

SAINSBURY'S NATIONAL DISTRIBUTION CENTRE

TAMWORTH | B77 5PB

PRIME LONG INCOME
OPEN RPI LINKED
GOLDEN TRIANGLE
LOGISTICS INVESTMENT
OPPORTUNITY

Kimmre



INVESTMENT SUMMARY

- Rare opportunity to acquire a long let index linked prime cross-docked logistics warehouse in the Midlands "Golden Triangle", with an immediate and significant reversion;
- Key strategic location, situated adjacent to Junction 10 of the M42 Motorway;
- Approximately 11.54 million people living within 90 minutes of the property;
- Institutionally specified cross docked warehouse extending to a total of 423,420 sq ft (39,337 sq m), incorporating a warehouse, offices, Resource Recycling unit and vehicle maintenance unit;
- Site area of 29.71 acres, providing a very low site cover of 33%;
- Let to Sainsbury's Supermarkets Ltd (Experian: Very Low Risk) on FRI terms expiring 30 October 2037 (15.5 years unexpired lease term), benefitting from a guarantee from J Sainsbury plc (Experian: Very Low Risk);
- Current passing rent of £2,940,587 per annum reflecting £6.94 per sq ft;
- Upcoming rent review on 31 October 2022. The rent is reviewed on a 5 yearly upwards only basis to uncapped RPI increases;
- Freehold;
- Retail Price Inflation has increased dramatically over the past year, with current inflation levels at 9%. The Bank of England predicts inflation is due to peak in Q4 this year.

We are instructed to seek offers in excess of **£90,000,000 (Ninety Million Pounds)**, subject to contract and exclusive of VAT, which reflects a low capital value of **£213 CV psf**.

We have set out a table illustrating the reversionary yield profile upon the October 2022 review based on potential projected RPI increases this year, which are forecast by the Bank of England to peak in Q4 2022.

2021/22 YoY Growth	Rent psf	Oct 22 Yield
9.0%	£8.49	3.74%
10.0%	£8.57	3.78%
11.0%	£8.65	3.81%
12.0%	£8.72	3.84%





TO M69 J1

TO M1 J23A

TO M6 / M6 TOLL J9

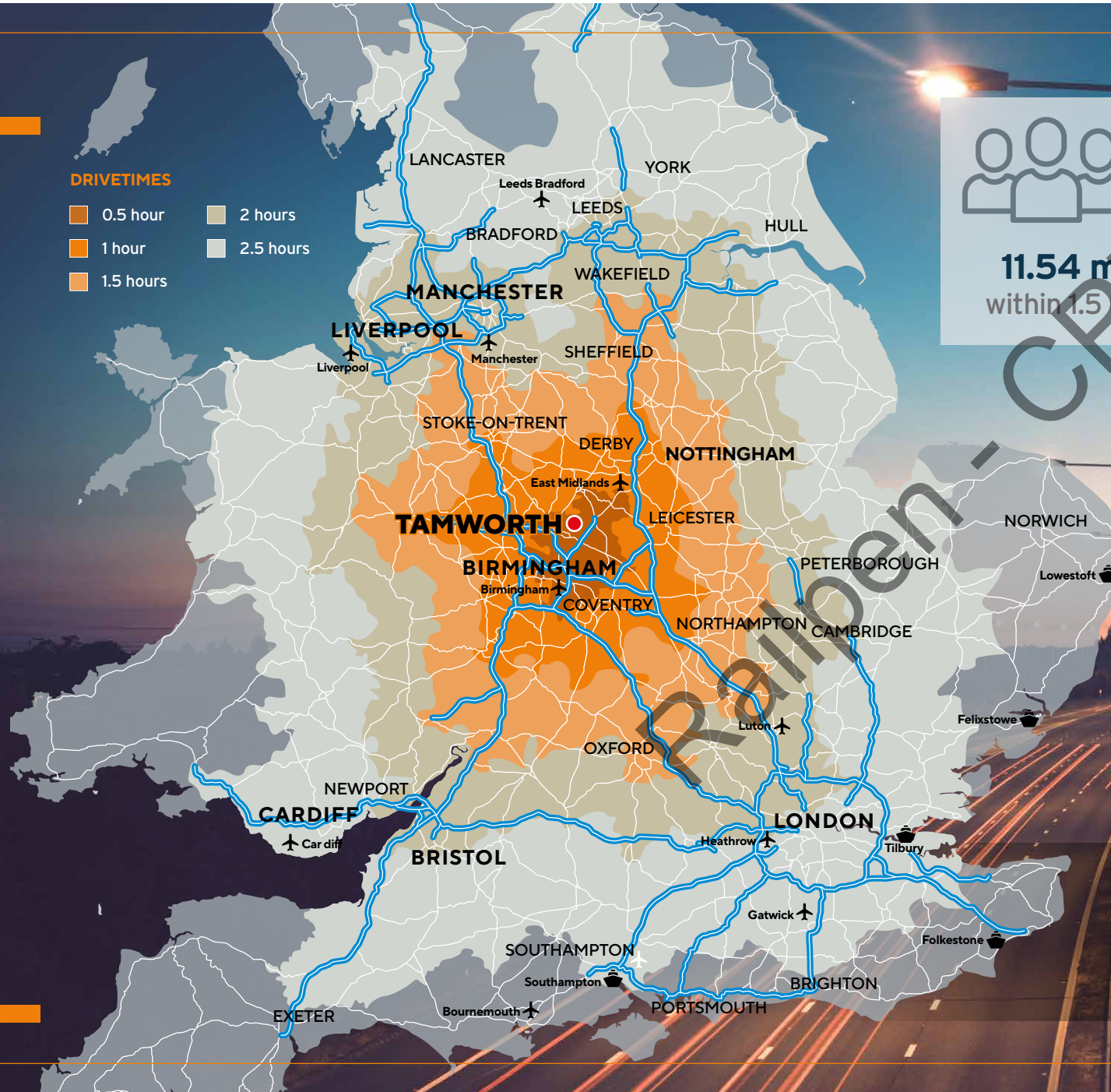
TO TAMWORTH

SAINSBURY'S

* Site boundary is highlighted for illustrative purposes. Please confirm extent on title plan.

DRIVETIMES

- 0.5 hour
- 1 hour
- 1.5 hours
- 2 hours
- 2.5 hours



 **1.5hrs**

11.54 million people
within 1.5 hour drive time

 **2.5hrs**

46.17 million people
with 2.5 hour drive time

Location	Distance (road miles)
Birmingham	16
Nottingham	37
Sheffield	76
Manchester	89
Bristol	106
Central London	126

Source: Google maps

Located in the Logistics **"Golden Triangle"**, enabling unrivalled access to key locations nationally

LOCATION



The property is located within the “Golden Triangle”, the UK’s premier logistics destination, at Junction 10 of the M42, and is in close proximity to the M6, M1, M69, M5 and M6 Toll Motorways.

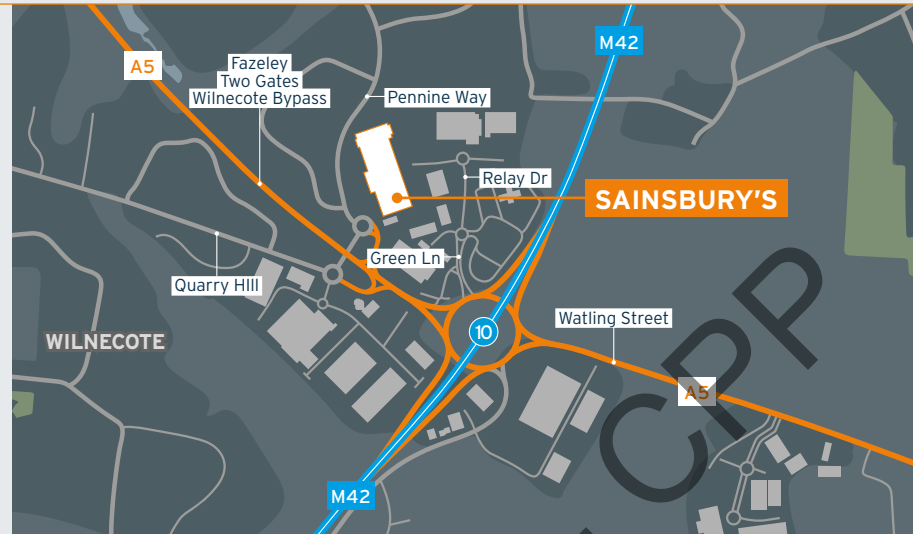
Motorway Access	Miles
M42 (J10)	0.2
M6 Toll	8
M6 North (J.4A)	9
M6 South (J.4)	11
M5 (J1)	19
M69 (J1)	14
M1 South (J18)	28
M1 North (J23A)	22



The property benefits from close proximity to key intermodal ports, with Birmingham Intermodal Freight Terminal situated approximately 2 miles to the south east, with regular services to London Gateway, Felixstowe and Southampton Ports, and Hams Hall Intermodal Freight Terminal, the UK’s busiest inland freight terminal being situated c. 8 miles to the south.



East Midlands Airport, the largest UK cargo airport outside of Heathrow, is 22 miles to the north east.



SITUATION

The property is situated on Relay Park, located at the intersection of the M42 (Junction 10) and the A5 dual carriageway to the south east of Tamworth.

Due to its strategic location and strong transport links, the town has an excellent base of local and national occupiers including Beko, Bristan, Euro Car Parts, UPS, Ocado, Aldi and DB Schenker.



DESCRIPTION

The property is an institutionally specified cross docked logistics warehouse extending to a total of 423,420 sq ft GIA, incorporating the main logistics warehouse, offices, Resource Recovery unit (RRU) and vehicle maintenance unit. The tenant utilises the building on a 24/7 operation to distribute high value and slow moving goods nationally, with c. 500 people working on site.



Cross docked



13.4 metre clear internal eaves height in the main warehouse, reducing to 10.7m over the loading bays on the eastern elevation



Photovoltaic Panels (Tenant improvement)



88 dock level access doors



8 level access doors



50kN/ per sq m floor loading



18 dock level doors & 2 tailboard level loading doors in the RRU



47m yards on both principal loading elevations, and 360 degree circulation



310 car parking spaces & 125 HGV trailer spaces



On site security gatehouse



The tenant has invested heavily in the unit throughout their occupation





ACCOMMODATION

The property has been measured to a total of 423,420 sq ft GIA in accordance with the RICS Property Measurement (2nd Edition) as follows:

Accommodation	Area Sq ft (GIA)	Area sq m (GIA)
Warehouse	341,880	31,773.24
Administrative Office	30,345	2,820.18
Transport Office	3,765	319.90
RRU	34,950	3,248.14
Vehicle Maintenance Unit	11,480	1,066.90
Gatehouse	1,000	92.94
Total	423,420	39,321.30

SITE

The site extends to a total of 29.71 acres, providing very low site cover of 33%.

TENURE

Freehold.





TENANCY

KEY LEASE TERMS

Tenant	Sainsbury's Supermarkets Ltd (Company Reg: 3261722)
Guarantor	J Sainsbury plc (Company Reg: 185647)
Current Rent	£2,940,587 per annum
Lease Expiry	30 October 2037 (15.5 years UXT)
Next Rent Review	31 October 2022
Rent Review frequency	5 yearly
Rent Review basis	Upwards only. Unrestricted RPI increase.
Assignment	The assignee is of a financial strength which is equivalent to or greater than that of the combined financial strength of both the tenant and guarantor as of 31 October 2007

The property is let to Sainsbury's Supermarkets Ltd, on a 30 year term expiring 30 October 2037 (15.5 years unexpired lease term). The lease is guaranteed by J Sainsbury plc. The current passing rent is £2,940,587 per annum (£6.94 per sq ft).

The lease benefits from 5 yearly rent reviews with an upwards only rent review mechanism on an open RPI basis. The next rent review is 31 October 2022.

RETAIL PRICE INDEX

Retail price inflation has been growing over the past 6 months from 6.0% p.a. in October 2021 to 9.0% p.a. in March 2022, and looks set to continue growing as energy, food and fuel bills soar.

The recently published Bank of England Monetary Policy Report (May 2022) projects consumer price inflation to peak between approximately 9% p.a. and 11% p.a. in Q4 2022.



COVENANT

Sainsbury's Supermarkets are one of the "Big 4" supermarket chains in the UK, and is the UK's second largest grocer, with c.15% market share of the UK grocery market. The company has approximately 22.7m sq ft of store space across 1,407 stores, and they have made strong inroads into the online delivery market growing from 18.1% market share of the top 5 competitors in 2019/20 to 20.6% in 2021/22.

Sainsbury's Supermarkets Ltd have an Experian score of 100 out of 100, indicating a Very Low Risk of Business failure. We have summarised the previous 3 years accounts below:

Sainsbury's Supermarkets Ltd	9-Mar-2019	7-Mar-2020	6-Mar-2021
Turnover	£24,030,000,000	£24,059,000,000	£23,823,000,000
Pre-Tax Profit	£174,000,000	£172,000,000	(£90,000,000)
Total Net Worth	£5,669,000,000	£4,542,000,000	£4,003,000,000

The lease is guaranteed by J Sainsbury plc, a member of the FTSE 100 Index, a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalisation. J Sainsbury plc has a market capitalisation of £5.5 billion (13 May 2022) and have an Experian score of 100 out of 100, indicating a Very Low Risk of Business failure. We have summarised the previous 3 years accounts below:

J Sainsbury plc	9-Mar-2019	7-Mar-2020	6-Mar-2021
Turnover	£29,007,000,000	£28,993,000,000	£29,048,000,000
Pre-Tax Profit	£239,000,000	£255,000,000	(£261,000,000)
Total Net Worth	£7,412,000,000	£6,761,000,000	£5,690,000,000

The preliminary J Sainsbury's group report (April 2022) for 2021/2022 indicates a statutory profit before tax of £854 million. This is reflective of lower restructuring and impairment costs and exceptional income from settling legal disputes.

OCCUPATIONAL MARKET

There have been record levels of take up on logistics units over 100,000 sq ft in the Midlands in past 3 years, causing supply to decline sharply. West Midlands take up was reported to reach 9.4 m sq ft in 2021, with a vacancy rate at c. 2.5%. Current estimates indicate that there is approximately 3 months of supply in the market considering last year's take up, which will cause continued pressure on rents in the region.

Across the UK, take up in 2021 for 250,000 - 400,000 sq ft and 400,000 sq ft+ size units increased by 36% and 30% year on year, respectively.

Evidence at Magna Park in Lutterworth where rents are being achieved at c. £9.00 psf indicate that the arbitrage between institutional modern secondary and new rents is marginal. This is indicative of the lack of available new stock and the overwhelming demand for units in premier locations. New evidence of rents at c. 100,000 sq ft units in Hams Hall at £10.00 psf indicate that there is further rental pressure to come in Tamworth and the surrounds.

LOGISTICS INVESTMENT MARKET

Investor sentiment continue to remain buoyant around the UK logistics sector sustained by the robust supply/ demand imbalance within the occupier market. The occupational market continues to outperform due to structural changes within the market surrounding Brexit, creation of more robust supply chains, and an acceleration of e-commerce capability to a broad spread of omni-channel and B2C retailers. With the vacancy levels continuing to fall in the occupational markets throughout the UK - nationally at 2.4% - it is safe to assume that rental growth will be sustained for the near future.

We have highlighted a number of key comparable transactions below::

Date	Town	Address	Area (sq ft)	Passing Rent	Unexp Term Certain (years)	Tenant	Purchaser	Price / NIY / CV psf
U/O	Ashby De La Zouch	Zorro, Ashby De La Zouch, LE65 1JR	237,565	£1,425,647 p.a. £6.00 psf	9	EV Cargo	CCLA	£45,250,000 2.95% NIY £190 CV psf
Apr-22	Lichfield	Fradley Park, Lichfield, WS13 8SS	396,857	£2,182,713 p.a. £5.50 psf	9.1	Newell Rubbermaid UK Services Ltd	M7 / Oxford Properties	£60,480,000 3.38% NIY £152 CV psf
Apr-22	Birmingham	The Hub, Birmingham, BN6 9LG	241,885	£1,586,970 p.a. £6.56 psf	11	Lifetime Brands Europe Ltd (t/a Kitchen Craft)	Valor Real Estate Partners	£50,000,000 2.97% NIY £207 CV psf
Mar-22	Wakefield	Wakefield Hub, Wakefield, J30 M62	2,009,495	£8,222,444 p.a. £4.09 psf	25	Amazon	Arrow Capital Partners	£233,000,000 3.20% NIY £116 CV psf
Jan-22	Huntingdon	Alconbury Weald, Huntingdon	300,000	£2,000,000 p.a. £6.67 psf	25	AM Fresh Group	London Metric Property Plc	£53,400,000 3.70% NIY £178 CV psf
Dec-21	Milton Keynes	John Lewis, Milton Keynes	625,000	£4,830,000 p.a. £7.73 psf	10.5	John Lewis PLC	CBRE IM	£143,000,000 3.15% NIY £229 CV psf
Nov-21	Luton	Panattoni Park, Luton, LU4 9TT	346,132	£3,288,254 p.a. £9.50 psf	20	Ocado Retail Ltd	Realty Income	£103,500,000 2.96% NIY £299 CV psf
Oct-21	Worcester	Unit 7 Worcester Six Business Park, Worcester	180,121	£1,081,655 p.a. £6.01 psf	15	Victoria PLC (Alliance Flooring Distribution Ltd)	Fraser Property	£28,035,000 3.79% NIY £156 CV psf
Aug-21	Wakefield	Wakefield Hub, Wakefield	263,920	£1,583,520 p.a. £6.00 psf	15	Felix Pharma	Abrdn	£43,500,000 3.72% NIY £165 CV psf
Aug-21	Aylesford	Unit 1 Aylesford Commerical Park, New Hythe Lane, Aylesford, ME20 7TW	110,000	£807,000 p.a. £7.34 psf	17.3	Kent County Council	RTP	£26,550,000 2.85% NIY £241 CV psf
Aug-21	Thrapston	Primark, Thrapston, NN14 4QT	784,952	£4,467,259 p.a. £5.69 psf	11.4	Primark	Exeter Property Group	£102,000,000 4.10% NIY £118 CV psf

VAT

We understand the property is elected for VAT and therefore the transaction will be treated as a transfer of a going concern.

EPC

An EPC certificate will be provided within the dataroom.

DATA SITE

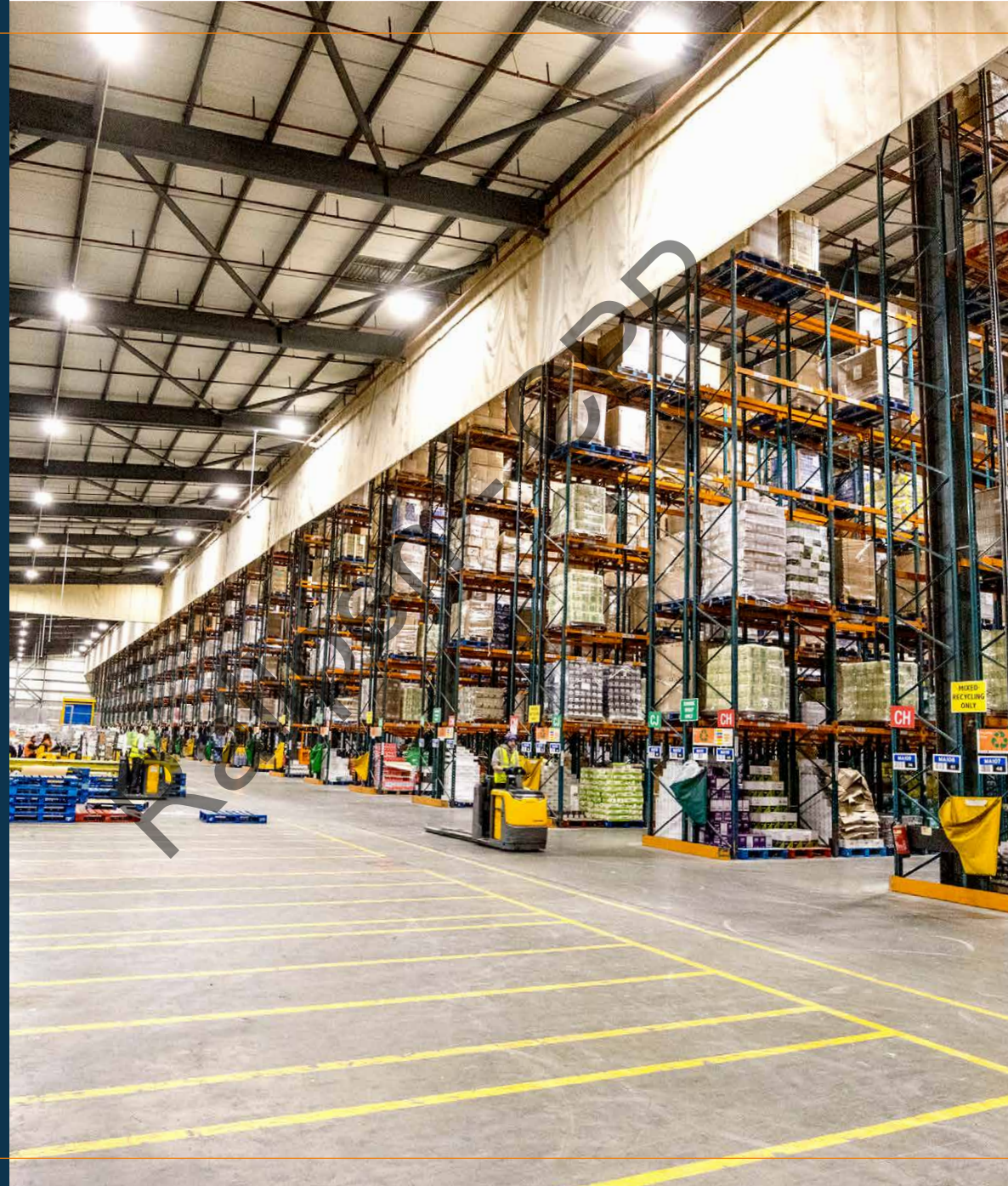
Access to the data room will be provided upon request.

PROPOSAL

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