also ran directly over this parapet detailing and, again, we could see no evidence of any structural movement. There is a concern, though, rainwater has been getting in and behind this covering detail for some considerable time and the extent of any defects that this may have caused to the roofing generally will only be known when the roof covering is stripped and replaced. You should keep back a contingency sum for possible repairs.
- .06 The central flat roof area over the first floor section has a large area of ponding over it where outlets have been become blocked over the years and internal rainwater goods are clearly not working.

- .07 It is quite apparent that no works have been undertaken to these roof coverings for many years. Urgent works are required to prevent further rainwater / damp ingress which is causing damage to the building.
- .08 We understand that you are considering converting the upper floors into flats. We presume that this will all take some considerable time to gain the necessary Planning Consents, Building Regulations Consents, draw up Architect's Detailed Drawings etc. and meanwhile the building will be deteriorating. You may be able to carry out some 'temporary' type repairs, but that itself will entail the cost of scaffolding and probably would not be cost effective.
- .09 Our view is that the entirety of the main roof covering needs stripping and replacing. You will then be able to assess as to whether or not the damp ingress, which will have been occurring presumably for a number of years, has caused any damage to the underlying structure.
- .10 From our inspection centrally at first floor level to the soffit within the Stock Room, it is clear that there is some rusting of one or two of the reinforcing bars which strengthen the reinforced concrete roof covering and damp ingress along one of the main central supporting beams.
- .11 The Drone Survey also revealed defects within the parapet upstands to the upper roof sections, i.e. above the tank rooms. Felt has been patch repaired in one or two places and there is foliage growth coming out of one or two of the brick joints. These areas are therefore deteriorating. As to whether or not these tank rooms will be retained as part of your conversion is not known, but urgent repairs are required to the roof coverings.
- .12 Thus presumably, to some extent, there is going to be a dilemma here as to whether you spend, what would be a considerable sum of money, to upgrade this roof which would also then need additional insulation measures, vapour control measures, repairs to the decking etc., or whether it can be left now to a time when you get the Consents for converting the upper floor to flats and possibly even building on a pent house type flat as an upper storey.

#### **Roof Voids / Roof Structures**

- .13 Much of the underside of the roof structure cannot be seen due to ceiling finishes. However, where seen generally the structure does appear in satisfactory condition. There is no evidence of any significant sagging, distortion or defect within the concrete panelling. A further assessment, though, would need to be made once the roof covering is stripped off.
- .14 We carefully inspected where possible the underside of the concrete rib section of roofing. There is no evidence of any significant cracking or defects. One or two bits and pieces of rusting to the reinforcement here and there and local repairs will be required when the roof is recovered.
- .15 There are several large section concrete roof lights towards the left hand end which give direct borrowed light to the Meat and Deli Preparation Rooms. These areas are currently leaking and there is, of course, deterioration to plaster finishes internally. We presume, though, that these will all be removed as part of your general refurbishment and the roof made out over.
- .16 Projecting up above the main roof are tank rooms and rooms comprising head gear for the various lifts. These flat roof areas, again, are in poor condition and need stripping and replacement. There is some foliage growth growing out of one of them. These buildings, though, are now redundant and have been for some time and we presume that you could have these demolished and the roof made out.

## **8.00 Rainwater Goods**

- .01 Mainly cast iron gutters and downpipes. Running into internal downpipes and with additional rainwater goods running off the upper tank enclosures on the roof.
- .02 One of the main causes of damage to this building at present is the lack of maintenance of rainwater goods. We would suggest not only neglected for the last ten years, but some considerable time before that. All the rainwater goods that we could see around the roof area are cracked or defective due to frost damage. Internal outlets are blocked. Urgent repairs are required.

## **9.00 Main External Walls**

- .01 The main external walls appear, for the most part, to be of a reinforced concrete framed construction clad with part reinforced concrete cladding panels and part with fairly substantial cavity brickwork construction. Parts of the structure appear to be of cavity brickwork construction alone.
- .02 We found no evidence of any significant structural movement to the property. We carefully inspected (where possible) the intermediate columns within various areas of the building, most particularly at first and second floor levels where there are no shop fittings and cladding details hiding the structure. There is no evidence of any significant bowing or distortion to the frameworks and cladding panels generally on the outside face are all reasonably well adhered. Original 'oriel' window detailing to the rear is all plumb and sound.
- .03 As one might expect with any large commercial structure, repairs have been undertaken over a period of time. There does appear to have been some slight settlement of the brickwork panelling to the rear right hand corner. Here brickwork, joints and pointing have been repaired previously on both sides of the corner. Not particularly tidily and there are still some open joints. Our concern is that this is the area where the roof detailing has opened out, as discussed previously. However, there is no evidence to suggest that there is any recent cracking within the cladding panels and, as mentioned before, the parapet detail all appears plumb. It may well be, therefore, that there has just been some settlement within the brickwork in between the concrete frames.
- .04 It is not unusual to find that there is differential movement between brickwork and concrete work as they have different co-efficient of expansion / contraction and careful detailing is required to ensure that movement does not occur in the future. One can imagine that with this size of building and its commercial nature that some of the careful detailing will have been overlooked.
- .05 In terms of the brickwork generally on the right hand flank, rear and left hand flank, this appears fairly sound. Repairs are required to joints and pointing on the left hand flank at about first floor level where there has been some erosion due to a water leak. We did inspect this area with the aid of a drone, particularly the left hand end and found the brickwork generally to be plumb.
- .06 There has been, though, some structural movement in the building to the rear left hand corner and around the bay areas. This was shown to your colleague, Samuel, on site. The reason is not clear. There has been a rather poor attempt at repairing the open brickwork and damage previously with foam filler etc. which has fallen out and the cracks have been repointed on the side of the car park previously in sand / cement mortar.

- .07 There is a large projecting reinforced concrete canopy over the rear loading bay area. This is supported on reinforced concrete beams. It appears that there has been some minor movement between the concrete beams and adjoining brickwork which has led to the open joints and the rather crude repairs that have been undertaken. No evidence to suggest there is any structural movement as such within the reinforced concrete structure. The projecting canopy, though, is all a little 'untidy' with some rusting florescent fittings.
- .08 This area is all a rather curious part of the building. It appears that some alterations have been undertaken previously. Possibly some outbuildings have been removed when new tenants have been installed and new layouts for the Loading Bays made. For instance, there is a good lift which does not seem to go anywhere. The movement does not seem to have affected the main building as such and there is no evidence of movement internally, but the open cracks do appear to be rather 'ugly'. We would recommend you budget for some repairs here.
- .09 Our main concern, though, and again as mentioned to your colleague on site, is the condition of the reinforced concrete finish to the upper beam sections. Large areas of the framework comprise reinforced concrete with quite large section reinforcement. Effectively we presume forming a reinforced ring to tie the whole beam and concrete finishes in place. In between these main horizontal beams which run at roof level first floor ceiling height and ground floor ceiling height, are the intermediate non load bearing reinforced concrete cladding and brickwork panels. These have been left as a facing only right the way along the rear elevation and, for the most part, on the right hand flank wall above first floor level. They also form part of the cladding / finishing detail along the front facing Carr Street.
- .10 The general construction therefore is of a box frame reinforced concrete construction with the majority of the front façade being cladding only in between main structural supporting posts to the front left hand and front right hand corners and with the 'jettied' section to the front providing an overhanging canopy. The thinner horizontal concrete columns which are exposed on the front are effectively just tying in the cladding rather than being of a major structure component.
- .11 The concrete work has been affected by corrosion over a period of time along the front, rear and patches on the right hand elevation. The reason will be a combination of inadequate original design, workmanship and maintenance of the building. These concrete sections are made up of carbon steel and concrete. It is extremely important to ensure in these cases that the steel work has sufficient 'cover' to prevent dampness getting into the cladding panel and causing 'carbonation' which is the process by which carbon dioxide enters the panel and neutralises what would originally have been an 'alkaline' environment thus leading to corrosion. In turn, corrosion of the reinforcement has caused cracking and spalling of the concrete cover. It is almost certain the case that the poorly maintained roof and parapet details have led to additional damp ingress and thus carbonation to the concrete panels at second floor ceiling height.
- .12 One can see that a lot of these panels have been patch repaired previously. However, we presume that all that has happened here is that a sand / cement mortar mix has been applied over the previously damaged areas. If that is the case (and almost certainly it is), this will only be a temporary repair.
- .13 There is more of a concern where the concrete is spalling away from the outside face of the concrete 'ring beam' just underneath the parapet rather than on the cladding panels themselves which are non load bearing. From what we could see, though, it is just the outer face of the concrete which has spalled away and has not got right into the beam and thus should not at this stage have caused any structural weakness within the building itself.

- .14 As you will be carrying out a general refurbishment and conversion of the building we presume that you will be intending to replace the cladding panels anyway, which will need upgrading from a thermal and damp control point of view when the upper floors are converted to flats. Thus once these panels or ring beams are encased, there shouldn't be further deterioration.
- .15 The main shortterm concern here is that bits of spalling concrete could cause injury / death and thus is a Health & Safety problem.
- .16 Panels lower down the building appear to be in better condition but, again, there is evidence of spalling to the rear right hand corner, in particular, and on one or two of the edge beams, particularly to the rear.
- .17 We presume that this has been the 'status quo', though, for a number of years but we would recommend you check with the building owners as to whether or not they have had to carry out any emergency repairs or had any instances where damage may have been caused by spalling concrete. You may consider that you would take the risk in carrying out the more major repairs in replacing the defective cladding panels as part of your general refurbishment of the upper floors of the building and conversion to flats. We presume, in any event, that these cladding panels would need upgrading / replacing to comply with modern Building Regulations in respect of thermal insulation / condensation control measures.
- .18 The walls are finished with a reinforced concrete parapet detail. We were able to inspect this at close quarters from the roof. In several areas there are examples of the reinforcing in the parapet becoming exposed, due to spalling concrete again due to carbonation. As one might expect this has spalled on the internal face where the roof detailing has pulled away and let in dampness in and underneath the coping detail.
- .19 There are fairly substantial concrete copings right on top of the parapet which, for the most part, appear in good condition but where there are several open joints, again which will be letting in dampness. These will need to be 're-caulked'.
- .20 Where the reinforcing is exposed within the parapets this, again, can be dealt with by re-designing the detail when you come to replace the flat roof and cladding. Again, there is nothing to suggest that the deterioration of the reinforcing within the parapet has caused any structural problems, but this type of detail is always a weak point in terms of maintenance and we would recommend that the parapet is completely reclad over the coping and internal face at least with the new weatherproof covering.
- .21 The head of the brickwork sections of the building towards the left hand side and where they form Tank Rooms above second floor level are finished with brick parapet details. As photographed, areas of these have spalled due to frost damage and original inadequate detailing and designing. Spalled brickwork will need to be removed and sections rebuilt. This, though, again will all depend upon the timing of the refurbishment of the upper floors.
- .22 We were able to inspect brickwork infill panels where there is no cladding, particularly at second floor level and brickwork on the internal face generally appears in satisfactory condition. Some evidence of damp staining here and there, particularly around internal rainwater outlets.
- .23 Parts of the rear wall have been lined internally as part of previous shop fittings, including up to the windows just above ground floor level. This area all forms part of the current lease and no particular repairs appear to be required.

- .24 A large steel beam has been installed into the brickwork section of the structure to the rear left hand end and which we presume forms part of the support over the bays to the left hand side. The end of this steel has corroded due to 'lack of cover'. This has caused some spalling of the brickwork adjacent. The beam can probably be locally treated and additional cover provided by some form of cladding material. Brickwork adjacent to this structure has been painted.
- .25 Within a building survey of this type, it is not possible for us to carry out any inspections of or tests on foundations below ground level. As mentioned above, we found no evidence of any significant structural movement in the main part of the building although with some slight distortion within the brickwork finishes to the rear right hand corner and around the Loading Bay areas to the rear left hand end.
- .26 HAC. We note your concerns as regards the possibility that the concrete framework, roof, floors and possibly foundations contained high alumina cement. HAC was used in the construction of reinforced concrete framed buildings for a relatively short period of time, mainly in the 1960's and 1970's. Of course, this was the time when this particular building was constructed. Several failures of these buildings in the 1970's brought in new Legislation. We understand that circulars issued after failures in the 1970's by the Department of the Environment required Local Authorities to check roof or floor members of buildings containing this cement. Conversion or degradation of these cement hydrate can occur due to the penetration of heat, water, high water / cement ratio or unsuitable aggregate when the structure was first built.
- .27 As you are aware, it would take some time for a proper test to be carried out on the various sections of concrete within this building including analysis of samples taken. It would be prudent to check as to whether or not the Local Authority have records of any buildings that were inspected when the Department of the Environment circular was issued. Enquiries should also be made of the current owners.
- .28 It should be emphasised, however, that the majority of the buildings in which HAC was used as a component are problem free and the majority of the problems that have occurred were traced back to manufacturing faults. Exacerbated by dampness / water and thus the particular failures in one or two swimming pool buildings. That, of course, raises a question as regards the condition of the roof structure which has been subjected to damp ingress for sometime, but without detailed analysis the presence of HAC cannot be confirmed.
- .29 In summary, we found no evidence to suggest any major structural defects to the main concrete framework. The building, though, has been neglected from a maintenance point of view and repairs are required to some of the brickwork sections of the structure and also more urgently and extensively, spalling to the beams at roof level and the reinforced concrete infill and cladding panels in various locations.

## **10.00 External Joinery**

- .01 The windows to the property are all the original single glazed galvanised steel types. As is not unusual within any commercial building, windows have not been kept well maintained. Particularly, of course, over the last ten years when the upper floors have been completely unoccupied any unmaintained. There are several broken windows through which pigeons are gaining ingress and roosting within the upper floors. The windows generally need easing and adjusting. We would presume, though, that as part of any refurbishment of this building existing windows will all be replaced with modern double glazed units. Meanwhile, though, and urgently broken glazing should be replaced to prevent pigeon ingress.

- .02 External doors to the property generally appear to have been kept reasonably well maintained. Around the Loading Bay area repairs are required and including to some of the shutter doors. This, though, will be tenants liability. A door is missing, though, from the front of the storage area at second floor level leading to pigeon ingress and effectively the building is not secure at this point.
- .03 There is a metal pedestrian walk-way leading up to a Tank Room above the central flat roof area. This is in poor and dangerous condition and should be dismantled.
- .04 Doors and joinery which lead out onto the roof area are in particularly poor condition. Part boarded up, one or two off their hinges, generally rusting lift maintenance access doors etc. However, we presume, again, all these elements are now redundant and will be removed. You could just carry out some emergency maintenance by fixing over ply boarding or suchlike to any defective sections of joinery.
- .05 Painted cladding panels appear in satisfactory condition but, again, we would presume would all be replaced as part of your general refurbishment as they will require upgrading from an insulation and condensation control point of view.
- .06 The shop fronts to Poundland and Suffolk Age UK appear to be all functioning satisfactorily and in serviceable condition.
- .07 The projecting oriel section to the rear appears in satisfactory condition and has an original flashing detail over the head of the concrete frame. This appears in satisfactory condition.
- .08 Projecting canopy detailing to the rear outside of the loading bays requires general maintenance works to joints where they are abutting the main structure of the building, re-caulking joints and general maintenance works to the adjoining rainwater goods.

### **Condition Internally**

#### **11.00 Ceilings**

- .01 At first floor level mainly finished with inset ceiling tiles. Fibre type finish, possibly with part asbestos content. We understand that an asbestos survey has been undertaken.
- .02 At ground floor level the majority of the ceiling area is of inset tiling which, for the most part, is in good condition. Again, understood that areas of tiling within the storage area in particular, may have an asbestos content. Recently refurbished toilet areas all in satisfactory condition.
- .03 Ceiling finishes to the lower ground floor are comprise inset tiling within the main shop area. Tiling and finishes within the storage area have been removed. We understand that this was all part of asbestos removal when new ducting etc. was installed for the revised heating system. Thus soffits to the upper floor are now unlined within the rear area.

## 12.00 Internal Walls, Partitions and Plaster Finishes

- .01 The internal face of walls at second floor level are mainly of facing brickwork only with this area having been used right from the outset merely as storage. There is some cracking through brickwork close to the lift shaft areas to the left hand side although this all appears old and long standing. We found no evidence of any significant defects to internal brickwork walling throughout the second floor area.
- .02 The layout of the partitions at first floor level reflect the previous use that Woolworths put to the first floor, i.e. sectioning off for various staff useage. Partitions are of non load bearing blockwork / plasterwork or studwork construction. All finishes have been neglected from a maintenance point of view. Particularly bearing in mind these upper floors have been unused for over ten years. No decorations have been undertaken. Plaster finishes have been affected by damp penetration around the window area, particularly on the back wall (photographed). We presume, though, that all these internal partitions will be removed including non load bearing studwork and blockwork partitioning as part of your general conversion of the areas to flats.
- .03 The ground floor has been little altered since its original use by Woolworths. Centrally an escalator area has been removed and blocked in and the original large open sales area has been divided off to form the new Goods In and Storage / Stock Room area for Poundland. A non load bearing timber framed wall has been built unplastered on the far side. We presume that this was all undertaken with Building Regulations Consent and Consent from the landlords and this to be checked.
- .04 There are relatively modern cladding finishes towards the rear. Part damaged towards the right hand side within the store area where this has been affected by damp penetration in the past, although now all appears dry. All this area will come under the lease and we presume any reinstatement works will be undertaken under the terms of the lease at any break or renewal.
- .05 The cladding / finishes within the main Poundland shop appear in satisfactory condition and all suitable for retail purpose.
- .06 Redundant staircase areas originally used by Woolworths have been blocked in at the back and there are non load bearing studwork partitions (unplastered). Again, we presume that these alterations were all undertaken with the consent of the landlord and this to be checked.
- .07 More recent alterations have been undertaken to the lower ground floor internal walls as a condition of letting to the current tenant. Thus we presume all with the consent of the landlord including the refurbishment of toilet areas towards the left hand end and new partition / walling to divide off an area for 'goods in' and office areas. Again, non load bearing studwork construction, unplastered.
- .08 There are party walls to this property. Only to the left hand end where abutting earlier retail structures. The building was constructed directly up against an earlier structure to the left hand side within Carr Street. There is some deterioration around the parapet detail externally and this can all be dealt with when scaffolding is in place for the main conversion. Internally no evidence of any defects, although party walls, for the most part, have been lined out internally as part of shop fittings.

- .09 The Drone Survey shows the joint between adjoining properties to the left hand side and the left hand party wall. You will need to negotiate with neighbours at the time of refurbishment to provide scaffolding over these roofs and at that time we would recommend you also ask them to ensure that their roofs are all properly repaired, particularly where flashing details abut up to the base of the subject property's walls and where pulling away could cause dampness.

### **13.00 Floors**

- .01 Lower ground floors are of solid construction overlaid with vinyl tiles and more recently carpet tiles.
- .02 We found the lower ground floors all to be firm and level underfoot with no evidence of any structural movement. There is an area of vinyl tiling which is in poor condition and over which carpet tiles have had to have been removed due to cracking and movement within the original tiles.
- .03 We understand from the agent that areas of these tiles towards the rear were removed as part of asbestos removal. However, quite clearly a large area of the lower basement floor still has old vinyl tiles, almost certainly with an asbestos content. As some of these tiles are broken and exposed, it is quite surprising that they were not all least sealed below carpeting or later finishes as part of the most recent refurbishment. As the freeholder, you will have liability in respect of asbestos management of the building.
- .04 Carpet tiles within the adjoining offices are in rather poor condition and, again, appear to be overlaying over older vinyl tiles. Floor finishes within the store are, again, of old vinyl tiles.
- .05 The upper floors are all of reinforced concrete rib construction with support provided by large section steel and concrete beams. Parts of the construction could be seen underneath the escalator. Alterations have been undertaken when new support and alterations were required when Woolworths vacated and at some time leased the basement floor to JJB Sports. The works appear to have been undertaken from a structural point of view satisfactorily.
- .06 We found the ground floor to the Poundland shop to be firm and level underfoot. Relatively modern vinyl tiles have been installed, presumably by the tenants and these appear generally satisfactory. Outside this area, again, an area of older vinyl floor tiles and screed. The areas, though, were all found to be firm and level underfoot.
- .07 The first and second floors, again, are of reinforced rib concrete construction. Where walked upon, again, all reasonably firm and level underfoot at first floor level. Some slight unevenness, though, within the 'Girls Rest Room'. There is some cracking through the screed and tiles here and slight unevenness. The cause of the cracking is not known and there is no evidence of any significant defect to the ceiling finishes underneath but you should keep back a contingency sum for a possible further repair here as part of your conversion.
- .08 Floor finishes throughout the first floor as of vinyl tiles or ceramic tiling. Tiling in places has now lost adhesion to the reinforced concrete floor structure due to dampness, lack of maintenance etc. The Stock Room floor is mainly of a painted / screeded finish which all appears reasonably firm and level.

- .09 We would point out that our floor inspection of the second floors was restricted to some extent by the amount of pigeon droppings, lack of lighting and old goods formerly belonging to Woolworths strewn around the floor surfaces. In general, however, it is apparent that you will need to carry out a complete refurbishment of these upper floor finishes although in general they appear to be reasonably firm and level underfoot.

#### **14.00 Internal Joinery Elements**

- .01 Main structural internal joinery elements comprise the escalators and elevators. We understand that the main escalator leading down to the basement area has been recently refurbished as part of the tenancy agreement and it is presumed in that case that liability for maintenance will remain with the tenants. We can confirm that this was all functioning satisfactorily at the time of our survey. The store area, though, underneath the basement is in an unrefurbished state.
- .02 It appears that the majority of the goods lifts which served Woolworths have been effectively 'moth-balled'. Some of the mechanisms have been removed although sliding doors still operate to some extent into parts of the shafts. You should ensure from a Health & Safety point of view that any old redundant lift areas are completely secured and that doors cannot be opened by anybody. Elsewhere we did see the goods lifts from being used by staff of Suffolk Age UK, who informed me that they were 'temperamental' but in working order.
- .03 As part of your refurbishment you will need to allow for the dismantling, blocking off, infilling etc. of all redundant goods lifts, apertures etc. but as freehold owner, it will be incumbent upon yourselves from a Health & Safety point of view to ensure that as an urgent measure, that any access to redundant lifts / lift shafts etc. are completely closed off.
- .04 Mess Room kitchen fittings within the Poundland store and within Suffolk Age UK all appear in serviceable condition. Clearly redundant kitchen fittings, servery units etc. abandoned by FW Woolworths will need to be completely stripped out. There are original FW Woolworths locker units etc. in two or three of the rooms at first floor level and including separate light weight caged partitioning used for more valuable goods etc. again, which will all need to be stripped out.
- .05 Rear redundant staircase areas appear to be reasonably firm and level. Part now enclosed off and we presume that your architect will inspect these areas and check as to whether or not any sections of original staircase could possibly be used for access to your proposed flats.

#### **General Items**

#### **15.00 Dampness**

- .01 Readings were taken with the aid of our moisture meter on the internal face of the external walls and on internal partitions and floors.
- .02 For the most part we found very little evidence of any significant rising damp to the property. The original walling would have incorporated a physical damp proof course and we able to follow the line of that around the base of the brickwork sections of the building.
- .03 The property, though, is affected by direct penetrating damp due to a lack of maintenance to rainwater goods, roofing, windows and cladding as previously discussed. Urgent works are required.

## **16.00 Timber Defects**

- .01 Due to the nature of construction very little, if any, structural timber framework and no evidence of any significant defects to any structural timbers where seen.

## **17.00 Insulation**

- .01 The building was constructed in 1970 and has not been refurbished since. Insulation levels would have been designed at a level required at that time which, by today's requirements, is fairly minimal. We note that there is an EPC Rating of Condition C for the basement and D for the ground floor, presumably due to the fact that the internal walls have been lined and possibly part insulated and account has not been taken of the poorly insulated upper floors and roof. Your refurbishment and conversion will need to upgrade the building to modern Building Regulations requirements in respect of thermal insulation and your architect will inform you of those

## **18.00 Decorations**

- .01 It is quite apparent that complete external and internal decorations are required to the upper floors. Internally ground floor and basement floor areas are in reasonable decorative order, presumably as per the lease terms.

## **19.00 Fire Precautions**

- .01 The Local Fire Brigade Officer will have had an input as regards most recent alterations to the ground and basement areas of the building to ensure public safety and safety of workers. Signage, fire precautions etc. appear to have been kept satisfactorily maintained within those areas. We would recommend, thought, that documentation is forwarded to you which will relate to the most recent tenancy agreements.

- .02 Fire precautions to the upper floors will be all upgraded as part of your conversion work.

## **20.00 Cellar**

- .01 There is a small back staircase leading to a cellar area which is indicated on the basement plan attached but is reached via a small staircase from the back lobby of the ground floor area. The cellar contains three large redundant boilers and a large oil tank and very old redundant hot water tanks. Appear to originally have been oil fired, possibly converted to gas. The agent acting for the owner inform me that 'nobody was allowed down there'. However, there is nothing to stop anyone merely walking in. The reason being that the boilers are completely covered with asbestos and it is quite apparent that some adjacent pipework etc.. the hot water tanks, again, have asbestos lagging which is almost certainly of the most dangerous type. We presume it would be quite a considerable expense to have these substantial boilers removed, particularly and additionally due to the asbestos materials. The substantial oil tank would need to be cut up on site and removed. We wonder, therefore, whether it may be merely better to completely cut off all the electrical connections, electric gear, lighting etc. within this area and close off this basement space. Unless your architect felt that it would be worthwhile keeping for a possible service area for your flats. In any event, there will be a fairly considerable cost here in removing the boilers, carrying out asbestos work and removing the large metal oil tank, pipework connections etc. The general structure of the cellar area appears satisfactory.

## **21.00 Security Issues**

- .01 It is always prudent to ensure that ground floor door locks are replaced upon completion of the purchase.

## **22.00 Deleterious Materials**

- .01 Any building material with an asbestos content is potentially hazardous, and should only be handled by a builder who is fully compliant with the Asbestos Regulations.
- .02 A wide range of materials used within repair and refurbishment work particularly during the 1960's, 1970's and early 1980's had an asbestos content including vinyl floor tiles, some artex / plaster materials, lagging for insulation and boarding materials often used around boilers in flues etc. It is not possible to determine in a survey of this type as to whether any of these materials are present in the building as often this needs laboratory analysis. For the mostpart these materials are perfectly safe providing they are not disturbed, though due care and precaution should be taken when carrying out any further repair or restoration works.
- .03 It seems to be now fairly standard practice for builders to request a copy of an Asbestos Survey prior to commencement of refurbishment works on any property where asbestos may be present. We confirm that we have not carried out an Asbestos Survey, which usually includes taking samples of various materials throughout the building. However our detailed inspection will comment as to whether there is evidence of asbestos materials within the relevant section. The contents of this Report can be shown to your builder if requested.
- .04 We understand you are aware that there are asbestos materials within the property and there are hand written notes on one or two of the doors to that effect. The vendor's agent inform me that the cellar should not be entered, although there is nothing to stop you. Certain asbestos works, we understand, were undertaken as part of the recent refurbishment of the lower basement area for the new tenants. We would recommend that a schedule of those works are forwarded to you. It seems that this work only went 'so far'.
- .05 You will need to budget for the cost of stripping out asbestos materials from the upper floors prior to your refurbishment. We presume that the current freeholder has an asbestos management plan / survey including that for the upper floors and this should be forwarded to you. Otherwise a full asbestos survey will be required as part of your conversion work.

## **Services**

A visual inspection only has been carried out of the services and they have not been tested in any way. We are not competent to advise you fully as to their safety or satisfaction in use. If you require fuller and more detailed information than given here a specialist test will be necessary. To be sure that you are fully aware of your liabilities in respect of repairs and extent of repairs which may be recommended by a specialist, you should ensure that you obtain specialist reports, and recommendations before exchange of contract to purchase this property.

### **23.00 Electricity**

- .01 Electricity has had to have been upgraded to the ground and basement areas in order to allow updated heating system, lighting etc. for the tenants. We presume that there are Test Certificates available and these should be forwarded to you for your records.
- .02 The electrical installation to the upper floors is redundant and defective. Just one light fitting seems to work in one of the small lobby areas but apart from that there are numerous broken and damaged fittings, damaged areas of wiring etc., and you will need to allow to have all this area completely re-wired.

### **24.00 Gas / Oil Supply**

- .01 We understand that mains gas is connected to the property. Solicitors to check. As mentioned above, a large oil tank within the cellar area which we presume you would want to remove.

### **25.00 Water Supply and Plumbing**

- .01 There is a mains cold water supply. Supply to the tenant's toilets appear satisfactory and includes modern direct hot water heaters. We have not been able to check the condition of the incoming main. Presumably installed when the building was constructed in 1970.
- .02 There are redundant cold water tanks on the roof top, mainly of the galvanised type and you will need to allow in your conversion and refurbishment works for stripping out all old redundant cold and hot water tanks adjacent pipework etc.

### **26.00 Heating**

- .01 As mentioned above, heating was originally via substantial oil fired boilers which are now redundant. Supplemented now by more modern electrical heating which we understand has been installed to serve both the ground and lower basement areas, specifically for the tenants. We presume in that case that you would not have any maintenance responsibility.

### **27.00 Sanitary Fittings**

- .01 Tenants sanitary fittings appear in serviceable condition. Considerable range of redundant fittings previously serving Woolworths employees at first and second floor level which will all need to be stripped out. Currently range of toilets have been filled with sand to prevent drainage fumes entering the building. A great deal of redundant pipework etc. all needs to be stripped out with some evidence of disturbed asbestos lagging.

### **28.00 Waste Pipes and Drainage**

- .01 We understand that drainage runs to the Local Authority sewer. As the extent of the building is almost all the footprint of the building itself, any manhole covers are on adjoining land. We were not able to locate or directly inspect the below ground drainage system. We recommend that this is checked with the Deeds Plan.

## **The Site**

### **29.00 Grounds**

- .01 The footprint of the building is effectively the site. Just a small ramp / access way to the loading bays to the left hand side.
- .02 The retaining walls / detailing to the ramp / access road has been neglected. There is a lot of foliage growth getting in and around the edges of the brickwork and concrete detailing which should be killed off and repointed. The canopy / soffit etc. around the loading bay area has been neglected and requires redecoration and repair.

### **30.00 Tenure**

- .01 We understand that the property is available freehold subject to a lease to Poundland and a lease to Suffolk Age UK. To be checked by solicitors.
- .02 We have not inspected leases and have not been asked to comment on the likely repairing liability. The agent acting for the vendor was under the 'impression' that the leases were full repairing and insuring, inforcible by a service charge. We presume that this would not relate to the upper parts of the building and that an incoming freehold would therefore be completely responsible for the cost of maintaining and repairing the upper sections. This to be checked by solicitors.

### **General Items For Your Solicitors**

- .01 We would further recommend that your solicitors check the following points:-
  - (1) Lease details, particularly in terms of repairing liability.
  - (2) Check boundaries to the property from the Deeds Plan.
  - (3) Check that all Consents have been obtained for previous internal alterations to the property.

### 31.00 Summary of Condition

.01 The building has been neglected from a maintenance point of view externally for many years. As a result there is damp ingress through defective roofing, rainwater goods and joinery in particular. Urgent repairs are required and we would particularly bring your attention to the following:-

- 1 Defective roof coverings are leading to damp ingress as discussed. Budget to have these stripped and recovered.
- 2 Concrete cladding / finishes, particularly underneath the parapet detailing are failing and urgent permanent repairs are required.
- 3 The reinforced concrete parapet detail itself is deteriorating in places due to steel corrosion.
- 4 Broken, damaged and blocked gutters and downpipes need urgent repair.
- 5 All the windows to the property are original and require refurbishment.
- 6 Some repairs are required to the brickwork sections of the structure, particularly around the loading bays where there has been some settlement.
- 7 The second floor is infested with pigeons with dead pigeons, droppings etc. over a large area of flooring. Block off broken windows, doorways etc. to prevent pigeon ingress and employ a specialist firm to clean up the second floor area prior to building work.
- 8 Goods, fittings etc. left over from Woolworths occupation of the upper floors needs all stripping out.
- 9 Urgent Health & Safety works are required to ensure that any old redundant lift shafts etc. are properly sealed off.
- 10 Either block off and seal off the cellar containing the boilers and oil tank or allow for the cost of removals and reinstatement.
- 11 Asbestos removal and management.

.02 The order of repairs will depend upon how far down the line you are with plans for the conversion of the upper floors. Any delay in carrying out repairs to rainwater goods, roofing etc. will cause additional damage to the building. The building, though, currently effectively is not secure with broken glazing and doorways at second floor level.

.03 We understand that an asbestos survey has been carried out and this should be forwarded to you. It is evident, though, that there are still asbestos materials within the property with signs on one or two of the doors saying 'asbestos do not enter'. We are concerned that there are asbestos materials within the area to the floors, in particular, within the ground and lower basement areas which may potential cause a health and safety hazard.

.04 We presume that you will have obtained general costings from your architects in relation to the conversion of the upper floors to include likely gross development values etc., and also taking into account the general cost of refurbishing this neglected building.

.05 We would recommend that you obtain a site plan for the building and it may well be that earlier plans will show drainage runs. Manhole covers should be identified in order that drainage can be inspected and new connections made for the conversion to flats. We have not been able to test any of the drainage system.

.06 It appears that surface water discharges itself to the main drainage system, this to be checked by solicitors.

### **32.00 Conclusions and Recommendations**

- .01 Although we found no evidence of any significant structural defects to the concrete framework, quite clearly major maintenance works are required to a building constructed in 1970 which has not been refurbished since and has been considerably neglected. Inevitably in these circumstances, additional repairs and costs will be uncovered when carrying out your refurbishment works and you will need to keep back a considerably contingency sum, bearing in mind particularly the condition of the roof covering and rainwater goods.
- .02 It is presumed that you will have estimates prepared for the current maintenance cost requirement to the building and for the general upgrade in the future. Account should be taken of the fact that the building has been neglected from a maintenance point of view and no general refurbishment has been undertaken since it was first constructed. When it comes to conversion, a fully detailed Specification of Works should be drawn up with the assistance of an architect, building survey and / or quantity surveyor and a fully detailed JCT type contract let to keep costs under control.
- .02 We trust above to be satisfactory for your purposes at the present time. Please do not hesitate to contact us if you require any further information.
- .03 Lastly, we should point out that this report has been produced specifically for you or your professional advisors, and should not be reproduced in part or in whole without the express written consent of James Aldridge Chartered Surveyors.

### **33.00 Signature**

P J OWEN BSc MRICS  
CHARTERED BUILDING SURVEYOR

Date : 7<sup>th</sup> January 2019

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