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## REPORT & VALUATION INSPECTION REPORT

of

Former Gibbs [REDACTED] site  
Units 1, 2, 2A, 3, 3A & 4 Blacknell Lane  
Crewkerne  
Somerset  
TA18 7HE

For and on behalf of

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



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[REDACTED]

On the instructions of:

Trustees of Singleton Engineering Pension Scheme  
Units 1, 2, 2A, 3, 3A & 4 (former Gibbs Valet Service)  
Blacknell Lane Trading Estate  
Crewkerne  
Somerset  
TA18 7HE

Our ref: LB/SC

11 February 2013

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

**RICS REPORT AND VALUATION  
INSPECTION REPORT**

Dear Mr Singleton

**Re: Units 1, 2, 2A, 3, 3A & 4 (former Gibbs Valet Service), Blacknell Lane Trading Estate, Crewkerne, Somerset, TA18 7HE**

**INSTRUCTIONS**

Lyndon Brett Partnership received confirmation of instructions on 7 January 2013, at a meeting at the above named premises, to advise on the value of the Freehold interest in the property known as Units 1, 2, 2A, 3, 3A & 4, 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 is attached at Annex 1 to include our Terms of Engagement and complaints procedure, which should be read in conjunction with Report.

The Valuation in this report has been prepared in accordance with the Appraisal and Valuation Standards 5<sup>th</sup> Edition ('The Red Book') issued by the Royal Institution of Chartered Surveyors in April 2010 (6<sup>th</sup> 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 7 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 6<sup>th</sup> 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.

## SCOPE & LIMITATIONS

The Scope and limitations of this appraisal and valuation are as detailed in our letter of instruction dated, 7 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

Whilst freehold property as an investment vehicle is at this time in good demand particularly for the 'well-let' properties offering long lease terms, those properties with short term occupancies or transient tenants are less attractive to the investment sector.

Demand for properties has strengthened against other investments from 2004-2008, has remained steady despite the recession, due to low interest rates, demand from pension plans and endowments.

Over the last few years, due to the current economic climate, investment yields have hardened and premises and tones of rent have weakened, which has been a material consideration in assessment of current values. Whilst yields are still at lower levels, investors are seeking longer term lettings with capital growth potential and where these characteristics are not available, yields are under pressure with higher yield expectation and lower capital value.

This option is not available for the current valuation assessment because of the annual occupancy of Singleton Engineering.

The secondary market is not as strong in terms of yields as the primary market, but nonetheless yields have risen and followed the downward trend of prime property, with resultant reduced capital values.

The demand from Tenants for industrial property is balanced with the supply of available properties and rental values, construction and condition issues, with properties showing a rising trend during the early and middle part of the last decade, but which for some time having stabilised, now reflecting a competitive edge, but with higher risks of voids, tenant default or longer periods of voids, particularly for older style properties with high occupation costs.

The buildings which due to the nature of construction and material finishes are life expired or have substantial dilapidation issues, or “want of repair” liabilities, adversely impact on capital values and the likely levels of interest expressed in the market place because of high occupation costs and costs of putting the premises into good tenable repair.

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 Singleton Engineering occupy the premises on a flexible arrangement, with annual one year terms, which have suited the current arrangements, but which may have some significant implications regarding security of tenure provisions and investment values longer term, dependent upon the Landlord and Tenant relationship which will follow, due to the different obligations and or expectations or aspirations of both parties.

The premises will continue to be occupied by Singleton Engineering on a rolling annual lease, which can be terminated on minimal notice. The property also comprises elements of the premises as a whole, which have not been occupied, to the front of the property and which is in need of refurbishment.

Suitable for office or an alternative use, subject to any necessary consents, the costs of renovation and refurbishment to put into good tenable repair, is likely, in the current market to make this element of the property un-lettable in terms of the cost of repair, to rental returns. A cost liability has been applied to our valuation.

### **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 exchange 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 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**

Part of the former British Gas works depot, subsequently Gibbs Valet Service (Yeovil) Ltd premises and since acquisition by the Pension Trustees, part occupied by Singleton Engineering, as manufacturing and warehousing facilities.

Over the years, the balance of the premises at any one time, not required by Singleton Engineering has been occupied by various Tenants including a building company and engineering works.

The premises therefore benefit from established use as a B1, B2 and B8 site, although there is no specific consents relating thereto, covering these Use Class definitions.

The lawful use therefore is as an industrial and warehouse use, established through use over time as general industrial, light industrial and warehousing, with associated office use.

**3 Address of Property Inspected**

Units 1, 2, 2A, 3, 3A & 4  
Blacknell Lane Trading Estate  
Crewkerne  
Somerset  
TA18 7HE

**4 Date and Extent of Inspection**

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

It should be noted that on site constraints and the lack of access platforms or scaffolding, prevented a close inspection of the building's roof covering.

## 5 Weather at Time of Inspection

Initial visit, weather conditions prevailing: raining and overcast, with steady rainfall throughout the inspection.

Second visit, a bright sunny day with intermittent cloud cover.

## 6 Date of Valuation

The date of our valuation is 14<sup>th</sup> 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 aware of the rights of way enjoyed over the property for the benefit of Singleton Engineering's original property, to the rear.

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

Our Valuation assumes that this information is correct but should it subsequently be found that the information is incorrect it may affect the values now reported.

### Tenancies

Reference	Occupier	Passing Rent (Per Annum)	Terms of Occupation
1	Singleton Engineering	£16,875.00	Rolling annual agreement subject to 3 months notice
2 & 2A	Singleton Engineering	£20,005.00	Rolling annual agreement subject to 3 months notice
3	Singleton Engineering	£2,400.00	Rolling annual agreement subject to 3 months notice
3	Singleton Engineering	£6,000.00	Rolling annual agreement subject to 3 months notice
3A	Singleton Engineering	£10,000.00	Rolling annual agreement subject to 3 months notice
4	Former Café		Vacant
<b>Total</b>		<b>£55,280.00</b>	

In our opinion whilst the tenancies may have been intended, for the most part, to be opted out of the provisions of the Landlord and Tenant Act 1954, the principle of the rolling agreement is likely to confer security of tenure upon the Tenants even though the current arrangements for Singleton Engineering are worked on flexibility of occupation and mutual benefit for the engineering business and the Pension Trustees, it assumes that in the latter case void periods and rent liability are absorbed by the Tenants, to maintain the Pension Trustees investment.

The current arrangement is based on an underpinned investment subject to the rolling annual agreement and three months' notice.

## **8 Services**

We are advised by the Vendors that mains gas, electricity and water are supplied and connected. We have assumed for the purposes of our Valuation that the services and appliances are in satisfactory condition and that the supply capacity is sufficient for the use of the property.

## **9 Local Taxation**

Our internet enquiries confirm that the property is entered in the Rating List as part of a global assessment with effect from April 2010 are as outlined in Annex 3; with a revision in 2011 to reflect the vacation of Units 2 and 2A by Sleabridge Ltd. This information has been taken from the internet and there is no evidence to suggest that the changes to the hereditament and liability to business rates is therefore subject to transitional relief.

What is evident is that overtime there will be a number of assessments relating to different areas of occupations associated with Singleton Engineering's occupational needs and changes in these areas of occupation will trigger reassessments.

At present Singleton Engineering's occupation extends to and includes the original Singleton Engineering Works and open storage land and therefore the assessment is on a global basis and cannot be separated out for purposes of this valuation.

It should be noted however that the assessment is subject to variation as the areas of occupation vary and elements are either taken in hand, or revert to voids.

## **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 and expanding to reflect the shortfall in housing supply in South Somerset, with 10% of the shortfall to be accommodated in Crewkerne.

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 and Schools.

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 additional employment land being made available to provide economic benefits, jobs and sustainable development for the town's population, as well as residential scheme.

As part of the development linked with the development link road (CLR), the recently approved development scheme will include a link between the A13 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 East of Crewkerne with 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.

## **11 General**

Blacknell Lane comprises an industrial estate of mixed use and ages of property, ranging from post war, to modern units.

Occupiers include TODS aerodefence, VES Precision Engineering, Rotalink, Cronite, Parker and Royal Mail.

The subject site comprises a group of indifferently constructed units, in the main of steel portal frames, clad with concrete blocks at the lower levels and fibre cement cladding at upper and roof levels.

The accommodation offered is somewhat dated and whilst functional, would benefit from upgrading, particularly where areas of void property exist or areas of the premises are underutilised and could be available to let.

Works of cladding to elevations would improve marketability, with the prospect of improved rental income and the real prospect of seeking to attract new Tenants.

The site is situated, however at the entrance to the Trading Estate which, under current key site proposals, associated with the CLR, being a relief road for the town, providing residential and employment opportunities, the profile of this site and its location could

result in this site being more attractive for alternative uses including edge of town retail.

There is however no planning design brief for this and such proposals although mooted before, these have not come to fruition and at this juncture are too speculative to factor into our valuation.

Associated development for Crewkerne is planned to be significantly extended and provided with new roads to provide easier to the regional infrastructure network and increase in population, the prospect of attracting more national companies is not an unreasonable assumption.

The site has an extensive frontage to the entrance to the Blacknell Lane Industrial Estate and in our view, gives good opportunities for re-development, due to: (a) those frontage characteristic; (b) its prominence on entering the Estate and; (c) the planning benefits that would arise from securing removal of an extant established consent, which includes heavy industrial use, in an area of mixed uses, including roadside residential use, in close proximity.

The town centre which offers a wide range of local and regional shops as well as national retail shops is about 0.5 mile distant.

## **12 Roads/Highways**

The Client has informed us that the property is, to the best of their knowledge, unaffected by any third party rights of way, other than that enjoyed by Singleton Engineering and provisions regarding access devolved to Tenants as part of their respective existing and or any proposed Tenancy agreement, in terms of occupation(s).

We are not aware of any rights of way over the property, other than:

(a) to land similarly owned by the Trustees of Singleton Engineering Pension Scheme and comprising the original engineering works for Singleton Engineering UK Ltd and the traditional range of buildings comprising the "gas works".

We have assumed that for purposes of our valuation, the assets of the remainder of the site can be accessed off of Blacknell Lane and South Street; and

(b) The former Transco site which lies to the west of the buildings, which is the subject of a shared access to the North side of the main building, comprising the former Gibbs premises, which affords access to the rear land and rear service area, to the industrial buildings (west face).

**Legal Advisors to verify the above.**

## **13 Construction**

The nature of the various businesses occupying the majority of the buildings and likely

potential occupiers will inevitably generate heavy usage of the yard areas and put strain on the fabric of the buildings, requiring an ongoing maintenance programme.

The buildings are of mixed type steel frame design, externally clad in industrial sheeting of various forms, condition and age, part insulated but all of an age which would benefit refurbishment.

From our inspection, for Valuation purposes the various elements are generally in fair order, for the age and type of buildings, but we did not carry out a structural survey.

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.

#### **14 Accommodation**

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.

#### **15 Plant, Machinery, Furniture, and Equipment**

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

#### **16 Accounts**

Not applicable

#### **17 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 assumed for the purposes of our Valuation that the property is occupied in accordance with valid planning consents and that all relevant statutory requirements have been materially complied with.

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 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 and till 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.

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.

We understand that the property has a register of asbestos containing materials (ACMs) which exist within the property, and that the register includes a 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.

### **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 of this style and form, conforming to 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 adjacent property so far as evident and only after 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 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.

## **18 DELETERIOUS OR HAZARDOUS MATERIALS**

The presence of asbestos was noted in the form of asbestos cement fibre roof sheets to the external cladding also asbestos cement fibre rainwater goods, together with elements of internal finishes.

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, other 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.

## 19 Commentary

### a) Summary

The subject premises are traditional low eaves, post war to 1980's construction, principally around portal frame design and similar, with asbestos cement cladding.

Built to high ratio of built footprint to site area ratios the development suffers from reduced yard and access ways, these themselves being shared with Singleton Engineering's occupation of the rear land.

Issues of tenure and investment values have a significant impact on values, due to the secondary nature of the development and the age and disabilities of the existing buildings. In addition, the potential for elements of contamination on site, related to previous occupiers and their respective uses, is also a material consideration.

In addition, whilst historically the site has previously been identified for alternative high end value uses, associated with food retailing, in conjunction with the land to the rear, that interest has waned due to the subsequent town centre redevelopment scheme, involving Waitrose and Lidl.

Such "high end" alternative uses may include electrical retailers, DIY stores, who could be encouraged by virtue of the imminent new developments which would add to the prosperity of the town, but there are no proposals on the horizon, which would result in an alteration to the assessment of value.

DIY or white goods retailers, or associated retail park type developments may also add to the potential value, but such an assessment would be premature, as this land has not been designated for any use other than that as prescribed, through use.

### 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.

### c) 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.

## 20 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 5.

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 outgoings 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.

The methodology used in arriving at our Valuation is based on researched comparable market evidence.

Taking into account current market conditions, it is our opinion that the Market Value (MV) of the above-described property as at 14 February 2013 is as follows:

**£500,000 (FIVE HUNDRED THOUSAND POUNDS)**

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

Our Valuation assumes that the information provided by the Landlord as set out hereinbefore in the Tenancies section, is correct. Should it subsequently be found that the information is incorrect it may affect the values now reported.

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).