

Statement of Market Evidence

Athlone House, Hampstead Lane, London,
N6 4RU.

Prepared on behalf of Withers LLP

21 May 2013

Contact details

Withers LLP, 16 Old Bailey, City of London, London, Greater London, EC4M 7EG.
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1 Introduction

Personal Details

- 1.1 I am David K Peters BSc (Hons) FRICS MAE, Head of the Residential Valuation and Consultancy Department at Knight Frank LLP. A more detailed breakdown of my qualifications and experience is provided at **Appendix 1**.

Summary Statement of Instructions

- 1.2 I am instructed to undertake an assessment relating to that property known as Athlone House, Hampstead Lane, London, N6 4RU. The report is required for the purposes of a planning application considering the viability of retaining the existing property and whether this viability would be affected positively or negatively by the proposed planning application. These comments are set out in the context of the planning inspector's decision under a previous appeal, reference APP/X5210/E/10/2135359 and APP/X5210/A/10/2135357.
- 1.3 I have previously prepared commentary on the subject property but do not believe that this presents any conflict of interest relating to this case.

Summary of my Conclusions

- 1.4 Athlone House is a house of somewhat eclectic design, having been extended, altered and part demolished over the years. It was most recently used as a Hospital and has stood empty for some time.
- 1.5 There is a planning permission in place for its modest extension and conversion to a single residential property.
- 1.6 My report below concludes that the existing building has limited architectural merit and its development in accordance with the 2005 permission, is unlikely to appeal to the marketplace for which this property would be relevant.
- 1.7 This marketplace is particularly specialised and in my opinion the proposed planning application would provide a building for which there would be a ready demand within this marketplace and secure the long term viability of the site.

2 Documentation and other sources of Information

- 2.1 • As one of the parties involved in the previous planning appeals, I have a wide range of documentation relating to both the existing property and previous proposal to construct a replacement dwelling.
- 2.2 • In particular I am in receipt of a copy of the planning inspector's determination and plans illustrating the revised proposal.
- 2.3 • Any information obtained from third parties or via relevant websites, are assumed

to be both accurate and complete.

- 2.4 • Plans relating to the revised proposal.

3 Facts and Enquiries

Inspection

- 3.1 For the purposes of this report, I have not undertaken a further site inspection, my last inspection of the property being 16 August 2011.

Facts within my own knowledge

- 3.2 I am instructed by Withers LLP to prepare a report assessing the market viability and market potential, both of the 2005 permission and the revised proposed replacement dwelling.
- 3.3 The property has been subject to a previous planning application which was taken to appeal and these appeals dismissed under reference APP/X5210/E/10/2135359 & APP/X5210/A/10/2135357. Various comments provided by the planning inspector within his determination, helped form the basis of my own views.

Facts investigated

- 3.4 For the purpose of this report I have relied upon facts provided by Robert Adam of Adam Architecture, Roger Hephner in respect of planning matters and Ian McCoy of Messrs. Selway Joyce relating to any cost issues at the property.

Assumed facts

- 3.5 While I have not undertaken a further inspection of the property, I understand that only basic maintenance to the external fabric has been undertaken since my previous visit. I have therefore assumed that it remains in dilapidated condition requiring wholesale renovation and upgrading.
- 3.6 I have further assumed that, while the property is subject to a Section 106 agreement requiring its renovation, that this matter would in effect be set aside pending the outcome of the proposed planning application.

4 The Property

General Description

- 4.1 The subject property comprises a substantial detached building originally constructed as a house although more recently used as a Hospital for the elderly and mentally infirm together with nurses' accommodation by Kensington and Chelsea Primary Healthcare Trust.

- 4.2 The site is situated on the south side of Hampstead Lane and has an area of approximately 2.74 hectares (6.77 acres).
- 4.3 There is an existing planning permission for a modest extension, reconfiguration and renovation of the existing property and an application is to be made for its demolition and complete replacement.
- 4.4 The house lies to the east of Kenwood House on Hampstead Heath and just on the western fringe of Highgate. Hampstead Garden Suburb lies to the northern side of Hampstead Lane. The open area of Hampstead Heath is immediately on hand with Highgate Golf Course a short distance to the north, various sports facilities within the general area and shopping available at either Hampstead or Highgate. The closest London Underground station is Highgate, serving the Northern line, just over half a mile away.
- 4.5 It is not proposed to reiterate the nature, style and accommodation of the existing property as this is well known. The Gross Internal Floor Area (GIA) for the existing property, to include the 2005 planning application, amounts to approximately 2,152.99 sq m (23,175 sq ft).
- 4.6 The house is in derelict condition and requires complete renovation. The extant 2005 permission comprises a quite wholesale reconfiguration to the property. This would include a conservatory extension incorporating a small 'plunge' pool.

5 Examination of the Market

- 5.1 A brief examination of the market for a property such as this, together with the owner profile, is set out as follows:
- 5.2 **London as a destination:-**
- 5.3 London is one of the main commercial hubs of the world. It is not only a major vibrant City which draws the best and most celebrated in the world of business and entertainment, but it also has a remarkable history, iconic buildings, a wide range of museums and art galleries and a vast array of restaurants and leisure facilities. London is a significant commercial draw which, in part because of the time zones, has grown into one of the world's leading financial centres.
- 5.4 London is a cosmopolitan environment attracting some of the world's prominent royalty, businessmen and celebrities and has become a fundamental part of any property portfolio due to its attraction both as a place to live and work.
- 5.5 London has a series of recognisable areas or "villages", each with their own characteristics and style. The largest and most prestigious buildings in each area attract an international audience and the very highest value properties tend to be purchased by those primarily based overseas. From Knight Frank LLP's statistics I am able to confirm that of all purchasers in excess of £20 million over the last two years where their nationality has been recorded by the firm, 62.5% were buying into the country from overseas. Those houses that have been handled by the firm at or in

excess of £50 million over the last five years, have all been sold to international purchasers.

- 5.6 The ultra high net worth individual is invariably demanding. I will set out the type of requirements that they have in a property below. It is, however, at this point fair to say that they do not compromise. Owners at this level of the market do require certain facilities and expect these facilities to be available in a house that they may purchase or to be readily achievable. There have been many developments of substantial houses in recent years to an exemplary, modern standard in order that their required facilities are available within the same building so that during the period of their residence, they can do all that they wish, within their own house.
- 5.7 These buyers tend to have similar properties spread across the world and London is almost invariably one location in their portfolio. There has been a trend in recent years for very substantial buildings, often previously offices or separate apartments, to be reformed as substantial single houses.
- 5.8 It is because these buyers demand a highly individual property offering substantial leisure and other facilities on site that the houses they seek tend to be very large. Those that do not currently accommodate the facilities that they desire are often extended or adapted in order to meet their requirements.
- 5.9 London is a very expensive city and inevitably the ultra high net worth purchaser tends to be interested in buying in the prime locations; Hampstead and Highgate can be considered as prime. It therefore follows that if the requirement is for a large house in a prime area, the cost of purchasing the house will be very high. For the ultra high net worth purchaser, this is not an undue concern because for them, the essential requirement is to obtain the property that they desire. Having said that, they are also very demanding and if it is not possible to create or purchase a property meeting their exacting demands they will simply look elsewhere. It is where the facilities and prestige combine that demand is ensured. The fact that their occupation may be for only part of any one year does not lower their demands or expectation.
- 5.10 Once in the country, they tend to use their own home as a base for large scale entertaining and 'networking'. They will entertain Heads of State and company directors to further economic and financial relations and ensure their own on-going wealth. This will inevitably attract other high profile businessmen and high net worth individuals in to the locality and enhance business interests in the wider City or national community.
- 5.11 **Purchaser profile:-**
- 5.12 Because this type of client has very specific requirements in property that they own and occupy, they tend to view potential property on a more definitive basis and are less open to compromise. There is a preference for property that is already presented to a very high standard and is ready to 'move in to'. While the market generally has been much slower of recent years, there continues to be a demand for

very high quality product which inevitably is also of high value.

- 5.13 The proposed replacement Adam design in accordance with the most recent plan, is likely to have a value in excess of £50.0 million.
- 5.14 There are relatively few purchasers wishing to commit to a high value purchase at this stage of the property cycle and where they have been willing to commit, this has largely been in central London rather than in the outlying districts such as Hampstead.
- 5.15 In terms of number of purchases between the £50-100.0 million bracket in any one year across London, I would expect there to be no more than a handful. In difficult wider economic conditions and the property market in particular, (either in the UK or their own country), these purchasers react very quickly and will simply withdraw from the market if conditions are not perceived as acceptable.
- 5.16 These purchasers are also generally 'time poor' and on the whole do not wish to undertake protracted planning investigations, nor building work. That said, property at this level of the market is generally scarce and if there is the right opportunity in the right location, there will be a demand for the product. This has been the case in the Hampstead/Highgate area where property offers relatively better value for money, with property on The Bishops Avenue and specifically with Witanhurst, Athlone House and Beechwood being sold, while also requiring additional expenditure to create the ideal product. It should, however, be noted that these all sold during considerably better market conditions, demand for the very highest value properties declining after the autumn of 2008.
- 5.17 With respect to the slightly broader market, say over £25.0million, the number of transactions rose to a peak in 2008, falling thereafter with a modest recovery during 2010, continuing to a lesser degree through 2011 and 2012. Substantial houses are once again finding purchasers and there have been a number of very substantial sales over the last couple of years.
- 5.18 Owing to purchasers being largely from overseas, it is fair to say that the economy of their own country is as important as that of the UK in determining their purchasing habits. At present, particularly with the lack of funding for property development, the likelihood of a purchaser taking on a property with a very high repair liability and offering at best a significant compromise against their property requirements, is very limited.
- 5.19 **The market for the 2005 permitted property**
- 5.20 I consider that the planning permission that was obtained in 2005 is unlikely to appeal to the probable owner profile and as a result, I consider it unlikely that the development proposed by this planning permission would be undertaken. Again for the sake of convenience, I repeat the comments below, that I made in my Proof of Evidence for the Appeal, as they still apply to the site and property:-
- 5.21 Certain elements of this scheme such as the location and site are identical to the Adam proposal and so I concentrate below on those areas where I believe that the

permitted scheme fails to meet the necessary standards demanded by the ultra high net worth purchaser.

- 5.22 The approach would not be as prestigious being on the eastern side of the building, not enclosed and immediately apparent from the apartments. This will also mean that rather more limited use would be made of the area to the north of the building and the staff buildings would be separate from the main structure.
- 5.23 There is no facility for underground car parking and very little basement space for the necessary plant and mechanical rooms. The lack of a basement will seriously hamper the running of the house, with the need for all leisure, staff, storage, plant rooms and parking to be made above ground. These elements could not be provided within the permitted scheme for the building.
- 5.24 At this level of the market, high quality facilities are considered essential and access to the building without leaving a car is presumed. The lack of indoor parking in the permitted scheme would be a detrimental factor and compromise security of the owner.
- 5.25 With the type of entertaining that is undertaken, facilities do need to be of a grand scale and those within the permitted scheme would be considered inadequate. The principal room in the permitted scheme would need to double up as the primary drawing room for the family. The drawing room would be seen as inadequate for entertaining purposes.
- 5.26 The guest facilities share the same landing as the principal accommodation and are not sufficiently private. Several bedrooms would be considered too modest. The main bedroom itself is also on the south eastern corner, overlooking the apartment buildings and not enjoying the primary views of the Heath. It also lacks a suitable seating area.
- 5.27 I would anticipate some form of day room for staff within the main building and this would be difficult to achieve without compromising other facilities.
- 5.28 The kitchen/breakfast room is on a domestic scale and once again, for entertaining purposes is considered inadequate. I would anticipate an entirely separate commercial kitchen, releasing the proposed kitchen/breakfast room for occasional domestic use.
- 5.29 There is a study illustrated as part of the scheme although for anything more than occasional use, facilities would need to be provided elsewhere and once again this would compromise accommodation for the family. This provision is therefore inadequate.
- 5.30 The number of bedroom suites is inadequate, particularly as these need to accommodate guest facilities as well and some may also be lost in order to accommodate the lack of leisure facilities and staff arrangements.
- 5.31 The proposed swimming pool is little more than a "plunge pool" and this, together with the gymnasium and changing room, would not meet the necessary requirements. The gymnasium is inadequate as are the changing facilities, which are

proposed to be shared. Overall the leisure area would be inadequate.

- 5.32 The services would be difficult to incorporate in to an existing building where specialist risers and plant rooms are required. Incorporation of these facilities will most likely need additional alteration to the structure. In addition, utility and laundry facilities have not been provided, nor staff or security rooms in the main house.
- 5.33 It would appear that the house has been designed to provide basic family accommodation but that it is not specific to the group to which it is trying to appeal. It fails to meet the requirements of this exclusive market sector and this is exemplified by the rejection of the scheme by my clients.

Comments of the Planning Inspector relating to the previous application

- 5.34 I am also drawn to various comments made by the inspector in the appeal decisions and would in particular make reference within that report to the following.
- 5.35 • Paragraph 25 – “the existing dwelling on site is substantially curtailed following demolitions, firstly, a long time ago, of large domestic adjuncts such as the conservatory and servants’ accommodation; and much more recently large buildings associated with hospital use. What remains now is not the original dwelling nor is it a building which could be occupied without very substantial alteration.”
- 5.36 • Paragraph 35 – “... the main elevations remain only in fundamental form and massing, without a great deal of the detail that gave the original building much more architectural interest and significance. The north elevation is particularly damaged and is unattractive seen from Hampstead Lane. Its currently dilapidated, unoccupied state is clearly visible from the Heath, and the loss of fabric and architectural detail caused by long term institutional use diminishes its contribution to the wider, designated conservation area.”
- 5.37 • Paragraph 36 – “the 2005 permission provides the means by which the Council can control, to a certain extent, the works undertaken and reinstatement of historic features, but this would not be sufficient to regain more than a suggestion of its former interest. ... There would be little control over the quality of replacement windows and other repairs to the fabric that are necessary, the combined impact of which could well detract.”
- 5.38 • Paragraph 37 – “the individual contribution made by Athlone House as a damaged unlisted building to the significance of the conservation area is positive, but is limited. Its demolition would harm the conservation area, but if a replacement is of sufficiently high quality, a greater contribution might be possible. The important objective is to manage the process of change to the conservation area in a way that preserves or sustains, and where appropriate enhances its significance.”
- 5.39 • The planning inspector’s final paragraph (number 72) states, “I conclude that the proposed development would conflict with the Metropolitan Open Land (MOL)

protection objectives of LonP policies and policy CS15 of Camden's Core Strategy and planning permission must be refused. In the lack of an acceptable replacement existing building, the appeal against refusal of conservation area consent must also fail".

- 5.40 It can be seen from this that the primary issue is to do with the openness attributable to the Metropolitan Open Land (MOL) designation and the bulk of the building. It is also implied that an acceptable replacement of the existing building might have obtained permission.
- 5.41 • Additional detail is given in paragraph 61 which combines the opinions of the inspector in favour of a replacement building and against the previous application put forward, where he states "the cost of extending, repairing and refurbishing the existing building would be very substantial bearing in mind the extent of deterioration of the fabric particularly damp penetration. I consider it is extremely likely that a new owner would wish to take advantage of its unlisted status by replacing existing features with new in a way which would ensure a reasonable maintenance free life. This adds to my concerns that the appearance of the building could change significantly and unpredictably. Having said that, I do not exclude the possibility that refurbishment of the existing Athlone House might be attractive to some investors; but on balance, the evidence suggests that at the level of expenditure required between £14,000,000-£21,000,000, a new owner would be unlikely to find it worthwhile to restore an unlisted building which has already lost a substantial amount of fabric and much special interest and which would be unlikely to provide the space or room layout demanded. However none of this constitutes a persuasive argument in favour of a significantly larger building which would be inappropriate in MOL".
- 5.42 While this gives a clear implication that the inspector is minded towards a replacement building, the size of this replacement building is an issue. The existing floor area as inspected is understood to be 2,002.57 sq m and the scheme for which planning permission has already been obtained will extend to 2,152.99 sq m. The original Robert Adam proposal was to extend the building to a total Gross Internal Floor Area (GIA) of 4,948 sq m. It should be noted that of this, 2,142 sq m was at basement level and so the above ground accommodation would have amounted to 2,806 sq m.
- 5.43 From these comments and my own assessment of the suitability of the existing house, even subject to the planning permission; for the target market, I consider it almost inevitable that a potential purchaser or owner would consider replacement of the existing building to be the most logical course of action.

6 Feasibility of the revised proposal

- 6.1 Various alterations and amendments are planned to the original proposal which was the subject of the planning appeal. These generally reduce the massing of the property, create a more imaginative roof line and remove ancillary buildings to reduce the bulk on the northern side of the house. The basement is also no longer visible from the exterior.
- 6.2 To the northern courtyard, the guest accommodation, garaging and staff accommodation have also been removed which creates clear separation of the building from other structures and forms an attractive setting for the house.
- 6.3 In respect of the basement there are a number of matters to take in to account. The area of the space is proposed to extend to 537 sq m (5,780 sq ft). This is to incorporate four principal parking spaces, a pool area, changing rooms and plant rooms.
- 6.4 The facilities provided within the basement are good, serving the needs of a house of this type. That said, I would normally anticipate a gymnasium, spa/sauna facility and cinema to be located within the basement space and I see it as a compromise that these facilities, which are to be expected in a property of this type, would need to be located within the upper floors, thereby affecting other accommodation. Ideally, the basement would be slightly larger and/or the current layout re-designed as appropriate.
- 6.5 The approach to the house will be different but potentially more dramatic. The buildings that were previously shown within the proposed courtyard have been removed and the main building stands alone, providing a sense of grandeur and occasion. Judicious planting on the eastern side will also screen the apartment buildings.
- 6.6 It may be argued that in some senses this creates an issue with the potential lack of guest and staff facilities within the principal building but it gives rise to the importance of those existing buildings fronting Hampstead Lane and provides a clear opportunity for them to be employed, making use of these existing buildings and creating a useful transition from the well known street scene, to the new building beyond.
- 6.7 These buildings can provide adequate staff and guest facilities on site while not being within the Principal's house, and also a security lodge at the entrance and a suitable location for parking. They are shown on the application as additional, associated land in ownership.
- 6.8 It should also be noted that Caenwood Cottage already has an extant planning permission for extension and suitable facilities as described could be provided within that extended envelope. This will ensure that guests have autonomy and privacy on site while not needing to be accommodated within the main house.


- 6.9 The accommodation within the principal property remains broadly the same as before other than at lower ground level, as described above. The upper level accommodation has been re-modelled in order to provide better separation between the bedroom suites and a shared terrace rather than internal room.
- 6.10 The impressive and imposing elevations of the property remain and have indeed been enhanced by the more varied roof line and reduced massing. Visual separation of the building will create an even more dramatic setting for the house and landscaping around the house will enhance this further.
- 6.11 The impressive entertaining rooms remain with more conventional room arrangements at second floor level. The provision of enlarged terracing at second floor level will ensure that these rooms can also be used as high quality guest facilities for the more important visitors.
- 6.12 A swimming pool remains at basement level although as currently shown, cinema, hairdressing salon, massage facilities and wine tasting room have been removed. As already mentioned, a review of this space may allow for additional leisure facilities to be incorporated and the majority of purchasers at this level would expect further facilities to be provided without impacting upon above ground living accommodation. In this instance, some compromise is inevitably going to be required but nonetheless, with a space of the size suggested, I would anticipate that some improvement should be possible.
- 6.13 Fittings, finishes and specialist facilities within the property itself are expected to be to an exemplary standard, meeting the required target market and will inevitably include specialist electrical systems and 'Control4' home management facilities, network hi-fi, Cat6 cabling, data and satellite facilities, air-conditioning and mechanical air handling systems.
- 6.14 A comprehensive landscaping plan will ensure the suitable setting for the property and ensure a visual separation yet harmony between the main house and guest/staff buildings. Separate parking facilities can be arranged in this section of the site which will ensure that they are kept well away from the main house, out of view from the Heath, while on hand for the occupants requirements.

7 Conclusion

- 7.1 From the above brief comments and reading this report in conjunction with my earlier Proof of Evidence, I am of the opinion that the market is such that the existing building, even with the 2005 planning permission, remains unviable as a development for the target market.
- 7.2 The revised proposal would meet the requirements of the high net worth individual and, in my opinion, would secure a high quality design for this location.

8 Statement of Truth

- 8.1 I confirm that I have made clear which facts and matters referred to in this report are within my own knowledge and which are not. Those that are within my own knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.



David K Peters BSc (Hons) FRICS MAE

**Partner, Residential Valuation and
Consultancy Department**

For and on behalf of Knight Frank LLP

Appendix 1 - Qualifications and Experience

CURRICULUM VITAE.

Knight Frank



David K Peters

Partner

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55 Baker Street, London, W1U 8AN

Qualifications

Fellow of the Royal Institution of Chartered Surveyors
Member of the RICS Residential Valuation and Building Surveying
Faculty
Member of the Academy of Experts

Career

- 1998 Joined Knight Frank as a partner, Head of Valuation and
 Consultancy department
- 1993 Area surveyor and 1996 Associate Director responsible for
 country surveying operation
- 1988 Ran Godalming and Alton offices in Messenger May
 Baverstock (MMB) undertaking full range of residential
 general practice work.
 MMB became part of Hamptons group in 1991
- 1986 Opened survey office for Messenger May Baverstock in
 Alton
- 1983 Joined Messenger May Baverstock (MMB) in Farnham

Responsibilities

Hamptons - Throughout period, responsible for valuation and building
surveys of residential property. Also involved in compulsory purchase
and acquisition, development appraisals and responsible for quality
assurance, policy and procedure. Required as Area Surveyor/
Associate Director to inspect/ sign off all substantial or high value
property.

Knight Frank - Valuation specialist throughout UK particularly on high
value property. Involved in litigation and matrimonial disputes, tax,
and asset valuations. Also involved in valuation European property
since 1999, with Knight Frank Associate offices. European experience
includes valuations throughout Cote d'Azur along with Bordeaux, Paris,
Tuscany, Costa Del Sol and Switzerland.

Court Experience

Reports prepared for and evidence given in local courts, High Court,
Family Court, Lands Tribunal and American Court.

Appendix 2 - Instruction documentation

Withers LLP

By email

FAO: Caroline Webb

4 November 2010

Dear Sirs

Estimate of Fees for Expert Witness Report

Name of property / case : Athlone House, Hampstead Lane, London, NW3

Further to your recent enquiry I am writing to confirm certain details in respect of the above property and my potential involvement in preparing an expert report and providing expert evidence.

Basic details relating to the case are as follows.

- Subject Property – Athlone House, London, NW3
- Purpose of report – Consideration of property in respect of:
 - Marketing issues raised in the Grounds of Refusal in the planning decision.
 - Comments on the market place for a renovated building on the site.
 - Consideration of whether the proposed replacement house better suits the target market.
 - Consideration of an owner profile for the property.
 - Comment on the S.106 requirements and whether these address the needs of the market place.

If these basic details are inaccurate in any way do please let me know and I will be able to review the instruction and fees accordingly.

I can confirm my previous involvement in cases providing expert evidence for both Local and High Court and enclose a copy of my CV for your consideration.

My standard terms of business are attached and in respect of my fees these are outlined below.

- Initial draft report (in preparation for the first conference) £10,000 plus expenses and VAT. This fee is based on approximately 30 hours at our charge out rate of £350 per hour. It should be noted that this fee relates to the production of the first draft only and does not take into account subsequent meetings and re-drafting in preparation of a final copy.
- Subsequent negotiation/consultation needs to be charged on a time taken basis at a rate of £350 Plus VAT per hour.
- Time in Court is charged at a daily rate £2,250 + VAT per day or part thereof.

55 Baker Street, London, W1U 8AN
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I would confirm that I would be able to undertake this instruction with an inspection of the property being possible early next week with the report being prepared as soon as possible thereafter, aiming at your deadline of 19 November 2010.

Yours faithfully



David K Peters BSc Hons FRICS MAE
Partner

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In accordance with the RICS Rules of Conduct, these Terms of Business together with the attached Terms of Engagement letter will form the basis on which Knight Frank LLP will act.

Recital of appointment

The Appointer has appointed the Expert to provide services in accordance with these Terms of Business for such period as to allow the Expert to complete his instructions or such further obligations imposed upon him by Court Order, unless determined by either party in writing.

The Appointer and Expert Witness are stated specifically within the Terms of Engagement letter for this case.

Definitions

'Appointer' means the person(s), organisation(s), or department(s) from whom instructions are received.

'Client' means the person(s), organisation(s), or department(s) on whose behalf the Expert Surveyor has been instructed to provide the services listed in 4.0 of the Terms of Engagement letter.

'Expert Surveyor' means the person named within the terms of Engagement letter and appointed to provide the services described in these Terms of Business, hereinafter referred to as the Expert.

'Assignment' means the matter(s) referred to the Expert by the Appointer, in respect of which the services are required, and to which these Terms of Business apply.

'Fees' means (in the absence of written agreement to the contrary) the reasonable charges of the Expert Surveyor based on the Expert's agreed hourly rate. For all court tribunal or appeal hearings there will be a charge per day or part thereof. Time spent travelling and waiting may be charged at the full hourly rate. Rates applicable are stated as part of the Terms of Engagement.

'Disbursements' means the cost, reasonably incurred, of (by way of non-exclusive example) all photography, reproduction of drawings, diagrams, printing and duplicating, and all out-of-pocket expenses, including travel, subsistence and hotel accommodation.

Extent of your responsibility

You will provide timely, full and clear instructions in writing with a timetable for provision of the Expert's services. You will not alter, or add to, nor permit others so to do, the content of our Expert's report.

Fees and Disbursements

Our fees are set out in the Terms of Engagement letter. Please note payment is due on presentation of our invoice. If you end this instruction at any stage, we will charge abortive fees on the basis of reasonable time and expenses incurred. If you delay the instructions or materially alter the instructions so that additional work is required at any stage, we will charge additional fees. Should the need arise, we reserve the right to make interim charges against agreed fee levels.

The Expert shall also be entitled to charge for answering questions from a party relating to the Assignment or for the provision of any addendum reports.

Any restriction or cap by the Tribunal or another competent authority, on the recoverability of an Expert's Fees and Disbursements, shall not affect the liability of the Appointer to pay those Fees and Disbursements. Payment of fees is not to be dependent on settlement of the case, receipt of insurance or any similar event and are due on receipt of our invoice.

When it is necessary to undertake specific investigation or tests in order properly to deal with the matter, the Expert will seek the Clients authority before incurring the costs of such investigations or tests. The Client will be responsible for the payment of charges for such tests and investigations.

VAT

All fees and disbursements quoted are subject to VAT at the then prevailing rate. Our VAT registration number is 238 5156 53.

Payment of Fees

If any invoice remains unpaid after the date on which it is due to be paid, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 4% above the then prevailing bank base rate of National Westminster Bank PLC or (if higher) at the rate provided for under the Late Payment of Commercial Debts (Interest) Act 1998 and its regulations (if applicable). If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

Disputes over Fees and Disbursements

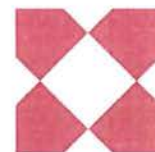
Any such sum that is not disputed shall be paid forthwith pending resolution of the disputed element, irrespective of any set off or counter claim which may be alleged.

Any dispute that cannot be resolved shall be referred to a Mediator chosen by agreement of both parties or by the RICS Dispute Resolution Service (DRS) or any successor thereof. In the event that any dispute cannot be resolved by mediation, the courts of England and Wales shall have exclusive jurisdiction in relation to the dispute and its resolution.

Limitations on Liability

So far as the law allows our total liability to you for any direct loss or damage caused by our negligence or breach of contract (except deliberate breach) is limited to the higher of £1 million or ten times Knight Frank LLP's fee under this agreement. We do not accept liability for any indirect or consequential loss, (such as loss of profits). Nothing in these Terms of Business shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of Law.

You agree not to bring any claim arising out of or in connection with this agreement against any member, employee, 'partner' or consultant of Knight Frank LLP (each called a 'Knight Frank Person'). Those individuals will not have a personal duty of care to you and any such claim for losses must be brought against Knight Frank LLP. Any Knight Frank Person may enforce this clause under the Contracts (Rights of Third Parties) Act 1999 but these terms may be varied at any time without the need for any Knight Frank Person to consent.



Jurisdiction

English law shall apply in every respect to these Terms of Business and the agreement of the client shall be deemed to have been in England. In the event of a dispute arising in connection with this Assignment, unless expressly agreed otherwise in writing by Knight Frank LLP, the client will submit to the jurisdiction of the English Courts only. This will apply wherever the property or the Client/Appointer is located or the advice is provided.

If a court rules that any provision of these terms is invalid or unenforceable, this will not affect the rest of the terms, which will remain fully in force.

Complaints Procedure

We would be pleased to provide, upon request, a copy of the RICS Practice Statement "Surveyors acting as expert witnesses". In accordance with RICS guidelines, the firm's standard Complaints Handling Procedure will not apply to this Assignment.

Disclosure

The Expert's advice is provided to you on a private and confidential basis unless agreed otherwise. If our advice is disclosed to persons other than the addressees of our report, the basis of the advice should be stated. Neither the whole or any part of our report nor any reference thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it may appear.

Limitation of Third Party Rights

The advice and information we provide to you as part of our service is for your sole use and not for any third party to whom you may communicate it unless we have expressly agreed in the agreement that a specified third party may rely on our work. We accept no responsibility to third parties for any advice, information or material produced as part of this Assignment which you make available to them. A party to this agreement is the only person who has the right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

General

Knight Frank LLP is a Limited Liability Partnership with registered number OC305934. This is a corporate body which has 'Members' and not 'Partners'.

Our registered office is at 55 Baker Street, London, W1U 8AN where a list of Members may be inspected.

Any representative of Knight Frank LLP described as 'Partner' is either a Member or an employee of Knight Frank LLP and is not a Partner in a Partnership. The term 'Partner' has been retained because it is an accepted way of referring to senior professionals

We are regulated by the Royal Institution of Chartered Surveyors in the UK. The details of our professional indemnity insurance specified in the Provision of Services Regulations 2009 will be provided to you on request.

Legal Aid Cases

The Appointer will:

- inform the Expert at the outset if the case is expected to be legally aided.
- inform the Expert of the scope and any limitation on the Certificate or Order and any Amendments and use his best endeavours to secure and expedite remittance of the Expert's fees save that the existence of a Legal Aid Certificate or Order shall not affect the Appointer's personal responsibility for the Expert's fees.
- not require the Expert to provide any services before the grant of authority by the Legal Aid Board (or its generic successor) for his Fees and Disbursements.
- apply to the Legal Aid Board for prior approval of the Expert's anticipated fees and promptly inform the Expert of the outcome of the application.
- apply as above for additional fees required by further work not originally authorised.
- make timely application to the Legal Aid Board or to the court for interim and final payments for the Expert's Fees and Disbursements as invoiced and promptly remit to the Expert all such payments upon receipt.
- use his best endeavours to ensure that the Expert's Fees and Disbursements are recovered in full by way of the Legal Aid Fund and in the case of the Crown Court from the Ministry of Justice Department.
- advise the Expert if he is a Legal Aid franchisee with devolved powers in the relevant category of work and ensure prompt remittance of interim and final payments as invoiced.
- use his best endeavours to ensure that the Expert's Fees and Disbursements are promptly remitted in full in the event of termination or suspension of a Franchisee Agreement or of a Legal Aid certificate. Where assessment of costs is necessary he will apply for, pursue or defend (as applicable) the Expert's fees in a timely manner.

Confirmation of Instructions

Please provide us with your written confirmation that these Terms of Business are acceptable by signing and returning the attached copy of these terms. We will assume the above details are correct unless you tell us otherwise.



.....
Signed on behalf of Knight Frank LLP

.....
Partner Name

Dated

.....
Signed on behalf of *[client name]*

.....
Name & Position

Dated