

chesterfield portfolio

retail warehouse investment opportunity



A black leather Chesterfield sofa is positioned in the foreground, set against a wall with a silver, tufted diamond pattern. The sofa's backrest and armrests are visible, showing the characteristic tufting. The background wall is a light, metallic silver color with a repeating diamond-shaped tufting pattern, where each tuft is a small, raised circle.

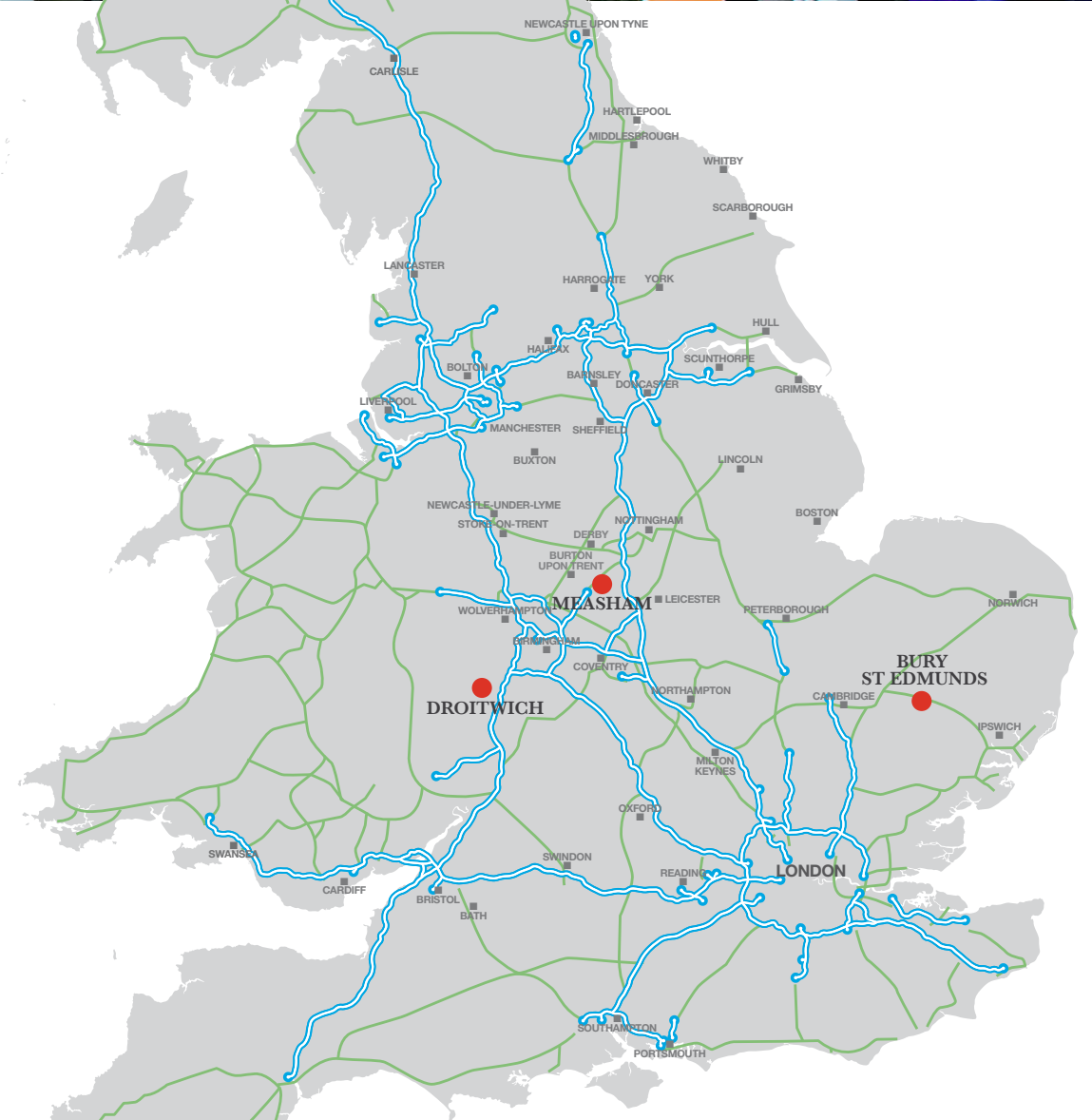
chesterfield portfolio

The Chesterfield Portfolio offers the opportunity to acquire 3 Retail Warehouse units let to DFS Trading Ltd (a 5A1 covenant) for 15.9 years.



Portfolio Highlights

- 2 Freeholds and 1 Leasehold Interest
- 3 Retail Warehouse Units in established locations
- All of the properties are let to DFS Trading Ltd for a term 25 years from 24 March 2005
- Let for a further 15.9 years without break
- DFS Trading Ltd has a D&B rating of 5A1
- DFS Trading Ltd reported in July 2012 Pre-Tax Profits of £70.2m and a Net Worth of £63.3m
- Total Net Passing Rent £1,416,013 pa
- **Offers in excess of £16,730,000 (Sixteen Million Seven Hundred and Thirty Thousand Pounds)**
- **Net Initial Yield 8.0%**





DFS are the leading retailer of upholstered furniture in the United Kingdom currently operating out of 97 stores totalling 1.4 million sq ft. DFS (formerly Direct Furnishing Supplies) was established in 1969.



The company is a clear UK market leader with a 28% share of the estimated £2.77 billion upholstered furniture market in 2012, which was approximately four times that of any other upholstered furniture specialist.

All of the products DFS sell are made to order and, as a result, there is minimal exposure to inventory risk. They have three upholstered furniture manufacturing facilities, all of which are located in the United Kingdom. Sales densities are significantly higher than their rivals in the furniture sector:

Retailer	Sales per sq ft (£)	Operating profit margin (%)
DFS	£410	7.6%
Ikea	£260	3.0%
Oak Furniture Land	£240	11%
Dunelm	£195	15.8%
SCS	£158	0.3%
Bensons/Harveys Homestyle	£135	3.6%
Carpetright	£87	3.5%



DFS Trading Limited

The DFS group is wholly owned by Advent International, a private equity firm, who purchased DFS in 2010 for circa £500 million. For the 52 weeks ended 27 October 2012 the group generated turnover of £640.5 million and Adjusted EBITDA of £83.5 million with an Adjusted EBITDA margin of 13.0%.

The occupational tenant under all the occupational leases within the Portfolio is DFS Trading Limited (Company Number: 01735950). This company is a wholly owned subsidiary of DFS Furniture Company Ltd which itself is a wholly owned subsidiary of DFS Furniture Holdings plc.

DFS Trading Limited is the primary trading company within the DFS group and includes both the manufacturing and retail operations of the business. Based on information from Dun & Bradstreet, DFS Trading Ltd is rated as 5A1.

For the year ending 28th July 2012, DFS Trading Ltd reported a turnover of £624,000,000 a pre-tax profit of £70,200,000 and a net worth of £63,300,000.

DFS Furniture Holdings plc published half yearly results on the 25th January 2014 and reported the following financial and operational highlights:

Financial Highlights:

- Sales £315.3 million (2013: £319.4 million) reflecting weakness in demand
- EBITDA £23.8 million (2013: £31.1 million)
- Strong cash generation continues: cash balances £33.9 million (2013: £22.0 million) after payment of £20.0 million dividend

Operational Highlights:

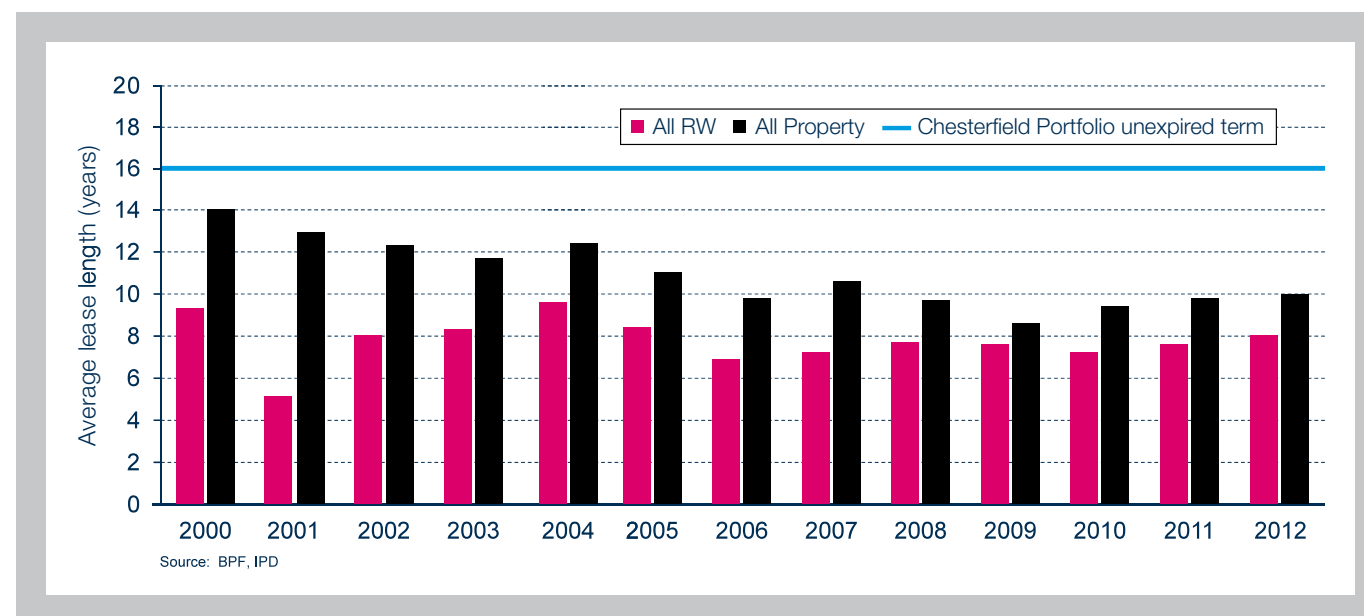
- New website delivering good results
- 100th DFS Store in UK and Ireland opened in Torquay
- New brand partnership with Dwell to further increase appeal to aspirational consumers
- Local distribution centre trial creating efficiencies and additional trading space

Full report available upon request.

Lease length

All leases are for a term of 25 years from 24 March 2005, therefore having an unexpired term of 15 years and 11 months. This is double the IPD retail warehousing average lease length.

Average lease length 2000-2012



think sofas, think

dfs



pay
nothing
until
January
2015

then take 3 years
free credit on
everything

0% APR representative



Opening Times

Monday	9am - 6pm
Tuesday	9am - 6pm
Wednesday	9am - 6pm
Thursday	9am - 6pm
Friday	9am - 6pm
Saturday	9am - 6pm
Sunday	11am - 4pm

dfs

NO DOGS
ALLOWED
(GUIDE DOGS
EXCEPTED)





MEASHAM



BURY ST EDMUNDS



DROITWICH

No.	Address	Town	Postcode	Tenure	Site Area	Accommodation	Sq m	Sq ft	Gross Rent pa	Rent psf	Net Rent
1	DFS, Tamworth Road	Measham	DE12 7GG	Freehold	0.77 acres	Retail Warehouse	1,865.4	20,079	£365,336	£18.19	£365,336
2	DFS, Roman Way Retail Park, Kidderminster Road	Droitwich	WR9 9AY	Freehold	1.7 acres	Retail Warehouse	1,858.0	19,998	£528,767	£26.44	£528,767
3	DFS, Easlea Road	Bury St Edmunds	IP32 7BY	Leasehold - 69 years unexpired at £37,500 p.a.†	1.97 acres	Retail Warehouse	1,860.7*	20,029*	£521,910	£26.06	£521,910
TOTAL							5,584.1	60,106	£1,416,013		£1,416,013

*Excluding Mezzanine. †NB: There is an option to renew the lease for a further 26 years from the expiry date and this option may be exercised at anytime during the term other than the final 6 months before expiry. The headlease pay away passes straight through to the tenant.

MEASHAM



think sofas, think



pay nothing until January 2015
then take 3 years free credit on everything

EVERYTHING
HALF PRICE
DON'T MISS OUT

4 years free credit and no deposit available on everything

EVERYTHING
HALF PRICE

pay nothing until January 2015

EVERYTHING
HALF PRICE

4 years free credit and no deposit

EVERYTHING
HALF PRICE

pay nothing until January 2015

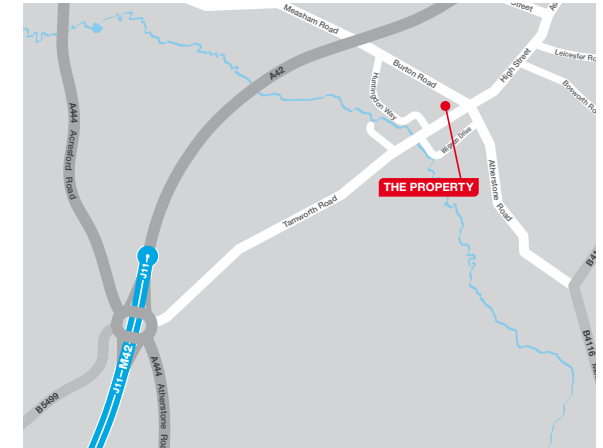
EVERYTHING
HALF PRICE

EVERYTHING
HALF PRICE

EVERYTHING
HALF PRICE

EVERYTHING
HALF PRICE

EVERYTHING
HALF PRICE



Location

Measham is located approximately 3.3 miles south west of Ashby-de-la-Zouch, approximately 11 miles south east of Burton on Trent and approximately 24 miles north east of Birmingham. The M1 (J25) is approximately 14 miles to the north east and the M6 and M6 Toll are approximately 16 miles and 13.5 miles respectively to the south west.

Measham is located on the A42 which merges with M42 (J11) circa 2.3 miles to the south, and with the M1 (J25), circa 11 miles to the north east.

The nearest rail station is situated in Tamworth, approximately 10 miles south west of Measham providing regular services to London Euston with a fastest journey time of 1 hour 8 minutes.

East Midlands Airport is circa 13.2 miles to the north and is the 13th busiest airport in the UK by passenger traffic. The airport is a major cargo hub and was the second UK airport for freight traffic in 2012.

Situation

The property is located on the Westminster Industrial Estate, to the south of Measham, adjacent to Tamworth Road, which is the town's main arterial route and joins Junction 11 of the A/M42 1.5 miles to the south west. It is accessed via a significant frontage along Tamworth Road, which is the main road running past the industrial estate.

The property is situated adjacent to British Car Auctions, Europe's Largest Auction Group and benefits from a good level of passing traffic, due to its long frontage along Tamworth Road.

The area is mixed use in character, mainly comprising industrial accommodation to the south and residential accommodation to the north.

Description

The property comprises of a first generation detached retail warehouse. The building is of steel portal frame construction, clad externally in a combination of cavity facing brickwork and profiled metal cladding with aluminium framed shop front glazing and public entrance doors.

The retail store has three loading bays and includes 37 car parking spaces (including 2 for disabled use), arranged along the front and rear elevations of the property.

The measured eaves height for the property is 2.37 metres.

The property has a site area of approximately 0.77 acres (0.31 hectares).

Accommodation

Floor/Unit	Sq M	Sq Ft
Retail Unit	1,865.4	20,079

Tenancy

The property is entirely let to DFS Trading Ltd for a term of 25 years from 24th March 2005 to and including 23 March 2030. The rent is £365,336 per annum, reflecting £18.19 per sq ft. There are further open market reviews as at 24th March 2020 and five yearly thereafter.

Catchment and Demographics

The total population of Measham is circa 4,850 according to the 2011 Census.

Measham is included within the retail catchment area of Burton on Trent, which has a primary catchment of 238,000 and an estimated shopping population of 141,000.

The age profile of the Burton on Trent primary catchment population includes a relatively high proportion of older working aged adults aged 45-64.

Planning

The unit has planning permission for the sale of all goods (i.e. Open A1, including food).

Tenure

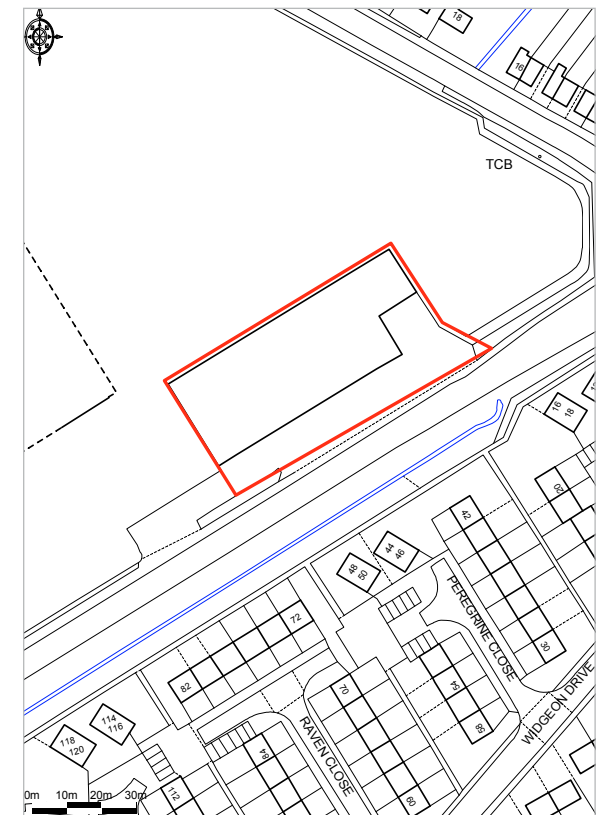
Freehold.

EPC

Available upon request.

VAT

The property is elected for VAT.



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DROITWICH

think sofas, think **dfs**



HOMEBASE

HALF PRICE

4 years
free credit
and no
deposit

HALF PRICE

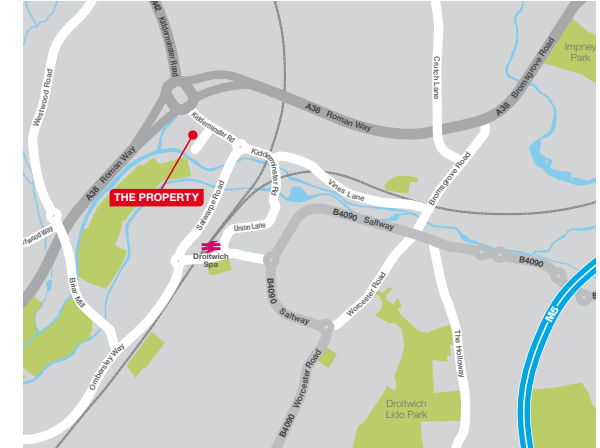
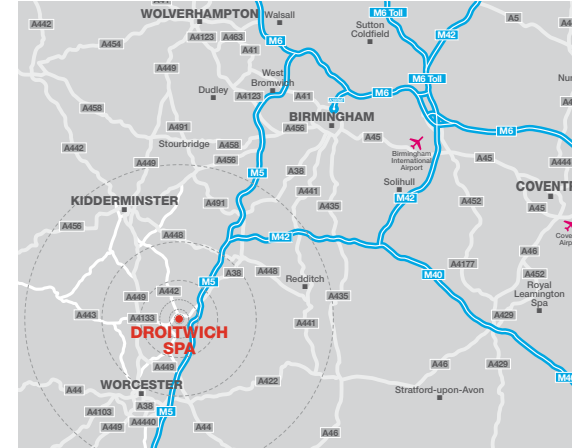
HALF PRICE

HALF PRICE

HALF PRICE

HALF PRICE





Location

Droitwich is located approximately 6 miles north of Worcester and approximately 22 miles south west of Birmingham.

Droitwich lies 2 miles south west of the M5 (J5) and is accessed via the A38. Its interchange with the M42 is approximately 10 miles to the north.

Droitwich Spa railway provides services to London Euston via Birmingham New Street with a fastest journey time of approximately 2 hours 22 minutes. The station offers regular services to Birmingham New Street with a fastest journey time of 40 minutes.

Situation

The property is situated on Kidderminster road and forms part of the Roman Way Retail Park. Occupiers on the retail park include Aldi, Homebase, Carpet Right, Horsatack, Bensons for Beds and Sofa Specialist. There are also a number of car showrooms and trade counter uses on Kidderminster Road.

The property is situated in a mixed residential and commercial area approximately 500 meters to the north of Droitwich Spa Railway Station.

Description

The property comprises a modern retail warehouse, forming the end terrace to the north of three properties. The building is of steel portal frame construction, clad externally in a combination of cavity facing brickwork and profiled metal cladding. The property shares a car parking area with the other two retailers on the park and benefits from 216 spaces.

The measured eaves height for the property is 3 metres.

The property has a site area of approximately 1.76 acres (0.71 hectares).

Accommodation

Floor/Unit	Sq M	Sq Ft
Retail Unit	1,858	19,998

Tenancy

The property is entirely let to DFS Trading Ltd for a term of 25 years from 24th March 2005 to and including 23 March 2030. The rent on completion will be £528,767 per annum, reflecting £26.44 per sq ft by virtue of a fixed increase on 24th March 2014. There are further open market reviews as at 24th March 2020 and five yearly thereafter.

Catchment and Demographics

Based on the 2011 Census data, the total population within a 10 minute drive time of Droitwich is 27,205 increasing to 149,828 within a 20 minute drive time.

Planning

The property is subject to a restrictive covenant not to use the property or any part of it as a retail general DIY store or garden centre and also not to use the property for the sale of electrical appliances including televisions, videos, audio equipment and cabinets for such items, lighting, electrical accessories, heating appliances and gas appliances.

Tenure

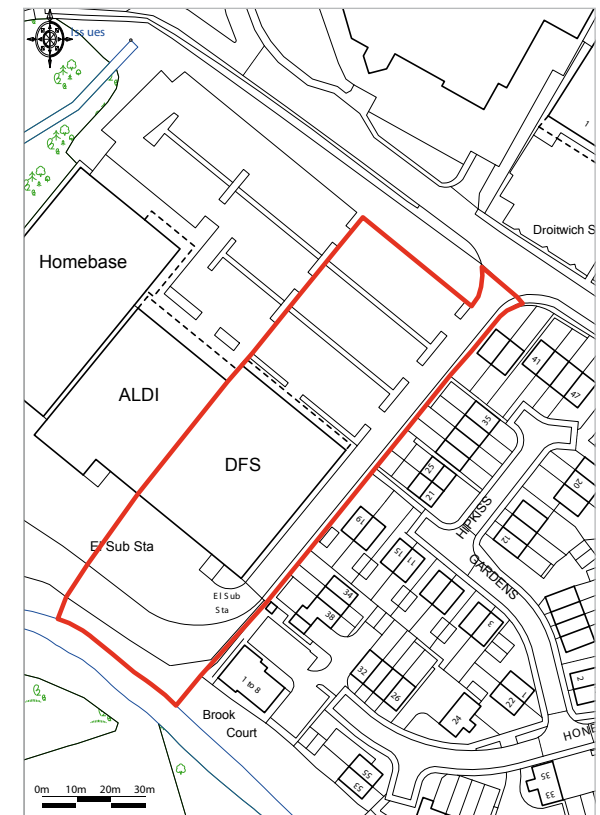
Freehold.

EPC

Available upon request.

VAT

The property is elected for VAT.



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BURY ST EDMUNDS



dfs

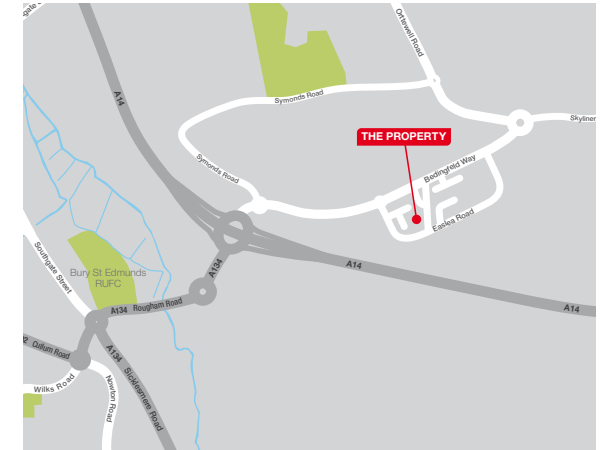
HALF PRICE

HALF PRICE

pay nothing until January 2015

EY60 KDO

AVII FNF



Location

Bury St Edmunds is a market town in Suffolk in the east of England. The town is situated approximately 29 miles east of Cambridge and 27 miles north west of Ipswich.

Bury St Edmunds is located on the A14, a main arterial route through the county of Suffolk linking Cambridge to the west with Ipswich to the east. The A134 provides access to Thetford to the north and Sudbury to the south.

Bury St Edmunds railway station is situated towards the northern perimeter of the town close to the A14. The station is managed by Greater Anglia and provides services via Cambridge or Ipswich to London Kings Cross or Liverpool Street Stations respectively, with a fastest journey time of approximately 1 hour 40 minutes.

Situation

The property is located towards the eastern fringe of the town on Easlea Road. Easlea Road is an established trading location with direct access to the A14 and A134. St Edmundsbury Retail Park is located to the east beyond Currys and Home Bargains which are immediately adjacent to the property. Other occupiers on the park include Homebase, Dunelm Mill, Carpetright and Dreams. The A14 passes immediately south of the southern boundary of the site and can be accessed a short distance to the west at Junction 44.

The dominant land uses in the area immediately surrounding the subject property are retail warehousing and light industrial.

Description

The property forms a detached retail warehouse clad externally in insulated Plastisol coated profiled metal sheet cladding with brushed aluminium, single glazed shopfront and entrance doors to the furniture showroom areas.

The property enjoys large volumes of passing traffic being adjacent to the A14 and also benefits from a customer car parking area to the front of the store with 129 car parking spaces.

The measured eaves height for the property is 8.1 metres.

Accommodation

Floor/Unit	Sq M	Sq Ft
Retail Unit	1,860.7	20,029
Mezzanine	322.5	3,471
Total	2,183.2	23,500

Tenancy

The property is entirely let to DFS Trading Ltd for a term of 25 years from 24th March 2005 to and including 23 March 2030. The rent is £ 521,910 per annum, reflecting £26.06 per sq ft. There are further open market reviews as at 24th March 2020 and five yearly thereafter.

The net rent receivable is £521,910 per annum as per the tenure paragraph.

Catchment and Demographics

The total population within the Bury St Edmunds primary retail catchment area is 255,000.

According to the most recent Promis Report, the estimated shopping population of Bury St Edmunds is 131,000.

Planning

The property can be used for the sale of a limited range of bulky goods only.

Tenure

The property is held long leasehold by way of a lease dated 29 March 1984 from The Council of the Borough of St. Edmundsbury for a term of 99 years thereby having approximately 69 years unexpired. There is an option to renew the lease for a further 26 years from the expiry date and this option may be exercised at anytime during the term other than the final 6 months before expiry. The vendor is in the process of exercising this option.

The annual rent is subject to five yearly reviews to 15% of open market value.

The gross rent on completion will be £521,910 per annum. The current head rent payable (from March 2009) is £37,500 p.a. The tenant covenants to pay to the landlord sums equal to all rents and any other monies due under the Superior Lease. The current head rent payable (from March 2009) is £37,500 per annum.

EPC

Available upon request.

VAT

The property is elected for VAT.



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PROPOSAL

**We are instructed to seek offers in excess of £16,730,000
(Sixteen Million Seven Hundred and Thirty Thousand Pounds),
reflecting a net initial yield of 8.0%.**

allsop

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