

High Yielding Office Investment Opportunity



722 Prince of Wales Road

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722 Prince of Wales Road is a large multi-tenanted office situated close to the ring road, motorway and Sheffield City Centre.

INVESTMENT SUMMARY

- High Yielding multi let office investment opportunity with 100% of the income secured to undoubted covenants.
- 83,584 sq ft of substantially refurbished high quality office accommodation with a USP of the largest open plan floor plates in the city.
- A large total site area of 5.3 acres with surfaced parking for 322 cars (1:260 sq ft) and additional land for either development or extra car parking.
- The property is situated immediately off Sheffield Parkway and as such provides excellent access to J33 of the M1 and Sheffield City Centre.
- The property has a current rental income of **£879,562 per annum** with an ERV of **£916,553 per annum**.
- Offers are invited in the region of **£6,500,000 (six million five hundred thousand pounds)**, subject to contract and VAT. A purchase at this level represents a **Net Initial Yield of 12.69%** (assuming purchasers' costs of 6.63%) and a low capital value of **£77.77psf**.
- Weighted average unexpired term certain of 2.0 years.

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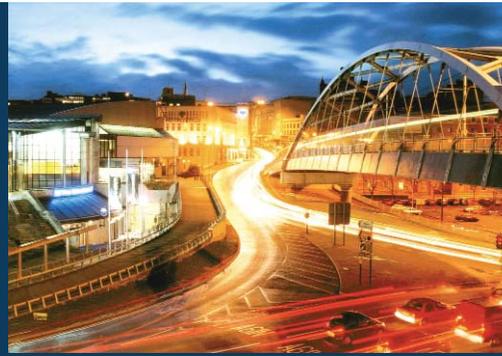


Photo: Andy Brown



LOCATION

Sheffield is England's fourth largest city and the commercial, administrative and retail centre of South Yorkshire, with an urban area population of approximately 640,000. The city is located 150 miles (240 km) north of London, 33 miles (53 km) south of Leeds and 38 miles (61 km) east of Manchester and benefits from its central location within the UK.

The city enjoys excellent access to the national motorway network, with Junctions 31 to 34 of the M1 on the eastern fringe of the city, approximately 4 miles (6.5 km) from the city centre. The M1 provides direct access to the north (Leeds, Barnsley and Wakefield) and south (Nottingham, Milton Keynes and London). In addition, the M18, accessed at Junction 32 of the M1 provides direct access to the Humber-side Ports. The A57 and M67 provide access to Manchester, approximately 38 miles (61 km) to the west.

Sheffield Mainline Station provides direct services to the following UK cities with approximate fastest journey times as below:

London (St Pancras)	127 minutes
Birmingham	65 minutes
Manchester	50 minutes
Nottingham	45 minutes
Leeds	40 minutes

Manchester, East Midlands, Leeds-Bradford International and Doncaster Robin Hood Airports are located 47 miles (75 km), 53 miles (85 km), 45 miles (72 km) and 27 miles (44 km) respectively and are all within 1 hours drive of the city. All provide a range of national, European and international services.

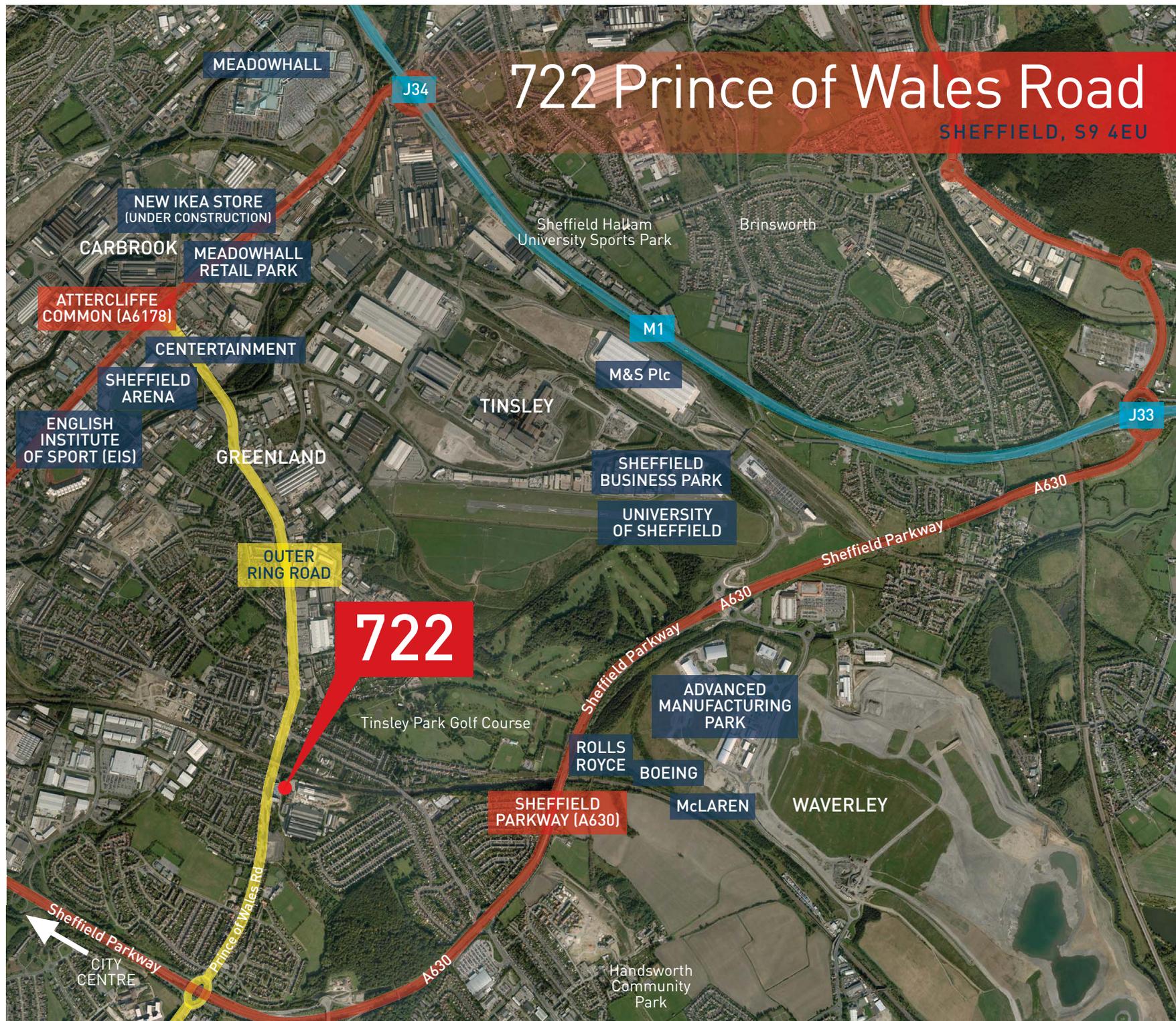
SITUATION

Prince of Wales Road (A6102) is part of Sheffield's Outer Ring Road which links the North Eastern boundary of the city at Carbrook, round the Eastern edge, through to the South Western Boundary at Meadowhead.

722 is situated in a highly accessible location, immediately off Sheffield Parkway, which is the main arterial route linking Sheffield City Centre and J33 of the M1, as well as having direct access to J34 of the M1.

Close to the property are Meadowhall, Valley Centertainment, Meadowhall Retail Park and Tinsley Golf Course, all of which provide excellent staff amenities, entertainment and transport hubs.

Also close to the site is the highly successful Advanced Manufacturing Innovation District (AMID) which comprised the Advanced Manufacturing Park (AMP) and Sheffield Business Park (SBP) which is home to occupiers such as Boeing, Rolls-Royce, Sheffield University, The Institute of Mechanical Engineers, Nikken and Stanley Black & Decker.



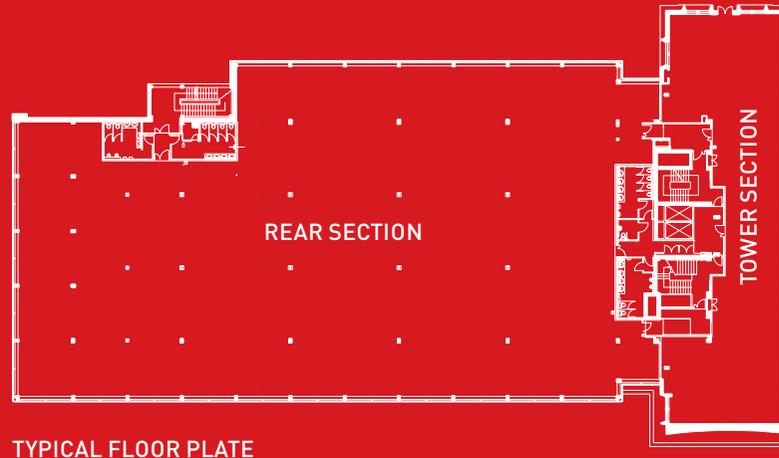
DESCRIPTION

722 is a high quality, multi-occupied office property offering the largest floor plates in the city. The property underwent substantial refurbishment in 2005 which included remodelling works to create the large open plan floors which many occupiers find attractive. The specification includes:

- Full raised access floors
- Suspended ceilings
- Excellent floor to ceiling height
- Air conditioning
- Large reception with concierge and café
- Shared meeting facilities
- Substantial car parking area

DEVELOPMENT SITE

Included within the ownership is the roadside development site, comprising approximately 1 acre, directly fronting Prince of Wales Road. The site had outline planning consent for A3 and drive through use. We are of the opinion that this plot has an existing use value of £350,000 with potential to significantly increase this on planning. Plans have also been produced to show that an additional 133 parking spaces can be accommodated on this site.



TYPICAL FLOOR PLATE



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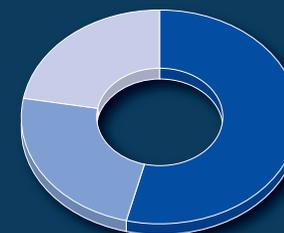
TENANCY SCHEDULE

Floor	Tenant	Sq Ft	£ / Sq Ft	Rent	ERV psf	ERV	Lease Start	Lease End	Break	Notes
Lower ground floor, Courtyard Suite	VACANT	2,968			£10.00	£29,680				
Ground floor café	BLACKMHOR LIMITED (café)	596			£5.00	£2,980	13/10/2010	12/10/2015		Informal arrangement. Overage rent being 10% of any gross receipts over £30,000 per quarter. Tenant holding over. Excluded from L&T 1954 Act.
Ground floor meeting room	VACANT	336			£12.00	£4,000				Available to rent by Tenants.
Ground and First floor	NHS PROPERTY SERVICES LTD	38,425	£10.95	£420,754	£11.00	£422,675	28/03/2013	27/03/2024	27/03/2020	Review @ RPI (all prices) at year 7. Tenant break at end of 7th year on 12 months prior notice. The lease includes 121 parking spaces.
First floor front	NHS PROPERTY SERVICES LTD	3,806	£10.00	£38,060	£10.00	£38,060	25/05/2017	24/05/2022	30/11/2019	
Second floor front and part rear	NEWCASTLE COLLEGE	16,541	£12.75	£210,898	£10.77	£178,192	05/08/2008	04/08/2018		The ERV is based on £11.00psf for 2nd floor rear and £10.00psf for 2nd floor front. The lease includes 48 parking spaces.
Part second floor rear	VACANT	7,346			£11.00	£80,806				
Third floor front	DANIELI DAVY DISTINGTON LTD	3,991	£14.40	£57,470	£10.00	£39,910	13/02/2008	12/02/2018		Have vacated.
Fourth/fifth/sixth floors front	DANIELI DAVY DISTINGTON LTD	9,575	£14.40	£137,880	£10.00	£95,750	13/02/2008	12/02/2018		Have vacated.
47 additional parking spaces	NHS PROPERTY SERVICES LTD			£10,000		£20,000	28/03/2013	27/03/2024	27/03/2020	Review @ RPI (all prices) at year 7. Tenant break at the end of 7th year on 12 months' notice.
10 additional parking spaces	NHS PROPERTY SERVICES LTD			£4,500		£4,500	19/05/2017	18/05/2022	30/11/2019	LL Can terminate on 2 months notice.
TOTALS		83,584		£879,562		£916,553				

INCOME ANALYSIS

The majority of the income is underpinned by NHS Property Services Limited. They have been in occupation of the building for many years now, previously as the Primary Care Trust, but now as the Clinical Commissioning Group, charged with the buying and contracting of the regions healthcare services.

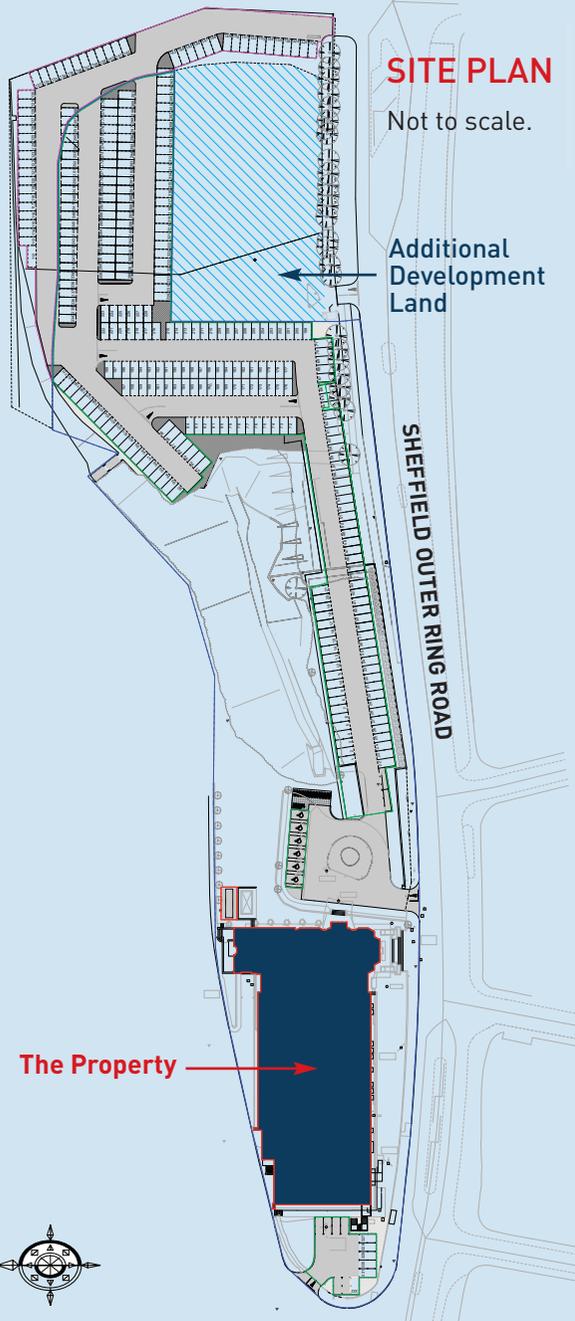
INCOME



- NHS - 54%
- Newcastle College - 24%
- DDD - 22%

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TENURE

Freehold.

VAT

The property has been elected for VAT. The sale will be treated as a Transfer of a Going Concern (TOGC).

DATA ROOM

Data room access available upon request.

EPC

EPC's are available upon request.

PROPOSAL

Offers are invited in the region of **£6,500,000 (six million five hundred thousand pounds)**, subject to contract and VAT.

A purchase at this level represents the following yield profile, allowing £350,000 for the development site:

Net Initial Yield - 12.69%
Reversionary Yield - 13.97% (assuming the development site is sold)

This assumes purchaser's costs of 6.63% reflecting a low capital value of **£77.77 psf** and **£73.50 psf** assuming the development site is sold.

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