



DAVID BAROUKH ASSOCIATES

Unit A, Phoenix Office Park, Nottingham



FREEHOLD OFFICE INVESTMENT FOR SALE

Summary

- Purchase Price of £1,700,000
- Net Initial Yield of 8.25% net
- Current Income of £142,738 per annum, equating to £156.07 per sq m (£14.50 per sq ft) overall
- Modern Well Specified Office Building
- Let to a strong covenant with approximately 7 years unexpired

Location & Communications

The city of Nottingham is the principal administrative and commercial capital centre of the East Midlands with a resident population of approximately 271,000 (1991 Base) and a catchment population of 560,000 (1994 Estimate). The city benefits from a strong commercial base with a number of major occupiers including NatWest, Price Waterhouse Coopers, Inland Revenue, Capital One and Experian.

The city enjoys a strategic location approximately 22kms (14 miles) east of Derby, 17kms (23 miles) north of Leicester and 37kms (126 miles) north of London.

Road communications from Nottingham are excellent with the M1 being accessed via Junctions 24, 25 and 26, providing a direct link with the Midlands Motorway Network. A number of major arterial roads, including the A51 and A60 provide a strong regional network.

Inter-City rail services (St Pancras) have been upgraded and the fastest journey time is just 1.5 hours. There are additional fast rail services to Birmingham, Leeds and Manchester.

The Nottingham Express Transit Tram is due for completion and operation in November 2003 (Line 1) with 6 further lines planned in the future. The Tram will link to the city centre and the area extending to the north west, enhancing the accessibility. Phoenix Office Park will have a tram stop, incorporating a park and ride scheme, situated directly behind Unit A, providing quick and direct access to the city centre.

Regional, national and international accessibility is strengthened by the proximity of the East Midlands Airport, situated 19kms (12 miles) of the city centre.

Situation

Phoenix Office Park forms part of The Phoenix Centre, regarded as one of Nottingham's premier business centres and situated approximately 3kms (5 miles) north west of Nottingham city centre. Motorway access is via the A610 dual carriageway, which is 1.5km (1 mile) from Junction 26 of the M1.

Major occupiers in the Park include Oaktree Financial Services, Digica, Powergen, Target Express, Millar and Business Link.

Estimated Rental Value

In our opinion, the property is rack-rented equating to £156.07 per sq m (£14.50 per sq ft) overall, taking account of evidence within Phoenix Office Park.

Covenant

Stora Enso is an integrated paper, packaging and forest products company producing publications and fine papers, packaging boards and wood products, areas in which the Group is a global market leader.

Stora Enso reported total sales of EUR 12.8billion in 2002. The Group has 42,500 employees in more than 40 countries.

For year ending December 2001, Stora Enso UK Limited reported the following accounts:

Turnover	£ 13,069,000
Pre-Tax Profits	£ 937,000
Net Assets	£ 2,755,000

Stora Enso UK Holdings Limited (the surety) is a parent of all the Stora Enso group of companies in the UK, who have net assets of £60,589,000 (December 2001). The company made a one-off loss due to a recent merger where all historic losses were crystallised in the current financial year.

The company has a Dunn & Bradstreet rating of **5A1**.

Price

The freehold interest can be acquired at a price of **£1,700,000 (one million & seven hundred thousand pounds)**, subject to contract, reflecting a net initial yield of **8.25%**, assuming costs at 1.75%. The investment has been designated as a stamp duty exempt area.

Value Added Tax

The property has been registered for VAT. It is anticipated that the company will be treated as the transfer of a going concern (TOGC).

Investment Considerations

- A purchase price of £1.7m, reflects a high net initial yield of 8.25% and a capital value of £1858.88 per sq m (£172.69 per sq ft), which is closely underpinned by vacant possession values of offices sold within the Park, which are in excess of £1614.60 per sq m (£150 per sq ft).

Description

Unit A was completed in May 2000 and comprises a detached two-storey office building arranged over ground and first floors.

The property was constructed with cavity brick/block external walls and is partly steel framed and partly constructed with low bearing external walls. The roof is of a pitched timber construction covered with inter-locking tiles.

Internally, the property provides well-specified open plan office accommodation with good natural light with the following specification:

- Double glazed windows
- Raised floors and perimeter trunking
- Suspended ceilings with Category II recessed lighting
- Male/female and disabled lavatories on each floor
- An 8-person passenger lift
- Central heating
- Carpeting throughout

Accommodation

We have been advised by our client that the total net internal area is **914.53 sq m (9,844 sq ft)**.

The property benefits from approximately 44 on-site car parking spaces, providing an approximate ratio of 1:20 sq m (1:224 sq ft).

Tenure

Freehold

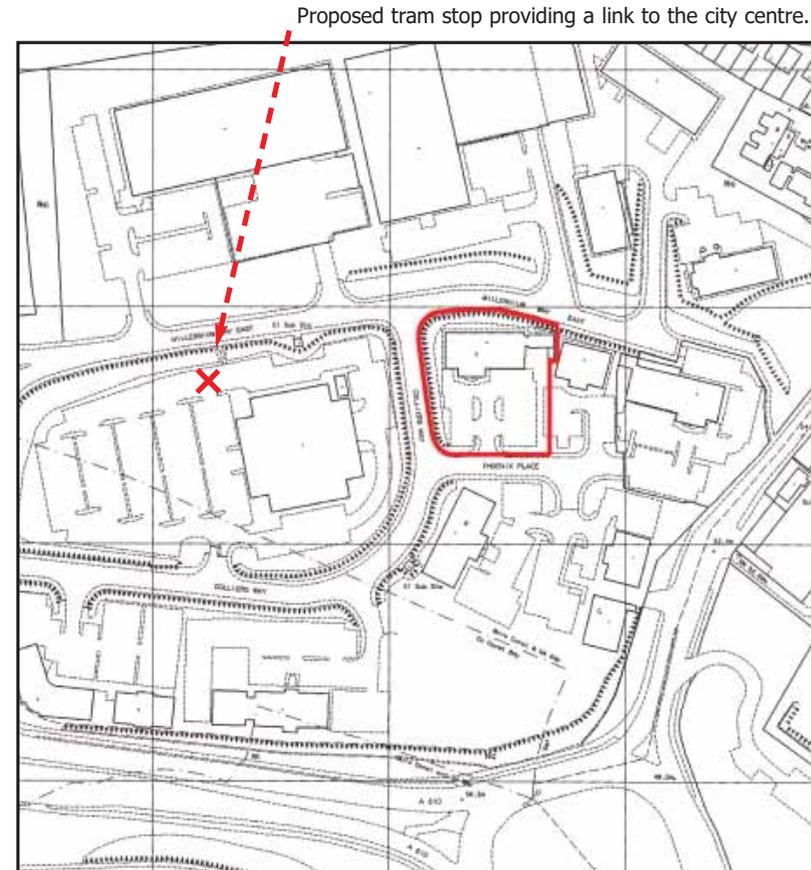
Tenancy

The property is entirely let to **Stora Enso UK Limited** with a surety from **Stora Enso Holdings UK Limited** for a term commencing 5 July 2000, expiring 4 July 2010 (**approximately 7 years unexpired**) with five yearly upwards only rent reviews, the next being in July 2005.

The current passing rent is **£142,738 per annum**, equating to £156.07 per sq m (£14.50 per sq ft) overall.

Part of the ground floor accommodation has been sublet to Billerud Sales Limited, with a surety from Billerud AB, at a rent of £38,000 per annum, on a lease expiring 11 November 2007. We understand that Billerud is a connected company of Stora Enso.

- An opportunity to acquire a modern, well specified office in Nottingham's premier out of town business park, benefiting from strong communications.
- The investment is let to strong tenants with the surety benefiting from a Dunn & Bradstreet rating of 5A1.
- The Tram, when completed, with a stop within Phoenix Office Park, will improve communications further.

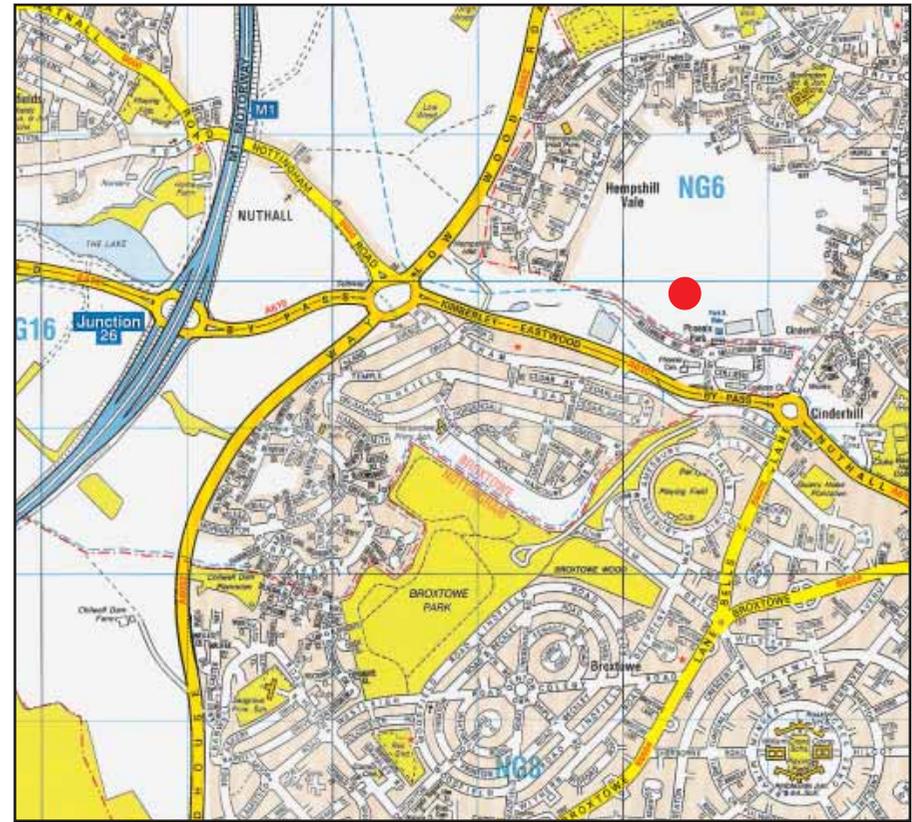


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