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REPORT & VALUATION INSPECTION REPORT

of

The Eden Building (Part of)
Unit 2
Blacknell Lane Trading Estate
Crewkerne
Somerset
TA18 7HE

For and on behalf of

Trustees of Singleton Engineering Pension Scheme
Blacknell Lane Industrial Estate
Crewkerne
Somerset
TA18 7HE



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On the instructions of:

Trustees of Singleton Engineering Pension Scheme
The Eden Building (Part of)
Unit 2
Blacknell Lane Trading Estate
Crewkerne
Somerset
TA18 7HE

Our ref: LB/SC

7 February 2013

**STRICTLY PRIVATE AND CONFIDENTIAL
TO ADDRESSEES AND THEIR PROFESSIONAL ADVISORS ONLY**

**RICS REPORT AND VALUATION
INSPECTION REPORT**

Dear Mr Singleton

**Re: The Eden Building (Part of), Unit 2, Blacknell Lane Trading Estate
Crewkerne, Somerset, TA18 7HE**

INSTRUCTIONS

Lyndon Brett Partnership received confirmation of instructions on 7th January 2013 at a meeting at the above named premises, to advise on the value of the Freehold interest in the property known as The Eden Building (Part of), Unit 2, Blacknell Lane Trading Estate, Crewkerne, Somerset, TA18 7HE, for the purpose of contemplating current market values for the possible apportionment of the Pension Fund Assets, held by the Trustees of Singleton Engineering Pension Scheme.

A copy of our Valuation instruction letter dated 7th January 2013 and signed 14th January 2013 is attached as annex 1 which includes our Terms of Engagement and complaints procedure, which should be read in conjunction with this Report.

The Valuation in this report has been prepared in accordance with the Appraisal and Valuation Standards 5th Edition ('The Red Book') issued by the Royal Institution of Chartered Surveyors in April 2010 (6th Edition).

The basis of Valuation adopted is Market Value (MV). In using this definition we confirm that the interpretive commentary set out in the Red Book has been applied.

The property was inspected on 7th February 2013 by Lyndon Brett MRICS and following consideration of all relevant matters we now report.

We confirm that Lyndon Brett Partnership, County Court Chambers, Queen Street, Bridgwater, Somerset, TA6 3DA holds Professional Indemnity Insurance for up to £1,000,000 in respect of any one claim.

This report is provided for the Trustees.

Valuations for the Financial Statements of pension schemes shall be in accordance with the SORP issued by the Pension Research Accountants Group (PRAG).

Valuations for this purpose are Regulated Purpose Valuations (UKPS 5.1) and the various disclosure requirements apply (see Basis of Valuation section hereunder)

Occupational pension schemes are governed by the Pension Schemes Act 1993 and the Pensions Act 1995. The Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 (SI 1996/1975) impose requirements with regard to audited accounts.

PRAG is recognised as the SORP-making body for pension scheme Financial Statements.

The SORP Financial Reports of Pension Schemes, A statement of Recommended Practice (Revised May 2007) states that properties should be included at 'Open Market Value' or other appropriate Basis of Valuations determined in accordance with Practice Statement 'UK Chapter 2 Valuations for Financial Statements – specific applications'. There is no material difference between 'Open Market Value' and 'Market Value' and the correct application of either will produce the same figure. The term 'Market Value' will be used for the purposes of this report.

The SORP applies only to pension schemes that are regulated by the FSA.

The SORP recommends that where property comprises a significant proportion of total investments, property Valuations should be carried out by Independent Valuers at the same frequency as actuarial Valuations of the fund, but in any case not less than triennially.

In other cases, properties may be included on the basis either of an annual Valuation by an External or Internal Valuer or, if a less frequent Valuation is justified, on a rolling basis over one to three years by an External or Internal Valuer. More frequent Valuations may be necessary in the case of properties in the course of development, re-development or refurbishment.

It is understood that an appraisal of value is required in respect of the above-mentioned property for the purposes of Pension Fund Asset assessment. We are able to confirm that this report has been prepared in accordance with your instructions and the relevant Practice Statements contained within the RICS Appraisal and Valuation Standards 6th Edition (April 2010 as amended).

We would reiterate that we have had no dealings with the property to be valued, (other than for valuation purposes in March 2011), the customer or any other party connected with this valuation, during the past two years, nor do we anticipate any fee earning involvement arising.

We are therefore unaware of any conflicts of interest, which prevent us from carrying out your instructions.

We have been instructed by the Pension Trustees to prepare a dilapidation report on another property within the Pension Portfolio. We do not believe that such an instruction provides for a conflict of interest.

SCOPE & LIMITATIONS

The Scope and limitations of this appraisal and valuation are as detailed in our letter of instruction dated, 7th January 2013. Copy correspondence may be found in Annex 1.

This Valuation is prepared solely for the use of The Trustees of Singleton Engineering Pension Fund 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 advisers assisting in respect of the purpose for which the Valuation is prepared.

INFORMATION SUPPLIED

- In accordance with your instructions we are reliant upon information supplied by the client in relation to tenure, services, rights of way, adoption of access roads and land contamination.
- In accordance with your instructions we are further reliant upon information supplied by South Somerset District Council in respect of Planning matters and Business Rates liability.

MARKET CONSIDERATIONS

Freehold property as an investment vehicle is at this time in good demand particularly for the 'well-let' properties offering long lease terms. Demand has strengthened against other investments from 2004-2008, due to low interest rates, demand from pension plans and endowments, but over the last few years due to the current economic climate, investment yields have hardened and premises and tones of rent have weakened, which have been a material consideration in the assessment of values. Whilst yields are still at low levels, investors are seeking longer term lettings with capital growth potential.

The secondary market is not as strong in terms of yields as the primary market but nonetheless yields have followed the downward trend of prime property.

The demand from Tenants for industrial property is balanced with supply and rental values that showed a rising trend for some time in the mid "noughties", having now stabilised, but with higher risks of voids, potential for Tenant default or longer periods of voids.

In secondary property, lease terms are generally both short and flexible. The lease terms are outlined in the Tenure section of the report. We would point out that ten year lease terms have been entered into by Merriott Plastics Ltd and a further lease is imminent, with legal terms documented and the draft lease approved for signature by Sleabridge Ltd.

Part of the premises continues to be occupied by Singleton Engineering on a rolling annual lease, which can be terminated on minimal notice, but is currently sub-let to Merriott Plastics.

The company will be vacating the balance of the unit on May 31st 2013. The accommodation is currently being marketed by Greenslade Taylor Hunt, but with no marketing board in place.

We have taken into account the fact that the lease will be concluded in respect of the letting to Sleabridge Limited in 2013 and we have assumed that the rental roll would rise to circa £103,328 pa exclusive.

SPECIAL ASSUMPTIONS

No Special Assumptions have been made in the preparation of this Valuation Report.

BASIS OF VALUATION

Our Valuation has been carried out in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors. The basis adopted for this instruction is Market Value, which is defined in the Manual as:-

'The estimated amount for which an asset should exchanges on the date of Valuation between a willing buyer and a willing seller, in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion'

PS 20 of the RICS Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors, requires the disclosure of all related party interests or arrangements in land and buildings which a Pension or Superannuation Fund has an interest and for the purposes of this Valuation it has been assumed that the Trustees have made the Valuer aware of all the essential details outlined below.

Trustees have a general duty to act in good faith in relation to their dealings with a Fund's assets and the disclosure of transactions with related parties helps to ensure that their duty is not compromised by such transactions.

All related party transactions of which the Valuer is aware or is made aware by the Trustees and or Fund Manager, should be disclosed but the onus of identifying potential conflicts of interest is on the Trustees rather than the Valuer.

It follows that, in assessing who should be identified as a related party in a transaction involving a Fund, the Trustees should consider all those parties whose interest's conflict or may possibly conflict, with the interest of the beneficiaries of the Fund and who might be seen as influencing the terms of the transaction.

The guidelines which illustrate the breadth of this general principle are set out as follows:

The related parties of pensions and superannuation schemes or funds fall into three broad categories:

- Employer-related;
- Trustee-related; or
- Related to the Fund Manager, scheme administrator or other parties engaged by the Trustees to carry out functions for the Fund

Related parties also include other Funds for the benefit of employees of companies and businesses related to the Employers, Trustees or parties engaged by the Trustees.

Employer related parties are:

- The sponsoring Employer, its Directors and their immediate families;
- Companies and businesses under the same control as the sponsoring Employer;
- Companies (and their associated undertakings and joint ventures) in the same group as the sponsoring employer; and
- Companies and businesses controlled by the directors of the sponsoring Employer or their immediate families

In so far as the Trustees were, or are now, aware of the relationship.

Trustee-related parties are:

- Trustees and their immediate families;
- Trustees' employers and employees; and
- Companies and businesses controlled by the Trustees and their immediate families

Parties related to the Fund Manager, scheme administration or other parties engaged by the Trustees to carry out functions for the scheme are:

- The parties so engaged, their directors or equivalent principal managers and their immediate families;
- Companies and businesses under the same control as the parties so engaged;
- Companies (and their associated undertakings and joint ventures) in the same group as the parties so engages; and
- Companies and businesses controlled by the directors or equivalent principal managers of the parties so engaged or their immediate families.

In so far as the Trustees were, or are now, aware of the relationship.

The Valuer has been provided with the following information by the Trustees:

a) The names of the related parties:

Peter William Singleton, Martin Hugh Singleton, David James Singleton and Duncan Charles Singleton

b) A description of the relationship between the parties:

Co Trustees, co beneficiaries of the fund and co directors of the Tenant company.

c) Description of the transaction:

Landlord and Tenant as described above.

d) The amounts involved

Rental only, under the terms of the lease(s) as above

e) Other elements of the transactions of which the Valuer is aware and which are necessary for an understanding of the Report:

None

In accordance with your instructions we have provided opinions of:-

- Market Value
- Market Rent

We trust that we have interpreted your instructions correctly and on that assumption report as follows:-

1 Name and Address of Client

Trustees of Singleton Engineering Pension Scheme
Singleton Engineering
Blacknell Lane Industrial Estate
CREWKERNE
Somerset
TA18 7HE

2 Type of Property and Classification

Industrial and Warehouse Space – B1, B2 and B8 use.

3 Address of Property Inspected

The Eden Building (Part of)
Unit 2
Blacknell Lane Trading Estate
Crewkerne
Somerset
TA18 7HE

4 Date and Extent of Inspection

The property was inspected by the writer on the 7th February 2013.

It should be noted that on site constraints and the lack of access platform or scaffolding prevented a close inspection of the building's roof covering. We are advised that the works of roof overhaul, completed in 2011 were satisfactory.

5 Weather at Time of Inspection

Initial inspection 19th November 2012 – weather overcast and raining, with intermittent rainfall throughout the inspection.

Second site visit 7th February 2013 – dry conditions with cloud cover after heavy and prolonged rainfall.

6 Date of Valuation

The date of our valuation is 7th February 2013. No account has been taken of any changes to the property that may have occurred subsequent to the date of our inspection.

7 Tenure and a note of Tenancies (if any)

We have assumed for the purposes of our Valuation that the Freehold interest is unencumbered and free from any unduly onerous or unusual easements, conditions, restrictions or outgoings. We are not aware of any rights of way over the property.

We assume that the boundaries on the site plan (annex 2) are correct.

We would recommend that it is confirmed that the above assumptions are accurate and that the Freehold interest is good and marketable.

We have had sight of a lease for a term of 10 years dated 19th November 2010 between Peter William Singleton, Martin Hugh Singleton, David James Singleton, Duncan Charles Singleton (The Managing Trustees of The Singleton Engineering Pension Scheme) and Merriott Plastics Limited (whose registered office is at Tail Mill, Tail Mill Lane, Merriott, Somerset, TA16 5PG, Company Registration Number 03496164) in respect of the above property.

We have had sight of a draft lease undated between Peter William Singleton, Martin Hugh Singleton, David James Singleton and Duncan Charles Singleton (The Managing Trustees of Singleton Engineering Pension Scheme) and Sleabridge Limited, whose registered office is at 2 Chartfield House, Castle Street, Taunton, TA1 4AS (Company Registration number: 4143748).

8 Services

We are advised that mains gas, electricity (three phase) and water are supplied and connected. We are advised that the drainage is pumped to the mains drain system.

We have assumed for the purposes of our Valuation that the Services are in satisfactory condition and that the supply capacity is sufficient for the use of the property.

Heating in the main production areas is by way of high level overhead gas fired blower heaters.

9 Local Taxation

Our internet enquiries confirm that the property is entered in the Rating List of the various assessments which are not subject to any transitional relief.

The assessments are an amalgamation of the parts of the premises known as 'The Eden Building' occupied by the various Tenants. This is not just the part that is the subject of this report, which in itself has been subject to re-assessment, following the sub-division of the unit shared with Sleabridge Ltd.

Details of the various assessments are provided in Annex 3.

10 Situation and Location

The property is located in the principle trading area known as Blacknell Lane Trading Estate approximately half a mile from the town centre of Crewkerne, Somerset just off the A356 (Dorchester Road). Key occupiers on the estate are TOD Aero Defence, VES Precision Engineering, Rotalink, Cronite, Parker and Royal Mail.

A location Plan/site plan is attached annex 2 of this report. The subject property is edged red on the plan.

Crewkerne is a busy little Somerset former market town of around 7,000 residents, but targeted for growth. The town is situated 9 miles (14 km) south west of Yeovil and 7 miles (11 km) east of Chard in the South Somerset district, close to the border with Dorset.

There are local supermarkets at Henhayes (Waitrose and Lidl) and local shops, and some local industry providing employment, but with the main source of employment for the district located at Yeovil.

New development is ongoing on the Persimmon Homes development to the South and West of Crewkerne, abutting Cathole Bridge Road.

The town retains neo-Georgian architecture in its famous honey-coloured town centre stone built buildings. Crewkerne boasts a variety of shops, small cafes, local pubs, a traditional hotel in the market square, variety of leisure outlets, museum, GP Surgeries

Further out of town, there are industrial estates for various businesses and manufacturers. Visible from many parts of the town is the open farm land of the South Somerset countryside which surrounds the settlement of Crewkerne.

New development is envisaged by virtue of the CLR for Crewkerne, which includes approximately 1,000 new homes and additional employment land being made available to provide economic benefits, jobs and sustainable development for the town's population.

The site is located adjacent to the County Council recycling and waste transfer session.

As part of the development linked with the development link road (CLR), the recently approved development scheme will include a link between the A30 to Yeovil and the A356 to Dorchester. Running to the East of Crewkerne the site will provide for a mixed use scheme of residential to the north and employment land to the South, East of Crewkerne, bounded by the CLR, which will provide for improved linkage into the Blacknell Lane industrial estate.

The residential element provides for 525 new homes with new school facilities together with community hall and neighbourhood shopping, as a local centre.

General

The property comprises a substantial part of the property known as, the Eden Building, a manufacturing/warehouse building (see Accommodation).

The Eden Building was originally purpose built for Eden Enterprises in 1986 with a further bay added in 1988.

The building footprint to site ratio is restrictive and could be construed as over developed with limited on site space to the rear and sides but the front yard appears adequate for its purpose.

To the West and North of the premises is an outside area abutting the Western and Northern boundaries, part of which is currently used for outside storage and part we understand an area for circulation over which the neighboring rear unit outside of the Pension Trust asset, enjoys rights of access.

To the North and West of the property is the municipal recycling centre and waste transfer station.

To the East of the subject premises is the remainder of the Eden premises (part of which is also under the occupation of Merriott Plastics Limited on a similar lease length, to another Landlord owner and part in the occupation of an owner occupier, who we understand manufactures kitchens).

and Schools.

To the South is the entrance, yard and parking areas (which extends into the area under the separate lease held by Merriotts Plastics Limited, presumably with rights of access over).

There is no formal entrance or reception area to the subject property occupied by Singleton Engineering Ltd. This could be achieved, if let separately from the current arrangements subject to obtaining all necessary consents. The Tenant of the central section owned by the Pension Trustees have a reception which is located to the right hand side at the front of the Eden Building, forming part of a purpose built office block under the adjoining owner's lease as described above.

No office provision is included with Merriott's area of occupation.

Vehicular access to the site is off Blacknell Lane. Blacknell Lane finishes just past the entrance and boundary of the Eden campus (as a whole). We have been informed that the access road has not been adopted up to the entrance of the property. The last 50 metres we understand is in private ownership.

Our Valuation assumes that there are no financial obligations upon the owner for the upkeep or adoption of this section of road and full access rights are secured.

The car parking area is tarmacaded and the HGV served area are mainly surfaced in concrete.

11 Roads/Highways

The Client has informed us that the property is, to the best of his knowledge, unaffected by any third party rights of way.

Legal Advisors to verify the above.

12 Construction

Construction is of steel frame with a concrete floor and principally insulated profile steel panelled walls with 8 No. roller shutter doors and personnel fire doors to the side and rear elevations.

The property is built on a sloping site and internally the building is of 2 No. split levels.

Part of the later extension (See – 13. Accommodation) is close to ground level at the front of the building with loading by a ramp. There is dock level loading provided at the remaining roller shutter doors serving the main production area (Accommodation). The rear sections of the property, (Accommodation) are at a higher level.

Lyndon Brett Partnership were not instructed to undertake any structural surveys, test the services, or arrange for any investigations to be carried out to determine whether any deleterious or hazardous or materials have been used in the construction of the

property valued. It is assumed that the property is free from latent defects.

From our inspection for Valuation purposes the various elements are generally in reasonable order for the construction, age and use although there is considerable impact damage to the cladding both to the inside and outside of the building.

This is a report for valuation purposes and not a full building survey, as a full building survey report has not been commissioned, or in fact sought.

We have not carried out a building survey of the property nor inspected parts of the property which were covered, unexposed or inaccessible, nor arranged for nor carried out specialist tests of the ground conditions, of any part of the structure and sub-structure, nor of the electrical, heating, air conditioning, plant and machinery equipment or other services to the property or running under the site.

The Lyndon Brett Partnership cannot express an opinion about or advise upon the condition of un-inspected parts and this report should not be taken as making any implied representation or statement about such parts. Those relying on this report should be aware that although regard has been taken of the apparent state of the property, defects might exist that are latent or would be revealed in a more detailed survey.

The Lyndon Brett Partnership is unable to confirm that the property is free from risk of high alumina cement concrete, calcium chloride additive, asbestos of any type or other potentially deleterious or hazardous materials or techniques having been used in the construction or alterations to the property.

No measurement or calculation has been made of the load bearing capacity of foundations, floors or other elements of the structure, which it is assumed is suitable for the present or proposed uses.

The valuation assumes that any more detailed reports, tests or calculations would not reveal any materially adverse conditions.

Unless stated otherwise in this report, we have not been made aware of the content of any environmental audit, land quality statement or soil survey, which may identify contamination/pollution or warn of this possibility.

Our report in this respect, made only from visual inspection and limited enquiry, cannot be relied upon as conclusive and accordingly the valuation on the assumption that the property is not subject to contamination can only be validated if, following an exhaustive investigation by appropriately qualified consultants, the property is found to be uncontaminated and not exposed to pollution.

Where Lyndon Brett Partnership are provided with reports by identifying the existence and extent of contamination and the costs of remediation, we rely upon the information contained without any liability thereof.

This report is provided for the stated purpose only and for the sole use of the named client. It is confidential to the client and their professional advisors.

13 Accommodation

The property is situated on a site which extends to 0.757 hectares or thereabouts and is outlined in red on the accompanying plan – Annex 2.

The area of occupation and the demise of the Trustees of the Singleton Engineering Pension Scheme and Merriot Plastics Limited is outlined in red – Annex 2.

The area of demise occupied under the proposed lease between Trustees of the Singleton Engineering Pension Scheme and Sleabridge Limited is outlined in red on the plan accompanying the lease – Annex 2.

We have measured the building in accordance with the RICS Code of Measuring Practice (Fifth Edition) and calculate that it provides the following Gross Internal Floor areas – See Annex 4.

14 Plant, Machinery, Furniture, and Equipment

Plant, machinery furniture and equipment are excluded from this Valuation.

15 Accounts

N/A

16 **BUILDING REGULATIONS, TOWN PLANNING, ROADS, STATUTORY, MINING, ENVIRONMENTAL MATTERS AND SERVICES**

(General comment where appropriate - no enquiries have been made as these are the responsibility of your legal advisor)

We have made informal verbal enquiries with South Somerset District Council and understand that the properties have consent for the existing use.

We are not aware of any Local Authority Planning or Highway proposals likely to have an adverse effect upon the value of the property.

Planning Permission has been granted in 2013 for a mixed use scheme including a substantial residential development extending to 14.21 hectares which would provide for 525 new homes, together with School site and meeting hall, local centre with a small parade of shops, all linked with the creation of the Crewkerne link road (CLR) – see annex 5 of master plan for 525 units.

The scheme also frees up land for employment use purposes to the East side of town, west of the new CLR and the network road link will improve access to the industrial

estates of Blacknell Lane.

A section 106 agreement with Taylor Wimpey and the consortium of residential house builders has been agreed.

The agreement provides for the link road to be fully completed within 4 years of the occupation of the first house, subject to the developer being allowed to have no more than 199 dwellings occupied until the link road is completed.

There are a number of conditions which are to be discharged before the scheme can be implemented.

Despite the prospect of development being in the offing, realistically the benefits to Crewkerne of the CLR and in particular, the benefit to Blacknell Lane industrial estate is likely to be delayed for 4-5 years but will in turn provide good roadside frontage to what is the rear end of the Eden building, possibly benefiting from quasi retail end use.

The Eden building is currently the building located at the end of Blacknell Lane, East of the town, so with the opening up of additional land for employment purposes and associated internal estate roads, the improved road network and access onto the CLR and its links with the A30 and A356 will improve marketability.

In preparing this report we have assumed that all necessary statutory and legislative enactments have been complied with. We have also assumed that there are no outstanding notices in respect of the premises.

In preparing this report we have assumed that all necessary statutory and legislative enactments have been complied with.

Prior to exchange of contracts we would advise that you ascertain from the vendor whether any asbestos containing materials (ACMs) exist within the property, and whether there exists a register or risk assessment together with plans to show compliance with the Control of Asbestos at Work Regulations.

If any works to the premises are proposed, you should be aware of the Construction Design and Maintenance Regulations 1994 and the obligations arising therefrom.

If purchasers should be aware of the existence of Mineral Rights, advice should be taken on the implications of the Land Registration Bill 2001 and inspection of the Register of Cautions.

Prior to exchange of contracts we would advise that your insurers through their appointed surveyors confirm the level of premium payable in respect of Insurance Reinstatement and that the materials of construction are deemed acceptable for purposes of cover.

Advice on the level of cover available, together with the weighting applied and confirmation that the premises will be considered an appropriate and acceptable risk

should also be prior obtained.

Disability Discrimination Act 1995

Under the Disability Discrimination Act 1995 requirements are imposed on owners and occupiers of business premises who provide a service to the public. This relates to means of access for disabled persons and requirements will be imposed with effect from October 2004 to make provision for this. At present there is no evidence in the market to support a difference in values between those buildings conforming with the requirements of the Act and those which do not. In the longer terms there may be implications for the value of property which do not comply with the Regulations.

Environmental Considerations

The Environment Act 1995 places a duty upon Local Authorities to identify contaminated land in their areas, gives them and the Environment Agency power to serve remediation notices and to maintain registers of remediation statements, declarations and appeals. The principle will be for the polluter to pay for remediation works and only where liability is legally transferred or the polluter cannot be found will the costs fall on the owner.

An owner would not include a mortgagee not in possession but liability will be of concern to a lender if possession is ever to be contemplated. Liability will extend to pre-existing pollution and an owner who has caused or knowingly permits an escape of pollution through his or her land will be liable even if the source was on other land.

In preparing this report our investigations have been limited to visual inspection of the property, consideration of its use, the uses of this and adjacent property, so far as is evident and only superficial enquiry into past uses of this property.

Should it be established subsequently that contaminants, seepage or pollutions exist at the property, or any neighbouring land, or that the premises have been or are being put to any contaminative use, this might reduce the values as now reported.

As our investigations and enquiries have not been exhaustive and in view of the potential liabilities, we recommend consideration be given to considering a Land Quality Statement or Environmental Audit for which we can introduce the relevant consultants.

We are advised that the property was developed on a Greenfield site (formerly agricultural land). Our Valuation is therefore on the basis that no previous uses are likely to have caused contamination.

As previously reported, the neighbouring land to the North and East of the site is used as a municipal household waste disposal tip which may cause smells and noise.

We have not undertaken a survey of the accommodation to facilitate the preparation of

an Asbestos Register in accordance with the control of Asbestos Regulations at Work 2001. If not undertaken this should be completed at the earliest opportunity.

Lyndon Brett Partnership is unable to confirm or comment that the property is free from Asbestos contamination. Consequently should it be established that asbestos products exists in the property this might reduce the values now reported.

The above comments do not imply or give any warranty and we would be pleased to arrange for specialist environmental engineers to carry out an investigation should you wish to verify the situation.

17 DELETERIOUS OR HAZARDOUS MATERIALS

Asbestos is a health hazard if damaged or disturbed and replacement costs involved may be high. Appropriate advice should be obtained from an accredited specialist for carrying out any work affecting these parts. Even where asbestos is in good condition and left undisturbed, there are some potential purchasers who may be deterred by its presence.

Due to the age and type of the property, building components may contain an element of asbestos.

The control of Asbestos at Work Regulations has imposed from 2004 further duties in Managing Asbestos in the Workplace.

This includes an asbestos survey, manual and log book and plans indicating areas of construction identified as containing asbestos, handling procedures etc.

18 Commentary

a) Summary

The subject property was previously occupied at a higher level of rent overall, but with changes in Tenants, proposals for Singleton Engineering to vacate and a potential reduced rent roll, combined with changes in the overall property investment sector for properties of this form and ilk; this has impacted on property values.

Our valuation advices also reflect the tenancies, tenancy demise and the divided property interests. It also reflects the fact that the property is not compartmented, separating out the different ownership and the potential for costs associated with property division.

b) Methodology

In arriving at our opinion of value we have adopted both comparative and investment methods of valuation. Due consideration has been given to comparable sales and lettings evidence.

Alternative Uses

We do not consider that there are any alternative uses, which would materially affect the value of the property at the present time. With the advent of the CLR and new employment land being developed, this may open up opportunities to secure a higher value occupier, but for purposes of this valuation the opportunity is too remote to factor in.

19 Valuation

Under UK Appendix 2.4 Valuations for pensions schemes 2. Identification of categories and Basis of Valuation, of the RICS Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors, valuations of land and buildings owned by Pension and superannuation funds are to be categorised under guidelines.

For the purpose of this report we have categorised the subject properties as follows:

'Properties held as Investments' - See Annex 4.

Complying with RICS Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors, the Valuer reports the total value of the properties divided into:

- Freeholds
- Leaseholds, distinguishing between long leases (those with over 50 years unexpired) and short leases (those with less than 50 years unexpired).

The value of the properties in any or each of these categories must be sub-divided between those let or contracted to be let to third parties and any let to, or occupied by, or contracted to be let to, or occupied by, a related party where the property is wholly or substantially (not less than one third by value) let to, or owned by, a related party and the Valuer must comment appropriately if an arrangement is not on normally-accepted current commercial terms, or where the rent presently reserved differs by more than 10% from the market rental value.

Aggregate totals of gross rental incomes, net rents (after deduction of all ground and head rents) and net rental incomes (after deduction of ground and head rents and all non-recoverable property outgoing but not amortisation) passing at the date of valuation (sub-divided between those derived from lettings to third parties and those from properties occupied by related parties);

Either:

- By category, the aggregate totals of such gross rental incomes, net rents and net rental incomes in order to forecast reversionary increases and decreases at appropriate yearly anniversary dates based on market rental values current at the valuation date. The projection need not normally be for a period beyond ten years unless so requested by the Trustees; or
- The market rental values current at the valuation date together with such information as is necessary to enable the Fund Manager to compute such reversionary increases/decreases; and

Percentage breakdown of the capital value of the portfolio as between offices, retails industrial and business space, agricultural and other classes of property, differentiating between UK and overseas properties.

Taking into account current market conditions, it is our opinion that the Market Value (MV) of the Freehold interest in the above described property, as at the date of this Valuation Report are as follows:

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without off set for any associated taxes.

Neither the Whole nor any part of this Valuation Report, nor any reference thereto may be included in any published document, circular or statement, nor published in any way without the Valuers written approval of the form and context in which it may appear.

We are of the opinion that the market value of the property in its existing condition subject to the existing and proposed tenancies reflecting a gross rental income of £113,328, but with the anticipated future void is **£1,200,000 (ONE MILLION TWO HUNDRED THOUSAND POUNDS)**

We trust the above report is satisfactory for the Trustees of Singleton Engineering Pension Fund purposes but should you have any further information or clarification, please do not hesitate to contact us.


LYNDON BRETT, (MRICS)

Lyndon Brett Partnership
Chartered Surveyor
County Court Chambers
Queen Street
BRIDGWATER
Somerset
TA6 3DA

PURPOSES, BASES AND LIMITATIONS RELATING TO THIS VALUATION

1. **Purpose of Valuation**

This valuation is prepared specifically for the purposes of advising the client on the open market value of the above property.

2. **Bases of Valuation**

- (a) This valuation is prepared in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes. It is prepared on the basis of the current open market value of the property, in its existing use, except where otherwise specifically stated in this report.
- (b) Guidance Note GN18 advises that it is not appropriate to value a property to be used as a security on a 'forced sale' basis. The basis of the valuation is, therefore, 'open market value' which is defined in accordance with Guidance Note G22 as the best price for which an interest in a property might reasonably be sold, assuming:-
 - (i) a willing seller
 - (ii) that prior to the date of the valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale
 - (iii) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation,
 - (iv) no account to be taken of any additional bid by a purchaser with a special interest
 - (v) no account is taken in this valuation of the effect on value of any special taxation

3. **Limitations**

- (a) Our valuation has had regard to the apparent state of repair and condition of the property, but we have not carried out a detailed inspection of the property. We understand that a structural survey of the property is not required and, therefore, our valuation assumes that the property is structurally sound and free from defects other than those specifically mentioned in this report.
- (b) In any case, we have not inspected those parts of the property which were covered, unexposed or inaccessible and consequently we cannot comment whether such parts are free from rot, beetle or other defects. Similarly, we have not inspected or tested services connected to or installed in the property and so cannot comment on their serviceability or otherwise.
- (c) We have not arranged for any investigation to be carried out to determine whether any high alumina cement, deleterious or hazardous materials have been used in the construction of the property and as it is impracticable to comment on the state of any wall ties we are, therefore, unable to report that the property is free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such materials in any adverse condition. Although we believe the use of such materials to be most unlikely, we suggest that if this aspect is critical your solicitors should obtain copies of the normal pre-contract enquiries relating to this aspect.
- (d) We have not made searches at the office of the Local Planning Authority or Highway Authority and our valuation is based on information received from these departments from verbal enquiries only. We nevertheless recommend that, prior to exchange of contracts, your solicitors incorporate in their application for Local Searches to the Local Authority questions relating to proposed road works, highway development projects or planning schemes.
- (e) This report and valuation is based upon our inspection of the property and the information which has been made available to us, which we assume to be correct.

- (f) We do not have any direct or indirect interest in the property.
- (g) We have not inspected any documents of title and for the purpose of our valuation we have assumed that good title can be shown, and that the property is not subject to any onerous restrictions, encumbrances or obligations.
- (h) We assume that the property is unaffected by any statutory or contractual notice restricting its use and neither the property or its use gives rise to a contravention of any statutory requirement, and that planning permission has been granted or exists for its existing use, and that any conditions attaching thereto have been strictly complied with.
- (i) Whether or not there is any qualification in the report as to the source of any particular information, it remains the responsibility of the lender and the proposed borrower to ensure that all appropriate enquiries are made, accounts inspected, licenses and other permissions examined and the usual searches and other precautions taken by a solicitor in connection with the purchase and/or mortgage of the business or property.

This report is not intended to replace any of these investigations or enquiries but it may, however, point to further enquiries being necessitated. It must be remembered that the report does not contain a decision as to whether money should be lent or the business or property acquired.

- (j) This report is for the benefit of the parties to whom it is addressed and their professional advisors and no responsibility is accepted to any third party for the whole or any part of this report.
- (k) This report should be read as a whole and no part should be taken separately or out of context. It is prepared specifically for the stated purposes and no other.
- (l) Neither the whole or any part of this valuation, or any reference thereto, may be included in any published document, circular, or statement, or published in any way without written approval of the content or form in which it may appear.
- (m) No allowance has been made for the expense of realisation, or any taxation, which may arise in the disposal of development of the whole or any part of the property.
- (n) In view of the changing market conditions, this valuation should not be relied upon after the expiry of three months from the date of this report, even assuming that there are no changes in matters or assumptions affecting the valuation(s).