



SONAS

WELL SECURED
OFFICE INVESTMENT
OPPORTUNITY

2 KINGS INCH ROAD | BRAEHEAD | GLASGOW

OPPORTUNITY TO PURCHASE
A STRIKING HQ INVESTMENT
UNDERPINNED BY SECURE
LONG INCOME IN ONE OF THE
BEST OUT OF TOWN OFFICE
LOCATIONS IN SCOTLAND



EXECUTIVE SUMMARY

Braehead is an unrivalled business park location with first class transport links and outstanding amenities.

The property comprises high quality Grade A offices constructed in 2010 with excellent prominence on the Gateway Road into Braehead.

The property extends to 52,785 sq ft (4,903.89 sq m) of Grade A office accommodation arranged over ground, first and second floors offering large open plan floor plates.

Heritable Interest (Scottish equivalent of English Freehold).

The property is let in its entirety to SD Worx Ltd (D&B rating of 4A1) under two separate leases, one covering the ground and first floor and the other the second floor. Both leases are subject to a parent guarantee from SD Worx UK (D&B rating of 5A1).

The ground and first floor lease has recently been re-gearred on a new ten year lease from 28th November 2017, with no break options, subject to a rent review on 28th November 2022. The rent passing over this element is £595,986 per annum reflecting a rental rate of £17.06 psf inclusive of car parking.

The second floor is let to SD Worx Ltd on a lease expiring 13th January 2021, subject to a tenant's option to extend the lease for a further five years. The passing rent of £304,572 per annum equates to £17.00 psf.

The second floor has been sub-let to Lenovo Technology UK Ltd co-terminus with the head lease.

Both SD Worx and Lenovo occupy their respective spaces.

Total passing rent of £900,558 per annum.

OFFERS ARE SOUGHT IN EXCESS OF **£10,600,000**
EXCLUSIVE OF VAT FOR OUR CLIENT'S
HERITABLE INTEREST, WHICH ASSUMING
PURCHASER'S COSTS OF 6.21% REFLECTS AN
ATTRACTIVE NET INITIAL YIELD OF **8.00%**.

THE PROPERTY EXTENDS
TO 52,785 SQ FT OF GRADE A
OFFICE ACCOMMODATION





LOCATION

Braehead is strategically located mid-way between Glasgow city centre and Glasgow Airport. The location benefits from immediate access to the M8 motorway via the dedicated Junction 25.



“
BRAEHEAD
IS ONE OF
SCOTLAND'S
MOST
ESTABLISHED
LEISURE
AND RETAIL
DESTINATIONS
”



Braehead is a unique out of town office location owing to the unrivalled shopping and leisure facilities at the adjacent 800,000 sq ft (74,322 sqm) Braehead Shopping Centre anchored by Marks & Spencer and Sainsbury's.

In addition, the Soar (formerly Xscape) leisure complex located nearby provides an indoor ski slope, bowling alley, cinema and a variety of bars and restaurants. This, combined with the excellent transport links, makes it a compelling location for an occupier and arguably the best out of town office offer in the West of Scotland.



SITUATION

The property enjoys excellent prominence on the gateway road into Braehead. The strength of the location is demonstrated by the fact that the main tenant relocated here from Hillington Park due to the excellent amenities on offer.

Nearby occupiers include Campbell Dallas, Porsche, Xerox and Porcelanosa.



DRIVE TIMES:

Braehead is served by a dedicated bus terminal with regular 15 minute services to the city centre and other areas in the immediate vicinity.

Braehead Shopping Centre **1 min**



Braehead Bus Station **1 min**



Junction 26, M8 Motorway **1 min**



Queen Elizabeth University Hospital **1 min**



Hillington West Railway Station **5 mins**



Hillington East Railway Station **5 mins**



Glasgow International Airport **5 mins**



Glasgow City Centre **15 mins**





DESCRIPTION & SPECIFICATION

The asset comprises a standalone 52,785 sq ft (4,903.89 sq m) high quality Grade A office constructed in 2010. The office benefits from large open-plan floorplates, VRV air conditioning system, and an extensive tenant fit-out including a staff canteen.

The bright, efficient easily divisible floorplates extend to circa 9,000 sq ft (836.13 sq m) splitting north and south and benefitting from excellent natural daylight due to the building's highly prominent corner position.

The property benefits from 140 car parking spaces delivering an excellent ratio at 1:377 per sq ft.





ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition) 2007 and provides the following Net Internal Areas (NIA).

OFFICE

Demise		Use	Sq ft	Total
Grd		Office		17,081
First Floor		Office		17,852
Second Floor	North Wing	Office	8,748	17,852
	South Wing	Office	9,132	
Total				52,785

SITE AREA

The site extends to approximately 1.8 acres (0.73 ha).



TENURE

Heritable (Scottish equivalent of Freehold)

Demise	Tenant	Sq ft	Lease Start	Lease End	Rent Review	Rent (psf)	Comments
Ground and First Floors	SD Worx Ltd (Guaranteed by SD Worx)	34,933	28/11/2017	27/11/2027	28/11/2022	£595,986 (£17.06)	SD Worx have been in occupation for over 5 years and recently re-gearred on a new 10 year lease at the passing rent with an incentive equivalent to circa 8 months' rent free.
Second Floor	SD Worx Ltd (Guaranteed by SD Worx)	17,852	14/01/2011	13/01/2021		£304,572 (£17.00)	Sub-let to Lenovo Technology UK Ltd on a co-terminus sub-lease. South wing sub-letting was granted in October 2012 and the west wing added in January 2016. Sub-tenant in full occupation.
Total		52,785 sq ft				£900,558	

* Lenovo Technology have an occupational agreement over a small area on the ground floor used for a back-up generator which serves the whole of Scotland.

COVENANT INFO


SD WORX UK LTD
(COMPANY NUMBER: 03100021)

SD Worx is a global Payroll and HR service provider that specialises in Payroll, HR and Tax & Legal matters across the globe. The company run a number of the top FTSE 100 company payroll systems.

Further information is available at www.sdworx.com

Year Ending	Turnover	Net Worth	Profit	D&B
31 Dec 2016	53,342,000	20,465,000	(1,124,000)	
31 Dec 2015	54,211,000	19,184,000	1,479,000	4A1
31 Dec 2014	55,541,000	18,950,000	470,000	


LENOVO TECHNOLOGY (UNITED KINGDOM) LTD
(COMPANY NUMBER: 04912819)

One of the world's largest technology companies operating in over 160 countries and has over 52,000 employees. Founded in 1984 in a guard shack in Beijing, Lenovo grew to become China's leading PC Company, and then acquired IBM's Personal Computing Division, the creators of the first personal computer.

Further information is available at www.lenovo.com

Year Ending	Turnover	Net Worth	Profit	D&B
31 Mar 2016	790,447,675	6,415,570	(69,954)	
31 Mar 2015	736,440,674	1,275,489	5,561,795	2A1
31 Mar 2014	530,587,070	13,857,090	4,154,845	


GUARANTOR: SD WORX
(COMPANY NUMBER: BE0422211801)

The lease is guaranteed by SD Worx. The guarantor is a Belgian company, which does not have a company number. They do however have an 'enterprise number' of 0422.211.801.

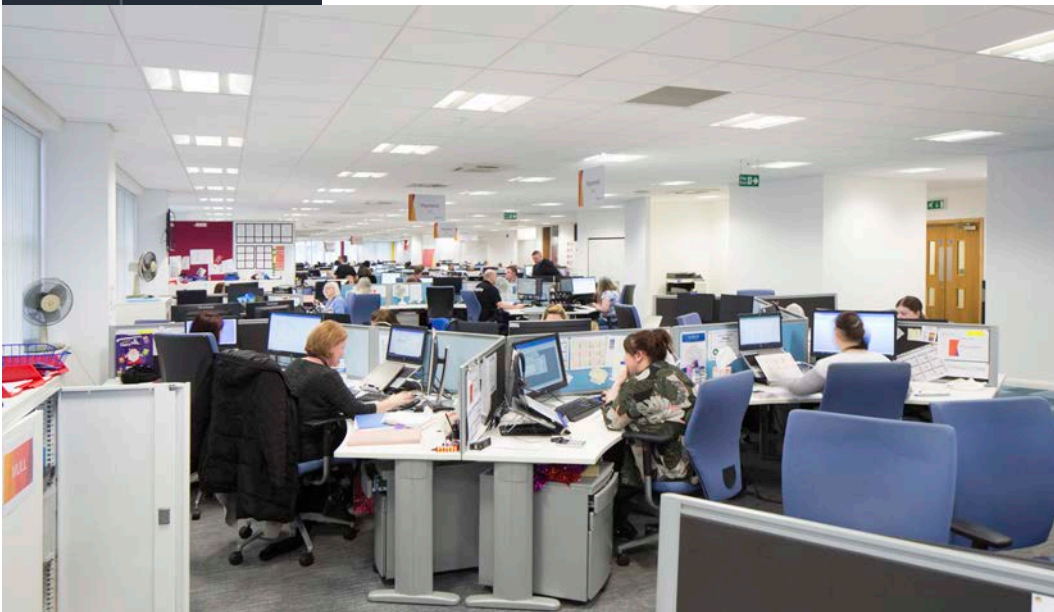
The latest accounts are summarised below:

Year Ending	Turnover	Net Worth	Profit	D&B
31 Dec 2016	23,033,613	130,836,489	5,688,259	
31 Dec 2015	19,998,500	80,554,358	15,961,447	5A1
31 Dec 2014	18,145,884	37,608,911	2,716,293	

INDICATIVE CASH-ON-CASH RETURNS

Based on acquisition at the quoting price, this investment offers very attractive Cash-on Cash returns.

		LTV		
		50%	55%	60%
All in interest	3.00%	13.00%	14.11%	15.50%
	3.50%	12.50%	13.50%	14.75%
	4.00%	12.00%	12.89%	14.00%



ADDITIONAL INFORMATION

CAPITAL ALLOWANCES

Capital allowances may be made available by way of separate negotiation. Further information can be made available upon request.

VAT

The asset has been elected for VAT, it is anticipated that the sale will be treated as a transfer of a going concern. (TOGC).

PROPOSAL

Offers are sought in excess of **£10,600,000 (Ten million, Six Hundred Thousand pounds)** for our client's heritable interest, which reflects an attractive net initial yield of **8.00%**.

DATA ROOM

Further information is available within a data room, please contact the joint selling agents Knight Frank/D2 Chartered Surveyors to request access.

EPC

The asset has the following EPC rating: C Further information can be made available upon request.

FURTHER INFORMATION

For further Information, please contact:

Patrick Ford | Partner – Capital Markets

DD – 0141 566 0880

patrick.ford@knightfrank.com

Alasdair Steele | Partner – Capital Markets

DD – 0131 222 9601

alasdair.steele@knightfrank.com

Douglas Binnie | Associate – Capital Markets

DD – 0141 566 0885

douglas.binnie@knightfrank.com



Douglas Duncan

DD - 0131 225 4499

douglas@d2property.com

D2

Chartered Surveyors

DISCLAIMER "MISREPRESENTATION ACT: Knight Frank LLP and D2 Chartered Surveyors give notice to anyone who may read these particulars as follows: 1. Particulars: These particulars are not an offer or contract, nor part of one. You should not rely on statements by Knight Frank LLP and D2 Chartered Surveyors in the particulars or by word of mouth or in writing ("information") as being factually accurate about the property, its condition or its value. Neither Knight Frank LLP nor any joint agent has any authority to make any representations about the property, and accordingly any information given is entirely without responsibility on the part of the agents, seller(s) or lessor(s). 2. Photos etc: The photographs show only certain parts of the property as they appeared at the time they were taken. Areas, measurements and distances given are approximate only. 3. Regulations etc: Any reference to alterations to, or use of, any part of the property does not mean that any necessary planning, building regulations or other consent has been obtained. A buyer or lessee must find out by inspection or in other ways that these matters have been properly dealt with and that all information is correct. 4. VAT: The VAT position relating to the property may change without notice. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London W1U 8AN, where you may look at a list of members' names. D2 Chartered Surveyors registered office is at 3 Castle Court, Carnegie Campus, Dunfermline, KY11 8PD. February 2018