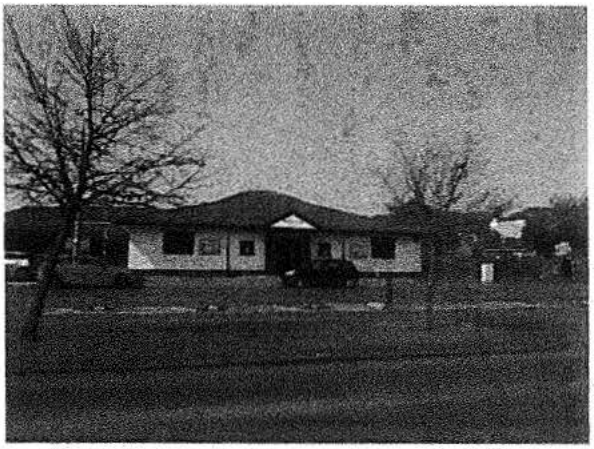
DVS Property Specialists for the Public Sector

Valuation Report
Beatroute Arts Centre
285 Wallacewell Road
Balornock
Glasgow
G21 3RP



Report for:
[redacted]
Director
Beatroute Arts Centre

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

Tel: 03000 502 759

[redacted]

Case Number: 1711208

Client Reference: [redacted]

Date: 07 May 2019

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Executive Summary

1.1 Description

The subjects comprise a single storey detached community centre building with adjoining tarmac car park/yard area.

The property appears to have been built in the 1960's. It has externally rendered cavity brick walls under a pitched tiled roof with rainwater goods formed in cast iron.

Internally the property has a suspended timber floor and a mix of solid and plasterboard internal walls. The windows comprise timber frame units. The property has gas central heating served by a combination boiler with wall mounted panel radiators in most rooms.

The accommodation within the property comprises a number of halls which can be subdivided using folding timber doors. There is also a series of small offices and utility rooms.

The property has a kitchen which contains a fairly modern range of kitchen units and kitchen apparatus. There are male, female and disabled toilets which contain relatively modern suites.

1.2 Location

The subjects are located within the Balornock area in north Glasgow. This is a predominantly local authority residential area which has undergone a transformational regeneration in the recent past. The regeneration initiatives were largely carried out by the Home Group who demolished large amounts of 1960's built social housing which were of defective Orlit construction.

The demolished 1960's housing stock has been replaced by contemporary styled modern houses in large parts of Barlornock, however, the subject property is situated among the older 1960's local authority housing off Wallacewell Road.

This location is generally residential in character, however, the subject property is situated beside the Wallacewell Day Care Centre which was built by Glasgow City Council in 2017 to provide and day care services for older people in the area.

The new centre on Wallacewell Road provides day care support for up to 30 vulnerable people each day. This neighbouring facility is equipped with activity rooms, lounges, a treatment room, hairdressing salon, quiet room and dementia-friendly garden, the new centre has been purpose built to meet the increasingly complex needs of older people.

The subjects are conveniently placed for access to Junction 2 of the M80 and the area is well served by public transportation.

The valuation has due regard to the relevant factors in terms of planning, general locality and market evidence.

1.3 Tenure

Owner's interest with subject to tenancy.

1.4 Valuation Date

The date of valuation is 07 May 2019.

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.

1.5 Valuations

1.5.1 Unrestricted Value

I am of the opinion that the Market Value of the owner's heritable interest with vacant possession can be fairly stated at **£100,000 (One Hundred Thousand Pounds)** as at 07 May 2019.

1.5.2 Restricted Value

I am of the opinion that the Market Value of the owner's heritable interest, subject to the **Special Assumption** noted below, with vacant possession can be fairly stated at **£65,000 (Sixty Five Thousand Pounds)** as at 07 May 2019.

In accordance with your instructions I have made the **Special Assumption** that the subject property will be restricted to a community based use in perpetuity.

1.6 Remarks

It should be noted that market evidence of leases/sales of community facilities is limited and that it tends to be varied based on the age, nature and quality of each property.

I have sourced comparable evidence for community type properties around Scotland, and I have made adjustments to my opinion of value in order to reflect the size, character, quality and location of the subject property.

Generally speaking, from the market evidence of transactions I have observed, properties which are reserved for community type use attract a reduced value if they are sold with a use restriction.

1. Introduction

I refer to your instruction dated 09 April 2019 to provide a valuation of the Beatroute Arts Centre and to my terms of engagement of 30 April 2019 confirming the instructions.

2. Valuation Parameters

2.1 Identification of Client

This instruction will be undertaken for the Beatroute Arts Centre.

2.2 Purpose of Valuation

It is understood that the valuation is required as the subjects may be transferred from Glasgow City Council to the Beatroute Arts Centre with funding from the Scottish Land Fund.

2.3 Subject of the Valuation

The property to be valued is the Beatroute Arts Centre, 285 Wallacewell Road, Balornock, Glasgow, G21 3RP

2.4 Date of Valuation

The date of valuation is 07 May 2019. 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 professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards 2017 and the RICS Valuation - Professional Standards UK (January 2014, revised April 2015), commonly known together 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). Measurements stated are in accordance with the 'RICS Property Measurement 1st Edition' which is effective from 1st January 2016.

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 4 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

In accordance with your instructions I have reported the Market Value of the property and I have also reported its Market Value based on the **Special Assumption** that the property will be restricted to a community based use in perpetuity.

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.

The Beatroute Arts Centre have provided a floor plan for the subject property which has been used to calculate its area.

2.10 Date of Inspection

The property was inspected on 17 April 2019 in sunny weather.

The inspection was carried out by Ryan Quinn MRICS.

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 internal & external inspection of the property.
- No detailed site survey, building 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. The building services have not been tested and it is assumed that they are in working order and free from defect. No responsibility can therefore be accepted for identification or notification of property or services' defects that would only be apparent following such a detailed survey, testing 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.

- Valuations include that plant that is usually considered to be an integral part of the building or structure and essential for its effective use (for example building services installations), but exclude all machinery and business assets that comprise process plant, machinery and equipment unless otherwise stated and required.

- It has been assumed that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated.

- However where an inspection was made and obvious signs of such materials or techniques were observed, this will be drawn to your attention and captured in this report.

- No access audit has been undertaken to ascertain compliance with the Equality Act 2010 and it has been assumed that the premises are compliant unless stated otherwise in this report.

- No environmental assessment of the property (including its site) 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

The subjects are located within the Balornock area in north Glasgow. This is a predominantly local authority residential area which has undergone a transformational regeneration in the recent past. The regeneration initiatives were largely carried out by the Home Group who demolished large amounts of 1960's built social housing which were of defective Orlit construction.

The demolished 1960's housing stock has been replaced by contemporary styled modern houses in large parts of Barlornock, however, the subject property is situated among the older 1960's local authority housing off Wallacewell Road.

This location is generally residential in character, however, the subject property is situated beside the Wallacewell Day Care Centre which was built by Glasgow City Council in 2017 to provide and day care services for older people in the area.

The new centre on Wallacewell Road provides day care support for up to 30 vulnerable people each day. This neighbouring facility is equipped with activity rooms, lounges, a treatment room, hairdressing salon, quiet room and dementia-friendly garden, the new centre has been purpose built to meet the increasingly complex needs of older people.

The subjects are conveniently placed for access to Junction 2 of the M80 and the area is well served by public transportation.

The valuation has due regard to the relevant factors in terms of planning, general locality and market evidence.

3.2 Description

The subjects comprise a single storey detached community centre building with adjoining tarmac car park/yard area.

The property appears to have been built in the 1960's. It has externally rendered cavity brick walls under a pitched tiled roof with rainwater goods formed in cast iron.

Internally the property has a suspended timber floor and a mix of solid and plasterboard internal walls. The windows comprise timber frame units. The property has gas central heating served by a combination boiler with wall mounted panel radiators in most rooms.

The accommodation within the property comprises a number of halls which can be subdivided using folding timber doors. There is also a series of small offices and utility rooms.

The property has a kitchen which contains a fairly modern range of kitchen units and kitchen apparatus. There are male, female and disabled toilets which contain relatively modern suites.

3.3 Tenure

Owner's interest with vacant possession.

3.4 Title Restrictions

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

3.5 Floor Areas

I have calculated that the property has a Gross Internal Area of 331.7 square metres (3,569 square feet) or thereby. This area has been calculated from floor plans provided by the Beatroute Arts Centre.

Should this area prove to be incorrect then the valuation should be referred back to this office for further consideration.

3.6 Site Area

The total site area is understood to extend to a gross area of approximately 0.29 acres or thereby. This has been calculated from digital mapping using and it 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.

3.7 Services

Although not checked with the relevant utilities it is understood that all mains services including water, drainage and electricity are available at or near the site's boundary.

3.8 Access and Highways

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

3.9 Planning

The subjects are located within a generally residential area within the Local Development Plan. As part of my valuation considerations when establishing the Market Value of the property I carried out an appraisal on the basis of the subject 0.29 acre site being suitable for a residential development.

I assumed that the subject site could accommodate 4no. 3 bedroom terraced houses; which is in keeping with 4no. 1960's terraced house local authority development situated immediately to the north of the subjects which occupies a 0.3 acre site.

I have made no enquiries to the Planning Authority and no information has been received on the property's planning status, however, in accordance with your instructions I have made the **Special Assumption** that that the subject property will be restricted to a community based use in perpetuity for that part of the valuation.

3.11 Equality Act 2010

Whilst I have had regard to the provisions of the Equality Act 2010 in making this report, I have not undertaken an access audit nor been provided with such a report. It is recommended that you commission an access audit to be undertaken by an appropriate specialist in order to determine the likely extent and cost of any alterations that might be required to be made to the premises or to your working practices in relation to the premises in order to comply with the Act.

3.12 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.

3.13 Environmental Factors Observed or Identified

Within the limited scopes of inspection, information provided and subject to the statement regarding the limitations on the extent of our investigations, survey restrictions and assumptions, as expressed at 2.11 above. I am unable to comment on the presence or risk of the following environmental factors.

I have assumed that for the purposes of valuation, the property is not at risk of such factors that could impact on value such as: flooding, abnormal ground conditions; historic mining; coastal erosion, quarrying; landfill; proximity to pylons / telecommunications; pipelines; invasive vegetation; presence of contamination on site [e.g. absorption by property of poisons or pollutants requiring invasive treatment works or presence of Radon gas etc]; presence on site of hazardous or deleterious materials. Asbestos may be present in the construction of the property. While this material remains intact and in good condition the asbestos fibres are likely to be safe but specialist advice should be sought in the event of alteration, maintenance or demolition.

4. Valuation

4.1 Valuation Methodology

On the basis that the property is leased and incoming producing I have adopted the investment method of valuation, whereby, I have capitalised the rent by adopting an appropriate investment yield. In deriving the yield I have taken into consideration a number of key factors including the location and existing use of the property, the unexpired lease term, the security of the income stream and the best available comparable market evidence

In order to value the subjects upon reversion, I considered its existing use value as a community centre with vacant possession (with and without a use restriction). As a check measure I also explored if the property would have a higher alternative use value; on this basis I formulated a valuation which considered the value of the site if the building were demolished to make way for a residential development. This would be possible upon the expiry of the existing lease in one year from now (May 2020).

I came to this conclusion that the optimum reversionary value was in the property's existing community centre use as the development value was lower than this use.

The subject property is situated in a tertiary commercial location, within a local authority housing scheme, so I concluded that it would struggle to attract mainstream commercial occupiers. It is therefore fair to assume that the current community use or broadly similar localised operator, such as a childcare business etc, would potentially be the only interested parties in the market to lease or purchase a property such as the subjects given its poor commercial attributes. It should be noted that a new elderly day care facility has been constructed immediately next door to the subjects at Wallacewell Road so this type of alterative use is catered for in the subject locale.

The subject property is leased by Glasgow City Council to Beatroute Arts. The original lease had a term from 17 September 2016 until 27 May 2018 and this appears to be continuing on a yearly basis. The rent passing is £750 p.a. subject to a use restriction to use as a centre for community and cultural activities. The building and site are owned by Glasgow City Council.

The lease for the property states that the parties would have had to serve a 40 day notice to terminate the agreement before 27 May 2019, however, it is my understanding that this has not occurred so there is a relatively secure income of £750 p.a. for the next year.

I have therefore adopted a yield of 10% which reflects the relatively secure income for the next year. In formulating the reversionary valuation, upon expiry of the lease, I have taken into account the prevailing market conditions for similar community/leisure type properties which have sold with and without use restrictions. On this basis I have looked at sales of similar facilities whilst reflecting for example the specific location, size, nature and characteristics of the subject property.

4.2 Comparable Evidence

I was unable to source any comparable investment transactional evidence for Community Centres within Central Scotland. On the basis I have had due consideration to the following transactions to establish a suitable yield.

Yield evidence

Type	Build/Tenant	Sale Price	Yield	Rent	Area (sq ft)	Date
174 Main St Bellshill	Grd floor retail Let to Lloyds Pharmacy. FRI 10 years with break at year 5 (Oct 2018).	£125,000	8.5%	£10,700	70 sq m 752 sq ft	Oct 2018
14 Bank St Airdrie	Grd floor retail Let to Thomas Cook. 5 years from 27/10/2018 on a full repairing and insuring lease. Expires: 27/10/2023.	£92,500	12%	£11,000	68 sq m 727 sq ft	Dec 2018
74-76 Quarry St Hamilton	Grd floor retail Let to Thomas Cook. 13 years from 27/10/2006 to 26/10/2019	£150,000	19%	£29,000	76 sq m 823 sq ft	May 2017

The yield evidence I mixed, however, given the relatively low passing rent of £750 p.a. I adopted a yield of 10% to value the 1 year unexpired lease term.

Unrestricted community use comparable evidence:

Address	Type	Area (sq ft)	Sale Price	Rate per sq ft	Date of sale
Former Evangelical Church 9 Blackcroft Avenue Airdrie ML6 8PU	Community facility	1,896	£55,000	£29.01	Jan 2019
Alison Lea Community Centre Alison Lea East Kilbride G74 3HW	Community facility	2,500	£80,000	£32.00	Aug 2017
Former Community Hall Braidwood Road Braidwood Carluke ML6 8PU	Community facility	2,798	£80,000	£28.59	Jun 2015

Restricted community use comparable evidence:

Address	Type	Area (sq ft)	Sale Price	Rate (per sq ft)	Date of sale
Former Community Centre 40 Clydeview Lane Broomhill Glasgow G11 7AF	Community facility	2,571	£40,000	£15.56	Oct 2016
Former Bowling Club 23 Kirkoswald Drive Drumry Clydebank G81 2DB	Community facility	2,741	£63,515	£23.17	Nov 2016
Former Community Centre 20 Kincraig Street Govan Glasgow G51 4ES	Community facility	4,590	£90,000	£19.61	May 2014

4.3 Reasoning

I established that the optimum reversionary value for the subjects lies in its existing use as a community type facility.

There is very little commercial demand for this type of property, however, a market does exists for small operators such as nurseries, pet grooming businesses etc who take up this type of commercial property for low purchase prices/rentals.

Having analysed the sales of this type of asset and I have concluded that increased prices are paid for properties which are sold without being restricted to community use to those that are restricted.

The sales rate for restricted use properties can be analysed as circa £20 per square foot capital and unrestricted properties have fetched circa £30 per square foot capital which I have applied to the subject floor area.

On this basis:

MV (restricted to community use) - £20 x 3,569 = £71,380, say £70,000

MV (unrestricted use) - £30 x 3,569 = £107,070, say £107,000

However, given that there is a year to run on the lease I have adjusted the valuation to reflect that vacant possession cannot be obtained until May 2020.

- Unrestricted value

Current Rent	£750	p.a
Capitalisation Rate		
YP 1 yrs @ 10.00%	0.90909	**£682**

Reversion – Capital Value		
Unrestricted Value (£30psqft)	**£107,000**	
PV 10% deferred 1 year	0.90909	**£97,273**
MV	**£97,955**	
Say	**£100,000**	

- Restricted value

Current Rent	£750	p.a
Capitalisation Rate		
YP 1 yrs @ 10.00%	0.90909	**£682**

Reversion – Capital Value		
Restricted Value (£20 psqft)	**£70,000**	
PV 10% deferred 1 year	0.90909	**£63,636**
MV	**£64,318**	
Say	**£65,000**	

4.4 Opinion of Value

4.4.1 Unrestricted Value

I am of the opinion that the Market Value of the owner's heritable interest with vacant possession can be fairly stated at **£100,000 (One Hundred Thousand Pounds)** as at 07 May 2019.

4.4.2 Restricted Value

I am of the opinion that the Market Value of the owner's heritable interest, subject to the **Special Assumption** noted below, with vacant possession can be fairly stated at **£65,000 (Sixty Five Thousand Pounds)** as at 07 May 2019.

In accordance with your instructions I have made the **Special Assumption** that the subject property will be restricted to a community based use in perpetuity.

4.5 Currency

All prices or values are stated in pounds sterling.

4.6 VAT

I understand that VAT does not apply to this transaction and my opinion of value reflects this.

In the event that our understanding is found to be inaccurate, my valuation should be referred back for reconsideration.

4.7 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.

4.8 Market Commentary

Following the referendum held on 23 June 2016 concerning the UK's membership of the EU, the impact to date on the many factors that historically have acted as drivers of the property investment and letting markets has generally been muted in most sectors and localities.

The outlook nevertheless remains cautious for market activity over the coming months as work proceeds on negotiating detailed arrangements for EU exit and sudden fluctuations in value remaining possible. We would therefore recommend that the valuation is kept under regular review. Should you intend to effect a disposal, we recommend that specific marketing advice be obtained at that time.

The effects of these general market concerns have been reflected in my valuation of the property. Given ongoing market uncertainty and the type of property involved, valuations of this type tend to carry a high degree of subjectivity leading to a greater than normal range of uncertainty. As a result the possible range of values for this asset type is wider than normal. I would therefore caution you as to the possibility to show some degree of flexibility in the use and interpretation of the reported value for reasons stated above.

I would therefore caution as to the possibility of a need to show some degree of flexibility in the use and interpretation of the reported value for the reasons stated above. In summary I refer to the current edition of the RICS Valuation – Professional Standards 2014 UK Edition VPGA9 – Valuation of Market Susceptible to Change: Certainty and Uncertainty.

5. General Information

5.1 Status of Valuer

It is confirmed that the valuation has been carried out by Ryan Quinn (Senior Surveyor) and it have been verified by Frances Hay (Principal Surveyor), 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.

You may wish to consider whether this report contains Exempt Information within the terms of paragraph 9 of Schedule 7A to the Local Government (Scotland) Act 1973 (see section 2 and Part II of Schedule 1 to the Local Government (Access to Information Act 1985) and your Council can treat it accordingly.

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.

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]

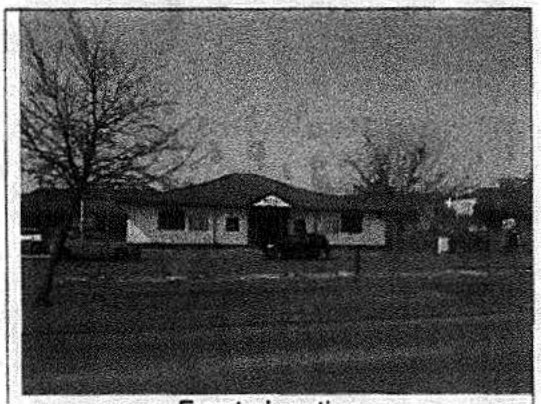
Senior Surveyor
RICS Registered Valuer
District Valuer Services (DVS)

6. Appendices

6.1 Plan



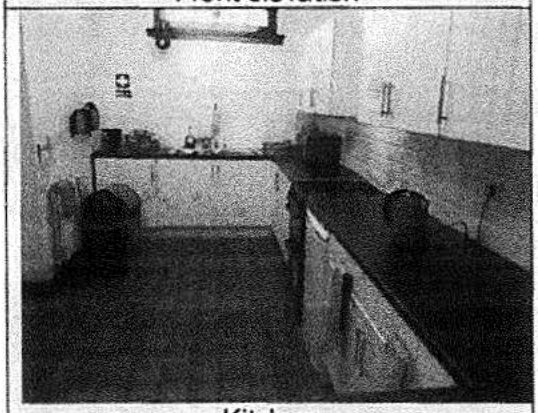
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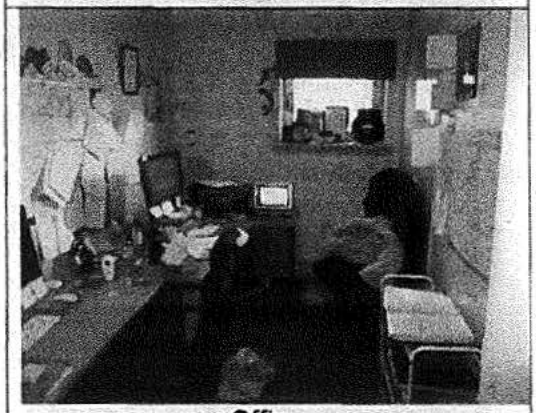
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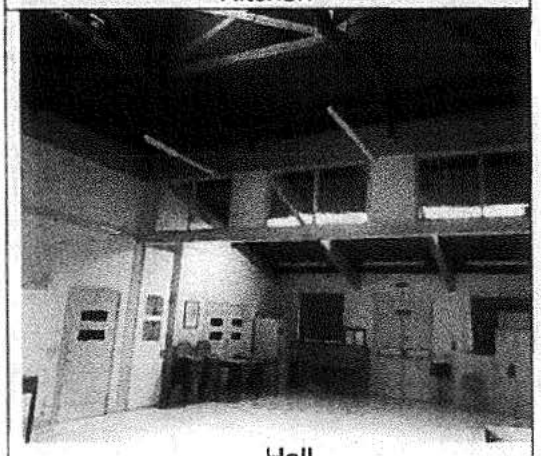
Yard



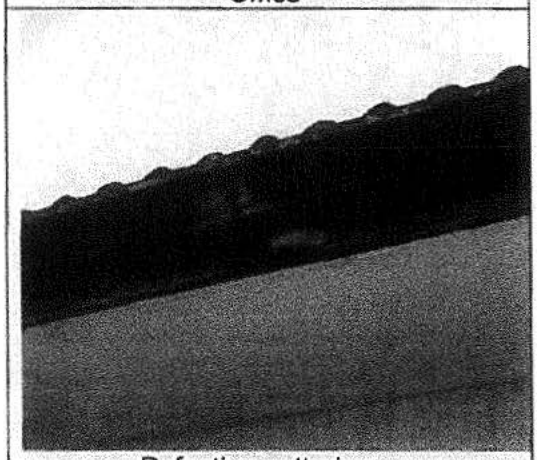
Kitchen



Office



Hall



Defective guttering