



FLAGSHIP CAR DEALERSHIP INVESTMENT

SYTNER BMW, LENTON LANE, NOTTINGHAM NG7 2AX

 **HSM**
Chartered Surveyors

INVESTMENT SUMMARY

- Nottingham is the dominant economic centre in the East Midlands region with Lenton Lane being one of the leading commercial locations.
- Lenton Lane and the surrounding area is recognised as the **prime motor trade location** in the City.
- Sytner Group are committed to the location, operating four other franchised dealerships and an accident repair centre in the immediate vicinity.
- The building is a flagship dealership for BMW totalling **41,786 sq ft** on a site of **2.47 acres**.
- The investment offers an **unexpired term of 18 years to Sytner Group Ltd**, the largest motor dealer in the UK. Sytner agreed a new 20 year lease in 2017 having been in occupation of the property since it was developed in 2003.
- The **rebased rent of £584,250 pa (£13.98 psf)** is an affordable overhead for a major BMW business in such an important market territory.
- The rent is subject to **five yearly RPI linked rent reviews**, capped at 2.5% pa.
- Offers sought in excess of **£10,950,000**, subject to contract and exclusive of VAT, for the long leasehold interest. This reflects a net initial yield of **5%**.



NOTTINGHAM

Nottingham is the dominant commercial centre in the East Midlands region, located approximately 15 miles east of Derby, 27 miles north of Leicester, 51 miles north east of Birmingham and 125 miles north of London. The town has excellent road communications being situated adjacent to the M1 motorway and served by junctions 24, 25 and 26. In recent years, the M1 in Nottinghamshire has benefited from significant infrastructure investment with carriageway widening in a number of locations.

Communications are further enhanced by a regular train service between Nottingham and London St Pancras with a journey time of approximately 1 hour and 40 minutes. East Midlands Airport is located just to the west of junction 24 of the M1, some 14 miles distant. The airport serves a range of domestic and European short-haul destinations.

Nottingham is a major conurbation and the latest estimate of the City's resident population is 331,100 (Nottingham City Council 2018). Major employers in the area include Boots, E.On and Experian, together with a number of public bodies including the local NHS Trust, the County and City Councils and HMRC.



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SITUATION

The property is situated on Lenton Lane, a well established commercial location, one mile to the west of the City centre. The property benefits from excellent prominence to the A52 dual carriageway, forming part of the City's ring road.

Lenton Lane and the surrounding area is recognised as the leading motor trade location in the City. Mini adjoins the property to the south, while there are Ferrari, Maserati and Honda dealerships all within 200 metres. Other manufacturers in the immediate vicinity are Porsche, Land Rover, Vauxhall, Ford, Mazda, Nissan, Audi and a newly developed facility for Aston Martin. Sytner operate the franchises for Audi, Ferrari, Maserati, Mini and Aston Martin. Additionally, adjoining the property to the north is a large accident repair centre owned by Sytner and utilised by all their neighbouring dealerships. Consequently, Lenton Lane is clearly a strategic location for Sytner.

Immediately to the rear of the property is the 220,000 sq ft Riverside Retail Park where tenants include B&Q, Boots, DW Sports and Next. Furthermore, Lenton Lane is an established business location with occupiers including Big Yellow, Siemens and Games Workshop head office.



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DESCRIPTION

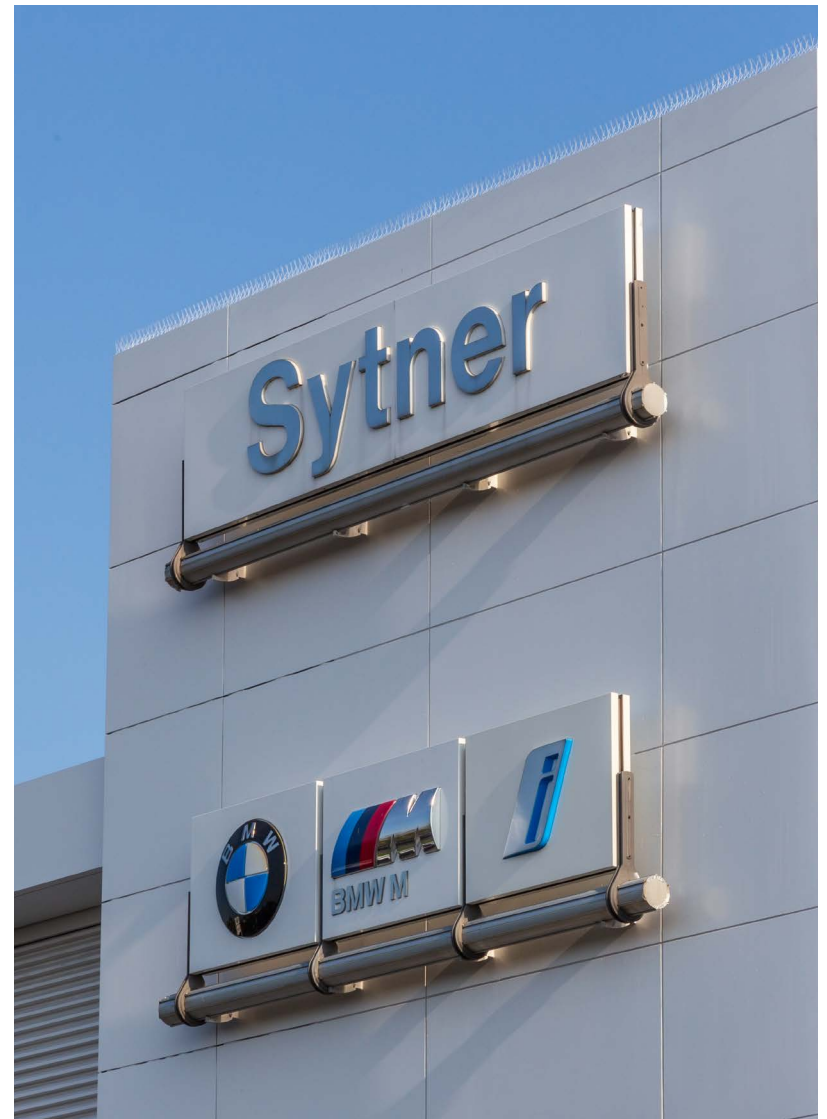
The property comprises a flagship car dealership facility operated by Sytner Group for BMW.

The building is of striking design and finished to an exceptionally high specification in accordance with the BMW branding. To the front of the building is a large, glazed showroom with the capacity to accommodate approximately 34 vehicles, allowing the retailer to display a full model range. This showroom area also incorporates a handover bay, a customer lounge, sales offices and customer toilets. Overlooking the showroom are first floor galleried offices, together with a staff canteen, locker rooms and plant also at first floor.

To the rear of the showroom is an extensive workshop with 24 work ramps, MOT bays and the parts department. Abutting the northern elevation of the dealership building are a further two enclosed MOT bays.

Externally, there is car parking surrounding the facility on all four elevations. To the front of the dealership, overlooking Lenton Lane, there is display parking for approximately 35 cars, with a further 18 display spaces along the northern elevation. There is further surface parking for approximately 110 cars surrounding the dealership used for customers, demonstrator vehicles and service parking.

To the rear of the property is a multi-storey car park providing further parking for approximately 180 cars, although it must be noted that this is a tenant's improvement.



ACCOMMODATION

The property provides the following approximate gross internal areas.

Description		Sq Ft	Sq M
Ground Floor	Showroom	16,394	1,523.1
	Offices/Customer Toilets	3,343	310.5
	Workshop/Parts Department	13,682	1,271.1
First Floor	Offices	4,995	464.1
	Parts/Staff/Ancillary	3,372	313.2
	Total	41,786	3,882.0

First Floor	Offices (Tenant's Improvement)	867	80.6
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Car Parking	Display	53 spaces
	Customer/Demonstrator/Service	110 spaces
	Multi-storey (Tenant's Improvement)	180 spaces
	Total Parking	343 spaces

SITE

The estimated site area is **2.47 acres** (1.0 hectare) with a footprint site cover of **31%**.



TENURE

Long leasehold

The interest to be sold is long leasehold from Sytner Properties Ltd for a term of 150 years less 1 day from 1st October 2002 (133 years unexpired) at a rent of £1 pa. The lease stipulates that the property is to be used for purposes within Class B1, B2 and B8 or as a car dealership.

The reversionary interest to the lease is held under two titles – part freehold and part leasehold. There is an Option in the lease for the tenant (i.e. the buyer) to purchase the superior lease and freehold, as applicable, in November 2028 (or earlier insolvency event) for the sum of £1. The freehold area constitutes approximately a fifth of the entire site at the rear. Further details available upon request.

TENANCY

The entire property is let to **Sytner Ltd** (company number 813696), guaranteed by **Sytner Group Ltd** (company number 2883766) for a term of **20 years from 13th November 2017** (18 years unexpired) on full repairing and insuring terms at a current rent of **£584,250 pa**. The rent is subject to five yearly upward only rent reviews by reference to the increase in the Retail Price Index, subject to a cap based on 2.5% pa compounded (a maximum increase of 13.14% over each five year review period). The next rent review date is 25th November 2023.

The lease incorporates three tenant only options to renew, each for a period of 10 years.



RENTAL VALUE

Sytner has been in occupation of the property since it was developed in 2003. The current lease was granted following a surrender of their previous lease where the contracted rent was £668,140 pa. The current passing rent of £584,250 pa, agreed at the rent review in November 2018, therefore shows a significant discount to this level and reflects only £13.98 psf overall.

This total rental overhead compares favourably to other premium marque dealerships serving such a large market territory. Also, given current land values and building costs, it would be extremely difficult to redevelop a similar quality facility without the need for a significantly higher rent. This is confirmed by recent rental evidence.

Address	Date	Tenant	Sq M
Jaguar Land Rover, Huddersfield	Letting April 2019	Rybrook Cars Ltd	£700,000 pa (£12.07 psf)
Jaguar Land Rover, Bristol	Letting December 2018	Guy Salmon Ltd	£1,207,000 pa (£16.50 psf)
Jaguar Land Rover, York	Letting November 2018	Inchcape Estates Ltd	£627,550 pa (£10.92 psf)
Audi, Chelmsford	Letting October 2018	Hodgson Automotive Ltd	£750,000 pa (£22.90 psf)

COVENANT

Sytner Group Ltd is the UK's largest motor dealer group. The company was founded in 1968 opening their first used car dealership in Nottingham and two years later the company was awarded the BMW franchise for Nottingham. Hence the subject business is an integral part of the company's heritage.

The Group has steadily grown and now represents the world's most prestigious car manufacturers and operates from over 120 dealerships throughout the UK. Manufacturers represented include Audi, Bentley, Ferrari, Jaguar, Land Rover, Maserati, Mercedes-Benz, Porsche, Rolls Royce and Volkswagen. In addition, the company operates 16 BMW businesses nationwide.

The tenant and guarantor company have reported the following recent financial figures:

Sytner Ltd

	Y/E 31/12/2018 (£m)	Y/E 31/12/2017 (£m)	Y/E 31/12/2016 (£m)
Turnover	£1,433.1	£1,370.7	£1,351.4
Pre-Tax Profit	£31.078	£19.130	£32.987
Shareholders' Funds	£94.801	£79.040	£75.836

Sytner Group Ltd

	Y/E 31/12/2018 (£m)	Y/E 31/12/2017 (£m)	Y/E 31/12/2016 (£m)
Turnover	£5,953.7	£5,562.5	£4,811.9
Pre-Tax Profit	£113.266	£99.119	£109.376
Shareholders' Funds	£394.869	£350.820	£282.187

The group is a subsidiary of Penske Automotive Group, Inc., a Michigan based US publicly quoted international transport services company. The company employs 27,000 people worldwide and has a current market capitalisation of approximately \$4 billion.

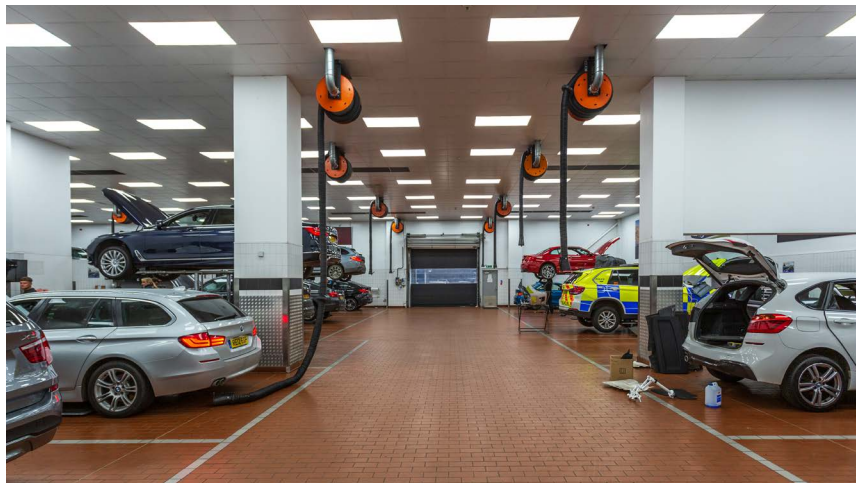
The tenant company, Sytner Ltd, is the principal operating company within Sytner Group Ltd for their BMW business.



MOTOR TRADE INVESTMENT MARKET

Investors continue to be attracted to the sector due to the strong underlying locations, attractive income streams and the potential alternative long term uses of the sites. We set out below a schedule of recent comparable investment transactions and further details are available upon request.

Address	Date	Tenant	Unexpired Term	Price NIY
Jaguar Land Rover, York	Current	Inchcape Estates Ltd	24 years	Q. £13,060,000 4.50%
Porsche, Beckton	Sept 2019	Lancaster Plc	15.75 years	£12,000,000 4.17%
Peugeot/Citroën, Manchester	Aug 2019	Peugeot Motor Company Plc	8 years	£5,870,000 5.38%
BMW & Mini, Luton	May 2019	Ivor Holmes Ltd	17.5 years	£6,000,000 4.85%
Jaguar Land Rover, Huddersfield	Apr 2019 (Funding)	Rybrook Cars Ltd	20 years	£13,000,000 5.00%
Jaguar Land Rover, Bristol	Dec 2018	Sytner Group Ltd	20 years	£24,000,000 4.43%



EPC

The property has an EPC rating of D 81.

VAT

The property is elected for VAT which will be payable on the purchase price. It is intended that the sale will be treated as a TOGC.

DATAROOM

Access can be provided to a dataroom upon request.

PRICE

We are instructed to seek offers in excess of **£10,950,000**, subject to contract and exclusive of VAT, for the long leasehold interest which reflects a net initial yield of **5%** (assuming purchase costs of 6.7%).





FURTHER INFORMATION

For further information or to make arrangements for a viewing, please contact:

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SUBJECT TO CONTRACT AND EXCLUSIVE OF VAT

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