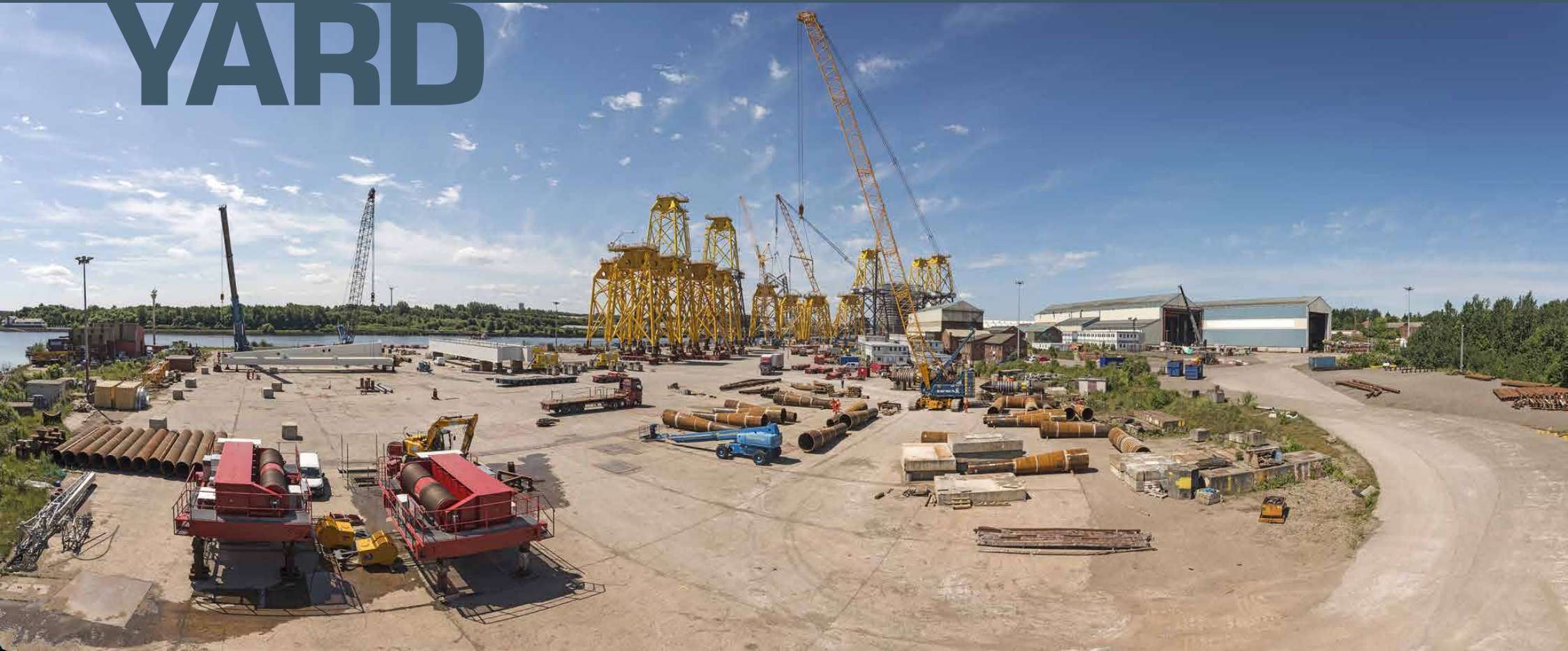


HADRIAN YARD

HADRIAN WAY
WALLSEND
TYNE AND WEAR
NE28 6HL



INDUSTRIAL INVESTMENT

COMPRISING A STRATEGIC 75 ACRE SITE, BUILDINGS AND EXTENSIVE RIVER FRONTAGE

HADRIAN YARD

INVESTMENT SUMMARY

- Rare opportunity to purchase a strategic industrial investment extending to 30ha (75 acres) on the North Bank of the River Tyne.
- The site consists of 42,840 sq m (461,128 sq ft) of high quality industrial, warehouse and office accommodation providing a very low site coverage of 14.15%.
- The property is currently used as a manufacturing and assembly yard for jacket foundations for use in offshore wind turbines, a growing alternative energy sector. The site has previously been used for the offshore oil and gas industry. Alternative potential uses could include industrial or commercial storage.
- The site has unique facilities including 1km of waterfront, a 10ha (25 acre) reinforced concrete assembly pad and a yard power capacity of 5000 kva through 10 substations.
- The site is exceptionally well-placed to benefit from developments in the North Sea, within easy reach of key offshore energy locations such as Dogger Bank, Hornsea and other North Sea developments, as well as oil and gas related uses, large scale manufacturing, storage and distribution uses and advanced manufacturing.
- The site is one of a very limited number of yards capable of handling this type and volume of work in the UK, as well as elsewhere in Europe.
- The property is let to Smulders Projects UK Ltd and guaranteed by Smulders Group NV, on a 2 year contracted out lease from January 2017, at a passing rent of £1,500,000 per annum.
- Freehold.
- Price Upon Application.

LOCATION

Wallsend is a neighbourhood suburb of Newcastle upon Tyne, located approximately 3.5 miles east of the city centre and on the north shore of the river Tyne. The suburb forms part of the North Tyneside conurbation, and lies approximately 295 miles north of London, 100 miles north of Leeds and 105 miles south of Edinburgh.

Wallsend benefits from good road infrastructure being situated in close proximity to the A19 dual carriageway which forms an eastern bypass for the city and links the Tyne Tunnel to the

south and A1 to the north. National rail services are provided by Newcastle Central Station, part of the East Coast main line, located approximately 4 miles west of the suburb, providing a fastest journey time of 2 hours 40 minutes to London Kings Cross and 1 hour 30 minutes to Edinburgh Waverley.

Wallsend has good public transport provisions with regular bus services connecting the suburb to the wider region. Wallsend Metro Station is part of the Nexus Tyne and Wear metro network, supporting 60 stations connecting Newcastle

to Gateshead, Sunderland and Tyneside. The suburb also benefits from good air travel provisions with Newcastle International Airport situated 10 miles north west of Wallsend, offering regular flights to key domestic, European and international destinations.



SAT NAV: NE28 6HL

HADRIAN YARD



GATESHEAD

NEWCASTLE CITY CENTRE

THE SAGE

MILLENNIUM BRIDGE

SIEMENS

SHEPHERD OFFSHORE TECHNOLOGY PARK

GE OIL & GAS INNOVATION CENTRE

NEPTUNE ENERGY PARK

WALLSEND TOWN CENTRE

THE SWAN CENTRE FOR INNOVATION

OCEANA BUSINESS PARK

W D CLOSE

RAIL LINK

A&P GROUP

SOIL MACHINE DYNAMICS

TRADETEAM

ARNOLD LAVER

RIVER TYNE

A H ENGINEERING

A187 HADRIAN ROAD

SITUATION

The Subject site is situated on the north bank of the river Tyne immediately south of the A187 Hadrian Road, approximately 1 mile south east of Wallsend Town Centre. Hadrian Road gives access to the A19 and Tyne Tunnel, approximately 1.5 miles to the east and to Newcastle City Centre, approximately 4.5 miles to the west. Public transportation links are excellent with Hadrian Road Metro Station located immediately opposite the main entrance to the site. There are also numerous bus routes nearby.

POINT PLEASANT INDUSTRIAL ESTATE

POINT PLEASANT MARINA

BRIDON INTERNATIONAL

O'BRIENS

NORTH

TYNEMOUTH

NORTH SHIELDS

SOUTH SHIELDS

FERRY TERMINAL

A19

TYNE TUNNEL
(NORTHERN ENTRANCE)

SOUTH



RIVER TYNE

A187 HADRIAN ROAD

RAIL LINK

HADRIAN YARD

SITUATION THE NORTH BANK



OFFSHORE UK WINDFARM ZONES



The River Tyne is home to a number of valuable industrial sites with extensive river-frontage and access to a deep water port. The area sustains a broad range of advanced manufacturing, R&D and general industrial uses, attracting businesses including OGN, Fabricom Offshore Services, WD Close, Quick Hydraulics, Soil Machine Dynamics and Barrier Group.

The North Bank in particular has been the subject of significant investment over the past few years as part of the North Tyneside Council's drive to support the advanced manufacturing and offshore industries. The area is exceptionally well-positioned for access to the North Sea - within easy reach of key, offshore energy locations.

Approximately ½ mile northwest of Hadrian Yard, the site of the former Neptune Shipyard has been redeveloped into the Shepherd Offshore Neptune Energy Park where the Newcastle College Energy Academy is located. The centre opened in March 2012 and offers specialised facilities and multi-partner training programmes with cross regional

collaboration between Newcastle College, major employers and local authorities. Newcastle University's new £7M Neptune National Centre for Subsea and Offshore Engineering is also located here and offers unique testing facilities that significantly enhance research capacity for the whole of the UK and build on the regions world leading expertise in marine engineering.

Further new developments on the North Bank include the redevelopment of the former Swan Hunter shipyard, approximately 1 mile west of Hadrian Yard. The site has been designated as an Enterprise Zone and provides 34 acres of specialist accommodation and infrastructure suited to cater to the demands of the offshore industry. An advanced manufacturing hub has also been developed with major employers such as WD Close and Pipecoil already located on-site.

The Swan Centre for Innovation, also located on the former Swan Hunter shipyard, opened in July 2016 and helps to promote companies connected to the advanced engineering,

sub-sea, marine, oil, gas or offshore renewable energy sectors. Businesses that have relocated here include Bibby Offshore Ltd, M2Subsea Ltd and Jackson Hogg Recruitment.

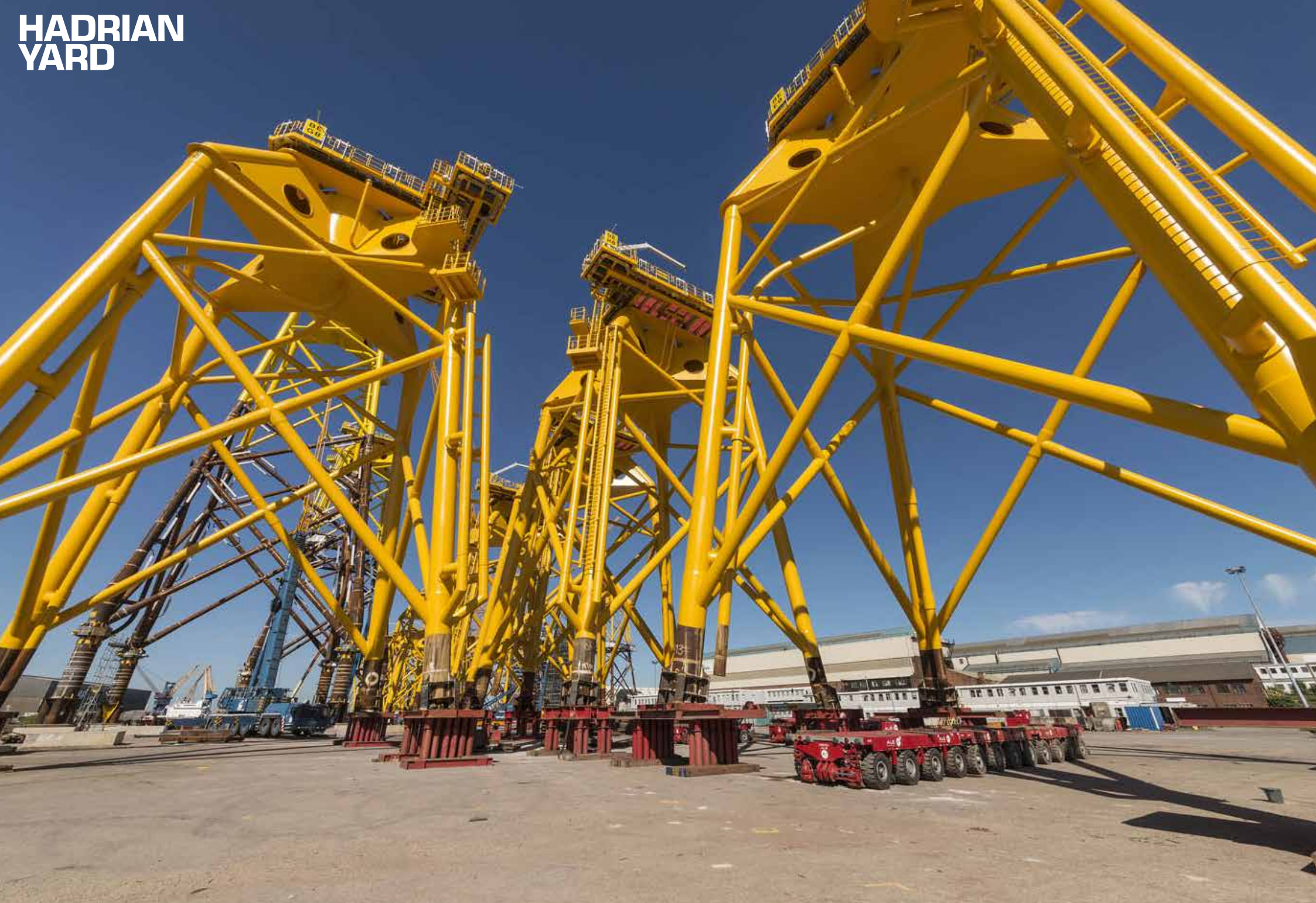
A few miles upstream, at Spillers Mill, is a £10m National Research and Development Centre for subsea and offshore engineering developed by BEL Valves and Newcastle University. The centre, also known as the Tyne Subsea, is a first of its kind in the UK and the first commercial facility of its kind in the world, delivering a constant pipeline of research and testing and providing world class facilities including four research hyperbaric chambers.

The North Bank offers unique facilities that enhance research capacity, and provide focus for the development of both new technology and academic-industry relationships that underpin future growth and innovation. This infrastructure and distinguished expertise has helped cement the region's reputation as a global leader in the offshore industry. The subject site benefits from being in this location.

DESCRIPTION

THE SUBJECT PROPERTY COMPRISES A FORMER SHIPYARD WITH EXTENSIVE HIGH BAY FABRICATION WORKSHOPS, FRONTAGE TO THE RIVER TYNE AND HEAVY LOAD BEARING STORAGE AND LOAD OUT FACILITIES INCLUDING AN ANGLED LOADING QUAY.





HISTORY OF THE SITE

THE YARD DATES BACK TO THE LATE 1800S WHEN IT WAS USED TO CARRY OUT SHIP REPAIRS AND MANUFACTURE TURBINES FOR SHIPS INCLUDING THE FAMOUS RMS MAURETANIA AND NUMEROUS BRITISH WARSHIPS.

The yard was nationalised in 1977 and became part of the British Shipbuilders. The site was then passed on to AMEC who extensively upgraded the yard's production, load-out and office facilities and operated the property as part of an offshore construction facility, known as the Hadrian Yard. Among many other jobs, AMEC was responsible for the pre-fabrication construction of the Gateshead Millennium Bridge in 2001. AMEC sold the site in 2008 to Shepherd Offshore who sub-let part of it to OGN in 2009.

A number of large-scale Oil and Gas construction contracts were performed on the yard between 2010 and 2016, including contracts for Apache Forties Alpha, Talisman Montrose, EnQuest Producer, ConocoPhillips Alder and Shell Nyhamna. OGN invested nearly £10m in updating the yard including the service media, stores and workshops, main and project offices, improvements to the quay wall and dredging. These improvements have helped ensure Hadrian Yard remains one of the leading offshore construction facilities in the UK. At maximum, OGN employed in excess of 2000 people on the yard.

OGN remained tenants until 2017 when Smulders UK took on a new lease of the site.



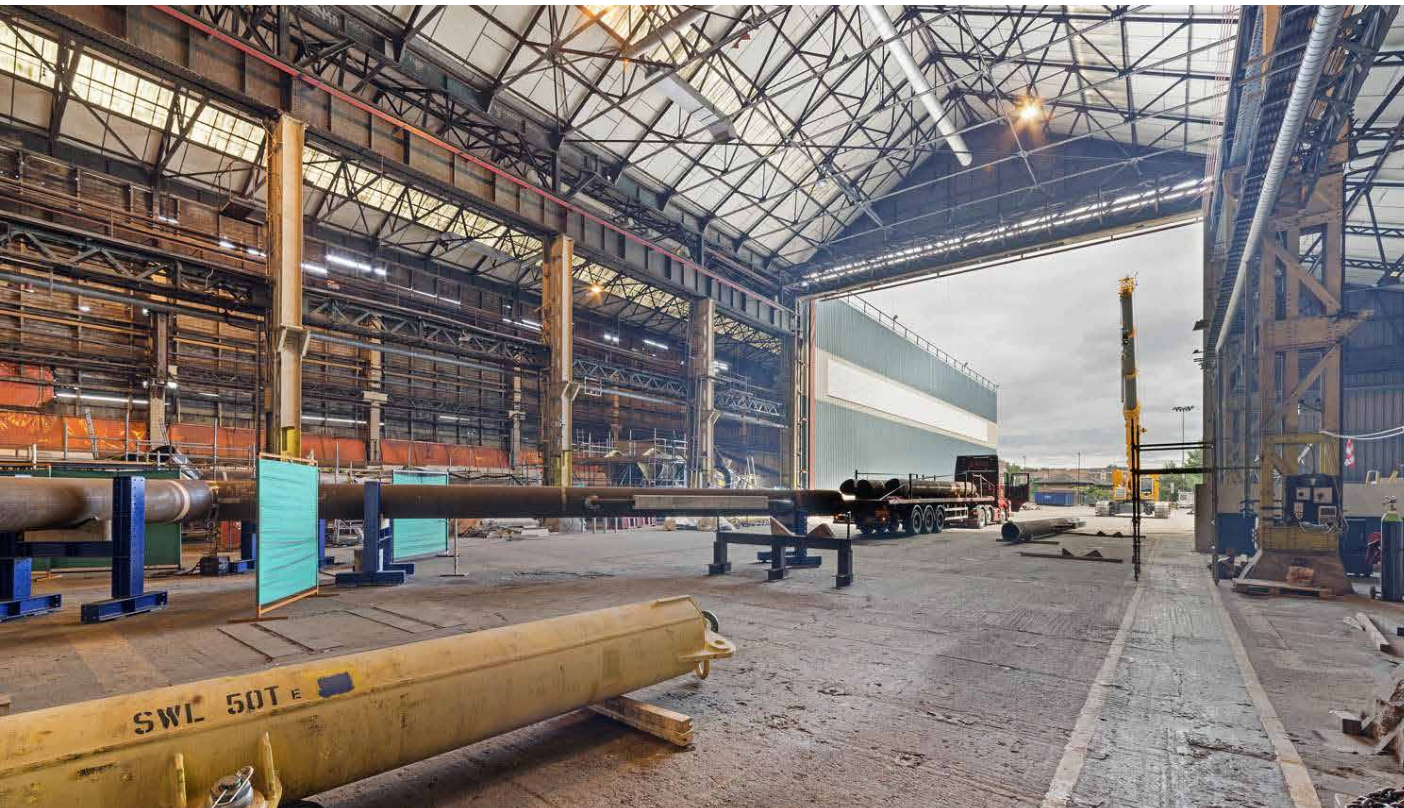
KEY FEATURES

KEY FEATURES INCLUDE:

- Fabrication Units with up to 12.8m hook height
- Yard power capacity of 5000 kva through ten substations
- 10ha (25 acre) reinforced concrete assembly pad
- OGN House providing high quality office accommodation
- Extensive Project offices and storage facilities
- Separate and gated access points
- Excellent road and public transport connections
- Storage facilities/warehouses with 12m eaves

The site benefits from 1 km of waterfront with four designated loading out quays. The angled quay allows structures to be loaded out 'end on' without the load out barge encroaching into the river. Other features include:

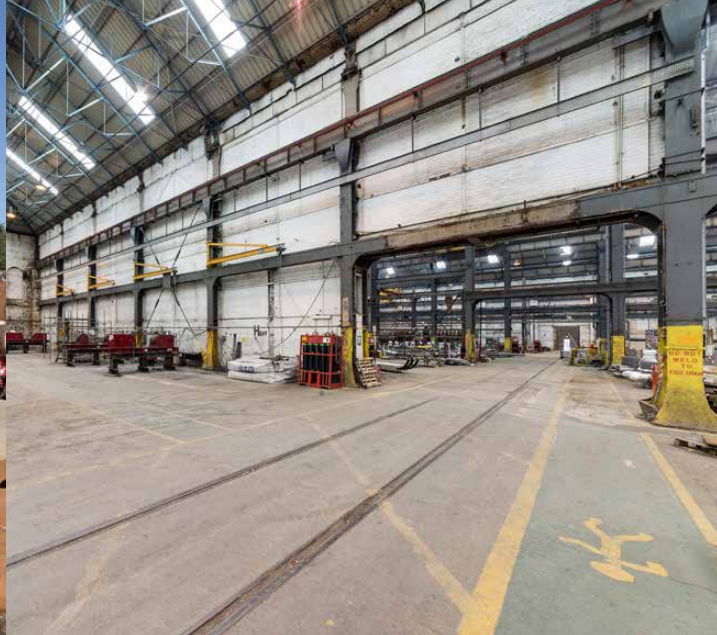
- Water design dredge depth of 7m LAT
- A load out capacity of 13,000 tonnes
- Total area of site 75 acres
- Open fabrication area totalling 104,000 sq m
- Covered fabrication area totalling 16,500 sq m
- Office space totalling 10,000 sq m



The tenant has invested substantially in the site to facilitate the manufacture and assembly of off-shore wind turbine jacket foundations. The tenant's improvements include:

- Purchase of OGN equipment worth £2.5m
- Ringer Crane Foundation worth approx. £900k
- Gantry Crane Rails worth approx. £500k
- Gantry Crane worth approx. £1m
- Replacement Doors on A shop at a cost of £150k

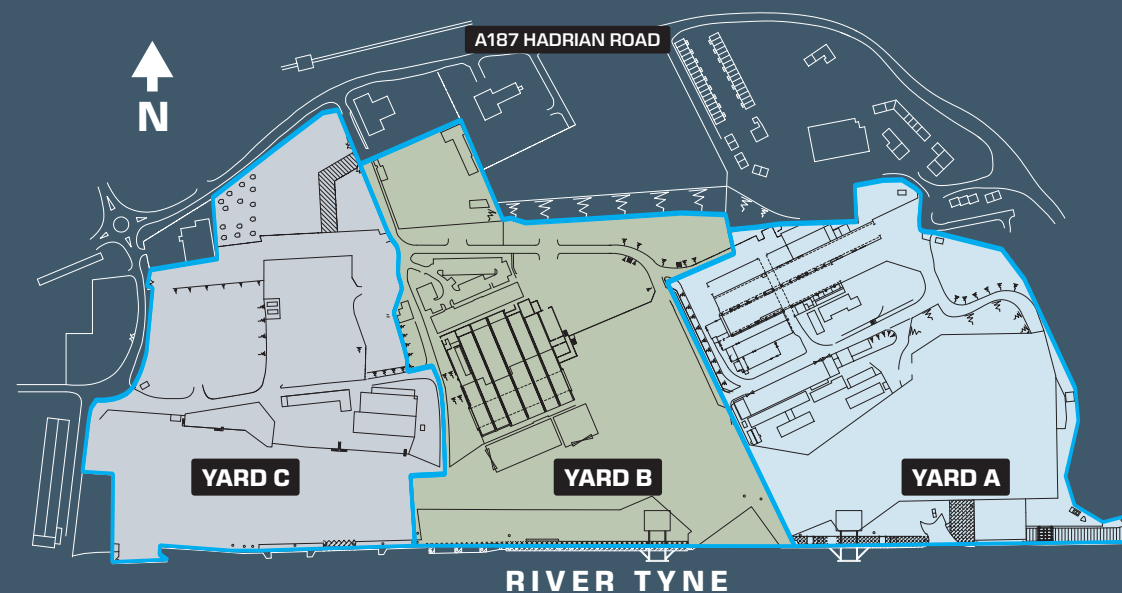




ACCOMMODATION

The site is naturally divided into three main areas, known as Yard A, B and C. Each has a collection of buildings including high bay fabrication workshops, more conventional warehouses, workshops, stores, amenity buildings and offices. The on-site accommodation briefly comprises the following:

DESCRIPTION	SQ M	SQ FT
FABRICATION UNIT A	8,431	90,749
FABRICATION UNIT B	10,574	113,819
WAREHOUSING & STORES	7,313	78,721
WORKSHOPS	769	8,275
PAINT SHOP 2	2,091	22,511
OGN HOUSE AND OFFICES	6,924	74,530
PROJECT OFFICES AND STAFF AMENITIES	6,738	72,523
TOTAL GIA	42,840	461,128



The site extends to approximately 75 acres, providing a very low site coverage by footprint of 14.15%.



TENURE

Freehold.

TENANCY

The property is let on an FRI lease, subject to a schedule of condition, to Smulders Projects UK Ltd for a term of 2 years from 8 January 2017 at a passing rent of £1,500,000 per annum. The lease is guaranteed by Smulders Group NV and is excluded from Sections 24-28 of the Landlord and Tenant Act 1954.

COVENANT

SMULDERS PROJECTS UK LTD

Smulders Projects UK Ltd is the UK subsidiary of Smulders Group NV and is based at Hadrian Yard in Wallsend. The company builds jacket foundations for off shore wind turbines. The jackets form part of the wind turbine structure and are attached to the seabed to provide large resistance to overturning.

Smulders UK is currently building jacket foundations for the Beatrice Offshore Wind Farm Project, located north of Aberdeen, and the Vattenfall Offshore Wind Farm at Aberdeen Bay. The Jacket foundations extend to approximately 70m high, and weigh up to 900 tonnes. The height of the finished turbine installation will be 198m with a rotor diameter 154m.

Due to the characteristics of the Beatrice Offshore Wind Find, the foundation jackets being built at Hadrian Yard are going to be some of the largest and most challenging to construct to date, with a very limited number of yards capable of handling this type and volume of work in the UK as well as elsewhere in Europe.

Future offshore wind projects that could potentially be served by Hadrian Yard include:

- Dogger Bank – up to 4.8GW
- Hornsea – in excess of 5GW
- East Anglia – up to 3.5GW
- Triton Knoll – up to 1.2GW
- Further projects in Scotland – Inch Cape, Moray Firth, Neart Na Gaoithe – in excess of [2GW] altogether

Smulders Projects UK Ltd is newly incorporated and therefore has no published accounts.



SMULDERS GROUP NV

Smulders Group NV is a holding company of Smulders Group – an international organisation that is involved in challenging projects across three different market sectors, Offshore Wind, Offshore Oil & Gas and Civil & Industry. Smulders is a member of the Eiffage Group – a leading European construction and engineering group with revenues in 2016 of €14bn. Smulders has 900 employees working through five branch offices with over 50 years' experience in the engineering, construction, supply and assembly of steel constructions. See more at: <http://www.smulders.com/en/>

DATE	TURNOVER	PRE TAX PROFIT	NET WORTH	WORKING CAPITAL	CREDITSAFE RATING
31/12/2016	€128,889	€264,629	€9,318,870	€3,919,571	74 (A) Very Low Risk
31/12/2015	€342,392	€50,442	€9,054,237	€3,806,086	
31/12/2014	€708,111	(€206,489)	€9,003,743	€3,751,079	

(Creditsafeuk.com)



OCCUPIER MARKET

OFFSHORE WIND INDUSTRY

The UK is a global leader in the offshore wind industry and consistently tops international rankings as the best place to invest in the sector. Its reputation for operating stable and predictable policy regimes that support investment in renewable electricity combined with world class offshore wind resources and infrastructure has driven the development of over 30 offshore wind farms in the UK in the last ten years - the largest installed capacity of offshore wind farms in the world. The industry is expected to bring in an estimated £2.9bn by 2030.

DOGGER BANK

The Dogger Bank Wind Farm, located at a mid-point between the North East of England and Denmark, is an ongoing offshore windfarm project in a shallow area of the North Sea, roughly 100 km off the east coast of England. The project is being developed by Forewind and will consist of four offshore wind farms each consisting of 150-200 turbines and providing a capacity of 1.2GW per farm.

The Dogger Bank Zone's many attributes including high annual mean wind speeds, relatively shallow depth and good ground conditions will make it one of the world's largest offshore wind farms with the potential to supply up to 10% of the UK's electricity demands - generating more than three times the projected energy to be produced by the new £24bn nuclear power station at Hinkley Point. Planning consent for the first and second phase of the Dogger Bank project has recently been granted by the UK Government.

The North East is ideally positioned to benefit from the developments at Dogger Bank as it is the nearest region to the sandbank in the UK. Smulders Projects UK Ltd is expecting to be a front runner for a contract to supply the Dogger Bank development with the jackets needed for the construction of the wind farms.



THE NORTH EAST OIL & GAS AND ALTERNATIVE ENERGY SECTOR

On the back of its vast coal reserves, the North East became home to major centres of power and heat generation, and a wide range of energy-intensive industries. Now the global drive to cut carbon emissions is shaping the future of the North East energy sector by encouraging the diversification into alternative energy resources. The opportunities for the site are considerable and include, but are not limited to, tidal, offshore wind, nuclear energy, advanced battery storage together with oil & gas uses and decommissioning projects.

Blyth, in Northumberland, has seen a number of specialist companies opening offices to the Blyth Renewable Enterprise Zone, home to the ORE Catapult (formerly Narec), the UK's technology innovation and research centre for offshore wind, wave and tidal energy. The centre saw the construction of a state-of-the-art tidal turbine which will form part of the UK's first commercial tidal energy scheme.

The nuclear industry is also prevalent in the North East as well as other sources such as energy from hydrogen, and research into smarter energy storage systems such as Nissan's ongoing research and experimentation on battery storage. Newcastle University has recently opened a new Centre for Energy Systems and Integration which looks at heat and power transportation.

Storing renewable power is set to be one component of the smart energy revolution and given that most of Europe's lithium ion batteries are manufactured in the North, this provides a big opportunity for the region as the electrical skills and expertise required are already in the talent pool.

The traditional offshore North Sea oil and gas industry continues to provide opportunities. In particular the removal of redundant structures is predicted to generate a £52bn spend from now to the 2060's (Wood Mackenzie, 2016) with over 652,000 tonnes of topsides to be removed from UK and Norwegian waters. Able UK has chosen an old shipyard in Hartlepool to handle the decommissioning of a 24,000 tonne Delta Topside from Shell's Brent field in the North Sea. The company invested £25M to create Europe's strongest quayside in Hartlepool for the removal of these heavy structures.

The research capabilities of the universities combined with the innovation and technical expertise of the region's supply chain provide the foundations for the North East, and in particular the Tyneside conurbation to be a global leader in the alternative energy sector; whilst the region continues to provide the knowledge and structural foundations required for the North Sea oil and gas industry.

Given the sites close proximity to the Tyne Tunnel, additional potential uses for the site include storage with the existing buildings or new buildings for e-commerce, and general industrial, manufacturing and distribution uses.

RENTAL MARKET

The UK is a global leader in the offshore wind industry and consistently tops international rankings as the best place to invest in the sector. Its reputation for operating stable and predictable policy regimes that support investment in renewable electricity combined with world class offshore wind resources and infrastructure has driven the development of over 30 offshore wind farms in the UK in the last ten years - the largest installed capacity of offshore wind farms in the world. The industry is expected to bring in an estimated £2.9bn by 2030.

TENANT AND SITE	EFFECTIVE DATE	TERM	SIZE	ACHIEVED RENT (PER ANNUM)	COMMENTS
Brocklebank Dock, Bootle, L20 1BL	April 2017	40 years	14.92 acres	£43,231 per acre	The site is let to Cargill Plc under an income strip arrangement. The rent is subject to annual RPI uplifts capped and collared (0% and 5%).
Cammell Laird, Birkenhead	October 2015	2 years	6.52 acres	£73,750 per acre	The site has been sublet on a contract led basis to Dong Energy as part of a wind farm construction project in Irish Bay.
Port of Hartlepool	April 2014	7 years with breaks in years 3 and 5	11.1 acres	£58,250 per acre	McDermott International. Annual RPI increases.
TV2, Huntsman Drive, Stockton-on-Tees, Teesside	November 2013	25 years	20 acres	Stepped rent to year 7 averaging £29,695 per acre	Let to Air Products Renewable Energy Ltd for use as an advanced plasma energy from waste plant. Lease outside the Landlord and Tenant Act 1954. Right to renew at the end of lease for up to a further 60 years. From year 8 onwards rent is reviewed on an uncapped annual RPI-linked basis.
Wilton International, Middlesbrough	2013	Unconfirmed	10.38 acres	£40,655 per acre	Site to be developed for new waste to energy plant, includes two rail heads.
HNT Port of Tyne, South Shields	January 2010	10 year lease with rent review at 5th year	11 acres	£25,000 per acre	Located on the Port of Tyne.

VAT

The property is elected for VAT and it is expected the sale will be treated as a Transfer of an Ongoing Concern.

HADRIAN YARD

PROPOSAL

Price Upon Application.



FURTHER INFORMATION

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