Central Bristol Office Investment
St Bartholomew's House
Lewins Mead, Bristol BS1 2NH
**Investment Summary**

- Central Bristol location on Lewins Mead
- Multi-let modern offices over ground and four upper floors
- Long leasehold at a peppercorn rent
- 33,505 sq ft NIA office space
- 58% let to the excellent covenant of Sanlam Life & Pensions UK Ltd
- WAULT 5.3 years to expiry and 2.7 years to break
- Total income £366,730 per annum
- Average passing rent of £10.77 per sq ft
- Offers are sought in excess of **£4,473,000** (Four Million Four Hundred and Seventy Three Thousand pounds) for the long leasehold interest, reflecting a net initial yield of 7.75% assuming normal purchaser’s costs of 5.8%, and a capital value of £134 per sq ft
Location

Bristol is the 5th largest conurbation in the UK and the South West’s major commercial and retail centre.

The city is consistently voted as one of the best places to live and work in the UK. Bristol has a strong banking and service sector with world class knowledge economy bases in Aerospace, Defence, Engineering, ICT, Electronics, Financial Services, Media, Creative and Environmental industries.

Bristol has an estimated population of 428,000 (2011 census) and a larger urban zone with an estimated 1.6 million residents. Bristol has the second strongest economy in England outside London, based on GDP per head (source: Barclays). Bristol also has the highest employment rate of all major cities outside London.

The city’s two Universities, Bristol University and the University of the West of England, contribute to the skilled labour pool and Bristol accommodates more than 50,000 students in total. Bristol’s major employers include BBC, BAE Systems, EE, Hewlett Packard, Lloyds Banking Group, Rolls Royce and the NHS.
Communications

The city benefits from excellent strategic road links, located at the intersection of the M4 and M5 motorways providing access to the South West, South Wales, the Midlands and South East England. The M32 connects the city centre with the M4 at Junction 19. Bristol is located 120 miles west of London, 90 miles south of Birmingham and 44 miles east of Cardiff.

The motorway network is easily accessible via the inner ring road (A4044) which links directly to the M32, approximately ½ mile away, and then to the M4/M5 and national motorway network.

Bristol is served by two main line railway stations, Temple Meads in the city centre and Parkway 5 miles north of the city centre. Both stations provided regular intercity services to major destinations across the UK including London Paddington, Manchester, Birmingham and Cardiff. The fastest journey time to London Paddington from Temple Meads is 1 hour 40 minutes, which will improve further once electrification of the railway occurs by 2017.

Bristol International Airport is the fastest growing airport in the UK, located 8 miles south of the city centre via the A38. The airport serves over 6.2million passengers a year, flying to 114 scheduled destinations throughout the UK and all other major European countries.
St Bartholomews House occupies a prominent location at the western end of Lewins Mead and is situated adjacent to the Hotel du Vin. The property is within walking distance from Bristol Bus Station and the retail amenities of Broadmead and Cabot Circus are easily accessible by foot, accessed via Nelson Street. The leisure facilities of Bristol Harbourside are within close proximity of the property.

The area around Lewins Mead is in the process of being transformed with several development and conversion projects currently underway.

These include, directly opposite St Bartholomews House, Electricity House, a former office building being converted into 85 luxury apartments. Adjacent to this Watkins Jones are constructing Courtrooms, a new 348 bed student block. The former 15 storey office building Froomsgate House, between Lewins Mead and Rupert Street, is also being converted to provide student accommodation. In addition Premier Inn are constructing a new 175 bed hotel on Lewins Mead adjacent to Whitefriars.
St Batholomews House comprises an office building arranged over ground and four upper floors, built in 1986. The third and fourth floors have been refurbished and the refurbished floors provide the following amenities:

- VRV comfort cooling
- New suspended ceilings
- New LG7 compliant lighting

In addition, the property benefits from the following:

- 15 secure basement parking spaces
- Solid floors with carpeting
- Two passenger lifts
- Attractive courtyard and garden to the rear

The entrance to the property is via a manned reception desk accessed off Lewins Mead.

### Accommodation

The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition) and totals 33,505 sq ft NIA:

<table>
<thead>
<tr>
<th>Floor</th>
<th>sq ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground floor reception</td>
<td>345</td>
</tr>
<tr>
<td>Ground floor offices</td>
<td>6,159</td>
</tr>
<tr>
<td>First floor offices</td>
<td>7,444</td>
</tr>
<tr>
<td>Second floor offices</td>
<td>7,444</td>
</tr>
<tr>
<td>Third floor offices</td>
<td>7,444</td>
</tr>
<tr>
<td>Fourth floor offices</td>
<td>4,669</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>33,505</strong></td>
</tr>
</tbody>
</table>
Tenancies

The property is multi-let and, including a rental guarantee, produces a rental income of £366,730. The average passing rent is £10.77 per sq ft.

Average weighted unexpired term to lease expiry is 5.3 years and 2.7 years to break.

<table>
<thead>
<tr>
<th>Floor</th>
<th>Tenant</th>
<th>Total NIA (sq ft)</th>
<th>Lease Start</th>
<th>Lease Expiry</th>
<th>Break Date</th>
<th>Rent Review</th>
<th>Rent pa</th>
<th>Rent psf</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground, first &amp; second</td>
<td>Sanlam Life &amp; Pensions UK Ltd</td>
<td>21,046</td>
<td>24.06.2012</td>
<td>23.06.2022</td>
<td>24.06.2018</td>
<td>24.06.2017</td>
<td>£213,500</td>
<td>£10.07</td>
<td>9 car parking spaces. Tenant benefits from 9 months rent free from 24.06.16. This will be topped up by the vendor.</td>
</tr>
<tr>
<td>Part third</td>
<td>Ad Lib Holdings Ltd</td>
<td>2,650</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>£35,775</td>
<td>£13.50</td>
<td>Under Offer. New 5 year FRI lease, 1 car parking space.</td>
</tr>
<tr>
<td>Part third</td>
<td>Vacant</td>
<td>4,530</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>£61,155</td>
<td>£13.50</td>
<td>12 month rent, rates and service charge guarantee.</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£366,730</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Leases are drawn on full repairing insuring terms. The leases to Sanlam Life Pensions UK Ltd and Panoramic Associates Ltd are subject to service charge caps. The vendor will top up any service charge deficit for the first 12 months.

The vendor will provide a 12 month guarantee to cover rent, empty rates and service charge in respect of the vacant suite on the third floor.

Service Charge

The current service charge for the building equates to £6.54 per sq ft. Further information is available on request.

Tenure

The property is held long leasehold for a term of 500 years from 9 April 1984, expiring 9 August 2484, at a peppercorn rent.
Covenant Information

The property is let to the following tenants:

Sanlam Life and Pensions UK Ltd – Co No 00980142
A Life Assurance and pensions business providing product and investment management administration services to Sanlam customers.

The UK wealth management business is part of Sanlam Limited, an international financial services group employing over 15,000 individuals worldwide.

<table>
<thead>
<tr>
<th></th>
<th>31/12/2014</th>
<th>31/12/2013</th>
<th>31/12/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>£221,094,000</td>
<td>£225,368,000</td>
<td>£124,504,000</td>
</tr>
<tr>
<td>Pre-tax Profit</td>
<td>£4,259,000</td>
<td>£3,703,000</td>
<td>£7,121,000</td>
</tr>
<tr>
<td>Shareholder Funds</td>
<td>£34,270,000</td>
<td>£33,464,000</td>
<td>£34,292,000</td>
</tr>
</tbody>
</table>

Ad Lib Holdings Ltd – Co No 05138584
Ad Lib is a recruitment consultancy specialising in digital, marketing, creative, data, technology and eCommerce sectors. Established 15 years ago the company works across the South West, Home Counties and the South Coast.

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pre-tax Profit</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shareholder Funds</td>
<td>£381,872</td>
<td>£189,602</td>
<td>£118,046</td>
</tr>
</tbody>
</table>

Panoramic Associates Ltd – Co No 06881542
Senior level recruitment consultancy specialising in provision of interim managers, senior contract subject matter experts and strategic level permanent recourses to the European financial services markets and the UK public sector. The firm was established in 2009.

<table>
<thead>
<tr>
<th></th>
<th>30/04/2014</th>
<th>30/04/2013</th>
<th>30/04/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>-</td>
<td>£3,205,330</td>
<td>£3,989,667</td>
</tr>
<tr>
<td>Pre-tax Profit</td>
<td>-</td>
<td>£342,380</td>
<td>£549,854</td>
</tr>
<tr>
<td>Shareholder Funds</td>
<td>£558,476</td>
<td>£480,869</td>
<td>£416,250</td>
</tr>
</tbody>
</table>
Bristol City Centre Office Market

- Bristol city centre office stock currently totals 16.5 million sq ft
- The 2014 take up in the city centre was 836,858 sq ft, the highest achieved since 2007 and a 66% increase on the previous year
- Prime headline rents have increased to £28.50 per sq ft and are set to exceed £30.00 per sq ft
- Void stock within the city centre remains at an all-time low; approximately 1 million sq ft of stock has been taken up for alternative uses, largely due to Permitted Development Rights
- Lack of available space has had a positive effect on rents with an increase on many of the established mid market buildings, including nearby Colston Tower where rents have risen from £13.50 per sq ft in 2014 to £17.50 per sq ft for the most recent lettings
- The Grade B office market has seen considerable rental growth, where rents are still at a discount from prime, and a sharp contraction in tenant’s incentives

VAT

We understand the property is elected for VAT. It is anticipated the sale will be dealt with as a Transfer of Going Concern (TOGC).

EPC

The property has EPC ratings of C and D. A copy of EPC certificates are available on request.
Proposal

We are instructed to seek offers in excess of **£4,473,000** (Four Million Four Hundred and Seventy Three Thousand pounds) subject to contract and exclusive of VAT. A purchase at this level reflects a net initial yield of **7.75%**, assuming normal purchaser’s costs of 5.8%, and a capital value of £134 per sq ft.

Further information

For further information or to arrange an inspection please contact the sole agents:

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