



Long Let RPI-Linked Office Headquarters

Interface House, Interface Park, Royal Wootton Bassett, SN4 8QL

INVESTMENT SUMMARY

- Interface House presents the opportunity to acquire a long let **bespoke UK Headquarters** with **RPI-linked reviews** let to a highly profitable and **committed tenant**.
- Royal Wootton Bassett is **strategically located on Junction 16 of the M4 motorway**, between London (75 miles) and Bristol (33 miles).
- Interface Park is the **principal business location** in the town comprising a mix of office and industrial uses and home to tenants including; Dolby, Imagine Cruising, EBV Elektronik, Plantronics and Clarion.
- Interface House comprises a **34,689 sq ft headquarters** office and highly secure laboratory and testing facilities over ground and first floor, in a U-shaped building suitable for sub-division.
- 296 surface car parking spaces provide an unrivalled **car parking ratio of 1: 129sq ft**.
- The property was **extensively refurbished** by the tenant in 2014 at a cost of over £2m including; new air conditioning, BMS, temperature and humidity-controlled laboratories and test areas.
- The UK Headquarters of **Swindon Silicon Systems Limited (5A1)** with **Schrader Electronics Limited (5A1) acting as guarantor**. Both companies are subsidiaries of Sensata Technologies with a market capitalisation of \$7.4bn.
- 20 year FRI lease from 8 April 2014 with five yearly **RPI-linked reviews** subject to an annual 1% collar and 4% cap. The tenant has an option to determine the lease on 7 April 2030, providing an unexpired term of **10.8 years to break and 14.8 years to expiry**.
- Passing rent of **£426,955 per annum** equating to a low rate of **£12.44 per square foot**.
- Freehold.

PROPOSAL

Offers sought in excess of **£5,720,000 (£165 psf)** subject to contract and exclusive of VAT, reflecting an attractive **Net Initial Yield of 7.00% with a forecast reversion to 8.11% in 2024***.

*based on Oxford Economics RPI Forecast.



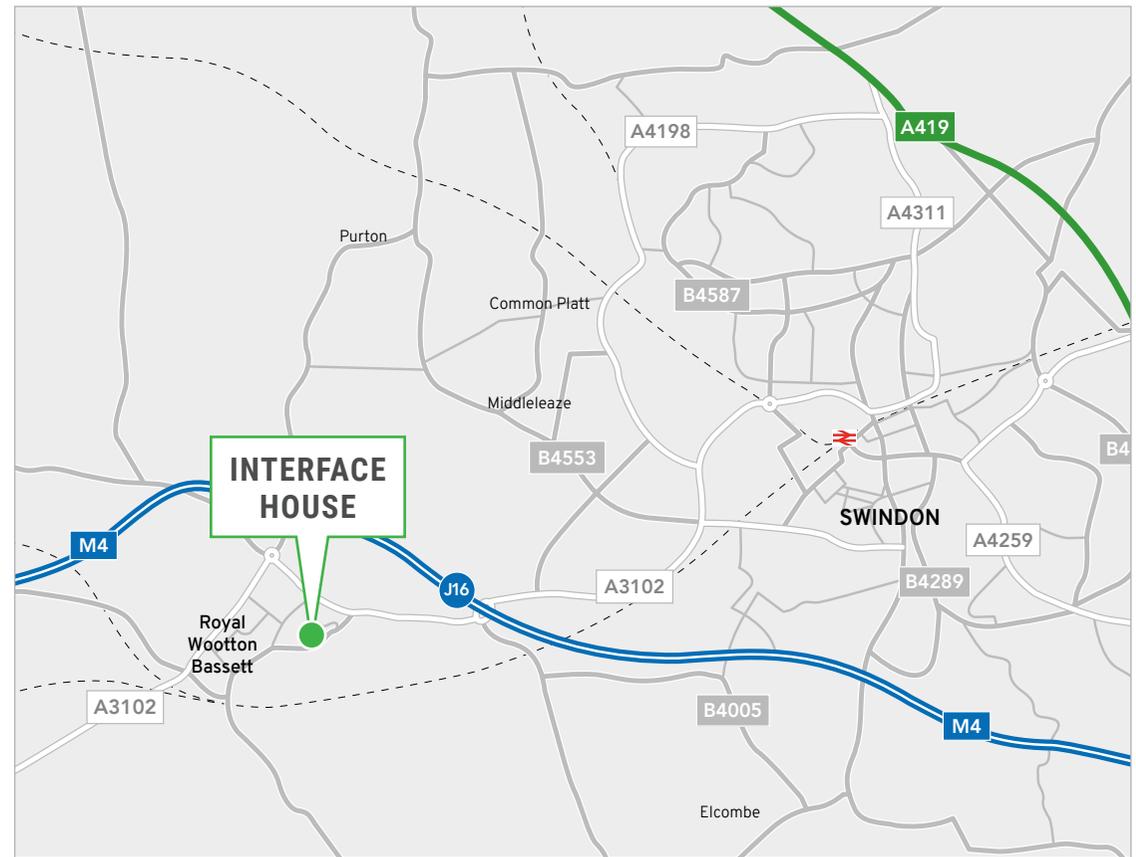
LOCATION

Royal Wootton Bassett is located in northern Wiltshire five miles to the east of Swindon. It occupies a prominent position along the M4 corridor approximately 45 miles west of Reading, 75 miles west of London and 33 miles east of Bristol.

The town is well connected with junction 16 of the M4 motorway 1.5 miles to the east. The junction has recently undergone a £5.9m upgrade to significantly improve traffic flow to Royal Wootton Bassett and Swindon and to help facilitate the new 1,000 home development at Wichelstowe.

Swindon mainline station is five miles east of Royal Wootton Bassett and provides frequent services to London Paddington and Bristol with the fastest journey times of approximately 55 minutes and 59 minutes respectively.

Heathrow and Bristol airports are 70 and 55 miles to the east and west respectively.



CONNECTIONS			
By Train (Swindon)	Mins	By Car	Miles
Reading	28	M4 (Junction 16)	1.5
Bristol	42	Bristol	33
London	55	Reading	60
Heathrow	90	London	75



Royal Wootton Bassett has excellent road connections with Interface Park located just two minutes drivetime from Junction 16 of the M4 motorway.



The nearest station is Swindon Station, five miles to the East, providing regular and direct services to London (55 minutes) and Bristol (59 minutes).



The M4 provides easy access to London Heathrow Airport which is located 70 miles to the East.

SITUATION

Interface Park is Royal Wootton Bassett's main business location providing a range of high-quality office, warehouse and light industrial accommodation totalling 320,000 sq ft.

The Park is located on the edge of the town closest to junction 16 of the M4 motorway. Amenity is provided nearby with a Tesco Extra and the Woodshaw Inn located a five minute walk to the north on Roebuck Close.

Immediately to the west of the park is Wainhomes new residential development of 2, 3 and 4 bedroom family homes due for completion in Q4 2019.

Interface House is the largest and most prominent office building on the park occupying the prime position at the entrance.



OTHER OCCUPIERS ON INTERFACE PARK INCLUDE:





DESCRIPTION

Interface House is a headquarters office building providing 34,689 sq ft arranged over ground and first floor. The property was constructed in 1989 and is arranged as two wings around a central service core, offering good flexibility for subdivision.

The base specification includes;

- Under floor and perimeter trunking
- Full HVAC (ceiling VAVs)
- Gas fired central heating
- Double glazed windows
- Suspended ceiling with mineral fibre tiles
- Passenger lift
- Toilets are provided around the central core and in two separate toilet blocks at the end of each wing.

In 2014 the tenant undertook a significant refurbishment at a cost of over £2m and included; a new air-conditioning system, new BMS, upgraded cat 7 lighting, new suspended ceilings and the installation of advanced humidity and temperature-controlled laboratory test facilities. These test facilities are located in the east wing over the ground and part first floor.

Interface House is surrounded by a large surface car park on the north and west elevations with capacity for 296 vehicles, providing an excellent car parking ratio of 1:129 sq ft.

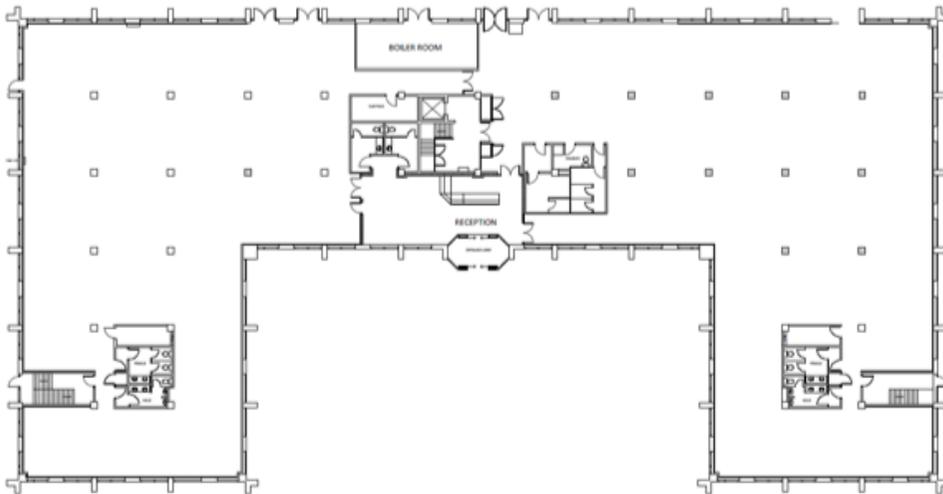
ACCOMMODATION

The property provides the following net internal areas;

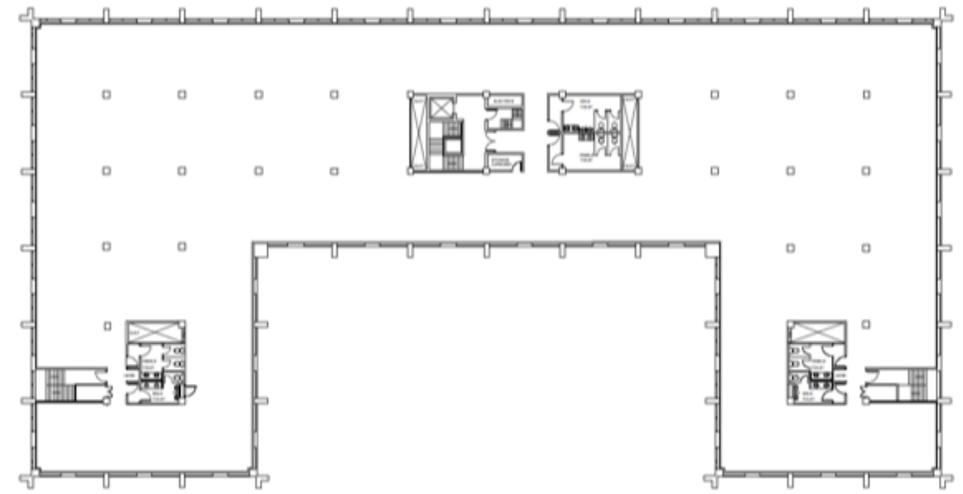
Floor	Area (sq ft)	Area (sq m)
First Floor	17,533	1,629
Ground Floor	16,394	1,523
Ground Floor Reception	762	71
Total	34,689	3,223
Ground Floor Store	366	34



GROUND FLOOR



FIRST FLOOR



SITE PLAN

Site Area: 3.371 acres (1.364 ha).



For illustrative purposes only.

TENURE

The property is held freehold.

TENANCY

The property is let in its entirety to Swindon Silicon Systems Limited, guaranteed by Schrader Electronics Limited on full repairing and insuring terms for 20 years from 8 April 2014. The tenant has an option to determine the lease on 7 April 2030, providing an unexpired term of 10.8 years to break and 14.8 years to expiry.

The passing rent is £426,955 per annum equating to a low rate of £12.44 per square foot.

The lease is subject to 5 yearly RPI-linked reviews subject to an annual 1% collar and 4% cap.

Oxford Economics have produced the following forecast for RPI;

	2019	2020	2021	2022	2023
Oxford Economics RPI Forecast (%)	2.6	2.9	2.9	3.2	3.3



COVENANT INFORMATION

Tenant: Swindon Silicon Systems (Company No. 01378199)



Swindon Silicon Systems Limited is a world leading developer and producer of Tyre Pressure Monitoring Systems (TPMS) and Battery Management System (BMS) solutions. The growth of Swindon Silicon Systems means that 'every 1.5 seconds a new car leaves the production line with Swindon technology on board'.

The company is uniquely positioned to exploit the radical transformation of the automotive industry.

By 2025, 'electric and hybrid electric vehicles will account for an estimated 30% of all vehicle sales'. Furthermore, by 2040, it is anticipated that '57% of all passenger vehicle sales, and over 30% of the global passenger vehicle fleet, will be electric'. The electric, hybrid era is set to introduce increasing demand for TPMS and BMS systems as vehicles become more complex and autonomous. Already established as a world leading provider of these systems, Swindon Silicon Systems are well positioned to capitalise on the growing demand. In addition to the automotive industry, Swindon Silicon Systems have applied their design innovation to medical and industrial pressure sensing applications.

Royal Wootton Bassett is the UK headquarters for Swindon Silicon Systems with c. 140 staff employed on site. The property was fully refurbished in 2014 to facilitate their 24/7 operations. The operations conducted on site include design and test engineering, product engineering, quality assurance, failure analysis, finance and legal, purchasing, production, human resources and sales and marketing.

Dun & Bradstreet rate Swindon Silicon Systems Limited as 5A1 indicating the lowest risk of business failure.

The most recent summary of the company accounts is as follows;

	31/12/2017 (£000's)	31/12/2016 (£000's)	31/12/2015 (£000's)
Sales Turnover	59,962	58,795	48,020
Profit / (Loss) Before Tax	10,220	13,570	6,795
Tangible Net Worth	35,934	26,675	14,725
Net Current Assets / (Liabilities)	28,430	19,342	6,554

Guarantor: Shrader Electronics (Company No. NI025720)



Schrader Electronics Limited are pioneers in the design and production of Tyre Pressure Monitoring Systems (TPMS), and have established themselves as a leading market contender with more than half of all global vehicle platforms utilising Schrader direct TPMS technology. This is anticipated to increase further as TPMS has become a standard feature in all cars across North America and has a growing international presence across Europe and Asian-Pacific countries.

In addition to the automotive sector Schrader services a wide range of industries including industrial production, marine, agriculture, aerospace, oil and gas.

Schrader's UK and Ireland operations are headquartered in Antrim, Northern Ireland and key clients include; Ford, Hyundai, Volkswagen, BMW, Audi, Subaru, GM and Mercedes.

In 2014 Schrader was acquired by Sensata Technologies. Sensata is the global leader in sensing technologies and listed on the New York Stock exchange with a market capitalisation of \$7.4bn

Dun & Bradstreet rate Schrader Electronics Limited as 5A1 indicating the lowest risk of business failure.

The most recent summary of the company accounts is as follows;

	31/12/2017 (£000's)	31/12/2016 (£000's)	31/12/2015 (£000's)
Sales Turnover	333,566	339,839	337,216
Profit / (Loss) Before Tax	50,374	56,322	61,726
Tangible Net Worth	223,470	182,285	132,116
Net Current Assets / (Liabilities)	193,935	143,637	97,613

SWINDON OFFICE MARKET

Due to its location, Royal Wootton Bassett makes up part of the Swindon out of town office market, which benefits from excellent connectivity via the M4. The market comprises firms from a diverse range of sectors, with the Financial & Business Services sector featuring heavily. Major employers include Nationwide, Arval (subsidiary of BNP Paribas) and Zurich Financial Services.

Historically the out of town office market has outperformed Swindon town centre owing to higher quality office accommodation, with excellent parking provisions and better access to the national motorway network. In recent years permitted development rights have also meant that much of the older existing town centre stock has been converted to residential.

Prime rents are currently £19.50 per square foot, illustrated by the current quoting terms at Stella, Whitehill Way.



Date	Address	Floor	Area (sq ft)	Rent (psf)	Term
Available	Stella, Whitehill Way, Swindon	1st Floor	5,000	£19.50	-
Available	1-4 York House, Edison Park, Swindon	Gnd -1st	5,172	£13.50	-
Jun-19	45-64 Kembray Park, Swindon	1st Floor	11,421	c. £14.50	5 years
Jul-18	Lancaster House, Hindle Way, Swindon	Ground	2,516	£13.50	5 years
Mar-18	Lancaster House, Hindle Way, Swindon	1st Floor	5,162	£13.00	5 years



SOUTH EAST OFFICE INVESTMENT MARKET

Following a period of relative inactivity during the first quarter of 2019 and the build up to the original Brexit deadline, we have however seen a positive increase in quarterly activity in Q2, with the transaction volumes increasing 40%, to £543m.

Investors will take comfort in the robustness of the South East occupational market as income continues to be a key driver in investment performance at this stage of the cycle. The underlying fundamentals in the South East include; acute pressures on availability, increasing take up of Grade A space, scarcity of speculative development, strong demographic compositions and improving infrastructure connections, which will likely translate into continued rental growth.

We are aware of the following recent comparable transactions;

Property	Area (sq ft)	Tenant(s)	Rent (pa)	Rent (psf)	Break	Expiry	Yield (NIY)	Price	Price (£psf)	Sale Date	Purchaser
HASTINGS Laguna Place	39,696	Secretary of State and Tesco Stores Ltd	£605,787	£15.26	-	13.2 yrs	6.04%	£9,400,000	£237	Apr-19	Hastings Borough Council
NORTHAMPTON Shoosmiths	49,882	Shoosmiths Services Ltd	£988,347	£19.81	-	12.8 yrs	5.90%	£15,700,000	£315	Dec-18	Bracknell Forest Borough Council
PETERBOROUGH Saxon House	29,745	BGL Group Ltd	£485,906	£16.34	-	10.8 yrs	6.42%	£7,100,000	£239	Dec-18	Overseas Private
MILTON KEYNES Kitemark Court	55,071	British Standards Institution	£940,000	£17.07	-	8.1 yrs	6.12%	£14,400,000	£261	Dec-18	Surrey County Council
READING Caversham House	24,102	Peter Brett Associates	£501,060	£20.79	-	11.7 yrs	5.10%	£9,200,000	£382	Dec-18	Mansfield District Council
CRAWLEY Churchill Court	27,309	Crawley Churchill Court Centre Ltd (Regus)	£682,202	£24.98	9.2 yrs	14.2 yrs	5.68%	£11,250,000	£412	Nov-18	British Steel Pension Fund
CHATHAM Fidentia House	24,973	Lloyds of London	£347,754	£13.93	4.9 yrs	9.9 yrs	6.16%	£5,300,000	£212	Nov-18	Blend Property UK
DORKING Touristik House	30,779	Der Touristik UK Ltd	£802,420	£26.07	-	14.3 yrs	5.18%	£14,500,000	£471	Oct-18	Mole Valley District Council

EPC

The property has an EPC rating of B. The certificate is available upon request.

VAT

The property is elected for VAT. It is intended that the sale will be treated by way of a Transfer of a Going Concern (TOGC).

PROPOSAL

Offers sought in excess of £5,720,000 (£165 psf) subject to contract and exclusive of VAT, reflecting an attractive Net Initial Yield of 7.00% with a forecast reversion to 8.11% in 2024*.

*based on Oxford Economics RPI Forecast.



FURTHER INFORMATION



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