

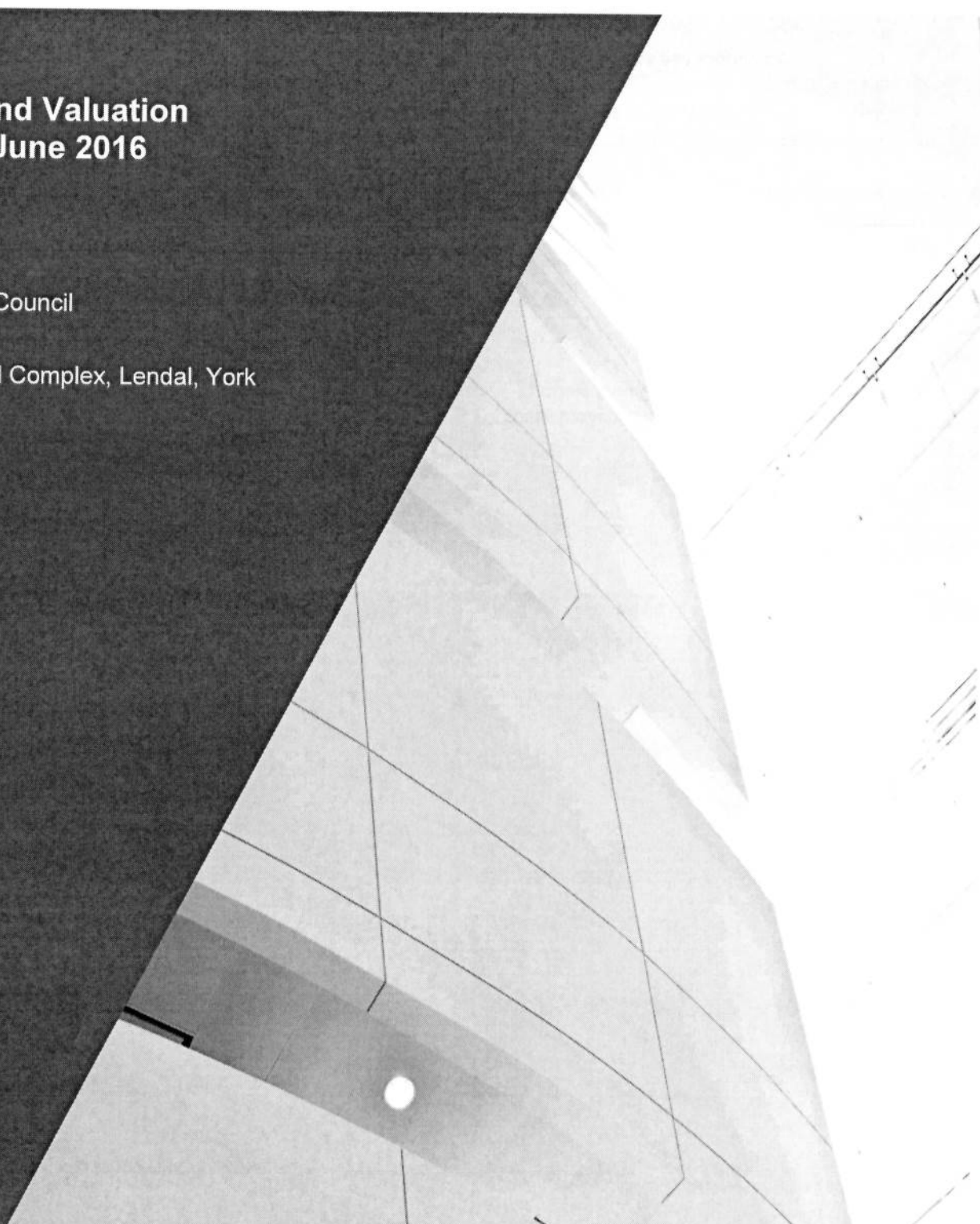


**Report and Valuation  
as at 28 June 2016**

For

City of York Council

The Guildhall Complex, Lendal, York



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## Appendices

Appendix A: Property Summary Report

Appendix B: Proposed Floor Layout Plans

PRIVATE & CONFIDENTIAL  
FAO David Warburton  
City of York Council  
West Offices  
Station Rise  
York  
YO1 6GA

Dear Sirs

The Guildhall Complex, Lendal, York ("the Property")

## 1. Introduction

In accordance with your instructions, which were confirmed in our letter dated 10 June 2016, we have inspected the above property owned by the City of York Council (the "Council") in order to advise you of our opinion of the Market Rent of the premises with the special assumption that the proposed renovation and refurbishment works are successfully complete.

The Property comprises a series of historic, adjoining and inter-linking buildings - the oldest part of which is understood to have been constructed in 1445 (The Guildhall itself). Certain elements of the premises are Grade I listed – whilst others are Grade II\* and Grade II listed. The listings relate to the age and historical importance of the buildings in the context of York as a city.

The modern history of the premises has been the occupation of the City of York Council for offices – with this use ceasing in 2013. The buildings are now predominantly vacant – although the Chamber element is still utilised on six occasions per year for full Council meetings. The main Guildhall building is hired for events during the calendar year, i.e. arts exhibitions etc. The remainder of the accommodation typically now comprises redundant office accommodation in need of refurbishment prior to being usable once again.

## 2. Inspection

The property was inspected by James Milner MRICS on 14 June 2016. We were able to inspect the majority of the property with no issues.

## 3. Compliance with RICS Valuation - Professional Standards 2014

We confirm that the valuation has been prepared in accordance with the appropriate sections of the RICS Professional Standards ("PS"), RICS Global Valuation Practice Statements ("VPS"), RICS Global Valuation Practice Guidance – Applications ("VPGAs") and United Kingdom Valuation Standards ("UKVS") contained within the RICS Valuation - Professional Standards 2014, (the "Red Book"). It follows that the valuation is compliant with International Valuation Standards.

## 4. Status of valuer and conflicts of interest

We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. We also confirm that where more than one valuer has contributed to the valuation the requirements of PS 2.3.7 of the Red Book have been satisfied. We confirm that James Milner has overall responsibility for the valuation. Finally, we confirm that we have undertaken the valuation acting as External Valuers, qualified for the purpose of the valuation.

We confirm that we have no current, anticipated or previous recent involvement with the subject property.

## 5. Purpose of the valuation

We understand that the valuation is required for internal purposes only.

## 6. Basis of valuation

Our opinion of the Market Rent of the property has been primarily derived using comparable recent market transactions on arm's length terms.

### 6.1. Market Rent

Market Rent as defined in VPS 4.1.3 of the Red Book. Under VPS 4.1.3.1 the term "Market Rent" means "The estimated amount for which an interest in real property should 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".

## 7. VAT

We have been advised that the Council would exercise its option to tax following completion of the proposed renovation and refurbishment works. Rentals achieved would therefore be subject to VAT.

The rental assessment within this Valuation Report is net of value added tax at the prevailing rate.

## 8. Assumptions and sources of information

An Assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("Assumption"). In this context, Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuation, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, the Council has confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed.

The Assumptions we have made for the purposes of our valuation are referred to below:-

### 8.1. Title

We have not had access to the title deeds of the property. We have made an Assumption that the Council is possessed of good and marketable freehold title and that the property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We have also assumed that the property is free from mortgages, charges or other encumbrances.

### 8.2. Condition of structure and services, deleterious materials, plant and machinery and goodwill

Due regard has been paid to the apparent state of repair and condition of the property, but a condition survey has not been undertaken, nor have woodwork or other parts of the structure which are covered, unexposed or inaccessible, been inspected. Therefore, we are unable to report that the property is structurally sound or is free from any defects. We have made an Assumption that the property is free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects other than such as may have been mentioned in the body of our Valuation Report/and the appendices.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations, and therefore we cannot confirm that the property is free from risk in this regard. For the purposes of this valuation, we have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

We have not carried out an asbestos inspection and have not acted as an asbestos inspector in completing the valuation inspection of properties that may fall within the Control of the Asbestos at Work Regulations 2002. We have not made an enquiry of the duty holder (as defined in the Control of Asbestos of Work Regulations 2002), of the existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, we have made an Assumption that there is a duty holder, as defined in the Control of Asbestos of Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. We advise that such enquiries be undertaken by a lawyer during normal pre-contract enquiries.

No mining, geological or other investigations have been undertaken to certify that the site is free from any defect as to foundations. We have made an Assumption that the load bearing qualities of the site of the property are sufficient to support the buildings constructed thereon. We have also made an Assumption that there are no services on, or crossing the site in a position which would inhibit development or make it unduly expensive and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of the property.

No tests have been carried out as to electrical, electronic, heating, plant and machinery, equipment or any other services nor have the drains been tested. However, we have made an Assumption that all services, including gas, water, electricity and sewerage, are provided and are functioning satisfactorily.

No allowance has been made in this valuation for any items of plant or machinery not forming part of the service installations of the building. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools.

Further, no account has been taken in our valuation of any business goodwill that may arise from the present occupation of the property.

It is a condition of DTZ Debenham Tie Leung Limited or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

### 8.3. Environmental matters

We have made enquiries in order, so far as reasonably possible, to establish the risk of flooding at the property and the potential existence of contamination arising out of previous or present uses of the site and any adjoining sites.

Our enquiries and inspection have provided no evidence that there is a significant risk of contamination in respect of the property. Accordingly, you have instructed us to make an Assumption that no contamination or other adverse environmental matters exist in relation to the property sufficient to affect value. Other than as referred to above, we have not made any investigations into past or present uses, either of the property or any neighbouring land to establish whether there is any contamination or potential for contamination to the subject property.

Commensurate with our Assumptions set out above we have made no allowance in this valuation for any effect in respect of actual or potential contamination of land or buildings. A purchaser in the market would, in practice, undertake further investigations than those undertaken by us. If it is subsequently established that contamination exists at the property or on any neighbouring land or that the premises have been, or are being, put to any contaminative use then this might reduce the value now reported.

#### **Flooding**

We have made enquiries of the Environment Agency website and are advised that the subject property falls within Flood Zone 3 due to the close proximity of the River Ouse. This is categorised as being an annual chance of flooding equivalent to 1 in 100 or greater.



It is well known that the basement level of the Guildhall floods fairly frequently – most recently during the 2015 Boxing Day flooding. The ground floor level of the premises has, to the best of our knowledge, not suffered from flooding in recent times.

We have made the Assumption that building insurance is in place regarding flooding and available to be renewed to the current or any subsequent owner of the property, without payment of an excessive premium or excess.

#### 8.4. Areas

Unless specified otherwise, floor areas and analysis in this report are based on the following bases of measurement, as defined in RICS Property Measurement:

Office	Net Internal Area
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The areas have been obtained via the architect floor layout plans you have provided.

Effective 1 January 2016, RICS Property Measurement requires office buildings to be measured in accordance with IPMS: Office Buildings. However, as IPMS is yet to be adopted as market practice, we have reported office floor areas and rental analysis on a Net Internal Basis only as agreed as part of our instruction.

#### 8.5. Statutory requirements and planning

Enquiries have been made of the relevant planning authority in whose area the property lies as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values. We have not however undertaken a formal search of local authority records which would attract a cost. The results of our enquiries have been included within our Valuation Report where relevant.

We have made an Assumption that the building benefits from valid town planning and building regulations approvals, that where necessary it has the benefit of a current Fire Risk Assessment compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, we have also made an Assumption that the property is not subject to any outstanding statutory notices as to its construction, use or occupation. Unless our enquiries have revealed the contrary, we have made a further Assumption that the existing use of the property is duly authorised or established and that no adverse planning condition or restriction applies.

No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and we have made an Assumption that the property complies with all relevant statutory requirements.

In England and Wales, the Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates ("EPC") to be made available for all properties, when bought or sold, subject to certain exemptions. If the subject property is not exempt from the requirements of this Directive, we have made an Assumption that an EPC is made available, free of charge, to a purchaser of the interest which is the subject of our valuation.

In addition, the Energy Act 2011 includes a provision whereby from April 2018 it will be unlawful to rent out a premises with an EPC rating which, according to Government proposals issued in February 2015, falls below an E rating. Unless our enquiries have revealed to the contrary if the property is not exempt

from these requirements, we have made an Assumption that the property meets the minimum requirements to enable it to be let after April 2018.

We would draw your attention to the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. We assume that, if you should need to rely upon the information given about town planning matters, your solicitors would be instructed to institute such formal searches.

## 8.6. Information

We have made an Assumption that the information the Council and its professional adviser(s) have supplied to us in respect of the property is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within your/their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

## 9. Valuation

We are of the opinion that the Market Rent of the property when assuming the proposed renovation / refurbishment works are successfully complete subject to the Assumptions, Special Assumptions and comments in this Valuation Report and in the appendices is as follows:-

**£215,000 per annum**

**(Two Hundred and Fifteen Thousand pounds)**

Following the Referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. We are now in a period of uncertainty in relation to many factors that impact the property investment and letting markets.

Since the Referendum date it has not been possible to gauge the effect of this decision by reference to transactions in the market place.

The probability of our opinion of rental value exactly coinciding with the rental achieved, were there to be a series of lettings, has reduced. We would, therefore, recommend that the rental assessment is kept under regular review and that specific market advice is obtained should you wish to seek a series of lettings at the premises.

## 10. Confidentiality and disclosure



The contents of this Valuation Report and appendices are confidential to the City of York Council for the specific purpose to which they refer and are for their use only. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of their contents. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained.

Such publication or disclosure will not be permitted unless, where relevant, it incorporates adequate reference to the Special Assumptions and/or Departures from the RICS Valuation – Professional



Standards 2014 referred to herein. For the avoidance of doubt, such approval is required whether or not DTZ Debenham Tie Leung Limited is referred to by name and whether or not the contents of our Valuation Report are combined with others.

Yours faithfully

James Milner MRICS  
Director  
RICS Registered Valuer

Direct:   
Mobile:   


As of 1 September 2015, DTZ and C&W have combined under a new common brand. Notwithstanding our new branding, our underlying legal entities have not changed, including their names.