# CRUCIBLE PARK

Millstream Way, Swansea Vale, Swansea, SA7 0AB

## Modern Part-Let Grade A Business Park Office Investment


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## Investment Summary

- Opportunity to acquire Crucible Park, which is a modern development comprising two high quality air-conditioned office buildings set within Swansea's premier business park.
- Swansea is the second largest city in Wales and the administrative and commercial centre as well as the gateway for the West Wales region.
- Located in Swansea Vale which benefits from excellent access to the national motorway network being situated within close proximity to Junctions 44 and 45 of the M4 motorway.

Seeking offers in excess of **£5,500,000** reflecting an **attractive Net Initial Yield of 9.46%, a Reversionary Yield of 18.43% and a low Capital Value of £56 per sq ft**, after deducting standard purchasers costs of 5.8%.

- Crucible Park comprises two detached modern business park offices completed in 2008 and totalling 29,316 sq ft and 68,355 sq ft.
- Part let to ERS Administration Services Limited and AU Insurance Services Limited with a WAULT of 7.20 years to lease expiries and 6.59 years to break options.
- Producing a total current rent of £550,433 per annum (£10.45 per sq ft of let areas).
- Circa 50% of the space is currently vacant providing an opportunity to add significant value.

# Location

Swansea is the second largest city in Wales and has a population of 230,000. It's one of the major administrative and commercial centres in the Principality and draws on a catchment population of circa 1.5 million from within an hour's drive.

The city is located on the northern shores of the Bristol Channel, approximately 85 miles west of Bristol, 42 miles west of Cardiff and 185 miles west of London. Swansea benefits from excellent road communications being situated approximately 5 miles south of the M4 motorway (junctions 44 – 47). The city also has a mainline railway station that provides a regular direct fast link to London Paddington in less than 3 hours.

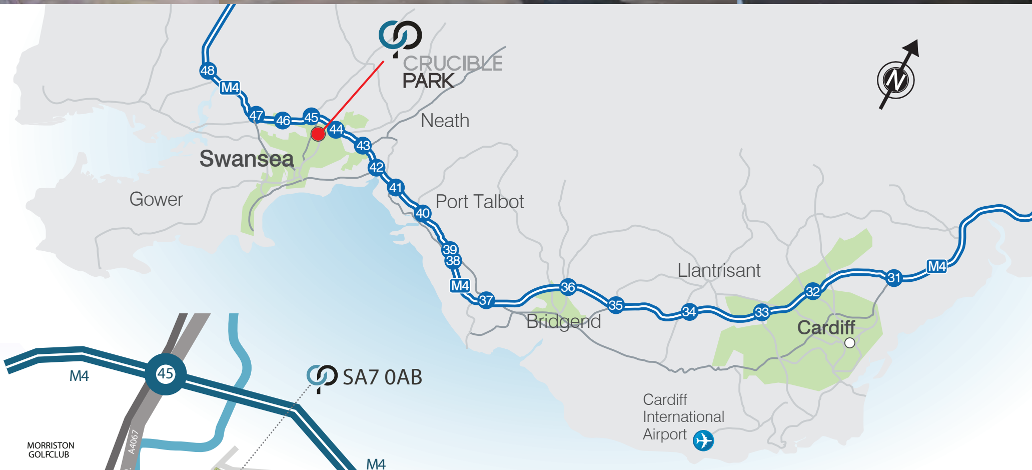
Swansea is a popular student destination and there are now more than 28,000 students in higher education at Swansea University and University of Wales Trinity Saint David.

Tourism is prosperous in Swansea, with many attracted by the Gower Peninsula, which was the UK's first area of Outstanding Natural Beauty offering 32 miles of coastline, and recently more have been enticed to Swansea's sporting arena, the Liberty Stadium, which is home to premiership football team Swansea City Football Club and the Ospreys regional rugby team.

The city is expected to achieve further growth with mixed use developments with a value of over £1billion planned in Swansea over the next 10 years.

Swansea is home to a wide range of national and international companies including HSBC, Admiral Insurance, Amazon, Morganite, BT, Virgin Media, Hewlett Packard and 118 118.

The City is set to be home to the world's first Tidal Lagoon and has already attracted 100's of millions of pounds in investment. This type of development, along with Swansea University's new science & innovation campus, will drive investment to the city and create demand in many property sectors, including offices.



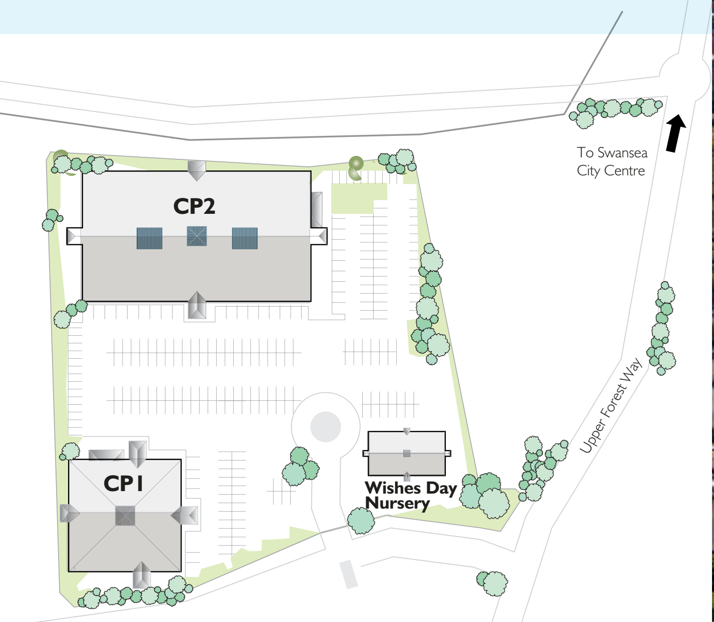


## Situation

Swansea Vale is located on the northern periphery of the now well established Swansea Enterprise Park, which was designated an Enterprise Zone in 1981 and in total covered 314 hectares (775 acres). It is situated approximately 4 miles north east of Swansea City Centre and in close proximity to Junctions 44 and 45 of the M4 motorway.

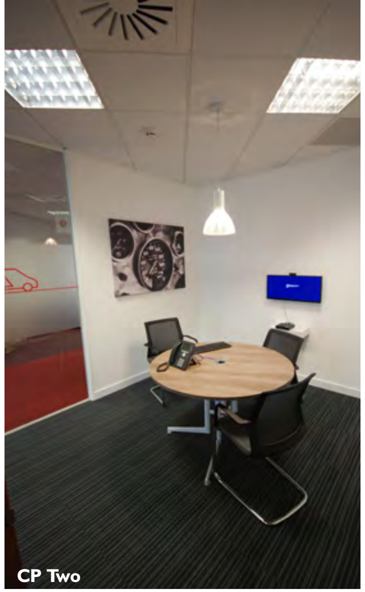
Following considerable public and private sector investment in infrastructure, the area has attracted significant retail, leisure and commercial development, with office occupiers including HSBC, Admiral and the DVLA.

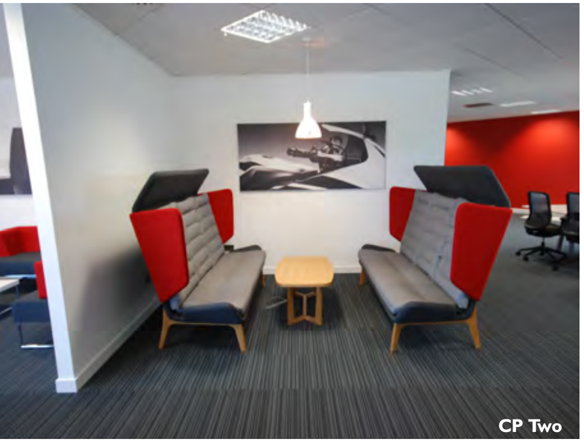
1. *Admiral*
2. *Arvato*
3. *DVLA*
4. *DVLA*
5. *Costa Coffee*
6. *Burger King*
7. *Pappa Johns Pizza*
8. *Greggs*
9. *ASDA*
10. *Liberty Stadium*
11. *SA1 Waterfront*
12. *City Centre*
13. *Mumbles*





CP Two

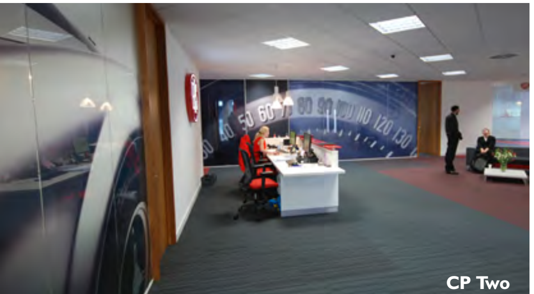

CP Two


CP Two


CP Two


CP One


CP One


CP Two


CP One

## Description

Crucible Park is a modern development completed in 2008 comprising two high quality air conditioned office buildings set within the premier business park in Swansea. This area has emerged as an outstanding office location where formal landscaping and water features add to the overall quality of the development.

CP One and CP Two are both 2 storey purpose built high specification office buildings comprising a Net Internal Area of 29,316 sq ft and 68,355 sq ft respectively. They provide large open plan, flexible floor plates offering the ideal work space for occupiers.

The specification includes:

- VRF fan coil air conditioning
- Full access raised floors (250mm void)
- Suspended ceilings with VDU compatible lighting
- Fully carpeted
- 10 person passenger lifts
- 2.8m floor to ceiling height
- Advanced telecommunications infrastructure
- 317 on site, surface car parking spaces equating to an excellent ratio of 1:310 sq ft.

The building has achieved a BREEAM Very good rating and EPC Ratings of B43 (CP One) and C54 (CP Two). Copies of the reports are available on request.

## Accommodation

Crucible Park has been measured in accordance with the latest RICS Code of Measuring Practice and provides the following Net Internal Areas:

**CP One**

| | | |
|---|---|---|
| Ground floor | 14,634 sq ft | (1,361 sq m) |
| First floor | 14,682 sq ft | (1,365 sq m) |
| **Total** | **29,316 sq ft** | **(2,726 sq m)** |

**CP Two**

| | | |
|---|---|---|
| Ground floor | 34,506 sq ft | (3,209 sq m) |
| First floor | 33,849 sq ft | (3,148 sq m) |
| **Total** | **68,355 sq ft** | **(6,357 sq m)** |

## Tenure

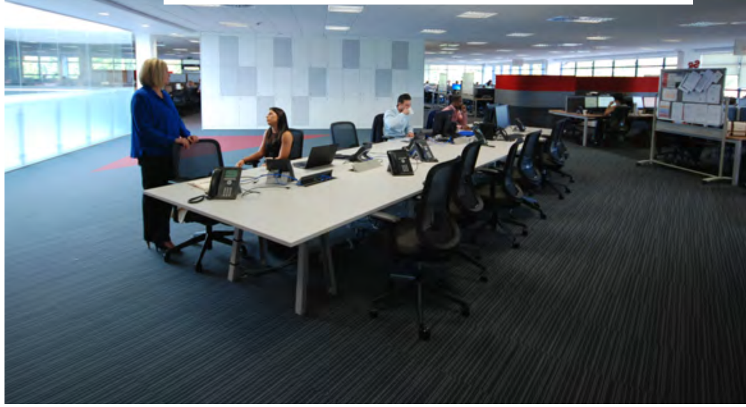
Long leasehold for a term of 125 years from 9th October 2007 at a rent of £500 per annum. The Freeholder is the Council of the City and County of Swansea.

## Tenancies

Crucible Park is part let, with a Weighted Average Unexpired Lease Term (WAULT) of 7.20 years to expiries (6.59 years to break option), in accordance with the following tenancy schedule:

| Demise | Tenant | Area (sq ft) | Lease Start | Lease Expiry | Break | Rent (per annum) | Rent (per sq ft) | Comments |
|---|---|---|---|---|---|---|---|---|
| CP One – Ground Floor | Vacant | 14,634 | | | | | | |
| CP One – First Floor | AU Administration Services Ltd (Guaranteed by AU Insurance Services Ltd) | 14,682 | 09/10/2012 | 08/10/2019 | 09/10/2017 | £168,843 | £11.50 | Stepped Rent:<br>Year 1 – Peppercorn<br>Year 2 - £132,138 per annum<br>Year 3 - £146,820 per annum<br>Year 4 - £161,502 per annum<br>Year 5 - £168 843 per annum<br>Vendor will top the rent up to £168,843 per annum. |
| CP Two – Ground Floor | Vacant | 34,506 | | | | | | |
| CP Two – First Floor | ERS Administration Services Ltd (Guaranteed by ERS DGB Ltd) | 33,849 | 05/05/2015 | 04/05/2025 | | £338,490 | £10.00 | The tenant has been provided with 3 years rent free which the vendor will top up. |
| Parking | ERS Administration Services Ltd (Guaranteed by ERS DGB Ltd) | | Annual Licence | | * See below | £43,200 | | Annual Licence for additional parking based upon 144 spaces at £300 per annum. |
| **Total** | | **97,671** | | | | **£550,533** | | |

* Licence can be terminated at any time with 1 months notice by the landlord/licencee and 3 months notice at any time from ERS.



## Service Charge

The budget for the current year is £386,382 per annum reflecting £3.96 per sq ft. A copy of the budget is available on request.

## Covenant Profile

**AU Insurance Services Limited**

AU Insurance Services Limited have a D&B Rating of A2, representing a lower than average risk of business failure. For the year ending 30th June 2014 their accounts showed a Tangible Net Worth of £515,868 and Net Current Assets of £379,984.

**ERS Administration Services Limited**

ERS is a Lloyd's underwriting business, which has been a leading motor insurer for more than 60 years. ERS offers a diverse range of insurance for private cars, classic cars, vans, motorcycles, taxis, minibuses, fleets, haulage and agricultural vehicles.

The lease is guaranteed by ERS DGB Ltd who have a D&B Rating of 5A2, representing a lower than average risk of business failure. For the year ending 31st December 2014 their accounts showed a Turnover of £243,141,000, a Profit Before Tax of £34,474,000, a Tangible Net Worth of £112,544,000 and Net Current Assets of £112,527,000.

For more information please visit their website: http://www.ers.com/.

Copies of the Dun & Bradstreet reports are available on request.

## Swansea Office Market

Swansea is the administrative and commercial centre for West Wales. The main employment areas are centred at SA1 Swansea Waterfront, the established Swansea Enterprise Park and the city centre.

The main activity in the Swansea development market over the past five to ten years has been centred on the SA1 Swansea Waterfront development which has been fully let. This has resulted in a positive uplift in headline rents for Swansea to the region of £14.50 per sq ft.

Competing space in the city centre is limited and all very secondary being largely dated and built to a low specification. This limited supply should greatly enhance the letting prospects for the limited supply of modern space that is available within the city, such as Crucible Park.

Major private sector occupiers in Swansea consist of the DVLA, Admiral Insurance, Virgin Atlantic, Virgin Media, Arvato & TUI.

## VAT

VAT is applicable. We anticipate the sale will be treated as a Transfer of a Going Concern.

## Investment Considerations

- Swansea is the second largest city in Wales and the administrative and commercial centre for the West Wales region.
- The city draws on a catchment population of circa 1.5 million from within an hour's drive.
- Significant investment into the city is planned or being carried out in Swansea which should greatly enhance its domestic and international profile and connectivity.
- Crucible Park is a new development of two high quality air conditioned office buildings set within the premier business park in Swansea.
- Access is one of the key strengths at Crucible Park and with its proximity to Junctions 44 and 45 of the M4 motorway it has outstanding connections to an extensive workforce and the wider transport network.
- The offices are built to a high specification and offer larger open plan, flexible floor plates.
- The lack of recent development in Swansea means that the buildings represent some of the best quality office space in the region and remain well placed to take advantage of major office enquiries in the Swansea area.
- The location is popular with large occupiers from both the private and public sectors including HSBC, Admiral and the DVLA.
- Existing tenants have a WAULT of 7.20 years to the lease expiries (6.59 years to breaks).
- Circa 50% of the offices are vacant providing a purchaser the opportunity to add significant value through taking advantage of the improving occupational market and letting the vacant space.
- Based on a letting at £11.50 per sq ft the vacant space has an ERV of £565,110 per annum, which together with the current lettings would provide a total ERV of £1,072,343 per annum.
- ERS Administration Services Limited have made a significant investment into their fit-out.
- The quoting price offers an attractive Net Initial Yield of 9.46% and a Reversionary Yield of 18.43%.
- The Capital Value of £56 per sq ft is exceptionally low and in line with its vacant possession value.
- In a market characterised by a shortage of stock the sale of Crucible Park offers a genuine opportunity to reposition an asset and add significant value.












## Proposal

We are instructed to seek offers in excess of **£5,500,000 (Five Million Five Hundred Thousand Pounds**). Subject to Contract and Exclusive of VAT. This reflects an **attractive Net Initial Yield of 9.46%, a Reversionary Yield of 18.43% and a low Capital Value of £56 per sq ft**, after deducting standard purchasers costs of 5.8%.


## Further Information

For further information or to arrange an inspection please contact either of the joint agents: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Subject to Contract & Exclusive of VAT

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