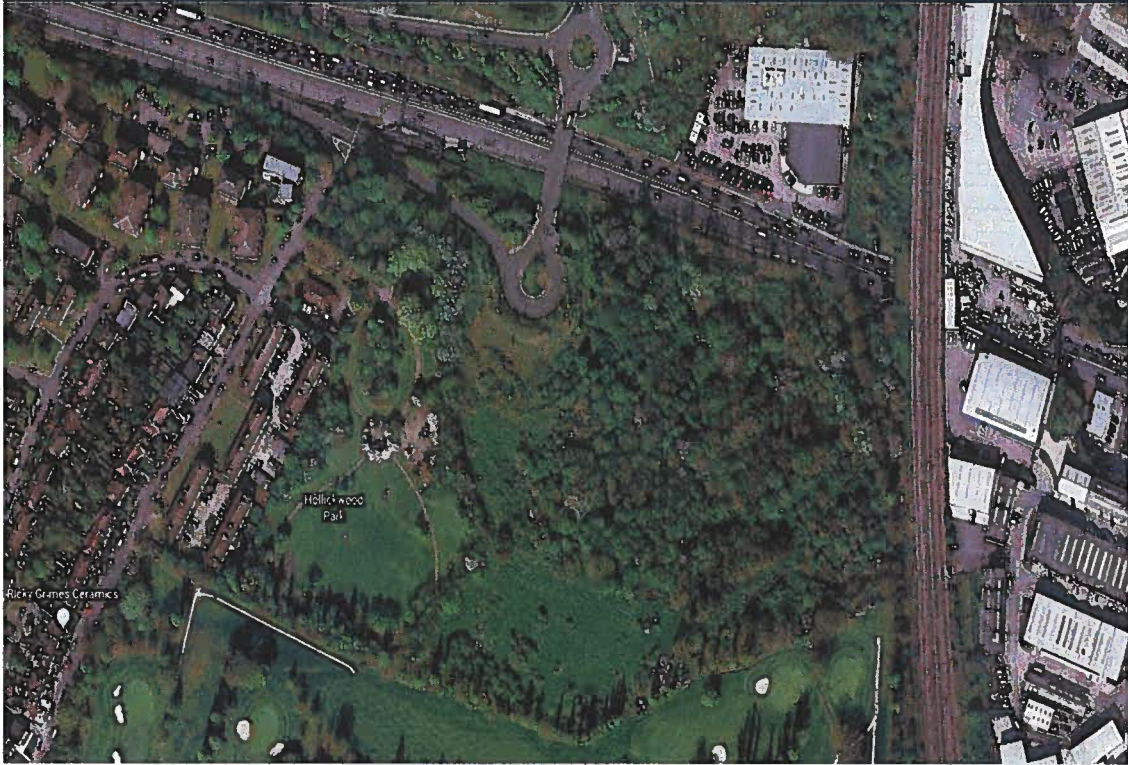

Report & Valuation

Land at Pinkham Way, London N11 3UT



**Report & Valuation
Land at Pinkham Way, London N11 3UT**



20 June 2018

Ref: CHMI409963

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For the attention of [REDACTED]

Dear Sirs

ADVICE ON VALUE: LAND AT PINKHAM WAY, LONDON N11 3UT

In accordance with our Contract for Property Consultancy Services dated 7th July 2015 and our agreed Task Form dated 24th January 2018, we have inspected the Property and made such enquiries as are sufficient to provide you with our opinion of value as stated below. A copy of the Task Form 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.

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

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
RICS Registered Valuer
Associate Director

[REDACTED]
[REDACTED]
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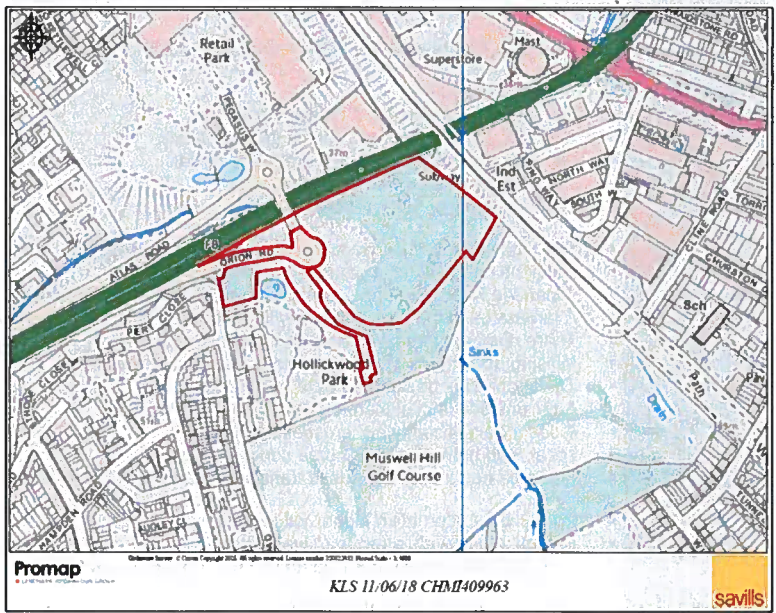
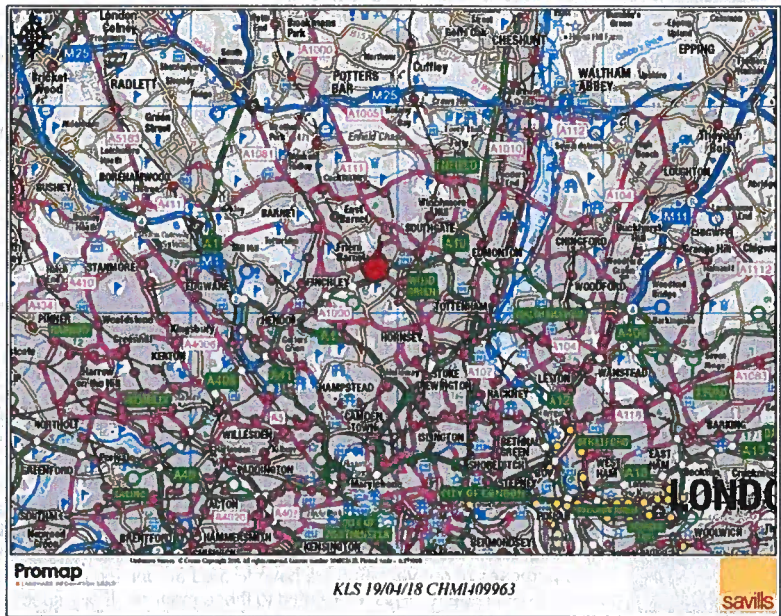


Contents

1.	Executive Summary	1
1.1.	Instructions	4
2.	The Property, Statutory & Legal Aspects	6
2.1.	Location	7
2.2.	Description	7
2.3.	Condition	10
2.4.	Environmental Considerations	10
2.5.	Town Planning & Other Statutory Matters	12
2.6.	Taxation	15
2.7.	Tenure	15
3.	Market Commentary	17
3.1.	Macro-Economic Overview	18
3.2.	Property Market Overviews	18
4.	Valuation Advice	20
4.1.	Valuation Methodology	21
4.2.	Approach to Valuation	24
4.3.	Valuation	27
5.	General Assumptions and Conditions	28
5.1.	General Assumptions	29
5.2.	General Conditions	30
	Appendices	32
	1. Terms of Business (Task Form)	
	2. MPA Economic & Market Briefing	
	3. Residential Development Advice	
	4. Schedule of Sale Evidence	
	5. Valuation Calculations	



1. Executive Summary





Address	Land at Pinkham Way, London N11 3UT						
Use	Previously used as a landfill and sewage treatment works. Currently unused.						
Location	Located at the northwest boundary of LB Haringey.						
Description	Uneven land, extending to approximately 4.79ha / 11.83 acres, comprising dense trees, grassland and other vegetation. Also present are fly tipped materials including abandoned cars and concrete lamp posts.						
Tenure	Freehold						
Site Area (Approx.)	<table border="1"> <tr> <td>Sq M</td> <td>47,900</td> <td>Ha</td> <td>4.79</td> <td>Acres</td> <td>11.83</td> </tr> </table>	Sq M	47,900	Ha	4.79	Acres	11.83
Sq M	47,900	Ha	4.79	Acres	11.83		
Planning	The Property is allocated for 'employment use' in the Local Plan and waste use in the draft Waste Plan. There is no extant planning permission.						
Environmental	<p>The Property was previously used as a landfill and sewage treatment works. We have not been provided with environmental reports for the Property however in view of these previous uses, land contamination will exist. In addition, a large section of the Property lies within Flood Zone 2 & 3 and we are informed that invasive plant species (Japanese Knotweed and Giant Hogweed) are present.</p> <p>We have made an allowance for contamination, flooding and invasive plant species based on very limited information. The value is directly affected by these environmental issues but bidders may treat these issues differently and accordingly for the purposes of our valuation we have formed an opinion of the market's broad perception of the general issues related to these matters. If any specific issues are brought to our attention following this Report, we reserve the right to review our valuation.</p>						
Fair Value	£ 14,100,000 (Fourteen Million, One Hundred Thousand Pounds)						
Strengths	<ul style="list-style-type: none"> ▪ Very good location ▪ Existing access onto local highway network ▪ Allocated for 'employment use' in the Local Plan ▪ Allocated for waste use in the draft Waste Plan ▪ Existing demand for this type of property ▪ Limited supply of this type of property 						
Weaknesses	<ul style="list-style-type: none"> ▪ The land is uneven and overgrown with dense vegetation ▪ Previous uses will have caused land contamination ▪ Japanese Knotweed and Giant Hogweed identified at the Property ▪ A large area of the Property lies within Flood Zone 2 and Flood Zone 3 ▪ There does not appear to be extant planning permission ▪ Missing documents of some previous planning permissions ▪ The Property is designated SINC Grade 1 ▪ Adjacent land is designated Metropolitan Open Land ▪ A 'locally significant view' crosses the Property ▪ Local road network can become congested ▪ The area has a very low public transport accessibility level 						
Opportunities	<ul style="list-style-type: none"> ▪ Potential for alternative higher value uses ▪ Potential to provide a range of waste uses ▪ Well placed to benefit from waste market improvements 						
Threats	<ul style="list-style-type: none"> ▪ General property market instability ▪ Land remediation could be substantial ▪ Unknown site preparation works to accommodate surface development 						



1.1. Instructions

1.1.1 Instructions and Basis Of Valuation

In accordance with our Contract for Property Consultancy Services dated 7th July 2015 and our agreed Task Form dated 24th January 2018, we have inspected the Property and made such enquiries as are sufficient to provide you with our opinion of value as stated below. A copy of the Task Form is enclosed at **Appendix 1**.

Our valuation has been provided on the following basis as defined in the Red Book:

Fair Value [VPS4 (1.5)]

We have adopted the International Accounting Standards Board (IASB) IFRS 13 definition:

"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"

1.1.2 General Assumptions and Conditions

Our valuation has been carried out on the basis of our General Assumptions and Conditions noted at Section 5 and on the Task Form.

1.1.3 Date of Valuation

The date of the valuation is 31st March 2018. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

1.1.4 Purpose of Valuation

We understand our valuation is required for Authority Group accounts purposes.

1.1.5 Conflicts of Interest

We are not aware of any conflict of interest preventing us from providing you with an objective, unbiased valuation of the Property in accordance with the RICS Red Book.

1.1.6 Valuer Details and Inspection

The Property has been valued and the Report prepared by [REDACTED] MRICS and [REDACTED] MRICS MIQ and peer reviewed by [REDACTED] MRICS MIQ MCIWM. All are RICS Registered Valuers, have the necessary expertise and experience to advise in relation to this Property and satisfy the requirements of the RICS Red Book.

The Property was inspected by [REDACTED] on 7th March 2018. We were able to inspect most of the Property but as a result of uneven ground and dense vegetation in places, we were limited to those areas that were visible or easily accessible.



1.1.7 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.

1.1.8 Liability Cap

This is in accordance with Contract for Property Consultancy Services dated 7th July 2015 and our agreed Task Form dated 24th January 2018.

1.1.9 RICS Compliance

This Report has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation – Professional Standards 2017 (the "RICS Red Book") published in June 2017 and effective from 1 July 2017, in particular in accordance with the requirements of VPS 3 entitled Valuation Reports. The valuation reports 'Fair Value' but as instructed by you will not be separated into 'land' and 'buildings.'

1.1.10 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 with any matters in this regard referred to in the relevant sections of this Report.

1.1.11 Confidentiality and Responsibility

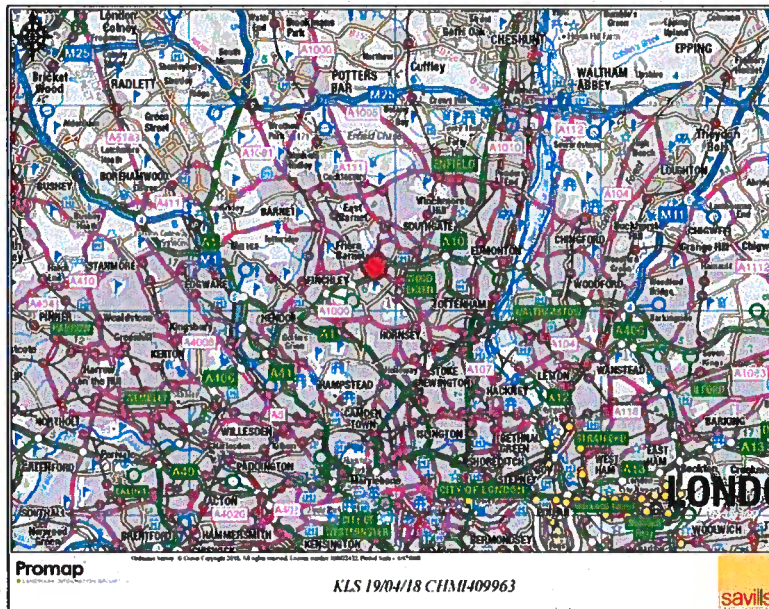
Finally, in accordance with the recommendations of the RICS, we would state that this Report is provided solely for the purpose stated above. It is confidential to and for the use only of the party to whom it is addressed only, and no responsibility is accepted to any third party for the whole or any 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.



2. The Property, Statutory & Legal Aspects

2.1. Location

The Property is located within the north west boundary of the London Borough of Haringey, in close proximity to a range of property uses. The Pinkham Way section of the North Circular Road is to the north of the Property and beyond this is Friern Bridge Retail Park. A mainline railway into Kings Cross runs along the eastern boundary of the site, Muswell Hill Golf Club is located to the south and to the west are Hollickwood Park and residential development along Alexandra Road. The approximate location of the Property is marked red on the plan below.

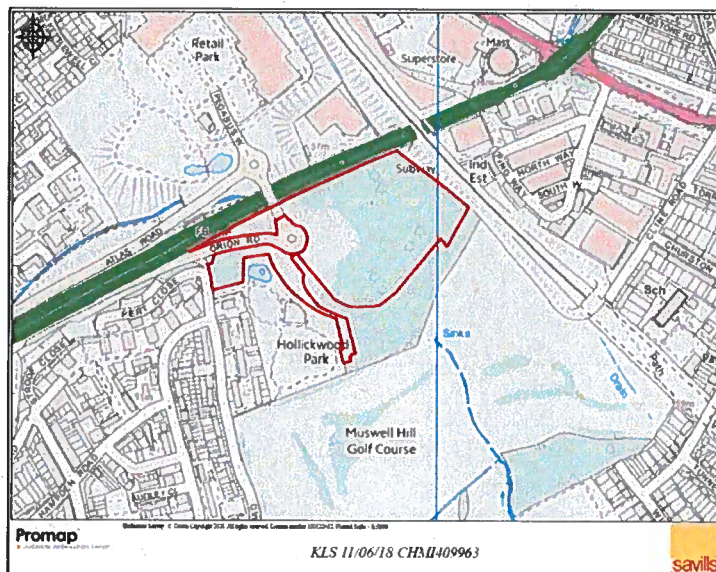


Access is taken from the north via the roundabout at Orion Road which connects into Pinkham Way / North Circular (A406). This provides onward access to national road networks, including the M1 (J1 is approximately 6 miles to the west) and the M11 (J4 is approximately 8 miles to the east.) Local road connections are very good however congestion occurs at peak times.

2.2. Description

We understand the Property was a landfill prior to operating as 'Friern Barnet Sewage Treatment Works.' The sewage treatment works closed in 1963 and the Property has remained non-operational. NLWA purchased the Property in 2011 and earmarked it for waste related use.

The Property, of approximately 4.79 ha / 11.83 acres, comprises uneven land and is primarily covered by dense trees, grassland and other vegetation. Old vehicles, concrete lamp posts and other fly-tipped materials are also located across the site. The land is generally uneven and on the whole slopes from the south west to the north, the land adjacent to the North Circular being at the lowest point. Pegasus Way Bridge crosses part of the Property to the north and your ownership excludes the bridge itself, but includes the land below. The Property is predominantly enclosed by steel palisade fencing and a soil bund by the entrance at Orion Road roundabout was constructed to deter fly tipping. The Property is outlined red on the plan below:



The following photographs of the Property and the immediate surroundings were taken during our inspection:



Orion Road Roundabout



Site Entrance (from inside the site)



North Circular



Internal Bund



Northern Boundary by North Circular



View north towards Friern Barnet Retail Park



Southern Boundary



View west towards Alexandra Road



An example of discarded street lamps



An example of discarded cars

2.2.1 Services

We understand that the Property does not benefit from mains water, electricity, or sewerage connections. As nearby land is developed we assume that if the Property is not currently connected to mains services, connection is possible without undue expense. We have not tested any services and we assume there are no defects or issues which could have a detrimental effect on our valuation.

2.3. Condition

2.3.1 General Condition

As instructed, we have not carried out a ground or structural survey and our comments are limited to general observations which were restricted due to those parts of the Property which were accessible. There are no buildings on site and any that previously existed as part of previous uses have been demolished. The land, which is uneven, is overgrown in places with dense vegetation and there is evidence of historic fly tipping.

Our comments on condition do not constitute a ground or structural survey report and should not be interpreted or relied upon as such.

2.4. Environmental Considerations

2.4.1 Contamination

As instructed we have not carried out a ground or environmental audit, survey or soil test, nor have we been supplied with copies of any environmental reports in relation to the Property. We have been provided with a copy of a previous valuation report (July 2014) undertaken by Wilks Head and Eve, which states the site "in part, is contaminated."

Without access to a recent survey report we cannot comment further other than to state that in view of previous uses of the Property, land contamination will exist. *We have made an allowance for contamination based on our subjective judgement and with the benefit of only very limited information. The value is directly affected by contamination issues but bidders may treat the issue differently and accordingly for the purposes of our valuation we have formed an opinion of the market's broad perception of the general issues related to this past use. If any specific issues are brought to our attention following this Report, we reserve the right to review our valuation.*

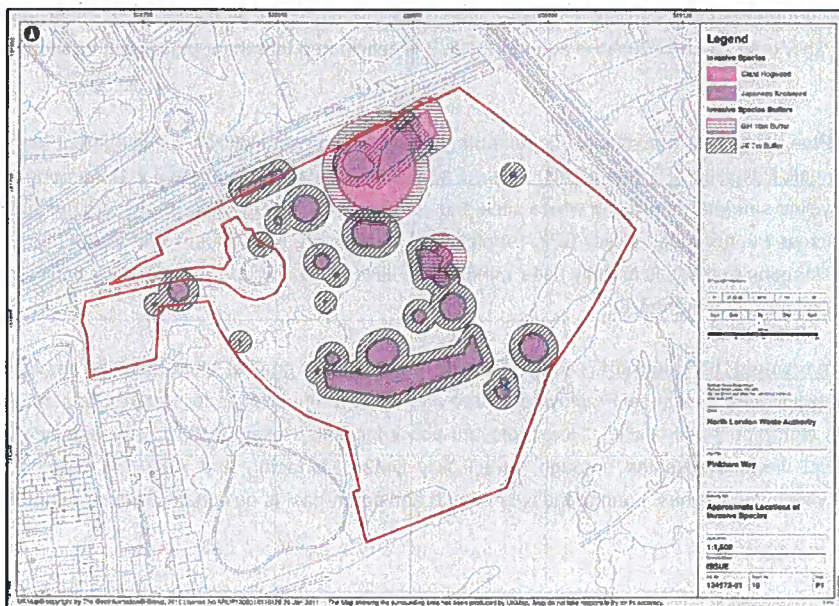
2.4.2 Historic Landfill

We have reviewed the Environment Agency (EA) online Historic Landfill Register for this location and this confirms the Property (along with land to the north at Friern Bridge Retail Park) comprises historic landfill operations. An Environmental Permit or Waste Management Licence is required to operate a landfill however it is likely this has been surrendered as the EA online Public Register records no extant Permit or Licence for the Property.

We have contacted the EA who confirm that historic landfill operations are evident at and around the Property but we have been unable to obtain additional information about this.

2.4.3 Invasive Species

You have provided us with a report titled "Treatment of Invasive Species at Pinkham Way" dated July 2013. This report notes that invasive plant species Japanese Knotweed and Giant Hogweed have colonised part of the Property. Under the Wildlife and Countryside Act 1981 it is an offence to plant, keep, sell or otherwise cause invasive species to grow in the wild. The invasive species and relevant buffer zones are shown on the plan below which has been copied from the 2013 report. We measure the total affected area of the Property to be approximately 1.5 ha / 3.7 acres.





Relevant Government guidance states that, subject to securing appropriate consents from Natural England and/or the EA, invasive species can be treated by spraying, burning, burying on-site or disposing off-site.

In light of there being no recent survey of the Property to advise of an appropriate disposal strategy and associated costs, we have made an allowance for the presence of invasive species based on our subjective judgement, with the benefit of very limited information. The value is directly affected by the presence of invasive species but bidders may treat the issue differently and accordingly for the purposes of our valuation we have formed an opinion of the market's broad perception of the general issues related to this. If any specific issues are brought to our attention following this Report, we reserve the right to review our valuation.

2.4.4 Flood Risk

The EA online Flood Risk Assessment indicates that a large area of the Property is within Flood Zone 2 and Flood Zone 3, which represents "medium" and "high" probabilities of flooding (from rivers or seas), respectively. The remainder of the Property (primarily to the west) is within Flood Zone 1 which has a "low" probability of river or sea flooding. A Flood Risk Assessment will be required prior to development on land that is within a Flood Zone 2 or 3.

2.5. Town Planning & Other Statutory Matters

2.5.1 Planning Policy

The London Plan 2016 outlines overall regional strategic policies for London, setting out a fully integrated economic, environmental, transport and social framework for the development of the capital to 2036. In respect of waste management the Mayor recognises the need for net self-sufficiency (manage 100% of London's own waste by 2026) and specifies recycling targets and treatment requirements for each local authority. The recycling target for Municipal Solid Waste (MSW) is 45% by 2015; and 50% by 2020. A new London Plan was published for consultation earlier this year. Comments will be reviewed by an independent Planning Inspector at an Examination in Public in autumn 2018. It is anticipated that the replacement London Plan will be adopted in autumn 2019.

LB Haringey's Local Plan comprises a number of documents, including Strategic Policies, Development Management DPD and Site Allocations. Strategic Policies (2017 alterations) sets out spatial strategy for development in the borough up to 2026. Policy SP6: Waste and Recycling safeguards existing waste sites and consequently the Site Allocations DPD (July 2017) safeguards 7 existing waste sites across the borough. Policy SP8: Employment controls the type of uses that would be acceptable in a Local Employment Area designation and this is broadly uses within 'Use Class B.' The Property is not an 'existing waste Site' however it is designated as a 'Local Employment Area.'

The Development Management DPD (July 2017) sets out criteria based policies against which planning applications are assessed. The Property has dual allocation as a Local Employment Area and a Site of Importance for Nature Conservation (SINC) Grade I, the latter to reflect its high biodiversity value. Other relevant policy includes Policy DM5: Locally Significant Views and Vistas which seeks to protect views across the borough; and Policy DM24 Managing and Reducing Flood Risk which controls development on land within flood zones. Land to the west, south and south-east is designated Metropolitan Open Land.

You have provided us with a copy of Ove Arup & Partners Ltd.'s Planning Potential Report (February 2018) (PPR18), a planning summary of the Property in relation to potential development to alternative uses. The following findings of the report are relevant to our valuation:

- Policy SP8 provides a broad definition of **employment use** across 'Use Class B' however as this site is 'out of town' with low level of public transport accessibility it is less suitable for B1 office use. Therefore industrial type uses within 'Use Class B' are likely to be more acceptable in planning terms.
- Policy SP10 commits policy to a 'Town Centre First' approach in relation to delivery of new **retail** floorspace. To override this requirement a 'sequential test' will be required. *We understand a 'sequential test' has not yet been undertaken and therefore for the purposes of our valuation we assume the Property would be unsuitable for retail use.*
- Policy DM5 identifies **locally significant views** in the borough, including a view crossing the Property, from the north towards Alexandra Palace. Development should make a positive contribution to the characteristics and composition of the local view and minimise obstructions. This could impact on the design and height of a proposed development.
- Policy DM10 in relation to **housing** states the site would be regarded as a windfall application as it does not have a housing allocation. Windfall residential sites that meet wider Local Plan and London Plan objectives could be acceptable if it is demonstrated that 'employment' is not a viable use for the Property.
- Policy DM19 sets out the approach to development on land with nature conservation value. The site is designated as **SINC Grade 1** which is the highest grade of the ecological designation and consideration towards appropriate mitigation will be required. The site's dual designation (along with 'employment use') should prevent the site from being sterilised by the SINC Grade 1 designation. Residential use may offer the ability to more sensitively address mitigation measures than employment use development.
- Policy DM20 establishes the Property is adjacent to **Metropolitan Open Land**, which is to the west, south and south east of the Property. Any proposal will need to demonstrate that it does not adversely impact upon that designation.
- Policy DM23 is in relation to **environmental protection** and the site's proximity to the North Circular and potential air quality impacts that arise as a result would have a greater impact on residential uses than employment uses. It is unlikely that development would be permitted in the very north of the property.
- Policy DM24 is in relation to **flood risk** and vulnerable land uses (such as residential use) should be directed towards Flood Zone 1 as much as possible. A large area of the Property is within Flood Zones 2 and 3.

The seven North London Boroughs of Barnet, Camden, Enfield, Hackney, Haringey, Islington and Waltham Forest have postponed further consultation on the draft North London Waste Plan to concentrate on the Crossrail 2 scheme which could affect existing and proposed waste sites in the Lee Valley. When adopted the emerging Waste Plan will set out the planning framework for waste management, using a mix of facilities, for the next 15 years. The draft Waste Plan seeks to ensure sufficient land is allocated for waste management facilities capable of dealing with 2,341,000 tpa by 2020 (MSW and C&I waste). The draft Waste Plan allocates and safeguards the Property along with land to the south of the Property, for waste use. Potential waste uses likely to be acceptable at the Property through the draft Waste Plan are waste transfer, processing, recycling and internal composting. Conversely, waste to energy uses such as gasification or anaerobic digestion are unlikely to be acceptable.



In summary, the Property is designated as a Local Employment Area and industrial based 'employment uses' are likely to be the most acceptable in planning terms. The Property is also an allocated waste site through the draft Waste Plan. As a result of the existing employment designation, it is likely that any alternative use should still accommodate some employment use at the site. Significant work could be required to demonstrate that the site is no longer required or viable for employment or waste use. PPR18 concludes "there is sufficient support for residential development" and therefore employment, waste and residential uses appear to be the most likely uses, in planning terms, at the Property. That said, there are significant environmental designations and other constraints at the Property which would further limit the deliverability of these potential uses.

2.5.2 Planning Permissions

From our online enquiries of the planning authority's website and from PPR18, we note that a number of planning applications have been made in relation to the Property. Relevant planning applications are listed in the table below:

Planning Reference	Date	Description	Status
HGY/2014/1060	21/08/2014	Approval of details pursuant to Condition 3 (walk over survey) of planning ref HGY/2013/0847.	Approved
HGY/2013/0847	23/09/2013	Tree works	Approved
HGY/2000/0959	24/09/2001	Outline application for the erection of a warehouse club building for the sale of goods (including use within Class A3) together with fitting bay, new access, car parking and landscaping	Withdrawn
HGY/1998/0026	10/11/1998	Outline application for residential development, access onto Alexandra Park, of approximately 5.91 hectares with relocation of existing park	Refused
HGY/1994/1296	10/01/1995	Renewal of outline planning permission for the construction of part of a roadbridge (Pegasus Way bridge) together with associated carriageway works	Approved
OLD/1989/1587	07/02/1989	21/7/88 Erection of industrial warehousing & ancillary parking	Approved

We have not had sight of all planning application documents or decision notices for this Property. Most recently consent was issued for tree felling and associated works at the Property which we understand has been completed. Planning reference HGY/1994/1296 granted consent for the Pegasus Way Bridge located to the north of the Property which has been implemented. Planning reference OLD/1989/1587 granted consent for industrial warehousing but was not implemented and a later application, HGY/2000/0959, lodged by Costco to develop an industrial building was withdrawn. Planning reference HGY/1998/0026 for residential development was refused. We have not had sight of any planning permission for the Property to be used as a landfill or sewage treatment works. The online resource of the planning authority notes there is no enforcement notice at the Property.

In summary the Property does not appear to have extant planning permission.

2.5.3 Other Planning Designations

The Local Plan Policies Map designates the Property as a SINC Grade 1. Land to the west, south and south-east is designated as Metropolitan Open Land and the railway line and embankments to the east is an ecological corridor. A Locally Significant View transects the Property. We have reviewed the 'MAGIC' land use designation website and confirm there are no other landscape designations that would impact upon our valuation. Similarly, no listed buildings, scheduled monuments or heritage sites etc. within or near the site are recorded by English Heritage on their online website resource.

2.5.4 Transport

LB Haringey Highways Division has confirmed through its Highways Register that Orion Road and Pegasus Way are adopted highways. We have not had sight of a plan and we assume that the Property enjoys free, unencumbered access directly onto the local adopted highways and there are no proposed local highways proposals that would materially affect our valuation.

PPR18 comments that Transport for London's online Public Transport Accessibility Level (PTAL) shows the area scores between 1a and 2 (to the west). This is a very low PTAL rating and is likely to affect the likelihood and/or density of some potential uses for the Property. It is likely that a developer will be required to financially contribute towards transport and local highways upgrades. We would expect highways works (and therefore the developer's financial contribution) would be greatest for residential development.

Crossrail 2 is a new underground line proposed to bisect London from north to south. An area immediately to the east of the Property along the mainline railway has been safeguarded to accommodate construction of the new Crossrail 2 line. The area currently safeguarded does not appear to encroach onto the Property.

2.6. Taxation

2.6.1 Rates

There appears to be no entry in the current valuation list for the Property.

2.6.2 VAT

We have not been advised if the Property is elected for VAT. Our valuation is exclusive of VAT.

2.7 Tenure

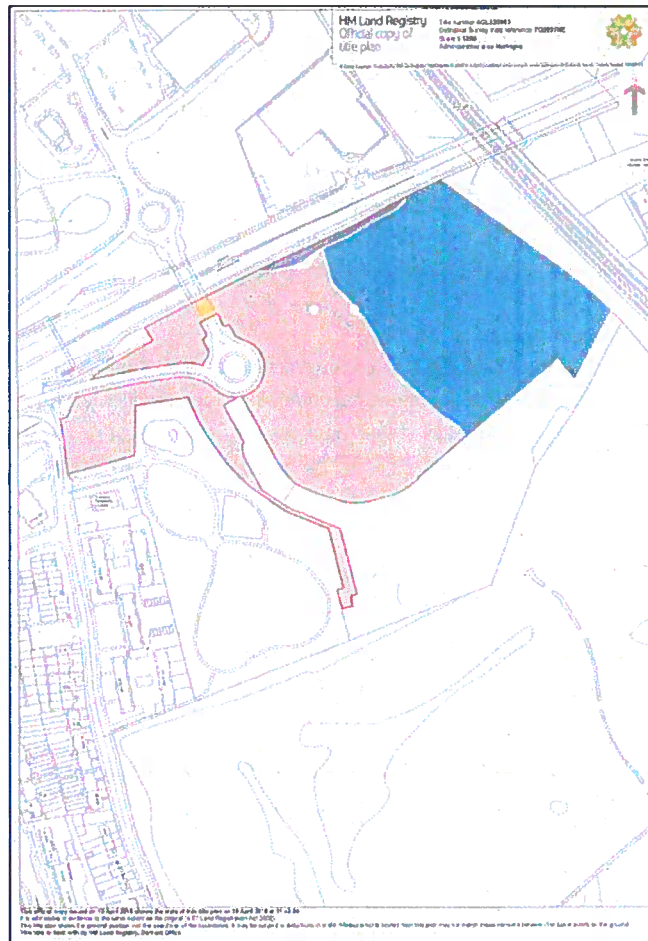
We have valued your interest in the Property on the basis of vacant possession. We have obtained a copy of the Register of Title and Title Plan in relation to the Property. *The title has a series of rights, covenants and reservations attached to it however as we have not received a Report on Title for the Property we assume there is no matter affecting the title which could have a detrimental effect on our valuation. If this assumption is incorrect we reserve the right to reconsider our valuation accordingly.*

We summarise the Register of Title and Title Plan as follows.

2.7.1 Freehold Title AGL228363

The freehold title of the Property is registered in title absolute to The North London Waste Authority. The price stated to have been paid on 11th February 2011 was £12,084,200. No disposition of the Property is to be registered without complying with the provisions of the Purchase Agreement dated 17th December 2009. *We have not had sight of a copy of the Purchase Agreement.*

A copy of the Title Plan is shown below. The land coloured pink, blue and mauve on the Title Plan is in relation to rights and covenants granted by historic conveyances. Further information in relation to these rights and covenants is not stated within the Register of Title.



It is our view that the land outlined red on the Title Plan matches the land outlined red on our Site Plan and is the same area that is subject to our valuation.



3. Market Commentary

3.1. Macro-Economic Overview

We enclose an extract from the most recent MPA Economic & Market Briefing at **Appendix 2** by way of background to the UK economy.

3.2. Property Market Overviews

3.2.1 Industrial Property Market

In light of relevant planning policy and PPR18, we believe that industrial use / waste use are the most viable uses for the Property within the 'employment use' designation. The underlying fundamentals in the industrial sector remain positive, despite wider economic and political uncertainty. Like most other property classes, London industrial remains a strong market, even in comparison to the rest of the south east. Generally rising values in the industrial market are the result of 1) continuing strong demand, and 2) a lack of suitable supply.

This demand is fronted by the expanding e-commerce sector and data centres, as occupiers seek more and larger facilities. In addition, demand around north London has increased in recent years as industrial users have been displaced from industrial property, for redevelopment to higher value alternative uses such as residential. This has been experienced around LB Haringey and many other areas around London including Stratford, Tottenham and Canning Town. Existing industrial property around the borough is also threatened by the proposed Crossrail 2 development. For example, Bounds Green Industrial Estate is a small, secondary industrial estate to the east of the Property, beyond the mainline railway and the next significant cluster of industrial property is to the east of the borough, around Tottenham Hale. Both of these areas are safeguarded to facilitate the construction of Crossrail 2.

In terms of supply, although there are some pockets of industrial property around LB Haringey, the borough as a whole is not considered to be an industrial location per se. As discussed there is ongoing pressure on industrial property from alternative use development such as residential and Crossrail 2. Furthermore, significant new industrial development in the borough is unlikely in the near future as there is a lack of single large occupiers on reasonably sized plots, therefore making site assembly difficult.

London industrial values have increased significantly in recent years, particularly for prime new space, although this effect is feeding in to all industrial property types, including secondary stock and land. The best sites are attracting considerable interest: reduced supply of industrial property and sustained demand has had a positive impact on values.

3.2.2 Waste Sector

UK and European policy continue to target increasing recycling rates and a reduction in landfill. London's target is to achieve net self-sufficiency of household and commercial waste management by 2026; it currently manages around 46% therefore more waste management facilities are required to meet this target. To reduce waste sent to landfill and encourage waste treatment, the UK imposes a landfill tax on each tonne of standard (non-inert) material disposed in landfill, the rate having increased from £48 per tonne in April 2010 to £86.10 per tonne in April 2017. The standard rate from 1st April 2018 is £88.95.



The waste sector in the UK has changed significantly over the last 10 to 15 years as fiscal and planning policy plus technological advancements have allowed increasing volumes of waste to be diverted away from landfill via recycling and re-processing facilities. There has been a move away from open air waste facilities to provide enclosed facilities – some to potentially provide new capacity, like this site, and some to replace existing capacity, like the North London Heat and Power Project. A relatively simplistic logistics based industry has transformed into a highly technical industry that transforms waste into commodities and energy through a number of different processes. Traditional waste management operators are becoming 'energy companies' as demonstrated by recent examples including Veolia's purchase of Cynergis, a leading energy performance contractor and Cory Environmental disposing of its landfill business in 2017 to concentrate on its Riverside energy from waste facility in Belvedere. Under draft Waste Plan policy the Property is unlikely to be acceptable for waste to energy related uses and would be more acceptable for uses further down the waste hierarchy, such as transfer and recycling.

Securing a suitable waste stream underpins the performance of any waste management property. Waste streams are broadly split between household waste which is generally managed on a long term contract basis let by the relevant Council and 'merchant' waste which comprises mainly commercial and industrial waste some of which is available on short terms contracts and some on 'spot market' terms. Although the Property was identified to accept contract waste through the Waste Disposal Contract, it is well located to attract the considerable merchant waste arisings that occur in and around north London, most notably caused by a growing population.

North London has a significant number of licensed waste management properties - 62 are listed, including LEL's EcoPark incinerator, 27 transfer sites (including Hornsey Street) and 25 treatment facilities, providing a waste management capacity of approximately 3.08 million tonnes pa. As a result of the disconnect between the high number of transfer stations and relatively lower disposal sites, large volumes of waste are being transferred out of north London for disposal. This should ensure that demand for properties in north London suitable for waste management use is sustained in the short to medium term.



4. Valuation Advice

4.1. Valuation Methodology

4.1.1 General

This is land that has the potential for future development, in particular where development will generate a much higher land value. There is currently a strong market for strategic land, particularly in an around the London area and the south east in general. The land is currently allocated for 'employment use' however the market would consider a range of uses for the site. Residential use typically generates the highest value and therefore is the most common goal however other uses can also generate significant alternative values. PPR8 advises that employment, waste and/or residential use are the most likely uses, in planning terms, at the Property. The main buyers for this type of property are likely to be large funds and institutional investors attracted to the potential of considerable increase in returns in the medium to long term.

Technological advances to remediate disturbed land coupled with the lack of availability of alternative "clean" sites around north London, make sites like the subject Property increasingly viable to develop. This is providing an opportunity for a particular market sector to emerge comprising smaller specialist development companies with knowledge of the issues surrounding former landfill sites. These developers are prepared to take on board the additional environmental risk that other more mainstream developers and investors would not.

Colleagues within Savills who specialise in residential development land have considered the Property for residential development. They are broadly in agreement with the findings of PPR18. The Property may have potential for residential development in planning terms, however due to a lack of available supporting information the market would adopt a risk rate to reflect this uncertainty. We are advised that without additional information available to clarify this uncertainty, the approximate value for residential use would be below value attributed to industrial/waste use. A copy of the advice we obtained in relation to residential development is attached **Appendix 3**.

In summary the Property comprises approximately 4.79 ha / 11.83 acres of brownfield land allocated for employment use. After allowances, and in accordance with other reports produced in relation to the Property, we have adopted a net developable area of approximately 3.72 ha / 9.2 acres. The Property has been valued on the comparable basis by applying evidence of sales for similar subjects, adjusted to reflect the specific factors applicable to the Property. The Property has been valued as an industrial site with the benefit of an allocation in the draft Waste Plan.

4.1.2 Transactions

Comparable transactions we have used to support our valuation are discussed below and are summarised in schedules at **Appendix 4**.

4.1.2.1 Capital Values (Industrial Land)

LB Haringey has a dearth of industrial property and recent sales of comparable industrial land are few and far between. Sales have largely comprised land with buildings or land earmarked for redevelopment to residential use, which are difficult to analyse to reflect the nature of the subject Property. We have considered a range of development transactions and sales of owner occupied industrial land. Through useful sales that do exist, values continue to show strong growth with the south east particularly buoyant. In May 2017 2.1 acres of industrial land in [REDACTED] sold at around £1.4m per acre and in February 2017 2 acres on [REDACTED] sold at £2.7m per acre. Also of some use is 0.43 acres on [REDACTED] which sold in March 2017 at approximately £2 million per acre.

We understand that you purchased the Property in February 2011 for £12,084,200. This is useful evidence and we have analysed the transaction to be approximately £1.3 million per net developable acre. In 2011 the UK industrial property market was still in recession following the economic downturn of summer 2008, however property market conditions have improved since then.

In our view the inferior location of the [REDACTED] site restricted its value and the [REDACTED] site was restricted as a result of its narrow shape. Primarily driven by quantum, a shortfall in local supply and an improvement in market conditions since you purchased the Property, we are of the opinion the land has a gross industrial land value of around £2.2 million per acre.

4.1.2.2 Adjustment (Planning Risk)

Although the Property is allocated for employment use, it does not have planning permission. PPR18 identifies risks associated with obtaining planning permission, which in our view would impact upon value. We summarise the primary matters as follows:

- **SINC Grade 1:** This is the highest grade of the ecological designation. Any proposal would need to demonstrate that consideration has been given to appropriate mitigation measures. This is likely to affect the design layout of a proposed scheme.
- **Metropolitan Open Land:** Land to the west, south and south east of the Property is allocated as Metropolitan Open Land and any development proposal on the Property must ensure there is no detrimental impact on the MOL. This may affect the design of a development and an acceptable 'stand off' area from the MOL may be required.
- **Locally Significant View:** An existing linear view that transects the site from the north to Alexandra Palace in the south. Development proposals should where possible make a positive contribution to the characteristics of the local view and minimise obstructions. This could affect the design, including maximum height, of a proposed development.
- **Transport:** Upgrades to the local road network may be required. These costs, which would be agreed as part of the planning application process, would be substantially fronted by the developer through a Section 106 agreement.

In our opinion these issues have been somewhat offset by the Property being allocated for employment use, however we believe that a 33% deduction would be appropriate. There is no directly comparable evidence to support the specific situation at the Property and therefore this is a subjective valuer judgement, based on our experience of similar issues and knowledge of the factors that affect developer and operator decisions.

4.1.2.3 Adjustment (Environmental Risk)

We understand there a number of environmental factors affecting the Property, which are as follows:

- Contamination: The Property was previously used as a landfill and then a sewage treatment works. We have been provided with information stating the Property "in part, is contaminated." In light of the previous uses of the land it is likely that contamination exists. This could prohibit the development viability of some uses entirely, such as residential, however it is likely that any use will require substantial land remediation and preparation to facilitate surface development.
- Invasive Species: You have advised us that invasive species are at the Property. You implemented a spraying treatment programme in 2012 which is ongoing. Thereafter, it is likely that the plants will need to be burned, buried or disposed off-site, each method carrying its own advantages, disadvantages and costs.
- Flooding: A large portion of the Property is located within Flood Zone 2 and Flood Zone 3, which are the two highest designations of flooding from seas and rivers. Some uses, such as residential, are encouraged not to be developed on land with these designations. Any use will require a Flood Risk Assessment to be undertaken.

In our opinion a 20% deduction would be appropriate to reflect the potential risk associated with development on this site. This allowance *for the presence of environmental related issues is based on subjective judgement, with the benefit of very limited information. The value is directly affected by the environmental issues but bidders may treat these issues differently and accordingly for the purposes of our valuation we have formed an opinion of the market's broad perception of the general issues related to these matters. If any specific issues are brought to our attention following this Report, we reserve the right to review our valuation.*

4.1.2.4 Adjustment (Waste Premium)

Due to the inherent difficulties in securing planning and the relevant environmental licences, in our experience waste management properties can attract a 'premium' over and above standard industrial values, the specific rate reflecting location, use, competition and waste stream. The Property does not have planning permission for waste related use and in this case we are looking to reflect the potential additional amount that the market may pay for the fact that the site is allocated in the draft Waste Plan. This allocation should ensure that the Property remains in demand for waste management purposes during the medium – long term. Comparable evidence is difficult to obtain as most transactions are confidential and / or occur off market. Despite this, we have been directly and indirectly involved in a number of sales, leases and rent reviews where premiums have applied.

Generally waste transfer stations attract nil or relatively low premiums while Energy from Waste facilities attract the highest premiums. Evidence ranges from under 10% to over 50% depending on the type of waste facility and the relevant market factors. Of particular interest is a 6 acre property in [REDACTED] with planning consent to redevelop a fully enclosed MRF which we sold in 2013. In that case, the successful purchaser was a waste operator with a bid approximately 10% over local industrial values. In addition we were recently involved in a rent review of a MRF in [REDACTED] whereby the agreed rent was 10% above the base industrial value. Furthermore in July 2016 we sold a 3 acre metal waste recycling property [REDACTED] to a national operator at approximately 40% above local base industrial values. In our opinion the 40% waste premium was largely driven by a strong commodities market and local supply and demand factors.



We understand that you purchased the Property in February 2011 for £12,084,200, with a view to using the Property for waste related uses. This equates to a purchase price of approximately £1.3 million per net developable acre. We are of the opinion that comparative industrial land values around that time were approximately £1m per acre. It is our analysis that the purchase price paid in February 2011 was approximately 30% higher than base industrial values and this uplift may represent a waste premium.

We believe that the Property's status as an allocated site in the draft Waste Plan, its close proximity to the significant waste arisings around north London, coupled with the limited availability of suitable alternative nearby sites, would support a waste premium. We calculate that the purchase price of the Property in February 2011 demonstrates a waste premium of approximately 30%. It could be argued that purchasers would be prepared to pay a lower waste premium in areas with high 'base' property values. We estimate that the Property's 'base' value has roughly doubled to around £2.2m per acre in the period since you purchased it and we believe this has reduced the potential waste premium 'cushion'. In consideration of the Property's purchase price and other market evidence we are aware of, we are of the opinion this site would be very attractive to a waste management occupier and have therefore applied a waste premium of 15% to our opinion of value. Again, this is a subjective valuer judgement, based on our experience of similar issues and knowledge of the factors that affect operator decisions.

4.2. Approach to Valuation

As noted above the Property has been valued on the comparable basis by applying evidence of sales for similar subjects, adjusted to reflect the specific factors applicable to the Property. The Property has been valued as an industrial site with the benefit of an allocation in the draft Waste Plan. We are of the opinion that as at the valuation date an alternative and higher value use would be unlikely.

The industrial land value rate applied to our valuation is £2.2 million per acre. This has been adjusted to reflect specific circumstances at this property, in particular planning risk, environmental risk and an allocation in the draft Waste Plan. This results in a net land value rate of approximately £1.5 million per acre.

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

4.2.1 Location

The Property is located in an area of north London where demand for industrial property outstrips supply. There is very good access to the local road network.

4.2.2 Property

We understand the Property was a landfill prior to operating as 'Friern Barnet Sewage Treatment Works.' The sewage treatment works closed in 1963 and the Property has remained non-operational. The Property comprises uneven land and is primarily covered by dense trees, grassland and other vegetation. Old vehicles, concrete lamp posts and other fly-tipped materials are also located across the site.

4.2.3 Area

The total site area is approximately 4.79 ha / 11.83 acres. Parts of the Property are narrow and unsuitable for development. We have adopted a net developable area of approximately 3.72 ha / 9.2 acres.

4.2.4 Environmental Considerations

We understand that the Property "in part, is contaminated" and in view of previous uses of the Property, it is our opinion that land contamination will exist. In addition, you have informed us that invasive plant species are present at the Property. Part of the Property also lies within Flood Zone 2 and 3, which are "medium" and "high" probabilities of flooding (from rivers or seas), respectively.

4.2.5 Town Planning

The Property is allocated in the Local Plan for employment use and SINC Grade 1. Other policy matters affecting the Property are locally significant views, town centre first approach, housing policy, Metropolitan Open Land, and environmental protection by the site's proximity to the North Circular. The draft Waste Plan also allocates the site for waste use. We understand that the Property does not have extant planning permission.

4.2.6 Tenure

The freehold title of the Property is registered in title absolute to The North London Waste Authority.

4.2.7 Market

The economy has outperformed post EU referendum projections however there have been recent signs that certain sectors, such as residential markets, are overheating. That said London industrial remains a strong market and generally rising values are a result of continuing strong demand and a lack of suitable supply. In respect of waste, large volumes are being transferred out of north London for disposal. This should ensure that demand for properties in north London suitable for waste management use is sustained in the short to medium term.

4.2.8 Adjustment (Planning Risk)

The Property does not appear to have extant planning permission. A number of matters have been identified through relevant planning policy and PPR18 that could affect the Property. This includes the Property being within a SINC Grade 1; being adjacent to a MOL; crossing a Locally Significant View; and offering insufficient local transport provisions. In our opinion these matters have been somewhat offset by the Property's allocation for employment use, however we believe that a 33% deduction would be appropriate.



4.2.9 Adjustment (Environmental Risk)

We understand that the Property is affected by contamination, invasive species and flooding and we believe a 20% deduction from gross value would be appropriate to reflect these matters. We have made this allowance based on our subjective judgement, with the aid of very limited information. The value is directly affected by the presence of environmental related issues but bidders may treat these issues differently and accordingly for the purposes of our valuation we have formed an opinion of the market's broad perception of the general issues related to these matters. If any specific issues are brought to our attention following this Report, we reserve the right to review our valuation.

4.2.10 Adjustment (Waste Premium)

Due to the inherent difficulties in securing planning and the relevant environmental licences, in our experience waste management properties can attract a 'premium' over and above standard industrial values. We have applied a waste premium of 15%.

4.2.11 SWOT

We have undertaken a SWOT analysis of the properties as shown below:

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Very good location ▪ Existing access onto local highway network ▪ Allocated for 'employment use' in the Local Plan ▪ Allocated for waste use in the draft Waste Plan ▪ Existing demand for this type of property ▪ Limited supply of this type of property 	<ul style="list-style-type: none"> ▪ The land is uneven and overgrown with dense vegetation ▪ Previous uses will have caused land contamination ▪ Japanese Knotweed and Giant Hogweed identified at the Property ▪ A large area of the Property lies within Flood Zone 2 and Flood Zone 3 ▪ There does not appear to be extant planning permission ▪ Missing documents of some previous planning permissions ▪ The Property is designated SINC Grade 1 ▪ Adjacent land is designated Metropolitan Open Land ▪ A 'locally significant view' crosses the Property ▪ Local road network can become congested ▪ The area has a very low public transport accessibility level
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Potential for alternative higher value uses ▪ Potential to provide a range of waste uses ▪ Well placed to benefit from waste market improvements 	<ul style="list-style-type: none"> ▪ General property market instability ▪ Land remediation could be substantial ▪ Unknown site preparation works to accommodate surface development



4.3. Valuation

4.3.1 Fair Value

Based on the information currently available and on the assumptions, qualifications and comments set out herein, our valuation as requested is as follows:

£14,100,000 (Fourteen Million One Hundred Thousand Pounds)

For the avoidance of doubt this valuation does not include goodwill, items treated as stock in trade, temporary buildings, plant machinery and equipment, vehicles and stocks of any material.

This valuation is dependent on information which has been supplied to us and on the assumptions made. If any matter proves to be incorrect and/or incomplete the valuations may be affected and we reserve the right to alter the value as reported if required.

A copy of our Valuation Schedule is contained at **Appendix 5**.



5. General Assumptions and Conditions

5.1. General Assumptions

Unless otherwise stated in this Report, our valuation has been carried out on the basis of the following General Assumptions. If any of them are subsequently found not to be valid, we may wish to review our valuation, as there may be an impact on it.

1. That the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings contained in the Titles. Should there be any mortgages or charges, we have assumed that the Property would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.
2. That we have been supplied with all information likely to have an effect on the value of the Property, and that the information supplied to us and summarised in this Report is both complete and correct.
3. That any buildings have been constructed and used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful.
4. That the Property is not adversely affected, nor are likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice.
5. That any buildings are structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the buildings we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our inspection of the Property and this Report do not constitute a building survey.
6. That the Property is connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
7. That in the construction or alteration of any buildings no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.
8. Unless otherwise stated in the Report, that the Property has not suffered any land contamination in the past, nor is likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.
9. Unless otherwise stated within the Report, that the Property does not suffer from any risk of flooding.
10. That the Property either complies with the Disability Discrimination Acts and all other Acts relating to occupation, or if there is any such non-compliance, it is not of a substantive nature.
11. That the Property does not suffer from any ill effects of Radon Gas, high voltage electrical supply apparatus and other environmental detriment.
12. That the tenants, if any, are capable of meeting their obligations, and that there are no arrears of rent or undisclosed breaches of covenant.











5.2. General Conditions

Our valuation has been carried out on the basis of the following general conditions:

1. We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the Property.
2. Our valuation is exclusive of VAT (if applicable).
3. No allowance has been made for any expenses of realisation.
4. Excluded from our valuation is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
5. Energy Performance Certificates (EPCs) are required for the sale, letting, construction or alteration of all residential buildings on non-domestic residential buildings over 538 sq ft (50 sq m) in England and Wales and on all buildings in Scotland. The effect of EPCs on value is as yet unknown, given that the market has yet to respond to their introduction. Therefore, we have not considered the Property's EPC rating in forming our opinion of value. However, should this position alter, we reserve the right to reconsider our opinion of value.
6. 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.





Associate Director
RICS Registered Valuer
RICS No. 




Director
RICS Registered Valuer
RICS No. 




Appendices



Appendix 1 – Terms of Business (Task Form)

THE NORTH LONDON WASTE AUTHORITY
- AND -
LONDONWASTE LTD
- AND -
SAVILLS (UK) LIMITED
CONTRACT FOR PROPERTY CONSULTANCY SERVICES

SCHEDULE 4 (PART II): VALUATION TASK FORM (LAND AND BUILDINGS)

Date of Instruction	24 January 2018
Task Number	TF-SAV-383 -Valuation of Land at Pinkham Way
Property Address	Pinkham Way, London, N11 3UT
Property Interest	Freehold interest under title number(s) AGL228363. The Property will be valued subject to the occupational leases / licences and / or with vacant possession, details to be confirmed. Vacant land with the potential for waste management use.
Identification of the asset or liability to be valued	Land extending to approximately 4.77 ha/11.79 acres, as shown outlined red on the attached plan (ref 23914/12 dated 9 Dec 2009).
Client and Addressee of Report	North London Waste Authority, Camden Town Hall, Judd Street, London, WC1H 9JE
Purpose of Valuation	The Valuation is required for Accounts purposes.
Basis of Value	The basis of the valuation will be Fair Value – International Financial Reporting Standards (IFRS 13) definition
Special Assumptions	None
RICS Red Book	We shall prepare our Valuation in accordance with the RICS Valuation – Global Standards 2017 incorporating the IVSC International Valuation Standards effective from 1 July 2017 and the RICS Valuation – Professional Standards (January 2014 edition), together being the 'Red Book', using the reasonable skill, care and diligence to be expected of a properly qualified and competent valuer.
International Valuation Standards (IVS)	The valuation will be carried out in compliance with the International Valuation Standards (IVS).
Valuation Date	The valuation date will be 31 March 2018. In providing the valuation, the Consultant shall have regard to market conditions as at the valuation date. Naturally, these are subject to change and it is therefore important that the Client takes account of any such change in conditions that may occur

	from the valuation date before making any binding decision in relation to the Property.
Valuer	The Valuation will be undertaken, and the report will be signed by [REDACTED] and [REDACTED]. Both are RICS Registered Valuers. The Valuers have the necessary market knowledge, skills and understanding to undertake the valuation competently. The Valuers will work with colleague(s) as appropriate.
Provision of Services	The Valuation will include undertaking a site visit, measuring the land and buildings as necessary, reviewing all relevant information which could affect value, reporting on value, providing 1 hard copy of the report, providing an electronic copy of the report.
Extent of Investigation	<p>The Consultant will carry out an inspection of the Property and investigations to the extent necessary to undertake the valuation. The Consultant will not carry out a structural survey or test the services and nor will the Consultant inspect the woodwork and other parts of the structures which are covered, unexposed or inaccessible.</p> <p>The Consultant will carry out the valuation based on information provided by the Client (via the Data Room or otherwise), in the Consultants own records and in the public domain.</p>
Description of Report	<p>The report will meet the requirements of VPS 3, Valuation Reports, which sets out the mandatory minimum terms of reporting and includes all the matters addressed in this Task Form.</p> <p>The report will also be in accordance with UK 'Red Book' Appendix 5 Valuation of Local Authority Assets. The valuation will report Fair Value but leases (if any) will not be separated into 'land' and 'buildings.'</p>
Restrictions on use, distribution or publication	The report shall be confidential to, and for the use only of, the Addressee and no responsibility shall be accepted to any third party for the whole or any part of its contents provided that the Addressee may disclose a copy of the report on a non-reliance and without liability basis (i) to its directors, officers, employees and professional advisors (including auditors); or (ii) where disclosure is required pursuant to any applicable law, regulation or an order of a court of competent jurisdiction.
Conflict of Interest	The Consultant is not aware of any conflict of interest in accepting instruction to value the Property and the Consultant is in a position to provide an objective and unbiased valuation.
Liability	The Consultant's liability in relation to the valuation report issued pursuant to this Task Form shall be subject to the limitations set out in clause 15 of the Contract entered into between the Consultant and the Client.

Estimated cost of task	The estimated fee for the provision of the valuation is [REDACTED] plus reasonable expenses and VAT.
Timescales for Task (state clearly if time is of the essence)	Report required by 10 April 2018
Nature and Source of Information	<p>To the extent that NLWA has provided the Consultant with information and/or instructed the Consultant to obtain it from a third party, NLWA agrees, unless it is otherwise agreed by the Consultant in writing, that the Consultant can safely rely upon the accuracy, completeness and consistency of this information without further verification and that you will not hold the Consultant responsible in the event that any dispute regarding the Valuation arises from the accuracy of such information.</p> <p>The Consultant will not be measuring any part of the Property unable to access. In such cases the Consultant may estimate floor areas from plans or by extrapolation in accordance with the measuring code of practice of the RICS. Such measurements should not be relied upon for any other purpose.</p> <p>The Consultant will not make formal searches with local planning authorities, but shall rely on the information provided informally by the local planning authority or its officers. The Consultant recommends NLWA instruct lawyers to confirm the position in relation to planning and that the report is reviewed in light of advice from NLWA's solicitors in this respect.</p> <p>For the avoidance of doubt, the Consultant accepts no liability for any inaccuracy or omission contained in information disclosed by you or any other third party or from the Land Registry or any database to which the Consultant subscribes. The Consultant will highlight in the report where the Consultant has relied on such information.</p>
General Assumptions	<p>The valuation will be carried out on the basis of the following general assumptions and conditions. If any of the following assumptions or conditions are not valid, it may have a material impact on the figure reported and in that event the Consultant reserves the right to revisit their Valuation.</p> <ol style="list-style-type: none"> 1. That the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings contained in the Freehold Title. Should there be any mortgages or charges, the Consultant has assumed that the property would be sold free of them. The Consultant has not inspected the Title Deeds or Land Registry Certificate. 2. That the Consultant has been supplied with all information likely to have an effect on the value of the Property, and that the

	<p>information supplied and summarised in the report is both complete and correct.</p> <ol style="list-style-type: none"> 3. That the building(s) has/have been constructed and is/are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control and any future construction or use will be lawful. 4. That the Property is not adversely affected, nor likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to the Consultantal enquiries, or by any statutory notice (other than those points referred to above). 5. That the building(s) is/are structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the building(s) the Consultant has inspected or not, that would cause the Consultant to make allowance by way of capital repair (other than those points referred to above). The Consultant's inspection of the Property and the report do not constitute a building survey or any warranty as to the state of repair of the Property. 6. That the Property is connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage. 7. That in the construction or alteration of the building(s) no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). The Consultant has not carried out any investigations into these matters. 8. That the Property has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. The Consultant has not carried out any soil tests or made any other investigations in this respect, and cannot assess the likelihood of any such contamination. 9. That there will be no requirement to process or remove any contaminated material or waste from the Property. 10. That any tenant(s) is/are capable of meeting its/their obligations, and that there are no arrears of rent or undisclosed breaches of covenant. 11. In the case of a Property where the Consultant has been asked to value the site under the special assumption that the Property will be developed, there are no adverse site or soil conditions, that the Property is not adversely affected by the Town and
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	<p>Country Planning (Assessment of Environmental Effects) Regulations 1988, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause the Consultant to make any allowance for exceptional delay or site or construction costs in the valuation.</p> <p>12. The Consultant will not make any allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the Property.</p> <p>13. The valuation will be exclusive of VAT (if applicable).</p> <p>14. No allowance will be made for any expenses of realisation.</p> <p>15. Excluded from the valuation will be any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.</p> <p>16. When valuing two or more properties, or a portfolio, each property will be valued individually and no allowance will be made, either positive or negative, should it form part of a larger disposal. The total stated will be the aggregate of the individual Market Values.</p> <p>17. No allowance will be made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it will be assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EEC legislation.</p> <p>18. The valuation will be based on market evidence which has come into possession from numerous sources, including other agents and valuers and from time to time this information is provided verbally. Some comes from databases such as the Land Registry or computer databases to which the Consultant subscribes. In all cases, other than where the Consultant has had a direct involvement with the transactions being used as comparables in the report, the Consultant is unable to warrant that the information on which the Consultant has relied is correct.</p>
<p>Other Information</p>	<p>Information on the site ground investigations/contamination and the details of programme to eradicate the Japanese Knotweed and Giant Hogweed supplied separately.</p>



Appendix 2 – MPA Economic & Market Briefing

Macroeconomic & Key Markets Update

In the [Spring Statement](#) earlier this month, the Chancellor gave an update on Government's economic priorities in a response to the Office for Budget Responsibility (OBR) [UK economic outlook](#). The Chancellor did not make any new spending announcements, but welcomed the modest improvement to the outlook for the public finances as a result of the stronger than expected UK economic growth in 2017.

The outlook for this year and next however remains subdued. The UK economic growth will continue to be hampered by elevated inflation and subdued pay growth, which put pressure on household income and spending. Recent data show nonetheless some easing, as [consumer prices](#) slowed to 2.7% in Feb-18, a 7-month low, alongside a welcome acceleration in [pay growth](#) since December. Households should therefore see their real incomes return to growth this year, although this will be partially offset by the impact of ongoing welfare spending cuts, which will affect more adversely low income working-age households. Meanwhile, stronger exports is expected to mitigate the impact of the slowdown in consumer spending to some extent, helped by the sterling depreciation in 2016 and stronger global growth. The net trade effect is nonetheless expected to gradually fade as the Sterling strengthened against the [Dollar](#) in the past year (but not against the [Euro](#)). Finally, the OBR expects business investment to remain subdued over the forecast period in the face of Brexit-related uncertainty.

Perhaps the outstanding feature of the Spring Statement was the longer-term forecast from OBR, which covers the economy up to 2022. The UK economy is expected to grow at a rate between 1.3% and 1.5% pa over the next 5 years, a persistently low level of economic growth compared to an average of [2.9% pa during the 15 years prior to the 2008 recession](#). Productivity is expected to grow on average by 1% pa over the forecast period. Clearly, construction activity is vulnerable if growth is as weak as predicted beyond 2019. However, the key issues we think will support industry activity, housebuilding and infrastructure investment, remain central to Government's ambitions, albeit we remain concerned about the speed of delivery.

For now, construction output has hit a soft patch since the second half of 2017, driven by new work in the commercial sector falling fast, alongside smaller declines in repair and maintenance and other public work. ONS data show that whilst [construction output](#) stood 4.1% up in the year to Jan-18 compared to the previous year, it actually fell by 1.0% between Nov-17 and Jan-18, most of which is due to a decline in commercial work. The latest [Purchasing Manager Index \(PMI\)](#) survey for construction suggest that there was nonetheless a marginal rise in activity in February, although weak confidence, heightened political uncertainty, and high costs pressures continue to weigh on investment. This marginal momentum will have however been affected by the so-called 'Beast from the East' early March, with feedback from MPA members indicating that projects were stopped, not only because of the weather, but also because of energy shortages.

Looking forward, data on [contract awards](#) from Barbour ABI also suggest a slow start this year. The total value of new contracts let in February (on a 3-month rolling average basis) were 24% (£1.5m) lower than in Feb-17. London, the South East and the East of England accounted for over half of the decline.

By sector, ABI data show that the number of residential units associated with new contracts remained broadly flat in February (on a 3-month rolling average basis) compared to last year, whilst there was a £126m (37%) increase in the value of contracts awarded in the industrial sector. Contract awards in the commercial sector however remain depressed, which will continue to impact on commercial activity levels on site during 2018. Contract awards for infrastructure projects can be volatile, especially when a large project feeds through. Contract values for infrastructure projects fell by 36% in Feb-18 compared to Feb-17 (on a 3-month rolling average basis), even though it included the award of the £350m Hinkley Point C - Marine Works Package.

MPA ECONOMIC OUTLOOK - DATA ROUND-UP



Notes: - Greener shadings indicate stronger or improving performance relative to the recent past.
 - Red shadings indicate weaker or worsening performance relative to the recent past.
 - Inflation: a green shade indicates that the rate is at or around the official Bank of England's 2% target.
 - Due to third-party data restrictions, some estimates have been removed, but we maintain the shading indicator.

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
MAGROECONOMY													
GDP (ONS)	1702	1702	1702	1702	1702	1702	1702	1703	1703	1703	1703	1703	1703
12M to [...] vs. prev. 12M	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.5%	1.5%	1.5%	1.7%	1.7%	1.7%
Q ending [...] vs. prev Q	0.2%	0.2%	0.1%	0.1%	0.3%	0.3%	0.5%	0.5%	0.6%	0.6%	0.4%	0.4%	0.3%
UK PMI: Business Activity	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4
Monthly index	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.8	54.5
UK PMI: New Business	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.8	55.5
Monthly index	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.8	55.5
Unemployment (216y)	4.7%	4.6%	4.5%	4.4%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.4%	4.3%	4.3%
Rate; 3M to [...]	2.3%	2.3%	2.7%	2.9%	2.6%	2.6%	2.9%	3.0%	3.0%	3.1%	3.0%	3.0%	2.7%
Inflation (CPI)	2.3%	2.3%	2.7%	2.9%	2.6%	2.6%	2.9%	3.0%	3.0%	3.1%	3.0%	3.0%	2.7%
CONSTRUCTION													
Volume of Output	4.7%	5.6%	5.8%	6.2%	6.5%	6.8%	6.8%	6.6%	6.3%	5.7%	5.1%	4.1%	4.1%
12M to [...] vs. prev. 12M	3.6%	2.3%	0.7%	-0.1%	-0.5%	-0.3%	-0.2%	-0.3%	-0.4%	-1.3%	-0.7%	-1.0%	-1.0%
Q ending [...] vs. prev Q	3.0%	3.1%	3.0%	3.1%	3.0%	3.1%	3.0%	3.1%	3.0%	3.1%	3.0%	3.0%	2.7%
PMI: Activity	50.2	50.2	50.2	50.2	50.2	50.2	50.2	50.2	50.2	50.2	50.2	50.2	51.4
Monthly index	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	49.3
PMI: New Orders	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	49.3
Monthly index	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	49.3
Volume of New Orders	3.0%	3.1%	3.0%	3.1%	3.0%	3.1%	3.0%	3.1%	3.0%	3.1%	3.0%	3.0%	2.7%
Q ending [...] vs. prev Q	3.0%	3.1%	3.0%	3.1%	3.0%	3.1%	3.0%	3.1%	3.0%	3.1%	3.0%	3.0%	2.7%
Number of Jobs (Construction)	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%
Q ending [...] vs. prev Q	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%
Q ending [...] vs. prev Q	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
HOUSING													
Volume of output	11.0%	11.4%	11.3%	11.6%	11.7%	11.3%	11.1%	10.5%	10.0%	9.3%	9.0%	7.9%	7.9%
12M to [...] vs. prev. 12M	4.3%	2.8%	0.7%	0.1%	-1.4%	0.1%	1.2%	2.4%	2.1%	1.9%	4.2%	2.8%	2.8%
Q ending [...] vs. prev Q	-4.0%	-5.3%	-5.4%	-6.0%	-5.7%	-4.0%	-2.1%	-1.0%	-1.1%	-1.2%	-1.7%	-1.4%	-1.4%
12M to [...] vs. prev. 12M	2.6%	-0.1%	-2.1%	-3.5%	-3.5%	-0.7%	1.5%	2.5%	-0.9%	-2.5%	-5.1%	-2.0%	-2.0%
Q ending [...] vs. prev Q	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	162,180	162,180
All Dwellings: 12M to [...]	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%
12M to [...] vs. prev. 12M	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
Q ending [...] vs. prev Q	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
Volume of New Orders	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
House Prices (UK)	4.8%	3.8%	4.8%	4.3%	4.3%	4.5%	4.8%	4.8%	5.3%	5.0%	5.0%	4.9%	4.9%
12M to [...] vs. prev. 12M	-1.7%	-0.7%	1.1%	2.6%	4.1%	4.7%	5.6%	5.6%	5.7%	5.7%	5.7%	5.7%	5.7%
Volume of output	5.6%	3.9%	-1.9%	-1.6%	0.0%	1.1%	0.6%	-0.4%	0.3%	-1.4%	0.7%	2.7%	2.7%
Q ending [...] vs. prev Q	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Volume of New Orders	1.5%	1.9%	1.8%	1.8%	1.9%	2.1%	2.3%	2.6%	3.0%	3.1%	2.8%	2.8%	2.8%
12M to [...] vs. prev. 12M	2.3%	0.6%	-0.6%	-1.0%	0.0%	0.7%	1.2%	1.5%	1.6%	1.6%	1.3%	1.0%	1.0%
Q ending [...] vs. prev Q	169.8%	169.8%	169.8%	169.8%	169.8%	169.8%	169.8%	169.8%	169.8%	169.8%	169.8%	169.8%	169.8%
Monthly index	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3
PMI - Activity	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3
Monthly index	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3

Source: ONS, NIESR, Markit, Bank of England, DCLG.
 Download the table from: http://members.mineralproducts.org/user/web/res_stat01.php



Appendix 3 – Residential Development Advice

Residential Development Overview – Pinkham Way

The land at Pinkham way (the site) is currently owned by the North London Waste Authority (NWLA) and the London Borough of Barnet (LBB). This section will give a brief overview of the site being brought forward and developed for Residential use. This section will identify the issues and opportunities surrounding the sites residential development, given the lack of information it is only possible to appraise the site at high level, without bringing this to market we will not know the true market value.

Development Issues

Planning

The planning report conducted by Ove Arup & Partners Ltd lists out the constraints which could be problematic in obtaining a residential consent. The site is currently allocated as a site for potential Waste use as in the past it has been used for this. There have been several failed planning application on the site for both commercial use and In 1998 (*planning ref HGY/1998/0026*) there was an application for residential development however it was refused at committee even though the officers approved the application.

The site is also designated as a local Employment Area under Policy SP8, with Haringey as an area of little release of both employment and industrial release this could be difficult with the current London Plan to release for residential use.

Ground conditions (Geophysical)

The site has a historic use of waste it was previously used as the Friern Barnet Sewage Treatment Works and prior to as a Landfill site. Therefore the probability of this site having a high level of contamination and site works needed before construction begins is relatively high. The cost of this will be factored into the land value offered. It is recommended if the site is brought forward both Phase 1 & 2 investigatory works are conducted.

It is also mentioned in the Planning report that there is Japanese knotweed, this has a detrimental impact with lending on properties therefore a treatment programme would be needed to be implemented to show lenders this has been removed.

Transport/Infrastructure

The location has low public transport via bus, however the site is approximately 0.6km from New Southgate Train station which links to central London. Due to the low Public Transport Level (PTAL) of 1a, it is plausible there would need to be improvements to public transport services and the infrastructure to the site. This could be done by public money but will also have contributions to transport via S106 payments. Improvements to the slip roads going both East and west along the A406 would benefit the area however this increase in cars could cause congestion, its recommended a transport model of this is conducted.

Services & Utilities

Due to the Sites location it is assumed that the development could use established services routes for Utilities, Foul Water and Sewage and Telecommunications though this will need to be investigated and reported on.

Development Opportunity

The gross site size is approximately 4.79 ha (11.83Ac), the area between Orion rd and A406 will not be acceptable for development and therefore should be left out of the appraisal. There will also be a reduction in the site due to requirements for open space, play area and parking, it would be therefore plausible for a Net Developable site size of 3.72ha (9.2Ac) this would need to be policy compliant.

As the site is within London Haringey will use the Sustainable Residential Q (SRQ) Density Matrix set out in the London Plan, but the scheme will need to be design led. Assuming the design is well produced the site is in the category of medium density it would be between 40-80 Units per Ha. Therefore the scheme could have a unit size between 139 – 279. Local architectural styles surrounding the site are two/three storey dwellings, however with planning input it could be a mixture of flats and houses.

In order to calculate a land value there needs to be more information given, without input on a scheme by an architect, costing from a develop on the technical and developer it is difficult to give an accurate figure. Given an indication from the Arup Planning report they mentioned a unit density of circa 150, cross referencing that with the London Housing density mix this would potentially work. Basing the appraisal on a density of 150 and on the comparable sale of [REDACTED] it is possible to work out a price per plot and therefore a land value.

[REDACTED] is a development next to [REDACTED] with a consortium of 12 different parcels and separate National developers. Phases 6, 6b & 9 were sold back in 2017 for £75,000,000,. The combined parcel size was 4.3ha (10.67 ac) the site was consented for high density units, with a total of 761units and an 18% affordable housing provision, giving a private plot of 624. The parcels were sold with planning and did have infrastructure built in so the offer would have reflected this. Pinkham Way has no planning, infrastructure and a number of unknown costs which would be reflected in a cost and you could discount this down up to 50%. However as it is in central London there is a benchmark of value and demand for land so 50% may be too much to take off the land. Working out a value of a price per private plot:

$£75m/624 PP = £120,192$ per Private Plot (PP) .

Pinkham way will be at affordable housing policy compliant at 40%, therefore a 150 unit scheme would have 90 private units

Discounting the [REDACTED] value we could assume a value of £100,000 PP could be in line with market value of a site with issues such as the ones at Pinkham Way. $90 \text{ units} \times £100,000 = £9,000,000$. This figure in an area of central London seems a little low, therefore it is envisaged that offers may come in somewhat higher for the opportunity. This is an indicative value and is not market tested and could increase or decrease by many factors.

Conclusion

The sites potential constraints need to be investigated and reported on further, the challenges from a development point have been listed and without more information it is difficult to appraise a land value. However as a guide using the SRQ density Mix and a brief look at New homes sales comparables the land value could be in the region of £9,000,000 upwards, without having a lot more information it is difficult to ascertain a true figure.

Please note that the appraisals herein are not intended as formal valuations and are first and foremost provided in an agency advisory role. No liability is given to any third party and the figures suggested are in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation – Global Standards 2017 incorporating the IVSC International Valuation Standards issued June 2017 and effective from 1 July 2017 (the "Red Book").

Any advice attached is not a formal ("Red Book") valuation, and neither Savills or the author can accept any responsibility to any third party who may seek to rely upon it, as a whole or any part as such.



Appendix 4 – Schedule of Sale Evidence



Valuation: Land at Pinkham Way, London, N11 3UT
 Client: North London Waste Authority
 Instruction: 31st March 2018

Industrial Land / Yard

Sale Evidence

	Property	Date	Area (acres)	Area (sq ft)	Price	Price / Acre	Agent	Remarks
1	[REDACTED]	Available	0.48	20,909	[REDACTED]	[REDACTED]	Confidential	[REDACTED]
2	[REDACTED]	2Q/2017	2.10	91,476	[REDACTED]	[REDACTED]	Confidential	[REDACTED]
3	[REDACTED]	1Q/2017	0.43	18,731	[REDACTED]	[REDACTED]	Confidential	[REDACTED]
4	[REDACTED]	1Q/2017	2.13	92,783	[REDACTED]	[REDACTED]	Confidential	[REDACTED]
5	[REDACTED]	1Q/2017	2.00	87,120	[REDACTED]	[REDACTED]	Confidential	[REDACTED]
6	[REDACTED]	4Q/2016	1.10	47,916	[REDACTED]	[REDACTED]	Confidential	[REDACTED]
7	[REDACTED]	1Q/2016	2.30	100,400	[REDACTED]	[REDACTED]	Confidential	[REDACTED]
8	[REDACTED]	1Q/2011	9.20	400,752	[REDACTED]	[REDACTED]	Confidential	[REDACTED]

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31 March 2018



Appendix 5 – Valuation Calculations

Valuation: Pinkham Way, London, N11 3UT

Client: North London Waste Authority

Valuation Date: 31st March 2018



Brownfield land measuring approx 11.83 acres gross (approx. 9.2 acres net useable)

Land

Area		Hectare	Acre	
Gross Area		4.79	11.83	
Net Developable Area		3.72	9.20	
Industrial Land Value			£ 2,200,000	per acre
Gross Value			£ 26,033,962	
Less planning risk	(-33%)		-£ 8,591,207	
Less environmental risk	(-20%)		-£ 5,206,792	
			£ 12,235,962	
Plus waste premium	(15%)		£ 1,835,394	
Net Value			£ 14,071,356	per acre (net)
Fair Value		say	£ 14,100,000	£ 1,532,275

