



DERBY COLLEGE - THE JOHNSON BUILDING

Locomotive Way | Pride Park | Derby DE24 8PU



GERALDEVE

INVESTMENT SUMMARY

- The Johnson Building, part of Derby College, presents itself as a rare opportunity to acquire a modern, purpose built further education college building.
- Located on Pride Park, a highly successful mixed used business park in Derby City Centre, home to major occupiers such as Rolls-Royce, Royal Mail and Mercedes Benz.
- The property benefits from excellent transport links, located 0.25 miles from Derby Train Station and 8 miles from J25 of the M1.
- Long established, Derby College consists of 4 campuses, with The Johnson Building forming part of The Roundhouse Campus.
- Purpose-built further education facility totalling 93,190 sq ft, constructed in 2008.
- Site area of c. 3.04 acres, which reflects a low site density of c. 47%, with c.125 car parking spaces.
- Let to Derby College until 19 October 2029 with 11.9 years unexpired term.
- Current passing rent of £848,558 pa (£9.11 psf) subject to a fixed uplift in October 2019 to £960,066 pa (£10.30 psf) and a further 2.5% pa compounded rental uplift in October 2024 to £1,086,229 pa (£11.66 psf).
- The vendor will top-up the rent to the fixed uplift in 2019.
- Offers are sought in excess of £13,330,000. A purchase at this level reflects an attractive net initial yield of 6.75%, rising to 7.64% at a fixed increase in October 2024, and a capital value of £143 psf.





The Johnson Building

- | | | |
|------------------------------|---------------------|--------------------------------|
| 1. SNC Lavalin | 13. Miller Homes | 25. Derby Station |
| 2. Resonate | 14. HSBC | 26. Royal Mail |
| 3. Software AG | 15. Assystem | 27. Rolls-Royce |
| 4. Seven Restaurant | 16. Chartwell | 28. Mercedes Benz |
| 5. Holiday Inn & Harvester | 17. Rayburn Tours | 29. David Lloyd |
| 6. Pride Veterinary Hospital | 18. Business Centre | 30. Webhelp |
| 7. Chiquito | 19. ISYS | 31. Store First Derby |
| 8. Seat | 20. U/O David Brown | 32. Network Rail |
| 9. VW | 21. Pentahotel | 33. Ford |
| 10. Mortgage Advice Bureau | 22. Derby College | 34. Derby County Football Club |
| 11. Geldards Law Firm | 23. Derby College | |
| 12. Derwent Living | 24. Derby College | |

LOCATION

Situated at the heart of Pride Park, The Johnson Building is perfectly positioned to attract those wanting to further their education.

The Johnson Building is located at the Roundhouse Campus of Derby College within Pride Park. Pride Park is one of the UK's most successful mixed use business parks. A number of office, leisure, car showroom and hotel operators are also on the park such as David Lloyd, Derby County Football Club, Rolls-Royce, VW, Mercedes Benz, Holiday Inn and Harvester.

Situated just one mile from the centre of Derby and the Intu Shopping Centre, The Johnson building is perfectly located with excellent connections from the A52 and Junction 25 of the M1 motorway. It is also approximately 4 miles south east of Derby train station, which provides a direct link to Sheffield, Crewe, Leicester, Nottingham and London. Due to these outstanding transport links, Derby College attracts students from all over the county.

Approximate distances from the property

	Derby Train Station	0.25 miles
	Derby City Centre	1 mile
	M1, J25	8 miles
	Nottingham City Centre	16 miles

Derby - Demographics



In 2016 the population of Derbyshire was estimated to be 787,000, whilst the population of Derby was estimated to be 254,374.



Of the total population of Derby, 5.4% are in the 16-19 age group band, which is a higher proportion than the average for England for this age band.



DESCRIPTION

The Johnson Building is a purpose built, further education facility which totals 93,190 sq ft, constructed in 2008.

The building houses a variety of accommodation and facilities which are primarily focussed around vocational training in sport, motor vehicle repairs and construction.

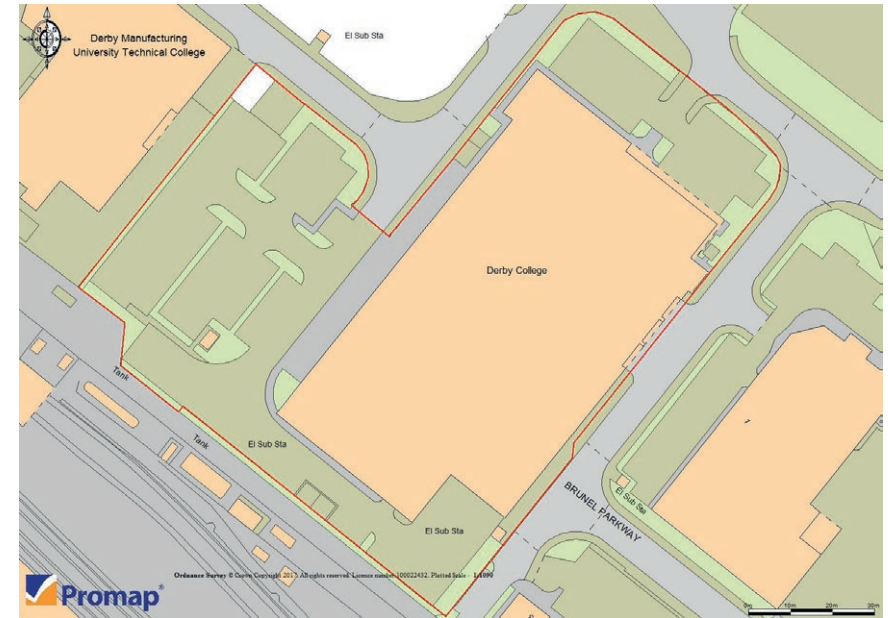
The ground floor includes a large sports hall, gym, dance studio, reprographics room, canteen, two large mechanic workshop facilities, a smaller mechanic garage (open to the public), and a construction workshop. Each of these elements has its own roller-shutter door providing flexibility of use. The first floor offers classrooms, a large IT suite and exam room.

At the front of the building is a large two-storey office block providing a large reception area, kitchen, canteen and board rooms at ground floor, with a large open plan office and further smaller offices at first floor level.

Externally, The Johnson Building has secure car parking areas to the front, side and rear with c. 125 spaces.



SITE PLAN



**Indicative purposes only*



ACCOMMODATION

The building contains a variety of accommodation types.



TENURE

The property is held freehold.

TENANCY

Let for a further 11.9 years with guaranteed fixed rental uplifts in October 2019 and October 2024.

The property is let to Derby College until 19 Oct 2029, currently at a passing rent of £848,558 pa (£9.11 psf) subject to five-yearly fixed rental uplifts equivalent to 2.5% pa compounded. The next rental uplift is 20 Oct 2019 where the rent reaches £960,066 pa (£10.30 psf) with the final uplift in October 2024 reaching £1,086,229 pa (11.66 psf).

The vendor will top-up the rent to £960,066 pa.

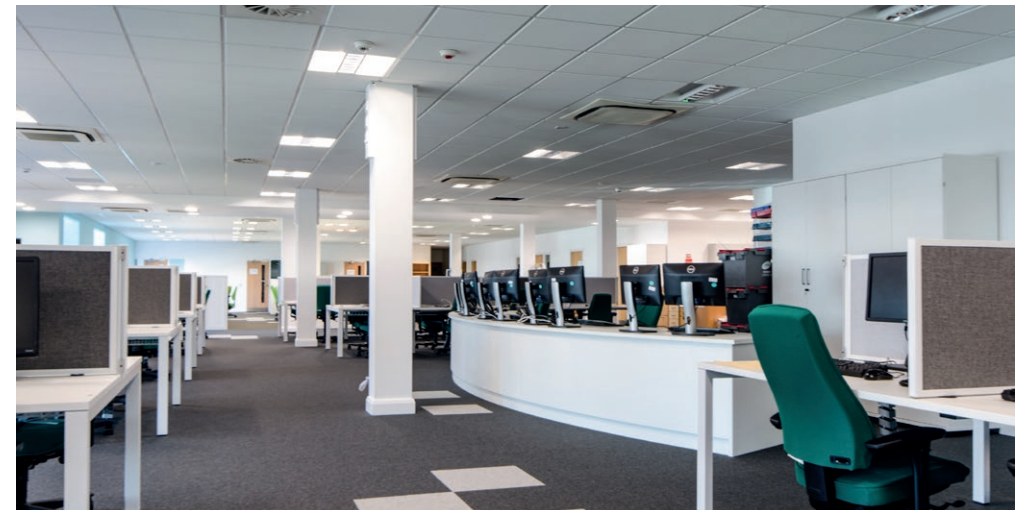


SUB-TENANCY

DHU 111 (East Midlands) CIC have sub-let approximately 27,674 sq ft of The Johnson Building. Let on a term of seven years from 24 May 2017 until 23 May 2024 with a break on 23 May 2022. Rent of £217,688 pa (£7.87 psf) with a rent review on 20 October 2019 from which a fixed rental uplift equivalent to 2.5% pa compounded will apply.

A service charge is payable. The base service charge is currently £25,333 pa uplifted annually in line with increases in the General Building Cost Index.

DHU 111 provides NHS 111 and Out-of-Hours call centre and medical services for Derbyshire, Nottinghamshire, Leicestershire, Rutland and Lincolnshire.



DERBY COLLEGE

Derby College is a further education centre which was established in the 1960s. The Johnson Building principally provides for Derby College mechanics and engineering courses, but also leisure, sports, construction and general learning for approximately 600 full time students. There is close collaboration with surrounding workplaces within Pride Park to offer hands-on experience for the courses which Derby College provide such as at Rolls-Royce and Ford. The college is a member of the prestigious Collab Group of high-performing further-education institutions.

The College is judged as “Good” by Ofsted in all curriculum areas. Its engagement with employers is recognised as outstanding by Ofsted in their inspection report and in the Chief Inspector’s Annual Report published in December 2016.



FUNDING & COVENANT

Derby College - Tenant



Derby College operates as a further education college and therefore places considerable reliance on continued government funding. From an income perspective, 77% of the college's revenue is public funding primarily through the Education Funding Agency (Department for Education) and Skills Funding Agency (Department for Business Innovation & Skills). In reference to financial statements for year ending 31 July 2016, Derby College's total income for the year was £48,159,000 and total expenditure £51,533,000.

The College is required to complete the annual Finance Record for the Skills Funding Agency and for 2016 the College is deemed to be "Satisfactory" in regards to financial health.

Funding is calculated using a specific formula which is driven by student recruitment and includes factors which reflect student retention, higher cost subjects, disadvantaged students and area costs.

The Further Education sector is currently undergoing change, largely prompted by the obligation for all children to undertake education until 18, formerly 16. The Government is therefore focusing on the Technical and Further Education Bill. 2017 is set to be a hugely significant year for Apprenticeships and Skills as the Apprenticeship Levy comes into force and £2.5 billion is invested in apprenticeships by 2019-20.



DHU 111 (East Midlands) CIC - Sub-Tenant of Part



DHU 111 provides the NHS 111 and Out-of-Hours services for Derbyshire, Nottinghamshire, Northamptonshire, Leicestershire, Leicester, Rutland and Lincolnshire. It is a 'not-for-profit' organisation. DHU 111 is consolidating from several other offices around the East Midlands into this facility, which will become its main call centre operation. Approximately 150 staff are due to move in to the office in the coming months in a phased manner.

DHU 111 (East Midlands) CIC was incorporated in 2016 as a subsidiary of DHU Health Care CIC, to support East Midlands NHS 111 calls. The company's single largest contract was successfully retendered and awarded for a five year term with the possibility of a further two year extension to 30 September 2023. The contract commenced on 27 September 2016.



CAPITAL ALLOWANCES

Further information available on request.

EPC

The property is rated C55. Further information available on request.

VAT

The property has been elected for VAT. It is proposed that the sale will be treated as a Transfer Of a Going Concern (TOGC).

PROPOSAL

Offers are sought in excess of £13,330,000. A purchase at this level reflects an attractive net initial yield of 6.75%, rising to 7.64% at fixed uplift in October 2024, and low capital value of £143 psf.

Purchasers costs are assumed to be 6.72%.

CONTACT

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