

**SOUTH EAST, MULTI-LET HIGH YIELDING OFFICE INVESTMENT
LAKEVIEW HOUSE, PRIORY BUSINESS PARK, BEDFORD MK44 3WH**



Investment Summary

- Strategically located office building in the heart of the Oxbridge Growth Corridor
- Prominent location on Bedford's main business park
- Modern offices with air conditioning and raised floors
- Floor area of 11,658 sq ft with 80 car spaces providing an attractive car parking ratio of 1:146 sq ft
- Multi-let to three tenants with 47% of income secured against government grade NHS covenant
- Recently regeared leases at low rents of £12.50 psf
- WAULT of 9.1 years to expiry and 4.8 years to breaks
- Net rent of £140,182 pa reflecting a low blend of £12.02 per sq ft
- Our client is seeking offers **in excess of £1,450,000** subject to contract and exclusive of VAT, which reflects a **net initial yield of 9.11%** assuming purchaser's costs of 6.08%
- A **low capital value rate of £124 per sq ft**, below replacement cost



Oxbridge Growth Corridor



Not to scale. For indicative purposes only.

Location

Bedford is a historic market town and the county town of Bedfordshire. It is located in the south east of England, approximately 25 miles west of Cambridge and 45 miles north west of London.

In the 2011 census Bedford had a population of 106,940 with the Borough of Bedford having a population of 157,479. Bedford's strategic location in the heart of the Oxbridge Growth Corridor has contributed to a rapidly growing population. To date Bedford is estimated to have a population in the region of 175,000 people.

TRANSPORT

Road: Bedford is easily accessed by road with both the A421 and A4280 running east to west forming the boundaries of the central ring road. Lakeview House is located on Priory Business Park, to the south east of Bedford, immediately to the north of a major junction on the A421 southern ring road. The A421 in turn connects Bedford to both the A1 and A1(M) just 7 miles to the east, and the M1 motorway 9 miles to the west, each providing access to both London and The North. The A6 runs north to south through the centre of Bedford connecting it to Kettering to the north and Luton to the south.

From:	Travel time by car:
Milton Keynes	25 minutes
Northampton	40 minutes
Cambridge	40 minutes
Oxford	1 hour 20 minutes

Rail: Bedford is serviced by two railway stations. Bedford Rail Station and Bedford St Johns which are approximately 3.5 miles and 2.5 miles to the north east of Priory Business Park respectively. Bedford Rail Station has a fastest journey time to London St Pancras International of 38 minutes.

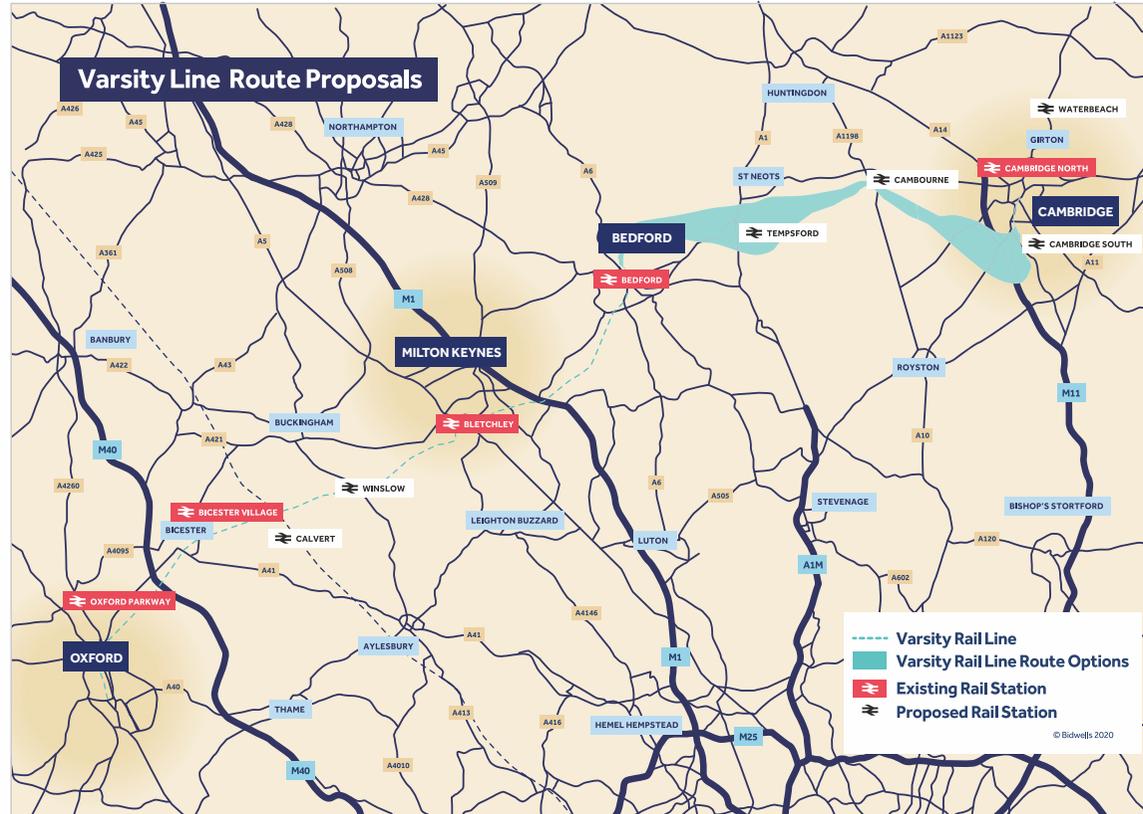
Air: The nearest international airport is located approximately 17.5 miles to the south in Luton. It averages just under 20m passengers per year and has 43 departure gates. In 2018 Luton airport started undergoing a 3-year redevelopment process costing £160m.

Cranfield airport is located approximately 9 miles to the south west of Priory Business Park. Cranfield airport is closely linked to Cranfield University which is at the cutting edge of aviation innovation. Whilst it does not offer public or international flights it has facilities for business aviation, general aviation and global aviation research.

Oxbridge Growth Corridor

The Oxbridge Growth Corridor is of vital economic importance in the UK; home to leading international universities and science and technology companies. Reflecting its significance, a strategic vision for the Oxbridge Growth Corridor was delivered by the National Infrastructure Commission (NIC) and received Government support in the November 2017 Budget. The Oxbridge Growth Corridor has the potential to become a powerful new economic supercentre. Estimates by the National Infrastructure Commission (NIC) suggest that, with the right interventions, annual output of the corridor in 2050 could be £163 billion higher than in 2014, approximately doubling the growth expected without intervention.

The development of the new east-west Varsity Rail Line by 2030, and over a million new homes within the Knowledge Arc by 2050, will provide a huge boost to the local economy and employment pool. Infrastructure, planned alongside housing and jobs growth, will drive productivity and provide the capacity needed to mitigate congestion and enable clustering of businesses.



Timeline of Varsity Line

- Oxford to Bicester section fully open
- Preferred corridor confirmed - early 2020
- Preferred Alignment confirmed - circa 2021
- DCO application - circa 2022
- Oxford - Bletchley - Bedford section open 2024
- Start on site - circa 2026
- Bedford to Cambridge section - open 2030
- Depending on the outcome of the further development work, it is possible that the above timelines could be accelerated.



Main entrance



Reception



Out building

Situation

Lakeview House is situated in the heart of Priory Business Park, Bedford's extensive premier out of town business park, comprising modern R&D, warehouse and office facilities. The property is located off Fraser Road, with attractive views overlooking the central lake. Neighbouring buildings include small two storey office buildings as well as both smaller and larger industrial warehouses.

Key occupiers on Priory Business Park include: Autoglass Head Office, Capita Education Software Solutions, Xigen Ltd ecommerce and digital web designers, Vertiv IT and data centre solutions, Elma Electronic UK, Lifeplus Europe health & wellbeing supplement providers, Alere International medical equipment manufacturer, Blue Chip Customer Engineering Ltd, Fisher German Chartered Surveyors, Smarta Healthcare.

The south west of Priory Business Park are various industrial estates with access from Cardington Road. These include, Apex Park, Cambridge Road Industrial Estate, St Martins Business Centre, Glenmore Business Park and Arkwright Road Industrial Estate.

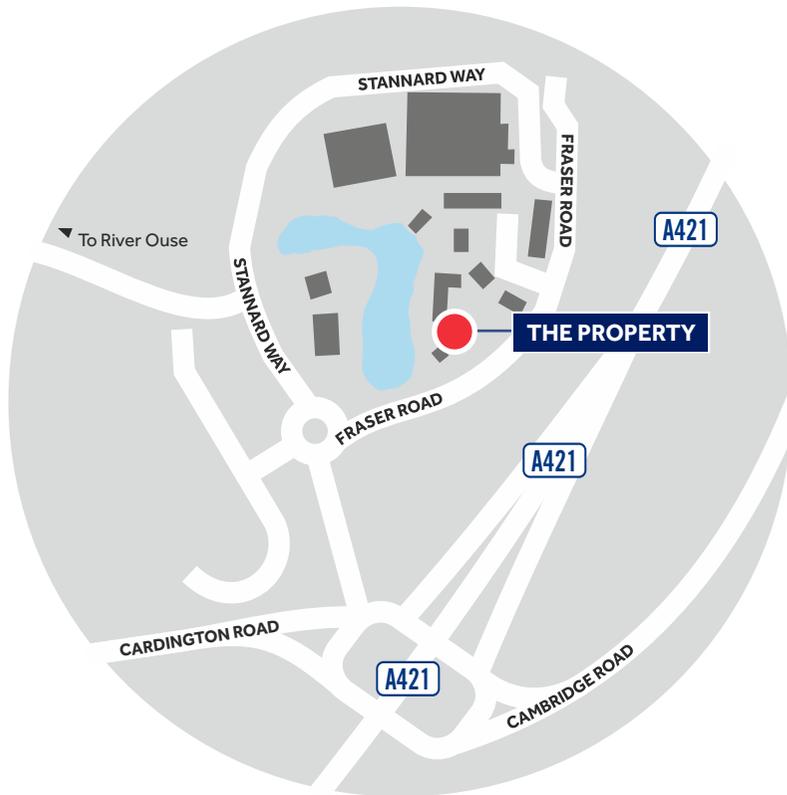
Description

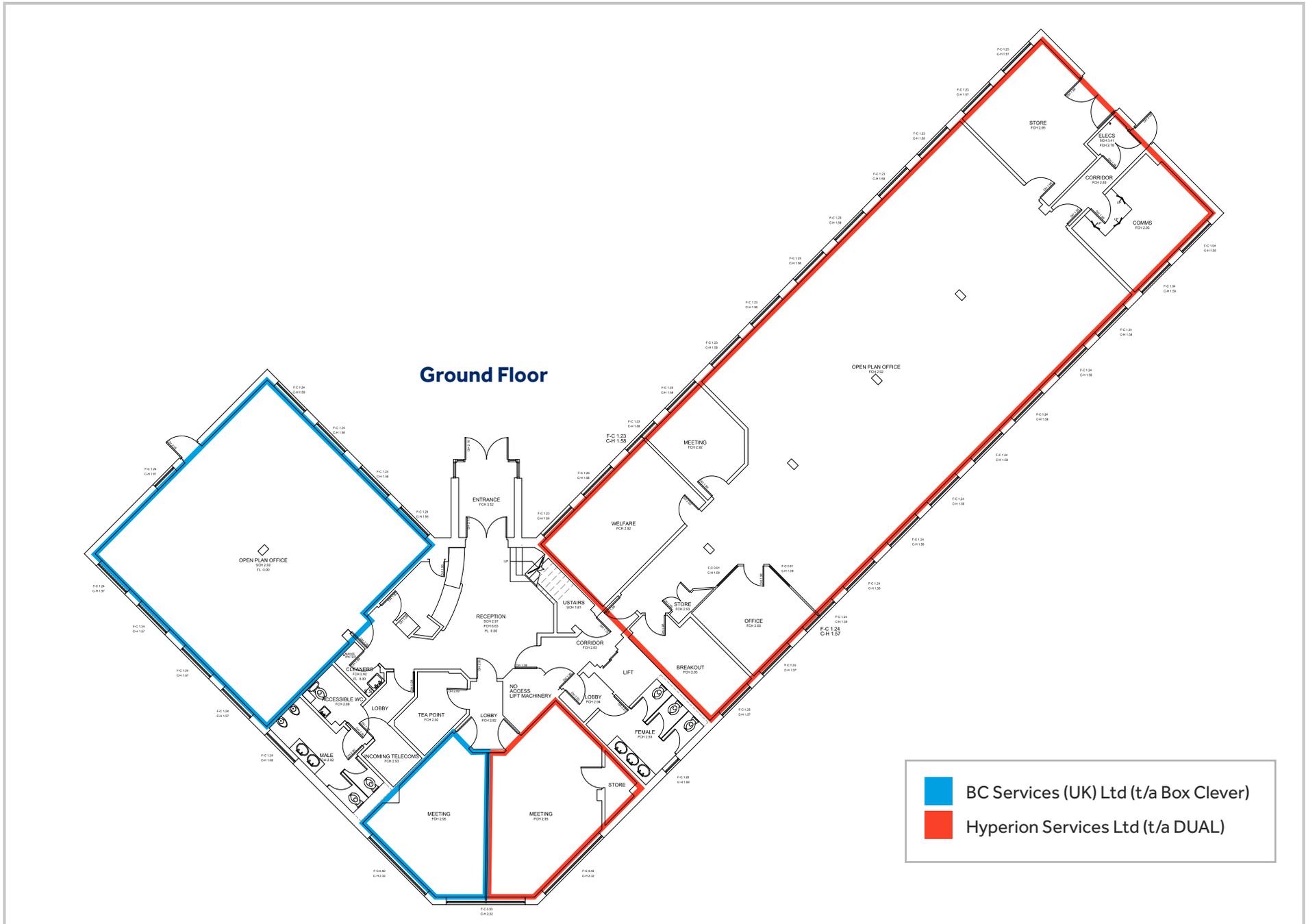
The property comprises a two storey office building of steel frame construction with cast insitu concrete floors together with a detached single storey out building. Both buildings are clad in yellow brick facing masonry with a tiled pitched roof. The rear of the office features a small viewing terrace on the first floor that overlooks the lake.

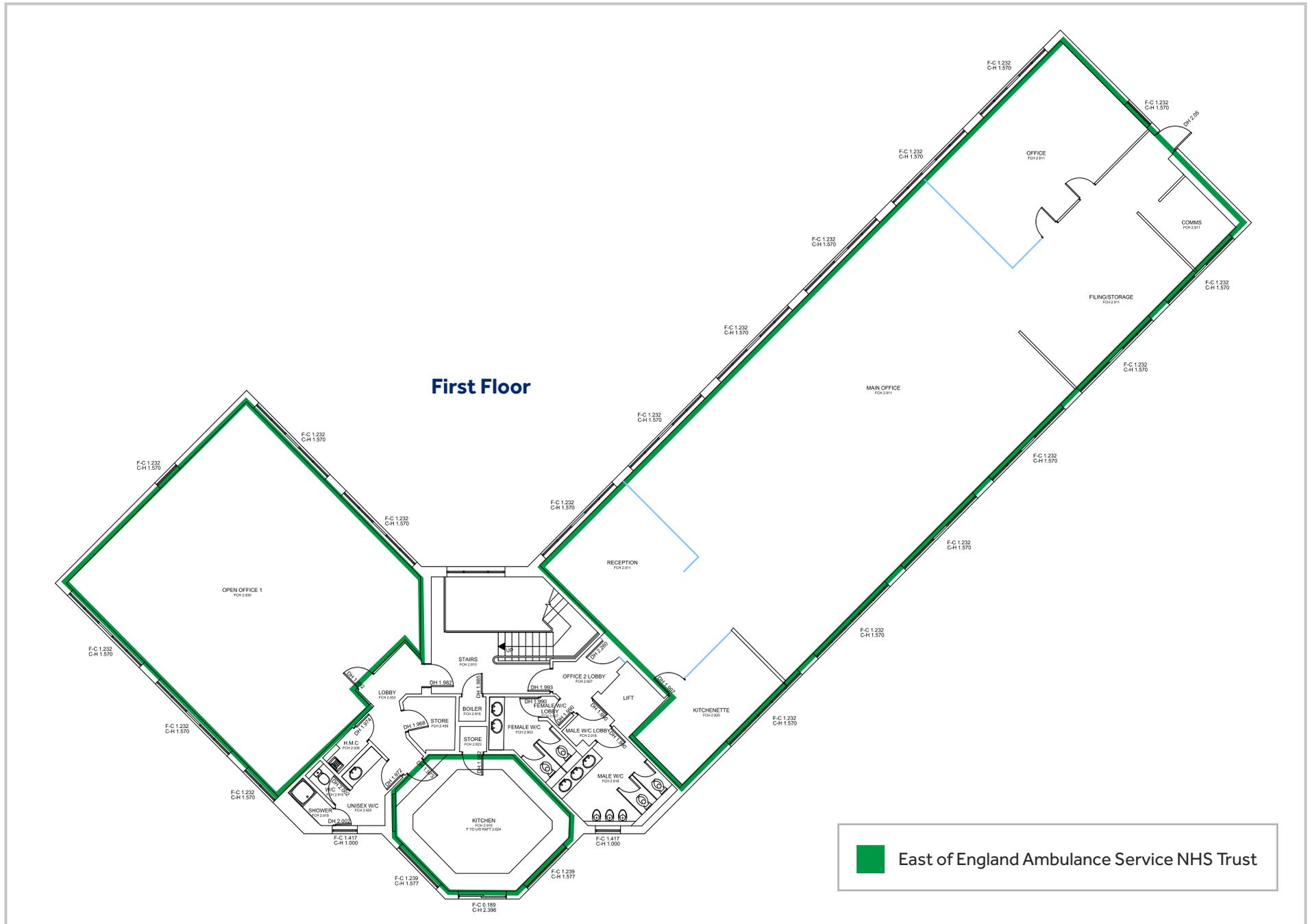
The grounds of the property are well landscaped and features a private access road with street lighting and central feature roundabout. It provides for a total of approximately 80 car parking spaces which are part tarmacadam and part brick paved construction.

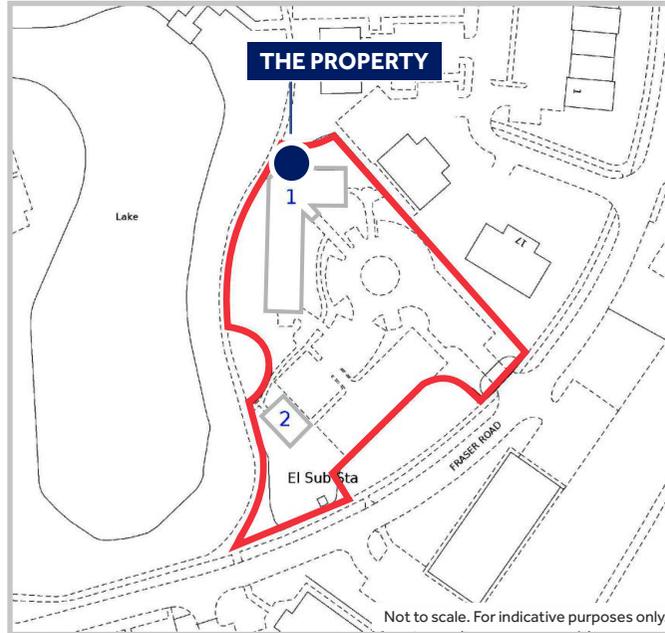
Internally the offices provide modern accommodation with several suites recently refurbished to Grade A standard. It features the following specification throughout:

- Suspended ceilings with mineral fibre ceiling tiles
- Part LED / part CAT II lighting
- VRV air conditioning and heating
- Aluminium frame double glazed windows
- Raised access flooring in part with perimeter trunking
- 8 x person passenger lift
- WC facilities on each floor and shower on first floor
- 50 designated car parking spaces (including 3 disabled) plus additional space for approximately 30 cars at a ratio of 1:146 sq ft









Site

The total site area extends to approximately 0.609 hectares (1.505 acres).

Tenure

The property is held by way of a 125 year long leasehold interest from 9th December 1999, giving approximately 104 years unexpired, at a fixed annual rent of £4.

Tenancy

The property is let in accordance with the following tenancy schedule with an attractive WAULT of 9.1 years to expiry and 4.8 years to breaks. The net passing rent is £140,182 per annum.

Service Charge

The service charge expenditure for 25/12/2018 to 24/12/2019 totalled £89,177.67 which equates to approximately £7.76 per sq ft.

Suite	Size (sq ft)	Tenant	Lease Start Date	Lease End Date	Rent Review	Break Date	Rent PA	Rent psf	Comments
Part Grd Flr	1,314	Hyperion Services Ltd (t/a DUAL)	14/10/2020	13/10/2030	14/10/2025	13/10/2025	£19,060	£14.51	8 CPS + the right to use the overflow car park form time to time. Service charge cap at £9.00 psf increasing annually at RPI. Schedule of condition. Rent free until 13/10/2021. The vendor will 'top up' the rent.
Part Grd Flr	3,499	BC Services (UK) Ltd (t/a Box Clever)	14/10/2020	13/10/2030	14/10/2025	13/10/2025	£51,171	£14.62	15 CPS + the right to use the 'netball court'. Schedule of condition at date of previous lease. Rent free is until and including 13/04/2021. The vendor will 'top up' the rent.
1st Floor	4,900	East of England Ambulance Service NHS Trust	02/11/2020	01/11/2030	01/11/2025	01/11/2026	£61,250	£12.50	Inherited previous tenant's fit out. 26 CPS + right to use 'netball court' for parking or open storage. Schedule of condition. Rent free is until and including 01/05/2021. The vendor will 'top up' the rent.
Storage Building	1,945	BC Services (UK) Ltd (t/a Box Clever)	14/10/2020	13/04/2022			£8,705	£4.48	Schedule of condition at date of previous lease.
Subtotal	11,658						£140,186	£12.02	
Ground Rent							-£4		
Total	11,658						£140,182	£12.02	

Covenant Analysis

NHS **East of England Ambulance Service NHS Trust (EEAS)** are part of the NHS and provide a 24 hour, 265 days a year accident and emergency services to those in need of medical treatment and transport in Bedfordshire, Hertfordshire, Norfolk, Suffolk and Cambridgeshire. EEAS make up 47% of the income.

DUAL **Hyperion Services Limited** Company No. 02937399 (now known as Howden Group Services Ltd t/a DUAL) are a three award-winning insurance group company operating across six continents. It includes brands such as DUAL, Howden and RKH Specialty. DUAL is the world's largest international underwriting agency with over 670 employees in 16 countries and over \$1bn of GWP (gross written premium). Hyperion Services Limited make up 14% of the income.

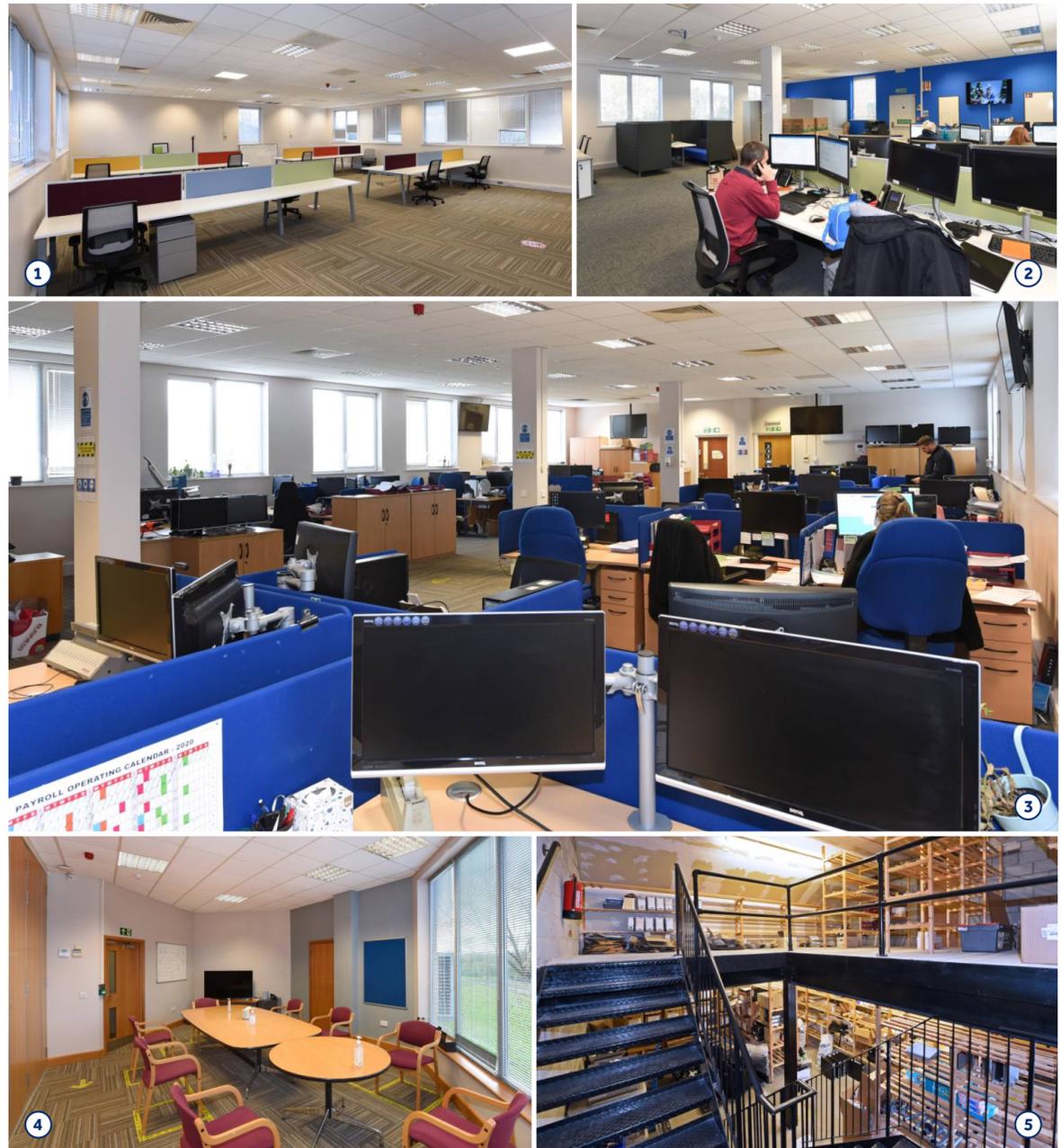
Their financial accounts are detailed below.

	30/09/2019 (£000s)	30/09/2018 (£000s)	30/09/2017 (£000s)
Sales Turnover	85,355	52,476	49,504
Profit / (Loss) Before Taxes	4,667	1,920	4,093
Net Current Assets (Liabilities)	9,061	15,718	609

boxclever **BC Services (UK) Limited** Company No. 05290544 (t/a Box Clever) are a UK based consumer electronics and domestic appliance rental company. They have been in existence for over 50 years and include the brands: Radio Rentals, Visionhire, Redifussion, DVR and DER. The customer care and central support departments are based in Bedford. BC Services UK Limited make up 39% of the income.

Their financial accounts are detailed below.

	31/12/2019 (£000s)	31/12/2018 (£000s)	31/12/2017 (£000s)
Sales Turnover	5,723	6,138	7,259
Profit / (Loss) Before Taxes	288	331	372
Net Current Assets (Liabilities)	678	341	(5)



1. East of England Ambulance Service NHS Trust 2. Hyperion 3. Box Clever 4. Box Clever 5. Storage

Market Commentary

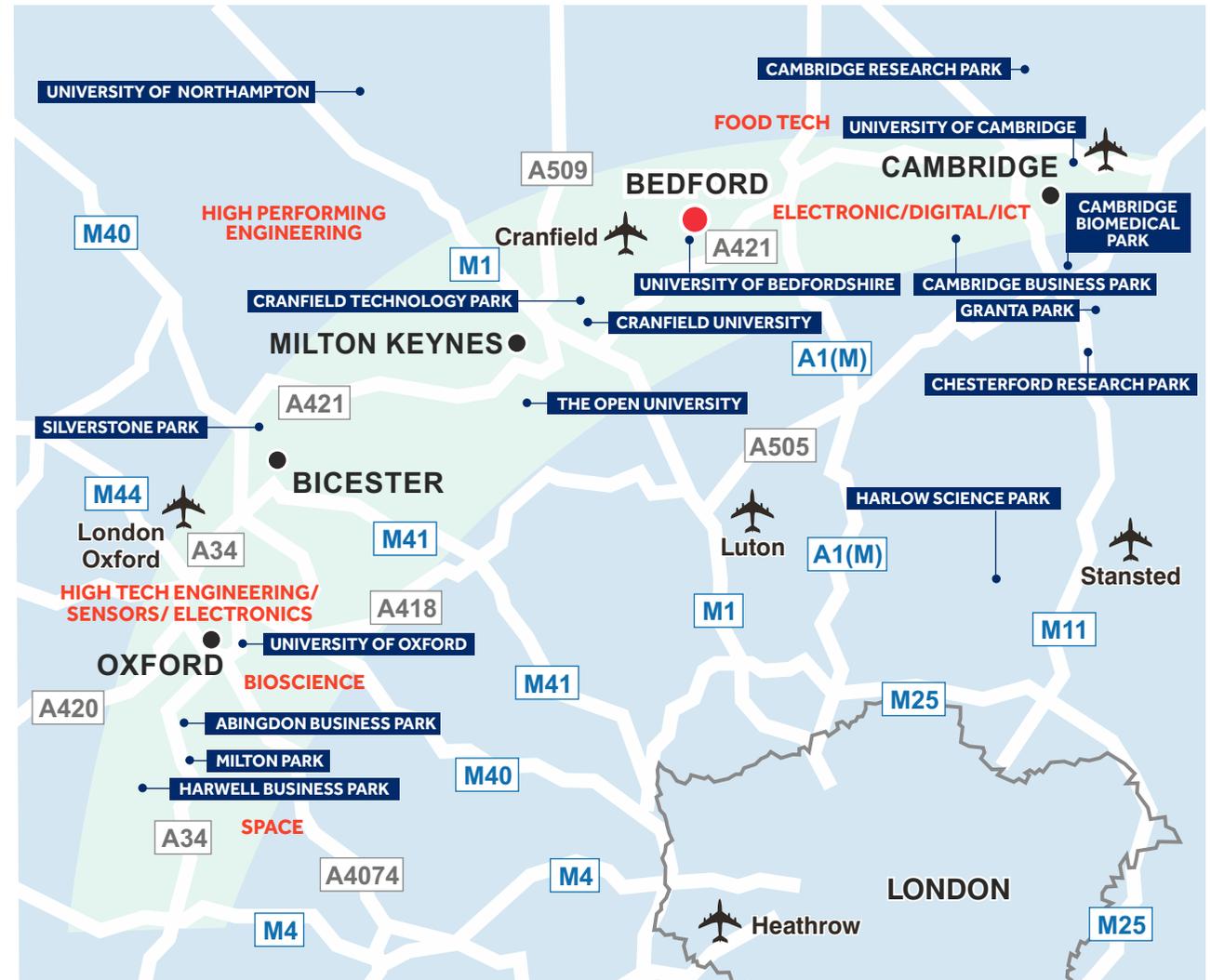
Bedford is situated in the heart of the Oxbridge Growth Corridor (also dubbed the "Knowledge Arc" or "Oxbridge Arc"), one of the most innovative and heavily invested in areas of the UK. The Oxbridge Growth Corridor has the potential to create over 1.1 million new jobs by 2050 following inward investment by the government into major infrastructure improvements. These improvements come in the form of a new Expressway road linking Oxford to Cambridge, along with major improvements to east-west rail infrastructure in the form of the Varsity Line.

Over the next two decades it is estimated that up to 20 million sq ft of new office and lab space will be required across the Arc to satisfy levels of soaring demand. The Oxbridge Arc represent just 5% of the UK's land mass in terms of acreage, however, it is home to 22% of the nation's science park floor-space. Colworth Science Park is located just 8 miles north of Bedford town centre with fast access available via the A6. It provides approximately 320,000 sq ft of office, lab and research facilities with rents in excess of £30.00 psf.

Oxford and Cambridge have consistently set the bar for prime Grade A office rents outside of London, achieving highs of £46.50 psf and £44.00 psf respectively in 2020. Milton Keynes has also seen strong rental growth over recent years with prime town centre offices commanding rents of £28.00 psf. By way of comparison, offices in Bedford offer an attractive discount for occupiers with rents ranging from £15.00 – £20.00 psf.

Bedford is particularly well positioned to experience future growth along the Oxbridge Corridor due to its proximity to major road links in all directions, with further improvements anticipated. It also has access to a highly trained and skilled workforce with Cranfield University specialising in postgraduate research into science, engineering and technology being situated just 9.25 miles to the south east. The University of Bedfordshire's main campus being located in Bedford town centre itself with further campuses at Luton, Milton Keynes, and Aylesbury.

Oxbridge Growth Corridor



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River Ouse, Bedford

Investment Comparables

Examples of similar investment deals across the south east are highlighted below:

Date	Address	Size (sq ft)	Lease Terms	Term Certain	Price	NIY	Purchaser
Dec-20	Fosse House, 182 High Street, Tonbridge	9,909	Let to two tenants The Charity Bank Ltd and First Actuarial LLP. Passing rent of a blend of £19.82 psf.	4.5	£3m	7.24%	Sakura
Apr-20	Ross House, Kempson Way, Bury St Edmunds	8,920	Let to 2 tenants with a WAULT of 7.5 years to expiry and 2.5 years to break.	2.5	£1.63m	7.87%	Private
Mar-20	Unit 2 Craven Court, Newmarket	8,364	Let to Providor Ltd on a new lease for 10 years with a break at year 4.	4.0	£1.54m	8.36%	Private
Mar-20	Unit C, Madison Place Business Park, Manchester	7,333	Let to the Central Manchester University Hospital's NHS Foundation Trust on a lease expiring September 2025.	5.5	£1.425m	7.28%	Private
Feb-20	Sherwood Place, Milton Keynes	14,359	Let to NHS Property Services Ltd with annual RPI uplifts (uncapped) with approximately 4 years unexpired.	4.0	£3.67m	7.67%	Private



EPC Rating

The EPC rating for the building ranges from D79 - D100.

VAT

The property is elected for VAT. It is assumed this transaction will be structured as a transfer of a going concern.

Proposal

Our client is seeking offers **in excess of £1,450,000** subject to contract and exclusive of VAT, which reflects a **net initial yield of 9.11%** assuming purchaser's costs of 6.08% and a **low capital value rate of £124 per sq ft.**

AML / KYC

Prospective purchasers will be asked to produce identification of the intended Purchaser and other documentation in order to support any conditional offers submitted to the vendors. Bidwells LLP accepts no liability of any type arising from your delay or other lack of co-operation.

Further Information

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April 2021

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