

VALUATION REPORT

UNIT 1 ST IVEL WAY
TOWER LANE
WARMLEY
BRISTOL BS30 8TY

Prepared By:

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Date of Issue:

21 March 2011

Prepared For:

HSBC Bank plc

VALUATION REPORT ON

UNIT 1 ST IVEL WAY
TOWER LANE
WARMLEY
BRISTOL BS30 8TY

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HSBC Bank plc
Bristol & Bath Commercial Centre
3 Temple Quay
Bristol BS1 6DZ

MH/HMJ VAL Unit 1 St Ivel Way

21 March 2011

CUSTOMER: SPRINGFIELD BUSINESS PAPERS

**PROPERTY: UNIT 1 ST IVEL WAY
TOWER LANE
WARMLEY
BRISTOL BS30 8TY**

SECTION ONE

1.0 INSTRUCTIONS

1.1 In accordance with your instructions dated 4 March 2011, we confirm we have inspected the above premises and now write with our Report and Valuation.

1.2 Our instructions were to wait until negotiations were concluded before undertaking the valuation report.

2.0 DATE OF INSPECTION

2.1 The premises were inspected on 16 March 2011.

3.0 PURPOSE OF VALUATION

3.1 To provide HSBC Bank plc with an assessment of the Market Value of the property for bank lending purposes.

4.0 VALUATION BASIS

4.1 The property has been valued in accordance with the RICS Appraisal and Valuation Manual on a market value basis, subject to the terms and conditions stated in this Certificate and attached Report.

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5.0 VALUATION CERTIFICATE

5.1 Market Value:

Warehouse: £1,200,000.00 (One million two hundred thousand pounds)
Additional Site: £200,000.00 (Two hundred thousand pounds)
Total: £1,400,000.00 (One million four hundred thousand pounds)

5.2 Market Value (assuming 6 months marketing period):

Warehouse: £1,200,000.00 (One million two hundred thousand pounds)
Additional Site: £200,000.00 (Two hundred thousand pounds)
Total: £1,400,000.00 (One million four hundred thousand pounds)

5.3 Market Rent:

Warehouse: £110,000.00 per annum (One hundred and ten thousand pounds)
Additional Site: £20,000.00 per annum (Twenty thousand pounds)

5.4 We are of the opinion that the premises offer suitable collateral for bank lending purposes.

6.0 DATE OF CERTIFICATE

6.1 The date of the Certificate is 16 March 2011.

7.0 VALUERS

7.1 The valuation has been undertaken by MATTHEW HUNTER BSc (Hons) MRICS Registered Valuer who is qualified for the purposes of the valuation.

..... Dated
JULIAN BLADEN BSc (Hons) MRICS
PARTNER
ETP PROPERTY CONSULTANTS

SECTION TWO

8.0 VALUATION ASSUMPTIONS AND CAVEATS

- 8.1 We have assumed for the purposes of this valuation that where required all planning, building and statutory regulations have been complied with and Certificates or other necessary permissions obtained for the erection and occupation of the buildings or building works unless otherwise stated in the conditions within this report and valuation.
- 8.2 We have assumed that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown; and that the property is not affected by a statutory notice or by any matters which would be revealed by a local search or, by replies to normal enquiries to local authorities and that neither the property, nor its condition, and its use is unlawful.
- 8.3 We have also assumed that all information furnished to us is true.
- 8.4 We have inspected the premises, except for parts which are covered or inaccessible without a ladder (or not readily accessible), but the buildings have not been structurally surveyed and service installations have not been tested.
- 8.5 This is not a report on the condition of the premises. We are unable to comment whether or not the building structures are free from defect. We have valued the property on the basis that the building structures are free from defect, except for any defects mentioned, but there may in fact be defects which will adversely affect the value of the property and which are not mentioned.
- 8.6 We have not arranged for any investigation to be carried out to determine whether or not high alumina cement, concrete or calcium chloride additive or any other deleterious material has been used in the construction of this property and 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 any such investigation would not disclose the presence of any such material in any adverse conditions.

9.0 ENVIRONMENTAL CONSIDERATIONS

9.1 We confirm that we have not undertaken any tests or made any enquiries to determine whether the land is contaminated as defined under the provisions of the Environmental Protection Act 1990.

9.2 This Valuation is undertaken on the assumption that the land is not contaminated.

9.3 The Environment Act 1995 provides a duty for Local Authorities to inspect their areas for contaminated land, and to determine whether or not land is contaminated having regard to the to the degree of risk or harm associated with the land and its current use. Following a period of consultation, the Local Authority may serve a Remediation Notice on the person who caused or knowingly permitted the contamination, or if no such person can be found, on the owner or occupier of the land in question. Local Authorities will be able to carry out remedial works themselves in certain cases and recover the cost from the appropriate person. Local Authorities will be required to hold detailed registers of information in respect of the exercise of their functions relating to contaminated land in their areas.

9.4 We are not aware of any environmental issues or site contamination that could adversely affect the value of the property, but do not imply or give any warranty to that effect.

10.0 TAXATION/GRANTS

10.1 We have made no allowance in arriving at our opinion of value for any tax liability which may arise upon a disposal nor have we had regard to any grants or subsidies which might be available.

11.0 BASIS OF VALUATION

11.1 The premises have been valued in their present condition at the time of inspection and we have not therefore taken into account any increase in value which might attribute to any other alternative uses, except where stated. The valuation has been carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, on the basis as defined below:

11.2 Market Value

11.2.1 Our opinion of the Market Value has been arrived at on the basis being the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

11.2.2 A willing seller.

11.2.3 That, prior to the date of 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 price and terms and for the completion of the sale.

11.2.4 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.

11.2.5 That no account is taken of any additional bid by a purchaser with a special interest.

11.2.6 That both parties to the transaction had acted knowledgeably, prudently and without compulsion.

11.3 Market Rent

11.3.1 An opinion of the best rent at which a new letting of an interest in the property would have been completed at the date of valuation assuming:

11.3.2 A willing landlord.

11.3.3 That prior to the date of 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 rent and other letting terms and for the completion of the letting.

11.3.4 That the state of the market, levels of values and other circumstances were, on any earlier assumed date of entering into an agreement for lease, the same as the date of the valuation.

- 11.3.5 That no account is taken of any additional bid by a prospective tenant with a special interest!
- 11.3.6 A stated length of term and stated principal conditions applying or assumed to apply to the letting and that the other terms are not exceptionally onerous or beneficial for a letting of the type and class of the subject property.
- 11.3.7 That no premium passed and that any rent free period is in respect only of the time that would have been needed by the incoming tenant to make the subject property fit for occupation.
- 11.3.8 That both parties to the transaction had acted knowledgeably, prudently and without compulsion.

12.0 RESPONSIBILITY TO A THIRD PARTY

- 12.1 This report is confidential to the client for the specific purpose to which it refers. It may be disclosed to other professional advisors assisting the client in respect of that purpose but the client shall not disclose the report to any other persons.
- 12.2 The Valuers hereby exclude any liability to a third party on the basis that the Report and Valuation was prepared exclusively for HSBC Bank plc on their instructions for bank lending purposes.

13.0 NON PUBLICATION

- 13.1 Please note neither the whole nor any part of this report and valuation or any reference thereto may be included in any published document, circular or statement, nor published in any way without the Valuer's written approval of the form and context in which it may appear.

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SECTION THREE

14.0 LOCATION

- 14.1 The property is located in the Warmley area of Bristol, one of the main Cities within the South West of the United Kingdom having an approximate population of 410,000 persons, with a catchment of 555,000 persons within a 6 mile radius of the City Centre.
- 14.2 Bristol is located approximately 110 miles West of London and 87 miles South of Birmingham. The City is located at the junction of the M4 and M5 motorways and is served by the M32 motorway which provides a direct link to Junction 19 of the M4 to the City Centre.
- 14.3 The M48 and Second Severn Crossing have aided communication by decreasing the journey time between Bristol, Cardiff and South Wales.
- 14.4 Bristol has two mainline railway stations, Temple Meads in the City Centre and Bristol Parkway to the North. Both stations provide services to London, Paddington with a journey time of approximately 1 hour 20 minutes. Bristol has an International Airport providing domestic and international flights.
- 14.5 Warmley is a suburb of Bristol approximately 5 miles east of the City Centre.
- 14.6 The subject property is situated on St Ivel Way, an industrial location approximately ¼ mile south from the main A420 arterial route, which provides direct access into Bristol from the east.
- 14.7 There is easy access to all other arterial routes and the M32/M4/M5 motorway network.

15.0 DESCRIPTION

- 15.1 The property comprises a detached single storey warehouse unit with mezzanine and was, until recently, used as a call centre.
- 15.2 The building appears to have been constructed circa 1970.

- 15.3 The building is set within approximately 1.17 acres and there is an additional car park of approximately 0.54 acres which is situated on the opposite side of the road at the end of St Ivel Way.
- 15.4 The building is "L" shaped and is of steel portal frame construction, clad with rendered panels to the rear elevations and metal panels to the front elevations.
- 15.5 Roof construction is pitched, constructed in two sections, and clad with corrugated metal sheets.
- 15.6 Fenestration is provided by way of UPVC and metal framed windows.
- 15.7 Rainwater goods are provided by way of valley gutters and UPVC downpipes.
- 15.8 Internally, the unit provides an open plan warehouse area with ancillary offices at ground and mezzanine level. The offices incorporate category II lighting, suspended ceilings and air conditioning units.
- 15.9 The unit provides an eaves height of approximately 7.0 metres.
- 15.9 The right hand side of the ground floor is arranged as a reception, male & female WCs, a large inner hallway and two meeting rooms. The mezzanine level spans above some of this ground floor section and incorporates two offices, a server room and male & female WCs.
- 15.10 Externally, the yard has a tarmacadam surface enclosed with palisade fencing along the boundary and is lit with security lights which are situated on the building.
- 15.11 The separate car park also has a tarmacadam surface and is enclosed with palisade fencing.

16.0 ACCOMMODATION

- 16.1 The property has been measured in accordance with the RICS Code of Measuring Practice and comprises the following:-

Site Area	0.47 hectares	(1.17 acres)
Site Area of Separate Car Park	0.22 hectares	(0.54 acres)

Ground Floor

Reception	-	-
Male & Female WCs	-	-
Kitchen	-	-
Inner Hallway	-	-
Two Offices	-	-
Gross Internal Area	416.78 sq m	(4,486 sq ft)
Warehouse	-	-
Gross Internal Area	1,931.54 sq m	(20,791 sq ft)
Total GIA of Ground Floor	2,348.32 sq m	(25,277 sq ft)

First Floor

Hallway	-	-
Male & Female WCs	-	-
Meeting Room	-	-
Training Room	-	-
Server Room	-	-
Total GIA of First Floor	222.92 sq m	(2,400 sq ft)
Total Gross Internal Area	2,571.24 sq m	(27,677 sq ft)

17.0 EQUALITY ACT 2010 & FIRE REGULATIONS

18.1 We did not come across anything that was an infringement of the Equality Act 2010.

18.2 A fire regulations compliance audit has not been undertaken as part of this report, although there were no obvious infringements. We would be pleased to arrange for an inspection by the Local Authority under specific instructions if the bank has concerns.

18.0 CONDITION

18.1 We confirm that in this report we have not undertaken a building survey of the premises. However, in arriving at our valuation we have taken into consideration the following factors:-

- The building appears to be in a reasonable condition considering its age and user.

19.0 TENURE

19.1 We are advised the property is held freehold and free from any encumbrance and is available with full vacant possession.

19.2 We confirm we have not been provided with a copy of the Report on Title as at the date of this report.

20.0 SERVICES

20.1 We are advised that the property is connected to mains electricity, gas, water and drainage.

20.2 The property benefits from comfort cooling units and electric heaters.

20.3 We confirm we have not tested any of the services or installations at the property.

21.0 BUSINESS RATES

21.1 From enquiries undertaken with Valuation Office Agency, we are advised that the property is assessed as follows:-

Description	Warehouse & Premises
Rateable Value:	£113,000.00
Amount Payable 2010/2011:	£46,782.00

22.0 PLANNING

- 22.1 From enquiries undertaken with South Gloucestershire Council Planning Department, we are advised that the most recent planning application made in connection with the property is detailed as:-

Application No. PK09/5445/F

Change of use from office use (Class B1(a)) to mixed use office use (Class B1(a)) and storage and distribution (Class B8) as defined in the Town & Country Planning (Use Classes) Order 1987.

Approved: 11 December 2009

- 22.2 We are further advised that the property is not Listed or situated within a Conservation Area.

23.0 ROAD PROPOSALS

- 23.1 From verbal enquiries undertaken with local Highways & Traffic Management Authority, we are advised there are no road proposals within close proximity that will have an adverse effect on the property.
- 23.2 We are further advised that St Ivel Way is an adopted highway maintained at the Local Authority's expense. We have, however, not been provided with legal confirmation of this matter.

24.0 REINSTATEMENT COST ASSESSMENT

- 24.1 Total reinstatement cost assessment on the day of the report with no allowance for inflation is £1,555,000.00 including demolition, site clearance and professional fees but excluding VAT and loss of rent.
- 24.2 This figure is an indication only. A formal estimate can only be provided by a Chartered Quantity Surveyor or other professional with relevant experience of replacement costs.
- 24.3 We strongly recommend a reinstatement cost assessment is recalculated on an annual basis.

25.0 ENVIRONMENTAL CONSIDERATIONS

- 25.1 From our inspection for valuation purposes and from our knowledge of the subject and adjoining properties, we would advise the property is located on St Ivel Way and has been used for industrial/office purposes for a considerable period of time.
- 25.2 We are not aware of any environmental issues or site contamination that could adversely affect the value of the property, but the above comments do not imply or give any warranty to that effect.
- 25.3 We would be pleased to arrange for specialist environmental engineers to carry out an investigation should you wish to verify the situation.
- 25.4 The property is situated in an area where worked and unworked coal seams are known to exist. We would therefore strongly recommend that coal mining reports are obtained prior to securing funds on the property.
- 25.5 From enquiries undertaken with the Environment Agency, we are advised that the site is not situated in an area which experiences flooding in extreme conditions.
- 25.6 The subject property does not lie in an area known for emission of Radon gas and we do not therefore consider it necessary to commission a report from the National Radiological Protection Board.

26.0 MARKET ANALYSIS

- 26.1 The property is situated on an established industrial estate in East Bristol.
- 26.2 The demand for industrial/warehousing space over the last 3 years and the UK is recovering from a major recession. The industrial market has performed better than its residential, office and retail counterparts throughout the recession.
- 26.3 In arriving at our valuation we have applied a capital value rate of £43.00 per sq ft to the premises.

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26.4 In arriving at our valuation we have taken into consideration the following comparables:-

ADDRESS	DESCRIPTION	STATUS	DATE
Former Power Electrics Premises St Ivel Way Warmley	Industrial unit measuring 36,000 sq ft	For sale at £1,800,000.00 equating to £50.00 per sq ft	March 2011
210/212 Broomhill Road Brislington	Industrial unit measuring 40,460 sq ft – requires refurbishment	For sale at £1,000,000.00 equating to £24.72 per sq ft	March 2011
Units B & C Bath Road Bitton	Industrial unit measuring 11,086 sq ft	For sale at £700,000.00 equating to £63.14 per sq ft	March 2011

26.5 The East Bristol industrial property market appears to be performing reasonably well and there is always a good level of demand for industrial units within this location as there are good transport links with the Avon Ring Road providing fast access to the M4/M5 motorway network.

26.6 Consequently, should the property be placed on the open market either by way of sale or to let, we would envisage a reasonable level of interest from local businesses. We would envisage a marketing period in the order of 6 months to obtain a sale, however, a longer marketing period of circa 9-12 months would be required in order to let the property.

26.7 The unit is suitable for letting as a whole and we would envisage that the likely tenant for the unit will be of regional covenant strength for a term in the order of 5 years with a break clause in place. The car park could be let separately.

26.8 Industrial rents have decreased over the past 20 months as landlords trying to avoid void periods as businesses have gone into administration. Substantial rent free periods are being offered at the current time in order to obtain lettings.

27.0 MARKET RENT

27.1 We consider that the property has a market rent in the order of £110,000.00 per annum. We have arrived at this figure by applying a rental rate of £4.00 per sq ft to the premises.

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27.2 Comparable evidence for yard areas equates to £20,000.00 to £30,000.00 per acre.

27.3 For the car park we have assumed a rate of £20,000.00 per annum, assuming a small site premium.

28.0 CONCLUSION/RECOMMENDATIONS

28.1 We confirm that within this report we have not undertaken a building survey of the premises. However, in arriving at our valuation we have taken into consideration the following factors:-

- The property benefits from an additional yard/car park of approximately 0.54 acres and we consider that this increases the marketability of the unit as it benefits from substantial external space. Planning permission for alternative use will be required.
- We consider that the property provides suitable loan security and there would be a reasonable level of interest from regional businesses should the property be placed on the open market for either letting or for sale.
- The property is situated in an area where worked and unworked coal seams are known to exist. We would therefore strongly recommend that coal mining reports are obtained prior to securing funds on the property.

28.2 Property values can be affected by a number of factors to include unforeseen global events and interest rate rises which cannot be predicted or quantified.

.....
ETP Property Consultants

.....
Dated

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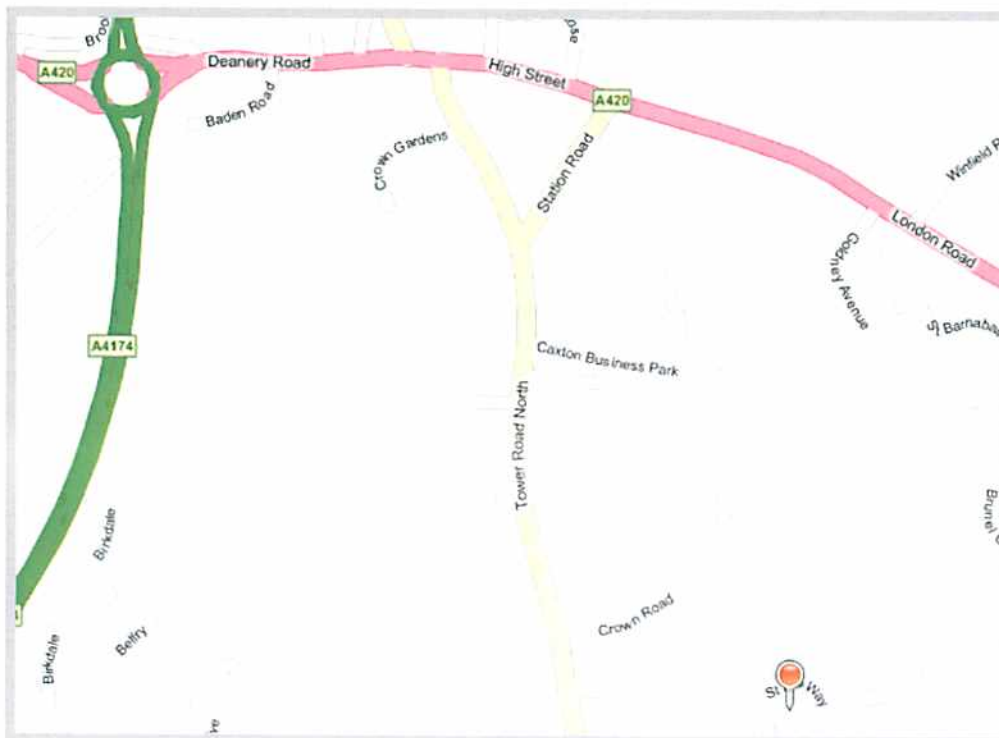
SECTION FOUR

Unit 1 St Ivel Way
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APPENDIX ONE

LOCATION PLANS

Unit 1 St Ivel Way
Tower Lane
Warmley
Bristol BS30 8TY



THESE PLANS ARE FOR IDENTIFICATION PURPOSES ONLY

Unit 1 St Ivel Way
Tower Lane
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APPENDIX TWO

PHOTOGRAPHS

Unit 1 St Ivel Way
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APPENDIX THREE
INSTRUCTION LETTER