

# PRIME INDUSTRIAL LONG INCOME FUNDING OPPORTUNITY



# INVESTMENT SUMMARY



- A rare opportunity to secure a new RPI linked, long-income industrial investment let to Moog Controls for their centre of excellence as a global leader in aerospace engine and flight controls systems for military aircraft, commercial aircraft, satellites and space vehicles, launch vehicles, missiles, automated industrial machinery, marine and medical equipment.
- The industrial facility will be located on a prime Motorway junction location, J9 of the M5.
- MOOG Controls Limited (with MOOG Inc as guarantor) have signed an agreement for lease for a **new 35 year lease** without break.
- The occupier has an option to extend the lease for up to 15 years at expiry and also if they serve notice to utilise the expansion land.
- 17,097 sq m (184,034 sq ft) industrial facility to be developed with expansion land available to allow a future extension of the warehouse space to take the building up to 19,231 sq m (207,000 sq ft).
- The initial rent will be **£1,558,000 per annum** (equating to £8.25 per sq ft plus £40,000 on the expansion land) which will be **reviewed on a 5 yearly basis in-line with RPI, subject to a collar and cap of 2% - 4% per annum compounded.**
- The tenant has been in the UK since 1968 and located in Tewkesbury for approximately 40 years and is one of the largest employers in the area. This new facility will be a Global centre of excellence for Moog's Aircraft Controls Segment
- Freehold.

**We have been instructed to seek offers in excess of £35,610,000 which reflects an attractive NIY of 4.25%, assuming purchaser's costs of 1.8% (This price includes the stamp payable on the initial land payment of £409,500).**

**A purchase at this level will reflect a minimum yield of 4.69% in 2027 given the RPI collar provided (i.e. 2%), up to a yield of 5.17% in 2027 given the RPI cap (i.e. 4% pa).**

# FUNDING STRUCTURE

- We are looking to agree terms with a funder on a 'subject to planning' basis and the purchaser will then acquire the freehold interest in the site on completion of the Development Funding Agreement.
- The purchaser is to provide full forward funding to include all construction and development cost monies payable against certificates provided by the Employers Agent.
- Interest is to accrue and be deducted from the balancing payment to be made to the developer on practical completion. This balancing payment is to be the difference between the Net Development Value and the Total Development Costs.
- Planning application submitted and a positive decision is expected imminently.



# LOCATION

## ROAD

Positioned at M5 J9 and the A46, with M4, M50 and M42 all accessible

## RAIL

Ashchurch Railway Station with services to Oxford, Cheltenham and Birmingham

## AIR

Equidistant between Bristol and Birmingham Airports

Tewkesbury is located 1 mile to the west of the M5 (Junction 9), 106 miles west of London, 42 miles south of Birmingham and 48 miles north of Bristol.

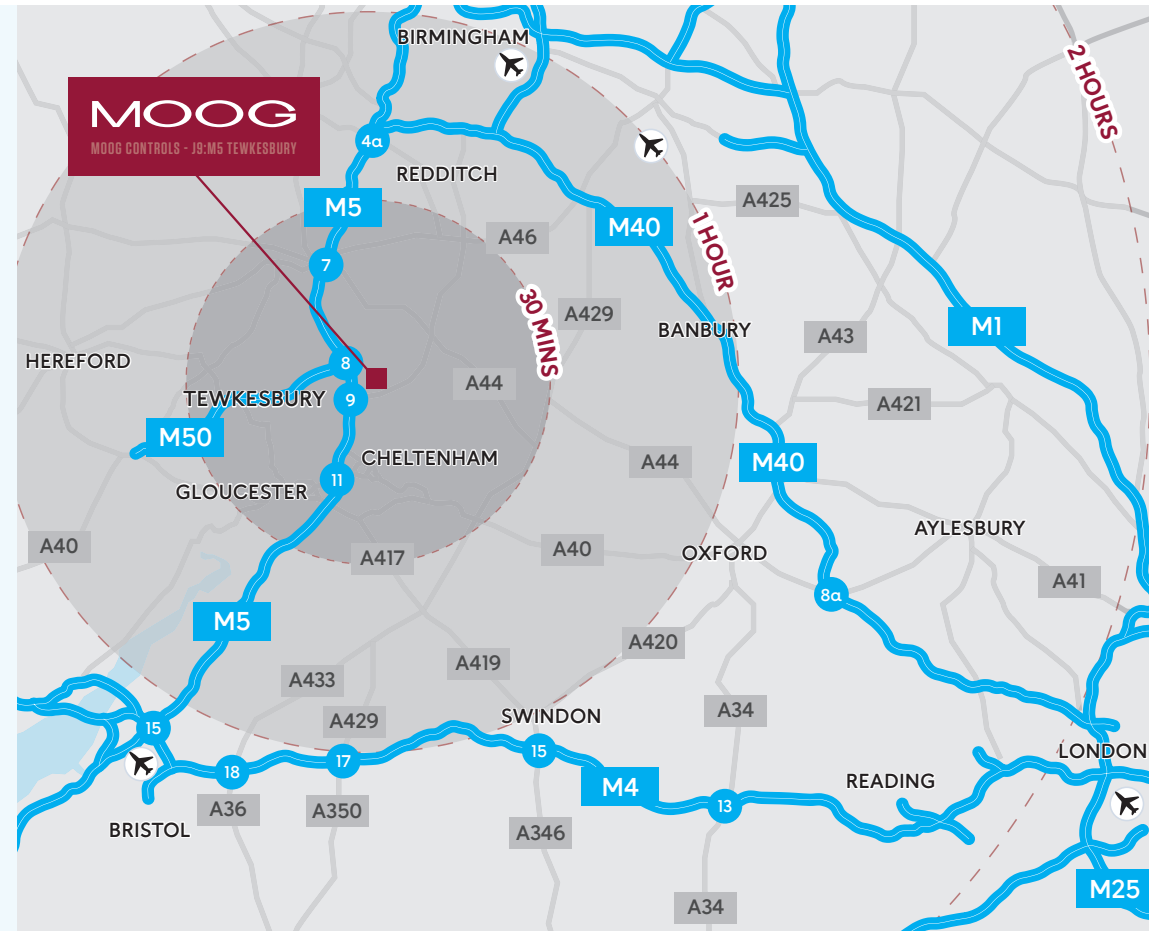
The location benefits from excellent road communications via the M5, A46 and A38, providing access to Birmingham and Worcester to the north and Cheltenham, the M4, Bristol and West Country to the south.

Rail communications are good with regular services from the nearby Ashchurch Parkway railway station (located approximately 200 metres to the east of this site) to London Paddington to the east and Birmingham Airport is approximately 48.5 miles to the north-east.

The town's communications and attractive working environment confirms Tewkesbury as a major business location. The two principal commercial locations are Tewkesbury Business Park to the west of Junction 9 and Ashchurch Business Park to the east.

The MOD also has a significant campus to the east of Tewkesbury which is known locally as "Ashchurch Camp", it's the UK MOD's primary vehicle storage and distribution site for all types of armoured and soft skinned vehicles, together with Royal Engineer bridges, boats and construction plant.

### LOCAL OCCUPIERS INCLUDE:



# SITUATION

The site comprises 3.8 ha (9.5 acres) of brownfield land located in the Ashchurch area of Tewkesbury. It lies to the immediate north of the A46, about 340m east of junction 9 of the M5 and forms part of the Ashchurch Business Park.

There are existing industrial and commercial premises to the north, east and west of the site. This includes the existing Moog premises, which are located approximately 200 m to the west of the site.

To the south, on the opposite side of the A46, is a petrol filling station (BP garage) and a separate freestanding coffee shop (Starbucks). Land beyond and either side of the petrol station has the benefit of an outline planning permission for a 75,000 sq ft garden centre (pre-let to Dobbies Garden Centres and will be their 4th largest in the UK), a 195,000 sq ft Designer Outlet Cotswolds incorporating 90 stores and ancillary facilities.

Beyond that, planning permission has been granted for a development comprising 850 dwellings, a school, a local centre, open space / landscaping, recreational facilities and supporting infrastructure.

## TRAVEL TIMES:

	MILES	MINUTES
Cheltenham	9	16
Gloucester	10	19
Redditch	39	42
Bristol	47	48
Birmingham	52	53
London	110	137



# DESCRIPTION

The proposed building will comprise a high specification new HQ building for Moog Controls Ltd in Tewkesbury and will be a centre of excellence for their global business.

The building has been designed to provide a contemporary, state of the art headquarters, with excellent design and sustainability credentials, which will provide a high-quality manufacturing facility (Use Class B1c, B2, B8) for Moog Controls that will allow Moog to combine offices, marketing, sales, design, R&D, production and testing facilities onto a single site in Tewkesbury. It will also enable Moog to expand and should create an additional 60 jobs. Moog will continue its existing operations and foster further growth in its Engine and Flight Control products for military and commercial aerospace programs.

The development will comprise a building of modern high quality design, with a two storey flat roofed section fronting onto the A46, containing mainly offices and staff facilities, with a steel-framed 3-bay research and development/production space to the rear.

The scheme is to be delivered in two phases - the first phase will comprise a building of 17,097 sqm (184,034 sq ft) with expansion potential for a further 2,134 sq m (22,966 sq ft) by way of a rear extension that would increase the overall area to 19,231 sq m (207,000 sq ft).

There will be a feature window within the reception space; providing a vista of the facility for staff and guests to view the manufacturing space.

The front two-storey section of the facility has been designed to accommodate:

## GROUND FLOOR

- Staff canteen
- A gym for employee use (incorporated to promote health and wellbeing for employees)
- Further ground-floor space is provided for Staff Training, Meeting Rooms, Workshops and Offices

## FIRST FLOOR

- The first-floor houses additional office space covering all manner of operational support for the overall controls business



# DESCRIPTION

The office specification will include a mixture of exposed services and metal ceiling tiles (where required) with a floor to ceiling height of not less than 2.7m and will incorporate LG7 compliant light fittings. The offices will be heated and comfort cooled by a centralised heated and chilled refrigerant based heat pump system.

The phase one manufacturing facility will extend to 9,703 sqm (104,444 sq ft) within a 3-bay steel portal frame warehouse. The manufacturing space will have an eaves height of 11.2m and overall maximum height to the ridge of 13m.

There will also be a mezzanine provision for Storage and Plant, of which 1,689 sqm (18,180 sq ft) forms part of the tenant's Cat B work.

The full extent of Moog's technical services requirement will be incorporated into phase one, which will include 2 floors.

#### Further specification details include:

- A sprinkler system will be incorporated to cover the office and warehouse space
- There is provision for a service yard of 52m
- The building will have a power supply of 4MVA

- To the North, a yard space, inclusive of 2 service loading doors, with a canopy over them, has been proposed to account for deliveries and external storage. The design of the building will easily allow for future addition of loading doors.
- The car parking to the front elevation will accommodate 363 vehicles. The majority of staff parking is located to this southern façade, totalling 212 spaces (including Electric vehicle charging spaces), along with associated bicycle (60 Spaces), and PTW (powered two wheeler) parking. The eastern car park includes 26 visitor spaces and 120 staff parking spaces.
- There will be an ANPR Barrier entry system
- Externally, landscaped amenity spaces have been designed in for employee use. This includes an enclosed space accessed from the canteen to the South East, and a quiet garden/contemplative space to the South Western corner of the building.

The full specification of both Cat A (Landlord works) and Cat B (Tenant Works) are included in the Agreement for Lease (documents held in the dataroom).

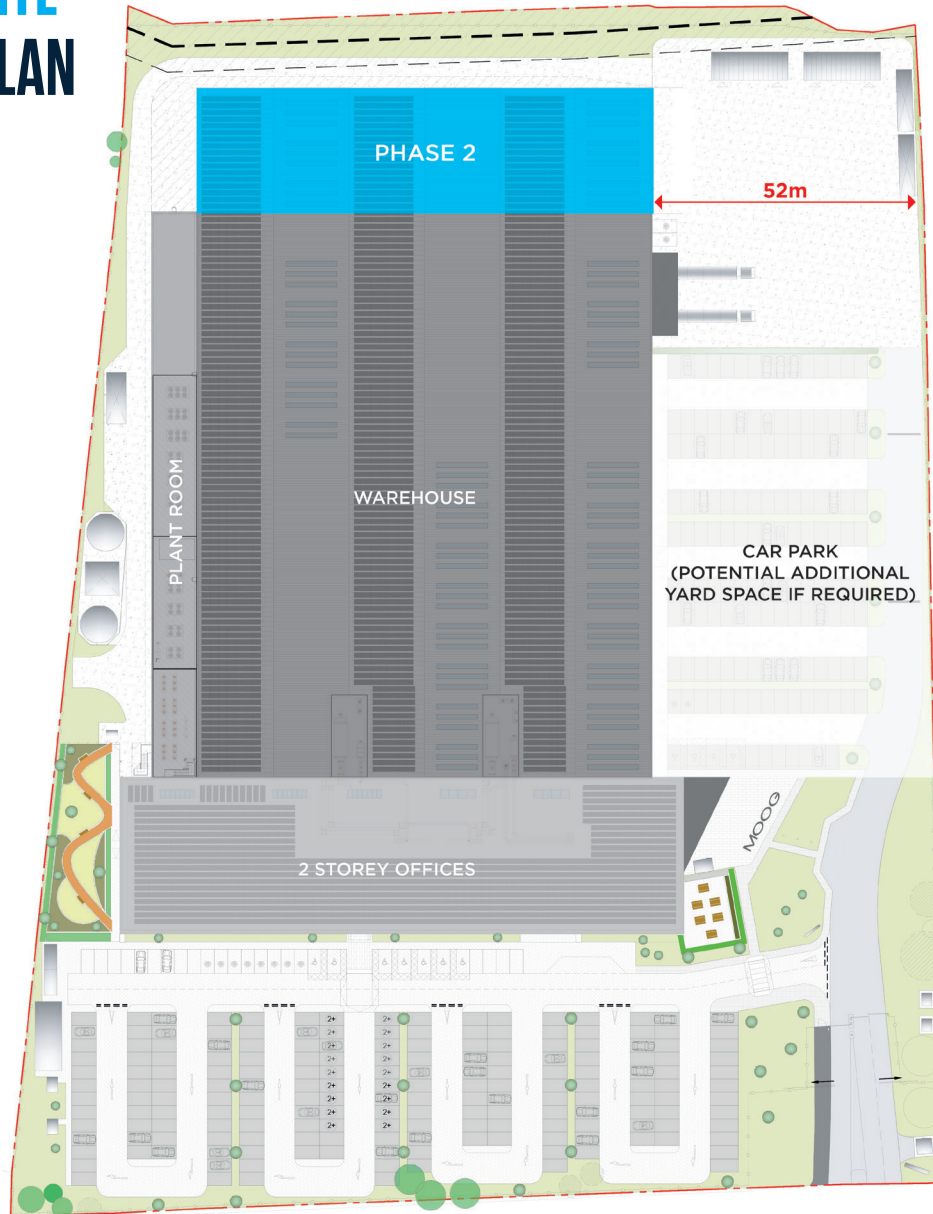


## ENVIRONMENTAL CREDENTIALS



- The design is to provide an A+ rating EPC (-11) certificate on completion.
- The building's design and orientation is to minimise energy usage e.g through the use of brise soleil.
- The design team are targeting a BREEAM Excellent rating.
- Roof mounted photovoltaic cells will be incorporated - this equates to 4,354m<sup>2</sup> generating 829kw, this will be used to power the building (this will cover approx 14% of the total usage).
- Rainwater recycling - water harvested from the rainfall collected from the building's roofs is to be cleaned, filtered & treated with UV light then reused to flush all the new facility's WC's.
- On-site stormwater attenuation - attenuation tanks will be installed below ground to minimise water runoff in the event of a deluge, easing pressure on the existing local infrastructure and reducing the risk of flood.
- Energy-efficient installations throughout - this includes high-efficiency lighting, space & water heating as well as intelligent controls for all such systems to manage and minimise energy usage and energy loss throughout the building's lifecycle.
- 14 charging spaces for electric vehicles with infrastructure in place to easily increase this as demand rises. Installing ductwork during construction for the amount of electric vehicle spaces to increase by a further 44.
- Introduction of incentives & facilities for green travel (car-sharing, use of public transport, secure storage for powered two wheelers & cycles).
- High-specification materials to be selected for the building envelope & high performance air-tightness achieved, thereby ensuring minimal energy loss through the building fabric.

## SITE PLAN



PROPOSED SITE PLAN

## ACCOMMODATION

The target floor area for the development is as follows:

DESCRIPTION	GIA	
	SQ FT	SQ M
Warehouse	104,444	9,703
Ground Floor Offices	35,758	3,322
First Floor Offices	33,777	3,138
Plant Room	10,053	934
<b>TOTAL</b>	<b>184,034</b>	<b>17,097</b>

Floor plans will be made available in the data room.

## SITE AREA

The site extends to approximately 3.85 ha (9.5 acres).

In terms of footprint, the building will occupy 36.3% of the site in phase one and 41% of the site once phase 2 is completed.

# TENANCY & TENURE

## TENANCY

The property will be let to Moog Controls Ltd for a term of 35 years without break from practical completion of the building. Moog Inc (US Parent Company) is a guarantor on the lease.

The initial rent will be £1,558,000 per annum, equating to £8.25 per sq ft overall and £40,000 for the expansion land.

The rent will be subject to a review on a 5-yearly upwards only basis, with the review mechanism to provide review in-line with the Retail Price Index (RPI), which will be subject to a collar and cap of 2.00% and 4.00% per annum and compounded on an annual basis.

The tenant has the right to extend their lease for a term of 10 to 15 years (tenant to serve notice 1-3 years prior to lease expiry).

## TENURE

Freehold.



# COVENANT INFORMATION

## MOOG

Founded in 1951 by Bill Moog in East Aurora, New York, Moog has developed a reputation throughout the world as a company with motion control solutions that are at the forefront. Their high-performance motion control solutions, systems and components control a variety of industrial machines manufactured and installed all over the world. Installations where precision, velocity, force and acceleration are critical. With total company sales of close to US \$2.9 Billion, Moog is recognised as a global market leader for technology and innovation in their target markets, continuously improving machine design and performance.

Moog designs and manufactures high-performance motion control solutions for a variety of industrial applications including plastics, metal forming, power generation, steel production, test and simulation, wind energy, motorsport. The Control Systems are produced for military and commercial aircraft, satellites and space vehicles, launch vehicles, missiles, automated industrial machinery, marine and medical equipment.

Moog has had a relationship with the UK since 1958, when Bill Moog licenced George Dowty to manufacture Moog Servo Valves in Gloucestershire. Moog was established officially in the UK in 1968, moving from Cheltenham to Tewkesbury in 1979. Moog currently employs 474 people across all Tewkesbury facilities.

Since 2015 Moog provide both UK and global support from a new production facility, playing a key role in the design, manufacture, development, and service of Moog industrial products and their applications. This includes the centre court's all-electric retractable roof at Wimbledon, and as a leader in sub-miniature actuation, providing race winning motion control products for every Formula 1 racing car.

The UK tenant covenant of Moog Controls Ltd is a 5A1 Dunn & Bradstreet rating.

### TENANT

#### MOOG CONTROLS LTD

(Company Number – 01171948)

D&B RATING 5A1

	YE 28/09/2019	YE 29.09.2018	YE 31.12.2017
Turnover	£66,425,000	£61,177,000	£64,341,000
Profit	£7,357,000	£5,892,000	£10,933,000
Shareholder Funds	£91,237,000	£97,903,000	£94,034,000

### GUARANTOR

#### MOOG INC

(Company Number – FC019005)

Substantial listed business in America and has a Ba2 Moody's rating and a BB+ S&P rating.

	2019	2018
Turnover	\$2,904,660,000	\$2,709,470,000
Net Operating Income	\$179,750,000	\$96,510,000
Shareholder Funds	\$1,322,480,000	\$1,224,990,000

# SITE OPERATION



From the new facility, Moog will continue its existing operations and foster further growth in its Engine and Flight Control products for military and commercial aerospace programs. Moog is the world's premier designer, manufacturer, and integrator of flight control systems for military and commercial aircraft. Moog are positioned today on virtually every aircraft in the marketplace.

## CRITICAL CONTROL APPLICATIONS AND PRODUCTS

- Engine and cockpit controls
- Active vibration control
- Weapon bay door drives
- Specialty control and wing fold actuation
- Flight control computers
- Navigations aids

## SYSTEM INTEGRATION

- Hardware/software integration
- Verification and validation
- Sub-system qualification
- Iron bird testing

## SERVICES

- Military and Commercial Aftermarket
  - Maintenance, repair and overhaul
  - Power by hour
  - Technical support
  - Extensive repair development
- Advanced Manufacturing and Repair
  - Traditional
  - 3D Additive Manufacturing
  - Design, production, inspection and post processing
  - Cold Spray
  - Corrosion, wear and damage repair
- Sustaining Engineering
  - Lab testing, analysis, fabrication/ manufacturing, environmental and assembly testing, etc.
- Integrated Logistics Services
  - Turnkey MRO, supply chain management, warehousing and inventory management
  - Import/export control and compliance

# INDUSTRIAL OCCUPATIONAL MARKET

The UK Logistics and Industrial market has remained resilient over the past 3 years, despite considerable political and economic uncertainty. Despite the impact of the COVID 19 pandemic, and the subsequent lockdown on the economy, several high frequency indicators suggest activity has picked up since restrictions began to ease. Markit's Manufacturing PMI bounced back in expansion territory in June (50.1) while retail sales grew by 10.2% in May relative to April.

These indicators are reflected in take up; **H1 2020 take up reached 22.6m sq ft, the strongest ever recorded.** The market continues to be driven by the structural shift in the retail sector, where online retail is still driving a substantial amount of occupier demand. Occupier demand in this sector has been underpinned by contract driven 3PL requirements, food operators and advanced manufacturing requirements. Reflecting this, ecommerce accounted for 48% of take up, manufacturing 18%, and retail 12%.

Prime headline rents have held up relatively well so far. C&W prime Big Box rent index edged up by 0.3% during the quarter and by 1.4% year on year.

Whilst the pandemic has undoubtedly suppressed both enquiries and requirements, the Midlands in particular has benefitted from its central location in the UK, as particularly retail, 3PL and PPE manufacturers have acquired large amounts of industrial and logistics space. This includes Clipper Logistics (DIRFT 240 - 240,000 sq ft) DEFRA (DC7 Pineham - 200,000 sq ft) and Ramfoam Ltd (Unit 1 Autobase, 100,000 sq ft).

## RECENT LETTING ACTIVITY INCLUDES:

- Amazon Gloucester - on the Barnwood site near J11 of the M5, Amazon have signed a 15 year lease agreement for a new 109,954 sq ft distribution facility and a multi-storey car park to house their delivery vans. Due to the cost of build the initial rent is set at £18.59 per sq ft which is just over £2m per annum and this is subject to 5 yearly CPI reviews 1%-3%.
- Beeswift acquired the CBREGI building Hub120 in May 2020, at a headline rent of £5.95 per sq ft.
- Polarspeed took Hub 100 in Birmingham at £6.25 per sq ft
- More +, Central Park, Bristol (Barberry scheme):  
\* Unit 1 is 41,820 sq ft - let to Network Rail at £7.50 per sq ft  
\* Unit 9 is 31,617 sq ft - let to SIG at £7.75 per sq ft
- Kimal PLC acquired 140,572 sq ft at Worcester 6 in 2018 on a 15 year lease at a rent of £5.33 per sq ft. This is subject to 5 yearly RPI reviews 1.50%-3%.
- Unit 1 Gateway 12 Gloucester (66,000 sq ft) - completed at £6.75 psf to AE Insulation.

St Modwen Park (Quedgeley - located circa 0.5 miles from Junction 12 of the M5):

- Unit 2 (44,000 sq ft) completed to AD Innovation at £6.95 psf.
- Unit 1 (55,000 sq ft) completed to Procook at £6.95 psf.
- Unit 3 (72,000 sq ft) U/O to Gardiner Bros at £6.95 psf.

Speculative development has slowed, with only 1.6m sq ft due to PC this year, the lowest annual total since 2016. The large majority (70%) of this space has already completed. Developers are reviewing the next phase of their speculative development programmes on a case by

case basis, and many are expected to delay construction until year end. On junction 6 of the M5, 2 speculative units are available; Unit 1 Sixways Park (114,776 sq ft) and Liberty 163 (163,170 sq ft).

	VALUE	Q-o-Q CHANGE	Y-o-Y CHANGE	HIGH SINCE 2008	LOW SINCE 2008
Take-up (Q2)*	13.3m sq ft	+134%	+39%	13.3m sq ft	6.2m sq ft
Take-up (Q1 + Q2)*	19m sq ft	na	+13%	21.4m sq ft	11.4m sq ft
Availability	73.5m sq ft	+1%	+15%	95.0m sq ft**	55.4m sq ft
C&W Average Prime Big Box Rent	£7.90 psft	0.3%	1.4%	£7.90 spft	£6.00 psft
C&W Prime Average Yield	5.10%	0	0	8.20%	5.10%

\*Excluding short term deals \*\*Since Q3 2009

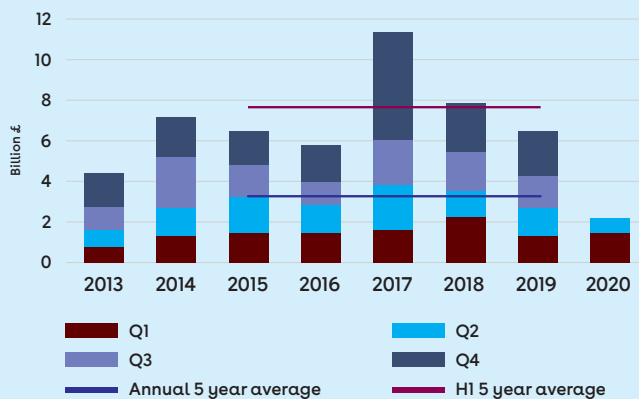
Source: Cushman & Wakefield

# INVESTMENT MARKET

The lockdown disrupted investment activity, with over £800m worth of deals either collapsed or on hold towards the end of June. Both the number of deals and investment volume nearly halved between April and June relative to the corresponding period last year. Circa £780m was transacted across 36 deals, compared to £1.4bn across 67 deals in Q2 2019.

Owing to a good Q1, the downturn was less severe when looking at the first six months of the year (-21% to £2.2bn). In H1, 5 deals accounted for 50% of total transaction volumes. Similarly, a small group of investors have accounted for the bulk of transactions since the lockdown. Overseas capital and domestic REITs have been the most active investors over this period.

UK logistics & industrial investment volumes



Source: Cushman & Wakefield, RCA



# INVESTMENT MARKET

The industrial sector remains robust and in particular with long income, C&W are tracking some £3.4bn of transactions (year to date) in comparison to £4.4bn transacted for the same period last year. C&W have visibility on a further £1.3bn of product which is at various stages of the investment process. As a result, total volumes for 2020 are forecast to be in the region of £5bn.

Whilst this is an industrial investment opportunity, it is also providing long income of 35 years (without breaks) with inbuilt rental growth via RPI linked reviews, which is a rare opportunity in the market.

We have summarised below a variety of long income investment transactions:

ADDRESS	DATE	TENANT	SIZE (SQ FT)	UNEXPIRED TERM (REVIEWS)	PRICE	NIY	USE
The Civic Centre Stafford	Under offer Q3 2020	Stafford Borough Council	95,823	55.6 years (geared open market reviews)	£19.6m	3.50%	Offices
Leeds Road, Harrogate	Under offer Q3 2020	M&S Food	33,086	18.8 years (5 yearly RPI 1%-4%)	£20m	4.28%	Foodstore
CEF, Stratton Business Park, Biggleswade	Q2 2020 (Sale & Leaseback)	CEF Electrical	165,398	25 years (5 yearly RPI's 0-4%)	£33.7m	4.16%	Part existing building with a 100k sq ft extension
Next HQ, Enderby, Leicestershire	Q2 2020 (Sale & Leaseback)	Next Holdings Ltd	368,000	25 Years (RPI 2%-4%)	£48.346m	4.71%	Mix of office and industrial
Portfolio including Keynsham, Malmesbury, Paddock Wood, Towcester and Yateley	Q2 2020 (Sale & Leaseback)	Waitrose	27,000 to 43,000	20 years (15 year break and CPI linked reviews)	£62m	4.30%	Supermarket
Bus Depot, Yardly Wood, Birmingham	Q1 2020	National Express Group Plc	93,000	22 years (RPI 2%-4%)	£6.8m	4.20%	Industrial
Next Distribution, South Elmsall, nr Doncaster	Q2 2020 (Sale & Leaseback)	Next Holdings Ltd	1,200,000	25 Years (RPI 2%-4%)	£107m	4.50%	Logistics
Super G, Whistler Drive, Castleford	Q4 2019	Puma	261,000	15 years (RPI)	£30.7m	4.58%	Logistics
Carbon Factory, Swallow Road, Coventry	Q3 2019	Meggitt Aerospace	159,299	24.5 years (RPI 2% - 4%)	£9.575m	4.67%	Industrial (manufacturing)
Amazon Distribution, Redditch Gateway	Q3 2019 (Funding)	Amazon UK Services Ltd	360,873	15 years (CPI 1% - 3%)	£73.4m	4.53%	Logistics
DPD Parcel Depot, Vaughan Park, Tipton	Q3 2019	DPD Group UK Ltd	71,375	25 years (Open market to hypothetical unit x 1.52)	£14.7m	4.65%	Parcel Depot
Meggitt, Ansty, Coventry	Q3 2018 (Funding)	Meggitt Aerospace	367,000	30 years (RPI 2% - 4%)	£73.4m	3.75%	Industrial
Worcester Six Business Park, Worcester	Q1 2018 (Funding)	Spire Healthcare	72,500	20 years (RPI capped at 5% pa)	£9.575m	4.29%	Industrial

# PROJECT TIMELINE AND TEAM



## DEVELOPER: BARBERRY

Barberry is a privately owned property development and investment company based in the West Midlands, established in 1983. Barberry have developed over 3 million sq ft of industrial accommodation and have a pipeline of circa 3.3m sq ft of Mid-Box industrial /warehouse accommodation.

### Key recent developments include:

- Central Park, Bristol - A 40 acre site in Avonmouth with planning for over 550,000 sq ft of industrial units. Phase 1 comprises 174,000 sq ft across 5 buildings and has been completed.
- Barberry 65 - Speculatively built 65,000 sq ft unit in Aston Birmingham was let to Mayflex prior to PC and sold to M&G for £9m.
- Barberry 72 - Speculatively built 72,000 sq ft unit in Daventry reached practical completion August 2020
- Barberry currently have several live projects including:
  - Forrest Park - 116 acres which can accommodate up to 1.7m sq ft, located at J59 of the A1[M]
  - Barberry 55 - 55,575 sq ft in Wednesfield, Wolverhampton
  - Barberry 57 - 57,000 sq ft on the Advanced Manufacturing Hub in Aston, Birmingham
  - Barberry 64 - 64,000 sq ft in Cannock pre-sold to Allpack Group
  - Hilton Cross Business Park Wolverhampton, located at Junction 1 of the M54 - 200,000 sq ft across 3 units ranging from 43,000 sq ft to 100,000 sq ft

In September 2018, Barberry completed Bishop Gate, Coventry, comprising a 725 bed Student accommodation scheme in 3 towers with Coventry University with a GDV of over £70m.

Barberry also developed No 1 Colmore Square in Birmingham, comprising a 202,000 sq ft Grade A office Building, completed in May 2004 and sold for £90m. For more information on Barberry and some case studies, please see [www.barberry.co.uk](http://www.barberry.co.uk)

## MAIN PROFESSIONAL TEAM:

- Architect - Pinnegar Hayward Design
- QS and Employers Agent - Fusion Building Consultancy
- Development Manager - Barberry Industrial Ltd
- Solicitors - Gateley Plc
- Structural Engineer - CDP Consulting
- M&E Contractor - JBR Consulting Ltd

## CONTRACTOR:

- Stage 1 tender to be issued September and an appointment is expected to be confirmed by October/November 2020.
- The contractor shortlist will be confirmed to interested parties in due course.
- Construction Warranties: A full suite of warranties will be available from the professional consultancy team to include the main contractor and principal sub-contractors with a design responsibility
- SDLT: SDLT is payable on the initial land payment. In addition, we expect a percentage (to be agreed by negotiation) of the SDLT saving to be payable to the developer.

# FURTHER INFORMATION

## FUNDING STRUCTURE

The opportunity is for a purchaser to acquire the freehold interest in the site on completion of the Development Funding Agreement.

Thereafter, the purchaser will provide full forward funding to include all construction and development cost monies payable against certificates provided by the Employers Agents.

Interest is to accrue and be deducted from the balancing payment to be made to the developer on practical completion. This balancing payment is to be the difference between the Net Development Value and the Total Development Costs.

## VAT

The property is elected for VAT and so VAT will be payable on the purchase price and SDLT on the gross purchase price.

## LEGAL COSTS

Each party is to bear their own costs in this transaction.

## CAPITAL ALLOWANCES

Capital allowances, Structures and Building allowances will be available by negotiation. Further details to be provided in the data room.

## PROPOSAL

- We have been instructed to seek offers in excess of **£35,610,000** which reflects an attractive **NIY of 4.25%**, assuming purchaser's costs of 1.8% (This price includes the stamp payable on the initial land payment).
- A purchase at this level will reflect a minimum yield of **4.69% in 2027** given the RPI collar provided (i.e. 2%), up to a yield of **5.17% in 2027** given the RPI cap (i.e. 4% pa). See running yield matrix in the following table.
- In addition, we expect a percentage (to be agreed by negotiation) of the SDLT saving to be paid to the developer.

REVIEW YEAR	2% PA UPLIFTS	4% PA UPLIFTS
2027	4.69%	5.17%
2032	5.18%	6.29%
2037	5.72%	7.65%
2042	6.31%	9.31%
2047	6.97%	11.33%
2052	7.70%	13.78%

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