

GLOBAL DISTRIBUTION HEADQUARTERS | GLASGOW

Purpose built headquarters distribution facility investment,
on 67 acres with significant redevelopment potential.





Investment Overview

Secure income for 10 years to the world's second largest book publisher, with globally recognised guarantors.

- Glasgow is one of Europe's most dynamic and vibrant cities.
- Situated in the affluent suburb of Bishopbriggs, situated just 5 miles north of Glasgow city centre.
- Excellent access to Scotland's motorway network via Junction 2 of the M80 and Junction 15 of the M8 motorway.
- Purpose built distribution facility extending to **81,114 sq m (873,119 sq ft)** including warehouse, distribution and office accommodation laid out over 3 separate buildings.
- Long leasehold interest converting to a heritable (freehold) interest on 28th November 2015.
- Sub-let to William Collins Sons & Company Limited, with Harper Collins Publishers Limited, News Corp UK & Ireland Limited and an Australian entity formally known as The News Corporation Limited, **all acting as joint and several lease guarantors.**
- Full repairing and insuring sub lease expiring **29 August 2025**, with no breaks options (approximately 10 years unexpired).
- Passing rent of **£5,132,000 per annum** and is subject to 5 yearly, upwards only rent reviews. The next review is in August 2015.
- Highly prominent **27.19 hectare (67 acre)** site with **excellent future development potential** to higher value uses.
- Investment value **underpinned by potential residential redevelopment value.**
- We are seeking offers in excess of **£54,000,000** exclusive of VAT.
- A highly attractive net initial yield of **8.94%** allowing for purchaser's costs of **6.28%**.



The property is sub-let in its entirety to William Collins Sons & Company Limited.

Harper Collins Publishers Limited, News Corp UK and Ireland Limited and an Australian entity formally known as The News Corporation Limited, all act as joint & several lease guarantors.



 HarperCollinsPublishers

News UK

News Corp

The Economy

Glasgow is home to over 600,000 people making it the most populous city in Scotland.



Some 13,000 firms are present in the city, including one quarter of Scotland's largest businesses.



Glasgow is Scotland's largest city with a population of nearly 600,000. The city's extensive catchment area accounts for approximately 40% of Scotland's total population, with 2.3m people living in the greater Glasgow area.

Glasgow benefits from a knowledge based economy with the city being home to over 130,000 further and higher education students from 135 countries, attending five higher education institutions and three super colleges.

Glasgow is Scotland's largest centre of employment. 1.2m working age people live within a 45 minute commute of the city, contributing to the £18bn in Gross Value Added each year.

Since 2012 Glasgow has created nearly 6,000 new jobs in key sectors, including financial and business services, life science, engineering, design and manufacturing and low carbon industries/clean tech.

More than 100 companies have relocated to Glasgow in the last decade, as labour costs in the city can be up to 12% lower than Edinburgh and 33% lower than London (Source: FDI.)

The financial and business services sector has grown significantly in recent years with the city now home to an impressive line-up of blue chip companies and major global organisations including:

Barclays Wealth, Santander, Tesco Bank, Morgan Stanley, HSBC, NFU Mutual, esure, JP Morgan, BNP Paribas, Aon, RBS, KPMG, PWC, Lloyds Banking Group, Handelsbanken, AXA, RSA, and National Australia Group.

Glasgow is widely regarded as the UK's strongest shopping destination outside London's West End, with the prime retail thoroughfare of Buchanan Street attracting an estimated 1 million shoppers weekly.



Location

Bishopbriggs is located approximately 5 miles north of Glasgow city centre and 49 miles east of Edinburgh. Bishopbriggs benefits from good transport links, being located close to Junction 2 of the M80 and Junction 15 of the M8 motorways. The M73/M74 interchange is situated approximately 12 miles to the south east via the M8/M73.

Glasgow Airport and Edinburgh airport are approximately a 13 miles and 45 miles respectively from Bishopbriggs. Scotland's principal air freight terminal, Prestwick, is situated approximately 36 miles south-west and provides passenger and air freight transportation worldwide.

Location	Distance	Drive Time
Glasgow	5 miles	18 mins
Glasgow Airport	13 miles	23 mins
Prestwick Airport	36 miles	48 mins
Edinburgh Airport	45 miles	48 mins
Edinburgh	49 miles	1 hour 9 mins
Aberdeen	144 miles	2 hours 41 mins
Inverness	169 miles	3 hours 13 mins
Carlisle	97 miles	1 hour 45 mins
Manchester	218 miles	3 hours 34 mins
Birmingham	291 miles	4 hours 40 mins
London	413 miles	6 hours 51 mins



Situation

Bishopbriggs is an affluent suburb of Glasgow. The Harper Collins headquarters is situated on Westerhill Road within Westerhill Business Park.

Westerhill Road is located 2 miles north of Bishopbriggs town centre and the surrounding area is predominantly mixed use commercial with the wider area being mainly residential in nature.

Aviva Insurance and McGavigan Engineering both occupy large offices situated immediately south of the Harper Collins HQ. Strathkelvin Retail Park is also located to the north of the property. Tenants at the retail park include Marks & Spencer, Next, Boots, Frankie & Benny's and Costa Coffee.



Bishopbriggs Relief Road

Accessibility to Westerhill Road and Bishopbriggs will be substantially improved upon completion of the proposed Bishopbriggs Relief Road, linking Westerhill Road directly to the M80 Motorway.

Phases 1 - 3 are already complete and we anticipate that the final phases of this road development will be completed in 2016/2017. Upon completion the location will be an even more attractive prospect for a range of commercial and residential uses.



Purpose built
distribution facility
extending to
873,119 SQ M
(873,119 SQ FT)

Key

- 1
Aviva Call Centre
- 2
John McGavigan Engineering
- 3
Strathkelvin Retail Park
- 4
New residential development by Dawn
- 5
Asda Superstore
- 6
Bishopbriggs Town Centre



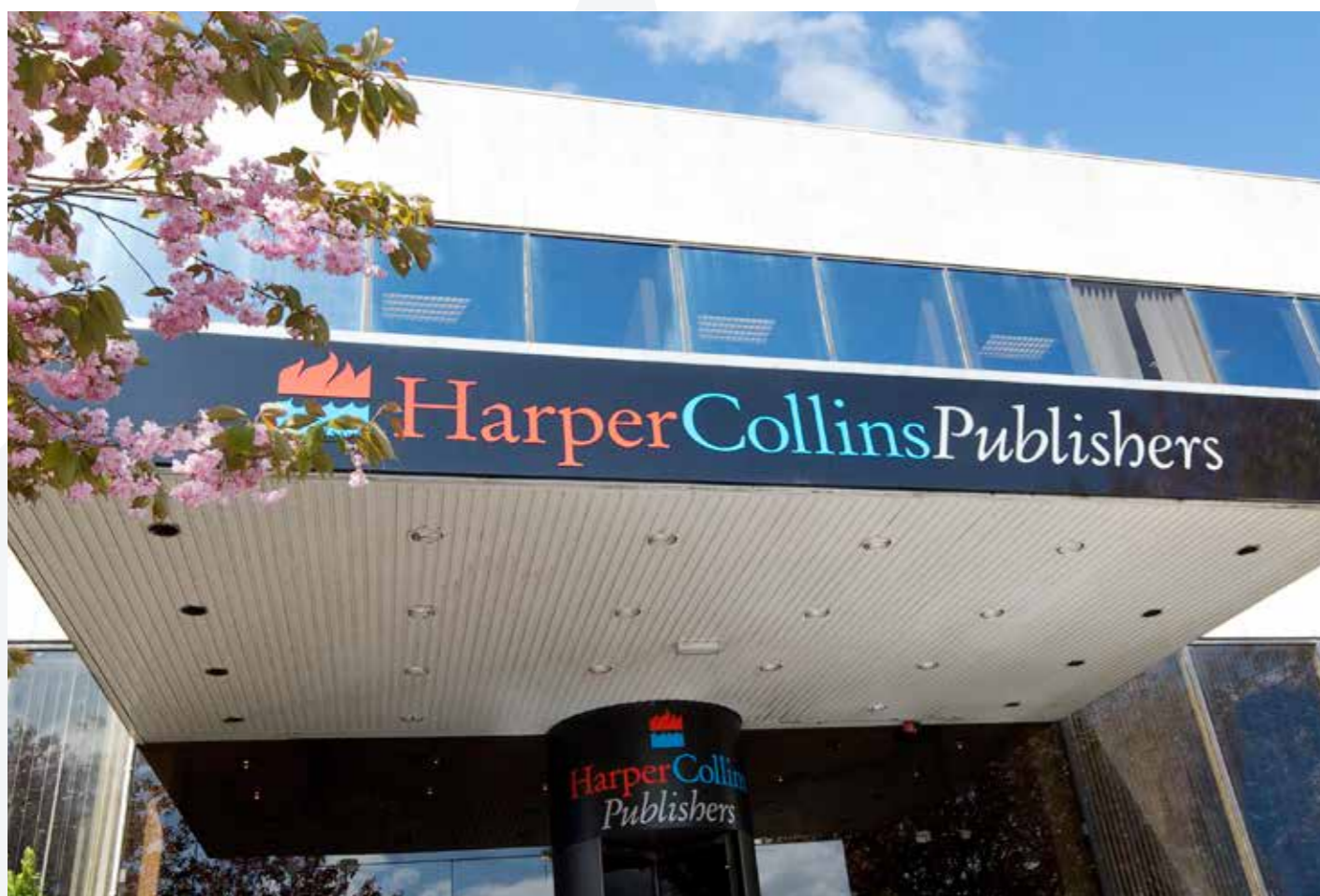
Accommodation

The property was purpose built by Harper Collins between 1973 and 1976 to comprise a manufacturing and distribution facility extending to 81,114 sq m (873,119 sq ft). There is approximately 550 staff currently employed at this facility which comprises the following:

- > 2 x high-bay warehouse units and 1 x high bay distribution depot with ancillary office space known as DC1,2 and 3;
- > The distribution warehouses are of steel portal frame construction with an eaves height of approximately 7.62m;
- > DC1 has 12 dock levellers, DC2 has 3 dock levellers and DC3 has 6 loading bays;
- > A separate office block arranged over ground and 3 upper floors;
- > The office block is of concrete framed construction, with raised access floors, air conditioning and 2 lifts accessing the upper floors;
- > 2 x gatehouses;
- > 442 surface car parking spaces.

The gross and net internal areas are as follows:

Unit	Use	SQ M	SQ FT
Distribution Centre 1 (DC1)	Storage	21,734 GIA	233,947 GIA
Distribution Centres 2 & 3 (DC2 & DC3)	70% Storage 30% Distribution	48,810 GIA	525,398 GIA
Headquarters Offices Building	Offices	10,570 NIA	113,774 NIA
Total		81,114	873,119



The Site

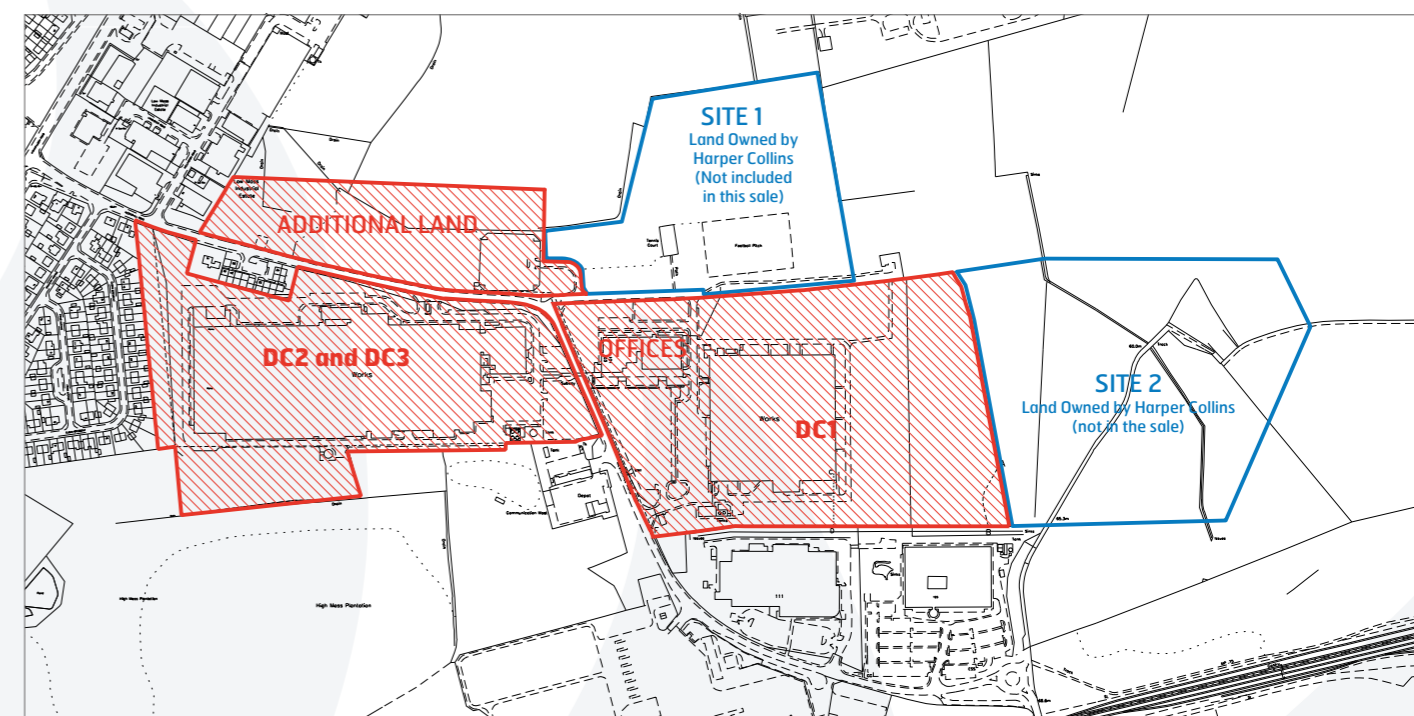
The site comprises three separate parts as shown below and extends to approximately 27.19 hectares (67 acres). The site can be broken down into the following component parts:

DC1	29 acres
DC2 & DC3	28 acres
Additional Land	10 acres

The site cover is approximately 30 % of the overall acreage and sites DC1 and DC2/DC3 are linked by an underpass below Westerhill Road.

It should be noted that Harper Collins own land adjacent to their HQ building totalling 38 acres as outlined blue on the map below.

Site 1	15 acres
Site 2	23 acres



Tenure

The site is held on a ground lease (long leasehold) and the holder of the tenant's interest is Futurestate Limited. The ground lease is for 999 years from 28 September 1990 at a peppercorn rent. The leasehold title is leased under an occupational sub lease to William Collins Sons & Company Limited.

The ground tenant has the option at any time from 28 September 2015 to purchase the Landlord's heritable (freehold) interest for a £1.

In any event, under the terms of the Long Leases (Scotland) Act 2012, the leasehold title will automatically convert into a freehold title on 28 November 2015.

Tenancy

- > The property is sub-let to William Collins Sons & Company Limited on FRI terms until 29 August 2025 (approximately 10 years unexpired).
- > The lease is guaranteed on a joint and several liability basis by Harper Collins Publishers Limited, News Corp UK & Ireland Limited and an Australian entity formally known as The News Corporation Limited.
- > The passing rent is £5,132,000 per annum.
- > The next rent review is on 30 August 2015 and five yearly thereafter.
- > The basis of the rent review is upwards only to the higher of the market rent as at the review date; the then passing rent; and a 'notional rent'.
- > The rent review provisions with regard to the definition of 'market rent' and 'notional rent' are defined in the lease which is accessible to review on the data room.



Sub Tenant & Guarantors

History

William Collins (from Glasgow) set up a company in 1819 for printing and publishing pamphlets. He was responsible for printing the first dictionary.

The company was renamed William Collins Sons and Co Limited in 1868. In 1917 the firm started publishing fiction and ultimately became a diverse company publishing a wide array of titles. In 1990, the company was merged with US publisher Harper and Row and renamed Harper Collins Publishers.

Headquartered in New York, Harper Collins has publishing operations in 18 countries including The United States, Canada, United Kingdom, Australia, New Zealand and India producing global revenues of over \$1bn annually. With over 200 years of history, the company publishes approximately 10,000 new books every year in over 30 languages and has more than 65 unique imprints around the world.

Harper Collins Publishers is a subsidiary of News Corp, an American multinational mass media corporation headquartered in New York.

In 2013, the original company News Corporation's publishing operations were spun off to form a new, publicly traded company called News Corp. Preliminary trading of News Corp took place on the Australian Securities Exchange in June 2013. News Corp operates a global network of leading media, news, education and information services including Harper Collins Publishers, News Corp UK, News Corp Australia, Dow Jones and New York Post.

In the UK, news publications include The Times, The Sunday Times, The Sun, The Daily Telegraph, GQ and Vogue.

Further information can be obtained on the company websites;

www.harpercollins.co.uk
www.newscorp.com

News Corp was the world's third largest media group in 2014 in terms of revenue.

Harper Collins Publishers is the second largest consumer book publisher in the world.

Sub tenant



William Collins Sons & Company limited

Incorporated on 2 January 1880, William Collins Sons & Company limited has a Dun & Bradstreet rating of 2A1 and as at 30 June 2014 recorded a tangible net worth of £1,528,000. The immediate parent company is Harper Collins Publishers Limited and Global ultimate parent company is News Corp Investments UK & Ireland.

Guarantors



Harper Collins Publishers Limited

Incorporated on 29 November 1949, Harper Collins Publishers Limited has a Dun & Bradstreet rating of 5A1 and as at 30 June 2014, recorded a turnover of £179,566,000, pre-tax profit of £7,222,000 and tangible net worth of £291,299,000. The immediate parent company is William Collins Holding Limited and Global ultimate parent company is News Corp Investments UK & Ireland.

News Corp

News Corp UK & Ireland Ltd

Incorporated on 28 July 1904, News Corp UK & Ireland Limited has a Dun & Bradstreet rating of 5A1 and as at 30 June 2014, recorded a turnover of £1,205,200,000, pre-tax profit of £75,500,000 and tangible net worth of £628,300,000. The immediate parent company is News Corp Holdings UK & Ireland and Global ultimate parent company is News Corp UK & Ireland Ltd.

News Corporation

Australian entity formally know as;
The News Corporation Limited
 (now known as News Australia PTY Limited)

At the time of signing the Lease in 1990, the third guarantor (an Australian company) was known as "The News Corporation Limited". Since then, it is understood that the News Corporation group has undergone various corporate reorganisations, and that the third guarantor is now known as "News Australia PTY Limited". It is understood that this company is now exempt from producing P & L accounts and balance sheets given its corporate status, therefore a credit search against this entity is not available.

Given the financial strength of the sub tenant and the other two guarantors, and the understanding that the company forms part of the News Corp group, the absence of a credit search against this third guarantor is not considered relevant to the sale. A purchaser is expected to be satisfied with the covenant strength of the sub tenant and the other two guarantors.





Planning

The Scottish planning system is plan-led whereby planning applications should be determined in accordance with the development plan unless material considerations indicate otherwise (Town and Country Planning (Scotland) Act 1997).

Current Development Plan



Source: East Dunbartonshire Council – Emerging LDP (Proposals Map Extract)

The current development plan covering this opportunity is the Glasgow and Clyde Valley Strategic Development Plan (approved 2012) and the East Dunbartonshire Local Plan 2 (adopted 2011).

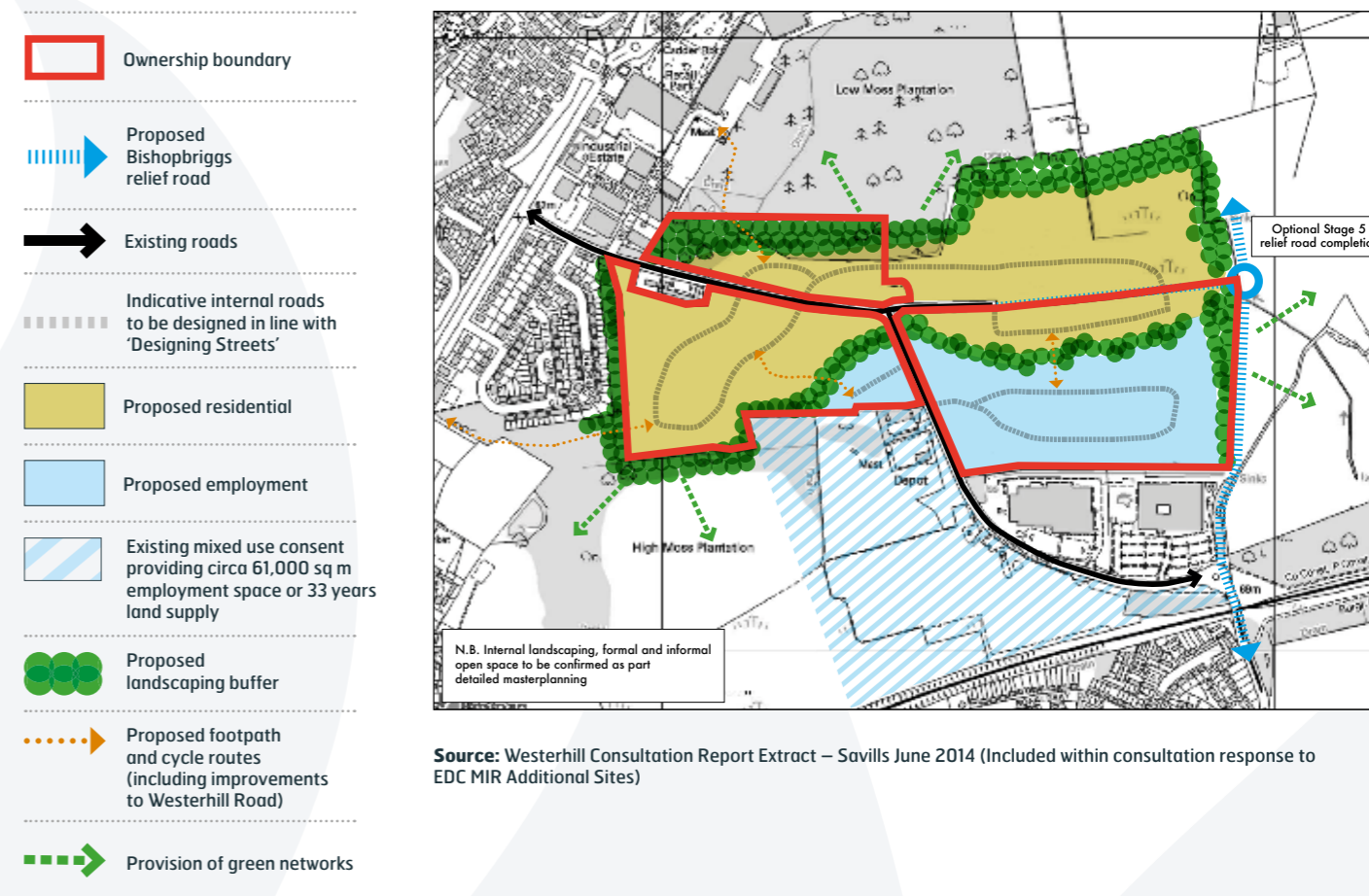
The adopted Local Plan 2 allocates the subject site as 'existing business / industrial land' under Policy ECON1. Therefore, Class 4 'business', Class 5 'general industry' or Class 6 'storage and distribution' are considered generally acceptable on site.

The adopted local plan is under review and will be replaced by a Local Development Plan (LDP) which currently seeks to retain the adopted policy position with the site remaining as a location for 'business and employment' under emerging Policy 13.

The local plan adopted in 2011 is currently under review

Representations promoting a master plan for the Westerhill area for mixed use development, incorporating residential, have been submitted to East Dunbartonshire Council.

Indicative Mixed Use Masterplan



Source: Westerhill Consultation Report Extract – Savills June 2014 (Included within consultation response to EDC MIR Additional Sites)

Representations have been submitted to East Dunbartonshire Council in respect of the emerging LDP promoting a masterplan for the Westerhill area, part of which includes this investment opportunity.

A revised allocation for mixed-use development is sought with the mix of uses including business, industry, residential, commercial leisure, restaurants and cafés.

An indicative masterplan prepared by Savills to accompany the representations is set out above.

If the mixed use allocation does not come forward in the emerging LDP (Due for adoption December 2016) those interested in redevelopment of the site for uses other than Classes 4, 5 & 6 can engage in the next policy review cycle which should run from 2017 to 2021.

The emerging LDP is due for adoption in December 2016



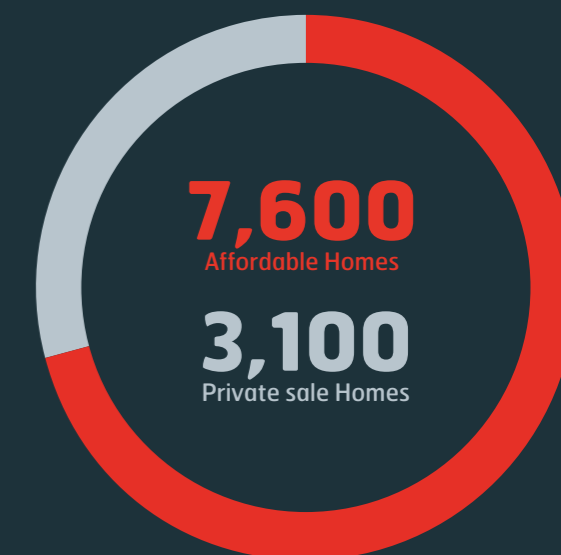
Dawn Homes - Villafield, Bishopbriggs

East Dunbartonshire Housing Land Supply

Target to 2025

10,700

New Homes



Source: The Glasgow and Clyde Valley Strategic Development Plan (Approved May 2012)

Redevelopment Potential

From a residential redevelopment perspective, Bishopbriggs is an established, attractive and affluent suburb of Glasgow with well-regarded state primary and secondary schools.

This, coupled with the perceived shortage of new build residential development opportunities within the Bishopbriggs market, has resulted in strong demand from the housebuilding industry for development sites.

Zoopla has recorded an increase in average asking price of 12% over the last 2 years within Bishopbriggs and an average asking price in the second hand market of £229,000.

In close proximity to the subject site, Dawn Homes are developing a site of 36 no. 4 and 5 bedroom homes with asking prices in the range of £325,000 to £399,000. In the nearby Robroyston (adjacent to Bishopbriggs), Taylor Wimpey are launching a development of 76 no. 4 bedroom detached properties ranging in price from £277,000 to £313,000.

The shortage of new build sites of this scale in Bishopbriggs at this time means there are no meaningful comparable land transactions. The nearest relevant site at Robroyston, is achieving headline land values (before abnormal costs and planning gain deductions) of £700,000 - £750,000 per net developable acre.

Rather than relying on proximity, it is more appropriate to look at comparable market sectors. For example, at Dargavel Village in Bishopton, Taylor Wimpey are selling 4 to 5 bedroom detached homes in the range of £250,000 to £322,000. A recent closing date for a new phase at Dargavel attracted headline offers (before abnormal costs and planning gain deductions) in excess of £900,000 per net developable acre.

Given the quality of the Westerhill location, the size of the site and the nature of the surrounding properties, it is anticipated that if this opportunity was openly marketed with the benefit of a reasonable planning consent for residential development, then it would be exceptionally attractive to the housebuilding industry and generate headline offers in the region of £800,000 to £1,000,000 per net developable acre (before abnormal costs and planning gain deductions).



12% increase in residential average asking prices in Bishopbriggs over the last two years.

Source: Zoopla

Strong demand from house building industry

Net developable land values of £800,000 - £1,000,000 per acre





EPC

The EPC ratings of the buildings are as follows:

	Scottish Rating	English Rating
DC1	G	F
DC2/DC3	G	F
Offices	E	E

The warehouse ratings stated above are reflective of the equipment installed for the tenants specific usage. In absence of this equipment, we would expect the EPC rating to improve significantly.

VAT

The property is elected for VAT which will be payable on the purchase price. It is anticipated however that the sale will be treated by way of a Transfer of a Going Concern (TOGC).

Further Information

For further information and access to the data room or to arrange an inspection, please contact:

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Data Room

Further information is included within the data room. Please contact CBRE to request access.

Information includes:

- > The occupational lease
- > Floorplans
- > Title
- > Insurance Policy
- > Covenant information for the tenant and guarantors
- > EPCs
- > Additional photography
- > Desktop Environmental Survey
- > The Ground Lease

The purchaser is expected to review the ground lease title to satisfy itself that it meets any future development proposals of the purchaser. The relatively short title document for the ground lease title is available for review on the data room.

Investment Proposal

Offers in excess of £54,000,000 excluding VAT are invited.

A purchase at this level reflects an attractive net initial yield of 8.94%, assuming purchasers costs of 6.28%.

SPV

The property is held within two Special Purpose Vehicles and a corporate sale may be considered.



CBRE

CBRE