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REPORT & VALUATION OF

Unit 2, 19 Willis Way

Willis Way Industrial Estate

Poole

Dorset

BH15 3SS

UPON THE INSTRUCTIONS OF

Stephen Viney Esq.

Trustee of the Allied Tooling Limited Pension Plan

C/O Allied Tooling Limited

Unit 2, 19 Willis Way

Willis Way Industrial Estate

Poole

Dorset

BH15 3SS

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1 SCOPE OF INSTRUCTIONS

- 1.1 This valuation and report is carried out following receipt of verbal instructions dated 25th November 2009 from Stephen Viney Esq. Trustee of The Allied Tooling Limited Pension Plan (the Client) to prepare a valuation of the property known as Unit 2, 19 Willis Way , Willis Way Industrial Estate, Poole, Dorset BH15 3SS.
- 1.2 Our instructions require that we carry out a Valuation of the property on the basis set out in Section 2 of this document and the interest to be valued is the freehold interest subject to the tenancy the details of which are set out at Section 14.2 of this Report.
- 1.3 An internal and external inspection of the property was made on 3rd December 2009.
- 1.4 The Valuation has been carried out by an Independent External Valuer in accordance with the Practice Statements, Guidance Notes and Appendices contained in the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The Valuation may be relied upon by those referred to at paragraph 1.7 below for a period of three months from the date of this Report.
- 1.5 We have not carried out a structural survey of the subject property 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. This report does not purport to express an opinion about, or to advise upon, the condition of uninspected parts and should not be taken as making any implied representation or statement about such parts.
- 1.6 We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material or techniques have been used in the construction of the property or has since been incorporated and we are therefore unable to report that the property is free from risk in this respect. For the purpose of valuation we have assumed that such investigation would not disclose the presence of any such material in any adverse conditions that will affect value.
- 1.7 This valuation report is provided for the sole use of the Client and is to be regarded as confidential to that Company, and their professional advisers. We accept responsibility to the Client alone that the report is prepared with the skill, care and diligence reasonably to be expected of a competent Chartered Surveyor but accept no responsibility whatsoever to any other parties. Any such parties rely upon the report at their own risk. Neither the whole, nor any part, of the report nor any reference to it may be included in any published document, circular or statement, nor published in any way without our written approval of the form and context in which it may appear.

2 BASIS OF VALUATION

- 2.1 Any valuations given exclude any additional value attributable to personal goodwill or to the value of any fixtures and fittings which are only of value in situ to the present or proposed occupier.

- 2.2 The date of valuation is the date of this report.
- 2.3 The principal valuation which we have prepared is on the basis of Market Value.
- 2.4 Market Value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.
- 2.5 In addition we have also been instructed to give our opinion of Market Rental Value in accordance with the following definition.
- "The estimated amount for which a property, or a space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion."

3 SOURCES OF INFORMATION

- 3.1 In preparing this valuation we have relied upon the following information:-
- (a) We have not been provided with a formal Report on Title for the subject property nor with an extract from the Lands Charges Certificate. We have therefore valued on the assumptions made at Section 14 of this report.
 - (b) We have attended the offices of the Planning Authority at Poole Borough Council and inspected documents held there.
 - (c) We have made verbal enquiries of the Business Rates Department at Poole Borough Council concerning Rating assessments and assume such information to be correct.
 - (d) We have been supplied with the Financial Statements for Allied (Tooling) Limited for the years ending 31st December 2006, 31st December 2007 and 31st December 2008.

4 IN PREPARING THIS REPORT THE FOLLOWING ASSUMPTIONS HAVE BEEN MADE UNLESS OTHERWISE STATED:-

- 4.1
- (a) That good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing.
 - (b) That the property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries, or by any statutory notice, and that neither the property, nor its condition, nor its use, nor its intended use is, or will be, unlawful.

- (c) That inspection of those parts which have not been inspected, or a survey inspection, would neither reveal material defects nor cause us to alter the valuation materially.
- (d) That the property is connected to and there is the right to use the reported main services on normal terms.
- (e) That sewers, main services and the roads giving access to the property have been adopted, and that any lease provides rights of access and egress over all communal estate roadways, pathways, corridors, stairways and to use communal grounds, parking areas and other facilities.

5

LAND CONTAMINATION

5.1

We would report that the property is located close to a former Council Tip where we understand it has been identified that contamination of the land has occurred. We are aware of various Site Surveys which have been carried out in relation to adjoining properties which have revealed evidence of contamination. We have not within the scope of our instructions been able to establish whether any migration of contaminants has occurred towards the subject property. We have therefore assumed due to the purposes of this valuation that no material contamination has taken place. The subject property is however on the reclaimed ground and it may therefore be felt appropriate that further investigations should be carried out to establish whether contamination exists to a material extent.

6

LOCATION

6.1

We attach to this report a copy of the Ordnance Survey Sheet on which we have outlined in red what we understand to be the curtilage of the property.

6.2

The subject property is situated on the Willis Way Industrial Estate approximately two miles to the North of Poole Town Centre. The Willis Way Industrial Estate together with the Nuffield Industrial and the Fleets Lane Industrial Estate are the principal industrial locations serving the Borough of Poole.

6.3

The property enjoys good road communication links with access to the A35 Upton Bypass Dual Carriage Way which provides link to Dorchester to the West and the A31 and the national motorway network to the East.

6.4

Regionally Poole is one of the main urban and economic hubs for South East Dorset forming with Christchurch and Bournemouth an area known as the South East Dorset Conurbation. The Borough of Poole has a resident population of approximately 140,000. The surrounding area provides a wide range of employment opportunities in the traditional retail, commercial and industrial warehouse sectors. Retail and commercial employment tends to be focussed within Poole Town Centre with industrial and warehouse employment being found on the industrial estates on the Northern and North Western edge of the

urban area. Major employers in Poole include Sunseeker International Boats Limited, Barclays Bank and Liverpool Victoria.

7 DESCRIPTION

- 7.1 The subject property is the middle unit in a terrace of three industrial/warehouse units. The property is of steel portal frame construction with facing brickwork clad elevations externally to a height of approximately 11ft with UPVC coated profiled steel sheeting above to eaves height. The pitched roof is also covered with UPVC coated profiled steel sheeting incorporating translucent daylighting panels. The front elevations to the property incorporate anodised aluminium double glazed windows, doors and mirrored glazing.
- 7.2 The principal loading access to the property is via an up and over sectional loading door in the rear elevation. This door has a width of 11ft 9 inches and a height of 14ft 8 inches. Internally the property has a minimum eaves height of approximately 18ft.
- 7.3 At the time of our inspection the ground floor of the unit was arranged predominantly as a machine workshop with ancillary storage accommodation.
- 7.4 The property incorporates office accommodation at first floor level adjoining the front elevation. The office accommodation is fitted out to a good standard incorporating suspended ceilings with lay in Category II light fittings, carpeting and a mixture of retro fitted ceiling mounted and wall mounted air conditioning units. The office area comprises a mixture of open plan and cellular accommodation. The cellular accommodation has been created by the installation of studwork partitioning.
- 7.5 A mezzanine floor has been installed in the rear of the property covering virtually the whole of the ground floor footprint. The mezzanine floor is supported on a steel frame and covered with timber boarding. At the time of our inspection the mezzanine floor was being used in part for storage purposes and in part as an extension of the machine workshop.
- 7.6 At ground floor level the property incorporates male works toilets together with a disabled toilet. Further male and female toilet facilities are available within the office accommodation at first floor level. The offices also have the benefit of a small kitchenette facility.
- 7.7 We understand that the property has the benefit of mains gas, three phase electricity, water and drainage.
- 7.8 Externally to the front of the property is a tarmacadam parking area providing approximately 6 car parking spaces. The external areas to the rear of the property are part concrete and part tarmacadam surface providing a mixture of loading and car parking facilities. A small external building has been constructed adjoining the rear of the property and was being utilised at the time of our inspection as a compressor house.

8 ACCOMODATION

8.1 Ground Floor

Workshop Area	719.06 sq m	(7,740 sq ft)
Compressor Building	24.16 sq m	(260 sq ft)

First Floor

Offices	297.84 sq m	(3,206 sq ft)
	1,041.06 sq m	(11,206 sq ft)

Mezzanine Workshop/Stores	394.56 sq m	(4,247 sq ft)
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These floor areas have been calculated on a Gross Internal Basis in accordance with the Royal Institution of Chartered Surveyors Code of Measuring Practice.

9 TAXATION AND COSTS OF ACQUISITION OR REALISATION

9.1 We have not made any allowance within our valuation for liability for taxation either on potential rental income or which may arise on disposal, whether actual or notional.

9.2 Furthermore, the valuation does not reflect any costs of deemed acquisition or realisation.

10 RATING

10.1 We have made verbal enquiries of Poole Borough Council, Business Rates Department and we are advised that the premises are assessed as follows:-

Unit 2, 19 Willis Way, Poole	£60,000
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11 HIGHWAYS

11.1 Willis Way is fully made up and adopted. We know of no proposals likely to be of detriment to the property.

12 TOWN PLANNING

12.1 The relevant Planning Policy Document is the Poole Local Plan First Alteration which was adopted on 30th March 2004 for the period 2001/2011. Within this document the Fleets Lane Industrial Estate of which the Willis Way Industrial Estate forms part is designated as an Existing Employment Area where light industrial, general industrial and warehousing uses falling within Classes B1, B2 and B8 of the Town and Country Planning (Use Classes) Order 1987 will be permitted. This policy has been reaffirmed by the Poole Core Strategy which was adopted by Poole Borough Council on 19th February 2009.

- 12.2 Our investigations of the planning files at Poole Borough Council Planning Department have not identified any relevant planning consents in relation to the property. On the basis of the current planning policies, details of which are outlined above, given the nature or the current operation being carried out within the property we have assumed for the purposes of this valuation that planning consents exist for the use of the property for light and general industrial purposes falling within Classes B1 and B2 of the Town and Country Planning (Use Classes) Order 1987.

13 GENERAL COMMENTS REGARDING STATE OF REPAIR

- 13.1 Whilst we have not carried out a structural survey of the property we would make the following comments regarding its general condition and state of repair at the time of our inspection.
- 13.2 At the time of our inspection the property was generally presented in a fair state of repair and decorative order commensurate with its use.

14 TENURE

- 14.1 Whilst we have not had sight of the relevant lease we understand that the property is held on a 999 year lease at a peppercorn ground rent. We understand that the owner of the long leasehold interest also owns a one third share in the Management Company, Willis Way Management Company Limited, which owns the freehold of the entire site occupied by the three terrace industrial units.
- 14.2 We have been instructed to value the property on the basis that a new lease is to be granted to Allied (Tooling) Limited. We have not had sight of the proposed lease documents. However we understand that Allied (Tooling) Limited are to take a new 10 year full repairing and insuring lease of the property incorporating an upward only rent review at the expiry of the fifth year of the term. We understand that the commencing rent under the terms of the new lease will be £75,000 per annum exclusive of rates.

15 VALUATION

- 15.1 In providing our opinion of valuation, we would make comment as follows.
- 15.2 Following a period of sustained economic growth the last two years have seen a significant global financial and economic downturn. This downturn has impacted particularly on the banking and property sectors.
- 15.3 During the latter part of 2008 global financial and economic circumstances changed very quickly over a relatively short period of time. The general economic recession and the restrictions on the availability of credit resulted in substantial reductions in the value of property investments. This trend continued into 2009. By the middle of 2009 however the substantial reductions in Base Rate by the Bank of England had begun to impact on the commercial property investment market. The reduction in Bank Base Rates to 0.5% in March 2009

inevitably resulted in bank savings accounts offering very low levels of interest. This stimulated many private and corporate investors to seek alternative forms of investment. As a result at the present time demand for commercial property investments has increased. At the same time the supply of commercial property investments remains limited with a resultant trend towards increased prices.

15.4 During the last 12 to 18 month period we have continued to experience reasonable levels of demand from occupiers for industrial/warehouse property in the Bournemouth/Poole conurbation. Inevitably however the impact of the global financial crisis and the economic recession has seen some downward movement in rental levels below those achieved in the period from 2005 to 2007. These rental reductions reflect the order of 10-15% below peak levels.

15.5 The Market Rental Value of the property has been assessed by comparing it with other industrial/warehouse properties where details of a transaction have been identified.

15.6 In assessing the Market Rental Value of this property we have had particular regard to the following:-

- a) In June 2009 a letting of 17 Witney Road, Nuffield Industrial Estate, Poole was completed to Lush Manufacturing Limited. This property comprised a modern detached industrial/warehouse unit extending in total to approximately 15,500 sq ft. The property was let on the basis of a new full repairing and insuring lease for a term of 8 years incorporating an upwards only rent review at the expiry of the fourth year of the term. The average commencing rent was £92,500 per annum reflecting approximately £6.00 per sq ft.
- b) In November of this year a letting was agreed of 11 Enterprise Park, Ebblake Industrial Estate, Verwood, Dorset. This property comprises a modern terraced industrial unit constructed in the 1980s and extending to 2,525 sq ft. A new 10 year full repairing and insuring lease has been agreed incorporating an upward only rent review and a tenant only option to break at the fifth anniversary of the term. The commencing rent is £16,000 per annum reflecting approximately £6.34 per sq ft.
- c) In August 2009 a letting of Unit H Fleets Corner Industrial Estate, Poole was completed to Lush Manufacturing Limited. The lease was for a term of 10 years on a full repairing and insuring basis limited by way of a Schedule of Condition. The lease incorporated a rent review at the expiry of the fifth year of the term and tenant only options to break at the expiry of the third, fifth and eighth years of the term. The property comprises an industrial/warehouse unit extending to approximately 42,650 sq ft of steel portal frame construction with a minimum eaves height of approximately 6m and constructed in the early 1970s. The average commencing rent was £178,000 per annum reflecting approximately £4.17 per sq ft.

15.7 Taking all the foregoing remarks into account it is our opinion that the Market Rental Value of the property is in the sum of:

£75,000.00 (Seventy Five Thousand Pounds) per annum

- 15.8 The Market Value of the property has been assessed by comparing it with other similar property investments where evidence of transactions is known.
- 15.9 In assessing the Market Value of this property we have had particular regard to the following:-
- a) In September 2008 the freehold investment of Units 11-17 Airfield Road, Airfield Industrial Estate, Christchurch, Dorset was sold for a price of £1,922,000 reflecting a Net Initial Yield of 8.3%. The investment comprised a development of modern industrial units providing a total floor area of 28,891 sq ft. The units were let on a variety of short term full repairing and insuring leases providing a total rental income of £169,266 per annum.
 - b) In July 2008 the freehold interest in the Yeomans Industrial Estate, Yeomans Way, Bournemouth was sold for the sum of £13,000,000 reflecting a Net Initial Yield of 7%. Yeomans Industrial estate comprises a range of modern industrial units providing a total of 141,400 sq ft of accommodation. Occupiers include Surridge Dawson Limited, Booker Limited and Adams Morey Limited. The leases were for a maximum term remaining of approximately 9 years. The passing rent was £950,000 per annum.
 - c) In November 2008 the freehold interest in 46 Sea King Road, Yeovil, Somerset was sold for the sum of £965,000. The property comprises a modern detached industrial/warehouse unit let in its entirety to Nationwide Accident Repair Service Plc. The lease was drawn on a full repairing and insuring basis for a term of 20 years from 24th June 2000 at a passing rent of £79,000 per annum. The property extends in total to approximately 17,810 sq ft. The purchase price reflected a Net Initial Yield of approximately 7.7%.
- 15.10 We have been instructed to assess the Market Value of the property on the basis that it is let in its entirety to Allied (Tooling) Limited on the terms set out in Section 14.2 of this report. We understand that Allied (Tooling) Limited have been trading for approximately 31 years. We have been provided with the Financial Statements for Allied (Tooling) Limited for the years ending 31st December 2006, 31st December 2007 and 31st December 2008. These accounts demonstrate that Allied (Tooling) Limited is a properly constituted private limited company whose principal activity involves the sale and servicing of saws and allied cutting tools. For the year ending 31st December 2008 the Company had a turnover of £4,487,303 and a profit before tax of £280,769. Shareholders funds for the period were £939,053. In our opinion potential investor purchasers for this property would consider Allied (Tooling) Limited to represent a good quality local tenant offering good prospects for income security for the period of the lease.
- 15.11 Taking all the foregoing remarks into account it is our opinion that the Market Value of the property subject to the lease details of which are outlined in Section 14.2 of this report is in the sum of:-

£885,000.00 (Eight Hundred and Eighty Five Thousand Pounds)

15

INDEMNITY INSURANCE

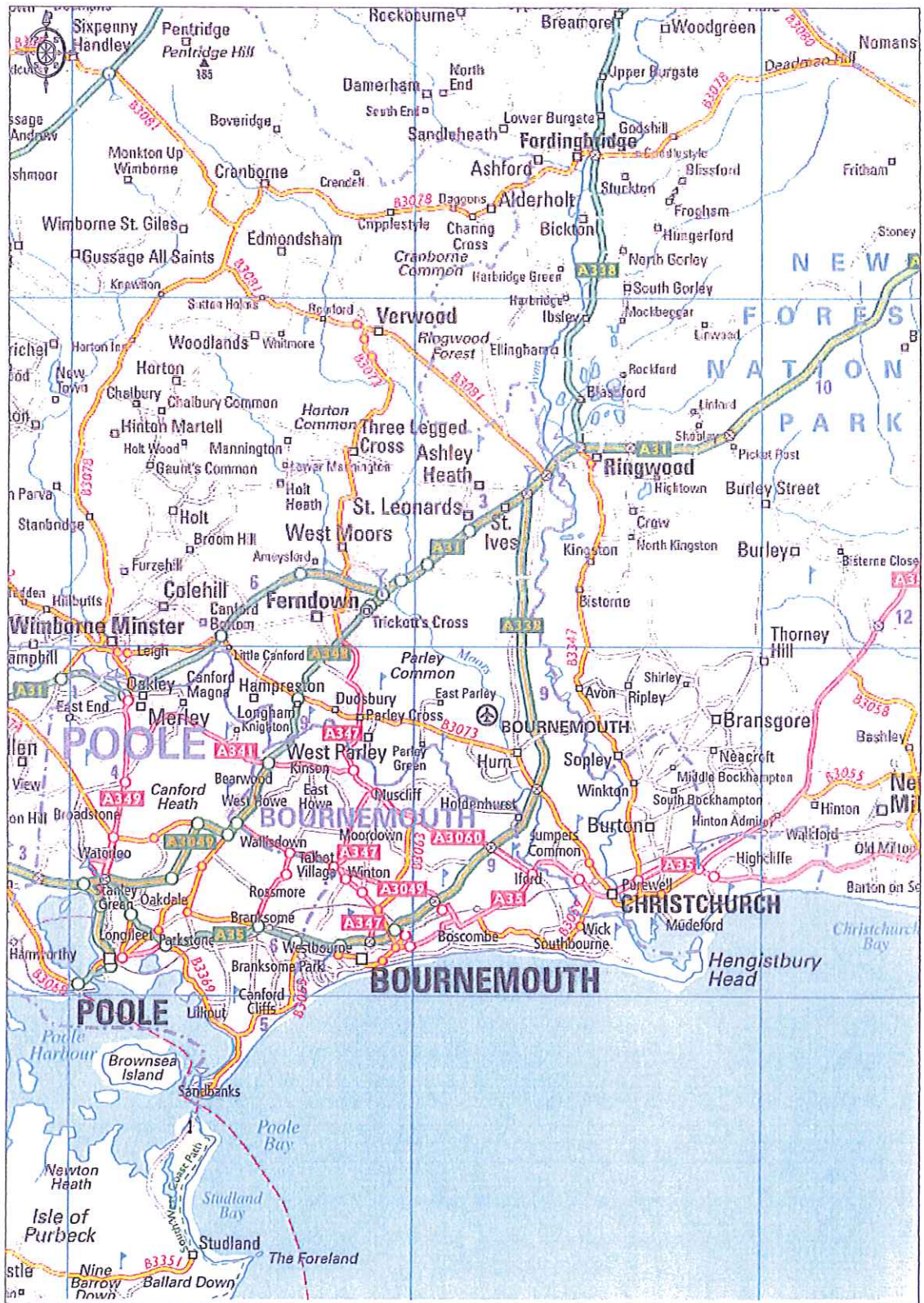
15.1

We confirm that we hold Professional Indemnity Insurance cover sufficient for the size of this instruction and for our overall workload. Such cover is in the sum of £2,000,000 for each and every claim subject to an excess of £5,000.

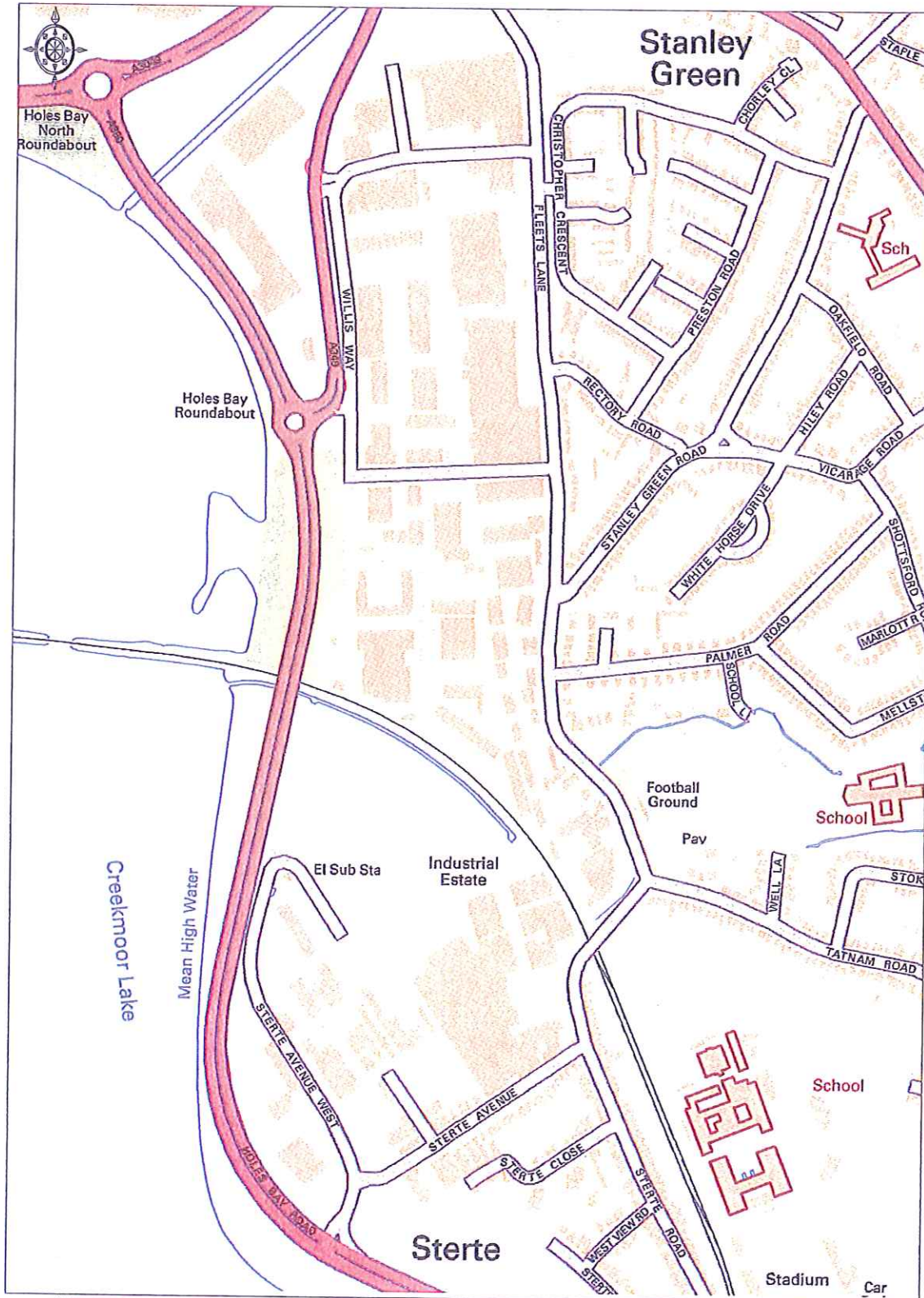


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DATE: 10th December 2009
REF: SAT/LE/P.9104

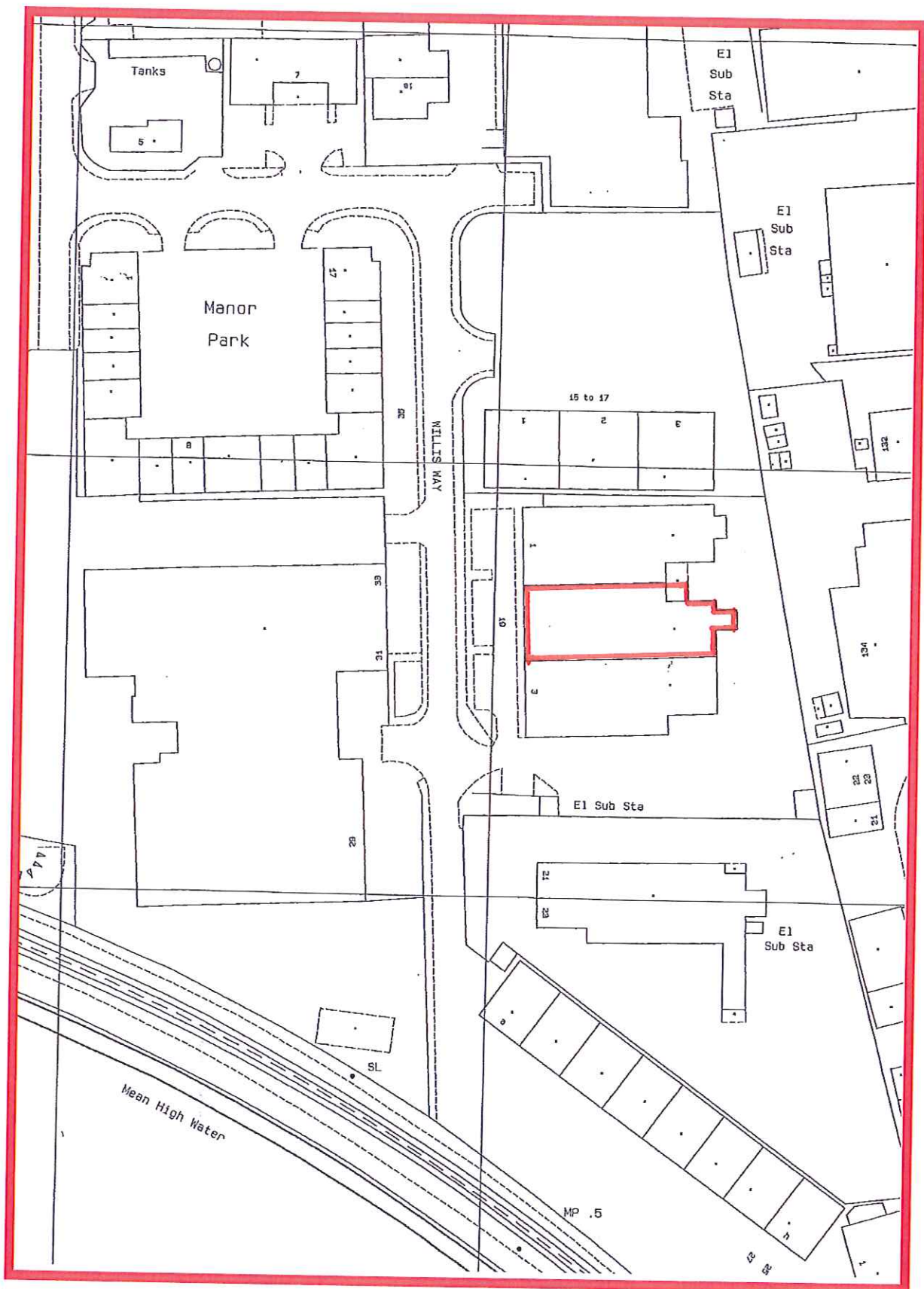


Willis Way Poole



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Ref: P.9104

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