Fully-let Modern Business Park Investment

IMPERIAL COURT YARD

Imperial Park, Newport, NP10 8UL
IMPERIAL
COURTYARD

• Freehold, fully-let, modern business park office investment.
• Strategic location with exceptional connectivity situated on Junction 28 of the M4 Motorway.
• Situated in the established Imperial Park with high profile neighbouring occupiers and a variety of on-site amenities.
• Six buildings totalling 26,081 sq ft (2,423 sq m) of flexible office accommodation with a WAULT of 3.88 years to expiries (2.25 to breaks).
• Let to good covenants with asset management potential.
• Current rent of £339,399 per annum. This equates to a low £12.78 per sq ft on the office element with a genuine opportunity for rental growth with the most recent letting secured at £14.06 per sq ft.

Seeking offers in excess of £3,500,000 (Three Million, Five Hundred Thousand Pounds).

A purchase at this level would reflect a Net Initial Yield of 9.05% (assuming standard purchaser’s costs of 7.19%) and a low capital value of £134 per sq ft.

Subject to Contract and Exclusive of VAT.
Location

Newport, is located midway between Cardiff and Bristol and is one of the principal commercial centres in South Wales. It has a resident urban population of approximately 137,000 and a catchment population within a 30-minute drive time of 478,000.

The city benefits from excellent road communications, lying immediately to the south of Junctions 24 to 28 of the M4 motorway. It benefits from regular intercity rail services with journey times set to reduce once the electrification of the rail line is completed in 2018. Cardiff International Airport is located just 25 miles to the south west of Imperial Courtyard.

The profile of Newport has grown considerably recently following a number of large scale developments and infrastructure improvements. The largest being the recently opened Friars Walk Shopping Centre in the city centre. Newport hosts various national occupiers including Admiral Insurance, the Passport Office, Airbus and Go Compare.

Situation

The subject property is situated immediately off Junction 28 of the M4 motorway just south of Celtic Springs Business Park, which is one of the most highly regarded office locations along the M4 corridor. Imperial Park offers a strategic location on the western edge of Newport, on the border with Cardiff and just a 10 minute drive from both Cardiff and Newport City Centres.

Imperial Courtyard is one of the prime business space locations in South Wales and offers high-quality modern office accommodation. This is bolstered further by a £38m investment to create a semiconductor tech-hub in South Wales, nearby on Imperial Park. This is the first major investment as part of the £1.2 billion City Deal.

Imperial Courtyard is situated at the entrance to Imperial Park, opposite Q1 and Q2 buildings. Go Compare have their UK HQ based adjacent to the subject property within Imperial Park. The location already offers close proximity to existing major road networks and this is set to improve further with £14 million of Welsh Government investment to reconfigure J28 of the M4.

The region is set to benefit from further infrastructure improvements, including the widening of the existing M4 and construction of the M4 relief road at a cost of £1.4 billion, potentially leading to a further motorway junction immediately south of Imperial Park. In the shorter term, the location has been significantly boosted by the decision to scrap the Severn Bridge toll in 2018.

This cost has always been a barrier for occupiers to move from Bristol which is just 28 miles to the east. Imperial Courtyard now offers significantly cheaper office space for occupiers in the region and we expect the location to benefit from rental growth as a result.

The Celtic Manor Hotel & Golf Resort, which hosted the 2010 Ryder Cup and the 2014 Nato Summit, is situated to the east, within eight miles of the subject property. Work is underway to add a new 4,000 delegate convention centre which is set to open in 2019 and will further raise the profile of Newport.

The surrounding area boasts an impressive tenant profile including:

1. Airbus
2. Steria Ltd
3. Wales & West Utilities
4. Carpeo
5. Lloyds Bank
6. Welsh Water
7. Go Compare
8. DAC Beachcroft
9. NHS
10. Target
11. Essentra Packaging
12. Quinn Radiators
13. Next Generation Data
14. IQE Semi Conductor Complex

This diagram shows the location of Imperial Courtyard relative to other landmarks and business parks in the area.
**Description**

**Imperial Courtyard** provides a range of high quality office and research/development units in a well maintained, attractively landscaped and secure environment. The buildings form part of a modern courtyard development of six buildings ranging from single to two storey and from 2,300 sq ft up to 8,500 sq ft.

The floor plates provide high quality, open plan, flexible office accommodation which are constructed in a manner to enable easy sub-division and benefit from the following specification:

- Solid flooring with perimeter trunking.
- Air conditioning / comfort cooling.
- DDA compliant.
- Passenger lifts.
- Double glazing.
- Units 2, 3 and 6 have recently been refurbished to a high standard.
- 169 secure car parking spaces providing an excellent car parking ratio of 1:154 sq ft.

There are also plans to add an additional 124 space car park adjacent to the Imperial Courtyard, under separate ownership. This will include a dedicated entrance from the subject property, enabling ease of access and boosting occupational attractiveness. There will also be a public access off South Lake Drive.
### Tenancy

All of the six units are currently single-occupied by six separate Tenants and thereby demonstrate the attractiveness of self-contained buildings to occupiers. The flexible construction and configuration retains the ability of sub-division to multi-occupied buildings to provide additional investment robustness.

The property offers a Weighted Average Unexpired Lease Term of 3.88 years to expiries and 2.25 years to breaks. All of the leases are on a Fully Repairing and Insuring Basis and with Tenants paying an estate service charge contribution of £1.32 per sq ft for the maintenance of the external common areas.

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Area (sq ft)</th>
<th>Rent (sq ft)</th>
<th>Lease Start</th>
<th>Lease Expiry</th>
<th>Break Date</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Phixos Ltd</td>
<td>4,015</td>
<td>£56,462</td>
<td>30/01/2018</td>
<td>29/01/2023</td>
<td>29/01/2021</td>
<td>20 car parking spaces. Topped up from £54,445.50 until 31/12/2019.</td>
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<tr>
<td>3</td>
<td>Abriox Ltd</td>
<td>3,022</td>
<td>£36,264</td>
<td>19/12/2018</td>
<td>18/12/2019</td>
<td>18/12/2018</td>
<td>18 car parking spaces.</td>
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<tr>
<td>4</td>
<td>Insight Health Screening Ltd</td>
<td>2,271</td>
<td>£27,252</td>
<td>03/12/2015</td>
<td>02/12/2020</td>
<td>02/12/2018</td>
<td>9 car parking spaces.</td>
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<tr>
<td>5</td>
<td>Identigen Ltd</td>
<td>4,238</td>
<td>£50,000</td>
<td>07/03/2014</td>
<td>06/03/2024</td>
<td>07/03/2019</td>
<td>Open market rent review on 07/03/2019. 15 car parking spaces.</td>
</tr>
<tr>
<td>6</td>
<td>Vans Direct Ltd</td>
<td>8,512</td>
<td>£119,168</td>
<td>01/11/2015</td>
<td>31/10/2021</td>
<td>N/A</td>
<td>44 car parking spaces demised. An additional 12 car parking spaces licenced. Topped up from £61,292 until 31/10/2018.</td>
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<tr>
<td></td>
<td>Additional Car Parking</td>
<td></td>
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<tr>
<td></td>
<td>Target (neighbouring occupier)</td>
<td></td>
<td>£6,000</td>
<td></td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>26,081</strong></td>
<td><strong>£339,399</strong></td>
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**Additional Car Parking Target (neighbouring occupier): £6,000**

20 car parking spaces on licence at £300 per annum. There are an additional 15 unallocated car parking spaces available to generate further income.
Established in 1997, Silver Telecom specialises in the highly technical field of developing and supplying electronic modules, which are key components in applications such as telecoms, datacoms, security systems and commercial electronic products.

Their latest published accounts as of February 2017, demonstrate a tangible net worth of £1.102 million.

Phixos have over 27 years’ experience in developing and delivering software engineering solutions to a broad customer base including some of the world’s leading manufacturers within the Aerospace, Rail, Space, Defence, Medical, Energy and Automotive industries.

Phixos have a D&B rating of 3A1 and their latest published accounts as of December 2016 demonstrate a turnover of £52.5 million, pre-tax profit of £4 million, and tangible net worth of £6.84 million.

Established in 2005, Abriox is a dynamic, advanced technology company with their UK and International Headquarters based at Imperial Courtyard and US Headquarters in Ohio. Abriox offers expertise in the development of remote monitoring systems for utilities and work with some of the world’s largest oil, gas and petrochemical companies.

Abriox’s most recent accounts as of July 2017 demonstrate a tangible net worth of £862,336.

Established in 2009, Insight Health offer on-site occupational health and screening at their clinics in Newport and Llandarcy and offer mobile clinics for client onsite screening.

Insight Health Screening Ltd
www.insighthealthscreening.co.uk

Insight Health offer on-site occupational health and screening at their clinics in Newport and Llandarcy and offer mobile clinics for client onsite screening.

IdentiGEN have been operating for 10 years and provide world leading DNA-based solutions to help global food companies secure the integrity of supply chains, improve the quality of products, ensure the traceability of food sources and protect their brands.

IdentiGEN’s most recent published accounts demonstrate a tangible net worth of £1.228 million.

Established in 2005, Abriox is a dynamic, advanced technology company with their UK and International Headquarters based at Imperial Courtyard and US Headquarters in Ohio. Abriox offers expertise in the development of remote monitoring systems for utilities and work with some of the world’s largest oil, gas and petrochemical companies.

Abriox’s most recent accounts as of July 2017 demonstrate a tangible net worth of £862,336.

Further information is available upon request.

Within 8 years of operating, Van’s Direct has established itself as the UK’s largest independent retailer of new commercial vehicles and offer a range of hire purchase, van leasing and contract hire arrangements.

Van’s Direct’s most recent accounts as of October 2017 demonstrate a tangible net worth of £1.184 million.

Further information is available upon request.
Newport Office Market

Total office stock in Newport is circa 2 million sq ft, which includes offices in the city centre and out of town business parks, between Junctions 23 and 28 of the M4 Motorway. There is very limited modern office accommodation available in Newport city centre and the stock is dominated by secondary space dating to the 1960s and 1970s. Consequently the majority of occupiers are attracted to the business park locations. Prime rents are in the order of £16.00 in the city centre and out of town, giving the subject property potential for growth.

The Severn Bridge toll being scrapped is also expected to have a significantly positive impact on rental growth in out of town Newport when it comes into effect by the end of 2018.

Longer term the proposed M4 relief road will represent a transformative £1.4 billion investment and provide significant improvement to the connectivity of South Wales. The proposed route is set to create a new motorway junction immediately south of Imperial Courtyard and will naturally further boost occupier demand and rental growth.

VAT

We understand the property is elected for VAT. It is anticipated the sale will be treated as a Transfer of Going Concern (TOGC).

EPC

The following EPCs are applicable:

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<tr>
<th>Unit</th>
<th>1</th>
<th>2</th>
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<th>4</th>
<th>5</th>
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<tr>
<td>Rating</td>
<td>D84</td>
<td>B49</td>
<td>C52</td>
<td>C74</td>
<td>D80</td>
<td>D78</td>
</tr>
</tbody>
</table>

The full reports are available upon request.

Tenure

Freehold.
Investment Considerations

- Freehold, modern offices located in Newport, one of the largest cities in Wales.
- Strategically located with immediate access to Junction 28 of the M4 Motorway, on the well established Imperial Park.
- Highly specified offices set in an exceptionally well maintained courtyard setting with generous car parking provision.
- Recent letting to Phixos crystalises the rental growth of the location with further rental growth achievable as other out of town offices in Newport have reached £15 per sq ft + and historically up to £17 per sq ft +.
- The scrapping of the Severn Bridge toll is also expected to promote significant rental growth as is the longer-term M4 relief road with a new junction earmarked to the immediate south of Imperial Park.
- Fully-let with 3.88 years to expiries and 2.25 to breaks.
- High yielding with asset management opportunities to re-gear and extend existing leases.
- Quoting capital value per sq of £134 is below the capital value historically achieved for sales to occupiers nearby.

Proposal

Seeking offers in excess of £3,500,000 (Three Million, Five Hundred Thousand Pounds).

A purchase at this level would reflect a Net Initial Yield of 9.05% (assuming standard purchaser’s costs of 7.19%) and a low capital value of £134 per sq ft. Subject to Contract and Exclusive of VAT.

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