

Our Ref: GJC/109187

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Tameside Metropolitan Borough Council
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26 November 2015

Dear Sir

RE: VALUATION ADVICE – HYDE UNITED FOOTBALL CLUB

Further to your letter of 4 November 2015, requesting valuation advice in respect of Hyde United Football Club, we set out our considerations below.

We understand that the Football Club has approached the Council with a view to agreeing a transaction, whereby the Football Club realises the value of its assets at Ewans Fields, Football Club, Hyde, which the Football Club currently occupy on the basis of 125 year lease, dated 21 June 1995 made between Tameside Metropolitan Borough Council, (as Landlord), and Hyde Town Association Football Club (as Tenant).

We have undertaken an inspection of the assets of the Football Club, which are understood to comprise the Club House Building and any fixtures and fittings (the assets), with the principal liability being the lease, for which the Football Club pays an annual rent of £1,500 per annum.

Hyde United Football Club Comprises an active, operational football club, with an established levelled and drained playing field, together with five main stands. The main stand is seated, whilst the remaining are standing terraces.

The Club has within the main stand, players' and referees' changing room facilities, and administrative offices, together with the Club's sponsors' bar lounge area, kitchens and WCs.

The players' and referees' changing accommodation is at ground floor level, with a first aid room and match day kitchen server.

Together with the main stand, there are three other stands, comprising the Lee Street Stand, the Walker Lane Stand, constructed in 1999, and the North Stand and Main Terrace Stand constructed in the 1970s.

There is an additional Hyde United Supporters' Social Club situated on the site, built for the members, and we understand this is run as a separate members' club, comprising a bar / lounge area, together with bar and servery, male and female WCs, and beer store.

The total site area comprises 4.07 acres (1.65 hectares) and includes a surfaced car park for approximately 80 vehicles on site.

By way of your instruction letter, we understand the proposed transaction between the Football Club and the Council, that the parties are considering is that the Football Club shall surrender its existing long leasehold interest and release any value in the assets.

Tameside Metropolitan Borough Council would subsequently grant a new 25 year lease, with a rolling break clause to be operated on not less than 12 months notice at a rent of £1,500 per annum, which shall be Indexed linked, with a rent review every five years, assumed to be to the Retail Price Index.

In consideration of the proposed transaction, there would be benefits to both parties, as Tameside Metropolitan Borough Council would pay a premium for surrender of the existing long leasehold interest and grant of a new shorter leasehold interest, with more favourable break option terms. The Football Club would benefit from a premium payment for surrender of their existing leasehold interests.

We have been requested to consider an appropriate premium payment from Tameside Metropolitan Borough Council to the Football Club on the basis of the above proposed transaction.

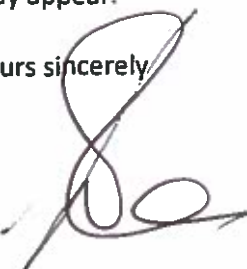
We consider that an appropriate premium payment in the order of £70,000 - £75,000 may appropriately represent an equitable level of payment, reflecting benefit and risk to both parties.

Should the Council look to a higher premium of say £100,000, we consider that there is a higher risk to the Council which should be reflected in a higher yield. We consider that if a £100,000 premium is paid, a 5% yield would be appropriate and this would reflect in an annual rental to the Football Club in the order of £5,000 per annum based on a 25 year lease.

The above advice and information is provided on a strictly confidential basis, and is for the sole use of Tameside Metropolitan Borough Council. It is confidential to the Council and your professional advisors and we accept no responsibility whatsoever to any third party.

Neither the whole nor any part of this report 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.

Yours sincerely



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