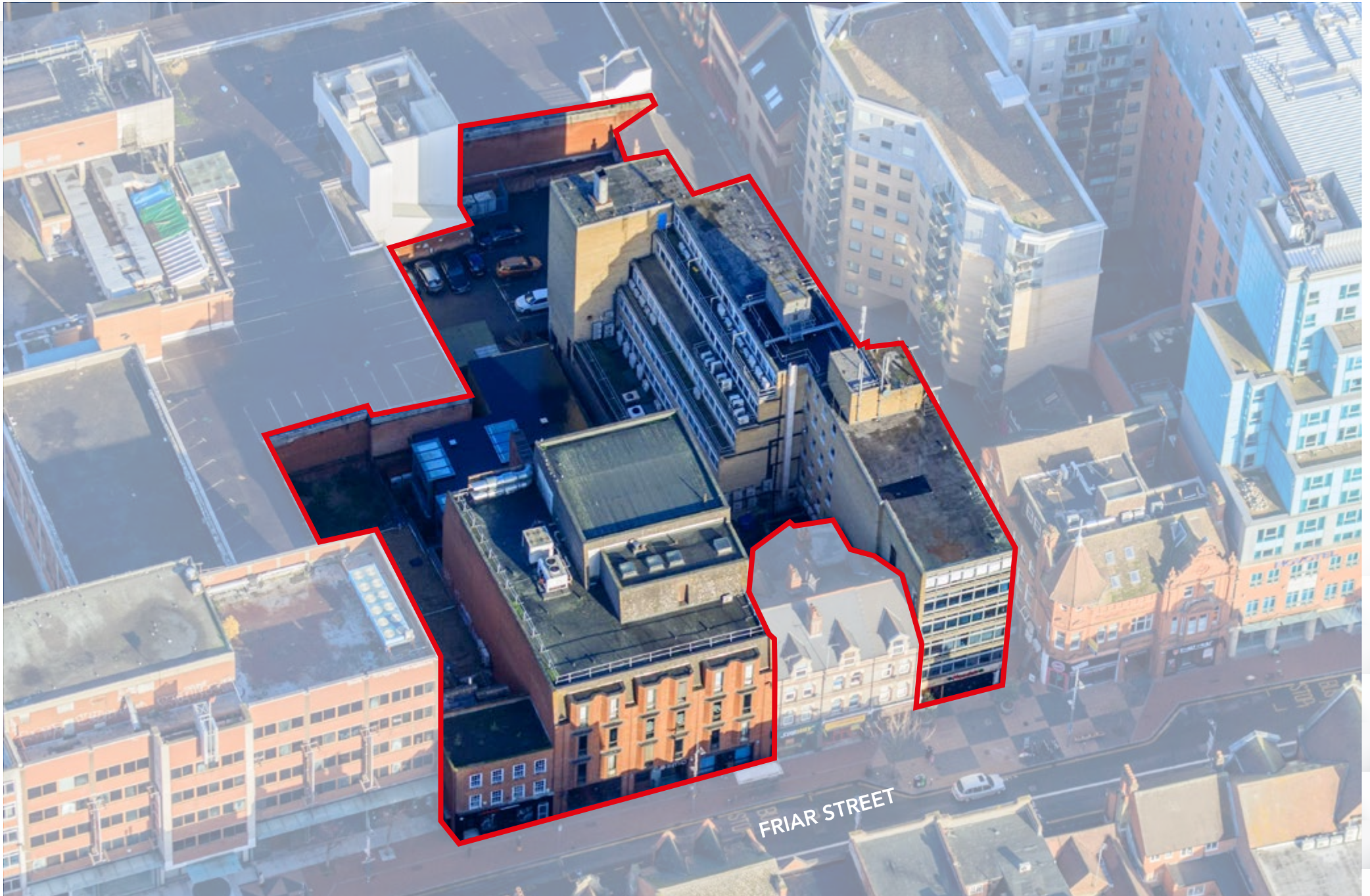


FRIAR STREET **READING** RG1 1DX



READING TOWN CENTRE INVESTMENT AND DEVELOPMENT
OPPORTUNITY WITH SIGNIFICANT MASSING POTENTIAL



INVESTMENT SUMMARY

- Reading has long been considered the capital of the Thames Valley. Outside of London, it is by far the largest and most dynamic economy in the South East
- Prominent town centre location being ideally situated on Friar Street
- Three minute walk from Reading train station which at present has a fastest journey time of 25 minutes to London Paddington and is on Crossrail, due to open 2020
- The site comprises three adjoining mixed use properties with a total site area of 0.66 acres
- All held Freehold
- Total floor area of 49,747 sq ft (NIA) and 62,467 sq ft (GIA)
- Surface level parking for 14 cars
- 18,838 sq ft of vacant offices
- AWULT of 3.9 year to expiry and 2.37 years to breaks
- Total contracted rent of £514,695 p.a
- Lapsed Permitted Development Rights (PDR) on 30-31 Friar Street for 44 units
- PDR on 35-38 Friar Street for 25 units
- Comprehensive site redevelopment opportunities, subject to the necessary consents
- Offers in excess of **£14,000,000 (FOURTEEN MILLION POUNDS)**, subject to contract and exclusive of VAT.
- The price reflects a low capital value of £224 psf on the GIA and £281 psf on the current NIA





LOCATION

Reading is the largest commercial centre in the South East outside of Central London, boasting the Global and European Headquarters of over 200 Fortune 500 companies. 'Blue chip' companies have taken advantage of good transport links and the highly skilled workforce. As a consequence Reading is ranked second on PwC's Good Growth for Cities Index and is widely regarded as the 'capital' of the Thames Valley.

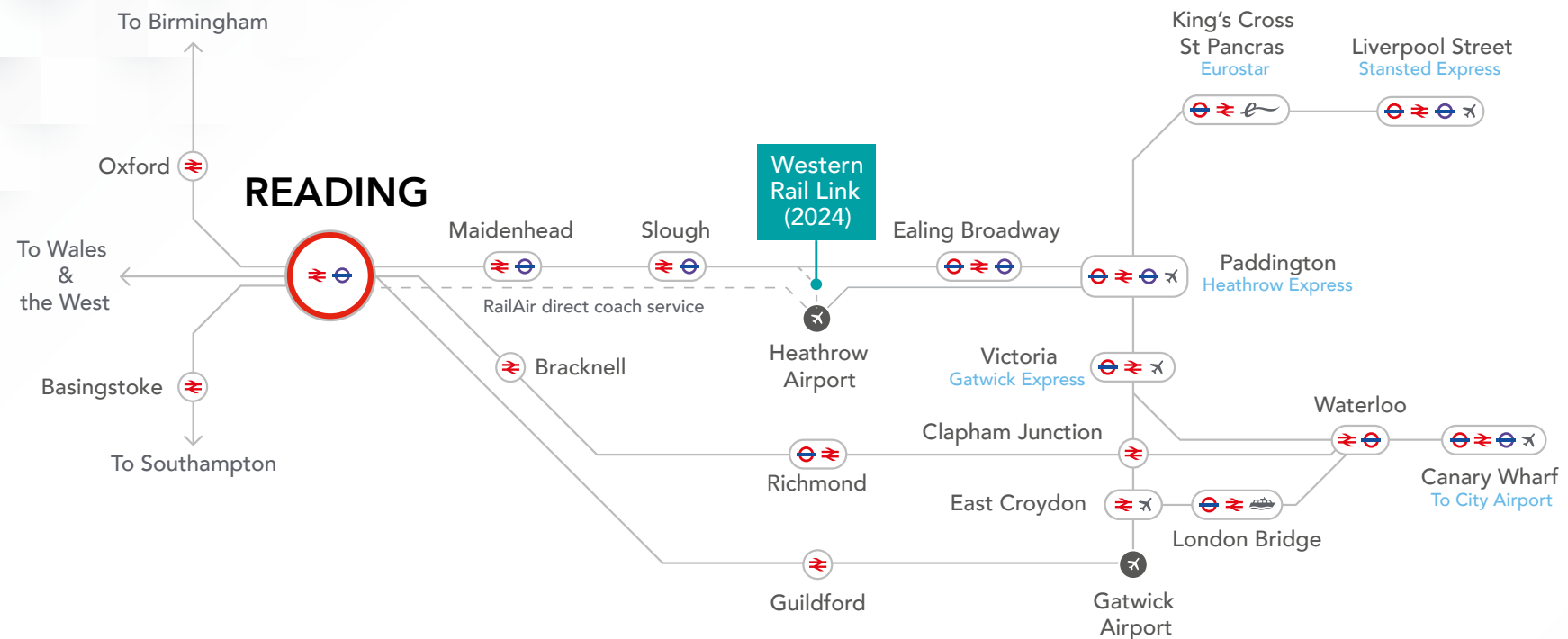
Reading is strategically located 40 miles west of Central London, and 25 miles south east of Oxford. This position at the heart of the Thames Valley has enabled Reading to grow into one of the largest towns in the South East, supported by substantial infrastructural investment in major projects such as the Elizabeth Line and the £895 million redevelopment of Reading Station.

Crossrail's planned opening in 2020 will further enhance Reading's connectivity and provide access to Central London in only 53 minutes. The M4 runs to the south of Reading providing direct access to the national motorway network, and Heathrow Airport 27 miles to the east.

Some of the larger occupiers in Reading include Microsoft, Oracle, Prudential, PepsiCo, Visa, and Symantec.



CONNECTIVITY



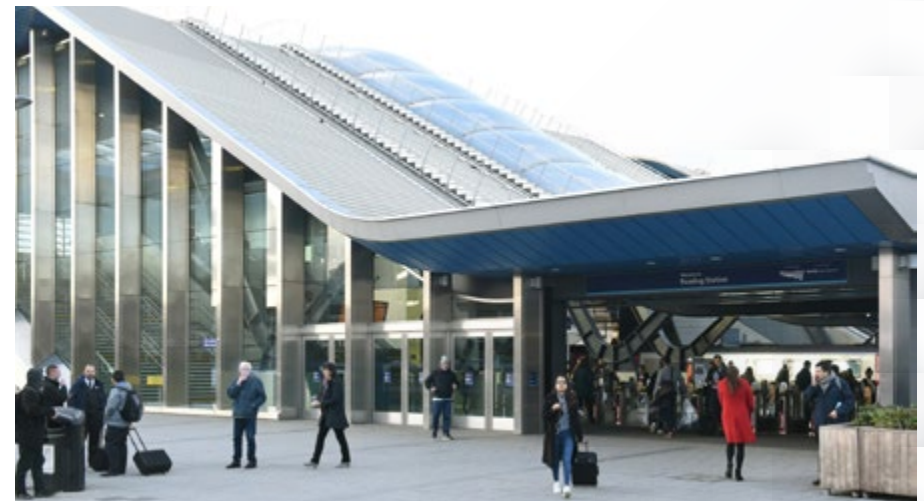
Reading Mainline Railway Station facilitates 20 million passenger journeys a year and has recently undergone an £895m refurbishment. At present, London Paddington is accessible in a fastest journey time of 25 minutes, with trains running every 10 minutes at peak times. Regular services also run to Oxford, Bristol, Cardiff and Birmingham.

A proposed new direct rail link from The West to Heathrow will improve journey times to Britain's busiest airport and help increase economic productivity in the Thames Valley. It is envisaged that there will be four trains per hour and that the link will be operational from 2024.

CROSSRAIL

Reading is set to benefit hugely from the opening of Crossrail in 2020. The service will link Reading with Shenfield and Abbey Wood in the east, via Heathrow Airport, Central London and Canary Wharf.

Once operational there will be four high speed trains per hour into Central London, with a direct journey time to Bond Street of just 53 minutes.'



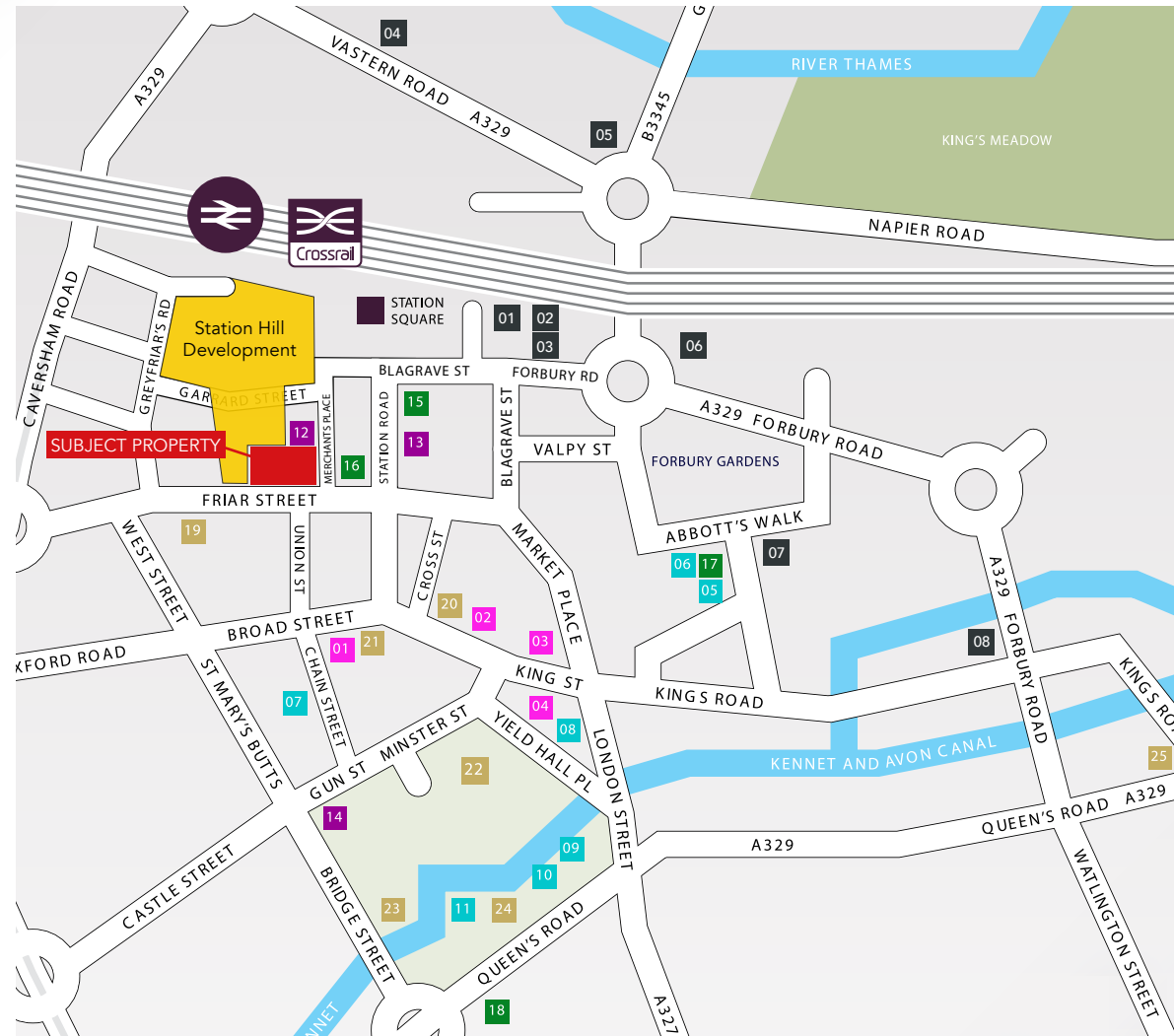
SITUATION

The site is prominently situated on the north side of Friar Street, adjacent to the proposed Station Hill development, which is in the centre of Reading running parallel with Broad Street.

30-31 Friar Street is situated on the corner of Friar Street and Merchant Place which provides easy access to Reading train station.

Situated between the town centre and Reading Station. The properties benefit from significant footfall which is set to be boosted by the delivery of Crossrail and the Station Hill scheme.

'Prominent town centre location being ideally situated on Friar Street'



Office occupiers

- 01 Barclays
- 02 Ernst & Young
- 03 Osborne Clarke
- 04 Thames Water
- 05 PricewaterhouseCoopers
- 06 Deloitte
- 07 Prudential Assurance
- 08 Visa

Cafés

- 01 Caffè Nero
- 02 Costa
- 03 Starbucks
- 04 Workhouse Coffee

Restaurants

- 05 Carluccios
- 06 The Forbury
- 07 Bill's
- 08 London St Brasserie
- 09 Côte Brasserie
- 10 Miller & Carter
- 11 Jamie's Italian

Bars

- 12 Milk
- 13 Revolution
- 14 Zero Degrees

Hotels

- 15 Malmaison
- 16 Novotel
- 17 Forbury Hotel
- 18 Premier Inn

Retail and Leisure

- 19 Advance Gym
- 20 M&S
- 21 John Lewis
- 22 The Oracle
- 23 House of Fraser
- 24 Vue Cinema
- 25 Buzz Gym

A CHANGING READING

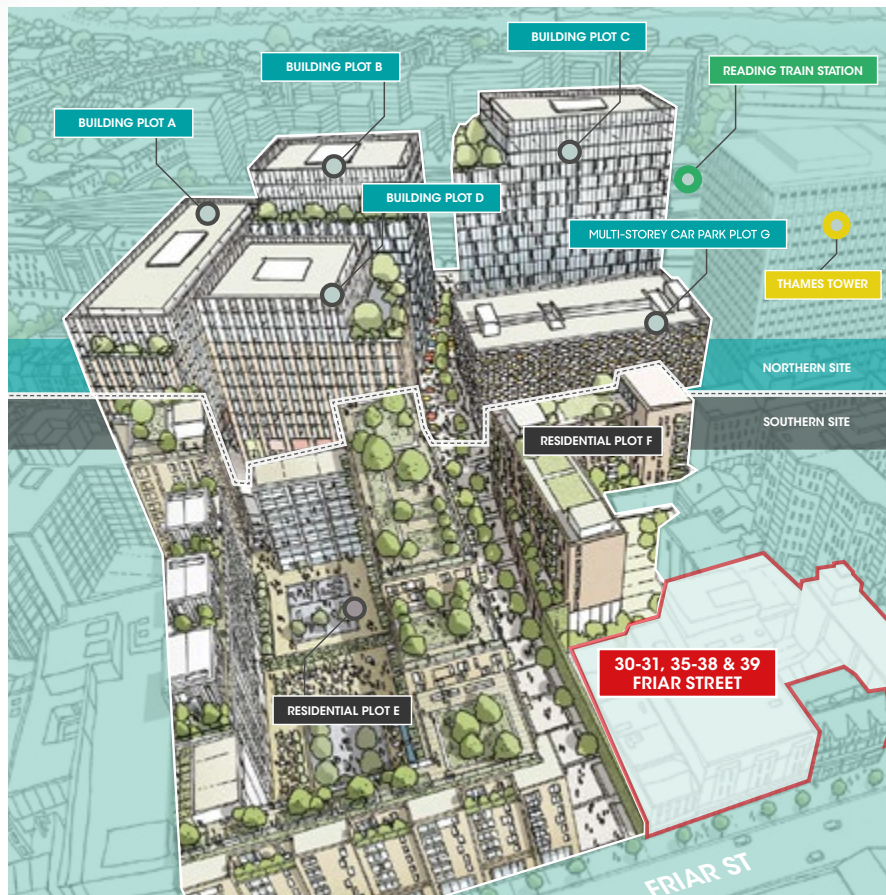
STATION HILL DEVELOPMENT

The station hill development is a 6.45 acre site located immediately adjacent to 39 Friar Street. Part of the proposals include creating a public pathway between the two development sites directly to a piazza fronting Reading train station.

The development has outline planning consent granted for a master plan of 1.96m sq ft (GEA) and 1,000 car parking spaces.

The development will comprise a mixture of offices, residential and a large amount of public open space.

The site was purchased by developers in June 2018 for £70M.



29-35 STATION ROAD

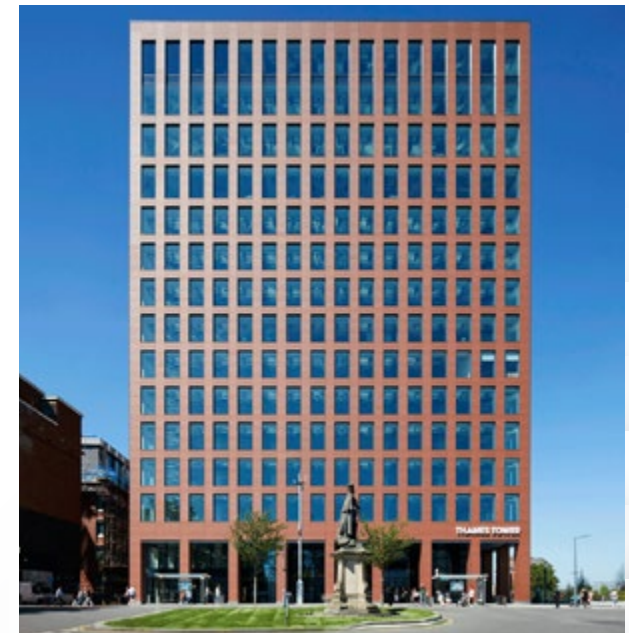
No.1 Reading is a proposed development at 29-35 Station Road which is also a short walk from both Friar Street and Reading train station.

Proposals for the new 22 storey tower include retail at ground floor, 5 floors of new offices and a 135 bedroom hotel with bar and restaurant (The planning application can be found on Reading's online planning portal. Application no. 181930).



THAMES TOWER, STATION ROAD

Thames Tower is a 20 storey, grade A office building, opposite Reading train station. In 2017 Thames Tower previously set the town centre office rent at £36.50 psf. Since then Ericsson signed a ten year lease in March 2018 at £38.00 psf. Thames Tower is considered to be the best grade A town centre office building in Reading.





30-31 FRIAR STREET



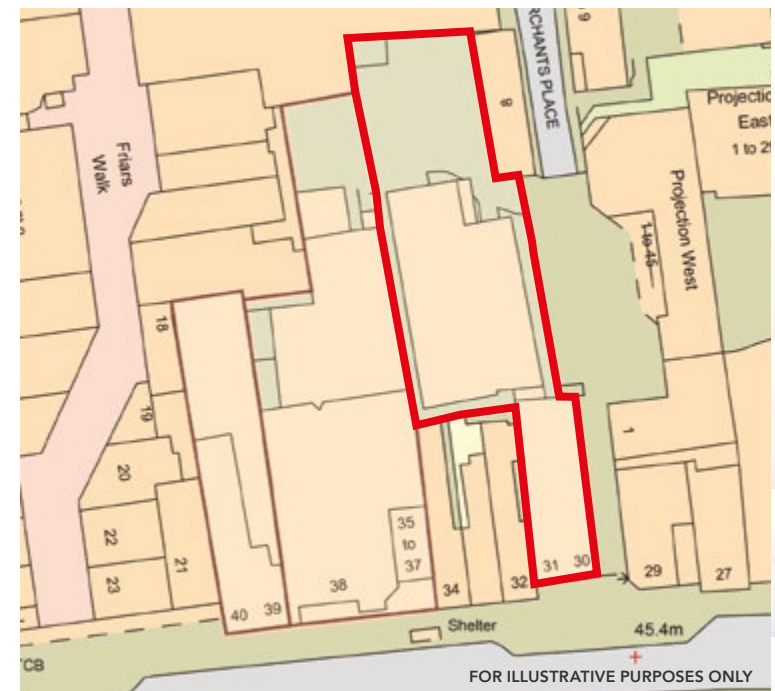
DESCRIPTION

The property is of concrete framed construction with brick and part glazed elevations. The building is arranged over basement, ground and five upper floors and provides 25,490 sq ft of multi let offices and a 3,781 sq ft A3 restaurant.

Access to the entrance of the offices is on Merchant's Place. The upper floors are split between front and rear around a central service core. The offices are mixed in their specification but generally provide suspended ceilings, category II lighting, perimeter trunking and central heating with some tenants installing air conditioning cassette units. There are male and female toilets on each floor. The building has one passenger lift serving all floors.

There are 14 car parking spaces to the rear. These are demised to the office tenants.

The property benefits from lapsed PDR (April 2015) for 44 units (36 x studio and 8 x 1 bed). Further details available on request.



TENANCY

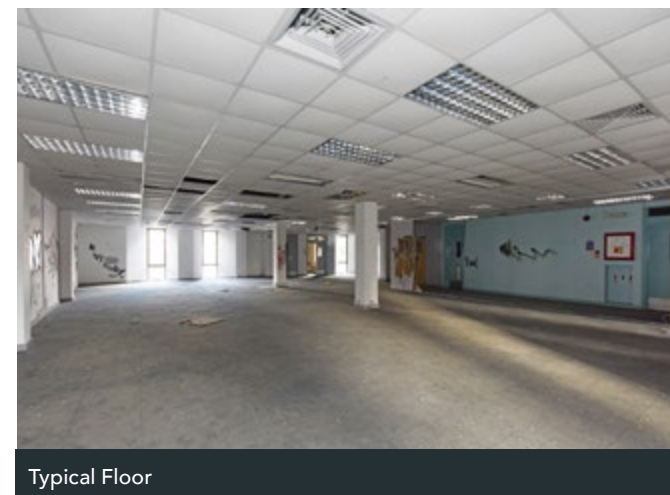
The property is let to 8 tenants with an AWULT to break of 2.47 years and 3.76 years to expiry, producing a current rent of £456,495.50 p.a. (£15.68 psf overall).

Description	Tenant Name	NIA (Sq ft)	GIA (Sq ft)	Rent PSF	Rent (£pa)	Lease Start	Rent Start	Lease Expiry	Lease Term	Rent Review	Breaks (L/T/M)	1954 Act	Comments
Basement & Ground Floor - Front	Nando's Chickenland Ltd	3,781	3,781	£15.87	£60,000.00	17/02/2006	17/02/2006	16/02/2021	15 years	-	-	Inside	
Ground Floor - Rear	Level 3 Communications UK Ltd	3,877	3,877	£26.00	£100,586.00	23/06/2010	04/08/2010	22/06/2030	20 years	23/06/2020	23/06/2025 (T)	Inside	Break subject to 12 months prior written notice.
First Floor - Front	Avanti Recruitment Ltd	1,534		£17.07	£26,180.00	30/09/2016	30/11/2016	29/09/2021	5 years	-	(M)	Outside	Mutual rolling break on 6 months notice. 2 parking spaces, 1 of which is temporary. Fixed SC CAP at £12,320pa.
First Floor - Rear	VACANT	3,252		-	-	-	-	-	-	-	-	-	
Second Floor - Front	Maximus Health and Human Services Ltd	1,527		£16.00	£24,436.50	09/10/2015	09/01/2016	30/06/2019	3 years 8 months 23 days	-		Outside	Service charge capped subject to RPI increase. 3 parking spaces, one temporary.
Second Floor - Rear	The Secretary of State for Communities and Local Government (Tribunal Service)	3,263		£17.93	£58,500.00	25/06/2018	25/06/2018	24/06/2020	2 years	-	-	Inside	Discussions ongoing for lease extension until 2023. Further information upon request. 2 parking spaces.
Third Floor - Front	Etherstack London Ltd	1,527		£15.54	£23,731.00	29/05/2015	29/05/2015	28/05/2020	5 years	-	(L)	Outside	Landlord rolling break on 2 weeks notice and a Tenant rolling break on 3 months notice. 1 parking space. Rent deposit £11,705.40.
Third Floor - Rear	Reqiva Ltd	2,939		£18.10	£53,208.00	30/11/2017	01/01/2018	29/11/2020	3 years	-	(M)	Outside	Mutual rolling break on 3 months notice. 2 parking spaces (option on a third).
Fourth Floor - Front	Vacant	1,527	-	-	-	-	-	-	-	-	-	-	Tenant served January 2019 break. The rent was £18.00 psf.
Fourth Floor - Rear	The Secretary of State for Communities and Local Government (Tribunal Service)	2,435		£18.06	£43,974.00	25/06/2018	25/06/2018	24/06/2020	2 years	-	-	Inside	Discussions ongoing for lease extension until 2023. Further information upon request. 1 parking space.
Fifth Floor	The Secretary of State for Communities and Local Government (Tribunal Service)	3,609		£18.25	£65,880.00	25/06/2018	25/06/2018	25/06/2020	2 years	-	-	Inside	Discussions ongoing for lease extension until 2023. Further information upon request. 2 parking spaces.
Total		29,271		£15.60	£456,495.50								

35-38 FRIAR STREET



Cosmo Restaurant



Typical Floor

DESCRIPTION

The property is of brick construction arranged over ground, basement and three upper floors. The building provides 13,849 sq ft of vacant and un-refurbished office accommodation and a A3 restaurant on ground and basement.

The property benefits from PDR for 25 units (15 x studio, 6 x 1 bed and 4 x 2 bed), which lapses in February 2019. Further details available on request.

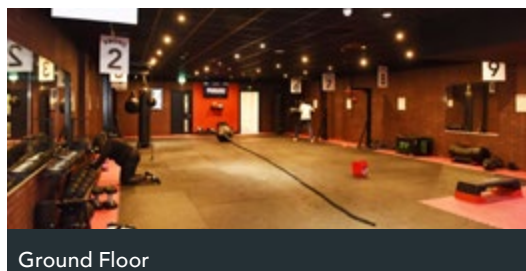
TENANCY

Description	Tenant Name	NIA (Sq Ft)	GIA (Sq Ft)	NIA (Sq Ft)	Lease StartDate	Lease Term	Comments
Ground & Basement	Land Investments Ltd t/a Cosmo	-		Peppercorn	29/01/2016	999 years*	Benefits from A3, A2, A1 and B1 use.
First Floor	Vacant	4,653	5,514	-	-	-	-
Second Floor	Vacant	4,645	5,485	-	-	-	-
Third Floor	Vacant	4,551	5,433	-	-	-	-
Total		13,849	16,432	-			

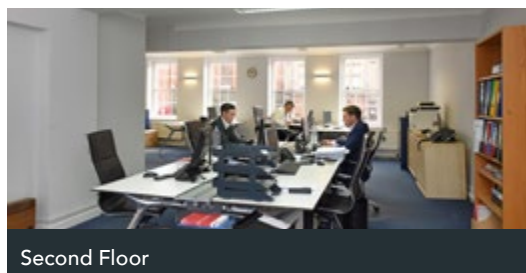
* Landlords redevelopment option within the first 15 years of the term. The Landlord must have obtained planning permission. The tenant can be required to vacate on 6 months notice and then return to new premises in the same location following completion of the works. The tenant is entitled to a payment from the landlord of £250,000 on vacation, and a further £250,000 when they re-occupy. Further details upon request.



39 FRIAR STREET



Ground Floor



Second Floor

DESCRIPTION

The property is of brick construction arranged over ground and two upper floors. The building provides 2,755 sq ft of ground floor D2 accommodation and 1,351 sq ft of basic grade B office above.

The property was recently de-listed.

TENANCY

The property is let to two tenants with a AWULT to break of 1.47 years and 5.08 years to expiry producing a current rent of £58,200 p.a.



Description	Tenant Name	NIA (sq ft)	Rent (£psf)	GIA (sq ft)	Rent (£pa)	Lease Start	Lease Expiry	Rent Review	Breaks	1954 Act
Ground Floor	Lift Brands UK Ltd (t/a 9 Round)	2,755	£15.24	2,961	£42,000	15/09/2015	14/09/2025	15/09/2020	15/09/2020 (Mutual)	Inside
First and Second Floors	Oasis Europe Ltd	1,351	£12.00	1,697	£16,200	29/09/2014	28/09/2019	29/09/2019	-	Inside
Total		4,106		4,658	£58,200					

READING OFFICE MARKET

Often considered as the capital of the Thames Valley, Reading remains one of the premier office locations and largest office occupier market in the South East. The town boasts excellent transport links as well as offering an extensive retail and leisure offering, coupled with a well-educated and affluent workforce.

The accommodation is split between the two distinct markets of in and out-of-town. Historically occupiers have favoured the out-of-town market where buildings have been capable of offering occupiers large floor plates with generous parking. However, more recently take-up has trended towards the town centre as Reading's transport infrastructure improves and a greater influence is placed on close proximity amenity provision.

TAKE-UP

The most recent figures suggest that town centre take-up to end Q4 2018 has totalled 55,809 sq ft which has been spread across a number of mid-sized transactions.

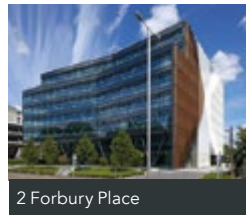
Town centre take up in 2018 was estimated to be 332,892 sq ft (70,000 sq ft under offer) which is above the 5-year average of 210,800. The arrival of Crossrail in 2020 should act as a catalyst for an increase in town centre demand.

The largest letting to have occurred recently was Scottish and Southern Energy who took the whole of No1 Forbury which totalled 186,000 sq ft.

RENTS

In 2018, top headline rents in Reading grew to £38.00 per sq ft, with Ericsson's 38,000 sq ft letting of three floors at Thames Tower. Thames Tower previously set the record rent in 2017 when 14,000 was let at £36.50 per sq ft to Austin Fraser.

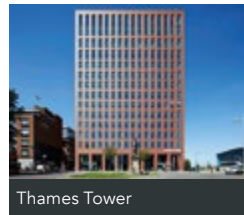
It is expected that a new rental high will be achieved in the near future with R+ and 2 Forbury quoting £39.50 per sq ft. KPMG have recently taken two floors at 2 Forbury totalling over 43,000 sq ft at a rent of £38.00 per sq ft.



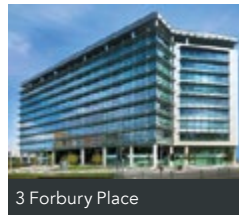
2 Forbury Place



R+



Thames Tower



3 Forbury Place



NOTABLE 2018 LETTING TRANSACTIONS

DATE	PROPERTY	TENANT	SIZE (SQ FT)	RENT (PER SQ FT)	TERM CERTAIN	CONDITION
Nov-18	2 Forbury	KPMG	43,000	£38.00	15 years	Grade A
Jul-18	R+	Moore Stephens	19,600	£37.50	10 years	Grade A
Jun-18	R+	Central Working	16,100	£37.50	10 years	Grade A
Mar-18	Thames Tower	Ericsson	37,600	£38.00	10 years	Grade A
Mar-18	Thames Tower	MBNL	14,000	£35.00	10 years	Grade A
Mar-18	White Building	Component Source	4,200	£34.50	10 years	Grade A (Refurb)
Feb-18	Thames Tower	Fora	27,600	£34.00	10 years	Grade A
Feb-18	Thames Tower	Broadway Malyan	4,800	£34.00	5 years	Grade A

RESIDENTIAL MARKET COMMENTARY

Market activity In the last five years, the number of sales has increased by



36%

Flats in this area are currently averaging at **£238,163**

Reading's house prices are currently **24% higher** than they were before 2008

Top residential values on Reading Town Centre schemes are approaching **£600 per sq ft**

Reading has strong prospects of receiving city status in the near future

Overall increase in property prices over the past year when compared to 2014-2015



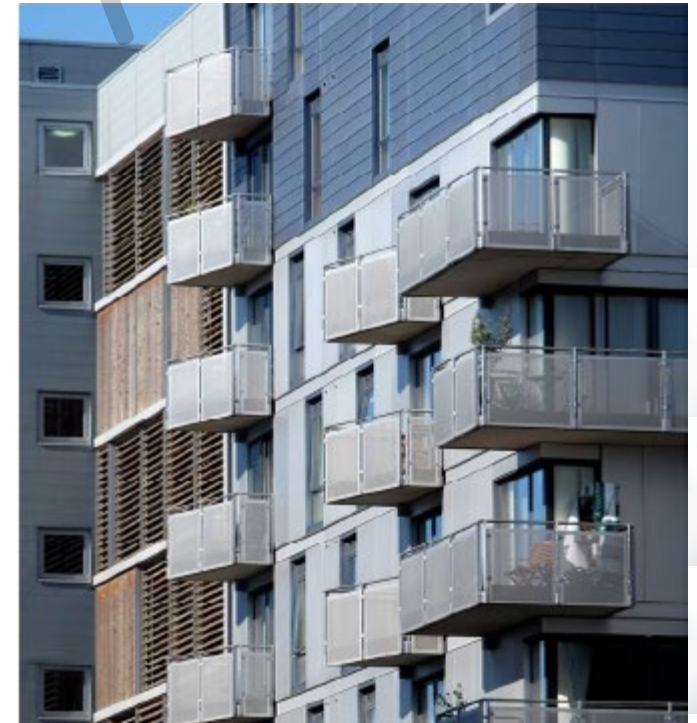
14%

194% increase of flat sales since 2008

Strong private rental sector, accounting for **31%** of the market in comparison with the national average of **22%**

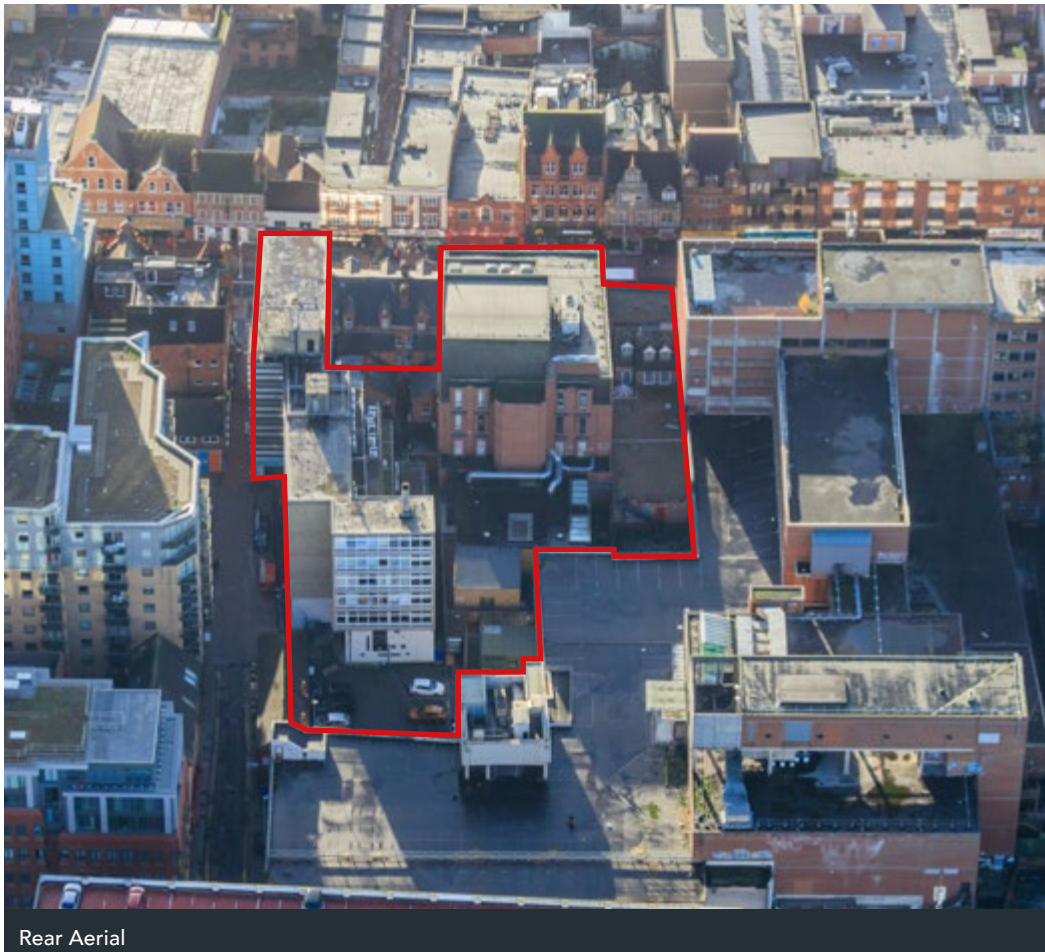
Reading is an **established university town** with over 18,000 students providing a pipeline of first time buyers

- The population of Reading is 159,103, following an estimated growth of 2% over the past four years and 8.63% over the past ten years.
- 29% of young professionals aged 20-34.
- Average house price in Reading is £336,429.
- 72.3% employment level.
- 40,900 jobs are within town centre.
- 56,600 jobs are outside town centre

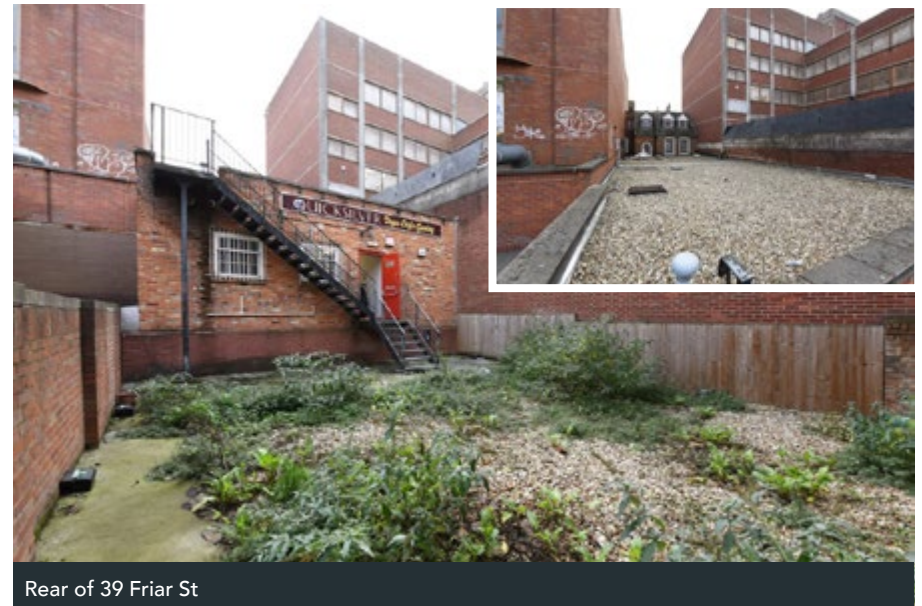


MASSING POTENTIAL AND ASSET MANAGEMENT INITIATIVES

- Refurbish and re-let existing office accommodation
- Refurbish, extend and reposition office buildings
- Explore permitted development potential
- Explore whole scale redevelopment with increased massing of the entire site
- Explore alternate uses such as residential, hotel or student housing subject to obtaining consents



Rear Aerial



Rear of 39 Friar St



Car Park



VAT

All the properties are elected for VAT.

EPC

Available upon request.

SERVICE CHARGE

The current budget for the year end 31/03/19 is £210,714 which equates to £7.50 psf.

PROPOSAL

We are instructed to seek offers in excess of **£14,000,000 (FOURTEEN MILLION POUNDS)**, subject to contract and exclusive of VAT.

A purchase at this level reflects a low capital value of £224 psf on the GIA and £281 psf on the NIA.

ADDITIONAL INFORMATION

Our client also owns 33 Friar Street which may be available subject to separate negotiation.

Further information is available upon request.



FURTHER INFORMATION

For further information, please do not hesitate to contact the sole agents below.

Inspections are strictly by appointment only.

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