



Reversionary Multi Let Out Of Town Office Scheme

Units 2620-2650, Kings Court, Birmingham Business Park, Birmingham, B37 7YE



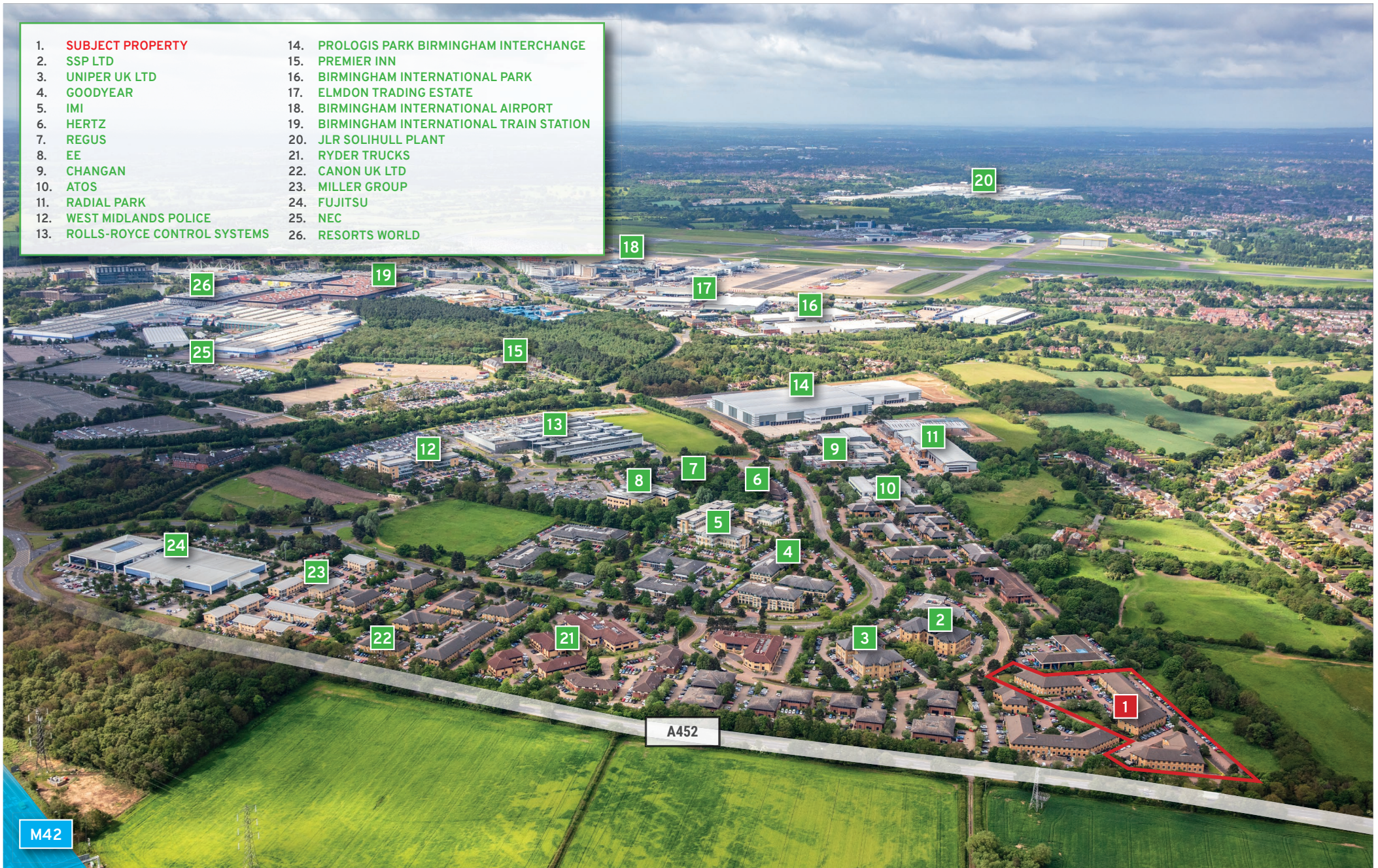
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INVESTMENT SUMMARY

- Located within Birmingham Business Park, the **West Midlands' premier Out of Town office park** and commercial centre.
- **The park is home to some of the West Midlands' largest corporate occupiers** including ARUP, Fujitsu, Rolls Royce and Jaguar Land Rover.
- The location offers **unrivalled connectivity** with 75% of the UK's main commercial centres accessible within a two hour drive time.
- The subject property comprises a total of **51,503 sq ft** across six units providing a range of suites from 1,500 sq ft to 17,150 sq ft and an excellent car parking ratio of 1:180 sq ft.
- The property is multi-let to seven tenants producing a **total passing rent of £904,596 per annum** equating to an average rent of £17.56 per sq ft on an overall basis.
- **AWULT of 4.96 years to expiries and 4.25 years to breaks.**
- **Opportunity to add value** at upcoming lease events and regearing key leases.
- The property is held **freehold**.
- We are instructed to seek offers in excess of **£10,600,000 (Ten Million Six Hundred Thousand Pounds)** subject to contract and exclusive of VAT. A purchase at this level reflects a **Net Initial Yield of 8.00%** with a potential Reversionary Yield of **10.00%** and a capital value of **£206 per sq ft**, after standard purchaser's costs of **6.70%**.



- | | |
|---------------------------------|--|
| 1. SUBJECT PROPERTY | 14. PROLOGIS PARK BIRMINGHAM INTERCHANGE |
| 2. SSP LTD | 15. PREMIER INN |
| 3. UNIPER UK LTD | 16. BIRMINGHAM INTERNATIONAL PARK |
| 4. GOODYEAR | 17. ELMDON TRADING ESTATE |
| 5. IMI | 18. BIRMINGHAM INTERNATIONAL AIRPORT |
| 6. HERTZ | 19. BIRMINGHAM INTERNATIONAL TRAIN STATION |
| 7. REGUS | 20. JLR SOLIHULL PLANT |
| 8. EE | 21. RYDER TRUCKS |
| 9. CHANGAN | 22. CANON UK LTD |
| 10. ATOS | 23. MILLER GROUP |
| 11. RADIAL PARK | 24. FUJITSU |
| 12. WEST MIDLANDS POLICE | 25. NEC |
| 13. ROLLS-ROYCE CONTROL SYSTEMS | 26. RESORTS WORLD |



LOCATION

Birmingham is firmly established as the UK's second City with a population of circa 1.1 million and benefits from the largest regional labour pool in the UK with 4.3 million people of working age within an hours drive of the City Centre. As the youngest and most culturally diverse City in Europe, Birmingham is attracting a wealth of inward investment underlined by the recent award of the 2022 Commonwealth Games.

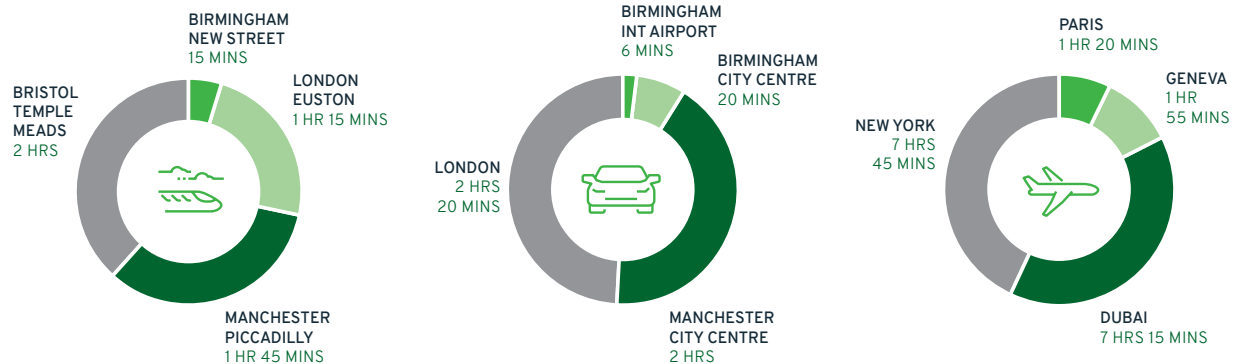
Birmingham is situated at the epicenter of the UK's transport network and is surrounded by an outstanding multi-modal integrated transport infrastructure providing connectivity to 80% of the UK population within four hours and fast affordable access to Europe and rest of the world.

The property is situated on the West Midland's premier business park located within the Metropolitan Borough of Solihull which has an urban population of approximately 208,900 (Nomis 2013). The Borough is affluent, with gross average earnings 13% ahead of the national average with a high percentage of workers occupying skilled professional roles. The quality of the local labour pool and breadth of professional capability across all industries has attracted an established group of global and national occupiers.

Birmingham Business Park is one of the Midland's most established commercial hubs comprising around 1,840,000 sq ft over 148 acres accommodating over 100 occupiers and in excess of 7,000 employees. The park is characterised by a vibrant mix of business services with major occupiers including Rolls-Royce, Fujitsu, Goodyear, West Midlands Police and EE.



CONNECTIVITY



SITUATION

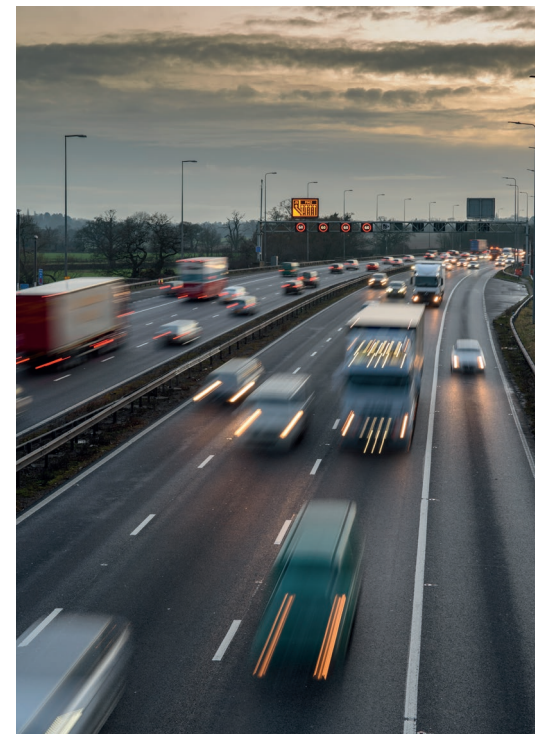
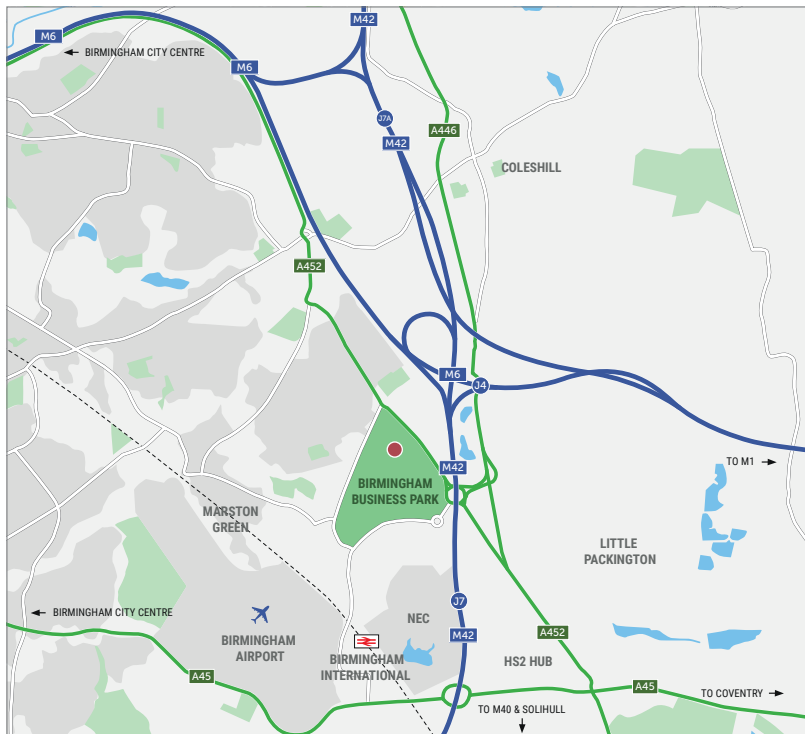
UK CENTRAL HUB

The property is situated within an area identified as the UK Central Hub providing unrivalled access to over 75% of the UK population within a 3 hour drive time. The UK Central Hub Growth Infrastructure Plan has aspirations for the Hub to become globally renowned as the best connected business, leisure and entertainment destination in Europe.

Key to the growth strategy is the Hub's connectivity, it will be unique in its own offer of providing a brand new HS2 station in close proximity to a major airport and existing National Railway station.

HS2

Phase 1 of HS2 between London and Birmingham was granted Royal Assent in February 2016. The first stop on Phase 1 will be at the Birmingham Interchange Station (Arden Cross) at J6 of the M42 motorway just a short distance from the subject property. This will further improve the site's connectivity with travel times from the station to London expected to reduce to 45 minutes. Phase 1 of HS2 is expected to open between 2026 and 2033.



CAMPUS OVERVIEW

DESCRIPTION

Kings Court is a campus of six self contained office buildings constructed in 1998 and forms part of Phase 2 of the park developed by Arlington. The property comprises 52,135 sq ft of accommodation which offers flexibility to be let as a whole or on a floor by floor basis such that they can service a wide range of occupier requirements. During the past five years, the landlord has undertaken substantial refurbishment works at units 2625, 2630 and 2650.

SITE

The site extends to approximately 3.50 acres (1.42 hectares).

TENURE

The property is held Freehold under title number WM675579.

SERVICE CHARGE

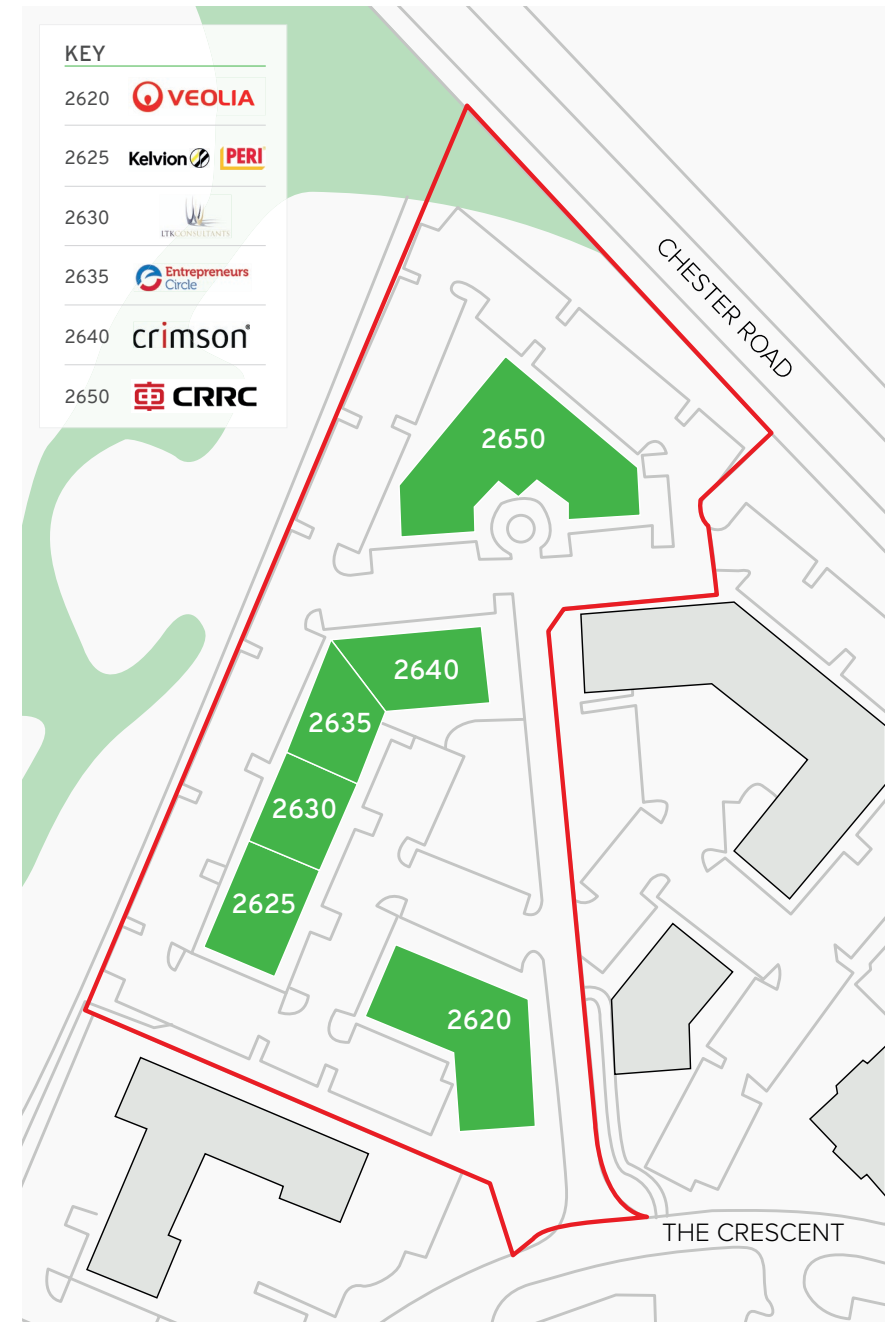
There is a service charge payable to the management company for the maintenance and running of the estate. The service charge for the year ending 31 December 2019 equates to £1.71 per sq ft.

WIDER PARK AMENITIES

The Park is set within 148 acres of mature parkland which is maintained by the management company. There have been a number of initiatives and amenities added to the park in recent years such as:

- On site Park Development Officer
- Birmingham business park Cycling Community Club
- Coffee Shop / Restaurant
- Woodland walks
- Outdoor gym
- Sports challenges
- Walking circuits
- Outdoor table tennis

A children's nursery opened in June 2017, providing child care options for the c.7,000 staff that work at the park. A car share scheme has also been created to encourage sustainable travel and reduce the number of single travellers. The development of 'Resorts World' provides hotel and conference facilities with retail and leisure offerings.



TENANCY

UNIT	TENANT	AREA (SQ FT)	LEASE START	LEASE EXPIRY	BREAK DATE	RENT REVIEW	RENT (£PA)	RENT (£PSF)
2620	OTV Birwelco Ltd (Veolia)	11,828	30-NOV-14	29-NOV-19	-	29-NOV-17	£221,775	£18.75
2625 (Ground Floor)	Kelvion Ltd	1,599	26-NOV-18	25-NOV-21	-	-	£29,582	£18.50
2625 (First Floor)	Peri Ltd	1,736	01-JUN-18	31-MAY-23	31-MAY-21	-	£32,116	£18.50
2630	LTK Consultants Ltd	5,785	11-DEC-18	10-DEC-23	11-DEC-21	-	£109,779	£18.98
2635	The Entrepreneurs Circle Ltd	5,676	12-JUN-15	11-JUN-25	12-JUN-20	12-JUN-20	£70,888	£12.49
2640	Crimson Ltd	7,729	01-MAY-15	30-APR-20	-	-	£96,612	£12.50
2650	Zhuzhou CRRC Times Electric Co Ltd acting through its branch Zhuzhou CRRC Times Electric UK Innovation Center	17,150	25-NOV-18	25-NOV-28	-	26-NOV-23	£343,844	£20.05
TOTAL		51,503		4.96 YEARS	4.25 YEARS		£904,596	£17.56

OCCUPATIONAL COMMENT

2620

Veolia have been in occupation since the property was built. The property is central to the UK operation and serves as a “hub” both nationally and internationally. The property is well suited to the requirements of the business with strong access links to both Birmingham International Airport and Birmingham International Railway Station. Discussions regarding a lease renewal are currently ongoing.

2635

The tenant has been in occupation since 2015 and has refurbished the property during their occupation. In 2018 the tenant installed a high tech broadcasting studio on the first floor to service their marketing clients and accommodate over 35 staff on their sole UK premises.

2625

The property comprises 3,355 sq ft and was substantially refurbished by the landlord in 2018 to provide the following specification.

- Raised Floors
- Air Conditioning
- Suspended Ceilings
- LED Lighting

2640

Crimson Ltd have been in situ since 2015 and have undertaken refurbishment works during their tenure including upgrading to LED lighting and fitting new carpeting throughout. Crimson Ltd have expressed an interest in extending their lease at expiry in 2020.

2630

LTK Consultants moved back to Birmingham Business Park having outgrown their former premises at Pinewood Business Park where they now accommodate over 60 onsite staff. The company started at the Regus at The Waterside, 4200 Solihull Parkway and now utilise the property as their UK Headquarters.

2650

Zhuzhou CRRC Times Electric UK Innovation took occupation in July 2018 and have spent over £750,000 substantially refurbishing the unit to provide lab space at ground floor and office accommodation at first floor level. The landlord has spent a further £150,000 on improving the power to the unit. The tenant has a contractual option to renew the lease for a further ten years upon expiry of the current term at no less than the passing rent at the expiration of the current lease.

COVENANT INFORMATION

Zhuzhou CRRC Times Electric UK Innovation Centre

Rent: £343,844 • Income: 38%

Zhuzhou CRRC Times Electric Innovation Centre is a global leading company in the design, manufacture and sale of industrial power equipment. Zhuzhou CRRC Times Electric Innovation Centre is a subsidiary of Zhuzhou CSR Times Electric Co. Ltd who account for 75% of the company share capital.

£000'S	31/12/2018	31/12/2017	31/12/2016
Sales Turnover	1,722,369	1,665,808	1,612,360
Profit/(Loss) Before Tax	326,384	316,174	365,228
Tangible Net Worth	-	-	-
Net Current Assets/(Liabilities)	2,213,587	1,986,222	1,767,800

Crimson Ltd 04097664



Rent: £96,612 • Income: 11% • D&B Rating: 2A1

Crimson Ltd are a technology and recruitment firm specialising in the full range of IT support, consultancy, search and selection services. Crimson Ltd are headquartered at Kings Court.

The tenant has a Dunn & Bradstreet rating of 2A1, representing a minimum risk of business failure.

£000'S	31/12/2018	31/12/2017	31/12/2016
Sales Turnover	17,363	23,520	20,619
Profit/(Loss) Before Tax	974	1,653	(322)
Tangible Net Worth	1,983	1,251	442
Net Current Assets/(Liabilities)	1,898	1,898	403

OTV Birwelco Ltd (Veolia) 02418965



Rent: £221,775 • Income: 25% • D&B Rating: 2A1

OTV Birwelco Ltd (Veolia) are a leading global operator in environmental solutions, providing a comprehensive range of waste, water and energy management services. Veolia is part of a worldwide Group of companies, with over 171,000 employees across 35 countries recording consolidated revenue of \$30.1 billion dollars in 2018.

The tenant has a Dunn & Bradstreet rating of 2A1, representing a minimum risk of business failure.

£000'S	31/12/2017	31/12/2016	31/12/2015
Sales Turnover	-	-	-
Profit/(Loss) Before Tax	1,954	846	900
Tangible Net Worth	2,408	58	(1,217)
Net Current Assets/(Liabilities)	3,028	678	(597)

LTK Consultants Ltd 06363912



Rent: £109,779 • Income: 12% • D&B Rating: B2

LTK Consultants was established in 2007 and provide business management solutions to the automotive sector.

The tenant has a Dunn & Bradstreet rating of B2, representing a low moderate risk of business failure.

£000'S	31/12/2017	31/12/2016	31/12/2015
Sales Turnover	2,032	2,190	-
Profit/(Loss) Before Tax	411	276	-
Tangible Net Worth	345	287	311
Net Current Assets/(Liabilities)	330	244	221

COVENANT INFORMATION

The Entrepreneurs Circle Ltd 07484456



Rent: £70,888 • Income: 8% • D&B Rating: N4

The Entrepreneurs Circle Ltd is a business consultancy business specialising in entrepreneurs and sole traders. The Entrepreneurs Circle Ltd is headquartered at Kings Court.

The tenant has a Dunn & Bradstreet rating of N4 representing a high risk of business failure.

£000'S	31/12/2017	31/12/2016	31/12/2015
Sales Turnover	-	-	-
Profit/(Loss) Before Tax	-	-	-
Tangible Net Worth	32	11	(270)
Net Current Assets/(Liabilities)	1,022	1,022	1,040

Peri Ltd 02043512



Rent: £32,116 • Income: 4% • D&B Rating: 5A1

Peri Ltd is one of the world's largest manufacturers of formwork and scaffolding. Peri Ltd operates through more than 64 subsidiaries and from over 120 logistics centres worldwide employing over 7,700 people.

The tenant has a Dunn & Bradstreet rating of 5A1, representing a minimum risk of business failure.

£000'S	31/12/2017	31/12/2016	31/12/2015
Sales Turnover	62,437	60,149	60,149
Profit/(Loss) Before Tax	6,320	8,809	8,809
Tangible Net Worth	41,676	36,239	36,239
Net Current Assets/(Liabilities)	16,779	12,407	12,407

Kelvion Ltd 04057753



Rent: £29,582 • Income: 3% • D&B Rating: 3A4

Kelvion Ltd are one the leading global manufacturers of heat exchangers. The company was established in 1920 and has traded under the name of Kelvion Ltd since 2015.

The tenant has a Dunn & Bradstreet rating of 3A4, representing a high risk of business failure.

£000'S	31/12/2017	31/12/2016	31/12/2015
Sales Turnover	34,073	30,953	64,233
Profit/(Loss) Before Tax	(1,142)	1,175	1,706
Tangible Net Worth	11,099	11,075	9,169
Net Current Assets/(Liabilities)	6,771	11,855	9,265



M42 OFFICE MARKET

MARKET COMMENTARY

The M42 office market is the most significant office market outside of Birmingham City Centre. In Q1 2019, 119,236 sq ft was transacted across 14 office deals, representing the market's strongest quarter since Q2 2015. Birmingham Business Park lies within this market, between Junctions 3 and 6 and also includes notable locations such as Solihull Town Centre and Blythe Valley Park.

The largest transaction in Q1 2019 was to serviced office provider, MSO Workspace. MSO took 27,764 sq ft at 2010 The Crescent on Birmingham Business Park. This follows Bizspace taking a lease on 23,749 sq ft at Zenith in Solihull, indicating continued appetite from serviced office operators in the M42 office market. In Q1 2019 Birmingham Business Park accounted for 44% of the total take up in office space in the M42 and Solihull market. The amount of space available out of town is currently at a historic low, this may push occupiers to seek design and build opportunities as an alternative option, especially when considering larger floor space requirements. Design and build schemes have been scarce in the Out of Town market with just one scheme of c.15,000 sq ft being completed since the FORE office development in 2010.

The location will continue to be desirable for incoming tenants due to its unmatched connectivity with 75% of the UK's main commercial centres within a two hour drive time. The connectivity will be enhanced with the arrival of HS2 with the interchange being only 2 miles from Birmingham Business Park, maintaining the park as one of the most sought after locations within the West Midlands.



TAKE-UP & SUPPLY

Research suggests 2019 is forecast to contain more lease events than a typical year, indicating that the M42 and Solihull market will be particularly active. Due to the lack of supply in the region and the high level of occupier demand, we expect to see an upward pressure on rents. In Q1 2019 take-up was the highest level of quarterly activity in the past three years. Evidence suggests prime rents for pre-let and D&B stock has moved forward to £25.00 per sq ft. IM Properties are currently undergoing an extensive refurbishment at 01 Blythe Gate at Blythe Valley Park, which will provide 53,900 sq ft of Grade A office accommodation, indicating the occupier demand for high quality Out of Town space.

There are a number of notable developments in the pipeline including further development at Blythe Valley Park by IM Properties, aiming to provide a further 15,000 sq ft of Grade A space by the end of 2020. St Modwen are currently constructing 21,000 sq ft of office space which is pre let to Barnett Waddingham at Longbridge Technology Park. Outline planning permission exists for over 400,000 sq ft of technology/business space west of the A38, however, there are limited signs of actual development being undertaken.

Prime headline rents at the park currently stand at £22.50 per sq ft following Align Technologies acquisition of 13,356 sq ft at 2800 The Crescent. There is severe shortage of Grade A stock on the park with Grade A availability limited to around 15,227 sq ft at 2800 The Crescent providing good rental growth prospects.

Occupier demand is anticipated to remain high with strong market activity resulting in a continued shift in the supply/demand dynamics in favour of the Landlord. This is unlikely to cool during 2019 with over 50 known active requirements considering the M42 Office Market.

KEY LETTING COMPS

PROPERTY	DATE	SIZE (SQ FT)	TERM (BREAK)	TENANT	RENT (£PSF)
2100 The Crescent	May-19	13,172	10 years (5 years)	GKM	£19.74
6180 Knights Court	May-19	3,846	10 years (5 years)	Altis	£19.50
6220 Bishops	Feb-19	4,335	10 years (5 years)	Integrated Project Services	£20.76
2100 The Crescent	Jan-19	12,740	10 years (5 years)	4ps	£19.62
707 Warwick Rd	Dec-18	1,942	5 years	Undisclosed	£23.97
2800 The Crescent	Dec-18	13,356	10 years (5 years)	Align Technologies	£22.50
3100 Park Square	Nov-18	9,021	10 years (5 years)	Countryside	£19.95

INVESTMENT MARKET

The market for out of town office investments has been very strong in recent years as outlined with the below schedule of recent activity;

DATE	ADDRESS	TENANT	PRICE (M)	PRICE (£PSF)	YIELD	PURCHASER
Apr 19	Compton House, Birmingham Business Park	Uniper UK Ltd	£8.70	£266	6.95%	Blackrock
Dec 18	Solihull Parkway, Birmingham Business Park	Fujitsu Services Ltd	£18.45	£158	6.78%	Brydell Partners
Oct 18	Stratford Court, Cranmoure Boulevard, Solihull	Multi Let	£6.10	£198	6.87%	Wyre Forest Council
May 18	2500 The Crescent, Birmingham Business Park	SSP Ltd	£7.30	£268	6.00%	Canal & River Trust
May 18	Swallowfield, Oldbury	AA Plc	£24.00	£217	6.50%	Corum Asset Management
Feb 18	Charter Court, Wolverhampton Business Park	Charter Court Financial Services	£4.60	£200	6.45%	Landlark Investments
Dec 17	Lichfield South, Lichfield	Multi Let	£10.80	£251	7.00%	Leicester County Council



CAPITAL ALLOWANCES

Available by separate negotiations.

VAT

The property is VAT elected and we understand that an asset sale can be treated as a Transfer of Going Concern (TOGC) for VAT purposes.

DATA ROOM

Access to the marketing data room will be made available upon request.

EPC

Energy Performance Certificates available upon request.

PROPOSAL

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CONTACTS

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