

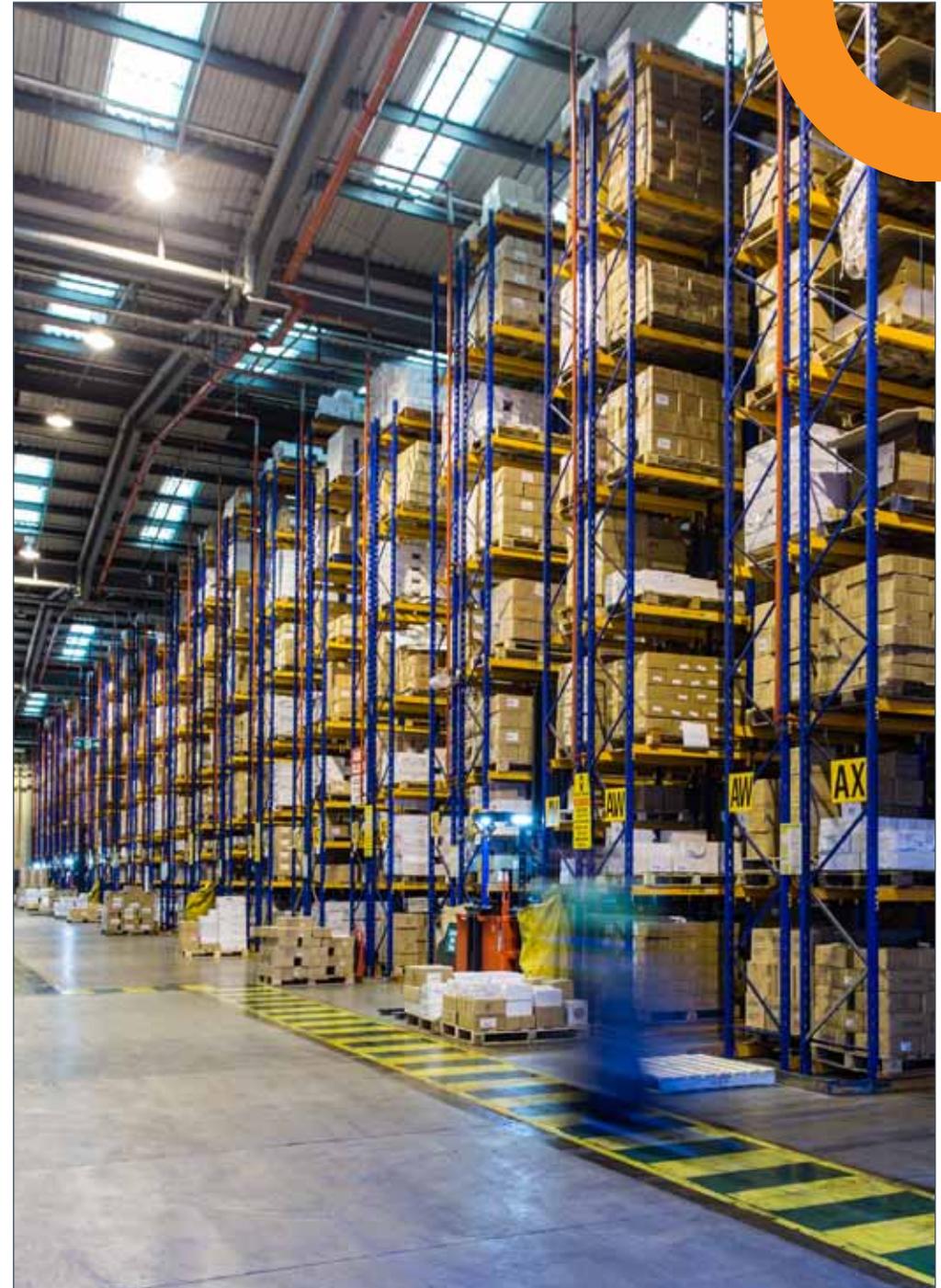


## South East Distribution Investment

1-3 FARADAY CLOSE, WORTHING, BN13 3RB

### Investment Summary

- The property occupies a **9.76 acre site** in Worthing, close to the A27 dual carriageway.
- The vast majority of the property comprises a high bay distribution warehouse of 261,543 sq ft.
- 97% of the total income is from Orion Publishing Group, a **4 A1 D&B rated** company, and a subsidiary of Hachette UK.
- The investment offers a **medium term redevelopment opportunity** with the potential to gain possession of the entirety in 2019.
- Offers are sought in excess of **£14,470,000**, subject to contract and exclusive of VAT.
- This purchase price reflects an attractive net **initial yield of 9%** and a capital value of **£55 per sq ft.**



## Location

Worthing is an affluent West Sussex town and well established commercial centre, located 59 miles south of London. As at the 2011 Census, the town had a resident population of 104,600.

Worthing has excellent road communications being served by the A24 dual carriageway which provides direct access to junction 9 of the M25. Immediately to the north of the town is the A27 which is predominantly dual carriageway and runs west to Chichester (20 miles) and east to Brighton (11 miles).

The town has a regular rail service to London Victoria with an approximate journey time of 1 hour 25 minutes. Gatwick International Airport is approximately 35 miles to the north east accessed by the A24 and M23.

Major employers in the town include GlaxoSmithKline, HM Revenue & Customs and Southern Water.

## Situation

The subject property is situated 3 miles north west of Worthing town centre in the district of Durrington, 1.5 miles south east of the A27 dual carriageway. The immediately surrounding area comprises a mix of industrial, office, retail and residential uses.

Access into the property is from Faraday Close which is predominantly an industrial location with the Cignet Trading Estate directly opposite the subject property. At the entrance to Faraday Close is a single storey research facility occupied by Invensys and a day centre operated by West Sussex County Council.

Immediately abutting the subject distribution warehouse (known as Columbia Warehouse), fronting Romany Road, is Columbia House, a five storey serviced office building. This building originally formed part of the subject property but is now in separate ownership.

Adjoining the northern boundary of the site is a recently extended Tesco Extra superstore which incorporates a number of small retail units with occupiers including WH Smith, Costa Coffee, Subway and Lloyds Pharmacy.







### Description

The property comprises two distinct elements with the vast majority being Columbia Warehouse which comprises a major distribution facility fully occupied and operated by Littlehampton Book Services. The smaller element is a parcel of open land occupied by a local coach and bus operator, Compass Travel.

### Columbia Warehouse

Columbia Warehouse was constructed in the late 1970's and provides warehouse accommodation arranged across three high bay units. The warehouse accommodates extensive high level racking, together with a number of mezzanines and conveyer belts which have been installed by the tenant. The eaves heights to the underside of the haunch range between 9.5m (31ft 2ins) and 10.5m (34ft 5ins).

The property has the benefit of 21 loading doors, some served by dock levellers, situated at various locations around the warehouse.

The warehouse benefits from a good provision of ancillary offices. The main office element, which has recently undergone refurbishment, is arranged on ground and first floors and fitted out to a good specification including suspended ceilings, raised floors and air conditioning units.

At first floor level, adjoining the refurbished offices, is a plant room which whilst forming part of the freehold demise is let on a long lease to the owner of the adjoining office building, Columbia House.

To the front of the property is an area of marked car parking for staff and visitors, together with a lorry parking area. There is a road running around the perimeter of the warehouse which provides a one way route for lorries to enter the site from Faraday Close and exit the property from a separate access point onto Romany Road. Adjoining this perimeter road are additional parking areas for lorries and cars.

### Open Storage Land

To the south of Columbia Warehouse, fronting Faraday Close, is a site of open land currently used as a coach and bus storage depot. The tenant has installed a portacabin building on site which provides offices and driver accommodation. Externally, the yard is tarmaced and includes a vehicle wash.



## Accommodation

Columbia Warehouse provides the following approximate gross internal areas:-

Unit	GIA sq m	GIA sq ft
Ground Floor Warehouse	21,750.7 sq m	234,125 sq ft
Ground Floor Offices/Canteen	931.1 sq m	10,022 sq ft
First Floor Offices	997.4 sq m	10,736 sq ft
First Floor Storage	618.7 sq m	6,660 sq ft
<b>Total GIA</b>	<b>24,297.9 sq m</b>	<b>261,543 sq ft</b>
Covered Loading Bay	330.4 sq m	3,556 sq ft

## Site

The total site area is **9.76 acres (3.95 hectares)** with Columbia Warehouse occupying a site of 8.95 acres and Compass Travel having a site of 0.81 acres. The property therefore has a footprint site cover of 57%.

## Tenure

Freehold

## Tenancies

Columbia Warehouse is let to **The Orion Publishing Group Ltd** on a full repairing and insuring lease expiring on 28th February 2019 at a current rent of **£1,332,062pa (£5.09psf overall)**. There are no further rent reviews.

The open land is let to **Compass Travel (Sussex) Ltd** by way of a lease and reversionary lease, ultimately expiring on 28th February 2019. The property is let on full repairing and insuring terms at a current rent of **£45,619 pa**, rising to £52,885 pa on 29th July 2018. Both the lease and reversionary lease are excluded from the provisions of Sections 24-28 of the Landlord & Tenant Act 1954.

The first floor plant room within Columbia Warehouse is let to **Starlight Investments Limited** for a term of 125 years from 1st September 1999 at a rent of £1 pa if demanded. The landlord can terminate this lease at anytime after 28th February 2019, subject to at least six months notice. As a condition of any termination, the landlord shall be responsible for all the costs involved in the relocation of the plant room.

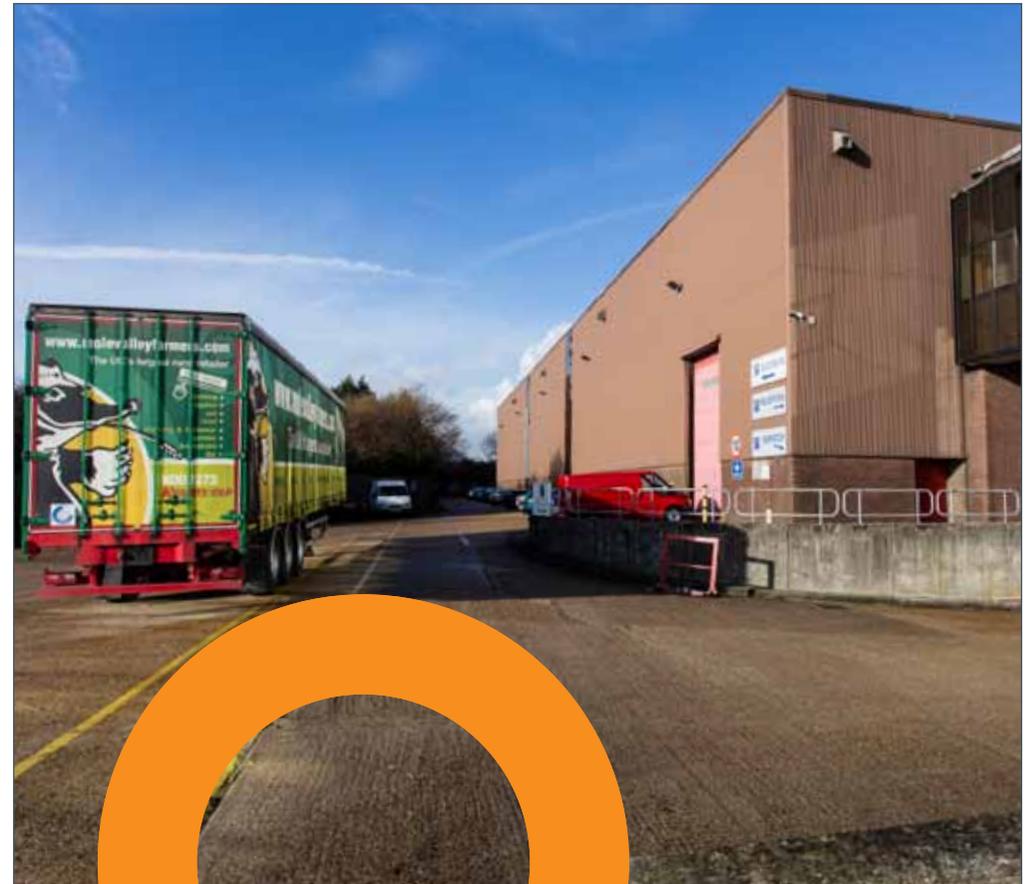
The total current income is therefore **£1,377,681pa**.

## Covenant

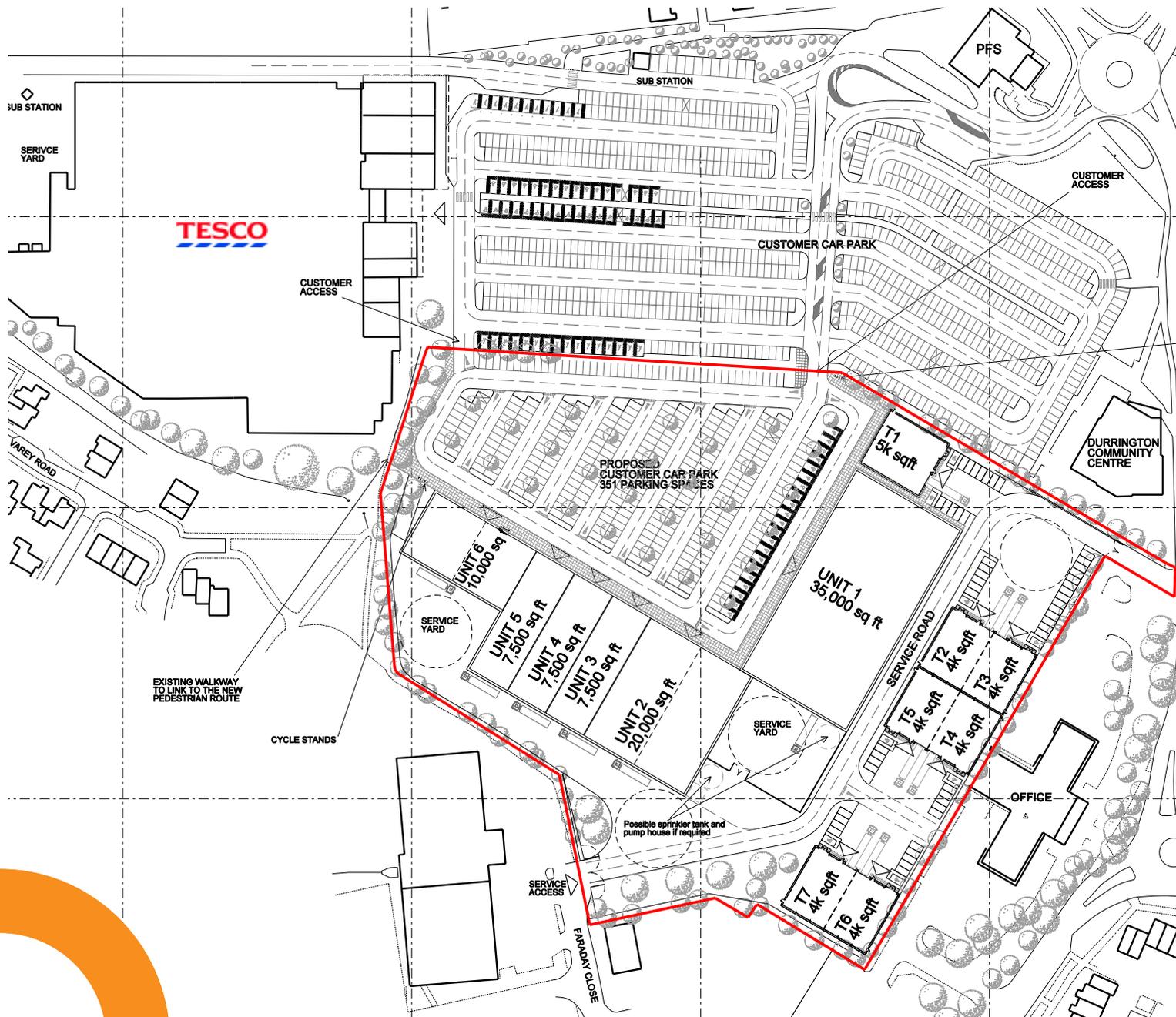
**The Orion Publishing Group Ltd** was founded in 1991 and is a subsidiary of **Hachette UK**, the UK's leading publishing group. Orion represent many leading authors including Maeve Binchy, Harlan Coben, Michael Connelly, Michael Palin and Ian Rankin. An associate company, Littlehampton Book Services, operate from the subject property and they provide physical and digital distribution for over 34 million books across a catalogue of 35,000 live titles.

For the year ending 31st December 2012, The Orion Publishing Group Ltd reported a turnover of £69.004m, a pre-tax profit of £3.149m and a net worth of £24.026m. The company has a D&B Rating of **4A 1 representing a minimum risk** of business failure.

**Compass Travel (Sussex) Ltd** are providers of coach and bus services, operating predominantly throughout West Sussex. The company was established in 2000 and due to its relatively small size is exempt from producing full company accounts. However, for the year ending 31st December 2012 the company had a net worth of £647,410 and a D&B Rating of **A2 representing a lower than average risk** of business failure.







### Redevelopment Potential

The expiry dates of the existing tenancies allows the landlord the opportunity to gain vacant possession of the property in March 2019 to facilitate a redevelopment of the entire site.

In view of the wide range of uses immediately surrounding the property, the opportunity exists to seek a planning consent for a variety of uses, in addition to redeveloping the site for the existing warehouse use, potentially also incorporating an element of trade counter use.

There is a very limited retail warehouse provision in West Worthing. The potential therefore exists to incorporate the site with the adjoining Tesco store to establish an out of town retail location with sufficient critical mass to attract high calibre occupiers. The architect's layout plan to the left illustrates how such a scheme could be accommodated on the site, subject to obtaining rights from neighbouring landowners.

The site may also be considered suitable for residential development. The Local Authority have already identified a large site to the north west of the subject property, the West Durrington Strategic Allocation, as being appropriate for 700 residential units.

In view of these possible options, it may be appropriate to redevelop the site for any mix of these alternative uses. Interested parties should make their own enquiries of Worthing Borough Council.



#### VAT

The property is elected for VAT which will therefore be payable on the purchase price. It is intended that the sale will be treated as a TOGC.

#### EPC

The property has an EPC Rating of D79.

#### Price

We are instructed to seek offers in excess of **£14,470,000**, subject to contract and exclusive of VAT, which reflects a **net initial yield of 9%** and a capital value of only **£55 per sq ft**.

#### Further Information

For further information or to make arrangements for a viewing, please contact:

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SUBJECT TO CONTRACT & EXCLUSIVE OF VAT

#### DISCLAIMER

Date: May 2014

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