



PRIME SOUTH EAST MULTI LET INDUSTRIAL INVESTMENT

Mills Road Industrial Estate, 12-13 Mills Road, Quarry Wood, Aylesford, ME20 7NA

CLAY STREET
PROPERTY CONSULTANTS



AVIVA
INVESTORS



INVESTMENT SUMMARY

- Prime multi let industrial estate located within a mile of Junction 5 of the M20, providing direct access to the national motorway network, London and the sea ports of South East England.
- Situated on the established Quarry Wood Industrial Estate, home to numerous national occupiers and well known car dealerships.
- The property consists of 8 units in two well configured terraces providing a gross internal area of 57,016 sqft (5,296.96 sqm).
- Individual unit sizes range from 5,818 sqft to 9,645 sqft.
- The site extends to 3.181 acres (1.287 hectares) and the estate benefits from good circulation, dedicated car parking and a low site coverage of 39%.
- Freehold.
- The estate is fully let to 6 tenants with a weighted average unexpired lease term of 3.67 years to expiries and 1.80 years to breaks.
- Total rent passing of £370,350 per annum, reflecting a low average rent of £6.50 per sqft providing an excellent platform for future rental growth.
- Over 50% of the income is secured against the covenants of Euro Car Parts, Sytner Group and Kent County Council
- Offers are invited in excess of **£6,040,000** subject to contract and exclusive of VAT.
- A purchase at this level would reflect a **Net Initial Yield of 5.75%**, after allowing for purchaser's costs of 6.63%. This reflects a capital value figure of **£106 per sqft**.

LOCATION

Aylesford is located 4.0 miles (6.4 km) north west of the Kent County town of Maidstone. Collectively they form a major commercial centre within the south east of England, which is home to a significant labour catchment.

Aylesford is located approximately 35 miles (56.3 km) south east of Central London and 30 miles (48 km) west of Canterbury.

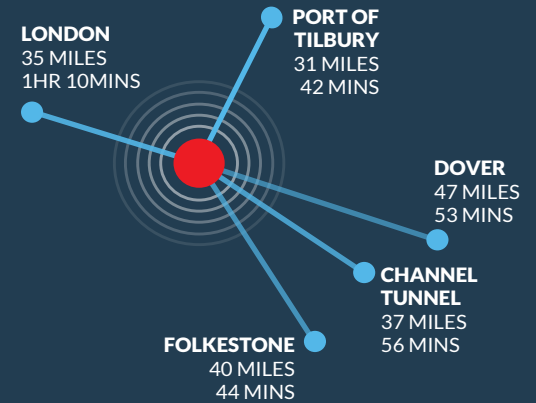
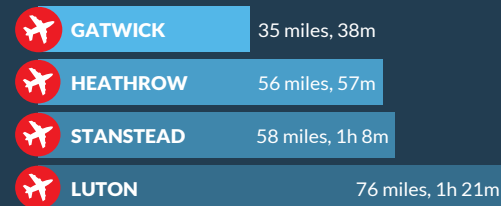
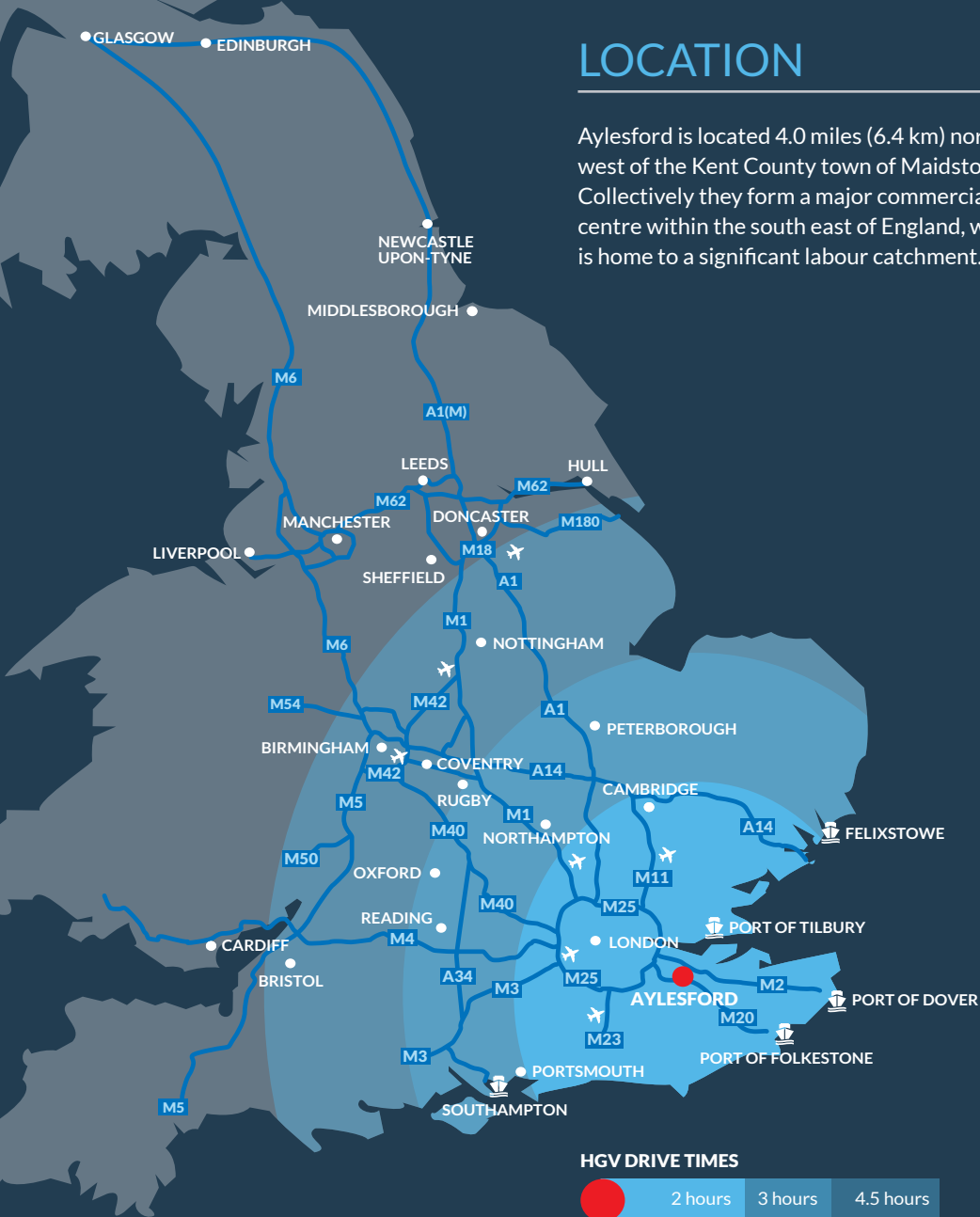
The town benefits from excellent road communications being adjacent to Junction 5 of the M20 motorway. The M20 Motorway links with the National Motorway Network via the M25, which is accessed by either Junction 3 or 5, 15 miles to the west.

The Port of Dover, which is Europe's busiest ferry port, handling £119 billion of trade or 17% of the UK's trade in goods, is located 44 miles (71 km) to the south east. In 2016 the Port handled 13 million passengers, 2.4 million

tourist vehicles, 2.5 million freight vehicles and supported 22,000 jobs. The ports of Folkestone and Tilbury are also within a 45 minute drive.

Aylesford train station is only 1.1 miles away and offers services into central London with a fastest journey time of 53 minutes. Ebsfleet International Station is approximately 25 minutes drive and provides 4 trains an hour to London St Pancras, with a journey time of approximately 18 minutes.

The international airports of London Gatwick, London Heathrow, London Stanstead and London City are all within 1.5 hour's drive time.



SITUATION

Quarry Wood Industrial Estate is a substantial commercial estate occupying a site of approximately 50 acres to the south of Aylesford town centre, all held under a number of differing ownerships. The Estate is accessed via a roundabout junction off the A20, which provides a direct link to Junction 5 of the M20, less than a mile away.

The highly prominent South Aylesford Retail Park is situated at the northern entrance to the estate and is home to a number of national retailers including Homebase, Marks & Spencer, Halfords, Curry's PC World, Harvey's and a newly built Nando's unit.

The wider Quarry Wood area is predominantly industrial with manufacturing, warehouse and trade uses all present. Major occupiers include

Plumb Center, Speedy, BSS, Dulux, Palmer & Harvey and Tesco.

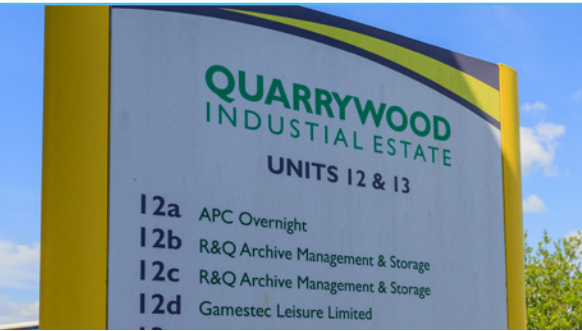
The area is also home to numerous major auto dealerships and associated mechanical workshops providing a specific focus for local employment. Arden BMW, Guy Salmon, Jaguar Land Rover, Beadles, Toyota, Vauxhall, and Skoda and are all represented within the immediate locality.

Mills Road Industrial Estate occupies a self contained site at the southern flank of the Quarry Wood Estate and is accessed via Mills Road, the main arterial road through the estate. The site is bounded on three elevations by further warehouse/distribution occupiers and on the southern elevation by agricultural land.





- | | | |
|-------------------------------|----------------|---------------------------------------|
| A SOUTH AYLESFORD RETAIL PARK | G Speedy | M Hermes |
| B VAUXHALL | H LAND-ROVER | N Dulux ¹ DECORATOR CENTRE |
| C BMW MINI | I JAGUAR | O RBS |
| D BURNT ASH TRADE PARK | J PLUMB CENTER | P PH PALMER & HARVEY |
| E Sainsbury's | K BSS | Q PRIORY PARK |
| F ALDI | L LOOMIS | R TESCO |



DESCRIPTION

The estate comprises two well configured terraces of 8 units constructed in the 1980's. The units are of steel portal frame construction with part brick/blockwork and part profile metal clad elevations under a single pitch insulated roof.

Each unit benefits from a roller shutter loading door and a dedicated yard area to the front with generous car parking. The units provide a minimum eaves height ranging from 23 ft (7.0 m) to 23.9 ft (7.3m).

The units benefit from ground, and or, first floor offices which incorporate suspended ceilings, heating and lighting. Some of the tenants have installed mezzanine floors, racking and trade counter fit out. Units 12b and 12c have been combined and are occupied by one tenant as are units 13b and 13c.

Externally the estate is landscaped and benefits from good vehicular circulation. A number of units have palisade fencing providing secure yard space.

The demise also benefits from a small self contained car parking area opposite the main entrance to the estate.



SITE

The site is largely rectangular in shape and extends to 3.181 acres (1.287 hectares), which represents a low site cover of 39%.

The freehold title also includes a strip of land, predominantly wooded, that runs westwards along the southern flank of the estate and then turns at right angles across Mills Road to the northern most flank. The full extent of the ownership can be seen on both the aerial photograph and site plan.

Further information is available upon request.

Units 12a & 12b



Units 13b, 13c & 13d



ACCOMMODATION

The property has been measured in accordance with the RICS Property Measurement (1st Edition) and provides a total gross internal floor area of 57,016 sqft (5,296.96 sqm).

ENVIRONMENTAL

Delta-Simons carried out a Phase I Environmental Assessment of the site in June 2017. The report concluded that potential land contamination issues and associated environmental liabilities represent a 'Low' risk in its current use.

The site is not located in an area at risk of flooding.

A copy of the full report is provided on the Clay Street data site supporting the sale.

TENURE

The property is held Freehold.

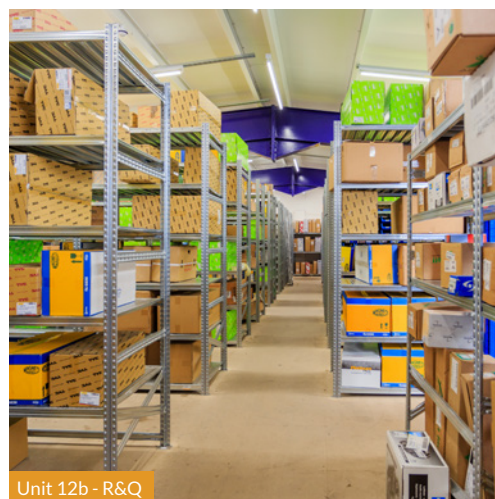
SERVICE CHARGE

The service charge budget for the year ending 30 September 2018 is £42,025, which reflects approximately £0.75 per sqft.

Full details of the service charge are available upon request.



Unit 13b - Sytner



Unit 12b - R&Q



Unit 13a - Kent

TENANCIES

The property is fully let to 6 tenants in 8 units producing a total rental income of £370,350 per annum, with individual rents ranging from £5.70 per sqft to £6.88 per sqft.

The current weighted average unexpired lease term is approximately 3.67 years to expiries and 1.80 years when accounting for break options.

The estate has historically retained high levels of occupancy. This is largely due to the estate's strategic location close to the M20 appealing to a wide and varied occupier base.



Units 13a, 13b, 13c & 13d

MILLS ROAD INDUSTRIAL ESTATE	TENANT	AREA (sqft)	AREA (sqm)	LEASE START	BREAK DATE	RENT REVIEW	LEASE EXPIRY	RENT (per annum)	RENT (per sqft)	IN/OUTSIDE 54 ACT	COMMENTS
Unit 12A	1919 LLP t/a APC Overnight (OC383420)	7,588	704.95	18/06/13	-	-	17/06/18	£46,350	£6.11	Out	Personal guarantee
Units 12B & 12C	Randall & Quilter Investments Holdings Plc (03671097)	12,355	1,147.82	18/10/10	-	-	17/10/20	£83,000	£6.72	In	Schedule of Condition
Unit 12D	Gamestec Leisure Ltd (05348584) (Surety Astra Games Ltd 02816362)	5,818	540.51	19/09/13	-	-	18/09/18	£40,000	£6.88	In	-
Unit 13A	The Kent County Council	7,453	692.41	01/04/14	-	-	31/03/19	£51,000	£6.84	In	Schedule of Condition
Units 13B & 13C	Sytner Group Ltd (02883766)	14,157	1,315.23	20/05/15	19/05/20	20/05/20	19/05/25	£95,000	£6.71	In	Schedule of Condition
Unit 13D	Euro Car Parts Ltd (02680212)	9,645	896.05	11/05/12	11/05/18	11/05/17	10/05/22	£55,000	£5.70	In	Tenant break exercised. Schedule of Condition. RR outstanding.
Hard standing car park	-	0.073 ha (0.181 acres)	-	-	-	-	-	-	-	-	-
Total		57,016	5,296.96					£370,350	£6.50		

COVENANT INFORMATION

Mills Road Industrial Estate provides a diverse mix of tenants with uses incorporating storage, car repair and servicing, distribution and archiving and is reflective of the wider Quarry Wood commercial area.

54% of the current income is derived from the undoubted covenants of Euro Car Parts, Sytner Group and Kent County Council.

Financial details of the main tenants are provided below:



Euro Car Parts Ltd
(Company reg: 02680212)

Euro Car Parts supplies essential components and consumables to more than 5 million cars and light commercial vehicles. Euro Car Parts currently employ over 9,000 employees in towns and cities across the UK in over 200 branches. The branch delivery service covers over 98% of the UK's population.

YEAR END	TURNOVER	PRE-TAX PROFIT	NET WORTH
31st December 2015	£904,670,585	£87,978,942	£263,259,376
31st December 2014	£716,493,613	£49,190,073	£192,414,152
31st December 2013	£586,884,501	£61,136,201	£148,701,198



Synter Group Ltd
(Company reg: 02883766)

Sytner Group represents one of the world's most prestigious car manufacturers operating from state-of-the-art dealerships across the UK. The tenant operates from over 140 locations across the UK. Sytner specialise in premium and specialist franchises of brands such as Audi, Porsche, Bentley and Ferrari.

YEAR END	TURNOVER	PRE-TAX PROFIT	NET WORTH
31st December 2015	£4,234,417,000	£105,431,000	£238,628,000
31st December 2014	£3,665,451,000	£90,690,000	£192,085,000
31st December 2013	£3,114,975,000	£75,559,000	£215,824,000



Randall & Quilter Investment Holdings Ltd
(Company reg: 03671097)

Randall & Quilter Investment Holdings Ltd and its subsidiary businesses are a diverse insurance group, with extensive operations in the UK, US, Bermuda and Europe. R&Q specialise in a wide variety of products and services in the global non-life insurance market with a team of over 400 insurance professionals, with approximately 250 based in the UK.

YEAR END	TURNOVER	PRE-TAX PROFIT	NET WORTH
31st December 2015	£1,457,000	-£2,870,000	£36,338,000
31st December 2014	£1,134,000	-£2,539,000	£31,605,000
31st December 2013	£1,533,000	-£1,583,000	£33,455,000



Gamestec Leisure Ltd
(Company reg: 05348584)

Gamestec is the largest gaming and amusement machine operator in the UK, providing services for over 40,000 machines in 12,000 locations and employing over 750 people nationwide. Gamestec, a division of Novomatic UK, a wholly owned subsidiary of the Novomatic Group, has over 50 years of experience and expertise in delivering tailored services to the pub and leisure industry.

YEAR END	TURNOVER	PRE-TAX PROFIT	NET WORTH
31st December 2015	£37,374,455	£634,408	£4,881,686
31st December 2014	£37,342,757	-£25,799	£4,490,268
31st December 2013	£36,431,120	-£1,695,301	-£16,974

OCCUPATIONAL MARKET COMMENTARY

Kent is an increasingly favourable commercial location, given rising prices in London and other parts of the South East. Kent's relative affordability, combined with business and employment expansion has driven on-going in-migration, particularly from London.

Housing delivery across the region has therefore grown significantly through 2017 and looks set to continue in the immediate future with 9,800¹ new dwellings per year forecast through to 2031 for the Medway and Kent region, underpinned by major infrastructure investment.

Strong retail demand from a growing population coupled with a dearth of development activity over recent years has placed acute pressure on industrial rents across the region. As a result, the average prime rent in the industrial and distribution

sector in Kent rose by 9.4%² over 12 months to the end of August 2017.

Aylesford's strategic location between the UK's largest markets of London and the South East, Dover and the Channel Tunnel combined with a cheap and abundant workforce has been particularly attractive to a wide range of industrial/distribution occupiers. This robust demand coupled with limited supply has driven recent rental growth and placed downward pressure on both void periods tenant incentives.

Due to the high level of occupancy there has been limited letting activity at Mills Road Industrial Estate in recent years. With market rental levels established on Burnt Ash Industrial Estate at £8.50 per sqft back in September last year the average passing rent of £6.50 per sqft offers a significant reversion at forthcoming lease events.



Unit 13d - Kent

1. KCC Housing led forecast (Oct-16)
2. Caxtons



Unit 13b - Sytner



Unit 13d - Euro Car Parts

INVESTMENT MARKET COMMENTARY

Demand continues to be strong for industrial assets, particularly in the South East, with a substantial weight of capital targetting the sector. Investors are drawn to towards the compelling fundamentals of a strong occupational market with very low availability rates, strong rental growth and low speculative development.

The sector looks set to maintain strong investment returns, driven by a combination of both capital and continued rental growth.

Recent industrial investment transactions include:

PROPERTY	DATE	STATUS	PRICE	NIY	SIZE (sqft)	TENANTS (No of Units)	WAULT (Exp/Br)	AVG RENT (per sqft)	CAP VAL (per sqft)
SG1, Cockerall Close, Stevenage	Sep-17	Under Offer	£13,366,000	4.35%	79,799	6(5)	5.10/3.20	£7.78	£167.50
Ashford Industrial Estate, Ashford, Middlesex	Aug-17	Completed	£12,900,000	4.84%	62,010	10(9)	8.50/6.40	£10.74	£208.03
Carvers Trading Estate, Southampton Road, Ringwood	Aug-17	Completed	£7,060,000	4.93%	51,346	14(12)	6.20/3.70	£7.23	£137.50
Alfreds Way Industrial Estate, Alfreds Way, Barking	Jul-17	Completed	£12,000,000	4.50%	56,274	9(9)	4.70/2.90	£9.69	£213.24
Units 2-6, King George Close, Romford	Jul-17	Completed	£5,685,000	4.33%	34,464	5(2)	6.20/3.50	£7.62	£164.95
Riverside Business Park, Guildford	Jun-17	Completed	£11,000,000	3.93%	47,814	7(8)	4.30/2.20	£12.98	£230.06
Orbital One, Orbital Park, Ashford, Kent	Jun-17	Completed	£6,550,000	6.36%	70,299	2(2)	8.34/4.89	£6.32	£93.17

EPC

A full set of Energy Performance Certificates (EPC's) are available upon request.

VAT

The property is elected for VAT and therefore VAT will be payable on the purchase price. It is anticipated that the sale will be structured as a Transfer of a Going Concern.

PROPOSAL

We are inviting offers in excess of **£6,040,000** subject to contract and exclusive of VAT.

A purchase at this level would reflect a **Net Initial Yield of 5.75%** allowing for standard purchaser's costs of 6.63%.

This reflects a low capital value figure of **£106 per sqft.**

FURTHER INFORMATION

Should you require further information or would like to arrange a viewing, please contact:

Chris Dickin:

chris.dickin@claystreet.co.uk

Rob Atkins:

rob.atkins@claystreet.co.uk

George Freeman:

george.freeman@claystreet.co.uk

Telephone: 0207 935 2831

DATAROOM:

Gowling WLG are hosting the secure dataroom to support the sale. Access details can be provided by Clay Street upon request.

SUBJECT TO CONTRACT



Mills Road Industrial Estate forms part of the Quarry Wood Portfolio.

The Quarry Wood Portfolio comprises 2 multi let industrial estates and 2 single let industrial warehouse assets.

The portfolio is available as a whole or in individual parts.

PROPERTY	AREA (sqft)	RENT (per annum)	WAULT (to exp.)	NIY	CAP VAL	PRICING
BURNT ASH TRADE PARK	76,397	£687,694	7.55	5.50%	£153	£11,720,000
MILLS ROAD INDUSTRIAL ESTATE	57,016	£370,350	3.67	5.75%	£106	£6,040,000
HERMES PARCELNET, MILLS ROAD	48,376	£290,000	4.43	5.50%	£102	£4,950,000
LOOMIS, LAKE ROAD	9,427	£81,750	6.18	6.50%	£126	£1,190,000
QUARRY WOOD PORTFOLIO	191,216	£1,430,525	5.80	5.60%	£125	£23,900,000



BURNT ASH TRADE PARK



MILLS ROAD INDUSTRIAL ESTATE



HERMES PARCELNET, MILLS ROAD



LOOMIS, LAKE ROAD

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