

Ms Hannah Chivers
Chichester District Council
East Pallant House
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Our Ref: I:1063792

14 July 2020

Dear Hannah,

Tangmere Strategic Development Site

This letter should be read in conjunction with our Viability Assessment dated 31 January 2020. It is subject to the same terms, caveats and assumptions as set out in our original report.

We previously provided you with our Viability Assessment relating to the Tangmere Strategic Development Site, dated 31 January 2020, and you have asked us to comment if the Market Value would be different if we were to value it today.

We have spoken to key local agents in the area to garner the current market sentiment. Of the agents canvassed, the general consensus is that the new build sales market has been inundated since the easing of the lockdown, with sales rates remaining strong and no cash discounts accepted on the asking prices. The land market appears to be somewhat mixed, with some sites going over the asking prices, whilst others have seen renegotiations on agreed purchase prices for sites agreed pre-Covid.

The currently available evidence is anecdotal and more data is necessary to form a clearer picture of the actual impact the recent events have had on the property market, as at the moment it is not evidenced in the readily available market data. Therefore, we need to exercise a higher degree of professional judgement based on anecdotal evidence.

Based on the presently available evidence and on the facts and assumptions stated in our Viability Assessment, dated 31 January 2020, we are of the opinion that the Market Value would remain the same.

However, according to the VPGA 10 of the RICS Valuation – Global Standards, we are required to comment on the material valuation uncertainty. The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the UK, market activity is being impacted in all sectors. As at the date of this letter, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that

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we are faced with an unprecedented set of circumstances on which to base a judgement. Consequently, less certainty – and a higher degree of caution – should be attached to our opinion than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the Property under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that our opinion cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

Yours sincerely

A handwritten signature in black ink, appearing to read "Andrew Johnston".

Andrew Johnston

Partner, Residential Development & Investment, Valuation & Advisory
For & on behalf of Knight Frank LLP
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