

TRADE COUNTER INVESTMENT LET TO **TRAVIS PERKINS (PROPERTIES) LTD** AND
GUARANTEED BY **TRAVIS PERKINS PLC** - 18.5 YEARS WITH RPI LINKED REVIEWS



CREEKMOOR LANE, POOLE, DORSET, BH17 7EE

Investment Summary

- A **freehold** trade counter investment located in Poole, **an affluent town** on the south coast of England
- Two warehouse units totalling approximately **12,278 sq ft** and a site of **1.32 acres** representing a low site cover of just **20%**
- Let to **Travis Perkins (Properties) Ltd**, trading as **Keyline**, with approximately **18.5 years** unexpired and guaranteed by **Travis Perkins Plc**
- A current passing rent of **£110,408.05 per annum (£8.99 per sq ft overall)** subject to 5-yearly rent reviews linked to **RPI (2% and 4% per annum collar and cap)**
- The passing rent equates to a conservative £6.82 per sq ft if applying a half-rate to the mezzanine and £34,950 (50,000 per acre) to the secure yard (above 40% site cover)
- **Travis Perkins (Properties) Ltd** is a wholly owned subsidiary of Travis Perkins Plc. The company manages the Travis Perkins group property portfolio. For year ending 31 December 2019 the company reported a turnover of **£68.0 million** and a pre-tax profit of **£31.0 million**. It has a Creditsafe rating of **97/100** representing '**very low risk**'
- **Travis Perkins Plc** is the UK's largest distributor of material to the building, construction and home improvement markets. The company is listed on the **London Stock Exchange**, and is a constituent of the **FTSE 250**. For year ending 31 December 2020 it reported a turnover of **£6.16 billion** and shareholders funds of **£2.72 billion**. The company has Creditsafe rating of **86/100** representing '**very low risk**'

- Quoting price of **£2,595,000** reflecting a **net initial yield of 4.00%** assuming usual costs of 6.40%
- The minimum running yield would increase to **4.41%** in 2024, **4.87%** in 2029 and **5.38%** in 2034
- The maximum running yield would increase to **4.87%** in 2024, **5.92%** in 2029 and **7.20%** in 2034

Location & Situation

Poole is an affluent town on the south coast of England, located approximately 6 miles to the west of Bournemouth and 11 miles to the west of Christchurch. Bristol is located 69 miles to the north and Exeter is 80 miles to the west.

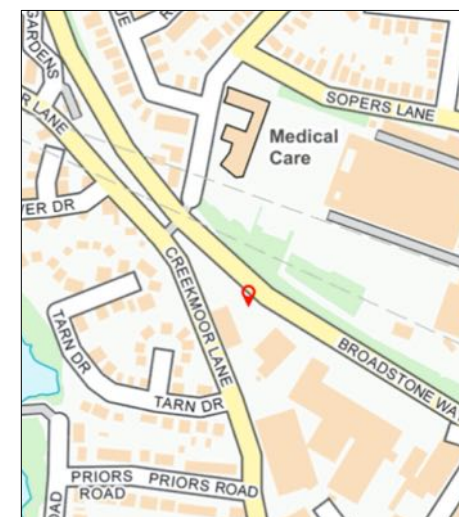
Poole benefits from excellent road connections with the A35 providing the main arterial route along the south coast linking to Bournemouth, Christchurch and Southampton to the east and Dorchester and Exeter to the west.

The A348, A349 and A350 all lead to the A31 to the north and onto the M3 and M27 Motorways. The M3 links Poole to the M25 and London and the M27 links to Bournemouth and Southampton.

Poole railway station provides direct services to London Waterloo with an approximate journey time of 2 hours.

The property occupies a prominent site bound by Creekmoor Lane to the south and Broadstone Way (A349) to the north, at the western edge of Creekmoor Industrial Estate and opposite residential development.

Commercial occupiers in the surround area include IMI, Makro, Premier Inn, Siemens, Tesco, and various smaller industrial, trade counter and warehouse uses.



Description

The property comprises two detached warehouse units, one used as the main trade counter and the other for general storage.

The main building is of concrete frame construction with profile metal elevations and mono-pitched roof. It provides a trade counter sales area, staff offices and facilities, mezzanine storage and warehouse space. The warehouse has an eaves height of approximately 4.75m and is accessed via a roller shutter door.

The storage building is of steel frame construction with profile metal elevations beneath a pitched roof. It has an eaves height of approximately 3.8m and is accessed via one roller shutter and one concertina door.

The property benefits from a large sectional concrete surfaced open storage yard and parking area. The perimeter is made secure with CCTV, flood lighting, palisade fencing and security gate.

The property has the following approximate gross internal floor areas:

Building	SQ M	SQ FT
Main Building	559.9	6,027
Mezzanine	197.0	2,121
Storage Building	383.7	4,130
Total	1,140.6	12,278



Tenure

We understand that the property is freehold.

The property has an estimated site area of 1.32 acres.





Tenancy

The property is let to Travis Perkins (Properties) Ltd, trading as Keyline, and guaranteed by Travis Perkins Plc.

The lease is for a term of 30 years from 1 September 2009 expiring 31 August 2039. It is FRI (subject to a schedule of condition) and the tenant has an option to renew at expiry for 30 years at the market rent, on the same terms.

The passing rent is £110,408.05 per annum (£8.99 per sq ft overall) subject to 5-yearly rent reviews linked to RPI (2% and 4% per annum collar and cap).

Tenant Covenant

Travis Perkins (Properties) Ltd (0046824) is a wholly owned subsidiary of Travis Perkins Plc, the ultimate parent company. The company manages the Travis Perkins group property portfolio. It has a Creditsafe rating of 97/100 representing 'very low risk'.

A summary of the available accounts is as follows:

Date	Turnover	Pre-Tax Profit	Shareholders Funds
31/12/2019	£68,000,000	£31,000,000	£290,400,000
31/12/2018	£92,200,000	£49,200,000	£268,200,000
31/12/2017	£87,300,000	£68,900,000	£332,700,000

Travis Perkins Plc (00824821) is the UK's largest distributor of material to the building, construction and home improvement markets. The company operates 20 businesses from over 2,000 sites. It is listed on the London Stock Exchange and is a constituent of the FTSE 250. The company has a Creditsafe rating of 86/100 representing 'very low risk'.

The impact of the pandemic meant that the 2020 financial performance was lower than in 2019, but the business returned to growth in H2 demonstrating its strength and resilience.

A summary from the available accounts is as follows:

Date	Turnover	Pre-Tax Profit	Shareholders Funds
31/12/2020	£6,157,500,000	-£7,700,000	£2,713,800,000
31/12/2019	£6,955,700,000	£180,800,000	£2,582,700,000
31/12/2018	£6,750,500,000	-£49,400,000	£2,705,900,000

Occupational Market

Poole has been subject to strong rental growth in recent years with rents of £9.50 to £10.00 per sq ft being quoted for new build units (Fleets Corner Business Park and St Modwen Park).

Modern trade counter schemes have been achieving rents in the region of £11.00 to £12.00 per sq ft as demonstrated by Euro Plastics taking 4,027 sq ft at Broadstone Way Trade Centre in Q1 2020.

Secondary industrial units with standard site cover typically achieve rents in the region of £7.00 per sq ft.

Industrial sites within Poole continue to generate strong interest and are typically expected to achieve in excess of £700,000 per acre.

The market evidence suggests that the subject property's passing rent is potentially below market value.

Investment Transactions

Recent examples of trade counter investment sales include:

Property	Description	Lease Terms	Price (NIY)	Date
Jewson, Andover	19,331 sq ft (33% site cover), Long leasehold 92.5 years unexpired	13.4 years unexpired, £9.27 per sq ft, market reviews	Under offer c.£3.5m (5%)	Mar 21
Jewson, Northampton	23,015 sq ft, Freehold	9.25 years unexpired, £6.08 per sq ft	£2.92m (4.50%)	Dec 20
Jewson, Chelmsford	25,211 sq ft (45% site cover), Freehold	10 years unexpired, £9.89 per sq ft, RPI review	£5.1m (4.58%)	Sept 20
City Supplies, Walton on Thames	8,823 sq ft (23% site cover), Freehold	15 years, £11.00 per sq ft, market reviews	£1.6m (3.83%)	Aug 20

EPC

The property has an EPC rating of C71.

VAT

We understand that the property is elected for VAT and we therefore anticipate it can be sold by way of a TOGC.

AML

In accordance with anti-money laundering regulations, two forms of ID and confirmation of the source of funding will be required from the successful purchaser.

Proposal

We are instructed to seek offers of **£2,595,000 (Two Million Five Hundred and Ninety Five Thousand Pounds)** reflecting a **net initial yield of 4.00%** assuming usual costs of 6.40%.

The minimum running yield would increase to **4.41%** in 2024, **4.87%** in 2029 and **5.38%** in 2034.

The maximum running yield would increase to **4.87%** in 2024, **5.92%** in 2029 and **7.20%** in 2034.

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Further Information

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