



**Atos**  
worldline

**Atos**

**BUILDING 10.1  
TECHNOLOGY DRIVE**

Beeston Business Park, Nottingham, NG9 1LA

**MK2**  
REAL ESTATE

Modern well let office building in an established mixed use business park

PROPOSAL (IN EXCESS OF) **£10,750,000**

NET INITIAL YIELD **6.54%**

REVERSIONARY YIELD **7.19%**

CASH ON CASH RETURN YIELD **9.77%**



## INVESTMENT SUMMARY

- > Opportunity to acquire a modern, well let office building on an established mixed use business park.
- > Prominently positioned on Beeston Business Park close to the Railway Station and 4 miles from Nottingham City Centre.
- > Built in 2008, Grade A specification three story offices.
- > Extends to 42,915 sq ft with 234 car parking spaces (1:183 sq ft).
- > Let on a full repairing and insuring lease until 24th December 2030 providing in excess of 10 years term certain.
- > Let to Atos IT Services UK Limited, a cutting-edge technology company with a turnover of £1.5billion, pre-tax profits of £71.8 million and net assets of £1.8 billion.
- > Passing rent of £750,000 per annum (£17.47 per sq ft) with a fixed increase on 25th December 2025 to £825,000 per annum (£19.22 per sq ft).
- > Offers in excess of **£10,750,000 (Ten Million Seven Hundred and Fifty Thousand Pounds)** subject to contract and exclusive of VAT reflecting a **net initial yield of 6.54%** and a **reversionary yield of 7.19%** assuming purchasers' costs of 6.7%.
- > Potential **cash on cash return yield of 9.77%** assuming 50% loan to value and 5 year fixed interest rate at 2.85%.





## LOCATION

Nottingham is the economic powerhouse and principal commercial centre of the East Midlands region boasting a £12.1 billion economy and forming the UK's 8th largest urban area.

The City has an immediate catchment population of 1.3 million people and 3.0 million within a half hour drive time.

Nottingham benefits from a highly skilled labour pool and two recognised Universities namely Nottingham University and Nottingham Trent University accommodating a substantial student population in excess of 60,000 students. This makes Nottingham an attractive location for businesses.

The City benefits from excellent multi modal transport connectivity having profited from one of the largest infrastructure spends in the UK, significantly enhancing the position of Nottingham as a core regional location. Junctions 24, 25 and 26 of the M1 Motorway are all accessible within 10 miles of the City Centre providing access to the wider UK motorway network with East Midlands airport within a short driving distance. Nottingham Railway Station has benefitted from over £150 million of investment and provides a fast, direct service to London St Pancras with a journey time of 1 hour 34 minutes. The £570 million extension of the tram network now connects the existing line from the City Centre out towards Toton at Junction 25 of the M1 Motorway in anticipation of the arrival of the HS2 station.



*“Nottingham is the economic powerhouse and principal commercial centre of the East Midlands”*

### ROAD

Nottingham City Centre	4.0 miles
Nottingham Railway Station	4.5 miles
Junction 25 M1 Motorway	5.5 miles
East Midlands Airport	13.0 miles

### RAIL (BEESTON STATION)

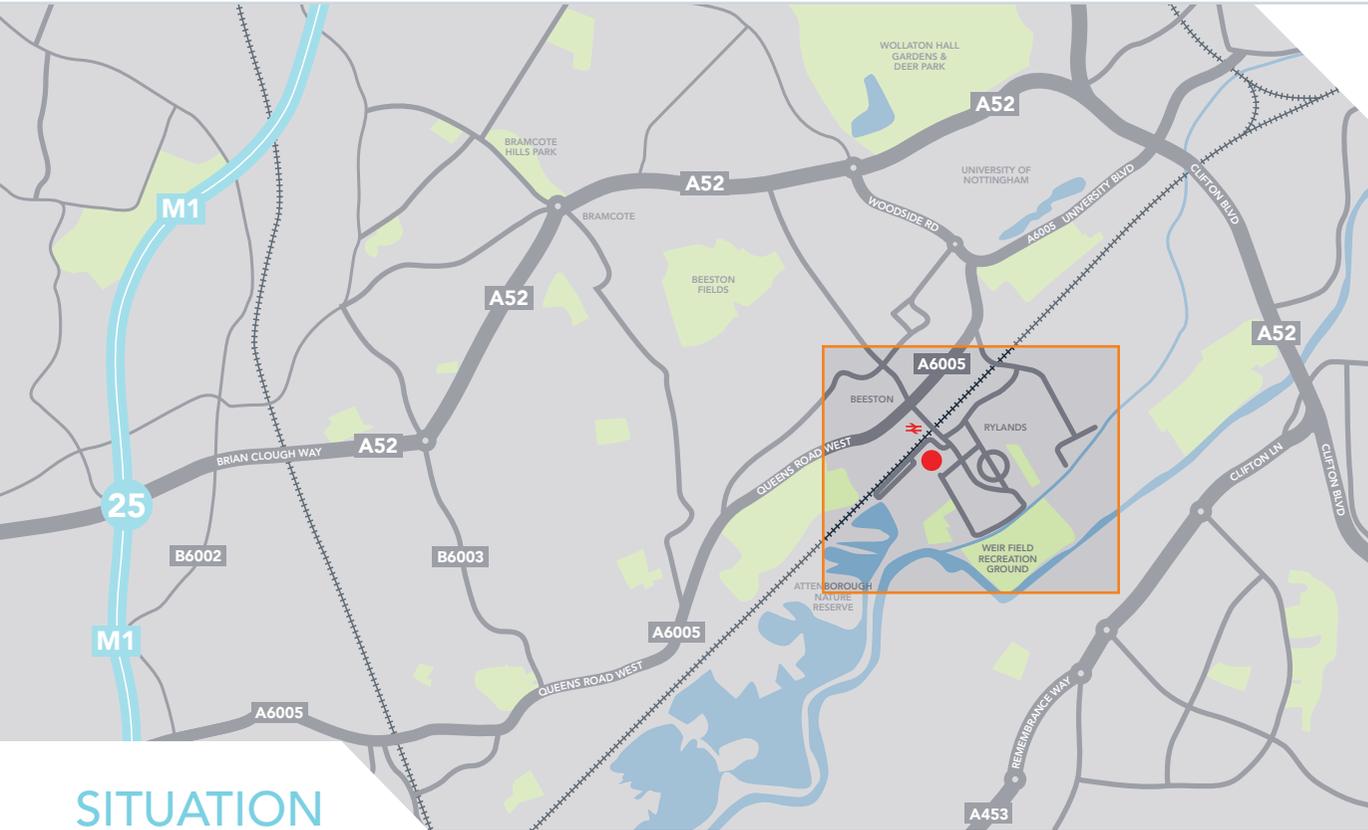
Nottingham	6m
East Midlands Parkway	10m
Leicester	19m
Birmingham New Street	1h 11m
Luton Airport Parkway	1h 20m
London St Pancras	1h 53m

### TRAM

Beeston benefits from an established Nottingham Express Transit tram system (NET), one of the UK's most successful rapid transport systems. The NET connects Nottingham City Centre with Nottingham's prominent suburbs and is used by over 8 million people annually. The link was extended to Beeston in 2015 alongside Chilwell and Clifton at a cost of over £500 million.

### AIR

East Midlands Airport is located 12 miles south west of Beeston Business Park, accessible by car within 25 minutes. The airport is the largest cargo airport in the UK outside of London Heathrow and provides commercial flights across Europe. Birmingham International Airport is situated 45 miles south west and can be accessed by car within 55 minutes.



*“Beeston Business Park has benefitted from a wealth of inward investment”*



## SITUATION

Building 10.1 is prominently positioned and accessed off Technology Drive, in the north eastern corner of Beeston Business Park and is very close to Beeston Railway Station to the north and Chancerygate and Hines multi let industrial scheme to the west.

*“A mix of office and industrial accommodation within an attractively landscaped environment”*

### BEESTON BUSINESS PARK, NOTTINGHAM

Beeston Business Park comprises a mix of office and industrial accommodation within an attractively landscaped environment adjoining Attenborough Nature Reserve. The park was awarded Enterprise Zone status in March 2011 and has benefitted from a wealth of inward investment including Chancerygate and Hines £20 million speculative development of Trent Gateway and Barratt Homes construction of 310 homes at the park’s entrance. The continued investment into the area has enhanced the attraction of the park as a place to work and live which is now home to a range of

occupiers including GoDaddy, Worldwide Clinical Trials and SMS Electronics.

The park is strategically located and benefits from strong transport links with Queens Road (A6005), one of Nottingham’s major arterial routes, providing access to Nottingham City Centre (4.0 miles) and Junction 25 of the M1 motorway (5.5 miles). Furthermore, Nottingham Railway Station and East Midlands Airport are situated within 4.5 miles and 13.0 miles respectively providing access to the UK and Europe’s key commercial centres.

Accessible by foot or by car, Beeston is a metropolitan conurbation of Nottingham and home to a number of restaurants and shops providing extensive amenity to the occupiers of the park within a short distance. In addition, Attenborough Nature Reserve which adjoins the park provides 360 acres of protected parkland providing an idyllic setting for occupiers to enjoy.

- A** Trent Gateway
- B** Beeston Railway Station
- C** SMS Electronics
- D** Attenborough Nature Reserve
- E** AW Repair Group
- F** Waterfront House
  - GoDaddy
  - Worldwide Clinical Trials
  - Metropolitan Thames Valley
- G** Barratt Homes Development
  - 310 homes



*"High quality grade A office space over three large floor plates"*



## DESCRIPTION

Built in 2008 and purpose built for the tenant, Building 10.1 provides high quality grade A office space over three large floor plates. The internal specification includes;

- > Generous reception area with revolving door, reception desk and security access gates
- > Two 10 person, 800kg passenger lifts
- > Male, female and disabled WC's on all floors
- > Open plan office space with good floor to ceiling height of 2.7metres
- > Raised floors, suspended ceilings, Cat 2 lighting system
- > Air conditioned

The property is of a steel frame construction, with part brick and cladding panels with extensive double glazed aluminium window units providing high levels of natural light. A mesh system is pre-installed in the walls for added security within the building. At ground floor level part of the raised floor has been reinforced to allow for delivery of heavy equipment such as computer data servers.

Externally there are two access points off Technology Drive to the car park which have security barriers. The extensive car park provides 234 spaces set in attractive landscaped grounds and secured to the perimeter with metal palisade fencing. In addition, there are cycle racks, bin storage external electricity back-up generator, smoking area and electric vehicle charging points.

*"The extensive car park provides 234 spaces set in attractive landscaped grounds"*



## ACCOMMODATION

The property has been measured in accordance with RICS property measurement IPMS and also net internal area (NIA) as follows;

FLOOR	IPMS SQ M	IPMS SQ FT	NIA SQ M	NIA SQ FT
2nd Floor	1,329	14,305	1,318	14,183
1st Floor	1,329	14,305	1,318	14,183
Ground Floor	1,329	14,305	1,318	14,183
<b>TOTAL</b>	<b>3,987</b>	<b>42,915</b>	<b>3,954</b>	<b>42,549</b>

The total site extends to 2.18acres and there are 234 car parking spaces providing a ratio of 1:183 sq ft.





## TENANCY & COVENANT

The property is let in its entirety on full repairing and insuring terms to ATOS IT Services UK Limited. The lease has recently been re-gearred to provide a lease expiry of 24th December 2030 giving just over 10 years unexpired. The current passing rent is £702,724 per annum (£16.37 per sq ft) which increases to £750,000 per annum (£17.47 per sq ft) on 25th December 2020 (as part of the sale the vendor is proposing the rent is topped up to this level). There is a further fixed rental increase to £825,000 per annum (£19.22 per sq ft) on 25th December 2025.

Part first floor is sublet to Worldwide IT Services UK Limited, an ATOS Group company, until 21st December 2030 at a rent of £244,050 rising to £268,455 per annum on 25th December 2025.

As part of the lease re-gear a capital contribution was made by the landlord to fund new licence software to the tenant and to be used specifically from this location. The lease re-gear and associated investment demonstrates the commitment that the tenant has to this location and building.

### COVENANT STRENGTH

Atos is a global leader in digital transformation with 110,000 employees in 73 countries and annual revenue of 12 billion euros. European number one in cloud, cybersecurity and high-performance computing, the group provides end-to-end orchestrated hybrid cloud, big data, business applications and digital workplace solutions. The group is the worldwide information technology partner for the Olympic & Paralympic Games and operates under the brands Atos, AtosSynetI, and Unify. Listed on the CAC40 Paris stock index the company's share price has increased over 20% during the three months since lockdown.



In the UK Atos operates from 24 locations and has significant contracts with the government including departments of Defence and for Work and Pensions together with contracts for Network Rail and Eurostar. The company has recently partnered with University of Oxford to deliver the largest AI supercomputer in the UK and in April at the Hartree Centre the Atos supercomputer was deployed for Coronavirus treatment research.

ATOS IT Services UK Limited has an Experian rating of 100 described as very low risk and their most recent accounts are summarised below;

£000	31 DEC 2018	31 DEC 2017	31 DEC 2016
Turnover	1,518,864	1,614,791	1,489,427
Pre-Tax Profit	71,864	49,873	100,735
Net Worth	1,789,890	1,721,739	1,594,783





## NOTTINGHAM OFFICE MARKET

Nottingham is an established and dominant Midlands office centre with a total office stock of approximately 12 million sq ft.

Nottingham is well known for its linkage to the pharmaceutical sector and is home to the UK headquarters of Boots the Chemist located close to the Atos facility in Beeston. The City has a growing science and technology sector, driven by the output of the two Universities and the Bio City and Nottingham Science Park which is situated under two miles from the subject property.

*“The city has a growing science and technology sector”*

The legacy of the 2007/2008 recession, limited rental growth, fund focus on core regional markets and consistent annual take up has resulted in a lack of office development within Nottingham since 2006. As a consequence, Nottingham’s office market has traded organically. Commercial pressure has resulted in the loss of secondary stock to alternate uses namely residential and student development which has put pressure on the lack of office supply within the Nottingham market and caused a supply demand imbalance.

Speculative development remains limited with schemes dependant on a pre-let and a minimum size of 25,000 sq ft to be viable. This has put further constraint on the already tight levels of supply in the market resulting in continued pent up demand and rental growth potential.

### INVESTMENT TRANSACTIONS

The Regional office investment market remains attractive to investors due to the strength of the occupational market, supply/demand imbalance and limited development pipeline. Investors are also attracted to the reliable income streams and yield premium over other property sectors and other asset classes including bonds and equities.

The Covid 19 pandemic has provided a shock to the property sector but has resulted in a flight to prime and more defensive income streams with investors seeking security of income.

Listed below are recent comparable single let investment transactions.



JUNE 2020

#### Ruddington Fields Business Park, Nottingham

SIZE (SQ FT)	TENANT	WALVT (TO BREAK)	PRICE	NIY
28,696	Ideagen Plc	15.0	£6,275,000	6.72%



JUNE 2020

#### Sapphire Court, Walgrave, Coventry

SIZE (SQ FT)	TENANT	WALVT (TO BREAK)	PRICE	NIY
91,733	AAH Ltd	12.6	£22,200,000	6.50%



NOV 2019

#### Grove Park, Leicester

SIZE (SQ FT)	TENANT	WALVT (TO BREAK)	PRICE	NIY
20,828	My Home Move Ltd	9.0	£5,685,000	6.00%



NOV 2019

#### Kingswood Lakeside Park, Cannock

SIZE (SQ FT)	TENANT	WALVT (TO BREAK)	PRICE	NIY
40,139	Veolia Environmental	9.6	£10,948,000	6.49%



SEPT 2019

#### Pinder House, 249 Upper Third Street, Milton Keynes

SIZE (SQ FT)	TENANT	WALVT (TO BREAK)	PRICE	NIY
18,140	Christie Group	15.0	£5,082,000	5.60%

## TENURE

The building and 144 car parking spaces are held freehold and extends to approximately 1.75 acres. The additional 90 car parking spaces are held on a 990 years long leasehold interest at a peppercorn rent and extends to approximately 0.43 acres.

See plan opposite (blue is long leasehold interest).

## EPC

The property has an Energy Performance Certificate of C73.

### Energy Performance Asset Rating

More energy efficient

A+

A

0-25

B

26-50

C

51-75

D

76-100

E

101-125

F

126-150

G

Over 150

Less energy efficient

73

This is how energy efficient the building is.

Net zero CO<sub>2</sub> emissions

### Technical Information

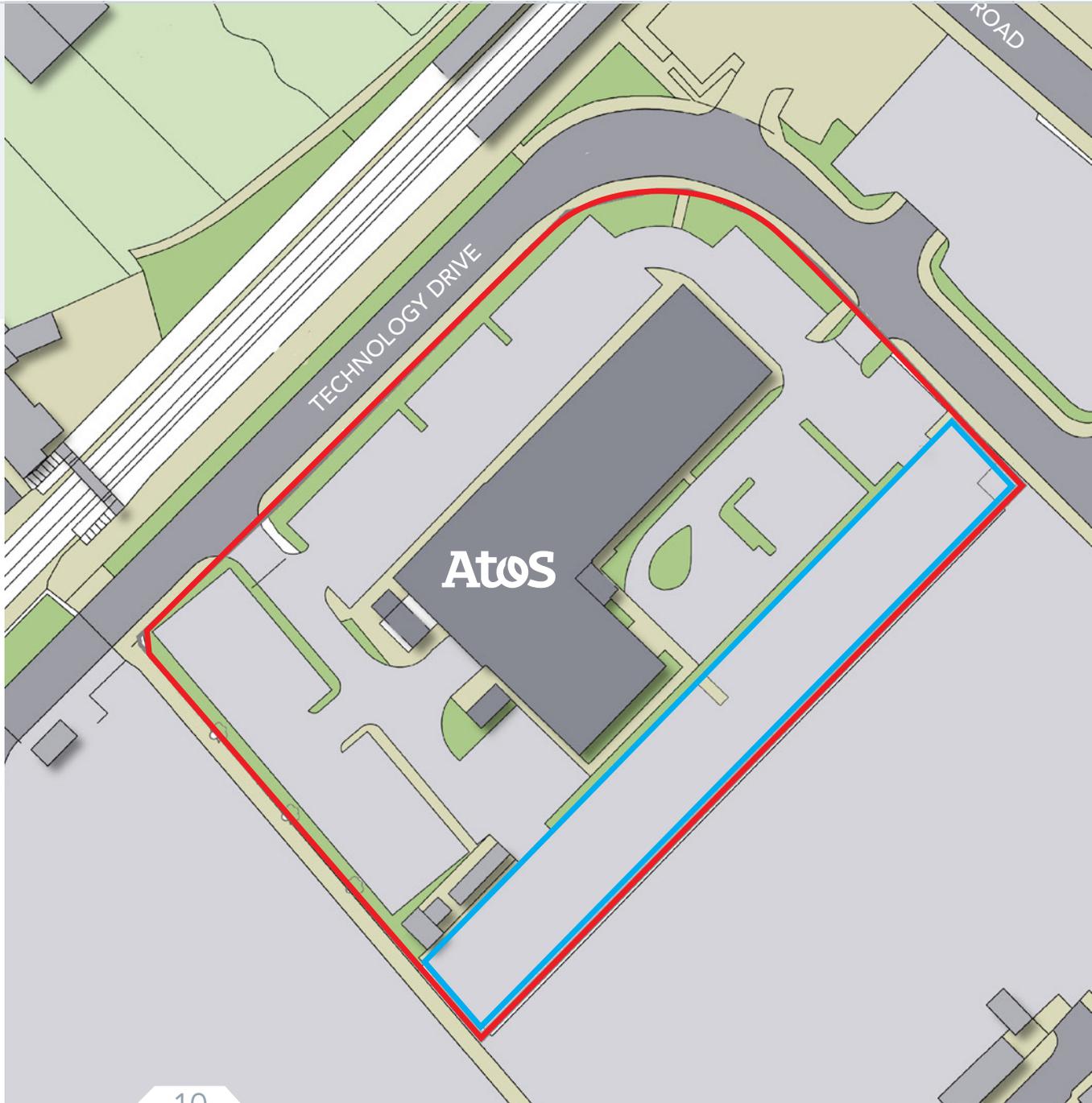
Main heating fuel:	Natural Gas
Building environment:	Air Conditioning
Total useful floor area (m <sup>2</sup> ):	4215
Building complexity (NOS level):	3
Building emission rate (kgCO <sub>2</sub> /m <sup>2</sup> ):	44.52

### Benchmarks

Buildings similar to this one could have rating as follows:

35 If newly built

93 If typical of the existing stock



## VAT & CAPITAL ALLOWANCES

VAT is payable on the purchase price however subject to qualification we anticipate that the sale will be structured by way of a Transfer of a Going Concern (TOGC). Any remaining capital allowances will be retained by the vendor and a £2 election will be made at the point of sale.



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## PROPOSAL

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UK interest rates are at an all time low with 5 years swap rates in the region of 0.35% providing all in financing rates of around 2.85%. Assuming a loan to value of 50% and 1.00% arrangement fees the **cash on cash yield is approximately 9.77%**.

## FURTHER INFORMATION

For further information or to arrange an inspection please contact:

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