



MODERN MULTI-LET OFFICE INVESTMENT

One Cranmore Drive, Solihull B90 4RZ

MK2
REAL ESTATE

**MODERN
MULTI-LET
OFFICE
INVESTMENT**

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INVESTMENT SUMMARY

- > Opportunity to acquire a modern multi-let office building, fully let to 5 tenants with significant reversionary potential.
- > Located at One Cranmore Drive on an established business park in affluent Solihull with good access links to the M42 motorway.
- > Grade A offices extending to 38,392 sq. ft. over ground and first floors in two wings together with 143 car parking spaces providing a ratio of 1:270 sq. ft.
- > Long leasehold interest expiring on 4/7/2138 at a ground rent of £50,000 pa.
- > Tenants include, C&J Clarke International, Convergence Group, Spirotech, Purple Bricks and TÜV Rheinland Ltd, the property has a WAULT to lease expiry of 4 years and WAULT to lease breaks of 2.5 years.
- > Gross passing rent of £477,201 pa equating to £12.43 per sq ft overall with an anticipated reversionary rent of £575,880 pa based on recently achieved rent of £15.00 per sq ft.
- > Offers are invited at **£5,175,000 (Five Million One Hundred and Seventy Five Thousand Pounds)** subject to contract and exclusive of VAT. A purchase at this level reflects the following attractive net yield profile:

ONE CRANMORE DRIVE, SOLIHULL B90 4RZ

Net Initial Yield	7.74%
Reversionary Yield	9.44%
Capital Value per sq ft	£134.79



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LOCATION

The property is located in Solihull approximately 2 miles from the town centre and 8 miles from Birmingham City Centre. The town is well positioned adjacent to the M42 with good access to the M40, M5 and M6 motorways. Solihull benefits from excellent rail and air connections. The property is 9 miles from Birmingham International Airport which serves over 100 destinations and Birmingham International Rail Station which has regular services to London taking approximately one hour

fifteen minutes. There is a direct service to London Marylebone from Solihull Rail Station taking approximately one and a half hours.

Solihull is considered the most affluent town within the greater Birmingham conurbation benefitting from substantial commercial offerings including Touchwood Shopping Centre. The town's central position within the country and excellent transport links has made it a popular choice for national corporate headquarters and regional firms.



DISTANCES

Solihull Town Centre	2 miles
Birmingham City Centre	8 miles
Coventry City Centre	17 miles
London City Centre	110 miles

COMMUNICATIONS

M42 (by car)	1.7 miles
London Marylebone (by train)	1h 30m
Birmingham International Airport (by car)	9 miles
Coventry Airport (by car)	21.7 miles

SITUATION

One Cranmore Drive is situated just off Cranmore Boulevard close to the A34 with quick access to Junction 4 of the M42 motorway. Solihull Town Centre and the railway station is accessed via the B4102 around 1.6 miles distant.

Paragon Finance, Britvic Soft Drinks, Secure Trust Bank and Enterprise Inns and Cranmore Park Conference and Exhibition Centre.

In recent years the locality has seen a number of high profile and successful developments including, The Pavillions, Solihull Business Park, Blythe Valley Park and Fore Business Park.

Cranmore Drive forms an established out of town office park, secured by an entry gate system which directly links to the wider Monkspath commercial area. The area has attracted many established businesses including Associated Independent Stores,



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DESCRIPTION

Built in 2005, One Cranmore Drive provides high quality grade A office space over two large floorplates. The internal specification includes;

- > Double height reception area
- > Full height glazing providing good levels of natural light.
- > 3m floor to ceiling height with 400mm floor void
- > LG3 lighting
- > Upflow ventilation system
- > CCTV
- > Manned reception and 24 hour access
- > Communal breakout area
- > Two passenger lifts
- > Male, female, disabled WC's together with one shower per floor.

The floorplates are very divisible and are currently configured to provide three office suites at first floor level and two at ground floor. The tenants have carried out their own individual fit outs according to their corporate requirements.

Externally the site extends to approximately 2.13 acres. The property has 143 car parking spaces providing an excellent car parking ratio of 1:270 sq ft. There is attractive landscaping surrounding the car parking areas together with a large paved area incorporating seating, trees and plants to the front of the office entrance atrium.

Planning permission has been granted to create a further 28 car parking spaces on site ref #PL/2017/00620/PPFL.

TENURE

Held on a long leasehold interest for a term of 125 years from 5th July 2013 expiring on 4th July 2138.

The ground rent is £50,000 per annum and has 5 yearly reviews compounded annually at 2% pa. The next review is 5th July 2018 when the rent will rise to £55,204 per annum.



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TENANCIES

The property is fully let to 5 tenants and produces a rent of £477,201 pa equating to £12.43 per sq ft overall. The last letting to Purple Bricks has set a new benchmark rent at £15 per sq ft and therefore the reversionary rent is £575,880. The property has a WAULT to lease expiry of 4 years and WAULT to lease breaks of 2.5 years

FLOOR	AREA SQ FT	TENANT	LEASE START	LEASE EXPIRY	BREAK	RENT REVIEW	RENT PA	RENT PSF	ERV	ERV PSF
Part Grd Floor	4,198	C&J Clarke International	01/05/2012	30/04/2022	30/04/2019	01/05/2017	£29,764	£7.09	£62,970	£15.00
Part Grd Floor	10,375	Convergence Group	20/04/2015	19/04/2020	-	-	£124,500	£12.00	£155,625	£15.00
Part Grd Floor	4,675	Convergence Group	01/03/2016	19/04/2020	-	-	£59,555	£12.74	£70,125	£15.00
Part 1st Floor	2,646	Spirotech	01/12/2013	01/12/2023	01/12/2018	01/12/2018	£31,752	£12.00	£39,690	£15.00
Part 1st Floor	11,250	Purple Bricks Group Plc	13/11/2017	12/11/2023	13/11/2020	-	£168,750	£15.00	£168,750	£15.00
Part 1st Floor	5,248	TUV Rheinland UK Ltd	11/06/2015	10/06/2020	-	11/06/2020*	£62,880	£11.98	£78,720	£15.00
TOTAL	38,392						£477,201		£575,880	
							Ground Rent	-£50,000	-£55,204	
							NET RENT	£427,201	£520,676	

*Tenant option to renew for further 5 years. Further information on request.



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COVENANT STRENGTH



C&J Clarke International: Experian Rating 88 - Low Risk.
International shoe retailers and manufacturers established 1825.

	JAN 2015	JAN 2016	JAN 2017
Turnover	£893,000,000	£935,400,000	£885,600,000
Pre-tax Profit	£110,600,000	£71,300,000	£36,400,000
Net Worth	£261,700,000	£362,800,000	£331,800,000



Convergence Group: Experian Rating 89 - Low Risk.
Design build & manage fibre optic data networks for businesses.

	DEC 2013	DEC 2014	MARCH 2016
Turnover	£23,501,153	£24,206,736	£34,635,000
Pre-tax Profit	£1,615,563	£2,095,838	£2,791,000
Net Worth	£2,784,929	£3,514,520	-£7,785,000



Spirotech: Experian Rating 78 - Below Average Risk.
Specialists in fluid condition in closed systems.

	DEC 2014	DEC 2015	DEC 2016
Turnover	£2,587,247		
Pre-tax Profit	£150,844		
Net Worth	£427,120	£292,717	£196,162



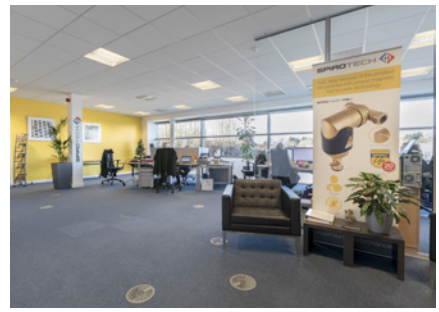
Purple Bricks Group PLC: Experian Rating 75 - Below Average Risk. Estate agency.

	APRIL 2015	APRIL 2016	APRIL 2017
Turnover	£3,394,464	£18,603,679	£46,706,078
Pre-tax Profit	-£5,435,780	-£11,901,831	-£6,059,519
Net Worth	£4,256,392	£27,692,319	£70,044,108



TUV Rheinland Ltd: Experian Rating 60 - Below Average Risk.
Leading international body for certification of safety and quality for products services and management systems.

	DEC 2014	DEC 2015	DEC 2016
Turnover	£1,762,000	£1,991,000	£2,135,000
Pre-tax Profit	-£1,471,000	-£535,000	-£11,711,000
Net Worth	£14,188,000	£16,954,000	£21,191,000



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SOLIHULL OFFICE MARKET

With a total stock of around six million square feet, Solihull is the second most important office location in the Midlands after Birmingham City Centre. According to Costar vacancy levels have been compressing since 2014 and now stand at 8.3%, significantly below the long-term average of 15%. This has resulted in significant rental growth with the last 12 months seeing 6.7% increase and an average rent of £18.18 per sq ft.

Headline rents at the key business parks include;

Solihull Business Park	£19.00
Friars Gate	£19.50
Blythe Valley Business Park	£23.50
Fore Business Park	£21.50
Birmingham Business Park	£22.00

Strong rental growth and limited supply has encouraged investors into the area with recent deals including;

Arup Campus Blythe Gate Valley - Single let	£23,500,000	NIY 7.23%
1320 Solihull Parkway, Birmingham Business Park- Multi-let	£5,650,000	NIY 6.94%
Courtyard, Warwick Road, Solihull - Multi-let	£8,650,000	NIY 6.37%
Quartz Point, Solihull - Multi-let courtyard style	£3,300,000	NIY 7.13%
Earlswood Court, Highlands Road Solihull – Single let office	£10,500,000	NIY 6.67%



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SERVICE CHARGE

The service charge budget for 2017 / 2018 is £252,150 per annum which equates to £6.56 per sq. ft.

EPC RATINGS

The property has an EPC rating of **C72**. A copy of the certificate is available upon request.

VAT

VAT is payable on the purchase price however subject to qualification we anticipate that the sale will be structured by way of a TOGC.

PROPOSAL

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Based on normal acquisition costs of 6.61%



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FURTHER INFORMATION

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