

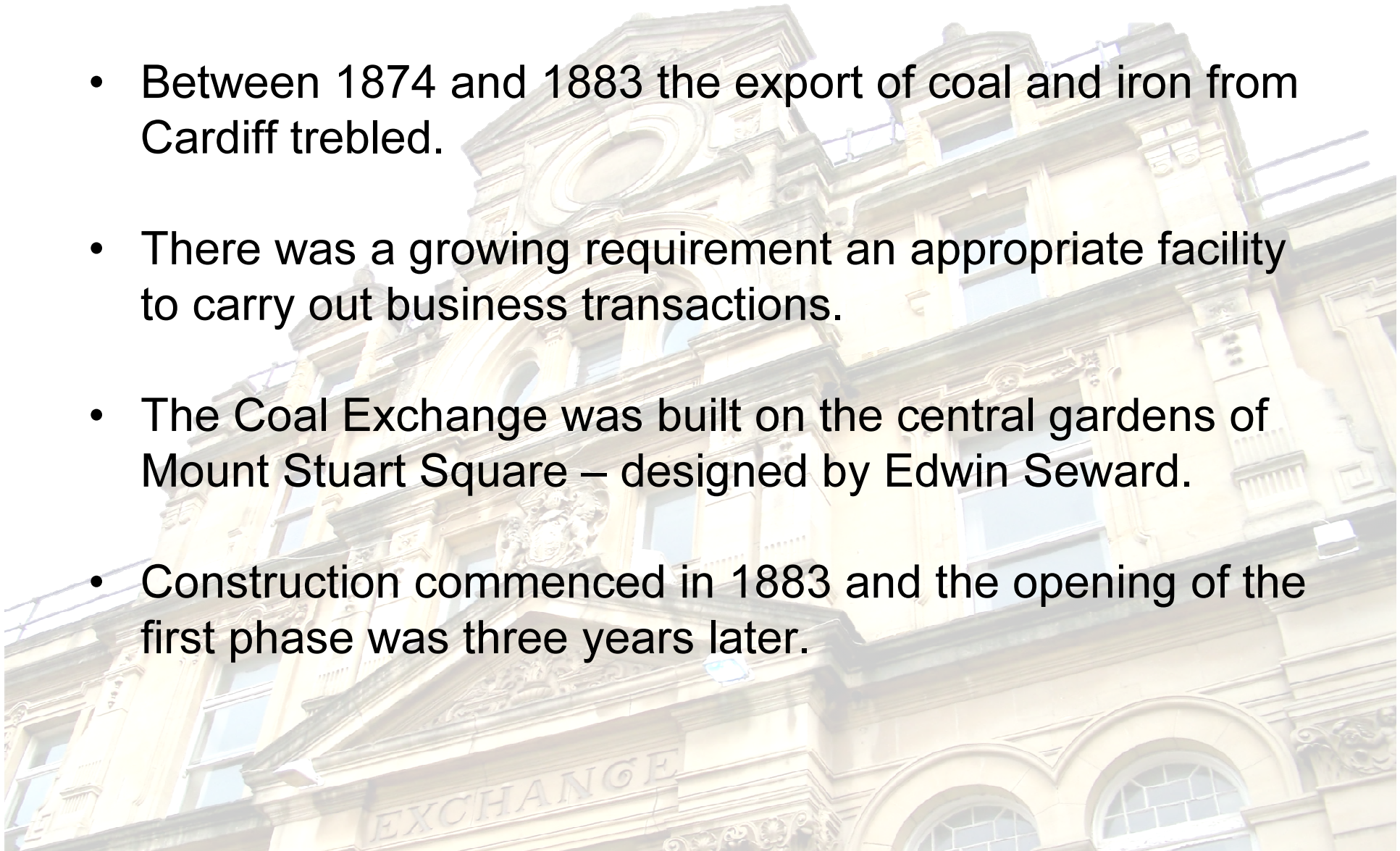
# THE COAL EXCHANGE





# Birth of an Iconic Building

- Between 1874 and 1883 the export of coal and iron from Cardiff trebled.
- There was a growing requirement an appropriate facility to carry out business transactions.
- The Coal Exchange was built on the central gardens of Mount Stuart Square – designed by Edwin Seward.
- Construction commenced in 1883 and the opening of the first phase was three years later.

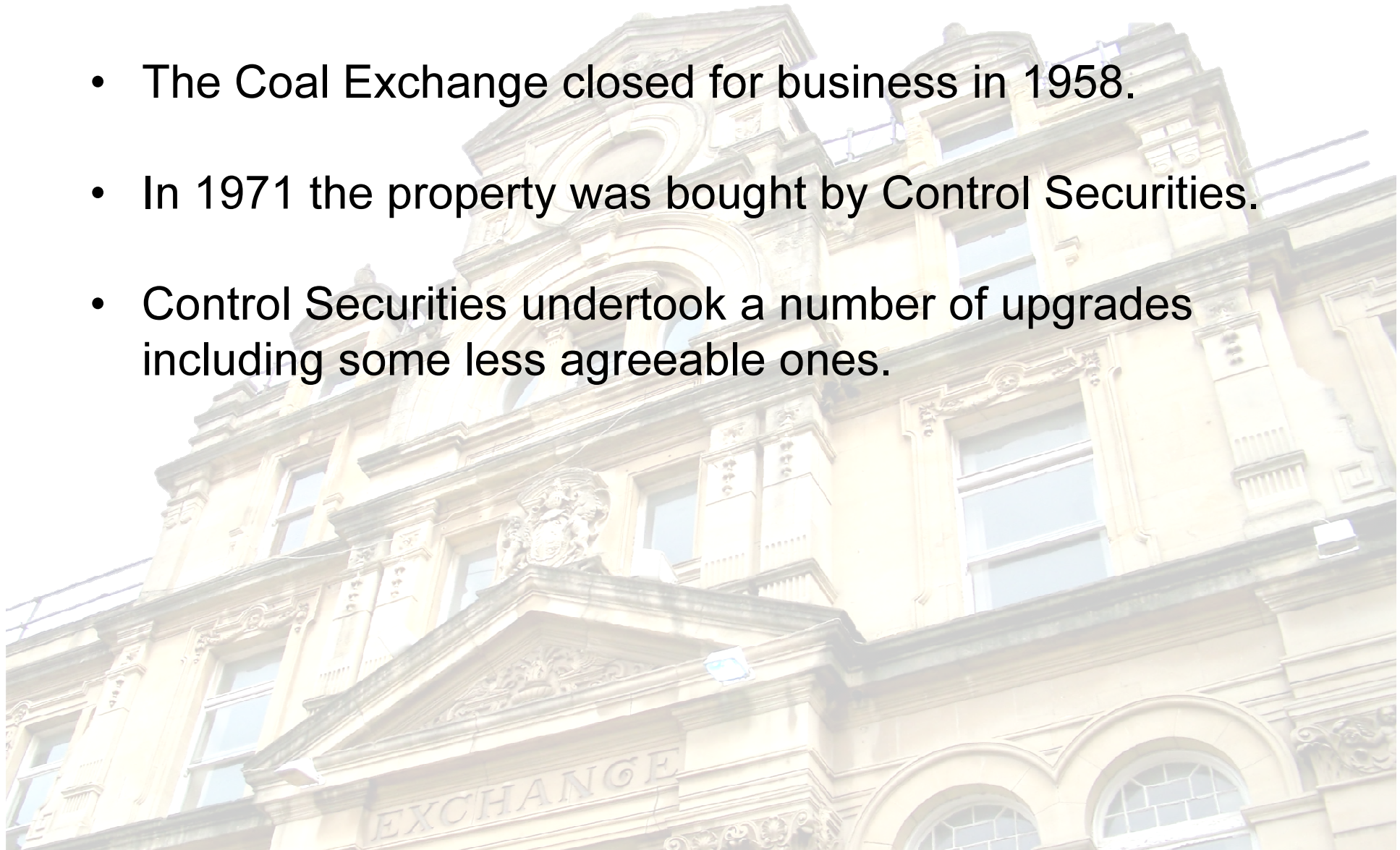






# Long Term Deterioration

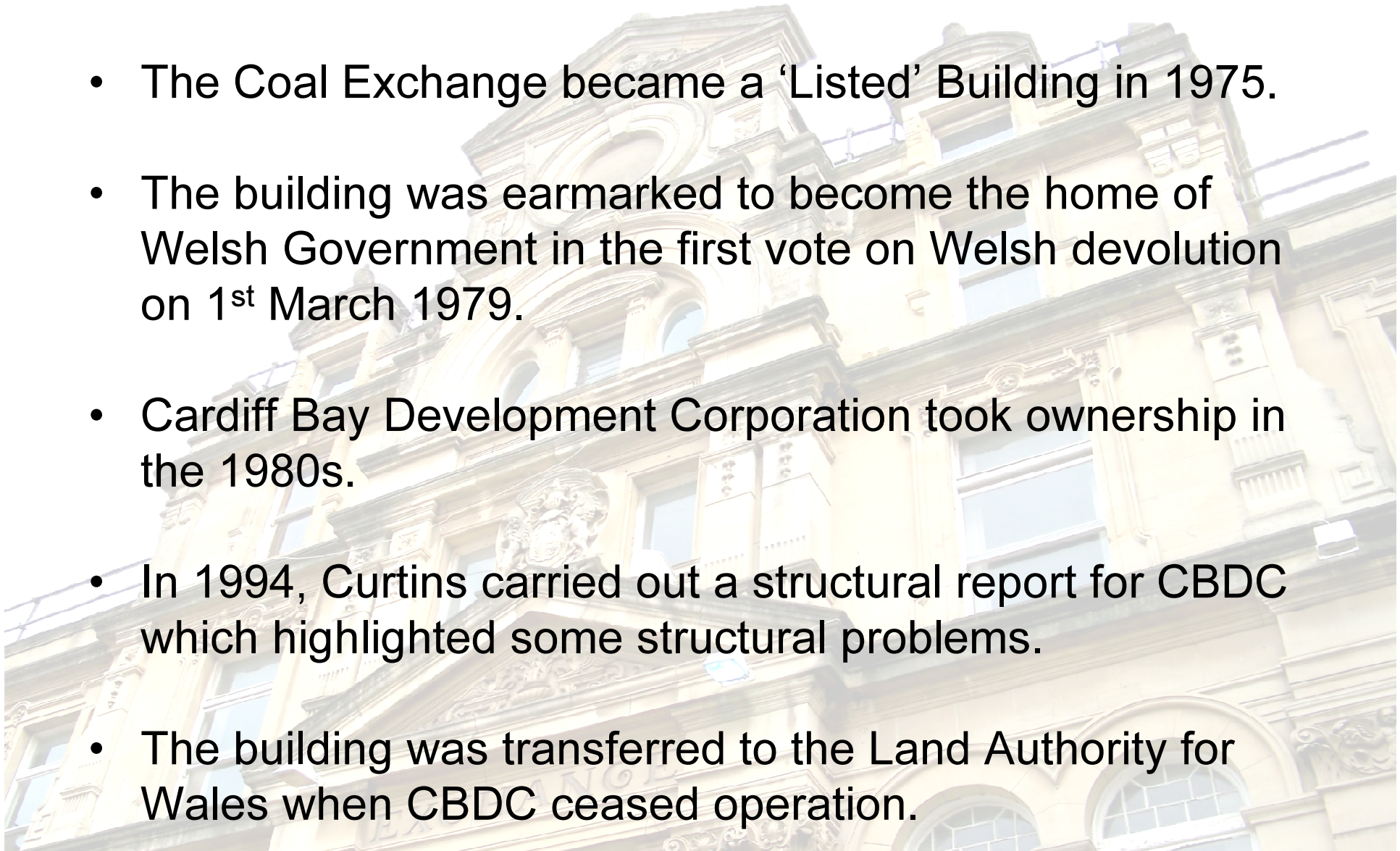
- The Coal Exchange closed for business in 1958.
- In 1971 the property was bought by Control Securities.
- Control Securities undertook a number of upgrades including some less agreeable ones.





# Other Key Milestones

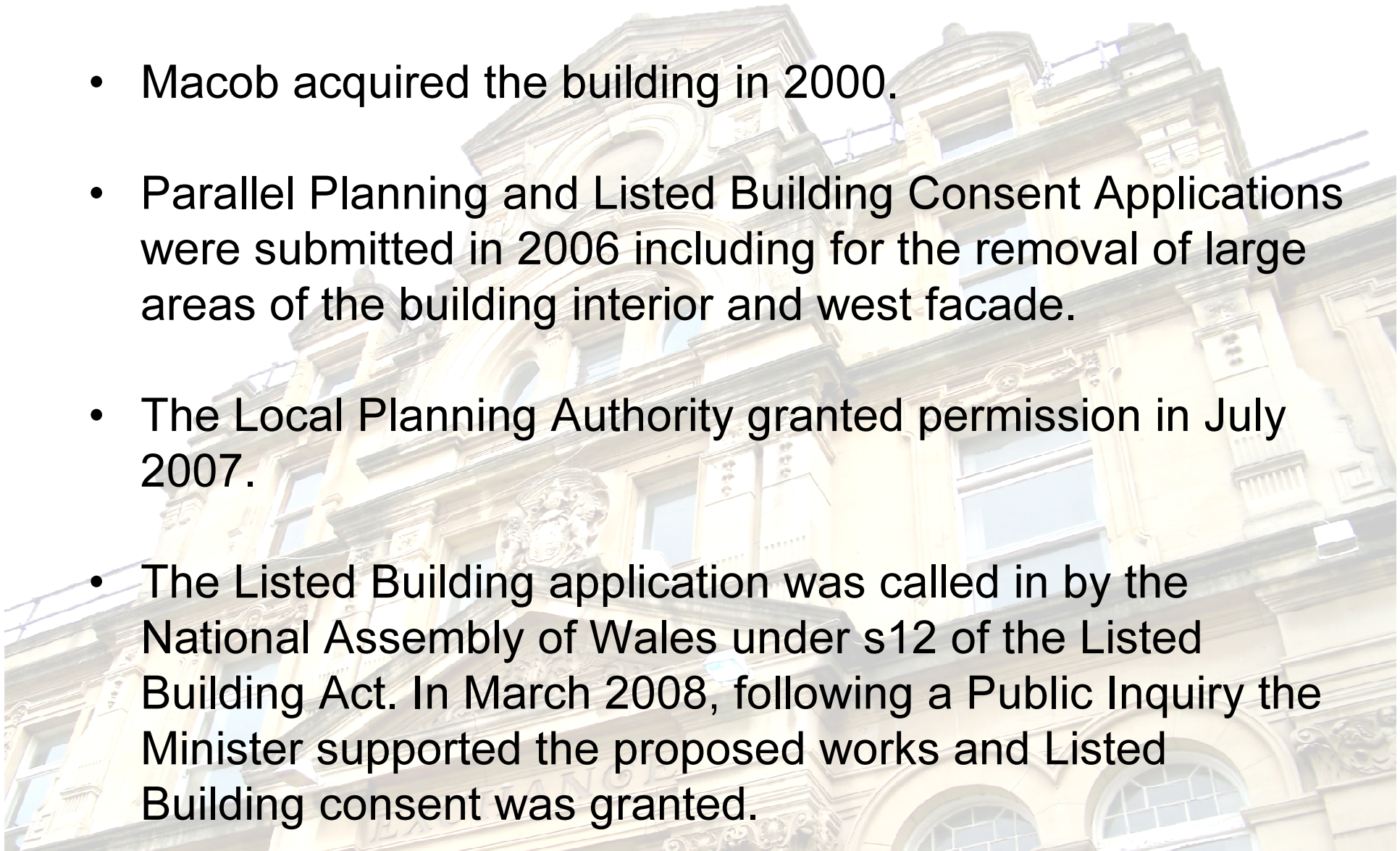
- The Coal Exchange became a 'Listed' Building in 1975.
- The building was earmarked to become the home of Welsh Government in the first vote on Welsh devolution on 1<sup>st</sup> March 1979.
- Cardiff Bay Development Corporation took ownership in the 1980s.
- In 1994, Curtins carried out a structural report for CBDC which highlighted some structural problems.
- The building was transferred to the Land Authority for Wales when CBDC ceased operation.





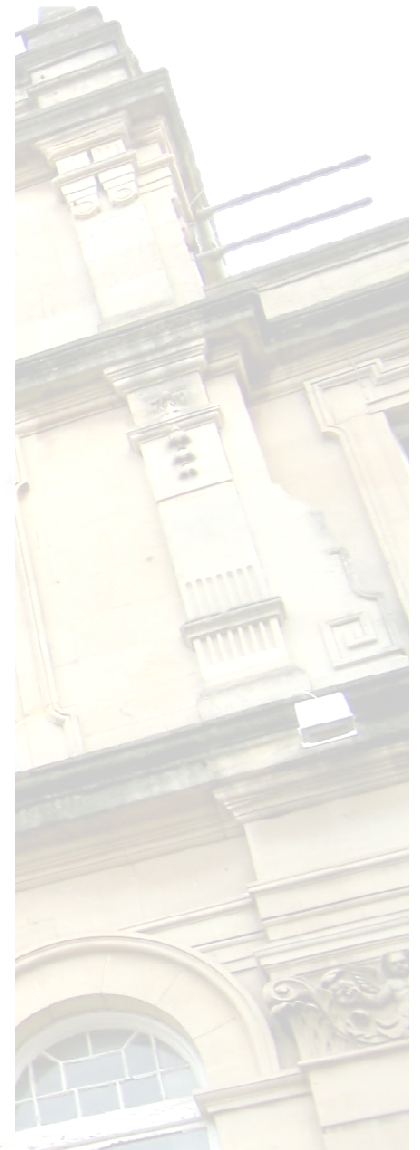
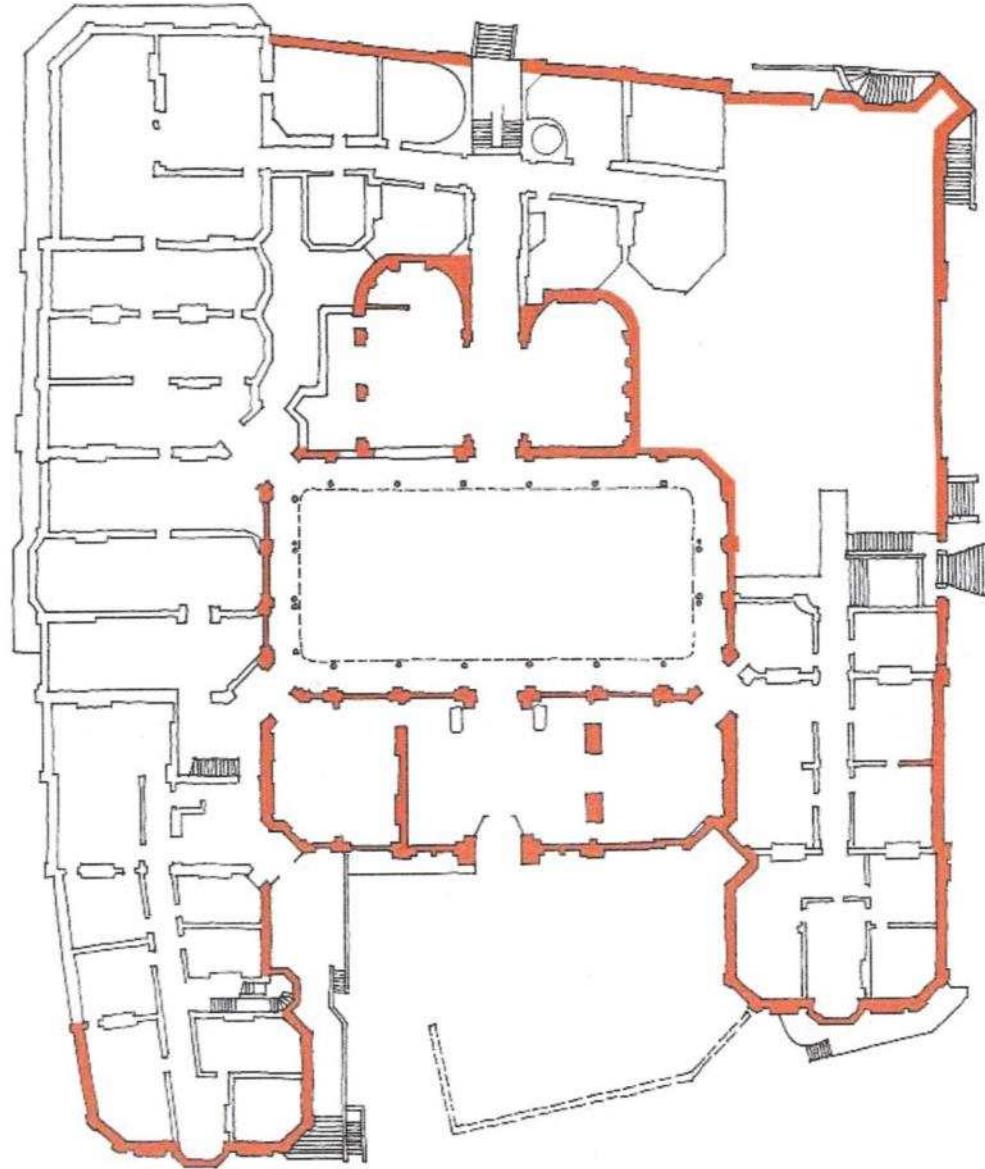
# Macob's Ownership

- Macob acquired the building in 2000.
- Parallel Planning and Listed Building Consent Applications were submitted in 2006 including for the removal of large areas of the building interior and west facade.
- The Local Planning Authority granted permission in July 2007.
- The Listed Building application was called in by the National Assembly of Wales under s12 of the Listed Building Act. In March 2008, following a Public Inquiry the Minister supported the proposed works and Listed Building consent was granted.





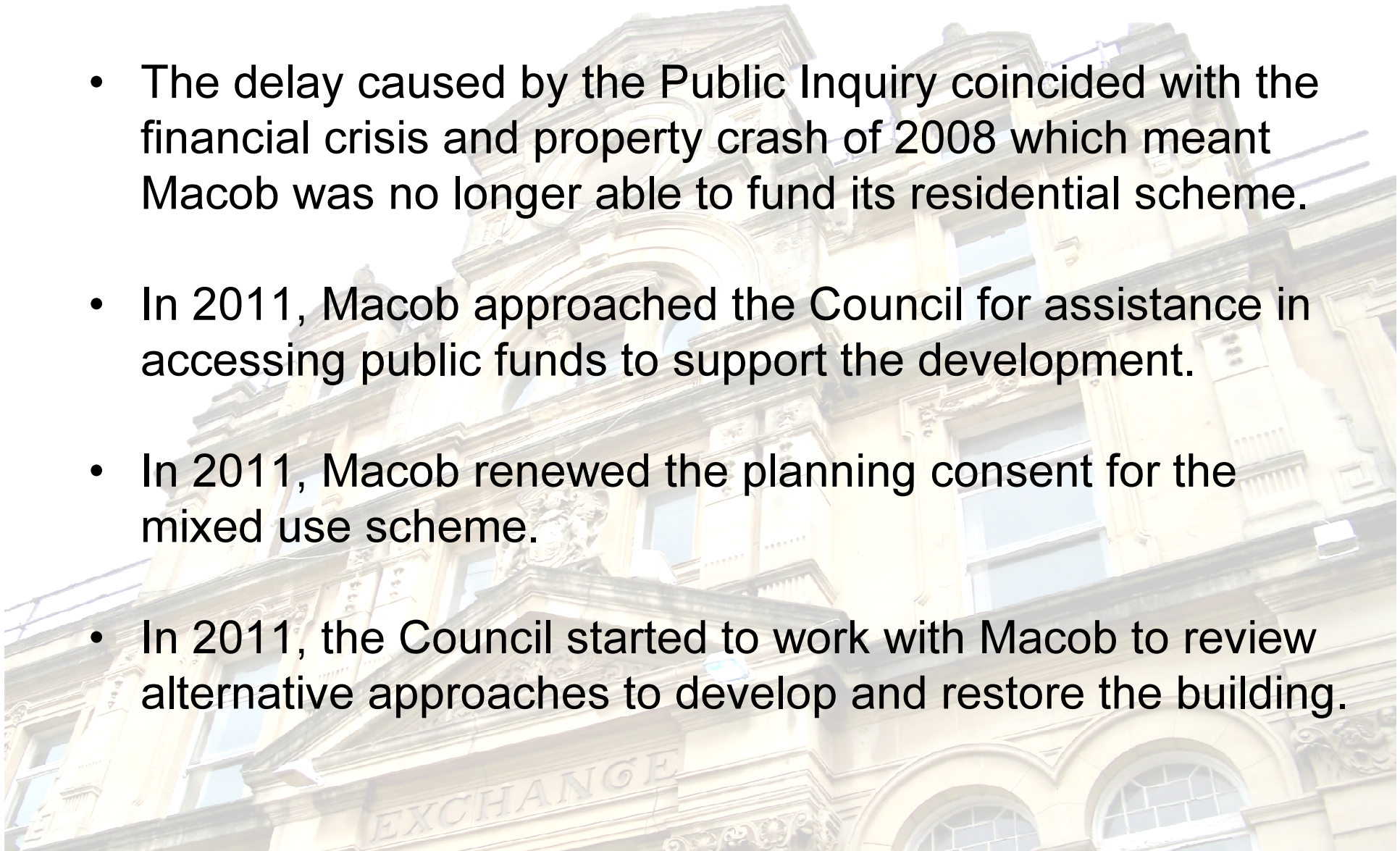
Ground Floor plan showing structure of historic importance that must be retained.





# Macob's Ownership

- The delay caused by the Public Inquiry coincided with the financial crisis and property crash of 2008 which meant Macob was no longer able to fund its residential scheme.
- In 2011, Macob approached the Council for assistance in accessing public funds to support the development.
- In 2011, Macob renewed the planning consent for the mixed use scheme.
- In 2011, the Council started to work with Macob to review alternative approaches to develop and restore the building.





TIME  
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COAL  
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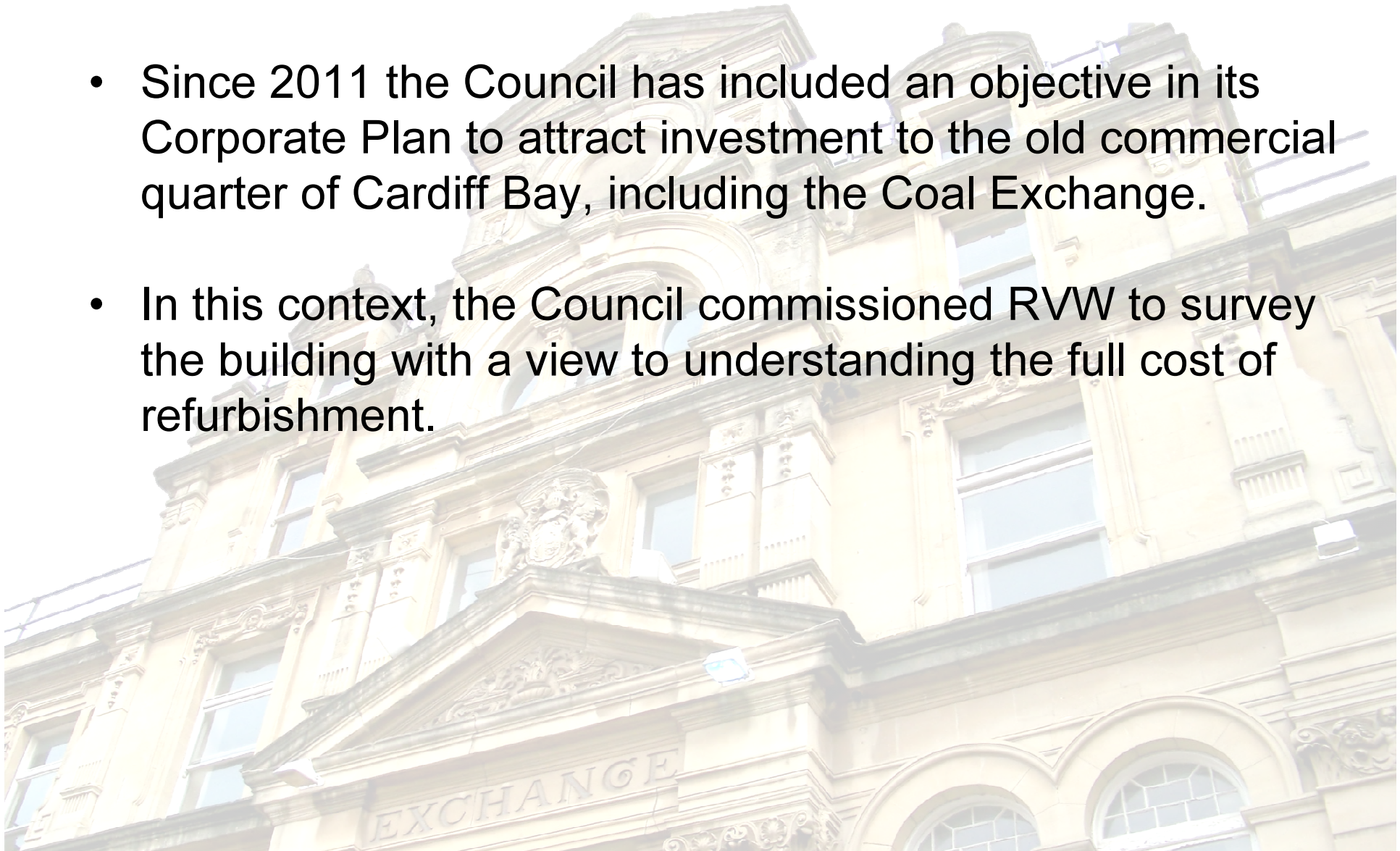
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AN INVESTMENT PROSPECTUS



# Feasibility Work

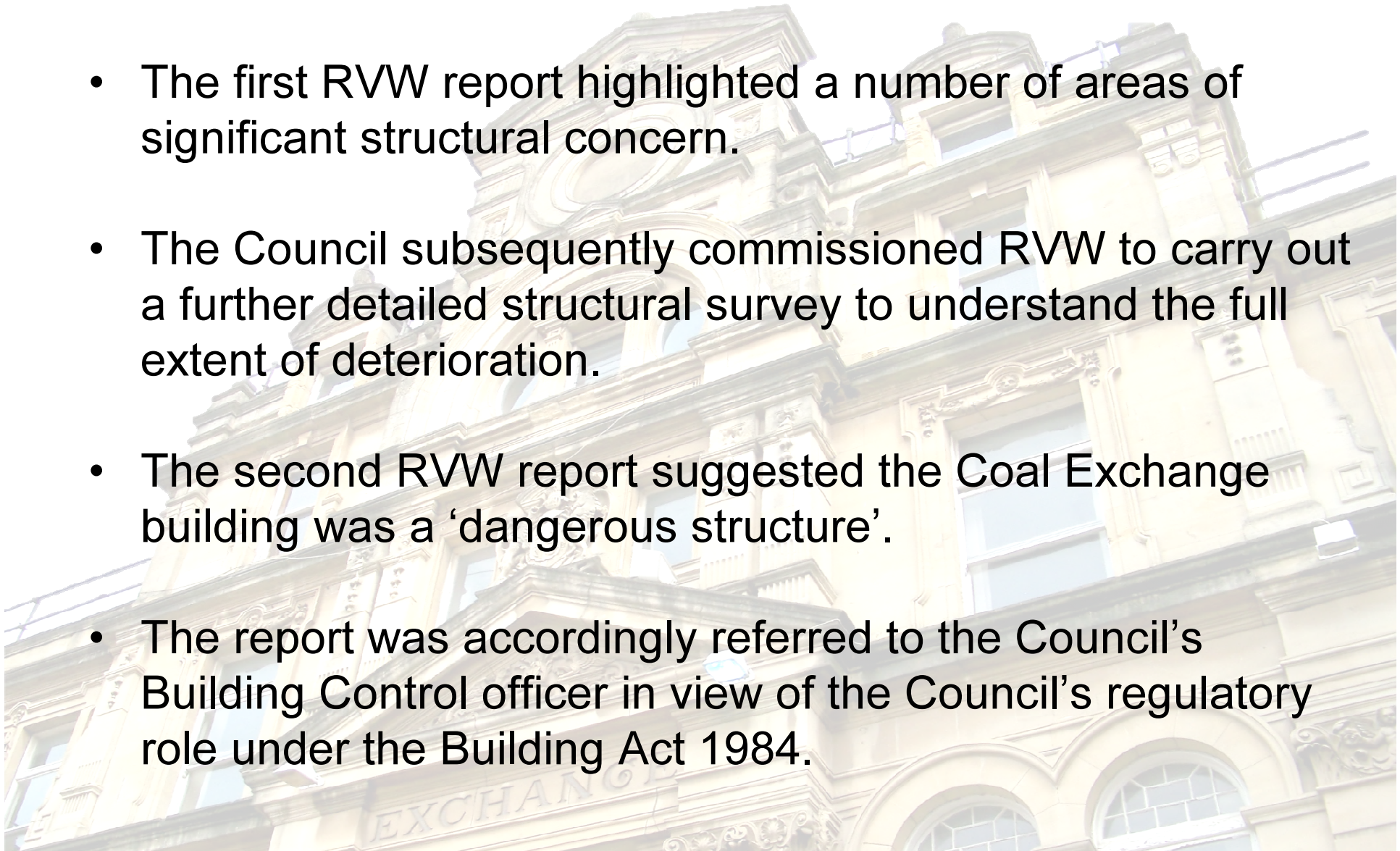
- Since 2011 the Council has included an objective in its Corporate Plan to attract investment to the old commercial quarter of Cardiff Bay, including the Coal Exchange.
- In this context, the Council commissioned RVW to survey the building with a view to understanding the full cost of refurbishment.





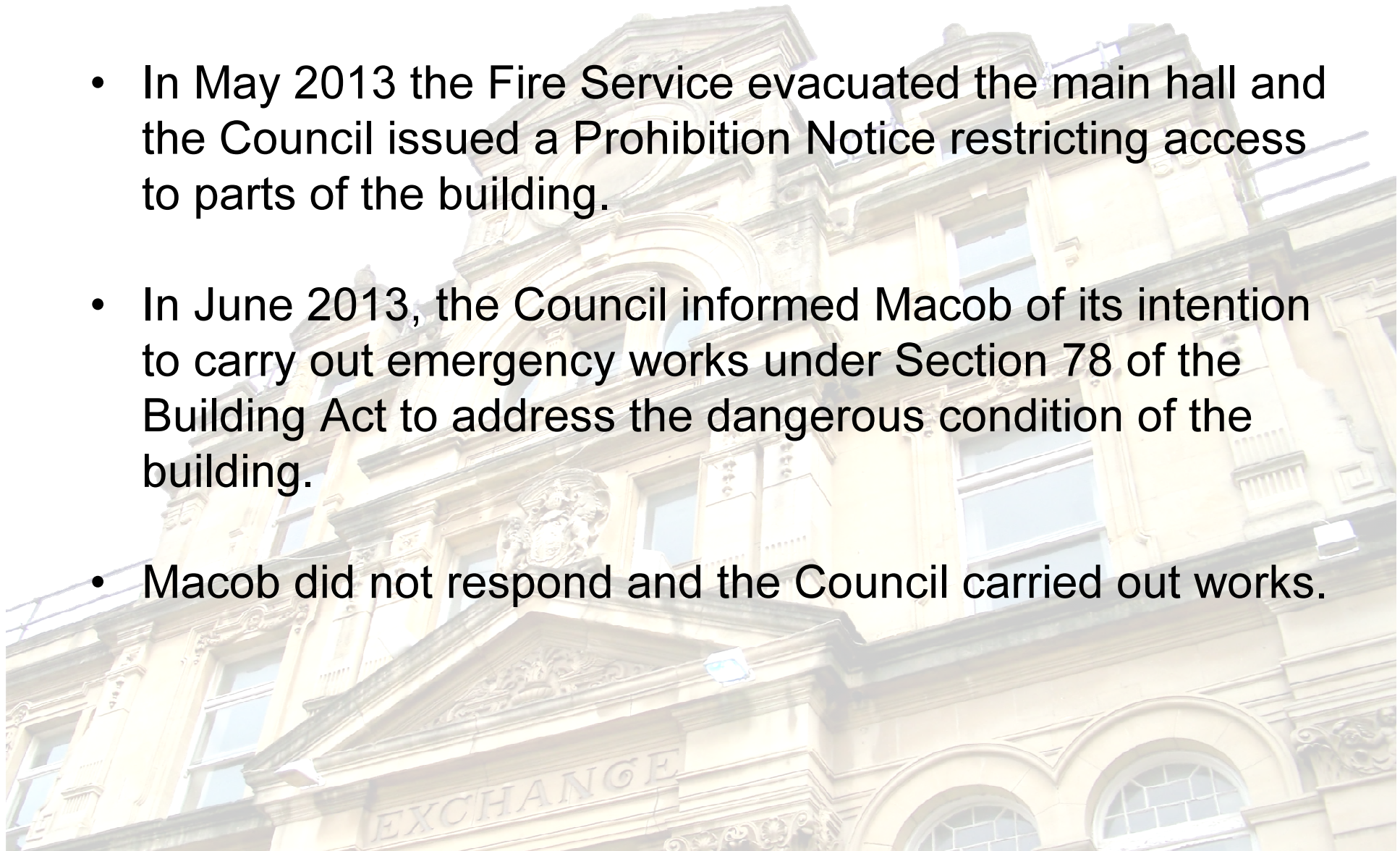
# Safety Concerns

- The first RVW report highlighted a number of areas of significant structural concern.
- The Council subsequently commissioned RVW to carry out a further detailed structural survey to understand the full extent of deterioration.
- The second RVW report suggested the Coal Exchange building was a 'dangerous structure'.
- The report was accordingly referred to the Council's Building Control officer in view of the Council's regulatory role under the Building Act 1984.



# Safety Concerns

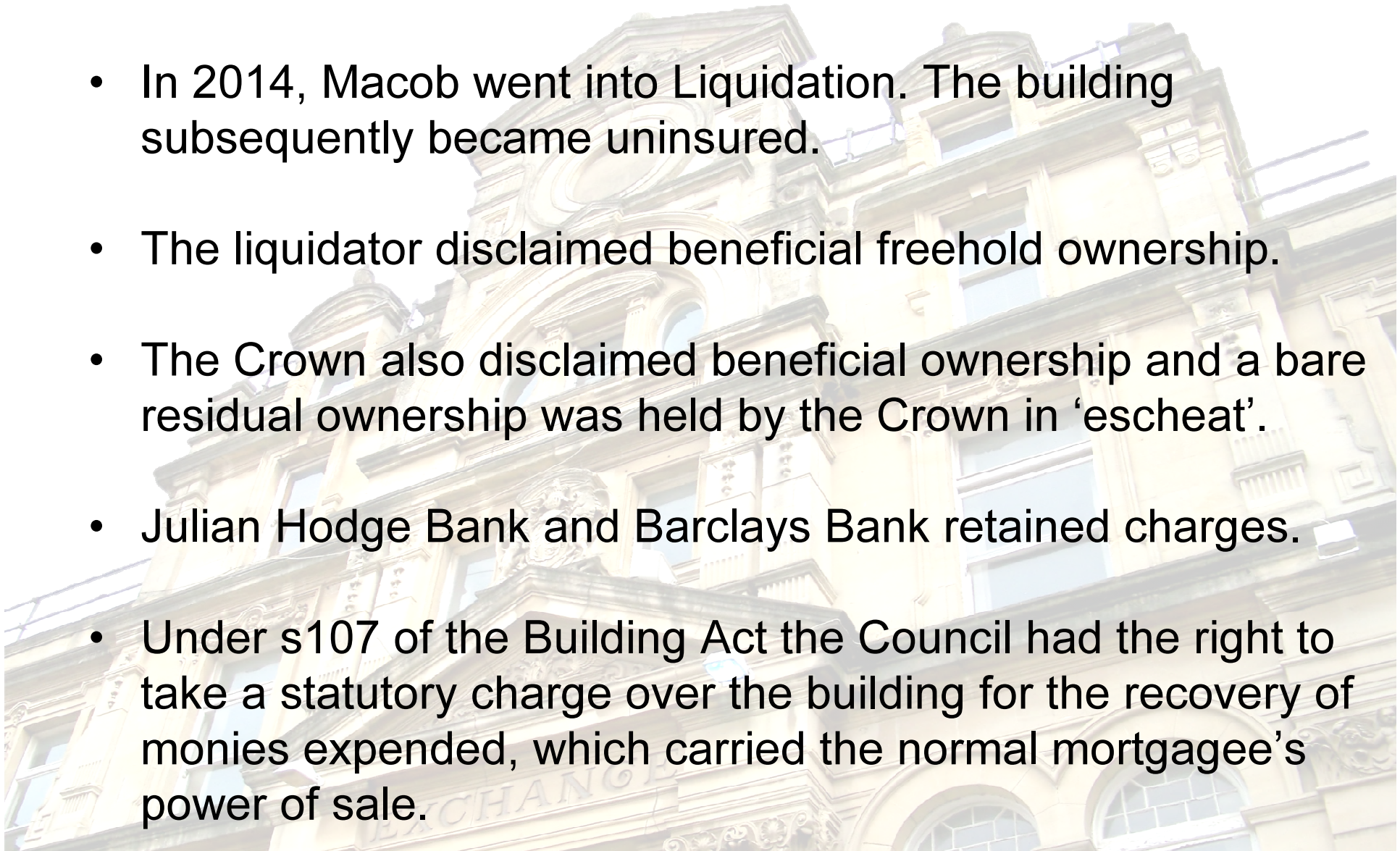
- In May 2013 the Fire Service evacuated the main hall and the Council issued a Prohibition Notice restricting access to parts of the building.
- In June 2013, the Council informed Macob of its intention to carry out emergency works under Section 78 of the Building Act to address the dangerous condition of the building.
- Macob did not respond and the Council carried out works.





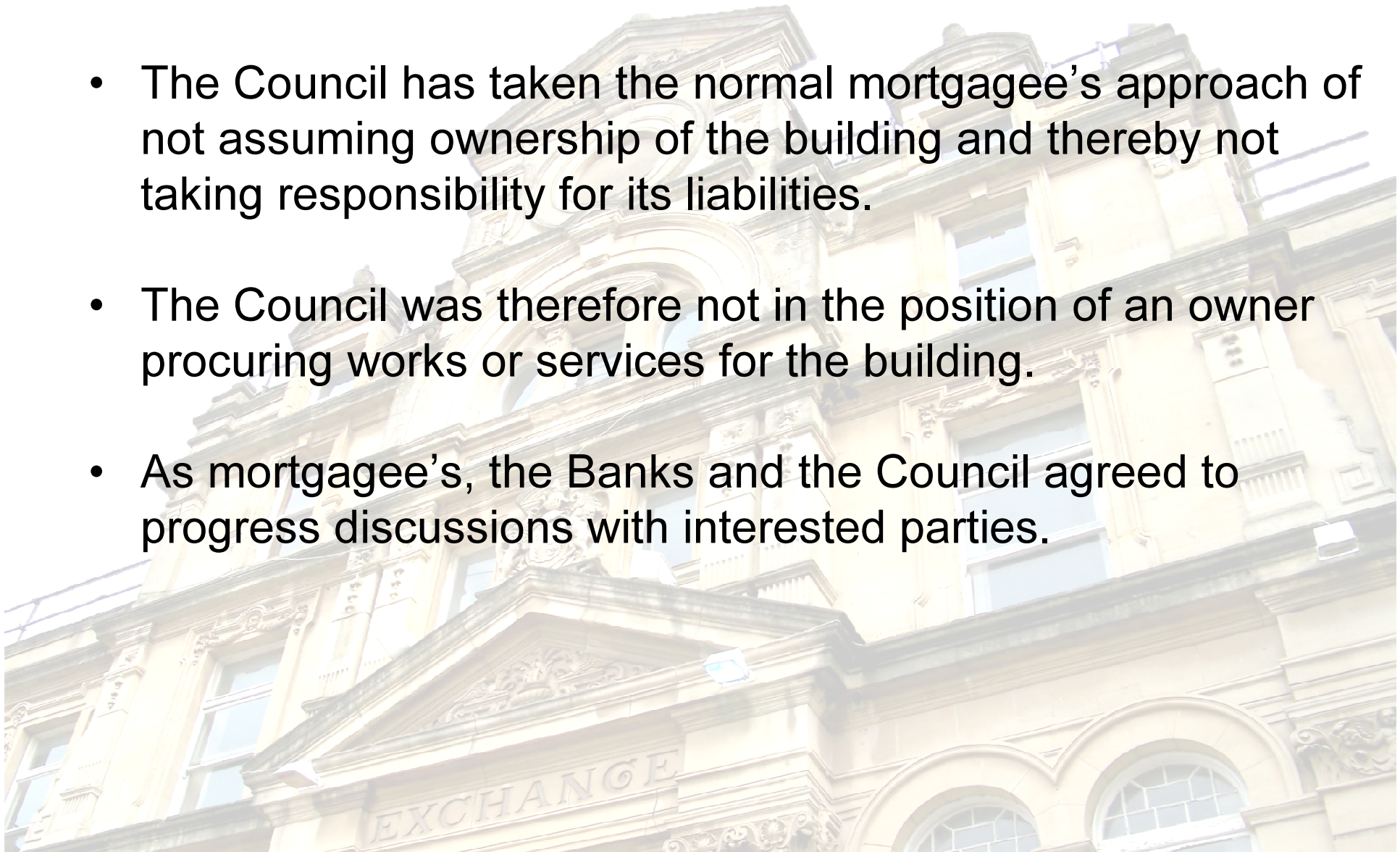
# Macob's Liquidation

- In 2014, Macob went into Liquidation. The building subsequently became uninsured.
- The liquidator disclaimed beneficial freehold ownership.
- The Crown also disclaimed beneficial ownership and a bare residual ownership was held by the Crown in 'escheat'.
- Julian Hodge Bank and Barclays Bank retained charges.
- Under s107 of the Building Act the Council had the right to take a statutory charge over the building for the recovery of monies expended, which carried the normal mortgagee's power of sale.



# Securing Investment

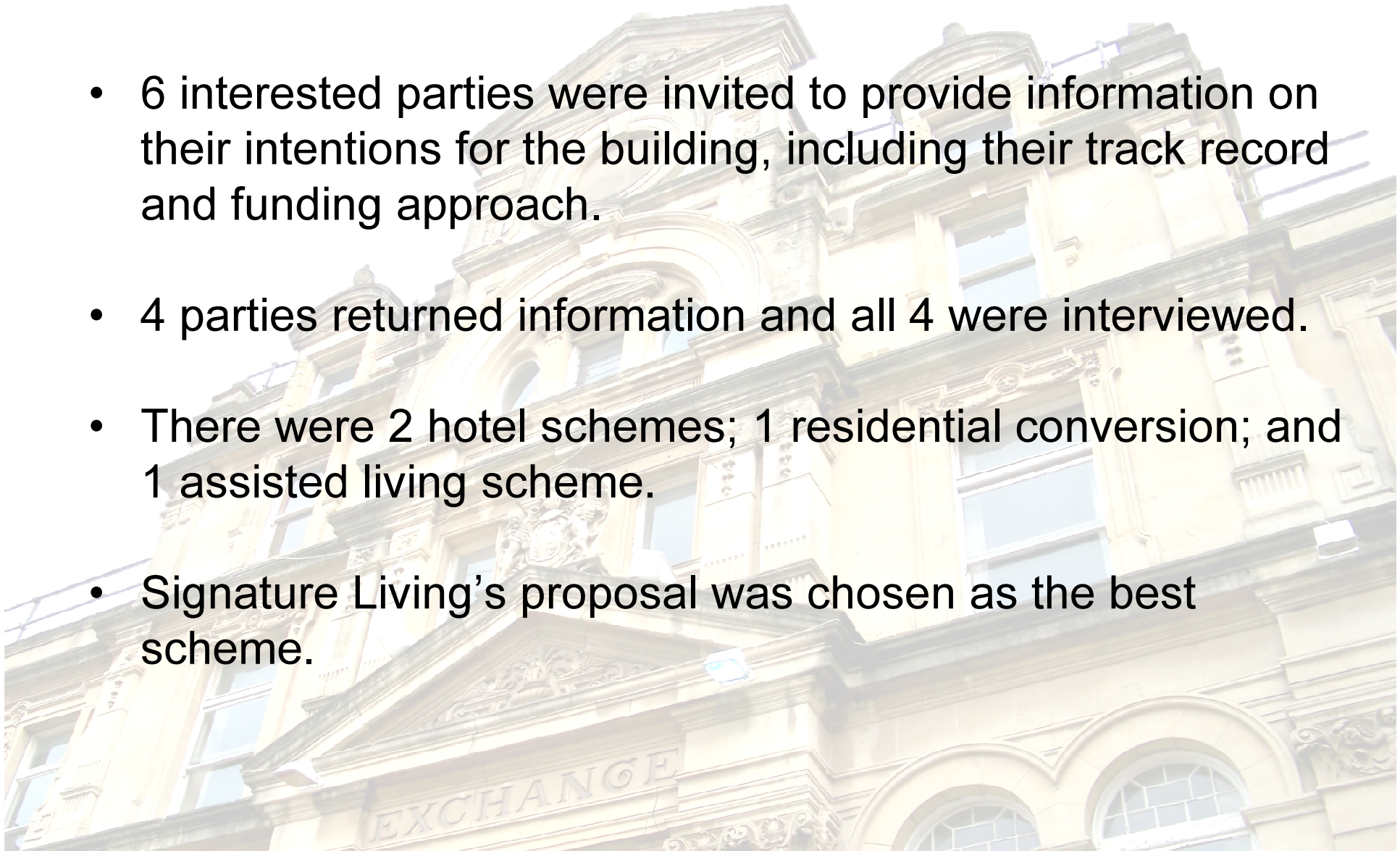
- The Council has taken the normal mortgagee's approach of not assuming ownership of the building and thereby not taking responsibility for its liabilities.
- The Council was therefore not in the position of an owner procuring works or services for the building.
- As mortgagee's, the Banks and the Council agreed to progress discussions with interested parties.





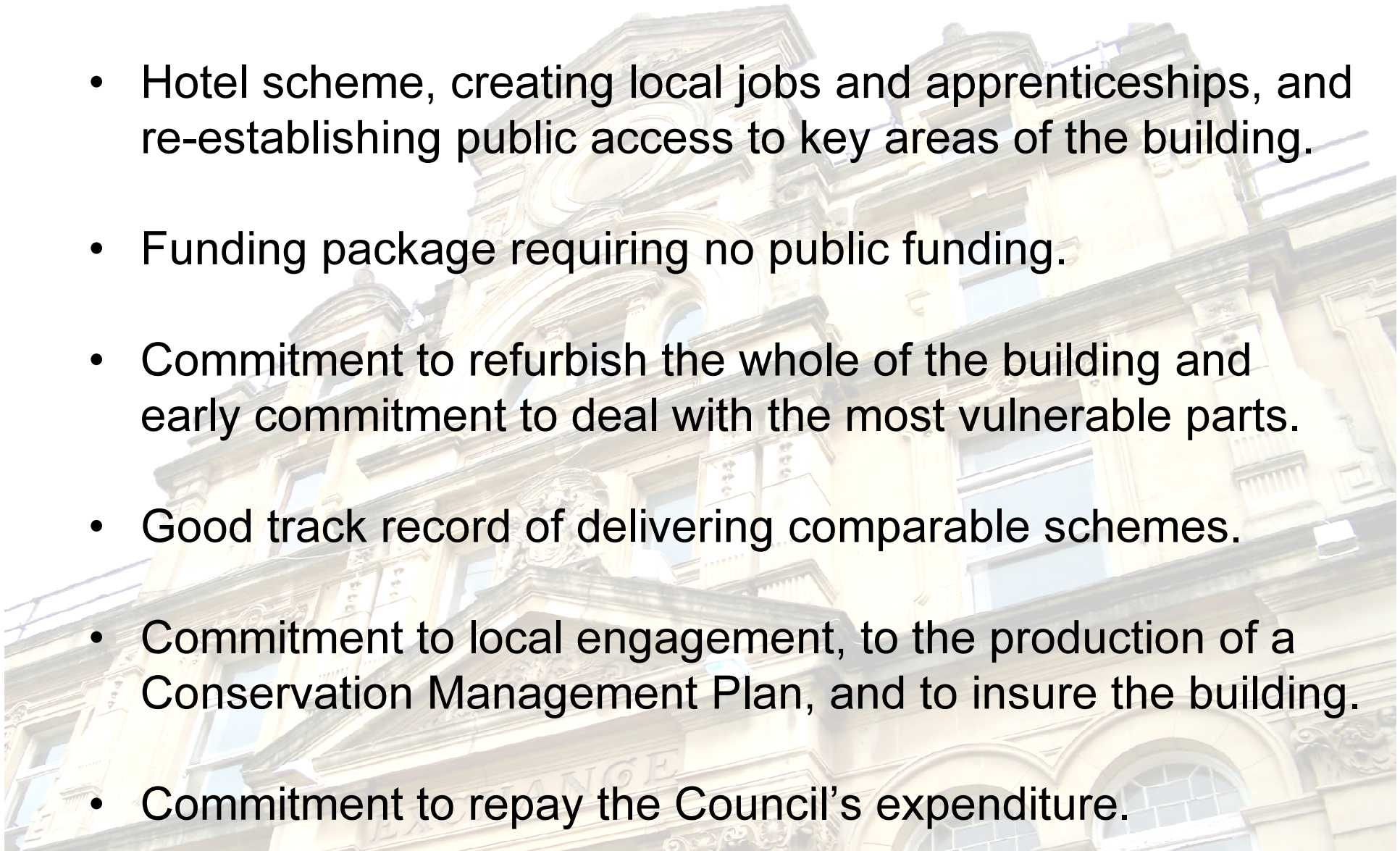
# Securing Investment

- 6 interested parties were invited to provide information on their intentions for the building, including their track record and funding approach.
- 4 parties returned information and all 4 were interviewed.
- There were 2 hotel schemes; 1 residential conversion; and 1 assisted living scheme.
- Signature Living's proposal was chosen as the best scheme.



# Signature Living's Proposal

- Hotel scheme, creating local jobs and apprenticeships, and re-establishing public access to key areas of the building.
- Funding package requiring no public funding.
- Commitment to refurbish the whole of the building and early commitment to deal with the most vulnerable parts.
- Good track record of delivering comparable schemes.
- Commitment to local engagement, to the production of a Conservation Management Plan, and to insure the building.
- Commitment to repay the Council's expenditure.





# Council Process

- The Council took a regulatory, non-executive decision to carry out emergency works to a dangerous building following receipt of a structural engineer's report. The decision was made pursuant to a standing officer's delegation from the Council's Public Protection Committee relating to enforcement action pursuant to the Building Act 1984.
- The Council has a fiduciary duty to recover public money spent on works carried out following an owner's failure to do so. A notice was served in Nov 2015 establishing the Council's statutory charge over the building.
- Both banks agreed to waive their charges.



# Council Process

- Following due diligence, the Council's Finance Officer acting pursuant to a standing officer's delegation, authorised the exercise of the Council's power of sale for the purpose of recovering the sums due to the Council.
- The Council and Signature Living entered into a legally binding Memorandum of Understanding regarding the company's proposal, which deals with:
  - health and safety issues
  - applications for planning and listed building consent
  - implementation of those consents
  - consultation with local interest groups
  - payment of the sums expended by the Council

