

Commercial Property Asset Profile

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.

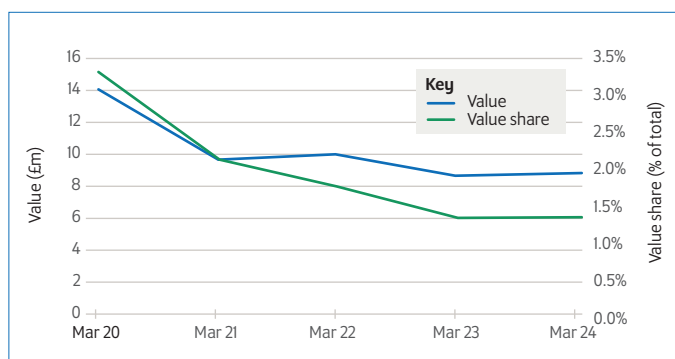
2. Asset summary

The commercial property portfolio is currently limited but varied. Crown Estate Scotland's largest commercial property is the B-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. Other small buildings are being used for various commercial purposes, e.g. a boat building and repair workshop.

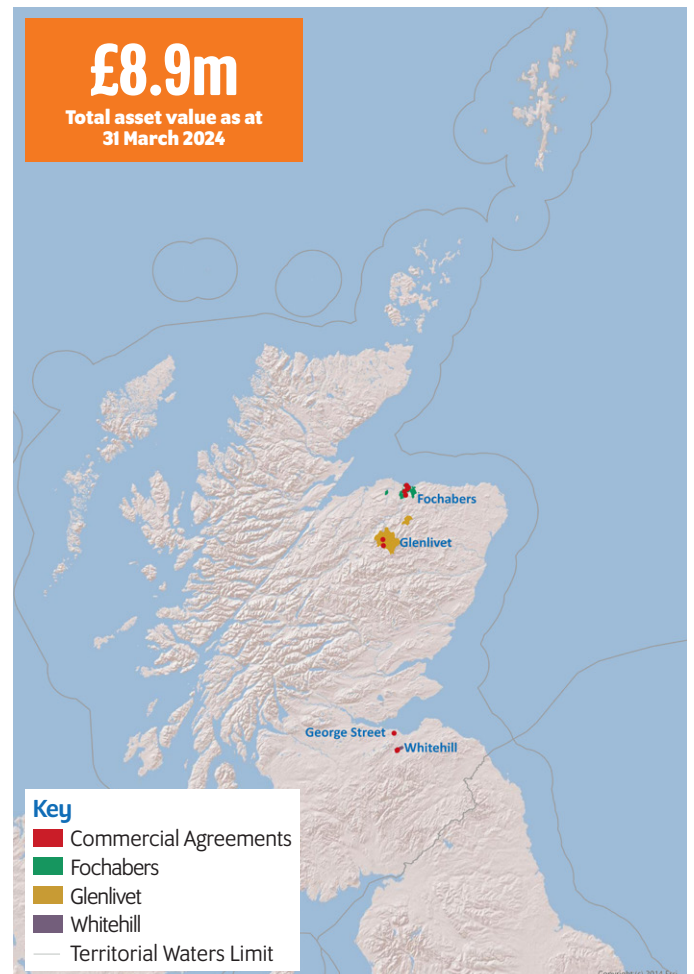
Asset and financial information

Asset information	Value
No of agreements	30
Value (March 2024)	£8.9m
Value share (% of total Estate value, March 2024)	0.9

Commercial property – change in value and value share over time

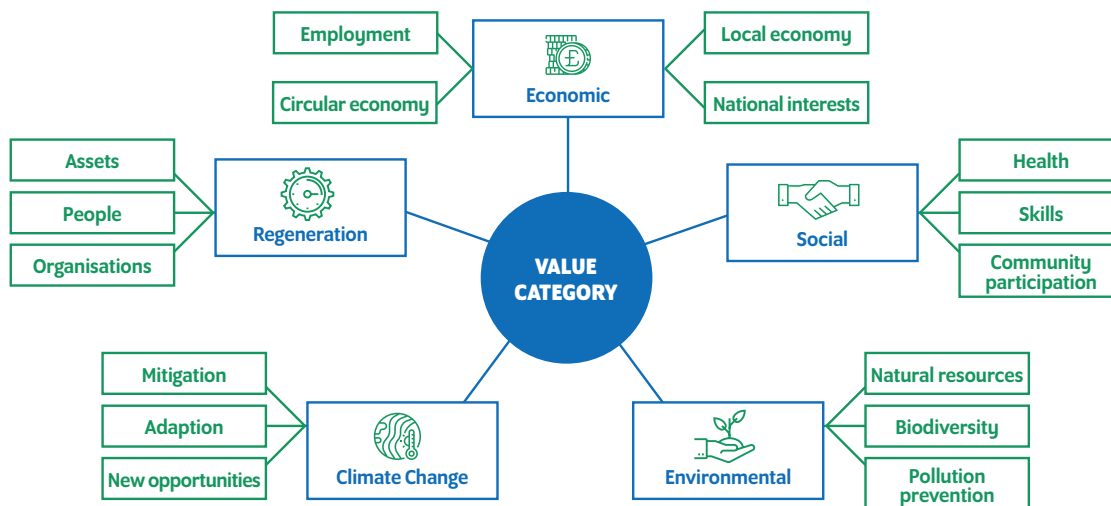


Commercial property asset map



Map correct as at September 2024. Under the Open Government Licence, we give free access to our open datasets and map which can be found on our [Spatial Data Hub](#) which gives access to view and download spatial data, PDF maps for download, and our

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

Next steps

The Value Project started in 2019 as a direct response to this need to define the wider value of CES's activities.

In 2023, with the help of Savills Earth we completed development of our new Value Reporting Framework (VRF). This framework will support CES to shape data gathering to inform non-financial metrics and will help to inform our future decision-making, reporting, and monitoring processes.

The VRF seeks to measure the value created through all of CES's activities, producing quantitative and qualitative data for investment case decision making and annual reporting.

To achieve this a systematic process for measuring value was developed, in which our five wider value categories – climate change, social, economic, environmental and regeneration – were individually assigned a specific value indicator, with each indicator directly tied to its own value creation metric.

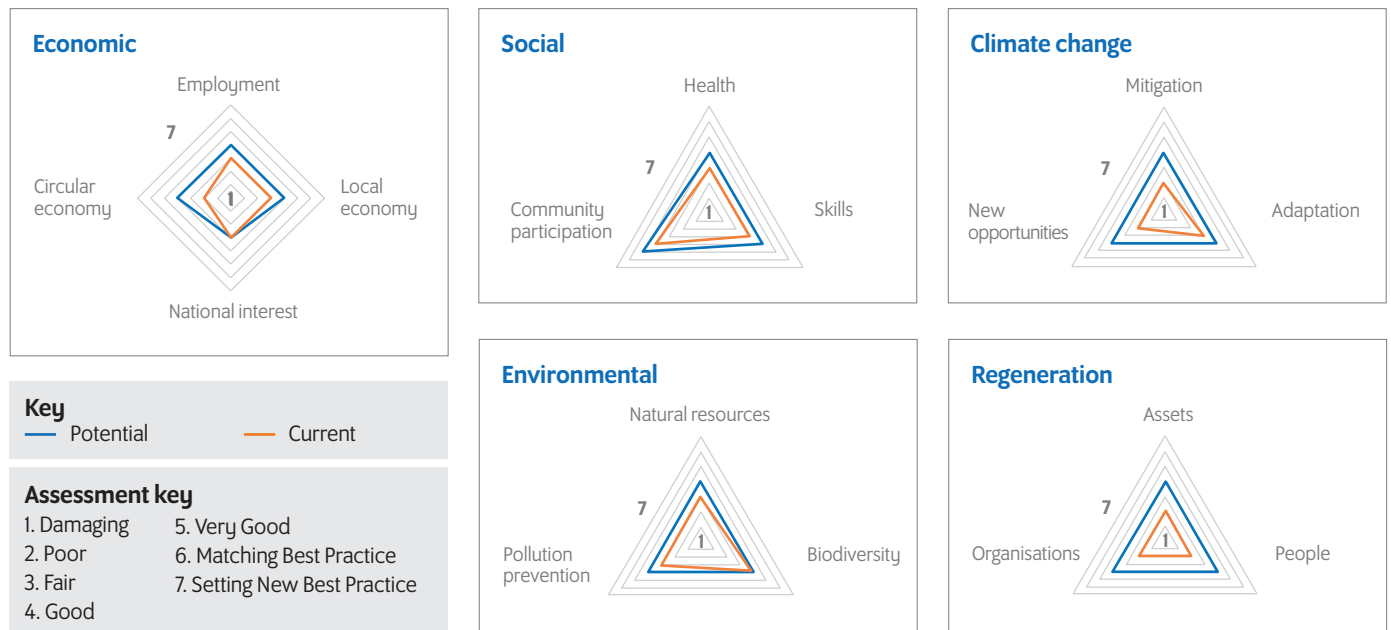
We have now incorporated indicators relating to employment, investment, and social cost of carbon into our annual reporting and further indicators will be added going forwards.

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"> • Providing spaces for new businesses; • Repurposing buildings for future productive use; and • Commercial property development done in partnership with coastal and rural communities. 	<ul style="list-style-type: none"> • Changes in the retail sector, with business moving online; • Offices in lower demand as more companies enable employees to work from home; and • Significant improvements to energy efficiency are difficult to achieve in some buildings with traditional construction.



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 2020-2026 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.

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

- We have been strongly supporting our Mountain Bike trails tenant, [BikeGlenlivet](#) through our Local Partnerships Investment Challenge fund which has added a new zipwire course to complement the mountain biking and walks currently offered at the centre and encourage more tourism to the area. The first is a continuous zipwire through the trees of the planted forest, made up of 15 shorter zip wire sections linked together, which would vary from 32ft to 229ft long.
- We also secured the former Richmond Arms in Portgordon, Moray, and worked with the Portgordon Community Trust to facilitate the community buy-out of the asset to turn it into a community hub.

Enabler

- Three business units in Tomintoul support local businesses and local development trust 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 the benefits that we currently deliver through these four roles. Our Corporate Plan sets out actions against 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	Key
Economic					<ul style="list-style-type: none"> Inactive Low Medium High
Employment	Low	Low	Low	Inactive	
Local economy	Low	Medium	Medium	Inactive	
National interests	Low	Low	Low	Inactive	
Circular economy	Inactive	Low	Low	Inactive	
Social					
Health	Low	Low	Inactive	Inactive	
Skills	Low	Low	Inactive	Inactive	
Community participation	Low	Low	Inactive	Inactive	
Environmental					
Natural resources	Low	Low	Inactive	Inactive	
Biodiversity	Low	Low	Inactive	Inactive	
Pollution prevention	Low	Low	Inactive	Inactive	
Climate change					
Mitigation	Low	Low	Inactive	Inactive	
Adaptation	Low	Low	Inactive	Inactive	
New opportunities	Low	Low	Inactive	Inactive	
Regeneration					
Assets	Low	Low	Low	Inactive	
People	Low	Low	Low	Inactive	
Organisations	Low	Low	Low	Inactive	

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