

HIGH YIELDING OFFICE / LABORATORY INVESTMENT OPPORTUNITY

NEWTECH SQUARE

FIRST AVENUE, ZONE 2 DEESIDE INDUSTRIAL PARK, DEESIDE, FLINTSHIRE, CH5 2NT

B8
REAL ESTATE

LegatOwen
CHARTERED SURVEYORS



HIGH YIELDING OFFICE / LABORATORY INVESTMENT OPPORTUNITY

INVESTMENT SUMMARY

- Situated on Deeside Industrial Park, one of the principal commercial locations within the North West
- Detached **23,713 sq ft** office unit, including laboratory and storage accommodation together with the freehold of the wider Newtech Square.
- Large site of approximately 7.19 acres, providing a low density, well landscaped environment.
- Let to Reacta Biotech Limited on a 10 year lease from 15 June 2018, subject to tenant only break options in June 2021 and 2024.
- Low rent of just **£95,000 per annum (£4.00 psf)**.
- Fixed rental uplifts to £100,000 per annum (June 2020) and £110,000 per annum (June 2022), with a further review to OMR in June 2023.
- Freehold.
- Future asset management opportunities.
- Offers sought in excess of **£750,000 (Seven Hundred and Fifty Thousand Pounds)**, subject to contract and exclusive of VAT.
- A purchase at this level would reflect the following (assuming purchaser's costs of 5.40%)
 - Net initial yield – **12.00%**
 - Reversionary yield (June 2020) – **12.65%**
 - Reversionary yield (June 2022) – **13.92%**
 - Low capital value **£31.62 per sq ft**

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DEESIDE INDUSTRIAL PARK

↑
TO M56 +
LIVERPOOL

→
TO A55
+ CHESTER

A548

A494

BP, SUBWAY, STARBUCKS
& BURGER KING

WESTBRIDGE FURNITURE

CALBEE

ICELAND FOODS

MERCEDES BENZ

NEWTECH SQUARE

ATLAS COPCO

PARKWAY

AIRFIELDS
DEVELOPMENT
SITE

MM PACKAGING

TNT

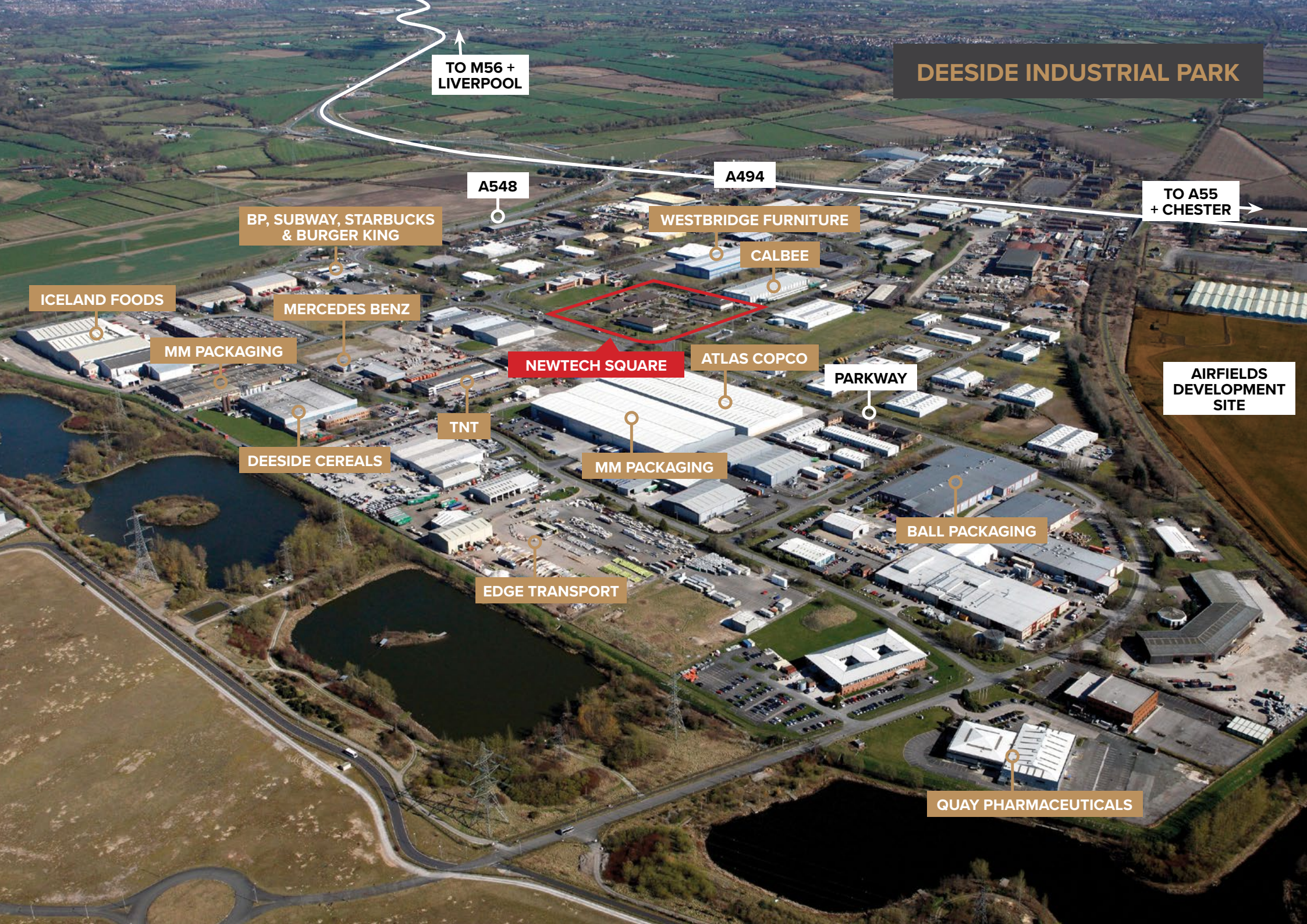
MM PACKAGING

BALL PACKAGING

DEESIDE CEREALS

EDGE TRANSPORT

QUAY PHARMACEUTICALS





LOCATION

Deeside is a major North West commercial location, positioned approximately 7 miles to the North West of Chester, 16 miles South of Liverpool and 42 miles west of Manchester on the A550 and A548.

The area benefits from excellent transport infrastructure as follows:

Road

Deeside Industrial Park is approximately 2 miles from Junction 16 of the M56, whilst Junctions 5 and 10 of the M53 are within 5 miles, providing access to the regional and national motorway network. Connections to North Wales are also excellent via the A55 North Wales Expressway. This connectivity enables over 2 million people to be within a 30 minute commute of Deeside.

Air

Manchester International Airport and Liverpool John Lennon Airport are within 45 minutes' drive from Deeside.

Rail

Deeside is served by both Flint and Chester railway stations, providing a regular rail service to London Euston with a journey time of approximately 2 hours, 5 minutes.

Sea

The Port of Liverpool is located 25 miles North of Deeside and is ranked among Britain's major container ports. It is the country's major gateway for trade with the United States and Canada, serving more than 100 global destinations and has recently benefited from £400m worth of investment to create a new deep sea container terminal known as Liverpool2.







DESCRIPTION

The property comprises a detached, single storey unit constructed in the early 1990s providing a mixture of office, laboratory and storage space within a low density, well landscaped environment.

It has been constructed as two distinct units, joined via two linkways offering the flexibility to provide multiple occupation in the future. It provides a good specification including:

- Steel frame construction with brick elevations
- Pitched tiled roof
- Glazing to all elevations
- Gas fired central heating, perimeter trunking, air cooling units and part suspended ceilings.
- 2 ground level access doors
- 59 dedicated parking spaces (excellent ratio of 1:401 sq ft).

ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition) and provides the following net internal areas:

Description	Area (sq m)	Area (sq ft)
Ground Floor	2,203	23,713

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TENURE

Freehold.

The demise includes the wider freehold of Newtech Square and extends to approximately 7.19 acres (2.91 hectares).

Please note that the area shaded blue is excluded from the sale whilst the area shaded green has been sold long-leasehold.

■ Unit 1

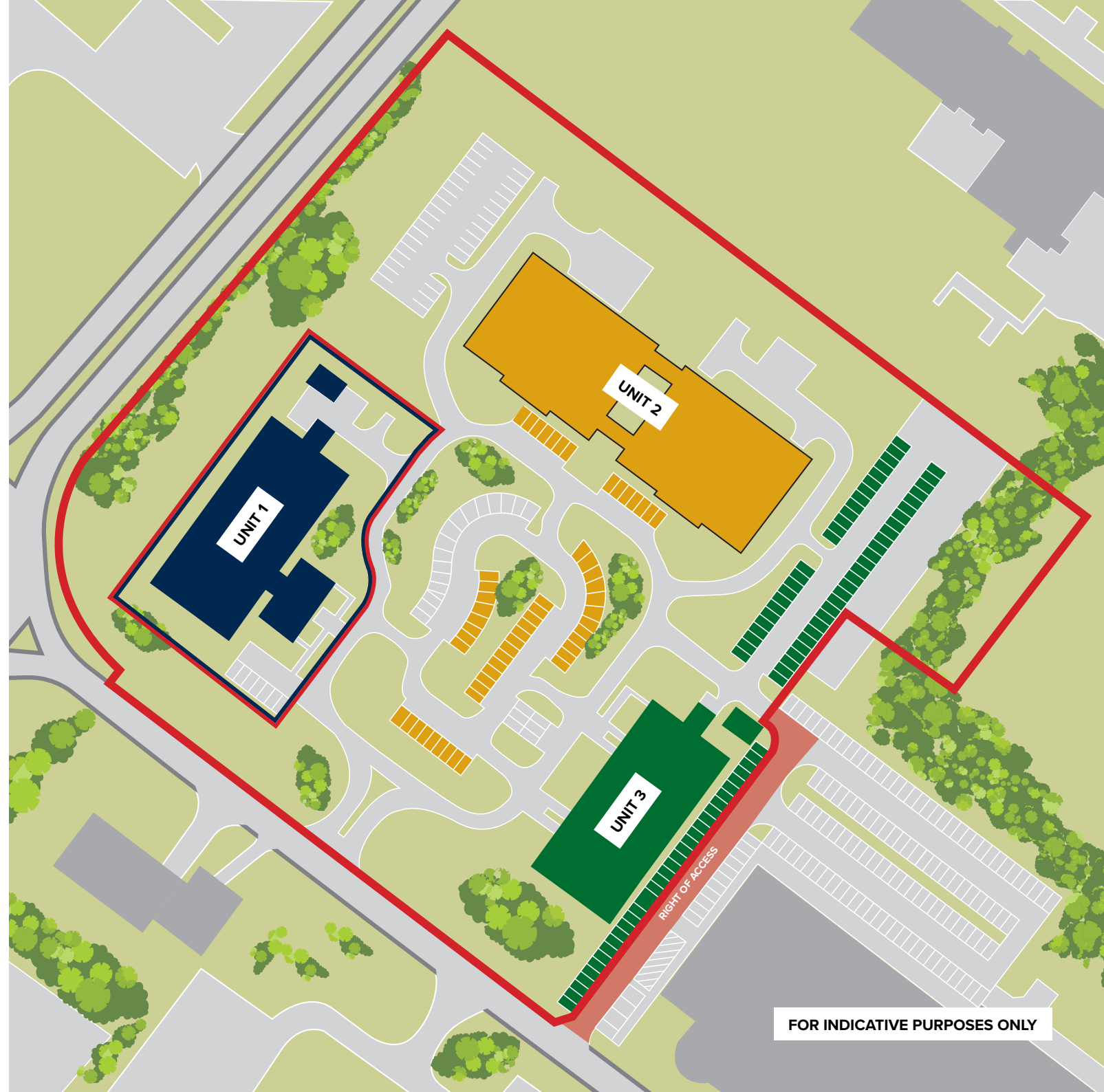
Previously Sold Freehold
(excluded from sale)

■ Unit 2

Occupational Lease Demise

■ Unit 3

Previously Sold Long-Leasehold
(excluded from sale)



TENANCY

The property is let to Reacta Biotech Limited on a 10 year lease, commencing 15 June 2018, subject to a tenant option to break on 15 June 2021 and 13 June 2024.

- The current passing rent is £90,000 per annum, subject to the following fixed rental uplifts:
 - 15 June 2019: £95,000 per annum
 - 15 June 2020: £100,000 per annum
 - 15 June 2022: £120,000 per annum
- The rent will be topped up by the vendor to the initial uplift of **£95,000 per annum, reflecting just £4.00 per sq ft.**
- There is an additional upwards only rent review in year 5 to open market rent.
- The lease is held on full repairing and insuring terms, subject to a schedule of condition.
- Outside the 1954 Landlord and Tenant Act.
- The tenant has paid a rent deposit of £22,500 plus VAT (6 months rent).

TENANT COVENANT

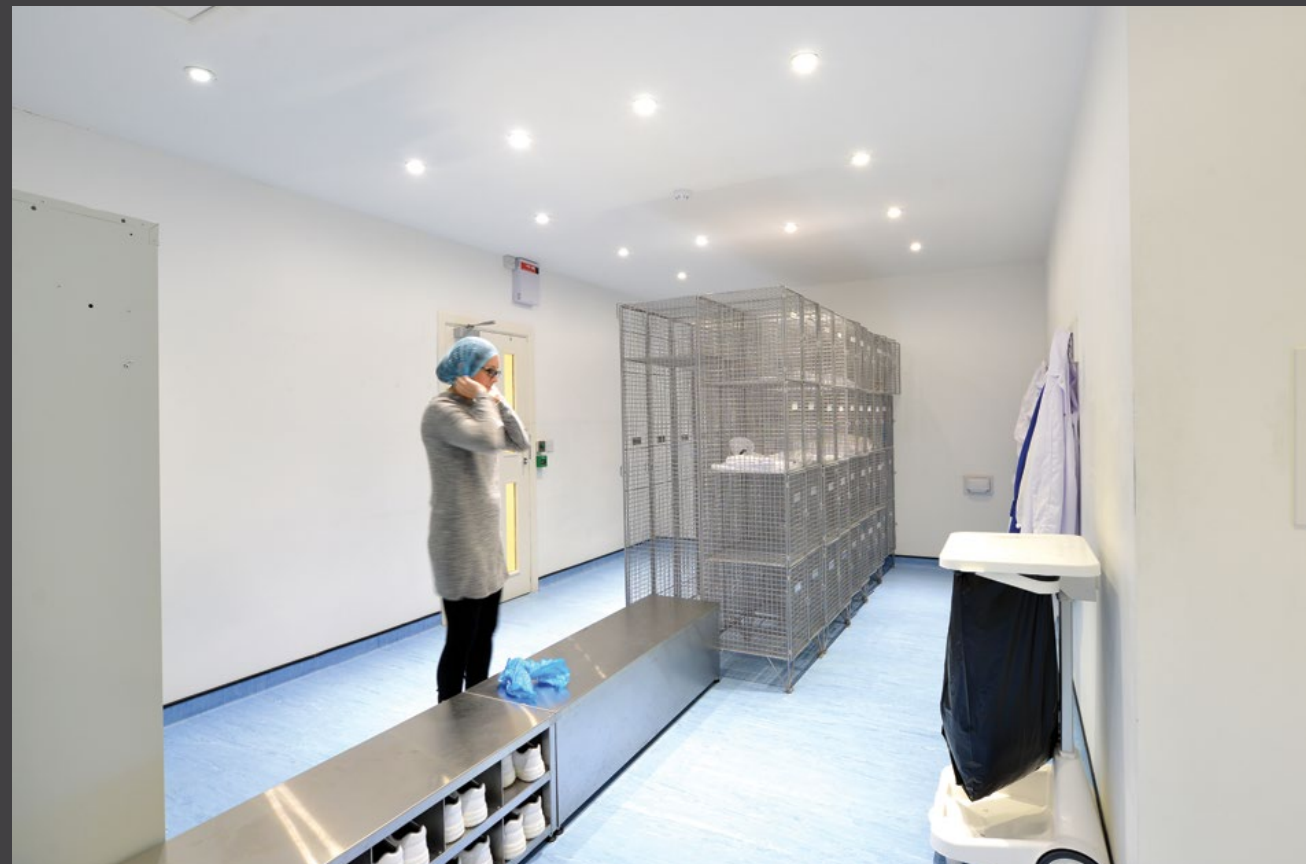
Reacta Biotech Limited were incorporated in June 2013 and specialises in manufacturing items of food containing specific allergens which are then used for research to test tolerance to such allergens. Their main market for export is the US.

The company have gained regulatory approval of oral food challenge materials in various jurisdictions and provides a gold standard for clinical food allergy testing.

Reacta Biotech Limited has published the following accounts:

	Year End 31/12/2017	Year End 31/12/2016	Year End 31/12/2015
Tangible Net Worth	£40,701	£51,213	£169,173
Net Current Assets	£15,854	£40,841	£158,124

Further information can be found at www.reactabiotech.co.uk



ASSET MANAGEMENT

- Look to re-gear the lease with the tenant to remove the break options
- Seek to acquire Units 1 & 3 Newtech Square, resulting in a ringfenced estate.
- Long term redevelopment of Newtech Square (subject to planning)
- Improve the branding and identity of Newtech Square

SERVICE CHARGE

A service charge is administered throughout Newtech Square to include security, cleaning and environmental services, communal maintenance, communal utilities and management fees.

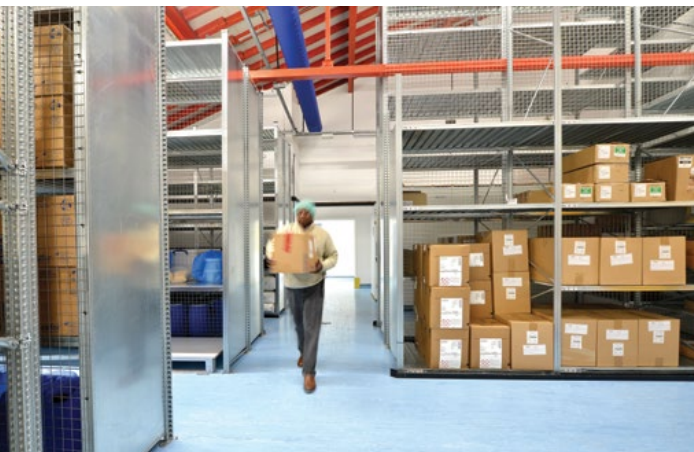
The service charge budget for the year ending 31st March 2019 reflects £14,826 (£0.20 per sq ft).

EPC

The property has an EPC rating of E (102).

VAT

The property is elected for VAT and it is the intention to treat the transaction as a Transfer of a Going Concern (TOGC).





PROPOSAL

We are instructed to seek offers in excess of **£750,000 (Seven Hundred and Fifty Thousand Pounds)** subject to contract and exclusive of VAT.

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FURTHER INFORMATION

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