

4 July 2014

City of York Council
West Offices
Station Rise
York
YO1 6GA

Sanderson Weatherall
25 Wellington Street
Leeds
West Yorkshire
LS1 4W

Dear Sirs

PREMISES KNOWN AS 29 CASTLEGATE, YORK, YO1 9RN

We refer to our proposal of 13 June 2014 and your e-mail confirmation of 19 June 2014, copies of which are attached. You have explained City of York Council is considering disposing of its freehold interest in the property in an off market transaction to the

You require valuation advice as to the Market Value of the property. You require further advice as to the Market Value with a special assumption that a restriction is placed on sale that the property can only be used as a museum.

Purpose of Valuation

You have informed us that our valuation advice is to be prepared to aid your consideration of undertaking an off market transaction.

Asset Type & Classification

It is our understanding that the asset to be valued is a Freehold asset.

Scope of Instruction

You have specifically requested our opinion of value on the following bases:

- (a) Market Value (MV)
- (b) Market Value (MV) subject to the following special assumption – that the freehold interest would be sold with a restriction that the property could only be used and occupied as a museum.

In accepting your instruction we confirm the following:

- The valuation date is the date of this report.
- We have no conflict of interest in providing this advice.

- That we carry Professional Indemnity Insurance on a per claim basis which is adequate in respect of this instruction.
- This report has been prepared by
who accepts responsibility for this report, has sufficient skills, knowledge and understanding to undertake this instruction competently, is a member of the RICS Valuer Registration Scheme and is qualified to provide this advice as an External Valuer in accordance with PS2 of the RICS Valuation Professional Standards, Global and UK Edition (January 2014) published by The Royal Institution of Chartered Surveyors (RICS) ("The Red Book").
- The property was inspected on Wednesday 25 June 2014, in dry fine weather conditions.
- We have not made any investigations into the Capital Allowance position in respect of the subject property in the preparation of this valuation. We recommend prior to any sale that you commission your own investigations to satisfy yourselves in this respect.

We append a report on the property, including descriptions and notes as to location, extent and features of the site, construction and accommodation of the building, its apparent condition and the results of enquiries of the various authorities. We also include an extract of the Ordnance Survey plan showing the extent of the site, as we understand it to be, outlined in red and include some photographs.

Details of the extent of the property, tenure, tenancies, permitted uses and related matters have been supplied by City of York Council. Where possible this information has been checked on site.

Valuation Procedure

This Valuation has been prepared in accordance with the RICS Valuation - Professional Standards, January 2014 Global and UK edition, published by the Royal Institution of Chartered Surveyors ("RICS") ("the Red Book") and the IVSC International Valuation Standards.

We refer you to our "Terms of Engagement and Guidance for Clients" appended to this report. This document describes in detail the work which we have and have not undertaken in compiling this report and valuation on your behalf.

Bases of Value

The property has been valued on the bases requested, as defined in VPS4 of The Red Book and defined in our Terms of Engagement and Guidance for Clients.

In assessing the value of the property subject to a restriction limiting use to a museum, we assume any such clause will be permitted and legally binding. No clause has been provided to us and appropriate drafting will be a matter for your solicitors. If you would like us to assess the clause from a valuation perspective please let us know.

It seems to us limiting use solely to that of museum is extremely restrictive, even for a prominent building in an historic City with a significant number of existing museums. Indeed there are four museums in close proximity already to the subject premises. Such a restriction we assume will even prevent against other uses within the same Use Class, which we assume



will be Class D1 Non Residential Institutions. In the assessing the likely impact of such a clause we have to state that there are no reasonable comparables that we have been able to identify and that can be used to "prove" a value for such use.

An alternative approach is to try and identify comparables of the sales of such uses and compare them as a percentage discount against unrestricted uses nearby. Again no such comparable information is available. As a consequence we have had to form an opinion of the unrestricted value from the office and other comparables available in the locality and then apply a percentage discount based on experience.

In addition, and given you are considering a disposal off market to we should state that our valuation has no regard to any additional value attributable to a special purchaser. In any case this is extremely difficult to identify as it needs more information as to the particular purpose for which they are interested and involves an assessment of "worth" to the Purchaser rather than open market value.

Liability

Our valuation advice is provided for the stated purpose and is for the use of the addressee only and no responsibility is accepted to any other party for the whole or any part of its contents. In particular, our liability is not extended to your customer, nor to any other party or financial institution to whom your customer, in the event of obtaining a copy, might show this report.

Neither the whole or any part of this report, or any reference thereto, may be included in any document, circular, or statement nor our opinions of value disclosed without our prior written approval of the form and context in which they will appear.

Yours faithfully

July 2014



**PREMISES KNOWN AS 29 CASTLEGATE
YORK
YO1 9RN**



1. EXECUTIVE SUMMARY

To be read strictly in conjunction with the accompanying report.

- A fine period property believed to date from the Georgian period. Currently used as offices and interview rooms by the Youth Advice Service of City of York Council.
- Constructed over 4 floors with offices, interview rooms and ancillary space on the ground and first floor and then storage to the basement. The second floor is accessed via a traditional internal staircase and provides two offices off a central landing all constructed within the roof space.
- We would query whether the top floor can be occupied as offices as there does not appear to be an alternative means of emergency escape. Further investigation is recommended. Our valuation advice assumes the accommodation is compliant.
- Overall the accommodation extends to in the order of 291.70 sq m (3,140 sq ft) if calculated on a net internal basis but ignoring the demountable partitioning constructed to create individual interview rooms.

- The building has its main frontage to Castlegate but access is obtained from the side where there is a narrow walkway connecting through to the Coppergate Shopping Centre and where there is a disabled access ramp. Access is also obtained from the rear via steps from the Coppergate Shopping Centre and which probably acts as the primary frontage for public caller access. This elevation has been extended with the construction of a conservatory and canopy area which forms two internal rooms either side of the central entrance stairs. In addition there is an external patio area to one of the conservatory rooms.
- This is a fine period property which appears to be in reasonable condition for its age, use and form of construction. It has many attractive period features and is situated in a desirable and highly popular area of City. The main defect identified was probably rising damp to part of the basement around the staircase.
- The building adjoins Fairfax House Museum to the west (built between 1755 and 1762) and a restaurant known as 31 Castlegate to the east on the opposite side of the pedestrian walkway. To the Castlegate frontage the area opens out to a large open area the centre point of which is Cliffords Tower but with a large surface car park with the Castle Museum beyond. Castlegate provides a range of secondary shops, offices and residential property together with St Marys church.
- To the rear is the Coppergate Shopping Centre which extends primarily to the west and comprises extensive shopping facilities together with Jorvik Museum and also residential accommodation and a multi-storey car park above. Fenwick's Department Store is located directly opposite the subject property, with Public conveniences just to the side.

PURPOSE OF VALUATION

Certification of proposed off market sale

VALUATION DATE

Date report issued

A) MARKET VALUE (MV)

£550,000 (Five hundred and fifty thousand pounds)



2. LOCATION

The property is located within York City Centre in a prominent location. It is situated adjoining Fairfax House Museum to whom City of York Council are considering disposing of the property. To the east is a narrow pedestrianised walkway which provides the main entrance to the building and to which a disabled access ramp has been constructed from Castlegate. To the opposite side of the walkway to the east is 31 Castlegate which trades as a restaurant.

The frontage to Castlegate is extremely prominent and opens out in front of the subject property to comprise the large opening area the centre point of which is Cliffords Tower monument. Around the tower is a large open area which includes a large surface car park and the whole area is bounded by the River Foss, the Castle Museum/ Eye of York and Hilton Hotel. To the west along Castlegate the street comprises secondary retail properties together with some residential and office accommodation.

Whilst an extremely old part of the city this area has been changed comparatively recently with the development of the Coppergate Shopping Centre immediately to the north. The subject property has access from a pedestrian walkway into the open shopping centre and which provides the main route into the shopping centre from the Cliffords Tower car park area.

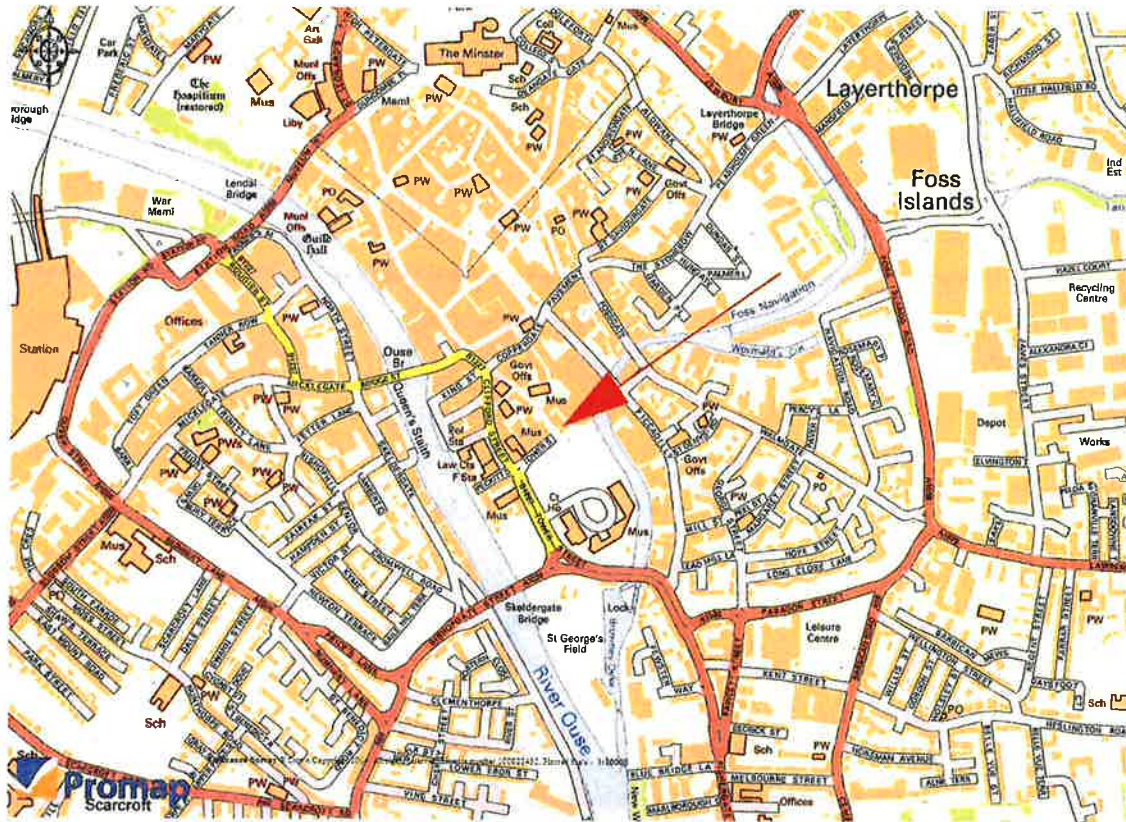
Directly opposite and over the pedestrian walkway is Fenwick's Department Store and which is adjoined by public conveniences. The shopping centre comprises extensive retail facilities typically at ground and first floor with then residential and multi storey car parking above. It is created round an open square fronting which also is the Jorvik Museum/tourist attraction. The centre and square are very popular and there is heavy pedestrian footfall particularly past the Coppergate frontage.

This area is located on the east side of York City Centre close to the confluence of the Foss and Ouse rivers.

The main shopping area probably is some 200m to the north west along Parliament Street. York Minster is some 500m to the north west.

The general location of the property is illustrated on the following Ordnance Survey extracts.





Not to Scale

3. THE SITE

The site as we understand it is completely developed with buildings and as such the site area comprises the ground floor accommodation plus only a small balcony/patio area and external staircase and access ramp.

Approximate Areas

Site Area	180 square metres (1938 square feet)
Frontage to Castlegate	9.0 metres (30 feet)

Notes on Site

The site is fully developed with buildings. The extent of the site boundaries as we understand them are shown edged red on the title plan attached within Appendix III



4. CONSTRUCTION

The property probably dates from the mid 18th century and is constructed of 2 storey brickwork with additional accommodation at basement and roof space level. The original building is attractive and constructed with a double pitched slate covered roof with central lead-lined valley. The windows are single glazed timber Georgian sash. The gutters appear to be wooden and we assume lead lined with then cast iron downpipes. To the Coppergate frontage a building has been extended sympathetically with a metal and timber conservatory and entrance porch. Due to the change in levels with the shopping centre the ground floor access to the Coppergate frontage is accessed up a steep staircase with circa 12 risers. Due to the change in levels the remainder of this frontage has been build up and forms all of the patio area.

5. ACCOMMODATION

We have undertaken a measured survey of the building and checked the reduce scale floor plans provided to us (Appendix IV). From our measurements obtained on site we have calculated the net internal floor areas as follows. Please note in arriving at our assessment we have ignored the demountable partitioning constructed within the main rooms so as to create individual interview rooms. We take the view that the property is probably best assessed currently as an office and for which these interview rooms probably would be removed. Our assessment however excludes the toilets and central staircases and which might ordinarily be assessed within a gross internal area most suited to a museum use.

Description	Approximate Net Internal Floor Area	
	m ²	sq ft
Basement		
Stores	47.87	515
Ground Floor		
Offices/interview rooms/meeting area/kitchen/ancillary	105.94	1,140
Conservatory	22.44	242
	128.38	1,382
First Floor		
Offices/interview rooms/ancillary	100.63	1,083
Second Floor		
Offices	14.82	160
Total	291.70	3,140



6. DEVELOPMENT PROPOSALS

Ignoring the potential of a special purchaser for museum use, the building is probably best suited to use as an office. The age, quality and Listing of the building probably will restrict other potential uses. Subject to the necessary consents other possible uses would be for restaurant type use due to the city centre location, prominence and accessibility. Another potential would be residential but this might need more alteration and could be considered less likely to be permitted.

7. CONDITION

As referred to in our Terms of Engagement and Guidance for Clients, we have not carried out a building survey and our comments that follow should not be regarded as such.

From our brief inspection undertaken for valuation purposes the property appeared to be in reasonable condition for its age, use and form of construction. Our valuation advice assumes this to be the case. The main defect we identified during our brief inspection was what appeared to be rising damp to the basement

8. SERVICES AND AMENITIES

Mains services: We assume that all mains services are available and connected to the property.

Heating: A modern Hoval gas fired boiler is located in the part of the conservatory which adjoins the pedestrian walkway.

None of the above services were tested during the course of our inspection of the property.

9. STATUTORY ENQUIRIES

Highways

We assume Castlegate is an adopted highway maintained at public expense. We understand the pedestrian walkway, to the right hand side of the property when viewed from Castlegate, is located within the freehold title. No details are available whether this is adopted albeit we understand full rights of access exist to the side elevation. Further we assume full rights of access also exist over the pedestrian walkway into the Coppergate Shopping Centre. In preparing our valuation opinions we have made no allowance for any maintenance costs or liabilities.



Planning

Due to the confidential nature of the instruction, at this stage we have made enquiries only of publicly available information. We understand the property is Grade II listed with the entry including description of both the exterior and interior. We also understand the property is located within the York Central Historic Core Conservation Area. As such we consider the property would be afforded substantial protection, further heightened by the proximity to the Grade I property adjoining and Clifford's Tower. This is further evidenced by the previous attempts to develop an extension to the Coppergate Centre on the land currently used as a surface car park.

We assume the current use is authorised and can continue. We assume works to alter the structure are likely to be resisted. In our opinion this will limit potential alternative uses and as such we have arrived at our valuation opinions on the basis of a continuation of the current use which is assumed to be authorised as offices.

Currently you are in the process of preparing an updated Local Plan. No further details are available and therefore we assume no further proposals exist which would be likely to affect the value.

Rating Assessment

We have investigated the rating assessment on the website at the Valuation Office Agency. It is our understanding that the property is assessed in the 2010 rating list as follows:

Address	Description	Rateable Value
29 Castlegate, York	Offices & Premises	£24,500

The National Non-Domestic Rating Multiplier is currently set at 48.2 pence in the pound for the rates year 2014/2015.

The subject property may be subject to transitional phasing and as such multiplying the Rateable Value by the National Non-Domestic Rating Multiplier may not give a true representation of the rates payable.

Equality Act 2010 & Disability Discrimination

As referred to in our Terms of Engagement and Guidance for Clients, it should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

However from our brief inspection of the property it was noted that there would appear to be a compliant access ramp up to the side entrance door. Disabled access is not possible from the Coppergate frontage. Internally, it is noted that the toilets are located on the first floor and that there is no lift or stair lift. We would envisage difficulties making such amendment given the age, protection and quality of the building.



The Regulatory Reform (Fire Safety) Order 2005

We have not had sight of any Fire Safety Assessment for this property. Our valuation assumes on the basis that a Fire Safety Assessment would not be valuation significant.

10. ENVIRONMENTAL ISSUES

We are not Chartered Environmental Surveyors and we have not been instructed to make any investigations, in relation to the presence or potential presence of contamination or other environmental features in land or buildings or affecting the property. We have not carried out any investigation into past uses, either of the properties or any adjacent land, to establish whether there is any potential for contamination from such uses or sites, and have therefore assumed that none exists. In practice, purchasers in the property market do require knowledge about contamination and other environmental factors. A prudent purchaser of this property would be likely to require appropriate investigations to be made to assess any risk before completing a transaction. Should it be established that contamination does exist, or the property is affected by other environmental factors, this might reduce the value now reported.

Control of Asbestos Regulations 2012

As referred to in our Terms of Engagement and Guidance for Clients, our inspection of the property does not constitute a survey in compliance with Government Directives and as such we will not comment in detail on any potential asbestos containing materials believed to be present in the property.

We have not had sight of any Asbestos Register for this property, however the building is of an age where we believe asbestos containing materials may be present and we would recommend further investigation in this respect.

Our valuation assumes the findings of an asbestos survey would not be valuation significant.

Flooding

Despite the proximity to both the River Ouse and River Foss, both of which have a history of flooding, the Environment Agency classifies the subject property as being within an area classified as having a Very Low chance of flooding; that is to state less than 1 in 1000 (0.1%) in any year.

We are not aware of any problems with flooding and therefore assume no such problems exist.



Invasive Plant Species

During our inspection of the property the presence of invasive species was not noted, however our investigations were not exhaustive and we cannot therefore categorically state that none were present. Any potential purchaser should make their own investigations in this respect, especially if redevelopment is considered. If invasive species are found to be present on site, this may reduce the valuations herein reported.

Energy Performance Certificates

We have not had sight of any EPC for this property. Prior to the premises being sold or let an EPC will be required to be in compliance with the legislation.

11. TENURE

FREEHOLD

We have not examined the title documents nor have we been provided with a report on title in respect of the subject property. We therefore assume that the freehold interest is not subject to any onerous restrictions, charges, easements or rights of way and is in all respects good and marketable. We recommend that legal advice is taken to verify our assumptions to be correct.

12. TENANCIES

None. We assume full vacant possession on a sale.

13. MARKET COMMENTARY AND GENERAL COMMENTS

General market conditions seem to be improving with higher levels of enquiries and more transactions. Nonetheless there are variations between locations and property types.

The office market is improving and if offered to the open market we think that the subject property would sell or let well due to the location and quality of the refurbishment undertaken. Presently this has tended to manifest by way of more transactions rather than a rise in values, albeit confidence does seem to be returning.

We would also expect demand from other uses albeit the level of protection on the building in our opinion will limit potential alternative uses securing the consent they need and within a reasonable timeframe.



14. VALUATION OPINION

Having regard to the attached report we are of the opinion that the value of the unencumbered freehold interest on the bases requested is:

Valuation Bases	
(a) Market Value (MV)	£550,000 (Five hundred and fifty thousand pounds)

We stress the importance of the valuation date as recent experience has shown that property values may change quite significantly over a relatively short period of time.

16. TERMS OF ENGAGEMENT AND GUIDANCE FOR CLIENTS

We refer you to our "Terms of Engagement and Guidance for Clients" appended to this report. This document describes in detail the work which we have and have not undertaken in compiling this report and valuation on your behalf.

