

7 March, 2011

The Trustees of Hastings & St Leonards Foreshore Charitable Trust
c/o Hastings Borough Council
Aquila House
Breeds Place
Hastings
TN34 3UY

Attn: Amy Terry

PRIVATE & CONFIDENTIAL

Our Ref: ORD/PS

Dear Sirs

DRAFT - West Light Well White Rock Baths 45 White Rock Hastings TN334 1JY

In accordance with your instructions of 28 February 2011 we set out below our report.

1.0 Valuation Purposes

1.1 You require a valuation in connection with the proposed leasehold disposal of the above property to the Hastings Pier Charity (HPC). This valuation complies with s.36 of The Charities Act 1992.

2.0 Tenure

2.1 Freehold.

2.2 This valuation assumes that the title is not subject to any restrictions or unusual covenants. Please advise us if this is not the case.

3.0 Proposed Disposal Terms

3.1 It is intended to lease a portion of the former White Rock Swimming Baths to the Hastings Pier Charity for a term of 15 years at a peppercorn rent.

3.2 A copy of the Heads of Terms is attached.

4.0 Location

4.1 We attach an Ordnance Survey Plan for identification purposes showing the subject property edged red.

4.2 The property is situated on the Hastings seafront and forms part of the promenade located between the A259 seafront road and the beach.

4.3 The property is within a short walk of Hastings town centre and town centre amenities and is close to the Hastings pier.

Cont/

5.0 Description

- 5.1 We attach a selection of photographs of the existing site and plans of the proposed building and structure.
- 5.2 The property will comprise a prefabricated building to provide a temporary showroom, gallery, office and shop along with accessible w.c.
- 5.3 The building will be set on steel structure constructed over the existing West light well to the Baths. We understand that this is intended that this will be a temporary installation until the ownership of the pier by the HPC can be achieved. The decking will remain and the Foreshore Trust will receive the benefit of this once HPC have relocated.
- 5.4 The decking will be built in non-slip millboard with duo tread decking to the edges. The showroom will be of prefabricated modular construction in white and in keeping with the other promenade buildings. It will have large windows to the South elevation looking over the sea and pier. There will also be photovoltaic solar panels to the roof to provide a source of renewable energy.

6.0 Accommodation

- 6.1 The property will be arranged as follows.

Description	ft ²	m ²
Community Showroom, office and WC	575	53.4
External Terrace	~	~
Totals	575	53.4

7.0 Services

- 7.1 We understand that it is intended to connect the property to mains water and electricity at the landlords expense at a cost of approximately £3,800. The costs and responsibility of connecting to mains drainage are still to be confirmed, however are expected to be in the order of £30-40,000. From our discussions we understand that a drainage system will be required for the letting of the adjoining building (formerly the entrance to the Baths) for use as a café/cycle hire operation.

8.0 Repair and Condition

- 8.1 The White Rock Baths are in a dilapidated state and currently unusable. The proposed structure will be newly built and sited over the West light well. The HPC will be responsible for the maintenance of this structure and the temporary building for the duration of the lease. At the expiry or break, which ever is earlier, the HPC are responsible for the removal of the proposed building and making good.

9.0 Town Planning

- 9.1 The scheme has been granted planning consent as at 3 February 2011. The application reference number is HS/FA/10/00839. We have attached a copy of the Decision Notice to this report.

- 9.2 The planning consent relates to the temporary building and is for a limited period of 3 years from 3 February 2011. The permission is explicit in that the property is only for the benefit of Hastings and Pier White Rock Trust and;

“for purposes associated with stabilisation, preservation or restoration of Hastings Pier only and not for the benefit of the land and, upon Hastings Pier and White Rock Trust ceasing to occupy and use the building, the building shall be removed and only the decking left in situ clean and tidy”.

- 9.3 The property is located within the White Rock Conservation Area.

10.0 Rating

- 10.1 The property is not currently assessed for rateable value.

11.0 General Remarks

- 11.1 The current proposal enables HPC to utilise a space that currently has nominal value and usefulness. At the end of their occupation the Foreshore Trust will receive the site back with the benefit of the decking and associated services to it.

- 11.2 In lieu of rent HPC will construct and pay for the decking and temporary building, which I assume will be relocated to the pier once they have ownership. The building will be used to promote and raise money/awareness of the area and in particular the pier. The Foreshore Trust will receive the benefit of the decking once HPC have vacated.

- 11.3 I am concerned that in granting a 15 year lease without landlords breaks it may cause difficulties in the future if the White Rock Baths were ever to be re-developed or at the very least have works carried out to bring them into use again. I would recommend, if at all possible, the inclusion of landlords breaks for substantial redevelopment/refurbishment works at years 5 and 10. Without these breaks HPC could potentially frustrate future works or plans for the Baths if they did not agree with them.

- 11.4 It is difficult to balance the temporary three year planning consent with the 15 year lease that HPC are signing up to, as stated in your letter of instruction this is for their funding purposes, rather than genuine occupational need. The likelihood of the consent being extended beyond 3 years would appear to have limited merit as the planning decision notice clearly states that;

‘the proposed development is not considered to be acceptable in this prominent location in the conservation area on a permanent basis’.

- 11.5 The connection of the site to mains drainage will need consideration as if HBC pay for this they will not see any return or benefit from the money spent as there is no rental income being received from the property. I would recommend that this item is paid for by the tenant if at all possible, if the Foreshore Trust do need to make a contribution I will need to revise my report and ensure that they are getting value for money in the long term.
- 11.6 The tenant currently has negotiated a break option operable on 6 months prior notice, this means that the maximum term certain is 6 months as the tenant could serve notice immediately after the lease has been signed. I would recommend that the tenant commits to a term certain of at least until the expiry of the planning permission on 2 February 2014.

11.7 We would recommend a prohibition against the assignment or subletting to the lease as this will put the tenant in breach of their planning permission. It would also divert potential income away from the Foreshore Trust.

12.0 Valuation

12.1 In our opinion the value of the leasehold interest subject to proposed terms and our recommendations at the present time is at or about **1 Peppercorn per annum** for the 15 year term of the lease.

12.2

Yours faithfully

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