

VALUATION REPORT

**1 PARK LANE
POYNTON
CHESHIRE
SK12 1RD**



**FOR AND ON BEHALF OF;
STRATAGEM FP SSAS
1 PARK LANE
POYNTON
CHESHIRE
SK12 1RD**

**PREPARED BY
OLIVER BASGER MRICS
RICS REGISTERED VALUER
BEHR & CO**

EXECUTIVE SUMMARY

| | |
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| Client | Stratagem FP SSAS |
| Property | 1 Park Lane, Poynton, Cheshire, SK12 1RD |
| Date of Valuation | Thursday 11 th May 2023 |
| Purpose of Valuation | Pension |
| | |
| Location | Situated on Park Lane in Poynton, Cheshire approximately 11 miles south of Manchester City Centre, 7 miles north of Macclesfield and 5 miles south of Stockport. Poynton is principally accessed via London Road which extends from Buxton Road in the north to the Poynton Relief Road in the south. the subject property occupying a north facing plot which is visible from London Road. It sits opposite a Wells Pharmacy and adjacent to a charity shop on one side and a car park on the other. |
| Description | Comprises a two-storey end terrace commercial building estimated to be of Victorian era construction and which has very recently been extended over both floors to the side and rear. The originally building presents solid brickwork elevations under a pitched slate roof with double glazed aluminium framed windows, PVC rainwater fixtures. Externally there are 2 car spaces to the front and a small yard whilst internally when complete it will provide office accommodation over both floors and to a good standard throughout. |
| Accommodation | In accordance with the RICS Code of Measuring Practice it is estimated the building extends to a NIA of 134.89 sq. m (1,452 sq. ft). |
| Repair and Condition | In a condition commensurate with its age and use. There were no major defects identified nor are any significant repair issues known or advised of. It is considered the building has a useful life outstanding in excess of 25 years. |
| Occupancy | Vacant possession |
| Statutory Enquiries | No outstanding planning applications noted, it is not listed or situated within a conservation area. |
| Tenure | Freehold and assumed not subject to any restrictions, onerous clauses or third-party rights. |
| | |
| Market Value (MVSA) | £440,000 (Four Hundred and Forty Thousand Pounds) |
| Market Value (MV) | £380,000 (Three Hundred and Eighty Thousand Pounds) |
| Market Rent (MR) | £32,000 pa (Thirty-Two Thousand Pounds Per Annum) |
| Insurance Reinstatement Cost | £350,000 (Three Hundred and Fifty Thousand Pounds) |
| It is advised that this summary should be read in the context of the full valuation report, any caveats and assumptions as well as the Behr & Co valuation terms enclosed. | |

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1. CONFIRMATION OF INSTRUCTION

- 1.1 In accordance with your recent instructions dated Friday 28th April 2023 and our subsequent terms of engagement letter, we have undertaken an inspection of the subject property and prepared the following valuation report to be used for assistance in pension regulatory and acquisition purposes. The property which is better described in the attached report has been valued subject to the existing occupational agreement.
- 1.2 The property was inspected on Thursday 11th May 2023 by Oliver Basger MSc MRICS who is an RICS Registered Valuer and member of the Royal Institution of Chartered Surveyors. He has knowledge of this particular geographical market and the skills and understanding to undertake the valuation with competence, independence and objectivity.
- 1.3 The date of valuation is the 11th May 2023.
- 1.4 As far as we are aware neither the valuer nor Behr & Co have any conflict of interest in this matter. It is also advised that Behr & Co holds appropriate Professional Indemnity Insurance to complete this valuation report, this being a requirement of the Royal Institution of Chartered Surveyors.

2. VALUATION

- 2.1 This valuation is prepared in accordance with and is subject to the RICS Valuation – Global Standards. We would advise that the property has been valued on the following basis.

Market Value (MVSA)

We are of the opinion that the Market Value of the freehold interest in the subject property as at the date of this report and on the special assumption that the works are complete is £440,000 (Four Hundred and Forty Thousand Pounds)

Market Value (MV)

We are of the opinion that the Market Value of the freehold interest in the subject property as at the date of this report is £380,000 (Three Hundred and Eighty Thousand Pounds)

Market Rent (MR)

We are of the opinion that the Market Rental value in the in the subject property on the assumption that the works are complete is £32,000 (Thirty-Two Thousand Pounds Per Annum)

Insurance Reinstatement Cost Assessment

We are of the opinion that the estimated Insurance Reinstatement Cost Assessment as at the date of this report is £350,000 (Three Hundred and Fifty Thousand Pounds).

This figure does not constitute a formal valuation for the purposes of fire insurance. As such it should not be relied upon in isolation and solely for initial guidance. The insurance figure represents the use of modern building materials to match the external appearance of old.

All figures reported are exclusive of Value Added Tax. This advice has been prepared subject to and must be read in conjunction with the accompanying report and the definitions and reservations contained herein.

3. LOCATION

- 3.1 The property is situated on Park Lane in Poynton, a town in Cheshire approximately 11 miles south of Manchester City Centre, 7 miles north of Macclesfield and 5 miles south of Stockport. It is more specifically positioned to the east of Handforth, south of Hazel Grove and north of Adlington. Poynton is principally accessed via London Road which extends from Buxton Road in the north to the Poynton Relief Road in the south which itself leads through to the Manchester Airport Eastern Link Road to the north and Macclesfield to the south. The M60 and M56 motorways as well as Manchester International Airport are within a few miles from Poynton town centre.
- 3.2 Park Lane forms at the main roundabout junction in the centre of Poynton with the subject property occupying a north facing plot which is visible from London Road. It sits opposite a Wells Pharmacy and adjacent to an independent charity shop on one side and a car park on the other whilst is diagonal to Poynton Baptist Church along with a range of other national and local retailers that form the central commercial area.
- 3.3 Generally, the property is well positioned in the centre of Poynton and occupies a visible and popular location. Maps outlining the location are enclosed within the appendices.

4. DESCRIPTION

- 4.1 The property comprises a two-storey end terrace commercial building estimated to be of Victorian era construction and which has very recently been extended over both floors to the side and rear. The original building presents solid brickwork elevations under a pitched slate roof with double glazed aluminium framed windows, PVC rainwater fixtures and traditional retail shop front.
- 4.2 Externally there is space for parking of two vehicles directly to the front of the building off Park Lane along with a small yard / garden area to the rear. At the time of inspection, it was clear that the building has been extended over the past few months due to the presence of Heras fencing along with some snagging or incomplete works including a boundary fence, some missing bricks on the side elevation and roof level soffit. These are not considered to be substantial both in time or cost to complete.
- 4.3 Internally the accommodation is configured over ground and first floors. It is clear that the extension has totally transformed the building in terms of size and layout. Whilst it is clear from the images provided that the refurbishment is incomplete, the costs to

do so are not deemed to be excessive. The proposed layout includes an open plan customer facing area at the front with glass partitioned office, disabled WC and break out area at ground floor. Stairs present a full height vaulted ceiling that provides a spacious and modern impression and leads to a corridor with access to three separate offices, kitchen and WC facilities.

- 4.4 The works outstanding internally include second fix electrical and plumbing installations, carpet, skirting, glass partitioning, decorating and tiled flooring. These are deemed to be relatively finite when compared to the wider construction project and are currently underway. It is anticipated that the works will be completed shortly and shall present high quality finishes throughout.
- 4.5 Images of the building are enclosed within the appendices.

5. ACCOMODATION

- 5.1 The areas of the building inspected have been measured in accordance with the RICS Code of Measuring Practice (6th Edition). The Net Internal Areas are set out below along with some previous measurements provided.

| Unit | Sq M | Sq Ft |
|--------------|---------------|--------------|
| Ground | 72.39 | 779 |
| First | 62.50 | 673 |
| Total | 134.89 | 1,452 |

6. SERVICES

- 6.1 The property is assumed to be connected to mains gas, electricity, water and drainage however none of these have been tested for the purposes of the valuation. Gas Central Heating is installed within the maisonette. It is assumed that all electrical and gas services and installations are regularly inspected by approved contractors and any requirements are complied with in full.
- 6.2 No plant or machinery has been included in this valuation other than that considered to form a service installation for the benefit of the property in general.

7. REPAIR AND CONDITION

- 7.1 Whilst we have not been instructed to undertake any form of structural, building or roof survey, we would note that in general the building was in a condition commensurate with its age and use.
- 7.2 We have not inspected those parts of the property which were covered, unexposed or inaccessible and for the purpose of this report such parts are assumed to be in good condition. No representation can therefore be made for parts that have not been

inspected. We have not accessed the roof or inspected any aspect of the roof closely and except from at ground level. We have also not tested any of the drains or other services and all are assumed to be operating satisfactory.

- 7.3 We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous materials have been used in the construction of the property or have since been incorporated and we are therefore unable to report that the property is free in this respect. For the purpose of this report, we have assumed that such investigations would not disclose the presence of any such materials.
- 7.4 In general, the building did not show any visible signs of major defects or disrepair. As noted previously there are various works outstanding required to complete the extension and internal refurbishment works although the majority seem fairly light and should not present any major delays. These include external fencing, landscaping and some brickwork / soffit attention whilst internally second fix works, flooring, decorating and installation of kitchen / WC facilities and are currently underway. It is estimated the outstanding works may amount to say £25,000 for materials and labour.

8. STATUTORY ENQUIRIES

- 8.1 We have conducted online enquiries through Cheshire East Council. The property falls within the jurisdiction of their Local Plan which include the Core Strategy, Unitary Development Plan and other documents. The Core Strategy and UDP are being phased out in place of the Local Plan which itself acts as a guide to future development or protection of land in the borough and its policies and proposals currently form the basis for the council's decisions on planning applications.
- 8.2 The Local Plan is further shaped by the National Planning Policy Framework which provides guidance to local authorities on planning policy and the operation of the planning system in general. The property is Grade 2 listed and situated within the Cross Street conservation area.
- 8.3 A search of planning applications relating to the property has not revealed any outstanding applications. There were several historic consents which date from 2002 to 2004 and are mainly for advertising signage along with a change of use to offices for the ground floor although these are considered not relevant for this assessment. It is assumed that the necessary consents are in place for the extension works whilst when complete they will benefit from building control sign off.

9. FLOOD RISK AND ENVIRONMENTAL

- 9.1 We have not been instructed to undertake or obtain an environmental assessment or survey to establish whether any contamination exists, nor are we aware of any such assessment that have been prepared in respect of the subject property. We have not been provided with any ground reports or assessments relating to the property and are not aware of any adverse environmental issues likely to have a material effect on the property.

- 9.2 The property is not situated in an area where there are ongoing Coal Mining activities. We are unaware of any mining related problems but recommend that solicitors should raise a precautionary Coal Mining search.
- 9.3 If matters to the contrary are highlighted, we would reserve the right to amend these comments and advise how this may affect the value of the property. The Environmental Agency confirm that there are no flood warnings for the area immediately surrounding the property and there is a very low risk where the chance of flooding is less than 1 in 1000 or 0.1%. We have assumed that insurance is available for flooding risk and the premiums and exclusions are not excessive or onerous.

10. CONTAMINATION

- 10.1 We have assumed that the ground conditions are suitable for the current building and structures or for any redevelopment. Since our normal enquiries and inspection did not suggest that there are likely to be archaeological remains present in or on the property, we have assumed that no abnormal constraints are present.
- 10.2 We are not aware of the content or any environmental assessment or other environmental or soil survey which may have been carried out on the property and which may draw attention to contamination. We have not carried out any investigation in to past or present uses to establish whether there is potential for contamination and have therefore assumed more exists.
- 10.3 However, should it be established subsequently that contamination, seepage or pollution exists at the property, we would reserve the right to readdress this report and advise whether it has any impact on the values stated.

11. OTHER MATTERS

11.1 Equality Act 2010

The Equality Act 2010 imposes statutory duties to prevent unfair discrimination against disabled people. Reasonable adjustments must have been made to remove physical barriers which prevent access to a service provided in the building. In some instances, it may be possible for the service to be provided in an alternative way in order to comply with the act. From our inspection of the property there do not appear to be any valuation issues resulting from the Equality Act however we are not qualified or registered access consultants. Our inspection was of a limited visual nature and we cannot give any assurances that a specialist access audit would not identify necessary works.

11.2 Asbestos

We have not carried out a specific survey to determine whether asbestos is present in the property nor have we completed a risk assessment. We have not identified or inspected an asbestos register or associated management plan. An asbestos disclosure in the register may have an adverse effect on Market Value. Due to the presence of asbestos within the property it is highly advised

that a relevant asbestos register is obtained and if not conducted recently, then a full survey is carried out immediately. This should then identify any aspects that are at risks and if any works are necessary to remove and repair the roof. It is our recommendation that the roof is replaced in the short term as a standard measure.

The relevant legislation is contained in the Control of Asbestos Regulations 1987 and Control of Asbestos Work Regulations 2002. The Control of Asbestos at Work Regulations impose a duty to protect workers to exposure from asbestos containing materials (ACM's). If it is reported that asbestos is known to exist in the premises a written management plan for the property should be in place.

11.3 Fire Safety

We have made no enquires to determine whether or not the fire authority has visited the premises and we cannot confirm whether a fire risk assessment has been prepared. For the purpose of this report, we have assumed that there are no outstanding matters. We would recommend that the business proprietors fully acquaint themselves with the requirements of the Regulatory Reform (Fire Safety) Order 2005 which covers statutory fire prevention in almost every commercial property.

11.4 Energy Performance Certificates

The Energy Performance of Buildings Directive (England and Wales) Regulations 2007 affecting all premises in England and Wales came into force on 6th April 2008. The legislation introduced statutory requirements for buildings offered For Sale or To Let to have Energy Performance Certificates (EPC). We have not had sight of an EPC for the subject property but assume that there is one in place. The property is of a size and type to which regulations apply and accordingly an EPC will be required if the property was brought to the market.

11.5 Covid-19

This valuation has been prepared in acknowledgement of the RICS Valuation Practice Alert – Coronavirus, which acknowledges that valuers are likely to be faced with an element of uncertainty when providing valuation advice. Assessment of rents / yields and capital rates may be subject to less reliable or weaker supporting evidence whilst it is more difficult to offer guidance as to future market trends. Specifically, the practice note states the following. 'The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted many aspects of daily life and the global economy – with some real estate markets experiencing significantly lower levels of transactional activity and liquidity. As at the valuation date, in the case of the subject property there is a shortage of market evidence for comparison purposes, to inform opinions of value. Our valuation of this property is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation. Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep the valuation[s] contained within this report under frequent review.'

12. TENURE & OCCUPATIONAL STATUS

12.1 We have not had sight of any title deeds nor have we been provided with a report on title relating to the property. We understand via the Land Registry that the property is held freehold under title CH187881 and assumed not to contain any restrictive covenants, onerous clauses or third-party rights that could impact marketability and value.

12.2 Given that the property is currently being refurbished, there are no outstanding leases in place.

13 ECONOMIC AND PROPERTY MARKET CONDITIONS

13.1 The following has been obtained from the Q1 2023 RICS UK Commercial Property Survey which notes that the market remains generally subdued as it continues to contend with higher borrowing costs and a sluggish economic growth outlook. That said, the overall tone to the latest feedback is not as downbeat as last quarter. The industrial sector in particular has shown renewed momentum, evidenced by near-term capital value expectations turning marginally positive following the sharp downward adjustment seen at the end of last year as bond yields jumped higher.

13.2 Overall, although 50% of respondents feel conditions are consistent with a downturn phase of the property cycle, respective shares of 25% and 21% now feel the market has either reached a floor or has begun to turn up (9% and 5% in Q4). Starting with the occupier backdrop, the headline net balance for tenant demand came in at -3% in Q1. Although indicative of a largely flat picture, this marks an improvement on a reading of -20% posted last time. Within this, the industrial sector saw a pick-up in occupier demand, registering a net balance of +16% vs +6% in Q4. Meanwhile, tenant demand was flat to marginally negative for office space (net balance -6%) and continued to fall across the retail sector (net balance -23%). Even so, in both instances, this was less negative than in the previous quarter.

13.3 Alongside this however, vacant space continued to edge higher within the office and retail segments, prompting landlords to increase to value of incentive packages. Conversely, availability dipped marginally for industrials. Looking at the prospects for rental growth, the net balance of respondents anticipating an increase in prime industrial rents over the next twelve months rose from +40% in Q4 to +58% in Q1, and from +6% to +23% for secondary industrial rents. By way of contrast, the outlook for rents remains negative for prime and secondary retail outlets, although the net balance of respondents expecting falls did moderate

compared to Q4. For the office sector, there remains a stark contrast between prime and secondary, with the former expected to see solid rental gains (net balance +29%) while rents are seen falling across the latter (net balance -37%).

- 13.4 Anecdotal remarks continue to cite ESG factors as an important driver of demand for some offices. When disaggregated by broad region, a net balance of +38% of respondents foresee prime office rents in London rising in the year to come (up from a figure of +19% beforehand). Although growth in prime office rents is also seen across the South, Midlands and the North, expectations are not quite as elevated as those in London (in net balance terms).
- 13.5 On the same basis, industrial rental growth expectations are particularly buoyant across the Midlands, albeit all parts of the country are expected to deliver a solid uptick in industrial rents. At the weaker end of the spectrum, both prime and secondary offices and retail continue to struggle but prime offices post firmer expectations. Rents are now anticipated to pick-up marginally for prime retail space in London.
- 13.6 Turning to the investment market, the headline metric capturing investor demand posted a net balance of -14% in Q1. Although still indicative of a weakening in investor enquiries (for a third straight quarter), the latest figure is less downcast than the reading of -30% seen in Q4. A tighter lending environment continues to present a headwind to investor activity, with the survey's series gauging changes in credit conditions pointing to a fifth successive quarterly deterioration. Even so, the Q1 net balance of -37%, while still signalling a tougher lending backdrop, is the least negative reading seen since Q1 2022.
- 13.7 At the sector level, the latest net balances regarding investment demand for offices and retail assets came in at -26% and -27% respectively. Alongside this, industrial buyer demand appeared to stabilise, returning a net balance reading of +4% (compared to -9% last quarter). Notwithstanding this, indicators tracking overseas investment demand remained in negative territory across all three traditional market sectors. Regarding the twelve-month outlook for capital values, the all-property expectations net balance moved to -10% following a reading of -40% previously. Moreover, expectations turned from negative to slightly positive in both the prime and secondary portions of the industrial market. Across the prime office sector, values are now seen holding steady over the year ahead (net balance +6% vs -31% in Q4), although expectations remain deeply negative for secondary office values (net balance -44% compared to -65% previously). Alongside this, respondents still foresee further falls in retail values, both prime and secondary, posting net balances of -19% and -50% respectively.
- 13.8 In response to a set of extra questions included in the Q1 survey, just over 50% of respondents stated that they currently assess the extent of potentially 'stranded' assets in the portfolios they are involved with. Furthermore, close to three-quarters of respondents feel that between 10% and 30% of these assets could potentially be 'stranded' if no investment at all is made to enhance them to meet legislative and market requirements.

14 MARKET EVIDENCE

- 14.1 In determining the Market Value and Market Rent for the subject property we have had regard to similar properties within the immediate area which have transacted recently or are currently being advertised. The evidence has been weighted and ranked in order of relevance by factors including location, age, description, internal appearance, use, size and tenure.
- 14.2 *82 – 84 Castle Street, Stockport, SK3* – Two storey end terrace commercial building situated in a secondary position close to Stockport town centre and let to Boots on new 5-year term at £17,000 pa. It is reported as selling at auction in July 2022 for £290,000 equating to a net initial yield of 5.68%. Inferior position but superior covenant status and sold in stronger market conditions.
- 14.3 *129b – 129c London Road, Hazel Grove* – Comprises a double fronted mid terraced two storey commercial building situated within nearly Hazel Grove, extending to 3,230 sq. ft. It is currently let to Cancer Research until 2024 at £14,250 pa and last failed to sell in February 2023 with a £250,000 guide price equating to a GIY of 5.7%. Considered inferior by location, appearance and income security.
- 14.4 *24 – 26 Grove Street, Wilmslow* – Freehold commercial building situated within Wilmslow town centre, extending to 10,818 sq. ft and entirely let to Boots on a 10-year term expiring 2032 at a rent of £85,000 pa. The property failed to sell at auction in July 2022 with a guide of £1,510,000 and then in February 2023 it failed again with a guide of £1,300,000 equating to a GIY of 6.54%. Considered relevant regarding current market conditions.
- 14.5 *16 High Street, Cheadle* – Presents a single storey mid terraced retail building situated in Cheadle village and extending to approximately 2,800 sq. ft. It is currently subject to a new 10-year term to Luxe Life Furniture at £50,000 per annum and available with a guide price of £675,000. This equates to a GIY of 7.4%. Inferior covenant and is struggling to sell indicating higher yield required.
- 14.6 *Park Lane, Poynton* – Comprises a two-storey detached building situated in the immediate proximity of the subject, configured as two ground floor units and offices at first, in an inferior condition throughout and producing £19,800 pa over three tenancies. It is currently being marketed at a guide of £399,950 equating to a GIY of 4.95% which appears ambitious. Considered inferior and likely subject to open market negotiations.
- 14.7 *48 Park Lane, Poynton* – This is a two-storey mid terraced commercial building situated within close proximity to the subject, configured as a Butchers to the ground floor and self-contained offices to the first whilst extending to approximately 970 sq. ft. It is currently fully occupied and being marketed at an asking price of £280,000 equating to a capital rate of £289 sq. ft. Considered relevant by pitch and use.
- 14.8 *London Road North, Poynton* – Forms self-contained first floor offices within an end terrace two storey commercial building situated within the centre of Poynton, well presented throughout and extending to 663 sq. ft. A letting has been agreed at £9,000 pa equating to £13.57 sq. ft and is considered relevant.

- 14.9 37 – 39 *London Road South, Poynton* – Presents a semi detached two storey commercial building arranged as ground floor retail and self-contained first floor offices with rear car park, situated close to Park Lane, considered inferior by condition and extending to 1,987 sq. ft. It is currently under offer on a leasehold basis at a quoting rent of £40,000 pa equating to £20.13 sq. ft overall.

15 BASIS OF VALUATION

- 15.1 The basis of value under which this valuation is reported is Market Value and Market Rent which is defined as follows;

15.2 Market Value (MVSA)

The estimated amount for which a property 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 each party has acted knowledgeably, prudently and without compulsion and subject to the special assumption that works are completed.

15.3 Market Value (MV)

The estimated amount for which a property 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 each party has acted knowledgeably, prudently and without compulsion

15.4 Market Rent (MR)

The estimated amount for which a property, or space within a property, should lease on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms, in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion and assuming the works are completed. We will assume lease terms within the valuation report, based on our experience.

16 SUMMARY AND VALUES

- 16.1 The property is situated on Park Lane in Poynton, a town in Cheshire approximately 11 miles south of Manchester City Centre, 7 miles north of Macclesfield and 5 miles south of Stockport. Poynton is principally accessed via London Road which extends from Buxton Road in the north to the Poynton Relief Road in the south. the subject property occupying a north facing plot which is visible from London Road. It sits opposite a Wells Pharmacy and adjacent to an independent charity shop on one side and a car park on the other. Overall, it commands a favourable location within the town centre.
- 16.2 It comprises a two-storey end terrace commercial building estimated to be of Victorian era construction and which has very recently been extended over both floors to the side and rear. The originally building presents solid brickwork elevations under a pitched slate roof with double glazed aluminium framed windows, PVC rainwater fixtures. Externally there are 2 car spaces to the

front and a small yard whilst internally when complete it will provide office accommodation over both floors and to a good standard throughout. The works to date appear to have been completed favourably and with the use of high-quality materials.

- 16.3 The building which is freehold in tenure extends to a total NIA of 121.39 sq. m (1,306 sq. ft), is not listed or subject to any outstanding planning applications. It is assumed that the works conducted comply with planning policy and approval whilst will be signed off by building control at Cheshire East or an approved independent contractor.
- 16.4 At the time of reporting, market conditions remain unclear across the property sector and the wider economy. The commercial market had experienced significant growth over the last few years within suburban retail and associated sectors however this is likely to start levelling off albeit slowly. High inflation and rising interest rates are impacting both investor and occupier confidence. With bonds and gilts currently offering investors valid alternatives to real estate, property yields are likely to widen owing to the change in demand / supply dynamics.
- 16.5 However, this should be taken into context given that the property sector is multi layered and geographically sensitive. Some sectors will fare worse than others and some locations will experience wider deflation than others. Ultimately buyers are now in a stronger position of control than previously and are primarily seeking income-backed deals which the subject falls within. The retail and office sectors have absorbed a succession of adverse conditions over the last decade following the previous recession, the growth of e-commerce and a shift in preference from investors to focus on other sectors. As such it is not expected that moderately well positioned and we'll let retail investments will suffer any additional significant deflation in pricing or excessive widening in yields. There may be some minor repricing but the positioning of the subject within a popular and affluent town centre should protect it against any significant price movement.
- 16.6 In determining the value of the building when the works are complete, it is necessary to make assumptions on the projected rental value and a suitable capitalisation rate. With respect to rental values, the evidence shows a similar property on Park Lane having agreed a letting for the first-floor offices at £13.57 sq. ft whilst the building on London Road South is under offer at £20.13 sq. ft. Assuming the subject will provide superior accommodation to the park Lane building it may command a rent of say £16 sq. ft for the first-floor equating to £10,720 pa. The ground floor will likely command a premium given its visibility and positioning within Poynton and whilst there is no glazed return frontage and despite the wider economic uncertainty, a rate of say £25.00 sq. ft is considered suitable which equates to £19,600 pa. Overall, this suggests a rental value in the region of £30,000 pa for the building.
- 16.7 Investment transactions noted show a range of Gross Initial Yields (GIY) from 4.95% to 7.4% and it is considered the subject would fall within this bracket. The subject is viewed as superior to High Street in Cheadle at 7.4% by configuration and use class whilst inferior to Grove Street and London Road. The building on Park Lane being marketed at 4.95% appears excessively priced and unlikely to achieve the £399,950 asking price. Taking into context its pitch, assumed high quality finishes, evidence listed and wider economic forces impacting the market, a GIY of say 6.75% is considered justified. When capitalised against the Market Rent this suggests a value of say £440,000.

16.8 In its current condition the property is not suitable for occupation and requires various non extensive works in order to complete. Having discussed the schedule of works and in the knowledge that many of the materials have already been purchased, an indicative cost of £25,000 to complete is perceived to be acceptable. 48 Park Lane is a relevant comparable given its location and configuration whilst is listed at a capital rate of £289 sq. ft. This is an unmodernised building and should trade at a discount when the subject is complete. However, at present it is viewed superior and a break on the capital rate is required to account for the outstanding works. A rate of say £260 sq. ft is adopted and which equates to a value of £380,000.

Values

Market Value (MVSA) – In summary of all the information contained within this report and in reflection of current market conditions we are of the opinion that the property when complete will have a Market Value in the region of **£440,000 (Four Hundred and Forty Thousand Pounds)**.

Market Value (MV) – In summary of the information contained within this report and in reflection of the current market conditions we are of the opinion the property has a Market Value in its current condition of **£380,000 (Three Hundred and Eighty Thousand Pounds)**.

With respect to a **Market Rental Value (MR)**, we are of the opinion that this is in the region of **£32,000 pa (Thirty-Two Thousand Pounds Per annum)**.

An insurance reinstatement cost assessment has been estimated at **£725,000** exclusive of VAT. This calculation has been conducted by capitalising a build cost to the Gross External Area of the building, adding a 20% for professional fees, a sum for demolition and contingency liability. Please note that we are not qualified building surveyors and this is an estimate. We would always recommend obtaining a full reinstatement cost assessment from a building surveyor rather than relying solely on this figure.

17 DISCLOSURE

17.1 This report has been prepared on the basis that there has been a full disclosure of all relevant information and facts which may affect the valuation. The relevant definitions and assumptions are defined in the attached copy of our terms of engagement. The section relating to valuation uncertainty and the RICS Valuation Practice Alert – Coronavirus should be considered when reading this report. The values reported may therefore be subject to change and regular reviews should be sought.

17.2 Please take note that the contents of this valuation report are for the personal use and information of the addressee and to be considered for the purposes stated. Despite this, it may be disclosed to professional advisors who act in some respect connected to the purposes for which this report is being produced.

18 LIMITATIONS

18.1 This Valuation Report is prepared solely for the use of the Client 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 the respect of the purpose for which this valuation report is prepared.

18.2 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 without the Valuer's written approval of the form and context in which it may appear. It is also important to state that this document is not to be published, distributed or used without the express written approval of the valuer.

Signed

Date of Report

17th May 2023



Oliver Basger MRICS
RICS Registered Valuer

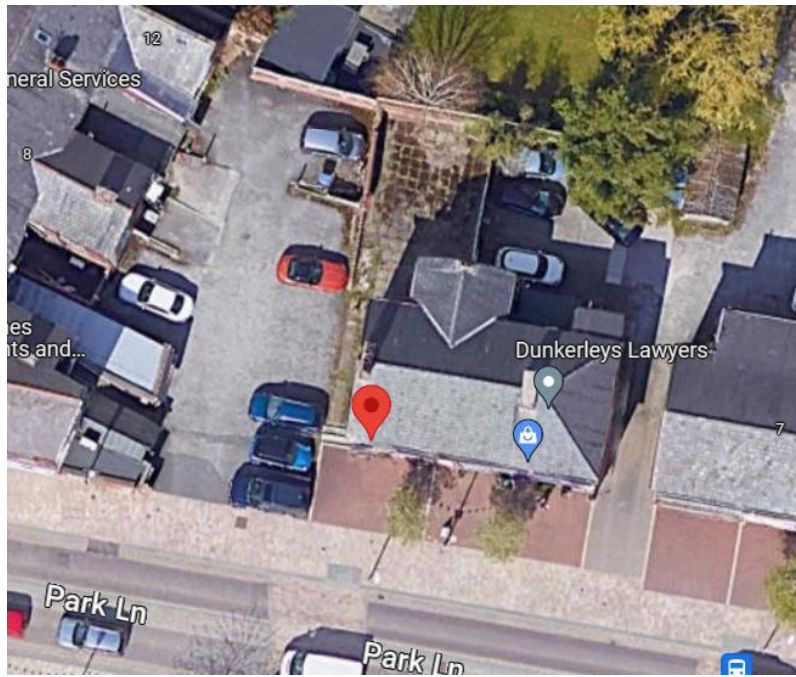
For and on behalf of
Behr & Co, 10 Market Street, Bury, BL9 0AJ

APPENDICES CONTENTS

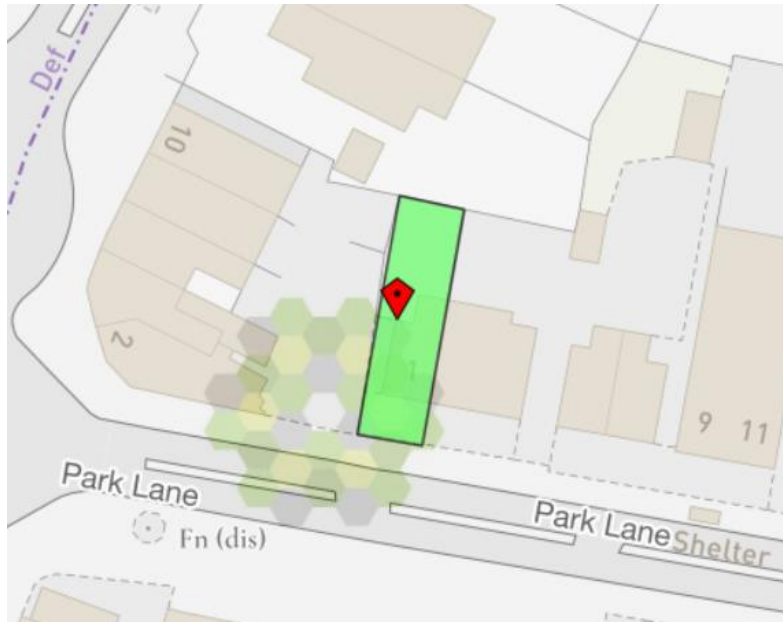
1. LOCATION MAPS
2. TITLE PLAN
3. PHOTOGRAPHS
4. TERMS OF ENGAGEMENT

1. LOCATION MAPS





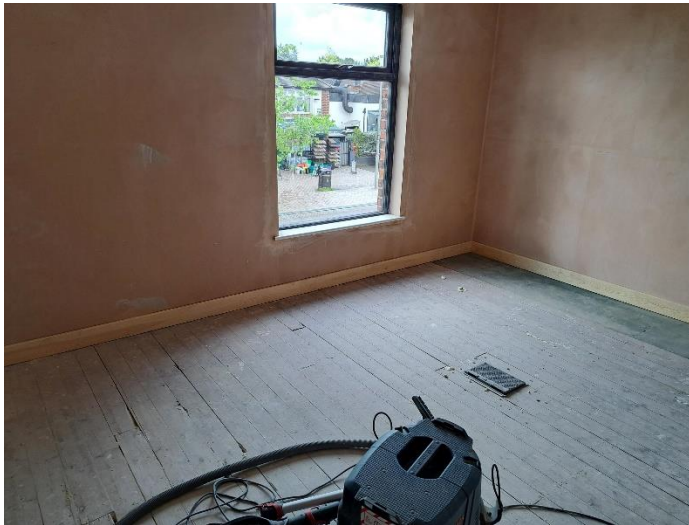
2. TITLE PLAN



3. PHOTOGRAPHS







4. TERMS OF ENGAGEMENT

BEHR & CO

10 Market Street, Bury, BL9 0AJ

10th May 2023

The Stratagem FP SSAS
 1 Park Lane
 Poynton
 Cheshire
 SK12 1RD

Dear Sirs,

RE: 1 PARK LANE, POYNTON, SK12 1RD

We refer to your recent instructions for the above matter on Friday 28th April 2023 to prepare valuation advice on the basis as set out below. These are our conditions of engagement and we are required to have them accepted. As such we would be pleased if you would sign this letter and return it when convenient.

Please note that the valuation advice will be prepared in accordance with the RICS Valuation – Global Standards (Red Book).

Purpose of Valuation

We understand that the valuation report and accompanying advice are required for pension regulatory purposes.

Class

We understand that the subject property is subject to vacant possession.

Currency

The property is to be valued in Pound Sterling.

Subject of Valuation

We shall inspect the above-mentioned building. We assume we will be shown all the legal boundaries. Unless this valuation is concerning with property as part of an operational entity, we will exclude trade fixtures, machinery, furnishings and other equipment from the valuation. We will assume the property will be in moderate condition, save for the defects we specifically note. The interest to be valued will be advised in advance or on site by the client if this information is not normally provided or known, on the day of the instruction. You have already kindly advised of the legal title to the property.

Date of Valuation

The date of valuation will be as at the date of inspection.

Status

The valuation will be the responsibility of Oliver Bagger MSc MRICS, an RICS Registered Valuer who is suitably qualified and who will be acting as an independent valuer. The valuer has the knowledge, skills and understanding to undertake the valuation in a competent manner. We confirm that we have had no material involvement with regards to the subject properties.

Basis of Valuation

The properties will be valued on the following bases which are in accordance with the Practice Statements in the RICS Valuation – Global Standards.

Market Value (MV)

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

The definition of Market Value is subject to the conceptual framework, settled by the International Valuation Standards Committee.

Market Rent (MR)

The estimated amount for which a property, or space within a property, should lease on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms, in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. We will assume lease terms within the valuation report, based on our experience.

Reinstatement Cost Assessment (RCA)

The reinstatement value is based on an estimation of the cost of re-building or re-instating the existing buildings as described within this report, on the basis of current construction costs, demolition costs, site clearance and professional fees but specifically excluding loss of rent and/or cost of alternative accommodation and VAT (except on fees).

VAT

As is our common practice, our valuation will be prepared in pounds sterling and will assume that the property is zero rated for Value Added Tax purposes and that the property is free of any borrowings, encumbrances or the like.

Environmental Assessment and Statutory Enquiries

You should further note that no formal environmental assessment will be provided and our valuation will be made on the assumption that there is no contamination of the land, unless otherwise stated. We also assume that there are no archaeological remains on or under the land which could adversely impact on value and that there is no abnormal risk of flooding.

Our inspection will not constitute a building survey and we will assume that any building is in good repair except for any defects specifically noted.

Inform enquiries to the local planning and highway authorities will be made and we may also rely on information that is publicly published or available free of charge. Information obtained will be assumed to be correct. There will be no legal searches conducted. Except where otherwise stated, we shall assume that there are no compulsory purchase orders that directly affect the property.

All information supplied to us whether it be by you or your third-party advisors will be relied upon as being correct. No responsibility or liability will be accepted for the true interpretation of the legal position of the client or other parties.

This valuation will be prepared on the basis that full disclosure of all information and facts which may affect the valuation will be made available to us by the client and by any relevant third parties. We cannot accept any liability or responsibility in the event of the information provided being incomplete or incorrect.

Regulatory Matters

With respect to trading related properties, we assume all licences and permissions required to operate the business will be transferable to your customer. It is assumed that the conditions of the Regulatory Reform (Fire Safety) Order 2005, the Control of Asbestos Regulations 2006 and the Disability Discrimination Act 1995 are complied with.

This valuation is subject to and prepared in accordance with the RICS Valuation Standards- Professional Standards. As such, it may be investigated by RICS for the purposes of the administration of the institutions conduct and disciplinary regulations.

We are covered by professional indemnity insurance with a total sum insured of £1,000,000 per claim. Our liability in respect of the work we will carry out for you will be limited to the amount of £1,000,000 cover and the practice, its directors and shareholders will not be liable for any loss in excess of this figure.

The firm is registered for regulation by RICS and the firm has a complaints handling procedure, which complies with RICS Rules of Conduct for Firms, paragraph 7.

BEHR & CO

10 Market Street, Bury, BL9 0AJ

Confidentiality

The Report will be provided for the stated purpose(s) and for the sole use of the named Client. It will be confidential to the Client and the Client's professional advisers. The Valuer accepts responsibility to the Client alone that the Report will be prepared with the skill, care and diligence reasonably to be expected of a competent chartered surveyor, but accepts no responsibility whatsoever to any parties other than the Client. Any such parties rely upon the Report at their own risk. Neither the whole nor any part of the Report nor any reference to it 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.

Any advice given to you is for and on behalf of Behr & Co Ltd and is not provided in an individual capacity. No personal duty is owed to you by any individual director of the company. It is accepted that the valuer who takes responsibility for the report has the appropriate knowledge and experience to undertake the valuation competently. We can confirm that we have had no material involvement with regards to the subject property.

Limitation of Liability

We shall supply these services solely to you and exclusively for your benefit. Any advice or recommendations provided by us through performing the services may not be used or relied on for any other purpose or person unless consent has been secured.

Fees

Fees for undertaking this work have been agreed at £850 + VAT. **Payment of our fees is requested upon presentation of our invoice prior to submission of the final report.** We understand and will exercise our statutory right to claim interest and compensation for debt recovery costs under the existing late payment legislation if we do not receive payment in accordance with our payment terms.

All monies collected on behalf of the client will be held in interest bearing accounts unless specific instructions to the contrary are received in writing from the client. The interest received will be used to offset bank charges levied.

I trust this letter clearly sets out the terms of our instruction.

Yours sincerely



Oliver Basger MRICS
RICS Registered Valuer

Behr & Co

Email: oliver@behrandco.co.uk

We agree to the above

Name of Client

Signed by client or duly authorised signatory

Dated

STRATAGEM FP SSAS

 17/5/2023