



Multi Let Industrial Estate Investment
AUTOBASE INDUSTRIAL PARK, TIPTON ROAD, TIVIDALE B69 3HU

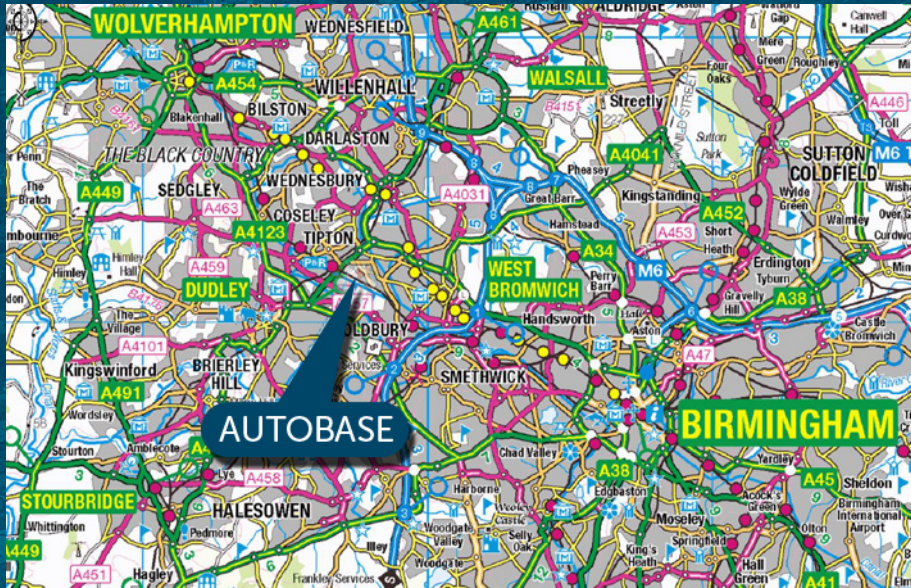


INVESTMENT SUMMARY

- Multi let industrial estate totalling 513,425 sqft
- Site of 37.8 acres
- Freehold
- Predominantly occupied by two of the UK's largest independent steel stockholders and a national distribution company
- WAULT of **7.3 years** to breaks and **8.2 years** to expiries
- Total rent - £1,671,277 per annum
- Approximately **94%** of income secured to the four main tenants
- Further asset management initiatives and development opportunities
- Price - £19,745,000
- Initial Yield - **8%**
- Low Capital Value - **£38.45** per sqft



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LOCATION

The subject estate is located between Oldbury and Tipton in the Black Country, 6 miles north west of Birmingham city centre. West Bromwich is 3 miles to the east and Dudley is 2 miles to the south.

The estate fronts onto the A457 Tipton Road which leads west from Oldbury towards Tipton. This main road provides access to Oldbury Ringway which in turn links to the A4034 and Junction 2 of the M5 which is 3 miles away. Junction 1 of the M5 is 3 miles to the north east, westwards the A457 links to Birmingham New Road (A4123) which leads north to Wolverhampton.

Autobase Industrial Park lies to the north of Tipton Road and is bounded on the west and northern boundaries by the Birmingham and Dudley canals. To the east is predominantly modern residential housing, some of which has been developed in the last five years. To the west and south are established industrial areas including estates such as Cleton Business Park and Vaughan Trading Estate.



DESCRIPTION

A large proportion of the site was constructed in the 1960's as a steel re-rolling complex. The estate was subsequently divided during the mid 1990's and a new distribution unit constructed in circa 2000 at the rear of the site.

The estate entrance is accessed directly from Tipton Road. The manned gatehouse is controlled by barriers. The estate has 24 hour security and CCTV. There is pallisade security fencing along all boundaries. There is an estate road running around the whole estate.

The main complex comprises a number of high bay, steel frame units now used for steel stockholding. The eaves heights range from 10-12m, most units have full gantries and a variety of cranes, some of which are landlord's fixtures and fittings. There is ancillary industrial accommodation and offices around these main units.

The rear of the estate is known as "Area 38". The main unit is a large purpose built two bay, steel portal frame distribution unit with large canopied loading area. The building includes integral two storey offices while the warehouse has an eaves height of 7m. The unit has the potential to be extended by approximately 25,000 sqft to the northern elevation.

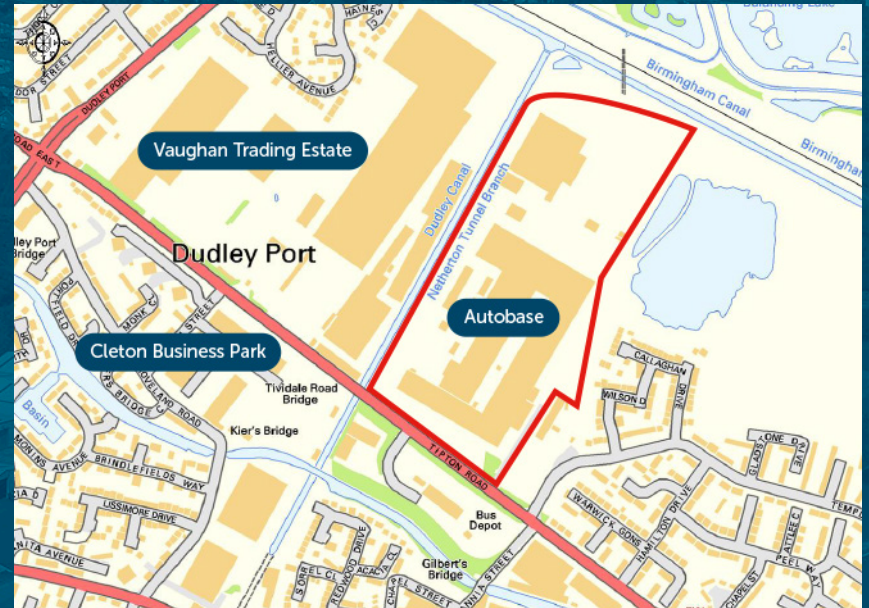
There are several other small modern industrial units to the rear of the site along with approximately 4 acres of undeveloped open storage land and areas for HGV vehicle parking.

At the front of the estate, along Tipton Road is an undeveloped plot of land in excess of 0.5 acres which could be developed in the future for trade use.

ACCOMMODATION

In total the estate provides 47,698 sqm (513,425 sqft) of predominantly industrial accommodation. Individual unit sizes are set out within the tenancy schedule.

The site extends to 15.3 hectares (37.8 acres). It is estimated that a further 75,000 sqft could be developed on the main undeveloped plots on the estate. The opportunities are outlined within the Asset Management section.



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TENURE

Freehold.

TENANCIES

The estate has an excellent history of occupancy, the steel stockholding companies and distribution company having been on the site for over 10 years. The four main tenants are responsible for 94% of the estate's income, the remaining is derived from a variety of short term lettings and vehicle parking licences.

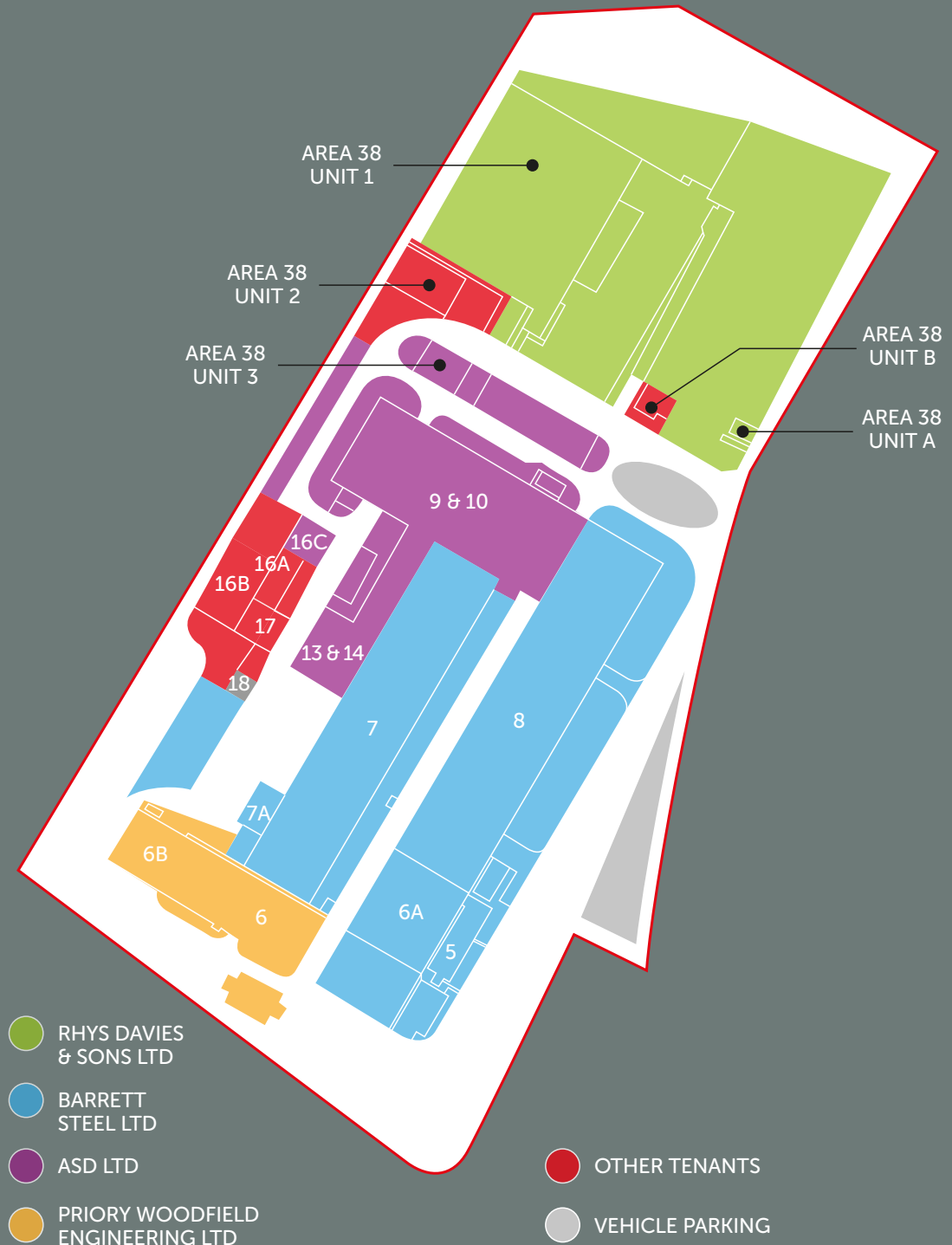
The estate is producing **£1,671,277** per annum, including a top up in the rental income on the Barrett Steel leases.

The WAULT to break is 7.3 years and to expires 8.2 years. Key points to consider on the income are:

- 44.5% of the income is secured for over 10 years.
- 83.4% of the income is secured for over 5 years.
- The short term nature of the income on Block 16-17 is intentional to give the landlord flexibility in the future for potential asset management initiatives.

SERVICE CHARGE

The service charge budget for 2014 equates to approximately £0.57 per sqft. Over 55% of the service charge cost is security for the site which includes gatehouse security, CCTV and site patrols. This is important for all the tenants on site. For individual service charge details levied on each of the tenants refer to the tenancy schedule. There is currently a small shortfall, full details can be provided on request.



TENANCY SCHEDULE

Autobase Industrial Park, Tipton Road, Tividale

UNIT	TENANT	AREA (sqft)	LEASE START	RENT REVIEW	LEASE EXPIRY (BREAK)	RENT (sqft)	COMMENTS	EPC
5, 6a & 7	Barrett Steel Ltd	137,877	25/03/1997	25/03/2017 25/03/2022	24/03/2025	£425,900 (£3.09)	Current rent £212,950 but vendor will top up to 17 April 2016 level. Schedule of Condition. Original lease to Euroform Pressings Ltd, later assigned to Stadco and then assigned to current tenant in 2001.	C-62
7a	Barrett Steel Ltd	6,855	14/09/1998	25/03/2017 25/03/2022	24/03/2025	£22,500 (£3.28)	Current rent £11,250 but vendor will top up to 17 April 2016 level. Service charge not charged.	C-59
8	Barrett Steel Ltd	105,628	17/04/2014	25/03/2017 25/03/2022	25/03/2025	£295,210 (£2.79)	Current rent £147,605 but vendor will top up to 17 April 2016 level. Schedule of Condition.	C-57
6	Priory Woodfield Engineering Ltd	35,402	25/03/2009	25/03/2014	24/03/2018	£94,000 (£2.66)	Service charge cap originally at £21,190 with annual RPI increases. Schedule of Condition. Landlord gantries & cranes, tenant responsible for repairs.	C-75
6b	Priory Woodfield Engineering Ltd	9,935	17/04/2012		25/03/2015	£26,500 (£2.67)	Service charge cap originally at £6,890 with annual RPI increases. Schedule of Condition. Landlord gantries & cranes, tenant responsible for repairs.	
9 & 10	ASD Ltd	76,350	25/03/2010	25/03/2015	24/03/2025 (25/03/2020)	£228,200 (£2.99)	Schedule of Condition. Break option on 6 months notice.	C-71
13 & 14	ASD Ltd	24,808	25/03/2010	25/03/2015	24/03/2025 (25/03/2020)	£77,500 (£3.12)	Schedule of Condition. Break option on 6 months notice.	D-89
16c	ASD Ltd	3,325	25/03/2010	25/03/2013	24/03/2016	£9,170 (£2.75)	Schedule of Condition.	C-75
Area 38 - Unit 3	ASD Ltd	5,441	17/03/2011	17/03/2014	16/03/2017	£28,000 (£5.15)	Schedule of Condition.	C-71
16a	Transfab UK Ltd	5,052	17/06/2014		16/06/2015	£18,000 (£3.56)	2 month rolling landlord break option. £2,000 deposit held. Excluded from 1954 Act.	C-65
16b	Evitts Haulage Ltd	2,471	01/01/2013		31/12/2013	£11,500 (£4.65)	Tenant holding over. £1,000 deposit held. Internal repairing lease. Tenant to renew.	E-118
17	Nicholas Dudfield t/a SJD Logistics	1,732	11/02/2014		10/02/2015	£5,500 (£3.18)	3 month rolling landlord break option. £690 deposit held. Excluded from 1954 Act.	C-68
18	Vacant	1,663						E-104
Area 38 - Unit 2	Indesit Company UK Ltd	8,520	11/05/2009		10/05/2014	£38,610 (£4.53)	Schedule of Condition. Tenant has given notice to vacate on 31 October 2014.	C-73
Area 38 - Unit 1	Rhys Davies & Sons Ltd	84,249	01/01/2010	01/01/2015	31/12/2019	£345,000 (£3.97)*	Service charge fixed at £36,000 per annum. Additional 10,934 sqft of loading canopy.	C-65

UNIT	TENANT	AREA (sqft)	LEASE START	RENT REVIEW	LEASE EXPIRY (BREAK)	RENT (sqft)	COMMENTS	EPC
Area 38 - Unit A & Land	Rhys Davies & Sons Ltd	1,140 plus land of approx 3 acres	10/07/2013		31/12/2019	£0	Supplemental to lease of Area 38 Unit 1. Grant of lease was in conjunction with landlord works to Area 38 Unit 1. Tenant has option to renew for further 5 years on 6 months notice if main lease is renewed. A market rent will be payable. ERV - £90,000. Rent free granted until expiry of current lease. Schedule of Condition on Unit A.	
Area 38 - Unit B	Glendale Grounds Management Ltd	2,618	01/12/2011		30/11/2014	£10,787 (£4.12)	Schedule of Condition. £4,950 deposit held.	A-25
Catering Parking	Tina Whitehouse		01/01/2014		31/12/2014	£1,300	Rolling landlord break on 28 days notice.	
Parking Space A	Desmond John Hill		01/01/2014		31/12/2014	£1,600	Rolling landlord break on 28 days notice.	
Parking Space B	S France		01/01/2014		31/12/2014	£1,850	Rolling landlord break on 28 days notice.	
Parking Space C, E, F, G & I	Hilltop Transport Ltd		01/04/2014		31/03/2015	£4,500	Rolling landlord break on 28 days notice.	
Parking Space D	Kabin King Ltd		01/01/2014		31/12/2014	£1,100	Rolling landlord break on 28 days notice.	
Parking Space H	Johnston Oils Ltd		01/01/2014		31/12/2014	£2,650	Rolling landlord break on 28 days notice.	
Parking Space J	Stephen West		01/01/2014		31/12/2014	£1,700	Rolling landlord break on 28 days notice.	
Parking Space K	Paul David Green		10/02/2014		09/02/2015	£1,900	Rolling landlord break on 14 days notice.	
Parking Space L	Vacant							
Parking Space M	Johnston Oils Ltd		19/05/2014		18/05/2015	£2,650	Rolling landlord break on 28 days notice.	
Parking Spaces 2-6	Transfab UK Ltd		18/08/2014		17/08/2015	£13,000	Rolling landlord break on 28 days notice.	
Parking Spaces 1 & 7-10	Vacant							
Land Adjacent to Weighbridge Office	D&D Scaffolding		TBC			£2,650	New lease with rolling landlord break to be documented.	
Weighbridge Office	Vacant	359						
TOTAL		513,425				£1,671,277		

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COVENANTS



Barrett Steel Ltd - the company is the UK's largest dedicated steel stockholder founded in 1866. The group comprises 43 different companies across 31 UK locations.

	31/09/2013 (£'000s)	31/09/2012 (£'000s)	31/09/2011 (£'000s)
Turnover	273,296	261,251	244,179
Pre-tax Profits	4,560	3,110	6,875
Total Assets less Current Liabilities	58,581	58,444	89,658



ASD Ltd - the company are one of the UK's largest steel stockholders trading from 12 locations. The company are part of the international steel distribution group Klockner & Co AG.

	31/12/2012 (£'000s)	31/12/2011 (£'000s)	31/12/2010 (£'000s)
Turnover	255,456	310,717	243,160
Pre-tax Profits	(4,388)	5,021	3,476
Total Assets less Current Liabilities	33,173	36,480	33,415

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COVENANTS

Priory Woodfield

Priory Woodfield Engineering Ltd - the company were formed in 1966 and are based in the West Midlands and are involved in pipework fabrication, the manufacture and supply of pipes flanges and fittings and the supply of micro hydropower turbines.

	31/03/2013 (£'000s)	31/03/2012 (£'000s)	31/03/2011 (£'000s)
Turnover	9,920	11,014	7,839
Pre-tax Profits	1,542	719	559
Total Assets less Current Liabilities	7,634	6,567	6,051



Rhys Davies & Sons Ltd - the company are involved in road haulage, transport and freight logistics. Founded in 1952 the company have grown significantly over the last 15 years and now have nine depots across the UK and over 400 staff. Autobase is the company's Midlands depot and look after over 15 contracts from the unit.

	31/08/2013 (£'000s)	31/08/2012 (£'000s)	31/08/2011 (£'000s)
Turnover	39,348	37,852	35,805
Pre-tax Profits	1,122	1,059	668
Total Assets less Current Liabilities	10,584	9,908	8,439



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ASSET MANAGEMENT OPPORTUNITIES

A number of recent re-gears have been completed with existing tenants however there are additional initiatives that may be exploited in the near future.

- Develop the 0.56 acres at the front of the site for a trade counter type use.
- Discuss potential extension plans with Rhys Davies and look to take back part of the open storage land at the rear of the site for potential redevelopment. There is also a rent review in January 2015.
- Re-let Area 38 – Unit 2 at an improved rent. Barrett Steel and ASD have both expressed interest in the unit. The quoting rent is £4.95 per sqft.
- Look to redevelop the Unit 16-17-18 area. ASD have previously expressed interest in taking the whole area for business expansion. This is approximately 0.7 acres in total.
- Re-gear Priory Woodfield leases.
- Re-let the weighbridge office and yard to the front.
- Increase the number of HGV parking bays on land in Area 38, increasing the income with minimal capital expenditure.
- Increase the rents on a number of the parking bays.
- Longer term alternative use potential. Almost all of the land to the north of Tipton Road from Dudley Port Road to Templeton Way has either been developed for housing or is allocated for housing in Sandwell Council's Site Allocations & Delivery Development Plan document. The only site that is not currently allocated is Autobase Industrial Park. Longer term this may become the next obvious site for housing allocation. Further information can be provided.

PRICE

We are seeking offers in excess of **£19,745,000**, a purchase at this level would reflect an initial yield of **8.0%**, allowing for purchaser's costs of 5.8%. This reflects a low capital value of **£38.45** per sqft.

VAT

The property is elected for VAT however it is anticipated that the purchase will be dealt with by way of a TOGC.

EPC's

The certificates for the individual units are available on request. The individual energy performance ratings are detailed in the tenancy schedule.

FURTHER INFORMATION

A dedicated online dataroom will be available. Access to the site will be provided on request.

On site inspections are to be arranged through the selling agents.

CONTACTS

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