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Date : 29 June 2017

Dear Paul

**Churston Golf Course
Dartmouth Road, Churston Ferrers, TQ5 0LA**

1. I refer to your instructions dated 4 May 2017 and my terms of conditions dated 5 May 2017 in respect of this case. This letter should be treated as an addendum to my valuation report in respect of Churston Golf Club dated 3 February 2016 under case reference 1574234. This note extends and adds to the scope of advice provided in that report.
2. There are two parts to the advice you have requested; Part 1 relates the 1972 conveyance of the golf course land to Torbay Council and specifically clause 4 of that conveyance document. Part 2 is to consider whether a restrictive covenant imposed on the land lasting 30 years would change the restricted value of the property compared to a covenant for 100 years.
3. The conveyance is dated 20 December 1972 and is between Churston Golf Club as Vendor, Messrs Rawlence, Young & Bailey as Trustees, Woodcote (Guernsey) Investment Co Ltd as the Company and Torbay Council as Purchaser. The sale price for the land was £125,000. I have not seen a plan of the conveyance as it was not attached to the conveyance document and I have therefore assumed that the conveyance covers the whole of the golf course broadly as it exists now.
4. The conveyance is written in standard legal language so I will set out the terms as I broadly understand them. The conveyance creates a covenant that is for the benefit of the Trustees who own land adjoining the land included in the conveyance. The covenant will bind any future owner of the land as it passes with the land. It binds the purchase to use the land in such a way that there will always be an 18-hole golf course on part of the land. There is no mention of the length of the course required in this conveyance, although the subsequent lease under which the golf club currently occupies the course provided for a golf course of 18 holes and minimum length 6,000 yards. The Clause goes on to say that the provision of the golf course is required until such time as there is no public demand for a golf course. Any dispute on establishing whether public demand still exists can be referred to Arbitration. The conveyance does not define the criteria defining public demand nor when those criteria are met.

5. The covenant does not restrict the purchaser to maintain the existing boundaries of the Course, but does require the course to be of at least the same standard as the current one. I assume that the phrase "same standard" would imply that the replacement course would have to be of similar length, have a similar par score, of equal number of holes and be in the same locality as the current course.
6. The Clause then goes on to say that it will not be a breach of the covenant for the purchaser to sell Parcel OS4259. It also states that if Parcel OS4259 is disposed of, the purchaser will procure re-siting of the lost facilities in such a manner so as to produce a golf course and buildings no less suitable than the current facilities. I understand that Parcel OS4259 is the parcel of land that currently houses the Club House, 1st and 18th greens and the ancillary facilities such as the training school.
7. Essentially this Clause reinforces the use of the land as a golf course with the parcel that was subject to the potential sale to Bloor Homes being out-with the covenant. However the disposal of this land (Parcel OS4259) means that other work is required to maintain the golf course to the current standard within the remaining boundaries or by the acquisition of further land. It is perhaps worth mentioning that Clause 5 is a claw-back clause that provides for any increase in value on a sale of Parcel OS4259 to be divided between Torbay Council and Woodcote Guernsey Investment Co Ltd.
8. It is difficult to see that Clause 4 of the 1972 conveyance changes the current situation, because it always envisaged the possibility of development of Parcel OS4259 and the reality is that proposals have been in place to sell the land. The other issues however, mainly around access to other parts of the course for a replacement Club House etc. have not changed and this covenant does nothing to change those issues. Therefore, in my opinion, Clause 4 of the 1972 Conveyance does not change any of the opinions of value expressed in my previous report.
9. The second issue is the effect of the 30 year covenant against disposal of any part of the golf course for redevelopment unless it is approved by a Referendum of the local residents of Churston and Galmpton. My valuation of the restricted value of the golf course subject to the 100 year covenant took a discount from the development value to reflect the risk of the vote of the local population going against the proposals for development, over the next 100 years. The risk of a negative vote does not change but the risk profile changes slightly if the covenant period is reduced from 100 years (that is, near perpetuity) to a shorter period. By discounting the unrestricted value of the golf course with the potential for redevelopment over 30 years I arrive at a valuation of £785,000 as opposed to £618,500 reported in my previous valuation report.
10. Therefore, in my opinion this difference between £618,500 and £785,000 reflects the difference in value between a covenant against development for 100 years and a covenant against development for 30 years.
11. I have also been asked about the effect of a shorter period of time that a restricted covenant would last for and the effect on value. In my opinion a restrictive covenant of 5 years or less would still have a negative effect on value although this is likely to be minimal. My reasoning for this is that any development of the site is going to be a long term project with several hurdles to overcome. I think that once the term of the restrictive covenant is above 5 years, there would be a measurable negative effect on value. This would be proportional to the length of the covenant, so the shorter the duration of the covenant the less effect on value, the longer the duration of the covenant the greater the discount to the unrestricted value.

12. I trust that this letter will give you the advice you need in respect of the above matter.
Should you require any further explanation or further advice please contact me.

Yours sincerely

D Andrew C Doak BSc MRICS
Senior Surveyor
RICS Registered Valuer
DVS