

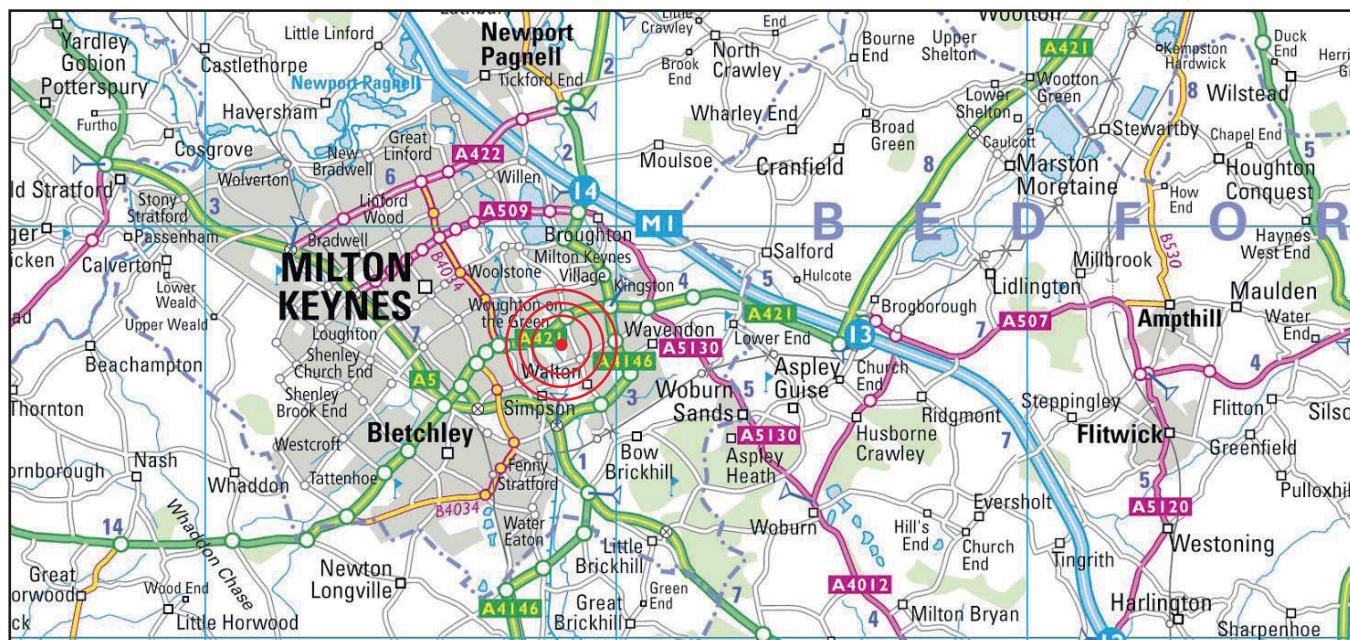


PRIME SOUTH EAST OFFICE INVESTMENT
Avebury House, 201-249 Avebury Boulevard, Milton Keynes MK9 1AU

CLAY STREET
PROPERTY CONSULTANTS

INVESTMENT SUMMARY

- Milton Keynes is one of the largest commercial centres in the South East with a population within a 20 minute drive time of 1.54 million people.
- Prime office location within the CBD and within walking distance of the town's train station and retail amenities.
- Freehold.
- Headquarters office building built in 2000 extending to 3,066.64 sq m (33,009 sq ft).
- Let by way of 5 effective FR&I leases with a WAULT of 5.8 years, 3.3 years including break options.
- A rent of £454,522 per annum equating to an average passing rent of **£15.88 per sq ft**.
- Offers are invited in excess of **£4,780,000**, subject to contract and exclusive of VAT.
- A purchase at this level will reflect a net initial yield of **9.0%**, with a reversion to **10.4%** when fully let, after purchaser's costs of 5.80%. This also represents a low capital value of £145 per sq ft.



LOCATION

Milton Keynes is one of the largest towns in the South East of England. Designated as a new town in 1967 Milton Keynes has grown to become a key centre for industry and commerce and one of the largest South East centres outside of Central London. The town has a resident population of over 200,000 with a wider catchment within a 20 miles radius of 1.54 million people.

ROAD

The town has excellent road communications being strategically located at the centre point between London, Birmingham, Oxford and Cambridge, immediately west of junctions 13 and 14 of the M1 motorway. London is 85 km (53 miles) to the south east and Birmingham is 96 km (60 miles) to the north west via the M6.

Additionally, the A5 dual carriageway provides north south access to St Albans and Rugby and the A421 bisects the city providing access west to the M40.

The M25 is located 51 km (32 miles) south which provides quick access to the south coast and south west. Approximately 30% of the country's population can be reached within a 90 minute drive time.

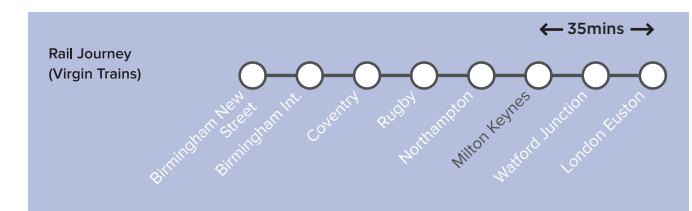
AIR

London Luton Airport is located approximately 35 km (22 miles) south east of Milton Keynes and is the fifth busiest airport in the UK. The airport carried over 8.7 million passengers in 2010 and offers frequent passenger and cargo flights to a high number of domestic and international locations. London Heathrow, Gatwick and Birmingham International Airports are also within easy reach of the town.

RAIL

Milton Keynes is well served by the London Midland, Virgin and South Central rail companies with trains running every 10 minutes to London Euston with a fastest journey time of 35 minutes. To the north, trains run every 20 minutes to Birmingham New Street in 55 minutes and to Manchester Piccadilly and Glasgow Central. Between the three operators, six trains per hour head north and eight per hour south from the station, therefore offering convenient business travel throughout the UK.

A £130 million major upgrade of the railway station has been put in place including two extra tracks and another platform to allow more Inter-City trains to stop. Avebury House is within a 5 minute walk of the station. It has also been proposed that the East-West Railway link will re-open connecting Milton Keynes to Oxford, Cambridge and beyond; government funding for the first section is committed.





AVEBURY HOUSE, 201-249 AVEBURY BOULEVARD, MILTON KEYNES MK9 1AU

DEMOCRAPHICS & ECONOMY

Milton Keynes has become a major centre for industry and commerce over the past 30 years and is considered to be one of the UK's fastest growing centres. The Milton Keynes Partnership Committee (www.miltonkeynespartnership.info) was established to implement the delivery of growth and plays a key role in ensuring infrastructure, jobs and community facilities are provided.

With an estimated population growth rate of 14.2% for 2004-2011 it is projected that Milton Keynes will double in size by 2031 and become the UK's 10th largest centre. Government plans for growth target 100,000 new jobs and 68,600 new homes in the area over the period.

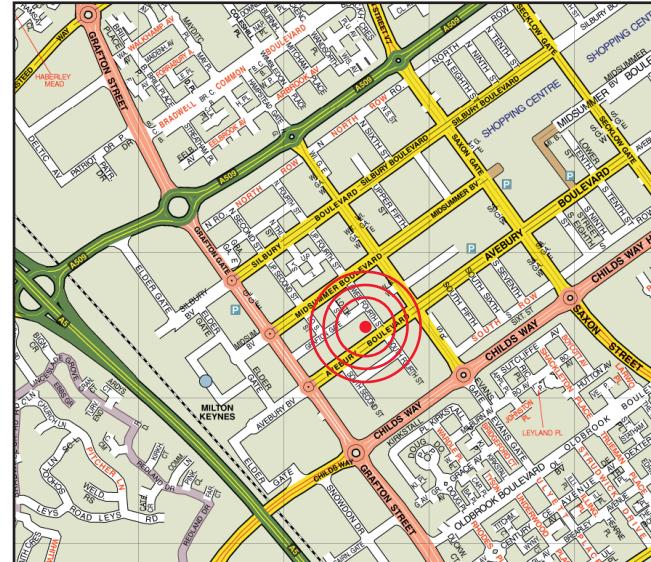
The town has a highly diverse local economy and has attracted a wide range of national and international occupiers. These include The Foreign and Commonwealth Office, Network Rail, BP, EDS, Santander, BT, Siemens, Cable & Wireless, Unisys, Deloitte, Volkswagen and Daimler MB.

75% of businesses based in Milton Keynes operate their headquarters function from the town.



There has been a substantial development programme in the last decade, primarily within the CBD and in close proximity to Avebury House. These developments include:

- The 27,870 sq m (300,000 sq ft) Network Rail national headquarters now under construction.
- A 18,580 sq m (200,000 sq ft) EDS national headquarters.
- Hub:MK - a mixed use development (125,698 sq ft retail, 49,827 sq ft offices, 3* Ramada Encore and 4* Jury's Inn hotels and 484 apartments). A further phase of development is planned.
- The Pinnacle - a 18,580 sq m (200,000 sq ft) office development in three buildings.
- Vizion - a 9,290 sq m (100,000 sq ft) state of the art J Sainsbury superstore with 441 new homes and 3,500 sq m (37,675 sq ft) of other commercial uses.
- Xscape - Europe's largest indoor real ski slope and leisure facility.
- £130 million improvements to Central Milton Keynes railway station.



SITUATION

Avebury House is located in a prominent position within the heart of the office core fronting Avebury Boulevard at its junction with Lower Fourth Street. Avebury Boulevard provides one of the main link roads between Milton Keynes Central Station, the Central Business District and the towns major shopping facilities. The property is within walking distance of all of these facilities.

A significant amount of the new development in the town is within the immediate surrounding area. These include Hub:MK, Vizion and The Pinnacle, the three schemes provide a mix of Grade 'A' office accommodation, restaurants, bars and a large J Sainsbury's supermarket.

Opposite the subject property is the West End CMK site. Infrastructure work has commenced and the development will in time provide approximately 400 homes, a 420 combined school and small scale ancillary commercial space. This is the final part of the wholesale development of the central area.

The town centre grid road system provides easy access to all arterial routes serving Milton Keynes.



DESCRIPTION

The property comprises a Grade 'A' office building arranged over ground and three upper floors. The building was completed in 2000 and forms a regular rectangular floor-plate split into east and west wings providing full flexibility. There are two central service cores, one in each wing and both containing one 10 person passenger lift and male, female and disabled WCs to each floor.

The floor plates benefit from an excellent finished floor to ceiling height and extensive natural light to all four sides.

The building benefits from 40 car parking space to the rear situated within the freehold demise. There are an additional 71 spaces adjacent to the building in the ownership of CMK for which tenants can secure discounted parking permits at £22.50 per month.

The specification includes:

- Four pipe fan coil air-conditioning.
- Fully accessible 150mm raised floors.
- Suspended two way metal frame ceilings with acoustic ceiling tiles and CAT2 lighting.

ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition) and extends to 33,009 sq ft (3,066.64 sq m).

Each wing of the upper floors extends to approximately 4,500 sq ft (418.06 sq m) with the ground floor at approximately 2,500 sq ft (232.26 sq m) per wing.

All upper floors can be connected and let on a floor by floor or wing by wing basis. Additionally, the buildings can be split and let wing by wing or the entire building let as a separate headquarters office.

Floor	West Wing		East Wing	
	Sq ft	Sq m	Sq ft	Sq m
3rd	4,765	442.68	4,109	381.74
2nd	5,064	470.46	4,380	406.92
1st	5,085	472.41	4,422	410.82
Ground	2,560	237.83	2,624	243.78
TOTAL	17,474	1,623.39	15,535	1,443.25

TENANCY DETAILS

The building is multi-let to five tenants with leases on effective full repairing and insuring terms as per the schedule of accommodation and tenancies below.

The current weighted average unexpired lease term is 5.8 years, reducing to 3.3 years when accounting for break options. The property has an excellent letting history; three of the four leases agreed in the last 18 months were lease renewals (Keyence, Gerald Eve and Yardi Systems Ltd.). The unrefurbished ground floor suite let within 12 months of marketing.

All leases are contracted out of s.24-28 of the Landlord & Tenant 1954 Act.

SERVICE CHARGE

There is a service charge in place which for 2010/2011 equated to £6.10 per sq ft. There are a number of on-going planned maintenance works including the phased installation of new chillers. The tenants are in favour of the proposed works, the cost of which will filter through the 2012/2013 service charge accounts.

Tenant Name	Description	Total Area (ft ²)	Lease Start	Expiry Date	Review/Breaks	Current Rent (per annum)	Rent Rate (per ft ²)	Comments
Yardi Systems Limited Yardi Systems Inc	3rd Flr East & West	8,874	25/05/2010	24/05/2020	25/05/2015 25/05/2015 (T)	£145,472	£16.39	Lease renewal in 2010 with 6 months rent free. Tenant in occupation since 2001. Tenant break served on 6 months notice. 10 car parking spaces.
Vacant	2nd Flr East	4,380				£0	£0.00	Quoting rent of £16.50 per sq ft. Rateable value of £51,000 p.a. (see note 1 below) 6 car parking spaces.
Filtrona International Limited	1st & 2nd Flr West	10,149	21/07/2005	31/07/2015	None	£158,000	£15.57	12 car parking spaces.
Keyence (U.K) Ltd	1st Flr East	4,422	27/03/2011	26/03/2021	27/03/2016 26/03/2016 (T)	£69,068	£15.62	Lease renewal in 2011. Stepped rent, tenant paying £43,179 until 27th March 2013. Tenant break served on 6 months notice. 6 car parking spaces. The vendor will top up the rent to the rent payable in March 2013.
Gerald Eve LLP	Grd Flr East	2,624	30/03/2011	29/03/2016	None	£44,500	£16.96	Lease renewal in 2011 with 10 months rent free. Tenant in occupation since 2001. 3 car parking spaces.
Hudson Energy UK Ltd	Grd Flr West	2,560	05/03/2012	04/03/2017	None 01/03/2015 (T)	£37,482	£14.64	6 months rent plus VAT held as deposit. 12 months rent free. Tenant break in year 3 includes three month penalty if served or a further three months free if not exercised. Service charge cap at £15,610 (£6.10 per sq ft) increased annually by RPI. 3 car parking spaces. The vendor will top up the rent free incentive.
		33,009				£454,522	£15.88	

1) The landlord will provide a rates and service charge guarantee for 12 months from completion.

TENANT FINANCIAL INFORMATION



Yardi Systems Limited was incorporated in February 2003, and is a wholly owned subsidiary of US-registered, Yardi Systems Inc, guarantor to the lease.

Yardi are a market leading Investment, Asset and Property Management Software producer. The parent company was established in Santa Barbara in the US in 1984 and trades out of 25 offices globally with 2,000 employees. Yardi's software packages are used to manage 8 million residential units and 16 billion sq ft of commercial space worldwide. The group has been highly acquisitive, and as recent as 9th April 2012, announced its acquisition of Lead Tracking Solutions. For the year ending 31st December 2010 Yardi Systems Limited reported a shareholder deficit of £5.642 million but hold cash reserves of £2.653 million as at 31st December 2010.



Filtrona International Limited are a wholly owned subsidiary of Filtrona Plc who are listed on the FTSE 250. The company manufacture and sell speciality plastic and fibre products.

The group was established in the 1950's and now operates out of 29 manufacturing facilities, 46 sales and distribution centres and 5 R&D centres worldwide.

Avebury House is the company's global HQ and the company currently employs 3,160 people.

For the year ending 31st December 2010, Filtrona International Limited reported a pre-tax profit of £11.58 million and shareholders funds of £145.41 million. Filtrona plc reported a pre-tax profit of £61.6 million on a turnover of £489.6 million for the same period.



Keyence (UK) Limited manufacture and produce sensors, measuring instruments and barcode readers and is a wholly owned subsidiary of Keyence Corporation which was established in 1974 in Osaka, Japan. The global company has 3,150 employees and a market capitalisation of Y30,637 million.

Avebury House is the UK HQ and the company also has offices in Newcastle, Leeds, Coventry and Newbury.

For the year ending 28th February 2011 the property reported a pre-tax profit of £669,266 on a turnover of £7.15 million (up 24% year on year) and net assets of £6.23 million.



Gerald Eve LLP are one of the top 15 commercial property consultancies in the UK by turnover with 9 offices nationwide and 88 partners. The business was established in 1930 with a diverse client base from all main sectors of the economy and advises 40% of companies within the FTSE 100.

For the year ending 5th April 2011, Gerald Eve LLP reported a 10% year on year rise in pre-tax profits of £8.05 million on a turnover of £34.18 million and net assets attributable to members of £9.84 million.



Hudson Energy is the specialised commercial supply division of Just Energy Group, a leading energy retailer and supplier of green energy in North America with a customer base of 1.6 million across the group.

As the preferred natural gas and power supplier of over 125,000 commercial customers, Hudson are one of the largest business to business energy suppliers in North America. Hudson Energy currently operates in markets across the U.S. and Canada, including Texas, New York, New Jersey, Illinois, Ontario, Alberta and Saskatchewan.

The company have recently launched Hudson Energy UK Ltd, Avebury House will act as their UK HQ.

MILTON KEYNES OFFICE MARKET

Occupational demand for offices in major south east centres has improved in the last 18 months leading to an increase in take up of Grade A stock. Whilst overall availability remains stable, the composition of supply has shifted with a large fall in the availability of Grade A accommodation. A limited development supply line following the recession has led to a general stabilising of prime South East town centre rental levels and a return to peak headline rents in a number of instances.

The Milton Keynes central office market is consistent with the national trend. Whilst the oversupply of poor quality accommodation has remained constant, the majority of take up in the last 18 months has been of Grade A stock, leading to a shortage of prime accommodation and prime headline rents returning to their pre recession level of £20.00 per sq ft. The town remains at a substantial discount to other competing centres including Cambridge (£30.50 per sq ft), Reading (£30.00 per sq ft), Maidenhead (£30.00 per sq ft) and Uxbridge (£27.00 per sq ft) which bodes well for growth when considering the planned expansion of the town.

The majority of town centre availability is within secondary stock outside of the core central market and Milton Keynes CBD has a tight supply line. No schemes of note have commenced development since 2009 and there are no schemes scheduled for commencement in 2012. The tight supply line and lack of development activity have created excellent opportunities for future rental growth. The only completion in 2012 is the new 350,000 sq ft Network Rail HQ that was a pre-let dating from 2008.

The majority of space within the latest developments including Hub:MK and The Pinnacle came on stream before 2010 and have successfully let. Transactions of note within the last 18 months on Grade A accommodation include lettings to Mazars, Baker Tilly, Marsh Corporate Services, Surgicare and Robert Half International, all at rents of between £19.00 and £20.00 per sq ft highlighting confidence in the Milton Keynes's Grade A office market.

Recent letting transactions of note include the following:

	Tenant	Date	Area (sq ft)	Rent (£ per sq ft)	Lease Term
3rd Floor, The Pinnacle Mews	Robert Half Int	August 2011	4,671	£20.00	5 years
2nd Floor, The Pinnacle Bld B	Marsh	July 2011	8,406	£20.00	10 years, 5 th break
Vizion, Unit E South	Resuscitate	April 2011	2,436	£16.01	20 years
5th Floor, The Pinnacle	Paperlinx Brands	March 2011	7,711	£20.00	10 years
The HUB:MK, Avebury Blvd	Surgicare	Nov 2011	9,000	£19.00	Sublease, 6 years
4th Floor W, The Pinnacle Bld A	Mazars LLP	June 2010	15,042	£20.00	10 years
Ground Fl, The Pinnacle	Baker Tilly	February 2010	9,763	£19.97	15 years

TENURE

Freehold.

VAT

The property has been elected for VAT and VAT will be chargeable on the purchase price. It is therefore anticipated that the acquisition will be treated as a Transfer of a Going Concern (TOGC).

EPC

An Energy Performance Certificate has been prepared. Further details can be provided on request.

CAPITAL ALLOWANCES

Transfer of any remaining capital allowances would be considered by our client through separate negotiation. Further details are available on request.

PROPOSAL

We are inviting offers in excess of **£4,780,000**, subject to contract and exclusive of VAT.

A purchase at this level would reflect a net initial yield of **9.0%**, reversionary to **10.4%** on letting the vacant part second floor, after deducting purchaser's costs at 5.80%. This would also reflect a low capital value of £145 per sq ft.



FURTHER INFORMATION

Should you require further information or would like to arrange a viewing, please contact:

Chris Dickin chris.dickin@claystreet.co.uk

Nick Harrison nick.harrison@claystreet.co.uk

Rob Atkins rob.atkins@claystreet.co.uk

020 7935 2831

Clay Street Property Consultants

11 St Christopher's Place, London W1U 1NG



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