

SOUTH EAST OFFICE INVESTMENT

LILY HILL HOUSE & LILY HILL COURT, LILY HILL ROAD, BRACKNELL RG12 2SJ



INVESTMENT SUMMARY

- An opportunity to acquire a **unique South East office investment** situated in a parkland setting.
- **Freehold.**
- The property totals approximately **2,828.5 sq m (30,446 sq ft)** of office accommodation across two buildings.
- **Period headquarters office building:** Lily Hill House extends to approximately 1,815.2 sq m (19,538 sq ft).
- **Modern office building:** Lily Hill Court extending to approximately 1,013.3 sq m (10,908sq ft).
- The property is currently run as a successful serviced office – approaching **100% occupancy.**
- There is a **management agreement** in place to Oxford Innovation Limited.
- **Asset management opportunities.**
- Offers are invited in excess of **£4,250,000 (Four Million Two Hundred and Fifty Thousand Pounds)** for the freehold interest as described in these particulars, subject to contract and exclusive of VAT.
- A purchase at this level would reflect a low capital value of approximately **£140 per sq ft.**



LOCATION

Bracknell is an established Thames Valley commercial centre benefiting from its proximity to London and excellent transport links. The town is situated approximately 33 miles (53 km) west of central London, 12 miles (19 km) south of Reading, 15 miles (24 km) south-west of Slough and 9 miles (14 km) south-west of Maidenhead.

Transport connectivity by road, rail and air is excellent. Junction 10 of the M4 is 4 miles (6 km) to the west of the town and Junction 3 of the M3 is within 5 miles (8 km) to the south. The A329 and A322 provide fast dual-carriageway access to each motorway respectively. Access to the M25 is approximately 12 miles (19 km) to the east.

Bracknell railway station provides a regular service to London Waterloo with an approximate journey time of 58 minutes. Additionally, Martins Heron railway station is within a 10 minute walk of the property with journey times of approximately 55 minutes to London Waterloo and 20 minutes to Reading.

Heathrow Airport is 19 miles (31 km) to the east of the property taking approximately 30 minutes by car and Gatwick Airport is 40 miles (64 km) to the south, approximately 60 minutes by car.



Beautiful and historic headquarters office building situated within landscaped parkland

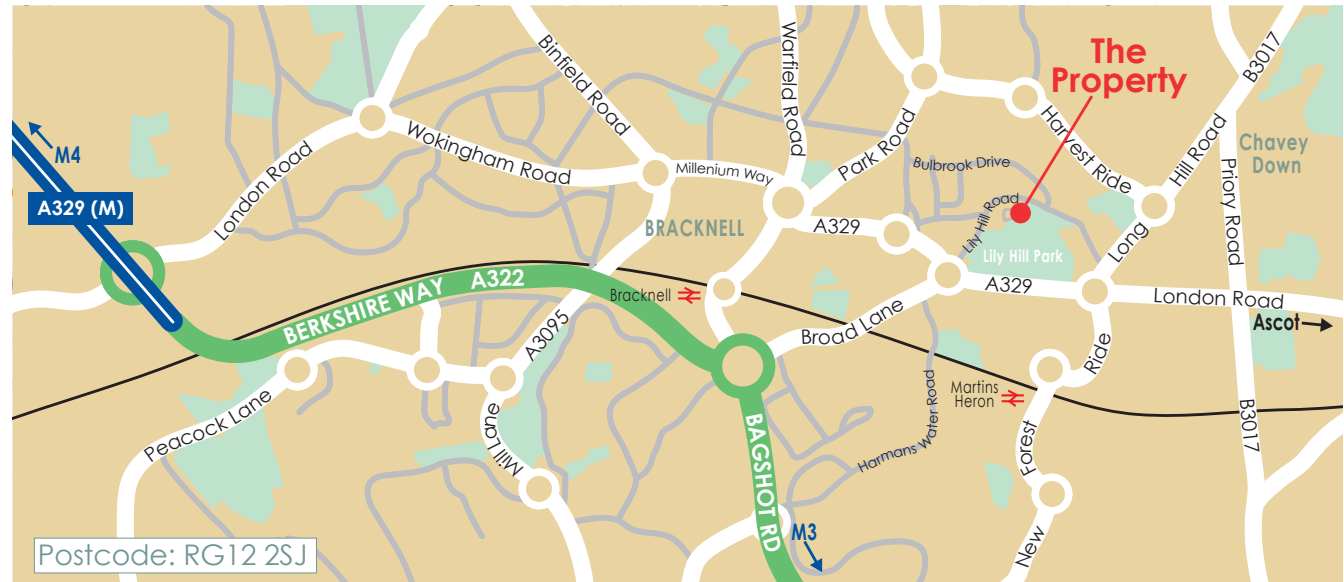


SITUATION

Lily Hill House and Lily Hill Court are situated in a strategic Thames Valley commercial location whilst also benefiting from being set in approximately 56 acres of restored heritage parkland and gardens, creating an enviable and accessible working environment.

The property is situated approximately 2 miles (3 km) to the east of Bracknell town centre and 3 miles (5 km) to the west of Ascot via the A329.

Access to the property is via Lily Hill Road which runs around the northern perimeter of Lily Hill Park. There is public car parking to the north east of the property for visitors to the gardens and Bracknell Lawn Tennis Club is directly to the south west of the site.





DESCRIPTION

Lily Hill House and Lily Hill Court comprise two office buildings set within approximately 1.23 hectares (3.04 acres) of landscaped grounds within Lily Hill Park.

Lily Hill House comprises an attractive period office building with a modern extension to the rear. Originally constructed in the early 19th century as a family home within 300 acres of what was once part of Windsor Forest. When the building was converted into offices the modern open plan, two storey extension of circa 10,000 sq ft was added. The property now comprises an attractive balance of period and modern architecture with the character offices, benefiting from high ceilings and decorative plasterwork, balanced against the open plan contemporary office accommodation.

Internally, the two office elements are linked by a two storey glass atrium which acts as the main entrance and reception for the building. Office accommodation is currently provided over ground, first and second floors.

The property is well specified to include the following:

- Feature double height atrium reception.
- Part raised floors/part perimeter trunking.
- Part suspended ceilings with integral LG7 lighting.
- Part 4 pipe fan coil air conditioning/part comfort cooled.
- WCs on all floors
- 8 person (630kg) passenger lift.



Lily Hill Court comprises a modern two-storey pavilion style office building with dedicated reception area. The L-shaped property is of steel frame construction with brick elevations. Originally designed as open plan office floors, the flexible accommodation is currently arranged in a range of corporate styles with varying levels of cellular and open plan accommodation.

The property is well specified to include the following:

- Dedicated reception area.
- Perimeter trunking.
- Suspended ceilings with integral LG7 lighting.
- 4 pipe fan coil air conditioning
- WCs on all floors
- 8 person (630kg) passenger lift.

The property benefits from 102 car parking spaces reflecting a car parking ratio of 1:298 sq ft.



ACCOMMODATION

We have been provided with the following areas which equate to approximately **2,828.5 sq m (30,446 sq ft)** as follows:

Lily Hill House	Sq m	Sq ft
Atrium Reception	80.3	864
Ground	819.9	8,825
First	816.0	8,783
Second	99.0	1,066
TOTALS	1,815.2	19,538

Lily Hill Court	Sq m	Sq ft
Reception	24.4	263
Ground	492.2	5,298
First	496.7	5,347
TOTALS	1,013.3	10,908



The Management and Operating Agreement with Oxford Innovation Limited specifies that the property totals approximately 2,841.6 sq m (30,588 sq ft) across the two buildings with Lily Hill House extending to approximately 1,855.6 sq m (19,974 sq ft) and Lily Hill Court extending to approximately 986.1 sq m (10,614 sq ft).

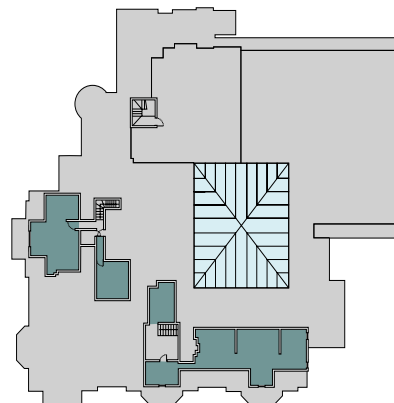
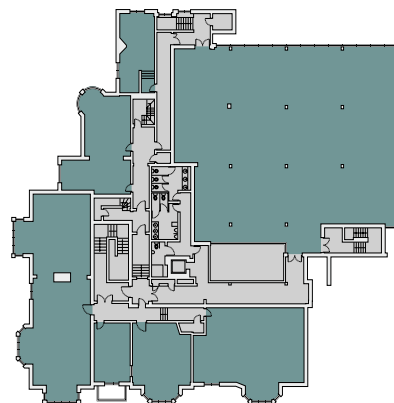
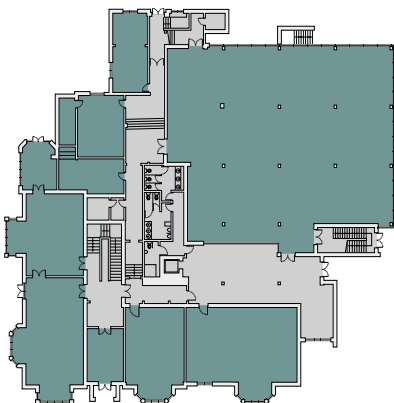
To suit the current business centre use, Oxford Innovation Limited have arranged the accommodation to provide a net lettable area of 2,431.7 sq m (26,175 sq ft) across the two buildings with Lily Hill House extending to approximately 1,595.9 sq m (17,179 sq ft) and Lily Hill Court extending to approximately 835.7 sq m (8,996 sq ft). This does not include the income producing meeting rooms and management areas.

Lily Hill House

Ground floor

First floor

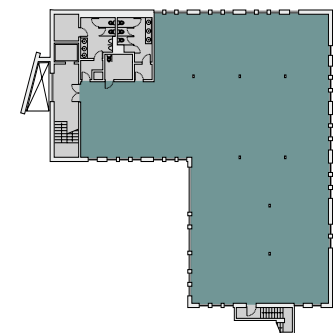
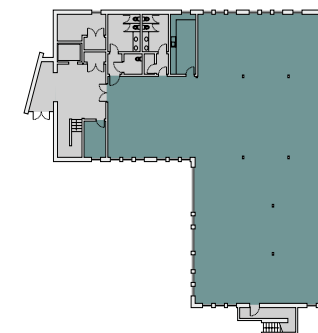
Second floor



Lily Hill Court

Ground floor

First floor



MANAGEMENT AGREEMENT AND CURRENT INCOME

Lily Hill House and Lily Hill Court are currently subject to a Management and Operating Agreement to Oxford Innovation Limited to operate a serviced office from the property. The property now comprises a well established and highly successful serviced office which is approaching 100% occupancy.

The Management and Operating Agreement with Oxford Innovation Limited was initially for five years from 4th January 2010 until 3rd January 2015. The agreement is still in place but can be terminated by either party on not less than six months written notice or on disposal of the asset on three months written notice.

Oxford Innovation Limited take a monthly management fee for operating the property over an occupancy threshold. The anticipated budget for the year ending March 2017 for Lily Hill House and Lily Hill Court forecasts 95% occupancy. This produces a total anticipated gross income of **£1,097,869 per annum**.

Oxford Innovation Limited - Budget Forecast (Year Ending March 2017)	
Forecast Occupancy:	95%
Budgeted Net Lettable:	26,175 sq ft
Budgeted Space Occupied:	24,915 sq ft
Gross Income:	£1,097,869 pa
Expenditure (including salaries):	£703,233 pa
Net Income:	£394,636 pa
Oxford Innovation Management Fee:	£147,359 pa
Forecast Landlord's Income:	£247,277 pa

SCHEDULE OF TENANCIES

The property is approaching 100% occupancy and has a very high occupancy history with an average from January 2013 to April 2016 of 95.9%.

The highly flexible accommodation is currently arranged to provide 2,431.7 sq m (26,175 sq ft) of office space let to 20 tenants on a mixture of leases and licences.

Further information and a schedule of the current tenancies is available on the marketing website.

OXFORD INNOVATION LIMITED

Oxford Innovation Limited (Company No. 02177191) has been at the forefront of business incubation and innovation since 1987. As a leading operator of Business & Innovation Centres with 20 centres under management across the UK they provide private and public sector building owners a high quality service that reliably delivers financial returns, whilst also contributing to the economic growth of the regions in which they operate.

Further information on Oxford Innovation including their services to building owners and occupiers is available at www.oxin-centres.co.uk

For the year ending 31st March 2015 Oxford Innovation Limited reported the following financial information:

Sales Turnover	Pre-tax Profit (Loss)	Net Worth
£5,715,634	£244,477	£1,942,338

The company has a current D&B rating of 2A 2.



OCCUPATIONAL MARKET

The South East office market continued to strengthen during 2015 with take-up showing a 12.5% increase as the volume of leasing deals totalled over 3.8m sq ft. Generally there continues to be a lack of good quality office accommodation available with the lack of supply pushing up asking rents across the region. The Thames Valley was the dominant South East office market with a number of high profile lettings pushing the average prime rent to in excess of £27.00 per sq ft.

As an established Thames Valley office location, Bracknell has attracted major corporate occupiers such as Dell, Hewlett-Packard, Fujitsu, Waitrose, Panasonic, Vodafone, Johnson & Johnson and Honda, due to its excellent transport links and highly skilled local workforce. The town has a total office stock in the region of 5.2 million sq ft whilst supply is currently at a five year low.

Bracknell town centre is currently the focus of a major regeneration programme. Bracknell Forest Council in conjunction with Legal & General and Schroders are looking to significantly improve the town's retail and leisure offering with 'The Lexicon'. On completion in 2017 the scheme will provide 580,000 sq ft of new retail, restaurant and leisure whilst enhancing the landscaping of central Bracknell. The scheme has attracted retail occupiers such as Fenwicks (80,000 sq ft), Marks & Spencer (80,000 sq ft), Primark (45,000 sq ft) and Waitrose (36,000 sq ft) alongside numerous restaurants including GBK, Wagamama, Carluccios and Zizzi. The continuing investment into Bracknell will consolidate the town's reputation as a leading commercial location in the Thames Valley corridor.

Prime rents in Bracknell currently stand at circa £23.00 per sq ft which is at a considerable discount to other major office locations in the South East with research suggesting Bracknell has the potential for strong rental growth.

INVESTMENT MARKET

There continues to be strong demand for South East offices with investment demand likely to continue unabated in the Thames Valley region for the remainder of 2016 as the lack of supply in the occupational market continues to put pressure on rental growth.

Recent investment transactions in the Bracknell office market include:

Date	Address	Tenant	Area (sq ft)	WAULT (Break)	Price	Yield	Capital Value (£ psf)
On Market	One & Two Bracknell Boulevard	Wincor Nixdorf Technogym UK Vacant (54%)	71,488	8.0 years (3.1 years)	£14.29 million	8.50%	£200
On Market	Inspired Easthampstead Road	Multi-let Vacant (10%)	85,834	5.6 years	£19.00 million	6.80%	£221
February 2016	1 The Arena Downshire Way	Epicor Software	25,422	12 years	£7.86 million	5.68%	£309
August 2015	3 The Arena, Downshire Way	JDA Software	43,204	2.9 years	£12.40 million	7.94%	£287
July 2015	5 Arlington Square	Paratus	97,172	3.8 years	£38.10 million	5.96%	£391



ASSET MANAGEMENT OPPORTUNITIES

The character and setting of Lily Hill House and Lily Hill Court are rare in the Thames Valley office market and provide several asset management options:

- Continue with the Management and Operating Agreement with Oxford Innovation Limited to manage the property as a successful serviced office. The experienced management team and continuing high occupancy allows for scope to improve on the rental levels. **The forecast net initial yield at the asking price reflects 5.46%.**
- Terminate the Management and Operating Agreement with Oxford Innovation Limited and take over the operation of the serviced office to benefit from the additional income from the management fee. **On this basis the net initial yield at the asking price reflects 8.71%.**
- Continue to manage the property as a successful serviced office whilst you look to let Lily Hill House as an attractive headquarters style office. Lily Hill Court could be let in conjunction with this strategy or separately as a multi-let office building. **Assuming the entire property is let to one occupier at an ERV of £18 per sq ft overall, the net initial yield at the asking price reflects 12.10%.**
- Potential to consider a change of use (subject to necessary consents).

TENURE

The property is held freehold.

There is an electricity substation let to Southern Electricity Board for 99 years from 10th October 1974 at a peppercorn.

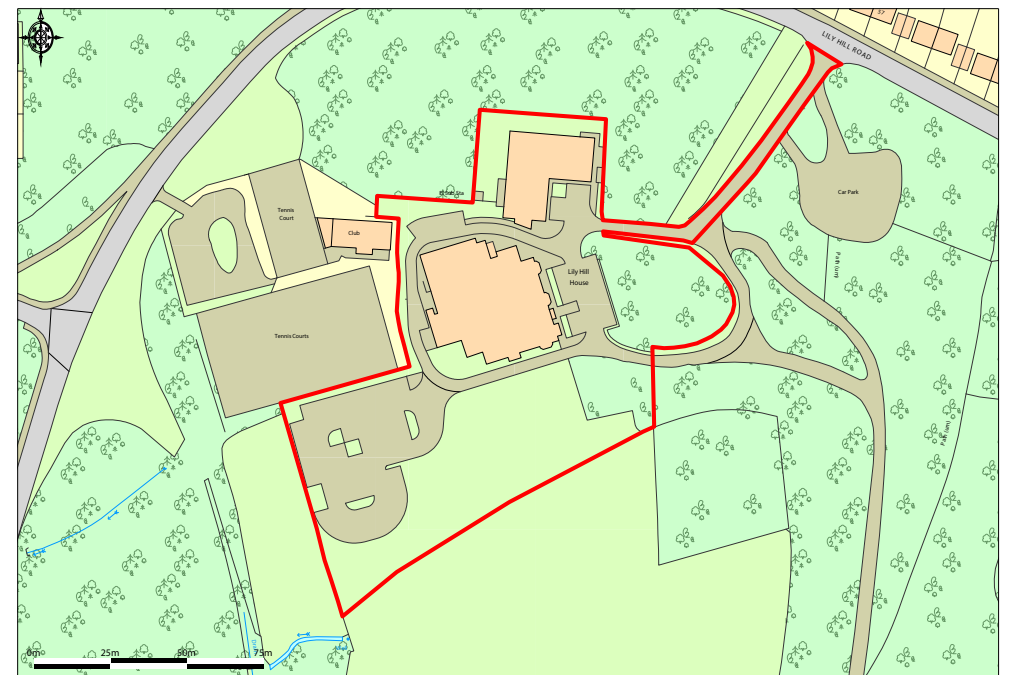
Bracknell District Council have a right of way over the access driveway for 99 years from September 1975.

PLANNING

The property is neither listed nor is it located within a conservation area.

SERVICE CHARGE

The management of the property is currently undertaken by Oxford Innovation Limited. Service charge provisions within the licences and leases provide for the recovery of the relevant costs.





VAT

The property is elected for VAT and VAT will be therefore be chargeable on the purchase price if it is not possible to arrange this transaction by way of the transfer of a going concern (TOGC).

CAPITAL ALLOWANCES

We understand Capital Allowances may be available by separate negotiation.

EPC

Lily Hill House has an EPC rating of E102.
Lily Hill Court has an EPC rating of D82.

Copies of the EPCs are available on our website.

WEBSITE

Further information can be found at our website (www.griffithseccles.com) in the Document Exchange. Log in details are available on request.

PROPOSAL

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FURTHER INFORMATION

For further information or to arrange an inspection to view, please contact :

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