

# Report & Valuation

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Castle Toward, Dunoon PA23 7UG





28 January 2015

Ref: 1-4-315/SR

South Cowal Community Development Company  
50 Wellington Street  
Dunoon  
Argyll & Bute  
PA23 7LA

Dear Sirs,

**PROPERTY: CASTLE TOWARD, DUNOON PA23 7UG**

In accordance with the instructions from Derek McIntyre on 13 January 2015, as confirmed in our email dated 16 January 2015 and letter to you dated 19 January 2015, we have made such enquiries as are sufficient to provide you with our opinion of value on the basis stated below. A copy of the original email and our letter of confirmation of instructions are 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 **Appendix 2**.

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

Yours faithfully

For and on behalf of Savills (UK) Limited

Sian Robinson MRICS  
RICS Registered Valuer  
Associate

Hugo Struthers MRICS  
RICS Registered Valuer  
Director

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Appendix 1 – Confirmation of Instructions

Appendix 2 – General Assumptions and Conditions

Appendix 3 – 2010 Sales Brochure

Appendix 4 – Prime Market Comment

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## 1. Instructions and Terms of Reference

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## 1.1. Instructions and Basis Of Valuation

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

- The current Market Value of the heritable interest in the Subject Property (“Market Value”);

### 1.1.1. 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.

### 1.1.2. Date of Valuation

Our opinions of value are as at the date of this report being the 23 January 2015. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

### 1.1.3. Definitions of Market Value and Market Rent

In accordance with your instructions, we adopted the RICS definitions of Market Value, as detailed below:

Valuation Standard VPS 4 1.2 of the Red Book defines Market Value (MV) 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.”*

### 1.1.4. Purpose of Valuations

You instruct us that our valuations are required ahead of a potential purchase of the Property.

### 1.1.5. Conflicts of Interest

You have instructed us to value the Property in the knowledge that we have previously provided you with non-red book advice along with general property advice relating to Castle Toward. We do not perceive there to be a conflict in us accepting your instruction to value the Property and the Valuer is in a position to provide an objective and unbiased valuation in accordance with the RICS Red Book. We will be acting as External Valuers, as defined in the Red Book.

### 1.1.6. Valuer Details and Inspection

The due diligence enquiries referred to below were undertaken by Sian Robinson MRICS. The valuation has been discussed with Andrew Perratt of Residential Agency Team in Savills Glasgow Office and has also been reviewed by Hugo Struthers MRICS.

The Property was inspected on 25 February and 09 April 2014 by Sian Robinson MRICS. We were able to inspect the majority of the property, both externally and internally, save where noted below and limited to those areas that were easily accessible or visible. The weather on the date of our inspection was overcast and wet.

Sian Robinson and Hugo Struthers are RICS Registered Valuers. Furthermore, in accordance with VPS 3.7, we confirm that the aforementioned individuals have sufficient current local and regional knowledge of the particular market and the skills and understanding to undertake the valuation competently.

## 1.1.7. 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.

## 1.1.8. Liability and Liability Cap

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

## 1.1.9. RICS Compliance

This report has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation – Professional Standards January 2014 (the "RICS Red Book") published in November 2013 and effective from 6 January 2014, in particular in accordance with the requirements of VPS 3 entitled Valuation reports and VPGA 2 Valuations secured lending, as appropriate. We are obliged to confirm that this valuation report may be subject to monitoring under the RICS's Code of Conduct and Disciplinary Regulations.

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

## 1.1.10. Verification

This report contains many assumptions, some of a general and some of a specific nature. Our valuation is 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.

## 1.1.11. 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.

## 1.2. Background

Castle Toward is owned by Argyll and Bute Council. It was advertised for sale in 2010, with a range of offers being received between £550,000 and £2,300,000. We understand that the accepted offer fell through as a result of finance issues. We understand South Cowal Community Development Company (SCCDC) launched their right to buy process in 2013 and are currently in negotiations with Argyll and Bute Council for the purchase of the Property.



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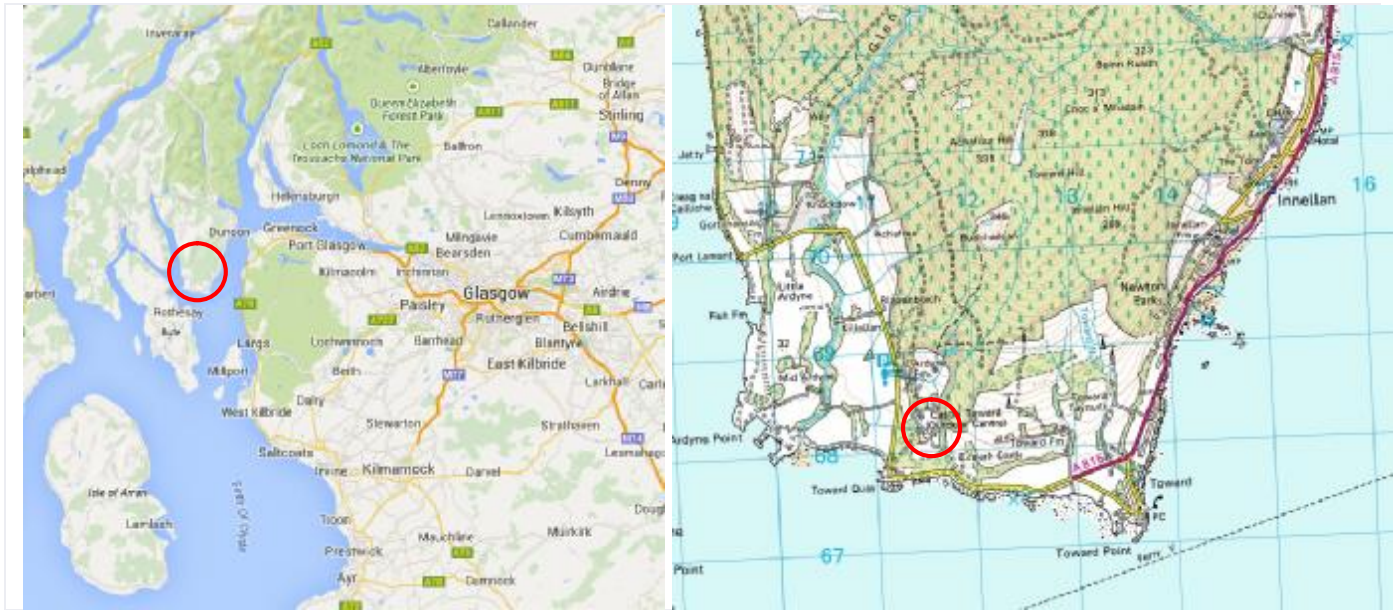
## 2. The Property, Statutory & Legal Aspects

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## 2.1. Location & Situation

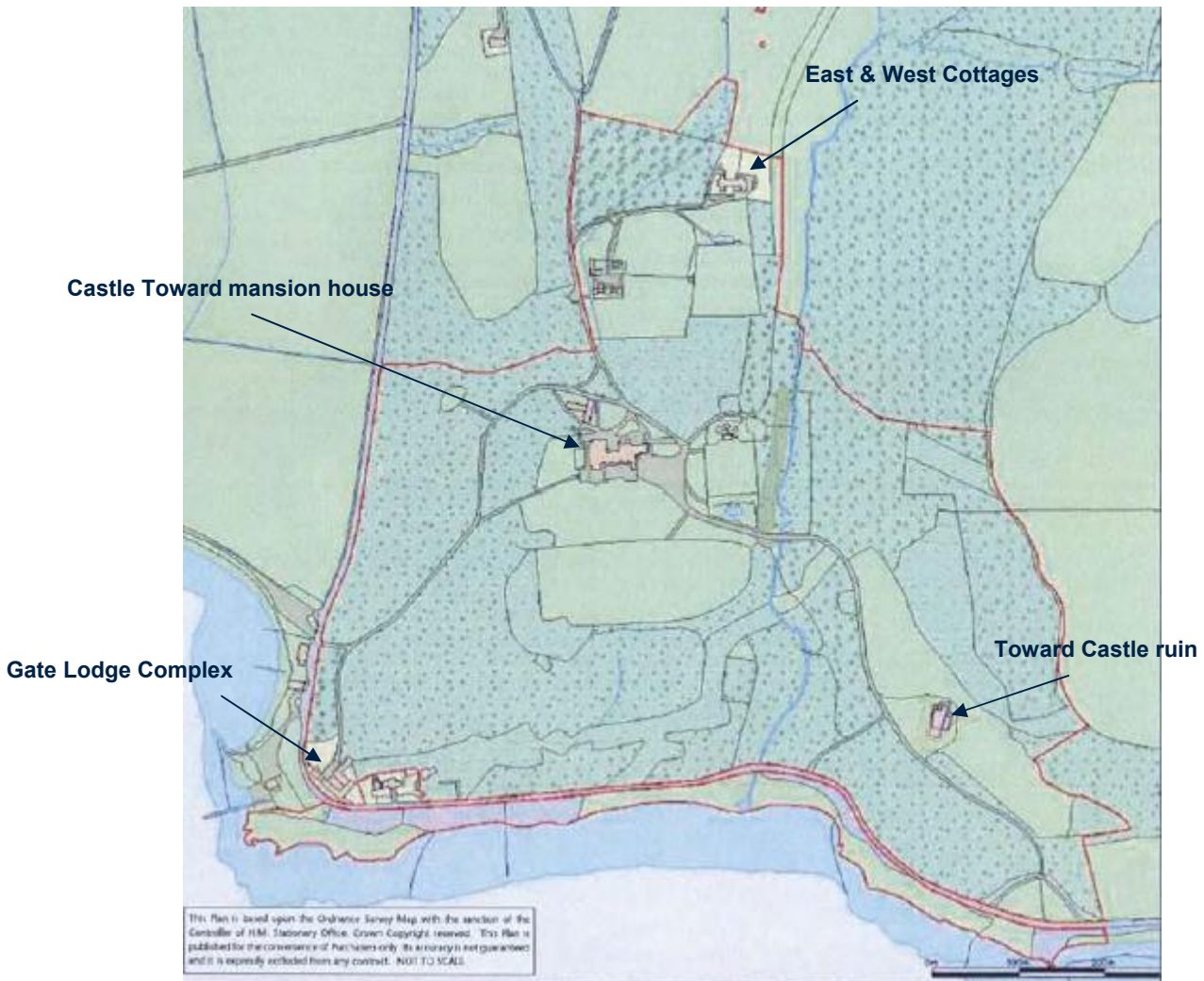
We enclose below a General Location Map and situation map showing the location and situation of Castle Toward in its regional context.



Castle Toward is located on the southern point of the Cowal peninsula within Argyll and Bute. It is approximately 8.5 miles south of the town of Dunoon and 42.9 miles west of Glasgow (via the Gourock to Dunoon Ferry) – circa 2 hour journey via the ferry. .

It is on the edge of the villages of Innellan and Toward which are predominantly residential settlements and to the north and west of the Property the land use is predominantly agricultural ground and forestry.

The Property's private driveway is accessed directly from the unclassified main road to the south which leads from the A815 from Dunoon. A site plan is reproduced below and taken from the sales particulars included within **Appendix 3**.



## 2.2. Description

The Property comprises the following:

- Castle Toward: A grade B listed mansion house extending to circa 37,534 sq ft;
- East & West Cottages: A pair of 5/6 bedroom semi-detached cottages;
- Gate lodge complex: Former coach house, workshops with ¾ contained flats;
- Woodland & parklands: 142.7 acres including walled gardens, glasshouses and ornamental gardens as well as Toward Castle ruin set within woodland and parkland with shore frontage.

## 2.3. Castle Toward

### 2.3.1. Main House

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Castle Toward is a Category B listed, mansion house which is understood to have been designed by David Hamilton and built in the 1820s, being extended further in the 1920s. It has most recently been utilised as a residential school and outdoor activity centre and is of sandstone construction beneath a pitched slate and flat felt roof with lead work in gulleys and valleys. There are turreted and castellated features. Most of the house has single glazed timber sash and case windows, although some of the upper floor rooms have metal framed single glazed windows and rainwater goods are cast iron.

Within **Appendix 3** is the sales brochure from 2010 marketing process which includes the indicative floor plans. We have not carried out a measured survey of the Property but understand from Phase 1 Feasibility Cost Plan that the gross internal area is approximately 3,487m<sup>2</sup> (37,534 sq ft).

Photographs of the Castle Toward are shown below:-



**Castle Toward – Front Elevation**



**Castle Toward – Ground Floor Principle Room**



**Castle Toward – Ground Floor Principle Room**



**Castle Toward – Ground Floor Principle Room**

## 2.3.2. East & West Cottages

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To the north of the main house is a pair of semi-detached cottages. They are constructed in stone with pitched roofs and are currently boarded-up with no internal access available at time of inspections. We understand there may be water ingress and general dampness internally. As referred to later £276,000 of costs have been identified in order to return the properties to a habitable condition.

We understand from Phase 1 Feasibility Cost Plan that the gross internal area of the cottages is approximately 249m<sup>2</sup> (2,680 sq ft).



**East & West Cottages**

### 2.3.3. Gate Lodge Complex

Adjacent to the main road, and what have originally been the entrance to the estate is the original gate lodge complex which comprises a sandstone building with pitched slate roofs and comprises the former coach house, various workshops and 3-4 self contained flats constructed around a central courtyard. Internal access was not available at date of inspection. The entire complex is in need of major repair, refurbishment and additional modernisation. In order to return to economic use a cost of £664,000 has been identified, as referred to below.

We understand from Phase 1 Feasibility Cost Plan that the gross internal area is approximately 813m<sup>2</sup> (8,751 sq ft).



**Gate Lodge Complex – Front Elevation**



**Gate Lodge Complex**

## 2.4. Grounds

The Property is accessed off an unclassified road that leads from the A815. From this road, a driveway leads to the main house with a fork in the road leading to the cottages.

The Property benefits from a total site area of approximately 142.7 acres (2.55ha) which are predominately mature gardens surrounding the main house and amenity parklands and woodlands providing privacy to the Property. There are two walled gardens to the east and north of the mansion house with walls of stone construction. The upper garden has two small stores attached. The other garden has a conservatory type greenhouse to the rear and a glazed pavilion overlooking the main garden and other small stone and slate outbuildings. The majority of the greenhouses and outbuildings are in very poor condition. To the north of Castle Toward is a series of water features which we understand are partly included within the ownership of Castle Toward. No inspection of this area was carried out but we would suggest these are of limited material value.

Please note all acreages have been taken from the sales brochure produced in 2010 and are assumed to be correct and a true reflection of the title for the Property.



## 2.4.1. Toward Castle Ruin

The original late-medieval Toward Castle is a Scheduled Ancient Monument that lies in the southeast part of the grounds. It is understood to date back to the 15<sup>th</sup> century but the castle was burnt after a siege in 1646 and has been a ruin ever since.

## 2.5. Condition

### 2.5.1. General Condition

As instructed, we have not carried out a structural survey, nor have we tested any of the services. However, we would comment, without liability, that during the course of our inspection, we observed that the Property is generally in very poor condition throughout with various items of disrepair noted. We understand that the Property was used as an outdoor education centre until circa 2010 and has been vacant since and requires significant upgrading and modernisation works. As with many vacant buildings, it is likely that the building will deteriorate over time with the list of essential repairs and associated costs increasing as time goes on.

### 2.5.2. Summary of Works Required

Detailed reports on mechanical, electrical and structural condition were provided by Douglas Wylie and Alan Chawk of ARUP Scotland, along with recommendations on works required and expected costs. We provide a summary of the key findings of the reports below.

- Electrical systems were both outdated and inefficient or failed to meet building regulations. A total rewiring of the building was recommended, along with the upgrading or replacement of the existing systems
- Emergency lighting and the fire alarm system do not meet building standards and will need to be completely replaced.
- Upgrading of security systems including intruder alarm and external CCTV.
- Installation of further lightning protection.
- Replacement of the aged and inefficient oil fired boilers, as well as replacement of hot water storage tanks and some radiators.
- Provision for safe access lighting in the estate grounds
- Recommendation that the private water supply, which is not 100% safe for untreated consumption, be replaced with connection to a new mains supply which is now available, along with new water storage.
- Recent repairs to external walls at the mansion house were noted although a full height vertical crack was noted on the external wall of the East Tower of the Mansion House.
- The slate roof of the mansion house was generally in good condition although with isolated damage and missing slates. The gatehouse and cottages were noted to have localised problems of damage and missing roof slates in places.
- There is substantial evidence of damage due to water ingress in all buildings, with evidence of rising damp in the gatehouse and cottages.
- The paintwork and sealant of the case and sash windows were noted to be in poor condition.

## 2.5.3. Estimated Costs of Works

The estimated costs of returning the various properties at Castle Toward to economic use have been calculated by cost consultants Gardiner & Theobald and are summarised below. We have assumed from our brief review of their report that economic use reflects the minimum cost in order to make habitable and useable either as residential or commercial use. It is likely that there could be additional costs borne by a purchaser of the main house to convert the property into a standard expected of the prime residential market:

Structure	Estimated Rounded Construction Cost
Mansion House	£3,155,000
Gate Lodge Complex	£664,000
Cottages	£276,000
Walled Gardens & Buildings	£103,000
External Works & Services	£673,000
<b>TOTAL:</b>	<b>£4,871,000</b>

## 2.6. Services

The Property benefits from the following services:

- Private water supply:
- Mains electricity:
- Oil fired central heating:
- Private drainage:

We have not tested the services and have assumed that there are no material defects other than those outlined above.

## 2.7. Energy Performance Certificate

In theory there should be an EPC from the marketing process in 2010, however we have not had sight of it.

## 2.8. Environmental Considerations

### 2.8.1. Informal Enquiries

As instructed, we have not carried out a soil test or an environmental audit. A geotechnical/geo-environmental desk study carried out as a part of the Phase 1 Report identified several areas where contamination may have occurred and has recommended further investigations. Following further informal enquiries, we understand that the Property, as well as the land and buildings surrounding it, have always been in residential or leisure and recreational use. There is no historic industrial land use on the site as far as we are aware. On the basis of these informal enquiries, it would appear unlikely that land contamination exists. This comment is made without liability. There were no issues noted during the course of inspection that we feel need highlighted.

## 2.8.2. Assumption

As our informal enquiries have suggested that land contamination is unlikely, we have valued the Property on the basis that it has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. However, should it subsequently be established that contamination does exist at the Property, or on any neighbouring land, then we may wish to review our valuation advice.

## 2.8.3. Flooding

We have made enquiries with regard to potential flooding at the Scottish Environmental Protection Agency website, [www.sepa.org.uk](http://www.sepa.org.uk) and from the maps provided note that none of the dwellings appear to be at significant risk of flooding.

## 2.9. Town Planning

### 2.9.1. Statutory Background

We have made informal enquiries of the local planning authority, Argyll and Bute Council, and understand that the statutory plan covering planning policy and development control for the area is the Argyll and Bute Local Plan which was adopted in August 2009. In accordance with recent changes to planning legislation, the Local Plan will be replaced by a Local Development Plan, the proposed version of which was published in February 2013 with adoption expected in April 2015.

The Property is identified within the existing Local Plan as within a Potential Development Area, Sensitive Countryside, a Rural Opportunity Area and a Garden and Designed Landscape. Much of the Property also lies within an Area of Panoramic Quality. The Proposed Local Development Plan is similar, except the Potential Development Area is also designated as a Strategic Masterplan Area.

The Strategic Masterplan Area and Potential Development Area is designated for a series of tourism, business, housing, education and leisure hubs that would permit new development on the site at a low density. This gives the site enhanced status relative to the development potential of the surrounding areas. There are, however, significant services upgrades and some improvements to access routes required to enable any form of development on the site. We understand that initial discussions have taken place with Argyll and Bute Planning Department to verify locations suitable for development within the parameters for the planning designation of the estate.

A landscape capacity study was commissioned and approved by the Council at the Property due to it being within an area of panoramic quality. As a result of this study, a tract of Castle Toward grounds within the area of panoramic quality to the east of the house was not recommended for development and should be registered as sensitive countryside.



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Castle Toward, the gatehouse and garage, the walled gardens to the east and north of the main house, the glasshouse and workshop range and the portion of the Chinese Lakes owned (including the Bridges) are all Category B listed by Historic Scotland. The 15th century original Toward Castle, in the southeast of the Property, is also listed in the Schedule of Ancient Monuments.

The Property is not within a settlement Conservation Area and there are no statutorily protected nature or conservation interests. We understand that it is not directly affected by any highway, town planning or other schemes or proposals other than those mentioned above that may have an effect on value.

## 2.9.2. Planning History

Planning decisions of note revealed by our enquiries are as follows:

Reference	Description of Development	Significant Conditions	Decisions
97/00883/LIB	Internal alterations and installation of wheelchair ramp	N/A	Application withdrawn
97/00878/NID	Change of Use of greenhouse to tearoom	N/A	Application withdrawn

We have assumed that all other necessary planning consents and building warrants for the Property have been obtained, or have been established within the meaning of the Planning Acts.

## 2.10. Taxation

### 2.10.1. Council Tax and Business Rates

From informal enquiries of Scottish Assessors Association Internet Rating List [www.saa.gov.uk](http://www.saa.gov.uk), we understand that the Mansion House has a Rateable Value of £85,000 pa. None of the other dwellings or buildings on the Property are liable for council tax or business rates at this time, we have assumed this is because they are currently uninhabitable.

### 2.10.2. VAT

We are informed that the Owner has not exercised their option to tax the Property for VAT purposes and therefore our valuation is exclusive of VAT.

## 2.11. Tenure

We have valued the heritable interest in the Property with the benefit of vacant possession. We have not been provided with a report on title and have assumed that the title is clean and unencumbered. Your solicitors should confirm that there are no onerous restrictions or obligations as part of the due diligence process.

It is assumed for valuation purposes that the Property is not subject to any onerous or unusual covenants which are likely to affect the valuations herein provided.

We assume that full rights of access are enjoyed, and that no third parties enjoy any rights over the subject Property.

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## 2.11.1. Highways

The Property is accessed from an unclassified road from the A815. We have made enquiries of the website of the Local Authority and understand that the unclassified road is an adopted highway and we have assumed that there are no restrictions on rights of access.

## 2.11.2. Lease

We understand there are no leases in existence, and therefore we have valued the Property with the benefit of vacant possession.

## 2.11.3. Public Rights of Way

There is one core path identified in the Argyll & Bute Council Core Paths Plan routed through the Property, reference C208 Toward Quay to Corlarach Loop. The path follows a route entering the Property to the north of the lodge complex and following the driveway passing close to the northern elevation of the house before following the driveway continuing north. As with all land in Scotland, the Property is affected by the Land Reform (Scotland) Act and the reasonable right to roam as outlined within the Access Code.

## 2.11.4. Rights of Way

We have not been provided with a copy of a Report on Title and have not seen a copy of the Title Deeds.

We have assumed that full rights of access are enjoyed, and that no third parties enjoy any rights over the Property, other than those described above. Your solicitors should confirm that there are no onerous restrictions or obligations as part of the due diligence process.

It is assumed for valuation purposes that the Property is not subject to any onerous or unusual covenants which are likely to affect the valuations herein provided.

We would strongly advise that your legal advisors confirm our understanding to be correct and to ensure that there are no further elements, restrictions or charges contained which are likely to have a detrimental effect upon the valuations as herein reported.



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## 3. Market Commentary

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## 3.1. Property Market Overview

### 3.1.1. Local overview

The statistical report published by Registers of Scotland (published October 2014) suggests that the average residential property price in the Argyll and Bute during the second quarter of the 2014/15 year was £149,928. This represents a 3.2% increase compared to the same quarter last year, and compares to a Scottish national average residential property price of £170,190. The volume of residential sales in Argyll and Bute increased from 370 transactions in Q2 2013/14 to 416 in Q2 2014/15, an increase of 12.4%.

### 3.1.2. Prime values

Please refer to Savills research document within **Appendix 4**.

Prime transactions (categorised as above £400,000) have traditionally made up a small part of the market in Argyll and Bute and this segment has struggled in recent years. Savills Research suggests that conditions are improving, with transaction numbers increasing. The number of prime transactions in 2014 (until November) in Argyll and Bute was 25, up slightly from the 22 recorded for the whole of 2013. We believe that this increase in transactions is largely as a result of improved finance conditions and more realistic expectations by sellers, and have not seen much improvement in values.

The million pound market in Argyll and Bute has been subdued with one transaction per year in 2014 and 2013 and three in 2012.

## 3.2. Comparable Evidence

In reaching our opinion of value for the Property we have had regard to a number of sales of comparable properties both in the vicinity and in Scotland generally, and discussions with both our own agents and local agents. Owing to the uniqueness of the Property the amount of transactional evidence is very limited. We have therefore had regard to the sales of property that are either not directly comparable in terms of style, from further afield or are historic sales in order to arrive at our assessment of value.

We have highlighted comparable sales and made adjustments to the comparable evidence to reflect the individual characteristics of each property, including: location, size, outside space and condition.

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.

As noted above, the million pound market in Argyll and Bute has been subdued, we have noted some transactions below, none of which we consider to be relevant as outlined below:

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## Dunfuinary, Connel, Oban PA37 1PG

Sold April 2014 for £1,325,000

Condition: Good

Scots Baronial house extending to c. 3500 sq ft and set on 1 acre with frontage to Loch Etive.

Not comparable



## Castleton House, Lochgilphead PA31 8RU

Sold February 2013 for £1,825,000

Condition: Fair

Grade C listed mansion house with 1 bedroom cottage (adjoining), mature gardens, boathouse and an island extending to approximately 38 acres in all.

The comparable is a more manageable size, in a private location and in better condition, therefore not considered comparable

Due to the size and scale of the Property, we have searched across Scotland for similar sized property transactions which we consider to be more relevant to our valuation of the Property:



## Islay House, Isle of Islay

Sold May 2014 for £725,000

Condition: Fair

Historic mansion house on the island of Islay extending to c. 27,565 sq ft with staff flat, cottage and lawns and parkland extending to 28 acres in all.

Relatively comparable from the point of view of size and style of property and rural location. We believe that this property is shortly to be opened as a boutique hotel. Conclude sale price comparable.

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**Melville House, Monimail, Fife**  
Sold January 2014 for £1,165,000  
**Condition:** Fair – habitable

Grade A listed mansion house in Fife extending to c. 25,000 sq ft with 2 self contained wings, pavilions and grounds extending to 16.5 acres in all.

This property is not directly comparable in terms of style or location but is relatively comparable in terms of size. Comparable in significantly better condition and in a more desirable location. Conclude sale price should be adjusted downwards.



**Ayton Castle, Ayton, Berwickshire**  
Sold July 2014 for £2,400,000  
**Condition:** Fair – habitable

Grade A listed castle in Scottish Borders extending to c. 33,200 sq ft with 6 residential properties, traditional stable yard with 2 flats, fishing rights and private gardens and grazing land extending to 159 acres in all.

Comparable formed a similar estate to Castle Toward however in significantly better condition and in a more accessible location. Our analysis would suggest that the price for the main house was sub £1,000,000. Conclude that Castle Toward is worth significantly less.



**Castle Grant, Granttown-on-Spey PH26 3PS**  
Sold September 2014 for £1,000,000  
**Condition:** Good – Partially refurbished

Grade A listed 16<sup>th</sup> century castle, GIA unknown and set within 35 acres.

Specific details of comparable property unknown but understood to be partially refurbished and similar size to Castle Toward. Conclude that sale price should be adjusted downwards.

### 3.3 Review of DV Comparable Evidence

We have reviewed the comparables outlined within the DV's report however we note that limited commentary has been provided and no comment on adjustments to the sale prices as a result. We would comment as follows:

1. Knockdow House sold for £1,360,000 in August 2010  
Comprised a detached period property (13 beds, fair condition) set in approximately 241 acres and a gate lodge and walled garden.  
We have analysed the main house to be circa £775,000 however it was smaller than Castle Toward but in better condition. Not comparable.
2. Duncraig House, Plockton, Wester Ross sold for £1,305,000 in August 2009

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Comparable to Castle Toward in terms of size, style, remote location and institutionalised history however we note from the brochure that Duncraig House was in better condition than Castle Toward at time of sale.

3. Balmory Hall, Isle of Bute sold for £1,650,000 in March 2010 comprised a c. 12,000 sq ft private house set on 6 acres  
Balmory Hall is significantly smaller than Castle Toward and in better condition therefore not comparable.
4. Auchendennan House, Loch Lomond sold for £1,385,000 in August 2013  
Relatively similar style of property but smaller and in better condition than Castle Toward as well as in a more desirable and accessible location on the shores of Loch Lomond.
5. Birkwood Hospital, Motherwell sold for £625,000 in June 2012  
Limited details are available however we understand that Birkwood was set on approximately 86 acres and has had a similar institutionalised history and to have been empty for a number of years prior to sale. It would appear to be relatively comparable in terms of style and assumed size of property from the limited photographs available.
6. Ardyne Point, Toward (neighbouring site) sold for £2,250,000 in August 2013  
A 130 acre former oil rig construction yard understood from the DV report to have consent for 300 houses in 2012.  
Not Comparable



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## 4. Valuation Advice

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## 4.1. Principal Valuation Considerations

### 4.1.1. Location and Situation

The Property enjoys a private rural location on the south point of the Cowal peninsula. It is a remote location with access either by ferry from Gourock to Dunoon (43 miles from Glasgow) or by road via Arrochar (90 miles from Glasgow), with travel time to Glasgow approximately 2 hours. Whilst the location is attractive, the area is secondary / tertiary in terms of popularity and desirability.

### 4.1.2. Castle Toward - Building Quality, Condition and Accommodation

Castle Toward is an attractive, grade B listed mansion dating back to 1821. The internal floor space is understood to extend to approximately 37,533 sq ft which is well in excess of the space required by a private individual for residential purposes. The mansion house is in poor condition and we understand from the Council is costing in excess of £300,000 per annum to heat, secure and carry out basic maintenance. That said, the reports produced by SCCDC have suggested that circa £3,155,000 is required to be spent on the main house alone to make it habitable.

### 4.1.3. East & West Cottages – Building Quality, Condition and Accommodation

To the north of the main house is a pair of semi-detached cottages understood to be interconnected with a total of 11 bedrooms. Whilst these provide useful ancillary accommodation to the main house or options in terms of holiday lets etc to an incoming purchaser, they are in very poor condition and require significant expenditure to make habitable.

### 4.1.4. Gate Lodge Complex - Building Quality, Condition and Accommodation

Similarly to the mansion house and cottages, the gate lodge complex to the south of the estate is in poor condition and requires significant upgrading and general maintenance.

### 4.1.5. Tenure

We have valued the heritable interest in the subject property with the benefit of vacant possession.

### 4.1.6. Access

There is a core path which passes through the Property following a route along the main driveway and passing in close proximity to the principle house. This compromises the privacy of the Property and would be likely to reduce its appeal to a private buyer for residential purposes.

### 4.1.7. Market Comment & Saleability

Castle Toward is an attractive property of a size and scale that provides any incoming purchaser with extensive options on its future use. Whilst we understand the previous marketing period highlighted a private individual who planned to convert the mansion house to a single residential dwelling, we would suggest it unlikely that there are many similar buyers due to the size of property and responsibility of the upkeep. The location of the Property is attractive but not necessarily desirable with few prime purchasers looking specifically in the Dunoon area for property. The majority of comparable sales of properties of this size have been purchased to be used for commercial purposes – namely hotel accommodation.

# Report & Valuation

Castle Toward, Dunoon PA23 7UG



With a lack of business plan for proposed uses of Castle Toward, we must rely on sale of comparable properties. Whilst Castle Toward may appear to offer a lot of property for the value, ultimately in its current condition the property is a significant liability to an incoming purchaser which is reflected in our opinion of market value.

## 4.2. Approach To Valuation

We have adopted the comparable method of valuation in reaching our opinion of Market Value.

Residential properties are normally valued with reference to the sale of similar properties in the locality (the comparable approach). Owing to the uniqueness of all properties it is then necessary to make adjustments for differences in location, situation, appearance, size, condition etc before arriving at an appropriate opinion of value. The comparables we have referred to and our analysis of them is listed in the previous section of this report.

Our enquiries have revealed that Castle Toward was offered to the market in 2010 with a range of offers being received between £550,000 and £2,300,000. We understand that the accepted offer fell through as a result of finance issues.

## 4.3. Valuation

### 4.3.1. Market Value

Having carefully considered the Property, as described in this report, we are of the opinion that the current Market Value of the heritable interest in the subject property, with the benefit of full vacant possession, is in the order of:

**£850,000 (EIGHT HUNDRED AND FIFTY THOUSAND POUNDS)**

### 4.3.2. Alternative Uses

As previously mentioned, as a result of the size of Castle Toward it is likely to be of more interest to a commercial buyer as opposed to a private individual. However, as a result of lack of business plan or likely trading figures or information, we must rely on comparable evidence for the purposes of our valuation. To be clear, this is a different method to that likely to be used by an operational company, who are likely to have a business plan and trading projections for Castle Toward (based on similar properties they are already operating.) Therefore if a 3rd party was to have the property valued it would in all probability be on a different basis i.e. as a trading entity, and the valuer would undertake a trading related appraisal, which historically was defined as a 'going concern' valuation which takes account of the trading projections. The value that a 3rd party trading business is likely to attribute to the property will be a calculation of the worth to themselves as opposed to an open market value. These different valuation definitions should not be confused with one another. It is possible that this investment method of approach may result in arriving at a different figure to our opinion of market value.

# Report and Valuation

Castle Toward, Dunoon PA23 7UG

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## Appendix 1 Confirmation of Instructions

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19 January 2015



South Cowal Community Development Company  
50 Wellington Street  
Dunoon  
Argyll  
PA23 7LA

For the attention of: Derek McIntyre & Alan Stewart

Sian Robinson  
E: [srobinson@savills.com](mailto:srobinson@savills.com)  
DL: +44 (0)141 222 4107

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

Dear Sirs

**CLIENT:** South Cowal Community Development Company  
**PROPERTY:** Castle Toward, Toward, Dunoon, PA23 7UH

**Confirmation of terms of engagement for the provision of valuation advice**

1. This letter is by way of a reply to your telephone call to us on 13 January 2015. Its purpose is to confirm the terms upon which Savills (UK) Limited (**Savills, we or us**) will provide South Cowal Community Development Company (**you**) with a valuation report (the **Valuation or Report**) in respect of the above property (the **Property**).
2. Our Valuation will be undertaken on the terms set out in this letter and our email correspondence dated 16 January 2015, including its appendices.
3. Please sign and return a copy of this letter to us to confirm your acceptance of the terms set out herein. In particular, we draw your attention to the fact that when signing this letter you are confirming your agreement to the limitation of our liability set out at paragraphs 7 - 12.
4. Please note we will be unable to formally issue our final Report to you, and you will be unable to rely upon the contents of our Report, until such time as we have received your signed copy of this letter.
5. To the extent that there is conflict or inconsistency between this confirmation of instruction letter and your letter referred to above, this confirmation of instruction letter will prevail.

**RICS Red Book**

6. We shall prepare our Valuation in accordance with the RICS Valuation – Professional Standards (January 2014 Edition) (the **Red Book**) using the reasonable skill, care and diligence to be expected of a properly qualified and competent valuer. In addition, and in accordance with the requirements of Valuation Practice Statement 1 of the Red Book, we confirm the following:
  - (a) Identification and status of the Valuer
    - (i) The Valuation will be undertaken, and the Report will be signed by Sian Robinson MRICS (the **Valuer**). The Valuer will work with colleagues as appropriate, and the Report will be counter-signed by at least one other RICS Registered Valuer;

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

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Registered office: 33 Margaret Street, London, W1G 0JD

- (ii) You have instructed us to value the Property in the knowledge that we have previously provided you with non-red book advice along with general property advice relating to Castle Toward. We do not perceive there to be a conflict in us accepting your instruction to value the Property and the Valuer is in a position to provide an objective and unbiased valuation;
  - (iii) The Valuer has the necessary market knowledge, skills and understanding to undertake the Valuation competently.
- (b) Identification of the client and other related parties
- The client is the addressee of this letter. We will address our Report to the South Cowal Community Development Company (the **Addressee**).
- (c) Purpose of the valuation
- The Valuation is required ahead of a potential purchase of the Property. It is important that the Report is not used out of context or for the purposes for which it was not intended. We shall have no responsibility or liability to any party in the event that the Report is used outside of the purposes for which it was intended, or outside of the restrictions on its use set out at subparagraph (j) below.
- (d) Identification of the asset or liability to be valued:
- (i) The Property address is Castle Toward, Toward, Dunoon, Argyll & Bute PA23 7UH.
  - (ii) The interest to be valued is heritable. The Property will be valued with vacant possession, details to be confirmed in our Report.
  - (iii) The interest to be valued comprises a historic 19<sup>th</sup> century castle sitting on grounds extending to 142 acres with 2 cottages and gated stable complex.
- (e) Basis of value
- The basis of our Valuation will be Market Value, the definitions of which are set out at **Appendix 1** (attached).
- (f) Valuation date
- The Valuation date will be the date of our report. You will appreciate that in providing you with our Valuation, we shall have regard to market conditions as at the Valuation date. Naturally, these are subject to change and it is therefore important that the Addressees take account of any such change in conditions that may occur from the Valuation date before making any binding decision in relation to the Property. Please do not hesitate to contact us ahead of making any binding decision which takes account of our Valuation if you have any concerns in this respect.
- (g) Extent of investigation
- As agreed in our telephone call, we will not re-inspect the Property. We will be relying on information obtained during our previous inspections, information provided by South Cowal Community Development Company and the DV report dated 29 April 2014.
- (h) Nature and source of information to be relied upon

- (i) To the extent that you have provided us with information and / or instructed us to obtain it from a third party you agree, unless it is otherwise agreed by us in writing, that we can safely rely upon the accuracy, completeness and consistency of this information without further verification and that you will not hold us responsible in the event that any dispute regarding the Valuation arises from the accuracy of such information.
  - (ii) We will not make formal searches with local planning authorities, but shall rely on the information provided informally by the local planning authority or its officers. We recommend you instruct lawyers to confirm the position in relation to planning and that the Report is reviewed in light of advice from your solicitors in this respect.
  - (iii) For the avoidance of doubt, we accept no liability for any inaccuracy or omission contained in information disclosed by you or any other third party or from the Land Registry or any database to which we subscribe. We will highlight in our Report where we have relied on such information.
- (i) **Assumptions and Special Assumptions**
- Unless otherwise agreed, our Valuation will be reported on the basis of the general assumptions attached at **Appendix 2**
- (j) **Restrictions on use, distribution or publication**
- (i) Our Report shall be confidential to, and for the use only of, the Addressee(s) and no responsibility shall be accepted to any third party for the whole or any part of its contents.
  - (ii) Neither the whole nor any part of our Report or any reference to it may be included in any published document, circular or statement, nor published, reproduced, referred to or used in any way without our prior written approval (with such approval to be given or withheld at our absolute discretion).
  - (iii) Where any Addressee is a lender, in the event of a proposal to place the loan on the Property in a syndicate, you must notify us so that we can agree the extent of our responsibility to further named parties. If this is not done or we do not agree to be responsible to further named parties, we shall have no responsibility to any party other than the Addressee(s).
- (k) **Confirmation that the Valuation will be undertaken in accordance with the International Valuation Standards (IVS)**
- We confirm that our Valuation will be carried out in compliance with the IVS.
- (l) **Description of Report**
- Our Report will meet the requirements of VPS 3, Valuation Reports, which sets out the mandatory minimum terms of reporting and includes all the matters addressed in this confirmation of instruction letter.
- (m) **The basis on which the fee will be calculated**
- (i) The agreed fee for the provision of the Valuation is £1500 plus VAT and is payable in pounds sterling.
  - (ii) Our agreed fee, together with any VAT (at the prevailing rate) on such amounts, shall become due and payable by you to us within 30 days of us issuing you with a valid VAT

invoice in respect of such amounts. In the event that our fee is not paid by the date for payment we reserve the right to charge default interest at a rate of 4% above the Barclays Bank base rate for payment.

- (iii) In the event of our instructions being terminated at any time prior to completion of our work, a fee will become payable on a time basis (at our prevailing rates) for work carried out up to the date of termination, subject to a minimum of 50% of the agreed fee, together with all expenses incurred.
- (iv) If we incur any expenditure on solicitors or other third parties in order to recover the fee due, such amounts will be payable by you.
- (v) If we perform any additional services for you, we will agree an additional fee with you in respect of such services and such fee shall be payable in the manner set out above.
- (vi) You acknowledge that you shall not be entitled to rely upon our Report until such time as our fees have been paid in accordance with this sub-paragraph (m).

- (n) Savills complaints handling procedure

Savills (UK) Limited is registered for regulation by the RICS and a copy of our client complaints handling procedure can be made available to you on request.

- (o) Monitoring under RICS conduct and disciplinary regulations

Compliance with the standards set down in the RICS Red Book may be subject to monitoring by the RICS under its conduct and disciplinary regulations.

#### Limitations on liability

7. Subject to paragraph 12 below, our aggregate liability to any one or more or all of the Addressees or any other party who otherwise becomes entitled to rely upon the Report under or in connection with this agreement and our Valuation, however that liability arises (including, without limitation, a liability arising by breach of contract, arising by tort, including, without limitation, the tort of negligence, or arising by breach of statutory duty) shall be limited to the lower of:
  - (a) 5% of the Value (as defined below) of the Property stated in our Report; and
  - (b) £75M.
8. In paragraph 7, **Value** means:
  - (a) where more than one value is stated for the same Property on different bases, the highest valuation figure recorded in our Report; and
  - (b) in the case of valuations of portfolios, estates, shopping centres and other multi-unit properties within one Report, the aggregate of our valuations included in the one Report.
9. You acknowledge and agree that we shall not be liable under or in connection with this agreement and the provision of our Valuation in tort (including negligence), breach of contract, breach of statutory duty or otherwise due to, under and/or arising out of or in connection with this agreement to the extent such loss or damage is consequential, indirect, special or punitive.
10. If you suffer loss as a result of our breach of contract or negligence, our liability shall be limited to the lesser of the limitation of liability set out above at paragraph 7 or a just and equitable proportion of your

loss having regard to the extent of responsibility of any other party. Our liability shall not increase by reason of a shortfall in recovery from any other party, whether that shortfall arises from an agreement between you and them, your difficulty in enforcement, or otherwise.

11. You acknowledge and agree that none of our employees, partners or consultants individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring a claim against any such individuals personally in connection with our services.
12. Nothing in this agreement shall exclude or limit our liability for death or personal injury caused by our negligence or for any other liability that cannot be excluded by law.

#### **Insurance**

13. During the period that we are producing our Valuation and for a period of six years thereafter, we will maintain in force, with insurers or underwriters approved by the RICS, professional indemnity insurance in an amount not less than the amount of our liability cap, as calculated pursuant to clause 7 above and shall, on your request, produce confirmation of the same from our insurance broker.

#### **Reliance**

14. As stated above, we accept responsibility for our Report only to the Addressees and no third party may rely on our Report. We do not accept any responsibility to, and shall have no liability in respect of, any third parties unless otherwise agreed writing even if that third party pays all or part of our fees, or is permitted to see a copy of our Valuation. In addition, the benefit of our Report is personal and neither you nor any other Addressee may assign the benefit of our Report to any third party without our prior written consent (with such consent to be given or withheld at our absolute discretion). You acknowledge that if we agree to extend reliance on our Report to any third party or to the benefit of our Report being assigned, we will require the relevant third party or assignee to enter into a reliance letter before such party is entitled to rely upon our Report. We will provide you with a copy of our reliance letter on request. If we agree to any such extension or assignment, we may charge you an additional fee.

#### **Confidentiality**

15. Neither party shall disclose any confidential information relating to the affairs, business, customers or clients of the disclosing party to any other party without the disclosing party's prior written consent except to those of the disclosing party's employees, officers, representatives and/or advisors who need to know the information for the purposes of carrying out the receiving party's obligations under this agreement (save to the extent that the receiving party is compelled to disclose such information by law).
16. Our Report is confidential to and for the use only of the Addressees, but the Addressees may disclose the Report on a non-reliance and without liability basis to their directors, officers, employees and professional advisers provided the relevant Addressee procures any person to whom our Report is disclosed pursuant to this paragraph 16 keeps the Report confidential and does not disclose it to any other party.

#### **Sub-contracting**

17. We may sub-contract the provision of any services to be performed by us pursuant to this agreement (including, without limitation, to other companies that are direct or indirect subsidiaries of Savills plc) provided that we will remain responsible to you for the provision of those services and the provision of our Report. We may request that you pay any sub-contractor directly for those of our fees which relate to work carried out by the sub-contractor. In these circumstances, the fees in question are to be paid by you directly to the sub-contractor and we will be entitled to assign to the sub-contractor any rights that we have in respect of those fees.



### **Money Laundering**

18. You shall promptly, upon request, provide us with any information reasonably required to enable us to comply with our obligations under the Money Laundering Regulations 2007 and our internal compliance policies relating to the same. For the avoidance of doubt, searches may also be conducted on your directors and "beneficial owners" as is required by the legislation. You agree that we may retain such information and documentation for these purposes and make searches of appropriate databases electronically. If such information is not provided within a reasonable time or you do not meet the requirements set out in our relevant internal policies, we may terminate this instruction immediately upon written notice to you.

### **Jurisdiction**

19. This agreement and any dispute arising from the Valuation is subject to English jurisdiction and law.

### **Appendices**

20. Your attention is drawn to the attached appendices which form part of the agreement between us and on which our Valuation will be reported. By signing a copy of this letter you are also confirming your agreement to them.

Sian Robinson MRICS  
RICS Registered Valuer  
Associate

### **Client acceptance**

I confirm South Cowal Community Development Company agreement to this letter and the attached appendices and, in particular, confirm that the limitation on liability set out in paragraph 7 above is acknowledged, considered reasonable and accepted:

Signed by South Cowal Community



Name in capitals ALAN STEWARD

Position Chair

Date 21. 01. 2015

## Appendix 1: Basis of Valuation - definitions

**Depreciated Replacement Cost:** The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

**Existing Use Value:** 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 acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

Existing Use Value is to be used only for valuing property that is owner occupied by a business, or other entity, for inclusion in financial statements.

**Fair Value:** Valuations based on Fair Value will adopt one of two definitions – depending upon the purpose, namely:

The International Valuation Standard's 2013 definition: The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties, or

The International Financial Reporting Standard's 2013 definition: The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

**Gross development value (GDV) -** The aggregate Market Value of the proposed development assessed on the special assumption that the development is complete as at the Valuation date in the market conditions prevailing at that date.

**Investment value:** Investment value is the value of an asset to the owner or prospective owner for individual investment or operational purposes.

**Market Rent:** 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.

**Market Value:** 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.

**Appendix 2: General assumptions and conditions applicable to all Valuations**

Unless otherwise agreed in writing, our Valuation will be carried out on the basis of the following general assumptions and conditions in relation to each Property that is the subject of our Report. If any of the following assumptions or conditions are not valid, this may be that it has a material impact on the figure(s) reported and in that event we reserve the right to revisit our calculations.

1. That the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing(s) contained in the heritable 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(s) has/have been constructed and is/are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control and any future construction or use will be lawful.
4. That the Property is not adversely affected, nor 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 building(s) is/are structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the building(s) we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our report does not constitute a building survey or any warranty as to the state of repair of the Property.
6. That the Property is connected, or capable of being connected without undue expense, to the public services of electricity and telephones.
7. That in the construction or alteration of the building(s) no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.
8. 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.
9. That any tenant(s) is/are capable of meeting its/their obligations, and that there are no arrears of rent or undisclosed breaches of covenant.
10. In the case of a Property where we have been asked to value the site under the special assumption that the Property will be developed, 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.

11. We will not make any allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the Property.
12. Our Valuation will be exclusive of VAT (if applicable).
13. No allowance will be made for any expenses of realisation.
14. Excluded from our Valuation will be any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
15. When valuing two or more properties, or a portfolio, each property will be valued individually and no allowance will be made, either positive or negative, should it form part of a larger disposal. The total stated will be the aggregate of the individual Market Values.
16. In the case of a Property where there is a distressed loan we will not take account of any possible effect that the appointment of either an Administrative Receiver or a Law of Property Act Receiver might have on the perception of the Property in the market and its/their subsequent valuation, or the ability of such a Receiver to realise the value of the property(ies) in either of these scenarios.
17. No allowance will be made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it will be assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EEC legislation.
18. Our Valuation will be based on market evidence which has come into our possession from numerous sources, including other agents and valuers and from time to time this information is provided verbally. 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 being used as comparables in our Report, we are unable to warrant that the information on which we have relied is correct.

## Sian Robinson

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**From:** Alan Stewart  
**Sent:** 16 January 2015 15:00  
**To:** Sian Robinson  
**Subject:** Re: Castle Toward - Confirmation of Valuation

Hi Sian

Thank you for this, I understand the basis for which you will be providing the advice and SCCDC are happy for you to proceed.

I look forward to seeing your report.

Regards  
Alan

-----Original Message-----

From: Sian Robinson <SRobinson@savills.com>  
To: 'Alan Stewart'  
Sent: Fri, 16 Jan 2015 14:52  
Subject: FW: Castle Toward - Confirmation of Valuation

Dear Alan & Derek

In line with our various conversations regarding red book valuation advice for Castle Toward, I write to confirm the basis that we are providing our advice and the method we will utilise for the valuation.

Comparable Method (the market approach):

This provides an indication of value by comparing sales information of the subject asset with identical or similar assets for which sales data is available. This approach is the most commonly used in the valuation of personal property. When applying this approach, the valuer should be careful in the analysis of the appropriate comparable sales data.

It ignores any price distortions caused by *special value* or *synergistic value*. It represents the price that would most likely be achievable for an asset across a wide range of circumstances.

As a result of lack of business plan or likely trading figures or information, we must rely on comparable evidence for the purposes of our valuation. To be clear, this is a different method to that likely to be used by an operational company, e.g. PGL, who are likely to have a business plan and trading projections for Castle Toward (based on similar properties they are already operating.) Therefore if a 3rd party was to have the property valued it would in all probability be on a different basis i.e. as a trading entity, and the valuer would undertake a trading related appraisal, which historically was defined as a 'going concern' valuation which takes account of the trading projections. The value that a 3rd party trading business is likely to attribute to the property will be a calculation of the worth to themselves as opposed to an open market value. These different valuation definitions should not be confused with one another.

I trust this is acceptable to you both and makes clear the basis for our instruction which will be issued upon agreement to this email. Please do not hesitate to contact me should you wish to discuss further. As discussed, we will aim to turn this report around next week.


Kind regards,

Sian

**Sian Robinson**  
**Associate**  
**Rural - Glasgow**

Savills, 163 West George Street, Glasgow, G2 2JJ

Tel :+44 (0) 1412 224 107  
Email :SRobinson@savills.c  
Website :www.savills.co.uk

 Before printing, think about the environment



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Please note any advice contained or attached in this email is informal and given purely as guidance unless otherwise explicitly stated. Our views on price are not intended as a formal valuation and should not be relied upon as such.

They are given in the course of our estate agency role. No liability is given to any third party and the figures suggested are in accordance with Professional Standards PS1 and PS2 of the RICS Valuation – Professional Standards, effective from 6th January 2014. Any advice attached is not a formal ("Red Book") valuation, and neither Savills nor the author can accept any responsibility to any third party who may seek to rely upon it, as a whole or any part as such. If formal advice is required this will be explicitly stated along with our understanding of limitations and purpose.

# Report and Valuation

Castle Toward, Dunoon PA23 7UG

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## Appendix 2 Standard Assumptions and Conditions

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### **General assumptions and conditions**

Unless otherwise agreed in writing, our Valuation has been carried out on the basis of the following general assumptions and conditions in relation to each Property that is the subject of our Report. If any of the following assumptions or conditions are not valid, this may be that it has a material impact on the figure reported and in that event we reserve the right to revisit our calculations.

1. That the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing contained in the heritable 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 buildings are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control and any future construction or use will be lawful.
4. That the Property is not adversely affected, nor 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. Our inspection of the Property and our Report do not constitute a building survey or any warranty as to the state of repair of the Property.
6. That the Property is connected, or capable of being connected without undue expense, to the public services of electricity and telephones.
7. That in the construction or alteration of the buildings no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.
8. 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.
9. We will not make any allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the Property.
10. Our Valuation will be exclusive of VAT (if applicable).
11. No allowance will be made for any expenses of realisation.
12. Excluded from our Valuation will be any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
13. No allowance will be made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it will be assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EEC legislation.



14. Our Valuation will be based on market evidence which has come into our possession from numerous sources, including other agents and valuers and from time to time this information is provided verbally. 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 being used as comparables in our Report, we are unable to warrant that the information on which we have relied is correct.

# Report and Valuation

Castle Toward, Dunoon PA23 7UG

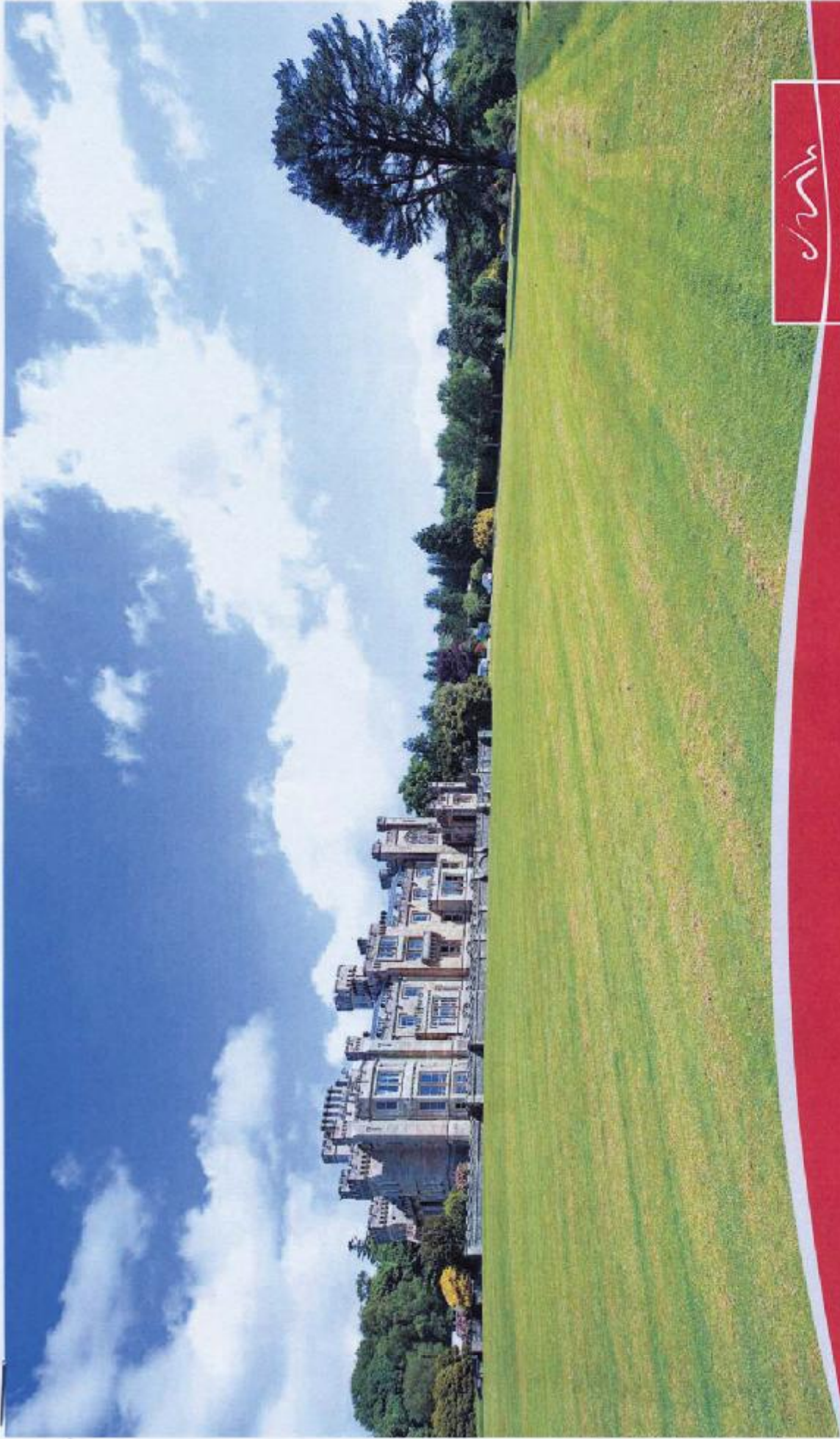
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## Appendix 3 2010 Sales Particulars

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*Baird Lumsden*  
BAIRD LUMSDEN

Castle Toward, Toward, Dunoon, Argyll PA23 7UG



## CASTLE TOWARD Dunoon, Argyll PA23 7UG

Toward 1 mile, Dunoon 8 miles, Via Ferry Glasgow Airport 33 miles, Glasgow City Centre 41 miles

*A magnificent "B" listed mansion house set within extensive policies on the tip of The Cowal Peninsula and with southerly aspects over the Clyde Estuary with, 2 cottages, gate lodge complex, walled gardens, glasshouse and ornamental water garden surrounded by approximately 142.7 acres (57.75Ha) of woodland and parkland with shore frontage.*

### Castle Toward

#### Ground Floor:

Imposing Reception Areas, 6 Principle Apartments, 3 Office Rooms, Toilets, Kitchen Pantry

#### First Floor:

15 Bedrooms (4 With En-Suite Facilities), 9 Toilets/Washroom Facilities

#### Second Floor:

11 Bedrooms, 6 Toilets/Washroom Facilities

#### Lower Ground Floor:

9 Rooms, Several Store Rooms, 5 Toilets/Washroom Facilities, Kitchen, Laundry, 2 Studios/Workshop, Cellar Storage.

### East Cottage

5 bedroom semi-detached cottage

### West Cottage

6 bedroom semi-detached cottage

### Gate Lodge Complex

Former Coach House, Workshops with 3/4 self contained flats in need of modernisation

**SET IN APPROXIMATELY 142.7 ACRES (57.75 HA) OF WOODLAND AND PARKLANDS**

**FOR SALE AS A WHOLE**

#### Selling Agents

DMH Baird Lumsden

15 Aha Street, Edinburgh, EH2 4PH

Tel. 0131 477 6001 Fax. 0131 477 6016

[www.dmhbl.co.uk](http://www.dmhbl.co.uk)





### Situation

Castle Toward occupies a wonderful private wooded setting on the southern point of the Cowal Peninsula on the west coast of Scotland with super views over the Clyde estuary towards the Isle of Bute, Arran and Cumbrae. The area in its own right is renowned for its natural scenic beauty and mild climate influenced by the Gulf Stream. Castle Toward is close to the nationally and internationally renowned Loch Lomond and Trossach National Park.

Dunoon (8 miles) is the nearest main town and is a very popular tourist destination with a wide range of shopping and recreational facilities, restaurants and leisure facilities. The local Council has embarked on an ambitious programme of regeneration for Dunoon.

There are also a number of excellent golf courses in the region including Innellan, Dunoon and Strone. The area offers many opportunities for game sports with fishing available in the lochs and rivers as well as sea fishing and shooting.

Argyll has a wealth of historic and cultural places of interest including fine gardens and Castles. This part of Argyll with its lovely countryside is surprisingly accessible to Glasgow with Western Ferries car ferry from Dunoon to Gourock means Glasgow Airport and City Centre are within easy reach. In addition, Calmac Ferry service has a direct rail link to centre of Glasgow.

### Historical Note

In the grounds of Castle Toward lies the ruined B listed Toward Castle. Originally owned by the Lamont family, Toward Castle dates from the 15th Century when the keep was constructed. The surrounding courtyard is believed to have been built in the 16th Century. Mary, Queen of Scots, is known to have visited in 1563. The Lamont family were Royalists and supported the MacDonalds in their conflicts with the Campbells. In May of 1646 a large force of Campbells besieged Toward and when the walls were breached by cannon Sir James Lamont surrendered under a promise from the Campbells to let the Lamonts go free. The Campbells did not honour their word though and slaughtered all the Lamonts they could find, hanging 36 of them from one tree in nearby Dunoon.

### Directions

From Dunoon head south on the A815 passing by Innellan and Toward, continuing past the village running adjacent to the coast and continuing on the main road until you reach the gates of Castle Toward on the right hand side opposite the Sailing Club. Turn into the drive and follow round to the front of the Castle.

### Castle Toward

"B" Listed Manston House designed by David Hamilton and built for the Kirkman family in the 1820s. The House was extended in the 1920s when it was bought by Major Andrew Coates. During the Second World War the Castle and grounds were commandeered by the Navy, serving as Naval Headquarters for the duration of the War.

Although the house has been used in recent times as a Residential School/Activity Centre the grandeur it once exemplified remains and many original features remain to assist the restoration of the house to its former splendour.

Castle Toward occupies a commanding position with the southern façade having an attractive outlook over gardens to the Clyde estuary towards the Isle of Bute. The house is well suited for commercial or semi-commercial use with accommodation over four floors. It may also attract the private owner who wishes a substantial property with shore frontage.

Castle Toward retains many architectural features of note including, panelling in halls, detailed cornice and plasterwork, original flooring, original panelled doors and imposing carved staircases.

Access to the house is via a driveway which passes the north side of the House to a gravel sweep positioned to the west of the house.

### East Cottage

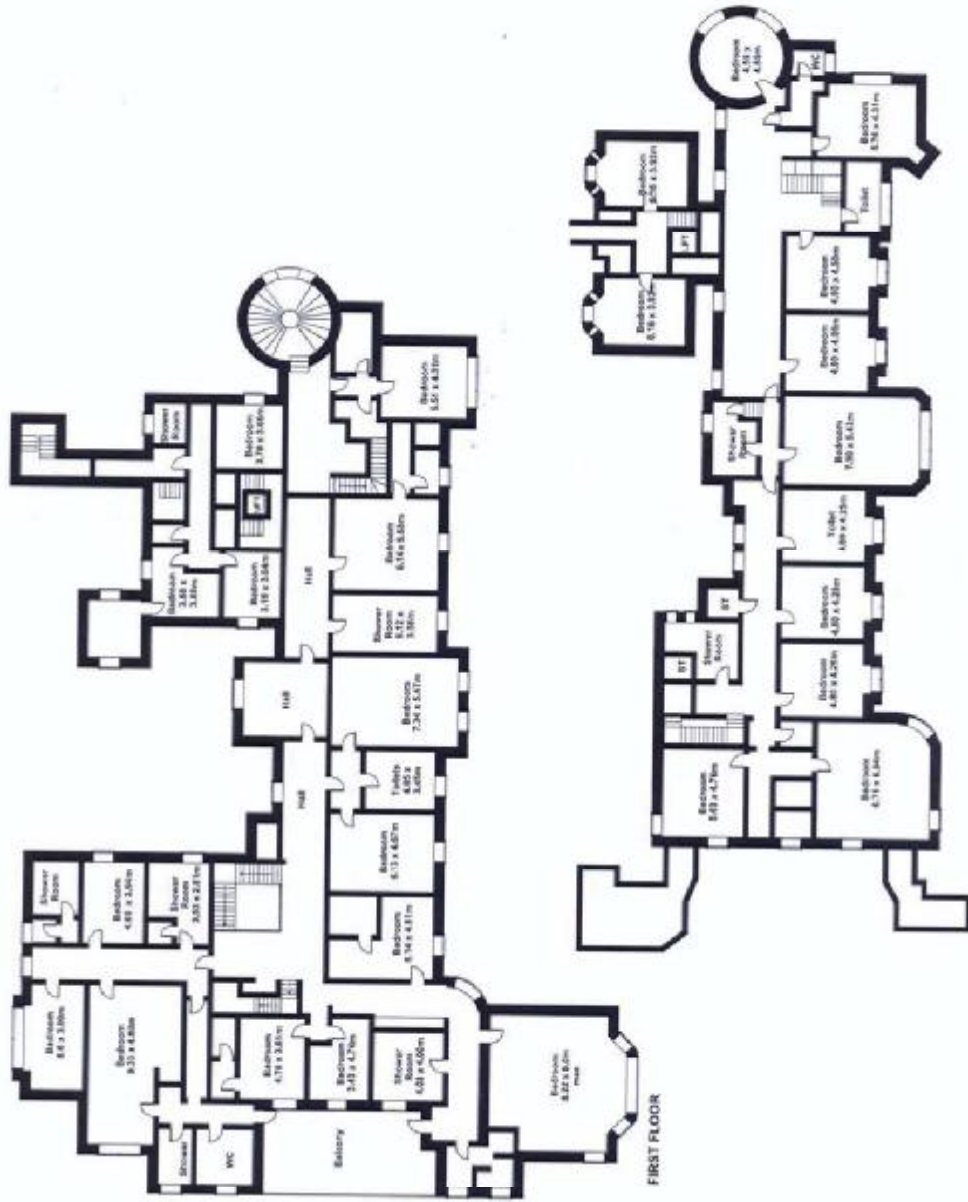
A semi-detached cottage in its own garden grounds situated to the north east of the policies consisting Hall, Living Room, Kitchen, Sitting Room, 5 Bedrooms, Bathroom. East Cottage has an internal link into West Cottage.







# Castle Toward



**West Cottage**

A semi-detached cottage in its own garden grounds consisting Hall, Living Room, Kitchen, 6 Bedrooms, study, Bathroom and Shower room.

**The Gate Lodge Complex**

An imposing former Coach House and workshop now in need of extensive modernisation.

**Garden Grounds**

Castle Toward sits in approximately 142.7 acres of mature gardens and woodland.

The gardens have extensive terraces, woodland walks and two substantial walled gardens one with conservatory, gardener's buildings with former greenhouse. A large sweeping lawn extends from Castle Toward's mature woodland southward.

The Castle also owns the shore frontage opposite the main A815 trunk road.

**Designations**

Toward Castle (1475 Lamont Tower House, now a ruin) Scheduled Ancient Monument and Grade B listed.

Castle Toward (Mansion House by David Hamilton 1821 with 20th century enlargement) Grade B listed.

Curtilage Structures ( the Gate Lodge complex, East and North walled Gardens, Gardener's workshop, Glasshouses, and other garden structures) Grade B listed.

Castle Toward (142 Acres grounds by Bateman incorporating areas of ancient woodland) Identified by Historic Scotland as a candidate for their inventory of Gardens and Designed Landscapes.

**Future Development**

The Estate as a whole is encompassed within Potential Development Area PDA 2/62 for mixed use development. ( tourism / education / leisure / housing / business) for further information please contact the selling agent.

**Gate Lodge Complex**



DATE: 08/01/2017 10:56:11 LOCAL TIME: 08/01/2017 10:56:11  
The information shown on this plan, drawings, schedules and tables are only for information and should not be used for any other purpose without the written consent of the architect.



THIS FLOOR PLAN IS FOR INFORMATION ONLY.  
 The placement and size of all walls, doors, windows, appliances and fixtures are only approximate. We do not warrant anything other than the location of the building's exterior walls. We do not warrant anything other than the location of the building's exterior walls. We do not warrant anything other than the location of the building's exterior walls.



### Services

The services include a private water supply jointly owned with others (a new 125mm mains supply has been laid past Castle Toward on the A815). Oil fired central heating, mains electricity and private drainage.

### Right Of Access

There are rights of access in place.

### Rateable Value

Castle Toward £85,000.

### Local Authority

Argyll & Bute Council  
Kilmory  
Lochgilphead  
PA31 8RT  
Telephone: 01546 602127

### Date of Entry

Entry is available by appointment with the Sellers

### Offers

Offers should be submitted in Scottish Legal form to the Selling Agents. Prospective purchasers are advised to register their interest in writing with the Selling Agents following inspection.

### Viewings

Strictly by appointment through DMH Bard Lumsden 0131 477 6001. Please note as Castle Toward is currently used as an Activity Centre viewing will potentially be carried out by appointment either on a Monday morning or Friday afternoon.

### Deposit

On conclusion of Missives a deposit of 10% of the purchase price will be paid with the balance due at Date of Entry. This deposit will be non-refundable in the event of a purchaser failing to complete the sale for reasons not attributable to the Sellers or their Agents.

### Particulars

Sales particulars prepared May 2010 photographs taken 2006

### PARTICULARS AND MISREPRESENTATION

The following note is of crucial importance to intending viewers and/or purchasers of the property.

DMH Bard Lumsden, their sales and any joint agents, give notice that:

These particulars do not form part of any offer or contract and must not be relied upon as statements or representations of fact. No responsibility is assumed for the accuracy of individual items, nor for any error they may contain, however caused.

No information in these particulars should be considered to be a statement that the property is in good condition or otherwise, nor is good structural condition or otherwise, nor that any services, equipment or facilities are in working order. Purchasers must satisfy themselves by inspection or otherwise.

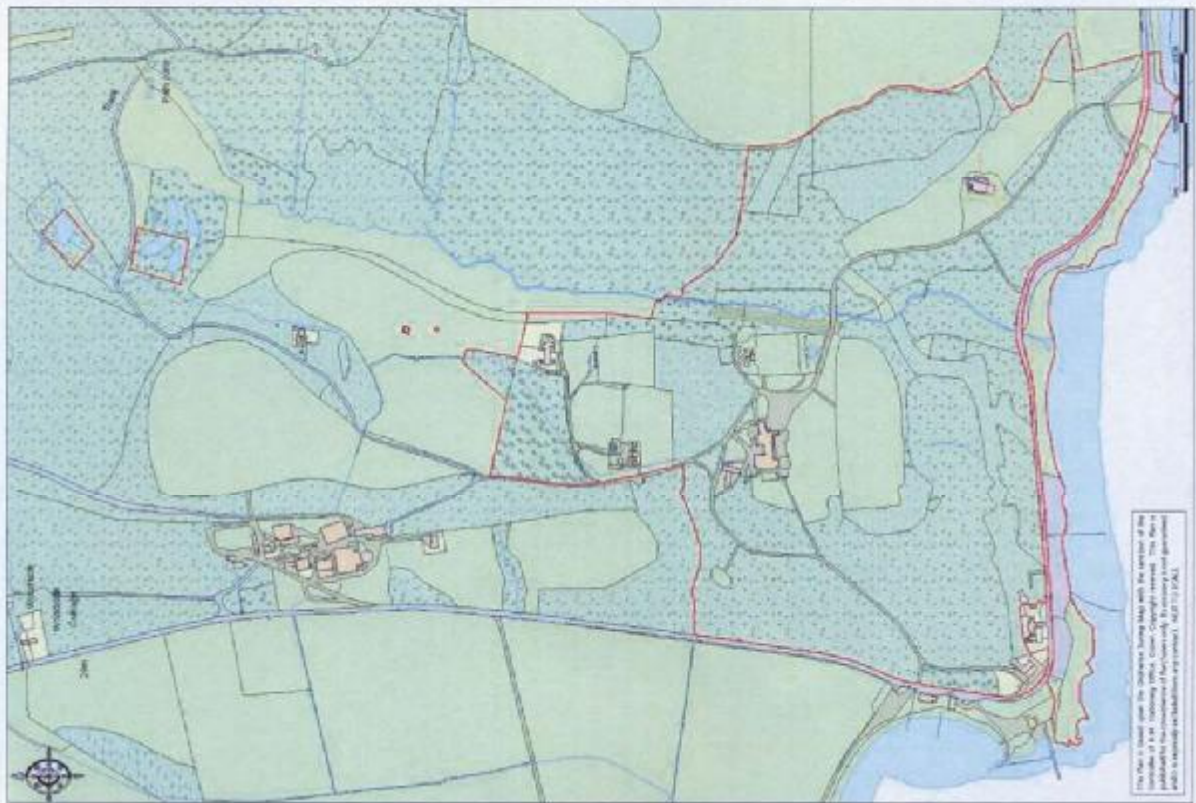
It should not be assumed that the Property has all the necessary planning, building regulations or other consents. It should not be assumed that the selling agents have visited these matters which must be verified by any intending purchaser.

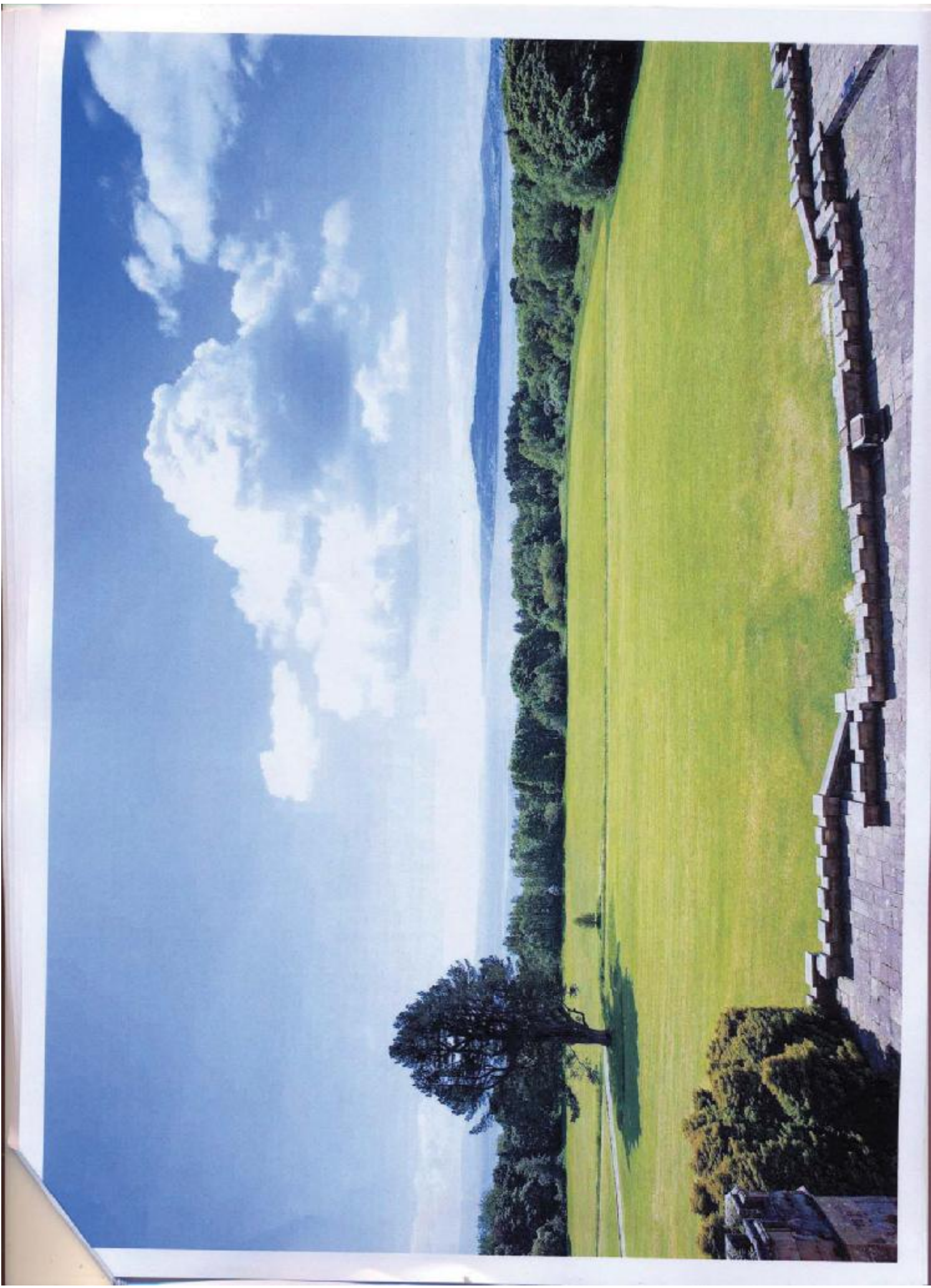
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No person in the employment of DMH Bard Lumsden has any authority to make or give any representation or warranty whatever in relation to the property or these particulars nor to enter into any contract relating to the property on behalf of DMH Bard Lumsden, nor any contract on behalf of the Sellers.

### Selling Agents

DMHBard Lumsden  
15 Alva Street, Edinburgh, EH2 4PH  
Tel. 0131 477 6001 Fax. 0131 477 6016  
[www.dmhbl.co.uk](http://www.dmhbl.co.uk)





# Report and Valuation

Castle Toward, Dunoon PA23 7UG

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## Appendix 4 Prime Market Comment

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# Scotland has voted 'No'

## What does this mean for the Scottish prime property market?

Autumn 2014



# Scotland has voted 'No'

## What does this mean for the Scottish prime property market?

The decision of the Scottish electorate to remain part of the United Kingdom will boost consumer confidence in the property market



Moray Place (Offers Over £630,000) in the heart of Edinburgh's New Town, where prime transactions increased annually by 46%

### Referendum result

The Scottish electorate has made its decision on the historic Referendum, held on 18 September 2014, and voted 'No' to the question 'Should Scotland be an independent country? With 55% of the vote, the public has decided that Scotland should remain as part of the United Kingdom.

While the property market may have seen more benefit from a greater margin at the Referendum, the majority result for the Union signals an end to uncertainty. The question over whether Scotland will become independent has been a feature of the Scottish real estate market, and has suppressed consumer confidence. The Scottish market, driven by buyers from Scotland, the south and overseas, is now poised for further meaningful growth.

Many buyers and sellers had been taking a cautious approach in the run up to the Referendum. However, we now anticipate an increase in the number of higher value houses coming to the market, as well as a boost to the

entire market. We expect the Scottish prime and mainstream residential values to grow by 23% and 19% respectively by 2018. Prime market values are now set to grow in line with the rest of the UK (see Table 1).

The debate has held back the market, particularly reducing the number of buyers from south of the border moving north. We now anticipate the return of London super-commuters, attracted by the comparative good value on offer in Scotland. ■

### SUMMARY

■ The Scottish Referendum result signals an end to uncertainty, which has been a feature of the Scottish real estate market. The market is now poised for further meaningful growth, with prime and mainstream residential values expected to grow by 23% and 19% respectively by 2018 (see Table 1).

■ Prime Scottish transactions increased annually by 39%, outperforming the mainstream market, where the number of sales increased annually by 23% (see Table 2 and Graph 2). While there was anecdotal evidence of a market slowdown in the immediate run-up to the Referendum, we expect such caution to dissipate as we enter the autumn market.

■ Prime value recovery across Scotland is more evident in urban, compared to country locations. This reflects the wider trend seen across Britain for urban markets improving, where a buyer's purchasing decision is more likely to be driven by a catalyst, such as job relocation or schooling, rather than a simple choice to upsize or downsize.

■ The Scottish housing market faces some challenges in the coming years due to changes in stamp duty and constraints on Help to Buy funding. However, we expect the Scottish housing sector to adjust to the new environment now that we have a robust market with sustained growth expected, following the Referendum result.

TABLE 1  
**Residential values forecast**

Area	2014	2015	2016	2017	2018	5yrs to end 2018
Prime Regional UK	4.5%	1.0%	5.0%	5.5%	5.0%	22.7%
Prime Scotland	2.0%	3.5%	5.0%	5.0%	5.5%	22.8%
Mainstream UK	9.5%	4.0%	3.5%	3.5%	3.0%	25.7%
Mainstream Scotland	6.5%	2.5%	3.0%	3.0%	2.5%	18.7%

Source: Savills Research

→ **Growth in prime sales**

We predict the Referendum result to further boost the market in Scotland. The prime residential market (at £400,000 and above) showed a strong performance, with a 39% annual increase in activity, reaching 3,035 transactions during the year ending July 2014 (see Table 2).

The market has been robust from Spring 2013 onwards, making it the busiest period since 2008. Sales in the mainstream market across Scotland increased annually by 23% during the year ending June 2014. While there was anecdotal evidence of a market slowdown in the immediate run-up to the Referendum, we expect such caution to dissipate as we enter the autumn market.

The prime market has been boosted by the hubs of Edinburgh, the Aberdeen area and Greater Glasgow, where activity collectively increased annually by 43%. Edinburgh was heavily supported by strong growth in the hotspots of New Town and the West End, where prime transactions collectively increased annually by 52%, representing 170 sales.

The prime southern Glasgow suburbs of Pollokshields, Newlands, Giffnock and Newton Mearns experienced a strong market, with a combined 42% annual increase in activity, representing 152 sales. These areas continue to be supported by top quality education facilities and excellent transport links. Prime activity in the Aberdeen Postcode District of AB15, which includes the suburbs of Bieldside, Cults and the West End, increased annually by 49% and made up around a third of prime transactions across the Aberdeen area during the year ending July 2014.

The market strength in the core locations of Edinburgh, Aberdeen and Glasgow has spilled out to some of Scotland's provincial locations, such as Tayside, where prime transactions increased last year by 26% and also the Midlothian area, south of Edinburgh, where prime transactions doubled to 22 during the year ending July 2014, compared to just 10 during the previous 12-month period.

With a 39% annual increase in activity, Fife is one of only six areas in Scotland where prime sales exceeded the 100

level, reaching 118 during the year ending July 2014. Unsurprisingly, St Andrews remains the dominant hotspot, accounting for 38% of prime sales in Fife. However, activity throughout the rest of the county is evenly spread with prime sales taking place in the East Neuk, Cupar, Dunfermline and Burntisland areas.

The prime markets in the country locations of Ayrshire, Highlands and the Borders also improved during the year ending July 2014 following restrained performance in previous years. However, within these areas, prime market activity is mainly concentrated in more densely populated locations, and has yet to spill out to more remote locations in Scotland.

For example, in Ayrshire, where prime transactions increased annually by 36%, over half of prime sales took place in the towns of Ayr and Troon. Similarly, in the Borders, where prime transactions almost doubled on an annual basis, around a third of activity took place in Melrose and Peebles. Another example is the

Highlands, where prime transactions increased annually from 33 to 58. However, a third of prime activity in this area took place in and around the city of Inverness.

**Prime values**

While prime values across Scotland have grown slightly by a modest 1% this year, the recovery is more evident in urban, compared to country locations. Prime values in the city areas of Edinburgh and Glasgow have increased by 4% and 2% respectively this year, following a rise in transactions and an increasing lack of stock. While transaction numbers in the country have also picked up, until this point, we have not seen any significant growth in values. This reflects the wider trend seen across Britain for urban markets improving, where a buyer's purchasing decision is more likely to be driven by a catalyst, such as job relocation or schooling, rather than a simple choice to upsize or downsize.

While Scottish prime market conditions have improved this year, values in Edinburgh and Glasgow are

TABLE 2 **Strong growth in prime transactions**

Area	Year to July 2010	Year to July 2011	Year to July 2012	Year to July 2013	Year to July 2014
<b>SCOTLAND</b>	<b>2,102</b>	<b>2,294</b>	<b>2,194</b>	<b>2,176</b>	<b>3,035</b>
Edinburgh	696	684	780	740	1,021
Aberdeen area	348	463	435	442	647
Greater Glasgow	426	443	378	378	557
Tayside	145	149	140	155	196
East Lothian	94	97	88	105	123
Fife	86	115	87	85	118
Borders	48	56	45	41	77
Stirlingshire	56	65	58	59	72
Ayrshire	58	67	55	50	68
Highlands & Islands	58	47	43	33	58
West Lothian	25	30	23	25	28
Argyll & Bute	23	27	22	22	27
Midlothian (excluding Edinburgh)	14	13	12	10	22
Dumfries & Galloway	25	38	28	31	21

Source: MyHousePrice.com and Savills Research

currently 18% below their 2007 peak while values in the country locations are currently 27% below their 2007 peak, mainly due to the uncertainty surrounding the Referendum. In comparison, prime markets in some comparable hotspots south of the border have shown strong recovery since the beginning of 2013. Prime values in areas such as Bath, Oxford and York are exceeding their 2007 peak.

Following Scotland's decision to remain part of the Union, we expect strong recovery in prime Scottish values. We predict Scottish prime values to rise by 2% by the end of this year, and further annual growth of 3.5% by the end of 2015, exceeding the Prime UK market (see Table 1). We expect prime values in Edinburgh and Glasgow to reach their 2007 peak by 2016, with country house values reaching that level by 2018.

### Million pound market

There was a jump in transactions above £1 million in Scotland, with 144 sales recorded during the year ending July 2014, compared to 121 during the previous 12-month period. The current level of 144 transactions is 8% below the 10-year annual average of 157 transactions (see Graph 1). Buyers originating from outside Scotland made up 30% of the million pound market, compared to 26% in the previous 12-month period.

During 2013, the majority of such buyers came from London. Since the start of 2014, only three buyers have originated from London, with overseas purchasers coming from other parts of Europe, the USA, the Middle East, Hong Kong, Singapore and New Zealand, compensating for the lack of buyers from south of the border. We anticipate an increase in sales at the top end of the Scottish market from buyers, both from home and abroad, who had put their purchasing decisions on hold until after the vote.

Edinburgh, the traditional hub of the million pound market with a 44% share, saw a slight rise at the top end, representing 63 transactions during the year ending July 2014 compared to 57 during the previous 12 month period. This was followed by the Aberdeen area which saw 30 sales above £1 million during the year ending July 2014. This included 13 new build sales, with six

GRAPH 1  
**Scottish million pound sales are approaching long term average**



Source: MyHousePrice.com and Savills Research

taking place at a single development in the West End of the city.

While sales at £1 million and above in the Greater Glasgow area increased to 17 during the year ending July 2014, compared to 11 during the previous 12-month period, there has only been one transaction this year in Lanarkshire and one in the city area of Glasgow.

There were 11 residential sales at £1 million and above across Tayside during the year ending July 2014 compared to eight during the previous 12-month period. Scotland has traditionally had a small market at £2 million and above, with just 12 transactions at this level during the year ending July 2014, with half of the sales taking place in Aberdeen and Edinburgh.

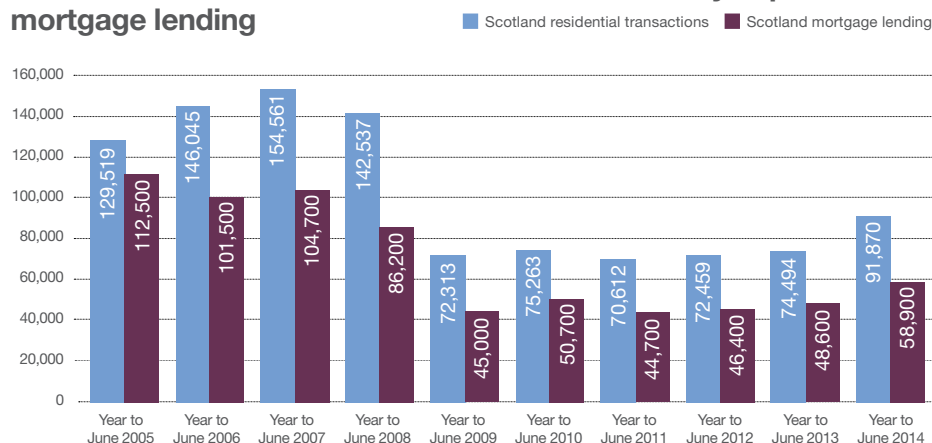
To put this in context, there were 28 sales in the Northern regions

of England and 2,456 residential sales in London at £2 million and above during the year ending June 2014. Activity in Scotland at this level has dropped off in recent months as uncertainty over the Referendum has deterred buyers from outside Scotland making such big investments in the country. We now expect this sector of the market to recover over the next six months.

### Mainstream market

The mainstream market in Scotland primarily consists of local buyers and as such has been less affected by the uncertainty surrounding the Independence Referendum. House purchase activity across Scotland remains robust, particularly in urban locations. There was a 23% increase in transactions, from 74,494 during the year ending June 2013 to 91,870 during the year ending June 2014. This was led by a 21% increase in

GRAPH 2  
**Overall Scottish residential transactions boosted by improved mortgage lending**



Source: Registers of Scotland and Council of Mortgage Lenders

→ mortgage lending over the same period (see Graph 2). The rise in mortgages has mainly been driven by the Funding for Lending scheme which has made a positive contribution to mortgage availability across the UK.

At a Local Authority level, we are seeing continued strong performance in the core markets of Aberdeen and Edinburgh, the commuter locations of East Lothian, East Renfrewshire and East Dunbartonshire and also secondary markets including Angus and Midlothian. Overall values in Scotland showed strong growth during 2014. According to data from the Nationwide Building Society, the average Scottish house price increased annually by 5.4% during the second quarter of 2014. We are forecasting Scottish mainstream values to rise by 6.5% at the end of this year (see Table 1).

Such growth is likely to be driven by activity in urban areas. However, our forecasts over the next four years take into account the potential impact of interest rate rises on housing costs in Scotland. Affordability constraints are likely to increase over the five year period of our forecasts thus limiting the capacity for strong price growth. The pattern of price growth will be dictated by the extent of growth while rates remain low and, in turn, how quickly those rates rise.

### Stamp Duty changes

From April 2015, Stamp Duty for Scottish residential and non-residential property sales (SDLT) will be replaced by a new tax, which will be collected within Scotland. It will be known as the Land and Building Transaction Tax (LBTT). LBTT, as part of the Scottish Government's devolved tax raising powers, was going to be introduced regardless of the Referendum result. While LBTT received Royal Assent in the summer of 2013, the final rates will not be announced until late autumn. We expect the Scottish housing sector to adjust to the new regime now that we have a robust market with sustained growth expected, following the Referendum result.

LBTT could favour residential sales at £180,000 or less under the Scottish Government's proposed structure. Sales above £200,000 would incur a higher rate of tax than at present.



Scotsraig (Offers Over £850,000) in Paisley, Renfrewshire. Prime transactions across Renfrewshire increased annually by 32%

Should this progressive form of Stamp Duty be applied, it will introduce positive results for around 80% of buyers in the Scottish residential market, provided the market remains the same. However, 20% of house buyers will be hit with higher taxes.

There are no plans to reform Stamp Duty in the rest of the UK. Whilst we welcome a progressive new system, the proposed structure is likely to increase the costs to families and professionals looking to move up the housing ladder. The majority of housing suitable for these markets in the main cities of Scotland is priced at more than £300,000. On average, LBTT payments will be around 24% more than SDLT, therefore adding to the cost of moving for those living in Scotland's key cities

### Help to Buy update Equity loan scheme

The Help to Buy (Scotland) equity loan scheme is available on new build homes from participating home builders up to a maximum value of £400,000. The Scottish Government's overall funding for this three-year scheme is £275 million. Help to Buy has provided much need stimulus to the Scottish new build market, with nearly 5,000 approved applications up to the end of July 2014, according to Homes for Scotland.

The success of the scheme has been such that the £35 million allocated for the financial year 2013/14 as well as the £140 million

allocated for the financial year 2014/15 has been expended. Future new build sales under this scheme, with a completion date of April 2015 and beyond, will require funding from the 2015/2016 budget for which £100 million has been allocated. We expect a further circa 3,000 new build sales in Scotland under this scheme based on current trends.

### Mortgage guarantee scheme

The Help to Buy mortgage guarantee scheme is available across the United Kingdom. Since the launch of this three-year scheme, there have been 18,564 mortgage completions, from October 2013 to June 2014, across the UK.

At 2,298 completions, 12% took place in Scotland, which is the third highest percentage in the country, slightly behind the North West and South East of England. The main beneficiaries of this scheme across the UK are first time buyers, which accounted for 79% of completions.

The overall impact is rather limited, as completions under this scheme made up only 5% of all mortgage lending in Scotland between October 2013 and June 2014. We expect further promotion of this scheme from Scottish housebuilders due to the lack of funds available for the equity loan scheme. Based on performance to date and market conditions, we expect a further 4,000 completions in Scotland under this scheme. ■

## Savills Research team

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Please contact us for further information

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