Valuation Report
Site at Kildermorie and site adjacent Glenburn Centre, Glasgow



Report for:
Easthall Residents Association

Prepared by:
[redacted]
Senior Surveyor
RICS Registered Valuer
DVS

Tel: [redacted]

[redacted]

Case Number: [redacted]

Client Reference:
[redacted]

Date: 27 February 2017

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1. Introduction

I refer to your instructions dated 12 January 2017 and my terms of engagement letter dated 31 January 2017.

I have inspected and valued the property and I am pleased to report to you as follows.

2. Valuation Parameters

2.1 Identification of Client

This instruction is undertaken for Easthall Residents Association.

2.2 Purpose of Valuation

It is understood that the valuations are required in connection with the potential acquisition of the subject property.

2.3 Subject of the Valuation

The property to be valued is the owner's interest in the site at Kildermorie Road/Arnisdale Road and the site adjacent the Glenburn Centre, Glasgow, both as identified in your email of 31 January 2017 and indicated in red on the attached plans.

2.4 Date of Valuation

The date of valuation is 27 February 2017.

Please note that values change over time and that a valuation given on a particular date may not be valid on an earlier or later date.

2.5 Confirmation of Standards

The valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation - Professional Standards 2014 UK Edition, commonly known as the Red Book.

Compliance with the RICS professional standards and valuation practice statements gives assurance also of compliance with the International Valuations Standards (IVS).

2.6 Agreed Departures from the RICS Professional Standards

There are no departures beyond those restrictions on the extent of investigations and survey, and the assumptions, stated below.

2.7 Basis of Value

The basis of value adopted is Market Value which is defined at VPS 4, para 1.2 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.*'

2.8 Special Assumptions

The following Special Assumption has been agreed and will be applied:

The sites are to be valued on the assumption that they will be developed for community and leisure uses only.

You have asked that I also provide an indication of the value of the sites if there were to be no restriction on potential use.

2.9 Nature and Source of Information Relied Upon

I have assumed that all information provided by, or on behalf of you, in connection with this instruction is correct without further verification – for example, details of tenure, tenancies, planning consents, etc.

My advice is dependent upon the accuracy of this information and should it prove to be incorrect or inadequate, the accuracy of my valuation may be affected.

2.10 Date of Inspection

The property was inspected on 1 February 2017.

2.11 Extent of Investigations, Survey Restrictions and Assumptions

An assumption in this context is a limitation on the extent of the investigations or enquiries undertaken by the valuer. The following agreed assumptions have been applied in respect of your instruction, reflecting restrictions to the extent of our investigations.

- Such inspection of the property and investigations as the Valuer considered professionally adequate and possible in the particular circumstance was undertaken. This comprised undertaking an external inspection of the property.

- No detailed survey or inspection of covered, unexposed or inaccessible parts of the property was undertaken. The Valuer has had regard to the apparent state of repair and condition, and assumed that inspection of those parts not inspected would neither reveal defects nor cause material alteration to the valuation, unless aware of indication to the contrary. No responsibility can

therefore be accepted for identification or notification of defects that would only be apparent following such a detailed survey or inspection.

- It has been assumed that good title can be shown and that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoings.

- It has been assumed that the property and its value are unaffected by any statutory notice or proposal or by any matters that would be revealed by a local search and replies to the usual enquiries, and that neither the construction of the property nor its condition, use or intended use was, is or will be unlawful or in breach of any covenant.

- No environmental assessment of the property and neighbouring properties has been provided to or by the VOA, nor is the VOA instructed to arrange consultants to investigate any matters with regard to flooding, contamination or the presence of radon gas or other hazardous substances. No search of contaminated land registers has been made.

  However, where an inspection was made and obvious signs of contamination or other adverse environmental impact were visible this will have been advised to you, further instructions requested and the observations captured in the report. Where such signs were not evident during any inspection made, it has been assumed that the property (including its site) and neighbouring properties are not contaminated and are free of radon gas, hazardous substances and other adverse environmental impacts. Where a risk of flooding is identified during any inspection made, or from knowledge of the locality, this will be reported to you. The absence of any such indication should not be taken as implying a guarantee that flooding can never occur.

3. Property Information

3.1 Location and Description

The subject sites are well known to you but for record purposes I would note the following brief details. The sites, indicated in red on the attached plans, are located in the Easterhouse area of Glasgow's east end, around seven miles east of the city centre. The surrounding area contains predominantly social rented housing comprising terraced houses and flats. These include a mix of refurbished tenemental properties and more recently developed lower-density housing. The area is well served with local amenities including shopping, schools and public transport. The Kildermorie site sits on the north side of the M8 motorway, with new housing at Arnisdale View and Arnisdale Gate to the north, and with a contiguous area of open space to the other three sides. The site adjacent the Glenburn Centre sits between Ware Road and Wellhouse Road, in a housing area on the south side of the motorway. Junction 10 of the motorway is close by.

The Kildermorie site was formerly occupied by a school, which was demolished around thirty years ago. The site has a section of frontage on to Arnisdale Road, alongside a steep path and stairs which lead down through the open space area to Kildermorie Road. The majority of the subject site forms a fairly level area lying between the housing area and a steeply sloping open space area to the south, with another set of stairs leading up from that part. This section of the subject site is

covered with grass and vegetation. The section adjacent Arnisdale Road slopes steely upwards from there and is tree covered. The land on the other side of Kildermorie Road is also presently vacant.

The site adjacent the Glenburn Centre (Community Hall) fronts Ware Road and Wellhouse Path to the north, a grass verge at Wellhouse Road, to the west, a playground with wind turbines to the south, with the Glenburn Centre to its eastern side. The site was formerly occupied by a school, which was demolished around five years ago. The site slopes upwards from south to north, with a level area in the mid-section. There is a retaining wall to the north with a ramped access track to the fence and gate on Ware Road, and stairs leading up at either end. The central section is partly tarmac-covered, with areas of grass, vegetation and demolition rubble, and with a grassed section leading up from the playground area to the south.

3.2 Tenure

Owner's heritable interest with vacant possession.

3.3 Title Restrictions

There are no title restrictions that I have been made aware of.

3.4 Site Area

The sites are understood to extend to the following gross areas:

Kildermorie site - **1.6 hectares/3.95 acres** or thereby.

Glenburn site - **1.05 hectares/2.6 acres** or thereby.

This is according to the information supplied by you and has not been verified on site. Should this be found to be substantially different then the matter should be referred back to this office for reconsideration.

3.5 Site Investigations/Abnormal Development Costs

It is understood that no Site Investigations have been carried out as yet but, given the nature of the land, it may reasonably be anticipated that there would be a requirement for some extraordinary development costs if the sites were to be developed for, for example, residential use. In the absence of details of Site Investigations together with any anticipated abnormal costs, the "unrestricted" valuation has been carried out on a gross basis on the understanding that any price agreed on that basis would be adjusted to reflect abnormal costs.

It is assumed that the proposed development of the community facilities would not require any major foundations or substructure, and so there are unlikely to be any "abnormal" development costs for this purpose.

3.6 Services

Although not checked with the relevant utilities it is assumed that all services are available to the sites within normal and reasonable cost parameters. Should this be found not to be the case then the matter should be referred back to me for reconsideration.

3.7 Access and Highways

It is understood that the maintenance of roads and footpaths ex adverso the property is the responsibility of the local authority.

3.8 Planning / Proposed Development

The sites are to be valued on the Special Assumption that they will be developed for community and leisure uses only, and it is assumed that Planning Consent would be obtained for such use. You have asked that I also provide an indication of the value of the sites if there were to be no restriction on potential use. The land is zoned for Residential and Supporting Uses in City Plan 2 and it is therefore assumed that development for residential purposes, at similar densities to the surrounding properties, would be regarded favourably.

I have made no formal enquiries and no information has been received on the property's planning status and potential and I have assumed as agreed with you that there are no planning proposals that adversely affect the property.

3.9 Mineral Stability

The property is situated in an underground mining area and in view of the possibility of mine workings and the increased risk of damage from underground mining subsidence it is recommended in our Standard Terms of Business (a copy of which has been supplied) that a report is obtained from the Agency's Mineral Valuer. However as you have not requested such a report you are deemed to have instructed the Agency to assume in arriving at its valuation:

(1) that the property valued is not at the date of valuation affected by any mining subsidence and will not be so affected in the future, and

(2) that the site is stable and will not occasion any extraordinary costs with regard to Mining Subsidence.

You hereby accept that the Board of HMRC for and on behalf of the Agency and its employees cannot, in these circumstances, provide any warranty, representation or assurance whatsoever to you or any third party as to the mineral stability or otherwise of the subject property valued. You hereby agree to waive any claim which you might otherwise have had against the Board, the Agency or any of their employees for negligence or breach of contract arising from any loss or damage suffered as a result of your specific instructions to take no account of any matters that might reasonably be expected to have been disclosed by an Underground Mining Subsidence Report.

4. Valuation

4.1 Valuation Considerations

As instructed, the sites are to be valued on the Special Assumption that they will be developed for community and leisure uses only, and it is assumed that Planning Consent would be obtained for such use.

In formulating my opinion of value I have had regard to a variety of evidence, from the Glasgow and wider west of Scotland area, of transactions where the site use has been restricted to community purposes and where there has been a marked effect on levels of value due to such restrictions being in place. Transactions such as this are fairly limited but I have had regard to the following sales.

- Sale of various parcels of land in Lennoxtown from East Dunbartonshire Council to Lennoxtown Initiative in 2016. These included four areas of amenity land ranging from 235 square metres to 4,700 square metres, plus 5.53 acres of football field and amenity land. The price payable was based on a rate of £10,000 per acre, with Planning designations of leisure and open spaces uses.

- Sale of amenity land at Wyndford Estate Glasgow from Glasgow City Council to Cube Housing Association in December 2011 for £44,500. The land extended to 4.71 acres which equates to £9,447 per acre.

- In March 2006, 1.7 acres of open amenity space was sold at Craighalbert Way Cumbernauld for £17,000, with use restricted to charitable purposes only. The price equated to £10,000 per acre.

- Excambion agreed between Scottish Water and Dumfries & Galloway Council, in April 2016, for two areas of amenity land in Hamilton Starke Park, Dumfries. The areas extended to 810 square metres and 3,162 square metres and the agreed values were based upon a rate of £10,000/acre. The land is designated as open space in the local development plan.

The identified comparable evidence above has been appropriately weighted having regard to location, price, sales date and accommodation, and having regard to the valuer's knowledge and experience of the area.

Whilst the local evidence is sparse, I consider that a realistic level for the subject land, assuming a restriction to community and leisure uses, would be fairly stated at £10,000 per acre.

Note on unrestricted value

You have requested an indication of the value of the sites assuming no restriction on potential use. It is assumed that development for residential purposes, at similar densities to the surrounding properties (and allowing for site topography), would be regarded favourably by Planning, that there would be reasonable demand for such use, particularly from Registered Social Landlords looking to develop social housing here, and the amount which they would be prepared to pay for such a site. I have considered evidence of recent market transactions for housing units close by, and sales of residential development sites in similar situations. I have taken into account prices paid by developers and Registered Social Landlords for sites for comparable

schemes across the west of Scotland, including the relevant rates per unit, rates per acre, and considered what site prices are as a proportion of the value of the completed development.

The market evidence I have referred to includes the following:

- Site at Shettleston Road and Fenella Street, Shettleston bought by Shettleston Housing Association from Glasgow City Council in July 2015. The development land comprises a marriage of both Glasgow City Council and Shettleston Housing Association interests. The entire site combining interests of both parties is approximately 0.79 acres with 34 flatted units to be developed at a very high density. The agreed gross figure is £344,250 a rate of £10,125 per unit or £435,000 per acre. The net figure was £217,000, a rate of £6,382 per unit or £275,000 per acre.

- Sale at Househillwood Road, Darnley between Rosehill Housing Association and Glasgow City Council in April 2015 at £259,000 based on 2.74 acres at £166,200/acre and 38 planned houses at £12,005 gross of abnormals, with agreed deduction for abnormals.

- A 2.64 acre residential site at Linthouse Point, Linthouse Road, Glasgow, part of larger 10.63 acre site, for development of 60 residential units sold in June 2014 at net price of at £425,167 based on gross rate of £10,500 per planned unit or £240,000 per acre with deduction for abnormal costs giving net rate of £7,086 per unit.

The comparable evidence has been appropriately weighted with regard to location, sales date and development potential, and having regard to my knowledge and experience of the area, and I have applied realistic, comparable rates to the subject site given all of these factors.

Valuation Uncertainty

Following the referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. We are now in a period of significant uncertainty in relation to many factors that historically have acted as drivers of the property investment and letting markets. Such circumstances are unprecedented but are expected to result in similar uncertainty in much of the property market. Since the referendum there has been little or no empirical evidence of market activity upon which to base opinion(s) of value, resulting in a reduced level of certainty that can be attached to the valuations.

In view of this, together with the combination of uncertain market conditions and the type of property involved, we would advise you to have less confidence than usual in the probability of our opinion of value exactly coinciding with the price achieved were there to be a sale. We would recommend that the valuation is kept under regular review. In summary I refer to the RICS Valuation - Professional Standards 2014 UK Edition (VPGA 9 – Valuation in markets susceptible to change: certainty and uncertainty).

I would also stress that in circumstances such as these it is often the case that that a site acquisition price is likely to be a matter for negotiation with the price reflecting the bargaining strengths of the parties and the financial position and aspirations of each. I would note that the disclosure of this valuation to the seller may have the effect of

seriously prejudicing negotiations, and that I would recommend commencing any negotiations at a lower level.

4.2 Opinion of Value

I am of the opinion that the Market Value of the owner's heritable interest in the subject sites, subject to the agreed **Special Assumption** that the sites will be developed for community and leisure uses only, with vacant possession, as at 27 February 2017, is as follows:

Kildermorie site - £40,000 (Forty Thousand Pounds).
Glenburn site - £26,000 (Twenty Six Thousand Pounds).

You have asked that I also provide an indication of the value of the sites if there were to be no restriction on potential use. These are as follows:

Kildermorie site - £500,000 (Five Hundred Thousand Pounds).
Glenburn site - £375,000 (Three Hundred and Seventy Five Thousand Pounds).

I would stress that these unrestricted valuation figures are indicative only, based upon assumptions relative to development density, and are gross of any abnormal development costs that may be required if the sites were to be developed for purposes other than community and leisure uses only. They may be subject to material alteration upon receipt of more detailed information.

4.3 Currency

All prices or values are stated in pounds sterling.

4.4 VAT

I understand that VAT does not apply to this transaction and my opinion of value reflects this. In the event that my understanding is found to be inaccurate, my valuation should be referred back for reconsideration.

4.5 Costs of Sale or Acquisition and Taxation

I have assumed that each party to any proposed transaction would bear their own proper legal costs and surveyor's fees.

No allowance has been made for liability for taxation, whether actual or notional, that may arise on disposal.

5. General Information

5.1 Status of Valuer

It is confirmed that the valuation has been carried out by Susan Biggerstaff, a RICS Registered Valuer, acting in the capacity of an external valuer, who has the appropriate knowledge and skills and understanding necessary to undertake the valuation competently, and is in a position to provide an objective and unbiased valuation.

5.2 Conflict of Interest

Checks have been undertaken in accordance with the requirements of the RICS standards and have revealed no conflict of interest. DVS has had no previous material involvement with the property.

5.3 Restrictions on Disclosure and Publication

The client will neither make available to any third party or reproduce the whole or any part of the report, nor make reference to it, in any publication without our prior written approval of the form and context in which such disclosure may be made.

5.4 Limits or Exclusions of liability

The report should only be used for the stated purpose and for the sole use of your organisation and your professional advisers. No responsibility whatsoever is accepted to any Third Party who may seek to rely on the content of the report unless previously agreed.

5.5 Validity

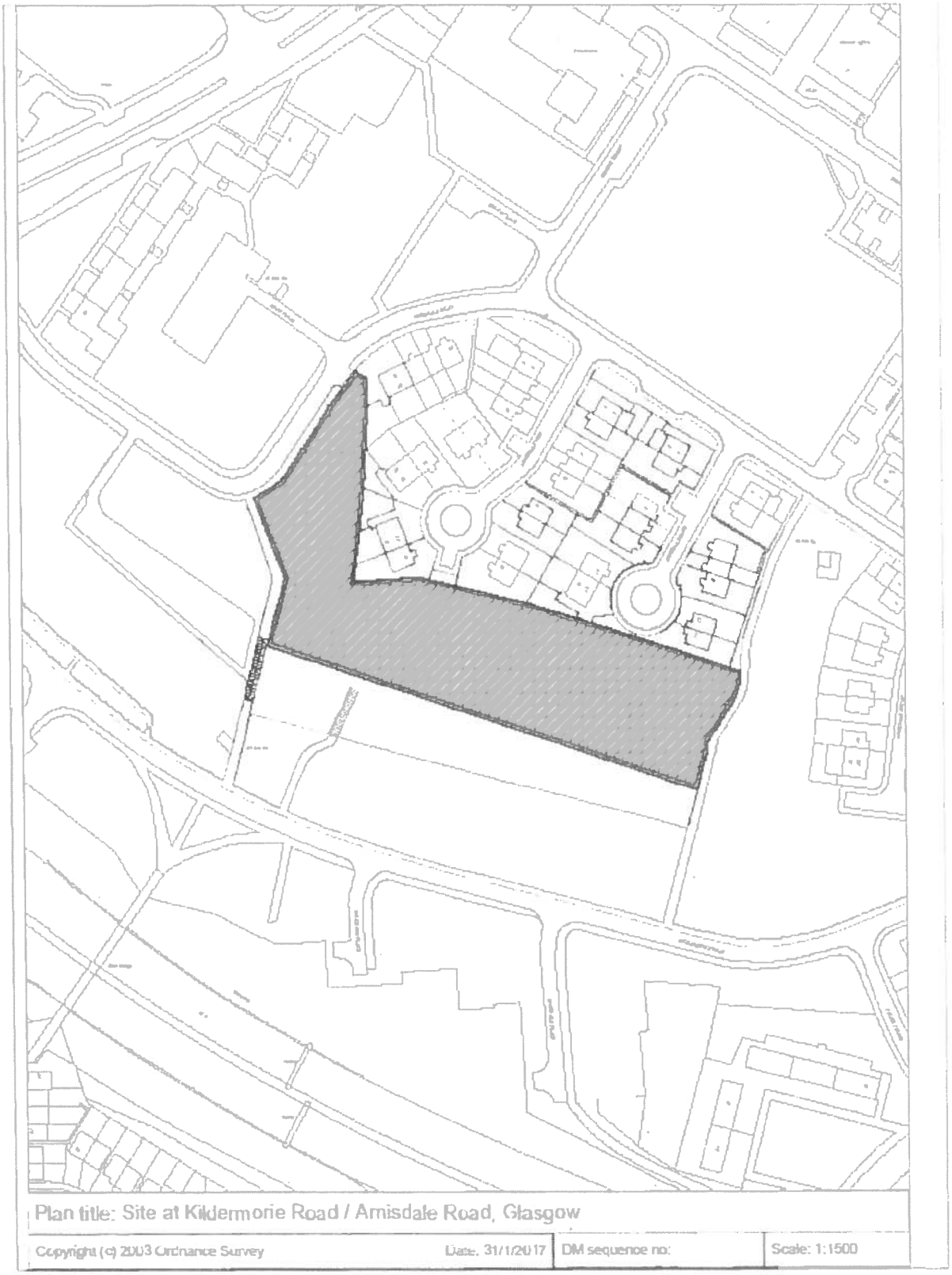
This report remains valid for three months from its date unless market circumstances change or further or better information comes to light, which would cause me to revise my opinion.

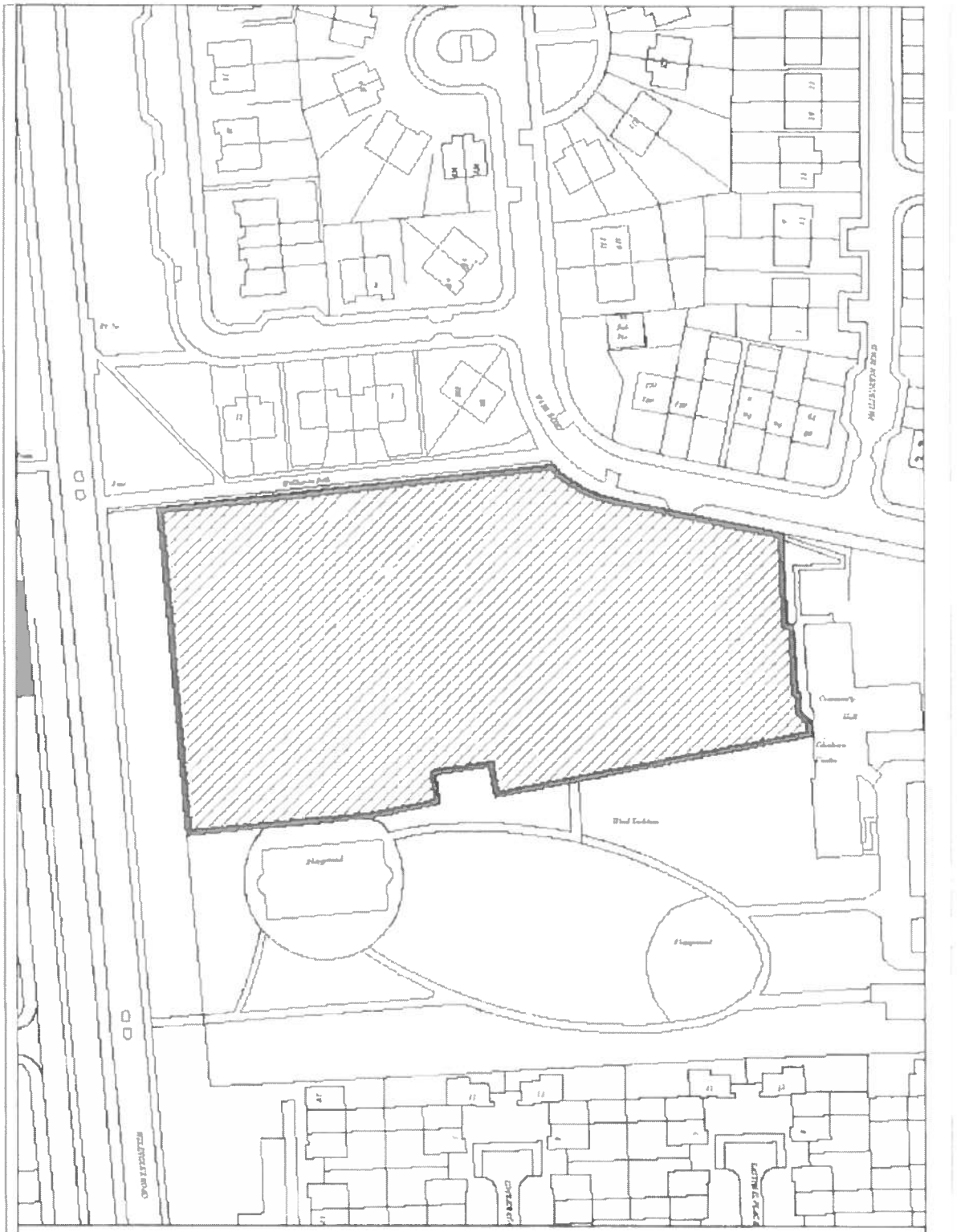
I trust that the above report is satisfactory for your purposes. However, should you require clarification of any point do not hesitate to contact me further.

[redacted]
RICS Registered Valuer
Senior Surveyor
DVS

6. Appendices

6.1 Plans





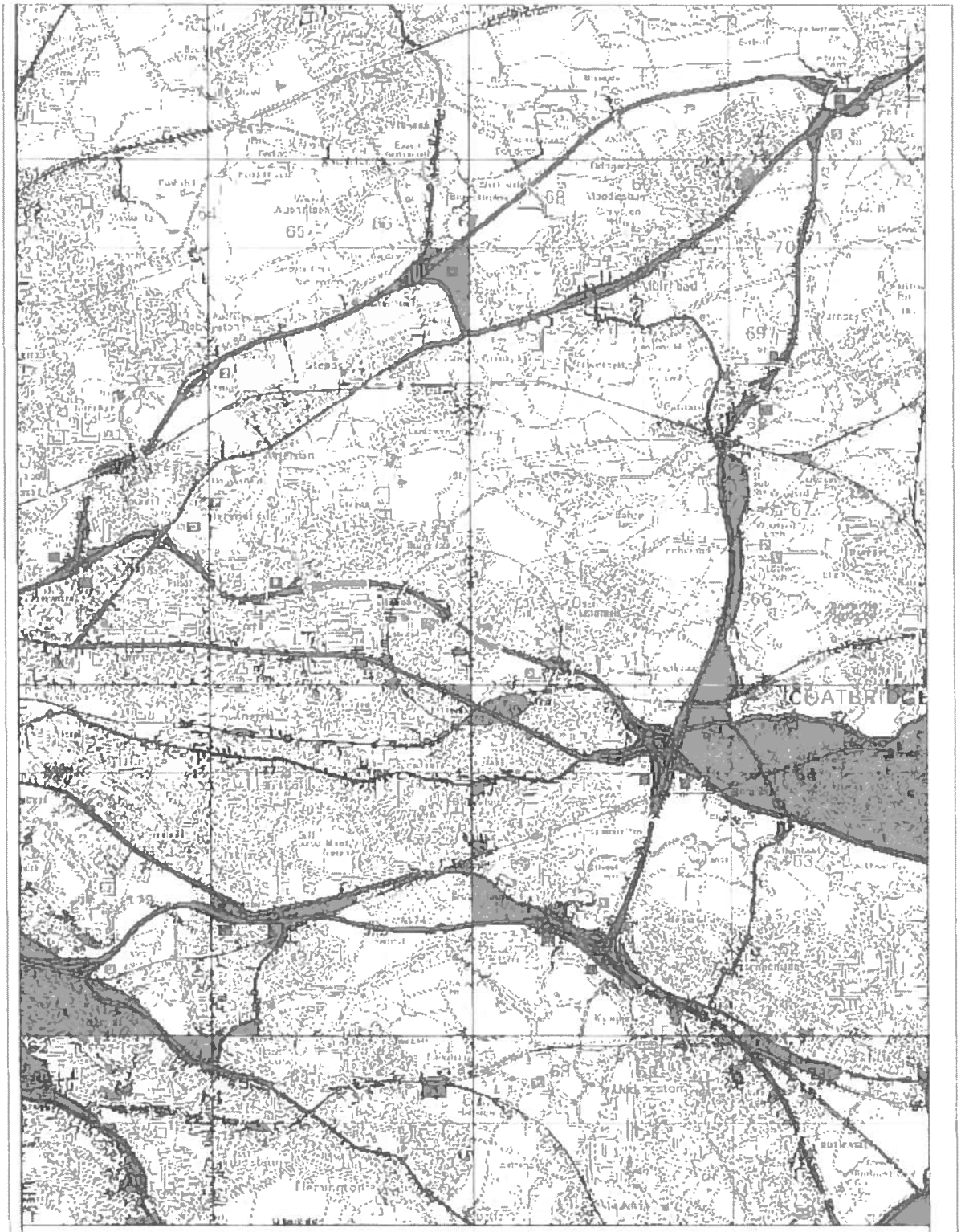
Plan title. Site adjacent Glenburn Centre, Ware Road, Glasgow

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Plan title: Site adjacent Glenburn Centre, Ware Road and at Kildermorie Road / Arnisdale Road, Gl

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Plan title: Site adjacent Glenburn Centre, Ware Road and at Kildermorie Road / Arnisdale Road, Gl

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6.2 Photographs

GLENBURN SITE





















KILDERMORIEROAD/ARNISDALE ROAD SITE















