

ENVA ENVIRONMENTAL

NORTHFLEET INDUSTRIAL ESTATE DA11 9SN

LP LEWIS & PARTNERS



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PRIME SELF CONTAINED INDUSTRIAL SITE, LET ON A NEW 15-YEAR LEASE WITH ACCRETIVE “HIGHER OF OMV / RPI INDEXED” RENT REVIEW PROVISION

INVESTMENT SUMMARY



- Prime industrial site, located in Northfleet adjacent to the A2, and with immediate access to the M25
- Situated on Northfleet Industrial Estate surrounded by major industrial occupiers including Ao.com and Amazon (truck storage)
- Tenant is entrenched, having invested substantial capital to secure lawful use, and enhance site specification
- Significant underlying reversion, with the passing rent being well below established prime industrial rents for the locality
- Approximately 2.7 acres site with extremely rare & valuable planning consent for specific waste collection & distribution
- Let in its entirety to Enva England Specialist Waste Limited on a new 15-year lease without break
- Very low passing rent of just £325,000 per annum
- We calculate this reflects only £12.00 psf on the buildings, and just £0.73 psf on the excess land
- Extremely accretive review mechanism, with 5-yearly rent reviews to the higher of OMV or RPI indexed (collar and cap of 1% and 4%)
- We are instructed to seek offers for the freehold interest in excess of **£6,100,000**. A purchase at this level reflects a **NIY of 5.00%**, and just £2.26m per acre

LOCATION

The property is located within Northfleet Industrial Estate. Northfleet is an established industrial location to the east of the M25 and north of the A2. The Dartford Crossing and Junction 1 of the M25 are approximately 3 miles to the west reached via the A226 trunk road. There is also excellent access onto the A2 via the A226/A2260 which in turn leads to the M2 and enables easy access onto the M20.

Ebbsfleet International railway station is less than 1 mile from the site providing frequent services to London St Pancras with a journey time of only 20 minutes, and Europe via the Eurostar. The Swanscombe Peninsular is immediately to the north of the subject property. The area is popular with both small and medium sized companies seeking immediate access to both Central and Greater London, and the wider South East market. Surrounding occupiers include: AO, Amazon and Discount Builders Merchants.

CONNECTIVITY



Urban Centres

Central London	23.8 miles
Dartford	5.1 miles
Sittingbourne	27.5 miles
Ashford	36.5 miles
Sevenoaks	19.6 miles



Road

A2	2.0 miles
M25 (J1a)	3.7 miles
Dartford Crossing	3.7 miles
A13	7.4 miles
A20 / M20	8.4 miles



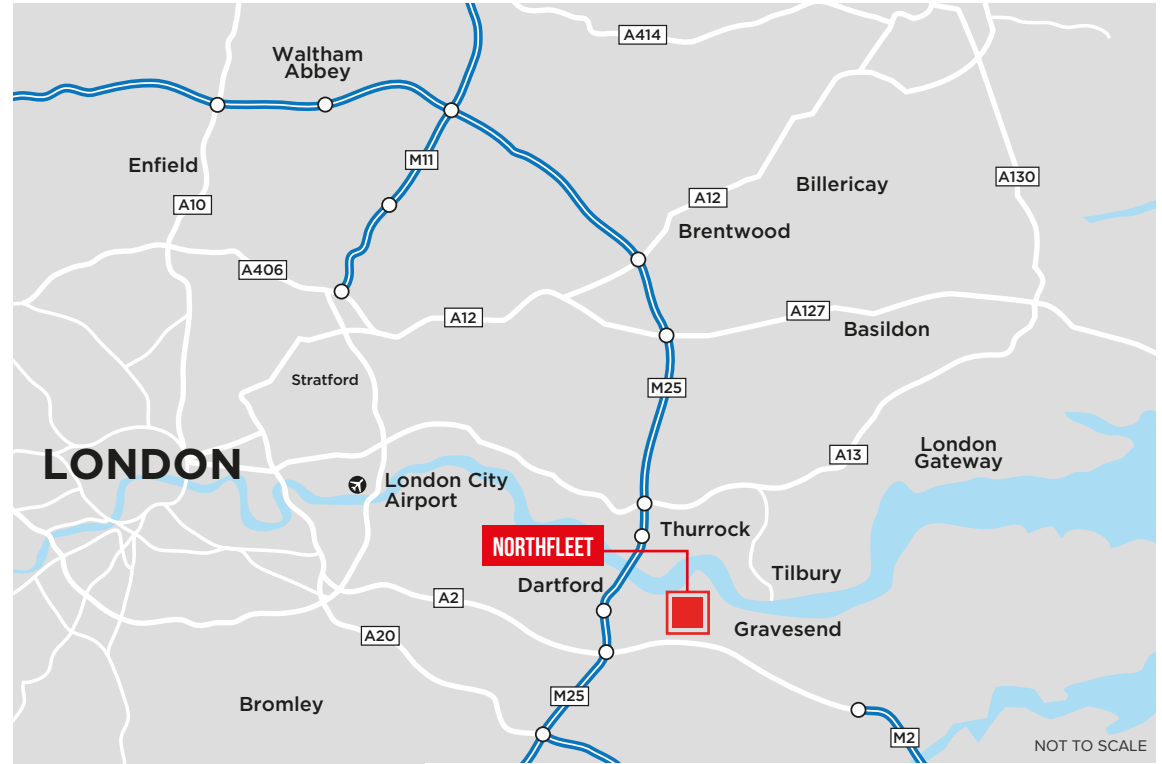
Ports

Tilbury Dock	14.6 miles
London Gateway	17.4 miles
Port of Dover	57.4 miles

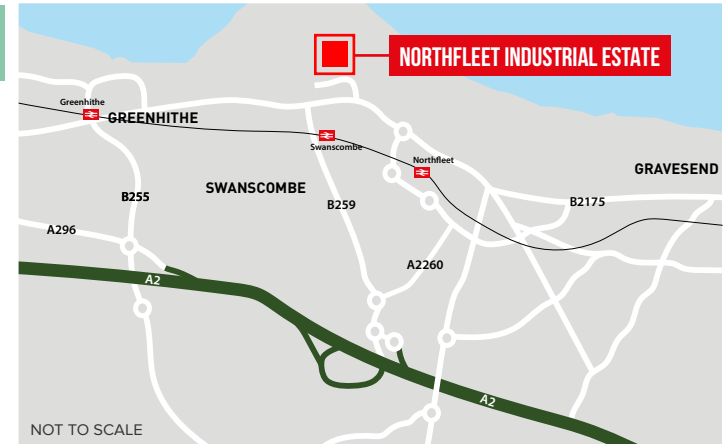


Rail

Northfleet Station	0.7 miles
Swanscombe Station	1.3 miles
Ebbsfleet International	1.6 miles



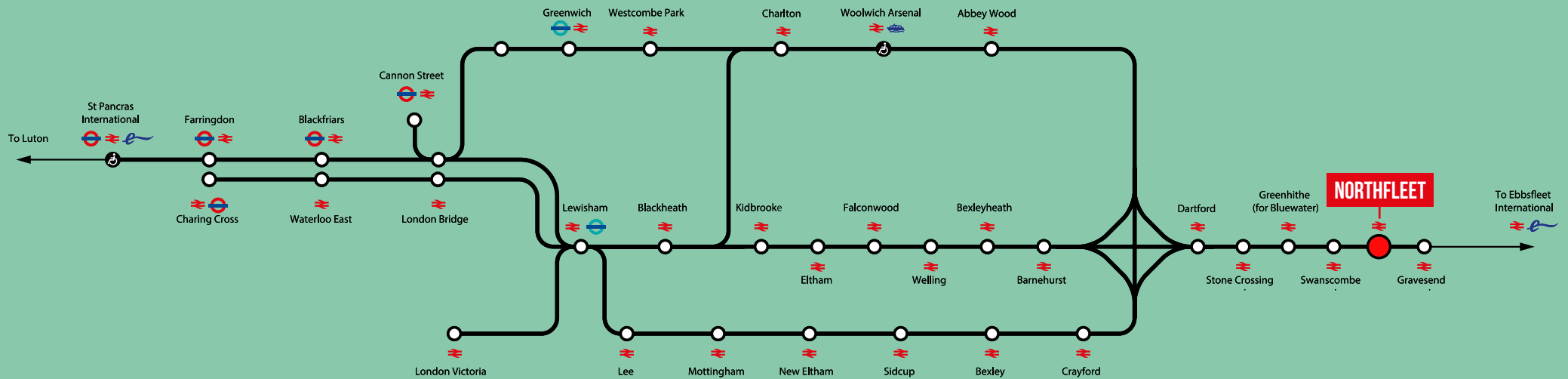
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**PHASE 2 TENANT
IMPROVEMENT WORKS**

TRANSPORT



LOCAL ECONOMY

Historically, Northfleet's economy was closely tied to maritime and industrial activities. The town's proximity to the River Thames and its deep-water wharf made it an important centre for shipping and shipbuilding. However, over the years, the economy has evolved to encompass a broader range of sectors including manufacturing, logistics, retail, and services.

Northfleet benefits from its proximity to larger urban centres such as Gravesend and Dartford, which provide additional employment opportunities and contribute to the overall economic vitality of the region.

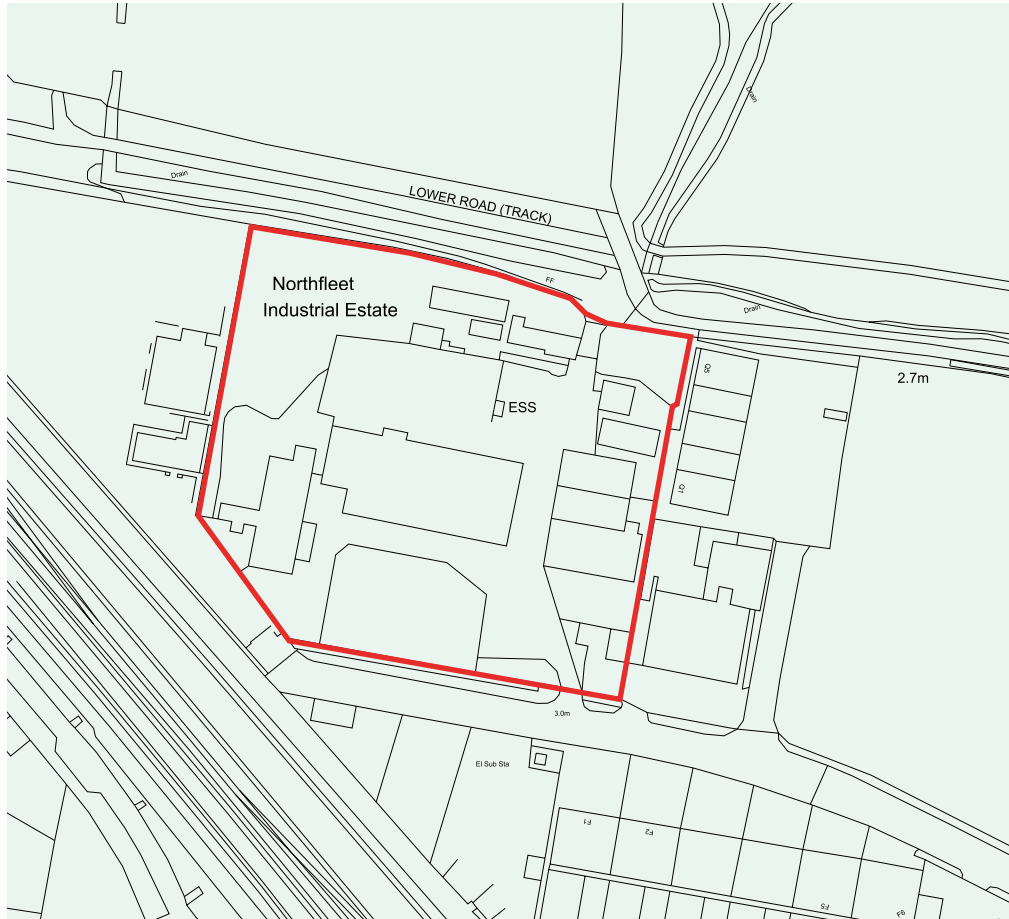
Tilbury Port, is a major logistics and distribution centre handling a wide range of goods and commodities, contributing significantly to the local economy. Northfleet Power Station, a gas-fired power plant that generates electricity for the region. Furthermore, Northfleet is home to pharmaceutical companies like Aesica Pharmaceuticals, and food processing facilities like the Princes Limited factory. Kimberley Clark, Glencore and the Port of London Authority are also situated within the immediate vicinity.



DESCRIPTION

The asset comprises a collection of warehouse / light industrial buildings, with extensive yard space on a self-contained site. The buildings extend to approximately 22,561 sq ft (2,096.02 sq m) on an approximate 2.7 acre site.

The asset has a very low site cover of 17%.



TENANT UPGRADE WORKS

Upon signing the lease the tenant has committed to significant upgrade works on site. This was partly for their own occupational requirements, and partly due to planning & waste permit conditions

We understand that the tenant has further investment planned for later in the year with their capital expenditure totalling approximately £2.5m.

Works Carried Out

- Installation of 150mm concrete base around half of the site
- Installation of advanced water pumping & drainage systems to significantly reduce any unlikely chance of flooding on site
- 24 Hour CC TV
- Secure fencing & barrier entry system
- Levelling most of the floors within the industrial buildings and stripping out mezzanines
- Laying screed concrete flooring and improving the internal accommodation within the industrial buildings on site
- Improving roof coverings and roof lighting within the industrial buildings
- Installation of 1st floor offices & staff facilities as part of Building 4

Planned Works

- Demolishing derelict house and surroundings in the north west corner of site
- Installation of a further 150mm of concrete base around the remainder of the site
- Installation of 2 new draining and water pumps
- Installation of a weigh bridge for lorries on site
- Creation of car parking facilities on site



Artists impression following the planned tenant upgrade works

ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice and the following approximate gross internal areas are available:-

Building	Unit	Sq m	Sq ft
building 1	1 (ground floor)	259	2,791
	1 (first floor)	265	2,851
	2	164	1,768
	3	157	1,686
building 2	4	282	3,030
	5a	398	4,285
	5b	163	1,750
	6	133	1,431
building 3	7	99	1,070
building 4	10	176	1,989
Total		2,096	22,561



WASTE MANAGEMENT PERMIT

Enva have recently been granted an Environment Agency permit (REF: EPR/WP3806MR) to operate the site as a Waste Transfer Station. The permit allows for core activities under Section 5.3 Part A1(a) of the Environmental Permitting Regulations:

- Part A1 (a)(iii):** Disposal or recovery of hazardous waste with a capacity exceeding 10 tonnes per day by blending or mixing;
- Part A1 (a)(iv):** Disposal or recovery of hazardous waste with a capacity exceeding 10 tonnes per day by repackaging prior to recovery or disposal;
- A(1)(a)(ii):** Volume reduction of oil contaminated solids for recovery; and
- Part A1(a):** Temporary storage of hazardous waste with a total capacity exceeding 50 tonnes

The process of securing such a permit is highly onerous, with great emphasis upon materials handling and monitoring. Enva have invested heavily to ensure the facility onsite meets the Environment Agency criteria. Aside from this substantial infrastructure investment into the site, the procedure of securing the permit is increasingly challenging with the lack of land suitable for such an operation. Enva are therefore highly wedded to this location.

TENURE

The property is held Freehold, under Title number K384845.

TENANCY

The property was recently let to Enva England Specialist Waste Limited, on a new 15-year FRI Lease, without break, which commenced on 3rd February 2023 at a passing rent of £325,000 per annum.

The lease is inside the security of tenure provisions of the Landlord and Tenant Act 1954.

We have devalued the passing rent on the following basis:

- £12.00 psf applied to the buildings (on the assumption of 50% site cover) of 22,561 sq ft. This reflects £270,732 pa
- £0.73 psf applied to the excess land of circa 73,878 sq ft. This reflects £54,268 per annum

The lease is held for a term of 15 years from 3 February from 2023.

The lease benefits from a 5-yearly rent review pattern, on an upwards only basis to the higher of Open Market Value, or RPI-indexed (subject to a collar and cap of 1% and 4% per annum).

We are of the opinion there is significant underlying reversion in the passing rent. The excess yard area will be of extremely high quality once the tenant upgrade works are finalised and on that basis we would expect significant reversion in the future.

The open storage market continues to experience significant growth and Northfleet and the surrounding areas are perfectly positioned to benefit from this, given their proximity to London.

Tenant	Lease Start	Lease Expiry	Rent Review	Passing Rent (£PA)	1954 Act	Sch Of Cond	Comments
Enva England Specialist Waste Limited	03/02/2023	02/02/2038	03/02/2028	£325,000	Inside	Y	Rent review is higher of OMV or RPI (1% and 4% collar and cap).

COVENANT



Enva conducts waste collection, processing, and resource recovery at 34 facilities across the UK and Ireland, serving more than 20,000 industrial, energy, automotive, and other customers. The company focuses on waste streams with complex technical and regulatory characteristics, requiring specialized expertise and licenses.

In April this Year, Enva (owned by Exponet) were acquired by I Squared Capital, in a deal reportedly worth over £600m, with I Squared Capital planning to continue investing in Enva to grow the business substantially.

I Squared Capital is an independent global infrastructure manager with over \$45 billion in assets under management focused on investing in North America, Europe, Asia, and Latin America. Headquartered in Miami, the firm has more than 215 professionals across its offices in Miami, Hong Kong, London, New Delhi, Singapore, Taipei, and Sydney. I Squared Capital has invested in a diverse portfolio of 72 companies in 59 countries with over 27,000 employees across the utilities, energy, digital infrastructure, transport, environmental infrastructure, and social infrastructure sectors providing essential services to millions of people around the world.

Year	2020	2021	2022
Turnover	£26,662,000	£27,412,000	£35,237,000
Net Profit	£2,721,000	£2,380,000	£4,221,000
Shareholder Funds	£16,150,000	£18,532,000	£21,810,000

Tenant has a lower than average credit risk, with a D&B rating of 4A2.



ENVIRONMENTAL & FLOOD RISK

PLANNING

Our client has instructed a Delta Simons environmental and flood risk report. Details of which can be made available upon request.

Change of use was granted in April 2023 on the following basis:

“Create a facility for the collection and distribution of hazardous wastes (including liquid waste oils/petrochemicals, liquid waste coolants, automotive wastes and packaged hazardous wastes); installation of new offices, weighbridge, laboratory, oil storage tanks, oil interceptor, new hard surfacing/ hard standing and impermeable bunding; demolition of part of building 5 and a fire damaged structure; and retention, reprofiling and landscaping of the northern bund.”



INVESTMENT MARKET

The core occupational fundamentals underpinning the industrial investment market remain everpresent, particularly in London and immediate surrounds. Dwindling supply, limited development and increasing Tenant demand have all led to persistent rental growth across the capital. This supply and demand imbalance has attracted investors consistently, in spite of a slower start to the year. Prime yields have demonstrated a degree of compression through the first half of 2023 as highlighted in the below schedule of recent transactional evidence.

Location	Address	Date	Size	WAULT (Break)	Capital Value	NIY	RY	Cap Val PSF	Purchaser
Aylesford	Euroway Trade Park	Under Offer	88,472	2.50 (2.30)	£15,100,000	4.75%	6.54%	£171	Orchard Street
Hinckley	Alliance Healthcare, Dodwells Road, Hinckley	Under Offer	59,255	10.0 (3.0)	£5,400,000	5.69%	7.00%	£93	Confidential
Bath	Maltings Industrial Estate	Under Offer	60,762	5.2 (3.2)	£10,680,000	4.89%	6.61%	£176	Private Investor
Feltham	Units 1&2, North Feltham Industrial Estate	May 23	45,859	8.8 (6.1)	£16,525,000	4.10%	5.72%	£360	DTZIM
Hayes	Swallowfield Centre	May 23	24,094	5.9 (3.2)	£7,050,000	4.15%	6.08%	£293	M&G
Croydon	Pioneers Industrial Park	May 23	31,146	5.5 (3.0)	£9,100,000	4.51%	6.12%	£292	M&G
Stevenage	Pin Green Industrial Estate	May 23	41,227	8.2	£9,100,000	4.10%	6.50%	£221	M&G
West Bromwich	Doranda Way Industrial Park	Apr 23	152,311	5.4 (3.3)	£18,100,000	4.89%	6.50%	£119	St Modwen
Woodford Green	Anderson Road Industrial Estate	Apr 23	62,280	11.7 (10.9)	£23,175,000	3.83%	6.38%	£372	M&G
Canning Town	Europa Trade Park	Apr 23	57,990	8.2 (7.5)	£25,500,000	4.12%	4.12%	£440	City of London
Sutton	IO Centre, Kimpton Industrial Estate	Apr 23	81,190	6.3 (3.7)	£24,000,000	4.96%	6.38%	£296	Mileway

OCCUPATIONAL MARKET

Northfleet and the surrounding areas such as Gravesend and Dartford have experienced strong levels of rental growth in recent years, driven by a gross lack of supply of stock. This growth trend is anticipated to continue, with limited speculative development of multi-let industrial being a driving force. The few schemes that have been developed recently have been centred around Dartford and Gravesend, where rents moved on from c.£12.00 psf to c.£20.00 psf. There has been very limited amounts of development particularly for small-box industrial space, with the majority of space brought forward being characterised by big-box logistics schemes.

Prime quoting rents



DATA ROOM

A data site has been prepared and can be made available upon request.

EPC

The property benefits from an EPC rating of B, future proofing the value & letability of the asset. An EPC certificate is available upon request.

VAT

Value added tax will be applicable on the sale of this property, although it is anticipated the transaction will be treated as a Transfer Of Going Concern (TOGC).

PROPOSAL

We are instructed to seek offers for the freehold interest in excess of **£6,100,000**. A purchase at this level reflects a **NIY of 5.00%**, and just £2.26m per acre.



CONTACT

For further information contact the joint sale agents:

Stephen Gevertz
stephengevertz@lewisandpartners.com
07879 628 646

Jonathan Roth
jonathanroth@lewisandpartners.com
07951 262 279

Jake Harris
Jake.Harris@JLL.com
07592 112 087

Chris Robinson
Chris.Robinson@JLL.com
07816 340 730



15/19 Cavendish Place,
London
W1G 0QE



30 Warwick Street
London
W1B 5NH

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