

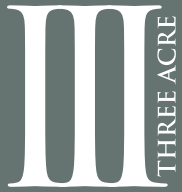
FOR SALE

Modern Multi-Let Grade A Office Investment

III
THREE ACRE



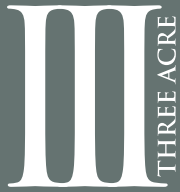
III Acre Princeton Drive, Teesdale Business Park, Stockton on Tees TS17 6AJ



Investment Summary

- Modern multi let office development comprising three high quality buildings totalling 3,057.7 sq m (32,913 sq ft).
- Located on the Teesdale Business Park, considered to be the prime office park in Teesside.
- 90% let to strong covenants including Aecom Infrastructure & Environment UK Ltd, Sanlam Private Investments and Sopra Steria Ltd.
- The most modern and best specified buildings on the park.
- WAULT of 5.09 years to expiry (2.98 to break).
- Annual rent roll of **£411,710**, increasing annually from 2016.
- Strong asset management potential through lease restructuring and letting of the vacant suite.
- Offers are sought in excess of **£3,680,000** reflecting a Net Initial Yield of **10.5%** after deducting costs of **6.51%**.



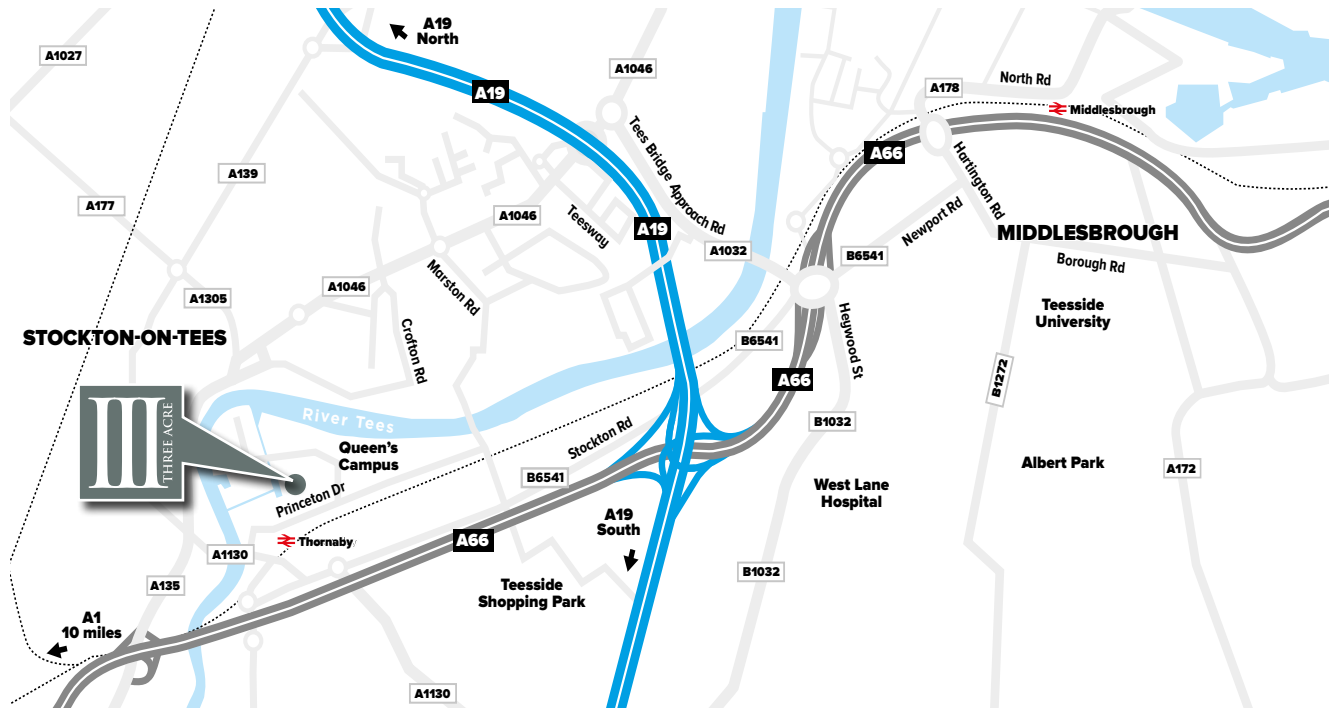


Location

Stockton-On-Tees is a regional centre situated approximately 30 miles south of Newcastle and 2 miles west of Middlesbrough. The A66 dual carriageway links the town with the A1(M) situated approximately 12 miles to the west, and the A19 connecting the Business Park to the wider region. Local train services via Thornaby Station connect Stockton on Tees to the East Coast Mainline at Darlington, connecting to London Kings Cross (2 hours 20 minutes) and Edinburgh (2 hours). Daily scheduled flights operate to various UK and European destinations from both Teesside Airport (5 miles to the west) and Newcastle International Airport.

The town is located within The Tees Valley, a highly regarded region, home to a variety of leading companies, operating in growing global markets including renewable energy, petrochemicals and engineering. The Teesdale Business Park forms one of the primary commercial centres within both the immediate conurbation of Teesside and the North East of England.

The town has a diversified economy, with strong growth in the service sector in recent years and a vibrant advanced manufacturing sector. The area is a world class (2nd largest in western Europe) centre for the petrochemical sector and the advanced engineering that supports it, with 1400 companies directly involved, or in the supply chain.





Situation

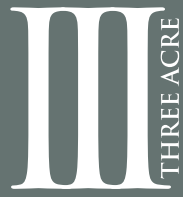
The Teesdale Business Park is an established edge of town business park located to the east of Stockton, bounded by the River Tees. The park is well connected to Stockton Town Centre approximately 400 m to the west via the Millennium Bridge. III Acre occupies a core location within the park .

The development forms part of the business park's latest phase of development in close proximity to Stockton College, Durham University's purpose built Queens Campus which they are further investing in to create an International Foundation College.

The development is situated in close proximity to park amenities, including Sainsbury's Local and Nunthorpe Day Nursery, whilst Thornaby Station and local bus routes are within a two minute walk.

To the north of the Teesdale site and on the northern bank of the River Tees, lies the Northshore Development, which is a joint venture between Muse Developments and Stockton Borough Council and will create a high quality extension to the existing Teesdale development.





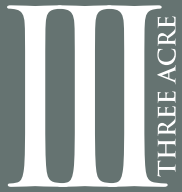
Description

III Acre comprises three self-contained Grade A office buildings totalling nearly 33,000 sq ft. Completed in late 2007, the buildings are of steel frame construction with facing brickwork and curtain glazed walling and profile steel sheet roofing, incorporating solar panels to supplement the domestic hot water.

Internally, each building features an impressive double height atrium and is fitted out to a high specification including suspended ceilings, raised access flooring and four pipe fan coil air conditioning, with each floor accessed via either an 8 person passenger lift or central architectural staircase.

Externally the buildings are set in a generous landscaped setting with car parking provided for all three buildings at a rate of 1:254 sq ft.





Accommodation Tenancies

Building	sq m	sq ft
Ash House	1,180.0	12,701
Birch House	940.8	10,127
Cedar House	936.9	10,085
Total	3,057.7	32,913



The properties are let in accordance with the following tenancy schedule:

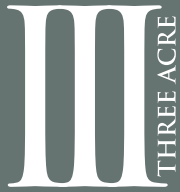
Building	Floor	Area (NIA sq ft)	Tenant	Rent (psf)	Commencement	Expiry	Rent Review	Tenant Break
Ash House		12,701	Sopra Steria Ltd	£188,531 (£14.84 psf)	12.12.2012	31.03.2021	25.12.2015	01.01.2019**
Birch House		10,127	GSE Systems Ltd Guarantee from GSE Systems Inc	£106,333 (£10.50 psf)	22.01.2013	21.01.2023	29.10.2016 (RPI) Annual RPI uplifts thereafter	21.01.2020
Cedar House	Ground	3,336	Vacant	£38,364 (£11.50 psf)	2 Year Rental Guarantee			
	First (N)	1,464	Clugston Construction Limited	£17,000 (£11.61 psf)	13.01.2015	12.01.2025	13.01.2020	12.01.2020
	First (S)	1,830	Sanlam Private Investments (UK) Ltd	£20,130 (£11.00 psf)	20.06.2014	19.06.2019	-	19.06.2017
	Second	3,455	Aecom Infrastructure & Environment UK Limited*	£41,352 (£11.97 psf)	12.12.2012	11.12.2018	-	-
Total		32,913		£411,710				

*Service charge cap increased annually by RPI **Tenant break conditional upon prior termination of tenant's contract within Cleveland Police

Tenure

Freehold





Tenants' Covenant Strengths

Sopra Steria Ltd

Company Number 04077975

Sopra Steria Ltd was established in 2014 following the merger of Sopra with Steria, two of the longest standing names in European IT services. The company is a European leader in digital transformation enabling clients to make the best use of its IT, employing 6,700 people in 17 locations throughout the UK.

	17/10/2014	31/12/2013	31/12/2012
Turnover	£460,675,000	£442,622,000	£473,717,000
Pre Tax Profit	£34,701,000	£24,193,000	£24,266,000
Shareholder's Funds	£172,268,000	£119,040,000	£64,493,000

GSE Systems Ltd

Company Number – SC326483

GSE Systems develops and markets software based simulation and training products to electricity generators and the chemical process industries. .

	17/10/2014	31/12/2013	31/12/2012
Turnover	-	-	-
Pre Tax Profit	-	-	-
Shareholder's Funds	£843,610	£1,079,215	£922,058

GSE Systems Inc

	31/12/2015	31/12/2014	31/12/2013
Turnover	£56,800,000	£37,500,000	£47,600,000
Pre Tax Profit	(£4,200,000)	(£7,100,000)	(£10,400,000)
Shareholder's Funds	£46,200,000	£46,000,000	£48,800,000

Aecom Infrastructure & Environment UK Limited

Company Number 00880328

Aecom Infrastructure & Environment UK Limited, formerly URS Infrastructure & Environment Limited are a global engineering design firm delivering integrated, sustainable solutions worldwide. Working in Architecture, Asset Management, Construction, Engineering, IT, Programme and Construction Management to name a few Aecom are present over 7 continents, 150+ countries employing 92,000 people.

	17/10/2014	31/12/2013	31/12/2012
Turnover	£244,319,000	£269,602,000	£275,370,000
Pre Tax Profit	£11,971,000	£16,664,000	£6,099,000
Shareholder's Funds	£23,468,000	£41,496,000	£60,201,000

Sanlam Private Investments (UK) Limited

Company Number 02041819

Sanlam provide integrated investment management and stock brokering solutions for high net worth individuals, trusts, charities and corporates, employing 200 + people throughout the UK. As of December 2014, Sanlam managed over £2.3 billion of assets for approximately 8,500 clients throughout their 8 offices.

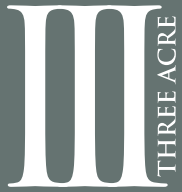
	17/10/2014	31/12/2013	31/12/2012
Turnover	£24,181,000	£23,030,000	£18,078,000
Pre Tax Profit	£3,845,000	£4,803,000	£2,120,000
Shareholder's Funds	£12,905,000	£10,017,000	£6,325,000

Clugston Construction Ltd

Company Number 00333188

Clugston Construction has 70 years' experience in building and civil engineering. Clugston have expertise in various sectors including Education, Health, Defence, Distribution and Warehousing, Renewables and Commercial Offices among others. The Clugston Group is a well-established organisation provides services in Facilities Management, Logistics and Property in addition to the Construction arm, employing over 500 people across the UK.

	17/10/2014	31/12/2013	31/12/2012
Turnover	£150,235,000	£108,680,000	£83,811,000
Pre Tax Profit	£6,295,000	£6,050,000	£2,011,000
Shareholder's Funds	£19,209,000	£14,059,000	£11,610,000



Occupational Market

Teesdale Business Park forms the prime office pitch for the Tees Valley conurbation which has a population of 666,000 people.

Since its inception in the mid 1990's, Teesdale has attracted over 700,000 sq ft of development and a range of high profile occupiers including Serco, Barclaycard, Santander, Atkins, Turner & Townsend, Johnson Matthey and Atos.

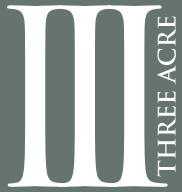
Muse's 450,000 sq ft master plan for the neighbouring North Shore is well underway, with the second residential phase on site, whilst a 450,000 sq ft office development is underway on Muse's neighboring North Shore where a 43,000 sq ft building has been pre - sold to Thirteen Group Housing Association at £165 psf and quoting rents are £17 - £18 psf.

III Acre represents the newest and highest specification space on the park and has the potential to demand a premium over the poorer first generation stock and demonstrate rental growth, as Grade A stock levels diminish.

Of the recent lettings set out below, only Progress House is of comparable specification, with the others being inferior.



Address	Tenant	Date	Term	Size (sq ft)	Rent (Psf)
Progress House	Johnson Matthew PLC	Feb 15	10 years	14,150 sq ft	£165,000 (£11.66 psf)
Scotswood House	Support IT (UK)	Mar 15	10 years	2,400 sq ft	£26,290 (£10.95 psf)
Tower House	DTA Consulting Engineers	July 15	10 yrs	1,546 sq ft	£18,000 (£11.64 psf)
Redheugh House	Arup	April 14	5 yrs	1,115 sq ft	£13,200 (£11.83 psf)



Investment Market

We set out below a brief schedule of recent investment transactions on the Teesdale Business Park;

Property	Date	Price	NIY	Comments
Tower House, Teesdale South Business Park, Stockton	Under Offer	£1.15M	9.5%	Multi-let to a strong tenant mix including British Polythene, Five Rivers Childcare and Marston Group, with a total rent roll of £133,775 per annum. WAULT of 4.3 years to expiry (3.3 years to break).
Tees Valley Portfolio	Marketing	£9.88M	9.78 %	8 office and industrial assets strategically located on the Teesside regions most prominent commercial estates. WAULT of 4.5 years to expiry (2.7 years to break).
Ashmore and Progress House, Teesdale Business Park	October 2015	£3.25M	10.70%	Two modern, three storey detached office pavilions let to Siemens Plc and Johnson Matthey Plc with a WAULT of 6.84 years to lease expiry and 3.27 years to the first break option. Passing rent of £370,803.
Teesdale House, Westpoint Road, Teesdale Business Park, Stockton on Tees	June 2015	£1.55M	9.72%	Fully let to NHS Property Services Limited on FRI terms from 29 January 2013 until 25 June 2023. Break in Year 5.
Dunedin House, Thornaby, Stockton on Tees	August 2014	£4.75M	8.54%	62% let to tenant's including Secretary of State and RBS. Extending to 98,268 sq ft.

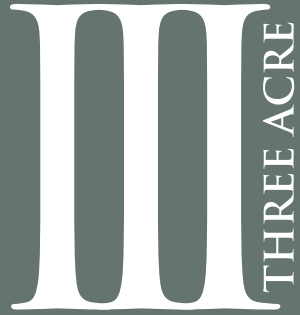


VAT

The property is elected for VAT and it is envisaged the sale will be treated as a Transfer of a Going Concern (TOGC).

EPC

Ash House B 38
Birch House B 38
Cedar House B 40



Proposal

We are instructed to seek offers in excess of **£3,680,000** reflecting an attractive NIY of **10.50%** after deducting purchaser's costs of **6.51%**. A purchase at this price reflects a capital value of **£111.81 psf**.

Further Information



Richard Turner

Tel: 0191 223 5720

richard.turner@cushwake.com

Gagan Jagpal

Tel: 0191 223 5709

gagan.jagpal@cushwake.com



Stephen Brown

Tel: 01642 244 130

s.brown@doddsbrown.co.uk

DTZ Debenham Tie Leung Limited and Dodds Brown (the "Agents") give notice to anyone who may read these particulars as follows:

1. These particulars are prepared for the guidance only of prospective purchasers. They are intended to give a fair overall description of the property only and do not constitute any part of an offer or contract.
2. Any information contained in these particulars (whether in the text, plans or photographs) is given in good faith but should not be relied upon as being a statement or representation of fact or that the property is in good condition or otherwise nor that any services or facilities are in good working order.
3. The photographs appearing in these particulars show only certain parts and aspects of the property at the time when the photographs were taken. Certain aspects may have changed since the photographs were taken and it should not be assumed that the property remains precisely as displayed in the photographs. Furthermore no assumptions should be made in respect of parts of the property which are not shown in the photographs. Any areas, measurements or distances referred to herein are approximate only.
4. Where there is reference in these particulars to the fact that alterations have been carried out or that a particular use is made of any part of the property this is not intended to be a statement that any necessary planning, building regulations or other consents have been obtained and these matters must be verified by any intending purchaser.
5. No person in the employment of the Agents has any authority to make or give any representation or warranty whatsoever in relation to this property.
6. This property is offered subject to contract and unless otherwise stated all rents are quoted exclusive of VAT.
7. Unless otherwise stated, no investigations have been made by or on behalf of the Agents regarding pollution, or potential land, air or water contamination. Interested parties are advised to carry out their own investigations as required.

May 2016



III Acre Princeton Drive, Teesdale Business Park, Stockton on Tees TS17 6AJ