

GREEN INVESTMENT OPPORTUNITY

PURITON SOLAR PARK
LAND WEST OF HUNTSPILL ENERGY PARK, TA7 8BY

Indicative image, not the subject property.

alder king

PROPERTY CONSULTANTS

INVESTMENT SUMMARY & MARKET

INVESTMENT
SUMMARY

Investment Summary

- ◆ A unique 'Green Investment' opportunity
- ◆ 31 acre solar park in Puriton, Somerset
- ◆ New 35 year lease from 2011 to Puriton Solar Ltd (subject to a TBO at year 26)
- ◆ Current rent of £75,000pa subject to annual RPI linked rent reviews
- ◆ The tenant has secured FiT accreditation for the site, generating an estimated £1.5 million in revenue per annum
- ◆ The tenant has spent approximately £14 million in developing the park
- ◆ Offers are sought in the region of **£886,000** reflecting an attractive net initial yield of **8%**

The Solar Market / Feed in Tariff

As part of the UK Government's strategy to reduce carbon emissions and reliance on fossil fuel/nuclear energy, they introduced the Feed in Tariff (FiT) scheme in April 2010 to act as an incentive to develop photovoltaic (PV) solar installations. Through the FiT scheme, the government committed to provide an annual guaranteed payment to the developer for every kilowatt hour (kWh) of electricity generated by the installations for up to 25 years. The amount paid per kWh depends on the size of the installation.

The Government's recent changes to the FiT have diluted the benefits but developers who secured FiT accreditation prior to these changes remain unaffected and will benefit from the higher tariff for 25 years. The FiT accreditation for this site was achieved before the rate cuts were applied.

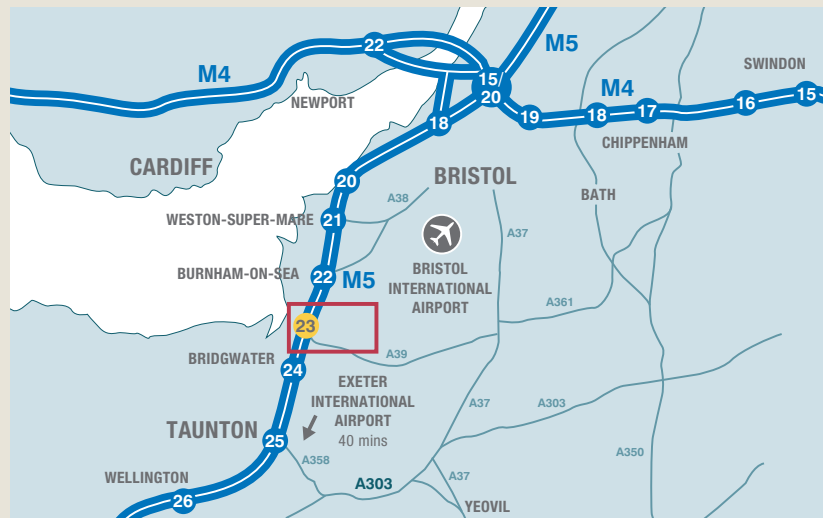
LOCATION & SITUATION

LOCATION

Location

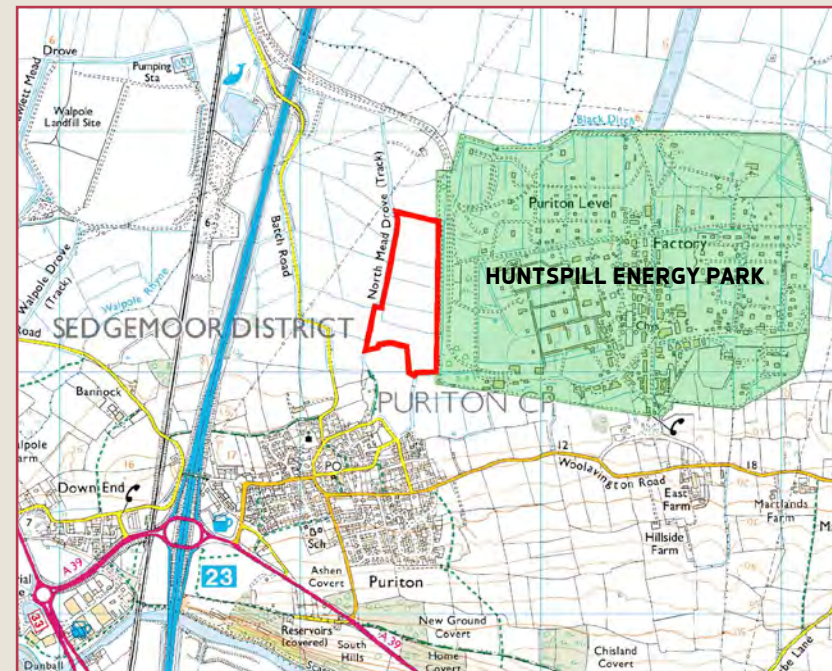
The site is located in Puriton, Somerset, approximately 6 km (4 miles) north east of Bridgwater and 24 km (15 miles) north east of Taunton.

The site is accessed from Woolavington Road which forms the main road link between the villages of Puriton and Woolavington. Woolavington Road links with the main A39 which provides access to Junction 23 of the M5 Motorway approximately 1.5 km (1 mile) away.



Situation

The property is situated on the northern fringe of Puriton village, bounded by agricultural land to the west and Huntspill Energy Park to the east, as shown on the plan below.



HUNTSPILL ENERGY PARK & PROPERTY

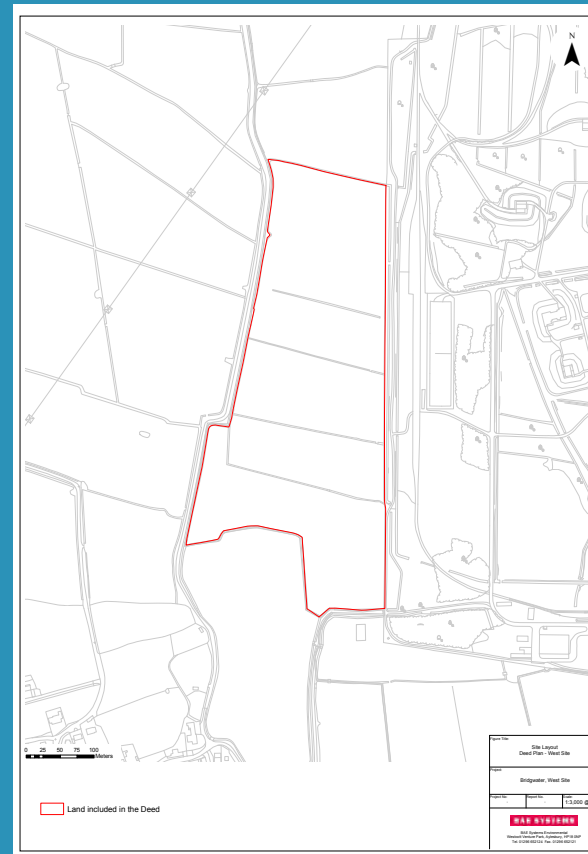
Huntspill Energy Park

Huntspill Energy Park, formerly the Royal Ordnance Factory, has been the subject of ongoing discussions between BAE Systems and Sedgemoor District Council since its closure in 2008. The Energy Park was initially allocated as such within the Sedgemoor District Council Core Strategy document in 2009. The designation as an Energy Park was further confirmed by the formal adoption of a Supplementary Planning Document (SPD) in March 2012. This documents sets out a framework for the delivery of up to 90 Ha (222 acres) of energy related employment and B1, B2 and B8 employment related uses. Development of the Energy Park will now be progressed by BAE Systems in the form of an outline planning application building on the principles of the SPD to be submitted in the summer of 2012. If successful, BAE Systems will then commence construction of a new access road and disposal of serviced plots to developers and occupiers during 2013. For further information please visit www.huntspillenergypark.com

HUNTSPILL ENERGY PARK

The Property

The property comprises approximately 12.61 Ha (31.17 acres) of former agricultural land which accommodates a photovoltaic solar park comprising approximately 20,000 solar PV panels generating approximately 4.22MW of power.



TENURE, PLANNING, VAT & TENANCY

Tenure

Freehold

Planning

In 2011 the site received planning permission for a change of use from agricultural land to Sui Generis and installation of a solar photovoltaic park. More information is available from Sedgemoor District Council; refer to planning application reference numbers 42/10/00030 and 42/11/00014.

VAT

The property is VAT elected, however it is anticipated that the sale will be treated as a Transfer of a Going Concern (TOGC).

Tenancy

The property is let in its entirety to Puriton Solar Ltd (Formerly BNRG Puriton Ltd) for a term of 35 years from 16 August 2011, expiring 15 August 2046. The lease is subject to a tenant break option on the expiry of the 26th year of the term, on providing 12 months notice.

The initial rent is **£75,000pa** subject to annual upward only rent reviews to the greater of:

1. THE PRINCIPAL RENT

The rent passing immediately prior to the relevant review date

2. THE FIT RENT

The increase in FiT payment since last review (currently linked to uncapped RPI)

3. THE RPI RENT

The increase in RPI capped at 5% per annum (only applicable if the FiT payment ceases to be linked to RPI)

TENURE,
PLANNING &
TENANCY



Indicative images, not the subject property.

PURITON SOLAR PARK Land West of Huntspill Energy Park, TA7 8BY

COVENANT INFO, PROPOSAL & FURTHER INFORMATION

Covenant information

Puriton Solar Ltd is a newly formed SPV and there is therefore no financial information available. However, the income stream represents a very secure investment in light of the following key considerations:

- Puriton Solar Ltd secured FiT accreditation for the site in October 2011 which will run for a minimum of 25 years generating an estimated revenue of **£1,500,000pa** (based on £340,000 per MW per year, index linked to RPI). The rental liability of £75,000pa is therefore at a very sustainable level representing approximately 5% of the annual revenue generated from the site.
- The tenant is fully committed to the site and has installed equipment at a total cost of approximately £14million.
- A 12 month rent deposit amounting to £75,000 + VAT is held by solicitors.

Proposal

Offers are sought in the region of **£886,000 (Eight Hundred and Eighty Six Thousand Pounds)**. A purchase at this level would reflect a net initial yield of 8% after allowing for purchasers costs at **5.8%**.

Further information

For further information or to arrange an inspection please contact the sole agents.

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Subject to contract and Exclusive of VAT. OJS/GJO/73996 June 2012.

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