FOR SALE

PRIME SINGLE-LET OFFICE INVESTMENT
LET TO BARCLAYS SERVICES LIMITED WITH PERMITTED DEVELOPMENT RIGHTS

MILLSHAW COURT
GLOBAL AVENUE | MILLSHAW LEEDS | LS11 8AN
FOR SALE PRIME SINGLE-LET OFFICE INVESTMENT LET TO BARCLAYS SERVICES LTD WITH PERMITTED DEVELOPMENT RIGHTS

INVESTMENT SUMMARY

- High Quality, Self-contained office building totalling approximately 81,043 ft² of accommodation with 355 car parking spaces.
- Excellent location in close proximity to White Rose Office Park and within 3 miles of Junction 29 of the M62 motorway and 0.5 miles from junction 1 of the M621.
- Single-let to Barclays Services Ltd at a current rent of £1,292,500 per annum.
- Income secured to a 5A1 covenant on a reversionary lease terminating May 2022 with a tenant break in November 2021.
- In excess of 4 years to lease expiry and 3.5 years to break.
- Redevelopment potential to residential permitted development upon lease expiry.
- Approved permitted development for 142 apartments.
- Freehold
- Quoting price of £12,100,000 (Twelve Million, One Hundred Thousand Pounds) subject to contract and exclusive of VAT. This price represents an attractive Net Initial Yield of 10.01% assuming purchaser’s costs of 6.71% and a low capital value of only £149 psf.
Leeds is the third largest city in the UK and the principal city of the Yorkshire and Humberside region. Government investment into the Northern Powerhouse will see the City’s partnership with Liverpool, Manchester, Newcastle and Sheffield transform Leeds into a truly global city.
LEEDS

The City is widely recognised as the UK’s main financial and business services centre outside the City of London. This sector generates over £13 billion every year alongside its manufacturing industry which generates £7 billion. Leeds currently employs over 250,000 people with the city region having the largest workforce outside of London and is the fastest growing in the North of England. The working age population is set to increase by 26% between 2006 and 2031 demonstrating the high levels of growth expected. Over the last 20 years more jobs have been created in Leeds than any other UK city outside of London.

ECONOMY

Government investment in the northern powerhouse will speed the transformation of Leeds into a global city. Leeds’ partnership with Liverpool, Manchester, Newcastle and Sheffield is set to transform Northern connectivity and harness the economic potential of the North of England. Long term investment in HS2 and the northern hub mean faster and more reliable journeys linking a greater area of 15 million people with unparalleled transport facilities. In illustration of the economy size, Leeds is host to twenty FTSE 100 company HQ’s, in excess of 30 national and international banks and over 180 legal firms.

DIGITAL ECONOMY

Leeds is at the forefront of the digital revolution and is already home to BT, EE, O2 and Cable and Wireless. The city also boasts the highest concentration of internet service and telecommunications providers in the UK. Leeds pioneered its own success with creation of its own superfast connectivity (IXLeeds) which attracted multi-national occupiers of Asda-Walmart, Telefonica and TomTom.
Second largest financial centre outside of London employing 22,000 people

UK’s first regional financial tech accelerator

1.1% annual total Private Sector Office employment growth (2018-2022)

Home to – 709,000 companies

Financial employment of 1 in 4 people

Population – 798,000

5% of England’s total economic output
Leeds is centrally positioned in the UK with Millshaw Court located south of Leeds city centre fully serviced by road, rail and air:

- **Road**
  Primary access to the property is via the A6110 which is a major arterial road serving west Leeds. This provides access to Junction 1 of the M621 which is 1 mile north of Millshaw Court. Junction 28 of the M62 is situated 2.6 miles south along the Millshaw and Dewsbury Road. Both the M621 and M62 provide connections to the M1 motorway and access to the wider region.

- **Buses**
  Frequent public bus services shuttling from Millshaw, White Rose Shopping Centre and Office Park to the city centre.

- **Rail**
  Leeds City Station provides rail routes to national destinations with a direct rail service to the capital cities of London (Kings Cross) and Edinburgh with journey times of 2 hours and 10 minutes and 3 hours respectively.

- **Air**
  Leeds Bradford International Airport is situated approximately 10.3 miles north of Millshaw Court providing international and domestic flights to over 65 locations and four daily flights to London. The airport currently caters for around 3.7 million passengers per annum (2016) which is forecast to expand to approximately 8 million passengers by 2026.

- **Sea**
  Humber Port is located 60 miles from Leeds directly connected by the M62. 23% of England’s cargo passes through this port benefiting the regions manufacturing base.

- **HS2**
  The planned high-speed rail link between Leeds, Manchester, Birmingham and London is expected early 2030’s. This will provide significantly improved transport and connectivity in the Northern Powerhouse with capacity to reduce journey times to London and Birmingham to 82 and 57 minutes.
SITUATION

Millshaw Court is prominently situated in the established commercial area of Millshaw approximately 3 miles South West of Leeds City Centre. The property benefits from excellent road infrastructure linking the property to the M62 and M1 via the A110 Leeds Outer Ring Road.

The immediate area is a hive of economic activity with White Rose Shopping Centre located 0.5 miles south anchored by Debenhams, Sainsburys, Next and Cineworld. More recently, the development of White Rose Office Park provides circa 425,000 sq ft of office space occupied by Inland Revenue, Capita and O2.
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SITE AREA & TENURE

The site extends to approximately 2.96 hectares (7.33 acres) and is held Freehold.

ACCOMMODATION

<table>
<thead>
<tr>
<th>Floor</th>
<th>Area Sq Ft</th>
<th>Area Sq M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Ground</td>
<td>13,261</td>
<td>1,231.99</td>
</tr>
<tr>
<td>Ground</td>
<td>31,772</td>
<td>2,951.72</td>
</tr>
<tr>
<td>Ground Reception</td>
<td>1,371</td>
<td>127.37</td>
</tr>
<tr>
<td>First</td>
<td>34,639</td>
<td>3,218.07</td>
</tr>
<tr>
<td>Total</td>
<td>81,043</td>
<td>7,529.15</td>
</tr>
</tbody>
</table>
DESCRIPTION

The property comprises a part two/part three storey office building configured in a quadrangle around a central courtyard. The property is constructed of steel frame with brick/block cavity infill panels and a pitched slate roof.

Internally, the offices have been refurbished in 2009 to provide a modern specification as follows:
- Suspended Ceiling with integrated metallic ceiling tiles
- LG3 Lighting
- Double Glazed Windows
- Air Conditioning throughout
- WC's on each floor
- Fully raised access floors
- Two x 13 passenger lifts
- Canteen Facility

CAR PARKING

The property benefits from 355 surface car parking spaces which is equivalent to a beneficial out of town ratio of 1 space per 288 ft².

The tenant has an additional 190 car parking spaces on the neighbouring site which is under their ownership. This is not included within the title being marketed, shown on page 7.
TENANCY

The property is fully let to Barclays Services Ltd on a contractual rent of £1,292,500 pa with the lease expiring May 2019. A reversionary lease has been agreed with Barclays Services Limited at a rent of £1,292,500 per annum for a term expiring 11th May 2022. The reversionary lease contains a tenant only break option on the 12th November 2021. The tenant will receive the final 6 months of the term at half rent if the break is not exercised.

Assuming half rent on reception, the annual rent equates to £16.08 psf.

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Rent</th>
<th>Lease Start</th>
<th>Lease Expiry</th>
<th>Break Option</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barclays Services Ltd</td>
<td>£1,292,500</td>
<td>10/11/1994</td>
<td>11/05/2019</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Reversionary Tenancy

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Rent</th>
<th>Lease Start</th>
<th>Lease Expiry</th>
<th>Break Option</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barclays Services Ltd</td>
<td>£1,292,500</td>
<td>12/05/2019</td>
<td>11/05/2022</td>
<td>12/11/2021</td>
<td>The tenant will receive a concessionary rent of £646,250 per annum for the final 6 months of the tenancy subject to the break notice not being served. This lease is outside the L&amp;T Act 1954.</td>
</tr>
</tbody>
</table>

COVENANT STRENGTH

Barclays Services Limited

Considered a ‘Blue Chip’ covenant with a 5A1 Dunn & Bradstreet rating based on a tangible net worth of £450,355,000. This represents a minimum risk of business failure. Below outlines the pertinent financial information available:

<table>
<thead>
<tr>
<th>Barclays Services Limited</th>
<th>2016 (000's)</th>
<th>2015 (000's)</th>
<th>2014 (000's)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>£4,135,504</td>
<td>£3,924,342</td>
<td>£3,843,984</td>
</tr>
<tr>
<td>Pre-Tax Profit</td>
<td>£138,826</td>
<td>£92,163</td>
<td>£146,067</td>
</tr>
<tr>
<td>Tangible Net Worth</td>
<td>£450,355</td>
<td>£222,442</td>
<td>£477,135</td>
</tr>
</tbody>
</table>
REDEVELOPMENT POTENTIAL

Due to the configuration, location and site area of the property there is potential to redevelop the site and convert the existing offices to residential use and develop the car park.

A permitted approval notice has been granted by Leeds City Council on 22nd September 2017 for the permitted development under Application Number: 17/05216/DPD.

The existing building is capable of accommodating 142 flats should a developer wish to pursue permitted development. We highlight on Page 7 the adjacent site owned by Barclays and utilised for car parking. Subject to separate negotiation, this could provide additional value for a purchaser wishing to redevelop the site at a future point.
LEEDS OCCUPATIONAL MARKET

The Leeds office occupational market remained extremely robust in 2016 and 2017 with 2017 city centre office take-up exceeding 1 million sq ft. Leeds remains an attractive proposition for corporate occupiers with rent and business rates remaining competitive when compared to the cities of London, Birmingham and Manchester. Leeds is experiencing an increase in prime Grade A rents with the City Centre reaching £29.00 per sq ft and Out of Town achieving £23.00 per sq ft.

Leeds Out of Town office take-up continues to impress, with 2016’s take-up at 312,000 sq ft representing a 16% increase on 2015 and a further increase by 3.5% to 323,000 sq ft in 2017. 2018 has continued in the same manner with Q1 take-up at 123,252 ft².

We highlight the transactions which contributed to Leeds Out of Town Take-up:

<table>
<thead>
<tr>
<th>Date</th>
<th>Property</th>
<th>Tenant</th>
<th>Size</th>
<th>Rent psf</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2018</td>
<td>Optim, White Rose Office Park</td>
<td>Perform Group</td>
<td>40,000</td>
<td>£21.50</td>
<td>15 years</td>
</tr>
<tr>
<td>March 2018</td>
<td>Lawnswood Business Park</td>
<td>Equiniti</td>
<td>14,109</td>
<td>£15.50</td>
<td>10 years.</td>
</tr>
<tr>
<td>October 2017</td>
<td>Kirkstall Forge</td>
<td>Zenith</td>
<td>18,000</td>
<td>£23.00</td>
<td>Co-terminus with existing lease.</td>
</tr>
<tr>
<td>September 2017</td>
<td>1 Sterling Way, Capitol Park</td>
<td>Hermes Parcelnet</td>
<td>5,000</td>
<td>£17.50</td>
<td>10 years.</td>
</tr>
<tr>
<td>September 2017</td>
<td>Lawnswood Businesses Park</td>
<td>GHD Livigunn</td>
<td>5,000</td>
<td>£16.50</td>
<td>5 years</td>
</tr>
<tr>
<td>February 2017</td>
<td>2150 Thorpe Park</td>
<td>Bellway Homes</td>
<td>10,200</td>
<td>£17.00</td>
<td>10 years.</td>
</tr>
<tr>
<td>June 2017</td>
<td>Mayfield Business Park Ilkley</td>
<td>Small Credit</td>
<td>18,179</td>
<td>£16.75</td>
<td>15 years Agreement for Lease.</td>
</tr>
<tr>
<td>March 2016</td>
<td>Kirkstall Forge</td>
<td>Zenith</td>
<td>45,071</td>
<td>£23.00</td>
<td>15 years.</td>
</tr>
<tr>
<td>March 2016</td>
<td>Optim, White Rose Office Park</td>
<td>The Gorse Academies Trust</td>
<td>10,000</td>
<td>£20.00</td>
<td>4 years.</td>
</tr>
</tbody>
</table>

* Internal images taken after working hours at the request of the tenant.
INVESTMENT MARKET

The regional office investment market is buoyant with strong fundamentals in the ‘Big 6’ regional centres. Supply of quality assets remains tight coupled with unprecedented rental growth. Significant investment transactions of Leeds and other Regional offices are outlined below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Property</th>
<th>NIA</th>
<th>Tenant</th>
<th>Term Certain</th>
<th>Price</th>
<th>Purchaser</th>
<th>NIY</th>
<th>CV</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2018</td>
<td>2100 &amp; 2200 Thorpe Park</td>
<td>58,656</td>
<td>Balfour Beatty, Daniels Chilled Foods and Age Partnership</td>
<td>4.3 years</td>
<td>£12.0 m</td>
<td>Private Investor</td>
<td>7.3%</td>
<td>£204.58</td>
</tr>
<tr>
<td>Jan 2018</td>
<td>Renaissance House, Warrington</td>
<td>40,679</td>
<td>Independent Police Complaints Commission</td>
<td>25 years</td>
<td>£10.85 m</td>
<td>Private Investor</td>
<td>5.69%</td>
<td>£266</td>
</tr>
<tr>
<td>Dec 2017</td>
<td>Blythe Valley Park, Solihull</td>
<td>92,984</td>
<td>Arup</td>
<td>6 years</td>
<td>£23.54 m</td>
<td>JHA Investments Ltd</td>
<td>7.23%</td>
<td>£253</td>
</tr>
<tr>
<td>Dec 2017</td>
<td>Sonova House, Warrington</td>
<td>43,392</td>
<td>Sonova</td>
<td>10.5 years</td>
<td>£11.42 m</td>
<td>Trafford Borough Council</td>
<td>5.55%</td>
<td>£300</td>
</tr>
<tr>
<td>April 2017</td>
<td>Trinity House, Kent</td>
<td>20,731</td>
<td>Kent Community Health NHS</td>
<td>12 years</td>
<td>£5.85 m</td>
<td>London Borough of Bromley</td>
<td>6.15%</td>
<td>£282</td>
</tr>
<tr>
<td>Jan 2017</td>
<td>2180 Thorpe Park</td>
<td>25,204</td>
<td>Kier Construction</td>
<td>15 years</td>
<td>£7.02 m</td>
<td>Blythe Valley Park</td>
<td>5.54%</td>
<td>£278</td>
</tr>
</tbody>
</table>
FURTHER INFORMATION

For further information including access to the data room and viewing arrangements, please do not hesitate to contact one of the sole agents:-

- ANDREW SUMMERSGILL
  - DD: 0113 235 5209
  - andrew.summersgill@eu.jll.com

- MATHEW ATKINSON
  - DD: 0113 261 6246
  - mathew.atkinson@eu.jll.com

- RICHARD HINDS
  - DD: 0113 235 5284
  - richard.hinds@eu.jll.com

ADDITIONAL INFORMATION

TENURE
Freehold

EPC
The building has an EPC rating of C:72.

VAT
A VAT option to tax has been made on the property and it is envisaged that the sale will be treated as a Transfer Of a Going Concern (TOGC) for VAT purposes.

PROPOSAL
We are instructed to seek offers in excess of £12,100,000. A purchase at this level represents an attractive Net Initial Yield of 10.01% assuming purchasers costs of 6.71%.

The property is held in a SPV and the opportunity to acquire this entity is available.