Units C1 & C2
Avenue Industrial Estate | Pentwyn | CF23 8HE

PRIME REVERSIONARY SINGLE LET INVESTMENT

Selling on behalf of A C Wright & S J Hunt - Joint LPA Receivers
INVESTMENT SUMMARY

- Strategically situated in an established industrial location, with easy access to the A48(M) providing direct links to Junctions 29 and 30 of the M4 motorway.
- Two modern detached industrial units of 58,107 sq ft (C1) and 9,087 sq ft (C2).
- Situated on a site of approximately 3.6 acres with a low site coverage of 38%.
- Unit C1 benefits from front and rear access together with 10 dock level loading doors.
- Tenant’s FRI leases with 5.6 years unexpired.
- Low passing rents of £200,000 per annum (£3.44 per sq ft) and £40,000 per annum (£4.40 per sq ft), providing excellent rental growth prospects.
- Secure self contained site with potential to sub-divide.
- Freehold.
- We are seeking offers in excess of **£2,800,000 (Two Million, Eight Hundred Thousand Pounds)** for our client’s freehold interest, subject to contract and exclusive of VAT. A purchase at this level reflects an attractive net initial yield of **8.05%** and a low capital value of **£41.67 per sq ft.**
LOCATION

Cardiff, which has a population of approximately 346,000, is the capital city of Wales and is located 146 miles west of Central London, 40 miles west of Bristol and 42 miles east of Swansea. Cardiff is the heart of commercial activity in Wales and is the base of the Welsh Government.

SITUATION

The subject property is located on Avenue Industrial Estate in Pentwyn, approximately 5 miles north east of Cardiff city centre. The estate is strategically located in close proximity to the A48 (M), which provides dual carriageway access to Juncions 29 and 30 of the M4 motorway. The estate is accessed from Croescadarn Close via an estate road.

Avenue Industrial Estate is an established industrial location surrounded by mixed uses including, industrial, office, car showroom, retail, leisure and residential. Nearby commercial occupiers include RSR, Waitrose (supermarket), Stratstone Jaguar (dealership), Panasonic, Boots (distribution unit), The Village Inn and Spire Hospital.
DESCRIPTION

C1 & C2 Avenue Industrial Estate comprise modern detached industrial units totaling 67,194 sq ft across two buildings.

Externally, there is dedicated on site car parking and loading yard areas with internal service roads. The site is enclosed with security fencing and a gated entrance.

Unit C1

Constructed in 2002/2003, the specification includes;

- Steel frame
- Profile sheet cladding incorporating roof lights
- Internal eaves height of 8m
- 10 electric roller shutter dock level loading doors
- High quality, two storey office accommodation with air conditioning, suspended ceilings, recessed lighting and carpeted floors

Unit C2

Constructed in 1980, the specification includes;

- Steel frame
- Profile sheet cladding incorporating roof lights
- Internal eaves height of 4.85m
- 1 roller shutter dock level loading door
- 1 loading door with ramp access
- Ground floor ancillary offices
SITE

The site extends to an area of approximately 1.46 hectares (3.60 acres), with a site coverage of 38%.

TENURE

Freehold.

TENANCIES

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Size (sq ft)</th>
<th>Lease Start</th>
<th>Lease Expiry</th>
<th>Rent Review</th>
<th>Current Rent (pa)</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>Morgard Court Ltd (on assignment from Gardvenus Ltd)</td>
<td>58,107</td>
<td>16/01/2013</td>
<td>15/01/2023</td>
<td>16/01/2018</td>
<td>£200,000 (£3.44 per sq ft)</td>
</tr>
<tr>
<td>C2</td>
<td>Morgard Court Ltd (on assignment from Gardvenus Ltd)</td>
<td>9,087</td>
<td>16/01/2013</td>
<td>15/01/2023</td>
<td>16/01/2018</td>
<td>£40,000 (£4.40 per sq ft)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>67,194</td>
<td></td>
<td></td>
<td></td>
<td>£240,000</td>
</tr>
</tbody>
</table>
Covenant

Morgard Court Ltd are trading as Gardners, established in 1976. Gardners are a digital print provider, being one of the largest super wide printers in the UK.

Their latest filed accounts are summarised as follows.

<table>
<thead>
<tr>
<th>Year End</th>
<th>Turnover</th>
<th>Pre Tax Profit</th>
<th>Shareholders’ Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/07/2015</td>
<td>£9,876,849</td>
<td>£22,944</td>
<td>£31,877</td>
</tr>
<tr>
<td>31/07/2014</td>
<td>£11,079,641</td>
<td>£260,589</td>
<td>£243,786</td>
</tr>
<tr>
<td>31/07/2013</td>
<td>£11,585,212</td>
<td>£278,527</td>
<td>£230,567</td>
</tr>
</tbody>
</table>

Gardners fully occupy both units and have recently made substantial investment into new plant and machinery.

Energy Performance Certificate

Unit C1 has an energy performance rating of C74.

Unit C2 has an energy performance rating of D77.

Further details are available on request.

VAT

We understand the property is elected for VAT. It is anticipated that the sale can be treated as a Transfer of Going Concern (ToGC).
MARKET COMMENTARY

The industrial property market has continued a steady improvement in 2016/2017 with particular activity in urban logistics, the energy and trade counter sectors.

Around 5 million sq ft of industrial floor-space was taken up in Wales in 2016, of which circa 3 million sq ft (60%) involved units over 50,000 sq ft and take-up was 38% higher than in 2015.

At the end of 2016, there was 10.8 million sq ft of floor-space available across Wales, a decrease of 5% over 12 months. The M4 Motorway corridor across south east Wales remains the prime industrial and logistics location with increased rents and capital values. There is a notable shortage of new industrial floor space and new speculative development across South Wales is limited.

Logistics activity has focused on parcel delivery points from 10,000 to 60,000 sq ft within the M4 corridor, between Cardiff and Newport. The subject property is well suited for its current manufacturing use however, it is also suitable for the logistics sector with its key property attributes including dock level loading, good eaves height (8m), secure yard/parking and a strategic location providing easy access to the national road network.

The only speculative new build in South Wales of circa 50,000 sq ft is St Modwen’s Unit 1, Celtic Business Park in Newport. This unit has recently been let to Amazon on a new 10 year lease at a rent equating to £5.50 per sq ft.
**PROPOSAL**

We are seeking **offers in excess of £2,800,000 (Two Million, Eight Hundred Thousand Pounds)** for our client’s freehold interest, subject to contract and exclusive of VAT.

A purchase at this level reflects a net initial yield of **8.05%** after deducting usual purchaser’s costs of 6.43% and a low capital value of **£41.67 per sq ft**.

**VIEWING AND FURTHER INFORMATION**

Viewing strictly by prior appointment with the sole agent:

JLL
One Kingsway, Cardiff
CF10 3AN

Justin Millett
029 2072 6006
justin.millett@eu.jll.com

Jennie Howells
029 2072 6021
jennie.howells@eu.jll.com