

MEAD LANE, LYDNEY, GLOUCESTERSHIRE , GL15 5DA



HIGH YIELDING INDUSTRIAL WAREHOUSE INVESTMENT



INVESTMENT SUMMARY

- Two modern industrial units situated within a well-established industrial area of Lydney close to the A48 Bypass
- Direct links to Gloucester and M5 to the east, and M4 Motorway to the south
- **129,923 sq ft (12,070.12 sq m) GIA** across two industrial units
- Large site totalling 6.51 acres (2.64 hectares), including 0.4 acres of vacant land
- **Freehold**
- Let to Trelleborg Industrial Tyres UK Limited and Watts Aviation Services Limited
- Unexpired term of **4.9 years to expiry**
- Current rent of **£494,000 per annum** equating to a very low base rent of only **£3.80 per sq ft** overall
- Guaranteed growth through RPI indexation and stepped uplifts in the leases
- Offers in excess of **£7,000,000 (Seven Million Pounds)** subject to contract and exclusive of VAT
- **Net Initial Yield of 6.62%**, rising to a minimum of **7.18% in 2025** upon uplifts, this assumes purchaser's costs of 6.65%
- **Low capital value of only £53.88 per sq ft**, underpinned by vacant possession values



LOCATION

Lydney is one of the major towns situated on the border of South Wales and Gloucestershire, located on the western bank of the River Severn within in the Forest of Dean District. Lydney lies close to the Welsh border, approximately 20 miles south west of Gloucester, 27 miles north west of Bristol, 40 miles north east of Cardiff and 130 miles west of London.

Lydney is a well-established commercial location which benefits from good road communications. The A48 Bypass runs through Lydney to the south of the town centre, providing convenient access to both Gloucester and Chepstow and provides a direct link to the national motorway network including the M4 and M5 motorways which enable access to the West and London in the East. The Severn Bridge tolls have since been removed, improving connectivity to nearby economic centres such as Bristol.

Lydney Railway Station is located within 0.2 miles of the property and runs directly to the south of the site. The station provides regular services to Gloucester (20 minutes) and Newport (30 minutes), which it turn provides a direct line to London Paddington with a journey time of approximately 1 hour 40 minutes.



SITUATION

The property is situated on Mead Lane Industrial Estate, approximately one mile south of Lydney town centre. Mead Lane links directly on to the A48 Bypass which is the main road leading to Gloucester to the north and the M4 Motorway and M48 via the Severn Bridge to the south.

The property is situated within a well-established industrial and commercial area within Lydney. Situated circa one mile to the east from the property is the established Lydney Harbour Industrial Estate which extends to approximately 50 acres.

Nearby occupiers include Royal Mail Group, Travis Perkins, Polyram UK, Watts Urethane Products and Berwin Industrial Polymers.





DESCRIPTION

The property comprises two adjoining industrial units. Each unit benefits from its own yard, car parking and separate access directly off Mead Lane.

Unit 1 comprises a large open plan warehouse with ancillary office and welfare space, totalling 85,034 sq ft (7,899.86 sq m) GIA. The unit is constructed of steel portal frame with part brick elevations and asbestos roof. The warehouse accommodation comprises four loading doors with dock levellers, concrete flooring, roof lights, sprinkler system and an eaves height of 4.7 metres. The ancillary office accommodation has been partially refurbished with suspended ceilings, raised carpeted floors and air conditioning.

Unit 2 comprises a large modern warehouse with ancillary ground and first floor office accommodation, totalling 44,889 sq ft (4,170.25 sq m) GIA. The building is constructed of steel portal frame and was completed in 2001, originally as an extension to the next door warehouse. The warehouse benefits from an eaves height of 7.2 metres, with a sprinkler system (combined with unit 1) and is accessed by two electric shutter doors. The ancillary office accommodation has been fitted out to a high specification including suspended ceilings, raised floors and glass partitioning.

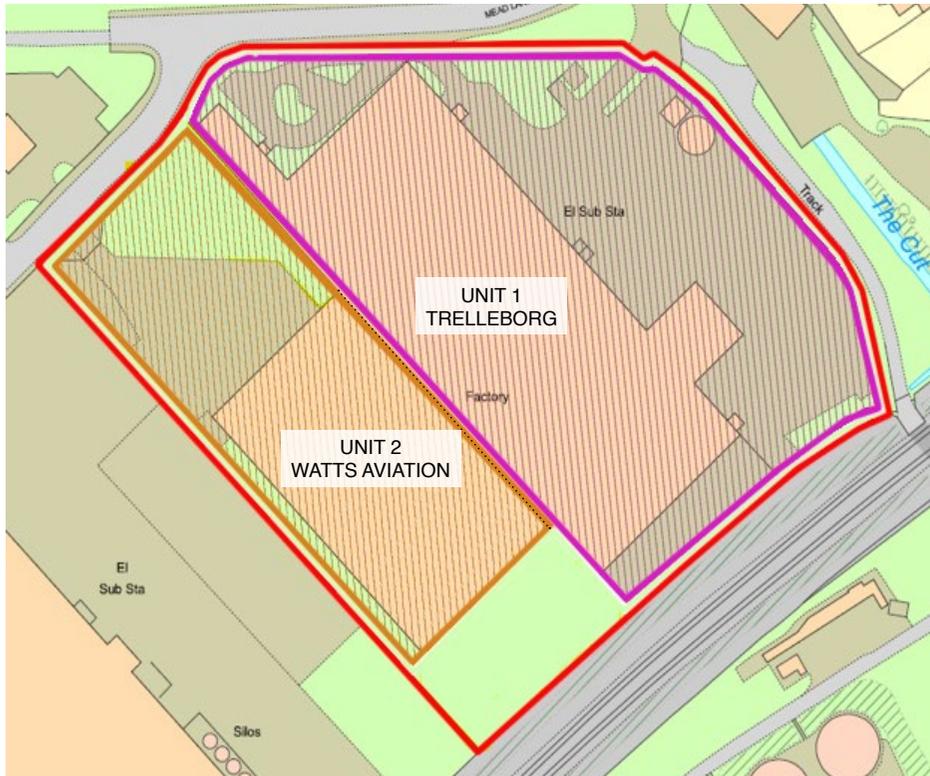


ACCOMMODATION

The Property benefits from the following Gross Internal Areas:

Unit	Description	Sq m (GIA)	Sq ft (GIA)
Unit 1 Trelleborg	Warehouse	7,291.56	78,486
	Ground floor welfare/office	286.24	3,081
	Ground Floor additional office	322.06	3,467
	Total	7,899.86	85,034
Unit 2 Watts Aviation	Warehouse	3,849.65	41,438
	Ground floor office	160.30	1,725
	First floor office	160.30	1,725
	Total	4,170.25	44,889
Total		12,070.12	129,923





□ Freehold ▨ Watts Aviation ▨ Trelleborg

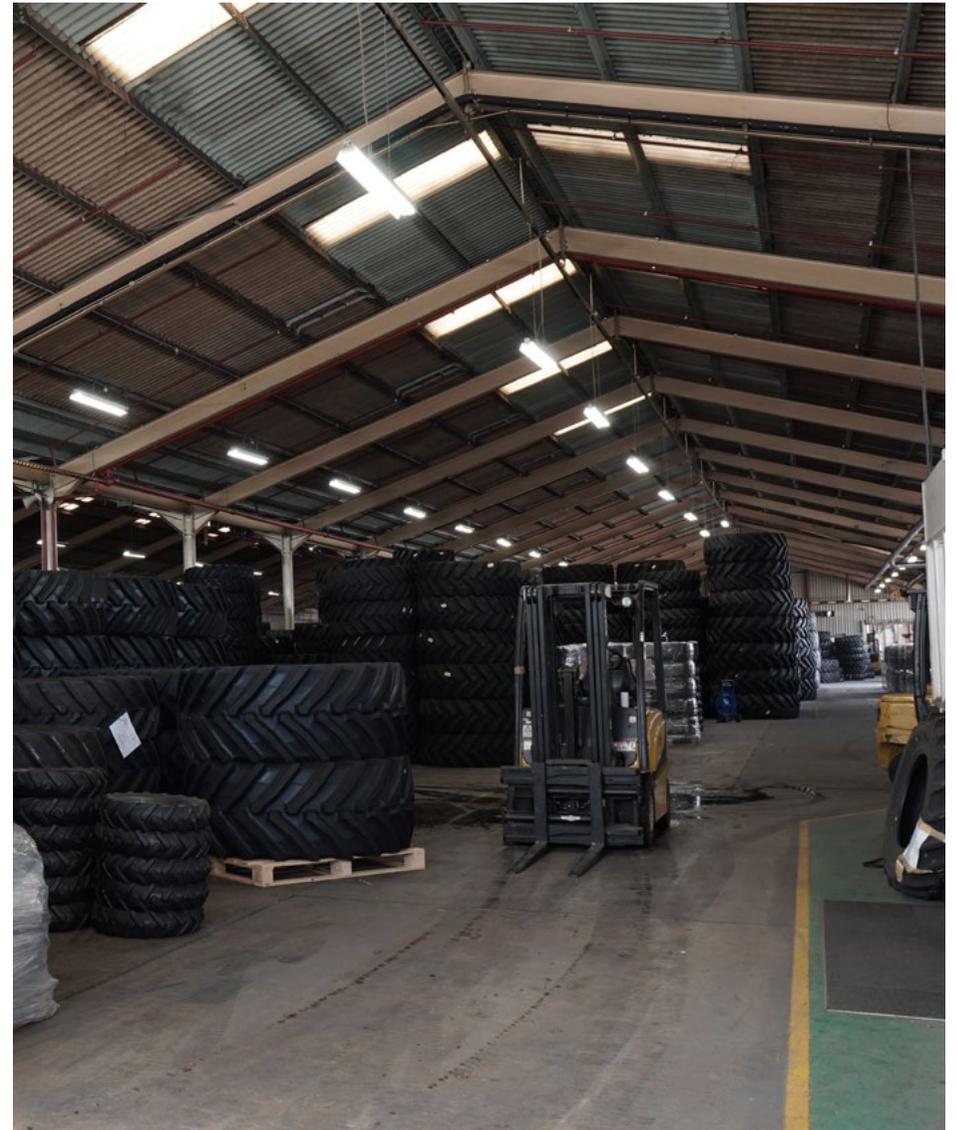
SITE

The site extends to approximately 6.51 acres (2.62 hectares) which equates to a site cover of approximately 45%. The plan above shows the two tenanted areas of the site.

The vacant area of land to the rear of Unit 2 totals circa 0.4 acres.

TENURE

Freehold.



TENANCIES

The property is let to two tenants on three separate leases producing a current rent of £494,000 per annum (**£3.80 per sq ft overall**), and a WAULT of 4.9 years to expiry.

The property is let in accordance with the tenancy schedule below;

Unit	Tenant	Area (sq ft)	Lease Start	Lease Expiry	Rent Review	Rent PA	Rent PSF	Comments
Unit 1	Trelleborg Tyres UK Limited	85,034	01/01/2021	30/09/2025	01/01/2024	£289,000	£3.40	Subject to a compound RPI linked review with a cap and collar of 3 - 5% per annum. Service charge provisions capped at 15% of rent. FRI terms, subject to a Schedule of Condition. Inside the Act.
Unit 2 (Warehouse)	Watts Aviation Services Limited	44,889	17/01/2018	16/01/2028	Annual stepped rental uplifts: 2024/25 - £205,000 pa (£4.57) 2025/26 - £220,000 pa (£4.90) 2026/27 - £220,000 pa (£4.90) 2027/28 - £230,000 pa (£5.12)	£205,000	£4.57	Subject to annual stepped rental provisions. The passing rent will be topped up to a level of £205,000 per annum upon completion. FRI terms, subject to a Schedule of Condition. Inside the Act.
Unit 2 (Yard)	Watts Aviation Services Limited	n/a	17/01/2018	16/01/2028	n/a	Peppercorn	n/a	Outside the Act. Landlord's break options if for their own purposes.
Total		129,923				£494,000	£3.80	

Following the RPI review in Unit 1 and stepped rental for Unit 2, the rent will rise to a minimum of £535,798 per annum (£4.12 sq ft overall) in 2025.

TENANT'S COVENANT



Trelleborg Industrial Tyres UK Limited

Trelleborg have been on the estate since 2004. They occupy another three units close by totalling circa 40,000 sq ft and have recently consolidated their offices back to the subject property.

Trelleborg Industrial Tyres UK Limited forms part of the wider Trelleborg Group, which is a world leader in innovative engineered polymer solutions. The Trelleborg Group has a local presence in over 40 countries around the world.

Trelleborg Industrial Tyres UK Limited specialises in supplying wheels for agricultural and forestry machines worldwide. Trelleborg Industrial Tyres UK Limited has a Dun & Bradstreet rating of 2A 2 based on accounts dated 31 December 2020, and the last three years of available accounts are summarised below:

Trelleborg	31/12/2020	31/12/2019	31/12/2018
Sales / Turnover	8,938,000	9,751,000	7,697,000
Profit / (Loss) Before Taxes	(464,000)	(63,000)	(488,000)
Equity Shareholders Funds	4,179,000	4,565,000	4,617,000

For further information please refer to <https://www.trelleborg.com/en-gb/wheels>



Watts Aviation Services Limited

Watts Aviation Services Limited has been on the state since 2001 and is a leading specialist in aircraft tyres, supplying aviation companies worldwide for over 50 years.

Watts Aviation was acquired by Desser Tire & Rubber Co. in 2015, enhancing Desser's global footprint as a leading aviation supplier in over 100 countries. Desser is a portfolio company of Graham Partners Inc, a private investment firm focused on investing in businesses with advanced industrial technologies and leading market positions.

Watts Aviation Services Limited has a Dun & Bradstreet rating of 75A based on accounts dated 31 December 2020, and the last three years of available accounts are summarised below:

Watts Aviation	31/12/2020	31/12/2019	31/12/2018
Sales / Turnover	7,343,068	12,280,250	12,998,219
Profit / (Loss) Before Taxes	804,284	1,652,361	1,693,871
Equity Shareholders Funds	6,729,193	6,385,729	5,868,561

For further information please refer to <https://www.wattsaviation.co.uk>

OCCUPATIONAL MARKET

The property is currently let at a rental of £494,000 per annum equating to a very low rent of only £3.80 per sq ft, which reflects a significant reduction to prime rental levels. These rents are also considerably below replacement cost values for units of this quality and size.

Prime rents for large industrial units are at circa £5.50 per sq ft in the surrounding areas, as demonstrated by the leasing evidence below.

Property	Date	Tenant	Area (sq ft)	Term (break)	Rent (£psf)
Unit 70, Portmanmoor Road Industrial Estate, Cardiff	Q2 2021	Wild Creation Limited	39,309	10 (5)	£5.50
B2-B6, Newport Business Centre, Newport	Q1 2021	Brammer UK Ltd	15,845	10	£5.00
Pantglas Industrial Estate, Caerphilly	Q1 2021	Biological Preparations Ltd	15,663	10	£4.28
Unit K, St Catherine's Park, Cardiff	Q1 2021	Bay Productions	17,868	2	£5.00
SWJ House & Units E1-E6 Goodridge Avenue, Gloucester	Q3 2020	Radmat Building Supplies	14,264	10	£4.00
2A Pen-y-Fan Industrial Estate, Caerphilly, Newport	Q3 2020	Orangebox	59,880	10	£4.50
Unit 1 Lakeside, Fountain, Cardiff	Q3 2020	BBC	30,553	10	£4.50

INVESTMENT MARKET

The following table outlines the most recent comparable investment evidence:

Property	Date	Area (sq ft)	Term Certain (years)	Tenant	Purchase Price	NIY	Capital Value (£psf)
SEA Ltd, Riverside Road, Potting Trading Estate, Barnstaple	Q2 2021	69,998	11	Systems Engineering & Assessment Ltd	£4,500,000	7.51%	£65
Lydney Industrial Estate, Lydney, Gloucestershire	Q4 2020	222,730	5	Various	£6,200,000	9.50%	£28
Units 22-25, Queensway Meadows Industrial Estate, Newport, Wales	Q3 2020	40,585	6.5	Halo Foods Limited	£1,980,000	6.98%	£49
Longhope Business Park, Longhope, Gloucestershire	Q3 2020	74,000	17.23 (9.23)	SPM Plastics Ltd	£3,750,000	6.93%	£51
Blewater Estate, Plymouth	Q2 2020	141,821	3.4	Various	£7,400,000	7.85%	£52

EPC

The Energy Performance Certificates are available on request and provide the following ratings:

Unit 1 – **83 D** Unit 2 – **61 C**

VAT

The Property has been elected for VAT and the purchase price is exclusive of any VAT that may be chargeable. It is anticipated that the transaction would be treated as a Transfer of a Going Concern (TOGC).

PROPOSAL

We are instructed to seek offers in excess of **£7,000,000 (Seven Million Pounds)** subject to contract and exclusive of VAT. A purchase at this level reflects a **Net Initial Yield of 6.62%** and a minimum **reversionary yield of 7.18% in 2025**, this assumes purchaser's costs of 6.65%. A purchase at this level reflects a low capital value of only **£53.88 per sq ft**.

FURTHER INFORMATION

For further information, please contact the sole agent;

Simon Bennett

T: 01179 305 717

M: 07808 290 869

E: Simon.j.bennett@eu.jll.com

Shannon Johns

T: 01179 305 659

M: 07849 636 665

E: Shannon.Johns@eu.jll.com



MISREPRESENTATION ACT | COPYRIGHT | DISCLAIMER

COPYRIGHT © JONES LANG LASALLE IP, INC. 2021. All rights reserved. No part of this document may be reproduced or transmitted in any form or by any means without prior written consent of Jones Lang LaSalle. It is based on material that we believe to be reliable. Whilst every effort has been made to ensure its accuracy, we cannot offer any warranty that it contains no factual errors. We would like to be told of any such errors in order to correct them.