



DAVID BAROUKH ASSOCIATES



FREEHOLD INDUSTRIAL INVESTMENT FOR SALE

Valley Road, Dovercourt, Harwich, Essex

Investment Summary

- Purchase price in excess of £3,240,000, Subject to Contract.
- Net initial yield of 7.0%.
- 18 years unexpired to Sato UK Ltd, assigned with a guarantee from Norcros Plc.
- Freehold.
- Passing rent equating to £28.55 per sq m (£2.65 per sq ft) overall.
- Large site area – 2.5 hectares (6.1 acres).
- Low site cover of approximately 40%.
- Development potential.
- Regeneration of Harwich.

Location

Dovercourt, in the county of Essex, is approximately 104 kilometres (65 miles) north east of London. Colchester is approximately 34 kilometres (21 miles) in distance. Dovercourt is situated approximately 1.28 kilometres (0.8 miles) south of the international port of Harwich.

Dovercourt and Harwich are within the north east Essex district of Tendring. Harwich's Bathside Bay in conjunction with five other ports including Felixstowe is part of the Haven Gateway economic regeneration initiative.

Communications

Dovercourt benefits from excellent communications;

Road access is provided via the A120 and A12 trunk roads. Junction 28 of the M25 London Orbital Motorway is approximately 76 kilometres (48 miles) south west providing access to the national motorway network.

The town is serviced by two railway stations – Dovercourt station is 3.2 kilometres (2 miles) from the property and Harwich International Station 2.2 kilometres (1.4 miles) in distance. Trains from both stations to London Liverpool Street have a journey time of approximately 1 hour and 30 minutes stopping at Manningtree and Colchester.

London Stansted Airport is 84.8 kilometres (53 miles) from Harwich.

The port of Harwich provides regular ferry and freight services to Northern Europe and Scandinavia.

Demographics

Dovercourt and Harwich are within the Tendring District. Harwich has a resident population of 20,000. The Tendring district has a population of 133,000.

Approximately 80% of Tendring's workforce is employed within service industries.

Situation

The property is situated on the south western side of Valley Road which is accessed via Ramsey Road B1352. The A120 meets the B1352 approximately 77 kilometres (48 miles) to the west.

The immediate area is predominantly residential, with the exception of a light industrial unit situated directly off Valley Road. Local amenities and shopping are provided in the High Street some 2.8 kilometres (1.75 miles) east on the B1352.

As well as the Sato Corporation of Japan, the following foreign companies have invested within Dovercourt/Harwich; Assemtec, Comus Group, Arjobex, Exchem Organics, Hutchison Whampoa, Bertlesmann media group, the Becker Group and DFDS.

Description

The property comprises three separate buildings; a large warehouse stretching across the full depth of the southern half of the site, a smaller warehouse to the rear and west and an office building located in the north east corner. In addition, there are approximately 140 car parking spaces and a large area of open land unused by the tenant.

We understand the main warehouse was constructed in the 1960s and extended to the rear in the late 1970s. The property benefits from an eaves height of approximately 4 metres (13 feet). The building is of steel frame construction with brick cladding and a corrugated iron roof. The majority of the building is used for manufacturing benefiting from two loading doors. There are offices to one side of the ground floor and above a mezzanine floor to the front of the building with a specification including perimeter trunking, strip fluorescent lighting and suspended ceilings.

The rear warehouse is of timber construction and fitted only to shell. It is currently used for storage.

The office building was constructed in the late 1970s comprising two storeys of concrete construction. The internal specification includes air conditioning, a suspended ceiling, strip fluorescent lighting and part cellular and open plan accommodation.

Site

The site area is approximately 2.5 hectares (6.1 acres).

The site cover is approximately 40%.

Accommodation

We have been advised of the following floor areas measured on a Gross Internal basis;

Floor	Description	Metric	Imperial
Ground Floor	Production & Ancillary Offices	6,716 sqm	72,295 sft
Ground & First Floors	Ancillary Accommodation	350 sqm	3,776 sft
Ground Floor	Storage Building	296 sqm	3,188 sft
Ground & First Floor	Office Building	1,044 sqm	11,240 sft
TOTALS		8,406 sqm	90,499 sft

Tenure

Freehold.

Tenancy

The property is let in its entirety to **Sato UK Ltd** (previously Norsystems Ltd) on assignment from Norcros Estates Ltd with a **guarantee by Norcros Plc** for a term of 35 years from 11 May 1987 (**approximately 18 years unexpired**). The current passing rent is **£240,000 per annum** equating to approximately **£28.55 per sq metre (£2.65 per sq ft) overall**.

The lease is on full repairing and insuring terms and is subject to five-yearly upward only rent reviews. The rent increased at the last rent review on 25 March 2002 from £210,000 per annum. The next open market review is on the 25 March 2007.

The hypothetical lease for rent review purposes assumes a total floor area of 8,825 sq m (95,000 sq ft) apportioned as 7864 sq m (84,650 sq ft) industrial and offices and 961 sq m (10,350 sq ft) of additional offices.

Covenant

Norcros Plc sold Norsystems Ltd to publicly listed Japanese company – the Sato Corporation in 1996. Norsystems Ltd has since changed its name to Sato UK Ltd.

Sato UK Ltd reported the following accounts;

	Year Ending 31 March 2003
Turnover	£15,679,000
Pre-tax Profit	£ 876,000
Net Assets	£ 5,353,000

Sato UK Ltd are involved in the manufacture and printing of labels.

The Sato Corporation was established over 60 years ago and now has approximately 2,400 employees. It is the largest supplier of data capture and labelling systems in Asia and has a growing share of the European and US markets.

Norcros Plc has since changed its name to Norcros Ltd.

Norcros Ltd reported the following consolidated accounts;

	Year Ending 31 March 2003
Turnover	£ 1,405,000
Pre-tax Profit	£ 3,492,000
Net Assets	£222,730,000

Major Regeneration/Development Proposals

Haven Gateway is a major joint public and private economic regeneration initiative to consolidate five ports including Felixstowe and Harwich, to one of Europe's principal international port complexes.

The proposal incorporates the construction of a new deep water container facility at Bathside Bay in Harwich. When complete, the new terminal will provide 1,400 metres of deep-water quay, able to accommodate the latest generation of container vessels.

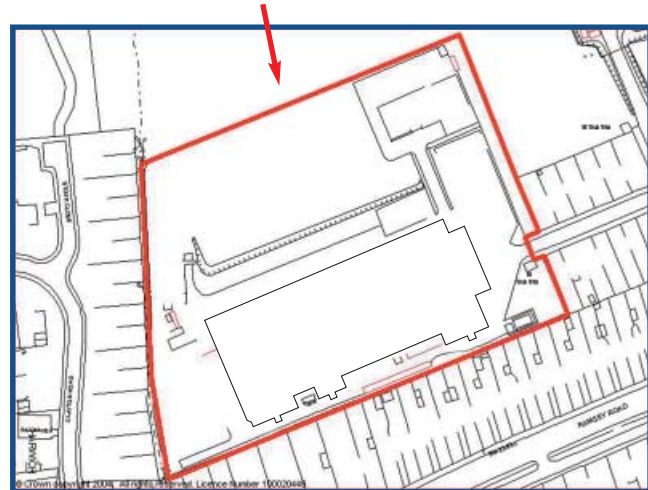
The development of Bathside Bay will have significant economic benefits for Dovercourt/Harwich. The new terminal will create an additional 772 jobs, with nearly 1,000 more in supporting industries, and is expected to generate up to £50 million per annum for the local economy.

Further information on the development of Bathside Bay is available online at www.hipct.co.uk.

Residential Development Potential

The surrounding area of the property is predominantly residential. We understand the neighbouring land to the property has recently been granted outline consent for 53 houses. The developer is Bovis Homes. Therefore, there may be residential opportunities subject to the necessary consents.

Outline Residential Planning consent granted for 53 houses.



Price

The Freehold interest can be acquired for a price in excess of **£3,240,000 (Three Million, Two Hundred and Forty Thousand Pounds)** reflecting a net initial yield of 7.0% (costs at 5.75%).

Value Added Tax

VAT will not be applicable to this sale.

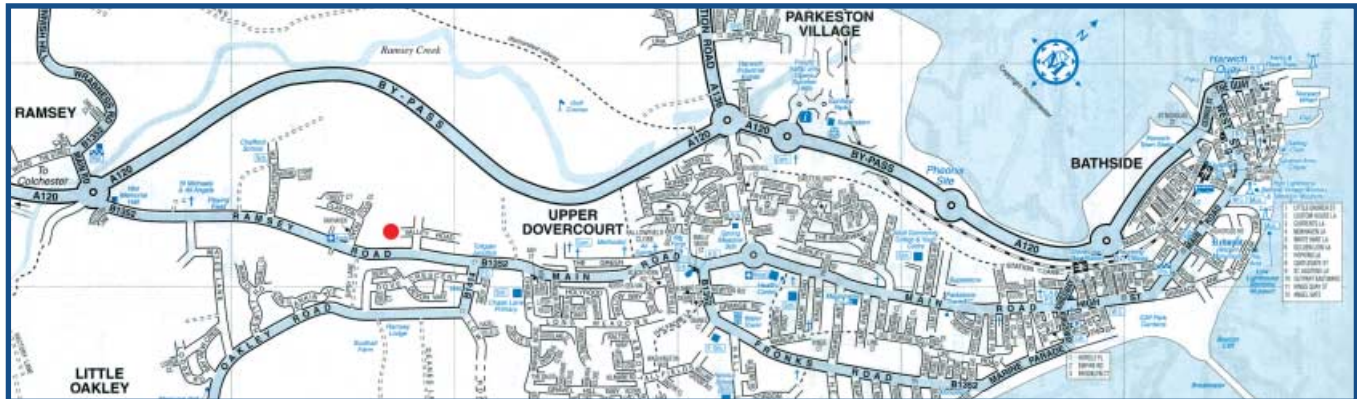
Investment Considerations

- The redevelopment of Harwich International Port Container Terminal will create further employment and economic benefits for Dovercourt/Harwich.
- Further Industrial Development Potential - An opportunity to develop part of the site that is currently not utilised by the tenant.
- Residential Development Potential.
- Long unexpired term of 18 years.

- The purchase price reflects a net initial yield of 7.0% and a capital value of £385.44 per sq m (£35.80 sq ft).
- The current passing rent equates to £28.55 per sq m (£2.65 sq ft). In our opinion, this is a low rental base and may result in rental growth prospects.
- The purchase price reflects only £1,300,000/hectare (£530,000/acre).

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Subject to Contract
 June 2004