Prime South East Office Investment
INVESTMENT SUMMARY

- Modern Grade A south east office building
- Located in the affluent Berkshire town of Ascot
- Self contained building totalling 906.83 sq m (9,761 sq ft)
- Fully let producing a rental of £217,981 pa (£23 psf)
- Proven reversion with an ERV of £246,800 pa (£26 psf)
- Established rental growth of around 10% pa over the last 4 years
- AWULT to expiry 8.5 years (4.7 years to break)
- Virtual freehold (999 years)
- Price £3,400,000 which reflects NIY of 6.00%, a reversionary yield of 6.8%.
Ascot is an affluent Berkshire town in the Thames Valley located 25 miles west of London, 5 miles from Bracknell and 10 miles from both Staines and Slough. With easy access to the M3, M4, M25 and M40 motorways, Ascot benefits from excellent road links to surrounding locations including Heathrow & Gatwick Airports, Bracknell, Staines, Windsor and Maidenhead. The town also has a frequent rail service to both Reading and London Waterloo. The average journey time is 27 minutes to Reading and 46 minutes to Waterloo.

Ascot Business Park is situated adjacent to Ascot mainline railway station just off the A330 and a short walk to both the High Street and the world renowned racecourse. Other occupiers in the area include Sytner, Howdens Joinery, Jakks Pacific Inc. and FDD International.
Ascot Business Park is a modern development providing an attractive mixed use scheme in a parkland setting, close to all the high street facilities and transport links. The Park totals around 8,715.80 sm (93,816 sf) divided between 3,947.73 sm (42,493 sf) of offices, 997.87 sm (10,741 sf) of studios and 3,770.19 sm (40,582 sf) of warehouse accommodation. The office element comprises four blocks in nine units, in a courtyard setting; the first two being self contained headquarter buildings and the other two divided into smaller self contained units.

2 Queen’s Square is one of the headquarter style office buildings constructed in 2009. The property is arranged over ground, first and second floors and totals 906.83 sq m (9,761 sq ft).
A measured survey has been undertaken by Carless & Adams Partnership LLP and the recorded IPMS 3 floor areas are summarised as follows:-

<table>
<thead>
<tr>
<th>Level</th>
<th>sq m</th>
<th>sq ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second</td>
<td>303.42</td>
<td>3,266</td>
</tr>
<tr>
<td>First</td>
<td>302.12</td>
<td>3,252</td>
</tr>
<tr>
<td>Ground</td>
<td>274.53</td>
<td>2,955</td>
</tr>
<tr>
<td>Reception</td>
<td>26.76</td>
<td>288</td>
</tr>
<tr>
<td></td>
<td><strong>906.83</strong></td>
<td><strong>9,761</strong></td>
</tr>
</tbody>
</table>

The offices are fitted out to a Grade A specification and include the following features:

• Suspended ceilings with motion activated LG7 compliant lighting.
• Energy efficient air conditioning systems.
• Fully access raised floors.
• Good floor to suspended ceiling height of 2.68m (8.8 ft).
• WC facilities on each floor including disabled WC and showers.
• 12 person passenger lift
• Generous reception area.
• BREEAM rating – Very Good.

Each tenant has designated parking bays as outlined in the tenancy schedule and there is an overflow and visitors parking area to the rear of the estate.
The property is let to 4 tenants with a total passing rent of £217,981pa; further information is set out in the tenancy schedule.

<table>
<thead>
<tr>
<th>Level</th>
<th>Tenant</th>
<th>Parking</th>
<th>Areas</th>
<th>Lease Terms</th>
<th>Rent</th>
<th>ERV</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>sq m</td>
<td>sq ft</td>
<td>Term yrs</td>
<td>From</td>
<td>To</td>
<td>£ pa</td>
</tr>
<tr>
<td>Second</td>
<td>Loyalty Angels (t/a Bink)</td>
<td>9</td>
<td>303.42</td>
<td>3,266</td>
<td>10</td>
<td>8-Jul-16</td>
<td>7-Jul-26</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10</td>
<td>3266</td>
<td>10</td>
<td>8-Jul-16</td>
<td>7-Jul-26</td>
<td>7-Jul-21</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First</td>
<td>Flying Colours</td>
<td>9</td>
<td>302.12</td>
<td>3,252</td>
<td>10</td>
<td>23-Sep-16</td>
<td>22-Sep-26</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10</td>
<td>3252</td>
<td>10</td>
<td>23-Sep-16</td>
<td>22-Sep-26</td>
<td>22-Sep-21</td>
</tr>
<tr>
<td>Ground</td>
<td>East</td>
<td>4</td>
<td>120.50</td>
<td>1,297</td>
<td>5</td>
<td>3-Jun-13</td>
<td>2-Jun-18</td>
</tr>
<tr>
<td>Ground</td>
<td>West</td>
<td>5</td>
<td>154.03</td>
<td>1,658</td>
<td>11</td>
<td>1-Mar-12</td>
<td>28-Feb-23</td>
</tr>
<tr>
<td>Ground</td>
<td>Reception Area</td>
<td>-</td>
<td>26.76</td>
<td>288</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>27</td>
<td>906.83</td>
<td>9,761</td>
<td>217,981</td>
<td></td>
<td><strong>£246,800</strong></td>
</tr>
</tbody>
</table>

*The residual rent free will be ‘topped’ up by the vendor.*
Handelsbanken was founded in 1871. Today it is one of the leading banks in the Nordic region and Europe’s most cost-effective bank. Handelsbanken is one of the most solid and profitable banks in the world. The bank offers a range of financial services including traditional personal and corporate banking, financing, mortgage loans, investment banking, private banking, cash management, asset management, trading, investments and life insurance.

Credit Safe Score 73 A - Very Low Risk

R&J International Limited is a privately owned international trading & investment company with headquarters in London, and offices in Hong Kong and Mainland China. The company has three principle lines of business; Carbon trading, Metals trading and Private equity investment.

Credit Safe Score 23 D - High Risk

Flying Colours Finance Limited are financial advisors and their services include Investment Management, Financial Planning and Tax planning.

Credit Safe Score 74 A - Very Low Risk

Loyalty Angels Limited trade as Bink. The company operates a smart phone app designed to automatically collect your loyalty points and offers, without the need to show your loyalty cards at the till.

Credit Safe Score 87 A - Very Low Risk
SERVICE CHARGE
There are 3 elements to the current service charge for this property being –

- The Estate charge, which covers the maintenance of the entire estate and refuse, is currently budgeted at £41,750 for the year ending 31st December 2016. Of this the anticipated share for 2 Queen’s Square is £4,818 (£0.51psf) based on their apportionment.
- Refuse collection (office units 1-9 Queen’s Square) which totals £3,000 with 2 Queen’s Square current element being £859 (£0.09psf).
- The Building charge which includes maintenance for the actual building is currently budgeted at £15,200 (£1.60psf) for the year ending 31st December 2016.

EPC RATING
EPC - B36. A copy of the certificate is available if required.

VAT
The property is elected for VAT and the sale will be treated by way of a Transfer of a Going Concern (TOGC).

TENURE
A new 999 year lease at a peppercorn rent is to be granted from completion.

RENTAL VALUE
Rents have risen steadily on the estate as illustrated by the levels achieved in this building over the last four years. The first lettings in 2012 were just under £17 psf with the last letting achieving £26 psf. This is a 53% increase in rents over four years, equating to 9.83% pa growth.

Based on the recent letting, our estimate of the rental value is £246,800 (£26 psf).
PROPOSAL

We are seeking £3,400,000 for the virtual freehold, subject to contact and exclusive of VAT. A purchase at this level provides a net initial yield of 6%, a reversionary yield of 6.8% and an equivalent yield of 6.7%, assuming purchasers costs of 6.49%.

FURTHER INFORMATION

For further information or to make an arrangement for viewing, please contact:

Brook Stotesbury
bs@hsmuk.com
DDI: 020 7318 1938

Tim Morgan
tjm@hsmuk.com
DDI: 020 7318 1933