

Matheson House

Grange Central | Telford | TF3 4ER

SECURE INDEX LINKED INCOME INVESTMENT WITH FUTURE
REDEVELOPMENT POTENTIAL



GERALDEVE
A NEWMARK COMPANY

Investment Summary



Telford is an **affluent town in the West Midlands**, located 150 miles north west of London.



Excellent connectivity, being situated within a **10 minute walk from Telford Central Station** and within 15 miles of Junction 12 of the M6, which provides **access to the national motorway network**.



Single-let office building totalling **134,993 sq ft**, arranged over ground and 4 upper floors.



Let to undoubted covenant **Capgemini (UK) PLC** who have a 5A1 D&B rating and have been in occupation **since 2004**.



Tenant has invested £11.5m in the building since 2017 and consolidated 18 offices into Matheson House.



Tenant is currently consolidating staff from their other office in Telford and will increase the number of contracts operated out of Matheson House.



Tenant is committed to the location, given its long term ongoing contractual work with HMRC who are also based in Telford, 0.6 miles away from the subject property.



Passing rent of **£1,469,095 per annum**, which equates to a **low rent per sq ft of £11.00**. The rent reduces in the final two years of the lease, but is subject to **annual uncapped RPI uplifts** on the 1 April each year.

EXPIRY

Unexpired term of **3.5 years to expiry** with no breaks.



Large 11.87-acre site in a excellent location, offering long term redevelopment potential (subject to necessary planning consents).



The local government recently announced an **expansion of permitted development rights** to address the area's housing crisis. Accordingly, we understand **the building is eligible for permitted development**.



Landlord has undertaken a **planning appraisal for the 4.5 acres parcel of land** adjacent to the car park with a **proposed scheme of 33 residential houses**. The scheme is **supportive of Telford Council's mission to deliver 14,950 homes before 2031**.



Excellent car parking ratio of 1:236, totalling 565 parking spaces.



EPC rating of B (49), which is compliant with potential 2030 Minimum Energy Efficiency Standards

TENURE

Freehold.



Proposal

We are instructed to seek offers of **£10,580,000 (Ten Million Five Hundred and Eighty Thousand Pounds)** subject to contract and exclusive of VAT. A purchase at this level reflects a Net Initial Yield of **13.0%** and a Capital Value of **£78 psf**, assuming a purchasers costs of **6.70%**.

Location

Telford is located in the West Midlands, approximately 15 miles east of Shrewsbury, 32 miles northwest of Birmingham, and 72 miles northeast of Nottingham. The town benefits from excellent road connectivity with Junctions 4 and 5 of the M45 immediately to the north. The M54 motorway links to Junction 10a of the M6, 15 miles east, and Junction T8 of the M6 toll motorway, 17 miles to the northeast.

Birmingham International Airport is located 43 miles southeast of Telford. There are regular train services from Telford to Birmingham New Street with a journey time of 39 minutes and to London Euston with a journey time of 2 hours and 22 minutes. The town's accessibility and proximity to major cities make it an attractive destination for businesses and residents alike, fostering continued growth and development.

The subject property is situated in the centre of Telford and is surrounded by thriving industrial markets, business parks, and retail centres. Telford has seen significant inward investment in previous years, including the £83 million Ministry of Defence fulfilment centre built in 2017 and Jaguar Land Rover's 750,000 sq ft advanced engine facility at i54. The 226-acre strategic development site comprises approximately 2.5 million sq. ft of commercial development, which has significantly boosted the regional economy and Telford industrial market.



Demographics

156,896
Telford population

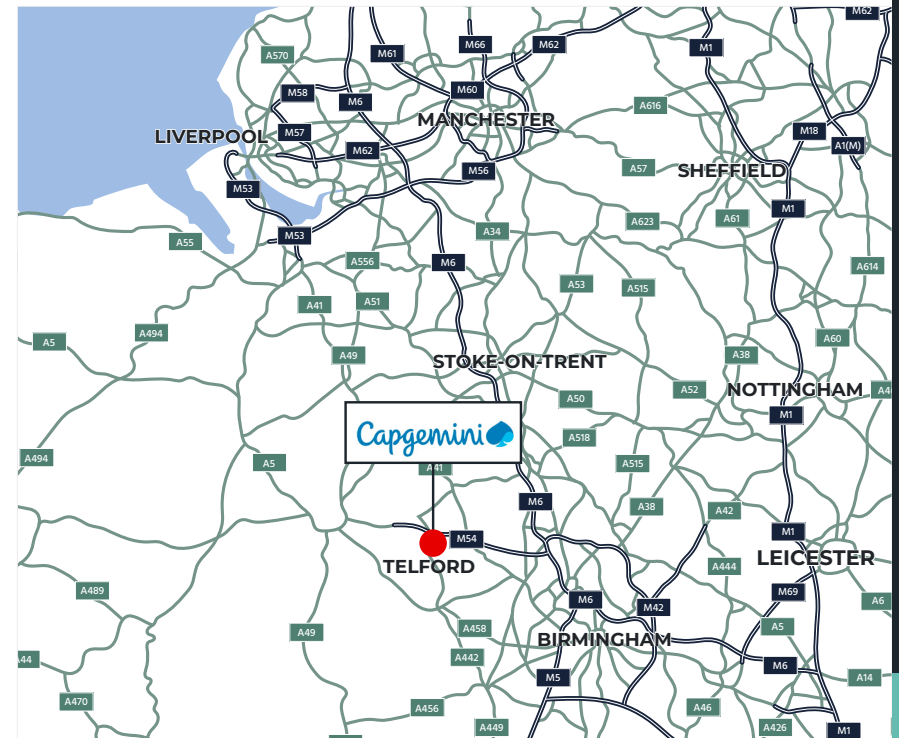
5,000
Local businesses including national companies such as ReAssure, Epsom, Denso and NEC who have been in the town for over 20 years.

350,000
workforce located within a 30-minute radius of the town

196,900
population has been forecasted to increase to by 2031, which is to be aided by the town's new homes programme

Connectivity

	Distance	Drive Time
M54 (J4-5)	1.4 miles	4 min
M6 (Junction 12)	15.6 miles	25 mins
Telford Central Station	0.5 miles	2 mins
Birmingham	32 miles	35 mins
Central London	145 miles	2hrs 30mins
Birmingham Airport	41 miles	50 mins



Description

Matheson House is a headquarter office built in 1991, totalling 134,993 sq. ft. The office is set over ground and four upper floors, with four internal courtyards.

The tenant has spent £11.5m upgrading the building since 2017/18 demonstrating their commitment to the property.

This includes £4.8m upgrading the air conditioning, £200,000 on lift refurbishment and refurbishment of communal areas including the canteen, breakout spaces and a landscaped roof garden.

Capgemini are currently consolidating all staff from another office into Matheson House so there are ongoing works to make parts of the office more suitable for the additional staff and the nature of their contract work.

There is an onsite gym which operates a gym class timetable and has full-time personal trainers for employees to use.

The property benefits from 565 parking spaces, providing an excellent town centre parking ratio of 1:236 sq ft. The tenant recently resurfaced the whole car park at their own cost.

The specification includes:

-  Full raised access floors
-  Suspended ceiling with recessed strip lighting
-  Fully air-conditioned
-  Two 10-person lifts
-  Large reception
-  Male, Female and Disabled WC facilities on each floor
-  Large canteen facility with kitchen, servery and ancillary toilet accommodation
-  Tea point/ breakout areas on each floor with table tennis and pool tables.
-  Gym with treatment rooms
-  Male, Female and Disabled changing facilities and showers.
-  Manned security lodge on entrance to car park
-  Bicycle storage facilities
-  EPC B (49)
-  Excellent town centre parking ratio of 1:236 sq. ft.
-  Roof garden with seating areas

Site

The site extends to approximately 11.87 acres (4.80 hectares) with a low site cover of c. 17%. The site offers potential to increase massing considerably by developing on the 4.5 acre parcel of land to the rear of the car park (subject to planning consent)



Boundary is for indicative purposes only.

Tenure

The property is held on Freehold under Title number SL16607 and Title Number SL50452.

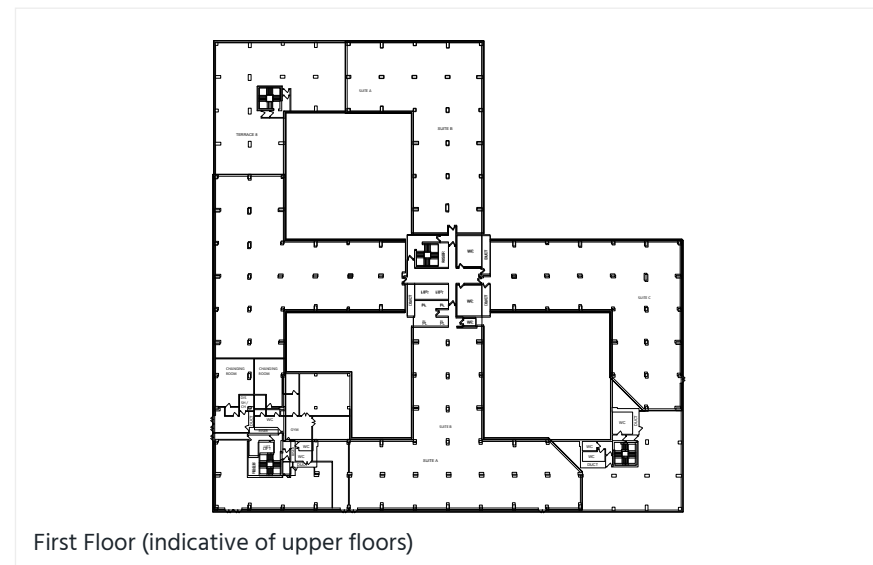
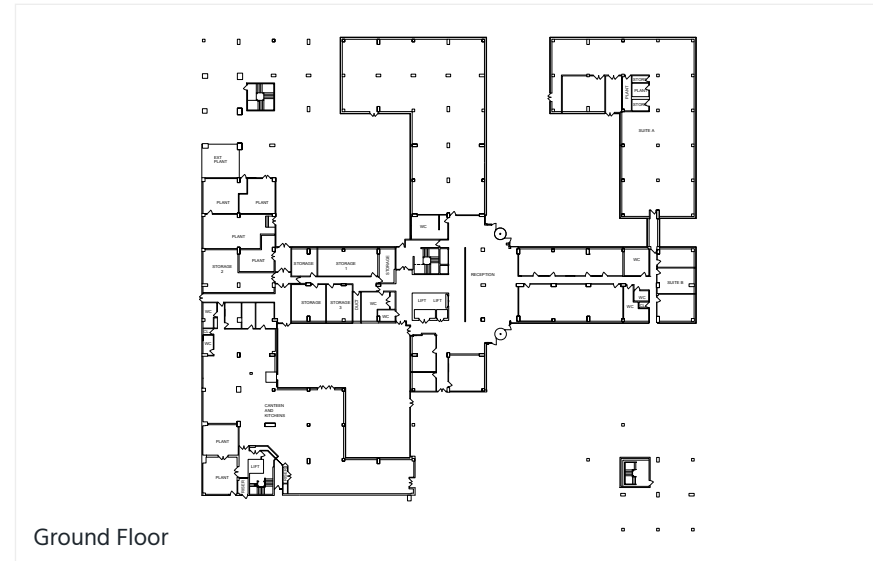
Accommodation Schedule

Armada Surveys have undertaken an assignable measured survey of the office accommodation. We have summarised the areas below:

Unit	Use	NIA (sq ft)	GIA (sq ft)	IMPS 3 (sq ft)
Ground Floor	Office	7,736		8,979
	Canteen	5,597		5,825
	Reception	11,738		12,463
	TOTAL	25,071	34,410	27,267
First Floor	Gym	4,835		35,141
	Office	32,852		5,100
	TOTAL	37,687	43,384	40,241
Second Floor	Office	35,154	40,555	37,621
Third Floor	Office	23,291	27,509	25,022
Fourth Floor	Office	13,790	17,853	14,949
TOTAL		134,993	163,711	145,100



Floor Plans



Not to scale. Indicative Only

Tenancy Schedule

The property is single let to Capgemini (UK) PLC who signed a new reversionary lease in July 2022, expiring 30 June 2027. The passing rent has annual, uncapped, RPI linked rent reviews on 1st April each year. From the 1st July 2025 to 30th June 2027, £580k will be deducted from the passing rent per annum.

Unit	Tenant	Area (sq ft)	Passing Rent	£ psf	Start Date	Rent Review	Lease Expiry	Building Comments
Matheson House, Grange Central, Telford, TF3 4ER	Capgemini UK Plc	134,993	£1,469,095	£11.00	01/07/2022	01/04/2025 01/04/2026 01/04/2027	30/06/2027	The passing rent has annual, uncapped, RPI linked rent reviews on 1st April each year (April 22 review +8.9%, April 23 review +13.5%). From 1st July 2025 to 30th June 2026, the passing rent will be reduced by £580,000. The same deduction will apply from 1st July 2026 up to and including 30th June 2027.

Tenancy Covenant



Capgemini (UK) PLC | Company number: 00943935

Capgemini Group is a French multinational professional services and business consulting corporation headquartered in Paris. The company is one of the world’s largest IT consulting, outsourcing and professional services companies with over 357,000 employees in over 50 countries. In 2023 the Group reported global revenues of €22 billion. Further financial information on the UK company, headquartered in Woking, can be found in the table below.

Capgemini have been in operation at Matheson House since 2004 and has been largely focused on their ongoing contract with HMRC. They are currently in the process of moving staff from another office in Telford into the subject property, where they will host additional contracts with clients such as Land Rover.

Capgemini has a D&B rating of 5A1, reflecting a **very low risk** of business failure.

Fiscal Year Ending:	31/12/2022	31/12/2021	31/12/2020
Sales / Turnover	2,222,811,000	1,776,475,000	1,529,059,000
Pre-Tax Profits	278,473,000	180,742,000	61,529,000
Total Assets	1,531,580,000	1,350,783,000	1,098,283,000
Net Worth	259,347,000	397,169,000	372,391,000

Source: D&B



Residential Market

Telford has an affluent and growing residential catchment, an excellent amenity offering, including the Telford Centre. The current population is approximately 185,600, reflecting growth of 11.4% since 2011. This considerably exceeds the population growth rate for England and the West Midlands, which are 6.6% and 6.2%, respectively. The growing population has placed considerable pressure on the housing market and is driving rental growth.

 **28%**
The Telford housing market has experience 28% house price growth over the last 5 years

The average house price has now reached £215,000, with new houses achieving in excess of £305,500, which is considerably higher than the West Midlands average of £228,620. Detached houses are averaging £349,505 and have experienced a 4.5% increase in price over the last 12 months, demonstrating robust local demand and a growing population.

5 YEAR HOUSE PRICE GROWTH FORECAST

	2024	2025	2026	2027	2028	5 years to 2028
West Midlands	-2.0%	4.0%	5.5%	6.5%	5.0%	20.2%



Planning Appraisal

A planning appraisal was undertaken by Berrys in February 2023, demonstrating the potential to develop 33 detached homes on the 4.5-acre parcel of land adjacent to the Capgemini car park.

A subsequent pre-application assessment in May 2023 indicated that the existing site has no constraints and is not designated as a 'green guarantee site'. The site benefits from an existing cluster of trees, acting as a natural buffer between the proposed development site and Matheson House. The proposal also provides a natural extension to the existing residential area which includes Delbury Court, Downton Court, Dalelands and Dunsheath.

The local Telford and Wrekin plan advocates for the construction of 14,950 new homes by 2031, with a primary focus on growth in Telford Town Centre. The proposed development aligns with this strategic objective, contributing to the overall vision for the area. Additionally, incorporating 25% affordable housing in the proposed development would effectively adhere to the affordable housing policies. This policy aims to facilitate socially diverse and balanced communities. Given the recent government announcement, we understand the building will now be eligible for permitted development.



Investment Market

Date	Address	Tenant	Size (sq ft)	AWULT (years)	Price	NIY	Cap Val psf
Jun-23	300 Longbarn Boulevard, Warrington	UK Government	21,889	13.0	£4,950,000	5.50%	£238
May-23	Park House, 300 Pavillion Drive, Northampton Business Park	Multi-let (main tenant is Grant Thornton)	43,577	3.02	£2,850,000	12.85%	£65
May-23	Kingsway House, Caldwell Road, Widnes	Secretary of State for Housing, Communities and Local Government	36,133	4.85	£1,750,000	10.54%	£48
May-23	5 Oakwater Cheadle Royal Business Park, Cheadle	Dow Chemical Company	26,076	12.9	£9,025,000	5.80%	£346
Jan-23	100 Longbarn Boulevard, Warrington	National Crime Agency	136,444	13.7	£40,600,000	6.00%	£297
Dec-22	1 Penman Way, Grove Park, Leceister	Countryside Partnerships and Erskine Murray	16,951	5.07	£2,840,000	9.16%	£168
Jan-22	Tatton House, Westmere Drive, Crewe	First Trenitalia West Coast Rail Ltd	19,527	4.25	£3,205,000	8.50%	£164



Financing Terms

Newmark Corporate Finance Corporate Finance team have reviewed this opportunity and are happy to discuss financing requirements with interested parties.

If you would like to confidentially speak to our specialist debt team, please contact:

David Shaw | T: 07395 855521 | E: dshaw@geraldev.com

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).

EPC

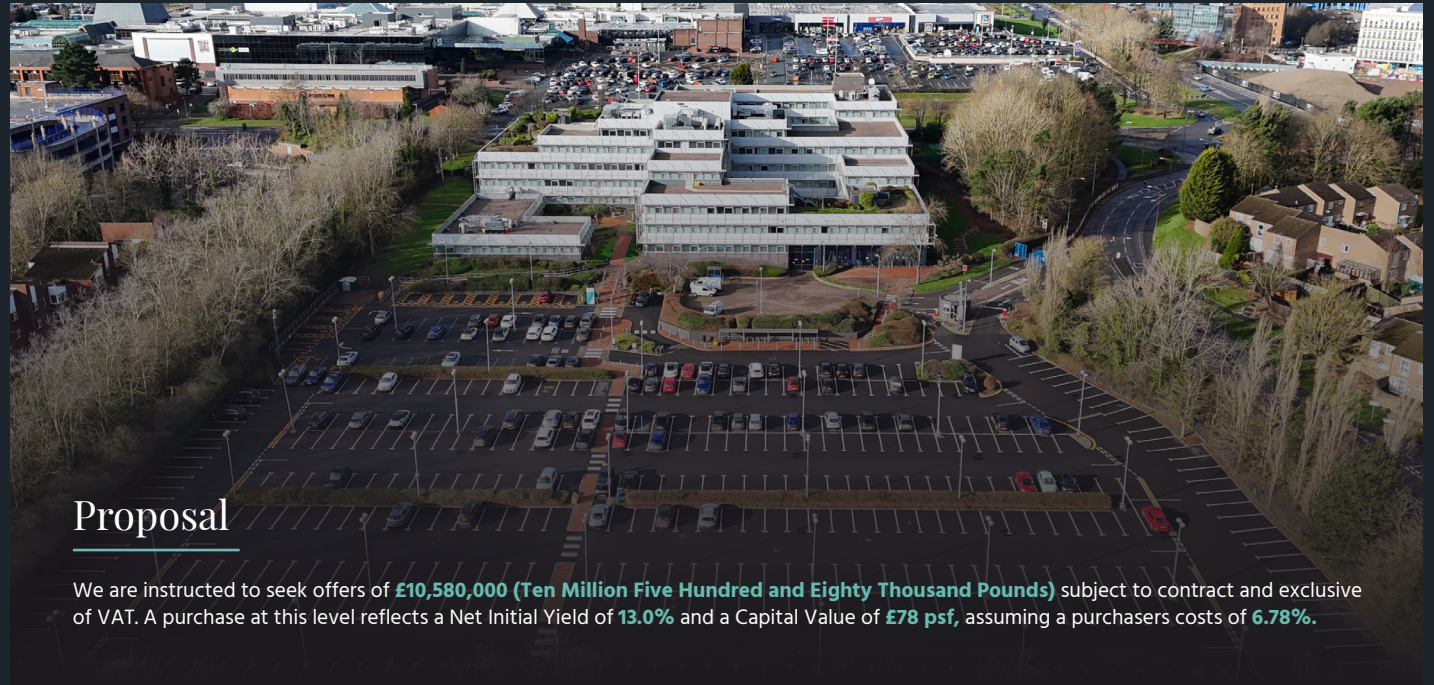
EPC B (49) - A copy of the EPC and recommendation report can be found in the data room.

Data Room

Please contact the sales team for access to the data room.

AML

In accordance with AML Regulations, the successful purchaser will be required to satisfy us on the source of the funds used to complete the transaction.



Proposal

We are instructed to seek offers of **£10,580,000 (Ten Million Five Hundred and Eighty Thousand Pounds)** subject to contract and exclusive of VAT. A purchase at this level reflects a Net Initial Yield of **13.0%** and a Capital Value of **£78 psf**, assuming a purchasers costs of **6.78%**.

Further Information

For further information or to arrange an inspection, please contact:

Jason Nearchou
Partner

Tel. +44 770 439 7381
JNearchou@geraldev.com

Will Strachan
Partner

Tel. +44 792 988 5859
WStrachan@geraldev.com

Leo Nicholson
Partner

Tel. +44 7780 964 846
lnicholson@geraldev.com

Josh Shaffer
Associate

Tel. +44 790 151 7139
JShaffer@geraldev.com

Chloe Sweetland
Surveyor

Tel. +44 738 593 3686
csweetland@geraldev.com

Gerald Eve LLP, a Newmark company, is a limited liability partnership registered in England and Wales (registered number OC339470 and registered office at One Fitzroy 6 Mortimer Street London W1T 3JJ). The term partner is used to refer to a member of Gerald Eve LLP, Newmark GE Services LLP or an employee or consultant with equivalent standing and qualifications.

The particulars are issued pursuant to the following conditions:

No Offer: These particulars do not, and shall not constitute, in whole or in part, an offer or a contract or part thereof. Gerald Eve LLP, nor any partner, or any employee or consultant thereof (each a "Gerald Eve Person"), has authority to make or enter into any such offer or contract;

No Reliance: All statements contained in these particulars are made without acceptance any liability in negligence or otherwise by Gerald Eve LLP and/or any Gerald Eve Person, for themselves or for the Vendors/Lessors. None of the statements contained in these particulars is to be relied on as a statement or representation of fact or warranty on any matter whatsoever, and intending purchasers must satisfy themselves by whatever means as to the correctness of any statements made within these particulars and/or the fitness of the property for any purpose whatsoever. In particular, and without prejudice to the foregoing: (a) all images, photographs, videos etc. may show only certain parts of the property and only at it appeared at the time they were created; (b) any statement concerning price or value is provided purely as guidance, it does not constitute a formal valuation and should not be relied upon; and (c) any reference to alterations to, or use of, any part of the property does not mean that any necessary planning, building regulations or other consent has been obtained.

Crime Prevention: In accordance with our legal obligations pursuant to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the Proceeds of Crime Act 2002 and other regulations, Gerald Eve LLP may be required to establish the identity and source of funds of all parties to property transactions (including both Vendors/Lessors and Purchasers/Lessees). Failure to procure this information where needed may delay or cancel any potential transaction or prevent Gerald Eve LLP from acting altogether.

Privacy: For further information concerning how we use personal data please see our privacy statement: www.geraldev.com/privacy-statement/

Particulars issued March 2024.

Misrepresentation Act 1967: Gerald Eve LLP for themselves and for the Vendor(s) or Lessor(s) of this property whose agents they are, give notice that: these particulars do not constitute, nor constitute any part of an offer or contract. The statement does not affect any potential liability under the Consumer Protection from Unfair Trading Regulations 2008 (CPRs) and Business Protection from Misleading Market Regulations 2008 (BPRs). Particulars issued March 2024. Gerald Eve LLP is a Limited Liability Partnership registered in England and Wales with registered number OC339470 and its registered office at One Fitzroy, 6 Mortimer Street, London, W1T 3JJ. Brochure design by Spark Property



GERALDEVE
A NEWMARK COMPANY