



Performance
Report
2018-20

Contents

| | |
|--|----|
| Foreword | 4 |
| Vision and Values | 6 |
| Priority Area Overview | 7 |
| Priority Area 1 – Contributing to the Growth of Glasgow's Economy | 8 |
| Priority Area 2 - Maximising the Benefit from Property Assets Owned by City Property Glasgow (Investments) LLP | 10 |
| Priority Area 3 - Using Collaboration and Innovation as Drivers for Success and Growth | 12 |
| Priority Area 4 - Providing Financial Sustainability | 14 |
| Key Objectives | 16 |
| New Business Entities | 18 |
| Space for Growth | 20 |
| Fundraising, Awards & Other Initiatives | 22 |



Bothwell Exchange, Waterloo Street



Foreword

It is with great pleasure I welcome you to our Performance Report covering 2018/19 and 2019/20.

So much has happened over the course of these two years that is difficult to pick out key highlights from the remarkable achievements of the City Property Team. It seems that every year the pace of change increases, and I'm extremely proud of the way our dedicated members of staff have adapted to address challenges and seek opportunities through innovative and creative solutions.

Since our inception in 2009 and over the past two years in particular, we have seen continuous growth which has enabled us to provide world class expertise and accumulate experience across all areas of the business to produce impressive results.

However, 2019 was a landmark for City Property as we celebrated our 10th anniversary. It is perhaps fitting then that it was in this year that City Property delivered its most significant successes since it was established. By refinancing the property portfolio to release equity and raising additional funding to purchase Glasgow City Council (GCC) operational assets, which were then subsequently leased-back to the Council, City Property was able to support GCC in meeting its long-standing equal pay claims. The changes to City Property's structure and the details of the 11 new high profile assets are provided on pages 18 and 19.

This document fills me with pride as I look through the pages of impressive statistics and significant endeavours in relation to our four priority areas. It is a challenge to mention all pivotal projects since 2018, but I will highlight a few: the redevelopment works at Blochairn to ensure recovery from the fire in August 2017; achieving our capital receipts target for GCC; the implementation of the capital investment plan for our portfolio; the ongoing developments at the Lochs Shopping Centre; the £10.7 Million disposal of Phase 2 Bothwell Exchange; and of course, the launch of our Meanwhile Space initiative – the first of its kind for Glasgow.

Again, these results could not be achieved without our 90 staff members, new and existing, who are at the heart of everything we do. I've always admired the pride each person takes in delivering

to the best of their abilities, working together and drawing on the unique strengths of each individual in order to achieve more as a team.

My sincere thanks go to everyone who has contributed to this report, both in compiling the information and in delivering the activities and projects presented. I hope you, our staff and valued stakeholders enjoy reading it. Like all years, our next one will bring its own mix of successes and challenges, but we have a clear direction for our business and I know I have your support to achieve our ambitions for City Property.



Pauline Barclay
Managing Director

Commonwealth House, Albion Street



Vision and Values

“Property is our Business” – everything we do we should aim to excel – to be the company that sets the highest of standards. This is relevant in every area of our business, from demolishing a building to collecting rents, from managing our Carbon Footprint to setting the service charge, from looking at new business opportunities to signing new leases.

Our Vision is:

“ To positively invest in the inclusive growth of Glasgow’s economy ”

We want to be bold, ambitious and community led, delivering quality services with customer focus, tailored to the different needs of our stakeholders.



Values

Property is our business and our business is built on **RESPECT**.

Our values inform our behaviours and decision making. Therefore, at the heart of the Strategy is a set of **core values** that express the beliefs of City Property, help shape our identity and underpin our actions over the next five years.

Regeneration - be proud of and ambitious for Glasgow and always act in the best interests of the Council and City Property.

Excellence - be open minded to exploring ideas and have clear priorities based on understanding and evidence.

Sustainability - work closely with partners and communities and be flexible and responsive in the delivery of services.

Progressive - listen and act decisively and promptly and provide inclusive, engaging and empowering leadership providing clear direction.

Equality - support equality and social inclusion.

Community - provide choices and opportunities in every aspect of people’s lives.

Trust - behave with honesty, respect and having trust in each other have effective two-way communication.

Priority Area Overview

Priority Area 1

Contributing to the Growth of Glasgow's Economy



Priority Area 2

Maximising the Benefit from Property Assets Owned by City Property Glasgow (Investments) LLP



Priority Area 3

Using Collaboration and Innovation as Drivers for Success and Growth



Priority Area 4

Providing Financial Sustainability



Priority Area 1 – Contributing to the Growth of Glasgow's Economy

Glasgow has proved itself to be resilient when faced with huge economic challenges, especially in the past decade and has developed an economically strong, broad-based economy which stands comparison with the rest of the UK and indeed the rest of Europe.

What we have achieved:

2018/19 - 2019/20

Capital Receipts
for GCC

£15M



£7.8M

37 transactions completed + additional 2 for CPGI totalling £280,000



33 transactions completed plus 4 transactions for CPGI amounting to £1.2million

Former Middlefield School sold for **£8.15M**



Residential site for private housing in Easterhouse sold for **£1M**

The valuation dealt with **18** off market disposals in 2018/19,

14 of which were to RSI's. These sales to RSI's will facilitate the development of 318 homes for affordable housing

Former Nye Bevan House acquired from GCC for **£4.25M**



Site at Ingram Street acquired from GCC for **£3.5M**

15 off market disposals,

7 of which were to RSI's which helped facilitate the construction of some 490 units for social housing.

Over **5800** casual market traders at Blochairn



Over **4800** casual market traders at Blochairn

Markets Waste Performance

(In tonnes)

2018/19

2019/20

Wood **680** Wood **683**

Plastics **26** Plastics **29**

Organic & Fish **1191** Organic & Fish **1078**

Cardboard **320** Cardboard **280**

RDF (energy) **333** RDF (energy) **295**

TOTAL **2,550** **TOTAL** **2,365**
tonnes - recycling 87%

ZERO WASTE TO LANDFILL **ZERO WASTE TO LANDFILL**

Middlefield Residential School

City Property, acting on behalf of Glasgow City Council, completed the sale of the former Middlefield Residential School at 26 Partickhill Road to Westpoint Homes Property Company (Scotland) Ltd for the sum of £8,150,000. Middlefield School was built in 1970 and closed its doors in 2014. Westpoint Homes have gained planning consent for the development of 63 luxury residential apartments with work already started on site. The luxury development will include 1, 2 and 3 bedroom apartments, 2 & 3 bedroom penthouses and 3 bedroom duplex apartments situated within Glasgow's vibrant West End.



Nye Bevan House

City Property took on the demolition of Nye Bevan House in January 2015 on behalf of Glasgow City Council. A challenging demolition, the project took just under four years to complete due to a number of factors including the proximity of neighbouring buildings, external groups and the scope of the exercise. The demolition was successfully completed in December 2018 thanks to the expertise of our Technical Team who were on the front line dealing with daily issues and public pressure to conclude this key demolition.

City Property also identified Nye Bevan House as a key development opportunity within the city centre commercial sector due to it representing one of the few remaining opportunities for a new build 'Grade A' office development. The purchase of the site was concluded at the price of £4.25m and will be presented to the market soon.



Blochairn Market

The major fire at Blochairn in August 2017 caused significant damage to the site, with almost a third of the space lost. Blocks B and C were destroyed and almost half of D Block was fire damaged. The reinstatement of D Block was completed on budget in December 2018 and tenants, existing and new, are now occupying these units. We also gained planning permission for the reconstruction of new style B and C Blocks, to replace those damaged in the fire, and our proposed Waste Management Facility. Works started on the new B and C Blocks in December 2019 and this has generated significant interest from new and existing tenants. When it is complete this new space will also provide an increased area for the car boot sale traders. The new Waste Management Facility will allow even better management of our eight waste streams, the opportunity to continue to grow the facility and also provide improved working conditions for our staff.

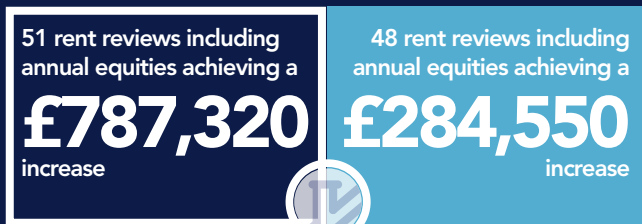
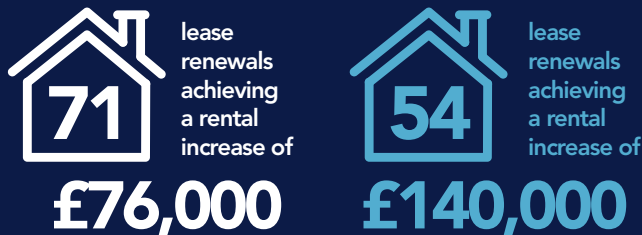


Priority Area 2 - Maximising the Benefit from Property Assets Owned by City Property Glasgow (Investments) LLP

The way we use our property assets in the future not only will enable change in the way we work but will deliver a significant financial contribution and potentially leverage in further investment and economic development.

What we have achieved:

2018/19 - 2019/20



transfers or assignments of leases



was achieved in administration fees and premiums



Community Asset Transfers in the CPGI portfolio obtained Board approval to proceed.



Kinning Park Complex

City Property Glasgow (Investments) LLP (CPGI) announced the completion of its first Community Asset Transfer to Kinning Park Complex on 7 October 2019. Following a voluntary review of how asset transfers can be reasonably applied to certain types of property within its ownership, CPGI worked to deliver this project and complete the sale of the buildings at 39 and 43 Cornwall Street.

Kinning Park Complex offer affordable space and facilities for a wide range of projects and events that bring people together. The completed ownership of the properties means that the organisation can now move forward with plans to invest in the buildings to further develop and improve the already excellent services provided to the local community and to the wider areas of Glasgow.



The Lochs Shopping Centre

On 1st April 2016, CPGI purchased the Shandwick Shopping Centre which was later rebranded to the Lochs Shopping Centre from Glasgow City Council. Since this purchase, CPGI has invested and developed in a number of areas to improve the attractiveness of the centre including new signage, re-lamping, repainting and enhancement of each entrance, footfall counters, construction of new toilets to improve customer experience, as well, as a dedicated website to promote the shopping centre.

Within four years these improvements have been significant. In particular, the lease renewal of major tenants for 10 years which will see popular brands remain in the centre. In 2018, an impressive million customers made their way through the doors – a real triumph for the centre.



High Street/ Saltmarket Area

Since the launch of Meanwhile Space initiative we have seen continuous regeneration to the High Street and Saltmarket area of the city. The initiative has generated a steady uptake on leases, notices of interest and enquiries. This is largely due to our close relationship with our agent Graham & Sibbald and our continued efforts to market properties within this area effectively online through all available digital channels.

Particular success stories have been 91 Saltmarket which received eleven offers and 31/39 Trongate which after being vacant for six years is now successfully leased – supporting the regeneration of one of Glasgow's most historic streets.



Priority Area 3 - Using Collaboration and Innovation as Drivers for Success and Growth

City Property recognises the importance and role of customer satisfaction in our work. Our Business Plan establishes two cross cutting principles that relate to stakeholder satisfaction, the need to measure it and the need to improve our services in response to stakeholder experiences.

What we have achieved:
2018/19 - 2019/20

Management Surveys complete

85

104



Refurbishment Surveys complete

91

136

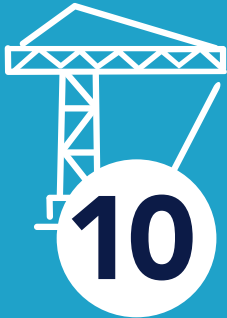


320

GCC surplus and vacant properties managed by the Technical Team

291

Demolition Surveys complete



Supported Glasgow City Council in providing a service of asbestos joint inspections across the council's portfolio to improve their management of asbestos

Full UKAS reaccreditation achieved.



2019 Tenant Survey Results

285%

increase response rate in comparison to our 2017 survey

97.5%

reduction in paper and processing allowing the survey to be streamline for our tenants

89%

overall satisfaction rate
Majority of our tenants would recommend us a landlord



Glasgow Fibre Network Expansion

Launched in 2016, Glasgow's fibre network expansion was initially constructed to serve the city's growing business community, bringing next-generation digital infrastructure to reach over 7,000 local businesses and expanding this to almost 300km.

Our Asbestos Team has been working closely with our partners in CGI to help deliver this project by providing asbestos guidance throughout the property landscape to allow for the safe roll out of the programme.

Once complete, the fibre expansion will dramatically accelerate the digital capabilities of Glasgow's schools, libraries, leisure centres, arts venues and council offices, whilst also laying the future ground-work for the inevitable roll-out of fibre to every home and business in the city. With this in place, many organisations can now move forward with plans to invest in the buildings to further develop and improve the already excellent services provided to the local community and to the wider areas of Glasgow.



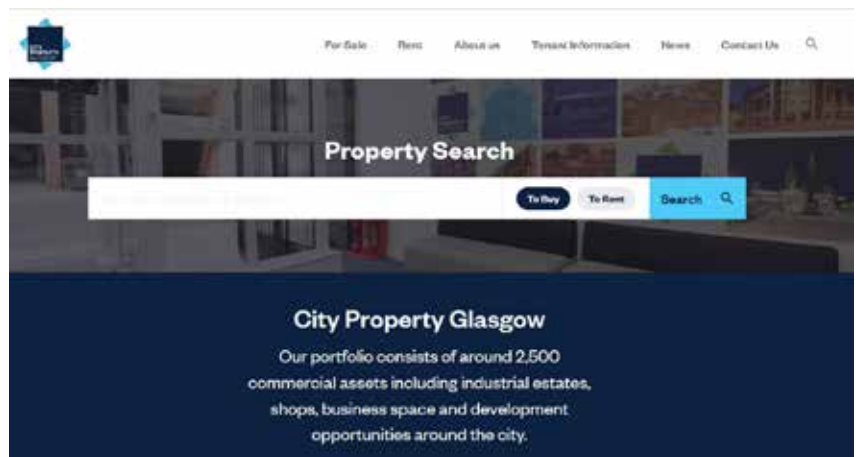
Argyll Street

Digital Improvements for the Future

We are continuously developing how our properties are marketed online through our digital channels including social media and the development of our new website.

Our new website appearance will boast a modern design with improved menu functionalities to direct users to the most relevant content. As well as a dedicated tenant area which will house any key documents and relevant information, we have streamlined and enhanced the enquiry process.

These improvements present a clear message about who we are as an organisation, our goals and objectives and provide better functionality for each user to explore the properties we have to offer.



Priority Area 4 - Providing Financial Sustainability

Since inception City Property successfully has met all of its financial commitments to both lenders and the Council. This has been a challenging period given the significant economic pressures and financial constraints.

What we have achieved:

2018/19 - 2019/20

£4,000,000

capital receipts for GCC

achieved through



overage cases

£15m

achieved in contribution to the Capital Receipt target of £10 million

£7.8m

achieved so far in contribution to the 2 year Capital Receipt target of £15 million

£245,400

contributed to Capital Receipts target from Miller Homes for the Crookston Development



£196,000

for the sale of 32 units from the former Berryknowes Resource Centre to Loretto Housing Association and £90,000 for the sale of Garscadden Primary School to Glasgow Housing Association for 72 units.



14

demolition contracts managed by Technical Team

23



£240k



£130k

demolition management fees generated by the Technical Team.



Provided expert advice and assistance for all clients in relation to

asbestos issues

Old High School

The Old High School Complex was launched to the market on Friday 20 September 2019. Working in partnership with Graham and Sibbald, City Property (Glasgow) LLP marketed the site on behalf of City Property Glasgow (Investments) LLP.

First opening its doors in 1846 as Glasgow Academy, the complex was designed with two gatehouse buildings around a central courtyard and has seen occupation over recent years from a number of organisations including Strathclyde Regional Council and Police Scotland. Set out across five distinct blocks with an internal area extending to over 85,000 sq. ft., the site offered developers a rare opportunity to restore and enhance part of Glasgow's Heritage in a prime city centre location.

City Property Glasgow (Investments) LLP marketed the site by way of a long ground lease of up to 125 years and have reviewed all current bids submitted by the closing date in December 2019. A final bidder has been selected and will be announced in due course.



Victoria's Nightclub

The retail and commercial properties at 92-96 Sauchiehall Street and 98-106 Sauchiehall Street, most notably including Victoria's Nightclub, were extensively damaged by a fire in late March 2018. Building Control deemed that these properties were to be demolished as dangerous buildings in the interest of public safety.

City Property was instructed by Building Control to manage the appointment of the demolition contractor and also the contract for the works on behalf of the Council. This was a high profile and complex demolition and the works were completed in August 2018.



Ingram Street

Located close to the city centre in a Merchant City location, our prime development opportunity on Ingram Street offers access to a cosmopolitan landscape with a variety of residential and commercial uses. Merchant City is known for being the cultural heart of the city with a vibrant music and cultural scene offering a variety of exciting eating and drinking opportunities.

The site which is currently being marketed, comprises of a rectangular area extending to approximately 0.64 acres and offers for a long leasehold or sale for a mixed use development are being considered. With a closing date set, the potential income generation from such a prime position will aid in providing further financial sustainability for City Property's future.



Key Objectives

| Priority Area 1 - Growing the Economy | | | | |
|---|--|----------------|---------|----------------|
| Key Objectives | KPI | Target | Year | Result |
| 1. Supporting new jobs and business start-ups. | Capital Receipts Target set by Glasgow City Council. | £10.3m | 2018/19 | £15m Achieved |
| 2. Assisting in meeting the Council's ambitions for regeneration, housing and capital receipts. | | £15m (2019-21) | 2019/20 | £7.8m Achieved |
| 3. Managing challenging assets. | | | | |
| 4. Using Professional expertise deliver new property opportunities and developments. | | | | |
| 5. Improving and expanding City Markets | | | | |

| Priority Area 2 - Maximising the Benefit from Property Assets held by City Property Glasgow (Investments) LLP | | | | |
|---|---|--------|---------|--------------|
| Key Objectives | KPI | Target | Year | Result |
| 6. Increasing occupancy levels in the property portfolio. | Percentage of occupancy levels | 80% | 2018/19 | 84% Achieved |
| 7. Delivering our capital investment plans. | | 80% | 2019/20 | 83% Achieved |
| 8. Increasing income and reducing costs. | Percentage annual increase in rental growth | 5% | 2018/19 | Static |
| 9. Producing an effective asset management strategy. | | | 2019/20 | Static |
| 10. Improving the environmental sustainability of the portfolio. | | | | |

| Priority Area 3 – Collaboration | | | | |
|--|-----------------------------|--------|---------|--------------|
| Key Objectives | KPI | Target | Year | Result |
| 11. To explore new opportunities for partnership working with GCC Family and Property and Land Services. | Overall Tenant Satisfaction | 75% | 2018/19 | 89% Achieved |
| 12. To participate in community engagement and asset transfers. | | | | |
| 13. To have productive agency arrangements and explore new partnership opportunities. | | | | |
| 14. To strengthen relationships and encourage feedback from all of our stakeholders. | | | | |

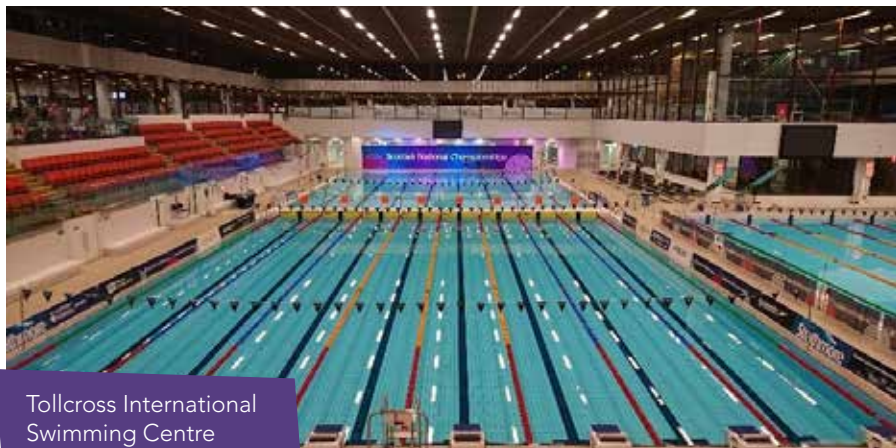
| Priority Area 4 - Providing Financial Sustainability | | | | |
|---|---------------------|----------|---------|-------------------|
| Key Objectives | KPI | Target | Year | Result |
| 15. To increase rental income from advertising opportunities. | Advertising Revenue | £300,000 | 2018/19 | £240,000 Achieved |
| 16. To advance current service delivery and seek new opportunities. | | £500,000 | 2019/20 | £336,000 Achieved |
| 17. To invest wherever this will result in improvements to the business. | | | | |
| 18. To explore opportunities to release value and equity from the commercial portfolio. | | | | |



New Business Entities

City Property Glasgow (Operations SL1) LLP (SL1 LLP) was established on 28 March 2019 to acquire five major Operational assets from Glasgow City Council. These assets have been leased back to the Council.

The following assets are owned by SL1 LLP:



Tollcross International Swimming Centre



Toryglen Football Centre



Riverside Museum



Royal Concert Hall

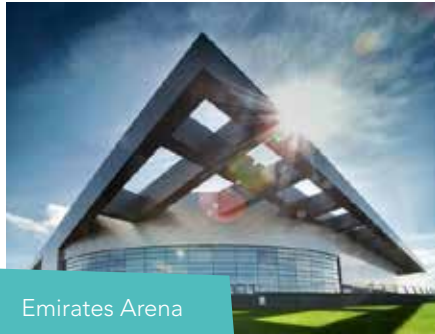


Gorbals Leisure Centre



City Property Glasgow (Operations SL2) LLP (SL2 LLP) was established on 28 March 2019 to acquire three major Operational assets from Glasgow City Council. These assets have been leased back to the Council.

The following assets are owned by SL2 LLP:



City Property Glasgow (Investments) LLP

With significant equity in our portfolio in June 2019, CPGI refinanced to release equity and additional funds to acquire three major Operational assets from Glasgow City Council. These assets have been leased back to the Council.

The following GCC assets are owned by CPGI:



SPACE FOR GROWTH

Space for Growth is a suite of initiatives provided by Glasgow City Council and City Property that offer assistance to start-up businesses, social organisations, creative organisations and community groups in gaining affordable accommodation.



MEANWHILE SPACE

City Property Glasgow (Investments) has been leading on the delivery of Meanwhile Space, a term used to describe the temporary use of property until it can be brought back to its full potential on a permanent basis.

Based in the Saltmarket, St Andrews Street and High Street areas of the city, 11 vacant shop units have undergone

extensive renovation work to transform these ready for occupation.

The initiative, which has already seen success in London and Paris, is part of the High Street Area Strategy (HSAS) and plans to revitalise the area, helping to develop creative organisations, creating jobs and supporting inclusive economic growth across Glasgow. It is also hoped that by making the units available to the creative community that the initiative will complement the vision outlined in the HSAS, supporting a thriving local community, with a visitor offering focused on the unique heritage assets of the area and the independent businesses within this historic corridor.

All 11 units are now occupied and each space continues to showcase exciting events which include a number of exhibitions and workshops open to the public which has seen an increase in footfall and has complimenting existing retail tenants.



BUSINESS STEP UP

City Property Glasgow (Investments) has also been leading on the delivery of Business Step Up which offers affordable accommodation to start-up businesses, with stepped rent increases giving them a chance to establish premises and grow.

Properties have been identified in the four highest SIMD wards as being suitable for this initiative and thus helpful to the local economies. Work continues to deliver this initiative and the first few tenants have been allocated with more to come.





Fundraising, Awards & Other Initiatives

City Property continue to support a number of charities throughout the year with fundraising events and dress down days arranged every month for staff. We have managed to raise a significant amount of money from our staff's kind donations for charities such as:

- Glasgow City Mission
- Macmillan Cancer Support
- Prostate Cancer UK
- British Heart Foundation



MCR PATHWAYS

In 2013/2014, prior to the introduction of mentoring, only 22% of Scottish care-experienced young people stayed on in school after age 16. Thanks to MCR Pathways this has drastically risen to 86% due to the pivotal role that mentoring plays in a young person's life. City Property continues to support the programme with a number of our staff volunteering as mentors to make a transformational difference to a student's education, career and life choices. We are pleased to announce that we have one of the highest volunteer rates across the council family for this initiative.



CAREER READY

City Property has continued to support the Career Ready programme which helps raise aspirations in work for 5th and 6th year school students. In 2018, a network of 5,500 volunteers from 400 employers helped to transform the lives of 30,000 young people in 300+ schools & colleges. Our staff have continued to enhance these numbers signing up for the two year programme which includes a mix of mentoring and a paid internship in the summer. We are pleased to say we now have even more staff signed up to this initiative.



GLASGOW BUSINESS AWARDS 2019



The City Property Markets Team were shortlisted as a finalist for the Green Champion Award at the Glasgow Business Awards 2019. The event invited businesses across Glasgow to celebrate innovation, success and spirit. Firmly established as the leading awards ceremony for Glasgow businesses, the event attracted high profile industry support and involvement.

The team were selected as a finalist due to their ongoing efforts in delivering innovative recycling solutions at Blochairn over a number of years. With almost 90% of all waste recycled and zero waste to landfill, their efforts have greatly reduced the carbon footprint of the markets and were specially commended at the event.





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

0141 287 6161

info@citypropertyglasgow.co.uk

www.citypropertyglasgow.co.uk

 @CityPropertyLLP

 City Property (Glasgow) LLP

