

Valuation Report

Unit 26 Broadway
Globe Industrial Estate
Dukinfield
SK16 4UU

As at

25 October 2016

On behalf of

The Trustees of SPM SSAS

JS:CS
www.john-seed.com

Executive Summary



Location

- Dukinfield is located in the north west of England some 7.5 miles (12 km) to the east of Manchester.
- The subject is located in Globe Lane Industrial Estate to the eastern elevation of Broadway some 350 metres south of its junction with Globe Lane.
- The property is located in an established industrial location with the surrounding area predominately providing older, secondary industrial accommodation.

Property

- A self-contained industrial unit of steel construction with brick work elevations to approximately 2 metres with steel profile cladding above under a dual pitched roof which is part clad in asbestos cladding and steel profile cladding incorporating translucent roof panels.
- The property is configured as warehouse accommodation with two storey office accommodation.
- The unit benefits from a clear working height of 4.09m to the eaves and 5.96m to the apex. Access to the unit is by way of a steel concertina door (4.26m wide by 4.26m high) providing access to the front yard.
- The property benefits from a yard to the front elevation accessed directly from Broadway which provides access to the loading door and designated parking for approximately 5 cars. The yard also runs to the southern elevation of the unit providing additional access and storage.

Tenure

- We have not been provided with Title Deeds or a Report on Title and are unable to confirm the tenure of the property.
- ***We understand that the property is held Freehold.***
- Should we provided with any additional information we reserve the right to amend our valuation accordingly.

- Tenancies**
- We understand that the property is occupied by a group company relating to the landlord and there is no occupational lease.
 - Therefore, we have assumed that the property is owner occupied.
 - Should we provided with any additional information we reserve the right to amend our valuation accordingly.

Valuation date 25 October 2016

Valuation Methodology

Property

- A self-contained industrial unit in an established industrial location.
- The unit provides good quality core characteristics of size, specification and location with a site coverage of 43% and an office content of 20%.
- The size and location of the unit would appeal to a range of occupiers and potential purchasers.

Tenancy

- We understand that the property is occupied by a group company relating to the landlord and there is no occupational lease.
- We have assumed that the property is owner occupied.
- ***Should we provided with any additional information we reserve the right to amend our valuation accordingly.***

Market Rent

- Given the characteristics of the property we would expect lease terms to be in the region of 5 years term certain either configured as a straight 5 year term or a 10 year term with a tenants break option at Year 3.
- Rental incentives would be subjective of term certain and covenant strength and would be in the region of 3 months.
- We have applied an ERV of £48.43 per sq m (£4.50 per sq ft)
- Adopting these values provides a Market Rent of £45,000 per annum.

Market Value

- The property is owner occupied and we have adopted the Comparable Method.
- We have applied a Capital Value that reflects the subjects' core characteristics of size, location and specification in context to the evidence detailed in the report.
- We have applied a Capital Value of £484.38 per sq m (£45.00 per sq ft).
- Adopting this rate provides a Market Value of £450,000.
- We have deducted purchaser's costs at the prevailing rate.

Market Rent We are of the opinion that the Market Rent is:

£45,000 per annum (Forty Five Thousand pounds per annum)

Market Value We are of the opinion that the Market Value of the Freehold interest in Unit 26 Broadway, Globe Industrial Estate, with Vacant Possession, at the date of valuation is:

£450,000 (Four Hundred and Fifty Thousand Pounds)

Valuation Report

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1. Instructions

- | | | |
|-------------|---------------------------------|---|
| 1.1 | Instructions | <p>To value on the basis of Market Value the Freehold interest in the property as at the valuation date.</p> <p>This valuation has been carried out in accordance with our General Terms of Business for Valuations ("General Terms of Business"), as attached at Appendix 3.</p> |
| 1.2 | Valuation date | <p>25 October 2016</p> |
| 1.3 | Client | <p>Our client is The Trustees of SPM SSAS.</p> |
| 1.4 | The property | <p>Unit 26 Broadway Globe Industrial Estate Dukinfield SK16 4UU</p> |
| 1.5 | Property description | <p>Industrial unit which is tenanted.</p> |
| 1.6 | Purpose of Valuation | <p>Pension Review.</p> <p>The report is not for the use of secured lending.</p> |
| 1.7 | Valuation Standards | <p>This valuation has been undertaken in accordance with the RICS Valuation – Professional standards UK January 2014.</p> |
| 1.8 | Conflict of Interest | <p>We confirm that we have had no previous material involvement with the property.</p> |
| 1.9 | Reliance | <p>This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.</p> |
| 1.10 | Publication | <p>Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.</p> |
| 1.11 | Limitations on liability | <p>John Seed Chartered Surveyors maximum aggregate liability to all parties, howsoever arising under, in connection with or pursuant to reliance upon this Report, and whether in contract, tort, negligence or otherwise shall not exceed the lower of:</p> |

(i) 25% of the value of the property to which the Instruction relates on the date of the Instruction; or

(ii) £1 million (One Million Pounds); and

John Seed Chartered Surveyors shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

1.12 Valuer

The Property has been valued by John Seed MRICS who is qualified for the purpose of the valuation in accordance with the Red Book.

Scope of Enquiries and Investigations

1.13 Inspection

We were instructed to carry out an internal and external inspection of the properties. Our inspection of the property was undertaken on the 25 October 2016 by John Seed MRICS.

1.14 Enquiries

The extent of enquiries made is set out in our General Terms of Business. In carrying out this instruction we have undertaken verbal / web based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

1.15 Information provided

We have relied upon information provided by Leslie Buckley acting on behalf of The Trustees of SPM SSAS and have assumed it to be correct. The limitations that will apply to our investigations and report are set out in the Standard Terms of Business for Valuations.

2. Property

2.1 Location

Dukinfield is located in the north west of England some 7.5 miles (12 km) to the east of Manchester, 4.7 miles (7.52 km) to the south of Oldham and 7 miles (11.2 km) to the north east of Stockport.

In a regional sense, Dukinfield is located some 0.8 miles (1.28 km) south of Ashton-under-Lyne and 2.1 miles (3.36 km) north of Hyde.

The location benefits from good road links with Junction 23 of the M60 situated some 1.2 miles (1.92km) to the north west and Junction 3 of the M67 some 2 miles (3.2 km) to the south.

The subject is located to the eastern elevation of Broadway some 350 metres south of its junction with Globe Lane. To the north Globe Lane provides access to Junction 23 of the M60 via shepley Road and Denton Road (A6017).

To the south Broadway provides access to Dukinfield Road (A627) which in turn provides access to Junction 3 of the M67.

The property is located in an established industrial location with the surrounding area predominately providing older, secondary industrial accommodation.

2.2 Description

The property comprises a self-contained industrial unit of steel portal frame construction with brick work elevations to approximately 2 metres with steel profile cladding above under a dual pitched roof which is part clad in asbestos cladding and steel profile cladding incorporating translucent roof panels.

The property provides good quality functional accommodation with two storey offices to the front elevation which provides an office content of circa 20%. For the purpose of the report we detail each element separately below:

Warehouse

General specification of the warehouse comprises a painted concrete floor, painted block work walls and suspended sodium lighting. Heating is provided by way of a single gas fired heater situated above the main loading access door.

The unit benefits from a clear working height of 4.09m to the eaves and 5.96m to the apex. Access to the unit by way of a steel concertina door (4.26m wide by 4.26m high) providing access to the front yard.

A mezzanine is situated above the ground floor welfare facilities providing additional storage and accessed by way of a steel staircase.

Ground Floor offices

Ground floor offices are configured as No.2 offices, reception, W.C's and staff kitchen. General specification comprises carpet to a solid floor, painted plastered walls and ceilings with surface mounted fluorescent strip lighting. Heating is by way of wall mounted pressed steel radiators. Access to the first floor is by way of suspended timber staircase within the Reception area.

First floor Offices

First floor offices are configured as a single open plan office with general specification comprising carpet to a solid floor, painted plastered walls and a suspended ceiling incorporating fluorescent strip lighting. Heating is by way of wall mounted pressed steel radiators.

Yard

The property benefits from a yard to the front elevation accessed directly from Broadway which provides access to the loading door and designated parking for approximately 5 cars. The unit benefits from a tarmacadam yard area to the southern elevation which is currently shared with the adjoining unit which is also occupied by the same tenant but does not form part of this valuation.

2.3 Accommodation The property was measured by John Seed MRICS on 25 October 2016. The floor areas have been calculated on a Gross Internal basis (G.I.A) in accordance with the RICS Code of Measuring Practice (6th Edition).

| Floor | Description | Sq M | Sq Ft |
|--------------|-------------|---------------|---------------|
| Ground | Warehouse | 751.05 | 8,084 |
| Ground | Offices | 107.58 | 1,157 |
| First | Offices | 78.58 | 845 |
| Total | | 937.21 | 10,086 |

2.4 Site Area We have used the online mapping tool Pro Map to measure the site area which extends to some 0.210 ha (0.519 acres).

Site coverage is 43% which would be considered within the normal parameters for an industrial use property.

2.5 Repair We have not undertaken a structural survey, nor tested the services. We have not been supplied with a survey report prepared by any other firm. We have undertaken only a limited inspection for valuation purposes.

At the date of inspection the property was provided in a reasonable state of repair and condition commensurate with its age and industrial use.

2.6 Environmental

We have been instructed not to make any investigations in relation to the presence or potential presence of contamination in land or buildings or the potential presence of other environmental risk factors and to assume that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value.

We have not carried out investigation into past uses, either of the properties or of any adjacent lands, to establish whether there is any potential for contamination from such uses or sites, or other environmental risk factors and have therefore assumed that none exists.

2.7 Flooding

We have undertaken web based enquiries of the Environment Agency website to establish the potential of flooding at the subject.

Our enquiries detail that the property is not located in a Flood Zone.

2.8 EPC

We have not been able to obtain a copy of the Energy Performance Certificates (EPC) for the subject property from the Non Domestic EPC Register database.

We would note the provisions of the Energy Act 2011 which comes into force in April 2018. One of the provisions will result in it becoming unlawful to let or sell the most energy inefficient commercial buildings, principally those with EPC ratings below E. This will become an increasingly important issue for landlords moving forward and could potentially impact on lettability.

3. Title & Tenure

3.1 Title

We have not been provided with Title Deeds or a Report on Title and are unable to confirm the tenure of the property.

For the purpose of the valuation we have assumed that the property is held Freehold.

Should we provided with any additional information we reserve the right to amend our valuation accordingly.

3.2 Tenure

We understand that the property is occupied by a group company relaying to the landlord and there is no occupational lease. Therefore, we have assumed that the property is owner occupied.

Should we provided with any additional information we reserve the right to amend our valuation accordingly.

4 .Market Evidence

4.1 Rental Evidence In arriving at our opinion of Market Rent we have had regard to the following:

Unit 2 Northpoint Industrial Estate, Globe Lane Dukinfield – This 1,426 sq m (15,353 sq ft) modern purpose built industrial unit was let in October 2016 to Multiquip (UK) Ltd for a term of 7 years at an initial rent of £96,000 per annum reflecting a Headline Rent of £66.62 per sq m (£6.25 per sq ft). The property provides modern, superior specification to the subject which is reflected in the rental value.

Unit 9, Globe Lane, Dukinfield – This 1,097 sq m (11,811 sq ft) industrial unit was let to Parker International Ltd in December 2014 for term of 10 years at an initial rent of £11,811 per annum reflecting a Headline Rent of £10.76 per sq m (£1.00 per sq ft). The transaction relates to inferior unit in a multi let estate which is reflected in the rental value. The subject provides superior specification and we have not had direct regard to the transaction in arriving at our opinion of Market Rent.

Unit 6, Globe Lane, Dukinfield – This 1,095 sq m (11,789 sq ft) industrial unit was let to Fabulous 2 Ltd in February 2013 for term of 5 years at an initial rent of £37,500 per annum reflecting a Headline Rent of £34.25 per sq m (£3.18 per sq ft). The letting was subject to a 6 month rent free period which reflected a Net Effective Rent of £30.82 per sq m (£2.86 per sq ft). The transaction relates to inferior unit in a multi let estate which is reflected in the rental value.

Unit 38 Broadway, Globe Industrial Estate, Dukinfield – This 1,336 sq m (14,701 sq ft) self-contained industrial unit was let in March 2012 to Special Piping Material Ltd for a term of 4 years at an initial rent of £40,000 per annum reflecting a Headline Rent of £29.94 per sq m (£2.72 per sq ft). The letting was subject to a 1 month rent free period which reflected a Net Effective Rent (NER) of £28.79 per sq m (£2.67 per sq ft). Though historic, the transaction relates to a property in the immediate vicinity of the subject and let to the same tenant. Whilst we have not had direct regard to the letting, its inclusion highlights the limited availability of leasehold accommodation in the immediate vicinity.

In addition to the above, we have had regard to the following units which are currently available to let which provide an indication of the quoting levels for comparable stock. We are aware of the following:

Units 1-3 Broadway, Globe Industrial Estate, Dukinfield – This 1,090 sq m (11,740 sq ft) industrial unit is currently on the market at a quoting rent of £52,500 per annum reflecting a Headline Rent of £48.16 per sq m (£4.47 per sq ft). The unit is located in the immediate vicinity of the

subject albeit providing inferior configuration due to the subject being self-contained.

Units 3&4, St. Marys Industrial Estate Park, Talbot Road, Hyde –
This 1,022 sq m (11,000 sq ft) mid terrace retail unit is currently on the market at quoting rent of £41.97 per sq m (£3.90 per sq ft).

Unit 7 Plantation Road Industrial Estate, Whitelands Road, Ashton under Lyne – This 1,456 sq m (15,672 sq ft) industrial unit is currently available at a quoting rent of £48.43 per sq m (£4.50 per sq ft).

4.2 Rental Build Up

In arriving at our opinion of Market Rent we have had regard to the transactions above which detail rental values ranging between £10.76-£66.62 per sq m (£1.00-£6.25 per sq ft) which reflects units of varying size, age and specification.

Furthermore we detail a number of available units in the wider vicinity which provides an indication of the quoting levels for competing stock. These range between £41.97-£48.43 per sq m (£3.90-£4.50 per sq ft) and all relate to units broadly comparable in specification.

In arriving at our opinion of Market Rent we have had primary regard to the letting of Unit 2 Northpoint Industrial Estate which achieved £6.25 per sq ft. the transaction relates to a superior unit albeit in the immediate vicinity of the subject and we have applied a discount to reflect the subjects' characteristics. In addition we have also had regard to the quoting rent of Units 1-3 Broadway, which reflects £4.50 per sq ft and provides broadly comparable specification in the immediate location.

Therefore we have applied an Estimated Rental Value of £48.43 per sq m (£4.50 per sq ft) which reflects a Market Rent of £45,000 per annum.

Given the characteristics of the property we would expect lease terms to be in the region of 5 years term certain either configured as a straight 5 year term or a 10 year term with a tenants break option at Year 5.

Rental incentives would be subjective of term certain and covenant strength and would be in the region of 3 months.

4.3 Freehold Evidence

In arriving at our opinion of Market Value we have had regard to the following transactions relating to industrial units that are held with vacant possession.

The property is located in an established industrial area where the majority of the units are owner occupied. As such, there has been limited transactional activity within the immediate vicinity and we have

broadened the scope of our search to the wider area in order to secure the most pertinent evidence. We are aware of the following:

Tudor Works, Portland Street South, Ashton under Lyne - This 1,447 sq m (15,575 sq ft) industrial unit was purchased in October 2016 for £550,000. The purchase reflected a Capital Value of £380.09 per sq m (£35.31 per sq ft). The transaction relates to an industrial unit of inferior specification which is larger than the subject, with both factors reflected in the Capital Value.

Mill Street Works, Rhode Street, Hyde - This 1,858 sq m (20,000 sq ft) industrial unit was purchased in August 2016 for £185,000. The purchase reflected a Capital Value of £99.57 per sq m (£9.25 per sq ft). The transaction relates to an industrial of inferior specification which is significantly larger than the subject, with both factors reflected in the Capital Value. Whilst we have not had direct regard to the transaction, its inclusion highlights the impact on capital values when a unit has inferior core characteristics of size, location and specification.

6a Riverside, Dukinfield - This 620 sq m (6,676 sq ft) mid terrace industrial unit was purchased in June 2015 for £270,000. The purchase reflected a Capital Value of £435.48 per sq m (£40.44 per sq ft). The transaction relates to a small mid terrace unit in a shared scheme which is reflected in the capital value.

6b Riverside, Dukinfield - This 615 sq m (6,629 sq ft) mid terrace industrial unit was purchased in June 2015 for £285,000. The purchase reflected a Capital Value of £463.41 per sq m (£42.99 per sq ft). The transaction relates to a small mid terrace unit in a shared scheme which is reflected in the capital value.

Unit 5, Crown Royal Industrial Park, Stockport - This 716 sq m (7,706 sq ft) industrial unit was purchased in August 2016 for £405,000. The purchase reflected a Capital Value of £565.64 per sq m (£52.55 per sq ft). The transaction relates to a good quality industrial unit that would be considered superior to the subject. Furthermore, the unit is smaller with the effect of quantum reflected in the capital value.

Unit B, Fairfield Road, Droylsden - This 851 sq m (9,171 sq ft) industrial unit was purchased in November 2014 for £575,000. The purchase reflected a Capital Value of £675.67 per sq m (£62.70 per sq ft). Though historic thee transaction relates to good quality industrial unit that provides superior to the subject which is reflected in the higher capital value achieved.

In addition to the above, we have had regard to the following units which are currently available and provide an indication of the quoting levels for comparable stock. We are aware of the following

Units 1-3 Broadway, Globe Industrial Estate, Dukinfield – This 1,090 sq m (11,740 sq ft) industrial unit is currently on the market at a quoting price of £575,000 per annum reflecting a Capital Value of £527.52 per sq m (£48.97 per sq ft). The unit is located in the immediate vicinity of the subject albeit providing inferior configuration due to the subject being self-contained.

4.4 Analysis of Evidence

The evidence above details Capital Values ranging between £99.57-£675.67 per sq m (£9.25-£62.70 per sq ft) for industrial units purchased with vacant possession. The variance in Capital Values relates to age, size and specification of each of the respective units. The body of evidence relates to units ranging between 7,000-16,000 sq ft.

The subject provides a good quality self-contained industrial unit in an established location with the benefit of good quality office content, designated yard and parking. We are of the opinion that the property would appeal to owner occupiers.

We have had primary regard to the transaction of Tudor Works, Portland Street South which achieved a Capital Value of £35.00 per sq ft which is inferior in specification to the subject albeit larger, with both factors reflected in the Capital Value. Therefore we have applied a degree of uplift and applied a Capital Value of £484.38 per sq m (£45.00 per sq ft).

Our choice of Capital Value is under pinned by the transaction of Unit 5, Crown Royal Industrial Park, Stockport which achieved a Capital Value of £52.55 per sq ft which reflects the superior specification of the unit and its smaller size in comparison to the subject.

5. Valuation

5.1 Valuation Methodology

Property

- A self-contained industrial unit in an established industrial location.
- The unit provides good quality core characteristics of size, specification and location with a site coverage of 43% and an office content of 20%.
- The size and location of the unit would appeal to a range of occupiers and potential purchasers.

Tenancy

- We understand that the property is occupied by a group company relating to the landlord and there is no occupational lease.
- We have assumed that the property is owner occupied.
- ***Should we provided with any additional information we reserve the right to amend our valuation accordingly.***

Market Rent

- Given the characteristics of the property we would expect lease terms to be in the region of 5 years term certain either configured as a straight 5 year term or a 10 year term with a tenants break option at Year 3.
- Rental incentives would be subjective of term certain and covenant strength and would be in the region of 3 months.
- We have applied an ERV of £48.43 per sq m (£4.50 per sq ft)
- Adopting these values provides a Market Rent of £45,000 per annum.

Market Value

- The property is owner occupied and we have adopted the Comparable Method.
- We have applied a Capital Value that reflects the subjects' core characteristics of size, location and specification in context to the evidence detailed in the report.
- We have applied a Capital Value of £484.38 per sq m (£45.00 per sq ft).
- Adopting this rate provides a Market Value of £450,000.
- We have deducted purchaser's costs at the prevailing rate.

5.2 Valuation date

25 October 2016

5.3 Market Rent

We are of the opinion that the Market Rent is:

£45,000 (Forty Five Thousand Pounds per annum)

5.4 Market Value

We are of the opinion that the Market Value of the Freehold interest in Unit 26 Broadway, Globe Industrial Estate, subject to the existing tenancy, at the date of valuation is:

£450,000 (Four Hundred and Fifty Thousand Pounds)

6 Signatory

6.1 Signatory

A handwritten signature in black ink, appearing to be 'J Seed', written in a cursive style.

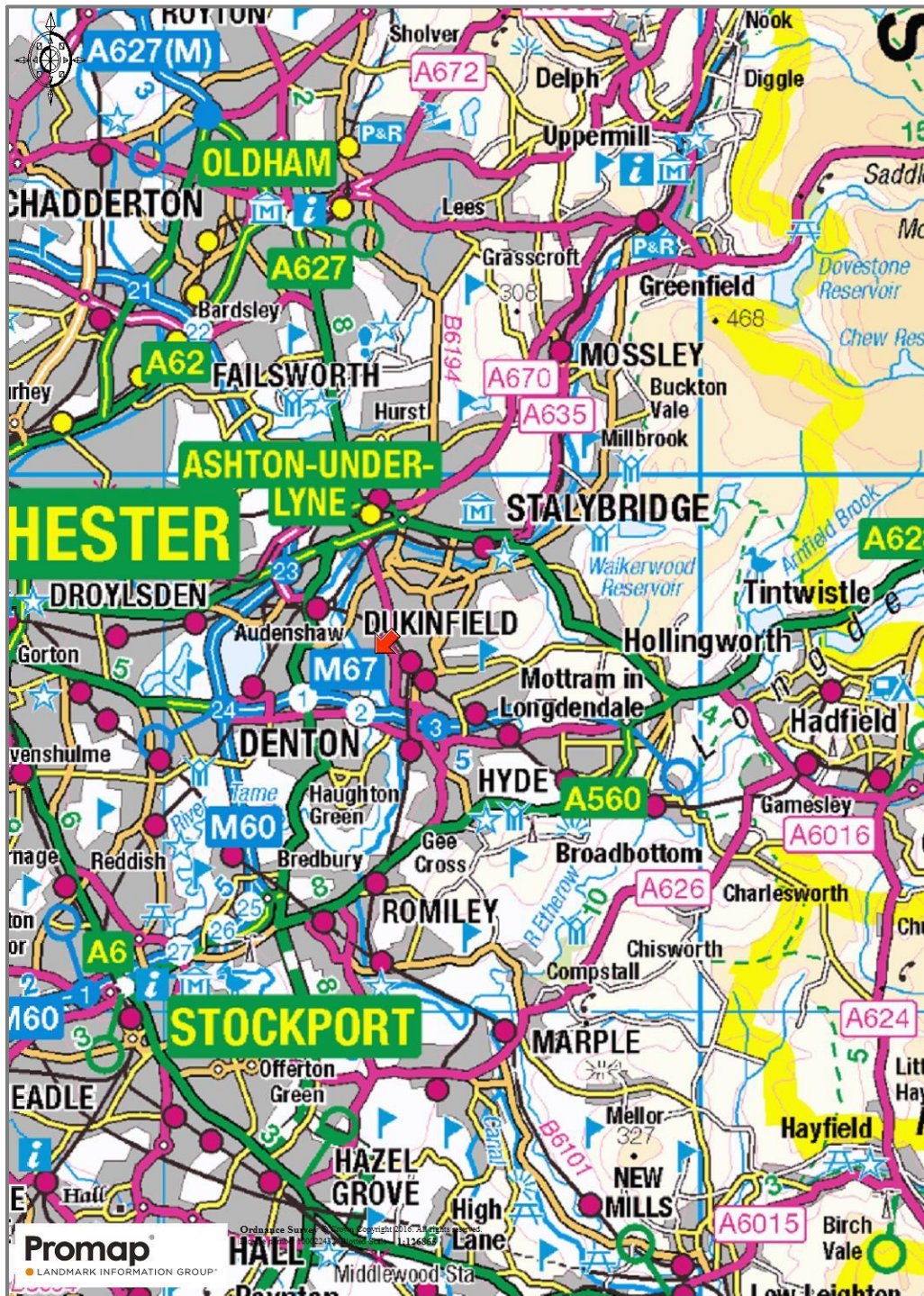
John Seed MRICS

RICS Registered Valuer

For and on behalf of John Seed Chartered Surveyors

Appendix 1

Plans





Appendix 2

Photographs



Unit 26 Broadway – Front Elevation



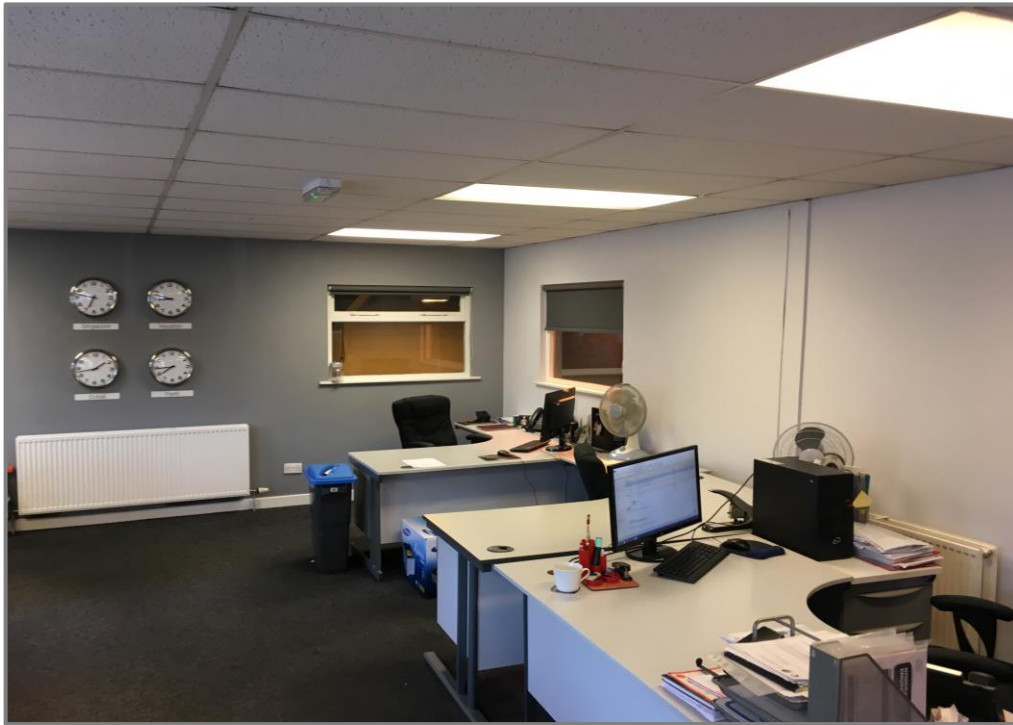
Unit 26 Broadway – Southern Elevation



Internal View – Warehouse and Two Storey Offices



Internal View – Two Storey Offices



Internal View – First Floor Offices



Internal View – Ground Floor Staff Kitchen

Appendix 3

Instructions