



Regional
Property
Solutions

Prepared by:

Regional Property Solutions

10th May 2024

REPORT & VALUATION
FOR SIXTEEN RETAIL SASS
SIXTEEN REAL ESTATE (RETAIL) LTD
10-12 KENNEDY STREET
MANCHESTER
M2 4BY

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Chartered Commercial Property Surveyors.
Management. Agency. Valuations. Lease Advisory.



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EXECUTIVE SUMMARY

| | |
|---|--|
| Address | 364 Barlow Moor Road, Chorlton, Manchester, M21 8AZ |
| Property Overview | Chorlton-cum-hardy is an affluent and primarily residential suburb located approximately 4 miles south west of Manchester City Centre and approximately 2.5 miles from Junction 7 of the M60 orbital, which links in with the national motorway network. Chorlton contains a wide range of shops, restaurants and commercial premises, creating a vibrant atmosphere for the primarily young professional population |
| Accommodation | The subject property forms part of a 4 storey Victorian terrace building with accommodation on the ground and basement floors. Construction is traditional with suspended timber floors with brick elevations with a basic shop front. There is access from the rear to a shared yard. There is a raised outdoor terrace to the front which provides for a further sales area. |
| Tenure | Assumed 999 year Long Leasehold at a peppercorn |
| Tenancy | Vacant Possession |
| Special Assumption | A hypothetical lease for a term certain of 5 years at Market Rent |
| Purpose of Valuation | Opinion Of Market Value – Pension Fund |
| Valuation Date | 10 th May 2024 |
| Market Value | £175,000 |
| Title issues (requiring investigation) | We have not had sight of the Report on the legal Title. |

The above executive summary is to be read in conjunction with the valuation report to which it forms part and is subject to all the assumptions, caveats and bases of valuation stated herein and is not to be taken in isolation

Sixteen Retail SSAS

Sixteen Real Estate (Retail) Ltd

10-12 Kennedy Street

Manchester

M2 4BY

Dear Sirs,

PROPERTY: 364 Barlow Moor Road, Chorlton, Manchester, M21 8AZ

In accordance with your instructions, we have inspected the above property, made our usual enquires and now have pleasure in reporting as follows:

1.0 INSTRUCTIONS

- 1.1 We refer to the terms of engagement dated 2nd May 2024 instructing us to prepare a Valuation Report for obtaining and opinion of Market Value acting as Independent Valuer, of the long leasehold interest in the above property.
- 1.2 In accordance with your instructions we have inspected the property, made all necessary enquiries and have prepared this Valuation Report.
- 1.3 This Valuation Report and the valuations and opinions contained herein have been prepared in accordance with the Service Agreement between us, the Guidance Notes for Valuers Providing an Appraisal of Property for an opinion of Market Value where otherwise applicable, the Practice Statements and Guidance Notes set out in the Royal Institution of Chartered Surveyors Professional Standards (2020, as amended).
- 1.4 In accordance with your instructions, we have set out in this Report our opinion of:
 - 1.4.1 The Market Value of the property in its existing state, subject to the special assumption of a hypothetical lease in place.

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.

- 1.5.1 An inspection of the property was carried out on Tuesday 7th May 2024 by Daniel Lee MSc MRICS.
- 1.6 We confirm the surveyor is a member of the Valuation Faculty of the RICS and has experience of this type of valuation.
- 1.7 The date of valuation is 10th May 2024.
- 1.8 This report is provided in accordance with the Service Agreement between us, but please also refer to Sections 16 and 17 of this report in respect of the Basis of Valuation and Valuation Assumptions.

2.0 LOCATION

- 2.1 Chorlton-cum-hardy is an affluent and primarily residential suburb located approximately 4 miles south west of Manchester City Centre and approximately 2.5 miles from Junction 7 of the M60 orbital, which links in with the national motorway network. Chorlton contains a wide range of shops, restaurants and commercial premises, creating a vibrant atmosphere for the primarily young professional population.
- 2.2 Chorlton benefits from excellent public transport networks, with regular bus and tram services to Manchester City Centre and surrounding towns. The Metrolink station provides a direct link to Manchester Airport approximately 5.8 miles to the south. Chorlton District Centre is surrounded by the three wards of Chorlton, Chorlton Park and Whalley Range, with the latest estimated population of these wards being 43,975. Chorlton is within short driving distance of several other wealthy towns and suburbs south of Manchester including Didsbury, Sale and Altrincham.
- 2.3 The subject property is situated on an established and prominent parade on Barlow Moor Road and sits close to the highly regarded Beach Road. The area is principally made up of high quality independent retail and food & beverage offerings.
- 2.4 In Appendix 1, we also enclose an extract from the Ordnance Survey Map on which the approximate site boundaries of the subject properties are edged in red.

3.0 DESCRIPTION

- 3.1 The subject property forms part of a 4 storey Victorian terrace building with accommodation on the ground and basement floors. Construction is traditional with suspended timber floors with brick elevations with a basic shop front. There is access from the rear to a shared yard. There is a raised outdoor terrace to the front which provides for a further sales area.
- 3.2 The condition of the property was in shell and core format but it is understood that lease negotiations will dictate the extent of any further landlord works.
- 3.3 There is no parking.
- 3.4 The precise boundaries, the extent of the property is shown as, Appendix 1 and is edged in red on the attached copy Ordnance Survey plan.

4.0 ACCOMMODATION

- 4.1 The accommodation has been measured on a Net Internal Basis in accordance with the RICS Code of Measuring Practice 6th Edition.

| Description | Use | Net Internal Floor Areas | |
|--------------|---------|--------------------------|--------------|
| | | Sq M | Sq Ft |
| Ground Floor | Retail | 57 | 613 |
| Basement | Storage | 40 | 427 |
| Total | | 97 | 1,040 |

5.0 CONDITION

- 5.1 We have not undertaken a building condition survey or tested the services or arranged for investigations to be carried out to determine whether deleterious or hazardous materials have been used in the subject property. Although our inspection revealed no obvious deleterious materials, we are unable to report that the property is free from risk in this respect. We have assumed for the purposes of this valuation and report that the property contains neither hazardous nor deleterious materials.
- 5.2 At the date of our inspection for valuation purposes, the premises appeared to be in average repair and condition having regard to their age, character, specification and use.
- 5.3 We have not been provided with an audit of the property in relation to the Disability Discrimination Act, 1995 (DDA). This legislation imposes duties on, amongst others, employers, service providers and landlords not to discriminate against disabled persons. Whilst employers are not required to make changes in anticipation of employing a disabled person, they have to make reasonable adjustments to their employment arrangements and premises if a disabled person might otherwise be substantially disadvantaged. In addition, service providers have a duty to make reasonable adjustments to physical features of buildings or provide agreeable terms in making the service available.
- 5.4 In the absence of any such audit report and having regard to the existing arrangements of the property we have assumed the property will require no extensive works of alteration at the cost of the landlord.
- 5.5 The Control of Asbestos at Work Regulations 2002 requires the landlord and the tenant(s) to have undertaken and prepared asbestos registers for their respective demises. Copies of these registers should be made available for examination by maintenance personnel and anyone intending to undertake works to the building fabric however minor.
- 5.6 In the absence of any such report, we have assumed for the purposes of this report that no asbestos is present in the property except for the roof or, alternatively, that the removal of any asbestos will result in no significant costs to a proposed purchaser.

6.0 STATUTORY ENQUIRIES

- 6.1 We have been advised by Manchester City Council that the area is governed by the Adopted Local Plan 2021 & Strategic Location Plan.
- 6.2 We are advised that the property is not situated within a conservation area.
- 6.3 We are not aware of any recently approved planning permissions for the property.
- 6.4 We have assumed that the property has historic planning permissions permitting use as a Class E but this would need to be clarified by a local search.

- 6.5 We have conducted an internet enquiry of the Valuation Office agency web site which confirms that the commercial element of the property is currently entered into the 2024 rating list as follows;-

| Address | Description | Rateable Value |
|---|---------------------|----------------|
| 364 Barlow Moor Road, Chorlton, Manchester, M21 8AZ | Café / Bar Premises | £15,250 |

- 6.6 The English Uniform Business Rate for the financial year 2024/2025 is 54.6p in the pound.

7.0 SERVICES

- 7.1 The property is served by mains water, gas and electricity and we have assumed that drainage is to the main sewer.

8.0 SITE AND GROUND CONDITIONS

- 8.1 We are unaware of any adverse ground conditions that could adversely affect the site.

9.0 ENVIRONMENTAL CONSIDERATIONS

9.1 Environmental Considerations

- 9.1.1 Whilst we have not undertaken any detailed investigations into past and present uses of the subject property or of any adjoining property, we note from the Environmental Agency web site that Ordnance Survey maps published between circa 1880 and the current day indicate that the area has a history of commercial uses.

- 9.1.2 At the time of our inspection we noted that the property was vacant and not in use.

- 9.1.3 We did not observe any evidence of any potential or actual contamination, either at the property itself or in its immediate vicinity, that we consider would be likely to affect our valuation.

- 9.1.4 We have made verbal enquiries with the local planning authority but they could not comment whether the site was on contaminated land without undertaking a specific site survey.

- 9.1.5 Our subsequent enquiries have not revealed any evidence that there is a significant risk of contamination affecting the subject property or neighbouring properties that would affect our valuation.

- 9.1.6 Therefore, for the purposes of this Valuation Report, we have assumed that no contamination exists in relation to the property sufficient to affect value. However, we would stress that should this assumption prove to be incorrect the values reported herein might be reduced.

9.2 Flood Risk

- 9.2.1 The Environment Agency website does not identify the property as lying within an area liable to significant flooding.

10.0 TENURE

- 10.1 We understand from your letter of instruction that the property will be held under a 999 year long leasehold title at a peppercorn.

11.0 TITLE, OCCUPATIONAL LEASES AND OTHER AGREEMENTS

- 11.1 The property is being provided with full vacant possession.

11.2 TITLE AND OTHER AGREEMENTS

- 11.2.1 We have not been provided with a Report on Title.

12.0 MARKET TRENDS AND GENERAL COMMENTS

12.1 Economic & Property Sector Overview

- 12.1.1 The medium-term fiscal outlook has materially worsened due to a weaker economy, higher interest rates, and higher inflation (the latter largely due to global factors, so raising public spending much more than it boosts tax bases). Based on policy as it stood last March, government borrowing would have been £108 billion (3.7 per cent of GDP) in 2027-28 and underlying debt would have been rising in every year. Of the £75 billion increase in the pre-measures deficit in 2026-27 relative to March, almost two-thirds is due to higher debt interest costs from higher interest rates, with the energy-shock-driven loss of receipts and the inflation-driven rise in welfare spending the other major factors.

- 12.1.2 The next 9 months are certainly going to be difficult to predict. This is evidenced by the fact that we have started to see considerable movement in pricing during Q3 2023 / Q4 2023 meaning that the prime yields have softened to 5.4%, its highest level since November 2016. With most sectors and geographies forecast to show minimal capital growth over the next five years, opportunistic investors are still keen to access markets where rental growth remains a possibility to drive total returns.

12.2 Regional & Local Property Market

- 12.2.1 Focusing on the local property market, Chorlton is a popular and sought after destination for a plethora of businesses and investors. Demand has been consistent which has been underpinned by strong take up over the last 5 years. Retail rents and values have continued in an upward direction over the last 5 years but have plateaued over the course of the latter stages of last year and through 2024.

- 12.2.2 We are aware of the following investment and vacant possession transactions all of which occurred in the last twelve to eighteen months:

368 Barlow Moor Road, Chorlton – This four storey mixed commercial / residential investment property generated a gross income of £36,690pax and sold for £466,000 which equates to a net initial yield of 5.37%.

9 Northenden Road, Chorlton – This mixed use commercial / office investment sold for £350,000 which equates to a net initial yield of 5.8%

573 – 577 Wilmslow Road, Withington – This mixed use investment is under offer with an income of £52,843 pax representing a net initial yield of 7.44%

100 School Road, Sale – This single let freehold investment sold for £465,000 which represents a net initial yield of 7.1%. The lease was for ten years with break clause at year five.

16 – 18 Lloyd Street, Altrincham – This single let freehold investment sold for £700,000 which represents a net initial yield of 8.04%. The lease was for ten years with break clause at year five.

5a High Lane, Chorlton – This ground floor lock up retail unit sold for £275,000 which equates to £183 per sq ft.

We are aware of the following leasehold transactions, all of which occurred in the last 12 – 18 months:-

446 Wilbraham Road, Chorlton – This ground floor retail unit is let at £17,000pax which equates to £21 per sq ft.

99 Manchester Road, Chorlton – This ground floor food unit is let at £21,500pax which equates to £22 per sq ft.

49 Manchester Road, Chorlton – This ground floor food unit is let at £13,800pax. Which equates to £19 per sq ft.

366 Barlow Moor Road, Chorlton – This ground floor restaurant unit has a passing rent of £18,000pax and extends to 1,100 sq ft.

12.3 Valuation Considerations & Approach

The property market in general is acting with caution and the desire to purchase freehold investments is mixed but supply is weak. This particular pitch in Chorlton remains popular for potential occupiers.

We have approached the valuation on a comparable basis by adopting a net initial yield 8.4% against an estimated rental value for the subject property of £15,000pax. This is based on the current condition of the unit and the likelihood of letting the unit to a newly established operator.

13.0 MARKET VALUE

- 13.1 We are of the opinion that the Market Value of the long leasehold interest in the above property, on the special assumption that a hypothetical lease is in place, as at the date of valuation is:-

£175,000
(One Hundred & Seventy Five Thousand Pounds)

14.0 BASIS OF VALUATION

- 14.1 Our valuations have been carried out in accordance with the Practice Statements and Guidance Notes set out in the Appraisal and Valuation Statements for the Royal Institution of Chartered Surveyors (2020 as amended) and the Guidance Notes for Valuers Providing and Appraisal of Property for an opinion of Market Value & Market Rental Value.
- 14.2 The definitions of the valuation bases adopted are set out in the Standard Service Agreement.

15.0 VALUATION ASSUMPTIONS

- 15.1 Our valuations have been prepared on the basis of the Service Agreement between us.

16.0 LIMITATION AND PUBLICATION

- 16.1 This Valuation Report is prepared solely for the use of Sixteen Retail SASS and authorised subsidiaries and no responsibility is accepted to any other party for the whole or any part of its contents. It may be disclosed to other professional advisors assisting in respect of the purpose for which the valuation is prepared.
- 16.2 Neither the whole nor any part of the Valuation Report nor any reference thereto may be included in any published document, circular or statement nor published in any way without the Valuer's written approval of the form and context in which it may appear.

We trust that this Report is satisfactory for your present purposes, but should you require any further information or clarification please do not hesitate to contact us.

Yours faithfully



Daniel Lee MSc MRICS
RICS Registered Valuer

APPENDIX 1

Location & Site Plans

APPENDIX 2

Photographs

