1 BRUNEL WAY
SLOUGH, BERKSHIRE
SL1 1XL

PRIME SOUTH EAST TOWN CENTRE
REFURBISHMENT/REDEVELOPMENT OPPORTUNITY
Investment Summary

- Prominent town centre headquarters building
- Premier location within Slough opposite the railway station
- Adjacent to the Heart of Slough regeneration zone
- Let to Slough Trading Estate Ltd until September 2014
- Currently producing £1,605,000 per annum, reflecting £25.64 per sq ft
- Freehold
- The property comprises a gross internal area of 62,595 sq ft (5,815.2 sq m)
- Excellent town centre car parking ratio of 1:377 sq ft
- Asset management opportunities

Seeking offers in excess of £10,000,000 (Ten Million Pounds), subject to contract, which reflects an attractive net initial yield of 15.17% after purchaser’s costs of 5.80%, and a gross capital value of only £169.02 per sq ft
Location

Slough is a core South East office location strategically positioned in the heart of the Thames Valley. The town is home to a number of major international occupiers attracted by the skilled workforce, excellent communication links and central South East location. The town is well located being approximately 32km (20 miles) west of Central London, 29km (18 miles) north east of Reading, and 10km (6 miles) north west of Heathrow Airport.

Road and rail connections are excellent with Slough located directly on the M4 at J5, J6 & J7, providing access to the wider Thames Valley and the West as well as direct access to Central London. The M25 is approximately 8km (5 miles) to the east, linking to the M3 & M40 as well as the national motorway network. Slough's location is further enhanced by way of direct rail services to Reading and London Paddington with the latter benefitting from a fastest journey time of 18 minutes. Air travel is provided via Heathrow Airport to the south east together with Luton Airport, located 44km (27.5 miles) to the north, and Gatwick Airport, located 46km (29 miles) to the south east.

Slough is currently subject to a number of strategic infrastructure improvement programmes which will further raise its profile among occupiers. The town is set to form one of the stations for the new Crossrail network, due to complete in 2018, which will greatly increase capacity both to and from Central London and the East while significantly reducing journey times.

Slough town centre is also undergoing a substantial redevelopment under the Heart of Slough regeneration programme. The £450m proposal covers a 29 acre site around the subject property and newly-completed bus station which aims to deliver over 700,000 sq ft of mixed commercial accommodation including new retail, leisure and restaurant facilities, substantially improved amenities and local transport facilities together with an enhanced public realm and 1,598 new homes.

Situation

The subject property is prominently situated in Slough town centre, directly to the south of the railway station a short walk to the north of the High Street and Queensmere Observatory shopping centre and west of one of the UK’s largest Tesco Extra stores. The property occupies a corner site opposite the main entrance to the railway station, soon to form part of the Crossrail network, and lies adjacent to the new bus terminal which was completed in May 2011. The property is immediately adjacent to the Heart of Slough regeneration area, and thus is located in an established position which will benefit further from the infrastructure improvements currently underway.

Directly to the south of the property lies the planned ‘Curve’ civic centre which is due to be completed in 2015, and will form a focal point for Slough town centre and the improved public realm. The iconic development will include a new library and will provide an internal pedestrian link to the bus station over the A4.

The property is well-served by road links with the A4 being located approximately 100m to the south, providing direct access to the M4 east at J5, while the M4 west can be reached at J6 via the A355. Accessibility will be further improved by the redevelopment of the Bath Road/Windsor Road junction.
Description

The property comprises a prominent town centre office building constructed in 1989, providing 4 floors of office accommodation above undercroft parking. The property is of frame construction with glass-clad elevations, featuring a full-height glass reception leading to a central covered atrium. Internally the offices are arranged to provide open plan accommodation to the upper floors, with the first floor being split to provide a full height reception, office accommodation and additional secure car parking spaces to the rear.

The offices benefit from a high internal specification including raised floors, suspended ceilings with Cat 2 lighting, air conditioning, 3 passenger lifts, double glazing and male & female WCs to each floor.

The property benefits from 166 secure car parking spaces over ground and part-first floors, providing an excellent town centre parking ratio of 1:377 sq ft.

Site

The site is predominantly level and extends to an area of approximately 0.388 hectares (0.958 acres).

Accommodation

The property has been measured in accordance with the RICS Code of Measuring Practice (5th edition) and provides the following net internal area:

<table>
<thead>
<tr>
<th>Floor - Use</th>
<th>Sq M</th>
<th>Sq Ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground – Reception</td>
<td>81.4</td>
<td>877</td>
</tr>
<tr>
<td>Ground – Office</td>
<td>1,129.1</td>
<td>12,153</td>
</tr>
<tr>
<td>Ground – Atrium</td>
<td>295.7</td>
<td>3,183</td>
</tr>
<tr>
<td>1st – Office</td>
<td>1,867.3</td>
<td>20,100</td>
</tr>
<tr>
<td>2nd – Office</td>
<td>1,496.5</td>
<td>16,108</td>
</tr>
<tr>
<td>3rd – Office</td>
<td>945.2</td>
<td>10,174</td>
</tr>
<tr>
<td>Total</td>
<td>5,815.2</td>
<td>62,595</td>
</tr>
</tbody>
</table>

Tenancy

The property is let to Slough Trading Estate Ltd, on full repairing and insuring terms from 29 September 1989 until 28 September 2014 at a rent of £1,605,000 per annum, reflecting £25.64 per sq ft, on assignment from Telefonica UK Ltd.

The tenant is not currently in occupation.

Tenure

Freehold.
Covenant

Slough Trading Estate Ltd is one of Europe’s leading developers and providers of flexible business space. The last 3 years’ audited accounts are as follows:

<table>
<thead>
<tr>
<th>Date of Accounts</th>
<th>Turnover</th>
<th>Pre Tax Profit</th>
<th>Shareholder Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/12/2010</td>
<td>£76,074,000</td>
<td>£86,144,000</td>
<td>£800,444,000</td>
</tr>
<tr>
<td>31/12/2009</td>
<td>£72,832,000</td>
<td>(£8,665,000)</td>
<td>£762,010,000</td>
</tr>
<tr>
<td>31/12/2008</td>
<td>£76,084,000</td>
<td>(£237,650,000)</td>
<td>£911,888,000</td>
</tr>
</tbody>
</table>

Planning

We understand that the property benefits from B1 consent and is covered by Slough Borough Council Local Plan which was adopted in March 2004.

The site lies immediately adjacent to the Heart of Slough regeneration zone which aims to provide high-quality office developments, improved public transport facilities and enhanced prosperity in Slough town centre. More information can be found at www.heartofslough.com

Market Commentary

Slough is one of the principal office centres in the Thames Valley and benefits from a strategic location close to Heathrow, the M4 and on the Great Western Rail Line providing fast train services into London. In addition Slough is set to benefit from Crossrail when the new rail service opens in 2018, www.crossrail.co.uk/route/maps. The superiority of Slough’s location is evidenced by the quality of the accommodation within the town together with the schemes proposed of which the two of greatest note are the Heart of Slough and SEGRO’s Leigh Road Central Core scheme. The appeal of Slough is further highlighted by the quality and depth of international occupiers who include Research in Motion (Blackberry), Amazon, HTC, Black & Decker, Lego, Electrolux, O2, Reckitt Benckiser, Orange and Mars amongst many other prestigious corporate entities.

Supply

The Thames Valley has continued to witness a lack of development schemes which is leading to a chronic shortage of grade A stock including Slough town centre. The current office stock within both the town centre and Bath Road markets in Slough totals approximately 5.56m sq ft of which 723,789 sq ft is vacant. However, of this vacancy only 317,967 sq ft reflecting 5.7% of the stock is grade A and the majority is located on the Bath Road.

Take Up

Demand has continued to show signs of improving throughout the year with both new requirements entering the market and transactions completing. Lettings and freehold purchases of note within Slough include:

- Villiers Court, Stoke Poges – Urenco took 27,000 sq ft in April 2011 for a term of 10 years at a rent reflecting £19.75 per sq ft.
- Capital Point, Bath Road – Lego (UK) Ltd took 7,200 sq ft in February 2011 for a term of 8 years at a rent reflecting £20 per sq ft.
- Salamanca, Wellington Street – HTC purchased the freehold of Salamanca totaling 67,440 sq ft from Royal London for its own occupation at £22.5 million in January 2011.

The lack of available stock within the wider Thames Valley has led occupiers to look across all the towns as demonstrated by SAP’s proposed purchase of Maxis on Western Road in Bracknell totalling 190,000 sq ft. This will further reduce the amount of grade A office accommodation available within the Thames Valley.

Development Pipeline

The first stage of the Heart of Slough town centre regeneration project has commenced with the new bus station adjacent to the subject property being completed in Q2 2011 together with the improvements to the Bath Road/Windsor Road Junction which are ongoing. Both DevSec and SWIP are major participants within the Heart of Slough scheme due to their existing holdings which have planning permission for 375,000 sq ft in three office buildings and 200,000 sq ft in two towers respectively. Those sites are close to the subject property however, they are unlikely to be developed speculatively and as such their time to market may be delayed which will seek to act in favour of the subject property.

On the Bath Road in the out of town market, SEGRO have recently gained planning consent at the Leigh Road Central Core site for approximately 1.6m sq ft of office, leisure and amenity space with speculative development due to commence shortly with completion anticipated for late 2013/early 2014. While this scheme demonstrates investor and developer confidence in Slough the stock will not compete with the subject property due to the out of town location.

Due to the subject property’s unique and attractive characteristics namely being in the town centre, opposite the train station, providing large floor plates and having a generous car parking ratio of 1.377 sq ft we consider the property will be in strong demand from occupiers and hence will be well placed to capitalise on future rental growth within the town once refurbished or redeveloped. The potential for strong future rental growth is supported by the previous rental peak of £31.75 per sq ft achieved in 2001.
Development Potential & Asset Management Opportunities

We consider the property offers several redevelopment and asset management opportunities, subject to planning, including:

- Refurbish the existing building to provide grade A office accommodation
- Increase massing by developing part of the atrium and extending out the upper levels which are currently stepped back, subject to planning
- Comprehensively redevelop the site to provide additional floor space, subject to planning.

A separate planning report is available on request.

VAT

The property has been elected for VAT.

Proposal

We are seeking offers in excess of £10,000,000 (Ten Million Pounds), subject to contract, which reflects an attractive net initial yield of 15.17% after purchaser’s costs of 5.80%, and a gross capital value of only £169.02 per sq ft.

Contact

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