

Report & Valuation [REDACTED]

Coney Beach Amusement Park, land to the East of Mackworth Road (known as Monster Park) and foreshore of Sandy Bay, Porthcawl, Bridgend

3rd March 2023

Ref: 612396

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For the attention of Richard Baker, Deputy Director, Land Division

Dear Richard,

PROPERTY: Coney Beach Amusement Park, land to the East of Mackworth Road (known as Monster Park) and foreshore of Sandy Bay, Porthcawl, Bridgend

In accordance with your instructions we have inspected the property and made such enquiries as are sufficient to provide you with our opinion of value on the basis stated below.

We draw your attention to our accompanying Report together with the General Assumptions and Conditions upon which our Valuation has been prepared, details of which are provided at the rear of our report.

We trust that our report meets your requirements, however should you have any queries, please do not hesitate to contact us.

Yours faithfully

For and on behalf of Savills (UK) Limited

**[Redacted] MRICS
RICS Registered Valuer
Director**

**[Redacted] MRICS
RICS Registered Valuer
Associate**

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Appendix 1 – Table of Concessionaires and Occupiers [Redacted]

Appendix 2 – Schedule of Planning Permissions

Appendix 3 – Property Market Overview

Appendix 4 – Residual Appraisal [Redacted]

1. Instructions

1.1 Instructions & Basis of Valuation

You have instructed us to provide our opinion of value on the following basis:

- The current Market Value of the freehold interest in Coney Beach Amusement Park and foreshore of Sandy Bay and the leasehold interest of Monster Park, subject to and with the benefit of vacant possession ("Market Value").

1.1.1. General Assumptions and Conditions

Our valuation has been carried out on the basis of the General Assumptions and Conditions set out in the relevant section towards the rear of this report.

1.1.2. Date of Valuation

Our opinion of value is at the date of this report being 1 March 2023. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

1.1.3. Definition of Market Value

In undertaking our valuation, we have adopted the definition of Market Value as defined in the RICS Red Book, as detailed below:

Market Value (MV) is defined in IVS 104 paragraph 30.1 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."

1.1.4. Purpose of Valuation

You instruct us that our valuation is required to support your acquisition of the subject property. It is not to be used for any other purpose.

1.1.5. Conflicts of Interest

In accordance with the RICS professional standards on Conflicts of Interest (1st Edition March 2017), we are required by our professional body, the Royal Institution of Chartered Surveyors, to inform you of certain matters that could be perceived as a conflict of prior to confirm our valuation appointment.

We confirm that Savills (UK) Limited does not have any involvement with the property and there are no other factors that could limit our ability to provide an impartial and independent valuation. Accordingly, we are reporting on an objective and unbiased basis.

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1.1.6. Valuer Details and Inspection

The due diligence enquiries referred to below were undertaken by [Redacted] MRICS and [Redacted] MRICS. The valuation has also been reviewed by [Redacted] MRICS.

The property was inspected on 30th January 2023 by [Redacted] MRICS and [Redacted] MRICS and again by [Redacted] MRICS on 9th and 23rd of February 2023. We were able to inspect the whole of the property but limited to those areas that were easily accessible or visible. The weather on our inspections was dry.

All those above with MRICS qualifications are also RICS Registered Valuers. Furthermore, in accordance with VPS 3.2, we confirm that the aforementioned individuals have sufficient current local knowledge of the particular market and the skills and understanding to undertake the valuation competently.

1.1.7. Extent of Due Diligence Enquiries and Information Sources

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

Where reports and other information have been provided, we summarise the relevant details in this report. We do not accept responsibility for any errors or omissions in the information and documentation provided to us, nor for any consequences that may flow from such errors and omissions.

1.1.8. Liability Cap

Our aggregate liability to any one, or more, or all of the addressees or any party who otherwise becomes entitled to rely upon this report under or in connection with this agreement and our valuation, however that liability arises (including, without limitation, a liability arising by breach of contract, arising by tort, including, without limitation, the tort of negligence, or arising by breach of statutory duty) shall be limited to the lower of:

- i. 25% of the value of the property stated in our report; and
- ii. £75,000,000

You acknowledge and agree that we shall not be liable under or in connection with this agreement and the provision of our valuation in tort (including negligence), breach of contract, breach of statutory duty or otherwise due to, under and/or arising out of or in connection with this agreement to the extent such loss or damage is consequential, indirect, special or punitive.

You acknowledge and agree that none of our employees, partners or consultants individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring a claim against any such individuals personally in connection with our services.

Nothing in this agreement shall exclude or limit our liability for death or personal injury caused by our negligence or for any other liability that cannot be excluded by law.

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1.1.9. RICS Compliance

This report has been prepared in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2022 together, where applicable, with the UK National Supplement effective 14 January 2019, together the “Red Book”.

Our report is in accordance with those requirements is set out below.

1.1.10. Verification

This report contains many assumptions, some of a general and some of a specific nature. Our valuation is based upon certain information supplied to us by others. Some information we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of this report.

We recommend that you satisfy yourself on all these points, either by verification of individual points or by judgement of the relevance of each particular point in the context of the purpose of our valuation. Our valuation should not be relied upon pending this verification process.

1.1.11. Confidentiality and Responsibility

Finally, in accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the party to whom it is addressed, and no responsibility is accepted to any third party for the whole or any part of its contents.

Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

1.2 Background

The property has been in the ownership and operation as a fun fair of a local family for a number of generations and is a well-known public leisure destination. The site is located in a prime beachfront position and represents a significant redevelopment opportunity in a popular coastal location. An owners agreement has been in place between the seller and the local council who own adjoining land since [redacted] with the aim of bringing forward both sites as part of a comprehensive mixed use residential led development.

[Redacted information]. Welsh Ministers have agreed terms to acquire the property in an off market transaction so that the proposed mixed use development site is within public ownership, capable of enabling the development in accordance with policy objectives and an appropriate delivery timetable.

The seller will continue to operate the fun fair facility (and therefore secure and maintain the property) on a short term contracted out lease arrangement whilst you prepare to implement and commence the regeneration works.

1.3 Market Conditions

The UK economy continues to experience inflationary pressures against the backdrop of faltering economic growth and continued concerns over the cost of high energy costs, following the ongoing war in Ukraine. The Bank of England has sought to address this by increasing interest rates, while the government has stepped in to insulate households and businesses from much of the increase in wholesale energy prices. Financial markets remain under close watch after a period of disruption and resulting volatility, but the UK government has managed to restore confidence in their ability to manage public finances, and bond yields have fallen by around 100bps since peaking last October at around 4.5%.

There remains concern as to how the UK economy will perform in the short term and the IMF are amongst those who have issued a bearish assessment for the short term outlook, whilst some bankers and other commentators have issued a more upbeat outlook, although nonetheless subject to challenges. There are some encouraging signs that the recent economic disruption is starting to stabilise insofar that the inflation curve points to a marked reduction in inflation over the next 6 to 12 months, SONIA interest rates have tightened and lenders continue to re-emerge in the UK residential market and lending rates have begun to fall.

Whilst the UK economy narrowly avoided falling into recession in 2022, the economic outlook for the next 12 months remains muted. Continued industrial action in the public sector, coupled with the prolonged hostilities in Ukraine and a weak consumer economy are also likely to impact economic performance. Nonetheless as inflationary pressures start to potentially subside the Chancellor is coming under increasing pressure to reduce taxes as the UK moves towards a probable General Election in the mid part of 2024.

Although the Bank of England has continued to raise base rates, analysts predict that they are nearing the peak, and may end by the middle of the year. Nonetheless, it is difficult to predict precisely what the future holds for the mainstream housing market. There continues to be a period of reduced confidence and uncertainty in the mainstream market. A lot will depend on the impact on the cost and availability of mortgage debt over the medium term and the extent to which policymakers and lenders seek to mitigate the potential impact of a sharp increase in interest rates.

Considerable financial strain has been put on existing borrowers who are already on a standard variable rate and will impact borrowers who are coming to the end of a fixed rate deal. This is likely to result in a lower transactional volumes over the next 6

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to 12 months, combined with downward pressure on prices. However, rates for new mortgages have been slowly falling since the turmoil created by the mini budget in September 2022, which provides a clear indication that the financial markets consider that base rates will be reduced towards the latter end of 2023 and which will assist in improving liquidity in the residential markets.

It is therefore important to recognise that our valuation has been prepared against the backdrop of a very challenging economic outlook and financial market instability. We stress the importance of the valuation date and recommend that the value of the property is kept under regular review. For the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined in the RICS Valuation – Global Standards.

2. The Property, Statutory and Legal Aspects

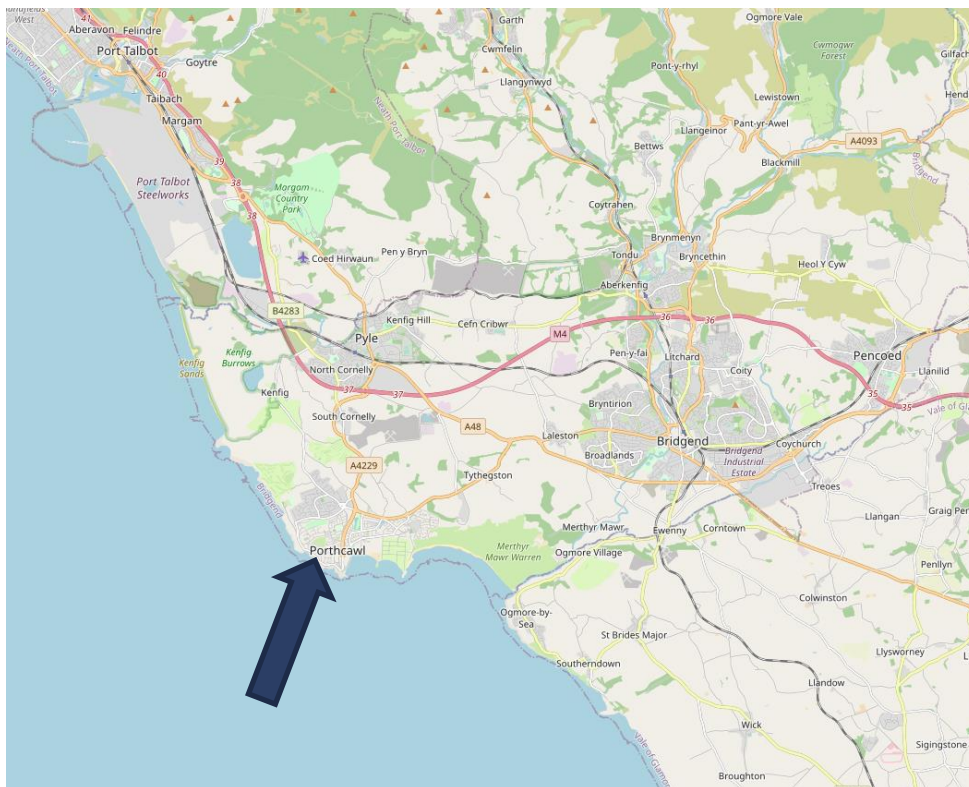
2.1 Location

Porthcawl is a town and community on the south coast of Wales in the county borough of Bridgend, approximately 25 miles of the capital city of Cardiff and 19 miles southeast of Swansea.

The town offers comprehensive amenities for residents and holidaymakers, including a mix of local high street independent retailers and national chains, banks and building societies and a good leisure offering. In recent years, the harbour and seafront of Porthcawl have been subject to various regeneration initiatives. These initiatives include the Jennings Building, which was redeveloped in 2017 to leisure and residential apartments. Last year, the Eastern Promenade re-opened following extensive works to improve the promenade, make the area more accessible and provide enhanced flood defences.

Road links to urban centres are good, with the M4 motorway 4 miles to the north of Porthcawl at junction 37, providing access west to Swansea and east to Cardiff. The A48 is also easily accessed from the eastern side of Porthcawl with direct access to Bridgend, the nearest major town. There is no rail service in Porthcawl; the nearest station is Bridgend with local, regional and national services to Swansea, Cardiff and beyond. There are several local bus routes operating in Porthcawl.

We enclose below a general location map showing Porthcawl in a regional context .



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2.2 Situation

Coney Beach Amusement Park and Sandy Bay are located approximately 1 mile east of Porthcawl town centre, on the sea front overlooking the Bristol Channel.

Immediately to the west of the site is Griffin Park, which includes two tennis courts, a bowls green and community centre, beyond which a new Aldi supermarket is currently under construction. To the east, there are other retail and leisure facilities, a car park, Sandy Bay Caravan Park and a large public park. Further east is Trecco Bay holiday park, a static caravan and holiday park extending to over 135 acres. To the north of the site is predominantly Victorian residential terraced housing. The amusement park and the foreshore are intersected by a walk way providing pedestrian access to both sites. The main vehicular access into the amusement park is to the rear (north of the site) off Mackworth Road.

The site is in close proximity to Newton Primary School approximately 0.3 miles to the north. Porthcawl Comprehensive School is 1.2 miles to the west.

We provide below a plan showing the situation of the site.



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2.3 Description

The extent of the site that you are purchasing comprises approximately 33 hectares (81.57 acres) in total. The site is made up of Coney Beach Amusement Park (3.66 hectares / 9.04 acres), the foreshore of Sandy Bay (28.28 hectares / 69.88 acres) and Monster Park (1.07 hectares / 2.65 acres).

Coney Beach Amusement Park comprises a relatively flat surfaced area, albeit the plateau has been built up and comprises made ground which is higher than the adjoining Mackworth Road and Griffin Park. A number of both permanent and temporary buildings, including seasonal kiosks and fun fair rides occupy the site. The temporary buildings/structures will be removed by the tenant on vacating the property and the buildings to remain include a pub/restaurant, offices, pavilion buildings and industrial workshops, all of which are proposed for demolition as part of the redevelopment proposals. The rear (north) of the site is an area used for car parking and storage. The site is secured with metal security fencing.

Monster Park is a separate, sloping irregular shaped parcel of land, comprising mainly grass and vegetation with trees and a fence around the boundary. Mackworth Road forms the south and west boundary and is the link between the property you are acquiring and the council owned land subject to the owners agreement.

We provide an aerial image of the site below which identifies approximately the land that Welsh Minsters are acquiring in green.



Photographs of the property taken on the date of our inspection are provided below.

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Sandy Bay



Coney Beach Amusement Park – Front Entrance



Cabin Bar



Manor Suite



Front stalls and walk way between foreshore of Sandy Bay and Coney Beach Amusement Park



Coney Beach Amusement Park - Rides

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Coney Beach Amusement Park and Sandy Bay, Porthcawl



Rear car park and storage area



Rear car park and storage area



Monster Park off Mackworth Road



Monster Park

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The site of the property is irregular in shape. We calculate that the site has an area of 33 hectares (81.57 acres), The site is made up of Coney Beach Amusement Park (3.66 hectares / 9.04 acres), the foreshore of Sandy Bay (28.28 hectares / 69.88 acres) and Monster Park (1.07 hectares / 2.65 acres).

2.4 Taxation

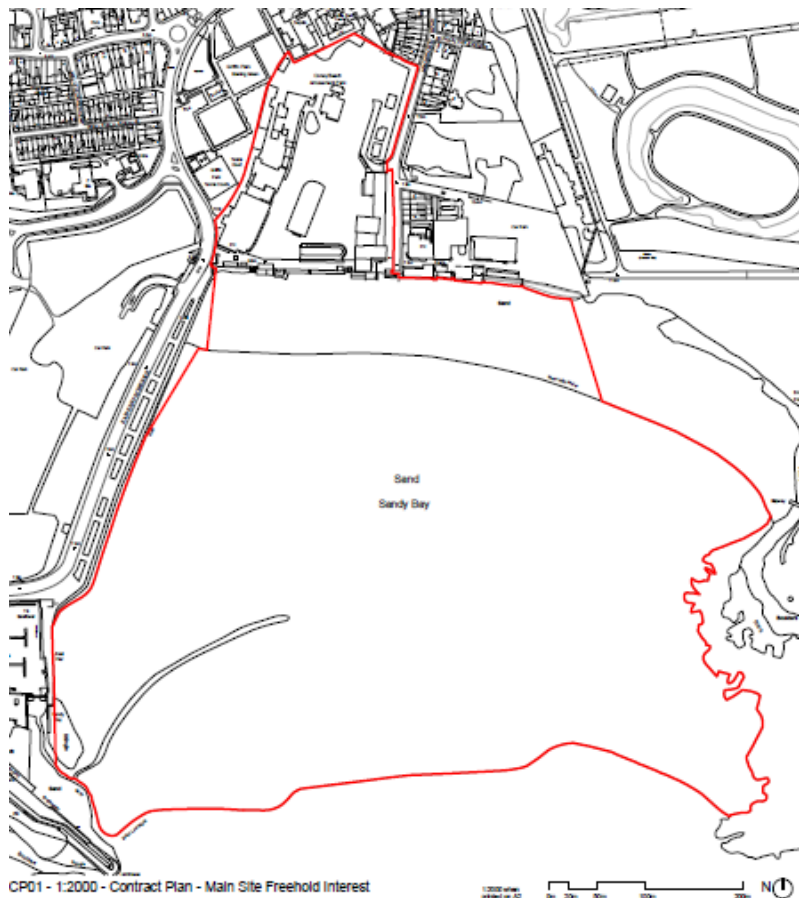
2.4.1 VAT

We are informed that the Seller has exercised its option to tax the property for VAT purposes and as such, VAT will become payable on the purchase price.

2.5 Tenure

2.5.1 Title

The freehold interest in Coney Beach and Sandy Bay that you are acquiring as outlined red on the plan below, is registered at HMLR under title numbers WA166414 and WA166103.



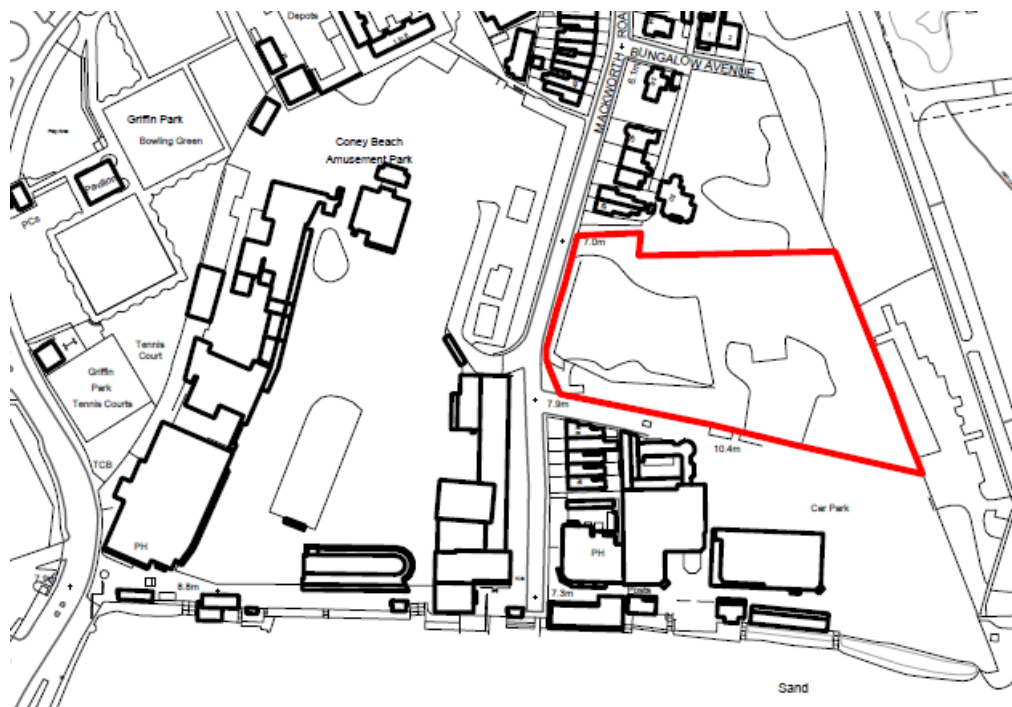
Coney Beach & Sandy Bay

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You are also acquiring the leasehold interest in Monster Park as outlined red on the plan below that is held under title number WA167250.



Monster Park

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2.5.2 Leasehold Interest

You are buying the residue of a 99 year lease term in Monster Park. The principle terms of the lease are as follows:

Remaining Term:	Approximately 27yrs and 8 months expiring on 30 December 2050
Rent:	£175 per annum payable in equal quarterly payments
User:	To lay out and use the property as an illuminated park for the amusement and pleasure of members of the general public and for other purposes ancillary to public entertainment but so that the same shall not be used for the purpose of a fun fair, factory or store yard or for any other purpose which shall be a nuisance to the lessors or their tenants or the occupiers of the adjoining or neighbouring houses or the neighbourhood or out of keeping with the amenities of a sea side resort.
Fencing Obligations:	To erect and during the term maintain in good order and condition along the eastern, southern and western boundaries of the property fencing of a tennis court type, eight feet in height with all necessary admission and exit gates and to keep such gates always locked when not in actual use.
Assignment & under letting etc:	Not to assign, underlet or part with the possession of the property or any part thereof without first obtaining the written consent of the lessors which consent shall not be unreasonably withheld.
Insurance:	Not stated.
Yielding Up:	To deliver up the property in a condition consistent with the lease provisions.
Security of Tenure:	The lease is subject to the Security of Tenure provisions of Part II, sections 24-28 of the Landlord & Tenant Act 1954.
Pre-Emption:	The lease includes provision for the tenant to give notice at lease expiry to purchase the freehold in the property at a price to be agreed between the parties or in default by two valuers or their umpire.

We have valued the unencumbered freehold and leasehold interest in the property. We have not been provided with a Report on Title and our valuation has been prepared on the basis that there are no onerous restrictions or obligations. This should be confirmed by your legal advisers as part of the due diligence process.

2.5.3 Owners Agreement

The Seller and Bridgend Council originally entered into an agreement setting out the parties intentions to collaborate in [Redacted Information]. The agreement sets out the intentions and obligations of the parties in respect of the redevelopment of the property in conjunction with Sandy Bay, the adjoining property in the ownership of Bridgend Council.

The agreement is for [redacted information]. This apportionment reflects the fact that the Coney Beach site is required to deliver access to the Council's Sandy Bay site, without which the site could not be developed.

[Redacted Information]. The owners agreement is being varied prior to completion of the sale to allow its assignment to Welsh Ministers and varying some of the personal provisions.

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[Redacted Information]. The Welsh Ministers are acquiring the property subject to the varied Owners Agreement.

2.6 Compulsory Purchase Order

As part of the regeneration proposals, Bridgend Council (the Council) made The Bridgend County Borough Council (Porthcawl Waterfront Regeneration) Compulsory Purchase Order 2021 (the CPO). The objective of the CPO is to secure all land required for the purpose of facilitating the carrying out of a mixed use development comprising housing, leisure and retail uses, a school, public open space and ancillary highway and public realm improvements. The statement of case clearly sets out the land to be acquired by the Council which inter alia (in respect of the property you are acquiring) includes:

- The leasehold interest (but not the freehold) in Plot 1B on the plan below;
- The freehold interest (but not the leasehold interest) in Monster Park (Plot 5 on the plan below);
- The freehold in the WPD substation located on Coney Beach (Plot 2 on the plan below);
- All interests other than the freehold in land forming Coney Beach (Plot 1 on the plan below);
- All interests other than the freehold and registered charge in part of Sandy Bay Beach (Plot 1A) and unregistered land at Plot 4 on the plan.



2.7 Occupation

The site has a number of both commercial and residential concessionaires under various leases and licences, details of which we provide at **Appendix 1** [The information at Appendix 1 has been redacted]. A number of concessionaires are seasonal, only operating in the summer months.

On completion of the sale, you have agreed a three year leaseback of Coney Beach and Sandy Bay to the Seller, who will in turn surrender the existing third party licences and regrant new contracted out leases in a form agreed by your solicitors to the relevant concessionaires and tenants. At expiry of the leaseback, the leases will be surrendered and terminated so that Welsh Ministers will acquire the site with vacant possession.

2.8 Adopted Highways

The property appears to abut the adopted highway at both Eastern Promenade and Mackworth Road. Our valuation assumes this to be correct and that the property abuts an adopted highway maintainable at public expense. We assume that full rights of access are enjoyed, and that no third parties enjoy any rights over the property. This should be confirmed by your legal advisers prior to relying on our report.



2.9 Planning Enquiries

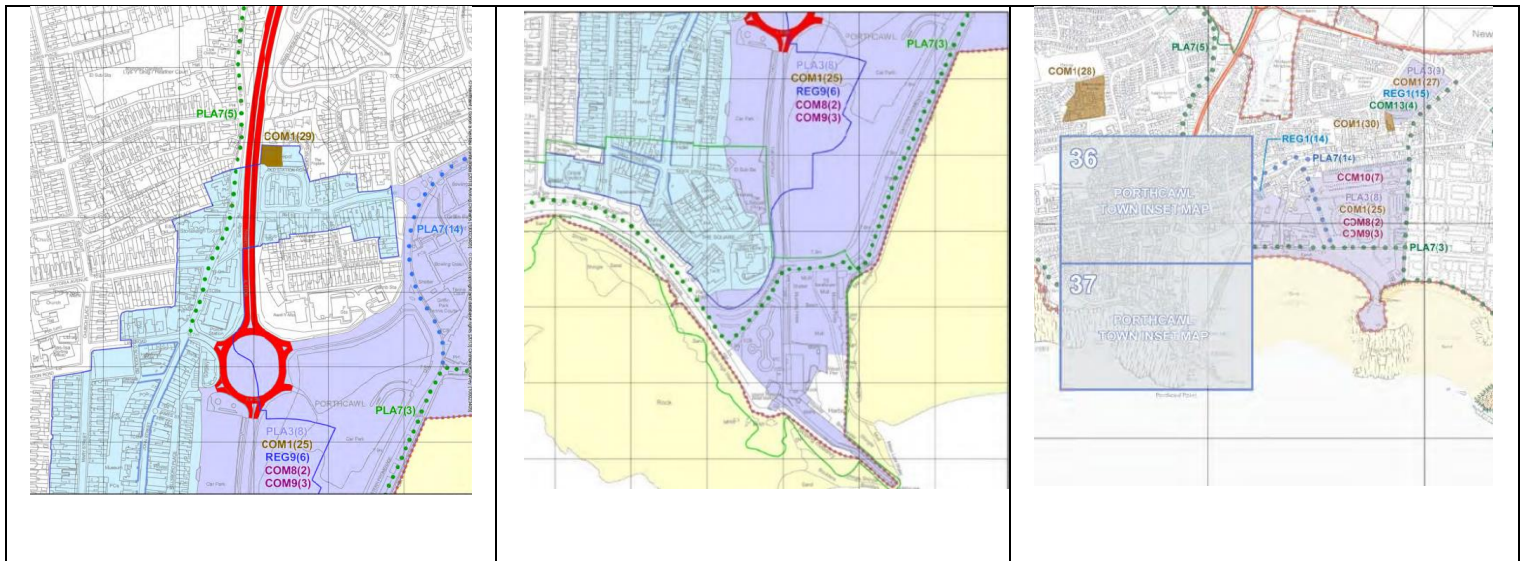
2.9.1 Planning Policy

The statutory plan covering planning policy and development control for the area is the Bridgend County Borough Council Local Development Plan (LDP), which was adopted on 18th September 2013.

The property is allocated in the current LDP for mixed development. Policy PLA3 sets out the Council's objectives for mixed use regeneration of brownfield underutilised sites and identifies Porthcawl Regeneration Area as being a significant part of this strategy through its allocation as site PLA3(8). This allocation is supported by adopted Supplementary Planning Guidance (SPG), referred to as the Seven Bays Project – Porthcawl Waterfront SPG.

The Porthcawl Waterfront Regeneration Area (PLA3(8)) extends to approximately 47 hectares, from Trecco Bay caravan site and Rhych Point in the east to the existing harbour and town centre to the west, taking in the former Council owned Sandy Bay caravan site, the fairground and Council owned Salt Lake car park and its environs. Agreed elements of the regeneration are embodied in the LDP Strategy which seeks to secure a vibrant and distinctive new environment, contributing to an improved perception of Porthcawl as a premier visitor destination and seaside resort. Its aim is to properly integrate new development areas into the town centre and the surrounding urban area and will guide development in a phased approach.

We provide extracts below from the current development plan identifying the whole allocation in purple:



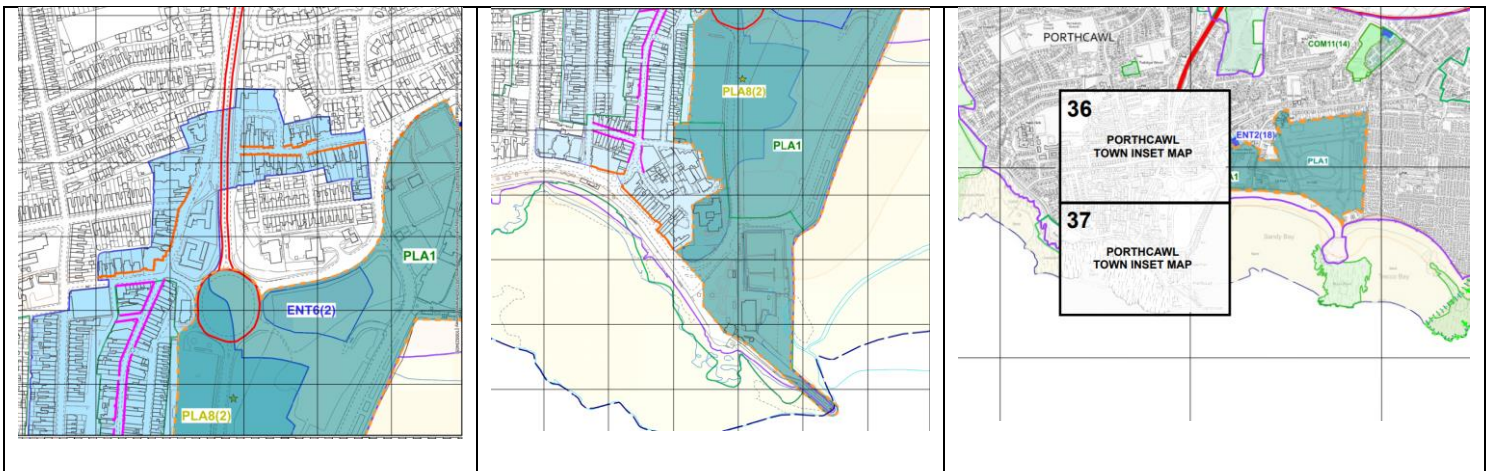
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Bridgend County Borough Council is in the process of preparing the Replacement Local Development Plan (2018 – 2033) (RLDP). The subject property (plus areas known as Salt Lake, Hillsboro and Sandy Bay East) is identified as a Mixed-Use Strategic Development Site within the RLDP. Specifically, Policy PLA1 sets out that the land at Porthcawl Waterfront is to be allocated for a comprehensive, regeneration-led mixed use development that will deliver circa 1,115 homes (including 30% / 355 units of affordable housing), incorporating a new one form entry Welsh medium primary school, a four classroom block extension at the existing English medium primary school, a new food store, leisure facilities, a bus terminus, recreation facilities, public open space, plus appropriate community facilities and commercial uses.

We provide extracts below from the final deposit plan identifying the proposed allocation in blue:



The RLDP has been submitted to the Welsh Government for examination by the planning inspector. Hearing sessions are programmed during March 2023, and subject to any changes, the RLDP is expected to become adopted by Summer 2023.

2.9.2 Planning History

The planning history for the property is extensive and we have provided further details at **Appendix 2**. The planning history predominantly relates to the operation and running of the amusement park and the beach. No planning applications have been made in respect of the mixed use development proposals, which the site is allocated for under the LDP.

2.10 Environmental Considerations

2.10.1 Informal Enquiries

As instructed, we have not carried out a soil test or an environmental audit albeit solicitors acting on your behalf have obtained a desktop environmental data search provided by Argyll Environmental which reveals the following:

- A high overall risk of contaminants from on-site activities
- A high overall risk of contaminants from off site activities; and

- A high environmental sensitivity rating.

The result states that:

- (a) on-site industrial spoil, and the former nearby gas works, are likely to have caused contamination and anticipates that any planning conditions imposed on a planning permission will likely require investigation and, if necessary, remediation of the property;
- (b) the property formed part of a mine or quarry and is on land previously used for extraction and as heap. The result recommends a suitable survey to assess whether or not the property is affected by ground stability issues;
- (c) that there are "very significant soluble rocks" in the area and that there are places where the underlying ground may have dissolved resulting in subsidence. The result recommends that the potential for ground hazards should be assessed.

The result recommends that a Phase 1 Environmental Assessment is carried out, followed by a Phase 2 Intrusive Investigation if potential contaminant linkages are detected.

The local authority search also confirms that the property is located within a Radon Affected Area.

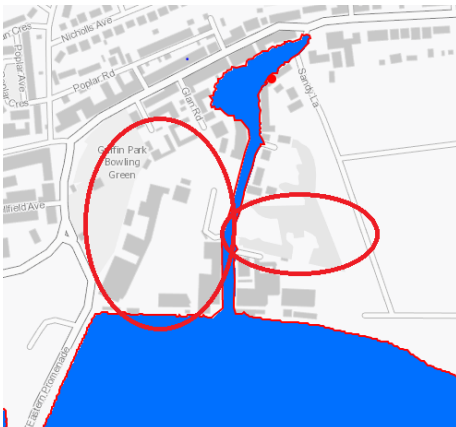
We have valued the property on the basis that it has not suffered any land contamination in the past which has a material impact on value, nor is it likely to become so contaminated in the foreseeable future, albeit our appraisal provides a £[redacted] contingency to cater for any unknown risk items. However, should it subsequently be established that contamination exists at the property, or on any neighbouring land, then we may wish to review our valuation advice.

2.10.2 Flooding

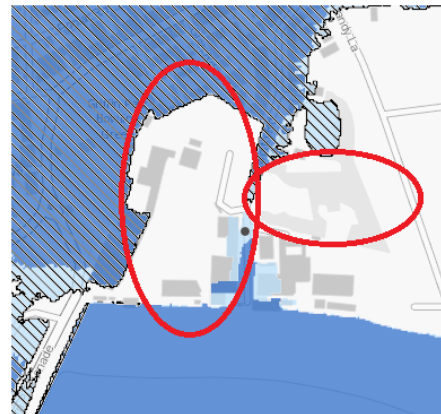
We have made enquires with regard to potential flooding at the website of Natural Resources Wales (NRW) www.naturalresources.wales. According to the current TAN15 Flood zone map, the property is identified as being located outside of the flood zone risk. The beach, as expected, is within flood zone C2.

We have also had regard to the revised TAN15 which is due to be implemented in June 2023. This will be supported by the new Flood Map for Planning, which includes climate change information to show how this will affect flood risk events over the next century. The Flood Map for Planning has no official status until it is formally implemented through planning policy in June 2023, but it is considered the best evidence available and will be used to inform planning advice.

The emerging TAN15 shows that part of the property falls outside of the flood area, but that the area surrounding in within Zone 3 but subject to flood defences. The beach is again within Zone 3.



Current Flood Map



Emerging Flood Map

3. Development Proposals

2.11 RLDP – Masterplan Development Principles

The RLDP consultation document sets out the following masterplan development principles for Porthcawl Waterfront (which includes the subject property plus the surrounding area). The masterplan must be prepared and agreed with the Council prior to development to demonstrate how these principles will be delivered in an appropriately phased manner:

- 1) 1,115 homes, incorporating an appropriate mix of dwelling sizes and types to meet local housing needs, including 30% affordable housing units to be integrated throughout the development in sustainable clusters of no more than ten units as per the Council's requirement;
- 2) 1.8 hectares of land to accommodate a minimum one form entry Welsh medium primary school, the expansion of the existing Newton Primary School (with co-located nursery facility) and a financial contribution to nursery and primary school provision as required by the Local Education Authority;
- 3) 3.51 hectares of public open space comprising of Local Areas of Plan (LAPs), Local Equipped Areas for Play (LEAPs) and Neighbourhood Equipped Areas for Play (NEAPs) should be incorporated within these areas of open space;
- 4) 2.76 hectares of land for leisure and commercial uses including a food store;
- 5) Highway improvements to ensure the principal point of vehicular access for a food store is off The Portway roundabout;
- 6) A new roundabout and link road to enable access to the Sandy Bay development parcels;
- 7) An emergency access through Dock Street and Sandy Lane;
- 8) Off-site highway improvements with regard to the requirements arising from the Transport Assessment and as identified in the Transport Measures Priority Schedule;
- 9) 0.12 hectares of land to deliver a public transport terminus;
- 10) On-site and off-site measures to provide good quality, attractive, legible, safe and accessible pedestrian and cycle linkages in accordance with Active Travel Design. Improved linkages must be provided along the waterfront, to connect with the Eastern Promenade, Porthcawl town centre and Porthcawl Comprehensive School.
- 11) Suitable buffers to habitats, particularly the relict dunes to the rear of Sandy Bay;
- 12) Positive integration between the development and the historic core of the town by preserving and enhancing the character and setting of Porthcawl Conservation Areas and associated Grade II Listed Buildings
- 13) On and off-site measures including any appropriate upgrades to the clean water supply or public sewerage networks;

14) Follow the sequential approach to identify low carbon heating technologies in accordance with ENT10.

2.12 Porthcawl Waterfront Placemaking Strategy

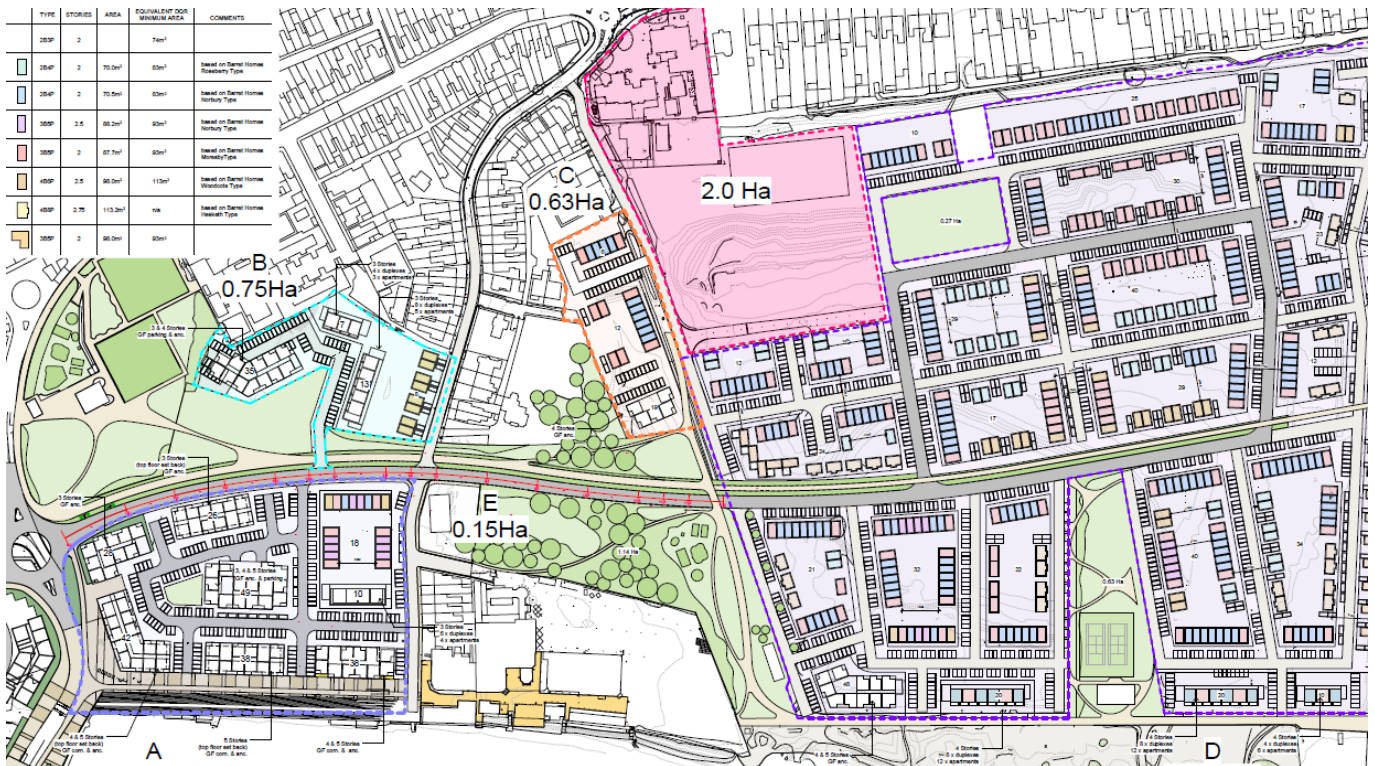
A placemaking strategy for Porthcawl Waterfront was undertaken by Austin-Smith Lord for Bridgend Borough County Council in 2022. The purpose of the placemaking strategy was to provide a framework for the development of Porthcawl Waterfront over the short, medium and long term.

Within this placemaking strategy, Coney Beach Amusement Park and Monster Park are proposed for a mix of residential, residential with mixed uses at ground floor, green infrastructure and public realm. We provide an extract from the placemaking strategy below with the subject property circled red.

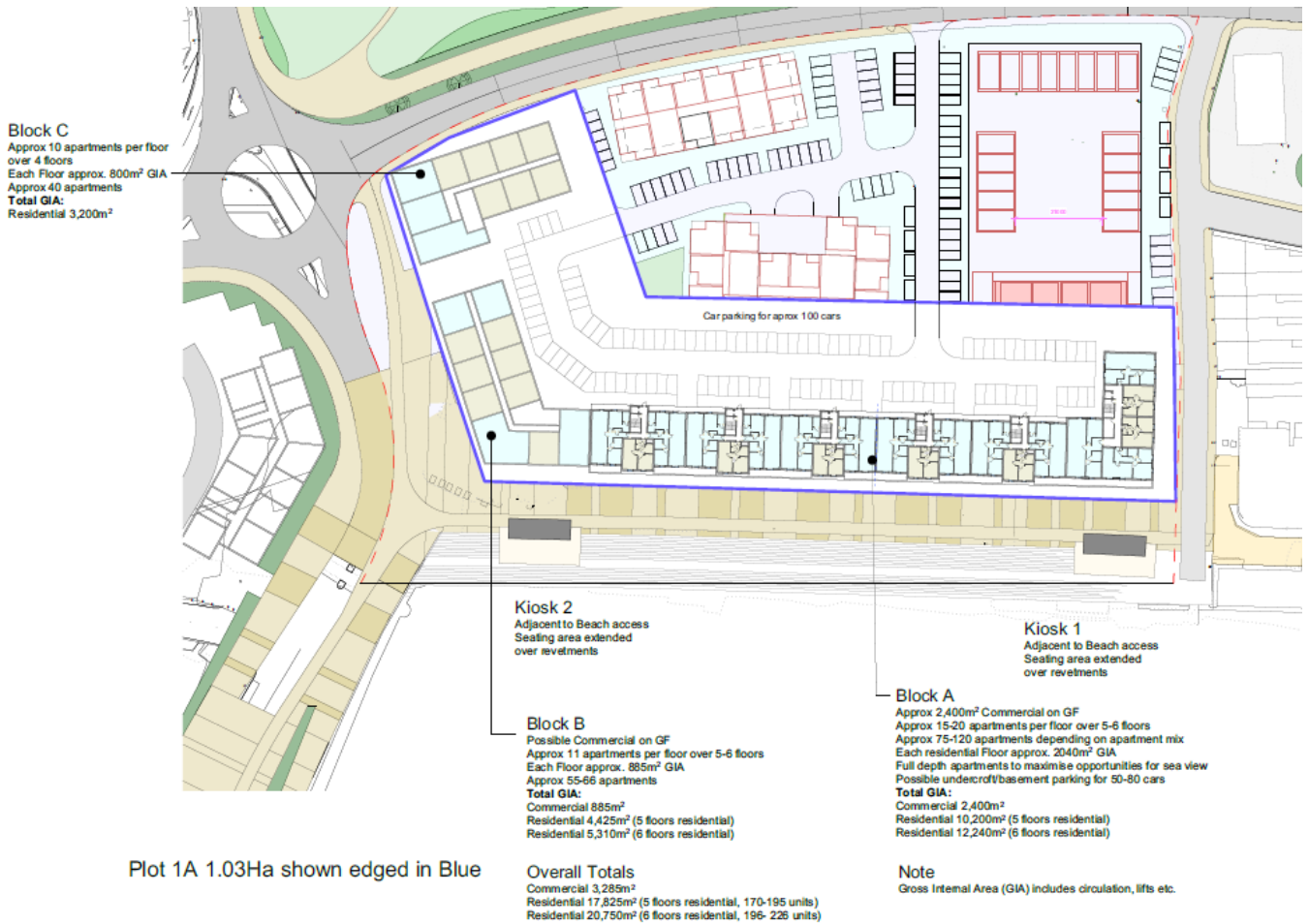


2.13 Indicative Scheme Proposals

Austin Smith Lord Architects have produced a residential capacity layout for the combined Coney Beach and Sandy Bay site which identifies a proposal for 902 dwellings, which comprises 364 apartments and 538 houses. A copy of the scheme layout is provided below:



However, since preparing that plan, Kennedy James Griffiths Architects have produced further plans to demonstrate how a higher density development could be accommodated on the beach edge of both Coney Beach and Sandy Bay and the principles of this have been accepted by the Council. These higher density proposals increase housing density to c. 1,200 new dwellings. The concept proposals for the Sandy Bay frontage are identified on the plan extract below:



4. Market Conditions

4.1 Property Market Overview

We enclose a Property Market Overview at **Appendix 3**, but summarise the findings below.

House prices fell by 0.5% in February, according to Nationwide. This marked the sixth consecutive month of value falls and takes annual growth to January to -1.1% - the first annual decline since June 2020. Prices are now 3.7% below their peak of August 2022. This matches our expectations that values will fall further in 2023 as affordability remains constrained.

The market is in the midst of a slowdown, as the number of mortgage approvals in December fell to 43% below the 2018-2019 average for the month, according to the Bank of England. Despite this slowdown in the mortgage market, the number of sales completions for December was still 8.4% above the 2017-19 average for the month. The numbers were bolstered by a pipeline of sales agreed earlier in the year working their way through to completion.

Further downward pressure on prices came from falling demand relative to supply. More surveyors reported falling new buyer enquiries than new instructions, according to the December RICS survey. New instructions were also down further than new sales agreed in January according to TwentyCi, who also report rising levels of fall throughs and price reductions. A smaller pool of buyers will be better able to push sellers to compromise more on price.

The weakening market is largely a consequence of the challenging mortgage environment, with the number of products available still lower than before the mini-budget. Higher Loan-to-Vale (LTV) products have been slower to recover, posing challenges for buyers with small deposits such as First Time Buyers, particularly in the absence of Help to Buy.

4.2 Local Market Summary

According to the most recent Land Registry House Price Index, annual growth in Bridgend was at 11.4%, higher than the average rise for Wales at 10.3%. The Land Registry average house price in Bridgend in December 2022 (the latest data available), was £215,449 showing a 0.7%% price decrease from the previous month. The average price of a detached house in Bridgend was £339,942 in December 2022, having grown 10.6% from the previous year where the average price was £302,030.

Properties in Porthcawl had an overall average price of £329,126 over the last year. The majority of sales in Porthcawl during the last year were detached properties, selling for an average price of £421,258. Semi-detached properties sold for an average of £325,279, with terraced properties achieving £229,350. Overall, sold prices in Porthcawl over the last year were 5% up on the previous year and 27% up on the 2019 peak of £258,859.

4.3 Sales Transactions

In reaching our opinion of value, we have had regard to a number of sales of comparable properties for both development land and completed units in the vicinity and discussions with both our own agents and local agents.

We have highlighted comparable sales and made adjustments to the comparable evidence to reflect the individual characteristics of each property, including: location, size, outside space and condition.

Our valuation is based on market evidence which has come into our possession from numerous sources. That from other agents and valuers is given in good faith but without liability. It is often provided in verbal form. Some comes from databases such as the Land Registry or computer databases to which Savills subscribes. In all cases, other than where we have had a direct involvement with the transactions, we are unable to warrant that the information on which we have relied is correct although we believe it to be so.

We would highlight the following transactions, which we consider to be particularly relevant to our valuation of the property:

4.4 Residential Sales Comparables

There is currently only two new home developments under construction in Porthcawl, the details of which are provided below: In addition we have considered recent house price sales in the second hand market:

The Links, Rest Bay, Porthcawl (Acorn)

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The Links comprises a development of 35 apartments within the former Grade II listed Rest Bay Convalescent Home and a further 36 new build apartments adjoining. The development is located approximately 2 miles north west of Coney Beach next to Royal Porthcawl Golf Club with views across Rest Bay. The scheme offers a range of studios, 1, 2 and 3 bedroom apartments and there are only five, two bedroom apartments of the 71 now available with asking prices of between £445,000 to £550,000 (£420 - £493 psf). Achieved prices are set out below:

Converted Building			
Beds	Sq Ft Range	Price Range	£/sq ft Range
Studios	387 sq ft – 409 sq ft	£[Redacted]	£[Redacted]
1 Bed Apartment	490 sq ft – 732 sq ft	£[Redacted]	£[Redacted]
2 Bed Apartment	732 sq ft – 1,431 sq ft	£[Redacted]	£[Redacted]
3 Bed Apartment	1,205 sq ft – 1,636 sq ft	£[Redacted]	£[Redacted]

New Build Apartments			
Beds	Sq Ft Range	Price Range	£/sq ft Range
1 Bed Apartment	508 sq ft	£[Redacted]	£[Redacted]
2 Bed Apartment	704 sq ft – 1,240 sq ft	£[Redacted]	£[Redacted]
3 Bed Apartment	1,253 sq ft – 1,569 sq ft	£[Redacted]	£[Redacted]

The Grange, Church Road, Newton, Porthcawl (Taylor Wimpey)

The Grange comprises a development of 57 x 3 and 4 bedroom houses located in Newton, an approximate 10 minute walk to Newton Beach. Current available pricing is set out below:

House Name	Type	Price	Size (sq ft)	£/sq ft
The Gosford	3 bedroom semi detached	£339,995	866	£393
The Gosford	3 bedroom detached (no garage)	£349,995	866	£404
The Midford	4 bedroom detached (single garage)	£444,995	1,170	£380
The Dunham	4 bed detached (integral garage)	£499,995 - £504,995	1,385	£361 - £365
The Manford	4 bed detached (study and single garage)	£509,995 - £549,995	1,385	£368 - £397
The Wortham	4 bedroom detached (integral garage)	£546,995 - £549,995	1,525	£359 - £361

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Second Hand Market Sales			
Address	Description	Sales price & date	Analysis
2 Beds			
3 The Links, Locks Common	2 bed flat	£[Redacted] (u/o)	£423psf
13 Hazelwood Road, Nottage	2 bed semi	£[Redacted] (u/o)	£364psf
13 Oaktree Drive, Newton	2 bed end terr	£235,000 (Oct 22)	£412psf
3 Beds			
10 Manor Grove, Danygraig, Porthcawl	3 bed detached	£[Redacted] (u/o)	£392psf
16 Juniper Close, Newton	3 bed semi	£260,000 (Nov 22)	£350psf
3 George Thomas Close, Porthcawl	3 bed semi	£235,000 (Oct 22)	£338psf
107 West Park Drive, Porthcawl	3 bed semi	£305,000 (Oct 22)	£394psf

4.5 Development Site Comparables

There is limited evidence of allocated brownfield land sales in the region, especially coastal sites with such good views as the subject property. However, we consider the following comparable evidence as useful in arriving at our opinion of value for the subject site.

Strategic Land Sales

Address	Description & planning status on acquisition.	Purchase Details
Ty Glas (Former Tax Offices) Llanishen, Cardiff	Site of 18.56 acres with existing office tower accommodation in a suburban location. Demolition and site clearing costs were subject to quote of £[redacted]. The property had no planning status for alternative uses but was within settlement limits. It was acquired by Cardiff Council [Redacted] unconditionally for £[redacted].	Purchase Price: £[Redacted] Date of Purchase: 2021 Abnormal Costs: £[Redacted] Purchase Price Per Gross Acre: £[Redacted] Clean Price Per Gross Acre: £[Redacted]
Former Gas Works, Grangetown, Cardiff	Site of 25 acres. Allocated as a strategic residential development site for c. 500 units in a Cardiff urban location but without the benefit of planning permission. Ground remediation costs quoted as £[redacted]. The property was acquired by Cardiff Council unconditionally for £[redacted].	Purchase Price: £[redacted] Date of Purchase: 2020 Abnormal Costs: £[Redacted] Purchase Price Per Gross Acre: £[Redacted] Clean Price Per Gross Acre: £[Redacted]
[Redacted]	[Redacted]	[Redacted]
Former University Campus Caerleon, Newport	Former University of Wales college campus on a site of 32.37 gross acres (18.26 net acres including a number of listed buildings). The property was acquired unconditionally by Redrow following a refusal of planning permission that the University submitted. Planning subsequently granted for a scheme of 218 dwellings (including conversion of the listed buildings).	Purchase Price: £[Redacted] Date of Purchase: 2019 Purchase Price Per Net Acre: £[Redacted]

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Small Sites for Apartment or Urban Residential Development

Address	Description & planning status on acquisition.	Purchase Details
1-3 Sanatorium Road, Canton, Cardiff	1 acre site between railway line and Sanatorium Road. Planning permission for 16 flats and 19 houses. Social rent and shared ownership tenures.	Purchase Price: £[Redacted] Date of Purchase: 2022 Purchase Price Per Acre: £[Redacted] Purchase Price Per Plot: £[Redacted]
Former Milk & More, Sanatorium Road, Canton, Cardiff	1.17 gross acres opposite The Mill. Planning for scheme of 54 flats and 15 houses. Social rent and shared ownership tenures. £[Redacted] abnormal costs. 100% affordable.	Purchase Price: £[Redacted] Date of Purchase: 2020 Purchase Price Per Acre: £[Redacted] Purchase Price Per Plot: £[Redacted]
Clive Lane, Grangetown, Cardiff	Infill site next to IKEA extending to 4.8 acres. Planning for a 100% affordable housing scheme of 116 units. 68 flats and 48 houses. Development required [Redacted]. 100% affordable.	Purchase Price: £[Redacted] Date of Purchase: 2018 Purchase Price Per Acre: £[Redacted] Purchase Price Per Plot: £[Redacted]
Former Lansdowne Hospital, Canton, Cardiff	3.73 gross acres of which c. 1 acre in flood zone so not developable. Planning permission for 106 units over 2 sites (approximately 76 units on subject site). 100% affordable. Unconditional purchase.	Purchase Price: £[Redacted] Date of Purchase: 2020 Purchase Price Per Net Acre: £[Redacted] Purchase Price Per Plot: £[Redacted]

Residential Development Land Sales

Address	Description & planning status on acquisition.	Purchase Details
St. Clare's Convent, Newton, Porthcawl	Former private school on a site of 1.79 gross acres (1.65 net acres) sold with the benefit of planning permission for 9 detached dwellings.	Purchase Price: £[Redacted] Date of Purchase: 2010 Purchase Price Per Net Acre: £[Redacted] Purchase Price Per Plot: £[Redacted]
St. John's School, Newton, Porthcawl	Former private school on a site of 6.17 gross acres (5.28 net acres) sold subject to planning for a scheme of 57 dwellings.	Purchase Price: £[Redacted] Date of Purchase: 2019 Purchase Price Per Net Acre: £[Redacted] Purchase Price Per Plot: £[Redacted]
Former Printing Works & Former Reeves Calendars Building, Tenby	Brownfield site comprising substantial former warehouses previously used for storage and distribution on a site of 0.82 acres. Sold subject to planning permission for 29 affordable dwellings.	Purchase Price: £[Redacted] Date of Purchase: 2019 Purchase Price Per Net Acre: £[Redacted] Purchase Price Per Plot: £[Redacted]
Fields Road, Newport	Former primary school on a site of 8.7 gross acres (6.25 net acres). Sold with planning permission for 96 dwellings.	Purchase Price: £[Redacted] Date of Purchase: 2021 Purchase Price Per Net Acre: £[Redacted] Purchase Price Per Plot: £[Redacted]
Former BBC Studios, Llandaff, Cardiff	Former headquarters of BBC in a prime Cardiff location on a site of 17 gross acres (11.7 net acres). Sold subject to planning permission for 364 dwellings.	Purchase Price: £[Redacted] Date of Purchase: 2020 Purchase Price Per Net Acre: £[Redacted] Purchase Price Per Plot: £[Redacted]

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Cefn Yr Hendy, Miskin, RCT	Greenfield site in a suburban location comprising 49.86 gross acres (30.9 net acres) sold with the benefit of outline planning permission for 460 dwellings.	Purchase Price: £[Redacted] Date of Purchase: 2022 Purchase Price Per Net Acre: £[Redacted] Purchase Price Per Plot: £[Redacted]
Cardiff Pointe, Sports Village Cardiff	Brownfield site comprising 11.09 acres with benefit of planning permission for 460 flats and townhouses. [Redacted].	Purchase Price: £[Redacted] Date of Purchase: 2022 Purchase Price Per Net Acre: £[Redacted] Purchase Price Per Plot: £[Redacted]
Ty Draw, Churchlands, Lisvane, Cardiff	Greenfield site in prime suburban location comprising 26.31 gross acres (19.2 net acres) sold with the benefit of planning permission for 270 dwellings.	Purchase Price: £[Redacted] Date of Purchase: 2020 Purchase Price Per Net Acre: £[Redacted] Purchase Price Per Plot: £[Redacted]

5. Valuation Advice

5.1 Valuation Considerations

The principal matters which we have taken into consideration are as follows:

- The property is a high profile site within a prime location with front line views across Sandy Bay. The site represents a significant regeneration opportunity in a high value location.
- The site has the benefit of an existing allocation in the LDP and forms an integral part of the Porthcawl regeneration strategy.
- There is an owners agreement between the Sellers and Bridgend Council in respect of the wider development and regeneration of the allocated site, which dictates the apportionment of value across both sites. Our valuation is therefore based upon the development of the entire site, subject to the appropriate apportionments.
- We consider that there would be strong market demand for the site with planning permission for residential development.

5.2 Approach to Valuation

1. Sales History

We are required by the RICS Red Book to consider the price and circumstances in which the site has been acquired. There is not a relevant purchase price as the property has been under the same ownership for several generations. The property has not been tested in the open market and there is not a relevant market value as defined by the RICS.

2. Comparable Evidence

We have considered the sale of development sites within the area as illustrated at Section 4. Each development site has its own peculiarities and different development difficulties. We have therefore adjusted and analysed our comparables to reflect these differences.

The best comparable evidence for brownfield sites we consider to be Ty Glas and the Former Gas Works in Grangetown. The price paid for these after accounting for abnormal costs range between [Redacted] per gross acre. Our valuation of the combined site identified in the landowners collaboration agreement equates to £[Redacted] per gross acre.

3. Residual Appraisal

We have undertaken a residual appraisal in order to assess the value of the residential scheme, assuming it benefits from planning permission for the proposed development. The residual appraisal takes into consideration the site specific revenue and development costs. It is also useful as a comparison exercise against the market evidence collated.

We have undertaken an appraisal of a scheme comprising 1,225 dwellings (30% affordable provision) as identified in the masterplans. Approximately 3.59 hectares (8.85 acres) fronting the beach is identified for apartment development of up to 6 storeys in height at a density of approximately 78 apartments per acre. The remainder of the developable area comprising 12.51 hectares (30.9 acres) is identified for 2 and 3 storey residential development (largely 3 bedroom as illustrated in the masterplan) at 17 units per acre, with an overall density of 30 units per acre.

The masterplan includes elements of commercial (mainly leisure) uses along the beach frontage, expected to be in the form of stand-alone kiosks and provided as part of the ground floor of residential buildings. Whilst the indicative masterplan identifies c. 35,000 sq ft of commercial floor space, it is at an early concept stage and the detail, location or quantum of that is not yet fully tested, albeit in the context of the overall development it will be considered ancillary to the main residential use.

We have not made any specific allowance within our appraisal in respect of the commercial elements, but have instead assumed that they will be delivered on at least a cost neutral basis. Given the coastal location, we consider that there will be good levels of demand from leisure operators for the appropriate mix and quantum of leisure units, sufficient to create viable and investable commercial development and as such, our appraisal is considered prudent in this regard.

Our appraisal, a copy of which is provided at **Appendix 4** [the appraisal is Redacted], produces a residual value of **£[Redacted]** which equates to **£[Redacted]** per unit and **£[Redacted]** per net acre. This sits towards the lower range of the comparable evidence on a per plot basis, given the relatively high density nature of the scheme, but closer to the upper end of the range of evidence on a per acre basis, given the high quality waterfront nature of the development site.

We have then discounted our residual value by [Redacted]% to reflect the fact that whilst the site has the benefit of an allocation in the LDP, it does not benefit from planning permission for the proposed scheme, producing an adjusted value of **£[Redacted]**, equivalent to **£[Redacted]** per net acre, **£[Redacted]** per gross acre and **£[Redacted]** per plot. We have then applied the [Redacted]% apportionment from the landowners agreement to the adjusted value to provide our opinion of value for the subject property, to arrive at a value of **£[Redacted]** rounded to **£15,000,000**.

5.3 Residual Appraisal Inputs

We have undertaken a residual appraisal which is the accepted method used to value property with potential for redevelopment. It involves assessing the value of the completed development and deducting the estimated cost of the work, including professional fees, finance (on land and work), and developer's profit, to arrive at the value of the property.

The calculation comprises many variables, most of which are based on estimates of cost or value. A residual valuation is therefore significantly affected by small changes in its elements, such as construction costs or costs of finance or the percentage deducted for developer's profit. For example, a relatively small adjustment to one of the inputs can have a disproportional impact on the value of the site. The residual method of valuation should as a result be viewed with caution, although it is the method which is generally accepted in the market place. In addition, residual appraisals tend to be conservative, especially when based on robust assumptions and 100% LTV, which is in itself unrealistic.

We have used an automated valuation model called Circle (Argus) Developer in order to undertake the calculations. Argus Developer is an industry wide model and is used commonly used by valuers when assessing properties with development potential.

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5.3.1 Gross Development Value (GDV)

Private Housing

In preparing our valuation of the Gross Development Value (GDV), we have adopted the comparable method of valuation. We have made enquiries with the local estate agents and had regard to recent transactions, as set out above.

We have analysed the sales evidence as outlined above. We have had regard to the rate (on a £ per sq ft basis) achieved, but whilst this is a useful tool of analysis we have not relied on it as a single approach to value the property.

We summarise our GDV for the private residential units below:

Dwelling type	No. of units	Average Size (sq ft)	£/ sq ft	Total Size (sq ft)	Total income
Market Housing	367	965	£[Redacted]	354,155	£[Redacted]
Market Sea Facing Apartments	490	869	£[Redacted]	425,664	£[Redacted]
	857		£[Redacted]	779,819	£[Redacted]

Affordable Housing

Affordable housing policy requires 30% to be delivered as affordable housing. The provisions in Bridgend require 60% of the affordable element to be delivered as social units at 42% of ACG and 40% as intermediate at 70% of market value. The blended average across the two tenures is equivalent to £[Redacted] per sq ft. Our appraisal makes provision for the following:

Dwelling type	No. of units	Average Size (Sq Ft)	£/ sq ft	Total Size (sq ft)	Total income
Affordable Housing	158	795	£[Redacted]	125,610	£[Redacted]
Affordable Flats	210	635	£[Redacted]	133,339	£[Redacted]
Total	368		£[Redacted]	258,949	£[Redacted]

Total GDV amounts to £[Redacted]

5.3.2 Purchase Costs

This is broken down into three costs

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- i. Land Transaction Tax - We have allowed 6% of residual value for LTT.
- ii. Legal Acquisition Costs - We have assumed legal costs of 0.5% of purchase price.
- iii. Agent's Fees - We have allowed 1% of residual value for agent's fees on acquisition.

5.3.3 Construction Costs

Build Costs

We have consulted the RICS Building Cost Information Service (BCIS) and applied the lower quartile build costs of [Redacted]. The BCIS median costs for apartments is equivalent to £[Redacted] psf, but based on our experience of flatted construction costs in the region, we have increased this to £[Redacted] psf.

Other Construction Costs

In addition, we have allowed 15% of build costs to cover external costs to include on plot roads and services amounting to £[Redacted]m. In this instance, the external costs allowed for also cater for £[Redacted] per unit for SAB commuted sums.

Abnormal Costs

Our appraisal makes the following abnormal cost allowances:

- Demolition - £[Redacted]
- Costs of Constructing Spine Road - £[Redacted]
- Surface Water Drainage Diversions - £[Redacted]
- Utility Diversions - £[Redacted]
- Coastal Defence Protection - £[Redacted]

Contingency

Our appraisal allows for 3% contingency on the standard build costs plus 5% contingency on the abnormal costs items, providing a contingency total of approximately £[Redacted] to cater for any unknown cost items.

5.3.4 Section 106 Contributions

We have adopted a financial sum of £[Redacted] per plot for S106 contributions. This sum is the amount identified in the Council's viability assessment for the site through the emerging LDP. Total contributions amount to £[Redacted].

5.3.5 Finance

The cost of finance has been allowed for at 6% across the entire development period. We have made the assumption that the scheme is 100% debt financed.

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5.3.6 Professional Fees

We have allowed professional fees at 6% of cost for standard housing and 8% of cost for the apartments to reflect the higher design input required.

5.3.7 Disposal Costs

This is broken down into three costs

- i. Sales Agent - We have made an allowance of 1% of the open market GDV.
- ii. Open Market Sales Legal Costs - We have assumed legal costs of £650 per unit.
- iii. Affordable Housing Sales – We have assumed £400 per unit.

5.3.8 Developer's Profit

The level of profitability likely to be required by a developer is dependent on how they perceive the risks in undertaking the development. In this instance, we have adopted a profit equal to 20% of the total Gross Development Value.

5.3.9 Timescales and Phasing

We have made the following assumptions in terms of development timescales:

- Pre-commencement Period of 12 months between acquisition and start on site for planning and mobilisation.
- 12 month period for enabling works before any house construction commences
- A five phase approach with sales averaging [Redacted] per calendar month, based upon two phases under construction at a time.
- A total sales and development period of [Redacted] years, based upon a phased development approach.
- For a scheme of this scale and nature, an element of deferment of the purchase price will be required. Our appraisal therefore assumes [Redacted]%.

5.4 Valuation

5.4.1 Current Market Value

Having carefully considered the property, as described in this report, we verify that the purchase price is reflective of Market Value and we report our opinion that the current Market Value of the freehold and leasehold interest is in the order of:

£15,000,000
(FIFTEEN MILLION POUNDS)

We consider that a period of approximately 12 months is a reasonable period within which to negotiate completion of a sale by private treaty of the property at the level of our valuation, taking into account the nature of the property and the state of the market.

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Coney Beach Amusement Park and Sandy Bay, Porthcawl



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