

Landmark Office Investment in the Cathedral City of Peterborough For Sale



DAVID BAROUKH ASSOCIATES

PRIESTGATE HOUSE, BOURGES BOULEVARD
PETERBOROUGH, CAMBRIDGESHIRE

INVESTMENT SUMMARY

- **Purchase price of £4,700,000.**
- **Net initial yield of 7.6 %.**
- **Freehold.**
- **Total net internal area of 2,926 sq m (31,507 sq ft).**
- **54 car parking spaces providing an excellent ratio of 1:54 sq m (1:583 sq ft).**
- **Prominent location, situated opposite the town's mainline railway station.**
- **Multi-let to an excellent tenant profile; 95 % of the income deriving from blue-chip tenants.**
- **Active management opportunities.**
- **Residential conversion potential, subject to obtaining the necessary consents.**

LOCATION

Peterborough, in the county of Cambridgeshire, is located midway between the East Anglian coast and the Midlands. It is a historical cathedral city that was designated a 'New Town' in 1968 and is now a principal commercial centre of East Anglia.

The city is located approximately 128.0 kilometres (80.0 miles) north of Central London. Neighbouring towns include Cambridge 64.0 kilometres (40.0 miles) to the south-east and Leicester 69.1 kilometres (43.2 miles) to the north-west.

Major employers in the city include The Land Registry, EMAP, Thomas Cook, IKEA and BNP Paribas.

There are currently a number of proposals at Council and Government level that will improve the future growth of Peterborough. The Government recently announced its commitment to increasing the city's housing stock, developing the city's infrastructure and creating further employment opportunities. In addition, the Government commissioned Lyons' report recently recommended the relocation of civil servants from Central London to Peterborough.

Peterborough City Council is working towards a Masterplan to

regenerate the city centre. Within the next 20 years, the Council intends to spend approximately £900m over 219 hectares (540 acres) of the city centre providing approximately 139,350 sq m (1.5 million sq ft) of retail, 9,290 sq m (100,000 sq ft) of offices and 2,000 houses.

One of the key sites of the Masterplan already in progress is Morley Fund Partnership and Hammerson Plc's mixed use scheme 0.4 kilometres (0.3 miles) north of New Priestgate House. The proposed plans include a modernisation and a 37,160 sq m (400,000 sq ft) extension of the Queensgate Shopping Centre.

DEMOGRAPHICS

Peterborough has a population of approximately 158,000 and a population within 32.0 kilometres (20.0 miles) of the city of approximately 540,000.

Employment growth in the city increased by 12.3% between 1990 and 2000 compared with a regional percentage of 10.0% and a national rate of 9.0%. Labour costs in Greater Peterborough are highly competitive compared with the national average and especially London and the South East.

Peterborough has a Gross Domestic Product of £2.69 billion and has the highest per capita amount in the East of England. Sources: Peterborough City Council, Cambridgeshire County Council Research Group and www.positivelypeterborough.org.

COMMUNICATIONS

Peterborough benefits from excellent communications;

Junction 17 of the A1 (M) is 9.6 kilometres (6.0 miles) to the south west of the city providing a route to London to the south and Newcastle to the north. In addition, the A1 (M) provides access to the M1, M11 and the M25 at Junction 23.

The east coast main line rail service links Peterborough to Leeds, Newcastle, Edinburgh and Glasgow. In addition, there are regular direct rail services to London Kings Cross with a journey time of approximately 50 minutes.

Stansted and Luton airports are 122.1 kilometres (76.3 miles) and 93.4 kilometres (58.4 miles) respectively south of the city. Both airports provide scheduled domestic and European flights.

SITUATION

New Priestgate House occupies an entire island site bounded by Bourges Boulevard (A15) and Priestgate.

The property is situated in a highly prominent town centre



location in close proximity to both transport and retail amenities; The town's main railway station is diagonally opposite the property approximately 0.3 kilometres (0.2 miles) to the north-west whilst the central bus station is situated 0.4 kilometres (0.3 miles) directly north of the property.

The town's main shopping centre – the Queensgate Shopping Centre is approximately 0.2 kilometres (0.1 miles) to the north-east. Bourges Retail Park and the Rivergate Shopping Centre are 0.2 kilometres (0.1 miles) and 0.4 kilometres (0.3 miles) respectively south of the property. The town's prime high street retail location comprising the pedestrianised area around Cathedral Square and Bridge Street is only 0.4 kilometres (0.3 miles) east of the building.

The historic Peterborough Cathedral is also a short distance from the property being only 0.4 kilometres (0.3 miles) to the east.

ground and three upper floors providing covered car parking at lower ground level. The property is split by a central core into North and South blocks.

The office accommodation benefits from perimeter trunking, central-heating, double-glazing and comfort cooling in part. The building is served by two 10 person passenger lifts. There are male and female toilets at each floor.

ACCOMMODATION

We have been advised that the building provides a total net internal floor area of 2,926 sq m (31,507 sq ft). In addition, there are 54 car parking spaces providing a ratio of 1:54 sq m (1:583 sq ft). The building occupies a total site area of 0.197 hectares (0.486 acres). Please see the tenancy and accommodation schedule.

TENANCY

The investment is multi-let producing a total income of **£375,426 per annum**. Please see the tenancy and accommodation schedule.

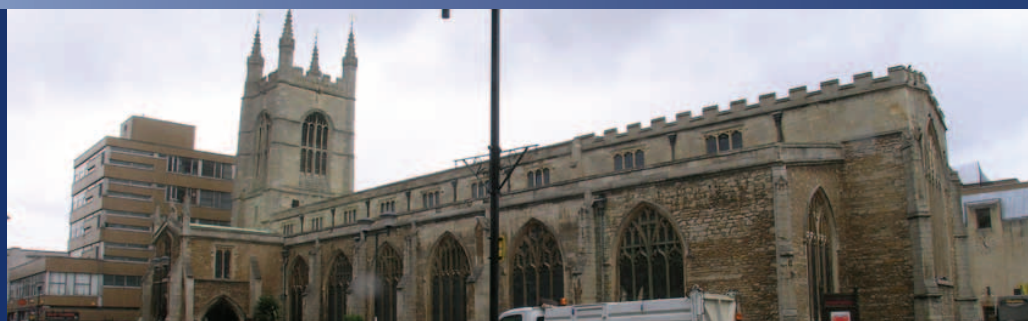
DESCRIPTION

New Priestgate House was constructed in the late 1980s, of a concrete frame with brick elevations. The building is arranged over

TENANCY AND ACCOMMODATION SCHEDULE

Floor	Tenant	Accommodation sq ft	sq m	Rent PA (per sq ft)	Review	Expiry	Unexpired	Comments
North Block								
Ground	Johnston Press	3,894	362	£200,000 (£12.27)	24/06/06	24/06/11	6.0	Assigned from Emap Properties Ltd.
First		4,331	402					
Second		4,331	402					
Third		3,739	347					
South Block								
Ground	Deloitte & Touche LLP	4,278	397	£60,000 (£14.02)	29/09/05	28/09/10	5.25	
First	British Telecom plc	5,077	472	£52,736 (£10.38)	12/12/07	11/11/12	7.5	Sublet to Self Trade UK Services Ltd.
Part Second	Peter Robert Wharton & Philip Bruce Archer (t/a Urquhart - Dykes & Lord)	1,575	146	£17,470 (£11.09)	25/03/13	24/03/13	7.75	Assigned from Berry Bros & Legge Ltd.
Part Second	Pearl Assurance plc	2,851	265	£30,220 (£10.60)	13/12/07	13/12/12	7.5	Assigned from ICI Chemicals & Polymers Ltd who assigned from Imperial Chemical Industries plc.
Third	Ernst & Young LLP	1,431	133	£15,000 (£10.48)	29/09/07	28/09/12	7.25	Sub-let to FSC Blanks.
TOTAL		31,507	2,926	£375,426				

In addition, there are 54 car parking spaces providing a ratio of 1:54 sq m (1:583 sq ft)



COVENANT

Covenant	Date of Accounts	Turnover	Pre tax profit	Net Assets
Johnston Press plc	31.12.2004	£519 million	£177 million	£724 million
Deloitte & Touche LLP	31.05.2004	£1.3 billion	£375 million	£249 million
British Telecommunications plc	31.04.2004	£18.9 billion	£2.0 billion	£20.4 billion
Peter Robert Wharton & Philip Bruce Archer (t/a Urquhart-Dykes & Lords LLP)*				
Pearl Assurance plc	31.12.2004	£466 million	£20 million	£1.2 billion
Ernst & Young LLP	30.06.2004	£828 million	£198 million	£292 million

*Urquhart-Dykes & Lord LLP is one of the largest law firms in the UK specialising in patent and trade mark law. The firm has 9 offices in the UK and 2 in Europe. Further information can be found at their website www.udl.co.uk

TENURE

Freehold.

RESIDENTIAL CONVERSION POTENTIAL

We have been advised that there may be potential to extend the third floor of the building and convert the entire South block to residential subject to obtaining the necessary consents. Following preliminary discussions with the local authority's planning department, our client has instructed architects to design a residential scheme. These plans are available on request. We understand that residential values within the town centre are in the region of £2,152 per sq m (£200 per sq ft).

PRICE

The freehold interest can be acquired for a price in excess of **£4,700,000** reflecting a **net initial yield of 7.6%** based upon costs of 5.7625%.

VALUE ADDED TAX

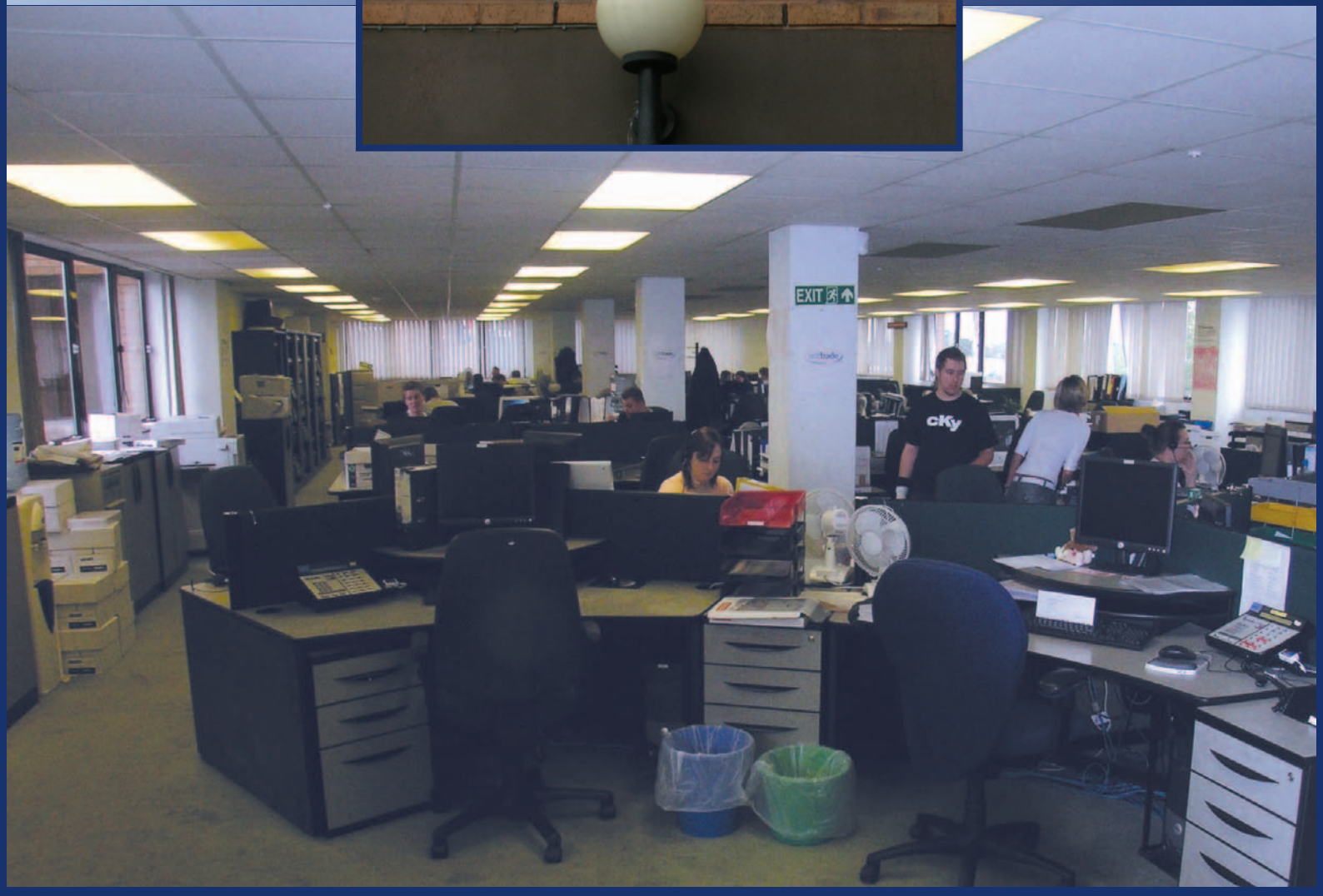
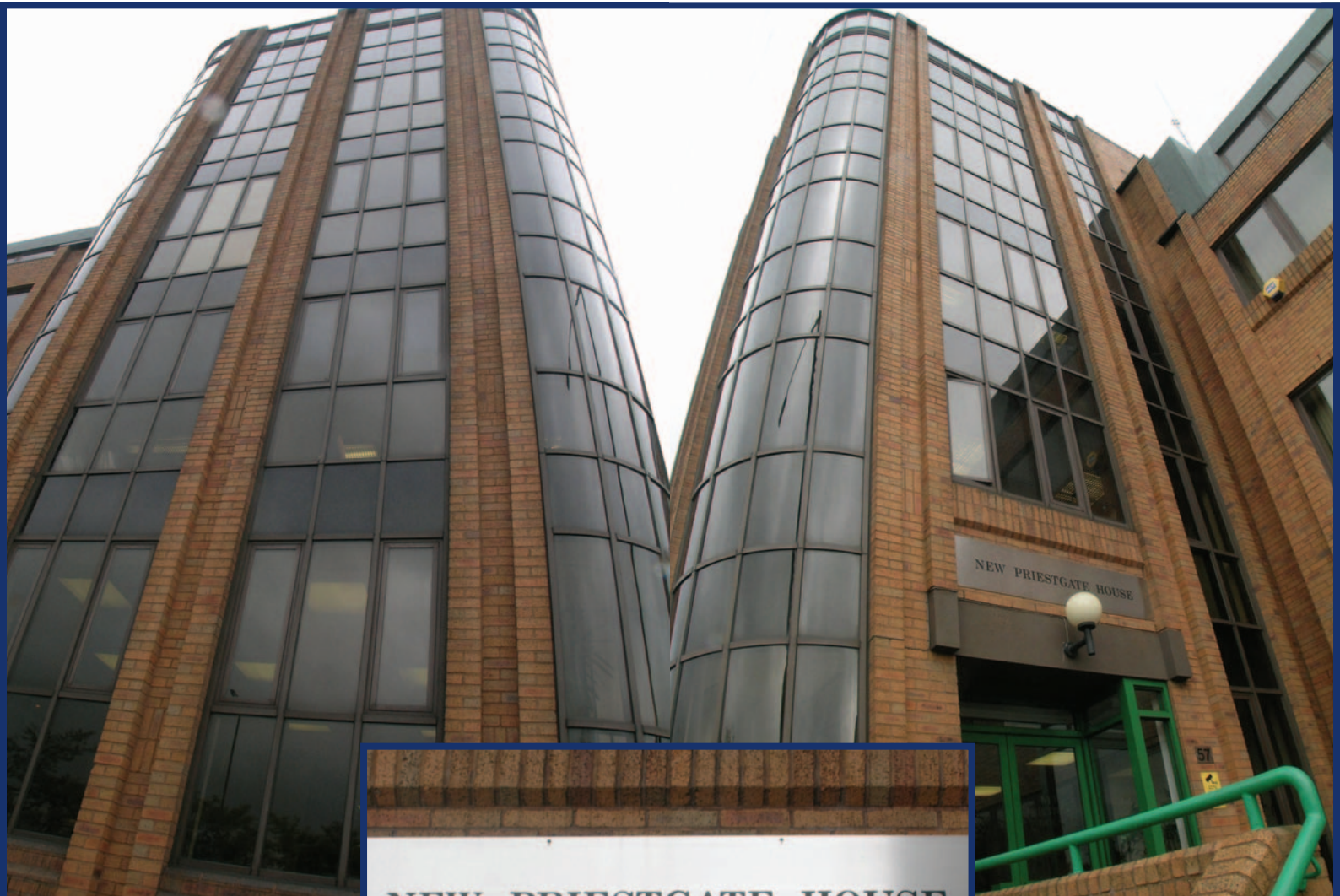
The property has been elected for VAT. It is anticipated that the property will be treated as a transfer of going concern (TOGC).

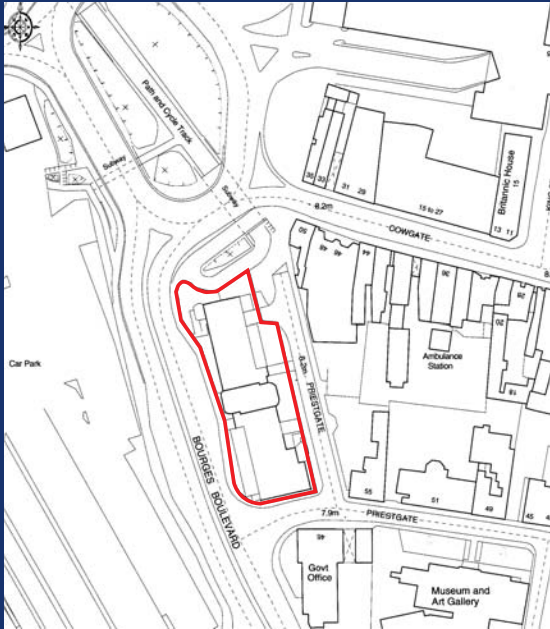
SUBJECT TO CONTRACT AND EXCLUDING VAT

INVESTMENT CONSIDERATIONS

- **The property is located in the historic cathedral city of Peterborough.**
- **Increased Government and Council funding will dramatically improve the town centre with various mixed use development schemes already underway.**
- **The recent Lyons' Report recommended the relocation of civil servants from Central London to Peterborough. This will further enhance the office tenant quality in the town centre and stimulate investment in the location.**
- **The building occupies a highly prominent position within the town-centre and is situated opposite the mainline railway station.**
- **Attractive net initial yield of 7.6%.**
- **Multi-let to an excellent tenant profile; 95% of the income is from blue-chip tenants including Johnson Press Plc, Deloitte & Touche LLP, British Telecom Plc and Pearl Assurance Plc.**
- **Average weighted un-expired term of 6.5 years.**
- **Various asset management initiatives including re-gearing leases and agreeing surrender premiums with tenants not in occupation.**
- **Potential to convert and extend the South block to provide residential accommodation subject to obtaining the necessary consents; residential values within the town centre are in the region of £2,152 per sq m (£200 per sq ft).**







CONTACT INFORMATION



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Subject to Contract and Exclusive of VAT