



## 1. Context

Crown Estate Scotland manages property – including buildings, land, coastline and seabed – on behalf of the Scottish people.

### We work in a way that:

- Generates prosperity and value for all of Scotland;
- Supports the growth of sustainable business and industry in Scottish seas and on the coast;
- Makes places better for those who live, work and visit there;
- Promotes sustainable ways of producing energy, food, and other products; and
- Creates opportunities for people to use and benefit from the Scottish Crown Estate.

The Scottish Crown Estate Act 2019 requires us to manage the assets in a way that is likely to contribute to the promotion of improvement of economic development, regeneration, social wellbeing and environmental wellbeing. To do this, we need to understand the wider value delivered by the assets and our management activities.



Asset profiles have been developed for the Estate's 21 asset classes. The profiles include information on financial returns, the public benefits delivered through our management activities, and our view of the opportunities for wider value creation.

The analysis has been undertaken in-house, using qualitative assessment and expert judgment.

## 2. Asset summary

The commercial property portfolio is currently limited but varied. Crown Estate Scotland's largest commercial property is the A-listed 39-41 George Street in the centre of Edinburgh's historic New Town, providing retail space on the ground floor, with office space on the upper floors. The WDC Scottish Dolphin Centre, at the mouth of the River Spey, is based in an 18th Century salmon fishing station and has a fascinating history. The Glenlivet Estate includes a visitor centre which facilitates a multitude of outdoor activities including mountain bike trails and fishing.

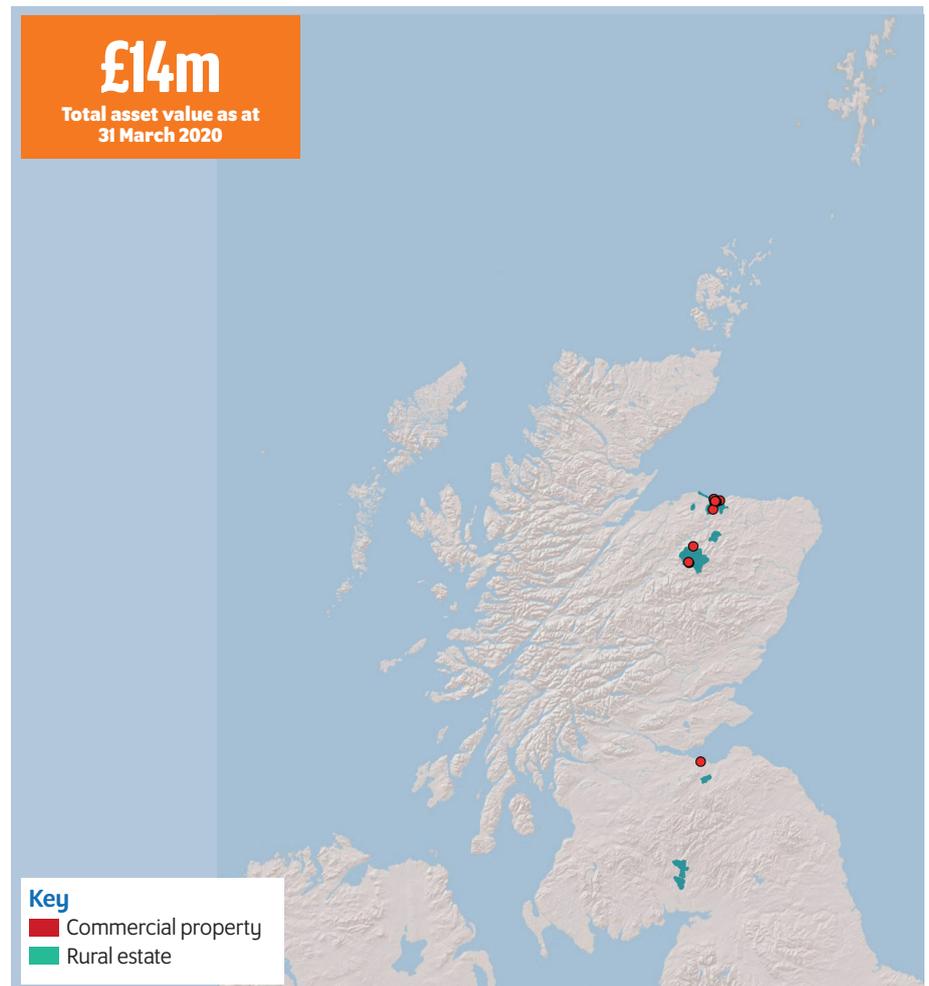
### Asset information

No of agreements	24
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### Financial information

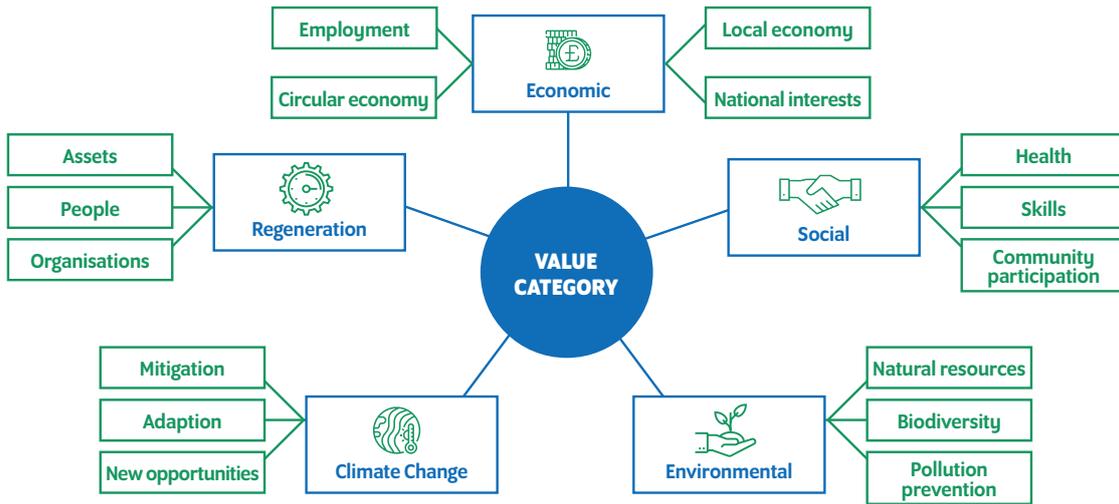
Value (March 2020)	£14.0m
Value share (% of total Estate value, March 2020)	3.3
Yield (net revenue + valuation change, 2018/19-2019/20)	-1.2
Contribution (% of Crown Estate Scotland net revenue, 2019/20)	2.7

## Commercial property asset map



Map is correct as of November 2020. An up to date map is available on our website: <https://www.crownestatescotland.com/what-we-do/map>

### 3. Understanding Value



#### Five value categories have been identified:

- Economic;
- Social;
- Environmental;
- Climate Change; and
- Regeneration.

Each value category has a set of three or four indicators. The indicators are relevant for all Scottish Crown Estate asset classes and also align with Scotland’s National Performance Framework and the UN Sustainable Development Goals.

#### Measures of success

##### Economic

- Employment** – jobs created or safeguarded
- Local economy** – local businesses are active in the supply chain and provide local employment
- National interests** – benefiting Scotland’s national economy / showing leadership
- Circular economy** – increasing efficiency / reducing waste in processes and products

##### Social

- Health** – reflects / promotes good health at local or national level
- Skills** – stakeholders gain valuable skills
- Community participation** – community is an active stakeholder and participant

##### Environmental

- Natural resources** – resources used / maintained in a sustainable way
- Biodiversity** – biodiversity is protected/strengthened
- Pollution prevention** – pollution is decreased / not increased

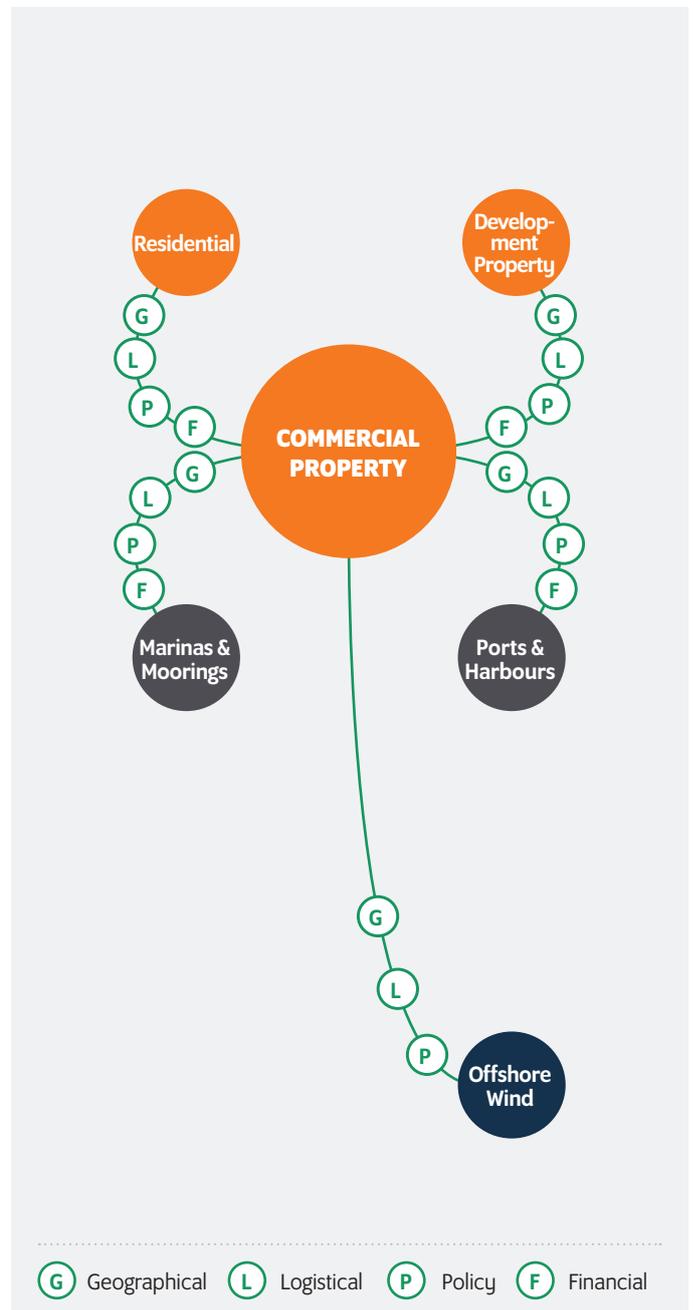
##### Climate change

- Mitigation** – low or zero emissions
- Adaptation** – actions increase resilience / reduce risk
- New opportunities** – new, low or net zero emissions activities/ businesses/products pursued

##### Regeneration

- Assets** – positive impacts on associated assets
- People** – people are enabled or empowered
- Organisations** – activities involve collaboration with other organisations

#### Connected assets

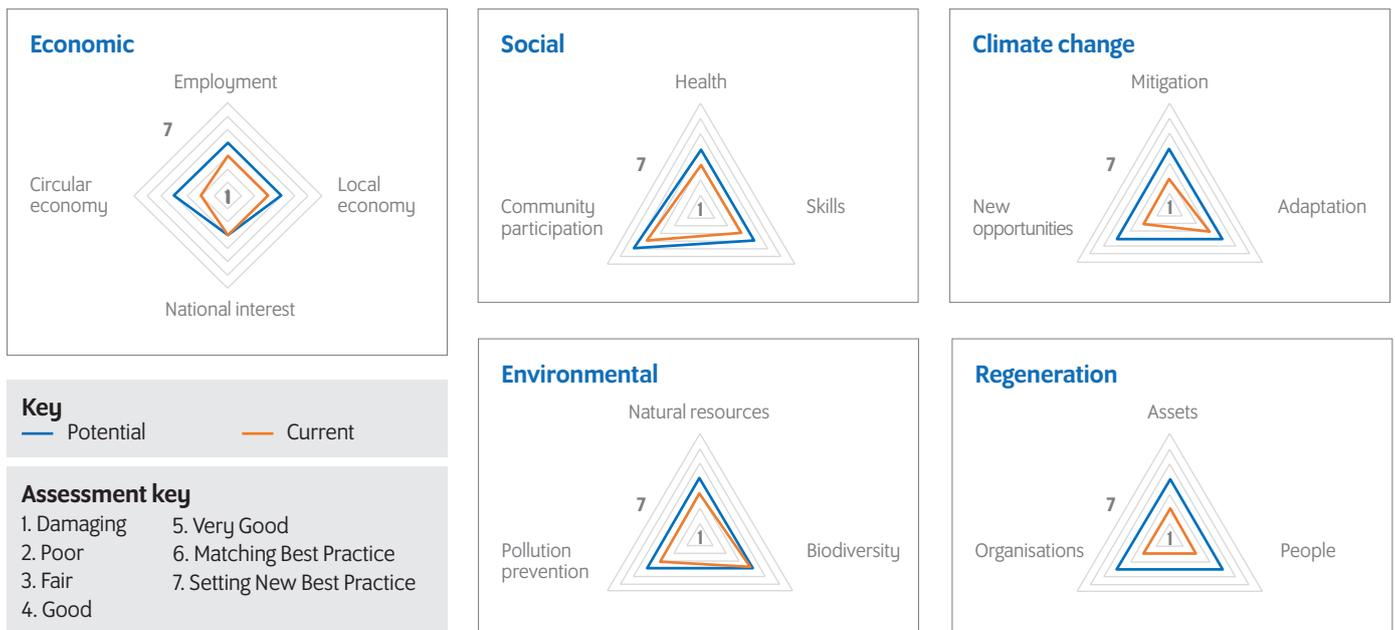


## 4. Potential for Wider Value

The diagrams below demonstrate the wider value currently generated by the asset class as a whole and indicate where we consider there is potential to deliver increased wider value. This is influenced by a range of factors including the inherent value of the assets, tenant activity, regulator activity and other external factors. For commercial property, areas identified with potential to offer some increased wider value include:

- **Economic** – Some opportunities to increase employment and local economy through provision of suitable business premises, particularly in rural locations.
- **Climate change** – Particularly in relation to mitigation and new opportunities with high standards of energy efficiency and business premises suitable for supporting innovative climate friendly activities.

Opportunities	Threats
<ul style="list-style-type: none"> <li>• Providing spaces for new businesses;</li> <li>• Repurposing buildings for future productive use; and</li> <li>• New work with coastal communities could include new commercial property development.</li> </ul>	<ul style="list-style-type: none"> <li>• Changes in the retail sector, with business moving online;</li> <li>• Offices in lower demand as more companies enable employees to work from home; and</li> <li>• Significant improvements to energy efficient are difficult to achieve with some buildings.</li> </ul>



This full value potential is indicated by the blue line. The actual average performance of the assets as currently managed is shown by the orange line. The opportunity for delivering enhanced value is the stretch between the orange line and the blue line.

Where potential and actual performance are the same the orange line will hide the blue line beneath it. No weighting has been applied to any indicator.

## 5. Benefits delivered by Crown Estate Scotland

### Our latest Corporate Plan sets out our four roles:

#### Investor

Investing in, for example, property development, as well as building external partnerships and supporting staff.

#### Asset Manager

Careful management of leases and agreements, as well as direct management of forestry and mountain bike trails.

#### Co-ordinator

Supporting other Scottish Crown Estate managers by, for example, coordinating spatial information.

#### Enabler

Empowering others by supporting local plans and projects, providing access to property and helping address barriers to sector growth.

### For commercial property, some examples of our activities include:

#### Asset Manager

- Supporting the Scottish Dolphin Centre on expansion plans including an extension to the car park, feasibility work to expand their operation, and an extension of opening hours. The centre is an important tourist destination in Moray generating local economic and employment benefits.

#### Enabler

- Three business units in Tomintoul support local businesses in the area and generate local economic and employment benefits, particularly of relevance given the remote and rural nature of the area.

The table below presents our assessment of the significance of benefits that we currently deliver through these four roles. Over time, we expect the significance of benefits to increase as considerations regarding wider value are embedded into decision making.

COMMERCIAL PROPERTY	Investor	Asset manager	Enabler	Coordinator
<b>Economic</b>				
Employment	Low	Low	Low	Inactive
Local economy	Low	High	Low	Inactive
National interests	Low	Low	Low	Inactive
Circular economy	Inactive	Low	Low	Inactive
<b>Social</b>				
Health	Low	Low	Inactive	Inactive
Skills	Low	Low	Inactive	Inactive
Community participation	Low	Low	Inactive	Inactive
<b>Environmental</b>				
Natural resources	Low	Low	Inactive	Inactive
Biodiversity	Low	Low	Inactive	Inactive
Pollution prevention	Low	Low	Inactive	Inactive
<b>Climate change</b>				
Mitigation	Low	Low	Inactive	Inactive
Adaptation	Low	Low	Inactive	Inactive
New opportunities	Low	Low	Inactive	Inactive
<b>Regeneration</b>				
Assets	Low	Low	Low	Inactive
People	Low	Low	Low	Inactive
Organisations	Low	Low	Low	Inactive

#### Key

- Inactive
- Low
- Medium
- High

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