

WELL LET INDUSTRIAL INVESTMENT OPPORTUNITY WITH ANNUAL UNCAPPED RPI UPLIFTS





M65

J30

M6

SUMMARY

- Detached, single let industrial investment opportunity
- Strategically located in the heart of the North West with excellent access to the M6, M61, M55 and M65 motorways
- Situated on the highly sought after Walton Summit Industrial Estate, Preston
- The property provides **33,985 sq ft** of accommodation and has been subject to significant capital investment by the tenant
- Let to the established covenant of Kommerling UK Limited providing **8.75 years term certain**
- Guaranteed by the undoubted covenant of Royal Holdings Inc.
- Passing rental of **£193,454 per annum (£5.69 per sq ft)**
- **Annual uncapped RPI rental uplifts**
- Long leasehold for a term of 999-years, subject to a ground rent of £1,000 per annum (peppercorn after November 2030)
- We are instructed to seek offers in excess of **£2,780,000 (Two Million, Seven Hundred and Eighty Thousand Pounds)** subject to contract and exclusive of VAT
- A purchase at this level reflects an attractive net initial yield of **6.50%** (after purchaser's costs of 6.42%)
- Assuming that RPI increases at 2.5% per annum, a purchase at this level provides the following yield profile:

March 2020	6.67%	March 2024	7.37%
March 2021	6.84%	March 2025	7.56%
March 2022	7.01%	March 2026	7.75%
March 2023	7.19%	March 2027	7.95%





M61

M65

J30

KOMMERLING

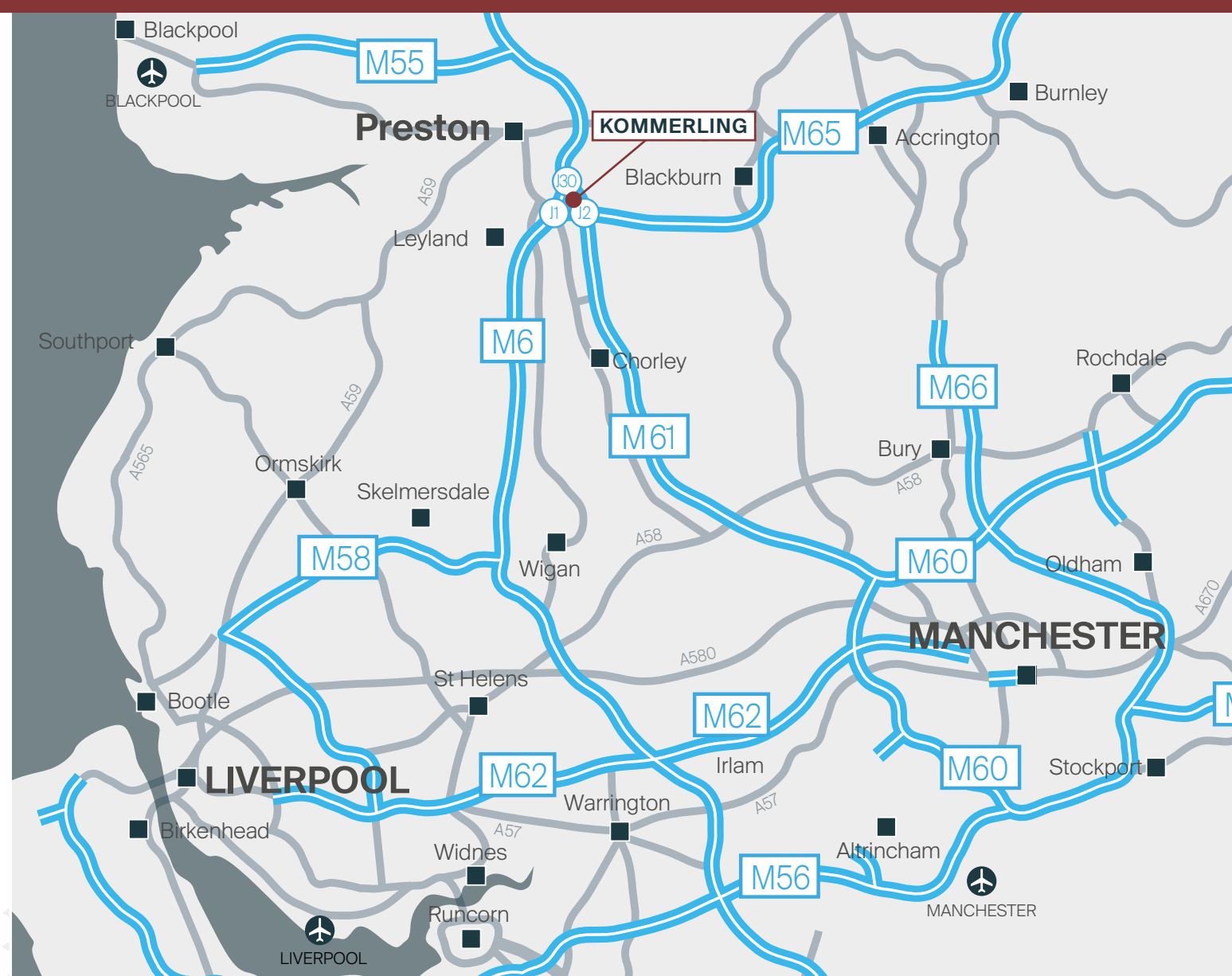
M6

- | | |
|---------------------------|--------------------|
| 1 ANORD MARDIX | 8 FURLONG FLOORING |
| 2 CIH LTD | 9 CARNFIELD PLACE |
| 3 FOUR OAKS BUSINESS PARK | 10 LINCOLN PARK |
| 4 HPH LTD | 11 NETWORK RAIL |
| 5 PARCELFORCE | 12 SLIDERS UK |
| 6 THE ICE CO. | 13 THYSSENKRUPP |
| 7 RIBBLE CYCLES | 14 MAN TRUCKS |

Preston is the principle administrative centre of Lancashire and represents the North West region's third largest City after Manchester and Liverpool. Preston was granted City status in 2002 and is situated approximately 33 miles North-West of Manchester and 35 miles North of Liverpool.

Manchester International Airport, the UK's third busiest airport, is located 35 miles to the south of Preston. The airport is currently undergoing major £1-billion investment programme to further enhance the offering of the airport.

Preston has a population of 125,000 people and benefits from 800,000 people of working age living within a 20-mile radius, with a quarter of the total UK workforce within an hour's drive.



SITUATION

Walton Summit Industrial Estate is the prime industrial location in Lancashire situated approximately 2.5 miles to the south-east of Preston city centre and provides approximately 250 acres of employment land.

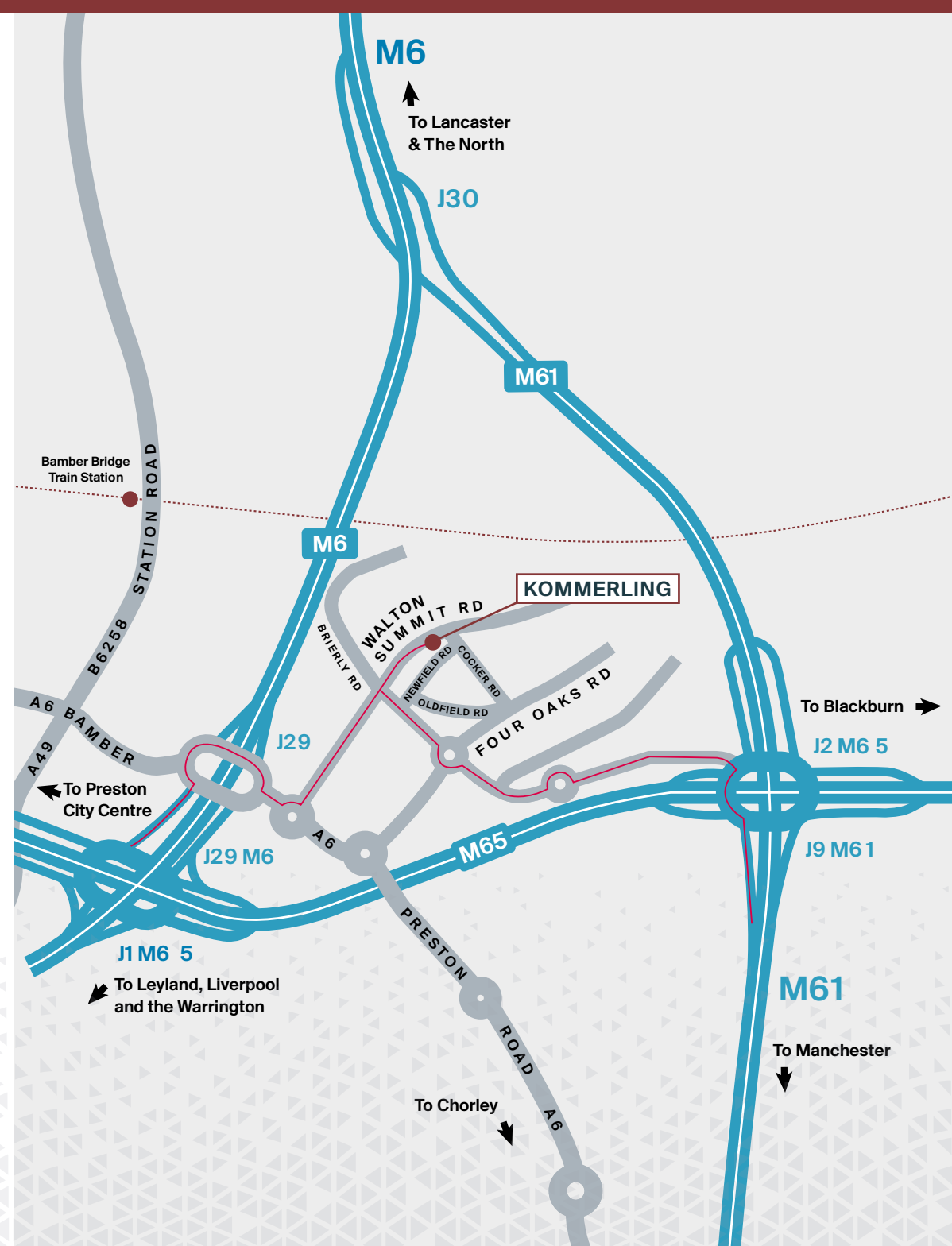
The estate has excellent road communications being strategically situated at the intersection of three major motorways, namely the M6, M61 and M65.

Walton Summit is home to a number of blue-chip occupiers including Thyssenkrupp Aerospace, MAN Trucks, Anord Mardix, Parcelforce and Yodel amongst many others.

The subject property is situated in a prominent position on the corner of Walton Summit Road and Cocker Road.

The strategic significance of the location is underpinned by the following approximate drive times:

J29 M6	1 min
J9 M61	2 mins
J2 M65	2 mins
J1 M55	14 mins
Manchester	32 mins
Manchester Airport	36 mins
Liverpool	40 mins
Liverpool Airport	45 mins
Lancaster	53 mins
Birmingham	1 hour 50 mins
London	4 hours 21 mins



DESCRIPTION

The property comprises a detached industrial/warehouse unit on a self-contained site of approximately 2 acres. The building is made up of 3 interconnecting bays, and **benefits from the following specification:**

- Steel portal frame construction beneath a pitched roof
- Part brick/part metal clad elevations
- 4.06m eaves height
- 3 level access loading doors

- Fully lit and heated
- Concrete service yard to the rear and side elevations (the majority of which is being heavily utilised by the tenant)
- Segregated parking to the front for approximately 43 vehicles
- Fully sprinklered throughout

Additional land has been identified adjacent to the western elevation providing the potential for a 5,000 sq ft extension. Further accommodation could be added should the sprinkler tanks be removed.



ACCOMMODATION

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

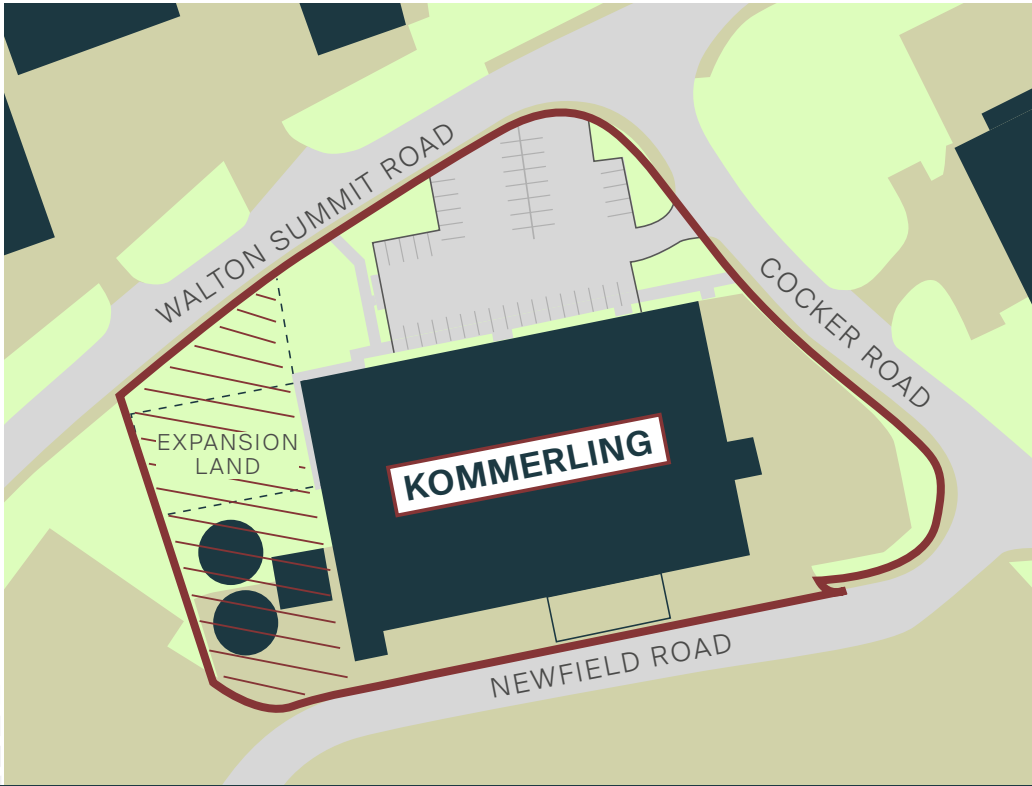
DESCRIPTION	AREA (SQ M)	AREA (SQ FT)
Warehouse	2,376.99	25,586
GF Office	403.70	4,245
FF Office	376.66	4,054
TOTAL	3,157.34	33,985
Pump House	64.96	699

TENURE

The property is held long leasehold for a term of 999 years and 3 days from 17th November 2005. There is a ground rent of £1,000 per annum payable until the 25th anniversary (25 November 2030), following which the ground rent falls to a one peppercorn.

SITE

The site extends to approximately 2.0 acres providing a low site cover of approximately 39%.



TENNANCY

The property is let to Chemical Innovations Ltd (now Kommerling UK Ltd) on a 23-year lease from 14th October 2005 until 13th February 2028 (8.75 years unexpired).

- Passing rent of £189,253 per annum (£5.56 per sq ft)
- Annual uncapped RPI uplifts every March
- FRI terms subject to schedule of condition

The lease is guaranteed by Royal Holdings Inc.

TENANT FIT OUT

The unit is heavily fitted out and the current tenant has been in occupation for over 40 years. We have been advised by the tenant that the unit is bespoke to their requirements with over £15m worth of specialised equipment invested in the premises. The tenant has also commented that they intend to further invest approximately £1m in the short term to upgrade equipment in the property.



TENANT COVENANT

KOMMERLING UK LTD

Kommerling UK Limited was established in 2000 and supply high performance adhesives, bonding agents and sealants largely to the construction and automotive industry. The company operates from two facilities in the UK, namely Walton Summit and Uxbridge.

Kommerling Chemische Fabrik act as the immediate parent company and are a leading international manufacturer of high-quality adhesives and seals with over 100 years trading history. The company is headquartered in Germany and operate throughout Europe, USA and China.

Kommerling UK Limited have published the following accounts:

	30.09.17 (12 MONTHS)	30.09.16 (12 MONTHS)	30.09.15 (12 MONTHS)
Turnover	£25,763,177	£24,204,385	£10,962,471
Pre-Tax Profit	£2,218,624	(£1,488,201)	£964,554
Shareholder Equity	£15,482,979	£14,168,076	£15,231,169

ROYAL HOLDINGS INC

A guarantor is provided by American company Royal Holdings Inc., a holding company within Royal Adhesives and Sealant Inc who are a leading global manufacturer and marketer of high performance adhesives, sealants, encapsulants and polymer coatings. Headquartered in Indiana, the company operates 19 manufacturing facilities in 5 countries and employ 1,500 people globally.

Royal Adhesives and Sealants was acquired by H.B. Fuller in October 2017 for \$1.58 billion. H.B. Fuller was established in 1887 and is a leading global adhesives provider. In 2018 H.B. Fuller reported a net revenue of \$3.04 billion with net income of \$717 million. Whilst not a guarantor on the lease, H.B. Fuller is now the tenant's ultimate parent company.



INVESTMENT MARKET COMMENTARY

The North West industrial market continues to see unprecedented levels of investment demand, driven by strong occupational dynamics, a shortage of new development to meet ongoing market requirements and the continued growth of on-line retail. **Comparable transactions of note include:**

Address	Size	Tenant	Term Certain	Price	Yield	Date
Trafford Park Road, Trafford Park	42,511	Crown Records Management	2.1	Quoting £2,985,000	Quoting 5.75%	u/o in excess of asking
3 Plantation Court, Bromborough	14,650	Mulberry Web Ltd	4.8	£1,125,500	6.31%	Apr 19
Timpson Road, Wythenshawe	36,328	Selco Trade Centres Uk	8.0	£3,300,000	6.00%	Mar 19
Sorby Road, Irlam	20,000	Air Liquide UK	9.2	£3,465,000	5.15%	Feb 19
31 Quakers Coppice, Crewe	9,008	Euro Car Parts	4.0	£875,000	5.60%	Dec 18
George Richards Way, Altrincham	96,500	Gefco Forwarding UK Ltd	8.0	£7,000,000	5.09%	Sep 18
The Enza Building, Warrington	38,060	Roanza Ltd	5.7	£4,925,000	4.76%	Apr 18



EPC

The property has an EPC rating of D-88.

VAT

The property has been elected for VAT and it is anticipated that the transaction will be treated by way of a Transfer of a Going Concern (TOGC).

PROPOSAL

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FURTHER INFORMATION

For further information or to arrange a viewing please contact: -

JOHN BURROWS

SIMON WOOD

ANTHONY MELLOR

01925 320 520

01925 320 520

01925 320 520



MISREPRESENTATION ACT: B8RE act for the vendors or lessors of this property whose agents they are, give notice that (i) these particulars are produced in good faith, are set out as a general guide only and do not constitute any part of an offer or contract. They are believed to be correct but any intending purchasers or tenants should not rely on them as statements or representations of fact but must satisfy themselves as to the correctness of each of them. (ii) no person in the employment of all agents has any authority to make or give any representation or warranty in relation to this property. This was designed by , May 2019.

