

SUBSTANTIAL INDUSTRIAL DISTRIBUTION INVESTMENT SECURED TO  
AN OUTSTANDING COVENANT WITH ANNUAL RENTAL INCREASES

# THE VERY GROUP

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BRYN LANE - WREXHAM INDUSTRIAL ESTATE - WREXHAM - LL13 9UT





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# INVESTMENT SUMMARY

- Substantial distribution facility located on Wrexham Industrial Estate, one of Europe's largest industrial estates on 1,360 acres.
- Strategically located with good connectivity to Wales and the North West of England.
- Two detached industrial warehouse facilities providing in total **711,633 sq ft** on 45.9 acres (36% site cover).
- Let to Shop Direct Home Shopping Limited, trading as The Very Group, on a new 10-year lease expiring 17 June 2031 (**c.9.25 years unexpired**).
- Excellent covenant with a **5A1 Dun and Bradstreet rating** and tangible net worth of £313,700,000 (Y/E July 2021).
- **Low rental** of £1,020,184 per annum (£2.24 per sq ft) and £793,663 per annum (£3.09 per sq ft) providing a **total of £1,813,847 per annum (£2.54 per sq ft)**.
- Attractive **annual fixed rental increases** (payable per annum) **reflecting 7% and 3% per annum** (Warehouse 1 & Warehouse 2).
- Freehold.
- We are instructed to seek offers in excess of **£29,545,000 (Twenty-Nine Million Five Hundred and Forty-Five Thousand Pounds)**, subject to contract and exclusive of VAT, reflecting an attractive net initial yield of **5.75%**, (net costs of 6.76%), a very low capital value of only **£41.52 per sq ft** and a highly reversionary yield of **8.29%** (over the 10 year term).





# LOCATION

Wrexham has established itself as a premier industrial location and is extremely well placed to serve both Wales and England. It is located approximately 14 miles south of Chester, 40 miles South of Liverpool, and 55 miles South West of Manchester.

As North Wales' largest town, and the fourth largest urban area in Wales, Wrexham is a major commercial, retail and educational regional centre.

The town benefits from frequent and direct rail services to Birmingham, Cardiff and Chester. Train times to Manchester and London are 1 hour 44 minutes and 2 hours 25 minutes respectively. Manchester Airport, the UK's third largest airport, is 46 miles North East of the property.



# SITUATION

The property is located in Wrexham Industrial Estate, benefiting from quick access to the A483 which in turn provides access to the regional motorway network (M53/M56/M6) and beyond. The site is situated on a significant plot, fronting onto Bryn Lane, one of the major arterial roads circling Wrexham Industrial Estate.

Wrexham Industrial Estate is one of Europe's largest industrial estates and the second biggest in the UK, after Trafford Park. The Park totals 1,360 acres and accommodates circa 300 businesses employing 7,000 staff.

The Industrial area is situated in an urban location, just 2 miles east from Wrexham Town Centre, with a large residential population in the immediate vicinity. As such, it is an ideal location for industrial and distribution operators, with nearby blue-chip occupiers including JCB, Cadbury, Kellogg's, Ipsen, Sharp, HSS Hire, amongst others.



## DRIVE TIMES

M53 (Junction 11)	25 mins
M56 (Junction 16)	30 mins
M6 (Junction 16)	50 mins
Chester	25 mins
Liverpool	55 mins
Manchester	1 hr 15 mins
Birmingham	1 hr 45 mins



# DESCRIPTION

The properties comprise two substantial purpose-built distribution warehouse facilities totalling 711,633 sq ft (66,112.93 sq m). Both warehouses are situated on significant sites fronting onto Bryn Lane, one of the major arterial roads circling Wrexham Industrial Estate. The specification includes:

## WAREHOUSE 1



5 warehouses  
(4,675 sq ft - 153,357 sq ft)



Eaves height:  
4.63m - 10.20m



21 level access  
loading doors



Up to 100m  
service yard



19.90 acre site  
(52% site cover)



Employee  
car parking



Fully  
ringfenced

## WAREHOUSE 2



1 warehouse  
(256,849 sq ft)



Eaves height:  
7.00m - 9.00m



Ancillary  
office



9 level access  
loading doors



Loading on  
3 elevations



Up to 53m  
service yard



26 acre site  
(23% site cover)



Employee  
car parking



Significant open  
storage land



# ACCOMMODATION

The property provides the following Gross Internal Areas:

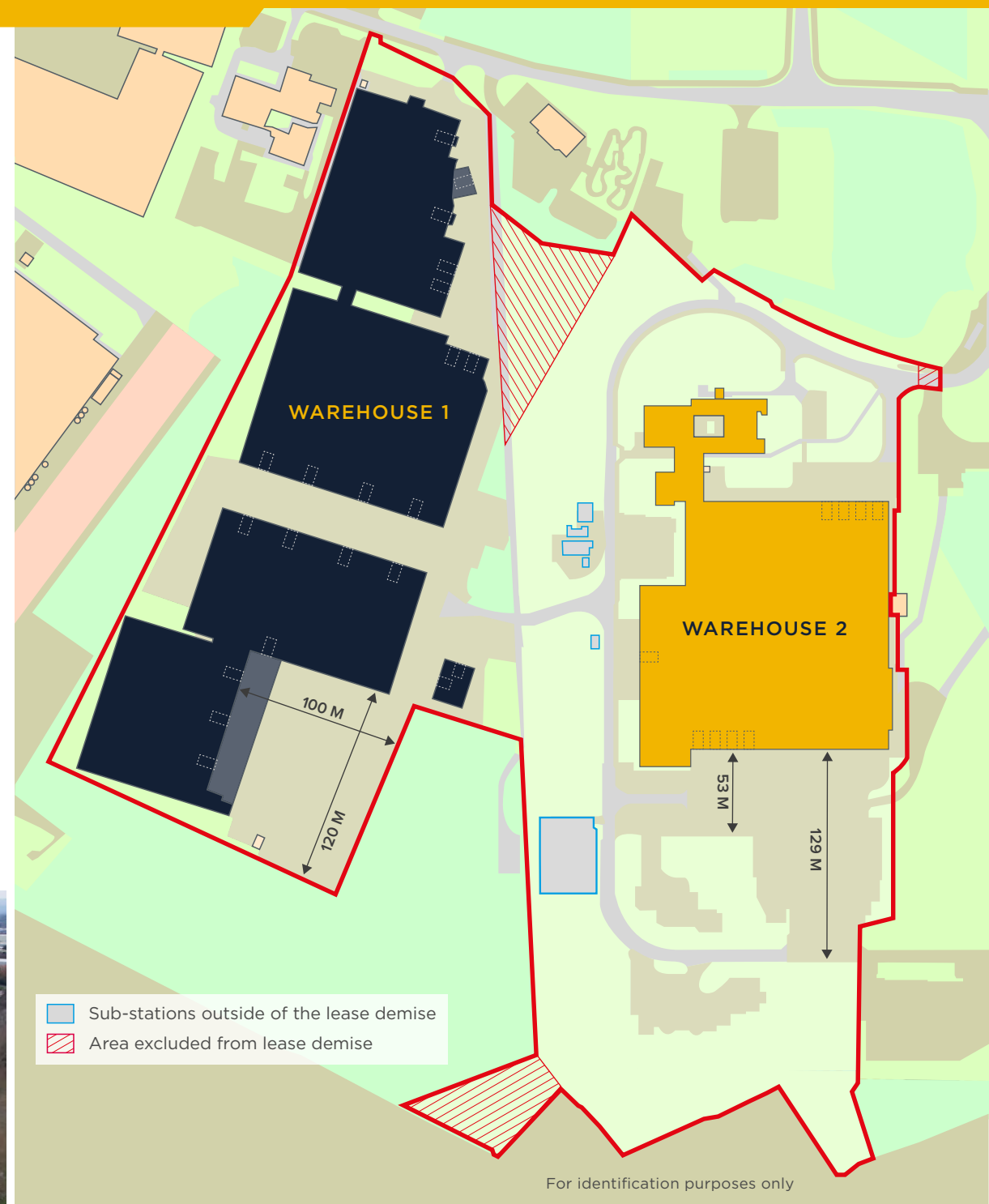
Description	GIA (sq m)	GIA (sq ft)
Warehouse 1	42,250.86	454,784
Warehouse 2	23,861.27	256,849
Total	66,112.93	711,633

## SITE AREA

The total site area is approximately 45.9 acres (18.57 hectares), providing a site cover of 36%.

Warehouse 1 is on a site of approximately 19.9 acres (8.05 hectares), providing a site cover of 52%.

Warehouse 2 is on a site of approximately 26 acres (10.52 hectares), providing a very low site cover of only 23%.



# TENURE

Both properties are held freehold.

There is a right of way to Warehouse 2 along the estate road running from Bryn Lane to the property.

## TENANCY

The total rent is £1,813,847 per annum (£2.54 per sq ft) (topped up) and the properties are let as follows:

### Warehouse 1

Let to Shop Direct Home Shopping Limited on a new lease commencing 18 June 2021, expiring on 17 June 2031 (c.9.25 years unexpired).

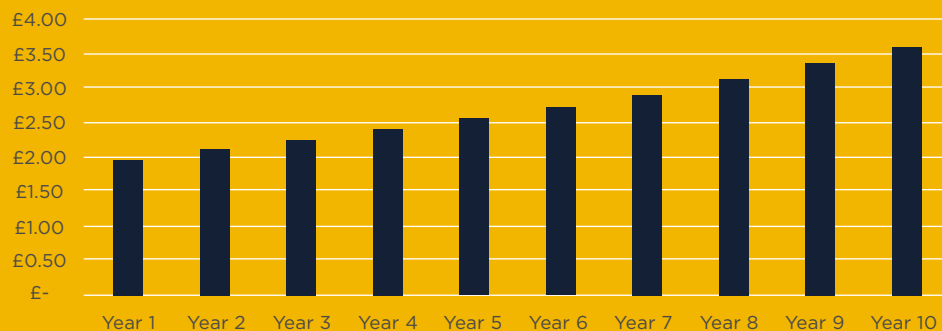
- The initial rental is £891,068 per annum (£1.95 per sq ft).
- The lease incorporates fixed annual increases in the rental to reflect 7% per annum, paid annually.
- The topped up passing rent June 2023 is £1,020,184 per annum (only £2.24 per sq ft).
- The lease is drafted on FRI terms, subject to a schedule of condition.

### Warehouse 2

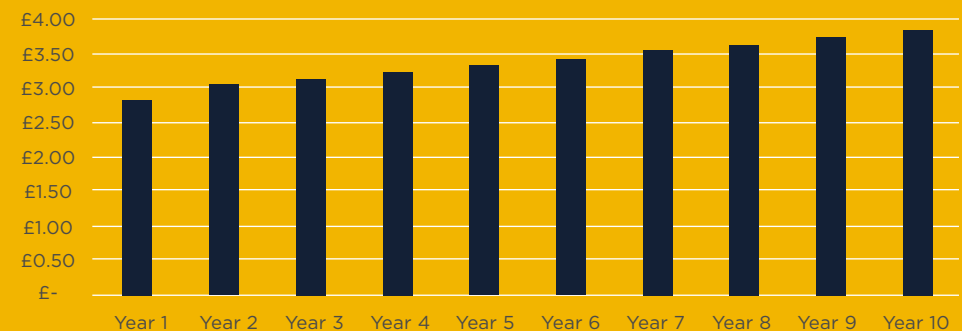
Let to Shop Direct Home Shopping Limited on a new lease commencing 18 June 2021, expiring on 17 June 2031 (c.9.25 years unexpired)

- The initial rental is £720,000 per annum (£2.80 per sq ft).
- The lease incorporates fixed annual increases in the rental to reflect 3% per annum, paid annually.
- The topped up passing rent June 2023 is £793,663 per annum (only £3.09 per sq ft).
- The lease is drafted on FRI terms, subject to a schedule of condition.

Warehouse 1 - Rental Growth Pattern



Warehouse 2 - Rental Growth Pattern





# TENANT COVENANT

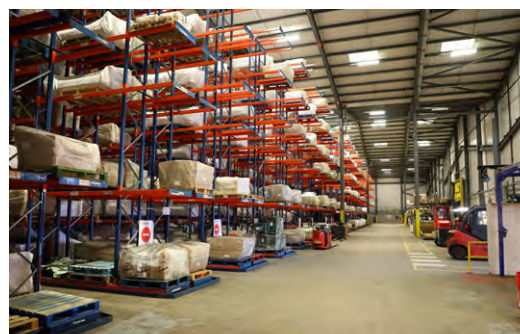
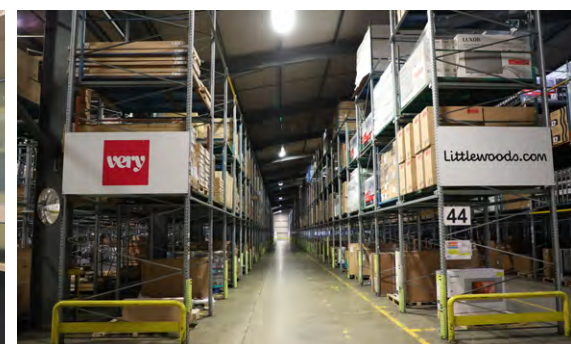


Established in 2005 as a result of a merger between Littlewoods and Shop Direct, the retailer was known as Littlewoods Shop Direct Group, until a corporate rebranding to Shop Direct Group in 2008, and another rebranding to Shop Direct in 2013. In 2020 Shop Direct rebranded themselves to The Very Group. "Shop Direct Home Shopping Limited" exists as a subsidiary of The Very Group.

The Very Group are the UK's largest integrated digital retailer and financial services provider with over 4.5m active customers, 1.9m daily website visits and 49m products delivered annually. The Very Group increased sales and customers throughout Covid-19 and also did not draw on any of the Government's Coronavirus business loan schemes, nor the job retention scheme.

Shop Direct Home Shopping Limited has been granted a Dun and Bradstreet rating of 5A1 and have published the following accounts:

	03/07/2021 Year end	03/06/2020 Year end	03/06/2019 Year end
Turnover	£1.84bn	£1.56bn	£1.48bn
Pre-tax profit	£55.9m	£46.7m	£38.0m
Tangible Net Worth	£313.7m	£218.2m	£196.7m
Net Current Assets	(£368.2m)	£209.4m	£215.8m



# OCCUPATIONAL MARKET COMMENTARY

**Wrexham Industrial Estate is one of the largest estates in Europe covering 1,360 acres (550 ha) and is home to approximately 300 businesses including JCB Transmissions, Kellogg's, XPO Logistics, Home Shopping Group, Ardagh Group, Rowan Foods, HSE Hire, amongst others.**

All parts of Wrexham Industrial Estate are easily accessible via the estate ring road which subsequently provides links to the region's motorway network.

The current North West and North Wales 'big shed' market (units over 90,000 sq ft) continues to see unprecedented levels of demand with take-up of space in 2021 at a record level of 6.50M sq ft representing a 38% increase on the previous 5 year average which is 4.51M sq ft. The demand continues to be driven by e-commerce/logistics sector which accounts for 70% of all take-up but UK manufacturing is also seeing a resurgence accounting for 30% of take-up.

The following schedule shows significant market activity in North Wales and the surrounding areas which demonstrates a strong industrial/logistics occupational market locally.

These transactions have created significant rental and capital growth which is in line with the rest of the region and where land is available is resulting in new development locally given the market confidence.

Address	Occupier	Date	Description	Size (Sq Ft)	Tenancy Details	Rent/ Price (£psf)
Expressway 56, Deeside	MMP	Q1 2022	Modern Second-hand	152,000	10 years	£4.75
Lockside 205, St Helens	Kammac	Q4 2021	Second-hand Un-refurbished	205,000	15 months	£4.50
Kingsland 21, Warrington	Panther Logistics	Q2 2021	Second-hand Refurbished	105,095	10 year lease / 5 year break	£5.50
Flow 127, Bromborough	Albea	Q1 2021	Second-hand Refurbished	127,000	10 years	£4.75
Space 170, Liverpool	Kammac	Q4 2020	Second-hand Refurbished	170,070	10 year lease / 5 year break	£4.50
Port Warrington, Warrington	Denholm Logistics	Q4 2020	Second-hand Un-refurbished	237,000	3 years	£3.00
Jupiter 143, Knowsley	Kammac	Q4 2020	Modern Second-hand	143,000	3 years	£5.50
Titan, Knowsley	JTI	Q4 2019	Second-hand Refurbished	520,000	10 year lease / 5 year break	£5.00
Pioneer 210, Ellesmere Port	Honeywell	Q4 2019	Modern Second-hand	211,921	10 year lease / 5 year break	£5.35
P150, Winsford	Warehouse One	Q2 2019	Modern Second-hand	153,917	Sub lease 4 years and 3 months	£4.85
Unit 19, Northwich	Select Plant Hire	Q1 2020	Second-hand Un-refurbished	96,966	10 year lease / 5 year break	£3.70
The Cube, Est Runcorn	Kammac	Q1 2019	Modern Second-hand	151,769	3 year lease with an 18 month break.	£6.50
Deva 100, Chester	FTS Hatswell	Q3 2018	Modern unit	103,411	10 years	£4.75



# INVESTMENT COMPARABLES

The UK industrial investment market continues to go from strength to strength, with considerable global appetite for industrial assets resulting in approximately £12.5bn of national industrial transactions, making 2021 the strongest trading year on record, 55% above the 5-year annual average.

The industrial sector continues to be buoyed by structural changes to retail and the shift to e-commerce, low vacancy rates with a limited supply of modern / new build accommodation and the loss of land to higher value uses. There has also been a consistently strong tenant occupational market with significant rental growth in the region. Many of these structural changes have been accelerated by the pandemic and also accompanied by the onshoring of many manufacturing processes / supply chains in the wake of Brexit.

The North West investment market has mirrored the national picture, with investment transactions in 2021 at a record £1.30bn (106 deals). This is the first time the £1bn mark has been broken and represents an 86% increase on the £695m (62 deals) transacted in 2020.

Given the significant demand / supply imbalance, robust occupier market and constrained development supply, we believe the strong industrial market dynamics will continue for the foreseeable future.

Date	Property	Size (sq ft)	Unexpired Term	Rent psf	Capital Value	NIY	CV psf
Jan-22	Quintessential Brands, Warrington	109,384	10	£6.40	£15,540,000	3.70%	£141.25
Dec-21	Howley 80, Warrington	78,440	10	£6.50	£9,560,000	5.00%	£120.00
Oct-21	Amazon, Knowsley	217,765	10 (5)	£5.95	£29,600,000	4.10%	£136.00
Aug-21	Panther Logistics, Warrington	105,095	10 (5)	£5.50	£10,000,000	5.42%	£95.15
Jun-21	Amazon, Rochdale	216,777	10	£6.00	£32,000,000	3.80%	£148.00
May-21	Ritrama, Wigan	114,989	9	£4.25	£9,200,000	4.97%	£80.01
Apr-21	Mark Thompson Transport, Warrington	110,859	5	£4.95	£8,500,000	6.05%	£76.67
Mar-21	TI Automotive Systems, Deeside	103,012	7	£4.26	£6,600,000	6.24%	£64.07
Mar-21	Kammac Ltd, Liverpool	170,070	5	£4.50	£11,000,000	6.50%	£64.68

## EPC

Energy Performance Certificates are available upon request.

## VAT

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

## DATA ROOM

Data room access can be provided upon request.

## PLAY VIDEO

## PROPOSAL

We are instructed to seek offers in excess of **£29,545,000 (Twenty-Nine Million Five Hundred and Forty-Five Thousand Pounds)**, subject to contract and exclusive of VAT. A purchase at this level provides an attractive net initial yield of **5.75%**, (net costs of 6.76%) and a low capital value of only **£41.52 per sq. ft.** The asset is highly reversionary, as shown below:

### Reversionary Yield Projection

●	Years 1-3	5.75%
●	Year 4	6.05%
●	Year 5	6.37%
●	Year 6	6.71%
●	Year 7	7.07%
●	Year 8	7.45%
●	Year 9	7.86%
●	Year 10	8.29%



## FURTHER INFORMATION

To discuss the opportunity, or to arrange an inspection please contact:

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