



MIDGATE HOUSE



MIDGATE HOUSE, MIDGATE, PETERBOROUGH, PE1 1TN

A PROMINENT CITY CENTRE MULTI-LET
OFFICE AND RETAIL INVESTMENT OPPORTUNITY



INVESTMENT SUMMARY

- Peterborough is the largest city in Cambridgeshire and one of the fastest growing cities in the UK.
- Midgate House is prominently situated in the heart of the city centre, within 0.5 miles of Peterborough railway station and within very close proximity to all city centre amenities.
- The property provides a total of **71,000 sq ft**, incorporating 52,253 sq ft of offices over three upper floors alongside 18,747 sq ft of ground floor retail accommodation across 11 units.
- Freehold.
- Total income of **£526,890 per annum**, with an overall WAULT of 8.27 years to expiries and **5.20 years to breaks**.
- The office element is multi-let to 3 office tenants at an average passing rent of £9.17 per sq ft. 28,879 sq ft equating to 55% of the office accommodation is currently vacant.
- Potential to refurbish the office accommodation and re-let in a market than has seen a significant amount of the office stock lost to residential.
- The retail element is 89% let, with the remainder under offer, at an average passing rent of £36.70 per sq ft (ITZA). Tenants include Ladbrokes, Greggs, Paddy Power, Coop Funeral Services, Cambridgeshire Community Services NHS Trust and Tanning Shop.
- Potential for conversion of the majority of the office element of the building to residential via Permitted Development Rights.

Offers are sought in excess of **£7,060,000 (Seven Million and Sixty Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this level would reflect a **net initial yield of 7.00%** and a **capital value of £99 per sq ft**, assuming purchaser's costs of 6.65%.

In addition, it would reflect a **reversionary yield of circa 11.65%** upon letting the vacant accommodation.

LOCATION

Peterborough is a cathedral city in Cambridgeshire, situated in the heart of the East of England. The city is strategically located approximately 80 miles north of London, 77 miles east of Birmingham, 40 miles east of Leicester and 32 miles north west of Cambridge.

Peterborough is the 4th fastest growing city in the country, a product of the city's diverse and robust economy. High performing business sectors include advanced engineering & manufacturing, agri-tech, food & drink, digital & creative, energy & environment and financial services.

Many of the UK's major employers have a significant presence in Peterborough, attracted by the strategic location, excellent transport links, transformed digital connectivity, and the attractive cost of doing business in the city. Notable occupiers include Amazon, Associated British Foods, Baker Perkins, Bauer Media Group, BGL Group, British Sugar, News International, Thomas Cook, Travelex and Yorkshire Building Society.

Peterborough is rising in prominence following continued investment, underpinned by the city's ambitions and new initiatives to support economic growth. The city benefits from the Peterborough Investment Partnership (PIP), a partnership between Peterborough Council and Lucent Strategic Land Fund focusing on the city's regeneration by developing surplus land in the Council's ownership. An example of this is the £120 million regeneration of 20 acres of derelict land at Fletton Quay's on Peterborough's South Bank, delivering new high quality apartments, a hotel, and office accommodation, alongside retail, leisure and cultural opportunities.



COMMUNICATIONS

ROAD

Peterborough benefits from its close proximity to the A1(M) (Junctions 16 & 17) to the west of the city centre, which serves as the principal connection between the south-east and the north-east of England. The A47 (Junction 18) is located approximately 2 miles to the north of the city centre, providing access to Leicester and the M1 to the west.

RAIL

Peterborough serves as a major interchange on the East Coast Main Line, which provides high-speed inter-city train services between London, Yorkshire, the North East and Scotland. The fastest journey time to London King's Cross is 45 minutes, and direct trains connect the city with Leeds, Newcastle, Cambridge, Leicester and Birmingham.

AIR

London airports are easily accessible with Luton Airport located 60 miles to the south and Stansted Airport 65 miles to the south east of Peterborough, with a direct train service to Stansted (journey time of 85 minutes).

CATHEDRAL
SQUARE

PETERBOROUGH
CATHEDRAL

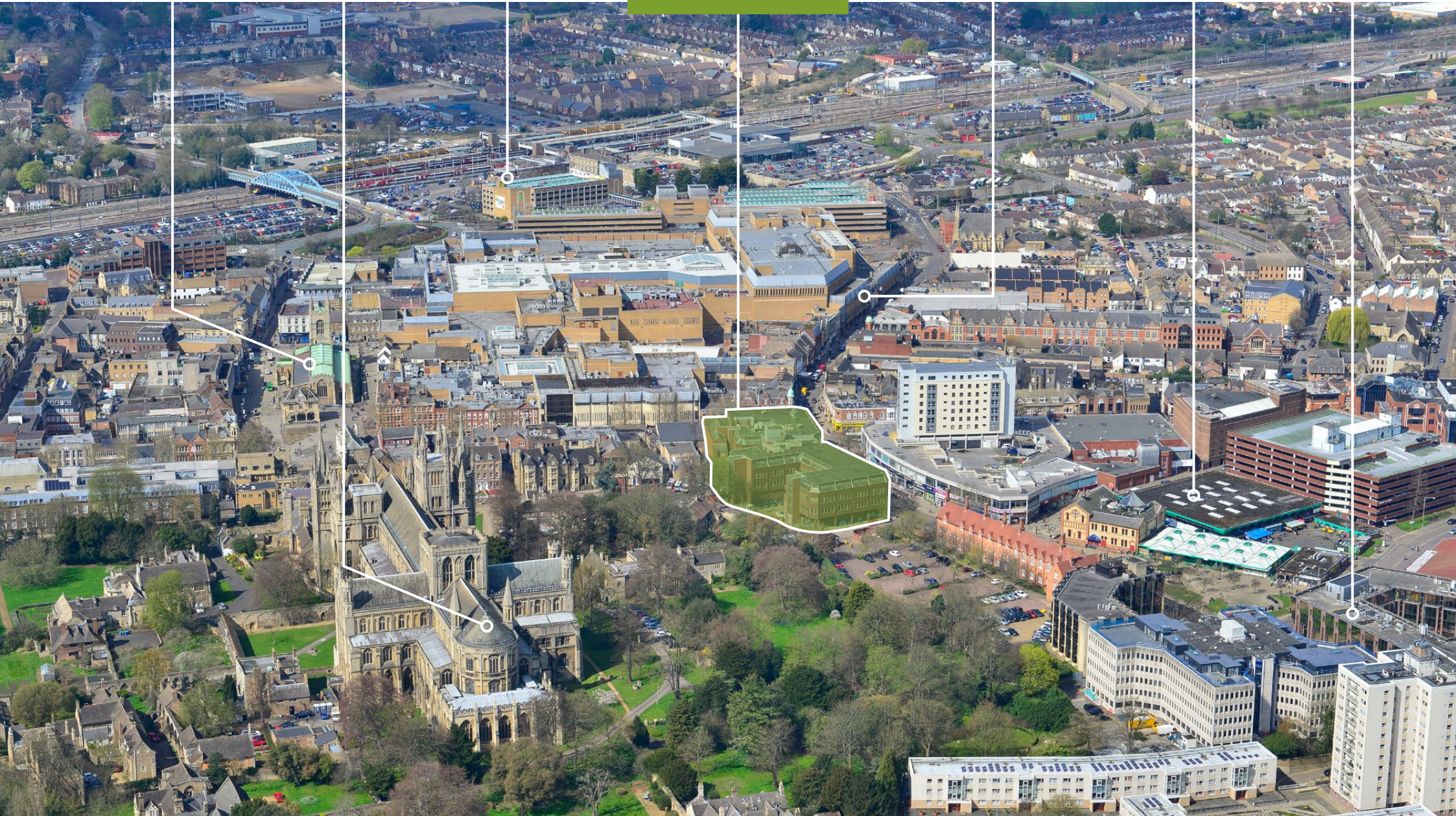
TRAIN
STATION

MIDGATE HOUSE

QUEENSGATE
SHOPPING CENTRE

PETERBOROUGH
CITY MARKET

PASSPORT
OFFICE





SITUATION

Midgate House is situated at the junction of Midgate, Broadway and Long Causeway in the heart of the city centre, overlooking the Cathedral Precincts.

The property is within close proximity to all the city centre's amenities and immediately to the east of the Queensgate Shopping Centre, which houses the city's prime retail pitch and is home to retailers including John Lewis, Marks & Spencer and H&M.

Peterborough railway station is approximately 0.5 miles to the west and within a 10 minute walk. The A1139 is less than a mile to the east, which links to the A1(M), a major North-South road connecting London with Edinburgh.



DESCRIPTION

Midgate House, developed in the 1980's, is a multi-let mixed use office and retail building. The property extends to a total of 71,000 sq ft arranged across two wings, accessed from a central reception area.

The property provides 52,253 sq ft of office accommodation, arranged across 3 upper floors. There are 11 retail units fronting both Long Causeway and Midgate, which extend to a total of 18,747 sq ft and are predominately arranged over ground floor.

The office specification includes:

- Recently refurbished office reception and common areas
- Air conditioning in part
- Gas fired central heating
- Suspended ceilings
- Category 2 lighting
- 2 compartment perimeter trunking
- 2 x 10-person passenger lifts
- Male and female WC's on each floor

There are 15 on-site car parking spaces. There are also numerous public car parks within a short walk of the property.



ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition) 2007 and provides the following net internal areas (NIA):

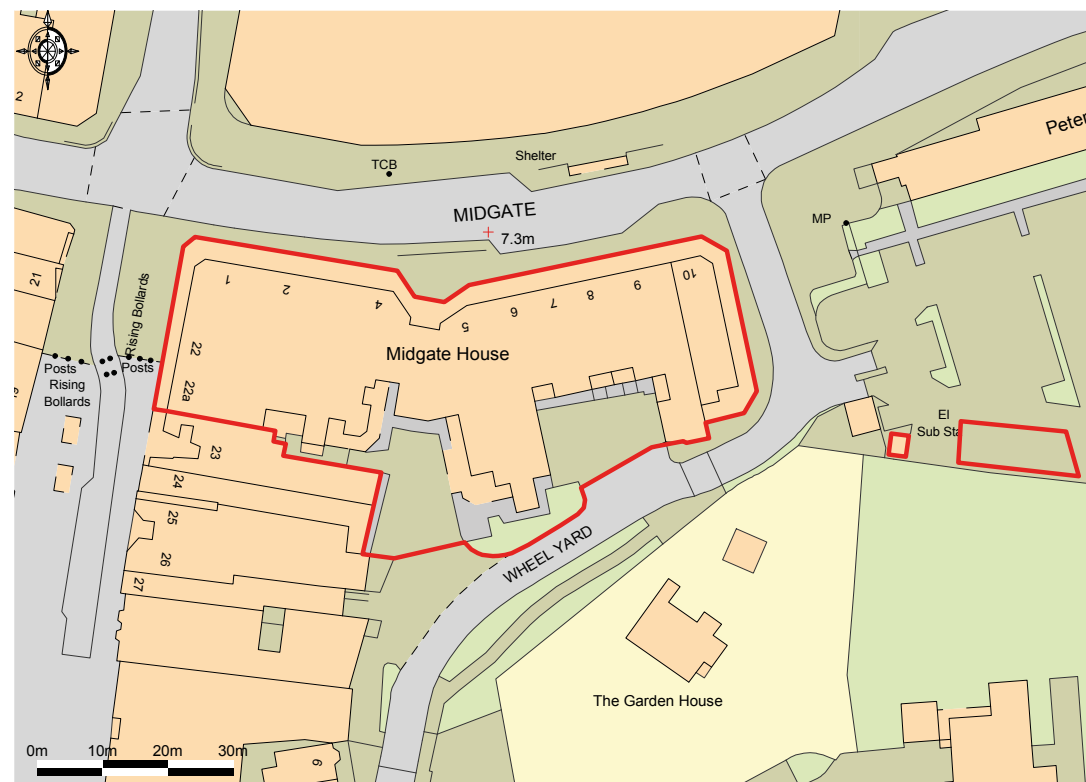
Demise	Floor	Area NIA Sq M	Area NIA Sq Ft
Offices			
East Wing	Third	943.1	10,151
West Wing		750.2	8,075
East Wing	Second	989.7	10,653
West Wing		781.4	8,411
East Wing	First	993.0	10,689
West Wing		262.4	2,824
2a Midgate	First	134.7	1,450
Offices Total		4,854.5	52,253
Retail			
	First	190.8	2,054
1 Midgate	Ground	126.4	1,361
	Sub-total	317.2	3,415
2 Midgate	Ground	109.9	1,183
4 Midgate	Ground	107.3	1,155
5 Midgate	Ground	304.9	3,282
6 Midgate	Ground	91.8	988
7 Midgate	Ground	89.9	968
8 Midgate	Ground	90.8	977
9 Midgate	Ground	122.9	1,323
10 Midgate	Ground	126.8	1,366
	First	88.9	957
22 Long Causeway	Ground	97.7	1,052
	Sub-total	186.6	2,009
	First	91.5	985
22a Long Causeway	Ground	101.8	1,096
	Sub-total	193.3	2,081
Retail Total		1,741.4	18,747
Combined Total		6,595.9	71,000

SITE AREA

The site has an approximate area of 0.771 acres (0.312 hectares).

TENURE

The property is held freehold.



Map not to scale. For indicative purposes only

TENANCY

The property is multi-let in accordance with the below schedule of tenancies, with an overall WAULT of 8.27 years to expiries and 5.20 years to breaks on the let accommodation.

Tenant	Demise	Floor	Area NIA (Sq Ft)	Area ITZA (Sq Ft)	Lease Start	Lease Expiry	Rent Review	Break Option	Rent (Per Annum)	Rent (Per Sq Ft)	Rent (Per Sq Ft ITZA)	Unexpired Term	Term Certain	Comments
RETAIL														
Power Leisure Bookmakers Ltd	Unit 1	1st	2,054	205	11/02/2011	10/02/2026	11/02/2021	11/02/2021	£47,500	£13.91	£33.09	7.37	2.37	Tenant only break subject to 6 months notice. Outside 1954 Act.
		G	1,361	1,230										
		<i>Sub-Total</i>	<i>3,415</i>	<i>1,435</i>										
Funeral Services Ltd	Unit 2	G	1,183	902	08/11/2017	07/11/2027	08/11/2022	08/11/2022	£28,000	£23.67	£31.04	9.11	4.11	Rent payable monthly. Tenant only break subject to 6 months notice. Inside 1954 Act.
Green Bay Salads Ltd	Unit 4	G	1,155	744	11/05/2018	10/05/2028	11/05/2023	-	£29,000	£25.11	£38.98	9.62	9.62	8 months rent free. Rent commencement 11 January 2019. £5,000 rent deposit. Inside 1954 Act.
Cambridgeshire Community Services NHS Trust	Unit 5	G	3,282	1,444	20/08/2011	19/09/2021	-	-	£62,500	£19.04	£43.28	2.98	2.98	Tenant pays fixed 4.6% of service charge. Inside 1954 Act.
Lucie Marie Tilbrook	Unit 6	G	988	628	04/08/2018	05/08/2021	-	-	£17,500	£17.71	£27.87	2.86	2.86	£17,500 per annum from 18/09/2018 to 16/09/2019 increasing to £19,000 thereafter. £5,700 rent deposit. Outside 1954 Act.
Ladbrokes (Betting & Gambling) Ltd	Unit 7	G	968	627	11/12/2008	10/12/2023	11/12/2018	11/12/2018	£29,500	£30.48	£47.05	5.20	0.21	Tenant only break subject to 6 months notice. Break notice not received. Inside 1954 Act.
Hidden Hearing Ltd	Unit 8	G	977	631	02/03/2007	01/03/2027	02/03/2022	-	£28,950	£29.63	£45.88	8.43	8.43	Inside 1954 Act.
Feel Good Group Ltd	Unit 9	G	1,323	698	04/01/2016	03/01/2026	04/01/2021	-	£21,500	£16.25	£30.80	7.27	7.27	Inside 1954 Act.
Globalbiz Ltd	Unit 10	G	1,366	707	14/04/2015	13/04/2030	14/04/2020 14/04/2025	14/04/2025	£18,000	£13.18	£25.46	11.54	6.55	Guaranteed by Helder Alver. Mutual break subject to 6 months notice. £5,400 rent deposit. Outside 1954 Act.
Greggs plc	22 Long Causeway	1st	957	96	06/11/2017	05/11/2027	06/11/2022	05/11/2022	£30,000	£14.93	£43.06	9.11	4.11	Tenant only break subject to 6 months notice. Service charge is fixed at £2,281.87 indexed annually until rent review date. Inside 1954 Act.
		G	1,052	601										
		<i>Sub-Total</i>	<i>2,009</i>	<i>697</i>										
Vacant	22A Long Causeway	1st	985	99	-	-	-	-	-	-	-	-	-	Under offer at £31,500 per annum (£38.67 per sq ft ITZA) with 3 months rent free. 5 year term. Inside 1954 Act.
		G	1,096	716										
		<i>Sub-Total</i>	<i>2,081</i>	<i>815</i>										
RETAIL SUB TOTAL			18,747	9,328					£312,450	£18.75	£36.70	6.90	4.45	
OFFICES														
Vacant	East Wing	3rd	10,151	-	-	-	-	-	-	-	-	-	-	-
Vacant	West Wing	3rd	8,075	-	-	-	-	-	-	-	-	-	-	-
RNIB	West Wing	2nd	8,411	-	05/07/2016	04/07/2031	05/07/2021 05/07/2026	04/07/2026	£170,390	£8.92	-	12.77	7.77	6 months rent free if break not exercised. Tenant only break subject to 12 months notice. Inside 1954 Act.
	East Wing	1st	10,689											
Vacant	East Wing	2nd	10,653	-	-	-	-	-	-	-	-	-	-	-
Reed In Partnership Limited	West Wing	1st	2,824	-	26/07/2016	31/08/2019	-	-	£29,700	£10.52	-	0.93	0.93	Suite has its own separate access from Midgate. Schedule of condition. Outside 1954 Act.
Taskmaster Resources Ltd	Unit 2a	1st	1,450	-	21/09/2010	20/09/2012	-	-	£14,350	£9.90	-	10.00	10.00	Tenant currently holding over. Suite has its own separate access from Midgate. Service charge capped at £2,750 indexed annually. Lease renewal agreed: 10 year term from completion. £14,350 rent with open market rent review on the fifth anniversary, service charge cap remains, outside 1954 Act.
OFFICE SUB TOTAL			52,253						£214,440	£9.17		10.27	6.30	
COMBINED TOTAL			71,000						£526,890			8.27	5.20	

TENANT COVENANT'S

The two principal office tenants contribute 38% of the total income of the property, while the two largest retail tenants by income contribute 21% of the total. We summarise their latest financial accounts below. Dun & Bradstreet reports for each of the tenants are available on request.

OFFICES

RNIB

Royal National Institute of Blind People

33% of total income

The Royal National Institute of Blind People (RNIB) is the UK's leading charity supporting blind and partially sighted people. The main RNIB offices in the England are based in London and Peterborough. The Peterborough office is home to some of RNIB's specialist services including their accessibility services.

D&B Rating: O 1 - 'A minimum risk of business failure'

	31 Mar 2015	31 Mar 2014	31 Mar 2013
Sales Turnover	£114,465,000	£118,647,000	£117,023,000
Profit / (Loss) Before Taxes	(£4,080,000)	(£1,957,000)	£590,000
Tangible Net Worth	£105,716,000	£106,334,000	£107,163,000
Net Current Assets (Liabilities)	£17,693,000	£12,271,000	£9,901,000



Reed in Partnership Limited


6% of total income

Reed in Partnership Limited, founded in 1998, are a public service provider headquartered in London. The company delivers a range of programmes to support the development of people and their communities, focusing on changing lives by increasing employment opportunities, improving skills, providing youth services that enable personal and social development, and supporting employers.

D&B Rating: 3A 1 - 'A minimum risk of business failure'

	30 Jun 2017	30 Jun 2016	30 Jun 2015
Sales Turnover	£26,993,575	£26,663,004	£37,460,872
Profit / (Loss) Before Taxes	(£3,992,565)	(£119,871)	£2,634,012
Tangible Net Worth	£12,143,415	£15,542,149	£15,693,941
Net Current Assets (Liabilities)	£11,315,493	£14,727,862	£15,016,837

RETAIL

Cambridgeshire Community Services 

Cambridgeshire Community Services NHS Trust

12% of total income

Cambridgeshire Community Services NHS Trust provide community based health care services for Bedfordshire, Cambridgeshire, Luton, Norfolk, Peterborough and Suffolk residents.

D&B Rating: O 1 - 'A minimum risk of business failure'

Financial strength undisclosed.



Power Leisure Bookmakers Limited

9% of total income

Power Leisure Bookmakers Ltd is one of the two UK employing entities of Paddy Power Betfair plc. Paddy Power Betfair are a leading international sports betting and gaming operator and a constituent of the FTSE 100 index of the London Stock Exchange. Their retail division operates over 620 Paddy Power betting shops across the UK and Ireland, employing over 3000 people.

D&B Rating: 5A 1 - 'A minimum risk of business failure'

	31 Dec 2017	31 Dec 2016	31 Dec 2015
Sales Turnover	£807,509,858	£415,321,153	£309,911,610
Profit / (Loss) Before Taxes	£87,634,100	(£3,609,127)	£6,187,743
Tangible Net Worth	£36,410,964	(£49,615,726)	(£41,304,433)
Net Current Assets (Liabilities)	(£30,634,117)	(£111,600,918)	(£98,627,554)

RESIDENTIAL DEVELOPMENT POTENTIAL

Permitted Development Rights (PDR) were granted in December 2015 for conversion of the majority of the office element of the building to residential use (Planning Application No. 15/02094/PRIOR). The permission expired in May 2016.

The proposed scheme incorporates 64 residential units arranged across the 2nd and 3rd floors of the west wing and the 1st, 2nd and 3rd floors of the east wing. The 1st floor of the west wing remains in office use and the ground floor remains unchanged.

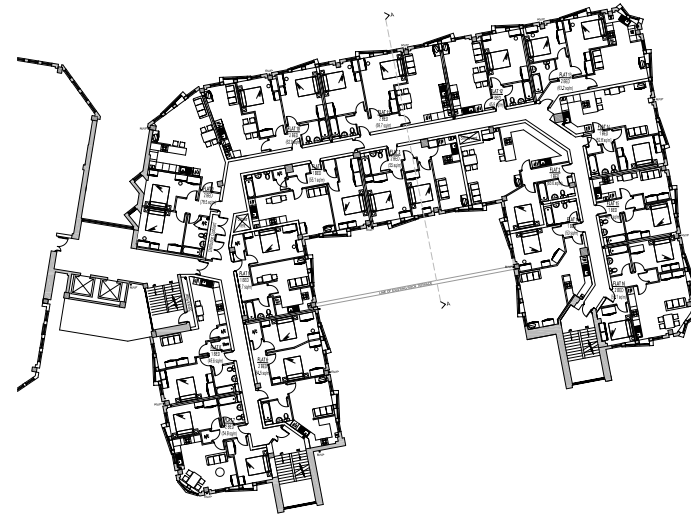
Demise	Floor	1-bed	2-bed	3-bed	Total Units	Total Net Saleable Area (Sq Ft)
East Wing	3rd Floor	8	8	-	16	9,636
	2nd Floor	8	8	-	16	9,835
	1st Floor	8	8	-	16	9,835
Total East Wing		24	24	-	48	29,306
West Wing	3rd Floor	3	2	1	6	4,639
	2nd Floor	3	6 (2 x duplexes)	1	10	8,314
Total West Wing		6	8	2	16	12,953
Combined Total		30	32	2	64	42,259

Further information is available upon request.



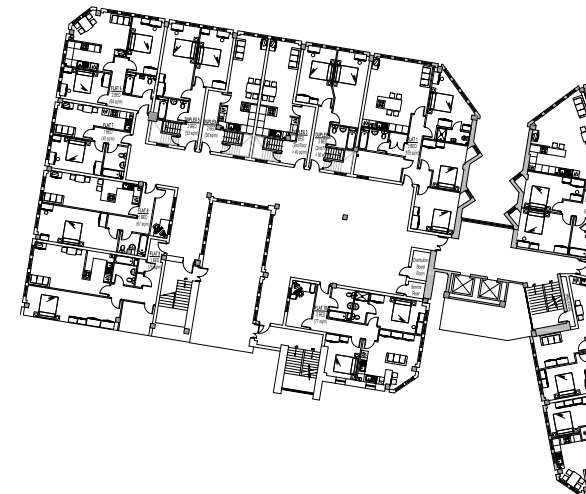
PROPOSED SECOND FLOOR EAST WING

SUBJECT TO DETAILED SURVEY



PROPOSED SECOND FLOOR WEST WING

SUBJECT TO DETAILED SURVEY

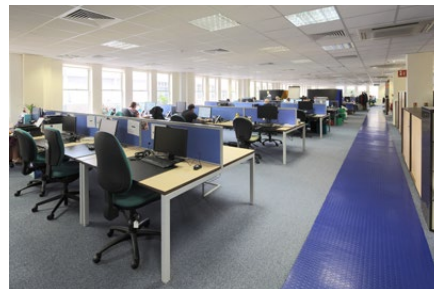


OFFICE OCCUPATIONAL MARKET

Peterborough has a total built office stock of approximately 4 million sq ft. Over 600,000 sq ft has been sold with the intention of conversion to residential use under Permitted Development Rights (PDR) over the last three years, equating to approximately 15% of Peterborough's previous total office stock. This has led to a sharp reduction in supply and an upward pressure on rents. Prime Grade A quoting rents are now in the region of £15 - £17 per sq ft.

There is currently approximately 250,000 sq ft of vacant accommodation in Peterborough. This equates to a vacancy rate of just 6% and reflects less than a year of take-up based on the 5-year average (282,000 sq ft). There is limited supply of Grade A accommodation and only a small number of buildings offering in excess of 10,000 sq ft in the city centre, as shown in the table below.

Address	Availability	Grade	Quoting Rent
Stuart House, City Road	36,822 sq ft	A	£13.00 per sq ft
Northminster House, Northminster	13,993 sq ft	B	£10.00 per sq ft



RESIDENTIAL MARKET

The new build residential market is buoyant in Peterborough. The city benefits from strong transport links to Cambridge and London and a large labour pool. As a result, the market shows characteristics of being self-contained, with demand for new properties stemming from local residents and workers.

Over the past couple of years, the city centre has witnessed significant regeneration, particularly along the waterfront with a number of mixed use and residential schemes currently being developed. The Weston Homes waterside scheme at Fletton Quays, which launched in January 2018, is achieving average sales values of £300 per sq ft. Fletton Quays is located outside, although within walking distance, of the city centre and the apartments benefit from parking spaces. Riverview House, also located on the waterfront, achieved sales values in the region of £240 - £250 per sq ft in 2017.

Over 600,000 sq ft of office to residential conversion schemes have been completed in the city over the past couple of years, including Hereward Cross located opposite Midgate House, Clifton House, and Touthill. There have also been various smaller residential conversion schemes on Priestgate Street, notably New Priestgate House where apartments were selling in mid-2017 for circa £220 per sq ft and Cathedral View with transactions in mid-2016 reflecting circa £250 per sq ft.

The substantial erosion of office stock for conversion to residential via Permitted Development Rights has led to a sharp reduction in supply and an upward pressure on rents.





SERVICE CHARGE

The current service charge budget for the year ending March 2019 is £185,940, apportioned as follows

- **Offices** – £166,109.15 (£3.18 per sq ft)
- **Retail** – £19,830.85 (£1.06 per sq ft)

EPC

EPC Certificates are available on request.

VAT

The property is elected for VAT. It is anticipated that the sale of the asset will be treated as a Transfer of Going Concern (TOGC).

CAPITAL ALLOWANCES

Information available on request.

PROPOSAL

We are instructed to seek offers in excess of **£7,060,000 (Seven Million and Sixty Thousand Pounds)** subject to contract and exclusive of VAT.

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In addition, it would reflect a **reversionary yield of circa 11.65%** upon letting the vacant office accommodation.

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