

MJWP/DP
22nd February 2019

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Dear Andrew

Winsford – Cheshire

I refer to our ongoing dialogue in relation to the up and coming land release by CWAC/PSP LLP.

1.0 Background

I have been involved with Winsford Industrial Estate for in excess of 20 years, with my experience ranging from traditional agency work for small workshop units through to the “cradle to grave” process of bringing forward major speculative industrial units of over 250,000 sq ft

I would estimate that I have been involved in excess of 90% of the commercial transactions in Winsford over the period suggested. I also have significant experience in the industrial estates of the surrounding towns of Northwich, Chester, Middlewich, Sandbach, Congleton and Crewe.

Prior to joining Legat Owen I was recognised as the Industrial Agent of the Year on two separate occasions mainly for the work undertaken in the Cheshire industrial market whilst at Lamont Commercial Ltd.

I am currently a member of the Mid Cheshire Development Board.

Hopefully this background enables Legat Owen to advise from a position of knowledge and experience in relation to your requirements for a General Market Commentary on the release of the new land allocations in Winsford.



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2.0 Report Content

More specifically you have asked us to consider the evolving Master Plan which provides B1, B2 and B8 opportunities in units focused at the SME market of 5,000 to 50,000 sq ft and more sizeable opportunities for major industrial/distribution users from 100,000 sq ft up to 250,000 sq ft

As part of the scheme additional complimentary services are planned to include a petrol filling station, drive through coffee shop, fast food restaurant, public house and associated hotel.

3.0 General Market Commentary

The downturn in the economic cycle between 2009 and 2013 saw a halt in nearly all commercial development throughout the UK.

Since the general improvement in the economy since 2014, the development process has been slow to recover with no real positive footsteps towards speculative and new build development filtering through until late 2015 and 2016.

We have therefore experienced a significant hole in the development pipeline.

Enquiry levels since 2014 have been reasonably good and therefore existing stock, that was relatively prevalent after the recession, has been eroded away leading to a significant lack of stock in nearly all size ranges.

We can see the consequences of the imbalance between supply and demand by looking at the occupation levels throughout the North West which are extremely high.

If we specifically look at Mid and South Cheshire, occupancy levels in Winsford, Middlewich and Crewe are as high as I have experienced in 20 years of practice.

If we concentrate purely on Winsford, availability is down to a handful of buildings:

Unit 2 Premier Park – 22,000 sq ft
Unit 6 Premier Park – 6,000 sq ft
Unit 16 Premier Park – 11,000 sq ft – being refurbished
P150, Road One – 150,000 sq ft – under offer
Maximus, Road One – 105,000 sq ft – available Summer 2019
Ion Path, Road Three – 26,000 sq ft

What has also been interesting is the take-up of the older more secondary stock is that occupiers have become more sophisticated in their approach to buildings, however due to the lack of opportunity even the more secondary stock has been occupied.

Considering the speculative market in the area, Crewe was one of the first towns to see SME speculative development back in 2015 and since then 13 SME units have been built all of which have been let or sold during the construction process.

Another phase of speculative development, totalling 165,000 sq ft (Apollo Park) in 5 buildings, is about to commence in the town and of these five buildings one is already under offer and there is serious interest in three others. Apollo Park is now completed and all but one of the six units has been let at between £6.50-£6.75 per sq ft. The remaining unit is 11,000 sq ft and has just p,c'd. The development has exceeded all expectations in terms of rent, lease lengths and timings of lettings.

At the higher size range, Kier and Yorvale have detailed planning consent for 150,000 sq ft unit on Road One in Winsford and are about to announce the pre-letting of the building and a subsequent forward sale to a London based fund. The letting of the planned 150,000 sq ft unit unfortunately fell away and Kier and Yorvale have changed focus to potentially constructing an SME scheme. The development was granted planning this month and now Kier and Yorvale are deciding whether to speculatively build the scheme. It is likely that a decision will be made in the Spring.

DB Symmetry are planning a 145,000 sq ft unit in Middlewich and Quorum, alongside Cabot, are planning a 110,000 sq ft unit in Crewe. The 110,000 sq ft unit in Crewe has been completed and a further speculative development of 240,000 sqft is about to p.c. Interest in both buildings has been encouraging.

These commitments to speculative buildings of this size in the Cheshire market goes to prove the confidence in the Commercial Sector of the area.

4.0 Competition

Turning to land opportunities in Winsford, we have seen very little greenfield land coming to the market of any significance during the last 10 years. The main opportunities have been limited to brownfield sites such as the former DJM site on Road One, former Kwik Save unit on Road One, surplus land adjacent to the Linpac facility and small pockets of greenfield sites tied to existing estates such as Premier Park and Navigation Park

Therefore, pure new build sites have been a rarity and are now desperately needed to provide development opportunities for the next 10 years.

If we now consider specific competition within a 10 to 15 mile radius;

Ma6natude at Middlewich is being promoted by DB Symmetry and Pochins where their focus will be on the large high bay distribution sector for buildings of 150,000 sq ft plus.

Total Developments, who have been particularly active with speculative developments in Crewe, have acquired a 22 acre site off Pochin Way in Middlewich, where they intend to offer some speculative development opportunities within the SME sector. The site is in the planning system.

Crewe also has land holdings, with Total Developments bringing forward a 165,000 sq ft speculative scheme off University Way, which I have already mentioned, and is likely to be fully let/sold prior to completion. See earlier, the scheme is all but completed.

Goodmans have an 80 acre land holding at Crewe Commercial Park. Their focus will be on the high bay distribution sector with units of in excess of 80,000 sq ft. The land is under offer to another developer who will be focussing on units circa 400,000 sq ft.

We are not aware of any significant land holdings coming to the market in Northwich, save for the proposed extension of Gadbrook Park.

Therefore there are competing sites, however I would refer you back to my comments earlier and the lack of SME opportunities, stock levels being at a minimum and enquiries throughout all sectors being healthy.

We have always experienced organic growth within Winsford and a release of land of the nature being discussed is vital to support the existing businesses of the town.

5.0 The Subject Site

Now considering the specifics of the development.

The roadside elements have already been noted and will be hugely beneficial to the industrial estate and Winsford as a whole.

We need a modern roadside offer and we are fully aware of operators who will pay a premium to trade from the northern end of the site as identified on the Master Plan. We are seeing new schemes needing to offer the 'add-on' services of p.f.s's, convenience stores and fast food/coffee based restaurants. Hence, the proposals offered at Winsford are essential.

Winsford has not traditionally been an office location, with Gadbrook Park and Crewe Business Park providing the draw for most of the medium to larger operators needing B1 offices. However, a new release of land and the roadside facilities that would locate to the northern site, provide an environment more suited to office occupiers. We would not advocate a large scale B1 office scheme but an allocation in line with the Master Plan would sit comfortably adjacent to the 'retail' offer.

Since the original report the regional office market has improved. On a local level we have seen office transactions at Nesco House, Winsford, Dewhirst on Road 3, Verity Court Middlewich, Wharton Pak House Winsford; alongside significant deals at Gadbrook, Lostock and Crewe Business Park. Hence an office scheme on the subject land has become considerably more appealing, with focus on units of 1,500 – 5,000 sq ft a certain area of further discussions.

If we then look at the scale of the industrial units that should be proposed, Winsford has always been attractive to small local businesses looking for 1,000 to 10,000 sq ft units right through to major distribution and manufacturing companies such as Howard Tenens, Linpac, Tiger Trailers and Henkel in buildings of 100,000 sq ft plus.

Please note, Warehouse 1 Ltd are committed to P150 and early interest has been shown in Maximus.

Therefore the scheme needs to appeal to all size ranges and the Master Plan is evolving to reflect this with the SME B1, B2 and B8 area highlighted on the northern land release and the larger more regular shaped site to the rear of the Tiger Trailers unit offering opportunity for large scale development.

We understand the specifics of the scheme can be summarised as follows:-

Plot	Details	Accommodation	Total Sq Ft
1	P.F.S Coffee Shop, Fast Food	Site identified on Master Plan	
2	Pub and Lodge	Site identified on Master Plan	
3	B1, B2 and B8	6 x 5,375 sq ft units	32,350 sq ft
4	B1, B2 and B8	3 x 6,100 sq ft units	18,300 sq ft
5	B1, B2 and B8	1 x 20,000 sq ft unit 2 x 10,000 sq ft units	40,000 sq ft
Site to the south of TT/Plot 2	B1, B2 and B8	Circa 250,000 sq ft	250,000 sq ft

If we consider the size and mix of units highlighted, a good size range and spread of units has been planned and would suit the current and historic enquiries we are experiencing in Winsford. I would suggest that consideration is given to subdividing the plot to the south of Tiger Trailer to units of 100,000-150,000 sq ft rather than a single 250,000 sq ft building. However, this point will need more consideration to reflect the high end industrial requirements at this point in time. Obviously this point is dependent upon the current focus of a single buyer being identified for the plot as a whole.

6.0 Occupational Terms

Hopefully our conversations have covered our guidance on pricing clearly, however, to ensure we are in agreement we would suggest the following prices and rents as a current guide:-

- Petrol Filling Station Site - £1.5m
- Coffee Shop Drive Thru - £60,000 per annum
- Drive Thru - £85,000 per annum
- Pub & Lodge - £1.5m
- Traditional Units
 - Up to 10,000 sq ft - £6.50/£90 per sq ft Pot £6.50-£6.75 / £90-£100
 - 10-20,000 sq ft - £6.25/£85-90 per sq ft Pot £6.25-£6.50 / £90-£100
 - 20,000+ sq ft - £6.00/£85-90 per sq ft Pot £6.00-£6,50 / £85-£95
 - 100,000+ sq ft - £5.75/£85 per sq ft plus

- Offices

- 1,000 – 2,000 sq ft - £16-18/£190-200 per sq ft
- 2,000 – 5,000 sq ft - £16/£190-200 per sq ft
- 5,000+ sq ft - £15-16/£185-200 per sq ft

In relation to market evidence, we have just let a 55,000 sq ft new unit in Crewe at £6 per sq ft on a 12 year lease with no incentive.

We have also just agreed terms on a pre-let of 20,000 sq ft in Crewe at £6.25 per sq ft (actually £6.75).

Existing good quality stock in mid and south Cheshire is comfortably commanding rents of £5.50 to £6 per sq ft on SME units. Midpoint is now achieving £6+ per sq ft.

In relation to yields, the industrial market remains the sector of choice for investment. BREXIT has provided its issues, with a sizeable number of funds and property companies limiting activity until more certainty can be provided over the outcome of BREXIT.

However, local activity has provided some interesting and encouraging transactional evidence. Apollo Park Crewe has just been acquired by Aberdeen Standard for 5.3%. The scheme is a multi-let speculative scheme totalling 125,000 sq ft in 5 units with a WAULT of 8 years.

Midpoint 18 Middlewich is a collection of industrial units ranging in age and totalling 155,000 sq ft. The portfolio is under offer at 6.50% based upon a WAULT of 5 years.

Considering individual industrial units, we have recently sold three single lets in Crewe. Unit 17 and 20 Orion Park Crewe of circa 14,000 sq ft (this is actually two units of 8,000 sq ft and 6,000 sq ft) sold for 6% WAULT circa 4 years.

Euro Car Parts, Quakers Coppice, Crewe sold for 5.4% and was 9,000 sq ft with a WAULT of circa 4 years.

We have just put under offer a new build unit of 44,000 sq ft at circa 5.5% based upon a term certain of 12 years.

The evidence documented is from Crewe and Middlewich, both of which are in close proximity to the M6 and junction 16 and 18, a stronger industrial and logistics market both in terms of rents and yields. However the yields achieved in Crewe and Middlewich support a yield range of 6.5% - 7% on industrial unit investments of sub 20,000 ft² and 5.5% - 6% on industrial unit investments of +50,000 and +100,000 ft², subject to term and covenant.

Comparables in the office market are somewhat more difficult to find, however rents for existing units on Lostock and Gadbrook Park are between £14 to £15 per sq ft under pinning the requirement of new build offices to be £16 per sq ft plus.

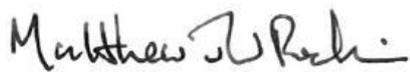
7.0 Conclusion

Simply we need the release of the land holdings under consideration as soon as practically possible. There is a chronic lack of stock and future land opportunities for the next 10 years are all but none existent, not just in Winsford but throughout Cheshire.

The release and servicing of the subject land will not only benefit Winsford but also the wider market. This will hopefully lead to inward investment alongside the organic growth of Winsford based business. Timing for the sites is perfect and we are confident in the products being offered to the market.

If you wish to discuss the matter further please do not hesitate to contact me.

Yours Sincerely



Matthew Pochin Bsc (Hons) MRICS

CC: ben.pretty@cushwake.com

CHESHIRE INDUSTRIAL ENQUIRIES

DATE: 07 March 2019

ENQUIRY	SIZE	UNIT TYPE	COMMENTS
Date Registered: 05-Mar-2019 Savills	8000-12000 Sq Ft	Industrial	10,000 sq ft Crewe & surrounds LH Trade counter/prominent unit
Date Registered: 26-Feb-2019 CQE Group	5000-10000 Sq Ft	Industrial	5-6000sqft plus a large yard. M5 corridor. FH preferred.
Date Registered: 22-Feb-2019 Avison Young	2000-40000 Sq Ft	Industrial	20-40k sqft to buy 3 miles of Crewe. all options considered.
Date Registered: 18-Feb-2019 Knight Frank	15000-20000 Sq Ft	Industrial	15-20,000 sq ft Industrial 10 mile radius of Warrington/Lymm 1 acre yard

CHESHIRE INDUSTRIAL ENQUIRIES

DATE: 07 March 2019

ENQUIRY	SIZE	UNIT TYPE	COMMENTS
Date Registered: 18-Feb-2019 Chadwick McRae	100000-150000 Sq Ft	Industrial	100-150,000sqftFH Project Wear Wool. Existing w/h with good motorway access to cover Midlands and SE.
Date Registered: 15-Feb-2019 Walker, Joshua	9000-18000 Sq Ft	Industrial	Industrial Unit 10,000 - 15,000 sq ft Crewe/Nantwich/Whitchurch Areas
Date Registered: 15-Feb-2019 Jones Lang LaSalle	30000-40000 Sq Ft	Industrial	30,000 sq ft or 2-3 acres Deeside area LH/FH
Date Registered: 14-Feb-2019 CBRE	300000-400000 Sq Ft	Industrial	300-400,000 M6 Stoke to Preston. LH existing or under construction.
Date Registered: 14-Feb-2019 Fayrefield Foods	18000-25000 Sq Ft	Industrial	20,000 sqft cold store- new build or modern. Focus on Crewe 8-9m. 2 docks and parking for 20 cars and 2 HGV's. FH

CHESHIRE INDUSTRIAL ENQUIRIES

DATE: 07 March 2019

ENQUIRY	SIZE	UNIT TYPE	COMMENTS
Date Registered: 14-Feb-2019 Davies Harrison	18000-60000 Sq Ft	Industrial Retail Out of Town Roadside	obo StorageWorld.co.uk 18-60,000 sq ft Min 1 acre site ASAP FH (LH considered) Min population of 50,000
Date Registered: 11-Feb-2019 Avison Young	60000-80000 Sq Ft	Industrial	60,000 – 80,000 sq. Ft M56 corridor Manchester – Chester Eaves 8 – 10m 10% office content Timing Q4 2019 Leasehold

CHESHIRE INDUSTRIAL ENQUIRIES

DATE: 07 March 2019

ENQUIRY	SIZE	UNIT TYPE	COMMENTS
Date Registered: 07-Feb-2019 Louch Shacklock and Partners LLP	150000-250000 Sq Ft	Industrial	150-250,000 sq ft 20,000 pallet spaces Occupation Q3 2019 Lancashire/Manchester/Yorkshire LH
Date Registered: 07-Feb-2019 Silva Timber Products	60000-80000 Sq Ft	Industrial	60-80,000 sq ft Widnes & surrounds LH Consolidating from 3 units in Widnes
Date Registered: 07-Feb-2019 BC Real Estate	175000-400000 Sq Ft	Industrial	175-400,000 sq ft (ideally 250-300,000 sq ft) FH ASAP Min 500Kva (ideally 1MVA) Minimal offices Min 6m eaves

CHESHIRE INDUSTRIAL ENQUIRIES

DATE: 07 March 2019

ENQUIRY	SIZE	UNIT TYPE	COMMENTS
Date Registered: 31-Jan-2019 Hallams Commercial	10000-20000 Sq Ft	Industrial	10-20,000 sq ft FH Immediate South Manchester down to Sandbach and west to Buxton
Date Registered: 30-Jan-2019 Doddle	6000-12000 Sq Ft	Industrial	Expansion from their current unit on Orion Park Crewe.
Date Registered: 24-Jan-2019 Bridgemere Distribution	14000-20000 Sq Ft	Industrial	14-20,000sqft Crewe, south and midCheshire
Date Registered: 24-Jan-2019 PCO Group	50000-70000 Sq Ft	Industrial	60,000sqft focus on new and good quality units in and around Crewe.
Date Registered: 24-Jan-2019 AO Group	8000-16000 Sq Ft	Industrial	10-15000sqft in Crewe for AO returns.
Date Registered: 24-Jan-2019 Lambert Smith Hampton	60000-115000 Sq Ft	Industrial	New Hermes unit in Crewe (completing with Bolton. 70-100,000sqft)

CHESHIRE INDUSTRIAL ENQUIRIES

DATE: 07 March 2019

ENQUIRY	SIZE	UNIT TYPE	COMMENTS
Date Registered: 24-Jan-2019 Hitchcock Wright and Partners	2500-25000 Sq Ft	Industrial	2,500-10,000 sq ft (consider up to 25k if can split) FH South Liverpool/Widnes/Warrington Storage use
Date Registered: 23-Jan-2019 Medtech To Market	10000-20000 Sq Ft	Industrial	10-20,000 sq ft FH Chester & surrounds
Date Registered: 21-Jan-2019 Mid Cheshire Pallets	5000-20000 Sq Ft	Industrial	5-20,000 sq ft Winsford & surrounds Pref budget space contract led
Date Registered: 18-Jan-2019 Rhodes CRE	30000-60000 Sq Ft	Industrial	30-60,000 sq ft South Manchester LH/FH Self contained with yard ASAP
Date Registered: 18-Jan-2019 Savills	50000-15000 Sq Ft	Industrial	Feasibility Study 50-150,000 sq ft Cold Store requirement B2/B8 units UK Wide LH/FH Existing only ASAP

CHESHIRE INDUSTRIAL ENQUIRIES

DATE: 07 March 2019

ENQUIRY	SIZE	UNIT TYPE	COMMENTS
Date Registered: 17-Jan-2019 Smartechnics	2000-5000 Sq Ft	Industrial	3-4000sqft modern unit in Winsford
Date Registered: 17-Jan-2019 Davies Harrison	25000-50000 Sq Ft	Industrial	PROJECT TERRA VISTA 25-50,000 sq ft Greater Manchester & Warrington FH Existing only ASAP
Date Registered: 16-Jan-2019 Colliers International	20000-55000 Sq Ft	Industrial	25-35,000sqft modern and new. Greater Manchester B2 Use High eaves and dedicated yard. LH ASAP

CHESHIRE INDUSTRIAL ENQUIRIES

DATE: 07 March 2019

ENQUIRY	SIZE	UNIT TYPE	COMMENTS
Date Registered: 16-Jan-2019 CBRE	35000-80000 Sq Ft	Industrial	35-80000sqft LH M6 corridor. B2 decent power6m eaves and good quality secondhand
Date Registered: 16-Jan-2019 P3 Property Consultants	25000-100000 Sq Ft	Industrial	Option 1 - 25-50,000 SQ ft Option 2 - 100,000 sq ft LH - 2 years WARRINGTON - MANCHESTER Airport ASAP
Date Registered: 14-Jan-2019 Jones Lang LaSalle	10000-20000 Sq Ft	Industrial	P&C obo arm of Black & Decker Early stages feasibility 10-20,000 sq ft Ellesmere Port LH

CHESHIRE INDUSTRIAL ENQUIRIES

DATE: 07 March 2019

ENQUIRY	SIZE	UNIT TYPE	COMMENTS
Date Registered: 14-Jan-2019 Corporate Property Partners Ltd	4000-20000 Sq Ft	Industrial	D1 Use Sandbach Crewe Congleton Stafford Freehold
Date Registered: 11-Jan-2019 CBRE	140000-240000 Sq Ft	Industrial	150-200k LH 10m plus B'hm to Warrington Summer 2019
Date Registered: 10-Jan-2019 Avison Young	40000-75000 Sq Ft	Industrial	40-75,000 sq ft West Manchester/Warrington Freehold Only ASAP

CHESHIRE INDUSTRIAL ENQUIRIES

DATE: 07 March 2019

ENQUIRY	SIZE	UNIT TYPE	COMMENTS
Date Registered: 10-Jan-2019 Williams Sillitoe	7000-11000 Sq Ft	Industrial	7-10,000sqft S to Mid Cheshire.
Date Registered: 10-Jan-2019 Williams Sillitoe	6000-15000 Sq Ft	Industrial	6-15,000sqft M6 corridor
Date Registered: 09-Jan-2019 Avison Young	40000-70000 Sq Ft	Industrial	40-70,000 sq ft (or 2-5 acres) FH West Manchester-M6
Date Registered: 08-Jan-2019 JBS Group	100000-150000 Sq Ft	Industrial	UK Wide 100,000 - 150,000 sq ft 8 metres MAXIMUM BUDGET £3.5M
Date Registered: 08-Jan-2019 Avison Young	50000-150000 Sq Ft	Industrial	PROJECT PLUTO 50-150,000 sq ft UK Wide 2nd hand units B2/B8 uses decent eaves
Date Registered: 07-Jan-2019 Cliffe Packaging	18000-25000 Sq Ft	Industrial	Newc based- been looking for sometime. Need circa 20,000sqft in S Cheshire with 7m plus eaves.

CHESHIRE INDUSTRIAL ENQUIRIES

DATE: 07 March 2019

ENQUIRY	SIZE	UNIT TYPE	COMMENTS
Date Registered: 04-Jan-2019 Alder King	250000-250000 Sq Ft	Industrial	Obo Arena Flowers Online 250,000 sq ft LH - (short term 3 months Mid Jan-Mid April) Occupation ASAP Midlands preferred Need dock loading Good motorway access
Date Registered: 04-Jan-2019 Emerald Power	5000-10000 Sq Ft	Industrial	Based on Brooks Lane- need a new facility- yard area is important.
Date Registered: 02-Jan-2019 Jones Lang LaSalle	80000-80000 Sq Ft	Industrial	80,000 sq ft Runcorn/Warrington 6m eaves + 3 Dock/1 level access door LH/FH D&B considered