

# Barnes Hospital, South Worple Way SW14 8SU

## Viability Update and Response

**DRAFT**

Prepared for  
LS Estates

## Instructions

This Viability Update and Response (VUR) is submitted to the London Borough of Richmond Upon Thames (the Council) in relation to the proposed development at Barnes Hospital, South Worple Way SW14 8SU (the Subject). This VUR has been prepared on behalf of LS Estates (the Applicant).

In producing this VUR we can confirm that all those involved, including sub-consultants, have acted objectively, impartially and without interference. Additionally, all those involved have considered how the proposed development will be delivered and the associated performance metrics. The conclusions of this assessment have been made with reference to all the appropriate guidance / policy including:

- National Planning Policy Framework (updated July 2021);
- Planning Practice Guidance (PPG) – Viability (updated September 2019);
- RICS Assessing viability in planning under the National Planning Policy Framework 2021 for England, 1<sup>st</sup> Edition (March 2021); and
- RICS Financial Viability in Planning: Conduct and Reporting 1st Edition (May 2019).

This VUR has been carried out with regard to the Professional and Ethical standards set out within PS2 of the RICS Valuation – Global Standards 2022 (the Red Book), effective from January 2022.

A copy of our Terms of Engagement are attached at **Appendix 1**.

We confirm that this report and all subsequent engagement with the Council and their Reviewer has and will be conducted in a reasonable and transparent manner.

## Confidentiality

We understand that this VUR will be submitted to the Council as a supporting document to the planning application. The report must not be recited or referred to in any document (save the consultants instructed by the Council to review the report) without our express prior written consent.

## Report Limitations

Please note that the advice provided on values is informal and given purely as guidance. Our views on price are not intended as a formal valuation and should not be relied upon as such. No liability is given to any third party and the figures suggested are not in accordance with the RICS Valuation – Global Standards 2022 (incorporating the IVSC International Valuation Standards), together the 'Red Book', and neither Savills nor the author can accept any responsibility to any third party who may seek to rely upon it, as a whole or any part as such.

## Residential Market Update

The UK economy continues to experience inflationary pressures against the backdrop of faltering economic growth and continued concerns over the cost of high energy costs, following the ongoing war in Ukraine. The Bank of England has sought to address this by increasing interest rates, while the government has stepped in to insulate households and businesses from much of the increase in wholesale energy prices. Financial markets remain under close watch after a period of disruption and resulting volatility, but the UK government has managed to restore confidence in their ability to manage public finances, and bond yields have fallen by around 100bps since peaking last October at around 4.5%.

There remains concern as to how the UK economy will perform in the short term and the IMF are amongst those who have issued a bearish assessment for the short-term outlook, whilst some bankers and other commentators have issued a more upbeat outlook, although nonetheless subject to challenges. There are some encouraging signs that the recent economic disruption is starting to stabilise insofar that the inflation curve points to a marked reduction in inflation over the next 6 to 12 months, SONIA interest rates have tightened, and lenders continue to re-emerge in the UK residential market and lending rates have begun to fall.

Whilst the UK economy narrowly avoided falling into recession in 2022, the economic outlook for the next 12 months remains muted. Continued industrial action in the public sector, coupled with the prolonged hostilities in Ukraine and a weak consumer economy are also likely to impact economic performance. Nonetheless as inflationary pressures start to potentially subside the Chancellor is coming under increasing pressure to reduce taxes as the UK moves towards a probable General Election in the mid part of 2024.

Although the Bank of England has continued to raise base rates, analysts predict that they are nearing the peak, and may end by the middle of the year. Nonetheless, it is difficult to predict precisely what the future holds for the mainstream housing market. There continues to be a period of reduced confidence and uncertainty in the mainstream market. A lot will depend on the impact on the cost and availability of mortgage debt over the medium term and the extent to which policymakers and lenders seek to mitigate the potential impact of a sharp increase in interest rates.

Considerable financial strain has been put on existing borrowers who are already on a standard variable rate and will impact borrowers who are coming to the end of a fixed rate deal. This is likely to result in lower transactional volumes over the next 6 to 12 months, combined with downward pressure on prices. However, rates for new mortgages have been slowly falling since the turmoil created by the mini budget in September 2022, which provides a clear indication that the financial markets consider that base rates will be reduced towards the latter end of 2023 and which will assist in improving liquidity in the residential markets.

It is therefore important to recognise that our Financial Viability Assessment report has been prepared against the backdrop of a very challenging economic outlook and financial market instability. We stress the importance of the assessment date and recommend that the value of the property is kept under regular review. For the avoidance of doubt, our assessment is not reported as being subject to 'material valuation uncertainty' as defined in the RICS Valuation – Global Standards.

## **Conflicts of Interest**

We can confirm that we are not aware of any conflicts of interest between Savills and either the Applicant, the Council or the Subject.

## **Declaration of Previous Involvement with Local Planning Authority**

We confirm that we are unaware of any relevant previous material involvement with the Local Planning Authority.

## **Date of Appraisals**

The date of the Appraisals is the date of this VUR.

## Confirmation of Reporting Timescales

We can confirm that an adequate amount of time has been allowed for in the preparation of this report and the timeframes stated within our Terms of Engagement were not extended.

## Signatures to the Report

Prepared by: Charlie Mitchell MRICS



Associate

Reviewed by: Gareth Turner MRICS



Director

# Contents

1.	Executive Summary	5
2.	Information Relied Upon	8
3.	Methodology	9
4.	Site Value Benchmark	10
5.	Proposed Development Revenues	15
6.	Proposed Development Costs	16
7.	Conclusions	17

## Appendices

**Appendix 1 Savills Response – March 2022**

**Appendix 2 AUV Care Home Plans**

**Appendix 3 BNP Care Home Valuation**

**Appendix 4 Proposed Plans and Schedule**

**Appendix 5 Residential Comparables Report**

**Appendix 6 AUV C2 Care Home Appraisal**

**Appendix 7 Proposed Scheme Appraisal**

# 1. Executive Summary

## 1.1. Background and Scope

- 1.1.1. This VUR follows previous engagement on the viability between Savills on behalf of the Applicant and Bespoke Property Consultants (BPC) on behalf of the Council.
- 1.1.2. Savills provided a Financial Viability Assessment (FVA) in August 2021 in support of a planning application for a residential development. Savills’ FVA was independently reviewed by BPC on behalf of the Council in a report dated January 2022. Savills provided a subsequent response to BPC’s report in March 2022 which is attached at **Appendix 1** of this VUR, this represents the most recent written statement on the viability.
- 1.1.3. The below shows a comparison in the positions between Savills and BPC:

Consultant	Proposed Residual Land Value	Site Value Benchmark	Surplus / Deficit
BPC (February 2022)	£4,396,240	£3,485,500	£910,740
Savills (March 2022)	£3,824,937	£4,794,999	-£970,062

- 1.1.4. The Council have subsequently requested greater detail on the Site Value Benchmark (SVB) element of the assessment. Both Savills and BPC have adopted an Alternative Use Value (AUV) approach to the SVB and assumed a conversion of the existing hospital buildings to a C2 Care Home, this was consistent with the approach agreed in support of the 2018/19 planning application (ref 18/3642/OUT) at the Subject.
- 1.1.5. Notwithstanding that the principle of Savills approach to SVB has been agreed to by BPC, the Council have requested that the Applicant should provide a more detailed AUV proposal, incorporating a more in depth AUV design and C2 values and costs as advised by third party experts.
- 1.1.6. At the Council’s request the Applicant has supplied Savills with contemporary detailed evidence with which to appraise the SVB, this comprises the following:
  - Detailed Layout Plans for a C2 Care Home prepared by Scott Brownrigg;
  - Build Cost estimate for the conversion works prepared by Beadmans LLP; and
  - Detailed Valuation of the C2 Care Home prepared by BNP Paribas Real Estate.
- 1.1.7. Given the passage of time since we last reported, and for consistency with the SVB which adopts contemporary evidence of values and costs, we have also undertaken a current day assessment of the proposed scheme to conclude our updated position. To assist with this, we have been provided an updated build cost estimate for the proposal prepared by Beadmans LLP.

## 1.2. Site Location

- 1.2.1. The Subject is located within the London Borough of Richmond upon Thames, immediately to the south of the railway line and to the east of the Old Mortlake Burial Ground in a predominantly residential area. The Subject is well connected, and Barnes Bridge station is situated approximately 850m north of the Subject, which provides Overground services to Clapham Junction and London Waterloo.

**1.3. Site Description**

- 1.3.1. Barnes Hospital currently comprises a vacant hospital site totalling 0.8 hectares. This includes a main hospital building, with several different ward areas and a kitchen / dining room area, a separate Laundry House, Mortuary, Generator House, Recreation Hall, Doctors’ Residence, Porters’ Lodge, Ballard Room and three further out buildings (Elizabeth Lodge, Beatrice Lodge, Fleming Lodge and SEN school).
- 1.3.2. We understand that the land for the health hub will be retained by the NHS and we have therefore excluded it for the purposes of this assessment. The existing site has outline planning permission (ref. 18/3642/OUT) granted on 14th September 2020 for a mixed-use development including 83 residential units.

**1.4. Proposed Scheme**

- 1.4.1. The proposed development will comprise 109 residential apartments of which 85 will be private units and 24 will be affordable. 106 of the residential units will be in the new buildings and 3 will be retained within two small existing buildings.

**1.5. Methodology**

- 1.5.1. We have assessed the development economics of the proposed scheme to identify the level of planning obligations the scheme can sustain. We have appraised the Residual Land Value (RLV) of the proposed scheme using proprietary software Argus Developer and have based our appraisal upon the plans and schedule of accommodation shown in **Appendix 4**. The RLV is calculated by subtracting all associated development costs and a suitable level of developer profit from the Gross Development Value (GDV) of the proposed development, which is assessed by calculating all revenues and capital receipts realised by the developer. The assumptions adopted within our appraisal have been informed by market evidence and input from independent third-party experts, where appropriate.
- 1.5.2. We have compared the RLV to our Site Value Benchmark (SVB) to ascertain whether there is a deficit or surplus against our SVB. In this case our SVB has been determined by considering the Alternative Use Value (AUV) of the Subject. The AUV has been calculated through using the residual land valuation methodology, as discussed above. More detail on the AUV of the Subject can be found in Section 4 of this report.
- 1.5.3. We have appraised the proposed scheme and summarise the results in the table below. Please see **Appendices 6 – 7** for the full appraisals.

**1.6. Viability Appraisal Result**

Report	Proposed Residual Land Value	Site Value Benchmark	Deficit
Savills (March 2022)	£3,824,937	£4,794,999	-£970,062
<b><u>Savills (March 2023)</u></b>	<b><u>£1,551,888</u></b>	<b><u>£4,485,200</u></b>	<b><u>-£2,933,312</u></b>

- 1.6.1. Given that the RLV generates a larger deficit against the SVB, the scheme is considered less commercially viable in planning viability terms than when we last reported in March 2022.

- 1.6.2. The above conclusions are reflective of worsening market dynamics in values and costs over the course of Savills engagement on the scheme. This VUR has used contemporary evidence of values and costs and demonstrates that the current provision of 24 affordable homes remains above the maximum reasonable that the scheme can sustain.
- 1.6.3. Nevertheless, the Applicant is prepared to proceed with the proposed scheme. There remains a net profit in the development when accounting for the deficit, albeit this is at a return that is not considered reflective of current market risks. Furthermore, the net profit from the proposed scheme remains more than that delivered by the AUV scenario.
- 1.6.4. Should market dynamics change in favour of the Applicant then this may result in a higher return more aligned with market expectations. Note that given our appraisal results, the current offer is on an ex-gratia basis.



## 2. Information Relied Upon

### 2.1. Information Relied Upon

2.1.1. We have been provided with, and have relied upon, the following information:

- AUV C2 Care Home plans and areas produced by Scott Brownrigg as attached at **Appendix 2**;
- Proposed plans and areas produced by Scott Brownrigg as attached at **Appendix 4**;
- CIL Liability as advised by Avison Young;
- AUV C2 Care Home build costs as advised by Beadmans LLP; and
- Proposed build costs as advised by Beadmans LLP.

### 3. Methodology

#### 3.1. Financial Viability Assessments

- 3.1.1. In line with the NPPF, and the Greater London Authority's (GLA's) strategic planning guidance for London, site-specific financial viabilities may be a material consideration in determining how much and what type of affordable housing should be required in residential and mixed-use developments.
- 3.1.2. As such, viability appraisals can and should be used to analyse and justify planning obligations to ensure that Section 106 requirements do not make a scheme unviable.
- 3.1.3. The RICS define financial appraisals for planning purposes as:

*“An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations whilst ensuring an appropriate site value for the landowner and a market risk adjusted return to a developer in delivering a project.”*

- 3.1.4. The GLA's logic is that, if the residual value of a proposed scheme is reduced to significantly below an appropriate viability SVB, it follows that it is unviable to pursue such a scheme, and the scheme is unlikely to proceed.
- 3.1.5. If a scheme is being rendered unviable because of Section 106 requirements, it may be appropriate to look at reducing the burden of those requirements to facilitate viability.

#### 3.2. Residual

- 3.2.1. The financial viability of development proposals is determined using the residual land valuation method. A summary of this valuation process can be seen below;

Built value of proposed private residential and other uses	+	Built value of affordable housing	=	<b>GDV</b>
GDV	-	Build costs, finance costs, Section 106 costs, CIL, sales fees, developers profit, etc	=	Residual Land Value

- 3.2.2. The Residual Land Value (RLV) is then compared to a SVB. If the RLV is lower and / or not sufficiently higher than the SVB the project is not technically viable.

## 4. Site Value Benchmark

### 4.1. Introduction

- 4.1.1. Identifying an appropriate SVB requires judgement bearing in mind that national planning guidance indicates that appropriate land for housing should be 'encouraged' to come forward for development.
- 4.1.2. In line with the RICS Guidance Note Assessing viability in planning under the National Planning Policy Framework 2021 for England, 1st Edition (March 2021), RICS Professional Statement 'Financial Viability in Planning: Conduct and Reporting (May 2019), and the latest PPG we have assessed the SVB using the Existing Use Value (EUV) of the Subject, plus a suitable landowner premium. Existing Use Value is sometimes referred to as Current Use Value (CUV), and these two terms are interchangeable when used for Financial Viability in planning. The latest guidance also requires us to investigate the Alternative Use Value (AUV) of the Subject where an existing planning consent may already exist or where the Subject may benefit from being converted to an alternative lawful planning use.

### 4.2. Site Context

- 4.2.1. The Subject benefits from an existing C2 use, being a largely disused former mental hospital. We have considered the value of the existing uses being refurbished. We have considered this within the envelope of the buildings within the Applicant's ownership.
- 4.2.2. The Subject also has a planning permission for an 83-unit scheme of which 18 units are designated for affordable housing on an 80:20 Intermediate / Rented split. The consented scheme is unviable due to the profile of the scheme and associated build costs. Subsequently, the rationale for the proposed scheme is to overcome the inefficiencies of the consented scheme.

### 4.3. Adopted Site Value Benchmark

- 4.3.1. We have assessed the SVB based on the refurbishment of the existing buildings (C2 use) to provide a Care Home, as our assessment assumes substantial refurbishment, we consider this to be an AUV scenario and accordingly have applied no landowner premium.
- 4.3.2. Notwithstanding that the principle of Savills approach to SVB has been agreed to by BPC, the Council have requested that the Applicant should provide a more detailed AUV proposal, incorporating a more in depth AUV design and C2 values and costs as advised by third party experts.
- 4.3.3. For this VUR, the Applicant has supplied Savills with contemporary detailed evidence with which to appraise the SVB, this comprises the following:
- Detailed Layout Plans for a C2 Care Home prepared by Scott Brownrigg;
  - Build Cost estimate for the conversion works prepared by Beadmans LLP; and
  - Detailed Valuation of the C2 Care Home prepared by BNP Paribas Real Estate.
- 4.3.4. An updated set of assumptions is provided below, those assumptions not highlighted below remain as per our March 2022 Response which is attached at **Appendix 1**.

#### 4.4. Care Home Design

4.4.1. We have been provided with a detailed design for a 51 bed C2 Care Home scheme prepared by Scott Brownrigg Architects, with input from BNPP's specialist healthcare team to ensure the design is market-facing. The updated design delivers the following accommodation per floor:

- Ground Floor: 26 suites with wet rooms, 2 sitting rooms, seating area, 3 amenity/lounge, hairdresser, reception, visitor café, quiet room, dining room, private dining, 2 assisted bathrooms, 3 WCs, sluice, medicine room, staff change, staff WC, nurses station, manager, admin, wheelchair store, staff training / seminar room, maintenance room, wheelchair store, cleaners, kitchen office, kitchen, kitchen change / WC, dry store; and
- First Floor: 25 suites with wet rooms, 3 amenity / lounges, dining room, quiet room, assisted bathroom, 2 WCs, sluice room, medicine storage, 2 nurse's stations, home base, staff changing, staff WC. Storage.

4.4.2. Plans reflecting the above are attached at **Appendix 2**.

#### 4.5. Care Home Values

4.5.1. We have been provided with a Desktop valuation of the Care Home prepared by BNP; this has concluded a Turnkey Gross Development Value (GDV) of **£14,500,000 / £280,000** per key which has been adopted in our updated assessment of the Subject SVB.

4.5.2. A copy of this valuation is provided at **Appendix 3**.

#### 4.6. Doctor's Residence Values

4.6.1. The Doctor's Residence is an existing two storey Victorian residence extending to 870sqft, as per our March 2022 Response a value of £780,000 / £897psf was adopted for this aspect of the existing site based on full refurbishment and change of use to C3.

4.6.2. We consider this approach to the Doctor's Residence appropriate and supported by the sites planning history; fundamentally the principle of the existing buildings being converted and sold as residential units has been established through the current outline planning consent (Reference: 18/3642/OUT).

4.6.3. However, given the passage of time we have undertaken a refresh of available evidence to determine whether there has been movement in values. The results of our research are below.

Address	Beds	Sq ft	Achieved Price	Price / Sq ft	Date	Distance (metres)	Comments
5 Thorne Passage, SW13 0PA	2	800	£900,000	£1,125	Oct-22	<400m	Newly refurbished terraced house with loft conversion completed to an excellent standard.
6 Tudor Gardens, SW13 0JS	2	850	£875,000	£1,029	May-22	<300m	Mid-terraced house in very good condition, well sized front, and rear garden.
73 Rossllyn Avenue, SW13 0JY	2	758	£790,000	£1,042	Jun-22	<300m	Mid-terraced property, in average condition, good sized front and rear gardens.
65 Queens Road, SW14 8PH	2	841	£720,000	£856	Sep-22	<400m	Terraced house, in very good condition, narrow plot, but large garden. Close to amenities on Upper Richmond Road
52 Railway Side, SW13 0PN	2	875	£800,000	£914	Oct-22	<300m	Terraced Property in very good condition, loft conversion with moderately sized front and rear gardens.
36 Rossllyn Avenue, SW13 0JX	3	1,226	£950,000	£775	Jul-22	<300m	Large End-Terrace property, in good condition, loft conversion with 105sqft of eaves storage.
79 Archway Street, SW13 0AN	3	935	£1,015,000	£1,086	Jul-22	<500m	Mid-Terrace property, good condition, quiet street
42 Grosvenor Avenue, SW14 8BX	3	1,085	£990,000	£912	Mar-22	<300m	End Terrace property in average condition, good sized garden and double garage.
<b>Average</b>		<b>921</b>	<b>£880,000</b>	<b>£967</b>			

4.6.4. The evidence above is entirely from within 0.5 km of the Subject property and is mostly in good / very good condition. Most homes are terraced, and this is characteristic of the area. The Subject would be a detached dwelling and these comparables, while being a similar overall size are generally on more constrained plots. We consider end-of-terrace properties like 42 Grosvenor Avenue and 36 Rossllyn Avenue more comparable to the Subject in terms of overall form. These properties are however larger in plot size than the Subject so we would expect them to achieve higher values than the Subject.

4.6.5. We consider the two-bedroom terraced comparables to achieve the closest values to the Subject as they are similarly sized and are also situated within quiet, residential streets. Properties such as Thorne Passage and 52 Railway Side benefit from loft conversions which are common in this area and show the premium that can be gained from building into this space, though these properties lack off-street parking and may which the Subject house could offer. We would expect the house at the Subject to achieve a value at the higher end of the achieved range of two-bedroom comparables.

4.6.6. As stated at **Appendix 5** we understand from various sources that there has been inflation in the value of period houses within Barnes since our initial valuation was undertaken, and the above recent evidence is further demonstration of this. We have therefore concluded that the Doctor's residence, after refurbishment, will achieve a current capital value of **£800,000 / £920psf**.

**4.7. Construction Costs**

Care Home

4.7.1. We have been provided with a current day build cost estimate for the conversion works to the existing hospital. The cost plan has been prepared by Beadman’s LLP and concludes a total cost of **£6,735,000**, this includes allowances for facilitating works, FF&E, preliminaries, overheads and profit, and contingency. This build cost has been adopted within our updated assessment of the Subject SVB.

Doctor’s Residence

4.7.2. We understand that the Doctor’s Residence would require full refurbishment to be occupiable, and our valuation assumes a refurbished unit. In determining an appropriate refurbishment cost we have consulted the RICS Build Cost Information Service (BCIS) which gives the following estimates for Richmond Upon Thames:

Building function (Maximum age of projects)	£/m <sup>2</sup> gross internal floor area					
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest
<b>Rehabilitation/Conversion</b>						
820.1 'One-off' housing detached (3 units or less) (15)	2,894	858	1,417	2,284	3,373	12,911

4.7.3. We have adopted the Median Costs of £2,284psqm / £212psf. In addition to this we have applied a 15% uplift in accordance with the GLA toolkit guidance to reflect increased specification, totalling £2,627sqm / £244sqft. A 5% allowance for contingency has also been adopted separately in the appraisal.

**4.8. Other Development Costs**

4.8.1. In respect of other AUV development costs, these remain as per our March 2022 response (attached at **Appendix 1**) save for those highlighted below.

Development Finance

4.8.2. In accordance with RICS guidance we have assumed that the development will be 100% debt financed. Since our March 2022 response the financial markets have been notably impacted by on-going geo-political headwinds and economic uncertainty. This has caused volatility within the financial markets with cost and availability of debt finance significantly increasing and decreasing respectively. Having regard to the current market we have adopted an updated debt rate of 8% and a credit rate of 4%.

Profit on GDV – Doctor’s Residence

4.8.3. For consistency between appraisals, we have adopted an updated profit of 20% on GDV for the Doctor’s Residence, this equates to a blend of 15.26% for the AUV appraisal.

Programme

4.8.4. The advised costs include an indicative construction programme of 14 months which has been adopted in our updated appraisal.

#### 4.9. SVB Conclusion

- 4.9.1. Adopting the above assumptions, we have concluded a RLV of **£4,485,200** for the AUV Care Home, an appraisal reflecting this is attached at **Appendix 6**. As our assessment assumes substantial refurbishment, we have applied no landowner premium.

## 5. Proposed Development Revenues

### 5.1. Residential Values

- 5.1.1. We have assessed several comparable transactions in the area to form an opinion of value for the proposed homes at the Subject, considering the location, size, aspect, provision of outside space, proposed accommodation, and parking provision.
- 5.1.2. As per our March 2022 Response a GDV of £46,924,137 / £738psf exclusive of parking was adopted, parking accounted for an additional £1,170,000 / £30,000 per space. These figures have previously been agreed between Savills and BPC.
- 5.1.3. Given the passage of time, we have undertaken a refresh of available evidence to determine whether there has been movement in values. The results of our research are attached at **Appendix 5**, contemporary evidence does not suggest a material change in values has occurred and we have maintained our previous GDV.

### 5.2. Other Development Revenues

- 5.2.1. In respect of other development revenues, these remain as per our March 2022 response (attached at **Appendix 1**).



## 6. Proposed Development Costs

### 6.1. Build Costs

6.1.1. We have adopted updated build costs of £31,405,000 as advised by Beadmans LLP. The build costs include an allowance for demolition, preliminaries, contingencies, and contractor's OH&P.

### 6.2. Other Development Costs

6.2.1. In respect of other development costs, these remain as per our March 2022 response (attached at **Appendix 1**) save for those highlighted below.

#### Development Finance

6.2.2. In accordance with RICS guidance we have assumed that the development will be 100% debt financed. Since our March 2022 response the financial markets have been notably impacted by on-going geo-political headwinds and economic uncertainty. This has caused volatility within the financial markets with cost and availability of debt finance significantly increasing and decreasing respectively. Having regard to the current market we have adopted an updated debt rate of 8% and a credit rate of 4%.

## 7. Conclusions

### 7.1. Results

- 7.1.1. We have appraised the proposed scheme against our SVB to fully understand the economics of the development and to establish the maximum level of planning obligations, including affordable housing, that the scheme can reasonably support.
- 7.1.2. A summary of our appraisal results is set out below. Please see **Appendices 6 – 7** for the full appraisals.

### 7.2. Viability Appraisal Results

Report	Proposed Residual Land Value	Site Value Benchmark	Deficit
Savills (March 2022)	£3,824,937	£4,794,999	-£970,062
<b><u>Savills (March 2023)</u></b>	<b><u>£1,551,888</u></b>	<b><u>£4,485,200</u></b>	<b><u>-£2,933,312</u></b>

- 7.2.1. Given that the RLV generates a larger deficit against the SVB, the scheme is considered less commercially viable in planning viability terms than when we last reported in March 2022.
- 7.2.2. The above conclusions are reflective of worsening market dynamics in values and costs over the course of Savills engagement on the scheme. This VUR has used contemporary evidence of values and costs and demonstrates that the current provision of 24 affordable homes remains above the maximum reasonable that the scheme can sustain.
- 7.2.3. Nevertheless, the Applicant is prepared to proceed with the proposed scheme. There remains a net profit in the development when accounting for the deficit, albeit this is at a return that is not considered reflective of current market risks. Furthermore, the net profit from the proposed scheme remains more than that delivered by the AUV scenario.
- 7.2.4. Should market dynamics change in favour of the Applicant then this may result in a higher return more aligned with market expectations. Note that given our appraisal results, the current offer is on an ex-gratia basis.

### 7.3. Sensitivity Analysis

- 7.3.1. The value of development sites can be volatile, and the residual approach adopted within this report is sensitive to changes in key variables. It is therefore useful to provide a sensitivity analysis, showing the effect on the RLV through small changes in key variables such as private sales values and build cost. We set out below a sensitivity analysis showing the effect of increasing and decreasing the private sales price and the build costs by 3% increments.

Sensitivity Analysis		Private Sales Values				
		-6%	-3%	0%	3%	6%
Build Cost	-6%	£1,547,909	£2,412,007	£3,276,104	£4,140,202	£5,004,299
	-3%	£685,801	£1,549,899	£2,413,996	£3,278,094	£4,142,191
	0%	<b>-£202,666</b>	£687,790	<b>£1,551,888</b>	£2,415,986	£3,280,083
	3%	<b>-£1,141,301</b>	<b>-£200,500</b>	£689,780	£1,553,877	£2,417,975
	6%	<b>-£2,079,936</b>	<b>-£1,139,135</b>	<b>-£198,334</b>	£691,769	£1,555,867

- 7.3.2. The above table demonstrates that for the scheme to become economically viable in planning terms, where the RLV generates a surplus against the SVB, there would need to be an increase in private sales values of 6% and a decrease in build cost of 6%. Conversely, if there were either a decrease in private sales values or an increase in build cost the RLV would decrease making the development even less commercially viable in planning terms.
- 7.3.3. Notwithstanding the above, we are of the opinion that the RLV of the proposed development creates a deficit against the SVB and is therefore, under planning terms, unable to contribute any further towards an affordable housing provision.

---

## Appendices

---

---

Appendix 1  
Savills Response – March 2022

---

# Barnes Hospital, South Worple Way, SW14 8SU

Response to Bespoke Property Group's Viability  
Reviews - DRAFT

## **1.0 Table of Contents**

<b>1.</b>	<b>Introduction</b>	<b>2</b>
<b>2.</b>	<b>Comparison of Key Assumptions</b>	<b>4</b>
<b>3.</b>	<b>Appraisal Methodology</b>	<b>5</b>
<b>4.</b>	<b>Proposed Scheme</b>	<b>6</b>
<b>5.</b>	<b>Site Value Benchmark</b>	<b>8</b>
<b>6.</b>	<b>Conclusion</b>	<b>11</b>

**Appendix 1 – Revised Residual Land Value Appraisal**

**Appendix 2 – Revised AUV Residual Land Value Appraisal**

# 1. Introduction

## 1.1. Overview

1.1.1. This document provides a summary of the viability process to date including an analysis of the areas of difference between Savills acting on behalf of LS Estates (the Applicant), and Bespoke Property Consultants (BPC) acting on behalf of the London Borough of Richmond Upon Thames (the Council).

1.1.2. Savills provided a Financial Viability Assessment (FVA) in August 2021 in support of a planning application for a residential development. Savills' FVA has now been independently reviewed by BPC on behalf of the Council in a report dated January 2022.

## 1.2. Viability Discussions to Date

1.2.1. Savills were instructed by the Applicant to examine the economic viability of the proposed development at the site known as Barnes Hospital, South Worple Way (the Subject) to determine the level of planning obligations that the proposed scheme was able to reasonably support whilst remaining commercially viable.

1.2.2. Within the two reports, BPC and Savills agree on the following assumptions:

- Proposed Affordable Housing Gross Development Value (GDV);
- Proposed Finance Rate;
- Proposed Developers Profit on Affordable GDV;
- Proposed Project Timescales;
- Alternative Use Value (AUV) GDV per key;
- AUV Approach to Build Costs;
- AUV Profit on GDV;
- AUV Professional Fees;
- AUV Finance Rate;
- AUV Project Timescales; and
- AUV Marketing & Sales Fees.

1.2.3. However, disagreements currently exist between the parties on the following key assumptions:

- Proposed Private Residential GDV;
- Proposed Parking Revenue;
- Proposed Build Costs;
- Proposed Professional Fees;
- Proposed Developers Profit on Private GDV;
- Proposed Private Marketing & Sales Fees;
- Proposed Affordable Sales Fees;
- Proposed Site Acquisition Fees;
- AUV Scheme Beds / Areas;
- AUV Total GDV;
- AUV Doctors Residence GDV and Approach; and



- AUV Site Acquisition Fees.

1.2.4. In Section 2, we provide a summary of the key assumptions adopted by both Savills and BPC, and in the following sections we address each of these assumptions separately. A copy of our revised Residual Land Value appraisal can be found at **Appendices 1 – 2**.

DRAFT

## 2. Comparison of Key Assumptions

2.1.1. In Table 1 below, we provide a comparison of the key assumptions adopted by Savills in our FVA and BPC in their subsequent review.

### Comparison of Key Assumptions

Component	Item	Savills	Bespoke Property Consultants	Agree / Disagree
Proposed Residual Land Value (RLV)	Private Residential GDV	£46,823,000	£46,924,137	<i>Prepared to accept*</i>
	Affordable GDV	£5,812,000	£5,813,081	
	Car Parking Revenue	£0	£1,170,000	
	Build Costs	£30,235,000	£29,459,580	
	Prof. Fees	12%	10%	Disagree
	CIL	£3,664,641	£3,664,641	Agree
	Market Disposal	3.50%	2.50%	Disagree
	Affordable Disposal	2%	0%	Disagree
	Finance	6.75%	6.75%	Agree
	Profit on GDV	20% / 6% (Blend: 18.45%)	17.5% / 6% (Blend: 16.23%)	Disagree
	Site Acquisition	1.50%	1.75%	Disagree
	<b>RLV</b>	<b>£709,109</b>	<b>£4,396,240</b>	
Site Value Benchmark (SVB) C2 AUV Assessment	C2 Beds	77	67	Disagree
	C2 GDV per key	£220,000	£220,000	Agree
	C2 GDV	£16,940,000	£14,740,000	Disagree
	C3 (Dr. Res.) GDV	£780,000	£0	Disagree
	Total Build Costs	£7,011,772	£6,858,960	Disagree
	Prof. Fees	10%	10%	Agree
	Small Sites Contribution	£45,805	£0	Disagree
	FF&E per unit	£7,500	£7,500	Agree
	Disposal	1.50%	1.50%	Agree
	Finance	6.75%	6.75%	Agree
	Profit on GDV	15.00%	15.00%	Agree
	Site Acquisition	1.80%	1.75%	Disagree
<b>SVB / C2 RLV</b>	<b>£5,398,417</b>	<b>£3,485,500</b>		
<b>Surplus / Deficit Position</b>	<b>-£4,689,308</b>	<b>£910,740</b>		

*\*Notwithstanding that we disagree with BPC on these inputs, in order to move matters forward rapidly we are prepared to accept their position on proposed scheme GDV and Build Costs for the purpose of this report.*

2.1.2. There are a number of assumptions on which Savills and BPC agree, notably including proposed affordable residential GDV and AUV GDV per key. However, BPC have adopted differing assumptions on key inputs including proposed profit on GDV, and AUV C2 beds assumed.

2.1.3. In the below sections we address the differences in assumptions between Savills and BPC.

### 3. Appraisal Methodology

3.1.1. We would note the difference in appraisal methodology; Savills FVA uses the Argus Developer appraisal model whereas the alternative model used by BPC is the Homes and Communities Agency Economic Appraisal Tool (EAT). As part of this Response to BPC we have attempted to replicate their appraisal and have identified several inconsistencies between models which we highlight below.

#### 3.2. Proposed Scheme Stamp Duty Land Tax (SDLT)

3.2.1. It would appear that BPC have overstated their SDLT allowance in respect of the proposed scheme. For clarity below we provide a breakdown of SDLT costs associated with the BPC RLV of £4,396,240:

Rate	From	To	£ SDLT
0%	£0	£150,000	£-
2%	£150,001	£250,000	£2,000
5%	£250,001	-	£207,312
<b>Total SDLT</b>			<b>£209,312</b>

3.2.2. The BPC SDLT is £549,530 which is c.£340k above that which is calculated in the table above.

#### 3.3. Finance Costs

3.3.1. On the basis that both parties have agreed a finance rate of 6.75%, and considering the difference in land values, it would appear that BPC have understated their finance costs in their appraisal of the proposed scheme. We note that BPC have agreed with the timescales and sales programme assumptions advocated by Savills, and therefore would request further clarity on the cash flow assumptions in respect of the affordable housing and car parking revenue in particular.

3.3.2. For reference the BPC Finance costs are £3,080,722, assuming the same RLV and phasing assumptions Argus calculates a revised Finance cost of £3,571,610 which is c.£490k higher than the BPC figure.

## **4. Proposed Scheme**

### **4.1. Private Residential GDV**

4.1.1. Within our FVA, Savills adopted a GDV for the private residential element of £46,823,000 / £736psf. In their subsequent review BPC have adopted a revised figure of £46,924,137 / £738psf. The revised figure advocated by BPC is £101,137 or 0.2% higher than that adopted by Savills, given the relatively small impact of this differential in this instance we are prepared to adopt the revised GDV advocated by BPC and have updated our appraisal accordingly.

### **4.1. Parking Revenue**

4.1.1. In respect of the 39 parking spaces (excludes 11 accessible spaces) proposed BPC have adopted an additional revenue of £30,000 per space which equates to a total revenue of £1,170,000. BPC consider that, as the parking ratio is broadly one space per two dwellings, spaces will be at a premium and subsequently could be sold for an additional revenue.

4.1.2. Having spoken to local agents and analysed comparable evidence, we did not include an additional parking revenue in our appraisal to reflect the fact that parking was an included benefit for residents of nearby comparable schemes when purchasing.

4.1.3. Notwithstanding that BPC have not provided evidence in support of this additional revenue, in order to progress these negotiations and reach an agreement in a timely manner, on a without prejudice basis we are prepared to adopt an allowance of £30,000 per space and have updated our appraisal accordingly.

### **4.2. Build Costs**

4.2.1. Within our FVA, Savills adopted build costs of £30,235,000 / £260psf as advised by Beadmans in a full cost plan dated July 2021. As part of their detailed review, BPC instructed K2 who concluded a revised build cost allowance of £29,459,589 / £253psf. This revised cost equates to a reduction of £775,411 or 2.6% on the allowance concluded by Beadmans.

4.2.2. In order to progress these negotiations in a timely manner we are prepared to adopt the K2 build costs on a without prejudice basis and have updated our appraisals accordingly.

### **4.3. Professional Fees**

4.3.1. Within our FVA, Savills adopted an allowance for professional fees of 12%. In their subsequent review BPC have adopted a revised allowance of 10% which they consider to be more appropriate in this instance.

4.3.2. In order to progress these negotiations in a timely manner we are prepared to adopt a revised professional fee allowance of 10% on a without prejudice basis and have updated our appraisals accordingly.

### **4.4. Market Homes Disposal**

4.4.1. Within our FVA, Savills adopted a market disposal allowance of 3.5% inclusive of Marketing (1.5%), Sales Agent (1.5%), and Sales Legal (0.5%) fees. In their subsequent review BPC have adopted an 'all-in' allowance of 3% which they consider more appropriate in this instance.

4.4.2. Notwithstanding that a 3% allowance is stated within the BPC report we note that the appraisal appears to adopt 2.5% and excludes any allowance for Sales Legal Fees. For ease of reference this is shown below:

<b>Marketing (Open Market Housing ONLY)</b>		
Sales Fees:	2.5%	£1,173,103
Legal Fees (per Open Market unit):	£0	£0

4.4.3. Subject to clarification on the above, in order to progress these negotiations in a timely manner we are prepared to adopt an 'all-In' allowance of 3% for the disposal of the market homes and have updated our appraisal accordingly.

#### **4.5. Affordable Disposal**

4.5.1. Within our FVA, Savills adopted an affordable disposal allowance of 2% inclusive of Sales Agent (1.5%) and Sales Legal (0.5%) fees. In their subsequent review BPC have not included an allowance for the disposal of the affordable homes, no justification has been given for this.

4.5.2. It is standard viability and development appraisal practice to apply a disposal allowance to affordable housing, in support of our position we note that the Council Whole Plan Viability Assessment (December 2016) applies an 'all-in' disposal allowance of broadly 3% for both affordable and market homes.

4.5.3. We do not consider it appropriate to exclude an allowance for affordable disposal fees and have maintained our previously adopted allowance of 2% which is supported by the Local Plan viability assessment.

#### **4.6. Market Profit on GDV**

4.6.1. Within our FVA, Savills adopted a developers profit on GDV of 20% for the Market Housing which equated to a blended return of 18.45%. In their subsequent review, BPC have adopted a revised requirement of 17.50% on private GDV which equates to a blend of 16.23% excluding parking revenue.

4.6.2. Whilst we disagree that a return of 17.50% on GDV is acceptable in the current climate, in order to progress these negotiations in a timely manner we are prepared to adopt this reduced return on a without prejudice basis.

4.6.3. However, we would note that no profit has been applied to the car parking revenue in the BPC appraisal; we do not consider this appropriately reflects the risks associated with BPC's parking revenue assumptions at £30,000 extra per space. Having done our own research into the local market the majority of comparable schemes offer parking as included within the headline price, therefore, to adopt this additional revenue without accounting for the significant sales risk is inappropriate.

4.6.4. On the above basis we have adopted a developers return of 17.5% on the market GDV including parking revenue. This equates to a revised blended return of 16.26% on GDV and have updated our accordingly.

#### **4.7. Site Acquisition Fees**

4.7.1. We note that BPC have adopted a revised allowance for site acquisition of 1.75% compared to 1.5% which was adopted by Savills in our FVA. Given this minimal difference to progress matters with BPC we are prepared to adopt an updated allowance of 1.75% and have updated our appraisal accordingly.

## 5. Site Value Benchmark

### 5.1. Introduction

5.1.1. The principle area of difference between Savills and BPC is on the SVB where both parties have undertaken an AUV residual appraisal of the Subject scheme as a C2 care home. However, whilst a consistent AUV approach has been adopted by both parties, disagreements exist on C2 bed numbers and the suitability of the Doctors Residence to be converted from C2 to C3 use. These principle areas of disagreement account for a c.£1.9m difference between the AUV residual land values of Savills (RLV of £5.398m) and BPC (RLV of £3.485m). We address below the key areas of difference in appraisals between parties.

### 5.2. AUV Care Home Beds and GDV

5.2.1. Within our FVA, Savills made an assumption that the existing buildings could accommodate 77 refurbished C2 beds on the basis of an average gross bed size (inclusive of communal areas, amenity etc.), based on single rooms with en-suite wet rooms, at 53sqm / 570sqft.

5.2.2. In their subsequent review BPC consider that Savills assumption on gross average unit size is understated given the *'limitations imposed by the existing buildings'*. BPC consider a more appropriate gross area per unit allowance would be 60sqm / 646sqft inclusive of circulation areas. We understand from the BPC report that they have assumed a gross to net ratio of 85% and that their revised area assumption equates to a scheme of 67 C2 beds.

5.2.3. The table below summarises the position of both Savills and BPC:

Building	Area (Sqm)	Savills Beds (53sqm GIA per bed)	BPC Beds (60sqm GIA per bed)
Main Building A	2,965	56	49
Main Building B	380	7	6
Laundry	208	4	3
Elizabeth	378	7	6
Workshop	146	3	2
Dr Residence	81	0	1
<b>Total Bed Spaces</b>		<b>77</b>	<b>67</b>
<b>GDV per key</b>		<b>£220,000</b>	<b>£220,000</b>
<b>Total C2 GDV</b>		<b>£16,940,000</b>	<b>£14,740,000</b>

5.2.4. The above demonstrates that the different approaches to gross area per unit between parties results in a significant difference in GDV of £2,200,000.

5.2.5. In respect of this difference we would firstly note that the approach taken by Savills to SVB is consistent with that which has been taken for previous applications at the Subject site, and that which has previously been agreed to by BPC, who, in 2019 agreed an SVB of £6m based on a refurbished 77 bed C2 care home. We therefore would query on what basis building efficiency is now a consideration when it has not previously been raised. We would also note that BPC have not increased their value per key when adopting a significantly larger unit size; they have maintained £220,000 and this may need to be given further consideration.

- 5.2.6. We note that BPC have adopted an 85% gross to net ratio which equates to an NIA per unit of 51sqm / 549sqft assuming their GIA per unit of 60sqm; it is our view that this NIA assumption is too large and that the scheme could be more efficient.
- 5.2.7. In support of this, we have consulted Savills Specialist Healthcare valuations team who have advised us that a good benchmark for NIA unit sizes at the Subject scheme would be the Audley 'Mayfield' product which we understand is considered 'mid-market'. The Mayfield has an NIA of 525sqft; we understand that this is more towards the upper end of the range in terms of unit size and is indicative of what would be suitable for Barnes as a location and price point.
- 5.2.8. Assuming an average NIA of 49sqm / 525sqft in line with the Mayfield, and adopting an 85% gross to net ratio in line with BPC, would equate to a revised GIA per unit (inclusive of communal areas, amenity etc.) of 57sqm / 618sqft.
- 5.2.9. Adopting a GIA per unit of 57sqm / 618sqft we have concluded the following revised C2 mix and GDV:

Building	Area (Sqm)	Savills Beds (57sqm GIA per bed)
Main Building A	2,965	52
Main Building B	380	7
Laundry	208	4
Elizabeth	378	7
Workshop	146	3
Dr Residence	81	0
<b>Total Bed Spaces</b>		<b>73</b>
<b>GDV per key</b>		<b>£220,000</b>
<b>Total C2 GDV</b>		<b>£16,060,000</b>

- 5.2.10. Assuming the gross to net ratio advocated by BPC, and the Audley 'Mayfield' NIA area as a benchmark, we have adopted a revised GDV of £16.06m on the basis of a revised scheme of 73 C2 beds.
- 5.2.11. We are prepared to adopt this revised GDV on a without prejudice basis and in order to conclude these negotiations in a timely manner. We have updated our appraisals to reflect this revision accordingly.

### 5.3. Treatment of Doctors Residence

- 5.3.1. Within our FVA we made an assumption that, based on the Subjects planning history, it would be a feasible AUV scenario to assume that the existing C2 Doctors Residence could be refurbished and sold as a C3 dwelling. On this basis Savills adopted a GDV for the Doctors Residence, assuming comprehensive refurbishment, of £780,000 / £897psf.
- 5.3.2. In their subsequent review we note that BPC do not accept the principle of this change of use on the basis *'that without an outline planning permission this cannot currently be considered as part of the AUV calculation'*. BPC have subsequently incorporated the Doctors Residence into the C2 AUV scheme on the basis that it could contribute one further C2 bed with a revised GDV of £220,000; some £560,000 below the revenue assumed for this aspect of the site by Savills.
- 5.3.3. Contrary to the position taken by BPC, we consider our approach to the Doctors Residence is appropriate and is supported by the Subjects planning history; the principle of the existing buildings being converted and sold as residential units has been established through the current outline planning consent (Reference: 18/3642/OUT).

5.3.4. On the basis that the Subject does benefit from outline planning for residential use, we consider that the principle of a change of use to C3 has been given precedent in planning terms, and have maintained our position on the Doctors Residence.

#### **5.4. Site Acquisition Fees**

5.4.1. We note that BPC have adopted a revised allowance for site acquisition of 1.75% compared to 1.5% which was adopted by Savills in our FVA. Given this minimal difference to progress matters with BPC we are prepared to adopt an updated allowance of 1.75% and have updated our appraisal accordingly.

#### **5.5. Site Value Benchmark Development Costs**

5.5.1. As we have maintained our position on the Doctors Residence, and have adopted a revised number of C2 beds which remains higher than that advocated by BPC we highlight that we have updated our development costs from BPCs adopted position to reflect our updated position.

5.5.2. For clarity we set out below a table of Savills updated development costs for the AUV C2 appraisal:

<b>Item</b>	<b>Savills Previous</b>	<b>BPC Adopted</b>	<b>Savills Revised</b>
Total Build Costs	£7,011,772	£6,858,960	£7,011,772
Small Sites Contribution (C3)	£45,805	£0	£45,805
FF&E @ £7,500 per unit	£577,500	£502,500	£547,500



## 6. Conclusion

### 6.1. Summary of Revised Assumptions

6.1.1. Please see below a summary of this report and the remaining key differences between Savills and BPC.

#### Summary of Revised Position

Component	Item	Savills	BPC	Savills Revised
Proposed Residual Land Value (RLV)	Private Residential GDV	£46,823,000	£46,924,137	£46,924,137
	Affordable GDV	£5,812,000	£5,813,081	£5,813,081
	Car Parking Revenue	£0	£1,170,000	£1,170,000
	Build Costs	£30,235,000	£29,459,580	£29,459,580
	Prof. Fees	12%	10%	10%
	CIL	£3,664,641	£3,664,641	£3,664,641
	Market Disposal	3.50%	2.50%	3%
	Affordable Disposal	2%	0%	2%
	Profit on GDV	20% / 6% (Blend: 18.45%)	17.5% / 6% (Blend: 16.23%)	17.5% / 6% (Blend: 16.26%)
	Site Acquisition	1.50%	1.75%	1.75%
	<b>RLV</b>	<b>£709,109</b>	<b>£4,396,240</b>	<b>£3,824,937</b>
Site Value Benchmark (SVB) C2 AUV Assessment	C2 Beds	77	67	73
	C2 GDV per key	£220,000	£220,000	£220,000
	C2 GDV	£16,940,000	£14,740,000	£16,060,000
	C3 (Dr. Res.) GDV	£780,000	£0	£780,000
	Total Build Costs	£7,011,772	£6,858,960	£7,011,772
	Small Sites Contribution	£45,805	£0	£45,805
	FF&E per unit	£7,500	£7,500	£7,500
	Disposal	1.50%	1.50%	1.50%
	Finance	6.75%	6.75%	6.75%
	Profit on GDV	15.00%	15.00%	15.00%
	Site Acquisition	1.80%	1.75%	1.75%
<b>SVB / C2 RLV</b>	<b>£5,398,417</b>	<b>£3,485,500</b>	<b>£4,794,999</b>	
<b>Surplus / Deficit Position</b>	<b>-£4,689,308</b>	<b>£910,740</b>	<b>-£970,062</b>	

### 6.2. Revised Appraisal Results

6.2.1. A summary of our appraisal results is set out below. A copy of our revised appraisals can be found at **Appendices 1 - 2**.

#### Savills Revised Appraisal Results

Residual Land Value	Site Value Benchmark	Deficit
<b>£3.825m</b>	<b>£4.795m</b>	<b>-£0.970m</b>

6.2.2. Given that our revised Residual Land Value maintains a deficit against our adopted SVB, the scheme is delivering beyond the maximum reasonable level of planning obligations including affordable housing.

---

Appendix 1  
Revised Proposed Residual Land Value Appraisal

---

DRAFT

Barnes Hospital  
Proposed RLV - Savills Revised (Mar-22)

Development Appraisal  
Savills  
10 March 2022

**Barnes Hospital  
Proposed RLV - Savills Revised (Mar-22)**
**Appraisal Summary for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Sales Rate ft <sup>2</sup>	Unit Price	Gross Sales
Private Residential	85	63,582	738.01	552,049	46,924,137
Car Parking	39	0	0.00	30,000	1,170,000
Affordable Housing	<u>24</u>	<u>16,811</u>	345.79	242,212	<u>5,813,081</u>
<b>Totals</b>	<b>148</b>	<b>80,393</b>			<b>53,907,218</b>

**NET REALISATION** **53,907,218**
**OUTLAY**
**ACQUISITION COSTS**

Residualised Price			3,824,436		3,824,436
Stamp Duty			180,722		
Effective Stamp Duty Rate		4.73%			
Agent Fee		1.00%	38,244		
Legal Fee		0.75%	28,683		
					247,649

**CONSTRUCTION COSTS**

Construction	ft <sup>2</sup>	Build Rate ft <sup>2</sup>	Cost		
Construction Costs	116,466	252.95	29,459,580		
CIL			2,934,321		
MCIL			730,320		
					33,124,221

**PROFESSIONAL FEES**

Professional Fees		10.00%	2,945,958		2,945,958
-------------------	--	--------	-----------	--	-----------

**MARKETING & LETTING**

Marketing		1.50%	703,862		703,862
-----------	--	-------	---------	--	---------

**DISPOSAL FEES**

Sales Agent Fee		1.00%	480,941		
Affordable Sales Agent Fee		1.50%	87,196		
Sales Legal Fee		0.50%	269,536		
					837,674

**FINANCE**

Debit Rate 6.750%, Credit Rate 0.100% (Nominal)					
Land			715,136		
Construction			2,202,529		
Other			540,439		
Total Finance Cost					3,458,104

**TOTAL COSTS** **45,141,904**
**PROFIT**
**8,765,314**
**Performance Measures**

 Profit on GDV% 16.26%

---

Appendix 2  
Revised AUV Residual Land Value Appraisal

---

DRAFT

Barnes Hospital SVB  
Care Home - Refurb + Doctor's Residence - Revised (Mar-22)

Development Appraisal  
Savills  
10 March 2022

**Barnes Hospital SVB  
Care Home - Refurb + Doctor's Residence - Revised (Mar-22)**
**Appraisal Summary for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Sales Rate ft <sup>2</sup>	Unit Price	Gross Sales
Care Home	73	43,888	365.93	220,000	16,060,000
Doctor's Residence	<u>1</u>	<u>870</u>	896.55	780,000	<u>780,000</u>
<b>Totals</b>	<b>74</b>	<b>44,758</b>			<b>16,840,000</b>

**NET REALISATION** **16,840,000**
**OUTLAY**
**ACQUISITION COSTS**

Residualised Price			4,794,999		4,794,999
Stamp Duty			229,250		
Effective Stamp Duty Rate		4.78%			
Agent Fee		1.00%	47,950		
Legal Fee		0.75%	35,962		
					313,162

**CONSTRUCTION COSTS**

Construction	ft <sup>2</sup>	Build Rate ft <sup>2</sup>	Cost	
Care Home	43,888	146.00	6,407,648	
Doctor's Residence	<u>870</u>	279.00	<u>242,730</u>	
<b>Totals</b>	<b>44,758 ft<sup>2</sup></b>		<b>6,650,378</b>	
Contingency		5.00%	359,894	
				7,010,272
<b>Other Construction</b>				
FF&E	73 un	7,500.00 /un	547,500	
				547,500
<b>Section 106 Costs</b>				
Small Site Calculator			45,805	
				45,805

**PROFESSIONAL FEES**

Professional Fees		10.00%	755,777	
				755,777

**DISPOSAL FEES**

Sales Agent Fee		1.00%	168,400	
Sales Legal Fee		0.50%	84,200	
				252,600

**FINANCE**

Debit Rate 6.750%, Credit Rate 0.100% (Nominal)				
Land			415,072	
Construction			178,813	
Total Finance Cost				593,885

**TOTAL COSTS** **14,314,000**
**PROFIT**
**2,526,000**
**Performance Measures**

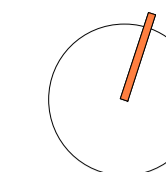
Profit on GDV%	15.00%
IRR% (without Interest)	32.12%

---

## Appendix 2 AUV Care Home Plans

---





Revision	Description	Date	Drawn	Checked
3	For Information	26/01/2023	ON	OM
2	For Information	31/10/2022	ON	OM
1	For Information	14/10/2022	ON	OM

**SCOTT BROWNRIGG**

77 Endell Street  
London WC2H 9DZ  
T +44 (0)20 7240 7766  
W scottbrownrigg.com

Client's Name  
**Star Land Realty UK Ltd.**

Job Title  
**Barnes Hospital Site**

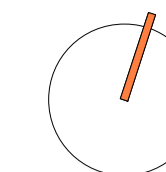
Drawing Title  
**Care Home Level 1**

Scale  
**1 : 250 @A1**

SBR Project No.  
**18387**

SBR Project No. Originator Volume Level Type Role Number  
**18387-SBR-ZZ-01-DR-A-03012**

Subsidiary Code	Status	Rev
	For Information	<b>3</b>



Revision	Description	Date	Drawn	Checked
3	For Information	26/01/2023	ON	OM
2	For Information	31/10/2022	ON	OM
1	For Information	14/10/2022	ON	ON



77 Endell Street  
 London WC2H 9DZ  
 T +44 (0)20 7240 7766  
 W scottbrownrigg.com

Client's Name  
 Star Land Realty UK Ltd.

Job Title  
 Barnes Hospital Site

Drawing Title  
 Care Home Level 0

Scale  
 1 : 250 @A1

SBR Project No.  
 18387

SBR Project No. Originator Volume Level Type Role Number  
**18387-SBR- ZZ- 00-DR-A-03011**

Submittal Code	Status	Rev
	For Information	3

---

## Appendix 3 BNP Care Home Valuation

---

STAR LAND REALTY UK LIMITED

**FINAL DRAFT**

PROPOSED CARE HOME  
BARNES HOSPITAL, SOUTH WORPLE WAY, LONDON  
SW14 8SU

DESKTOP VALUATION REPORT  
AS AT 10 FEBRUARY 2023



# CONTENTS

**01** Instructions

**02** Information Provided

**03** Demographics

**04** The Proposed Care Home

**05** Principal Desktop Valuation Considerations & Approach

**06** Desktop Valuation Calculations

**07** General Conditions and Assumptions to Valuations

**08** Confidentiality

Appendix 1.0 Confirmation of Instruction  
Appendix 2.0 CACI Demographics Report  
Appendix 3.0 BNPPRE Care Market Research Report

# 01

## Instructions

# INSTRUCTIONS

---

- We refer to the email from Savills acting as your development viability agents dated 22 November 2022 and confirmed in our letter dated 2 February 2023.
- You are aware that we have not inspected the Property, nor made any of our normal valuation investigations or enquiries. We have therefore made no enquires or investigations to establish the physical nature of the Property, its suitability for the intended use, its planning status, tenure, marketability and whether there are any environmental or other factors that could significantly impact on value. Our preliminary advice is based solely on the information that you have provided, and which we have not verified. This preliminary advice also does not accord with the minimum reporting requirements in the RICS Valuation – Global Standards 2022 (the “Red Book”).
- We have adopted the definition of Market Value which in IVS 104 paragraph 30.1 is defined as: “The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”
- We understand that the desktop valuation is required for development viability purposes assuming a C2 nursing home only and you have confirmed your agreement that an inspection was not required for the purposes of this desktop instruction.
- We have specifically relied on the information provided to us and have therefore undertaken limited due diligence. Our desktop valuation strictly assumes that the site is cleared with all services available.
- Our indications of desktop value are as at 10 February 2023. Property values may change over a relatively short period of time and, as such, our desktop valuation may not be valid on any date other than the stated desktop valuation date.
- We understand that the purpose of the instruction is an independent assessment of the proposed care home as you are looking to develop it out and subsequently operate it.

# 02

## Information Provided



In this report, we have solely relied on the information provided to us by Savills (acting as the viability agents on behalf of the Client), their advisors and other third parties. In carrying out this instruction we have undertaken verbal / web based enquiries referred to in the relevant sections of this report.

We have relied upon this information as being accurate and complete. We have relied upon this information as being materially correct in all aspects. Should this not be the case or it is found that the information is inaccurate, then we reserve the right to review our desktop valuation advice accordingly.

We have been provided with the following information:

1. Floor plans prepared by Scott Brownrigg received on 26 January 2023:
  - Ground Floor - 18387-SBR-ZZ-00-DR-A-03011 Rev 3 - **26/01/2023**
  - First Floor - 18387-SBR-ZZ-01-DR-A03012 Rev 3 - **26/01/2023**

03

# Demographics

# DEMOGRAPHICS

We have adopted a 3 mile drive-time catchment for the proposed care home and attached as Appendix 2.

The findings are summarised below:

**Total population: 163,167**

Population aged over 65 years: 14.0% (London 13.1%)

Population aged over 75 years: 6.3% (London 6.1%)

Population aged over 85 years: 1.8% (London 1.9%)

## POPULATION CHANGE

	2022	2027	2032	2037
<b>Total population</b>	<b>163,167</b>	<b>166,392</b>	<b>168,463</b>	<b>170,912</b>
65 - 74	12,615	13,485	15,805	17,557
75 - 84	7,270	8,793	9,515	10,347
85+	3,018	3,401	3,950	4,880
<b>Total Population 85+</b>	<b>3,018</b>	<b>3,401</b>	<b>3,950</b>	<b>4,880</b>
% Population 85+	1.8 %	2.0 %	2.3 %	2.9 %
Base % Population 85+	1.9 %	2.0 %	2.2 %	2.6 %
Index 85+ Area vs Base	99	102	105	108

## Needs Analysis

Requirement: 712 care beds

Pipeline: 263 beds (within a six mile catchment),  
Closest is 3 miles distance - 32 beds

Existing Supply: 602 beds

Undersupply: 110 beds

## Closest care homes:

- Lyle House - 0.35 miles, 70 beds with 45 en suites. 2005
- Viera Gray House - 1.07 miles, 41 beds, 38 en suite. 1992
- St Mary's Convent and Nursing Home - 1.35 miles, 60 beds, all en suite.

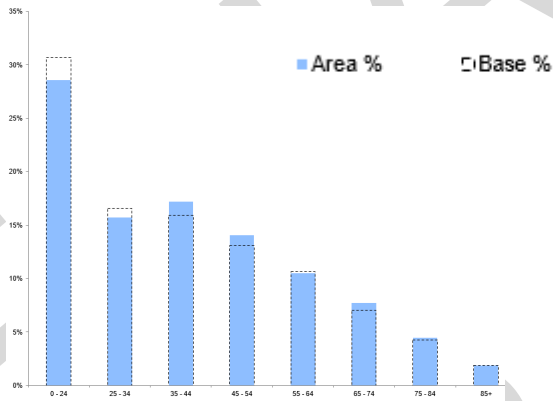
## Summary

The immediate competition in the local area is predominately converted and extended stock with standard WC en suites and would benefit from a modern purpose built facility.

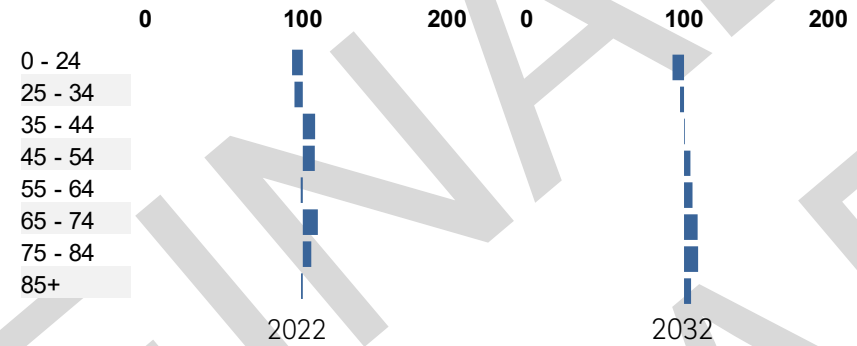
# LARGE AND GROWING DEMAND POOL

The site benefits from an affluent elderly population, indicating that a new care home may be in demand

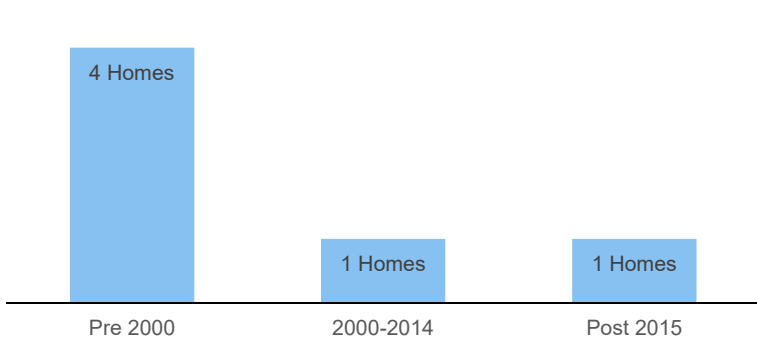
**A** The development site sits within an area that has a higher than average (vs London) population of elderly people



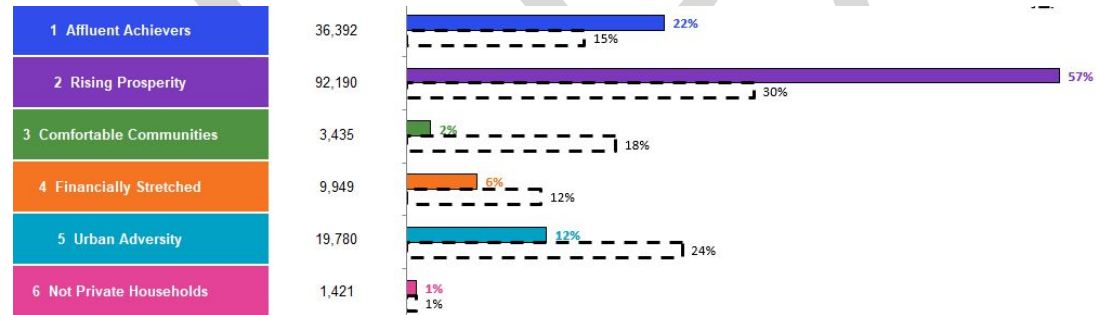
**B** The level of elderly is forecast to increase over the next decade within this catchment area .



**C** Number of care homes per age bracket



**D** The demographics show a larger than base population being categorised as affluent achievers and rising prosperity



Source: CACI 2022 Site catchment area is a 3 mile drive time

# EXISTING COMPETITION

BNPPRE understand that are three care / nursing schemes have been built since 2005 in the catchment. The most recent is Signature of Wimbledon. The remainder are either older purpose built stock or are converted and extended homes.

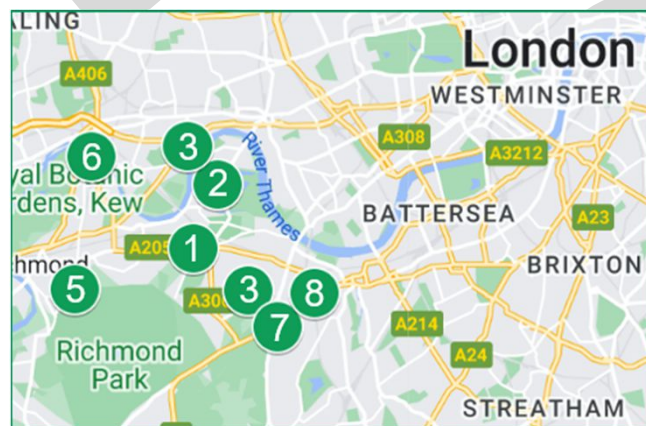
## Current Dynamic

CACI data indicates that there is currently an undersupply of 110 care and nursing home beds within a 3 mile catchment area from the subject site.

## Care Home Competition

We have identified eight care homes in the local area which represent the closest completion based on their specification and operators, which are summarised in the adjacent table.

## Competitor Map



FULL NAME	Address	OPERATOR	TYPE	REG. BEDS	E/S BEDS	PURPOSE BUILT	FIRST REG.	OVERALL CQC	DISTANCE (miles)
1 Lyle House	207 Arabella Drive, London, SW15 5LH	Country Court Care Homes Limit	Care Home	70	45	N	2005	Good	0.35
2 Viera Gray House	27 Ferry Road, London, SW13 9PP	Greensleeves Home Trust	Care Home	41	38	Y	1992	Good	1.07
3 St Mary's Convent & Nursing Home	Burlington Lane, London, W4 2QE	St Mary's Convent	Nursing Home	60	60	N	1987	Good	1.35
4 Ashmead Care Centre	201 Cortis Road, London, SW15 3AX	Maria Mallaband Countrywide	Nursing Home	110	110	Y	2004	Good	1.39
5 Greville House	Greville Road, Richmond, TW10 6HR	Care UK	Nursing Home	59	59	Y	2005	Good	1.66
6 Cecil Court	4 Priory Road, Richmond upon Thames, TW9 3DG	C & C	Care Home	45	45	N	1978	Good	1.70
7 Signature at Wimbledon	6 Victoria Drive, London, SW19 6AB	Signature Senior Lifestyle	Care Home	79	79	Y	2016	Good	2.00
8 The Pines Nursing Home	104 West Hill, London, SW15 2UQ	Caring Homes	Nursing Home	50	4	Y	1987	Good	2.21

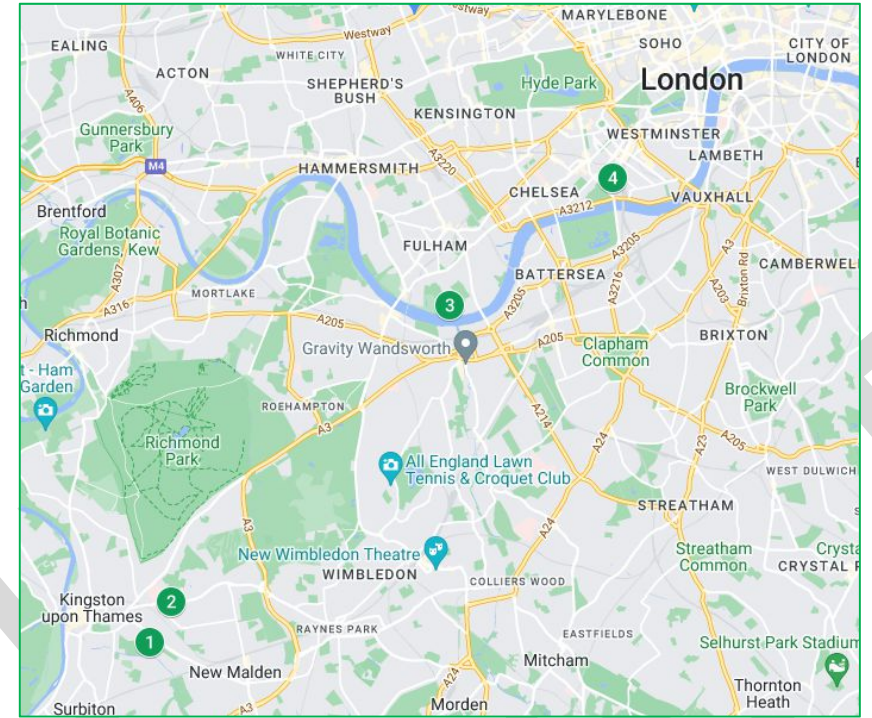
Source: Laing Buisson

# FORTHCOMING DEVELOPMENTS

## Forthcoming Schemes

Using the planning database Glenigan, BNPPRE have identified four care home schemes in the planning and development pipeline, within a 3 mile radius of the site, that have had detailed plans granted. The new developments are outlined on the adjacent map.

Also, planning has been resubmitted for a mixed use scheme at Stags Brewery, 0.6 miles distance from the site, but no defined care home has been designated on the wider scheme



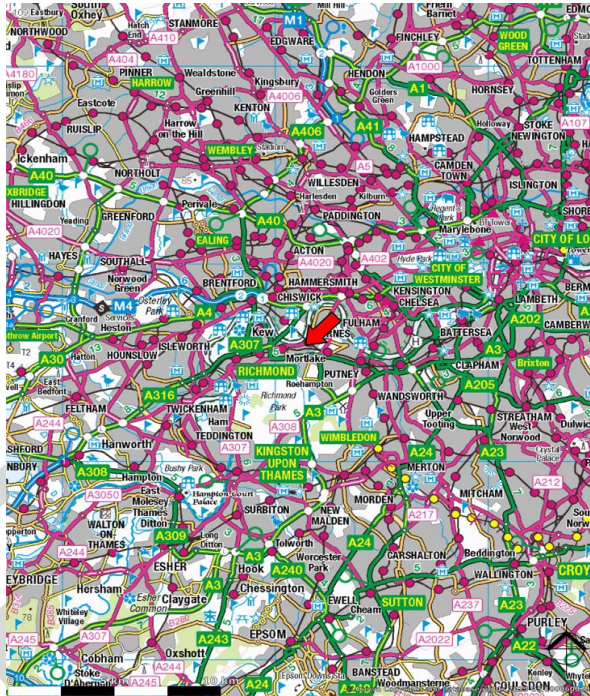
Map No	Site Name	Postcode	Distance from subject site	Planning Stage	Operator	Planning ref.	Scheme Description
1	65 Hampden Road, Kingston-On-Thames	KT1 3HG	6.2 miles	Approved	Care Concern	22/02295/FUL	Demolition of existing industrial buildings, construction of 120 bed six storey care home (C2).
2	17 Coombe Lane West, Kingston-On-Thames	KT2 7EW	5.7 miles	Approved	N/A	19/03167/FUL	Demolition of the two existing houses and the construction of a part three storey, part two storey nursing home comprising of 67 bedrooms (C2)
3	Broomhouse Lane,	SW6 3DP	3.0 miles	Approved	KYN	2019/00732/FUL	Alterations and extensions to the Grade II listed building, part one, part-two and part-three storey extension to the rear to provide a 32-bedroom nursing home (C2)
4	48 Ebury Bridge Road,	SW1W 8QF	5.7 miles	Approved	Loveday	20/05792/FULL	Demolition of the existing building and construction of a 44 bed dementia care home new building comprising basement, ground and five upper floors levels.

Source: Glenigan – 6 mile Catchment

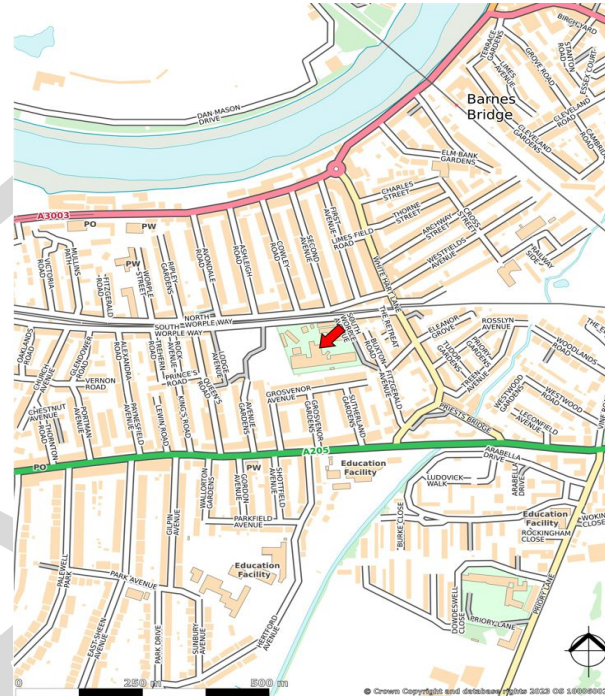
04

## The Proposed Care Home

# THE PROPOSED CARE HOME- LOCATION



The site is located in Barnes, South West London.



The site fronts South Worpole Way which runs parallel to the A205, the closest arterial road. The site bisects the two closest railway station, Mortlake to the west and Barnes to the east, both c.0.5 miles away. Mortlake bus stop is >0.1 miles from the site, just off Worpole Way. It is within an established residential area.



Above is an extract from the Ordnance Survey on which we show our understanding of the boundary of the Property edged in red. The property has a site area of c. 2.0 acres.



# CARE HOME-FLOOR PLANS



Ground Floor:  
18387-SBR-ZZ-00-DR-A-03011 Rev 3 - 26/01/2023



First Floor:  
18387-SBR-ZZ-01-DR-A03012 Rev 3 - 26/01/2023

Source: **SCOTT  
BROWNRIGG**

# THE PROPOSED CARE HOME-SUMMARY OF ACCOMODATION

## GROUND FLOOR:

Suite	m <sup>2</sup>
1	22
2	20
3	20
4	20
5	20
6	22
7	19
8	19
9	17
10	28
11	23
12	21
13	20
14	20
15	21
16	20
17	21
18	19
19	20
20	22
21	22
22	20
23	19
24	30
25	30
26	31

- 26 suites with wet rooms, 2 sitting rooms, seating area, 3 amenity/lounge, hairdresser, reception, visitor café, quiet room, dining room, private dining, 2 assisted bathrooms, 3 WCs, sluice, medicine room, staff change, staff WC, nurses station, manager, admin, wheelchair store, staff training/ seminar room, maintenance room, wheelchair store, cleaners, kitchen office, kitchen, kitchen change/WC , dry store

## FIRST FLOOR

Suite	m <sup>2</sup>
1	32
2	32
3	28
4	29
5	29
6	29
7	33
8	34
9	34
10	25
11	25
12	25
13	29
14	26
15	26
16	26
17	26
18	33
19	33
20	32
21	35
22	34
23	36
24	36
25	36

- 25 suites with wet rooms, 3 amenity/lounges, dining room, quiet room, assisted bathroom, 2 WCs, sluice room, medicine storage, 2 nurses stations, home base, staff changing, staff WC. storage

05

# Principal Desktop Valuation Considerations and Approach

# PRINCIPAL DESKTOP VALUATION CONSIDERATIONS (1):

The main factors that we have regard to in assessing the desktop Gross Development Value (turnkey) include the following:

- Location and demographics.
- The competitive environment.
- Building specification.
- Planning considerations.
- CQC physical and operational compliance.
- Proposed business performance, fees, occupancy, staffing and potential.
- Market attraction

Our valuation is based on the floor plans and area information provided, and we have assumed all plans and warranties in relation to the development would be transferable to any purchaser.

# PRINCIPAL DESKTOP VALUATION CONSIDERATIONS (2):

## Care Home

The RICS Information Paper IP 28/2012 (effective from 21 May 2012) states that the Valuer is to assess the fair maintainable level of trade and fee income and future maintainable profits than can be achieved by a reasonably efficient operator of the business, upon which a potential purchaser would, in the opinion of the Valuer, be likely to base their offer. Our Valuations have been prepared using a profits method having regard to trading potential which is the accepted valuation practice and by which care homes are most commonly bought and sold. Under this approach the value of the property is assessed by capitalising the estimated sustainable EBITDAR by a multiplier representing the return that operator's currently require from care homes.

Comparable evidence of other similar market deals may be used to assess the present expected levels of return, both as to profit per annum and multiplier. The determination of the capitalisation factor applied in arriving at the market value of healthcare trading entities relies upon the knowledge and experience of the Valuer. It reflects the Valuer's opinion of the market's perception of the risk or security associated with the subject business, the relevant market sector's approach to value, the availability and likely cost of development funding for new enterprises together with funding for transfers of this category of enterprise and its current and future trading potential. It will also take account of, and be supported by, all available market evidence, intelligence and general economic factors.

BNP Healthcare advise on a broad range of care facilities throughout the UK and have an extensive database both for valuations and sales and have drawn upon this in benchmarking the business performance and in considering the appropriate multiplier to adopt. Transactional evidence is confidential and not openly available and furthermore, full details are rarely released often leading to distorted anecdotal evidence which is not always representative of the true transaction. Accordingly, we have largely relied upon details of businesses where we have had a direct involvement and are able to analyse the information on a consistent basis. It is very rare that mature trading homes sell on individual basis but generally on an opco/ propco basis in the current times.

# MARKET VALUE - DEFINITION

## MARKET VALUE DEFINITION

Market Value is an internationally recognised basis and is defined as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

The Market Value is our estimate of the price that would be agreed, with no adjustment made for the costs that would be incurred by the parties in any transaction, including any liability for VAT, stamp duty or other taxes. It is also gross of any mortgage or similar financial encumbrance.

# 06

## Desktop Valuation Calculations

# DESKTOP VALUATION CALCULATIONS

## Assumptions

51 suite care home C2 providing both nursing and residential care for the elderly and those with dementia.

All single en suite bedrooms with wet rooms.

Owner operated with experienced management team.

## Projected Trade Assessment ('PTA')

We have provided a projected trade assessment assuming the property has been developed to provide 51 beds in all single en suite bedrooms and has traded to mature levels for a reasonable time following a period of build up.

Clearly, this can be subjective and the operating style will vary from party to party, for example in respect of mix of care categories, dementia, blend of self pay and funded service users etc together with the attitude of the operator in relation to staffing levels, rates of pay and management style. For the purposes of the desktop valuation, we have had regard to the existing competition, fee levels being achieved at other independent care homes and our knowledge of the other care homes in the region and their operating style.

Set out within the report is our outline trading model which we have adopted in our desktop valuation and which is expressly given for guidance purposes and are indicative of a third party operator running the home on an efficient commercial basis by reference to our experience and industry benchmarks and also the assumptions outlined in our desktop report.

In our assessment of PTA, we have utilised our knowledge and experience together with BNPPRE care home benchmarking in order to arrive at a mature and stabilised trading forecast.

Having regard to the assumptions above we have based our mature FMT assuming the proposed care categories on a sustainable capacity of 51, occupancy of 92.6% and an average fee of £1,800 to produce a projected income of £4,423,000 per annum.



# GROSS DEVELOPMENT VALUE (TURNKEY)

To arrive at the Gross Development Value, we have had regard our Projected Trade Assessment which is summarised below:

Year of Accounts	BNPPRE Projection (Mature) Trade Assessment	
Capacity	51 Beds	
Income	£4,423,000	
Staff Costs	£2,344,000	53.0%
Non Staff Costs	£375,000	8.5%
FMOP	£1,704,000	38.5%
Mature Multiple	12.00	
Mature Market Value	£20,450,000	£400,000
Turnkey Multiple	8.5	
Turnkey Value	£14,500,000	£280,000

Based on the above Projected Trade Assessment and taking into account the build up period to reach maturity and build up in fees and costs, provides a desktop turnkey value of £14.5m / £280k/bed.

# COMPARABLES

BNPPRE Healthcare advise on a broad range of care facilities throughout the U K Transactional evidence is confidential and not openly available and furthermore, full details are rarely released often leading to distorted anecdotal evidence which is always not representative of the true transaction.

Accordingly, we have largely relied upon details of businesses where we have had a direct involvement and are able to analyse the information on a consistent basis. We have had regard to the following comparable evidence and we have also considered a wider area but there appear to be no other suitable comparables which would be applicable.

The evidence below is listed on a 'per bed' basis as analysis of YPs/ multiples can be distorted based on the information provided and whether it is based on true EBITDAR or reconstituted EBITDAR. There are relatively few care home sales within the immediate vicinity and as such we have looked at sales further afield and highlight the most recent below:

Date	Care Home Location	Registered Beds	Sale Price	Price / Bed
OTM	East Sussex	75	£25,800,000	£340,000
Dec-22	Fulham	32	£20,000,000	£625,000
Feb-22	West Midlands	61	£13,000,000	£219,697
Sep-21	Kent	54	£5,400,000	£100,000
Sep-21	East Sussex	90	£21,950,000	£243,889
Jul-20	Buckinghamshire	66	£15,000,000	£227,273

07

# General Conditions and Assumptions to Valuations

# GENERAL ASSUMPTIONS AND CONDITIONS TO VALUATIONS

Our indications of value are carried out on the basis of the following General Assumptions:

## Tenure and Tenancies

That the property are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings contained in the Title. We will not inspect the Land Registry and shall rely upon information provided by you or your solicitor relating to both tenure and tenancy data. That the residents occupancy is by way of a licence agreement and does not create any tenancies. There are no undisclosed breaches of covenant.

## Condition and Repair

That the buildings are structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the buildings we have inspected or not, that would cause us to make allowance by way of capital repair. That in the construction or alteration of the buildings no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, wood wool slabs used as permanent shuttering and the like. We will not carry out any investigations into these matters. That the properties are not adversely affected, nor are likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice. That the buildings have been constructed and is used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful. That the properties are connected or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.

## Environmental Risks

That the property has not suffered any land contamination in the past, nor are they likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination. That there are no adverse site or soil conditions, that the property is not adversely affected by the Town and Country Planning (Assessment of Environmental Effects) Regulations 1988, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our valuation.

## Floor Areas

This is a desktop report only with no inspection. Accordingly we have relied on information provided to us and noted at the beginning of this report.

# GENERAL ASSUMPTIONS AND CONDITIONS TO VALUATIONS

## General Conditions

Our indications of value are carried out on the basis of the following General Conditions:

1. That the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. Should there be any mortgages or charges, we have assumed that the properties would be sold free of them. . We have not inspected the Title Deeds or Land Registry Certificate.
2. That we have been supplied with all information likely to have an effect on the value of the Property and that the information supplied to us and summarised in this Report is both complete and correct.
3. That the buildings have been constructed and are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control and any future construction or use will be lawful.
4. That the Property are not adversely affected, nor likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice (other than those points referred to above).
5. That the buildings are structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the building(s) we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our inspection of the Properties and our Report do not constitute a building survey or any warranty as to the state of repair or refurbishment of the Properties. Our Valuation is on the basis that a building survey would not reveal material defects or cause us to alter our Valuation materially.
6. That there is unrestricted access to the Property and that they are connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
7. Sewers, mains services and roads giving access to the Property have been adopted, and any lease provides rights of access and egress over all communal estate roadways, pathways, corridors, stairways and the use of communal grounds, parking areas and other facilities.
8. That in the construction or alteration of the buildings no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, wood wool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.

# GENERAL ASSUMPTIONS AND CONDITIONS TO VALUATIONS

## General Conditions cont'd

9. That the Property is free from environmental hazards and has not suffered any land contamination in the past, nor are they likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.
10. In the case of a Property where we have been asked to value the site under the special assumption that the Property will be developed, there are no adverse site or soil conditions, that the Property is not adversely affected by the Town and Country Planning (Environmental Impact Assessment) Regulations 2017 that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our Valuation.
11. We will not make any allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the Property.
12. Our Valuation will be exclusive of VAT (if applicable).
13. No allowance will be made for any expenses of realisation.
14. Excluded from our Valuation will be any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
15. When valuing two or more properties, or a portfolio, each property will be valued individually and no allowance will be made, either positive or negative, should it form part of a larger disposal. The total stated will be the aggregate of the individual Market Values.
16. In the case of a Property where there is a distressed loan we will not take account of any possible effect that the appointment of either an Administrative Receiver or a Law of Property Act Receiver might have on the perception of the Property in the market and their subsequent valuation, or the ability of such a Receiver to realise the value of the properties in either of these scenarios.
17. No allowance will be made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it will be assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EU legislation, insofar that the latter is applicable.
18. Our Valuation will be based on market evidence which has come into our possession from numerous sources, including other agents and valuers and from time to time this information is provided verbally. Some comes from databases such as the Land Registry or computer databases to which BNP Paribas subscribes. In all cases, other than where we have had a direct involvement with the transactions being used as comparables in our Report, we are unable to warrant that the information on which we have relied is correct.

08

# Confidentiality

# CONFIDENTIALITY

In accordance with the recommendations of the RICS, this report is provided solely for the purpose stated in this report.

It is confidential to and for the use only of the parties to whom it is addressed, and no responsibility is accepted to any third party for the whole nor any part of its contents.

Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

This preliminary advice is provided solely to enable you to assess the potential viability of a proposed project. It should not be relied upon for any contractual purpose or for making any irreversible investment decisions. This advice is provided on the understanding that if the decision is made to proceed, you will instruct us to provide a detailed report and further valuation that will be prepared after an inspection and all other appropriate enquiries. Our preliminary valuation advice is subject to any alteration that we deem appropriate as a result of making these enquiries. It should not be relied upon as the basis for any binding decision for accounts purposes or loan security. BNP Paribas does not accept responsibility for the consequence of any binding decision that may be made on the basis of this advice.

Yours faithfully

FINAL DRAFT

Samantha Rowland FRICS RICS Registered Valuer  
Head of Healthcare & Senior Living  
For and on behalf of BNP Paribas Real Estate



Samantha Rowland FRICS  
Head of Healthcare & Senior Living  
samantha.rowland@realestate.bnpparibas  
+44 (0) 7501 614336

## BNP PARIBAS REAL ESTATE DISCLAIMER

This report has been prepared by BNP Paribas Real Estate for informational purposes only. Although the information contained in this presentation has been obtained from sources which BNP Paribas Real Estate believes to be reliable, it has not been independently verified and no representation or warranty, express or implied, is made and no responsibility is or will be accepted by BNP Paribas Real Estate to or in relation to the accuracy, reliability or completeness as any such information.

Opinions expressed herein reflect the judgement of BNP Paribas as of the date of this report and may be subject to change without notice if BNP Paribas Real Estate becomes aware of any information, whether specific or general, which may have a material impact on any such opinions. BNP Paribas Real Estate will not be responsible for any consequences resulting from the use of this presentation as well as the reliance upon any opinion or statement contained herein or for any omission.

This presentation is confidential and may not be reproduced (in whole or in part) nor summarised or distributed without the prior written permission of BNP Paribas Real Estate.

© BNP Paribas Real Estate. All rights reserved.



# Appendix 1: Confirmation of Instructions



**BNP PARIBAS  
REAL ESTATE**

## Private & Confidential

## Valuation

Star Land Realty UK Limited  
c/o LS Estates Ltd  
1 Bow Lane  
London  
EC4M 9EE

**Samantha Rowland FRICS**  
**Head of Healthcare & Senior Living**  
BNP Paribas Real Estate  
London Head Office  
5 Aldermanbury Square  
London EC2V 7BP

**For the attention of:**  
Duncan Trench <duncan@ls-estates.co.uk>

**Mobile:** 07501 614336  
**E-mail:** samantha.rowland@realestate.bnpparibas

Our ref: 251858

2 February 2023

Dear Sirs,

**CLIENT: STAR LAND REALTY UK LIMITED**  
**PROPERTY: BARNES HOSPITAL, SOUTH WORPLE WAY, LONDON SW14 8SU**

We refer to the email from Savills acting as your development viability agents dated 12 January 2023 you're your instructions in your email dated 25 January 2023.

We confirm that you have asked us to provide you with a preliminary opinion of the probable value of the freehold interest in the above Property for development viability purposes assuming a C2 specialist nursing home.

We understand that you own the freehold interest in the Property and it is owner occupied.

## CONFLICTS OF INTEREST

We can confirm that we have had no material involvement with the Property or any other party connected with the Property and we are not aware of anything that could create a conflict with our duty to provide you with an objective and independent valuation.

## SCOPE OF INSTRUCTIONS

You are aware that we have not inspected the Property, nor made any of our normal valuation investigations or enquiries. These enquiries would normally include establishing the physical nature of the Property, its suitability for the intended use, its planning status, tenure, marketability and whether there are likely to be any environmental or other factors that could significantly impact on value. Our preliminary advice will therefore be based solely on the information that you provide, which we will be under no duty to verify. Neither will our advice comply with the minimum reporting standards in the RICS Valuation – Global Standards 2021, effective 31<sup>st</sup> January 2022, (the "Red Book").

Our advice will be provided for the sole purpose of assisting you to decide whether to instruct us to provide you with a written valuation in accordance with the RICS Valuation – Global Standards.

## BNP Paribas Real Estate Advisory & Property Management UK Limited

Registered office: 5 Aldermanbury Square, London EC2V 7BP  
Registered in England No. 4176965

[www.realestate.bnpparibas.co.uk](http://www.realestate.bnpparibas.co.uk)



Regulated by RICS



- We have relied upon the limited information provided to us and have not completed the investigations required to produce a valuation which is compliant with the Red Book.
- This advice is provided for your internal purposes only, should on no account be published or disclosed and should not be relied upon in the making of any irrevocable decisions or contractual commitments.
- Except as varied by this letter, this advice will be subject to our Terms and Conditions of Business, a copy of which is attached.

Please note that clause 14.4 (b) shall not apply, and will be substituted with the following clause:

Section 14.4(b) Limitation of Liability

"Subject to clause 14.3 Our aggregate liability in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise arising under or in connection with all matter under the Terms of Engagement will be limited to £1 per claim or series of related claims."

**RELIANCE & PUBLICATION**

Our report will be addressed to you and is for your use only. No responsibility will be accepted to any other party. Our prior consent in writing will be required if you wish to reproduce the report or refer to it in any published document. Our valuation file may be subject to confidential monitoring in order to ensure compliance with the RICS' conduct and disciplinary regulations.

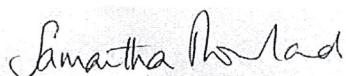
**GENERAL**

We believe that we have accurately summarised your requirements but if any of these conditions conflict with your requirements please do not hesitate to contact us.

Our fee for this work is £7,500 + VAT which will become payable upon submission of our report.

Otherwise, we would be grateful if you could sign and return the attached duplicate of this letter as confirmation that you wish us to proceed on this basis so that we may confirm our preliminary view of the probable value of the Property. If we do not hear from you to the contrary prior to the issue of our report, we shall assume that these conditions are agreed.

Yours faithfully,



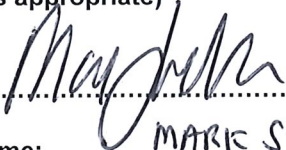
**Samantha Rowland FRICS**  
Head of Healthcare & Senior Living  
RICS Registered Valuer

**For and on behalf of BNP Paribas Real Estate**

Enc. – Terms & Conditions of Business, Valuation Procedures & Assumptions

I / We\* confirm my / our agreement that this letter and the accompanying documents it refers to are an accurate summary of the service required, and that I / we\* accept for the provision of these services.

(\* delete as appropriate)

Signed: .....  
Printed name: MARIE SWETMAN.....  
Position: ~~DIRECTOR~~ POA.....  
Date: 3/2/23.....



**DEFINITIONS**

In these Conditions:

“**BNPPRE Person**” means any of Our or any Group Company’s employees, officers, directors, subcontractors or consultants whether permanent, fixed term or part-time;

“**Conditions**” means these terms and conditions of business;

“**Confidential Information**” means any technical, financial and commercial information obtained or received by You directly or indirectly from Us (and vice versa) in the course of or in anticipation of the Services;

“**Connected Person**” means any of Your employees, officers, directors, subcontractors or consultants whether permanent, fixed term or part-time;

“**EEA**” means European Economic Area, which consists of the EU member states plus Iceland, Liechtenstein and Norway;

“**Engagement Letter**” means the engagement letter from Us to You setting out the basis on which We shall carry out the particular Services for You;

“**EU Data Protection Law**” means all applicable data protection laws and regulations of the European Union or its member states.;“**Fees**” means the fees payable by You to Us for the Services, as set out in the Terms of Engagement and/or as otherwise agreed by Us in writing;

“**Financial Crime Laws**” means any bribery (including facilitation payments or kickbacks), fraud, corruption, money-laundering, tax evasion, facilitation of tax evasion, terrorism, or economic sanctions law or regulation, or a law or regulation designed to counter the same. This definition includes, but is not limited to, the UK Bribery Act 2010 and Criminal Finances Act 2017, French Sapin II and the US Foreign Corrupt Practices Act 1977 (“FCPA”).

“**Financial Crime**” means a breach of a Financial Crime Law.

“**Government Entity**” means:

- (a) any national, federal state, province, local and/or municipal government department, agency, office and/or instrumentality;
- (b) any company or organisation where a government has 50 percent or more ownership interest;
- (c) any company or organisation where a government controls a majority of votes attaching to the shares;
- (d) companies and organisations that are controlled by a government. For example, the term ‘Government Entity’ will generally include companies and organisations that:
  - i. have constituting statutes that establish that they are instrumentalities, agents or mandataries of a government;
  - ii. perform functions or services that are public-in-nature (i.e., for the benefit of the general public or a large sector of the population);
  - iii. are financially dependent on the government (i.e., the government is responsible for losses or funding of operations);
  - iv. do not operate on a normal commercial basis (e.g., because they are given special powers by legislation);
  - v. have boards of directors or management committees where the government nominates a majority of directors or management committees where the government nominates a majority of directors or officers.

“**Group Company**” means in relation to Us, any of Our subsidiaries, affiliates or holding companies from time to time and any subsidiary from time to time of a holding company of Ours;

“**Information**” means any deeds, documents, advice, information, reports, plans, drawings, instructions and/or assistance that We may require from You or which We may require You to procure on Our behalf;

“**Intellectual Property Rights**” means patents, registered and unregistered trademarks and service marks, registered and unregistered design rights, copyright, database rights, rights in

know-how and confidential information, applications for and rights to apply for any of the above, and any other similar rights recognised from time to time in any country, together with all rights of action in relation to the infringement of any of the above;

“**Major Sanctioned Countries**” means any countries that are subject to comprehensive embargoes or high-risk countries from time to time and for which We have decided to maintain the same restrictive control measures. The current MSCs are Cuba, Iran, Syria, North Korea, Crimea/Sevastopol. “**MSC**” and “**MSCs**” shall be construed accordingly;

“**Materials**” includes, in addition to any document in writing, any drawing, map, plan, diagram, design, brochure, picture, photograph or other image, tape, disk or other device, file or record embodying information or data in any form;

“**Property**” means the property/ies, which is/are the subject of Your instructions to Us;

“**Services**” means the services and/or work performed or to be performed by Us as set out in the Engagement Letter and/or Specific Terms of Engagement, together with any other services and/or work which We provide or agree to provide to You from time to time;

“**Public Official**” means:

- (a) any officer, employee or representative of a government, whether national, federal or local;
- (b) any individual exercising a legislative, administrative or judicial function, whether appointed or elected;
- (c) any officer, employee or representative of any Government Entity, including but not limited to central banks, sovereign wealth funds, state-run hospitals and any business venture that is owned or controlled by a Government Entity;
- (d) any candidate for or holder of public office;
- (e) any political party or official of a political party;
- (f) any officer, employee or representative of a public international organisation; and
- (g) any member of a royal family.

“**Specific Terms of Engagement**” means the service specific terms of engagement, if any, referred to in the Engagement Letter;

“**Terms of Engagement**” means these Conditions, the Engagement Letter and the Specific Terms of Engagement, in each case as may be varied in writing and agreed by Us and You from time to time;

“**Transaction**” means any transaction entered or intended to be entered into by You in relation to which the Services are to be performed (including but not limited to a transaction effecting a sale or letting of the Property);

“**UK Data Protection Law**” means the Data Protection Act 2018, the UK GDPR as well as all related UK laws and regulations;

“**UK GDPR**” means the Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);

“**We, Us and Our**” means BNP Paribas Real Estate Advisory & Property Management UK Limited, a private limited company registered in England and Wales with company number 04176965 and whose registered office is at 5 Aldermanbury Square, London EC2V 7BP; and

“**You, Your and Yourself**” means the person or persons, firm, company, authority or other organisation to whom We are to supply the Services, as set out in the Engagement Letter.

**1 Terms of Engagement**

- 1.1 The Services will be provided pursuant to the Terms of Engagement.
- 1.2 The Terms of Engagement comprise the whole agreement between Us and You in relation to the provision of Services



and supersede all prior agreements in connection with the subject matter hereof except where expressly agreed in the Engagement Letter. Both parties acknowledge and agree that, in entering into the Terms of Engagement, they do not rely on, or have not relied on, any undertaking, promise, assurance, statement, representation, warranty or understanding (whether made orally or in writing) of any person (including Us and You) relating to the subject matter of the Terms of Engagement, other than as expressly set out in the Terms of Engagement.

- 1.3 If any provision (or part of a provision) of the Terms of Engagement is found by any court of competent jurisdiction to be invalid, unenforceable or illegal, the other provisions (or remainder of the affected provision) will remain in force.
  - 1.4 Subject to the rights of any BNPPRE Person granted under clause 14.7, the Terms of Engagement are made solely for the benefit of Us and You, and (where applicable) Our or Your successors and permitted assigns, and are not intended to benefit, or be enforceable by, anyone else. Except as stated in clause 14.7, and for the purpose of the Contracts (Rights of Third Parties) Act 1999, the Terms of Engagement do not and are not intended to give any rights, or right to enforce any of their provisions, to any person who is not a party to them.
  - 1.5 The Engagement Letter constitutes an offer by Us to You to provide the Services specified in it on the Terms of Engagement. By counter-signing the Engagement Letter (or, in the alternative, accepting the Services referred to therein) You formally accept the Terms of Engagement. Notwithstanding the previous sentence, You agree that all and any Services provided prior to Your counter-signature of the Engagement Letter shall be governed by the Terms of Engagement.
  - 1.6 By counter-signing the Engagement Letter and/or agreeing the Terms of Engagement and/or accepting the Services, You warrant that You have the authority to instruct Us to perform the Services.
  - 1.7 In the event of any conflict arising between the documents comprising the Terms of Engagement, the following order of precedence shall apply:
    - (a) Engagement Letter;
    - (b) Specific Terms of Engagement;
    - (c) these Conditions.
  - 1.8 The Terms of Engagement and any dispute arising out of or in connection with them or their subject matter, shall be governed by and construed in accordance with the laws of England. The parties both irrevocably agree that the courts of England shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with the Terms of Engagement or their subject matter.
- 2 Changes in Scope**
- 2.1 The scope of the Services will be limited to the matters set out in the Terms of Engagement. However, this does not preclude Us from considering and agreeing with You, in writing, changes to the scope of the Services from time to time.
- 3 Timetable**
- 3.1 We will discuss with You the nature and timing of the delivery of Services and the most effective way of implementing them. The timetable for completion of the Services assumes that the Information will be made available in good order and in a timely manner and will be provided in accordance with the provisions of clause 5.
  - 3.2 Dates for performance and/or completion of the Services are estimates only and shall not be construed as being of the essence to the Terms of Engagement. We will, however, use reasonable endeavours to perform the Services on or by the dates specified and agreed in writing.
- 4 Services**

## Terms and conditions of business

We undertake to perform the Services using reasonable care and skill and in accordance with the professional standards to which We are subject.

### **5 Information**

- 5.1 You shall provide (or procure the provision) to Us, free of charge and within any specified time limits, all Information as may be necessary or reasonably requested by Us at such time as shall enable Us to:
  - (a) perform the Services in accordance with Our obligations under the Terms of Engagement; and/or
  - (b) comply with Our internal anti money laundering policies and procedures and any relevant legislation or regulations as may be in force from time to time (including but not limited to Information about You or any third party on whose behalf You act in respect of receipt of the Services).
- 5.2 You warrant that all and any Information is accurate, complete and consistent. Accordingly, You agree that We are not liable for (and shall indemnify Us against) the direct or indirect consequences of any inaccuracies, inadequacies or inconsistencies contained in the Information, whether prepared by You or by a third party, or any shortfalls in or absence of such Information and whether or not supplied directly to Us by You or by such a third party.
- 5.3 You will notify Us immediately if anything occurs to render any Information untrue, inaccurate or misleading and/or if any claim is made by a third party in respect of any Information.

### **6 Intellectual Property Rights and Use of Our Materials**

- 6.1 All Intellectual Property Rights in any Materials prepared by Us or otherwise generated in the course of carrying out the Services shall be owned exclusively by Us. Without limiting clause 6.3, no part of any such Materials may be reproduced or transmitted or disclosed in any form or by any means without Our prior written permission.
- 6.2 All information, advice and Materials provided by Us to You are provided for Your use only and solely for the purpose(s) to which they refer. Accordingly, We accept no responsibility for (and You shall indemnify Us in respect of) any reliance that any third party may place on such information, advice or Materials, and/or for any reliance that You may place on such information, advice or Materials for any other purpose.
- 6.3 Neither the whole nor any part of the Materials referred to under clause 6.1, nor any reference thereto, may be included in any published document, circular or statement or published in any way without Our prior written approval.

### **7 Recommendations**

- 7.1 The Services and any findings arising out of the Services will not in any way constitute recommendations on matters outside the scope of the Terms of Engagement.
- 7.2 You are responsible for determining whether the scope of the Services as specified in the Terms of Engagement are sufficient for Your purposes in the context of Your wider investigations and due diligence.

### **8 Fees and Disbursements**

- 8.1 The Fees will be as set out in the Terms of Engagement or as otherwise agreed by Us in writing.
- 8.2 You shall pay the Fees, and all other costs or charges agreed in the Terms of Engagement and/or as otherwise agreed by Us in writing. If the Fees are not stated in the Terms of Engagement, Our Fees will be based on Our standard hourly rates in force from time to time multiplied by the number of hours spent by each person on the work in question (the "Hourly Rate Basis").
- 8.3 Unless agreed otherwise, Our Fees are exclusive of any reasonable disbursements and expenses that any of the personnel engaged in providing the Services may incur in connection with the provision of the Services and any applicable VAT, for all of which You will additionally be liable.



**9 Payment Terms**

- 9.1 Where We quote a fixed fee for Our Services, this quotation will only be valid for a period of 30 days from issue or as otherwise agreed. No contract will arise from any such quotation until We give written confirmation to You. You accept that We reserve the right to increase such fixed fee by such amount as is reasonable, as a result of any matters beyond Our control, a change in instructions from You or a failure by You to provide Us with satisfactory Information pursuant to clause 5 and We will give You prior written notice of any such increase.
- 9.2 We reserve the right to render regular and/or interim invoices where appropriate. Specifically where We are working on an Hourly Rate Basis We may bill monthly except where We agree otherwise in writing. We also reserve the right to invoice You immediately for the cost of any reasonable disbursements or expenses that We may incur in relation to the Services.
- 9.3 Save where otherwise agreed in writing, Our terms of payment are net cash 28 days from the date of invoice. Time for payment will be of the essence.
- 9.4 If any invoice is overdue for payment, We will be entitled to refrain from continuing to perform any Services for You until such invoice is paid in full (including interest). We will also be entitled to retain any Materials produced by Us in the course of the Services and/or any Information belonging to You until all outstanding sums have been paid. We retain the right to charge interest on such outstanding sums at the annual rate of 4% above the Bank of England's base rate (unless such rate is below 0% in which case at the annual rate of 4%) accruing on a daily basis from the due date until the date of actual payment of the overdue amount, compounded quarterly, whether before or after judgment. You must pay Us interest together with the overdue amount. Our rights under this clause 9.4 are without prejudice to any rights that may accrue pursuant to clause 9.3.
- 9.5 In certain circumstances (which We will discuss with You), We may require You to make payment on account of any anticipated fees and/or disbursements and/or expenses to be incurred prior to the Services being commenced or continued.
- 9.6 We may at any time, without notice to You, set off any obligation due from You to Us against any obligation owed by Us to You, whether either liability is present or future and whether or not either liability arises under the Terms of Engagement. Any exercise by Us of Our rights under this clause shall not limit or affect any other rights or remedies available to Us under the Terms of Engagement or otherwise.
- 9.7 We may submit Our invoice(s) electronically or in hard copy. All invoices will be deemed to have been received the working day immediately following the day they are sent.

**10 Confidentiality**

Both parties will (and will procure that their directors, officers, agents, contractors, consultants and employees will) at all times keep in strict confidence, and not use, any of the other party's Confidential Information, except:

- (a) in connection with the performance of the Services or as reasonably necessary for the purposes of the Transaction; or
- (b) as expressly stated in the Engagement Letter; or
- (c) as subsequently agreed to in writing by both parties; or
- (d) as otherwise required or permitted to be disclosed by law; or
- (e) where such Confidential Information is public knowledge (save where it becomes public knowledge through a breach of this clause 10).

You agree that, without reference to You, We may disclose to Our professional liability insurers and their agents and

advisers, on terms of confidence, such Confidential Information as We are required to disclose in order to comply with the terms of Our insurance programmes.

**11 Complaints**

- 11.1 If You are for any reason dissatisfied with the Services We should be advised immediately so that We can investigate it further. You agree that You will not take any action or commence any proceedings against Us before You have first referred Your complaint to Us in accordance with Our complaints procedure, details of which are available from: The Chief Operating Officer, BNP Paribas Real Estate Advisory & Property Management UK Limited, 5 Aldermanbury Square, London, EC2V 7BP. The purpose of such referral is to enable Us to provide You with details of Our complaints handling procedure and for Your complaint to be reviewed and responded to by Us, with a view to resolving the dispute or difference in a manner satisfactory to both parties.
- 11.2 If following Our response in accordance with clause 11.1 You remain dissatisfied, You may refer Your complaint or dispute to;

For consumer clients: Property Redress Scheme  
Premiere House, 1<sup>st</sup> Floor  
Elstree Way  
WD6 1JH  
[www.theprs.co.uk](http://www.theprs.co.uk)

For commercial clients: RICS Dispute Resolution Service  
55 Colmore Row  
Birmingham  
B3 2AA  
[www.rics.org/drs](http://www.rics.org/drs)

**12 Client Money, Anti-Money Laundering Procedures and Conduct**

- 12.1 All client money retained by Us shall be held in separate client accounts in accordance with and subject to the requirements of the Professional Statement on Client Money Handling of the Royal Institution of Chartered Surveyors ("RICS"). To ensure compliance with the anti-money laundering legislation We reserve the right to decline cash receipts. We also reserve the right to refuse to pay to any third party money due to You.
- 12.2 You agree to comply with all anti-money laundering procedures We have in place from time to time, and understand and accept that We are unable to provide the Services unless such procedures have been successfully completed in advance.
- 12.3 The parties hereby represent and warrant that:
- (a) they each shall comply with all applicable anti-corruption laws;
  - (b) they each shall not directly or indirectly pay, offer, give, promise to pay or authorise the payment of, any portion of the compensation received in connection with these Terms of Engagement or any other monies or other things of value in connection with its performance to a Public Official to obtain or retain business or secure any improper advantage nor shall it permit such actions by a third party;
  - (c) Neither party nor any subsidiary or affiliate of either party is or will become an official or employee of the government during the term of these Terms of Engagement without the prior written approval of the other.
- 12.4 You understand that BNPPRE is committed to complying with all Financial Crime Laws. You represent and warrant that neither You nor any Connected Persons have taken or will take any action that might cause BNPPRE to violate Financial Crime Laws.



- 12.5 Without prejudice to the generality of the above, You represent and warrant that neither You nor any Connected Person will authorise, offer, give or agree to offer or give, directly or indirectly, any payment, gift or other advantage with respect to any activities undertaken relating to the Services or these Terms of Engagement which:
- (a) is intended to, or does, influence any person to act or reward any person for acting in breach of an expectation of good faith, impartiality or trust, or which it would otherwise be improper for the recipient to accept; or
  - (b) is made to or for the benefit of a Public Official directly or indirectly, with the intention of influencing any act or decision of the Public Official in his/its official capacity, including such Public Official to use his/its influence to affect any act or decision of a government entity, or securing an improper advantage; or
  - (c) Would otherwise violate Financial Crime Laws.
- 12.5 Without prejudice to the generality of the above, You represent and warrant that:
- (a) neither You nor any Connected Person are procuring or shall utilise the Services, whether wholly or in part, directly or indirectly, to facilitate tax evasion by any party;
  - (b) any equity, proceeds or rental income used in relation to or deriving from any transaction to which the Services relate have been and/or will be (as appropriate) disclosed in full to any relevant tax agency or authority in Your country of residence and any other relevant jurisdiction.
- 12.6 Any breach by You of this clause 12 shall constitute a material breach for the purposes of clause 13.2(b)(ii) of these Conditions.
- 12.7 In the event one party has reason to believe that a material breach has occurred or may occur, that party shall have the right to audit or to have a third party acceptable to each party at the joint expense of the parties conduct the audit, in order to satisfy that no such breach has occurred. The parties shall cooperate in any audit conducted by or on behalf of the other.
- 13 Termination**
- 13.1 The Terms of Engagement shall terminate automatically on completion of the Services.
- 13.2 Without prejudice to any other rights or remedies which the parties may have:
- (a) either party has the right to terminate the Terms of Engagement on not less than 28 days' written notice to the other (except where Our Instructions include ongoing management work, in which case either party may only terminate the Terms of Engagement by giving not less than six months' notice in writing to the other); and
  - (b) We may terminate the Terms of Engagement immediately on giving written notice to You if:
    - (i) a conflict of interest arises;
    - (ii) You commit a material breach of any of the provisions of the Terms of Engagement (including, but not limited to, any breach of clauses 9, 12 or any breach of clause 22 of these Conditions);
    - (iii) a person or persons, firm, company, authority or other organisation acquires control of You who did not have control immediately before the acquisition;
    - (iv) a counterparty to any Transaction in respect of which We are providing the Services fails within a reasonable period (as determined by Us) to provide or make available to Us any information or documentation We may require to satisfy Our obligations pursuant to The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the Money Laundering and Terrorist Financing (Amendment) (EU Exit) Regulations 2020 as updated and amended from time to time; or
  - (v) We have reason to believe that the source of funds to be utilised pursuant to any Transaction originates either directly or indirectly from any MSCs or may derive either directly or indirectly from any illegitimate activities as determined by Us.
- 13.3 Either party may terminate the Terms of Engagement immediately on giving written notice to the other if the other party becomes bankrupt or insolvent, or if an order is made or a resolution is passed for its winding up (other than voluntarily for the purpose of solvent amalgamation or reconstruction), or if an administrator, administrative receiver or receiver is appointed in respect of the whole or any part of its assets or business, or if it makes any composition with its creditors or takes or suffers any similar or analogous action in any jurisdiction in consequence of debt.
- 13.4 On termination of the Terms of Engagement for any reason, You will immediately pay Us for all outstanding unpaid sums and interest, and in respect of Services supplied prior to termination but for which no invoice has been submitted (including: (i) any costs which We have incurred; and (ii) any abortive fees, as defined in either the Letter of Engagement or the Specific Terms of Engagement). We may submit an invoice, which shall be payable immediately upon receipt. If You instruct another agent during or after the period of Our instruction, this may result in a dual fee liability for You.
- 13.5 Termination of the Terms of Engagement for any reason will not affect the parties' accrued rights and the following clauses shall survive: 5.2, 6, 7, 8, 9, 10, 12.1, 12.2, 11, 13, 14, 16, 17, 22 and 23 and all provisions necessary to interpret or enforce the Terms of Engagement.
- 14 Liability**
- YOUR ATTENTION IS PARTICULARLY DRAWN TO THE PROVISIONS OF THIS CONDITION 14**
- 14.1 This Condition 14 sets out Our entire financial liability (including any liability for the acts or omissions of Our employees, directors, officers, agents, contractors and consultants) in respect of:
- (a) any breach of the Terms of Engagement;
  - (b) any use made by You of the Services or the Materials, information and advice provided by Us in performing the Services; and
  - (c) any representation, statement or tortious act or omission (including negligence) arising under or in connection with the provision of the Services, whether made by Us or any third party.
- 14.2 All warranties, conditions and other terms implied by law are, to the fullest extent permitted by law, excluded from the Terms of Engagement.
- 14.3 Nothing in these Conditions limits or excludes Our liability for:
- (a) death or personal injury resulting from negligence; or
  - (b) any damage or liability incurred by You as a result of any fraud or fraudulent misrepresentation made by Us; or
  - (c) such other matters for which liability cannot lawfully be limited or excluded.
- 14.4 Subject to clause 14.2 and clause 14.3:
- (a) We shall not be liable for:
    - (i) loss of profits; or
    - (ii) loss of business; or





- (iii) depletion of goodwill or similar loss; or
  - (iv) loss of anticipated savings; or
  - (v) loss of goods; or
  - (vi) loss of contract; or
  - (vii) loss of savings; or
  - (viii) loss of use; or
  - (ix) loss of opportunity; or
  - (x) any special, indirect, consequential or pure economic loss, costs, damages, charges or expenses; or
  - (xi) loss of, or corruption of, data or information; or
  - (xii) any loss arising in connection with Our inability to provide the Services as a result of Your failure to comply with clause 12.2;
  - (xiii) any loss (including but not limited to those losses identified in sub-paragraphs (i) to (x) of this sub-paragraph 14.4(a)) arising in connection with the termination of these Terms of Engagement by Us pursuant to clause 13.2(b);
- irrespective of whether or not We knew or ought to have known that such a loss might arise.
- (b) Subject to clause 14.3 Our aggregate liability in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise arising under or in connection with all matters under the Terms of Engagement will be limited to £5,000,000 (five million pounds sterling).
- 14.5 Without prejudice to the other provisions of this clause 14, We will not be liable in respect of any of the following:
- (a) any failure or delay in providing the Services where You have not complied with the Terms of Engagement;
  - (b) any failure by Us to remind You of relevant deadlines;
  - (c) any third party providers whom We may engage on Your behalf with Your prior written consent in the course of the Services or to whom We may refer You (save as set out in clause 18.2);
  - (d) any findings or recommendations not expressly set out in Our final report (if applicable);
  - (e) checking the accuracy of the Information, including without limitation boundary lines;
  - (f) advising You in relation to taxation matters save and to the extent that these are identified explicitly in the Letter of Engagement and form part of the Services We are providing;
  - (g) any failure by You to hold any necessary consents, permissions or authorisations required for the Transaction;
  - (h) any other matters set out in the Specific Terms of Engagement.
- 14.6 Where You are comprised of more than one entity, then Your liability under the Terms of Engagement will be joint and several with such other entity or entities.
- 14.7 You agree not to bring any claim for losses arising in connection with any matter under the Terms of Engagement against any BNPPRE Person. You accept that any such claim must be brought against Us. Both parties agree that any BNPPRE Person may enforce this clause under the Contracts (Rights of Third Parties) Act 1999, but that these Conditions (including this clause) may be varied at any time without the need for consent from any BNPPRE Person. Where a loss is suffered by You for which We and any other person are jointly responsible, any recoverable loss by You from Us will be proportionate to Our relative contribution to the loss suffered.
- 14.8 You agree to indemnify Us and keep Us indemnified against any liability which arises from a third party obtaining from You or using any Confidential Information and/or any Materials, information or advice provided by Us to You, unless We have agreed in writing to accept liability to such third party or the third party is a client of Ours and is permitted to obtain and use such Materials, Information or advice.
- 15. Force Majeure**
- We will not be liable to You for any delay or failure to fulfil Our obligations under the Terms of Engagement caused by circumstances outside Our reasonable control.
- 16 Correspondence, Papers and File Destruction**
- 16.1 All Materials in Our possession or control that have been generated for Our internal purposes or are addressed to Us relating to the Services (unless expressly notified otherwise upon their provision) shall be Our sole property. We will not be obliged to provide or make available to You such Materials unless We agree otherwise.
- 16.2 Subject to clause 9.4, all Confidential Information provided to Us by You will be returned or destroyed upon Your request, provided that We may retain copies of any Confidential Information which forms the basis of Our Materials and advice.
- 16.3 It is acknowledged that certain Materials may legally belong to You. Subject to clause 9.4, We shall return such Materials to You upon Your request. Where You do not request that such Materials are returned Our practice is to retain such Materials electronically or otherwise for six years from the date on which the Services or Transaction was effectively completed. After this time, Your Materials and all correspondence may be destroyed in accordance with Our archiving policy.
- 16.4 Storage of Your Materials under clause 16.3 may be provided by third party contractors and You consent to this arrangement. You agree to meet Our reasonable costs in accessing Your Materials at Your request, for reasons which do not relate to on-going work where such Materials have been archived following the completion of the relevant Services or Transaction. Such retention of Your Materials by Us shall be at Your risk and We shall have no liability to You for or caused by the destruction of or damage to such Materials.
- 17 Staff**
- If, without Our prior written approval, You directly and/or indirectly employ, engage and/or otherwise use the services of any member of Our or any of Our Affiliates' staff ("Staff") to work on an engagement for You during the term of the Terms of Engagement or during the twelve-month period following expiry or termination of the Terms of Engagement, You will be liable to pay to Us a recruitment fee equal to four months' total average fee income for the Staff member concerned. You acknowledge and agree that this sum is a genuine attempt to estimate the loss of income and costs that will be incurred by Us whilst We recruit (and as a consequence of recruiting) a replacement for such member of Staff.
- 18 Assignment**
- 18.1 Neither party may transfer or assign any rights or obligations under the Terms of Engagement without the prior written consent of the other party except as set out in this clause 18. We may assign all or any of the rights (and transfer all or any of the obligations) under the Terms of Engagement to any Group Company or any of Our successors in title in the relevant business, without any requirement to notify You or obtain Your further consent. You agree to execute a novation to give full effect to this.
- 18.2 We may sub-contract any incidental part or parts of any of the Services to be supplied to You, such as the preparation of plans, photography, advertising or courier services.



- 19 Notice**  
Notices given under these Conditions shall be in writing in the English language, and may be delivered in person or sent by courier or post to the address set out in the Terms of Engagement, or to such other address as may be notified by either party to the other from time to time. Notices will not be deemed validly served if sent by e-mail or any other form of electronic communication unless otherwise agreed by Us in writing.
- 20 Publicity**  
We are keen to obtain publicity for work undertaken on behalf of Our clients. Unless details of the Services undertaken for You are publicly available, We will not externally publicise such details without Your prior written permission. However, You hereby agree to Us including such details in proposals or other similar submissions made to Our prospective clients, unless You subsequently expressly prohibit such disclosure in writing.
- 21 Health, Safety, Environment & Quality**
- 21.1 We maintain BS EN ISO 9001, BS EN ISO 14001 and Safecontractor accreditations. When visiting Our premises, You shall comply with Our Safety, Health, Environment and Quality Policies and Procedures, copies of which can be obtained by contacting Our Director of Facilities.
- 21.2 Where We agree to provide the Services at Your premises, or at a third party's premises, You shall be responsible for giving or obtaining any Information, safe access licences, consents or permissions which may be necessary to enable Us and Our personnel to provide the Services at the premises in question. You or the operator of the premises shall also ensure that all appropriate health & safety acts, regulations, codes of practice or information sheets have been followed so as to ensure the health and safety of Our personnel.
- 21.3 Our Safety, Health & Environmental risk assessments and control measures are given on the basis of, and in strict reliance upon, all material facts and Information having been accurately and fully disclosed to Us by You and You agree to confirm all such facts and Information in writing. Details of Our policies, procedures and completed risk assessments are available for Your inspection on reasonable notice and without additional charge.
- 22 Major Sanctioned Countries and Regions**
- 22.1 We are strongly committed to complying with the international financial sanctions enforced by the European Union, France and the United States to advance a range of foreign policy goals including but not limited to counterterrorism, nuclear non-proliferation, democracy and human rights promotion, conflict resolution and cybersecurity.
- 22.2 You represent, warrant and undertake that the Services to be provided and any Transaction contemplated hereunder has and will have no link with MSC-related proceeds or investments and that the source of funds to be used for payment of the Services and/or in the funding of any transaction contemplated pursuant to the Services do not originate (either directly or indirectly) from any MSCs.
- 22.3 We reserve the right to terminate the Terms of Engagement with immediate effect upon the provision of written notice in the event of a breach by You of Your obligations and undertakings pursuant to this clause 22.
- 23 Data Protection**
- 23.1 The provisions in this clause 23 are incorporated to comply with the UK Data Protection Law and in particular article 28 (Processor) UK GDPR. Capitalised terms used in this clause 23 but not otherwise defined in these Terms of Engagement, have the meanings assigned to them in the UK GDPR (in particular under its article 4 (Definitions)) and/or in this clause.
- 23.2 You shall be the Data Controller and We shall be the Data Processor in respect of any Personal Data processed by Us on Your behalf ("**Your Personal Data**") under the Terms of Engagement.
- 23.3 The parties shall comply with applicable data protection laws and regulations including UK Data Protection Law and EU Data Protection Law.
- 23.4 Information on the following elements required by the UK GDPR are as follows:
- (a) Subject-matter of the processing: For the provision of Services in accordance with these Terms of Engagement;
  - (b) Nature and purpose of the processing: Collection, storage, duplication, electronic viewing, deletion and destruction;
  - (c) Duration of the processing: Until the earliest of termination of the Terms of Engagement in accordance with its terms or the date upon which processing is no longer necessary for the purposes of either party performing its respective obligations under these Terms of Engagement (to the extent applicable);
  - (d) Type of Personal Data: personal details (title, first name, last name), position, contact information, location data, employer, ID data, delivery information, nationality, goods and services provided, financial information (bank or credit/debit card details), internet protocol address; and
  - (e) Categories of Data Subjects: Your tenants/landlords (as applicable), officers, employees and Your temporary staff and partners, complainants, correspondents, enquirers, suppliers, advisers, consultants and professional experts.
- 23.5 We shall process and transfer Your Personal Data only as required to deliver the Services or as instructed in accordance with documented instructions from You, unless We are required to otherwise process or transfer Your Personal Data under UK Data Protection Law and/or EU Data Protection Law. Where such a requirement is placed on Us, We shall provide reasonable prior notice to You, unless the law prohibits such notice on important grounds of public interest as determined by Us.
- 23.6 We shall ensure that all BNPPRE Persons authorised to process Your Personal Data have committed themselves to confidentiality (e.g. via the confidentiality provision in their work contract for employees) or are under another appropriate obligation of confidentiality and do not process Your Personal Data except on instructions from You (as may be communicated via Us) unless they are required to otherwise process or transfer Your Personal Data under UK Data Protection Law and/or EU Data Protection Law subject to the same rules as set out in clause 23.5.
- 23.7 In respect of security of processing:
- (a) taking into account the state of the art, the costs of implementation and the nature, scope, context and purposes of processing as well as the risk of varying likelihood and severity for the rights and freedoms of natural persons, We shall implement appropriate technical and organisational measures, with the aim of ensuring a level of security appropriate to the risk, it being understood that, if You require Us to take additional security measures beyond those foreseen in this clause, You shall pay the corresponding charges to Us on a time and materials basis (to be determined by Us); and
  - (b) We shall notify You without undue delay, after becoming aware of a Personal Data Breach.
- 23.8 We shall not engage another processor, except under the conditions set out in clause 23.16.
- 23.9 We shall immediately inform You, if, in Our reasonable opinion, an instruction from You infringes UK Data Protection Law.
- 23.10 At Your request and at Your expense, We shall provide reasonable assistance to enable You, in accordance with Your obligations under UK Data Protection Law:
- (a) to answer to requests from the supervisory authority in the performance of its tasks;



- (b) to notify Personal Data Breaches to the supervisory authority and communicate the Personal Data Breach to the individuals to whom Your Personal Data relates;
  - (c) to conduct data protection impact assessments and consult the supervisory authority on that basis;
  - (d) to implement technical and organisational security measures to ensure the security of the processing;
  - (e) to respond to requests from individuals to whom Your Personal Data relates who are exercising the data subject's rights laid down in Chapter III (Rights of the Data Subject) under the UK GDPR, it being understood that We shall notify You of any request made by a Data Subject to access Your Personal Data or exercise any other Data Subject right set out in Chapter III "Rights of the Data Subject" under the UK GDPR in respect of such data and act only as per Your instructions regarding the handling of such request; and;
  - (f) more generally, to enable You to comply with the obligations pursuant to articles 32 to 36 UK GDPR taking into account the nature of processing and the Information available to Us.
- 23.11 In the event a court and/or a data protection authority initiates proceedings against a party and upon request of the other party, the latter shall cooperate in good faith and without undue delay to assist at no additional cost such party to the extent it requires during such proceedings.
- 23.12 At Your choice and Your expense, We shall either (i) delete (to the extent reasonably and technically feasible) or (ii) return all Your Personal Data to You after the end of the provision of Services relating to processing, and delete (to the extent reasonably and technically feasible) existing copies, unless UK Data Protection Law and/or EU Data Protection Law requires storage of Your Personal Data.
- 23.13 At Your request and at Your expense, We shall make available to You all information necessary to demonstrate compliance with the obligations laid down in this clause 23 and allow for and contribute to audits, including inspections, conducted by You or another auditor mandated by You. If any audit reveals that We are not in compliance with the provisions of this clause, UK Data Protection Law and/or EU Data Protection Law, Your exclusive remedy, and Our exclusive obligation, shall be that: (i) the parties will discuss such findings and (ii) We shall take all corrective actions including any temporary work-arounds necessary to comply with the provisions of this clause, UK Data Protection Law and/or EU Data Protection Laws. We may charge You for any corrective actions if the corrective actions were required due to changes to UK Data Protection Laws and/or EU Data Protection Laws.
- 23.14 We shall be entitled to transfer Your Personal Data to a country, territory or sector within a country, or an international organisation that has been recognised by the Secretary of State as ensuring an adequate level of protection in accordance with clause 17A of the Data Protection Act 2018.
- 23.15 We shall also be entitled to transfer Your Personal Data to a country located outside the EEA that has not been recognised by the Secretary of State as ensuring an adequate level of protection, if You (i) have provided appropriate safeguards in accordance with the UK Data Protection Law (e.g. the Information Commissioner's Office's standard contractual clauses) or (ii) can rely on a derogation foreseen by the data protection legislation enabling such transfer. You shall from time to time execute such documents and perform such acts as We may reasonably require to implement any such appropriate safeguards.
- 23.16 You hereby provide a general written authorisation to Us to engage sub-processors to process Your Personal Data. We shall inform You of any addition or replacement of sub-processors, giving You the opportunity to object to such changes. If You reasonably object to such change, We shall refrain from making that addition or replacement and

shall be entitled to terminate the Terms of Engagement. Where We engage another processor under this clause 23.16, We shall ensure that the obligations set out in this clause are imposed on that processor by way of a written contract.



The investigations and enquiries on which our valuations are based are carried out by valuation surveyors, making appropriate investigations having regard to the purpose of the valuation. Our reports and valuations are prepared in accordance with the RICS Valuation – Global Standards 2021, effective 31<sup>st</sup> January 2022 (the “Red Book”).

**Subject to any variation expressly agreed and recorded in the accompanying Terms of Engagement Letter, our work will be on the basis set out below:**

### **1. Condition and Repair**

Unless specifically instructed to carry out a separate building survey, or commission a test of service installations, our valuation will assume:

- (i) That except for any defects specifically noted in our report, the property is in good condition.
- (ii) That no construction materials have been used that are deleterious, or likely to give rise to structural defects.
- (iii) That no hazardous materials are present, including Asbestos.
- (iv) That all relevant statutory requirements relating to use or construction have been complied with.
- (v) That any services, together with any associated computer hardware and software, are fully operational and free from impending breakdown or malfunction

We will however, reflect the general condition noted during the course of our valuation inspection and any defects or hazards of which we become aware in the course of our investigations. Any matters that we consider material to the valuation will be referred to in our report.

In terms of multi-storey, multi-occupancy domestic residential buildings with cladding, we will follow the current RICS guidance. In the event that we are not provided with an EWS1 form when requested or when the appropriate technical information has not been provided to enable us to determine whether an EWS1 form should be requested, our valuation will assume that an EWS1 form is not required and we shall make no allowance in our valuation, unless otherwise stated, for potential remedial costs which might be identified by an EWS1 report.

It should be appreciated that our inspection is limited to those accessible and visible parts of the property, where safe to do so. Intrusive investigations are not undertaken as part of our standard inspection for valuation purposes.

### **2. Ground Conditions and Environmental Risks**

We will not make any investigations regarding soil stability, mining, geographical conditions or contaminated land and, unless provided with information to the contrary, our valuation will assume:

- (i) That the site is physically capable of development or redevelopment, when appropriate, and that no special or unusual costs will be incurred in providing foundations and infrastructure.
- (ii) That there are no archaeological remains on or under the land which could adversely impact on value.

- (iii) That the property is not adversely affected by any form of pollution or contamination.
- (iv) That there is no abnormal risk of flooding.
- (v) That there are no high voltage overhead cables or large electrical supply equipment at or close to the property.
- (vi) That the Property is not located within a radon affected area.
- (vii) That no Japanese Knotweed, or any other invasive species, is present at the Property or within close proximity to the Property.
- (viii) That the Property is free of notifiable diseases and infestation by pests.

We will however, comment on any factors discovered during the course of our valuation enquiries that could affect the market perception of risks caused by these factors.

### **3. Minerals**

For the purpose of this valuation report we will assume that there is good title to any mineral rights described.

### **4. Tenure and tenancies**

We will rely upon information provided by you or your solicitor relating to tenure and related matters. We will not commission a formal legal search and will assume the information provided to be accurate, up-to-date and complete.

We will assume unless informed to the contrary that the 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 value. Where we have seen documentation we will recommend that reliance should not be placed on our interpretation without verification by your solicitors. Plans provided are for identification purposes only.

Where we are supplied with copies of the occupational leases this will be stated and our valuation is on the assumption that these interests are not subject to any easements, wayleaves, restrictive covenants, tenancies or encumbrances other than those notified to us.

We will not make any specific enquiries as to the financial standing of actual or prospective tenants other than those a competent valuer would make when appraising and valuing the Property

### **5. Planning and highway enquiries**

We will make informal enquiries of the local planning and highway authorities and also rely on information that is available through local government websites. Any information obtained will be assumed to be correct. No local searches will be instigated.

Except where stated to the contrary, we will assume that the use to which the property is put is lawful and that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the property.

### **6. Floor areas**

All measurements will be taken in accordance with the RICS Property Measurement Professional Statement.

Unless specifically stated that we have relied on another source, the floor areas in our report will be derived from measurements taken on site or that have been scaled from the drawings supplied and checked by sample measurements on site. The floor areas will be within a tolerance that is appropriate having regard to the circumstances and purpose of the valuation instruction. We have adopted a conversion factor of 10.7639 for converting from square metres to square feet rounding up or down to the nearest square foot.

#### **7. Plant and machinery**

We will include in our valuations those items of plant and machinery normally considered to be part of the service installations to a building and which would normally pass with the property on a sale or letting.

We will exclude all items of process plant and machinery and equipment, together with their special foundations and supports, fixtures and chattels, vehicles, stock and loose tools, and tenant's fixtures and fittings.

#### **8. Mains services**

We will assume that all mains services are connected to the Property, unless otherwise stated in our report. We will not obtain written confirmation from the service providers and will be unable to report on condition or offer any warranty.

#### **9. Miscellaneous regulatory requirements**

We will assume that the Property is compliant with all regulatory requirements relating to its occupation including the Equality Act 2010 and the Regulatory Reform (Fire Safety) Order 2005.

#### **10. Tenant status**

Although we will reflect our general understanding of a tenant's status in our valuation, we will make no detailed enquiries about the financial status of tenants.

We will assume that appropriate enquiries were made when leases were originally exchanged, or when consent was granted to any assignment or underletting.

#### **11. Development properties**

For properties in course of development, we will reflect the stage reached in construction and the costs remaining to be spent at the date of valuation.

We will have regard to the contractual liabilities of the parties involved in the development and any cost estimates that have been prepared by the professional advisers to the project.

For recently completed developments we will take no account of any retentions, nor will we make allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability.

#### **12. VAT, taxation and costs**

We will not make any adjustments to reflect any liability for taxation that may arise on disposal, or for any costs associated with disposal incurred by the owner.

No allowance will be made to collect any liability or repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

If calculating the market value as an investment, we will make deductions to reflect purchaser's normal acquisition costs.

Unless advised to the contrary we will assume that the option to tax has not been exercised and that accordingly VAT will not be payable on the capital and rental values reported.

#### **13. Mortgage and Financial Encumbrance**

No allowance will be made for the existence of any mortgage or other similar financial encumbrance on or over the Property.

#### **14. Insurance and Re-instatement Cost Estimate**

Capital values quoted are not appropriate for insurance purposes, which should be calculated on a re-instatement or indemnity basis.

Where required, an indication of re-instatement costs for insurance purposes will be provided based on current cost information and including an allowance for professional fees, demolition and debris removal, but excluding VAT.

It will not include any allowance for inflation during the period of insurance nor during any further period required for reinstatement following a substantial loss. Neither will it include for loss of rent or consequential losses arising from a loss of the buildings.

No reliance should be placed on this indicative estimate. An accurate cost assessment will require much more detailed consideration of the construction by a building or quantity surveyor.

Unless expressly advised to the contrary we assume that appropriate insurance cover is and will continue to be available on commercially acceptable terms.

## AREA MAP REPORT

© 2022 CACI Limited and all other applicable third party notices (Acorn, Population Projections & Estimates, Land Registry) can be found at [www.caci.co.uk/copyrightnotices.pdf](http://www.caci.co.uk/copyrightnotices.pdf)  
 Data Source © 2020 TomTom

Area: SW14 8SU - Travel Distance, 3 Miles  
 Base: London Base

### KPI INDICATORS

DOMINANT ACORN CATEGORY	2 Rising Prosperity	% POP 65+ (% base)	<b>14.0% (13.1%)</b>
		% POP 75+ (% base)	<b>6.3% (6.1%)</b>
		% POP 85+ (% base)	<b>1.8% (1.9%)</b>

Site location

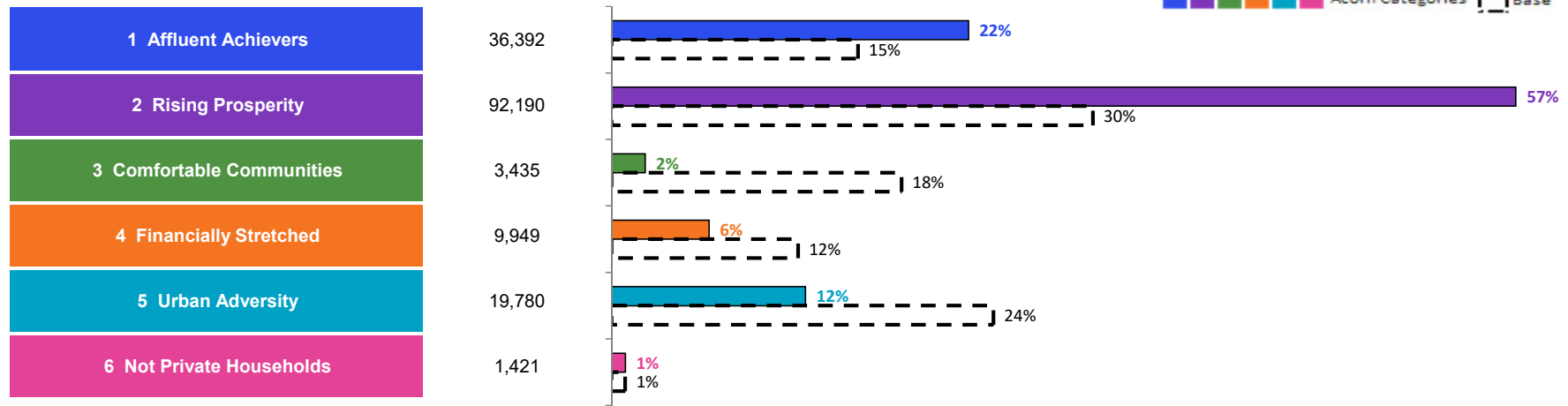


# POPULATION SUMMARY

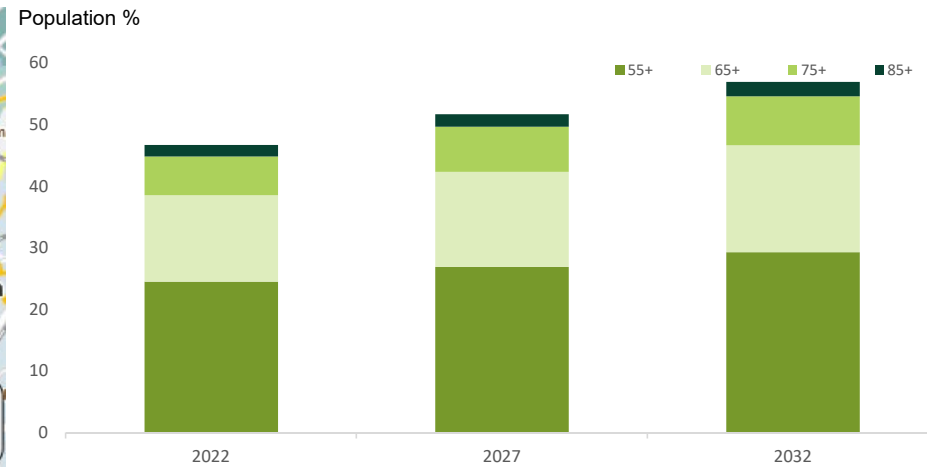
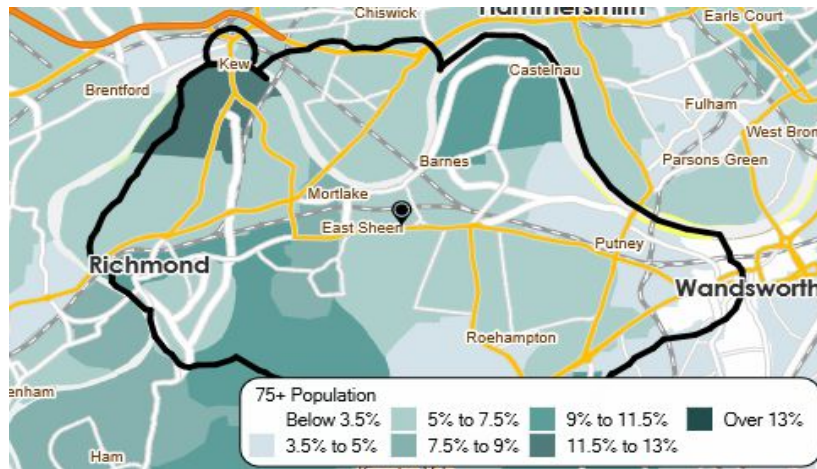
© 2023 CACI Limited and all other applicable third party notices (Acorn, Population Projections & Estimates) can be found at [www.caci.co.uk/copyrightnotices.pdf](http://www.caci.co.uk/copyrightnotices.pdf)

Area: SW14 8SU - Travel Distance, 3 Miles  
Base: London Base

## ACORN POPULATION



## POPULATION



# POPULATION CHANGE SUMMARY

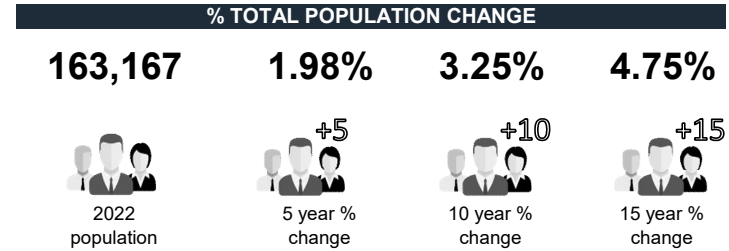
© 2023 CACI Limited and all other applicable third party notices (Population Projections and Estimates) can be found at [www.caci.co.uk/copyrightnotices.pdf](http://www.caci.co.uk/copyrightnotices.pdf)

Area: SW14 8SU - Travel Distance, 3 Miles  
Base: London Base

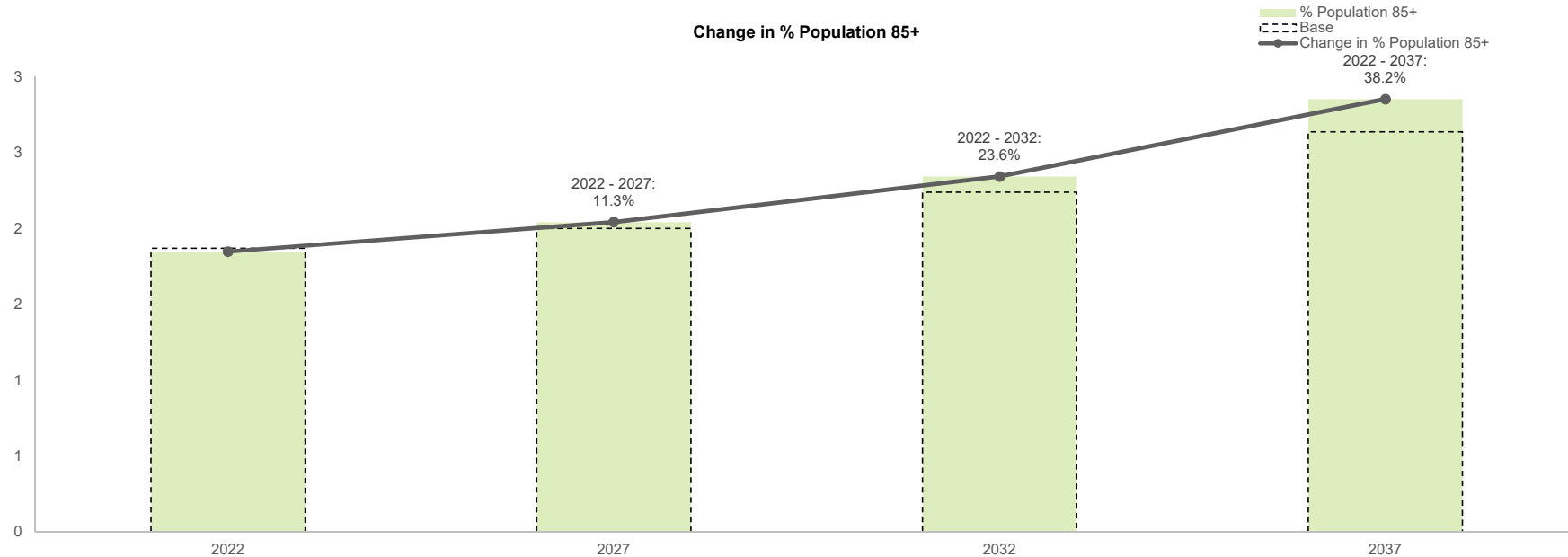
## POPULATION CHANGE

Population change age band:  65+  75+  85+

	2022	2027	2032	2037
<b>Total population</b>	<b>163,167</b>	<b>166,392</b>	<b>168,463</b>	<b>170,912</b>
65 - 74	12,615	13,485	15,805	17,557
75 - 84	7,270	8,793	9,515	10,347
85+	3,018	3,401	3,950	4,880
<b>Total Population 85+</b>	<b>3,018</b>	<b>3,401</b>	<b>3,950</b>	<b>4,880</b>
% Population 85+	1.8 %	2.0 %	2.3 %	2.9 %
Base % Population 85+	1.9 %	2.0 %	2.2 %	2.6 %
Index 85+ Area vs Base	99	102	105	108



Change in % Population 85+





Area: SW14 8SU - Travel Distance, 3 Miles  
Base: London Base

## CURRENT SUPPLY LIST

MAP KEY	FULL NAME	Address	OPERATOR	OWNERSHIP TYPE	TYPE	REG. BEDS	ENSUITE BEDS	PURPOSE BUILT	FIRST REG.	OVERALL CQC	DISTANCE (miles)
1	Elysium Care Partnerships Limited	185 Arabella Drive, London, SW15 5LH	Elysium Healthcare	For-Profit	Care Home	9		N	2010	Good	0.35
2	<b>Lyle House</b>	<b>207 Arabella Drive, London, SW15 5LH</b>	<b>Country Court Care Homes Limit</b>	<b>For-Profit</b>	<b>Care Home</b>	<b>70</b>	<b>45</b>	<b>N</b>	<b>2005</b>	<b>Good</b>	<b>0.35</b>
3	<b>Alexander House</b>	<b>1-3 Palewell Park, London, SW14 8JO</b>		<b>For-Profit</b>	<b>Care Home</b>	<b>16</b>		<b>N</b>	<b>1984</b>	<b>Good</b>	<b>0.37</b>
4	Shenehom Housing Association	31-32 Ranelagh Avenue, London, SW13 0BN		Not-For-Profit	Care Home	13		N	2011	Good	0.73
5	<b>Viera Gray House</b>	<b>27 Ferry Road, London, SW13 9PP</b>	<b>Greensleeves Home Trust</b>	<b>Not-For-Profit</b>	<b>Care Home</b>	<b>41</b>	<b>38</b>	<b>Y</b>	<b>1992</b>	<b>Good</b>	<b>1.07</b>
6	Laverstoke Gardens	49 Laverstoke Gardens, London, SW15 4JB	The Frances Taylor Foundation	Not-For-Profit	Care Home	7		Y	2000	Good	1.30
7	<b>St Mary's Convent and Nursing</b>	<b>Burlington Lane, London, W4 2QE</b>		<b>Not-For-Profit</b>	<b>Nursing Home</b>	<b>60</b>	<b>60</b>	<b>N</b>	<b>1987</b>	<b>Good</b>	<b>1.35</b>
8	<b>St Mary's Home</b>	<b>High Street, London, SW15 4HJ</b>	<b>The Frances Taylor Foundation</b>	<b>Not-For-Profit</b>	<b>Care Home</b>	<b>42</b>		<b>N</b>	<b>1987</b>	<b>Good</b>	<b>1.38</b>
9	<b>Ashmead Care Centre</b>	<b>201 Cortis Road, London, SW15 3AX</b>	<b>Maria Mallaband &amp; Countrvwide</b>	<b>For-Profit</b>	<b>Nursing Home</b>	<b>110</b>	<b>110</b>	<b>Y</b>	<b>2004</b>	<b>Good</b>	<b>1.39</b>
10	Victoria House	2-4 Ennerdale Road, Richmond, TW9 3PG	Abbeyfield Society Ltd	Not-For-Profit	Care Home	30	15	N	1987	Inadequate	1.53
11	Greville House	Greville Road, Richmond, TW10 6HR	Care UK	For-Profit	Nursing Home	59	59	Y	2005	Good	1.66
12	Cecil Court	4 Priory Road, Richmond upon Thames, TW9 3DG	C & C	Not-For-Profit	Care Home	45	45	N	1978	Good	1.70
13	Signature at Wimbledon	6 Victoria Drive, London, SW19 6AB	Signature Senior Lifestyle	For-Profit	Care Home	79	79	Y	2016	Good	2.00
14	The Pines Nursing Home	104 West Hill, London, SW15 2UQ	Caring Homes	For-Profit	Nursing Home	50	4	Y	1987	Good	2.21

**Bold are elderly care homes**



**RESEARCH**



**AT A GLANCE  
Q4 2022**

**UK CARE MARKET UPDATE  
Q4 2022**

“The care home market will provide a sound investment through 2023 and beyond. There have been challenges in recent months and the sector faces some operational headwinds, but underpinned with the well known demographics and demand outweighing supply, opportunities will come forward.”

*Samantha Rowland, Head of Healthcare and Senior Living*

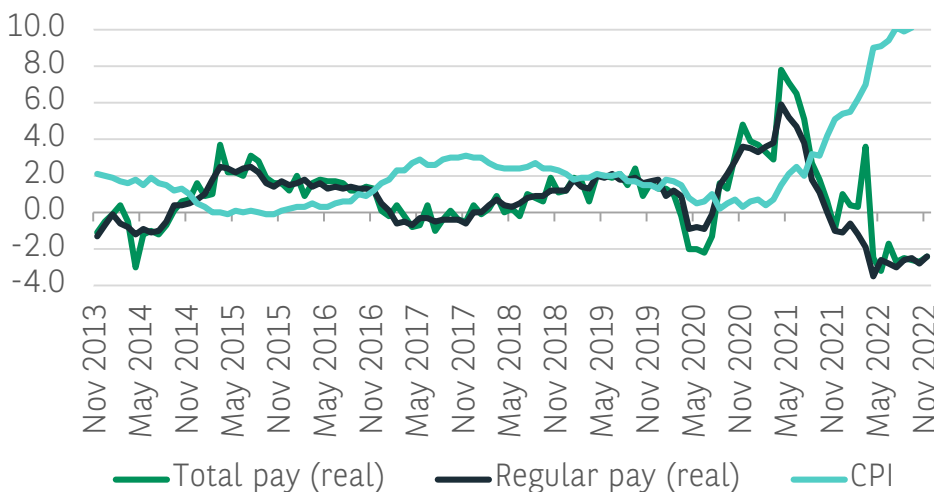
**MARKET OVERVIEW**

The need for purpose-built care home beds in the UK continued to grow in Q4 2022. The mismatch between supply and demand in the sector presents an opportunity for investors to build quality assets to serve the UK’s ageing population and the ever growing health and care needs.

Occupancy in care and nursing homes remained robust over the quarter. Impact Healthcare reported occupancy of 86.6% at the end of the year. However, the sector continued to face some significant headwinds. The rapid rise in inflation has put huge pressure on operating costs within the care sector, as providing 24/7 support to elderly residents demands high utility requirements. Consumer Price Inflation (CPI) rose by 10.5% in the 12 months to December 2022, marginally down from 10.7% in November.

In particular food and non-alcoholic beverage prices rose by 16.9%, a 45 year high. As a result of the rising costs, Carterwood reported that operators have increased their average quoted self-funded fees for both personal and nursing care. Local Authority funded fees are likely to have seen lower price rises. It is unclear whether fees can continue to grow at the current pace.

**Real average weekly earnings annual growth rates and CPI annual rate**



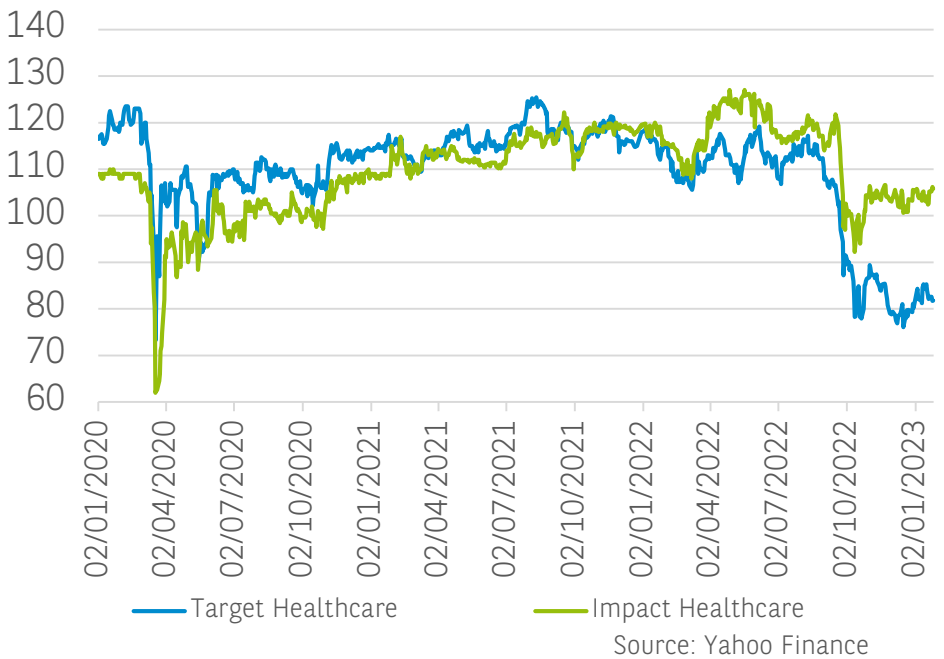
Source: ONS

In terms of staffing, the care sector is competing for good skilled labour with local retail or leisure employers. In order to attract staff, operators need to offer competitive pay packages. Moreover, with nurses demanding higher pay across the NHS, competition for nurses within the wider healthcare sector will be more challenging. This is at a time when increasing food and utility costs are already squeezing profitability, and, the forthcoming rise in the National Minimum Wage and National Living Wage, in April 2023, will add additional cost pressures. Whilst Skills for Care estimate there were 165,000 unfilled posts in adult social care in 2021/22, the ONS reported a 12,000 fall in vacancies in human health and social work in Q4, which may be a signal that some of the broader healthcare labour issues are starting to ease.

The “mini-budget” impacted on the share prices of the Healthcare REITs and they have yet to recover to levels reported in H1 2022. The budget and inflation have pushed out interest rates and this in turn has impacted on yields. Impact Healthcare REIT reported their net asset value had fallen by 5.5% over 2022, citing in their press release that the “movement in value was primarily driven by the shift in market yields”.

Whilst the UK remains wholly undersupplied with quality care home beds to support our growing ageing population, growth in the development pipeline has also been muted. According to Carterwood there was a 32% drop in planning applications validated between 2021 and 2022 in the elderly care sector. Developers are competing for land with other potential land uses, whilst the construction sector itself is feeling the impacts of material shortages and price inflation, as well as labour supply issues which intensified in Q4 to 49,000 vacancies; 96% above pre-pandemic levels. Projects are also taking longer to progress from approval to start on site.

Listed sector performance



10.5%

CPI Dec-22

Source: ONS



206,000

Human Health and Social Work  
Job Vacancies Dec-22

Source: ONS

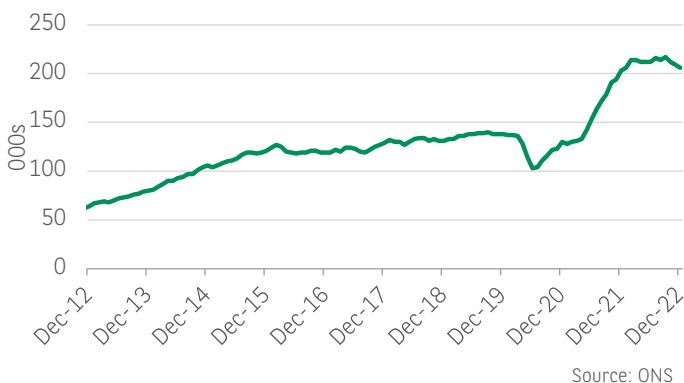


£10.42

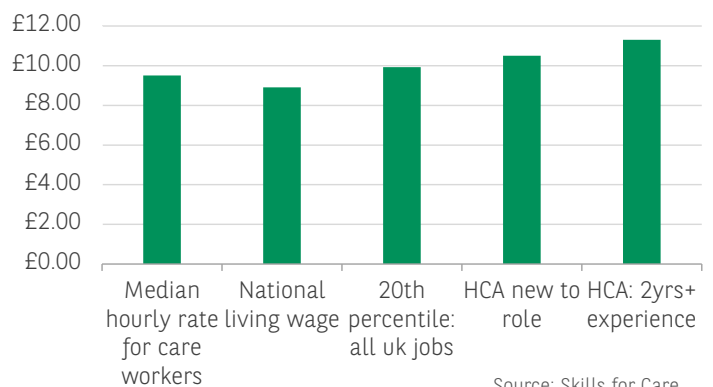
National Living Wage April 2023

Source: LPC

Job Vacancies: Human Health and social work activities



Median care worker pay compared to other roles, 2021/22



## INVESTMENT ACTIVITY

Despite the 'needs-based' fundamentals underpinning the care home sector, it was not immune to the impact of economic and political uncertainty on investor sentiment in the final quarter of last year. Investment into care homes totalled c.£250m in Q4 which took total annual volumes to c.£900m.

Total volumes comprised of a number of portfolio deals including the joint venture between Allegra and Moorfield Group who acquired four nursing, dementia and care homes in the South West, and Aedifica, the Belgian REIT, continued increasing their allocation to the UK care sector and purchased two homes for £27m

Elsewhere, Elevation Advisors were successful in raising £330m in equity for its open-ended elderly care real estate investment vehicle, with the intention to increase their portfolio of care homes through acquisitions and forward funding opportunities.

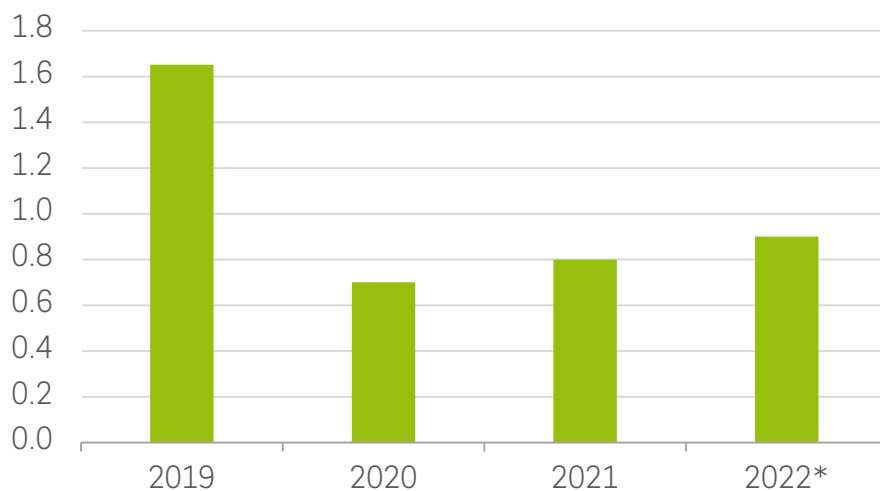
Impact Healthcare REIT also secured a £25m extension to their revolving credit facility with HSBC, whilst Target Healthcare REIT highlighted in Q4 that its portfolio had increased by a third as inflation-linked leases held their value.\*

Overall the inflationary and political environment continues to drive investors towards the UK care home sector which is recognised for its resilience fortified by the demographic story and shortfall in supply. This was reflected in the latest ULI/PWC European Emerging Trends Survey, Healthcare was ranked 6th by investors for both investment and development for 2023, above all of the more traditional real estate sectors.

Care Home Yields*	Q1 2022	Q4 2022	Sentiment
Strong covenant, prime stock	3.00%	4.25%	↔
SPV covenant, prime stock	5.50%	6.50%	↔
Secondary covenant, secondary stock	7.00%+	8.25%+	↔

\*assumes modern purpose-built

## Care home investment volumes, £bn



Source: BNPPRE  
\*provisional

Overall sentiment for super prime care homes with a strong covenant remains very positive. The weight of capital chasing a limited quantity of quality stock has kept yields under pressure, however the rising cost of capital in the second half of 2022 has resulted in outward yield movement.

## Key Market Activity Q4 2022

Investor	Location	Details	Type	Date
Civitas Investment Management	National	£200m purchase of CareTech portfolio of specialist care properties	Portfolio purchase	Dec-22
Elevation	National	Completed initial closing of £330m in equity for the open-ended Elevation Healthcare Properties real estate investment vehicle	Equity raise	Dec-22
Impact Healthcare	National	Secured a £25m extension to its revolving credit facility with HSBC	Debt	Nov-22
Allegra Care /Moorfield Group	South West	Joint venture acquisition of four nursing, dementia and care homes	Portfolio purchase	Nov-22
Aedifica	Y&H/East Midlands	£27m purchase of 2 care homes	Portfolio purchase	Oct-22
Aedifica	York	Forward acquisition of care home for £13.5m. Completion estimated Q2 2024	Forward acquisition	Oct-22

\*refers to annual increase in portfolio to June 2022

# CONTACTS

PROPERTY DEVELOPMENT • TRANSACTION • INVESTMENT MANAGEMENT • PROPERTY MANAGEMENT • VALUATION • CONSULTING

## RESEARCH



**Rebecca Shafran**  
Alternative Markets Research  
07818 539 195  
rebecca.shafran@realestate.bnpparibas



**Vanessa Hale**  
Head of UK Research  
07557 912 782  
vanessa.hale@realestate.bnpparibas



## Healthcare and Senior Living



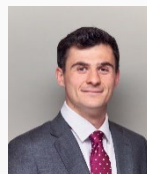
**Samantha Rowland**  
Head of Healthcare and Senior Living  
07501 614 336  
samantha.rowland@realestate.bnpparibas



**Colin Rees-Smith**  
Healthcare and Senior Living  
07831 122 869  
colin.reessmith@realestate.bnpparibas



**Andrew Fyfe**  
Healthcare and Senior Living  
07899 066 891  
andrew.fyfe@realestate.bnpparibas



**Max Marston**  
Surveyor  
07899 067 047  
max.marston@realestate.bnpparibas

## BNP PARIBAS REAL ESTATE

### EUROPE

**FRANCE**  
Headquarters  
50, cours de l'Île Seguin - CS 50280  
92650 Boulogne-Billancourt cedex  
Tel.: +33 1 55 6 5 20 04

**BELGIUM**  
Avenue Louise 235  
1000 Brussels  
Tel.: +32 2 290 59 59

**GERMANY**  
Goetheplatz 4  
60311 Frankfurt  
Tel.: +49 69 2 98 99 0

**IRELAND**  
57 Adelaide Road,  
Dublin 2  
Tel.: +353 1 66 11 233

**ITALY**  
Piazza Lina Bo Bardi, 3  
20124 Milan  
Tel.: +39 02 58 33 141

**LUXEMBOURG**  
Kronos building  
10, rue Edward-Steichen  
2540 Luxembourg  
Tel.: +352 34 94 84  
Investment Management  
Tel.: +352 26 06 06

**NETHERLANDS**  
Antonio Vivaldistraat 54  
1083 HP Amsterdam  
Tel.: +31 20 305 97 20

**POLAND**  
Prime Corporate Center  
Grzybowska 78  
00-844 Warsaw  
Tel.: +48 22 653 44 00

**PORTUGAL**  
Avenida da República, 90  
Piso 1, Fracção 1  
1600-206 Lisboa  
Tel.: +351 939 911 125

**SPAIN**  
C/ Emilio Vargas, 4  
28043 Madrid  
Tel.: +34 91 454 96 00

**UNITED KINGDOM**  
5 Aldermanbury Square  
London EC2V 7BP  
Tel.: +44 20 7338 4000

### MIDDLE EAST / ASIA

**DUBAI**  
Emaar Square  
Building n° 1, 7th Floor  
P.O. Box 7233, Dubai  
Tel.: +971 44 248 277

**HONG KONG**  
63rd /F, Two International Finance  
Centre,  
8 Finance Street, Central,  
Hong Kong  
Tel.: +852 2909 8888

**SINGAPORE**  
Pte Ltd 20 Collyer Quay,  
#17-04  
Singapore 049319  
Tel.: +65 8189 2762

**BNP Paribas Real Estate UK**  
5 Aldermanbury Square  
London EC2V 7BP  
Tel.: + 44 (0) 207 338 4000

KEEP UP-TO-DATE WITH  
BNP PARIBAS REAL ESTATE'S NEWS,  
WHEREVER YOU ARE



[www.realestate.bnpparibas.co.uk](http://www.realestate.bnpparibas.co.uk)  
#BEYONDBUILDINGS

© BNP PARIBAS REAL ESTATE ADVISORY & PROPERTY MANAGEMENT UK LIMITED. ALL RIGHTS RESERVED. No part of this publication may be reproduced or transmitted in any form without prior written consent by BNP Paribas Real Estate UK. The information contained herein is general in nature and is not intended, and should not be construed, as professional advice or opinion provided to the user, nor as a recommendation of any particular approach. It is based on material that we believe to be reliable. While every effort has been made to ensure its accuracy, we cannot offer any warranty that it contains no factual errors. The information contained herein should therefore not be relied upon for any purpose unless otherwise agreed with BNP Paribas Real Estate UK and BNP Paribas Real Estate UK shall have no liability in respect of the same.



**BNP PARIBAS  
REAL ESTATE**

Real Estate  
for a changing  
world

---

## Appendix 4 Proposed Plans and Schedule

---

**Barnes Hospital**  
Accommodation Schedule

SBR-ZZ-XX-SC-A-0002  
Rev. 5 02.07.2021

Block A			
Level	Apartment Number	Area (sqm)	Apartment Type
Level 00	A.00.01	80	2B4P
Level 00	A.00.02	80	2B4P
Level 00	A.00.03	71	2B4P
Level 00	A.00.04	50	1B2P
Level 00	A.00.05	95	3B6P
Level 00	A.00.06	103	3B6P
Level 00	A.00.07	56	1B2P
Level 00	A.00.08	56	1B2P
Level 00	A.00.09	52	1B2P
<b>Total</b>	<b>9 Units</b>	<b>643</b>	

Level	Apartment Number	Area (sqm)	Apartment Type
Level 01	A.01.01	80	2B4P
Level 01	A.01.02	80	2B4P
Level 01	A.01.03	71	2B4P
Level 01	A.01.04	73	2B4P
Level 01	A.01.05	95	3B6P
Level 01	A.01.06	103	3B6P
Level 01	A.01.07	56	1B2P
Level 01	A.01.08	56	1B2P
Level 01	A.01.09	52	1B2P
<b>Total</b>	<b>9 Units</b>	<b>666</b>	

Level	Apartment Number	Area (sqm)	Apartment Type
Level 02	A.02.01	65	2B3P
Level 02	A.02.02	65	2B3P
Level 02	A.02.03	64	2B3P
Level 02	A.02.04	65	2B3P
Level 02	A.02.05	79	3B4P
Level 02	A.02.06	87	3B5P
Level 02	A.02.07	50	1B2P
Level 02	A.02.08	50	1B2P
Level 02	A.02.09	50	1B2P
<b>Total</b>	<b>9 Units</b>	<b>575</b>	

**Block A Grand Total 1,884**

Barnes Cottages			
Level	Apartment Number	Area (sqm)	Apartment Type
Level 00	D.00.01	69	2B4P
Level 00	D.00.02	57	2B3P
Level 01	D.00.01	12	2B4P
Level 01	D.00.02	13	2B3P
<b>Total</b>	<b>2 Units</b>	<b>151</b>	

France Lodge			
Level	Apartment Number	Area (sqm)	Apartment Type
Level 00	E.00.01	6	Studio
Level 01	E.00.01	34	Studio
<b>Total</b>	<b>1 Unit</b>	<b>40</b>	

**Total Newbuild Apartments NIA 7,469**

Block B			
Level	Apartment Number	Area (sqm)	Apartment Type
Level 00	B.00.01	81	2B4P
Level 00	B.00.02	97	3B6P
Level 00	B.00.03	67	1B2P
Level 00	B.00.04	62	2B3P
Level 00	B.00.05	90	3B5P
Level 00	B.00.06	72	2B4P
Level 00	B.00.07	78	2B4P
Level 00	B.00.08	57	1B2P
Level 00	B.00.09	52	1B2P
<b>Total</b>	<b>9 Units</b>	<b>656</b>	

Level	Apartment Number	Area (sqm)	Apartment Type
Level 01	B.01.01	81	2B4P
Level 01	B.01.02	97	3B6P
Level 01	B.01.03	82	2B4P
Level 01	B.01.04	70	2B4P
Level 01	B.01.05	90	3B5P
Level 01	B.01.06	72	2B4P
Level 01	B.01.07	78	2B4P
Level 01	B.01.08	57	1B2P
Level 01	B.01.09	52	1B2P
<b>Total</b>	<b>9 Units</b>	<b>679</b>	

Level	Apartment Number	Area (sqm)	Apartment Type
Level 02	B.02.01	81	2B4P
Level 02	B.02.02	97	3B6P
Level 02	B.02.03	82	2B4P
Level 02	B.02.04	70	2B4P
Level 02	B.02.05	90	3B5P
Level 02	B.02.06	72	2B4P
Level 02	B.02.07	78	2B4P
Level 02	B.02.08	57	1B2P
Level 02	B.02.09	52	1B2P
<b>Total</b>	<b>9 Units</b>	<b>679</b>	

Level	Apartment Number	Area (sqm)	Apartment Type
Level 03	B.03.01	66	2B3P
Level 03	B.03.02	81	3B4P
Level 03	B.03.03	75	2B4P
Level 03	B.03.04	62	2B3P
Level 03	B.03.05	78	3B4P
Level 03	B.03.06	61	2B3P
Level 03	B.03.07	70	2B4P
Level 03	B.03.08	50	1B2P
Level 03	B.03.09	50	1B2P
<b>Total</b>	<b>9 Units</b>	<b>593</b>	

**Block B Grand Total 2,607**

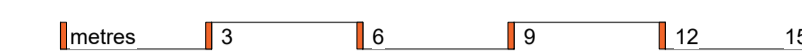
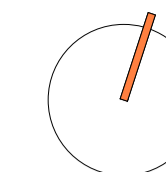
Block C				
Level	Apartment Number	Area (sqm)	Apartment Type	Tenure
Level 00	C.00.01	72	2B4P	Private
Level 00	C.00.02	82	2B4P	Private
Level 00	C.00.03	50	1B2P	Private
Level 00	C.00.04	50	1B2P	S/O
Level 00	C.00.05	75	2B4P	SR
Level 00	C.00.06	73	2B4P	SR
Level 00	C.00.07	86	3B5P	SR
Level 00	C.00.08	54	1B2P	SR
Level 00	C.00.09	54	1B2P	SR
Level 00	C.00.10	56	1B2P	Private
<b>Total</b>	<b>10 Units</b>	<b>652</b>		

Level	Apartment Number	Area (sqm)	Apartment Type	Tenure
Level 01	C.01.01	72	2B4P	Private
Level 01	C.01.02	82	2B4P	Private
Level 01	C.01.03	75	2B4P	Private
Level 01	C.01.04	50	1B2P	Private
Level 01	C.01.05	50	1B2P	S/O
Level 01	C.01.06	75	2B4P	SR
Level 01	C.01.07	73	2B4P	SR
Level 01	C.01.08	86	3B5P	SR
Level 01	C.01.09	60	1B2P	SR
Level 01	C.01.10	60	1B2P	SR
Level 01	C.01.11	56	1B2P	Private
<b>Total</b>	<b>11 Units</b>	<b>739</b>		

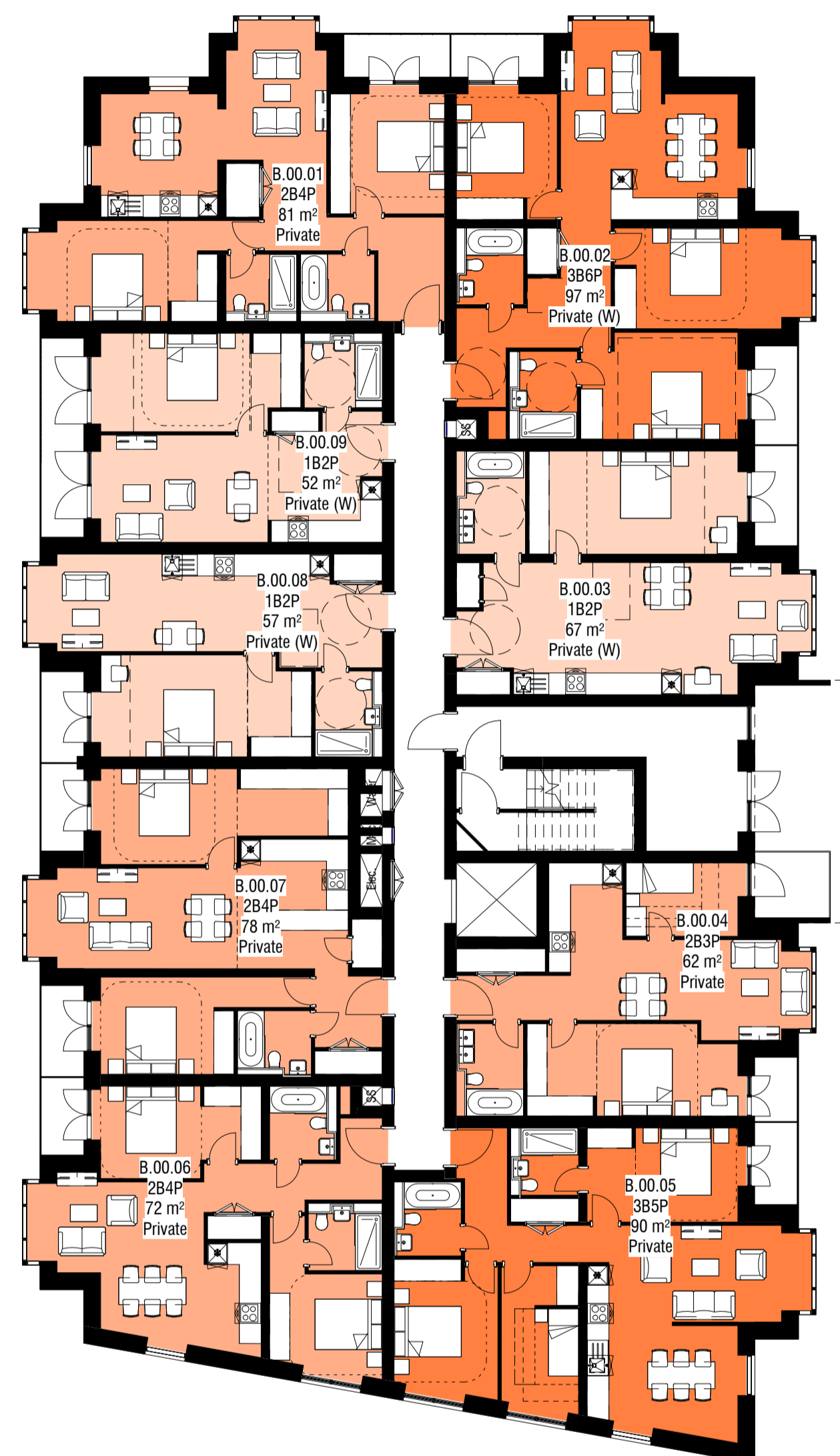
Level	Apartment Number	Area (sqm)	Apartment Type	Tenure
Level 02	C.02.01	72	2B4P	Private
Level 02	C.02.02	82	2B4P	Private
Level 02	C.02.03	75	2B4P	Private
Level 02	C.02.04	50	1B2P	Private
Level 02	C.02.05	50	1B2P	S/O
Level 02	C.02.06	75	2B4P	SR
Level 02	C.02.07	73	2B4P	SR
Level 02	C.02.08	86	3B5P	SR
Level 02	C.02.09	60	1B2P	SR
Level 02	C.02.10	60	1B2P	SR
Level 02	C.02.11	56	1B2P	Private
<b>Total</b>	<b>11 Units</b>	<b>739</b>		

Level	Apartment Number	Area (sqm)	Apartment Type	Tenure
Level 03	C.03.01	61	2B3P	Private
Level 03	C.03.02	66	2B3P	Private
Level 03	C.03.03	68	2B3P	Private
Level 03	C.03.04	50	1B2P	Private
Level 03	C.03.05	50	1B2P	S/O
Level 03	C.03.06	68	2B3P	SR
Level 03	C.03.07	61	2B3P	SR
Level 03	C.03.08	75	3B4P	SR
Level 03	C.03.09	54	1B2P	SR
Level 03	C.03.10	54	1B2P	S/O
Level 03	C.03.11	50	1B2P	Private
<b>Total</b>	<b>11 Units</b>	<b>657</b>		

**Block C Grand Total 2,787**



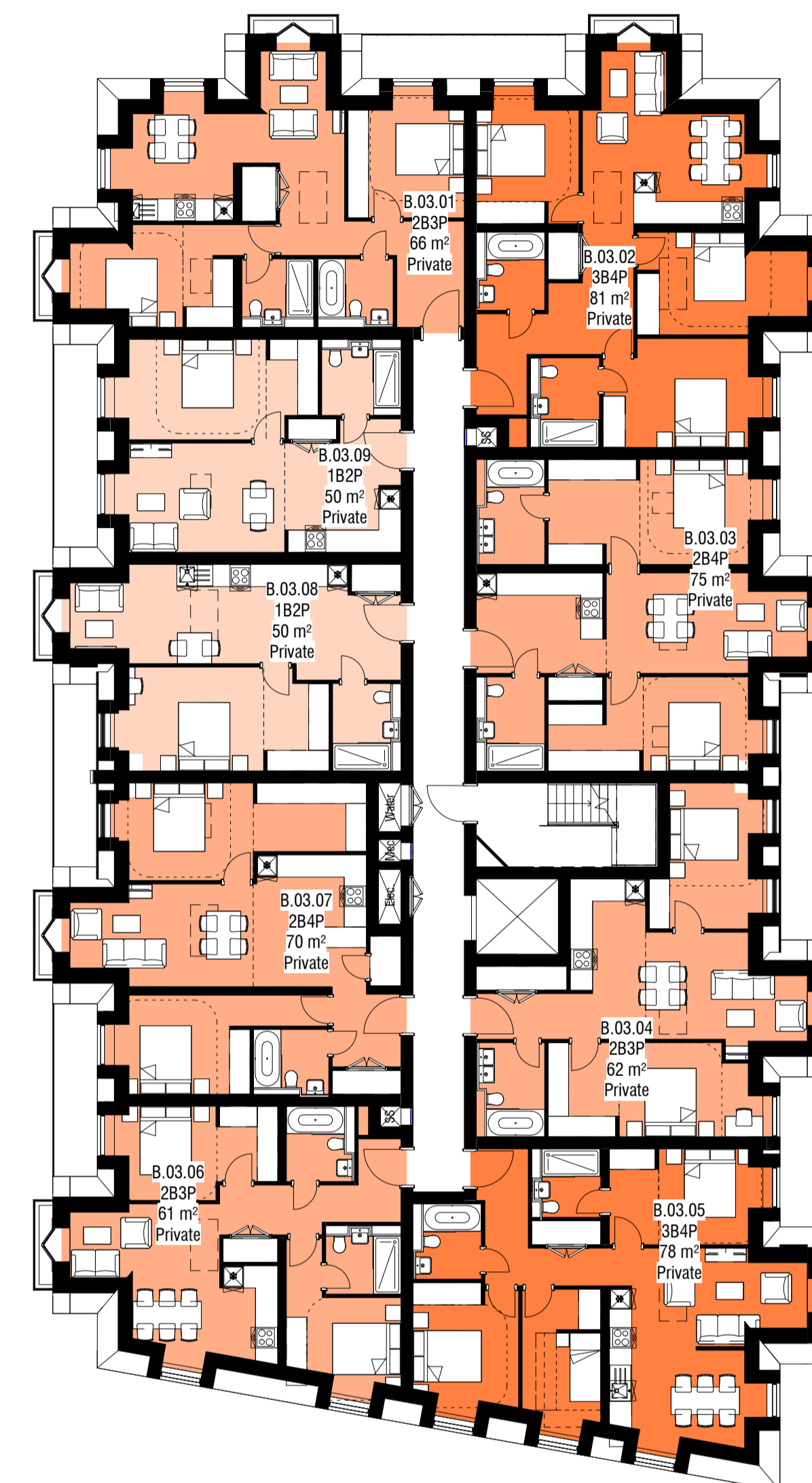
- Private - 1 Bed
- Private - 2 Bed
- Private - 3 Bed
- Affordable - 1 Bed
- Affordable - 2 Bed
- Affordable - 3 Bed



Level 00



Levels 01-02



Level 03

WIP

Revision	Description	Date	Drawn	Checked
7	For Information	05/07/2021	FS	OM
6	For Information	23/06/2021	FS	OM
5	For Information	04/06/2021	FS	OM
4	For Information	10/05/2021	FS	OM
3	Pre-App 2 Issue	25/02/2021	FS	OM
2	Building position update	08/02/2021	FS	OM
1	For Information	14/01/2021	FS	OM



77 Endell Street  
London WC2H 9DZ  
T +44 (0)20 7240 7766  
W scottbrownrigg.com

Client's Name  
Star Land Realty UK Ltd.

Job Title  
Barnes Hospital Site

Drawing Title  
Block B Layouts

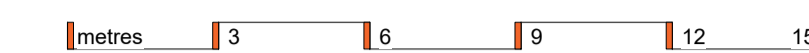
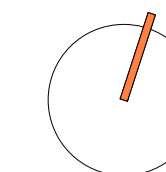
Scale  
1 : 150 @A1

SBR Project No.  
18387

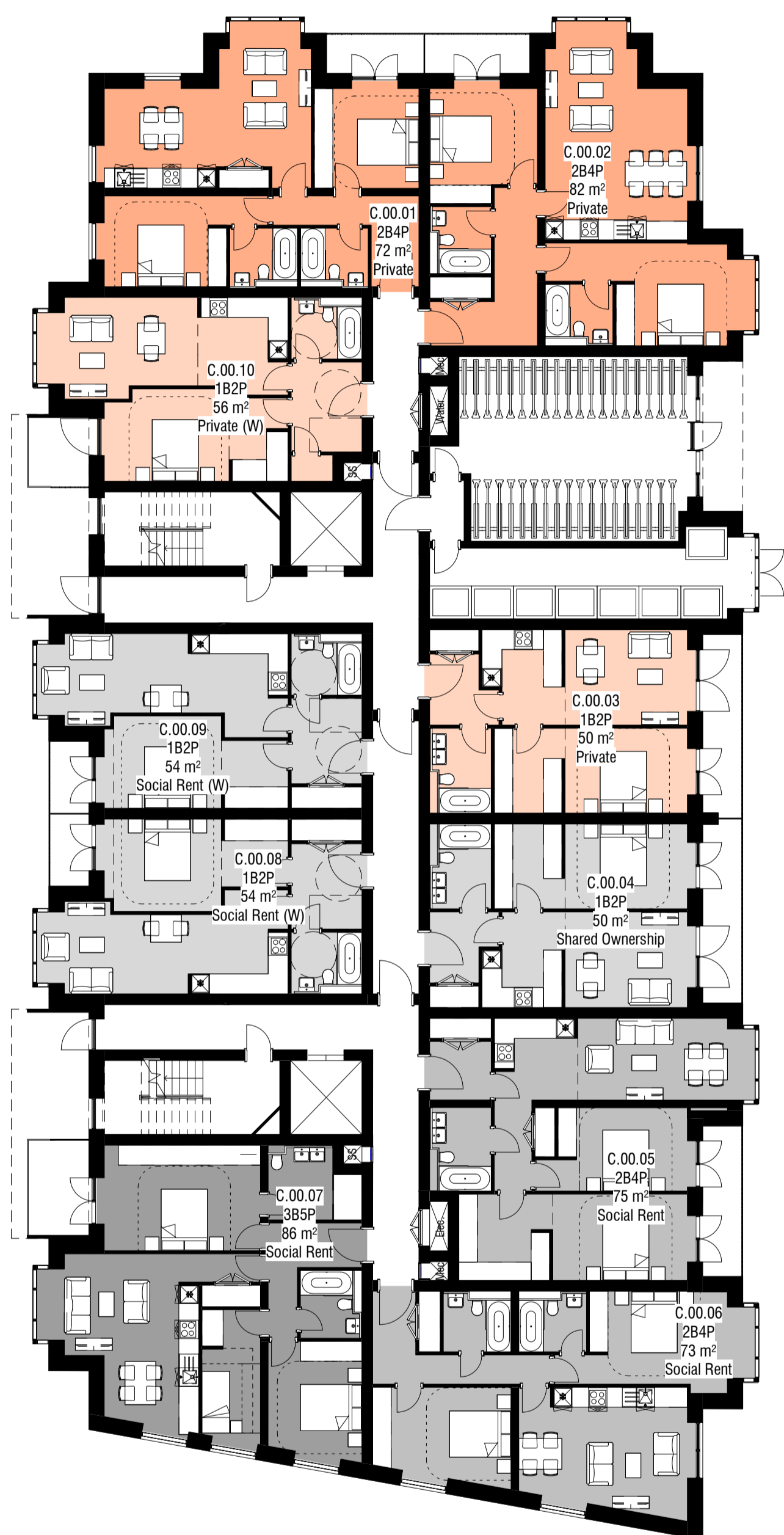
SBR Project No. Originator Volume Level Type Role Number  
**18387-SBR-BB-XX-DR-A-83002**

Subsidiary Code Status Rev  
SO - WORK IN PROGRESS 7

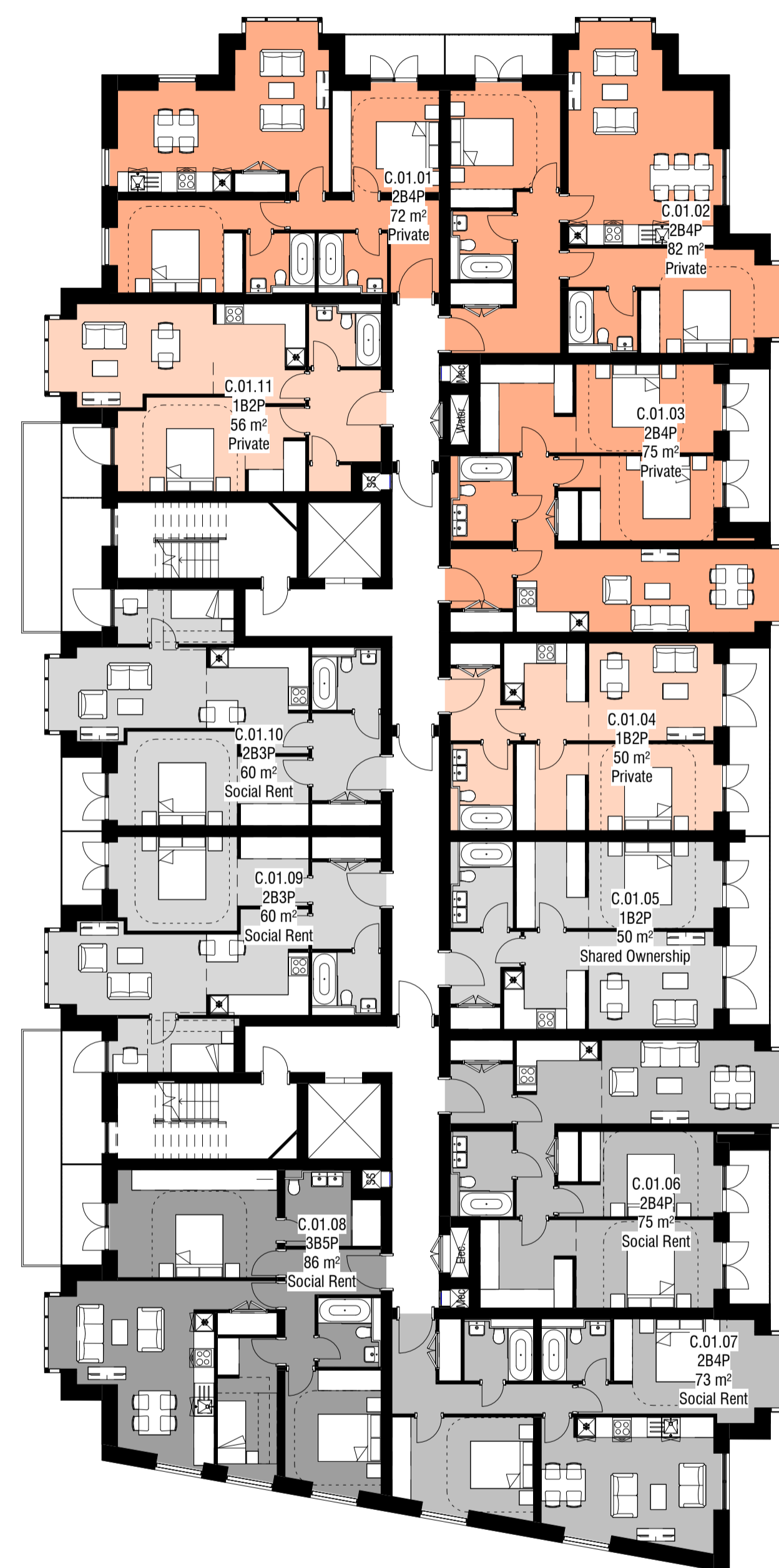




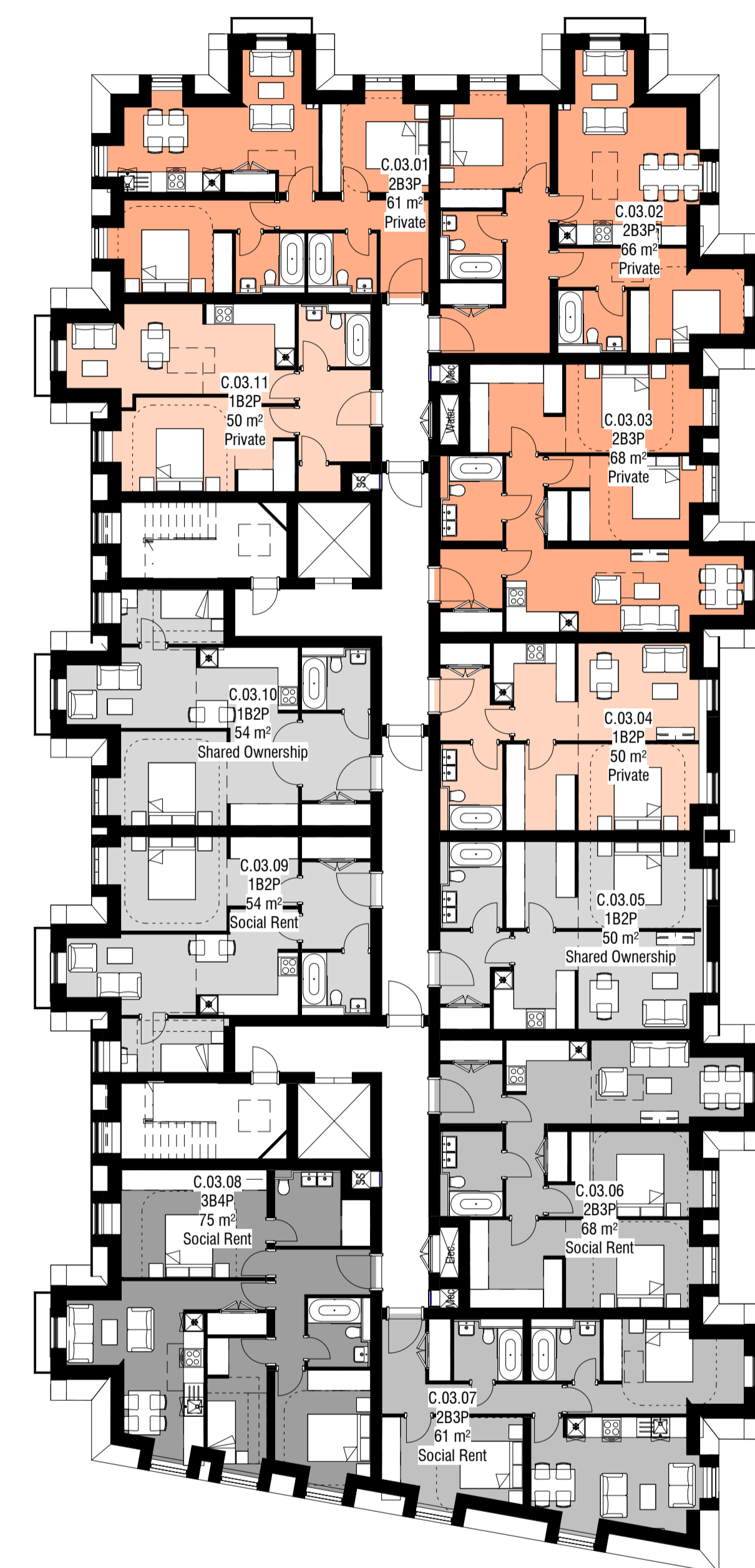
- Private - 1 Bed
- Private - 2 Bed
- Private - 3 Bed
- Affordable - 1 Bed
- Affordable - 2 Bed
- Affordable - 3 Bed



Level 00



Levels 01-02



Level 03

WIP

Revision	Description	Date	Drawn	Checked
7	For Information	05/07/2021	FS	OM
6	For Information	23/06/2021	FS	OM
5	For Information	04/06/2021	FS	OM
4	For Information	10/05/2021	FS	OM
3	Pre-App 2 Issue	25/02/2021	FS	OM
2	Building position update	08/02/2021	FS	OM
1	For Information	14/01/2021	FS	OM

**SCOTT  
BROWNRIGG**

77 Endell Street  
London WC2H 9DZ  
T +44 (0)20 7240 7766  
W scottbrownrigg.com

Client's Name  
Star Land Realty UK Ltd.

Job Title  
Barnes Hospital Site

Drawing Title  
Block C Layouts

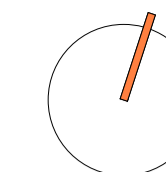
Scale  
1 : 150 @A1

SBR Project No.  
18387

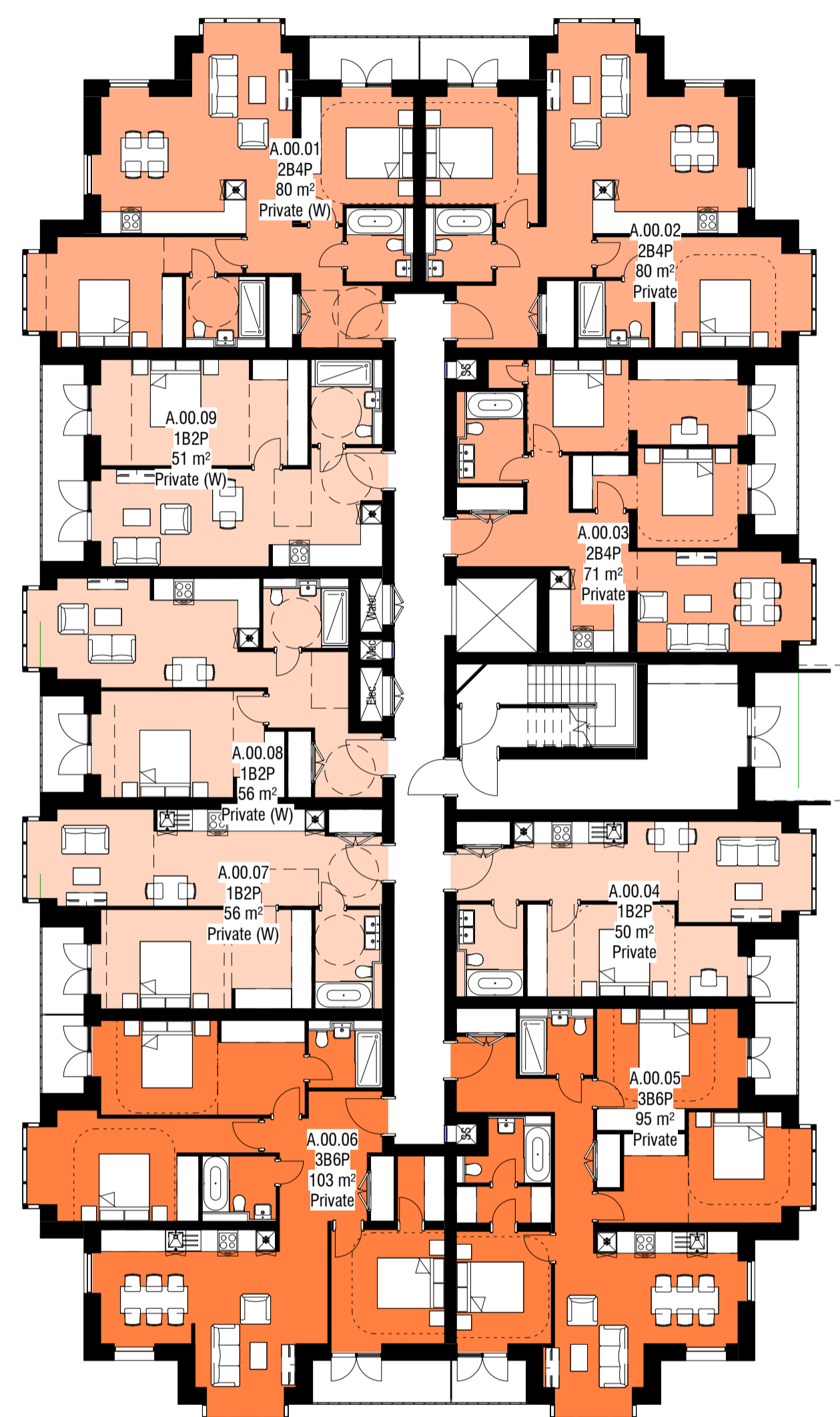
SBR Project No. Originator Volume Level Type Role Number  
**18387-SBR-BC-XX-DR-A-83003**

Subsidiary Code Status  
SO - WORK IN PROGRESS

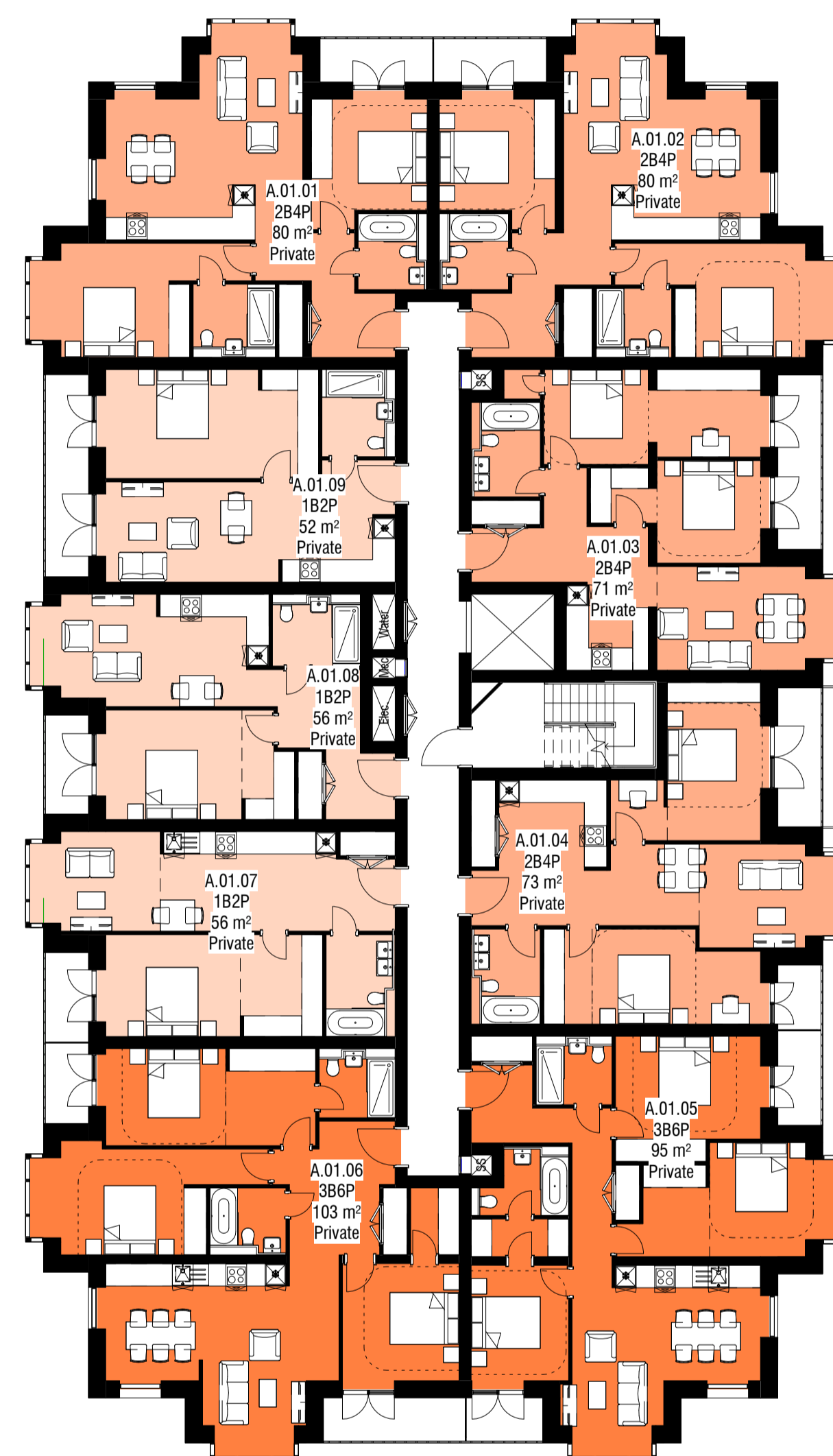
Rev  
7



- Private - 1 Bed
- Private - 2 Bed
- Private - 3 Bed
- Affordable - 1 Bed
- Affordable - 2 Bed
- Affordable - 3 Bed



Level 00



Level 01



Level 02

WIP

Revision	Description	Date	Drawn	Checked
7	For Information	05/07/2021	FS	OM
6	For Information	23/06/2021	FS	OM
5	For Information	04/06/2021	FS	OM
4	For Information	10/05/2021	FS	OM
3	Pre-App 2 Issue	25/02/2021	FS	OM
2	Building position update	08/02/2021	FS	OM
1	For Information	14/01/2021	FS	OM

SCOTT  
BROWNRIGG

77 Endell Street  
London WC2H 9DZ  
T +44 (0)20 7240 7766  
W scottbrownrigg.com

Client's Name  
Star Land Realty UK Ltd.

Job Title  
Barnes Hospital Site

Drawing Title  
Block A Layouts

Scale  
1 : 150 @A1

SBR Project No.  
18387

SBR Project No. Originator Volume Level Type Role Number  
**18387-SBR-BA-XX-DR-A-83001**

Subsidiary Code Status Rev  
SO - WORK IN PROGRESS 7

---

## Appendix 5 Residential Comparables Report

---

# Barnes Hospital, South Worple Way, SW14 8SU

## Residential Comparables Report - Update

## **1.0 Table of Contents**

<b>1. Introduction</b>	<b>2</b>
<b>2. New Build Comparables</b>	<b>3</b>
3. Second Hand Comparables	8
<b>4. Conclusions and Pricing</b>	<b>11</b>

# 1. Introduction

## 1.1. Overview

1.1.1. This statement has been prepared by the specialist Development Viability Team within the London Residential Development Department of Savills (UK) Ltd. It is by way of an addendum to the VUR provided for the development of Barnes Hospital (the Subject) and focuses on establishing the value of the proposed residential accommodation.

## 1.2. Statement Limitations

1.2.1. This statement does not constitute part of a formal valuation report, therefore the opinions and values provided herein should not be relied upon for RICS 'Red Book' purposes.

1.2.2. Our advice is based on market evidence which has come into our possession from numerous sources. We cannot accept liability for any errors or omissions in third party information. That from other agents and valuers is given in good faith but without liability; it is often provided in verbal form, or taken from databases such as the Land Registry or to organisations to which we subscribe. In all cases, other than where we have had a direct involvement in the transaction, we are unable to warrant that the information on which we have relied is correct although we believe it to be so.

## 1.3. Proposed Development

1.3.1. Below is a summary of the private unit type mix:

### Schedule of Unit Type mix

Unit Type	No. of Units	Sq. M	Sq. Ft
Studio	1	40	431
1 Bed	29	53	574
2 Bed	41	73	787
3 Bed	14	92	986
<b>Total</b>	<b>85</b>	<b>5,907</b>	<b>63,582</b>

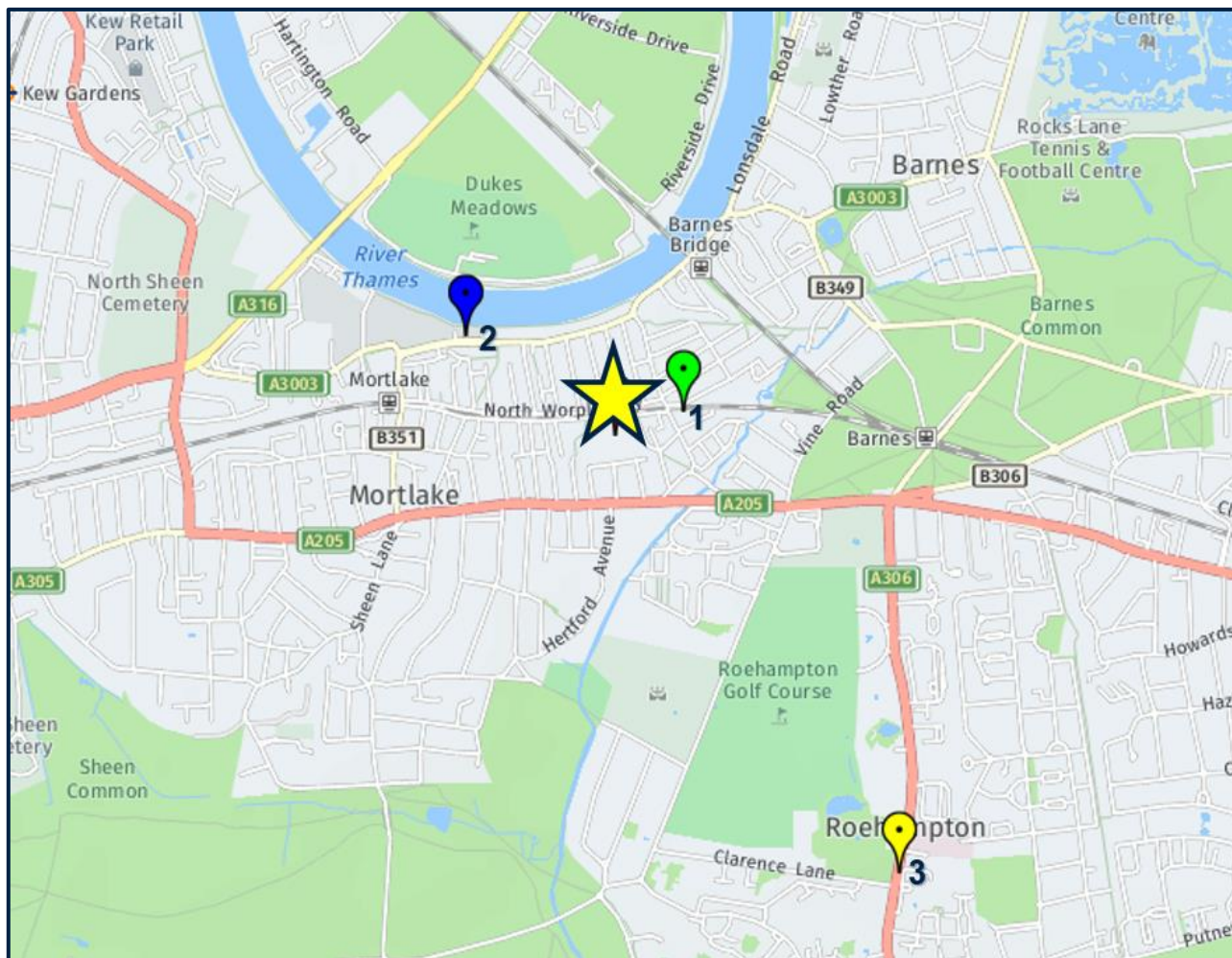
## 1.4. Methodology


1.4.1. In undertaking our comparable research for the residential units, we have considered recent market transactions. The results of this research are set out within this report, and for ease we have highlighted the key new build comparables on a map in Section 2. We have also sought advice from Savills New Homes team who have provided a list of comparable developments and transactional evidence in the nearby area and provided guidance in the provision of the schedule of values.

## 2. Newly / Recently Built Comparable Evidence

### 2.1. Map of Residential Comparable Evidence

1.1.1. The map below illustrates the locations of the comparable new build residential schemes detailed within this report.



Ref.	Development
	Subject
1	Brookfield Mews
2	Boat Race House
3	Emerald Square

## 2.2. Brookfield Mews, SW13 0DP



**Developer: Private Investor**

**Total No. of Units: 8**

**No. of Private Units: 8**

**Status: Completed**

**Distance from Site: 0.2 miles**

## 2.3. Scheme Description

2.3.1. Brookfield Mews comprises a development of eight new build apartments in a mews located just off-White Hart Lane. The development is located 0.1 miles to the east of the Subject and benefits from the same access to connections and amenities though on a quieter road. All apartments are completed to an exceptional standard with all benefitting from private terraces and / or balconies and the apartments benefit from having their own allocated parking space included with each home.

2.3.2. Barnes Bridge railway station is close by with Southern Western Railway offering services into London Waterloo whilst there are also regular bus services to Hammersmith Bridge and Putney giving access to the tube network.

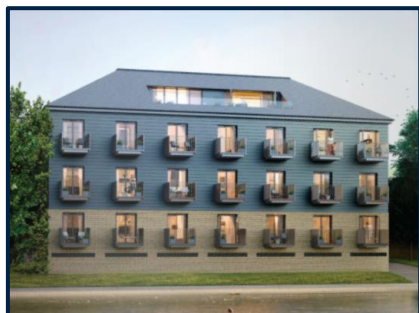
## 2.4. Achieved Prices

2.4.1. The table below provides a summary of the achieved sale prices that we have been able to identify:

Unit Ref	Floor	Beds	Sq M	Sq Ft	Achieved Price	£/Sq Ft	Date
1	1 & 2	1	65	700	£470,000	£671	Nov-20
<b>1 Bed Average</b>			<b>65</b>	<b>700</b>	<b>£470,000</b>	<b>£671</b>	
2	1	2	59	635	£565,000	£890	Jan-21
3	2	2	73	784	£589,000	£752	Dec-20
<b>2 Bed Average</b>			<b>66</b>	<b>710</b>	<b>£577,000</b>	<b>£821</b>	
4	1 & 2	3	102	1,098	£760,000	£692	Feb-21
6	1 & 2	3	103	1,108	£750,000	£676	Dec-20
7	1 & 2	3	101	1,087	£750,000	£690	Nov-20
<b>3 Bed Average</b>			<b>102</b>	<b>1,098</b>	<b>£753,333</b>	<b>£686</b>	



## 2.5. Boat Race House, SW14 8HL



**Developer: Grosvenor Securities**

**Total No. of Units: 16**

**No. of Private Units: 16**

**Status: Completed**

**Distance from Site: 0.5 miles**

## 2.6. Scheme Description

- 2.6.1. Boat Race House is a PD scheme by Grosvenor Securities situated on the bank of the River Thames, 0.5 miles North-West of the Subject.
- 2.6.2. Boat Race House is located 0.3 miles from Mortlake Station which provides a regular train service into London Waterloo. The Thames Clipper express river boat runs a convenient service to Canary Wharf. Regular buses also run from Mortlake High Street to Richmond and Hammersmith.
- 2.6.3. The surrounding area is predominately residential alongside some convenience stores. The development comprises sixteen one- and two-bedroom units, completed to an exceptional standard with all apartments benefitting from parking with a portion of the units benefitting from a balcony and river views.
- 2.6.4. Sales rates are understood to be slow at the development, with oversized units and minimal reduction in asking prices. The developer is understood to be willing to offer significant discounts on the remaining units.
- 2.6.5. We understand that eleven units have traded and that five units remain available for sale.

## 2.7. Achieved Prices

- 2.7.1. The table below provides a summary of the achieved sale prices that we have been able to identify:

Address	Beds	Sq M	Sq Ft	Achieved Price	£/sq ft	Date
5	1	50	538	£455,000	£846	May-19
<b>1 bed Average</b>		<b>50</b>	<b>538</b>	<b>£455,000</b>	<b>£846</b>	
11	2	100	1,076	£1,050,000	£976	Mar-21
3	2	147	1,576	£1,250,000	£929	Mar-20
6	2	105	1,139	£715,000	£628	Dec-19
14	2	95	1,022	£729,500	£714	Nov-19
9	2	167	1,800	£1,250,000	£694	Jan-22
10	2	96	1,033	£817,500	£791	Jul-19
12	2	135	1,452	£1,320,000	£909	Mar-21
15	2 (penthouse)	163	1751	£1,500,000	£856	Feb-23

<b>2 Bed Average</b>		<b>126</b>	<b>1,356</b>	<b>£954,200</b>	<b>£704</b>	
13	3	184	1978	£1,375,000	£695	Jul-22
<b>3 Bed Average</b>		<b>184</b>	<b>1978</b>	<b>£1,375,000</b>	<b>£695</b>	

## 2.8. Emerald Square, SW15 5NY



**Developer: Berkeley Homes**

**Total No. of Units: 134**

**No. of Private Units: 116**

**Status: Completed**

**Distance from Site: 0.8 miles**

## 2.9. Scheme Description

2.9.1. Emerald Square was completed in Q4 2013 and is comprised of one- and two-bedroom apartments located one mile away from Barnes railway station.

2.9.2. Most of the apartments benefit from private outdoor space as well as landscaped communal gardens.

2.9.3. The apartments are finished to a high specification and include premium integrated appliances and designer sanitary ware.

2.9.4. Car parking spaces are included for most apartments.

## 2.10. Resale Achieved Prices

2.10.1. Whilst the development completed in 2013, we have identified recent re-sale evidence. The table below provides a summary of the recently achieved re-sale prices that we have been able to identify:

Address	Beds	Sqm	Sqft	Achieved Price	Achieved £/sqft	Date Sold
ROEBUCK HOUSE	2	67	721	£500,000	£693	Mar-21
ROEBUCK HOUSE	2	68	732	£507,000	£692	Oct-22
ROEBUCK HOUSE	2	69	743	£480,000	£646	Mar-21
<b>2 Bed Average</b>		<b>68</b>	<b>732</b>	<b>£495,667</b>	<b>£677</b>	
11 EMERALD SQUARE	3	139	1,496	£1,310,000	£875	Aug-22
38 EMERALD SQUARE	3	151	1,625	£1,150,000	£707	May-22
8 EMERALD SQUARE	3	172	1,851	£1,230,000	£664	Aug-22
<b>3 Bed Average</b>		<b>154</b>	<b>1,657</b>	<b>£1,230,000</b>	<b>£742</b>	

## 3. Second Hand Comparable Evidence

### 3.1. Introduction

3.1.1. There is currently a shortage of recent new build achieved evidence with the immediate area, we have subsequently sought to identify transactions of second-hand properties within the vicinity of the Subject.





### 3.2. One Bedroom Evidence

3.2.1. Detailed information on the one-bedroom evidence identified is provided below:

Photo	Address	Beds	Sq ft	Achieved Price	Price/Sq ft	Date	Comments
	Flat 32, Elm Bank Mansions, The Terrace, SW13 0NS	1	645	£525,000	£813	Sep-22	3 <sup>rd</sup> floor, average condition, communal gardens, large size, good location and partial views over Thames <500m from Subject
	Flat 4, Surrey Court, 24b Grove Road, SW13 0HH	1	511	£362,000	£708	Jul-22	Residents parking, good condition, average exterior, <700m from subject
	Flat 3, 317 Upper Richmond Road West, SW14 8QR	1	520	£395,000	£760	Jan-22	2 <sup>nd</sup> floor, period building, main road location on top of retail, good condition. <700m from subject
	Flat 2, 26 Cleveland Road, SW13 0AB	1	566	£500,000	£883	Mar-22	Good condition, period property, high ceiling heights close to Barnes High Street <700m from subject
<b>1 Bed Average</b>			<b>561</b>	<b>£445,500</b>	<b>£795</b>		

### 3.3. Two Bedroom Evidence

3.3.1. Detailed information on the two-bedroom evidence identified is provided below:

Photo	Address	Beds	Sq ft	Achieved Price	Price/ Sq Ft	Date	Comments
	106 Ashleigh Road, SW14 8PX	2	614	£625,000	£1017	Sep-22	Ground floor apartment, high ceilings, private garden, period features, <300m from Subject
	101 Avondale Road, SW14 8PU	2	610	£535,000	£877	Sep-22	Ground floor maisonette, lounge/bedroom, average condition, <400m from Subject
	70 Second Avenue, SW14 8QE	2	668	£550,000	£823	Mar-22	Ground floor, good condition, period features, small garden, <200m from Subject
	Flat 2, Mitchell Court, 9-11 Upper Richmond Road West, SW14 8ED	2	710	£500,000	£704	Jun-22	Purpose built flats dated 2005, average condition, private gardens, allocated parking <400m from Subject
<b>2 Bed Average</b>			<b>651</b>	<b>£552,500</b>	<b>£849</b>		

### 3.4. Three Bedroom Evidence

3.4.1. Detailed information on the three-bedroom evidence identified is provided below:



Photo	Address	Beds	Sq ft	Achieved Price	Price/ Sq ft	Date	Comments
	Flat 332, Cowley Mansions, Mortlake High Street, SW14 8SL	3	963	£630,000	£654	Mar-22	Second floor flat in mansion block, good condition, shared garden <400m from Subject
	116 Cowley Road, SW14 8QB	3	821	£715,000	£870	Oct-22	Upper maisonette, good condition, downstairs patio garden, <200m from Subject

Photo	Address	Beds	Sq ft	Achieved Price	Price/Sq ft	Date	Comments
	95 Cowley Road, SW14 8QD	3	1,141	£720,000	£631	Apr-22	Split level upper maisonette, significant eaves storage, good condition, downstairs patio <200m from Subject
	Flat 2, Coco Court, 78a White Hart Lane, SW13 0PZ	3	828	£595,000	£716	Feb-23	Ground floor flat, access to rear garden, good condition <200m from Subject
<b>3 Bed Average</b>			<b>938</b>	<b>£665,000</b>	<b>£709</b>		

## 4. Conclusions and Pricing

### 4.1. Conclusions

- 4.1.1. Having undertaken an analysis of comparable evidence we have identified that one-bedroom apartments within the wider area achieve broadly between £400,000 - £530,000, two-bedroom apartments between £530,000 - £630,000 and three-bedroom apartments generally above £600,000.
- 4.1.2. Since we last reported there has been limited market activity of newly or recently completed apartments within the area, the majority of transactions instead consisting of period houses and flats. Our comments on the evidence identified above are provided below.

### 4.2. New Build Comparable Evidence

#### **Brookfield Mews**

- 4.2.1. Brookfield Mews offers useful comparable new build evidence, particularly in terms of location, when assessing values as it is located just 0.2 miles from the Subject, alongside the same railway line as the Subject.
- 4.2.2. We would note that the one- and three-bedroom apartments at Brookfield Mews are larger than the Subject and we would expect the Subject to achieve lower values on average. The two-bedroom apartments at Brookfield Mews are of comparable size.
- 4.2.3. There are several key advantages of Brookfield Mews in comparison to the Subject. All the apartments benefit from an exceptionally high-quality finish, private outdoor space, allocated off street parking as well as the attractive mews façade of the development.
- 4.2.4. In addition, we note that Brookfield Mews is a smaller and more bespoke scheme than the Subject. As a result, Brookfield mews may have the ability to hold out for higher values, whereas the Subject would rely on a consistent sales rate across a greater number of homes, thus creating pressure to reduce sale prices.

#### **Boat Race House**

- 4.2.5. Whilst Boat Race House is located just half a mile away from the Subject, it is superior in terms of the immediate surrounding location owing to it being situated directly next to the River Thames in comparison to the Subject which is located directly next to a busy railway line. A portion of residents pleasant views of the River Thames as opposed to the Subject's views of a railway line.
- 4.2.6. Whilst the one-bedroom apartments at Boat Race House are of a similar size to the Subject one-bedroom apartments, we note that the two- and three-bedroom apartments at Boat Race House are significantly larger than the Subject two and three bedroom apartments.
- 4.2.7. Boat Race House is arguably the most superior location in the local area due to its riverside location. As such, the Boat Race House evidence provide ceiling prices for the new build premium achievable in the local area.

## **Emerald Square**

- 4.2.8. Emerald Square offers comparable evidence when assessing Subject values, particularly due to the similar apartment's sizes. However, we note that Emerald square is superior in terms of surrounding area in comparison to the Subject's location directly next to a railway line. Nonetheless, the Subject is located closer to the amenities of Barnes town centre. On balance, we would expect the Subject to achieve higher values reflective of a new build premium in comparison to the re-sale evidence.

## **4.3. Second Hand Comparable Evidence**

- 4.3.1. Second hand comparable evidence for one-, two- and three-bedroom apartments in the local area was assessed to supplement the new build evidence identified; this was particularly valuable for the proposed three-bedroom apartments given there is currently a lack of new build three bed evidence.
- 4.3.2. Second hand evidence has highlighted useful variances due to location, unit size, and amenities; all of which have been considered for analysis. The evidence has highlighted that the local market is predominantly second-hand character buildings which are highly sought after; Subsequently, this puts a ceiling on the Subject achievable prices.
- 4.3.3. Notwithstanding this, the Subject will be new build and therefore we have adjusted our pricing assumptions to reflect the premium which is generally achieved by new build homes.

## **One Bedroom Evidence**

- 4.3.4. The sale at Elm Bank Mansions is comparable to the Subject as it forms part of a wider residential flatted scheme with amenities such as communal gardens. The unit is however significantly larger and its location by the river commands a significant premium. We would therefore expect the one beds at the Subject to sit below the sale at Elm Bank Mansions. Compared to those sales at Surrey Court and Upper Richmond Road, given the location of these homes on a main road we would expect the Subject to achieve a premium. As well as being smaller in size to the Subject, these comparables also do not have much provision for communal and private amenities.

## **Two Bedroom Evidence**

- 4.3.5. There is a premium in this area for period, maisonette properties which have access to their own private gardens. This is evidenced when comparing values at Ashley or Avondale Road to the flat at Mitchell Court. While it is larger than the other comparables and is in good condition, Mitchell Court is dated and lacks in amenity space. We would expect the Subject development to achieve higher values than Mitchell Court, in the region of, or slightly above 70 Second Avenue due to having larger rooms on average.

## **Three Bedroom Evidence**

- 4.3.6. The Subject development is most comparable in size to the flat at Cowley Mansions. This property is situated on Mottlake High Street, which is closer to the river, while the two maisonette comparables are nearer to the Subject on a quieter residential street. Due to their preferable locations and larger amenity areas, we would expect the maisonettes to command a premium over the Subject. The unit at Coco Court, while being in a comparable location to the Subject, is smaller, lacking in amenity space and generally has a less desirable fit out.



#### 4.4. Concluded Pricing

- 4.4.1. Since we concluded our initially adopted pricing in August 2021 there has been limited market activity of newly or recently completed apartments within the area, most transactions instead consisting of second-hand period houses, maisonettes, and flats.
- 4.4.2. This recent second-hand evidence suggests that values of larger two- and three-bedroom unit types have increased marginally in value over the last 18 months, whereas values of smaller one-bedroom homes have seen a price drop. This comparable evidence is supported by comments from local agents who have indicated that demand for larger maisonettes and houses remains strong whereas it has fallen away for smaller apartments.
- 4.4.3. As a further cross check, we have consulted the Land Registry House Price Index which reports a small increase in values of all house types since August 2021 (+1.33% - +2.55%) but a decrease in the values of flats (-1.7%) over the same period. This additional evidence is largely consistent with the comparable evidence identified and the views of local agents.
- 4.4.4. In summary, prices have largely remained consistent since we last reported with minor fluctuations in value over the last 18 months. Much of the recent evidence available is of period properties within the immediate area, this is not directly comparable to the new build homes at the Subject, and it is considered any value change reflected in these sales is not material enough to justify a revision to our adopted (and agreed) pricing for the Subject.
- 4.4.5. Furthermore, there is a disconnect between the markets for new and second-hand homes. Indicative of this is Boat Race House which launched to market four years ago, we understand that five homes remain unsold despite a high standard of fit out and attractive river-side location. We understand that despite the developer offering significant discounts and incentives at this development, there is a preference in this location for period, detached and maisonette properties particularly in the wake of pandemic.
- 4.4.6. We have therefore maintained our previously adopted pricing which concludes a GDV of **£46,924,137 / £738psf**.

---

Appendix 6  
AUV C2 Care Home Appraisal

---

Barnes Hospital SVB  
Care Home - Refurb + Doctor's Residence - Revised

**Barnes Hospital SVB  
Care Home - Refurb + Doctor's Residence - Revised**

**Appraisal Summary for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Sales Rate ft <sup>2</sup>	Unit Price	Gross Sales
Care Home	51	0	0.00	284,314	14,500,000
Doctor's Residence	<u>1</u>	<u>870</u>	919.54	800,000	<u>800,000</u>
<b>Totals</b>	<b>52</b>	<b>870</b>			<b>15,300,000</b>

**NET REALISATION** **15,300,000**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price			4,485,200		4,485,200
Stamp Duty			213,760		
Effective Stamp Duty Rate		4.77%			
Agent Fee		1.00%	44,852		
Legal Fee		0.75%	33,639		
					292,251

**CONSTRUCTION COSTS**

Construction	ft <sup>2</sup>	Build Rate ft <sup>2</sup>	Cost	
Doctor's Residence	870	244.00	212,280	
Care Home Build	<u>48,653</u>	138.43	<u>6,735,000</u>	
<b>Totals</b>	<b>49,523 ft<sup>2</sup></b>		<b>6,947,280</b>	
Contingency (Dr Residence Only)		5.00%	10,614	
				6,957,894

**Section 106 Costs**

Small Site Calculator			45,805		45,805
-----------------------	--	--	--------	--	--------

**PROFESSIONAL FEES**

Professional Fees		10.00%	22,289		22,289
-------------------	--	--------	--------	--	--------

**DISPOSAL FEES**

Sales Agent Fee		1.00%	153,000		
Sales Legal Fee		0.50%	76,500		
					229,500

**FINANCE**

Debit Rate 8.000%, Credit Rate 4.000% (Nominal)					
Land			638,837		
Construction			293,443		
Total Finance Cost					932,281

**TOTAL COSTS** **12,965,220**

**PROFIT** **2,334,780**

**Performance Measures**

Profit on Cost%	18.01%
Profit on GDV%	15.26%

---

Appendix 7  
Proposed Scheme Appraisal

---

Barnes Hospital  
Proposed RLV - Savills Revised

Development Appraisal

28 February 2023

# APPRAISAL SUMMARY

## Barnes Hospital Proposed RLV - Savills Revised

### Appraisal Summary for Phase 1

Currency in £

#### REVENUE

Sales Valuation	Units	ft <sup>2</sup>	Sales Rate ft <sup>2</sup>	Unit Price	Gross Sales
Private Residential	85	63,582	738.01	552,049	46,924,137
Car Parking	39	0	0.00	30,000	1,170,000
Affordable Housing	<u>24</u>	<u>16,811</u>	345.79	242,212	<u>5,813,081</u>
<b>Totals</b>	<b>148</b>	<b>80,393</b>			<b>53,907,218</b>

#### NET REALISATION

**53,907,218**

#### OUTLAY

##### ACQUISITION COSTS

Residualised Price			1,551,888		
				1,551,888	
Stamp Duty			67,094		
Effective Stamp Duty Rate		4.32%			
Agent Fee		1.00%	15,519		
Legal Fee		0.75%	11,639		
				94,252	

##### CONSTRUCTION COSTS

Construction	ft <sup>2</sup>	Build Rate ft <sup>2</sup>	Cost		
Construction Costs	116,466	269.65	31,405,000		
CIL			2,934,321		
MCIL			730,320		
				35,069,641	

##### PROFESSIONAL FEES

Professional Fees		10.00%	3,140,500		
				3,140,500	

##### MARKETING & LETTING

Marketing		1.50%	703,862		
				703,862	

##### DISPOSAL FEES

Sales Agent Fee		1.00%	480,941		
Affordable Sales Agent Fee		1.50%	87,196		
Sales Legal Fee		0.50%	269,536		
				837,674	

##### FINANCE

Debit Rate 8.000%, Credit Rate 4.000% (Nominal)					
Land			347,380		
Construction			2,789,834		
Other			606,873		
Total Finance Cost				3,744,087	

#### TOTAL COSTS

**45,141,904**

#### PROFIT

**8,765,314**

#### Performance Measures

Profit on GDV%	16.26%
----------------	--------

