

High Yielding Business Park Investment

Concord Business Park Shadowmoss Road Manchester Airport

EXECUTIVE INVESTMENT SUMMARY

LOCATION	Prime Business Park location within the recognised south Manchester corporate corridor within 1 mile of Manchester International Airport and M56 motorway connections.
DESCRIPTION	Attractive Business Park comprising five detached high quality office buildings extending to approximately 123,859 sq ft (11,506 sq m) within a fully landscaped environment with approximately 621 car parking spaces giving an excellent ratio of 1 : 199 sq ft overall.
TENANCIES	The property is let on a building by building basis in accordance with the attached Tenancy Schedule and currently produces an income of £1,765,320 per annum with rents ranging from £14.92 per sq ft up to £16.59 per sq ft.
COVENANTS	Income secured against excellent covenants including Capital Bank, Fujitsu, Nova Chemicals and Hewlett Packard.
TENURE	Long leasehold terms of 125 years from various dates of 1989, 1990 and 1991 at peppercorn rentals and with options to extend for a further 25 years upon redevelopment within the original term.
PROPOSAL	We are instructed to seek offers in excess of £19,275,000 Nineteen Million Two Hundred and Seventy Five Thousand Pounds) subject to contract and exclusive of VAT. This would provide a purchaser with an extremely attractive net initial yield of 9% allowing for purchaser's costs of 1.75% (Stamp Exempt Area).





MACRO LOCATION

Manchester is the recognised administrative capital of the North West region and is a major national financial and commercial centre. The City has a resident population of approximately 440,000 and is the centre of the Greater Manchester conurbation itself having a population of approximately 2.6 million. An estimated 6 million people live within a 1 hour drive time of the City centre and 60% of the UK's total population is situated within a 2 hour drive time.

The Greater Manchester economy is extremely diverse with 80 of the FTSE 100 Companies having representation in the region together with in excess of 600 major overseas companies.

SITUATION

Concord Business Park is situated in a prime location close to the junction of Shadowmoss Road and Simons Way. Shadowmoss Road connects with Ringway Road West linking directly to Manchester International Airport and the M56 approximately 1 mile distant.

The M56 Motorway provides direct access to the M6 Motorway approximately 6 miles to the west and the M60 Orbital Motorway approximately 3 miles to the east and subsequent access to the regional and national motorway networks beyond.

Concord is an established office park location with other major business park developments within close proximity including Manchester Business Park, Atlas Business Park, Trident Business Park and Manchester International Office Centre.

In addition to excellent motorway and airport transport links commuter rail facilities are situated at Heald Green (easy walking distance) and InterCity rail connections at Wilmslow, Stockport or Manchester Piccadilly. Public transport will be further enhanced by the proposed Metrolink extension along Shadowmoss Road once funding is obtained and is completed.

DESCRIPTION

The portion of Concord Business Park being sold comprises 5 high quality detached office buildings constructed in the early 1990s each with dedicated car parking and all set within a fully landscaped environment. The buildings are arranged on 2 and 3 storeys and are of framed construction with brick and glazed elevations under pitched tiled roofs.

Briefly the specification comprises the following -

- Aluminium frame anti sun double glazed windows
- Full accessed raised flooring
- Gas central heating and air handling system
- Ambassador and Dakota Houses are air conditioned (2 Pipe)
- Male, female and disabled toilets
- 8 person passenger lifts
- Suspended tiled ceilings
- Impressive entrance foyers

The site is self-contained with lodge entrance and offers the capability subject to agreement to provide a fully controlled site.

ACCOMMODATION

Concord Business Park provides 5 detached buildings ranging in size from 938 sq m (10,107 sq ft) upto 3,728 sq m (40,131 sq ft). Each building has a flexible floor layout for ease of sub-division.

The Business Park extends to a total of 11,506 sq m (123,859 sq ft) set within a site of approximately 10 acres providing a total level of car parking of approximately 621 spaces giving an excellent car parking ratio of 1: 199 sq ft overall.

A more detailed breakdown of the individual floor areas for each building is shown on the Tenancy Schedule.

TENURE

Each building is held long leasehold from the Council of the City of Manchester for terms of 125 years at peppercorn rentals. Each lease contains an option to extend for a further 25 years if re-development occurs during the original term.

For Buildings A & B the term commencement date is 02/07/90 and Buildings C, D & E 25/03/91. The landscaped areas including water feature are held under 2 leases from 08/09/89 and 23/01/91.

TENANCIES

The Park is currently let in accordance with the Tenancy Schedule with all leases held on generally full repairing and insuring terms with a service charge in respect of the general estate. It is currently let to five tenants and produces an annual rental of £1,765,320. Nova Chemicals have exercised their break clause with effect from 8th August 2005. Terms have been offered for a new lease and negotiations are advancing.

We would make the following specific comments in respect of the Regus lease on Eagle Court.

Eagle Court - Regus

The Regus lease provides for the Landlord to share in profit by way of additional turnover rent. The basic rent is calculated as a normal open market rent of which Regus then pay 50% of this known as the guaranteed minimum rental and currently this is £131,250 per annum. On top of the guaranteed rent the tenant is liable to pay a turnover rent based upon 50% of the net turnover as defined. However if the turnover is insufficient to discharge the whole of the basic rent then any balance in the basic rent remaining unpaid can be carried forward throughout the term until such time as the turnover is sufficient to discharge all cumulative unpaid rent balances.

The Landlord has an option on conditions to convert these provisions in order that simply a basic rent is payable i.e. standard open market. This option is exercisable at any time in the 3 months following expiry of the 5th, 10th, 15th or 20th years of the term. The tenant has a right to determine the lease on 6 months notice at the expiry of the same intervals and has an additional right to determine the lease if the Landlord serves Notice to convert from the guaranteed and turnover rents to a standard open market rent provision operable within 28 days of receipt of Landlord's Notice to convert.

A summary of the last few years income generated from this arrangement is set out below -

Year	Basic Rent pa	Guaranteed Minimum Rent pa (50% of Basic Rent)	Turnover Rent pa (includes the next 50% of the basic rent)	Total
1999	133,500	66,750	163,830	230,580
2000	178,000	89,000	327,938	416,938
2001	222,500	111,250	429,217	540,467
2002	262,500	131,250	121,784	253,034
2003	262,500	131,250	Nil	131,250

Whilst there is no guarantee that anything above the guaranteed rent is payable previous years performance has generated substantial additional receipts and we would highlight that the next 50% of the basic rent if unpaid (being part of the turnover rent) is rolled up and continues to remain payable. There is currently an unpaid rent balance of approximately £222,000, which will be released once turnover increases.

TENANTS COVENANTS

Tenant	Year Ending	Turnover	Pre-Tax Profit	Networth	D & B Rating
Fujitsu Services Ltd	31/03/04	£987.9 M	£44.4 M	£144.1 M	5A2
Regus (UK) Ltd	31/12/02	£111.7 M	£19.58 M	£14.57 M	3A4
Hewlett Packard Ltd	31/10/03	£2.2 B	£114.4 M	£531 M	5A1
Capital Bank Plc	31/12/02	N/A	£34.6 M	£662 M	5A1
Nova Chemicals	31/12/02	£23 M	£2.33 M	£41.5 M	5A1

PROPOSAL

Our clients are seeking offers in excess of **£19,275,000 (Nineteen Million Two Hundred and Seventy Five Thousand Pounds)** subject to contract and exclusive of VAT. This would show a purchaser a very attractive net initial yield of 9% and a true equivalent yield of 9.53% after an allowance of 1.75% for purchaser's costs.

STAMP DUTY

We understand the property is situated within a Stamp Exempt Area and therefore no Stamp Duty is payable. Prospective purchasers are however advised to undertake their own enquiries to provide verification.

VAT

Election to waive exemption from VAT has been made and therefore VAT will be payable on the purchase price although it is anticipated the sale will be treated as a TOGC.

FURTHER INFORMATION

We believe this offers an opportunity to purchase a Business Park Investment generating an attractive yield in the short term and offering numerous asset management opportunities in the longer term.

For further information or to make arrangements to view the property please contact –

David Winterbottom

Direct Line : 0161 956 4103

Email : david.winterbottom@gvagrimley.co.uk

Mark Rawstron

Direct Line : 0161 956 4101

Email: mark.rawstron@gvagrimley.co.uk

GVA GRIMLEY

81 Fountain Street
Manchester
M2 2EE

Tel: 0870 900 89 90

Fax: 0161 956 4009

October 2004

TENANCY SCHEDULE - CONCORD BUSINESS PARK

Unit	Tenant		Area		Term	Annual Rent £	Rent £/ Sq Ft	Rent £/ Sq M	Rent Review	Expiry	Comments
			Sq Ft	Sq M							
A	Fujitsu Services Ltd (Ambassador House)	GF Offices GF Reception 1st F Offices Total	12,208 709 12,242 25,159	1,134.15 65.87 1,137.30 2,337.32	10 Years wef 25/12/96	397,450.00	15.80	170.04	N/A	24/12/2006	Original tenant International Computers Ltd (ICL) (Name Change) Note (1)
B	Regus (UK) Limited (Eagle Court)	GF Offices GF Reception 1st F Offices Total	8,368 296 9,050 17,714	777.40 27.50 840.76 1,645.66	25 Years wef 07/08/96	131,250.00	15.00 (See Note 2)	161.46	07/08/2006	07/08/2021	Tenant can determine 06/08/06, 06/08/11 and 06/08/16. L/L can determine on 06/08/06 Guarantee Regus Business Centre BV Note (2)
C	Hewlett Packard Limited (Dakota House)	GF Offices GF Reception 1st F Offices 2nd F Offices Total	13,027 770 12,977 13,357 40,131	1,210.24 71.53 1,205.59 1,240.89 3,728.25	10 Years 4 months wef 02/06/98	598,980.00	14.92	160.66	N/A	29/09/2008	Tenant not in occupation. Assignment from SAP (UK) Ltd Note (3)
D	Capital Bank Plc (Brabazon House)	GF Offices GF Reception 1st F Offices Total	15,019 850 14,879 30,748	1,395.29 78.97 1,382.30 2,856.56	11 Years wef 19/04/96	470,000.00	15.28	164.53	N/A	18/04/2007	Change of name from NWS Bank Plc.
E	Nova Chemicals Europe Ltd (Caravelle Court)	GF Offices GF Reception 1st F Offices Total	4,909 268 4,930 10,107	456.05 24.90 458.00 938.95	10 Years wef 08/08/00	167,640.00	16.59	178.54	08/08/2005	07/08/2010	Tenant can determine 08/08/05 on minimum 9 months notice i.e. by 08/12/04. Break notice has been served by the tenant although new lease negotiations under way. Lease is outside the Act.
TOTAL			123,859	11506.78		1,765,320.00					

Note 1 Rent includes a fixed annual rent of £25,450 for A/C works (2 Pipe) - NOT rentalised at Review.

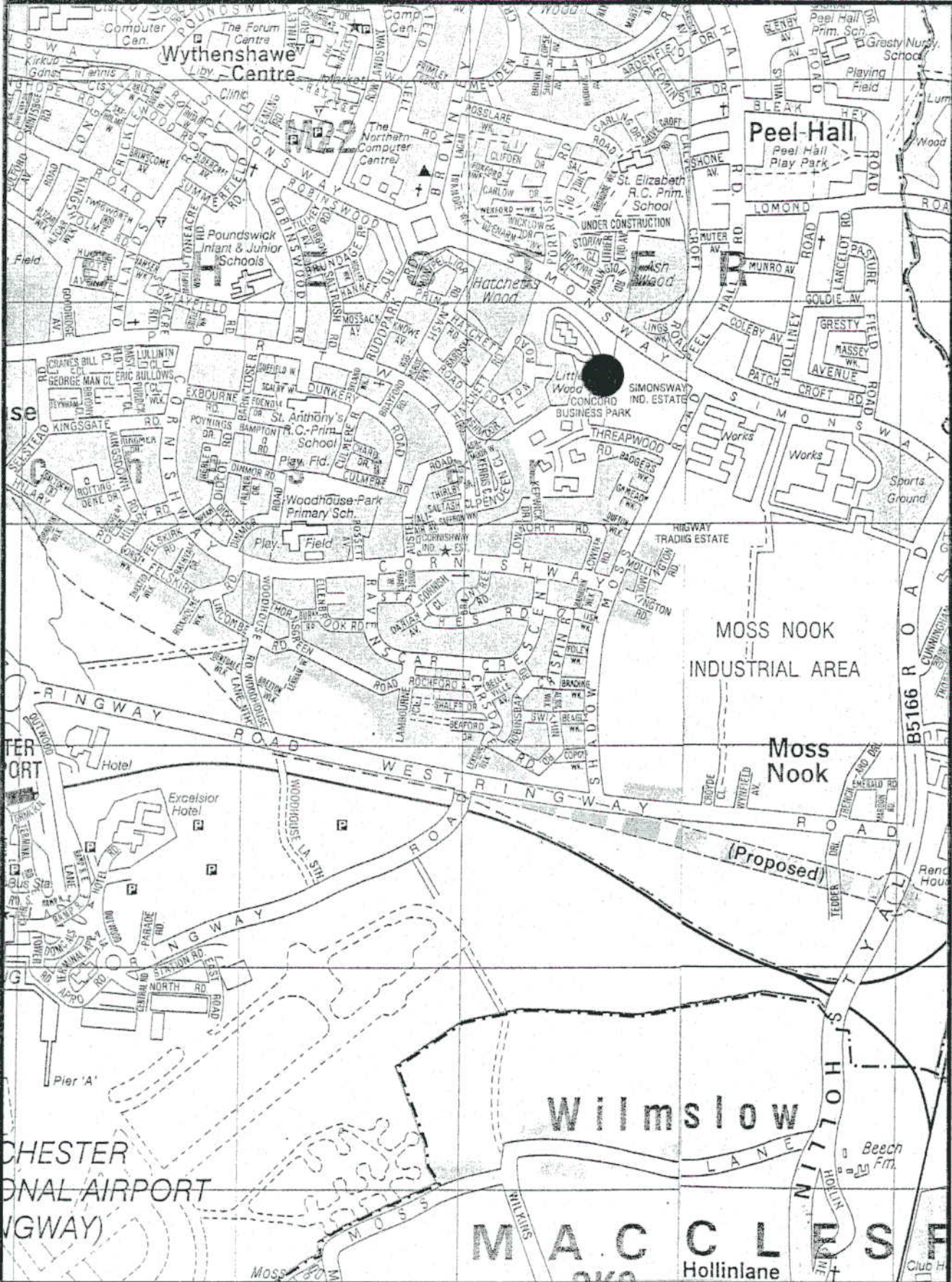
Note 2 Additional Turnover Rent subject to a minimum of £131,250 (calculated at 50% of £15/sq ft)

Note 3 Repair Clause limited by Schedule of Condition. Landlords Specification includes 2 Pipe Air Conditioning









International Property Advisers

81 Fountain Street

Manchester M2 2EE

Telephone 0870 900 89 90

www.gvagrimley.co.uk

Reproduced by courtesy of the Controller of HMSO. Scale

Crown Copyright reserved. Licence No. 774359.

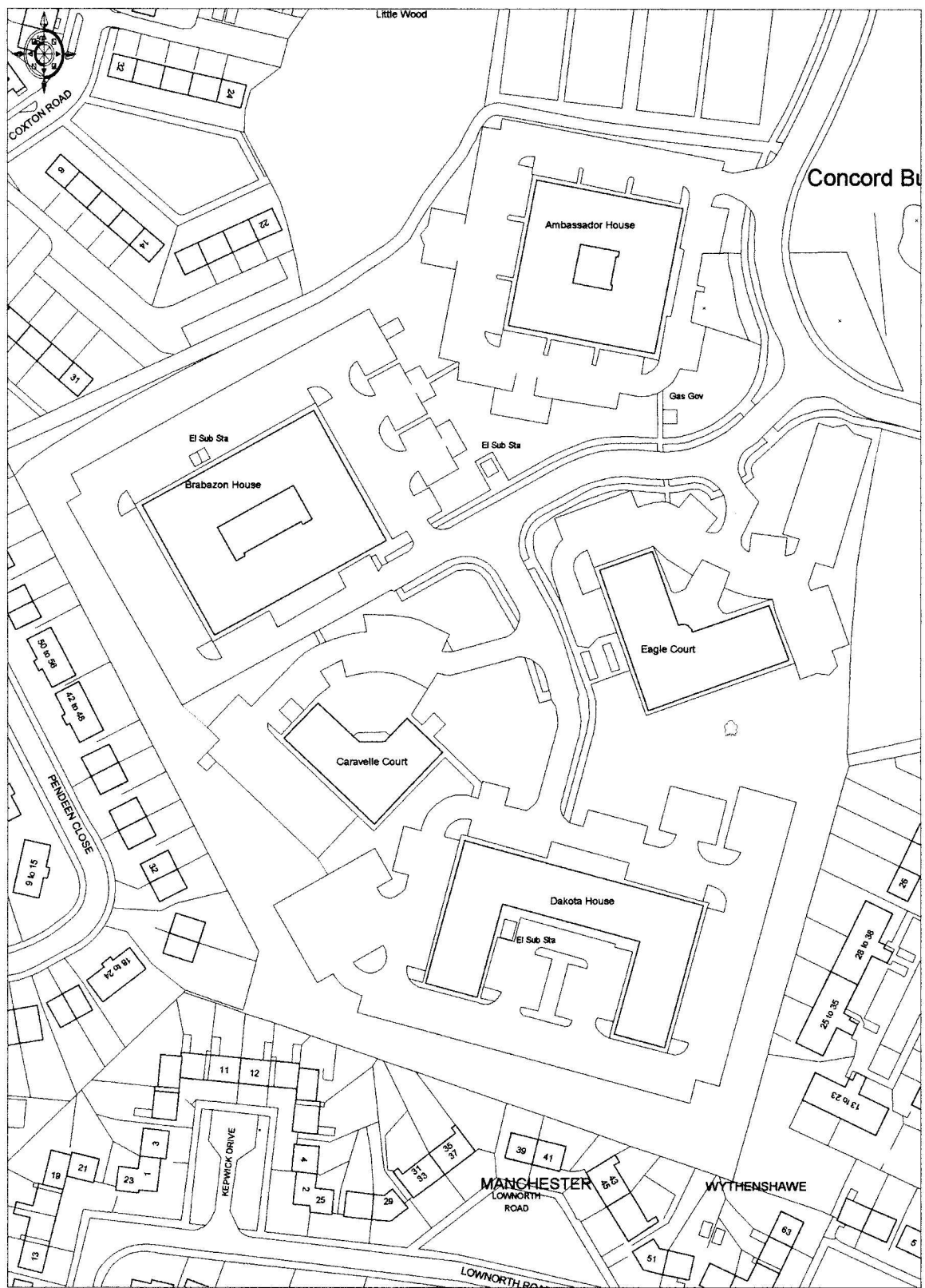
If applicable, with the consent of Chas E Goad,

Cartographers, Old Hatfield, Geographers A-Z Map

Co Ltd and/or The Automobile Association.

For identification purposes only.

O.S. Plan No.



Ordnance Survey

© Crown copyright 2004. All rights reserved. Licence Number 100020449. Survey Scale - 1:1250 Plotted Scale - 1:1621

GVA Grimley Conditions under which Particulars are issued

Messrs GVA Grimley for themselves and for the vendors or lessors of this property whose agents they are give notice that:

- (i) the particulars are set out as a general outline only for the guidance of intending purchasers or lessees, and do not constitute, nor constitute part of, an offer or contract;
- (ii) all descriptions, dimensions, references to condition and necessary permissions for use and occupation, and other details are given in good faith and are believed to be correct but any intending purchasers or tenants should not rely on them as statements or representations of fact but must satisfy themselves by inspection or otherwise as to the correctness of each of them;
- (iii) no person in the employment of Messrs GVA Grimley has any authority to make or give any representation or warranty whatsoever in relation to this property.