



DJC HOUSING CONSULTANTS LTD

Prepared for Progress Planning
on behalf of

Westcombe Developments Ltd

**Kingston Bridge House
Church Grove
Kingston-Upon-Thames
KT1 4AG**

(London Borough of Richmond upon Thames)

April 2022

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Introduction

DJC Housing Consultants has been instructed by Progress Planning Ltd and the applicant, Westcombe Developments Ltd to advise on the **viability case** of the proposed development at Kingston Bridge House.

We carried out a viability report on the previous application which was as follows:

21/1399/FUL - Erection of 2 storey and single storey roof extension and conversion of existing building to create 89 flats with associated works

The Council have raised concern regarding the additional height that was being proposed so the applicants are now no longer progressing with the extensions to the roof as part of the scheme. The proposal has been revised which primarily consist of the following changes:

1. Improved façade treatment (more expensive)
2. New landscaping strategy prepared by Studio Loci - reduced car parking
3. New refuse collection layby to the front of the building which doubles up as provision of multi-purpose hard landscaped amenity area for residents
4. Removal of roof extensions/additional storeys
5. Reduction of units from 89 to 70 units

The revised proposal is as follows:

Façade and elevational improvements, infill extension at ground floor level, and change of use of the building to provide 70 new homes with associated landscaping, access, parking/refuse provision, and external alterations

In addition to the report, we are attaching an appraisal, using the HCA DAT toolkit which calculates the surplus or deficit left using a residual land calculation. The benchmark land value and the profit levels are both inputs into the appraisal.

Policy LP 36 Affordable Housing of Richmond's Local Plan states that the Council expects 50% of all housing units to be affordable and this 50% should comprise a tenure mix of 40% for rent and 10% for intermediate housing.

It also states that the affordable housing mix should reflect the need for larger rented family units and the Council's guidance on tenure and affordability, based on engagement with a Registered Provider to maximise delivery.

We have carried out an appraisal based 100% open market on the proposed mix of units to ascertain whether the scheme is in deficit or surplus and whether any affordable housing can be provided.

This report is a desktop assessment that will examine the different appraisal inputs and will demonstrate that the proposed scheme provides the maximum amount of affordable housing.

Viability Guidance

In advising the Council in respect of viability, we need to have regard to published guidance. In this respect, we are considering in particular the National Planning Policy Framework (NPPF) June 2019; The Planning Practice Guidance, updated October 2019; the RICS publication "Assessing Viability in Planning under the NPPF 2019 for England" March 2021.

With regard to NPPF, we believe that paragraph 57 is particularly relevant. It states:

57. Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.

The Planning Policy Guidance goes on to say the following:

"Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force."

and

"Any viability assessment should reflect the government's recommended approach to defining key inputs as set out in National Planning Guidance."

The updated PPG goes on to say the following:

"Standardised inputs to viability assessment

What are the principles for carrying out a viability assessment?

Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return.

This National Planning Guidance sets out the government's recommended approach to viability assessment for planning. The approach supports accountability for communities by enabling them to understand the key inputs to and outcomes of viability assessment."

It also goes on to look at the following:

- *How should gross development value be defined for the purpose of viability assessment?*
- *How should costs be defined for the purpose of viability assessment?*
- *How should land value be defined for the purpose of viability assessment?*
- *What factors should be considered to establish benchmark land value?*
- *What is meant by existing use value in viability assessment?*
- *How should the premium to the landowner be defined for viability assessment?*
- *Can alternative uses be used in establishing benchmark land value?*
- *How should a return to developers be defined for the purpose of viability assessment?*

Between NPPF and RICS the guidance presents a case for requiring flexibility in the face of changing market conditions, whilst affirming that development will entail an element of risk for the developer. A viability assessment needs to take both these positions into account.

The ability of the site to contribute a level of affordable housing needs to be assessed through a consideration of the various inputs into the development appraisals.

Appraisal Inputs

We have considered the main inputs into the development appraisal as follows:

Sales Values

We have looked at sales evidence for this area and have consulted with local Estate Agents who have a good knowledge of the housing market in this area.

We have also carried out research via websites such as RightMove and Zoopla looking at sales values and sold values for 1, 2 and 3-bed flats in the area.

We have priced all of the units individually taking into account their floor area as follows:

Floor	Plot	beds	SQM	SQFT	Sales Value
Ground	1	3 bed 4 p	86.7	933	£657,187
Ground	2	1 bed 2 p	55.6	598	£421,448
Ground	3	2 bed 3 p	67.9	731	£514,683
Ground	4	1 bed 2 p	65.5	705	£496,491
Ground	5	2 bed 3 p	61.4	661	£465,413
Ground	6	1 bed 2 p	51.2	551	£388,096
Ground	7	1 bed 2 p	50	538	£379,000
Ground	8	1 bed 2 p	51.5	554	£390,370
Ground	9	1 bed 2 p	50	538	£379,000
Ground	10	2 bed 3 p	63.4	682	£480,573
First	11	3 bed 4 p	86.2	928	£653,397
First	12	1 bed 2 p	60.5	651	£458,591
First	13	2 bed 3 p	74.9	806	£567,743
First	14	1 bed 2 p	65.2	702	£494,217
First	15	3 bed 5 p	86	926	£651,881
First	16	2 bed 3 p	63.9	688	£484,363
First	17	2 bed 3 p	61	657	£462,381
First	18	1 bed 2 p	51.1	550	£387,338
First	19	1 bed 2 p	50	538	£379,000
First	20	1 bed 2 p	50	538	£379,000
First	21	1 bed 2 p	50	538	£379,000
First	22	studio 1 p	38.3	412	£290,314
First	23	1 bed 2 p	55.9	602	£423,722
Second	24	3 bed 4 p	86.2	928	£653,397
Second	25	1 bed 2 p	60.5	651	£458,591
Second	26	2 bed 3 p	74.9	806	£567,743
Second	27	1 bed 2 p	65.2	702	£494,217
Second	28	3 bed 5 p	86	926	£651,881

Second	29	2 bed 3 p	63.9	688	£484,363
Second	30	2 bed 3 p	61	657	£462,381
Second	31	1 bed 2 p	51.1	550	£387,338
Second	32	1 bed 2 p	50	538	£379,000
Second	33	1 bed 2 p	50	538	£379,000
Second	34	1 bed 2 p	50	538	£379,000
Second	35	studio 1 p	38.3	412	£290,314
Second	36	1 bed 2 p	55.9	602	£423,722
Third	37	3 bed 4 p	86.2	928	£653,397
Third	38	1 bed 2 p	60.5	651	£458,591
Third	39	1 bed 2 p	74.9	806	£567,743
Third	40	1 bed 2 p	65.2	702	£494,217
Third	41	3 bed 5 p	86	926	£651,881
Third	42	2 bed 3 p	63.9	688	£484,363
Third	43	2 bed 3 p	61	657	£462,381
Third	44	1 bed 2 p	51.1	550	£387,338
Third	45	1 bed 2 p	50	538	£379,000
Third	46	1 bed 2 p	50	538	£379,000
Third	47	1 bed 2 p	50	538	£379,000
Third	48	studio 1 p	38.3	412	£290,314
Third	49	1 bed 2 p	55.9	602	£423,722
Fourth	50	2 bed 3 p	61	657	£462,381
Fourth	51	1 bed 2 p	51.1	550	£387,338
Fourth	52	1 bed 2 p	50	538	£379,000
Fourth	53	1 bed 2 p	50	538	£379,000
Fourth	54	1 bed 2 p	50	538	£379,000
Fourth	55	studio 1 p	38.3	412	£290,314
Fourth	56	1 bed 2 p	55.9	602	£423,722
Fifth	57	2 bed 3 p	61	657	£462,381
Fifth	58	1 bed 2 p	51.1	550	£387,338
Fifth	59	1 bed 2 p	50	538	£379,000
Fifth	60	1 bed 2 p	50	538	£379,000
Fifth	61	1 bed 2 p	50	538	£379,000
Fifth	62	studio 1 p	38.3	412	£290,314
Fifth	63	1 bed 2 p	55.9	602	£423,722
Sixth	64	2 bed 3 p	61	657	£462,381
Sixth	65	1 bed 2 p	51.1	550	£387,338
Sixth	66	1 bed 2 p	50	538	£379,000
Sixth	67	1 bed 2 p	50	538	£379,000
Sixth	68	1 bed 2 p	50	538	£379,000
Sixth	69	studio 1 p	38.3	412	£290,314
Sixth	70	1 bed 2 p	55.9	602	£423,722

Build Costs

We have looked at BCIS build cost rates for refurbishment of flats (6 storey and above) and they show a range of values as per Appendix 2 of this report.

We have applied the refurbishment median rate of £1,596 per m² to the refurbishment of the existing building.

We have calculated the net to gross ratio for the floor area to be 23% with a total floor area of 5261 m² resulting in the following build costs:

$$5,261 \text{ m}^2 \times £1,596 \text{ per m}^2 = £8,396,556$$

Abnormal costs

Site Security £50,000 per annum for 2 years = £100,000

Site Preparation/Demolition/ Contamination costs – Asbestos removal has been estimated at £350,000 (the applicants have a report that shows the extent of asbestos to be removed if required).

Despite being a conversion, the external envelope is to be entirely replaced and the costs are as follows:

removal £500,000

new façade £2,000,000

Total abnormal costs - £2,950,000

Professional Fees

We have made a standard allowance for fees of 10%

Contingencies

We have made a standard allowance for contingencies of 5%

Sales Fees (agent's fees & marketing costs)

We have made an allowance for the sales and marketing fees at 2% of open market value for the open market units. We have not, at this stage made any allowance for the cost of disposal of the affordable units but reserve the right to revisit this cost element if required.

We have made an allowance of £1,000 per unit for legal fees for the open market units.

Timings

We have assumed a start on site in November 2022 and a construction period of 18 months.

Open market sales – we have assumed a sales period of 10 months which is optimistic but allows for any “off-plan” sales that may occur.

Interest

HCA DAT recognises that finance costs would include an arrangement fee payable to a bank for arranging finance for the scheme, interest payable on the loan typically around 4-6% above 3 month LIBOR rate and miscellaneous fees such as monitoring surveyors.

This would suggest that a figure of 7% is in line with current lending rates. This figure includes arrangement fees and surveyor fees that are normally applied by banks.

This is the figure we have used in our appraisal. We have applied a credit balance rate of 4%.

CIL

We have included a S106 payment of £200,000 but no CIL payment as there is no increase in floor area.

Profit

At Appeal and Local Planning Inquiries the level of profit a scheme should make has been the subject of debate with expert witnesses and Inspectors coming to the view that, if at all possible, schemes should make a minimum of 20% profit on sales over cost. There are reasons why schemes progress with lower levels of profit equally some developer interests will not consider any scheme unless it makes a profit of at least 25%.

In this case we have applied a profit level of 17.5% of GDV for the open market units and 6% for any affordable units which is a reasonable and fair assumption.

Benchmark Land Value

The Planning Practice Guidance says the following at paragraph: 013 Reference ID: 10-013-20190509:

"How should land value be defined for the purpose of viability assessment?"

To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy

requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+).

In order to establish benchmark land value, plan makers, landowners, developers, infrastructure and affordable housing providers should engage and provide evidence to inform this iterative and collaborative process.

At Paragraph: 014 Reference ID: 10-014-20190509 it says the following:

What factors should be considered to establish benchmark land value?

Benchmark land value should:

- be based upon existing use value*
- allow for a premium to landowners (including equity resulting from those building their own homes)*
- reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees*

Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.

This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

In plan making, the landowner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account.

Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or

the price expected to be paid through an option or promotion agreement)."

At Paragraph: 015 Reference ID: 10-015-20190509 it says the following:

"What is meant by existing use value in viability assessment?"

Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).

Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence."

At Paragraph: 016 Reference ID: 10-016-20190509 it says the following:

"How should the premium to the landowner be defined for viability assessment?"

The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.

Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. Policy

compliance means that the development complies fully with up to date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan. A decision maker can give appropriate weight to emerging policies. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement)."

The property comprises two large blocks forming an L-shaped building arranged over four to seven storeys and is arranged as student accommodation with 218 rooms and communal areas currently owned by Kingston University.

We have included at Appendix 3 the Valuation Report for the property from Copping Joyce which shows an EUV of £11,250,000. We have not at this stage, applied an uplift to the EUV and have, therefore, assumed a Benchmark Land Value of £11,250,000.

Conclusions

We have carried out a financial appraisal of the scheme using the HCA Development Appraisal Tool.

The appraisal shown at Appendix 1 shows a **deficit of -£-2,966,541**.

This demonstrates that the scheme cannot support any affordable housing contribution.

Whilst the scheme does show a large deficit the applicant has indicated that they would proceed on this basis.

It is our opinion, therefore, that the applicant should not be required to provide any affordable housing contribution.

End of Report
DJC Housing Consultants Ltd
April 2022

Appendix 1 – HCA DAT Appraisal

Appendix 2 – BCIS rates.

Appendix 3 – Valuation report



D J C Housing Consultants Ltd

APPENDIX 1

Surplus (Deficit) from Input land valuation at 1/4/2022**-2,966,541**

HCA Development Appraisal Tool

INPUT SHEET 1 - SITE DETAILS

Basic Site Details

FULL VIABILITY ASSESSMENT

Site Address	Kingston Bridge House
OS X coordinate	
OS Y coordinate	
Site Reference	Appendix 1
File Source	
Scheme Description	70 New Flats
Date of appraisal	01/04/2022
Gross Site Area (hectares)	
Net Residential Site Area (hectares)	
Author & Organisation	David Coate - DJC Housing
Local Planning Authority	Richmond Upon Thames
Land Purchase Price	11,250,000
Land Purchase date	01/04/2022
Most recent valuation of the site £	11,250,000
Basis of valuation	Existing Use
Date of valuation	01/04/2022
Any note on valuation	
Developer of sale units	
Developer of affordable units	
Manager of affordable units	
Registered Provider (where applicable)	
Note on applicant (eg sub partner status)	

Free text Description	No. of units	m2	Property type	Tenure/phase	Sales Valuation £	Weekly Rent Chargeable
1	1	86.7	3 Bed Flat Low rise	Open Market Build phase 1	657,187	
2	1	55.6	1 Bed Flat Low rise	Open Market Build phase 1	421,448	
3	1	67.9	2 Bed Flat Low rise	Open Market Build phase 1	514,683	
4	1	65.5	1 Bed Flat Low rise	Open Market Build phase 1	496,491	
5	1	61.4	2 Bed Flat Low rise	Open Market Build phase 1	465,413	
6	1	51.2	1 Bed Flat Low rise	Open Market Build phase 1	388,096	
7	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
8	1	51.5	1 Bed Flat Low rise	Open Market Build phase 1	390,370	
9	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
10	1	63.4	2 Bed Flat Low rise	Open Market Build phase 1	480,573	
11	1	86.2	3 Bed Flat Low rise	Open Market Build phase 1	653,397	
12	1	60.5	1 Bed Flat Low rise	Open Market Build phase 1	458,591	
13	1	74.9	2 Bed Flat Low rise	Open Market Build phase 1	567,743	
14	1	65.2	1 Bed Flat Low rise	Open Market Build phase 1	494,217	
15	1	86	3 Bed Flat Low rise	Open Market Build phase 1	651,881	
16	1	63.9	2 Bed Flat Low rise	Open Market Build phase 1	484,363	
17	1	61	2 Bed Flat Low rise	Open Market Build phase 1	462,381	
18	1	51.1	1 Bed Flat Low rise	Open Market Build phase 1	387,338	
19	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
20	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
21	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
22	1	38.3	1 Bed Flat Low rise	Open Market Build phase 1	290,314	
23	1	55.9	1 Bed Flat Low rise	Open Market Build phase 1	423,722	
24	1	86.2	3 Bed Flat Low rise	Open Market Build phase 1	653,397	
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29	1	63.9	2 Bed Flat Low rise	Open Market Build phase 1	484,363	
30	1	61	2 Bed Flat Low rise	Open Market Build phase 1	462,381	
31	1	51.1	1 Bed Flat Low rise	Open Market Build phase 1	387,338	
32	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
33	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
34	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
35	1	38.3	1 Bed Flat Low rise	Open Market Build phase 1	290,314	
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42	1	63.9	2 Bed Flat Low rise	Open Market Build phase 1	484,363	
43	1	61	2 Bed Flat Low rise	Open Market Build phase 1	462,381	
44	1	51.1	1 Bed Flat Low rise	Open Market Build phase 1	387,338	
45	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
46	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
47	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
48	1	38.3	1 Bed Flat Low rise	Open Market Build phase 1	290,314	
49	1	55.9	1 Bed Flat Low rise	Open Market Build phase 1	423,722	
50	1	61	2 Bed Flat Low rise	Open Market Build phase 1	462,381	
51	1	51.1	1 Bed Flat Low rise	Open Market Build phase 1	387,338	
52	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
53	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
54	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
55	1	38.3	1 Bed Flat Low rise	Open Market Build phase 1	290,314	
56	1	55.9	1 Bed Flat Low rise	Open Market Build phase 1	423,722	
57	1	61	2 Bed Flat Low rise	Open Market Build phase 1	462,381	
58	1	51.1	1 Bed Flat Low rise	Open Market Build phase 1	387,338	
59	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
60	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
61	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
62	1	38.3	1 Bed Flat Low rise	Open Market Build phase 1	290,314	
63	1	55.9	1 Bed Flat Low rise	Open Market Build phase 1	423,722	
64	1	61	2 Bed Flat Low rise	Open Market Build phase 1	462,381	
65	1	51.1	1 Bed Flat Low rise	Open Market Build phase 1	387,338	
66	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
67	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
68	1	50	1 Bed Flat Low rise	Open Market Build phase 1	379,000	
69	1	38.3	1 Bed Flat Low rise	Open Market Build phase 1	290,314	
70	1	55.9	1 Bed Flat Low rise	Open Market Build phase 1	423,722	

Date of scheme appraisal

01-Apr-22

from Site Sheet

Use any valid Excel Date format (eg DD/MM/YY)

Build Period	Construction Start Date	Construction End Date
Tenure phases display for date input only after transfer from Input 2 sheet		
Affordable Low rise flats ph 1 OM 1:Phase 1	01-Nov-22	01-May-24

RP Purchase from Developer	Purchase start date	Purchase end date
AH phases display for date input only after transfer from Input 2 sheet		
Shared Ownership phase 1		
Affordable Rent phase 1		

Open Market Sale	Sale Start Date	Sale End Date
OM phases display for date input only after transfer from Input 2 sheet		
OM Sales1:Phase 1	01-May-24	01-Jul-25

Private Rental Units	First Rental Start Date	Final Rental Start Date
PR phases display for date input only after transfer from Input 2 sheet		

Monthly
Sales
rate

High Sales rate ass

4.67

		Building Cost £ per Sq m GROSS area	Net to Gross Adjustment	Maximum height in floors (flats only)	Avg Cost pu
Open Market Phase 1:	Low rise flats	1,596	24%		92,365
Fees & Contingencies as % of Building Costs		%	£ Total		
Design and Professional Fees % (Architects, QS, Project Management)		10.00%	848,275		
Residential Building Contingencies (% of Building Costs)		5.00%	424,138		
* This section excludes Affordable Housing section 106 payments		All dates must be between 'Historic' costs incurred earlier may be entered as	01-Apr-22 01-Apr-22	27-Mar-42 PROVIDED they are not taken into account in the site valuation (& hence double counted)	
External Works & Infrastructure Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
Phase 1					
Site Preparation/Demolition		£350,000	01-Nov-22	01-Jul-24	5,000
Site security		£100,000	01-Nov-22	01-Jul-24	1,429
Exxtermanl façade		£2,500,000	01-Nov-22	01-Jul-24	35,714
Services (Power, Water, Gas, Telco and IT)					
NHBC					
Public Open Space					
Site Specific Sustainability Initiatives					
Plot specific external works					
Other 1					
Other 2					
Site Abnormals (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
De-canting tenants					
Decontamination					
Other					
Other 2					
Other 3					
Other 4					
Other 5					
		Building Costs (£ / car parking space)	Payment Date		
Residential Car Parking Building Costs (average cost / car parking space)		£0			
Total number of residential car parking spaces			(Open Market and Affordable)		

					Per unit
Statutory Payments (£)	Additional information	Cost (£)	Payment start date	Payment end date	
Education					2,857
Sport & Recreation					
Social Infrastructure					
Public Realm					
Affordable Housing					
Transport					
Highway					
Health					
Public Art					
Flood work					
Community Infrastructure Levy	per sq metre				
Other Tariff	per unit				
CIL					
S106		£200,000	01-Sep-22	01-Sep-22	
Other 3					
Other 4					

OTHER COSTS

SITE PURCHASE COSTS

	%
Agents Fees (% of site cost)	1.00%
Legal Fees (% of site cost)	0.75%
Stamp Duty (% of site cost)	4.00%

	Comment on nature of issue	Cost (£)	Payment start date	Payment end date
Other Acquisition Costs (£)				

FINANCE COSTS

Arrangement Fee (£)	£0
Interest Rate (%)	7.00%
Misc Fees - Surveyors etc (£)	

Credit balance reinvestment %

7.00%

MARKETING COSTS

Affordable Housing Marketing Costs

	Cost (£)	Payment start date	Payment end date
Developer cost of sale to RP (£)	£0		
RP purchase costs (£)	£0		
Intermediate Housing Sales and Marketing (£)	£0		

Open Market Housing Marketing Costs

Sales Fees (agents fees & marketing fees) - %	2.00%
Legal Fees (per Open Market unit) - £	£1,000
Agents Private Rental Initial Letting fees - %	

DEVELOPER'S OVERHEAD AND RETURN FOR RISK (before taxation)

Developer O/head (£)

Return at Scheme end

Open Market Housing (% GDV)	17.50%	17.5%	inc Overheads per open market home
Private Rental (% Cost)			
Affordable Housing (% Cost)	6.00%		

Surplus (Deficit) from Input land valuation at 1/4/2022 **-£2,966,541**

HCA DEVELOPMENT APPRAISAL TOOL

SUMMARY

DETAIL

SCHEME

Site Address Kingston Bridge House
 Site Reference Appendix 1
 File Source

Date of appraisal 01/04/2022
 Net Residential Site Area
 Author & Organisation David Coate - DJC Housing

Scheme Description 70 New Flats

Registered Provider (whe 0

Housing Mix (Affordable + Open Market)

Total Number of Units	70	units
Total Number of Open Market Units	70	units
Total Number of Affordable Units	0	units
Total Net Internal Area (sq m)	4,051	sq m
% Affordable by Unit	0.0%	
% Affordable by Area	0.0%	
Density	No Area input	units/ hectare
Total Number of A/H Persons	0	Persons
Total Number of Open Market Persons	0	Persons
Total Number of Persons	0	Persons
Gross site Area	0.00	hectares
Net Site Area	0.00	hectares
Net Internal Housing Area / Hectare	-	sq m / hectare

Average value (£ per unit)	Open Market Phase 1:	Open Market Phase 2:	Open Market Phase 3:	Open Market Phase 4:	Open Market Phase 5:	Total
1 Bed Flat Low rise	£394,098	£0	£0	£0	£0	
2 Bed Flat Low rise	£487,395	£0	£0	£0	£0	
3 Bed Flat Low rise	£653,289	£0	£0	£0	£0	
4 Bed + Flat Low rise	£0	£0	£0	£0	£0	
1 Bed Flat High rise	£0	£0	£0	£0	£0	
2 Bed Flat High rise	£0	£0	£0	£0	£0	
3 Bed Flat High rise	£0	£0	£0	£0	£0	
4 Bed + Flat High rise	£0	£0	£0	£0	£0	
2 Bed House	£0	£0	£0	£0	£0	
3 Bed House	£0	£0	£0	£0	£0	
4 Bed + House	£0	£0	£0	£0	£0	
Total Revenue £	£30,707,367	£0	£0	£0	£0	£30,707,367
Net Area (sq m)	4,051	-	-	-	-	4,051
Revenue (£ / sq m)	£7,580	-	-	-	-	

CAPITAL VALUE OF OPEN MARKET SALES

£30,707,367

Capital Value of Private Rental

Phase 1	£0
Phase 2	£0
Phase 3	£0
Phase 4	£0
Phase 5	£0
Total PR	£0

CAPITAL VALUE OF OPEN MARKET HOUSING

£30,707,367 £ 5,777 psqm

BUILD COST OF OPEN MARKET HOUSING inc Contingency

£8,906,892 £ 1,676 psqm

CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING

£21,800,475

AH Residential Values

AH & RENTAL VALUES BASED ON NET RENTS

Type of Unit	Social Rented	Shared Ownership (all phases)	Affordable Rent (all phases)	Total
1 Bed Flat Low rise				
2 Bed Flat Low rise				
3 Bed Flat Low rise				
4 Bed + Flat Low rise				
1 Bed Flat High rise				
2 Bed Flat High rise				
3 Bed Flat High rise				
4 Bed + Flat High rise				
2 Bed House				
3 Bed House				
4 Bed + House				
	£0	£0	£0	£0

£ psqm of CV (phase 1)

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)

£0

RP Cross Subsidy (use of own assets)

£0

LA s106 commuted in lieu

£0

RP Re-cycled SHG

£0

Use of AR rent conversion income

£0

Other source of AH funding

£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING

£0

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)

£0

BUILD COST OF AFFORDABLE HOUSING inc Contingency

£0 #DIV/0!

CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING

£0

Car Parking

No. of Spaces	Price per Space (£)	Value
-	-	£0

Value of Residential Car Parking		£0
Car Parking Build Costs	£0	

Ground rent

	Capitalised annual ground rent	
Social Rented	£0	
Shared Ownership	£0	
Affordable Rent	£0	
Open market (all phases)	£0	
Capitalised Annual Ground Rents		£0

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME		£30,707,367
TOTAL BUILD COST OF RESIDENTIAL SCHEME	£8,906,892	
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME		£21,800,475

Non-Residential

	Cost	Values
Office	£0	£0
Retail	£0	£0
Industrial	£0	£0
Leisure	£0	£0
Community Use	£0	£0
Community Infrastructure Levy	£0	

CAPITAL VALUE OF NON-RESIDENTIAL SCHEME		£0
COSTS OF NON-RESIDENTIAL SCHEME	£0	
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL		£0
GROSS DEVELOPMENT VALUE OF SCHEME		£30,707,367
TOTAL BUILD COSTS	£8,906,892	
TOTAL CONTRIBUTION TO SCHEME COSTS		£21,800,475

External Works & Infrastructure Costs (£)		Per unit	% of GDV	per Hectare
Site Preparation/Demolition	£350,000	5,000	1.1%	
Site security	£100,000	1,429	0.3%	
Exxtermanl façade	£2,500,000	35,714	8.1%	
Services (Power, Water, Gas, Telco and IT)	£0			
NHBC	£0			
Public Open Space	£0			
Site Specific Sustainability Initiatives	£0			
Plot specific external works	£0			
Other 1	£0			
Other 2	£0			
	£2,950,000		9.6%	
Other site costs				
Fees and certification	10.0%	£848,275	2.8%	
Other Acquisition Costs (£)		£0		
Site Abnormals (£)				
De-canting tenants	£0			
Decontamination	£0			
Other	£0			
Other 2	£0			
Other 3	£0			
Other 4	£0			
Other 5	£0			
	£0			

Total Site Costs inc Fees	£3,798,275	54,261
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Statutory 106 Costs (£)

Education	£0	
Sport & Recreation	£0	
Social Infrastructure	£0	
Public Realm	£0	
Affordable Housing	£0	
Transport	£0	
Highway	£0	
Health	£0	
Public Art	£0	
Flood work	£0	
Community Infrastructure Levy	£0	
Other Tariff	£0	
CIL	£0	
S106	£200,000	2,857
Other 3	£0	
Other 4	£0	
Statutory 106 costs	£200,000	2,857

Marketing (Open Market Housing ONLY)

		per OM unit
Sales/letting Fees	2.0%	£614,147 8,774
Legal Fees (per Open Market unit):	£1,000	£70,000 1,000

Marketing (Affordable Housing)

	per affordable unit
Developer cost of sale to RP (£)	£0
RP purchase costs (£)	£0
Intermediate Housing Sales and Marketing (£)	£0

Total Marketing Costs	£684,147
------------------------------	-----------------

Total Direct Costs	£13,589,315
---------------------------	--------------------

Finance and acquisition costs

Land Payment	£11,250,000	160,714 per OM home	#DIV/0!	#DIV/0!
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Arrangement Fee	£0	0.0% of interest
Misc Fees (Surveyors etc)	£0	0.00% of scheme value
Agents Fees	£112,500	
Legal Fees	£84,375	
Stamp Duty	£450,000	
Total Interest Paid	£3,543,521	

Total Finance and Acquisition Costs **£15,440,396**

Developer's return for risk and profit

Residential

Market Housing Return (inc OH) on Val	17.5%	£5,373,789	76,768 per OM unit
Affordable Housing Return on Cost	6.0%	£0	per affordable unit
Return on sale of Private Rent	0.0%	£0	#DIV/0! per PR unit

Non-residential

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

Total Operating Profit

£5,373,789

(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)

TOTAL COST **£34,403,500**

Surplus/(Deficit) at completion 1/7/2025

(£3,696,133)

Present Value of Surplus (Deficit) at 1/4/2022

(£2,966,541)

Scheme Investment MIRR

9.0% (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value

36.6%

Peak Cash Requirement

-£26,390,224

Site Value (PV) per hectare

No area input per hectare

No area input per acre

APPENDIX 2

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 09-Apr-2022 00:43

▸ Rebased to London Borough of Richmond Upon Thames (119; sample 30)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
Rehabilitation/Conversion							
816. Flats (apartments)							
Generally (15)	2,023	590	1,194	1,593	2,011	6,980	78
1-2 storey (15)	2,635	863	1,331	1,672	3,035	6,980	17
3-5 storey (15)	1,703	590	1,206	1,511	1,831	6,462	45
6 storey or above (15)	2,352	681	1,094	1,596	3,251	5,851	15

APPENDIX 3



COPPING JOYCE
Chartered Surveyors

Valuation Report

KINGSTON BRIDGE HOUSE CHURCH GROVE HAMPTON WICK KT1 4AG

Prepared for

Bank of India (Wembley)



Valuation Date:

25th September 2020

Our Ref:

L1884

Your Ref:

WEM/49/Westcombe



Copping Joyce Surveyors Limited
Established 1898
Registered Office 28-30 Worship Street, London EC2A 2AH
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EXECUTIVE SUMMARY

Property:	Kingston Bridge House, Church Grove, Hampton Wick, KT1 4AG
Borrower:	Westcombe Developments Limited
Tenure:	Freehold (Title number: MX416937)
Existing Use:	Student accommodation (Sui Generis)
Proposed Use:	Residential C3
Location:	The subject property is located to a prominent position to the corner of Hampton Court Road and Church Grove to the area of Hampton Wick, by Kingston Bridge, to the London Borough of Richmond upon Thames and the KT1 postal area.
Description:	The property comprises two large blocks forming an L-shaped building arranged over four to seven storeys and is arranged as student accommodation with 218 rooms and communal areas currently owned by Kingston University. The borrower is seeking to purchase the property at an agreed price of £11,250,000, which your solicitors should verify.
Total Floor Area:	5,889.64 m ² (63,396 sq ft) – Gross Internal Area.
Valuation Date:	25 th September 2020
Market Value:	£11,250,000
Market Value: <i>(On Special Assumption that the planning permission is granted for the borrowers proposed redevelopment scheme)</i>	£13,700,000
Gross Development Value: <i>(Special Assumption following completion of the proposed scheme)</i>	£31,650,000
Market Rent (existing):	£931,000 per annum (Net rent of existing after deductions for management, voids and letting costs)
Reinstatement Value:	£14,400,000 (for guidance only of existing)
Suitable For Loan Security: <i>(See section 13)</i>	Yes

SWOT Analysis:

Strengths

- Established location in south west London suburb, close to Kingston town centre and River Thames
- Close to amenities, transport and main Kingston University Campus
- Freehold interest
- Significantly sized asset with potential for residential conversion, subject to consent and will appeal to developers in this location

Opportunities

- Let the property as it exists as student accommodation with rooms let at a market level
- Sell to student accommodation operators or alternatively to developers
- Obtain planning permission for a residential scheme, subject to consent as borrower intends on doing

Weaknesses

- Currently dated student accommodation, which would benefit from an update
- No planning currently other than existing use
- Were the property to be developed in line with the borrowers proposal, the completed flats may not appeal to all lender and investors
- Management intensive asset with the existing 218 rooms were it to be retained as it exists as an investment and needs modernising
- Limited car parking

Threats

- Uncertainty surrounding Brexit
- Global pandemic of COVID-19
- Reduction in global travel due to COVID-19 / closing of universities
- Potential for void periods and associated reletting costs with a larger amount of units

**THIS SUMMARY IS PROVIDED FOR THE PURPOSES OF QUICK REFERENCE
BUT IS SUBJECT TO AND MUST NOT BE RELIED UPON OUT OF THE
CONTEXT OF THE FULL VALUATION REPORT**

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2	LOCATION MAP LAND REGISTRY PLAN
3	PHOTOGRAPHIC RECORD
4	PROPOSED PLANS
5	RESIDUAL VALUATION

1.0 INTRODUCTION

1.1 *Property*

This report is for the valuation of the property known as:-

**Kingston Bridge House
Church Grove
Hampton Wick
KT1 4AG**

1.2 *Instructions*

We have been instructed by **Bank of India (Wembley Branch)** to prepare a report and valuation in respect of the subject property for the purposes of loan security.

At **Appendix 1** of this report we enclose a copy of the Bank's instruction letter dated 21st September 2020 and our acknowledgment letter dated 24th September 2020; confirming terms of engagement.

This report has been carried out in accordance with the **RICS Valuation – Global Standards effective 31 January 2020, incorporating the IVSC (International Valuation Standards updated and effective 31 January 2020)**, produced by The Royal Institution of Chartered Surveyors and known as “The Red Book” and should be read in conjunction with the terms of business and general principles. It is also in accordance with the UK national supplement - January 2019.

The measurement of the premises has been carried out in accordance with the RICS Property Measurement Second Edition and the International Property Measurement Standards (where applicable) and the RICS Code of Measuring Practice 6th Edition, both issued by The Royal Institution of Chartered Surveyors.

1.3 *Valuation Date*

The date of valuation is **25th September 2020**.

1.4 *Valuation Basis*

We will specifically provide our opinion of the following:-

- a) The **Market Value** of the Freehold interest in the subject property.
- b) The **Market Value** of the Freehold interest in the subject property on the **Special**

Assumption that the planning permission proposed by the borrower is granted.

- c) The **Gross Development Value** of the Freehold interest of the subject property on the **Special Assumption** that the property has been developed in line with the proposed planning consent to a standard as set out within the report.
- d) The **Market Rent** of the subject Freehold property as it exists.
- e) The **Reinstatement Value** of the existing property as set out in this report for insurance purposes, as a guide only.

1.5 **Valuation Definitions**

Our valuation has been carried out in accordance with the **RICS Valuation Global Standards 2020 incorporating the IVSC (International Valuation Standards Council) effective 31 January 2020** produced by The Royal Institution of Chartered Surveyors. It is also in accordance with the UK national supplement - January 2019.

VPS4 and IVS104 of the standards defines Market Value as; the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

VPS4 and IVS104 defines the Market Rent as the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing, and where the parties had each acted knowledgeably, prudently, and without compulsion.

2.0 **INSPECTION**

2.1 **Circumstances of Inspection**

The property was inspected by **Edward Scott MRICS** on **25th September 2020**; weather conditions were overcast.

2.2 **Restrictions to Inspection**

We have inspected the building externally from ground level and have not been able to obtain clear views of the roof. Our inspection has been limited to the visible internal and external parts. Our inspection was also limited by the presence of furniture, fixtures and floor coverings. The University were still using the property in parts and we have not been able to

access all floors where there are residents in the current Covid-19 climate. We have assumed these uninspected areas are similar condition to other floors.

2.3 *Physical Constraints*

The Disability Discrimination Act 1995 & 2005 and the Equality Act 2010 provide duties on property owners and managing agents to ensure that reasonable measures are undertaken to ensure that there are no physical/accessibility constraints to a property, including fire escape routes that would be discriminatory. Our own inspection did not identify any such constraints that would require reasonable alterations to be carried out. We therefore assume that the property complies with the above legislation.

3.0 LOCATION

3.1 *Maps/Plans*

At **Appendix 2** of this report we enclose a location plan, together with an extract from the Land Registry Plan, showing the approximate boundaries of the property upon which we have based our valuation.

3.2 *Situation*

The subject property is situated to the prominent corner of Hampton Court Road and Church Grove, close to Kingston Bridge to the area of Hampton Wick, approximately 11 miles south west of central London, within the London Borough of Richmond upon Thames and the KT1 postal region.

The immediate locality is mixed in use being across the Thames from the busy town centre of Kingston upon Thames. The main commercial property lies close to Kingston Bridge, with a secondary high street, with mostly local traders meeting the needs of local residents. There are also a number of public houses close by. Adjoining the subject property to one side is a multi storey office building, which is occupied by HSBC for business banking. Beyond the immediate area it becomes predominately residential, much of which is attractive Victorian and Edwardian period housing. Directly opposite the subject property to its western side is Bushy Park, a Royal Park. Hampton Court Palace is also a short distance along Hampton Court Road.

The area benefits from its close proximity to Kingston upon Thames, a major south west London outer London suburb. Kingston's commercial centre immediately across the River Thames is centred by the Bents shopping centre, Victorian market square and John Lewis

department store. Kingston University's main campus is also located centrally to the town centre and only a 15 minute walk from the subject property.

The subject property lies within a 5 minute walk of Hampton Wick train station along the High Street, which provides commuter services on the suburban loop line with South Western Railway services to Waterloo via Kingston or via Richmond. A number of bus routes pass through the area with the nearest bus close by.

4.0 DESCRIPTION

4.1 *Photographic Record*

At **Appendix 3** of this report, we enclose a photographic record of the subject property taken during our inspection.

4.2 *Property Description*

The subject property comprises two large blocks forming an L-shaped building arranged over four to seven storeys and arranged as student accommodation (currently owned by Kingston University) with 218 rooms and communal areas. The borrower is seeking to purchase the property with vacant possession at an agreed price of £11,250,000, which your solicitors should verify prior to loan.

The property was still in part occupied by a limited number of students in the short term. The reception was still occupied by staff at the time of inspection. As such there were a number of areas that the University were unable to let us inspect. We have been provided with architects plans for the entire building and we have assumed that these uninspected area were in a similar basic condition as the remaining student accommodation viewed.

The building is accessed from the ground floor with the main entrance from Church Grove. This leads into the main communal reception and hallway. This area has two lifts to the upper floors and access to communal facilities including communal common room, WCs, kitchen, staff office, storage and laundry areas. To the ground floor within the main seven storey block are 17 rooms, arranged in groups of 5 rooms each with shared kitchen, shower / WC facilities. This floor also has a smaller group of two rooms with its own shared facilities.

Going up the floors the building has a similar floor layout. The 1st, 2nd & 3rd floors are identical in layout and run across both blocks. These floors have 46 flats each in groups of 5, 6 & 7 rooms. Each group has its own kitchen, shower and WCs. Each area has security access and each individual room can be locked. The rear lower block which is only on floors 1 – 3 has

been updated in more recent years and provides an updated internal fitout, including kitchens and bathrooms. The larger block to the front has older accommodation and this is more dated and is in need of modernisation. At either end of the block are fire exit stairwells down to the ground floor. The floors are accessed either by the central stairs or the two lifts.

The 4th, 5th & 6th floors are all only to the seven storey side of the block and have an identical layout to the floors below. Each floor has 21 rooms in groups of 5 & 6 and with shared facilities of a dated nature. Further stairs lead up to a main roof where there is a lift service area and an access to the main roof.

The rooms themselves are all generally similar in size and provide basic living accommodation for the students, which is generally dated and in need of refurbishment to update the facilities. The rooms have painted and plastered walls and ceilings, with a mix of wood effect laminate floors or carpet. The rooms each have an electric wall mounted radiator (not tested) and a sink unit with mirror. The university provides basic furnishings with a bed, desk, and wardrobe. The rooms all have their own window with blind.

The kitchen facilities are basic but meet the needs of this type of accommodation with mostly in built oven, with surface space, sink with tap and a high and low cupboard space. Each kitchen has room for a dining table. The bathrooms provide basic sanitaryware with shower units and separate WCs. As mentioned above the accommodation to the low rear block has been updated in recent years and provides newer facilities and decor, however it remains basic accommodation.

4.3 Construction

The subject property dates to the 1960s and is constructed of a reinforced concrete frame construction with inset concrete segments to the outside walls, which appears clad in nature. The building is greater than six storeys (18 metres) and is used for living accommodation. Therefore, we will require a cladding expert report to assess this and we reserve the right to amend our valuation if necessary and /or to offer suitable recommendations regarding loan security. The expert will need to complete a EWS form, which will be sent over to the bank for assessment prior to deciding to provide a loan.

In arriving at the valuation for mortgage purposes, we will rely on the EWS1 form in good faith as completed by a professionally qualified third party. There is, however, no liability on us for any losses or potential losses arising directly and solely from the valuation being provided in reliance upon the EWS1 form. If you require further information, then please seek independent advice prior to providing any lending on the property.

There is current Government Guidance in respect of cladding. This is contained in ADVICE NOTE 14 MHCLG/BSP/18/12/2018. Full retentions must be imposed pending the results of any cladding tests. In the aftermath of Grenfell, Government advice and guidance has evolved and indeed will continue to do so, specifically around the use of combustible materials in high-rise blocks. Building Regulations have also been subject to review and updating. In December 2018, the Government banned the use of combustible materials in high rise buildings and based on numerous studies into cladding (not exclusively fire related), issued Advice Note 14 which addressed cladding materials other than ACM. It requires the 'responsible person', to assess the 'cladding system' generally in relation to combustibility, but specifically to assess whether the 'system' had been correctly installed and subsequently maintained in accordance with manufacturers recommendations. This advice note threw doubt on the adequacy of cladding fixings and the existence/adequacy of fire stops and cavity barriers all of which form an integral part of the 'system' and help ensure fire safety.

4.4 **Accommodation**

The subject property has been measured in accordance with both the Code of Measuring Practice (6th edition) and RICS Property Measurement 2nd Edition January 2018, incorporating the International Property Measurements Standards (IPMS Offices and Residential).

The premises have been measured according to: Gross Internal Area & IPMS 3B – Residential

The approximate floor areas are summarised in the table below:-

Ground Floor:

Flat No	Floor	No Beds	Sq m	Sq ft
A1	Ground	Bedsit	11.41	123
A2	Ground	Bedsit	11.64	125
B1	Ground	Bedsit	9.07	98
B2	Ground	Bedsit	9.03	97
B3	Ground	Bedsit	9.28	100
B4	Ground	Bedsit	9.24	99
B5	Ground	Bedsit	9.14	98
C1	Ground	Bedsit	9.36	101
C2	Ground	Bedsit	9.36	101
C3	Ground	Bedsit	9.36	101
C4	Ground	Bedsit	9.36	101
C5	Ground	Bedsit	9.36	101
D1	Ground	Bedsit	10.14	109
D2	Ground	Bedsit	10.14	109
D3	Ground	Bedsit	10.14	109
D4	Ground	Bedsit	10.14	109
D5	Ground	Bedsit	9.83	106
TOTAL INTERNAL FLOOR AREA (IPMS 3B):			166.00	1,787

First Floor:

Flat No	Floor	No Beds	Sq m	Sq ft
A1	First	Bedsit	9.47	102
A2	First	Bedsit	10.91	117
A3	First	Bedsit	9.06	98
A4	First	Bedsit	10.31	111
A5	First	Bedsit	8.71	94
B1	First	Bedsit	9.07	98
B2	First	Bedsit	9.03	97
B3	First	Bedsit	9.28	100
B4	First	Bedsit	9.24	99
B5	First	Bedsit	9.14	98
C1	First	Bedsit	9.36	101
C2	First	Bedsit	9.36	101
C3	First	Bedsit	9.36	101
C4	First	Bedsit	9.36	101
C5	First	Bedsit	9.36	101
D1	First	Bedsit	10.14	109
D2	First	Bedsit	10.14	109
D3	First	Bedsit	10.14	109
D4	First	Bedsit	10.14	109
D5	First	Bedsit	9.83	106
D6	First	Bedsit	13.80	149
E1	First	Bedsit	9.56	103
E2	First	Bedsit	9.30	100
E3	First	Bedsit	9.30	100
E4	First	Bedsit	9.30	100
E5	First	Bedsit	9.30	100
E6	First	Bedsit	11.54	124
F1	First	Bedsit	9.46	102
F2	First	Bedsit	9.63	104
F3	First	Bedsit	9.59	103
F4	First	Bedsit	9.59	103
F5	First	Bedsit	9.59	103
F6	First	Bedsit	9.59	103
F7	First	Bedsit	11.27	121
G1	First	Bedsit	11.24	121
G2	First	Bedsit	9.80	105
G3	First	Bedsit	9.72	105
G4	First	Bedsit	9.72	105
G5	First	Bedsit	9.68	104
G6	First	Bedsit	9.68	104
H1	First	Bedsit	10.81	116
H2	First	Bedsit	9.81	106
H3	First	Bedsit	9.68	104
H4	First	Bedsit	9.68	104
H5	First	Bedsit	9.68	104
H6	First	Bedsit	9.68	104
TOTAL INTERNAL FLOOR AREA (IPMS 3B):			451.41	4,858

Second Floor:

Flat No	Floor	No Beds	Sq m	Sq ft
A1	Second	Bedsit	9.47	102
A2	Second	Bedsit	10.91	117
A3	Second	Bedsit	9.06	98
A4	Second	Bedsit	10.31	111
A5	Second	Bedsit	8.71	94
B1	Second	Bedsit	9.07	98
B2	Second	Bedsit	9.03	97
B3	Second	Bedsit	9.28	100
B4	Second	Bedsit	9.24	99
B5	Second	Bedsit	9.14	98
C1	Second	Bedsit	9.36	101
C2	Second	Bedsit	9.36	101
C3	Second	Bedsit	9.36	101
C4	Second	Bedsit	9.36	101
C5	Second	Bedsit	9.36	101
D1	Second	Bedsit	10.14	109
D2	Second	Bedsit	10.14	109
D3	Second	Bedsit	10.14	109
D4	Second	Bedsit	10.14	109
D5	Second	Bedsit	9.83	106
D6	Second	Bedsit	13.80	149
E1	Second	Bedsit	9.56	103
E2	Second	Bedsit	9.30	100
E3	Second	Bedsit	9.30	100
E4	Second	Bedsit	9.30	100
E5	Second	Bedsit	9.30	100
E6	Second	Bedsit	11.54	124
F1	Second	Bedsit	9.46	102
F2	Second	Bedsit	9.63	104
F3	Second	Bedsit	9.59	103
F4	Second	Bedsit	9.59	103
F5	Second	Bedsit	9.59	103
F6	Second	Bedsit	9.59	103
F7	Second	Bedsit	11.27	121
G1	Second	Bedsit	11.24	121
G2	Second	Bedsit	9.80	105
G3	Second	Bedsit	9.72	105
G4	Second	Bedsit	9.72	105
G5	Second	Bedsit	9.68	104
G6	Second	Bedsit	9.68	104
H1	Second	Bedsit	10.81	116
H2	Second	Bedsit	9.81	106
H3	Second	Bedsit	9.68	104
H4	Second	Bedsit	9.68	104
H5	Second	Bedsit	9.68	104
H6	Second	Bedsit	9.68	104
TOTAL INTERNAL FLOOR AREA (IPMS 3B):			451.41	4,858

Third Floor:

Flat No	Floor	No Beds	Sq m	Sq ft
A1	Third	Bedsit	9.47	102
A2	Third	Bedsit	10.91	117
A3	Third	Bedsit	9.06	98
A4	Third	Bedsit	10.31	111
A5	Third	Bedsit	8.71	94
B1	Third	Bedsit	9.07	98
B2	Third	Bedsit	9.03	97
B3	Third	Bedsit	9.28	100
B4	Third	Bedsit	9.24	99
B5	Third	Bedsit	9.14	98
C1	Third	Bedsit	9.36	101
C2	Third	Bedsit	9.36	101
C3	Third	Bedsit	9.36	101
C4	Third	Bedsit	9.36	101
C5	Third	Bedsit	9.36	101
D1	Third	Bedsit	10.14	109
D2	Third	Bedsit	10.14	109
D3	Third	Bedsit	10.14	109
D4	Third	Bedsit	10.14	109
D5	Third	Bedsit	9.83	106
D6	Third	Bedsit	13.80	149
E1	Third	Bedsit	9.56	103
E2	Third	Bedsit	9.30	100
E3	Third	Bedsit	9.30	100
E4	Third	Bedsit	9.30	100
E5	Third	Bedsit	9.30	100
E6	Third	Bedsit	11.54	124
F1	Third	Bedsit	9.46	102
F2	Third	Bedsit	9.63	104
F3	Third	Bedsit	9.59	103
F4	Third	Bedsit	9.59	103
F5	Third	Bedsit	9.59	103
F6	Third	Bedsit	9.59	103
F7	Third	Bedsit	11.27	121
G1	Third	Bedsit	11.24	121
G2	Third	Bedsit	9.80	105
G3	Third	Bedsit	9.72	105
G4	Third	Bedsit	9.72	105
G5	Third	Bedsit	9.68	104
G6	Third	Bedsit	9.68	104
H1	Third	Bedsit	10.81	116
H2	Third	Bedsit	9.81	106
H3	Third	Bedsit	9.68	104
H4	Third	Bedsit	9.68	104
H5	Third	Bedsit	9.68	104
H6	Third	Bedsit	9.68	104
TOTAL INTERNAL FLOOR AREA (IPMS 3B):			451.41	4,858

Fourth Floor:

Flat No	Floor	No Beds	Sq m	Sq ft
A1	Fourth	Bedsit	9.47	102
A2	Fourth	Bedsit	10.91	117
A3	Fourth	Bedsit	9.06	98
A4	Fourth	Bedsit	10.31	111
A5	Fourth	Bedsit	8.71	94
B1	Fourth	Bedsit	9.07	98
B2	Fourth	Bedsit	9.03	97
B3	Fourth	Bedsit	9.28	100
B4	Fourth	Bedsit	9.24	99
B5	Fourth	Bedsit	9.14	98
C1	Fourth	Bedsit	9.36	101
C2	Fourth	Bedsit	9.36	101
C3	Fourth	Bedsit	9.36	101
C4	Fourth	Bedsit	9.36	101
C5	Fourth	Bedsit	9.36	101
D1	Fourth	Bedsit	10.14	109
D2	Fourth	Bedsit	10.14	109
D3	Fourth	Bedsit	10.14	109
D4	Fourth	Bedsit	10.14	109
D5	Fourth	Bedsit	9.83	106
D6	Fourth	Bedsit	13.80	149
TOTAL INTERNAL FLOOR AREA (IPMS 3B):			205.21	2210

Fifth Floor:

Flat No	Floor	No Beds	Sq m	Sq ft
A1	Fifth	Bedsit	9.47	102
A2	Fifth	Bedsit	10.91	117
A3	Fifth	Bedsit	9.06	98
A4	Fifth	Bedsit	10.31	111
A5	Fifth	Bedsit	8.71	94
B1	Fifth	Bedsit	9.07	98
B2	Fifth	Bedsit	9.03	97
B3	Fifth	Bedsit	9.28	100
B4	Fifth	Bedsit	9.24	99
B5	Fifth	Bedsit	9.14	98
C1	Fifth	Bedsit	9.36	101
C2	Fifth	Bedsit	9.36	101
C3	Fifth	Bedsit	9.36	101
C4	Fifth	Bedsit	9.36	101
C5	Fifth	Bedsit	9.36	101
D1	Fifth	Bedsit	10.14	109
D2	Fifth	Bedsit	10.14	109
D3	Fifth	Bedsit	10.14	109

D4	Fifth	Bedsit	10.14	109
D5	Fifth	Bedsit	9.83	106
D6	Fifth	Bedsit	13.80	149
TOTAL INTERNAL FLOOR AREA (IPMS 3B):			205.21	2210

Sixth Floor:

Flat No	Floor	No Beds	Sq m	Sq ft
A1	Sixth	Bedsit	9.47	102
A2	Sixth	Bedsit	10.91	117
A3	Sixth	Bedsit	9.06	98
A4	Sixth	Bedsit	10.31	111
A5	Sixth	Bedsit	8.71	94
B1	Sixth	Bedsit	9.07	98
B2	Sixth	Bedsit	9.03	97
B3	Sixth	Bedsit	9.28	100
B4	Sixth	Bedsit	9.24	99
B5	Sixth	Bedsit	9.14	98
C1	Sixth	Bedsit	9.36	101
C2	Sixth	Bedsit	9.36	101
C3	Sixth	Bedsit	9.36	101
C4	Sixth	Bedsit	9.36	101
C5	Sixth	Bedsit	9.36	101
D1	Sixth	Bedsit	10.14	109
D2	Sixth	Bedsit	10.14	109
D3	Sixth	Bedsit	10.14	109
D4	Sixth	Bedsit	10.14	109
D5	Sixth	Bedsit	9.83	106
D6	Sixth	Bedsit	13.80	149
TOTAL INTERNAL FLOOR AREA (IPMS 3B):			205.21	2210
COMBINED INTERNAL FLOOR AREA (IPMS 3B):			2,136	22,990
GROSS INTERNAL AREA (ENTIRE BUILDING)			5,889.64	63,396

NB Each floor is arranged into groups of bedsits, each with their own shared kitchen, shower rooms and WCs.

4.5 Condition

We have not been instructed to undertake a structural survey and our non-invasive inspection has only identified areas of disrepair, which unless stated, are unlikely to have a significant effect upon the Market Value.

Subject to the limitations of our inspection, we are able to confirm that the property is in a reasonable structural condition commensurate with the property's age and use. The University are

still using the property in parts and we have not been able to access all floors where there are residents in the current Covid-19 climate. We have assumed these uninspected areas are similar to other floors in regard to condition.

We did not observe any defects of note, however the building dates to the 1960s is somewhat dated with regards to its facilities and décor, in particular to the 7 storey block, which would benefit from modernisation, were the building to be retained in its existing use as student accommodation (sui Generis use). There is potential for redevelopment of the building, subject to planning consent being obtained. The building will be purchased with vacant possession.

Externally the building appears dated with regard to its décor and surfaces have weathered commensurate with the age and ongoing maintenance to the general fabric of the building should be anticipated. We had limited views of the main roof due to the height and configuration of the building. We have assumed that these areas are clear from any major defects which would significantly affect marketability.

There are some low shrubs to the site and a number of trees to the pavement to Church Grove, however there was no evidence of concern in this regard. The trees should be monitored going forward.

We recommend however that the Bank's solicitors confirm that ongoing building insurance is available along standard terms, and that the property is adequately covered in its current use and layout.

The subject property has a useful economic life in excess of 25 years, subject to regular maintenance and repair when necessary. We assume such repair and maintenance will be undertaken.

4.6 Services

We understand that mains services are connected to the subject property. However, we have not undertaken any tests to ascertain the condition and capacity of these services and we have assumed for the purposes of this valuation that all plant and services are in good order.

5.0 ENVIRONMENTAL CONSIDERATIONS

5.1 Contamination

We have not carried out any investigation into past or present uses, either of the property or of any neighbouring land, to establish whether or not there is any potential for contamination to the property. In the absence of an environmental audit or other environmental investigation or soil survey, we will assume that no contamination, or the possibility of contamination, exists.

On the basis of a visual inspection and the information available to us in the public domain, we are of the opinion that purchasers are likely to conclude that there are no significant environmental risks associated with this property. As such, we have assumed there would be no adverse effect on value of the property or on its marketability.

However, should it be established that contamination exists at the property or on any neighbouring land, or that the premises have been or are being put to a contaminative use, then this might adversely impact on our opinions of value and we would need to review the valuation advice contained within this report.

5.2 Deleterious Materials

We have not seen a copy of an Asbestos Survey Report or Asbestos Management Plan relating to the subject property. However, the existing building is of an age where it could contain deleterious materials such as asbestos and assume that asbestos is not present in any material quantity that would affect the values now reported.

We assume that prior to any works being carried out within the property an appropriate survey, by a suitably qualified person, will be undertaken to reveal the nature and location of such materials which can be disposed of safely in accordance with current guidelines.

The Control of Asbestos Regulations 2012 requires that all non-domestic premises and those common areas of blocks of flats to have a written Asbestos Management Plan, which is reviewed at regular intervals.

We have not been provided with a copy of the Asbestos Management Plan, but in preparing our valuation have assumed that all necessary measures are in place and that no additional costs would be incurred in order to comply.

However given the age of the building we would recommend that a survey is carried out by an appropriately qualified asbestos surveyor to ascertain the nature, location of any asbestos

containing materials and required remedial works and cost, which should be referred back to us for further comment.

5.3 *Flooding*

We have carried out a search on the Environment Agency website, which indicates that the property is within an area considered to have a Very Low Risk from rivers and sea. Very low risk means that each year this area has a chance of flooding of less than 0.1%. This takes into account the effect of any flood defences in the area. These defences reduce, but do not completely stop the chance of flooding as they can be overtopped, or fail.

Additionally we note that the property is reported to have a Very Low Risk from flooding from surface water. Very low risk means that each year this area has a chance of flooding of less than 0.1%. Flooding from surface water is difficult to predict as rainfall location and volume are difficult to forecast. We have reflected any risk of flooding within our opinion of value.

5.4 *Energy Performance Certificates*

The Energy Efficiency (Private Rented Sector) (England and Wales) Regulations 2015 make it unlawful to let residential or commercial properties with an Energy Performance Certificate (EPC) rating of 'F' or 'G' (i.e. the lowest 2 grades of energy efficiency), unless there is an applicable exemption. The regulations apply to all new lettings, sub-lettings or renewals from 1 April 2018. From 1 April 2020 (for domestic property) and 1 April 2023 (non-domestic property) all existing tenancies with an EPC will need to meet the minimum requirements.

Kingston Bridge House – D84 (September 2019) The EPC assessment is valid until 16th September 2029.

The above rating is above the prescribed level of an E which is acceptable for this type of property. We have no further recommendations and the rating has no impact upon our valuation. The benchmarks may have changed since the date this assessment was carried out and as such it is advisable to obtain an expert's opinion to advise whether an EPC should be commissioned and if the building is likely to meet the minimum requirements.

Upon the completion of any proposed development new EPC assessments would be required showing an E or above for each individual flat.

5.5 *Radon Gas*

Our enquiries appear to confirm that the property is not within an area significantly affected by Radon Gas and assume that protection measures are not required.

5.6 Invasive Species

Japanese Knotweed is a rampant non-native species which can cause physical damage to buildings and hard surfaces. By quantifying the likely cost of treatment and any necessary repairs, the impact of Japanese Knotweed can be taken into account in the valuation process and reflected in the same way as any other defect or item of disrepair.

As valuers, we are not in a position to comment on the costs of any potential treatment as this is a specialist area but can be advised as to whether there was the existence of the plant. How invasive this has become may not be readily identified by a single visual inspection.

While this invasive, non-native plant can be difficult to control, it should be recognised that timely and persistent treatment programmes can minimise its impact and in time can be eradicated.

There was no obvious Japanese Knotweed or other contaminative species noted during the course of our inspection.

5.7 Fire Regulations

We have not seen a copy of a Fire Risk Assessment, but assume that all relevant legislation has been complied with.

6.0 TOWN PLANNING MATTERS

Where we have been unable to make verbal enquires, online enquiries of the Local Authority have been undertaken to confirm town planning matters, which may affect our valuation. We believe that the information that we have obtained is correct, but we cannot accept liability for either incorrect or for material omissions in the information gleaned, including statutory notices or contraventions of statutory requirements.

6.1 Highways

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

We would highlight that there is a right of way, to the owners of the building behind the subject property, which passes across the car park. This designated area is assumed to be the concrete area, which runs from the entrance from Church Grove to the gate to the building behind. **Your solicitors should verify full details of this right of way prior to funds.**

6.2 **Conservation**

Our enquiries reveal that the subject property is not a Listed Building, but is situated within the Hampton Wick Conservation Area.

6.3 **Planning Consents**

Our investigations of the London Borough of Richmond upon Thames reveal the following relevant material planning history:-

Application No.	Details	Decision Date	Decision
18/T0951/TCA	T971 - False Acacia - Fell to ground level and poison stump.	04/01/2019	Decided the Council raises no objection.
13/1660/FUL	Alterations to undercroft at ground floor level of Kingston Bridge House, including limited demolition and construction of new walls and relocation and improvement of cycle parking and refuse facilities.	04/07/2013	Granted Permission
99/1458	Erection Of A Cellular Radio Equipment Cabin, Antenna And Dish.	05/08/1999	Granted Permission
94/0318/FUL	Ground Floor Extension, Alteration To The Building And Use Of Premises For Either Office Use (b1) Or Student Accommodation Comprising 216 Student Study/bedrooms In 39 Self-contained Flats Plus One Bedroom Warden's Flat And Staffroom	10/02/1994	Granted Permission

We have not been able to categorically confirm that the property is used as student accommodation for 218 students, however the university have been using the property in its existing use as student accommodation with existing layout for in excess of 10 years and therefore we consider the property to have lawful use as it exists.

Based on the above planning history it is reasonable to assume that the property as constructed and used fully complies with the requisite planning and building regulations.

Our valuation of the proposed scheme, which does not have planning to date, assumes that any development is in full accordance with planning granted and any required conditions of the

planning permission granted are carried out in full and to standards prescribed by current building regulations.

The bank should be aware that the planning permission maybe subject to a section 106 agreements or CIL Liability. In either case we recommend the bank ensures that this is verified prior to the release of funds. The borrower's initial budget of costs confirmed a figure of £238,680 for CIL, and £250,000 for Section 106, which we have factored into our report. **We would recommend that your solicitors verify the CIL or Section 106 liability prior to lending and if this figure is not accurate we reserve the right to reassess our valuation.**

In the current banking climate many lenders will not provide funding for the purchase of newly converted or built property where the property is not covered by a recognised defect liability warranty e.g. NHBC. Without an approved warranty or certificate being obtained for the proposed new scheme the value of the property could be adversely affected and our opinion of Gross Development Value may be lower than that stated within this report. **Your solicitors should verify that this is to be provided following completion of the scheme.**

We recommend that your legal advisors confirm the above information is accurate before being relied upon.

7.0 LOCAL TAXATION

7.1 *Business Rates*

We have not found a business rates entry to the VOA for the subject property.

7.2 *Council Tax*

From our enquires of the VOA, we have not been able to ascertain the Council Tax Bands for the various rooms. **Your solicitors should verify this.**

The above information has been obtained from the Valuation Office Agency and Directgov.uk websites. We have not investigated whether or not this is a fair assessment and may be subject to alteration. The actual rates or council tax payable may be affected by various reliefs or discounts that are available.

8.0 TENURE

We are instructed that this property is held with a Freehold title (MX416937).

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

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

We recommend your legal advisors confirm the above assumptions and that the above information is accurate before being relied upon.

9.0 TENANCIES

9.1 *Residential*

None, the property is understood to be being purchased with vacant possession.

Your legal advisors should confirm the above assumption before being relied upon.

10.0 DEVELOPMENT PROPOSALS

10.1 *Proposed Accommodation*

We have obtained architects plans for the borrowers proposed scheme (Fluent Architectural Design Services) directly, attached this to **Appendix 4** of this report, which shows the following accommodation for the proposed scheme:-

Ground Floor:

Floor	Description	Floor Area
Ground	Flat 1: 4 Bedroom (Affordable)	110 m ² (1,184 ft ²)

Ground	Flat 2: 2 Bedroom (Affordable)	66 m ² (710 ft ²)
Ground	Flat 3: 2 Bedroom (Affordable)	66 m ² (710 ft ²)
Ground	Flat 4: 3 Bedroom (Affordable)	82 m ² (883 ft ²)
Ground	Flat 5: 3 Bedroom (Affordable)	86 m ² (925 ft ²)
Ground	Flat 6: 2 Bedroom (Affordable)	61 m ² (657 ft ²)
Ground	Flat 7: 1 Bedroom (Affordable)	50 m ² (538 ft ²)
Ground	Flat 8: 1 Bedroom (Private)	50 m ² (538 ft ²)
Ground	Flat 9: 1 Bedroom (Private)	53 m ² (570 ft ²)
Ground	Flat 10: 1 Bedroom (Private)	55 m ² (592 ft ²)
Ground	Flat 11: 1 Bedroom (Private)	55 m ² (592 ft ²)
TOTAL GROSS INTERNAL AREA		734 m² (7,901 ft²)

First Floor:

Floor	Description	Floor Area
First	Flat 12: 1 Bedroom (Affordable)	51 m ² (549 ft ²)
First	Flat 13: 3 Bedroom (Affordable)	82 m ² (883 ft ²)
First	Flat 14: 1 Bedroom (Affordable)	65 m ² (700 ft ²)
First	Flat 15: 2 Bedroom (Affordable)	70 m ² (753 ft ²)
First	Flat 16: 3 Bedroom (Affordable)	80 m ² (861 ft ²)
First	Flat 17: 2 Bedroom (Affordable)	73 m ² (786 ft ²)

First	Flat 18: 2 Bedroom (Private)	61 m ² (657 ft ²)
First	Flat 19: 1 Bedroom (Private)	50 m ² (538 ft ²)
First	Flat 20: 1 Bedroom (Private)	50 m ² (538 ft ²)
First	Flat 21: 1 Bedroom (Private)	53 m ² (570 ft ²)
First	Flat 22: 1 Bedroom (Private)	50 m ² (538 ft ²)
First	Flat 23: Studio (Private)	40 m ² (431 ft ²)
First	Flat 24: 1 Bedroom (Private)	51 m ² (549 ft ²)
TOTAL GROSS INTERNAL AREA		776 m² (8,353 ft²)

Second Floor:

Floor	Description	Floor Area
Second	Flat 25: 1 Bedroom (Affordable)	51 m ² (549 ft ²)
Second	Flat 26: 3 Bedroom (Affordable)	82 m ² (883 ft ²)
Second	Flat 27: 1 Bedroom (Affordable)	65 m ² (700 ft ²)
Second	Flat 28: 2 Bedroom (Affordable)	70 m ² (753 ft ²)
Second	Flat 29: 3 Bedroom (Affordable)	80 m ² (861 ft ²)
Second	Flat 30: 2 Bedroom (Affordable)	73 m ² (786 ft ²)
Second	Flat 31: 2 Bedroom (Private)	61 m ² (657 ft ²)
Second	Flat 32: 1 Bedroom (Private)	50 m ² (538 ft ²)
Second	Flat 33: 1 Bedroom (Private)	50 m ² (538 ft ²)

Second	Flat 34: 1 Bedroom (Private)	53 m ² (570 ft ²)
Second	Flat 35: 1 Bedroom (Private)	50 m ² (538 ft ²)
Second	Flat 36: Studio (Private)	40 m ² (431 ft ²)
Second	Flat 37: 1 Bedroom (Private)	51 m ² (549 ft ²)
TOTAL GROSS INTERNAL AREA		776 m² (8,353 ft²)

Third Floor:

Floor	Description	Floor Area
Third	Flat 38: 1 Bedroom (Affordable)	51 m ² (549 ft ²)
Third	Flat 39: 3 Bedroom (Affordable)	82 m ² (883 ft ²)
Third	Flat 40: 1 Bedroom (Affordable)	65 m ² (700 ft ²)
Third	Flat 41: 2 Bedroom (Affordable)	70 m ² (753 ft ²)
Third	Flat 42: 3 Bedroom (Affordable)	80 m ² (861 ft ²)
Third	Flat 43: 2 Bedroom (Affordable)	73 m ² (786 ft ²)
Third	Flat 44: 2 Bedroom (Private)	61 m ² (657 ft ²)
Third	Flat 45: 1 Bedroom (Private)	50 m ² (538 ft ²)
Third	Flat 46: 1 Bedroom (Private)	50 m ² (538 ft ²)
Third	Flat 47: 1 Bedroom (Private)	53 m ² (570 ft ²)
Third	Flat 48: 1 Bedroom (Private)	50 m ² (538 ft ²)
Third	Flat 49: Studio (Private)	40 m ² (431 ft ²)

Third	Flat 50: 1 Bedroom (Private)	51 m ² (549 ft ²)
TOTAL GROSS INTERNAL AREA		776 m² (8,353 ft²)

Fourth Floor:

Floor	Description	Floor Area
Fourth	Flat 51: 1 Bedroom (Affordable)	51 m ² (549 ft ²)
Fourth	Flat 52: 3 Bedroom (Affordable)	82 m ² (883 ft ²)
Fourth	Flat 53: 1 Bedroom (Affordable)	65 m ² (700 ft ²)
Fourth	Flat 54: 2 Bedroom (Affordable)	70 m ² (753 ft ²)
Fourth	Flat 55: 3 Bedroom (Affordable)	80 m ² (861 ft ²)
Fourth	Flat 56: 2 Bedroom (Affordable)	73 m ² (786 ft ²)
Fourth	Flat 57: 2 Bedroom (Private)	61 m ² (657 ft ²)
Fourth	Flat 58: 1 Bedroom (Private)	50 m ² (538 ft ²)
Fourth	Flat 59: 1 Bedroom (Private)	50 m ² (538 ft ²)
Fourth	Flat 60: 1 Bedroom (Private)	53 m ² (570 ft ²)
Fourth	Flat 61: 1 Bedroom (Private)	50 m ² (538 ft ²)
Fourth	Flat 62: Studio (Private)	40 m ² (431 ft ²)
Fourth	Flat 63: 1 Bedroom (Private)	51 m ² (549 ft ²)
TOTAL GROSS INTERNAL AREA		776 m² (8,353 ft²)

Fifth Floor:

Floor	Description	Floor Area
Fifth	Flat 64: 1 Bedroom (Affordable)	51 m ² (549 ft ²)
Fifth	Flat 65: 3 Bedroom (Affordable)	82 m ² (883 ft ²)
Fifth	Flat 66: 1 Bedroom (Affordable)	65 m ² (700 ft ²)
Fifth	Flat 67: 2 Bedroom (Affordable)	70 m ² (753 ft ²)
Fifth	Flat 68: 3 Bedroom (Affordable)	80 m ² (861 ft ²)
Fifth	Flat 69: 2 Bedroom (Affordable)	73 m ² (786 ft ²)
Fifth	Flat 70: 2 Bedroom (Private)	61 m ² (657 ft ²)
Fifth	Flat 71: 1 Bedroom (Private)	50 m ² (538 ft ²)
Fifth	Flat 72: 1 Bedroom (Private)	50 m ² (538 ft ²)
Fifth	Flat 73: 1 Bedroom (Private)	53 m ² (570 ft ²)
Fifth	Flat 74: 1 Bedroom (Private)	50 m ² (538 ft ²)
Fifth	Flat 75: Studio (Private)	40 m ² (431 ft ²)
Fifth	Flat 76: 1 Bedroom (Private)	51 m ² (549 ft ²)
TOTAL GROSS INTERNAL AREA		776 m² (8,353 ft²)

Sixth Floor:

Floor	Description	Floor Area
Sixth	Flat 77: 2 Bedroom (Private)	61 m ² (657 ft ²)

Sixth	Flat 78: 1 Bedroom (Private)	50 m ² (538 ft ²)
Sixth	Flat 79: 1 Bedroom (Private)	50 m ² (538 ft ²)
Sixth	Flat 80: 1 Bedroom (Private)	53 m ² (570 ft ²)
Sixth	Flat 81: 1 Bedroom (Private)	50 m ² (538 ft ²)
Sixth	Flat 82: Studio (Private)	40 m ² (431 ft ²)
Sixth	Flat 83: 1 Bedroom (Private)	51 m ² (549 ft ²)
TOTAL GROSS INTERNAL AREA		355 m² (3,821 ft²)

Seventh Floor:

Floor	Description	Floor Area
Seventh	Flat 84: 2 Bedroom (Private)	61 m ² (657 ft ²)
Seventh	Flat 85: 1 Bedroom (Private)	50 m ² (538 ft ²)
Seventh	Flat 86: 1 Bedroom (Private)	50 m ² (538 ft ²)
Seventh	Flat 87: 1 Bedroom (Private)	53 m ² (570 ft ²)
Seventh	Flat 88: 1 Bedroom (Private)	50 m ² (538 ft ²)
Seventh	Flat 89: Studio (Private)	40 m ² (431 ft ²)
Seventh	Flat 90: 1 Bedroom (Private)	51 m ² (549 ft ²)
TOTAL GROSS INTERNAL AREA		355 m² (3,821 ft²)
TOTAL GROSS INTERNAL AREA (All Floors)		5,324 m² (57,308 ft²)

The site plan provided by the borrower suggests that there will be 31 parking spaces to the existing inner area, which will also be landscaped. The right of way that currently exists will be retained with the car park accessed from the same access as current.

We have relied upon the information provided within the architects floor plans provided by the borrower for the proposed scheme, which does not have planning consent at the current time. Should they be considered to be inaccurate or differing plans, which are then approved upon planning, our opinion of value may change and we would be required to reassess our assessment of value.

10.2 Proposed Timescales

The borrower is still in the process of seeking to purchase the building and consent for this proposal has not been obtained to date. It is our understanding that a planning application will go in this month. Thus no works have commenced. The borrower's proposed extensive residential conversion of the building would include the addition of two additional floors above the existing rear block. The development will thus provide the creation of 90 flats (53 Private & 37 Affordable with a range of 1, 2, 3 & 4 bedroom flats). We have not been provided with any time scales for any proposed build period. We have applied a 24 month build period in our assessment of the proposed development, which could be weather dependant and subject to any restrictions on working in the current Covid-19 climate.

It is our understanding that the borrower upon completion of the development seeks to sell off the individual units. Alternatively the flats could be retained as a rental investment.

10.3 Assumed Specification

For the purposes of this valuation, we have assumed that the quality of construction for this property will be of a standard commensurate with the location, using good quality modern materials. We have assumed the following as a minimum for the proposed residential flats:-

Kitchen:	Good quality kitchens, to include under-mounted or inset stainless steel sinks, solid wood surface worktops, premium brand integrated appliances including gas hobs, electric ovens, fully-integrated concealed dishwashers, fridges and freezers.
Bathrooms:	Fully tiled with bath or shower, WC and washbasin. Ceramic units, except bath. Inset lighting, vanity units.
Security:	Intruder alarm and fire protection systems installed.
Heating:	Central heating with a Megaflo water cylinder or similar.

Finishes: To a good modern standard, including plastered walls and ceilings, solid wood doors and architraving and ceramic or solid wood flooring to wet area / reception rooms and carpets to bedrooms. Landscaping to communal external areas. None of the flats will have external space.

10.4 Assumed Construction

We understand the proposal includes the construction of two additional storeys over the rear block and we understand this will be of a concrete frame construction with brick infills and built beneath a new flat roof. Internally the entire building will be stripped back to a shell and the internal configuration rearranged as set out to plans set out to Appendix 4 and new flat accommodation provided. We have assumed that the development would be built with good quality materials in accordance with planning and building regulations.

10.5 Proposed Build Costs

The borrower has provided us with a basic schedule of building costs for the scheme. We have not been provided with any QS survey of works but the borrower's basic schedule suggests a figure of £6,890,000, which suggests £120 per sq ft. In our opinion this does appear slightly on the low side given that the build will include some extension works. This does appear to include some professional fees and other costings, which we would separate from the build cost. The borrower has estimated a CIL cost of £238,680 and Section 106 of £250,000. **Your solicitors should verify these and were these to differ we reserve the right to alter our valuation.**

In our residual calculation we have applied a build rate for these proposed extensive refurbishments of £135 per sq ft, which we have rounded to a figure of £ 7,736,500, which excludes, professional fees, landscaping, sale fees, acquisition costs, contingency, CIL / 106, finance and a developer's profit, which we have added separately in our residual.

Our cost appraisal is set out in Clause 13.3 below.

We would recommend that a building monitoring surveyor is used throughout the proposed works and as we have not been provided with a QS survey report, we would also highly recommend that a full QS survey report is provided by an independent qualified professional who would be in the best position to verify the development costs and to comment upon any technical issues that might arise.

11.0 VALUATION COMMENTARY

11.1 *Key Considerations*

The subject property is situated to the prominent corner of Hampton Court Road and Church Grove, close to Kingston Bridge to the area of Hampton Wick, approximately 11 miles south west of central London, within the London Borough of Richmond upon Thames and the KT1 postal region.

The area benefits from its close proximity to Kingston upon Thames, a major south west London outer London suburb. Kingston's commercial centre immediately across the River Thames is centred by the Bents shopping centre, Victorian market square and John Lewis department store. Kingston University's main campus is also located centrally to the town centre and only a 15 minute walk from the subject property. The property has good access to public transport links and amenities.

The subject property comprises two large blocks forming an L-shaped building arranged over four to seven storeys and arranged as student accommodation (Sui Generis use) and is currently owned by Kingston University with 218 rooms and communal areas. The borrower is seeking to purchase the property with vacant possession at an agreed price of £11,250,000 and your solicitors should verify this sale price prior to funds. It is our understanding that Kingston University is seeking to fund major redevelopment of their main Kingston Campus.

The property was still in part occupied by a limited number of students in the short term. The reception was still occupied by staff at the time of inspection. As such there were a number of areas that the University were unable to let us inspect. We have been provided with architects plans for the entire building and we have assumed that these uninspected areas were in a similar basic condition as the remaining student accommodation viewed.

The property does not currently have planning permission of any redevelopment scheme, however the borrower provided us with details of a proposed scheme for the property, which we have provided our commentary and assessment on a special assumption basis.

The borrower's proposal as set out to this report considers a conversion of the existing building from its current use to residential, primarily in the form of flats. The property has been occupied as student halls of residence since the 1990's with some alterations in 2015. The proposal considers an increase in the height of the subject premises (to the rear block only) though this will be subject to full planning consent and conditions including Section 106 and Community Infrastructure Levy costs. While we have carried out an assessment for the purpose of this valuation on a Special Assumption basis we would highlight that here can be

no guarantee that such consent will be granted particularly taking into account that the subject premises is already a substantial landmark building with more floors than the majority of properties in the surrounding area.

The borrower's proposal provides for the development of the building to form 90 self contained flats (53 private & 37 affordable). This is split as (7 studios, 50 x 1 beds, 20 x 2 beds, 12 x 3 beds & 1 x 4 bed). We have included the schedule of flats and proposed floor plans set out to Appendix 5. Following any planning permission granted, were the consent to differ from the proposal we have based our valuation assessment on, we would be required to reassess our valuation advice.

Overall, it is our view that given the size, age and nature of the site as it exists as student accommodation, it would be of interest to both local investors / operators of student accommodation or with vacant possession developers with the potential for redevelopment to residential.

With regard to the proposed scheme, we would highlight that were the development in regard to the Affordable housing to include a greater mix of housing for Affordable Rent and Shared Ownership, then this could be more benefited to capital values and a proposed GDV.

Affordable House can only be rented by a registered provider of social housing, we consider there to be good demand for affordable Housing in this local authority borough and from private housing associations.

In coming to our assessment of valuation we have first been requested to provide our assessment of Market Value & Market Rent based on its existing use with vacant possession. We have also been requested to confirm the Market Value of the property on the Special Assumption that planning permission were to be granted as set out to this report. We have also assessed our opinion of the Gross Development Value on the Special Assumption following completion of the proposed scheme in accordance with planning and to a good standard in accordance with building regulation.

While the property as it exists is in a fairly dated and unmodernised condition, with some updating of the existing accommodation required, we consider that the property would remain suitable as student accommodation. With Kingston University only a short walk from the property (approximately 15 minute walk), there remains in our opinion demand for student accommodation close to the main campus and town centre.

With the site providing a substantial (approximately 63,000 sq ft) building in this popular south west London suburb by the River Thames, Bushy Park / Hampton Court and Kingston town

centre, the site will likely appeal more to developers with the potential for residential conversion. In our opinion a developer would likely outbid a private operator of student accommodation.

The site has approximately 21 parking spaces to the rear of the block and were the building to be redeveloped there would not be parking for all of the proposed 90 flats, which we have factored into our valuation.

All of the proposed flats to the borrowers scheme will be self contained however in our opinion may not appeal to all buyers and lenders alike being to an older 1960s conversion. In our opinion they may appeal more to investor buyers seeking rental investments to the area and we have factored this into our assessment of GDV. With regard to the Gross Development Value (GDV) of the 90 proposed flats, upon completion of the redevelopment in accordance with the planning, we have carried out research of a number of local agents in order to obtain comparable evidence of sales transactions of flat premises in the local area, which we consider suitable in assessing the Market Value of the subject property upon completion of the works as set out below.

If the completed units were offered on the open market we believe there would be reasonable demand for the premises. The value of the property is likely to increase or fall in line with similar property in surrounding area.

The GDV valuation is provided for the proposed 90 flats as new factoring into account a new build premium. We have also assumed they would be sold each with a long leasehold title in excess of 125 years with non onerous terms. It should be appreciated that it may not be possible to obtain these GDV figure if the units were occupied initially

We have assessed a build period of 24 months and have selected a profit margin 20.00% in line with timing and total outlay given the size of the proposed scheme. Our build cost for the works reflect in our assessment a good quality specification that would be required for residential property in this area.

If the subject property as it exists was required to be disposed of on the open market in its current layout and condition, we would anticipate a transaction of the interest being completed within a period of 6-9 months, at figures similar to our opinion of the Market Values reported. This is on the basis that the property is openly marketed by suitable local agents at the correct level.

Upon completion of the works we would anticipate the potential for a marketing period to dispose of the proposed units of 6-9 months, given the nature of the properties, with regards to size and location.

We anticipate that the property as it exists, if let individually on an Assured Shorthold Tenancy agreement on a standard 6-12 month term, we consider a marketing period of between 3-4 months to be adequate to achieve lettings in this regard given the large volume of flats at the subject property. We would anticipate all of the accommodation letting within a period of 4-6 months due to the number of flats available.

We are now in a period of uncertainty in relation to many factors that impact the property investment and letting markets.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

We would highlight that much of the evidence is pre COVID-19 and with current restrictions on global travel, airports like Heathrow will be impacted by Covid-19 as less people are flying. We suspect however Heathrow airport in the longer term will be less impacted than other UK airports. This should be factored into account in any new lending decisions.

Our valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.

There may be volatility in the property markets this year and in early 2021. Lenders should be aware of this and we assume they have already factored this into their lending policies.

We cannot advise without sales evidence how much loss, if any, will be seen when the market and economy are allowed to function again. We can only advise that there will be little if any sales activity in the market in the short term and lenders must anticipate holding on to any asset for the longer term and ensure that they only lend at low LTV ratios.

We are additionally currently in a period of political and economic uncertainty until the trade agreement has been completed with the EU. A Brexit deal has now been passed by parliament but it still requires ratification by the EU. Then the trade negotiations will

commence with a deal to be agreed by the end of 2020, as legislated as part of the Brexit Bill. A good trade deal is essential for the economy of the UK, including the property market.

11.2 Sector Overview

Residential:

August 2020: UK Residential Market Survey

Sales market continues to show strong momentum with house price inflation now accelerating sharply

- *National house price growth indicator hits a four year high*
- *Enquiries, sales and new instructions all continue to rise firmly*
- *83% of respondents foresee demand increasing for homes with gardens over the next two years*

The August 2020 RICS UK Residential Survey results continue to portray strong momentum behind the sales market at present, even if the longer term view remains more cautious. Meanwhile, the pandemic is expected to cause a lasting shift in the desirability of certain property characteristics, as 83% of respondents anticipate demand increasing for homes with gardens over the next two years. On the same basis, net balances of -62% and -75% expect demand to decline for homes located in highly urban areas and tower blocks respectively.

Looking at the aggregate trend in new buyer enquiries over the latest survey period, a net balance of 63% of contributors reported an increase in buyer interest during August. This is marginally softer than the net balance reading of 75% returned last month, but is still consistent with a sharp rise in enquiries nonetheless.

New instructions being listed onto the sales market also continue to rise, evidenced by a headline net balance of +46% of survey participants noting an increase. Even so, given the strong sales activity of recent months, the average number of homes currently held on estate agents books remains relatively low in a historical context, at 42 properties.

Alongside this, strong growth in agreed sales was cited for a third successive month, with a net balance of +61% of contributors seeing a pick-up (+58% previously). Looking ahead, near term sales expectations remain modestly positive, posting a net balance reading of +21% in August, compared to +26% in July. That said, the indicator capturing twelve-month sales projections is still in negative territory, with the net balance coming in at -17% (down from -10% last time). Anecdotal evidence suggests concerns over the broader economic climate

continue to drive this subdued assessment for sales market activity at the twelve-month horizon.

Turning to house prices, the August survey feedback points to a sharp acceleration in house price inflation over the month. Indeed, at the national level, a net balance of +44% of respondents reported an increase in prices, the strongest reading since 2016. This is up from a net balance of +13% last time and marks a dramatic turnaround compared to the reading of -33% registered back in May. What's more, virtually all parts of the UK are now seeing prices increase to a greater or lesser degree. The only exception is London, where prices are cited to have remained more or less flat over the past two months.

Back at the national level, for properties listed at below £500k, 78% of respondents now report that sales prices are coming in at least level with the asking price. Interestingly, this is much higher than the 63% of survey participants seeing this back in January. Furthermore, when looking at properties marketed at between £500k and £1million, only 34% of respondents are seeing sales prices come in below asking, significantly down on 48% reporting this discrepancy at the start of the year. For properties listed at above £1million, 51% of contributors do note that sales prices are below asking, but even this is slightly less than 57% noting this trend beforehand.

In the lettings market, tenant demand continued to rise sharply, while landlord instructions were broadly flat following a modest pick-up in July (non-seasonally adjusted monthly series). Rental growth expectations over the near term have now strengthened in each of the past three months, with a net balance of +31% of contributors now anticipating an increase (+22% in July). (*Source: RICS*)

UK Student Accommodation Report 2019/20

London

Europe's largest student market continues to be impacted by a restrictive planning environment and a large rise in international demand means that rents have risen quickly – 17.5 in 5 years or 3.3% a year. Rents in London remain far higher than the rest of the UK, with private sector en-suites priced 46% higher than in the rest of the UK.

Despite the nearly £12,000 Maintenance Loan available to London students, the price of a private sector room is £1,000 higher. However, university rents are far more affordable at only 65% of the total student loan amount – a lower proportion of the Maintenance Loan amount than Universities in the rest of the UK. 40% of beds are located in Zone 1, which is home to 57% of full-time students. However, competition and land availability means that development has shifted further afield with two-thirds of development coming outside of Zone 1 since 2015.

Investment Market

By the end of October, £2.5bn had transacted in 2019. Whilst this is behind the £3bn transacted in 2018, we estimate that there is a further £2bn under offer which will bring the total transaction volume to just over £4bn for 2019 if all assets under offer transact. This will put investment volumes in line with the 5-year average.

2019 has been characterised by the sale of “premium” PBSA assets, with the likes of the Vita Student, Fusion and True Student all selling assets, equating to £900m and 36% of total investment volumes. The Student Castle portfolio, totalling seven high quality schemes and 1,857 beds, is also likely to transact before the year end.

The premium PBSA segment has grown in recent years, targeting predominantly international non-EU students and offering enhanced specification, high quality amenity spaces and concierge-style customer service. The growth in this segment has been driven by the appetite of students, particularly from Asia, to stay in the best quality accommodation in the city.

This is underpinned by the relative elasticity in terms of demand, with non-EU students looking at the global cost of studying comparison to other global education markets (particularly the US, Australia and Canada) which makes the UK look very attractive. This has seen investment by DWS, Hines and Arlington Advisors over the course of the year, with a diversification in ownership, we may start to see some stratification in market pricing for different asset segments, more in line with the US market.

More broadly, we are still seeing large inflows from overseas investors, who equate to 81% of 2019 transactions to date by value, up considerably from 2018. This can be further broken down by geography, and interestingly European capital has accounted for 36% of overall transaction volumes. This is significant in the context of Brexit where most other real estate sectors have seen a decline in investment activity from Europe. The investment interest remains quite diverse with investors looking for ground up developments through stabilised assets.

In 2019 over 26,500 bed spaces have transacted so far, compared to over 40,000 for 2018. There are currently over 26,000 under offer or on the market. The average capital value per bed for stabilised transactions sits at £88,000 and £102,000 for funding assets, with the differential due to stabilised assets including older stock in weaker locations.

Yields remain under pressure from inward investment with London now at 3.75%, and super prime and prime regional markets have continued to see significant focus. Competition remains strongest for primes markets, and investors are increasingly focussed on the strength of location, amenity offering and increasingly the importance of the operational strategy for an

asset. Demand for secondary assets has reduced, however investors seeking higher returns who are willing to undertake refurbishments or employ new operational strategies, have remained active.

PBSA – The Lenders Perspective - *Insight from Gavin Eustace – Head of Residential Development at Octopus Property*

While considering the current climate, we view the PBSA sector as being counter-cyclical and offering diversification to our portfolio. We have deployed over £200 million to PBSA development schemes in the past 18 months, across several locations including Bristol, Coventry and Glasgow.

The past few years have seen the PBSA market mature as an asset class and it is no longer viewed as an alternative sector. Transactions levels highlight this, with £3.8 billion completed in 2018 and £4 billion expected to have closed this year. Additionally, development activity is still pushing forward; 30,000 beds will be delivered in 2019, bringing the total stock in the UK to around 600,000 beds. The student to bed ratio, although location specific, is strong with an average of 2:1. Generally, with UK universities remaining some of the best in the world, the UK remains an attractive option to international students. We expect the student population to rise and that demand will continue to outstrip supply. Consequently, we remain buoyant on the sector and consider it to be a key part of our future growth strategy.

Alongside the PBSA asset class becoming more mainstream, the debt finance market is undergoing a similar evolution. More finance providers are realising the opportunity and are moving into the sector.

The track record of the sector allows granular analysis, and as a result debt facilities can be more accurately structured to reflect the market's experience of operational costs, tenant rates and exit yields.

As a debt lender we will look at three main factors when assessing the viability of PBSA schemes:

Location – Specifically, the university that the scheme will support, and its performance (e.g. ranking, enrolment numbers), drilling down further into the existing student to bed ratio and the pipeline of developments expected to come on-line. The micro location is also key, along with distance to the university, room mix, price and distance from amenities.

Sale or refinance strategy – This varies across borrower types with some looking to build and sell, whilst others may be building a portfolio for sale. In the latter case, the refinance

market is key to setting initial gearing (interest cover, leverage, occupancy rate, stabilisation period).

Borrower – The developer's past development experience, the choice of contractor and method of construction (traditional/modular). We also consider the chosen operator's experience alongside the strategy and target market (*Source: Cushman & Wakefield*).

12.0 COMPARABLE EVIDENCE

We have had regards to the new RICS Guidance Note for Comparable Evidence in Real Estate Valuation, 1st Edition, October 2019 relating to sourcing and analysing of comparable evidence.

We have tried to source as much comparable evidence post March 2020 (COVID-19) to reflect the current market. However, as you can appreciate there has been a lack of transactions of this nature since lockdown and as such have comparables pre-COVID. Due to the nature and size of the property there are generally less sales at this level in the market. We have additionally widened our search to other areas and as such, we have made our adjustments where necessary.

12.1 Sales:

Student Accommodation Investment Sales:

The Curve, Aldgate, London E1

This student housing block comprising 350 beds sold in September 2019 to GSA for £83,000,000 reflecting a yield of 4.00% and a price paid per bed of £238,000. The yield is reflective of its Central London location and more attractive building.

Alliott House, Forest Road, Walthamstow, London E17

This student housing development currently under construction is offering studio rooms from September 2020 on a 51 week contract ranging from £270-£309 per week. The rooms have a double bed, ensuite shower room, and kitchenette with a hob, fridge and combination microwave. The rooms are well presented and finished to a good modern specification. The property is being developed by Nido who have a number of premium Student Housing developments across London and the UK. There are a number of amenities including a cinema room, social spaces, gym, study spaces, 24 hour security, Wi-Fi and an on-site maintenance team. The room sizes typically measure around 25 sq m / 269 sq ft. The property is located in the area of Walthamstow which is an inferior location to the subject property but the comparable property is superior in specification and amenities offered.

19-29 Woburn Place, London WC1H

A large 20th century student block investment, centrally located, comprising a block of 427 rooms and understood to have been purchased by GCP Student living from Unite Group plc in March 2017 for £135,000,000, equating to 4.5% Gross Yield, reflective of its superior prime location and lease arrangement and is pre Covid-19, which we have adjusted for.

1 Town mead Road, Station Court, London SW6

184 income producing units across one asset, comprising 11 studios and 173 end-suite bedrooms, was sold in February 2017 by UBS Triton Property Fund from Imperial College London for £31,500,000, equating to 4.65% Gross Yield, reflective of its location by Imperial Wharf Station and reported superior lease agreement and pre Covid-19, which we have adjusted for.

Vacant Building Sales:**Drapers Court, Kingston Hall Road, KT1**

South Thames Colleges Group have sold the freehold interest in Drapers Court, Kingston Hall Road and the long leasehold to the car park next door to Boulton London Ltd for £8,250,000 in December 2019, pre Covid-19 on behalf of its joint venture with a group of private investors. The joint venture has bought the freehold of Drapers Court from South Thames Colleges Group, which will vacate the 50% of the building it occupied over a 12-month period. The building has an area of approximately 32,447 sq ft over six floors and is centrally located on Kingston Hall Road. The sale price equate to £254 per sq ft, reflective of its central location in Kingston and smaller size, which we have adjusted for.

Courtview House, Hampton Court Road, East Molesey, KT8

The freehold interest in Courtview House on Hampton Court Road, close by in East Molesey, was sold for £1,550,000 in November 2019. The property comprises 3,030 sq ft of basic office space, with the potential for residential redevelopment. The sale price equates to £512 per sq ft, reflective of its smaller size, which we have adjusted for.

380 Richmond Road, Kingston Upon Thames KT2

A large development site to a less central location in Kingston, was sold for £6,700,000 pre Covid-19 in February 2019. The Big Yellow Ltd is report to have purchased the freehold interest in 380 Richmond as a redevelopment opportunity. The site is reported to comprise approximately 24,610 sq ft. The sale price equates to £272 per sq ft. While further away from Kingston town centre, the property is smaller in size and thus we have adjusted for quantum.

145-155 King Street, Hammersmith, London, W6

A large commercial premises to a busier inner west London area, was sold for £18,575,000 in January 2020. The property comprises superior office accommodation and was sold to Hammersmith Council, who were in occupation of the building previously. The property comprises approximately 28,310 sq ft. The sale price equates to £656 per sq ft reflective of its superior location, use and building, which we have adjusted for. This also does not appear to be an open market transaction with the buyers already the tenants at the property.

50 Brook Green, London, W6

A large vacant site to a busier inner west London area, was sold for £19,008,442 in January 2019 pre Covid-19. The site comprises a series of older Victorian former school buildings benefitting from permitted development rights to deliver 40 private residential units with off street car parking. The existing office accommodation is arranged within four buildings, extending to approximately 2,953 sq m (31,781sq ft) Gross Internal Area. The Site extends to a total of 0.31 hectares (0.77 acres), including the 0.11 hectare (0.27 acres) shared access road. The sale price equates to £598 per sq ft overall based on the existing area. The site is in a superior location, period nature and has the benefit of consent. We have also adjusted for size quantum given the large size of the subject building.

Quayside Lodge, William Morris Way, Fulham, SW6

This commercial building to a superior inner west London area, was sold in July 2019 pre Covid-19 for £19,000,000, following the grant of planning permission for a new 10-storey residential and office development. Quayside Lodge provided approximately 32,000 sq ft of office space over three floors. The new development will comprise a new, high-quality 160,000 sq ft expansion. The new development will provide 11,500 sq ft of new office space, 110 residential units, 35% of which will be affordable housing. The property will also include 200 cycle spaces and electric car charging points. The sale price equates to £594 per sq ft but again has the benefit of planning consent and is a scheme to a busier inner London area. We have also applied a quantum discount given the larger size of the subject property.

Residential:**Studio:****39 Rivermead Close, Teddington, Middlesex TW11**

A studio flat to a modern development to a neighbouring area, was sold in October 2019 for £238,000 and was newly built. The flat comprises approximately 310 sq ft and provides a modern specification. The flat has allocated car parking. The sale price equates to £768 per sq ft.

Flat 3, Priory Court, Denmark Road, Kingston upon Thames, Surrey KT1

A studio flat to an older block to the Kingston area, was sold for £188,500 in January 2020. The flat comprises approximately 379 sq ft and provides and is basic, which we have adjusted for.

1 Bed:**Flat 61, Trafalgar Building, 15 Henry Macaulay Avenue, Kingston upon Thames, KT2**

A 4th floor apartment to a modern development to the Kingston side of the river, was sold in March 2020 for £345,000. The flat comprises approximately 511 sq ft and has a private balcony. The property has a modern fit out and has the benefit of other facilities such as concierge. The sale price equates to £675 per sq ft.

Flat 8, The Sidings, 1 Station Road, Hampton Wick, Surrey KT1

A one bedroom flat to a small development to the Hampton Wick side of the river, was sold for £375,000 in January 2020. The property comprises approximately 573 sq ft to the second floor of the block. The flat is fitted to a modern standard with a private balcony. The sale price equates to £654 per sq ft.

Flat 1, Admiralty Building, 17 Henry Macaulay Avenue, Kingston upon Thames, KT2

A one bedroom flat to the ground floor of a modern development to the Kingston side of the river, was sold in June 2020 for £380,000. The flat comprises approximately 608 sq ft and provides a good modern specification with a private decked terrace. The sale price equates to £625 per sq ft.

Flat 37, Alexander House, Royal Quarter, Seven Kings Way, Kingston upon Thames, KT2

A one bedroom flat to a modern development to the Kingston side of the river, was sold for £322,500 in January 2020. The flat comprises approximately 484 sq ft and provides good modern accommodation with balcony. The building has concierge and private gym. The sale price equates to £666 per sq ft.

2 Bed:**Flat 9, Jerome House, 6 Old Bridge Street, Hampton Wick, Surrey KT1**

A two bedroom flat to a smaller block to the Hampton Wick area, close to the station, was sold for £480,000 in March 2020. The flat comprises the top floor flat with approximately 742 sq ft. The accommodation is good but not new. The sale price equates to £647 per sq ft.

Flat 4, Admiralty Building, 17 Henry Macaulay Avenue, Kingston upon Thames, KT2

A two bedroom flat to a modern block to the Kingston side of the river, was sold for £460,000 in March 2020. The flat comprises approximately 894 sq ft to the ground floor of this block, with private patio. The flat has a modern interior and benefits from concierge services. The sale price equates to £515 per sq ft.

Flat 11, Severn Court, May Bate Avenue, Kingston upon Thames, KT2

A two bedroom flat to a development to the river side to the Kingston side, was sold for £535,000 in June 2020. The flat comprises approximately 835 sq ft to the second floor. The flat provides an inferior internal fit out but has the river view. The sale price equates to £641 per sq ft.

Flat 15, Stevens House, Jerome Place, Kingston upon Thames, KT1

A two bedroom flat to a modern development to the Kingston side of the river, was sold for £420,000 in December 2019. The flat comprises approximately 685 sq ft to the third floor and provides a good modern internal specification. The block benefits from concierge and lift services. The sale price equates to £613 per sq ft.

3 Bed:**81, Avante Court, The Bittoms, Kingston upon Thames, KT1**

A modern duplex apartment to a modern block to the Kingston side of the river, was sold for £575,000 in December 2019 pre Covid-19. The flat comprises approximately 1,152 sq ft and provides a good modern specification. The flat has a two balconies with views. The sale price equates to £499 per sq ft.

Flat 14, Lindley Court, Glamorgan Road, Hampton Wick, Surrey KT1

A three bedroom flat to an older block to the area, was sold for £465,550 in March 2020. The flat comprises approximately 900 sq ft to the first floor of the block. The flat has a good but more basic internal fit out and has a balcony and communal gardens. The sale price equates to £517 per sq ft.

2, Normansfield Court, 22 Langdon Park, Teddington, Middlesex TW11

A three bedroom flat to an attractive Grade II period building, just along from Hampton Wick Station, was sold for £695,000 in November 2019 pre Covid-19. The flat comprised approximately 1,249 sq ft of space with private courtyard space and communal gardens. The sale price equates to £556 per sq ft. While not as modern, it benefits from period features and outside space.

12.2 Lettings:

Student Letting Accommodation:

1 Penrhyn Road, Kingston upon Thames KT1

Modern student accommodation to a building right by the university is available to rent at £326 per week. This is superior deluxe studio with bed, study desk-chair, spacious wardrobe, private bathroom and a fully fitted private kitchen with a breakfast bar. The site has a gym, laundry, common room and bills are all reported included. This is superior modern student accommodation, which we have adjusted for.

Viridian Studios, Old London Rd, Kingston upon Thames, KT2

Modern student accommodation to the area, is available to let at this modern student accommodation property to the town centre, is available to rent at £275 per week. It includes lockable private bedroom having bed with under-bed storage, double wardrobe, shelving and chest of drawers for storage, study desk, kitchen with induction hob, fridge, freezer, combi microwave and bathroom. The site comes with onsite security, laundry facilities and is centrally located modern accommodation, which we have discounted for.

Malden Hall Accommodation, 240 Burlington Road, New Malden KT3

More basic modern student accommodation is offered to rent at £170 per week. The room includes a study area with a desk and chair, a single bed, storage space, and your own private ensuite bathroom. Shared kitchens include an oven, hob, fridge freezer, microwave, and a breakfast bar. We have adjusted to reflect the superior nature of the accommodation.

Vibe Student Living, 66-70 Cambridge Road Kingston upon Thames KT1

5 Bed Cluster en-suite comprises approximately 14.4 - 16sqm space. It features good storage and living space with all modern facilities. It includes shared lounge area, fully fitted shared kitchen, private bathroom, lockable private bedroom having comfortable bed, wardrobe and a study desk-chair. The site also has communal gym and common room facilities. The room has been offered to rent at £205 per week. The accommodation is superior and we have adjusted to reflect the inferior nature of the subject block.

Bedsits to private properties:

From our search of rooms available to rent to the locality to private accommodation, we note that there are rooms to rent ranging been £500 per calendar month through £800 per calendar month, depending on location, size and quality of accommodation.

Residential:

Studio:

Flat 2, 276 Kingston Road, Teddington, TW11

A first floor studio flat to a two storey conversion to the neighbouring area, was let in February 2020 at a rent of £950 per calendar month. The flat provides a good but basic landlord specification.

Flat 1, Tabard House, 22 Upper Teddington Road, Surrey KT1

A studio flat to a block to the area, was let in January 2020 at a rent of £875 per calendar month. The flat is to a smaller block and has a more dated specification but has off street parking.

John Williams Close, Kingston Upon Thames KT2

A studio flat to a modern development to the Kingston side of the river, was let in January 2020 at £800 per calendar month. The flat is small and basic, which we have adjusted for.

1 Bed:

63 High Street, Hampton Wick, Surrey KT1

A small one bedroom flat to an older development along Hampton Wick High Street, was let in May 2020 at a rent of £1,195 per calendar month. The flat provides approximately 441 sq ft and provides a fairly basic specification, which we have adjusted for.

Flat 52, Admiralty Building, 17 Henry Macaulay Avenue, Kingston upon Thames, Surrey, KT2

A one bedroom flat to a modern development to the Kingston side of the river, was let in July 2020 at a rent of £1,400 per calendar month. The flat provides good modern accommodation with balcony and concierge, which we have adjusted for.

Flat 2, Garricks House, Wadbrook Street, Kingston upon Thames, Surrey KT1

A one bedroom flat to a modern block, but not brand new, was let in July 2020 at a rent of £1,250 per calendar month. The flat provides a good specification with the benefit of the resident facilities such as concierge and gym, which we have adjusted for.

2 Bed:

Flat 3, Jerome House, 6 Old Bridge Street, Hampton Wick, Surrey KT1

A two bedroom flat to a smaller but older block to the same side of the river, was let in May 2020 at a rent of £1,500 per calendar month. The flat has an updated specification comprising approximately 812 sq ft and has the benefit of off street car parking.

Flat 3, Wren House, 2b High Street, Hampton Wick, Surrey KT1

A two bedroom flat to an older block to the area, was let in March 2020 at a rent of £1,400 per calendar month. The flat provides 710 sq ft of space with a more dated specification, which we have adjusted for.

10a High Street, Hampton Wick, Surrey KT1

A two bedroom flat close by to a Grade II building and has recently undergone a full internal modernisation, was let in August 2020 at a rent of £1,825 per calendar month.

3 Bed:

7 Union Street, Kingston upon Thames, Surrey KT1

A three bedroom flat to a development to the Kingston side of the river, was let in May 2020 at a rent of £1,795 per calendar month. The flat comprises approximately 893 sq ft and provides a modern interior.

Flat 48, Bramber House, Royal Quarter, Seven Kings Way, Kingston upon Thames, Surrey KT2

A three bedroom flat to a modern development to the Kingston side of the river, was let in January 2020 at a rent of £2,000 per calendar month. The flat provides a good modern specification with two balconies and to a block with additional facilities such as concierge and gym, which we have adjusted for.

12.3 Marketing History

The property is understood to be being purchased by the borrower at a price of £11,250,000 and has recently been on the market with agents Gerald Eve. **Your solicitors should verify the agreed sale price prior to lending.**

13.0 METHODOLOGY

This valuation is based upon the comparable method of valuation.

13.1 *Valuation as Existing*

The valuation of the existing vacant property is based upon the comparable method of valuation.

We have obtained suitable evidence of both student investment properties and larger vacant buildings to the locality with development potential and have analysed this according to many factors, most particularly, the location, specification, tenure, size (sq ft, sq m), age and re-letting opportunities. We have therefore made adjustments when comparison is made with the subject property and have combined this with our knowledge and expertise to result in our opinion of the Market Value of the property detailed further in this report.

In our opinion were the accommodation to be modernised the accommodation remains suitable in our opinion to be used as student accommodation. The building benefits from being walking distance of the main Kingston University Campus and Kingston town centre. However given the age and inferior facilities of the student accommodation, compared to evidence of modern student accommodation to the area, a significant discount from rents seen to more attractive modern student accommodation to the area must be considered. Evidence suggests rooms to purpose built modern accommodation range between £170 - £325 per week, however this is to superior accommodation with facilities. Typically these are offered on 6 or 12 month contracts. Private bedsits to housing in the locality suggest rents between £500 - £800 per calendar month.

In our assessment of the Market Rent as it exists we have considered a discounted rent of £100 per week (£5,200 per annum), reflective of the properties inferior nature. Were the property to undergo a significant modernisation programme, improved rents appear achievable based on evidence. Based on 218 rooms this equates to a gross rental income of £1,133,600 per annum, which we have rounded to £1,330,000 per annum. From this we have then made a deduction to a Net Market Rent, which will need to be considered with this type of property to reflect the incurred management costs, repairs, a profit / risk, marketing / letting costs and potentially reduced occupancy rates. We have thus considered a Net Rent of £931,000 per annum, reflective of a deduction to the rent in the order of 30%.

In our opinion with vacant possession this building will have a greater appeal to a developer such as the borrower, rather than a student accommodation operator, who would need to spend on refurbishment costs to update the building to other modern halls close by. While there is no

planning at present for a scheme at present, we consider the location of the property in Hampton Wick, right by Bushy Park / River Thames, a popular residential location, with easy access to Kingston town centre, suitable for a residential conversion.

Evidence of larger vacant building with development potential set out to the comparable evidence suggests that sale rates range between £250 - £600 per sq ft on an overall Gross Internal Area basis. The borrower is seeking to purchase the building at an agreed price of £11,250,000, which equates to £177.45 per sq ft based on our Gross Internal Area. The subject building is larger than the comparable evidence above and thus a quantum discount must be considered to reflect the greater size of the building. We thus consider the proposed price at a Market Level after factoring into account the prominent location, size quantum and dated facilities of the building. As a check we have also assessed it on a yield basis and based on our assessment of net rent of £931,000 per annum, suggests an all risks yield of 8.28%, which we consider reflective of its dated accommodation, large size and current lack of planning.

13.2 Valuation on the Special Assumption of the borrowers proposed redevelopment scheme as set out in this report:

We have adopted the residual method of valuation to arrive at a site value.

13.3 Residual Valuation Method

The residual approach is to value the completed development with all the units being sold following a suitable marketing period. The completed units may be sold to investors, or let to tenants, prior to the investment being sold. The assumed total sales proceeds are known as the Gross Development Value (GDV). From the resulting GDV are deducted construction costs, including professional fees, finance costs, sales and legal fees, developer's contingency and developer's profit. The amount by which the GDV exceeds the total costs, including developer's profit, provides the residual current day value of the property, or Market Value.

13.4 Gross Development Value

The Gross Development Value for the proposed scheme, having regard to the assumed specification, has been estimated as follows:-

Private Residential Units:

Upon completion of the borrowers proposed scheme there is to be 53 private flats (7 x Studios, 39 x 1 beds & 7 x 2 beds). The remaining 37 Affordable Housing units are separately considered below:

No	Flat type	Rent (PA)	Market Value
8	1	£14,700	£370,000

9	1	£14,820	£372,500
10	1	£15,000	£375,000
11	1	£15,000	£375,000
18	2	£18,000	£450,000
19	1	£14,700	£370,000
20	1	£14,700	£370,000
21	1	£14,820	£372,500
22	1	£14,700	£375,000
23	Studio	£11,400	£300,000
24	1	£14,700	£370,000
31	2	£18,000	£450,000
32	1	£14,700	£370,000
33	1	£14,700	£370,000
34	1	£14,820	£372,500
35	1	£14,700	£370,000
36	Studio	£11,400	£300,000
37	1	£14,700	£370,000
44	2	£18,000	£450,000
45	1	£14,700	£370,000
46	1	£14,700	£370,000
47	1	£14,820	£372,500
48	1	£14,700	£370,000
49	Studio	£11,400	£300,000
50	1	£14,700	£370,000
57	2	£18,000	£450,000
58	1	£14,700	£370,000
59	1	£14,700	£370,000
60	1	£14,820	£372,500
61	1	£14,700	£370,000
62	Studio	£11,400	£300,000
63	1	£14,700	£370,000
70	2	£18,000	£450,000
71	1	£14,700	£370,000
72	1	£14,700	£370,000
73	1	£14,820	£372,500
74	1	£14,700	£370,000
75	Studio	£11,400	£300,000
76	1	£14,700	£370,000
77	2	£18,000	£450,000
78	1	£14,700	£370,000

79	1	£14,700	£370,000
80	1	£14,820	£372,500
81	1	£14,700	£370,000
82	Studio	£11,400	£300,000
83	1	£14,700	£370,000
84	2	£18,000	£450,000
85	1	£14,700	£370,000
86	1	£14,700	£370,000
87	1	£14,820	£372,500
88	1	£14,700	£370,000
89	Studio	£11,400	£300,000
90	1	£14,700	£370,000
Totals		£780,660	£19,715,000

The above total Market Rent and Market Values upon completion of the works suggest a gross yield of 3.96%, which we consider in line for residential investment yields in this outer London area. The above are reflective of a new build premium but being in a block with a substantial volume of affordable units, which could put off prospective buyers. Were a scheme to have a greater mix of Affordable and Shared Ownership instead of all being Affordable Rent, this could improve the capital values achievable upon completion.

We would highlight that our valuation is on a break up basis if the building were to be retained as a single freehold investment property then a discount would be required to reflect a quantum for multiple units.

Affordable Housing (EUV-SH Value)

We have been advised that all units will be classed as Affordable Rent. If this proves to be incorrect we reserve our right to amend our opinion of EUV-SH for this Section 106 package.

Discount Rate

The discount rate is the key variable in the DCF technique. Effectively, the discount rate is representative of both the long term cost of borrowing for an acquiring organisation and the risk implicit in the property portfolio concerned. When arriving at an appropriate discount rate we have taken into account the current level of long-term interest rates as well as the overall cost of funds and risk.

The yield on 30 year Gilts is around 1.84% (Bloomberg, 2018), which is effectively the risk free rate. In addition, yields on Housing Association bonds are typically around 3% (Social

Housing, 2018). To establish the risk premium associated with the subject property we have analysed it in terms of location, risks, liquidity and voids.

Based on the above analysis we have arrived at a discount rate of 6.50%.

Growth Rate

The DCF calculation makes specific assumptions as to the rate at which the various elements of the calculation will change in the future. For the purpose of this valuation we have assumed that the gross income and costs will increase at RPI + 0.5%. We have relied upon the forecast provided by Statista (2019) as follows:-

Year	%
2019 – 2068	3.00

Affordable Rent

To establish value of the affordable rent units we have used the investment and comparable methods of valuation. We have used a discounted cash flow (DCF) technique over a 50 year period by discounting the future net income at an appropriate discount rate. When valuing the Affordable Rent units our key assumptions are as follows:-

Management & Administration Costs	£600 per unit
Bad Debts and Voids	4%
Repairs	£750 per unit
Cost Growth Inflation	1%
Discount Rate	6.50%

We have assumed that the rents will increase by CPI + 1% into perpetuity and have modelled this growth in our discounted cash flow.

In assessing the Affordable Rent we have used the Local Housing Association Rates, which are as follows for the Outer South West London BRMA:

One Bedroom Rate:	£241.64 per week
Two Bedrooms Rate:	£304.93 per week
Three Bedrooms Rate:	£368.22 per week
Four Bedrooms Rate:	£494.79 per week

From our calculations we have assessed a total Affordable Rent of £599,849.12. Based on the above inputs and LHA rates we have assessed the rounded EUV-SH Value for the proposed Affordable Housing at £11,935,000.

Gross Development Value (GDV):

Following the above assessment of the above on a break up basis we detail the following combined total GDV, assuming the full completion of the proposed scheme, assuming planning and completion of works to a good standard and in accordance with building regulations is as follows:

Private Residential Units:	£19,715,000
Affordable Housing (EUV-SH Value):	£11,935,000
Gross Development Value	£31,650,000

13.5 Appraisal Costs**Site Costs**

Stamp Duty:	£709,228 (non-residential transaction)
Legal Fees:	0.35% of purchase price
Site Agency Fees	1.0% of purchase price
Site Surveys	£10,000
CIL	£238,680 (Solicitors to verify all liability)
S106	£250,000 (Solicitors to verify all liability)

Construction

Build / Refurbishment Costs:	Residential: £7,736,500 (£135 per square foot)
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Additional Build Costs

Insurance	£25,000
Building Regulations:	£225,000
Defects Warranties (NHBC)	£225,000
Professional Fees:	10.0% of build costs
Contingency:	7.5% of build costs

Other Fees

Finance:	7.0% (plus fees)
Sales fees:	1.50% of GDV
Legal fees:	0.35% of GDV
Developer's Profit:	20.00% on cost

Our residual value suggests a 'site value' of approximately **£13,700,000** based on the various inputs within the appraisal, which are susceptible to change, as attached at **Appendix 6** of this report.

Following the granting of any planning consent by the local authority the final proposal and consent may well differ from that which is reported above and we would be required reassess our advise accordingly.

In reaching our assessment of the Gross Development Value, it is assumed that construction works and final finishes will be carried out to a standard as described above.

We assume that the proposed works will be carried out in accordance with the conditions imposed by the planning permission granted and to standards prescribed by current building regulations. We reserve the right to alter our opinion of the Gross Development Value following approval of the reserved matters and subject to carrying out a final inspection upon practical completion of the development.

We would stress that any value produced by the residual valuation method is potentially very volatile, as it is sensitive to a wide range of inputs, such as construction costs, interest rates and resale values. Due to the residual nature of the exercise, relatively small changes in the costs or revenue can have a disproportionately large impact on the value of the site. In the event, therefore, that any of these variable factors change in any material way, we should be notified immediately, as any significant alteration, in either direction, could impact adversely on value.

We have based our costs on those available from the Building Cost Information Service (BCIS). We therefore consider that it should be possible to complete the project within the costs figure indicated. However, we would recommend that the Bank seeks advice from a reputable firm of Quantity Surveyors, who would be in the best position to verify costs and to comment upon any technical issues that might arise, following the approval of the reserved matters. Should the construction costs assumed in our appraised be significantly different to those advised by the Bank's Quantity Surveyors, we reserve the right to review and alter our valuations, as necessary.

14.0 LOAN SECURITY

In setting the loan facility, the Bank must consider the factors noted within this report and that the valuation is carried out as at the valuation date. The Bank must also be aware that values can fall, as well as rise, over time and can change rapidly in periods of economic decline and uncertainty.

The bank should be aware that any proposed planning permission maybe subject a section 106 agreement or CIL Liability. In either case we recommend the bank ensures that this is verified prior to the release of funds. If this is found to be the case we reserve our right to review our valuation advise.

The subject building is currently greater than six storeys (18 metres) and is living accommodation. Therefore, we will require a cladding expert report as a condition of any loan to assess this and we reserve the right to amend our valuation if necessary and /or to offer suitable recommendations regarding loan security. The expert will need to complete a EWS form, which will be sent over to the bank for assessment prior to deciding to provide a loan.

However given the age of the building we would recommend that a survey is carried out by an appropriately qualified asbestos surveyor to ascertain the nature, location of any asbestos containing materials and required remedial works and cost, which should be referred back to us for further comment.

Your solicitors should verify all valuation assumption set out this report prior to lending.

There may be volatility in the property markets this year and in early 2021, in particularly in the retail sector. Lenders should be aware of this and we assume they have already factored this into their lending policies.

We cannot advise without sales evidence how much loss, if any, will be seen when the market and economy are allowed to function again. We can only advise that there will be little if any sales activity in the market in the short term and lenders must anticipate holding on to any asset for the longer term and ensure that they only lend at low LTV ratios.

We do believe that the property would offer adequate security for the loan, assuming that in accordance with best commercial practice, such loan is for a sensible portion of the Market Value reflecting the risks noted above.

15.0 VALUATION

We submit the following opinions of value as at **25th September 2020**:-

- (a) The **Market Value** of the Freehold interest of the subject property, is **£11,250,000 (Eleven Million Two Hundred and Fifty Thousand Pounds)**
- (b) The **Market Value** of the Freehold interest of the subject property, on the **Special Assumption** that the planning permission is granted for the borrowers redevelopment proposal as set out to this valuation report, is **£13,700,000 (Thirteen Million Seven Hundred Thousand Pounds)**.
- (c) The **Gross Development Value** of the Freehold interest of the subject property on the **Special Assumption** that the property has been developed in line with the proposed planning consent to a standard as set out within the report, is **£31,650,000 (Thirty One Million Six Hundred and Fifty Thousand Pounds)**.
- (d) The **Market Rent** of the Freehold interest in the subject property as it exists as student accommodation is **£931,000 (Nine Hundred and Thirty One Thousand Pounds) per annum**.

Valuation Note:

The above Market Rent assumes that each room is let subject to a standard Assured Shorthold Tenancy Agreement for an initial fixed term of 6–12 months.

- (a) The **Reinstatement Value** of the subject property for insurance purposes, as a guide only, is a figure in the region of **£14,400,000 (Fourteen Million Four Hundred Thousand Pounds)**.

Valuation Note:

The above is provided for guidance without any liability. We assume clearance and reinstatement using modern methods and materials. The figure is not reflective of any extra costs relating to conservation area status or listed buildings (or indeed proximity to listed buildings). It does not include VAT.

The above figure should not be relied upon, prior to building surveyor or other professional with replacement costs experience, undertaking a formal reinstatement valuation to confirm the above is accurate.

16.0 VALUATION STIPULATIONS

Valuation Basis

Where Copping Joyce are instructed to provide valuations on the basis of limited marketing/disposal periods, we draw your attention to the guidance provided by the **RICS Valuation – Global Standards effective 31 January 2020, incorporating the IVSC (International Valuation Standards updated and effective 31 January 2020)**, that an opinion under such circumstances is only valid at the valuation date and may not be relied upon in the event of a future default when market conditions and sale circumstances may be different.

Disposal Costs Taxation and Other Liabilities

No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages or other charges, which may be secured thereon. Furthermore, no allowance is made to reflect any liability to repay any government or other grants or taxation allowance that may arise on disposal.

Unless otherwise stated, no allowance is made for the possible impact of potential legislation which is under consideration and valuations are prepared and expressed exclusive of VAT payments.

Documentation

We do not normally read documents of title and rarely have access to full lease documentation. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature, which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers.

Tenants

Although we reflect our general understanding of a tenant's status in our valuations, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

Measurements

All measurements are carried out in accordance with the RICS Property Measurement, 2nd Edition January 2018, effective 1 May 2018 (where applicable) and the RICS Code of Measuring Practice (6th Edition), both issued by the Royal Institution of Chartered Surveyors, except where specifically state that we have relied on another source. The areas adopted are purely for the purpose of assisting us in forming an opinion of rental or capital value. They should not be relied upon for other purposes nor used by other parties without our written authorisation.

Estimated Rental Value

Our opinion of rental value is formed purely for the purposes of assisting in the formation of an opinion of capital value. It does not necessarily represent the amount that might be agreed by negotiation, or determined by an Expert, Arbitrator or Court, at rent review or lease renewal. This statement does not apply to our opinion of Market Value.

Town Planning and Other Statutory Regulations:

Information on town planning is, wherever possible, obtained either verbally from local planning authority officers or publicly available electronic or other sources. It is obtained purely to assist us in forming an opinion of capital value and should not be relied upon for other purposes.

It is assumed that the property has been constructed in full compliance with valid Town Planning and Building Regulation approval and it is not subject to any outstanding statutory notice as to its construction, use or occupation. Unless our enquiries have revealed the contrary, it is further assumed that the existing use of the subject premises is duly authorised or established and that no adverse planning conditions apply.

If reliance is required we recommend that verification be obtained from lawyers that:-

- I. the position is correctly stated in our report;
- II. the property is not adversely affected by any other decisions made, or conditions prescribed, by public authorities;
- III. that there are no outstanding statutory notices.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and EC regulations, including fire regulations, access and use by disabled persons and control and remedial measures for asbestos in the workplace.

Structural Surveys

We have not been instructed to carry out a structural survey and have not inspected woodwork or other parts of the property that are covered, unexposed or inaccessible and

such parts will be assumed to be in good repair and condition. We do not test the services and we therefore do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention. Unless stated otherwise in our reports we assume any tenants are fully responsible for the repair of their demise either directly or through a service charge.

This valuation does not purport to express an opinion about or to advise upon the condition of un-inspected parts and should not be taken as making any implied representation or statement about such parts.

Deleterious Materials

We do not normally carry out investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

Cladding

There is current Government Guidance in respect of cladding. This is contained in ADVICE NOTE 14 MHCLG/BSP/18/12/2018. Full retentions must be imposed pending the results of any cladding tests. In the aftermath of Grenfell, Government advice and guidance has evolved and indeed will continue to do so, specifically around the use of combustible materials in high-rise blocks. Building Regulations have also been subject to review and updating. In December 2018, the Government banned the use of combustible materials in high rise buildings and based on numerous studies into cladding (not exclusively fire related), issued Advice Note 14 which addressed cladding materials other than ACM. It requires the 'responsible person', to assess the 'cladding system' generally in relation to combustibility, but specifically to assess whether the 'system' had been correctly installed and subsequently maintained in accordance with manufacturers recommendations. This advice note threw doubt on the adequacy of cladding fixings and the existence/adequacy of fire stops and cavity barriers all of which form an integral part of the 'system' and help ensure fire safety.

If cladding is located then we will require a cladding expert report to assess and we reserve the right to amend our valuation if necessary and /or to offer suitable recommendations regarding loan security.

In arriving at the valuation for mortgage purposes, we will rely on the EWS1 form in good faith as completed by a professionally qualified third party. There is, however, no liability on us for any losses or potential losses arising directly and solely from the valuation being provided in

reliance upon the EWS1 form. If you require further information, then please seek independent advice prior to providing any lending on the property.

Site Conditions

We do not normally carry out investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

Insurance

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms, for example in regard to Composite Panels, Terrorism, Flood and Rising Water Table.

NHBC (Applicable to New Build projects or buildings erected in the last ten years)

The 2013 edition of the NHBC Standards came into effect for every NHBC registered home where works were started on or after 1 January 2013. This is an essential part of risk management to ensure buildings are constructed to the correct standards. This keeps potential problems to a minimum, benefitting both homeowners and builders. We assume that the subject property benefits from the required certification and we recommend your legal advisers confirm this is correct prior to capital advance. This could potentially impact on any resale and the valuation provided herein. We have assumed that the property has the necessary warranties and we reserve the right to review our valuation if this is not the case.

Outstanding Debts

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

17.0 GENERALLY

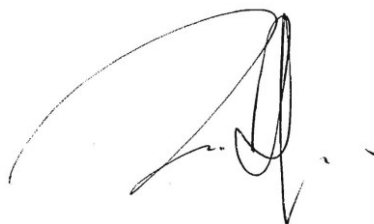
Edward Scott MRICS inspected the property. The valuation has been undertaken by Edward Scott MRICS. We confirm that both the above-named and Copping Joyce, the firm, are independent valuers as defined by PS 2 of the, *'The Red Book'*. Edward Scott MRICS has the relevant experience in valuing the type of property concerned in the particular location and is an RICS Registered Valuer.

Our Valuations and Reports are confidential to the party to whom they are addressed and for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties.

Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.



.....
Edward Scott MRICS
RICS Registered Valuer



.....
Richard Alford BSc (Hons) MRICS
RICS Registered Valuer

For and on behalf of
COPPING JOYCE SURVEYORS LIMITED
Report Date: 14th October 2020
ES / L1884

Appendices

- 1 Letter of Instruction
Letter of Acknowledgement
- 2 Location Map
Land Registry Plan
- 3 Photographic Record
- 4 Proposed Plans
- 5 Residual Valuation

Our Ref: No. WEM/49/Westcombe

Date: 21.09.2020

COPPING JOYCE CHARTERED SURVEYORS LLP
27 PHIPP STREET
LONDON EC2A 4NP
valuation@coppingjoyce.co.uk
CGeorgallis@coppingjoyce.co.uk

BY FAX & POST
0207 749 1042

Dear Mr. Alford,

RE: FULL VALUATION REPORT FOR BANK'S LENDING PURPOSE TOGETHER WITH ECONOMIC VIABILITY OF PROJECT – AS WELL AS VERIFICATION OF COST OF CONSTRUCTIONS AND THE GDV OF THE PROJECT (INCLUDING THE FLATS WISE ANTICIPATED MARKET VALUE) ESTIMATED BY THE BORROWERS

RE: ACQUISITION AND DEVELOPMENT OF PROJECT into 99 Flats (8*studio flats, 60*1 bedroom flats, 14*2 bedroom flats, 17*3 bedroom flats), AT Kingston Bridge House, Church Grove, Hampton Wick, KT1 4AG

RE: Westcombe Developments Limited “THE BORROWERS”

Westcombe Developments Limited has applied for a credit facility for the acquisition and development loan facility for the acquisition and development of the above project, to develop **99 Flats (8*studio flats, 60*1 bedroom flats, 14*2 bedroom flats, 17*3 bedroom flats)**. Their project is under consideration and the same is subject to satisfactory security being made available together with satisfactory report on Economic Viability of the project.

We enclose herewith the following documents received from Westcombe Developments Limited in the subject matter for your verification, comments and to prepare full valuation report for Bank's lending purpose.

1. Project Appraisal for development of **99 Flats (8*studio flats, 60*1 bedroom flats, 14*2 bedroom flats, 17*3 bedroom flats)**
2. Cash Flow – Statement of Construction Costs.
3. Drawings and Proposed application details: - Please obtained the same directly from the customer.
4. Any other papers/information you may require to prepare the above full valuation report for Bank's lending purpose, you may contact/obtain from the company.

The subject properties will form the securities to the Bank, towards the credit facilities/ Development Loan once sanction to them. We request you to please carry out the Full Survey/Valuation of the above properties together with report on economic viability of the project as well as verification of cost of constructions projected/estimated by the borrowers for their proposed planning permission for 99 Flats.

Please advise us the

1. The Present Market Value of the site.
2. The Anticipated Market value of the site on the assumption that Planning permission is granted as per the application of the proposed borrower.
3. Estimated cost of civil works/development including contingencies as per the proposed planning application i.e. for 99 Flats (8*studio flats, 60*1 bedroom flats, 14*2 bedroom flats, 17*3 bedroom flats)
4. Report on Economic viability of the project (Considering geographical and market condition) and verification of cost of construction projected by the borrower.
5. The market value of the project after development (GDV) and also provide the Flat wise break-up of the GDV i.e. the Market value of each flats on completion of the development as anticipated by the proposed borrower.
6. Reinstatement value (for comprehensive building insurance),
7. Please confirm that there is no conflict of interest.

Please note that your valuation report will form the basis for financial decision to be considered by the Bank. Your inspection, economic viability report of the project, verification of estimated cost of constructions and valuation should be in accordance with the current practice statements, guidance notes and appendices of the latest edition of the RICS Appraisal and Valuation Standards (the "Red Book").

Please specify the date of inspection and the name and qualifications of the person who visited the properties and confirm that the person has relevant experience and knowledge of valuing the type of property/development project concerned in the particular locality. Moreover, please confirm that the valuer is an external valuer as defined in the "Red Book".

Please forward your Full Valuation Report together with reports on Economic Viability of the project and verification of cost of constructions/development as estimated by the borrower to the Bank and one copy directly to bank solicitor..... Detail will be communicate to your good office in due course.

Please contact Mr. Kamal Pankhania on his mobile no. 07799405000 to agree your fees and fix an appointment for the valuation. The Valuation Report is required urgently. Please incorporate your certificate in your valuation report that the valuation and the economic viability report of the project and verification of cost of constructions of as estimated by the borrower have been carried out in terms of RICS Appraisal & Valuation Manual amended up to date.

We understand that you have adequate professional indemnity policy schedule/certificate to cover the total project cost. Please also provide a copy of the same for our record.

Kindly acknowledge the receipt of this instruction.

Thanking you.
Yours sincerely,

Manager
c.c :- Westcombe Developments Limited



Established 1898
CHARTERED SURVEYORS

Mr Ramesh Mishra
Manager
Bank of India
Wembley Branch
714-716 Kenton Road
Harrow
Middlesex
HA3 9QX

24th September 2020
Our Ref: ES/ct/L1884
Your Ref: WEM/49/Westcombe
E-mail: escott@coppingjoyce.co.uk
Direct Tel: 020 7749 1046

Dear Mr Mishra

**PROPERTY: KINGSTON BRIDGE HOUSE, CHURCH GROVE, HAMPTON WICK
KT1 4AG**
BORROWER: WESTCOMBE DEVELOPMENTS LIMITED

Thank you for your instructions dated 21st September 2020 received by e-mail on 24th September to carry out a valuation of the above property.

We confirm we have professional cover in place and that we have the necessary expertise to carry out this valuation.

We confirm that we do not have a conflict of interest in carrying out this instruction. We have no prior involvement with the owners, purchasers or the property itself, save as now advised in writing to you, and undertaking valuations of other properties for this Borrower on your behalf.

The Bank should be aware that Copping Joyce has carried out valuation work for the borrower in the past. We do not believe that there is any conflict of interest.

We submit below our understanding of the specifics of the instruction:-

Client:	Bank of India
Borrower:	Westcombe Developments Limited
Property:	We have not been provided with a Title Plan confirming boundaries.
Interest:	Freehold

Cont'd/ ...



28-30 Worship Street London EC2A 4AH
Professional Department 020 7749 1040 Commercial Department 020 7749 1041 Fax 020 7749 1042
info@coppingjoyce.co.uk www.coppingjoyce.co.uk





Job No: L1884/Mr Ramesh Mishra, Bank of India

24th September 2020

Re: Kingston Bridge House, Church Grove, Hampton Wick KT1 4AG

Purpose of Valuation: Loan Security

Type of Property: Residential

Valuer: Edward Scott BSc (Hons) MRICS - RICS Registered Valuer

Basis of Value: **See below**

1. Present Market Value of the site.
2. The Anticipated Market Value of the site on the assumption that Planning permission is granted as per the application of the proposed borrower.
3. Estimated cost of civil works/development including contingencies as per the proposed planning application i.e. for 99 Flats (8 *studio flats, 60 *1 bedroom flats, 14 *2 bedroom flats and 17 *3 bedroom flats).
4. Report on Economic viability of the project (Considering geographical and market condition) and verification of cost of construction projected by the borrower.
5. The Market Value of the project after development (GDV) and also provide the flat wise break-up of the GDV i.e. the Market Value of each flats on completion of the development as anticipated by the proposed borrower.
6. Reinstatement Value (for comprehensive building insurance).

Date of Valuation: 25th September 2020 (Date of inspection)

Assumptions: Otherwise than standard assumptions noted within our General Terms of Business, assumptions will be agreed prior to finalising the report.

Fee: The fee is agreed at **£6,000 plus VAT which I understand is payable by the Banks Borrower: Westcombe Developments Limited.**

Other: This letter should be read in conjunction with our General Terms of Business, attached to this letter.



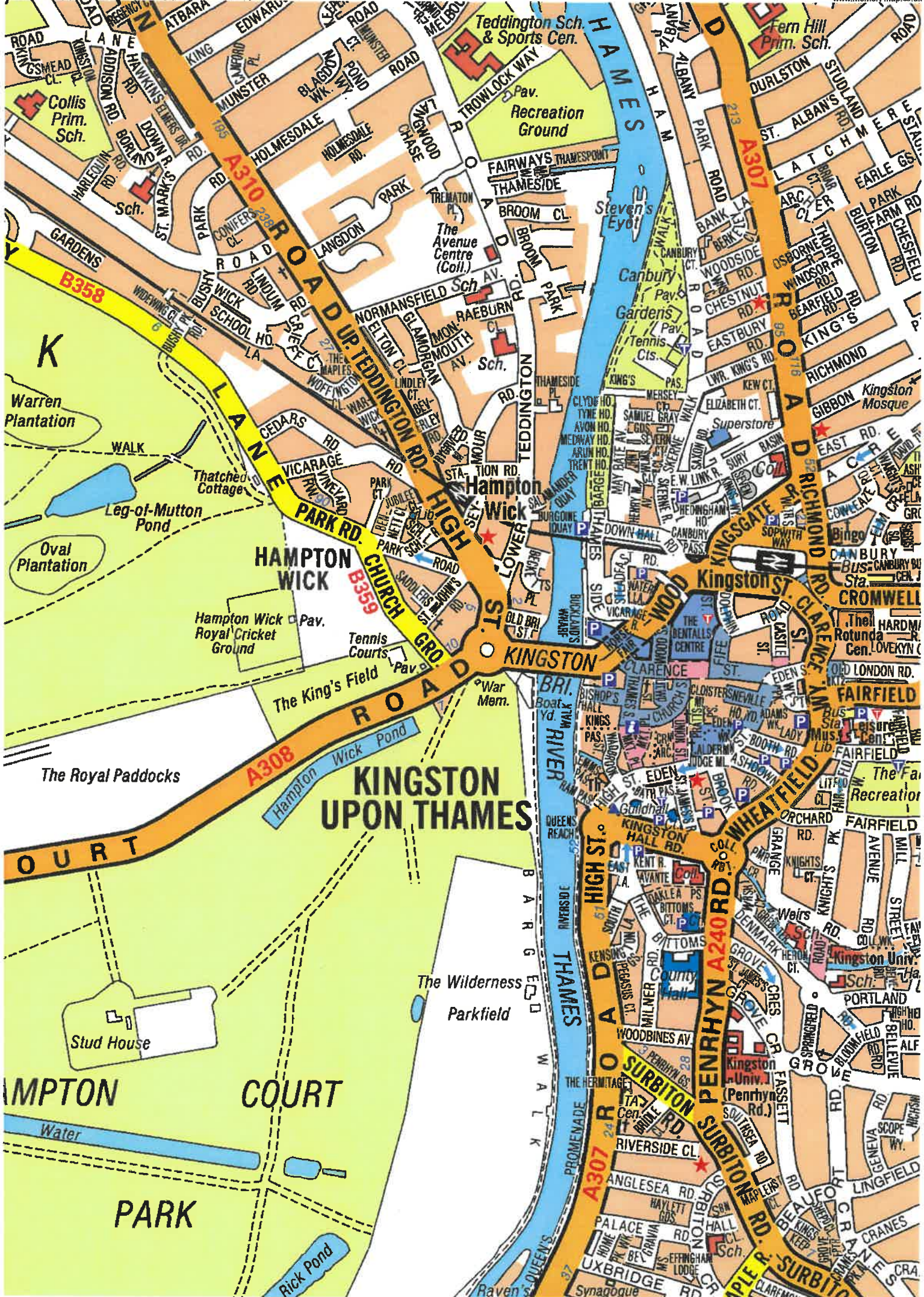
Finally, we are required to advise you that this valuation may be subject to monitoring under The Royal Institution of Chartered Surveyors Conduct and Disciplinary Regulations and that our Complaints Procedure is available on request.

I trust the above meets with your approval, but should you have any queries please do not hesitate to contact me.

Yours sincerely

**Edward Scott BSc (Hons) MRICS
COPPING JOYCE SURVEYORS LIMITED**

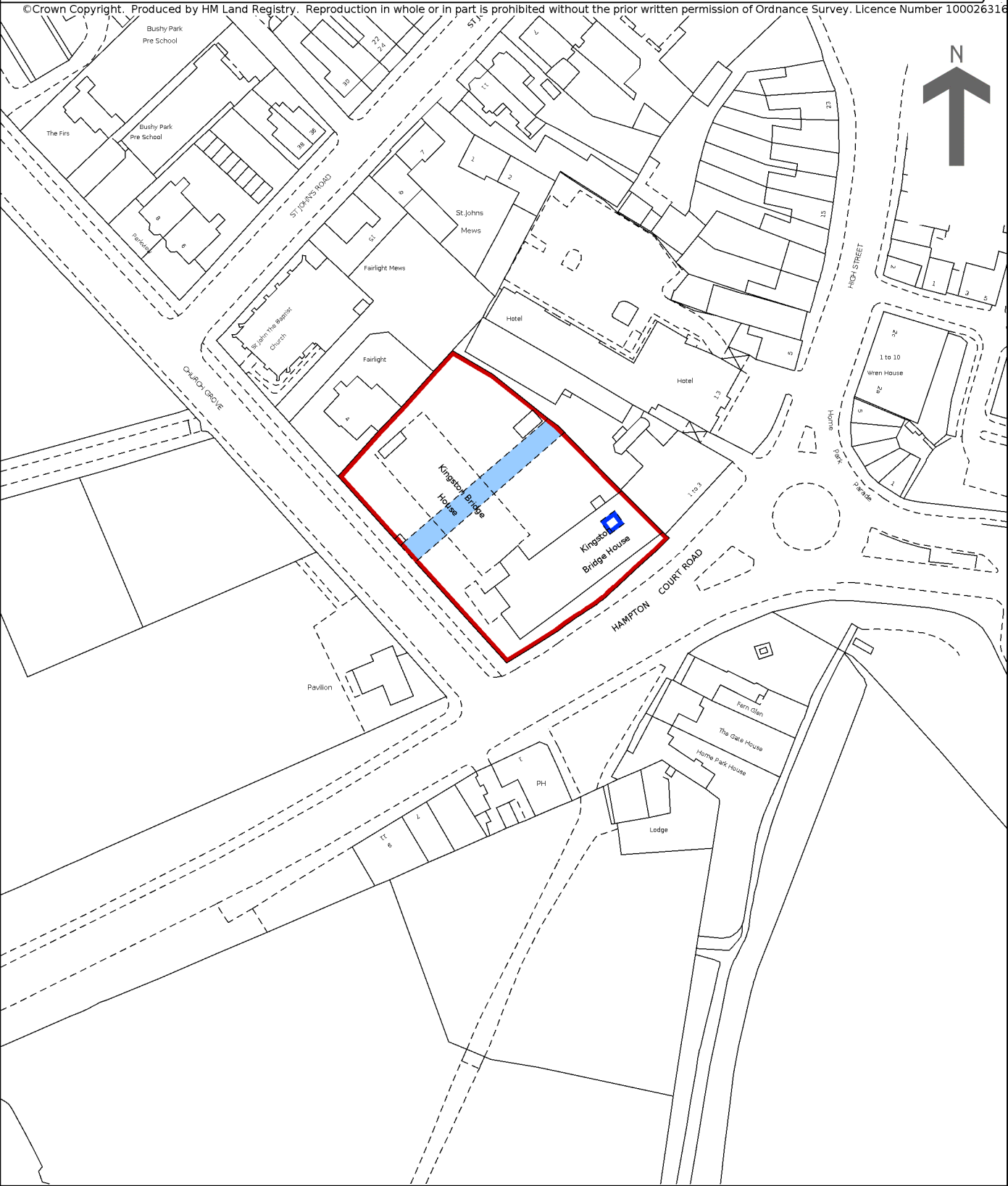
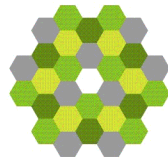
Enc



HM Land Registry

Current title plan

Title number **MX416937**
Ordnance Survey map reference **TQ1769SW**
Scale **1:1250**
Administrative area **Richmond upon Thames**



This is a print of the view of the title plan obtained from HM Land Registry showing the state of the title plan on 02 October 2020 at 15:04:21. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

This title is dealt with by HM Land Registry, Telford Office.



Front Elevation



Rear Elevation



Rear Elevation



Street Scene to Church Grove



Street Scene to Hampton Court Road



Undercroft Area



Right of Way Over Car Park



Rear Car Park 1



Rear Car Park 2



Rear Roof



Entrance to Block



Communal Corridor



Communal Area



Lift Area



Laundry Area



Sample Kitchen



Sample Kitchen



Sample Kitchen



Sample Kitchen



Sample Room 1



Sample Room 2



Sample Room 3



Sample Room 4



Sample Room 5



Sample Room 6



Sample Shower



Sink Units to Rooms



WC & Shower



WC



Rev	Date	Description



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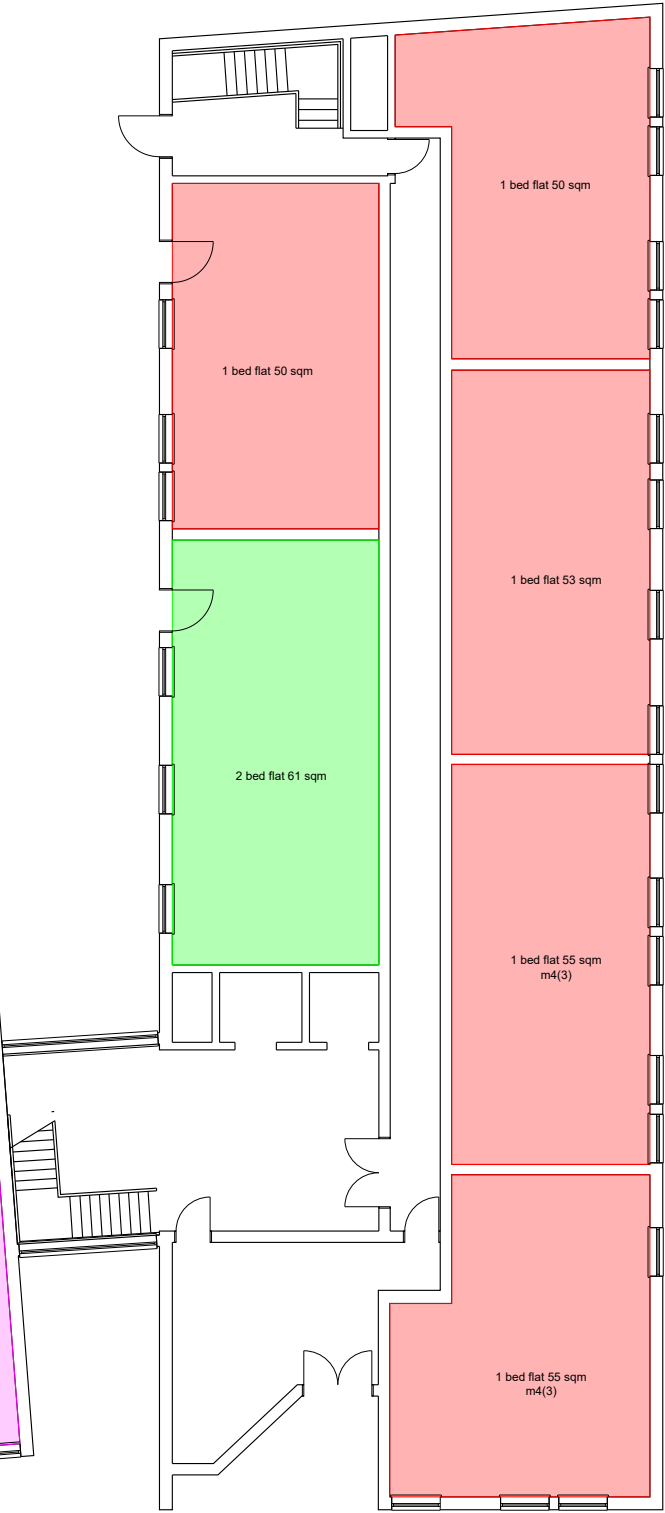
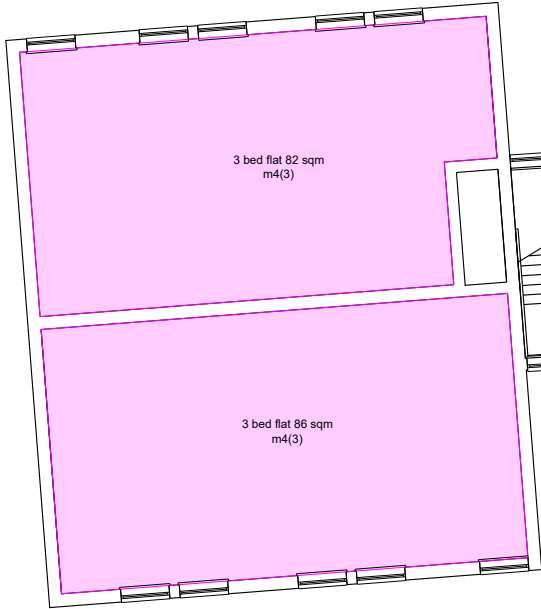
69-71 WINDMILL ROAD, SUNBURY,
MIDDLESEX, TW16 7DT
TEL: 0800 0438838
E-MAIL: INFO@FLUENT-ADS.CO.UK
WEB: FLUENT-ADS.CO.UK

Kingston Bridge House
Church Grove, Hampton Wick

Proposed Site Plan



Scale 1:500 @ A3	Dwg No. FLU.1191.08
Date 16.05.20	Rev B
Drawn N.Millin	



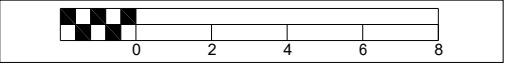
Rev	Date	Description

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Kingston Bridge House
Church Grove, Hampton Wick

Proposed Ground Floor Plan



Scale 1:200 @ A3	Dwg No. FLU.1191.09
Date 16.05.20	Rev
Drawn N.Millin	D



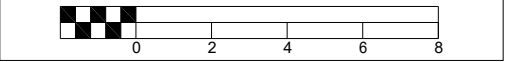
Rev	Date	Description

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Kingston Bridge House
Church Grove, Hampton Wick

Proposed 1st - 5th Floor Plan



Scale 1:200 @ A3	Dwg No. FLU.1191.10
Date 16.05.20	Rev B
Drawn N.Millin	



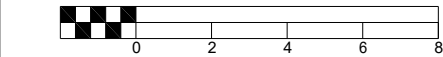
Rev	Date	Description

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Kingston Bridge House
Church Grove, Hampton Wick

Proposed 6th-7th Floor Plan



Scale 1:200 @ A3	Dwg No. FLU.1191.11
Date 16.05.20	Rev
Drawn N.Millin	B

Kingston Bridge House, Church Grove, Hampton Wick, KT1 4AG

25-Sept-2020

Residual Report

Kingston Bridge House (57,308.00 / 51,577.20)

Private (53 Flats)	29,041.00	Value / unit = 678.87	Value	19,715,000
Affordable (37 Flats)	28,266.00	Value / unit = 422.24	Value	11,935,000
			Gross Value	31,650,000
			Net Value	31,650,000

Total Development Value 31,650,000

Build Costs	Gross Area	Build Rate	Build Total
Kingston Bridge House	57,308.00	£135.00	7,736,580
TOTAL	57,308.00		7,736,580

Site Costs	Amount	Basis	Total
Stamp Duty	709,228	Fixed amount/scheme	709,228
Legal Fees	0.350%	Site Costs	47,932
Site Agency Fees	1.000%	Site Costs	136,950
Site Survey	10,000	Fixed amount/scheme	10,000
CIL	238,680	Fixed amount/scheme	238,680
Section 106	250,000	Fixed amount/scheme	250,000
TOTAL			1,392,790

Additional Build Costs	Amount	Basis	Total
Insurance	25,000	Fixed amount/scheme	25,000
Building Regulations (90 flats)	225,000	Fixed amount/scheme	225,000
NHBC (90 flats)	225,000	Fixed amount/scheme	225,000
TOTAL			475,000

Fees	Amount	Basis	Total
Professional Fees	10.000%	Build Costs	773,627
Contingency	7.500%	Build & Additional Build	710,518
TOTAL			1,484,145

Sales Costs	Amount	Basis	Total
Legal Fees	0.350%	Sale Costs	110,775
Agents Sale Fees	1.500%	Sale Costs	474,750
TOTAL			585,525

Finance	Ratio	Interest Rate	Maximum Exposure	Total Borrowing	Total Interest
EQUITY / 0.000%	50.00%	0.000%	13,420,998	13,666,540	-
New Loan / 7.000%	50.00%	7.000%	11,766,666	12,659,969	1,006,572
TOTAL					1,006,572

Development Costs	12,680,303
Development Costs including Site	26,375,303
Net Profit	5,274,697
Residual Site Value	13,694,999
