CUSHMAN & WAKEFIELD

Financial Viability Assessment Review

The Mole, Barry Waterfront, Barry, CF63 4BA

Prepared for:

Vale of Glamorgan Council

Strictly Private and Confidential

31 October 2023

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FINANCIAL VIABILITY ASSESSMENT

1. Executive Summary

1.1. Cushman and Wakefield ('C&W') have been instructed by Vale of Glamorgan Council ('the Council / VOG') to provide an independent review of the financial viability assessment ('FVA') prepared by Savills on behalf of Associated British Ports ('ABP / the applicant') for a proposed 400 berth marina, 25,000 sq ft office building and 65 residential units at The Mole, Barry Waterfront, Barry, CF63 4BA ('the subject site').

1.2. This FVA review is prepared for planning purposes to inform the Council's negotiations with the applicant regarding the appropriate level of affordable housing provision and S106 planning obligations that can be viably supported by the proposed scheme.

1.3. We have been provided with a copy of the Savills FVA dated June 2023 which is attached at Appendix 1 of this report. According to the submitted FVA, the proposed scheme cannot support the required affordable housing provision and S106 contributions without compromising the viability of development, as the appraisal generates a negative land value of **-£20,144,739** which is a substantial deficit when compared to Savills' assumed BLV of **£3,500,000.**

1.4. Savills have undertaken further appraisals to assess the viability of a fully private scheme and a scheme with a 15% affordable housing provision both with no S106 obligations. The 0% affordable housing scheme and no S106 produces a negative residual land value of **-£18,215,900 (includes the land fixed at £3,500,000)**, whilst the 15% affordable housing scheme and no S106 produces a negative land value of **-£18,656,848 900 (includes the land fixed at £3,500,000)** which is a large deficit when compared to the assumed BLV.

1.5. The purpose of this independent review is to determine, when viewed objectively, whether the submitted FVA represents a reasonable assessment of site viability based on an appropriate appraisal approach, and whether the proposed scheme is sufficiently viable to support the Council's policy requirements.

1.6. The Planning Practice Guidance for Viability ('PPGV') states that an executive summary of an FVA is to be made publicly available to promote greater transparency and accountability within the viability assessment process. The RICS Professional Statement *Financial Viability in Planning: Conduct and Reporting* (1st Edition, May 2019) also states that all FVAs must be accompanied by non-technical summaries to assist non-specialists in better understanding the report.

1.7. Accordingly, an executive summary has been prepared to present the findings of this FVA review in a clear and concise manner. This executive summary should however not be considered in isolation from the full report.

1.8. We present our findings in the table overleaf.

Scheme Overview	
Applicant	Associated British Ports (ABP)
Site	The Mole, Barry Waterfront, Barry, CF63 4BA
Proposed Scheme	Residential development comprising 65 units with a maximum height of four storeys. A 25,000 sq ft (2,323 sq m) incubator workspace building comprising offices, smart innovation space, break-out space, and a café. A 400-berth marina with floating pontoons and a 5,600 sq ft (520 sq m) marina office building

Appraisal Input	Savills FVA – 0% Affordable (June 2023)	C&W Viability Appraisal
GDV	Residential - £18,095,000 Office – £3.000,000 Marina - £10,100,000 **Total - £31,195,000**	Residential - £18,695,000 Office – £3,000,000 Marina - £8,000,000 **Total – £29,695,000**
Total Build Costs	**Residential** - £10,547,266 (includes prelims at 15% and OHP at 5%) Includes externals **Incubator/Office** - £5,765,000 (£231 per sq ft) **Marina Phase 1 & Phase 2** - £3,519,608 **Marina Car Park** - £270,000 **Boatyard Surfacing** - £470,000 **Enabling Works and access** - £1,045,000 **Utilities/Services** - £745,000 **Linear Park** - £885,000	**Residential** - £10,547,266 (includes prelims at 15% and OHP at 5%) Includes externals **Incubator/Office** - £5,765,000 (£213 per sq ft) **Marina Phase 1 & Phase 2** - £3,519,608 **Marina Car Park** - £270,000 **Boatyard Surfacing** - £470,000 **Enabling Works and access** - £1,045,000 **Utilities/Services** - £745,000 **Linear Park** - £885,000
Abnormals	**Marina Infrastructure** - £3,519,608 **Marina Pile and Piling** - £2,748,000 **Boat Hoist & Mover** - £310,500 **Hoist Dock** - £931,500 **Mole Quayside Repairs** - £244,425 **Lock Gates** - £2,630,00 **Dredging Lock F** - £500,000 **Impounding pumps** - £1,000,000	**Marina Infrastructure** - £3,519,608 **Marina Pile and Piling** - £2,748,000 **Boat Hoist & Mover** - £310,500 **Hoist Dock** - £931,500 **Mole Quayside Repairs** - £244,425 **Lock Gates** - £2,630,00 **Dredging Lock F** - £500,000 **Impounding pumps** - £1,000,000
Professional Fees	**Residential** - 13.50% on total build costs **Incubator/Office Space** – 10% **Marina infrastructure, marina car park, boatyard surfacing, enabling works and access, services and linear park** – 5% - 13%	**Residential** - 8% on total build costs **Incubator/Office Space** – 10% **Marina infrastructure, marina car park, boatyard surfacing, enabling works and access, services and linear park** – 5% - 13%
Contingency	**Residential** - 10% on total build costs and professional fees **Incubator/Office Space** – 10% on total build costs and professional fees **Residential** - 13.50% on total build costs **Marina infrastructure, marina car park, boatyard surfacing, enabling works and access, services and linear park** – 10% on total build costs and professional fees	**Residential** - 5% on total build costs **Incubator/Office** – 5% on total build costs **Marina infrastructure, marina car park, boatyard surfacing, enabling works and access, services and linear park** – 10% on total build costs and professional fees
Marketing, Sales Agent and Legal Fees	**Residential** - Sales agent, sales legal and marketing 3% of GDV Incubator/Office – sales agent and sales legal 1.5% of GDV Incubator/Office – letting agent 15% of rental income and letting legal 10% of rental income Marina – Not applied	**Residential -** Sales agent, sales legal and marketing 3% of GDV Incubator/Office – sales agent and sales legal 1.5% of GDV Incubator/Office – letting agent 10% of rental income and letting legal 5% of rental income Marina – Sales agent and legal 1.5% of GDV
Finance	7.5%	7.5%
Developer's Profit	Residential - 20% on GDV Incubator/Office – 12.5% on Cost Marina – 20% on GDV	Residential - 20% on GDV Incubator/Office - 12.5% on Cost Marina – 20% on GDV
Section 106 Contributions	None assumed.	None assumed.

Land Acquisition Costs	SDLT at the prevailing rate, legal and agent's fees at 2.0%.	SDLT at the prevailing rate, legal and agent's fees at 1.5%.
Negative Residual Land Value	**-£14,715,900**	**-£14,487,750**
Benchmark Land Value	EUV - £475,00 per acre Total BLV - **£3,500,000**	EUV - £400,00 per acre Total BLV - **£3,000,000**
Viability Deficit	**-£18,215,900**	**-£17,487,750**

1.9. The following sections of this report explain the proposed scheme in further detail and how each of the value and cost inputs have been determined. We firstly provide a brief summary of the approach to the FVA review, the proposed development, the key viability issues and the conclusions drawn from this FVA review under the sub-headings below.

Approach to Site-Specific FVA

1.10. In preparing this FVA review, we have adopted the residual approach which is an accepted methodology for assessing site viability and is the standard approach adopted by developers when preparing appraisals/bids to acquire sites for development. The residual methodology also accords with the recommended approach in the PPGV and that adopted by Savills in their FVA.

1.11. The residual method involves subtracting the total development costs required to deliver the scheme (including an allowance for the developer's profit), from the assumed Gross Development Value ('GDV') of the scheme to arrive at a residual land value. No allowance is made for underlying inflation. The residual land value is then compared to the BLV to determine the surplus or deficit position, and thus the viability of the proposed development.

1.12. Our residual appraisal has been prepared using Argus Developer software in line with Savills' approach which is extensively used by key practitioners across the industry to ensure a consistent approach to the cash flow modelling.

Location and Description of Proposed Development

1.13. The site comprises a parcel of land extending to 3.03 hectares (7.50 acres), and comprises a finger of land, which protrudes approximately 400 metres into the dock. The site is surrounded by water to the north, east and south.

1.14. The land comprises former industrial land with the eastern section of the site currently occupied by Barry Community Water Activity Centre, which comprises a boat storage area to get together with temporary buildings.

1.15. According to the Savills FVA and the submitted planning application (ref: 2023/00051/HYB), applicant is proposing to deliver a 400 berth marina, marina office building which will include facilities for visitors and members together with a restaurant. An incubator workspace building comprising offices, smart innovation space, breakout space and a café, 65 residential units, 208 car parking spaces together with access road, public open space and engineering works to raise the existing ground levels in order to mitigate against flood risk.

1.16. A brief summary of the proposed development is provided at Section 5 of the Savills FVA which we have cross-referenced to the submitted Planning Statement. In summary, according to this information we understand that the scheme comprises the following key elements:

- The creation of a 400 berth Marina with floating pontoons
- A 5,600 sq ft marina office building which will include facilities for visitors/members and a restaurant
- A 25,000 sq ft incubator workspace building comprising offices, smart innovation space, breakout space and a café
- Residential development comprising 65 units with a maximum height of four storeys
- Access road and car parking
- Landscaping and public open space/park
- Engineering works to raise the existing ground levels to a minimum of 9.00m AOD in order to mitigate against flood risk
- 208 parking spaces

1.17. The proposals also contain a number of dock related components including marine infrastructure, Marina piles and piling, boat hoist mover, hoist dock, mole quayside repairs, lock gates, dredging at lock F and impounding pumps. These additional components we understand our necessary to enable the proposed development to be implemented, however account for the substantial abnormal costs.

Relevant Local Planning Policy

1.18. Policy MG4 of the Vale of Glamorgan's LDP 2011- 2026 sets out the policy relating to affordable in the VOG states but new development resulting in a net gain of five or more units will contribute to the target for affordable housing on site or by an equivalent financial contribution.

1.19. The affordable housing contribution is expected to be equivalent to 30% of the total number of units, with a tenure split of 70% social or affordable rented and 30% intermediate housing, delivering affordable home ownership options.

Local Plan Viability Assessment ('LPVA') and Justification for Site-Specific FVA

1.20. The PPGV (Paragraph 21) states that the Executive Summary of an FVA should refer back to the viability assessment that informed the Local Plan and summarise what has changed since then. The PPGV (Paragraph 6) also requires the applicant to demonstrate whether particular circumstances justify the need for an FVA at the application stage.

1.21. Notwithstanding this, the LPVA is dated and was prepared before the introduction of the revised NPPF and PPGV in July 2018, meaning that the assumptions may not be consistent with the requirements set out in the updated national policy and guidance. Therefore, the LPVA is not the most relevant, up-to-date market evidence as at the date of this FVA review. The time which has passed since the date that the LPVA was prepared, and the change in market conditions, is likely to explain any deviation from the figures used in the LPVA, at least in part.

1.22. Therefore, whilst Savills have not specifically summarised what has changed since the LPVA and why the site-specific assessment is needed, in this instance, we believe that there are reasons in that this is a non-standard scheme with significant abnormal costs, whilst the LPVA is dated, and market conditions have changed since the date that the assessment was prepared.

Summary of Key Viability Inputs and Key Conclusions

1.23. Savills have prepared three viability appraisals for the subject development based on a scheme of 100% market housing (no S106 contributions), a policy compliant 30% affordable housing position (requested S106 contributions) and a scheme with provision of 15% affordable housing (no S106 contributions).

1.24. The first appraisal prepared by Savills based on a fully private scheme (no requested S106 contributions) produces a negative residual land value of **-£18,215,900**. The policy compliant appraisal including 30% affordable housing and requested S 106 contributions produces a negative land value of **-£20,144,739**, which is a substantial deficit when compared to the assumed BLV, whilst the 15% affordable housing and no S106 contributions scheme produces a negative land value of **-£18,656,848**, which is still a substantial deficit.

1.25. Notwithstanding the viability deficit in all three scenarios, we understand that the applicant is still committed to the scheme, as they anticipate receiving a grant from a Levelling up Find (LUF) bid, which will be used to fund the abnormal costs. If the Levelling up Fund bid is unsuccessful the development is unlikely to proceed.

1.26. We have thoroughly reviewed all assumptions adopted by Savills with the assistance of Sanderson Weatherall who have reviewed the marina element. As agreed with the VOG and for the purposes of this FVA we have assumed the specific abnormal costs relating to the dock works are accurate and correct, together with sense checking the other inputs relating to build costs on the residential, office and marina elements

1.27. In summary, the principal differences between our appraisal and the Savills appraisal are:

- We have adopted a GDV of £500,000 higher on the residential units compared to Savills
- Sanderson Weatherall have adopted a lower GDV on the marina element (£8,000,000) compared to Vail Williams (£10,100,000).
- We have adopted lower professional fees and contingency on the residential element compared to Savills
- We have adopted lower contingency fees on the office and residential elements compared to Savills
- We have adopted lower letting agent and letting legal fees on the office element compared to Savills
- We have applied sale agent and sale legal fees on the marina, whilst in comparison Savills have not adopted these.
- We have adopted lower agent's and legal fees on the land compared to Savills
- We have adopted a lower BLV compared to Savills

1.28. We have prepared a viability appraisal for the proposed development including 0% affordable housing (and no S106 obligations), together with our own assumptions. This appraisal generates a negative residual land value of **-£14,487,750,** which is circa £230,000 below Savills' assessment of the negative residual land value of **-£14,715,900** (not including the fixed land value at £3,500,000) for the same scenario.

1.29. We have then deducted the calculated residual land value from the assumed BLV to assess the overall scheme viability position as shown in the table below:

Residual Land Value	Benchmark Land Value	Viability Deficit
-£14,487,750	£3,000,000	-£17,487,750

1.30. Despite the slight increase in the residual land value, we are still producing a substantial viability deficit, albeit improved compared to Savills, as our opinion of the BLV is £500,000 lower. Nevertheless, we still arrive at the same overall conclusion as Savills in that this FVA review suggests that the proposed scheme is not sufficiently viable to support any affordable housing or S106 provisions.

1.31. The main reason for the viability deficit is the abnormal costs relating to the marina infrastructure, marina piled and piling, boat hoist, hoist dock, mole quayside repairs, lock gate repairs, dredging at Lock F and the impounding pumps, which total £11,884,033. We note, however that even if these costs were not included in the scheme the scheme would still be unviable due to the negative residual land value produced on the office/incubator space element of the development, which is due to low rental values for office accommodation. We also recognise that this is a very difficult site to develop, with the site being surrounded on water from three sides.

2. Introduction

Purpose of Report

2.1. Cushman and Wakefield ('C&W') have been instructed by Vale of Glamorgan Council ('the Council / VOG') to provide an independent review of the financial viability assessment ('FVA') prepared by Savills on behalf of Associated British Ports ('ABP / the applicant') for a proposed 400 berth marina, 25,000 sq ft office building and 65 residential units at The Mole, Barry Waterfront, Barry, CF63 4BA ('the subject site').

2.2. This FVA review is prepared for planning purposes to inform the Council's negotiations with the applicant regarding the appropriate level of affordable housing provision and S106 planning obligations that can be viably supported by the proposed scheme.

2.3. We have been provided with a copy of the Savills FVA dated June 2023 which is attached at Appendix 2 of this report. According to the submitted FVA, the proposed scheme cannot support the required affordable housing provision and S106 contributions without compromising the viability of development, as the appraisal generates a negative land value of **-£20,144,739** which is a substantial deficit when compared to Savills' assumed BLV of £3,500,000.

2.4. Savills have undertaken further appraisals to assess the viability of a fully private scheme and a scheme with a 15% affordable housing provision both with no S106 obligations. The 0% affordable housing scheme and no S106 produces a negative residual land value of £18,215,900, whilst the 15% affordable housing scheme and no S106 produces a negative land value of £18,656,848 which is a large deficit when compared to the assumed BLV.

2.5. Notwithstanding the viability deficit in all three scenarios, we understand that the applicant is still committed to the scheme, as they anticipate receiving a grant from a Levelling up Find (LUF) bid, which will be used to fund the abnormal costs. If the Levelling up Fund bid is unsuccessful the development is unlikely to proceed.

2.6. The purpose of this independent review is to determine, when viewed objectively, whether the submitted FVA represents a reasonable assessment of site viability based on an appropriate appraisal approach, and whether the proposed scheme is sufficiently viable to support the Council's policy requirements.

2.7. This review does not consider planning policy matters (other than as directly relates to the FVA) but deals with viability matters only, in accordance with our instructions. As above, our remit is to review the reasonableness of the submitted information and assumptions, to assess whether the outcome and any stated viability "surplus" available to support planning obligations (for affordable housing and/or other matters) is the most that can reasonably be expected at the time of the assessment, in order to inform the Council's negotiations with the applicant and its decision-making. It will then be for the Council to consider this information in the context of the wider planning objectives in accordance with its policy positions and strategies.

2.8. We have prepared this FVA review in accordance with latest industry guidance and recommended best practice. We have had full regard to the need to ensure objectivity and professional integrity in the viability process (RICS Professional Standard: *Assessing Viability in Planning Under the National Planning Policy Framework 2019 for England*, March 2021, republished April 2023).

2.9. C&W is an RICS regulated firm with a considerable track record of assessing financial viability, informed by extensive experience in the development industry working for developers, housebuilders, Registered Providers ('RPs'), local authorities and other public sector bodies. This FVA review is based on an accepted industry methodology utilising the residual approach and uses up-to-date, local information which will stand up to public scrutiny.

Assumptions and Information Relied On

2.10. In preparing this FVA review for planning purposes, we have relied on information made available to us by the applicant as detailed in their submitted FVA, as well as other information that we have obtained in preparing this report, including:

- Savills Financial Viability Assessment (June 2023)
- Corderoy Order of Cost Estimate (April 2023)

2.11. If there are changes to the proposed scheme during the planning process and/or the information relied on, and/or any of the information proves to be inaccurate, this could impact on the assumptions adopted in the FVA review and the resultant conclusions. We request that any changes are made known to us for review at the earliest opportunity and we reserve the right to amend our assumptions in the event of such changes.

2.12. We have assumed that all matters likely to affect this FVA review have been disclosed to us, where it would not be reasonable for us to establish such facts during the course of our normal investigations.

Report Status

2.13. This FVA review has been prepared based on information available as at the date of publication stated on the cover of this report in the context of prevailing economic and property market conditions. The input assumptions and conclusions are valid at the date of publication. Should there be a material change to economic and/or property market conditions, and/or legislative or policy changes prior to determination of the planning application, the FVA assumptions and conclusions should be reviewed and updated as necessary.

Report Structure

2.14. The remainder of this report is structured as follows:

- Section 3 - sets out the mandatory reporting requirements in the RICS Professional Standard *Financial Viability in Planning: Conduct and Reporting* (May 2019, republished April 2023);
- Section 4 - sets out the other relevant national planning and viability guidance, the justification for, and the approach to the FVA review;
- Section 5 - provides details of the subject site location, description and the applicant’s development proposals;
- Section 6 - sets out our assessment of the applicant’s assumptions adopted in their FVA;
- Section 7 - sets out the approach to, and assessment of benchmark land value; and
- Section 8 - presents the results and conclusions of the FVA review.

General Caveat

2.15. The development appraisals in this report are indicative and based on a range of variables which are subject to change as and when scheme designs are refined, and also in response to changes in market and economic conditions. The appraisal methodology is inherently sensitive to changes in the assumed inputs where small changes to the key variables could have a significant impact on the residual output.

2.16. The results should be interpreted with this caveat in mind and the appraisals should not be interpreted or relied upon as formal valuations prepared in accordance with the current RICS Valuation - Global Standards (the “Red Book”). In addition, we highlight the following:

Market Context

2.17. The UK and other countries continue to experience heightened uncertainty due to a number of factors. Strong inflationary pressures continue to weigh on the economy and are having a material effect on the cost of living, with wages failing to keep pace with rising prices for many people. The base rate has increased as the Bank of England seeks to curb inflation and there remains a possibility that further rate rises are still to come.

2.18. The cost of debt has risen and its availability reduced which, together with the outward movement in gilt yields from historically low levels, has weighed on investor sentiment and pricing corrections are taking place in many property sectors albeit the true extent of price falls is difficult to ascertain with the reduced liquidity in the market and a lack of transactional evidence. Confidence in the financial markets remains fragile as a result of recent high profile banking failures and the recent actions around a handful of banks but most notably Credit Suisse, and this is likely to result in the further tightening of debt available to investors and developers.

2.19. Whilst the UK is now expected to avoid a recession according to latest economic forecasts despite this having been widely predicted, it is clear that economic conditions are likely to remain challenging in the short to medium term.

2.20. In recognition of the potential for property market conditions to change in response to wider political and economic uncertainty, and the impact that such could have on development appraisal variables, we highlight the importance of the date of our assessment and the market context in which it has been prepared.

Build Costs

2.21. We are currently seeing significant variation in tendered build costs and inflationary pressures across all sectors affecting the construction industry. As a result, the build cost assumptions that have been applied in this appraisal/assessment are susceptible to short term changes which could have a material bearing on viability and/or residual land values.

2.22. Further, the build costs in the appraisal assume that appropriate cost allowances have been made to reflect all statutory and construction regulations including, but not limited to Planning, Building regulations and The Building Safety Act 2022.

Development Finance

2.23. Development finance costs are increasing due to recent increases in interest rates, swap rates and a tightening in lending by the banking sector. This trend may continue over the coming months. Further increases in the cost of development finance could have a material impact on viability and/or residual land values.

Development Programme

2.24. The development programme in the appraisals is indicative only and assumes that all regulatory approvals, including amongst others, Planning and Building Control and specifically the additional approvals required under the Building Safety Act 2022, will all be achieved within the assumed programme period. Any changes to the development programme could have a material impact on scheme viability and/or residual land values.

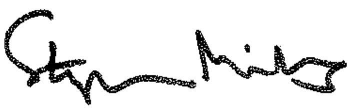
Sensitivity Analysis

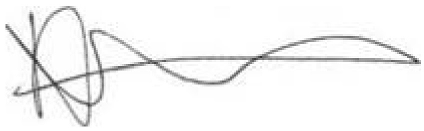
2.25. As a matter of prudence, we recommend that where not already provided, sensitivities should be examined to test the effects of variations to key inputs including but not necessarily limited to Gross Development Value/Net Development Value, build costs, development finance and development programme to inform risk and decision making, prior to any investment commitments.

2.26. Given the wider market volatility, it is also recommended that changes in costs, values and programme are closely monitored and the impacts on development viability are kept under frequent, ongoing review.

Report Authors

2.27. This FVA review has been prepared by:





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3. Financial Viability in Planning: Conduct and Reporting (May 2019) - RICS Professional Standard

3.1. C&W is a firm regulated by the RICS. In line with RICS requirements, we have had regard to the relevant RICS professional standards and guidance in preparing this FVA review. We summarise the relevant standards and guidance in Sections 3 and 4 of this report.

RICS Professional Statement

3.2. This FVA review has been prepared in accordance with the RICS Professional Standard *Financial Viability in Planning: Conduct and Reporting* (1st edition) (May 2019, republished April 2023). This document sets out mandatory requirements on conduct and reporting in relation to FVAs for planning in England to demonstrate how a reasonable, objective and impartial outcome should be arrived at. It also aims to support the government's reforms to the planning process announced in July 2018 and any subsequent updates.

3.3. Sections 2.1 to 2.14 of the Professional Standard set out the fourteen mandatory reporting and process requirements for all FVAs prepared on behalf of, or by applicants, reviewers, decision-makers and plan-makers. We confirm that this FVA review has been carried out in accordance with Sections 2.1 to 2.14. The mandatory reporting requirements are set out under the sub-headings below and expanded on where relevant in this FVA review.

<u>Section 2.1: Objectivity, Impartiality and Reasonableness Statement</u>

3.4. We confirm that this FVA review has been carried out by RICS members who have acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information.

3.5. We further confirm that the RICS members are suitably qualified practitioners and RICS Registered Valuers with sufficient skills, expertise and knowledge to provide a robust and objective FVA review.

<u>Section 2.2: Confirmation of Instructions and Absence of Conflicts of Interest</u>

3.6. The terms of engagement for this instruction are appended to the rear of this report.

3.7. We have previously provided consultancy and valuation advice on behalf of the Council in respect of other sites within the local area, including reviews of other site-specific FVAs submitted to the Council as part of planning application proposals. We reviewed the FVA for the adjacent site (Victoria Riverside) on behalf of the Council in 2020.

3.8. We have the following current involvement relating to the site:

- We are instructed by Vale of Glamorgan to provide consultancy advice relating to a Levelling up Fund (LUF) bid on the site.

3.9. We do not consider that any conflict of interest, or risk of conflict of interest, arises as a result of the interests which we have disclosed. We therefore confirm that, to the best of our knowledge, no conflict of interest, or risk of conflict of interest, arises in preparing the advice requested.

3.10. If any of the parties in this FVA review identified a conflict of interest, we would immediately stand down from the instruction.

<u>Section 2.3: No Contingent Fee Statement</u>

3.11. In preparing this FVA review, no performance-related or contingent fees have been agreed.

Section 2.4: Transparency of Information

3.12. Some of the information contained in this FVA review is commercially sensitive. This review is therefore provided on a **strictly private and confidential basis**. If the review is to be placed in the public domain, we will provide a separate review with commercially sensitive information removed.

3.13. In addition, the applicant's advisors have also requested that we do not disclose the applicant's provided sales data from their nearby schemes which is not yet in the public domain and as such this information is not included in this report but has been reviewed in detail as part of our analysis.

Section 2.5: Confirmation Where the RICS Member is Acting on Area-Wide and Scheme-Specific FVAs

3.14. We confirm that we are not advising and have not previously advised the applicant on any site-specific FVAs or representations to area-wide FVAs. As detailed above, we have undertaken other reviews of submitted FVAs on behalf of the Council in relation to other planning applications.

3.15. We confirm that we have not undertaken an area-wide FVA concerning existing or future planning policies against which the proposed scheme could be assessed in future. Again, we do not consider that any conflict of interest, or risk of conflict of interest, arises as a result of the interests which we have disclosed.

Section 2.6: Justification of Evidence

3.16. All inputs into this FVA review have been reasonably justified as explained in further detail throughout this report. We have aimed to provide thorough detail regarding our approach and assumptions to limit the need for clarifications and subsequent negotiations with the applicant's appointed consultant following completion of this report.

Section 2.7: Benchmark Land Value

3.17. We have assessed the benchmark land value ('BLV') in accordance with Section 2.7 of the Professional Standard in that we have reported the following:

- Current Use Value (referred to as Existing Use Value ('EUV'))
- Premium
- Market evidence (as adjusted in accordance with the Planning Practice Guidance)
- All supporting considerations, assumptions and justifications adopted
- Alternative Use Value (as appropriate)

3.18. Full justification for the adopted BLV is provided in Section 7 of this report.

Section 2.9: Sensitivity Analysis

3.19. A sensitivity analysis on key appraisal inputs is provided in Section 8 of this report, together with accompanying explanation and interpretation of the results. This enables the applicant and decision-maker to consider how changes to key variables impact on viability having regard to scheme risks and an appropriate return, and to assist in arriving at appropriate conclusions.

Section 2.10: Engagement

3.20. We confirm that we have advocated, and will advocate reasonable, transparent and appropriate engagement between the parties at all stages of the viability process.

Section 2.11: Non-technical Summaries

3.21. A non-technical summary is provided at the beginning of this report which includes the key figures and issues that support the conclusions drawn from this FVA review.

Section 2.13: Inputs to Reports Supplied by Other Contributors

3.22. We believe that all contributors to this report are regarded as competent and we understand that they are aware of the RICS mandatory requirements and that they must comply with the requirements.

Section 2.14: Timescales

3.23. We confirm that adequate time has been allowed to produce this FVA review having regard to the scale of this particular project. We further confirm that this FVA has been carried out in accordance with Section 4 - Duty of Care and Due Diligence of the Professional Standard and that full consideration has been given to the matters referenced in Section 4.

4. Viability Guidance and Approach to Financial Viability Assessment

4.1. Further to the mandatory RICS reporting requirements, within this section we summarise the other key national standards and guidance pertaining to viability and how we have approached the FVA review for the subject site in light of this guidance.

Current Viability Guidance

4.2. In July 2018, the government published a revised National Planning Policy Framework ('NPPF') and Planning Practice Guidance for Viability ('PPGV') which have since been updated in 2019 and 2021. These documents set out the key principles which should be considered when assessing the viability of development at the plan-making and decision-taking stages.

4.3. In response, the RICS has published two documents; the aforementioned RICS Professional Standard (May 2019, republished April 2023) and the RICS Professional Standard: *Assessing Viability in Planning Under the NPPF 2019 For England* (March 2021, republished April 2023) ('the RICS standards'). The former sets out the mandatory FVA requirements on conduct and reporting as covered in Section 3. The latter primarily provides best practice and guidance for carrying out and interpreting the results of FVAs under the NPPF and PPGV.

4.4. We have had regard to the relevant national guidance and RICS standards in preparing this FVA review. It is noted, however, that despite the recent updates to the guidance and standards, there still remains some ambiguity and subjectivity in terms of the assessment of key inputs in the FVA, such as the BLV.

4.5. The most pertinent aspects of the guidance and standards are summarised under the sub-headings below and expanded on where relevant in this FVA review.

Application of the Red Book and Related RICS Guidance

4.6. The RICS standards confirm that FVAs are not valuations as such but contain significant valuation content which is within the jurisdiction of the RICS Valuation - Global Standards ('the Red Book') and other RICS mandatory statements / professional guidance. All RICS members carrying out FVAs must therefore adhere to these provisions.

4.7. The RICS standards further advise that all FVAs for planning purposes are carried out under the NPPF / PPGV which is regarded as the 'authoritative requirement' in the Red Book. This means that the government's technical requirements on the assessment of viability take precedence over any other RICS professional standards and guidance, including any valuation-based requirements in the PPGV which take precedence over any other valuation basis or approach set out in the standards, however Red Book professional standards still apply.

4.8. RICS members undertaking FVAs for planning purposes must therefore adhere to:

- Statutory and other authoritative requirements (including the NPPF and the PPGV);
- The RICS Professional Standard *Financial Viability in Planning: Conduct and Reporting*; and
- PS 1 and PS 2 of the Red Book.

4.9. We confirm that we have complied with these requirements in preparing this FVA review for planning purposes.

4.10. With regards to PS 1 and PS 2 of the Red Book, we acknowledge in summary the following points of compliance in respect of this FVA:

- This FVA is prepared for assessing the viability of development to assist with planning matters, either plan/policy making, or decision taking. The FVA therefore constitutes an exception from valuation technical and performance standards ('VPS') 1-5 of the Red Book, and is not a formal valuation and should not be relied upon as such;
- We confirm that all individuals who have contributed to this FVA review have acted in accordance with the RICS Rules of Conduct;
- We have had full regard to the need to act independently and objectively at all times, in a professional and ethical manner free from any undue influence, bias or conflict of interest; and
- We collectively have sufficient professional qualifications, current knowledge of the relevant markets, and the experience, skills and understanding to undertake the FVA review competently.

4.11. In accordance with the requirements of PS 2 of the Red Book relating to disclosures where the public has an interest, we confirm that:

- <u>Relationship with client and previous involvement in this specific asset or mandate</u>: as summarised in Section 3.
- <u>Rotation policy</u>: We do not have a rotation policy applied to the production of FVAs;
- <u>Period of time as signatory</u>: We do not have a formal retained ongoing role with the Council in performing FVA reviews.

4.12. The production of an FVA for planning purposes is excluded from VPS 1-5 of the Red Book under two of the identified exceptions; Performing a Statutory Function and Preparing to Act as an Expert Witness. This FVA review and the advice provided do not constitute a formal valuation and should not be relied upon as such.

4.13. As well as the above requirements, there are other RICS guidance/standards which are relevant to preparing FVAs and which we have had regard to where appropriate, including *Valuation of Development Property* (October 2019) and *Comparable Evidence in Real Estate Valuation* (October 2019).

<u>Viability Principles</u>

4.14. As set out in the RICS Professional Standard (March 2021 as updated in April 2023), LPAs will have objectives to secure appropriate contributions from development to meet the community and infrastructure needs within their local area. The RICS standards further state that other stakeholder expectations need to be considered as part of the viability process; namely developers who will expect to make a suitable return, and landowner expectations which are crucial in ensuring the voluntary release of land for development.

4.15. The purpose of an FVA is to estimate whether a proposed development, when accounting for policy compliant levels of developer contributions, can provide:

- A minimum reasonable return to the landowner (defined as the EUV plus a premium); and
- A suitable return to the developer.

4.16. If the FVA illustrates that the scheme is not viable with full policy requirements, the decision-maker will need to consider whether to adjust the developer contributions, having regard to all the particular circumstances in the individual case.

4.17. The RICS standard (March 2021 as updated in April 2023, paragraph 2.3.14) advises that the decision-maker will need to:

> *"make their judgements bearing in mind the two major policy imperatives of ensuring maximum development contributions and the delivery of land for development".*

4.18. The RICS standard (March 2021 as updated in April 2023, paragraph 2.4.6) further states that a proper understanding of viability is essential to ensure that:

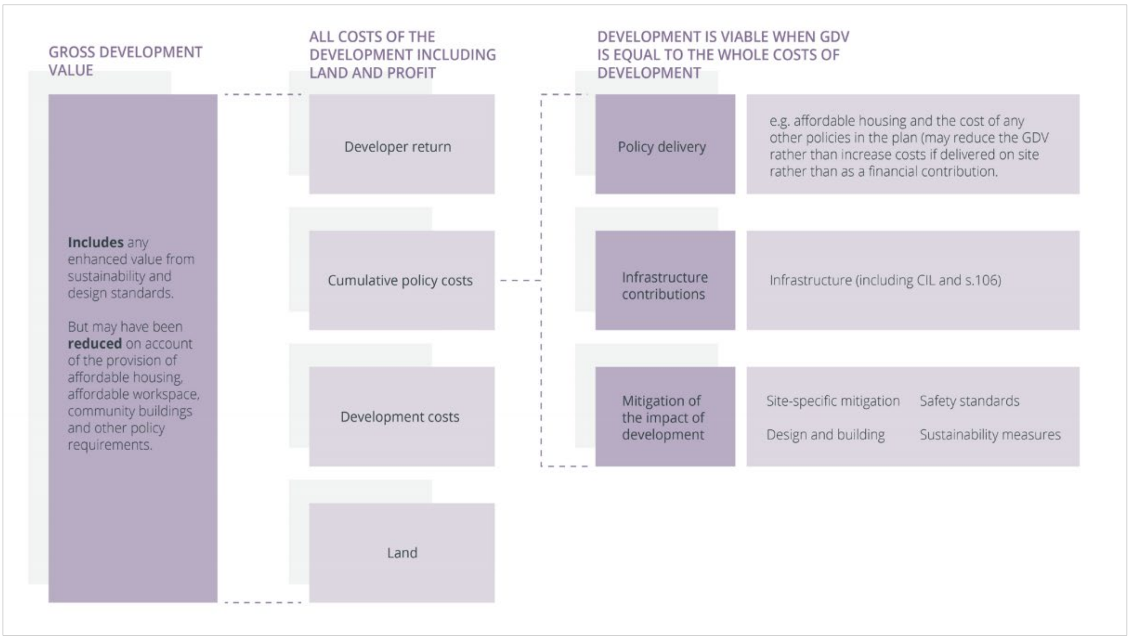
- Land is realistically priced and released for development to achieve plan delivery;
- All reasonable costs of construction related to the development have been accounted for; and
- Developers can obtain appropriate market risk-adjusted returns for delivering development.

<u>Viability Framework</u>

4.19. The PPGV (Paragraph 10) defines an FVA as follows:

> *'Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return'.*

4.20. The FVA process reflects a residual appraisal framework as shown in the diagram below and further explained in the *Valuation of Development Property* (October 2019) RICS Professional Standard:



Source: RICS Professional Standard *Assessing Viability in Planning Under the National Planning Policy Framework 2019 for England* (March 2021)

<u>FVA Methods and Inputs</u>

4.21. Section 4 of the RICS Professional Standard sets out the methods which can be adopted when preparing an FVA, based on two variations of the residual method; the basic residual and the discounted cash flow model.

4.22. Detailed guidance on the application of both variations is contained in the *Valuation of Development Property* (October 2019, republished April 2023) RICS Professional Standard. The method utilised should be proportionate to the complexity of the site and the quality of evidence underpinning the inputs.

4.23. In preparing this FVA review, we have adopted the residual approach which is an accepted methodology for assessing site viability and is the standard approach adopted by developers when preparing appraisals/bids to acquire sites for development. The residual methodology also accords with the recommended approach in the PPGV and that adopted by Savills in their FVA.

4.24. The residual method involves subtracting the total development costs required to deliver the scheme (including an allowance for the developer's profit), from the assumed Gross Development Value ('GDV') of the scheme to arrive at a residual land value. No allowance is made for underlying inflation. The residual land value is then compared to the BLV to determine the surplus or deficit position, and thus the viability of the proposed development.

4.25. Our residual appraisal has been prepared using Argus Developer software in line with Savills' approach which is extensively used by key practitioners across the industry to ensure a consistent approach to the cash flow modelling.

<u>Local Plan Viability Assessment</u>

4.26. When preparing a site-specific FVA, the PPGV states that this should be based upon and refer back to the viability assessment that informed the Local Plan (Paragraph 8). In Manchester, we understand that the Local Plan Viability Assessment ('LPVA') comprises the *Affordable Housing Assessment of Viability* prepared by Levvel in 2009.

4.27. In preparing their FVA, Savills have not referred back to the LPVA as required under the PPGV. That said, we acknowledge that the LPVA is dated and was prepared prior to the revised national viability guidance issued in July 2018.

4.28. Therefore, the LPVA is not the most relevant, up-to-date market evidence as at the date of this FVA review. The time which has passed since the date that the LPVA was prepared, and the change in market conditions, is likely to explain any deviation from the figures used in the LPVA at least in part.

<u>Standardised Inputs to FVA</u>

4.29. The NPPF and PPGV (Paragraphs 10-19) outline how an FVA should be approached and advocate the use of 'standardised inputs' when preparing FVAs. These inputs include the GDV, build costs, the total cost of all relevant policy requirements, developer's profit and the BLV.

4.30. We follow these principles within this FVA review and maintain a market-facing approach to assessing viability using inputs which are based on robust evidence and our extensive market experience. This is to ensure that the FVA is realistic and aims to reflect market principles at the assessment date.

4.31. The PPGV provides some guidance on assessing each of the 'standardised inputs' in the FVA. Additional guidance and suggested sources of evidence for each input are provided in the RICS Professional Standard (March 2021 as updated in April 2023, section 4.2) as well as the *Valuation of Development Property* Professional Standard.

4.32. To inform our GDV assessment, we have utilised up-to-date, market evidence from existing developments as endorsed by the PPGV (Paragraph 11) and the RICS Professional Standard (paragraph 4.2.11).

4.33. In determining the development costs, we have had regard to the advice of cost consultant RBC who have provided a high level review the applicant's build costs for the proposed development. In respect of other key cost inputs, we have utilised our own extensive market experience of development costs gained across previous viability, valuation, expert witness and land agency work including reviewing developer appraisals submitted to Local Authorities and Homes England for the acquisition of residential development sites.

4.34. We have also considered the assumptions adopted in relevant planning appeal decisions, expert witness decisions and area-wide and site-specific FVAs undertaken by a wide range of other private practitioners.

4.35. This includes our benchmark tracker of site-specific FVAs submitted for other schemes in Manchester city centre (and other areas such as Trafford, Salford and Liverpool) which we have had sight of and/or reviewed on behalf of the Council over recent years. We have created a monitoring tracker of the key assumptions adopted in these FVAs and we have analysed a wide range of submissions over the previous 4-5 years (totalling 55+ submissions). We refer to this tracker where relevant throughout this report.

4.36. In respect of developer's profit, the PPGV (Paragraph 18) suggests a suitable return for the purposes of viability testing at the plan-making stage in the range of 15%-20% of GDV but is silent on developer's profit for site-specific FVAs.

4.37. We regard this as an appropriate approach, as the minimum acceptable return for each site should reflect site-specific risks which will not all be known at the plan-making stage, and which will also depend on market conditions at the date of the FVA.

4.38. The RICS standards suggest that the requirement to refer back to the LPVA when preparing a site-specific FVA implies that a 'similar test' regarding developer's profit should be used at the application stage. The PPGV (Paragraph 18) does however state that alternative figures can be applied where justified based on the type, scale and risk profile of the planned development. Ultimately, the adopted developer's profit will need to fully reflect the site-specific and market risks.

<u>Benchmark Land Value</u>

4.39. Paragraphs 13-17 of the PPGV and Section 5 of the RICS Professional Standard specify the framework and approach to determine the BLV. The primary approach to assess the BLV is the 'Existing Use Value Plus' ('EUV+') method.

4.40. The BLV may be based on Alternative Use Value ('AUV') where appropriate. The PPGV (Paragraph 17) states that plan-makers can set out the circumstances in which the AUV can be used. If this approach is adopted, the criteria in Paragraph 17 of the PPGV must be satisfied including that there is market demand for that use and an explanation as to why the alternative use has not been pursued, particularly if the AUV suggests greater viability and returns.

4.41. One key aim of the revisions to the PPGV in 2018 was to remove any element of 'circularity' from the viability process, whereby previously in some instances, developers were utilising the price paid for land as justification for negotiating down policy requirements.

4.42. It is now clearly stated in the PPGV (Paragraph 2) that:

> *"The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan. Landowners and site purchasers should consider this when agreeing land transactions".*

4.43. Under the new guidance, the BLV should be assessed using EUV+ (or AUV where relevant) and should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land, while allowing a sufficient contribution to fully comply with policy requirements (PPGV, Paragraph 13).

4.44. We have followed these requirements when assessing the BLV for the subject site. We set out the full relevant guidance pertaining to the assessment of BLV in Section 8 of this report, together with our review of the applicant's assumptions and our adopted approach.

Justification for Site-Specific FVA

4.45. Finally, both the NPPF and the PPGV clearly state that where up-to-date planning policies set out contributions expected from development, planning applications which comply with these policies are assumed to be viable and therefore no further viability testing is required. If a site-specific FVA is put forward, the applicant should demonstrate whether particular circumstances justify the need for an FVA at the application stage.

4.46. The PPGV (Paragraph 7) outlines circumstances which could justify a site-specific FVA, including where development is proposed on unallocated sites of a wholly different type to those used in the viability assessment that informed the Local Plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale; or where a recession or similar significant economic changes have occurred since the Local Plan was brought into force. The RICS guidance further expands on these situations in Section 3.8 of the guidance note.

4.47. The PPGV (Paragraph 8) also states that the weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the underpinning viability evidence is up to date, site circumstances including any changes since the plan was brought into force, and the transparency of assumptions behind evidence submitted as part of the FVA.

4.48. Savills have not explicitly justified the requirement for the site-specific FVA in their submitted report. However, as detailed above, the LPVA is dated and was prepared before the introduction of the revised NPPF and PPGV in July 2018, meaning that the assumptions may not be consistent with the requirements set out in the updated national policy and guidance.

4.49. Further, the subject scheme comprises a large scale development including a series of substantial residential towers which are proposed to collectively deliver 1,551 units, with substantial abnormal costs associated with the scheme. The development is therefore not comparable to the generic "standardised" typologies modelled in the LPVA.

4.50. Therefore, whilst Savills have not specifically summarised what has changed since the LPVA and why the site-specific assessment is needed, in this instance, we believe that there are reasons in that this is a non-standard scheme with significant abnormal costs, whilst the LPVA is dated, and market conditions have changed since the date that the assessment was prepared.

5. Subject Site and Description of Proposed Development

Subject Site Location

5.1. The subject site is situated on the east side of Neptune Street adjacent to the Barry waterfront development area, located between the town centre (0.7 miles to the north) and Barry Island (0.6 miles to the south).

5.2. The site is located to the east of the new waterfront district centre and is overlooked from the south by the residential development of South Quay. to the north is a mixture of residential together with commercial accommodation including a hotel, gym and flexible office accommodation. also situated to the West of the site is a supermarket together with a petrol filling station.

5.3. The site is situated within No. 1 Dock and benefits from another access via the dock gates which allow direct access to the site by boat from the sea.

Source: The Applicant

5.4. The subject site is the subject site is currently situated within DM flood zone C2, however we understand but the site has been subject to a successful flood map challenge and is due to be removed from the flood zone when the maps are updated.

5.5. The maps overleaf show the location of the subject site in the wider context of Manchester city centre:

Source: The Applicant

5.6. Barry has a town centre which is split into two retail centres, one around High Street, in close proximity to the Barry Station and another centred around Holton Road and the library. Whilst neither of these areas are pedestrianised there are one-way road systems in operation limiting vehicular access. There is a mix of retail units within the town centre, with a few national retailers, but predominantly occupied by independent businesses.

5.7. Barry is served by three railway stations: Barry Docks, Barry and Barry Island. The Barry railway station is closest to the Site, and also serves Barry town centre. Barry railway station is located on the Vale of Glamorgan Line, which runs through the Vale of Glamorgan from Barry to Bridgend. Barry railway station also offers a direct service to Cardiff Central.

5.8. In addition, the site is very well connected to the public transport with 12 bus routes with connections to Barry, the majority of which provide services to Cardiff. Other locations accessible by bus from Barry include Penarth, Dinas Powys, Colcot and Llantwit Major.

5.9. There are also a series of existing bus stops located on the A664, c. 250m to the south east of the subject site which offer routes around the city centre and into Bury, Rochdale, Oldham and Manchester Infirmary.

Subject Site Description

5.10. According to the Savills FVA, the subject site extends to approximately 3.03 hectares (7.49 acres), of which the net development area of the residential element extends to 1.42 hectares (3.50 acres).

5.11. The site comprises former industrial land with the eastern section of the site occupied by Barry Community Water Activity Centre, containing temporary buildings and a boat storage area. The site is surrounded by water to the north, east and south.

A full description of the site is provided in the Planning Statement:

Planning History

5.12. According to our enquiries and the information contained in the Planning Statement, there are two previous relevant planning applications relating to the subject site as follow:

> *2023/00051/HYB: The proposals for the site are the subject of a hybrid application and are made up of five distinct, but complementary, components as follows: 1. Outline planning permission is sought for the creation of a new 400-berth marina with floating pontoons within the No. 1 Dock at Barry Waterfront. 2. Full planning permission is sought for engineering works to raise the existing ground levels of the Mole site to a minimum of 9.00m AOD in order to- mitigate against potential future flood risk. 3. On the eastern part of the site outline planning permission is sought for the development of a marina office building which will include facilities for visitors/ members and a restaurant. 4. Adjacent to the marina building outline planning permission is sought for an incubator workspace building comprising offices, smart innovation space, break-out space and a café. 5. On the western part of the site outline planning permission is sought for residential development comprising townhouses and apartments. The application also proposes ancillary development including access, parking, landscaping and public open space and other associated infrastructure.*

Relevant Local Planning Policy

5.13. The adopted Local Plan comprises the Vale of Glamorgan Adopted Local Plan Development Plan 2011-2026 and the Proposal Map Adopted Plan June 2017. The site is shown for being allocated for housing with infrastructure provision.

<u>Affordable Housing</u>

5.14. Policy MG4 of the Vale of Glamorgan's LDP 2011- 2026 sets out the policy relating to affordable in the VOG states but new development resulting in a net gain of five or more units will contribute to the target for affordable housing on site or by an equivalent financial contribution.

5.15. The affordable housing contribution is expected to be equivalent to 30% of the total number of units, with a tenure split of 70% social or affordable rented and 30% intermediate housing, delivering affordable home ownership options.

<u>Developer Contributions</u>

5.16. In determining the nature and scale of any planning obligation, consideration will be had to specific site conditions and other material considerations including viability, redevelopment of previously developed land or mitigation of contamination.

Description of Proposed Development

5.17. According to the Savills FVA and the submitted planning application (ref: 2023/00051/HYB), the applicant is proposing to deliver a 400 berth marina, marina office building which will include facilities for visitors members and a restaurant, an incubator workspace building comprising offices, smart innovation space, breakout space and a café, 65 residential units, 208 car parking spaces together with access Rd, public open space and engineering works to raise the existing ground levels in order to mitigate against flood risk.

5.18. A brief summary of the proposed development is provided at Section 5 of the Savills FVA which we have cross-referenced to the submitted Planning Statement. In summary, according to this information we understand that the scheme comprises the following key elements:

- The creation of a 400 berth Marina with floating pontoons
- A 5,600 sq ft marina office building which will include facilities for visitors/members and a restaurant
- A 25,000 sq ft incubator workspace building comprising offices, smart innovation space, breakout space and a café
- Residential development comprising 65 units with a maximum height of four storeys
- Access road and car parking
- Landscaping and public open space/park
- Engineering works to raise the existing ground levels to a minimum of 9.00m AOD in order to mitigate against flood risk
- 208 parking spaces

5.19. The Savills FVA includes the accommodation schedules for the proposed residential element, which can be summarised below:

Summary – Proposed Residential Accommodation

Unit Type	No. of units	Size (sq ft)	Total sq ft
Open Market (70%)			
3 bed townhouse (mid terrace)	18	1,100	19,800
4 bed townhouse (mid terrace)	13	1,215	15,795
4 bed townhouse (end terrace)	14	1,215	17,010
Market Units Total	45		**52,605**
Affordable (30%)			
1 bed flat	14	495	6,930
2 bed flat	6	635	3,810
Affordable Units Total	**20**		**10,740**

Source: The Applicant

5.20. We note that according to the accommodation schedule, the units sizes for each unit type are broadly in line with the Nationally Described Space Standards (March 20215).

5.21. Based on our market experience and analysis of the unit sizes in other new build apartment schemes in the city centre, the apartments proposed within the subject development are similar to the average sizes typically delivered at other new build schemes.

5.22. The unit sizes are an important consideration in assessing the costs and values for proposed new build apartment development. Larger units can result in greater cost efficiencies whilst the achievable rate psf sales values would typically be expected to be lower for larger units and vice versa due to the quantum valuation principle.

5.23. We have assessed the scheme as a 0% affordable housing scheme.

5.24. The subject scheme will also provide a 25,000 sq ft incubator workspace building comprising offices, smart innovation space, breakout space and a café.

5.25. In addition, the scheme will provide a 400-berth marina (Phase 1 275 units and Phase 2 125 units), together with a 5,600 sq ft marina office building which will include facilities for visitors/members and a restaurant.

5.26. A linear park will also be developed together with 208 car parking spaces.

Phasing

5.27. According to the Savills FVA the scheme residential element has a 9 month pre-construction period, a 13 month construction period and a sale period of 18 months (6 month overlap with construction).

5.28. The office element has a 9 month pre-construction period, a 12 month construction period (assuming a pre-let on completion of construction) and a sale period of one month.

5.29. The marina element has a pre-construction period of 9 months, a construction period of 30 months (Phase 1, 12 months and Phase 2, 18 months) and a sale period of one month after the construction of Phase 2 works.

6. Financial Viability Assessment - Assessment of The Applicant's Assumptions

Residual Methodology

6.1. Savills have prepared their FVA based on the residual appraisal methodology which involves subtracting the total development costs from the GDV to arrive at a residual land value as outlined in Section 4 of this report. The residual land value is then compared to the BLV to determine whether the scheme is viable. We have mirrored this approach within our review.

Viability Appraisal Assumptions

6.2. The NPPF and PPGV advocate the use of "standardised inputs" in respect of the key cost and value assumptions in an FVA. The PPGV also requires the assessor to refer back to the LPVA when preparing a site-specific FVA.

6.3. Savills have prepared three viability appraisals for the subject development based on a scheme of 100% market housing, a policy compliant 30% affordable housing position and a scheme with provision of 15% affordable housing. Savills have advised that the scheme cannot support any affordable housing on site or any S106 obligations

6.4. The table below sets out the key inputs adopted in the Savills FVA (0% AH) and the C&W viability appraisal.

Appraisal Input	Savills FVA – 0% Affordable (June 2023)	C&W Viability Appraisal
GDV	Residential - £18,095,000 Office – £3.000,000 Marina - £10,100,000 **Total - £31,195,000**	Residential - £18,695,000 Office – £3,000,000 Marina - £8,000,000 **Total – £29,695,000**

Appraisal Input	Savills FVA – 0% Affordable (June 2023)	C&W Viability Appraisal
Total Build Costs	**Residential** - £10,547,266 (includes prelims at 15% and OHP at 5%) Includes externals **Incubator/Office** - £5,765,000 (£231 per sq ft) **Marina Phase 1 & Phase 2** - £3,519,608 **Marina Car Park** - £270,000 **Boatyard Surfacing** - £470,000 **Enabling Works and access** - £1,045,000 **Utilities/Services** - £745,000 **Linear Park** - £885,000	**Residential** - £10,547,266 (includes prelims at 15% and OHP at 5%) Includes externals **Incubator/Office** - £5,765,000 (£213 per sq ft) **Marina Phase 1 & Phase 2** - £3,519,608 **Marina Car Park** - £270,000 **Boatyard Surfacing** - £470,000 **Enabling Works and access** - £1,045,000 **Utilities/Services** - £745,000 **Linear Park** - £885,000
Abnormals	**Marina Infrastructure** - £3,519,608 **Marina Pile and Piling** - £2,748,000 **Boat Hoist & Mover** - £310,500 **Hoist Dock** - £931,500 **Mole Quayside Repairs** - £244,425 **Lock Gates** - £2,630,00 **Dredging Lock F** - £500,000 **Impounding pumps** - £1,000,000	**Marina Infrastructure** - £3,519,608 **Marina Pile and Piling** - £2,748,000 **Boat Hoist & Mover** - £310,500 **Hoist Dock** - £931,500 **Mole Quayside Repairs** - £244,425 **Lock Gates** - £2,630,00 **Dredging Lock F** - £500,000 **Impounding pumps** - £1,000,000
Professional Fees	**Residential** - 13.50% on total build costs **Incubator/Office Space** – 10% **Marina infrastructure, marina car park, boatyard surfacing, enabling works and access, services and linear park** – 5% - 13%	**Residential** - 8% on total build costs **Incubator/Office Space** – 10% **Marina infrastructure, marina car park, boatyard surfacing, enabling works and access, services and linear park** – 5% - 13%
Contingency	**Residential** - 10% on total build costs and professional fees **Incubator/Office Space** – 10% on total build costs and professional fees **Residential** - 13.50% on total build costs **Marina infrastructure, marina car park, boatyard surfacing, enabling works and access, services and linear park** – 10% on total build costs and professional fees	**Residential** - 5% on total build costs **Incubator/Office** – 5% on total build costs **Marina infrastructure, marina car park, boatyard surfacing, enabling works and access, services and linear park** – 10% on total build costs and professional fees
Marketing, Sales Agent and Legal Fees	**Residential -** Sales agent, sales legal and marketing 3% of GDV Incubator/Office – sales agent and sales legal 1.5% of GDV Incubator/Office – letting agent 15% of rental income and letting legal 10% of rental income Marina – Not applied	**Residential -** Sales agent, sales legal and marketing 3% of GDV Incubator/Office – sales agent and sales legal 1.5% of GDV Incubator/Office – letting agent 10% of rental income and letting legal 5% of rental income Marina – Sales agent and legals 1.5% of GDV
Finance	7.5%	7.5%
Developer's Profit	Residential - 20% on GDV Incubator/Office – 12.5% on Cost Marina – 20% on GDV	Residential - 20% on GDV Incubator/Office - 12.5% on Cost Marina – 20% on GDV
Section 106 Contributions	None assumed.	None assumed.
Land Acquisition Costs	SDLT at the prevailing rate, legal and agent's fees at 2.0%.	SDLT at the prevailing rate, legal and agent's fees at 1.5%.
Benchmark Land Value	EUV - £475,00 per acre Total BLV - **£3,500,000**	EUV - £400,00 per acre Total BLV - **£3,000,000**

Gross Development Value

6.5. The GDV of the proposed scheme comprises three principal elements: the residential units, the incubator/office and the marina. We analyse the assumptions adopted by Savills for each element under the sub-headings below.

We note that for the Marina element Savills have relied on a report from Vail Williams who have provided advice on projected values of the proposed marina development.

Sanderson Weatherall have been appointed to review the Vail Williams reports dated July 2022 and April 2023. We have provided a copy of Sanderson Weatherall's report at **Appendix 2.**

Market Housing

6.6. Savills' assumptions on the Gross Development Value has been based on a number of comparable transactions around the docks area to the north and south of the subject site.

6.7. Savills have provided the following pricing schedule as follows based on 0% affordable housing:

Type	No of units	Size	Sales Values	£ per sq ft	Total	Total sq ft
3 bed townhouse (mid)	18	1100	£315,000	£286	£5,670,000	19800
4 bed townhouse (mid)	13	1215	£345,000	£284	£4,485,000	15795
4 bed townhouse (end)	14	1215	£350,000	£288	£4,900,000	17010
1 bed flat	14	495	£140,000	£283	£1,960,000	6930
2 bed flat	6	635	£180,000	£283	£1,080,000	3810
Total					**£18,095,000**	**63,345**

6.8. In terms of comparables Savills have provided the following for houses only, that are either under offer or have completed in the last 12 months. We note that these comparables are largely second hand stock, but have been built within the past five years.

Under Offer

Address	Beds	Type	Size (sq ft)	Asking	£/ sq ft
Clos Cymmer, Barry	3	EOT	1,039	£290,000	£279
109 Ffordd Y Dociau, Barry	3	EOT	1,066	£315,000	£296
24 Lon Y Rheilffordd, Barry	3	MT	1,066	£270,000	£253
60 Ffordd Pentre, Barry	3	EOT	1,119	£340,000	£304
18 Rhodfa Cambo, Barry	3	EOT	1,199	£360,000	£300
Ffordd Pentre, Barry	3	EOT	1,199	£359,950	£300
8 Clos Dinas, Barry	4	EOT	1,216	£315,000	£259
8 Clos Cymmer, Barry	4	MT	1,163	£330,000	£284

Source: The Applicant

Completed

Address	Beds	Type	Size (sq ft)	Achieved	£/ sq ft	Date Achieved
31 Lon Y Rheilffordd, Barry	3	EOT	1,066	£300,000	£282	Nov-22
17 Llwyn David, Barry	4	EOT	1,453	£320,000	£220	Dec-22
9 Clos Cymmer, Barry	4	MT	1,163	£333,000	£286	Sep-22

Source: The Applicant

6.9. In terms of the above mentioned comparable evidence, we note that there has been a dearth of new build transactions within Barry and in particular the immediate surrounding area. The above comparables have quite a substantial range from £220 psf - £300 psf depending on size and micro location.

6.10. We are of the opinion that the site presents a unique opportunity with water surrounding the site on three sides and therefore would be in a superior micro location to the aforementioned comparables above. we understand the compiler was above do not benefit from water views which is reflected in the values achieved.

6.11. We are of the opinion that Savills have not taken into consideration the waterfront views and consider their sales values to be slightly lower than what we anticipate, based on the comparables above.

6.12. We are of the opinion that the values of the townhouses could be increased by £10,000 per dwelling.

6.13. In terms of the apartment, Savills have not included any comparable evidence however have assumed that one bedroom flats will achieve £140,000 and two-bedroom flats will achieve £180,000.

6.14. We have therefore taken into consideration our own comparable evidence for apartments as follows:

Address	Date	Size sq ft	Bedrooms	Price (£)	£ per sq ft)	Car Parking
95 Ffordd Penrhyn, CF62 5DH	Jun-23	538	1 bed	£166,000	£308	1 car parking space
40 Neptune Road, CF62 5BR	May-23	592	1 bed	£170,000	£287	1 car parking space
10 Neptune Road, CF62 5BR	Mar-23	538	1 bed	£162,000	£301	1 car parking space
82 Ffordd Penrhyn, CF62 5DP	Jan-23	635	2 bed	£190,000	£299	1 car parking space
65 Ffordd Penrhyn, CF62 5DH	Jan-23	538.2	1 bed	£172,000	£320	1 car parking space

6.15. We know that there is a dearth of new build apartment transactions within Barry and the above comparables are second-hand stock all built within the last six years. In terms of the most suitable comparables, we note that 95 and 65 Ffordd Penrhyn are situated adjacent to the subject site and benefits from views of the waterfront, together with one allocated car parking space. The unit size is however larger than the proposed one bedroom apartments on the subject site and we are therefore of the opinion that this is superior to the subject site.

6.16. In terms of the comparables located on Neptune Way, these are also located adjacent to the subject site, with the apartments benefitting from water views. Similarly, to Ffordd Penrhyn the one bedroom units are larger than the proposed apartments and therefore the values are higher.

6.17. We note that there is a dearth of two bedroom apartments located within the immediate surrounding area however, we are of the opinion 82 Ffordd Penrhyn is similar in location and size. This is the only two bedroom apartment that has sold within the previous 12 months and therefore a degree of caution should be taken when analysing this comparable.

6.18. We are of the opinion that Savills opinion of the two bedroom apartments is broadly reasonable at £180,000, however the one bedroom apartments seems lower than what we think can be achieved. A gap of £40,000 between the one bedroom and two bedroom units is too large and are of the opinion that the one bedroom apartments should be able to achieve £150,000.

6.19. We note that Savills' opinion of GDV is £18,095,000, whilst we are of the opinion that a GDV of £18,685,000 is achievable which represents a £590,000 increase.

6.20. We summarise our opinion of GDV based as follows:

Type	No of units	Size	Sales Values	£ per sq ft	Total	Total sq ft
3 bed townhouse (mid)	18	1100	£325,000	£295	£5,850,000	19800
4 bed townhouse (mid)	13	1215	£355,000	£292	£4,615,000	15795
4 bed townhouse (end)	14	1215	£360,000	£296	£5,040,000	17010
1 bed flat	14	495	£150,000	£303	£2,100,000	6930
2 bed flat	6	635	£180,000	£283	£1,080,000	3810
Total					**£18,685,000**	**63,345**

Incubator/Office building

6.21. The office element known as the incubator workspace building will comprise office accommodation, smart innovation space, breakout space and the café. The gross external area of the building is 25,000 square feet and will have a NIA of 20,000 square feet. We note that Savills have assumed the space to be built to a shell and core finish and will be ready for the tenants fit out.

6.22. We note from reviewing Savills' report that they have applied a rental value of £15 psf NIA, which equates to £300,000 per annum. Savills have assumed a six month rent free and a lease with five years term certain. Savills have applied a yield of 10% before deducting purchaser's costs.

6.23. This, therefore, equates to £3,000,000 before deducting purchaser's costs reflecting £120 psf. Savills have not supplied any comparable evidence in relation to the assumption on the rent and yield.

6.24. There is a dearth of purpose-built office accommodation within Barry and we have therefore looked at the wider South Wales market in particular Cardiff and Newport for comparable evidence. We note the following comparables.

<u>Office Letting Evidence</u>

St Clare's House, 3-11 West Bute Street, Cardiff

Date	March 2023
Transaction type	Open Market Letting
Size (NIA)	2,001 sq ft
Rent	£13.75 per sq ft
Tenant	Barod Project
Term	5 years
Break options	3 year
Rent free	Unknown

Comment & Comparison
An older building but has air conditioning
Superior location in Cardiff
Smaller Demise

1st Floor Suite A, Avalon House, 5-7 Cathedral Road, Cardiff

Date	December 2022
Transaction type	Open Market Letting
Size (NIA)	2,063 sq ft
Rent (£ per sq. ft)	£11.00 per sq ft
Tenant	RPA
Term (number of years)	5 years
Break options	None

1st Floor Suite A, Avalon House, 5-7 Cathedral Road, Cardiff

Rent free (months)	3 months

Comment & Comparison

- An older building
- On site car parking with a ratio of 1:362 sq ft.
- Superior location

2nd, 3rd & 4th Floors, Tudor House, 16 Cathedral Road, Cardiff

Date	November 2022
Transaction type	Open Market Letting
Size (NIA)	1,810 sq ft
Rent (£ per sq. ft)	£12.50 per sq ft
Tenant	Waterloo Foundation
Term (number of years)	10 years
Break options	3 years
Rent free (months)	5 months at lease start plus 5 months in year 4 if break not exercised

Comment & Comparison

- An older, but refurbished office building situated in a popular business district of Cardiff.
- On site car parking to a ratio of 1:492 sq ft.

Imperial House, Imperial Park, Newport

Date	Available
Transaction type	Open Market Letting
Size (NIA)	26,672 sq ft
Rent (£ per sq. ft)	Quoting £15.00 per sq ft
Tenant	-
Term (number of years)	TBC
Break options	TBC
Rent free (months)	TBC

Imperial House, Imperial Park, Newport

Comment & Comparison

- Similar macro location
- Comparable refurbished accommodation which presents to a good specification.
- Comparable size property
- We would expect similar rent to be achieved to the subject site

Lower Ground Floor, The Innovation Centre, Coldra Woods, Chepstow Road, Newport

Date	June 2023 (terms agreed August 2022)
Transaction type	Open Market Letting
Size (NIA)	12,151 sq ft
Rent (£ per sq. ft)	£7.45 per sq ft
Tenant	Rockley Photonics Limited
Term (number of years)	5 years
Break options	NA
Rent free (months)	NA

Comment & Comparison

- Off-market deal by Celtic Manor Resort
- Terms agreed in principle August 2022 but deal postponed due to delay of delivery of specialist equipment forming core part of the fitout.
- 1980's building
- We would expect the subject site to achieve stronger rents, as it will be brand new

Airbus, Celtic Springs Business Park, Newport

Date	December 2022
Transaction type	Lease Renewals x 2
Size (NIA)	151,912 sq ft
Rent (£ per sq. ft)	£13.87 per sq ft
Tenant	Airbus Defence & Security Ltd
Term (number of years)	15 years
Break options	7 (Building B only) / 10 (All Buildings)

Airbus, Celtic Springs Business Park, Newport

Rent free (months)	24.41

Comment & Comparison

- 151,912 sq ft research & development campus arranged over Buildings A, B, C & Q, together with expansion land. A, B & C constructed in 2007, Q in 2002. All to Grade A specification.
- Grade A specification
- Tenant highly invested in site, with recent extensive refurbishment throughout, which would have impacted lease renewal negotiations.
- Rent assessed on individual building basis, with sizes ranging from 29,842 sq ft – 49,724 sq ft, therefore comparable to the size of the subject site
- Off-market deal
- We would expect the subject site to achieve similar rents to this, albeit this comparable is substantially larger than the subject site and therefore a discount for quantum has been attributed here.

Ground Floor, Raglan House, Cardiff Gate Business Park, Cardiff

Date	October 2022
Transaction type	Lease Renewal & Variation
Size (NIA)	8,003 sq ft
Rent (£ per sq. ft)	£12.85 per sq ft
Tenant	Leading Edge Group (UK) Limited
Term (number of years)	10 years
Break options	5 years
Rent free (months)	12 months

Comment & Comparison

- Older building located on Cardiff Gate Business Park.
- Smaller unit size.
- We would expect the subject site to achieve a higher rent due to the building having a better internal specification.

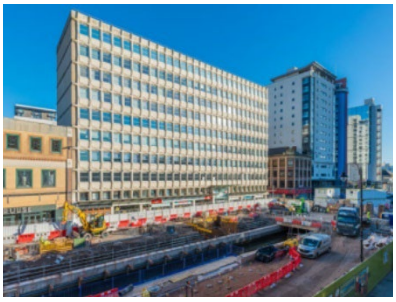
Ground and 1st Floors, Usk House, Lower Dock Street, Newport

Date	July 2022
Transaction type	Lease Renewal
Size (NIA)	20,424 sq ft

Ground and 1st Floors, Usk House, Lower Dock Street, Newport		
	**Rent (£ per sq. ft)**	£10.73 per sq ft
	Tenant	Secretary of State for Communities and Local Government (operating as Probation Service)
	Term (number of years)	10 years
	Break options	5 years
	Rent free (months)	6 months
	Comment & Comparison	• City centre location but this is not necessarily considered an advantage over the site • Older building • Comparable size building • We would expect the subject site to achieve higher rents due to it being brand new.

6.25. Based on the comparable evidence above and our knowledge of the South Wales office market, we are of the opinion that Savills assumption of £15 psf (£300,000 per annum) with a five years term certain and six months rent free is in line with our own assessment of the subject site. We have therefore assumed the same inputs.

Office Investment Evidence

Churchill House, Churchill Way, Cardiff		
	**Date**	Available
	Price	Quoting £11,270,000 (£130.02 per sq ft)
	Net Initial Yield	Quoting 9.25%
	Tenure	Freehold
	Description	86,678 sq ft arranged over ground and 9 upper floors Constructed in the 1960s with full refurbishment in 2007 Typical floor plates of approx. 7,000 sq ft. Air conditioning, solid floor, recessed and LED lighting, shower and changing facilities, 87 undercroft car park spaces. EPC C rated Major public realm development of Canal Quarter adjacent and expected to boost attractiveness of the asset.

Churchill House, Churchill Way, Cardiff

Income profile	Multi-let to 18 tenants via 18 leases, with 2 vacant suites comprising 11.31% of floor area. Tenant include SoS, Welsh Air Ambulance, Jacobs, SRK Consulting. Headline rent of £1,121,507 per annum. WAULT of 4.31 years to expiry / 3.00 years to tenant breaks.

Comment & Comparison

- Superior city centre location in Cardiff
- Would be an inferior specification
- Above-average tenant covenant mix with low vacancy rate
- Attractive suite sizes for local occupier market
- We would expect the Subject site to have an inferior yield due to the location

Oakleigh House, Park Place, Cardiff

Date	Available
Price	Quoting £11,350,000 (£281.81 per sq ft)
Net Initial Yield	Quoting 7.52%
Tenure	Freehold
Description	40,133 sq ft arranged over ground and three upper floors Constructed Detailed planning permission for two new buildings totaling 60,000 sq ft. Typical floor plates of approx. 10,000 sq ft. Air conditioning, raised access flooring, LED lighting, central atrium courtyard with green wall, shower and changing facilities, 30 undercroft car park spaces with EV charging points. EPC B rated
Income profile	Fully let to Sedgwick International UK and Optical Express Headline rent of £917,768 per annum. WAULT of 9.55 years to expiry / 5.84 years to tenant breaks.

Comment & Comparison

- Strong Grade A asset in a superior location in Cardiff
- Good ESG credentials to include EPC rating, green wall, EV charging points and wellness provisions.
- Strong tenant covenant mix
- Similar lot size
- We would expect the subject site to have an inferior yield compared to the subject site

Oak House, Celtic Springs Business Park, Newport

Date	December 2022
Price	£900,000 (£59.27 per sq ft)
Net Initial Yield	5.58%
Tenure	Freehold
Description	15,184 sq ft arranged over ground and first floors. Constructed in 2007 to Grade A specification. Air conditioning, raised access flooring, recessed lighting, 50 car park spaces. EPC B rated
Income profile	High vacancy short income asset, skewing net initial yield. c31% let to Welsh Ministers on a 5 year sub-lease expiring September 2023 at £53,000 pa (£11.00 psf). Sold by administrators of Midas Construction Ltd.

Comment & Comparison

- Attractive EPC B rating
- Smaller lot size
- Smaller floorplates, considered more readily suited to current occupier requirements
- We would expect the subject site to have an inferior yield due to its location

Usk House, Lower Dock Street, Newport

Date	December 2022
Price	£3,400,000 (£110.33 per sq ft)
Net Initial Yield	8.45%
Tenure	Leasehold 125 years from 2006. Peppercorn rent.
Description	30,816 sq ft arranged over ground and two upper floors. Typical floor plates of approx. 10,000 sq ft. Constructed in 2006 to Grade A specification. Air conditioning, recessed lighting, 37 car park spaces.

Usk House, Lower Dock Street, Newport	
Income profile	Multi-let to 2 tenants, both offering central Government covenants. Combined rent of £308,136 per annum. WAULT of 9.63 years to expiry / 5.07 years to tenant breaks.

Comment & Comparison

- City centre location but this is not necessarily considered an advantage over the Property.
- Smaller in size but arguably a more attractive investment due to its location
- Strong investment attributes, with the majority of the income secured by central Government backed covenants.
- We would expect the Property to trade at a discount to this comparable to reflect its longer secure income.

Park House, Greyfriars, Cardiff

Date	December 2022
Price	£3,860,000 (£160.36 per sq ft)
Net Initial Yield	8.75%
Tenure	Freehold
Description	24,071 sq ft purpose built office building in central city location arranged over ground and 3 upper floors. Recently refurbished to a Grade A standard with exposed services, raised access floor and VRF. 1:504 car parking ratio. Grade 2 listed. EPC D rated.
Income profile	Multi-let to 10 national and local businesses with a total passing rent of £362,349 per annum. WAULT of 3.87 yrs to expiry / 2.88 yrs to break. 19% vacancy rate.

Comment & Comparison

- Superior central location.
- Similar size property
- Higher vacancy rate and a shorter WAULT, compared to the assumed term of five years
- A lot size that would appeal to a broader range of investor purchasers, due in part to its management opportunities. We would expect the Property to trade at a discount to this comparable, reflecting a higher yield.

6.26. In terms of yield we are of the opinion based on the comparable evidence above that a yield of 10% would appear to be broadly reasonable. We are therefore of the opinion that a value of £3,000,000 before deducting purchaser’s costs has been adopted in our viability appraisal.

Marina

6.27. We note from reviewing Savills' report that Vail Williams have assessed the marina of the scheme and advised that the value of the marina on the assumptions that the entire 400 berth marina is complete and ready to open is £10,100,000.

6.28. We have appointed Sanderson Weatherall to review Vail Williams' report and provide comment on the likely value of the marina on the assumption that the entire 400 berth marina is complete and ready to open. Sanderson Weatherall are of the opinion that Vail Williams' £10,100,000 is somewhat ambitious and have provided a GDV of £8,000,000.

6.29. We have attached a copy of the Sanderson Weatherall report in Appendix 2.

Total Build Costs

6.30. To assess the total build costs for the proposed scheme the Applicant has asked Corderoy to provide costings for the base build for the residential, office building and marina. It has been agreed with the Council that we will review the costing in line with BCIS for the residential and office element, whilst relying on Corderoy's cost for the marina element together with marina car park, boatyard surfacing, enabling works and access, utilities/services and linear park.

6.31. According to the Savills FVA, the base build costs are based on a cost plan produced by Corderoy in April 2023 are set out below:

Build Cost Summary

Scheme Element	GIA (sq ft)	Cost £
Residential	63,345	£10,547,266
Office	25,000	£5,765,000
Marina Infrastructure*		£2,040,000
Marina Car Park*		£270,000
Boatyard Surfacing*		£470,000
Boatyard workshop/shed*		£325,000
Enabling works and access*		£1,045,000
Services/Utilities*		£745,000
Linear Park*		£885,000
Total	**1,503,100**	**£22,092,266**

6.32. * We note that the aforementioned costs include professional fees and contingency on the professional fees. We will outline this in the professional fees and contingency section.

6.33. In terms of the costs for the residential units we note that the Corderoy report only costed 64 units (45 houses and 19 apartments) rather than the current scheme of 65 unit (45 townhouses and 20 apartments). The original cost for the scheme was £10,385,000, however Savills have prorated this cost, which now equates to £10,547,266.

6.34. We note that Corderoy have costed £146.32 psf for houses and £155.61 psf for apartments, which includes; enabling works, external works, utilities, prelims (at 15%) and OH&P (at 5%). We have reviewed this against BCIS for South Glamorgan, which includes the Vale of Glamorgan and Cardiff. We have taken the following into consideration:

Type	Lower Quartile	Median	Upper Quartile
Estate Housing (3 storey)	£107.85 psf (£1,161 psm)	£130.43 psf (£1,404 psm)	£146.60 psf (£1,578 psm)
Apartments (3-5 storey)	£129.13 (£1,390 psm)	£143.71 psf (£1,547 psm)	£169.73 psf (£1,827 psm)

6.35. We have compared Corderoy's costs in relation to the above and note that the townhouses, including externals, are £146.32 psf, which is towards the upper quartile of the base build costs, but the BCIS build costs do not include externals. Corderoy have costed the apartments at £155.61 psf, including externals, which sits between the median and upper quartile. Again we comment the BCIS build costs do not externals.

6.36. We are therefore of the opinion that Corderoy's cost are reasonable and could even be considered as optimistic. We have therefore adopted the base build cost of £10,547,266. We note that where Savills have prorated the build costs from 64 to 65 units, there is an issue with rounding due to the costs being prorated not taking into consideration the blend of apartments and houses. We, however, see no issue with utilising the base build cost of £10,547,266.

6.37. In terms of costs for the office/incubator building Corderoy have costed £231.60 psf for the construction. We have reviewed this in line with BCIS for the South Wales area below:

Type	Lower Quartile	Median	Upper Quartile
Office (3-5 storey)	£155.61 psf (£1,675 psm)	£190.35 psf (£2,049 psm)	£237.08 psf (£2,552 psm)

6.38. The costs of the above only relate to a sample size of 8, which is very small and not an ideal comparison, due to there being a dearth of office construction within the South Wales area. However, Corderoy's cost of £231.60 psf, sits between the median and upper quartile, closer to the upper quartile range. Through our extensive knowledge of undertaking commercial appraisals and discussion with cost consultants on other office developments throughout the U.K we are of the opinion that the BCIS costs listed above are not reflective of the current climate, with a number of office development costing closer to £250 psf. On that basis we note that Corderoy's cost of £261.30 psf appears reasonable.

6.39. In terms of the costs for the marina infrastructure marina infrastructure, marina car park, boatyard surfacing, boatyard workshop/shed, enabling works and access, services/utilities and linear park, as these have been undertaken by a third party cost consultant we have been asked to rely on these costs. We comment that we are not cost consultants/ qualified quantity surveyors and are therefore unable to provide further analysis. For the purposes of this FVA we have relied upon the costs provided by Corderoy.

6.40. In summary, we are of the opinion that build costs Corderoy have provided on the residential and office accommodation are broadly reasonable.

Site-Specific Abnormal and Extra Over Development Costs

6.41. As well as the total build costs, Savills have included a separate cost allowance of **£11,884,033** for dock related components, following receipt from specialist quotes. Savills have been unable to provide comment on these. These costs include professional fee and contingency.

Abnormal Costs

Abnormal Costs	Cost £
Marina Infrastructure	£3,519,608
Marina Piles and Piling	£2,748,000
Boat Hoist	£310,500
Hoist Duck	£931,500
Mole Quayside Repairs	£244,425
Lock Gate Repairs	£2,630,000
Dredging at Lock F	£500,000
Impounding Pumps	£1,000,000

Total	£11,884,033

Source: Savills FVA

6.42. We note that we are unable to provide further comment on these costs as this is outside of our area of expertise. For the purposes of this FVA we assume these costs are correct. If these costs are not correct we reserve the right to amend our FVA accordingly.

Contingency and Professional Fees

6.43. Contingency and professional fees have been added in by Corderoy and varying rates and Savills have adopted these within their submission.

6.44. In terms of the residential, Savills have adopted professional fees of 13.50% on the build costs and 10% contingency on the build costs and professional fees. We note that it is not standard practice to adopt contingency on professional fees. We are of the opinion that professional fees should be 8% on build costs and contingency should be 5% on build costs only. We have therefore adopted professional fees at 8% and contingency at 5%.

6.45. Regarding the office element Savills have Corderoy's professional fees of 10% and contingency at 10.02% on build costs and professional fees. We are of the opinion that the professional fees at 10% are reasonable and have adopted these. However, we are of the opinion that the contingency cost at 10% of built costs and professional fees is somewhat excessive and are of the opinion that a contingency at 5% of build costs is broadly reasonable, which is what we have adopted.

6.46. In terms of the costs relating to the marina element the professional fees and contingency have been applied as follows:

Costs	Professional fees	Contingency (on build and professional fees)
Marina Infrastructure	13%	10%
Marina Car Park	11%	10%
Boatyard Surfacing	5%	11%
Boatyard workshop/shed	11%	10%
Enabling works and access	12%	10%
Services/Utilities	5%	10%
Linear Park	13%	10%

6.47. As stated previously, it is not standard practice to add contingency onto professional fees, but on a stand back a look basis these are broadly reasonable. We have therefore adopted these levels of professional fees and contingency.

Marketing, Sales Agent, Letting Agent and Legal Fees

6.48. Within their report, Savills have adopted the following allowances for marketing, sales agent and legal fees:

- Residential Sales and Marketing Fees - 2.5% of Market GDV
- Residential Sales Legal Fees - 0.5% of Market GDV
- Office Letting Agent Fees - 15% of annual rent
- Office Letting Legal Fees - 10% of annual rent
- Office Sale Agent Fees – 1% of GDV
- Office Sale Legal Fees – 0.5% of GDV

- Marina – Not applied

6.49. In terms of the residential fees, reasonable. We are of the opinion that a 3% sales and marketing fee is realistic (1.5% marketing, 1% sales agent fees and 0.5% sales legal fees), which is what we have adopted.

6.50. In terms of the office/incubator fees, we are of the opinion that sales agent fee at 1% and sales legal fee at 0.5% are reasonable. The letting agent (15% of annual rent) and legal fees (10% of annual rent) are somewhat ambitious. We are of the opinion on a building of this size an agent is likely to undertake the letting at 10% of annual rent and legal fees at 5% of the annual rent, which is what we have adopted.

6.51. We note that Savills have not provided any sales agent fee or sales legal fees to the marina element. We are of the opinion that it is appropriate to adopt sales agent fees at 1% and sales legal fees at 0.5% of GDV and have therefore adopted these.

Finance

6.52. Savills have applied finance rate at 7.5%, inclusive of arrangement, monitoring and exit fees. We consider this rate to be reasonable.

Section 106 Contributions

6.53. Savills have provided a detailed view of the S106 assumptions below:

Type of Obligation	Formula	Cost to Scheme
Sustainable Transport	£2,300/ dwelling for residential element £2,300/ 100 sq m of floor space for non-residential element.	£149,500 £73,600
Education	Contributions per dwelling (excluding 1-bed flats), depending on available capacity in local school)* Nursery: £1,825 Primary: £5,073 Secondary: £5720 Post: £1,193 Total: £13,811	£897,715
Community Facilities	£1,260/ dwelling	£81,900
Public Open Space (POS)	On-site provision of 55.68 sq m per dwelling or contribution of £2,668 - per dwelling. Total on site: 3,619.1 sq m (0.89 acres)	On site
Public Art	1% of base build costs (all elements)	£236,673
S106 admin fee	2% of total S106 contribution	£28,788
Total		**£1,468,176**

Source: Savills

We note due to the substantial negative residual land value Savills' viability on the overall scheme is producing, we have only looked at the detail of the Savills appraisal where 0% affordable housing was adopted and no S106, for comparison purposes. We have therefore, not included any S106 within our appraisal but note the above costs.

Development Period

6.54. Savills' have provided us with the following timescales:

Residential

- Pre construction – 9 months
- Construction Period – 13 months (5 units per month)

- Total Sales period – 18 months (six month overlap with construction period)
- Total Project length – 32 months
- Unit sales – c.4 units per month

Office

- Pre construction – 9 months
- Construction Period – 12 months
- Total Sales period – 1 month (assumed pre-let during construction)
- Total Project Length – 22 months

Marina

- Pre construction – 9 months
- Construction Period phase 1 – 12 months (275 units)
- Construction Period phase 2 – 18 months (125 units)
- Total Sales period – 1 month
- Total Project Length – 40 months

6.55. Overall, Savills' assumption on the appear reasonable for a development of this size and nature. We are also of the opinion that a sales rate of circa four units per month is appropriate. We note however, that Savills have stated the apartments are likely to be constructed and sold at the same time. However, it is more likely that the apartment blocks are likely to have finished construction and then be sold thereafter. We have therefore assumed the apartment are likely to be sold over a six-month period approximately a third of the units sold immediately after construction due to sales completing post construction.

Developer's Profit

6.56. The required level of developer's profit is dependent on the risk profile of the specific site and scheme in question, as well as wider market risks as at the point of the assessment. In particular, the required profit for apartment schemes will, to a degree, be dependent on the level of interest and pre-sales generated through proactive marketing of units, and agreeable reservation mechanisms providing reasonable security of sales to the developer.

6.57. Savills have outlined the following levels of profit on each element of the scheme:

- Residential (OM units) – 20% profit on GDV
- Office – 12.5% profit on cost
- Marina – 20% on GDV

6.58. We are of the opinion that these are broadly reasonable and have adopted the same levels of profit margin. We note that the office profit on cost of 12.5% is due to the scheme likely to be pre-let to the Local Authority.

Land Acquisition Costs

6.59. In terms of fees on the land, Savills have adopted stamp duty at the prevailing rate, sales agent fee at 1.5% and sales legal fee at 0.5%. We note that as Savills' viability assessment is producing a negative land value these costs are not taken into consideration. However, we are of the opinion that it would be more appropriate to adopt a 1% sales agent fee and 0.5% sales legal fee, which is what we have adopted.

Residual Land Value

6.60. We have prepared a residual appraisal for the subject scheme based on the assumed cost and value inputs as outlined in this section and incorporating 0% affordable housing and no S106 costs.

6.61. Based on our calculations, the subject scheme produces a negative residual land value of -**£14,487,750.** It is difficult to directly compare with Savills' negative residual land value, as they have included the benchmark land value £3,500,000. However, if we deduct this out of their negative land value of -£18,215,900 this equates to a negative residual land value of -£14,715,900.

6.62. We note that we have improved the negative residual land value by circa £250,000, which is partly due to an increase in the residual element of the development, which is producing a positive land value of £1,754,290 (circa £500,000 per acre). We note that Savills' appraisal on the residential element only when we recreated the appraisal, and their inputs was producing a negative land value. This was due to the high level of professional fees and contingency applied to the scheme.

6.63. We note that Sanderson Weatherall's opinion on the Marina element is approximately £2.1 million lower than the Vail Williams opinion, which impact the viability further.

6.64. As a sense check, we note that these substantial abnormal costs included within the abnormal section of our report equate to £11,884,033 and even if these works were substantially less or no longer required our viability assessment would still result in a negative land value of approximately £3 million.

6.65. Having established the residual land value for the subject site based on the check appraisal, the final element of the FVA review is to compare the calculated residual land value to the BLV to fully assess the viability of the proposed development. We review Savills' assessment of BLV and explain our approach to determining the BLV in the following section.

7. Assessment of Benchmark Land Value

7.1. In preparing FVAs for planning purposes, the PPGV requires the BLV to be assessed using the 'Existing Use Value Plus' ('EUV+') method. Alternative Use Value ('AUV') can also be used to support the assessment of BLV. The RICS standard (Section 5) suggests that as part of the BLV assessment, two "cross-checks" of the primary EUV+ method can be undertaken as follows:

- Policy compliant site value assessed by the residual method; and
- Policy compliant site value assessed by the comparative method.

7.2. Under the RICS guidance, the assessment of BLV therefore requires five components to be calculated and separately reported to the decision-maker as set out below:

- EUV;
- Premium;
- AUV, where appropriate;
- Policy compliant site value assessed by the residual method; and
- Policy compliant site value assessed by the comparative method.

7.3. In determining the BLV, the RICS standard (paragraph 2.3.4) states that *"landowner expectations are a very important element in the voluntary release of land for development".* At the same time, the PPGV and RICS guidance (paragraph 2.1.5) are clear that the BLV should not be assumed to equate to Market Value and should instead reflect the "minimum return" at which a reasonable landowner would be willing to sell their land for development.

7.4. The PPGV (Paragraph 14) further states that:

> *"There may be a divergence between BLVs and market evidence; and plan-makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners".*

7.5. Recognising this possible divergence between BLV for planning purposes and prices paid in the market, the PPGV (Paragraph 6) states that *"under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan".* The PPGV (Paragraph 6) further emphasises the importance for landowners and developers *"to have regard to the total cumulative cost of all relevant policies when agreeing a land price".*

7.6. Savills have proposed a benchmark land value of **£3,500,000** (£475,000 per net developable acre). Savills have not stated the method they have used is assessing the site; however, they have utilised the comparable method. No additional premium has been added onto the site.

7.7. Savills have included the following comparable evidence within the report. Savills have only included one comparable, however there is a dearth of comparable transactions within Barry for residential development.

7.8. In the wider context we agree with Savills approach to the BLV, as the EUV+ approach is not suitable, as there are currently no buildings on site and the land is allocated for residential use within the Local Plan. We note that if we were to adopt the AUV approach the alternative use would be for residential development of which the site is already allocated for.

7.9. Savills have included the following comparable evidence within the report. Savills have only included one comparable, however there is a dearth of comparable transactions within Barry for residential development. We therefore note that this is the correct method to approach the BLV.

7.10. Savills have supplied the following comparable evidence:

Site	Net Acres	Scheme	Sale Date	Paid Price per NDA
Subway Road, Barry	1.32	72 units (100% affordable housing)	Aug-18	£474,158

7.11. The comparable site is situated to the north of the subject site and is situated within a more established residential location when compared to the subject site. We note the subject site is located within a residential area, however due to it being surrounded by water on three sides we are of the opinion that residential developers would find this site more challenging when compared to the comparable site.

7.12. We have spoken with a number of local residential development agents within the market who state that if the site did not have any abnormals and had a full planning consent would be in the region of £750,000 per acre. We note that the abnormals relate to the infrastructure relating to the construction of the marina and are not site wide abnormals. In terms of a discount on a subject to planning basis we have adopted a discount rate of 45% taken into consideration the risks that developers are currently placing on obtaining a planning consent. We note this equates to circa £412,000 per acre and have rounded this to £400,000 per acre.

7.13. On that basis we are of the opinion that the BLV for the site is fairly reflected in **£3,000,000,** which equates to £400,000 per net developable area.

8. Conclusions to Financial Viability Assessment

8.1. We have undertaken a review of the Applicant's appraisal, as detailed above, and whilst the majority of the inputs appear reasonable, there are a number of key areas where our view differs from that of the applicant within the table below:

Appraisal Input	Savills FVA – 0% Affordable (June 2023)	C&W Viability Appraisal
GDV	Residential - £18,095,000 Office – £3.000,000 Marina - £10,100,000 **Total - £31,195,000**	Residential - £18,695,000 Office – £3,000,000 Marina - £8,000,000 **Total – £29,695,000**
Total Build Costs	**Residential** - £10,547,266 (includes prelims at 15% and OHP at 5%) Includes externals **Incubator/Office** - £5,765,000 (£231 per sq ft) **Marina Phase 1 & Phase 2** - £3,519,608 **Marina Car Park** - £270,000 **Boatyard Surfacing** - £470,000 **Enabling Works and access** - £1,045,000 **Utilities/Services** - £745,000 **Linear Park** - £885,000	**Residential** - £10,547,266 (includes prelims at 15% and OHP at 5%) Includes externals **Incubator/Office** - £5,765,000 (£213 per sq ft) **Marina Phase 1 & Phase 2** - £3,519,608 **Marina Car Park** - £270,000 **Boatyard Surfacing** - £470,000 **Enabling Works and access** - £1,045,000 **Utilities/Services** - £745,000 **Linear Park** - £885,000
Abnormals	**Marina Infrastructure** - £3,519,608 **Marina Pile and Piling** - £2,748,000 **Boat Hoist & Mover** - £310,500 **Hoist Dock** - £931,500 **Mole Quayside Repairs** - £244,425 **Lock Gates** - £2,630,00 **Dredging Lock F** - £500,000 **Impounding pumps** - £1,000,000	**Marina Infrastructure** - £3,519,608 **Marina Pile and Piling** - £2,748,000 **Boat Hoist & Mover** - £310,500 **Hoist Dock** - £931,500 **Mole Quayside Repairs** - £244,425 **Lock Gates** - £2,630,00 **Dredging Lock F** - £500,000 **Impounding pumps** - £1,000,000

Appraisal Input	Savills FVA – 0% Affordable (June 2023)	C&W Viability Appraisal
Professional Fees	**Residential** - 13.50% on total build costs **Incubator/Office Space** – 10% **Marina infrastructure, marina car park, boatyard surfacing, enabling works and access, services and linear park** – 5% - 13%	**Residential** - 8% on total build costs **Incubator/Office Space** – 10% **Marina infrastructure, marina car park, boatyard surfacing, enabling works and access, services and linear park** – 5% - 13%
Contingency	**Residential** - 10% on total build costs and professional fees **Incubator/Office Space** – 10% on total build costs and professional fees **Residential** - 13.50% on total build costs **Marina infrastructure, marina car park, boatyard surfacing, enabling works and access, services and linear park** – 10% on total build costs and professional fees	**Residential** - 5% on total build costs **Incubator/Office** – 5% on total build costs **Marina infrastructure, marina car park, boatyard surfacing, enabling works and access, services and linear park** – 10% on total build costs and professional fees
Marketing, Sales Agent and Legal Fees	**Residential -** Sales agent, sales legal and marketing 3% of GDV Incubator/Office – sales agent and sales legal 1.5% of GDV Incubator/Office – letting agent 15% of rental income and letting legal 10% of rental income Marina – Not applied	**Residential -** Sales agent, sales legal and marketing 3% of GDV Incubator/Office – sales agent and sales legal 1.5% of GDV Incubator/Office – letting agent 10% of rental income and letting legal 5% of rental income Marina – Sales agent and legals 1.5% of GDV
Finance	7.5%	7.5%
Developer's Profit	Residential - 20% on GDV Incubator/Office – 12.5% on Cost Marina – 20% on GDV	Residential - 20% on GDV Incubator/Office - 12.5% on Cost Marina – 20% on GDV
Section 106 Contributions	None assumed.	None assumed.
Land Acquisition Costs	SDLT at the prevailing rate, legal and agent's fees at 2.0%.	SDLT at the prevailing rate, legal and agent's fees at 1.5%.
Negative Residual Land Value	**-£14,715,900**	**-£14,487,750**
Benchmark Land Value	EUV - £475,00 per acre Total BLV - **£3,500,000**	EUV - £400,00 per acre Total BLV - **£3,000,000**
Viability Deficit	**-£18,215,900**	**-£17,487,750**

8.2. We have only managed to improve the viability minimally through our adjustments. We note that the abnormal costs relating to the development are too substantial to make the scheme viable. C&W are therefore in agreement with the Applicant that a policy compliant level of Affordable Housing is unviable and that the S106 obligations cannot be supported. We comment that the proposed reduction in affordable housing is used to cross subsidise the deficit on the commercial elements.

8.3. We have prepared an appraisal based on 0% affordable housing provision, and no S106 obligations, which produces a land value of **-£14,487,750**. C&W are therefore of the opinion that based on the assumptions set out in this report, the development is unable to support any Affordable Housing.

9. Disclaimer

9.1. We have prepared this FVA review having regard to the requirements of PS 1 and PS 2 of the current RICS Valuation - Global Standards (the “Red Book”). However, the FVA review and the advice provided do not constitute a formal valuation and should not be relied upon as such.

9.2. The FVA review is for the purpose of assessing the viability of the planning application proposals only to inform the Council’s negotiations with the applicant regarding levels of affordable housing and other planning contributions. The FVA review and the advice provided constitute an exception from VPS 1-5 of the Red Book.

9.3. This report is for the purpose of the client, and, with the exception of the Executive Summary, its contents should not be reproduced in part or in full without our prior consent. No responsibility is accepted to any other party in respect of the whole or any part of its contents.

9.4. Some of the data referenced in this report has been obtained from third party sources and we cannot guarantee the accuracy of the data obtained from other parties. Cushman & Wakefield shall not be liable for any indirect or consequential damages arising from the use of this report.

9.5. This report should not be relied upon as a basis for entering into transactions without seeking specific, qualified, professional advice. Whilst facts have been rigorously checked, Cushman & Wakefield can take no responsibility for any damage or loss suffered as a result of any inadvertent inaccuracy within this report.

APPENDIX 1: SAVILLS FVA (JUNE 2023)

Viability Assessment

The Mole, Barry Waterfront, Barry CF63 4BA

Contents

Non-Technical Executive Summary

The Mole comprises a "finger of land" which protrudes around 400m into the No 1 Dock with a gross site area of approximately 3.03 hectares (7.49 acres). The site is surrounded by water to the north, east and south.

The proposed mixed-use scheme comprises leisure, business space and residential uses and will include the following:

- Residential development comprising 65 units with a maximum height of 4 storeys.
- A 25,000 sq ft (2,323 sq m) incubator workspace building comprising offices, smart innovation space, break-out space and a café.
- The creation of a 400-berth marina with floating pontoons and a 5,600 sq ft (520 sqm) marina office building.

We have appraised the proposed development, attributing a gross development value (GDV) to the completed scheme based on comparable evidence obtained from the local property market for the residential and office elements. We have been provided with a valuation of the marina element of the scheme by Vail Williams who are specialist in undertaking marina valuations.

We summarise the GDV for each element of the scheme as follows:

Element	GDV
Marina	£10,100,000
Office	£3,000,000
Residential – inc. 30% Affordable	£16,591,864
Total	**£29,691,864**

We have been provided with a cost analysis by the applicant and their cost consultant, Corderoy and we have made industry standard assumptions on fees, contingency, finance and developer's profit.

We consider the Benchmark Land Value of the site to be £3,500,000, reflecting circa £475,000 per acre.

In order to be considered viable, the scheme must produce a blended developer's profit margin calculated on the basis of 20% of GDV for private housing and the marina, 6% on cost for affordable housing and 12.5% on cost for office. It must also meet the Benchmark Land Value of £3,500,000. When fixing the developers profit and BLV, to a policy compliant scheme, a deficit value of **£20,144,739** is produced and is therefore unviable.

We have also tested schemes with 15% and 0% affordable housing respectively, with no S106 contributions. Both scenarios are also showing as unviable.

1. RICS Compliance

1.1. RICS Professional Statement

This report has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) professional statement entitled *Financial viability in planning: conduct and reporting* effective 1st September 2019.

The professional statement is mandatory in England only and whilst the subject of this viability assessment is located in Wales, as an RICS regulated firm we have complied with the guidance insofar as it is possible to do so in the context of the Welsh planning system.

1.2. Objectivity, Impartiality and Reasonableness

We confirm that this report has been prepared by a suitably qualified surveyor acting with objectivity, impartially, without interference and with reference to all appropriate available sources of information.

1.3. Confirmation of Instructions and Fees

We have been instructed to under this viability assessment by Associated British Ports (the applicant).

No performance-related or contingent fees have been agreed.

1.4. Conflicts of Interest

There is no conflict of interest preventing us from acting on behalf of the applicant. We are reporting on an objective and unbiased basis.

We also are not advising the local planning authority in respect of any area-wide viability assessments.

In accordance with the RICS professional statement *Conflicts of Interest (1st edition, 2017)* we therefore confirm that we do not face a conflict of interest in preparing this report and are acting as objective and impartial advisers.

1.5. Information Sources

The extent of the due diligence enquiries we have undertaken and the sources of the information we have relied upon for the purpose of our viability assessment are stated in the relevant sections of our report below.

Our viability assessment is based upon certain technical information supplied to us by others who have informed us that they have complied with the RICS professional statement *Financial viability in planning: conduct and reporting* and that the information they have provided to us is balanced, reasonable and reflects an appropriate level of judgement.

1.6. Publication and Responsibility

In accordance with the RICS professional statement this report has been prepared on the basis that it may be made publicly available.

Finally we would state that this report is provided solely for the purpose stated above. It is for the use only of the party to whom it is addressed, and no responsibility is accepted to any third party for the whole or any part of its contents. Any such parties rely upon this report at their own risk.

2. Savills

Savills is a highly respected property consultancy and agency business with over 600 offices worldwide and 35,000 staff. In the UK Savills have 130 offices with a London base and representation in all the major regional centres.

Savills' Cardiff office is the largest firm of chartered surveyors in Wales with a staff compliment of 100 providing a range of property related services including development agency and consultancy, residential, investment and commercial agency , property management, planning consultancy and energy brokerage.

In recent years, Savills have been involved in a number of significant development projects across Wales, providing viability assessments to support planning applications and local plan making; examples are set out below.

- Herbert Street for JR Smart, 2015
- The Wharf for JR Smart, 2016
- Brickworks, Trade Street, Cardiff for Portabella, 2016
- Capital Quarter for JR Smart, 2017/18
- Eveleigh Site, Dumballs Road for Rightacres Limited, 2017
- Former Riva Bingo Club, Splott for private client, 2017
- Leckwith Car Sales, Llandough, Vale of Glamorgan for private client, 2017
- Former Brandon Tool Hire, Rumney for private client, 2018
- Crawshay Court, Curran Road, Cardiff for South Central Cardiff Ltd, 2018
- The Rise, Penhill, for private client, 2018
- Duke of Clarence, Canton for Lower Westside Ltd., 2017/18
- 27-29 Cathedral Road Cardiff for private client, 2019
- Bottleworks, Penarth Rd Cardiff for Rightacres Property Ltd, 2019
- Vaughn's Laundry, Cardiff for Portabella, 2019
- 104-108 Cathedral Road, Cardiff for private client, 2019
- Caerleon Campus for Redrow Homes, 2020
- Clearwater Falls, Cardiff for private client, 2020
- Island Farm, Bridgend for HD Ltd, 2020
- Kingfisher Quarter, Cardiff for Ridgeback Group, 2021
- Baltic House for Abedi Ltd, 2021
- Knox Court, for Urban Centric, 2022
- Milford Street, Saundersfoot for Ventura Properties Ltd, 2022

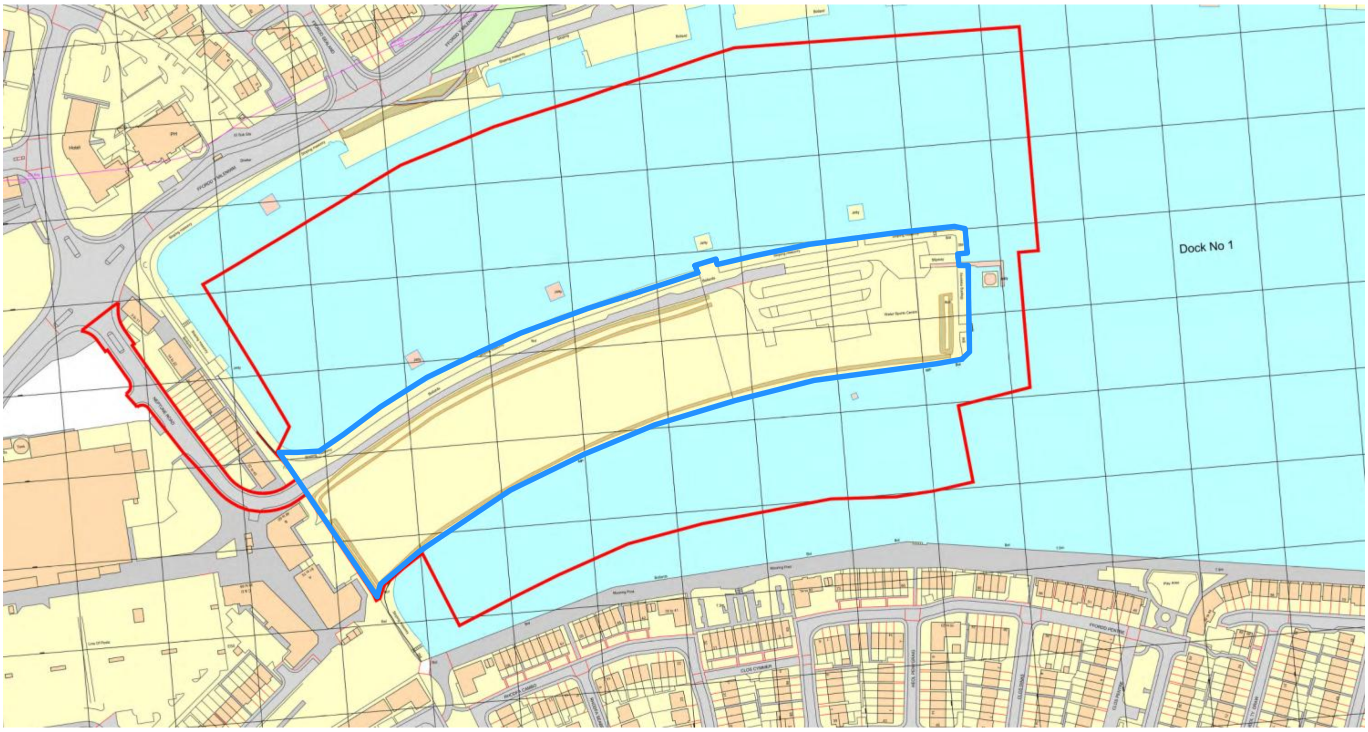
In all the above cases our reports have been referred to the District Valuer Service or Council-appointed valuer for independent appraisal and verification.

3. Site Description

The Mole comprises a “finger of land” which protrudes around 400m into the No 1 Dock with a gross site area of approximately 3.03 hectares (7.49 acres). The site is surrounded by water to the north, east and south and is edged blue on the plan below.

The land comprises former industrial land with the far eastern end occupied by Barry Community Water Activity Centre which includes a number of temporary buildings and a boat storage area.

The site is currently within DAM Flood Zone C2 although we understand that this has been subject of a successful flood map challenge and is expected to be removed from the C2 flood zone when flood maps are updated.



Site Plan of The Mole

4. Location

The property is located in Barry, a town in the Vale of Glamorgan, approximately 9 miles south-west of Cardiff. Barry railway station is situated 0.6 miles to the west of the property and provides transport to a number of destinations including Cardiff and Bridgend.

The property sits adjacent to the Barry Waterfront development area, located between the town centre (0.7 miles to the north) and Barry Island (0.6 miles to the south).

The Mole sits to the east of the new waterfront district centre and is overlooked from the south by the recent residential development at South Quay. The Mole is visible from the town to the north and has the potential for a mixed use centrepiece to the wider regeneration of the waterfront.

The Mole sits within No. 1 Dock, accessed from Neptune Road to the west, while the dock gates allow access to the Waterfront by boat from the sea.

5. Development Proposals

The scheme proposed for this site is a mixed-use scheme comprising leisure, business space and residential uses and will include the following:

- The creation of a 400-berth marina with floating pontoons.
- A 5,600 sq ft (520 sqm) marina office building which will include facilities for visitors/ members and a restaurant.
- A 25,000 sq ft (2,323 sq m) incubator workspace building comprising offices, smart innovation space, break-out space and a café.
- Residential development comprising 65 units with a maximum height of 4 storeys.
- Access road and car parking.
- Landscaping and public open space/park.
- Engineering works to raise the existing ground levels to a minimum of 9.00m AOD in order to mitigate against flood risk.
- 208 parking spaces.

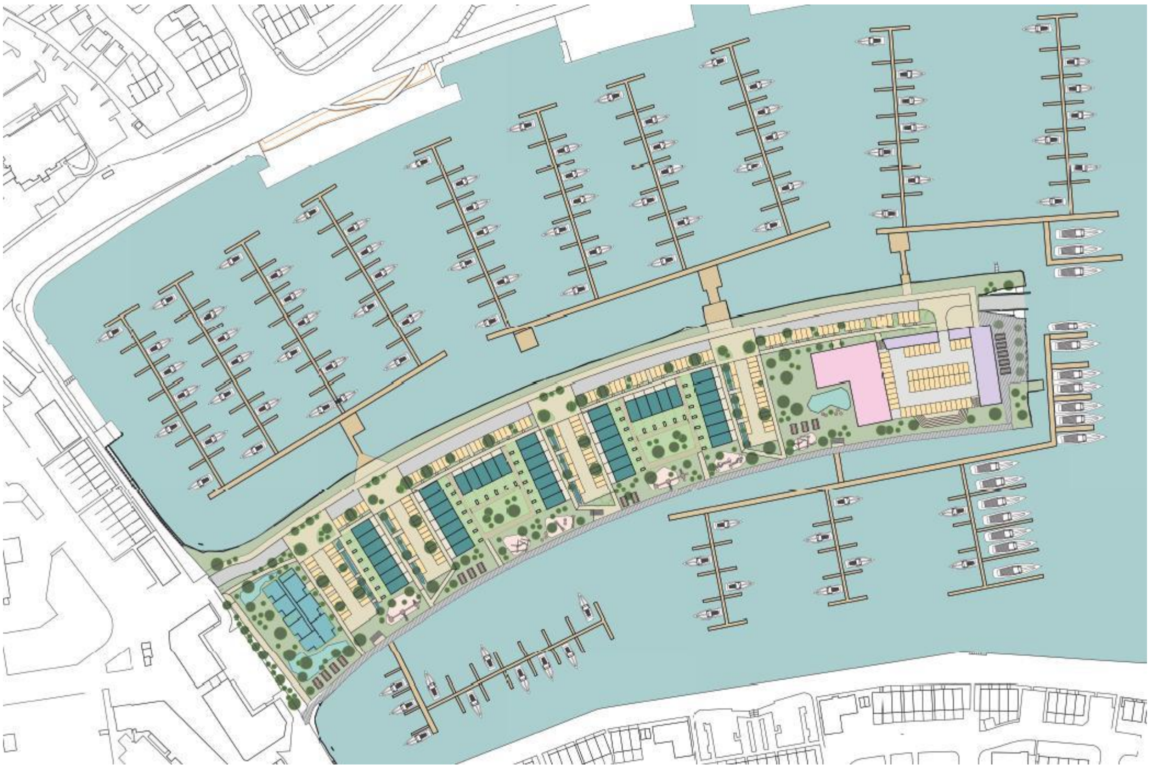
Planning application ref no: 2023/00051/HYB was submitted in January 2023 and relates to a hybrid application made up of the following 5 key components:

No.	Proposal	Permission Sought
1	400-berth marina with floating pontoons within the No. 1 Dock at Barry Waterfront	Outline
2	Engineering works to raise the existing ground levels of the Mole site to a minimum of 9.00m AOD in order to- mitigate against potential future flood risk	Full
3	Development of a marina office building which will include facilities for visitors/ members and a restaurant	Outline
4	Incubator workspace building comprising offices, smart innovation space, break-out space and a café	Outline
5	Residential development comprising townhouses and apartments	Outline

Whilst an outline planning application has been submitted, the masterplan for the residential element of the proposed scheme identifies 65 no. residential units made up of 45 no. 3 and 4-bedroom townhouses and 20 no. 1 and 2-bedroom apartments. We provide a schedule of the proposed accommodation as follows:

Type	Quantity
Flats (1 & 2 beds)	20
Townhouses (3 & 4 beds)	45
Total	**65**

We provide a copy of the indicative masterplan below and at **Appendix 1**:



We provide a CGI of the proposed development below:

The indicative masterplan identifies that the residential element of the property has a net developable area of approximately 1.42 hectares (3.5 acres) and capacity to deliver 65 dwellings at a density of 18.57 dwellings per acre.

The property is located in Barry where current policy requires 30% affordable housing. Based upon the indicative masterplan and the affordable housing policy requirements, we have provided an indicative mix of house types as identified below:

Unit Type	No. of Units	Size (Sq ft)	Size (Sq m)
Open Market			
3 bed townhouse (mid)	18	1,100	102
4 bed townhouse (mid)	13	1,215	113
4 bed townhouse (end)	14	1,215	113
Total Market Units	**45**	**52,605**	**4,887**
Affordable			
1 bed flat (SR)	14	495	46
2 bed flat (LCHO)	6	635	59
Total Affordable Units	**20**	**10,740**	**998**
Total:	**65**	**63,345**	**5,885**

6. Market Commentary

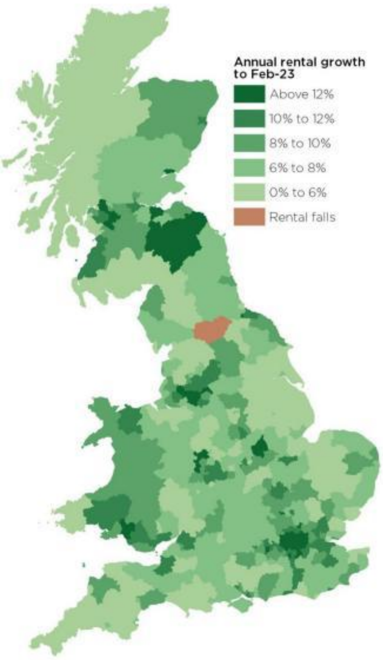
Residential

According to Bank of England data, demand is slowly recovering with new mortgage approvals rising in February to 33% below the pre-Covid average, but up from -41% in January. Whilst mortgage rates fell across all LTVs in March, they remain generally above 4.5%, and at these levels it is likely that price falls will follow as affordability is squeezed. This could be exacerbated as would-be buyers facing a falling market decide to postpone buying, further reducing sakes market activity. More affordable areas may be cushioned from price falls compared to more expensive regions; nevertheless Savills forecasts a -8.5% reduction in house prices in Wales in 2023 before returning to growth in 2024. Savills 5 year forecast (2023 – 2027, suggests growth of 11.1% in Wales.

First time buyers (FTBs) have remained undaunted, with numbers in December 8% higher than the pre-Covid average. Despite the challenges of securing a mortgage with current high rates, high rents and competition for rental stock provide FTBs with a strong incentive to get on the housing ladder. FTBs are taking out increasingly longer mortgages in order to keep monthly payments affordable: at the end of 2022, 1 in 6 FTBs had a mortgage term in excess of 35 years, according to UK Finance.

There has also been a fall in the number of new buyer enquiries, with demand falling to its lowest level since 2008 according to the RICS. New instructions also continued to slow according to the December RICS survey.

In comparison, rents rose by 10.9% in the 12 months to February across the UK, according to Zoopla. While lack of supply has supported growth, increasingly tight household finances will also restrain growth. After London, annual rental growth has been strongest in Scotland, the North West and Wales, up 13.4%, 10.7% and 10.2% respectively. Zoopla expects growth to slow in 2023 with the growing unaffordability to hit spending power and subdue demand.



Source Zoopla Rental Index powered by Hometrack

Table 1 Regional rental growth to Feb-23

	m/m	q/q	y/y
UK	0.7%	2.4%	10.9%
London	0.7%	3.1%	14.9%
South East	0.6%	1.7%	8.7%
East of England	0.7%	2.1%	8.9%
South West	0.4%	1.0%	7.4%
East Midlands	1.0%	2.8%	9.2%
West Midlands	0.8%	2.5%	9.3%
North East	0.8%	2.4%	8.2%
Yorks & Humber	0.5%	1.8%	8.3%
North West	0.7%	2.4%	10.7%
Wales	1.0%	2.3%	10.2%
Scotland	1.1%	3.4%	13.4%

Source Zoopla Rental Index powered by Hometrack

According to the Land Registry House Price Index, annual growth in Vale of Glamorgan was 2.75% to March 2023, lower than the annual growth in Wales at 4.82%. The Land Registry average for terraced houses in the Vale of Glamorgan in March 2023 was £242,163 showing a -0.68% decrease from the previous month.

Properties in Barry had an overall average price of £236,997 over the last year. The majority of sales in Barry during the last year were terraced properties, selling for an average price of £205,279. Semi-detached properties sold for an average of £276,737, with flats achieving £166,212. Overall, sold prices in Barry over the last year were 13% up on the previous year

We set out below new and re-sale evidence from the adjoining new Waterfront district for the residential element of the proposed scheme:

Under Offer

Address	Beds	Type	Size (sq ft)	Asking	£/ sq ft
Clos Cymmer, Barry	3	EOT	1,039	£290,000	£279
109 Ffordd Y Dociau, Barry	3	EOT	1,066	£315,000	£296
24 Lon Y Rheilffordd, Barry	3	MT	1,066	£270,000	£253
60 Ffordd Pentre, Barry	3	EOT	1,119	£340,000	£304
18 Rhodfa Cambo, Barry	3	EOT	1,199	£360,000	£300
Ffordd Pentre, Barry	3	EOT	1,199	£359,950	£300
8 Clos Dinas, Barry	4	EOT	1,216	£315,000	£259
8 Clos Cymmer, Barry	4	MT	1,163	£330,000	£284

Completed Sales

Address	Beds	Type	Size (sq ft)	Achieved	£/ sq ft	Date Achieved
31 Lon Y Rheilffordd, Barry	3	EOT	1,066	£300,000	£282	Nov-22
17 Llwyn David, Barry	4	EOT	1,453	£320,000	£220	Dec-22
9 Clos Cymmer, Barry	4	MT	1,163	£333,000	£286	Sep-22

Commercial

Economic data in the UK remains volatile and unpredictable as recently demonstrated by two recent announcements from the ONS. Firstly, revised GDP figures were released showing that Q4 posted 0.1% growth in Q4 with the original estimate at zero growth. Meanwhile inflation surprised many with CPI rising to 10.4% in February, up from 10.1% in January mainly driven by food shortages experienced at the start of the year which has driven food price inflation to 18.2%, the highest level since 1978.

This volatility has meant investors are still in “wait and see” mode with investment volumes reaching £5.6bn in Q1 23, the lowest quarterly volume since 2009, if we exclude Q2 20 when the onset of Covid-19 paralysed the market. A combination of the cost of living squeeze, high wage inflation and government support for energy bills beginning to fade is applying further strain on retail operator gross margins. In turn, a handful of retail failures have already occurred in 2023 (most notably Paperchase and M&Co), with more failures likely.

Pricing has been significantly impacted by the rising cost of debt and the turbulent economic outlook which has been evident in all submarkets across the regional office market.

Investor demand in the market is primarily for prime assets with strong ESG credentials, there has however been scarce opportunities to acquire stock of this standard in the last six months. Conversely, the demand for secondary properties is thin with limited appetite for these assets which have been brought to the market. These two factors have combined to result in a reduction in investment volumes**.** It is expected that investment activity will continue to remain subdued in the short term until there are signs of price stabilisation.

We set out below rental and investment comparable evidence for the commercial element of the proposed scheme:

Rental Evidence

Address	Type	Lettable Space	Quoting (£/ sq ft)
Waterfront The Quays, Barry	Retail	18,862	£10.42 – £12.74
W Haven The Quays, Barry	Restaurant	3,829	£14.86 - £18.16
9 Windsor Rd, Windsor Loft, Barry	Office	4,100	£16.04 - £19.60
2-10 Holton Rd	Office	2,703	£10.00
Thompson Street, Barry	Retail	4,865	£14.23 - £17.40

Investment Evidence

Due to the size of the Property in relation to its sub-prime location, there have been limited comparable transactions within the immediate vicinity and, as such, we have expanded our search to include sales of similar properties in other secondary locations. We have had regard to the following:-

Ely Meadows, Talbot Green, Llantrisant

Three inter-connected office buildings totalling 111,036 sq ft situated in Llantrisant sold February 2023 for £7,850,000 reflecting 9.60% NIY and £70.70 per sq ft. The property is let to British Airways Avionics Engineering Limited until 24 March 2024. Total rent passing of £805,011 per annum (£7.25 per sq ft). WAULT of 1.13 years to expiry. The property was acquired by NHS for their own occupational purposes on lease expiry.

Usk House, Newport

The property comprises a modern 30,886 sq. ft office building situated in Newport city centre. It comprises 25,876 sq. ft (84%) let to Secretary of State for Housing Communities and Local Government. Long Leasehold Interest (125 years from 20 December 2006) at a peppercorn. Passing Rent of £308,135 per annum. Sold for £3,400,000 in December 2022 reflecting 8.45% NIY and £110.33 capital value per sq ft.

Unit 4 Cefn Coed, Nantgarw
The property comprises a self-contained 8,886 sq. ft office building situated on Cefn Coed Business Park, Nantgarw. It is fully let to Credit Safe Limited until November 2025 at a passing rent of £110,000 per annum. Sold for £1,200,000 in August 2022 reflecting 8.65% NIY and £135.35 capital value per sq ft.

Marina *(Source: Vail Williams)*
The marina sector has continued to trade well over the last year and, despite concerns over rising inflation and cost of living crisis, most marinas still report high occupancy levels.

British Marine published a report on the UK marina and moorings market in January 2023. Highlights from that report include that UK marina berthing revenues grew by an average 13% between 2021 and 2022, and overall marina occupancy levels at the start of the 2022 season average 90%. Occupancy levels were similar for inland and coastal marinas, with 34% of marinas reporting full occupancy. The report was based on surveys completed by British Marine companies, over half of whom reported that demand for marina berths remains above pre-pandemic levels.

The following table, provided by Vail Williams, sets out the price for annual berths, paid in advance. All four marinas also offer flexible terms with shorter contracts and instalment payments for a premium.

Marina	2022 price per m incl. VAT	2023 price per m incl. VAT	Increase
Penarth Marina	£361	£400	10.8%
Cardiff Marina	£318	£345	8.5%
Swansea Marina	£207.33	£225.98	9%
Portishead Marina	£372	£412	10.8%

All report significant price increases, but are largely a result of rising costs, notably staff and utility costs will have increased considerably over the last 12 months. Most marinas have also seen material increases in rateable values for the April 2023 rates revaluation.

We provide a copy of a letter from Vail Williams at **Appendix 2**, issued to the applicant in April 2023, providing advice on projected values of the proposed marina development.

7. Viability Assessment

Copies of our viability appraisals are attached in **Appendix 4**. We set out below an explanation of our inputs and approach.

7.1. Timescales

We have allowed for the following timescales within our appraisals:

	Residential	Office	Marina
Pre-commencement period	9 months	9 months	9 months
Total construction period	13 months	12 months	Ph 1: 12 months (275 units) Ph 2: 18 months (125 units)
Total sales period	15 months (overlaps partly with construction period)	Assume pre-let (on completion of construction)	Assume pre-sold (on completion of Ph 1 construction)
Total project length	**29 months**	**21 months**	**39 months**

Please note that the timescales for each element of the development overlap and the total development period is 29 months until completion and sale of all of the residential, office, Marina Phase 1 and part construction of Marina Phase 2, with a further 10 month period for completion and sale of Marina Phase 2, subject to proof of concept and occupational demand.

7.2. GDV

Residential

Our schedule of GDV for the residential element is provided below.

Unit Type	No. of Units	Size (Sq ft)	Sales Values	£/ sq ft	Total	Total Sq Ft
Open Market (70%)						
3 bed townhouse (mid)	18	1,100	£315,000	£286	£5,670,000	19,800
4 bed townhouse (mid)	13	1,215	£345,000	£284	£4,485,000	15,795
4 bed townhouse (end)	14	1,215	£350,000	£288	£4,900,000	17,010
Market Units Total:	**45**			**£286**	**£15,055,000**	**52,605**
Affordable (30%)						
1 bed flat (SR)	14	495	£55,776	£113	£780,864	6,930
2 bed flat (LCHO)	6	635	£126,000	£198	£756,000	3,810
Affordable Units Total:	**20**			**£143**	**£1,536,864**	**10,740**

Unit Type	No. of Units	Size (Sq ft)	Sales Values	£/ sq ft	Total	Total Sq Ft
Total:	**65**			**£262**	**£16,591,864**	**63,345**

Our GDV for the residential element totals **£16,591,864**.

Office

The office element, known as the 'incubator workspace building' will comprise office accommodation, smart innovation space, break-out space and a café and will have a total Net Internal Area of 20,000 sq ft. We have assumed the space will be built to shell and core finish ready for tenants' fit-out.

We would expect a public sector body to be the most likely occupier/operator. We have applied a rental value of £15 per sq ft NIA. We have assumed 6 months rents free and a lease with 5 years term certain and adopted a yield of 10% before deducting standard purchaser's costs.

The investment value of the office element is **£3,000,000** before deducting purchaser's costs, reflecting £120 per sq ft capital value.

Marina

Vail Williams have assessed the marina element of the scheme and advised that the Market Value of the completed and operational marina on the special assumption that the entire 400 berth marina development is complete and ready to open, at the date of their report (7 July 2022) is **£10,100,000**.

We attach a copy of Vail Williams assessment at **Appendix 2**.

7.3. Construction Costs

The applicant has supplied us with a cost plan produced by Corderoy in relation to the costs for the office and marina buildings, the marina car park and boat yard, as summarised in the table below.

Input	Cost (£)
Offices	£6,975,000
Marina Landside Buildings & Inf	£2,040,000
Marina Carpark	£270,000
Boatyard Surfacing	£470,000
Boatyard workshops/shed	£325,000
Enabling works and access	£1,045,000
Services	£745,000
Linear Park	£885,000

A copy of which is provided at **Appendix 3A**.

In addition, Corderoy have also produced a cost plan for the residential element, summarised in the table below.

Input	Cost (£)
Residential	£12,970,000

The above cost was based on a scheme of 64 units. The submitted masterplan relates to a proposed scheme of 65 units and so we have pro-rated the above costs to arrive at an all in cost of £13,172,656 for the residential element.

A copy of which is provided at **Appendix 3B**.

The applicant has provided us with their own assessment of Dock related components, following receipt of specialist quotes. We set out below the costs adopted within our appraisal.

Input	Cost (£)
Marina Infrastructure	£3,519,608
Marine Piles & Piling	£2,748,000
Boat Hoist and Mover	£310,500
Hoist Dock	£931,500
Mole Quayside Repairs	£244,425
Lock Gates	£2,630,000
Dredging at Lock F	£500,000
Impounding Pumps	£1,000,000

Total costs for all elements (residential, office & marina) amount to **£37,811,689**.

These costs are inclusive of professional fees and contingency.

7.3.1. S106

The applicant has provided us with a copy of the local authorities pre application response which seeks the following S106 obligations:

The property is located in Barry where current planning policy requires 30% affordable housing, which should provide a tenure split between social rent and assisted home ownership of 70/30 in favour of social rented.

Based on the masterplan submitted and the application being outline at this stage, our viability assumes the following affordable mix, albeit we understand that the local authority may seek a different affordable mix.

Unit type	No. of Units	Size (sq ft)	Comment
1 bed flat (Social Rented)	14	495	42% ACG
2 bed flat (LCHO)	6	635	70% OMV
Affordable Units Total:	**20**		

In addition to Affordable Housing the local authority are seeking the following:

Type of Obligation	Formula	Cost to Scheme
Sustainable Transport	£2,300/ dwelling for residential element £2,300/ 100 sq m of floor space for non-residential element.	£149,500 £73,600
Education	Contributions per dwelling (excluding 1-bed flats), depending on available capacity in local school)* Nursery: £1,825 Primary: £5,073 Secondary: £5720 Post: £1,193 Total: £13,811	£897,715
Community Facilities	£1,260/ dwelling	£81,900
Public Open Space (POS)	On-site provision of 55.68 sq m per dwelling or contribution of £2,668 - per dwelling. Total on site: 3,619.1 sq m (0.89 acres)	On site
Public Art	1% of base build costs (all elements)	£236,673
S106 admin fee	2% of total S106 contribution	£28,788
Total		**£1,468,176**

**Assumed no capacity.*

The total S106 financial obligations requested by the local authority amount to **£1,468,176**.

7.3.2. Acquisition Costs / Purchaser's Costs

We have allowed the following:

- Stamp duty at prevailing rate;
- Agent's fee – 1.5% of land value;
- Legal fee – 0.5% of land value.

7.3.3. Marketing & Disposal Costs

We have allowed the following:

- Sales agent and marketing (residential) – 2.5% of GDV
- Legal (residential) – 0.5% of GDV
- Sales (office) – 1% of GDV
- Legal (office) – 0.5% of GDV
- Letting Agent (office) – 15% of rental income per annum
- Letting Legal (office) – 10% of rental income per annum

7.3.4. Finance Costs

We have reflected finance costs @ 7.5% per annum which reflects the current rates of borrowing.

7.3.5. Developer's Profit

We have adopted the following developer's profit margins on each element of the scheme:

Element	Profit Margin
Residential – Open Market	20% on GDV
Residential – Affordable	6% on cost
Office	12.5% on cost
Marina	20% on GDV

7.4. Benchmark Land Value (BLV)

Benchmarking as an approach is based upon the principle that "a viable development will support a residual land value at a level sufficiently above the site's existing use value (EUV) or alternative use value (AUV) to support a land acquisition price acceptable to the landowner.

It is generally accepted that, in assessing viability, unless a realistic return is allowed to a landowner to incentivise the release of land, development sites are not going to be released and growth will be stifled.

In assessing BLV, we have had regard to land sale transactions in the local market, the following being the most relevant.

Site	Net Acres	Scheme	Sale Date	Paid Price per NDA
Subway Road, Barry	1.32	72 units (100% affordable housing)	Aug-18	£474,158

We consider an appropriate BLV for this location is circa £475,000 per net developable acre, which indicates a BLV of £3,557,750, say **£3,500,000**.

8. Conclusion

We attach copies of our Argus appraisals at **Appendix 4**.

- **30% affordable housing & requested S106 contributions**

When fixing the BLV and Profit margins, based on a policy compliant scheme, the scheme produces a deficit as shown below.

Appraisal 1	Deficit
Fixed BLV & Profit	-£20,144,739

To consider the impact on viability when reducing the affordable housing provision and removing S106 contributions, we have tested the following scenarios.

- **15% affordable housing & no S106 obligations**

When tested with a reduced affordable housing provision of 15% with no S106 contributions, the scheme still produces a deficit as shown below.

Appraisal 2	Deficit
Fixed BLV & Profit	-£18,656,848

As part of our sensitivity analysis, we have identified that the scheme remains unviable even with a 5% increase in revenue and a 5% reduction in construction costs.

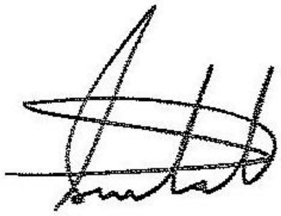
- **0% affordable housing & no S106 obligations**

When tested with no affordable housing provision or S106 contributions, the scheme still produces a deficit as shown below.

Appraisal 3	Deficit
Fixed BLV & Profit	-£18,215,900

A viability gap exists in all scenarios as identified above.

-END-



Scott Caldwell MRICS
Director
Date: 23 June 2023

Abbey Bennett MRICS
Associate
Date: 23 June 2023

Appendix 1

Schedule

Type	Quantity	Type	Quantity
Flats (1 & 2 Bed)	20	Car Parking (Resi.)	65
Town House (3 & 4 Bed)	45	Car Parking (Resi. visitor)	13
		Car Parking (Marina)	130
Total	65	Total	208

Figured dimensions and levels to be used.
Any inaccuracies must be notified to the architect.
Detail drawings and large scale drawings take precedence over smaller drawings.

Rev:		Chk'd:
A	Additional parking and turning heads included. TW. 19.04.23	DR
B	Edited landscaping and added traffic bollards to jetty. LJS. 10.05.23	DR
C	Amended main spine road. LJS. 17.05.23	DR

Rev:	Chk'd:

Rev:

PRELIMINARY
PLANNING ✓
DESIGN
TENDER
CONSTRUCTION

powelldobson ARCHITECTS

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Drawing No. 20065 (05) 100
Rev. C

Contract: ABP
Barry Waterfront 'The Mole' Masterplan
Title: Illustrative masterplan - Ground Floor

Scale: 1:1000 @ A1
Date: 03 10 2022
Drawn: KP
Checked: AMS

Appendix 2

Ref: IF/P22-1269
Date: 7 July 2022

Vail Williams LLP
1000 Lakeside
North Harbour
Western Road
Portsmouth
Hampshire
PO6 3EN

Tel 023 9220 3200
vailwilliams.com

Associated British Ports
25 Bedford Street
London
WC2E 9ES

Dear Sirs,

Ref: Proposed Marina Development at Barry Docks

Our instructions are to provide advice on the projected values of a proposed marina development within part of the existing docks at Barry. The current postal address of the marina site is Neptune Road, Barry, CF62 5BR.

The site was inspected on 26 May 2022 by Ian Froome BSc MRICS (RICS No: 088287), an RICS registered Valuer.

This appraisal reflects market conditions at the date of this report. The proposed marina development is anticipated to take up to two years to bring to fruition, over which time there will be changes to general economic conditions. The planning and design process may well also result in changes to the marina layout, design and specification. Any reliance placed on this report must take account of the limitations associated with a projection of future values.

The valuation figures set out in this report are based on Market Value, as defined in the RICS Valuation – Global Standards 2022 and are subject to the qualifications and limitations referred to therein. This definition of value is as follows.

> *The estimated amount for which an asset or liability should exchange on the valuation date 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.*

Location

The town of Barry is the administrative centre of the Vale of Glamorgan, lying approximately 10 miles to the south west of Cardiff. It is known as a tourism and leisure destination, with a sizeable sandy beach and adjacent Pleasure Park drawing visitors from Cardiff and further afield.

Barry docks occupy a sizeable area and comprise two large docks, both accessed via two adjoining ship locks from the Bristol Channel. Stone breakwaters provide a protected outer harbour and the locks are of sufficient depth to allow access at all states of tide, albeit that water depth will be restricted on low spring tides. The proposed marina development would occupy the western section of No 1 Dock, either side of a large mole projecting into the dock from the western bank. The dock is now flanked by new housing development on its north and west sides, comprising a mix of housing and flats with some retail and leisure provision.

The road access to the marina site is via Neptune Road, alongside a new development of waterfront housing. The ground floor of some of the blocks is earmarked for retail and leisure development which is currently being marketed through local commercial agents. To the west of this site is a large Asda superstore.

The proposal includes a separate parcel of land to be used for boat lifting and hardstanding, this lies to the north of the docks, at the eastern end of the land currently ear marked for residential uses. Immediately west of the boat yard site is Cory Way, which gives access to a new housing scheme currently under development. To the east of the proposed boat yard site is an area of mixed industrial and warehousing uses.

Description

Barry docks were developed in the late nineteenth century. The proposed marina would occupy the western end of No.1 dock which is accessed from the Bristol channel by a large ship lock measuring circa 20 metres wide by almost 200 metres long. The proposed development will involve installing additional gates within the lock to create a smaller locked chamber more suited to leisure craft. This will facilitate swifter lock operation and ensures less water is lost from the basin during each locking. The lock chambers are of sufficient depth to facilitate access at all states of tide, despite the high tidal range within the Bristol channel.

The proposed marina has yet to be designed in detail, but an outline of the anticipated marina facilities and layout can be summarised as follows:

- A minimum of 400 marina berths to be developed in two phases to the north and south of the mole.
- We have assumed an average boat size of 11 metres, giving an indicative marina capacity of 4,400 linear metres.
- Marina moorings will all be high quality floating pontoons with appropriate services bollards providing electricity and water supplies to each berth. Appropriate marina management software will be installed to enable accurate metering of electricity, which can then be re-charged to berth holders.
- The development on the mole will include sufficient car parking and marina facilities, comprising a new high-quality building of c. 5,600 sq ft, which will incorporate accommodation to run the marina, customer facilities including high quality WCs/showers and a function room, as well as a restaurant.
- The final fit-out of the restaurant will be either a café, bar or restaurant, depending upon demand levels at the time of completion. The building is anticipated to provide a gross internal floor area of 3,000 sq ft, which we have assumed is to be let on commercial terms at a net rent of £15 sq ft, giving a rent payable of £45,000 per annum.
- The marina should include a fuel sales facility selling diesel and petrol.
- Additional retail sales will be minimal, comprising sundry items and occasional convenience items sold from the marina shop. There will not be a bespoke retail or chandlery offer.
- The remaining development on the mole will comprise commercial business units to be operated by the Vale of Glamorgan Council and possibly residential development. Neither of these elements are included within this appraisal.

- The separate boat yard will occupy a crescent shaped parcel of land to the east of a goods railway serving the docks. The total land area is approximately 1 hectare (2.5 acres). The boat yard capacity should be at least 200 boats of average 11 metres length. We have modelled lower actual occupancy, but additional capacity will be required for busy times such as winter storage.
- The boat yard will be accessed via a bespoke boat hoist to be constructed on the north side of the dock. This should either be a hoist dock enabling a travel lift to hoist boats and transport them directly

to the boat yard, or a fixed crane with a separate boat mover allowing for boat manoeuvring. The hoist should have a capacity of at least 50 tons to allow the majority of leisure vessels to be lifted.

Tenure

The entire site is freehold, we have not seen a report on title so our appraisals are prepared on the assumption that there are no unusual or onerous covenants affecting the titles, that might otherwise impact on value.

Any possible inter-company leases between different divisions of the ABP Group are ignored for the purpose of this appraisal.

Planning and Statutory Matters

We have not investigated the planning history of the docks and we do not pass comment on the likelihood of obtaining planning and other required consents for the development, as this lies outside the scope of our instructions. You have advised us that the Local Planning Authority are, in principle, supportive of a marina development within Barry docks.

Parts of this former docks complex may have contaminated land or other environmental land quality issues. We would expect any such issues to be resolved as part of the development process and our valuations assume that the completed development will not be subject to any use restrictions or increased operating costs resulting from any such issues.

Marina Appraisal Assumptions and Parameters

Our valuation projections are based upon a set of trading forecasts prepared in collaboration with yourselves, with input from other consultants whose advice you have sought in the marina planning and design process. This advice has informed the marina layout and specification as set out in the description section above.

Trading projections have been prepared to cover the first eight years of operation, with year one commencing upon the practical completion of phase one of the marina development. This is currently anticipated to be June 2024, to provide for further design, planning and construction work to be completed.

The primary parameters and assumptions adopted within the income and expenditure model can be summarised as follows:

Inflation

Standard valuation protocol is to adopt current values, even when appraising future anticipated incomes of a proposed scheme. The alternative is to prepare a discounted cashflow with the assumption of a specific growth rate. In this case we have not allowed for any growth during the eight year life of the project to ensure that income and expenditure figures are not distorted by future inflation.

It may, however, be appropriate to apply a single inflationary factor to cover the period between now and the anticipated completion of the development, noting that the construction cost projections may be adjusted to reflect anticipated inflation over the same period.

We have, therefore, prepared figures on two alternatives, as follows

1. An appraisal that adopts current values throughout
2. An appraisal that applies a single inflationary factor of 7.5% to all incomes and costs. This is a one-off adjustment and not 7.5% per annum. For clarity this means that an assumed amount of, say £100 today is presented within the projections as £107.50, whether it is generated in year one or year eight.

All subsequent income and cost figures set out below are stated at current values, before the 7.5% inflationary adjustment to be made under the second of the above valuation approaches.

Mooring Fees

The original model had assumed these would commence at £21 per metre per month, excluding VAT and rising by year five to £23 per month. These rates are similar to Cardiff Marina but significantly lower than Penarth Marina, also in Cardiff Bay. We believe there is potential for a high quality marina at Barry to draw custom away from some of the Cardiff Bay marinas and it will be materially superior than marinas to the west, notably Porthcawl and Watchet, on the North Somerset coast opposite, as both are restricted by tides.

A second reason for applying slightly higher rates is to reflect the potential for monthly or quarterly payment supplements. It is commonplace for a marina to offer either yearly contracts (where the boat owner pays for an entire year up front) or monthly/quarterly contracts subject to pro-rata higher instalments to reflect the flexibility and cash flow benefits to the customer. Our model does not include any such instalment payments, so a slightly higher annual cost assumption is appropriate to reflect this reality.

The original mooring fee assumption has therefore been increased by 10%, so the initial rate is now £23.10 per metre per month. This equates to £277 per metre per annum, excluding VAT.

Electricity resales

Regulations forbid private resellers (who are not OFGEM regulated) making profits from electricity resales. Electricity must therefore be sold at cost, although a reasonable service charge can be added to reflect the cost of installing and maintaining electricity infrastructure. The original model had allowed a 25% margin above the cost of electricity supply. This is considered excessive so has been reduced to a 10% margin.

Visitor mooring fees

These are initially modelled at 16% of annual berthing revenue. This is a convenient way of showing visitor income growing as the business matures, but we must recognise that there is no automatic linkage between annual moorings and visitor numbers. As the marina business matures, and annual income increases, the visitor income projection could grow to unrealistic levels, so the percentage is reduced to 10% after year six.

Hardstanding storage income

The boatyard will cater for boats moored within the marina, with further demand generated from boats moored elsewhere. It is commonplace for boats to be lifted over the winter, to allow general maintenance, especially those tied to buoyed moorings during the summer, albeit such moorings are rare in the Bristol Channel due to the high tidal range.

Nevertheless, we would expect reasonable demand for hardstanding storage, both from within the marina and, for example, from boat owners who keep their boats within Cardiff Bay marinas during the summer, but live west of Cardiff and will find a Barry boatyard easier to visit to undertake winter maintenance.

The model assumes average occupancy of 1,350 linear metres by year four. This equates to around 122 boats, assuming 11 metre average boat length. In practice, we would expect higher occupancy in winter than summer, so this is a year-round average.

Boat lifting and hauling fees

All boats stored on the hardstanding must be lifted and launched, generating fee income. Additional lifting fees are generated when boats are lifted, washed down and immediately relaunched to reduce the build-up of hull deposits. The model takes this income at 10% of all mooring and hardstanding fees, resulting in a year seven figure of just over £146,000 at current prices.

Assuming an average cost of around £25 per metre, per lift (excluding VAT) this suggests around 530 lifts or launches, using our base assumption of an average 11 metre boat length. By year seven the assumption is that marina occupancy will have reached around 330 boats. Most boats will require lifting at some stage each year, even if just to wash down, inspect and re-launch, so 530 events (noting that a lift and a launch are separate events) looks achievable.

Café/Restaurant rent

As outlined above, we have assumed a single food and beverage operator within the marina building complex generating an annual rent of £45,000 per annum, on a full repairing and insuring commercial lease.

Direct labour costs

These are modelled to grow in line with marina occupancy. The staff levels are reasonably high, but mooring fees will be set at a premium level, so staffing needs to be appropriate to provide a premium service. The model also assumes significant hardstanding, visitor and lifting fees, all of which require staff to provide the appropriate level of service.

Harbour and Lock contributions

The lock will continue to be operated by the port as it serves the entire dock complex, not just the marina. It is appropriate that the marina makes some contribution towards the operation and ongoing maintenance of the lock and the wider harbour and dock complex. We have adopted an assumed rate of 10% of total mooring revenue, applied to both annual and visitor mooring income. This generates a healthy contribution towards the costs of maintaining and operating this large ship lock.

Security Costs

The original model had allowed a cost of £100,000 per year for security, comprising physical security and a contribution towards the regular port security patrols. On reflection this is considered excessive, given that the port security patrols must continue irrespective of whether the marina is constructed. Some contribution is appropriate, but we have reduced the contribution to £45,000 per annum.

Impounding Cost

A contribution is included within the overheads towards the cost of impounding water within the docks. This requires large capacity pumps to backfill the docks, especially during times of heavy lock usage. If this was not done, then the docks would gradually empty because they are not river fed. The cost is significant at around £35,000, but the cost of operating these large capacity pumps will be substantial.

Other Costs and overheads

Additional costs and overheads have been projected at levels which are considered reasonable given the size and nature of the proposed marina development.

Trading Forecasts

Trading projections based upon the above parameters produce income and profit forecasts over the eight years of the model as set out below. Profit levels are reported on the basis of Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA), noting that this measure is commonly used when appraising the valuation potential of trading related properties.

The two following tables set out, firstly, the projections with no inflationary adjustment. The second table includes the one-off 7.5% inflation adjustment applied to all incomes and costs.

Trading forecasts at current values

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Revenue	£617,284	£946,424	£1,216,960	£1,452,268	£1,728,451	£1,876,427	£1,984,723	£1,984,723
Direct Costs	£321,962	£377,221	£445,638	£492,311	£579,068	£638,741	£666,312	£666,312
Gross Profit	£295,322	£569,203	£771,322	£959,957	£1,149,383	£1,237,686	£1,318,411	£1,318,411
Overheads	£262,993	£235,359	£237,407	£240,624	£257,821	£277,697	£278,238	£278,238
EBITDA	£32,329	£333,844	£533,915	£719,333	£891,562	£959,989	£1,040,173	£1,040,173

Trading forecasts assuming a one-off 7.5% inflation adjustment

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Revenue	£660,205	£1,014,030	£1,304,857	£1,557,813	£1,854,710	£2,013,784	£2,130,202	£2,130,202
Direct Costs	£346,109	£405,512	£479,061	£529,234	£622,498	£686,646	£716,285	£716,285
Gross Profit	£314,096	£608,518	£825,796	£1,028,578	£1,232,212	£1,327,137	£1,413,917	£1,413,917
Overheads	£282,717	£253,010	£255,213	£258,671	£277,157	£298,524	£299,106	£299,106
EBITDA	£31,379	£355,508	£570,584	£769,908	£955,055	£1,028,613	£1,114,811	£1,114,811

Marina Market Commentary

The Coronavirus pandemic had a limited impact upon many leisure moorings businesses. Whilst most were required to close during the lockdown in the spring and early summer of 2020, many recovered strongly in the latter part of the year. Restrictions on travelling abroad created increased demand for UK based holidays and leisure activities, with this heightened demand continuing through 2021.

Leisure sailing is viewed by many as an ideal "Covid-secure" form of leisure activity, with many boats only used by family groups. One consequence is increased boat sales, with British Marine reporting that boat sales volumes during 2020 were 9% higher than in 2019, boosting overall demand for marina and boatyard moorings. Whilst boat sales figures for 2021 have not yet been released, we anticipate the strong sales levels will have continued, based on anecdotal evidence.

The Royal Yachting Association also report increased watersports activity during 2021. Their Watersports Participation Survey 2021 (dated February 2022) reports that 11.7m people took part in one or more boating activities during the year from September 2020 to September 2021. This was not only almost double the 2020 levels, but also far higher than pre-pandemic surveys, which showed participation levels at between three and four million for the years leading up to 2019. The latest report suggests the huge increase is mainly due to one-off activities, notably as foreign holidays were restricted. There is also some evidence of increased regular use which has the potential to provide a longer-term boost to the leisure marine industry.

As a result, many marinas have seen incomes increase over the last year and those with active boat sales and brokerage operations have enjoyed improved sales volumes and sales revenues. The short to medium term growth prospects also look good, with the expectation of higher demand for UK based leisure and holiday activities likely for years to come.

The marina sector traditionally sees low transaction volumes, with just a handful of marina transactions in any one year. The last two years are no exception. Undoubtedly the movement restrictions introduced to combat the COVID-19 pandemic played their part, but we do not see evidence from the admittedly limited number of current transactions that prices have been negatively impacted.

This is demonstrated by two current inland marina transactions with which we are involved. One sale completed in late March; the other is under offer. Both show strong sale prices, with under-bidders having offered close to the achieved values.

The mid-2021 sale of Universal Marina, near Southampton, demonstrates the values achievable for a high quality marina in a prime location. The marina sold to Premier Marinas in an off-market transaction, at a price believed to represent more than 15 times EBITDA. Universal Marina lies on the River Hamble, arguably the highest priced location in the country for leisure moorings. A marina at Barry has the potential to sit towards the top of the hierarchy within South Wales, albeit below values achievable on the Solent and River Hamble.

One reason for the continued demand for marina businesses is the resilience the sector showed through the pandemic, with the various periods of lockdown having a limited impact on core marina businesses. Boats may not be capable of use but must still be moored somewhere and mooring fees remain payable. This has prompted several existing marina owners to actively seek additional acquisition opportunities. We are also seeing potential new market entrants seeking to purchase marinas and mooring sites.

The market headwinds facing the wider economy should not be ignored and if, in the longer term, customers face hardship paying their mooring fees, then that could impact on bad debt levels, but our experience is that most marinas see little evidence of this at present.

Conclusions

You have asked us to provide an opinion of the anticipated future value of the marina once construction works are complete, to enable a comparison with the anticipated costs of development being assessed by others. The valuation projection required is therefore the value upon the completion of construction and as the marina business is opening.

A trading related property such as a marina is appraised with reference to the anticipated income and profit levels, representing an investment income to a theoretical purchaser. It will take several years to reach a fully trading position, hence the assessment of the first eight years of trading performance.

Our appraisal adopts discounted cash flow methodology to generate the day one value of the anticipated future income streams. As outlined above, we have not applied any specific yearly growth rate within the DCF to ensure that the figures are not distorted by future inflation. This is appropriate given the requirement to compare the values with the cost of construction over the next couple of years. The DCF adopts a discount rate of 8%, being consistent with the exit multiple of 12.5 (i.e. a yield of 8% in perpetuity). We consider this yield/multiple to be appropriate, noting the comments made in the market commentary section above.

Our appraisal generates a market value projection, being the anticipated value of the marina on a going concern basis, assuming that the entire 400 berth marina development is complete and about to open. This assumption represents a departure from the likely reality, which is to comprise a first phase of 225 berths, followed by phase 2 after a few years, taking the total to 400 berths.

We have, therefore, agreed with you that our valuation is subject to the Special Assumption that the entire 400 berth marina is assumed to be complete. Our understanding is that the costs of the entire 400 berth development are accounted for within your development appraisals, so it is therefore consistent to base our figures on a completed 400 berth marina.

Appraisal at current values

Based on the above parameters, the Market Value of the completed and operational marina on the **Special Assumption that the entire 400 berth marina development is complete and ready to open** can, as at the date of this report, be fairly stated to be **£10,100,000 (Ten Million One Hundred Thousand pounds)**

Appraisal with inflationary uplift

The following figure is presented as a future projection because the inputs (both incomes and costs) have been inflated by 7.5% to reflect the anticipation of inflation between today and the completion date of the marina. This inflationary factor is applied because the construction cost estimates may also be adjusted to reflect the anticipated impact of inflation during the construction period, so a value projection is needed to match that assumption. It is quite possible that construction cost inflation will exceed 7.5% but our inflation factor is not intended to match build cost inflation. It allows for a reasonable customer expectation of some increase in mooring and other marina costs between now and 2024, but likely below current levels of CPI inflation.

Based on these parameters, we anticipate that the Market Value of the completed and operational marina **on the Special Assumption that the entire 400 berth marina development is complete and ready to open and applying a one-off inflationary uplift of 7.5% between now and the date of opening**, can be reasonably forecast in the sum of **£10,800,000 (Ten Million Eight Hundred Thousand pounds).**

This report has been prepared to assist you in appraising the anticipated future value of this proposed marina development. Any valuation projection of this nature is subject to a significant number of assumptions and variables, any one of which may prove different by the time the development is complete. You should therefore be mindful of the limitations of such a valuation projection, notwithstanding that we believe it to be based upon sound principles as at the date of this report.

These valuation figures are required to assess the level of additional funding that may be required in respect of the large-scale engineering and infrastructure works needed to deliver the marina, we understand this could include an application for grant funding. The use of this letter for these purposes is approved, but the report should not be used for any other purpose and no liability is accepted to any party other than Associated British Ports. The report is also confidential to you and must not be shared in whole or part with any third parties without our express written consent.

Yours faithfully,

Ian Froome BSc MRICS
Partner
For and on behalf of Vail Williams LLP
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Ref: IF/P22-1269
Date: 27 April 2023

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Dear Sirs

Re: Proposed Marina Development at Barry Docks, South Wales

This letter is written as an update to our advice letter dated 27 June 2022. It comprises advice on the projected values of a proposed marina development within part of the existing docks at Barry. The current postal address of the marina site is Neptune Road, Barry CF62 5BR.

The site was inspected by Ian Froome BSc MRICS, an RICS Registered Valuer in May 2022. We have not reinspected the site and you have advised that there have been no material physical changes to the site or to the marina development proposals since that date.

This appraisal reflects market conditions at the date of this report. The proposed marina development will take at least 18 months to bring to fruition, over which time there will be changes to general economic conditions. The planning and design process may well also result in changes to the marina layout, design and specification. Any reliance placed upon this report must take account of the limitations associated with a projection of future values.

The advice set out in this letter is based on Market Value as defined in the RICS Valuation – Global Standards 2022. This was defined in detail within our June 2022 report.

Location and Description

You have advised us that the marina development proposals remain as set out within our June 2022 advice letter, so we do not propose to repeat that detail here. In summary, the marina is to be developed within the existing dock, to north and south of a mole that currently contains a water-based activity centre in temporary buildings.

The main elements of the site as described in our June 2022 are repeated below for ease of reference.

- A minimum of 400 marina berths to be developed in two phases to the north and south of the mole.
- We have assumed an average boat size of 11 metres, giving an indicative marina capacity of 4,400 linear metres.
- Marina moorings will all be high quality floating pontoons with appropriate services bollards providing electricity and water supplies to each berth. Appropriate marina management software will be installed to enable accurate metering of electricity, which can then be re-charged to berth holders.

- The development on the mole will include sufficient car parking and marina facilities, comprising a new high-quality building of c. 5,600 sq ft, which will incorporate accommodation to run the marina, customer facilities including high quality WCs/showers and a function room, as well as a restaurant.
- The final fit-out of the restaurant will be either a café, bar or restaurant, depending upon demand levels at the time of completion. The building is anticipated to provide a gross internal floor area of 3,120 sq ft, which we have assumed is to be let on commercial terms at a net rent of £15 sq ft, giving a rent payable of £46,800 per annum.
- The marina should include a fuel sales facility selling diesel and petrol.
- Additional retail sales will be minimal, comprising sundry items and occasional convenience items sold from the marina shop. There will not be a bespoke retail or chandlery offer.
- The remaining development on the mole will comprise commercial business units to be operated by the Vale of Glamorgan Council and possibly residential development. Neither of these elements are included within this appraisal.
- The separate boat yard will occupy a crescent shaped parcel of land to the east of a goods railway serving the docks. The total land area is approximately 1 hectare (2.5 acres). The boat yard capacity should be at least 200 boats of average 11 metres length. We have modelled lower actual occupancy, but additional capacity will be required for busy times such as winter storage.
- The boat yard will be accessed via a bespoke boat hoist to be constructed on the north side of the dock. This should either be a hoist dock enabling a travel lift to hoist boats and transport them directly to the boat yard, or a fixed crane with a separate boat mover allowing for boat manoeuvring. The hoist should have a capacity of at least 50 tons to allow the majority of leisure vessels to be lifted.

Market Update

The marina sector has continued to trade well over the last year and, despite concerns over rising inflation and cost of living crisis, most marinas still report high occupancy levels.

British Marine published a report on the UK marina and moorings market in January 2023. Highlights from that report include that UK marina berthing revenues grew by an average 13% between 2021 and 2022, and overall marina occupancy levels at the start of the 2022 season averaged 90%. Occupancy levels were similar for inland and coastal marinas, with 34% of marinas reporting full occupancy. The report was based on surveys completed by British Marine member companies, over half of whom reported that demand for marina berths remains above pre-pandemic levels.

The above report, whilst published in January 2023, reports market conditions pre-dating the September 2022 mini budget and resultant economic and markets turmoil. However, anecdotally from our discussions with marina owners and managers around the country, we believe the marina market to have remained stable. This would be consistent with previous economic shocks and downturns, to which marinas are generally quite resilient.

We have reviewed the main competing marinas within this part of the Bristol Channel, namely Penarth and Cardiff marinas in Cardiff Bay, Portishead marina and Swansea marina. All report significant price increases from 2022 to 2023. The table below sets out the price for annual berths, paid in advance. All four marinas also offer flexible terms with shorter contracts and instalment payments for a premium.

Marina	2022 price per metre inc. VAT	2023 price per metre inc. VAT	Increase
Penarth Marina	£361	£400	10.8%
Cardiff Marina	£318	£345	8.5%
Swansea Marina	£207.33	£225.98	9%
Portishead Marina	£372	£412	10.8%

These are significant price increases, but are largely a result of rising costs, notably staff and utilities costs will have increased considerably over the last 12 months. Most marinas have also seen material increases in rateable values for the April 2023 rates revaluation.

Therefore, whilst the mooring tariff rises will improve revenue, the general increase in costs and overheads will squeeze profit margins, such that overall net profit levels for next year may not see much rise, if at all, over 2022 levels.

These valuation figures are projections based on anticipated income and cost levels. It is important to take a prudent approach when considering possible adjustments and we should also bear in mind the expectation that many economic forecasts for the next couple of years are cautious, anticipating weak economic growth.

Given this background it would, in our view, be unwise to increase future income and profit projections notwithstanding the last 12 months that have seen short term revenue growth. Conversely, we do not see compelling reasons to be more pessimistic. Whilst it is possible that slowing rates of new boat sales may restrict demand for new marina berths, by holding the income projections at current levels, the new Barry marina will look good value compared to the Cardiff marinas in particular, so should attract boat owners from those locations.

Our overall conclusion is that it would be appropriate to maintain the same overall projections as we used last year.

In due course it would be appropriate to prepare an updated business plan, at which time full details of fresh costings and overheads can be considered, alongside a possible rebasing of marina tariffs and revenues. Our judgement at present is that such an exercise will probably derive broadly similar profit projections as at the present.

In July 2022 we based our valuation projections on an investment yield of 8%. Two current transactions indicate that this is still appropriate, as follows:

- Weltonfield Marina, Daventry – this is an inland marina on the Grand Union Canal which sold as a going concern, the sale completed at the end of March 2023. It comprises a marina with two basins and an area of surplus land. Placing an appropriate value on the surplus land, our analysis is that the sale price equates to a yield of around 8% on the sustainable EBITDA levels of the marina business.

Vail Williams

- South coast marina sale – I am currently involved in the sale of a south coast marina. Terms are provisionally agreed and buyer's due diligence is underway so for necessary client and transaction confidentiality I cannot provide any further details of the site or location. Assuming that the transaction continues on the terms provisionally agreed, it will reflect a yield below 8%, appropriate for the prime south coast location.

Valuation Conclusions

Taking all matters into account and noting that this exercise is an overview and refresh of our July 2022 valuation projections, we consider those projections to broadly remain current. It is likely that mooring revenue projections may be capable of slight increase, but costs and overheads are also likely to have risen, so the overall net profit projections are likely to remain much as before.

The marina market has not altered to any dramatic degree and recent/current transactions still support the investment yields adopted in July last year.

Therefore, based upon the above parameters, the Market Value projections remain as advised in our 22 June 2022 report.

This letter is written as an update to our 22 June 2022 report. That, in turn, was prepared to assist you in appraising the anticipated future value of this proposed marina development. Any valuation projection of this nature is subject to a significant number of assumptions and variables, any one of which may prove different by the time the development is complete. You should therefore be mindful of the limitations of such a valuation projection, notwithstanding that we believe it to be based upon sound principles as at the date of this report.

This letter is confidential to Associated British Ports and is for use in assessing the level of additional funding that may be required in respect of the large-scale engineering and infrastructure works needed to deliver the marina. The report is confidential to you and must not be shared in whole or part with any third parties without our express written consent.

Yours faithfully

Ian Froome BSc MRICS
Partner
For and on behalf of Vail Williams LLP
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Appendix 3

THE MOLE BARRY

STAGE 2 ORDER OF COST ESTIMATE

STAGE 2 ORDER OF COST ESTIMATE

The Mole, Barry

Date: 18th April 2023

ABP Development Co.

Tel: +44 (0)29 2039 7884 | www.corderoy.com

Castlebridge 3| Cowbridge Road East| Cardiff | CF11 9AB

CORDEROY

Document control

APPROVAL AND RELEASE RECORD				
Job Number: C2022038	**Project title:** The Mole, Barry			
Document Title: Stage 2 Order of Cost Estimate				
Document Description: Update Stage 2 Order of Cost Estimate following Vale Of Glamorgan opting for a 25,000sqft Incubator Building. Building Tender Price Indices and Construction Price Indices have been updated to reflect current Market Conditions**.**		**Prepared**	**Checked / Reviewed**	**Approved by**
		Date: 17.04.23	Date: 17.04.23	Date: 18.04.23
Issue v.18		AP	AP	SMcC

The Mole, Barry

Stage 2 Order of cost estimate **18th April 2023**

	Total (m2)	**Works** Includes prelims, overhead and profit and adjustment for location factor.		**Professional fees (pre and post-contract)** ***Pre-contract (to Stage 3***) Architect, M&E, Engineering, Surveys and Planning fees. ***Post contract*** QS services.		**Contingency** General 10% Risk allowance		**Sub-total** (before inflation)		**Inflation** (adjustment for Tender Price and Cost Increases)		**TOTAL** (including inflation)	
		Total	**£/m²**	**Total**	**%**	**Total**	**%**	**Total**	**£/m²**	**Total**	**£/m²**	**Total**	**£/m²**
Marina Building	**695**	£1,640,000	£2,360	£215,000	13%	£185,000	10%	**£2,040,000**	**£2,935**	£113,000	£165	**£2,153,000**	**£3,100**
150 space carpark	**1,875**	£220,000	£115	£25,000	11%	£25,000	10%	**£270,000**	**£145**	£15,000	£10	**£285,000**	**£150**
Boat yard surfacing	**7,000**	£405,000	£60	£20,000	5%	£45,000	10%	**£470,000**	**£65**	£26,000	£5	**£496,000**	**£70**
Boat workshop / shed	**500**	£265,000	£530	£30,000	11%	£30,000	10%	**£325,000**	**£650**	£19,000	£40	**£344,000**	**£690**
Access Road	**6,235**	£850,000	£135	£100,000	12%	£95,000	10%	**£1,045,000**	**£170**	£58,000	£10	**£1,103,000**	**£175**
Utilities		£640,000	£0	£35,000	5%	£70,000	10%	**£745,000**	**£0**	£42,000	£0	**£787,000**	**£0**
Incubator building	**2,315**	£5,255,000	£2,270	£530,000	10%	£580,000	10%	**£6,365,000**	**£2,750**	£354,000	£155	**£6,719,000**	**£2,900**
Linear Park	**7,780**	£715,000	£90	£90,000	13%	£80,000	10%	**£885,000**	**£115**	£49,000	£5	**£934,000**	**£120**
	26,400	**£9,990,000**		**£1,045,000**		**£1,110,000**		**£12,145,000**		**£676,000**		**£12,821,000**	**£7,205**

The Mole, Barry

Stage 2 Order of cost estimate

No treatment to Incubator car-park / podium

		Works (incl prelims)	Adjust for location factor	Professional fees	Contingency	Sub-total	Tender Price Inflation	Construct' Inflation	Total Estimate	Total Estimate plus ABP PoC
1	Marina Building	£1,690,000	-£50,000	£215,000	£185,000	**£2,040,000**	£53,000	£60,000	**£2,153,000**	**£2,153,000**
2	150 space carpark	£225,000	-£5,000	£25,000	£25,000	**£270,000**	£7,000	£8,000	**£285,000**	**£285,000**
3	Boat yard surfacing	£415,000	-£10,000	£20,000	£45,000	**£470,000**	£12,000	£14,000	**£496,000**	**£496,000**
4	Boat workshop / shed	£275,000	-£10,000	£30,000	£30,000	**£325,000**	£9,000	£10,000	**£344,000**	**£344,000**
5	Access Road	£875,000	-£25,000	£100,000	£95,000	**£1,045,000**	£27,000	£31,000	**£1,103,000**	**£1,103,000**
6	Utilities	£660,000	-£20,000	£35,000	£70,000	**£745,000**	£20,000	£22,000	**£787,000**	**£787,000**
7	Incubator building	£5,475,000	-£220,000	£530,000	£580,000	**£6,365,000**	£167,000	£187,000	**£6,719,000**	**£7,558,875**
8	Linear Park	£735,000	-£20,000	£90,000	£80,000	**£885,000**	£23,000	£26,000	**£934,000**	**£1,050,750**
		£10,350,000	**-£360,000**	**£1,045,000**	**£1,110,000**	**£12,145,000**	**£318,000**	**£358,000**	**£12,821,000**	**£13,777,625**

Add Podium

		Works (incl prelims)	Adjust for location factor	Professional fees	Contingency	Sub-total	Tender Price Inflation	Construction Inflation	Total Estimate	Total Estimate plus ABP PoC
1	Marina Building	£1,690,000	-£50,000	£215,000	£185,000	**£2,040,000**	£53,000	£60,000	**£2,153,000**	**£2,153,000**
2	150 space carpark	£225,000	-£5,000	£25,000	£25,000	**£270,000**	£7,000	£8,000	**£285,000**	**£285,000**
3	Boat yard surfacing	£415,000	-£10,000	£20,000	£45,000	**£470,000**	£12,000	£14,000	**£496,000**	**£496,000**
4	Boat workshop / shed	£275,000	-£10,000	£30,000	£30,000	**£325,000**	£9,000	£10,000	**£344,000**	**£344,000**
5	Access Road	£875,000	-£25,000	£100,000	£95,000	**£1,045,000**	£27,000	£31,000	**£1,103,000**	**£1,103,000**
6	Utilities	£660,000	-£20,000	£35,000	£70,000	**£745,000**	£20,000	£22,000	**£787,000**	**£787,000**
7	Incubator building	£6,005,000	-£240,000	£575,000	£635,000	**£6,975,000**	£183,000	£205,000	**£7,363,000**	**£8,283,375**
8	Linear Park	£735,000	-£20,000	£90,000	£80,000	**£885,000**	£23,000	£26,000	**£934,000**	**£1,050,750**
		£10,880,000	**-£380,000**	**£1,090,000**	**£1,165,000**	**£12,755,000**	**£334,000**	**£376,000**	**£13,465,000**	**£14,502,125**

E/O Podium £ 610,000

Add Visual Treatment

		Works (incl prelims)	Adjust for location factor	Professional fees	Contingency	Sub-total	Tender Price Inflation	Construction Inflation	Total Estimate	Total Estimate plus ABP PoC
1	Marina Building	£1,690,000	-£50,000	£215,000	£185,000	**£2,040,000**	£53,000	£60,000	**£2,153,000**	**£2,153,000**
2	150 space carpark	£225,000	-£5,000	£25,000	£25,000	**£270,000**	£7,000	£8,000	**£285,000**	**£285,000**
3	Boat yard surfacing	£415,000	-£10,000	£20,000	£45,000	**£470,000**	£12,000	£14,000	**£496,000**	**£496,000**
4	Boat workshop / shed	£275,000	-£10,000	£30,000	£30,000	**£325,000**	£9,000	£10,000	**£344,000**	**£344,000**
5	Access Road	£875,000	-£25,000	£100,000	£95,000	**£1,045,000**	£27,000	£31,000	**£1,103,000**	**£1,103,000**
6	Utilities	£660,000	-£20,000	£35,000	£70,000	**£745,000**	£20,000	£22,000	**£787,000**	**£787,000**
7	Incubator building	£5,655,000	-£225,000	£540,000	£595,000	**£6,565,000**	£172,000	£193,000	**£6,930,000**	**£7,796,250**
8	Linear Park	£735,000	-£20,000	£90,000	£80,000	**£885,000**	£23,000	£26,000	**£934,000**	**£1,050,750**
		£10,530,000	**-£365,000**	**£1,055,000**	**£1,125,000**	**£12,345,000**	**£323,000**	**£364,000**	**£13,032,000**	**£14,015,000**

The Mole, Barry

Landside buildings and infrastructure

PLEASE NOTE *: All sub-totals are rounded to nearest £5,000*

STANDARD WORKS	Total
Marina building; construction	£437,000
Fit-out to accommodation areas	£108,800
Restaurant to shell and core only	£519,100
Finishes to roof terrace / outdoor (configuration unknown but assume superstructure costs captured elsewhere, allowance for finishes to area but no fit-out)	£64,000
Additional birth welfare block (fit out only)	£75,000
E/O piling (informed not required)	Excluded
Enabling works (based on plot area)	£82,913
Path	£39,600
Access Road	£45,425
Soft Landscaping / seeding	£1,225
Furniture and trees	£25,000
E/O For BREEAM Excellent (Building costs)	Excluded
Sub-total (rounded):	**£1,400,000**
Prelims	£210,000
OH&P	£80,500
Sub-total (rounded):	**£1,690,000**
Location factor: Using BCIS location factors (with base rates factored at 100 (UK avg.), BCIS suggests that works at this location should have a location factor of 97% applied.	-£50,000
Sub-total:	**£1,640,000**
Professional Fees; Pre-contract (Complete design and issue tender documents)	**£165,000**
Civil engineer	£16,500
M&E engineer	£16,500
Ecology	£8,000
Transport	£8,000

Structural engineer	£16,500
Architect	£65,500
Planner	£16,500
PM	Not required
QS	£16,500
Professional Fees; Post-contract (Employer appointments)	**£50,000**
PM	Not required
QS	£33,000
General design / engineering consultation	£16,500
Sub-total:	**£1,855,000**
General contingency	
General allowance	£185,000
Sub-total:	**£2,040,000**
TPI Inflation: Q2-2023 - Q1-2024	£ 53,000
Allow for tender price increases from todays rates to an assumed tender date in Q2 2024.	
Construction Inflation - Q2 2025 (mid-point)	£ 60,000
Allow for increase in prices through the programme. BCIS advises 2.9% based on Cost Index forecast (Q2 2024 start and Q2 2025 mid-point).	
TOTAL ORDER OF COST ESTIMATE:	**£2,153,000**

The Mole, Barry

Marina car park

PLEASE NOTE *: All sub-totals are rounded to nearest £5,000*

STANDARD WORKS	Total
150 space car-park	£196,875
Assume to be carried out at the same time as Marina building / same contract award.	
Sub-total (rounded):	**£195,000**
Prelims	£15,600
OH&P	£16,848
Sub-total (rounded):	**£225,000**
Location factor: Using BCIS location factors (with base rates factored at 100 (UK avg.), BCIS suggests that works at this location should have a location factor of 97% applied.	-£5,000
Sub-total:	**£220,000**
Professional Fees; Pre-contract (Complete design and issue tender documents)	**£20,000**
Civil engineer	£2,000
M&E engineer	£2,000
Ecology	£1,000
Transport	£1,000
Structural engineer	£2,000
Architect	£7,500
Planner	£2,000
PM	Not required
QS	£2,000
Professional Fees; Post-contract (Employer appointments)	**£5,000**
PM	Not required
QS	£4,500
General design / engineering consultation	£2,000
Sub-total:	**£245,000**

General contingency

General allowance		£25,000
Sub-total:		**£270,000**
TPI Inflation: Q2-2023 - Q1-2024	£	7,000
Allow for tender price increases from todays rates to an assumed tender date in Q2 2024.		
Construction Inflation - Q2 2025 (mid-point)	£	8,000
Allow for increase in prices through the programme. BCIS advises 2.9% based on Cost Index forecast (Q2 2024 start and Q2 2025 mid-point).		
TOTAL ORDER OF COST ESTIMATE:		**£285,000**

The Mole, Barry

Boat yard surfacing

***PLEASE NOTE** : All sub-totals are rounded to nearest £5,000*

STANDARD WORKS	Total
Supply and place gravel to existing yard areas; advised 7,000m2	£315,000
Allowance for power and water distribution across the sites.	£31,500
Allowance for refuse collection areas.	£10,000
Assume supply and place gravel or similar to existing surface. No allowance for earthworks, groundworks or hoists / racking machinery etc.	
Sub-total (rounded):	**£355,000**
Prelims	£28,400
OH&P	£30,672
Sub-total (rounded):	**£415,000**
Location factor: Using BCIS location factors (with base rates factored at 100 (UK avg.), BCIS suggests that works at this location should have a location factor of 97% applied.	-£10,000
Sub-total:	**£405,000**
Professional Fees; Pre-contract (Complete design and issue tender documents)	**£15,000**
Civil engineer	£4,000
M&E engineer	£4,000
Ecology	£0
Transport	£0
Structural engineer	£2,000
Architect	£0
Planner	£0
PM	Not required
QS	£4,000
Professional Fees; Post-contract (Employer appointments)	**£5,000**

PM		Not required
QS		£4,000
General design / engineering consultation		£2,000
Sub-total:		**£425,000**
General contingency		
General allowance		£45,000
Sub-total:		**£470,000**
TPI Inflation: Q2-2023 - Q1-2024	£	12,000
Allow for tender price increases from todays rates to an assumed tender date in Q2 2024.		
Construction Inflation - Q2 2025 (mid-point)	£	14,000
Allow for increase in prices through the programme. BCIS advises 2.9% based on Cost Index forecast (Q2 2024 start and Q2 2025 mid-point).		
TOTAL ORDER OF COST ESTIMATE:		**£496,000**

The Mole, Barry

Boat yard workshops

***PLEASE NOTE** : All sub-totals are rounded to nearest £5,000*

STANDARD WORKS	Qty	Unit	Rate	Total
Workshop for repairs	500.00	m²	**£ 465.00**	£232,500
Basic 'tin shed' allowance with limited / regulation compliant lighting, water and welfare with no 'finishes'. No heating or ventilation etc. assumed to be required.				
Sub-total (rounded):				**£235,000**
Prelims	8.0%			£18,800
OH&P	8.0%			£20,304
Sub-total (rounded):				**£275,000**
Location factor: Using BCIS location factors (with base rates factored at 100 (UK avg.), BCIS suggests that works at this location should have a location factor of 97% applied.	-3.0%			-£10,000
Sub-total:				**£265,000**
Professional Fees; Pre-contract (Complete design and issue tender documents)	**8.75%**			**£25,000**
Civil engineer	1.50%			£4,000
M&E engineer	1.50%			£4,000
Ecology	0.75%			£2,000
Transport	0.75%			£2,000
Structural engineer	1.50%			£4,000
Architect	1.00%			£2,500
Planner	0.75%			£2,000
PM	0.00%			Not required
QS	1.00%			£2,500
Professional Fees; Post-contract (Employer appointments)	**2.25%**			**£5,000**
PM	0.00%			Not required
QS	1.50%			£4,000

General design / engineering consultation	0.75%			£2,000
Sub-total:	**11.00%**			**£295,000**
General contingency				
General allowance	10.0%			£30,000
Sub-total:		*£/m²*		**£325,000**
TPI Inflation: Q2-2023 - Q1-2024	2.6%		£	9,000
Allow for tender price increases from todays rates to an assumed tender date in Q2 2024.				
Construction Inflation - Q2 2025 (mid-point)	2.9%		£	10,000
Allow for increase in prices through the programme. BCIS advises 2.9% based on Cost Index forecast (Q2 2024 start and Q2 2025 mid-point).				
TOTAL ORDER OF COST ESTIMATE:				**£344,000**

The Mole, Barry

Access Road and Enabling ground works for Marina Building and Incubator (incl. Beech)

***PLEASE NOTE** : All sub-totals are rounded to nearest £5,000*

STANDARD WORKS	Total
Car Parking Spaces *(excluded as other than the 150 space Marina car-park, it is understood that all other parking relates to the residential development estimated elsewhere)*	Excluded.
Access Road and Foot/Cycle Path	£544,525
Soft Landscaping / seeding	£7,500
Furniture and trees	£75,000
Enabling / groundworks / remediation to;	
Access road	£124,763
Sub-total (rounded):	**£750,000**
Prelims	£60,000
OH&P	£64,800
Sub-total (rounded):	**£875,000**
Location factor: Using BCIS location factors (with base rates factored at 100 (UK avg.), BCIS suggests that works at this location should have a location factor of 97% applied.	-£25,000
Sub-total:	**£850,000**
Professional Fees; Pre-contract (Complete design and issue tender documents)	**£80,000**
Civil engineer	£13,000
M&E engineer	£8,500
Ecology	£8,500
Transport	£8,500
Structural engineer	£8,500
Architect	£13,000
Planner	£13,000
PM	Not required
QS	£8,500

Professional Fees; Post-contract (Employer appointments)	**£20,000**
PM	Not required
QS	£17,000
General design / engineering consultation	£4,500
Sub-total:	**£950,000**
General contingency	
General allowance	£95,000
Sub-total:	**£1,045,000**
TPI Inflation: Q2-2023 - Q1-2024	£ 27,000
Allow for tender price increases from todays rates to an assumed tender date in Q2 2024.	
Construction Inflation - Q2 2025 (mid-point)	£ 31,000
Allow for increase in prices through the programme. BCIS advises 2.9% based on Cost Index forecast (Q2 2024 start and Q2 2025 mid-point).	
TOTAL ORDER OF COST ESTIMATE:	**£1,103,000**

The Mole, Barry

Utilities

***PLEASE NOTE** : All sub-totals are rounded to nearest £5,000*

STANDARD WORKS	Total
SITE WIDE REQUIREMENTS	
Diversions	
Based on the information in the Atkins Report "Barry, The Mole & Quay Constraints Analysis Report V1 17th June 2020" the extent of protential diversions is limited. There is some indication that there may be need for limited diversions to enable the site access and the report indicates little or no on site diversions. On that basis an allowance has been made to cover potential diversions as indicated in Atkins report primarily for water and telcom at the entrance but also to allow for minor discunnections anjd the like.	Excluded
New Electrical Connections	
Connect to the existing gas distribution system, assumed no more than 300m, to a position on the site and lay pipes to mutually acceptable service positions. Assumed no reinforcement required.	£220,000
New Gas Connections	
Connect to the existing gas distribution system, assumed no more than 300m, to a position on the site and lay pipes to mutually acceptable service positions. Assumed no reinforcement required.	£100,000
New Water Connections	
Connect to the existing water system, assumed no more than 300m, to a position on the site and lay pipes to mutually acceptable service positions. Assumed domestic use and no reinforcement required.	£90,000
New Sewer Connections	
Connect to the existing sewers, assumed no more than 300m, to a position on the site and lay pipes to mutually acceptable service positions. Assumed gravity system, domestic use only and no reinforcement required.	£134,000
New Telecom Connections	
Connect to the existing telecoms network, assumed no more than 300m, to a position on the site and install fibre to mutually acceptable service positions. Please note that this is an allowance for developer contribution pending application to Openreach or the like.	£20,000

RESIDENTIAL

Diversions

Based on the information in the Atkins Report "Barry, The Mole & Quay Constraints Analysis Report V1 17th June 2020" the extent of protential diversions is limited. There is some indication that there may be need for limited diversions to enable the site access and the report indicates little or no on site diversions. On that basis an allowance has been made to cover potential diversions as indicated in Atkins report primarily for water and telcom at the entrance but also to allow for minor discunnections anjd the like.	Exclude
New Electrical Connections	
Connect to the existing gas distribution system, assumed no more than 300m, to a position on the site and lay pipes to mutually acceptable service positions. Assumed no reinforcement required.	Exclude
New Gas Connections	
Connect to the existing gas distribution system, assumed no more than 300m, to a position on the site and lay pipes to mutually acceptable service positions. Assumed no reinforcement required.	Exclude
New Water Connections	
Connect to the existing water system, assumed no more than 300m, to a position on the site and lay pipes to mutually acceptable service positions. Assumed domestic use and no reinforcement required.	Exclude
New Sewer Connections	
Connect to the existing sewers, assumed no more than 300m, to a position on the site and lay pipes to mutually acceptable service positions. Assumed gravity system, domestic use only and no reinforcement required.	Exclude
New Telecom Connections	
Connect to the existing telecoms network, assumed no more than 300m, to a position on the site and install fibre to mutually acceptable service positions. Please note that this is an allowance for developer contribution pending application to Openreach or the like.	Exclude

Sub-total (rounded):	**£565,000**
Prelims	£45,200
OH&P	£48,816
Sub-total (rounded):	**£660,000**
Location factor: Using BCIS location factors (with base rates factored at 100 (UK avg.), BCIS suggests that works at this location should have a location factor of 97% applied.	-£20,000
Sub-total:	**£640,000**

Professional Fees; Pre-contract (Complete design and issue tender documents)		**£25,000**
Civil engineer		£6,500
M&E engineer		£6,500
Ecology		
Transport		
Structural engineer		£6,500
Architect		
Planner		
PM		Not required
QS		£6,500
Professional Fees; Post-contract (Employer appointments)		**£10,000**
PM		Not required
QS		£6,500
General design / engineering consultation		£3,000
Sub-total:		**£675,000**
General contingency		
General allowance		£70,000
Sub-total:		**£745,000**
TPI Inflation: Q2-2023 - Q1-2024	£	20,000
Allow for tender price increases from todays rates to an assumed tender date in Q2 2024.		
Construction Inflation - Q2 2025 (mid-point)	£	22,000
Allow for increase in prices through the programme. BCIS advises 2.9% based on Cost Index forecast (Q2 2024 start and Q2 2025 mid-point).		
TOTAL ORDER OF COST ESTIMATE:		**£787,000**

The Mole, Barry

Incubator building

***PLEASE NOTE** : All sub-totals are rounded to nearest £5,000*

STANDARD WORKS	Total (excl. Podium)	Total Inc. Podium	Total Visual Treatment (Excl. Podium)
Private Office Space	£2,821,500	£2,821,500	£2,821,500
Communal hot desk	£104,500	£104,500	£104,500
Dedicated desk area	£85,500	£85,500	£85,500
Meeting Rooms	£231,000	£231,000	£231,000
Reception / Café (Shell and Core coffee pod)	£49,000	£49,000	£49,000
Communal Areas with Kitchen	£214,800	£214,800	£214,800
Circulation	£883,500	£883,500	£883,500
Fit-out beyond Cat-A	Excluded	Excluded	Excluded
E/O For BREEAM Excellent (Building costs)	£87,795	£87,795	£87,795
Enabling works (based on plot area)	£59,175	£59,175	£59,175
Decked podium / 1st fl. external floor area	Excluded	£440,000	£150,000
Sub-total (rounded):	**£4,535,000**	**£4,975,000**	**£4,685,000**
Prelims	£680,250	£746,250	£702,750
OH&P	£260,763	£286,063	£269,388
Sub-total (rounded):	**£5,475,000**	**£6,005,000**	**£5,655,000**
Location factor: Using BCIS location factors (with base rates factored at 100 (UK avg.), BCIS suggests that works at this location should have a location factor of 96% applied.	-£220,000	-£240,000	-£225,000
Sub-total:	**£5,255,000**	**£5,765,000**	**£5,430,000**
Professional Fees; Pre-contract (Complete design and issue tender documents)	**£450,000**	**£490,000**	**£460,000**
Civil engineer	£26,500	£29,000	£27,000
M&E engineer	£65,500	£72,000	£68,000
Ecology	£26,500	£29,000	£27,000
Transport	£26,500	£29,000	£27,000
Structural engineer	£39,500	£43,000	£40,500
Architect	£184,000	£202,000	£190,000
Planner	£39,500	£43,000	£40,500
PM	Not required	Not required	Not required
QS	£39,500	£43,000	£40,500

Professional Fees; Post-contract (Employer appointments)	**£80,000**	**£85,000**	**£80,000**
PM	Not required	Not required	Not required
QS	£52,500	£57,500	£54,500
General design / engineering consultation	£26,500	£29,000	£27,000
Sub-total:	**£5,785,000**	**£6,340,000**	**£5,970,000**
General contingency			
General allowance	£580,000	£635,000	£595,000
Sub-total:	**£6,365,000**	**£6,975,000**	**£6,565,000**
TPI Inflation: Q2-2023 - Q1-2024	£ 167,000	£ 183,000	£ 172,000
Allow for tender price increases from todays rates to an assumed tender date in Q2 2024.			
Construction Inflation - Q2 2025 (mid-point)	£ 187,000	£ 205,000	£ 193,000
Allow for increase in prices through the programme. BCIS advises 2.9% based on Cost Index forecast (Q2 2024 start and Q2 2025 mid-point).			
TOTAL ORDER OF COST ESTIMATE:	**£6,719,000**	**£7,363,000**	**£6,930,000**

The Mole, Barry

Linear Park

PLEASE NOTE *: All sub-totals are rounded to nearest £5,000*

STANDARD WORKS	Total
Path	£158,800
Soft Landscaping / seeding	£24,575
Hard Landscaping (priced as path)	£70,400
E/O feature lighting	£50,000
Furniture and trees Assume a main park allocated somewhere with more local 'landscaped' spaces	£175,000
Allow for park equipment / playground / fitness	£150,000
Linear Park (raise 1.5 acres by 0.5m / carry out groundworks)	Excluded
Sub-total (rounded):	**£630,000**
Prelims	£50,400
OH&P	£54,432
Sub-total (rounded):	**£735,000**
Location factor: Using BCIS location factors (with base rates factored at 100 (UK avg.), BCIS suggests that works at this location should have a location factor of 97% applied.	-£20,000
Sub-total:	**£715,000**
Professional Fees; Pre-contract (Complete design and issue tender documents)	**£70,000**
Civil engineer	£5,500
M&E engineer	£7,000
Ecology	£7,000
Transport	£0
Structural engineer	£5,500
Architect / park consultant	£25,000
Planner	£7,000
PM	Not required
QS	£10,500

Professional Fees; Post-contract (Employer appointments)		**£20,000**
PM		Not required
QS		£10,500
General design / engineering consultation		£7,000
Sub-total:		**£805,000**
General contingency		
General allowance		£80,000
Sub-total:		**£885,000**
TPI Inflation: Q2-2023 - Q1-2024	£	23,000
Allow for tender price increases from todays rates to an assumed tender date in Q2 2024.		
Construction Inflation - Q2 2025 (mid-point)	£	26,000
Allow for increase in prices through the programme. BCIS advises 2.9% based on Cost Index forecast (Q2 2024 start and Q2 2025 mid-point).		
TOTAL ORDER OF COST ESTIMATE:		**£934,000**

The Mole, Barry
Order of Magnitude: Residential Cost Estimate

CORDEROY
18th August 2022

		OPEN MARKET: Townhouses (45nr) (110m2 per unit, 3 - 4 bedrooms)		£/m2		AFFORDABLE: Apartments (19nr) (1 - 2 bedrooms)		£/m2
Enabling Works	£	3,710	£	35	£	2,740	£	35
Construction of unit	£	129,800	£	1,180	£	104,085	£	1,280
External works	£	6,695	£	60	£	4,950	£	60
Utilities	£	2,810	£	25	£	2,080	£	25
OHP and Prelims	£	30,220	£	275	£	22,340	£	275
Location factor:	£	-	£	-	£	-	£	-
Sub total	**£**	**173,235**	**£**	**1,575**	**£**	**136,195**	**£**	**1,675**
Design and Management Fees etc.; Pre-contract	£	19,390	£	175	£	14,335	£	175
Design and Management Fees etc.; Post-contract	£	4,405	£	40	£	3,255	£	40
General contingency at 10%	£	19,985	£	180	£	14,775	£	180
Tender and Construction Inflation		*excluded.*	£	-		*excluded.*	£	-
Sub total	**£**	**217,015**	**£**	**1,975**	**£**	**168,560**	**£**	**2,075**
Nr		**45**				**19**		
TOTAL:	**£**	**9,765,675**			**£**	**3,202,640**		
					£	**12,968,315**		

The Mole, Barry

CORDEROY

Order of Magnitude: Residential Cost Estimate

18th August 2022

PLEASE NOTE : All sub-totals are rounded to nearest £5,000

STANDARD WORKS	Qty	Unit		Rate	Total
Enabling works					
Enabling works (based on plot area)	9,730	m²	£	22.50	£218,925
Residential Units					
OPEN MARKET: Townhouses (45nr) (110m2 per unit, 3 - 4 bedrooms)	4,950	m²	£	1,180	£5,841,000
AFFORDABLE: Apartments (19nr) (1 - 2 bedrooms)	1,545	m²	£	1,280	£1,977,600
E/O Sprinklers open market	4,950	m²		Incl.	£0
E/O Sprinklers affordable units	1,545	m²		Incl.	£0
Plot costs					
Car Parking Spaces 54 No.	750	m²	£	97.50	£73,125
Road (including lighting and drainage)	950	m²	£	107.50	£102,125
Path (including basic lighting and drainage)	1,250	m²	£	76.00	£95,000
Trees and external furniture / park (allowance)	1	item	£	-	£0
Soft Landscaping / green spaces	1,880	m²	£	20.00	£37,600
Hard Landscaping	160	m²	£	80.00	£12,800
Front of House	500	m²	£	100.00	£50,000
Back of House	1,230	m²	£	20.00	£24,600
Utilities *(assumes no attenuation is required, standard drainage to outfall).*					
Diversions					
Captured under main works					£0

New Electrical Connections

Extend the existing high voltage underground distribution system from local substation. Atkins report indicates 2 substations in the vicinity of Asda could be used. assumed to be installed and allowed for as part of KG-QE North estimate, no more than 500m to a position on the site and install a ground mounted substation. From this substation lay underground service cables to mutually acceptable service positions. Assumed no reinforcement required. Assumes on site sub station will supply whole Mole development.			£50,000

New Gas Connections

Connect to the existing gas distribution system, assumed no more than 300m, to a position on the site and lay pipes to mutually acceptable service positions. Assumed no reinforcement required.			£40,000

New Water Connections

Connect to the existing water system, assumed no more than 300m, to a position on the site and lay pipes to mutually acceptable service positions. Assumed domestic use and no reinforcement required.			£40,000

New Sewer Connections

Connect to the existing sewers, assumed no more than 300m, to a position on the site and lay pipes to mutually acceptable service positions. Assumed gravity system, domestic use only and no reinforcement required.			£36,000

New Telecom connections

Captured under main works

Sub-total (rounded):		**£1,325**	**£8,600,000**
Prelims	15.0%		£1,290,000
OH&P	5.0%		£494,500
Sub-total (rounded):		**£1,600**	**£10,385,000**
Location factor: Percentage adjustment for location factor has been removed as it has captured within rate allowances above.	0.0%		£0
Sub-total:		**£1,600**	**£10,385,000**

Professional Fees; Pre-contract (Complete design and issue tender documents)	**11.00%**		**£1,145,000**
Civil engineer	1.00%		£104,000
M&E engineer	1.00%		£104,000
Ecology	1.00%		£104,000
Transport	0.00%		£0
Structural engineer	1.00%		£104,000
Architect / park consultant	4.50%		£467,500
Planner	1.00%		£104,000
PM	0.00%		ABP to provide
QS	1.50%		£156,000
Professional Fees; Post-contract (Employer appointments)	**2.50%**		**£260,000**
PM	0.00%		ABP to provide
QS	1.50%		£156,000
General design / engineering consultation	1.00%		£104,000
Sub-total:	**13.50%**	**£1,815**	**£11,790,000**
General contingency			
General allowance	10.0%		£1,180,000
Sub-total:		**£1,995**	**£12,970,000**
Tender Inflation:	0.0%		Excluded
Construction Inflation:	0.0%		Excluded
TOTAL ORDER OF COST ESTIMATE:		£1,995	£12,970,000
Low Range Estimate: Using BCIS low quartile (1) as base rate for residential units:		£1,690	£10,980,000
High Range Estimate: Using BCIS high quartile (3) as base rate for residential units:		£2,185	£14,185,000

Appendix 4

ABP The Mole - Appraisal 1
30% affordable

Development Appraisal
Savills
23 June 2023

APPRAISAL SUMMARY	SAVILLS

ABP The Mole - Appraisal 1
30% affordable

Appraisal Summary for Merged Phases 1 2 3 4

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**	
Residential (OM)	45	52,605	286.19	334,556	15,055,000	
Residential (AH)	20	10,740	143.10	76,843	1,536,864	
Marina	1	0	0.00	10,100,000	10,100,000	
Totals	**66**	**63,345**			**26,691,864**	
Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Office	1	20,000	15.00	300,000	300,000	300,000
Totals	**1**	**20,000**			**300,000**	**300,000**
Investment Valuation						
Office						
Market Rent	300,000	YP @	10.0000%	10.0000		
(6mths Rent Free)		PV 6mths @	10.0000%	0.9535	2,860,388	
Total Investment Valuation					**2,860,388**	
GROSS DEVELOPMENT VALUE				**29,552,252**		
Purchaser's Costs			(194,506)			
Effective Purchaser's Costs Rate		6.80%				
				(194,506)		
NET DEVELOPMENT VALUE				**29,357,745**		
NET REALISATION				**29,357,745**		

OUTLAY

ACQUISITION COSTS				
Fixed Price		3,500,000		
Fixed Price			3,500,000	
Residualised Price (Negative land)			(20,144,739)	
				(16,644,739)
Stamp Duty		5.36%	187,600	
Agent Fee (1.5%)		1.50%	52,500	
Legal Fee (0.5%)		0.50%	17,500	
				257,600
CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Marina	1 un	1,530,982	1,530,982	
Marina - Ph 2	1 un	1,988,626	1,988,626	
Totals			**3,519,608**	
	ft²	**Build Rate ft²**	**Cost**	
Office	25,000	279.00	6,975,000	
Residential (OM)	52,605	207.95	10,939,263	
Residential (AH)	10,740	207.95	2,233,393	
Totals	**88,345 ft²**		**20,147,656**	**23,667,264**
Other Construction				
Landside Buildings & Infras.			2,040,000	
Piles & Piling			2,748,000	

ABP The Mole - Appraisal 1
30% affordable

Marina Car Park			270,000	
Boat Hoist and Mover			310,500	
Hoist Duck			931,500	
Mole Quayside Repairs			244,425	
Boatyard Surfacing			470,000	
Boatyard Workshops			325,000	
Enabling Works			454,561	
Services			324,065	
Lock Gate Repairs			2,630,000	
Dredging Lock F			500,000	
Impounding Pumps			1,000,000	
Linear Park			885,000	
Enabling Works			590,439	
Services			420,935	
				14,144,425
Section 106 Costs				
Section 106 Costs			1,468,176	
				1,468,176
MARKETING & LETTING				
Letting Agent Fee (Office)		15.00%	45,000	
Letting Legal Fee (Office)		10.00%	30,000	
				75,000
DISPOSAL FEES				
Sales Agent Fee (Resi)		1.00%	150,550	
Sales Agent Fee (Office)		1.00%	28,604	
Sales Legal Fee (Resi OM)		0.50%	75,275	
Sales Legal Fee (Resi AH)	20 un	400.00 /un	8,000	
Sales Legal Fee (Office)		0.50%	14,302	
				276,731
FINANCE				
Debit Rate 7.500%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				644,446
TOTAL COSTS				**23,888,903**
PROFIT				
				5,468,842

Performance Measures

Profit on Cost%	22.89%
Profit on GDV%	18.51%
Profit on NDV%	18.63%
Development Yield% (on Rent)	1.26%
Equivalent Yield% (Nominal)	10.00%
Equivalent Yield% (True)	10.66%
IRR% (without Interest)	N/A
Rent Cover	18 yrs 3 mths
Profit Erosion (finance rate 7.500)	2 yrs 9 mths

ABP The Mole - Appraisal 2
15% affordable

Development Appraisal
Savills
23 June 2023

ABP The Mole - Appraisal 2
15% affordable

Appraisal Summary for Merged Phases 1 2 3 4

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential (OM)	55	57,975	285.90	301,364	16,575,000
Residential (AH)	10	5,370	143.10	76,843	768,432
Marina	1	0	0.00	10,100,000	10,100,000
Totals	**66**	**63,345**			**27,443,432**

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Office	1	20,000	15.00	300,000	300,000	300,000
Totals	**1**	**20,000**			**300,000**	**300,000**

Investment Valuation

Office					
Market Rent	300,000	YP @	10.0000%	10.0000	
(6mths Rent Free)		PV 6mths @	10.0000%	0.9535	2,860,388
Total Investment Valuation					**2,860,388**

GROSS DEVELOPMENT VALUE				**30,303,820**
Purchaser's Costs			(194,506)	
Effective Purchaser's Costs Rate		6.80%		
				(194,506)
NET DEVELOPMENT VALUE				**30,109,313**
NET REALISATION				**30,109,313**

OUTLAY

ACQUISITION COSTS				
Fixed Price		3,500,000		
Fixed Price			3,500,000	
Residualised Price (Negative land)			(18,656,848)	
				(15,156,848)
Stamp Duty			187,600	
Effective Stamp Duty Rate		5.36%		
Agent Fee (1.5%)			52,500	
Legal Fee (0.5%)			17,500	
				257,600

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost	
Marina	1 un	1,530,982	1,530,982	
Marina - Ph 2	1 un	1,988,626	1,988,626	
Totals			**3,519,608**	
	ft²	**Build Rate ft²**	**Cost**	
Office	25,000	279.00	6,975,000	
Residential (OM)	57,975	207.95	12,055,960	
Residential (AH)	5,370	207.95	1,116,696	
Totals	**88,345 ft²**		**20,147,656**	**23,667,264**

Other Construction

Landside Buildings & Infras.	2,040,000

APPRAISAL SUMMARY				SAVILLS

ABP The Mole - Appraisal 2
15% affordable

Piles & Piling			2,748,000	
Marina Car Park			270,000	
Boat Hoist and Mover			310,500	
Hoist Duck			931,500	
Mole Quayside Repairs			244,425	
Boatyard Surfacing			470,000	
Boatyard Workshops			325,000	
Enabling Works			454,561	
Services			324,065	
Lock Gate Repairs			2,630,000	
Dredging Lock F			500,000	
Impounding Pumps			1,000,000	
Linear Park			885,000	
Enabling Works			590,439	
Services			420,935	
				14,144,425
MARKETING & LETTING				
Letting Agent Fee (Office)		15.00%	45,000	
Letting Legal Fee (Office)		10.00%	30,000	
				75,000
DISPOSAL FEES				
Sales Agent Fee (Resi)		1.00%	165,750	
Sales Agent Fee (Office)		1.00%	28,604	
Sales Legal Fee (Resi OM)		0.50%	82,875	
Sales Legal Fee (Resi AH)	10 un	400.00 /un	4,000	
Sales Legal Fee (Office)		0.50%	14,302	
				295,531
FINANCE				
Debit Rate 7.500%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				750,022
TOTAL COSTS				**24,032,994**
PROFIT				
				6,076,319

Performance Measures

Profit on Cost%	25.28%
Profit on GDV%	20.05%
Profit on NDV%	20.18%
Development Yield% (on Rent)	1.25%
Equivalent Yield% (Nominal)	10.00%
Equivalent Yield% (True)	10.66%
IRR% (without Interest)	N/A
Rent Cover	20 yrs 3 mths
Profit Erosion (finance rate 7.500)	3 yrs

ABP The Mole - Appraisal 3
0% affordable & No S106

Development Appraisal
Savills
23 June 2023

ABP The Mole - Appraisal 3
0% affordable & No S106

Appraisal Summary for Merged Phases 1 2 3

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Residential (with 0% Affordable)	65	63,345	285.66	278,385	18,095,000
Marina - Ph 1	1	0	0.00	10,100,000	10,100,000
Totals	**66**	**63,345**			**28,195,000**

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Office	1	20,000	15.00	300,000	300,000	300,000

Investment Valuation

Office					
Market Rent	300,000	YP @	10.0000%	10.0000	
(6mths Rent Free)		PV 6mths @	10.0000%	0.9535	2,860,388

GROSS DEVELOPMENT VALUE				**31,055,388**
Purchaser's Costs			(194,506)	
Effective Purchaser's Costs Rate		6.80%		
				(194,506)
NET DEVELOPMENT VALUE				**30,860,881**
NET REALISATION				**30,860,881**

OUTLAY

ACQUISITION COSTS				
Fixed Price		3,500,000		
Fixed Price			3,500,000	
Residualised Price (Negative land)			(18,215,900)	
				(14,715,900)
Stamp Duty			187,600	
Effective Stamp Duty Rate		5.36%		
Agent Fee (1.5%)			52,500	
Legal Fee (0.5%)			17,500	
				257,600

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Marina - Ph 1	1 un	1,530,982	1,530,982	
Marina - Ph 2	1 un	1,988,626	1,988,626	
Totals			**3,519,608**	
	ft²	**Build Rate ft²**	**Cost**	
Office	25,000	279.00	6,975,000	
Residential (with 0% Affordable)	63,345	207.95	13,172,656	
Totals	**88,345 ft²**		**20,147,656**	**23,667,264**

Other Construction	
Landside Buildings & Infras. (Ph 1)	2,040,000
Piles & Piling (Ph 1)	2,748,000
Marina Car Park (Ph 1)	270,000
Boat Hoist and Mover (Ph 1)	310,500
Hoist Duck (Ph 1)	931,500
Mole Quayside Repairs (Ph 1)	244,425

ABP The Mole - Appraisal 3
0% affordable & No S106

Boatyard Surfacing (Ph 1)		470,000	
Boatyard Workshops (Ph 1)		325,000	
Enabling Works (Ph 1)		454,561	
Services (Ph 1)		324,065	
Lock Gate Repairs (Ph 1)		2,630,000	
Dredging Lock F (Ph 1)		500,000	
Impounding Pumps (Ph 1)		1,000,000	
Linear Park (Ph 1)		885,000	
Enabling Works (Ph 2)		590,439	
Services (Ph 2)		420,935	
			14,144,425
MARKETING & LETTING			
Letting Agent Fee (Office)	15.00%	45,000	
Letting Legal Fee (Office)	10.00%	30,000	
			75,000
DISPOSAL FEES			
Sales Agent Fee (Resi)	1.00%	180,950	
Sales Agent Fee (Office)	1.00%	28,604	
Sales Legal Fee (Resi)	0.50%	90,475	
Sales Legal Fee (Office)	0.50%	14,302	
			314,331
FINANCE			
Debit Rate 7.500%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			758,107
TOTAL COSTS			**24,500,826**
PROFIT			
			6,360,055

Performance Measures

Profit on Cost%	25.96%
Profit on GDV%	20.48%
Profit on NDV%	20.61%
Development Yield% (on Rent)	1.22%
Equivalent Yield% (Nominal)	10.00%
Equivalent Yield% (True)	10.66%
IRR% (without Interest)	N/A
Rent Cover	21 yrs 2 mths
Profit Erosion (finance rate 7.500)	3 yrs 1 mth

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APPENDIX 2: SANDERSON WEATHERALL REPORT

Sanderson Weatherall
30 Queen Square
Bristol
BS1 4ND

Phone: 0117 338 1800

Your Ref:
Our Ref: AJT/VBV/231898

25 September 2023

Cushman & Wakefield,
48-52 Baldwin Street,
Bristol,
BS1 1QB

FAO: Robert Adams

Dear Sirs

YOUR CLIENT: Vale of Glamorgan Council
PROPERTY: Proposed Marina, The Mole, Barry, Vale of Glamorgan

We refer to your written instructions dated 23 August 2023 and thereto attached Sub-Consultant Terms of Business (Version 3.01 – March 2021). You have requested strategic real estate consultancy and valuation advice in respect of the above and we are pleased to report as follows.

1. Instructions

1.0 Purpose of Instruction

You have informed us that our valuation is to be prepared for financial viability in planning purposes.

1.1 Scope of Instruction

You have specifically requested that we undertake a review of the assumptions provided within the applicant's viability report (Savills dated 23 June 2023) in relation to the proposed marina and associated buildings to establish their suitability and accuracy.

For the avoidance of doubt, we understand this to mean the information contained within Appendix 2 of the aforementioned viability report; being the reports from Vail Williams dated 7 July 2022 (Initial Report) and 27 April 2023 (Addendum Report)

You have also requested our opinion of value on the following basis:

- Market Value (MV) as a fully equipped operational entity having regard to trading potential subject to the Special Assumption that that the entire 400 berth marina is assumed to be complete

The property has been valued on the basis requested, as defined in VPS4 of The Red Book and in our Terms of Engagement and Guidance for Clients.

In accepting your instructions, we confirm the following:

- The date of valuation is the date of this report.
- We carry Professional Indemnity Insurance on a per claim basis which is adequate for this instruction
- This report has been prepared by Anthony Turner, FCIArb, FRICS (Partner) who accepts responsibility for this report, has sufficient skills, knowledge and understanding to provide an unbiased and objective valuation and undertake this instruction competently, is a member of the RICS Valuer Registration Scheme and is qualified to provide this advice as an External Valuer in accordance with PS2 and VPS3 of the RICS Valuation – Global Standards (January 2022) published by The Royal Institution of Chartered Surveyors (RICS) ("The Red Book") and has been reviewed and approved, but not undertaken by Mark Sheridan, BSc(Hons), /MRICS (Partner).
- We have no conflict of interest in providing this advice and having checked our records, we understand none of the Partners/Directors nor employees of Sanderson Weatherall have had any other fee earning relationship within the last two years with your client, nor the subject property apart from the fee for this present service.
- We have not undertaken an inspection of the property and, our advice is provided entirely by way of a desktop review.

1.2 Assumptions

The asset has been valued in GB Pounds (£)

Details of the extent of the property, tenure, tenancies, permitted and / or proposed uses and related matters have been supplied by you and, is assumed to be accurate and complete.

We have not made any investigations into the Capital Allowance position in respect of the subject property in the preparation of this valuation; we recommend that the applicant make their own investigations to satisfy themselves in this respect.

Marinas fall into the category of property that normally change hands in the open market as fully equipped operational business units. Our valuation on this basis, therefore, include principal fixtures, fittings, furniture, and plant and machinery as these are usually included within a sale. Our valuations also assume that a purchaser would engage existing staff, receive the benefit of current and future bookings and would additionally purchase stock at valuation. Our valuations do not take into account the cost of settling any outstanding finance or lease agreements.

In considering our valuation opinions, we have had regard to the trading projections provided to us in the applicant's viability report. Our valuation has regard to this information and to the future trading potential that may be expected by a reasonably efficient operator managing the business at the valuation date. In the event that there is a change in the trading potential or actual level of trade from that indicated by such information and assumptions, our valuations could also vary.

The business being conducted at the property is subject to various licences and our valuations have been prepared on the assumption that all the necessary licences and certificates will be retained or renewed on a sale or transfer of the business.

For convenience, we mirror the headings, etc., contained within the Initial Report and Addendum.

1.3 Valuation Procedure

This valuation has been prepared in accordance with the RICS Valuation - Global Standards (January 2022), published by the Royal Institution of Chartered Surveyors (“RICS”) (“the Red Book”) and the IVSC International Valuation Standards (IVS).

We refer you to our “Terms of Engagement and Guidance for Clients” appended to this report. This document describes in detail the work which we have and have not undertaken in compiling this report and valuation on your behalf.

1.4 Conflicts of Interest

We have no conflict of interest in providing this advice and having checked our records, we understand none of the Partners nor employees of Sanderson Weatherall have had any other fee earning relationship within the last two years with your customers nor the subject property apart from the fee for this present service.

1.5 Liability

Our valuation is provided for the stated purpose and is for the use of the addressee and client only and no responsibility is accepted to any other party for the whole or any part of its contents. In particular, our liability is not extended to the applicant, nor to any other party or financial institution to whom you might show this report.

Neither the whole or any part of this report, or any reference thereto, may be included in any document, circular, or statement nor our opinions of value disclosed without our prior written approval of the form and context in which they will appear.

2 Review - Initial Report

2.1 Location

Noted

2.2 Description

We note mention of the provision of a fuel sales facility, which does not subsequently feature in the Marina Appraisal Assumptions and Parameters and Trading Forecasts of the Initial Report, nor within the construction costs of the main viability report (Savills). We therefore assume none is actually proposed.

2.3 Tenure

Noted

2.4 Planning and Statutory Matters

Noted

2.5 Marina Appraisal Assumptions and Parameters

2.5.1 Inflation

Noted, albeit standard convention is to adopt current values.

2.5.2 Mooring Fees

At the date of the Initial Report, existing marinas in the area were charging the following mooring fees for vessels of 6 metres or more:

- Cardiff Marina - £265 per metre per annum exc. VAT
- Penarth Marina - £301 per metre per annum exc. VAT
- Portishead Marina - £310 per metre per annum exc. VAT
- Swansea Marina - £173 per metre per annum exc. VAT

The adoption of a mooring fee of £277 per metre per annum excluding VAT for the proposed marina therefore seems reasonable in the circumstances as most new marinas charge lower fees than their competitors at inception in order to secure custom.

The proposed rate is circa 8% lower than that at Penarth and, may therefore draw custom from it. We do not believe it will compete with Portishead given the landside distance / travel time between it and the subject. Whilst it is slightly higher than that at Cardiff it will be a new facility in comparison and, as such should nevertheless draw custom away from it. We do not believe it will compete with Swansea.

We note that the applicant has assumed an average vessel length of 11m thereby indicating a marina mooring capacity of 4,400 linear metres. On this basis, the proposed marina could generate annual mooring fees of £1,218,800 should 100% occupancy were achieved.

2.5.3 Electricity Resales

We note that provision for the applicable service charge was reduced to a 10% margin as the original 25% margin was considered excessive. In terms of assessment, it is possibly the most difficult element to review, as in our experience there is a wide variation in such charges given the infrastructure installed and being maintained is specific to each individual site. Whilst it is fairly common to have a service charge margin of 10-15% we are nevertheless aware of an operator currently levying electricity service charges of 30p per unit on an electricity supply rate of 44p per unit reflecting the complexity and age of the infrastructure on site.

In the case of the subject, a margin of 10% on the supply price is considered reasonable given it will be a new facility with newly installed infrastructure. However, it is not clear how the applicant is quantifying the amount of revenue actually generated. In our experience, such revenue generally benchmarks at circa 5% of total annual mooring fees.

2.5.4 Visitor Mooring Fees

Existing marinas in the area are currently charging the following visitor mooring fees:

	Per Week	Per 24 hours	Per 4 hours
Cardiff Marina	£21.00 per m	£4.00 per m	£15.00 fixed fee
Penarth Marina	£23.10 per m	£3.85 per m	£15.00 fixed fee
Portishead Marina	£23.10 per m	£3.85 per m	£25.00 fixed fee

We note that the applicant has initially modelled income at 16% of annual mooring fees reducing to 10% by year 6 of their assessment. This is a reasonable approach, however, in our experience income from visitor berths can vary significantly from year to year and to some extent is weather dependent. Accordingly, it is our opinion that a more realistic benchmark is 10% throughout.

2.5.5 Hardstanding Storage Income

Existing marinas in the area are currently charging the following hardstanding storage fees:

		Per Day	Per Week	Per Month
Cardiff Marina	Boat	£0.53 per m	£3.75 per m	£16.25 per m
Cardiff Marina	Trailer	£2.14 fixed	£15.000 fixed	£65 fixed
Penarth Marina	Boat & Trailer	£1.21 per m	£8.50 per m	£36.80 per m
Portishead Marina	Boat & Trailer	£1.21 per m	£8.50 per m	£36.80 per m

We note that the applicant indicates that the boatyard will have a capacity for 2,200 linear metres equating to 200 vessels at an average 11m per vessel and, that they have modelled for an average annual occupancy of 1,350 linear metres by year 4 equating to circa 61% occupancy.

Whilst we concur that established boat storage yards generally do achieve annual occupancy rates of 60% (although this can vary by +/- 5-10% year on year) the fee rate adopted to calculate the actual revenue is not indicated by the applicant.

We note that there is no mention of a dry stack facility within the proposal. In our experience, a boatyard of 2.5 acres should be able to accommodate both the proposed hardstanding storage and a dry stack facility, thereby increasing the overall storage capacity and revenue potential of the marina.

2.5.6 Boat lifting and hauling fees

We note that both Penarth and Portishead Marina currently levy the following charges:

- Lift, wash and chock off (or load to transport) - £35.00 per metre
- Launch - £27.00 per metre
- Lift, wash and launch - £35.50 per metre
- Yard movements - £44.00 per metre

We have been unable to ascertain the charges levied by Cardiff Marina for the same.

The applicant has modelled such income at 10% of all mooring and hardstanding fees and assumed that by year 7 of their assessment the marina would have reached an occupancy of 330 boats (82½%) yielding 530 lifts and / or launches at £25 per metre per event assuming an average vessel length of 11m.

In our opinion, it is reasonable to assume that the majority (if not all) boats berthed at the marina will at some point in the year be lifted to be bottom painted, have general maintenance undertaken, and / or be put in storage in the boatyard for the winter. Thereafter, the majority of these will be lifted and re-launched. Consequently, we believe the modelling under-estimates the income potential from this aspect of their assessment.

2.5.7 Café / Restaurant Rent

The proposed rent of £45,000pa / £15psf for the new facility let on standard commercial terms seems reasonable and in line with market evidence at the date of the Initial Report, although such depends on final specification and fit out, etc.

2.5.8 Direct Labour Costs

We note the comments regarding direct labour costs however, it is not clear whether the direct costs set out in the Trading Forecast relates to the same, or whether what such includes cost of sales, etc, which in this instance could be interpreted to encompass the harbour and lock contributions, security costs and impounding costs mentioned below.

2.5.9 Harbour and Lock Contributions

We note that this has been benchmarked at 10% of total mooring revenue, which in the absence of any indication from the Port Authority seems reasonable. However, it is not clear to us whether this has been included in Direct Costs or Overheads within the Trading Forecast.

2.5.10 Security Costs / Impounding Costs / Other Overheads

Noted.

2.6 Trading Forecasts

Our comments below apply to the applicant's trading forecast at current values only. We have not commented on the trading forecast assuming inflation as the usual convention is to adopt current values.

2.6.1 Revenue

It is difficult for us to comment on the revenue forecasts as no indication is evident regarding the annual occupancy for each year, other than the statement in 2.5.6 above that by year 7 the marina should have 330 vessels berthed equating to an 82½ occupancy rate. In the absence of such information, we cannot unpick the respective revenue forecasts.

However, on a Fair Maintainable Trade (FMT) basis, it is our opinion that the proposed marina should be capable of generating a FMT revenue in the rounded sum of £2,150,000. This breaks down as follows:

- Mooring fees of £1,035,000 equating to £277 per linear metre and assuming an annual occupancy rate of 85%.
- Visitor mooring fees of £121,880 benchmarked at 10% of the abovementioned mooring fees, which for illustrative purposes only, equates to circa 554 annual visiting vessels of 11m at £20 per liner metre per single week visit per vessel.
- Electricity Service Charge of £134,068 benchmarked at 10% of total annual mooring fees.
- Boatyard Storage fees of £578,160 equating to £1.20 per linear metre and assuming an annual occupancy rate of the storage yard 60%.
- Boat Lift / Haul Fees of £261,800 equating to £35 per linear metre per event and assuming 612 events (which represents a conversion rate of 90% / 306 vessels of the 340 vessels berthed at the marina per the 85% annual occupancy rate set out above).
- Café Rent of £45,000pa

Assuming a Reasonably Efficient Operator (REO) we anticipate that the business should be trading at FMT by year 5.

2.6.2 Direct Costs

These are modelled by the applicant at circa 52% in year 1 reducing to circa 34% in year 8. However, as indicated in section 2.5.8 above, it not clear whether this relates solely to direct labour cost, or whether they include cost of sales, etc, which in this instance could be interpreted to encompass the harbour and lock contributions, security costs and impounding costs, etc.

If these costs apply to direct labour costs only, then they have, in our experience, been set too high. However, if they include costs of sales, etc, then, we concur that by year 8 they fall within the acceptable range for such costs. Accordingly, we have provided for direct costs (cost of sales, wages, etc) at 35% on a FMT basis equating to the rounded sum of £750,000.

2.6.3 Overheads

These are modelled by the applicant at circa 43% in year 1 reducing to circa 14% in year 8. However, as indicated in section 2.5.8 above, it is not entirely clear what is included in these figures. On a FMT basis, we have provided for such costs at 15% in the rounded sum of £325,000 reflecting our experience of similar ventures.

2.6.3 EBITDA

The applicant has modelled EBITDA at circa 5% in year 1 rising to 52% by year 8; with the latter, in our experience, falling within the acceptable range for a business of this nature. In light of our comments and adjustments above, we have provided for a Fair Maintainable Operating Profit (FMOP) of 50% equating to the sum of £1,075,000.

2.7 Marina Market Commentary

Noted.

2.8 Conclusions

We note that the applicant's valuation is subject to the special assumption that the entire 400 berth marina is assumed to be complete and, that by adopting a DCF approach utilising a discount rate of 8%, a valuation in the sum of £10,100,000 has been calculated. We note a similar approach has been undertaken in relation to the valuation based on the trading forecast subject to inflation. Again, we have not commented on the latter for the reasons already set out herein. We note that the DCF calculations have not been provided.

It should be appreciated that the use of DCF methodology requires the valuer to apply an appropriate discount rate and capitalisation rate, which are then, applied to the forecasted EBITDA over the forecast period to arrive at the valuation figure. As such, the rates applied are subjective, rarely precise and require a high degree of professional judgment by the valuer. The analysis of comparable transactions to establish the same is also problematic.

It is therefore more common for a valuer to assess the FMT a REO would expect to achieve on the assumption that the property is a fully equipped operational entity. Appropriate deductions are then made from the FMT for costs of sales, wages and, other operating expenses to arrive at a FMOP. A market derived multiple is then applied to the FMOP to calculate the property value. This is the approach we prefer and as set out in section 2.6 have calculated a FMT of £2,150,000 and a FMOP of £1,075,000 assuming a REO.

Transactional evidence for marinas is more limited than mainstream property sectors due to its specialist nature, and the relatively low number of marinas operating in the UK in comparison to other asset classes. Transactional activity also stalled as a consequence of the COVID-19 pandemic. Accordingly, we have had to consider evidence from a wider geographical area and, over a wider time period than normal to establish our opinion of value. Those transactions we have considered include:

- *Weltonfield Marina, Daventry* – sold in March 2023 at a multiple understood to be 12.5x
  A twin basin, inland marina on the Grand Union Canal with circa 80 berths and commercial boat repair yard,
- *Universal Marina, Southampton* – sold in 2021 at a multiple understood to be 15x.
  A major marina and mixed-use facility on the Hamble comprising 250 berths, hardstanding boat storage, dry stack and mixed leisure facilities. Understood to be underperforming with substantial potential to increase turnover and net profit.
- *Gillingham Marina, Gillingham* – sold in 2021 at a multiple understood to be 11x
  Twin basin marina on the Medway with 490 berths, boat repair yard, boat storage, fuel facility, chandlery, bar, restaurant and health club.
- *Weir Boatyard, Yelveston* – sold in March 2021 at multiple of 10.2x
  A 75 berth marina (for smaller vessels) on the Tamar with boatyard, chandlery and 3 bed bungalow
- *Roydon Marina, Essex* – sold in May 2018 at a multiple of 7.5x.
  Modern 315 berth marina and mixed holiday lodge / residential park with a motel, located close to Lee Valley Regional Park. Planning for 72 holiday lodges (currently 58 serviced pitches), 41 residential park home pitches, 28 en suite motel rooms, 19 additional contractor caravan letting units and a licensed restaurant
- *Deganwy Marina, Conwy* – sold in October 2017 at a multiple of 11x
  A 175 berth marina with building extending to circa 541 m^2 (5,822 sq ft) on a site of circa 3.186 hectares (7.872 acres). The property was subject to a lease at the time of sale, although this was due to expire in March 2018.
- *Newbury Marina, Aldermaston* – sold in November 2017 at a multiple of 10x
  A 160 berth inland marina in a basin off the Kennet and Avon Canal between Reading and Newbury. Site of circa 16.2 acres. Water and electric hook up. Car park, manager's accommodation, workshop, maintenance, central facilities.
- *Whixall Marina, Shropshire* – sold in March 2017 at multiple of 11.5x
  A 150 berth inland marina with 2 self-contained flats let on ASTs. Planning consent for full residential moorings albeit not implemented at date of sale. A 60ft covered dry dock, chandlery shop, office, diesel sales, amenity block, and slipway.

The above transactional evidence indicates multiples equating to 7.50 to 15.00. In light of this, and after careful consideration, we have adopted a multiple of 11.0 times FMOP to arrive at a value of £11,825,000. We have then discounted this at 8% for a period of 5 years to allow the business to build up to FMT / FMOP. Accordingly, we arrive at a Market Value in the rounded sum of £8,000,000 as a fully equipped operational entity having regard to trading potential subject to the special assumption that the entire 400 berth marina is assumed to be complete.

Market Value before rounding		**£8,046,913**
Fair Maintainable Operating Profit	£1,075,000	11.0x
		£11,825,000
Less, 5 years to build to FMT	PV £1 5 years, 8%	0.6805
Market Value, say		**£8,000,000**

We have adopted a multiple of 11.0x as the majority of transactions since 2017 have been at or around that level and, we are not therefore convinced that the general tone of value has shifted given the limited evidence in more recent years. Whilst we note that *Univeral Marina* achieved 15x in 2021 this was, in our opinion, essentially because the asset was underperforming with there being substantial potential for a new operator to increase turnover and net profit. With regard to *Weltonfield Marina,* whist we note it achieved 12.5x in 2023, the asset is an inland marina catering to narrowboats whilst the subject marina is a larger coastal marina.

3 Review - Addendum Report

3.1 Location and Description

We note that there is again mention of a fuel sales facility and, in this regard we refer you to our comments per section 2.2 above.

3.2 Market Update

We note the general market update and the 2023 berthing fees at the competing marinas. These fees are correct and for the reasons set out by the applicant we concur that it would be prudent not to increase the projections set out in their model, nor our assessment of FMT / FMOP.

3.3 Valuation Conclusions

We note the applicant's decision not to amend their original valuation of £10,100,000 for the reasons they have set out and, believe this to essentially correct and reflects the lack of movement in the market since the Initial Report. However, as set out in section 2.8 above, we have a different opinion as to what the Market Value of the completed marina actually is. The additional comparable transaction the applicant has mention in respect of a confidential south coast marina does not alter our view on the level of value we have report, particularly as by the applicant's own admission the aforementioned marina is situated in a prime location, whereas the subject marina is not.

We trust this clarifies the issue, however, please let us know if you require any further clarification.

Yours faithfully,
For and on behalf of Sanderson Weatherall LLP

A J Turner

Anthony Turner, FCIArb, FRICS
Partner, Valuation Services
RICS Registered Valuer
RICS Registration Number 0088787

M D Sheridan

Mark Sheridan (BSc (Hons) MRCIS
Partner, Valuation Services
RICS Registered Valuer
RICS Registration Number 1203118

This letter has been digitally signed and is certified by BlueInk

SANDERSON WEATHERALL GENERAL TERMS AND CONDITIONS

1. INFORMATION ABOUT US

1.1 References to **Sanderson Weatherall**, **SW**, **we**, **us** or **our** are references to Sanderson Weatherall LLP.

1.2 We are registered in England and Wales as a limited liability partnership under registration number OC344770 and have our registered office at 6th Floor Central Square, 29 Wellington Street, Leeds, LS1 4DL.

2. DEFINITIONS

2.1 In these Terms and Conditions, the following expressions have the following meanings:

Agreement: the agreement between you and us relating to our Services in accordance with these Terms and Conditions, the Supplemental Terms and the Letter of Engagement.

Business Day: any day excluding Saturdays, Sundays and other days on which banks are not generally open for a full range of business in London.

Confidential Information: in relation to you or us, all information and trade secrets relating to your or our business or customers which come into the possession of you or us pursuant to the Agreement, whether orally, or in documentary, electronic or other form.

Consumer: an individual acting for purposes which are wholly or mainly outside their business, trade, profession or occupation.

Data Processing Details: the description of the Personal Data processing activities contemplated by the Agreement.

Data Protection Law: all applicable laws and regulations, in each case pertaining to the security, confidentiality, protection or privacy of Personal Data, as amended or re-enacted from time to time, including (and to the extent applicable) the GDPR and the Data Protection Act 2018.

Deliverables: any document produced by us in performing our Services whether in hard or soft copy format, which are required for the purpose of receiving and using our Services.

GDPR: the European General Data Protection Regulation, namely Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

Group: any of our Subsidiary Companies or Holding Companies from time to time and any Subsidiary Company from time to time of a Holding Company of that Subsidiary Company.

Holding Company: will have the meaning given in section 1159 Companies Act 2006 and will include parent undertakings as defined in section 1162 Companies Act 2006 and the term will include companies wherever they are registered.

Intellectual Property Rights: patents, utility models, rights to inventions, copyright and neighbouring and related rights, trade marks, business names and domain names, rights in get-up and trade dress, goodwill and the right to sue for passing off, rights in designs, rights in computer software, database rights, rights to use, and protect the confidentiality of, confidential information and all other intellectual property rights, in each case whether registered or unregistered and including all applications and rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, any rights and all similar or equivalent rights or forms of protection that subsist or will subsist now or in the future in any part of the world.

Letter of Engagement: the letter of engagement or other form of written confirmation we submit to you relating to the provision of our Services.

Personal Data: the personal data that is processed by us on behalf of you in accordance with the Agreement, as further described in the Data Processing Details.

Services: any of various services we provide as described in the Letter of Engagement and/or the Supplemental Terms or as may otherwise be agreed in writing by us.

Subsidiary Company: will have the meaning given in section 1159 Companies Act 2006 and include subsidiary undertakings as defined in section 1162 Companies Act 2006 and the term will include companies wherever they are registered.

Supplemental Terms: the relevant supplemental terms which we may submit to you and which apply to each Services we provide to you.

Terms and Conditions: these Sanderson Weatherall General Terms and Conditions, including the Data Processing Addendum.

you or your: the person we are providing our Services to.

2.2 References to any statute or any section of any statute include any statutory amendment, modification or re-enactment and instruments and regulations under it in force from time to time, unless the contrary is stated. References to any rules, regulations, codes of practice or guidance include any amendments or revisions from time to time.

2.3 A reference to **writing** or **written** includes any method of reproducing words in a legible and non-transitory form.

2.4 References to **include**, **includes**, **including** and **included** will be construed without limitation to the generality of the preceding words.

2.5 Condition headings are inserted only for convenience and are in no way to be construed as part of these Terms and Conditions.

2.6 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).

2.7 Unless the context otherwise requires, the terms **controller**, **processor**, **processing/process** and **data subject** will be interpreted and construed by reference to Data Protection Law.

2.8 References to a law of the European Union include a reference to that law as incorporated into the laws of the United Kingdom at any time before or after the United Kingdom ceases to be a Member State of the European Union.

3. COMMENCEMENT

3.1 Unless otherwise agreed in writing between us, you will be deemed to have agreed to comply with these Terms and Conditions on the earlier of:

3.1.1 written acceptance of the Letter of Engagement; or

3.1.2 the commencement of our Services by or on behalf of us, at which point the Agreement shall come into existence.

3.2 We will provide our Services, unless terminated in accordance with Conditions12and/or 13, until the date on which our Services are completed.

3.3 Please familiarise yourself with these Terms and Conditions before our Services commence.

4. OUR SERVICES

4.1 For the term of the Agreement, we will provide our Services using reasonable care and skill. A detailed description of our Services is specified in the Letter of Engagement and/or the Supplemental Terms.

4.2 Our Services will be provided in accordance with these Terms and Conditions and the Supplemental Terms.

5. BASIS OF APPOINTMENT

5.1 We aim to provide a friendly, efficient and effective service and the best information possible about the likely cost of the Services provided under a Letter of Engagement and the applicable Supplemental Terms.

5.2 We will seek to ensure that you are fully informed about the progress of the Services we are undertaking for you at all relevant times.

5.3 All communications between you and us are subject to the terms of the Agreement.

6. YOUR OBLIGATIONS

6.1 You will:

6.1.1 co-operate with us in all matters relating to our Services; and

6.1.2 provide us with such information, materials and assistance as we may reasonably require in order to provide our Services and to ensure that such information is complete and accurate in all material respects.

6.2 You understand and agree that we:

6.2.1 will rely on you to supply in a timely manner, all instructions and information needed by us to act on your behalf;

6.2.2 will rely on you to inform us of any changes to those instructions or that information and to any other relevant circumstances; and

6.2.3 are not under any obligation to check the accuracy of information you supply unless it is agreed in writing that we should do so.

7. INTELLECTUAL PROPERTY RIGHTS

7.1 All Intellectual Property Rights in or arising out of or in connection with our Services (other than Intellectual Property Rights existing in any information or materials at the time they are provided by you) will be owned by us.

7.2 We grant to you a fully paid-up, worldwide, non-exclusive, royalty-free licence during the term of the Agreement to use the Deliverables (excluding materials provided by you) for the purpose of receiving and using our Services and the Deliverables. Unless otherwise permitted by this Agreement, Deliverables may not be shared with any third-parties without our permission, other than with your professional advisors or if required by applicable law.

8. FEES, DISBURSEMENTS AND PAYMENT

8.1 The fees and payment terms for our Services that will be payable by you to us will be set out in the Letter of Engagement and/or the Supplemental Terms.

8.2 Unless otherwise agreed in our Letter of Engagement or set out in the applicable Supplemental Terms, payment of our invoices must be made within thirty (30) days of the date of our invoice.

8.3 All invoiced amounts are to be paid in Pounds Sterling in full on presentation (unless disputed in good faith), and without deduction, set off, abatement or counterclaim. We reserve the right to charge compensation for debt recovery costs and interest on overdue accounts at five percent (5%) per annum over the Bank of England base rate in accordance with the Late Payment of Commercial Debts (Interest) Act 1998 and the Late Payment of Commercial Debts Regulations 2002.

8.4 If you disagree with, or have queries about a fee invoice, we request that you notify us within fourteen (14) days from the invoice date, after which time we will assume that you have agreed its content. If you do dispute any part of the invoice and so notify us you shall nonetheless pay all items which you do not dispute pending resolution of the balance.

8.5 Whilst undertaking work on your behalf we may need to incur liabilities on your behalf or pay outgoings on your behalf to third parties. These are known as **disbursements**, and will appear on your invoice as such. Examples of disbursements relevant to the Services may be set out in the applicable Supplemental Terms.

8.6 We may ask you for payment of our fees and/or disbursements on account before we commence the Services and if we do we will set this out in our Letter of Engagement. Unless otherwise agreed in our Letter of Engagement or set out in the applicable Supplemental Terms we will not be liable to account to you for any interest which accrues on these monies.

8.7 We may charge you for any expenses we incur providing the services to you such as mileage, other travelling expenses, telegraphic transfers and photocopying, faxes, printing and scanning in addition to our fees. We will provide you with details of our expenses rates on request.

8.8 If our fees (or any part of them) for any part of the Services or Additional Services (as defined in Condition 9) will be calculated by reference to the amount of time spent by those working on your instruction it will be charged at our hourly rates, which may vary depending upon the seniority and experience of the person undertaking your work. We will provide you with details of our rates on request.

8.9 Our hourly rates are reviewed periodically to take account of changing circumstances, such as changes in salary and other overhead costs. If applicable, we will provide you with details of any changes to our hourly rates during the course of your instruction as required.

8.10 From time to time we may receive discounts or commissions from our third party suppliers or service providers (for example, but without limitation, for placing a bulk order). Any such discounts or commissions will be retained and used by us to defray our administrative expenses. We shall not owe any amount to you in respect of such discounts or commissions and we shall not be under any obligation to pass the benefit of these on to you.

8.11 Unless your status allows for exemption or application of a zero rate, VAT will be payable by you, where applicable, on all fees and charges at the rate prevailing on the appropriate tax invoice date.

8.12 We will be entitled to keep all your papers and documents while there is any money properly owing to us for our fees, disbursements, or other expenses.

9. ADDITIONAL SERVICES

9.1 If you ask us to carry out certain activities related to the Services set out in the applicable Letter of Engagement or Supplemental Terms which are not commonly required in relation to those Services, as determined by us acting reasonably (each, an **Additional Service**), we will be entitled to charge you for those Additional Services accordingly. Examples of Additional Services may be set out in the applicable Supplemental Terms.

9.2 If you instruct us to carry out Additional Services then, at our discretion:

9.2.1 we may charge you for the Additional Services in addition to the fees set out in the Agreement by reference to the time spent by those carrying out the Additional Services; or

9.2.2 we may require that you enter into a new contract and re-evaluate the fees which are payable.

10. PROTECTION OF PERSONAL DATA

10.1 We and you will:

10.1.1 process Personal Data in accordance with our and your obligations under Data Protection Law;

10.1.2 provide each other (each, a **Requesting Party**) with such reasonable assistance as is requested by the Requesting Party to enable the Requesting Party to comply with its obligations under Data Protection Law; and

10.1.3 implement and maintain all adequate and appropriate technical and organisational measures and controls to prevent unauthorised or unlawful processing of Personal Data and accidental loss, destruction, damage, theft, use or disclosure of such Personal Data and will protect against any anticipated threats or hazards to the security or integrity of the Personal Data, and detect and prevent unauthorised processing of, or unauthorised access to the Personal Data.

10.2 In addition to Condition 10.1 and to the extent that we process any Personal Data on behalf of you, for the purposes of Data Protection Law, we are the processer and you are the controller.

10.3

11. LIMITATION OF OUR LIABILITY

11.1 Nothing in the Agreement will limit or exclude our liability for:

11.1.1 death or personal injury caused by our negligence, or the negligence of our employees, agents or subcontractors;

11.1.2 fraud or fraudulent misrepresentation; or

11.1.3 any other liability which cannot be limited or excluded by applicable law.

11.2 Where you are acting in the course of a business, subject to Condition 11.1, we will not be liable to you, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise, arising under or in connection with the Agreement for:

11.2.1 loss of profits;

11.2.2 loss of sales or business;

11.2.3 loss of agreements or contracts;

11.2.4 loss of anticipated savings;

11.2.5 loss of use or corruption of software, data or information;

11.2.6 loss of or damage to goodwill; or

11.2.7 any indirect or consequential loss.

11.3 Where you are acting as a Consumer, if we fail to comply with our obligations under these Terms and Conditions, we are responsible for any loss or damage you incur that is a foreseeable result of that failure or our failing to use reasonable care and skill in providing the Services. We will not be responsible for any loss or damage which is not foreseeable. Loss or damage is foreseeable if either it is obvious that it will happen, or if at the time you engaged us to provide the Services, both we and you knew it might happen.

11.4 Subject to Condition 11.1, our total liability to you, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, arising under or in connection with the Agreement will be limited to the fees paid and payable for the Services unless specified otherwise in the Letter of Engagement.

11.5 Where you are acting in the course of a business, the terms implied by sections 13, 14 and 15 of the Supply of Goods and Services Act 1982 are, to the fullest extent permitted by law, excluded from the Agreement.

11.6 If you are dealing as a Consumer, you may have certain legal rights regarding claims in respect of losses caused by our negligence or failure to carry out our obligations. Nothing in the Agreement is intended to limit your legal rights as a consumer. For further information about your legal rights you can contact your local authority Trading Standards Department or Citizens Advice Bureau.

12. CANCELLATION RIGHTS – THIS SECTION ONLY APPLIES WHERE YOU ARE DEALING AS A CONSUMER

12.1 If you enter into the Agreement at a distance (i.e. online or over the phone and without any face to face contact between you and us), you may cancel the Agreement for any reason within fourteen (14) days of entering into the Agreement (the **Cancellation Period**). To do so, you must clearly inform us by emailing us at enquiries@sw.co.uk. You will lose the right to cancel after the expiry of this Cancellation Period.

12.2 You can ask us to start providing the Services before the end of the Cancellation Period by completing the applicable form included with the Letter of Engagement. If you do this, then Conditions 12.3 – 12.5 will apply in relation to the refund to be paid to you.

12.3 If we have not started to provide the Services at your request before the end of the Cancellation Period, you will receive a full refund of the monies you have paid for the Services.

12.4 If we have started providing the Services to you at your request before the end of the Cancellation Period, you will be required to pay our fees for the Services carried out prior to you contacting us.

12.5 You will only receive a refund for that part of the Services not provided. You will not have the right to cancel the Agreement once we have completed those Services.

12.6 Any refund will be paid within fourteen (14) days after the day on which you inform us of your decision to cancel the Agreement and will be made using the same means of payment as you used to pay for the Services, unless we agree otherwise.

13. TERMINATION

13.1 We or you may terminate the Agreement at any time without cause and without any liability upon giving not less than twenty eight (28) days' notice in writing unless specified otherwise in the Letter of Engagement.

13.2 Without affecting any other right or remedy available to you or us, we may terminate the Agreement with immediate effect by giving written notice to you if you:

13.2.1 fail to pay any amount due under the Agreement on the due date for payment and remain in default not less than fourteen (14) days after being notified in writing to make such payment;

13.2.2 commit a material breach of any terms of the Agreement and (if such a breach is remediable) fail to remedy that breach within fourteen (14) days of you being notified in writing to do so;

13.2.3 take any step or action in connection with entering administration, provisional liquidation or any composition or arrangement with your creditors (other than in relation to a solvent restructuring), being wound up (whether voluntarily or by order of the court, unless for the purpose of a solvent restructuring), having a receiver appointed to any of your assets or ceasing to carry on business or, if the step or action is taken in another jurisdiction, in connection with any analogous procedure in the relevant jurisdiction; or

13.2.4 suspend, or threaten to suspend, or cease or threaten to cease to carry on all or a substantial part of your business.

13.3 Conditions that expressly or by implication survive termination or expiry of the Agreement will continue in full force and effect.

13.4 If you terminate the Agreement in accordance with Condition 13.1 or we terminate the Agreement in accordance with Condition 13.2, you may have to pay to us part or all of the fees for the Services if requested by us within thirty (30) days from the date of termination. Where you are dealing as a Consumer, the amount we charge you will be limited to the amount we have reasonably incurred in providing the Services to you to the date that you terminate the Agreement.

13.5 On termination of the Agreement for any reason you will immediately pay to us all of our outstanding unpaid invoices and interest.

13.6 Termination or expiry of the Agreement will not affect any rights, remedies, obligations or liabilities that we or you have accrued up to the date of termination or expiry, including the right to claim damages in respect of any breach of the Agreement which existed at or before the date of termination or expiry.

14. CONFIDENTIALITY

14.1 We and you undertake to each other in relation to each other's Confidential Information:

14.1.1 to keep confidential all Confidential Information;

14.1.2 not to disclose Confidential Information without your or our (as applicable) prior written consent to any other person except those of your or our employees and/or professional advisors who have a need to know the Confidential Information; and

14.1.3 not to use Confidential Information except for the purposes of performing your or our (as applicable) obligations under the Agreement (and in particular not to use Confidential Information to obtain a commercial, trading or any other advantage).

14.2 The provisions of Condition 14.1 will not apply to Confidential Information to the extent that it is or was:

14.2.1 already in the possession of you or us (as applicable) free of any obligation of confidentiality on the date of its disclosure;

14.2.2 in the public domain other than as a result of a breach of this Condition 14;

14.2.3 required to be disclosed:

(a) pursuant to applicable law, or the rules of any exchange on which the securities of you or us are or are to be listed; or

(b) in connection with proceedings before a court of competent jurisdiction or under any court order or for the purpose of receiving legal advice,

but only to the extent and for the purpose of that disclosure.

14.3 We and you acknowledge that Confidential Information is valuable and that damages might not be an adequate remedy for any breach of Condition 14 and accordingly we and you will be entitled, without proof of special damage, to an injunction and other equitable relief for any actual or threatened breach of Condition 14.

15. MAINTENANCE OF YOUR INFORMATION

From time to time we may be called upon to demonstrate our maintenance of certain professional standards as set by appropriate authorities and/or to satisfy our auditors and/or to comply with other statutory requirements and/or to outsource administrative work. Unless you notify us to the contrary in writing we will assume that we have your authority to produce your file or papers, including Confidential Information, for that purpose as an exception to our duty of confidentiality.

16. ANTI BRIBERY

16.1 We and you will:

16.1.1 comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and anti-corruption including the Bribery Act 2010 (the **Relevant Requirements**);

16.1.2 not engage in any activity, practice or conduct which would constitute an offence under sections 1, 2 or 6 of the Bribery Act 2010 if such activity, practice or conduct had been carried out in the UK;

16.1.3 have and will maintain in place throughout the term of the Agreement our own policies and procedures, including adequate procedures under the Bribery Act 2010, to ensure compliance with the Relevant Requirements, and will enforce them where appropriate; and

16.1.4 promptly report to each other any request or demand for any undue financial or other advantage of any kind received by you in connection with the Agreement.

16.2 We and you will ensure that any person associated with each other who is performing services in connection with the Agreement does so only on the basis of a written contract which imposes on and secures from such person terms equivalent to those imposed on us in this Condition 16 (the **Relevant Terms**). We and you will be responsible for the observance and performance by such persons of the Relevant Terms, and will be directly liable to each other for any breach by such persons of any of the Relevant Terms.

16.3 Breach of this Condition 16 will be deemed a material breach under Condition 13.2.2.

17. MONEY LAUNDERING

17.1 In relation to providing you with the Services, we may need to verify your identity or obtain confirmation of the source of any funds for regulatory purposes. If so, we will need to request that you provide us with documentation to prove your identity or the source of funds. If there is any delay in the provision of any relevant documentation requested to ensure we meet regulatory obligations, we will not be held responsible for any delay in progressing your instruction. We will retain the relevant documentation in both hard copy and electronic formats for a minimum of five (5) years from completion of the instruction.

17.2 We may seek to confirm your identity by means of an electronic search with a licensed Credit Reference Agency (a **CRA**) where we consider it will save time and costs to do so. We will charge you for this. The CRA will then keep a record of the search and may make this available to other organisations seeking credit references from them.

17.3 We are professionally and legally obliged to keep the affairs of our clients confidential in accordance with these Terms and Conditions. This obligation is subject to a statutory exception, namely that legislation on money laundering has placed us under a legal duty in certain circumstances to disclose information to the National Crime Agency (**NCA**). If, whilst we are acting for you, it becomes necessary to make such a disclosure, we may not be able to tell you that it has been made or of the reasons for it as the law prohibits “tipping off”.

17.4 Should we consider it appropriate to report a transaction we will not be obliged to complete your instruction without the consent of NCA and will not have any liability for any subsequent delay.

18. COMPLAINTS PROCESS – WHERE YOU ARE DEALING AS A CONSUMER

18.1 We are a member of the Royal Institution of Chartered Surveyors, as well as being registered to ISO 9001 (a quality management standard maintained by the International Organization for Standardization). In accordance with this and out own internal quality control procedures we have a formal procedure in place to address complaints. We are committed to providing the best possible service to you. If for any reason you are not happy, please contact us as soon as possible so that we can resolve this with you. Please write to Martin Archer, Finance Director at: 6th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

18.2 All complaints will be addressed in accordance with our Complaints Handling Procedure found at **https://www.sw.co.uk/policies/policies/**

18.3 If you are not happy with the outcome, you may raise it with The Property Ombudsman. Further information regarding The Property Ombudsman can be found at **www.tpos.co.uk**

18.4 You may also make a complaint through the European Commission’s Online Dispute Resolution Platform which can be accessed at **http://ec.europa.eu/consumers/odr/**

19. INSURANCE/FIRE SAFETY EXCLUSION

19.1 We maintain insurance coverage in the types and amounts that are appropriate for the operation of our business, and that coverage may differ in relation to the particular Services that we are providing under your Engagement Letter. The presence of that insurance coverage does not have an impact on our liability position set out in Condition 11.

19.2 The following fire safety exclusion applies in relation to our insurance coverage:

Our insurers shall not be liable for that portion of any claim or loss which is caused directly by any defect or inadequacy in the fire resistant and/or fire retardant characteristics of any balcony, external cladding systems, glazing, doors, external wall system and/or internal wall system of any building or structure.

This exclusion shall not apply in respect of any claim or claims made against the insured by any natural person acting for purposes outside this trade, business or profession when such claim or claims made emanate from property management, contract administrator, project monitoring, project coordination, principal designer, architectural and employers agent. The maximum payable by insurers in respect of any such claim or claims shall not exceed £1,000,000 in the aggregate.

20. ENTIRE AGREEMENT

The Agreement constitutes the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

21. VARIATION

Except as expressly provided in the Agreement, no amendment or variation of the Agreement will be effective unless it is in writing and signed by you and us (or our authorised representatives respectively).

22. ASSIGNMENT AND OTHER DEALINGS

22.1 You must not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of your rights and obligations under the Agreement without our prior written consent.

22.2 We will be entitled to:

22.2.1 exercise our rights or perform any of our obligations (in whole or in part) through any member of our Group; and/or

22.2.2 transfer our rights and obligations under the Agreement (in whole or in part) to any third party on giving notice in writing to you.

23. WAIVER

No failure or delay by you or us to exercise any right or remedy provided under the Agreement or by law will constitute a waiver of that or any other right or remedy, nor will it preclude or restrict the further exercise of that or any other right or remedy. No single or partial exercise of such right or remedy will preclude or restrict the further exercise of that or any other right or remedy.

24. SEVERANCE

If any provision or part-provision of the Agreement is or becomes invalid, illegal or unenforceable, it will be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision will be deemed deleted. Any modification to or deletion of a provision or part-provision under this Condition will not affect the validity and enforceability of the rest of the Agreement.

25. NOTICES

25.1 Any notice to be given under the Agreement will be:

25.1.1 in writing in the English language;

25.1.2 signed by or on behalf of us or you (as applicable) when giving it; and

25.1.3 addressed to us or you (as applicable) at our or your registered office or principal place of business or such other address or email address as may have been notified for these purposes.

25.2 A notice will either be:

25.2.1 delivered by hand;

25.2.2 sent by first class pre-paid post, recorded delivery or special delivery; or

25.2.3 sent by airmail or by reputable international overnight courier (if the notice is to be served by post to an address outside the country from which it is sent).

25.3 A notice will be deemed to have been received:

25.3.1 if delivered by hand, on signature of a delivery receipt;

25.3.2 if sent by pre-paid first class post, recorded delivery or Special Delivery (or equivalent service) to an address in the United Kingdom, at 9.00 am on the second (2nd) Business Day after posting;

25.3.3 if sent by pre-paid airmail to an address outside the country from which it is sent, at 9.00 am on the fifth (5th) Business Day after posting; or

25.3.4 if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt,

provided that a notice delivered or posted, as appropriate, after 5.00 pm on any Business Day or on a non-Business Day will be deemed delivered or posted, as appropriate, at 9.00 am on the next Business Day.

26. THIRD PARTY RIGHTS

Except as expressly provided in Condition 22.2, no one other than you or us will have any rights whether statutory or otherwise to enforce any term of the Agreement.

27. FORCE MAJEURE

We will not be in breach of the Agreement nor liable for delay in performing, or failure to perform, any of our obligations under the Agreement if such delay or failure result from events, circumstances or causes beyond our reasonable control. If the period of delay or non-performance continues for twenty eight (28) days, you may terminate the Agreement.

28. CONFLICTS

28.1 The Letter of Engagement and Supplemental Terms contain addition provisions applicable to our provision and your receipt of the Services.

28.2 If there is conflict or inconsistency between any of the provisions in:

28.2.1 the Letter of Engagement;

28.2.2 the Supplemental Terms; and

28.2.3 these Terms and Conditions,

the documents will prevail in the order of precedence set out in this Condition.

29. GOVERNING LAW

The Agreement and any dispute or claim arising out of or in connection with the Agreement or their subject matter or formation (including non-contractual disputes or claims) will be governed by and construed in accordance with the laws of England and Wales.

30. JURISDICTION

30.1 We and you irrevocably agree that the courts of England and Wales will have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the Agreement or its subject matter or formation (including non-contractual disputes or claims).

30.2 However, where you are acting as a Consumer, regardless of Condition 30.1, you and we agree that if you are a resident in a part of the United Kingdom other than England and Wales, the law of that part of the United Kingdom will apply to the Agreement and any dispute between you and us arising out of or in connection with our agreement (including non-contractual disputes or claims) will be dealt with by the courts located there.

VALUATION PROCEDURES AND ASSUMPTIONS – PROPERTY APPRAISAL AND VALUATION

TERMS OF ENGAGEMENT AND GUIDANCE FOR CLIENTS

Our valuation work is carried out on the basis set out below unless specifically varied by our initial letter confirming our instructions ("our initial letter"), or our subsequent report, of which this document will form an integral part.

1. Reports and Valuations

1.1 Will be prepared in accordance with the current edition of the RICS Valuation – Global Standards, January 2022, published by the Royal Institution of Chartered Surveyors ("RICS") ("the Red Book"). Any departure from the Red Book will be recorded in our initial letter and confirmed in our report.

1.2 The valuers to be responsible for the work are external valuers as defined by the Red Book.

2. Disclosure

2.1 Our valuation will be provided for the stated purpose and will be for the use of the addressee only. No liability will be accepted to any other party without our specific prior written approval.

2.2 Publication of our report, or any reference thereto, in whole or part, in any document, circular or statement, in either hard copy or electronically (including any web site) will be permitted only with our prior approval, this to include the form and context in which it will appear.

3. Liability

3.1 Our valuation is confidential to the party to whom it is addressed for the stated purpose and no liability is accepted to any third party for the whole or any part of its contents, even if that third party pays all or any part of our fee. Liability will not subsequently be extended to any other party except on the basis of written and agreed instructions; this will include an additional fee. Except as set out in 3.2 below, the terms of the agreement between Sanderson Weatherall LLP and the client are not enforceable by any third party under the Contracts (Rights of Third Parties) Act 1999. Should we agree to extend liability (and reliance) to any third party, such party will be deemed to have accepted our 'Terms of Engagement and Guidance for Clients'.

3.2 No claim arising out of or in connection with this agreement may be brought against any member, employee, partner or consultant of Sanderson Weatherall LLP (each called a "SW person"). Those individuals will not have a personal duty of care to the client or any other party and any such claim for losses must be brought against Sanderson Weatherall LLP. Any SW person may enforce this clause under the Contracts (Rights of Third Parties) Act 1999 but the terms of our agreement may be varied by agreement between the client and Sanderson Weatherall LLP at any time without the need for any SW person to consent.

3.3 Subject to the provisions in this clause 3, if you suffer loss as a result of our breach of contract or negligence, our liability shall be limited to a just and equitable proportion of your loss having regard to the extent of responsibility of any other party. Our liability shall not increase by reason of a shortfall in recovery from any other party, whether that shortfall arises from an agreement between you and them, your difficulty in enforcement, or any other cause.

4. The Inspection and Subsequent Enquiries

4.1 Will be carried out by RICS Registered Valuers and general practice surveyors making appropriate investigations having regard to the purpose of the valuation and to any restrictions recorded within our initial letter and confirmed in our report.

4.2 No parts of the structure which are covered, unexposed or inaccessible will be opened up for inspection. The exterior will be inspected from ground floor level only, ie without the benefit of access equipment. We cannot express an opinion about or advise upon the condition of uninspected parts and the report should not be taken as making any implied representation or statement about such parts. Furthermore, the various services have not been tested. We are therefore unable to report that any such parts of the property are free from defect or that the services are in full working order.

4.3 Unless specifically agreed with you in writing, we shall have no responsibility for the identification of hydrochlorofluorocarbons (HCFCs) in refrigeration, air-conditioning, heat pump or other equipment at the property. We shall also, unless specifically notified, be entitled to assume that all equipment at the property complies with obligations under the EU ODS Regulation (Regulation (EC) No. 1005/2009) and other legal obligations.

5. Condition, Repair and Pollution Hazards

5.1 Unless specifically instructed to carry out a structural survey, test of service installations, site investigation or to facilitate an environmental survey, our valuations will assume:

i) That except for any defects specifically noted in our report, the property is in good condition;
ii) That no materials have been used in the construction of the buildings which are deleterious, hazardous or likely to give rise to structural defects, including inter alia high alumina cement or calcium chloride additive, asbestos or any other hazardous or deleterious material or permanent woodwool shuttering
iii) That no hazardous materials are present on site.
iv) That all relevant statutory requirements relating to use or construction have been complied with.
v) That the site is physically capable of development or redevelopment, when appropriate, and that no special or unusual costs will be incurred in site clearance or providing foundations and infrastructure.
vi) That the property is not adversely affected by any form of pollution, current or historic, either on or off site.
vii) That there are no archaeological remains on or under the land which could adversely impact on value.
viii) That there is no abnormal risk of flooding.
ix) That any building services are fully functioning to include any which incorporate essential electronic devices and the software which operates such devices.

5.2 We will, however, reflect the general condition of the premises as evident from our superficial inspection and any defects of which we are made aware as summarised in our report.

6. Statutory Matters

6.1 **Equality Act 2010**

6.1.1 Under the Equality Act 2010 all service providers to the general public are obliged to ensure that all disabled customers are treated, as far as it is reasonable to do so, the same as nondisabled customers. The legislation was operative from 1 October 2010 as amended. This legislation also extends to employees of Companies.

6.1.2 It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

6.2 **The Regulatory Reform (Fire Safety) Order 2005**

6.2.1 The Regulatory Reform (Fire Safety) Order affecting all non-domestic premises in England and Wales came into force on 1 October 2006. This legislation has removed the requirement of Fire Certificates for non-domestic property. Now the person responsible for the premises will be required to carry out their own risk assessment to identify the fire precautions which are required to be in place. To accompany the legislation the Government has developed specific information guides for each type of premises which sets out the guidance on the requirements and carrying out a Fire Risk Assessment.

6.2.2 Our inspection of the property does not constitute a Fire Risk Assessment and within the limitations of this report we cannot comment on any aspect of fire safety or fire performance of the subject property. Should there be any concerns regarding elements including inter alia cladding, façade and roofing materials, external or internal wall systems we recommend that the client seek independent advice from an appropriately qualified consultant.

6.2.3 In respect of Valuations for Secured Lending in respect of high rise residential property, in arriving at the valuation for mortgage purposes, your mortgage lender and the mortgage lender's appointed valuer (Sanderson Weatherall) have relied on the EWS1 form provided, in good faith, prepared by a professionally qualified third party. There is however, no liability to the lender, the valuer or to you, the borrower, for any losses or potential losses arising directly and solely from the valuation being provided in reliance upon the EWS1 form. If you require further information, then please seek independent advice prior to legal commitment to purchase.

6.3 **Control of Asbestos Regulations 2012**

6.3.1 Under the Control of Asbestos Regulations 2012 all commercial property owners/occupiers are obliged by law to have completed a Register of all materials containing asbestos within their premises and either remove them or have a programme for managing them so that they do not become a danger to health.

6.3.2 Our inspection of the property does not constitute a survey in compliance with Government Directives and as such we will not comment in detail on any potential asbestos containing materials believed to be present in the property.

6.4 **Invasive Plant Species**

6.4.1 The three main non-native invasive plant species in the UK are Japanese knotweed, Himalayan (Indian) or purple stinky balsam and New Zealand pygmyweed. Other notifiable plants and weeds include inter alia giant hogweed, ragwort and azolla.

6.4.2 Japanese knotweed is a rampant non-native invasive species which can cause physical damage to buildings and hard surfaces. Under s. 14(2) of the Countryside and Wildlife Act 1981 it is an offence to cause this plant to grow in the wild. Failure to dispose of any material containing Japanese knotweed may also result in prosecution under this Act and under the Environmental Protection Act 1990.

6.4.3 The likely costs of eradication and removal of plants such as these can be high and time consuming and may impact on the ability to enjoy/develop/redevelop the site and consequently diminish the values reported.

6.5 **The Energy Performance of Buildings Directive (England and Wales) Regulations 2007**

6.5.1 The Energy Performance of Buildings Directive (England and Wales) Regulations 2007 affecting all non-domestic premises in England and Wales came into force on 6 April 2008. This legislation introduced new statutory requirements for commercial buildings offered for sale or to let to have an Energy Performance Certificate (EPC) and for certain buildings to have Display Energy Certificates (DEC). EPCs are required for any commercial building greater than $50m^2$ (538 sq ft).

6.5.2 Our inspection of the property does not constitute an Energy Assessment of the property.

7. Tenure and Tenancies

7.1 We will rely upon information supplied as to the property, tenure, tenancies, permitted uses and related matters. We will assume such information to be accurate, up-to-date and complete. We will assume that your solicitors are able to confirm the accuracy of these details as set out in our report, and that the interest being valued is in all respects good and marketable.

7.2 We would welcome the opportunity to consider your solicitor's report on title and to advise whether this affects our valuation.

7.3 We will not examine title documents and, therefore, assume that apart from any matters mentioned in our report, the interest is not subject to any onerous restrictions, to the payment of any unusual outgoings or to any charges, easements or rights of way. We will assume that any outstanding requirements of repairing covenants will be met.

8. Planning, Highway and Other Enquiries

8.1 We will make only informal, oral enquiries of the local planning, highway and other relevant authorities and the information obtained is assumed to be correct. No formal searches will be instigated. Except where stated to the contrary, we will have assumed that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the property.

8.2 Where limited only responses have been received to our enquiries which are material to our valuations, this will be confirmed in our report.

9. Floor, Site Areas and Plans

9.1 All measurements will be in accordance with RICS Property Measurement (2nd Ed). Unless stated to be otherwise, floor areas will be derived from measurements taken on site or scaled from drawings supplied and checked by sample measurements on site. Site areas will be computed from Ordnance Survey data and not from physical survey. Dimensions and areas should be regarded as being approximate only.

9.2 Where plans are included in our report, these are for identification purposes only.

10. Tenant Status

10.1 We will not make any specific enquiries as to the financial standing of actual or prospective tenants other than those a competent valuer would make when appraising and valuing the property. We will, however, reflect our general understanding of the tenants' financial status in our valuation and will have assumed, unless informed to the contrary, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

11. Plant and Machinery

11.1 We will include in our valuations only those items of plant and machinery normally considered to be part of the building service installations and which would pass with the property on a sale or letting. We will exclude all items of process plant and machinery and equipment, together with their special foundations and supports, furniture and furnishings, vehicles, stock and loose tools, and tenant's fixtures and fittings.

12. Capital Allowances

12.1 Under the Capital Allowances Act 2001, certain allowances (which may have the effect of providing a relief from corporation tax) may be claimed by a person where that person incurs 'qualifying expenditure' on particular pieces of 'plant' which are fixtures within a building, and which are used by that person for the purposes of a 'qualifying activity'. Relevant fixtures included within 'plant' may include, for example, furniture, machinery, lifts, air conditioning and so on.

12.2 Certain conditions must be satisfied in order to be eligible to claim these allowances. Changes to these conditions were introduced with effect from 1 April 2012, with further changes becoming effective from 1 April 2014. As a result of these changes, anyone contemplating the acquisition of a property must take action, before the acquisition, to preserve any right to claim available allowances, as well as to obtain sufficient information to put them in a position to make such a claim in the future. Failure to do so may mean that the ability to claim capital allowances, or the ability to put a future purchaser in the position to claim allowances, is lost. A seller of property may also wish to consider the position, before disposal, so that it can decide whether the purchase price of the property may be adjusted to reflect any steps it may take to preserve a buyer's entitlement to claim such allowances.

12.3 We have not made any investigations into the Capital Allowance position of the property in the preparation of our valuation.

13. Development Properties

13.1 For properties in course of development, we will reflect, unless otherwise stated, the stage reached in construction and the costs already incurred and those remaining to be spent at the date of valuation. We will have regard to the contractual liabilities of the parties involved in the development and any cost estimates which have been prepared by the professional advisers to the project.

13.2 For recently completed developments we will take no account of any retentions, nor will we make allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability.

14 Valuation Date and Currency

14.1 The valuation date will be as at the date of our report unless varied by our initial letter and confirmed in our report. Valuations will be stated in GB pounds (£), unless stated otherwise. You should be aware that property values may change substantially over a relatively short period. If you wish to dispose of this property or part thereof, or to accept a charge over it as security for a loan after the valuation date, we strongly advise a further consultation with us.

15 Costs of Realisation

15.1 Unless stated to the contrary in our report, no allowance will be made in our valuations for the costs of realisation, any liability for tax which might arise in the event of disposal or for any mortgage or similar financial encumbrance over the property. Our valuations will exclude VAT.

16 Bases of Value

16.1 The bases of value will be specified in our initial letter or the client letter of instruction and will be one or more of the following; as defined in the Red Book:

16.2 ***Market Value (MV)***

'The estimated amount for which an asset or liability should exchange on the valuation date 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.'

16.3 ***Market Rent (MR)***

'The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

16.4 ***Investment Value (or Worth)***

'The value of an asset to the owner or a prospective owner for individual investment or operational objectives.'

16.5 ***Fair Value***

16.5.1 *'The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.' (International Financial Reporting Standards (IFRS) adopted definition)*

16.6 ***Existing Use Value (EUV)***

'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion - assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.

16.7 ***Existing Use Value for Social Housing (EUV-SH) (for Housing Stock Held for Social Housing)***

'Existing use value for social housing (EUV-SH) is an opinion of the best price at which the sale of an interest in a property would have been completed unconditionally for a cash consideration on the valuation date, assuming:
(a) a willing seller
(b) that prior to the valuation date there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest for the agreement of the price and terms and for the completion of the sale
(c) that the state of the market, level of values and other circumstances were on any earlier assumed date of exchange of contracts, the same as on the date of valuation
(d) that no account is taken of any additional bid by a prospective purchaser with a special interest
(e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion
(f) that the property will continue to be let by a body pursuant to delivery of a service for the existing use
(g) that at the valuation date any regulatory body in applying its criteria for approval would not unreasonably fetter the vendor's ability to dispose of a property to organisations intending to manage their housing stock in accordance with that regulatory body's requirements
(h) that properties temporarily vacant pending re-letting should be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let them, rather than with vacant possession and
(i) that any subsequent sale would be subject to all the same assumptions above.

17 Fully equipped operational entities valued having regard to trading potential

17.1 **Fixtures and fittings**

17.1.1 We will include in our valuations all items normally regarded as trade fixtures and fittings. Furthermore, unless advised to the contrary, we will assume that such items are owned outright and are not subject to any lease, hire purchase or third party charge. However, technical services equipment such as beer raising, cooling and dispensing equipment that can be conveniently or economically removed will be excluded from the valuation.

17.2 **Goodwill**

17.2.1 The valuation will ignore any value attributable to goodwill other than that which is reflected in the trading potential which attaches to and runs with the property.

17.3 **Stock etc**

17.3.1 Stock in trade, fuel, glassware etc will be excluded from the valuation.

17.4 **Valuation Apportionments**

17.4.1 Where given, they are an informal apportionment and do not represent the market value of the elements involved since the true valuation of a trading entity can only be the figure taken as a whole.

18 Valuation Assumptions

18.1 Any assumptions, Special Assumptions, reservations, special instructions or departures from the Red Book will be recorded in our initial letter or the client letter of instruction, and/or confirmed in our report.

19 Insurance Reinstatement Estimates

19.1 If requested, these will be provided, but should not be confused with a formal Insurance Cost Reinstatement Estimate undertaken by a building surveyor (this can be provided upon request and at an additional charge).

19.2 The estimate will be a guide only to the likely reinstatement cost of the buildings as existing, assuming cover on an indemnity basis with fully operative reinstatement clauses and no special conditions. An instantaneous basis of value will be adopted without regard to future inflation and without provision for loss of rent, any consequential loss or vat. The estimate will include allowances for demolition, site clearance and professional fees.

20 Monitoring

20.1 As a member firm of the RICS the valuations under this instruction, may be subject to monitoring for compliance with the RICS Valuation – Global Standards, January 2022. If subject to monitoring, we may be required to disclose our file and valuation to officers of the RICS.

APPENDIX 3: APPRAISAL

The Mole, Barry

Development Pro Forma
Cushman & Wakefield
October 9, 2023

PROJECT PRO FORMA **CUSHMAN & WAKEFIELD**

The Mole, Barry

Project Pro Forma for Merged Phases 1 2 3

Currency in GBP

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
3 bed townhouse (mid)	18	19,800	295.45	325,000	5,850,000
4 bed townhouse (mid)	13	15,795	292.18	355,000	4,615,000
4 bed townhouse (end)	14	17,010	296.30	360,000	5,040,000
1 bed flat	14	6,930	303.03	150,000	2,100,000
2 bed flat	6	3,810	283.46	180,000	1,080,000
Totals	**65**	**63,345**			**18,685,000**

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Incubator/Office building	1	20,000	15.00	300,000	300,000	300,000
Totals	**1**	**20,000**			**300,000**	**300,000**

Investment Valuation

Incubator/Office building					
Market Rent	300,000	YP @	10.0000%	10.0000	
(6mths Rent Free)		PV 6mths @	10.0000%	0.9535	2,860,388
Marina					
Manual Value					8,000,000
Total Investment Valuation					**10,860,388**

GROSS DEVELOPMENT VALUE			**29,545,388**
Purchaser's Costs		(132,519)	
Effective Purchaser's Costs Rate	1.22%		
			(132,519)
NET DEVELOPMENT VALUE			**29,412,868**
TOTAL PROJECT REVENUE			**29,412,868**

DEVELOPMENT COSTS

ACQUISITION COSTS			
Residualized Price		1,754,290	
Residualized Price (Negative land)		(16,242,040)	
			(14,487,750)
Land Transfer Tax		77,214	
Effective Land Transfer Tax Rate	4.40%		

Agent Fee		1.00%	17,543	
Legal Fee		0.50%	8,771	
				103,529

CONSTRUCTION COSTS

Construction

	Units	Unit Amount	Cost	
Marina Phase 1 Build	275 un	7,231	1,988,625	
Marina Phase 2 Build	125 un	12,248	1,530,983	
Townhouse Construction	45 un	173,325	7,799,625	
Apartment Construction	20 un	136,195	2,723,900	
Pro rata balancing	1 un	23,741	23,741	
Totals			**14,066,874**	
	ft²	**Build Rate ft²**	**Cost**	
Incubator/Office building	25,000	230.60	5,765,000	**19,831,874**
Contingency		5.00%	815,613	
				815,613

Other Construction Costs

Landside Building & Infras (Ph1)	2,040,000	
Marina Piles & Piling (Ph1)	2,748,000	
Marina Car Park (Ph 1)	270,000	
Boat Hoist (Ph 1)	310,500	
Hoist Dock (Ph 1)	931,500	
Mole Quayside Repairs (Ph 1)	244,425	
Boatyard Surfacing (Ph 1)	470,000	
Boatyard Workshops (Ph 1)	325,000	
Enabling Works (Ph 1)	454,560	
Utilities / Services (Ph 1)	324,065	
Lock Gate Repairs (Ph 1)	2,630,000	
Dredging Lock F (Ph 1)	500,000	
Impounding Pumps (Ph 1)	1,000,000	
Linear Park (Ph 1)	885,000	
Enabling Works (Ph 2)	590,440	
Services (Ph 2)	420,935	
		14,144,425

PROFESSIONAL FEES

Professional fees	8.00%	843,781	
Professional Fees	10.00%	576,500	
			1,420,281

MARKETING & LEASING

Marketing	1.50%	280,275	
Leasing Agent Fee	10.00%	30,000	
Leasing Legal Fee	5.00%	15,000	
			325,275

DISPOSAL FEES

The Mole, Barry

Sales Agent Fee	1.00%	294,129	
Sales Legal Fee	0.50%	147,064	
			441,193
TOTAL COSTS BEFORE FINANCE			**22,594,440**
FINANCE			
Debit Rate 7.500%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			552,868
TOTAL COSTS			**23,147,308**
PROFIT			
			6,265,560

Performance Measures

Profit on Cost%	27.07%
Profit on GDV%	21.21%
Profit on NDV%	21.30%
Development Yield% (on Rent)	1.30%
Equivalent Yield% (Nominal)	10.00%
Equivalent Yield% (True)	10.66%
IRR% (without Interest)	N/A
Rent Cover	20 yrs 11 mths
Profit Erosion (finance rate 7.500)	3 yrs 3 mths

CUSHMAN & WAKEFIELD