DVS Property Specialists for the Public Sector

Valuation Report in connection with property transfers related to the Regeneration Investment Fund for Wales (RIFW)

Report for:

The Wales Audit Office

Prepared by:

District Valuer Services
Valuation Office Agency

DVS Reference:

1452619

Report Date:

10 July 2015

Contents

Executive Summary

A) Introduction

The Regeneration Investment Fund for Wales (RIFW) was created by the Welsh Government to help raise a £30m capital injection (of property assets and other funds), which would be eligible for £25m of European match funding, and kick start regeneration projects within Wales.

DVS was instructed by the Wales Audit Office to review the property portfolio sale values achieved by the Regeneration Investment Fund for Wales (RIFW). The date of sale for the RIFW assets is taken as the date of legal completion, which is 2nd March 2012 (The date of sale for the RIFW assets is taken as the date of legal completion, which is 2nd March 2012 (except for Brackla which subsequently completed upon 1st March 2013 once sale preconditions for that site had been fulfilled). Valuations at a further four dates were also requested and these dates are recorded at section 2.4 to this report.

DVS was also asked to consider the valuation advice provided by King Sturge (in their report of 4th December 2009 and King Sturge's supplementary letter of 24th March 2010) and a further sale review undertaken for RIFW by Colliers International LLP and reported on 25th February 2014. Our investigations have also led to DVS being instructed to consider the RIFW's "Investment Management Agreement" and the "overage" terms relating to the Lisvane and Monmouth sites.

B) RIFW Properties under consideration

The properties being considered within this report are listed in the **Table 1** below;

DVS ref	Site Address
1	Imperial Park, Newport
2-4	Llwynypia, Church House & Maerdy farms, Lisvane, Cardiff
5	Wrexham Industrial Estate
6	Llantrisant Business Park
7	Upper House Farm, Rhoose
8	Cogan Hall Farm, Penarth
9	Garth Park, Talbot Green
10	Goetre Uchaf Farm, Bangor
11	Ty Mawr, Llanfairpwllgwyll, Anglesey
12	Ty Draw Farm, Pyle
13	Mayhew Foods site, Aberdare
14	Anchor Way, Penarth
15	Wonastow Road, Monmouth
16	Towyn Way East, Towyn
17	Pen y Bryn, St Asaph
18	St Georges Rd, Abergele
19	Waenfynydd Farm, Llandundno Junction
20	Brackla Industrial Estate, Bridgend

C) DVS opinions of value

Our opinions of value at each valuation date are listed within **Appendix I**. There are very significant differences between many of our valuations and the sale prices achieved by RIFW. At the sale completion date of 2nd March 2012 (1st March 2013 for Brackla) these differences amount to a total variance of just over £14.627 million (DVS cumulative valuation = £36.375 million as opposed to a sale receipt of just under £21.748 million).

Your instructions also sought our views on the value of the subject assets sold as a single portfolio, should this be any different to the cumulative value of the individual assets. Our views in respect of "prudent lotting" (as detailed later within this report) highlight our opinion that sale as a single portfolio would result in a lower overall value. There are many reasons for this but we highlight two of the most prominent factors below.

- **A buyer's market-** there are far fewer potential purchasers who can raise £50 million (especially in the current market) than those that can raise £500,000. The economic law of supply and demand states that where supply remains fixed but demand falls (through reduced competition) then price must also fall. Prudent lotting and prudent marketing are the counters to this risk.
- **A mixed portfolio-** whilst the assets are virtually all land with some prospect of development, they vary greatly in terms of geographic location, size, end market (residential/employment), development challenges and time until development realisation. As such, every site has a market of potential buyers but these buyers vary (quite significantly in some instances) from site to site. Again, prudent lotting and prudent marketing are the counters to this risk.

In terms of the valuation variance between the cumulative value of the subject assets and their value as a portfolio, this is a difficult assessment to make because development land is not commonly transacted and development land sold as a portfolio even less so.

In the case of the RIFW portfolio, if we assumed a prudent marketing campaign we would expect that a portfolio sale discount could be potentially limited to in the region of 15% (i.e. £36.375 million cumulative value reduced to circa £30.9 million). However, this is very much an investment decision for the potential purchaser and will be driven by their views on the overall risk and return equation coupled with their accounting for the costs (both actual and in terms of time) associated with realising the final portfolio value (i.e. there could be large variances between the views of some investors).

D) Conclusion

We firstly question whether (purely from a "best sale value" viewpoint, and unaware of Governmental strictures) the placing of twenty very different assets with the RIFW was the best way of realising the monies required to unlock European investment match funding. The sites had very different marketing requirements, some of which needed very careful focus (and time) to unlock their full potential values. There are plenty of examples of other public bodies in Wales and the rest of the UK disposing of some very complex and valuable development sites through the use of a carefully managed marketing process, and such sites are dealt with on a site by site, and not portfolio, basis.

As detailed within this report and the relevant supporting appendices, a significant divergence exists between the DVS valuations and the sale values achieved. Based on our investigations, we believe that such a divergence could have been mitigated by a carefully handled asset disposal process with prudent and proper marketing.

In our opinion, many of the matters raised subsequent to the portfolio sale could have been avoided / mitigated by a more prudent, open and carefully managed disposal process and the inclusion of overage provisions for the majority of the assets. It is also disappointing that it appears only a minimum overall portfolio sale value was needed to satisfy RIFW's funding requirements and we are not aware of any proposals to consider alternative ways to achieve this whilst realising best value for the public purse (i.e. achieve surplus receipts for investment in other areas of public good).

In our opinion, based upon this review, the overall RIFW disposal process did not secure the best sale receipts achievable at the time of sale (i.e. we cannot confirm the deal reached with South Wales Land Developments as satisfying "best value" sale criteria). For the avoidance of doubt, we believe alternative approaches to disposal and marketing of the RIFW assets (As outlined within this report) would have yielded greater overall sale receipts. Finally, the sale terms agreed with the purchaser also did not sufficiently protect the interests of the RIFW (or, ultimately, the taxpayer) as it is clear that wider and more careful use of overage clauses would have almost certainly already secured (in light of the sites already re-sold by South Wales Land Developments) further receipts in favour of the public purse.

1. Introduction

We refer to our previous discussions, meeting of 23rd January 2014, and your finalised instructions received on 10 February 2014 (which we have subsequently confirmed). We have completed our review of the further information supplied and concluded the further investigations requested and we are pleased to report to you as follows.

1.1 Background to the Regeneration Investment Fund for Wales (RIFW)

The Regeneration Investment Fund for Wales (RIFW) was created within the framework of the JESSICA (Joint European Support for Sustainable Investment in City Areas) initiative, where European funding is used as seed capital to kick start regeneration projects. Financial support for regeneration projects is provided from the RIFW in the form of loans and investment capital, which is repaid within agreed timescales. In 2009 the Welsh Government was one of the first UK regions to qualify for JESSICA funding, which secured £25m of European investment to match the Welsh Government's £30m injection of property assets (with the assistance of the RIFW) to seed the Welsh Urban Development Fund.

The sale of the RIFW assets is best seen in light of the above information and whilst the valuations within this report are all provided on the basis of "Market Value" it would be both disingenuous and remiss of this report not to acknowledge the background context to the valuations. Our reported valuation opinions therefore also include commentary on our valuation methodology and wider valuation advice which we believe to be relevant to this instruction.

1.2 DVS project team

This report considers 20 subject sites spread across North and South Wales. The sites are generally large and/or have complex valuation considerations and it was decided that these factors favoured a project team approach. The team members are:

- [redacted] Project Team Leader & Report Author- DVS [redacted]
- [redacted] - Senior Valuer- DVS [redacted]
- [redacted] -Senior Valuer- DVS [redacted]
- [redacted] - Senior Valuer- DVS [redacted]
- [redacted] - Development Team Leader & Report Reviewer – DVS [redacted]

Further input into this exercise has also been received from other DVS surveyors across Wales, DVS technical development consultants and from the DVS Heads of Development, Central and Devolved Government.

2. Valuation Parameters

2.1 Identification of Client

This instruction is undertaken for **the Wales Audit Office**

2.2 Purpose of Valuations

We refer to your original instructions requesting our independent valuation assessments of the subject sites at the five separate valuation dates listed at **section 2.4 (overleaf)**. In addition, and intrinsic, to this you require a forensic analysis of the 1st October 2009 King Sturge reports on each asset (and professional assessment of the King Sturge letter of 24th March 2010- in which they confirmed that their October 2009 values remained extant) and the valuation report provided on 25th February 2014 by Colliers International LLP (Hereafter referred to as "Colliers"), subsequent to RIFW's confirmed instructions (via Amber Fund Management Limited) of 9th September 2013.

Our review has considered the King Sturge and Colliers reports, along with further investigations concerning changes in the planning status of some sites and market transactions since the original portfolio disposal completed by RIFW.

We acknowledge that our report will help inform your department's own investigations, which we understand are due to be completed soon.

2.3 Subject of the Valuations

The properties being considered within this report are listed in the **Table 1** below;

DVS ref	Site Address
1	Imperial Park, Newport
2-4	Llwynypia, Church House & Maerdy farms, Lisvane, Cardiff
5	Wrexham Industrial Estate
6	Llantrisant Business Park
7	Upper House Farm, Rhoose
8	Cogan Hall Farm, Penarth
9	Garth Park, Talbot Green
10	Goetre Uchaf Farm, Bangor
11	Ty Mawr, Llanfairpwllgwyll, Anglesey
12	Ty Draw Farm, Pyle
13	Mayhew Foods site, Aberdare
14	Anchor Way, Penarth
15	Wonastow Road, Monmouth
16	Towyn Way East, Towyn
17	Pen y Bryn, St Asaph
18	St Georges Rd, Abergele
19	Waenfynydd Farm, Llandundno Junction
20	Brackla Industrial Estate, Bridgend

2.4 Date of Valuations

The Colliers report has only considered the site valuations as at the 18th February 2012, this being the date of exchange for the portfolio sale contracts. For all bar one sale, Brackla, there is not a significant difference between the date of exchange and date of completion so the slightly different valuation dates make little difference to the values. Adopting the date of exchange for the valuation date is a reasonable approach since this is when the sale is formalised with a deposit. However, the significant delay in the legal completion of the Brackla sale steers us to keep portfolio sale valuation dates at the dates of legal sale completion (since the sale deposit may have been relatively modest in proportion, 10% of sale price, and therefore the greater weight can be attached to the delayed sale completion date).

Reflecting the foregoing, this report considers the portfolio sale values at the sale completion dates of 2nd March 2012 for all RIFW property transfers save for Brackla whose sale completed on 1st March 2013. In most instances the dates of the DVS valuations are very similar to Colliers and so the two sets can be jointly considered and compared.

Whilst Colliers only consider valuations at the portfolio sale date, you require that the following valuation dates be considered within this DVS report;

- **1st October 2009** (King Sturge valuation date)
- **10th March 2010** (Date of the transfer of the portfolio from the Welsh Government to the Regeneration Investment Fund for Wales (RIFW))
- **1st March 2011** (Date of preparation of the RIFW Asset Realisation Plan (ARP))
- **2nd March 2012; 1st March 2013 for Brackla** (Legal completion dates of RIFW Sales)
- **1st May 2013** (Agreed date for first "present day" valuations)

This report considers the portfolio sale in light of subsequent information (whether developments in planning status, onward sales etc.), but does not undertake valuations after the final 2013 valuation date which was requested by the client. It is important to note here that new information arising after the RIFW sale completions is only directly relevant at the sale dates (2nd March 2012; but 1st March 2013 for Brackla) if it confirms a matter which could have been reasonably foreseen at or before the sale.

To provide an understanding of the most pertinent events relating to the RIFW sales we include, at **Appendix A** to the back of this report, summary lists highlighting the most notable events in respect of the RIFW. Please note that values change over time and that a valuation given on a particular date may not be valid on an earlier or later date

2.5 Confirmation of Standards

The valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation - Professional Standards, commonly known as the Red Book. Each valuation has been undertaken on the basis of 'Market Value' in accordance with the RICS Professional Standards in place at each valuation date. Whilst there have been changes in these standards over the period of the valuations, there have been no specific changes that lead to materially significant valuation differences.

Compliance with the RICS professional standards and valuation practice statements gives assurance also of compliance with the International Valuations Standards (IVS).

2.6 Agreed Departures from the RICS Professional Standards

There are no departures beyond those restrictions on the extent of investigations and survey, and the assumptions, stated below.

2.7 Basis of Value

The basis of value adopted is Market Value which is defined as:

'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.'

In the circumstances of this case it is appropriate to reflect further on the RICS definition of "Market Value". DVS have been instructed to undertake valuations of the sites, as opposed to a forensic review of the marketing undertaken; however, the definition of "Market Value" explicitly assumes that "proper marketing" has been undertaken and therefore this report has to address marketing in light of this.

The assets being valued are special in that the majority have potential alternative uses which are likely to be of significantly higher value than their existing uses. Furthermore, the scale (in terms of site areas) and complexity (in terms of planning certainty, development practicalities etc.) of most of the sites mean that "proper marketing" for these sites goes well beyond traditional estate agency. More manageable development sites, perhaps say 1 to 10 acres in size, may well be marketed for sale by private treaty or sealed bids. However, this would still generally only occur where a good deal of planning certainty is known or readily anticipated. In cases where tangible planning uncertainty/risk exists, a "prudent" and "knowledgeable" vendor would seek professional advice to consider and address these uncertainties and risks, and to ultimately formulate a planning and sale strategy that would ensure they realise the best possible sale outcome for their asset.

Whilst not forming part of the Market Value definition, the concept of "Prudent Lotting" (first established in the case of the *Duke of Buccleuch v Commissioners for the Inland Revenue [1967]*) is implicitly present insofar as the parties are assumed to have each acted "prudently" and "knowledgeably". "Prudent Lotting" is relevant at two stages in this review. Firstly, was it prudent to sell the assets as a portfolio rather than individually? And secondly, do some of the sites have specific features (size, physical boundaries, planning designations specific to only part of the site etc.) that may warrant a division of a site into separate sale lots? Our valuations assume "Prudent Lotting", and where such assumptions differ from what occurred in the portfolio sale this will be detailed within the relevant sections to this report.

Market Value typically disregards any *special value* (an amount above the Market Value that reflects particular attributes of an asset that are only of value to a special purchaser) that may be attributable to an asset.

In cases where the price offered by prospective buyers in the market would generally reflect an expectation of a change in the circumstances of the property in the future, this element of **'hope value' is reflected in *market value***. Examples of where the "hope" of additional value being created (or obtained in the future) has on *market value* include:

- the prospect of development where there is no current permission for that development; and

- the prospect of *synergistic value* (an additional element of value created by the combination of two or more interests where the value of the combined interest is worth more than the sum of the original interests; also known as 'marriage value'.) arising from merger with another property, or interests within the same property, at a future date.

In the case of each site, when assessing "hope value" we have had regard to the case-law listed in **Table 2** below, along with other relevant information, when forming our opinions of value.

Table 2- Case law pertaining to "hope Value"

Case	Remarks on decision
In Spirerose v TfL (2007)	Tribunal adopted a method of determining the hope value by determining a figure between the existing use value and the full value with planning permission.
Myers v Milton Keynes Development Corporation (1974)	Deferral of the full development value by a number of years to reflect when the valuer believes that planning permission would ultimately be granted
Prosser & Others (Executors of E Jempson Deceased) v IRC (2000)	Determined that there was a 50% chance of obtaining planning permission and that (reflecting risk and delay) the appropriate value adjusted figure was 25% of full development value.
Fifield and Another v CIR (1972)	"Unreasonable to prevent residential development." The appropriate value adjusted figure was determined to be 85% of full development value.
Honeychurch v McKenna (HMIT) (1997)	"Permission to be granted within 2-3 years." The appropriate value adjusted figure was determined to be 65% of full development value.
K W Monro (Deceased) v CIR (1999)	"Purchaser may anticipate some difficulty." The appropriate value adjusted figure was determined to be 55% - 60% of full development value.

Associated with the pre-marketing stage of development sites is the concept of each party having acted "without compulsion". Were the vendor to be under financial, time or other pressures they may well decide to undertake a sale without having resolved the apparent planning risk issues (i.e. "hope value" may exist, but this potential has not been properly explored/exploited by the vendor).

A sale undertaken without a satisfactory resolution of potential planning uncertainties may be progressed by auction, private treaty or tender but whatever method is chosen a fundamental risk exists that the asset may be undersold. There is also a chance that the asset could be oversold, however in current risk-averse market conditions the former is far more likely in most instances.

Where planning uncertainties have not be addressed to the market's satisfaction, the risk of sale at below Market Value can be mitigated to some degree by the insertion of "overage"/"clawback" provisions in the sale contracts. This can restrict the eventual asset sale price and in cases of high planning uncertainty (where more unknowns exist) it is more difficult for such provisions to reasonably account for all possible eventualities, which can create its own risks for the vendor.

Market value is expressly '*The estimated amount for which an asset or liability should exchange on the valuation date...."* This concept is straightforward where a conventional sale occurs. However, in cases where prospective buyers in the market would generally anticipate a future change in the circumstances of the property (i.e. changes in planning) the transactional arrangements can be more complex. Such complexity is common place in the sales of development sites (particularly larger and/or more valuable sites) and is evidenced by the regular use of various sale provisions including;

- Overage / Clawback clauses;
- Option to purchase agreements;
- Sales contract exchanges with completion conditional upon planning;
- Phased purchase and payment (The "draw down" method)

The impact of these terms upon the price paid at the valuation date can be very significant. For example, even if (at the time of sale) the Lisvane farms site had the benefit of full planning consent for residential development a single developer would not be able to afford to pay upfront the site's full development value. They would also not seek to develop such a large site in one phase, but many phases. This is due to development practicalities (e.g. availability of contractors), but more importantly to ensure a manageable cash flow and prevent a flooding and dampening of the end sales market (Supply exceeding actionable buyer demand will lead to downward pressures on prices).

Furthermore, even if the Lisvane farms site were to enjoy the benefit of full planning consent at the date of sale, the price paid at the valuation date would in all likelihood represent the development value of the first phase with further amounts attributable to the buyer securing an option to purchase the reminder of the site under a pre-agreed framework of terms. So even under these conditions the value of the site at the valuation date is therefore the upfront sale value and the value of the further future receipts which can be anticipated as the developer draws down funds to purchase, phase by phase, the remaining land.

As money has a time value, which reflects risk and opportunity (A million pounds received now is more valuable than a million pounds to be received in 10 years time), the future anticipated receipts have to be considered in a manner which accounts for this factor. As we know, Lisvane and other RIFW sites did not enjoy alternative planning consent so the valuations have to account for this as well.

The reason we highlight the likely practicalities of the sale of a development site is to draw the reader's attention to the reality of the sale situation and to help illustrate what the valuation figures actually represent. What the valuations represent is the "worth" of the land at the valuation date. In practice, how this "worth" is realised by the vendor is down to the agreement which they reach with the eventual purchaser and this agreement could (in the case of these assets) potentially be set up in a multitude of ways. In reality, however, a prudent vendor and prudent purchaser are not likely to agree a single payment for the larger and/or more valuable development sites. Instead, they are likely to agree an upfront payment to secure the site and agree terms which enable the developer to purchase the remaining legal interest development site as planning is secured and they are able to practically progress the actual development. The valuation is then in effect the overall "worth" of this agreement, at the relevant date.

If the vendor were compelled to sell a large and/or valuable development site at the valuation date, the worth would fall because (as outlined above) the developer simply could not justify (and/or possibly afford) the full value in the form of an upfront payment. The negotiating strength of the vendor would also be suppressed and again this would lead to downward pressure on price. These reasons explain, in this case, why the RICS definition of Market Value expressly assumes that the vendor and purchaser act "*.....without compulsion.*"

The circumstances of RIFW sale were slightly constrained by the fact that Welsh Government publicity would have made prospective purchasers aware that RIFW needed to complete their property transactions before the end of December 2015 to ensure European match funding for RIFW investment (see publically available information held at **Appendix B**). The RIFW fund manager was publically appointed on 14th May 2010 (The property assets had been transferred to RIFW on 10th March 2010), so a reasonable sale period (even accounting for necessary planning investigations) did exist and prudent marketing (lotting, as well as planning and sale promotion) could have mitigated the impact of the overall timescale.

The fund manager's Asset Realisation Plan (Accepted by RIFW Board on 28th March 2011) also anticipated "estimated realisation dates" (taken to mean sale completions) for all the assets in the period from the third quarter 2011 to second quarter of 2014, with most sales anticipated in 2011 and 2012, so it appears they believed there to be ample time for the completion of all disposals.

The Welsh Government also publically inferred that they anticipated property sales would be in the region of £30 million (see publically available information held at **Appendix C**). We understand that the Welsh Government were initially anticipating an aggregate value for the assets in line with King Sturge's 2009 valuations (Which returned aggregate values of £29.831 million to £35.581 million – or £17.21 million to £22.96 million when the assets excluded from the final portfolio are removed.)

The Welsh Government's invitation to tender for the role of Fund Managers would have alerted bidders to the values placed on each asset (see excerpt at **Appendix D**). Whilst this information was not strictly in the public domain, only one fund manager was recruited via the process and it is therefore theoretically possible (Even though Welsh Government stated that such information be treated as "Commercial in Confidence") that such sensitive information could have found its way into the market place. Again, prudent marketing (lotting and targeted promotion) could have mitigated the impact of such information being potentially in the market place.

2.8 <u>Special Assumptions</u>

There are no special assumptions.

2.9 Nature and Source of Information Relied Upon

We have assumed that all information provided by, or on behalf of you, in connection with this instruction is correct without further verification – for example, details of tenure, tenancies, planning consents, etc.

Our advice is dependent upon the accuracy of this information and should it prove to be incorrect or inadequate, the accuracy of our valuation may be affected.

You have provided information to me falling into the following categories;

Colliers report (and supporting appendices) entitled "Regeneration Investment Fund for Wales LLP – Freehold properties in South and North Wales" (3rd draft dated 25th February 2014)

King Sturge report (and supporting appendices) entitled "Phase 1, Phase 2 and Phase 3 Jessica Assets" (dated 4th December 2009)

Savills report (and supporting appendices) entitled "RIFW Portfolio – Market Assessment" (dated January 2012)

Sale and portfolio information and data from the "Fund Manager" (Amber Fund Management Limited), "Manager" (Lambert Smith Hampton) and legal advisors [redacted]

Background information and selected information received during of investigation made by Wales Audit Office and Welsh Government.

General information concerning various matters including sale process, sale contracts, overage clause etc.

Updated position on onward sales (Ty Draw Farm, Pyle).

Relevant site purchases (Rightacres).

Invitation To Tender (ITT) documentation (For appointment of fund manager).

In addition to the market evidence and market intelligence held in VOA databases, we have also undertaken further market research under the following headings;

- Wider sales evidence research (e.g. Land Registry, Rightmove, etc) to complement VOA held data.
- Further development cost research (e.g. RICS Building Cost Information Service, etc) to complement VOA held data.
- Planning research (Lisvane, Monmouth, Bangor and Pyle)

2.10 Date of Inspections

The client has been unable to facilitate co-operative site access with the new owners of the subject sites. In view of the required reporting timeframe, the extensive information already held by the client and the Valuation Office Agency, and the fact that virtually all the sites could be viewed (to one extent or another) from public land and access-ways it was agreed that non-intrusive site inspections would be undertaken. These inspections were undertaken during May 2013 by the valuers listed in **Table 2 (see below).**

Table 2- Valuers undertaking respective inspections

DVS ref	Site Address	Valuer
1	Imperial Park, Newport	[redacted]
2-4	Three freehold farms (Llwynypia, Church House & Maerdy), Lisvane, Cardiff	[redacted]
5	Wrexham Industrial Estate	[redacted]
6	Llantrisant Business Park	[redacted]
7	Upper House Farm, Rhoose	[redacted]
8	Cogan Hall Farm, Penarth	[redacted]
9	Garth Park, Talbot Green	[redacted]
10	Goetre Uchaf Farm, Bangor	[redacted]
11	Ty Mawr, Llanfairpwllgwyll, Anglesey	[redacted]
12	Ty Draw Farm, Pyle	[redacted]
13	Mayhew Foods site, Aberdare	[redacted]
14	Anchor Way, Penarth	[redacted]
15	Wonastow Road, Monmouth	[redacted]
16	Towyn Way East, Towyn	[redacted]
17	Pen y Bryn, St Asaph	[redacted]
18	St Georges Rd, Abergele	[redacted]
19	Waenfynydd Farm, Llandundno Junction	[redacted]
20	Brackla Industrial Estate, Bridgend	[redacted]

The valuations provided in respect of each site have been completed by the valuer who inspected the site (NB [redacted] is the valuer responsible for Wonastow Road site)

2.11 Extent of Investigations, Survey Restrictions and Assumptions

An assumption in this context is a limitation on the extent of the investigations or enquiries undertaken by the valuer. The following agreed assumptions have been applied in respect of your instruction, reflecting restrictions to the extent of our investigations.

- Such inspection of the property and investigations as the Valuer considered professionally adequate and possible in the particular circumstance was undertaken. In this case, it was agreed that non-intrusive site inspections would be undertaken.

- No detailed site survey, building survey or inspection of covered, unexposed or inaccessible parts of the property was undertaken. The Valuer has had regard to the apparent state of repair and condition, and assumed that inspection of those parts not inspected would neither reveal defects nor cause material alteration to the valuation, unless aware of indication to the contrary. The building services have not been tested and it is assumed that they are in working order and free from defect. No responsibility can therefore be accepted for identification or notification of property or services' defects that would only be apparent following such a detailed survey, testing or inspection.

- It has been assumed that good title can be shown and that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoings.

- It has been assumed that the property and its value are unaffected by any statutory notice or proposal or by any matters that would be revealed by a local search and replies to the usual enquiries, and that neither the construction of the property nor its condition, use or intended use was, is or will be unlawful or in breach of any covenant.

- Valuations include that plant that is usually considered to be an integral part of the building or structure and essential for its effective use (for example building services installations), but exclude all machinery and business assets that comprise process plant, machinery and equipment unless otherwise stated and required.

- It has been assumed that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated. However where an inspection was made and obvious signs of such materials or techniques were observed, this will be drawn to your attention and captured in this report.

- No access audit has been undertaken to ascertain compliance with the Equality Act 2010 and it has been assumed that the premises are compliant unless stated otherwise in this report.

- No environmental assessment of the property (including its site) and neighbouring properties has been provided to or by the VOA, nor is the VOA instructed to arrange consultants to investigate any matters with regard to flooding, contamination or the presence of radon gas or other hazardous substances. No search of contaminated land registers has been made.

  However, where an inspection was made and obvious signs of contamination or other adverse environmental impact were visible this will have been advised to you, further instructions requested and the observations captured in the report. Where such signs were not evident during any inspection made, it has been assumed that the property (including its site) and neighbouring properties are not contaminated and are free of radon gas, hazardous substances and other adverse environmental impacts. Where a risk of flooding is identified during any inspection made, or from knowledge of the locality, this will be reported to you. The absence of any such indication should not be taken as implying a guarantee that flooding can never occur.

- In the case of trading related properties, the Valuer has assumed that all licences, fire certificates and permissions required to operate the business will be transferable to a purchaser.

- No allowances have been made for any rights obligations or liabilities arising from the Defective Premises Act 1972.

3. Property Information

3.1 Situation

A plan indentifying each property and an explanation of the situation of each property can be found at **Appendix E** to the back of this report.

3.2 Description

A description of each property can be found at **Appendix E** to the back of this report.

For each site we have had regard to the information provided in terms of site boundaries and gross site areas. In the majority of cases our assessment of site areas has generally matched the information provided but where discrepancies have existed (e.g. Imperial Park) we have reviewed and resolved these with the client.

In undertaking our valuations (when using both the comparison and residual methods of valuation) it has been necessary to consider the likely developable areas for virtually all of the sites. In the case of some sites there is already publically available information that can be carefully considered (A good example of this is the Wonastow Road site), in the case of many of the sites the information bundle provided by the client already contains details of the likely developable areas that has been provided by planning consultants in respect of the sites in question. Again, in those cases we have carefully considered this information and determined a developable area appropriate to the site based on this, our inspection information and other market evidence which we hold. In the few cases where no specific information has been provided in respect of a potential developable area (e.g. St Asaph) we have had regard to the information provided, our inspection assessment and other market information.

In all cases, we have used our reasonable endeavours to adopt developable areas and development mixes which we believe to be reasonable and realistic. As an example, in the case of the Lisvane site early information suggested a development of 4,500 dwellings (subject and ancillary sites) but in May 2011 further information was published in connection with the Local Development Plan that increased this to 6,200 dwellings. We have therefore valued in accordance with the information available at the date of valuations.

3.3 Title & Tenure

Details for each property can be found at **Appendix E** to the back of this report. We have been provided with information (We were referred to the unsigned and undated draft "Report on the issues affecting the RIFW property portfolio" compiled by Morgan Cole Solicitors) and advised at a previous review meeting of 15th May 2013 that all significant title defects and encumbrances were removed by the time of sale of the RIFW assets.

We understand that commercial leases are still in existence at Imperial Park but these are considered to be beneficial to the Imperial Park valuation. Most of the other sites, being generally undeveloped land, enjoy short term tenancies or licences which range from grazing licences and Farm Business Tenancies to Assured Shorthold Tenancies and garden licences.

From the tenure information provided (which in this case only extends to site reports, and it should be noted that we have not had sight of the lease documentation in question) these appear to all terminable on short notice (between 1 month and up to 1 year) and as such are considered to be beneficial in terms of asset management and not detrimental to the overall development valuations (since they can be terminated before development begins).

3.4 Easements and Restrictions

Details for each property can be found at **Appendix E** to the back of this report.

3.5 Site Areas

Details for each property can be found at **Appendix E** to the back of this report, but for ease of reference I include a list of the approximate gross site areas in **Table 3 below.**

Table 3- Gross site areas

Ref	Site Address	Gross site area in acres
1	**Imperial Park, Newport**	8.30*
2-4	**Llwynypia, Church House & Maerdy Farms, Lisvane, Cardiff**	121.00
5	**Wrexham Industrial Estate**	16.06
6	**Llantrisant Business Park**	4.19
7	**Upper House Farm, Rhoose**	31.50
8	**Cogan Hall Farm, Penarth**	0.35
9	**Garth Park, Talbot Green**	18.00
10	**Goetra Uchaf Farm, Bangor**	33.73
11	**Ty Mawr, Llanfairpwllgwyll, Anglesey**	2.63
12	**Ty Draw Farm, Pyle**	15.00
13	**Mayhew Foods site, Aberdare**	7.11
14	**Anchor Way, Penarth**	0.30
15	**Wonastow Road, Monmouth**	67.01
16	**Towyn Way East, Towyn**	24.10
17	**Pen y Bryn, St Asaph**	35.22
18	**St Georges Rd, Abergele**	11.04
19	**Waenfynydd Farm, Llandundno Junction**	5.71
20	**Brackla Industrial Estate, Bridgend**	86.00

* = Based upon Savills plans.

3.6 Floor Area

Not applicable, except Imperial House (See **Appendix E**)

3.7 Accommodation

Generally not applicable. However, commercial space is available at Imperial house and the sites at Bangor, Llandudno Junction and Rhoose include residential properties. See **Appendix E** for further details.

3.8 Defects and Repair

Generally not applicable. However, Imperial house is a commercial property and the sites at Bangor, Llandudno Junction and Rhoose include residential properties. See **Appendix E** for further details.

3.9 Services

We assume that all mains services are available to each site and that there are no onerous costs of connection to these, beyond those costs allowed for within any development appraisals considered during this review.

3.10 Access and Highways

Any pertinent details specific to a site are listed within the site valuation note included **Appendix E**. In general terms, unless stated otherwise, we assume that all necessary highway works associated with any proposed development are fully accounted for within the development appraisals undertaken. We also assume, unless stated otherwise, that any roads serving the subject sites are maintainable at public expense.

3.11 Energy Performance Certificate

Where buildings are present (domestic and non-domestic) we assume, at the valuation dates, that they have or would have (As part of the sale process) any necessary Energy Performance Certificates.

3.12 Planning and review of development opportunities

Details for each property can be found at **Appendix E** to the back of this report. Where the circumstances merit further comment (e.g. as a result of a point raised in Colliers report or due to further information becoming available etc.) this will be detailed with Section 4 ("Valuation") to this report.

3.13 Equality Act 2010

Whilst we have had regard to the provisions of the Equality Act 2010 in making this report, we have not undertaken an access audit nor been provided with such a report in respect of any of the properties.

Where circumstances require, it is recommended that you commission an access audit to be undertaken by an appropriate specialist in order to determine the likely extent and cost of any alterations that might be required to be made to the premises or to your working practices in relation to the premises in order to comply with the Act.

3.14 Mineral Stability

The Coal Authority's interactive map viewer shows that a number of the sites lie within a "Coal Mining Reporting Area". However, you have not requested Mining Subsidence Reports from the VOA and I have relied upon the site development cost information received and our subsequent investigations, when considering development potential and constraints for the affected sites. As you have not requested such reports you are deemed to have instructed the Agency to assume in arriving at its valuation:

(1) that the property valued is not at the date of valuation affected by any mining subsidence and will not be so affected in the future, and

(2) that the site is stable and will not occasion any extraordinary costs with regard to Mining Subsidence.

You hereby accept that the Board of HMRC for and on behalf of the Agency and its employees cannot, in these circumstances, provide any warranty, representation or assurance whatsoever to you or any third party as to the mineral stability or otherwise of the subject property valued.

You hereby agree to waive any claim which you might otherwise have had against the Board, the Agency or any of their employees for negligence or breach of contract arising from any loss or damage suffered as a result of your specific instructions to take no account of any matters that might reasonably be expected to have been disclosed by an Underground Mining Subsidence Report.

3.15 Environmental Factors Observed or Identified

Details for each property can be found at **Appendix E** to the back of this report.

In respect of "flood risk" we confirm that in undertaking our valuations we have considered all pertinent information available to us within the project framework and timeline. In respect of flood risk this means that, in the first instance, we have had regard to the information supplied by the client, our planning enquiries and information gathered during our non-intrusive site inspections. This primary information has been supplemented by further site research with the client and through publically available resources and market information (due to the present need for case confidentiality).

Sites where "Flood Risk" has required further consideration have included;

- **Aberdare** (The Environment Agency flood maps record a "significant" flood risk affecting the site);
- **Anchor way, Penarth** (The Environment Agency flood maps record a "Moderate" flood risk affecting the site);
- **Lisvane** (The Environment Agency flood maps record a "low" flood risk affecting the part of the subject site)
- **Monmouth** (The Environment Agency flood maps record a "low" flood risk affecting the part of the subject site);
- **St Asaph** (The Environment Agency flood maps record a "low" flood risk effecting adjacent land) and;
- **Towyn** (The Environment Agency flood maps record a "low" flood risk affecting the subject land).

Where flood risk factors have been identified by the valuer concerned, this has then formed part of the valuation considerations for the subject site.

3.16 Council Tax Band / Rateable Value

Not applicable in most cases. However, Imperial house is a commercial property and the sites at Bangor, Llandudno Junction and Rhoose include residential properties. See **Appendix E** for further details.

4. Valuation

4.1 Economic context to valuations

All valuations are opinions of the price that would be achieved in a transaction at the valuation date, based on stated assumptions. Like all opinions, the degree of subjectivity involved can vary, as can the degree of 'certainty' (i.e. the probability that the valuer's opinion would be the same as the price achieved by an actual open market sale at the valuation date).

In early 2007 global economic market activity became much more volatile and the prolonged and sustained periods of global economic growth seen in many parts of the world (including the UK) were replaced with uncertainty and periods of recession. Notable events, such as the run on Northern Rock (September 2007) and the filing for bankruptcy by Lehman Brothers (September 2008), embodied the clear market downturns for many.

As markets fell and the "credit crunch" took hold (from 2008) many in and around the property industry witnessed immediate cessation of development on sites, with staff and contractors being laid off. The UK Government invested substantial sums of money in many UK banks to help avert a chaotic financial disintegration and this helped cushion the market crash but saddled the UK taxpayer with unprecedented levels of debt which, coupled with the current limited economic growth, will take many years to reduce to more sustainable levels.

The UK has been one of the many countries significantly affected by the global economic downturn and this has been visible in many areas; business output, property markets, credit markets and stock market activity. The UK is currently experiencing a gradual realignment of its economy and markets and whilst, within the context of economic cycles, this is not unexpected forecasting the recovery is a challenging exercise.

4.2 Market changes over the initial valuation period (October 2009 to May 2013)

Today the global economic outlook remains complex, varied and still uncertain. There are some optimistic signs seen in recent economic data for the United States of American and Japan, and economic powerhouses like China continue to see growth (albeit at lower rates). However, many national economies are having to undertake prolonged public austerity measures and/or instigate economic stimulus packages which mean that significant national debt problems still exist in many countries (such as the UK, and much of the Eurozone).

In spite of the ongoing high level of national debt and limited economic growth, some market improvements are being seen post 2008. The UK economic recovery remains fragile but a number of market indicators show a positive direction of travel over the valuation period, with a gradual improvement in market conditions and market confidence.

The sites being considered within this report are mostly of interest to developers and investors. It is therefore helpful to reflect upon market changes (between 2009 and 2013) that are relevant to these parties.

Many of the subject sites are potentially suitable for residential development. Therefore, the obvious first indicators to look at concern the housing market. Looking at **Graphic 1** it can be seen that residential property prices fell sharply, with the peak of their annual falls being seen at the start of 2009, until some house price growth returned at the end of 2009. Since then house prices in England & Wales dipped again at the start of 2011 and latterly growth has been seen from 2012 onwards. The principal market to have seen significant improvements is London which is a reflection of the "flight of capital" to what is seen as the most secure market. Buyer and investors favouring "prime" markets over "secondary" assets is a reflection of current market sentiment.

Graphic 1

Source: Land Registry

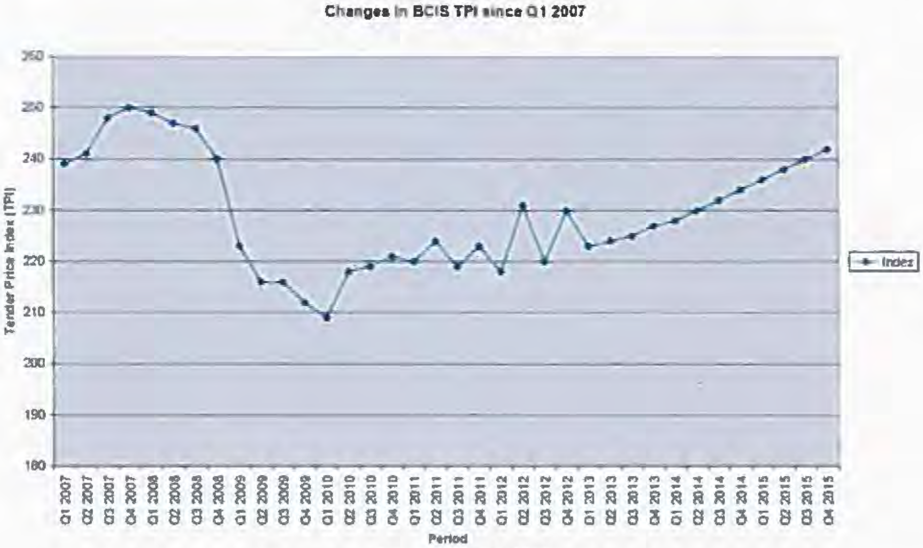
Price changes are only part of the housing market picture. Perhaps a more striking trend is the fall in the volume of house sales. As is shown in **Graphic 2**, a strong and sustained fall in the number of transactions occurred since the early 2007 peak. Sales fell to their lowest level in mid-2008 and whilst a noticeable, but temporary, increase occurred in mid-2009 the number of transactions has remained at consistently low level since then. The economic law of supply and demand would therefore suggest that the more recent (and limited) house price growth is more a function of the level of supply than market demand.

Graphic 2

Source: Land Registry

A good barometer of the wider development market is the construction Tender Price Index (TPI) published by the RICS Building Cost Information Service (BCIS). As will be noted, **Graphic 3** below shows how construction costs reached a peak in the fourth quarter of 2007 before a significant fall was experienced at the end of 2008 until a trough was reached at the beginning of 2010. Since then prices have fluctuated but a general limited increase has been ongoing since the second quarter of 2010 and this is forecast to continue in a gradual manner to 2015 and beyond.

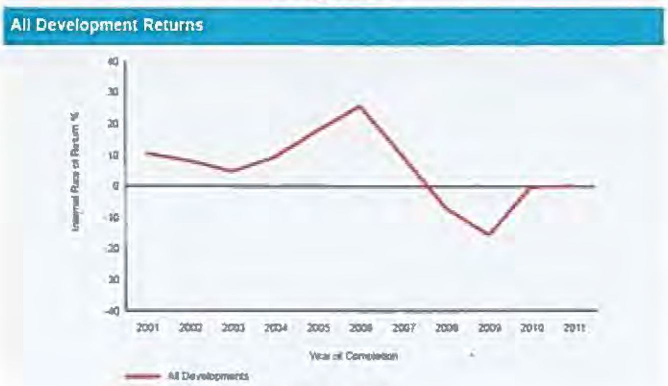
Graphic 3



Source: RICS BCIS

Investment Property Databank (IPD) provides worldwide critical business intelligence, including analytical services, indices and market information, to the real estate industry. In **Graphic 4** below the IPD data illustrates the commercial development returns peaked in late 2005 and early 2006 before a strong and sustained fall until negative returns fell and reached their worst levels at the start of 2009. Since then losses have eased but even at the research report date (31st December 2011) development returns were on average only around "breakeven" levels. This illustrates the particularly difficult market conditions for commercial development.

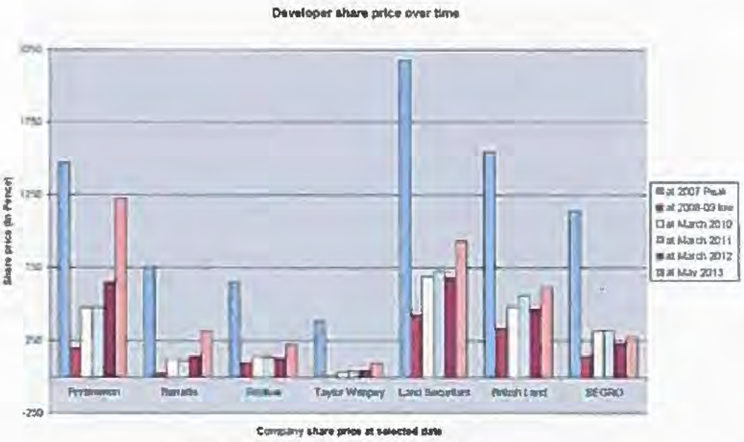
Graphic 4



Source: IPD

Market performance ultimately has to impact upon those businesses that operate within these markets. In **Graphic 5** below I reproduce, at selected dates, share price data for a sample of larger UK developer investors. Whilst the company share prices vary significantly, what is clear from this data is that these companies have all experienced substantial share price devaluations since the 2007 peak but they are all showing sustained improvements since the lows they saw in 2008-09 and there appears to be a sustained, general and gradual improvement in their share prices up to the present day 2013 valuation date.

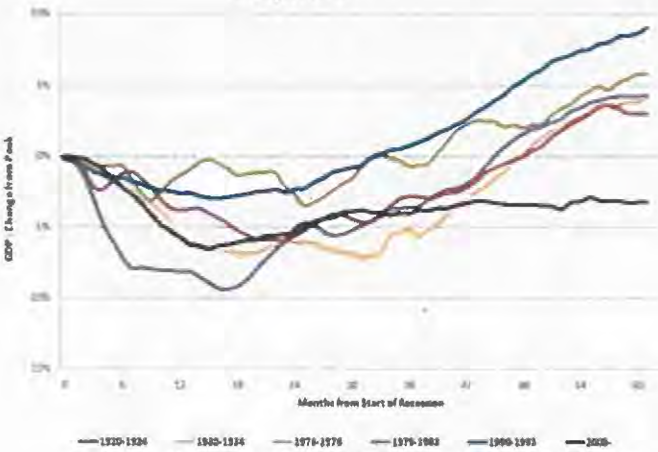
Graphic 5



Source: London Stock Exchange

In **Graphic 6** below I reproduce economic data that illustrates whilst the current recession has not quite been the worst in terms of the initial fall in Gross Domestic Product (GDP), it is proving to be the greatest in terms of longevity.

Graphic 6



Source: National Institute of Economic and Social Research

Reflecting on the foregoing, the market intelligence gathered and transactional evidence seen it is clear that there is a gradual improvement in property market conditions since the 2009 valuation date. However, the levels of market activity are still subdued and it is therefore difficult to be certain that a sustained and entrenched recovery is in place.

4.3 Market Commentary- post portfolio sales (2nd March 2012; Brackla 1st March 2013)

The Office for National Statistics (ONS) statistical publication of 28th January 2014 shows that the UK economy grew by 1.9% during 2013 (Measured by Gross Domestic Product (GDP)). However, GDP within the fourth quarter of 2013 was still estimated to be 1.3% below the peak in the first quarter of 2008. ONS advises that from the Q1 peak in 2008 to the market trough in the second and third quarters of 2009, the economy shrank by 7.2% (back to the GDP levels of mid 2005). See below **Graphic 7** below for context.

Graphic 7

Figure 2: GDP and main components, Q4 2013

United Kingdom 2000-2013

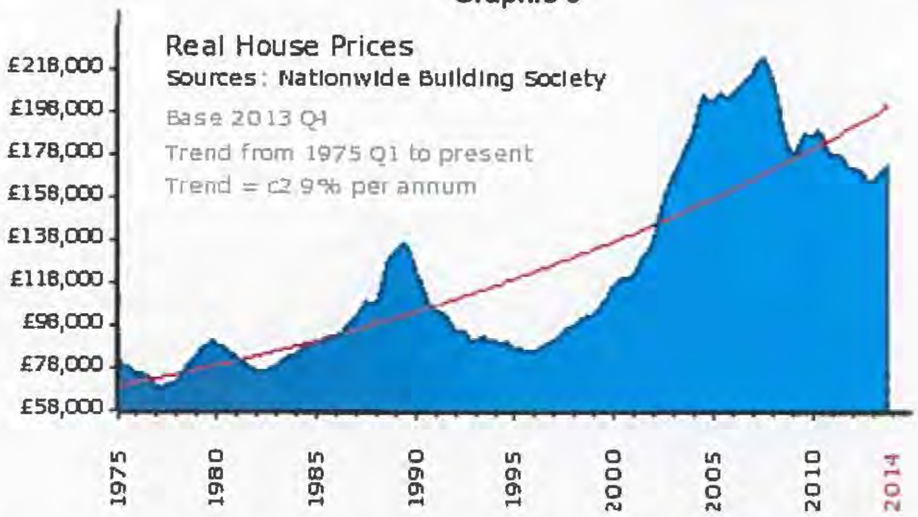
Source: Office for National Statistics

The Land Registry has reported (31st December 2013 release) annual house price growth of 3.2% across the UK, with 3.3% growth being experienced across Wales. But the most notable price changes were seen in London, where annual house price increases were recorded at 10.6%. Nonetheless, it must be remembered that house price sales are still recovering from significant falls and despite recent gains the average UK house price was £165,411 in November 2013, compared with £181,785 at the peak of the market (In Wales, the November 2013 average price was £118,310, and this compares with an average value of £140,375 at the peak of the market).

Furthermore, sales volumes remain well below (almost half) those which prevailed at the peak of the market; over the period of January 2013 there were 539,678 house sales completed across England & Wales but this compares with 942,721 over the same period in 2007 (In Wales the figures for the same periods are 24,402 sales in 2013 and 42,252 in 2007).

Despite the difficult market conditions since the market downturn in 2008, UK property remains a sound long term investment. As can be seen in **Graphic 8 overleaf**, even when house prices take account of inflation there is still a clear long term trend of increasing value, which the Nationwide Building Society has assessed to be on average circa 2.9% growth per annum (as recorded over the period from 1975 to the end of 2013). Even accounting for the last market downturn, the rate of price increase is still on an upward curve.

Graphic 8



Savills and Investment Property Databank (IPD) research published November 2013 has shown a hardening of average commercial property yields (towards the end of 2013) across the UK and most commercial sectors. These hardening yields are a reflection of an improvement investment commercial market (good news for the commercial property market and new developments), and also point towards a narrowing of the yield spread between prime and secondary assets. Some rental growth is also now being reported in most commercial sectors. Unfortunately, the high retail sector is still showing flat yields, although shopping centres and food stores have shown hardening yields. However, the retail sector is still also witnessing some overall (limited) downward movement in rents.

Savills commercial development activity research just published in January 2014 also shows an upward trend in development activity, but again retail improvements are the more lethargic. However, survey respondents maintain an optimistic outlook in their future forecasts.

The above economic and market conditions filter through to the development market, and whilst there is also a corresponding improvement in this market developers are still favouring "prime" opportunities and interest (and indeed funding/investment) in secondary market opportunities is more circumstantial. Development land transaction levels, though improved, still remain below peak levels, which is largely as a result of the continuing disconnect between development viability, land owner price expectations and available of funding/investment.

4.4 <u>Valuation Methodology</u>

The RICS online professional resource, ISURV, makes clear (under the "Valuation Calculations" section) that "There is no prescriptive way in which to value any property: the approach is entirely down to the valuer." The RICS highlight the following three internationally recognised market based valuation approaches; "the market approach" (direct sales comparison); "the income approach" (income capitalisation) and the cost approach (sometimes referred to as "depreciated replacement cost"). Two other approaches used by some valuers in the UK are the profits approach ('income and expenditure' method) and the land residual approach.

As previously noted, in the majority of cases the assets being valued have potential alternative uses which are likely to be of significantly higher value than their existing uses i.e. there are financial incentives in favour of the land being developed. The RICS has published the following guidance, which is of assistance when undertaking the valuation of development land:-

- Valuation Information Paper No. 12- Valuation of development land (effective March 2008)
- RICS Practice Standards, Valuation of land for affordable housing (effective 1 June 2010)

The methodology put forward in VIP 12 for valuing development land is either the "Comparison method" or the "Residual method". VIP 12 states that valuing land by the comparison method of valuation may be appropriate: -
"...where there is an active market and a relatively straightforward low density form of development is proposed (for example, if the land is Greenfield within a rural economy where infrastructure costs are consistent and not excessive, or small residential developments, and small industrial estates)"

VIP 12 then goes on to say:-
"Generally, high density or complex developments, urban sites and existing buildings with development potential, do not easily lend themselves to valuation by comparison."

"In practice, a valuation would rely on both techniques with the comparable method being used more as a 'reality check'."

In light of the foregoing, we have undertaken our valuations having regard to both the "Comparison" and "Residual" methods of valuation. Imperial Park is unique amongst the assets valued as part of this review because it is already developed and a complete site redevelopment does not appear financially attractive. Some form of a refurbishment/reconfiguration may be viable but the valuation of this and the existing use are assessed with reference to "the income approach".

4.5 Residual valuation methodology

The basis for our residual valuations is as follows:

Gross Development Value

Less

Gross Development Costs (including developer profit)

= Residual Land Value

In the majority of the sites we have considered it appropriate that our valuations, to one extent or another, be reflective of our residual valuation assessments. Our residual valuations have been completed using computerised appraisal models. In each case we have input the development foreseen into the model and applied benchmark receipt and cost inputs to arrive at a residual land value.

For the avoidance of doubt, the development schemes input into the models are based upon information known about the site. For example, in some cases we know how many dwellings or square metres of employment space are proposed on the site so will simply adopt (or adapt, if other market intelligence leads us to) those assumptions. With regard to the receipt and cost inputs these are based on other market information. So, as another example, house sale receipts would be based on sales of comparable modern properties in the subject locality. Whilst build costs are based upon the RICS Building Cost Information Service (BCIS) average price data.

4.6 <u>Comparison valuation methodology</u>

All our valuations have been undertaken with reference to the comparison method of valuation. As the majority of the subject sites are primarily land, this means that we have sought out sales of development land and land with potential for development.

The Valuation Office Agency is fortunate in that we receive the Stamp Duty Land Transactions for all sales across the UK and we supplement this data with wider market research. Upon completing our research we then seek to compare the subject sites to the available market evidence to arrive at what we believe, in our professional opinion, is the most appropriate valuation of the subject site at the valuation dates under consideration.

4.7 <u>"Income approach" valuation methodology</u>

The income approach is defined in the glossary to the RICS Valuation – Professional Standards March 2014 edition as one which, "...provides an indication of value by converting future cash flows to a single current capital value."

ISURV (see para. 4.4 above) expands upon this definition:

"The income approach is a recognised method in many world markets where real estate is held as an investment. It is used to value all tenanted property for which there is good market comparable evidence of rents paid by tenants and sales. The valuer needs comparable evidence of market rents and capitalisation rates ... to support each valuation ... The income approach is used where buyers are acquiring the right to the enjoyment of future benefits and where those future benefits can be expressed in monetary terms. Typically, in investment markets buyers are looking for future income, value stability or future value growth or a combination of income and growth."

4.8 <u>DVS and other valuations</u>

The following valuations form part of our review and, for reference, we list these below;

- Comparison of DVS & Colliers values at sale date **(Appendix F)**
- Comparison of DVS & Colliers discounted / undiscounted values at sale date **(Appendix G)**
- Summaries of all "sale" valuations provided since 2009 **(Appendix H)**
- DVS valuations- at ALL dates **(Appendix I)**

<u>Important note</u>: - DVS comments in respect of valuations completed by others are only provided to highlight differences in assumptions and/or opinions; and are not comments upon the professional competence of any other party.

4.9 DVS Opinions of Value

During the course of our review we have considered the valuation approach of SWLD's valuers (Savills), which was to apply percentage valuation discounts for phasing and funding factors (e.g. to reflect "present value" calculations for risk and delay associated with site assembly, master-planning and development realisation) to the full development values (i.e. with the benefit of planning) of the subject sites. This is an established valuation method, but as a percentage adjustment approach this is reliant upon the valuer establishing a referenced view for adjustment factors.

However, there is some further merit in Colliers' general approach of considering onward land sales using a "draw down" method (i.e. phasing land sales to avoid any potential market saturation, upfront development funding challenges etc.). The comparable land sales and appraisals undertaken already, to one extent or another, allow for development phasing and cash flow considerations. However, the challenges are that much greater for the largest sites so further account is required for phasing and purchaser funding considerations.

The benefit of the "draw down" approach is that the valuer is required to make a number of assumptions which are more easily referenced to a "real world" land disposal scenario, and this can provide greater valuation confidence. Therefore, where appropriate, we have undertaken "draw down" valuations on the sites listed in **Table 4 below>**

Table 4- "Draw down" valuations undertaken

Site
(2-4) Llwynypia, Church House & Maerdy farms, Lisvane, Cardiff
(7) Upper House Farm, Rhoose
(10) Goetre Uchaf Farm, Bangor
(15) Wonastow Road, Monmouth
(16) Towyn Way East, Towyn
(17) Pen y Bryn, St Asaph
(18) St Georges Rd, Abergele
(19) Waenfynydd Farm, Llandundno Junction
(20) Brackla Industrial Estate, Bridgend

We have not undertaken "draw down" valuations on the remaining sites for the reasons identified below;

Table 5- Sites excluded from "Draw down" valuations and associated reasoning

Site	Reasoning
(1) Imperial Park, Newport	Existing developed properties (draw down not applicable)
(5) Wrexham Industrial Estate	Evidence and value already accounts for draw down
(6) Llantrisant Business Park	Evidence and value already accounts for draw down
(8) Cogan Hall Farm, Penarth	A small amenity site with some ransom value potential, but draw down still not applicable
(9) Garth Park, Talbot Green	A larger amenity site, but any development value not significant enough to warrant a draw down assessment.

(11) Ty Mawr, Llanfairpwllgwyll, Anglesey	Site has development potential but not large enough to warrant a draw down assessment.
(12) Ty Draw Farm, Pyle	Evidence and value already accounts for draw down at the 2012 valuation date
(13) Mayhew Foods site, Aberdare	Evidence and value already accounts for draw down
(14) Anchor Way, Penarth	A small amenity site (draw down not applicable)

We include [redacted] undertaken (As identified in **Table 4**) at **Appendix J** [Removed] the back of this report. The appraisal model used is Argus Developer ®, which is used world wide and has been adopted in Colliers' appraisals of notional one acre sites. The appraisals each have an individual cash flow which assumes that the land assembler pays for the land in a single upfront payment at day 1 of the appraisal (which may not reflect actual reality, and we cover this point later within this "Opinion of Value" section). The onward land sales are then deferred a number of years to allow for the securing of planning consent and onward sale preparations, and the land sales themselves are then spread over a number of years to allow the end developers time to make the necessary funding and other practical development arrangements associated with their purchase.

As an illustration of how the development timescale is factored within the draw down appraisals, we highlight the Lisvane assumptions made by DVS. Within [redacted] (See **Appendix J**) [Removed] we assume a 5 year land sale deferral period, to allow for the obtaining of planning consent etc, followed by land sales commencing at the start of year 6 for a 10 year period. At the 2012 valuation date, this effectively means that the purchaser pays the residual land valuation (rounded to £10,500,000) on the 2012 valuation date, secures planning consent and then starts receiving sale receipts (net of overage deductions, in the case of Lisvane) from early 2018 for ten years until the final land sale at the beginning of 2027. By way of comparison, as at 2012, Colliers assume a 9 year deferral period (i.e. first sale at start of 2022) followed by sales spread over 7 years (i.e. last sale in 2028).

After the draw down cash flow period is established, the appraisal is then set up to make a number of calculations to arrive at a residual land value of the site (rounded to £10,500,000 in the case of the Lisvane site). In the draw down appraisal in this case, we assume that the purchaser is simply a land speculator (i.e. they are not looking to construct site infrastructure and then sell the land on as "oven ready" development parcels, nor are they looking to build the infrastructure or actual dwellings / employment buildings proposed). In this scenario, the costs incurred by the land speculator are limited in number with the three most significant cost allowances being the original land purchase, the interest accrued on that land purchase and the land speculator's profit allowance (reflecting their view on "risk and return"). We highlight the drawn down costs in **Table 6** below.

Table 6- Cost allowances within "Draw down" appraisals

Cost Heading	Explanation
ACQUISITION COSTS	This heading covers the original land acquisition cost (which, despite its position within the appraisal, Argus calculates as the final residual output in this case) and associated agent, legal and Stamp Duty Land Tax costs incurred by the land speculator.

PROFESSIONAL FEES	Here an allowance is made for the planning costs incurred by the land speculator. Within the Lisvane and Monmouth sites a further allowance is made for non-recoverable overage costs.
MARKETING & LETTING	This allowance includes the costs of marketing and selling the land once planning consent has been obtained by the land speculator.
FINANCE	Within this allowance the land speculator covers their costs of financing their original site purchase.
PROFIT	This cost allowances covers the land speculator's profit allowance, which is a reflection of their "risk and return" assessment of the investment opportunity.

As stated above, there are three particularly significant costs incurred by the land speculator. As the upfront land acquisition cost is a residual output of the appraisal, we will focus upon the remaining two appraisal inputs; finance costs and the land speculator's profit. In the case of finance costs, the debit and credit interest rates we have assumed are 7.0% and 0.0% respectively. These rates match Colliers' rates for the notional one acre development plots and are considered very fair and potentially generous to some investors (rates very dependent upon the borrowing / equity circumstances of the individual investor). In the case of the Lisvane example, the finance costs total £10,274,648. The cost is so significant because the site is paid for in one upfront lump sum and the sales period is deferred for 5 years before receipts are spread over a further 10 years.

Looking at the land speculator's profit requirement, I have adopted an allowance of a 25% return on cost (20% on GDV) to account for the immediate absence of planning certainty. This allowance reflects the profit sought for the perceived risk being taken in the investment. The 25% return on costs (20% on GDV) is considered to be a very reasonable return to the land speculator (I am aware of another strategic land assembly in 2012 where a 12% profit on GDV was applied) since risk principally only applies to the assumptions they have made in respect of the time costs (i.e. finance costs) associated with obtaining planning consent and the onward land sales themselves, albeit it is acknowledged that these risks are potentially significant if planning is further delayed or planning consent assumed proves to be materially different to what can be achieved. Our default profit allowance for a "house-builder" appraisal at the 2012 valuation date is 17.5% on GDV and there is a potentially greater level of cost risk associated in those appraisals.

After the completion of the drawn down appraisal, the only remaining question is whether any further allowance is appropriate to reflect other factors or risks not already accounted for within the valuation process. Colliers make such an allowance in lieu of planning certainty but generally we consider our draw down appraisals to already have inherent risk allowances in the following areas;

- Front loading of original site purchase cost
- No value growth assumptions
- Profit level for land speculator

Firstly, as already mentioned, the appraisals each have an individual cash flow which assumes that the land assembler pays for the land in a single upfront payment at day 1 of the appraisal. It may be that such terms could be agreed on some of the sites valued but those involving larger initial capital outlays (e.g. Lisvane, Brackla, Monmouth, Bangor, Rhoose etc.) would, in our opinion, be secured by way of an initial upfront land payment followed by subsequent instalments making up the balance of payments. The exact terms to be agreed would be subject to market forces and negotiations between the vendor and purchaser, but impact of any phased would be to reduce the finance costs incurred by the land speculator and thereby would increase the total sum which they could potentially pay for the site.

Within the onward land sales, we have not factored in any potential growth in these land sale receipts. Given that some of these onward disposals will be taking place many years in the future (for example, the Lisvane land sales are assumed to take place over the 2018 to 2027 period) the baseline land receipts assumed could potentially be exceeded. There is also potential for cost inflation but the land speculator has very few direct cost factors and as is shown in **Graphic 8** since 1975 house price inflation has exceeded other cost inflation by on average 2.9% per annum, which given all of sites subject to the drawn down valuation assessment have significant residential proposals would imply future price growth for the end sales and feeding back into the land values which could be offered by competing house building developers.

We have already addressed the 25% on cost (20% on GDV) profit allowance for the land speculator. Whilst this is deemed to be a reasonable return, it is considered to be at a higher level for the land speculator which is to account for the risk associated with the planning consent yet to be resolved.

Since we consider the draw down appraisals to already address the typical risks faced by the land speculator, in some cases we do not consider a further value adjustment to be appropriate (And so adopt a 100% end value factor). However, there are 3 sites where we believe that specific site circumstances do necessitate a final land value adjustment at the date of sale. Those 3 sites being St Asaph, Towyn and Llandudno Junction.

The St Asaph end value adjustment has been made to reflect the fact that the site presently remains outside of the settlement boundary so in spite of the clear residential / employment use potential a further adjustment is appropriate.

The Towyn site is defined as being at a "low" risk of flooding, but the updated planning application (The site previously had consent for residential development) has been placed on hold pending a wider flood risk study being undertaken by Conwy Council and Natural Resources Wales which also covers the subject site.

Towyn and Kinmel Bay areas experienced a large flood in 1990 as a result of a combination of low atmospheric pressure, strong onshore winds and high spring tides. Those floods had been classified as "rare" and greater than a 1 in 200 year event, but the floods resulted in substantial sea defence construction. We understand that the constructed sea defences are apparently in good order though adjacent areas of coastal defences could be less robust and few homes today are free from flood risk. The fact that the subject site remains within the settlement boundary and is surrounded by existing housing to the west and north (the coastal facing aspect), and the fact that the recently adopted (October 2013) Conwy LDP includes an employment allocation to the site's immediate eastern boundary leads us to conclude that the land still retains potential for residential or employment development.

Nonetheless, a prudent investor would make a further adjustment to reflect the specific planning uncertainties attributable to the Towyn site.

The Llandudno Junction end value adjustment has been made to reflect the fact that the site is presently allocated for mixed use development. Rather like the Pyle site (where the employment allocation was overturned for the immediately prevailing local residential use), it appears likely that any development would be based on residential use but there is some uncertainty which can be applied the exact development mix so I have applied an end adjustment factor to this valuation as well.

Comparisons between the opinions of value of DVS and Colliers are found at **Appendix F**. You will note, from **Appendix F**, that (at the date of sale) the land values for those sites with identifiable development potential ("hope value" or better) ranges from £21,295 per gross acre (St Asaph) to £117,754 per gross acre (Abergele) when all pertinent factors are accounted for (but any existing buildings discounted). These values are consistent with the levels of values seen by DVS in other prospective development case reviews (of sites without planning consent); indeed such values could be viewed as being to the lower or medium averages of the typical values seen.

Further comparison highlighting differences between the opinions of value (at the date of sale) of DVS and Colliers before and after adjustments for time, risk and return is shown at **Appendix G**. For reference, lists of the "sale" valuations provided are included at **Appendix H**.

Finally, and importantly, the DVS valuations (including those subject to draw down assessments) for all sites, and at all valuation dates, can be found at **Appendix I**. We would draw your attention to the fact that values change over time and that a valuation given on a particular date may not be valid on an earlier or later date.

4.10 Conclusion to DVS valuations

As will be observed at **Appendix I**, there are a number of significant divergences in our opinions of value and the portfolio sale prices achieved. The obvious question then, is why these differences exist. At **Appendix E** we have endeavoured to, site by site, explain our valuation workings and, as you are in possession of the valuations undertaken by King Sturge, Colliers and South Wales Land Development's (SWLD) consultants hopefully the specific reasons for valuation divergences should be clear.

Having noted the site by site valuation differences, it is also appropriate to remark upon more fundamental factors. At **section 2.7** of this report we detail and expand upon the basis of our valuations and explain how "proper marketing" is absolutely integral to the definition and meaning of "Market Value". Commonly, a surveyor's valuation advice is to (where appropriate) test the market and, having done so, then typically report upon the price achieved through the marketing process as being representative of "Market Value".

The RIFW portfolio sold after a marketing process by the investment managers, yet some of our opinions of value differ considerably from the sale values. My project team and I are content in our valuation approaches and that our opinions of value represent "Market Value" having regard to the information available (see **section 4.14** "Valuation certainty") and the assumptions made. Therefore, as a valuer, in providing this valuation advice to you it is unavoidable that in this case we include our views in respect of the marketing undertaken and its relationship to the portfolio sale price achieved and comparable "Market Values".

To set the context to the RIFW portfolio sale we outline here a range of alternative paths that a hypothetical landowner might take in order to achieve the best sale outcome for land with some level of development value. The choice of sale method will be usually influenced by how close to realisation the development value is; the complexity of the prospective site development; and (equally importantly) the time and money the landowner has to resolve these issues and realise the site's full development value.

Broadly speaking, the vendor of prospective development land has five general categories of site sale options;

A) Secure planning consent themselves and subsequently sell the site with the benefit of this consent.
B) Enter into a site promotion arrangement with a development specialist.
C) Enter into an "option to purchase" arrangement with a developer.
D) Sell without the benefit of planning but with "overage"/"clawback" provisions (As explained in section 3.4) included within the sale contracts.
E) Sell without the benefit of planning and without the benefit of "overage"/"clawback" provisions

If the landowner has the time and money necessary to realise a planning consent on their development site then this can help ensure that any sale would achieve them the best possible value. Unfortunately, achieving planning consent can be a time consuming and costly process, and with no guarantee of success. Consequently, the landowner has to make a "risk and return" judgement as to whether it is possible and worthwhile pursuing a planning consent themselves. The time delay and costs associated with achieving consent on larger development sites (as many of the sites in this review are) increase further. It is therefore no surprise that landowners of larger sites often enter into other arrangements with developers or strategic land assemblers

The site promotion category typically covers arrangements where the landowner and a development specialist (who may or may not be a developer themselves) enter into agreements where the landowner places the land into the joint venture and the development specialist provides the professional expertise and is entirely at risk (for loss of fees and expenses, and share of value uplift) if they are unable to achieve planning consent. Should consent be achieved, however, then the uplift in land value is subsequently shared (in a pre-agreed apportionment) between the landowner and the development specialist. The landowner's risks in this arrangement are limited but they have to forego some of the increase in land value to incentivise their development specialist partner.

"Option to purchase" arrangements are common on larger and/or longer term potential development sites because (again) the landowner's risks are limited (primarily to sharing a proportion of the land's increased value), and developers are guaranteed to secure the site (and at a discount below market value; to reflect the risk they have to bear in the process) provided they can achieve planning consent.

Selling potential development land without the benefit of planning but with "overage"/"clawback" provisions included within the sale contracts can allow for much quicker and more affordable sales (sale costs are usually deducted from the sale receipts). However, as with all of the sale options, proper marketing and good market exposure are crucial to achieving a good sale result and the "overage"/"clawback" provisions need to be carefully prepared to avoid payment loopholes.

Lastly, of all the options, selling potential development land without the benefit of planning and without the benefit of "overage"/"clawback" provisions carries the most risk. The risk can be mitigated to some degree by proper marketing and good market exposure, but whilst the absence of "overage"/"clawback" provisions may lead to some potential purchasers bidding more optimistically, most bidders will have first regard to their view on the site's likely risk and return proposition. This sale method makes the least provision for the landowner's risks (which can be especially great with larger sites) and leaves the sale price entirely at the whim of market.

At **section 2.7** we also detail, the concept of "prudent lotting". Given the varied nature of the sites on offer, and the differing timescales that each site would require to achieve the best possible sale price, it is clear that selling the sites as a portfolio is not conducive to achieving the best possible total sale price in this regard. It will be observed that in some instances DVS valuations fall below the recorded sale values (i.e. in those instances RIFW achieved a better than expected deal), however looking at the portfolio as a whole the best possible overall price was not, in our opinion, achieved.

In addition to the very site specific sale requirements, the property market itself can in some aspects be viewed as a pyramid. Simply put, the number of parties who could raise £100,000 to buy a property greatly exceeds the number of parties who could raise £100,000,000 to purchase a property. The same principle applies to the portfolio sale. Were the constituent parts prudently lotted and openly marketed we expect that some of the less attractive sites would have received limited interest, but we expect such an effect to be greatly exceeded by the levels of interest that would have been generated in the more valuable sites. Such an approach would have, in our opinion, led to a greater overall receipt in favour of the public purse. We note that one of the RIFW investment managers themselves remarked, in correspondence of 6th April 2011, that;

"In terms of the portfolio having market exposure, this to date has been fairly limited as we hadn't been gifted with a market instruction and so we have simply responded to enquiries, providing the same single sheet summaries of each asset to those who have requested them."

On the 4th March 2011, the investor (who was to become South Wales Land Developments Ltd (SWLD)) had submitted a written offer to buy the portfolio and by the 12th July 2011 this had led to an agreement between the buyer and seller on the sale heads of terms. Legal complications delayed formal completion of the portfolio sale until the start of 2012, but it appears that the RIFW investment managers had some concerns in respect of market exposure at the time the sale was being agreed with the eventual purchaser.

However, equally importantly, in the same 6th April 2011 correspondence the RIFW investment manager then immediately goes on to comment that (**See overleaf**);

"In saying that, those who have come forward are by in large the most active land and property buyers in the local marketplace, so in that regard the exposure has been quite great. Parties who have been sent the information are as follows……"

In some senses then, the investment managers appear reassured that the "*most active land and property buyers in the local marketplace*" have approached RIFW to enquire in respect of the portfolio, or parts of the portfolio. That said, when the précised remarks against each potential buyer (For confidentiality reasons, we have not identified the potential buyers) are reviewed another theme emerges;

"3) ....withdrew their interest due to the value and risk profile of the portfolio"
"4) ....not interested in acquiring such a mixed portfolio"
"5) ....interested in progressing some individual sites under option"
"7) ....interested only in cherry picking a few of the assets"
"9) ....would be interested at looking at a select number of sites"

These comments highlight that the decision to sell the sites as a portfolio ruled out some potential buyers due to the size and mixed nature of the portfolio assets. Indeed, some of the potential buyers proactively expressed an interest in acquiring a selection of sites, rather than the whole portfolio. Added to which, the fact that the eventual portfolio purchaser was able to sell on two of the sites acquired (Bangor and Aberdare) at a considerable profit within months of their acquisition suggests that "prudent lotting" should have been more carefully considered.

We would also note that whilst the investment manager correspondence lists a number of interested parties who had contacted RIFW, or been contacted, we do not consider the list we have seen as being exhaustive. Our review does not extend to seeking further information here, but no doubt your review will do so.

Given that the original King Sturge valuation advice was provided in 1st October 2009 and the Sales did not legally complete until 2 March 2012 (except for Brackla which completed 1 March 2013) we believe that the portfolio assets could have been more prudently lotted and the marketing exposure much more carefully planned and extensive to encourage the greatest competition for sites across the widest range of potentially interested parties, thereby leading to the best possible sale outcomes. We also note that the RIFW Asset Realisation report (March 2011) recommended a variety of site specific (i.e. as opposed to a single portfolio sale) "disposal routes" and these ranged from immediate sale by auction to promotion of site through the Local Development Plan (LDP) process whilst considering offers for sale of part or whole of site.

We also acknowledge that the Lisvane and Monmouth sites were sold with the benefit of overage provisions (These provisions are reflected within our valuations) but it is our opinion that many of the other sites could also have been sold with the benefit of overage provisions. For example, were this done a further receipt may have then applied to SWLD's subsequent sale of the Bangor site. It should also be noted that the party who subsequently purchased the Bangor site off SWLD, had submitted to RIFW's investment managers a written offer for that site (and in excess of the site's proposed sale value) on the 22nd July 2011 i.e. shortly after heads of terms had been agreed for sale of the portfolio to SWLD (but in all likelihood well ahead of exchanges of contract).

4.11 Currency

All prices or values are stated in pounds sterling

4.12 VAT

The valuations provided are exclusive of any VAT that may be applicable.

4.13 Costs of Sale or Acquisition and Taxation

We have assumed that each party to any proposed transaction would bear their own proper legal costs and surveyor's fees.

4.14 Valuation certainty

Abnormal uncertainty, is a term that has been used by the RICS to cover extreme circumstances (i.e. acute financial turmoil), where valuation and market certainty becomes exceptionally difficult to quantify. Such circumstances have been incredibly rare and although some market uncertainty does continue much more consensus now exists amongst market analysts and professions and transactional evidence is available.

In the case of these valuations, there is some potential for variation in hypothetical or actual site bids because of the nature of the asset (a development site with abnormal cost considerations and planning approval to be concluded). However, having reflected upon the appraisals undertaken and the available transactional evidence we are content that the advice reported is reasonable in light of the available information.

The RICS Guidance Note 1 (GN 1) entitled "Valuation certainty" steers surveyors in the reporting of valuations where specific reference to the degree of valuation certainty and risk attached to them are key factors, as in this case. The circumstances of this sensitive instruction have required you to request that all case-specific DVS contact concerning this instruction is, in the first instance, directed through you.

It has been agreed that DVS will contact planning officers for site specific information but other research has been undertaken discreetly and has been of a non-site specific nature (e.g. verifying comparable transaction data). Additionally, all RIFW disposal evidence (e.g. details of lease terms, sale contracts etc) is documentation which we have received direct from you, and we assume this to be the most up to date information and the best representation of the facts at hand.

Whilst the need for these restrictions are acknowledged they do prevent DVS from broadening its research for project-specific market intelligence, and do limit the extent to which DVS can verify the facts of the case for themselves.

GN 1 also makes clear the need for the reporting upon "market instability". Disruption of markets can arise due to unforeseen financial, macro-economic, legal, political or even natural events. If the *valuation date(s)* coincides with, or is in the immediate aftermath of, such an event there may be a reduced level of certainty that can be attached to a valuation, due to inconsistent or absent empirical data, or the valuer being faced with an unprecedented set of circumstances on which to base a judgment. As is detailed within this report, there is a gradual easing of market conditions over the valuation period starting in October 2009 and ending May 2013. However, development land transactions still remain at depressed levels (Mostly pertinently, in terms of numbers of transactions available for analysis) and, whilst we are comfortable with our assessments, this limited volume of transactional evidence does restrict the levels of confidence which we can attach to our valuations

5. General Information

5.1 Status of Valuer

It is confirmed that these valuations have been carried out by the project team listed at section 1.2, who are RICS Registered Valuers, acting in the capacity of as an external valuer, with the appropriate knowledge and skills and understanding necessary to undertake the valuations competently, and are in a position to provide objective and unbiased valuations.

5.2 Conflict of Interest

Checks have been undertaken in accordance with the requirements of the RICS Professional standards and have revealed no conflict of interest. Since April 2013 DVS has provided ongoing valuation advice in respect of the subject properties and this final report forms part of the same overall assessment.

In June and July 2015 DVS provided independent financial viability advice to Cardiff Council in respect of the Lisvane site. Our professional guidance team considered no conflict of interest to exist, but we did disclose our prior involvement to the parties and then seek and secure prior approval to act from both Cardiff Council and the Wales Audit Office.

5.3 Restrictions on Disclosure and Publication

The client will neither make available to any third party or reproduce the whole or any part of the report, nor make reference to it, in any publication without the Valuation Office Agency's prior written approval of the form and context in which such disclosure may be made.

You may wish to consider whether this report contains Exempt Information within the terms of paragraph 9 of Schedule 12A to the Local Government Act 1972 (section 1 and Part 1 of Schedule 1 to the Local Government (Access to Information Act 1985) as amended by the Local Government (access to Information) (Variation) Order 2006.

5.4 Limits or Exclusions of Liability

The report should only be used for the stated purpose and for the sole use of your organisation and your professional advisers. **No responsibility whatsoever is accepted to any Third Party who may seek to rely on the content of the report** unless previously agreed in writing.

5.5 Validity

This report remains valid for six months from the stated date of reporting unless market circumstances change or further or better information comes to light, which would cause me to revise our opinion.

6. Conclusion

6.1 Summary of key issues / value for money

As detailed within this report and the relevant supporting appendices, a significant divergence exists between the DVS valuations and the sale values achieved. We believe that such a divergence could have been mitigated by a carefully handled asset disposal process with prudent and proper marketing. Our instructions in this case are to provide opinions of value and compare and contrast these with the disposal values achieved and matters highlighted by Colliers February 2014 valuation review. Therefore, we do not seek to attribute any culpability although we do consider it our responsibility to highlight matters which may have resulted in sale values below which we believe could have reasonably been achieved with proper and prudent marketing.

6.2 During the course of this report we have sought to highlight and address pertinent matters as they arise, but in conclusion we firstly question whether (purely from a "best sale value" viewpoint, and unaware of Governmental strictures) the placing of twenty very different assets with the RIFW was the best way of realising the monies required to unlock European investment match funding. The sites had very different marketing requirements, some of which needed very careful focus (and time) to unlock their full potential values. There are plenty of examples of other public bodies in Wales and the rest of the UK disposing of some very complex and valuable development sites through the use of a carefully managed marketing process, and such sites are dealt with on a site by site, and not portfolio, basis. Tailored marketing approaches could have been drawn up for the sites and independently progressed with the realised sale receipts being ultimately pooled together for the required investment funding.

6.3 We have highlighted our concerns in respect of the initial asset sale concept. Our investigations have been focused upon the valuation of the assets and matters relevant to this, but we have not come across evidence of any questioning of the initial sale concept, or alternative sale proposals or sale plans (beyond the portfolio sale concept) during the course of our investigations. That is not to say that this did not happen (as we note our review is limited), but the professional advisors to RIFW in our opinion had a duty not only to discharge the immediate terms of their service but to also at least highlight risks and any alternative opportunities, and we would hope that such discussions would have taken place at some point(s).

6.4 In our opinion, many of the matters raised subsequent to the portfolio sale could have been avoided / mitigated by a more prudent, open and carefully managed disposal process and the of inclusion overage provisions for the majority of the assets. It is also disappointing that it appears only a minimum overall portfolio sale value was needed to satisfy RIFW's funding requirements and I am not aware of any proposals to consider alternative ways to achieve this whilst realising best value for the public purse (i.e. achieve surplus receipts for investment in other areas of public good).

Overall conclusions in respect of the RIFW disposal process

6.5 We have stated our view that the disposals could have better managed and received better market exposure. However, in the case of some of the largest and potentially most valuable sites (e.g. Lisvane and Monmouth, which are not suited to a conventional upfront sale) realising their full value is a process that may take some time and resources, which may include the use of specialist master-planners and/or co-operative arrangements with a developer (or consortium of developers).

6.6 We reflect upon the background and purpose to RIFW at **section 1.1** of this report. This is relevant because we believe your further investigations should also consider to what extent RIFW had the time, means and opportunity to achieve the best possible sale prices for all of the assets.

6.7 There are very significant differences between many of our valuations and the sale prices achieved by RIFW. At the sale completion date of 2nd March 2012 (1st March 2013 for Brackla) these differences amount to a total variance of just over £14.627 million (DVS cumulative valuation = £36.375 million as opposed to a sale receipt of just under £21.748 million). This is, in our opinion (which is based on this review), as a result of disposal and marketing strategy adopted by RIFW and its advisors. There may have been other factors (such as the fund management costs) which also impacted upon the disposal decision making but the scope of our review does not identify any further specifics.

6.8 It appropriate to highlight that the DVS values reported assume "proper marketing" which in some cases will extend to site planning promotion and/or co-operative working arrangements with developers, both of which (in the case of the largest and most valuable sites) can take considerable time, resources and perseverance. So, as already mentioned, one area your review needs to consider is whether some of these larger and more valuable sites should/could have been dealt with differently (i.e. longer term value capture) and whether more targeted marketing of the remaining assets could still have achieved the sale receipts that RIFW was tasked with generating. Whilst it is clear (in our opinion) that there were opportunities for better sale results to be achieved, it may well be that the practical operational challenges facing RIFW certainly hindered RIFW's ability to achieve the full Market Value of some RIFW owned sites.

6.9 We note at section 5.2 to the Amber Green "RIFW Asset Realisation" report (completed March 2011) that a range of site-by-site "realisation dates" (Dates of RIFW's sale receipt realisation) were outlined, which confirms that sale of the assets as a single portfolio was not agreed at that stage and this fact is reinforced in section 5.2.2 where a variety of site-by-site "disposal routes" (e.g. sale by auction, promotion through LDP process etc.) are detailed.

6.10 However, section 5.2 to the Amber Green "RIFW Asset Realisation" report also remarks upon *"the need to realise cash on a timely basis to provide cash for investment in regeneration schemes"* and goes onto say *"In addition, consideration of a single portfolio disposal of all 18 assets should not be ruled out to mitigate risks relating to the more complex or less desirable assets"*. No doubt your review will investigate these matters further, but it may be that the need to quickly raise cash and the concerns held by the RIFW and their advisors in respect of some of the more complex or less desirable assets may have been factors in their decision to dispose of the assets as a single portfolio.

6.11 Finally, your instructions sought our views on the value of the subject assets sold as a single portfolio, should this be any different to the cumulative value of the individual assets. Clearly, our views in respect of "prudent lotting" highlight our opinion that sale as a single portfolio will result in a lower overall value. There are many reasons for this but we highlight two of the most prominent factors below

- **A buyer's market-** there are far fewer potential purchasers who can raise £50 million (especially in the current market) than those that can raise £500,000. The economic law of supply and demand states that where supply remains fixed but demand falls (through reduced competition) then price must also fall. Prudent lotting and prudent marketing are the counters to this risk.
- **A mixed portfolio-** whilst the assets are virtually all land with some prospect of development, they vary greatly in terms of geographic location, size, end market (residential/employment), development challenges and time until development realisation. As such, every site has a market of potential buyers but these buyers vary (quite significantly in some instances) from site to site. Again, prudent lotting and prudent marketing are the counters to this risk.

6.12 In terms of the valuation variance between the cumulative value of the subject assets and their value as a portfolio, this is a difficult assessment to make because development land is not commonly transacted (especially in current market conditions) and development land sold as a portfolio even less so. We would also expect sales of development land portfolios to often occur in circumstances of greater change (e.g. distressed sales, company merges/acquisitions, strategic investments etc.), which would make such evidence more circumstantial, and more difficult to analyse and apply.

6.13 In the case of the RIFW portfolio, if we assumed a prudent marketing campaign we would expect that a portfolio sale discount could be potentially limited to in the region of 15% (i.e. £36.375 million cumulative value reduced to circa £30.9 million). However, this is very much an investment decision for the potential purchaser and will be driven by their views on the overall risk and return equation coupled with their accounting for the costs (both actual and in terms of time) associated with realising the final portfolio value (i.e. there could be large variances between the views of some investors).

We trust that the foregoing report is satisfactory for your purposes.

Report prepared by:	Report reviewed by:
[redacted] [redacted] **Principal Development Surveyor** **DVS**	[redacted] [redacted] **Development Team Leader** **DVS**

DVS Property Specialists for the Public Sector

Report for the attention of:	
[redacted] **Wales Audit Office** 24 Cathedral Road Cardiff CF11 9LJ	[redacted] **Wales Audit Office** 24 Cathedral Road Cardiff CF11 9LJ

List of Appendices

Appendix A- Timetables of notable events
Appendix B- Published information in respect of RIFW funding deadline
Appendix C- Published information in respect of RIFW property assets
Appendix D- Invitation to tender extract showing asset transfer values
Appendix E- Details of individual sites and their summary valuation assessments
Appendix F- Basic comparison of DVS & Colliers values at sale date
Appendix G- Comparison of DVS & Colliers discounted / undiscounted values at sale date
Appendix H- Summaries of all "sale" valuations provided since 2009
Appendix I- DVS valuations- at ALL dates.
Appendix J- [Removed]
Appendix K- [Removed]

Appendix A- Timeline (V2 (cells) from WAO)

Date	Event
01/01/2008	Initial discussions between Welsh Government officials and the European Investment Bank about establishing a JESSICA fund in Wales
01/10/2008	Ministerial approval in principle for RIFW JESSICA project, to include funding in cash and also land and property assets to be used for funding regeneration investment projects.
01/02/2009	The Welsh Government established a project board to co-ordinate setting-up a JESSICA fund.
01/06/2009	The Welsh Government begins to identify land and property assets for potential transfer to RIFW.
01/07/2009	The Welsh Government instruct King Sturge to value 23 assets for potential transfer to RIFW in order to ensure that RIFW will be able to generate enough cash from sales to meet its long-term investment objectives, above that which is required for ERDF match-funding.
01/08/2009	The Welsh Government placed an advert in the Official Journal of the European Union announcing that it will seek investment and fund managers for RIFW.
01/10/2009	King Sturge valuation date for total of 23 property assets proposed for transfer to RIFW at between £29.831 million based on existing use and £35.581 million including 'hope value' to reflect the market value of the assets because of potential for future increases in value from changes in planning or development.
01/12/2009	RIFW LLP established and registered at Companies House. Welsh Ministers are the LLP members.
01/02/2010	The Welsh Government invited tenders from companies to support the RIFW Board as investment and fund manager Welsh Government officials make the final selection of assets to be transferred to RIFW in order to provide a mixed portfolio, some of which will be more or less attractive to the marketplace. The Welsh Government instruct King Sturge to value Brackla (not included on original list of assets) as at the same Oct 2009 date as the other assets. The aggregate value of the 18 assets actually transferred to RIFW provided by King Sturge was between £20.55 million (existing use) and £26.3 million (including 'hope value') as at Oct 2009.
01/03/2010	A Business Plan for obtaining £25 million of EU ERDF funding is prepared for the Welsh Government by a firm of consultants and submitted to WEFO. The Business Plan envisages property disposals beyond the first phase of the Fund, to end Dec 2015. £55 million investment Fund established, comprising £25 million EU ERDF (to be invested by end Dec 2015) plus £9.4 million cash and £20.6 million property from Welsh Government. ERDF match-funding requirement is £15.4 million. First meeting of RIFW 'shadow' Board Formal transfer date of property assets to RIFW (although legal transfers were not completed until later). A 'transfer value' was agreed at £20,627,000, based on existing usage and excluding 'hope value'. King Sturge confirm to the Welsh Government that the aggregated valuations of the 18 assets transferred to RIFW total between £20,650,000 and £26,400,000. The higher figure includes 'hope value' and reflects the market value of the assets. These totals include £100,000 of property which was not actually transferred. Adjusted totals for the 18 sites actually transferred to RIFW are £20.55 million and £26.30 million.. City of Cardiff Council withdraw their draft Local Development Plan following criticism of its lack of greenfield development.
01/11/2010	Deputy Minister for Regeneration and Housing invites Councillor Chris Holley to join the RIFW Board as an external member. An offer of £185,000 is received for part of the Cogan Hall Farm site which is accepted and the sale is completed in November 2011. RIFW retains the remainder of the site which was not included in the portfolio sale.
01/12/2010	Formal execution of LLP Members Agreement governing operation of RIFW. Fund Manager (Amber) and Investment Manager (LSH) formally appointed, following competitive tender, to manage RIFW's day-to-day business. Amber becomes a non-voting member of the LLP.
01/01/2011	RIFW Board achieves full planned composition, having met as a Shadow Board since Mar 2010. An initial Business Plan is presented to the RIFW Board, indicating a phased disposal of the assets. A possible portfolio sale is not included as an option. A total 'realisation value' of £28.425 million is quoted, based on LHS's opinions of aggregated sale returns from phased disposals; not a full valuation.
01/03/2011	Initial cash offer for entire portfolio (including assets not transferred to RIFW) received from GST Investments for £23.0 million and reported to the RIFW Board at the Mar 2011 Board meeting. LSH receive an initial expression of interest from Rightacres proposing a portfolio sale for £17.47 million plus overage on five sites. The interest did not progress to an offer. Rightacres expression of interest is not reported to the Mar 2011 Board meeting. RIFW Board approves RIFW First Business Plan, including preferred option for a phased disposal of all assets by end 2014 to yield a 'realisation value' of £24.935 million. The Business Plan acknowledges the possibility of a portfolio sale. The RIFW Board is notified of the initial offer from GST Investments for the whole portfolio. Board Member Mr J Geen declares he is likely to have a conflict of interest and leaves the meeting. To ensure the assets are readily marketable and saleable, the RIFW Board commission legal due diligence on the assets transferred to them, under a Welsh Government framework agreement.
01/04/2011	LSH internal Email acknowledging that market exposure of the portfolio was limited, to responses to inquiries. The Portfolio Transaction Report prepared for the Board by Amber states that the portfolio has been discussed with the most likely potential purchasers. Amber and LSH stage public sector focused events in Llandudno, Swansea and Merthyr to promote RIFW's investment activity. Unminuted meeting of the RIFW Board held as a telephone conference. A Portfolio Transaction report prepared for the Board compared the GST Investments offer with an initial expression of interest from Rightacres, also received in early March. Both are compared with the 'transfer value' of the assets (without 'hope value') rather than the asset realisation value in the RIFW Business Plan. The Board decided to progress with the GST Investments offer for a portfolio sale. An immediate departure from the agreed RIFW Business Plan which favoured a phased disposal. A separate offer of £60,000 is received for part of the Brackla site. The sale is completed in November 2011. The remainder of the site was included in the portfolio sale.
01/05/2011	Amber internal note that no formal marketing of the portfolio has been undertaken but that LSH consider that all likely potential purchasers have been 'informally canvassed'. In papers for a RIFW Board meeting convened to specifically discuss GST Investments offer, Amber and LSH recommend to the RIFW Board that they accept the GST Investments offer at £22 million with overage on two sites, Monmouth and Lisvane. The paper to the Board states that the portfolio has not been formally marketed. The purchaser's representative had previously informed the Board (in April) that including overage on the Lisvane site would result in a reduced offer of £21 million. The Board minutes record a resolution to accept an offer of £23 million, including overage on more favourable terms than the recommendation. The portfolio sale should be on a 'warts and all' basis. GST Investments respond with an offer of £21 million in instalments with overage on Monmouth and Lisvane. LSH responded that £22.5 million in instalments with overage on Lisvane and Monmouth would be acceptable, subject to RIFW Board approval
01/06/2011	Sale of portfolio of 18 land and property assets to GST Investments for £22.5 million, payable in instalments and with overage clauses on terms less favourable than the previous resolution is agreed in principle by RIFW Board, although insufficient members were present for a valid resolution. The sale is benchmarked against the 'transfer value' of £20.6 million, which reflected the assets existing use as at Oct 2009.
01/07/2011	Amber and LSH stage private sector focused events in Swansea and Cardiff to promote RIFW's investment activity
01/08/2011	Departmental restructuring within the Welsh Government resulting in responsibility for RIFW transferring from the Department for Economy and Transport (now the Department for the Economy, Science and Transport) to the Sustainable Futures department.
01/11/2011	LSH obtained a quotation to obtain a full valuation of the RIFW portfolio and forwarded it to Amber. However no further action was taken. Amber and LSH stage a private sector focused event in Conwy to promote RIFW's investment activity.
01/01/2012	 Valid resolution of RIFW Board to proceed with portfolio sale of 15 assets for £21.7 million, payable in instalments and terms of sale finalised, which included overage clauses in relation to two sites. Purchaser (formerly GST Investments) identified as South Wales Land Developments Limited (SWLD), a Guernsey-based company established for the purposes of the transaction. Two assets deemed to be of little value were excluded from the sale; part of one asset included in the sale was sold separately; and part of one asset was excluded because RIFW did not own it. Savills provide a valuation to SWLD valuing the assets subsequently sold to SWLD at between £22.2 and £24.4 million. Applying a portfolio discount values the sale transaction at between £17.6 million and £20.2 million.
01/02/2012	 Sale contracts exchanged for portfolio of 15 assets for a total of £21.7 million, including overage agreements for two sites that provide for RIFW to share in any future value uplift. The final overage terms are less favourable to RIFW than those which the Board agreed. A deposit of £2.17 million is paid. Remaining balance to be paid in three instalments over two years without interest. WEFO permit investment scheme proposals to be eligible for ERDF funding with a retail component above 50 per cent, increasing the range and number of potential investment schemes that may apply for ERDF funding via RIFW.
01/03/2012	Portfolio sale of 14 assets completed for £15.7 million, plus overage on two sites at Lisvane and Monmouth. Sale of 15th asset, for £6 million, is conditional. First instalment payment of sale proceeds from SWLD to RIFW, £10.33 million. SWLD engage LSH to manage the sites purchased from RIFW in South Wales, including lettings, planning promotion, marketing and sales. Mr Byron Davies AM tables a written question on RIFW to Mr Huw Lewis AM (then Minister for Housing Regeneration and Heritage) raising concerns about the sale of RIFW's assets. Ministerial answer to Assembly questions about the RIFW asset portfolio sale. An Assembly Member, Mr Byron Davies AM, sends an E-mail to the Auditor General expressing initial concerns about the asset portfolio sale transaction.
01/07/2012	SWLD sell-on the Aberdare and Bangor sites purchased from RIFW.
01/08/2012	ERDF investment compliance is confirmed for RIFW's first investment project in Neath
01/10/2012	RIFW Fund Manager (Amber) approves first investment project in Neath. City of Cardiff Council publishes its preferred Strategy for Local Development, reconfirming potential for residential development on the Lisvane greenfield site sold by RIFW, with overage The Auditor General announces full value for money study of RIFW. The Welsh Government suspends RIFW's activities.
01/02/2013	The Welsh Government publicly announces the pause to RIFW's activities, which had been in place since October 2012 and also announce two independent reviews, of governance arrangements and of professional advice.
01/03/2013	Sale of final site, Brackla, to South Wales Land Developments Limited completed for £6 million, once pre-conditions of sale are met; totalling £21.745 million payable in instalments for portfolio of 15 sites, plus potential overage returns from two sites at Lisvane and Monmouth. In March 2010, the aggregated market value of the assets sold to SWLD had been confirmed as £25.58 million, not including a portfolio discount, any adjustments arising from the inclusion of overage clauses or potential overage receipts. The District Valuer has provided the Auditor General with a market value of the RIFW assets sold as a portfolio to SWLD of £30.9 million, excluding any potential future receipts from the overage clauses agreed in relation to two sites. Second instalment payment of sale proceeds from SWLD to RIFW, £5.0 million. This payment would have been adjusted to £3.22 million if the sale of Brackla had not been completed
01/04/2013	RIFW report to WEFO that 62 potential investment projects are at various stages of development; including 14 discontinued, 38 in early evaluation, nine at expression of interest stage, one approved with funding in place. Results of the independent review of RIFW's governance arrangements (the Lloyd Report) were reported to the Welsh Government
01/07/2013	The (then) Minister for Housing and Regeneration, Mr Carl Sargeant confirms that the pause on RIFW's activities remains in place.
01/08/2013	Results of an independent review of professional advice provided to the Fund, conducted by Deloitte, were reported to the Welsh Government
01/09/2013	The deposit Local Development Plan for Cardiff is agreed by Cabinet for consultation. It includes residential development on the Lisvane site sold by RIFW to South Wales Land Developments Limited. SWLD submit a planning application for 1,200 new homes on the Lisvane site, the 'Churchlands development'. Under the terms of sale agreed between RIFW and SWLD, granting planning permission would trigger an overage payment to RIFW based upon a proportion of any resulting increase in value.
01/10/2013	The RIFW Board commission a valuation of the assets sold to SWLD from Colliers International LLP (Colliers). Welsh Government's Housing and Regeneration Department takes direct control of RIFW in order to allow the activities of the Fund to be brought back under direct Ministerial control. The existing RIFW Board members resign and are replaced by two Welsh Government officials as an interim measure, in order to re-commence investment activity.
01/11/2013	RIFW agrees to repay £25 million of EU ERDF funding to WEFO to avoid the risk of unspent funds being returned to the EU. Existing RIFW investment projects will be funded wholly by RIFW.
01/01/2014	SWLD sell-on part of the Pyle site purchased from RIFW.
01/02/2014	Colliers value the assets sold as a portfolio to SWLD at the time of the sale, with overage provisions covering two sites, at £19.4 million. Monmouthshire County Council formally adopts its Local Development Plan which includes the site sold by RIFW within its allocation for mixed use residential and employment development, Under the overage clause which was part of the terms of sale to SWLD, the site's inclusion within an approved Local Development Plan is a trigger event for payment of an additional sale receipt to RIFW based upon a proportion of any increase in the site's value.
01/03/2014	Final (third) instalment payment of sale proceeds from SWLD to RIFW, £4.24 million. This payment would have been cancelled if the sale of Brackla had not been completed.
01/05/2014	SWLD submit an outline planning application to Monmouthshire County Council for mixed use development on the site sold by RIFW.
01/06/2014	City of Cardiff Council approves the deposit Local Development Plan for submission to Welsh Government for independent examination in early 2015. The Lisvane site is included in an area earmarked for residential development, which could potentially result in an overage payment to RIFW of a share of any uplift in the site's value. The Auditor General's Report covers events to the end of June 2014 in detail.
01/12/2014	Monmouthshire County Council grant planning consent for mixed use development (370 dwellings and 6.5 hectares of employment) on the site sold by RIFW, a trigger event for payment of additional sale receipts to RIFW under the overage clause which was part of the terms of sale to SWLD SWLD submit an alternative planning application to City of Cardiff Council for development on the Lisvane site
01/01/2015	'Churchlands development' planning application by SWLD for the Lisvane site is refused by City of Cardiff Council. SWLD appeals against the decision. The appeal is unlikely to be decided before Cardiff's Local Development Plan is adopted, estimated to be in Sep 2015.
01/04/2015	Onward sale by SWLD of site in Monmouth to a developer for £12 million. Under the sale terms agreed between RIFW and SWLD, an onward sale can result in an overage payment.
01/12/2015	Date by which £25 million of EU ERDF funding to RIFW must be committed and paid to regeneration investment projects to avoid being returned to EU. RIFW needed to have invested £15.4 million in regeneration projects to draw-down the full-ammount of EU ERDF funding. The ERDF funds were transferred from RIFW to WEFO in Nov 2013 to be committed elsewhere and avoid repayment to the EU.

Regeneration Investment Fund for Wales :: Timescales - Microsoft Internet Explorer provided by VOA Intranet

http://www.rifw.co.uk/eng/timescales/index.html

Investing in the future of Wales

REGENERATION INVESTMENT FUND *for* WALES

text size: A A A

Home | About the Fund | Objectives | Forms of Investment | Suitable Projects | Timescales | Announcements | Downloads | Contacts

Timescales

The initial target is to have committed the ERDF and match funding before December 2015.

The overall requirement is that the new investment opportunities will not only have a lasting legacy for the areas that are regenerated but that the funding will be recycled so that more people and places can benefit in the future. The Fund has been created with an initial term of 12 years and has been established as an evergreen fund where investment returns will be reinvested in new projects.

This reinvestment together with additional funds that become available through a private sector placing will be available for investment in any area within Wales.

Internet | 100%

start | Regeneration Invest... | 4 Microsoft Office O... | 5 Windows Explorer | client.voadms - VOA ... | 4 Microsoft Office E... | 13:47

Regeneration Investment Fund for Wales :: Background and structure - Microsoft Internet Explorer provided by VOA Intranet

http://www.rifw.co.uk/eng/background/index.html

File Edit View Favorites Tools Help

VOA Intranet home page | Webtop | regeneration investment fun... | Regeneration Investment...

Investing in the future of Wales

text size: A A A

REGENERATION INVESTMENT FUND *for* WALES

Home | About the Fund | Objectives | Forms of Investment | Suitable Projects | Timescales | Announcements | Downloads | Contacts

Background and Structure

In 2009 the Welsh Assembly was one of the first UK regions to qualify for JESSICA funding. This secured £25m of European investment to match the Welsh Government's £30m injection of property assets to seed the Welsh Urban Development Fund.

JESSICA is a new way of using European Union funding to promote sustainable investment and growth in urban areas. The initiative has been developed by the European Commission and the European Investment Bank (EIB).

In Wales, the initiative is supported by the European Regional Development Fund (ERDF) and is administered by the Welsh European Funding Office (WEFO), which is part of the Welsh Government.

The initial focus is on the Convergence Areas for Wales but the intention is that the investment benefits will quickly become available across the entirety of Wales.

Register your details
Click here to register your details to receive further information

ERDF

Ewrop & Chymru: Buddsoddi yn eich Dyfodol
Cronfa Datblygu Rhanbarthol Ewrop
Europe & Wales: Investing in your Future
European Regional Development Fund

Internet 100%

start | Regeneration... | Inbox - Micro... | Flexi-Clock | 3 Windows ... | SCRATCH - V... | 3 Microsoft ... | 07:28

DVS Extract from "INVITATION TO TENDER- CANDIDATE INFORMATION DOCUMENT" (5.2.10)

"Commercially Sensitive and In Confidence. Suppliers are asked not to distribute this document and its accompanying appendices."

"WELSH ASSEMBLY GOVERNMENT LAND & PROPERTY ASSETS TRANSFERRED TO THE RIFW

The Welsh Assembly Government is to transfer a combination of land, property and cash into the Fund with a total value of circa £30m. This will be made up of circa £20.3m of land and property, and £9.7m of cash.
The Welsh Assembly Government have identified a portfolio of assets [redacted], as set out in Table 3 below, of which £20.66m are included in the preliminary financial model."

Asset	Transfer Valuation
Imperial House / Imperial Court	£5,200,000
Lisvane	£1,835,000
[redacted]	[redacted]
Wrexham Industrial Estate - Units	£450,000
Llantrisant Business Park	£330,000
Upper House Farm Rhoose	£2,700,000
[redacted]	[redacted]
[redacted]	[redacted]
Goetre Uchaf Farm, Bangor	£1,500,000
Ty Mawr	£150,000
Ty Draw Farm, Pyle	£100,000
Mayhew Foods, Aberdare	£300,000
[redacted]	[redacted]
Wonaston Road, Monmouth	£990,000
Ynysallan Farm	£50,000
Towyn Way East	£155,000
Pen y Bryn, St Asaph	£230,000
St Georges Rd, Abergele	£90,000
Waenfynydd Farm	£520,000
Brackla	£5,500,000
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
TOTAL IN FINANCIAL MODEL	£20,660,000

1) Imperial Park, Newport

LOCATION & DESCRIPTION

See attached summary sheet for details, plus site and location plans.

It should be noted that the plan associated with the LSH summary is incorrect as it includes undeveloped land to the south of the Imperial Courtyard car park which was not owned by the Welsh Government and therefore not transferred to RIFW. A plan showing the correct extent of the property is attached.

TENURE

The property is held freehold with various tenancies of suites in Imperial House and units at Imperial Courtyard. At all valuation dates the majority of the accommodation was vacant.

Details of the occupation of the property have been researched from information held in my office records and that made available to me for this valuation. At all valuation dates lease agreements were short term, mostly less than five years, on tenant's internal repairing terms and with a number of occupiers were holding over following expiry of the original lease period.

In the absence of evidence to the contrary I have assumed that all tenants would have remained in occupation for the term of their lease and would have continued in occupation holding over at the passing rent beyond lease expiry.

I have been informed that restrictive covenants were attached to both Imperial House and Imperial Courtyard:

- Imperial House:
  "not to use the property or any part thereof except for such use for the purpose of the research and development of products and processes within class B1 of the schedule to the Town and County Planning (Use Classes) Order 1987 or any statutory re-enactment thereof for the time being in force as the vendor may approve in writing, such approval not to be unreasonably withheld if any such use shall be associated with or complimentary to the activities of the Imperial College of Science Technology and Medicine.."

  I understand that the by the October 2009 valuation date terms had been agreed with the covenantee, Newport City Council, for a Deed of Release and Variation to amend the covenant's wording to:

  "not to use the property or any part thereof except for uses falling within Class B1 of the Schedule to the Town and County Planning (Use Classes) Order 1987 or any statutory re-enactment thereof for the time being in force as the Council may approve in writing such approval not to be unreasonably withheld."

- Imperial Courtyard:

  The original restrictive covenant for a period of ten years had expired by the October 2009 valuation date.

Likewise, I have been informed that overage provisions were attached to both Imperial House and Imperial Courtyard providing for payments for any use other than Classes B1, B2 or B8 of the Use Classes Order.

In my view the Imperial House restrictive covenant and the overage provision also attached to Imperial Courtyard do not have a significant impact on value given the nature of the property, unlikely to be used for any contravening use in the foreseeable future.

PLANNING COMMENTARY

I have assumed that all necessary consents have been obtained for the current use of the property and that is no prospect of redevelopment of the site in the foreseeable future.

VALUATION COMMENTARY

Given the high vacancy rate as at the October 2009 valuation date my view is that in many respects the Imperial House concept of small research and development office and laboratory suites had by that date failed. The reasons for this failure since construction in the early 1990's are debatable but the main contributory factor could be the fact that the nearby LG semiconductor plant, which could have led to demand for complimentary technological facilities nearby, proved itself a failure. The economic downturn also played its part but the pattern of the majority of the accommodation being vacant had become well established even before the events of 2008.

Much the same can be said of Imperial Courtyard, although the nature of the units are more suited to a broader potential occupancy profile as similar to other high-tech business units along the M4 corridor.

In my view any potential purchaser would have viewed this investment with considerable caution and, in a market where by October 2009 funds for such purchases were becoming increasingly scarce and difficult to finance, made substantial adjustments to reflect the complex matrix of risk inherent in a property with a poor rental income, relatively low occupier covenant strength and little prospect of short term income improvement. The subsequent sale of part of Imperial House to GoCompare.com in July 2012 has demonstrated that a radical revision of the Imperial House concept was achievable, although at a relatively modest sale price. It is entirely possible that potential purchasers from 2009 on would have also concluded that such a change, either sale or letting of that substantial part of the building which was vacant, would provide the most viable option for maximising revenue or future sale proceeds.

At each valuation date my approach in respect of Imperial House has therefore been to prepare investment valuations reflecting both the established pattern of occupation and the possibility of either sale of letting of that substantial part of the building which was vacant. In order to ensure consistency of approach across the various valuation dates my opinion of value as at 1 May 2013 does not reflect the works undertaken by GoCompare.com to convert that part of Imperial House purchased in July 2012 to single occupation. I understand that those alteration works were completed during April 2013.

My analysis of lettings at Imperial House since the beginning of 2009 indicates rents in the broad range of £115 – £150/sq m and at Imperial Courtyard in the broad range of £60-£80/sq m.

Throughout the valuation period since October 2009 comparable evidence of the sale of similar multi-occupied office/laboratory suites or business units is scarce, reflecting difficult market conditions arising from the economic downturn. The principal evidence of sales of modern office investments along the Newport-Cardiff M4 corridor being:

Date	Address	Sale Price	Yield	Remarks
1 March 2009	[redacted]	£9,800,000	8.10%	[redacted]
30 March 2009	[redacted]	£20,350,000	8.00%	[redacted]

29 July 2009	[redacted]	£22,600,00	8.51%	[redacted]
28 February 2010	[redacted]	£34,460,000	6.5%	[redacted]
1 July 2010	[redacted]	£12,362,000	5.13%	[redacted]
6 September 2010	[redacted]	£3,000,000	9.8%	[redacted]
25 October 2011	[redacted]	£14,260,000	7.04%	[redacted]
11 August 2011	[redacted]	£8,500,00	9.5%	[redacted]
16 December 2011	[redacted]	£58,700,000	5.85%	[redacted]
1 February 2012	[redacted]	£22,500,000	6.50%	[redacted]
8 February 2012	[redacted]	£1,400,000	N/A	[redacted]
28 March 2013	[redacted]	£3,950,000	18.36%	[redacted]

In contrast to Imperial House and Imperial Courtyard most of these sales are of prime or near prime more recently constructed office buildings for which there has remained demand despite the economic downturn. The investment yield for a building such as the subject dating from the mid 1990's with a poor occupancy profile at each of the valuation dates would have been significantly higher than those quoted above, as evidenced by the Clarence House sale.

My investment valuations demonstrate an initial decline in value with a slight recovery in 2011, due to the increased occupancy and rental income from Imperial Courtyard, with values stable since that date as any fall in the value of Imperial House is offset by continued increases in rental income from Imperial Courtyard.

OPINION OF VALUE

In my opinion the Market Value of the freehold interest in Imperial House and Imperial Courtyard at the respective valuation dates was:

- **1 October 2009: £3,800,000 (three million, eight hundred thousand pounds)**
- **1 March 2010: £3,400,000 (three million, four hundred thousand pounds)**
- **1 March 2011: £3,700,000 (three million, seven hundred thousand pounds)**
- **2 March 2012: £3,700,000 (three million, seven hundred thousand pounds)**
- **1 May 2013: £3,700,000 (three million, seven hundred thousand pounds)**

2 - 4) Three Farms at Lisvane, Cardiff

LOCATION & DESCRIPTION

See attached summary sheet for details, plus site and location plans.

TENURE

The land is held freehold with Farm Business Tenancy agreements either in place or agreed. The assumption has been made that vacant possession will be available on sale and that there are no encumbrances, easements, restrictions or other conditions likely to have a material effect on value at any of the valuation dates.

OVERAGE PROVISIONS

The sale of the subject land provide that the purchaser will pay overage to the vendor in based upon [redacted] the enhanced value, the figure being based upon [redacted] Liability for payment of the overage will be triggered by inclusion of the site within the Local Development Plan for residential development. [redacted]

PLANNING COMMENTARY

At each valuation date the planning framework for the Cardiff area was provided by the South Glamorgan (Cardiff Area) Replacement Structure Plan 1991 - 2011 adopted April 1997 and the City of Cardiff Local Plan (including waste policies) adopted January 1996 with preparation work for the replacement Local Development Plan (LDP) 2006-2026 ongoing.

Within the existing Cardiff Local Plan the bulk of the land is identified as "countryside including urban fringe" in Policy 5 which is worded:

> "The countryside including the urban fringe will be conserved for agriculture, forestry, recreation and other uses appropriate within a rural area. Planning permission will only be granted for development in the countryside which would be in harmony with and not cause unacceptable harm to the character, amenity, landscape and nature conservation value of the area."

The land forms part of the larger North East Cardiff Consortium development site of 230 ha (568 ac) proposing mixed residential led development of agricultural land lying between the existing Cardiff suburbs of Lisvane & Pontprennau and the M4 motorway. The Consortium proposals provided for a development including housing 133.3ha (280.0 acres), employment 16.0ha (39.5 acres), mixed use 4.5ha (11.1 acres), education 3.4 ha (8.5 acres) and landscaping, open space and roads of 94.90ha (234.5 acres).

The Consortium site had been advanced for a number of years prior to the first valuation date in 2009 and had been nominated as an alternative site for development as part of the consultation process leading to preparation of the original LDP proposals. However, when placed on deposit in April 2009 and submitted to the Welsh Government in November 2009 Cardiff Council's LDP proposals provided that the bulk of residential land for the plan period to 2026 should be provided on brownfield sites, not greenfield sites such as the subject.

Following criticism from The Planning Inspectorate on a number of aspects of the Deposit LDP, including too heavy a reliance on brownfield and windfall sites to meet the requirement to provide 27,442 dwellings over the plan period, the Council formally wrote to the Welsh Government on 12 April 2010 withdrawing the LDP.

Preparation for the revised LDP commenced in December 2010 with adoption and implementation being timetabled for October 2015.

Within the revised LDP preferred strategy document published in October 2012 the Consortium area was included as "Strategic Site G (north-east Cardiff (west of Pontprennau))" which provided for a comprehensive development of 6,000 homes, employment and other associated community uses. This strategic site area includes relatively small areas of land outside the original North East Cardiff Consortium development site and extends to 238 ha (588 ac). The LDP preferred strategy paragraph 6.34 commentary on the suitability of this site for comprehensive development stated:

> "The land between Pontprennau and Lisvane is not considered to possess any significant environmental or flood risk concerns which would prevent development. The area sits between existing communities south of the M4 and has no strategic landscape or visual importance in a city context. Natural features within the area such as the streams, woodlands and hedgerows could be effectively integrated into any new development through effective planning and design."

On 26 September 2013 the Council approved a Deposit LDP for consultation. In that document the Consortium area is designated as KP2 Strategic Site F North-East Cardiff (West of Pontprennau) with a reduction to 4,500 homes described as:

> Comprehensive development of approximately 4,500 homes, employment and other associated community uses.

CONSORTIUM ISSUES

I have not been able to discuss the prospects for development with the other consortium members at the respective valuation dates and have therefore relied solely upon the information provided in arriving at my conclusions on how consortium issues impact upon the valuations.

As at October 2009 my understanding was that a draft consortium agreement had been drawn up between a number of land owners, including the Welsh Government, or developers with option agreements. A copy of that agreement has not been made available to me. Of the gross area of 230 ha (568 ac) the Welsh Government land extending to c.49.16 ha (c.121 acres) representing c.21% of the total area. I have assumed that the Consortium agreement provided for apportionment of the total value based on gross area with Consortium members having no ransom over one another. I have no knowledge of how the Consortium member's relations may have altered in the period since October 2009.

Of the revised strategic development site of 238 ha (588 ac) the Welsh Government land extends to c.49.16 ha (c.121 acres) representing c.20.5% of the total area. It is likely that this additional land referred to is not included in the Consortium area. This conclusion is drawn from the fact that in April 2013 Redrow Homes submitted an application for full planning consent on c.3 ha (7.4 ac) of land off Cefn Mably Road included in the LDP strategic site but outside the original Consortium area. This accounts for the bulk of the additional land. I have therefore assumed that the Consortium remains as identified in October 2009.

VALUATION COMMENTARY

During the valuation period between October 2009 and the date of this report there have only been a limited number of sales of bulk residential land in the Cardiff area and none approaching the size of the subject. This is due to both the economic downturn and uncertainties arising from the LDP situation.

The sales information available to me of the sale of smaller residential sites in Cardiff since the beginning of 2009 may be summarised:

- In September 2009 a 2.9 ha (7.3 acre) site, sold for c.£1m/ac
- In December 2010 a site of c.5.3 ha (13.1 acres) mainly for the construction of apartments sold for c.£690,000/ac as a distressed sale
- In December 2011 a brownfield site of 2.8 ha (7.0 acres) sold for c.£735,000/ac
- In March 2012 a site of c.1.4 ha (3.5 acres) was sold for c.£1.37m/ac
- In September 2012 a site of 0.9 ha (2.25 acres) sold for c.£950,000/ac

Of the various factors which need to be considered at the respective valuation dates the prospect and timing of any development is in many respects the most relevant.

In October 2009 the Consortium area was not included in the then LDP proposals and the conclusion could be made that any development was unlikely to take place until the end of the LDP period in 2026, a delay of in excess of 17 years. In my view it is likely that in any prudent vendor at that time would have delayed agreement of sale price until the outcome of the LDP scrutiny was known and therefore have been unlikely to enter into an agreement at that date or on terms which heavily protected them against any future increase in value arising from a more positive planning outlook.

Given the pressure for housing in the Cardiff area my view is that as at October 2009 there would have been reasonable prospect of the land becoming available for development before the end of the 2026 LDP period either by amendment of the LDP proposals or the bringing forward of the Consortium site to meet housing need as other LDP preferred sites became unsuitable for development, as can often happen with the preferred brownfield sites as more information becomes available on contamination and other site impediments.

My opinion of value in 2009 therefore reflects the prospect of the Consortium site becoming available for development within ten years.

Events subsequent to October 2009 clearly indicate that by March 2010 it was common knowledge that the LDP housing proposals were unworkable and other sites, such as the subject, would need to be included in the emerging policies to satisfy projections of housing need.

The prospect of development would have increased progressively through to confirmation in the LDP preferred strategy in October 2012 that this was one of a number of strategic sites in the Cardiff area. As the LDP commentary states, there are no serious environmental constraints and the site forms a natural area for development between existing communities and the M4 motorway. It is entirely likely that development could now commence earlier than may have been predicted in 2009.

A further factor of considerable importance to the valuation is the scope of development which is proposed for the Consortium site as a whole. The Consortium proposals advanced prior to 2009 were for 4,500 dwellings on 113.3 ha (280 acres) of residential land (39.72 units per ha). As noted above, within the revised LDP preferred strategy document published in October 2012 Strategic Site G (north-east Cardiff (west of Pontprennau)) provides for 6,000 homes on an enlarged area of 238 ha (588 ac). There has therefore been a significant increase in the number of dwellings. Plans are not available to indicate the revised development layout but this increase in dwelling numbers could either result from a larger area being dedicated for residential use or an increase in development density or a combination of these options.

When this change became known is debatable but I note that the revised LDP candidate sites register was published in March 2011 and referred to the site as being suitable for 4,500 homes. I have therefore assumed that the increased development numbers would not have been known until the 2012 valuation date.

The fact that a development consortium has existed for a number of years adds weight to the prospect of development and indicates that this land has strong hope for alternative residential led use notwithstanding the planning background.

A series of development appraisals has been prepared in order to interrogate the complex mix of factors which influence the valuation of such large-scale development sites at the various valuation dates. Further analysis has also been undertaken to adjust the resultant full development values for factors such as deferment of the period to commencement of development, the overage provisions, planning risk and any known ransom issues.

OPINION OF VALUE

In my opinion the Market Value of the freehold interest in land at Church House, Maerdy and Llwynypia Farms at the respective valuation dates was:

- **1 October 2009: £ 8,000,000 (eight million pounds)**
- **1 March 2010: £ 8,500,000 (eight million five hundred thousand pounds)**
- **1 March 2011: £ 9,200,000 (nine million two hundred thousand pounds)**
- **2 March 2012: £10,500,000 (ten million five hundred thousand pounds)**
- **1 May 2013: £11,250,000 (eleven million two hundred & fifty thousand pounds)**

5) Wrexham Industrial Estate, LL13 9UG

Location & Description

See attached summary sheet for details, plus site and location plans.

Tenure

The land is held in freehold with vacant possession. The assumption has been made that vacant possession will be available on sale and that there are no encumbrances, easements, restrictions or other conditions likely to have a material effect on value at any of the valuation dates.

Planning Commentary- Fund Managers

The planning summary document prepared by the RIFW's fund managers on 22nd October 2012 provides the following comments for the site;

RIFW North Wales Site Portfolio Planning Summary ***(By Fund Manager)*** for **Wrexham Industrial Estate**
Planning Status – Time of the ARP *(March 2011)*
Allocated in the existing Unitary Development Plan for employment as part of a wider allocation.
Planning Status – Time of the Sale *(January 2012)*
LDP Examination in Public started in January 2012 but was suspended and the LDP was withdrawn in mid-March just after the asset sale.
Planning Status – Now *(October 2012)*
Land within an existing employment site allocated under the UDP.
Observations *(By Fund Manager)*
The LDP has been withdrawn, but the site still has a planning context as land within an existing employment location. Undeveloped parts of the Industrial Estate which include this site are known to have high ecological interest through re-colonisation over many years and are therefore likely to be restricted in terms of developable area.

Planning Commentary- DVS

The site is allocated for employment within the extant (Adopted 2005) Unitary Development Plan (UDP). The Wrexham LDP is underway and due for adoption December 2016. At the time of our enquiries no information was available in respect of whether the site would remain in employment allocation but we were advised that this was the most likely outcome.

SWLD's consultants value the site as employment land, as do King Sturge.

Valuation Commentary

You have asked us to provide site values across five valuation dates. Firstly, in line with our market review over the period of the valuations (See main report) and, secondly, as observed within the transactional evidence over the period it is the project team's shared opinion that in general the market shows some limited improvement since 2009. However, there is a limited amount of the transactional evidence over this period (and which can often be dispersed) and therefore it is difficult to be too specific in respect of the gradual changes.

In light of the above, and unless otherwise stated within the individual valuation sheet, larger site valuation changes between different valuation dates will likely be due to a change in material circumstances (e.g. known planning changes etc). In line with our instructions we have undertaken valuation assessments at each date but in order to avoid our reports becoming overly complex and/or confusing the valuation commentary firstly focuses upon the present day valuation considerations and our opinions of value at all five valuation dates are listed at the end of this valuation note.

I have been advised that on the whole any legal issues identified were resolved before the portfolio sale was legally completed. I have received from you a copy of Appendix 3 (Headed "Title Imperfections") to the sale contract which I understand was overseen by Morgan Cole. Within the extract I have seen it is noted, in respect of Plot 6 Wrexham Industrial Estate, that *"...the verges and footpaths of Ash Road (South) abutting the property are unadopted so there is no right of access to the property, effectively making it landlocked."*. I have no reason to doubt the veracity of this statement, however, were site access a very tangible risk at the time of sale I would have expected SWLD to have used this as a price negotiating tool in respect of the portfolio sale and potentially the site could have been removed from the overall portfolio sale (as other sites were) if the risk level was viewed as being high.

Additionally, well-established firm of Surveyors are presently marketing the subject site for SWLD and their sale particulars remain silent on the matter of access (Which they would have a legal duty to disclose within such literature). Therefore, I assume that the issue has been resolved (perhaps by means of indemnity insurance, application to the land registry etc.). My valuations therefore assume that the "Title Imperfection" concerning access has/had a nominal, and easily resolvable, practical impact.

Details of local employment land sales are less prevalent in current market conditions and vary greatly across South Wales. Locally, DVS has reported employment land values of £85,000 to £90,000 per acre. King Sturge refers to comparable sales in the region of £75,000 to £85,000 per acre, whilst SWLD's consultants refer to sales ranging from £60,000 to £85,000 per acre.

Appraisals which I have considered arrive at land values of £580,000 (circa £51,000 per net acre and circa £36,000 per gross acre), and upwards, for the site. I am aware that Savills are presently marketing the site, and whilst you instructions prohibit direct site-specific enquiries I can confirm that offers in excess of £500,000 are being sought for the site.

Based on the information to hand I estimate a net developable area of 11.24 acres (site is 16.06 acres gross). Reflecting on the available evidence and taking account of the historic potential historic contamination and other encumbrances referred to in King Sturge and SWLD's consultant reports it is my view that an unadjusted valuation rate of £50,000 per net acre could be applied to the site in the current market and this would lead to a valuation of £562,000 across the 11.24 acres of net developable land.

I apply no value to the remaining 4.82 acres of land because I assume this will relate Structural Landscaping or will be sterilised by contamination and/or legal encumbrance with no potential for additional development. The present day full development value on the comparable basis is therefore £562,000

In light of the foregoing, I have adopted a base full development value of £560,000 at the sale date. From the base full development value I have applied an 80% adjustment factor (having taken account of the valuation adjustment case law listed within our main report; **Table 2** in section 2) detailed to reflect the challenges, risks and delays associated with site master planning, scheme financing and development realisation.

Opinion of value

In my opinion the Market Value of the freehold interest in subject site at the respective valuation dates was:

- **1 October 2009: £ 390,000 (three hundred & ninety thousand pounds)**
- **1 March 2010: £ 405,000 (four hundred & five thousand pounds)**
- **1 March 2011: £ 420,000 (four hundred & twenty thousand pounds)**
- **2 March 2012: £ 435,000 (four hundred & thirty-five thousand pounds)**
- **1 May 2013: £ 450,000 (four hundred & fifty thousand pounds)**

6) Land at Llantrisant Business Park, Llantrisant, CF72 8LF

Location & Description

The property lies in the Northern section of the Llantrisant Business Park, a well established and secondary industrial location within Rhonda Cynon Taff. The industrial estate has good access link with the M4 via the A4119 dual carriageway.

The site is previously undeveloped and is irregular in shape, with a partially un-adopted estate road providing access. The land is currently covered in a mixture of trees and shrubs. I have calculated the extent of this site to be 1.69 hectares (4.19 acres) excluding the estate road which could not be verified by Morgan Cole within the title deeds.

To the West of the site a number of electricity pylons cross through the land as per an agreement with SWALEC, which includes rights for maintenance, repair and replacement if so required. Due to the position of the electricity pylons no buildings can be constructed within 3.7 meters of the over head power lines. I therefore calculated the net developable area of this site to be 3.30 acres.

I am informed by Morgan Cole that a right of access in the favour of Tudor Jenkins & Co crosses through the subject property. The deeds in relation to this right of access have been lost over time and the exact route of access cannot be determined. I have therefore assumed that access could be maintained within any proposed development and this does not have a material affect upon the value of the land.

Planning Commentary

During the valuation period of 2009 – 2013 the site has seen a material change in its planning allocation. Between the dates of 2009 - 2010 the site lay within the jurisdiction of Rhondda Cynon Taff, and more specifically is governed by the policies contained in the Rhondda Cynon Taff (Taff Ely) Local Plan 1991 – 2006 (adopted 2003). At this time the site was allocated for employment land, however following adoption of the Rhondda Cynon Taff local Development Plan in 2011, policy SSA 13 states that the site is considered as “White Land” and is not subject to a positive allocation.

White land is defined as:

A general expression used to mean land (and buildings) without any specific proposal for allocation in a development plan, where it is intended that for the most part, existing uses shall remain undisturbed and unaltered)

Valuation Commentary

During the valuation period between October 2009 and the date of this report there have been a limited number of sales of industrial/employment land in the Llantrisant area and further comparables from around South Wales have been considered in arriving at my valuation. This is due to both the economic downturn and uncertainties within the market place and a great variance of values has not occurred during this period.

Of the various factors which need to be considered at the respective valuation dates the prospect and timing of any development is in many respects the most relevant.

In October 2009/2010 the site benefited from a definitive allocation with the UDP, however, for the valuation dates preceding this, the land (as described above) received no specific allocation with the adopted LDP. Given the locality of the site and the previous planning allocation as employment land, this land provides a natural extension to the business park. I am therefore of the opinion that any future planning application for employment use would be viewed as reasonable and estimate that planning consent could be granted within 2-3 years.

Whilst several factors have been taken into consideration in relation to access and electricity pylons, I have also assumed that the site does not require any remediation works as it has never been developed upon.

Having undertaken a development appraisal based upon employment use for the subject site **over all five valuation dates** I am of the opinion that the freehold value of the Land at Llantrisant Business Park is:

£285,000 (Two Hundred and Eight Five Thousand Pounds)

7) Upper House Farm, Rhoose

LOCATION & DESCRIPTION
See attached summary sheet for details, plus site and location plans.

The property comprises two distinct elements:

(1) 46 Porthkerry Road – a detached bungalow

(2) Upper House Farm – land in agricultural use

See attached LSH summary.

TENURE

46 Pothkerry Road: I have conflicting information regarding the tenure of this property with it either being held freehold or subject to a 999 year lease from 1 May 1933 – such a long lease is not valuation significant.

My understanding is that at each valuation date the property had been subject to a shorthold tenancy renewed annually since 2003 but I have no information on the quantum of the rent passing. I further understand that the agreement can be terminated by either party on service of one months notice.

Upper House Farm: I understand that at each valuation date the property was subject to two separate farm business tenancies and two garden licence agreements but I have not been provide with copies of any documentation or have knowledge of the rents or licence fees payable. The assumption has been made that vacant possession could be readily obtained.

PLANNING COMMENTARY

My researches have established that the bungalow at 46 Porthkerry Road does not serve as a key means of access to the potential development land at Upper House Farm and adjoining as the main access to this area is from Pentir y De, the new link road to the Rhoose Point housing development to the south of the railway line.

The principal of residential development on land north of the railway line totalling some 26 ha (64.25 acres) including Upper House Farm is well established.

The Vale of Glamorgan Adopted Unitary Development Plan 1996 – 2011, adopted in 2005, included as Policy HOUS 1(22) the land north of the railway line as a site for development with the following commentary:

> "The site comprises 26 hectares of Greenfield land located between the existing settlement of Rhoose and the Rhoose Point development. It is anticipated that the site will yield approximately 400 units during the Plan period (1996 - 2011) and 200 units during the next Plan period (2011 - 2026). The Council is keen to ensure that anticipated development rates at the Rhoose Point site are achieved and that sufficient land at this location is available throughout this Plan period and the next. Therefore planning permission for the development of this site will not be granted until 80% beneficial occupation of the residential units on the Rhoose Point site has been achieved. "

This was followed in August 2007 by the publication of an Approved Development Brief for this site setting out in detail the preferred development strategy and requirements for landscaping, public open space, affordable housing, education provision together with technical requirements for drainage and the suchlike.

In April 2008 a consortium of landowners (see below) submitted an outline planning application (ref: 2008/00541/OUT) for the development of the land north of the railway line for 600 dwellings. This application was never determined and appears to have lapsed as further information requested by the local planning authority was not provided.

In June 2010 Bellway Homes Ltd and Persimmon Home Ltd submitted an application for outline planning consent on the land north of the railway line excluding that at Upper House Farm. This application provides for 350 dwellings and the accompanying masterplan shows access through this adjoining land to Upper House Farm. The application has not been determined but raises the possibility that rather than being an integral part of a larger development the land at Upper House Farm will, in effect, become Phase 2 of the proposals for the land north of the railway line.

In February 2012 the deposit Vale of Glamorgan Local Development Plan (LDP) 2011-2026 was completed. The land north of the railway line was again identified for residential development, the relevant policy being MG 2 (23) where the site is described as being 25.82ha (63.80 ac) and suitable for 680 units with a minimum contribution of 30% of affordable housing.

On 23 January 2013 the Vale of Glamorgan Council not to progress any further with the deposit LDP and commence work on a replacement document.

CONSORTIUM ISSUES

I have not been able to discuss the prospects for development with the other consortium members at the respective valuation dates and have therefore relied solely upon the information provided in arriving at my conclusions on how consortium issues impact upon the valuations.

As at October 2009 my understanding is that a draft Consortium agreement had been drawn up amongst the various landowners of land north of the railway line, including the Welsh Government, and house builders. In that agreement Upper House Farm was attributed 47.93% of the total development area with an intention being to share sales receipts, infrastructure costs and the suchlike on that basis. The Consortium members were not to have any ransom over each other.

I have no knowledge of whether this agreement was completed or how relations between the Consortium members have changed since 2009. However, the decision of Bellway Homes Ltd and Persimmon Home Ltd to make a planning application in 2010 for the land excluding Upper House Farm indicatives that the agreement had not been concluded at that time and may imply that relations between the Consortium members become difficult. It may be that the transfer to RIFW had complicated relations with the other Consortium members.

RANSOM ISSUES

The information made available to me indicated clearly that access to the Consortium development site can only be achieved from Pentir y De, the new link road to the Rhoose Point housing development to the south of the railway line with the lane at the side of 36 Porthkerry Road being an emergency access only.

The land fronting onto Pentir y De may be in the ownership of persons outside the development Consortium who are in position to demand a ransom payment for the sale of that land on order to achieve access to the intended development site. I understand there has been some disagreement even amongst the Consortium member son whether ransom issues impact their holdings.

VALUATION COMMENTARY – 46 PORTHKERRY ROAD

The information made available to me indicates that the lane at the side of 46 Porthkerry Road leading to Upper House Farm is suitable only as a secondary emergency access to the proposed residential development site north of the railway line. There is therefore no added value to 46 Porthkerry Road.

I have not been able to inspect the bungalow externally but note from a roadside viewing that the property appears in a reasonable state of repair given its age and mode of construction, although it is shielded by unkempt mature trees and shrubs. My office records indicate accommodation includes two bedrooms and a single car garage, access being from the lane to the side.

The property was purchased by the Welsh Development Agency in April 2003 for £225,000. This price is well above that of other detached bungalows in Rhoose during the period mid 2002 to mid 2003 and may represent a premium payment reflecting the possible use of the site of the bungalow to enhance access to Upper House Farm, should that become necessary to facilitate development of that land.

Evidence of similar detached bungalow sales in Porthkerry Road during the period since the beginning of 2009 can be summarised, although most are newer properties:

- [redacted]: a similar detached bungalow alongside the subject sold freehold on 19 June 2009 for £150,000.
- [redacted]: a newer 3 bedroom detached bungalow sold freehold on 11 August 2009 for £241,500
- [redacted]: a newer 3 bedroom detached bungalow sold freehold on 26 April 2011 for £200,000.

There were a number of other sales of detached bungalows in Rhoose during this period, mostly in the broad range £140,000 to £190,000. I am also aware that the 4 bedroom semi-detached house on the opposite side of the lane to the subject at [redacted] sold freehold on 26 November 2009 for £225,000.

There is no evidence of significant movement in values in Rhoose during the valuation period, although there has been a modest uplift.

OPINION OF VALUE – 46 PORTHKERRY ROAD

In my opinion the Market Value of the freehold or long leasehold interest subject to a shorthold tenancy agreement in 46 Porthkerry Road at the respective valuation dates was:

- **1 October 2009: £150,000 (one hundred and fifty thousand pounds)**
- **1 March 2010: £150,000 (one hundred and fifty thousand pounds)**
- **1 March 2011: £155,000 (one hundred and fifty-five thousand pounds)**
- **31 January 2012: £160,000 (one hundred and sixty thousand pounds)**
- **1 May 2013: £165,000 (one hundred and sixty-five thousand pounds)**

VALUATION COMMENTARY – UPPER HOUSE FARM

During the valuation period between October 2009 and the date of this report there have only been a limited number of sales of bulk residential land in the Vale of Glamorgan area. This is due to both the economic downturn and uncertainties arising from the LDP situation.

The sales information available to me of the sale of smaller residential sites in Cardiff since the beginning of 2009 may be summarised:

- In September 2009 a 2.9 ha (7.3 acre) site, sold for c.£1m/ac
- In December 2010 a site of c.5.3 ha (13.1 acres) mainly for the construction of apartments sold for c.£690,000/ac as a distressed sale
- In December 2011 a Brownfield site of 2.8 ha (7.0 acres) sold for c.£735,000/ac
- In March 2012 a site of c.1.4 ha (3.5 acres) was sold for c.£1.37m/ac
- In September 2012 a site of 0.9 ha (2.25 acres) sold for c.£950,000/ac

A has been discussed above; the principal of residential development on Upper House Farm was well established at the commencement of the valuation period in October 2009 and continues to be today. From the information made available to me, the reason for delay in commencing development appears to be difficult relations between the Consortium members and the issue of a possible ransom payment requiring to be made to the owner of land over which access to the Pentir y De link road is required. I have not been able to discuss either of these issues with the Consortium members or the ransom land owner and am therefore unable to gauge how the bargaining strength of the respective parties impact. As the valuation is highly sensitive to such variables there is therefore high level of valuation uncertainty. Should a ransom situation not exist my opinion of value will be subject to significant alteration.

Relations between the Consortium members may have become less constructive during the valuation period. This conclusion is implied by the fact that in June 2010 Bellway Homes Ltd and Persimmon Home Ltd submitted an application for outline planning consent on the land north of the railway line excluding that at Upper House Farm which, if granted, raises the possibility that rather than being an integral part of a larger development the land at Upper House Farm will, in effect, become Phase 2 of the proposals for the land north of the railway line. I have assumed that this will not be case as it has been a consistent aspect of the planning policy for this larger area that the land at Upper House Farm will be integral to any comprehensive development of the land to the north of the railway line. The decision to apply for consent excluding Upper House farm in 2010 may reflect uncertainties arising from the RIFW transfer.

It is a well established valuation principal that the value of ransom strips relates to the value of the associated development site with typically 30% to 50% of the net development value being adopted, the actual amount depending upon negotiations between the parties. Lower percentages are agreed where more than one point of access in different ownerships is identified. Given the degree of uncertainty in this respect I have adopted an adjustment at the upper end of the range to reflect the risk involved.

OPINION OF VALUE

In my opinion the Market Value of the freehold interest in land at Church House, Maerdy and Llwynypia Farms at the respective valuation dates was:

- **1 October 2009: £2,400,000 (two million, four hundred thousand pounds)**
- **1 March 2010: £2,650,000 (two million, six hundred and fifty thousand pounds)**
- **1 March 2011: £2,900,000 (two million, nine hundred thousand pounds)**

• **2 March 2012:**	**£3,250,000**	**(three million, two hundred and fifty thousand pounds)**
• **1 May 2013:**	**£3,300,000**	**(three million, three hundred thousand pounds)**

8) Cogan Hall Farm, Penarth

LOCATION & DESCRIPTION

See attached summary sheet for details, plus site and location plans.

TENURE

Freehold in possession.

PLANNING COMMENTARY

At the commencement of the valuation period in October 2009 the subject land formed part of a larger area identified in The Vale of Glamorgan Adopted Unitary Development Plan 1996 – 2011, adopted in 2005, included as Policy HOUS 1(8) as bring suitable for residential development. The larger area included the now completed Cogan Hall development through which access is gained to the undeveloped land, of which the subject parcels form apart,

In February 2012 the deposit Vale of Glamorgan Local Development Plan (LDP) 2011-2026 was completed. In that document the site is part of a larger area of unallocated "white" land within the settlement boundary with no specific policy designation.

On 23 January 2013 the Vale of Glamorgan Council not to progress any further with the deposit LDP and commence work on a replacement document.

VALUATION COMMENTARY

The four parcels of land have no inherent value, ignoring the matters discussed below, being too small and irregularly shaped to attract any other than a minimal sale price.

However, there is potential value as ransom strips across which access would be required for development of the larger land located north-west of the Cogan Hall residential development.

It is a well established valuation principal that the value of such ransom strips relates to the value of the associated development site with typically 30% to 50% of the net development value being adopted, the actual amount depending upon the bargaining strength of the parties. Lower percentages are agreed where more than one point of access in different ownerships is identified.

It has not been possible to discuss this matter with the owner of the remainder of the undeveloped land or any potential developers. Given the degree of uncertainty in this respect I have adopted an adjustment at the lower end of the range to reflect the risk involved.

During the valuation period between October 2009 and the date of this report there have only been a limited number of sales of bulk residential land in the Vale of Glamorgan area. This is due to both the economic downturn and uncertainties arising from the LDP situation.

The sales information available to me of the sale of smaller residential sites in Cardiff since the beginning of 2009 may be summarised:

- In September 2009 a 2.9 ha (7.3 acre) site, sold for c.£1m/ac
- In December 2010 a site of c.5.3 ha (13.1 acres) mainly for the construction of apartments sold for c.£690,000/ac as a distressed sale
- In December 2011 a brownfield site of 2.8 ha (7.0 acres) sold for c.£735,000/ac
- In March 2012 a site of c.1.4 ha (3.5 acres) was sold for c.£1.37m/ac
- In September 2012 a site of 0.9 ha (2.25 acres) sold for c.£950,000/ac

Of the various factors which need to be considered at the respective valuation dates the prospect and timing of any development is in many respects the most relevant. I have assumed that at the 2009, 2010 and 2011 valuation dates there was reasonable prospect of the undeveloped land being brought forward for development as the planning framework continued to include this area for such use. From the 2012 valuation date the prospect of development appears to have receded as the original LDP proposals excluded this land from those on which residential use was forecast during the plan period to 2026.

OPINION OF VALUE

In my opinion the Market Value of the freehold interest in land at Cogan Hall Farm at the respective valuation dates was:

[redacted]

9) Land at Garth Park, Talbot Green CF72 9FG

Location & Description

The subject property is located on the fringe of Talbot Green, at the base I the Rhondda valley, approximately 15 miles north west of Cardiff , 10 mile east of Bridgend and three miles West of Llantrisant.

Access to the site is provided via the A473 which in turn leads to the M4 corridor. To the north of the site lies the Talbot Green Business Park which is a well established and recognised industrial location. Direct access to the site is provided from the mini roundabout which also provides access to the Talbot Green Business Park.

The site comprises an undeveloped parcel of land and is boarded by the Coedcae Lane Industrial Estate to the east. The site is overgrown and covered in mixture of trees, shrubs and grassland. I have calculated the extent of the entire site to be 7.28 hectares (18.0 acres).

Planning Commentary

During the valuation period of 2009 – 2013 the site has seen a significant material change in its planning allocation. Between the dates of 2009 - 2010 the site lay within the jurisdiction of Rhondda Cynon Taff, and more specifically is governed by the policies contained in the Rhondda Cynon Taff (Taff Ely) Local Plan 1991 – 2006 (adopted 2003). At this time the site was allocated for employment land under policies E1 (development of B1 & B2) and E6 (alternative uses B8 & A1 use limited to minor amounts). The site was also covered by nature conservation policies EN11, EN12 and EN13, which required ecological evaluation before grant of any planning consent. Following adoption of the Rhondda Cynon Taff local Development Plan in 2011, this site emerged without an allocation and outside the principle town settlement boundary as a green wedge. Additionally, the LDP constraints map indicated that the land was classified as a site of significant importance.

Valuation Commentary

In arriving at my valuation I have considered the differing planning status of the site as well as the general market place and more specifically the demand for employment land within Talbot Green. During the valuation period between October 2009 and the date of this report there have been a limited number of sales of industrial/employment land in the Talbot Green area and further comparables from around South Wales have been considered in arriving at my valuation. This is due to both the economic downturn and uncertainties within the market place. I am of the opinion that a great variance of employment land values has not occurred during this time frame and that whilst the site previously had an allocation for employment land within the UDP, the likelihood of achieving a development within this site boundaries would have been difficult and I have reflected this risk within my valuation.

Following adoption of the LDP in 2011 I am of the opinion that the value of the site was significantly affected due to the reallocation of this site as a Green wedge. Field assessment work completed by the Countryside for Wales (CCW) confirmed that the site is of national ecological significance and would meet the guidelines for notification as a Site of Special Scientific Interest (SSSI).

I am of the opinion that the freehold value of the Land at Talbot Green for the periods as outlined below are:

[redacted]

10) Goetre Uchaf, Bangor LL57 2NT

Location & Description

See attached summary sheet for details, plus site and location plans.

Tenure

The land is held freehold with Farm Business Tenancy agreements either in place or agreed. The dwelling house included with the site (and known as "Parciau") is let on an Assured Shorthold Tenancy. The assumption has been made that vacant possession will be available on sale and that there are no encumbrances, easements, restrictions or other conditions likely to have a material effect on value at any of the valuation dates.

Planning Commentary- Fund Managers

The planning summary document prepared by the RIFW's fund managers on 22nd October 2012 provides the following comments for the site;

RIFW North Wales Site Portfolio Planning Summary ***(By Fund Manager)*** for **Goetre Uchaf, Bangor**
Planning Status – Time of the ARP *(March 2011)*
Allocated for residential development in the Unitary Development Plan. Liaison with the Council had indicated continued support for residential development and that it would welcome a planning application in advance of the Joint LDP (Anglesey and Gwynedd) given its early stage of progression.
Planning Status – Time of the Sale *(January 2012)*
Allocated for residential development in the Unitary Development Plan. Joint LDP Candidate Site register opened in October 2011. Joint LDP at a very early Pre-deposit stage, with consultation on a vision, objectives and strategic options having just concluded.
Planning Status – Now *(October 2012)*
Allocated for residential development in the Unitary Development Plan. Joint LDP is still at the Pre-deposit consultation stage.
Observations *(By Fund Manager)*
Joint LDP is still at an early stage, but the existing allocation, together with the continued support for residential development is positive.

Planning Commentary- DVS

The extant (Adopted July 2009) Unitary Development Plan (UDP) shows Part of the site allocated for housing. The emerging Local Development Plan (A Joint LDP with Anglesey Council) is in process) and due for completion Spring 2016.

There appears to be a well-established and high probability of future development on this site, which is clear from Redrow homes' pursuit of the site at the time of the sale to SWLD (July 2011) and upon Redrow's purchase off SWLD which completed July 2012.

My investigations have also identified that an ancient burial site has been more recently uncovered at Goetre Uchaf and the implications of this are that the latest development proposals are for 245 dwellings and not the 270 dwellings adopted by SWLD's planning consultants in January 2012. I do not know the exact point at which the ancient burial site was formally identified (and led to a reworking of the development proposals) but it appears logical to assume that this was after the 2012 acquisition by SWLD (since SWLD's consultants fail to account for the burial site in their 2012 assessment). Therefore, I am only adopting the 245 unit proposals in the "present day" valuation assumptions.

Valuation Commentary

You have asked us to provide site values across five valuation dates. Firstly, in line with our market review over the period of the valuations (See main report) and, secondly, as observed within the transactional evidence over the period it is the project team's shared opinion that in general the market shows some limited improvement since 2009. However, there is a limited amount of the transactional evidence over this period (and which can often be dispersed) and therefore it is difficult to be too specific in respect of the gradual changes.

In light of the above, and unless otherwise stated within the individual valuation sheet, larger site valuation changes between different valuation dates will likely be due to a change in material circumstances (e.g. known planning changes etc). In line with our instructions we have undertaken valuation assessments at each date but in order to avoid our reports becoming overly complex and/or confusing the valuation commentary firstly focuses upon the present day valuation considerations and our opinions of value at all five valuation dates are listed at the end of this valuation note for Goetre Uchaf.

Goetre Uchaf is unusual amongst the portfolio assets in that, as previously noted, it was pursued by another interested party before the sale to SWLD was completed. That interested party, Redrow homes, made a written unconditional offer of £2,000,000 to RIFW's agents on 22nd July 2011 (Compared to the £1,500,000 value placed on Goetre Uchaf at the time of the RIFW Asset Realisation Plan). However, Goetre Uchaf was still sold to SWLD who then swiftly sold onto Redrow homes for a price of £2,500,000 with legal completion of this latter sale happening on 3rd July 2012 (I am told that SWLD's sale to Redrow was on an unconditional basis i.e. SWLD did NOT insert any overage or other "value capture" provisions). The eventual sale price of £2.5 million (SWLD to Redrow Homes) represents a sale devaluation of £96,006 per net developable acre (£74,118 per acre over the whole site). The price per acre of this sale is very low, even accounting for current market conditions and the size of the site (33.73 gross acres. 26.04 net acres- as per SWLD assessment).

As a result of the SWLD sale price to Redrow Homes appearing low (when compared to available market information), you have provided us with special dispensation to make carefully targeted supplementary enquiries in respect of the site and its planning and sale context. The first point to raise is that my investigations have identified that two other regional developers have assembled interests in development land to the east of Ysbyty Gwynedd, which not only secures their future development programmes but also unlocks, with the assistance of Gwynedd Council (Discussions between all parties have been progressing for a number of years now), the potential to create a new spine road connecting land to the east and south of the hospital that will be essential to the future development of this area. A number of these parties had also assumed that the spine road would carry on from the east through the south hospital land and connect into Goetre Uchaf. This notion was further reinforced by the fact that one of the developers undertook the deconstruction of Goetre Uchaf farm house and buildings.

My investigations to date lead me to conclude that these other developers were either not approached to bid by RIFW, or were unable to bid for the Goetre Uchaf site on a portfolio basis. Both developers are active in the local market and one of them has an especially strong regional presence and proven business credentials that would (in all probability) have allowed them to, at the very least, bid competitively for the site.

I do not know whether either of these other developers were approached by SWLD agents at the time of their onward sale to Redrow homes, but since I am aware of at least one of those developers being very disgruntled at not having a reasonable opportunity to purchase the site, and given that there would be clear synergistic value in bringing Goetre Uchaf into their local development land holdings, I presume that they were either not approached or were approached in disadvantageous circumstances (e.g. insufficient time allowed to formulate and finance their bid etc.).

My presumption above is based upon the assumption that, reflecting their other ongoing land assemblies and synergistic value (and all other things being equal), I would expect one of the other interested developers to be in a position to bid competitively with Redrow Homes for the site. Additionally, Redrow Homes legally completed their purchase of Goetre Uchaf off SWLD on 3rd July 2012, so given SWLD themselves only completed their purchase off RIFW on 2nd March 2012 there was only a 4 month gap between SWLD's purchase and subsequent resale of the site. 4 months would be quite a common period between agreement of sale and final legal completion for even a conventional house sale, so it is quite possible that SWLD agreed sale terms to Redrow immediately upon, soon after or even before their own purchase completion (Such development industry deals are sometimes referred to as "flipping on"). In such circumstances SWLD and their agents would not have undertaken subsequent remarketing of Goetre Uchaf.

Whilst it is clear that the other developers with existing nearby land assemblies held interests which could have lead them to outbid Redrow Homes, it is equally true that their possession of these interests is of disbenefit to Redrow Homes. Because Redrow can now only access Goetre Uchaf off Ffordd Penrhos (an already busy road at rush hours) at the point adjoining Parciau this creates significant highway considerations (and likely costs) for the developer. Furthermore, since only emergency vehicular access will be allowed through the existing Ffordd Cynan and Ffordd Crwys estates, the single access points creates further layout and design considerations (which could have cost and development density implications) for Redrow and effectively turns the new estate into a large cul-de-sac (which might have some, though probably peripheral, impact on the end sales market). In short, Redrow's bidding position was hampered, whilst the other locally embedded developers were at an advantage.

One further point to highlight in respect of the developers with already established local land interests is where does the line between Market Value and Special Value lie? In section 2.2 to the main report I make clear that market value disregards "special value". However, "hope value" is reflected in market and one branch of this is "synergistic value" (again refer to section 2.2). Is the added value that may be seen by the other developers' special or synergistic value? I would argue that in this case it is synergistic since more than one party could be at an advantage and, particularly in the smaller (in terms of numbers of transactions, vendors and purchasers) development market place, I do not believe that the bids of the other developers can be ignored for the purposes of assessing market value (nor should they be ignored during any actual marketing process). Additionally, Redrow Homes and the other developers would be effectively bidding on slightly different development proposals (in terms of access and therefore site layout etc).

Activity in the development land market has been subdued since the market crash (2008 on), and North West Wales has experienced this impact more than most. Like many other parts of Wales market activity is ongoing but housing associations have become more prevalent in the development market. Given the reduced activity levels it is more appropriate to consider transactions across North Wales but note that, value hotspots aside, land values are generally higher in North East Wales.

The nearest significant land private transaction involved a four acre site that achieved an overall land value (net of costs) of just over £450,000 per acre in early 2011. Another local transaction for a small affordable housing development achieved an overall land value of circa £360,000 per acre in late 2011, whilst another local affordable scheme achieved a value of £410,000 per acre in late 2008. By way of comparison a peak of the market private transaction (Mid-2007) achieved in excess of £660,000 per acre on a site over 2.5 acres in size, whilst a larger (circa 11 acres) development site achieved circa £500,000 per acre in early 2008.

Looking further afield, post 2008, there have been numerous land transactions involving affordable housing development in North East Wales and these have typically ranged from £200,000 per acre to £300,000 per acre. The, post 2008, land sales involving private developers in North East Wales have ranged from just under £250,000 per acre (in some of the lower value areas) to approaching £600,000 per acre. There have even been some sales ahead of this, but as a result of very specific reasons (e.g. flatted development). One notable transaction achieved a rate of circa £380,000 per acre (net of abnormal costs) across a 20 acre site in mid 2012.

The land valuation scenarios which I have considered (and which are reflective of potential abnormal development costs) arrive at residual land values of between circa £4.1 million (circa £157k per net acre and circa £122k per gross acre) and circa £6.65 million (circa £255k per net acre and circa £197k per gross acre) for the 270 dwelling scheme at Goetre Uchaf. The 245 dwelling scheme which I have considered equates to land values of between circa £3.3 million (circa £128k per net acre and circa £98k per gross acre) and circa £5.60 million (circa £216k per net acre and circa £167k per gross acre)

The subject is a generally a good site being a large block near existing housing, the local hospital complex and regional transport links. However, whilst from my inspection and the information seen it appears site access is secured the arrangements are not an ideal. Reflecting this, the proportion of public open space and the scale of the site within the local market I believe an unadjusted valuation rate of £250,000 per net acre could be applied in the current market and this would lead to a valuation of £6,510,000 across the 26.04 acre net developable residential land (before any adjustment for the ancient burial site).

Of the remaining 7.69 acres of Greenfield/Public Open Space/Structural Landscaping land, I have not applied a value in this case because part of the site is steeply sloping and due the more recently identified ancient burial site. My view of the present day full development value (Parciau excluded from development value at this stage) on the comparable basis is therefore £6,500,000 (rounded). By way of reference, I confirm that SWLD’s consultants (as at January 2012) placed a full development value of £4,410,000 (This is based on a clean rate of £250,000 per acre of private housing before deductions for abnormal costs and planning risk. Also note that no value was applied by SWLD’s consultants to the 16.09 acres of Greenfield and Affordable housing land, nor Parciau) upon the site.

In light of the foregoing, at the date of sale I have adopted a base full development value of £6,500,000 for the 270 dwelling scheme and £5,800,000 for the 245 dwelling scheme (Circa £250,000 per net acre for both schemes, if the developable area were discounted for the burial site within the 245 unit proposals). Even given the access challenges, ancient burial site and quantum of land I still think this is a very low starting point but it is reflective of current market conditions, site development costs and the relatively low density of development (25.6 dwellings per hectare on the 270 unit scheme and 23.2 dwellings per hectare on the 245 unit scheme).

At each valuation date the "full" development land values (net of any site/scheme specific adjustments for overage and/or ransom) are fed into the "draw down" appraisals which calculate a residual land value reflective of the land speculator's "risk and return" assessment.

Opinion of value

In my opinion the Market Value of the freehold interest in land at Goetre Uchaf, Bangor at the respective valuation dates was:

- **1 October 2009: £ 2,600,000 (Two million six hundred thousand pounds)**
- **1 March 2010: £ 2,900,000 (Two million nine hundred thousand pounds)**
- **1 March 2011: £ 3,250,000 (Three million two hundred & fifty thousand pounds)**
- **2 March 2012: £ 3,400,000 (Three million four hundred thousand pounds)**
- **1 May 2013: £ 3,050,000 (Three million & fifty thousand pounds)**

Remarks

For the avoidance of doubt, not only do I not believe the RIFW sale price for Goetre Uchaf to be below the site's full Market Value I also believe SWLD's subsequent sale to also be below the site's Market Value. As pointed out within the main body of my report when a property is disposed of, provided "proper and prudent marketing" has been conducted, the sale value is usually adopted as being representative of market value. Yet in this case, the information at hand (body of comparable sales, residual valuations etc.) still leads me to a different answer than the known sale price.

It may be that SWLD did carry out extensive "proper and prudent marketing" before selling to Redrow Homes. However, it is also possible that strategic reasons led to SWLD's early sale of Goetre Uchaf and/or that SWLD's notional acquisition price to some extent coloured their views on their disposal price. Development land is an infrequently traded commodity (especially without planning consent and/or a conditional sale agreement) and significant sums of money are often at stake, so disposals can be very much influenced by the circumstances of the vendor and/or purchaser at the time of sale.

11) Ty Mawr, Anglesey, LL61 5YR

Location & Description
See attached summary sheet for details, plus site and location plans.

Tenure
The land is held freehold with Farm Business Tenancy agreements either in place or agreed. The assumption has been made that vacant possession will be available on sale and that there are no encumbrances, easements, restrictions or other conditions likely to have a material effect on value at any of the valuation dates.

Planning Commentary- Fund Managers
The planning summary document prepared by the RIFW's fund managers on 22nd October 2012 provides the following comments for the site;

RIFW North Wales Site Portfolio Planning Summary ***(By Fund Manager)*** for **Ty Mawr, Anglesey**
Planning Status – Time of the ARP *(March 2011)*
Site allocated as part of a prestige employment site.
Planning Status – Time of the Sale *(January 2012)*
Joint LDP Candidate Site register opened in October 2011. Joint LDP at a very early Pre-deposit stage, with consultation on a vision, objectives and strategic options having just concluded. Agreement from RIFW with the Council to prepare a Development Brief for the site, but work not started due to timing of the asset sale and the early stage at which the Joint LDP was at.
Planning Status – Now *(October 2012)*
Site allocated as part of a prestige employment site. Joint LDP is still at the Pre-deposit consultation stage.
Observations *(By Fund Manager)*
Joint LDP is still at an early stage, but the existing allocation is positive as is the request from the Council for a Development Brief.

Planning Commentary- DVS
The site, a former hotel, is unallocated with road part being green wedge in the extant (Adopted 2005) Unitary Development Plan (UDP). A joint Anglesey- Gwynedd LDP is underway and due for adoption Spring 2016. The LDP Candidate Site Register opened in October 2011 and a smaller area of land at Ty Mawr has been put forward for mixed use development.

Previously, the Ty Mawr site was included as part of a Planning Application covering a 55 acre land assembly for a prestigious mixed use development including A1(Retail), D2 (Leisure), A3(Restaurants and Hot Food takeaway), B1(Offices), D1 (Education) together with ancillary facilities, car parking, landscaping and construction of a new vehicular and pedestrian access and full plans for the erection of Class D2 (Leisure) & Class A3. The application was submitted in December 2007 for but was subsequently called in by Welsh Government and was withdrawn by the applicant in December 2009.

SWLD's consultants value the site as a residential building plot. At the time of the King Sturge valuation (October 2009) the Welsh Government had called in the wider scheme but the applicant had not formally withdrawn the application, King Sturge therefore valued with regard to this but applied caution to their valuation. Whether a wider development master plan will include the subject site again is unclear. The site is being put forward for mixed use development and so some form of future planning approval would appear likely but in the current market conditions a stand alone speculative employment use seems unlikely. In terms of value generation the land owners would likely consider a residential scheme in the short term (as per SWLD's consultants) are seek to defer action until market conditions are more conducive to an employment development; whether stand-alone (e.g. hotel etc) or as part of a wider employment masterplan.

Valuation Commentary

You have asked us to provide site values across five valuation dates. Firstly, in line with our market review over the period of the valuations (See main report) and, secondly, as observed within the transactional evidence over the period it is the project team's shared opinion that in general the market shows some limited improvement since 2009. However, there is a limited amount of the transactional evidence over this period (and which can often be dispersed) and therefore it is difficult to be too specific in respect of the gradual changes.

In light of the above, and unless otherwise stated within the individual valuation sheet, larger site valuation changes between different valuation dates will likely be due to a change in material circumstances (e.g. known planning changes etc). In line with our instructions we have undertaken valuation assessments at each date but in order to avoid our reports becoming overly complex and/or confusing the valuation commentary firstly focuses upon the present day valuation considerations and our opinions of value at all five valuation dates are listed at the end of this valuation note.

Activity in the development land market has been subdued since the market realignment (2008 on), and North West Wales has experienced this impact more many areas. Like many other parts of Wales market activity is ongoing but housing associations have become more prevalent in the development market. Given the reduced activity levels it is more appropriate to consider transactions across North Wales but note that, value hotspots aside, land values are generally higher in North East Wales.

The nearest significant land private transaction involved a four acre site that achieved an overall land value (net of costs) of just over £450,000 per acre in early 2011. Another local transaction for a small affordable housing development achieved an overall land value of circa £360,000 per acre in late 2011, whilst another local affordable scheme achieved a value of £410,000 per acre in late 2008. By way of comparison a peak of the market private transaction (Mid-2007) achieved in excess of £660,000 per acre on a site over 2.5 acres in size.

Looking further afield, post 2008, there have been numerous land transactions involving affordable housing development in North East Wales and these have typically ranged from £200,000 per acre to £300,000 per acre. The, post 2008, land sales involving private developers in North East Wales have ranged from just under £250,000 per acre (in some of the lower value areas) to approaching £600,000 per acre. There have even been some sales ahead of this, but as a result of very specific reasons (e.g. flatted development). One notable transaction achieved a rate of circa £380,000 per acre (net of abnormal costs) across a 20 acre site in mid 2012.

In view of the currently difficult employment market conditions it is difficult to apply a speculative employment value to the site. Therefore a modest residential scheme seems the most likely alternative at present. Based on the information to hand I estimate a net developable area of 2 acres (site is 2.63 acres gross). Reflecting on the available evidence, it is my view that an unadjusted valuation rate of £250,000 per net acre could be applied to the site in the current market and this would lead to a valuation of £500,000 across the 2 acres of net developable land.

I apply no value to the remaining 0.63 acres of land because I assume this will relate Structural Landscaping with no potential for additional development. The present day full development value on the comparable basis is therefore £500,000

The potential scheme appraisals which I have considered (and which are reflective of potential abnormal development costs) suggest land values of up to £340,000 (circa £170k per net acre and circa £130k per gross acre) for the site.

In light of the foregoing, I have adopted a base full development value of £400,000. From the base full development value I have made the following adjustments (Please refer to **Table 1** (section 2) in the main body of the report for details on the case law considered in setting the appropriate adjustments) for the present day valuation;

1) A 55% adjustment factor to reflect planning certainty
2) A 90% adjustment factor to reflect the challenges, risks and delays associated with site master planning, scheme financing and development realisation.

<u>Opinion of value</u>

In my opinion the Market Value of the freehold interest in subject site at the respective valuation dates was:

- **1 October 2009: £ 150,000 (one hundred & fifty thousand pounds)**
- **1 March 2010: £ 150,000 (one hundred & fifty thousand pounds)**
- **1 March 2011: £ 150,000 (one hundred & fifty thousand pounds)**
- **2 March 2012: £ 175,000 (one hundred & seventy-five thousand pounds)**
- **1 May 2013: £ 200,000 (two hundred thousand pounds)**

12) Land at Ty Draw Farm, Pyle, CF33 4ED

Location & Description

The site is situated in Pyle, North Cornelly and located on the southern side of the B428, adjoining the M4 motorway. Strategically located this site provides a prime opportunity for investors hoping to achieve a mixed use development site.

The site is previously undeveloped and is irregular in shape, with access provided directly onto School Terrace. I understand that sufficient vision splays can be achieved at this access point to create the main entrance into any proposed development. The land is currently covered in a mixture of trees and grassland and I am informed a Farm Business Tenancy in is place, which is determinable giving one months notice. I have calculated the extent of this site to be 6.07 hectares (15.0 acres).

To the west of the site is a well established private residential estate with the remainder of the site being boarded by thick trees.

Planning Commentary

The site lies within the jurisdiction of Bridgend County Borough Council, and more specifically is governed by the policies contained in the Bridgend County Borough council UDP adopted 12th May 2005 as high quality "special employment site".

During the valuation period of 2009 – 2013 the site has not seen a material change in its planning allocation, as within the emerging LDP process the site has remained as "special employment land". However, I am aware that this site has been pursued for a mixed use residential scheme for a number of years including an application for change of use by Welsh Government, which was dismissed on appeal on 13th October 2005.

The Bridgend County Borough Council LDP public examination completed late 2012 and although the Planning Inspectorate (PINs) are not due to formally report until August/September 2013 our inquiries the identified that PINs have advised the Council that their LDP has a significant under provision of housing and as such the Council have now changed their view with regard to the Pyle site and are now prepared to accept it being a mixed use development site. Therefore, the pre-2013 valuations are conducted under quite a different planning context (as explained further below).

Valuation Commentary

Given the position of this strategically located site and the previous attempts to achieve a change in planning allocation both within the UDP and LDP to a mixed use residential scheme, I am of the opinion that is reasonable to value this site as reflecting some element of hope value for the higher value residential element contained within such as mixed use development. However, my inquiries lead me to conclude that it was not until early 2013 when the Planning Authority began to agree that a mixed use development could be incorporated on the site. Therefore, my 2013 valuation is reflective of this much more positive planning context.

In arriving at all of my valuations I have adopted a net developable area of 10.54 acres (70%) of the overall site area. This is based the assessments made by SWLD's planning consultants, which I believe to be reasonable.

Whilst several factors have been taken into consideration in relation to access and overall development potential/risk, I have also assumed that the site does not require any place and a great variance of values has not occurred during this period. I am aware of a small number of commercial land sales throughout South Wales ranging between £30,000 - £125,000 per acre. In respect of the residential element SWLD's consultants have suggested clean land values of £650,000 per acre as being appropriate and looking at the local evidence this appears to be a reasonable benchmark.

Reflecting upon my comparable and residual valuation reviews an initial land value of £4.0 million can be substantiated in the present day assessment (circa £380,000 per net acre) and when adjusted for master planning, phased delivery and contingency for covenants this works back to a figure of £2.1 million (Circa £200,000 per net acre).

The valuation dates before 2013 have much less certain a context in terms of planning and its conflict with the apparent restrictive covenants. It is safe to say King Sturge's stated 2009/2010 view that the land had an underlying agricultural value in the region of £100,000 (£6,667 per gross acre) is a reasonable starting place, but clearly the land's planning designation and strategic location mean its market value is well beyond this. In theory, my view is that the "special employment" development sought by the Council could have a gross value (before deductions for planning risk, phasing and covenant contingencies) in excess of £1.0 million (i.e. £100,000 per acre +). However, such speculative development in this location over the difficult market conditions for employment uses in 2009-2013 valuation period is just not realistic. In the circumstances, I believe that King Sturge's market value of £450,000 (£30,000 per gross acre; £42,700 per net acre) is reasonable when reflecting the particularly difficult conditions for speculative employment developments in this location and in these times, and having regard to the planning difficulties faced in seeking the more suitable mixed use proposals (i.e. further hope value was present, but this was restricted until the Council's position changed in 2013).

<u>**Opinion of value**</u>

Having carefully considered the information at hand I believe that the following valuations are appropriate for the freehold interest in subject site at the respective valuation dates:

- **1 October 2009: £ 450,000 (four hundred & fifty thousand pounds)**
- **1 March 2010: £ 450,000 (four hundred & fifty thousand pounds)**
- **1 March 2011: £ 450,000 (four hundred & fifty thousand pounds)**
- **2 March 2012: £ 450,000 (four hundred & fifty thousand pounds)**
- **1 May 2013: £2,100,000 (Two Million One Hundred Thousand Pounds)**

13) Land at Former Mayhew Food Site, Aberdare, CF44 8PR

Location & Description

The property lies approximately 1 ½ miles North of Aberdare town Centre, in Trecynon, on the North-eastern side of the A4059, at its junction with Harriet Street/ B4276.

The site comprises relatively flat plateaux and is boarded by the river Afon Cynon. Formerly occupied by a chicken processing factory, I am informed this was removed a number of years ago. To the east of the site 90% of the hard standing still remains and provides an ideal parking facility for potential users. To the North of the site, the land remains undeveloped and laid mainly to grassland. It is understood that this area of the site has been identified as containing extreme levels of Arsenic. Due to the locality of the River Afon Cynon this site is at risk from flooding and approximately 15% of the site has been identified as a suitable for residential use with 33% of the site more suited to less vulnerable users (light industrial). I have calculated the extent of the entire site to be 2.87 hectares (7.11 acres).

Planning Commentary

During the valuation period of 2009 – 2013 the site has never seen a material change in its planning allocation. Between the dates of 2009 - 2010 the site lay within the jurisdiction of Rhondda Cynon Taff, and more specifically is governed by the policies contained in the Rhondda Cynon Taff (Taff Ely) Local Plan 1991 – 2006 (adopted 2003). At this time the site was allocated for employment land, and following adoption of the Rhondda Cynon Taff local Development Plan in 2011, this site has emerged unchanged. The site was identified as No 359 for mixed use development including housing within the LDP and it is upon this basis the site has been valued for all valuation dates.

Valuation Commentary

In arriving at my valuation I have considered the current planning status of the site as well as the general market place and more specifically the demand for employment land within Aberdare. During the valuation period between October 2009 and the date of this report there have been a limited number of sales of industrial/employment land in the Aberdare area and further comparables from around South Wales have been considered in arriving at my valuation. This is due to both the economic downturn and uncertainties within the market place. I am of the opinion that a great variance of values has not occurred during this time frame and that whilst the site currently has an allocation for employment land within the LDP, poor commercial market conditions and demand for social housing will ultimately provide a partial residential development opportunity for this site and it upon this basis I have valued the land.

As indicated above this site suffers from several detrimental factors including significant contamination and flooding. I understand a floor risk report has previously been commissioned for this site, which indicates that 15% of the site would be suitable for residential development and a further 33% being suitable for less vulnerable developments ie car show room. This report also indicated that 52% of the site is unsuitable for development and this has a significant bearing upon the overall value of the site. I have calculated the gross site area to be 2.87 hectares (7.11 acres) and the net developable area to be 1.37 hectares (3.4 acres).

Additional information has also been provided identifying the area of land currently affected by Arsenic contamination to be within the North of the site. This area of land is identified as the 15% suitable for residential development. Due to this contamination, remedial works to eradicate the arsenic and poor market returns for private housing make this site unviable for a private house builder. It is therefore reasonable to assume that an affordable house provider could develop this site with the assistance of Social Housing Grant funding.

I am informed by [redacted] that a lease on behalf of Western Power is register against the freehold title of the property for the substation located to the South East corner of the site. This lease however does not give Western Power the right to run electrical cabling through the site to the adopted highway. The exact location of the cabling is unknown and this has been factored into my development appraisal when arriving at my valuation.

Having undertaken a development appraisal based upon a mixed use scheme incorporating Affordable housing for the subject site **over all five valuation dates** I am of the opinion that the freehold value of the Land at Mayhew Food Site, Aberdare is:

£430,000 (Four Hundred and Thirty Thousand Pounds)

14) Anchor way, Penarth

LOCATION & DESCRIPTION

See attached summary sheet for details, plus site and location plans.

TENURE

Freehold in possession.

PLANNING COMMENTARY

At the commencement of the valuation period in October 2009 the subject land formed part of a larger area of 3.4 ha (8.4 ac) extending to the north of the road viaduct identified in The Vale of Glamorgan Adopted Unitary Development Plan 1996 – 2011, adopted in 2005, included as Policy HOUS 1(20) as bring suitable for residential development for 65 units.

In February 2012 the deposit Vale of Glamorgan Local Development Plan (LDP) 2011-2026 was completed. In that document the site is not shown as being suitable for any alternative use and is now shown as being outside the settlement boundary.

On 23 January 2013 the Vale of Glamorgan Council not to progress any further with the deposit LDP and commence work on a replacement document.

VALUATION COMMENTARY

The land has no inherent value, ignoring the matters discussed below, being too poorly located and irregularly shaped to attract any other than a minimal sale price.

However, in 2009 there was potential value as a ransom strip to the land extending north of the road viaduct which was allocated as land for residential development.

It is a well established valuation principal that the value of such ransom strips relates to the value of the associated development site with typically 30% to 50% of the net development value being adopted, the actual amount depending upon the bargaining strength of the parties. Lower percentages are agreed where more than one point of access in different ownerships is identified.

It has not been possible to discuss this matter with the owner of the remainder of the undeveloped land or any potential developers. Given the degree of uncertainty in this respect I have adopted an adjustment at the lower end of the range in 2009 and 20101 to reflect the risk involved.

I have assumed that by the 2011 valuation date it would have become clear as the LDP process progressed that the land to the north of viaduct was unsuitable for the previously intended residential development. In my view there remains a possibility of payment being made for the land to ensure access to the remainder of the land to the north of the viaduct, which as river frontage could have some potential for use as access itself to boat moorings, of which there are now many in this area, or the suchlike.

In my opinion the value of this land has therefore decreased since 2009.

OPINION OF VALUE

In my opinion the Market Value of the freehold interest in land at Anchor Way at the respective valuation dates was:

[redacted]

[redacted]

[redacted]

15) Wonastow Road, Monmouth, NP25 5AT

Location & Description

See attached summary sheet for details, plus site and location plans.

Tenure

The land is held freehold with Farm Business Tenancy agreements either in place or agreed. The assumption has been made that vacant possession will be available on sale and that there are no encumbrances, easements, restrictions or other conditions likely to have a material effect on value at any of the valuation dates.

Planning Commentary- Fund Managers

The planning summary document prepared by the RIFW's fund managers on 22nd October 2012 provides the following comments for the Wonastow Road site;

RIFW South Wales Site Portfolio

Planning Summary ***(By Fund Manager)*** for **Wonastow Road, Monmouth**

Planning Status – Time of the ARP *(March 2011)*

Site is predominantly greenfield, with a small part allocated for employment in the existing Unitary Development Plan.

Emerging through the LDP as a candidate strategic residential and employment site.

At the time of the ARP, the preparation of the Deposit LDP was ongoing and a report was due to go to a Council meeting in March 2011, at which Members were to be asked to endorse the Deposit Plan for Consultation, with publication expected late Spring 2011. This Special Committee was reported as being delayed until May 2011 as Council Members raised additional concerns on sites which needed to be addressed prior to the meeting.

Further to the concerns raised by Members, LSH met with the head of Strategic Planning at Monmouthshire County Council and were advised that the Council required the following additional studies to be completed prior to the end of April 2011 in order to support the masterplan at the forthcoming Special Committee Review of the LDP in May 2011.

- Highways Assessment
- Ground Condition Survey – including bore hole tests
- Floodwater Modelling
- Revised Density Analysis

Planning Status – Time of the Sale *(January 2012)*

LDP was at Draft Deposit Stage. Substantial additional technical assessment work was commissioned (flooding, surface water management and a full Transport Assessment) and a presentation to Full Council made on 1st July 2011 in the face of substantial Member and public opposition to the inclusion of the Wonastow Road site (and others) in the Deposit LDP.

All additional technical supporting information was submitted to the Council with a representation to the Draft Deposit LDP on 17th November 2011.

Planning Status – Now *(October 2012)*

The Council expects to submit the LDP to the Inspectorate in December 2012. The recent Alternative Sites consultation stage of the LDP has highlighted the continuing substantial opposition to the Wonastow Road site.

Observations *(By Fund Manager)*
This site remains a very contentious candidate site allocation, drawing strong public and elected Member opposition. The allocation has also drawn substantial criticism from the sponsors of alternative sites (which is not unsurprising). A lot of work has been done on the technical feasibility/deliverability of the site to demonstrate to the Inspectorate that the site is deliverable, namely flood risk, surface water management, ground condition and highway matters to counter the strong objections to the allocation of this site, but it will not be until the end of 2013 that the outcome is known. Value enhancement is captured by an overage provision in the sale contract.

Planning Commentary- DVS

The extant (Adopted 2006) Unitary Development Plan (UDP) shows Part of the site allocated for employment extension. The emerging Local Development Plan (LDP) is in process with Planning Inspectorate at the present and the site is allocated for mixed use (370 houses, public open space & employment land) in the deposit plan (September 2011).

The land was submitted as a candidate site in April 2008 so we understand it was being viewed as having residential potential then on part unallocated and not allocated for employment. The other residential sites now developed by the major house builders working in the area had also originally been unallocated too in the UDP but were bought forward after an inspector said Monmouthshire's housing supply was inadequate, and this may well have had a bearing on any application put forward at the subject site. A high level of hope value would therefore have, in all likelihood, been placed on the site by many interested parties from 2008 onwards.

There appears to be a well-established and strong probability of future development on this site. The site does have some complications concerning access and services and there is some notable local opposition against the site's development. Nonetheless, development appears very probable and it seems more a case of "what and when" rather than "if".

Overage provisions

There is a historic overage clause relating to part of the site but I understand that sale consultants to SWLD have not allowed for any overage payments to [redacted] overage clause running until [redacted] on title [redacted] acres)) because this only applies to residential or retail uses and the consultants advise that the Employment use (B1, B2 B8) proposed on the [redacted] land would not trigger this. I have also adopted this assumption.

The SWLD are also obligated to pay overage to RIFW in respect of the whole of the Monmouth site. I am informed that overage is based upon [redacted] the enhanced value of the Monmouth site [redacted] Liability for payment of the overage will be triggered by inclusion of the site within the respective Local Development Plans for residential development [redacted]

In view of the strong planning certainty and the nearing completion of the Monmouthshire LDP (Expected December 2013), I have assumed that the overage provisions will be triggered and reflected these within my valuation.

Valuation Commentary

You have asked us to provide site values across five valuation dates. Firstly, in line with our market review over the period of the valuations (See main report) and, secondly, as observed within the transactional evidence over the period it is the project team's shared opinion that in general the market shows some limited improvement since 2009. However, there is a limited amount of the transactional evidence over this period (and which can often be dispersed) and therefore it is difficult to be too specific in respect of the gradual changes.

Having regard to the above, and unless otherwise stated within the individual valuation sheet, larger site valuation changes between different valuation dates will likely be due to a change in material circumstances (e.g. known planning changes etc). In line with our instructions we have undertaken valuation assessments at each date but in order to avoid our reports becoming overly complex and/or confusing the valuation commentary firstly focuses upon the present day valuation considerations and our opinions of value at all five valuation dates are listed at the end of this valuation note for Wonastow Road.

There are a couple of notable local development land sales achieving £715,000 to £725,000 per acre (net of all costs) in 2011 and 2010. This general rate is also supported by another 2 local sales at or before the market peak in Monmouth. If a rate of £720,000 were applied to the 24.71 acres proposed as residential development then the resultant full development value is £17,791,200.

Details of local employment land sales are less prevalent in current market conditions and vary greatly across South Wales. Locally, DVS has reported employment land values of £125,000 to £165,000 per acre but in view of the limited evidence available to me, the existing local employment provision and the difficult market conditions currently prevailing I have chosen to adopt a more cautious figure of £100,000 per acre. Applied to the proposed employment land provision of 16.0615 acres this results in a value of £1,606,015.

Of the remaining 26.2285 acres of Greenfield/Public Open Space/Structural Landscaping I apply a value of £30,000 per acre (Five times basic agricultural value) to reflect the associated hope value (Primarily as potential development land, but as other alternative uses e.g. equestrian, market gardening, allotments etc,) relevant to this land, and which leads to a total value of £786,855.

The "present day" full development value on the comparable basis is therefore;

A) Residential land =	£17,791,200
B) Employment land =	£1,606,015
C) Greenfield and other land =	£786,855
D) Total =	£20,184,070
Say	**£20,000,000**

There is no explicit allowance for abnormal development costs in the above but, to the best of my knowledge, at least 3 of the 4 local comparable sales referred to were reflective of abnormal development costs to one extent or another. The potential scheme appraisals which I have considered (and which are reflective of identified abnormal development costs) suggest land values of between circa £17 million and circa £23 million.

By way of reference, I confirm that SWLD's consultants (as at January 2012) placed a full development value of £18,316,000 (NB no value was applied by SWLD's consultants to the 26.2285 acres of greenfield/other land) upon the site.

In light of the foregoing, I have adopted a base full development value of £20,000,000. Given the planning uncertainties, and generally slow employment market conditions very little of the employment or Greenfield land would need to convert to residential development land (or even Greenfield land converting to employment land) to apply significant upward pressure to this valuation and my higher end residual appraisals also demonstrate some upward price flexibility is possible so I consider a base full development value of £20,000,000 to be a more cautious starting point.

From the base full development value I have allowed for the [redacted] overage payment and deducted, in accordance with RIFW's agreed sale terms, [redacted]

At each valuation date the "full" development land values (net of any site/scheme specific adjustments for overage and/or ransom) are fed into "draw down" appraisal assessments which produce a land value reflective of the land speculator's "risk and return" assessment.

Opinion of value

In my opinion the Market Value of the freehold interest in land at Wonastow Road, Monmouth at the respective valuation dates was:

- **1 October 2009: £ 3,200,000 (Three million, two hundred thousand pounds)**
- **1 March 2010: £ 3,450,000 (Three million, four hundred & Fifty thousand pounds)**
- **1 March 2011: £ 3,750,000 (Three million, seven hundred & Fifty thousand pounds)**
- **2 March 2012: £ 3,850,000 (Three million, eight hundred & Fifty thousand pounds)**
- **1 May 2013: £ 4,250,000 (Four million, four hundred & Fifty thousand pounds)**

16) Towyn Way East, Towyn, LL22 9NB

Location & Description
See attached summary sheet for details, plus site and location plans.

Tenure
The land is held freehold with Farm Business Tenancy agreements either in place or agreed. The assumption has been made that vacant possession will be available on sale and that there are no encumbrances, easements, restrictions or other conditions likely to have a material effect on value at any of the valuation dates.

Planning Commentary- Fund Managers
The planning summary document prepared by the RIFW's fund managers on 22nd October 2012 provides the following comments for the site;

RIFW North Wales Site Portfolio Planning Summary ***(By Fund Manager)*** for **Towyn Way East, Towyn**
Planning Status – Time of the ARP *(March 2011)*
Unallocated. LDP was at Revised Deposit Stage. Site was being promoted historically for housing, but is at significant risk of flooding. No action was taken due to the late stage of the LDP and the site being at significant risk of flooding.
Planning Status – Time of the Sale *(January 2012)*
LDP was still at Revised Deposit Stage.
Planning Status – Now *(October 2012)*
Submitted to the Planning Inspectorate in August 2012 for Examination.
Observations *(By Fund Manager)*
The LDP Examination in Public process will determine whether this site secures the mixed use allocation. We are aware that the risk of flooding and the scale and subsequent cost of its mitigation are considered so significant that there has been no market interest in the site in recent times.

Planning Commentary- DVS
The site is unallocated in the extant Unitary Development Plan (UDP). The emerging Conwy Local Development Plan is in process (submitted in July 2009) and the subject site is still unallocated. Our enquiries indicate that an area very close by is looking like it will be allocated in preference to the subject (presumably due to the subject's flood and access issues). However, the site did previously benefit from outline consent (no lapsed) and SWLD's consultants note that a planning application has been submitted but is on hold pending a flood risk assessment.

"Natural Resources Wales" (NRW) provide an online flood map which shows the site as being at "low risk of flooding". NRW define the location as being "unlikely to flood except in extreme conditions" and they quantify this by noting "The chance of flooding each year is 0.5% (1 in 200) or less." (This takes into account the effect of any flood defences in the area and looking at NRW's website flood prevention measures have been undertaken both close to the site and in the wider area.). Therefore, whilst flood alleviation measures are pertinent practical and cost considerations they do not, in of themselves, prohibit the site's development.

SWLD's consultants value the site in 2012 on the basis of residential development.

Valuation Commentary

You have asked us to provide site values across five valuation dates. Firstly, in line with our market review over the period of the valuations (See main report) and, secondly, as observed within the transactional evidence over the period it is the project team's shared opinion that in general the market shows some limited improvement since 2009. However, there is a limited amount of the transactional evidence over this period (and which can often be dispersed) and therefore it is difficult to be too specific in respect of the gradual changes.

In light of the above, and unless otherwise stated within the individual valuation sheet, larger site valuation changes between different valuation dates will likely be due to a change in material circumstances (e.g. known planning changes etc). In line with our instructions we have undertaken valuation assessments at each date but in order to avoid our reports becoming overly complex and/or confusing the valuation commentary firstly focuses upon the present day valuation considerations and our opinions of value at all five valuation dates are listed at the end of this valuation note.

Activity in the development land market has been subdued since the market crash (2008 on) and, like many other parts of the UK, North Wales has experienced this also. Like many other parts of Wales market activity is ongoing but housing associations have become more prevalent in the development market. Given the reduced activity levels it is more appropriate to consider transactions across North Wales but note that, value hotspots aside, land values are generally higher in North East Wales.

The nearest significant land private transaction involved a four acre site that achieved an overall land value (net of costs) of just over £450,000 per acre in early 2011. Another local transaction for a small affordable housing development achieved an overall land value of circa £360,000 per acre in late 2011, whilst another local affordable scheme achieved a value of £410,000 per acre in late 2008. By way of comparison a peak of the market private transaction (Mid-2007) achieved in excess of £660,000 per acre on a site over 2.5 acres in size.

Looking further afield, post 2008, there have been numerous land transactions involving affordable housing development in North East Wales and these have typically ranged from £200,000 per acre to £300,000 per acre. The, post 2008, land sales involving private developers in North East Wales have ranged from just under £250,000 per acre (in some of the lower value areas) to approaching £600,000 per acre. There have even been some sales ahead of this, but as a result of very specific reasons (e.g. flatted development). One notable transaction achieved a rate of circa £380,000 per acre (net of abnormal costs) across a 20 acre site in mid 2012.

The subject site is in fact two closely associated blocks of farm land, and the specific ransom considerations to site access mean that each block has to be considered separately. The western land (12.2 acres) is easily accessed via "Ffordd Y Berllan" or "Rhodfa Nant" so no access ransom applies to this portion of the development.

SWLD's consultants advise that they have an "Access note" which indicates that agreement with Kinmel Bay Estates will be required to facilitate an access to the Eastern half of the site (SWLD consultants allow [redacted] deduction for this). Worse case scenario with Kinmel Bay Estates (KBE) would be a [redacted] ransom payment (As per Stokes vs. Cambridge) but they may have other development land being unlocked/improved so % could drop e.g. to [redacted] (as per Stokes vs. Cambridge). Added to which, the western land is easily accessed via "Ffordd Y Berllan" so no ransom applies to this portion of the development (12.2 acres). As to the Eastern half an access could be relatively easily taken over the "Towyn Way East" lane with KBE's agreement.

As an alternative, or as a bargaining tool, access to the eastern land could be considered off "Tir Llwyd Enterprise Park" but there is a drain to the eastern boundary that would need to be adapted for access over it and taking residential access through a commercial business park is less than idea, even if it is possible. However, if access were practically possible via this route the eastern land could be switched to an employment development proposal, if the local authority were sceptical of residential on the eastern land. In light of all this, I have adopted a 50% ransom adjustment for the eastern land.

Both parcels of land have their challenges (flood risk and access) and in the current subdued development market conditions are unlikely to be quickly progressed. However, in time I do believe that both will ultimately be the subject of residential development schemes. Reflecting on the available evidence, and that the combined size of the two sites (24.10 acres gross; 19.00 acres net) in the local market may require some element of development phasing (as with the access arrangements) it is my view that an unadjusted valuation rate of £350,000 per net acre could be applied to the site in the current market and this would lead to a valuation of £6,650,000 across the 19.00 acre net developable residential land.

I apply no value to the remaining 5.10 acres of land because I assume this will relate Structural Landscaping and that the complications of flood alleviation measures and access will leave no potential for additional development. The present day full development value (Excluding the ransom element affecting the east plot) on the comparable basis is therefore £6,650,000

The appraisal schemes which I have considered (and which are reflective of potential abnormal development costs) suggest land values of between circa £3.6 million (circa £189k per net acre and circa £149k per gross acre) and circa £6.1 million (circa £321k per net acre and circa £253k per gross acre) for the site.

By way of reference, I confirm that SWLD's consultants (as at January 2012) placed a full development value of £4,750,000 upon the combined site.

In light of the foregoing, I have adopted a base full development value of £6,000,000 that is apportioned between the two parcels as follows; Western land; £2,850,000 Eastern land; £3,150,000. From the base full development value I have made a 50% adjustment (after allowance for an underlying agricultural existing use value) to account for ransom resolution in respect of the eastern land. The aggregate "full" development value for the two parcels of land, after this adjustment for ransom, is £4,450,000.

At each valuation date the "full" development land values (net of any site/scheme specific adjustments for overage and/or ransom) are fed into the "draw down" appraisal assesments which generate a land value reflective of the land speculator's "risk and return" assessment.

Opinion of value
In my opinion the Market Value of the freehold interest in subject combined site at the respective valuation dates was:

- **1 October 2009: £ 800,000 (Eight hundred thousand pounds)**
- **1 March 2010: £ 800,000 (Eight hundred thousand pounds)**
- **1 March 2011: £ 825,000 (Eight hundred & Twenty-five thousand pounds)**
- **2 March 2012: £ 850,000 (Eight hundred & fifty thousand pounds)**
- **1 May 2013: £ 850,000 (Eight hundred & fifty thousand pounds)**

17) Pen-y-Bryn, St Asaph, LL17 0PU

Location & Description

See attached summary sheet for details, plus site and location plans.

Tenure

The land is held freehold with Farm Business Tenancy agreements either in place or agreed. The assumption has been made that vacant possession will be available on sale and that there are no encumbrances, easements, restrictions or other conditions likely to have a material effect on value at any of the valuation dates.

Planning Commentary- Fund Managers

The planning summary document prepared by the RIFW's fund managers on 22nd October 2012 provides the following comments for the site;

RIFW North Wales Site Portfolio Planning Summary for ***(By Fund Manager)*** **Pen y Bryn, St Asaph**
Planning Status – Time of the ARP *(March 2011)*
Unallocated. Site had been rejected by the Council as a candidate LDP development opportunity and all key stages of the LDP had taken place prior to the site coming into RIFW ownership. No opportunity for further representations into the LDP process.
Planning Status – Time of the Sale *(January 2012)*
LDP Examination in Public.
Planning Status – Now *(October 2012)*
The Inspectors in their note of findings of May 2012 have indicated that currently the Denbighshire LDP is likely to under-provide for housing needs across the County by around 1,000 houses. The Council has agreed that further work can be carried out to identify additional housing sites that will make up this shortfall and a consultation runs until 6th November. The Council has indicated that the St Asaph site will not be included as part of the identification of additional sites as it has already been dismissed.
Observations *(By Fund Manager)*
It is clear that this Greenfield site will have no opportunity to become allocated for development until at least the first LDP review. The Revised Delivery Agreement for the LDP indicates annual monitoring and a review every 4 years. The time of this initial review will be informed by the annual monitoring process. It is indicated that it could be earlier depending on performance/change in national policy/change in local circumstance.

Planning Commentary- DVS

The site is unallocated in the extant Unitary Development Plan (UDP) and outside of the St Asaph settlement boundary. The emerging Denbighshire Local Development Plan is at an advanced stage (Planning Inspectorate has recently published their report) and the subject site is unallocated with the proposed LDP. Our enquiries have revealed that several different mixed use and residential schemes have been proposed for the land but none have been acceptable and the local planning authority are very cautious about the land's current and future development prospects.

SWLD's consultants value the site in its exiting use as agricultural land, and make no allowance for future hope value. King Sturge's valuation report provides values in both existing use and reflective of hope value. It is my view that hope value (probably as residential development, given the land immediately adjoins a St Asaph housing estate) is attributable to the land but that this is some way off in the future.

Valuation Commentary

You have asked us to provide site values across five valuation dates. Firstly, in line with our market review over the period of the valuations (See main report) and, secondly, as observed within the transactional evidence over the period it is the project team's shared opinion that in general the market shows some limited improvement since 2009. However, there is a limited amount of the transactional evidence over this period (and which can often be dispersed) and therefore it is difficult to be too specific in respect of the gradual changes.

In light of the above, and unless otherwise stated within the individual valuation sheet, larger site valuation changes between different valuation dates will likely be due to a change in material circumstances (e.g. known planning changes etc). In line with our instructions we have undertaken valuation assessments at each date but in order to avoid our reports becoming overly complex and/or confusing the valuation commentary firstly focuses upon the present day valuation considerations and our opinions of value at all five valuation dates are listed at the end of this valuation note.

Activity in the development land market has been subdued since the market crash (2008 on) and, like many other parts of the UK, North Wales has experienced this also. Like many other parts of Wales market activity is ongoing but housing associations have become more prevalent in the development market. Given the reduced activity levels it is more appropriate to consider transactions across North Wales but note that, value hotspots aside, land values are generally higher in North East Wales.

The nearest significant land private transaction involved a four acre site that achieved an overall land value (net of costs) of just over £450,000 per acre in early 2011. Another local transaction for a small affordable housing development achieved an overall land value of circa £360,000 per acre in late 2011, whilst another local affordable scheme achieved a value of £410,000 per acre in late 2008. By way of comparison a peak of the market private transaction (Mid-2007) achieved in excess of £660,000 per acre on a site over 2.5 acres in size.

Looking further afield, post 2008, there have been numerous land transactions involving affordable housing development in North East Wales and these have typically ranged from £200,000 per acre to £300,000 per acre. The, post 2008, land sales involving private developers in North East Wales have ranged from just under £250,000 per acre (in some of the lower value areas) to approaching £600,000 per acre. There have even been some sales ahead of this, but as a result of very specific reasons (e.g. flatted development). One notable transaction achieved a rate of circa £380,000 per acre (net of abnormal costs) across a 20 acre site in mid 2012.

If the subject site were considered for residential development then I estimate, from the information available, a net developable area of 24.65 acres (site is 35.22 acres gross). Reflecting on the available evidence, and that the overall size of the is large for the local market and will require some element of development phasing it is my view that an unadjusted valuation rate of £300,000 per net acre could be applied to the site in the current market and this would lead to a valuation of £7,395,000 across the 24.65 acre net developable residential land.

Of the remaining 10.57 acres of Greenfield/Public Open Space/Structural Landscaping I apply a value of £18,000 per acre (three times basic agricultural value) to half of this land (I assume the remaining half is critical to the development and can have no hope value element) to reflect the land's associated hope value (Primarily as potential development land, but as other alternative uses e.g. equestrian, market gardening, allotments etc,) relevant to this land, and which leads to a total value of £95,130

The present day full development value on the comparable basis is therefore;

A) Residential land =	£7,395,000
B) Greenfield and other land =	£95,130
C) Total =	£7,490,130
Say	**£7,500,000**

The potential scheme appraisals which I have run (and which are reflective of potential abnormal development costs) suggest land values of between circa £3.0 million (circa £121k per net acre and circa £85k per gross acre) and circa £6.2 million (circa £248k per net acre and circa £174k per gross acre) for the site.

In light of the foregoing, I have adopted a base full development value of £6,500,000. At each valuation date the "full" development land values (net of any site/scheme specific adjustments for overage and/or ransom) are fed into the "draw down" appraisal model which produces a land value reflective of the land speculator's "risk and return" assessment.

Opinion of value

In my opinion the Market Value of the freehold interest in subject site at the respective valuation dates was:

- **1 October 2009: £ 750,000 (Seven hundred & fifty thousand pounds)**
- **1 March 2010: £ 750,000 (Seven hundred & fifty thousand pounds)**
- **1 March 2011: £ 750,000 (Seven hundred & fifty thousand pounds)**
- **2 March 2012: £ 750,000 (Seven hundred & fifty thousand pounds)**
- **1 May 2013: £ 750,000 (Seven hundred & fifty thousand pounds)**

18) St Georges Road, Abergele, LL22 9AR

Location & Description
See attached summary sheet for details, plus site and location plans.

Tenure
The land is held freehold with Farm Business Tenancy agreements either in place or agreed. The assumption has been made that vacant possession will be available on sale and that there are no encumbrances, easements, restrictions or other conditions likely to have a material effect on value at any of the valuation dates.

Planning Commentary- Fund Managers
The planning summary document prepared by the RIFW's fund managers on 22nd October 2012 provides the following comments for the site;

RIFW North Wales Site Portfolio Planning Summary ***(By Fund Manager)*** for **St Georges Road, Abergele**
Planning Status – Time of the ARP *(March 2011)*
Unallocated. LDP candidate site for mixed use including residential, open space and employment. LDP was at Revised Deposit Stage.
Planning Status – Time of the Sale *(January 2012)*
Still a candidate LDP mixed use site. LDP was still at Revised Deposit Stage.
Planning Status – Now *(October 2012)*
Still a candidate LDP mixed use site. LDP submitted to the Planning Inspectorate in August 2012 for Examination.
Observations *(By Fund Manager)*
Nothing of note.

Planning Commentary- DVS
The site is unallocated in the extant Unitary Development Plan (UDP). The emerging Conwy Local Development Plan is in process and the subject site is allocated for mixed use development in the Deposit LDP that was submitted in July 2009. Our enquiries therefore indicate that there is a higher degree of planning certainty through all five valuation dates (October 2009 to May 2013).

There is a lack of clarity on the employment to residential mix that could be anticipated on this site. There is no commercial development in the immediate locality, only housing and farm land, though there is commercial uses to the other side of the A547 and off the A55 Junction roundabout. Therefore, whilst the local Council may like to see some employment use on the site the local characteristics of the neighbourhood and difficult market conditions for speculative employment development in this area are likely to weight any proposals very much in favour of residential use, possibly with some supporting employment use to address Council Policy objectives.

SWLD's consultants value the site in 2012 with sole reference to residential development but our instructions prevent us from following up this line of enquiry, which is unfortunate as Savills may have some important market information in this regard. I have to say in this case that because there is other neighbouring Greenfield land adjoining the A547 and off the A55 Junction roundabout, which is much more suited to employment provision I do share the consultant's views and have therefore also assessed the site as a residential proposal.

Valuation Commentary

You have asked us to provide site values across five valuation dates. Firstly, in line with our market review over the period of the valuations (See main report) and, secondly, as observed within the transactional evidence over the period it is the project team's shared opinion that in general the market shows some limited improvement since 2009. However, there is a limited amount of the transactional evidence over this period (and which can often be dispersed) and therefore it is difficult to be too specific in respect of the gradual changes.

In light of the above, and unless otherwise stated within the individual valuation sheet, larger site valuation changes between different valuation dates will likely be due to a change in material circumstances (e.g. known planning changes etc). In line with our instructions we have undertaken valuation assessments at each date but in order to avoid our reports becoming overly complex and/or confusing the valuation commentary firstly focuses upon the present day valuation considerations and our opinions of value at all five valuation dates are listed at the end of this valuation note.

Activity in the development land market has been subdued since the market crash (2008 on) and, like many other parts of the UK, North Wales has experienced this also. Like many other parts of Wales market activity is ongoing but housing associations have become more prevalent in the development market. Given the reduced activity levels it is more appropriate to consider transactions across North Wales but note that, value hotspots aside, land values are generally higher in North East Wales.

The nearest significant land private transaction involved a four acre site that achieved an overall land value (net of costs) of just over £450,000 per acre in early 2011. Another local transaction for a small affordable housing development achieved an overall land value of circa £360,000 per acre in late 2011, whilst another local affordable scheme achieved a value of £410,000 per acre in late 2008. By way of comparison a peak of the market private transaction (Mid-2007) achieved in excess of £660,000 per acre on a site over 2.5 acres in size.

Looking further afield, post 2008, there have been numerous land transactions involving affordable housing development in North East Wales and these have typically ranged from £200,000 per acre to £300,000 per acre. The, post 2008, land sales involving private developers in North East Wales have ranged from just under £250,000 per acre (in some of the lower value areas) to approaching £600,000 per acre. There have even been some sales ahead of this, but as a result of very specific reasons (e.g. flatted development). One notable transaction achieved a rate of circa £380,000 per acre (net of abnormal costs) across a 20 acre site in mid 2012.

The subject site is a generally a good residential prospect being a large block near existing housing and so I have assumed a residential development scheme. Reflecting on the available evidence, and that the size of the site (11.04 acres gross; 9.00 acres net) in the local market may require some element of development phasing it is my view that an unadjusted valuation rate of £350,000 per net acre could be applied to the site in the current market and this would lead to a valuation of £3,150,000 across the 9.00 acre net developable residential land.

I apply no value to the remaining 2.04 acres of land because I assume this will relate Structural Landscaping with no potential for additional development. The present day full development value (Excluding the existing dwellings) on the comparable basis is therefore £3,150,000

The potential scheme appraisals which I have run (and which are reflective of potential abnormal development costs) arrive at residual land values of between circa £1.7 million (circa £192k per net acre and circa £156k per gross acre) and circa £2.9 million (circa £320k per net acre and circa £260k per gross acre) for the site.

By way of reference, I confirm that SWLD's consultants (as at January 2012) placed a full development value of £1,600,000 upon the site (NB SWLD's consultants have applied a nil value to the affordable housing element they calculate to be required. DVS confirms that the transactional evidence already, to one extent or another, reflects affordable housing requirement. Additionally, my potential scheme appraisals are reflective of the assumed affordable housing requirements).

In light of the foregoing, I have adopted a base full development value of £3,000,000. At each valuation date the "full" development land values (net of any site/scheme specific adjustments for overage and/or ransom) are fed into the "draw down" appraisal model which produces a land value reflective of the land speculator's "risk and return" assessment.

Opinion of value

In my opinion the Market Value of the freehold interest in subject site at the respective valuation dates was:

- **1 October 2009: £ 1,150,000 (one million, one hundred & fifty thousand pounds)**
- **1 March 2010: £ 1,200,000 (one million two hundred thousand pounds)**
- **1 March 2011: £ 1,250,000 (one million, two hundred & fifty thousand pounds)**
- **2 March 2012: £ 1,300,000 (one million three hundred thousand pounds)**
- **1 May 2013: £ 1,400,000 (one million four hundred thousand pounds)**

19) Waenfynydd Farm, Llandudno Junction, LL31 9JD

Location & Description

See attached summary sheet for details, plus site and location plans.

Tenure

The land is held freehold with Farm Business Tenancy agreements either in place or agreed. The dwellings included with the site (and known as "New Bungalow" and "Waen Fynydd") are let on an Assured Shorthold Tenancies. The assumption has been made that vacant possession will be available on sale and that there are no encumbrances, easements, restrictions or other conditions likely to have a material effect on value at any of the valuation dates.

Planning Commentary- Fund Managers

The planning summary document prepared by the RIFW's fund managers on 22nd October 2012 provides the following comments for the site;

RIFW North Wales Site Portfolio Planning Summary ***(By Fund Manager)*** for **Waunfynydd, Llandudno Junction**
Planning Status – Time of the ARP *(March 2011)*
LDP candidate site for mixed use including residential and employment. LDP was at Revised Deposit Stage.
Planning Status – Time of the Sale *(January 2012)*
Still a candidate LDP mixed use site. LDP was still at Revised Deposit Stage. Representations and supporting masterplan and technical information submitted in April 2011 to support the candidate site allocation.
Planning Status – Now *(October 2012)*
Still a candidate LDP mixed use site. LDP submitted to the Planning Inspectorate in August 2012 for Examination.
Observations *(By Fund Manager)*
There remains a lack of clarity over the employment to residential percentage mix which casts uncertainty over the deliverability/market demand for the site.

Planning Commentary- DVS

The site is unallocated in the extant Unitary Development Plan (UDP). The emerging Conwy Local Development Plan is in process and the subject site is allocated for mixed use development in the Deposit LDP that was submitted in July 2009. Our enquiries therefore indicate that there is a higher degree of planning certainty through all five valuation dates (October 2009 to May 2013).

As the fund managers note, there is a lack of clarity on the employment to residential mix that could be anticipated on this site. There is no commercial development in the immediate locality, only housing and farm land. Therefore, whilst the local Council may like to see some employment use on the site the local characteristics of the neighbourhood and difficult market conditions for speculative employment development in this area are likely to weight any proposals very much in favour of residential use, possibly with some supporting employment use to address Council Policy objectives. However, the ambiguity of the mixed use allocation means it could take some time for the developer and Council to agree a final development scheme.

Interestingly, SWLD's consultants value the site in 2012 with sole reference to residential development. Our instructions prevent us from following up this line of enquiry, which is unfortunate as Savills may have some important market information in this regard.

Valuation Commentary

You have asked us to provide site values across five valuation dates. Firstly, in line with our market review over the period of the valuations (See main report) and, secondly, as observed within the transactional evidence over the period it is the project team's shared opinion that in general the market shows some limited improvement since 2009. However, there is a limited amount of the transactional evidence over this period (and which can often be dispersed) and therefore it is difficult to be too specific in respect of the gradual changes.

In light of the above, and unless otherwise stated within the individual valuation sheet, larger site valuation changes between different valuation dates will likely be due to a change in material circumstances (e.g. known planning changes etc). In line with our instructions we have undertaken valuation assessments at each date but in order to avoid our reports becoming overly complex and/or confusing the valuation commentary firstly focuses upon the present day valuation considerations and our opinions of value at all five valuation dates are listed at the end of this valuation note.

Activity in the development land market has been subdued since the market crash (2008 on), and North West Wales has experienced this impact more than most. Like many other parts of Wales market activity is ongoing but housing associations have become more prevalent in the development market. Given the reduced activity levels it is more appropriate to consider transactions across North Wales but note that, value hotspots aside, land values are generally higher in North East Wales.

The nearest significant land private transaction involved a four acre site that achieved an overall land value (net of costs) of just over £450,000 per acre in early 2011. Another local transaction for a small affordable housing development achieved an overall land value of circa £360,000 per acre in late 2011, whilst another local affordable scheme achieved a value of £410,000 per acre in late 2008. By way of comparison a peak of the market private transaction (Mid-2007) achieved in excess of £660,000 per acre on a site over 2.5 acres in size.

Looking further afield, post 2008, there have been numerous land transactions involving affordable housing development in North East Wales and these have typically ranged from £200,000 per acre to £300,000 per acre. The, post 2008, land sales involving private developers in North East Wales have ranged from just under £250,000 per acre (in some of the lower value areas) to approaching £600,000 per acre. There have even been some sales ahead of this, but as a result of very specific reasons (e.g. flatted development). One notable transaction achieved a rate of circa £380,000 per acre (net of abnormal costs) across a 20 acre site in mid 2012.

The subject site is a generally a good residential prospect being a large block near existing housing and good transport links, so I have assumed the mixed use scheme will be split between 4.12 acres residential and 1.0 acre of employment use. Reflecting on the available evidence, and that the size of the site would be of interest to many parties and not of a scale that would require particular financing arrangements, it is my view that an unadjusted valuation rate of £450,000 per net acre could be applied in the current market and this would lead to a valuation of £1,854,000 across the 4.12 acre net developable residential land.

Details of local employment land sales are less prevalent in current market conditions and vary greatly across North Wales. Locally, DVS has reported employment land values of £65,000 to £100,000 per acre but in view of the limited evidence available to me, and the difficult market conditions currently prevailing I have chosen to adopt a more cautious figure of £65,000 per acre. Applied to the assumed employment land provision of 0.6 acres this results in a value of £39,000.

I apply no value to the remaining 0.98 acres of because this relates to the domestic curtilages of "New Bungalow" and "Waen Fynydd", and Structural Landscaping.

The present day full development value (Excluding the existing dwellings) on the comparable basis is therefore;

A) Residential land =	£1,854,000
B) Employment land =	£39,000
C) Greenfield and other land =	£ Nil
D) Total =	£1,893,000
Say	**£1,900,000**

The potential "mixed-use" scheme appraisals which I have considered (and which are reflective of potential abnormal development costs) arrive at residual land values of between circa £1.4 million (circa £295k per net acre and circa £245k per gross acre) and circa £2.1 million (circa £410k per net acre and circa £365k per gross acre) for the site.

By way of reference, I confirm that SWLD's consultants (as at January 2012) placed a full development value of £1,000,000 upon the site (NB no value applied by SWLD's consultants to the existing dwellings or the residue of undeveloped land which they calculate to be 1.2 acres in their assessment).

In light of the foregoing, I have adopted a base full development value of £1,900,000. At each valuation date the "full" development land values (net of any site/scheme specific adjustments for overage and/or ransom) are fed into the "draw down" appraisal assessments which produce land values reflective of the land speculator's "risk and return" assessment.

<u>Opinion of value</u>

In my opinion the Market Value of the freehold interest in subject site at the respective valuation dates was:

- **1 October 2009: £ 900,000 (Nine hundred thousand pounds)**
- **1 March 2010: £ 950,000 (Nine hundred & fifty thousand pounds)**
- **1 March 2011: £ 1,000,000 (one million pounds)**
- **2 March 2012: £ 1,000,000 (one million pounds)**
- **1 May 2013: £ 1,050,000 (one million & fifty thousand pounds)**

20) Land at Brackla Industrial Estate, CF72 8LF

Location & Description

Brackla Industrial Estate is a well established industrial Location situated one mile north of Bridgend town centre and one mile south of the M4 motorway, served by the A4061.The estate itself is served by Main Avenue, Coegnant Close and Wyndham Close. Prince of Wales Hospital is to the West, the village of Coity is to the North east and Brackla Ridge and housing estate is to the south.

The site itself comprises a mixture of brown field sites and previously undeveloped agricultural land. For the purpose of this valuation I have adopted the site area as put forward by Barton Wilmore within their master plan some 34.81 hectares (86 acres). This area has been reduced further following the disposal of 2.79 hectares (6.9 acres) to Linc-Cymru providing a developable area of 32.02 hectares (79.1 acres).

Planning Commentary

During the valuation period of 2009 – 2013 the site had always been championed for a mixed use development. The site lies within the jurisdiction of Bridgend County Borough Council, and more specifically is governed by the policies contained in the Bridgend County Borough Council UDP adopted 12th May 2005 and subsequent LDP in 2011. Policy E2 of the Bridgend Unitary Development Plan identified Brackla as a key employment allocation for B1/B2 and B8 uses for large scale inward investment. Policy E5 looked for improvement, redevelopment, extension and conversion of existing employment areas. Policy H1 allocated the corner of the site known as Wyndham Close for approximately 48 dwellings as well as a further allocation for affordable housing and an additional 1.50 acres within the south west corner of the industrial estate.

However during 2009 the preparation of the LDP was well underway and Brackla Industrial Estate was earmarked for a mixed use development. The North East Brackla Development Brief adopted for development control purposes and prepared by Barton Wilmore on behalf of Department for the Economy and Transport (Welsh Assembly Government) in partnership with Bridgend County Borough Council identified a scheme as follows.

- 40,000 sqm (mixture of 2/3 storey) B1 Office and research and development users.
- 10,000 sqm of B2/B8 users
- 350 dwellings of which 99 were to be provided by Linc-Cymru (Affordable housing provider
- 7,500 sqm A1 suitable for local retail, non bulky food goods.
- 450 sqm local retail centre A1/A2
- 9500 sqm sustainable energy centre.

Valuation Commentary

In arriving at my valuation I have considered the current planning status of the site as well as the general market place and more specifically the demand for employment land within Brackla. During the valuation period between October 2009 and the date of this report there have been a limited number of sales of industrial/employment land in the Bridgend area and further comparables from around South Wales have been considered in arriving at my valuation. This is due to both the economic downturn and uncertainties within the market place. I am of the opinion that a great variance of values has not occurred during this time frame. During the period of 2009/2010 the site had a definitive allocation for employment land within the UDP, the site was also being positively promoted for a mixed use regeneration opportunity and it upon this basis I have based my development appraisal.

Due to complexities identified by [redacted] in relation to the 29 separate titles lodged at Brackla Industrial Estate, during the initial valuation dates of 2009/2011 this would have been considered a significant risk to any potential developer and in my opinion have a detrimental affect upon the over value of the site. Part of this risk was associated with the disposal of 2.79 hectares (6.9 acres) to Linc-Cymru for the construction of 99 affordable dwellings, which would have provided the entire quota of affordable housing within the area. For the purpose of the valuation dates 2009/2011 I have assumed that any development would have been required to provide an affordable housing allocation of 30% with the aid of Social Housing Grant.

As of 11th July 2012 planning consent was granted for the construction of 99 affordable homes. As a result of this approved planning consent I am of the opinion that any further housing developments within the regeneration scheme would not be required to provide additional affordable housing and this would result in an increase in value for the development as a whole.

I understand that all issues to titles within Brackla Industrial Estate have now been resolved and am of the opinion that the initial level of risk associated within this mixed use scheme to have diminished considerably.

Having undertaken a development appraisal based upon a mixed use as identified above I am of the opinion that the freehold value of the Land at Brackla Industrial Estate is:

1 October 2009:	**£5,650,000 (Five Million Six Hundred & Fifty Thousand Pounds)**
1 March 2010:	**£5,650,000 (Five Million Six Hundred & Fifty Thousand Pounds)**
1 March 2011:	**£5,650,000 (Five Million Six Hundred & Fifty Thousand Pounds)**
2 March 2012:	**£6,000,000 (Six Million Pounds)**
1 May 2013:	**£6,000,000 (Six Million Pounds)**

DVS ref	Site Address	Gross site area in acres	Final DVS valuations (rounded) after April 2014 draw down review. Stated valuations are as at 02 March 2012 but 01 March 2013 for Brackla *(Sale completion dates)*	Value (£'s) of site per acre	Colliers Market Values as @ 18 February 2012 *(No note on a different date for Brackla)*	Value (£'s) of site per acre	Colliers valuation variance to DVS values
1	**Imperial Park, Newport**	Na- A developed site	**£3,700,000**	Na- A developed site	£3,625,000	Na- A developed site	-£75,000
2-4	**Three freehold farms** (Llwynypia, Church House & Maerdy), **Llevane, Cardiff**	121.00	**£10,500,000**	£86,777	£2,265,000	£18,719	-£8,235,000
5	**Wrexham Industrial Estate**	16.06	**£435,000**	£27,086	£750,000	£46,700	£315,000
6	**Llantrisant Business Park**	4.19	**£285,000**	£68,019	£350,000	£83,532	£65,000
7	**Upper House Farm, Rhoose**	31.50	**£3,250,000**	£103,175	£2,200,000	£69,841	-£1,050,000
8	**Cogan Hall Farm, Penarth**	0.35	[redacted]		na	na	na
9	**Garth Park, Talbot Green**	16.20			na	na	na
10	**Goetre Uchaf Farm, Bangor**	33.73	**£3,400,000**	£100,800	£2,200,000	£65,224	-£1,200,000
11	**Ty Mawr, Llanfairpwllgwyll, Anglesey**	2.63	**£175,000**	£66,540	£300,000	£114,068	£125,000
12	**Ty Draw Farm, Pyle**	15.00	**£450,000**	£30,000	£1,300,000	£86,667	£850,000
13	**Mayhew Foods site, Aberdare**	7.11	**£430,000**	£60,478	£295,000	£41,491	-£135,000
14	**Anchor Way, Penarth**	0.30	[redacted]		na	na	na
15	**Wonastow Road, Monmouth**	67.01	**£3,850,000**	£57,454	£2,500,000	£37,308	-£1,350,000
16	**Towyn Way East, Towyn**	24.10	**£850,000**	£35,270	£260,000	£10,788	-£590,000
17	**Pen y Bryn, St Asaph**	35.22	**£750,000**	£21,295	£280,000	£7,950	-£470,000
18	**St Georges Rd, Abergele**	11.04	**£1,300,000**	£117,754	£350,000	£31,703	-£950,000
19	**Waenfynydd Farm, Llandundno Junction**	5.71	**£1,000,000**	£175,131	£475,000	£83,187	-£525,000
20	**Brackla Industrial Estate, Bridgend**	86.00	**£6,000,000**	£69,767	£5,075,000	£59,012	-£925,000

A)	**Total values:**	[redacted]	**Total values:**	**£22,225,000**
B)	**Total value of RIFW to SWLD sale:**	£38,375,000	[redacted]	

Appendix G (redacted layout)- Comparison of DVS-Colliers value discounts

DVS ref	Site Address	[illegible]	[illegible]	Gross site area in acres	Final DVS valuations (rounded) after April 2014 draw down review. Stated valuations are as at 02 March 2012, but 01 March 2013 for Brackla (flare completion dates)	Value (£'s) of site per acre	[illegible]	Colliers UN-DISCOUNTED Values at 18-02-12	Colliers development land value per net developable acre (after development infrastructure)	Colliers MVs as @ 18 February 2012	Value (£'s) of site per acre	[illegible]
1	Imperial Park, Newport	Na- A developed site	Na- A developed site	Na- A developed site	£3,700,000	Na- A developed site	Na- A developed site	Na- A developed site	Na- A developed site	£3 625 000	Na- A developed site	Na- A developed site
2-4	Three freehold farms (Llwynypia, Church House & Maerdy), Llsvane, Cardiff	£40 000 000	£330 579	121.00	£10,500,000	£86 777	26%	£31 500 000	£450 000	£2 265 000	£18,719	7%
5	Wrexham Industrial Estate	£560 000	£34 869	16.06	£435,000	£27 086	78%	£1 634 000	£100 000	£750 000	£46,700	46%
6	Llantrisant Business Park	£350 000	£83 532	4.19	£285,000	£68 019	81%	£437 000	£100 000	£350 000	£83 532	80%
7	Upper House Farm, Rhoose (includes an existing dwelling)	£13 160 000	£417 778	31.50	£3,250,000	£103 175	25%	£8 720 000	£400 000	£2 200 000	£69 841	25%
8	Cogan Hall Farm, Penarth	Na- Ransom value	Na- Ransom value	0.35	[redacted]		Na- Ransom value	na	na	na	na	Na- Ransom value
9	Garth Park, Talbot Green	Na- Amenity / conservation value	Na- Amenity / conservation value	18.00	[redacted]		Na- Amenity / conservation value	na	na	na	na	na
10	Gowtra Uchaf Farm, Bangor (includes an existing dwelling)	£6 650 000	£197 154	33.73	£3,400,000	£100 800	51%	£5,200,000	£300 000	£2 200 000	£65 224	42%
11	Ty Mawr, Llanfairpwllgwyll, Anglesey	£400 000	£152 091	2.63	£175,000	£66 540	44%	£300 000	£207 000	£300 000	£114 068	100%
12	Ty Draw Farm, Pyle	£450 000	£30 000	15.00	£450,000	£30 000	100%	£3 100 000	£450 000	£1 300 000	£86 667	42%
13	Mayhew Foods site, Aberdare	£525 000	£73 840	7.11	£430,000	£60,478	82%	£355 000	£50 000	£295 000	£41 491	83%
14	Anchor Way, Penarth	Na- spot figure reflecting undefined use	Na- spot figure reflecting undefined use	0.30	[redacted]		Na- spot figure reflecting undefined use	na	na	na	na	Na- spot figure reflecting undefined use
15	Wonastow Road, Monmouth	£20 000 000	£298 463	67.01	£3,850,000	£57 454	19%	£13 101 500	£450,000	£2 500 000	£37 308	19%
16	Towyn Way East, Towyn	£6 000 000	£248 963	24.10	£850,000	£35 270	14%	Not stated- strategic values adopted	Not stated- strategic values adopted	£260 000	£10 788	Not stated- strategic values adopted
17	Pen y Bryn, St Asaph	£6 500 000	£184 554	35.22	£750,000	£21 295	12%	Not stated- strategic values adopted	Not stated- strategic values adopted	£280 000	£7 950	Not stated- strategic values adopted
18	St Georges Rd, Abergele	£3 000 000	£271 739	11.04	£1,300,000	£117 754	43%	£1 200 000	£300 000	£350 000	£31 703	29%
19	Waenfynydd Farm, Llandudno Junction (includes two existing dwellings)	£2 320 000	£406 305	5.71	£1,000,000	£175 131	43%	£936 750	£300k per acre residential land / £75k per acre employment land	£475 000	£83 187	163%
20	Brackla Industrial Estate, Bridgend	£13 100 000	£152 326	86.00	£6,000,000	£69 767	46%	£10 792 470	£450k per acre residential land / £100k per acre employment land	£5 075 000	£59 012	179%
A)		£113 015 000 Total values:			[redacted]	Total values:		£77 276 720		£22,225,000		

£36 375 000 [redacted]

DVS ref	Site Address	[illegible]	Existing use value (i.e. ignoring any hope value) reported by King Sturge at December 2009 (But 1st October 2009 valuation date)	[illegible]	Market Value (i.e. reflecting any hope value) reported by King Sturge at December 2009 (But 1st October 2009 valuation date)	[illegible]	
1	Imperial Park, Newport	Na- A developed site	Not reported	Na- A developed site	£5,200,000	Na- A developed site	
2-4	Three freehold farms (Llwynypia, Church House & Maerdy), Llsvane, Cardiff	121.00	£1,835,000	£15,165	£6,100,000	£50,413	
5	Wrexham Industrial Estate	16.06	Not reported	Not reported	£390,000	£24,284	
6	Llantrisant Business Park	4.19	Not reported	Not reported	£330,000	£78,759	
7	Upper House Farm, Rhoose (includes an existing dwelling)	31.50	Not reported	Not reported	£2,700,000	£85,714	
8	Cogan Hall Farm, Penarth	0.35	Not reported	Not reported	[redacted]		
9	Garth Park, Talbot Green	16.00	Not reported	Not reported			
10	Goetra Uchaf Farm, Bangor (includes an existing dwelling)	33.73	Not reported	Not reported	£1,500,000	£44,471	
11	Ty Mawr, Llanfairpwllgwyll, Anglesey	2.63	Not reported	Not reported	£150,000	£57,034	
12	Ty Draw Farm, Pyle	15.00	£100,000	£6,667	£100,000	£6,667	
13	Mayhew Foods site, Aberdare	7.11	Not reported	Not reported	£300,000	£42,194	
14	Anchor Way, Penarth	0.30	Not reported	Not reported	[redacted]		
15	Wonastow Road, Monmouth	67.01	£990,000	£14,774	Not reported	Not reported	
16	Towyn Way East, Towyn	24.10	£155,000	£6,432	£735,000	£30,498	
17	Pen y Bryn, St Asaph	35.22	£230,000	£6,530	£700,000	£19,875	
18	St Georges Rd, Abergele	11.04	£90,000	£8,152	£175,000	£15,851	
19	Waenfynydd Farm, Llandundno Junction (includes two existing dwellings)	5.71	Not reported	Not reported	£520,000	£91,068	
20	Brackla Industrial Estate, Bridgend	86.00	na	na	na	na	
A)		Total values:	£3,400,000	Total values:	£19,560,000	[redacted]	

DVS ref	Site Address	[illegible]	[illegible]	[illegible]	Net development area (in acres) assumed	Number of new dwellings assumed	Dwellings per acre	UN-DISCOUNTED Value (£'s) of site per NET developable acre	Reported Savills Valuations at 02 March 2012; 01 March 2013 for Brackla	[illegible]	Value (£'s) of site per NET acre
1	Imperial Park, Newport	Na- A developed site	Na- A developed site	Na- A developed site	Na- A developed site	na	na	Na- A developed site		Na- A developed site	Na- A developed site
2-4	Three freehold farms (Llwynypia, Church House & Maerdy), Lisvane, Cardiff	£38,000,000	121.00	£314,050	76.00	Not stated	na	£500,000	£3,990,000	£32,975	£52,500
5	Wrexham Industrial Estate	Not assessed	16.06	Not provided	3.65	na	na	Not provided	£310,250	£19,318	£85,000
6	Llantrisant Business Park	Not assessed	4.19	Not provided	Not assessed	na	na	Not provided	£315,000	£75,179	Not assessed
7	Upper House Farm, Rhoose (includes an existing dwelling)	£17,500,000	31.50	£555,556	22.00	Not stated	na	£795,455	£3,950,000	£125,397	£179,545
8	Cogan Hall Farm, Penarth	Na- Ransom value	0.35	Na- Ransom value	Not assessed	na	na	Not provided	[redacted]		Not assessed
9	Garth Park, Talbot Green	Na- Amenity / conservation value	18.00	Na- Amenity / conservation value	Not assessed	na	na	Not provided	£0	£0	Not assessed
10	Goetre Uchaf Farm, Bangor (includes an existing dwelling)	£4,410,000	33.73	£130,744	17.64	270	15.31	£250,000	£1,852,200	£54,913	£105,000
11	Ty Mawr, Llanfairpwllgwyll, Anglesey	na	2.63	Not provided	Not assessed	na	na	Not provided	£125,000	£47,529	Not assessed
12	Ty Draw Farm, Pyle	£5,300,000	15.00	£353,333	10.54	Various approaches	na (Employment use assumed in 2012)	£502,846	£210,000	£14,000	£19,924
13	Mayhew Foods site, Aberdare	Not assessed	7.11	Not provided	3.40	na	na	Not provided	£350,000	£49,226	£102,941
14	Anchor Way, Penarth	Na- spot figure reflecting undefined use	0.30	Na- spot figure reflecting undefined use	Not assessed	na	na	Not provided	[redacted]		Not assessed
15	Wonastow Road, Monmouth	£13,920,000	67.01	£207,730	35.20	Not stated	na	£395,455	£5,530,000	£82,525	£157,102
16	Towyn Way East, Towyn	£4,750,000	24.10	£197,095	19.00	Not stated	na	£250,000	£400,000	£16,598	£21,053
17	Pen y Bryn, St Asaph	Not assessed	35.22	Not provided	Not assessed	Valued as agricultural	na	Not provided	£250,000	£7,098	Not assessed
18	St Georges Rd, Abergele	£1,600,000	11.04	£144,928	9.00	Not stated	na	£177,778	£400,000	£36,232	£44,444
19	Waenfynydd Farm, Llandudno Junction (includes two existing dwellings)	£1,375,000	5.71	£240,806	5.12	71	13.87	£268,555	£825,000	£144,483	£161,133
20	Brackla Industrial Estate, Bridgend	£7,190,000	86.00	£83,605	38.00	Various approaches	na	£199,722	£4,300,000	£50,000	£119,444

A) £94,045,000

[redacted]

Colliers workings

DVS ref	Site Address	Colliers UN-DISCOUNTED Values at 18-02-12	[redacted]	[redacted]	Net development area (in acres) assumed	Number of new dwellings assumed	Dwellings per acre	UN-DISCOUNTED Value (£'s) of site per NET developable acre	Colliers MVs as @ 18 February 2012	[redacted]	Value (£'s) of site per NET acre	Final sale prices As apportioned by RIFW	Colliers QUOTED development land value per net developable acre (after development infrastructure)
1	Imperial Park, Newport	Na- A developed site	Na- A developed site	Na- A developed site	Na- A developed site	na	na	Na- A developed site	£3,625,000	Na- A developed site	Na- A developed site	£5,752,527.85	Na- A developed site
2-4	Three freehold farms (Llwynypia, Church House & Maerdy), Lisvane, Cardiff	£31,500,000	121.00	£260,331	70.00	1,050	15.00	£450,000	£2,265,000	£18,719	£32,357	£1,835,000.00	£450,000
5	Wrexham Industrial Estate	£1,634,000	16.06	£101,743	16.34	na	na	£100,000	£750,000	£46,700	£45,900	£390,000.00	£100,000
6	Llantrisant Business Park	£437,000	4.19	£104,296	4.37	na	na	£100,000	£350,000	£83,532	£80,092	£330,000.00	£100,000
7	Upper House Farm, Rhoose (includes an existing dwelling)	£8,720,000	31.50	£276,825	21.30	320	15.02	£409,390	£2,200,000	£69,841	£103,286	£2,986,889.47	£400,000
8	Cogan Hall Farm, Penarth	na	0.35	Na- Ransom value	Not assessed	na	na	Not assessed	na	Not assessed	Not assessed	na	na
9	Garth Park, Talbot Green	na	18.00	Na- Amenity / conservation value	Not assessed	na	na	Not assessed	na	Not assessed	Not assessed	na	na
10	Gorsta Uchaf Farm, Bangor (includes an existing dwelling)	£5,200,000	33.73	£154,165	16.49	247	14.98	£315,343	£2,200,000	£65,224	£133,414	£1,659,383.03	£300,000
11	Ty Mawr, Llanfairpwllgwyll, Anglesey	£300,000	2.63	£114,068	Not assessed	na	na	Not assessed	£300,000	£114,068	Not assessed	£150,000.00	£207,000
12	Ty Draw Farm, Pyle	£3,100,000	15.00	£206,667	10.00	90 dwelling & 4.00 acres of employment	15 dwellings per acre on residential land	£310,000	£1,300,000	£86,667	£130,000	£110,625.54	£450,000
13	Mayhew Foods site, Aberdare	£355,000	7.11	£49,930	Not assessed	na	na	Not assessed	£295,000	£41,491	Not assessed	£300,000.00	£50,000
14	Anchor Way, Penarth	na	0.30	Na- spot figure reflecting undefined use	Not assessed	na	na	Not assessed	na	Not assessed	Not assessed	na	na
15	Wonastow Road, Monmouth	£13,101,500	67.01	£195,516	40.67	370 dwelling & 16.00 acres of employment	na	£322,142	£2,500,000	£37,308	£61,470	£1,114,318.77	£450,000
16	Towyn Way East, Towyn	Not stated- strategic values adopted	24.10	#VALUE!	Not assessed	Not stated	na	Not assessed	£260,000	£10,788	Not assessed	£171,469.58	Not stated- strategic values adopted
17	Pen y Bryn, St Asaph	Not stated- strategic values adopted	35.22	#VALUE!	Not assessed	Valued as agricultural	na	Not assessed	£280,000	£7,950	Not assessed	£254,438.73	Not stated- strategic values adopted
18	St Georges Rd, Abergele	£1,500,000	11.04	£135,870	5.00	80	16.00	£300,000	£350,000	£31,703	£70,000	£99,562.98	£300,000
19	Waenfynydd Farm, Llandudno Junction (includes two existing dwellings)	£936,750	5.71	£164,054	4.06	45 dwelling & 1.25 acres of employment	16 dwellings per NDA	£230,727	£475,000	£83,187	£116,995	£575,252.78	£300k per acre residential land / £75k per acre employment land
20	Brackla Industrial Estate, Bridgend	£10,792,470	86.00	£125,494	64.36	200 units + 42.48 acres of employment	na	£167,689	£5,075,000	£59,012	£78,853	£6,018,029.00	£450k per acre residential land / £100k per acre employment land
A)		£77,576,720										£21,747,497.73	

Total value of RIFW to SWLD sale:	£21,747,497.73	[redacted]

DVS ref	Site Address	[illegible]	[illegible]	[illegible]	Net development area (in acres) assumed	Number of new dwellings assumed	Dwellings per acre	Remarks	UN-DISCOUNTED Value (£'s) of site per NET developable acre	Final DVS valuations (rounded) after April 2014 draw down review. Status valuations are as at 02 March 2012, but 01 March 2013 for Brackla (Sale completion dates)	Reported DVS Valuations at 02 March 2012; 01 March 2013 for Brackla	[illegible]	Value (£'s) of site per NET acre
1	Imperial Park, Newport	Na- A developed site	Na- A developed site	Na- A developed site	Na- A developed site	na	na		Na- A developed site	£3,700,000	£4 500,000	Na- A developed site	Na- A developed site
2-4	Three freehold farms (Llwynypia, Church House & Maerdy), Llavane, Cardiff	£40 000,000	121.00	£330 579	72 24	1 050	14.53	Current (Submitted 2013) planning application is for 1,200 dwellings	£553 710	£10 500,000	£15 000,000	£123 967	£207 641
5	Wrexham Industrial Estate	£560,000	16.06	£34 869	11 24	na	na		£49 822	£435,000	£435 000	£27 086	£38 701
6	Llantrisant Business Park	£350 000	4.19	£83 532	3 66	na	na		£95,628	£285,000	£285 000	£68 019	£77 869
7	Upper House Farm, Rhoose (includes an existing dwelling)	£13 000,000	31.50	£412 698	22.00	334	15.18		£590 909	£3 250 000	£3 750 000	£119 048	£170 455
8	Cogan Hall Farm, Penarth	Na- Ransom value	8.35	Na- Ransom value	Not assessed	na	na		na	[redacted]			na
9	Garth Park, Talbot Green	Na- Amenity / conservation value	18.00	Na- Amenity / conservation value	Not assessed	na	na		na	[redacted]			na
10	Goetre Uchaf Farm, Bangor (includes an existing dwelling)	£6 500 000	33.73	£192,707	17.64	270	15.31	Current (Submitted 2013) planning application is for 245 dwellings	£368 481	£3,400,000	£3 100 000	£91,906	£175 737
11	Ty Mawr, Llanfairpwllgwyll, Anglesey	£400,000	2.63	£152 091	Not assessed	na	na		na	£175,000	£175 000	£66 540	na
12	Ty Draw Farm, Pyle	£450,000	15.00	£30 000	10.54	na (Employment use assumed in 2012)	na (Employment use assumed in 2012)		£42 694	£450,000	£450,000	£30,000	£42 694
13	Mayhew Foods site, Aberdare	£525,000	7.11	£73 840	3.40	15 units + 2.34 acres of employment	14.15 per acre on residential land		£154 412	£430,000	£430,000	£60,478	£126,471
14	Anchor Way, Penarth	Na- spot figure reflecting undefined use	0.30	Na- spot figure reflecting undefined use	Not assessed	na	na		na	[redacted]			na
15	Wonastow Road, Monmouth	£20 000,000	67.01	£298,463	40.77	370 units + 16.08 acres of employment	14.98 per acre on residential land		£490 557	£3,850,000	£5 800 000	£86,554	£142 261
16	Towyn Way East, Towyn	£6 000,000	24.10	£248 963	19.00	269	14.16		£315,789	£850,000	£1 900,000	£78 838	£100,000
17	Pen y Bryn, St Asaph	£6 500,000	35.22	£184 554	24.65	349	14.16		£263 692	£750,000	£780 000	£22,147	£31 643
18	St Georges Rd, Abergele	£3 000,000	11.04	£271 739	9.00	128	14.22		£333 333	£1,300,000	£1 650,000	£149 457	£183 333
19	Waenfynydd Farm, Llandudno Junction (includes two existing dwellings)	£2 300 000	5.71	£402 802	5.12	71	13.87		£449 219	£1 000 000	£1 600 000	£280 210	£312 500
20	Brackla Industrial Estate, Bridgend	£13 100,000	86.00	£152 326	81.00	201 units + 47 acres of employment	14.38 per acre on residential land		£214 754	£8,000,000	£8 500 000	£98 837	£139 344
A)		£112 685,000		[redacted]						[redacted]			[redacted]
										£38 375 000			

DVS ref	Site Address	DVS Valuations at stated dates: 01 October 2009 (Date of King Sturge report)	10 March 2010 (Date of portfolio transfer from the WG to RIFW)	01 March 2011 (Date of the RIFW Asset Realisation Plan)	02 March 2012; but 01 March 2013 for Brackla (Sale completion dates)	01 May 2013 (first "present day" valuation date)		RIFW's anticipated sale prices (From Asset Realisation Plan)
1	Imperial Park, Newport	£3,800,000	£3,400,000	£3,700,000	£3,700,000	£3,700,000		£5,100,000
2-4	Three freehold farms (Llwynypia, Church House & Maerdy), Lisvane, Cardiff	£8,000,000	£8,500,000	£9,200,000	£10,500,000	£11,250,000		£1,835,000
5	Wrexham Industrial Estate	£390,000	£405,000	£420,000	£435,000	£450,000		£390,000
6	Llantrisant Business Park	£285,000	£285,000	£285,000	£285,000	£285,000		£330,000
7	Upper House Farm, Rhoose	£2,400,000	£2,650,000	£2,900,000	£3,250,000	£3,300,000		£2,700,000
8	Cogan Hall Farm, Penarth	[redacted]						[redacted]
9	Garth Park, Talbot Green	[redacted]						[redacted]
10	Goetre Uchaf Farm, Bangor	£2,600,000	£2,900,000	£3,250,000	£3,400,000	£3,050,000		£1,500,000
11	Ty Mawr, Llanfairpwllgwyll, Anglesey	£150,000	£150,000	£150,000	£175,000	£200,000		£150,000
12	Ty Draw Farm, Pyle	£450,000	£450,000	£450,000	£450,000	£2,100,000		£100,000
13	Mayhew Foods site, Aberdare	£430,000	£430,000	£430,000	£430,000	£430,000		£300,000
14	Anchor Way, Penarth	[redacted]						[redacted]
15	Wonastow Road, Monmouth	£3,200,000	£3,450,000	£3,750,000	£3,850,000	£4,250,000		£990,000
16	Towyn Way East, Towyn	£800,000	£800,000	£825,000	£850,000	£850,000		£155,000
17	Pen y Bryn, St Asaph	£750,000	£750,000	£750,000	£750,000	£750,000		£230,000
18	St Georges Rd, Abergele	£1,150,000	£1,200,000	£1,250,000	£1,300,000	£1,400,000		£90,000
19	Waenfynydd Farm, Llandundno Junction	£900,000	£950,000	£1,000,000	£1,000,000	£1,050,000		£520,000
20	Brackla Industrial Estate, Bridgend	£5,650,000	£5,650,000	£5,650,000	£6,000,000	£6,000,000		£5,440,000
[redacted]								
B)	Total value of RIFW to SWLD sale:	£30,955,000	£31,970,000	£34,010,000	£36,375,000	£39,065,000	[redacted]	