

Monitoring & Audit

Asset Management Update

24th July 2018

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Letting Risk & Return Summary

Criteria	Excellent	Very Good	Good	Acceptable	Marginal
Location	Major Prime	Macro Prime	Major Secondary	Macro Secondary	Tertiary
Covenant	Single Tenant Strong Financial Covenant	Single Tenant Good Financial Covenant	Multiple Tenants Strong Financial Covenant	Multiple Tenants Good Financial Covenant	Tenants Average Financial Covenant
Lot Size	£6m - £12m	£4m - £6m £12m - £18m	£2m - £4m £18m - £20m	£1m - £2m £20m - £25m	<£1m >£25m
Lease Length	> 10 Years	7 – 10 Years	4 – 7 Years	2 – 4 Years	< 2 Years
Tenure	Freehold	Long Leasehold 125 years minimum	Leasehold < 125 years > 75 years	Leasehold < 75 years	Leasehold < 50 years
Repairing Obligations	Full Repairing and Insuring (FRI)	Internal Repairing 100% Recoverable	Internal Repairing Partially Recoverable	Internal Repairing Non Recoverable	Landlord Repairs
Net Yield	5%+	4% – 4.99%	2.5% - 3.99%	>1 % - 2.49%	<1%

Nene House



Nene House

Valuation	£1.36m
Location	Kettering
Covenant	Multiple Tenants Good Financial Covenant
Lot Size	£1.170m £1.224m
Lease Length	27/01/2022 25/03/2023
Tenure	Freehold
Repairing Obligations	Internal Repairing 100% Recoverable
Net Yield	3.7% - £46,000

Nene House

- Building is over two floors
- Ground Floor is let to a telecommunications company
- First Floor is let to the Environment Agency (EA)
- Workshop and Storage is let to the EA

Liniar House



Liniar House



Warehouse 144,095 sq.
Office/Showrooms ground floor 16,989 sq.
Office/Showrooms first floor 16,989 sq. ft.
Total 178,073 sq. ft.
100+ Parking Spaces

Liniar House

Valuation	£14m
Location	Denby
Covenant	Single Tenant Strong Financial Covenant
Lot Size	£14m £14.861m
Lease Length	20 Years Upward only Rent Reviews – 5 Years
Tenure	Freehold
Repairing Obligations	Full Repairing and Insuring (FRI)
Net Yield	1.70% £252,000

Liniar House

- Located in Denby – within a major site for manufacturing and logistics
- New Building - 12 Year Building Warranty
- Potential for uplift at rent review – 50p increase per sq. ft. **yields an additional £89,000**

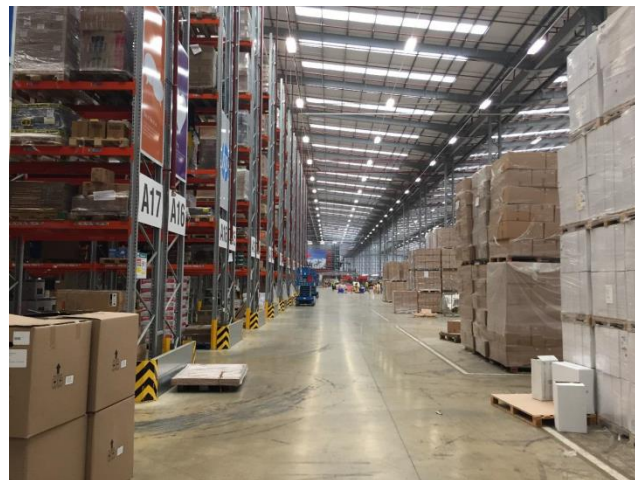
Corby – Staples Building



528,000 sq ft.

Staples UK Ltd's only distribution facility

Corby – Staples Building



Corby – Staples Building

Valuation	£35.4m
Location	Corby
Covenant	Single Tenant Good Financial Covenant
Lot Size	£17.7m £18.7m
Lease Length	12 Years
Tenure	Freehold
Repairing Obligations	Full Repairing and Insuring (FRI)
Net Yield	1 Feb 2018 – 31 Jan 2020 - £415,000 (2.2%) 1 Feb 2020 – 31 Jan 2025 - £524,000 (2.8%) 1 Feb 2025 – 31 Jan 2030 - £692,000 (3.4%)

Investment Opportunity

Corby

- Corby and Kettering jointly acquire – Co-ownership
- The building is a two storey office block to the front and warehousing to the rear
- This is Staples UK Ltd's only distribution facility, having consolidated to this site.
- Staples have invested around £15m into the building

Commercial Acquisitions

Asset	Acquired / Est Completion	Acquisition Cost £'000	Projected Capital Cost £'000	2017/18 Revenue Projection £'000	2018/19 Revenue Projection £'000	Full Year Revenue Projections £'000
Nene House	Oct 17	1,170	1,224	35	46	46
Corby	Dec 17	17,700	18,777	242	415	415
Denby	Mar 18	14,000	14,861	56	252	252
Total Completed Acquisitions		32,870	34,862	333	713	713
Sheerness House	Oct 18	0	400	0	34	68
Total Acquisitions Works in Progress		0	400	0	34	68
Total Completed and Works in Progress		32,870	35,262	333	747	781
Budget				285	885	885
(Surplus) / Deficit				(48)	138	104
Work in Progress					110	350
(Surplus) / Deficit					28	(246)