

A development by



New 30 Year Lease with RPI Increases
Guaranteed by
Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust

BENTON HOUSE

BENTON HOUSE

136 Sandyford Rd
Newcastle upon Tyne
NE2 1QE

hendersonherd
COMMERCIAL PROPERTY INVESTMENT



BENTON HOUSE

Feels so good

Investment Summary

Term:	New 30 year FRI lease without break
Tenant:	NTW Solutions Limited
Guarantor:	Cumbria Northumberland Tyne and Wear NHS Foundation Trust
Initial Rent:	£330,000 per annum (£11.42 per sq ft)
Rent Review:	Five yearly, upwards only
Rent Review Basis:	Retail Price Index
Collar:	2% pa compound
Cap:	4% pa compound
Price:	£x,xxx,xxx, exclusive of VAT
Net Initial Yield:	x.xx%, subject to assumed purchaser's costs of 6.xx%



**Cumbria, Northumberland,
Tyne and Wear**
NHS Foundation Trust



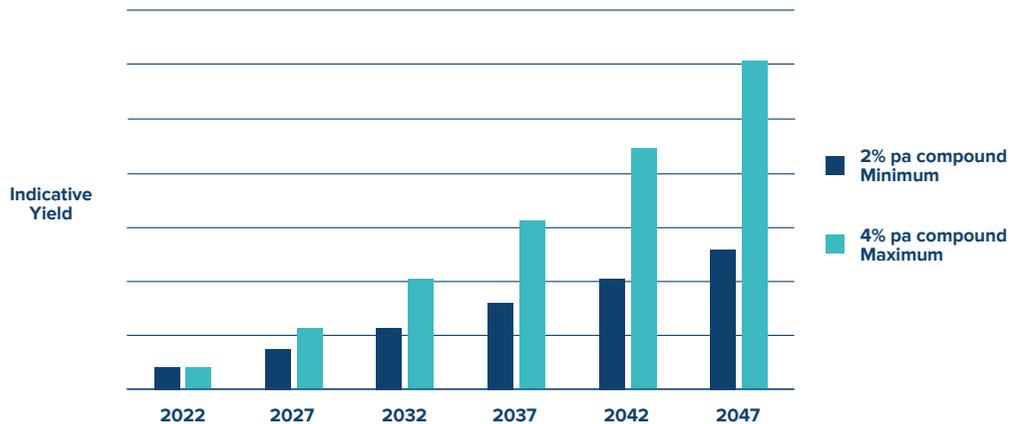
Proposal

We are instructed to seek offers in excess of £x,xxx,xxx, exclusive of VAT, for the benefit of our client's interest.

The transaction is to be structured as a Forward Commitment, with the agreed purchase price payable upon Practical Completion of the proposed refurbishment works. This is expected in March 2022.

Assuming Purchaser's Costs of 6.xx%, a purchase at this level would generate the following yield profiles:

RPI Rental Growth



The Asset

Cumbria, Northumberland Tyne and Wear NHS Foundation Trust have occupied Benton House since 2005, initially being tenants of the two lower floors.

Vacancy of the remaining two floors has presented the opportunity for the Trust to expand and take occupation of the entire building. Following completion of the proposed refurbishment works, it will provide both clinical and administrative functions.

Tenancy

The tenant will enter into a 30 year lease, without break. The lease will be subject to five yearly, upwards only rent reviews. It is drawn on full repairing and insuring terms.

The initial rent will be £330,000 per annum, equating to approximately £11.42 per sq ft.

At each rent review, the passing rent will increase in line with the Index of Retail Prices over the five year period, subject to a minimum increase of 10.41% and to a maximum increase of 21.67%.

These equate to a collar of 2% per annum compound and a cap of 4% per annum compound.

Tenant

NTW Solutions Limited (Company Number 10458774) are a wholly owned subsidiary of Cumbria, Northumberland Tyne and Wear NHS Foundation Trust. It is responsible for providing estate support, property management and support services to the Trust across over 60 sites.

Established in 2017, over 700 staff. For the year ended 31st March 2021, the company reported Turnover of £54.2m and Net Assets of £16.4m.

www.ntwsolutions.co.uk

Guarantor

Cumbria, Northumberland Tyne and Wear NHS Foundation Trust is one of the largest mental health and disability Trusts in England. It serves a population of approximately 1.70m and employs over 7,000 staff (source NHS).

For the year ended April 2021, the Trust reported Operating Income of £454.4m and Total Assets of £262.4m. 84% of total group income was received from NHS England, either through direct grants or from NHS Funded Clinical Commissioning Groups.

www.cntw.nhs.uk



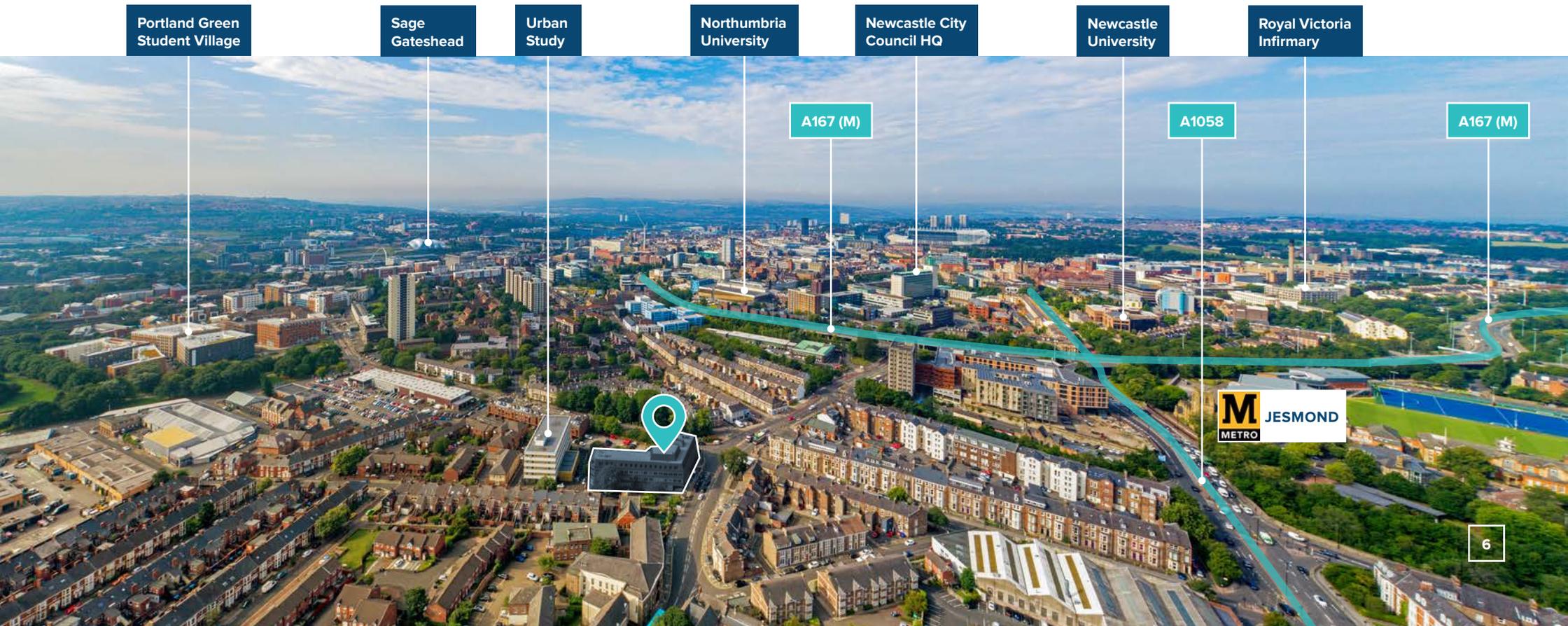
The Property

Benton House is a four-storey office building. It is located on the corner of Sandyford Road and Portland Terrace in Jesmond, a popular suburb of Newcastle-upon-Tyne, situated approximately ½ mile north-east of Newcastle city centre.

The surrounding area is mixed use comprising predominantly Victorian terraced housing, together with a range of commercial uses including offices, hotels, retail and student accommodation. A former office building located immediately to the south was converted for residential use in 2016.

The campuses of both Newcastle University and Northumbria University are located approximately 500m to the west and the area is popular for both student and private housing.

Jesmond Station (Tyne and Wear Metro) is located approximately 300m to the north. The A167(M) passes within 200m to the west with access via Jesmond Road, approximately 300m to the north-west.



Accommodation

Benton House extends to approximately 28,906 sq ft (2,685.4 sq m) over lower ground, ground and three upper floors, together with 24 surface car parking spaces.

The property was originally constructed in the late 1970's and is currently subject to a comprehensive refurbishment programme. It provides four floors of open plan office accommodation.

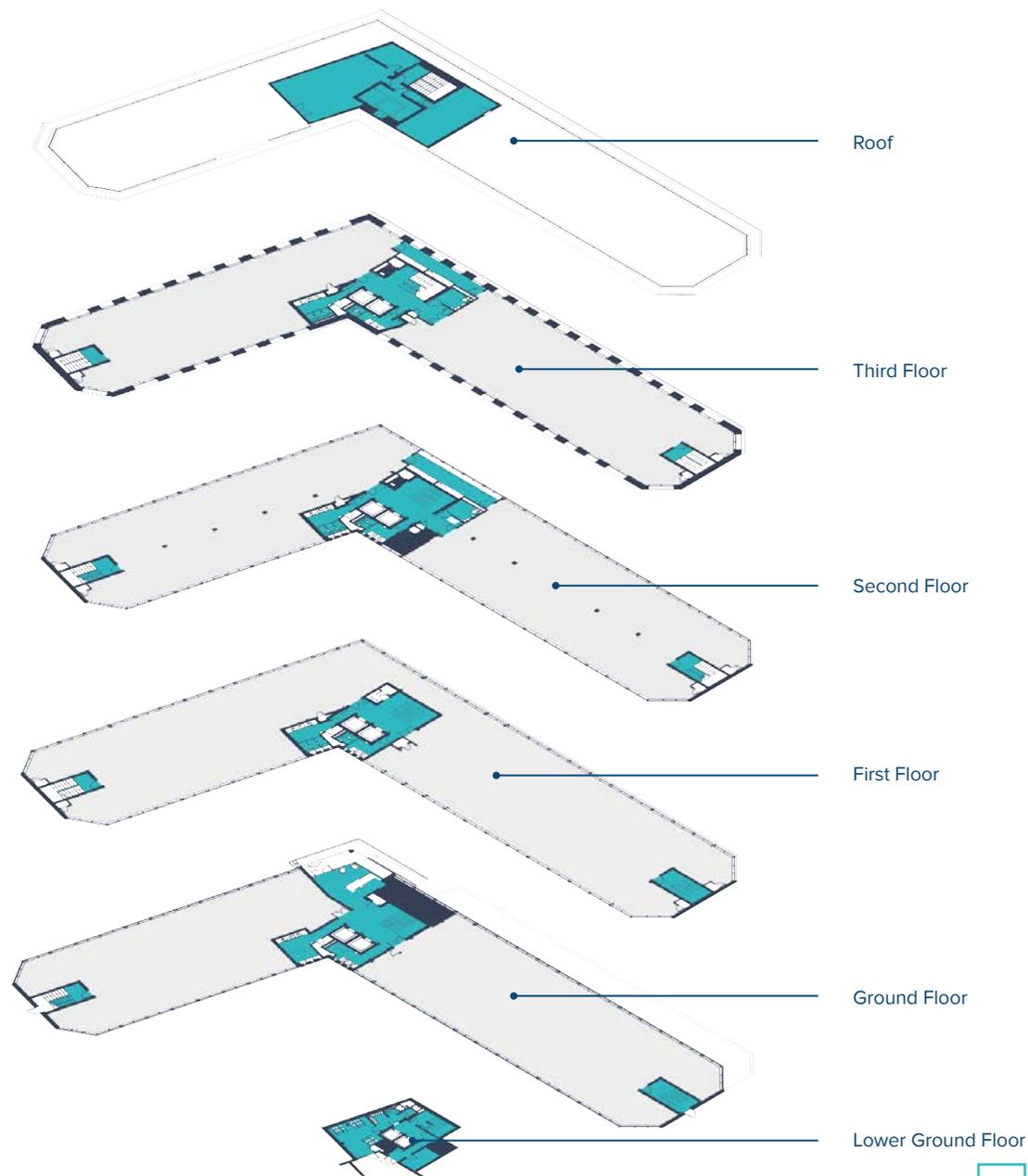
It provides the following floor areas:

Floor	Description	NIA (sq ft)	NIA (sq m)
Lower Ground	Cycles, Storage, Showers and Ancillary	-	-
Ground	Offices and Reception	7,149	664.1
First	Offices	7,237	672.3
Second	Offices	7,696	715.0
Third	Offices	6,824	633.9
Total		28,906	2,685.4

The ground floor will be used for clinical and counselling appointments for out-patients. The upper floors will provide staff facilities, administration and support.

As part of the refurbishment works, eight cycle stands and showers will be provided within the lower ground floor.

Floor areas are indicative only. The Agreement for Lease is not subject to a floor area threshold.



Specification

Benton House is being comprehensively upgraded under a proposed 24 week refurbishment programme. Practical Completion is expected in March 2022.

The refurbishment includes:

Windows:	full replacement with aluminium framed double glazed units;
Roof:	full replacement covering, including upgraded insulation;
Lifts:	full replacement;
Heating/M&E:	full replacement with a 100% electrical system, including VRF heating and cooling;
WCs:	full replacement of fixtures and fittings, including installation of showers;
Entrance:	reconfiguration and improved accessibility;
External:	existing brickwork elevations to be cleaned, repaired and painted; car park to be resurfaced; new landscaping and planting.

Planning

The proposed works are to be undertaken in accordance with planning permission 2021/1229/01/DET, comprising:

“External alterations to Benton House to include full window and door replacement, external LED strip lighting to ribbon windows along Sandyford Road at Levels 01 and 02, masonry paint application to external elevations, installation of metal cladding at main and staff entrances, render system to rear elevations above staff entrance canopy, reconfigured main entrance access, ramp and railings, reconfiguration of rear entrance, upgrade and installation of mechanical external plant to roof, resurfacing of existing staff car park and associated landscaping.”

Benton House also benefits from a detailed planning consent (Ref: 19/00473/NRE) submitted by the previous owners for the conversion of the building into 43 studio, one and two bedroom flats. Planning permission was granted on 19th December 2019 but was not implemented.

Title

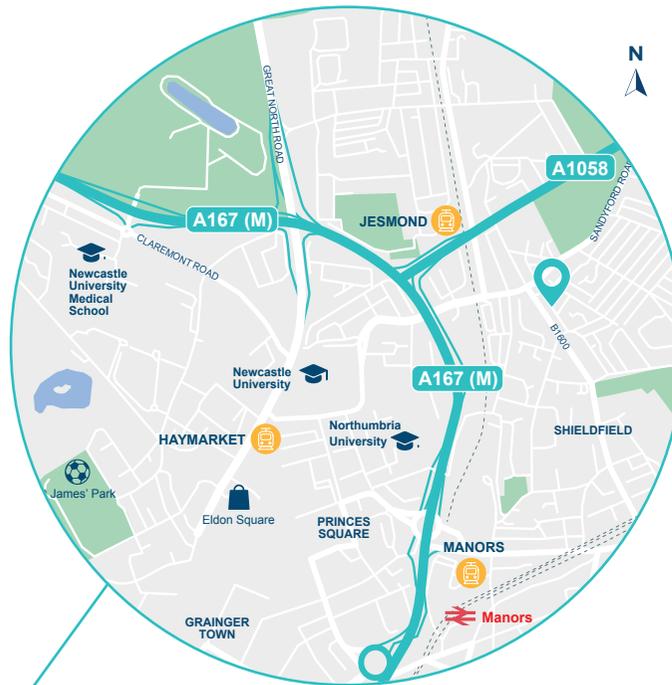
Freehold. The site extends to xx acres (x.xx sq m).



The City of Newcastle-upon-Tyne

Newcastle-upon-Tyne is the largest city in the North East of England and is its commercial, administrative, educational and cultural centre. As part of the wider Tyneside conurbation, it serves a population in excess of 1.60 million, the fifth largest conurbation in the UK.

The city benefits from excellent road, rail and air connections. The East Coast Mainline passes through Newcastle with a journey time to London King's Cross of approximately 2hrs 40mins and to Edinburgh of approximately 1hr 30mins. Extensive suburban rail services are provided via the Tyne and Wear Metro. The A1(M) and A19 trunk routes provide excellent road connections throughout the North East and to the rest of the United Kingdom. Newcastle International Airport is located approximately 5 miles north west of the city centre, providing a wide range of domestic, European and other international destinations.



population in excess of 1.60 million



airport 5 miles north west of the city centre



one of the top 10 regional markets within the UK



time to London King's Cross: 2hrs 40mins



excellent road connections



Grade A accommodation rent around £27 per sq ft

Office Market

The office market in Newcastle is one of the top 10 regional markets within the UK.

It has a total supply of 25.5m sq ft, of which 6.7m sq ft comprises either Grade A or fully refurbished accommodation. The Historical Average take up is in the region 190,000 sq ft per annum, with a vacancy rate of approximately 10%. Current quoting rents for new, Grade A accommodation are in the region £27 per sq ft.

In December 2020 Canada Life agreed to forward fund the development of a new 69,000 sq ft headquarters for Home Group on the basis of an index linked, 30 year income strip lease for £33.80m, reflecting a net initial yield of 3.30%.

The Developer

Argon Property Development Solutions is a joint venture between Argon Health and Buccleuch Property. It provides a bespoke delivery vehicle for public sector property requirements, offering development, investment, development management and asset management services.

Buccleuch Property is one of the UK's most innovative private property investment and development companies. Well-funded, with strong banking relationships and a respected management team, the Company is in a strong position to capitalise on its core commercial and residential markets either directly or through its network of established joint venture relationships. With offices in Edinburgh and London, Buccleuch Property has a market exposure of circa £250m through a UK-wide investment portfolio, a range of development sites with a pipeline in excess of 3.5 million sq ft and a strategic land portfolio with over 12,000 consented residential units.

Argon Health is a Third Party Developer based in the North East of England, specialising in the development of premises for GPs, Foundation Trusts and other NHS bodies. Argon Health's objective is to work with all relevant parties to accelerate the development process and to increase both the investment and delivery of fit for purpose premises. Through aligning clinical strategy with estate strategy, Argon Health deliver improved local facilities and provide value for money via cost effective solutions.



Environmental, Social and Governance

The refurbishment of Benton House embodies the Circular Economy:

- The re-use of the existing building reduces the carbon impact of construction;
- The re-use of the existing building minimises demolition waste and new resource depletion;
- New glazing and insulation will improve the building's environmental performance;
- The new energy system is 100% electric, enabling the Trust to power the building from 100% renewable sources;





Contact

Further information can be obtained from the sole selling agents:

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