

cyril leonard



US Edition

Edited By Cynthia Wilson

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Making Virgin Progress in European Real Estate Asset Realisation

ALSTOM, Delphi, Scipher, Getty Images, Pizza Express, Federated Department Stores, John Deere, Havertys

Rent Reviews & Lease Renewals 2003 The Year of the Third Party

Richard Beaumont, Partner in charge of Cyril Leonard's Asset Management, reports that rent reviews and lease renewal negotiations are more than ever keenly fought over due to high rental evidence compared to five years ago.

Arriving at a "true" rental figure is extremely difficult in the absence of transactions occurring and the wide variety of quoting rents on similar types of properties.

Accordingly, we are experiencing significantly more negotiations either proceeding to the Arbitrator/Independent Expert or negotiations being agreed very close to, or indeed during, the proceedings. We anticipate these scenarios will continue through 2003.

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Town Hall Buildings,
Farnham



Homebase,
London Road, Biggleswade



Charity Ride Success

Cyril Leonard Partner Andrew Hogge cycled 170 miles across Wales in September on behalf of a little boy with Brittle Bone Disease. Andrew led a team of eight other cyclists from Hay-on-Wye on the English/Welsh border to Bangor on the North Wales coast. Overall the bike ride raised \$47,000 (£31,000) in sponsorship for five-year-old Jack and the Brittle Bone Society.

Contact **Andrew Hogge**

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Brittle Bone Society

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US-European Understanding

Speaking at a conference at Wilton Park, the Foreign Office Centre, Douglas Blausten warned an audience of economists, bankers and industrialists from both sides of the Atlantic that the EU needs to work to better understand the business cultures of US companies coming to Europe. The US is the largest inward investor in Europe and a failure to bridge the cultural gap in the workplace risks the level of investment in which new real estate facilities can be a major part.

"We have to understand better and work with North Americans and other countries to create real flexibility if we are to survive in a competitive world."

FCO, Wilton Park Conference Centre, UK



Getty Images

Getty Images, the largest photographic archive in the world has been restructuring its UK real estate facilities. Cyril Leonard has just negotiated the sale of two of their buildings in London's Docklands which are surplus to requirements following Getty's acquisition of two smaller competitor companies.

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The Innovation Centre, Marsh Wall,
Docklands, London E14



Cyril Leonard Arranges \$25.5 Million Leaseback Deal for Scipher



Scipher Headquarters
Dawley Road, Hayes

Cyril Leonard advised Scipher Plc, the largest technology development and licensing company of its type in Europe, on the sale and leaseback of its office and research and development headquarters near Heathrow Airport, for a price in the region of \$25.5 million (£17m). The property was purchased by US pension fund clients of PRICOA Investment Management and Hines Air Property.

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ALSTOM Site in Leicestershire

Cyril Leonard acted for ALSTOM in the sale of its 21-hectare (52-acre) industrial site at Whetstone, Leicestershire. The site provides a total of 670,000 ft² (62,000m²) of industrial and office accommodation. ALSTOM's business unit, ALSTOM Power, took leasebacks on 109,160 ft² (10,141m²) of accommodation as part of the sale.

A price of \$18,150,000 (£12.1m) was paid by Revelan to show a net initial yield of 9.1% and a potential reversionary yield of 12.5%. ALSTOM have a retained interest in part of the estate comprising around 12 acres.



Deal of the Year

Property Week, one of the UK's leading property publications has selected the sale and leaseback of the ALSTOM UK Portfolio to St Modwen as the UK outsourcing deal of the year!

Cyril Leonard advised ALSTOM on the sale of the £111m portfolio which comprises 19 properties providing approximately 8 million sq ft on 500 acres of land. The sites are in Rugby, Lincoln, Stafford, Birmingham, Milton Keynes, Eastleigh, Manchester and Preston together with two sites in Scotland. The leaseback structure provides

operational efficiency and flexibility for ALSTOM with leases varying between 5 and 15 years in length. The partnership structure will also bring forward land for development when sites become surplus to operational requirements. The purchasing company was Key Property Investments, a joint venture between St Modwen Properties and the Middle Eastern Investor Sahlia Real Estate.

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ALSTOM main plant, Lincoln

Central London Demand

The continuing demand for buildings with vacant possession is borne out by two new completions in central London by Cyril Leonard. The first is for the sale of a building in Welbeck Street, north of Oxford Street for \$2.55 million (£1.7m).

The second involves the surrender of the lease previously held by the partnership of McGuinness Finch, now part of Osborne Clarke, with their fund manager landlords. The surrender was subject to the simultaneous sale of the long-leasehold interest for \$4.2 million (£2.8m).

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Stratford Place,
London

Cyril Leonard Advises on Sale of Prime Industrial Site

Cyril Leonard has advised clients on the sale of a 22½-acre site in a prime position in Trafford Park to Commercial Development Projects. The site was formerly used by ALSTOM UK for the manufacture of steam turbines and generators, an

activity now relocated to Rugby. The site will be redeveloped to provide approximately 400,000 ft² (37,160 m²) of warehouse/industrial units.

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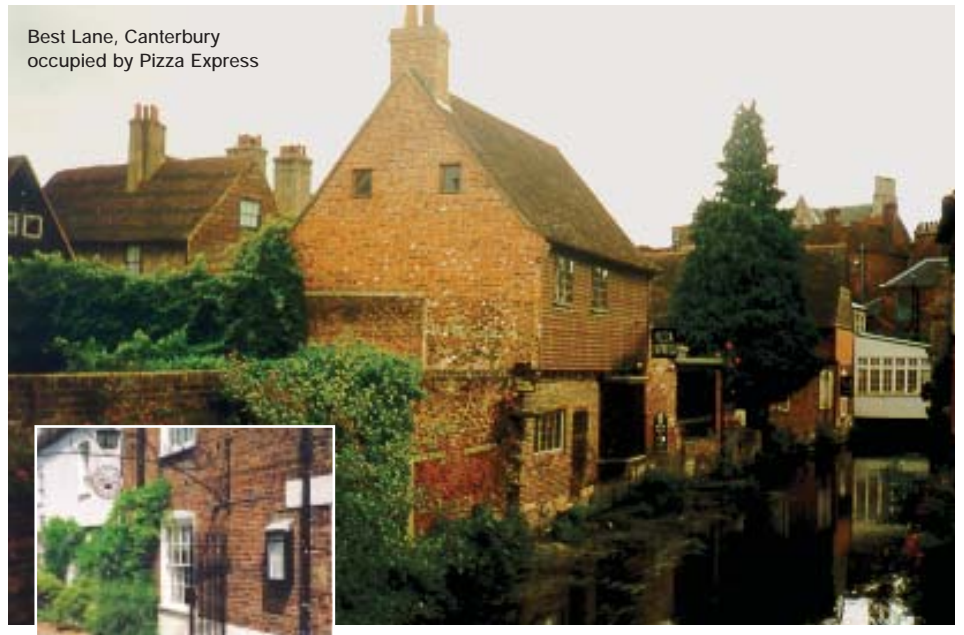
Pizza Express

Canterbury is still a strong retailing centre, and if confirmation was needed Cyril Leonard recently sold a well-located freehold investment, let to Pizza Express.

Acting on behalf of Oakburn Properties plc, Cyril Leonard sold the freehold investment in Best Lane to a private purchaser. There was a considerable amount of interest in the property from private investors, driving the price above asking terms. The vendor retains the residential element on a long leaseback.

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Best Lane, Canterbury
occupied by Pizza Express

Atlanta

Cyril Leonard Walker – Atlanta, Georgia

Cyril Leonard Walker, with headquarters in Atlanta and offices in Charlotte and Memphis, are a leader in identifying and implementing superior strategies to assess, acquire, develop, finance and dispose of warehouse, distribution and manufacturing facilities throughout the United States.

They have just concluded a sale for John Deere Company in Loudon, Tennessee. Their success in marketing this facility resulted in John Deere engaging them to market another facility in Williamsburg, Virginia.

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John Deere facility in Williamsburg, Virginia



Railways

Major Contribution to the Railway Sector

Over the last two years Cyril Leonard has been involved in work on over 4 million ft² (371,600 m²) of manufacturing, maintenance and repair facilities within the railway sector including acquisitions of warehousing and repair facilities for the high-speed test track facility for the new Virgin trains due for the West Coast Mainline.

Richard Beaumont of Cyril Leonard says 'our work has covered mainly the Midlands, London and the Southeast together with work across the country and up into Scotland. The range of experience has been extensive in a sector that is buoyant and has considerable growth opportunities in the next decade.'

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New Virgin Pendolino Tilting Train

Paris

Cyril Leonard Hayter – Paris

Delphi, the American car equipment manufacturer, recently part of the General Motors Group, has leased a major facility in Paris and was advised by CL Hayter. The property is ideally located for DELPHI close to the RER link with Paris, the airport and the A1 motorway (Paris/Lille).

A new 2,000 m² office building to be constructed by the developer will complement the building that comprises over 13,000 m² of offices and laboratory space on a four-hectare site. CL Hayter has been appointed as client representative to the development team that will be responsible for the refurbishment of the existing building, construction of the new one and the fit-out works.

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United States Ambassador to the EU

Douglas Blausten, Senior Partner of Cyril Leonard, hosted a meeting of international businessmen which was addressed by Ambassador Schnabel, the US representative at the European Union in Brussels.

Ambassador Schnabel gave a briefing on American government policy in respect of the European Union and detailed the close diplomatic and business relationships the United States is building with EU officials.

France

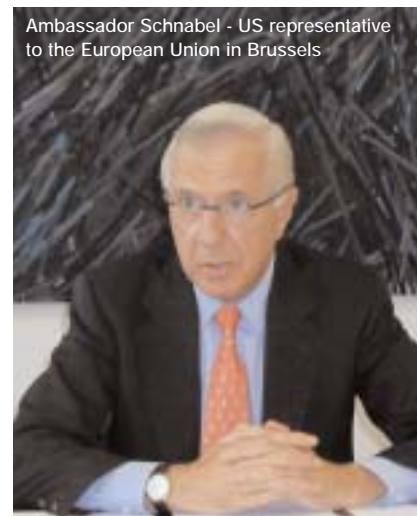
On behalf of major international industrial clients Cyril Leonard, through their associate office CL Hayter, have been involved as advisors on a major sale and leaseback portfolio in France. The project has involved over 3,229,200 ft² (300,000 m²) of specialised industrial space in four different regions of France.

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Ambassador Schnabel - US representative to the European Union in Brussels

The Moscow Real Estate Market Reawakens

As a result of the major changes in real estate ownership laws in Russia, the Moscow commercial market has become distinctly more attractive for the first time since the early years of the former President Yeltsin's tenure. Cyril Leonard has been instructed on some search consultancy work investigating the real estate market in Moscow and has been advising on the number of office refurbishment and investment projects.

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Cyril Leonard Completes Major Industrial Consultancy in Germany



The London and Munich (Cyril Leonard Credo) offices of Cyril Leonard have recently completed a strategic real estate consultancy project for a major heavy engineering and industrial group in Germany on some 16 sites throughout the region representing Cyril Leonard's third major consultancy instruction this year.

The firm is also in the process of carrying out a consultancy project looking at the future of tax-driven real estate commercial investments primarily in the former East German cities of Dresden and Leipzig.

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Cyril Leonard Himes – Fairfax, Chicago, Fort Lauderdale Innovation and Biotechnology – Fairfax, Virginia

Douglas Blausten chaired a panel of judges to make awards for a competition sponsored by Fairfax County Economic Development Authority for a UK company to take up an assisted free place in one of the incubators in Fairfax. The competition received a high level of applicants for the second year running.

Cyril Leonard and its associate office, Cyril Leonard Himes in Fairfax, has had a long and

successful involvement in business development in Virginia with CL Himes being one of the prime project management consultancies in the state with other offices in Chicago and Fort Lauderdale.

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Powerhub Business Centre Maidstone brings bright new opportunities to the town

The Powerhub Business Centre branding concept, conceived and implemented by Cyril Leonard, was launched in Maidstone in July bringing new commercial and job opportunities to the Kent town. The Mayor of Maidstone and other senior civic figures attended the launch. It is the first in a series of several such centres planned offering a mix of light industrial and office space in a flexible formula ideal for both start-ups and established businesses.

Cyril Leonard asset manage the \$10million (£6.4m) complex and arranged the structured finance of \$5.25million (£3.5m) for their clients.



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Cyril Leonard Involved in exciting new Property Fund Launch

Cyril Leonard have been retained to advise Mayfair Capital Partners in the identification and purchase of suitable properties for two new collective investment schemes to be launched in March. The Funds, one with a bias to income returns, the other to capital growth, will provide an opportunity for UK resident and non-resident individuals and pension schemes to invest in the best performing UK asset class over the past 1, 5 and 10 years. There is a growing demand from private investors to diversify into the commercial property sector in the wake of low interest rates and moribund stock markets. Collective funds are a simple and easy way to share in the returns from a diversified portfolio.

Further information and a Prospectus may be obtained through Hodgson & Faraday Limited, a company regulated by the Financial Services Authority.

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US Investment and Sweden

Douglas Blausten chaired a British American Business Inc Transatlantic Business Development Forum briefing at the Swedish Embassy in London which discussed the considerable investment into Sweden being made by US companies. Cyril Leonard has had an associate office in Stockholm for eight years,

their resident partner being Ola Stromberg of Cyril Leonard PNI.

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