Thames Valley Park, Reading

Exceptional redevelopment opportunity on one of the premier business parks in the South East
INVESTMENT SUMMARY

- Two vacant headquarter office buildings totalling 155,565 sq ft (NIA) with a further circa 4 acre site offering exciting development potential.
- Thames Valley Park is internationally recognised as one of Reading’s best-located and most mature business parks.
- Opportunity to refurbish buildings 4 & 5 and develop out plot 6 to create a market leading office campus to provide high quality space to the Reading market that has very favourable supply/demand dynamics.
- Attractive underlying residual alternative use value (subject to planning).
- Thames Valley Park is home to a broad range of global and domestic occupiers.
- Reading is the commercial business capital of the Thames Valley and the largest town in the south east outside of Central London.
- The University of Reading is in the world’s top 1%. Over 42% of the local population have been educated to degree level or above, one of the UK’s highest figures, and most graduates stay locally to pursue careers.
- Freehold.
- Vacant Possession will be provided on completion of the sale.
- Quoting in excess of £26,500,000 (Twenty Six Million Five Hundred Thousand Pounds) for the freehold interest reflecting an attractive low capital value of £164 per sq ft on the offices and £1m per acre for Plot 6.
CREATE AN INSPIRING ENVIRONMENT

Exciting opportunity to refurbish buildings 4, 5 and build out Plot 6 to create a market leading office campus providing outstanding office space to the Reading market that currently has very favourable supply/demand dynamics.

Computer generated image showing enhancement to the Building 4 Pavilion café.
Enhance Buildings 4 & 5 to create inspiring public realm, seamlessly linking the office buildings with the surrounding park landscape, with the opportunity of promoting a new green agenda.
Opportunity for Plot 6 to be developed as a ‘Market Square’ to host food markets, sports activities and outdoor events.

Reinforcing the green tech style and biophilic architecture, links between the building entrance and existing parkland are enhanced with the creation of direct routeways and improved public realm. The local ‘village green’ provides external seating, outdoor gym and views of the lake.
The campus has unrivalled accessibility by road, rail and air.

Reading is the commercial business capital of the Thames Valley and the largest town in the south east outside of Central London. The town has easy access to the M4 motorway at Junctions 10, 11 and 12 that provides connections to the rest of the UK and Heathrow Airport, the busiest airport in Europe and the world’s third busiest airport with over 475,000 flights a year.

Reading town centre is easily accessible with a free TVP bus service for occupiers, linking Reading station directly to the Park.
Thames Valley Park is a high-tech business park totalling 1.8 million sq ft that was originally developed by Argent in the late 1990’s in phases and is home to a number of key global businesses, namely Oracle, Sanofi, Hewlett Packard, Jelf, Computacentre, Faraday, Murdoch and Open Text.

Current availability on Thames Valley Park stands at 324,367 sq ft of which the majority is across 5 buildings, namely Mistral, Faraday, Murdoch, Hutton and TVP1. TVP1 is currently being refurbished but the remaining is lower quality space.

Take up in the last 12 months stands at 100,605 sq ft which has reinvigorated activity on Thames Valley Park. Sanofi recently leased the whole of the newly refurbished, 410 Thames Valley Park owned by RLAM at £31.50 psf on a 10 year lease with 24 months’ rent free. Spear Street Capital acquired TVP 1&2 from BMO and they let 28,000 sq ft to Hewlett Packard at £30.00 psf on a 10 year lease, with a 5th year break with 18 months’ rent free.

Thames Valley Park is home to a tenant mix comprising an array of international brands attracting a truly global investor audience.

80 acres of park, water meadows and nature reserve along the River Thames

22 acre commercial business park comprising 19 office buildings and approximately 1.8 million sq ft of space

World renowned and diverse occupier line up highlighting the attractions of TVP

Existing amenity includes David Lloyd Leisure Centre, Benugo’s, Nursery and Creche, a weekly street food market and Wokingham Waterside Centre.
Buildings 4 & 5 were developed in 2003 and 2007 respectively, and combined with Plot 6 they occupy a prominent location within the eastern part of Thames Valley Park.

The two office buildings comprise a total of 155,565 sq ft NIA. Plot 6 is an undeveloped c.4 acre site with substantial development potential (Subject to Planning).

They are designed with a large central atrium, with a U shaped floor plate, and basement grade + car park to the rear.

Both buildings will be offered with the benefit of vacant possession upon sale.

Car Parking

Building 4 benefits from 270 car parking spaces, providing a ratio of 1:257 sq ft on NIA office accommodation.

Building 5 benefits from 272 car parking spaces, providing a ratio of 1:269 sq ft on NIA office accommodation.

Plot 6 currently has a temporary car park providing an additional 98 car parking spaces.

This provides a total of 640 car parking spaces.

The properties have been measured by Plowman Craven in accordance with the RICS Code of Measuring Practice (Sixth Edition) and provides the following approximate Net Internal Areas:

### Building 4

<table>
<thead>
<tr>
<th>Floor</th>
<th>NIA (Sq Ft)</th>
<th>NIA (Sq M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3rd</td>
<td>15,462</td>
<td>1,436.50</td>
</tr>
<tr>
<td>2nd</td>
<td>16,986</td>
<td>1,578.10</td>
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<tr>
<td>1st</td>
<td>16,964</td>
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<tr>
<td>Ground Office</td>
<td>16,048</td>
<td>1,490.90</td>
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<tr>
<td>Cafe</td>
<td>1,355</td>
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<tr>
<td>Atrium</td>
<td>2,345</td>
<td>217.90</td>
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<tr>
<td>Basement Storage</td>
<td>220</td>
<td>19.50</td>
</tr>
<tr>
<td>Total</td>
<td>69,370</td>
<td>6,442.90</td>
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</table>

### Building 5

<table>
<thead>
<tr>
<th>Floor</th>
<th>NIA (Sq Ft)</th>
<th>NIA (Sq M)</th>
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<tbody>
<tr>
<td>3rd</td>
<td>18,059</td>
<td>1,677.70</td>
</tr>
<tr>
<td>2nd</td>
<td>19,139</td>
<td>1,778.10</td>
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<tr>
<td>1st</td>
<td>19,283</td>
<td>1,791.50</td>
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<tr>
<td>Ground</td>
<td>16,773</td>
<td>1,558.30</td>
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<tr>
<td>Reception</td>
<td>3,239</td>
<td>300.90</td>
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<tr>
<td>Atrium</td>
<td>2,477</td>
<td>220.30</td>
</tr>
<tr>
<td>Ancillary</td>
<td>332</td>
<td>30.80</td>
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<tr>
<td>Basement</td>
<td>2,371</td>
<td>220.30</td>
</tr>
<tr>
<td>Gym</td>
<td>4,542</td>
<td>422.00</td>
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<tr>
<td>Total</td>
<td>86,215</td>
<td>8,009.70</td>
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</table>

Plot 6

Located to the north of Building 5, this circa 4 acre site remains undeveloped except for a temporary car park. The Local Plan has this site currently designated for employment uses.

Title Number: BK262386. We understand the whole site area provides: 11.47 acres, 4.64 hectares.
THE EVOLUTION OF BUSINESS PARKS

Crucially, the main industries highlighted for future growth in the UK and the South East typically derive from a technology or research background. This means that the ‘clustering’ tendency supporting business parks will amplify moving forward.

An amenity rich environment is recreating the business park environment which is now capable of supporting and retaining talent.

In the South East, business parks have typically accounted for 60% of occupier activity over the longer term.

In Chiswick Park - an exemplar of an amenity rich, occupier focused business campus.

The work environment enables social and creative interactions, emanate vibrancy and is a place to meet and exchange ideas, rather than simply a tool of production.

Business Parks are evolving to become amenity rich, service focused, well-connected places where business eco systems are formed.
THE WORLD OF THE OCCUPIER

TAPPING INTO TALENT

- We are seeing more and more tech and creative talent move towards affordable, well-connected and amenity-rich locations.
- Occupiers are pro-actively identifying where this talent concentrates and settling there rather than in locations that simply provide financial incentives or a historical connection.
- Reading’s success has been built on its scientific and technological expertise and 42% of the local population has been educated to degree level or above.
- As a result, Reading has three times the number of tech companies than average and this figure is rising, making it the number one tech cluster in the UK.

OFFICE ENVIRONMENTS HAVE NEVER BEEN MORE IMPORTANT

- 87% of global corporate leaders surveyed by Knight Frank* identify real estate as a strategic device for their businesses in order to gain a competitive advantage.
- They use effective real estate solutions in order to:
  - Enhance productivity
  - Attract and retain talent
  - Improve their brand and image
  - Reduce costs
  - Increase collaboration
  - Improve employee wellness
- Business leaders have a growing appreciation of the role of real estate and therefore have a different attitude towards the cost and the complexity of these decisions.

SPACE-AS-A-SERVICE

- The digital age places greater emphasis on understanding and engaging with customers through the analysis and application of data.
- Customer-centric services and flexible solutions are all the more important in order to provide a superior customer service.
- Commercial real estate is not much different, as the space-as-a-service model continues to become the new reality.
- The recent co-working boom of 2017 best exemplifies this.
- Unlike traditional office space, space-as-a-service models have a clear understanding of the requirements of a customer A.K.A the occupier.
- Thames Valley Park offers a flexible environment with the opportunity to provide a mix of conventional and more flexible space and a tailored service and amenity provision.

TOP FIVE STRATEGIC AGENDA ITEMS BEST SUPPORTED BY REAL ESTATE

<table>
<thead>
<tr>
<th>Rank</th>
<th>Agenda Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Talent management (attraction &amp; retention)</td>
</tr>
<tr>
<td>2</td>
<td>Corporate brand &amp; image</td>
</tr>
<tr>
<td>3</td>
<td>Cost reduction</td>
</tr>
<tr>
<td>4</td>
<td>Increased collaboration</td>
</tr>
<tr>
<td>5</td>
<td>Employee wellness</td>
</tr>
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</table>

*Knight Frank Research Your Space magazine 2019.

READING - ONE OF THE UK’S MOST EXCITING AND DYNAMIC COMMERCIAL CENTRES

Reading

- Talent pool of 7 million highly skilled workers
- 11 of the world’s top 15 tech companies are located in Reading

Home to 13 of the world’s top 30 brands

No. 1 - Fastest growing UK city

Reading

- 11 of the world’s top 15 tech companies are located in Reading
- Home to 13 of the world’s top 30 brands
- Thames Valley Park offers a flexible environment with the opportunity to provide a mix of conventional and more flexible space and a tailored service and amenity provision.

*Knight Frank Research Your Space magazine 2019.
Reading is the principal commercial centre and business heart of the Thames Valley and has a total office stock of 10.8 million sq ft, continually outperforming the other major South East centres. The Elizabeth Line connectivity continues to be a lure for a diverse range of occupiers, but the ongoing evolution of Reading as a technology cluster remains the mainstay of activity. The attraction of a diverse graduate population, transport connections, excellent retail and leisure amenities, plus a broad range of residential accommodation is key to the success of the office sector.

Take-Up/Demand

Reading has the highest average annual take-up of any South East town and continues to have very favourable supply/demand dynamics with a lack of available new Grade A space. Take-up over the last 12 months was £26.2270 sq ft which is 24% up on the 5-year average of 476,000 sq ft. H1 2019 take up has been more subdued reaching 188,140 sq ft. 60% of this take up was in the out of town market. Due to the diminishing supply of good quality space, we anticipate H2 2019 to see take up improvements in line with the 5-year average.

Supply

Reading Grade A current supply stands at 991,000 sq ft. The reducing level of Grade A office space in the Reading Market is due to consistent high levels of tenant demand and further supply erosion through permitted development with over 1.26 million sq ft of office space converted to residential. With over 1.5 million sq ft of office space subject to a lease event between now and the end of 2021, we expect this available space to be absorbed further compressing the current vacancy rate of 10.9%.

Speculative Development

In 2017, office development in the South East reached its peak of the latest cycle. Development completions exceeded 3.5 million sq ft, of which 2.4 million was speculative. This represented the highest development total for more than 15 years. Since then, development activity has reduced significantly. In 2018, just 840,000 sq ft of speculative space was developed.

In Reading, there is only 270,000 sq ft under construction and we anticipate 44,000 sq ft to be delivered in 2019. The remaining 225,000 sq ft is due to be delivered in 2021.

Active Demand

Knight Frank are tracking 5.15 million sq ft of active demand (60,000 sq ft+) across the wider South East market, with 2.8m sq ft active in the Thames Valley, of which, approximately 50% are considering Reading as a key location for their business relocation.

Rents

Prime headline rents for the best quality space in Reading town centre is currently £38.00 per sq ft, achieved in Thames Tower to Ericsson (Q1 2018). Within the out of town market, rents range from £36.00 per sq ft on Green Park and £33.50 per sq ft on Thames Valley Park. Knight Frank predict rents on Thames Valley Park to rise up to £35.00 per sq ft by 2022.

Recent relevant occupational comparable transactions below:

<table>
<thead>
<tr>
<th>Property</th>
<th>Tenant</th>
<th>Size (Sq Ft)</th>
<th>Rent (£psf)</th>
<th>Lease Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>RPlus</td>
<td>Moore Stephens</td>
<td>19,584</td>
<td>£35.75</td>
<td>10 yrs</td>
</tr>
<tr>
<td>5 Forbury Place</td>
<td>Iqvia Ltd</td>
<td>56,399</td>
<td>£31.00</td>
<td>10 yrs</td>
</tr>
<tr>
<td>2 Forbury Place</td>
<td>KPMG</td>
<td>43,864</td>
<td>£37.50</td>
<td>15 yrs</td>
</tr>
<tr>
<td>Thames Tower</td>
<td>Ericsson Ltd</td>
<td>30,032</td>
<td>£38.00</td>
<td>10 yrs, 5yr break</td>
</tr>
<tr>
<td>500 Brook Drive</td>
<td>Virgin Media (Sub Tenant)</td>
<td>121,350</td>
<td>£28.75</td>
<td>10 yrs</td>
</tr>
<tr>
<td>Space, Reading International</td>
<td>Symantec Ltd</td>
<td>25,349</td>
<td>£33.50</td>
<td>10 yrs, 5yr break</td>
</tr>
<tr>
<td>TVP2</td>
<td>Hewlett Packard</td>
<td>28,929</td>
<td>£30.00</td>
<td>10 yrs, 5yr break</td>
</tr>
<tr>
<td>410 Thames Valley Park</td>
<td>Sanofi</td>
<td>71,676</td>
<td>£31.50</td>
<td>10 yrs</td>
</tr>
<tr>
<td>250 Longwater Ave, Green Park</td>
<td>Extreme Networks</td>
<td>16,370</td>
<td>£36.50</td>
<td>10 yrs</td>
</tr>
</tbody>
</table>
Estate Charge
Information available upon request.

Surveys
Assignable Building, M&E and Measured Surveys available in the data room.

VAT
We understand that the property will be treated as a Transfer of a Going Concern for VAT purposes.

Tenure
Freehold.

Data Room
Access available upon request.

Energy Performance Certificate
The EPCs for each building are held on the data room.

Proposal
Offers are sought in excess of £26,500,000 (Twenty Six Million Five Hundred Thousand Pounds). A purchase at this price would reflect a low capital value of £144 per sq ft on the office accommodation and £1m per acre on Plot 6.

Subject to Contract and exclusive of VAT

For further information or to arrange an inspection please contact any of the following:

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FURTHER INFORMATION

• Reading is the premier league Thames Valley town.
• Occupier endorsements – Sanofi, HP, Ericsson and Virgin Media all recently relocated to TVP and Reading from surrounding markets.
• TVP is well placed to capitalise on the growth in the Next Wave Technology sector – positioned as the best tech campus in the UK.
• TVP has a mature and established environment.
• Recent investor activity in TVP supports the future vision for the park and demonstrates commitment.
• With the right amenity and service provision, there remains significant rental growth potential.
• Building 4 & 5 (and Plot 6) can become a self-contained campus on TVP, and positioned as the heartbeat of the whole park.
• Underlying long term alternative use potential (STP).