

## Valuation Report



**Address:** Northern Garage, Houghton Road  
North Aston Trading Estate  
Sheffield  
S25 4JJ

**Client:** Trustees of the Mass Engineering SSAS  
Roundwood House  
30C Worksop Road  
Thorpe Salvin  
S80 3JU

**Purpose of Report:** Pension Valuation

**Date of Report:** 01/07/2019

**Prepared By:** Eamonn Stones MRICS



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## 1. INSTRUCTIONS

a. The Client

Trustees of the Mass Engineering SSAS  
Roundwood House  
30C Worksop Road  
Thorpe Salvin  
S80 3JU

b. Purpose of The Valuation

Valuation for pension fund.

c. Status of RICS Member Undertaking The Valuation And Disclosure of Any Previous Involvement

We confirm that the instruction has been undertaken by Eamonn Stones MRICS who is suitably qualified and has the knowledge, skills and understanding to undertake the valuation.

We are acting as external valuers in this instruction.

We have undertaken a conflict of interest check and there is no conflict with this instruction.

d. Interest To Be Valued

Freehold

e. Type of Asset or Liability And How It Is Used

Industrial Investment.

f. Basis or Bases of The Valuation

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

• Market Rent (MR)

The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

g. Date of Valuation

01/07/2019

h. Any Assumptions, Special Assumptions, Reservations, Any Special Instructions or Departures

None.

i. Schedule of Assumptions And Basis of Valuation

Our report and valuation has been undertaken with reference to the assumptions set out in Appendix I. These assumptions apply, except where otherwise noted in our report.

j. Compliance

Our report and valuation is prepared in accordance with the RICS Valuation - Global Standards 2017 Global Edition and UK National Supplement November 2018 and the International Valuation Standards (IVS) 2017. We are an RICS regulated firm.

## 2. INSPECTION

Our inspection of the property was carried out on 03/06/19. The property was inspected from ground floor level inside and out. Due to the tenant's fixtures and fittings it was not possible to view all parts of the building.

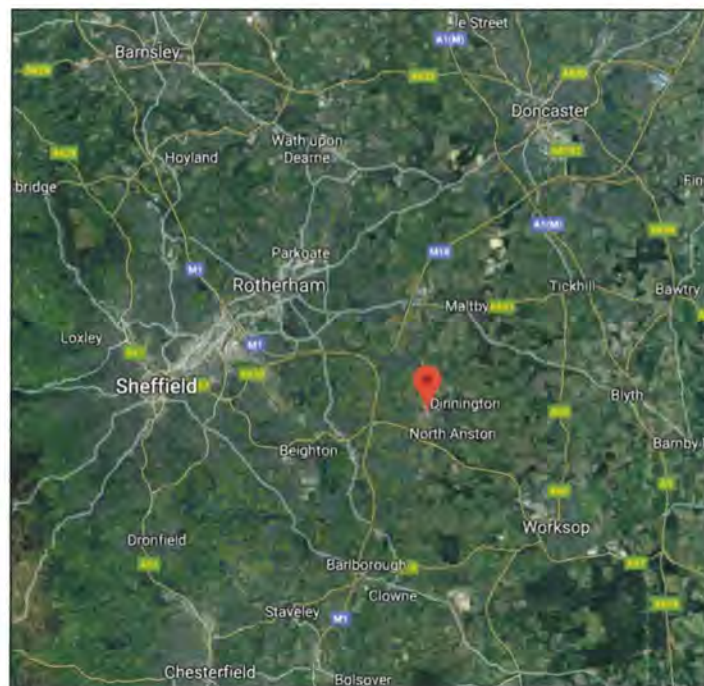
We have inspected the property in accordance with your instructions, but we have not carried out a Building Survey as this is not within the scope of our instructions. We have not inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible. We are, therefore unable to report that any such part of the property is free from defects, unless provided with information to the contrary.

Where we have recommended further investigations or a building survey, our valuation may be subject to alteration once the results of such investigations or survey are known.

We cannot express an opinion about or advise upon the condition of un-inspected parts and this report should not be taken as making any implied representation or statement about such parts.

## 3. LOCATION

### Macro





Location (Key Facts)	
Population size (2011 census)	9,217
Local Authority	Rotherham
Post Town	Sheffield

Place	Distance (Miles)
Todwick Road (B6463)	0.4
A57	1.1
M1 (J31)	2.3
Worksop	7.0
Rotherham	9.2
Sheffield	12.8
Chesterfield	15.8

The property is well connected to the local and regional road networks in particular the A57 and the M1 motorway.

Public transport links to the immediate are weak and the nearest bus stop is over half a mile away on Church Lane (services 20 & 638). The nearest train station is Kiveton Park which is 2.5 miles distant.

#### Micro



The property is situated in a commercial/industrial setting surrounded by similar properties and users. Neighbouring occupiers include Evenort, TR Fabrications, Tommy Tucker and Liberty Group. The nearest residential properties are approximately 350m to the South East.

#### 4. DESCRIPTION & CONSTRUCTION

The property is made up of 3 distinct parts, an older warehouse/workshop a new extended warehouse and a single storey office block. Externally there is a large yard and ancillary parking. Both warehouses are racked to the maximum height for pallet storage.

##### Older warehouse/workshop

Steel portal frame construction, single glazed windows with metal frames, suspected asbestos roof with translucent panels and suspected asbestos cladding external.

4 Rollers shutters facing the yard (H:5.07m W:4.50m).

Eaves height of 5.36m with 7.26m to the pitch.

Concrete floors, staff room, mezzanine floor, CCTV, Alarm and WCs. Gas Ambi-Rad heaters.

There is an opening connecting the old warehouse to the new extension.

##### Modern warehouse/extension

Steel portal frame construction, with insulated cladding and roof including translucent panels.

3 Rollers shutters (H:4.30m W:4.57m).

Eaves height of 7.06m with 8.76m to the pitch.

Concrete floors, kitchen, offices with air conditioning and WCs.

2 cranes are present 1x3 ton & 1x3.2 ton (not used by the current tenant).

##### Single storey office block

Well presented air conditioned offices connected to the modern warehouse. They have been partitioned to provide a mix of cellular offices/meeting rooms and open plan workspace. They also include a kitchenette and WCs. A mix of LED and strip lighting, double glazed windows and gas central heating.

##### Externally

The properties sit on a extensive plot with a very low site coverage. The yard is concreted throughout and there is a palisade fence along the perimeter. Beyond the boundary of the property Cramfit Brook runs along the eastern a southern edge. Along the eastern boundary is Dinnington Community Woodland, to the west is Houghton Road and the northern boundary abuts the North Ashton Business Centre.

We can only comment on parts of the building which were visible from ground level at the time of inspection bearing in mind the property is occupied and being used as a storage facility and transport depot.





North Elevation



West Elevation



Main Yard



Rear Yard



Internal



Internal



Unused offices



Main offices





Main Offices



Yard



Staff Car Park



Southern Yard

## 5. ACCOMMODATION

The property has been measured on a Gross Internal (GIA) basis in accordance with the RICS Property Measurement 2<sup>nd</sup> edition.

Description	Area sq m	Area sq ft
Office Block	194.46	2,093
Original Warehouse	868.10	9,344
Mezz & Staff Room	86.21	928
Modern Warehouse	1,754.84	18,889
<b>Total</b>	<b>2,903.16</b>	<b>31,254</b>

Site Area	Acres	Ha
<b>Total Site Area</b>	<b>2.63</b>	<b>1.06</b>

## 6. CONDITION

As stated in paragraph 7 of the Schedule of Standard Assumptions and Basis of Valuation in Appendix I of this report, we have not carried out any formal building or structural survey. We have not inspected those parts of the property which are covered, inaccessible, unexposed or not visible from ground level and such parts are assumed to be in good repair and condition.

We cannot express an opinion about, or advise upon, the condition of un-inspected parts and this report should not be taken as making any implied representation or statement about such parts.

The external cladding and roof to the northern (oldest) warehouse are looking tired and worn and would benefit from repairs and maintenance. The tenant mentioned on site that they have had leaks in this part of the building previously. In addition some flashing to the western elevation of the modern extension are missing resulting in daylight being visible from inside the warehouse.

No obvious signs of deleterious materials were noted however based on the age of part of the building we would recommend an asbestos survey is carried out if not already done so. We have not been provided with a copy if one exists therefore are unable to comment further.

Other than the defects noted, we have assumed that the premises can be considered to be in good repair. If a further survey and carried out that reveals any defects which would materially affect the market value, we may have to review our valuation.

For the purposes of this valuation, we have assumed that the premises can be considered to be in good repair and that should a survey be carried out it would not reveal any defects which would materially affect the price that the property would achieve on the open market.

## 7. ROAD

We understand that Houghton Road, on to which the property fronts, is fully adopted and maintained at the public expense.

## 8. ENVIRONMENTAL MATTERS

### Flood Risk

We have checked the Government long term flood risk website (<https://flood-warning-information.service.gov.uk/long-term-flood-risk>) and note that the flood risk for the property is shown as:

- Rivers/the sea: Medium risk means that each year this area has a chance of flooding of between 1% and 3.3%. This takes into account the effect of any flood defences in the area. These defences reduce but do not completely stop the chance of flooding as they can be overtopped, or fail.
- Surface water: Low risk means that each year this area has a chance of flooding of between 0.1% and 1%. Flooding from surface water is difficult to predict as rainfall location and volume are difficult to forecast. In addition, local features can greatly affect the chance and severity of flooding.

### Ground Conditions

We have not carried out any soil tests or made any other investigations and therefore we are not able to offer any opinion as to the suitability of the site for the existing/proposed buildings. We have assumed that there are no problems in this respect.

### Contamination

We have not been instructed to make any investigations in relation to the presence or potential presence of contamination in land or buildings, and to assume that if investigations were made to an appropriate extent, then nothing would be discovered sufficient to affect value. We have not carried out any investigation into past uses, either of the properties or any adjacent land, to establish whether there is any potential for contamination from such uses or sites and have therefore assumed that none exist.



In practice, purchasers in the property market do not make such an assumption about contamination and a purchaser of this property would require appropriate investigations to be made so as to assess any risk before completing a transaction. Should it be established that contamination exists, this might reduce the value now reported.

No indications of past or present contaminative land uses were noted during our inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated sub soils or ground waters. In the event of contamination being discovered, further specialist advice should be obtained.

#### Deleterious Materials

I was not provided with any deleterious reports during the inspection and therefore am not aware if any deleterious material are present. I suspect that due to the age and construction of the building the roof and cladding to the older warehouse may contain asbestos and therefore I would recommend an asbestos survey if one has not already been done on the property.

#### Invasive Species

No invasive species were noted during the inspection.

#### Energy Performance

The Energy Act 2011 introduced the Minimum Energy Efficiency Standards (MEES) came into effect in April 2018. It is unlawful (except in limited circumstances, such as listed buildings) to let a property with an EPC rating of F or G. This applies to any property let on a tenancy which is six months or more and less than 99 years in length, and which is legally required to have an EPC. In addition, this legislation will extend to cover existing lettings in 2020 for residential properties and 2023 for commercial buildings. Penalties for non-compliance are severe.

Properties with an E rating could also be potentially at risk, as it is expected that the MEES standards may include E rated properties in the unlawful category at some point in the future.

We understand there is no current EPC rating for this property and have checked the Private Rented Sector (PRS) exemption register to verify this information. Accordingly, our valuation on the assumption that the subject property will meet the Minimum Energy Efficiency Standards specified in the Extant Regulations made under the Energy Act 2011 and that there will be no adverse impact on value and marketability. It is advisable to obtain an experts opinion to advise whether an EPC should be commissioned and if the building is likely to meet with the legislative requirements.

It is important to keep EPC issues under review and to consider the potential impact on property value of any additional future government initiatives.

There is currently little empirical evidence of a 'green premium' for highly energy efficient properties, but properties with poor EPC ratings will suffer significantly decreased values as the market takes account of the financial cost of improving properties, most of which may fall upon landlords as opposed to tenants.

## **9. SERVICES**

The services have not been tested by us and that our inspection was visual only. We understand the following services are connected:

- Mains water
- Electricity three phase

- Gas
- Mains drainage
- Telephone/broadband
- Fire alarm
- Intruder alarm

The property is heated by:  
Gas fired central heating and warm air blowers/Ambi-Rad heaters.

## 10. RATEABLE VALUE

We have checked the rating list at <https://www.tax.service.gov.uk/business-rates-find/search> and have been unable to identify the property on the register. This may be due to having separate parts under individual assessments and/or a different address for the site.

## 11. TENURE

We are advised by you that the property is freehold (see Appendix II for plans) and we have assumed it is not subject to any onerous encumbrances, adverse restrictive covenants, onerous wayleaves, easements, rights of way or other unfavourable dominant rights. We have not inspected the Deeds. We recommend that your solicitor investigates the title to the property and if any of the assumptions we have made are incorrect, we may have to amend our opinion of value.

## 12. TENANCIES

Lease Date	Undated
Landlord	Michael Alan Strafford & Jillian Marie Strafford the Trustees of the Northern Bus Retirement Benefits Scheme
Tenant	Hydra Park Properties Limited
Term	10 years (Landlord advised as no dates in the lease provided)
Rent (Passing)	Yr 1 - £128,000 pa Yr 2 - £96,000 pa Yr 3 - £128,000 pa (£128,000 pa)
Rent Review	None
Break Option	None
Tenant Option to Purchase	A tenants option to purchase the landlords freehold interest at market value. Conditions and time limits are attached but the dates are not included in the copy I have received.
Schedule of Condition	In point 21.1 the lease makes reference to a schedule of condition. A copy of which has not been provided.

It is hard to assess the lease provided as it is missing so many important parts namely dates. I would also expect to see a rent review clause on a 10 year lease therefore I am not convinced that the lease is for a 10 year period.

I would recommend that your solicitor reviews a full, complete version of the lease to determine the current status of the occupation of the tenant and under the conditions of their occupancy.



### 13. PLANNING

#### Planning Policy

The Sites and Policies document was adopted by the Council on 27 June 2018 with the property zoned as 'Industrial & Business Use'.

#### Planning History

Application ref: KP1961/1276  
Date Valid: 1961-10-23  
Applicant: Elliot B Mr  
Proposal: Industrial development  
Decision: GRANTED CONDITIONALLY  
Decision Date: 1961-11-20

Application ref: KP1962/1379  
Date Valid: 1962-09-21  
Applicant: Assoc Steels & Tools Ltd  
Proposal: Industrial devt common rd north anston  
Property: Field Nos 638 639a 652 655 & 630 At  
Decision: GRANTED CONDITIONALLY  
Decision Date: 1962-11-19

Application ref: RB1985/0031  
Date Valid: 1985-01-11  
Proposal: Erection of an extension to machinery warehouse  
Decision: GRANTED  
Decision Date: 1985-02-21

Application ref: RB1992/0404  
Date Valid: 1992-03-20  
Applicant: Northern Bus Company  
Proposal: Change of use of former engineering workshops to bus depot, garage workshop and parking  
Provisional Decision Date: 1992-05-15  
Decision: GRANTED CONDITIONALLY  
Decision Date: 1992-05-21

Application ref: RB1994/0212  
Date Valid: 1994-02-23  
Proposal: Alterations to offices and extension to warehouse  
Property: Aldridge Stainless Steel premises  
Provisional Decision Date: 1994-04-20  
Decision: GRANTED CONDITIONALLY  
Decision Date: 1994-04-21

Application ref: RB2002/1495  
Date Valid: 2002-09-20  
Applicant: Cogne UK Ltd  
Proposal: Warehouse and office extensions  
Provisional Decision Date: 2002-11-15  
Decision: GRANTED CONDITIONALLY  
Decision Date: 2003-01-29

Application ref: RB2002/1601  
Date Valid: 2002-10-10  
Applicant: Mass Engineering  
Proposal: Erection of two storey pre-fabricated office block  
Property: Northern Bus Garage  
Street: Houghton Road  
Provisional Decision Date: 2002-12-05  
Decision: GRANTED CONDITIONALLY  
Decision Date: 2002-11-21

#### 14. MARKET CONDITIONS

At present there is a lack of industrial premises available in the market. This lack of availability is driven by the reasonably strong economy and lack of new premises being built. Very few new industrial properties have been built since the economic downturn in 2007/08. Rental levels and capital values over the past 10 years have meant it has not been viable to build new premises due to high build cost particularly as the price of raw materials, particularly steel increased during this period.

At present the lack of supply has lead to an increase in rents which are now close and in some instance past pre recession levels making development more feasible. Brexit however has meant that most developers are waiting to see the outcome of what, if any Brexit is delivered before committing to future speculative development.

#### 15. COMPARABLE TRANSACTIONS

##### Lettings

##### Unit 26 Bookers Way, Dinnington

API Foils have taken a 10 year lease on the detached unit which totals 16,359 sq ft with a shared yard. A stepped rent was agreed breaking back to £4.88 per sq ft from February 2019 with rent free until March 2019 with and a break option & upward only rent review on the 5th anniversary.

##### Unit 1 Dinnington Business Park, Dinnington

Comprising a modern detached industrial unit extending to 11,624 sq ft with an eaves height of 6.0m and craneage. There is car parking to the frontage and a yard to the rear. The site coverage is approximately 23%. The coverage is low by conventional standards however a significant proportion of the site is taken up by woodland towards the southern section of the site. It let to Hydro – X Water Treatment in October 2018 by way of a 10 year lease with a 5 year break at £5.25 per sq ft from October 2018. Should the tenant not exercise their break then there will be a rent review at the end of the 5th year of the term, which will be upwards only to Market Rent or CPI indexed linked (compounded annually) to a collar and cap of 2-4%.

##### Unit 3 Redwood Court, Dinnington

Redwood Court is a modern warehouse development totalling 61,087 sq ft. Unit 3 extends to 9,446 sq ft and let by way of a new 5 year lease from December 2017 at a headline rent of £5.25 per sq ft. 5 month rent free incentive.

##### Nobel Way Business Park, Dinnington

An undisclosed tenant has taken 40,339 sq ft of industrial space within Nobel Way Business Park on a new seven year FRI lease at a rental of £175,000 pa (equating to £4.35 psf) from July 2017. Two months' rent free was agreed at the start of the lease. This property comprises a new steel



framed warehouse with 6.5m eaves including office accommodation. There is a secure yard area with car parking to the front.

### Investments

#### 1 Pate Road, Melton Mowbray, Leicestershire

8,966 sq ft warehouse occupying a site of 1.88 acres let to Travis Perkins on a 15 year lease at a headline rent of £65,000 pax from September 2012 sold at auction in October 2018 for £1,400,000 resulting in a gross yield of 4.64%

#### MKM Building Supplies, John Street, Darlington

16,915 sq ft warehouse on a site of 3.02 acres let to MKM Building Supplies on a 6 year lease from November 2014 at £48,000 pax sold at auction in December 2017 for £720,000 resulting in a gross yield of 6.67%

#### 201 Woodburn Road, Sheffield

26,342 sq ft of warehouse on a total site of 1.70 acres is let to MKM Building Supplies Limited on a 15 year lease with from March 2007 with a rent of £204,813 pax wen to auction in February 2017 and did not sell. The last bid was £2,565,000 which would have resulted in a gross yield of 7.98%. It has transacted off market in August 2018 for £2,800,518 giving a yield of 7.31%

#### Plot 1 & 2 Trinity Park, Randal Way, Retford

15,066 sq ft of warehouse on a total site of 1.70 acres is let to MKM Building Supplies Limited on a 20 year lease with from February 2008 with a rent of £192,000 pax wen to auction in February 2017 and did not sell. The last bid was £2,565,000 which would have resulted in a gross yield of 7.88%.

## **16. VALUATION COMMENTARY**

Due to the size of the commercial property segment in Dinnington it was necessary for me to look further afield to find relevant transactions. I also focused on builders merchants which have sold as they typically have a similar layout (buildings on an extensive plot).

I have applied £3.50 per sq ft to the buildings as a blended rent based on the comparables listed above after an allowance for quantum and condition.

As the property sits on an extensive site I feel that an additional sum of £25,000 per annum is reasonable for an extensive yard of c 2 acres. A yard of approximately 1 acre would be reasonable with a unit of 31,000 sq ft therefore the additional acre could be fenced and let off separately in its own right for storage.

I have applied a yield of 9% to the market rent to formulate the market value with vacant possession. Due to the lack of information on the current lease I am not able to assess the value with the current tenant in place.

## **17. OTHER MATTERS**

### Market Trends

Due to the lack of industrial premises in the local, regional and at a national level I expect values to remain constant in the short term however Brexit is due at the end of October and this could have unforeseen consequences which are not foreseeable. Due to the current unknown of Brexit looking beyond the short term is impossible.

### Brexit

The UK's proposed exit from the EU is unprecedented and the extent of the effect this may have on property values cannot easily be predicted. For this reason alone, there is greater than normal uncertainty surrounding the UK economy and the property sector in general. We consider there is a greater than normal risk of an economic downturn. We advise that you should therefore factor this into any decisions based on our valuation(s).

### Date of Valuation

Our valuation is based on information known to us at the time of preparing our report and is an opinion as at the date(s) of valuation. Circumstances can change rapidly subsequently. We recommend that you ask us to reconsider our opinion of value if you intend to rely on our report later. Depending on circumstances and the time that has elapsed, we may make an additional charge for providing the additional advice.

### Recommendations

We recommend the following are obtained:

- Full report on title and title searches/local searches/utility searches
- Asbestos survey

Adverse results from the recommended reports could cause us to amend our opinion of value.

## **18. VALUATION**

### Market Value

£1,489,000 (One million four hundred and eighty-nine thousand pounds) with vacant possession.

### Market Rent

£134,000 (One hundred & thirty-four thousand pounds) per annum.

## **19. REINSTATEMENT COST ESTIMATE**

Based on BCIS Average Prices only, we recommend the property is insured for a sum of not less than £1,920,000 (One million, nine hundred and twenty thousand pounds) on a Day One Basis. We have allowed for demolition and site clearance, professional and planning fees. VAT has not been allowed for except on fees.

## **20. CONFIDENTIALITY**


This report is for the use only of the party to whom it is addressed and should only be used within the context of the instructions under which it is prepared. The Valuer accepts responsibility to the Client alone that the report will be prepared with the skill, care and diligence to be reasonably expected of a competent Chartered Surveyor, but accepts no responsibility whatsoever to any person other than the Client itself. Any such person relies upon the report at his or her own risk.

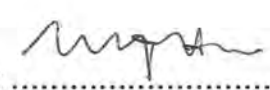
Neither the whole nor any part of this report or any reference thereto may be included in any published document, circular or statement, nor published in any way without written approval of Saxton Mee Commercial Ltd of the form and context in which it may appear.



## 21. TAXATION

For the purposes of this valuation, we state our opinion of the market value of the property with no allowance for any grants or tax allowances which may be appropriate under current legislation. In addition the figures do not take account of any present or future taxation liability which could be payable on the disposal of an asset owing to a change of use or development situation.

Signed:   
Eamonn Stones MRICS  
SMC Chartered Surveyors

Counter-Signed:   
Mike Hull MRICS  
SMC Chartered Surveyors

Date:

09/8/19

Date:

9/8/19

## APPENDIX I

### Standard Assumptions, Basis of Valuation & Background Information



1. Compliance

Our report and valuation is prepared in accordance with the RICS Valuation - Global Standards 2017 Global Edition and UK National Supplement November 2018 and the International Valuation Standards (IVS) 2017. We are an RICS regulated firm.

2. Verification of Information

We rely upon the information provided by those parties referred to in our report and should any of this information prove to be incorrect it is possible that we may have to reconsider our opinion.

3. Standard Valuation Bases - Definitions

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

Notes on Market Value

1 *Market value* is a *basis of value* that is internationally recognised and has a long-established definition. It describes an exchange between parties that are unconnected and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, at the *valuation date*, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible – fuller treatment of this particular premise of value can be found at section 140 of IVS 104.

2 It ignores any price distortions caused by *special value* (an amount that reflects particular attributes of an asset that are only of value to a *special purchaser*) or *marriage value*. It represents the price that would most likely be achievable for an asset across a wide range of circumstances. *Market rent* (see below) applies similar criteria for estimating a recurring payment rather than a capital sum.

3 In applying *market value*, regard must also be had to the requirement that the valuation amount reflects the actual market state and circumstances as of the effective *valuation date*. The full conceptual framework for *market value* can be found at paragraph 30.2 of IVS 104.

4 Notwithstanding the disregard of *special value*, where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the asset in the future, the impact of that expectation is reflected in *market value*. Examples of where the expectation of additional value being created or obtained in the future may have an impact on the *market value* include:

- the prospect of development where there is no current permission for that development and
- the prospect of *marriage value* arising from merger with another property or asset, or interests within the same property or asset, at a future date.

5 The impact on value arising by use of an *assumption* or *special assumption* should not be confused with the additional value that might be attributed to an asset by a special purchaser.

6 In some jurisdictions a *basis of value* described as 'highest and best use' is adopted and this may either be defined by statute or established by common practice in individual countries or states.

- **Market Rent (MR)**

The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Notes on Market Rent

Whenever Market Rent is provided the 'appropriate lease terms' which it reflects should also be stated.

*Market rent* will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews and the responsibilities of the parties for maintenance and outgoings will all affect the *market rent*.

- **Investment Value**

*Investment value* is the value of an asset to the owner or a prospective owner for individual investment or operational objectives.

- **Fair Value**

Valuations based on *fair value* shall adopt one of two definitions:

1. the definition adopted by the IVSC:

'The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties'.

2. the definition adopted by the International Accounting Standards Board (IASB):

'The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date'.

- **Depreciated Replacement Cost (DRC)**

DRC is a approach to valuation of an asset in order to establish its Market Value. It is usually adopted for specialised property or where there is little or no market evidence available. The International Valuation Standards define DRC as:

The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

- **Existing Use Value (EUV) [Used for inclusion in UK financial statements where property is owner-occupied by a business]**

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 the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.

- **Special Value**

Special Value can arise where an asset has attributes that make it more attractive to a particular buyer, or to a limited category of buyers, than to the general body of buyers in the market. These attributes can include the physical, geographic, economic or legal characteristics of an asset. Market Value requires the disregard of any element of Special Value because at any given date it is only assumed that there is a willing buyer, not a particular willing buyer.

Synergistic Value can be a type of Special Value that specifically arises from the combination of two or more assets to create a new asset that has a higher value than the sum of the individual assets.



When Special Value is reported, it should always be clearly distinguished from Market Value.

- **Estimate of Reinstatement Cost For Insurance Purposes**

*[NB This is not a valuation basis, but a cost estimate]*

Reinstatement cost for insurance purposes is our estimate of the likely cost of reinstating all the buildings on the following basis:

- That the accommodation provided will be similar in construction, design and area to the existing buildings.
- It is assumed that the policy is on an indemnity basis with a fully operative reinstatement clause and no special conditions. We have assumed an instantaneous basis of value and have had no regard to any variation in building costs subsequent to the date of our estimate.
- Reinstatement will be in compliance with the conditions imposed by Local Authorities in connection with the construction of the building.
- In arriving at the reinstatement value for insurance purposes an allowance has been made to cover the cost of necessary demolition prior to rebuilding.

The reinstatement cost does not include any allowance for:

- i) any loss of rent incurred during rebuilding
- ii) planning restrictions that the Planning Authority might impose
- iii) special foundations, drains and sewers, yard surfaces, private roadways, hard-standing, boundary walls and fences
- iv) all plant, machinery, equipment, tanks, fixtures and fittings, loose tools, office furniture and equipment, or items of tenant's fit out.
- v) any effect of inflation on building costs occurring after the date of valuation ('Day One' basis)
- vi) party wall works
- vii) extra costs of working
- viii) land remediation and contaminated waste costs

Following the outcome of the legal case *Bartoline v Royal and Sun Alliance Insurance plc* and another 2006, our assessment will not include for cost liabilities arising from any environmental consequences, contamination or pollution. We recommend that you consult your Insurers in respect of any specialist cover required.

Professional fees which would normally be incurred in connection with the rebuilding operations are included.

In the event of a building being destroyed either wholly or partially, the reconstruction may attract a VAT charge. We have not reflected this liability and you are advised to discuss this matter with your Insurers

#### 4. **Legal Documentation (Title Deeds and/or Leases etc)**

Unless indicated in our report, we do not inspect the Title Deeds and/or Leases and assume that all documentation is satisfactorily drawn and in terms currently prevalent on the type of document and that there are no onerous encumbrances, adverse restrictive covenants, onerous wayleaves, easements, rights of way or other unfavourable dominant rights which would materially affect our opinion.

We assume that the flank walls are party walls and that satisfactory arrangements are in existence for their repair and maintenance. We recommend that a Solicitor should comment in respect of all legal documentation.

We assume that access from public roads to development land is not restricted by legal documentation or third party rights, unless otherwise indicated in our report.

#### 5. **Status of Tenants**

We do not usually make any enquiries as to the financial status of the actual/prospective tenants and, unless otherwise noted in our report, we assume for the valuation that Tenants are not in breach of any lease covenants and are not in arrears of rent and are fully able to meet all contractual obligations under the lease.

## 6. Measurements and Floor Areas

When taken, measurements are made in accordance with RICS Property Measurement (2nd Edition) issued by the Royal Institution of Chartered Surveyors but must nevertheless be regarded as approximate. With regard to office buildings, the 6<sup>th</sup> edition of the Code of Measuring Practice no longer applies and has been replaced with IPMS: Office Buildings, which differs from the previously used Net Internal Area basis.

## 7. Condition

We inspect the property in accordance with your instructions, but we do not carry out a Building Survey as this is not within the scope of our instructions, nor do we inspect woodwork or other parts of the structures which are covered, unexposed or inaccessible. We are, therefore unable to report that any such part of the property is free from defects, unless provided with information to the contrary.

If we recommend further investigations or a building survey, our valuation may be subject to alteration once the results of such investigations or survey are known.

We cannot express an opinion about or advise upon the condition of un-inspected parts and this report should not be taken as making any implied representation or statement about such parts.

We do not test any of the drains or other services. Unless specifically stated otherwise, for the purpose of this valuation we assume that they are all operating satisfactorily and no allowances have been made for replacement or repair.

We have regard to the general condition of the property as observed by us during our inspection and reflect in our valuation any defects and items of disrepair noted.

When valued with vacant possession:

Our valuation assumes that all damage caused by the removal of plant, machinery, fixtures and fittings etc will be made good prior to sale.

Unless you specifically instruct us to do so, we do not arrange for any investigation to be carried out to determine whether any deleterious 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 from risk in this respect. Unless otherwise stated in our report, we assume that such investigation would not disclose the presence of any such material to any significant extent.

It is assumed that normal periodic maintenance will be carried out to maintain the property in a state of repair fit for its present use.

Unless specifically stated in our report, it is assumed that the condition of the property at the date of valuation is identical to that found at the date of our inspection.

## 8. Town Planning

We have made informal enquiries of the local planning and highway authorities and the information provided is assumed to be correct.

Unless otherwise stated in our report:

- all planning information has been given verbally and we have not examined any entries in the planning register. In the absence of further information, we have assumed that the uses being carried out in each of the properties is an authorised planning use and that the buildings have been erected with full planning permission.
- no formal search has been instigated and if reassurance is required we recommend that verification be obtained from your solicitors that the position is correctly stated in our report,



that the property is not adversely affected by local authority proposals or requirements and that there are no outstanding statutory notices.

- we have assumed that the properties and their value are unaffected by any matters which will be revealed by a local search and replies to the usual enquiries or by any statutory notice and that neither the properties nor their condition nor their present or intended uses are or will be unlawful.
- we have assumed that each property has full unconditional consent for the stated use and development described within.

If appropriate, we recommend that your solicitors should check this information by taking out a local search and we would be pleased to advise further upon receipt of the confirmation of these details.

Following the Planning and Compulsory Purchase Act 2004, the old plan-making system is being replaced by Local Development Frameworks (LDF). The LDF is not a single document or plan; rather, it is a suite of documents that combine to form the development plan for the area. The principal document is the Core Strategy, which sets the overall planning policy approach, which is supported by various Development Plan Documents (DPDs) for specific issues, such as site allocations.

**9. Rating**

We will check the website of the Valuation Office Agency for the current rating assessment.

Before April 2008 most types of empty property were subject to rates at 50% of the normal charge. With effect from 1<sup>st</sup> April 2008 the empty property rate has changed from 50% to 100% of the basic occupied business rate, after initial void periods have elapsed. For most properties, excluding industrial, the void period is 3 months. For industrial properties, the void period is 6 months. Prior to this change, industrial properties had an indefinite period of 100% relief.

**10. Ground Conditions**

We do not carry out any soil tests or make any other investigations. Unless we are provided with investigation reports by suitably qualified experts, we are not able to offer any opinion as to the suitability of the site for the existing/proposed buildings, or as to the existence or likelihood of any contamination. In the absence of third party reports, we will assume that ground conditions are satisfactory. If we recommend further investigations, our preliminary assumption will be that there are no adverse ground conditions, which may have to be amended once the relevant reports are available.

**11. Plans**

A Plan/Plans for identification purposes only and based upon the Ordnance Survey Sheet is/are attached. The reproduction of the Ordnance Survey Sheet has been sanctioned by the Controller of Her Majesty's Stationery Office Crown Copyright Reserved.

**12. Dwellings**

(Houses and Flats)

Unless specifically mentioned in our report, our valuation does not take into account any rights, obligations or liabilities whether prospective or accrued under the Defective Premises Act 1972.

**13. Site Areas**

The site areas are computed from the Ordnance Survey Sheet and not from a physical site survey and must be regarded as approximate.

**14. Fixtures and Fittings [except where valuing using the profits method, ie as a going concern]**

We exclude all items in the nature of tenants' fixtures and fittings, plant and machinery and we include in our valuation the following:

The electric wiring for lighting and power from the distribution board to wall and ceiling points. The gas supply from the meter to the central heating boiler and other appliances.

Drains for both surface water and foul water and their connection to the sewer.

Boiler and associated plant and machinery including fuel tanks, pipes and fittings (radiators and unit fan heaters that are used primarily for supplying or using steam or hot water for space heating and other non-process purposes).

Hydrants, pumps and main sprinkler systems, smoke detectors and fitted fire and burglar alarm systems.

Rails and supporting gantries for overhead travelling cranes, where they form an integral part of the building.

**15. Insurance**

Capital Values quoted are not appropriate for insurance purposes which should be calculated on a reinstatement or indemnity basis.

**16. Taxation and Disposal Costs**

Our valuation does not take into account any expense which would be incurred in realisation nor any possible tax liabilities including Capital Gains Tax and Value Added Tax.

**17. Statutory Regulations**

Unless otherwise mentioned in our report, we assume the property has, if appropriate, a relevant Fire Certificate, that it complies with the requirements under the Shops, Offices & Railway Premises Act 1963, Factory Acts, Disability Discrimination Act 1995 and Equality Act 2010 as far as they are applicable. In addition, we assume that the property is not affected by any outstanding Statutory Notice or other Contractual Notice which might restrict the use or affect value.

**Fire Legislation** - As from 1 October 2006 the Regulatory Reform (Fire Safety) Order 2005 came into force in England and Wales. Under this Order, fire certificates are no longer issued and existing certificates have been superseded by Risk Assessments. A Risk Assessment is now to be carried out by a 'Responsible Person' as defined within the Order. The findings of any risk assessment must be recorded in writing where more than five or more persons are employed or the premises are licensed or there is an alterations notice.

Further information on the regulations may be found at [www.fire.org.uk](http://www.fire.org.uk).

**Discrimination** - The Equality Act 2010 makes it unlawful for service providers to treat disabled people less favourably because they are disabled (unless there is a clear and fair reason) in relation to their access to their place of employment or education; their access to goods, services and facilities (although note that where private clubs are concerned, only those with 25 or more members are required to be compliant with the Act) and their access to the functions of public bodies.

Employers, educators and service providers must all make *reasonable* adjustments for disabled people to be able to access and use property they have a right or need to visit; this is not restricted to physical access.

Where a temporary or permanent physical feature makes it impossible, or unreasonably difficult, for disabled customers to make use of a service or place of education or work, the provider has to take reasonable measures to remove the feature; alter it so that it no longer has that effect; provide a reasonable means of avoiding the feature; or, provide a reasonable alternative method of making the service available to disabled people.

The test of reasonableness is about what is practical in the service provider's individual situation; what resources they might have (and the amount of any resources already spent on making adjustments); whether taking any particular measures would be effective in overcoming a particular difficulty; the extent to which it is practicable for the service provider to take the measures; the extent of any disruption which taking the measures would cause.

**18. Asbestos and Composite Panel Cladding**

**Asbestos** - This material was regularly used from 1960s to 1980s. The cost of maintenance, alteration and repair of any building where asbestos is present can be significantly increased because of the need



to take appropriate precautions under The Control of Asbestos Regulations 2012. This in turn may impact value.

The duty to manage asbestos is contained in regulation 4 of the Control of Asbestos Regulations 2012. It requires the person who has the duty (ie the 'dutyholder') to:

- take reasonable steps to find out if there are materials containing asbestos in non-domestic premises, and if so, its amount, where it is and what condition it is in
- presume materials contain asbestos unless there is strong evidence that they do not
- make, and keep up-to-date, a record of the location and condition of the asbestos-containing materials - or materials which are presumed to contain asbestos
- assess the risk of anyone being exposed to fibres from the materials identified
- prepare a plan that sets out in detail how the risks from these materials will be managed
- take the necessary steps to put the plan into action
- periodically review and monitor the plan and the arrangements to act on it so that the plan remains relevant and up-to-date
- provide information on the location and condition of the materials to anyone who is liable to work on or disturb them

There is also a requirement on others to co-operate as far as is necessary to allow the dutyholder to comply with the above requirements

**Composite Panel Cladding** - If the property has composite panel cladding, this may have implications for insurance and valuation purposes and our understanding of the position is set out below.

Building insurers are currently taking a pessimistic view of the use of composite cladding panels in construction. This is due to the nature of some of the composite panels, particularly those involving polystyrene which are highly combustible and can become unstable in the event of a fire. Additionally, fire may spread through these panels extremely quickly. This has led to fire fighters becoming reluctant to tackle buildings made of any composite panels other than from the outside unless there is a danger to life – this can result in total loss to the insurer.

Many insurance companies are now requesting confirmation from the building owner/insured as to whether composite panels have been used and if so what make they are and whether they are approved for use by the Loss Prevention Council (LPC), it being virtually impossible to tell from external inspection only. This may lead to the insurer charging considerably higher premiums for buildings with composite panels used in their construction or requiring replacement of the panels.

Unless stated otherwise, we have assumed for the purposes of our valuation report that the panels are 'Loss Prevention Council' compliant. If this is subsequently found not to be the case then this may affect the valuation figures reported herein.

#### 19. Contaminative Invasive Species

The three main non-native invasive plant species in the UK are Japanese Knotweed (*Fallopia japonica*), Himalayan (Indian) Balsam or purple sticky (*Impatiens glandulifera*) and New Zealand Pygmyweed (*Crassula Helmsii*). Other notifiable plants and weeds include giant hogweed, ragwort and azolla.

Japanese knotweed in particular is a rampant non-native invasive species which can cause physical damage to buildings and hard surfaces. Under s.14(2) of the Countryside and Wildlife Act 1981 it is an offence to cause this plant to grow in the wild and failure to dispose of any material containing Japanese knotweed may also result in prosecution under this Act and under ss.33 and 34 of the Environmental Protection Act 1990.

#### 20. Flooding

**Flood Risk** - the Environment Agency website uses indicative Flood Plain maps to provide a general overview of areas of land in natural flood plains and therefore potentially at risk of flooding from rivers or sea. The maps use the best information currently available, based on historical flood records

and geographical models and indicate where flooding from rivers, streams, water courses or the sea is possible.

The information relating to the likelihood of flooding is the Environment Agency's assessment of the likelihood of flooding from rivers and the sea at any particular location, based on the presence and effect of all flood defences, predicted floor levels, and ground levels. The probability or likelihood of flooding is described as the chance that a location will flood in any one year.

Further information regarding flood maps and their accuracy can be obtained from [www.environment-agency.gov.uk](http://www.environment-agency.gov.uk).

**Drainage** – surface water run off flooding, known as 'pluvial' flooding, at times of prolonged, exceptionally heavy downpours of rain, is becoming increasingly frequent given surrounding drains and sewers are not always able to cope. It can be made worse in urban areas where the ground consists mostly of hard surfaces, such that the rain flows straight off rather than soaking away. Rising groundwater levels resulting from heavier rainfall and reduces abstractions can also present problems.

Detailed Flood Risk Surveys do not currently form one of the mandatory searches undertaken by solicitors at the time of property purchase.

Further information can be found within the RICS publication "A Clear Guide to Flooding for Property Owners."

**21. Energy Performance Certificates (EPCs) and Display Energy Certificates (DECs)**

EPCs and DECs contain information about the energy performance of a building. Our valuations assume that EPCs/DECs would be provided on sale or letting, unless not required by current legislation.

From 1 April 2018 it became unlawful to let a property for more than six months or less than 99 years, if the property has an F or G-rating (with some exceptions and exemptions).

**22. Contaminated Land**

We have not been instructed to make any investigations in relation to the presence or potential presence of contamination in land or buildings. We have assumed that if investigations were made to an appropriate extent, then nothing would be discovered sufficient to affect value. We have not carried out any investigation into past uses, either of the property or any adjacent land, to establish whether there is any potential for contamination from such uses or sites and have therefore assumed that none exist.

In practice, purchasers in the property market do not make such an assumption about contamination and a purchaser of this property would be likely to require appropriate investigations to be made to assess any risk before completing a transaction. Should it be established that contamination exists, this might reduce the value now reported.

**23. Aggregated or Total Valuation**

The value of each property is used to arrive at the total value. It is envisaged that the properties would be marketed singly or in groups over an appropriate period. If all the properties were to be sold as a single lot the realisation would not necessarily reach the total of our valuation.

**24. Reproduction and Use**

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Neither the whole nor any part of our valuation or report or any reference thereto may be included in any published document, circular or statement or published in any way without written approval of Saxton Mee Commercial Ltd of the form and context in which it may appear.



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## APPENDIX II

### Land Registry Title Plans

H.M. LAND REGISTRY		TITLE NUMBER	
		<b>SYK 394704</b>	
ORDNANCE SURVEY PLAN REFERENCE	SK 5185	SECTION C	Scale 1/2500 Enlarged from 1/2500
COUNTY SOUTH YORKSHIRE	DISTRICT ROTHERHAM	© Crown copyright 1987	



This is a print of the view of the title plan obtained from HM Land Registry showing the state of the title plan on 11 July 2018 at 17:30:52. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

This title is dealt with by HM Land Registry, Nottingham Office.

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