

File

22 March 2016

MG/mw/22-1

Mr A Hamilton  
Clerk  
Port St Mary Commissioners  
Town Hall  
Port St Mary  
IM9 5DA

Dear Mr Hamilton

**Manxonia House, Port St Mary, Isle of Man**

**Instructions**

We refer to your recent instructions to provide our opinion of the current Market Value of the above freehold property in connection with a possible acquisition. We have inspected the property, made relevant enquiries and now have pleasure in reporting to you.

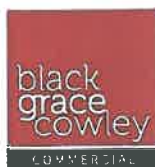
We confirm that Black Grace Cowley Limited does not have a conflict of interest in connection with this instruction; the valuation date is the date of this report and the valuation has been made in accordance with the RICS Valuation – Professional Standards, (January 2014), (The Red Book).

The property was inspected on 16 March 2016 by M N Grace, BSc (Hons) MRICS, Director, who is an RICS Registered Valuer and who has prepared the report and valuation and is qualified and suitably experienced for the purpose of this instruction. Black Grace Cowley Limited are an RICS Regulated Firm.

A copy of our Engagement Letter which includes of Terms of Engagement is attached.

**Basis of Valuation**

The basis upon which we usually prepare our valuations and reports is set out in the Terms of Engagement attached. Unless and except where here specifically stated otherwise, the report has been prepared in accordance with these Terms of Engagement.



We have prepared our valuation on the basis of Market Value (MV) which is defined in the RICS Valuation – Professional Standards, (January 2014), published by Royal Institution of Chartered Surveyors, 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’.

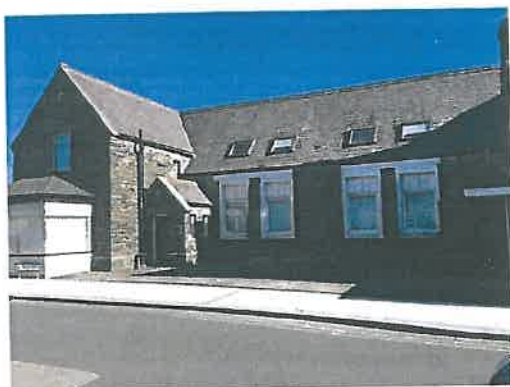
With regard to tenure, tenancies, planning and statutory consents etc, we have relied upon information that you have supplied to us and have assumed that this information is correct.

We have not inspected Title Deeds and for the purposes of this valuation report we have assumed that the property possesses a good marketable title free from any onerous burdens, restrictions, covenants or rights of way and that it is not affected by any Government or Local Authority proposals. We have not made any formal planning enquiries and have assumed that all necessary planning and regulatory consents have been obtained for the current uses.

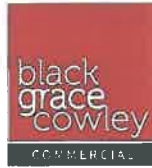
We have not carried out a building survey nor have we inspected those parts of the property which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about nor advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts.

No allowance has been made for any costs of sale or liabilities for taxation, including vat, which may arise on disposal of the property.

### **Description & Location of the Property**



The property comprises a corner commercial building at the junction of Bay View Road and The Promenade, comprising a retail shop and offices on the ground floor, and a residential apartment and further office suite at first floor level. There are four car parking spaces to the rear, off the Promenade.



The property is substantially stone built under pitched slated roofs with two main entrances to the front elevation, and access to the car park at the rear. The main internal accommodation can be summarised as follows;

#### **Ground Floor**

Retail unit (approx 410 sq ft)  
Office suite (approx 552 sq ft)  
Communal kitchen, toilets and hall

#### **First floor**

Office suite (approx 618 sq ft)  
1 bedroom apartment (accessed via separate staircase)

#### **Outside**

Four onsite car parking spaces to the rear  
Hard surfaced front garden area with raised flower beds.

#### **Services**

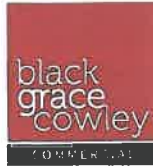
The property is served by gas fired central heating via three separate systems. There are a number of double glazed Velux windows at first floor level. Mains electricity and drainage.

Although we did not carry out any form of survey report, we did note during the course of the inspection;

- Numerous areas of water ingress and damp penetration, with resultant damage to internal finishes, plasterwork and decoration both at ground and first floor levels.
- Much of the external timberwork is in need of repair/replacement.
- Seals have gone on a number of the Velux windows.
- Some of the rainwater goods are still of cast-iron construction, and replacement should be considered.
- There are a number of chipped and broken slates which require attention.
- Rainwater goods should be cleared of all debris and vegetation.
- The external mortar joints to the stonework require attention by a stone mason.

This is not an exhaustive list of defects, but a summary of visible problems identified during our inspection.

We also understand you have had a quote for the treatment of rising damp, wood boring insects, and introduction of air vents, in the sum of £8,192.00.



Overall, the property has suffered significantly over recent years due to being vacant, and a lack of active maintenance and repairs. This has resulted in significant water ingress and damp penetration throughout the property, which will require urgent and extensive works to eradicate. Some of the attached photographs indicate the level of damage to the internal finishes.

### **Market Commentary**

The Isle of Man, Jersey and Guernsey comprise the three principal locations for the offshore finance industry in the British Isles and the Island has established an international reputation as an offshore financial centre, currently attaining a Moodys credit rating of Aa1 (stable).

Over the last 35 years there has been a continuing demand for offices to service the expansion of the finance sector, although this demand has slowed in recent years. The market for other types of property on the Island is largely dependant on the continued health of the offshore finance industry.

The Island's economy has enjoyed 30 years of unbroken growth with reported growth of 3% in 2014 and Government forecast growth of 3% - 4% each year in real terms to 2020. The latest Government accounts for 2012/13 indicate the continued dominance of the finance sector as a contributor to national income with strong growth in E-Gaming (up 49.9%) and ICT (up 28.7%). However, construction and catering continue to struggle. Total GDP is £4.1 bn (2010/11). Per capita income is double that of the UK at £47,536 (2012/13).

In the property sector there was a sustained demand post 2000 for residential and commercial property with the result that rental and capital values increased year on year. More recently UK & Island property values have largely declined as the prospects for future economic growth were severely affected by the economic downturn from 2008. World economies have been affected by the worldwide banking and economic crises which continue to dominate the financial markets.

The Island has been directly affected by the crises in financial markets with the collapse of the Kaupthing Singer & Friedlander, the drop in vat income and the consequent reduction in government spending. Subsequently, the Island's government has reduced gross spending and achieved its 4 year aim of a rebalanced revenue budget. The 2015-16 budget contained measures to increase the tax cap for high networth individuals to £125,000 and to increase the income tax rate paid by companies on income from local land and property. This latter provision may have a detrimental effect on investment sentiment within the property sector.

As a consequence, any decline in the Island's status as an offshore centre and in the local finance sector would be likely to result in a decline in the level of demand for all types of property on the Island and, therefore, property values.



In the light of changing economic, taxation and political factors, future trends and property values are extremely difficult to predict with any degree of accuracy although it is possible that the economic picture and future prospects for the Island will become clearer as the Government takes further action to maintain a balanced economy and grow the economy. However, in the current economic and financial climate it is possible that the future demand for property and property values could be subject to fluctuation and change. Our own view is that demand will remain at a fair level in the medium term following which we anticipate a gradual increase in demand as the Island's economy improves in line with world economies.

### **Valuation**

In arriving at our valuation we have considered the current demand for this type of property in the area of Port St Mary, current property values, and have also taken account of the accommodation and specification of the property.

Accordingly, we estimate the current Market Value of Manxonia House, Port St Mary, Isle of Man, assuming vacant possession, to be in the region of £200,000, (two hundred thousand pounds).

### **Limitation of Liability/Publication**

This valuation report is provided for the stated purpose and for your sole use and that of your professional advisors and no responsibility is accepted to any third party for the whole or any part of its contents.

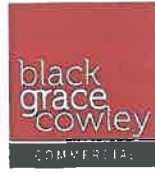
Neither the whole nor any part of this valuation report nor any reference hereto may be included in any published document, circular or statement or published in any way without the Valuer's written approval of the form and context in which it may appear.

We thank you for instructions and if you require any further assistance please do not hesitate to contact us.

Yours faithfully

A handwritten signature in black ink, appearing to be 'M N Grace', written over a dark, textured circular stamp or seal.

M N Grace, BSc (Hons) MRICS  
BLACK GRACE COWLEY



**Manxonia House, Port St Mary, Isle of Man**

