Bounty House
Roman Way, Rochester, ME2 2NF

Well let distribution warehouse investment opportunity
Investment Summary

- Well located distribution warehouse within close proximity to Junction 2 of the M2 motorway providing direct access to the M25 London Orbital.
- The property was constructed in the 1980s and totals 51,443 sq ft (4,779 sq m).
- Low office content, generous secure service yard, substantial canopy (not rentalised).
- Let to Cellecta Limited for a further 9.25 years on assignment from Meyer Timber Limited.
- Passing rent of £281,792 per annum, reflecting just £5.48 per sq ft.
- 2021 rent review to the greater of open market value or £288,019 per annum.
- Freehold.
- We are instructed to seek offers in excess of £3,919,000 (Three Million, Nine Hundred and Nineteen Thousand Pounds), subject to contract and exclusive of VAT, reflecting an attractive Net Initial Yield of 6.75%.
LOCATION

Rochester is an established commercial centre forming part of the Thames Gateway. The town is located within the county of Kent and lies approximately 30 miles south east of Central London and 40 miles north west of the Channel Ports.

Dartford and the M25 Motorway are approximately 15 miles to the west with Ashford approximately 34 miles to the south east.

Rochester occupies a central position within Medway and benefits from excellent transport links including the A289 Medway Towns Northern Relief Road providing dual carriageway access to Junction 1 of the M2 motorway. The town benefits from close proximity to the M25 motorway (Junction 2) which lies 12 miles to the west of the town. The M20 (Junction 6) is situated just 7 miles to the south of the town centre.

The Channel Ports of Dover, Folkestone and Ramsgate are all easily accessible and within a 50-mile radius.

The town benefits from excellent rail links with Rochester Rail Station providing direct services into London St Pancras International and London Victoria, with fastest services taking approximately 38 minutes and 45 minutes respectively.

London Heathrow, Gatwick, Stansted and City Airports are all within a 40-mile radius of the town.
SITUATION

The property is situated south of Cuxton Road (A228) and accessed via Roman Way. The property lies within an established industrial area, south of Strood Town Centre and within 1 mile of Junction 2 of the M2 motorway. The A228 stems from Junction 2 of the M2 and provides direct access to the M20 (Junction 4) approximately 6.5 miles south.

Major occupiers within the immediate area include Royal Mail, BOC and Clifford Floors. Medway Valley Park is located further along Norman Close and comprises 10 units with occupiers including Greenham, Automotive Wheels Limited and Auguste Noel Limited.

The Medway Valley Leisure Park is also located nearby with occupiers including McDonalds, CineWorld, Premier Inn, Nuffield Health Gym amongst other national operators.

TEMPLE WHARF REDEVELOPMENT

To the south of the property there is a major residential redevelopment site owned by Redrow known as Temple Wharf (https://www.redrow.co.uk/developments/temple-wharf-strood-212375). The site currently has outline planning to provide up to 620 units (Use Class C3); up to 10,300 sq m of employment floorspace (Use Classes B1a/b, B2 and B8); up to 1,800 sq m of retail floorspace (Use Class A1 to A5); up to 200 sq m community facilities (Use Classes D1/D2); strategic landscaping, improvements to open space, parking and related infrastructure.

The property lies opposite the Medway Valley Leisure Park
Description

The Property comprises a distribution warehouse facility with ancillary office accommodation totalling 51,443 sq ft. The building is of steel portal frame construction with metal profile clad elevations beneath a pitched metal sheet roof. The specification includes the following:

- Clear internal eaves height of 5.7m (c. 7.0m to ridge)
- Seven level access loading doors
- Substantial external canopy (not rentalised)
- Two storey office accommodation (9% by area)
- Dedicated car parking

Externally, the property benefits from dual access from Norman Close and Viking Way and an open yard on the southern elevation offering excellent loading and circulation.

Accommodation

The property has been measured in accordance with the RICS Code of Measuring Practice (Sixth Edition) and has the following approximate gross internal floor areas:

<table>
<thead>
<tr>
<th>Description</th>
<th>Floor</th>
<th>Sq M (GIA)</th>
<th>Sq Ft (GIA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warehouse</td>
<td>Ground</td>
<td>4,327</td>
<td>46,571</td>
</tr>
<tr>
<td>Office</td>
<td>Ground</td>
<td>226</td>
<td>2,436</td>
</tr>
<tr>
<td>Office</td>
<td>First</td>
<td>226</td>
<td>2,436</td>
</tr>
<tr>
<td>Total Area</td>
<td></td>
<td>4,780</td>
<td>51,443</td>
</tr>
<tr>
<td>Canopy (not rentalised)</td>
<td></td>
<td>741</td>
<td>7,972</td>
</tr>
</tbody>
</table>

Well Let Distribution Warehouse Investment Opportunity
Site

The site extends to approximately 0.91 hectares (2.25 acres) providing a site coverage of 50%.

Tenancy

The property was originally let to Meyer Timber Limited on Full Repairing and Insuring Terms for a period of 15 years expiring on 24 February 2026 (therefore providing an unexpired term of approximately 9.4 years).

The property is let at a passing rent of £281,792 per annum, equating to only £5.48 per square foot. The lease is subject to 5 yearly rent reviews to the higher of Open Market Value with a guaranteed minimal rental increase to £288,019 at the next review in February 2021.

In September 2016 the occupational lease was assigned by Meyer Timber Limited to Cellecta Limited. The performance of the tenant covenants within the occupational lease to Cellecta Limited are guaranteed by Meyer Timber Limited pursuant to an Authorised Guarantee Agreement entered into with Meyer Timber Limited on completion of the assignment.

Cellecta Limited provided a rent deposit of £112,500. There is a photographic schedule of condition appended to the lease.

Further information including copies of the lease documentation are available upon request.

The property is let at a passing rent of £281,792 per annum (£5.48 per sq ft)
Meyer Timber Limited
Meyer Timber Limited has been synonymous within the UK timber industry with its roots tracing back to 1770. With a range of over 7,000 wood based panel products it is at the forefront of the industry, complemented by strong global supply partners. Over recent years the company has invested in developing strategically located branches and a fleet of over 100 commercial vehicles to facilitate its next-day delivery service.

Meyer Timber Limited has a Dun & Bradstreet Credit Rating of 4A1 which represents a minimum risk of business failure. A summary of the company’s financial performance over the past three years is shown in the table below.

<table>
<thead>
<tr>
<th>Meyer Timber Ltd</th>
<th>31/12/2015</th>
<th>31/12/2014</th>
<th>31/12/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Turnover</td>
<td>£103,426,000</td>
<td>£110,383,000</td>
<td>£105,169,000</td>
</tr>
<tr>
<td>Profit/(Loss) Before Taxes</td>
<td>£2,421,000</td>
<td>£3,919,000</td>
<td>£1,978,000</td>
</tr>
<tr>
<td>Tangible Net Worth</td>
<td>£28,958,000</td>
<td>£27,310,000</td>
<td>£20,199,000</td>
</tr>
<tr>
<td>Net Current Assets (Liabilities)</td>
<td>£25,486,000</td>
<td>£22,537,000</td>
<td>£20,665,000</td>
</tr>
</tbody>
</table>

Cellecta Limited
Cellecta Limited is one of the UK’s largest producers of environmentally friendly high performance thermal and acoustic insulation products. Their products have been supplied to all sectors of the construction industry including: house builders, building contractors, ground workers, screeders, roofers and dryliners.

Cellecta Limited has a Dun & Bradstreet Credit Rating of 1A2 representing a low to moderate risk of business failure. A summary of the company’s financial performance over the past three years is shown in the table below.

<table>
<thead>
<tr>
<th>Cellecta Limited</th>
<th>31/12/2014</th>
<th>31/07/2013</th>
<th>31/07/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Turnover</td>
<td>£17,102,000</td>
<td>£9,143,000</td>
<td>£9,673,000</td>
</tr>
<tr>
<td>Profit/(Loss) Before Taxes</td>
<td>£3,996,000</td>
<td>£1,916,000</td>
<td>£2,151,000</td>
</tr>
<tr>
<td>Tangible Net Worth</td>
<td>£1,494,000</td>
<td>£1,916,000</td>
<td>£473,000</td>
</tr>
<tr>
<td>Net Current Assets (Liabilities)</td>
<td>£1,440,000</td>
<td>£864,000</td>
<td>£409,000</td>
</tr>
</tbody>
</table>

There is a rent deposit of £112,500 held from Cellecta Limited.
Investment Comparables

The UK industrial market continues to be favoured by investors and below are some recent transactions in this sector providing evidence of current pricing levels:

<table>
<thead>
<tr>
<th>Date</th>
<th>Property Description</th>
<th>Size (Sq Ft)</th>
<th>AWUT (Breaks)</th>
<th>Rent £ pa (£psf)</th>
<th>Price</th>
<th>NIV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct-16</td>
<td>Dixons Carphone, Bessemer Drive, Stevenage</td>
<td>74,000</td>
<td>9 years</td>
<td>£481,000 (£6.50 psf)</td>
<td>£7,300,000</td>
<td>6.25%</td>
</tr>
<tr>
<td>Oct-16</td>
<td>C.Brewer &amp; Sons Ltd and Safeguard Europe Ltd, Units 1 &amp; 2 Redkiln Close Trading Estate, Horsham</td>
<td>30,283</td>
<td>4.2 years</td>
<td>£223,250 (£7.37 psf)</td>
<td>£3,723,000</td>
<td>5.63%</td>
</tr>
<tr>
<td>Jul-16</td>
<td>Unit 10C, Viscount Way, Swindon</td>
<td>100,000</td>
<td>6.6 years</td>
<td>£562,848 (£5.63 psf)</td>
<td>£8,075,000</td>
<td>6.53%</td>
</tr>
<tr>
<td>May-16</td>
<td>Plenty Trade Park, Newbury</td>
<td>93,399</td>
<td>10 years</td>
<td>£500,000 (£5.35 psf)</td>
<td>£7,716,500</td>
<td>6.10%</td>
</tr>
<tr>
<td>Apr-16</td>
<td>British Gas Training Centre, Thatcham</td>
<td>35,011</td>
<td>10.5 years</td>
<td>£226,250 (£6.75 psf)</td>
<td>£3,465,000</td>
<td>6.50%</td>
</tr>
<tr>
<td>Apr-16</td>
<td>Colnbrook Cargo Centre, Colnbrook</td>
<td>54,065</td>
<td>9.6 years</td>
<td>£555,000 (£10.27 psf)</td>
<td>£8,660,000</td>
<td>6.01%</td>
</tr>
<tr>
<td>Mar-16</td>
<td>Wood Floors &amp; Accessories Ltd, Spilsby Road, Romford</td>
<td>33,447</td>
<td>10 years</td>
<td>£250,853 (£7.51 psf)</td>
<td>£3,810,000</td>
<td>6.18%</td>
</tr>
<tr>
<td>Dec-15</td>
<td>Hovis, 15 Ellis Road, Mitcham</td>
<td>32,586</td>
<td>10.50 years</td>
<td>£281,950 (£8.65 psf)</td>
<td>£4,935,000</td>
<td>5.40%</td>
</tr>
<tr>
<td>Nov-15</td>
<td>XPO Logistics, Maidstone</td>
<td>78,000</td>
<td>5 years</td>
<td>£446,700 (£5.74 psf)</td>
<td>£6,944,000</td>
<td>6.08%</td>
</tr>
</tbody>
</table>

Proposal

We are instructed to seek offers in excess of £3,919,000 (Three Million, Nine Hundred and Nineteen Thousand Pounds) subject to contract and exclusive of VAT, reflecting a Net Initial Yield of 6.75%, allowing for standard purchaser’s costs of 6.53%.

Data Room

An electronic data room has been created containing relevant Title, Lease and Pre Marketing Due Diligence information. Please contact Colliers to arrange access.

Further Information

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

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Email: alex.titheridge@colliers.com

Energy Performance Certificates

The property has an EPC rating of D94.

VAT

The property is elected for VAT. We would envisage the sale could be treated as a Transfer of a Going Concern.

Colliers International
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