November 2013

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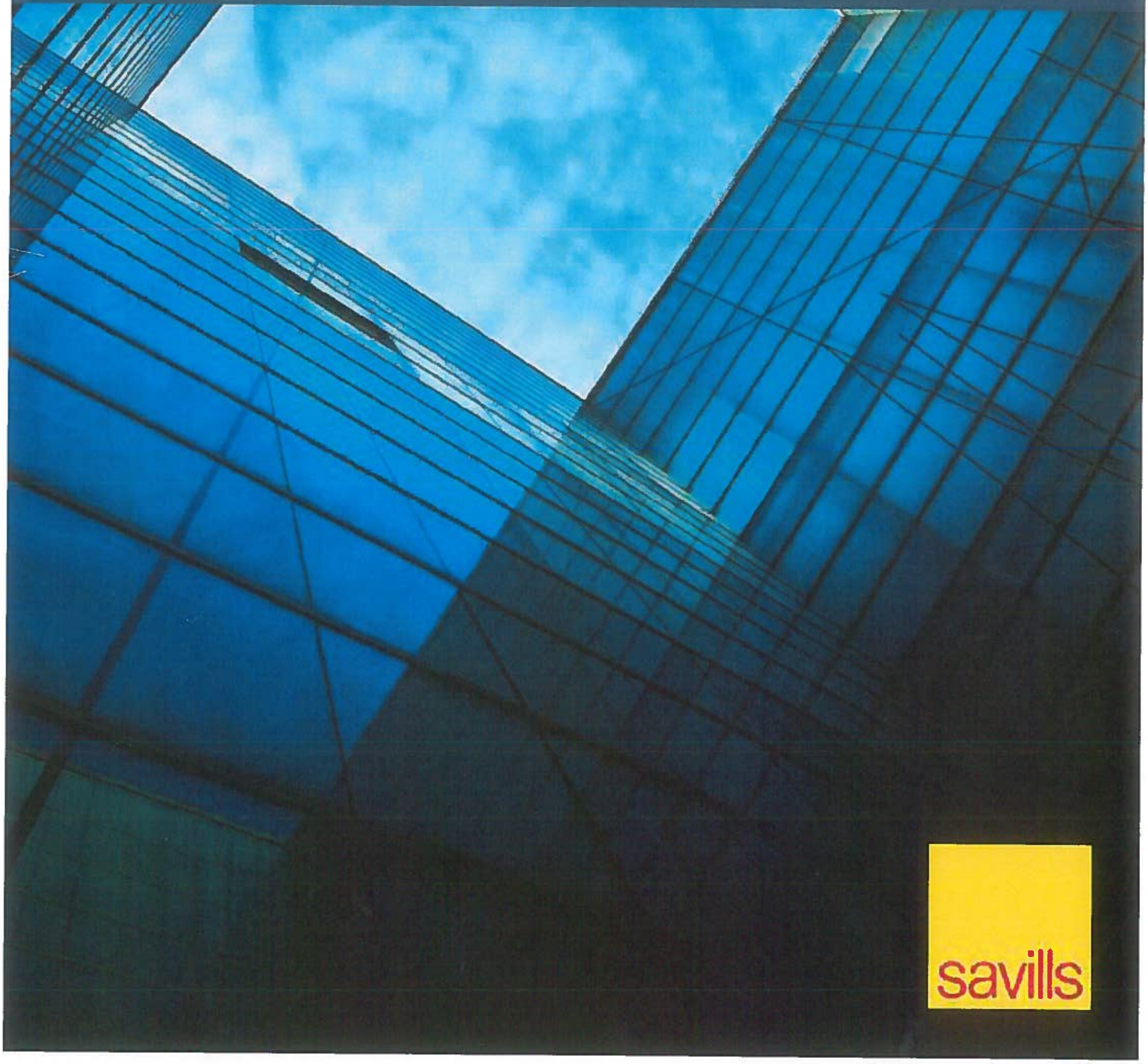
Report & Valuation

Ground at Celtic Triangle, London Road School, Barrowfield Street, Westthorn Recreational Ground and NISA (Emirates Arena) Coach Park



savills

11 November 2013

Ref: [redacted]

savills

City Property (Glasgow) LLP
Exchange House
229 George Street
Glasgow
G1 1QU

For the attention of [redacted]

[redacted]

163 West George Street
Glasgow G2 2JJ
T: +44 (0) 141 248 7342
savills.com

Dear Sirs,

VALUATION OF GLASGOW CITY COUNCIL PROPERTIES
Ground at Celtic Triangle, London Road School, Barrowfield Street, Westthorn Recreational Ground and NISA (Emirates Arena) Coach Park.

In accordance with your letter as confirmed by our terms of engagement all dated 11 November 2013, we have inspected the properties and made such enquiries as are sufficient to provide you with our opinion of value on the bases stated within. A copy of our letter is enclosed at **Appendix 1.**

We draw your attention to our accompanying Report together with the General Assumptions and Conditions upon which our Valuation has been prepared, details of which are provided at the rear of our report.

We trust that our report meets your requirements, but should you have any queries, please do not hesitate to contact us.

Yours faithfully

For and on behalf of Savills (UK) Limited

[redacted]

[redacted]

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Contents

Instructions & Terms of Reference

1.0 INSTRUCTIONS

1.1 Instructions and Basis Of Valuation

You have instructed us to provide our opinions of value on the following bases:

- The market value of Westthorn Recreational Ground (Westthorn) based on residential values as at 2005 and 2009
- The market value of Westthorn in its existing use as at November 2013
- The market rent of the NISA (Emirates Arena) Coach Park (NISA) based on the terms of the existing license as at November 2013
- The market value of five plots known as the Celtic Triangle as at 2005 and 2009
- The market value of ground at Barrowfield Street as at 2005 and 2009
- The market value of London Road School as at 2005 and 2009
- The market rent of the ancillary land at London Road School based on the terms of the licence as at its commencement in 2008

1.2 General Assumptions and Conditions

All our valuations have been carried out on the basis of the General Assumptions and Conditions set out in the relevant section towards the rear of this report.

1.3 Dates of Valuations

Our opinions of value are as at 15 April 2005, 15 April 2009 and 11 November 2013. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

1.4 Definition of Market Value

In undertaking our valuations, we have adopted the RICS definitions of Market Value as detailed below:

<u>Valuation Standard VS 3.2 of the Red Book defines Market Value (MV) as:</u>

"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."

Instructions & Terms of Reference

Valuation Standard VS 3.3 of the Red Book defines Market Rent (MR) as:

"The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Clearly Celtic Football Club CFC) would have been special purchasers (now known as particular buyers) for certain of the areas of ground and buildings under consideration. Particular Buyers are defined by the RICS as follows:

A particular buyer is one for whom a certain asset has special value because of advantages arising from its ownership that would not be available to general buyers in the market.

Note that 'Special Value' is specifically to be disregarded in terms of the RICS definition of Market Value

1.5 Purpose of Valuations

You instruct us that our valuations are required to give Glasgow City Council an independent opinion on the Market Value of transactions that have taken place.

1.6 Conflicts of Interest

We are not aware of any conflict of interest, either with the property or with the Borrower, preventing us from providing you with an independent valuation of the property in accordance with the RICS Red Book. We will be acting as External Valuers, as defined in the Red Book.

1.7 Valuer Details and Inspection

The due diligence enquiries referred to below were undertaken by [redacted] The valuations have also been reviewed by [redacted]

The properties were inspected on between 21 October and 8 November 2013 by [redacted] We were able to inspect the land but not the interior of London Road School. The weather on the dates of our inspections was cloudy/bright.

All those above with MRICS or FRICS qualifications are also RICS Registered Valuers. Furthermore, in accordance with VS 6.1(r), we confirm that the aforementioned individuals have the knowledge, skill and understanding to undertake the valuation competently.

1.8 Extent of Due Diligence Enquiries and Information Sources

The extent of the due diligence enquiries we have undertaken and the sources of the information we have relied upon for the purpose of our valuation are stated in the relevant sections of our report below.

Where reports and other information have been provided, we summarise the relevant details in this report. We do not accept responsibility for any errors or omissions in the information and documentation provided to us, nor for any consequences that may flow from such errors and omissions.

Instructions & Terms of Reference

1.9 Liability Cap

Our letter confirming instructions at **Appendix 1** includes details of any liability cap.

1.10 RICS Compliance

This report has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation – Professional Standards Incorporating the International Valuation Standards (the "RICS Red Book") published in March 2012 and effective from 30 March 2012.

Our report in accordance with those requirements is set out below.

1.11 Verification

This report contains certain assumptions, some of a general and some of a specific nature. Our valuations are based upon certain information supplied to us by others. Some information we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of this report.

We recommend that you satisfy yourself on all these points, either by verification of individual points or by judgement of the relevance of each particular point in the context of the purpose of our valuations. Our valuation should not be relied upon pending this verification process.

1.12 Confidentiality and Responsibility

Finally, in accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the party to whom it is addressed only, and no responsibility is accepted to any third party for the whole or any part of its contents. Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

2.0 BACKGROUND

We understand that Glasgow City Council entered into an agreement to sell Westthorn to Celtic Football Club (CFC) in 2005. The land had previously been held under a lease by CFC at £26,000 per annum. The lease expired and rather than renew the lease, a sale was agreed.

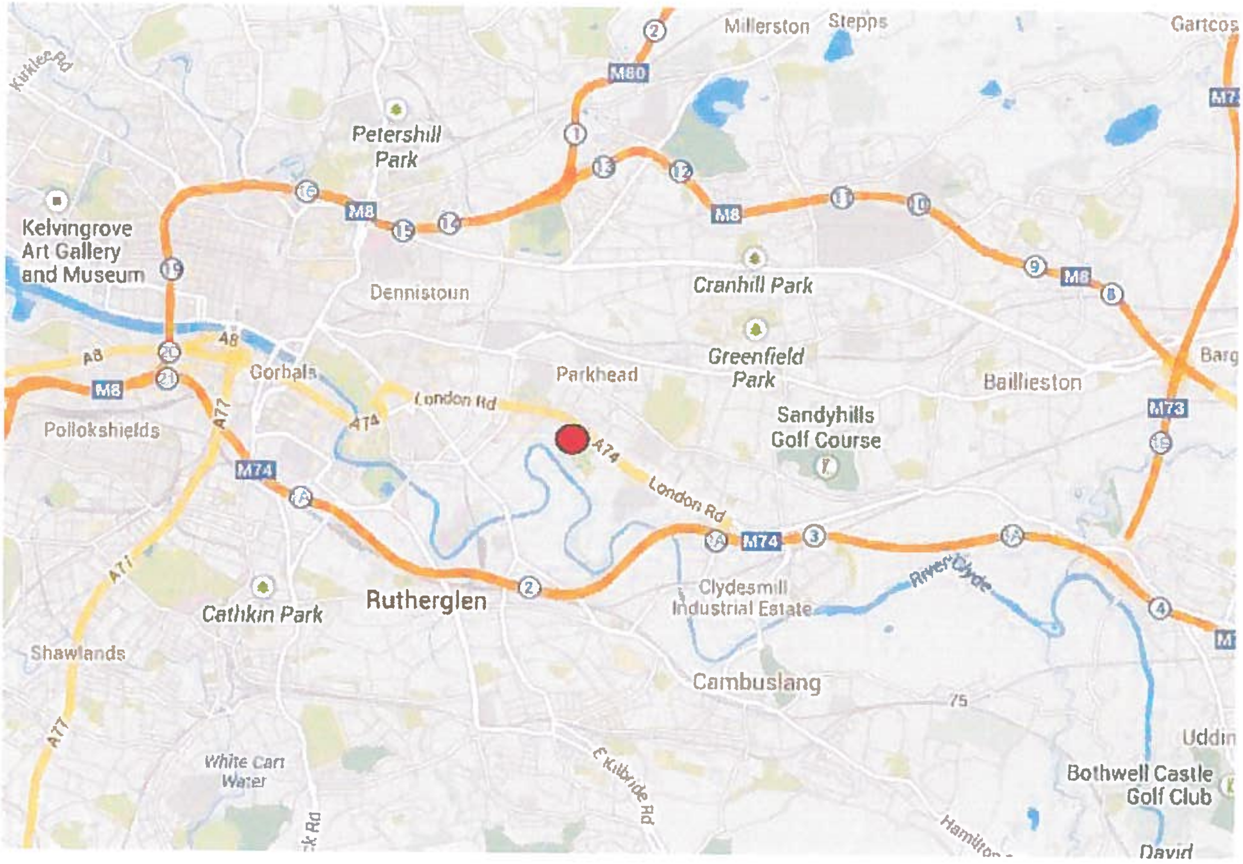
During the course of improvements to the road network in the east end of Glasgow, land in Barrowfield Street was acquired from CFC which had previously been used as a Coach Park. The loss of this facility required Celtic to make alternative arrangements for the parking of coaches. This facility is now located on ground associated with the NISA. The effective date was upon completion of the car park which we have assumed as at the date of this report.

The plots forming part of the Celtic Triangle are understood to have been owned by Glasgow City Council and sold to CFC as part of negotiations in conjunction with acquisition of land held by CFC.

The London Road School closed in 2004 and the ancillary land became a car park for CFC use under the terms of a licence. The school building has remained empty and its condition appears to have deteriorated.

3.0 LOCATION AND SITUATION

The properties are located approximately 2.5 miles east of the centre of Glasgow in an area which has seen very extensive activity associated with the development of facilities for the Commonwealth Games 2014. Some very significant road improvement works have been carried out in the general area including completion of the southern section of the East End Regeneration Route and the extension of the M74.



The properties would be considered as having very accessible locations relative to the main motorway and road network. The properties are set within a mixed use area historically home to heavy industry. Housing in the area was mainly local authority and older tenements however this is now changing, encouraged by the activity associated with the Commonwealth Games. There are still a number of older buildings in the area and it would not be considered as a prime residential development area.

4.0 DESCRIPTION

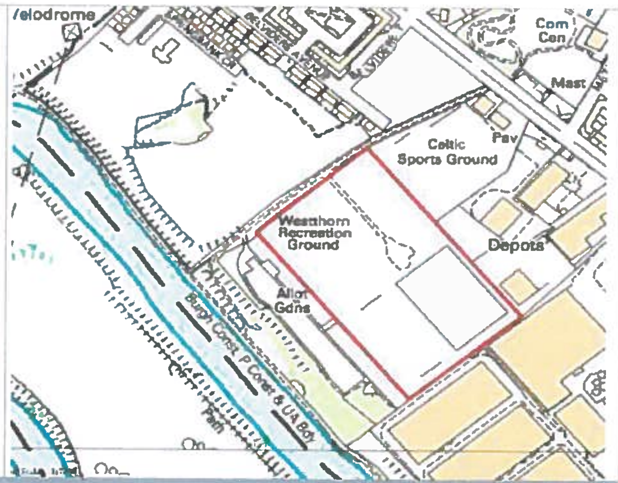
4.1 Westthorn Recreational Ground

This comprises an area of approximately 5.1 hectares (12.3 acres). It is situated a short distance east of Celtic Park and the National Indoor Sports Arena now known as the Emirates arena. The land is level, fenced and partially laid out with two football pitches. The balance of the land is undeveloped and overgrown. It is approached from London Road by a single track access road with passing places of approximately 100 metres in length. The sight lines where the access road meets London Road are limited which would restrict intensive use of the subject site. The access road is shared with the owner and occupiers of the adjacent allotment ground.

The land is bounded to the north-west by the former grounds of the Belvidere Hospital which is currently being developed by Kier Homes; to the south-west by allotment gardens in the ownership of Glasgow City Council; to the south-east by industrial property occupied by Dewars the distillers and to the north-east partially by a collection of mixed industrial properties and the balance by a training ground in the ownership of Celtic Football Club.

The setting and extent of the land are shown below.

Aerial view



Title area (excluding access road)

Tenure

The site is understood to have a Heritable title (Scottish equivalent of Freehold) with no adverse terms or conditions. This is understood to include free and unencumbered access over the road between the site and London Road.

Environmental Considerations

You have supplied us with a copy of a report prepared by URS Corporation Limited in October 2004. The main findings of this investigation are as follows;

The Property, Statutory & Legal Aspects

- The site was previously occupied by a pumping station and a brick works. Apparently it became a recreational ground from around 1955 when it was overlaid with clay, ash, stones and rubble. It is known that mineral workings took place historically at a shallow depth. There is understood to be an abandoned mine shaft close to the north eastern corner.

- URS anticipate that contamination will require to be dealt with by removal and capping. The substantial cost would however be consolidation of the former mine workings. Their estimates based upon a desk study including contingencies and fees was in the region of £6m for the total site area; this requires to be reduced to the actual net developable area as noted below.

- The net developable area of the site is restricted by the impact of a blast zone on account of the adjacent industrial premises to the south-east occupied by Dewars (production and storage of whisky). The effect of this would be to prevent development on almost half of the land. This is calculated by reference to HSE estimates plus a further required buffer zone of 15%. The combined impact of the blast and buffer zones reduces the net developable area to approximately 6.2 acres. This remaining area would also have some height restrictions although it could of course remain as open space and possibly a football training area. .

- Any structure in excess of three stories would require piled foundations whereas a less expensive ground treatment would suffice for typical 2 storey housing.

Based upon the findings we anticipate the following abnormal costs would be incurred by a house builder in developing this site. The original costs were prepared assuming treatment of the entire site. On account of the inability to build on the blast zone we have reduced the cost pro-rata. We believe this may slightly understate the mine working consolidation cost however we do not presently have an accurate assessment on that point so would reserve the right to reconsider this aspect once we are in possession of a detailed analysis.

Ground Treatment estimated by URS	
Consolidation of Mineral Workings	£2,500,000
Removal of Contaminated Material	£150,000
Formation of Capping Layer / Break Layer	£800,000
Foundation Ground Treatment	£1,100,000
Preliminaries at 10%	£500,000
Professional Fees at 5%	£227,500
Total	£5,277,500
Reduced Site due to Blast Zone @ 6.2/12.3	£2,660,200
Additional Abnormal Costs	
Junction and access to London Rd approx. 100m	£300,000
Connection of utilities from London Rd to the site	£250,000
Drainage attenuation	£200,000
Total Estimated Abnormal Costs at 22/10/2004	**£3,410,200**

The Property, Statutory & Legal Aspects

This does not include the cost of any payment to either of the adjacent land owners (Celtic Football Club or Kier Homes) in order to acquire land to create an access together with a junction and reserved sight lines on to London Road. Clearly Celtic Football Club would be special purchasers in this situation however that interest does of course require to be ignored in terms of the RICS Definition of Market Value.

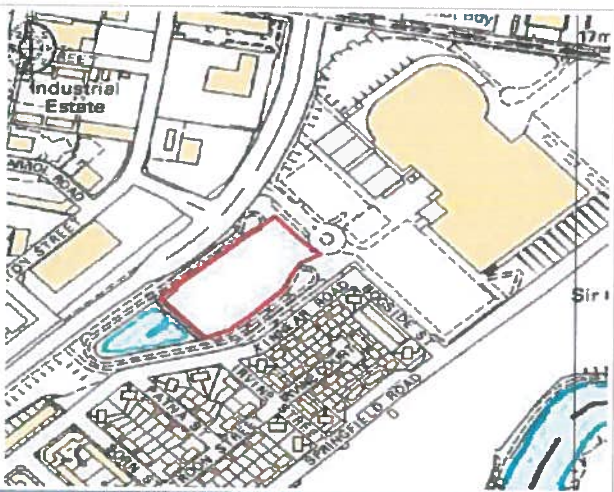
Town Planning

The site is covered by a designation as "sports grounds". It is located in an 'outer urban area' with below base accessibility. We are however required to assume that as at 2005, the site would have received an outline residential consent for residential purposes. This is of course not unreasonable bearing in mind the planning consent granted to Kier Homes on the adjacent former Belvidere Hospital site. Actual development of the site would have of course been restricted by the blast zone referred to above. The net developable area would not have exceeded approximately 2.51 hectares (6.2 acres). In 2005 developers would probably have included a significant number of flats although restricted by the height provisions referred to earlier. We consider that an overall density of around 20 units per acre would have been a reasonable expectation. We refer later to the change in market circumstance as at the present date.

4.2 NISA (Emirates Arena) Coach Park

The area of land in question is not specifically defined but we estimate is approximately as shown on the attached plan. The license states an area of 1 hectare (2.47 acres) to which the attached plan approximately corresponds. This area has recently been completed as a Coach Park accessed directly off Clyde Gateway (A728) and situated approximately 500 meters from the main entrance to CFC.

Aerial View



Approximate title area

We have not been provided with a layout plan showing utilisation of the space The site appears to be laid out for c 70 large vehicles or 140 cars plus fairly generous manoeuvring space.

License Agreement

We have been provided with a copy of missives dated 22/10/2008 between Glasgow City Council (licensor) and Celtic PLC (licensee) with the following principal terms;

The Property, Statutory & Legal Aspects

- Commencement: as at the date of full operation of NISA
- Period: 99 years
- Occupancy: During first team football matches (est. approx 25 to 30 matches per annum)
- License fee: £30,000 per annum plus VAT subject to review every five years in accordance with RPI
- User: coach parking but with restrictions in the event of clashes between Celtic and NISA fixtures
- Assignation: limited by no requirement for reasonableness in the grant of consent
- Rates/Taxes: pay a reasonable equitable contribution
- Repairs: pay a reasonable and inequitable contribution
- Early Termination: Landlord only right to terminate license in a variety of circumstances

We have been unable to determine the Business Rates liability and have therefore made our best estimate of the likely sum involved. As the car park is new, repair liability is expected to be modest although this could clearly include damage from users which might not be recoverable through insurance.

4.3 Ground at Celtic Triangle

This comprises five plots of land located in close proximity to the CFC stadium as shown on the plan below.

Plots 1, 3 and 4 are of irregular shape which would limit their flexibility for development. They do not have direct main road frontage and are to a varying degree overshadowed by the adjacent stadium. In planning terms, the stadium and its parking limitations would further limit options for use. These factors together would significantly limit open market demand.

Plot 2 is of broadly rectangular shape. In 2005, it did not have a main road frontage although this was anticipated assuming the East End Regeneration Route (EERR) was to be completed. By 2009 that was closer to becoming a fact although it did not complete until 2012. Despite its potential high visibility from the EERR, on account of its close proximity to the road junction, vehicular access to the plot would only have been from Davaar Street.

Plot 5 is rectangular in shape and has a frontage to London Road. It is of a size which might have attracted a commercial user although development would have been restricted on account of the overshadowing stadium.

We are not aware of any detailed planning consents that were in place for any of these plots. The whole area is covered by a Stadium designation in the Local Plan and this would undoubtedly have severely limited development options.

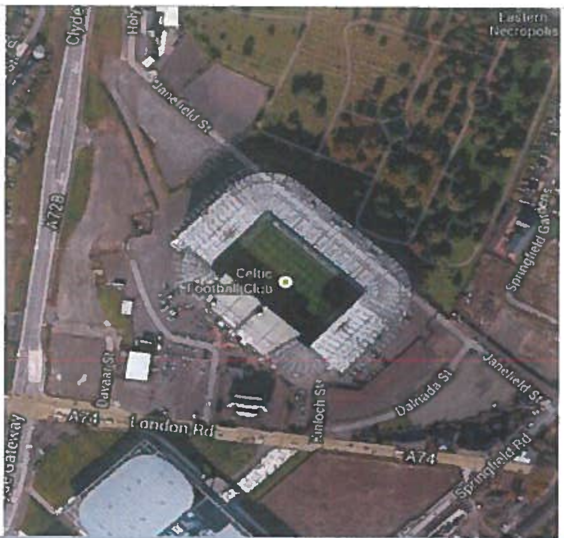
We do not have any information on ground conditions or other environmental issues relating to previous uses of these plots of land. Whilst we are not aware of any adverse issues, purchasers intending to carry out development would normally wish comfort on such matters prior to acquisition. In the absence of ground investigation reports, purchasers would usually build a contingency into their bid in accepting the risk. Our valuations assume that there are no adverse conditions that would impact upon normal use of the land or involve decontamination liability.

Market Commentary

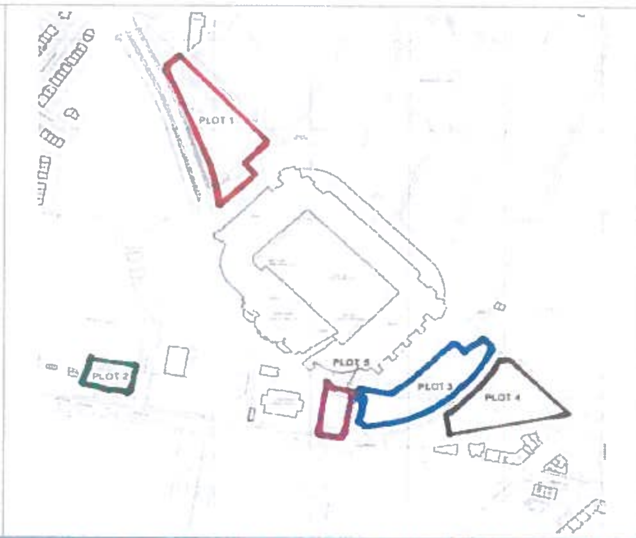
Plot areas:

The individual areas detailed in the legal documentation provided were as follows:

	Area (hectares)	Area (acres)
Plot 1 (red)	0.7032	1.736
Plot 2 (green)	0.1576	0.389
Plot 3 (blue)	0.577	1.424
Plot 4	0.501	1.236
Plot 5	0.1477	0.345



Aerial View



Plot Areas

The plots now appear to be in periodic use as vehicle parking in connection with the stadium.

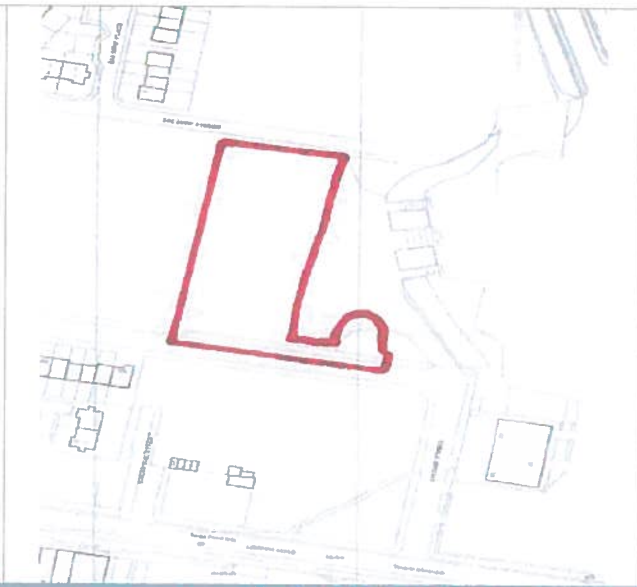
4.4 Ground at Barrowfield Street

This is a level plot of land extending to 0.5313ha (1.31 acres) including a half road width of Barrowfield Street. It is mainly rectangular and is understood to have been in use as a bus park by CFC until acquired for the East End Regeneration Route (EERR).

The land is understood to have been level with a hardcore finish and no known adverse physical features. We believe its historic use may have been residential or industrial. We do not have any information on ground conditions or other environmental issues relating to previous uses of this land. Whilst we are not aware of any adverse issues, purchasers intending to carry out development would normally wish comfort on such matters prior to acquisition. In the absence of ground investigation reports, purchasers would usually build a contingency into their bid in accepting the risk. Our valuations assume that there are no adverse conditions that would impact upon normal use of the land or involve decontamination liability.

Prior to designation of the EERR in the Local Plan this site might have had potential for residential use in keeping with the properties to the west of the site. At the relevant dates of valuation, we are not aware of any detailed planning consent in place and we have therefore treated it similar to the plots in 4.3 above. The aerial picture below is from historic files and depicts its previous use as parking.

Aerial View(historic)


Site Boundary

4.5 London Road School and Ancillary Land

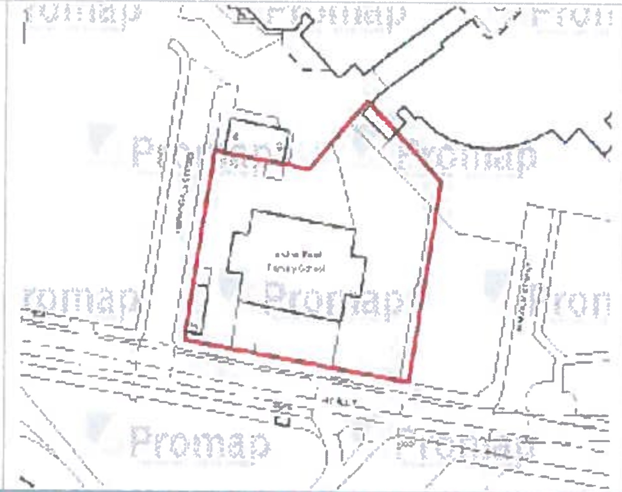
This is a traditional three storey former school building constructed over 100 years ago in sandstone surmounted by a slate roof. It is fenced and surrounded by the former playground which has a mainly tarmac finish. We have not been able to inspect the interior of the building but understand it is unchanged from its previous use as a school until it closed in 2004. Based upon historic records supplied by you, we understand the Gross Internal floor areas were as follows.

Ground Floor	9,728 sq ft
First Floor	7,962 sq ft
Second Floor	7,962 sq ft
Total Area	**25,652 sq ft**

We have no details on the interior condition but understand it had lain vacant since early 2004. We believe the main structure was fundamentally sound however the interior required refurbishment. It would have been unlikely to attract interest in its former use however several similar former school buildings in the east end of Glasgow have been sold for conversion into business centres/offices. Its location adjacent to the stadium and on London Road would have been attractive for such commercial use although the costs of conversion would undoubtedly have been a major disincentive.

Market Commentary

Aerial View



Site Boundary

We calculate the area of the land surrounding the school is in the region of 0.34 ha (0.843 acres). This is of very irregular shape which would reduce the usable space significantly. Based upon a typical allowance of c 12.5sq m per space plus a similar amount for circulation, this would result in a theoretical capacity of 68 cars. In practice we do not consider this would be achieved without compromise on access. We consider a fair estimate would be in the region of 50 spaces.

The land surrounding the former school is subject to a licence with the following principal terms:

- Commencement: 1 April 2008
- Period: until the later of 1 April 2014 or when option to purchase exercised
- Occupancy: During first team football matches and major events at Celtic Park
- License fee: £15,000 per annum plus VAT payable quarterly
- User: car parking
- Assignation: limited by no requirement for reasonableness in the grant of consent
- Rates/Taxes: pay a reasonable equitable contribution
- Repairs: pay a reasonable and inequitable contribution
- Insurance: requirement to maintain public liability insurance of £5.0M
- Early Termination: Landlord only right to terminate license in a variety of circumstances

We have been unable to determine the Business Rates, insurance or repair liabilities and have therefore made our best estimate of the likely impact upon our valuation.

Market Commentary

5.0 PROPERTY MARKET OVERVIEW

5.1 Residential Land Market 2005

Scottish house prices were showing a strong upward momentum although in 2005 this was in those areas which were coming from a very low base, principally outside of Scotland's major cities. Interest rates were rising significantly and despite this consumer confidence remained high evidence by robust levels of retail sales and a low level of unemployment. Some very high prices per acre were being paid for land in the city centres however there were wide variations. In the better quality areas, sites were typically realising in excess of £1m per acre and even in poorer areas prices between £300,000 and £500,000 per acre were being achieved. These are 'Greenfield' values which reflect the price a builder would be prepared to pay assuming no abnormal costs are involved Examples of these are as follows:

- **Carfin, Lanarkshire** – formerly part of Carfin Industrial Estate, 2.78 hectares (6.88 acres) with consent for 78 units (houses and flats) sold for £2,877,000 equating to £1.035m per hectare (£418,200 per acre). This was a Greenfield price having been remediated by the vendors. This transaction was agreed during 2005 and completed in March 2006. It would be considered slightly superior

- **Etna Industrial Estate Motherwell** - a brownfield site fully serviced and remediated with consent for 107 houses sold for £2.791m which was equivalent of £415,740 per acre. This sale was also agreed in 2005 and concluded at April 2006. Again this would be considered as having superior onward sale prospects.

- **Belvidere Hospital Site, London Road** - 31 acres was purchased on 14/4/2006 for £7.5m or £241,935 per acre. The estimated abnormal costs were approximately £2.5m which gave a total Greenfield value of the site in the region of £10m which analyses at a Greenfield rate of approximately £322,580 per acre. This is directly comparable being located adjacent although the level of abnormal costs was much less.

- **Former Dalmarnock Power Station Site, Glasgow** - in March 2005, Savills valued this site in connection with a transaction resulting in its acquisition. The agreed market value was £300,000 per acre based on the site being fully remediated to a standard suitable for residential development. This is arguably a similar location within 1 mile of the subjects.

Taking the foregoing into account, we are of the opinion that the appropriate Greenfield rate per acre assuming detailed planning consent for residential use, was in the region of £325,000 per net developable acre as at 1/7/2005. It is important to consider that the site did not actually have a detailed residential consent and specific planning conditions were therefore unknown. A purchaser in that situation would arguably have paid a lesser sum.

5.2 Residential Land Market in 2009

The residential land market suffered a major collapse during 2008. Housebuilders withdrew from the market as purchasers were unable to raise mortgage finance. Most transactions that actually took place in 2009 were the result of deals agreed prior to the crash. Sites in marginal or secondary locations were almost completely unsellable and this would undoubtedly have been the case at Westthorn. WE refer to the alternative basis of valuation adopted as outlined later in this report which effectively discounts even residential use in stronger market conditions.

Market Commentary

5.3 Residential Land Market in 2013

There is a large amount of land available which might have attracted residential use between 2005 and 2007 but is now uneconomic to develop. This type of land has in most cases reverted to an underlying base value as industrial, open storage, leisure or even agricultural in some circumstances. A severe lack of debt finance for the small to medium sized developers and house buyers alike has limited activity for all but the major house developers. The market began to recover in 2010 / 2011 led mainly by the major Plc house builders. Demand has been concentrated on the best locations and for sites which are "oven ready", that is, not requiring major infrastructure or ground preparation works. Sites requiring high levels of infrastructure or preparation are generally only of interest to speculators at discounted prices. This allows them a sufficiently high return to take the risk in preparing the sites for onward sale to house builders. There are very few areas of Scotland where land prices have recovered to pre 2007 levels and some secondary and tertiary locations are still almost unsellable. The subject site would be considered as secondary even if it had good access and no adverse ground condition. The combination of these factors lead us to anticipate that the Greenfield land price for the site in today's market would lie between £250,000 and £300,000 although we have no directly comparable evidence for any such site in this particular location. We are aware of superior sites in Cambuslang and at Stepps where Greenfield values are close to £500,000 per acre. The former traded at c. £700,000 per acre at the height of the market. however both of these would be considered quite superior. The site is clearly therefore still not an economic residential development prospect. Such site do transact on the open market and examples are as follows;

McDonald Street, Paisley; an 8 acre former Park & Ride car park sold at auction in June 2012 for £210,000 equivalent to £26,250 per acre. It is zoned for industrial use although at the height of the residential market offers were received from house builders at approximately £500,000 per acre on a Greenfield basis.

South Bank Road, Kirkintilloch; this is a 7.5 acre site on a business park which sold in April 2013 for £300,000 equivalent to £40,000 per acre. The site was adjacent to the canal and had no access difficulties but little prospect of economic development for the foreseeable future. Surrounding land is in business use so prospects for residential are very limited.

Irvine, North Ayrshire; a site of 37 acres with short term income was offered to the market earlier this year. It had planning consent for residential use but the residual valuation gave a negative land value very similar to the subject site. The short term income was worth around £500,000 over three years. Three offers received for this site at £1.5m, £1.25m and £1m. Clearly the income was a major incentive allowing the purchaser some leeway in negotiating an alternative planning consent. Excluding the income, the best offer represented around £27,000 per acre. The site had good accessibility to the main road network.

The foregoing can be compared with a transaction relevant to both 2005 and the present date on 56 acres at Downiebrae Road on the opposite side of the River Clyde from the Westthorn site. This land had restricted access and very significant ground conditions requiring decontamination and treatment. It sold in 2007 for £840,000 equivalent to approximately £15,000 per acre. The land was acquired by South Lanarkshire Council and was subsequently transferred in 2012 to Clyde Gateway Limited. It is a very good comparable for the underlying value of the subject site in 2005. With the advent of the Commonwealth Games Village, the NISA / Emirates Arena and other infrastructure improvements, we would expect this level of value to have increased over the period. Nevertheless the physical restrictions of the subject site relating primarily to access but also the underlying environmental considerations would severely restrict market demand and probably result in no premium over the earlier figure.

Market Commentary

5.4 Coach Parking Land around Celtic Park / Emirates Arena

This is a very specialised market with only a very small number of niche players. Whilst coach parking in the vicinity of major UK arenas can reach up to £50 per event in the top locations (e.g. Wembley) in most other parts of the country there are few examples where operators would pay more than £20 per event. At Queen's Park close to Hampden, mini-buses and larger vehicles are charged at £15 per vehicle. What is more likely is that the event organisers leave coach operators to make their own arrangements regarding drop-off / pick-up. That would not of course suit all bus parties and we have therefore considered the possibility of up to 40 coach operators being prepared to pay £15 per event to park their vehicle as one approach the valuation of the licensee's interest. We see this as being very much the upper parameter of value. Our alternative approaches are detailed in Section 6.

5.5 Business Space land in the East end of Glasgow 2005 / 2009

For all plots, differentiation has to be drawn between 2005 when Glasgow was purely a candidate city for the Commonwealth Games and 2009 when planning was at an advanced stage. This would normally have been expected to have a positive impact on land values. The credit crunch however adversely affected demand for development land particularly from early 2008. In general terms we consider any positive impact on values was largely neutralised by the difficult economic circumstances.

We have comparable evidence of land sales in 2004 and 2005 as follows:

- Nuneaton Street (c 1/4 mile); 1.5 acres (0.61ha) acquired in 06/2004 by McKindless Bus Group for owner occupation. Price £105,000, equivalent to £70,000 per acre.
- Boden Street (c 1/4 mile); 0.75 acres (0.304 ha) acquired in 02/2005 for owner occupier. Price £45,000 equivalent to £60,000 per acre.

We consider the subject sites had marginally better commercial prospects and have adopted a rate of £75,000 per acre as at 2005.

In 2009, the 1.31 acres in Barrowfield Street which were the subject of acquisition for the EERR sold for a rate of £87,500 per acre; a transaction that reflected an element of disturbance This is very comparable to a sale of two plots at Jessie Street (c 1 mile) which took place in 08/2009. This comprised 3.80 acres (1.54 ha) and 1.6 acres (0.65 ha) for a combined price of £450,000. This is equivalent to £83,333 per acre. We consider that a fair market rate was in the region of £85,000 per acre. In each case these rates reflect that the sites were 'sold as seen' and not subject to any planning or other conditions.

5.6 London Road School and Ancillary Land

Several similar former school buildings in the east end of Glasgow sold for conversion into business centres/offices. Examples are as follows:

- 120 Carstairs Street: former school of c27,000 sq ft GIA sold for £40,000 on 8/2000 (£1.48 per sq ft). This has now been converted into a business centre.
- 60 Mollinsburn Street : former school of c28,000 sq ft GIA sold for £25,000 on 10/2002 (£0.90 per sq ft). This has now been converted into a business centre.
- 101 Carstairs Street : former warehouse of 10,045 sq ft GIA sold for £40,000 on 1/2003 (£3.98 per sq ft). This has also been converted into a business centre.

Valuation Considerations & Methodology

In comparison to the above, the subjects had a superior location on a busy main road and adjacent to the Celtic Stadium. We believe this would have attracted a premium although reflecting the substantial cost to effect a conversion, we do not consider this would have exceeded c £4.00 per sq ft.

We have also given consideration to the approach which a business centre developer might have adopted. We have not seen an internal layout and have no details on services etc so this must only be considered as a very broad approach:

Potential letting space, after allowance for circulation(c 20%)	20,000 sq ft
Estimated net return per sq ft pa	£6.00 per sq ft
Gross income	£120,000 pa
Less allowance for voids, shortfalls 15%	(£18,000)
Potential net income	£92,000 pa
Capitalise at 13% (7.692)	£707,664
less costs at 5.75%	(£40,690)
Potential Market Value once income producing	£669,973
Deduct potential costs to convert at say £20 per sq ft on gross area of 25,652 sq ft	(£513040)
Deduct profit on costs, interest charges, disposal fees say 20%	(£102,608)
Residual value of Building	£54,325
Say	£55,000

The market for this type of development opportunity similarly suffered as a result of the credit crunch although the subject property had the distinct benefit of being opposite the NISA development and other activity associated with the Commonwealth Games. This might be expected to have resulted in an increase in market value in 2009.. We understand that no maintenance had been carried out on the building and the liability as a Grade B Listed Structure was therefore likely to be greater. Accordingly we do not consider the market value had increased and indeed in 2009, a sale might have taken longer to conclude.

Valuation Considerations and Methodology

6.0 VALUATION CONSIDERATIONS AND METHODOLOGY

The principal matters that impact on the value of the Property are as follows:

6.1 Westthorn Recreational Ground 2005

Based upon the likely Greenfield land value of approximately £325,000 applied to a net developable area of 6.2 acres that the gross value would have been £2,015,000. Deducting the abnormal costs in order to prepare the site for residential use would have resulted in a negative land value even allowing a modest sum for the open space affected by the blast zone. This ignores the additional on costs of negotiating with adjacent land owners to obtain access. In these circumstances, we consider the underlying site value is probably best compared with the comparable quoted at Downiebrae Road in the sum or around £15,000 per acre which applied to the total site area of 12.6 acres gives a market value of approximately £189,000 which we have rounded to £200,000.

6.2 Westthorn Recreational Ground 2009

The residential land market was at a low ebb and we do not consider there would have been any purchasers for this interest at that time. Our basis of valuation remains as at 2005

6.3 Westthorn Recreational Ground 2013

The residential market has undoubtedly improved however not beyond where it was in 2005. Although there is now significantly more interest in this area of Glasgow as a result of the imminent Commonwealth Games, the economics of development still do not stack up. The market value would therefore be purely that of a speculator prepared to take a risk on a long term improvement in the market sufficient to justify the substantial remediation costs..

It is important that in considering the above scenarios we have specifically ignored the interest of a special purchaser. This would be described as an adjacent proprietor with a particular benefit to be gained by obtaining the land. We have given the consideration as to who that might be. Clearly Celtic Football Club would themselves be in the market. Arguably Kier Homes would also be in the market however, they were known to be struggling with sales on their adjacent Belvidere Housing Site and we suspect that with the significant problems of this site they would be unwilling to make a further commitment in this area. We are not aware of any requirement from either Dewars or the other industrial occupiers to expand however in theory any one of them could be potential purchasers. Any of these parties would of course have the benefit of overcoming the access problem. In the event that one of these adjacent proprietors did decide to purchase the property on the open market, we would not expect their special bid to exceed approximately 50% uplift. This would be equivalent to ignoring the discount that otherwise might have to be paid by a purchaser for a ransom strip which might typically be around 30% where no alternative access is possible.

Valuation Considerations & Methodology

6.4 NISA (Emirates Arena) Car Park

We have considered several approaches to the market rental valuation as follows:

(a) Income:

[redacted]

An open market operator would look for a significant profit to reflect the risk which might be fairly stated at [redacted] of the net income. This leaves a hypothetical rent of [redacted] per annum. In practice on account of the current supply of alternative parking for the Celtic Stadium and the fairly strict terms of the license agreement, we consider there would be very little if any open market demand for this license other than at a fairly nominal sum which might be paid by one of the major coach operators for convenience rather than out of necessity.

(b) Contractor's approach

We understand that the capital cost of the coach park was estimated to have been in the region of [redacted] including fees and land acquisition. We have compared this with rates as published by BCIS with which it compares favourably. When assessing the subject for annual rateable value, the Local Authority Assessors would normally apply a discount rate of around 5% to the capital sum representing the hypothetical annual value of the asset to a business. This is a very broad brush approach but gives an annual value of [redacted] assuming sole use of the land. We believe that in practice, usage of the site is likely to be very approximately [redacted] NISA and [redacted] CFC. Applying this share to the total rental value gives a sum of [redacted] pa.

(c) Comparison with Local Authority Assessor's rates on business land

Surfaced yard areas associated with industrial and business space properties are generally valued for Rating purposes at rates between £1.75 and £2.00 per sq metre. These rates are based on a broad spectrum of comparable evidence. This is a well finished yard and adopting the higher level would give an annual value of [redacted] pa. Again this should be reduced relative to anticipated usage as above which would give a fair share of [redacted] pa.

(d) Ground Rents on industrial/business space land

Within the greater Glasgow area these generally range between £10,000 and £15,000 per acre (£24,700 and £37,000 per hectare) on typical sites although higher levels are achieved where there is an element of retailing or trade counters. These rates would only be achieved where occupiers had unencumbered use of the land, typically for construction of buildings and located on major business parks. To relate these to the subject site it would be appropriate to consider the CFC usage as a fraction of the full year. [redacted]

Valuation Considerations & Methodology

There is an element of judgement required between the above parameters and we therefore consider the fair annual value under the terms of the license agreement lay in the region of [redacted]

6.5 Business Space land in the East end of Glasgow 2005 / 2009

Based upon the market evidence outlined earlier, we have adopted rates of £75,000 per acre in 2005 and £85,000 per acre in 2009 across all the plots known as the Celtic Triangle and for the Barrowfield Street site. This reflects an open market approach disregarding the interest of a particular buyer.

6.6 London Road School and Ancillary Land

We have outlined above the possible approaches to the valuation of this property as a single entity. We consider the Market Value in 2005 and 2009 was unchanged at around £100,000 as any increase that should have been seen as a result of developments in the immediate area would have been negated by the deterioration in the condition of the building..

The ancillary land would have only limited open market appeal. Typical car parking costs for other major stadia are around £5 per space per match. A small premium might be obtained from season ticket holders however arguably an allowance should be made for potential voids. On balance our approach is as follows:

50 spaces @ £5/space for say 30 fixtures pa:	gross income	£7,500
Deduct management say 25%		(£1,875)
Sub total		£5,625

Divide 50/50 between risk return and rent leaving theoretical Market Rent of £2,812, say £2,800.

Clearly the site has 'Special Value' to CFC however the definition of Market Rent requires that any such interest should be disregarded. Accordingly our opinion of Market Rent under the terms of the licence as at the date of commencement was in the region of £2,800pa..

Valuation Advice

7.0 VALUATION

7.1 Market Valuations

Taking in to account all the foregoing factors, we are of the opinion that the market values of the land and buildings were as follows:

Date of Valuation	15/4/2005	15/4/2009	11/11/2013
Property:			
Westthorn Recreational Ground	**£200,000**	**£200,000**	**£200,000**
NISA (Emirates Arena) Coach Park	n/a	n/a	[redacted] **per annum**
Celtic Triangle			
Plot 1	**£130,000**	**£147,500**	n/a
Plot 2	**£29,000**	**£33,000**	n/a
Plot 3	**£107,000**	**£121,000**	n/a
Plot 4	**£93,000**	**£105,000**	n/a
Plot 5	**£26,000**	**£29,500**	n/a
Barrowfield Street	**£98,250**	**£111,350**	n/a
London Road School	**£100,000**	**£100,000**	n/a
London Road School Ancillary Land	n/a	**£2,800 per annum** *(at 1/04/2008)*	n/a

General Assumptions & Conditions to Valuations

8.0 GENERAL ASSUMPTIONS AND CONDITIONS

8.1 General Assumptions

Unless otherwise stated in this report, our valuation has been carried out on the basis of the following General Assumptions. If any of them are subsequently found not to be valid, we may wish to review our valuation, as there may be an impact on it.

1. That the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings contained in the Heritable (Freehold) Title. Should there be any mortgages or charges, we have assumed that the property would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.

2. That we have been supplied with all information likely to have an effect on the value of the property, and that the information supplied to us and summarised in this report is both complete and correct.

3. That the building has been constructed and is used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful (other than those points referred to above).

4. That the property is not adversely affected, nor is likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice (other than those points referred to above).

5. That the property has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.

6. That the property does not suffer from any ill effects of Radon Gas, high voltage electrical supply apparatus and other environmental detriment.

7. That there are no adverse site or soil conditions, that the property is not adversely affected by the Town and Country Planning (Assessment of Environmental Effects) Regulations 1988, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our valuation.

8.2 General Conditions

Our valuation has been carried out on the basis of the following general conditions:

1. We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the property.

2. Our valuation is exclusive of VAT (if applicable).

3. No allowance has been made for any expenses of realisation.

General Assumptions & Conditions to Valuations

4. Our valuation is based on market evidence which has come into our possession from numerous sources. That from other agents and valuers is given in good faith but without liability. It is often provided in verbal form. Some comes from databases such as the Land Registry or computer databases to which Savills subscribes. In all cases, other than where we have had a direct involvement with the transactions, we are unable to warrant that the information on which we have relied is correct although we believe it to be so.