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Our Ref: JNC/LRV

29 October 2018

Dear Philip

18-20 Frognall, NW3 6AG

Following your email, dated 19 October 2018, we confirm that our values reported in our report (valuation date 30 May 2018) remain unchanged. Although the market may be slightly softer since we last reported, for properties in this price range (i.e. within the main stream market), we do not believe that the values have materially changed since our May report.

We confirm that reliance of our report may be extended to [REDACTED] acting for its [REDACTED]. This is on the basis that, as detailed in our Terms and Conditions, any negligence (in this case this will be limited to a total liability claim by Proplend Security Limited and [REDACTED] acting for its sub-fund [REDACTED] in the aggregate, to the lower of (i) £5,000,000 per claim or series of related claims; (ii) the value of the loan; or (iii) 65% of the market value of the property, or interest, in the property.

If you require anything further, please let me know.

Kind regards

Yours sincerely ,

A handwritten signature in blue ink that reads "James Cunliffe".

James Cunliffe MRICS
for and on behalf of Strutt & Parker





Valuation Report – 18-20 Frognal, London NW3 6AG

Prepared on the instructions of:

**Proplend Security Limited
20-22 Wenlock Road
London
N1 7GU**

For the Attention of: Stewart Bruce

Valuation Date: 30 May 2018 (Date of Inspection)

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1. SUMMARY OF VALUATION

This Summary of Valuation should **not** be read in isolation, or in any way be considered to represent a comprehensive review of the Property. The report should be read and considered in full so that you are aware of all our advice. It is also subject to the Schedule of Assumptions and Principles in Appendix B, to which your attention is specifically drawn.

1.1 Location

The Property is located in Hampstead in north London, within the London Borough of Camden. Hampstead is an affluent residential location, popular with a range of domestic and international buyers for owner occupation and investment and is considered a prime region of north London.

The subject property is in the western part of Hampstead, close to Finchley Road. This part of Hampstead is primarily residential, and is characterised by substantial 19th century red brick housing, much of which has been converted into flats.

1.2 Description - Existing

The Property comprises a pair of substantial houses constructed in the 1890s, that have been joined together and are currently in use and operating as a **hotel** (“The Langorf Hotel”). The building includes a steeply sloping rear garden. There is no private parking provision. The existing Gross Internal Area ('GIA') is 1,003.7 sq m (10,800 sq ft).

The Property appears reasonably well maintained, but is in tired order internally and externally.

1.3 Development Proposals

Planning Permission was granted on 20 June 2017 (Camden ref. PP/2014/5454/P) to change the use of the building to residential (Class C3) and refurbish / rearrange the accommodation to provide 13x self-contained flats. The building will benefit from a lift, and a communal rear garden, however the development will be car-free.

The proposed units range from 1-3 bedrooms, with GIAs ranging from 50 sq m - 132 sq m (538 sq ft - 1,421 sq ft). The aggregate GIA of the proposed units is 903.9 sq m (9,730 sq ft). The overall GIA of the building including common parts will remain as before, at 1,003.7 sq m (10,800 sq ft).

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The Borrower has advised that the total build cost is £3,160,000, including professional fees and contingency, equating to £293 per sq ft overall. The anticipated build period is 15 months. It is important that the development costs and build period should be verified by the Lender.

We have not been provided with written details of the proposed specification. We have assumed that the scheme will be completed to a high standard of specification and finish, which we have reflected in our opinion of value.

1.4 Tenure

We have not been provided with a report on title but would be pleased to provide comment if one is provided to us.

The Property is held freehold, and the registered proprietor is Desilu Hampstead Ltd.

As detailed, the Property is currently occupied and run as an hotel (C1 Use). We understand that it is the Borrower's intention to enter into a 5 year management agreement imminently. However, as instructed, we are not providing the MV of the Property either subject to its existing use or subject to the proposed management agreement.

We are instructed to value the Property as a residential development opportunity, subject to the current planning consent. We have therefore not reviewed any documentation relating to its existing use and have assumed that vacant possession would be provided within **6 months** of a sale, at no additional cost. **This is special assumption and we would advise that you take appropriate legal advice in this regard.**

The Lender's legal advisers should also confirm prior to drawdown whether there are any existing leases or tenancies, and when vacant possession will be obtainable, and refer to us for comment. They should also confirm whether there are any costs attached to obtaining vacant possession, or any obligations under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ('TUPE') that might impact on development costs or timescales.

1.5 Planning

Planning Consent from Camden Council for change of use from hotel (Class C1) to residential (Class C3) to provide 13x flats, comprising 4x 1 bedroom, 7x 2 bedroom and 2x3 bedroom flats. The Planning Permission is subject to a Section 106 Legal Agreement and Community Infrastructure Levy ("CIL"). The Planning Permission was granted on 20 June 2017 - see later.

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The Planning Permission is for a period of 3 years. As the permission is due to expire mid 2020 it is therefore important that the Lender ensures that the permission is renewed prior the expiry date / expiry of the loan. This is particular important in this case for the following reasons: the Customer is proposing to enter into a 5 year management agreement and the consent will expire before development; the MV reported specifically reflects the Planning Permission and excludes the existing use value (which may have a lower MV than reported).

1.6 Market Conditions

Hampstead estate agents have commented that the market has been affected by recent taxation changes and political uncertainty, and transaction levels have fallen over 2015, 2016, 2017 & Q1 2018. There is reasonable ongoing demand for flats sub-£1.5 million, however buyers are price sensitive and properties must be correctly priced in order to sell. Moreover there is a relatively high volume of new build stock both available and under construction. Agents anticipate reasonably good demand for the subject scheme, provided that the units are completed to a high standard of specification and finish, and appropriately priced.

1.7 Gross Development Value

Our opinion of Gross Development Value ('GDV') is £12,985,000, equating to £1,335 per sq ft on average.

Our valuation is on the assumption that the development will be completed to a high standard of specification and finish, in accordance with that detailed below. Should this not be achieved then we reserve the right to review our valuation accordingly.

We have assumed that marketing will commence prior to completion of the development, with 40% of the units sold off plan, and the remaining units sold over six months post completion. It is important that the flats are appropriately priced and marketed from the outset in order to complete sales within this timeframe.

1.8 Market Value in Existing Condition

The Property provides a relatively straightforward development opportunity in a prime north London residential location, valued on the Special Assumption that the Property is acquired for redevelopment and not in its existing use. The proposed scheme provides sensibly-sized units and relatively "affordable" values, that should reduce risk and appeal to developers in current subdued market conditions. Accordingly, we anticipate reasonably good demand for the Property in existing condition at the value reported, from small-medium scale developers.

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Our opinion of Market Value in existing condition is £6,500,000, equating to £602 per sq ft in relation to the existing overall GIA of 10,800 sq ft. This equates to 50% of our opinion of GDV.

1.9 Security

In our opinion, we believe the subject property is suitable as security on normal prudent banking terms for a secured loan or mortgage based on our valuation figures.

2. INSTRUCTIONS

We are instructed by letter dated 24 May 2018 and in accordance with our Valuation Terms of Engagement to provide the Market Value of 18-20 Frognal, London NW3 6AG ('the Property') on behalf of Proplend Security Limited ('the Lender'). Our valuation is provided in connection with a proposed loan facility between the Lender and Desilu Hampstead Limited ('the Borrower'). Copies of the Lender's instruction letter and our valuation terms of engagement are attached at **Appendices A and B** respectively.

As you are aware we were instructed by United Trust Bank and Contour No5 LLP to provide a formal loan security valuation of the Property back in March 2017. We understand that you will be taking over the loan from these parties and confirm that we have the aforementioned parties authority to take act on your behalf.

The Property comprises two period houses, that have been joined together and are currently in use as a hotel (the Langorf Hotel). The Borrower has applied for planning permission to convert the Property into 13 flats.

We are instructed to provide the Market Value of the Property in existing condition on a residual basis reflecting the intention to redevelop as residential, in accordance with the current planning consent. We are not instructed to provide the existing C1 Use (hotel) nor the proposed 5 year management agreement. **This is a special assumption.**

Our valuation also assumes that that vacant possession could be obtained within 6 months of a sale at no additional cost.

We are also instructed to provide our opinion of the Gross Development Value ('GDV') of the Borrower's proposed scheme. We are not instructed to provide the Market Value on the basis of the existing use as a hotel.

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This report sets out our opinion of Market Value (defined in Appendix B) of the Property described, together with any Special Assumptions that will be clearly stated in the report, and is provided in accordance with the Royal Institution of Chartered Surveyors' Valuation Global Standards, July 2017; and our valuation terms of engagement, incorporating the International Valuation Standards, and our Valuation Terms of Engagement. The valuation is subject to all the matters explained in this report including any Reservations, Assumptions and Principles as set out in Appendix B, to which your attention is specifically drawn. In the event that any of our assumptions are found to be incorrect no reliance should be placed upon the valuation until it has been reviewed by Strutt & Parker ('Strutt & Parker') in light of that additional information.

Our report is prepared solely for the Lender for the purpose set out above and no liability whatsoever can be accepted to third parties for the whole or part of its content. All valuations are given in pounds sterling unless agreed otherwise. No allowance has been made for liability for taxation which may arise on disposal.

For the purposes of our report and valuation we have relied on information relating to the Property which we have sourced from the Land Registry, the Local Authority, the Valuation Office, the Environment Agency, various local estate agents, and the Lonres Property Database. Where we believe this to be relevant we have stated the source and nature of information relied upon.

We confirm that Strutt & Parker is acting as independent valuers in accordance with the current edition of the Royal Institution of Chartered Surveyors' Valuation – Professional Standards. We confirm that no conflicts of interest exist. The Valuers are members of the Royal Institution of Chartered Surveyors and are RICS Registered Valuers. The Valuers are employed by Strutt and Parker's London Residential Valuation department. We can confirm that the Valuers have the relevant experience and knowledge in valuing properties of a comparable nature, complexity and value to the subject premises.

The valuation date is the date of inspection, 30 May 2018.

3. INSPECTION

The Property was originally inspected by James Cunliffe MRICS, Adam Baker MRICS and Victoria Allner MSc of Strutt & Parker's London Residential Valuation Department on 21 March 2017. We confirm that a recent sample inspection, to include the dining room, entrance hall, corridors and rooms; 101, 102, 107 & 202 was undertaken by James Cunliffe MRICS on 30 May 2018. The condition of the Property was unchanged, and we confirm that the Property was operating as a hotel. No development works had been undertaken.

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Our site inspection consisted of an internal and external inspection of the Property during cold, dry weather. Our inspection has been limited to the subject premises. We were not able to obtain clear views of all the main roof coverings of the building and nor were we able to gain access to any roof void or the roofs themselves. Our inspection was limited by the presence of fixtures and fittings, furniture and floor coverings.

Updated photographs of the Property taken during our recent inspection and are contained in **Appendix C**.

4. LOCATION

The Property is located in Hampstead in north London, within the London Borough of Camden. Hampstead is an affluent residential location, popular with a range of domestic and international buyers for owner occupation and investment, and is considered a prime region of north London.

The subject property is in the western part of Hampstead, close to Finchley Road. This part of Hampstead is primarily residential, and is characterised by substantial 19th century red brick housing, much of which has been converted into flats.

There is a range of shops and services close by on Finchley Road, including a Waitrose supermarket 0.3 miles (0.5 kilometres) from the Property. There are upmarket shops, restaurants and cafés in Hampstead village centre 0.5 miles (0.8 kilometres) to the north. Good transport links provide easy access to central London 4 miles (6.4 kilometres) to the south. The Property is within approximately 1 mile (1.6 kilometres) of Hampstead Heath.

The nearest station is Finchley Road & Frognal, 0.2 miles (300 metres) from the Property, served by the London Overground line. The nearest London Underground station is Finchley Road, 0.3 miles (0.5 kilometres) from the Property, served by the Jubilee and Metropolitan lines. Hampstead station is 0.5 miles (0.8 kilometres) away, served by the Northern line. There are numerous bus routes locally and taxis are frequent. By car, Finchley Road (the A41) connects south to central London, and north to the North Circular (the A406), A1(M), M1 and the M25. London Heathrow Airport is 18 miles (30 kilometres) distant.

We attach a location plan and the Land Registry title plan for the Property at **Appendix D**.

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5. DESCRIPTION

5.1 Existing Property and Gross Internal Area

The Property comprises a pair of substantial houses constructed in late Victorian times in the 1890s. The houses have been joined together by way of an infill extension, and are currently in use as a 30-room hotel (the Langorf Hotel). 18 Frognal was originally built as double-fronted detached house, while 20 Frognal was built as a semi-detached house as a pair to 22 Frognal; however 22 Frognal does not form part of the property being valued.

The Property is laid out over lower ground-3rd floors, the top (3rd) floor contained within the attic. It is of traditional construction, with brown and red brick façades and a pitched, slate-tiled roof. The windows are predominantly single-glazed, wood-framed sashes. The building is entered at 18 Frognal, reached via steps up to the front door at raised ground floor level. There is secondary access via the former front door to 20 Frognal, and at lower ground floor level via the front garden/ front lightwell.

Currently the buildings provide a reception, dining room and kitchen, thirty letting rooms (all en-suite), storerooms and plantrooms. There are two stairwells, and one lift serving all floors. To the rear of the Property there is a garden that slopes steeply upwards towards the rear of the plot, reached via a side passage alongside 18 Frognal. There is no private parking provision.

We have previously independently measured the Property on a Gross Internal Area (“GIA”) basis in accordance with the current RICS Property Measurement standards, using scale drawings provided by the Borrower and onsite check-measurements taken during our inspection. We calculate the existing GIA to be 1,010.4 sq m (10,876 sq ft). The existing drawings are attached at **Appendix E**.

5.2 Development Proposals

Overview

Planning Permission was granted on 20 June 2017 (Camden ref. 2014/5454/P) to change the use of the building to residential, and refurbish/ rearrange the accommodation to provide 13x self-contained flats. We understand that the existing structure will largely be retained, including the façades and (where possible) the internal floors and principal walls. It is not proposed to extend the building and therefore the majority of alterations will be internal only.

The main entrance of the building will be relocated to 20 Frognal, providing access to flats 1-12, via a new communal hallway, lift and stairs. The former front door to 18 Frognal will provide access to the 13th unit, a raised ground floor flat, which will be known as 18 Frognal.

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Two of the proposed units (Flats 1 & 2 on the lower ground floor) will each have a private terrace, with access to the communal rear garden. The rest of the units will not have private outside space, but can access the communal garden via the side passage alongside 18 Frognal.

We note that this is a car free scheme (as detailed in the Section 106 Legal Agreement) and therefore residents of the building will be unable to apply for residents' parking permits. We confirm that we have reflected this in our opinion of value.

Proposed accommodation and GIAs

The proposed accommodation is summarised as follows:

Unit	Floor	Beds	Baths	GIA sq ft	GIA sq m	Outside space
Flat 1	LG	2	2	797	74.0	Terrace
Flat 2	LG	3	3	1,421	132.0	Terrace
Flat 3	G	1	1	570	53.0	n/a
Flat 4	G	1	1	549	51.0	n/a
Flat 5	1	2	1	753	70.0	n/a
Flat 6	1	2	1	657	61.0	n/a
Flat 7	1	1	1	570	53.0	n/a
Flat 8	2	2	1	678	63.0	n/a
Flat 9	2	2	1	667	62.0	n/a
Flat 10	2	1	1	538	50.0	n/a
Flat 11	3	2	1	797	74.0	n/a
Flat 12	3	2	1	893	83.0	n/a
18 Frognal	G	3	1	840	78.0	n/a
				9,730	903.9	

We have previously been provided with a schedule of proposed GIAs by the Borrower, which we have detailed above. We have taken check measurements from the proposed drawings (attached at Appendix F) and confirm that the Borrower's GIAs accord with our measurements, and have therefore adopted these for the purposes of our valuation. The proposed GIAs should be verified by the Lender. Should the actual GIAs differ from those detailed above, we reserve the right to review our valuation accordingly.

A Schedule of Accommodation including our opinion of Market Value is attached at **Appendix F**.

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Development costs and timescale

The Lender advises that the total build cost is £3,160,000. From our discussions with the Borrower, we understand that this includes professional fees and contingency. In relation to the total proposed GIA of 10,800 sq ft, this equates to overall build costs of £293 per sq ft. We believe that the build costs have been professionally reviewed, and verified by a quantity surveyor, acting for the original lender's. You should obtain appropriate assurances from the Borrower, in this regard.

The Borrower advises that the build period will be expected to be approximately 15 months, following a lead-in period of 4 months (assuming they implement the consent).

In summary, we have valued on the assumption that the build costs and timescale are sufficient, however we strongly recommend that they are confirmed prior to drawdown, and we reserve the right to review our valuation in light of TFT's findings.

Specification

We have not been provided with written details of the proposed specification. We have assumed that the development will be completed to a high standard of specification in a contemporary style. We would generally expect the finishes to include:

- Wood flooring to receptions;
- Carpets to bedrooms;
- Tiled bathrooms with underfloor heating;
- Granite/ marble worktops to kitchens and bathrooms;
- High-end appliances to kitchens;
- Wiring for AV systems, and built-in speakers (Sonos or similar);
- Double-glazed timber-framed sash windows;
- Independent central heating and hot water to each unit.

5.3 Existing Condition

In accordance with your instructions we have not carried out a building survey, and our inspection has been limited to the visible internal and external parts only. Our report does not purport to express an opinion about or advise upon the condition of uninspected parts and should not be taken as making any implied representation or statement about such parts. There were no clear views of all the roof coverings and we did not inspect any roof space within the Property.

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We are unable to state that any part of the premises is free from rot, beetle, corrosion or other defects. We have not arranged for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or asbestos or any potentially deleterious material has been used in the construction of the Property or has since been incorporated and we are therefore unable to report that the Property is free from risk in this respect. For the purpose of the valuation, we have assumed that such investigation would not disclose the presence of any such material in any adverse conditions.

No specialist test or inspections have been carried out on the electrical, mechanical, drainage or other service installations and no warranty is given as to the condition of these items. A prospective purchaser may wish to commission a separate building condition and mechanical and electrical installation survey, and would need to rely upon the contents of that report and the various recommendations contained within it. This report excludes any investigation into structural engineering design or compliance with legislation relating to buildings, building regulations or by-laws.

The Property appears reasonably well maintained, but is in tired order internally and externally. It is anticipated that most purchasers would carry out comprehensive refurbishment works. As we have assumed that the Property will be redeveloped, the existing consideration is not material to our valuation.

5.4 Services

The Property is served by mains water, drainage, gas and electricity. We have not tested these services and assume that there are no material defects that would cause us to alter our valuation. We assume all new services would be provided as part of the redevelopment works.

5.5 Outgoings

The Property is currently in commercial use and is therefore liable for payment of business rates, as opposed to council tax for residential properties.

The Rateable Value ('RV') is broadly intended to reflect the Valuation Officer's opinion of the Market Rental of the Property as at 1 April 2015. The rates payable are based on the current Uniform Business Rate, which for England is 48p in the £ for Small Businesses and 49.3p in the £ for other businesses for the period 2017/2018. There is also an additional 2.0p Crossrail levy for properties in central London with an RV above £70,000 which produces a full multiplier of 49.9p for the subject property.

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Enquiries of the Valuation Office Agency reveal that the Property has been assessed under the 2010 Rating List at £77,000 (following an appeal). The new RV from 1 April 2017 is £168,000 which represents a 218% increase on the 2010 figure. There is a legal requirement for England to use a transitional scheme to phase in substantial increases or decreases in a ratepayer's bill following a revaluation. The transitional scheme sets percentage limits on the amount by which a property's business rate bill can increase or decrease in individual financial years, subject to an adjustment for inflation.

We have valued on the assumption that liability for business rates will cease during the course of redevelopment, and that the proposed units will be liable for payment of council tax on completion. The current council tax charges in the London Borough of Camden range from £944.97 per annum (Band A) to £2,834.92 per annum (Band H) including the Greater London Authority charge.

5.6 Rights of access/ public rights of way

Frognal is a public road adopted by the local authority.

We are not aware of any onerous or unusual easements or rights of way affecting the Property and have valued on this basis. Should this be incorrect we reserve the right to review the value reported.

6. TENURE

The Property is held freehold, and is registered at HM Land Registry under title number NGL667264. The freehold title encompasses 18 and 20 Frognal, held as one property. The registered proprietor is Desilu Hampstead Ltd.

As detailed, the Property is currently occupied and run as an hotel (C1 Use). We understand that it is the Borrower's intention to enter into a 5 year management agreement imminently. However, as instructed, we are not providing the MV of the Property either subject to its existing use or subject to the proposed management agreement. We confirm that we have not been provided with any documentation regarding the above.

The Lender's legal advisers should confirm prior to drawdown whether there are any existing leases or tenancies, and when vacant possession will be obtainable, and refer to us for comment. They should also confirm whether there are any costs attached to gaining vacant possession, or any obligations under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ('TUPE') that might impact on development costs or timescales.

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Our valuation is prepared on the assumption that the Property has a good and marketable title and is free from any pending litigation. We further assume that all documentation is satisfactorily drawn and that there are no unusual or onerous restrictions, easements, covenants or other outgoing which would adversely affect the value of the relevant interest.

We have also assumed that the Property and its value are unaffected by any matters which would be revealed by a Local Search and replies to the usual enquiries, or by a Statutory Notice and that there are no disputes relating to the Property. If our assumptions are incorrect, we reserve the right to review the value reported. We assume that all necessary consents have been obtained for any alterations that may have been carried out to the Property.

7. PLANNING

7.1 Local Authority

The Local Authority is the London Borough of Camden. We have not undertaken formal planning enquiries and investigations have been limited to the planning pages of the Borough website.

7.2 Listing and Conservation

The Property is not listed. It lies within the Redington/ Frognal Conservation Area.

7.3 Planning History

We have undertaken desktop research on the Camden planning website, and note the following latest history relating to the subject:

Subject Property

Application	Description	Decision
2014/5454/P	Change of use from hotel (Class C1) to residential (Class C3) to provide 13 flats (4x1-bed, 7x2-bed, 2x3-bed), erection of single storey first floor rear extension, rear dormer roof extension, side dormer roof extension, and alterations and additions to doors and fenestration on side and rear elevations.	Granted 20 June 2017
We attach copies of the consented drawings at Appendix G . This is subject to a signed Section 106 Legal Agreement dated 20 June 2017.		
The above description of the development refers to rear extensions; however these are not evident from the existing and proposed drawings. From our understanding of the drawings and our discussions with the Borrower, we believe that any changes to the floorplates and overall floor areas are insignificant.		

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We confirm that we have taken into account the above planning consent in our opinion of value.

Our valuation is on the assumption that the premises comply with all relevant statutory enactments and Building Regulations. In preparing our valuation figures, we have assumed that the subject Property has been granted planning permission for the use to which is currently being put, and we reserve the right to review our valuation figures should our assumptions prove to be incorrect.

We recommend that your legal advisers obtain written planning details, within their search, to verify all planning consents and obtain confirmation of any current or past Enforcement Notices. They should also obtain written confirmation as to whether the property is Listed or in a Conservation Area.

7.4 Planning conditions relating to subject scheme

We have attached a copy of the latest planning consent, granted 20 June 2017 at **Appendix H**. This is for the:

“Change of use from hotel (Class C1) to residential (Class C3) to provide 13 flats (4x1-bed, 7x2-bed, 2x3-bed), erection of single storey first floor rear extension, rear dormer roof extension, side dormer roof extension, and alterations and additions to doors and fenestration on side and rear elevations”.

The consent is subject to a number of conditions, including:

- Development to be begun within 3 years of the date of consent;
- To be carried out in accordance with approved proposed drawings which include: 00-201-P01, 00-202-P02, 00-203, 00-204, 00-205.
- Details to be approved by the Local Planning Authority (‘LPA’) prior to commencement: hard and soft landscaping including waste storage and parking for 22 bicycles; and a rainwater harvesting and/or grey water recycling and a sustainable urban drainage system;
- Lifetime homes features and facilities shown on the approved drawings and documents to be provided prior to first occupation;
- All trees onsite to be retained and protected in accordance with “Arboricultural Impact Assessment Ref DFCP 2535” (there is no copy of this on the Camden planning website);
- No lights, meter boxes, flues, vents, pipes, telecommunication equipment, alarm boxes, television aerials or satellite dishes to be fixed to the exterior of the building without LPA consent; and
- All measures detailed in the Sustainable Design & Construction Statement to be constructed and implemented prior to first occupation, and permanently maintained thereafter.

We confirm that none of the above conditions are considered unduly onerous.

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The Borrower has also provided a signed S106 Agreement, dated 20 June 2017, attached at **Appendix I**. The key terms of the agreement include:

- Payment of the following contributions prior to implementation of the development:
 - Affordable Housing Contribution: £394,850 (paid by the Borrower*)
 - Highways Contribution: £18,973
 - Pedestrian Cycling & Environmental Contribution: £7,000
 - Total contributions: £420,823
- Financial contributions to be index linked;
- Adoption and compliance with an *Energy Efficiency and Renewable Energy Plan*, to include reducing the development's carbon emissions by at least 40% by means of low and zero carbon technologies and using at least 14.7% renewable energy;
- Adoption and compliance with a *Sustainability Plan* including achieving a Building Research Establishment Environmental Assessment Method assessment rating of 'excellent' or 'outstanding';
- The development is to be 'car free': no resident will be granted a residents' parking permit; and
- Construction Management Plan to be approved by the Council prior to implementation.
- Car free scheme (i.e. resident parking permits will not be available to lessees).

We would comment that the S106 Agreement contains relatively strong energy efficiency and sustainability requirements, however this is likely to be in line with Camden's current planning policy.

*The Borrower has provided us with a letter from Camden Legal Team, dated 22 June 2017 confirming that they have received payment for the AH Contribution. We understand that the Highway and Pedestrian contributions have not been paid.

We confirm that we have therefore allowed for the two significantly lesser outstanding payments (totalling £25,973) only.

Community Infrastructure Levy ("CIL")

We have been informed by the Borrower that no CIL is payable, as the scheme does not include any additional floor area. They have informed us that if the building is in use for 6 months in the previous 36 months and there are no extensions proposed, the floor space is deducted from the CIL calculation and no charge should apply to the Property. It is necessary to submit an exemption application to the local authority with supporting documentation. If the evidence is accepted, the Council would then issue a CIL liability notice confirming there is no CIL charge.

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We believe that some councils may however charge for change of use where new dwellings are created (even if there is no new floor area) this should be confirmed by the Lender's legal advisers prior to drawdown.

It is important that this is reviewed by your legal advisors and confirm that we have assumed that there will be no CIL payment payable.

7.5 Rights of Light and Party Wall matters

We have assumed that the cost of party wall awards, if required in this instance, have been included in the Borrower's build costs. This should be verified by the Lender's monitoring surveyor.

We are not aware of any rights of light issues in respect of the proposed scheme, as the external envelope is unchanged, and have therefore valued on the assumption that no additional costs will arise from this. Should any rights of light issues become known, we reserve the right to review our valuation accordingly.

8. MARKET COMMENTARY AND COMPARABLE ANALYSIS

Q1 2018

Summary

- Uncertainty within British politics has become the norm. There is still discontent within both the Conservative and Labour parties over their respective leaders but this appears to have subsided for now. Further progress has been made on Brexit, with the decision agreed that the UK will have a 21-month transition phase, starting in March 2019 and lasting until the end of 2020.
- The international stage continues to remain eventful. Countries from around the world have joined the UK in expelling Russian diplomats following recent events in Salisbury. In Germany, Angela Merkel has officially formed a coalition government and has been sworn in as Chancellor, almost six months after the September 2017 election. American politics continues to be dominated by arguing within Trump's inner circle, high staff turnover, and a tense relationship with North Korea. More recently however, trade tensions and the potential for a trade war between the USA and China has been gaining momentum. A trade war between these two countries would have a direct impact upon the demand for European goods and services; it could also provide general encouragement for economies around the world to engage in protectionist trading measures. This would have a direct impact upon the UK and whilst these international issues may not directly affect the domestic property market, they would indicate the direction of world politics, which would have a knock on effect for the UK.

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- Over 2017 the UK performed better than expected. Growth for the UK was 1.8%¹, higher than the 1.5% originally forecast by the OBR. Looking forward, the majority of forecasters are expecting a similar performance in both 2018 and 2019, with 1.6% and 1.5% growth forecast respectively (based on the HMT Consensus forecasts).
- The FTSE 100 reached an all-time high in January before beginning a sustained period of decline. In March the index was at its lowest point over the past year. Employment has not dropped, though productivity continues to struggle. Inflation has been falling since the start of 2018 and if it carries on in this manner incomes would start to rise in real terms. Interest rates remain at 0.5% but various analysts expect to see a rate rise in the coming months – rates are expected to rise to c. 2% by 2021. Whilst the predicted rise is expected to be relatively steady, this will cause an increase to the cost of mortgages for some households, and increase saving rates for others. Business confidence for the UK remains relatively neutral, whilst business confidence within London has declined.
- National house prices have risen by 2.5% year on year. Continuing the trend which persisted through 2017, the national picture has been driven by strong growth outside of London. For the third quarter running London was the worst performing region with growth of -1.1%, more severe than the fall seen in Q4 2017.
- Similarly, PCL prices continued to fall during the first quarter of 2018 and are now 17.3% down from the 2014 peak. Transaction levels across all price brackets have decreased since the previous quarter and total transactions are now c. 17% below Q1 2017. Looking forward, we expect the market to remain stagnant for the remainder of 2018, with possibility of further negative growth. Next year we expect to see some positive growth return. The risk remains on the downside.

Global Economic Outlook

Slowly details in regards to the Brexit agreement are being released. The UK will pay approximately £40bn in a 'divorce bill', UK workers in the EU and EU workers in the UK will keep their rights for a maximum of five years after the UK leaves the EU, and both sides have agreed to a 21-month transition phase starting in March 2019 that may last until the end of 2020. During this 'transition phase' the UK will be able to negotiate and sign trade agreements with other trading blocs. EU citizens arriving in the UK during this time will receive the same rights as those who arrived before the EU Referendum. There however remains a significant issue still outstanding in regards to the Northern Ireland border.

¹ ONS, Gross domestic Product: Year on year growth: CVM SA%

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In Germany, Angela Merkel has formed a coalition government and has been sworn in as the Chancellor, nearly six months after the September 2017 election. This announcement of the coalition is of particular relevance to Brexit negotiations because of Germany's prominent position within Europe. Outside of Europe, relations between the US and China are deteriorating as fears of a trade war increase. A trade war between these two countries would have a direct impact upon the demand for European goods and services; it could also encourage a trend where trading blocs around the world participate in more protectionist measures. This would have a direct impact upon the UK and whilst these international issues may not directly affect the domestic property market, they would indicate the direction of world politics, which would have a knock on effect for the UK.

This all results in a volatile international outlook.

UK Economic Outlook

The National Institute for Economic and Social Research (NIESR) estimates that the UK economy grew by 0.5% in Q1 2018. This growth is in spite of the adverse weather conditions in March (the Beast from the East) which was expected to have stunted economic growth for the quarter. For 2017 as a whole it is thought growth was at 1.8%, which is higher than the 1.5% originally forecast by the OBR. Independent forecasts from March 2018 collected by Her Majesty's Treasury (HMT) range from 0.6% to 2.6% growth expected for 2018 with the average forecast being 1.6%. Whilst uncertainty does exist, only one forecast is above 2.0% and only one is below 1.0% with the majority predicting growth of around 1.6%. For 2019 the range, and central forecast, are very similar to those for 2018 with the average being 1.5%. PWC and the British Chamber of Commerce (BCC) are both predicting similar rates of growth for 2018 and 2019. PWC forecast 1.5% for 2018, while BCC are predicting 1.4%. For 2019 PWC are predicting 1.6%, while BCC are predicting 1.5%.

Business confidence fluctuated over the course of 2017. In Q1 2018 business confidence sits at -1 and therefore remains essentially neutral. Confidence is only negative in half of the UK regions but is noticeably the most negative in London (-12), which is thought to be due to the concentration of financial and property firms in London that currently have the most negative outlook.

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Rising costs for businesses (apprenticeship levy, business rates, living wage), coupled with the weak exchange rate, may still impact the domestic market, both by increasing costs for domestic firms and making imports more expensive. In November 2017 inflation reached a peak of 3.1% before declining to 2.5% (by February 2018). The BCC forecast inflation to be at 2.9% for 2018 and 2.6% for 2019². Given that companies are expected to increase wages by 3.1% in 2018³ it would mean earnings growth would outpace inflation. This should help support consumer spending, a key driver of the UK economy. The official bank rate remains at 0.5%. This rate remains very low by historic standards, but the BoE has hinted at a possible rate rise as early as May, stating there'll need to be a rise "somewhat earlier and by a greater extent". NIESR expects that it will gradually increase to be at 2.0% by 2021. This will increase the costs of mortgages for some households, at the same time as increasing savings rates for others.

The FTSE 100 reached an all-time high in January before beginning a sustained decline. In March the index was at its lowest point over the past year. This puts an end to the trend of the FTSE 100 experiencing generally positive growth since the EU Referendum. Unemployment has remained very low whilst productivity growth continues to struggle.

Property Outlook

National Market

According to the Nationwide House Price Index (NWHPI), UK property prices grew 2.5% in the year to Q1 2018. YoY growth over the same period shows that on a regional basis the best performer has been Northern Ireland (7.9%) followed by Wales (6.0%) and the West Midlands (4.8%).

In the previous two quarters London, despite historically having the strongest growth rates in the UK, showed the weakest growth in the country. This quarter London has once again had the worst growth (-1.1%). Other regions below the national average are East Anglia (2.4%), Outer South-East (2.0%), Outer Metropolitan⁴ (1.8%) and Scotland (0.2%).

National house prices are now 16% above the 2007 peak. London prices are 57% above the 2007 peak. Six regions remain below their 2007 peaks: the North (-4.0%), North West (-0.5%), Wales (-0.8%), Scotland (-4.7%) and Northern Ireland (-38.4%).

² British Chamber of Commerce, BCC forecast: Uncertainty constraining UK economic growth, 2018

³ Bank of England, Agents' Summary of business conditions, 2018

⁴ Outer Metropolitan is a Nationwide HPI geographical area which contains many districts which fall within the London commuter belt.

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Prime Central London Market

The decline in PCL prices seen last year has continued into 2018 with QoQ growth being -1.3%. This means YoY prices have now not increased since Q3 2014. PCL prices in Q1 2018 are therefore 17.3% lower than they were at the 2014 peak.

Over the course of 2017, transactions levels in the £2-5m and £5+ brackets were slowly increasing but for the first time since Q2 2016, transaction levels for properties across all price brackets decreased in Q1 2018. This meant total transactions were 24% below Q4 2017 levels and 17% below Q1 2017. Transactions are, as normal, dominated by the sub £2 million bracket, accounting for 68% of the total. Though this was slightly less than the 70% seen in Q1 last year.

Whilst we are seeing more evidence that alignment of vendor and purchaser price expectations is closer (as reported throughout 2017), agents report that although appropriately priced properties are selling there remains a substantial supply of over optimistically priced properties on the market.

Looking forward, we expect the market to remain stagnant in 2018, with the possibility of further negative growth. From 2019 onwards we expect to see some positive growth return.

Conclusion

Previously it was believed that much of the downward pressure on PCL house prices due to taxation changes and Brexit had already been experienced, however, prices continued to fall during 2017 and are now over 17% below their previous peak. Total transaction levels, despite picking up over the course of 2017, are now below what they were last year and are very low by historic standards. Substantial economic and political uncertainty remains and it doesn't look likely that this will change any time soon.

Now that there have been some initial agreements reached on Brexit, attention can move towards trade negotiations. The route Britain takes with these issues will have huge implications on the nature of Brexit and the future strength of the UK economy. The fundamentals of the UK economy remain broadly positive, but sentiment remains very cautious with constant negative media resulting in indecision within many markets.

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Our forecasts for PCL performance have not changed, with a best case scenario of the falls seen in Q1 being recouped during the rest of the year, thus finishing with 0% growth over the course of the year. The risk remains on the downside however, with the downside risk scenario of -5% growth for 2018. Realistic pricing and the continued attractiveness of Sterling will continue to be key factors affecting market activity levels in the higher price sectors. We expect this stagnation in prices to persist during 2018 with the possibility of further negative growth as globally and domestically the economy and political environments remain volatile. From 2019 onwards it is extremely difficult to forecast this market with any certainty but we would expect some bounce back once more stability has returned.

Volterra Residential Sales Price Forecast Q1 2018

	2018	2019	2020	2021	2022	5 Year Growth to 2022
Prime Central London – best case	0%	4%	5%	6%	6%	23%
Prime Central London – downside risk	-5%	0%	1%	2%	2%	0%
UK – central	2.5%	2.5%	4%	4%	4%	18%
Prime Central London – Lettings	0%	1.5%	2%	2.5%	2.5%	8.5%

You should be aware that there is a risk that property prices, particularly in some PCL submarkets, could fall in the near future, depending on various global and domestic economic factors/performance.

Although our market commentary is aligned with recent market data, you should be aware that in the short term, the global economy remains volatile, and therefore any market commentary provided will become out-dated within a very short time scale.

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8.2 Local market commentary

Hampstead is a prime north London residential location. The market in Hampstead and other prime London locations has been relatively subdued since 2015, in contrast to more buoyant conditions seen in 2013-2014. This has partly been a result of taxation changes targeting the upper levels of the market, investors and international buyers, including increased SDLT on properties over £973,500 since December 2014, the scrapping of favourable tax rules for non-domiciled UK residents in 2015, and 3% higher SDLT on purchases of additional residential properties since 1 April 2016. International and domestic political uncertainty has also played its part.

Hampstead estate agents have commented that the market has been affected by taxation changes and political uncertainty, and transaction levels have fallen during 2015-Q1 2018. There is reasonable ongoing demand for flats sub-£2 million, however buyers are price sensitive and properties must be correctly priced in order to sell. We nevertheless anticipate reasonably good demand for the subject scheme, provided that the units are completed to a high standard of specification and finish, and appropriately priced.

8.3 Valuation Methodology and Comparable Analysis

We have adopted the comparable method. In reaching our opinion of value we have analysed comparable sales evidence detailed below on a £/sq ft basis, making appropriate adjustments to reflect the various attributes of the Property. We have also then considered the overall capital value.

In our valuation we have had particular regard to the following nearby developments:

Hampstead Manor, Kidderpore Avenue North NW3



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A part new, part refurbishment development by Mount Anvil to provide 156 residential units situated 0.9 miles north west of the subject. The development comprises of 25x Social Rented, 6x Intermediate and 125x Private units, as well as the excavation of a double basement and parking for 92 cars. The private units include 1x1 bedroom, 40x 2 bedroom, 60x3 bedroom, 13x4 bedroom, 10x 5 bedroom and 1x6 bedroom units. The development will provide 24 hour concierge, spa, swimming pool, gym, bike storage and extensive landscaped communal gardens.

The scheme launched in January 2017 and is due for practical completion in December 2018. The developers are not disclosing the achieved prices however we are advised that 62 units have sold with an average asking price of £1,570 per sq ft.

Available units include:

- Willoughby – a first floor, 1 bedroom flat of 460 sq ft (43 sq m) is available for £747,500 / £1,626 psf.
- Bay House – a first floor, 1 bedroom flat of 590 sq ft (55 sq m) is available for £975,000 / £1,653 psf.
- Rosalind Franklin – a ground floor, 2 bedroom flat of 992 sq ft (92 sq m) is available for £1,175,000 / 1,184 psf.
- Willoughby – a third floor, 2 bedroom flat of 1,034 sq ft (96 sq m) is available for £1,474,000 / £1,425 psf.

This is a superior development to the subject by a well know developer and we would therefore expect it to achieve higher capital values and higher values per sq ft.

Viridium, 264 - 270 Finchley Road, Hampstead NW3



A contemporary development by Ashbury and Bloom 0.6 miles north west of the subject on Finchley Road, comprising 13 apartments (2x 1 bedroom, 7x 2 bedroom and 4x 3 bedroom), due to complete in Q2 of 2017.

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The scheme had a soft launch to investors in December 2016 with one flat being sold. An official launch, including an open day of the show flat and a tour of the construction site was on the 1st April 2017. From our discussions with the sales agents we understood that the delivery of the scheme was delayed with practical completion due August 2018. 2 units have sold with 11 currently available. The current asking price is circa. £1,300 per sq ft.

The 2 units sold to date are:

- A 1st floor 2 bedroom flat of 880 sq ft (82 sq m), achieved £970,000 (£1,102 psf). This exchanged 12 months ago.
- A top floor 2 bedroom flat of 830 sq ft (77 sq m), achieved £915,000 (£1,102 psf). This exchanged 6 months.

The agent felt the asking price of £1,300 per sq ft was a little optimistic and is expecting to achieve nearer to £1,100 per sq ft.

This is a much less attractive development that is situated on a busier road to the subject with bigger unit sizes. It is expected to achieve higher capital values but lower values per sq ft.

We have also had regard to the following second hand sales:

93 Fitzjohns Avenue NW3 – a second floor, 2 bedroom flat of 695 sq ft (65 sq m) sold in August 2017 for £973,000 / £1,400 psf. This property is situated within a period conversion and is well presented. It lies on the adjacent road to the Property.

Flat 3, 12 Rosslyn Hill NW3 – a first floor, 1 bedroom flat of 448 sq ft (42 sq m) sold in May 2018 for £600,000 / £1,399 psf. This property is situated within a period conversion and is good condition with garden. It lies to the east of the Property on a busy road.

Flat 3, 14 Chesterford Gardens NW3 – a ground floor, 1 bedroom flat of 562 sq ft (52 sq m) sold in May 2017 for £735,000 / £1,308 psf. This property is situated within a period conversion and is well presented. It lies to the north west of the Property on an adjacent road.

Flat 1, 47 Netherhall Gardens NW3 – a ground floor and first floor, 3 bedroom flat of 1,012 sq ft (94 sq m) sold in February 2018 for £1,100,000 / £1,087 psf. This property is situated within an attractive period conversion and is in fair/reasonable condition with garden. It lies just to the south of the subject property.

Flat 5, 14 Chesterford Gardens NW3 – a second floor, 3 bedroom flat of 1,149 sq ft (107 sq m) sold in May 2017 for £1,275,000 / £1,110 psf. This property is situated within a period conversion and is in fair/reasonable condition. It lies just to the north of the subject property.

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Flat 3, 8 Belsize Lane NW3 – a first floor, 2 bedroom flat of 848 sq ft (79 sq m) sold in April 2017 for £1,020,000 / £1,203 psf. This property is situated within a period conversion and is in very good condition. It lies to the south east of the subject property.

Flat A, 30 Kemplay Road NW3 – a ground floor 2 bedroom flat of 663 sq ft (62 sq m) sold in November 2017 for £830,000 / £1,252 psf. This property is situated within an attractive period conversion and is in fair/tired condition with narrow galley kitchen. It lies just to the east of the subject property.

7 Burlington House, Wedderburn Road NW3 – a second floor 2 bedroom flat of 1,348 sq ft (125 sq m) sold in November 2017 for £1,350,000 / £1,001 psf. This property is situated within a mansion block conversion and is unmodernised. Benefits from underground parking. It lies to the east of the subject property.

Flat 3, 23 Wells Walk NW3 – a second floor 2 bedroom flat of 906 sq ft (84 sq m) sold in August 2017 for £1,220,000 / £1,347 psf. This property is situated within a red brick period building and is in good condition. It lies to the east of the subject property, closer to Hampstead, therefore a superior location.

Flat 1, 47 Maresfield Gardens NW3 – a ground floor 2 bedroom flat of 948 sq ft (88 sq m) sold in April 2018 for £1,090,000 / £1,150 psf. This property is situated within a period building and is in very good condition, with parking space and garden views. It lies to the south of the subject property.

Youngs Court, 42 Gayton Road NW3 – a ground floor, 1 bedroom flat of 453 sq ft (42 sq m) sold in January 2017 for £510,000 / £1,126 psf. This property is situated within an attractive period conversion however requires modernisation. It is situated 0.6 miles north of the subject in a more desirable, central Hampstead location.

2 Youngs Court, 42 Gayton Road NW3 – a second floor, 1 bedroom flat of 620 sq ft (58 sq m) sold in February 2017 for £875,000 / £1,411 psf. This is a south facing flat within a popular development benefitting from secure off-street parking. It is situated 0.6 miles north of the subject in a more desirable, central Hampstead location.

25 Pilgrims Lane NW3 – a second and third floor, 2 bedroom, duplex apartment of 1,061 sq ft (99 sq m) sold in February 2017 for £1,200,000 / £1,131 psf. This property is situated on the upper floors of an attractive converted terrace house and sold in a good condition. It is situated 0.7 miles north of the subject in a more desirable location between Hampstead Tube Station and Hampstead Heath.

Flat D, 37 Adamson Road NW3 – a third floor, 3 bedroom flat of 1,047 sq ft (97 sq m) sold in November 2016 for £1,285,000 / £1,227 psf. This property is situated within an attractive double fronted property and sold having been recently refurbished. It is located 0.9 miles south of the subject development.

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Flat A, 16 Belsize Lane NW3 – a lower ground floor, 2 bedroom flat of 1,172 sq ft (109 sq m) sold in October 2016 for £1,475,000 / £1,259 psf. This property sold having been recently refurbished with the benefit of a private garden. It is situated 0.7 miles west of the subject development.

2 Moreton House, Holly Walk NW3 – a ground and lower ground, 2 bedroom flat of 1,260 sq ft (117 sq m) sold in April 2016 for £1,520,000 / £1,206 psf. This property sold in a good condition and is situated in a Grade II Listed house 0.6 miles north of the subject development closer to Hampstead High Street.

30 Maresfield Gardens NW3 – a first floor, 2 bedroom flat of 1,375 sq ft (128 sq m) sold in February 2017 for £1,560,000 / £1,135 psf. This property is situated within a converted period property and sold in good condition with the benefit of a private entrance. It is situated 0.2 miles south east of the subject.

1 Gainsborough Lodge, 2 Holford Road NW3 – a ground floor, 3 bedroom flat of 1,525 sq ft (142 sq m) sold in February 2017 for £1,700,000 / £1,115 psf. This property is situated within an impressive period conversion and sold in a good condition with the benefit of a private garden. It is situated 0.7 miles north of the subject in a more desirable location between Hampstead Tube Station and Hampstead Heath.

Flat A, 8 Frognal Gardens NW3 – a 2 bedroom ground floor flat of 1,281 sq ft (119 sq m) sold in October 2016 for £1,700,000 / £1,327 psf. It is located 0.4 miles north of the subject close to Hampstead High Street. It benefits from a communal garden and sold having been recently refurbished.

Flat C, 75 Belsize Park Gardens NW3 – a first floor, 3 bedroom flat of 1,473 sq ft (137 sq m) sold in November 2016 for £1,775,000 / £1,205 psf. This property is situated in an impressive stucco fronted period property and sold in a having been recently refurbished. It is located 1.1 miles south east of the subject development.

Flat 1, 36 Netherhall Gardens NW3 – a 3 bedroom lower ground floor flat of 1,949 sq ft (181 sq m) sold in March 2016 for £2,590,000 / £1,329 psf. It is situated within a substantial period property located 0.2 miles north of the subject. It benefits from a private garden and parking and sold in a good condition.

A full schedule of comparable sales evidence is found at **Appendix J**.

8.4 **Positive and Negative attributes of the Property**

We have considered the positive and negative attributes of the Property as follows:

Positives

- Prime north London residential location in Hampstead;

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- Good access to shops, amenities and transport on Finchley Road and in central Hampstead;
- Well-regarded predominantly residential road;
- The subject building comprises a pair of substantial and attractive period houses;
- Planning permission has been granted to convert the existing hotel into 13 flats, subject to a signed S106 Agreement;
- The proposed scheme will provide 13 relatively compact, relatively low-value flats, which should therefore have fairly broad appeal and lesser risk than a scheme with fewer higher value flats;
- The scheme will benefit from a lift and communal garden;
- To be finished to a high standard of specification and finish.

Negatives

- The development will be car-free;
- The development is constrained by the shape and floorplates of the existing building, and some of the proposed layouts are slightly compromised (e.g. some of the 2 and 3-bedroom units only have one bathroom);
- Only two of the units will have private outside space; and
- No communal facilities such as a gym, or provision for portage.

8.5 Gross Development Value

Our opinion of Gross Development Value ('GDV') is summarised below:

Unit	Floor	Beds	Baths	GIA sq ft	GIA sq m	S&P MV	S&P £psf
Flat 1	B	2	2	797	74.0	£1,075,000	£1,349
Flat 2	B	3	3	1,421	132.0	£1,700,000	£1,196
Flat 3	G	1	1	570	53.0	£725,000	£1,272
Flat 4	G	1	1	549	51.0	£735,000	£1,339
Flat 5	1	2	1	753	70.0	£1,000,000	£1,328
Flat 6	1	2	1	657	61.0	£890,000	£1,355
Flat 7	1	1	1	570	53.0	£735,000	£1,289
Flat 8	2	2	1	678	63.0	£915,000	£1,350
Flat 9	2	2	1	667	62.0	£900,000	£1,349
Flat 10	2	1	1	538	50.0	£735,000	£1,366
Flat 11	3	2	1	797	74.0	£1,125,000	£1,412
Flat 12	3	2	1	893	83.0	£1,275,000	£1,428
18 Frognal	G	3	1	840	78.0	£1,175,000	£1,399
Total Flats				9,730	903.9	£12,985,000	£1,335

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Our opinion of Gross Development Value assumes that the flats would be sold on leases of a minimum of 125 years, with an initial annual ground rent of £350 per flat. However, as you may be aware the Government is in the process of reviewing current ground rent legislation. The current proposal, as it currently stands, is for all ground rents to be set at a peppercorn. This proposal appears to have cross party support and is likely to become policy, if not within the current term, under the next government. We have therefore not attributed any value to the freehold interest

Our valuation is on the assumption that the development will be completed to a high standard of specification, in accordance with that detailed at section 5.2 of this report. Should this not be achieved then we reserve the right to review our valuation accordingly.

We have assumed that marketing will commence prior to completion of the development. At this value level and in this location, we have assumed that 40% of the units would sell prior to completion, with the remaining 60% of units selling over a six-month period post completion. We would stress that it is important that the flats are appropriately priced and marketed from the outset in order to complete sales within this timeframe.

8.6 Residual Appraisal

We have undertaken a residual appraisal in order to analyse the existing site value of the Property, on the basis of the Borrower's proposed scheme detailed above. The residual valuation is based on our assessment of revenue (the Gross Development Value/ 'GDV'), thereafter deducting development costs including finance and allowance for profit.

The profit element reflects the characteristics of the site including development risk. The subject site provides a reasonably straightforward redevelopment/ refurbishment opportunity, valued on the Special Assumption of planning permission being in place, in a well-regarded north London location, and we therefore consider 18.5% to be the likely market rate for required profit.

As instructed, we have adopted the Borrower's build costs, which we understand include professional fees and contingency. It is important that these should be verified by the Lender's quantity surveyors prior to draw down. We have applied a slightly higher build period than that advised by the Borrower, of 18 months. We have made allowances for legal fees on acquisition and sale of the Property, planning consultants, sales agents' fees, and an estimated marketing budget of £100,000. We have assumed that the Contributions required under the draft S106 Agreement will be paid prior to implementation and no indexation or will apply.

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We have adopted an interest rate of 6.00% applied to 100% of costs. We are instructed by the Lender to apply SDLT at the rate for transferring the Property by way of share transfer (0.5%), on the basis that the Property is held within a Special Purchase Vehicle.

Our residual appraisal is summarised as follows:

Total GDV (13 flats and ground rent) (rounded)	£12,985,000
Stamp Duty @	0.5%
Legal fees on acquisition @	0.25%
Build Costs including professional fees & contingency	£3,160,000
S106 Agreement contributions	£25,973
Marketing costs	£150,000
Sales Agents Fees @	1.5%
Sale Legal Fees @	0.1%
Interest Rate	6.00%
Profit on Cost	20%

This produces a residual site value of **£6,347,279** and a profit of **£2,164,168**. We attach a copy of our appraisal at **Appendix K**.

We have not reflected capital growth over the development period, nor have we allowed for build cost inflation/deflation over the construction period.

Sensitivity analysis

The residual land value is highly sensitive to the inputs adopted. We consider that we have adopted reasonable assumptions, however we have undertaken a sensitivity analysis showing the impact on the residual land value of increases in build costs and gross development value in 5% increments, included at Appendix K.

8.7 Market Value in existing condition

The Property provides a relatively straightforward development opportunity in a prime north London residential location. The proposed scheme provides sensibly-sized units and relatively low capital values, that should reduce risk and appeal to developers in current subdued market conditions. Accordingly, we anticipate reasonably good demand for the Property in existing condition at the level reported, from small-medium scale developers.

Our opinion of Market Value in existing condition, on the Special Assumption of planning permission being in place, subject to the same conditions contained in the draft decision and draft S106 Agreement detailed at section 7.4 of this report, is £6,500,000. This equates to £602 per sq ft in relation to the existing overall GIA of 10,800 sq ft. Our opinion of Market Value in existing condition equates to 50% of our opinion of GDV.

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8.8 Market Rent

You have asked us to provide our opinion of the current Market Rent (MR) of the Property. The definition of MR provided in the Royal Institution of Chartered Surveyors' Valuation – Professional Standards, January 2014 is: *'the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion.'*

While 2015 saw modest rental growth in Prime Central London this was focused on the smaller units and the core market saw softening in prices. This has continued into 2016 and 2017. 'Best in class' property should continue to let well, at good rent levels. Compromised properties are performing markedly less well.

Hampstead lettings agents comment that there is ongoing demand for 1-3 bedroom flats in the subject location, driven by the convenient location close to shops and services and transport links. Likely tenants include a broad range of British and international renters, including students, professionals, sharers and downsizers. The achievable rent is driven by condition, and therefore it is important that a high level of specification and finish is achieved. In current market conditions, and with significant upcoming competition from nearby new build schemes, value for money will be an important consideration, and it is important that the subject units are not over-priced.

In our valuation of Market Rent we have had regard to the following comparable letting evidence, listed in ascending order by achieved price:

Flat B, 4 Frognal, NW3 – a ground floor, 1 bedroom flat of 717 sq ft (67 sq m) let in April 2018 for £450 per week / £23,400 per annum. It let in good condition with patio garden.

2nd Floor, 93 Fitzjohns Avenue, NW3 – a second floor, 2 bedroom flat of 695 sq ft (65sq m) let in November 2017 for £600 per week / £31,200 per annum. It let newly refurbished.

Flat 4, 23 Frognal, NW3 – a first floor, 2 bedroom flat of 626 sq ft (58 sq m) let in May 2018 for £485 per week / £25,168 per annum. It let in good condition with decked terrace.

Flat 5, 48 Frognal, NW3 – a second floor, 2 bedroom flat of 836 sq ft (82 sq m) let in April 2018 for £595 per week / £30,940 per annum. It let in good condition with decked terrace.

Valuation Report – 18-20 Frognal, London NW3 6AG

Flat 6, 11 Frognal, NW3 – a first floor, 2 bedroom flat of 689 sq ft (64 sq m) let in January 2018 for £475 per week / £24,700 per annum. It let in good condition but narrow second bedroom.

Flat 8, 53 Netherhall Gardens NW3 – a third floor, 1 bedroom flat of 410 sq ft (38 sq m) let in March 2017 for £395 per week / £20,540 per annum. It let having been recently refurbished to a good standard and is situated 0.3 miles south of the development.

Flat 3, 20 Elizabeth Mews NW3 – a third floor, 1 bedroom flat of 703 sq ft (65 sq m) let in February 2017 for £420 per week / £21,840 per annum. It let in a fair condition and is located 0.5 miles east of the subject development.

Flat F, 9 Maresfield Gardens NW3 – a second floor, 2 bedroom flat of 874 sq ft (81 sq m) let in March 2017 for £420 per week / £21,840 per annum. It is located 0.4 miles south of the subject development.

Flat 2, 3 Elsworthy Terrace NW3 – a ground floor, 1 bedroom flat let in March 2017 for £440 per week / £22,880 per annum. It let in a good condition and is situated 1.3 miles south of the subject development closer to Primrose Hill.

Flat D, 14 Fitzjohns Avenue NW3 – a second and third floor, 2 bedroom flat let in February 2017 for £550 per week / £28,600 per annum. It is located 0.4 miles south of the subject development

2a Wedderburn House, 1 Wedderburn Road NW3 – a first floor, 2 bedroom flat of 1,110 sq ft (103 sq m) let in February 2017 for £645 per week / £33,540 per annum. It let having been recently refurbished and is located 0.5 miles east of the subject development.

8 Burlington House, Wedderburn Road NW3 – a second floor, 2 bedroom flat of 1,169 sq ft (109 sq m) let in March 2017 for £650 per week / £33,800 per annum. It let in a good condition and is located 0.5 miles east of the subject development.

Flat A, 6 Wedderburn Road NW3 – a first floor, 3 bedroom flat of 1,402 sq ft (130 sq m) let in March 2017 for £900 per week / £46,800 per annum. It let in a standard condition and is located 0.5 miles east of the subject development.

Flat 3, 39 Maresfield Gardens NW3 – a first floor, 3 bedroom flat of 1,274 sq ft (118 sq m) let in March 2017 for £1,075 per week / £55,900 per annum. This property was recently refurbished and is situated 0.2 miles south of the subject development.

Valuation Report – 18-20 Frognal, London NW3 6AG

Our assessment of Market Rent for the subject units is as follows:

Unit	Floor	Beds	Baths	GIA sq ft	GIA sq m	S&P MR £pw	S&P MR £pcm	S&P MR £pa
Flat 1	B	2	2	797	74.0	£650	£2,817	£33,800
Flat 2	B	3	3	1,421	132.0	£1,000	£4,333	£52,000
Flat 3	G	1	1	570	53.0	£450	£1,950	£23,400
Flat 4	G	1	1	549	51.0	£450	£1,950	£23,400
Flat 5	1	2	1	753	70.0	£600	£2,600	£31,200
Flat 6	1	2	1	657	61.0	£575	£2,492	£29,900
Flat 7	1	1	1	570	53.0	£450	£1,950	£23,400
Flat 8	2	2	1	678	63.0	£600	£2,600	£31,200
Flat 9	2	2	1	667	62.0	£600	£2,600	£31,200
Flat 10	2	1	1	538	50.0	£450	£1,950	£23,400
Flat 11	3	2	1	797	74.0	£600	£2,600	£31,200
Flat 12	3	2	1	893	83.0	£685	£2,968	£35,620
18 Frognal	G	3	1	840	78.0	£675	£2,925	£35,100
TOTAL:				9,730	903.9	£7,785	£33,735	£404,820

In total, our opinion of Market Rent is therefore £404,820 per annum.

Our opinion of rental value assumes that the subject units are let for periods of 12 months or more on standard contractual or Assured Shorthold tenancy agreements. Our opinion of value further assumes that the units have been completed to a high standard of specification and finish, and reflects a “new build” premium.

We believe that it would be prudent to allow a period of circa 6-8 months to conclude lettings of the subject units, provided that they are appropriately marketed and priced from the outset. The letting period is highly dependent on market conditions at the time of marketing.

We stress that the assessment of rental income is not a precise science. The rent achievable is likely to vary during the course of the year and can be influenced by micro and macro-economic factors. The rent we have applied is considered to be reasonable in current market conditions.

9. ENVIRONMENTAL ISSUES

9.1 Environmental and Ground Conditions

Part IIa of the Environmental Protection Act 1990 highlights requirements and obligations to consider potential contaminative uses on land and buildings. We confirm that we have not undertaken an environmental audit.

Valuation Report – 18-20 Frognal, London NW3 6AG

During our site inspection we did not note any particular issues of concern. The Property is in a long established residential area and we consider that the likelihood of contamination is relatively low. We have not been provided with any reports as to contamination or ground conditions, and have assumed that any adverse matters will be rectified during the course of development. The Lender's quantity surveyor should provide comment in this regard, and refer to us for comment if the build costs are affected.

9.2 Flooding

From inspection of the Environment Agency's website, it appears that the Property is outside the extent of extreme flood. Generally this means that the chance of flooding each year from rivers or the sea is 0.1% (1 in 1,000 or less).

9.3 Energy Performance Certificate ('EPC')

Legislative changes under the Energy Act 2011 will make it unlawful to rent out and re-let residential premises with an EPC rating below a minimum level of E from April 2018. This applies to any property let on a tenancy which is six months or more and less than 99 years in length, and which is legally required to have an EPC. In addition, this legislation will extend to cover existing lettings in 2020 for residential properties and 2023 for commercial buildings. If a landlord fails to meet these deadlines they will be liable to fines, and will be required to meet the cost of works to upgrade the Property to the minimum standards. Furthermore, legislation under the Energy Act 2011 allows tenants to oblige their landlords to carry out improvements recommended in the EPC, if such improvements can be funded without a capital payment from the landlord (for example by using the Green Deal). This could attach a liability to the energy bill for longer than the current tenancy agreement, and is therefore an income risk.

We have not been provided with an up to date EPC rating for the Property. Our valuation is on the assumption that the proposed units will meet the minimum requirements laid down by the legislation and that there will be no adverse impact on value and marketability. It is advisable to obtain an expert's opinion as to whether an EPC should be commissioned and if the building is likely to meet with the legislative requirements.

10. INSURANCE REINSTATEMENT

You have asked us to provide an estimate of reinstatement costs for the Property in its current condition. **The estimate below is indicative only and should not be relied upon.** A formal estimate for insurance purposes can only be provided by a quantity surveyor or other person with sufficient current experience of reinstatement costs assessments. We confirm that the valuer is not such a person.

Valuation Report – 18-20 Frognal, London NW3 6AG

On this basis, our indicative estimate of the current reinstatement cost of the Property is **£4,350,000 (Four Million, Three Hundred and Fifty Thousand Pounds)**. This figure should be increased over the development period, and we recommend that the Lender's quantity surveyor should advise further in this regard.

In order to obtain a reinstatement costs valuation that you may rely upon, we recommend that a detailed assessment is undertaken by a quantity surveyor.

11. CAPITAL VALUE

Existing condition

We value the freehold interest in the Property at the valuation date, on the Special Assumptions outlined in our report, with the benefit of the current planning consent subject to any caveats expressed in this report; there being no onerous burdens, restrictions or other factors affecting the Property of which we are unaware; in accordance with the definition of Market Value referred to in the Royal Institution of Chartered Surveyors' Valuation Standards Practice Note as set out in Appendix B; at **£6,500,000 (Six Million, Five Hundred Thousand Pounds)**.

Gross Development Value

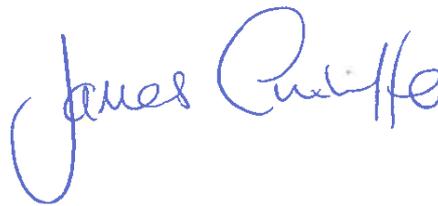
Our opinion of the Gross Development Value of the Property; as detailed above (providing thirteen flats) assuming it has been completed as at the valuation date; with the benefit of vacant possession; subject to any caveats expressed in this report; there being no onerous burdens, restrictions or other factors affecting the Property of which we are unaware; is **£12,985,000 (Twelve Million, Nine Hundred and Eighty Five Thousand Pounds)**.

**Valuation Report –
18-20 Frognal, London NW3 6AG**

12. LIMITATION AND NON PUBLICATION

This report is made solely for the use of the addressee for the purpose set out in this report and no liability can be accepted to third parties for the whole or any part of its contents. No part of this report may be sent to a third party or included in any published document, circular or statement nor published in any way without our written approval.

**Signed
James Cunliffe MRICS
Partner**



7 November 2018

**For And on Behalf Of
STRUTT & PARKER**

APPENDIX A

Instruction Letter

Proplend Security Limited
20-22 Wenlock Road
London
N1 7GU

F.A.O. James Cunliffe
Strutt & Parker
13 Hill Street
London
W1J 5LQ

Ref: Desilu Hampstead Ltd

Dear James,

Please accept this letter as our formal instruction to your firm to carry out a valuation, for mortgage purposes, on the addresses indicated below upon which we, Proplend Security Limited, and one other (to be confirmed) shall rely. The valuation may be shown to any third parties in connection with the financing of the property albeit it cannot be relied on by those parties directly. **Please advise us immediately if you are unable to give prompt attention to this matter.**

Borrower:	Desilu Hampstead Ltd
Properties:	Langorf Hotel, 18-20 Frognal, London, NW3 6AG
Tenure:	Freehold
Use:	Hotel
Tenancies:	5 year management contract with Smart Hotels Ltd to be signed on completion.
Access:	Please contact Vincent Spano, of PIA Consultants, on either 07929 187352 or vincent@piaconsultants.com

Instruction

The report should be addressed to Proplend Security Limited, and one other (to be confirmed) which must clearly state that it can be relied upon for lending purposes by the parties named herein. We will require the report to also be addressed to one other LTD, to be confirmed in due course. Please ensure that the report accords with the current RICS Appraisal and Valuation Manual.

Please indicate in your report if the valuer or your firm have had any previous involvement with the property forming the subject of the valuation. If so, please indicate the nature and extent of that involvement and confirm specifically that you consider there is no conflict of interest on the part of the valuer or your firm.

The report and valuation must be undertaken and signed by a qualified valuer with a minimum 2 years PQE. A qualified valuer must be both a member of the Royal Institution of Chartered Surveyors, MRICS/FRICS and an RICS registered valuer. The Lender requires all residential and commercial valuation reports (excluding short form residential templates) are to be countersigned by a Chartered Surveyor, MRICS/FRICS and an RICS registered valuer with a minimum of 5 years PQE.

Whilst your report will be addressed to Proplend Security Ltd, it will need to be viewed by its Lending members on the understanding that only Proplend Security Ltd may rely on the report for mortgage purposes. Can you please confirm within your report that this is understood and accepted?

Valuation and Report

The Valuation referred to below should be based on current values and should reflect market conditions prevailing at the date of the report, and changes in market conditions that you are able to predict, and should include:

1. A valuation of the Property on the assumption that the Property was being sold with vacant possession and without the benefit of a going concern.
2. A valuation of the Property on a residual site value basis.
3. Please provide comparable evidence to support your assumptions on values.

4. Please provide commentary on continued likely market demand for properties of this size and nature, in this location, for sale and to let.
5. Please provide an estimated reinstatement cost of the buildings for insurance purposes.
6. Please provide a full description of the Property to include its accommodation, its size, its construction, location and general state of repair. These details should be supported with photos of the Properties. Whilst you are not instructed to carry out a structural survey on each Property, please comment of any noticeable defects that might warrant further investigation and which might affect the marketability of the Property.
7. Please certify that the Property is acceptable for secured lending purposes.

Please provide as appendices:

1. Sufficient colour photographs of the street scene, exterior (front and rear) and interior of the Property.
2. A general location map and a more detailed plan showing boundaries you have assumed for the Property.
3. Land registry extract.

Report on Title

A copy of the solicitors Report on Title will be sent to you so that you can cross check your assumptions with the facts contained within the said report and comment on specific items which may affect your valuation.

Fees

You have quoted and the Borrower has agreed to pay a fee of £TBC + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, and addressed to this company, we ask that you seek settlement of your fee from the proposed Borrowers whose contact details are supplied above. Proplend Security Limited cannot accept any responsibility for non-payment of your fees in this regard.

Contact Details

Please contact Philip Gould on 0203 637 8418 if you have any queries regarding this instruction.

Please send the Valuation Report to borrower@proplend.com, with hard copy to Proplend, 15 Little Green, Richmond, TW9 1QH. Draft reports are not acceptable. Following provision of the Valuation Report, you should be prepared to discuss its contents with the Lender.

Yours sincerely,

Stewart Bruce

Proplend Security Ltd

APPENDIX B

**Confirmation of
Instructions, Valuation
Terms of Engagement
and Schedule of
Assumptions &
Principles**

Mayfair office

Strutt & Parker
13 Hill Street
London
W1J 5LQ
Telephone +44 (0)20 7629 7282



struttandparker.com

Proplend Security Limited
20-22 Wenlock Road
London
N1 7GU

Direct Dial: 020 7318 4661
Mobile: 07775 625 185
E-Mail: james.cunliffe@struttandparker.com
Fax: 020 7629 0387
Our Ref: JNC/LRV

For the attention of Stewart Bruce

6 June 2018

Dear Sirs

Langorf Hotel, 18-20 Frognal, London, NW3 6AG

Thank you for your instructions of 24 May 2018 to value 18-20 Frognal, London, NW3 6AG ("the Property") for secured lending purposes on behalf of Proplend Security Limited (the "Client").

THE PURPOSE OF THIS LETTER

In accordance with the requirements of the RICS Valuation - Global Standards 2017, incorporating the International Valuation Standards 2017, we are writing to confirm our understanding of your instructions to us.

SCOPE OF INSTRUCTIONS

We confirm that our understanding of your instructions to us is to value the Property for secured lending purposes as at the Valuation Date, being the date of inspection. The work to be provided by us as specified in the Agreement and in particular this Engagement Letter, shall hereinafter be referred to as the "Services".

Our instructions are to value the Property with the benefit of the current planning consent to include the Market value and Gross Development Value. Although the Property will be subject to a 5 year management agreement as a hotel, we are not instructed to value the existing use value, or to value the proposed management agreement. Furthermore, we are instructed to assume that vacant possession of the Property would be available within 6 months of a sale. Please note, this is a special assumption and supersedes the basis of valuation detailed in your earlier instruction letter.



TERMS

This Engagement Letter and the enclosed documents listed below together contain all the terms of the contract between you and us for these instructions ("the Agreement"). Please read this letter and the enclosures carefully to ensure they accord with your instructions. In the event of any conflict between the documents comprising the Agreement, the following order of precedence shall apply:

1. this Engagement Letter;
2. our Standard Valuation Terms of Engagement (including Schedule of Exclusion Clauses); and
3. our Standard Terms of Business.

LIMITATIONS

Whilst you should read this letter and the enclosed documents carefully we draw your attention in particular to the following provisions:

- The terms of our Agreement with you place exclusions, restrictions and limitations on certain claims which may be made by you against us; specifically, we draw your attention to clause 12 (exclusions and limitation of liability) of our Standard Terms of Business. We advise you to consider the limit applicable to the Services carefully. By signing this Engagement Letter you will be deemed to agree that limitation on our liability and its reasonableness. If, for any reason, you consider that the limit of liability imposed in our Standard Terms of Business is inadequate for your purposes then, in accordance with clause 12.6 of our Standard Terms of Business, you should draw this to our attention in writing before signing this letter and we will consider whether, and on what basis, we are prepared to agree a higher limit.
- The Services provided under the Agreement are provided to you and may be relied upon only by you. We owe no duty of care and disclaim any liability to any third party. If another person specifically requests the right to rely upon our advice, we will consider that request, but reserve the right to decline any such request. We refer you to clause 22.4 of our Standard Terms of Business in this regard.
- We are subject to limitations on our insurance cover in relation to asbestos and pollution and as a result we are unable to carry out some work concerning asbestos, or which brings us into contact with asbestos. Our Standard Terms of Business limit our liability in respect of asbestos and pollution. They also place obligations on you to notify us if you are aware of the presence of any asbestos, pollution, contamination or certain other types of materials or substances on your property.
- In the event that you have requested and we have agreed with you any Special Assumptions to be made for the purposes of the valuation, these have been included in our Standard Valuation Terms of Engagement at paragraph f. You must inform us of any inaccuracies or changes you require to any Special Assumptions prior to entering into this Agreement. By entering into this Agreement, you agree that the Special Assumptions are realistic, relevant and valid for the particular circumstances of the valuation.
- Your attention is drawn to clauses 11.3 and 20 of our Standard Terms of Business in relation to circumstances in which our duty of confidentiality to you may not apply and where our obligations to prevent financial crime may override our duties to you under this Agreement.



- In the event that we carry out any other or additional work for you that is not covered by your instructions set out in this letter, then our Standard Terms of Business will also apply to that other or additional work.

FEES

The fee agreed between us shall be £6,250 exclusive of VAT and inclusive of expenses, which shall become payable by the Customer, prior to submission of our valuation report.

WHAT WE ASK YOU TO DO

Any changes to the terms of our Agreement must be agreed in writing between us before we start work. Therefore, if you have any queries or concerns about any aspect of this letter or the enclosed documents please contact us as soon as possible to discuss those changes.

We would be grateful if you would please date and sign the enclosed copy of this letter. Should we not receive a signed copy of this letter from you, your continuing instructions will confirm your acceptance of the terms of our Agreement.

Yours faithfully

**James Cunliffe MRICS
for and on behalf of Strutt & Parker**

Enclosures:

Standard Valuation Terms of Engagement (including Schedule of Exclusion Clauses)
Standard Terms of Business

Signed Dated

VALUATION TERMS OF ENGAGEMENT

Valuation of 18-20 Frognal, London NW3 6AG ("the Property")

On the instructions of Proplend Security Limited.

6 June 2018

The valuation required falls within the scope of the RICS Valuation – Global Standards 2017, incorporating the International Valuation Standards 2017, and will be carried out in accordance with those standards ("the Standards"). The first requirement of the Standards is that instructions are confirmed in writing, in order to establish that the valuation will meet your needs. If there is any point which you do not understand, or if you believe that your instructions have been interpreted incorrectly, please contact us immediately.

The Valuation

a.	Client	The valuation is on behalf of Proplend Security Limited
b.	Purpose	The valuation is for secured lending purposes and must not be used or relied upon for any other purpose.
c.	Subject of the Valuation	The asset being valued is the Property stated above.
d.	Interest	The current freehold interest is being valued.
e.	Type	The Property is a development site valued with vacant possession. Please note, we are instructed to value the Property as a development site, excluding the existing use value and the proposed 5 year management agreement. This is a special assumption.
f.	Valuation Basis	<p>Market Value – the RICS Valuation – Global Standards 2017, defines this as:</p> <p style="padding-left: 40px;">The estimated amount for which an asset or liability should exchange on the <i>valuation date</i> 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.</p> <p>Market Rent - the RICS Valuation – Global Standards 2017, defines this as:</p> <p style="padding-left: 40px;">"The estimated amount for which an interest in real property should be leased on the Valuation Date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."</p>
g.	Valuation Date	The Valuation Date is the date of inspection as applicable and set out in our letter of engagement. The valuation will be provided as soon as possible.
h.	Valuer Status	We confirm that we have not had any material previous involvement with the Property or the parties to the transaction in the last 24 months, save for providing to two other development funders of which you are fully aware, who on the refinancing of the Property, will no longer provide funding. In preparing this valuation we are acting as independent valuers in accordance with Practice Statement ("PS") 2 of the RICS Valuation – Global Standards 2017. The valuation will be carried out by James Cunliffe MRICS ("the Valuer"), a Chartered Surveyor who is a member of the RICS Valuation Faculty and is a RICS Registered Valuer.
i.	Currency	The valuation will be stated in £ (sterling).
j.	Assumptions	In preparing the valuation assumptions, caveats and reservations may be made; a provisional schedule of these (the Schedule of Exclusion Clauses) is attached. Special Assumptions may also need to be made and these are in the text of the valuation report. See above for basis of valuation.
k.	Inspection	The valuation will be provided following a sample internal and external inspection.
l.	Information	We may rely on information supplied by the Client, the Property owner, local authorities and other relevant sources and there may be limitations/ restrictions placed on some of the information provided.

m.	Publication	Neither the whole nor any part of our valuation report or any reference thereto will be allowed to be included in any published document, circular or statement, or published in any way, without our prior written approval of the form and context in which it may appear.
n.	Liability	The valuation is provided for the stated purpose(s) only, for the sole use of Proplend Security Limited and is subject to the terms of our Agreement. It is confidential to it, and we accept no responsibility whatsoever to any other party.
o.	Standards	The valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017, incorporating the International Valuation Standards 2017 (“the Red Book”) as at the Valuation Date. The value of a property can change, depending on a variety of factors, including the economic climate, local conditions and the state of the property and its occupancy.
p.	Fees	The fee for providing the is £6,250.00 exclusive of VAT and inclusive of any expenses.
q.	Terms of Business	We enclose a copy of our Terms of Business, which also refer to the handling of complaints and which should be read in conjunction with these Valuation Terms of Engagement. If there is any conflict between the terms set out in these Valuation Terms of Engagement and the terms set out in our Terms of Business, these Valuation Terms of Engagement will prevail.
r.	Knowledge	We confirm that the Valuer has the relevant experience and knowledge in valuing properties of a comparable nature, complexity and value to the property.
s.	Regulation	A copy of the firm’s complaints handling procedure is available on request. The valuation may be subject to monitoring under the RICS conduct and disciplinary regulations.
t.	Description of Report	Unless specifically instructed otherwise, the valuation report shall be prepared in a suitable format, complying with the minimum terms of reporting, contained in the RICS Valuation – Global Standards 2017.

Strutt & Parker

SCHEDULE OF EXCLUSION CLAUSES

This Schedule of Exclusion Clauses adopts the defined terms as set out in our Engagement Letter, our Valuation Terms of Engagement and our Standard Terms of Business, as applicable.

1. Inspection and State of Repair

- For the purposes of this valuation report we will not undertake a structural survey of the Property, a specific test of the services, a specific investigation as to the possible use of deleterious materials or techniques, a specific site survey, and/or an environmental assessment.
- The valuation will be prepared on the assumption that: the building and services are free of major defect; no deleterious materials or techniques have been used; the site and ground conditions are satisfactory; and the property has not been affected by environmental contamination.
- Any issues identified or drawn to our attention, during the course of our inspection of the Property and the surrounding area and/or on making further enquiries (including the review of any third party survey or report prepared by an appropriately qualified professional and made available to the Valuer), that a competent valuer might reasonably expect to have an effect, adverse or otherwise, on its assessment of the Property, has been reflected in the advice given to the Bank/Client.
- We will advise the Bank/Client if we consider that further investigation is necessary [prior to the completion of our valuation report].

2. Deleterious & Hazardous Materials

- We are unable to state whether or not High Alumina Cement Concrete Calcium Chloride Additive, Woodwool Permanent Shuttering, Asbestos or other deleterious materials have been used in the construction/improvement or alteration of the Property. Our valuation is based on the assumption that they have not been used unless specifically stated in the appendices to the valuation report and that there are no other material defects which a detailed structural investigation might reveal.
- In the absence of information to the contrary, our valuation is based on the assumption that such deleterious and hazardous materials have not been used unless specifically stated in the valuation report and that there are no other material defects which a detailed structural investigation might reveal.
- Notwithstanding the comments above, it is likely that the cement fibre cladding sheets to the roofs and walls of some buildings and property contain asbestos in common with most other cladding sheets used in buildings of this sort until 1999 when the use of asbestos for this purpose was discontinued.
- The Control of Asbestos at Work Regulations 2002 introduced a new duty for people responsible for the maintenance of non-domestic premises to produce a register of materials either containing or presumed to contain asbestos.

3. Contamination, Asbestos and Other Hazardous Materials

- The Property and its value may be affected by any of the following:
 - (a) the presence of asbestos, materials containing asbestos, or other hazardous materials;
 - (b) contamination associated with such materials; and/or
 - (c) contamination in other respects.
- Identification of all of those is highly specialised work, as is identification of their condition and stability, and of any resulting or related risks. Strutt & Parker have neither the qualifications, nor the expertise, nor any appropriate accreditation, to be able to carry out any such work. We are not aware of the existence, content or results of any environmental audit or other environmental investigations or soil survey which may have been carried out on the Property and which may have drawn attention to any contamination or possibility of contamination. We are also not aware of the existence, content of results of any report, risk assessment, or other investigation which may have been carried out on the Property and which may have drawn attention to the presence of any asbestos, of any substance containing asbestos, or of any other hazardous material at the Property, or to any risk or possibility of this.
- As a result of all these factors, our valuation is based on the assumption that no contamination exists, and that no asbestos, no substance containing asbestos, and no other hazardous material is present at the Property.
- You should seek specialist advice on these issues. We reserve the right to amend our valuation should such specialist advice reveal the presence or likely risks from an asbestos or contamination.
- We suggest in making their enquiries that your legal advisers should ascertain whether the Property or any part of it has ever been the subject of any use which might result in it being contaminated. You should give full consideration to the results and implications of those enquiries before you enter into any legal commitment.
- In undertaking our work, we will assume that no contaminative or potentially contaminative uses have ever been carried out on the Property or any neighbouring land.
- We will not carry out any investigations into past or present uses, either of the Property or of any neighbouring property or land, to establish whether there is any contamination or potential for contamination to the Property from these uses or sites. We have therefore assumed that none exists. However, should it subsequently be established that contamination, seepage or pollution exists at the Property or on any neighbouring land, or that the Property has been or is being put to a contaminative use, this might reduce the valuation significantly.
- We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the Property and which may have drawn attention to any contamination or the possibility of such contamination.

4. Environmental Audits

- We strongly recommend that your customer's solicitor should make appropriate enquiries. If adverse issues arise, we should be advised in time to amend our valuation if necessary and before any reliance is placed upon it.

5. Fixtures and Fittings

- All items in the nature of tenant's fixtures and fittings, plant and machinery except where specifically remarked upon are excluded in the valuation.

6. Pests and Diseases

- No investigation has been carried out into any infestation of any part of the Property of notifiable diseases or pests.

7. Title Deeds/Tenure

- We have assumed 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 recommend that reliance should not be placed on our interpretation without verification by your solicitors.
- 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.
- Where we are not provided with Licences to Assign, Sublet, Deeds of Variation or rent review memoranda we have relied upon information supplied to us.
- We have not made 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

8. Local Authority Information

- Our valuation is provided on the basis that the buildings and the uses to which they are put are authorised by planning permission or have become established under the Town and Country Act 1990. We believe that the information we have been provided with is correct but cannot accept liability for either incorrect information or material omissions in the information supplied to us.
- We assume that there are no adverse planning or highway proposals affecting the Property.

9. Plans

- The plans are for identification purposes only.

10. VAT

- Our valuation makes no provision for the payment of Value Added Tax. If all or part of the Property is taxable supply, it is assumed that the tax will be recovered by the purchaser and therefore the value would not be reduced. In the event of the Property being sold, this may not be the case.

11. Comparable Evidence

- Unless otherwise stated we may not have inspected internally or externally the properties set out in the valuation report which are considered to be comparable market transactions either in terms of rental or capital value.

12. Stamp Duty

- Our valuation is exclusive of Stamp Duty Land Tax

13. Sources of Information

- The information in our valuation report regarding Council Tax/Uniform Business Rates, planning and highways is obtained either orally or in writing from the Local Authorities. We believe it to be correct and will rely on the information supplied by them in preparing the valuation, but we cannot accept liability for any incorrect information from these sources. We will similarly believe to be correct and rely upon information provided by your customers or their lawyers and we do not accept any liability for any assumptions made in connection with that information.

14. Soil Analysis and Site Conditions

- We are not making any investigations regarding soil stability, mining, geographical conditions or contaminated land and assume that, unless information has been provided to the contrary, the sites in each case and in adjoining or nearby land are not contaminated and that there are no dangerous materials in the vicinity of the Property.

15. Minerals

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

16. Grants

- Unless referred to specifically in our valuation report, we have not taken account of any grants or other subsidies which may have been received or may be available in respect of the Property nor any liability to repay such sums which may arise on disposal.

17. Mortgage and Financial Encumbrance

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

18. Archaeology

- No account has been taken of any additional costs of delays, which may be caused as a result of archaeological excavations or recording, which may be required. We reserve the right to alter our valuation if such works materially affect the Property in any way.

19. Insurance

- 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 by reference to the Building Cost Information Service (BCIS) Rebuilding Cost Index and adjusted as appropriate to the Property. No reliance should be placed on this. Separate professional advice should be sought in respect of building costs of the Property.
- Unless expressly advised to the contrary we assume that appropriate insurance cover is and will continue to be available on commercially acceptable terms.
- Our valuation is made on the assumption that the Property is insured against damage by flood and rising water table.

20. Taxation & Costs of Sale

- No allowance is made for any liability which might arise upon a disposal or deemed disposal in respect of Capital Gains Tax and other tax impositions, and our valuation is gross of costs of realisation.
- Our figures do allow for purchaser's acquisition costs at the amount stated in the valuation report.

21. Measurement and Areas

- All measurements set out in the valuation report are carried out in accordance with the current International Property Measurement Standards, incorporating the Code of Measuring Practice issued by RICS unless specifically stated that we have relied on another source.

Strutt & Parker

STRUTT & PARKER TERMS OF BUSINESS

1. Application

These terms of business and our Engagement Letter set out the basis on which we shall provide you with Services and also contain certain information which we are required by the Royal Institution of Chartered Surveyors ("RICS") to give you. In the event of any conflict between these terms of business and our Engagement Letter, the terms of the Engagement Letter shall prevail.

2. Interpretation

In these terms:

"Agreement"	has the meaning as set out in the Engagement Letter.
"Strutt & Parker" "the firm" "we" "our" and "us"	mean Strutt & Parker, a trading style of BNP Paribas Real Estate Advisory & Property Management UK Limited, a private limited company registered in England and Wales (with registered number 4176965) and whose registered office address is at 5 Aldermanbury Square, London, EC2V 7BP.
"you" and "your"	means the Client, as defined in the Valuation Terms of Engagement.
"Engagement Letter"	means our letter or other communication to you setting out the basis on which we shall carry out a particular matter for you
"Services"	means the work carried out by us as specified within the Agreement and in particular under the scope of your instructions as described in our Engagement Letter.
"Confidential Information"	means any confidential information, matter, data, know-how, documents, secrets, dealings, transactions or affairs (however recorded or preserved), whether directly or indirectly disclosed to us by you or your employees, officer, representatives or advisors, whether before, on or after the date of our Engagement Letter, concerning the provision of the Services.
"Special Assumptions"	means the special assumptions as set out in the Valuation Terms of Engagement.

3. Time charge fees

- 3.1 We will charge a Time Charge Fee for work carried out for you unless, in advance of carrying out the work, we have specified in writing to you that a commission or some other fee will be charged.
- 3.2 In these Terms of Business a "Time Charge Fee" means the hourly charging rate of the employee(s) involved multiplied by the number of hours spent by that person on the work in question. You may at any time request details of the relevant charging rates applicable to the work we are doing.
- 3.3 Where for any reason the work is not completed or instructions are withdrawn you will pay to us a Time Charge Fee for time spent by us on the work up to the time when work ceased.

4. Invoices and time for payment

- 4.1 We will deliver invoices to you as work on the matter progresses. This may be monthly, quarterly or such frequency as is appropriate in the circumstances.
- 4.2 All invoices are due for immediate payment upon delivery. In the event that any invoice has not been paid in full by you within 14 days of delivery we may charge interest on the unpaid amount at the rate of four per cent above Barclays Bank plc base rate from time to time from the date of delivery. Such interest shall be compounded every six months from the date of delivery of the invoice.
- 4.3 Please notify us whenever you send funds to us and the purpose for which they are being sent. If funds are sent in a currency other than sterling they shall be converted into sterling unless you notify us in advance that they are not to be converted. Any exchange risk and bank charges (including any levied by our bankers) will be yours.

5. Expenses

- 5.1 Unless otherwise agreed in writing between us and you, all travel and out-of-pocket expenses incurred by us in the performance of work for you are repayable by you to us in addition to fees or commissions charged by us. Out-of-pocket expenses charged will include an allowance for postage, stationery and telephone costs.
- 5.2 We may invoice you for repayment of out-of-pocket expenses at any time after they have been incurred by us.

6. Performance of Services

- 6.1 We shall use reasonable skill and care in providing the Services to you and unless a specific timescale is agreed we shall provide the Services to you in a reasonable time. Unless any specific method of providing the Services to you has been agreed between you and us in writing, we will provide the Services to you in such manner as we consider to be appropriate.

6.2 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. With the exception of such incidental tasks, we will not sub-contract any part of the Services to be performed for you without your express prior consent.

6.3 We will be entitled to determine the location at which to supply the Services and will be entitled to determine that different individuals within our organisation based in different locations should supply different parts of the Services for you.

7. Scope of Services

7.1 You have instructed us to provide the Services.

7.2 In the event that you wish to alter your instructions to us after we have commenced work on the supply of the Services for you, we will be entitled to refuse to accept such altered instructions but if we do refuse to accept such instructions, we will cease to supply the Services originally specified and will be entitled to a Time Charge Fee for Services supplied up until that time.

7.3 We will not be responsible to you for the work of any other professional adviser or contractor from whom you might seek to obtain goods or services whether or not instructed by us on your behalf.

8. Advice

8.1 We will not accept any liability for any valuation given orally and not confirmed in a formal written report which states the basis and purpose of the valuation, the assumptions on which it is based and any limitations as to the matters which it takes into account. You agree that you will not rely on any valuation or survey given orally unless and until it is so confirmed in writing.

8.2 If we give you any other advice orally and you wish to rely on it for any purpose you must first ask for and receive that advice from us in writing before relying on it.

8.3 We will not be under any obligation to update any advice, report or valuation to take account of events occurring or information received after the advice, report or valuation has been delivered in final written form.

8.4 Subject to clause 12, if we express an opinion or make a forecast concerning future events you agree that we shall only be liable for the loss that was caused by our failure to exercise reasonable skill and care when giving that opinion or making that forecast.

9. Client's commitments

9.1 You will pay us fees and/or commission as expressly agreed or as specified in these Terms of Business.

9.2 In addition to fees and/or commission, you will pay us all disbursements and other costs as referred to in clause 5 above and any applicable VAT on all fees and/or commission, disbursements and costs at the rate in force from time to time.

9.3 If you engage us to perform the Services but subsequently instruct us to perform additional services you will pay to us a fee and/or commission for such additional services as well as the fee or commission for the original Services.

9.4 It will be your responsibility to ensure that adequate access is provided for us and our representatives to any land and buildings and to any deeds, documents, plans, drawings, models or information, whether stored in hard copy or in an electronically retrievable form, which we may require in order to supply the Services to you.

10. Use of email

Unless you request us not to do so you agree that we may communicate with you and others in connection with your work by email to any email address provided to us for that purpose. In doing so you acknowledge and accept the risks inherent in this form of communication particularly of its unauthorised interception and of its not reaching the intended recipient. Please notify us in writing if you do not consent to the use of email.

11. Copyright, confidentiality and third party rights

11.1 Copyright and other intellectual property rights in any original material (including correspondence), document, drawing, plan, model or report produced by us for you shall remain vested in us and we grant to you only a non-exclusive, non-assignable licence to use any such copyright work only for the purposes for which it was prepared. We may also provide copies of other material, the copyright and/or intellectual property rights in which may belong to third parties. We do not authorise you to copy or otherwise use any third party material in any manner which might amount to an infringement of the copyright and/or intellectual property rights of any third party.

11.2 Subject to clause 11.3, we will not disclose any Confidential Information to any third party other than to your other professional advisors and consultants any confidential information we obtain concerning you or your affairs.

11.3 The provisions of clause 11.2 shall not apply to any Confidential Information that: (a) we reasonably believe we are required to disclose by law or by the requirement of any regulatory body; (b) is or becomes generally available to the public (other than as a result of its disclosure by us in breach of clause 11.2); (c) was available to us on a non-confidential basis before disclosure to us for the purposes of our supply of the Services; (d) was, is or becomes available to us on a non-confidential basis from a person who, so far as we are aware, is not bound by a confidentiality

agreement with you or otherwise prohibited from disclosing the information to us; (e) you and we agree in writing is not confidential or may be disclosed; or (f) we may wish to disclose to our professional indemnity insurers or advisers.

11.4 We will accept no liability to any third party to whom or which you may disclose our advice or purport to transfer the benefit of any Services supplied by us or to whom or which you may show any document, drawing, plan, model or report produced by us for you.

12. Exclusions and limitation of liability

12.1 Nothing in this clause shall operate so as to exclude or limit either party's liability for death or personal injury resulting from its negligence.

12.2 Subject to clauses 12.1, 12.3 and 13, the extent of our liability to you for any loss or damage suffered by you as a direct result of the breach of this Agreement or our negligence shall be limited in the aggregate to the lower of (i) £5,000,000 per claim or series of related claims; (ii) the value of the loan; or (iii) 65% of the market value of the property or interest in property in connection with which we have been engaged as at the time of our engagement; **PROVIDED THAT** we shall only be liable where such loss or damage was a reasonably foreseeable consequence of our breach of this Agreement or our negligence at the date this Agreement for the Services was made between you and us.

12.3 We shall not be liable to you whether in contract, tort (including negligence), for breach of statutory duty, or otherwise, arising under or in connection with our provision of the Services for:

12.3.1 any loss or damage suffered by you where such damage or loss resulted from incomplete, inaccurate or erroneous information or instructions provided or made available to us by you or by any third party acting on your behalf including the provision to us of the same upon which any Special Assumptions are based; or

12.3.2 in any event, any loss of profits, account of profits, loss of revenue sale or business, loss of turnover, loss of agreements or contracts, loss of or damage to goodwill, loss or damage to reputation, loss of customers, or liability in relation to any other contract you may have entered into or any indirect or consequential loss or damage.

12.4 If you suffer loss as a direct result of our breach of contract or negligence, our liability shall be limited first to clause 12.2 above and thereafter to a just and equitable proportion of your loss having regard to the extent of responsibility of any other party. In particular, our liability shall not increase by reason of a shortfall in recovery from any other party, whether that shortfall arises from an agreement between you and them, your difficulty in enforcement, or any other cause.

12.5 All amounts due under this Agreement shall be paid by you in full without any set-off, counterclaim, deduction or withholding (other than any deduction or withholding of tax as may be required by law).

12.6 The limit on our professional indemnity insurance cover varies from time to time but will not at any time be less than the minimum level of cover required by RICS Rules of Conduct as amended from time to time. If you require us to accept liability in respect of a larger potential loss than that for which we have insurance cover, you must notify such requirement to us in writing and we will ascertain the cost of obtaining (if possible) additional insurance protection and thereafter notify you of the additional fee or charge that would be payable by you to enable us to accept that higher level of liability.

12.7 By accepting the terms of this Agreement you are also agreeing that Strutt & Parker alone will provide the Services to you and you agree not to bring any claim whether in contract, tort, under statute or otherwise against any individual director, employee or consultant of Strutt & Parker.

13. Asbestos and Pollution

13.1 For the purposes of these Terms:

"Asbestos" means any type of asbestos and any substance that contains a type of asbestos (in any form and in any quantity) however and wherever occurring and any form of contamination by asbestos however and wherever occurring.

"Pollution" means pollution or contamination by naturally occurring or man-made substances forces or organisms or any combination of them whether permanent or transitory and however and wherever occurring.

13.2 We are not authorised or qualified to undertake surveys or inspections required under the Control of Asbestos at Work Regulations 2002 and we will not undertake such work. We recommend that you employ an appropriately qualified person to provide such services and that you should ensure you are familiar with the requirements of those Regulations.

13.3 You agree to tell us as soon as possible if you are aware, or become aware, of the presence or potential presence of asbestos or pollution on the Property or in any building or structure on the Property.

13.4 We are not liable for any loss or damage directly or indirectly arising out of or in any way involving Asbestos or Pollution other than where that loss or damage is caused as a direct and foreseeable result of our negligence or breach of contract at the date this Agreement was made. In any event our liability for such loss or damage involving Asbestos (including the potential existence of Asbestos) or Pollution shall be the lower of: (i) £500,000 and (ii) the

value of the relevant part of the Property or interest in the Property in connection with which we have been engaged by you.

- 13.5 If you should require us to accept liability in respect of a larger potential loss, you must notify such requirement to us and we will ascertain the cost of obtaining (if possible) additional insurance protection and thereafter notify you what additional fee or charge would be payable by you in order to enable us to accept that higher level of liability.

14. Force majeure

Neither you nor we shall be liable for any loss or damage which may be suffered by the other as a direct or indirect result of the performance of this agreement being prevented, hindered, delayed or rendered uneconomic by circumstances or events beyond our control including but not limited to Act of God, war, riot, strike, lock out, trade dispute or labour disturbance, accident, breakdown of machinery, fire, flood, storm or act of terrorism.

15. Data protection

We have informed the Information Commissioner of the extent to which we process personal data, as defined in the Data Protection Act 1998 ("the DPA") and we will comply with our obligations under the DPA.

16. Storage

- 16.1 Our practice is to retain our Client files for six years from the date on which the Services were effectively completed. This is the length of time that we are required to do so by the RICS Rules. After this time, Client files may be destroyed in accordance with our archiving policy. Please let us know in writing if you have any objection to this. This does not apply to documents which we reasonably consider to be of continuing significance, estate records or title deeds but does include documents that belong to you.

- 16.2 Storage of Client files may be provided by third party contractors and you consent to this arrangement. You agree to meet our reasonable costs in accessing your files, at your request, in any off-site facility for reasons which do not relate to on-going work where such files have been archived following the completion of the relevant Services.

- 16.3 For the purpose of this clause, "file" means any file of documents stored in any format, including physical or electronic and in or on any medium. You acknowledge and accept that your Client files may be stored in a number of different media and formats and accept that there is a risk of damage and/or corruption associated with all systems of file storage.

17. Termination

- 17.1 Unless otherwise expressly agreed by us you may terminate any agreement for consultancy work with us immediately by giving us written notice to that effect. Where our instructions include management work either party may terminate the agreement by giving not less than six months' notice in writing to the other.

- 17.2 Either of us may terminate this agreement immediately:

17.2.1 in the event of a material breach, by the other, of the terms of this agreement (for example by you failing to pay any invoice when due or persistently failing to give us proper instructions); or

17.2.2 in the event that the other becomes insolvent (which for this purpose includes being unable to pay debts as they fall due, entering into any composition or voluntary arrangement with creditors, being the subject of a bankruptcy or winding up order, being presented with a petition for an administration order or the appointment of an administrative receiver or receiver and manager over or in respect of all or any part of your assets).

- 17.3 The provisions of clauses 11, 12 and 16 shall survive termination of this Agreement.

- 17.4 Termination of this Agreement shall not affect any rights which shall have accrued to either us or you prior to such termination.

18. Assignment and variation

- 18.1 Subject to clause 18.2, neither party may assign any of its respective rights or obligations under this Agreement to any third party without the prior written consent of the other party.

- 18.2 You agree that we may assign all of our rights and transfer all of our obligations under this Agreement to any successor partnership or body corporate (including a limited liability partnership) which succeeds to the business of the firm and that such partnership or body corporate may assume all of the firm's rights and obligations under this Agreement in our place.

- 18.3 This Agreement may only be varied by an agreement in writing between us and you or by our issuing terms of engagement terms which supersede this Agreement and to which you do not object within 28 days of despatch. Your continuing to instruct us after that 28 day period will be deemed to be your acceptance of such revised terms.

19. Complaints and dispute resolution procedure

Our policy is to look at complaints objectively and take a constructive approach to reaching a satisfactory conclusion. Should you have a complaint, you agree in the first instance to contact in writing the fee earner of Strutt & Parker who is responsible for the matter concerned. Your complaint will be acknowledged within five working days advising you who is dealing with the complaint and that it will be dealt with in accordance with our complaints handling procedure, as

amended from time to time and which is incorporated into the Agreement by reference. A copy of our complaints handling procedure is available on request.

20. Money laundering and compliance

20.1 We may take reasonable action to comply with laws, regulations, sanctions regimes, guidance, our own policies and procedures and any requirement of any regulatory, governmental, taxation or law enforcement body relating to the detection and prevention of money laundering, terrorist financing, tax evasion, fraud, the provision of goods or services to persons subject to economic or trade sanctions, violations or attempted violations of any law, or any attempt to conceal, disguise, convert, transfer or otherwise deal with the proceeds of crime. Neither we nor any of our directors, employees or consultants shall be liable to you or to any third party for any loss arising in connection with any such action which we may take or any delay or failure in providing the Services as a result of our taking any such action.

20.2 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.

21. Entire agreement and non-reliance

21.1 This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements in connection with the subject matter hereof except where expressly agreed in this Agreement. No director, partner, employee or agent of any party to this Agreement is authorised to make any representation or warranty not contained in this Agreement and the parties each acknowledge that, in entering into this Agreement, none of them has relied on any representation or warranty that is not set out or annexed to this Agreement and signed by all the parties. The parties further acknowledge and agree to exclude any right or remedy which would otherwise be available to them in respect of any misrepresentation (whether made innocently or negligently) insofar as any representation or warranty is not set out nor annexed to this Agreement and signed by all the parties.

21.2 Each party, having been given the opportunity to provide the other with any particulars of any statements or representations which it considers have been made and which has induced it to enter into this Agreement, confirms that any such statements or representations are annexed hereto and signed by all the parties. Each party agrees that its only liability in respect of those representations or warranties that are set out in or annexed to this Agreement (whether made innocently or negligently) shall be for breach of contract.

21.3 Should the above exclusion for negligent misrepresentation fail the test of reasonableness applicable to such an exclusion then liability for negligent misrepresentation shall not be excluded.

21.4 Nothing in this clause 21 shall limit or exclude any liability for fraudulent misrepresentation.

22. Miscellaneous

22.1 Any notice to be given by us to you shall be deemed properly given if put in writing and sent by personal delivery or first class post to your address from which instructions were given to us. Any such notice shall be deemed to have been duly given upon the date on which it was given if sent by personal delivery and twenty four hours after posting if sent by post.

22.2 No delay or omission on our part in exercising any right, power or remedy under this Agreement with you shall impair such right, power or remedy or operate as a waiver thereof.

22.3 If at any time any part of the Agreement between you and us is or becomes illegal, invalid or unenforceable in any respect, 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 or deletion of a provision or part-provision under this clause shall not affect or impair the legality, validity or enforceability of any other parts of the Agreement.

22.4 Except as may otherwise be expressly agreed between the parties in writing, no part of our Agreement shall be enforceable by a third party under the Contracts (Rights of Third Parties) Act 1999 or otherwise. No benefits under our terms are to be conferred by you to any third party. You agree that you will not provide a copy of any of our work, including without limitation any valuation report, constituting the Services to any third party.

22.5 This Agreement shall be governed by and construed in accordance with English Law and the parties submit to the exclusive jurisdiction of the English courts.

APPENDIX C

Schedule of Photographs

PHOTOGRAPHS

18-20 Frognal, London NW3 6AG



Front Elevation



Street Scene

PHOTOGRAPHS

18-20 Frognal, London NW3 6AG



Entrance/Reception Area



Entrance Hall

PHOTOGRAPHS

18-20 Frognal, London NW3 6AG



Typical Room



Typical Room

PHOTOGRAPHS

18-20 Frognal, London NW3 6AG



Typical Room



Typical Corridor

PHOTOGRAPHS

18-20 Frognal, London NW3 6AG



Dining Room



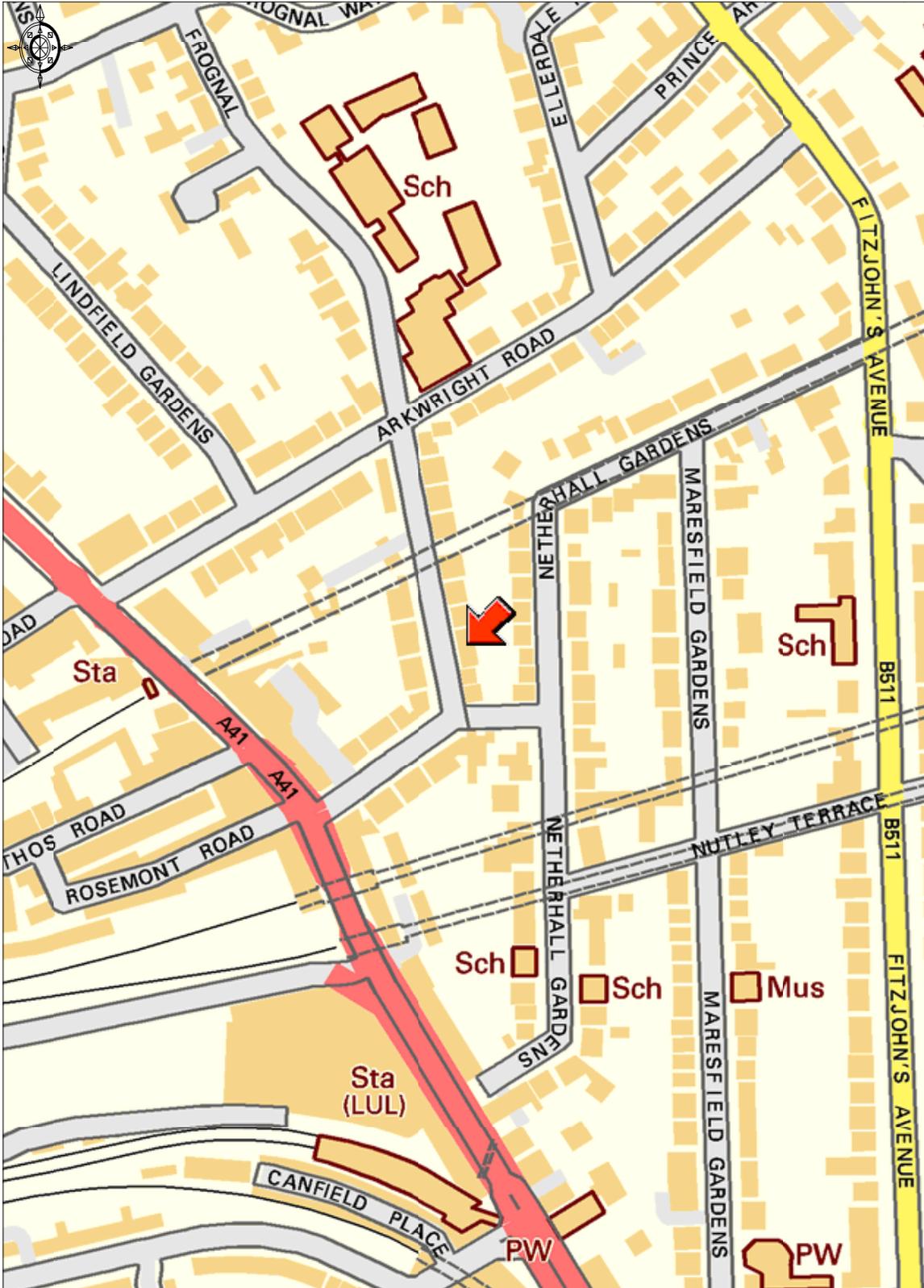
Rear Garden

APPENDIX D

Location and Land Registry Plan

Location Plan

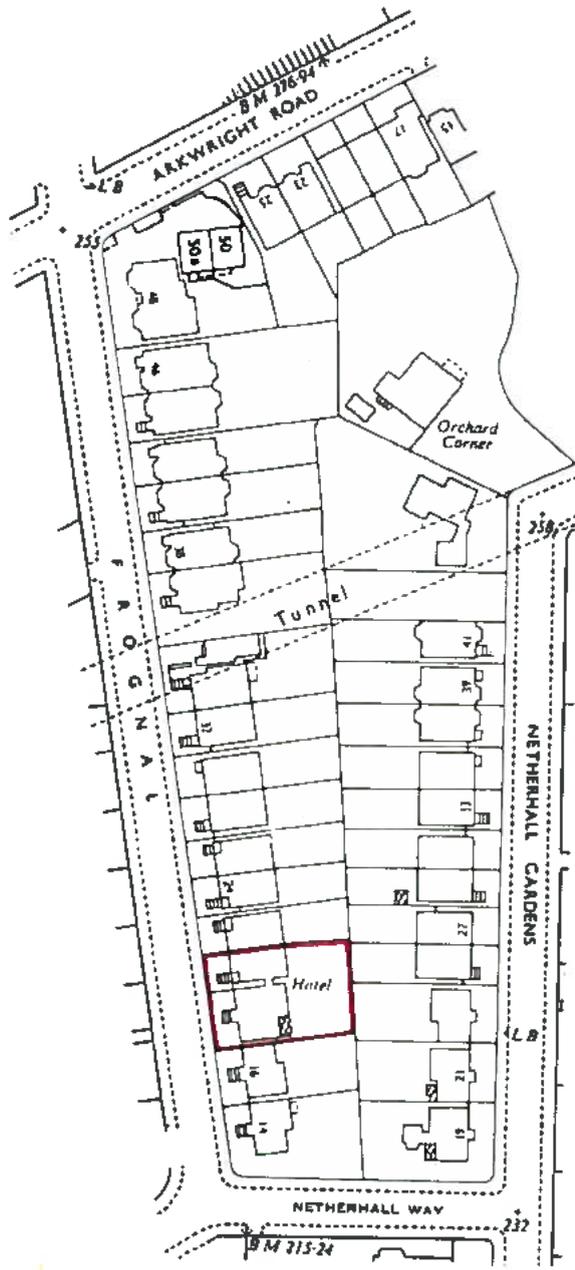
18 - 20 Frognal, London NW3 6AG



H.M. LAND REGISTRY		TITLE NUMBER	
		NGL667264	
ORDNANCE SURVEY PLAN REFERENCE ①	COUNTY	SHEET	NATIONAL GRID
	GREATER LONDON		TQ 2685
			SECTION AA
Scale: 1/1250		© Crown copyright 1984.	

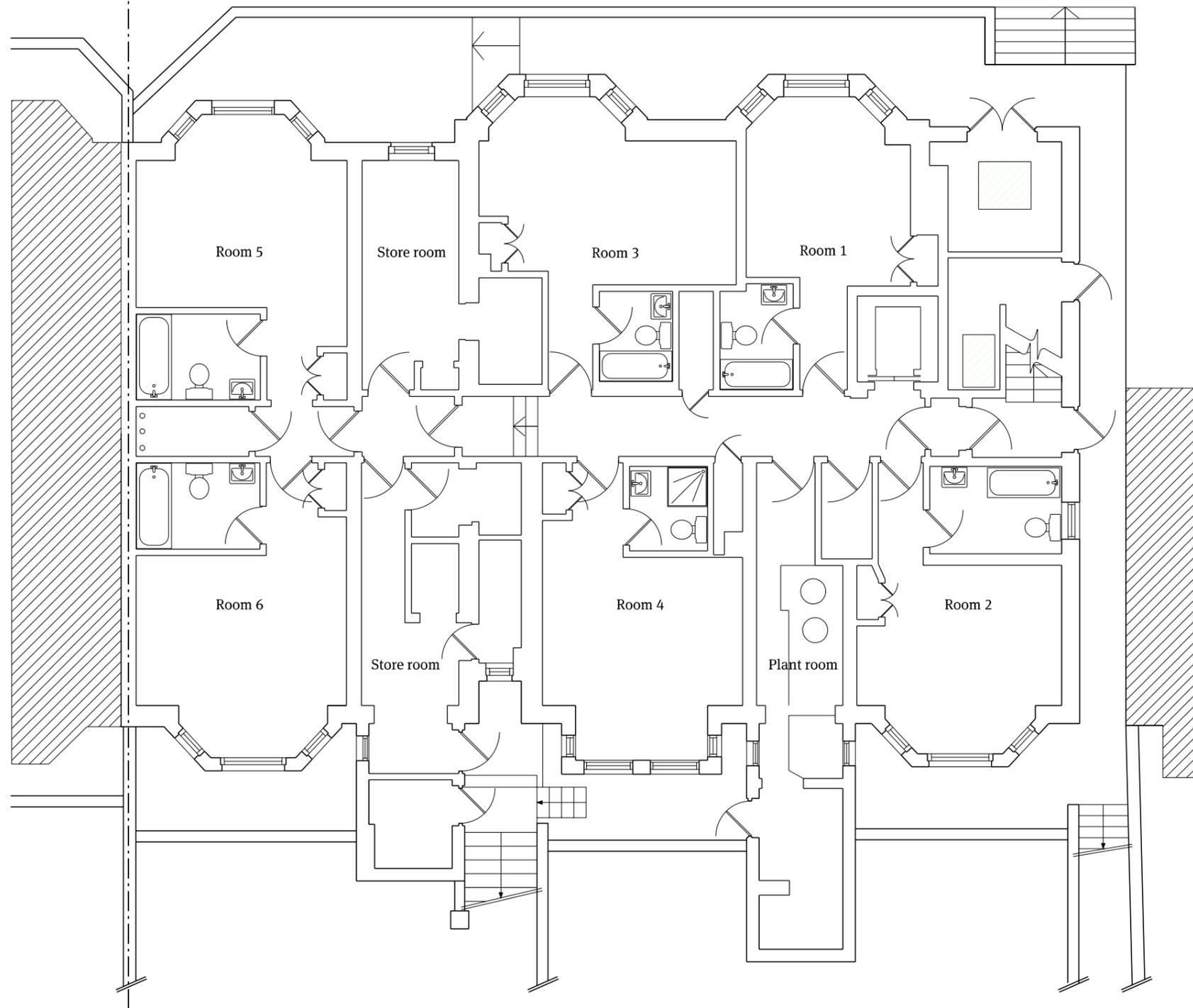
BOROUGH OF CAMDEN

Old Reference LN V19 B (Pt of)
LN II 99 M (Pt of)



APPENDIX E

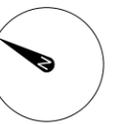
Existing Layout



01 Existing Basement Floor Plan
1:100@A3

Notes
Do not scale this drawing. All dimensions must be checked and Papa Architects are to be informed of any discrepancies prior to construction. Any DWG's issued by PAPA architects are to be read in conjunction with the associated PDF versions. This drawing and any of the details therein remain the copyright of Papa Architects Ltd.

Rev	Date	Reason For Issue	ML	Chk
P01	12.02.15	Amendments		



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Client

Address

18-20 Froggnal
NW3 6AG

Drawing title
Existing Basement
Floor Plan

Project No.	Date	Scale
1303	March 14	1:100 @ A3

Drawing No.	Current Rev
98-201	P01

APPENDIX F

Accommodation Schedule and Values

Accommodation Schedule and Opinion of Value

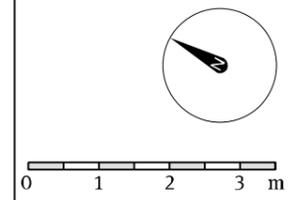
Unit	Floor	Beds	Baths	GIA sq ft	GIA sq m	S&P MV	S&P £psf	S&P MR £pw	S&P MR £pcm	S&P MR £pa	Yield
Flat 1	B	2	2	797	74.0	£1,075,000	£1,349	£650	£2,817	£33,800	3.14%
Flat 2	B	3	3	1,421	132.0	£1,700,000	£1,196	£1,000	£4,333	£52,000	3.06%
Flat 3	G	1	1	570	53.0	£725,000	£1,272	£450	£1,950	£23,400	3.23%
Flat 4	G	1	1	549	51.0	£735,000	£1,339	£450	£1,950	£23,400	3.18%
Flat 5	1	2	1	753	70.0	£1,000,000	£1,328	£600	£2,600	£31,200	3.12%
Flat 6	1	2	1	657	61.0	£890,000	£1,355	£575	£2,492	£29,900	3.36%
Flat 7	1	1	1	570	53.0	£735,000	£1,289	£450	£1,950	£23,400	3.18%
Flat 8	2	2	1	678	63.0	£915,000	£1,350	£600	£2,600	£31,200	3.41%
Flat 9	2	2	1	667	62.0	£900,000	£1,349	£600	£2,600	£31,200	3.47%
Flat 10	2	1	1	538	50.0	£735,000	£1,366	£450	£1,950	£23,400	3.18%
Flat 11	3	2	1	797	74.0	£1,125,000	£1,412	£600	£2,600	£31,200	2.77%
Flat 12	3	2	1	893	83.0	£1,275,000	£1,428	£685	£2,968	£35,620	2.79%
18 Frogna	G	3	1	840	78.0	£1,175,000	£1,399	£675	£2,925	£35,100	2.99%
Total Flats				9,730	903.9	£12,985,000	£1,335	£7,785	£33,735	£404,820	3.12%

APPENDIX G

Consented Layout

Notes
Do not scale this drawing. All dimensions must be checked and Papa Architects are to be informed of any discrepancies prior to construction. Any DWG's issued by PAPA architects are to be read in conjunction with the associated PDF versions. This drawing and any of the details therein remain the copyright of Papa Architects Ltd.

Rev	Date	Amendments	ML
P01	12.02.15	Amendments	ML
		Reason For Issue	Chk



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222 Archway Road, Highgate,
London N6 5AX
Phone. +44(0)20 8348 8411
Fax. +44 (0)20 8348 7411
www.papaarchitects.co.uk

Client

Address
18-20 Froggnal
NW3 6AG

Drawing title
Proposed Basement Plan

Project No.	Date	Scale
1303	March 14	1:100@A3

Drawing No.	Current Rev
00 201	P01

03
00 211
Elevation

Elevation 03
00 211

04
00 213
Elevation

Elevation 02
00 212

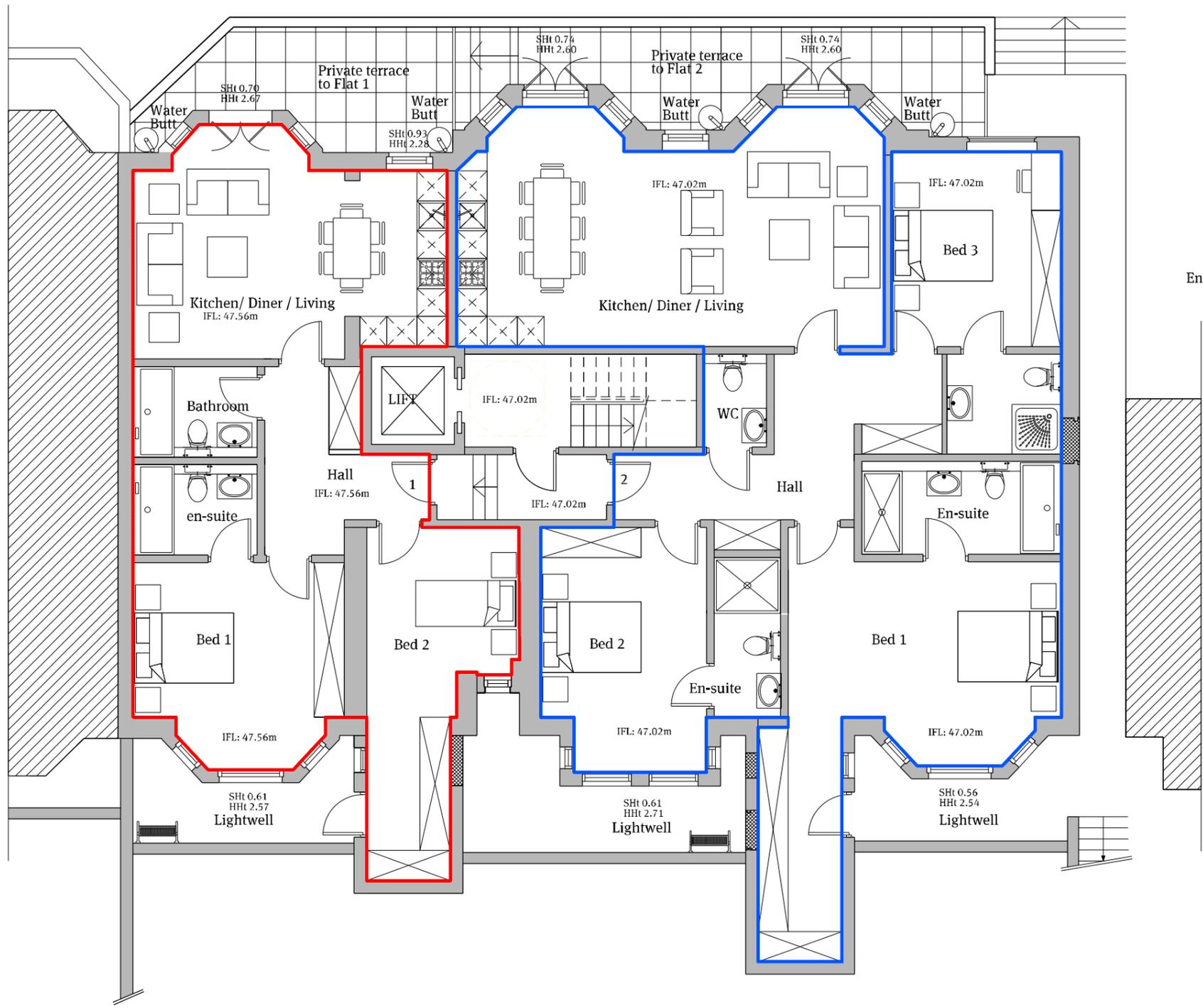
04
00 213
Elevation

Elevation 02
00 212

01 Proposed Basement Floor Plan
1:100@A3

01
00 210
Elevation

Elevation 01
00 210

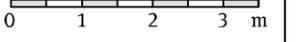


For Area Schedule please refer to:
1303 00 203, 1303 00 204, 1303 00 205

For Area Schedule please refer to:
1303 00 203, 1303 00 204, 1303 00 205

Notes
Do not scale this drawing. All dimensions must be checked and Papa Architects are to be informed of any discrepancies prior to construction. Any DWG's issued by PAPA architects are to be read in conjunction with the associated PDF versions. This drawing and any of the details therein remain the copyright of Papa Architects Ltd.

Rev	Date	Reason For Issue	Chk
P02	09.03.15	Amendments	ML
P01	14.02.15	Amendments	ML



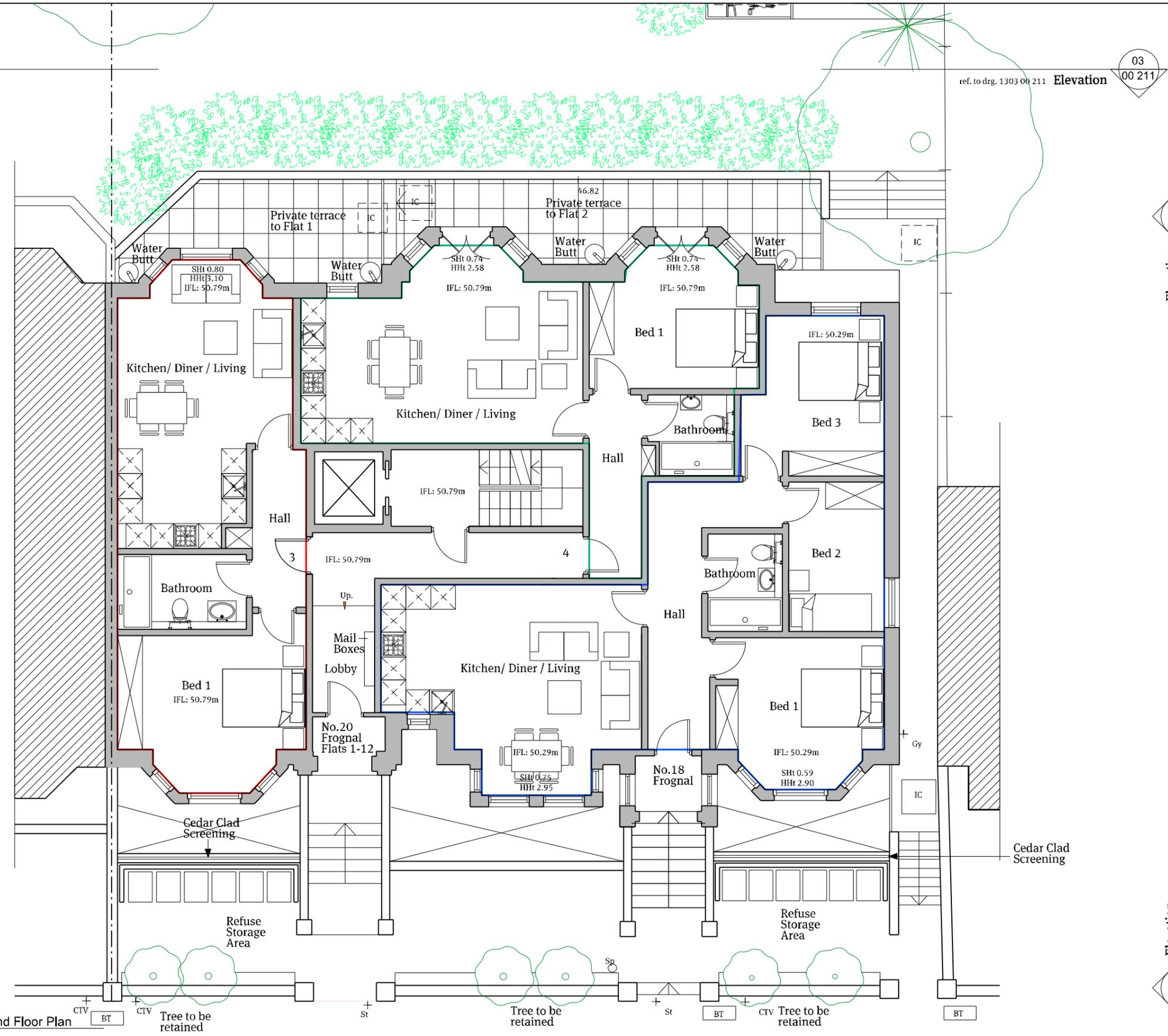
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222 Archway Road, Highgate,
London N6 5AX
Phone: +44(0)20 8348 8411
Fax: +44 (0)20 8348 7411
www.papaarchitects.co.uk

Client

Address
**18-20 Frognal
NW3 6AG**

Drawing title
Proposed Ground Floor Plan

Project No.	Date	Scale
1303	March 14	1:100@A3
Drawing No.	Current Rev	
00 202	P02	



01 Proposed Ground Floor Plan
1:100@A3

For Area Schedule please refer to:
1303 00 203, 1303 00 204, 1303 00 205

03
00 211

Elevation

03
00 211

ref. to drg. 1303 00 211 Elevation

04
00 213

Elevation

02
00 212

ref. to drg. 1303 00 212 Elevation

04
00 213

Elevation ref. to drg. 1303 00 213

02
00 212

Elevation

01
00 210

Elevation

ref. to drg. 1303 00 210 Elevation

01
00 210

APPENDIX H

**Planning Permission
dated 20 June 2017**

Mr Andrew Paps
Papa Architects Ltd
222 Archway Road
Highgate
N6 5AX

Application Ref: **2014/5454/P**
Please ask for: **Fergus Freeney**
Telephone: **020 7974 3366**

20 June 2017

Dear Sir/Madam

DECISION

Town and Country Planning Act 1990 (as amended)

Full Planning Permission Granted Subject to a Section 106 Legal Agreement

Address:
Langorf Hotel
18 - 20 Frognal
London
NW3 6AG

Proposal:

Change of use from hotel (Class C1) to residential (Class C3) to provide 13 flats (4 x 1 bed, 7 x 2 bed, 2 x 3 bed), erection of single storey first floor rear extension, rear dormer roof extension, side dormer roof extension, and alterations and additions to doors and fenestration on side and rear elevations.

Drawing Nos: Existing and Proposed Drawings: 98-001, 98-200, 98-201-P01, 98-202-P01, 98-203, 98-204, 98-205, 98-210, 98-211, 98-212, 98-220, 99-201-P01, 99-202, 99-203, 99-204, 99-205, 99-210, 99-211, 99-212, 00-100-P02, 00-201-P01, 00-202-P02, 00-203, 00-204, 00-205, 00-206, 00-210-P01, 00-211-P01, 00-212, 00-220 and 00-230.

Background Papers & Supporting Documents: Email from Circle Housing dated 17/03/15; Email from Octavia Housing dated 10/04/15; Letter from NRG Consulting Ref: AT/CSH/18F dated 17/02/15; Lifetime Homes Statement; NIBE F370 Exhaust Air Heat Pump Specification; Sustainable Design & Construction Statement Ref: SDCS/FROG/201404/11 - AT by NRG Consulting dated November 2014; Planning Statement dated August 2014; and Viability Assessment and Supporting Documents by Savilles dated 07/11/14.



The Council has considered your application and decided to grant permission subject to the following condition(s):

Condition(s) and Reason(s):

- 1 The development hereby permitted must be begun not later than the end of three years from the date of this permission.

Reason: In order to comply with the provisions of Section 91 of the Town and Country Planning Act 1990 (as amended).

- 2 The development hereby permitted shall be carried out in accordance with the following approved plans:

Existing and Proposed Drawings: 98-001, 98-200, 98-201-P01, 98-202-P01, 98-203, 98-204, 98-205, 98-210, 98-211, 98-212, 98-220, 99-201-P01, 99-202, 99-203, 99-204, 99-205, 99-210, 99-211, 99-212, 00-100-P02, 00-201-P01, 00-202-P02, 00-203, 00-204, 00-205, 00-206, 00-210-P01, 00-211-P01, 00-212, 00-220 and 00-230.

Background Papers & Supporting Documents: Email from Circle Housing dated 17/03/15; Email from Octavia Housing dated 10/04/15; Letter from NRG Consulting Ref: AT/CSH/18F dated 17/02/15; Lifetime Homes Statement; NIBE F370 Exhaust Air Heat Pump Specification; Sustainable Design & Construction Statement Ref: SDCS/FROG/201404/11 - AT by NRG Consulting dated November 2014; Planning Statement dated August 2014; and Viability Assessment and Supporting Documents by Savilles dated 07/11/14.

Reason: For the avoidance of doubt and in the interest of proper planning.

- 3 All new external work shall be carried out in materials that resemble, as closely as possible, in colour and texture those of the existing building, unless otherwise specified in the approved application.

Reason: To safeguard the appearance of the premises and the character of the immediate area in accordance with the requirements of policy CS14 of the London Borough of Camden Local Development Framework Core Strategy and policy DP24 and DP25 of the London Borough of Camden Local Development Framework Development Policies.

- 4 No development shall take place until full details of hard and soft landscaping have been submitted to and approved by the local planning authority in writing. Such details shall include details of waste storage enclosures, landscape screening of waste and cycle storage areas, and landscaping of rear garden between communal garden and private terraces. The relevant part of the works shall not be carried out otherwise than in accordance with the details thus approved.

Reason: To ensure that the development achieves a high quality of landscaping which contributes to the visual amenity and character of the area in accordance with the requirements of policy CS14 and CS15 of the London Borough of Camden

Local Development Framework Core Strategy and policies DP24 and DP25 of the London Borough of Camden Local Development Framework Development Policies.

- 5 All hard and soft landscaping works shall be carried out in accordance with the approved landscape details by not later than the end of the planting season following completion of the development or any phase of the development. Any trees or areas of planting which, within a period of 5 years from the completion of the development, die, are removed or become seriously damaged or diseased, shall be replaced as soon as is reasonably possible and, in any case, by not later than the end of the following planting season, with others of similar size and species, unless the local planning authority gives written consent to any variation.

Reason: To ensure that the landscaping is carried out within a reasonable period and to maintain a high quality of visual amenity in the scheme in accordance with the requirements of policies CS14 and CS15 of the London Borough of Camden Local Development Framework Core Strategy and policies DP24 and DP25 of the London Borough of Camden Local Development Framework Development Policies.

- 6 Before the development commences, details of secure and covered cycle storage area for 22 cycles shall be submitted to and approved by the local planning authority. The approved facility shall thereafter be provided in its entirety prior to the first occupation of any of the new units and permanently retained thereafter.

Reason: To ensure the development provides adequate cycle parking facilities in accordance with the requirements of policy CS11 of the London Borough of Camden Local Development Framework Core Strategy and policies DP17 and DP18 of the London Borough of Camden Local Development Framework Development Policies.

- 7 The lifetime homes features and facilities, as indicated on the drawings and documents hereby approved shall be provided in their entirety prior to the first occupation of any of the new residential units.

Reason: To ensure that the internal layout of the building provides flexibility for the accessibility of future occupiers and their changing needs over time, in accordance with the requirements of policy CS6 of the London Borough of Camden Local Development Framework Core Strategy and policy DP6 of the London Borough of Camden Local Development Framework Development Policies.

- 8 All trees on the site, or parts of trees growing from adjoining sites, shall be retained and protected from damage in accordance with the approved protection details in Arboricultural Impact Assessment Ref DFCP 2535.

Reason: To ensure that the development will not have an adverse effect on existing trees and in order to maintain the character and amenity of the area in accordance with the requirements of policy CS15 of the London Borough of Camden Local Development Framework Core Strategy.

- 9 No lights, meter boxes, flues, vents or pipes, and no telecommunications equipment, alarm boxes, television aerials or satellite dishes shall be fixed or installed on the external face of the buildings, without the prior approval in writing of the local planning authority.

Reason: To safeguard the appearance of the premises and the character of the immediate area in accordance with the requirements of policy CS14 of the London Borough of Camden Local Development Framework Core Strategy and policies DP24 and DP25 of the London Borough of Camden Local Development Framework Development Policies.

- 10 Prior to occupation of any relevant part of the development, the applicant will have constructed and implemented all the measures contained in the Sustainable Design & Construction Statement Ref: SDCS/FROG/201404/11 - AT by NRG Consulting and such measures shall be permanently retained and maintained thereafter. The measures shall include the installation of a meter to monitor the energy output from the approved renewable energy systems.

Reason: In order to secure the appropriate energy and resource efficiency measures and on-site renewable energy generation in accordance with policies CS13 and CS16 of the London Borough of Camden Local Development Framework Core Strategy and policies DP22, DP23 and DP32 of the London Borough of Camden Local Development Framework Development Policies.

- 11 Prior to commencement of development details of rainwater harvesting and/or grey water recycling and a sustainable urban drainage system shall be submitted to and approved in writing by the local planning authority. Such system shall be based on a demonstrating 50% reduction in run off rates. The system shall be implemented as part of the development and thereafter retained and maintained.

Reason: To reduce the rate of surface water run-off from the buildings and limit the impact on the storm-water drainage system in accordance with policies CS13 and CS16 of the London Borough of Camden Local Development Framework Core Strategy and policies DP22, DP23 and DP32 of the London Borough of Camden Local Development Framework Development Policies.

Informative(s):

- 1 Your proposals may be subject to control under the Building Regulations and/or the London Buildings Acts which cover aspects including fire and emergency escape, access and facilities for people with disabilities and sound insulation between dwellings. You are advised to consult the Council's Building Control Service, Camden Town Hall, Argyle Street WC1H 8EQ, (tel: 020-7974 6941).
- 2 The Mayor of London introduced a Community Infrastructure Levy (CIL) to help pay for Crossrail on 1st April 2012. Any permission granted after this time which adds more than 100sqm of new floorspace or a new dwelling will need to pay this CIL. It will be collected by Camden on behalf of the Mayor of London. Camden will be sending out liability notices setting out how much CIL will need to be paid if an

affected planning application is implemented and who will be liable.

The proposed charge in Camden will be £50 per sqm on all uses except affordable housing, education, healthcare, and development by charities for their charitable purposes. You will be expected to advise us when planning permissions are implemented. Please use the forms at the link below to advise who will be paying the CIL and when the development is to commence. You can also access forms to allow you to provide us with more information which can be taken into account in your CIL calculation and to apply for relief from CIL.

<http://www.planningportal.gov.uk/planning/applications/howtoapply/whattosubmit/cil>

We will then issue a CIL demand notice setting out what monies needs to paid when and how to pay. Failure to notify Camden of the commencement of development will result in a surcharge of £2500 or 20% being added to the CIL payment. Other surcharges may also apply for failure to assume liability and late payment. Payments will also be subject to indexation in line with the construction costs index.

Please send CIL related documents or correspondence to CIL@Camden.gov.uk

- 3 Noise from demolition and construction works is subject to control under the Control of Pollution Act 1974. You must carry out any building works that can be heard at the boundary of the site only between 08.00 and 18.00 hours Monday to Friday and 08.00 to 13.00 on Saturday and not at all on Sundays and Public Holidays. You are advised to consult the Council's Compliance and Enforcement team [Regulatory Services], Camden Town Hall, Argyle Street, WC1H 8EQ (Tel. No. 020 7974 4444 or on the website <http://www.camden.gov.uk/ccm/content/contacts/councilcontacts/environment/cont-act-the-environmental-health-team.en> or seek prior approval under Section 61 of the Act if you anticipate any difficulty in carrying out construction other than within the hours stated above.
- 4 Your attention is drawn to the fact that there is a separate legal agreement with the Council which relates to the development for which this permission is granted.

Information/drawings relating to the discharge of matters covered by the Heads of Terms of the legal agreement should be marked for the attention of the Planning Obligations Officer, Sites Team, Camden Town Hall, Argyle Street, WC1H 8EQ.
- 5 Under Section 25 of the GLC (General Powers) Act 1983, the residential accommodation approved is not permitted for use as holiday lettings or any other form of temporary sleeping accommodation defined as being occupied by the same person(s) for a consecutive period of 90 nights or less. If any such use is intended, then a new planning application will be required which may not be approved.

In dealing with the application, the Council has sought to work with the applicant in a positive and proactive way in accordance with paragraphs 186 and 187 of the National Planning Policy Framework.

You can find advice about your rights of appeal at:

<http://www.planningportal.gov.uk/planning/appeals/guidance/guidancecontent>

Yours faithfully

A handwritten signature in black ink that reads "David T. Joyce". The signature is written in a cursive, slightly slanted style.

David Joyce
Director of Regeneration and Planning

APPENDIX I

**S106 Agreement dated
20 June 2017**

DATED

20 June

2017

(1)
DESILU HAMPSTEAD LTD

and

(2) UNITED TRUST BANK LIMITED

and

(3) CONTOUR NO 5 LLP

and

(4) THE MAYOR AND BURGESSES OF
THE LONDON BOROUGH OF CAMDEN

AGREEMENT
relating to land known as
18-20 Frognal London NW3 6AG
pursuant to Section 106 of the Town and Country Planning
Act 1990 (as amended) and
Section 278 of the Highways Act 1980

Andrew Maughan
Head of Legal Services
London Borough of Camden
Town Hall
Judd Street
London WC1H 9LP

Tel: 020 7974 1918
Fax: 020 7974 2962

v1

THIS AGREEMENT is made the 20th day of June 2017

BETWEEN:

- i. **DESILU HAMPSTEAD LTD** (Co. Regn. No. 9892771) of Ground Floor, 36 Great Russell Street, London WC1B 3PP (hereinafter called "the Owner") of the first part
- ii. **UNITED TRUST BANK LIMITED** (Co. Regn. No. 549690) of One Ropemaker Street, London EC2Y 9AW (hereinafter called "the First Mortgagee") of the second part
- iii. **CONTOUR NO 5 LLP** (Co. Regn. No. OC403421) of 12a Upper Berkeley Street, London W1H 7QE (hereinafter called "the Second Mortgagee") of the third part

the First Mortgagee and the Second Mortgagee are together referred to as "the Mortgagee" in this Agreement

- iv. **THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF CAMDEN** of Town Hall, Judd Street, London WC1H 9LP (hereinafter called "the Council") of the fourth part

1. **WHEREAS**

- 1.1 The Owner is registered at the Land Registry as the freehold proprietor with Title absolute of the Property under Title Number NGL667264 subject to charges to the First Mortgagee and the Second Mortgagee.
- 1.2 The Owner is the freehold Owner of and is interested in the Property for the purposes of Section 106 of the Act.
- 1.3 A Planning Application for the development of the Property was submitted to the Council and validated on 14 November 2014 and the Council resolved to grant permission conditionally under reference number 2014/5454/P subject to conclusion of this legal Agreement.

- 1.4 The Council is the local planning authority for the purposes of the Act for the area in which the Property is situated and considers it expedient in the interests of the proper planning of its area that the development of the Property should be restricted or regulated in accordance with this Agreement.
- 1.5 As local highway authority the Council considers the Highways Works to be carried out pursuant to this section 278 Agreement to be in the public benefit.
- 1.6 For that purpose the Owner is willing to enter into this Agreement pursuant to the provisions of Section 106 of the Act.
- 1.7 The First Mortgagee as mortgagee under a legal charge registered under Title Number NGL667264 and dated 20 June 2017 is willing to enter into this Agreement to give its consent to the same.
- 1.8 The Second Mortgagee as mortgagee under a legal charge registered under Title Number NGL667264 and dated 20 JUNE 2017 is willing to enter into this Agreement to give its consent to the same.

2. **DEFINITIONS**

In this Agreement the following expressions (arranged in alphabetical order) shall unless the context otherwise requires have the following meanings:-

2.1	"the Act"	the Town and Country Planning Act 1990 (as amended)
2.2	"Affordable Housing"	low cost housing including social rented housing and intermediate housing that meets the needs of people who cannot afford to occupy homes available in the open market in accordance with the National Planning Policy Framework and successor documents
2.3	"the Affordable Housing	the sum of £394,850 (three hundred and ninety

	Contribution"	four thousand eight hundred and fifty pounds) to be paid by the Owner to the Council in accordance with the terms of this Agreement to be applied by the Council in the event of receipt towards the provision of Affordable Housing within the Borough
2.4	"the Agreement"	this Planning Obligation made pursuant to Section 106 of the Act
2.5	"the Construction Management Plan"	<p>a plan setting out the measures that the Owner will adopt in undertaking the construction of the Development using good site practices in accordance with the Council's Considerate Contractor Manual to ensure the Construction Phase of the Development can be carried out safely and with minimal possible impact on and disturbance to the surrounding environment and highway network including (but not limited to):-</p> <ul style="list-style-type: none"> (i) a statement to be submitted to Council giving details of the environmental protection highways safety and community liaison measures proposed to be adopted by the Owner in order to mitigate and offset potential or likely effects and impacts arising from the demolition of the Existing Buildings or structures on the Property and the building out of the Development; (ii) incorporation of the provisions set out in the First Schedule

		<p>annexed hereto;</p> <p>(iii) proposals to ensure there are no adverse effects on the Conservation Area features</p> <p>(iv) amelioration and monitoring effects on the health and amenity of local residences site construction workers local businesses and adjoining developments undergoing construction;</p> <p>(v) amelioration and monitoring measures over construction traffic including procedures for notifying the owners and or occupiers of the residences and businesses in the locality in advance of major operations delivery schedules and amendments to normal traffic arrangements (if any);</p> <p>(vi) the inclusion of a waste management strategy for handling and disposing of construction waste; and</p> <p>(vii) identifying means of ensuring the provision of information to the Council and provision of a mechanism for monitoring and reviewing as required from time to time</p>
--	--	---

2.6	"the Construction Phase"	the whole period between: (i) the Implementation Date; and (ii) the date of issue of the Certificate of Practical Completion
2.7	"the Council's Considerate Contractor Manual"	the document produced by the Council from time to time entitled "Guide for Contractors Working in Camden" relating to the good practice for developers engaged in building activities in the London Borough of Camden
2.8	"the Development"	<p>change of use from hotel (Class C1) to residential (Class C3) to provide 13 flats (4 x 1 bed, 7 x 2 bed, 2 x 3 bed), erection of single storey first floor rear extension, rear dormer roof extension, side dormer roof extension, and alterations and additions to doors and fenestration on side and rear elevations as shown on the Site Location Plan and drawing numbers:</p> <p>98-001, 98-200, 98-201-P01, 98-202-P01, 98-203, 98-204, 98-205, 98-210, 98-211, 98-212, 98-220, 99-201-P01, 99-202, 99-203, 99-204, 99-205, 99-210, 99-211, 99-212, 00-100-P02, 00-201-P01, 00-202-P02, 00-203, 00-204, 00-205, 00-206, 00-210-P01, 00-211-P01, 00-212, 00-220 and 00-230.</p> <p>Background Papers & Supporting Documents: Email from Circle Housing dated 17/03/15; Email from Octavia Housing dated 10/04/15; Letter from NRG Consulting Ref: AT/CSH/18F dated 17/02/15; Lifetime Homes Statement; NIBE F370 Exhaust Air Heat Pump</p>

		Specification; Sustainable Design & Construction Statement Ref: SDCS/FROG/201404/11 - AT by NRG Consulting dated November 2014; Planning Statement dated August 2014; and Viability Assessment and Supporting Documents by Savills dated 07/11/14
2.9	"Dwelling"	means any one of the 13 flats to be constructed as part of the Development.
2.10	"the Energy Efficiency and Renewable Energy Plan"	<p>a strategy setting out a package of measures to be adopted by the Owner in the management of the Development with a view to reducing carbon energy emissions through (but not be limited to) the following:-</p> <p>(i) the incorporation of the measures set out in the letter from NRG Consulting Ref: AT/CSH/18F dated 1 February 2015 and the Sustainable Design & Construction Statement Ref: SDCS/FROG/201404/11 – AT by NRG Consulting dated November 2014 each submitted as part of the Planning Application;</p> <p>(ii) further details of how the Owner will reduce the Development's carbon emissions from renewable energy technologies located on the Property ensuring the Owner will target a reduction of at least 40% in carbon emissions in relation to the Property using a combination of complementary low and zero carbon technologies and</p>

		<p>using at least 14.7% renewable energy;</p> <p>(iii) separate metering of all low and zero carbon technologies to enable the monitoring of energy and carbon emissions and savings;</p> <p>(iv) a building management system being an electronic system to monitor the Development's heating cooling and the hours of use of plant;</p> <p>(v) measures to enable future connection to a local energy network at the boundary of the Property;</p> <p>(vi) include a pre-Implementation review by an appropriately qualified and recognised independent verification body in respect of the Property certifying that the measures incorporated in the Energy Efficiency and Renewable Energy Plan are achievable in the Development and satisfy the aims and objectives of the Council's strategic policies on the reduction of carbon emissions contained within its Development Plan;</p> <p>(vii) measures to secure a post construction review of the Development by an appropriately qualified and recognised Independent verification body in respect of the Property certifying that the measures incorporated in the Energy</p>
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		<p>Efficiency and Renewable Energy Plan have been achieved in the Development and will be maintainable in the Development's future management and occupation; and</p> <p>(viii) identifying means of ensuring the provision of information to the Council and provision of a mechanism for review and update as required from time to time</p>
2.11	"the Highways Contribution"	<p>the sum of £18,973 (eighteen thousand nine hundred and seventy three pounds) to be paid by the Owner to the Council in accordance with the terms of this Agreement and to be applied by the Council in event of receipt for the carrying out works to the public highway and associated measures in the vicinity of the Property such works to include the following ("the Highways Works"):-</p> <p>(i) repaving and repair works to the Public Highway following the carrying out of the Development; and</p> <p>(ii) any other works the Council acting reasonably requires as a direct result of the Development</p> <p>all works will be subject to final measure and any level adjustment required and for the avoidance of doubt the Council in accepting this sum does not undertake any responsibility in connection with any required statutory undertakers works and <u>excludes any statutory undertakers costs</u></p>

2.12	"the Implementation Date"	the date of implementation of the Development by the carrying out of a material operation as defined in Section 56 of the Act and references to "Implementation" and "Implement" shall be construed accordingly
2.13	"Index Linked"	Increased in accordance with the following formula: Amount payable = the payment specified in this deed x (A/B) where: A = the figure for the Retail Prices Index (All Items) that applied immediately preceding the date the payment is due. B = the figure for the Retail Prices Index (All Items) that applied when the index was last published prior to the date of this deed.
2.14	"the Levels Plan"	plans demonstrating the levels at the Interface of the Development the boundary of the Property and the Public Highway
2.15	"Occupation Date"	the date when any part of the Development is occupied and the phrases "Occupy", "Occupied" and "Occupation" shall be construed accordingly
2.16	"the Parties"	mean the Council the Owner the First Mortgagee and the Second Mortgagee
2.17	"the Pedestrian Cycling and Environmental Contribution"	the sum of £7,000 (seven thousand pounds) to be paid by the Owner to the Council in accordance with the terms of this Agreement and to be applied by the Council towards the provision of pedestrian, cycling, environmental and public realm improvements in the vicinity of the Development

2.18	"the Planning Application"	a planning application in respect of the development of the Property submitted to the Council and validated on 14 November 2014 for which a resolution to grant permission has been passed conditionally under reference number 2014/5454/P subject to conclusion of this Agreement
2.19	"Planning Obligations Monitoring Officer"	a planning officer of the Council from time to time allocated to deal with all planning obligations pursuant to S106 of the Act to whom all notices, correspondence, approvals etc must be sent in the manner prescribed at clause 6.1 hereof
2.20	"the Planning Permission"	a planning permission granted for the Development substantially in the draft form annexed hereto
2.21	"the Property"	the land known as 18-20 Frognaal London NW3 6AG the same as shown edged red on the plan annexed hereto with Title Number NGL667264
2.22	"the Public Highway"	any carriageway footway and/or verge adjoining the Property maintainable at public expense
2.23	"Residents Parking Bay"	a parking place designated by the Council by an order under the Road Traffic Regulation Act 1984 or other relevant legislation for use by residents of the locality in which the Development is situated
2.24	"Residents Parking Permit"	a parking permit issued by the Council under section 45(2) of the Road Traffic Regulation Act 1984 allowing a vehicle to park in Residents

		Parking Bays
2.25	"the Sustainability Plan"	<p>a plan securing the incorporation of sustainability measures in the carrying out of the Development in its fabric and in its subsequent management and occupation based which shall:-</p> <ul style="list-style-type: none"> (i) Be based on a Building Research Establishment Environmental Assessment Method assessment with a target of achieving an Excellent or Outstanding rating and attaining at least 60% of the credits in the Energy and Water categories and at least 40% in the Materials category; (ii) include a pre-Implementation review by an appropriately qualified and recognised independent verification body in respect of the Property certifying that the measures incorporated in the Sustainability Plan are achievable in the Development and satisfy the aims and objectives of the Council's strategic policies on sustainability contained within its Development Plan; and (iii) measures to secure a post construction review of the Development by an appropriately qualified and recognised independent verification body in respect of the Property certifying that the measures incorporated in the Sustainability Plan have been achieved

		in the Development and will be maintainable in the Development's future management and occupation
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3. **NOW THIS DEED WITNESSETH** as follows:-

- 3.1 This Agreement is made in pursuance of Section 106 of the Act, and is a planning obligation for the purposes of Section 106 as aforesaid, and shall be enforceable by the Council against the Owner as provided herein and against any person deriving title to any part of the Property from the Owner and insofar as it is not a planning obligation its provisions may be enforceable by the Council under any relevant statutory powers.
- 3.2 Words importing the singular shall include the plural and vice versa and any words denoting actual persons shall include companies corporations and other artificial persons.
- 3.3 Any reference to a specific statute or statutes include any statutory extension or modification amendment or re-enactment of such statute and any regulation or orders made under such statute.
- 3.4 The clause and paragraph headings do not form part of this Agreement and shall not be taken into account in its construction of interpretation.
- 3.5 It is hereby agreed between the Parties that save for the provisions of clauses 1, 2, 3, 7, 8 and 10 hereof all of which shall come into effect on the date hereof the covenants undertakings and obligations contained within this Agreement shall become binding upon the Owner upon the Implementation Date.
- 3.6 The Council hereby agrees to grant the Planning Permission on the date hereof.
- 3.7 The Parties save where the context states otherwise shall include their successors in title.

- 3.8 The Parties acknowledge that the Development shall be treated as being permanently designated as "car free" housing in accordance with Clause 4.1 for all relevant purposes.

4. **OBLIGATIONS OF THE OWNER**

The Owner hereby covenants with the Council as follows:-

4.1 **AFFORDABLE HOUSING CONTRIBUTION**

- 4.1.1 The Owner hereby covenants with the Council on the date of this Agreement to pay to the Council the Affordable Housing Contribution.
- 4.1.2 The Owner hereby covenants with the Council not to Implement or to permit Implementation until such time as the Council has received the Affordable Housing Contribution.

4.2 **POTENTIAL REQUIREMENT TO PROVIDE AFFORDABLE HOUSING**

4.2.1 If at any time after the date of this Agreement:-

- (a) any application for planning permission or for prior approval for change of use pursuant to permitted development rights is made in relation to the Property which would give rise to the provision of additional residential units or additional floorspace for residential purposes;
- (b) any additional floorspace is created on the Property for residential purposes; and/or
- (c) any additional residential units are created within the Property

the Owner shall, if it is deemed appropriate by the Council to do so, enter into a s106 agreement with the Council prior to the grant of planning permission or prior approval and prior to the creation of such additional residential floorspace/residential units to secure the following:-

- 4.2.2 That an appropriate Affordable Housing contribution is provided (either by way of on-site Affordable Housing provision, off-site Affordable Housing provision or financial contribution towards the provision of Affordable Housing as elected by the Owner)

such contribution to be calculated by reference to the aggregate total of the residential units permitted by the Planning Permission and the additional residential floorspace created under clause 4.2.1.

- 4.2.3 Not to Occupy or allow Occupation of any of the additional residential floorspace created under Clause 4.2.1 until such time as the appropriate Affordable Housing contribution is provided (either by way of on-site Affordable Housing provision, off-site Affordable Housing provision or financial contribution towards the provision of Affordable Housing as elected by the Owner).

4.3 CAR FREE DEVELOPMENT

- 4.3.1 The Owner hereby covenants with the Council to ensure that prior to occupying any residential unit forming part of the Development each new resident of the Development is informed by the Owner of the Council's policy that they shall not be entitled (unless they are the holder of a disabled persons badge issued pursuant to Section 21 of the Chronically Sick and Disabled Persons Act 1970) to be granted a Residents Parking Permit to park a vehicle in a Residents Parking Bay and will not be able to buy a contract to park within any car park owned, controlled or licensed by the Council.

- 4.3.2 The Owner for itself and its successors in title to the Property hereby acknowledges that the provision in Clause 4.2.1 above will remain permanently.

- 4.3.3 On or prior to the Occupation Date the Owner shall inform the Council's Planning Obligations Monitoring Officer of the official unit numbers of the residential units forming part of the Development (as issued and agreed by the Council's Street Name and Numbering Department), identifying those residential units that in the Owner's opinion are affected by the Owner's obligation in Clause 4.2.3 of this Agreement.

4.4 CONSTRUCTION MANAGEMENT PLAN

- 4.4.1 On or prior to the Implementation Date to provide the Council for approval a draft Construction Management Plan.

4.4.2 Not to Implement nor allow Implementation of the Development until such time as the Council has approved the Construction Management Plan as demonstrated by written notice to that effect.

4.4.3 The Owner acknowledges and agrees that the Council will not approve the Construction Management Plan unless it demonstrates to the Council's reasonable satisfaction that the Construction Phase of the Development can be carried out safely and with minimal possible impact on and disturbance to the surrounding environment and highway network.

4.4.4 To ensure that throughout the Construction Phase the Development shall not be carried out otherwise than in strict accordance with the requirements of the Construction Management Plan and not to permit the carrying out of any works comprised in demolition or building out the Development at any time when the requirements of the Construction Management Plan are not being complied with and in the event of non-compliance with this sub-clause the Owner shall forthwith take any steps required to remedy such non-compliance.

4.5 SUSTAINABILITY PLAN

4.5.1 On or prior to the Implementation Date to submit to the Council for approval the Sustainability Plan.

4.5.2 Not to Implement nor permit Implementation until the Sustainability Plan has been approved by the Council as demonstrated by written notice to that effect

4.5.3 Not to Occupy or permit Occupation of the Property until a satisfactory post-completion review has been submitted to and approved by the Council in writing confirming that the measures incorporated in the Sustainability Plan as approved by the Council have been incorporated into the Property

4.5.4 Following the Occupation Date the Owner shall not Occupy or permit Occupation of any part of the Development at any time when the Development is not being managed in strict accordance with the Sustainability Plan as approved by the Council and shall not Occupy or permit Occupation of the Development otherwise than in strict accordance with the requirements of the Sustainability Plan.

4.6 ENERGY EFFICIENCY AND RENEWABLE ENERGY PLAN

- 4.6.1 On or prior to the Implementation Date to submit to the Council for approval the Energy Efficiency and Renewable Energy Plan.
- 4.6.2 Not to Implement nor permit Implementation until such time as the Council has approved the Energy Efficiency and Renewable Energy Plan as demonstrated by written notice to that effect.
- 4.6.3 Not to Occupy or permit Occupation of the Property until a satisfactory post-completion review has been submitted to and approved by the Council in writing confirming that the measures incorporated in the Energy Efficiency and Renewable Energy Plan as approved by the Council have been incorporated into the Property.
- 4.6.4 Following the Occupation Date the Owner shall not Occupy or permit Occupation of any part of the Development at any time when the Development is not being managed in strict accordance with the Energy Efficiency and Renewable Energy Plan as approved by the Council from time to time and shall not Occupy or permit Occupation of the Development otherwise than in strict accordance with the requirements of the Energy Efficiency and Renewable Energy Plan.

4.7 HIGHWAYS CONTRIBUTION

- 4.7.1 On or prior to the Implementation Date to:-
- (i) pay to the Council the Highways Contribution in full; and
 - (ii) submit to the Council the Level Plans for approval.
- 4.7.2 Not to Implement or to allow Implementation until such time as the Council has:-
- (i) received the Highways Contribution in full; and
 - (ii) approved the Level Plans as demonstrated by written notice to that effect.
- 4.7.3 For the avoidance of doubt the Owner acknowledges that the Council has the right reserved to it to construct the Public Highway to levels it considers appropriate and does not undertake any responsibility in connection with any required statutory undertakers works and that the Highways Contribution excludes any statutory undertakers costs.
- 4.7.4 On completion of the Highway Works the Council will provide to the Owner a certificate specifying the sum ("the Certified Sum") expended by the Council in

carrying out the Highway Works.

- 4.7.5 If the Certified Sum is less than the Highway Contribution then the Council shall refund to the Owner within fourteen days of the issuing of the said certificate the amount of the difference.

4.8 **PEDESTRIAN CYCLING AND ENVIRONMENTAL CONTRIBUTION**

- 4.8.1 On or prior to the Implementation Date to pay to the Council the Pedestrian Cycling and Environmental Contribution.
- 4.8.2 Not to Implement or to permit Implementation until such time as the Council has received the Pedestrian Cycling and Environmental Contribution

5. **COVENANTS BY THE COUNCIL**

The Council covenants with the Owner to observe and perform the covenants, restrictions and obligations contained in Schedule 2.

6. **INDEXATION**

- 6.1 All financial contributions payable to the Council shall be Index Linked
- 6.2 Where reference is made to an index and that index ceases to exist or is replaced or rebased then it shall include reference to any index which replaces it or any rebased index (applied in a fair and reasonable manner to the periods before and after rebasing under this Deed) or in the event the index is not replaced, to an alternative reasonably comparable basis or index as the Council shall advise the Owner in writing.

7. **NOTICE TO THE COUNCIL/OTHER MATTERS**

- 7.1 The Owner shall give written notice to the Council on or prior to the Implementation Date specifying that Implementation of the Planning Permission has taken or is about to take place.
- 7.2 Within seven days following completion of the Development the Owner shall certify in writing to the Planning Obligations Monitoring Officer in the manner outlined at clause 6.1 hereof quoting the Planning Permission reference 2014/5454/P the date upon which the Development is ready for Occupation.
- 7.3 The Owner shall act in good faith and shall co-operate with the Council to facilitate the discharge and performance of all obligations contained herein and the Owner shall comply with any reasonable requests of the Council to have access to any part of the Property or any requests to provide documentation within the Owner's possession (at the Owner's expense) for the purposes of monitoring compliance with the obligations contained herein.
- 7.4 The Owner agrees declares and covenants with the Council that it shall observe and perform the conditions restrictions and other matters mentioned herein and shall not make any claim for compensation in respect of any condition restriction or provision imposed by this Agreement and further shall indemnify the Council for any expenses or liability arising to the Council in respect of breach by the Owner of any obligations contained herein save to the extent that any act or omission of the Council its employees or agents has caused or contributed to such expenses or liability.
- 7.5 If satisfied as to the compliance of the Owner in respect of any obligation in this Agreement the Council shall (if requested to do so in writing and subject to payment of a fee of £1,000 in respect of each such obligation) provide through its Head of Legal Services a formal written certification of compliance, partial compliance or ongoing compliance (as and if appropriate) with the provisions of any such obligation.
- 7.6 Following the performance and full satisfaction of all the terms in this agreement or if this deed is determined pursuant to clause 8.8 the Council will on the written request of the Owner cancel all entries made in the local land charges register in respect of this Deed.

7.7 Submission of any plan for approval by the Council under the terms of this Agreement shall be made by the Owner to the Council sending the full document and any appendices in electronic format (where practicable) to the Planning Obligations Monitoring Officer referring to the names dates and Parties to this Agreement and citing the specific clause of this Agreement to which such plan relates quoting the Planning Permission reference 2014/5454/P.

7.8 Payment of the Highways Contribution pursuant to Clause 4.8 of this Agreement shall be made by the Owner to the Council sending the full amount via electronic transfer (where practicable). The Owner shall notify the Planning Obligations Monitoring Officer that payment has been made referring to names date and Parties to this Agreement and citing the specific clause of this Agreement to which such contribution relates quoting the planning reference 2014/5454/P. Electronic Transfer be made directly to the National Westminster Bank of Hampstead Village, Enfield Customer Service Centre, PO Box 145 Baird Road Middlesex EN1 1FN quoting Sort Code 50-30-03 and London Borough of Camden General Account no. 24299480.

7.9 All consideration given in accordance with the terms of this Agreement shall be exclusive of any value added tax properly payable in respect thereof and all parties other than the Council shall pay and indemnify the Council against any such value added tax properly payable on any sums paid to the Council under this Agreement upon presentation of an appropriate value added tax invoice addressed to the Owner.

7.10 All costs and expenses payable to the Council under this Agreement shall bear interest at the rate of 4% above the Base Rate of the National Westminster Bank plc from time to time being charged from the date such payment is due until payment is made.

8. **IT IS HEREBY AGREED AND DECLARED** by the Parties hereto that:-

8.1 The provisions of Section 196 of the Law of Property Act 1925 (as amended) shall apply to any notice or approval or agreement to be served under or in connection with this Agreement and any such notice or approval shall be in writing and shall specifically refer to the name, date and Parties to the Agreement and shall cite the

clause of the Agreement to which it relates and in the case of notice to the Council shall be addressed to the London Borough of Camden, Planning Obligations Officer, Urban Design and Renewal, Planning and Public Protection, Culture and Environment Directorate, Town Hall Annex, Argyle Street, London WC1H 9LP quoting the Planning Permission reference number 2014/5454/P and in the case of any notice or approval or agreement from the Council this shall be signed by a representative of the Council's Environment Department.

- 8.2 This Agreement shall be registered as a Local Land Charge.
- 8.3 The Owner agrees to pay the Council its proper and reasonable legal costs incurred in preparing this Agreement on or prior to the date of completion of the Agreement.
- 8.4 The Owner hereby covenants with the Council that it will within 28 days from the date hereof apply to the Chief Land Registrar of the Land Registry to register this Agreement in the Charges Register of the title to the Property and will furnish the Council forthwith on written demand with official copies of such title to show the entry of this Agreement in the Charges Register of the title to the Property.
- 8.5 Nothing contained or implied in this Agreement shall prejudice or affect the Council's powers to enforce any specific obligation term or condition nor shall anything contained or implied herein prejudice or affect any provisions, rights, powers, duties and obligations of the Council in the exercise of its functions as Local Planning Authority for the purposes of the Act or as a local authority generally and its rights, powers, duties and obligations under all public and private statutes, bye laws and regulations may be as fully and effectually exercised as if the Council were not a party to this Agreement.
- 8.6 Neither the Owner the First Mortgagee or the Second Mortgagee nor their successors in title nor any person deriving title from them shall be bound by the obligations in this Agreement in respect of any period during which it no longer has an interest in the Property but without prejudice to liability for any breach committed prior to the time it disposed of its interest.
- 8.7 For the avoidance of doubt the provisions of this Agreement (other than those contained in this sub-clause) shall not have any effect until this Agreement has been dated.

8.8 If the Planning Permission is quashed or revoked or otherwise withdrawn or expires before effluxion of time for the commencement of development this Agreement shall forthwith determine and cease to have effect.

8.9 This Deed shall not be enforceable against owner-occupiers or tenants of the Dwellings nor against those deriving title from such owners-occupiers or tenants.

9. **REASONABLENESS**

Any approval, consent, direction, authority, agreement or action to be given by the Council under this Deed shall not be unreasonably withheld or delayed.

10. **MORTGAGEE EXEMPTION**

10.1 The Mortgagees hereby consent to the Owner entering into this Agreement and agree that the security of its charges over the Property shall take effect subject to this Agreement.

10.2 The Parties agree that the obligations contained in this Agreement shall not be enforceable against any mortgagee or chargee of the whole or any part of the Property unless it takes possession of the Property in which case it will be bound by the obligations as a person deriving title from the Owner.

11. **RIGHTS OF THIRD PARTIES**

11.1 The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Agreement

IN WITNESS whereof the Council has caused its Common Seal to be hereunto affixed and the Owner the First Mortgagee and the Second Mortgagee have executed this instrument as their Deed the day and year first before written

EXECUTED AS A DEED BY
DESILU HAMPSTEAD LTD
acting by a Director
in the presence of

.....
[Signature]

Director

.....
[Signature]

Witness

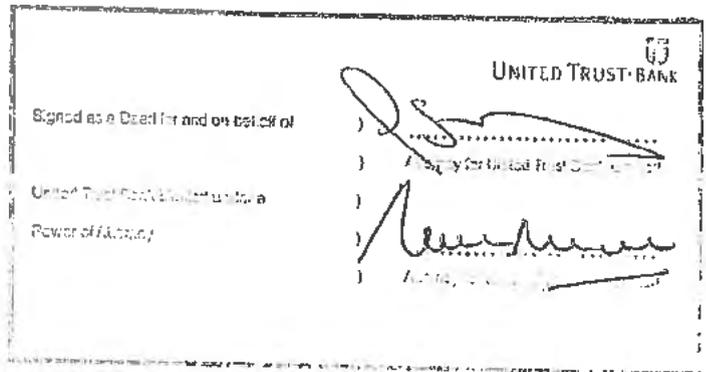
MARTIN SEWELL

Clifford Harris & Co
Solicitors
58 Queen Anne Street
London W1G 8HW
Tel. 020 7486 0031

EXECUTED as a Deed
By UNITED TRUST BANK LIMITED
acting by two authorised signatories

.....
Authorised signatory

.....
Authorised signatory



ing by
our copy
ted
ing by
Director

EXECUTED AS A DEED BY
CONTOUR NO 5 LLP
~~acting by its duly authorised attorney~~
in the presence of ~~Director~~

.....
[Signature]

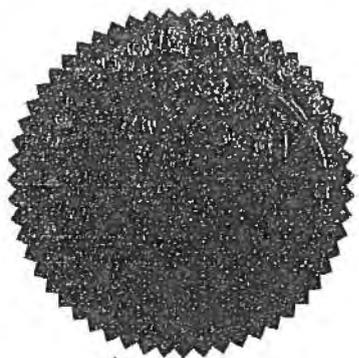
Attorney - Director

.....
[Signature]
Witness

MARINA HOFMEISTER
12a Upper Berkeley St
W1H 7QE

THE COMMON SEAL OF THE MAYOR
AND BURGESSES OF THE LONDON
BOROUGH OF CAMDEN was hereunto
Affixed by Order:-

.....
[Signature]
Authorised Signatory



THE FIRST SCHEDULE
Construction Management Plan
Highway Measures

A Construction Management Plan outlines how construction work will be carried out and how this work will be serviced (e.g. delivery of materials, set down and collection of skips), with the objective of minimising traffic disruption and avoiding dangerous situations and minimising the impact on local amenity. A Construction Management Plan should cover both demolition and construction phases of development. Details of the Construction Management Plan will relate to the scale and kind and location of the development and they should assess the impact on transport and on local amenity including road user amenity. Should any one of these criteria be considered not to be relevant, then specific justification, as to why that particular criterion is not relevant, will need to be provided. The Construction Management Plan should demonstrate that the following has been considered and where necessary the impacts mitigated:

(Note the term 'vehicles' used here refers to all vehicles associated with the implementation of the development, e.g. demolition, site clearing, delivering of plant, material and construction, staff parking etc)

- a) A brief description of the site, surrounding area and development proposals for which the Construction Management Plan applies.
- b) Proposed start and end dates for each phase of construction.
- c) The proposed working hours within which vehicles will arrive and depart.
- d) The access arrangements for vehicles.
- e) Proposed routes for vehicles between the site and the Transport for London Road Network (TLRN). Consideration should also be given to weight restrictions, low bridges and cumulative affects of construction on the highway. A map of the TLRN can be downloaded from the following site:-
http://www.tfl.gov.uk/assets/downloads/TFL_Base_Map_Master.pdf
- f) Typical sizes of all vehicles and the approximate frequency and times of day when they will need access to the site, for each phase of construction.
- g) Swept path drawings for any tight manoeuvres on vehicle routes to the site.
- h) Details (including accurate scaled drawings) of any highway works necessary to enable construction to take place.
- i) Parking and loading arrangement of vehicles and delivery of materials and plant to the site.

- j) Details of proposed parking bays suspensions and temporary traffic management orders.
- k) Proposed overhang (if any) of the public highway (scaffolding, cranes etc.).
- l) Details of hoarding required or any other occupation of the public highway.
- m) Details of how pedestrian and cyclist safety will be maintained, including any proposed alternative routes (if necessary), and any Banksman arrangements.
- n) Details of how traffic associated with the Development will be managed in order to reduce congestion.
- o) Details of any other measures designed to reduce the impact of associated traffic (such as the use of construction material consolidation centres).
- p) Details of how any significant amounts of dirt or dust that may be spread onto the public highway will be cleaned or prevented.
- q) Details of consultation on a draft Construction Management Plan with local residents, business, local groups (e.g. residents/tenants and business associations) and Ward Councillors. Details should include who was consulted, how the consultation was conducted and the comments received in response to the consultation. In response to the comments received, the Construction Management Plan should then be amended where appropriate and where not appropriate a reason should be given why not. The revised Construction Management Plan should also include a list of all the comments received. You are advised to check your proposed approach to consultation with the Council before carrying it out.
- r) Details of any Construction Working Group that will be set up, addressing the concerns of surrounding residents, as well as contact details for the person responsible for community liaison on behalf of the developer, and how these contact details will be advertised to the community.
- s) Details of any schemes such as the "Considerate Contractors Scheme" that the project will be signed up to should form part of the consultation and be notified to the Council. Contractors will also be required to follow the "Guide for Contractors Working in Camden" also referred to as "Camden's Considerate Contractor's Manual"
- t) Details of other construction sites in the local area and how your Construction Management Plan takes into consideration the cumulative effects of construction local to your site.
- u) All contractors and sub-contractors operating large vehicles over 3.5 tonnes must meet all of the following conditions:-

- 1) Operators must be a member of TfL's Fleet Operator Recognition Scheme (www.tfl.gov.uk/fors) or similar at the Bronze level.
- 2) All drivers must have undertake cycle awareness training such as the Safe Urban Driver module through FORS or similar.
- 3) All vehicles associated with the construction of the Development must:
 - i. Have Side Guards fitted, unless it can be demonstrated to the reasonable satisfaction of the Employer, that the Lorry will not perform the function, for which it was built, if Side Guards are fitted.
 - ii. Have a close proximity warning system fitted comprising of a front mounted, rear facing CCTV camera (or Fresnel Lens where this provides reliable alternative), a Close Proximity Sensor, an in-cab warning device (visual or audible) and an external warning device to make the road user in close proximity aware of the driver's planned manoeuvre.
 - iii. Have a Class VI Mirror
 - iv. Bear prominent signage on the rear of the vehicle to warn cyclists of the dangers of passing the vehicle on the inside.
- v) Any other relevant information with regard to traffic and transport.
- w) The Construction Management Plan should also include the following statement:-

"The agreed contents of the Construction Management Plan must be complied with unless otherwise agreed with the Council. The project manager shall work with the Council to review this Construction Management Plan if problems arise in relation to the construction of the Development. Any future revised plan must be approved by the Council and complied with thereafter."

It should be noted that any agreed Construction Management Plan does not prejudice further agreement that may be required for things such as road closures or hoarding licences

THE SECOND SCHEDULE
COVENANTS BY THE COUNCIL

1. **AFFORDABLE HOUSING CONTRIBUTION**

- 1.1 Not to use any part of the Affordable Housing Contribution other than for the purposes for which it was paid (whether by the Council or another party).
- 1.2 In the event that the Affordable Housing Contribution has not been spent or committed for expenditure by the Council within 5 years following the date of receipt of the Affordable Housing Contribution the Council shall if requested to do so by the Owner in writing refund to the Owner any Part of the Affordable Housing Contribution which has not been spent or committed for expenditure, together with any accrued interest.

2. **HIGHWAYS CONTRIBUTION**

- 2.1 Not to use any part of the Highways Contribution other than for the purposes for which it was paid (whether by the Council or another party).
- 2.2 In the event that the Highways Contribution has not been spent or committed for expenditure by the Council within 5 years following the date of receipt of the Highways Contribution the Council shall if requested to do so by the Owner in writing refund to the Owner any Part of the Highways Contribution which has not been spent or committed for expenditure, together with any accrued interest.

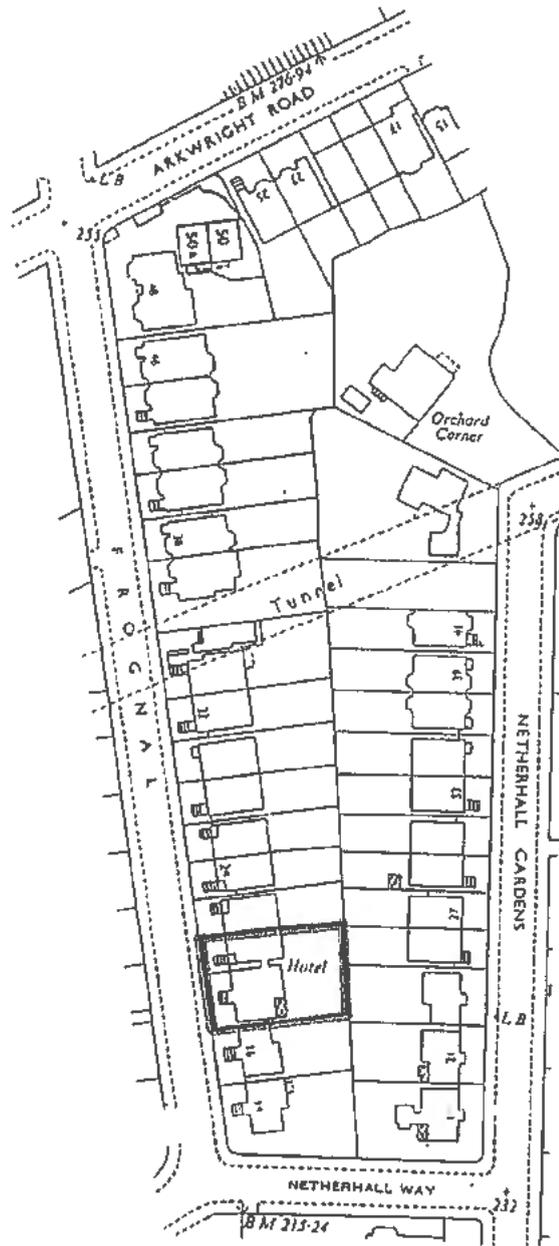
3. **PEDESTRIAN, CYCLING AND ENVIRONMENTAL CONTRIBUTION**

- 3.1 Not to use any part of the Pedestrian, Cycling and Environmental Contribution other than for the purposes for which it was paid (whether by the Council or another party).
- 3.2 In the event that the Pedestrian, Cycling and Environmental Contribution has not been spent or committed for expenditure by the Council within 5 years following the date of receipt of the Pedestrian, Cycling and Environmental Contribution the Council shall if requested to do so by the Owner in writing refund to the Owner any Part of the Pedestrian, Cycling and Environmental Contribution which has not been spent or committed for expenditure, together with any accrued interest.

H.M. LAND REGISTRY		TITLE NUMBER	
		NGL667264	
ORDNANCE SURVEY PLAN REFERENCE ©	COUNTY	SHEET	NATIONAL GRID
	GREATER LONDON		TQ 2685
			SECTION
			AA
Scale: 1/1250			© Crown copyright 1984.

BOROUGH OF CAMDEN

Old Reference LN V 9 8 (Pt of)
LN II 99 H (Pt of)



Papa Architects Ltd
222 Archway Road
Highgate
N6 5AX

Application Ref: 2014/5454/P

09 June 2017

Dear Sir/Madam

DRAFT**FOR INFORMATION ONLY - THIS IS NOT A FORMAL DECISION**
Town and Country Planning Act 1990 (as amended)**DECISION SUBJECT TO A SECTION 106 LEGAL AGREEMENT**

Address:

Langorf Hotel
18 - 20 Frognal
London
NW3 6AG**DECISION**

Proposal:

Change of use from hotel (Class C1) to residential (Class G3) to provide 13 flats (4 x 1 bed, 7 x 2 bed, 2 x 3 bed), erection of single storey first floor rear extension, rear dormer roof extension, side dormer roof extension, and alterations and additions to doors and fenestration on side and rear elevations.

Drawing Nos: Existing and Proposed Drawings: 98-001, 98-200, 98-201-P01, 98-202-P01, 98-203, 98-204, 98-205, 98-210, 98-211, 98-212, 98-220, 99-201-P01, 99-202, 99-203, 99-204, 99-205, 99-210, 99-211, 99-212, 00-100-P02, 00-201-P01, 00-202-P02, 00-203, 00-204, 00-205, 00-206, 00-210-P01, 00-211-P01, 00-212, 00-220 and 00-230.

Background Papers & Supporting Documents: Email from Circle Housing dated 17/03/15; Email from Octavia Housing dated 10/04/15; Letter from NRG Consulting Ref: AT/CSH/18F dated 17/02/15; Lifetime Homes Statement; NIBE F370 Exhaust Air Heat Pump Specification; Sustainable Design & Construction Statement Ref: SDCS/FROG/201404/11 - AT by NRG Consulting dated November 2014; Planning Statement dated August 2014; and Viability Assessment and Supporting Documents by Savilles dated 07/11/14.

The Council has considered your application and decided to grant permission subject to the conditions and informatives (if applicable) listed below **AND** subject to the successful conclusion of a Section 106 Legal Agreement.

The matter has been referred to the Council's Legal Department and you will be contacted shortly. If you wish to discuss the matter please contact **Aidan Brookes** in the Legal Department on **020 7 974 1947**.

Once the Legal Agreement has been concluded, the formal decision letter will be sent to you.

Condition(s) and Reason(s):

- 1 The development hereby permitted must be begun not later than the end of three years from the date of this permission.

Reason: In order to comply with the provisions of Section 91 of the Town and Country Planning Act 1990 (as amended).

- 2 The development hereby permitted shall be carried out in accordance with the following approved plans:

Existing and Proposed Drawings: 98-001, 98-200, 98-201-P01, 98-202-P01, 98-203, 98-204, 98-205, 98-210, 98-211, 98-212, 98-220, 99-201-P01, 99-202, 99-203, 99-204, 99-205, 99-210, 99-211, 99-212, 00-100-P02, 00-201-P01, 00-202-P02, 00-203, 00-204, 00-205, 00-206, 00-210-P01, 00-211-P01, 00-212, 00-220 and 00-230.

Background Papers & Supporting Documents: Email from Circle Housing dated 17/03/15; Email from Octavia Housing dated 10/04/15; Letter from NRG Consulting Ref: AT/CSH/18F dated 17/02/15; Lifetime Homes Statement; NIBE F370 Exhaust Air Heat Pump Specification; Sustainable Design & Construction Statement Ref: SDCS/FROG/201404/11; AT by NRG Consulting dated November 2014; Planning Statement dated August 2014; and Viability Assessment and Supporting Documents by Savilles dated 07/11/14.

Reason: For the avoidance of doubt and in the interest of proper planning.

- 3 All new external work shall be carried out in materials that resemble, as closely as possible, in colour and texture those of the existing building, unless otherwise specified in the approved application.

Reason: To safeguard the appearance of the premises and the character of the immediate area in accordance with the requirements of policy CS14 of the London Borough of Camden Local Development Framework Core Strategy and policy DP24 and DP25 of the London Borough of Camden Local Development Framework Development Policies.

- 4 No development shall take place until full details of hard and soft landscaping have been submitted to and approved by the local planning authority in writing. Such details shall include details of waste storage enclosures, landscape screening of waste and cycle storage areas, and landscaping of rear garden between communal garden and private terraces. The relevant part of the works shall not be carried out otherwise than in accordance with the details thus approved.

Reason: To ensure that the development achieves a high quality of landscaping which contributes to the visual amenity and character of the area in accordance with the requirements of policy CS14 and CS15 of the London Borough of Camden Local Development Framework Core Strategy and policies DP24 and DP25 of the London Borough of Camden Local Development Framework Development Policies.

- 5 All hard and soft landscaping works shall be carried out in accordance with the approved landscape details by not later than the end of the planting season following completion of the development or any phase of the development. Any trees or areas of planting which, within a period of 5 years from the completion of the development, die, are removed or become seriously damaged or diseased, shall be replaced as soon as is reasonably possible and, in any case, by not later than the end of the following planting season, with others of similar size and species, unless the local planning authority gives written consent to any variation.

Reason: To ensure that the landscaping is carried out within a reasonable period and to maintain a high quality of visual amenity in the scheme in accordance with the requirements of policies CS14 and CS15 of the London Borough of Camden Local Development Framework Core Strategy and policies DP24 and DP25 of the London Borough of Camden Local Development Framework Development Policies.

- 6 Before the development commences, details of secure and covered cycle storage area for 22 cycles shall be submitted to and approved by the local planning authority. The approved facility shall thereafter be provided in its entirety prior to the first occupation of any of the new units and permanently retained thereafter.

Reason: To ensure the development provides adequate cycle parking facilities in accordance with the requirements of policy CS11 of the London Borough of Camden Local Development Framework Core Strategy and policies DP17 and DP18 of the London Borough of Camden Local Development Framework Development Policies.

- 7 The lifetime homes features and facilities, as indicated on the drawings and documents hereby approved shall be provided in their entirety prior to the first occupation of any of the new residential units.

Reason: To ensure that the internal layout of the building provides flexibility for the accessibility of future occupiers and their changing needs over time, in accordance with the requirements of policy CS6 of the London Borough of Camden Local Development Framework Core Strategy and policy DP6 of the London Borough of Camden Local Development Framework Development Policies.

- 8 All trees on the site, or parts of trees growing from adjoining sites, shall be retained and protected from damage in accordance with the approved protection details in Arboricultural Impact Assessment Ref DFCEP 2535.

Reason: To ensure that the development will not have an adverse effect on existing trees and in order to maintain the character and amenity of the area in accordance with the requirements of policy CS15 of the London Borough of Camden Local Development Framework Core Strategy.

- 9 No lights, meter boxes, flues, vents or pipes, and no telecommunications equipment, alarm boxes, television aerials or satellite dishes shall be fixed or installed on the external face of the buildings, without the prior approval in writing of the local planning authority.

Reason: To safeguard the appearance of the premises and the character of the immediate area in accordance with the requirements of policy CS14 of the London Borough of Camden Local Development Framework Core Strategy and policies DP24 and DP25 of the London Borough of Camden Local Development Framework Development Policies.

- 10 Prior to occupation of any relevant part of the development, the applicant will have constructed and implemented all the measures contained in the Sustainable Design & Construction Statement Ref: SDCS/FROG/201404/11 - AT by NRG Consulting and such measures shall be permanently retained and maintained thereafter. The measures shall include the installation of a meter to monitor the energy output from the approved renewable energy systems.

Reason: In order to secure the appropriate energy and resource efficiency measures and on-site renewable energy generation in accordance with policies CS13 and CS16 of the London Borough of Camden Local Development Framework Core Strategy and policies DP22, DP23 and DP32 of the London Borough of Camden Local Development Framework Development Policies.

- 11 Prior to commencement of development details of rainwater harvesting and/or grey water recycling and a sustainable urban drainage system shall be submitted to and approved in writing by the local planning authority. Such system shall be based on a demonstrating 50% reduction in run off rates. The system shall be implemented as part of the development and thereafter retained and maintained.

Reason: To reduce the rate of surface water run-off from the buildings and limit the impact on the storm-water drainage system in accordance with policies CS13 and CS16 of the London Borough of Camden Local Development Framework Core Strategy and policies DP22, DP23 and DP32 of the London Borough of Camden Local Development Framework Development Policies.

Informative(s):

- 1 Your proposals may be subject to control under the Building Regulations and/or the London Buildings Acts which cover aspects including fire and emergency escape, access and facilities for people with disabilities and sound insulation between dwellings. You are advised to consult the Council's Building Control Service, Camden Town Hall, Argyle Street WC1H 8EQ, (tel: 020-7974 6941).

- 2 The Mayor of London introduced a Community Infrastructure Levy (CIL) to help pay for Crossrail on 1st April 2012. Any permission granted after this time which adds more than 100sqm of new floorspace or a new dwelling will need to pay this CIL. It will be collected by Camden on behalf of the Mayor of London. Camden will be sending out liability notices setting out how much CIL will need to be paid if an affected planning application is implemented and who will be liable.

The proposed charge in Camden will be £50 per sqm on all uses except affordable housing, education, healthcare, and development by charities for their charitable purposes. You will be expected to advise us when planning permissions are implemented. Please use the forms at the link below to advise who will be paying the CIL and when the development is to commence. You can also access forms to allow you to provide us with more information which can be taken into account in your CIL calculation and to apply for relief from CIL.

<http://www.planningportal.gov.uk/planning/applications/howtoapply/whattosubmit/cil>

We will then issue a CIL demand notice setting out what monies needs to be paid when and how to pay. Failure to notify Camden of the commencement of development will result in a surcharge of £2500 or 20% being added to the CIL payment. Other surcharges may also apply for failure to assume liability and late payment. Payments will also be subject to indexation in line with the construction costs index.

Please send CIL related documents or correspondence to CIL@Camden.gov.uk

- 3 Noise from demolition and construction works is subject to control under the Control of Pollution Act 1974. You must carry out any building works that can be heard at the boundary of the site only between 08.00 and 18.00 hours Monday to Friday and 08.00 to 13.00 on Saturday and not at all on Sundays and Public Holidays. You are advised to consult the Council's Compliance and Enforcement team [Regulatory Services], Camden Town Hall, Argyle Street, WC1H 8EQ (Tel. No. 020 7974 4444 or on the website

<http://www.camden.gov.uk/ccm/content/contacts/councilcontacts/environment/cont-act-the-environmental-health-team.en> or seek prior approval under Section 61 of the Act if you anticipate any difficulty in carrying out construction other than within the hours stated above.

- 4 Your attention is drawn to the fact that there is a separate legal agreement with the Council which relates to the development for which this permission is granted.

Information/drawings relating to the discharge of matters covered by the Heads of Terms of the legal agreement should be marked for the attention of the Planning Obligations Officer, Sites Team, Camden Town Hall, Argyle Street, WC1H 8EQ.

- 5 Under Section 25 of the GLC (General Powers) Act 1983, the residential accommodation approved is not permitted for use as holiday lettings or any other

form of temporary sleeping accommodation defined as being occupied by the same person(s) for a consecutive period of 90 nights or less. If any such use is intended, then a new planning application will be required which may not be approved.

In dealing with the application, the Council has sought to work with the applicant in a positive and proactive way in accordance with paragraphs 186 and 187 of the National Planning Policy Framework.

Yours faithfully

Supporting Communities Directorate

DRAFT

DECISION

APPENDIX J

Schedule of Comparable Sales Evidence

**Strutt and Parker Schedule of Comparables
18-20 Frognal, London, NW3 6AG**

PROPERTY/UNIT NO.	FLOOR	ACCOMMODATION		CONDITION	TENURE	DATE	SOLD PRICE	GIA		RATE		COMMENTS
		Beds	B/WC					sq m	sq ft	£/sq m	£/sq ft	
1-bed flats												
Flat 3, 12 Rosslyn Hill, NW3	1	1	1	Well Presented	LH + SOFH	May-18	£600,000	42	448	£14,416	£1,339	Located in a period building. Good ceiling height. Located to the east of the Property.
Flat 3, 14 Chesterfield Gardens, NW3	Gr	1	1	Well Presented	LH + SOFH	May-17	£735,000	52	562	£14,078	£1,308	Located in a period building. Good ceiling height. Located on an adjacent road.
Youngs Court, 42 Grayton Road, NW3	1	1	1	Dated	LH + SOFH	Jan-17	£510,000	42	453	£12,119	£1,126	South facing flat within a sought after development with secure off-street parking.
12 Well Walk, London, NW3 1LD	1	1	1	Good	LH + SOFH	Jul-16	£677,500	45	480	£15,193	£1,411	Situated within a red brick Victorian terraced house.
2 Youngs Court, 42 Grayton Road, NW3 1TU	2	1	1	Good	LH + SOFH	Feb-17	£875,000	58	620	£15,191	£1,411	South facing flat within a sought after development with secure off-street parking.
42 Grayton Road, NW3 1TU	G	1	1	Dated	LH	Jan-17	£510,000	42	453	£12,119	£1,126	Requires modernisation.
Flat A, 112 Heath Street, NW3 1DR	1, 2	1	1	Good	LH	Sep-16	£625,000	60	648	£10,382	£965	Benefits from its own private entrance.
1 Parliament Hill, NW3 2SY	2	1	1	Newly Refurbished	LH	Jul-16	£573,000	44	475	£12,985	£1,206	Newly refurbished flat within an end of terrace property.
Flat D, 70 Maresfield Gardens, NW3 5TD	G	1	1	Newly Refurbished	LH	Feb-16	£620,000	46	494	£13,478	£1,255	Newly refurbished flat.
7 Fitzjohns mansions, 10 Netherhall Gardens, NW3 5RS	1	1	1	Dated	LH	Mar-16	£520,000	40	430	£13,000	£1,209	Accessed via a private entrance. Off street parking and south facing patio garden.
2-bed flats												
Flat 1, 47 Netherhall Gardens, NW3	Gr & First	2	1	Fair	LH	Feb-18	£1,100,000	94	1,012	£11,700	£1,087	Traditional Property. Building looks tired externally and the flat requires upgrading.
Flat A, 30 Kemplay Road, NW3	Gr	2	1	Fair/Tired	LH	Nov-17	£830,000	62	663	£13,475	£1,252	Situated on the ground floor of a period property. Needed work. Small galley kitchen.
7 Burlington House, NW3	2	2	2	Unmodernised	LH	Nov-17	£1,350,000	125	1,348	£10,780	£1,001	Situated within a mansion block. It lies to the east of the Property. Underground parking.
30 Maresfield Gardens, NW3 5SX	1	2	1	Good	LH	Feb-17	£1,560,000	128	1,375	£12,212	£1,135	Situated on the first floor of a period property it is accessed through a private entrance.
25 Pilgrims Lane, NW3 1SX	2, 3	2	2	Good	LH	Feb-17	£1,200,000	99	1,061	£12,174	£1,131	Situated in the upper floors of an end of terrace period house.
Flat A, 16 Belsize Lane, NW3 5AB	LG	2	2	Refurbished	LH + SOFH	Oct-16	£1,475,000	109	1,172	£13,547	£1,259	Arranged over the lower ground floor of a semi-detached period property. Private garden.
52 Belsize Park, NW3 4EE	1	2	1	Good	LH, 2991	Sep-16	£1,220,000	99	1,070	£12,273	£1,140	Arranged over the first floor of an impressive stucco fronted property. Benefits from a balcony and communal gardens.
Flat 5, 10 Strathray Gardens, NW3 4NY	3, 4	2	2	Fair	LH + SOFH	Sep-16	£1,070,000	97	1,040	£11,075	£1,029	Situated within a double fronted, detached period property.
2 Moreton House, Holly Walk, Nw3 6RA	G, LG	2	2	Good	LH, expiring 2106 + SOFH	Apr-16	£1,520,000	117	1,260	£12,985	£1,206	Situated within a Grade II Listed property.
3-bed flats												
Flat 5, 14 Chesterford Gardens, NW3	2	3	1	Dated	LH	May-17	£1,275,000	107	1,149	£11,944	£1,110	Situated on the top floor of a period property within part eaves and the flat is in need of upgrading.
1 Gainsborough Lodge, 2 Holford Road, NW3 1AD	G	3	2	Good	LH	Feb-17	£1,700,000	142	1,525	£11,999	£1,115	Arranged over the whole ground floor of an impressive period house. Private garden.
Flat D, 75 Belsize Park Gardens, NW3 4JP	2	3	3	Refurbished	LH + SOFH	Dec-16	£1,695,000	124	1,332	£13,697	£1,273	Arranged over the second floor of an impressive stucco fronted property.
Flat C, 75 Belsize Park Gardens, NW3 4JP	1	3	3	Refurbished	LH + SOFH	Nov-16	£1,775,000	137	1,473	£12,971	£1,205	Arranged over the first floor of an impressive stucco fronted property. Benefits from a terrace.
Flat D, 37 Adamson Road, NW3 3HS	1	3	2	Refurbished	LH + SOFH	Nov-16	£1,285,000	97	1,047	£13,211	£1,227	Situated within a double fronted, detached property.

Strutt and Parker Schedule of Comparables
18-20 Frognal, London, NW3 6AG

Flat 4, 39 Maresfield Gardens, NW3 5SG	2, 3	3	2	Fair	LH + SOFH	Nov-16	£1,325,000	106	1,140	£12,511	£1,162	Arranged over the upper floors of a semi-detached period property.
Flat B, 45 Maresfield Gardens, NW3 5TE	LG	3	2	Good	LH + SOFH	Oct-16	£1,795,000	124	1,340	£14,419	£1,340	Arranged over the lower ground floor of a semi-detached period property. Private patio and communal gardens.
Flat A, 8 Frognal Gardens, NW3 6UX	G	3	2	Refurbished	LH	Oct-16	£1,700,000	119	1,281	£14,285	£1,327	Arranged over the ground floor of a semi-detached period property. Communal garden.
Flat 1, 36 Netherhall Gardens NW3 5TP	LG	3	3	Good	LH + SOFH	Mar-16	£2,590,000	181	1,949	£14,304	£1,329	Whole lower ground floor of substantial period conversion. 50' rear garden. Private garden. Not newly done. Parking space.
Flat B, 60 Fitzjohns Avenue, NW3 5LT	LG & G	3	2	Good	LH	Mar-16	£1,400,000	111	1,190	£12,613	£1,176	Duplex apartment within a period property. Benefitting from front patio, rear garden and high ceilings.

APPENDIX K

Residual Appraisal & Sensitivity Analysis

18-20 Frognell
London
NW3 6AG

Development Appraisal
BNP Paribas Real Estate
13 June 2018

**18-20 Frognell
London
NW3 6AG**

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
13 Flats	1	9,730	1,334.53	12,985,000	12,985,000

NET REALISATION

12,985,000

OUTLAY

ACQUISITION COSTS

Residualised Price			6,347,279		
				6,347,279	
Stamp Duty		0.50%	31,736		
Legal Fee		0.25%	15,868		
Town Planning			5,000		
Survey			10,000		
				62,605	

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
13 Flats	9,730 ft ²	324.77 pf ²	3,160,000	3,160,000

MARKETING & LETTING

Marketing			150,000		
				150,000	

DISPOSAL FEES

Sales Agent Fee		1.50%	194,775		
Sales Legal Fee		0.10%	12,985		
				207,760	

Additional Costs

Highways Contribution			18,973		
Cycling & Enviro Contribution			7,000		
				25,973	

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)					
Land			746,567		
Construction			120,649		
Total Finance Cost				867,215	

TOTAL COSTS

10,820,832

PROFIT

2,164,168

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
IRR	18.43%
Profit Erosion (finance rate 6.000%)	3 yrs 1 mth

This appraisal is not a formal valuation and should not be relied upon as such.

18-20 Frognell
London
NW3 6AG

Development Appraisal
BNP Paribas Real Estate
13 June 2018

18-20 Frognell
London
NW3 6AG

Table of Land Cost and Gross Development Value

Sales: Gross Sales					
Construction: Gross Cost	-10.000%	-5.000%	0.000%	+5.000%	+10.000%
	11,686,500	12,335,750	12,985,000	13,634,250	14,283,500
-10.000%	(£5,694,929)	(£6,167,500)	(£6,640,071)	(£7,112,642)	(£7,585,212)
2,844,000	£11,686,500	£12,335,750	£12,985,000	£13,634,250	£14,283,500
-5.000%	(£5,548,533)	(£6,021,104)	(£6,493,675)	(£6,966,246)	(£7,438,817)
3,002,000	£11,686,500	£12,335,750	£12,985,000	£13,634,250	£14,283,500
0.000%	(£5,402,137)	(£5,874,708)	(£6,347,279)	(£6,819,851)	(£7,292,421)
3,160,000	£11,686,500	£12,335,750	£12,985,000	£13,634,250	£14,283,500
+5.000%	(£5,255,741)	(£5,728,312)	(£6,200,883)	(£6,673,455)	(£7,146,026)
3,318,000	£11,686,500	£12,335,750	£12,985,000	£13,634,250	£14,283,500
+10.000%	(£5,109,342)	(£5,581,916)	(£6,054,487)	(£6,527,059)	(£6,999,630)
3,476,000	£11,686,500	£12,335,750	£12,985,000	£13,634,250	£14,283,500

Sensitivity Analysis : Assumptions for Calculation

Sales: Gross Sales

Original Values are varied by Steps of 5.000%.

Heading	Phase	Amount	No. of Steps
13 Flats	1	£12,985,000	2 Up & Down

Construction: Gross Cost

Original Values are varied by Steps of 5.000%.

Heading	Phase	Amount	No. of Steps
13 Flats	1	£3,160,000	2 Up & Down

This appraisal is not a formal valuation and should not be relied upon as such.