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SINGLE LET, HIGH YIELDING INDUSTRIAL INVESTMENT

Pindar House, Thornburgh Road, Eastfield Industrial Estate, Scarborough, YO11 3UY

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Investment Summary

- High Yielding Industrial Investment Opportunity;
- Single Let;
- Prominently located on the established Eastfield Industrial Estate;
- Strategic location close to the A64 arterial route;
- A range of interlinked buildings providing **132,163 sq.ft (12,278 sq.m)** of accommodation;
- Let to **Pindar Scarborough Ltd (Dun and Bradstreet rating of 3A1)** with a parent guarantee from York Mailing Limited;
- 20 year FRI lease commencing on 02 March 2012;
- Current **rent passing of £324,452** per annum exclusive reflecting a low rate of **£2.46 per sq.ft**;
- Tenant only break clause on 02 March 2027, subject to at least six months written notice;
- Current Net Rent Receivable of **£504,702 per annum exclusive**;
- Upward only Rent Review's at the tenth and fifteenth anniversaries to OMV;
- Freehold;
- Offers in sought in excess of **£4,000,000 Million (Five Million Pounds) exclusive of VAT**;
- An acquisition at this level would reflect a **Net Initial Yield of 11.84%** (based upon Current Net Rent Receivable) after deduction of purchaser's costs of 6.54%;
- **Low capital value of £30.26 per sq ft.**

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Location

Scarborough is a popular seaside town on the east coast of England approximately 134 km (84 miles) south east of Newcastle upon Tyne and 73 km (46 miles) north east of York. The town has excellent communication links with road connections via the A171 from the north, the A170 and A64 from the west and the A165 from the south. The town is served by numerous direct rail services, with The East Coast Mainline connecting Scarborough to London Kings Cross in 3 hours and Edinburgh in 3 hours 32 minutes.

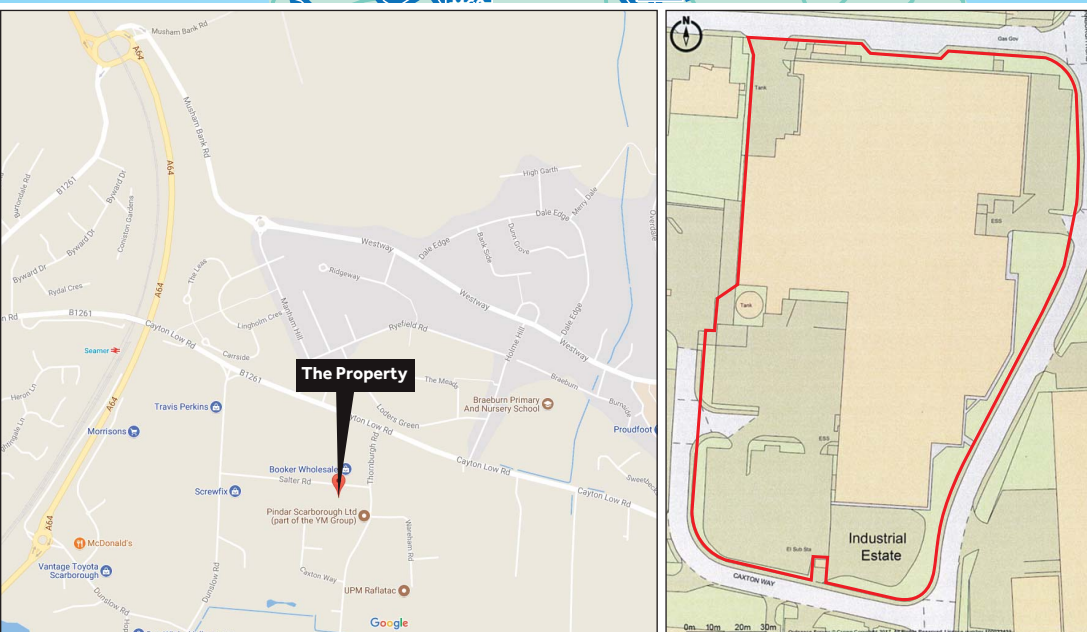
Situation

Eastfield Industrial Estate occupies a prominent position adjacent to the A64 approximately four miles south of Scarborough town centre.

The property is situated on Thornburgh Road which is accessed via the B1261 Clayton Low Road (the primary estate road). In turn Thornburgh Road provides access to the A64 to the south. The A64 is a main arterial route to the East coast providing direct access to the A1(M) and the national motorway network beyond.

In the immediate vicinity at the junction of the A64/B1261 Sirius Mining are taking occupation of 51,000 sq.ft, of Grade A Offices at Prospect House (former Scarborough Building Society HQ). This is to provide office and administration support for the company's Woodside Mine (operation commenced this year and has a forecast life of 100 years).

Other key occupiers in the area include, Booker, Morrisons, Travis Perkins, McDonald's, Screwfix, Cooplands and Plaxtons.



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Description

The property comprises a single storey industrial warehouse/office facility together with additional two storey office accommodation constructed in phases the most recent of which is was in the late 1980's.

The building is generally of steel portal frame construction with brickwork and profile metal sheet elevations. The roof is a mixture of profile steel and asbestos cladding with integrated roof lights.

Loading is via three dock levellers together with four ground level roller shutter doors.

In general the manufacturing / warehousing accommodation has the benefit of either strip lighting or high bay sodium lighting. Heating is provided via a combination of gas fired blown warm air and gas fired Ambirads.

The entire property benefits from a sprinkler system served by a tank within the site.

The office accommodation has carpeted raised floors, suspended ceilings with integral lights and comfort cooling.

Externally the premises benefit from substantial level service yards and car parking.



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Accommodation and Site Area

We understand that the property provides the following Gross Internal Areas:

Accommodation	Area (sq.m)	Area (sq.ft)
Print Hall	8,478	91,258
Ground Floor Office / Plate Manufacturing	1,721	18,527
HIBU (Yell) Call Centre	1,421.4	15,300
First Floor Office	657.5	7,078
TOTAL	12,278	132,163

The property is on a site extending to 5.53 acres (2.24 ha) providing a site cover of c. 54.8%.

Tenure

The property is held freehold and this is the interest to be conveyed.



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Tenancies

Occupational Head-Tenancy and Rent Passing

The property is let in entirety to Pindar Scarborough Ltd (company number 07520900) for a term of 20 years with effect from 02 March 2012. There is a tenant only break clause at 02 March 2027 which is subject to not less than six months written notice, without penalty.

The lease is drawn on full repairing and insuring terms and subject to a parent company guarantee from York Mailing Ltd (company number 03582268).

The current rent passing under the lease is £324,452 per annum exclusive, reflecting £2.46 per sq ft. The rent is subject to two further upward only rent reviews to OMV at the 10th and 15th anniversaries of the term.

Occupational Sub-Tenancies

Part of the ground floor and first floors of the West Wing of Pindar House are sub-let as follows;

i) Part Ground Floor, West Wing, Pindar House - Yell Limited (HIBU (UK) Limited) c.15,300 sq ft

The sub-tenant has been in occupation for in excess of five years and currently occupies under a sub-lease (by way of renewal of existing lease) expiring on 01 September 2019. The sublease is contracted out of the security of tenure provisions of the Landlord and Tenant Act 1954 and subject to mutual break options upon no less than 12 months written notice.

The current rent passing in respect of this sub-letting is £281,250 per annum exclusive.

The Occupational Head Lease was subject to an agreed Deed of Variation on 20 September 2012.

In summary, (under clause 5) the Deed varies the rent to be paid to the Freeholder by Pindar Scarborough whilst an underlease is subsisting in favour of Yell Limited (HIBU (UK) Limited). The rent payable is varied as such that it will be calculated as follows;

"Annual Rent" means £XXX per annum, where:

$XXX = 290,000 + (YYY - 101,000)$; and

YYY = the aggregate principal rent payable after any review of the Annual Rent in accordance with the provisions of this lease".

Thus the sub rent received by the Freeholder is currently £180,250 per annum exclusive.

ii) Part First Floor, West Wing, Pindar House – EMAILMOVERS LTD c.3,300 sq ft

The sub-tenant occupies under a sub-lease with effect from 01 July 2013 expiring 30 June 2018. The current rent passing in respect of this sub-letting is £30,000 per annum exclusive. The sublease is contracted out of the security of tenure provisions of the Landlord and Tenant Act 1954 and subject to mutual break options upon not less than six months written notice.

Total Current Net Rent Receivable

Thus the current net rent receivable by the Freeholder is £504,702 per annum exclusive (£324,452 + £180,250).



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Tenants Covenant

Pindar Scarborough LTD (Company No. 07520900)

Pindar Scarborough Ltd operates from Pindar House and has been established for 180 years. It is the market leader in the production of high quality catalogues principally for internet based retailers (clients include Bowden, The White Company and Cotton Traders) and promotional catalogues for more traditional retailers (clients include John Lewis, M&S, Harrods and Debenhams). The business has undergone a comprehensive reinvestment programme of in excess of £15 million over the last 3 years. There are 280 employees based at Pindar House working a 24 hour shift system.

Pindar Scarborough Ltd is part of the YM Group of companies. YM Group Ltd is one of the largest UK based printing and communication groups. It comprises of five companies; York Mailing Ltd, Pindar Ltd, The Lettershop Group Ltd, Go Direct Marketing Ltd and YM Chantry Ltd.

The individual businesses are all leading specialists in their different fields of operation harnessing the latest in technology providing print based communications along with comprehensive data analytics of clients marketing output. YM Group is privately owned by the management and has combined sales of circa £140 million with over a 1000 employees.

Further information is available at www.ymgroup.co.uk

The company has a Dun & Bradstreet rating of 3A1.

A summary of the company's previous three years reported accounts is outlined in the table below:

	Fiscal Non-consolidated 31 May 2016	Fiscal Non-consolidated 31 May 2015	Fiscal Non-consolidated 31 May 2014
Sales Turnover	£53,009,144	£46,759,638	£42,038,462
Pre Tax Profit	£3,420,053	£1,328,475	£1,334,974
Tangible Net Worth	£7,053,2823	£4,135,691	£3,119,696
Net Current Assets	(£3,956,673)	(£3,865,231)	(£4,174,446)



Guarantors Covenant

York Mailing Limited (Company No. 03582268)

The company has a Dun & Bradstreet rating of 3A1.

A summary of the company's previous three years reported accounts is outlined in the table below:

	Fiscal Non-consolidated 31 May 2016	Fiscal Non-consolidated 31 May 2015	Fiscal Non-consolidated 31 May 2014
Sales Turnover	£32,623,451	£36,135,287	£39,255,181
Pre Tax Profit	£1,929,719	£763,999	(£453,667)
Tangible Net Worth	£8,213,208	£13,504,850	£12,689,951
Net Current Assets	£2,138,194	£7,242,343	£7,133,577

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EPC

The property has an EPC rating of D81.

VAT

We understand that the property is elected for VAT however it is anticipated that any transaction will be structured as a Transfer of a Going Concern (TOGC).



Proposal

Offers are sought in excess of **£4,000,000 (Four Million Pounds)**. An acquisition at this level reflects a **Net Initial Yield of 11.84%** after deduction purchaser's costs of 6.54% and a Low capital value of **£30.26 per sq ft**.

Further Information

For further information or to arrange an inspection please contact:

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We have not made any investigations into the existence or otherwise of any issues concerning pollution of land, air or water contamination and the purchaser is responsible for making his own enquiries in this regard.

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