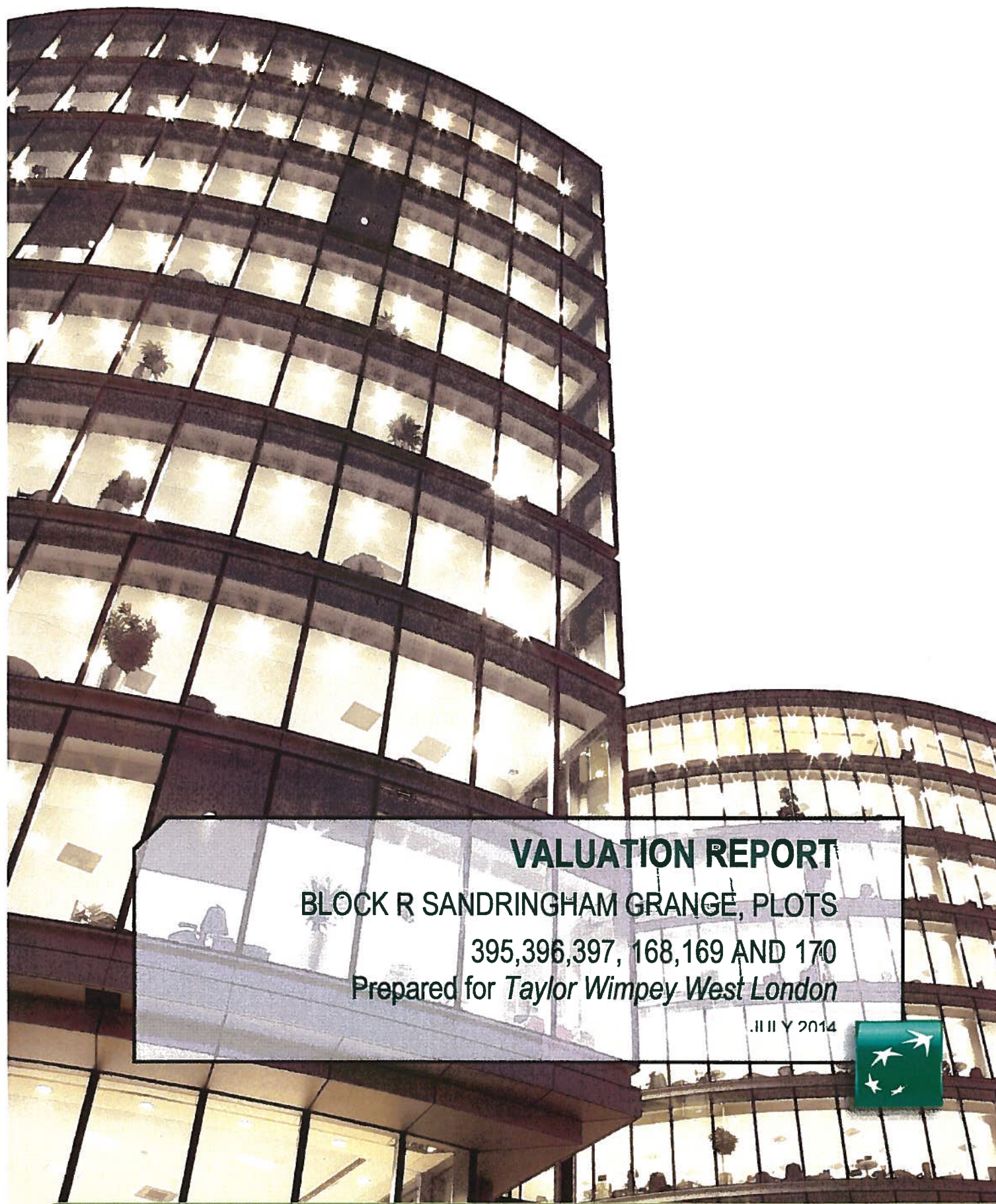




VALUATION REPORT

BLOCK R SANDRINGHAM GRANGE, PLOTS

395,396,397, 168,169 AND 170

Prepared for *Taylor Wimpey West London*

..III Y 2014



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Private & Confidential

Taylor Wimpey West London
Stratfield House
Station Road
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For the Attention of: Gemma Bibby

Our Ref: ADL/VMP/141011

11 July 2014

Dear Sirs

**TAYLOR WIMPEY WEST LONDON
BLOCK R SANDRINGHAM GRANGE - APARTMENT PLOTS 395,396,397,168,169 and 170**

1. TERMS OF REFERENCE

- 1.1 The property comprises six one bedroom flats on the ground and first floors of block R, Sandringham Grange, Eastcote, which will be sold on the basis of long leasehold interests. You have requested a valuation for planning and marketing purposes. You need to establish the market value of the flats to satisfy a requirement in a Section 106 Agreement with the London Borough of Hillingdon and subsequent negotiations pursuant to the relevant clauses of the Agreement. The Section 106 restricts the sale price of the units 80% of market value, or alternatively a sum of money may be paid to the Council which is equivalent to the 20% discount below market value.
- 1.2 This valuation is prepared in accordance with your instructions of 19 May 2014.
- 1.3 This valuation has been prepared in accordance with the RICS Valuation - Professional Standards, [the "Red Book"].
- 1.4 The Property was inspected on 2 June 2014. This valuation has been prepared by Victoria Simms MRICS RICS Registered Valuer under the supervision of Anthony Lee MRTPI MRICS RICS Registered Valuer. We confirm that they have the knowledge, skills and understanding to undertake this valuation competently.
- 1.5 We confirm that we have had no material involvement with the Property, and that this report represents our objective and independent opinion.

2. EXTENT OF DUE DILIGENCE AND INFORMATION SOURCES

2.1 Inspection

The Property was inspected internally on 2 June 2014 by Victoria Simms. At the time of inspection, the internal fitting out of each flat was not fully completed, but all flats were inspected internally and it was noted that these were in a varying stage of completion.

2.2 Floor areas

The floor area information has been provided by Taylor Wimpey West London. We assume that these are correct and have not independently verified this information.

2.3 Condition

We have relied on our visual inspection only, and have not undertaken a structural condition survey of the property.

2.4 Environmental investigation

We have not been provided with any environmental information.

2.5 Tenure, title and tenancies

We have not been provided with a copy of the Report on title. We have not read leases or title documents. The commentary provided in this report is based on our understanding of the title and tenancy situation and this should be verified by your solicitors.

2.6 Town planning

We have not been provided with a copy of the Section 106 Agreement and the planning consent documentation by Taylor Wimpey West London.

3. PROPERTY INFORMATION

3.1 Location

Sandringham Grange is located adjacent to Lime Grove, at the edge of Eastcote Town Centre, approximately 0.7 miles to the north west of Eastcote Underground Station, within an established residential location.

3.2 Description

The subject apartment building comprises a three storey "L" shaped apartment building, of brick and timber construction. The subject apartments are located on the ground and first floors.

3.3 Accommodation

The apartment building known as Block R contains nine flats, over three floors. The six apartments which are subject of this report are on the ground and first floors.

The individual features of the six subject properties are listed below:

Plot	Floor Area	Comments
Plot 395	46 sq m 499 sq ft	• Ground floor apartment • 1 bedroom
Plot 396	53 sq m 568 sq ft	• Ground floor apartment • 1 bedroom
Plot 397	52 sq m 563 sq ft	• First floor apartment • 1 bedroom
Plot 168	54 sq m 578 sq ft	• First floor apartment • 1 bedroom
Plot 169	51 sq m 553 sq ft	• First floor apartment • 1 bedroom • Extra study room
Plot 170	53 sq m 568 sq ft	• First floor apartment • 1 bedroom

All flats will be offered for sale with an allocated car parking space.

3.4 Ground conditions

We have assumed that ground conditions are suitable for the current buildings and structures or for any redevelopment. Since our normal enquiries and inspection did not suggest that there are likely to be archaeological remains present in or on the Property, we have assumed that no abnormal constraints or costs would be imposed on any future development at the Property by the need to investigate or preserve historic features.

3.5 Environmental issues

We have not made detailed enquiries into the previous uses or to establish whether or not contamination is present.

However as a result of our normal inspection and other enquiries in connection with this valuation, we are not aware of any potential contamination. Accordingly, our valuation assumes that there is no current or latent contamination that could adversely affect the Property. If a detailed environmental investigation reveals actual or potential contamination, our valuation may be adversely affected.

3.6 Repair

We have assumed that the properties will be completed to a high standard. We have not been provided with a structural report of the building, and our valuation assumes that the building works have been completed in accordance with the planning consent and prevailing building regulations.

3.7 Tenure

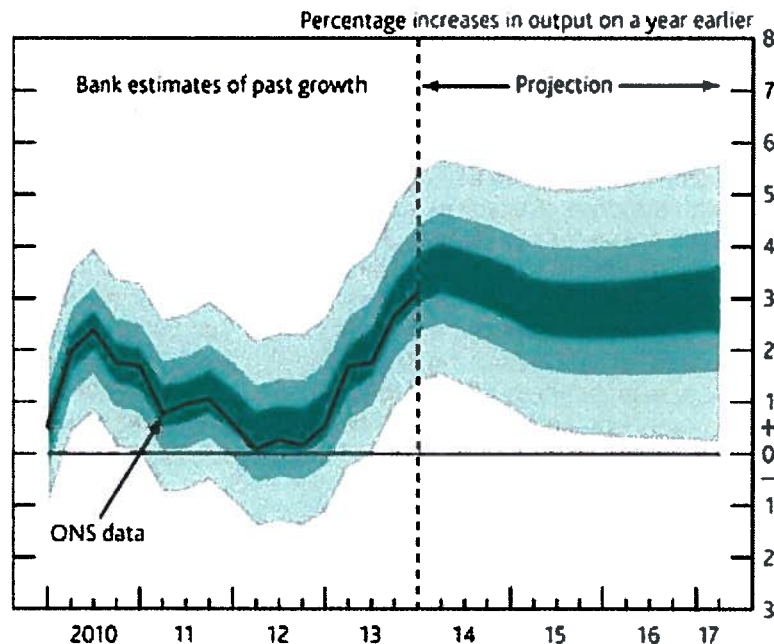
We have assumed that the freehold of the building is owned by Taylor Wimpey West London and that the apartments will be sold on a standard long leasehold basis appropriate for a development of this type.

4 MARKET CONDITIONS

4.1 National Housing Market

- 4.2** The historic highs achieved in the UK housing market by mid 2007 followed a prolonged period of real house price growth. However, a period of 'readjustment' began in the second half of 2007, triggered initially by rising interest rates and the emergence of the US sub prime lending problems in the last quarter of 2007. The subsequent reduction in inter-bank lending led to a general "credit crunch" including a tightening of mortgage availability. The real crisis of confidence, however, followed the collapse of Lehman Brothers in September 2008, which forced the government and the Bank of England to intervene in the market to relieve a liquidity crisis.
- 4.3** The combination of successive shocks to consumer confidence and the difficulties in obtaining finance led to a sharp reduction in transactions and a significant correction in house prices in the UK, which fell to a level some 21% lower than at their peak in August 2007 according to the Halifax House Price Index. Consequently, residential land values fell by some 50% from peak levels. One element of government intervention involved successive interest rate cuts and as the cost of servicing many people's mortgages is linked to the base rate, this financial burden has progressively eased for those still in employment. This, together with a return to economic growth early 2010 (see May 2014 Bank of England GDP fan chart below, showing the range of the Bank's predictions for GDP growth to 2017) has meant that consumer confidence has continued to improve.

May 2014 Bank of England GDP fan chart



Source: Bank of England

- 4.4** Throughout the first half of 2010 there were some tentative indications that improved consumer confidence was feeding through into more positive interest from potential house purchasers. Against the background of a much reduced supply of new housing, this would lead one to expect some recovery in prices. However, this brief resurgence abated with figures falling and then fluctuating in 2011 and 2012, with the Halifax House Price Indices showing a fall of 0.6% in the year to March 2012. The

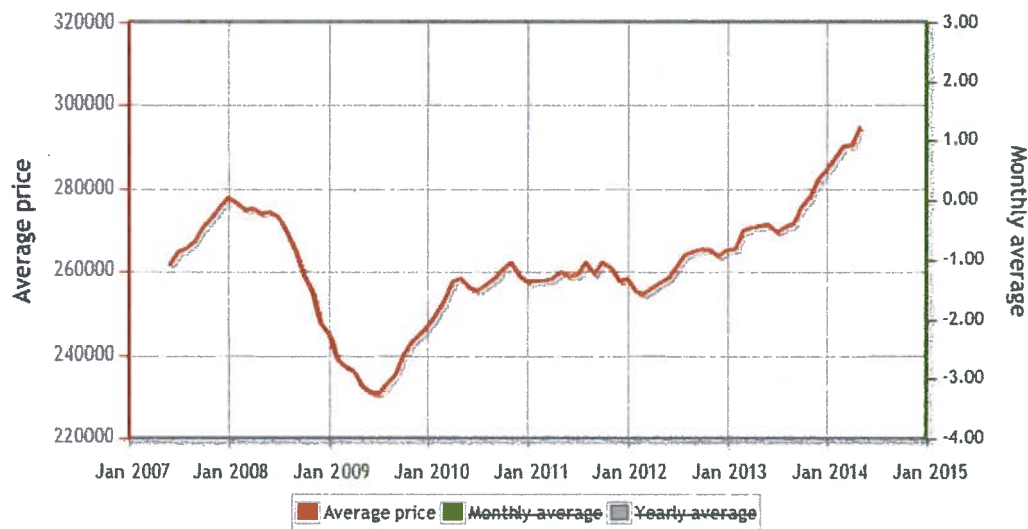
Halifax attributed some of recovery during that period to first time buyers seeking to purchase prior to the reintroduction of Stamp Duty from 1 April 2012. The signs of improvement in the housing market towards the end of 2012 continued through 2013 and into 2014.

- 4.5** Both The Halifax and Nationwide continue to report positively in their April 2014 Housing Price Index updates. They both refer to housing demand remaining strong. Stephen Noakes, the Mortgages Director at The Halifax identifies that, "Although mortgage approvals have now declined for two consecutive months and property transactions fell in March, on an annual basis housing demand still remains strong. Housing demand continues to be supported by an economic recovery that is gathering pace, rising consumer confidence, low interest rates and wage growth finally beginning to outgrow consumer prices. However, with supply of properties being slow to respond to market conditions, stronger demand in the past year has resulted in upward pressure on house prices."
- 4.6** This view is shared by Nationwide's Chief Economist Robert Gardiner who comments that, "Earnings growth is beginning to pick up, with wage increases finally outpacing the rise in the cost of living in February. Nevertheless, house price growth is outstripping income growth by a wide margin. The risk is that unless supply accelerates significantly, affordability will become stretched."
- 4.7** The Nationwide report highlights that the impact of the introduction of Mortgage Market Review (MMR) measures on activity levels will be of interest over the next few months. However, they consider that 'the underlying demand is likely to remain robust, as mortgage rates remain close to all-time lows and as consumer confidence improves further on the back of stronger labour market conditions and the brighter economic outlook.'
- 4.8** Both reports make reference to recent moderation in sales values, with Nationwide reporting that, "after several months of moderation, the pace of house price growth picked up in April, with prices rising by 1.2% during the month". As a result, annual house price growth is identified as having reached "double digits for the first time in four years, with the price of a typical home 10.9% higher than April 2013". The Halifax however identifies that "prices fell marginally during the month representing a second successive monthly decline" We understand that this is the second successive monthly price fall and the third in the last six months, however monthly movements are identified as being volatile and the Halifax states that the quarter on quarter change is a more reliable indicator of the underlying trend. In this regard they identify that 'house prices in the three months to April were 2.3% higher than in the three months to January and annually prices were 8.5% higher in the three months to April than in the same three months last year.'
- 4.9** Of interest in Nationwide's report are Robert Gardiner's comments that a notable feature of the upturn in the housing market is *'price growth being significantly stronger in the South of England, especially in London and the South East. In the first quarter of 2014, prices in the capital were around 20% higher than their pre-crisis levels, while in the UK as a whole, prices were still around 2% lower.'*
- 4.10** On this basis, the outlook for the UK economy and house prices would appear to be expected to continue to improve and rise in 2014.

4.11 Regional Housing Market

According to Land Registry data, residential sale prices in Hillingdon fell by 16.95% from the peak of the market, in January 2008 to the bottom of the market in July 2009. Subsequently House prices have continued to recover and they now stand at just 6.04% above peak levels in May 2014 (the latest month for which records are available).

Average price



Source: Land Registry

5 VALUATION

5.2 In arriving at our valuation we have had regard to the following characteristics of the six apartments:

- All but one of the properties are standard sized one bedroom flats, with open plan kitchen and living rooms; one has an additional study/box room;
- The flats will be fitted out with good standards of fitted kitchens and bathrooms; and
- The Sandringham Grange development is in an established and popular residential area, within close proximity to Eastcote Underground Station;
- Block R is adjacent to the affordable housing designated part of the development.

5.3 We have also considered the following comparable transactions of new-build one bedroom flats sold in March 2014 within the private element of the Sandringham Grange development, which is the best available evidence:

- Plot 386 sold for £235,000
- Plot 378 sold for £239,950
- Plot 388 sold for £235,000
- Plot 389 sold for £245,000
- Plot 390 sold for £249,995

5.4 At Appendix 1 we have provided a summary of a range of second hand properties recently sold within the vicinity, as further evidence.

5.5 Valuation

5.6 Our valuation has been arrived at primarily after consideration of market evidence for similar properties recently sold within the development. Accordingly, we have applied a range of capital values based on rates from £431 per sq ft to £491 per sq ft.

5.7 We are of the opinion that the Market Value of the long leasehold interest in the Properties as at 27 June 2014, is in the region of:

Plot 395 £245,000
(two hundred and forty five thousand pounds)

Plot 396 £245,000
(two hundred and forty five thousand pounds)

Plot 397 £245,000
(two hundred and forty five thousand pounds)

Plot 168 £249,995
(two hundred and forty nine thousand nine hundred and ninety five pounds)

Plot 169 £260,000
(two hundred and sixty thousand pounds)

Plot 170 £249,995
(two hundred and forty nine thousand nine hundred and ninety five pounds)

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

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

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

5.10 Property values may change significantly over a relatively short period. Consequently our valuations may not be valid on a date other than the stated valuation date.

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



6 GENERAL CONDITIONS:

- 6.1** This report and valuation has been prepared on the basis that there has been full disclosure of all relevant information and facts which may affect the valuation. It has been prepared solely for the planning and marketing negotiation and may not be appropriate for any other purpose.
- 6.2** This report is private and confidential to Taylor Wimpey West London and the London Borough of Hillingdon. It may not be disclosed to any third party without our prior written consent, nor published in any document or circular, without our prior approval in writing as to the form and context in which it shall appear. In breach of this condition, no responsibility can be accepted to third parties for the comments or advice contained in this report.

Yours faithfully

A blue ink signature of Anthony Lee.

Anthony Lee MRTPI MRICS
RICS Registered Valuer

A blue ink signature of Victoria Simms.

Victoria Simms MRICS
RICS Registered Valuer

for and on behalf of BNP Paribas Real Estate

Appendix 1 – Comparable Sales Values



**BNP PARIBAS
REAL ESTATE**

RESIDENTIAL COMPARABLE SCHEDULE – Eastcote

No.	Property Address	Photo	Type & no. beds	Size (Sq Ft N/A)	Sold/Asking Price (£)	Price £PSF	Details / Specification	Contact
1	Field End Road, Eastcote, HA5		one bedroom third floor apartment	538ft ²	£299,995	£558	• Very high spec • landscaped gated setting • Bespoke designer kitchen. • Underground parking. • Video entry	Rightmove Under offer
2	The Forresters, Winslow Close, Pinner, Middlesex, HA5		one bedroom third floor flat	560ft ²	£245,000	£438	• Communal entry • Video entry	Rightmove Under offer
3	St. Peters Close, Ruislip, Middlesex, HA4		One bedroom maisonette	524ft ²	£229,950	£439	• Residents parking • Communal gardens • Modern /contemporary	Rightmove Under offer



BNP PARIBAS REAL ESTATE

No.	Property Address	Photo	Type & no. beds	Size (Sq Ft NIA)	Sold/Asking Price (£)	Price £PSF	Details / Specification	Contact
4	Adstock Court, Coleridge Drive, Ruislip		One bedroom First floor	494ft ²	£240,000	£486	• Integrated appliances • Residents Parking • Balcony • Open plan living room/kitchen • Modern development.	Rightmove STC
5	12a The Close, Eastcote, Pinner, Greater London HA5 1PH		One bedroom maisonette	504ft ²	£240,000 Sold March 2014	£476		Land Registry
6	60 Winslow Close, Pinner, Greater London HA5 2QY		One bedroom Second Floor Flat	570ft ²	£240,000 Sold March 2014	£421	• Dated interior • Older development • Allocated parking • Share of Freehold • Lift to all floors.	Land Registry



**BNP PARIBAS
REAL ESTATE**

