

**The Trustees of the Charlcombe Homes
Pension Fund**

**Land between Nos 68 and 70
Beechwood Avenue
Frome
BA11 2AY**

May 2013

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Mr A and Mrs P Gibson
As Trustees of the Charcombe Homes Pension Fund
c/o Ashdown
Richmond Heights
Lansdown
Bath
BA1 5QJ

21 May 2013

Dear Sirs

Land Between Nos 68 and 70 Beechwood Avenue, Frome, BA11 2AY

1. Instructions

- 1.1 In accordance with your instructions, that were confirmed in our letter of 3 May 2013, we have inspected the property in order to advise the Trustees as to our opinion of the market value of the freehold interest in this parcel of land. The date of valuation is the date of this report.
- 1.2 The freehold interest forms a ransom strip that is to be held by the Pension Fund as an investment with vacant possession.
- 1.3 We understand that our valuation report is required by the Trustees for internal purposes only, in connection with the administration of the pension scheme.
- 1.4 As noted in our letter of 3 May 2013, we are not aware of any material conflict with either the property or the parties and, therefore, we are able to undertake this instruction in the capacity of external valuer.
- 1.5 David Halewood has provided information and advice in connection with this parcel of land and began a preliminary marketing exercise which ceased when the owner decided to accept an offer from the Trustees.
- 1.6 We confirm that this report has been prepared in accordance with the RICS Valuation - Professional Standards, Global and UK Edition, March 2012. The valuation has been undertaken by Alistair Colston who is an RICS Registered Valuer.
- 1.7 We confirm that Colston & Colston has sufficient knowledge and the skills and understanding to undertake this instruction completely.
- 1.8 The General Terms of Business and Standard Valuation Assumptions and Bases of Valuation, which were sent to you on 3 May 2013, apply to this valuation report. A copy of our letter of 3 May is attached at Appendix 1.
- 1.9 We confirm that we have the Professional Indemnity Insurance cover which you require.

2. Inspection

- 2.1 The property was inspected on 1 May 2013 by Alistair Colston BSc MRICS.
- 2.2 A measured survey was not undertaken.

3. Location

- 3.1 The subject property is located in the Berkley Down suburb of Frome, approximately 0.4 miles northeast of the town centre. The property is situated on the north side of Beechwood Avenue between Nos 68 and 70.
- 3.2 This is primarily a residential suburb however the land to the north is undeveloped land that is surrounded by post war family housing. Frome football club adjoins the northeastern corner of the undeveloped land.
- 3.3 Beechwood Avenue runs in a loop to the northeastern side of Rodden Road, which connects Bath Road to the north with Styles Hill to the south.
- 3.4 The town centre may be accessed via Rodden Road, northbound, and then southwest via the B3090. Footpaths provide a more direct access to the town centre via Willow Vale.
- 3.5 The A361 may be accessed, to the northeast, via Rodden Road and Berkley Road and, to the southeast, via Rodden Road, New Road and the A362, approximately 1.5 miles by either route.
- 3.6 Northbound, the A361 provides a direct link to the A36 and Bath, and, southbound, to Shepton Mallet. The A362 runs southeast to the A36 and Warminster and northwest to the Midsomer Norton/Radstock conurbation.
- 3.7 Main line rail services may be accessed at Frome Station and bus services may be accessed at nearby stops providing access to services throughout the town and links to neighbouring towns.
- 3.8 The property is shown edged red on the official copy of title plan from HM Land Registry, which is attached at Appendix 2.

4. Description

- 4.1 The property comprises a small parcel of land that forms the gateway to the undeveloped land to the north. As such, the land is a ransom strip that has no viable use except to provide access between the land to the north and Beechwood Avenue to the south.
- 4.2 The land is gated to north and south and the remaining boundaries are fenced.
- 4.3 The subject property provides the only means of access to and from the undeveloped land.
- 4.4 Photographs of the property and the undeveloped land to the north are included in Appendix 3.

5. Site

- 5.1 We calculate by reference to the title plan that the land extends to approximately 15m² (161 sq ft).

- 5.2 The undeveloped land to the north extends to approximately 0.45 hectares (1.11 acres). This land was not in use at the time of our inspection. We understand that the main part has been used as paddocks in the past whilst the western portion forms part of the garden of a neighbouring property.

6. Services

- 6.1 The land does not benefit from any services however we assume that mains supplies would be available if required.

7. Town Planning and Highways

- 7.1 We have made web based enquiries of Mendip District Council, the local planning authority. We understand that the property does not lie within the boundaries of a conservation area and that there are no specific planning policy designations in respect of the subject property.
- 7.2 In respect of planning history, our web based enquiries have revealed an outline planning application, reference 2010/2837, for the development of the undeveloped land to the north of the subject property for the erection of 10 dwellings. We further understand that Mendip District Council resolved to grant outline planning consent at a planning board meeting on 14 March 2012, subject to the completion of a Section 106 Agreement.
- 7.3 From the documents available on the Council website, we note that the Case Officer's report refers to the undeveloped land as comprising 'partly open grassland and partly residential garden'. We further note that the original scheme for the undeveloped land proposed 14 dwellings and the reduced number of dwellings followed consultation with Council Officers.
- 7.4 On the basis of the above information, we are not aware of any breach of planning control and our valuation is provided on the assumption that the subject property has no specific planning use except in connection with the undeveloped land to which it provides access.

8. Interest to be Valued

- 8.1 We understand that the land is owned freehold with the benefit of vacant possession.
- 8.2 We also understand that an election to tax has been made in respect of this land and so VAT is chargeable on the sale of the land.

9. Business Rates

- 9.1 The property is not assessed for business rates.

10. Environmental Considerations

- 10.1 We have not been provided with a Contamination Report or Land Quality Statement.
- 10.2 Our enquiries have not revealed any contamination affecting the property or neighbouring property which would affect our valuation. Therefore, we do not consider there to be a high risk of contamination at the property.

- 10.3 Whilst it is not possible to make a definitive statement on the matter, we doubt that contamination is likely to be an issue in this case. Accordingly, our valuation is prepared on the basis that the land is free from contamination.

11. Valuation Considerations

- 11.1 As noted in Section 7 above, the subject land forms the access to and also part of a greenfield site and Mendip District Council has resolved to grant planning consent for 10 dwellings on this land, subject to the completion of a Section 106 Agreement.
- 11.2 We understand that the Section 106 Agreement is to secure the provision and future maintenance of an area of communal play space/open space within the site, which will not be equipped. There are no financial contributions required other than the Council's legal costs and the legal costs of the landowners in preparing the Section 106 Agreement.
- 11.3 As a ransom strip, providing the only access to the undeveloped land to the north, the value of the land is related to the value of the undeveloped land to the north.
- 11.4 We are confident that an alternative access is unlikely to be possible and therefore the subject land would be required in order to redevelop the land to the north in accordance with the outline planning application.
- 11.5 We understand that the undeveloped land (the 'ransomed land') is in multiple ownership within a family. We further understand that there are conflicting views within the family as to when the land should be developed.
- 11.6 At this stage it is difficult to estimate the timeframe within which development is likely to take place but we consider it realistic to assume that it will be within the next 5 years.
- 11.7 We have undertaken an appraisal of the undeveloped land on the assumption that it has a full planning consent for 10 dwellings and consider that it has a residual value in the region of £950,000.
- 11.8 This appraisal is based on a gross development value of £2.9m calculated on a net sales area of 12,250 sq ft at an average of circa £235 per sq ft. The build costs are estimated at approximately £1.16m based on £95 per sq ft.
- 11.9 Assessing the value of a ransom strip is difficult by reference to comparable evidence given the specific circumstances relating to each situation, which makes each unique. However, a range of values based on the value of the ransomed land with the benefit of a full planning consent is the usual approach.
- 11.10 In this case, we consider that the value of the subject property as a ransom strip is likely to be between 5% and 10% of the value of the ransomed land with planning consent.
- 11.11 However, in this instance, there remains uncertainty over the timeframe and planning consent. At present, there is a resolution to grant outline consent but no detailed application has yet been submitted.
- 11.12 Further uncertainty arises from the nature of development appraisals which are extremely sensitive to the key variables adopted. Our appraisal of the ransomed land is necessarily a best estimate in the absence of a detailed scheme and reliance on summary information.

- 11.13 To reflect these uncertainties and the liability to pay VAT on a purchase, we consider it appropriate to adopt a value at the lower end of the range referred to above.

12. Basis of Valuation

- 12.1 The basis of valuation is market value, as defined in our Standard Valuation Assumptions and Bases of Valuation which were enclosed with our letter of 3 May 2013.

13. Valuation Assumptions

- 13.1 We are required to report our opinion of market value of the freehold interest in this property without any Special Assumptions.

14. Valuation

- 14.1 Subject to the foregoing, we consider that the valuation you require of the freehold interest in the subject property, as at the date of this report, is:-

£45,000 (forty five thousand pounds)

15. Disclosure

- 15.1 This valuation report is prepared solely for the use of the Trustees and no responsibility is accepted to any other party for the whole or any part of its contents.
- 15.2 Neither the whole nor any part of this valuation report nor any reference thereto may be included in any published document, circular or statement, or published in any way.

Yours faithfully



Alistair Colston BSc MRICS

Partner

For and on behalf of Colston & Colston Chartered Surveyors

Appendix 1

Correspondence Relating to Instructions

Mr A and Mrs P Gibson
As Trustees of the Charlcombe Homes Pension Fund
c/o Ashdown
Richmond Heights
Lansdown
Bath
BA1 5QJ

3 May 2013

By post and by email

Dear Mr and Mrs Gibson

Land between Nos 68 & 70 Beechwood Avenue, Frome BA11 2AY

Further to your telephone conversation with my partner, David Halewood, I confirm that I shall be pleased to provide a report setting out our opinion of the market value of the above property.

I understand that the property comprises a small parcel of land to the north side of Beechwood Avenue that forms a ransom strip that is to be held freehold by the Pension Fund as an investment with vacant possession.

The land is undeveloped and provides access to undeveloped land to the north.

The Trustees require our opinion of the market value of the land for internal purposes only in connection with the administration of the pension scheme.

The date of valuation is to be the date of our report.

In accepting this instruction, we are not aware of any material conflict with either the property or the parties and, therefore, we are able to undertake this instruction in the capacity of external valuer. David Halewood has provided information and advice in connection with this parcel of land when you were considering the sale of the freehold interest.

I confirm that the valuation will be undertaken in accordance with the RICS Valuation – Professional Standards, Global and UK Edition, marked 2012 (“red book”) by me, Alistair Colston. I am an RICS Registered Valuer.

Colston & Colston is registered for regulation by the RICS and has a complaints handling procedure, a copy of which is available on request.

Compliance with the RICS Valuation – Professional Standards by Colston & Colston may be investigated by the RICS for the purposes of the administration of the Institution’s conduct and disciplinary regulations.

I confirm that Colston & Colston has sufficient knowledge of the market and the skills and understanding to undertake this instruction competently.

I confirm that we hold professional indemnity insurance in respect of the service to be provided, trading as Colston & Colston Chartered Surveyors.

I am to be provided with a copy of documents relating to title and the extent of the freehold interest but otherwise will rely upon the results of my inspection and enquiries in connection with this instruction.

I confirm that I inspected the property on Wednesday 1 May 2013.

Attached to this letter are documents entitled 'General Terms of Business' and 'Standard Valuation Assumptions and Bases of Valuation'. Together, they describe the work that I shall undertake, the sources of information upon which I shall rely and the limitations that apply to my investigations and valuation report.

Our fee for the preparation and submission of our valuation report has been agreed with you, by David Halewood, at £1,900 plus VAT, inclusive of disbursements and out of pocket expenses. Our invoice is to be addressed to the Trustees, as is our report.

Our report is to be prepared solely for the use of the Trustees and no responsibility will be accepted to any other party for the whole of any part of its contents.

Neither the whole nor any part of the report nor any reference thereto may be included in any published document, circular or statement, or published in any way.

I trust that this letter covers all relevant matters and I shall endeavour to report to you as soon as possible.

Yours sincerely



Alistair Colston BSc MRICS

Partner

For and on behalf of Colston & Colston Chartered Surveyors

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Encs

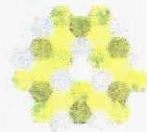
Appendix 2

Title Plan

Land Registry

Official copy of title plan

Title number **WS40313**
Ordnance Survey map reference **ST7848SW**
Scale **1:500** enlarged from 1:1250
Administrative area **Somerset: Mendip**



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This official copy issued on 12 April 2007 shows the state of this title plan on 12 April 2007 at 16:59:42. It is admissible in evidence to the same extent as the original (s.67 Land Registration Act 2002).

This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground. See Land Registry Public Guide 7 - Title Plans.

This title is dealt with by Land Registry, Weymouth Office.

Appendix 3

Photographs

APPENDIX 3



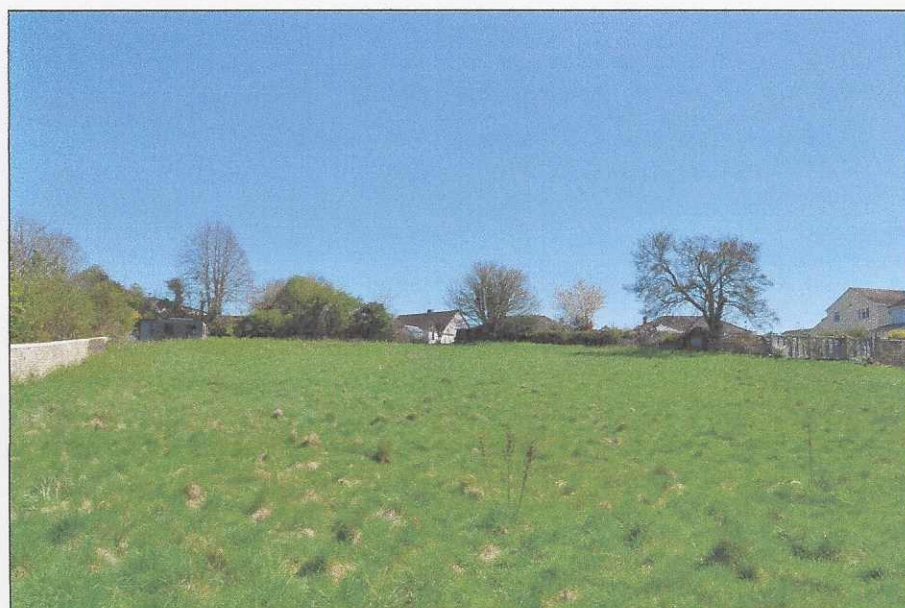
View North from Beechwood Avenue



View South towards Beechwood Avenue



Undeveloped Land – View West



Undeveloped Land – View East