

# Valuation Advisory

**Client:** Homes and Communities Agency and James Paget University Hospitals NHS Foundation Trust

**Property:** Lowestoft Hospital, Milton Road East, Lowestoft NR32 1NT



November 2017





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And

James Paget University Hospitals NHS Foundation Trust  
Lowestoft Road  
Gorleston  
Great Yarmouth  
Norfolk  
NR31 6LA

30 November 2017

Dear Sirs

### Terms of Reference

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**Addressee:** Homes and Community Agency  
Arpley House  
110 Birchwood Boulevard  
Birchwood  
Warrington  
Cheshire  
WA3 7QH

And

James Paget University Hospitals NHS Foundation Trust  
Lowestoft Road  
Gorleston  
Great Yarmouth  
Norfolk  
NR31 6LA

For the attention of Vicky Havard



<b>Property Address:</b>	Lowestoft Hospital, Milton Road East, Lowestoft NR32 1NT
<b>Reliance:</b>	<p>Our valuations will be subject to the instruction letter of the 4 July 2016, the HCA 2014 Framework Panel Contract with JLL and our General Principles Adopted in the Preparation of Valuations and Reports. For this instruction, our total liability in respect of all losses arising out of or in connection with the Agreement and/or the Services, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall not exceed £10,000,000 in line with HCA Framework Contract with JLL . This liability cap is an aggregate cap on the liability of JLL to the Client and the Relying Parties together and there are not separate liability caps for the Relying Party or persons making up the Relying Party. To the extent permitted by law, the maximum total liability of JLL to whomsoever, whether alone or together with other parties, in relation to the Report and this letter together is therefore limited to the liability cap amount stated and not any multiple thereof.</p> <p>We confirm that we hold sufficient professional indemnity insurance cover for the valuation provided and our overall workload.</p>
<b>Tenure:</b>	Freehold.
<b>Valuation Date:</b>	2 November 2017
<b>Instruction Date:</b>	12 June 2017
<b>Instruction and Purpose of Valuation:</b>	In accordance with your letter dated 12 June 2017 (attached to Appendix 1) we are instructed to provide you with a report and valuation for transfer purposes.
<b>Basis of Valuation:</b>	<p>We confirm that our valuation and report will be prepared in accordance with the current RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) (the RICS Red Book) on the basis of Market Value as defined in Appendix 2.</p> <p>No allowance has been made for any expenses of realisation, or for taxation (including VAT) which might arise in the event of a disposal and the property has been considered free and clear of all mortgages or other charges which may be secured thereon.</p>
<b>Inspection:</b>	The property was inspected specifically for this valuation on 20 June 2017 by Leanne Leyland MRICS. All significant parts of the property were inspected.
<b>Personnel:</b>	The valuation has been prepared by Leanne Leyland MRICS under the direction of, Chris Strathon FRICS, Director.



We confirm that the personnel responsible for this valuation are qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards and are RICS Registered Valuers.

**Status:** In preparing this valuation we have acted as External Valuers, subject to any disclosures made to you, which is considered to be an Independent Valuer.

**Disclosure:** We have no conflict of interest in accepting the instruction to value the property on your behalf.

**Assumptions:** We have made no Special Assumptions within our Market Value.

**Sources of Information:** We have inspected the premises and carried out all the necessary enquiries with regard to rental and investment value, Rateable Value, planning issues and investment considerations. We have not carried out a building survey. As instructed we have not measured the premises in accordance with the RICS Code of Measuring Practice and have relied on the floor areas provided which we have assumed are net and this is agreed in writing.

We have been provided with the following reports, which we have relied upon:

- Technical Due Diligence Report, dated 7 August 2017, prepared by WSP UK Limited.

**Market Value:** £300,000

(THREE HUNDRED THOUSAND POUNDS)

**Purchaser's Costs:** Costs reflecting Stamp Duty, Professional Fees and VAT.

**Confidentiality and Publication:** Finally, and in accordance with our normal practice we confirm that the Report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully

A handwritten signature in black ink, appearing to read "L. Leyland".

**Leanne Leyland MRICS**  
**Associate Director**  
**For and on behalf of**  
**Jones Lang LaSalle Limited**

Yours faithfully

A handwritten signature in black ink, appearing to read "C. Strathon".

**Chris Strathon FRICS**  
**Director**  
**For and on behalf of**  
**Jones Lang LaSalle Limited**

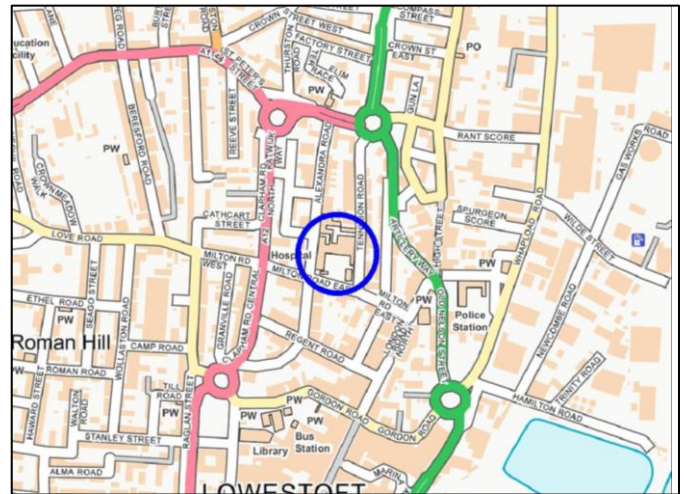


## Property Section

### Location



Road Plan



Street Plan

- Lowestoft is a coastal town in eastern Suffolk 110 miles north east of London, 38 miles north east of Ipswich and 22 miles south east of Norwich.
- The property is approximately 200 metres north of the Lowestoft commercial town centre situated between Tennyson Road, Milton Road East and Alexandra Road in North Lowestoft.
- The site is in a predominantly residential area with some mixed uses including some commercial premises fronting Milton Road East to the east and Alexandra Road doctor's surgery and Adrian House, which is an education facility, on Alexandra Road to the west.
- The property is bounded to the east, south and west by a brick wall which adjoins the pedestrian footpath. To the north the property is bounded by a footpath and some adjoining terraced properties used by the NHS.
- The immediate area predominantly comprises terraced residential housing.
- The railway station is 0.5 miles to the south.

### Site and Ground Conditions



OS Plan

- The site is irregular shaped on predominantly level land and has been made secure with metal fencing from. There is a small tarmac surfaced car park to the south of the site which is accessed immediately off Tennyson Road to the east. The car park provides approximately 25 car parking spaces.

- The site extends to 0.72 hectares (1.77 acres).
- In addition to the car park there are also tarmac and concrete access roads and surfaced areas in between some of the buildings.
- There are some unkempt landscaping areas to the south and east of the property.
- There is an electricity substation to the south west corner of the site.

**Description**



Front Building



Rear Buildings



Typical Ward



Typical Accommodation

- The property comprises the Former Lowestoft Hospital which until recently operated as part of the James Paget University Hospitals NHS Foundation Trust. The site is made up of a number of single, two and three storey buildings of brick construction beneath pitched slate and flat felt roofs.
- The buildings provide a variety of accommodation including wards, staff areas, offices and ancillary facilities. The first building on site dates back to the 1800s and the site has been extended over the years to form a number of adjoining, and in some cases, interconnecting buildings.
- The specification is fairly typical throughout with vinyl covered floors, painted and plastered walls and suspended ceilings.

<b>Age:</b>	Originally built in the 1800s and extended over a number of years.
<b>Number of storeys:</b>	One, two and three storeys.
<b>Construction:</b>	Brick built with single glazed windows.
<b>Floors:</b>	Vinyl floor coverings throughout.
<b>Roof:</b>	Pitched slate and flat felt roofs.
<b>Heating:</b>	Central heating radiators.

<b>Lighting:</b>	Fluorescent strip lights with some recessed lighting.
<b>Ancillary Accommodation:</b>	Predominantly comprises wards, private rooms/offices, staff areas, storage, and WC facilities.
<b>Internal Fit-out:</b>	Painted and plastered walls with suspended ceilings throughout most of the buildings.
<b>Loading Doors:</b>	The property has a number of small loading doors which have been secured.
<b>Yard:</b>	There is a yard and car parking area currently secured by metal fencing.

### Existing Accommodation

- We have been provided with the floor areas of the existing buildings which extend to 62,172 sq ft. We understand the areas have been measured on a GIA basis and have been prepared in accordance with the RICS Code of Measuring Practice. As agreed we have relied upon these floor areas for the purposes of this valuation exercise.

### Condition and Maintenance

- The condition of the property varies throughout from moderate to disrepair. Although the property was up until recently being used by the trust we understand parts of the property had been gradually 'mothballed' for some time.

### Environmental and Sustainability Issues

- We understand there are no known nature conservation designations of international, national or local importance on or immediately adjoining the site.
- The site is not within any Area of Outstanding Natural Beauty (AONB), Sites of Special Scientific Interest (SSSI) or Special Protection Areas (SPA).
- A search of the Environment Agency (EA) Flood Map shows that the site is within Flood Zone 1 (this zone comprises land assessed as having the lowest risk and less than 1 in 1000 annual probability of river or sea flooding in any year (0.1% or greater).
- We have obtained a DEC which confirms the property has an energy performance operational rating of C (64) as at 23 October 2014.
- We understand parts of the property contain asbestos containing materials (ACMs). As part of any redevelopment of the site the asbestos will need to be removed by a specialist contractor. The cost to remove the asbestos is detailed within the Technical Due Diligence Report provided by WSP UK Limited, and we have also reflected this in our appraisal of the site.
- Although the property is not listed we understand that some of the buildings may have some architectural features that the LPA have indicated they would like to be retained or replicated if the property is redeveloped.

### Rateable Value

- The property's rateable value is £116,000 pa.

### Tenure & Title Review

- We have been provided with a title register and can confirm the property is held freehold.

### Planning

- The property is located in the Waveney District Council ('WDC').
- The site is currently unallocated as shown on the Central Lowestoft Area Inset Proposals Map (2012).
- The site is neither statutorily nor locally listed.
- The property is not situated within a conservation area.
- The site is not known to be designated as an area of archaeological importance.
- There are no known TPOs on the site.
- A search of WDC's statutory online planning register has revealed the most recent planning permission for the property is reference no DC/15/4879/FUL relating to the 'internal refurbishment of the former physio block to provide a phlebotomy (blood tests) area and associated support area including reception & waiting area, domestics cupboard etc. External works will include formation of a new door opening, replacement windows & doors (with some to be infilled), rendering and decoration and new footpaths including a new pedestrianised access to be formed leading onto Milton Road'. This planning permission was granted 4 February 2016.



- There are no outstanding planning applications or permissions in relation to the property. In the event the property is redeveloped in line with our development appraisal planning permission will be required.
- As stated in the Development Management Policies Development Plan Document adopted January 2011, the minimal densities for sites located in central areas of Lowestoft for residential development is 50 dwellings per hectare with mention that sites also range up to 70 dwellings per hectare. For the purpose of the residential residual valuation we have targeted 58 dwellings for hectare following the advice within the Technical Due Diligence Report prepared by WSP UK Limited.
- The Waveney District Council Community Infrastructure Levy states that *'the development of new residential dwellings of any size will be liable for CIL'*. The amount of CIL chargeable to a qualifying development will be *'discounted by any existing buildings on the site that have been in use for a period of at least six months within the period of 12 months ending on the day planning permission for the development is first granted'*. We have therefore assumed that any purchaser of the site would ensure that the buildings were occupied while the planning process was being followed in order to avoid paying a CIL contribution. If a purchaser did not ensure that the buildings were occupied while seeking planning permission, there would be a CIL payment.



## Market Section

### Local Market Review for Proposed Use

Lowestoft is the second largest town in Suffolk after Ipswich with a population of 71,000 as at 2011. Until the mid-1960s, fishing was Lowestoft's primary industry which has since significantly diminished with only a small number of vessels still operating out of the harbour. Between 2009 and 2010 three major local employers being Wessex Foods, Sanyo and a timber company closed their local factories resulting in high levels of redundancies.

Lowestoft is projected to see below average growth in population over the period 2016 – 2021. The age profile of the Lowestoft primary catchment population includes a particularly high proportion of the retired aged 65 and over, older working age adults aged 45 – 64 are also over represented within the area. Between 2001 and 2011 Lowestoft saw a significant increase in the retired aged 65 and over and significant decrease in children aged 0 – 14 and adults aged 25 – 44.

The Lowestoft catchment population is not particularly affluent, ranking 147 of the PROMIS centres on the PMA Affluence Indicator at 2011. Over the period 2001 to 2011 Lowestoft saw an improvement in the Affluence Indicator Rank; most recently this has improved due to both a fall in unemployment and rise in average house prices within the Lowestoft area.

- Rightmove confirms that Most of the sales in Lowestoft over the past year were detached properties which on average sold for £246,911. Terraced properties had an average sold price of £127,889 and semi-detached properties averaged at £171,157. Lowestoft, with an overall average price of £181,944 was cheaper than nearby Oulton Broad (£197,177), Pakefield (£198,636) and Carlton Colville (£193,311).
- In the past year house prices in Lowestoft were 11% up on the year before and 21% up on 2014 when they averaged at £150,255.

### Comparables

We have undertaken a detailed analysis of the Lowestoft residential sales market with our findings detailed below. We have reviewed recent sales and current asking prices as part of this exercise.

Property	Date	Sale Price	Bedrooms	Type	Comment
30 Stirling Close, Lowestoft	July 2017	£84,000	2	Flat	First Floor, dated.
Flat 4, Howard House, Gunton Cliff	June 2017	£155,000	2	Flat	Sea Views and en-suites to both bedrooms.
82 Park Road, Lowestoft	June 2017	£75,000	2	Flat	First Floor.
24 Ullswater, Carlton Colville	Dec 2016	£120,000	2	Flat	Ensuite to master bedroom. Freehold. Built in 2010.
20 Killick Crescent, Carlton Colville	Nov 2016	£119,500	2	Flat	Ground floor. Built in 2008. Ensuite to master bedroom.
31 Tennyson Road, Lowestoft	Aug 2017	£110,000	3	Terrace	Good specification.
28 Avondale Road, Lowestoft	Aug 2017	£112,000	3	Terrace	Dated.
98 Norwich Road, Lowestoft	Aug 2017	£90,000	2	Terrace	Reasonable specification.
33 Roman Road, Lowestoft	Aug 2017	£137,500	4	Terrace	Good specification and large gardens.
32 Church Road, Lowestoft	Aug 2017	£70,000	3	Terrace	Reasonable specification.
82 Oxford Road, Lowestoft	Aug 2017	£112,000	3	Terrace	Good specification.
49 York Road, Lowestoft	Aug 2017	£130,000	3	Terrace	Reasonable specification.
58 Walmer Road, Lowestoft	Aug 2017	£136,500	2	Terrace	Good specification.
7 Wollaston Road, Lowestoft	Aug 2017	£99,950	2	Terrace	Reasonable specification.
1 Colville Road, Lowestoft	Aug 2017	£165,000	2	Terrace	Good specification.
29 Royal Avenue, Lowestoft	Aug 2017	£181,000	3	Terrace	Good specification.
31 Field Grange, Oulton	July 2017	£195,000	4	Terrace	Good specification. Built in 2006.
7 Grosvenor Road, Lowestoft	July 2017	£172,000	4	Terrace	Dated.
12 Kent Road, Lowestoft	July 2017	£118,500	2	Terrace	Good specification.
20 The Street, Corton	July 2017	£119,000	2	Terrace	Good specification.
17 Tennyson Road, Lowestoft	Feb 2017	£126,000	3	Terrace	Reasonable specification.
37 Alexandra Road, Lowestoft	Jan 2017	£128,000	3	Terrace	Dated.

Our research has indicated the following price brackets for 2 bedroom flats and 2, 3, and 4 bedroom terraced houses. As illustrated in the above table, the higher prices are paid for flats with uninterrupted sea views in superior locations.

- 2 bedroom flats – circa £75,000 – £155,000
- 2 bedroom terraced houses – circa £90,000 - £165,000
- 3 bedroom terraced houses – circa £70,000 – £181,000
- 4 bedroom terraced houses – circa £137,500 - £195,000
- We understand The Pastures, a new development, in Oulton is asking for £320,000 for large detached houses with garages, and £170,000 for 2 bedroom houses with undercroft parking spaces. Oulton is a sought after location and we have therefore made an adjustment to the sale prices adopted within our appraisal to reflect the inferior location of the subject property.
- Although the evidence above indicates sales of between £137,500 - £195,000 have been achieved for 4 bedroom terraced houses in Lowestoft, these sales do not relate to new build properties. We have therefore applied a higher rate of £200,000 to the 4 bedroom units within our appraisal to reflect the 'new build' nature of the units.
- There is a dearth of land sales evidence in Lowestoft, however the evidence we have obtained indicates land values of between £50,000 to £68,000 per acre for greenfield plots with planning permission for residential development.
- We understand the former Northgate Hospital, Great Yarmouth is currently under offer at an agreed purchase price of £675,000. The property comprises a cleared freehold site extending to 3.925 acres. The agreed sale price therefore equates to £171,974 per acre. The property does not have planning consent to redevelop at this stage.
- Residual land values are reliant on the proposed scheme and although land sales evidence can be used as a sense check, there is less weight on them as residual land values are dependent on a particular proposed scheme on a case by case basis.

## Development Considerations

- The existing buildings are of a substantial construction and would be relatively expensive to demolish.
- Some of the buildings contain ACMs which will need to be removed by a specialist contractor.
- Some of the buildings are very close to the pedestrian footpaths on Tennyson Road and Alexandra Road and any demolition would be disruptive to the use of public footpaths.

## Valuation Methodology and Approach

### Methodology

- We have adopted the standard approach for the valuation of developments and development sites; the Residual Method of Valuation in accordance with the Practice Statements as set out in the RICS Valuation Professional Standards (January 2014) and in accordance with the changes to IFRS in 2009 requiring developments to be reported as investment property (IAS40). The residual value or site value is the surplus after total costs including construction, fees, contingency, finance costs (or the opportunity cost of capital) and developer's profit are deducted from an estimate of the gross development value (GDV) upon completion. This surplus or residual value represents the amount that a purchaser would be willing to pay for the site.
- The level of profit reasonably required by a purchaser (and therefore reflected in arriving at fair value) will diminish as each stage is passed and the risk associated in realising the value of the completed development is reduced. The amount of profit is typically measured as profit on cost and will be influenced by the level of pre-lets and agreements for lease secured. Typically profit on cost varies between 10% for de-risked 100% pre-let development projects and 25% for 100% speculative developments. We have assumed in our valuation a profit on cost of 20.0% for this development, assuming it is a consented scheme. We have then applied a further deduction to reflect any environmental and planning risk in the following section.

### Assumptions

- We have valued the property assuming a residential redevelopment of 41 units as confirmed in the Technical Due Diligence Report provided by WSP UK Limited.
- We have adopted a valuation date of 2 November 2017.
- We have assumed that the property has all necessary building permits in place by the time construction commences.

- We have valued the site based on the assumed site area of 0.72 hectares, on the assumption that the building permit and full planning permission has been granted. The total GIA of residential accommodation is 37,500 sq ft, providing 10 two bedroom flats, 8 two bedroom terraced houses, 18 three bedroom terraced houses and 5 four bedroom terraced houses. This produces a GDV of **£5,795,000**.
- For costs, we have assumed a construction period of 12 months to commence 9 months after the valuation date.
- Construction costs total **£3,210,000** and have been based upon rates of £80.00 - £90.00 per sq ft across the gross buildable area (37,500 sq ft). We have also allowed for a contingency based upon 5% of construction costs.
- We have adopted finance costs of 5.5%.
- We have included fees in our residual valuation based upon 10% of the total construction costs and contingency.
- We have deducted a cost of **£440,000** for demolition of the buildings and removal of ACMs as confirmed in the Technical Due Diligence Report provided by WSP UK Limited.
- We have deducted planning fees of **£80,000**.
- This produces total costs of **£4,829,166**.
- We have adopted 20.0% profit on cost as the amount of profit a developer would require from this development project.
- Purchaser's costs and vendor costs are also deducted to arrive at the residual value.
- We have allowed for 14 of the units to be affordable housing.
- This results in a rounded residual development value of **£300,000** with planning

### Property Commentary

- Highly specialist property configured as a hospital and currently in an overall state of disrepair.
- Weak local economy.
- Low house prices.
- Demand would be weak for the site given the lack of demand for residential sites in the area.

### Valuation as at

Market Value:	£300,000	THREE HUNDRED THOUSAND POUNDS
Capital Value per sq ft:	£4.80	

# Appendices

**Appendix 1** ..... Letter of Instruction

**Appendix 2** ..... General Terms and Conditions

..... General Principles

..... Definition of Market Value

**Appendix 3** ..... Location Maps and Plans

**Appendix 4** ..... Photographs

**Appendix 5** ..... Valuation Print-Out



# Appendix 1

## Letter of Instruction



30 Warwick Street London W1B 5NH  
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www.joneslanglasalle.co.uk

Vicky Havard  
Homes and Community Agency  
Arpley House  
110 Birchwood Boulevard  
Birchwood  
Warrington  
Cheshire WA3 7QH

Our ref CQS/479500  
Direct line 0207 399 5848

chris.strathon@eu.jll.com

26 June 2017

Dear Vicky,

#### **PUBLIC SECTOR LAND PROGRAMME – VALUATIONS (HCAP15104)**

Thank you for your instructions to undertake a valuation in relation to the above. I write further to our recent discussions and in accordance with your instruction letter of 12 June 2017. Please consider this letter confirmation of our instructions.

#### **Purpose of Valuation**

We understand that you require valuations for the purpose of the transfer of the relevant property listed below from James Paget University Hospitals NHS Foundation Trust (hereafter referred to as 'The Trust') to the HCA:-

Lowestoft Hospital, Milton Road East, Lowestoft

#### **Interest to be Valued**

We confirm that we will value the freehold interest in the property.

We understand that the property is currently vacant.

#### **Terms, Conditions and Liability**

Our valuation will be subject to our General Terms and Conditions of Business and our General Principles Adopted in the Preparation of Valuation and Report, copies of which are attached. I would draw your attention to the section headed "Liability". For this instruction, our total liability in respect of all losses arising out of or in connection with the Agreement and/or the Services, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall not exceed £5,000,000. This amount shall be an aggregate cap on the Valuer's liability to all Beneficiaries together.



We confirm that we hold sufficient professional indemnity insurance cover for the valuation provided and our overall workload.

#### **RICS Compliance**

We confirm that our report and valuation will be prepared in accordance the current RICS Valuation - Professional Standards, January 2014 edition (the Red Book).

#### **Basis of Value**

We will value the property on the basis of Market Value (MV).

#### **Conflicts of Interest**

I confirm that the JLL valuation team have had no prior involvement and have not valued the property before and therefore will be able to provide objective and independent valuation advice to the HCA and The Trust.

#### **Status of Valuer**

We confirm that we will act as External Valuers in accordance with the Red Book and that we have the knowledge, skills and understanding to undertake the valuation competently. The valuers undertaking the instruction are RICS Registered Valuers.

#### **Date of Valuation**

The date of the valuation will be the date of our report unless otherwise instructed.

#### **Currency**

We confirm that we will provide a value in "£" (British Pounds).

#### **Report**

We confirm that we will prepare a report addressed to the Homes and Communities Agency and The Trust. We will not extend liability or reliance to any other party other than by prior agreement. If we extend our liability we will seek to charge an additional fee and this extension would be on the basis that the other parties will be subject to the terms of our instructions including our liability cap.

We will provide 2 hard copies of our final report together with a PDF version.

#### **Sources of Information**

We will rely upon information provided by you in respect of Title, tenancy, building condition (survey), costs of repair and development, environmental issues, floor areas and any third party due diligence reports. We will not review copies of any leases, if applicable.

#### **Fees**



We have agreed our fee with you in the sum of £2,500 plus VAT, excluding disbursements, under the value of £1m, and £7,000 plus VAT, excluding disbursements, over the value of £1m.

Our fee account will be addressed to the addressee of our report unless otherwise agreed.

In the event that our instruction is ended for any reason before we deliver our final report we would seek to charge a fair and reasonable fee based on the amount of work undertaken. In the event that we are asked to invoice any other party, we agree that you will settle our fee account immediately if the other party does not do so within our standard terms (28 days).

### **Reliance**

In accordance with our normal practice, we confirm that the report is confidential to the parties to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the report, nor any part nor any references thereto may be published in any document, statement or circular nor in any communication with third parties without our prior written approval of the form and context in which it will appear. Our date of valuation will be the date the report is issued and should be valid for a period of 3 months.

If you require any further assistance then please do not hesitate to contact me.

Yours faithfully

A handwritten signature in black ink, appearing to read 'C. Strathon'.

**Chris Strathon FRICS**  
**Director**  
**For and on behalf of Jones Lang LaSalle Limited**

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**Appendix 2**  
**General Terms and Conditions**  
**General Principles**  
**Definition of Market Value**



# General Terms and Conditions of Business

## 1. AGREEMENT

1.1. These Terms together with any Engagement set out the terms on which JLL will provide the Services to the Client. Each of the provisions provided in the Agreement are severable and distinct from the others.

1.2. The Engagement shall prevail to the extent of any conflict between the Terms, and the Engagement. The Agreement supersedes any previous arrangement concerning its subject matter. Unless the Parties agree otherwise, these Terms shall apply to any future instructions from the Client, although such instructions may be subject to a separate Engagement.

## 2. INTERPRETATION

The following definitions and rules of interpretation apply in these Terms:

### 2.1. Definitions

“**Affiliates**” includes in relation to either Party each and any subsidiary or holding company of that Party and each and any subsidiary of a holding company of that Party and any business entity from time to time controlling, controlled by, or under common control with, either Party, and “**holding company**” means a holding company as defined in section 1159 of the Companies Act 2006 or a parent undertaking as defined in section 1162 and schedule 7 of the Companies Act 2006, and “**subsidiary**” means a subsidiary as defined in section 1159 of the Companies Act 2006 or a subsidiary undertaking as defined in section 1162 and schedule 7 of the Companies Act 2006;

“**Agreement**” means any Engagement and these Terms together;

“**Client**” means the Party who enters into the Agreement with JLL;

“**Engagement**” means the agreement, letter of engagement or engagement agreement or email and any schedules/appendices sent to the Client by JLL (or agreed in writing) which sets out details of the Services to be provided to the Client pursuant to the Agreement;

“**Insolvent**” means in relation to:

- (a) a company (including any body corporate), that it:
  - (i) is unable to pay its debts as they fall due;
  - (ii) becomes or is deemed insolvent;

(iii) has a notice of intention to appoint an administrator filed at Court in respect of it, has an administrator appointed over, or has an administration order in relation to it, or has appointed a receiver or an administrative receiver over, or an encumbrancer takes possession of or sells the whole or part of its undertaking, assets, rights or revenue;

(iv) passes a resolution for its winding up or a court of competent jurisdiction makes an order for it to be wound up or dissolved or it is otherwise dissolved (other than a voluntary winding up solely for the purpose of a solvent amalgamation or reconstruction); or

(v) enters into an arrangement, compromise or composition in satisfaction of its debts with its creditors or any class of them or takes steps to obtain a moratorium or making an application to a court of competent jurisdiction for protection of its creditors;

(b) a partnership, that it is dissolved by reason of the bankruptcy of one or more of its partners;

(c) an individual, that he is bankrupt; and

(d) a Party based outside England and Wales, that it is considered insolvent by the laws applicable to that Party;

“**JLL**” means Jones Lang LaSalle Limited of 30 Warwick Street London W1B 5NH registered in England with company number 01188567 and/or any Affiliate of JLL that provides the Services to the Client;

“**Materials**” means all materials, equipment, documents and other property of JLL made available to the Client by JLL in carrying out the Services

“**Party**” means either the Client or JLL (as the context requires) and “**Parties**” shall mean both of them;

“**Services**” means the Services set out in the Engagement or as otherwise agreed in writing between the Parties;

“**Terms**” means these terms and conditions.

2.2. Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.

2.3. A reference to a statute or statutory provision is a reference to it as it is in force as at the date of the Agreement and shall include all subordinate legislation made as at the date of the Agreement under that statute or statutory provision.

2.4. A reference to writing or written unless otherwise specified herein includes email.

2.5. Any words following the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

2.6. Headings are for convenience only and do not affect the interpretation of this Agreement.

### 3. SERVICES

3.1. JLL shall provide the Services using reasonable care and skill.

3.2. JLL has no obligation to provide any services other than the Services and has no obligation to provide nor any liability for:

- a) an opinion on the price of a property (unless specifically agreed in writing);
- b) any advice regarding the condition of a property (unless specifically agreed in writing);
- c) the security or management of a property unless specifically instructed to arrange it;
- d) the safety of any third party entering any premises; or
- e) the management or payment of any third party suppliers.

3.3. Where the Parties have agreed that JLL shall carry out estate agency business, JLL shall (i) report in writing all offers it receives regarding the relevant property; and (ii) comply with its obligations under the Estate Agents Act 1979 and regulations made under that Act together with any other similar laws and regulations.

3.4. Where agreed in writing JLL shall use reasonable endeavours to meet any performance dates. JLL shall not be responsible for any failure to meet performance dates due to causes outside its reasonable control and time shall not be of the essence for performance of the Services.

3.5. JLL shall have the right to make any changes to the Services which are necessary to comply with any applicable law, regulation, safety requirement, or which do not materially affect the nature or quality of the Services and JLL shall notify the Client in any such event.

3.6. Without prejudice to clause 9.2(b), if JLL becomes aware of a conflict of interest, it shall advise the Client and take reasonable steps to recommend a course of action.

### 4. CLIENT OBLIGATIONS

4.1. The Client shall:

- a) notify JLL promptly if it considers that any details or requirements set out in the Engagement are incomplete or inaccurate;
- b) co-operate with JLL in all matters relating to the Services;
- c) provide JLL, its employees, agents, consultants and subcontractors, with access to the relevant property as reasonably required by JLL to provide the Services; and
- d) obtain and maintain all necessary licences, permissions and consents which may be required by the Client before the date on which the Services are to start.

4.2. The Client shall promptly provide JLL with such information and materials as it may reasonably require in order to supply the Services and warrants that:

- a) such information is complete and accurate and was obtained and drafted in accordance with all applicable laws;
- b) it shall ensure that where the information and material includes representations or descriptions of a property, that such information and material contains no misrepresentation or false impression;
- c) where the Client will advertise a property under JLL's logo, that such advertisement (including its content and context in which it will appear) is approved in writing by JLL prior to its publication; and
- c) it shall immediately notify JLL on becoming aware of any changes or issues that may render inaccurate any information or material provided to JLL.

4.3. In the event of any act or omission by the Client in breach of the Agreement or failure by the Client to perform any relevant obligation (Client Default):

- a) JLL shall without limiting its other rights or remedies have the right to suspend performance of the Services until the Client remedies the Client Default,

and to rely on the Client to relieve it from the performance of any of its obligations to the extent the Client Default prevents or delays JLL's performance of any of its obligations; and

- b) JLL shall not be liable for any costs or losses sustained or incurred by the Client arising directly or indirectly from the Client Default.

4.4. The Client is responsible for effecting and maintaining adequate property and public liability insurance in relation to its activities and any relevant properties owned or occupied by it and shall be responsible for the safety of any person entering the relevant property.

## 5. PAYMENTS

5.1. Whenever possible, the fees and expenses (if known) for the Services shall be as set out in the Engagement. Where fees and expenses for the Services are not specified in writing, JLL shall be entitled to the fee specified by the Royal Institution of Chartered Surveyors (RICS) or if there is none specified, by any other applicable professional body chosen by JLL (acting reasonably) or, if none is specified, a fair and reasonable fee by reference to time spent undertaking the Services; and reimbursement of any expenses properly incurred by JLL on the Client's behalf.

5.2. All amounts payable by the Client under the Agreement are exclusive of value added tax (VAT) or similar taxes which the Client shall pay at the applicable rate.

5.3. In consideration of the provision of the Services, the Client shall pay each invoice submitted by JLL in accordance with the Agreement within 28 days from the date of invoice.

5.4. If the Client fails to make any payment due to JLL under the Agreement by the due date for payment, then JLL reserves the right to charge late payment interest after the due date on the overdue amount at the rate of 4% per cent per annum above the Bank of England's official bank rate from time to time. Such interest shall accrue on a daily basis from the due date until actual payment of the overdue amount, whether before or after judgment. The Client shall pay the interest together with the overdue amount.

5.5. If termination of the Agreement takes place prior to the Services being completed, JLL shall, without limitation to its other rights and remedies under this Agreement or at law, be entitled to receive from the Client a reasonable fee proportionate to the part of the Services performed to the date of termination.

5.6. If the Client has agreed to engage JLL as its sole agent for the acquisition of an interest in a property, the Client shall be liable for payment of JLL's fees and expenses where an Affiliate of the Client or an individual with a majority stake in the Client completes the relevant acquisition.

## 6. INTELLECTUAL PROPERTY RIGHTS

6.1. All intellectual property rights in or arising out of or in connection with the Services including the intellectual property rights in Materials shall be owned by JLL unless otherwise expressly agreed in writing. For this purpose "**intellectual property rights**" means patents, utility models, rights to inventions, copyright and related rights, trademarks and service marks, trade names and domain names, rights in get-up, goodwill and the right to sue for passing off or unfair competition, rights in designs, rights in computer software, database rights, rights to preserve the confidentiality of information (including know-how and trade secrets) and any other intellectual property rights, including all applications for (and rights to apply for and be granted), renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist, now or in the future, in any part of the world.

6.2. The Client shall have an irrevocable, royalty-free, non-exclusive licence to use the Materials for the purposes for which they are prepared by JLL, subject to JLL having received full payment for the Services in accordance with this Agreement. Such licence shall be capable of sub-licence by the Client to its employees, agents and subcontractors and shall survive termination. No third party has any right to use any such Materials without JLL's specific consent. JLL shall not be liable for the use of any Material for any purpose other than that for which JLL provided it to the Client.

6.3. Nothing in this clause 6 shall affect the Client's intellectual property rights that pre-exist the Services. The Client shall grant to JLL an irrevocable, royalty-free, non-exclusive, sub-licensable licence to use such pre-existing intellectual property rights for the purpose of carrying out the Services.

## 7. CONFIDENTIALITY

A Party (receiving party) shall keep in strict confidence all technical or commercial know-how, processes or initiatives which are of a confidential nature and have been disclosed to the receiving party by the other Party (disclosing party), its employees, agents or subcontractors, and any other confidential information concerning the disclosing party's business, its products and services which the receiving party



may obtain. The receiving party shall only disclose such confidential information to those of its employees, agents and subcontractors who need to know it for the purpose of discharging the receiving party's obligations under the Agreement, and shall ensure that such employees, agents and subcontractors comply with the obligations set out in this clause as though they were a party to the Agreement. The receiving party may also disclose such of the disclosing party's confidential information as is required to be disclosed by law, any governmental or regulatory authority or by a court of competent jurisdiction, or with the consent of the disclosing party.

## 8. LIABILITY

8.1. Save in respect of JLL's liability for death or personal injury caused by its negligence, or the negligence of its employees, agents or subcontractors or for fraud or fraudulent misrepresentation (which is not excluded or limited in any way):

- a) JLL shall under no circumstances whatsoever be liable, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any loss of profit, loss of revenue or loss of anticipated savings, or for any indirect, special or consequential loss arising out of or in connection with the Agreement and/or the Services; and
- b) JLL's total liability in respect of all losses arising out of or in connection with the Agreement and/or the Services, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall not exceed £5 million.

8.2. JLL shall have no liability for the consequences, including delay in or failure to provide the Services:

- a) due to any failure by the Client or any representative or agent of the Client to provide information or other material that JLL reasonably requires promptly, or where that information or material provided is inaccurate or incomplete;
- b) to the extent that the Client or someone on the Client's behalf for whom JLL is not responsible is responsible, and where JLL is one of the parties liable in conjunction with others, JLL's liability shall be limited to the share of loss reasonably attributable to JLL on the assumption that all other parties pay the share of loss attributable to them (whether or not they do); or

- c) due to any failure by the Client or any representative or agent of the Client to follow JLL's advice or recommendations.

8.3. JLL owes no duty of care and has no liability to anyone but the Client unless specifically agreed in writing by JLL.

## 9. TERMINATION

9.1. Without limiting its other rights or remedies, either Party may terminate the Agreement by giving the other Party 28 days' written notice.

9.2. Without limiting its other rights or remedies, either Party may terminate the Agreement with immediate effect by giving written notice to the other Party if:

- a) the other Party commits a material breach of the Agreement and (if such a breach is remediable) fails to remedy that breach within 14 days of that Party being notified in writing to do so;
- b) a conflict of interest arises which prevents JLL continuing to act for the Client; or
- c) the other Party becomes Insolvent.

9.3. Without limiting its other rights or remedies, JLL may suspend provision of the Services under the Agreement or any other contract between the Client and JLL if the Client becomes Insolvent, or JLL reasonably believes that the Client is about to become Insolvent, or if the Client fails to pay any amount due under the Agreement on the due date for payment.

9.4. On termination of the Agreement for any reason:

- a) the Client shall immediately pay to JLL all of JLL's outstanding unpaid invoices and interest and, in respect of Services supplied but for which no invoice has been submitted and associated expenses, JLL shall submit an invoice, which shall be payable by the Client immediately on receipt;
- b) the Client shall return any Materials which have not been fully paid for. Until they have been returned, the Client shall be solely responsible for their safe keeping and will not use them for any purpose not connected with the Agreement. Where all fees have been paid the Client shall be entitled to retain such Materials and they shall be licensed in accordance with clause 6.2;

- c) JLL may, to comply with legal, regulatory or professional requirements, keep one copy of all material it then has that was supplied by or on behalf of the Client in relation to the Services;
- d) the accrued rights, remedies, obligations and liabilities of the Parties as at expiry or termination shall be unaffected, including the right to claim damages in respect of any breach of the Agreement which existed at or before the date of termination or expiry; and
- e) clauses which expressly or by implication survive termination shall continue in full force and effect.

9.5. JLL may destroy any papers it has after six years from the earlier of completion of the Services or termination of the Agreement.

## 10. DATA PROTECTION

10.1. In order for JLL to provide the Services, JLL may need to record and maintain in hard copy and/or in electronic form, information regarding the Client, its officers and any other individuals connected with the Client (collectively “**Data Subjects**”). It may also verify the identity of Data Subjects including carrying out checks with third parties such as credit reference, anti-money laundering or sanctions checking agencies. To facilitate compliance with money laundering regulations and avoid duplication of due diligence, the Client consents to JLL sharing Data Subjects’ personal data with such third party agencies and JLL Affiliates.

10.2. JLL may use all information that it holds regarding Data Subjects for the purposes of providing the Services and may also use and share it with third parties as described in our Privacy Statement available at [www.jll.co.uk](http://www.jll.co.uk).

## 11. FORCE MAJEURE

11.1. Neither Party shall be liable to the other Party as a result of any delay or failure to perform its obligations under the Agreement as a result of any event beyond the reasonable control of either Party including strikes, lock-outs or other industrial disputes (whether involving the workforce of JLL or any other party), failure of a utility service or transport network, act of god, war, riot, civil commotion, malicious damage, compliance with any law or governmental order, rule, regulation or direction, accident, breakdown of plant or machinery, fire, flood, storm or default of suppliers or subcontractors.

11.2. If such an event prevents either Party from providing any of the Services for more than four weeks, the affected

Party shall, without limiting their other rights or remedies, have the right to terminate the Agreement immediately by giving written notice to the Party.

11.3. This clause does not apply to the payment of fees due to JLL by Client.

## 12. GENERAL

12.1. **Subcontracting.** JLL may subcontract or deal in any other manner with all or any of its rights or obligations under the Agreement to any third party or agent provided that:

- (i) where JLL subcontracts or delegates its obligations at the specific request of the Client, JLL shall have no liability for the acts or omissions of the third party or agent; and
- (ii) otherwise, JLL shall remain liable for the acts or omissions of the third party or agent, unless the Client agrees to rely only on the third party or agent, such agreement not to be unreasonably withheld.

12.2. **Notices.** a) Any notice or other communication, including the service of any proceedings or other documents in any legal action given to a Party under or in connection with the Agreement shall be in writing, addressed to that Party at its registered office (if it is a company) or its principal place of business (in any other case) or such other address as that Party may have specified to the other Party in writing in accordance with this clause, and shall be delivered personally or sent by pre-paid first class post or commercial courier. Any notice or other communication sent to a Party located in a different country to the sending Party must be sent by commercial courier.

b) A notice or other communication shall be deemed to have been received: if delivered personally, when left at the address referred to in clause 12.2.a); if sent by pre-paid first class post at 9.00 am on the second business day after posting; or if sent by commercial courier, on the date and at the time that the courier’s delivery receipt is signed. For this purpose a business day means a day (other than a Saturday or Sunday) on which banks are open for business in London.

12.3. **Severance.** a) If any provision or part-provision of the Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the

minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of the Agreement.

b) If any provision or part-provision of the Agreement is invalid, illegal or unenforceable, the Parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable, and, to the greatest extent possible, achieves the intended commercial result of the original provision.

12.4. **Waiver.** A waiver of any right under the Agreement or law is only effective if it is in writing and shall not be deemed to be a waiver of any subsequent breach or default. No failure or delay by a Party in exercising any right or remedy provided under the Agreement or by law shall constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict its further exercise of that or any other right or remedy. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that or any other right or remedy.

12.5. **No Partnership or Agency.** Nothing in the Agreement is intended to, or shall be deemed to, establish any partnership or joint venture between the Parties, nor constitute either Party the agent of the other for any purpose. Neither Party shall have authority to act as agent for, or to bind, the other Party in any way.

12.6. **Third parties.** Subject to clause 12.8, a person who is not a Party to the Agreement shall not have any rights to enforce its terms unless specifically agreed in writing.

12.7. **Variation.** Except as set out in these Terms, no variation of the Agreement, including the introduction of any additional terms and conditions, shall be effective unless it is agreed in writing and signed by both parties. Unless otherwise expressly agreed, variation of these terms does not require the consent of any third party (whether any employee referred to in clause 12.8 or otherwise).

12.8. **Protection of Employees.** Save in respect of fraud or criminal conduct no employee of JLL or any Affiliate has any personal liability to the Client nor to anyone representing the Client. Neither the Client nor anyone representing the Client may make a claim or bring proceedings against an employee or former employee personally. Any such employee of JLL is entitled to enforce this provision pursuant to the Contracts (Rights of Third Parties) Act 1999.

12.9. **Directors.** Some employees of JLL have the title of "director". The Client acknowledges that this does not mean they hold the office of director for the purposes of the Companies Act 2006. Rather, it means that they hold a senior role as an employee.

12.10. **Complaints.** JLL's complaints procedure is available on request.

12.11. **Publicity.** Neither Party may publicise or issue any specific information to the media about the Services or the Agreement's subject matter without the consent of the other.

12.12. **Criminal Activity.** The Client acknowledges that to comply with law and professional rules on suspected criminal activity JLL is required to check the identity of Clients. JLL is also required by law to report to the appropriate authorities any knowledge or suspicion that a Client's funds (or any funds provided for or on behalf of a client) derive from the proceeds of crime and may be unable to tell the Client that it has done this.

12.13. **Regulated Activity.** JLL is not permitted to carry out any activity regulated by the Financial Services and Markets Act 2000 including the insurance of property, except through an authorised person and in accordance with a separate agreement. Unless JLL specifically agrees otherwise in writing, no communication by JLL is intended to be, or should be construed as, an invitation or inducement to any person to engage in investment activity for the purposes of the Financial Services and Markets Act 2000, or as the approval of any communication of any such invitation or inducement.

12.14. **Anti-bribery.** Both parties shall comply with all applicable laws, statutes, regulations, relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010.

12.15. **Governing Law.** The Agreement and any disputes arising from it (including non-contractual claims and disputes) are governed by English Law.

12.16. **Jurisdiction.** Each Party irrevocably agrees that the courts of England shall have exclusive jurisdiction over any dispute or claim arising out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims). 12.167 **Language.** These Terms are provided in English and JLL will communicate with the Client in English.

12.18. **Survival.** Clauses 5 to 9 shall survive termination of the Agreement.

# General Principles

## Adopted in the preparation of Valuations and Reports

These General Principles should be read in conjunction with JLL's General Terms and Conditions of Business except insofar as this may be in conflict with other contractual arrangements.

### 1 RICS Valuation - Global Standards 2017

All work is carried out in accordance with the Professional Standards, Valuation Technical and Performance Standards and Valuation Applications contained in the RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) as applicable (“the RICS Red Book”), by valuers who conform to the requirements thereof. Our valuations may be subject to monitoring by the RICS. The valuations are undertaken by currently Registered RICS Valuers.

### 2 Valuation Basis:

Our reports state the purpose of the valuation and, unless otherwise noted, the basis of valuation is as defined in “the RICS Red Book”. The full definition of the basis, which we have adopted, is either set out in our report or appended to these General Principles.

### 3 Assumptions and Special Assumptions:

Where we make an ‘assumption’ or ‘special assumption’ in arriving at our valuations, we define these terms in accordance with “the RICS Red Book” as follows:

**Assumption:** A supposition taken to be true.

**Special Assumption:** An assumption that either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date.

We will not take steps to verify any assumptions.

### 4 Disposal Costs Taxation and Other Liabilities:

No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages or other charges, which may be secured thereon. However, we take into account purchaser’s costs in investment valuations in accordance with market conventions.

No allowance is made for the possible impact of potential legislation which is under consideration.

Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

### 5 Sources of Information:

Where we have been provided with information by the client, or its agents, we assume that it is correct and complete and is up to date and can be relied upon. We assume that no information that has a material effect on our valuations has been withheld.

In respect of valuations for loan security purposes, commissioned by a lending institution, we may also rely on information provided to us by the Borrower or its advisors. In such cases, we have similarly assumed that all information is correct, complete, up-to-date and can be relied upon and that no pertinent information has been withheld.



## 6 Title and Tenancy Information:

We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoing of an onerous nature, which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers. We have assumed that all information provided by the client, or its agents, is correct, up to date and can be relied upon.

## 7 Tenants:

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

## 8 Measurements/Floor Areas:

All measurement is carried out in accordance with either the International Property Measurement Standards (IPMS) or the Code of Measuring Practice (6th Edition) issued by the Royal Institution of Chartered Surveyors, except where we specifically state that we have relied on another source. The areas adopted are purely for the purpose of assisting us in forming an opinion of capital value. They should not be relied upon for other purposes nor used by other parties without our written authorisation.

Where floor areas have been provided to us, we have relied upon these and have assumed that they have been properly measured in accordance with the International Property Measurement Standards (IPMS) or the Code of Measuring Practice referred to above.

## 9 Site Areas:

Site areas are generally calculated using proprietary digital mapping software and are based on the site boundaries indicated to us either at the time of our inspection, or on plans supplied to us. No responsibility is accepted if the wrong boundaries are indicated to us.

## 10 Estimated Rental Values:

Our assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of Market Rent, as defined in "the RICS Red Book". Where circumstances dictate that it is necessary to utilise a different rental value in our capital valuation, we will generally set out the reasons for this in our report. Such a figure does not necessarily represent the amount that might be agreed by negotiation, or determined by an Expert, Arbitrator or Court, at rent review or lease renewal or the figure that might be obtained if the property or unit were being let on the open market.

## 11 Town Planning, Acts of Parliament and Other Statutory Regulations:

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

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

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and EC regulations, including fire regulations, access and use by disabled persons, control and remedial measures for asbestos in the workplace, the Energy Performance of Buildings Directive and any applicable bye laws. All buildings are assumed to have Energy Performance Certificates.

Our valuation does not take into account any rights, obligations or liabilities, whether prospective or accrued, under the Defective Premises Act 1972, or the Health and Safety at Work etc. Act 1974.

## 12 Structural Surveys:

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we, therefore, do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention. Otherwise, we assume that each building is structurally sound and that there are no structural, latent or other material defects. Unless stated otherwise in our reports we assume any tenants are fully responsible for the repair of their demise either directly or through a service charge.

## 13 Deleterious Materials:

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

## 14 Site Conditions:

We do not normally carry out or commission investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters.

## 15 Environmental Contamination:

Unless expressly instructed, we do not carry out or commission site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

## 16 Insurance:

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms. In particular, we will have regard to the following:

### Composite Panels

Insurance cover, for buildings incorporating certain types of composite panel may only be available subject to limitation, for additional premium, or unavailable. Information as to the type of panel used is not normally available. Accordingly, our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

### Terrorism

Our valuations have been made on the basis that the properties are insured against risks of loss or damage including damage caused by acts of Terrorism as defined by the 2000 Terrorism Act. We have assumed that the insurer, with whom cover has been placed, is reinsured by the Government backed insurer, Pool Reinsurance Company Limited.

## Flood and Rising Water Table

Our valuations have been made on the assumption that the properties are insured against damage by flood and rising water table. Unless stated to the contrary our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

### 17 Outstanding Debts:

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

### 18 Confidentiality and Third Party Liability:

Our Valuations and Reports are confidential to the party to whom they are addressed and for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties. Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

### 19 Statement of Valuation Approach:

We are required to make a statement of our valuation approach. In the absence of any particular statements in our report the following provides a generic summary of our approach.

The majority of institutional portfolios comprise income producing properties. We usually value such properties adopting the investment approach where we apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. Following market practice we construct our valuations adopting hardcore methodology where the reversions are generated from regular short term uplifts of market rent. We would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation.

Vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable.

Where land is held for development we adopt the comparison method when there is good evidence, and/or the residual method, particularly on more complex and bespoke proposals.

There are situations in valuations for accounts where we include in our valuation properties which are owner-occupied. These are valued on the basis of existing use value, thereby assuming the premises are vacant and will be required for the continuance of the existing business. Such valuations ignore any higher value that might exist from an alternative use.

### 20 Capital Expenditure Requirement:

Where buildings are undergoing works, such as refurbishment or repairs, or where developments are in progress, we have relied upon cost information supplied to us by the client or their appointed specialist advisors.

### 21 Goodwill, Fixtures and Fittings:

Unless otherwise stated our valuation excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier.

### 22 Plant and Machinery:

No allowance has been made for any plant, machinery or equipment unless it forms an integral part of the building and would normally be included in a sale of the building.

### 23 Services:

We do not normally carry out or commission investigations into the capacity or condition of services. Therefore we assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.

### 24 Land and Building Apportionments:

When instructed, we will provide apportionments between land and buildings for depreciation purposes only. Such apportionments are not valuations and should not be used for any other purpose unless specified in the report.

### 25 Portfolio Valuations:

In respect of valuations of portfolios of properties, our overall valuation is an aggregate of the individual values of each individual property. The valuation assumes, therefore, that each property would be marketed as an individual property and not as part of a portfolio. Consequently no portfolio premium or discount has been reflected and any consequence of marketing a range of individual properties together has also not been reflected in our valuations. However, if adjoining or complimentary properties might achieve a higher value by being marketed together (known as “prudent lotting”), we have reported the higher value that would emerge.

### 26 Rating:

Any information regarding rating has generally been obtained from the Valuation Office website. We will not investigate whether any rating assessment is a fair assessment or considered the likelihood of an appeal being successful.

### 27 Plans and Maps:

All plans and maps included in our report are strictly for identification purposes only, and, whilst believed to be correct, are not guaranteed and must not form part of any contract. All are published under licence and may include mapping data from Ordnance Survey © Crown Copyright. All rights are reserved.

# Market Value

## Definition and Interpretive Commentary reproduced from the RICS Valuation – Global Standards 2017, VPS 4 and IVS Framework

### 1.1 Market Value

1.1.1 The definition of *Market Value* as defined in IVS 104 paragraph 30.1 is:

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

1.1.2 *Market value* is a basis of *value* that is internationally recognised and has a long-established definition. It describes an exchange between parties that are unconnected and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, at the *valuation date*, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible – fuller treatment of this particular premise of value can be found at section 140 of IVS 104.

1.1.3 It ignores any price distortions caused by *special value* (an amount that reflects particular attributes of an asset that are only of value to a *special purchaser*) or *marriage value*. It represents the price that would most likely be achievable for an asset across a wide range of circumstances. *Market rent* applies similar criteria for estimating a recurring payment rather than a capital sum.

1.1.4 In applying *market value*, regard must also be had to the requirement that the valuation amount reflects the actual market state and circumstances as of the effective *valuation date*. The full conceptual framework for *market value* can be found at paragraph 30.2 of IVS 104.

1.1.5 Notwithstanding the disregard of *special value*, where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the asset in the future, the impact of that expectation is reflected in *market value*. Examples of where the expectation of additional value being created or obtained in the future may have an impact on the *market value* include:

- the prospect of development where there is no current permission for that development and
- the prospect of *marriage value* arising from merger with another property or asset, or interests within the same property or asset, at a future date.

1.1.6 The impact on value arising by use of an *assumption* or *special assumption* should not be confused with the additional value that might be attributed to an asset by a *special purchaser*.

1.1.7 In some jurisdictions a *basis of value* described as 'highest and best use' is adopted and this may either be defined by statute or established by common practice in individual countries or states.

## IVS Framework

30.2 The definition of *Market Value* shall be applied in accordance with the following conceptual framework:

**(a) “the estimated amount”**

refers to a price expressed in terms of money payable for the *asset* in an arm’s length market transaction. *Market Value* is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser;

**(b) “an asset or liability should exchange”**

refers to the fact that the value of an asset or liability is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the Market Value definition at the valuation date;

**(c) “on the valuation date”**

requires that the value is time-specific as of a given date. Because markets and market conditions *may* change, the estimated value *maybe* incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

**(d) “between a willing buyer”**

refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

**(e) “and a willing seller”**

is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price *maybe*. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

**(f) “in an arm’s length transaction”**

is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant that *may* make the price level uncharacteristic of the market or inflated. The Market Value transaction is presumed to be between unrelated parties, each acting independently;

**(g) “after proper marketing”**

means that the *asset* has been exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that *there must* have been sufficient time to allow the asset to be brought to the attention of an adequate number of market *participants*. The exposure period occurs prior to the valuation date;



**(h) “where the parties had each acted knowledgeably, prudently”**

presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the *asset*, its actual and potential uses, and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell *assets* in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

**(i) “and without compulsion”**

establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

- 30.3 The concept of Market Value presumes a price negotiated in an open and competitive market where the *participants* are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market *participants*. The market in which the asset is presumed exposed for sale is the one in which the *asset* notionally being exchanged is normally exchanged.
- 30.4 The Market Value of an *asset* will reflect its highest and best use. The highest and best use is the use of an *asset* that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use *may* be for continuation of an *asset's* existing use or for some alternative use. This is determined by the use that a market *participant* would have in mind for the *asset* when formulating the price that it would be willing to bid.
- 30.5 The nature and source of the valuation inputs *must* be consistent with the basis of value, which in turn *must* have regard to the *valuation purpose*. For example, various approaches and methods *may* be used to arrive at an opinion of value providing they use market-derived data. The market approach will, by definition, use market-derived inputs. To indicate Market Value, the income approach should be applied, using inputs and assumptions that would be adopted by participants. To indicate Market Value using the cost approach, the cost of an asset of equal utility and the appropriate depreciation should be determined by analysis of market-based costs and depreciation.
- 30.6 The data available and the circumstances relating to the market for the *asset* being valued *must* determine which valuation method or methods are most relevant and appropriate. If based on appropriately analysed market-derived data, each approach or method used *should* provide an indication of Market Value.
- 30.7 Market Value does not reflect attributes of an *asset* that are of value to a specific owner or purchaser that are not available to other buyers in the market. Such advantages *may* relate to the physical, geographic, economic or legal characteristics of an *asset*. Market Value requires the disregard of any such element of value because, at any given date, it is only assumed that there is a willing buyer, not a particular willing buyer.

## 1.2 Special Value

*Special value* is an amount that reflects particular attributes of an asset that are only of value to a *special purchaser*.

A *special purchaser* is a particular buyer for whom a particular asset has *special value* because of advantages arising from its ownership that would not be available to other buyers in a market.

## Appendix 3

### Location Maps and Plans

# Lowestoft Hospital, Lowestoft, NR32 1PT



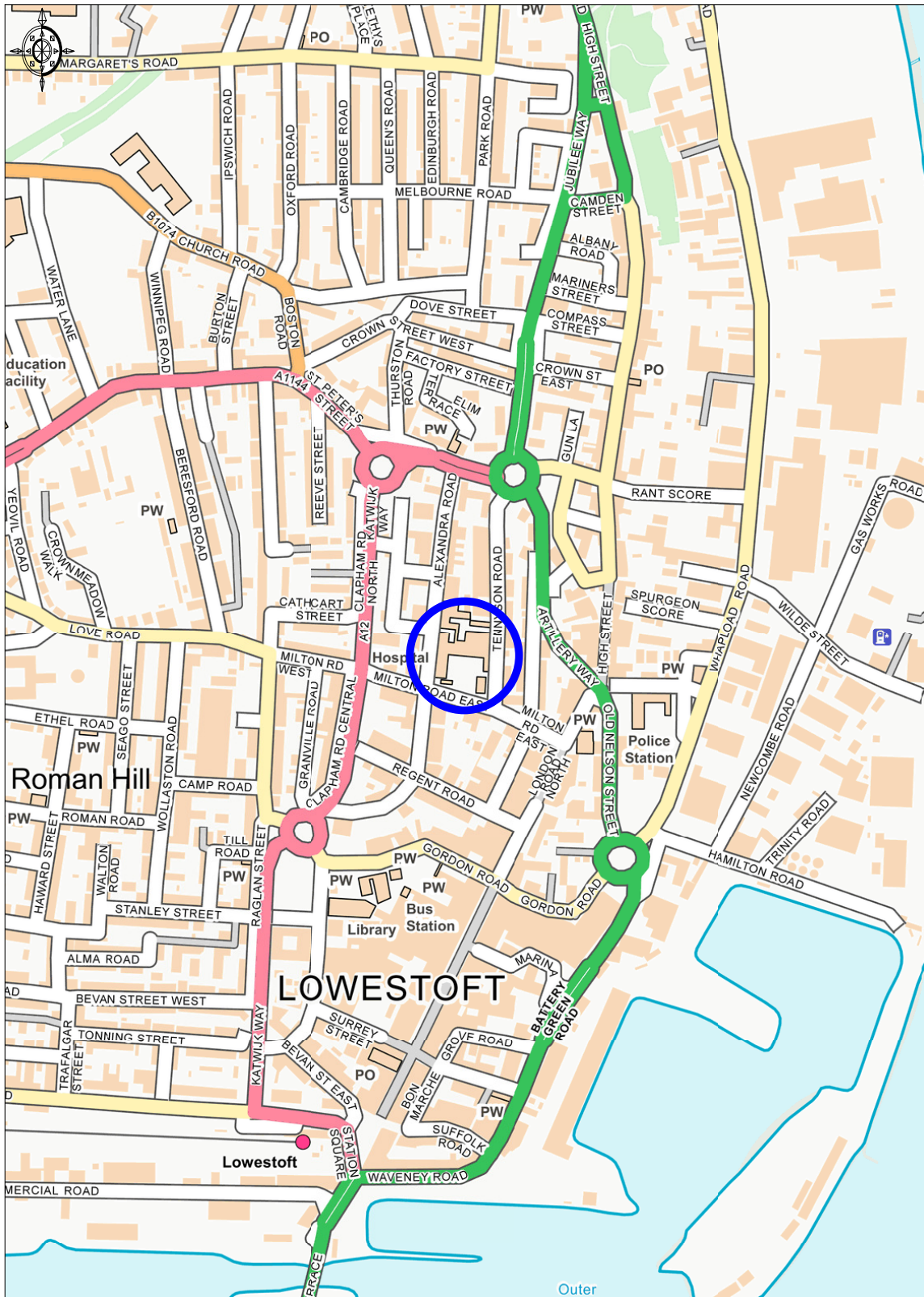
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# Lowestoft Hospital, Lowestoft, NR32 1PT





# Lowestoft Hospital, Lowestoft, NR32 1PT



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## Appendix 4

### Photographs





Front Elevation



Typical Ward



Typical Room



Rear Building





Rear Buildings



Front Car Park

# Appendix 5

## Valuation Print-Out

HCA Lowestoft Hospital

Development Appraisal  
JLL  
29 November 2017

**APPRAISAL SUMMARY****JLL****HCA Lowestoft Hospital****Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>Unit Price</b>	<b>Gross Sales</b>
2 Bed Flats - Affordable	10	67,500	675,000
2 Bed Terraced Houses - Affordable	4	85,000	340,000
2 Bed Terraced Houses	4	157,500	630,000
3 Bed Terraced Houses	18	175,000	3,150,000
4 Bed Terraced Houses	<u>5</u>	200,000	<u>1,000,000</u>
<b>Totals</b>	<b>41</b>		<b>5,795,000</b>

**NET REALISATION** 5,795,000**OUTLAY****ACQUISITION COSTS**

Residualised Price 1.77 acres			349,218	
				349,218
Stamp Duty		2.20%	7,683	
Agent Fee		1.00%	3,492	
Legal Fee		0.80%	2,794	
				13,969

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft<sup>2</sup></b>	<b>Rate ft<sup>2</sup></b>	<b>Cost</b>	
2 Bed Flats - Affordable	7,500 ft <sup>2</sup>	90.00 pf <sup>2</sup>	675,000	
2 Bed Terraced Houses - Affordable	3,000 ft <sup>2</sup>	80.00 pf <sup>2</sup>	240,000	
2 Bed Terraced Houses	3,000 ft <sup>2</sup>	85.00 pf <sup>2</sup>	255,000	
3 Bed Terraced Houses	18,000 ft <sup>2</sup>	85.00 pf <sup>2</sup>	1,530,000	
4 Bed Terraced Houses	<u>6,000 ft<sup>2</sup></u>	85.00 pf <sup>2</sup>	<u>510,000</u>	
<b>Totals</b>	<b>37,500 ft<sup>2</sup></b>		<b>3,210,000</b>	<b>3,210,000</b>

Contingency		5.00%	160,500	
Demolition & Asbestos Removal			440,000	
Planning			80,000	
				680,500

**PROFESSIONAL FEES**

All Professional Fees		10.00%	321,000	
				321,000

**DISPOSAL FEES**

Sales Agent Fee		1.00%	57,950	
Sales Legal Fee		0.80%	46,360	
				104,310

**FINANCE**

Debit Rate 5.500%, Credit Rate 0.000% (Nominal)				
Land			34,625	
Construction			115,544	
Total Finance Cost				150,169

**TOTAL COSTS** 4,829,166**PROFIT****965,834**



**APPRAISAL SUMMARY****JLL****HCA Lowestoft Hospital****Performance Measures**

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
IRR	36.74%
Profit Erosion (finance rate 5.500%)	3 yrs 4 mths

## Former Lowestoft Hospital

Site Area	1.770 acres
Site Area	77,101
Residential NSA	37,500 sq ft
Planning Risk	10%
Discount Rate	6.00%
Deferral Period	1 year
Residual @ 20%	£349,218

Residual @ 20%	£349,218
Less Planning Risk @ 10.0%	-£34,922
	£314,296
Deferred at 6.00%	-£17,790
<b>NET VALUE (TOTAL)</b>	<b>£296,506</b>
<b>SAY</b>	<b>£300,000</b>
<b>NET VALUE (PER ACRE)</b>	<b>£167,517</b>
<b>SAY</b>	<b>£170,000</b>