



# 500 Capability Green

 LUTON, LU1 3LU

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15 YEAR UNBROKEN LEASE TERM  
SECURED TO TUI TRAVEL

SUBSTANTIAL REFURBISHMENT  
WORKS COMMITTED

# Investment Summary

An opportunity to acquire a prime office investment pre-let to an occupier who boasts group revenue in excess of €20bn.

- Capability Green - A **leading business park** on the M1 corridor and home to major occupiers such as **Astra Zeneca, Ernst & Young, Leonardo and Regus.**
- A fully repositioned offering, providing a **15-year lease term** without break following a substantial refurbishment program.
- Agreement for Lease with **TUI TRAVEL LIMITED**, with surety provided by **TUI AG**. The group is one of the largest leisure, travel and tourism business in the world with TUI AG achieving over €20bn in revenue and listed on the Frankfurt Stock Exchange.
- Initial headline rent of **£2,329,657 per annum**, subject to a fixed rental uplift to **£2,610,823 per annum** upon expiry of the 5th year. Further review on an open market basis.
- **79,615 sq. ft NIA** with 416 car parking spaces, reflecting a superb ratio of **1:191 sq ft.**
- The existing building, will be comprehensively refurbished as part of the AFL and works program, including new M&E services. This is at a cost of more than **£10m for CAT A** works with further extensive **CAT B** works expected.
- Refurbishment works targeting **BREEAM 'Very Good'** and will likely achieve **EPC A**, with **EPC B** as a minimum.
- The building provides immediate access to **London Luton Airport, just 1.5 miles away**. TUI have centralised their business operations in the area for over 20 years.
- **Direct access to J10a of the M1 Motorway** provides **excellent regional connectivity**, with Luton Airport Parkway Station providing connections to the UK rail network and the airport via the **Luton Dart**.
- **Freehold**

## Proposal

Offers sought in the region of **£29,095,000**, subject to contract and exclusive of VAT on either:

1. a forward commitment to purchase the investment upon practical completion of the refurbishment works.
2. a full forward funding basis.

A purchase at this level reflects a **net initial yield of 7.50% increasing to 8.41%** by way of a fixed rental uplift in 5 years' time.

Yields are quoted net of purchaser's costs at 6.8% although we envisage savings can be achieved via an appropriate funding structure.





# Capability Green

Capability green is widely considered as the leading business park in the M1 corridor. The park extends over 85 acres and provides c. 1 million sq. ft of premium office accommodation in a mature landscaped environment with excellent amenities.

## Amenity Provision

Capability green offers a variety of amenities including:

- David Lloyd Health Centre
- Greggs Bakery
- Jigsaw day Nursery
- VUE 360 Gym
- Luton Hoo Estate Hotel and Golf Club
- Stockwood Park Golf Club
- Premier Inn
- Landscaped surrounding grounds

500  
CAPABILITY  
GREEN

London & M25

M1 J10

MILTON KEYNES

M1 J10a

A1081

LONDON LUTON AIRPORT

500 Capability Green | Luton



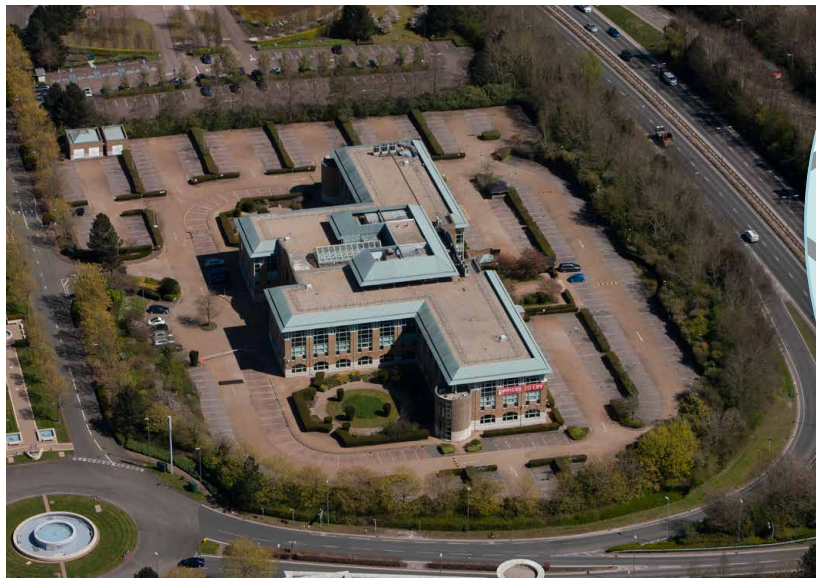
# Location

Capability Green is within 2 miles of Luton town centre and benefits from instant access to a variety of key transport nodes with immediate access to J10a of the M1 motorway.

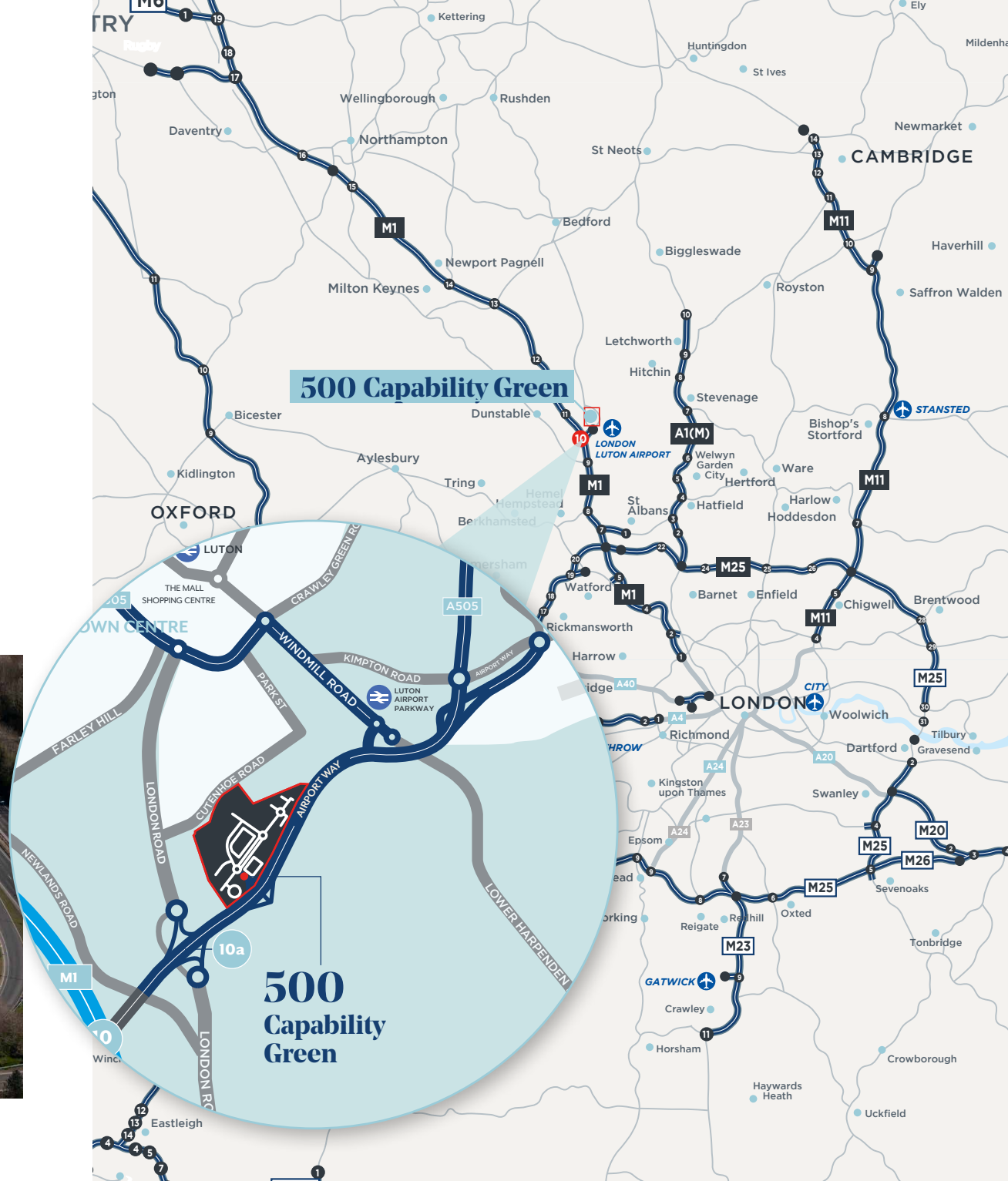
This established business park is a 3-minute drive to London Luton Airport, which is the 5th largest airport in the UK, home to 11 airlines and hosts over 17 million passengers per year.

Capability Green occupies a strategic location within the golden knowledge triangle; 30 miles northwest of London, 40 miles southwest of Cambridge and 60 miles from Oxford.

Consequently, the site offers access to a region that has produced immense growth with over 55 unicorns created since 1990. This includes companies such as Monzo, ASOS, and Deliveroo. The site also lies on the Oxford-Cambridge Arc which alone contributes £111 billion per annum to GDP.



Existing building prior to refurbishment





# London Luton Airport and Connectivity

## Luton DART Terminal

### The Luton Dart

The Luton Dart is a new £335m railway connection between Luton Airport Parkway Station and the terminal of London Luton Airport. This trip now takes under 4-minutes.

### Luton Rising

Completed £160 million Luton airport upgrade, increasing the airport's capacity by 50% from 12 million passengers per year to 19 million. This is expected to create 16,000 new jobs and drive an additional £1.6 billion in economic activity.



### Car

M1 J10a	0.4 Miles
Luton	2 Miles
M25 J21	11 Miles

Capability Green is situated on the A1081 with dual carriageway access to Junction 10a of the M1 0.4 miles to the south.



### Bus

Luton Town	13 Minutes
London Luton Airport	7 Minutes

There is a 7-minute direct shuttle bus to London Luton Airport as well as a direct bus to Luton town center, which runs three times an hour Monday to Friday.



### Rail

King's Cross	
St Pancras	20 Minutes

Luton Parkway Station is located 1 mile northeast, which offers direct links to King's Cross St Pancras in circa 20 minutes.



### Airports

London Luton Airport	1.5 Miles
Heathrow	34 Miles

London Luton Airport is located circa 1.5 miles north east, via the A1081.

# Luton

## A Town of Inward Investment

Luton has recently experienced significant change with the Luton 2040 initiative being a key driver of investment.

Around 30 companies have recently relocated into the area, bringing in an additional £60 million worth of investment. Examples include Astra Zeneca, Vauxhall, and General Motors with easyJet also having their head office in Luton.

Overall, Luton has attracted over £1.3 billion in inward investment since 2016, with a further £3.2 billion scheduled.



LOCAL ECONOMY WORTH OVER

**£6.3 billion**

with productivity above the national average.



POPULATION GROWTH OF

**10.9%**

since 2011 (2021 census).



THE TOWN IS HOME TO

**8,800**

businesses, supporting around 93,000 jobs (Luton 2024).

## Key recent projects in the town include:



### Investment into Capability Green

A recent £62 million investment into 300 Capability Green with Leonardo UK Ltd taking 181,750 sq. ft for a term of 25 years.



### Luton Airport Parkway Station

There are 8 trains to Central London every hour. There is an additional planned fleet of 1,100 carriages, increasing passenger capacity by 50%.



### Net Zero Town

By 2026, the town expects to generate 25% of all electricity via renewable sources. Emissions per capita in Luton are currently at 65% of the national average (2.8 tCO2e vs 4.3 tCO2e) and dropping by 3% annually.



### Road Improvement

A completed £30m improvement to J10 of the M1, vastly improving traffic flow to Capability Green and the airport.





London Luton Airport

DART link Parkway to Terminal

Gypsy Lane Retail Park

Luton DART Station

Hampton by Hilton

Luton Parkway Station

Premier Inn

Venue 360 Gym

Wates Group

Marriot Hotel Group & Impellam Group

Astra Zeneca

Innovus Group

easyJet plc

David Lloyd Health & Fitness

Bionic

Regus

Randstad

Greggs

Ernst & Young

Handelsbanken

Selex Galileo (Leonardo UK)

Anritsu

OAG & Axis Systems

Rexam

Luton Hoo Estate Hotel & Golf

500

CAPABILITY GREEN

J10A 0.4 MILES

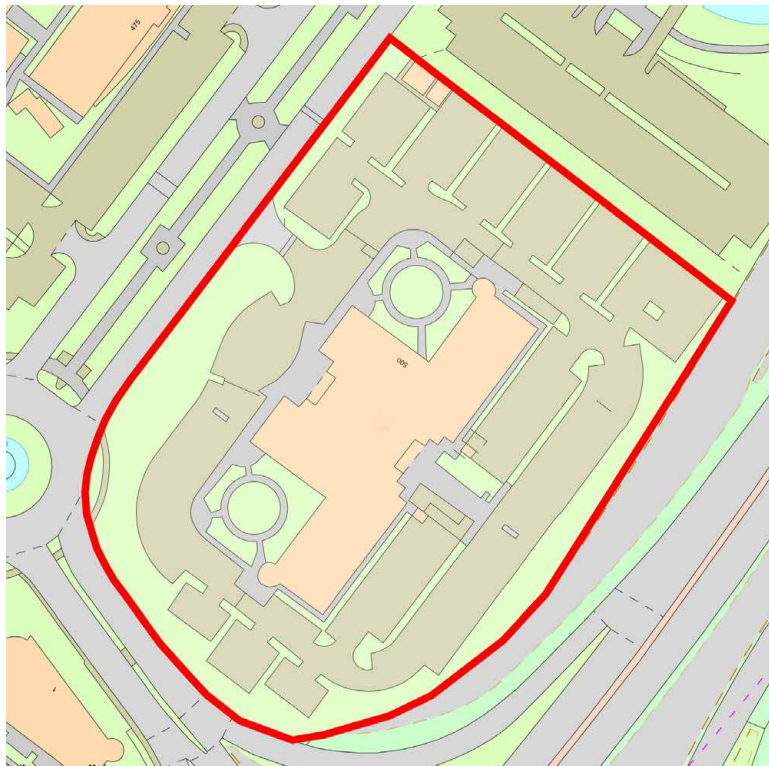


# 500

## Capability Green

The building is scheduled to undergo a substantial refurbishment to provide a Grade A office fully repositioned for the future. The building extends over ground and two upper floors with a full height central atrium entrance.

Originally built in 1989, the building commands a strong position on the park, close to the amenity offering, and boasts 416 car parking spaces reflecting a superb ratio of 1:191 sq. ft.



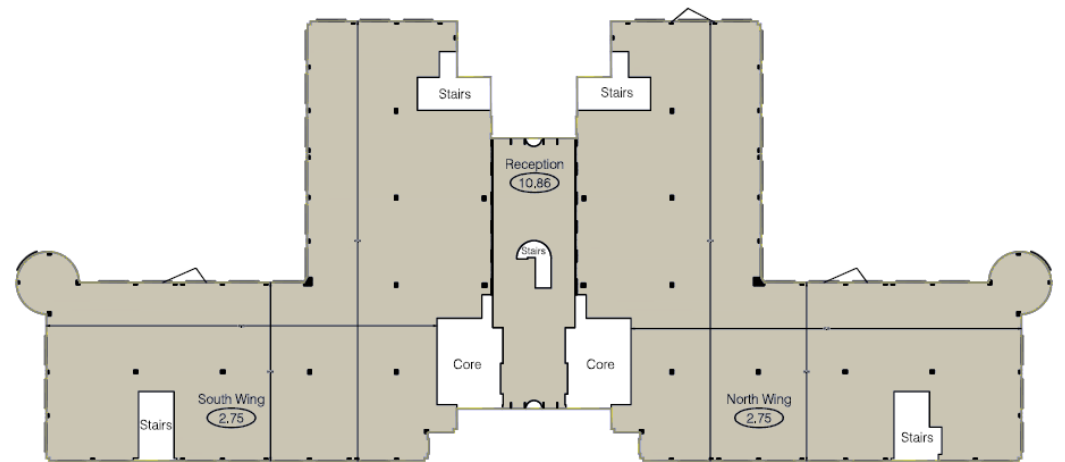
*For indicative purposes only.*

### Building Areas

The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition, 2016) on a NIA basis and in line with IPMS 3 Office areas, in accordance with RICS Property Measurement 1st Edition.

Floor	Use	NIA (sq. m)	NIA (sq. ft)	IPMS-3 (sq. m)	IPMS-3 (sq. ft)
Ground	Reception	208	2,243	209	2,254
	Office	2,421	26,054	2,478	26,678
First	Office	2,436	26,221	2,479	26,687
Second	Office	2,332	25,097	2,438	26,238
<b>Total</b>		<b>7,397</b>	<b>79,615</b>	<b>7,604</b>	<b>81,857</b>

### Typical Floor Layout



### Site Area

2.06 hectares (5.1 acres)

### Tenure

Freehold



# The Refurbishment Specification

Planning permission to be obtained for minor external and internal works. The resulting refurbishment will future proof the office for both tenant and landlord for the next 15+ years. These works are to commence in December 2024 with the CAT A stage planned to be complete by August 2025. A CAT B tenant fit out will follow this.



## Planning use

Class B1 (offices)

Seeking planning for minor external treatments to the building including a reclad entrance, as shown in the CGI.

## Refurbishment Outline

Key elements of the £10.6 million CAT A refurbishment which facilitate a workplace density of 1:8m<sup>2</sup> include:

- **Re-clad of the facade** to create a “feature” entrance.
- Complete **window renovation throughout** - including resprayed frames, new seals and enhanced glazing thickness to increase U-value.
- New **CCTV and secure access control system**.
- New M&E services throughout including
  - **New electric hybrid VRF** heating and cooling system.
  - **Modernised** domestic water supply and plumbing system.
  - New and improved **ventilation system with a fresh air** supply of 14L/s per person and CO2 sensors.
  - **New centralised control** Building Management System.
  - **New HVRF Heat Pump Units**, which can be zoned to allow the sub-letting of office space on a flexible floor-by-floor basis.
- **Fully refurbished** common parts with an enhancement of the full height atrium to incorporate WCs, modern contemporary finishes and a bespoke desk.
- Provision of **6 no. 11kw EV chargers** to existing parking spaces.
- Acoustic measures to **limit noise pollution**, with a max noise rating of NR38 for the base building services in the office and NR40 in the WC areas.
- New roof covering with **enhanced insulation capability** and subsequent financial savings.
- Additional Tenants **CAT B fit-out**
- A summary of the **environmental enhancements** is provided on the next page.

*A comprehensive specification of the agreed works is available in the data room*



# Environmental credentials & improvements

The agreement for lease contains a contractual agreement to improve 500 Capability Green to achieve an EPC B yet, due to the extent of the works, the building is expected to achieve an EPC A as well as a BREEAM 'Very Good' rating. This will result in the building being one of the most sustainable and future proofed assets on the park.

A key attraction of this project for TUI was that the company could refurbish an existing building rather than build new, due to the subsequent environmental benefits.

## TUI'S ENVIRONMENTAL PLEDGE

TUI is the first company in the tourism sector to implement global sustainability standards across its whole portfolio. The company's long term goal is to make tourism a 'force for good' via reducing their environmental footprint as well as maximising their social-economic impact.

### TUI HAS COMMITTED TO:



Achieve net zero emissions by 2050



Enable 20 million customers per annum to take sustainable holidays by 2030



Deliver 25,000 learning hours per year to colleagues on the importance of sustainability by 2025

## SUSTAINABILITY IMPROVEMENTS



Upgraded roof insulation



Provision of LED lighting



6 EV chargers



More efficient domestic water system



Electric hybrid heating and cooling system



Reconfiguration to an electric only building supply and operation system, away from gas



Improved thermal retention of windows



Introduction of enhanced acoustic measures to limit noise pollution



External bike storage provided, plus a range of public transport links in close proximity



Separate external HVRF Heat Pump Units for office space and central atrium



Retained/ refurbished raised access flooring to reduce waste



Installation of motion sensors for lighting system





Reception • Before Refurbishment

# Indicative Refurbishment Timeline

**August 2024**



Agreement for Lease Signed

**October 2024**



Planning Permission Submission for Minor Works

**December 2024**



Commencement of Refurbishment Works

**August 2025**



CAT A Works Complete

**August 2025**



Lease Commencement

**June 2026**



CAT B Tenant Fit Out Complete



# Lease Terms

TUI Travel Limited have signed an agreement for lease to commence once the refurbishment has completed. This FR&I lease is for a term of 15 years with a fixed rental uplift at the end of year 5 (equivalent to 2% pa compounded growth) and an Open Market Rent Review after year 10. This agreement was based upon the IPMS-3 floor areas with 50% of the reception area rentalised.

A breakdown of the agreed rent is illustrated below:

Year 1	£2,329,657 pa - The tenant will benefit from a rent free period equivalent to 27 months' (by way of a half rent payable) which will be 'topped-up' by the vendor.
Year 5	£2,610,823 pa
Year 10	Open Market Rent Review

## Tenant



The building will be fully let to TUI Travel Limited with the parent company, TUI AG, acting as guarantor.

The group have now been based in Luton for around 20 years and 500 Capability Green is set to become their new UK headquarters.

TUI AG was established in 1923 and is one of the world's leading tourism groups, employing over 58,000 people and offering integrated services to circa 19 million customers.

This is via a variety of income streams including 400 hotels and resorts, 16 cruise ships, 5 airlines with more than 130 aircraft and around 1,200 travel agencies with corresponding marketing platform.

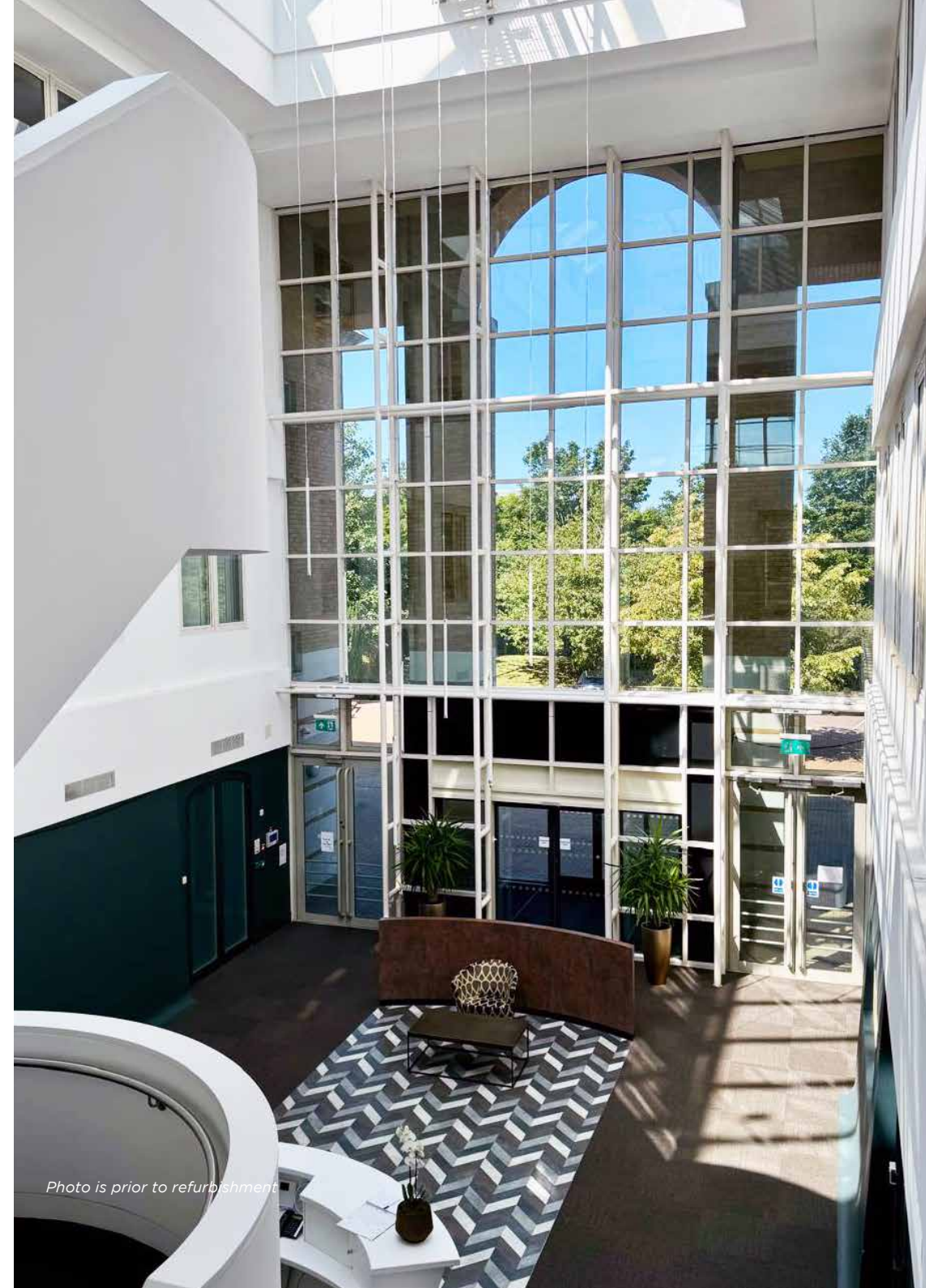


Photo is prior to refurbishment



# Tenant Financials

## TUI Travel Limited



TUI Travel Limited have a **D&B rating of 5A1** and reported a tangible net worth of **£1.53 billion** in FY 2023, an increase of 8% from the previous year.

## TUI AG

TUI have a **D&B rating of 5A2** and act as surety to the lease and reported a profit in their consolidated accounts of €551 million for FY 2023.

See below latest consolidated accounts:

Year Ending	30/09/2023	30/09/2022	30/09/2021
	€ (Millions)	€ (Millions)	€ (Millions)
Turnover	€20,666	€16,545	€4,732
Profit / (Loss) Before Taxes	€551	(€146)	(€2,462)
Shareholders Funds	€1,123	(€142)	(€1,086)

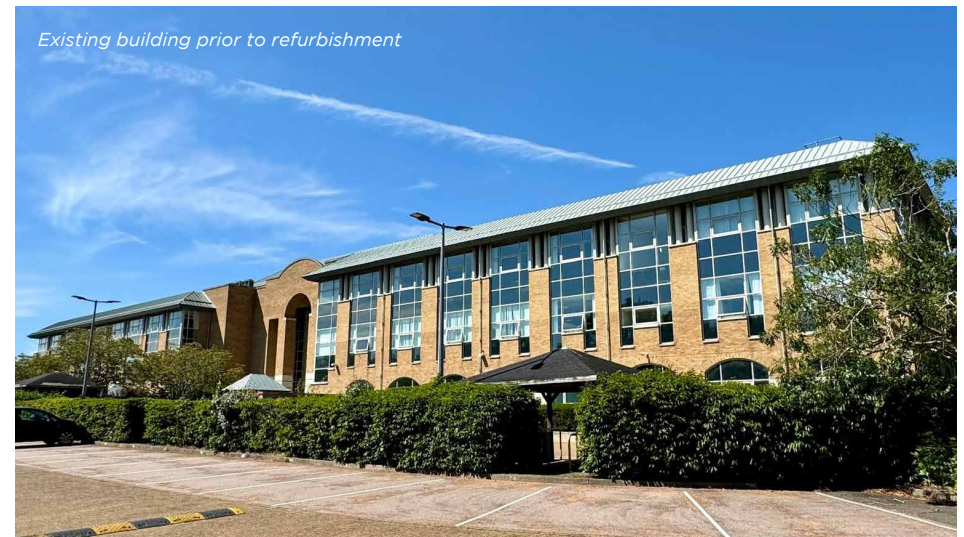
D&B reports for both TUI AG and TUI Travel Limited are available in the data room.

Standard and Poor's have upgraded TUI AG's rating from B to B+ and Moody's have similarly improved the company's rating from B2 to B1 in early 2024.

	Moody's	Standard & Poor's
Rating	B1	B+
Outlook	Positive	Positive

In a recent trading statement, TUI AG anticipate achieving a record revenue in **Quarter 3 2024 of €5.8 billion**, up **9%** on **Quarter 3 2023**, with latest annual turnover already reported in excess of pre-covid levels.

Current projections indicate TUI's revenue will have increased by at least **10%** and EBIT by **25%** prior to FY 2024 year end.





# Further Information

## Estate Charge

Contribution to the estate service charge for the financial year ending December 2024 is £54,122.57 per annum / £0.68 per sq ft (NIA). This is payable by the tenant.

## VAT

The property is elected for VAT.

## Data Room

Access can be arranged by request.

## EPC

The refurbishment has a contractual agreement to achieve an EPC B yet, due to the extent of the works, the building is highly likely to achieve an EPC A as well as a BREEAM 'Very Good' rating.

## Tenure

Absolute Freehold.

## Anti-Money Laundering

In accordance with anti-money laundering regulations identification and confirmation of the source of funding will be required from the successful purchaser.

## Capital Allowances

Further details on application.

# Proposal

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Yields are quoted net of purchaser's costs at 6.8% although we envisage savings can be achieved via an appropriate funding structure.







## Contact

To arrange a viewing, or to obtain access to the data room, please contact:

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