

FAO: G Stuliglowa
Pension Practitioner
48 Chorley New Road
Bolton
BL1 4AP

23 January 2019

Dear Ms. Stuliglowa

RE: Richard Fletcher (Metals) Director's Pension Scheme

David has asked me to send the enclosed information for the above scheme.

If you have any queries, please don't hesitate to contact me.

Yours sincerely



Rhianna Noble
Administrator

27th April 2018

Ref: YOMI412837/SDJ

Fletcher Plant Limited
Clement Works
Clement Street
Darnall
Sheffield
S9 5EA

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For the attention of The Directors of Fletcher Plant Limited

Dear Sirs,

CLIENT: THE DIRECTORS OF FLETCHER PLANT LIMITED ("FPL")
PROPERTY: CLEMENT WORKS, CLEMENT STREET, DARNALL, SHEFFIELD, S9 5EA ("the Property")

In accordance with the verbal instruction received during our telephone conversation on Friday 2nd March 2018, as confirmed in our letter to you dated 7th March 2018, we have inspected the Property and made such enquiries as are sufficient to provide you with our opinion of value on the basis stated below. A copy of our letter of confirmation is enclosed at Appendix 1.

We draw your attention to our accompanying Report together with the General Assumptions and Conditions upon which our Valuation has been prepared, details of which are provided at the rear of our report.

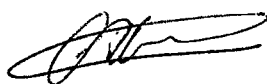
We trust that our report meets your requirements, however should you have any queries, please do not hesitate to contact us.

Yours faithfully

For and on behalf of Savills (UK) Limited



Stuart Jeffries
BSc (Hons) MRICS MIQ
RICS Registered Valuer
Director



Cheryl Godson
MSc MRICS MIQ
RICS Registered Valuer
Associate

Report & Valuation

Clement Works, Clement Street, Darnall, Sheffield, S9 5EA



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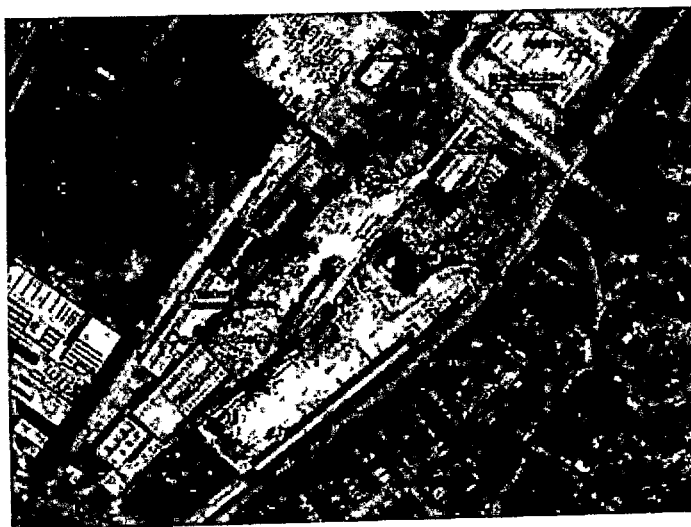
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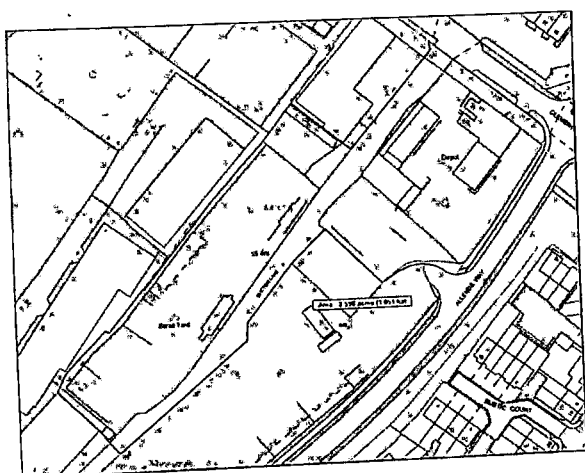
Executive Summary

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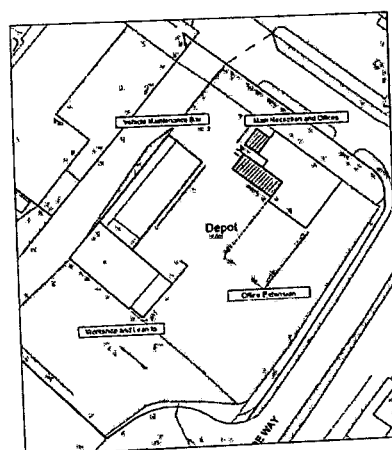
Clement Works, Clement Street, Darnall, Sheffield, S9 5EA



Aerial Image



Promap Image



Accommodation Plan

Report & Valuation

Clement Works, Clement Street, Darnall, Sheffield, S9 5EA

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Client	Fletcher Plant Limited ("FPL")	
Property Address	Clement Works, Clement Street, Darnall, Sheffield, S9 5EA	
Use	Operational waste management facility with skip storage and licenced scrap metal dealership	
Location	The Property is located on Clement Street in Darnall approximately 6 km north east of Sheffield City Centre.	
Description	The Property is an operational waste management facility and scrap metal dealership occupied by Fletcher Plant Limited. The Property comprises 2.25 acres of yard for the processing and storage of waste and skips and two industrial units for the maintenance of site plant and vehicles adjacent to the site offices. The total site area extends to 2.6 acres.	
Area	Use	Sq ft
	Reception and Offices (Blue)	2,343
	Office Extension (Yellow)	1,889
	Workshop (Purple)	2,581
	Vehicle Maintenance Unit (Green)	2,428
	Yard Area	2.25 acres
	Total Land Area	2.6 acres
Planning	Waste operations and skip storage are lawfully permitted	
Tenure	The entirety of the Property is held Freehold	
Market Value	£1,000,000	
Date of Valuation	Our opinion of value is as at the date of this report.	
Strengths	<ul style="list-style-type: none"> Established waste management facility within an area of predominant industrial land use Road links into the main arterial routes including the A61 into north Sheffield and the M1 motorway to gain access to the wider region The Property is permitted to receive 300,000 tonnes of waste per annum, current annual average is 100,000 tonnes and there is potential to expand the current input. No cessation date for waste use 	
Weaknesses	<ul style="list-style-type: none"> Poor condition of storage bays 	

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1. Instructions and Terms of Reference

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Clement Works, Clement Street, Darnall, Sheffield, S9 5EA



1.1. Instructions

1.1.1. Instructions and Basis Of Valuation

In accordance with the verbal instruction received during our telephone conversation on Friday 2nd March 2018, and as confirmed in our letter of acceptance dated 7 March 2018, we have made all relevant enquiries in order to provide you with our opinions of value on the following basis:

- The Market Value of the freehold interest in the subject Property ("Market Value")

A copy of our confirmation of instruction letter and terms of engagement are reproduced at **Appendix 1**.

1.1.2. General Assumptions and Conditions

All our valuations have been carried out on the basis of the General Assumptions and Conditions set out in the relevant section towards the rear of this report.

1.1.3. Date of Valuation

Our opinions of value are as at the date of this report. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

1.1.4. Definitions of Market Value

In undertaking our valuations, we have adopted the definitions of Market Value as defined in the RICS Red Book, as detailed below:

Market Value (MV) is defined in IVS 104 paragraph 30.1 as:

"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 and where the parties had each acted knowledgeably, prudently and without compulsion."

1.1.5. Purpose of Valuation

You instruct us that our valuation is required for Accounts purposes.

1.1.6. Conflicts of Interest

We are not aware of any conflict of interest, either with the Property or with FPL, preventing us from providing you with an independent valuation of the Property in accordance with the RICS Red Book. We will be acting as External Valuers, as defined in the Red Book.

1.1.7. Valuer Details and Inspection

The due diligence enquiries referred to below were undertaken by Stuart Jeffries BSc (Hons) MRICS MIQ. The valuation has also been reviewed by Cheryl Godson MSc MRICS MIQ.

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The Property was inspected on 27th March 2018 by Cheryl Godson MSc MRICS MIQ and Richard Leddy, a Graduate Surveyor at Savills (UK) Limited. We were able to inspect the whole of the Property, both externally and internally, but limited to those areas that were easily accessible or visible. The weather on the date of our inspection was dry and cloudy.

All those above with MRICS qualifications are also RICS Registered Valuers. Furthermore, in accordance with VPS 3.2, we confirm that the aforementioned individuals have sufficient current local, regional, and national knowledge of the particular market and the skills and understanding to undertake the valuation competently.

1.1.8. Extent of Due Diligence Enquiries and Information Sources

The extent of the due diligence enquiries we have undertaken and the sources of the information we have relied upon for the purpose of our valuation are stated in the relevant sections of our report below.

Where reports and other information have been provided, we summarise the relevant details in this report. We do not accept responsibility for any errors or omissions in the information and documentation provided to us, nor for any consequences that may flow from such errors and omissions.

1.1.9. Liability Cap

Our letter confirming instructions at **Appendix 1** includes details of any liability cap.

1.1.10. RICS Compliance

This report has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation – Global Standards 2017 incorporating the IVSC International Valuation Standards (the "RICS Red Book") issued June 2017 and effective from 1 July 2017, in particular in accordance with the requirements of VPS 3 entitled Valuation reports.

Our report in accordance with those requirements is set out below.

1.1.11. Verification

This report contains many assumptions, some of a general and some of a specific nature. Our valuation is based upon certain information supplied to us by others. Some information we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of this report.

We recommend that you satisfy yourself on all these points, either by verification of individual points or by judgement of the relevance of each particular point in the context of the purpose of our valuations. Our valuations should not be relied upon pending this verification process.

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1.1.12. Confidentiality and Responsibility

Finally, in accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the party to whom it is addressed only, and no responsibility is accepted to any third party for the whole or any part of its contents. Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

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2. The Property, Statutory & Legal Aspects

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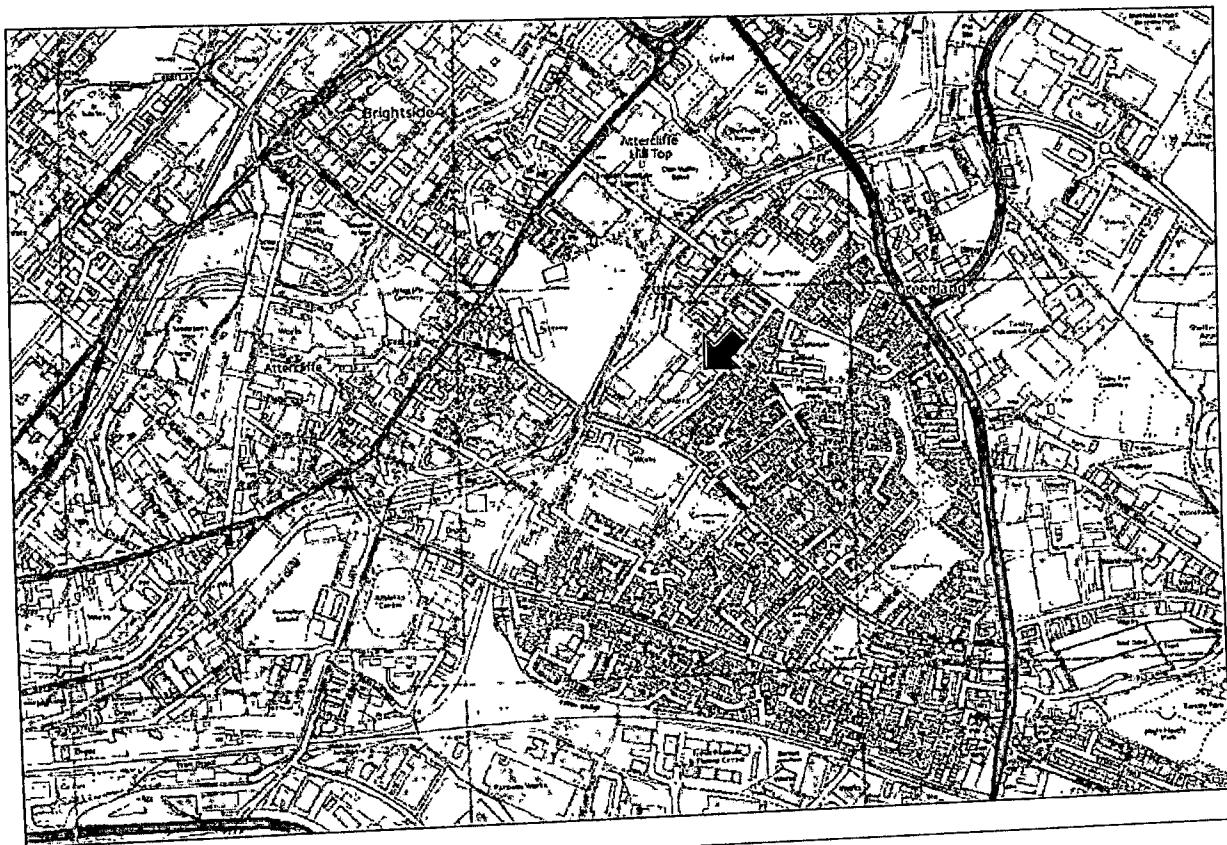
2.1. Location and Situation

The Property is located on Clement Street in the industrial suburb of Darnall approximately 6 km north east of Sheffield City Centre. The Property is located in an established industrial use area in close proximity to commercial and industrial use properties including waste recycling and scrap metal merchants. Immediately south of the Property across Allende Way Road is the Darnall residential area.

The Property's offices front Clement Street and the main access into the Yard is via Doctor Lane which is solely used by FPL. Car parking space is located in the north eastern corner which can be accessed separate from the main entrance via double gates which are not currently in use.

The A631 is located 0.8 km east of the Property and the A6178 to the north west providing access to Junction 34 of the M1 Motorway 4 km north of the Property and the A61 to the south.

We enclose below a General Location Plan and Aerial image.



General Location Map

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Clement Works, Clement Street, Darnall, Sheffield, S9 5EA



Aerial Image of the Property

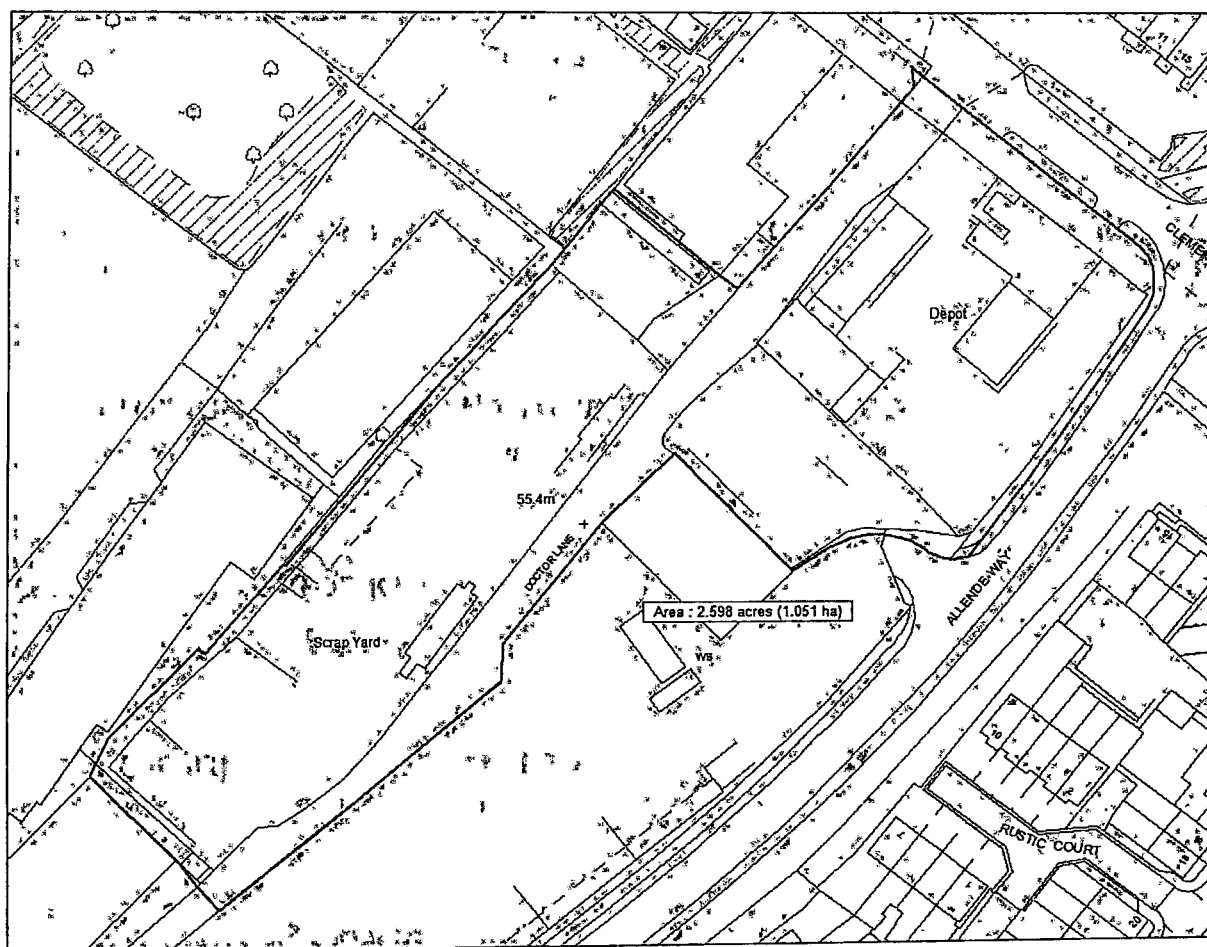
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2.2. Site Plan

A plan detailing the extent of the Property is detailed below.



Promap Plan of the Property

2.3. Detailed Description

The Property is a waste management and scrap metal recycling facility with the following services provided by Fletcher Plant Limited; Skip Hire, Asbestos Disposal, Hazardous Waste Disposal and Commercial Wheelie Bin service operating throughout Sheffield, South Yorkshire and Derbyshire. FPL have a fleet of HGV's to facilitate these services which are maintained at the Property.

The Property covers an area of approximately 2.60 acres (1.05 ha), rectangular in shape with office accommodation and two industrial units located in the north east corner with access directly from Clement Street (see Accommodation Plan below). All site traffic enters the yard via large metal gates across Doctor Lane down a slight gradient into the Yard. The Property has a second gated entrance located in the north east corner adjacent the office car park though it is not currently in use.

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We are informed that FPL accept on average 100,000 tonnes of waste per annum of which 5% is scrap metal from approximately 500 customers. We were informed during our site inspection that the site is permitted to operate 7 days a week; 06:00 to 18:00 on weekdays and 06:00 to 14:00 on Saturday and Sunday, no waste is received over the weekend.

Waste is delivered into the site via Doctor Lane which gradually declines into the Yard from Clement Street and as such site operations are not immediately visible from the road. HGV's are able to access the whole of the site exiting via Doctor Lane to the rear of the Picking Station returning up to Clement Street.

The weighbridge is located in the centre of the site and the weighbridge portakabin offices with skip storage area is located at the northern boundary with the neighbouring business Yorkshire Alloys. Storage bays are located along the western and southern boundaries and the Waste Picking Station with Trommel is located toward the rear of the site.

Buildings

Reception and Offices

The offices are single-storey, brick built buildings containing the reception, offices, training rooms and mess facilities. The office building fronting Clement Street covers an area of 2,343 ft² which we believe to be constructed in the 1970/80's. The office extension was built c.2000's to provide six additional office spaces covering an area of 1,889 ft², for the purposes of this valuation we are of the view that both buildings are in fair condition throughout and have uPVC double glazed windows and central heating. Two portakabin buildings are located adjacent the older office building.

The car park is located to the east of the office extension and at the southernmost area FPL store machinery and an area for hazardous waste storage.

Workshop

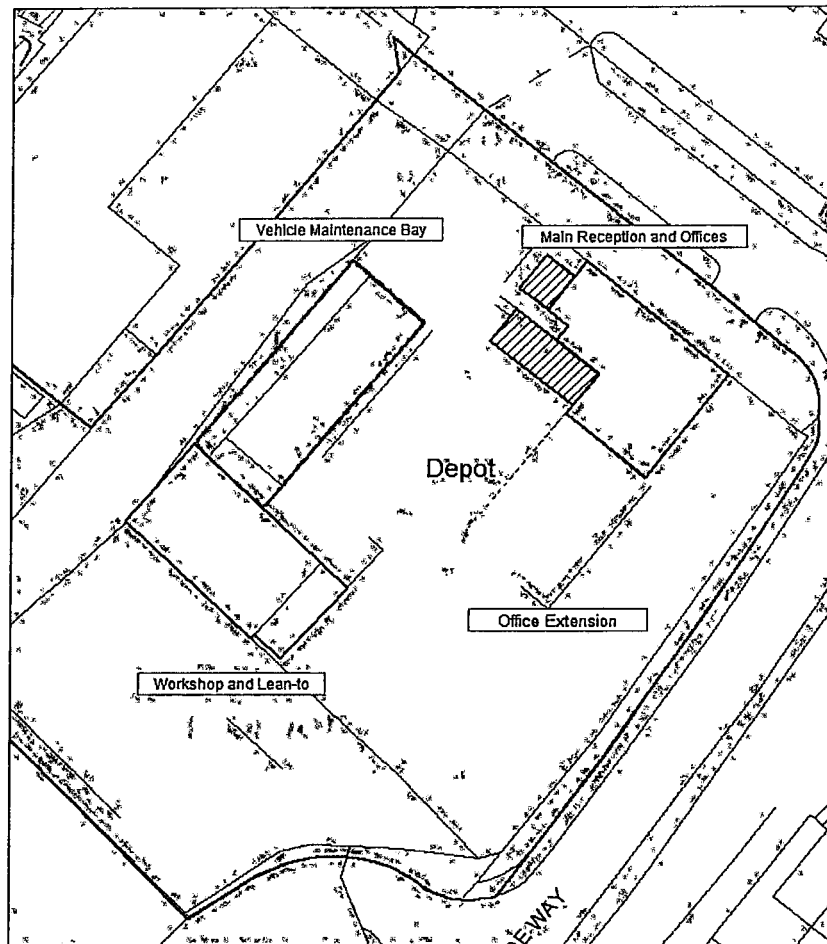
The Workshop with Lean-To covers an area of 2,581 ft² with eaves height of 4 m constructed of brick and steel frame with concrete flooring, steel profile cladding with pitched panelled roofing. The entrance is secured with a sliding steel door which opens out onto the surfaced yard facing Clement Street.

Vehicle Maintenance Unit

The Vehicle Maintenance Unit covers an area of approximately 2,428 ft², with a maximum eaves height of 6m constructed of 2.5m brick wall with profile cladding to the eaves with panel pitched roof, concrete floor and halogen box lighting. The Unit was constructed in 2004 and contains a vehicle inspection pit, overhead crane, rolling floor and two roller shutter doors. The Unit is in good condition and is easily accessible from the site entrance.

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Accommodation Plan

Yard Area

We have measured the yard area at 2.25 acres. The weighbridge office is located within a two-storey portakabin located in the north western corner of the waste yard and the waste picking station is located to the rear of the site.

The boundary fence is topped with 8 - 10 mm steel sheeting in order to prevent dust arising from operations into neighbouring properties. The yard is concreted throughout and we were informed during our site inspection that the majority of the site has been resurfaced in the last 18 months.

Access

Access into the Property is via Clement Street onto Doctor Lane which runs through the middle of the Property and therefore forms an integral part of the yard. We understand that Clement Street is an adopted highway and Doctor Lane is not adopted and has recently been purchased by FPL, further details at Section 2.4.

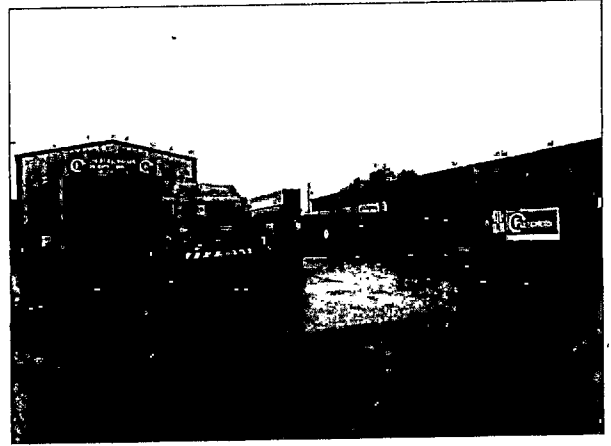
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PROPERTY



Offices fronting Clement Street



Vehicle Maintenance Unit and Site Entrance



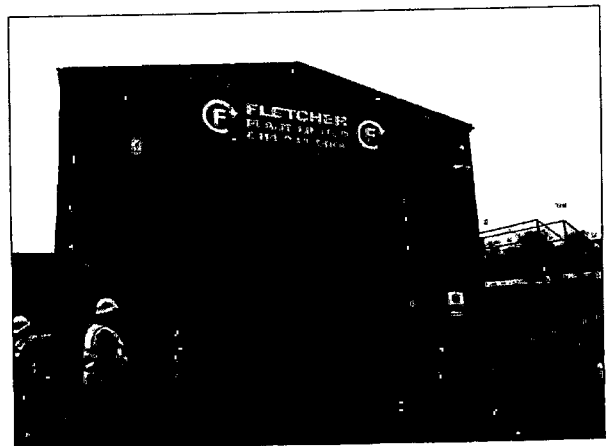
Office Extension



Car Park adjacent Offices



Workshop and Lean-to



Vehicle Maintenance Unit

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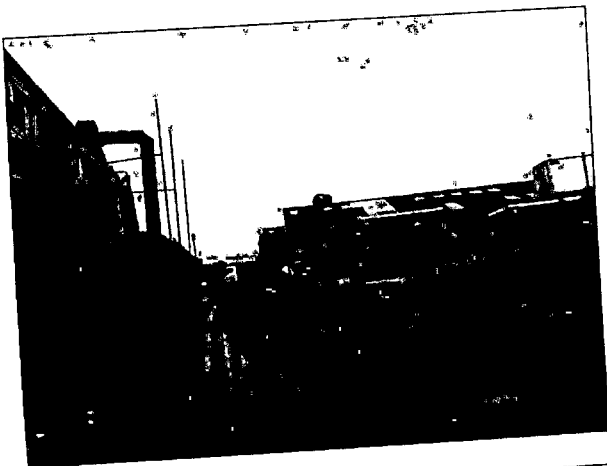
Vehicle Maintenance Unit



Weighbridge offices and Skip Storage



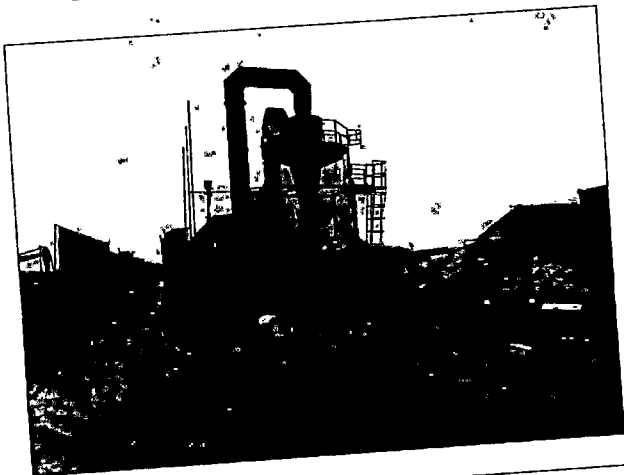
Weighbridge



Doctor Lane looking toward Clement St



Doctor Lane, Site Entrance



Doctor Lane rear of Picking Station

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2.3.1. Services

We have been advised that the Property is connected to mains electricity and water supplies with private drainage. We have not tested these services and have assumed there are no material defects that would cause an alteration to our valuation.

2.3.2. General Condition

As instructed, we have not carried out a structural survey, nor have we tested any of the services. However, we would comment, without liability that during the course of our inspection for valuation purposes, we observed that the Property appears to be in fair condition throughout. In general, all the permanent buildings are fit for purpose.

2.4. Tenure and Occupation

We understand that seven Titles cover the Property and we provide copies of the Title Registers and Title Plans in **Appendix 2**. We were informed by FPL's solicitors on 23rd April 2018 that FPL purchased Title number: **SYK645608** from Sheffield City Council which comprises Doctor Lane. We have not been informed of the purchase price.

For the purposes of this valuation we have assumed the entirety of the site is held Freehold by FPL.

2.5. Rights and Encumbrances

2.5.1. Public Rights of Way

The Property is not affected by any public rights of way.

2.5.2. Private Rights/Encumbrances

We have not been provided with a copy of a Report on Title and have not seen a copy of the Title Deeds.

Although it is noted that a number of the titles have conveyances and restrictive covenants, it is assumed for valuation purposes that the covenants are not onerous or unusual and which are likely to affect the valuations herein provided.

We would strongly advise that your legal advisors confirm our understanding to be correct and to ensure that there are no further elements, restrictions or charges contained which are likely to have a detrimental effect upon the valuations as herein reported.

2.6. Environmental Considerations

2.6.1. Informal Enquiries

During our limited site inspection there were no visible signs of contamination in the immediate vicinity. Our valuation is prepared on this assumption.

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2.6.2. Assumption

As our informal enquiries have suggested that land contamination is unlikely, or insignificant, we have valued the Property on the basis that it has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. However, should it subsequently be established that contamination exists at the Property, or on any neighbouring land, or that the Property has been, or is being put to a contaminative use, then we may wish to review our valuation advice.

We have assumed there to be no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building constructed thereon.

2.6.3. Invasive Plants

Under the Wildlife and Countryside Act 1981 it is an offence to 'plant or otherwise cause Japanese Knotweed to grow in the wild', however the plant still remains prevalent in some areas. It is only possible to establish the presence of invasive vegetation such as Japanese Knotweed by a specific survey by suitably qualified specialist. From our limited inspection we have no reason to suggest that such a survey is required in this instance, but should a survey subsequently find that our assumption in this respect is incorrect then we should be advised so that we may reconsider the implications for our valuation.

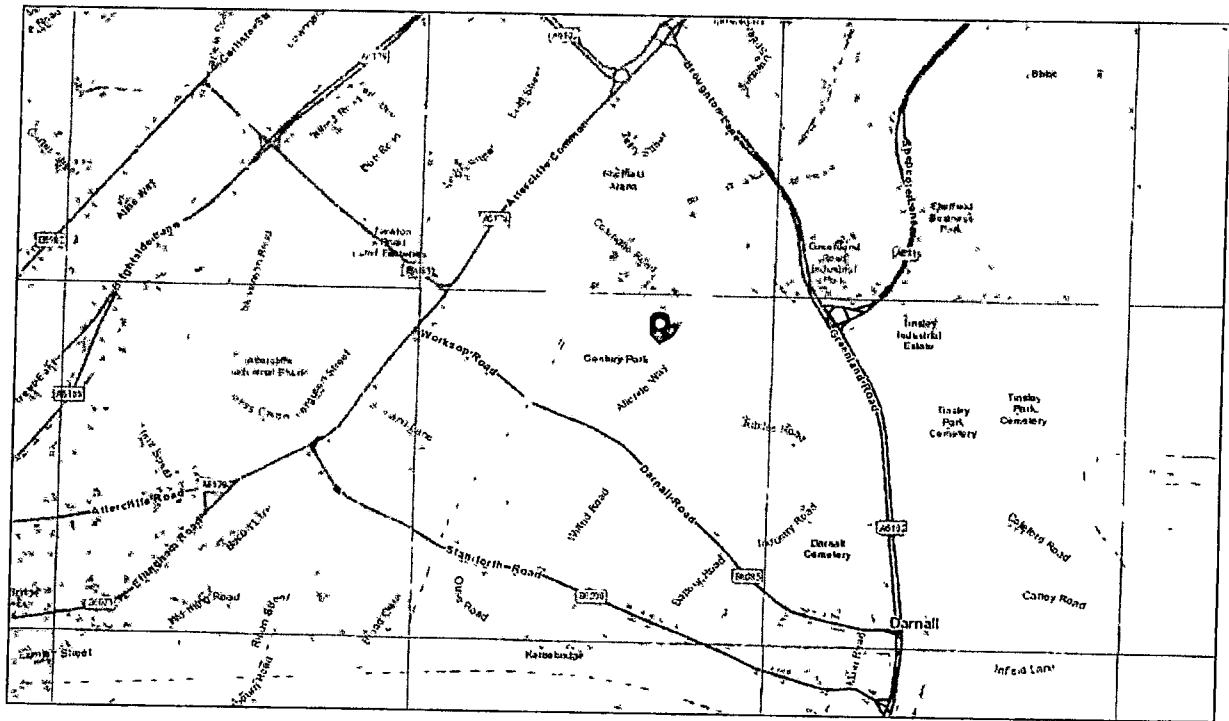
2.6.4. Radon Gas

The Property is not in a Radon Affected Area as less than 1% of properties are above the Action Level. Accordingly, the Property is not in an area where Radon Protection Measures are necessary for new properties or extensions to existing ones as described in publication BR211 by the Building Research Establishment. We provide an extract of the Public Health England Radon Gas Map below.

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Public Health England Radon Affected Area Map

2.6.5. Asbestos

We have not been provided with an asbestos survey or inspection report, nor have we undertaken any investigations in this regard. However given the age and construction of some of the buildings it is likely that asbestos may be present in the Offices fronting Clement Street and the Workshop.

Our valuation is based upon this assumption. Furthermore we have been informed by FPL that they are not aware of any issues regarding asbestos within the interior of the main office and workshop.

2.6.6. Environmental Permit

Waste management sites require an Environmental Permit or Exemption from the Environment Agency (EA) to operate. In general an Environmental Permit or Exemption is held by a company or individual and does not attach to the land in the same manner as a planning permission. It is generally transferable to other parties subject to obtaining the necessary consents, and if the company or individual can demonstrate to the EA the transferee is a "competent" person.

We have been informed that FPL has an Environmental Permit ref: **EPR/CB3504HM** which allows for 300,000 tonnes per annum to be brought into the site, we have not seen this Permit and have assumed for the purposes of this valuation that all waste operations on site are permitted.

FPL hold a Scrap Metal Dealer Site Licence from Sheffield City Council, licence ref: **SMD0049**, which expires 25th January 2021.

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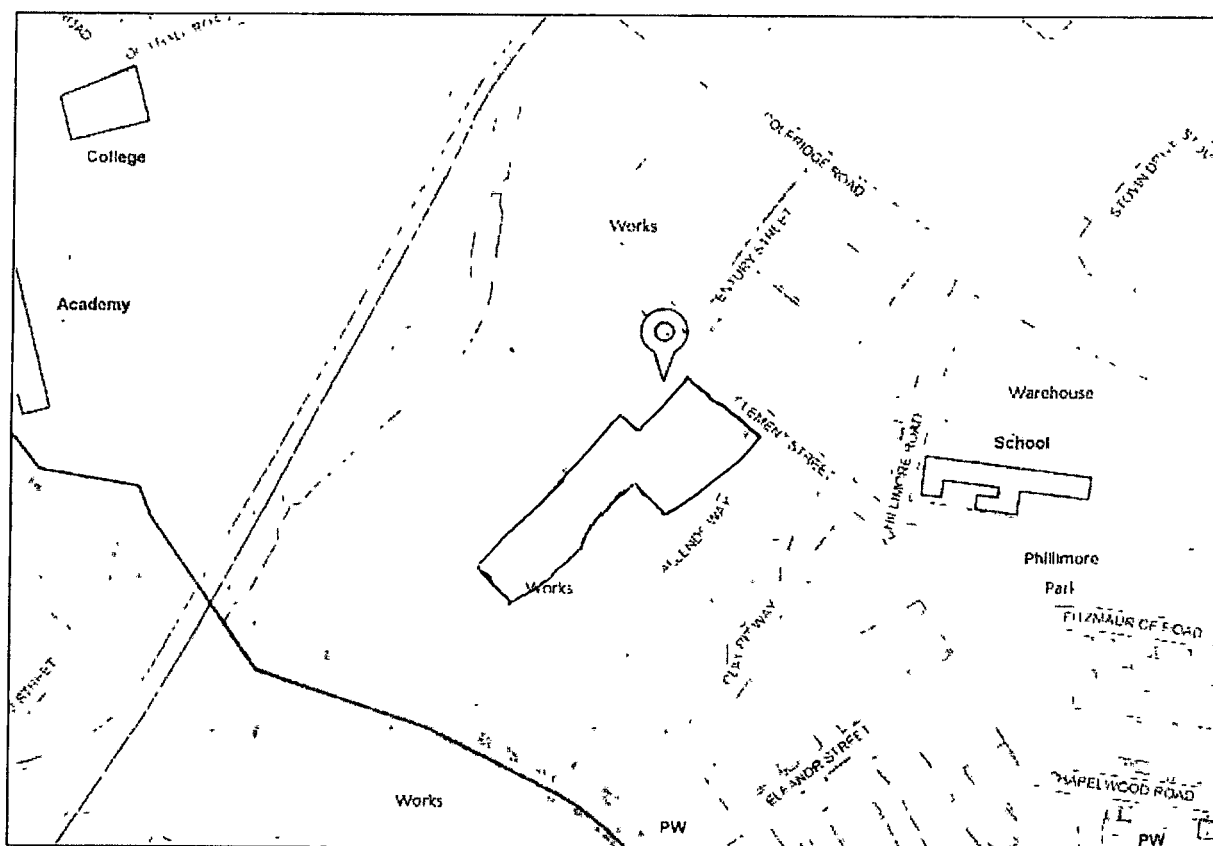
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We were informed during our site inspection that the EA had recently inspected the Property and no environmental breaches at the site were identified.

2.6.7. Flooding

We have made enquiries with regard to potential flooding at the Environment Agency website, www.environment-agency.gov.uk and note that the Property is located in an area deemed not to be at risk of flooding. We provide an extract from the Environment Agency Flood Risk Map below.



Environment Agency Flood Risk Map

2.7. Planning Policy and Development Potential

2.7.1. Local Plan

We have inspected the website of the Local Planning Authority, Sheffield City Council, which states that the statutory plan covering planning policy and development control for the area is the Sheffield Local Plan, which comprises the Sheffield Core Strategy adopted March 2009. The Property is identified as being located within an Urban Area and within a Priority Area for new Recycling Centres.

Sheffield City Council are currently preparing a new draft Local Plan which will guide future developments up to 2034 due to be adopted in September 2018.

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Waste Management in the region is governed by the Sheffield City Council Waste Strategy adopted 2009 and the Sheffield Core Strategy. The specific policies within the Core Strategy relating to waste management are:

- Policy CS 68 – Waste Development Objectives
- Policy CS 69 – Safeguarding Major Waste Facilities
- Policy CS 70 – Provision for Recycling and Composting

2.7.2. Planning Permission

Upon inspection of the Local Planning Authority, Sheffield City Council online planning portal we have ascertained the planning history of the Property. Relevant planning decisions relating to the Property are as follows:

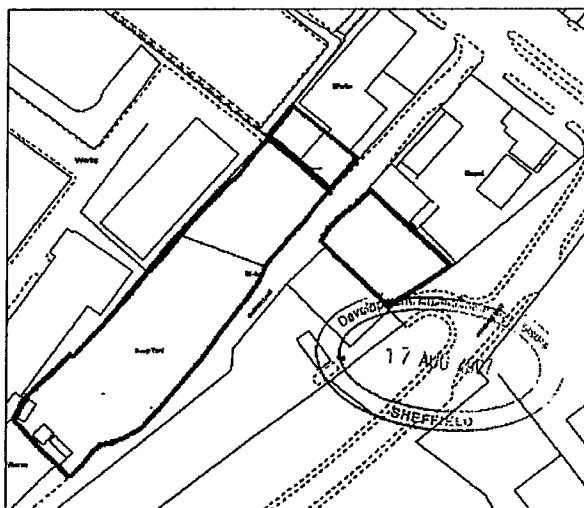
Application Number	Decision Date	Description	Decision
02/02420/FUL	5 th September 2002	Erection of a two-storey toilet block	Granted
03/04118/FUL	12 th February 2004	Erection of a building to be used as a workshop/garage	Grant Conditionally
05/00058/LD2	18 th February 2005	Application for Certificate of Lawfulness for use of storage of scrap metals	Granted
05/00059/FUL	23 rd February 2005	Erection of a boundary wall and enclosure of land	Grant Conditionally
07/03419/LU1	4 th October 2007	Application for Certificate of Lawful use or development for the storage and treatment of metals, waste and skips	Granted

Documentation to support the above planning consents are not available to view online and we have therefore assumed the Property has the necessary planning consents in place.

We have had view of the Certificate of Lawful Use or Development (CLEUD) for the storage and treatment of metals, waste and skips on the Property dated October 2007 confirming that the use has been in existence for more than 10 years and is therefore certified as being lawfully permitted. We have included a copy of the CLEUD at **Appendix 3** and relevant area is outlined below;

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CLEUD Plan ref 07/03419/LU1

We are not aware of any further outstanding or pending planning applications on the subject site which are likely to have an adverse effect on the Property.

2.8. Taxation

2.8.1. Business Rates

From informal enquiries of the Valuation Office Agency Internet Rating List www.voa.gov.uk, we understand that the following entry appears on the 2017 List for the 2018/19 rate year:

Property Address	Description	Rateable Value	Liability
Fletcher Plant Ltd Waste Transfer Station, Clement Street, Sheffield S9 5EA	Waste transfer station and premises	£57,500	£28,347.50

The Uniform Business Rate for the 2018/19 financial year is 49.3 pence in the Pound.

2.8.2. VAT

Our valuation is exclusive of VAT.

2.9. Highways and Access

We have made informal enquiries of Sheffield City Council's Highways Department and understand that Clement Street is an adopted highway and maintained at public expense. We understand that the Highways Authority is not aware of any proposals or schemes likely to adversely affect the Property.

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In reporting our opinions, we have assumed that there are no third party interests between the boundary of the Property and the adopted highways, and accordingly the Property enjoys unfettered vehicular and pedestrian access.

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Clement Works, Clement Street, Darnall, Sheffield, S9 5EA



3. Market Commentary

3.1. Commercial Property Market Overview

We enclose a copy of the RICS 2017 UK Commercial Property Market Survey for Q4 at **Appendix 4**.

3.2. Market Overview

3.2.1. Waste Market Overview

In 2016, the UK waste management contracting market was estimated to be slightly down on 2015, due to the impact of Central Government cuts to local authority environmental services budgets and the impact of falls in global commodity prices on recyclable materials. Up to 2015, annual growth was primarily driven by the implementation of EU Directives, aimed at reducing the volumes of landfilled waste and increasing the levels of material recovery through recycling, composting and energy-from-waste. Above all, the impact of the Landfill Tax escalator on landfill gate fees has made these alternative approaches more commercially attractive. The current level of Landfill Tax across the UK and Scottish Governments as at 1st April 2018, is £88.95 per tonne for the standard rate and £2.80 per tonne for the lower rate. This continues to influence the long-term economics of both recycling and energy recovery. In addition, recycling costs have typically been significantly lower than the costs of using virgin materials for manufacturers.

In the second half of 2016 through to early 2017, commodity and recyclate prices for some grades have recovered. Over the short term, industry prospects will still be determined by EU legislation. However, now that Article 50 has been signed, there may well be a possible slowdown in household spending combined with rises in imported goods, driven by uncertainties surrounding 'Brexit' and likely volatility in the economy. There are also concerns as to whether the Government will remove some of the more prescriptive elements of EU waste legislation and replace them with voluntary targets for local authorities and businesses.

Although Brexit has brought some uncertainty towards UK waste and recycling policy on 30th March 2017 UK Government Ministers released a white paper confirming the "whole body" of existing environmental laws derived from EU legislation will be safeguarded in UK law prior to Brexit. This is expected to include regulations on waste, packaging and electronic equipment (WEEE) and Landfill, although the Government has said that it could consult on changes to regulatory frameworks in the future. This means that existing targets and commitments established in EU legislation such as the waste framework, packaging and packaging waste or landfill directives will continue to apply at least until the Government has put in place alternative legislation to pursue a different course. Negotiations over the circular economy remain ongoing at a European level but once finalised with the EU will replace existing EU laws on waste and recycling. Should the circular economy package be adopted in to formal EU law, as appears likely, before the end of the 2 year withdrawal process, it is likely to be among the provisions to be brought into UK law by the Great Repeal Bill.

The current status of the UK waste management market is best summarised by DEFRA's UK Statistics on Waste Managed by Local Authorities in England. The most recent issue was published on 5th December 2017, with key points summarised below:

- Total local authority managed waste in 2016/17 was 26.3 million tonnes, an increase of 0.7 per cent from 26.1 million tonnes in 2015/16.
- Recycled waste in England rose to 10.2 million tonnes in 2016 from 9.8 million tonnes in 2015, an increase of 3.8 per cent.
- The amount of local authority waste sent for recycling in 2016/17 was 11.3 million tonnes, a 1.6 per cent increase on the 11.1 million tonnes in 2015/16.

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- There is a wide variation in household waste recycling rates amongst individual local authorities, ranging from 14 to 65 per cent in 2016/17.
- Other organic wastes such as garden waste increased by 3.1 per cent to 3.8 million tonnes from 3.7 million tonnes in 2015, mainly due to higher volumes of garden waste between July to September 2016 compared to the same period in 2015.
- Waste sent to landfill decreased by 1.0 million tonnes to 4.1 million tonnes in 2016/17, equivalent to around 16 per cent of all local authority waste. The majority, 3.2 million tonnes, was sent direct to landfill.
- Waste sent for incineration rose to 10.2 million tonnes, with around 7.1 million tonnes being sent direct. Although exact like for like comparisons cannot be made on the amount of waste now being incinerated due to changes in the extent of reporting, the tonnage has increased sharply and has more than tripled since 2010/11. In 2016/17, 39 per cent of all local authority waste was sent to incineration.

3.2.2. Industrial Market overview

The UK industrial property sector continues to show resilience in a context of wider economic and political uncertainty surrounding Brexit negotiations. Underlying market fundamentals remain positive and continue to attract investors to the sector despite yields reaching historic lows. In Yorkshire, 2017 take-up was down on previous years but this was a reflection on grade A supply levels as the market is still seeing a healthy level of demand. There is expected to be a flurry of major transactions to take place in the region in the first half of 2018.

Investor demand for industrial assets remains strong, buoyed by the sector's favourable underlying demand and supply conditions, and income generating attributes. Figures from Property Data show that £3.2bn worth of industrial property assets changed hands during H1 2017. This represents an increase of 13% on the previous half year's volume of £2.9bn.

Supply constraints in the Yorkshire market have been slightly alleviated with several large units returning to the market in 2017. This resulted in available supply totalling 4.2 million ft² across 20 separate units which represented a 70% increase from 2016. The majority of the supply available in the region is in the 100,000-200,000 ft² size band and 75% of the available units are in this size band. However the three largest units available in the UK are located in the Yorkshire region as there are three units available over 400,000 ft². The Yorkshire market experienced weaker occupational demand in the UK in 2017 after strong transactional activity in 2016. Take-up reached 1.3 million ft² which represented a 72% fall from 2016. Across South Yorkshire there remains strong investor appetite for industrial stock. This is supported by improving occupational market dynamics, with stable demand converging with a shortage of vacant units, an absence of sufficient development in the region and the perceived rental growth.

In the long-term, demand for industrial units will fluctuate with economic drivers such as the value of sterling, manufacturing and production, exports, domestic consumption and Brexit. The supply side picture is critical to future growth potential. In the UK, the sector is known for its relatively high barriers to entry (compared to other European industrial markets) with respect to planning and development, and this is expected to be a critical piece to longer term growth.

3.3. Sales Transactions

In reaching our opinion of value for the Property we have had regard to a number of sales of comparable properties both in the vicinity and in South Yorkshire generally, and discussions with both our own agents and local agents.

We have highlighted comparable sales and made adjustments to the comparable evidence to reflect the individual characteristics of the property, including: location, size, outside space and condition.

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Our valuation is based on market evidence which has come into our possession from numerous sources. That from other agents and valuers is given in good faith but without liability. It is often provided in verbal form. Some comes from databases such as the Land Registry or computer databases to which Savills subscribes. In all cases, other than where we have had a direct involvement with the transactions, we are unable to warrant that the information on which we have relied is correct although we believe it to be so.

We provide a sample of the comparable properties used for the basis of our valuation below:

Land Transactions

Former Recycling Facility, Central Depot Worthing Rd S9 3JA

2.09 acres of Freehold redevelopment opportunity suitable for continued waste-sector based activities previously used as a recycling facility including ancillary accommodation which is partially fire damaged. The site is situated within an established industrial site 2 km south of the subject Property and has a prominent location with frontage onto Worthing Road. The site is currently being marketed by Sanderson Weatherall for £700,000 and the agents have confirmed that a sale has fallen through on two occasions. As at 9th April the agents confirmed that they are looking to complete with the current bidder on an offer of £725,000 in the next two weeks which would equate (if sold) to **£346,890 per acre** (we have assumed that the buildings on site covering 16,468ft² are not habitable and therefore attributed the whole value to the land only). This site is comparable to the subject Property with regards to location, permitted use and size.

Worthing Road, S9 2JA

Former transport yard extending to 1.7 acres with workshop and offices situated 2 km south of the subject Property within an established industrial area sold for £485,000 on 16th May 2016. The site contains workshop and offices and therefore we have taken this into account when arriving at **£223,260 per acre** for land value. This site is comparable to the subject Property with regards to location and size.

Rawson Spring Road, Hillsborough S6 1PD

1.55 acres of vacant land in close proximity to Sheffield Wednesday FC 3 km north of Sheffield City Centre comprising levelled compacted hardcore with full planning permission for business units within classes B1, B2 and B8 sold for £405,000 on 1st December 2013 equating to **£261,290 per acre**. We consider this property to be comparable to the subject Property due to its size and attached planning permission within an area of mixed business and industrial use.

Penistone Road North & Herries Road, S6 1QE

7.02 acre area of flat vacant land with development potential for B1, B2 and B8 uses, subject to planning permission for a mixed use scheme sold for £2,550,000 on 5th January 2015 equating to **£363,248 per acre**. This site has a prominent position fronting the A61 in close proximity to Sheffield Wednesday FC amongst mixed land use including retail, food and drink, bulky goods, trade counter and industrial. This site is in a prominent location for a mixed use scheme and therefore can attract a higher value per acre than the subject Property.

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Herries Road, S6 1RH

1.3 acres of hard standing development land with outline planning consent for Trade Counter use in an established commercial location 1 mile north of Sheffield City Centre with links into the A61 sold for £600,000 on 12th October 2017 equating to **£461,538 per acre**. This site is in a good location to attract commercial business and as such we would expect this type of property to attract a higher price per acre.

We have had discussions with our industrial agents whom have indicated that industrial land in the area would be expected to be in the region of **£250,000 per acre** on the open market.

Industrial Unit Transactions

386 Coleridge Road, S9 5DP

8,629 ft² of Trade Counter/Warehouse space of steel frame construction with yard and car parking located in a quasi industrial/residential area sold on 22nd April 2017 for £320,000 equating to **£37 per ft²**. The subject Property is located approximately 500 yards north of the site and is comparable in terms of location with good links into the M1 Motorway.

2 Hunsley Street, S4 8DY

Located 2.2 km north west of the subject Property in an established industrial location the site consists of a modern steel portal frame unit with mezzanine floor, 6m eaves, 2.5m breezeblock wall and profile cladding to the eaves height. The Unit is 20,684 ft² of which 3,894 ft² is unrestricted warehouse space on the ground floor with a further 3,920 ft² of restricted space. On the first floor are offices and canteen facilities covering approximately 3,000 ft². The site sold in February 2015 for £700,000 equating to **£33.84 per ft²**

12 Roman Ridge Road, S9 1GB

A Semi-Detached single storey industrial workshop and office space over 4,820ft² sold for £175,000 equating to **£36.3 per ft²** in July 2017. The site is located in close proximity to Meadowhall in a quasi industrial/residential area 4 km north of the subject Property.

380-386 Attercliffe Common, S9 2DQ

5,599 ft² of warehouse and office space within a site of 0.27 acres sold in October 2016 for £215,000 equating to **£38.4 per ft²**. The site is located 1.6 km north of the subject Property in an area of predominately mixed commercial and retail use.

4. Valuation Advice

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4.1. Valuation Methodology

We have adopted the comparable method of valuation in arriving at our opinions of Market Value by analysing comparable sale transactions and having regard to current market sentiment.

4.1.1. Buildings

We have reviewed the sales transactions for industrial units with offices in the immediate vicinity of the Property and in our opinion the offices will attract a value of £40 per ft² and we have applied the same rate across the whole office complex.

We have applied a rate of £35 per ft² for the Vehicle Maintenance Unit to reflect its condition and internal features with the added benefit of the access directly into Unit from Clement Street. The Workshop is older and not in the same condition and we have reflected this by applying a reduced rate of £25 per ft²

We have valued the buildings allowing for appropriate curtilage and therefore this space is detracted from the total yard area.

4.1.2. Yard Area

We have reviewed the sales transactions for industrial land in the area and our opinion is that the current market value of surfaced Industrial land is in the region of £250,000 per acre.

4.2. Waste Premium Value

Due to the inherent difficulties in securing planning and the relevant environmental permits, in our experience waste management properties can attract a premium over and above the standard industrial values which reflects the specific use, local market competition and the waste stream dealt with by the facility. The site is well located and is capable of accepting a high volume of waste that is brought onto the site on a daily basis and it is likely that a purchaser would have regard to the site for its permitted waste use rather than purely concentrating on comparable industrial transactions in the area and as such in arriving at a price for the Property we have applied a 20% waste premium to the industrial land value to reflect this.

4.3. Principal Valuation Considerations

The principal matters that affect the value of the Property are as follows:

Strengths:

- Established waste management facility within an area of predominant industrial land use
- Good links into the main arterial routes including the north of Sheffield and the M1 motorway to gain access to the wider region
- The Property is permitted to receive 300,000 tonnes of waste per annum, current annual average accepted is 100,000 tonnes and there is potential to develop the site in the future to facilitate an increase in waste accepted and stored.

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- No cessation date for waste use

Weakness:

- Storage Bays throughout the site are in poor condition

In forming our opinion of the market value we have taken into account:

- The location and accessibility of the Property
- The current established and permitted use of the site as a waste management facility
- Current market conditions and available evidence

In view of the above and our knowledge of the market we have applied a value of £300,000 per acre on the surfaced yard area which includes a waste premium uplift of 20%.

We are of the opinion that the aggregate value of the offices and industrial units is £310,000, we have not applied a waste premium in this case.

4.4. Valuation Summary

4.4.1. Market Value

Having had regard to our comments and assumptions detailed within this report and in light of the comparable evidence, we are of the opinion that the Market Value of the freehold in the property, on the basis of full vacant possession as detailed in this report, as at the date of this report, is:

£1,000,000
(ONE MILLION POUNDS)

We consider that a period of up to 12 to 18 months is a reasonable period within which to negotiate completion of a sale by private treaty of the property at the level of our valuation, taking into account the nature of the property and the state of the market.