



PRIME MINISTER

1. Mr. Wicks N.G. 4.3
2. Prime Minister

To replicate all this time then go for an offer would be really

ST GEORGE'S HOSPITAL: SALE OF HYDE PARK CORNER SITE

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You will remember that we have been in negotiation with the Grosvenor Estate about their proposed purchase of the Crown's interest in the site. The negotiations have been complex and protracted. Regrettably, it has been our impression that Grosvenor have been deliberately dragging their feet. Richard Ellis, who are acting for us, advise that Grosvenor were in a position to conclude the agreement "many, many months ago". The negotiations are, however, now nearly complete and provide for an immediate payment of £6.1 million, together with a second payment in about three years, which Richard Ellis believe should be £4 - 5 million. The complexity of the agreement will impose expenses on both sides, and we judge that it would turn out to be worth about £9.5 million to us at current prices, over three years.

Grosvenor have now, recently, made an alternative offer - a single payment of £7.75 million immediately, plus a contribution (possibly £100,000) towards our professional expenses. This offer, not so far confirmed in writing, would be worth about £7.75 million to us.

While we have been negotiating with Grosvenor, we have received numerous unsolicited expressions of interest in our land from new prospective purchasers. One of these has now matured into what we believe is a genuine offer of an immediate once and for all payment of £10.75 million. After allowing for our professional fees and other minor expenses that would be worth about £10.6 million, and is clearly better than either of Grosvenor's offers.

This places us in a difficulty. On the one hand, there has long been a strong presumption that we would sell to Grosvenor. On the other hand, we have a duty to the public purse and cannot ignore the offer producing a net £10.6 million.

E.R.

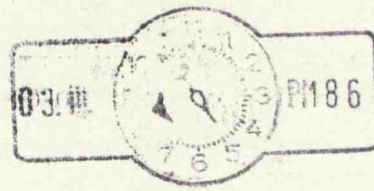
We need to clarify with Grosvenor the precise status of both their offers. I have, therefore, asked officials to write to them inviting their best and final offer and telling them that there have recently been unsolicited offers from various prospective purchasers. We should aim to secure an offer reasonably comparable to a net take of £10.6 million and if that is forthcoming to press for an agreement immediately.



} March 1986

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NAT HEALTH: St George's Hospital, Jan 1982





10 DOWNING STREET

From the Principal Private Secretary

5 March 1986

ST GEORGE'S HOSPITAL: SALE OF HYDE PARK CORNER

Your Secretary of State sent the Prime Minister a minute on 3 March about his proposals for carrying forward negotiations regarding the disposal of the Crown's interest in this site.

The Prime Minister believes that to have negotiated with the Grosvenor Estate all this time and then to go for an alternative offer would be regarded as really bad faith, especially remembering the history of refusing the District Valuer's valuation.

I should be grateful if, before any action is taken, your Secretary of State could provide the Prime Minister with further assurance that the course proposed in his minute is the right one.

N.L. Wicks

Tony Laurance Esq
Department of Health and Social Security