

PRIME OPEN STORAGE AND WAREHOUSE INVESTMENT
HONDA MOTOR EUROPE LIMITED, CABOT PARK, AVONMOUTH, BS11 0YW



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Royal Portbury Docks

Bristol Channel

Avonmouth Dock

Royal Edward Docks

M5

Jct 18A

Jct 18

Access 18

Asda

M5

Constellation

Sevenside Trading Estate

A403

Avon & Somerset Police

R1 Estate

Poplar Park

Robert Wiseman

Popular Way West

Culina

PCL

John Lewis

IO Centre

Co-op

M49

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INVESTMENT SUMMARY

- A prime strategically located open storage and distribution investment located in Avonmouth, an established commercial and distribution centre benefiting from excellent transport links.

- The **freehold** property comprises approximately **25.33 hectares (62.60 acres)** on two sites;

Area 1 (northern site) extends to approximately 9.71 hectares (24.00 acres) with a warehouse unit and vehicle finishing building extending to a gross internal area of approximately 5,113 sq m (55,038 sq ft).

Area 2 (southern site) extends to approximately 15.62 hectares (38.60 acres).

- The majority of the freehold property, 23.4 hectares (57.82 acres), is let to **Honda Motor Europe Limited** on two leases expiring 29th February and 1st March 2020 (in excess of 6 years to expiry).
- Total current income is £3,163,474 per annum and is subject to **annual fixed increases of 3% per annum** on the 1st March and **paid 6 monthly in advance**.

- The vendor will 'top up' the income to **£3,258,378 per annum** until the fixed rental uplift on 1st March 2014.

- Offers for the freehold interest are invited in excess of **£28,000,000 (Twenty Eight Million Pounds)**, subject to contract and exclusive of VAT. A purchase at this level would reflect the following yield profile on the basis of the "topped up" rent, after allowance for costs of acquisition calculated at 5.80% of the price.

Initial:	11.00%
March 2015:	11.33%
March 2016:	11.67%
March 2017:	12.02%
March 2018:	12.38%
March 2019:	12.75%



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BRISTOL

Bristol is the largest administrative and commercial centre in the South-West of England. The city is located approximately 118 miles west of London, 80 miles south of Birmingham and 44 miles east of Cardiff.

Bristol currently has a resident population of approximately 550,000 people and a catchment population of in excess of 1 million people. Outside of London, the West of England has the largest proportion of highly qualified workers in the UK. Bristol is the economic hub of the South-West region with an excellent labour force, educational resources and connectivity.

Bristol benefits from excellent road, rail, sea and air transportation links being situated adjacent to the intersection of the M4, M5, M48 and M49 motorways. Bristol is considered an important industrial location and distribution centre, acting as a gateway to the South-West and Wales whilst providing comprehensive links to the Midlands and London. Bristol International Airport is located approximately 9 miles south of the city, accessed via the A38. Additionally, Bristol has two mainline railway stations, Bristol Temple Meads and Bristol Parkway, with a journey time to London (Paddington) of approximately 90 minutes.



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AVONMOUTH

Avonmouth is a commercial area around the Port of Bristol which comprises three docks; Royal Portbury, Avonmouth and Royal Edward extending to some 2,600 acres of docks and surrounding industrial uses and benefiting from a dedicated Rail Freight Terminal. Located on the Severn Estuary, at the mouth of the River Avon, Avonmouth is located approximately 4 miles north-west of Bristol city centre. The Bristol Port Company's plans for the development of a £600 million Deep Sea Container Terminal at Avonmouth have been approved by the Government, which will double the capacity of the docks over the next 10 years. Alongside a wide range of containers and cargo, the port currently handles up to 700,000 motor vehicles a year.

Avonmouth has historically comprised a number of traditional industrial uses associated with the port however the area is currently going through a transformation with the development of a large concentration of distribution and storage facilities. Most recently Bericote have developed a 700,000 sq ft Asda distribution facility. With its strategic position between the Port of Bristol and Junctions 18/18a of the M5 and M49 and with access to approximately 80% of the UK's population within a 4 hour drive time, Avonmouth is becoming one of the South-West's major distribution locations.

Over recent years many major corporate occupiers have located distribution hubs in Avonmouth including major retailers such as Asda, Sainsbury's, Tesco, Co-op, John Lewis, Next and DSG together with major retail suppliers Constellation, Warburtons and Robert Wiseman Dairies. Other major corporate occupiers alongside Honda include Royal Mail, Bunzl UK, Avon & Somerset Police Authority and Kuehne Nagel.

The property is prominently located at the northern end of the Avonmouth Distribution Estate, fronting onto Smoke Lane (A403) and Poplar Way West within one mile of Junction 18 of the M5 and 2 miles from Junction 22 of the M49/M4. A recently completed 435,000 sq ft Co-op regional distribution centre is situated immediately adjacent to Area 1 (northern site).



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DESCRIPTION

The property comprises approximately 25.33 hectares (62.60 acres) of prime strategic open storage on two sites divided by Poplar Way West, part of the Cabot Park estate. Both sites are level and benefit from a tarmac surface with secure perimeter palisade fencing. The two sites are linked by a single bridge across Poplar Way West.

Plowman Craven Associates have measured the freehold sites as follows;

- **Area 1 (northern site)** extends to approximately 9.71 hectares (24.00 acres). In addition to the open storage facility this area includes a warehouse unit constructed in 1997 extending to a gross internal area of approximately 4,558 sq m (49,061) sq ft and a vehicle finishing building, constructed in 2001, extending to approximately 555 sq m (5,977 sq ft). The warehouse is of steel portal frame construction with an eaves height of 6.3 m, clad in a combination of brick and steel profile cladding with two storey offices. The vehicle finishing building is of a basic specification being of steel portal frame and steel profile cladding with no office content.
- **Area 2 (southern site)** extends to approximately 15.62 hectares (38.60 acres).

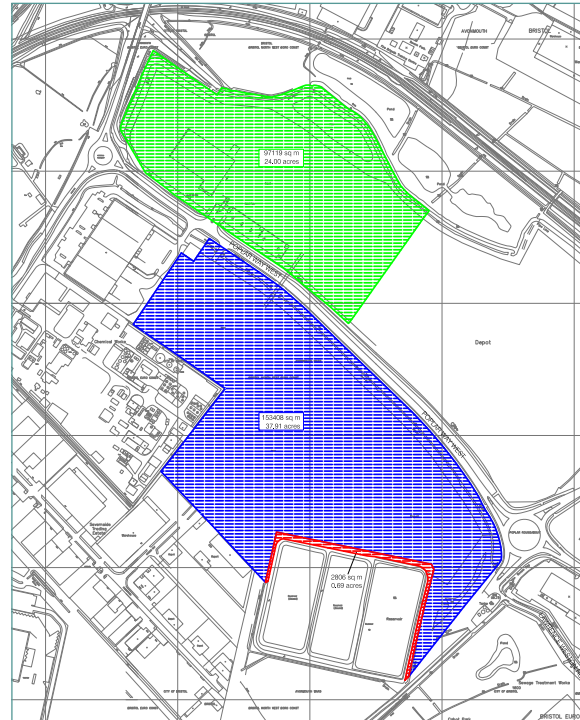
The property is currently used to provide highly secure open storage for vehicles produced by Honda at Swindon, Honda's only European car manufacturing facility, with some additional vehicles coming from Bristol Port. In the region of 10,500 vehicles are stored on the site at any one time with approximately 2,500 vehicles stored on the Area 1 (northern site) and 8,000 vehicles stored on the Area 2 (southern site). The vehicles are distributed to Honda dealerships across the UK. The facility has been in operation since 2000.

Various landscaping areas are not demised to Honda Motor Europe Limited. Plowman Craven Associates have measured the sites demised to the tenant as follows;

- **Area 1 (northern site)** extends to approximately 9.71 hectares (24.00 acres).
- **Area 2 (southern site)** extends to approximately 13.69 hectares (33.82 acres).

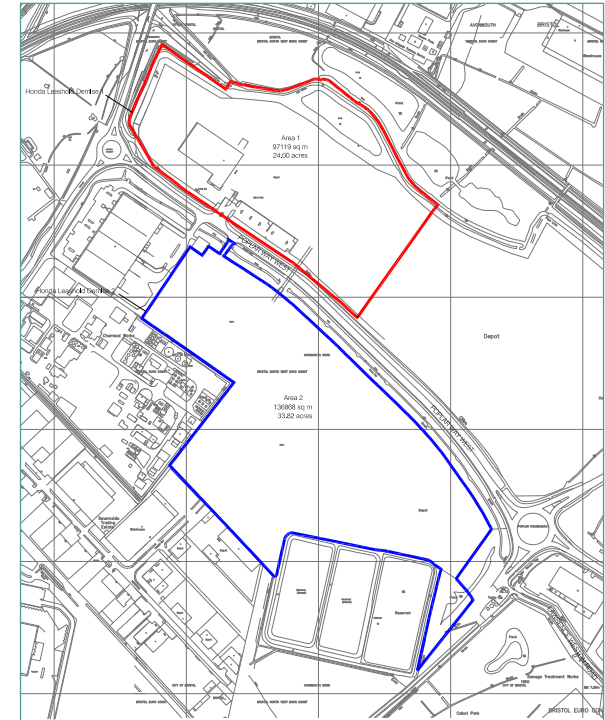
Plowman Craven Associates will provide a letter of reliance for the benefit of the purchaser.

Freehold Titles



	9.71 hectares	24.00 acres
	15.34 hectares	37.91 acres
	0.28 hectares	0.69 acres
TOTAL:	25.33 hectares	62.60 acres

Tenants Demise



	AREA 1	9.71 hectares	24.00 acres
	AREA 2	13.69 hectares	33.82 acres
	TOTAL	23.4 hectares	57.82 acres

Plans are for identification purposes only

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TENANCIES AND CURRENT INCOME

The property is let to **Honda Motor Europe Limited (Company No. 857969)** on two full repairing and insuring leases as follows:

- **Area 1 (northern site)** was originally let for a term of 15 years commencing 1st March 1998 and expiring on 28th February 2013. This lease was subsequently extended by way of a reversionary lease dated 31st March 2001 which expires on 1st March 2020 (in excess of 6 years unexpired). The current rent is £1,219,326 per annum and is subject to annual fixed increases of 3% per annum. The next rent review is 1st March 2014 when the rent will rise to £1,255,906 per annum.

Honda previously occupied an additional 29 acres under this lease and a partial surrender was agreed in 2010 to facilitate the development of the 435,000 sq ft Co-op regional distribution centre.

- **Area 2 (southern site)** is let for a term of 20 years commencing 1st March 2000 and expiring on 29th February 2020 (in excess of 6 years unexpired). The current rent is £1,944,148 per annum and is subject to annual fixed increases of 3% per annum. The next rent review is 1st March 2014 when the rent will rise to £2,002,472.

The rents are paid six monthly in advance. The total current income for the property is £3,163,474 per annum which will rise to £3,258,378 per annum on 1st March 2014.

The vendor will 'top up' the income to £3,258,378 per annum until the fixed rental uplift on 1st March 2014. The combined rents payable throughout the rest of the term will therefore be:

Period	Rent
Current	£3,258,378
1st March 2015	£3,356,129
1st March 2016	£3,456,813
1st March 2017	£3,560,517
1st March 2018	£3,667,333
1st March 2019	£3,777,353

TENANT COVENANT

Honda Motor Europe Limited (Company No. 857969) was established in 1965 and is part of Honda Motor Company Limited, one of the world's leading motor vehicle manufacturers. Honda Motor Europe Limited manufactures, distributes and sells Honda products throughout the EMEA region.

Further information can be found at www.honda.co.uk

Company	Year Ending	Sales Turnover £(000's)	Pre-Tax Profit (Loss) £(000's)	Tangible Net Worth £(000's)	Net Current Assets (Liabilities) £'000s)
Honda Motor Europe Ltd	31.03.13	4,280,066	(31,390)	29,394	1,504,311
	31.03.12	4,090,854	(150,906)	130,269	(204,829)
	31.03.11	4,856,848	(81,589)	306,614	(135,210)

The company has a D&B rating of 4A1 and a minimum risk of business failure

TENURE

The property is held **freehold** under the following Titles;

- Title No. BL55332: 24.00 acres comprises Area 1 (northern site).
- Title No. BL63525: 37.91 acres comprises part of Area 2 (southern site).
- Title No. BL66698: 0.69 acres comprises part of Area 2 (southern site).

Further information can be provided on request.



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ENVIRONMENTAL

Delta-Simons have recently carried out a Phase I environmental assessment which included reviewing a detailed Phase II intrusive investigation carried out by WSP Environmental in 2005 when the property was acquired. Delta-Simons provide an Overall Statement of Risk as Low to Moderate. They are in the process of carrying out some further Phase II investigations and state that the risk rating may be reduced to Low following the planned site investigations.

Copies of the Delta-Simons report can be provided on request and a letter of reliance can be provided for the benefit of a purchaser.

EPC

The property has an EPC rating of C. Copies are available on request.

VAT

The property is elected for VAT and VAT will therefore be chargeable on the purchase price if it is not possible to arrange this transaction as the transfer of a going concern.



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PROPOSAL

The vendor will 'top up' the rent to £3,258,378 per annum until the fixed rental uplift on 1st March 2014.

We are instructed to seek offers in excess of **£28,000,000 (Twenty Eight Million Pounds)**, subject to contract and exclusive of VAT.

A purchase at this level would reflect the following yield profile on the basis of the "topped up" rent, after allowance for costs of acquisition calculated at 5.80% of the price.

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FURTHER INFORMATION

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

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SUBJECT TO CONTRACT
EXCLUSIVE OF VAT

On behalf of

**THE CROWN
ESTATE**

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