



High Yielding Government Let Office Investment, offered on behalf of Administrators

 Halkyn House, Egerton Street & Rhosddu Road, Wrexham, United Kingdom, LL11 1NA

FOR SALE  BEST OFFERS

£ 307,500 Offers in excess of

Location



Wrexham is the largest town in North Wales, situated between the Welsh mountains and the lower Dee Valley alongside the border with England. It is the administrative, commercial and retail centre for the region. Wrexham is located approximately 86 km (53 miles) south-west of Manchester, 50 km (31 miles) north of Shrewsbury and 21 km (13 miles) south of Chester.

The town benefits from good road communications with the A55 being 14 km (9 miles) to the north, which in turn links with the M53 and M56 Motorways. The A483 also serves the town and provides access to Shrewsbury and the M54 Motorway to the south. The M6 Motorway is approximately 48 km (30 miles) to the east, accessed via the A534.

The town is connected to the national railway network with a fastest journey time to London Euston of 2 hours 24 minutes. There are also regular services to Chester with a 15 minute journey time. Liverpool John Lennon Airport is approximately 61 km (38 miles) to the north and Manchester International Airport is some 72 km (45 miles) to the north-east.

Summary

- On behalf of Administrators, acting as agent without personal liability
- Undoubted Government income – let to Secretary of State for Defence until March 2028
- Failure by tenant to exercise a break option correctly
- Add-value opportunity given negotiation potential with the tenant
- Located within the heart of the town centre
- Offers in excess of £307,500
- 20% Net Initial Yield

Situation

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Description

Halkyn House is arranged over ground and three upper floors and is currently occupied by the Secretary of State for Defence who use the building as an Armed Forces careers information / assessment centre.

The primary access to the property is via Rhosddu Road. We understand that the unit was fully refurbished externally in 2012 and re-roofed in 2014. Internally the accommodation comprises an open-plan ground floor area with offices and ancillary staff facilities on the upper floors.

Externally there is a car park to the rear of the property providing 9 car parking spaces, accessed from Egerton Street.

The ground floor of 19 Rhosddu Road comprises a retail unit which is currently vacant.

Accommodation

The property has been measured by BKR Floor Plans and provides the following Net Internal floor areas:

Zone A	102.28 sq m	1,101 sq ft
Zone B	38.09 sq m	410 sq ft
Ground Floor Total	140.37 sq m	1,511 sq ft
First Floor	195.18 sq m	2,101 sq ft
Second Floor	198.25 sq m	2,134 sq ft
Third Floor	180.60 sq m	1,944 sq ft
Total	714.40 sq m	7,690 sq ft

A set of floor plans is available to download and the measured survey report will be re-addressed to a purchaser at a cost of £450.00 + VAT.

Tenure

Freehold.

Tenancy

Overview, the property is let as follows:

- Part Ground, First, Second & Third Floors – let to Secretary of State for Defence until 24th March 2028 at £63,477 per annum.
- Ground Floor, 19 Rhosddu Road – retail unit, currently vacant.
- Electricity substation – let to SP Manweb until June 2111 at £1.00.

Halkyn House is let to Secretary of State for Defence on a full repairing and insuring lease for a term of 10 years from 25th March 2018, expiring on 24th March 2028 at a passing rent of £63,477 per annum. The lease benefits from 5 yearly rent reviews [25th March 2023 rent review is outstanding]. We understand the tenant has been in occupation since at least 2008 and entered into a lease renewal in 2018.

The tenant had a break option on 25th March 2023 which it attempted to exercise but failed to comply with the preconditions in accordance with the lease provisions. The lease states that the tenant may determine the lease subject to them giving up occupation on or before the break date and there being no arrears of the annual rent. However, the tenant has continued to occupy the property and rental sums remain outstanding. The vendor's solicitor has notified the tenant that they have invalidated the break option and, as such, the lease has not been determined. Please refer to the data room for further information and correspondence between the parties. The vendor is leaving the purchaser to pursue the matter with the tenant or enter into discussions regarding a new lease; it should be noted that Heads of Terms were provisionally agreed early in 2023, prior to the tenant failing to exercise the break clause correctly, with a new lease rent of £30,300 per annum for the part ground and first floor, and a licence of £6,800 per annum in respect of the second floor. Since these terms were prior to the failed break by the tenant, a purchaser may choose to reject as now a landlord is in a more favourable position.

The tenant has a right to use eight car parking spaces in the car park at the rear.

The ground floor of 19 Rhosddu Road is currently vacant. There is an electricity substation let to SP Manweb Plc for a term of 99 years from 7th June 2012 at £1.00.

It should be noted that the current arrears position is as follows:

Halkyn House (Secretary of State for Defence)

£106,436

19 Rhosddu Road (Vacant)

£3,568.88

(As at 27th October 2023)

It should be noted that the purchaser is not required to pay for the arrears at completion in respect of the main tenancy. The purchaser will use reasonable endeavours to collect the arrears on behalf of the seller, failing which the right to collect will pass back to the seller.

Service Charge

For the period 1st October 2022 to 30th September 2023 the service charge budget is £71,814.25. A copy of the current service charge is available to download via the data room. Note that the current service charge covers three adjoining properties and the purchaser will need to implement a new service charge for the subject property.

VAT

It is anticipated that the sale will be treated as a Transfer of a Going Concern (TOGC) and the purchaser will be required to submit the appropriate election to HMRC. It should be noted that the administrators may not hold documentation to prove VAT election at the point of completion.

Proposal

We are instructed to seek offers in excess of **£307,500** (Three Hundred and Seven Thousand Pounds), subject to contract, reflecting a net initial yield of **20.0%** allowing for purchaser's costs at 2.82%

Please note that a purchaser will be re-charged the costs of the measured survey (£450 + VAT) and searches (£515.46 + VAT) which are provided in the data room.

Please note that a purchaser will be charged a Transaction Fee of 1.0% of the Purchase Price plus VAT.

Investment Considerations

1. A high yielding office investment;
2. The property provides an investor with undoubted income, being let to the Government (Secretary of State for Defence) until March 2028;
3. The opportunity to negotiate with the tenant given the error in serving a valid break notice;
4. The property occupies a prominent position in the heart of the town centre;
5. A purchase at the asking price reflects an attractive yield;
6. Attractive lot size for an investor.

Disclaimer

The affairs, business and property of the Company is being managed by the Joint Administrators Andrew Knowles and Steven Muncaster, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association and are bound by the Insolvency Code of Ethics.

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