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DROITWICH MEDICAL SPA  
OMBERSLEY STREET, DROITWICH WR9 8RD  
Investment Opportunity

**rabcommercial**

OFFERS IN EXCESS OF  
£15,000,000

PASSING RENT & FEE INCOME  
£839,127 pa

NHS Underwritten Rent

Freehold

Modern, purpose-built medical centre

Prominent Town Centre Location

c. 95% government backed income (GP  
and NHS space rent reimbursed by NHS)

99% effective FRI income by way of  
recoverable Service Charge

Opportunity to acquire SPV



## DESCRIPTION

- Located in Droitwich Spa, adjacent to other medical facilities (including a BMI hospital)
- Situated close to town centre
- Modern, Purpose built medical centre constructed in 2009
- Includes multiple consulting rooms, treatment rooms, minor operating theatre, administration and ancillary accommodation
- GIA 4,117 sqm
- Site area 0.684 acres/ 0.277 ha
- 78 car parking spaces

## TENURE

Freehold

## ENERGY PERFORMANCE CERTIFICATE

Efficiency rating of C

## LOCATION

Droitwich Spa is located in northern Worcestershire in the West Midlands, approximately 20 miles south west of central Birmingham and 5 miles north of Worcester.

Droitwich Medical Centre is located close to the town centre adjacent to a police station. It benefits from being in close proximity to other medical premises (including BMI The Droitwich Spa Hospital and a private diagnostic facility), as well as St Andrews Square Shopping Centre and other local retailers and amenities.

The town enjoys good road access onto the M5 motorway (junction 5) which is located two miles to the north (c. 5 minutes drive time).

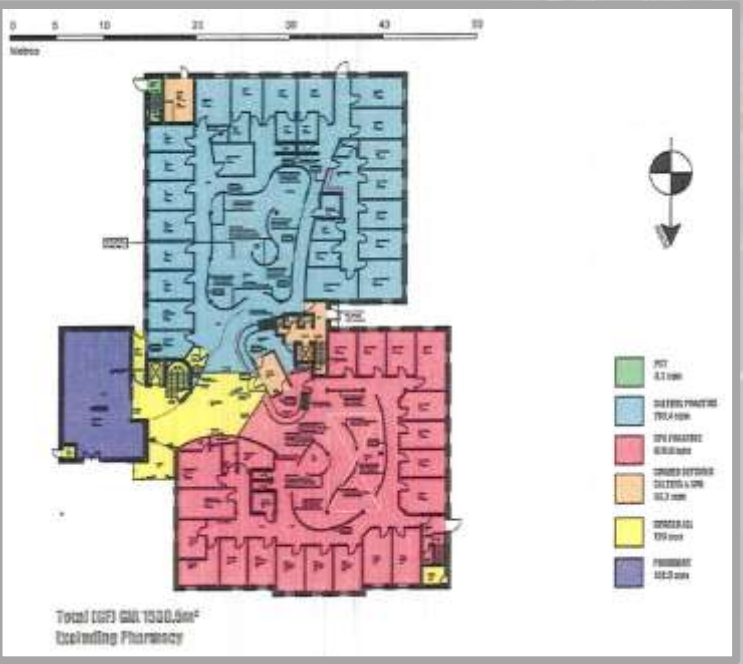
Droitwich Spa railway station is 5 minutes walk from the property, with services to Birmingham New Street in around 30 minutes.



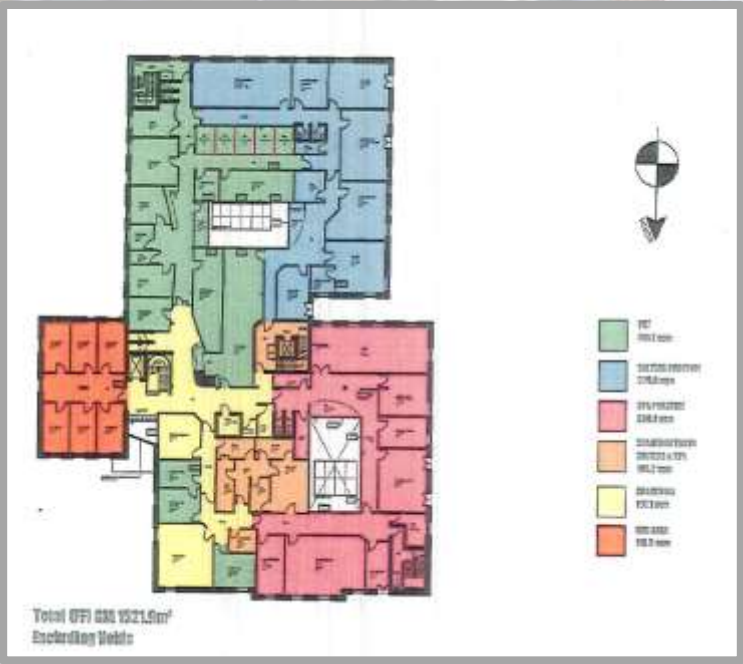
### Accommodation Schedule

Floor	Sq ft (GIA)	Sq m (GIA)	Sq ft (NIA)	Sq m (NIA)
Ground	17,578	1,633	15,692	1,458
First	16,382	1,522	15,799	1,468
Second	10,368	963	8,707	809
<b>Total</b>	<b>44,327</b>	<b>4,118</b>	<b>40,198</b>	<b>3,734</b>

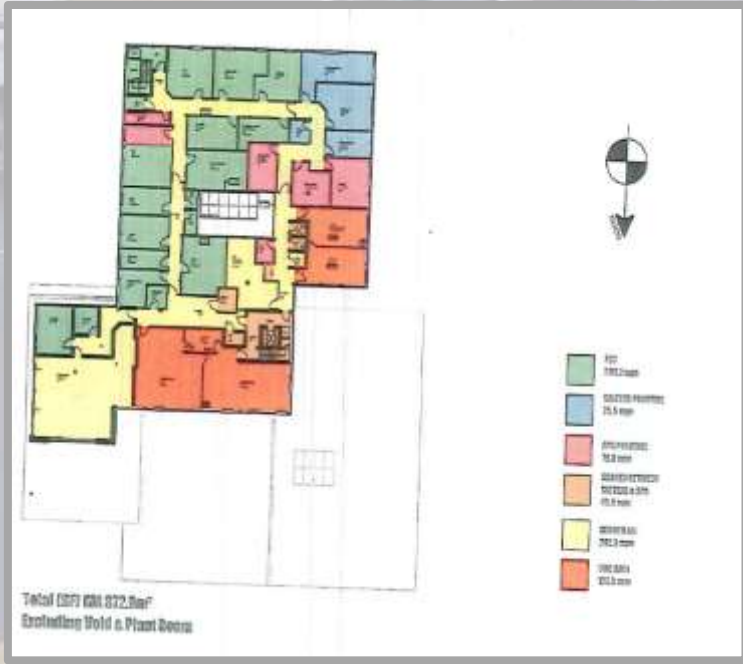
**GROUND FLOOR**



**FIRST FLOOR**



**SECOND FLOOR**



## Income Profile

The NHS reimburse rents for space in the building occupied by both GP tenants (Salters and Spa) and Worcestershire Health and Care NHS Trust (formerly Worcestershire Primary Care Trust). This accounts for approximately 95% of the building's total floor area.

Worcestershire Health and Social Care NHS Trust (WHSCNT) pay a peppercorn rent under the existing lease terms. In lieu of this, and following agreement with the District Valuer and Worcestershire Primary Care Trust in 2009, the two GP practices pay an increased rent to reflect the WHSCNT rental shortfall during the 25 year term.

All occupants pay an additional service charge with the exception of Worcestershire Acute Hospitals NHS Trust which pays a fixed licence fee inclusive of service charge.

## Occupational Details

The majority of the building is let to four tenants on long leases with additional space subject to five licences as detailed in the schedule below:

Tenant	Current Rent	GIA (sq m)	NIA (sq m)	Term	Term Start	Term Expiry	Agreement	Rent Reviews
Salters Medical Practice	382,968	1284	1112	33 years	26.09.2008	25.09.2041	Lease	First review 2033 to Best Clear Annual Rent & 3 yearly thereafter the reviewed rent shall not lower than (a) 268,553 if PCT renewed lease or (b) 223,624 if PCT terminate lease
Spa Medical Practice	368,540	1240	1069	33 years	26.09.2008	25.09.2041	Lease	First review 2033 to Best Clear Annual Rent & 3 yearly thereafter the reviewed rent shall not lower than (a) 258,435 if PCT renewed lease or (b) 215,199 if PCT terminate lease
Worcestershire Home & Care Trust	Peppercorn	793	727	25 years	26.09.2008	25.09.2033	Lease	N/A
Droitwich Pharmacy Ltd	32,619	102	102	25 years	26.09.2008	25.09.2033	Lease	3 yearly rent reviews increasing 9.2727% (3% pa compounded)
RCCP	15,000	116	116	1 year	01.10.2018		Licence	Rolling Licence
Scrivens	16,000						Service Agreement	Rolling Agreement – estimated income
Acute Home Oxygen	7,000	26	26	1 year	01.12.2012		Licence	Rolling Licence
Droitwich Pharmacy	5,000	26	26	1 year	01.11.2018		Licence	Rolling Licence
Insight Solutions	12,000	147	147	5 years	01.01.2017	31.12.2022	Licence	3 yearly increasing 9.2727% (3% pa compounded)
<b>TOTAL</b>	<b>839,127</b>	<b>3734</b>	<b>3325</b>					

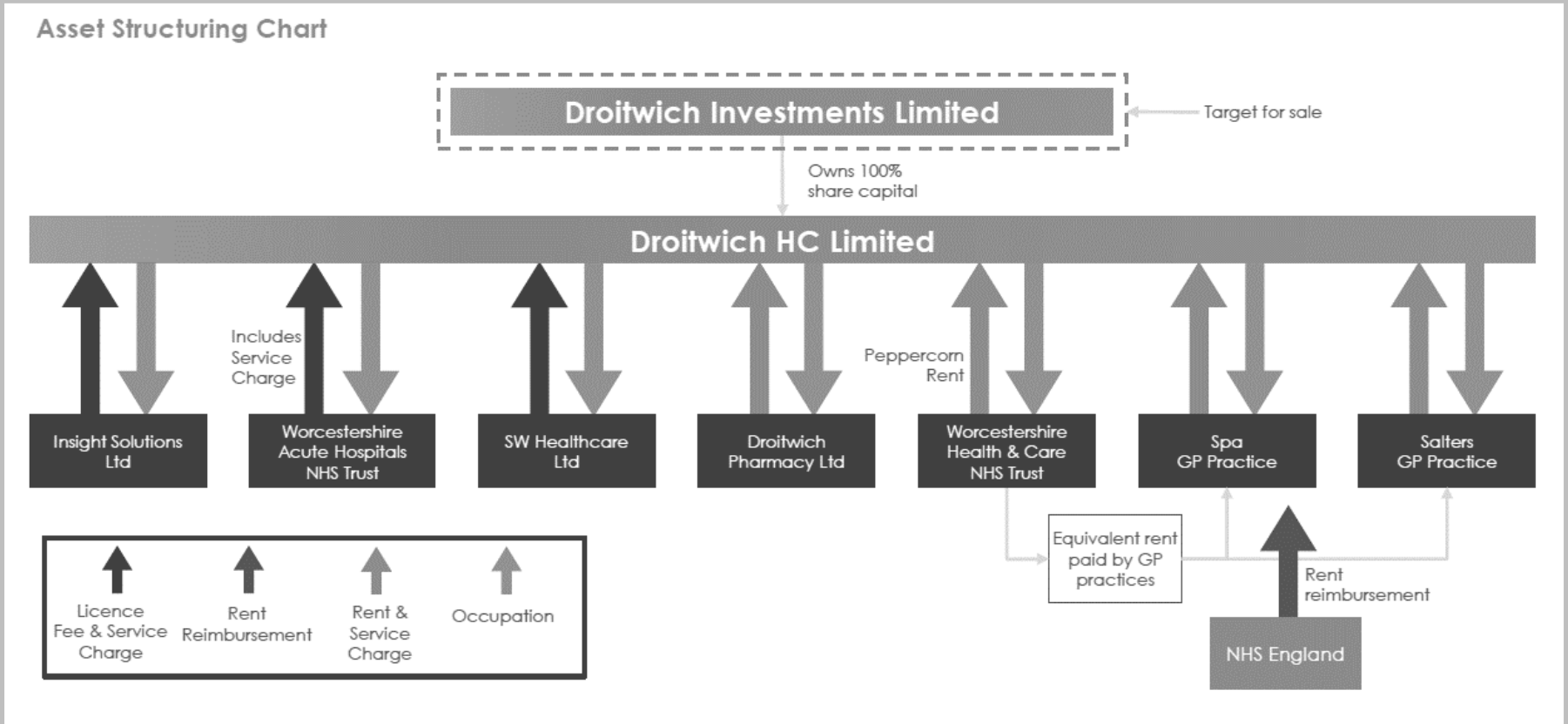
## NHS Underwritten Rent

## VAT

The asset is elected for VAT. However, no VAT is charged to the two GP tenants who provide exempt services because the option to tax is dis-applied under anti-avoidance legislation. Droitwich Investments Limited is not VAT registered.

## Asset Ownership

Upon completion of this transaction, Droitwich Investments Limited (09374536) will own 100% of the issued share capital of Droitwich H.C. Limited. The Freehold is 100% owned by Droitwich H.C. Limited (05791416) who is Landlord and Licensor.



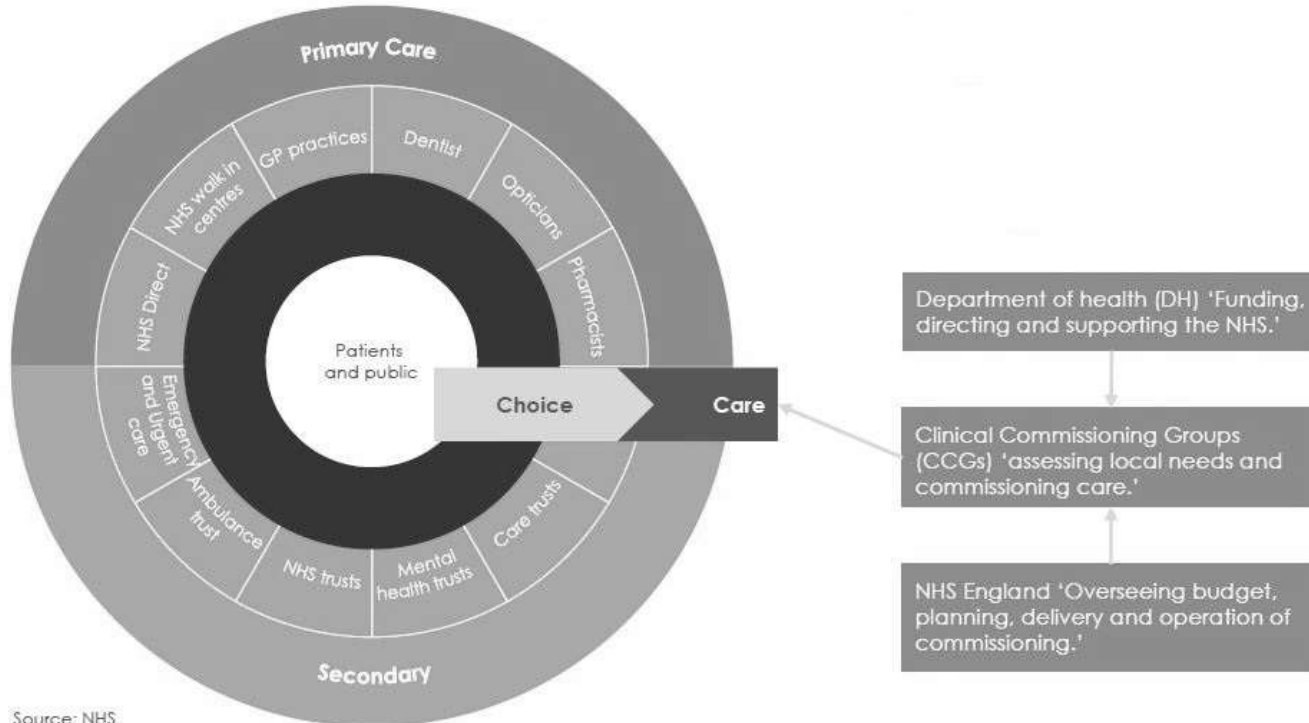
## Primary Healthcare Sector

### Estates and Technology Transformation Fund ('ETTF')

The NHS England's Primary Care Transformation Fund (since renamed to the Estates and Technology Transformation Fund) was created with £1 billion of capital to improve GP facilities and technology in England between 2015-2016 and 2019-2020. The total investment from the 2015-2016 tranche of funding was £190 million. Proposed schemes go through detailed due diligence checks including assessing whether the schemes comprise value-for-money and are feasible.

### Primary Care

Primary care (i.e. treatment not necessitating an overnight stay) is the entry point to the public healthcare system for most non-acute health users. It includes General Practitioner (GP) surgeries and larger medical facilities as well as dental, pharmacy and social/mental healthcare services within a primary care setting. The majority of non-acute medical and mental healthcare is commissioned locally through the primary care route, with treatment mainly carried out in community facilities or acute hospitals. 207 clinical commissioning groups (CCGs) commission services in England across approximately 7,500 GP practices. CCGs are NHS organisations that were established under the Health and Social Care Act 2012 to organise NHS service delivery in England and control some 80% of the NHS budget. Since 2000 there has been a movement towards agglomerating various primary healthcare services in some localities within a single building (sometimes referred to as 'polyclinics') which typically include multiple GP practices, a pharmacy, dentists and other healthcare services such as podiatry, physiotherapy, paediatrics as well as local community services.



Source: NHS

## Primary Healthcare Sector Leases and Covenant Strength

The rental income of primary care premises let to NHS bodies and GP tenants is considered highly secure and is reflected in the market's valuation of such premises. Leases direct to GP practices are underpinned by rent reimbursement from the NHS, in line with the General Medical Services Premises Costs Directions 2013. New leases for GPs held by the major and/or experienced sector investors are typically 20 to 25 years in length, with 3 yearly market rent reviews, usually assessed against comparable regional transactional evidence.

Leases are generally on Tenant Internal Repairing (TIR) terms with a circa 5% premium above market rent to reflect the external repairing risk transfer. Some leases are on full repairing and insuring (FRI) terms or FRI-effectives leases by way of a recoverable service charge.

There is considered limited risk of over-supply or competition amongst GP facilities due to strict NHS controls on new developments (both NHS funded or third party-funded for letting to GPs) and the limiting of GP provision to around 1,800 patients per doctor.





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## FURTHER INFORMATION

FOR FURTHER DETAILS PLEASE CONTACT:

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