

PRIME FREEHOLD INDUSTRIAL INVESTMENT



hotter

HOTTER SHOES
2 PEEL ROAD
SKELMERSDALE
LANCASHIRE WN8 9PT



THE QUEEN'S AWARDS
FOR ENTERPRISE
2015

christopher
property investment dee . . .

INVESTMENT SUMMARY

- Prime industrial unit located on the established Pimbo industrial estate in Skelmersdale
- Excellent communications being in close proximity to Junction 5 of the M58 motorway and 4 miles from Junction 26 of the M6
- The unit was significantly re-developed in 2003 with further extension works in 2015 and totals 158,699 sq ft (excluding mezzanines) with an eaves height of 6 metres
- HQ building for Hotters Shoes including design functions, back of house, manufacture and distribution
- Hotter are currently investing over £700,000 re-roofing the property following their long term commitment to the building
- Site area of 8.85 acres (3.58 hectares) providing a site coverage of approximately 37.7%
- Freehold
- Single let to Beaconsfield Footwear Limited for a term of 15 years and 6 months from 5th January 2016, expiring 4th July 2031
- Current passing rent of £493,000 per annum which equates to just £3.11 psf overall, excluding mezzanine accommodation
- Estimated rental value of £553,987 per annum, which equates to £3.50 psf overall
- We are seeking offers in excess of £7,150,000, subject to contract and exclusive of VAT
- A purchase at this level reflects a net initial yield of 6.51%, and a reversionary yield of 7.32%, after allowing purchaser's costs of 5.80%

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

Mark Powell

Tel: 07825 077724

Email: mp@christopherdee.co.uk

Chris Jones

Tel: 07957 138004

Email: cj@christopherdee.co.uk



SKELMERSDALE

Skelmersdale was the North West's first new town designated in 1961 and is recognised as the principal economic focal point for the West Lancashire region.

The town is situated strategically on the M58 motorway between Liverpool and Manchester. The M58 links with the M6 approximately 4 miles to the east at junction 26. As one of the new towns built in the 1960s, Skelmersdale enjoys the benefit of a purpose built road system linking well planned industrial estates directly onto the motorway.

Transport communications include:

LIVERPOOL	20 MILES
MANCHESTER	30 MILES
GLASGOW	205 MILES
LONDON	212 MILES

Skelmersdale has a resident population of approximately 40,000 people with major employers in the town including the Co-Operative Bank, Asda, Proctor & Gamble, Great Bear, DHL and Matalan.

SKELMERSDALE WAS THE NORTH WEST'S FIRST NEW TOWN DESIGNATED IN 1961 AND IS RECOGNISED AS THE PRINCIPAL ECONOMIC FOCAL POINT FOR THE WEST LANCASHIRE REGION.





<<< TO LIVERPOOL

M58



Honeywell

hotter



M58

FLOWTECH

EDMUNDSON
RONAGENCY





SITUATION

The unit is strategically located approximately 250 metres from Junction 5 of the M58 motorway and 4 miles from Junction 6 of the M6.

The Port of Liverpool is 14 miles to the south west, where construction is underway on the new post Panamax container port (Liverpool2), which will be capable of bringing some of the world's largest container ships into the North West region.

The first terminal opened in December 2015 with the second terminal opening within weeks.

Liverpool2 can accommodate 95% of the global container vessel fleet, and will enable the Port of Liverpool to house two 13,500 TEU post-Panamax vessels simultaneously.

This creates the capacity to handle the next generation of container ships and empowers the Port of Liverpool to be the UK's national gateway and transshipment hub for Ireland.

Atlantic Container Line (ACL) has chosen the Port of Liverpool as the UK port of call for its new five-strong fleet of the world's largest RORO/container ships (CONROs) after a review of potential schedules, market potential and opportunities for its North Atlantic Services. ACL has the five new G4 CONRO vessels currently under construction in China, each with container capacity of 3,800 teu containers.





DESCRIPTION

The property was fully re-furbished in 2003 and is of steel portal frame construction, providing a modern distribution warehouse together with two storey ancillary office accommodation to the front and side elevation. Internally the property benefits from the following specification:

- Internal eaves height of approximately 6 metres to the haunch.
- 2 dock levellers and 5 drive in doors.
- Floor slab loading of 50kN/m² (UDL) with a rack leg load of 90kN.
- One 8 person (630 kg) passenger lift serving all office floors.
- Air conditioning to office accommodation.
- Security gatehouse at the HGV entrance to the site.
- 119 car parking spaces located to the front of the property.
- Externally the property benefits from a generous yard area to the side and rear of the unit.
- A new roof system is being installed and is due to be completed in July 2016





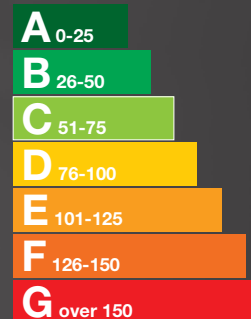
ACCOMMODATION

The property provides the following gross internal accommodation:

	Sq M	Sq Ft
Warehouse	11,357.39	122,251
Mezzanine 1	2,938.03	31,625
Mezzanine 1	460.61	4,958
Ground Floor Offices	1,507.43	16,226
First Floor Offices	1,528.06	16,448
Design Centre	350.61	3,774
Total	18,142.14	195,282

THE SITE EXTENDS TO APPROXIMATELY 8.85 ACRES (3.58 HECTARES), PROVIDING A SITE COVERAGE OF 37.7%.

EPC



◀ **88** This is how energy efficient the building is.



TENURE

The property is held Freehold. The approximate extent of the Freehold ownership is shown edged red on the site plan.

TENANCY

The property is let to Beaconsfield Footwear Limited for a term of 15 years and 6 months from 5th January 2016, expiring 4th July 2031. The initial rent of £493,000 per annum is reviewed upwards only every 5 years to the open market rental value. The next reviews are 5th July 2021 and 5th July 2026.



ESTIMATED RENTAL VALUE

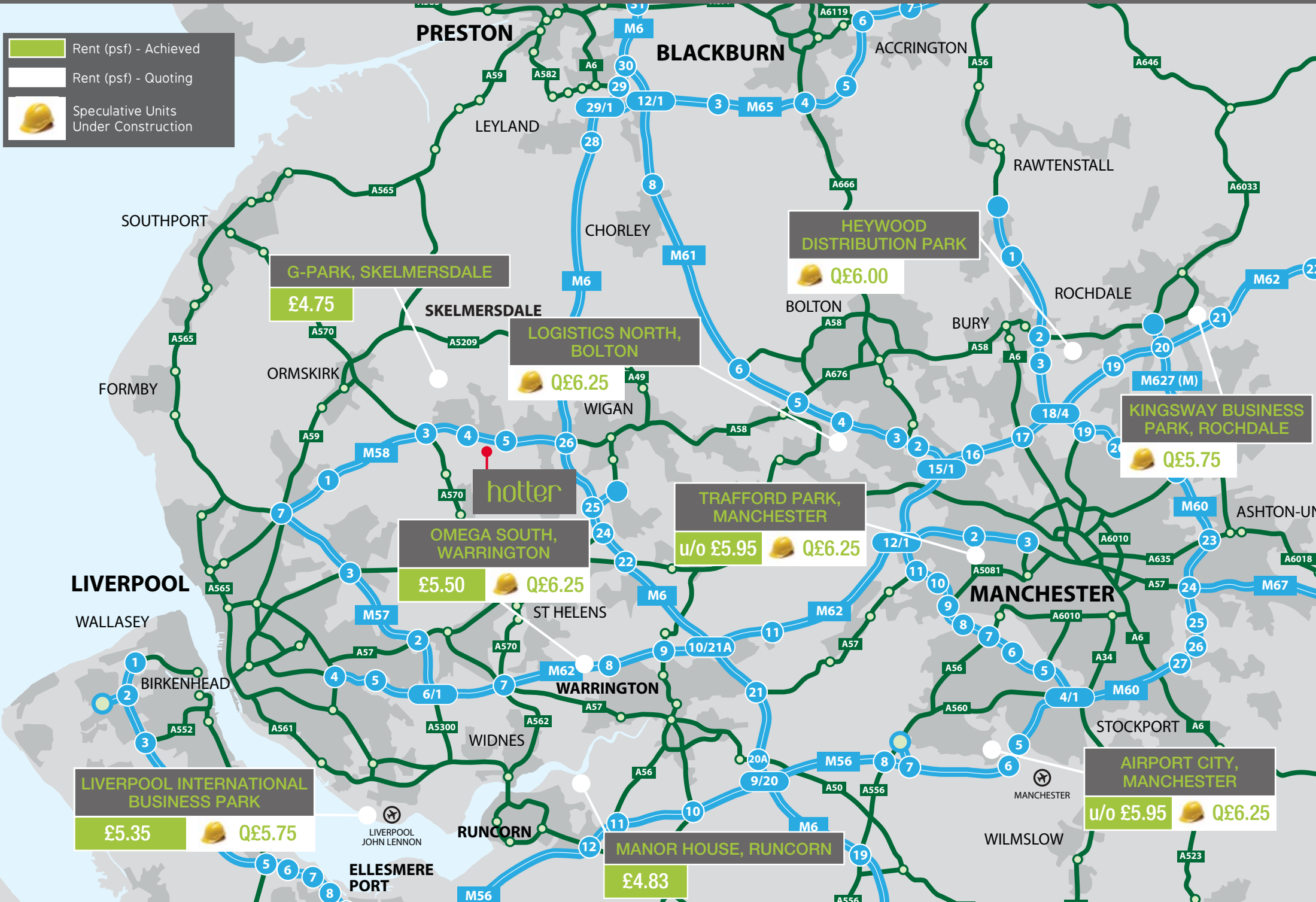
We believe that the agreed rent of the subject property is at a very comfortable level at £311 psf overall (excluding the mezzanine accommodation) and should provide investors with good future rental growth potential. We are of the view the ERV on the building, in isolation, is in the region of £3.50 psf based on comparables.

We would highlight the following rental comparables.

Address	Tenant	Date	Size (sq ft)	Rent/Price (£psf)
Onyx, Runcorn	B&M	Q1 2015	350,000	£4.75
Central Park, Trafford Park	Norbert Dentressangle	Q3 2015	268,000	£5.50
Boulevard Industry Park, Speke	IAC	Q3 2015	150,000	£5.25
Midpoint 18, Middlewich	Optima Logistics	Q4 2014	185,000	£4.75
Pro Logis 380, Crewe	AO Logistics / Wincanton	Q4 2014	380,000	£4.75
XL, Skelmersdale	DHL	Q3 2014	472,000	£4.25
Appleton, Warrington South	The Hut	Q3 2014	105,000	£5.00
Estuary Park, Speke	Johnson Controls	Q2 2014	151,770	£5.35
Omega North, Warrington	Hermes wParcelnet	Q4 2013	153,580	£5.35
Omega North, Warrington	Brake Brothers	Q3 2013	198,000	£5.15



- Rent (psf) - Achieved
- Rent (psf) - Quoting
- 👷 Speculative Units Under Construction



COVENANT STATUS

Beaconsfield Footwear Limited (Company number: 00641365), was incorporated in 1959 as a family shoe company and has grown into providing world- class products.

The Hotter Comfort Concept brand was founded in the early 1990s by Beaconsfield Footwear. With a mission to make shoes as comfortable as slippers, the brand designs and manufactures a collection of stylish shoes with hidden comfort features including super soft and breathable leathers, lightweight and flexible soles, cushioning underfoot and wiggle room for toes.

They have invested heavily to create one of the most advanced shoe making facilities in the world, with the state of the art facility, Hotter make more shoes per year than any other shoe maker in the UK (a pair every 20 seconds). Hotter currently operate a multi channel retail function with Mail Order, www.hotter.com and from approximately 74 stores in the UK and over 200 independent retailers.

The company has recently moved into the US market, selling its shoes via a home shopping catalogue and www.hotterusa.com. US customers are served via Hotter's onsite call centre with shoe shipped direct from its warehouse to customers from California to Washington.

A summary of Beaconsfield Footwear Limited accounts is set out below.

Beaconsfield Footwear Limited	1st February 2015	26th January 2014	27th January 2013
Turnover	£96,058,000	£88,694,000	£74,960,000
Pre-Tax Profit	£8,155,000	£10,039,000	£8,671,000
Net Assets	£30,438,000	£23,349,000	£14,422,000

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 dealt with as a Transfer of a Going Concern.



PROPOSAL

We are seeking offers in excess of £7,150,000 for our client's freehold interest. A purchase at this level reflects a 6.51% net initial yield, and a reversionary yield of 7.32% after deducting purchase costs at 5.8%.

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Mark Powell

Tel: 07825 077724

Email: mp@christopherdee.co.uk

Chris Jones

Tel: 07957 138004

Email: cj@christopherdee.co.uk

**christopher
dee**
property investment

Christopher Dee LLP
40 Peter Street
Manchester
M2 5GP

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