



FIXED RENTAL UPLIFTS SECURE INVESTMENT OPPORTUNITY
Sims Metal Management, Fourth Drove, Peterborough PE1 5UR

MK2
REAL ESTATE

INVESTMENT SUMMARY

- Rare opportunity to acquire a single let metal recycling facility with long unexpired term and guaranteed fixed rental increases.
- Located in the affluent and growing cathedral city of Peterborough.
- Freehold.
- Let to Sims Group UK Limited part of the largest metal recycling organization in the world.
- Over 12.5 years unexpired
- Topped up rent of £256,016 with fixed rental uplifts to 2.5% pa compounded every 5 years.
- Offers in the region of **£3,020,000 (Three Million and Twenty Thousand Pounds)** subject to contract and exclusive of VAT reflecting a net initial yield of 8.01% and a reversionary yield in 2023 of 9.06% assuming purchasers costs of 5.8%.

LOCATION

The Cathedral City of Peterborough is one of the UK's fastest growing cities. There are around 550,000 people living within a 30-minute drive of the centre and has been identified as a "hotspot" for new business and major companies. The city is prominently located in the East Midlands, 72 miles north of London 80 miles east of Birmingham and 36 miles north east of Birmingham.

Peterborough has an excellent road network with the A1M providing quick access to the South, London, Cambridge and Huntingdon and to the North Grantham and Newark. The A47 provides access to Leicester and the M1 motorway.

Peterborough is well connected nationally by main line train services, which run from the city into Kings Cross Station in only 45 minutes. Stanstead and Luton International Airports are located 65 miles and 58 miles south respectively.

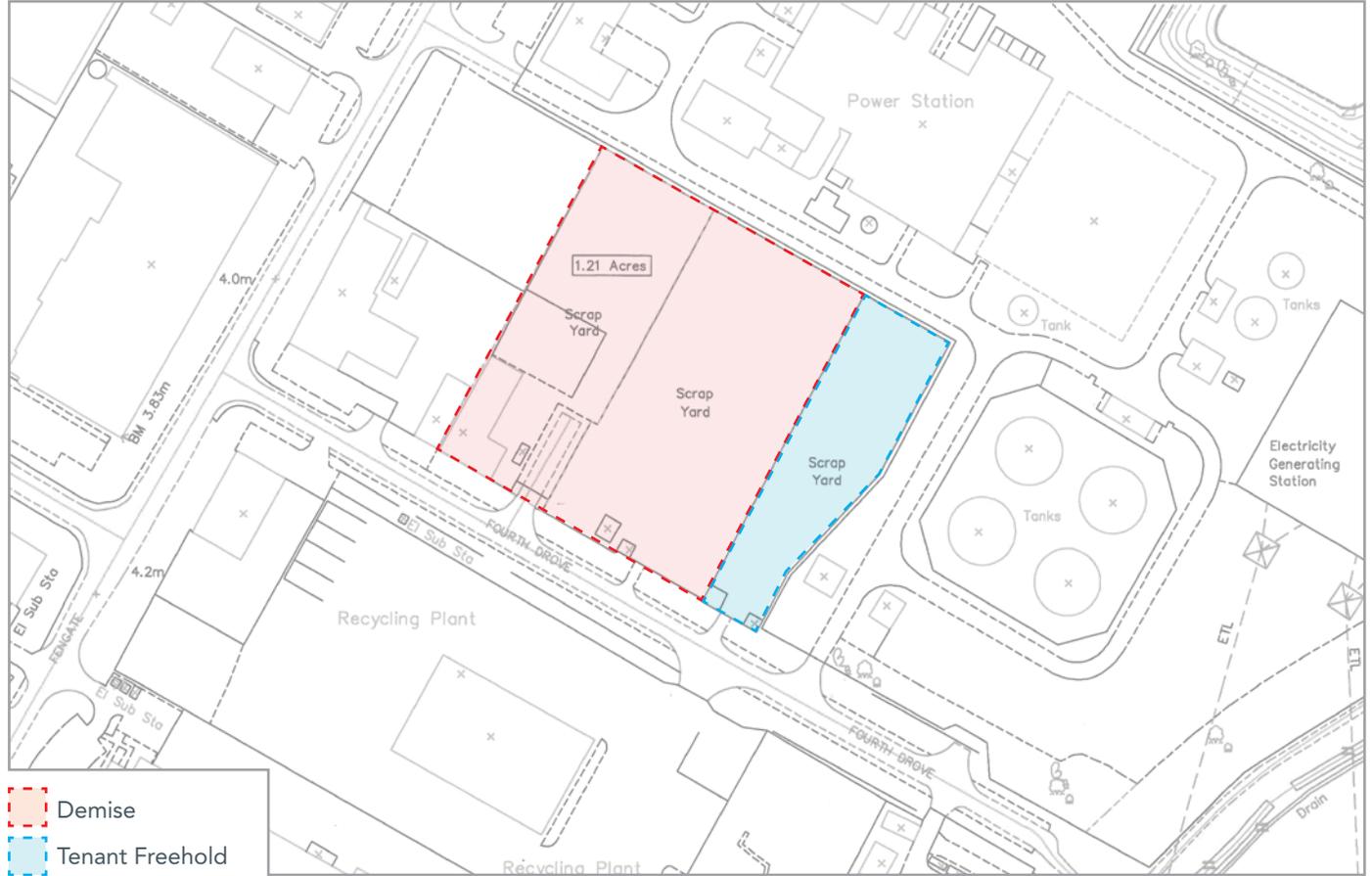




SITUATION

Situated to the East of the City Centre, Fourth Drive is in a large and established commercial area of Peterborough. Access is provided from the A1139 Frank Perkins Parkway via Fen Gate.

The site is adjacent to the Peterborough Power Station and opposite a new materials recycling facility and a fireworks company called Le Maitre.



DESCRIPTION

The site comprises a 2.9 acre metal recycling facility of rectangular shape with two access points from Fourth Drive. There is an additional strip of land (edged blue) with a further access point, which is owned freehold by the tenant.

The site is secured with metal and concrete palisade fencing to the perimeter, concrete yard which is divided into bays for storage of materials and metals and flood lighting. There are two weighbridge's at the entrance and exit of the site.

There is a 2,054 sq. ft. industrial building of steel frame construction with an eaves height of 4.5metres in the corner of the site. The main building was constructed around 2007 extends to 6,704 sq. ft. with an eaves height of 6.2 metres. The property is of steel portal frame construction with metal cladding, concrete floor, two mechanically operated roller shutter doors rooflights and sodium lighting. In addition offices are provided within the industrial unit and are of breeze block constructed with double glazing, solid floor and florescent strip lighting.

TENURE

The property is held freehold.





TENANCY

The property is let to Sims Group UK Limited on a full repairing and insuring lease from 1st May 2008 and expires on 28th April 2028. The current rent payable is £226,281 per annum with 5 yearly upward only rent reviews with fixed increases to 2.5% per annum compounded. The remaining fixed rental increases are;

1st May 2018	£256,016 per annum
1st May 2023	£289,658 per annum

Our client proposes to top up the current rent to the 2018 fixed rental uplift.

TENANTS COVENANT STRENGTH

Sims Metal Management is the worlds leading electronics and metal recycling company with a global turnover in excess of £5billion operating from 250 sites spanning 5 continents employing over 6000 people.

In the UK the company handles two million tonnes of scrap metal every year and operates from 42 sites around the country. The company is at the forefront sustainability and environmental leadership and is 12th in the Global 100 most sustainable corporations list. The tenant's most recent accounts are summarized as follows;



£000s	June 2014	June 2013	June 2012
Turnover	684,376	747,708	824,810
Loss for financial year*	(68,161)	(97,318)	(76,461)
Shareholders funds	32,736	15,530	111,918

*The losses are due to various stock write down, impairment charges and exceptional items, full accounts can be provided on request.

The ultimate parent company is Sims Metal Management Limited, which is listed in America and their most recent accounts are summarized below;

£000,000s	June 2014	June 2013	June 2012
Turnover	7,129	7,193	9,035
EBITDA	124.8	(42.5)	182.2
Net Assets	1,833.9	1,929.2	2,283.7

METAL RECYCLING & ENVIRONMENTAL

The market for scrap metal in the UK is very competitive and there is a shortage of available sites with operators paying a premium to secure facilities. In order to run an operation companies require both environmental and scrap metal licensing from the local authority. Fourth Drove benefits from the following licenses;

- EAWML 70179
- EAWML 100413
- EAWML 70193

Appended to the lease is a phase 2 environmental report which concludes that the site was fully remediated prior to the tenant taking occupation. This baselines any potential landlord contamination risk. A copy of the lease and report can be provided on request,

EPC

The property has an energy efficiency rating of **D-78** Further information is available upon request.

VAT

The property is elected for VAT and VAT will therefore be chargeable on the sale however it is intended that the property will be sold by way of a transfer of a going concern (TOGC).

PROPOSAL

We are instructed to seek offers in the region of **£3,020,000 (Three Million and Twenty Thousand Pounds)** subject to contract and exclusive of VAT reflecting a net initial yield of 8.01% and a reversionary yield in 2023 of 9.06% assuming purchasers costs of 5.8%.



FURTHER INFORMATION

For further information or to arrange an inspection please contact;

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