



Real value in a changing world

Development and Asset Strategy

Fayette Associates

Twyford Abbey

November 2011

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14 November 2011

Dear Sirs

Terms of Reference

Addressee: Fayette Associates
Project Managers
24 Russell Road
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Property Address: Twyford Abbey Road, Ealing, London NW10 7DP

Tenure: Freehold

Instruction Date: 26 October 2011

Instruction and Purpose of Report Our instructions are from Twyford Abbey Properties Limited through their project managers Fayette Associates, although details of the specific requirements have been provided by Edge Planning & Development acting in the capacity of viability consultants. Details of the advice required were provided in an e-mail from Jeremy Edge of Edge Planning & Development to Clarke Vallance dated 14 October 2011. There has been subsequent discussion and further correspondence with Mr Edge and our understanding of the matters that he wishes us to address is set out below.

In connection with an application for residential development at Twyford Abbey we are required to provide an assessment of the potential to use the premises for a number of different uses. These include general community uses including institutional and education; healthcare uses; employment uses and retail. Hotel use has been separately dealt with in a study undertaken by GVA Humberts Leisure and an analysis of the residential potential has been dealt with by Mr Edge.

Twyford Abbey itself and the adjoining walled garden are listed structures. The main house is in a serious state of dis-repair and it is considered that a major programme of works is urgently required to save it. The analysis prepared by Mr Edge has concluded that restoration of the building and its conversion to residential use (considered to be the optimum use in terms of financial return) would result in a conservation deficit in the order of £5.24 million. It is suggested that remunerative development in the form of new housing should be used as a means of bridging the viability gap and ensuring the restoration of the heritage asset. The proposed scheme therefore shows housing development in the grounds of the Abbey which it is understood is contrary to planning policy but is being justified on the grounds that it acts as Enabling Development.

Twyford Abbey is however allocated as a Proposal Site in the Ealing UDP for community, educational or hotel use. Whilst the viability of a hotel scheme has already been tested in the GVA report our role now is to consider the community, education and other potential uses to assess the demand for those uses and their potential to offer scope for a restoration of Twyford Abbey and to give it a sustainable future.

Inspection:

The property was inspected on 1 November 2011 by Clarke Vallance and Richard Haynes. We inspected all external parts of the building including the central courtyard and the walled garden. We also inspected a number of internal rooms, however due to the dilapidated condition of the building we were only able to see a small selection of rooms on the ground floor.

The weather was sunny and warm.

Personnel:

This report has been prepared by Clarke Valance MPINZ and Richard Haynes MRICS.

Assumptions:

We have made the following assumptions:

- The floor plans provided by PRP Architects LLP are correct;
- The cost information produced by Sawyer & Fisher is an accurate estimation of the likely expenditure required for repairs and conversion;
- The findings of the Hotels study produced by GVA Humberts Leisure accurately reflects the current circumstances relating to the potential hotel use of the property;
- The content of the planning report accurately reflects the current policy;
- The assumptions made in relation to the residential development

appraisal accurately reflect the current market values, demand, costs and developers requirements; and

- There are no adverse site conditions or contamination that would adversely affect the potential future development of the site.

Sources of Information:

We have inspected the premises and carried out all the necessary enquiries with regard to rental and investment value.

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

- Initial Hotel Appraisal Report prepared by GVA Humberts Leisure dated August 2011;
- Feasibility Appraisal Report prepared by Edge Planning & Development dated 7 October 2011;
- Generic Scheme Budget Estimate prepared by Sawyer & Fisher Chartered Quantity Surveyors dated August 2010 and subsequently updated in July 2011; and
- Draft Planning Statement prepared by CgMs Ltd dated July 2011.

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1 Location

1.1 Surrounding Area

The property is situated in a predominantly residential suburb towards the northern fringe of the London Borough of Ealing. In general terms, this relatively small pocket of housing is bounded to the east by Park Royal Business Park/Industrial Estate, to the south by the Western Avenue (A40) and to the north and west by The North Circular Road (A406).

Surrounding properties comprise a combination of low-density semi-detached family housing together with more modern multi-storey apartments situated on the opposite side of Twyford Abbey Road, directly south of the subject property.

West Twyford Primary School is situated directly to the east of the property.

The western fringe of Park Royal Business Park/Industrial Estate is situated approximately 250 metres east of the property further along Twyford Abbey Road.

Central Middlesex Hospital is situated within Park Royal, approximately 1 mile from the subject property by road.

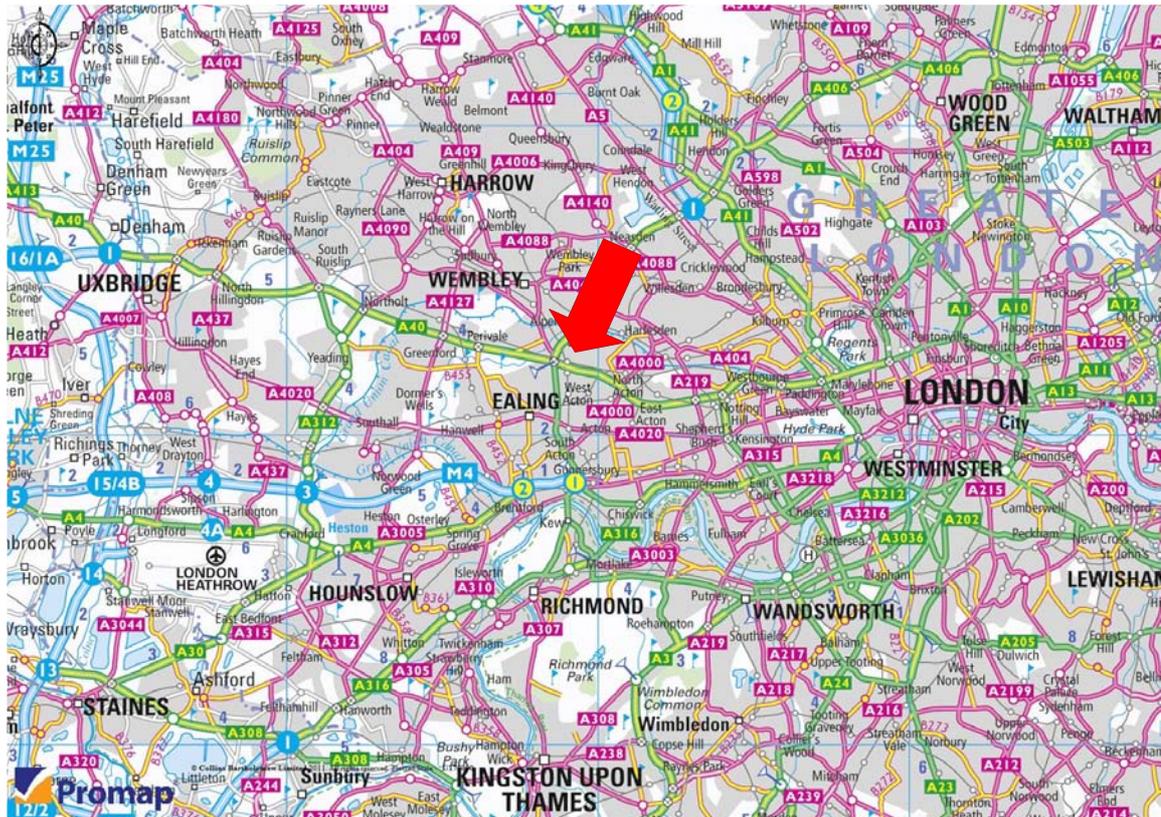


1.2 Communications

1.2.1 Roads

The property is situated less than half of a mile from the Hanger Lane gyratory providing access onto Western Avenue (A40) or alternatively The North Circular Road (A406), the north western section of London's inner orbital ring road. Central London is approximately 8 miles drive from the property with a journey time of 25 to 30 minutes by car under normal traffic conditions.

The map below illustrates the subject property and the surrounding road network



1.2.2 Rail

The Hanger Lane London Underground Station is situated less than half of a mile to the west of the property and can be accessed by foot in approximately 10 minutes. Hanger Lane is serviced by the Central Line, providing very frequent train services to central London with a journey time of approximately 20 minutes.

1.2.3 Air

The property is situated approximately 13 miles drive from Heathrow Airport with a journey time of approximately 25 minutes by car under normal traffic conditions.

2 Description

2.1 Site

2.1.1 Characteristics

The subject property is an irregularly shaped plot as outline in red on the plan below. We are informed that the site comprises a total land area of approximately 5.4 hectares (13.3 acres) with a road frontage measuring approximately 153 metres along Twyford Abbey Road and extending to a maximum depth of some 322 metres to the rear northern boundary.



2.1.2 Access

Vehicular and pedestrian access is gained via Twyford Abbey Road through a set of security gates towards the south-western corner of the property. A second entrance is provided towards the south-eastern corner, also off Twyford Abbey Road.

The property is also bounded to the north by the North Circular Road (A406), however no direct vehicular or pedestrian access is provided.

2.2 Description and Construction

2.2.1 Historic Overview

We understand that the main building on the site dates back to 1807-1809 when it was built as a manor house. It is our understanding that the original two storey dwelling (south west part) was designed by William Atkinson as an early 19th century Gothic revival building.

At some stage in the mid-19th century the original dwelling was been extended significantly.

We understand that the Abbey was originally occupied as a single family house until the beginning of the 20th century when the house was purchased by the brothers of the Order of St Alexis and converted into a convalescent home. The building was extended further in 1904-5 with another wing constructed, again reflecting the Gothic appearance of the earlier building.

More additions were made during the mid-20th Century. These include a three storey infill between the original early 19th Century building and the Alexian Gothic extension and a three storey wing to the east which appears to have been constructed during the 1960's.

2.3 Design & Construction

Main Building



The original house comprises a largely two storey structure with three storeys to part as well as a partial basement.

It is constructed in the early 19th century "Gothic" taste with rendered brick elevations capped with castellated parapets and decorative corner turrets. Fenestration is generally Gothic style lancet casements and door openings are shallow arched "Tudor" frames containing substantial oak doors.

The original building layout was changed in the 1960s with a panelled infill section enclosing the former courtyard and a substantial wing had previously been added at the start of the 20th century.

Rear Wing



The rear wing was built during the 1960's of conventional brick construction with metal window frames and concrete tile roofing.

Access to the interior of this block could not be obtained.

Under current proposals this block would be demolished.

Other Buildings



There are a number of other buildings on the site including a small gatehouse, former pig sties, a gardener's store and various outbuildings associated with the walled garden including the bothy cottage.

These buildings are in very poor condition.



Photographs

Appendix 2 contains additional photographs illustrating the general scale and condition of the property.

2.3.1 External Areas

- Walled Garden – The property has a significant Grade II listed walled garden situated between the main building and the rear northern boundary.
- Driveway – The relatively narrow sealed driveway is largely overgrown and in need of upgrading
- Meadow – There is a former area of meadow situated between the main building and the front boundary.
- Trees – The site contains numerous mature trees and shrubs including two fine cedars. We understand that all trees on the site are subject to a blanket Tree Protection Order (TPO).

2.4 Accommodation

Due to the dilapidated condition of the property it was not possible for us to measure the buildings. We confirm that we have been provided with floor areas by Edge Planning & Development. We understand that these floor areas have been calculated on a Gross Internal Area (GIA) basis in accordance with the RICS' Code of Measuring Practice.

	sq. ft.	sq. m.
Basement	4,252	395
Ground Floor	15,220	1,414
First Floor	15,360	1,427
Second Floor	5,887	547
Total	40,719	3,783

As agreed we have relied upon these floor areas for the purposes of this report.

We understand that these areas are based on the existing building and include the infill section which enclosed the courtyard (added in the 1960s). In our development appraisals we have made a deduction to reflect the likelihood that this would be removed.

Also, in calculating our development appraisal for "employment use" we have made a further overall adjustment of 25% to reflect the likely Net Internal Area (NIA) of the building, should it be converted to offices.

2.5 State of Repair

2.5.1 General

The property is currently in a largely derelict state. Very significant expenditure is required to bring it up to a useable condition.

We understand that the required repairs extend to the structure, external fabric and internal fittings and decoration.

For the avoidance of doubt we have not undertaken any form of building or condition survey and will not comment on condition. We have relied upon cost estimates produced by Sawyer & Fisher (Quantity Surveyors) which detail the cost of returning the property to a habitable state.

3 Town Planning

3.1 Planning

3.1.1 General

The property is situated within the administrative planning jurisdiction of the London Borough of Ealing. Current planning policy is contained within the Ealing Unitary Development Plan (UDP), adopted in October 2004.

Following changes introduced under the Planning and Compulsory Purchase Act 2004 the London Borough of Ealing is currently in the process of preparing their Local Development Framework (LDF).

We understand that the London Borough of Ealing is aiming to deliver their LDF by mid-2013.

We have been provided with a draft planning report dated August 2011 prepared by CgMs Limited on behalf of Twyford Abbey Properties Limited. This provides further detail with regard to the planning history and also with regard to the planning policy context.

Twyford Abbey and its walled garden (separately listed) are included in the Statutory List of Buildings of Architectural and Historic Merit (Grade II). The site is allocated as Metropolitan Open Land (MOL) in the Ealing Unitary Development Plan (UDP). The site is also identified as Heritage Land, an Area of Archaeological Interest and a Proposal Site allocated for community, educational or hotel use in an open landscaped setting.

The site (excluding the Abbey and walled garden) is also designated as a Site of Metropolitan and Local Importance for Nature Conservation and there is a blanket tree preservation order covering the site.

3.2 History

The Alexian Brothers vacated the property in 1987. In the following year it was bought we understand, by Norfolk Capital Group and was also used for a time as a hostel for refugees.

It was bought by the current owners in 1996 and planning permission was obtained subject to a S.106 agreement for hotel use. The viability of the hotel development was however in question and the permission was never implemented.

A planning application for conversion and development to residential use providing 120 units was submitted and withdrawn in 2000. Further applications followed in 2005 for a scheme amounting in total to 317 units. This was in the form of duplicate applications one of which was refused and the other ultimately withdrawn. Since then an appropriate solution for the future of the site has been sought.

3.2.1 Current Planning Issues

We understand that the current owners are attempting to gain planning permission for a conservation led residential scheme, sympathetic to the heritage, tree preservations and metropolitan open land nature of the property and its surrounding uses.

It is intended that the main heritage listed building and walled garden is conserved through the implementation of modest levels of enabling development on the site.

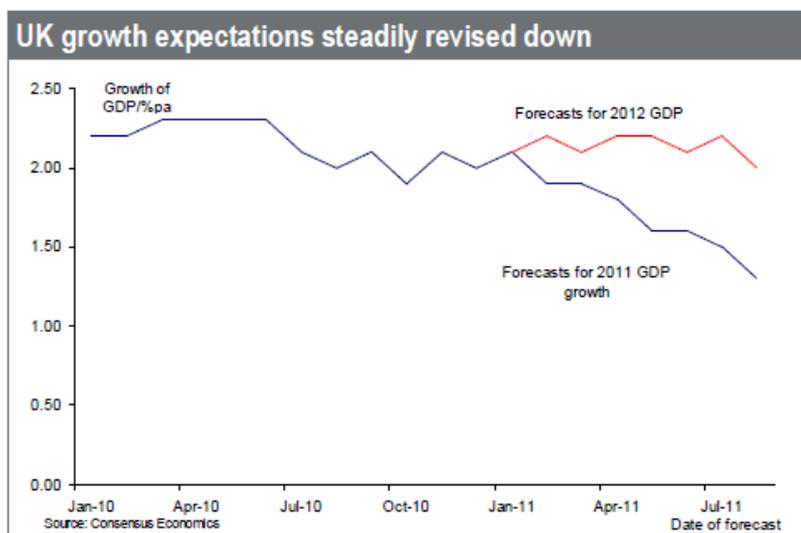
4 Market Commentary

In the next section of this report we will provide an analysis of different use options and how they might apply to Twyford Abbey. In order to put our comments into perspective however, it is important to understand the general market context in which these have been made. We therefore summarise Jones Lang LaSalle’s latest economic and property market commentary as follows:

4.1 UK Economy

4.1.1 Economic outlook deteriorates

The UK is currently struggling against the headwinds of a domestic fiscal squeeze and global weakness. Economic recovery has lost its momentum, compounded by sovereign debt problems in the Eurozone, which are weighing heavily on consumer and business confidence. Consequently, growth forecasts for the UK have been downgraded further to 0.9% for 2011 (down from 1.1% three months earlier, according to IHS Global Insight), with the outlook for next year only slightly better. This rate is still far below trend and leaves UK output levels well adrift of the peaks of the last boom.



Sources: NIESR, Office for National Statistics

The most worrying development over recent weeks is the contagion of sovereign debt problems from Greece and the Eurozone fringe to the larger core economies such as Italy.

Looking at sector specifics, the latest Purchasing Managers’ Index (PMI) indicated that business activity was mixed in September. A modest expansion of the UK manufacturing sector was recorded as the index climbed to 51.1, although new export orders fell sharply reflecting slower global demand. Similarly, the services sector expanded in September (PMI was 52.9) after a weak August, whilst construction activity stagnated with the index at 50.1, marginally above the 50.0 level that indicates unchanged activity.

4.1.2 Sluggish retail sales as confidence remain weak

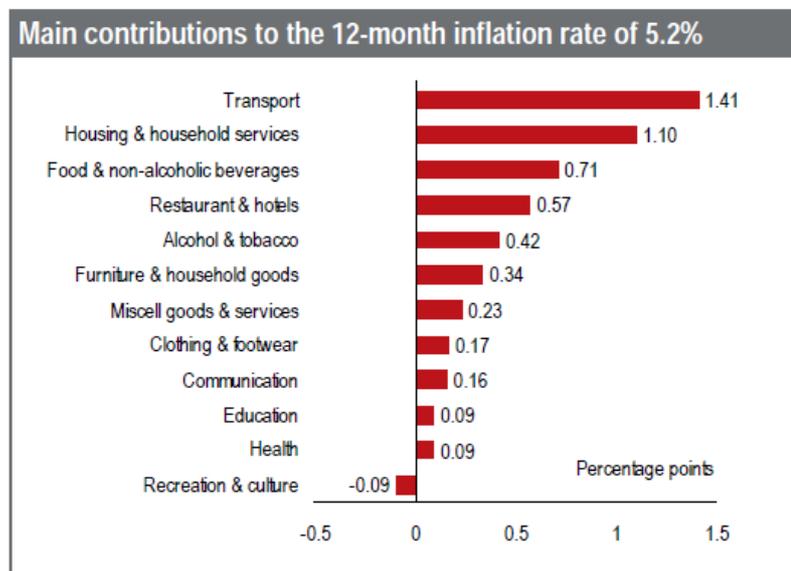
Retail sales showed some modest improvement in September, where total sales volume rose by 0.6% over the month, after experiencing a contraction in August. Although the figures were better than expected, further weakness is expected over the coming months. Consumers remain cautious about spending, with purchasing power being squeezed by the rising inflation, limited wage growth and tighter fiscal policy. Moreover, confidence is still very low, given the heightened global economic uncertainties and increasingly bleak job market prospects.

4.1.3 Worrying labour market data

The latest UK labour market data worsened considerably, with the number of unemployed rising significantly by 114,000 in the three months to August, the largest rise in more than two years. This pushed the unemployment rate up to a 15-year high of 8.1% from 7.9% in July. The weak data supports the expectation that unemployment is likely to continue rising over the next few months. Businesses will become more cautious in their hiring plans as economic activity slows further and the public sector is likely to see considerable job cuts.

4.1.4 Inflation rose further while BoE extended QE

Annual consumer price inflation (CPI) rose to a three-year high of 5.2% in September from 4.5% in August. The largest upward pressure on prices came from gas and electricity charges and transport costs. Although it is a sharp increase, the Bank of England had anticipated inflation to exceed 5% in the near term, with most analysts expecting it to reach its peak in September or October before falling sharply in 2012 once the impact of the VAT rise drops out in the New Year.



Source: Office for National Statistics

Despite the rising inflation, interest rates are likely to be kept on hold for at least the next 12 months. Instead, the Bank of England extended its quantitative easing programme in October, injecting a further £75 billion into the economy to aid the fragile recovery. The minutes of the Monetary Policy Committee meeting revealed all nine members voted to extend the programme in view of the deteriorating outlook. We cannot rule out any further QE extension next year if the economic recovery fails to pick up pace

4.2 Property Market Overview

4.2.1 Speculative construction picks up as supply shortage bites

The economic frailties that have been evident over recent months have not yet been reflected in office take-up volumes. Across the eight key regional markets (Birmingham, Bristol, Leeds, Manchester, Edinburgh, Glasgow, Cardiff, & Western Corridor) office take-up reached over 1.5 million sq ft in Q3. Although leasing volumes increased 22.9% compared to the previous quarter; they were down by -36.3% compared to the equivalent period last year. Given the mixed outlook for the economy, occupiers will remain cautious over the medium term. Aggregate take-up levels for the first nine months of 2011 indicate that year-end figures will be broadly in line with 2010.

Average vacancy rates fell slightly across the UK regional markets, down from 12.6% in Q2, to 12.3% in the third quarter. However, the picture remains mixed with overall supply continuing to increase in Birmingham, Glasgow and Bristol. Grade A vacancy rates fell to just 4.0%, down from 4.3% in the previous quarter. Again, though there remains considerable variation across the region with Grade A vacancy as low as 2.1% in Manchester.

In response to the impending supply shortage, Q3 witnessed a slight increase in the amount of speculative construction, with just over 1 million sq ft of space across the eight key UK regional markets. This reflects an increase of 14% compared to the previous quarter, and was driven primarily by a number of new starts in Glasgow, Cardiff and Leeds.

Prime rents increased in Manchester and the Western Corridor, by 5.3% and 1.4% respectively over the quarter. Conversely, Edinburgh experienced slight rental softening as take-up activity continued to fall. On aggregate, UK regional rents have increased by 1.7% compared to the equivalent period last year. Looking ahead to 2012 we are forecasting average rental growth across the UK regional markets of 3.5% by year end.

4.2.2 Positive sales figures but retailers remain conservative

The 'headline' retail sales figures for September were more positive than expected: the ONS reported that year-on-year retail sales values were up 5.4% and more significantly, volumes increased by 0.6% (the first increase in five months). However, rather than signal the start of a recovery, these figures were widely regarded as an inflation- and weather-induced blip.

The mood amongst retailers remains unequivocally cautious ahead of the important Christmas trading period. Retailers are de-risking in the amount of stock they are buying in for the festive period. However, this conservatism extends to their location planning requirements and occupier demand remains selective at best. In turn, this is largely keeping rental growth in check.

As ever, there are significant disparities between retail sub-sectors. Food retailers continue to report headline growth, but much of this is inflation-driven, with volume growth very hard to come by. The mini heatwave at the end of September came at the worst possible time for fashion retailers, in that it coincided with launches of winter ranges. The most depressed sectors continue to be large-ticket bulky goods, with the electricals market particularly challenging. Low margin at the best of times, sharp declines in volume are very damaging, as evidenced by recent poor trading figures at both Comet and Argos and unsubstantiated rumours that US giant Best Buy is reviewing its position in the UK market only one year into its roll-out programme.

4.2.3 Availability Falls in the Industrial Market

Our provisional figures for Q3 indicate that across Great Britain the availability of industrial and distribution floorspace (in units between 1,000 sq ft and 99,999sq ft) fell by around 3.5% compared with availability at the end of Q2.

In the big box logistics market, covering units of 100,000 sq ft and over, our final estimates show that the availability of Grade A space (new and good quality second-hand) fell by 3% over Q3 to stand at 27.5 million sq ft across GB at the end of September. This total comprised 10.4 million sq ft of new floorspace and 17.1 million sq ft of second-hand space. The availability of new and second-hand space moved in different directions over Q3. New availability fell by 13%, whilst second-hand availability rose by 4%. The moratorium on new speculative development in this market continued. No new space has been speculatively delivered in the big box market since H1 2009.

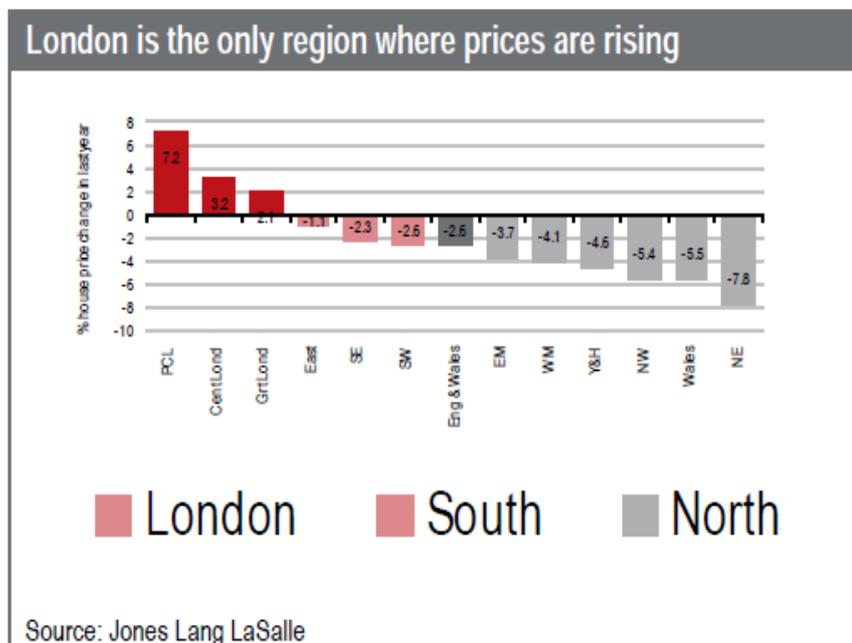
Grade A take-up in the big box market totalled 3.511 million sq ft in Q3, 15% higher than recorded in Q2 (3.056 million) but 56% lower than recorded in Q3 last year (7.954 million sq ft). Grade A take-up in the first nine months of 2011 totalled 10.403 million sq ft, 42% lower than the level transacted in the corresponding period of 2010 (18.053 million sq ft), when take-up bounced back strongly after the recession.

Whilst these figures indicate that availability is trending down (in both the standard industrial market and the big box market) the level of vacancy has not yet fallen sufficiently for rents in general to rise. That said, rents have now stabilised in most locations and in a few markets, notably in West London, prime headline rents have actually started to increase.

4.2.4 House price growth increasingly polarised

Generally speaking, the recent international sovereign debt crises and subsequent stock market turbulence has yet to affect UK housing markets and statistics.

However, even prior to these events house prices across England & Wales were declining and have fallen by an average 2.6% in the year to August 2011, according to the Land Registry.



Recent house price growth has not been uniform and there is a real North-South divide to current house price changes. The only region in the country where prices are still rising is in London. Prices in Greater London have risen by 2.1% in the year to August but have increased even more strongly in higher value and more centrally located areas. In Central London, prices have risen by 3.2% in the year to Q3 2011 and have improved by an even stronger 7.2% in Prime Central London (PCL), according to Jones Lang LaSalle research.

In contrast, prices have fallen in every region outside London. Furthermore, house prices have generally fallen by far more in Midland and Northern regions than they have in the South, as is shown in the chart above.

5 Potential Use Options

5.1 General Overview

Whilst the proposed planning application relates to a residential development, our instructions are to consider the possibility of other uses on the site. The site is in fact allocated for community related uses including educational or alternatively for hotel use. We will however consider all realistic options. Specifically it is our intention to consider the following:

- Healthcare uses
- Educational uses
- Employment uses
- Retail uses

In the context of this exercise it is also appropriate to consider hotel use and residential use. Whilst we will touch on these two forms of development they have both been covered in more detail by other specialists.

5.2 Healthcare Uses

5.2.1 Healthcare Overview

As previously detailed, the property was previously used as a Convalescent Home/Care Home for approximately 70 years until its closure in the late 1980s. It is therefore considered that some form of Healthcare or Care Home use could be a feasible future use for the site, particularly given the proximity to Central Middlesex Hospital less than 1 mile away.

Potential healthcare uses range from a specialty hospital, a cancer hospice, a residential care home for the elderly or people with learning difficulties, doctors or dental surgery, or alternatively some form of day clinic.

5.2.2 Healthcare Comparables

There have been a number of surplus healthcare properties coming to the market recently in the wider west London area. We will provide some details below in support of our general comments and conclusions.

Manor House – Manor Lane, Feltham

This freehold property was sold in February 2011 for £1,100,000 with vacant possession. The property comprises a former NHS clinic building measuring approximately 8,759 sq ft on four floors set within a reasonably spacious site measuring 0.56 acres and containing 33 marked car parking spaces. We understand that the building is serviced with a passenger lift and was in relatively good condition throughout having been subject to extensive refurbishment works approximately 8 years ago and had been vacant for a period of 2 years prior to the sale.

The property falls within the planning authority of the London Borough of Hounslow and is classified as Class D1. The building is also locally listed and falls within the Feltham Town Centre Conservation Area. We understand that it was purchased by a religious group who can use the property under its current D1 use class. Our analysis of this transaction equates to a capital value of approximately £125 per sq ft.

St Luke's Hospital – Woodside Avenue, Muswell Hill

This freehold property is currently on the market for sale. We understand that there is a reasonably strong level of demand from developers looking to carry out a substantial residential redevelopment of this very well located property. The extensive site contains a total land area of 2.59 ha (6.39 acres) and has in excess of 82,000 sq ft of various healthcare related buildings constructed on the site.

The property falls within the planning authority of the London Borough of Haringey and has a current lawful planning use of C2 (residential institution). We understand that a number of the buildings are Grade II listed, part of the site falls within a Conservation area and part of the site is designated as a locally listed historic park and garden.

The Brent Birth Centre – Central Way, Brent NW10

This property has been on the market to let for an extended period. The property comprises a purpose built high specification birthing centre designed and built for the NHS. The single storey building has a total gross internal floor area of 9,808 sq ft on a site of approximately 0.247 ha (0.61 acres). From our investigations with the marketing agents, we understand that there has been significant interest at a rental of around £70,000 (circa £7.00 to £7.50 per sq ft) however the NHS Trust was not prepared to accept this level of rental due to a high capital charge on the property.

Gunnersbury Day Hospital – Cloister Road, Acton

This property has been on the market for sale for an extended period. The property comprises a former NHS Day Hospital situated in the London Borough of Ealing. The single storey building measures approximately 5,920 sq ft. It was originally constructed in the 1930s and is now obsolescent and surplus to requirements. The building was put on the market by the NHS approximately 12 months ago. Whilst there has been interest in the 0.17 acre site for residential development, this has since fallen away following a rejection by the local planning authority of residential consent.

5.2.3 Healthcare Use Analysis

Given the size and setting of the buildings, the property is likely to lend itself to a residential care home or hospital type use. Both of these uses would no doubt require extensions to the main historic part of the existing building so that the property could cater to modern healthcare needs.

We will now comment on these uses in more detail.

Care Home

The private care home market has recently been through some turbulent times following the well-publicised collapse of Southern Cross Healthcare.

The main Abbey building layout is less than optimal for use as a modern care home, it could nevertheless still appeal to a care home operator provided it offered the quality of facilities necessary and that these could be obtained for the right price.

A care home operator is likely to require an extension providing the following key facilities:

- Passenger/Bed Lifts (at least 2)
- Full scale commercial kitchen
- Open plan dining room
- Open plan lounge/sitting rooms
- Full scale commercial laundry facilities

Whilst the construction of a new extension could deliver these essential facilities and bring the building up to the modern standards, there will always be a degree of inefficiency created by the sub-optimal intrinsic floor configuration. These inefficiencies would therefore be allowed for in any rental or purchase price for the completed development.

We have carried out a hypothetical development appraisal to illustrate the financial viability of this potential use. It will be appreciated that to undertake an accurate analysis of this use it would be necessary to have a scheme prepared and the construction works costed. We have no such detail and we must therefore stress that the assumptions used in this appraisal have been calculated using what might be considered as an “optimistic” Gross Development Value and the costs have been based upon an adaptation of the cost estimates previously provided by Sawyer & Fisher.

In calculating out appraisal, we have adopted the following key assumptions:

Gross Development Value:	£11,000,000 (Going Concern Value based on 70 bed Care Home)
Conservation Works:	£5,246,837
New Extension & Lifts:	£1,130,000 (Estimated by Jones Lang LaSalle)
Fit-out Works:	£1,670,000 (Estimated by Jones Lang LaSalle)
Contractors Prelims/Profit:	20% to 25%
Demolition Works:	£325,000
Landscaping:	£2,788,500
Incoming Services Mains:	£650,000
Underground Drainage:	£500,000
Roading & Lighting:	£400,000
Contingency:	7.5% to 10.0%
Professional Fees:	12% to 15%
Build Programme:	36 months total
Finance:	7%

A development of this form results in a deficit in the order of **NEGATIVE £8.8 million prior to any allowance for developers profit**. For full details please see our appraisal at Appendix 3.

This deficit could be made up by enabling development of related sheltered housing/residential accommodation. It should be noted that sheltered housing is generally provided in the form of low rise single storey or 2 storey flats and small houses. Given the low rise nature of sheltered housing, the level required to make up the conservation deficit outlined above is likely require a substantially larger land area than that proposed for unrestricted open market housing.

This may prove to be unacceptable in the context of the setting of the listed building and walled garden and the Metropolitan Open Land designation over the site.

5.3 Educational Uses

5.3.1 Education Overview

Education is specified as one of the potential uses for which Twyford Abbey is allocated in the UDP. This could, given the nature of the property, be interpreted either as a D1 use or a C2 use involving a residential element. We will give consideration to each of these two use class categories.

The education sector is very broad with a number of disparate sub-markets ranging from primary education through to corporate training. We will look at each sector in turn and consider the suitability of Twyford Abbey to each category.

Publicly Funded Schools

Under the labour government's Building Schools for the Future programme the London Borough of Ealing was set to see 19 schools redeveloped. Following the review of the education budget by Michael Gove last year which resulted in the abandonment of 715 projects throughout the country all of these developments were either stopped or put on hold pending further discussion.

The emphasis is now on the Free Schools programme. Partnerships for Schools are assisting in the establishment of the proposed new Free Schools and are currently seeking appropriate sites for new development. It is proposed that there should be a Free School in Ealing and the size requirement is one of the largest proposed. The current estimate of required floor space is 10,786 sq m. At present however there is no further information available with regard to locational requirements or indeed what might be suitable. We cannot comment therefore as to whether Twyford Abbey might represent a suitable option for this requirement but it will inevitably be considered as a part of a long list. The scale of development required however is such that there would be a need for a substantial amount of new build on the site. This could alter its character completely and may prove unacceptable in town planning terms. It will be appreciated also that the Twyford Abbey site is very much at the extremity of Ealing's administrative boundary and if the intention is to serve the Borough as a whole the location may prove unsuitable.

Further Education

Up until about 2 years ago there was a major programme of investment in new buildings for further education. The capital programme of the Learning & Skills Council had a substantial budget and colleges were encouraged to come forward with large scale redevelopment schemes often involving a re-location. The Learning & Skills Council has since been wound up and its successor the Skills Funding Agency has a very limited budget for capital grants. Colleges are unable in the main to undertake large scale developments out of their own resources or commit to sufficient bank borrowings. On that basis therefore there is very little activity in the further education sector and it is considered highly unlikely that there would be demand for the site from further education colleges.

Higher Education

The University of West London has one of its campuses in Ealing. It regards itself very much as a “local” university although many of its courses are of a specialised nature with 8 individual “schools” including music, art and design, nursing, hospitality and computing as well as a Law School and a Business School.

If there was a higher education demand in the area for new premises it is anticipated that it would most likely be from its local university. The only exception is possible demand from another university seeking a specialist facility to house for example a joint venture research project with the corporate sector.

We are not however aware of any specific requirements from the higher education sector in this area and it is more likely that the University of West London will be seeking to reduce its accommodation commitment. It is in any case likely that the marketing campaign undertaken by Drivers Jonas Deloitte would have elicited expressions of interest if there was a latent need in this sector.

Private Secondary and Preparatory Sector

There is a level of market activity in the private education sector. There are already a significant number of private schools in the Ealing area such as St Benedicts, Durston House, Avenue House, Clifton Lodge, and St Augustines. These schools are mostly well established within their existing premises but Ealing would be considered to be a suitable geographical area for a new school.

There are now international private school companies such as Cognita (the owners in fact, of Clifton Lodge) who are still acquisitive. We have however spoken to specialists in this sector who are familiar with Twyford Abbey and their view is that whilst it does have the potential to provide an outstanding environment for a private school the capital investment required in terms of repairs and conversion costs is such that it would take development beyond the viability point.

Corporate Training

There are few corporate bodies now that run their own independent training centre. The clearing banks originally had their own substantial training facilities but Ashdown Park (Barclays) and Heythrop Park (originally NatWest) have now been converted to hotels. The former British Rail training centre at Watford has now become a high class hotel (The Grove) and many other corporate training centres have either been sold, passed to private providers or operated on the basis of a joint venture (for example the former Civil Service College at Sunninghill).

Corporate training is now either done within existing office accommodation or conference facilities are hired as they are needed within hotels or specialist commercial conference centres. This market sector does therefore fall into the hotel market category which has been dealt with in the GVA study.

5.3.2 Educational Comparables

The market for former educational buildings is an unpredictable one and whilst there is market evidence available from surplus premises that come on to the market there is no consistent demand pattern. There have in recent years been a considerable number of surplus local education authority premises coming to the market in the greater London area. Many of these were out-dated Victorian buildings or schools built to a poor standard in the 1960s. Many of these have been sold for residential conversion or redevelopment in circumstances where the local authority has wished to maximise its receipts potential rather than retain a community use. There are however other cases where sites have either, through town planning policy or restrictive covenants, been limited

to educational uses or in some exceptional cases where educational occupiers have out-bid other market sectors. We will set out below a cross section of recent educational evidence in the London suburbs:

Former Missionary Training Centre, Mill Hill.

A training building of some 26,932 sq. ft. which occupied a site of 2.1 acres. The property was vacated in 2007 and has been on the market for 2 years. No offers have been received but it is understood that this is largely due to the condition of the property and its specific configuration. Over 100 viewings have apparently been conducted however which indicates that there is a level of demand for educational buildings albeit not this one.

Holmes Road, Kentish Town, London NW5

A complex of Grade II listed buildings formerly occupied by Westminster Kingsway College for their printing operation. The accommodation totalled just over 41,000 sq. ft. and was sold at the end of 2010 in effect to the French Government as overflow accommodation for the French school in London. It is understood that there were 4 offers received two of which were for educational uses. The competition between the two educational purchasers pushed the price beyond that offered by residential conversion specialists and the site was ultimately sold unconditionally at a price in the order of £6 million.

Popes Villa, Twickenham

An extremely attractive Grade II* listed educational building overlooking the river. The existing school had outgrown the site and relocated. It was sold for a continuation of the education use to Radnor House School at a price understood to have been in the region of £7 million. The property was however ideally suited to educational use, in an outstanding location and had been operated as a school until it was marketed.

The Brady Maccabi Community Building, Manor Park Crescent, Edgware

Not specifically an educational building but a general youth community centre containing a theatre, gymnasium, leisure facilities, offices and a caretaker's flat. It extended to 15,500 sq.ft. gross internal (11,100 sq. ft. net internal) and was sold at the end of last year at a price of £2 million.

St Joseph's, Lawrence Street, Mill Hill

A former Roman Catholic college extending to a total of 115,000 sq. ft. Planning permission was obtained for partial demolition and the creation of 115 new nursing home units. Offers are being sought in the region of £25 million. The site is however exceptional.

Farrow House, Colindeep Lane, Hendon

A former Metropolitan Police training centre contained within an unattractive 1960s/70s block extending to 50,035 sq. ft. gross internal. Offers were due to be received last week and no information is yet available with regard to a proposed sale. It was envisaged however that the site could be suitable for some form of mixed use redevelopment.

5.3.3 Conclusions on Educational Use

The evidence provided by the cross-section of comparables above just serves to reinforce the view that the educational market is unpredictable. It is a disparate market made up of quite different sub-markets. It is not possible to gauge any discernable pattern as to prices/rents paid in each sub-sector. These are very much dependent upon individual need factors and are unique to specific properties. On that basis it would be meaningless to attempt to undertake any form of development appraisal. We can only imagine however that in any circumstances the viability gap for all forms of educational use would be considerable.

Demand is in any case, often latent and does not become apparent until a particular property is offered to the market. On this basis we believe that if there was educational demand for Twyford Abbey it would have come forward during the marketing exercise undertaken by Drivers Jonas Deliotte. Our views are particularly influenced by the comments made by specialist advisors who have already considered the site but dismissed it because of the costs involved in its restoration.

If there is educational demand we think it is most likely to come from the private preparatory or secondary school sector or as a potential site for the development of the proposed Ealing Free School. In reality however we think that the cost of restoration would deter the great majority of private school operators who would in any case have come forward during the marketing campaign. The Free School requirement has emerged since marketing finished and it is not known at this stage whether the site could represent a realistic option. Partnerships for Schools are apparently assimilating options but it is unlikely that any conclusions will be reached as to preferred sites until next year.

5.4 Employment Uses

5.4.1 Employment Overview

We have investigated the potential for converting the building into some form of employment use. Most obviously the property could appeal to an office occupier who requires a campus type setting for their business.

The property is well connected to the inner London thoroughfares of The North Circular Road (A406) and Western Avenue (A40) and given the substantial site area, significant car parking could be provided. However the property is somewhat removed from the nearest London Underground station at Hanger Lane which is likely to detract from its appeal slightly. Another locational consideration to a potential office occupier would be the lack of food and other shops in the immediate vicinity.

5.4.2 Office Comparables

There is currently a good supply of high quality, new build suburban office accommodation available at Chiswick Park. This widely publicised office development has attracted relatively strong interest given the underlying economic pressures evident in the office occupier market. The salient details of the most notable recent letting at Chiswick Park is as follows:

Building 4 – Chiswick Park, Chiswick

International Sols has taken approximately 43,000 sq ft of office accommodation situated on part of the first floor and the entire second floor of the recently constructed high quality "Building 4" at Chiswick Park in Chiswick, West London. The lease is for an initial term of 15 years commencing October 2011 at a rent of £1,655,500 per annum equating to £38.50 per sq ft subject to a break option in October 2021. We understand that a rent free period of 12 months was agreed with the following 24 months agreed to be at half rent. On a net effective basis, this equates to £28.70 per sq ft amortised over the 10 years of lease term certain.

We consider that this transaction sets the upper limit for suburban offices in West London.

Other transactions of note include the following:

Voysey House – Barleymow Passage, Chiswick

Parker William Design Limited has recently taken 2,992 sq ft of third floor office accommodation in an attractive and very well located Grade II listed heritage building situated in Barleymow Passage, Chiswick. We understand the 5 year lease commenced in August 2011 and was agreed at a rent of £74,800 per annum equating to £25 per sq ft. The offices are fully self-contained and have the benefit of access to a roof terrace.

We note that another office suite comprising 2,175 sq ft is also available in the building, which is currently being marketed at £25 per sq ft.

Westfield Shopping Town– Shepherds Bush

Net-A-Porter has taken 22,000 sq ft of office accommodation at the recently opened Westfield shopping centre in Shepherds Bush, West London. The lease is for a term of 15 years commencing October 2010 at an initial rental of £550,000 per annum equating to £25 per sq ft. We understand that the lease is subject to 5 yearly rent reviews and that a confidential rent free period was agreed.

5.4.3 Employment Use Analysis

The recent letting activity detailed above indicates that prime West London office rents are in the order of £25 per sq ft and slightly higher for the very best locations and buildings. We consider that £22.50 per square foot would be a more realistic level for a full conversion and refurbishment of Twyford Abbey to provide high spec air conditioned office accommodation.

We have therefore carried out a “high level” development appraisal to illustrate the financial viability of this potential Employment/Office use. Again this appraisal has to be considered hypothetical on the basis that we have no scheme to refer to and no separate cost information. Our development appraisal has however been calculated using what are considered to be appropriate general assumptions including by reference to the cost estimates obtained from Sawyer & Fisher quantity surveyors in relation to repairs. Gross Development Value has been pitched at the upper end of the likely value range.

We detail the key assumptions we have adopted as follows:

Gross Development Value:	£6,400,000 (£22.50 per sq ft, 12 months rent free, 7.75% NIY)
Conservation Works:	£5,246,837
Office Fit-out Works:	£1,670,000 (Estimated by Jones Lang LaSalle)
Contractors Prelims/Profit:	20% to 25%
Demolition Works:	£325,000
Landscaping:	£2,788,500
Incoming Services Mains:	£650,000
Underground Drainage:	£500,000
Roading & Lighting:	£400,000

Contingency:	7.5% to 10.0%
Professional Fees:	12% to 15%
Development Timeframe:	30 months (total)
Finance:	7%

A development of this form results in a deficit in the order of **NEGATIVE £11.3 million prior to any allowance for developers profit**. For full details please see our appraisal at Appendix 4.

If this deficit was to be made up by new office enabling development, we believe that it is likely to require considerably more of the site area than the residential enabling development previously proposed and could require removal of some of the protected trees. This is likely to be unacceptable in the context of the setting of the listed building and walled garden and the Metropolitan Open Land designation over the site.

It is also debatable as to whether any developer would ever undertake such a scheme given the demand and rental levels being achieved at rather better located schemes such as Chiswick Park.

5.5 Retail

We do not believe that it is appropriate to consider retail development as an option for the site

The location is such that only out of town retail or retail warehousing would be appropriate and access would clearly be unsuitable unless some form of entrance could be created from the North Circular Road. Twyford Abbey is in any case clearly unsuited to retail uses and alternative options for a sustainable future would have to be found even if retail was used as Enabling Development. The scale of development and in particular the scale of the car parking required would be highly intrusive and in our opinion is likely to be unacceptable in the context of the setting of the listed building that this exercise is designed to preserve.

5.6 Hotel

We have been provided with a copy of a report prepared by GVA Humberts Leisure dated August 2011 which deals specifically with the possibility of hotel development on the site. The conclusion of this report is that there is unlikely to be demand for a hotel scheme and viability is questionable.

Specifically, GVA highlight the poor access and lack of visibility. More fundamentally however they point to the fact that the local hotel market is particularly price sensitive with an emphasis on budget accommodation. Whilst there is a "relatively buoyant" market for overnight accommodation the suggestion is that demand has softened in recent times due to an increased availability of letting bedrooms. GVA point out that there are over 1,000 additional bedrooms under construction in the local area and a further 800 rooms in the pipeline.

In town planning terms GVA suggest that this number of rooms coming on stream is pushing up towards the required number identified in the two boroughs of Brent and Ealing during the long term period of 2007 – 2026. Some 266 rooms they estimate, have already been constructed during the review period. It has been suggested that the site is most suited to development as a country house hotel/wedding venue operation. There is however a concern over the suitability of the location for this type of project. GVA also state that "a significant level of Enabling Development would be required".

Overall, the GVA conclusion is that the site is not best suited to hotel development.

5.7 Residential

A comprehensive analysis of the residential option has been provided by Edge Planning & Development with supporting development appraisals. This analysis has been based upon a scheme prepared by PRP and with costings provided Sawyer & Fisher. The scheme envisages the conversion of Twyford Abbey to flats and with new development in the form generally, of terraced family housing effectively around the perimeter of the site in the northern section. The new development is to act as Enabling Development to cover the deficit incurred on the restoration and conversion of the house.

Whilst we have not been asked to consider residential development in any detail our general view having looked at other use options and given the conclusions of GVA in relation to the hotel development, is that a residentially orientated scheme is likely to be the most appropriate option in seeking to secure a long term future for the site.

Based upon the analysis undertaken by Edge Planning & Development and compared with our own analysis of other potential uses, residential conversion is most likely to achieve the highest gross development value from the re-use of Twyford Abbey House. This will be the major factor in minimising the scale of the conservation deficit. Similarly, residential uses are also likely to generate the highest land value from the smallest development footprint and therefore minimises the scale of any Enabling Development

6 Enabling Development

Twyford Abbey House is in a very serious state of disrepair and based upon the costings provided by Sawyer & Fisher it is apparent that even if converted to its highest value use there will be a substantial deficit incurred in any restoration project.

In cases such as this there are generally three potential solutions:

- A “money no object” owner.
- Public subsidy.
- Enabling Development.

There are cases where an owner or a new purchaser will fall in love with a heritage building or consider that it is so well suited to their needs that they are prepared to fly in the face of commercial reality and expend more than the property will ultimately be worth. We do not consider however that Twyford Abbey is likely to attract such a purchaser. Whilst it is of considerable historical interest it is not sufficiently “special” and its close proximity to the North Circular Road with the attendant noise pollution is likely to deter such a purchaser. Similarly, there is, in the current economic climate, limited scope for public subsidy. The only real source of grant funding for the restoration of heritage buildings is via the Heritage Lottery Fund but in this instance the fact that the building is only Grade II listed and the fact that there is no specific community or educational project envisaged it would seem highly unlikely that an application to the Heritage Lottery Fund would be successful.

This does mean therefore that if Twyford Abbey is to be restored and a long term future provided, Enabling Development is the only solution.

Enabling Development is the alternative open when grants or subsidy are not available or do not cover the full extent of the conservation deficit. The principle is that additional value is created by the grant of planning permission for development that would normally be contrary to policy but is allowable in circumstances where the value that it generates is equivalent to the loss on the heritage restoration. The nature of the Enabling Development can take different forms. It can for example simply be the re-use of the heritage asset itself for a purpose for which planning permission would not normally be available. More commonly however it may be for an extension providing new flexible accommodation at a cheaper cost where a profit and site value can be obtained on the scheme or alternatively new development unattached to the heritage asset. Normally development in the latter category will be located in the least harmful position on the site to minimise any impact on the heritage feature(s).

The approach is now established policy which is contained within PPS5 although much more comprehensive guidance is contained within the English Heritage publication “Enabling Development and the Conservation of Significant Places”. The policy contains safeguards on the use of this approach including a requirement that the property should first be offered to the open market (to establish that there is not in fact a potential purchaser in existence who would be prepared to undertake the restoration at a loss) and the need for confirmation that no grant funding is available. This is to cover the two alternative solutions to conservation deficits referred to above. We will examine the Enabling Development policy in more detail below. PPS5 deals with enabling development at policy HE11. This states as follows:

“Local Planning Authorities should assess whether the benefits of an application for Enabling Development to secure the future conservation of a heritage asset outweigh the dis-benefits of departing from the development plan (having regard to the requirements of section 38 (6) of the Planning and Compulsory Purchase Act 2004) or from national policies, taking into account whether:

- It will materially harm the significance of the heritage asset or its setting.*
- It will avoid detrimental fragmentation of management of the heritage assets.*
- It will secure the long term future of the heritage asset and, where applicable, its continued use for a purpose sympathetic to its conservation*
- It is necessary to resolve problems arising from the inherent needs of the heritage asset, rather than the circumstances of the present owner or the purchase price paid.*
- There is a source of a funding that might support the heritage assets without the need for Enabling Development.*
- The level of development is the minimum necessary to secure the future conservation of the heritage assets and of a design and type that minimises harm to other public interest.”*

Prior to the publication of PPS5 judgements were made on the basis of the policy contained within the English Heritage Guidance – ‘Enabling Development and the Conservation of Significant Places’. The principal difference is that local planning authorities are probably now afforded a greater degree of flexibility in their decision making. Under the original English Heritage policy there was a presumption that Enabling Development would be unacceptable unless seven specific criteria were satisfied. The Planning Policy Statement now merely requires local planning authorities to take into account six similar although marginally different criteria. This does therefore mean that the application of this principle is less rigid and planning authorities do have the option to look at the broader picture rather than being tied down by very specific wording.

The Practice Guide to PPS5 does however refer specifically to the English Heritage Guidance and on this basis we believe that it is appropriate to use the Guidance notes and specifically chapters 1-8 as a basis for assessing the merits of the scheme proposed

7 Marketing

We have been asked to consider as a separate exercise, the marketing initiative that was carried out by Twyford Abbey Properties and to provide our views on its appropriateness and the extent of any continuing interest.

In summary however Drivers Jonas Deloitte were instructed on the 28 January 2010 to offer the property to the market. They prepared and circulated brochures and undertook an advertising campaign in both the Estates Gazette and local press.

It is understood from the report by Drivers Jonas Deloitte on their efforts that there were some 290 requests for particulars and 24 site inspections were carried out. The marketing resulted in 5 offers all of which required an element of Enabling Development.

The marketing campaign was conducted over a period of approximately 8 months before offers were invited and it would appear from what we have seen that it was properly conducted.

Whilst no sale resulted from the marketing the principal conclusion that can be drawn from it is that the interest expressed was all on the basis that Enabling Development would be required by any future owner. It does not appear that any interest was expressed which envisaged the restoration of Twyford Abbey House itself without further new development. It does lead to the properly tested conclusion that restoration and re-use of the existing building alone is not viable.

A further concern created by the marketing exercise is that some of the offers proposed a significant purchase price. The principles of Enabling Development are such that restoration of the heritage asset in itself is not viable and that there should be just sufficient Enabling Development to cover the deficit. Whilst it is accepted that some nominal land value can be included in the equation suggestions of a purchase price in some cases in excess of £3 million would imply that the amount of Enabling Development required by the prospective purchaser was going to be excessive. It is understood that the current owners are proposing to effectively write off their original land purchase price in the Enabling Development analysis and obtain their reward solely through the (normal) 20% developers' profit.

8 Conclusions as to Future Use

The purpose of this study has been to consider alternative uses for the Twyford Abbey site. We have concentrated on those uses referred to in the UDP and which would therefore in principle, conform with planning policy. We have however also considered other uses in the event there might be alternative options to the proposed residential scheme.

The uses identified in the Proposal Site allocation are community use, educational use, and hotel use. Community use will obviously only occur with the intervention of a public sector or charitable body. There is limited (if any) commercial potential in the provision of general indoor facilities for the local community. Whilst some forms of health club operate commercially we do not consider that Twyford Abbey House would on its own be suited to this purpose and in any case high membership fees will often rule out large sections of the community. We are aware of the circumstances of Hanwell Community Centre a major community facility in the London Borough of Ealing whose trustees claim that they are unable to pay an economic rent for their premises at a level which would come anywhere near that required to achieve a viable restoration of Twyford Abbey House. On that basis we do not believe that it is necessary to consider straightforward community use in any detail. If there is a demand then it is probably for the London Borough of Ealing or a local charity to come forward with proposals.

We have looked in some detail at the potential of an educational use. Our conclusion is that the only likely sources of demand are from a private school operator with a specific requirement to be in the area or alternatively to satisfy the demand for a site for a new Free School. We are aware that private school operators have looked at the site but have concluded that the required capital expenditure would be too great. Whether there will ultimately be a demand for the property as a site for the proposed new Free School is at this stage unknown but we would anticipate that the initial capital costs and the on-going maintenance requirements coupled with the inherent inflexibility of the existing building and its location would mitigate against selection of this site.

The hotel use was not considered by us in any detail since it was addressed in the GVA report but it appears that the conclusion is that it is unlikely that there would be demand from the hotel sector.

In terms of other potential uses we have also considered offices, different forms of healthcare use and retail. In terms of office use there has been a distinct move away from country house office buildings. Occupiers now require a far greater degree of flexibility and are also concerned about running costs. Our view is that it is very unlikely that there would be demand for the use of Twyford Abbey as offices but on the basis that the maximum rent in the general area is no more than about £28 per sq.ft. per annum there is no prospect on Sawyer & Fisher's costs that office development would be viable.

Certain types of healthcare use probably do come closest to residential development in terms of the level of gross development value but there are a number of factors which in our view render this a less attractive option than residential. In the first place specification standards are such that it may be difficult in the context of a conversion of Twyford Abbey to achieve statutory standards or at least the cost of conversion could be considerably increased. We do not have a scheme showing how the property might convert nor do we have costings on this basis. We do believe however that there are considerable uncertainties in this area. Similarly, a further problem is that any Enabling Development for medical/nursing use would generally need to be no more than two storeys. This means therefore that the footprint required for the Enabling Development would be larger than that for a residential scheme which could involve three or even four storey development. This may therefore intensify the use of the surrounding land and may be considered to have a greater impact on the setting of the heritage asset. Perhaps of greatest concern however is the fact that there is no certainty over the demand for the site as a healthcare operation. Whilst there is a general demand from commercial operators in this sector their

requirements are very locationally specific. The fact that no healthcare provider came forward during the marketing exercise tends to suggest that the demand for this site is not strong. Residential development however has a much more universal demand and it is anticipated that there would always be a ready purchaser for a residential development opportunity.

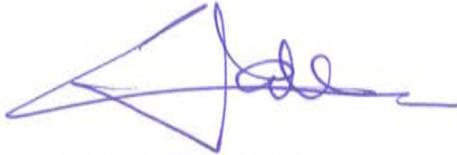
Finally, we do not believe that retail is in any sense a suitable use option for the site.

Overall our view is that without public subsidy (e.g. for some form of community use) or public purchase as say a Free School site, there is no use that could provide for a viable restoration of Twyford Abbey itself in isolation. We believe that any use will require some degree of Enabling Development. Whilst it is for others to make judgements with regard to the suitability of different Enabling Development schemes in the context of planning policy and the impact on the setting of the heritage asset, it is our view that a residential development is likely to minimise the requirement for Enabling Development. The amount of land that would need to be taken in the event that Enabling Development was considered to be an appropriate solution to the problem of Twyford Abbey would, we believe, be minimised by a residential scheme.

9 Confidentiality and Publication

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

Yours faithfully



Clarke Vallance MPINZ
Senior Surveyor
For and on behalf of
Jones Lang LaSalle Limited



Richard Haynes MRICS
Consultant
For and on behalf of
Jones Lang LaSalle Limited

Appendix 1

Letter of Instruction

Vallance, Clarke (UK - England)

From: Camille Sanbar <Camille@fayette.ltd.uk>
Sent: 07 November 2011 17:41
To: Vallance, Clarke (UK - England)
Subject: Re: Twyford Abbey - Twyford Abbey Road, London

Dear Clarke,

This is to confirm the instruction as per your email of today.

Kind Regards
Camille Sanbar

camille@fayette.ltd.uk
Tel. +44 (0) 207 602 3222
Fax. +44 (0) 207 602 3902

24 Russell Road, London, W14 8HU

FAYETTE ASSOCIATES
ARCHITECTS-DESIGNERS-PROJECT MANAGERS

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From: <Vallance>, "Clarke (UK - England)" <Clarke.Vallance@eu.jll.com>
Date: Mon, 7 Nov 2011 16:51:56 +0000
To: Camille Sanbar <Camille@fayette.ltd.uk>
Subject: RE: Twyford Abbey - Twyford Abbey Road, London

Dear Camille

Further to our telephone conversation earlier, please find attached instruction confirmation letter together with other relevant correspondence.

I would appreciate it if you could confirm our instruction by reply email so I can arrange for the invoice to be set up by our people in accounts.

If you have any questions, please do not hesitate to contact me.

Kind regards,

Clarke Vallance
Specialist Valuation & CPO

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Our ref RWA/CAV/479500
Direct line 020 3147 1453
Direct fax 020 7491 9139
clarke.vallance@eu.jll.com

BY EMAIL
(camille@fayette.ltd.uk)

7 November 2011

Dear Sir

**Re: TWYFORD ABBEY, TWYFORD ABBEY ROAD, LONDON NW10
FEE CONFIRMATION – VALUATION/APPRaisal & REPORT**

Further to various correspondence with Mr Jeremy Edge of Edge Planning over the previous few weeks and particularly his email dated 26 October 2011. In his email he has indicated that Fayette Associates will be our client in this instance and that the report and fee should be addressed accordingly. We would therefore like to take this opportunity to confirm these instructions with you.

We confirm we have inspected the property and have made good progress with our investigations thus far. I confirm that our report will be provided for a fixed fee of £10,000 excluding out of pocket expenses and VAT at the standard rate.

In accordance with our original fee proposal addressed to Twyford Abbey Properties dated 14 October 2011 (see attached), 50% of our fee is payable prior to issue of the report. I have therefore included our BACS payment particulars below.

I would be most grateful if you could confirm by return email your acceptance of our terms and make arrangements for the initial 50% payment to be paid.



If you have any questions or require clarification on any aspect of this letter, please do not hesitate to contact me.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Clarke Vallance".

Clarke Vallance
Senior Surveyor – Specialist Valuations
For and on behalf of Jones Lang LaSalle

Encs. – Original Fee Proposal (Email with attachments dated 14 October 2011)

Payment By BACS

Pay to	Deutsche Bank AG London
Sort Code	23-10-48
Swift Code	DEUTGB2L
Account Number	11504301
Account Name	Jones Lang LaSalle Limited
IBAN	GB60 DEUT 4050 8111 5043 01



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N1 4EJ

Your ref
Our ref RWA/CAV/479500
Direct line 020 3147 1454
Direct fax 020 7491 9139
Richard.Asher@eu.jll.com

BY EMAIL
(jeremy.edge@edgeplanning.co.uk)

14 October 2011

Dear Sirs

**Re: TWYFORD ABBEY, TWYFORD ABBEY ROAD, LONDON NW10
FEE PROPOSAL – VALUATION/APPRaisal & REPORT**

Further to various correspondence with Mr Jeremy Edge via email and during telephone conversations in the past few days, we can confirm that we would be pleased to provide you with a report which investigates the development viability of the Twyford Abbey site under a range of different use scenarios to ascertain the likely “enabling works” required to support such uses.

We understand you require a report to be written in a broadly similar format to that provided to you by GVA Humberts Leisure dated August 2011. We understand you need the report to cover a wider range of potential uses including, but not limited to; residential, office, technology, retirement/care home and education.

Mr Edge is very familiar with Jones Lang LaSalle and our established track record in these type of consultancy instructions (including by way of example; Elvaston Castle, Stanley Mill & Scraftoft Tor). A multi-disciplinary team has been chosen to service this instruction under the guidance of Richard Haynes (Development Consultancy) and myself (Specialist Valuations). We will also look to involve the expertise of our residential, office, healthcare and education teams.

I confirm that our initial report will be provided for a fixed fee of £10,500 excluding out of pocket expenses and VAT at the standard rate payable 50% on receipt of instructions and 50% upon delivery of our final report.





Any further consultancy will be charged on a time basis at our usual hourly rates.

I confirm that the valuation and report will be undertaken in accordance with our 'General Terms & Conditions of Business' and our 'General Principals Adopted in the Preparation of Valuation Reports' in so far as these are appropriate.

I hope that this adequately addresses your requirements. If you have any questions or require clarification on any aspect of our fee quote, please do not hesitate to contact me.

Yours faithfully,



Richard Asher
Director – Specialist Valuations
For and on behalf of Jones Lang LaSalle

Encs.

Appendix 2

Photographs



Main Abbey building – West elevation



Main Abbey building – East elevation



Deterioration evident



1960s extension





View across walled garden



West elevation of walled garden

Appendix 3

Development Appraisal – Care Home

**Twyford Abbey
Care Home Appraisal**

Summary Appraisal for Phase 1

REVENUE

Investment Valuation

Abbey Building

Manual Value

11,000,000
11,000,000

NET REALISATION

11,000,000

OUTLAY

CONSTRUCTION COSTS

Construction

	Units	Unit Amount	Cost
	1 unit at	£5,246,837	5,246,837
	ft²	Rate ft²	Cost
Conservation Works	1 unit at	£5,246,837	5,246,837
Abbey Building			
Care Home Fitout	31,268 ft ²	£50.00 pf ²	1,563,400
Install Bed Lifts (x2)			150,000
			<u>1,713,400</u>
Basement			
Basement Fitout	4,252 ft ²	£25.00 pf ²	106,300
			<u>106,300</u>
Kitchen Laundry Longes & Admin			
New Extension	7,000 ft ²	£140.00 pf ²	980,000
			<u>980,000</u>
Totals	<u>73,788</u>		<u>2,799,700</u>

8,046,537

Contract Prelims/Profit (Heritage)	25.00%	1,766,634
Contract Design Risk (Heritage)	5.00%	353,327
Total Contingency (Heritage)	10.00%	1,385,000
Contract Prelims/Profit (Extension)	20.00%	196,000
Total Contingency (Extension)	7.50%	73,500
Demolition		325,000
Roading & Lighting		400,000
Landscaping		2,788,500
Incoming Services Mains		650,000
Underground Drainage		500,000

8,437,961

PROFESSIONAL FEES

All Professional Fees	12.00%	965,584
Additional Heritage Building	3.00%	207,496

1,173,081

DISPOSAL FEES

Sales Agent Fee	1.00%	110,000
Sales Legal Fee	0.50%	55,000

165,000

FINANCE

Multiple Finance Rates Used (See Assumptions)		
Construction		1,985,552
Total Finance Cost		

1,985,552

TOTAL COSTS

19,808,130

PROFIT

(8,808,130)

Performance Measures

Profit on Cost%	(44.47)%
Profit on GDV%	(80.07)%

**Twyford Abbey
Care Home Appraisal**

Profit on NDV%	(80.07)%
IRR	(27.75)%
Profit Erosion (finance rate 7.000%)	N/A

Appendix 4

Development Appraisal – Employment Uses

APPRAISAL SUMMARY**JONES LANG LASALLE - UK****Twyford Abbey
Office/Employment Use Appraisal****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	Units	Unit Amount	Gross MRV
	ft ²	Rate ft ²	Gross MRV
Office Floors	23,451	£22.50	527,648
Basement	3,614	£10.00	36,140
Totals	<u>27,065</u>		<u>563,788</u>

Investment Valuation**Office Floors**

Market Rent	527,648	YP @	7.7500%	12.9032	
(1yr Rent Free)		PV 1yr @	7.7500%	0.9281	6,318,659

Basement

Market Rent	36,140	YP @	7.7500%	12.9032	
(1yr Rent Free)		PV 1yr @	7.7500%	0.9281	432,782

6,751,441**GROSS DEVELOPMENT VALUE**

Purchaser's Costs	5.80%	(370,117)	6,751,441
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NET DEVELOPMENT VALUE6,381,324**NET REALISATION****6,381,324****OUTLAY****CONSTRUCTION COSTS**

Construction	Units	Unit Amount	Cost
Conservation Works	1 unit at	£5,246,837	5,246,837
	ft ²	Rate ft ²	Cost
Office Floors			
Office Fitout	31,268 ft ²	£50.00 pf ²	1,563,400
			<u>1,563,400</u>
Basement			
Basement Fitout	4,252 ft ²	£25.00 pf ²	106,300
			<u>106,300</u>
Totals	<u>35,520</u>		<u>1,669,700</u>

6,916,537

Contractors prelims & profit	25.00%	1,729,134
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Contractors design/measurement risk	5.00%	345,827
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Total Project Contingency	10.00%	1,365,500
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Demolition		325,000
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Roading & Lighting		400,000
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Landscaping		2,788,500
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Incoming Services Mains		650,000
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Underground Drainage		500,000
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8,103,961

PROFESSIONAL FEES

All Professional Fees	15.00%	1,037,481
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1,037,481

MARKETING & LETTING

Letting Agent Fee	10.00%	56,379
Letting Legal Fee	2.00%	11,276

67,655

DISPOSAL FEES

Sales Agent Fee	1.00%	63,813
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Sales Legal Fee	0.50%	31,907
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95,720

FINANCE

Twyford Abbey

Office/Employment Use Appraisal

Multiple Finance Rates Used (See Assumptions)

Construction

Total Finance Cost

1,447,627

1,447,627

TOTAL COSTS

17,668,980

PROFIT

(11,287,656)

Performance Measures

Profit on Cost% (63.88)%

Profit on GDV% (167.19)%

Profit on NDV% (176.89)%

Development Yield% (on Rent) 3.19%

Equivalent Yield% (Nominal) 7.75%

Equivalent Yield% (True) 8.14%

Gross Initial Yield% 8.35%

Net Initial Yield% 8.35%

IRR N/A

Rent Cover -20 yrs 0 mths

Profit Erosion (finance rate 7.000%) N/A