
RICS Commercial Valuation

STRICTLY PRIVATE AND CONFIDENTIAL
TO ADDRESSEES AND THEIR PROFESSIONAL ADVISORS

Commissioned by
Lyndon Brett Partnership

for and on behalf of

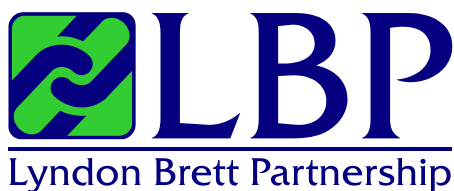
Mr Duncan Singleton, Mr David Singleton
Mr Martin Singleton & Pitmans Trustees Ltd.
c/o Singleton Engineering (UK) Ltd
Blacknell Lane Industrial Estate
CREWKERNE
Somerset
TA18 7HE

At

Singleton Engineering
Blacknell Lane Industrial Estate
CREWKERNE
Somerset
TA18 7HE

Dated

August 2023



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PRINCIPAL : Lyndon Brett MRICS FAVLP – Chartered Surveyor and RICS Registered Valuer



On the instructions of:

Mr Duncan Singleton, Mr David Singleton,
Mr Martin Singleton and Mr Oliver Singleton.
c/o Singleton Engineering (UK) Ltd
Blacknell Lane Industrial Estate
CREWKERNE
Somerset
TA18 7HE

Our ref: LB/lb

9th August 2023

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

**RICS REPORT AND VALUATION
INSPECTION REPORT**

Dear Messrs Singleton,

Re: Singleton Engineering Blacknell Lane Industrial Estate CREWKERNE Somerset TA18 7HE

INSTRUCTIONS

Lyndon Brett Partnership received confirmation of instructions on 9th May 2023 by way of telephoned instructions and subsequently the offices of Singleton Engineering (UK) Ltd, at a meeting at their offices on 11th May 2023, 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 9th May 2023 and signed 10th May 2023 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 6th Edition ('The Red Book') issued by the Royal Institution of Chartered Surveyors in January 2014 (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 11th May 2023 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 regarding 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 during 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 can confirm that this report has been prepared in accordance with your instructions and the relevant Practice Statements contained within the Appraisal and Valuation Standards 6th Edition ('The Red Book') issued by the Royal Institution of Chartered Surveyors in January 2014 (6th Edition).

We would reiterate that we have had no dealings with the property to be valued, (other than for a series of valuation purposes in the past five years), 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, 9th May 2023. 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 Somerset Council in respect of Planning matters and Business Rates liability.

MARKET CONSIDERATIONS

We have made enquiries regarding whether there has been a recent transaction or a provisionally agreed price for the property being valued.

We note that the property has not been recently marketed for sale either openly or in an off-market exercise and we have not been made aware of any offers put forward for the property.

UK Economy

The current Prime Minister, Rishi Sunak, was appointed on 25 October 2022, alongside the retention of Jeremy Hunt as Chancellor of The Exchequer.

Prior to Rishi Sunak's election, during the brief period Liz Truss was Prime Minister, energy bills were predicted to rise 80% in October 2022 and jump again in January 2023. Against the backdrop of the cost-of-living crisis, the 'mini-budget', announced by the UK Government on 23 September 2022, was designed to boost economic growth through tax cuts, however, this alarmed global investors with the value of the British Pound falling to a record low against the US Dollar.

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In response to this financial turmoil, The Bank of England stepped in to prop up government bonds in an extraordinary intervention to stabilise the markets. The government borrowed £27.4bn in December 2022, which is the highest figure for any December since records began in 1993.

In spring 2023 the Chancellor of The Exchequer set out a 'Budget for Growth', in a plan to increase UK productivity as the UK lags other similar countries, having lower business investment and higher economic inactivity. High inflation has hit confidence and squeezed budgets, constraining the ability of households and businesses to spend. There are signs, however, that the economy is proving slightly more resilient than anticipated.

There is little market evidence to indicate the impact, if any, on property values or investments following this period of instability. However, significant increases in interest rates have filtered through to buyer activity as the gap between the cost of borrowing and wages has narrowed. In recent months interest rates in relation to mortgages had begun to ease, although remain high in comparison to early 2021, but the offerings currently available are noted as prescriptive.

Cost of Living

The cost of living has increased sharply across the UK since 2021. Increases in the cost of consumer goods, underpinned by strong demand from consumers and supply chain bottlenecks, have been factors causing rising inflation. Food and energy prices have been rising markedly over the past year, particularly gas prices, largely in response to the conflict in Ukraine and global recovery from the coronavirus (COVID 19) pandemic putting further pressure on prices.

According to House of Commons Library, the annual rate of inflation reached 11.1% in October 2022, a 41 year high, before easing in subsequent months to 8.9% in March 2023 and 7.8% in April 2023.

Food prices were 19.1% higher in March 2023 compared with the year before. From March 2022 to March 2023, domestic gas prices increased by 129% and domestic electricity prices by 67%. Gas prices are understood to have reached record levels after Russia invaded Ukraine; electricity prices have followed a similar trend. The UK Government is supporting households through the 'Energy Price Guarantee' and businesses through the 'Energy Bill Relief Scheme'.

The inflation figures announced today saw a drop in the increase to 7.9%, which is still way off the Bank of England 2% target, which may result in further interest rate hikes and hardship across the UK.

Novel Coronavirus (COVID-19)

The outbreak of Novel Coronavirus (COVID-19) was declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020. Although domestic restrictions have been removed, the UK continues to recover from the impact of the global pandemic. The effects of Coronavirus are still being seen in the state of the UK economy today and is still a contributor to the rise in inflation and cost of living crisis.

'Brexit'

The United Kingdom departed from the European Union on 31 January 2019 and the transition period ended on 31 December 2020, with a new trade deal between the UK and the EU ratified by both parties.

Office of National Statistics

'Main Figures' and Bank of England Base Rate FIGURES % CHANGE

Employment Rate (Age 16 – 64, Jan – Mar 23)	75.9	+ 0.3% on previous year
Unemployment Rate (Aged 16+, Jan – Mar 23)	3.9	- 0.2pp on previous year
Inflation (CPIH 12-month rate, April 2023)	7.8	-1.1pp on previous month
GDP (Quarter on Quarter, Jan – Mar 23)	0.1	+ 0.0pp on previous quarter
Bank of England Base Rate (May 2023)	4.5	+ 0.25pp on previous month

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, as new investors divert funds from low interest-bearing investments. With the rise in interest rates and rates of return on monies invested conventionally, the yields in recent months have stayed firm and flat lined for reasonably let commercial premises.

Some new investors have had an impact on the market, with the auction market generally buoyant and still maintaining yields, but their key investment decisions are linked to the £100,000 to £500,000 bracket with a reducing number of investors seen in the sub £1,000,000 property sector.

There is still some underpinned market making through Pension Fund acquisitions where the relationship of occupier and fund investment is linked; backed by tax advantages, which make a difference in Landlord/Tenant and financing options.

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 stabilised, but with higher risks of voids, potential for Tenant default or longer periods of voids.

There is evidence of increased confidence in the economy, but this does not appear to yet manifest itself in a positive impact on tone of rents.

This relates in our opinion to some uncertainty around business confidence and the risk of rates for void liability, which has a negative impact on Landlord’s investments decision and a positive influence on Tenant’s negotiations.

In secondary property, lease terms are generally both short and flexible. The lease terms are outlined in the Tenure section of the report.

The lease of whole premises is between The Trustees of The Singleton Engineering Pension Fund and Singelton Engineering (UK) Limited.

The basic terms as outlined in the Lease documentation, copies of which we have been provided with, but is undated, but are as follows:

Property- Singleton Engineering, Blacknell Lane, Crewkerne, Somerset, TA18 7HE

Dated- 2023

Between- The Trustees of The Singleton Engineering Pension Fund (1) and Singleton Engineering (UK) Limited (2)

Annual Rent-

Annual Rent - £109,976 per annum

Term – assumed to be 1st April 2023 and ending on an including 31st March 2028

Rent dates – First day of each calendar months

Review dates – There are none recorded in the lease, but there is reference to interim rents.

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 engaged; 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:

Martin Hugh Singleton, David James Singleton, and Duncan Charles Singleton Oliver Thomas Singleton.

b) A description of the relationship between the parties:

Co Trustees, co beneficiaries of the fund and Duncan Charles Singleton and Oliver Thomas Singleton as 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 plus former house as office accommodation – Class E.

The office element was formerly a Doctors surgery which was subject to a D1 use and the premises fronts South Street and was formerly the Gas Showroom/office and managers house, later occupied by the Singleton family as their private residence.

3 Address of Property Inspected

Singleton Engineering
Blacknell Lane Industrial Estate
CREWKERNE
Somerset
TA18 7HE

4 Date and Extent of Inspection

The property was inspected by the writer on the 11th May 2023.

The property was inspected from ground level only.

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, but generally the older buildings have roofs which are life expired whilst Unit 1 has been refurbished.

5 Weather at Time of Inspection

Weather conditions were mixed, following periods of wet weather, with cloud cover and some blue skies and light winds.

6 Date of Valuation

The date of our valuation is 9th August 2023.

No account has been taken of any changes to the property that may have occurred after 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, other than for the benefit of the existing Tenants and Sub-Tenants and there is a separate shared access in favour of the freehold portion of the premises owned by the Pension Trustees South of Unit 1, which also serves the rear of the properties which front South Street.

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.

Property - Singleton Engineering, Blacknell Lane, Crewkerne, Somerset, TA18 7HE

Dated – 2023 – assumed 1st April 2023

Between - The Trustees of The Singleton Engineering Pension Fund (1) and Singleton Engineering (UK) Limited (2)

Annual Rent - £109,976 pa

Contractual Term- a terms of years beginning on and including the date of this lease and ending on and including TBA 2028. For the purpose of this valuation we have assumed a start date of 1st April 2023 and an end date of 31st March 2028.

Repairs - Tenant shall keep the property clean and tidy and in no worse repair and condition than it is in at the date of the lease and shall ensure that any service media within and exclusively serving the property are kept in good working order.

Tenant shall not be liable to repair to the extent that any disrepairs has been caused by an insurance risk.

Decoration - Tenant shall decorate the outside and the inside of the property as often as is reasonable necessary and also in the last three months before the end of the term.

Alterations - Tenant shall not make any external or structural alteration or addition to the property and shall not make any opening in any boundary structure of the property without consent of the Landlord.

Tenant shall not install any service media on the exterior of the property nor alter the route of any service media at the property without consent.

Tenant shall not make any internal, non-structural alterations to the property without consent.

Insurance - Landlord shall keep the property (other than any plate glass at the property) insured against loss or damage by the insured risks for its full reinstatement costs (taking

inflation of building costs into account). The landlord shall not be obliged to insure any part of the property, installed by the Tenants.

The Tenant shall pay to the Landlord on demand, the insurance rent,

Whilst the Tenants can sub-let the units which is consistent with the occupation process over decades and would allow the rental value to be reserved and underpinned in the event that business faced harsher time, triggered by say a recession, this provides a .

The arrangements also include the sub-letting of the South Street premises.

8 Services

We are advised that mains gas, electricity (three phase) and water are supplied and connected. We are advised that the drainage is by gravity 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.

Electrical power within the building is the subject of current investment by the Tenants Singleton Engineering (UK) Limited who are bearing the cost of this upgrade which is being phased in over a period of years and anecdotally is costing circa £80-£100,000 per year, for the past two years.

This could be construed as Tenant's improvements which merge with the freehold. Heating in the main production areas is by way of overhead gas fired radiant heaters.

The Administrative Offices are heated by way of individual electric powered convactor heaters.

The property known as 129A South Street has a conventional gas fired hot water radiator system.

It is understood that 129A and the WC facilities within the period former gas works buildings are connected to mains drainage.

The Administrative Offices WC's are connected to mains drainage aided by a macerator and pump unit. This connection has been made via an adjoining property under separate ownership, which has not been granted on a formal basis.

We are not aware that this situation has been legally formalised and our recommendation would be to put this in hand, particularly as a documented connection may assist any future long term development proposals for the site.

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 Singleton Engineering premises.

Details of the various assessments are:

Singleton Engineering (UK) Limited	
Local Council Reference	074105
Rating List	2023
Valuation Scheme Reference	639202
Local Council	Somerset Council (previously South Somerset)
Assessment	£92,000

10 Situation and Location

The property is in the principal 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 – see Annex 2 of this report. The subject property is edged red on the plan.

Crewkerne is a busy provincial former market town of around 7,335 residents (2021 Census data) 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 former South Somerset district (now Somerset Council), 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.

The town retains neo-Georgian architecture in its honey-coloured town centre stone-built buildings. Crewkerne boasts a variety of shops, small cafes, local pubs, a traditional hotel in the market square, all subject to the same impacts, associated with any small provincial town, plus has a variety of leisure outlets, museums, GP Surgeries and Schools.

Further out of town, there are industrial estates for various businesses and manufacturers, of which this estate is the primary industrial estate serving the settlement of Crewkerne .

To the East lies an area of new development which is well advanced in terms of the scheme for the CLR for Crewkerne, which includes housing and additional employment land being made available to provide economic benefits, jobs, and sustainable development for the town's population.

The employment land allocation has been reduced and the residential allocation increased, as part of the latest revisions.

As part of that approved 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.

General

The property comprises a substantial part of the property known as the Singelton Engineering premises, a complex of traditional and mid C20th manufacturing/warehouse buildings (see Accommodation).

Were it not for the acquisition of the former gas holder site, the building footprint to site ratio would be considered restrictive and could be construed as overdeveloped.

Certainly, the cluster of buildings, their construction, and *ad hoc* arrangements, plus difference in levels and mixture of eaves heights and adjacencies, do have logistic and operation issues with limited on-site space to the rear and sides on boundaries.

The rear yard appears more than adequate for its purpose, insofar as it provides scope for expansion, but again impacted by site level differences.

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 mainly stoned with some areas tarmacadam finished and the HGV served area are mainly surfaced in concrete, including the ramped access.

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.

- a) Shared rights of access from South Street, for the benefit of 129 South Street
- b) Shared rights of access over Blacknell Lane and the rear service road to the South Street properties and
- c) Right of access over land, also in the ownership of the pension trustees but comprising the former Gibbs Valet work site, both through the main entrance and the service road entrance to the North, leading to the former Transco site.
- d) A pedestrian walkway from South Road to Henhayes bounds the site to the North.

The private lane adjacent and to the West of Unit 1 affords access to the traditional stone built buildings which may be important to retain, if these buildings are subject to future planning applications

Impacting on the Industrial Estate in a positive way, is the fact that the Blacknell Lane Road network The developers in accordance with the development brief and the Section 106 agreement have opened up the access to link through to the residential development under construction by Taylor Wimpey.

In due course this will connect to the Crewkerne Link Road and the main road network, relieving some of the traffic congestion to South Road and within the town centre.

Legal Advisors to verify the above.

12 Construction

The property comprises a site, previously occupied as a Gas Works of approximately 1.41 acres (0.57 ha) (edged red on the plan Annex 2.

Please note that the plan also includes edged in red, 129A South Street, the subject of this report) on which now stands, a range of industrial buildings of various age, construction and size occupied and developed as an engineering works (see 13.0 Accommodation) centered around the administrative prefabricated offices and yard area, plus the separate offices (as 129A South Street).

The site also includes a parcel of land extending to 0.54 acres (0.2 ha) accessed to the North of the site from Blacknell Lane, which formerly had a gas holder erected upon it and was purchased from Transco in 2001, or thereabout.

This is currently used for ad hoc car parking and compressor housing.

The legal rights of entry reserved by Transco we understand, has been extinguished now that the pipework through the site is no longer in use.

Access to the site is at two points, from Blacknell Lane and restricted and shared access from South Street. Owing to the split level of the site, the Northern access provides only pedestrian access to the production buildings and vehicle access only to the undeveloped land.

Fronting South Street and currently occupied as an office (within the boundary edged red on the plan Annex 2) is a substantially built semi-detached property. Built to the pavement, the property is of natural stone construction under a slate roof.

To the right-hand side of the property are access gates to the engineering works buildings and yard.

The end part of the former gas works buildings (see below) has been provided as a garage for the Surgery and is included in the leased area.

The former Gas Works Buildings (Buildings 1, 2 & 3 for the purpose of this valuation) are constructed of natural stone construction, under a part slate and part fibre cement pitch roof with concrete floors. The accommodation provides workshops, stores, foreman's office, and WCs.

Within these buildings a modern steel framed mezzanine has been erected with timber floor boarding, which is utilised as storage and a staff room.

Connected via the arches of the above buildings is Building 4. Building 4 is of modern steel frame construction with block infill walls to a height of approximately 240cm with plastic coated profile sheeting above to the exposed walls. Access to the Northern end of the building is via a roller shutter door.

Building 6 is used as a spray booth. This building is of metal frame with single skin profile iron walls and roof.

Building 7 is in the form of an open fronted lean-to with steel purlins supporting a plastic-coated profile steel roof.

Building 8 is a single storey natural stone building with a slate roof, housing a compressor.

The Administration Offices (reference Building 9) is based around a portable building format, which has been extended overtime. Constructed of prefabricated infill panels and glazing with a pebble dash finish and a flat felted roof. This is linked to a 'portacabin' style structure with an office and WC. The Administrative Offices also connect to the main production building.

The main production building (reference Building 10) comprises the most recent construction on site being of modern steel portal frame with block infill walls under a lined plastic-coated profile sheet roof.

The building is currently divided into two areas. An addition has been added to accommodate spraying equipment.

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 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 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 comprises a site, previously occupied as a Gas Works of approximately 1.41 acres (0.57 ha) (edged red on the plan Annex 2.

The area of occupation and the demise of the Trustees of the Singleton Engineering Pension Scheme and Singelton Engineering (UK) Limited has been measured in accordance with the RICS Code of Measuring Practice (Fifth Edition and calculate that it provides the following Gross Internal Floor areas.

Description	Area m ² /unit
Ground floor warehouse	215.55
Ground floor office	32.78
Ground floor warehouse	241.48
Ground floor office	118.71
Ground floor warehouse	227.23
Ground floor mess/staff room	19.52
Ground floor warehouse	555.11
Ground floor warehouse	627.08
Ground floor workshop	615.06
Ground floor store	45.5
Ground floor store	81.2
Ground floor workshop	33.11
Ground floor external storage	10.88
Ground floor workshop	193.55
Ground floor workshop	111.65
Ground floor workshop	73.01
Ground floor area under supported floor	128.17
Ground floor workshop	163.66
Ground floor works office	25.29
Ground floor store	18.83
Ground floor store	7.95
Mezzanine floor store	7.95
Mezzanine floor store	112.81
Ground floor store	13.48
Mezzanine floor internal storage	13.48
Ground floor store	16.54
Total	3,709.58

Additional details	
Description	Area m ² /unit
Portable building	19
Portable building	62
Portable building	9

A schedule of photographs of the property is attached as Annex 4.

14 Plant, Machinery, Furniture, and Equipment

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

Services

These have only been inspected visually, where they were accessible, and tests have not been applied. The efficiency, compliance with regulations and adequacy of services can only be assessed by test conducted by suitably qualified specialists.

Although, as surveyors we are not specialists in these areas, where comment has been made, this is an informed opinion based on the accessible evidence.

We have not made detailed enquiries from the statutory utilities.

Electrical Provisions

The installation and the works should be compliant with the I.E.E 18th Edition and meet the requirements of Part P (Electrical Safety) of the Building Regulations.

Any works associated with electrical refurbishment should be carried out by a qualified installer who is registered under one of the competent persons schemes or alternatively the work must be designed, installed, inspected and tested by a qualified electrician who can issue an appropriate BS 7671 Electrical Installation Certificate.

There is no evidence that annual routine tests have been carried out to comply with Electricity at Work Regulations and Approved Document – Part P of the Building Regulations.

Sanitary Provisions and Drainage

We would advise that the drainage runs be inspected by a recognised contractor providing CCTV monitoring to ensure that drainage runs within the site curtilage and connecting to the main foul/storm water drainage is free flowing and free of defect and the drainage purged annually.

Ventilation, Air Conditioning and Extraction

Mechanical ventilation to “wet areas” are advised.

Service records in respect of air conditioning plant and equipment including date of installation and periodic review and service dates are available.

Fire Engineering

The appropriate fire strategy works have not been carried out, and Fire Risk Assessments were not available. The Tenants are responsible for compliance and the Landlord should be provided with a copy and periodic updates and with fire extinguishers present required to be correctly mounted on wall brackets as appropriate, fire signage inclusive of illuminated emergency exit signage, present in relevant locations – e.g., above doors or exit doors and the Fire Alarm periodically tested and documented.

Security Systems, Inc. CCTV

Service records, including date of installation and periodic review and services dates should be in place.

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.

In 1998 the property known as 129A South Street was granted planning consent for use as a Doctors Surgery reference 98/016/79.

Building Regulation approval for the works of cladding and overhaul were signed off on 7th September 2020 under application reference 20/01740/PTHV.

We have assumed for the purposes of our Valuation that the various elements of the properties are 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 for a mixed-use scheme including a substantial residential development and notional employment land acreage, 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).

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 provided 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 will be a landscape buffer between residential development and the Eden building, as a screening measure to reduce visual impact and minimise the impact of the operations associated with a B1, B2 and B8 existing use operation. This is not clear from the outline submissions included with the current proposal Application 14/02141/OUT.

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.

Energy Performance Certificates/Minimum Energy Efficiency Standard

The Energy Act 2011 requires a property to have at least an “E” rating on the relevant Energy Performance Certificate (EPC) for any new letting to be carried out after 01 April 2018.

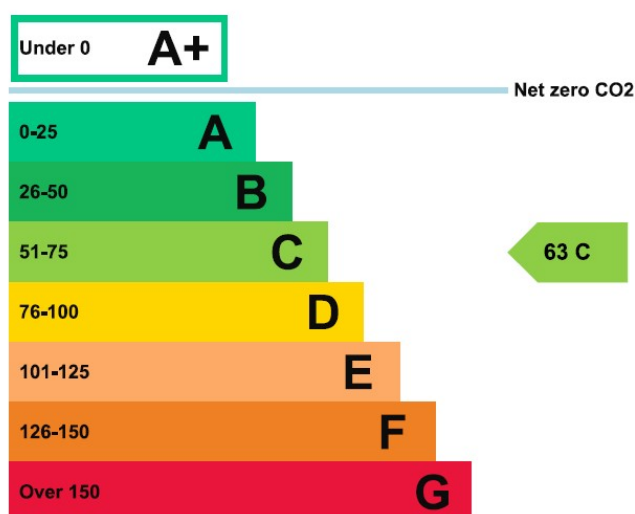
The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 introduced the Minimum Energy Efficiency Standards (MEES) which came into force in England and Wales on 1 April 2018 and applies to privately rented residential and non-domestic property.

MEES aims to encourage property owners/landlords to improve the energy efficiency of their properties by restricting the grant and continuation of existing tenancies where the EPC rating is Band F or G; the minimum standard rating is E and above.

MEES applies where the letting is for more than 6 months (MEES does not apply to tenancies of less than 6 months, so long as there is no right of renewal) and less than 99 years.

From 1 April 2020, MEES applied to all privately rented residential property and it is now an offence to continue to let residential property with an EPC rating below E.

By 1 April 2023 all privately rented non-domestic properties will need to have an EPC rating of E or above. Any properties with rating of F or G will be considered sub-standard and landlords could be subject to fines or other enforcement action unless the landlord registers an exemption.



Properties are given a rating from A+ (most efficient) to G (least efficient).

Properties are also given a score. The larger the number, the more carbon dioxide (CO2) your property is likely to emit.

The EPC assessment for Unit 1 is C63. This is valid until 13th May 2030.

The other units have a liability with lower assessments, which will be positively impacted by Tenants improvements over time.

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 logbook and plans indicating areas of construction identified as containing asbestos, handling procedures etc.

18 Commentary

a) Summary

The subject property, based on combined rent levels is let at relatively low rent levels by comparison with other commercial warehouse and production properties in the South Somerset area, but reflects:

- (a) the disabilities of the premise themselves and the high level of maintenance required and
- (b) Tenant expends on the properties of this form and ilk; which has impacted on property rental values and in turn the value of the investment.

Our valuation advice also reflects the tenancies, tenancy demise and the divided property interests.

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.

For purposes of our valuation, we have adopted a yield of 7.5% reflecting market evidence on comparisons, including the recently agreed 2023 letting but reflecting flexible terms reserved and the weighted average unexpired lease term (WAULT), but positively impacted by the improvements carried out on the property.

These include recladding, photovoltaic provision, specialist surveys including fire risk assessments and asbestos report and electrical system upgrades and certification for compliance.

In addition, the presence of new activity in the local, resulting in improvements to the road access network and development of both a residential and commercial nature.

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.

Whilst previous food retail and residential uses have been promoted, these interests have not materialised with substantive schemes. The present climate is not conducive to alternative uses being promoted as a viable option, without an improvement in market conditions, or a material change in circumstances.

With the advent of the CLR and new employment land being developed, this may open opportunities to secure a higher value occupier, but for purposes of this valuation the opportunity is too remote to have a major impact which could be factored in now, due to the uncertainties of the new road opening.

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'

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

The percentage breakdown of the capital value of the portfolio; as between:

- offices;
- retail;
- industrial and business space;
- agricultural and other classes of property; and
- 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.

We are of the opinion that the market rental value of the property in its existing condition, reflecting Tenants improvements, the Tenants commitment to works which have a positive impact on the property holding including photovoltaic investment, new plant and machinery and infrastructure upgrades is **£109,976 per annum exclusive**.

And we value same accordingly.

The freehold market value of the subject premises subject to the existing tenancy, with reversionary interest expectations, but reflecting a gross rental income of:

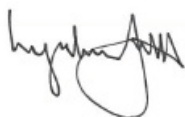
£109,976 per annum exclusive with said potential reversionary value and further development potential, is

£1,450,000 (ONE MILLION FOUR HUNDRED AND FIFTY THOUSAND POUNDS) and we value same accordingly

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.

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 trust that we have interpreted your instructions correctly, but should you have any queries, or we can further assist in any way, please do not hesitate to contact the office.



LYNDON BRETT, MRICS FAVLP MARLA

RICS Registered Valuer

**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 purpose 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 based on 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 an 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).