FREEHOLD LONG INCOME
BUILDERS MERCHANT & TRADE COUNTER INVESTMENT

MKM BUILDING SUPPLIES, CATHEDRAL BUSINESS PARK, CHICHESTER PO20 1EJ

MKM BUILDING SUPPLIES

PK3 AGENCY

INVESTMENT SUMMARY

- **Freehold Long Income Builders Merchant Investment**
- Situated in the **affluent cathedral city of Chichester, West Sussex**
- **Located prominently on the A27/Bognor Road (A259) roundabout** – one of the principal arterial gateways to Chichester carrying c.41,000 vehicles per day (2024 estimate)
- **New build builders merchant and trade counter** completed in May 2023 to the tenant's full approved specification
- Total site area of **1.52 acres with low site coverage of 19%** Yard overage of approximately 0.80 acres (assuming a standard 40% site cover)
- Building extends to **12,510 sq ft (GIA)** plus **3,590 sq ft mezzanine**
- Total floor area of **16,100 sq ft**
- EPC rating **A-14**
- **Located within Chichester's established trade counter and automotive cluster,** with nearby occupiers including Screwfix, Toolstation, Halfords, Magnet, Dulux, Howdens, Jewson and Wolseley
- **Forms part of a wider, consented mixed-use scheme** including further trade/industrial units, hotel and roadside retail
- Let to **MKM Building Supplies Limited**
- **Undoubted covenant** – the UK's largest independent builders' merchant with over 130 branches and **turnover of £986m in the year to 30 September 2024**
- Lease guaranteed by **MKM Building Supplies (Group) Limited**
- **Fully repairing and insuring lease for a term of 25 years** wef 24th May 2023, expiring 23rd May 2048 (22 years unexpired)
- **There is a tenant only break option 24th May 2043** (17 years to break)
- Initial rent of **£310,000 per annum equates to £13.28 psf,** applying half rate to the mezzanine and £150,000 per acre to the yard overage
- **5 yearly upward only rent reviews linked to RPI** (collared and capped at 1.5% – 3.5%) annually compounded
- **Freehold**

OFFERS IN EXCESS OF
£5,550,000 (STC)

5.24%
NET INITIAL YIELD

6.15% (2028)*
REVERSIONARY YIELD
7.12% (2033), **8.26%** (2038)*

*Based on actual figures for Y1-3 and assumed RPI growth of 3% per annum thereafter

LOCATION

Chichester is an attractive and historic Cathedral City and the County Town of West Sussex, situated approximately 68 miles south-west of London and 32 miles west of Brighton.

The city and its surrounding catchment represent an area of exceptional affluence, with house prices approximately 47% above the UK average and a significantly above-average proportion of AB and C1 social group adults, supporting strong local demand for quality trade and retail provision.

The area benefits from excellent transport connectivity by both rail and road. The A27 dual carriageway provides direct access east to Brighton and west to Portsmouth, while the A3 provides access to the M25 Motorway and London. Rail services to London Victoria take approximately 90 minutes, with frequent connections to Southampton and Brighton.

Chichester	1 mile
Portsmouth	18 miles
Brighton	32 miles
M27 (Junction 12)	18 miles

(from Chichester station)

Portsmouth & Southsea	18 mins
Brighton	40 mins
Southampton Central	45 mins
London Victoria	1 hr 35 mins

Southampton Airport	35 miles
London Gatwick Airport	48 miles

SITUATION

The property occupies a strategic position at the A27/Bognor Road (A259) roundabout – approximately 1 mile to the south east of Chichester city centre.

Junction of A27 / A259 sees 41,000 vehicle movements per day (DFT, 2024 estimate), ensuring outstanding visibility and accessibility for trade customers.

The immediate vicinity has evolved into Chichester's dominant trade counter and automotive hub. Established nearby occupiers include Screwfix, Toolstation, Halfords, Euro Car Parts, Magnet, Dulux Decorator Centre, HSS Hire, CES Electrical, Topps Tiles, Easy Bathrooms, Booker Wholesale, Howdens, Jewson and Wolseley, alongside multiple car showrooms (Peugeot, Mazda, Toyota, Jaguar, VW and Skoda).

The subject property is the anchor occupier of Cathedral Business Park, a fully consented mixed use development to include trade counter, hotel and other roadside occupiers.

THE A27 PROVIDES ACCESS TO THE M25 AND WIDER MOTORWAY NETWORK

A POPULATION OF APPROX 450,000 PEOPLE WITHIN A 30-MINUTE DRIVE TIME

Map data: OpenStreetMap

PLOT A	**0.912 acre** Single drive-thru unit
PLOT B1	**1.15 acre** Two drive-thrus and a restaurant
PLOT F	**0.73 acre** Multi-unit trade/industrial

DESCRIPTION

- PURPOSE BUILT TRADE COUNTER / BUILDERS' MERCHANT
- PRACTICAL COMPLETION MAY 2023
- STEEL PORTAL FRAME CONSTRUCTION
- INTEGRATED PHOTO VOLTAIC PANELS
- EAVES HEIGHT OF 7.25M
- SECURE CONCRETE SURFACED STORAGE YARD
- 28 CUSTOMER CAR PARKING SPACES (2 ACCESSIBLE & 10 EV CHARGING BAYS)

ACCOMMODATION

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

Description	Sq m	Sq Ft
Ground Floor	1,162	12,510
Mezzanine	334	3,590
Total	**1,496**	**16,100**

SITE AREA

The site is a total of 1.52 acres providing a low site coverage of 19% and a yard overage of approximately 0.80 acres (assuming a standard 40% site cover).

THE TOTAL SITE EXTENDS TO 1.52 ACRES WITH A LOW SITE COVERAGE OF APPROXIMATELY 19%.

TENANCY

The property is let in its entirety to MKM Building Supplies Limited (Company No. 03100815) on fully repairing and insuring terms for a term of 25 years wef 24th May 2023, expiring 23rd May 2048 (22 years unexpired). There is a tenant only break option 24th May 2043 (17 years to break).

The Initial rent of **£310,000 per annum equates to £13.28 psf**, applying half rate to the mezzanine and £150,000 per acre to the yard overage.

The rent is **reviewed 5 yearly in line with RPI** (collared at 1.5% and capped at 3.5%) annually compounded.

The lease benefits from a **guarantee from MKM Building Supplies (Group) Limited.**

SERVICE CHARGE

There is a service charge payable for the maintenance and upkeep of the wider estate, fully recoverable from the tenant without any shortfalls. The service charge amount for the current year is £7,717.84 (£0.47 psf).

TENURE

Freehold (Title Number: WSX336390).

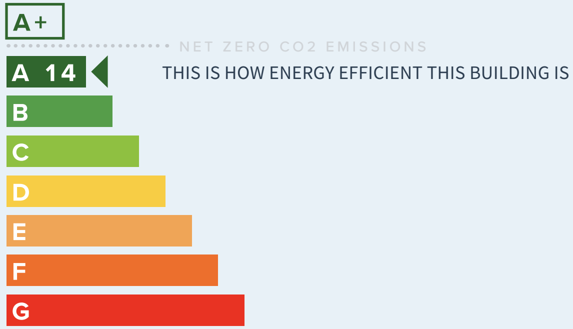
DATAROOM

A dataroom has been set up with the following documentation:

- Lease
- Title Documents
- EPC
- Environmental Survey
- Planning information
- Service Charge budget

EPC

The property has an EPC rating of A-14.



22 YEARS UNEXPIRED TO UK'S LARGEST INDEPENDENT BUILDERS' MERCHANT

COVENANT STATUS

MKM Building Supplies Limited (Company No. 03100815) is the largest independent builders' merchant in the United Kingdom, with over 130 branches across more than 20 counties in England and multiple branches in Scotland. Founded in Hull over 25 years ago, MKM has built its reputation through a unique branch ownership model: each branch is part-owned and managed by Branch Directors who recruit their own team of local, experienced specialists.

The business employs more than 1,650 people and has recorded consistent revenue growth.

The most recent accounts information for MKM Building Supplies Limited is set out below:

Year Ending	30/09/2024	30/09/2023	30/09/2022
Turnover	£986,171,000	£926,830,000	£818,030,000
Pre-tax Profit	£12,202,000	£23,366,000	£49,501,000
Net Current Assets	£15,794,000	£28,395,000	£48,904,000
Tangible Net Worth	£36,510,000	£45,655,000	£48,904,000

The lease benefits from a guarantee provided by MKM Building Supplies (Group) Limited **(Company number 10641736)**, providing additional covenant comfort.

Year Ending	30/09/2025	30/09/2024	30/09/2023
Turnover	£1,103,794,000	£986,171,000	£926,830,000
Pre-tax Profit	(£15,362,000)	(£24,979,000)	(£8,616,000)
Net Current Assets	£22,472,000	£30,869,000	£28,855,000

PROPOSAL

We are instructed to seek offers in excess of

£5,550,000 (STC)

(Five Million, Five Hundred and Fifty Thousand Pounds),
for our client's freehold interest, subject to contract.

A purchase at this level reflects the following yield profile, after deducting purchaser's costs of 6.61%:

5.24%
NET INITIAL YIELD

6.15%
REVERSIONARY YIELD (2028)*
7.12% (2033), **8.26%** (2038)*

* Based on actual figures for Y1-3 and assumed RPI growth of 3% per annum thereafter

CAPITAL ALLOWANCES

There are no unclaimed capital allowances available to the purchaser.

ANTI-MONEY LAUNDERING REGULATIONS

In accordance with Anti-Money Laundering Regulations, two forms of identification and confirmation of the source of funding will be required from the successful purchaser.

VAT

The property is elected for VAT. It is anticipated that the transaction will be structured as a Transfer of a Going Concern (TOGC) where applicable.

FURTHER INFORMATION

For further information or to arrange an inspection, please contact:

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