

The Trustees of the Indus Associates Limited ORBS,

C/o TWS Pensions Ltd,

Unit 2, Morston House,

Princes Court,

Nantwich,

Cheshire, CW5 6GD

21st April 2017.

Dear Sir or Madam,

Re: Indus Foods Cash and Carry, 55-58 Stratford Street North, Birmingham, B11 1BU – Property Valuation.

Further to our inspection of the above freehold property on 21 April 2017, we now take pleasure in enclosing our opinion of value as at the same date for your consideration.

Introduction

We understand that you require a Current Market Value and Rental Value of the above freehold property as at the 21 April 2017 for an internal valuation for inclusion in financial statements of the Indus Associates Limited ORBS Pension scheme (Red Book Definition VPGA1). This valuation is for the benefit of the trustees of the pension scheme and includes a Market Valuation & Investment Valuation and Rental Market Valuation of the property.

The valuer carrying out the valuation is Colin M Fell FRICS who is a registered property valuer with the Royal Institute of chartered Surveyors (RICS - registered No 59576). This valuer is qualified to carry out such a valuation.

Our Valuation has been prepared in accordance with the RICS Valuation - Professional Standards 2014 UK edition (as amended). This is defined as a Red Book Valuation and is carried out in accordance with the International Valuation Standards. The RICS Appraisal and valuation Standards commentary has been applied to the definition of Market Value, Investment Value and Rental Value.

Fernroyd Ventures Ltd are not aware of any conflict of interest preventing us from undertaking this valuation on behalf of the trustees.

The valuer is acting as an External Valuer, as defined within the Red Book. The valuer has PI Insurance of £1.5 Million through the RICS.

We have been instructed to provide our opinion of value on the following Basis:-

1. Market Value & Investment Value
2. Market Rental Value

The property was inspected internally and externally on 21 April 2017.

Our Valuation is confidential to The Trustees of the Indus Associates Limited ORBS, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

You may not disclose the contents of this valuation report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or our valuation report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any special assumptions or departures that we have made.

Valuation Summary

Market Value & Investment Value

We assess the current Market Value (MV) and Investment Value of the freehold interest with vacant possession as at the valuation date and as described in this report, to be :-

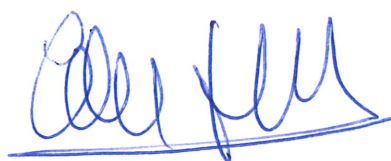
£525,000 (Five Hundred and Twenty-Five Thousand Pounds)

Market Rental Value

We assess the current Market Rental value of the freehold interest with vacant possession as at the valuation date and as described in this report, to be:-

£45,000 (Forty-Five Thousand Pounds)

Signed on behalf of Fernroyd Ventures Ltd



Colin. M. Fell. FRICS.

Fernroyd Ventures Ltd

Property Report

Location / Situation

Birmingham is the second largest city in the United Kingdom and is located in the centre of England and is approximately 115 miles north of London and 75 miles south of Manchester.

Birmingham is serviced by the national motorway network being at the confluence of the M6, M5, M40 and M42 motorways. The City also has good Rail and Air communications.

We will not dwell in detail on the city as this is well known to you and will concentrate on the specific property.

The property is situated in Sparkbrook, a suburb of Birmingham, located 2 miles South - East of the city centre.

According to the Office of National Statistics (ONS), Sparkbrook has a resident population of approximately 32,000 persons which represents approximately 2.5% of the total Birmingham population.

The property fronts Stratford Street North and has an open car parking and servicing area to the front of the property. To the rear of the property is a separate building which is occupied by the same company (Indus Foods) but this is leased separately from the subject freehold property. It is worth noting that this rear property was accessed from Sampson Road North and had its previous access from this road. The two properties are now interlinked and would need to be divided if they were to be let or sold separately. This rear property is not of the same quality as the subject property being much older in nature.

The property is bounded by a railway line to the north which has a railway bridge over both Stratford Street North and Sampson Road North with limited height clearance of 14 Feet.

The immediate area is of a mixed nature with many properties being older and many have been the subject of refurbishment to try to provide more modern accommodation. The adjoining properties have been the subject of a major refurbishment to provide better accommodation and Indus Foods also lease part of this refurbished accommodation.

There is also limited residential development in the area for what appears to be affordable housing and some housing association ownership. It was noted that Keepmoat developments are providing a new scheme of social / affordable housing within 2 two streets of the subject property.

The use of properties in this area, generally, is changing as redevelopment is encouraged to improve the quality of the properties in this area. For example, a 4 acre site has been sold on Sampson Road North, to the rear of the subject property, for redevelopment in the last year and this should also greatly improve the area.

Description / Accommodation

The property, which appears to have been constructed in the early 1980's, comprises a modern steel portal frame construction with part brickwork and part lined profile sheet walls. The roof is of profile

metal sheeting incorporating spot lights. Internally the unit provides a brick elevation, concrete floor, pendant lighting and translucent roof lights.

There is a single roller shutter door to the front and the unit has an eaves height, in the main, of 9.76 M (32 feet). The unit is mainly used for pallet storage.

The front of the building has three storey office accommodation with plastered and painted walls / ceilings and certain areas have suspended ceilings with tube lighting. The offices are mainly brick and block construction and are integral to the main warehouse, the windows are single glazed and certain of the office areas are carpeted and heated via a gas boiler with panel radiators.

The property was measured by Messrs Natrass Giles in October 2010 on a Gross Internal basis in accordance with the code of measuring practice published by the RICS. We have relied upon these areas in our valuation assessment. We have carried out check measurements when on site which confirm our understanding of the areas.

The Gross Internal area was calculated as 13,140 sq. Ft. (1,220.74 Sq. M)

We understand that the property benefits from the provision of all main services, however we have not sought any confirmation of this or the condition of such service media.

The subject property has 3 door openings created at the rear of the property to link it with the adjoining property. These 3 doorways would need to be sealed up if the property was to be let of sold separately in the future.

Condition

We have not carried out a structural survey of the property. From our inspection, the property generally appeared to be in a reasonable state of repair.

We did note, however, that at the time of inspection, there were some general issues of repair necessary with the age of the property. We would recommend that the external painting particularly the window frames was addressed over the course of the next 6 months.

We were informed that an asbestos survey has been carried out which was satisfactory and all recommendations of this survey had been implemented, but we have not had sight of this survey.

Any defects in the properties are well known to the operating company and as they will be signing a new full repairing and Insuring lease for a further definite period of 5 years, we do not consider that a full schedule of dilapidations is necessary but the tenant should be told to ensure they keep the property in good order.

We would, however draw to your attention that the property, not forming part of this demise, attached to the rear of the subject property is, not only considerably older, but in a much worse state of repair than the freehold property. It will be necessary to ensure that this rear property does not have an effect on the subject property. For example, this might manifest itself through water ingress from the adjoining property. We understand that the tenant extending the lease is fully aware of their responsibilities in this regard.

In our opinion, the main fabric and structure of the subject property will have a future life of at least 20 years assuming adequate maintenance, in accordance with good estate management practice, is undertaken during this period.

We are not aware of the presence of any deleterious materials and so have not made any adjustment to our valuation in this regard.

We did not observe evidence of potential or actual contamination on the property and we have assumed that no contamination exists in relation to the property sufficient to affect value.

The Environment Agency website details that, statistically, the property has an insignificant risk of flooding and that it is not located in a designated flood plain or flood risk area. Accordingly, we have not made any adjustment to our valuation in respect of flood risk.

Town Planning

The property lies within the jurisdiction of Birmingham City Council whose planning policies are contained within the Birmingham Unitary Development plan within the local development framework. The existing use of the property is as an industrial unit with the benefit of a "quasi" retail use for Cash and Carry, as approved under Planning Application 1999/00490/PA.

It should be noted that this whole Sparkbrook area has been generally designated an improvement area, due to its proximity to Birmingham City Centre. Please note our previous comments regarding residential and mixed use generally.

Rateable Value

The property is described in the current Rating List (2017) as follows:-

Premises	Description	Rateable Value
55/58 Stratford Street North, Birmingham	Warehouse & Premises	£82,000

This has been reduced from £84,000 in the 2005 list and the new rates are payable from 01/04/17.

The uniform business rate for 2017/18 is 47.9 pence in the pound.

This assessment includes both the subject property and the leasehold property to the rear. If the properties were separated in the future, a separate assessment would need to be agreed with the District Valuer.

Tenure

We understand that the property is freehold and we outline on the attached plan our understanding of this title. No doubt you can ensure that the lawyers check that this is a correct assumption and we would be happy to confirm this with your lawyers at the correct time.

We have not been provided with H M Land Registry documents or certificate of title and have assumed for the purpose of this valuation that there are no unduly onerous or restrictive covenants affecting title, which would have an adverse affect on value.

Tenancy

The property has been leased to Indus Foods for a period of 5 years from 25th June 2012. This lease expires on 25th June 2017 and we have been informed that it will be extended from the expiry date for a period of 5 years. The rent agreed is to be £45,000 per annum from June 2017.

We have been provided with an undated (but signed) copy of the current lease which has been granted on full repairing and insuring terms. We have been provided with the dates (outlined above) by the tenant and you may wish to check that we have got these dates correct.

Valuation

Market Value & Investment Value

We assess the current Market Value (MV) of the freehold interest, with the benefit of the lease, as at the valuation date and as described in this report, to be :-

£525,000 (Five Hundred and Twenty Five Thousand Pounds)

Market Rental Value

We assess the current Market Rental value of the freehold interest, as at the valuation date and as described in this report, to be:-

£45,000 (Forty Five Thousand Pounds)

Valuation Commentary

We have carefully considered the previous valuation carried out by Jones Lang Lasalle in October 2011 and the comparables therein and believe the market for secondary industrial property has improved since this date.

At the 2011 valuation date the freehold disposals of similar property achieved capital values in the region of £30 – 35 per sq ft. We consider that this has generally improved by approximately 30% over the course of the last 7 years. We believe that figures of £35 – 40 per sq ft. are more realistic today.

The lack of transactions in the immediate vicinity has provided us with a challenge and we have had to look at a wider area to assess a reasonable value.

It is quite clear that the value depends upon the quality of the property under consideration and new units in this location, if available, would command rents of £5 – 5.50 per sq ft. There is a severe shortage of good quality accommodation in the area and even old properties that offer good sites for the future are attracting premiums because of the proximity to the city centre.

A poor quality property in need of substantial repair on Henley Street, extending to 29,750 sq ft. with a large yard and a total site area of 0.75 of an acre has recently gone under offer at circa £1 million which reflects a figure of £34 per sq ft., this is of poorer quality than the subject property.

A site of 4 acres opposite the rear of the property sold approximately 1 year – 18 months ago for circa £1.2 Million which reflects circa £300,000 per acre as a site. If this was on the market today we believe a much better figure could be achieved.

There are also 2 major requirements in the order of 50,000 sq ft. in the market at the moment looking for sites in this area.

Secondary rentals range between £3.50 – 4.00 but the better the quality of the building, the higher the rent achieved.

We are of the opinion that the subject building has a rent per sq ft. in the order of £3.42 based on the proposed new rent. We do not consider this rental to be excessive and is probably quite conservative when the eaves height, the good secure servicing yard and car parking at the front and quality of building is taken into account. If the property was separated from the rear warehouse and put on the market we believe a higher rental could be achieved.

We are also aware of an 11,000 sq ft. building with good car parking, in the vicinity, that has just gone under offer at in excess of £80 per sq ft. due to the lack of available accommodation in the area and strong competition for such property. We are currently assessing the value at a capital figure of circa £40 per sq ft. for the subject building.

In the case of the yield we have adopted in looking at the investment, we have used an 8% yield to reflect the rental level being conservative and the likely growth in rentals in the future due to demand and lack of supply of accommodation.

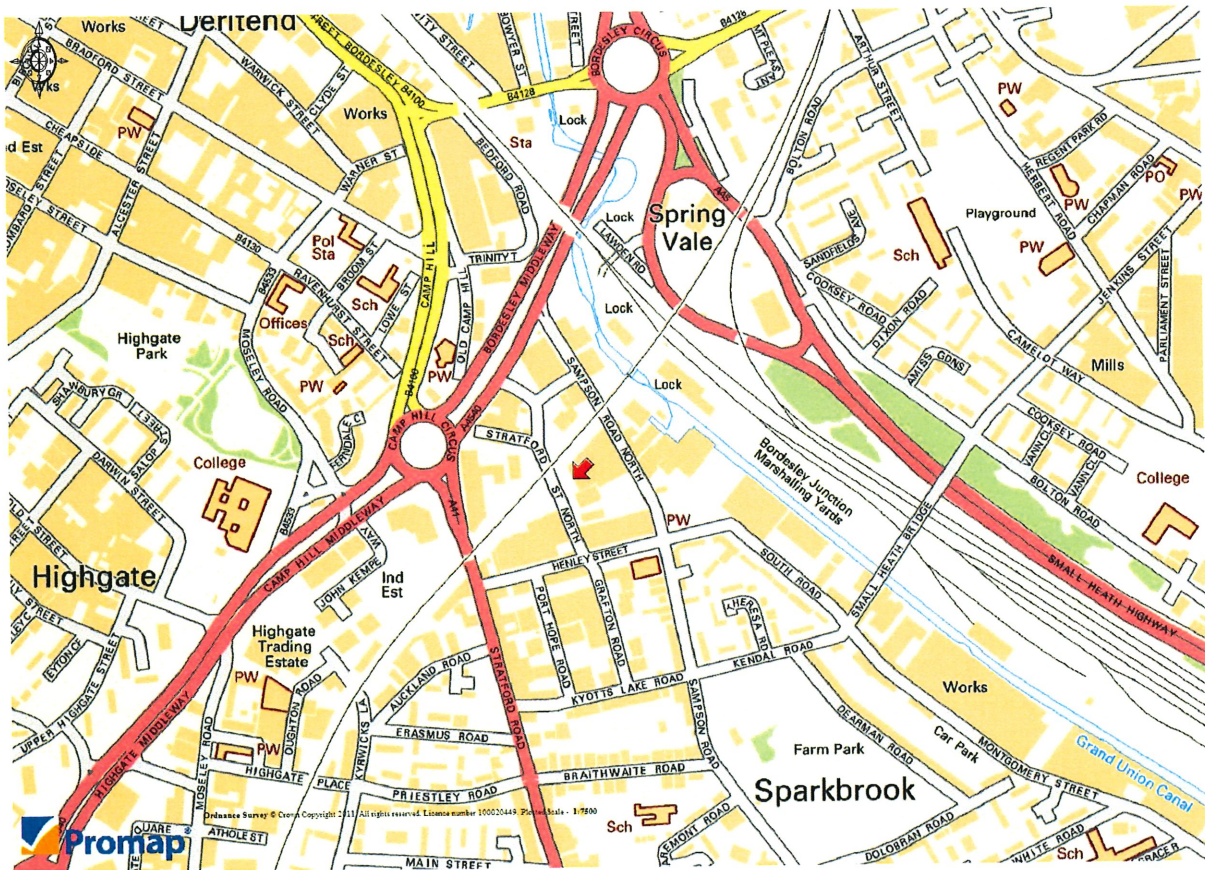
There are no investment transactions in the immediate vicinity that we have been able to ascertain and we have had to rely on our market experience in this regard.

The lack of transactions over the last year and the shortage of accommodation can only go to improve values in the future.

The main issue which will distort the market in a positive direction, are the areas being developed by either the City Council through their development plan or the HS2 development, which is imminent, and both of these major schemes will be displacing tenants and occupiers who will be seeking relocation. This whole Sparkbrook area is becoming sought after because of its close proximity to the city centre.

We trust the above gives you a clear understanding of our valuation process and the reasoning adopted.

Appendix 1 – Location Plans



Appendix 2 – O S Extract

