

GVA James Barr

Prime single let distribution investment

Hovis,
5 Brittain Way,
Eurocentral,
North Lanarkshire,
ML1 4XJ



BILFINGER



gva.co.uk/10145

Investment Summary

- Prime single let distribution asset in Scotland's premier logistics location
- Located just 15 miles east of Glasgow and 35 miles west of Edinburgh
- Modern storage and distribution facility extending to 8,524.62 sq m (91,955 sq ft)
- Let to Hovis Limited until 11 July 2022
- Lease guarantee from Premier Foods Group
- High specification property in excellent condition
- Passing rent of £545,000 p.a. exclusive (reflecting £5.93 per sq ft)
- Offers in excess of £6.845m exclusive
- Net Initial Yield of 7.50%
- Attractive capital value of £74.44 per sq ft



1. Morrisons
2. Hermes
3. Wincanton
4. ACS

5. Trac
6. Mentholatum
7. Cambuslang Construction
8. Headlam
9. Wincanton

10. XPO Logistics
11. Lightbody
12. Warburtons
13. Sheffield Insulation

14. Wincanton/DSV
15. DX Networks
16. Lathams
17. Eddie Stobart
18. Amazon

19. Stapleton Tyres
20. Vertex - (129,183 sq ft vacant)
21. TDG/Argos
22. Fedex



Glasgow - 15 miles

M8 Motorway
New Eurocentral interchange

Edinburgh - 35 miles



Location

Eurocentral is a premier distribution location in North Lanarkshire. It is Scotland's newest purpose built industrial and distribution location. It is 15 miles from Glasgow and 35 miles from Edinburgh. Eurocentral sits immediately next to the M8 motorway and benefits from its own four way junction (Eurocentral Interchange – Junction 6A) and is just 5 miles from the M74, M73 and M80 motorways which provide efficient access to the whole of Scotland and easy access south to England and Wales.

Major motorway improvements are currently underway between M8 Junction 6 (Newhouse) and 7a (Shawhead) which will improve traffic flow to Eurocentral including links to the M74 network.

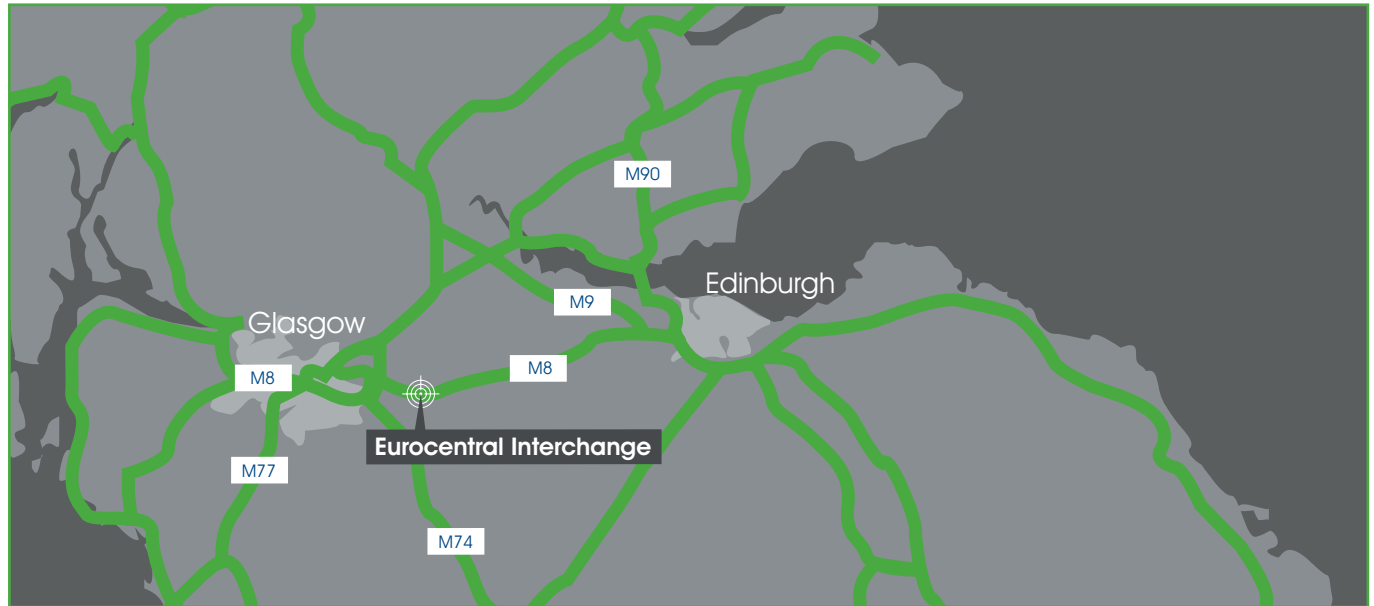
In addition to excellent road links, Eurocentral benefits from a rail freight terminal. The facility is operated by DB Schenker Rail UK Ltd and provides a domestic and European rail link for freight services.

Edinburgh and Glasgow Airports are approximately 30 minutes drive from Eurocentral and Preswick Airport (Scotland's main air freight airport) is approximately 45 miles south west from the subjects.

Situation

Eurocentral is a high profile development which extends to approximately 650 acres. The development of Eurocentral began in 1992 with the benefit of Enterprise Zone Status which has now expired. Eurocentral continues to flourish as the most accessible commercial hub in central Scotland. It attracts a range of occupiers and investor landlords due to its strategic location and ability to deliver large scale industrial property solutions.

Current occupiers include: Eddie Stobart, ACS Clothing, Mentholatum, Sheffield Insulation, Headlam, City Link, Fedex, New Printers, Morrisons, Trac, XPO Logistics, Hermes, Amazon, DSV, Mersen, Consarc, TDG and Warburtons. Wincanton occupy 4 premises within Eurocentral serving a variety of operations and client contracts.





Description

The property comprises a detached distribution unit on a secure self-contained site which was constructed and pre-let in 2001.

The property offers modern warehouse accommodation with ancillary offices arranged over 2 floors. It is of steel portal frame construction with lightweight metal composite vaulted roof, cross docked loading bays, composite wall cladding and concrete floor. The specification includes:

- Secure site with security gatehouse, re-fuelling facility and vehicle maintenance workshop
- Extensive vehicle yard with 360 degree circulation including trailer parking
- 50 dock level loading doors
- Clear internal eaves height of 9.00m
- Suspended light and heating gas blower heating system
- Management offices, drivers reception and ancillary staff areas
- 120 on site car parking spaces



Accommodation

The accommodation provides the following approximate Gross Internal Areas:

Accommodation	(sq m)	(sq ft)
Warehouse	7,523.01	80,977
Ground Floor Office	521.99	5,619
First Floor Office	497.91	5,359
TOTAL GIA	8,542.91	91,955

Energy Performance Certificate

The property has an EPC rating of "F". The property meets the requirements under Section 63 of the Climate Change (Scotland) Act and no further action is needed to comply with these regulations.

Site Area

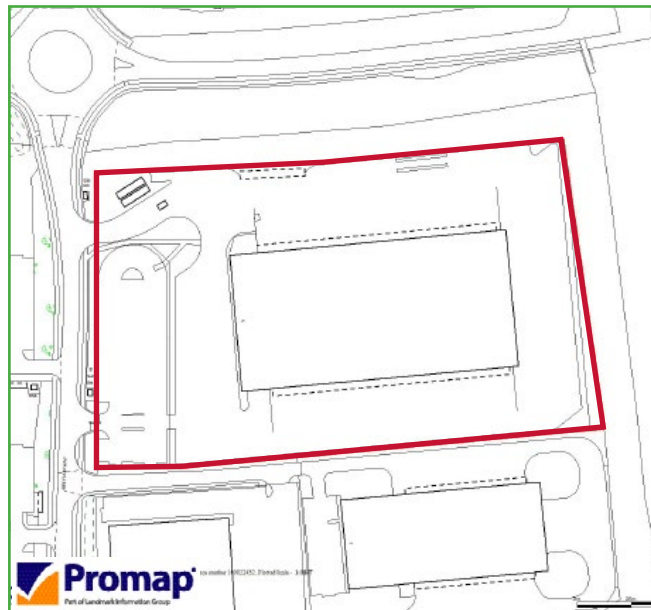
The subjects extend to approximately 7.57 acres (3.064 hectares) which provides a low site coverage of approximately 24%.

Tenancy

The property is let on full repairing and insuring terms to Hovis Limited (Company Number 08846838) until 11 July 2022. The current passing rent is £545,000 p.a. exclusive reflecting £5.93 per sq ft. The lease provides for 5 yearly upwards only open market rent reviews, the next review is due 10 July 2017.

The lease is guaranteed by Premier Foods Group Ltd (Company Number 00281728).

A copy of the lease and the guarantee can be provided to interested parties.



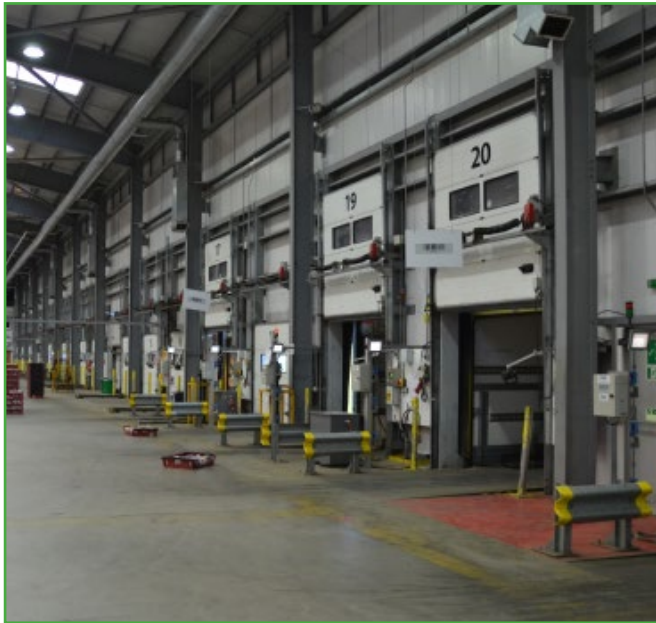


Scottish Industrial Market

As Scotland's premier industrial location, Eurocentral attracts a range of corporate occupiers and logistics operators and is therefore also attractive to a variety of property investors.

A number of transactions have taken place recently including:

- In Q2 2016, parcel and distribution company Hermes took a new lease over a 56,508 sq ft unit at the Atlas warehouse in Eurocentral. We understand the rent is between £5.25 and £5.50 per sq ft however, the terms of the lease remain confidential.
- In Q1 2016 Leftfield Capital bought 25 Coddington Crescent, Eurocentral as an investment for £8.75m / 7.10% NIY. The property is let to Scottish Power (sub-let to XPO Logistics) for a period of 6.50 years. The passing rent was £4.77 per sq ft and considered reversionary.
- In Q2 2015, Exeter Property Group acquired 21 Coddington Crescent for £7.65m / 4.53% NIY. This 164,782 sq ft unit is let to Wincanton with less than 12 months term certain income and 2.75 years until lease expiry. The passing rent was extremely low at £2.23 per sq ft and unit considered highly reversionary.
- In Q2 2015 Amazon took a lease over Zenith, a 92,997 sq ft new build unit. The terms remain confidential but we expect a rent between £5.50 and £5.75 per sq ft to have been paid.
- There are some exceptions but the tone rents at Eurocentral generally reflect £5.25 to £5.75 per sq ft.
- At the present time available supply is extremely tight with only one quality building (Vertex – 130,000 sq ft) being offered for lease by a landlord.
- In August 2016 supermarket retailer Lidl announced the purchase of 50 acres of land at Eurocentral where they will build a 624,000 sq ft regional distribution facility.



Covenant Information

The tenant is **Hovis Limited (Company Number 08846838)**. Hovis was established in 1886 and is a leading UK bakery business. Hovis was acquired by Premier Foods Group PLC in 2007. In April 2014, Premier Foods sold a 51% stake in the business to Gores Group, a private equity investor, in order to create a newly formed independent bakery company. For further information please see www.hovis.co.uk

As of Q3 2016 Hovis Limited had a Dun & Bradstreet rating of 5A1 and reported the following financial results. A copy of the Dun & Bradstreet report is available on request.

Hovis Limited (Company No: 08846838)	31 Dec 2014	31 Dec 2013
Turnover	£380,886,000	Part of Premier Foods Group
Pre Tax Profit / (Loss)	£75,827,000	
Net Worth	£102,114,000	
Net Current Assets	£48,478,000	

The lease is guaranteed by **Premier Foods Group Limited (Company Number 00281728)** which is a subsidiary of Premier Foods Group, PLC a leading FTSE listed UK based food conglomerate. For further information please see www.premierfoods.co.uk

As of Q3 2016, the guarantor, Premier Foods Group Ltd had a Dun & Bradstreet rating of N1 and reported the below financial results. A copy of the Dun & Bradstreet report is available on request.

Premier Foods Group Ltd (Company No: 00281728)	4 April 2015	5 April 2014	31 March 2013
Turnover	£1,139,795,000	£1,509,944,000	£1,734,935,000
Pre Tax Profit / (Loss)	£60,220,000	£133,293,000	(£118,158,000)
Net Worth	(£380,723,000)	(£491,099,000)	(£671,877,000)
Net Current Assets	£2,217,179,000	£2,476,661,000	£3,014,513,000



VAT

The property has been elected for VAT purposes and VAT is charged on the rent. VAT is payable over and above the purchase price however we envisage that any sale will be conducted by way of a Transfer of a Going Concern (TOGC).

Capital Allowances

We understand that no capital allowances are available, should any capital allowances be available they will be retained by the vendor.

Tenure

Heritable (Scottish equivalent of English freehold).

Rateable Value

The current RV is £498,000 effective 1 April 2010. Additional information can be found at www.saa.gov.uk.

LBTT and Legal Costs

Each party will be liable for their own legal costs and the purchaser will be responsible for LBTT due at the prevailing rate, currently estimated to be 4.36% based on the asking price.

Data Room

Additional building, lease and title information will be placed in a data room. Access will be made available to seriously interested parties.



Investment Summary and Opportunities

- High specification unit in excellent condition.
- Secure medium term income.
- Opportunity to negotiate and improve the unexpired lease term.
- Significant lack of supply of quality distribution facilities in Scotland – supports rental growth and strong re-letting prospects if required.
- Attractive capital value rate per sq ft considering current build costs and term certain income.

Proposal

We are instructed to seek **offers in excess of £6.845m exclusive**. A purchase at this level would reflect a **Net Initial Yield of 7.50%** after taking account of acquisition costs and LBTT at approximately **6.16%** and an attractive capital value of only **£74.44** per sq ft.



Birmingham
Bristol
Cardiff
Dublin
Edinburgh
Glasgow
Leeds
Liverpool
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Further information

Viewing is by appointment only.
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