

HILL & SMITH

SPRINGVALE BUSINESS & INDUSTRIAL PARK
BILSTON, WEST MIDLANDS WV14 0QL

INDUSTRIAL INVESTMENT



Investment Summary

- Located on an established industrial estate & distribution hub
- Modern warehouse comprising 80,458 sq ft
- Rent £455,588 pa (£5.66 psf)
- Unexpired term of essentially 10 years 9 months
- Strong covenant of Hill & Smith Ltd with Plc guarantee
- Seeking offers of £4,785,000
- Net Initial Yield of 9%



Location

Bilston is located in the middle of "the Black Country". The town is approximately 128 miles north west of London, 15 miles north west of Birmingham, 78 miles south east of Manchester and 3 miles south east of Wolverhampton.

Road communications are excellent, given the close proximity of the M6, M5, M54 and M42 motorways. The nearest junction to the subject property is junction 10 of the M6, located 4 miles to the west.

Situation

Springvale Industrial Estate is situated approximately 1 mile south west of Bilston town centre. The subject property is accessed via Springvale Avenue, which is the main spine road for the estate. This is a major distribution hub for likes of Utopia Group, Poundland, Jactone Products and B&Q, Matalan and Halfords are also nearby.

Springvale Avenue is accessible via the A463 (Black Country Route) dual carriageway, which links directly to junction 10 of the M6.

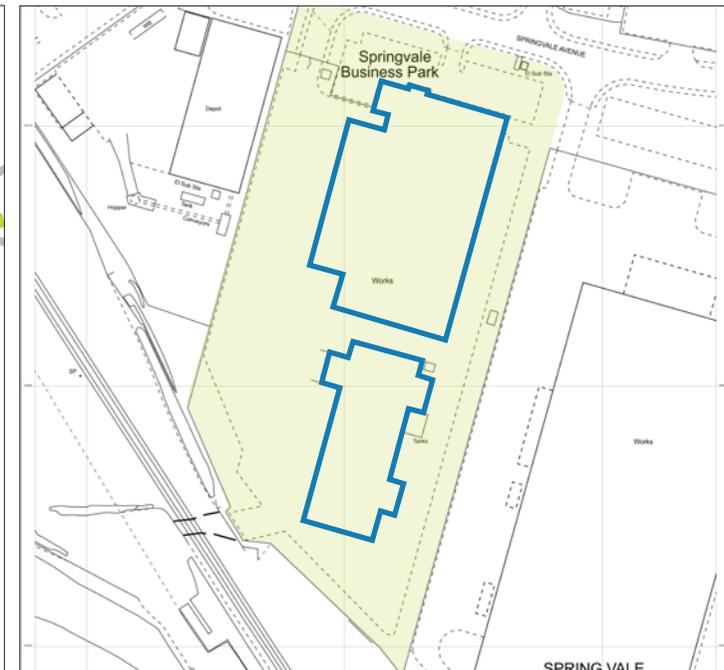
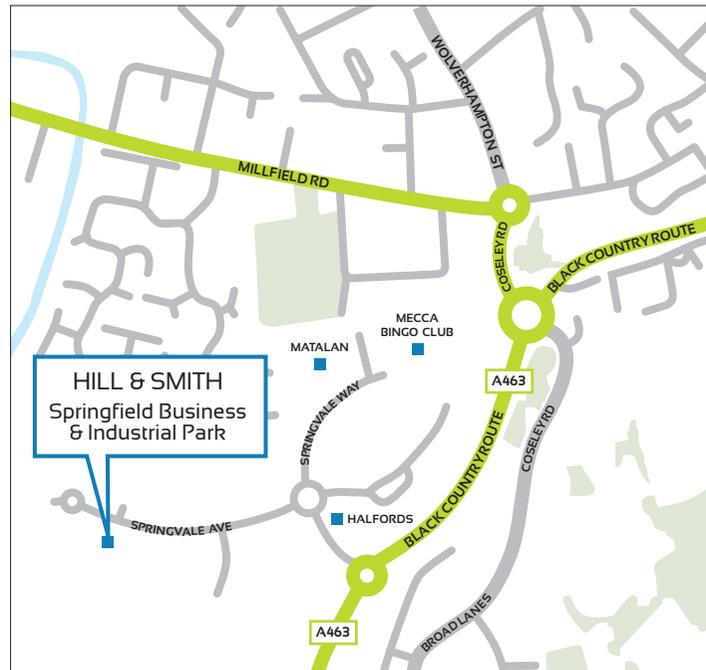
Description

The property consists of two distinct industrial buildings built in 1998. A large rectangular high bay warehouse/factory with an ancillary 2 storey office block to the front of the site and a smaller high bay galvanising plant to the rear. Both buildings are of steel portal frame construction with blockwork and galvanised sheet steel elevations under a galvanised sheet steel roof with translucent roof panels.

To the front of the building is a block-paved car park, with 62 car parking spaces. To the side of the site is the secure entrance accessing the extensive loading and storage areas. The eaves heights are 8m & 7.5m respectively.

Site

The site is approximately 2.28 hectares/5.69 acres.



Environmental

An Environmental Audit of the site produced by WSP Environmental dated June 2003 confirms that any risk of contamination is in the low/medium category, giving no specific concern.

Accommodation

The property has been measured by Plowman Craven who have provided the following approximate gross internal floor areas:

Floor	Use	Gross Internal Area Sq.m	Gross Internal Area Sq. ft
Phase I Front	Warehouse/ Factory	4,130.5	44,460
	Ground Office	570.7	6,143
	First Office	564.1	6,072
	Gatehouse	7.7	83
		5,273.0	56,758
Phase II Rear	Factory	2,118.9	22,808
	Reception/Office	82.9	892
		2,201.8	23,700
Total		7,474.8	80,458

Tenure

The property is subject to a 999 year lease dated 27th November 1998 at a yearly rent of £1.

Tenant

The property is let to Hill & Smith Ltd for a term of 25 years from 27th November 1998, thus having essentially 10 years 9 months unexpired, at a current rent of £455,588 per annum (£5.66 per sq ft) with guarantee from Hill & Smith Holdings Plc. Rent reviews are 5 yearly on an upward only basis.

Planning

The User Clause is wide ranging, permitting any uses within classes B1, B2 and B8 of the Town & Country Planning (Use classes) Order 1987.



Covenant

Hill & Smith Ltd and the Plc holding company is engaged in the manufacture and supply of infrastructure products, galvanizing services and building products, with operations in the United Kingdom, France, the United States, Thailand, Sweden and China.

The latest accounts provided highlight the following information:

Hill Smith Ltd	31 December 2011 (£000)	31 December 2010 (£000)
Turnover	£56,652	£76,427
Pre Tax Profit	£6,591	£8,543
Net Assets	£28,091	£28,896

Hill & Smith Holdings Plc	31 June 2012 Interim (£000)	31 December 2011 (£000)	31 December 2010 (£000)
Turnover	£223,8	£406,2	£374,2
Pre Tax Profit	£20,80	£37,4	£42,2
Net Assets	-	£150,6	£152,1

For the interim to 30 June 2012 the Plc company reported that Group performance was ahead of expectations with strong cash generation and earnings per share up 31%.

EPC

Unit C of Spring Vale Industrial Park has a rating of D with a score 84. Copies of all EPCs are available upon request.

VAT

The property is elected for VAT and it is proposed that the sale will be treated as a Transfer of a Going concern (TOGC).

Misrepresentation Act 1967: Whitmarsh Holt Young for themselves and for the vendor or lessor of this property for whom they act, give notice that: a. These particulars are a general outline only for the guidance of prospective purchasers or tenants and do not constitute the whole or any part of an offer or contract. b. All descriptions, dimensions, references to condition and necessary permission for use and occupation, and other details are given in good faith and are believed to be correct but any intending purchasers or tenants should not rely upon them as statements or representations of fact but should satisfy themselves by inspection or otherwise as to the correctness of each of them. c. No employee of Whitmarsh Holt Young has any authority to make or give any representation or warranty whatever in relation to this property or these particulars, nor enter into any contract on behalf of the vendors. d. No responsibility can be accepted for any expenses incurred by intending purchasers in inspecting properties which have been sold or withdrawn. e. Unless otherwise stated, all prices, rents and other charges are quoted exclusive of Value Added Tax (VAT). Any intending purchasers or tenants must satisfy themselves independently as to the incidence of VAT in respect of any transaction. f. All plant, machinery, equipment, services and fixtures and fittings referred to in these particulars were present at the date of publication. They have not however, been tested and therefore, we give absolutely no warranty as to their condition or operation. g. The date of this publication is March 2013

Proposal

We are seeking offers of **£4,785,000 (Four Million Seven Hundred and Eighty Five Thousand Pounds)** subject to contract and exclusive of VAT for the freehold interest. A purchase at this level reflects a net initial yield of **9%** allowing for purchase costs at 5.8%.



Further Information

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