



A UNIQUE EAST MIDLANDS LONG INCOME LOGISTICS INVESTMENT OPPORTUNITY

MANTON WOOD, S80 2RT

DHL Supply Chain – Excellence. Simply delivered.



INVESTMENT SUMMARY

- **Build-to-suit distribution warehouse investment** totalling 538,280 sq ft (50,008 sq m)
 - The unit will operate as a strategic **DHL Supply Chain campus for the East Midlands region**
 - The **East Midlands logistics market was the principal contributor to take-up across the UK**, followed by Yorkshire & North East with a combined total of 58% of the overall market
 - Strategic East Midlands location in Manton Wood, which is within **2 minutes of the A1 and 15 minutes of J31 M1**
 - Base build specification to include **high-tech lighting, heating and roof sprinklers, commanding a premium rent**
 - The warehouse also benefits from **18m minimum eaves height** (with a 28m high-bay section extending to c.127,000 sq ft), maximum yard depth of 135m, loading capacity of between 60-70 kN/ sq m and an anticipated **BREEAM 'Very Good' rating**
 - The site extends to approximately **30.96 acres (12.53 ha) providing a low site density of 36%**
 - To be let to **DHL Supply Chain Ltd on a new 20 year lease** following completion of the building scheduled for September 2020
 - The lease will be subject to **5 yearly rent reviews annually compounded at 2% per annum**
 - Proposed initial rent of **£3,033,773 per annum, reflecting £5.64 per sq ft**
 - DHL Supply Chain Ltd benefit from a **Dun & Bradstreet rating of 5A1**, indicating a minimum risk of business failure
 - Freehold
- We are instructed to seek offers in excess of **£61,839,000 (Sixty One Million Eight Hundred and Thirty Nine Thousand Pounds)** subject to contract and exclusive of VAT. A purchase at this level reflects a **Net Initial Yield of 4.75%** and a **capital value of £115 per sq ft** assuming purchaser's costs of **3.28%**.
- The deal will be structured as a **two stage payment forward commitment.**





Worksop
Town Centre

 Worksop
Railway Station

B&Q


M1
(10 miles)

Manton Wood
Enterprise Park

PHASE 3

PHASE 2

Wilko

A57

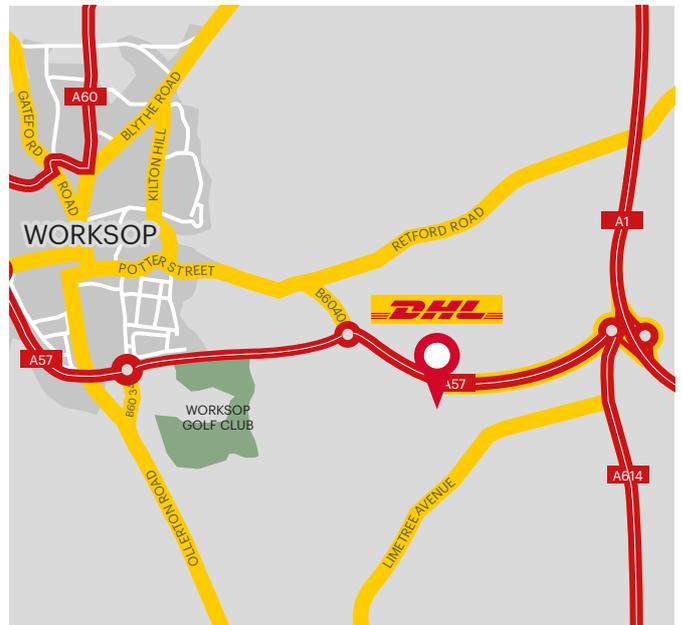
A1
(1.25 miles)

LOCATION & SITUATION

Worksop is in the county of Nottinghamshire approximately 24 miles (39 km) north west of Nottingham, 40 miles (64km) south of Leeds and 60 miles (96km) south east of Manchester. Worksop benefits from outstanding connectivity to the Midlands, Yorkshire and the North, owing to its strategic positioning just 10 miles east of Junction 31 of the M1 Motorway. The A57 runs on the east west axis immediately to the south of Worksop, whilst the A1 runs on the north south axis to the east. The property itself is accessed via the A57, providing immediate access to the A1 and J31 of the M1 Motorway. The A1 is just 1.25 miles east of the subject property and provides direct access into Central London. It also feeds directly onto the A1(M) as well as the M18 at Junction 2 to the North.

Worksop benefits from good rail services, with Worksop Railway Station providing regular direct services to Sheffield, Leeds and Lincoln. Both London and Manchester can be accessed directly via Sheffield Station which is just 30 minutes from Worksop. Doncaster Sheffield Airport is just 17 miles to the north and provides both long and short haul international flights. 1.22 million passengers passed through this airport in 2018 alone. Manchester Airport, East Midlands Airport and Leeds Bradford Airport are also all located within a 60 mile radius of Worksop.

The location is also strategically located close to several key ports, namely, the Port of Hull and the Port of Immingham which are both within 55 miles north east of Worksop. The Port of Immingham is the UK’s largest port by tonnage, handling around 55 million tonnes per year. The port can handle vessels carrying cargos of up to 130,000 tonnes and is less than 24 hours from a European market of over 170 million people.



Ports	miles	km
Immingham	52	84
Hull	55	89
Liverpool	93	150
Felixstowe	167	269
Southampton	187	301



Routes	miles	km
Worksop	3	4.8
Nottingham	24	39
Leeds	40	64
Manchester	60	96
London	150	241



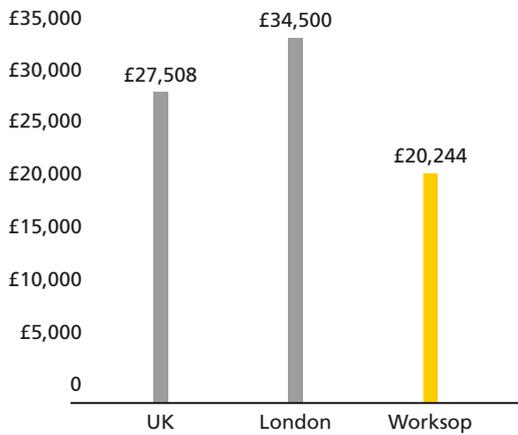
Road Networks	miles	km
A1	1.25	1.6
M1 (Junction 31)	10	16
M18 (Junction 2)	16	26
M18 (Junction 2)	34	55

DEMOGRAPHICS

Worksop is considered a key distribution location given its strong demographic and locational characteristics. As labour is becoming more and more critical in terms of occupier's warehousing decisions, Worksop is perfectly suited to accommodate modern occupier needs going forward. This can be further illustrated by the fact that Amazon and other major occupiers have been committing to significant warehouse facilities in the northern East Midlands and Yorkshire over the last 24 months.

Worksop sits in Bassetlaw within the Sheffield City region which has a total population of 1.8m people. The South Yorkshire region has the largest resident and working population in the UK, outside London and the South East, with a population of 1.34m.

AVERAGE ANNUAL SALARIES



Almost 3 million people can reach Manton Wood within a 45-minute drive.



Average annual salaries in Worksop are 26% below the national average for UK.



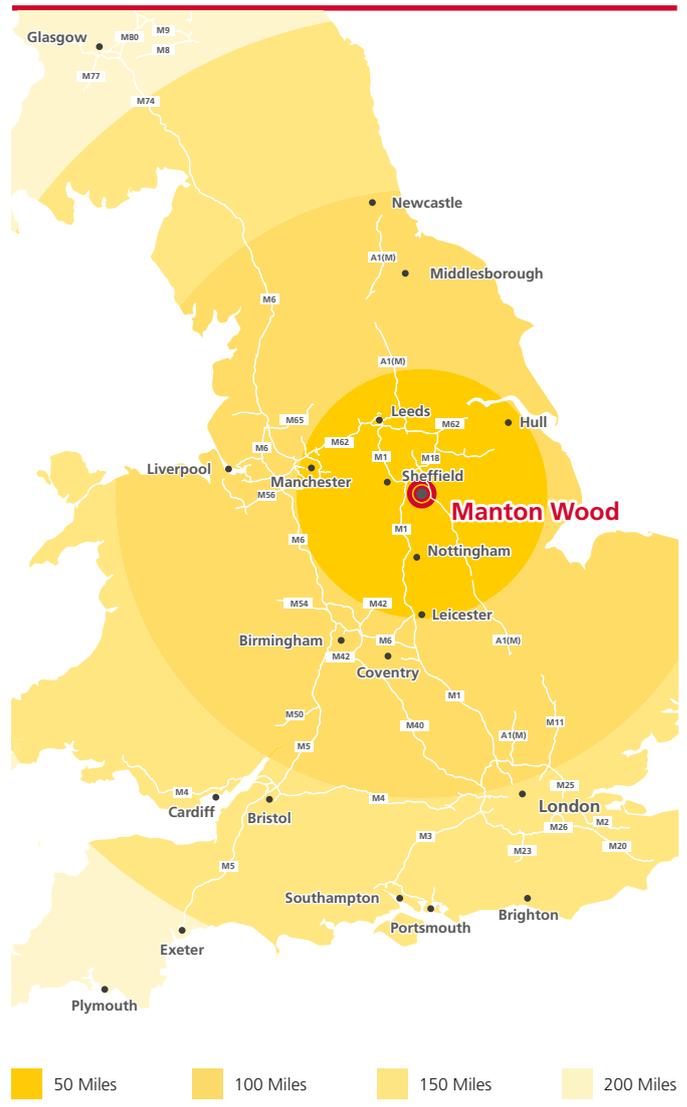
Over 1.4m working age people live within a 24-mile radius.



Source: ONS

UNEMPLOYMENT RATES

- UK – 3.9%
- Yorkshire & The Humber – 5.2%
- North East – 5.1%
- East Midlands – 4.7%



DESCRIPTION

COMAH REGISTERED



The property will comprise a state of the art distribution warehouse extending to 538,280 sq ft. The property will be developed by DHL and will act as a multi-user facility for the tenant which, when fully operational, will have multiple contracts running on site, with the high bay area being fully automated.

The site will benefit from being a Top Tier COMAH registered warehouse, which enables occupiers to store hazardous materials in the facility safely. The tenant has decided to register this site specifically with COMAH status at its own cost, demonstrating its commitment to the location.

ENHANCED BASE BUILD

The property is being designed to an enhanced base build specification – items such as heating, lighting and roof sprinklers are forming part of the base build design, which commands a significant rent premium over and above a typical ‘shell’ constructed fit out.

The base build specification of the unit will include the following:

- Minimum clear eaves heights of 18m with approximately 127,000 sq ft of the facility being constructed to 28m height
- 40 dock level loading doors and 4 level access loading doors
- 158 HGV parking spaces, 26 trailer parking spaces and 428 car parking spaces
- Uniform floor loading of 60kN per m² and 70 kN per m² to the high bay area
- Maximum yard depth of 135m
- Gas heating throughout
- LED lighting throughout
- 30,000 sq ft structural mezzanine to be constructed out of steel and concrete, with a minimum eaves height of 8m
- Sprinkler system

ENVIRONMENTAL IMPROVEMENT AND CARBON FOOTPRINT REDUCTION MEASURES

DHL is committed to reducing the impact of its business on the environment. By the year 2050, the tenant intends for all logistics related emissions to be reduced to net zero. The following features assisting in the environmental improvement of the building are included within this performance specification:



BREEAM
‘Very Good’



The LED lighting used throughout the facility will significantly exceed the requirements of Building Regulations



EPC
A-22 rating



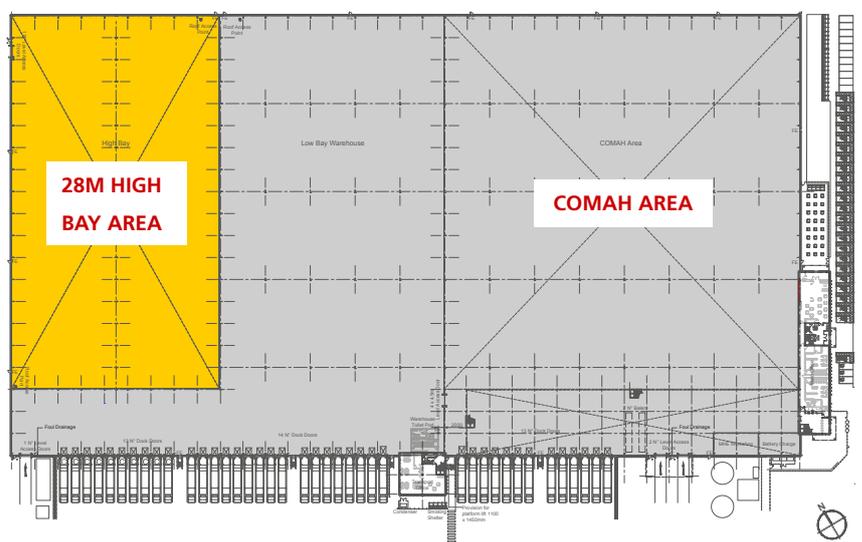
Solar thermal pre-heating of hot water



Smart meters



Site specific optimised natural light to warehouse via roof lights and/or wall lights considering area use, light and heat



THE SITE

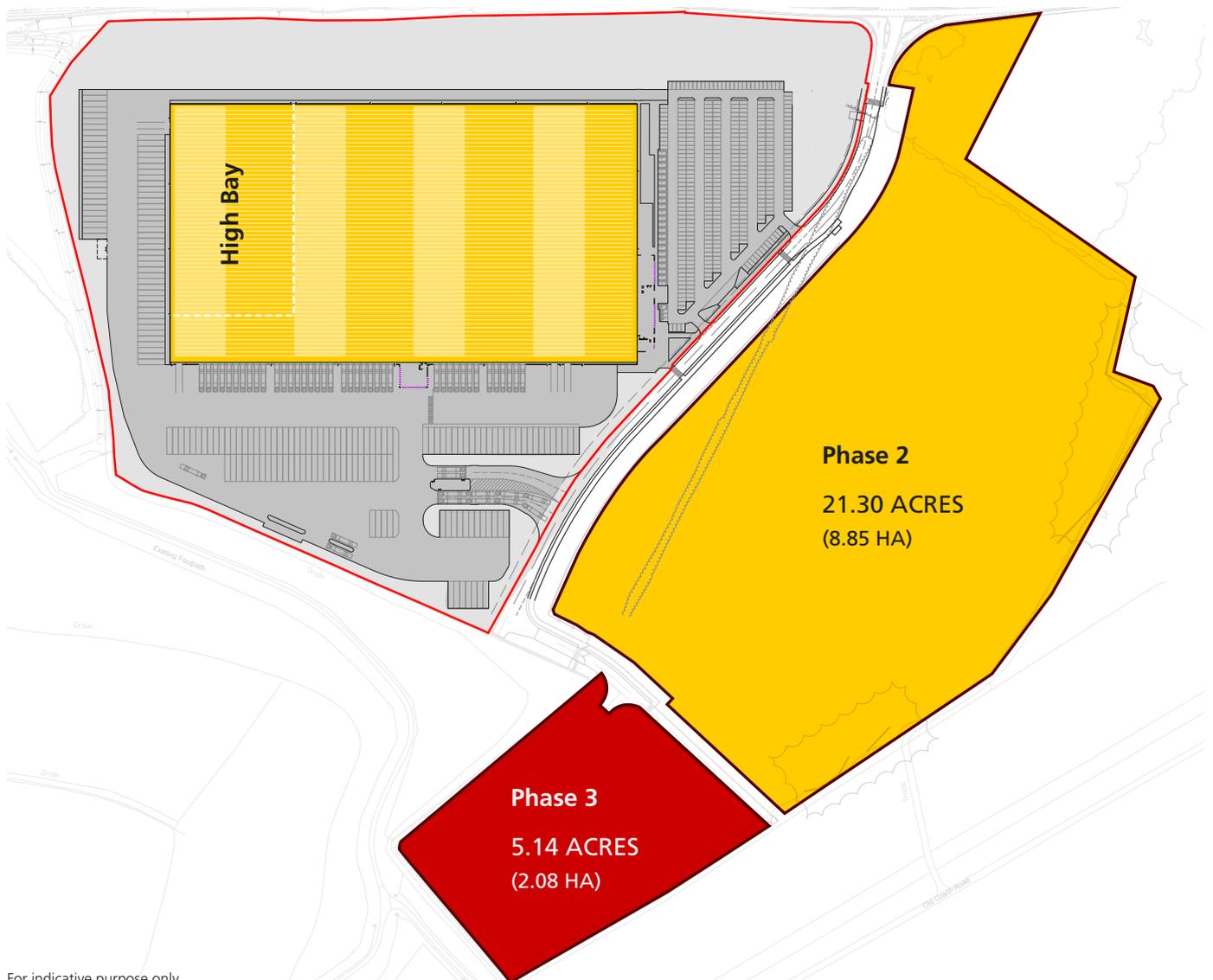
As per the below plan, the construction of Phase 1 is the start of a wider 57.49 acre development being brought forward by DHL. Plans are in place to develop out two more phases to provide at least a further 450,000 sq ft (subject to planning).

Manton Wood has, and continues to receive strong occupier interest primarily due to its abundant and cheap labour supply and favourable locational demographics. The area has become an established logistics location with national occupiers including B&Q, Wilko and now DHL.

The site extends to approximately 30.96 acres (21.53 ha) providing a low site density of 36%.

ACCOMMODATION

Accommodation	Sq.ft.	Sq.m.
Warehouse	476,150	44,235.4
Offices	20,000	1,858.0
Transport Offices	5,000	464.5
Gatehouse	300	27.9
Structural Mezzanine	30,000	2,787.1
Plant Deck	6,830	634.5
Total	538,280	50,007.9



For indicative purpose only

COVENANT

DHL – The Logistics Company for the World.

DHL is the leading global brand in the logistics industry. The DHL family of divisions offer an unrivalled portfolio of logistics services ranging from national and international parcel delivery, e-commerce shipping and fulfillment solutions, international express, road, air and ocean transport to industrial supply chain management. With about 380,000 employees in more than 220 countries and territories worldwide, DHL connects people and businesses securely and reliably, enabling global trade flows. With specialized solutions for growth markets and industries including technology, life sciences and healthcare, energy, automotive and retail, a proven commitment to corporate responsibility and an unrivalled presence in developing markets, DHL is decisively positioned as “The logistics company for the world”.

DHL is part of Deutsche Post DHL Group. The Group generated revenues of more than 61 billion euros in 2018.

DHL Supply Chain Ltd benefits from a D&B rating of 5A1 indicating a minimum risk of business failure.

TENURE

The property is held Freehold under the Title number NT326273.

TENANCY

The completed development will be let on a full repairing and insuring lease to DHL Supply Chain Ltd for a term of 20 years. The initial annual rent will be £3,033,773 per annum equating to £5.64 per sq ft on the base build of the property.

The rent will be reviewed five yearly equivalent to 2% per annum annually compounded.

DHL Supply Chain LTD	31/12/2017	31/12/2016	31/12/2015
Sales Turnover	£3,150,192,000	£3,086,252,000	£4,010,360,000
Pre-Tax Profits	£78,899,000	£99,414,000	£108,161,000
Net Worth	£436,046,000	£354,148,000	£360,100,000



OCCUPATIONAL MARKET COMMENTARY

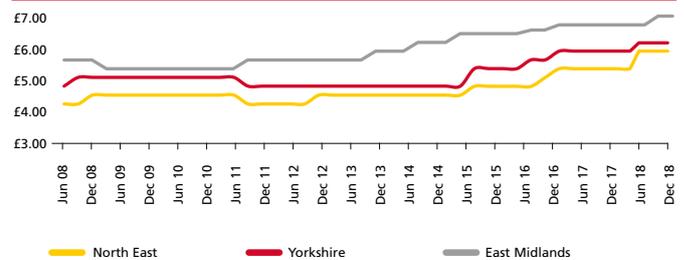
The UK's logistics occupational market is as strong as ever with 2018 take-up totalling 31.50m sq ft across 101 deals; this was 82% higher than 2017 and exceeded the annual record from 2016 of 29.35m.

37% of total take-up was in the East Midlands, setting the highest proportion for a region since 2006. Yorkshire and the North East followed with a strong performance of 21% of total take-up. Whilst Manton Wood falls within the East Midlands, it is near to Yorkshire and the North East region. Combined, these regions accounted for 58% of total take-up.

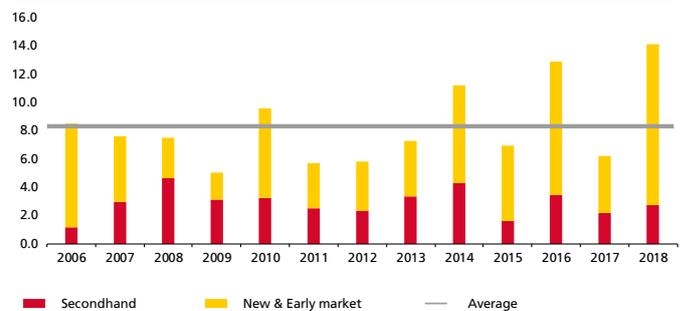
Average deal size in the East Midlands was more than 392,000 sq ft in 2018. This is testament to the ever-expanding occupier requirements. The size band of 100,000 sq ft to 150,000 sq ft is starting to be considered as just an extension of the mid-box market – certainly in the East Midlands.

There remains a significant demand / supply imbalance in the logistics market, with current supply likely to only provide 12-months of take-up (based on 2018 figures). This acute supply/demand imbalance, coupled with the excellent locational demographics in Manton Wood has applied upwards pressure on rents with the prime levels now being achieved at around £6.00 per sq ft.

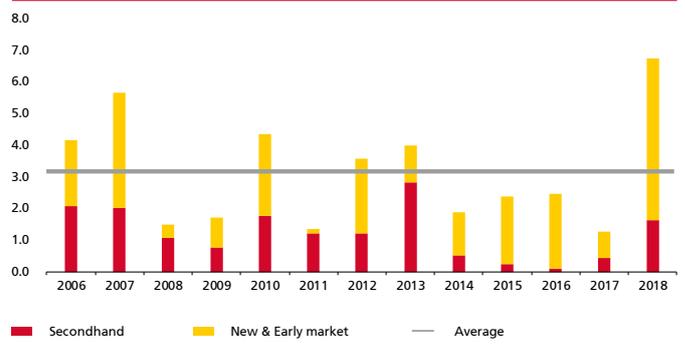
EAST MIDLANDS, YORKSHIRE AND NORTH EAST PRIME INDUSTRIAL RENTAL GROWTH (2008 – 2018)



MIDLANDS LOGISTICS TAKE-UP (2006 – 2018)



YORKSHIRE & NORTH EAST LOGISTICS TAKE-UP (2006 – 2018)



A SCHEDULE OF COMPARABLE LETTINGS ARE OUTLINED BELOW:

Building	Tenant	Date	Size (sq.ft.)	Build status	Rent (PSF)	Lease terms
DC3, Prologis Park, Pineham	Morrisons	Jul-18	372,284	Second Hand	£6.50	10 Years
Big Box 2, East Midlands Gateway, Derby	XPO / Nestle	Mar-18	638,278	New Build	£6.35	16 Years
DC3, Prologis Park, Lichfield	Anixtier	Dec-17	213,526	New Build	£5.85 +10p fit out	20 Years
Phase 1, Mountpark, Bardon	Eddie Stobart	Nov-17	314,500	New Build	£5.85	15 Years
Brackmills, Point Brackmills	Decathlon	Jan-17	405,000	New Build	£6.50	15 Years

INVESTMENT MARKET COMMENTARY

Investment into the UK industrial sector recorded another very strong year thanks to an extremely busy fourth quarter. Total transaction volumes reached £6.83bn which is broadly in line with the previous record set in 2017. UK distribution and logistics assets specifically, reached £2.38 billion in 2018, in line with the 5-year average. Industrial as a sector, has fared extremely well despite the political and economic headwinds faced over the past 12–24 months. The industrial investment market is underpinned by a very robust occupational story driven by a structural shift in demand, and an acute undersupply of space.

Industrial sector returns reached 18.1% for the whole of 2018, thanks largely to capital value growth of 12.4%.

Given potential headwinds within the global economic market, many investors have adopted a ‘flight to prime’ approach with their investment rationale. Within the logistics sector, such attributes would include:

- Excellent ‘blue-chip’ covenants providing secure income streams and strong re-gear potential;
- Long dated income
- Excellent property fundamentals including low site cover, large yard, eaves height (12+m);
- Fixed rental uplifts that guarantee performance
- New-build assets
- Strong logistics locations with a focus on access to cheap labour

The subject property satisfies all the above.

A SCHEDULE OF KEY PRIME LOGISTICS TRANSACTIONS ARE OUTLINED BELOW:

Property	Date	Area	Term certain (Years)	Rent (PSF)	NIY	Purchase price	Capital Value (PSF)	Vendor	Purchaser
Next – Waltham Cross	Under Offer	322,335	15	Rent bid down	3.15%	£62,500,000	£194	Next	LaSalle
Anixter – Fradley Park	June 2018	213,000	20	£5.85	4.44%	£25,845,000	£121	Prologis	Aberdeen Standard
DHL – Avonmouth	Dec 2017	159,693	20	£8.22	4.37%	£28,120,000	£176	DHL	BlackRock



TRANSACTION STRUCTURE

The transaction is being structured on a two cheque forward commitment basis. Further information can be provided on request.

THE PROFESSIONAL TEAM

The main professional team for the development comprises:

- Developer – DHL Real Estate UK Ltd
- Architects – UMC Architects / CDM Contract Services
- Project Manager – Lysander Associates
- Planning Consultant – Quod Planning
- Mechanical and Electrical Engineers – Synergy Building Services Solutions
- Contractor – *Currently out for tender*
- Structural Engineer – Bradbrook Consulting

Further information can be provided on request and is contained within the data room.

EPC & BREEAM

Based on the proposed specification, it is anticipated that the property will have an EPC rating of A-22 and a BREEAM rating of 'Very Good'.

DATA ROOM

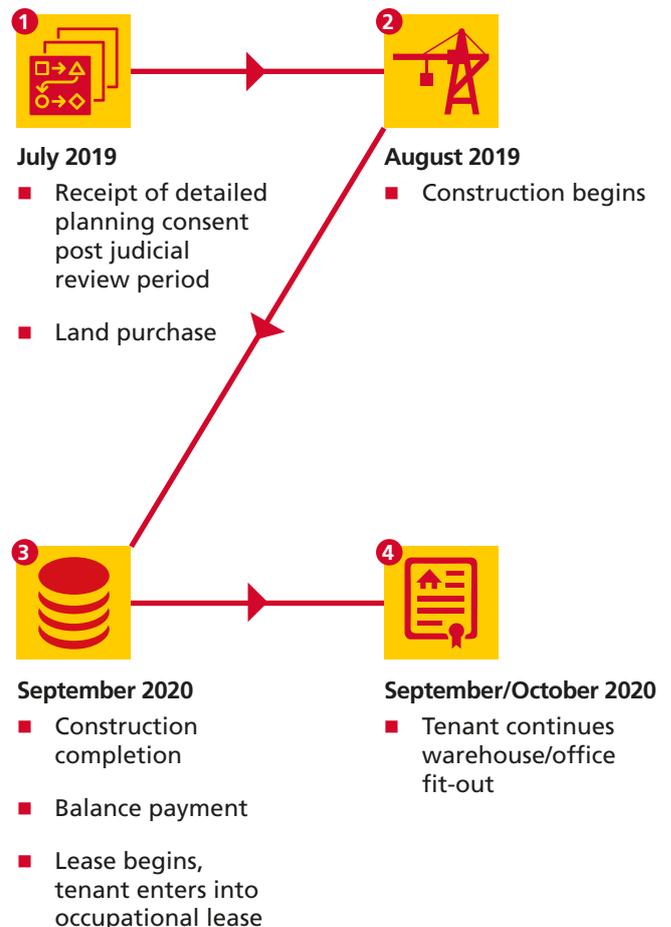
Access to the data room is available upon request.

VAT

The property has been elected for VAT. It is envisaged that the sale will not take place by way of a Transfer of Going Concern (TOGC).

DEVELOPMENT TIMESCALES

The following development and transaction timescales are envisaged:



PROPOSAL

We are instructed to seek offers in excess of £61,839,000 (Sixty One Million Eight Hundred and Thirty Nine Thousand Pounds) subject to contract and exclusive of VAT. A purchase at this level reflects a Net Initial Yield of 4.75% and a capital value of £115 per sq ft assuming purchaser's costs of 3.28%.

The deal will be structured as a two stage payment forward commitment.



Jack Cox

+44 (0) 20 7182 2458

+44 (0) 7949 517 506

jack.d.cox@cbre.com

John Doleman

+44 (0) 20 3214 1911

+44 (0) 7464 980 354

john.doleman@cbre.com

Tom Woolhouse

+44 (0) 20 7182 2113

+44 (0) 7818 012 428

tom.woolhouse@cbre.com

Robbie Offer

+44 (0) 20 3257 6160

+44 (0) 7979 970 875

robbie.offer@cbre.com



Roger Haworth

+44 (0) 7872 377 153

roger@cpppartners.co.uk

Richard Wright

+44 (0) 7708 811 832

richardwright@cpppartners.co.uk

Subject to contract & exclusive of vat – April 2019

Disclaimer: CBRE Limited & Commercial Property Partners

CBRE Limited & Commercial Property Partners on its behalf and for the Vendors or Lessors of this property whose Agents they are, give notice that: 1. These particulars are set out as a general outline only for guidance to intending Purchasers or Lessees, and do not constitute any part of an offer or contract. 2. Whilst CBRE Limited & Commercial Property Partners uses reasonable endeavours to ensure that the information in these particulars is materially correct, any intending Purchasers, Lessees or Third Parties should not rely on them as statements or representations of fact, but must satisfy themselves by inspection, searches, enquiries, surveys or otherwise as to their accuracy. CBRE Limited & Commercial Property Partners as such cannot be held responsible for any loss or damage including without limitation, indirect or consequential loss or damage, or any loss of profits resulting from direct or indirect actions based upon the content of these particulars. 3. No person in the employment of CBRE Limited & Commercial Property Partners has any authority to make any representation or warranty whatsoever in relation to this property. 4. Unless otherwise stated, all purchase prices and rents are correct at the date of publication and, unless otherwise stated, are quoted exclusive of VAT. Lease details and service ground rent (where applicable) are given as a guide only and should be checked and confirmed by your solicitor prior to exchange of contracts.