



THE VALUATION & ESTATES OFFICE  
LANDS AND SURVEY DEPARTMENT

**Re-appointment of Valuation & Estates Office - Valuer Panel  
Period 2019 - 2021  
(1.9.19 to 31.8.21)  
Expressions of interest**

The requirements for re-appointment are similar to the last appointment criteria. Therefore, you are only required to provide us with updated information on the following matters:-

1. Staff changes
2. The names of staff members with current RICS Registered Valuers certificate
3. Evidence of your existing professional indemnity insurance
4. A copy of your complaints procedure
5. A schedule of recent high profile valuations undertaken
6. Evidence that your firm is regulated by the RICS

**It is a requirement that all valuations are undertaken by firms regulated by the RICS. Your firm must also have an existing subscription to the Caymanlandinfo Sales Comparable Mapping System.**

As we aim for 100% Red Book compliance for all valuations, we have prepared and attached the "VEO Valuation Instruction Agreement" expressly stating the **minimum** requirements for all reports, where we are the instructing party. The agreement incorporates various requirements in accordance with the Red Book and we will require every valuation report instructed by us to comply with the terms of the attached agreement.

As part of the re-appointment process, you are obliged to review and sign the agreement and return this to us with the other documents listed above in support of your application.

Please contact Ruth Watson, Acting Chief Valuation Officer, on 244 6662 if you require additional information.

# THE VALUATION & ESTATES OFFICE - VALUATION REPORTING AGREEMENT

---

## **PURPOSE**

To set out and identify the agreed terms, guidance and minimum standards for Valuers providing appraisal/valuation advice, for any purpose, to the Valuation and Estates Office (VEO) of the Cayman Islands Government (CIG).

## **COMPLIANCE**

The VEO will only accept Valuation Reports that comply with the most recent RICS Valuation – Professional Standards, Global Edition (currently July 2017), and this document (The VEO Valuation Instruction Agreement), OR as may updated from time to time.

## **APPRAISAL/VALUATION REPORT**

The Appraisal Report must contain the following information under the specified headings, and be set out in the order shown below.

### **1. Executive Summary**

A 'bullet point' summary in relation to the Property, in particular commenting upon, identifying and/or confirming, as appropriate:

- (i) likely demand and purchasers;
- (ii) volatility of property performance, capital value and rental value or fair, maintainable operating profit;
- (iii) any special assumptions made;
- (iv) access;
- (v) any title issues requiring further investigation;
- (vi) any pertinent issues, whether adverse or otherwise, requiring further investigation; and
- (vii) necessary capital expenditure (if any).

### **2. Location**

A description of the general location, together with a further detailed account of the immediate area in which the Property is located. An area map detailing the Property with its boundaries edged clearly and/or such other maps/extracts or plans as are deemed appropriate should be provided.

### **3. Description**

A concise description of the Property together with the type of construction, the property's suitability and flexibility for other uses, as required. Photographs of the Property showing it in context are necessary and should be appended to the report.

### **4. Accommodation**

For buildings where accepted practice requires Valuer's to state areas, these should be measured in accordance with either the now mandatory **International Property Measurement Standard** (for office buildings, Industrial buildings and Residential Buildings) or otherwise the current Code of Measurement Practice of the RICS. If physical measurement of the property is not possible confirmation should also be provided as to whether the measurements have been derived from on-site measurements, scale plans, Caymap or the Land Register.

## THE VALUATION & ESTATES OFFICE - VALUATION REPORTING AGREEMENT

---

For built property full details of the existing accommodation should be made, together with your opinion of the adequacy of:

- (i) the unit layout(s) and size(s);
- (ii) the standard of finishes, fixtures, fittings and facilities;
- (iii) the common areas;
- (iv) the internal and external amenities;
- (v) any staff accommodation;
- (vi) car parking provision/facilities; and
- (vii) other factors the Valuer deems relevant.

For raw land, the area, approximate shape and height range above sea level of the site will be sufficient.

### 5. Condition

Concise comment is required on the external and internal condition of existing buildings. Specific comment is required on any defect that can be reasonably identified on inspection that may have an adverse effect on its future marketability and the estimated useful remaining lifespan, both functional and economic.

If a more detailed investigation of any defect or suspected defect is considered appropriate, the VEO should be made aware immediately.

### 6. Statutory Enquiries

A statement is required as to (where appropriate):

- (i) the current zoning of the Property;
- (ii) the availability and nature of existing planning consent(s);
- (iii) where applicable, whether the building(s) appear(s) to comply with existing planning consent(s) and the terms of any material planning conditions or agreements existing in relation to the Property;
- (iv) the likelihood and timing of achieving planning and building consents for any assumed Works to be undertaken and the likely nature of any material planning conditions that may be imposed;
- (v) the availability of appropriate licences etc., required for the occupation/business(es) carried on and/or proposed to be carried on;
- (vi) the condition and suitability of the access to the Property and whether the access roads have been adopted by the NRA.
- (vii) any affect on the property due to a proposed road scheme or otherwise published intentions of any Cayman Islands Government Department, or other Statutory Authority.

Oral inquiry of the appropriate authorities may be sufficient but the VEO should be advised if it is considered that written confirmation is necessary.

### 7. Services

Detail the services provided and/or to be provided. General comment is required on the condition of existing services, any obvious defects and estimated useful remaining life span. Comment should include not only the main utility services but also, where appropriate, air-conditioning, comfort cooling, chilled ceilings, lift equipment, raised floors, perimeter trunking, suspended ceilings, sprinkler systems, kitchen and catering equipment, etc.

Plant and machinery should be considered only insofar as it forms/will form an integral part of the Property for letting or sale purposes. Where the basis of valuation reflects a commercial occupation being carried on from the Property, comment should be made on the condition and remaining life expectancy of any trade fixtures and fittings which are/will be required for the future operation of the business.

### **8. Site and Ground Conditions**

Where appropriate, the total site area, shape and principal dimensions and topography should be stated along with details and sizes of any external areas.

If there is evidence that the Property has been affected by any adverse ground conditions this should be specified together with an opinion as to the likely effect of such on the future marketability and value. If there are known adverse ground conditions in the locality, even if the Property shows no apparent signs of being affected, the VEO must be advised.

### **9. Environmental Issues**

The VEO will advise if it is aware of any contamination to the Property and make available any specialist reports in its possession. All such reports must be regarded as confidential and their existence and the contents thereof may not be disclosed to any other party, without prior written permission.

It is recognised that a firm of Surveyors is not in a position to give formal comment on the implications of site contamination. However, in order that the VEO can fully assess its position, informal comment as to the potential for contamination is required.

The VEO should be advised and provided with an opinion as to whether a full specialist environmental assessment is necessary, if it is observed during the course of inspection and/or considered that:

- (i) the Property and/or its immediate locality is being or has been used for the manufacture, storage and/or sale of hazardous/toxic materials such as chemicals, petroleum products, pesticides, fertilisers, acids, explosives, paint or any other hazardous materials; and if
- (ii) (a) deleterious or hazardous materials or techniques have been used in the construction of any existing building or have subsequently been incorporated into the structure;  
(b) there may be water or land pollution on or close to the Property;  
(c) the Property is on or near to a landfill site;  
(d) there are storage tanks below ground; or  
(e) nearby incinerators or chimneys giving off heavy emissions;
- (iii) there are any adverse ground conditions in and/or uses of adjoining properties which might give rise to ground/soil contamination.

Where an environmental report has been provided the Valuer should advise the VEO as to the impact of the content of such on the marketability and value of the Property.

### **10. Tenure**

Tenure should be stated and, if leasehold, details of the principal lease terms should be provided. Detail and comment upon any known Easements or Rights of Way, Light or Escape that may affect the use or value of the Property.

### **11. Occupational Leases and Other Agreements**

Full details should be provided of existing or proposed free or tied leases, tenancy agreements, franchises etc.

Comment is required as to the appropriateness of such, having regard to prevailing market practice or conditions and on any adverse impact of the same on:

- (i) rental and capital performance; and
- (ii) letting or sale prospects; and
- (iii) net income having regard to rent payment and collection arrangements, tenant incentives, irrecoverable void costs, maintenance repair and insurance costs etc.

### **12. Development Issues**

Comment should be made with regard to the adequacy of any assumed project, in relation to:

- (i) projected development costs (including site clearance and remediation, infrastructure and construction fees, etc);
- (ii) the level of development profit; and
- (iii) the achievability of the development timescale.

Comment should also be made as to the market perception of the developer, contractor and/or professional team and the availability of any warranties.

### **13. Market Trends and General Comments**

Where appropriate, a concise history of recent market conditions that have affected the Property is required, together with an opinion as to the likely market trends that may affect the Property performance along with rental and capital values in the immediate future.

Having regard to condition, obsolescence and any planning applications, consents or proposed developments in the locality which would have an effect, either adverse or beneficial, on the Property and other relevant information; specific comment is required on the following issues:

- (i) the value and marketability in comparison to other competing properties and schemes in that market sector i.e. how is the Property placed in comparison to the rest of the market in which it competes; and will it perform better or worse than its peers?
- (ii) a complete and thorough commentary of the rationale behind the valuation figure stated, including but not limited to, an explanation of how that figure has been reached with reference to the comparable data listed and any adjustments made and why;
- (iii) the volatility of the sector compared to the market as a whole;
- (iv) in the event of the Property remaining or becoming vacant (in whole or part), its letting prospects;
- (v) in event of refurbishment or redevelopment, the letting or sale prospects of the refurbished or new building, having regard to the timescale to complete such works;
- (vi) the merits and defects of the Property as these might relate to its value and marketability;
- (vii) the proposed purchase/disposal price of the Property, as applicable; and
- (viii) the number and nature of potential purchasers;

### **14. Trading Performance and General Comments (Trading Related Property only)**

## THE VALUATION & ESTATES OFFICE - VALUATION REPORTING AGREEMENT

---

Where appropriate, an opinion as to the current trading performance and future trading prospects of the business is required. Copies of trading accounts and projections etc. should be sought and where such information is not available you should advise the VEO accordingly, and comment specifically on the impact the absence of such information has on the accuracy of your advice to the VEO.

For an existing business you are expected to analyse and comment upon, where available, the historical trading figures for a minimum of three trading years ended immediately prior to the date of valuation, together with any projections covering current year and future trading performance, the relative underlying assumptions and the reasonableness of the same.

For a proposed new venture the Valuer is expected to analyse and comment upon, where available, any business plans/projections covering current year and future trading performance, the relative underlying assumptions and the reasonableness of the same.

Comment is also required as to:

- (i) the state and volatility of the local market in which the business competes;
- (ii) the number and nature of competing establishments and the position of the business within its local market;
- (iii) a complete and thorough commentary of the rationale behind the valuation figure stated, including but not limited to, an explanation of how that figure has been reached with reference to the comparable data listed and any adjustments made and why;**
- (iv) the sources of existing and/or projected turnover, respective gross profit percentages and operating costs and the appropriateness of the same;
- (v) existing and/or projected staffing levels and the appropriateness of the same;
- (vi) the suitability of the Property for its current, proposed and any alternative use;
- (vii) the adaptability of the Property to a different and more profitable style of operation;
- (viii) potential impact on the business of implementation of existing or likely new legislation affecting the sector; and
- (ix) the skills and experience of the existing and/or proposed owner(s) and/or management team and the extent to which you consider trading levels might be affected by the departure of any key personnel.

It should be clear in the report what the Valuer considers to be the fair maintainable operating profit of the existing/proposed business and, where applicable, the period required to achieve that level, having regard to RICS Professional Standards VPGA 4 and IVS 200.

A full explanation of how the opinion of the fair maintainable operating profit has been arrived at should be provided, along with the calculation and a note of all assumptions.

Where significant expenditure is necessary and/or proposed to secure the fair maintainable operating profit used in establishing the opinion of Capital Value, the amount of such should be identified and comment made on the adequacy of the same.

A schedule of comparable evidence and a detailed analysis of the factors that have been considered when comparing the Property to any comparative properties should be provided. This should include BOTH assumed rent determined from analysis of trading, AS WELL AS analysis of assumed yields

### 15. Rental Value

## THE VALUATION & ESTATES OFFICE - VALUATION REPORTING AGREEMENT

---

If a lease has been or will be granted in respect of the Property, opinion should be provided of its current market rent, as at the date of the report, with your justification for this opinion.

A schedule of comparable evidence and a detailed analysis of the factors that have been considered when comparing the Property to any comparable properties should be provided.

Opinion as to the current rental value of the Property assuming completion of any assumed Works as at the date of the report will be required, together with justification for this opinion. Any factors that the Valuer considers likely to impact on achievable rental levels at completion of the assumed Works should be identified.

### 16. Capital Value

Opinion is required at the date of the report as follows:

A. For all property:

- (i) the Market Value (MV) of the Property in its existing state;
- (ii) whether any alternative uses for the Property might give rise to a higher Market Value (MV), the nature of such use and level of Market Value (MV) in such circumstances;
- (iii) the Market Value (MV) on any special assumptions that the Valuer in his/her professional judgment feels appropriate;
- (iv) If applicable, the Equitable Value of the property.

B. For trading related property:

- (i) the Market Value (MV) of the Property on the special assumption that it is fully equipped as an operational entity and is valued having regard to trading potential;
- (ii) the Market Value (MV) of the Property on the same basis as B.(i)., but subject to the following special assumptions:
  - (a) the timescale allowed for disposal is six months or less (or any period advised within individual instructions);
  - (b) the Property is vacant;
  - (c) the accounts and records of trade would not be available or relied upon by a prospective purchaser;
  - (d) the business is closed; and
  - (e) the Liquor/other licences, consents, certificates, permits etc., are lost or in jeopardy.

With regard to B.(ii), advice should be provided as to realistic periods of time that will be required to achieve the stated values, and any factors which are considered to adversely affect the Property performance and rental and/or capital values.

If a capital deduction has been made to cover the likely cost of essential repairs/remedying defects, this should be highlighted. Where it is agreed with the VEO that an alternative basis of valuation is more appropriate the definition should be attached to the report to the VEO.

In many instances a property may have more than one value, i.e. subject to a lease or with vacant possession. An opinion should therefore be given as to the price likely to be paid by different purchasers, as appropriate for the circumstances.

**THE VALUATION & ESTATES OFFICE - VALUATION REPORTING AGREEMENT**

---

Comment should be provided where any special assumptions are made in arriving at the opinions of value.

**17. Publication & Valuer's Signature**

Your report may be tabled within the Legislative Assembly of the Cayman Islands, and/or be subject to a Freedom of Information request. The report will state that you allow publication of the report in these circumstances.

It is required that valuation commissions for VEO are undertaken by an RICS Registered Valuer, however, regardless of who has undertaken the valuation instruction on behalf of the VEO, **each report must be countersigned by a valuer who is already approved to be on the VEO Panel**, who will declare that he/she accepts full responsibility for the content, conclusions, advice and figures reported.

Please note that reports cannot be prepared by a firm and as such the Valuer responsible must always be identified and who must be an approved Panel Valuer.

**AGREEMENT**

I verify my firm's agreement to adhere to the reporting requirements of this document.

*(Name)* \_\_\_\_\_ *(Position)* PARTNER / DIRECTOR

*(Firm)* \_\_\_\_\_

*(Signature)* \_\_\_\_\_ *(Date)* \_\_\_\_\_