



RICS professional standards and guidance, global

Technical due diligence of commercial property

1st edition, January 2020



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RICS guidance notes

Definition and scope

RICS guidance notes set out good practice for RICS members and for firms that are regulated by RICS. An RICS guidance note is a professional or personal standard for the purposes of RICS Rules of Conduct.

Guidance notes constitute areas of professional, behavioural competence and/or good practice. RICS recognises that there may be exceptional circumstances in which it is appropriate for a member to depart from these provisions – in such situations RICS may require the member to justify their decisions and actions.

Application of these provisions in legal or disciplinary proceedings

In regulatory or disciplinary proceedings, RICS will take account of relevant guidance notes in deciding whether a member acted professionally, appropriately and with reasonable competence. It is also likely that during any legal proceedings a judge, adjudicator or equivalent will take RICS guidance notes into account.

RICS recognises that there may be legislative requirements or regional, national or international standards that take precedence over an RICS guidance note.

Document status defined

The following table shows the categories of RICS professional content and their definitions.

Publications status

Type of document	Definition
<i>RICS Rules of Conduct for Members and RICS Rules of Conduct for Firms</i>	These Rules set out the standards of professional conduct and practice expected of members and firms registered for regulation by RICS.
International standard	High-level standard developed in collaboration with other relevant bodies.
RICS professional statement (PS)	Mandatory requirements for RICS members and RICS regulated firms.
RICS guidance note (GN)	A document that provides users with recommendations or an approach for accepted good practice as followed by competent and conscientious practitioners.
RICS code of practice (CoP)	A document developed in collaboration with other professional bodies and stakeholders that will have the status of a professional statement or guidance note.
RICS jurisdiction guide (JG)	This provides relevant local market information associated with an RICS international standard or RICS professional statement. This will include local legislation, associations and professional bodies as well as any other useful information that will help a user understand the local requirements connected with the standard or statement. This is not guidance or best practice material, but rather information to support adoption and implementation of the standard or statement locally.

1 Introduction

The term 'technical due diligence' (TDD) is generally adopted by the industry. Building survey, building condition inspection, pre-acquisition survey or vendor survey are also often utilised. The term 'structural survey' should not be used.

This 1st edition global RICS guidance note is effective three months after publication, superseding the following RICS publications and any associated translations:

- *Building surveys and technical due diligence of commercial property*, England and Wales (4th edition) RICS guidance note.
- *Technical due diligence of commercial and industrial property*, Australia, (1st edition) RICS guidance note.
- *Technical due diligence of commercial and industrial property*, New Zealand, (1st edition) RICS guidance note.
- *Technical due diligence of commercial, industrial and residential property in Continental Europe* (1st edition), RICS guidance note.

This guidance note should be considered adaptable for all types of commercial and industrial property, including hotels, retail, healthcare, education, residential apartment blocks, etc.

Clients should be encouraged to avoid imposing restrictions and limitations that compromise the technical due diligence process and dilute its contents and/or effectiveness.

Also refer to the current edition of [Surveying safely: health and safety principles for the property professional](#), RICS guidance note.

RICS is concerned that RICS members only undertake work they are competent to do in fields or specialisms for which their training and background experience are appropriate and relevant. It is important that RICS members or RICS regulated firms undertaking technical due diligence have experience in this field or are appropriately supervised by an RICS member or RICS regulated firm with relevant experience.

The RICS technical due diligence schedule of services has been provided in Appendix A. These forms may be used in conjunction with the *RICS Short Form of Consultant's Appointment for Designated Services* available from RICS. Note that these forms were written for use in England and Wales and are appended to this guidance note as an example only. Services to be included in a technical due diligence survey may differ between countries, states and regions, and the list of services should therefore be tailored according to the brief.

1.1 Effective date

This guidance note is effective three months from publication.

2 The need for technical due diligence

Technical due diligence of property, when carried out by an RICS member or RICS registered firm, consists of the systematic review, analysis, discovery and gathering of information about the physical characteristics of a property and/or land (the property). The RICS member or RICS registered firm then undertakes an impartial and professional assessment of the property and provides a balanced and professional opinion of the condition of the property in the form of a technical due diligence report. This enables a prospective purchaser, occupier or financier of the property to make an informed assessment of the risks associated with the transaction from a technical perspective.

During the process of undertaking technical due diligence, an RICS member or RICS regulated firm may establish defects or deficiencies in the property that could have an impact on the asset and the life safety of occupants in its immediate, short-, medium- or long-term performance. The defects may include the need for repairs arising from:

- deficiencies in design and construction quality
- a lack of planned and actual maintenance
- neglect or misuse
- insufficient capacity in services items approaching, at or beyond the end of their useful or economic life
- deleterious materials and
- non-compliance with statutory or mandatory requirements such as planning and Building Regulations or Building Codes.

Matters may also arise that are not to the potential purchasers', managers' or occupiers' required standards, e.g. relating to cultural, social or religious beliefs or requirements.

Technical due diligence can be used for many purposes, including:

- providing a basis for optimisation of design of new developments and refurbishments
- gaining an understanding of the condition and design of the property
- establishing the suitability of the property for its intended use (if known)
- understanding the need for and quantity of future costs of repair and replacements and other liabilities
- providing a level of protection for the occupier, owner, institutional investor or funder
- providing a basis for price negotiations
- providing a basis for the allocation of risk
- providing a basis to improve life safety and
- providing a basis for performance improvement, improved sustainability and better decision making.

Many large property owners are institutional investors who manage a portfolio of property assets on behalf of their beneficial owners. They may be held in the form of listed or unlisted property trusts, property companies or syndicates. The managers of

these investment vehicles have a fiduciary responsibility to the ultimate owners in making acquisitions, to ensure that all reasonable risks and liabilities are understood.

The process of technical due diligence is therefore critical to any successful property transaction and the subsequent operation of that property thereafter.

3 Types of inspections

3.1 The property life cycle

This guidance note considers four key types of technical due diligence process for property during its typical life cycle, each of which will have a slightly different emphasis. These are:

- a** acquisition (including financing or refinancing)
- b** occupation and operation
- c** disposal (vendor due diligence) and
- d** refurbishment or development.

3.2 Acquisition

The process of undertaking technical due diligence for the acquisition of property is the most common of the four categories and is undertaken on behalf of an investor taking an interest in part or whole of the property. The process of technical due diligence may determine, in the context of the purchaser's proposed intent for the asset:

- whether significant defects exist in the structure, fabric and services installations (the latter if instructed to be undertaken by a specialist) of the property
- whether there are legal implications of the defects or other deficiencies such that the property does not comply with statutory obligations or if there are any illegal works present
- risk associated with the tenancies in relation to recovery of capital expenditure and operational expenditure and future reinstatement liabilities
- whether the property is suitable for the client's intended use (if known) and
- whether there are any apparent life safety issues.

Where there are deficiencies, estimates of the remaining life expectancy of key elements may be provided, along with information regarding the scope, costs of repairs required, time frame and liability.

It is important to remember that legal and investment aspects of the acquisition are also being considered by other specialists on behalf of the client. The technical aspects should be considered in the context of this bigger picture.

3.3 Occupation

In addition to the issues outlined in section 3.2, the technical due diligence process needs to identify and advise on any restrictions on its intended use. These can extend beyond the client's anticipated responsibilities under the lease, such as upgrading to meet current health and wellbeing, fire, flood, engineering (such as seismic) or site-specific requirements. The extent of the occupier's responsibility to insure, repair and maintain the property under the lease, or other occupation arrangement, need to be

considered in the context of the physical condition of the property. The client should be asked to confirm any specific requirements for their intended use.

The report may highlight issues that will cause delay to the client's occupation, and capital expenditure before and during occupation. For example, if repairs are required before the property can be occupied, early awareness will enable the client to:

- program for any delays (this is important where there is time pressure to relocate from another property taking into consideration the fit out required to the new property)
- renegotiate lease liability terms or
- secure capital contributions from the landlord to enable the occupier to undertake the necessary works.

Where a client proposes to occupy only part of a property and will share in the cost of upkeep of the whole, RICS members and RICS regulated firms should assess the likelihood of any major repairs necessary to the fabric of the entire property and its services that could have a significant impact on the service charge or other property outgoings.

Any assumptions of responsibility should also be clarified, which may go beyond 'normal' lease terms (e.g. responsibility for maintaining and complying with health, safety and fire legislation, energy rating minimum requirements, etc.).

3.4 Disposal (vendor's survey)

The primary purpose of a vendor's technical due diligence survey before a proposed sale is to identify significant physical defects or any statutory non-compliances that may affect the value of the property on the open market.

A vendor's technical due diligence survey may precede a valuation, such that the valuation can then provide an opinion on the value of the property having regard to its condition. However, a vendor may undertake a technical due diligence survey as a standalone process so that information on the physical condition of a property can be made available to prospective purchasers in an attempt to expedite the sale process.

It is typical for the client to request that a vendor's report be assignable to the purchaser. In these circumstances, the RICS member or RICS regulated firm should make sure that their (and their subconsultants') professional indemnity insurance provider is satisfied with such an arrangement, and any conditions are clearly stated on instruction of such an assignment. The RICS member or RICS regulated firm should be aware that readdressing the report is unlikely to maintain the contractual links, as the report would have been prepared for the vendor not the purchaser. Reports may be included on a data room and the RICS member needs to take necessary steps to ensure they are not extending reliance to all parties that review the report (i.e. hold harmless letter or third-party review wording subject to jurisdiction).

Subsequently, the RICS member or RICS regulated firm is likely to be required to enter into a third-party agreement with the purchaser, which may also extend to the funders. This is usually undertaken in exchange for a payment. The third-party agreement is usually by way of a 'duty of care' or 'reliance' letter.

A vendor's inspection and report should include the same salient issues as the acquisition survey on behalf of an investor, including:

- significant physical defects in the structure, fabric and services components and associated cost for remedial works
- issues relating to statutory and legal non-compliance that may prevent occupation or affect the value of the property
- costs relating to shortfall in tenancy repair, decoration and reinstatement obligations and
- review of documentation with the intention to identify relevant data, locating obvious missing information, such as that listed in section 4.4.

3.5 Development

The role of a TDD process as part of a development or significant refurbishment work feasibility, is to establish the potential risks, opportunities and viability of the development project.

Input from specialists will be required to provide comprehensive advice to a client, and this advice should be reviewed, analysed and compiled into a report providing the client with a summary of the key issues to be considered through the development process.

Clients may subsequently instruct the RICS member or RICS regulated firm to project monitor or act as their client representative for the development. This could extend to the review of the design, specification and plans, and monitoring the works against agreed contracts as they proceed. This is common where a client enters into an agreement to fund, purchase or lease a development that has yet to be built or redeveloped.

See the current edition of [Project monitoring](#), RICS guidance note for more information.

4 Taking instructions

4.1 Key items

The client may not be familiar with the range of services the RICS member or RICS regulated firm is able to offer. When a client asks for a survey, the RICS member or RICS regulated firm should ask questions to ensure the type of survey being requested is the correct one for the circumstances.

The RICS member or RICS regulated firm should establish that no conflicts of interest exist between any of the parties or for the property and obtain 'informed consent', if any conflicts exist. Refer to the current edition of [Conflicts of interest](#), RICS professional statement for more information.

The RICS member or RICS regulated firm should undertake appropriate anti-money laundering risk assessment. Refer to the current edition of [Countering bribery and corruption, money laundering and terrorist financing](#), RICS professional statement for more information.

The following should be confirmed in writing (by email or letter) by the RICS member or RICS regulated firm in their services/terms of engagement:

- services to be provided
- the contracting parties, including who is responsible for paying the fee and
- all limitations that apply to the advice being obtained.

The RICS member or RICS regulated firm should carry out a risk assessment. This will include seeking clarification from the contractual party or their agent if there are any known site hazards or operational issues that need to be assessed and any risk mitigated before the inspection. Refer to the current edition of [Surveying safely: health and safety principles for the property professional](#), RICS guidance note.

The RICS member or RICS regulated firm should confirm the standard terms of business, including:

- precisely who the RICS member or RICS regulated firm/surveying company is
- the limitations on the scope of the survey and report
- level of liability and any other cover and limitations, including confirming the RICS member or RICS regulated firm holds appropriate professional indemnity insurance
- their understanding of the property address and extent of the premises to be inspected
- involvement of other consultants or contractors and the extent of their appointment (e.g. on behalf of the client)
- date of instruction
- timescales for completing the instruction and any intermediate stages
- commercial terms such as professional fees, abortive fees and hourly rates for follow-up consultancy

- how the fee will be claimed/become payable and the charges for late payment
- whether disbursements are included or not and
- whether access hoists or other specialist means of access are required.

See Appendix A: Technical due diligence services for more information.

There are key items common to confirming instructions no matter what the commission or scope of service.

The following should be considered:

- existing or intended use of the property and any time frames affecting a change of use
- precisely who the client/other parties are, i.e. current property owner, occupiers and managers
- if there are any aspects of the property the client considers to be important
- what is not being provided (e.g. a valuation)
- any occupational safety and health issues that would affect the nature of the inspection
- how variations to the instruction will be assessed
- specialist access requirements and access restrictions
- specific information to be sourced from the relevant authorities (e.g. building control, planning approvals, etc.)
- extent of any information being made available for review and how reliable it is
- report format
- the client's indemnification of the RICS member or RICS regulated firm against damage caused if opening up is required as part of the survey
- the procedures to be followed in the event of a dispute
- personal guarantees for payment from directors of small companies
- advance payments
- additional charges for time spent attending post survey meetings
- an agreement with the client on the level of reliance (i.e. maximum number of assignments)
- extent of document/data room review the RICS member or RICS regulated firm is to undertake, and time allocated to the task (see section 4.4)
- client-imposed restrictions (i.e. the extent of investigation or detail of report required) and
- the RICS member or RICS regulated firm should state if they believe that the client-imposed restrictions effectively devalued the intention of undertaking a technical due diligence survey.

4.2 Practical limitations

The RICS member or RICS regulated firm should make the client aware of the practical limitations of any inspection or survey exercise and include these limitations within their terms of engagement. In any property, but particularly large and/or complex properties,

there are likely to be hundreds of items that may need to be checked. Many of them will be hidden and/or inaccessible. Surveyors should remind the client that a return visit to site may be required for a variety of reasons, such as a need for further investigation or unsuitable weather conditions. In such circumstances, an additional fee may be payable, and the terms of that arrangement should be clearly expressed.

Repetitive elements will normally only be checked on a sample basis. Where the survey includes multiple units of a repetitive nature such as apartments or hotel rooms, the RICS member or RICS regulated firm may consider limiting the extent of the survey to a limited number of units representative of type and condition. It is recommended any limitations to the scope of inspection are stated clearly in the scope of service.

4.3 Extent of liability

The RICS member or RICS regulated firm should deal with the issue of liability for the report including whether they are willing for the liability to be passed to a third party. The RICS member or RICS regulated firm may wish to limit assignments to one or two parties only, subject to their insurance terms, with a requirement for further assignments to be subject to written consent. RICS members or RICS regulated firms should refer to their professional indemnity insurance (PII) cover for specific conditions.

Another important concept in liability management is 'shelf life'. RICS members or RICS regulated firms should be able to limit their liability for a technical due diligence report, given that with the best endeavours and due care the report will only ever represent a 'point in time' opinion based on the actual day of inspection. Over time all reports lose their value. For technical due diligence a client should not expect the same reliability from a report produced five years ago as one produced last year.

See also section 4.8 relating to the extent of liability for specialist subconsultants.

4.4 Data room and document review

Virtual data rooms are often set up to enable property-related documentation to be accessed and reviewed. It can be time-consuming to access the data, locate the relevant documentation and review it. Data may also continue to be added to the virtual data room even after the report submission.

All documents should be downloaded and stored electronically (or recorded if downloading is not possible) by the RICS member or RICS regulated firm if confidentiality permits.

The RICS member or RICS regulated firm should also:

- state clearly what documents will be reviewed, limiting the extent and scope of review. For instance, if warranties are available, the RICS member or RICS regulated firm would normally be expected to comment on whether these are still valid, and any obvious omissions, but detailed assessment would normally be undertaken by the legal team
- confirm if the documents reviewed will be downloaded and kept on file. Access to the data room after the project is completed is often difficult and so securing copies is good practice, but sometimes not possible due to the confidentiality of the instruction

- confirm the time allocated to the data review, and state that additional fees will be charged if this time is exceeded and
- confirm when the RICS member or RICS regulated firm data room review has been completed. This is important as it is not uncommon for further documentation to be added to the data room after the preparation and submission of the technical due diligence report. The RICS member or RICS regulated firm would not normally revisit a data room unless requested to do so by the client or their legal team.

The RICS member or RICS regulated firm should consider what documents will need to be reviewed to complete the commission. These may include the documentation listed in section 11 of the TDD services in Appendix A.

4.5 Client requirements

Having a clear understanding of the client's intentions for the premises is important, as there are a range of survey types that could be undertaken. Section 3 outlines the main survey types and offers direction for the RICS member or RICS regulated firm in this regard.

The RICS member or RICS regulated firm should establish why the client requires the information and advise a client on the various types of survey and professional services available. This may include specialist support from other disciplines. Where such specialists are to be appointed, their liability should be direct to the client in order to secure a direct contractual relationship. Where this is not the case and the appointment is as a subconsultant direct to the RICS member or RICS regulated firm, the matter of liability needs to be clearly identified and defined.

4.5.1 Tenure information

The RICS member's or RICS registered firm's ability to provide a definitive report may be severely compromised without a full copy of the lease and/or other title documents. They are key to determining the leasehold liabilities regarding the premises, particularly where the client is the occupier. Where documents are missing, have not been provided by the client, or where a review is outside of the scope of the appointment, the RICS member or RICS regulated firm should make reasonable assumptions or appropriate exclusions and state what these are within the report.

4.5.2 Proposed use

The RICS member or RICS regulated firm should request confirmation of the client's intention in acquiring an interest in the building and any special requirements that the client may have. The RICS member or RICS regulated firm should also understand how the client's undertaking or operations will affect the premises and surroundings. It may be appropriate to consult an operational specialist in the field (possibly from the client's own staff) to assist in the survey and report. If the client has intentions to physically alter the building, the RICS member or RICS regulated firm should consider how this will affect a report on the existing property and advise the client to seek additional specialist advice as necessary

4.5.3 Report format

The RICS member or RICS regulated firm needs to agree the report format with the client.

If a short form report is to be used, this should be clearly stated in the instruction letter and in the scope of service. The short form report format should be pre-agreed with the client to ensure the content reflects their specific requirements.

The following questions should also be raised:

- Should photographs be included?
- Only electronic copies in PDF format are usually provided. If the client requires hard copies, how many should be provided and do these also need to be delivered by the agreed deadline?
- Are any copies to be issued directly to other parties authorised by the client, such as their agent or legal advisers?
- If hard copies of the report are being provided, how should the report be delivered, e.g. by normal post to an office address or by secure delivery to a named individual?
- Have contact details been confirmed of all those due to receive the report by email?
- Are costs for works or repairs identified in a report to be included? If so, how detailed do they need to be (set a minimum cost to be reported) and on what basis are they to be assessed?

4.5.4 Electronic data collection

There are several software programs available and their use is becoming increasingly common, particularly with more simple or repetitive structures (Stock Condition Surveys) and for undertaking Planned Preventative Maintenance Schedules.

The RICS member or RICS regulated firm should be satisfied that electronic data collection is suitable for the subject property and allows enough reflective thought from which to draw their conclusions and recommendations.

4.5.5 Coordination

Commercial surveys will typically involve a team of individuals (e.g. RICS member or RICS regulated firm, engineers, environmental consultants, etc.) contributing to a single report.

Where these are appointed separately by the client, the RICS member or RICS regulated firm should clarify with the client who will be responsible for coordinating these individuals. Whoever takes on this responsibility should expect that the client will make this clear to all the members of the team.

4.5.6 Time

In agreeing a time frame with a client, the RICS member or RICS regulated firm should detail the time necessary to:

- carry out the various inspections
- complete research and tests
- prepare and submit an initial executive summary
- prepare and submit the draft report and
- amend and submit the final report, subject to responses to enquiries/additional documents supplied.

If the RICS member or RICS regulated firm feels insufficient time is being allowed, they should notify the client and state a limitation within their report accordingly.

The RICS member or RICS regulated firm needs to be aware that responsibility will remain with him or her when accepting instructions for quick 'walk-through' surveys that do not allow enough time for a full evaluation.

When accepting such instructions, RICS members or RICS regulated firms should ensure clients are fully aware that compromising on the time allowed will result in a limited report that does not comply in all respects with this guidance note.

4.6 The property or premises (buildings, assets or facilities)

4.6.1 Location and size

It is important to precisely identify the areas to be covered within the survey.

The extent of the survey should also be confirmed in writing for large premises, where only part of the building or site is to be included. However, the RICS member or RICS regulated firm should bring any obvious areas of inaccuracy or uncertainty to the client's attention.

4.6.2 Access

Confirmation that all areas of the building will be accessible and safe on the dates agreed for the survey(s) is advisable. It is also important to check in advance whether roof access is available from within the building (i.e. roof hatches) for flat roof inspections, or whether separate ladder or platform access is required and needs to be organised, internally or externally, via a building manager or local contractor.

Tenant notice period or other access restrictions also need to be ascertained. The fee arrangements should detail the costs of return visits to sites if access is not available as expected.

Your report should detail clearly any limitations on access at the time of the inspection.

4.6.3 Occupation

The RICS member or RICS regulated firm will benefit from knowing what parts of the building will be occupied as this may restrict the survey. For example, it may be that out-of-hours inspections will be needed for noisy or otherwise intrusive investigations. Similarly, the operational processes or activities being undertaken in the premises may bar the RICS member or RICS regulated firm from specific areas at certain times.

The RICS member or RICS regulated firm will benefit from knowing if the premises, or parts thereof, are vacant, derelict or unsafe. It is also important to establish any requirements for privacy of any party, or the need for a 'non-disclosure' or other confidentiality agreement.

4.7 Confirming the instruction

While it is possible to establish a contract verbally, the RICS member or RICS regulated firm should ensure that any instruction is formalised in writing. Email or letter is

acceptable and should include all the points covered in this section, and the points covered in section 4.1.

It is advisable for the RICS member or RICS regulated firm to request that the client signs and returns a copy of the letter of confirmation to show acceptance of the terms and conditions of the engagement.

In the absence of any express clause, an RICS member or RICS regulated firm is expected to carry out work with the skill and care reasonably to be expected of a competent person exercising the profession and skill in question.

4.8 Specialist consultants and their appointment

Undertaking a technical due diligence investigation, particularly on a large and/or complex property, can involve the need for several different consultants each covering their specific area of expertise and requirement under the regulatory framework of the country. It is unlikely that a single consultancy will be able to provide all disciplines required with exclusive in-house personnel. Therefore, on occasion, other specialist consultants will be engaged to assist with the technical due diligence process.

These specialist consultants are engaged primarily by one of three modes, or a combination:

- a by the lead consultant
- b directly by the client or
- c indirectly by the lead consultant on behalf of the client.

These three scenarios are considered in more detail at subsections 4.8.1; 4.8.2 and 4.8.3.

4.8.1 RICS member or RICS regulated firm acting as lead consultant

Where a specialist consultant is to be engaged by a lead consultant via a subconsultancy agreement, the lead consultant should advise the client which aspects of the report will be undertaken by third party companies or individuals.

The RICS member or RICS regulated firm should bear in mind the following general requirements to:

- provide the subconsultant with a comprehensive brief of the services required
- check the subconsultant's professional indemnity insurance cover
- be responsible normally for paying the fees of the subconsultant and
- ensure that the subconsultant accepts the same conditions as the lead consultant with the client and, if required, enter into a separate non-disclosure/confidentiality agreement with the client.

The lead consultant should obtain the client's written instructions to proceed with engagement of specialist subconsultants and to incur the amount of the additional fees involved if these were not included in the original fee proposal approved by the client.

The scope of the coordination role provided by the RICS member or RICS regulated firm acting as lead consultant will normally involve some or all the following tasks depending on the circumstances of the project:

- assemble the consultant team and brief them on the project
- make arrangements for site access for the whole team
- obtain all documentation necessary for the investigation and channel requests for further information via one point of contact
- implement health and safety policy for all personnel under its control while on site
- liaise with all consultants during and after the site inspection(s)
- identify and advise the client of any ‘deal breakers’ from a technical perspective as soon as they are identified by the lead consultant or a subconsultant
- review progress of each consultant and provide input during all stages of the appointment and
- review and comment on draft and final reports.

Where any summary of the subconsultant’s report is included in the TDD report, it should be referenced to the annexed report. In cases where creditability or reliability of information supplied cannot be supported, such information should not be used. Should the lead consultant find it necessary to change the subconsultant’s report, agreement to the changes should be obtained from the subconsultant.

Instructions may come from term commission arrangements where contract details may have been agreed at some time in the past. These should be reviewed, and in such cases, care should be taken to ensure that the formalisation of individual instructions under a term commission is completed in each case (for example, purchase/works orders and pro forma approvals). The RICS member or RICS regulated firm should ensure that the instruction is properly established and that a contract exists before starting the identified task.

The lead consultant should clarify the extent of liability for specialist subconsultant reports, whether the subconsultants are directly engaged. It would be appropriate to ensure that the level of detail included in the agreement with the client is at least replicated in any agreement with a specialist subconsultant or contractor, and it is recommended that PII cover is mirrored (this is not always possible, particularly with environmental consultants or smaller businesses). In circumstances where a subconsultant is appointed on behalf of the client, it should be stated that the RICS member or RICS regulated firm is not responsible for the content of the report.

4.8.2 Engagement directly by the client

A client may wish to appoint a specialist consultant directly. In this instance, the client will issue a brief directly to the third-party consultant and meet the cost of their involvement. In this case the contract is between the client and the specialist consultant. Despite this direct relationship between the client and the specialist consultant, the RICS member or RICS regulated firm may be asked by the client to treat the specialist consultant, and the reports produced, in the same manner as they would a subconsultant’s report.

The RICS member or RICS regulated firm should confirm with the client that they are not responsible for the content of the subconsultant’s report.

4.8.3 Engagement indirectly by the consultant on behalf of the client

In many cases, the client would prefer the RICS member or RICS regulated firm to coordinate and organise all subconsultants and act as lead consultant during the due

diligence process. As a result, the client will require the appointment of subconsultants on their behalf to protect their direct contractual relationship.

The RICS member or RICS regulated firm should establish the terms of the subconsultant's appointment and obtain client agreement, together with confirmation that payment of the subconsultant's fees will be covered.

The RICS member or RICS regulated firm should confirm with the client that they are not responsible for the content of the subconsultant's report. If the report is included as an appendix this should be clearly stated.

4.9 Inspections carried out in countries outside the RICS member's or RICS regulated firm's country of employment

It is important for RICS members and RICS regulated firms to recognise that different countries have different property professionals undertaking similar services. Indeed, some countries have several professions performing the same, or parts of the same, service that an RICS member or RICS regulated firm may offer.

There are several key issues that should be established before taking instructions:

- RICS members or RICS regulated firms should only accept instructions if these can be adequately resourced, standards maintained, and PII cover obtained.
- RICS members or RICS regulated firms should assess each instruction and establish whether limited local knowledge will be a barrier.
- Many countries have legal barriers to operation, so RICS members or RICS regulated firms should establish these before entering into a contract.
- There are legal differences, not only in other countries but also between federal states or regions within countries, and RICS members or RICS regulated firms should acquaint themselves with the country's specific issues, preferably before accepting instructions.
- Some clients want their buildings compared to their own country's standards and regulations, or an ISO international standard, to provide a consistent benchmark and this should be stated in the client's instructions.
- Communication can be a barrier and there may be instances where it is essential to communicate in the local language in order to complete the instruction.
- RICS members or RICS regulated firms should be aware of local law and legislation from commencement to the end of the project.
- When considering the calculation of costs for repairs in a different country, the RICS member or RICS regulated firm should be aware of local building costs, professional fees etc.
- Value added tax (VAT), goods and services tax (GST) or country-specific tax issues are complex and should always be considered according to the specifics of a transaction, particularly where the service is being provided in a location outside the RICS member's or RICS regulated firm's own country of employment. Ideally, specialist tax advice should be sought by the client.

- Exchange rates and bank transfer fees can have an impact on fees, particularly for longer term instructions. Base rates should be stated, and variants specifically included or excluded.
- The RICS member's or RICS regulated firm's terms of engagement should state the jurisdiction applicable to the appointment.

5 The inspection

5.1 General principles

The extent of the inspection will depend on the purpose of the survey, the practical limitations in undertaking it and the intent of the report (see section 3). Significant areas not inspected should be clearly identified in the report, and a recommendation made for further investigation, should there be reasonable suspicion that notable defects or risks could exist.

The inspection requires a methodical approach to collecting the data in as great a depth as is practicable and appropriate under the conditions found on site.

Consider the inter-relationship of building elements and do not treat them in isolation. This is particularly important when inspecting a large and/or complex property where different RICS members or RICS regulated firms and engineers are responsible for inspecting different elements.

Checklists can be used as they establish a logical basis for data gathering, however, RICS members or RICS regulated firms should use professional judgement as, being generic documents, they may not cover all eventualities.

Likewise, the use of standardised data capture software needs to be used in conjunction with the RICS member's or RICS regulated firm's own professional judgement.

5.2 Inspection, note-taking and reflective thought

Where an area or location cannot be accessed or inspected adequately, presenting 'best and worst' options can at least enable the client to consider the risk rather than leaving the matter unresolved. The client may appreciate an 'educated guess' rather than complete uncertainty, but where this approach is adopted, the RICS member or RICS regulated firm should make it clear that assumptions have been made and should always separate fact from opinion when reporting.

The RICS member or RICS regulated firm should take and keep a record of the site notes, sketch plans and photographs made at the time of the inspection. It is advisable not to attempt to write or dictate the final report during the inspection but to prepare it from the notes taken after appropriate consideration (reflective thought).

5.3 Health and safety considerations

The RICS member or RICS regulated firm should conduct the inspection in accordance with the current edition of [Surveying safely: health and safety principles for the property professional](#), RICS guidance note.

On identifying a risk to health and safety the RICS member or RICS regulated firm should, as soon as practicable, report this to their client, building owner, manager and to a suitable person on site (or someone connected with the site) who may reasonably be expected to act on the information. An RICS member or RICS regulated firm will be expected to exercise their professional judgement as to the severity and likelihood for

harm and to act proportionately based on the information available at the time of the inspection.

5.4 Enquiries to be made on site

The RICS member or RICS regulated firm should, where appropriate, ask to see copies of all documents held on site and on a data site. Such records may include:

- asbestos/hazardous materials register and management plan
- fire risk assessment, fire safety strategy and relevant permits
- accessibility audit
- statutory test certificates and
- any other statutory reports relevant to the jurisdiction.

RICS members or RICS regulated firms should make enquiries with the on-site operations team or occupier to establish if they are aware of any issues with the building and engineering services. Relevant anecdotal information gained while on site should be corroborated by the client's legal team via the disclosure process following inspection if such information forms the basis of any conclusions drawn by the RICS member or RICS regulated firm.

5.5 Building fabric

The elements of the building fabric that an RICS member or RICS regulated firm inspects will be dependent on the type and complexity of the property. A typical elemental breakdown should include:

- roofs/balconies/canopies
- rainwater goods
- walls and cladding/facades
- windows, doors and joinery
- structural frame
- substructure/basement
- floors
- internal walls, ceilings, partitions and doors, including compartmentation for fire safety
- finishes
- internal and external staircases and
- sanitary and welfare facilities.

5.6 Building services

Under normal circumstances, the RICS member or RICS regulated firm would not be expected to carry out a detailed assessment of the building services installations, as most of these would require a specialist. However, where a specialist is not appointed, the RICS member or RICS regulated firm should perform a visual appraisal of the services sufficient to form an overall opinion of the apparent visible condition and age and the need for further investigation.

A disclaimer stating that only an RICS member's or RICS regulated firm's visual inspection has been undertaken should be included in the report. Specialist engineers will provide a more detailed report on the condition of the services, and recommendations for their appointment should be given when appropriate.

Testing services does not usually form part of a standard technical due diligence report unless specifically requested by the client.

5.7 External areas

A brief description of external areas and associated features is usually required, and visible defects should be noted. Matters such as safety and accessibility require comment from the RICS member or RICS regulated firm, as do those concerning the adequacy of car parking provision, lighting, signage, traffic calming, vehicle and pedestrian separation, and surfacing. Vehicular and pedestrian access to the site should be reviewed, including any estate roads, pavements, hardstandings, service yards, turning areas, etc. including fire and rescue services access. The drainage provision to external areas should also be considered where possible from the visual inspection undertaken, but again it should be stressed that underground services will not be subject to specialist inspection and/or testing unless specifically instructed by the client.

The general shape and form of the grounds and extent of trees should be identified. Where possible, a description of boundary fences, gates and other accesses, walls and other structures can be given. The RICS member or RICS regulated firm should identify the presence of invasive plants, such as Japanese knotweed and giant hogweed, as well as trees that on certain type of substrata could cause subsidence or direct root damage. Where appropriate, the RICS member or RICS regulated firm should comment on the biodiversity of the site and note the existence (where known) of protected species.

The property should be reviewed in the context of its surroundings and adjoining properties to identify potential neighbourly matters such as unadopted roads, shared or common areas, easements, wayleaves, nuisance, contaminative uses and potential conflicts. Overhead power lines or other evident sources of electromagnetic radiation such as telephone masts, communications systems, etc. should be identified.

5.8 Fire precautions

Where specialist and/or proprietary systems of fire protection are used, the RICS member or RICS regulated firm should consider whether to recommend the procurement of specialist advice, especially if inadequacies are noted or suspected. The fire log or records of the regular testing and servicing of fire alarms, emergency lighting, fire extinguishers, sprinklers, smoke vents, fire curtains or shutters, etc. may also be reviewed by a specialist consultant.

The RICS member or RICS regulated firm should be vigilant for adverse fire load materials such as the possibility of combustible cladding (aluminium composite materials, aluminium composite panels, high pressure laminate, etc), and combustible insulation materials which may be concealed, and to recommend further tests, documentary evidence or expert advice obtained.

Testing does not usually form part of a standard technical due diligence report unless requested by the client, but the RICS member or RICS regulated firm should comment on the presence or otherwise of these measures.

5.9 Accessibility and inclusiveness

Many factors contribute to accessibility and inclusivity, but the most obvious is the built environment, which includes fixtures, fittings, furniture and equipment. Although a detailed access audit is not usually expected to be undertaken, it is helpful for the RICS member or RICS regulated firm to identify significant barriers to access during an inspection, as they could have an impact on the commercial value of the premises or suitability for occupation without alteration.

5.10 Environmental considerations

5.10.1 Orientation and exposure

The RICS member or RICS regulated firm should consider the orientation of the building to identify the possible effects of exposure to the prevailing wind or sunlight, as these could affect the performance and durability of the building fabric. Exposure to other factors, such as salt spray in a coastal location or industrial pollution, may also have a profound influence on the life or performance of the fabric and should be identified where particular risks exist.

5.10.2 Noise and disturbance

It is worth considering the effect of noise from external sources on activities within the subject property and its grounds. Noise (e.g. from aircraft, rail, traffic, adjoining properties and other sources) should be noted if it is significant at the time of inspection or could, from inspection, reasonably be anticipated. The sound insulation qualities of party (conjoining) structures may also need to be considered.

Installations that could cause occupier annoyance, e.g. heat rejection fans, should be considered. Noise from the subject property to the outside may also be noted as a potential nuisance to adjoining properties and sites. This is particularly relevant to, for example, industrial premises. Any other possible nuisances (e.g. smells that are known to exist or have become apparent while carrying out the inspection) should also be reported.

5.10.3 Land contamination and environmental controls

The RICS member or RICS regulated firm should consider whether an environmental or other specialist consultant is needed and advise accordingly. Where no environmental or other specialist consultant is appointed, the RICS member or RICS regulated firm would normally be expected to provide general comment and recommend further advice be sought from a specialist where the inspection identifies visual evidence of:

- risk of fluvial and/or pluvial flooding, tsunami, tropical storm or erosion
- gases, such as methane or radon, where physical evidence is apparent
- electromagnetic fields due to proximity to electrical substations or pylons, mobile phone masts or satellite transmitters
- activities on site that may involve or generate potentially contaminative materials

- buried or above-ground fuel/oil storage tanks, vehicle refuelling stations and vehicle washes
- waste management on site
- risk of seismic activity
- illegal waste disposal
- mining activities, where physical evidence is apparent
- chemical and other storage including bunded enclosures
- pest control and
- invasive vegetation.

5.11 Deleterious and hazardous materials

The RICS member or RICS regulated firm is expected to identify, from visual inspection or by reference to documents provided by the vendor, hazardous or deleterious materials relevant to the jurisdiction and, where appropriate, make recommendations for further inspection or testing.

5.12 Sustainability issues

When assessing the building, the RICS member or RICS regulated firm should have due regard to sustainability including (but not limited to) environmental labelling, local sustainability rating systems and energy performance as dictated by the brief.

5.13 Cultural heritage

The RICS member or RICS regulated firm should identify whether the building and its surroundings are of historic importance or subject to statutory protection.

5.14 Legal and title issues

Where the inspection reveals areas of concern or relevance to legal and title issues, these should be highlighted as early as possible. The RICS member or RICS regulated firm should consider protected structures and/or natural features, antiquities, trees, etc. together with planning/building consents, permits or approvals, and neighbourly matters, etc. where information is available for review, and to make appropriate recommendations for further investigations or referral to the client's legal team.

5.14.1 Guarantees and warranties

If, during an inspection, there is reasonable evidence to suggest that the client could derive benefit from a guarantee, warranty, or collateral warranty (or other third-party rights), the RICS member or RICS regulated firm should bring this to the attention of the client for referral to the client's legal team.

5.14.2 Rights of way, easements and shared services

The RICS member or RICS regulated firm is expected to consider matters that are reasonably apparent from site inspection that could affect the use, ownership or occupation of the land or property such as boundary issues, shared services, rights of access, common areas, rights of way, etc, and should bring these to the attention of the client for referral to the client's legal team.

5.14.3 Leasehold and repairing liabilities

Unless otherwise agreed, the RICS member or RICS regulated firm is not expected to undertake a detailed review of the lease(s) or leasehold structure. However, the RICS member or RICS regulated firm should state any assumptions that have been made as to recoverability of costs or other relevant matters.

It may also be appropriate to comment on the landlord's or tenant's compliance with repairing obligations and reinstatement provisions at lease-end, having regard to the client's brief.

6 The report

6.1 General guidance

The level of detail should reflect the agreed instruction, and it is recommended that these be restated within the report or the letter confirming instructions appended to the report.

In the final report, the RICS member or RICS regulated firm should identify:

- what, if anything, is wrong
- what are the consequences
- what repairs are recommended
- when the repairs should be completed
- who is responsible for the cost of repair and
- whether further investigations are recommended and when (e.g. pre- or post-acquisition).

6.1.1 Time frame

When reporting, the following time periods are generally accepted, although some clients may have their own, and so time frames should be identified to avoid any ambiguity:

- **Immediate:** requires attention as soon as practically possible.
- **Short term:** within one year.
- **Medium term:** between two and five years.
- **Long term:** between six and ten years.

6.1.2 Risk ratings

Risk ratings in reports are desirable. The use of a red, amber and green flag (RAG rating) system is commonplace and intuitive, but, if used, a risk rating should be defined clearly in order to avoid any doubt as to meaning and importance.

6.2 Report layout

RICS recognises that RICS members or RICS regulated firms may have their own report templates and formats and it is therefore not the intention to provide detailed specific guidance in this respect. However, reports should be presented in a logical, clear and succinct manner compliant with the client's instructions.

6.3 Report contents

6.3.1 Executive summary

The executive summary provides the main findings, including recommendations for further testing, further vendor enquiries required, programming future repairs and any technical issues pertinent to the client's investment in the property. Reference should be

made to reliance on the main body of the report, and any appended specialist reports, costings and additional analysis yet to be produced.

The summary provides clear, logical, simple and readable advice to the client. The principal considerations, subject to the clients brief and scope may include:

- the nature of the property, the proposed development or the existing construction, age and design
- the adequacy of the structure and fabric
- the adequacy of building services
- a comparison of the condition of the subject property with others of similar age and style
- conformity with current requirements, including statute, civil and lease obligations
- operational performance
- special client requirements (as defined at the briefing stage)
- a comparison of the standards and quality of the property with accepted/institutional benchmarks and the apparent suitability to meet the client's requirements
- main areas of concern, deficiency, defect or non-compliance
- any repairs, upgrades, replacements, further investigations or statutory inspections and
- estimated costs of remedial works or recommended actions.

The summary should highlight any further tests or inspections to be undertaken and enquiries to be made to the vendor before legal commitment is made by the client.

6.3.2 Introduction

The client's instruction should be repeated in the report, alongside:

- details of the date of inspection(s)
- The RICS member's or RICS regulated firm's specialist(s) involved in the survey
- weather conditions
- occupancy at the time of inspection
- names of persons providing information during the inspection limitations, including copyright and conditions noted in the terms of engagement
- those parts of the building not accessed during the inspection and recommendations for future access (including the risk of not gaining access) and
- restrictions caused by finishes, fitted or heavy furniture or occupation, etc.

Where a limited inspection of a building with multiple units was undertaken it should be noted which units were inspected.

All areas of the property or facility need to be clearly identified and illustrated by photographs, plans or grid references, or alphabetical or numerical systems, as applicable. Location and/or lease plans can be included, indicating the extent of the demise. It is also prudent to include the property reference/postal address on each page of the report. Other points that may be included are:

- What documents were reviewed by the RICS member or RICS regulated firm, either on site or via a data room and whether these will be retained on the RICS member's or RICS regulated firm's files and for how long.
- Any limitations by the RICS member or RICS regulated firm for the transfer of liability to third parties.
- Whether any discussions were held with the client, owner(s), tenant(s) or others at the time of the visit and/or immediately afterwards.

6.3.3 Description of the property

A description of the property should include:

- type
- general design
- principal elements of construction
- age
- size
- date of substantial modifications and
- historical status and current use.

A description of the building engineering services may also be provided.

Accommodation can be briefly described to include current use of the property, broken down into specific areas as necessary. A list of approximate areas may be included as appropriate and reference made to the current edition of [RICS property measurement](#), RICS professional statement.

For leasehold property it is recommended that the tenure be described, including extent of the term and any repairing or significant or onerous obligations under the lease.

The location of the property within the road, shopping centre, industrial estate, etc. should be noted, including comment on main physical features of the site, outbuildings, topography landscaping and boundaries. The description should include the full address of the property.

6.3.4 Elemental condition

This is the main section of the report and details the condition and significant defects. A description of condition and extent of defects may be supplemented with photographs and sketches. Technical language is used to express the findings clearly. Consider formatting the sections in the same sequence as the inspection previously detailed in section 5.5, i.e.:

- roofs/balconies and canopies
- rainwater goods
- walls and cladding/facades
- windows, doors and joinery
- structural frame
- substructure/basement
- floors

- internal walls, ceilings, partitions and doors
- finishes
- internal and external staircases
- sanitary fittings and welfare facilities
- building engineering services installations and
- external areas, outbuildings and boundaries.

An assessment of the building type may be included, as well as the construction and materials of the property. Materials and building practices specific to the locality of the property should be reported.

The structure may be described in detail, including type of frame (reinforced concrete, steel or timber) as applicable, a description of main supporting members from roof to foundations and how the load is transferred through the building to ground. Comment may include the effect of alterations on the structure, any movement and future risks.

Each element (e.g. floors, walls, doors) is separately discussed, including a description, current condition, suitability for anticipated use and explanatory note of the cause of any defect. Legislation, health and safety, fire precautions, energy conservation, insurance, security and other pertinent issues may be listed. Questions for the client's legal advisers may be highlighted, for example, clarification of demise, construction warranties available and other matters.

6.3.5 Certification/quality assurance

The report should be signed and dated by the RICS member or RICS regulated firm who undertook the survey and completed the report. It is also recommended that a record of third party (internal peer) checking has been undertaken. All appended specialist reports should be signed or certified.

6.3.6 The appendices

The appendices may form a significant part of the report, subject to the client's requirements.

Photographs are generally included, either as an appendix or in the body of the report. The appendices may also comprise other supplementary information, such as:

- schedule of defects and/or repairs with budget costs
- reinstatement cost assessment
- specialist reports, including but not limited to material testing, structural engineer's report and the building's services report
- environmental assessment – Phase 1 as a minimum, Phase 2 if available and
- scope of service and standard limitations.

This list is not exhaustive, and the content may vary between countries and jurisdictions.

Appendix A: Technical due diligence services

The forms on the following pages should be used in conjunction with the RICS Short Form for Designated Services available from RICS. Note that these forms were written for use in England and Wales and are appended to this guidance note as an example only. Services to be included in a technical due diligence survey may differ between countries, states and regions, and the list of services should therefore be tailored according to the brief.

Technical Due Diligence Services



For use with the RICS Short Form of Consultant's Appointment for Designated Services

Additional notes

- These Services should be completed by inserting a 'tick' in the box next to the Service to be provided. For further information, please refer to the RICS Short Form of Consultant's Appointment for Designated Services explanatory notes.
- All other Services that are not ticked shall be deemed to be Additional Services under the terms of this Appointment.
- Any bespoke Additional Services agreed between the Client and the Consultant should be inserted in Section 15.
- A schedule of 'typical' meetings is included with these Services in Appendix A. Completion of this schedule is also recommended.
- Refer to RICS guidance note *Building surveys and technical due diligence of commercial property*, 4th edition.
- A technical due diligence report may also be referred to as a 'Building condition inspection', 'Building survey', 'Pre-acquisition survey' or 'Vendor survey'.

1 General

- | | |
|--|--|
| <p><input type="checkbox"/> 1.1 Attend Client, Site and other meetings as provided under this Appointment.</p> <p><input type="checkbox"/> 1.2 Liaise with the Client and the Client Team to determine the Client's initial requirements and to develop the Client's Brief. Establish review, approval, variation and reporting procedures. Prepare recommendations for the Client's approval.</p> <p><input type="checkbox"/> 1.3 Advise the Client on specialist services, including specialist consultants and contractors.</p> | <p><input type="checkbox"/> 3.3 Conduct a visual inspection of external Site areas and the boundaries of the building(s) for the purpose of producing the technical due diligence report.</p> <p><input type="checkbox"/> 3.4 Conduct a visual inspection within raised access floor voids in isolated sample locations, provided access is readily available.</p> <p><input type="checkbox"/> 3.5 Conduct a visual inspection above proprietary suspended ceilings in isolated sample locations, provided access is readily available.</p> |
|--|--|

2 Technical due diligence report

- 2.1 Provide a technical due diligence report for **(tick to confirm purpose)**:
- 2.1.1 Building leasehold or freehold acquisition for occupation.
 - 2.1.2 Building long leasehold or freehold acquisition for investment.
 - 2.1.3 Refinancing.
 - 2.1.4 Vendor survey.

Note: The building or property will be inspected from ground level or by using accessible means of entry. The roof will be accessed if safe to do so. No opening up of concealed parts will be undertaken unless specifically referred to.

4 Access

- 4.1 Inspect the external elevations from ground level, accessible roofs and other suitable vantage points using binoculars.
- 4.2 Inspect the external elevations and roofs using high level access platforms/cherry pickers.
- 4.3 Inspect the external elevations using window cleaning cradles. A qualified operator for the window cleaning cradles to be provided by the Client or Vendor.
- 4.4 Inspect the external elevations and roof using an unmanned aerial vehicle (UAV).
- 4.5 For large and/or repetitive buildings, such as hotels or apartments, agree with the Client the number or percentage of units to be inspected.

3 Building(s) inspection

- 3.1 Conduct a visual inspection of the building's structure and fabric **internally** for the purpose of producing the technical due diligence report.
- 3.2 Conduct a visual inspection of the building's structure and fabric **externally** for the purpose of producing the technical due diligence report.

5 Statutory compliance

- 5.1 Undertake a high level review to ascertain whether the building(s) complies with legislation relevant to the use of the building and provide a brief report. (**Note:** This is not a full statutory compliance or access audit.)



- 5.2 Undertake a high level review to ascertain whether the building(s) has any obvious deficiencies with the requirements of the *Equality Act 2010*, the Building Regulations and other pertinent regulations or statutes, relevant to the use of the building(s) and provide a brief report. (**Note:** This is not a full statutory compliance or access audit.)

6 Building services inspection

- 6.1 Undertake a high level building surveyor's cursory visual review of building services to ascertain those present and highlight any obvious defects and need for further specialist inspections.
- 6.2 Conduct, or procure a mechanical and electrical services engineer to conduct, a visual inspection of the mechanical, electrical and public health services installations. Incorporate inspection findings into a report. (Where the inspection is not undertaken by the Consultant, the mechanical and electrical services engineer is to be employed by the Client.)
- 6.3 Conduct, or procure a vertical transportation engineer to conduct, a visual inspection of the lifts, dock levellers and/or escalator installations. Incorporate inspection findings into a report. (Where the inspection is not undertaken by the Consultant, the vertical transportation engineer is to be employed by the Client.)

7 Environmental and site factors

- 7.1 Indicative review of the extent to which the building(s) might be exposed to environmental hazards such as flooding, above ground fuel tanks or chemical stores, exposure to electromagnetic and microwave radiation, invasive vegetation, vermin/protected species, seismic activity and other relevant factors.

8 Environmental (phase 1) audit

- 8.1 Implement or procure an environmental consultant to conduct a **desktop search** for potentially contaminative uses of the Site and nearby land, confirming a contamination risk rating. Incorporate findings into a report. (Where the desktop search is not undertaken by the Consultant, the environmental consultant is to be employed by the Client.)
- 8.2 Implement or procure an environmental consultant to conduct a **desktop search and Site walkover** to visually identify potentially contaminative uses of the Site and nearby land, confirming a contamination risk rating. Incorporate findings into a report. (Where the desktop search and Site walkover is not undertaken by the Consultant, the environmental consultant is to be employed by the Client.)

- 8.3 Conduct or procure an environmental consultant to undertake a third party peer review of environmental audits provided by the Vendor. Incorporate peer review findings into a report. (Where the inspection is not undertaken by the Consultant, the environmental consultant is to be employed by the Client.)

9 Sustainability

- 9.1 Conduct or procure a sustainability consultant to undertake a sustainability audit of the building(s). Incorporate audit findings into a report. (Where the sustainability audit is not undertaken by the Consultant, the sustainability Consultant is to be employed by the Client.)

10 Additional Services and specialist instructions

- 10.1 Prepare a RCA for insurance purposes on a 'Day one' basis using published cost data such as that produced by the Building Cost Information Service. Refer to RICS Reinstatement Cost Assessment Services.
- 10.2 Procure an asbestos specialist to inspect, take samples, test samples and confirm the presence of asbestos. Incorporate inspection findings into a report. (The asbestos specialist is to be employed by the Client.)
- 10.3 Conduct or procure a fire engineering specialist to undertake a fire safety assessment of the premises, which will include the review of all available compliance documentation. Incorporate assessment findings into a report. (Where the fire safety assessment is not undertaken by the Consultant the fire engineering specialist is to be employed by the Client.)
- 10.4 Conduct or procure a materials testing specialist to inspect, take samples, test and issue a report to confirm the existence of high alumina cement concrete, calcium chloride concrete additives, the extent of concrete carbonation and/or such other specialist concrete testing as may be agreed with the Client beforehand. Incorporate concrete inspection findings into a report. (Where the concrete inspection is not undertaken by the Consultant, the materials testing specialist is to be employed by the Client.)
- 10.5 Conduct or procure a building façade engineer to conduct a specialist inspection and report on the building's cladding systems. Incorporate inspection findings into a report. (Where the inspection is not undertaken by the Consultant, the building façade engineer is to be employed by the Client.)
- 10.6 Conduct or procure a structural engineer to conduct a structural review of the building and provide comment. Incorporate review findings into a report. (Where the inspection is not undertaken by the Consultant, the structural engineer is to be employed by the Client.)



- 10.7 Conduct or procure a drainage contractor to conduct a CCTV survey of accessible underground drainage runs relevant to the property. Incorporate the CCTV survey findings into a report. (Where the CCTV survey is not undertaken by the Consultant, the drainage Contractor is to be employed by the Client.)

11 Documentation review – during inspection

- 11.1 Review of the following relevant documents:
 - 11.1.1 planned preventative maintenance schedules;
 - 11.1.2 statutory compliance documentation;
 - 11.1.3 health and safety files or other relevant constructional information;
 - 11.1.4 operating and maintenance manuals;
 - 11.1.5 fire risk assessment;
 - 11.1.6 asbestos management plan; and
 - 11.1.7 access audit.

And in addition, where relevant to the Additional Services scheduled in section 10:

- 11.1.8 air conditioning inspection reports; and
- 11.1.9 energy performance certificates.

For the purpose of incorporation of findings into the technical due diligence report.

(This list is not exhaustive but indicates typical information that should be held on-site.)

12 Documentation review – post inspection/desktop

- 12.1 Review the relevant legal documentation provided by the Client's legal advisers:
 - 12.1.1 Collateral warranties/third party rights;
 - 12.1.2 manufacturer's and Contractor's guarantees;
 - 12.1.3 leases, subleases and alterations licences; and
 - 12.1.4 party wall awards.

For the purpose of incorporation of findings into the technical due diligence report.

(This list is not exhaustive but indicates typical information that should be provided by the Vendor.)

13 Maintenance and cost reporting

- 13.1 Provide a schedule of repairs. Using approximate quantities, provide a budget cost estimate for repair works required to remedy identified defects with the building structure, fabric and services (if appropriate) identified at the time of inspection. This would exclude cyclical maintenance costs unless otherwise agreed with the Client. Recommend time period for repairs to be completed. Agree with the Client a minimum value of the cost of repairs.
- 13.2 Provide a schedule of potential capital expenditure items. Agree time period to be addressed by the schedule.
- 13.3 Provide an estimated cost for Client of notified improvements.

14 Report delivery

- 14.1 Confirm by telephone and/or email, within 48 hours of inspection, the main findings of the Consultant and summarise main findings within a draft executive summary document.
- 14.2 Provide a PDF copy of the technical due diligence report to the Client electronically by email or via download from nominated internet site.
- 14.3 Provide hard copies of final version of report. Agree number required and its distribution.

15 Bespoke Additional Services

- 15.1 Enter or attach bespoke Additional Services agreed with the Client.



Appendix A: Schedule of meetings to be attended by the Consultant

1 Client meetings

Attendance: Partner Director Associate Project surveyor
Other (please specify) _____

Frequency: Daily Weekly Monthly Quarterly
No attendance required Other

Please specify requirements: _____

2 Project team meetings

Attendance: Partner Director Associate Project surveyor
Other (please specify) _____

Frequency: Daily Weekly Monthly Quarterly
No attendance required Other

Please specify requirements: _____

3 Site meetings

Attendance: Partner Director Associate Project surveyor
Other (please specify) _____

Frequency: Daily Weekly Monthly Quarterly
No attendance required Other

Please specify requirements: _____



4 (Other) meetings

Attendance: Partner Director Associate Project surveyor
Other (please specify) _____

Frequency: Daily Weekly Monthly Quarterly
No attendance required Other

Please specify requirements: _____



Appendix B: Glossary of terms

Client's Brief	The brief provided by the Client identifying the Client's requirements in relation to the Project as such requirements may, in accordance with the Client's instructions, be amended from time to time with the Consultant's agreement (which is not to be unreasonably withheld or delayed).
RCA	Reinstatement cost assessment.
Vendor	A person, partnership or company selling a property to the Client.

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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