

Reorganization of BW Papersystems Apollo Real Estate Assets

Executive Summary – Apollo Sheeters, LTD.

5 Adams Close, Kempston, Bedford, England

In July 2008 BW Papersystems acquired Apollo Sheeters, LTD., a producer of sheeting equipment for paper, board, laminators, and films. BW Papersystems, a division of Barry-Wehmiller Companies, is a producer of equipment for the sheeting & packaging, stationary, book binding, security documents and corrugating & finishing industries

Challenge

1. Apollo Sheeters (BW Papersystems) leased a facility in Bedford, England with a lease expiring 6/5/2023. In March 2017 the decision was made to try and sublease the facility as the business was no longer utilizing the property. The property is 14,153 SF and leased at an annual cost of £80,000.
2. The lease called for a rent review to be completed in June 2018. Rent reviews allow the periodical adjustment of commercial rents to the market level current at the date of review. In January 2017 the Landlord formally advised Tenant of their intent to increase the annual rent from £80,000 to £85,000.
3. The Apollo Sheeters lease for this facility gives the Landlord the right to require Tenant to carry out certain repair works during the term of the lease. In January of 2018 the Landlord served notice to Tenant of repair works to be completed with a budgeted cost of £69,207.

Strategy

Sublease:

- Colliers International Industrial Leasing Team out of London was engaged in May of 2017 to put the property on the market for sublease.

Project Management:

- Colliers International Building and Consultancy Team out of London was engaged in February of 2018 to provide project management services for the required repair work to the building.

Rent Review:

- Colliers International Business Space Lease Advisory Team out of London was engaged in June 2018 to handle rent review negotiations with the Landlord.



“I must say that it was a pleasure working with Teddy. He has an easy manner, but when needed very much the professional negotiator.

Teddy was very accessible, and his advice was extremely valuable.” ~ Jan Caley, BW Integrated Systems

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Results

Sublease:

- Subleased the property Hybrid Air Vehicles (<https://www.hybridairvehicles.com/>) a manufacturer of Hybrid Aircraft the produce less noise, less pollution, have a lower carbon footprint, longer endurance and better cargo-carrying capacity than virtually any other flying vehicle. Hybrid Air Vehicles sublease commenced June 1, 2018 and expires May 22nd, 2023 (the Apollo Sheeters lease expires June 6th, 2023). **The savings to Apollo Sheeters because of the sublease equates to \$510,000 USD (98% of Apollo's remaining lease obligation as of June 1st, 2018).**

Project Management:

- The repair work required by the Landlord was completed in June 2018. The total cost of repairs is £59,466, **14% under the original budget.**

Rent Review:

- The rent review was completed in July 2018. The new agreed annual rent is £85,000 which represents a 6% increase over the prior years annual rent. The new rent is effective June 6th, 2018 through the expiration of the lease term. The sublease agreement requires the Subtenant, Hybrid Air Vehicles, to pay the increased rent, therefore this is no cost exposure to Apollo Sheeters.

