

MATALAN

CURVER WAY | CORBY | NN17 5XN

CBRE



NATIONAL DISTRIBUTION CENTRE INVESTMENT OPPORTUNITY

◀ TO NOTTINGHAM

STAPLES

ROCKINGHAM RACEWAY

CEVA

◀ WEETABIX

BCA

MORRISONS ▶

RS COMPONENTS ▶

A6116

SML GROUP

AMARAY

BCA

BCA

BENTELER AUTOMOVIES

SML GROUP

TO A43 & PETERBOROUGH ▶

STEEL ROAD

A6086



MATALAN

MAXIM LOGISTICS

MAXIM LOGISTICS

AT TRANSPORT SERVICES

CURTIS WRIGHT

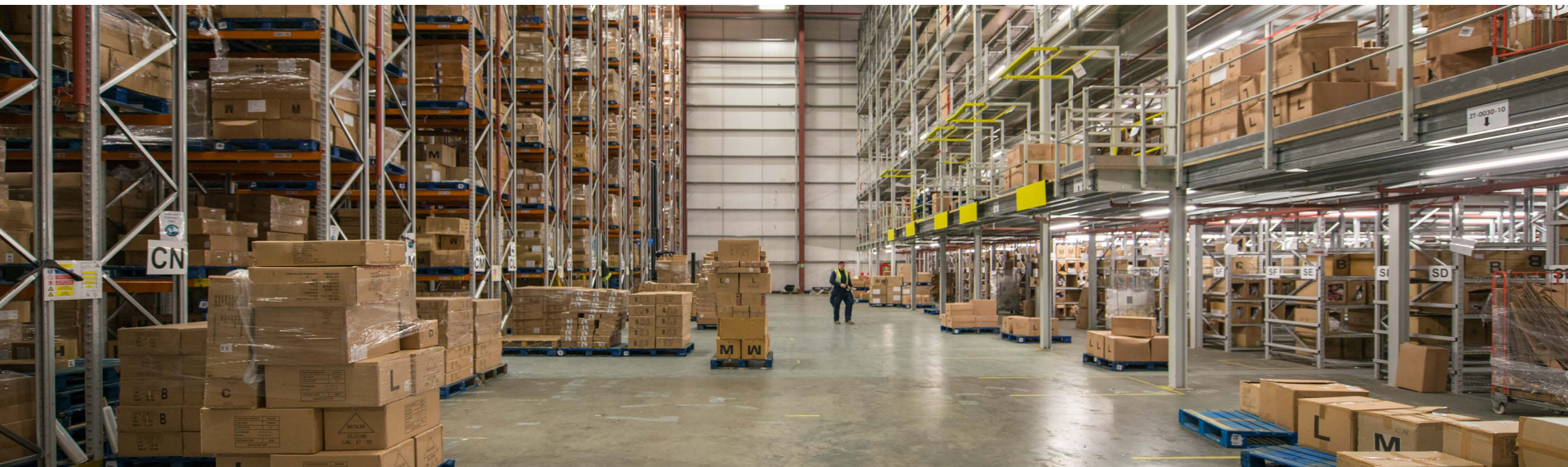
BIBBY ▶

RCS LOGISTICS

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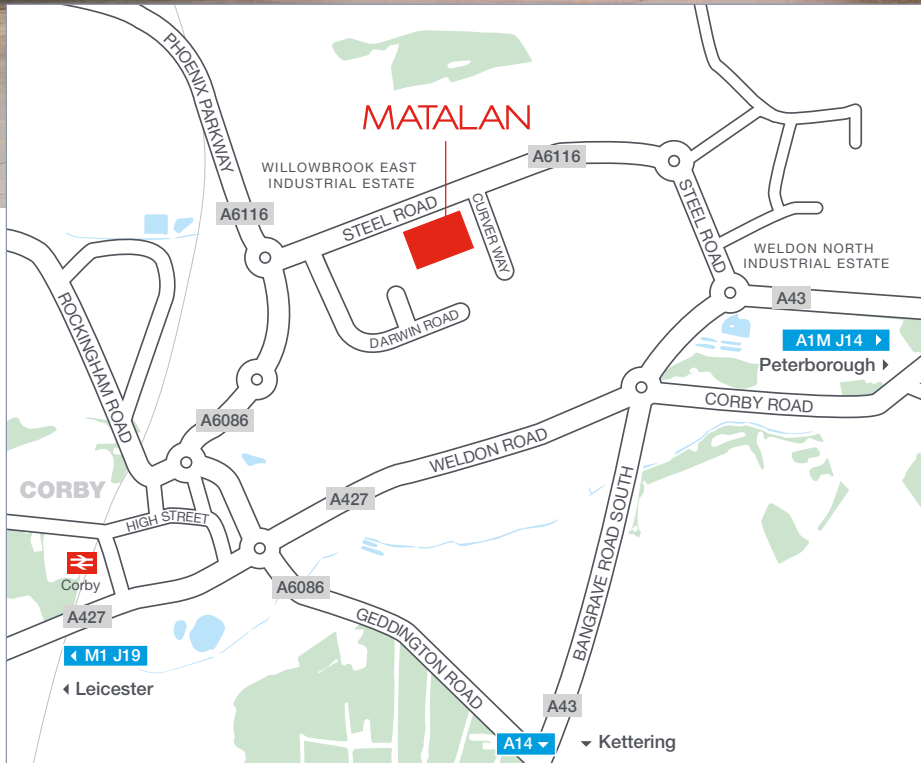
RCS LOGISTICS

TATA STEEL



INVESTMENT SUMMARY

- Strategic national distribution centre located within the heart of the East Midlands
- Accessibility is significantly improved with the development of the new A43 Dual Carriageway linking Corby to the A14, the Midlands and the Port of Felixstowe
- The facility represents one of Matalan's two UK Distribution Centres serving 226 retail outlets, with approximately 600,000 sq ft (55,741.80 sq m) in Knowsley providing a distribution hub for the North. The subject premises serve 107 stores
- Established industrial area with excellent connectivity to the A14 which directly links to the M1 and M6 Motorway Interchange at Junction 19 to the west and A1(M) Motorway at Junction 14 to the east
- Comparatively low base rents (60% of Prime Midlands rents), improved connectivity and diverse pan-European low cost labour pool make Corby an increasingly popular location for national logistics operations
- Freehold
- Constructed in the mid 1980s and extended in 2004, the premises total 359,372 sq ft (33,386.74 sq m) and provide a cross-docked fulfilment centre (7.5m eaves) and high bay warehouse with an eaves height 18.7m
- Testament to Matalan's commitment, approximately £15m was invested on specification enhancements and automation over the last 5 years to include a recently installed six-tier mezzanine and VNA racking system (5,500 pallet spaces)
- Total functional floor area has been increased to approximately 987,000 sq ft (91,695.30 sq m) by virtue of tenant fitout
- The site extends to approximately 18.64 acres (7.54 hectares) providing a low site cover of 44% and dual yards to facilitate cross docking
- Let to Matalan Retail Group Limited on an FRI lease with an unexpired term of approximately 13.25 years
- Current passing rent of £1,600,000 per annum, equating to £4.45 per sq ft (£47.92 per sq m) subject to 5-yearly Open Market Rent Reviews
- Very Low Risk Experian rating
- We are instructed to seek offers in excess of £21,400,000 (Twenty One Million, Four Hundred Thousand Pounds) reflecting a 7.00% Net Initial Yield and a low capital value of £59 per sq ft (£638 per sq m) after allowing for purchaser's costs of 6.76%. Based on a net effective ERV of £4.75 per sq ft (£51.13 per sq m) a Reversionary Yield of 7.50% would be attainable at 2020 rent review.



SITUATION

The property is prominently situated on the corner of Curver Way and Steel Road (A6116) within the Willowbrook East Industrial Estate. The estate is one of Corby's most established, situated off the A6116 and A6086, close to the intersection with the A43.

The Corby Link Road improves connectivity between Corby and the A14 which is approximately 6 miles (9.6 km) to the south.

Major occupiers in the vicinity include Tata Steel, Morrisons, Ceva Logistics, Avon, Norbert Dentressangle, Smyths Toys, Staples, Sainsbury's, Weetabix, BCA, Stapletons, Bibby and Smurfit Kappa.

Land uses surrounding the property are predominantly industrial.

DESCRIPTION

Built in the mid-1980s and extended in 2004, the property comprises a profile steel clad distribution warehouse with two-storey ancillary offices. The original warehouse is of steel portal frame construction and has an eaves height of approximately 7.5m under a four bay pitched roof. Internally the unit is fully fitted with automated wave pick garment handling over three tiers. To the south west of the site is an 18.7m high bay extension, built in 2004 and fitted out by the Tenant with narrow aisle racking and further wave pick system within a recently completed six-tier mezzanine.

WAREHOUSE

The warehouse accommodation extends to 343,459 sq ft (31,908.40 sq m).

- Steel portal frame construction
- Dual sided loading - cross docking
- Eaves heights ranging from 7.5m (24 ft) to 18.7m (61 ft)
- 31 standard dock level loading doors and two high bay dock level loading doors. Potential to add additional loading
- Three level access loading doors

OFFICES

Totalling 15,913 sq ft (1,478.33 sq m) the main office accommodation is located to the east of the unit, arranged over ground and first floors.

- Suspended ceilings with recessed lighting
- Carpet covered and vinyl floor coverings
- Canteen area
- Wall mounted heating and perimeter trunking

SITE

The building sits on a level and regular shaped site totalling approximately 18.64 acres (7.54 hectares) and providing a low site cover of 44%.

- 117 HGV parking spaces and 206 car parking spaces with scope for approximately 30 further car spaces
- Three entrance points provide goods-in/goods-out access with separate security gatehouses
- 45m (148 ft) deep rear yard and 35-45m (115-148 ft) deep goods-in yard

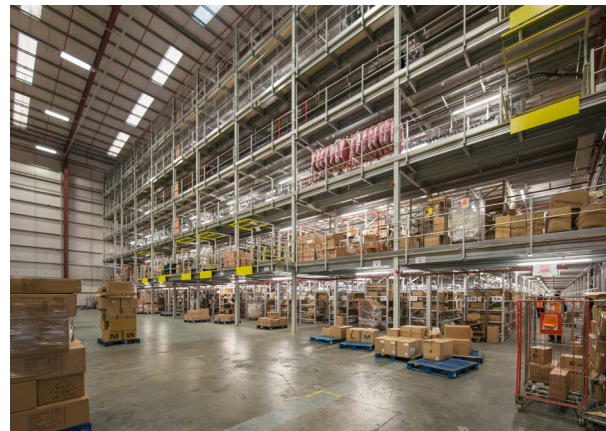




ACCOMMODATION

The property provides the following approximate gross internal floor areas:

Description	Area (sq m)	Area (sq ft)
Warehouse	25,278.06	272,091
High Bay	6,158.82	66,293
Offices	1,478.33	15,913
Ancillary Accommodation	322.21	3,468
Gatehouse / Stores	149.32	1,607
Total	33,386.74	359,372



COVENANT

Experian Rating 100/100 = Very Low Risk.

COVENANT INFORMATION

Established in 1985, Matalan is one of the UK's leading value retailers of clothing and homewares. Having gone through a comprehensive overhaul of its supply chain capabilities in recent years, the company now has the ability to grow its multichannel business. On average Online Sales have represented 5-10% of total earnings over the past 5 years and the company is looking to exploit its stable 226 store and two distribution centre logistics platform to improve its omni-channel performance.

Due to issues with supply chain in late 2015, sales volumes reduced in early 2016 as the business marked down late arriving Spring stock. As 2016 continued, the business has shown excellent signs of its development with full price sales rising 13% over the 13 weeks to December providing underlying earnings of £35.1m versus £32.2m in 2015 and online sales growth of 69%. As at December 2016 Matalan reported a closing cash balance of £99m versus £60m in December 2015.

	27/02/2016	28/02/2015	01/03/2014
Sales Turnover	£1,060,500,000	£1,094,000,000	£1,122,900,000
Pre-tax Profits	-£20,300,000	£20,300,000	£11,400,000
Net Worth	£317,800,000	£300,100,000	£234,300,000

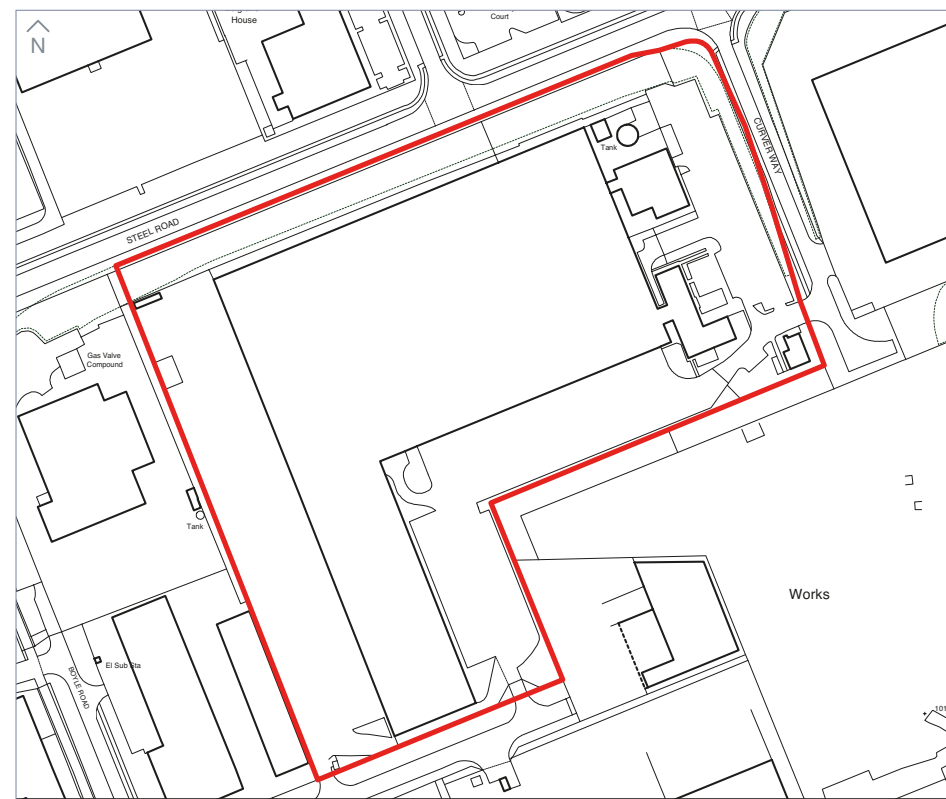
TENURE

Freehold.

TENANCY

The property is let to Matalan Retail Ltd on a full repairing and insuring (FRI) lease for a term of 20 years expiring on 9th May 2030 (13.25 years unexpired).

The current passing rent of £1,600,000 per annum equates to £4.45 per sq ft (£47.92 per sq m) and is subject to 5-yearly upwards only Open Market Rent Reviews with the May 2015 rent review outstanding.



INVESTMENT MARKET

The UK Logistics investment market has emerged as the strongest sector since the EU referendum vote with increased appetite for dwindling levels of investment stock. Favourable occupational market dynamics fuelled by the growth of e-commerce and repatriation of UK manufacturing are illustrating the resilience of the sector. By virtue of its unrivalled access and proximity to population, alongside high levels of skilled labour, the Midlands has witnessed unprecedented market appeal to the widest breath of investors. Prime distribution yields for assets in the Midlands region have returned to pre-crisis levels (CBRE 10-year prime yield: 5.00%) and alongside ERV growth of 5.00% per annum, total returns for 2016 reached 9% (source: CBRE Index).

Date	Address	Area (sq ft)	AWULT (years)	Passing Rent pa (per sq ft)	Purchase Price	NIY	Cap Val (per sq ft)
Dec-2016	Yusen Logistics Northampton	210,000	9.00	£1,207,500 (£5.75)	£20,570,000	5.50%	£98
Dec-2016	DHL Burton upon Trent	196,823	10.00	£786,427 (£4.54)	£11,220,000	6.50%	£57
Dec-2016	Screwfix Tamworth	552,000	10.00	£2,977,000 (£5.40)	£52,000,000	5.30%	£91
Dec-2016	Alloga South Normanton	185,000	8.25	£835,000 (£4.50)	£13,730,000	5.70%	£74
Dec-2016	Eurocell Sutton-in-Ashfield	264,56	9.50	£1,100,000 (£4.15)	£15,850,000	6.50%	£60
Dec-2016	The Entertainer Banbury	238,206	9.80	£1,222,104 (£5.13)	£21,320,000	5.37%	£90
Dec-2016	The Works Hams Hall	183,436	19.75	£1,155,646 (£6.30)	£22,315,000	4.85%	£120



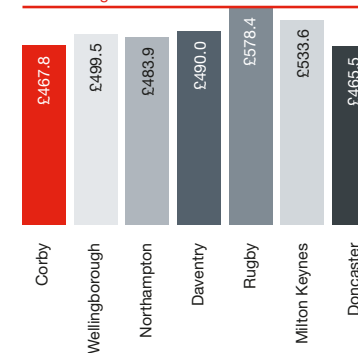
OCCUPATIONAL MARKET

Take up for distribution units over 100,000 sq ft reached 30 million sq ft in 2016 a 57% increase on 2015 and considerably higher than the long run average of 21 million sq ft per annum. In 2016, 43% of leasing activity was focused on the Midlands. Online retail accounted for 32% of take-up with the second largest sector being third party logistics companies at 22%. With an average void period for speculatively developed units in the Midlands of 2.6 months the pressures on built supply and dwindling reserves of developed sites, the Midlands sector is set to outperform. Prime quoting rents in the Midlands are in excess of £6.50 per sq ft.

Date	Address	Area sq ft	Terms
Aug 2016	Amazon G Park Daventry	297,398	10 year lease at £5.75 psf
Aug 2016	CSM Bakery Apex Park Daventry	215,282	22 year lease at £5.50 psf
June 2016	JLR Prologis Park Coventry	327,730	Pre-let 15 year lease (8.5 yr brk) at £6.25 psf
May 2016	Hello Fresh Central M40 Banbury	236,580	10 year lease at £6.00 psf
Mar 2016	Clipper Logistics Northampton Commercial Park	303,824	10 year lease at £6.25 psf

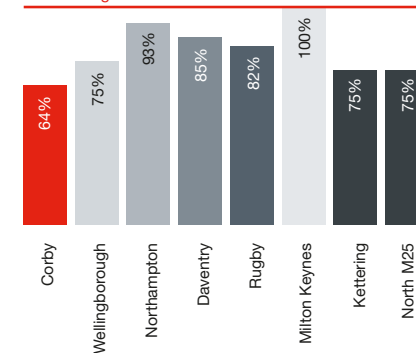
GROSS WEEKLY PAY

19% Saving



RENT PER SQ FT FOR NEW INDUSTRIAL SPACE

36% Saving





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CBRE

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