

ASH & OAK
HOUSE

MIMOSA COURT, LITTLETON ROAD,
SUNBURY-ON-THAMES

FREEHOLD OFFICE INVESTMENT
IN GREATER LONDON WITH
DEVELOPMENT POTENTIAL





investment summary

- Purchase Price in excess of £12,000,000 subject to contract and exclusive of VAT.
- Attractive net initial yield of 6.50%.
- Capital value of £2,774 per sq m (£257 per sq ft) overall.
- Freehold.
- Substantial site area of 1.61 hectares (3.96 acres), providing a low site density of 27%.
- Potential for residential development, subject to the necessary planning consents.
- Two adjoining self contained and highly specified offices with substantial parking.
- Total area of 4,325.70 sq m (46,561 sq ft).
- Passing rent reflects £190.65 per sq m (£17.71 per sq ft) overall.
- Affluent and desirable commuter town within the south west quadrant of the M25.
- Over 81% of the income let to BUPA Investments Ltd, guaranteed by BUPA Finance Plc with net assets in excess of £1.1 billion.
- 244 car parking spaces providing a ratio of 1:18 sq m (1:191 sq ft).



Ash and Oak House



Location

Located in the county of Surrey, Sunbury-on-Thames is an established office and commercial centre situated in the south-west quadrant of the M25.

The town lies approximately 3 km (2 miles) east of Staines, 8 km (5 miles) south west of Hounslow, 12 km (8 miles) west of Kingston Upon Thames and 26 km (16 miles) south west of central London.

Sunbury-on-Thames is an affluent commuter town benefitting from its proximity to central London and Heathrow Airport. Corporate occupiers in the locality include BP International, T-Mobile, Barclays, Chubb, Initial Citylink and Del Monte Foods International.

Communications

Sunbury-on-Thames benefits from excellent communications via road, rail and air;

The town is located adjacent to Junction 1 of the M3, providing access to the M25 (Junction 13), approximately 10 km (6 miles) to the south west. Kingston-upon-Thames, Staines, Hounslow and Richmond-upon-Thames are easily accessible via the A316 and A308, the latter providing connections to Heathrow Airport and Central London.

Sunbury-on-Thames, Upper Halliford and Ashford mainline railway stations provide regular direct services to London Waterloo with a fastest journey time of approximately 38 minutes.

Heathrow Airport is located 6 km (4 miles) to the north with Gatwick Airport situated 40 km (25 miles) to the south east both providing flights to domestic and international destinations. In addition, Heathrow's 260 hectares (642 acres) Terminal 5 is due to complete in 2011 increasing the airports capacity to approximately 90 million passengers per year.



Demographics

Sunbury-on-Thames has a district population of approximately 90,390 and an estimated catchment population within 20 km (12 miles) of 2,760,061.

The town benefits from a robust local economy with home and car ownership at 79%, significantly higher than the national average of 68%. Furthermore Sunbury-on-Thames has a strong socio economic profile with the Mosaic Consumer Classification index groups of Symbols of Success, Happy Families with Suburban Comfort providing a combined total of 70% compared to 38% on a national scale.

Source: Focus

Situation

The property is located to the south of Littleton Road, close to its junction with the A308 Staines Road, providing access to the M25, M3 and M4 motorways. The property is situated in a mixed use location with office, light industrial and residential uses within close proximity.

The town's main retailing facilities are within easy walking distance including the Sunbury Cross Shopping Centre with occupiers comprising Marks & Spencer, Laura Ashley, Boots the Chemist and Blockbuster.

Description

Constructed in the mid 1980's, the investment comprises two adjoining self-contained office buildings.

The building is of reinforced concrete frame construction with brick cavity walls and aluminium framed double glazed windows under a pitched tiled roof.

The office specification comprises:

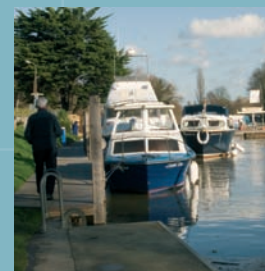
- Air conditioning
- Suspended ceilings with integrated category II lighting
- Fully accessible raised floors
- Double-height reception area
- A shower, male, female and disabled toilets on each floor

BUPA substantially refurbished their accommodation in Ash House and the first floor of Oak House, in 1999 and 2000 respectively, to include air-conditioning, kitchenette on each floor, cafeteria and a disabled lift.

Illustrative floor-plans are available on our website www.dbaprop.co.uk. To access click on the property and see section 'Other Documents'.

Car Parking

The property benefits from parking to the front, side and an extensive barrier controlled car park to the rear of the property. There are a total of 244 car spaces providing an excellent ratio of approximately 1:18 sq m (1:191 sq ft). In addition, there are 10 lorry spaces which have been reconfigured to offer further car parking which is currently unallocated. There is potential to create a more efficient car park design to enable further parking spaces.



Ash and Oak House



Scheme 1



Scheme 2

Residential Development Potential

The property occupies an extensive site of 1.61 hectares (3.96 acres), providing a low site density of 27%. Our enquiries with Spelthorne Borough Council have intimated a potential to develop the car park to residential, subject to the necessary consents.

Architects have drawn Scheme 1 which converts part of the car park to provide 43 one and two bedroom flats, 8 terraced houses and a low rise multi storey car park with 51 residents car parking spaces. The scheme extends to approximately 2,972 sq m (32,000 sq ft).

Current planning policy requires the retention of employment use, however a revised UDP will be implemented in 2008. Scheme 2, comprising the entire site, extends to approximately 10,452 sq m (112,500 sq ft). The architects plan includes 75 one and two bedroom flats, 30 three bedroom flats and 180 residents car parking spaces.

Residential capital values achieved in the area are approximately £3,498 per sq m (£325 per sq ft) reflecting a potential end value of £10 million and £36 million, depending on the scheme developed.

Tenure

Freehold.

Tenancies

Ash and Oak House are let on full repairing and insuring leases producing a total income of £824,700 per annum equating to £190.65 per sq m (£17.71 per sq ft) overall.

Please see the tenancy and accommodation schedule below.

Covenants

Over 81% of the income is derived from BUPA Investments Ltd with a guarantee from BUPA Finance Plc. Sterling Software (UK) IV have assigned their lease in Oak House to Computer Associates (UK) Limited.

Covenant	Date of Accounts	Turnover (000's)	Pre tax profit (000's)	Net Assets (000's)
BUPA Investments Ltd	31/12/05	£498,423	£353,653	£382,194
BUPA Finance Plc	31/12/05	£2,745,100	£372,900	£1,136,700
Computer Associates (UK) Limited	31/03/05	£112,210	£3,746	£171,321

Computer Associates (UK) Limited are a wholly owned subsidiary of Computer Associates International Incorporated with over 16,000 employees worldwide and reported a revenue of \$3.8 billion in 2006.

Please see summary information and accounts on our website www.dbaprop.co.uk

Tenancy and Accommodation Schedule

Property	Tenant	Accommodation		Start	Lease Expiry (Break)	Review	Rent per annum (per sq ft)	Unexpired Term	Car Parking Spaces	Comments
		sq ft	sq m							
Ash House	BUPA Investments Limited Guaranteed by BUPA Finance Plc	25,997	2,415.30	05/01/2000	28/09/2012 (05/01/2010)	05/01/2010	£500,000 (£19.23)	3.00	135 and 6 lorry spaces	Break clause subject to 12 months notice
Oak house	Computer Associates (UK) Limited (on assignment from Sterling Software (UK) IV)	20,564	1,910.40	29/09/1997	28/09/2012	29/09/2007	£324,700 (£15.79)	5.75	109 and 4 lorry spaces	Rent deposit of £157,500. 1st floor sub let to Bupa Investments Limited. ¹ The ground floor is vacant.
TOTAL		46,561	4,325.70				£824,700		244 car / 10 lorry	

1. Computer Associates are not in occupation and have sublet the first floor outside the Landlord & Tenant Act 1954 to BUPA Investments Ltd, guaranteed by BUPA Finance Plc, expiring 27th September 2012 with a break option co-terminus with Ash House in January 2010 (with 1 months notice) at a current rent of £175,000 per annum.



Proposal

We have been instructed to seek offers in excess of **£12,000,000** (Twelve Million Pounds) reflecting a **net initial yield of 6.5%**, based upon costs of 5.7625 % subject to contract and exclusive of VAT.

Value Added Tax

The property has been elected for VAT and is payable on the purchase price.

Investment Considerations

- Two self adjoining highly specified offices in close proximity to the towns retail facilities and mainline railway station.
- Affluent and desirable commuter town in the south west quadrant of the M25.
- Excellent communications with easy access to Heathrow Airport, Central London, M3, M4 and M25 motorways.
- Strong tenant profile with over 81% of the income secured to BUPA Investments Ltd, with a guarantee from BUPA Finance Plc.
- Excellent car parking ratio of 1:18 sq m (1:191 sq ft).
- Extensive site area of 1.61 hectares (3.96 acres), providing a low site density of 27% with potential to develop a residential scheme, subject to obtaining the necessary planning consents. The architects have designed 2 schemes comprising a development of either part or the entire site with potential end values of £10 million and £36 million.
- Low rental base of £190.65 per sq m (£17.71 per sq ft) overall in comparison to rents achieved in surrounding towns.
- The completion of Terminal 5 at Heathrow Airport is forecast to increase tenant demand in the macro location.
- Asset management opportunities including the surrender of Computer Associates accommodation, reletting of the ground floor of Oak House and to negotiate a removal of BUPA's break option in 2010. We understand the location is of strategic importance for BUPA with numerous associate offices in close proximity.

SUBJECT TO CONTRACT AND EXCLUDING VAT



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February 2007