

CONFIDENTIAL

Client Ref:

VOA Ref: 796267 BJK/CQc

Date: 27 May 2004

COMMERCIAL IN CONFIDENCE

**VALUATION OF AYRSHIRE CENTRAL HOSPITAL, IRVINE
SITE OF MATERNITY UNIT**

INSTRUCTIONS

I refer to my letter of 20 May 2004 with the Valuation Office Agency (VOA) terms of engagement which were agreed by you on behalf of NHS Ayrshire & Arran on 24 May 2004.

This report provides a valuation of the site shown on the attached plan for inclusion within a business case relating to the possible switch of services.

**DATE/EXTENT OF
INSPECTION**

The site was inspected externally between 9:00am and 10:30am on Friday 21 May 2004 in bright but cloudy conditions.

LOCATION

The subject land which I have defined on the attached plan (in the absence of a plan submitted by you) includes the bulk of the maternity unit which is situated to the south of the main hospital. This area could be discretely divided from the remainder of the hospital and disposed of separately. The site has a main entrance from Kilwinning Road to the west and a secondary access from Castlepark Road. Having two existing access will be a bonus for any prospective future development.

The site is well situated from a vehicular transport point of view and local amenities including golf courses and a local wildlife park make this an attractive location from a prospective housing development.

DESCRIPTION

The site I have outlined on the attached plan is clearly open to the remainder of the hospital on the north side but bounded on the other sides by concrete post and wire fencing, mature hedging and walls etc. There is also a significant area clearly marked on the "local plan" as zoned for leisure and open space (shown in green on the attached plan) which is currently laid out in grass with wooded areas and mature trees which have tress preservation orders. This area, which I have excluded from the potentially developed area also houses some buildings which, I believe, will be retained. These include the

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mortuary, Rainbow House, Halfway House, the Alzheimers Scotland Unit and the Social Work Training/Memory Clinic.

For the purposes of this exercise I have included no value for this area though if some of these buildings are released they could be adapted to residential use.

I am advised by Peter Rimmer that the three linked buildings on the south of the site described as the area training unit and residencies, the recreation and dining hall (maternity) and the information technology block are "listed" and will require to be retained on site. They comprise two and three storey buildings linked by single storey structures. They are flat roofed built of traditional brick rendered and painted. I understand the brick work is single skin and that although the fabric has been routinely maintained there are ongoing problems with the flat roof and water ingress at the fire escapes. Also downpipes are located within the structure of the building which has led to damp problems.

I have assumed that the other buildings on site will be demolished leaving an attractive core area within the boundary of the area delineated.

SITE AREA

The attached plan shows a gross area of 7.7 hectares or 19.02 acres shown bounded black on the plan.

A net developable area of 3.05 hectares or 7.53 acres shown in white on the plan and an area around the listed buildings of 1.03 hectares or 2.55 acres shown in red on the plan

FLOOR AREA

The gross internal area of the listed building to be retained is 4,663 square metres on a gross internal basis.

SERVICES

All mains services are available to the site.

PLANNING

No enquiries have been made of the local planning authority at this time. However, the North Ayrshire Local Plan finalised on February 2003 clearly shows the core area of the hospital as designated for housing.

Outline planning permission has been received for the site immediately to the east of the subject site, permitting a density

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of almost 10 houses per acre for approximately 160 units. A density of this type of development therefore would, in my view, be permitted or perhaps a lower density allowing a higher specification on the finished units might be equally or more attractive to a developer.

INTEREST VALUED

The interest valued is feuhold with vacant possession.

TITLE RESTRICTIONS

It is assumed for the purposes of this exercise that there are no onerous title restrictions which would prevent subsequent development as housing.

VAT

It is understood that this transaction is not one to which VAT is applicable and the stated opinion of value has due regard to this fact. In the event that this understanding is found not to be accurate, the valuation should be referred back for reconsideration.

MINERAL STABILITY

The property is situated in an underground mining area and in view of the possibility of mine workings and the increased risk of damage from underground mining subsidence it is recommended in our Standard Terms of Engagement (a copy of which has been supplied) that a report is obtained from the Agency's Mineral Valuer. However as you have not requested such a report you are deemed to have instructed the Agency to assume in arriving at its valuation:

- (1) that the property valued is not at the date of valuation affected by any mining subsidence and will not be so affected in the future, and
- (2) that the site is stable and will not occasion any extraordinary costs with regard to Mining Subsidence.

You hereby accept that the Board of Inland Revenue for and on behalf of the Agency and its employees cannot, in these circumstances, provide any warranty, representation or assurance whatsoever to you or any third party as to the mineral stability or otherwise of the subject property valued and you hereby agree to waive any claim which you might otherwise have had against the Board, the Agency or any of

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their employees for negligence or breach of contract arising from any loss or damage suffered as a result of the fact that the Agency's valuation on your specific instructions, is to take no account of any matters which might reasonably be expected to have been disclosed by an Underground Mining Subsidence Report.

DATE OF VALUATION

The date of valuation is the date of this report.

I would draw your attention to the fact that values change over time and that a valuation given on a particular date may not be valid on an earlier or later date.

**BASIS/ OF
VALUATION**

The basis of valuation is as defined in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards, 5th Edition as follows:

Market value 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 wherein the parties had each acted knowledgeably, prudently and without compulsion.

**VALUATION
CONSIDERATIONS**

There has been considerable activity in the housing market in Irvine in recent times and this has had an effect on the values of land for development. Agents and developers consider that residential values in Irvine have remained static for too long and there is considerable scope for increases. North Ayrshire Council are releasing tranches of land in Montgomery Park East and though these deals are not yet completed it is known that there was considerable competition for these sites. So the time is right for a marketing exercise. As the crow flies these sites are quite close to the subject property. It is also believed that infrastructure works and amenities including a school are to be included in the overall development plan of Montgomery Park East which can only be of benefit to the long term development prospects of the your site.

I have also had regard to the ongoing negotiations for the acquisition of the immediately adjacent land by Dawn Construction. This site has been inhibited because of the lack of sewerage capacity. This may be a problem for the subject site and I would recommend that sewage capacity is

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investigated by a specialist consultant before the site is exposed for sale. I am aware that the demolition of the laundry will have reduced the usage by the hospital and I am assuming the demolition of a number of buildings which should allow for sufficient capacity for future development. For the purposes of this exercise I have assumed that there are no extraordinary development costs associated with sewerage connections.

In reaching my opinion of value I have made a notional deduction for demolition costs. These assume that there are no deleterious or hazardous materials or techniques used in the construction of the property, which will require extraordinary costs. A more detailed survey is recommended prior to the property being marketed.

I have assumed that the Roads Authority will have no objection to any proposed scheme though they may require a traffic impact assessment in due course.

So far as the listed buildings to be retained on site are concerned, I have assumed that they will receive consent for adaptation to a flatted residential development. My valuation in this regard is somewhat speculative but the local authority are likely to be open to an innovative development which retains the qualities of the original building and which will allow a more diverse development as a whole.

I have allowed nothing for the buildings within the areas zoned for recreational use but these may with varying degrees of adaptation be capable of raising further funds.

OPINION OF VALUE

Having considered the matter I am of the opinion that the area outlined on the attached plan has a current market value of **£2,635,000. Two million six hundred and thirty five thousand pounds.**

ASSUMPTIONS ETC

The opinion of value has been arrived at having regard to the following Assumptions, Special Assumptions, reservations and special instructions or Departures:

- a. no information has been provided on the title to the property and it is assumed that good title can be shown

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and the property is not subject to any unusual or onerous restrictions, encumbrances or outgoings;

- b. the property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries or by any statutory notice, and neither the construction of the property nor its condition, use or intended use was, is or will be unlawful or in breach of any condition;
- c. it is assumed that the property is in good repair except for any defects specifically mentioned in this report;
- d. no detailed site survey, building survey or inspection of covered, unexposed or inaccessible parts of the property has been undertaken and no responsibility can be accepted for identification or notification of those defects which would only be apparent following such surveys or inspection. It is assumed that the inspection of those parts that have not been inspected would neither reveal defects nor cause me to alter my valuation materially;
- e. no investigation has been undertaken or information provided regarding the use of deleterious or hazardous materials or techniques in the construction of the property. It is assumed that no such materials or techniques have been used;
- f. no investigation has been undertaken or information provided regarding the presence of contamination or hazardous substances in the property or any costs involved with their removal. It is assumed that there is no contamination or hazardous substances in the property (including its site) and neighbouring properties;
- g. no environmental assessment has been carried out and no information provided on environmental issues. It is assumed that the property is unaffected by environmental factors that are either an inherent feature of the property itself or the surrounding area which could impact on its value;
- h. no investigation has been carried out and no information provided into the presence of naturally occurring radon gas. It is assumed that no radon gas is present in the property;

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- i. any information supplied by you or on your behalf by a third party, material to the valuation of the property, is complete and correct. I have relied on this information and should it prove to be incorrect or inadequate the accuracy of my valuation may be affected;
- j. no responsibility or liability will be accepted for the true interpretation on the legal position of the client or other parties;
- k. no allowance has been made for liability for taxation which may arise on disposal, whether actual or notional, and the valuation does not reflect the costs of acquisition or realisation;
- l. no extraordinary costs will be incurred in providing mains services to the site, due to poor sub soil conditions and in the development of the site for the proposed use;
- m. maintenance of roads and footpaths ex adverso the property is the responsibility of the local authority;

RICS APPRAISAL AND VALUATION STANDARDS

The valuation has been prepared in accordance with the RICS Appraisal and Valuation Standards, Fifth Edition except where agreed departures have been made (detailed above) in accordance with your instructions.

STATUS OF VALUER

The valuation has been carried out by me in the capacity of an Independent Valuer who conforms to the requirements of the RICS Appraisal and Valuation Standards, Fifth Edition.

VALIDITY

This report may be considered valid for a period not exceeding 6 months from today's date or until there is any material change in circumstances, if earlier. In the event of any doubt the matter should be referred back to this office for further consideration.

RESPONSIBILITY

This valuation should only be used for the purpose stated therein, and no responsibility whatsoever is accepted to any Third Party who may seek to rely on the content of this report.

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PUBLICATION

My prior written consent will be required for any reproduction or public reference to this valuation and report.

**B J Kerr FRICS
DISTRICT VALUER SERVICES**