

Investment Sale



Freehold Industrial
Investment

Crown Records Unit
100 Cardiff Road
Reading
RG1 8LL



Executive Summary

- Located close to Reading town centre.
- Situated in a well established industrial location.
- Well specified unit benefiting from excellent eaves height.
- Comprising a gross internal area of 3,765.74 sq m (40,535 sq ft).
- Let to Crown Records Management Limited with a guarantee from Crown Worldwide Holdings Limited until February 2014.
- Currently producing £215,000 per annum, reflecting a low rent of only £5.30 psf.
- Freehold.
- Providing considerable active management opportunities.
- We are seeking offers in excess of £2,260,000 (Two Million, Two Hundred and Sixty Thousand Pounds), subject to contract, which reflects an attractive net initial yield of 9% after allowing for the usual purchaser's costs of 5.75%, and a low gross capital value of only £58.96 psf.

Crown Records Unit

Crown Records Unit, 100 Cardiff Road, Reading RG1 8LL



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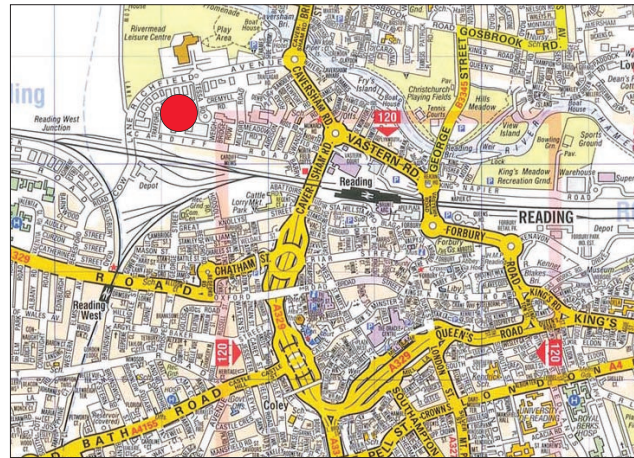
Location

The affluent town of Reading is located at the heart of the Thames Valley and is renowned for the prevalence of international business occupiers and its appeal to the TMT sector. In addition Reading is home to one of the UK's leading Universities and benefits from excellent shopping facilities including the Oracle Shopping Centre. The town is strategically located in the south east, being approximately 41 miles west of London and 17 miles north east of Basingstoke.

The town benefits from excellent road communication links via the M4 Motorway (Junctions 10, 11 and 12), which lie within 3.4 miles east, south and west of the town centre respectively. Communications are further enhanced by regular rail services to London Paddington with a fastest journey time of 26 minutes.

Heathrow International airport lies 29 miles to the east via the M4 Motorway while both Gatwick and Luton airports are within a 59 mile radius, accessed via the M25 Motorway.

The town has a district population of approximately 143,096 and a catchment population of 642,720, within 12.5 miles based on



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the 2001 National Census data.

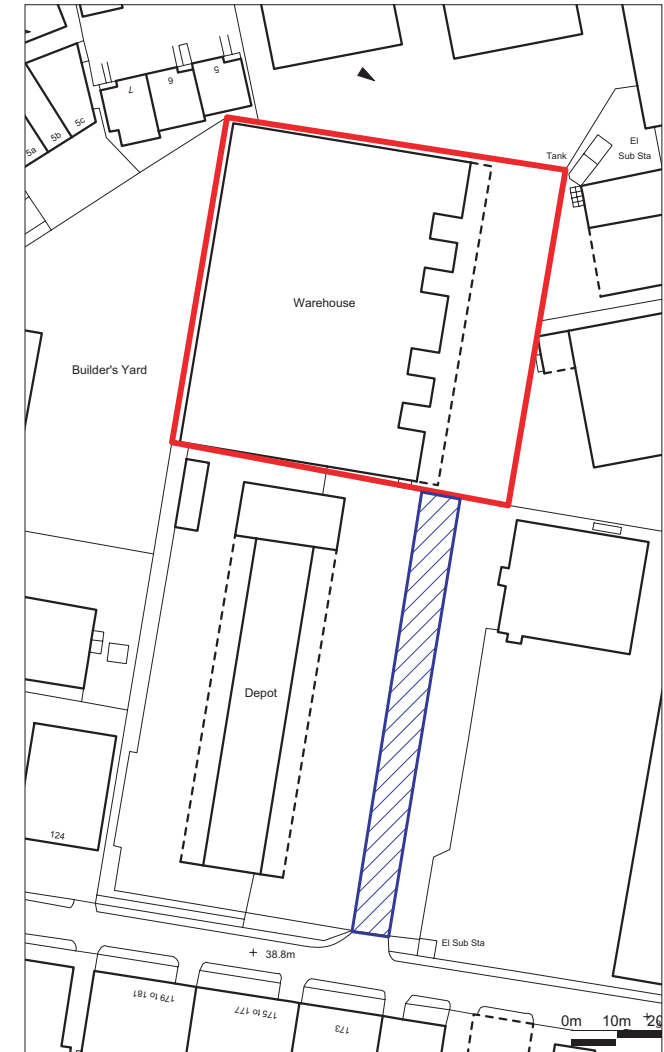
Major employers in Reading include Microsoft, VISA, HP, The Prudential, Thames Water, Yellow Pages, BG, Nabarro Nathanson, DEFRA, NatWest Bank and CEMA.

Situation

The subject property is situated close to the town centre being only 0.75 miles to the north west in an established and busy commercial location, which is characterised by industrial, distribution and trade occupiers.

The unit is situated approximately 100 metres to the north of Cardiff Road, on the northern boundary of the Lynx Express Limited courier depot.

The subject property is surrounded by other industrial units and has access to Cardiff Road via an estate road. Other local occupiers include Builder Centre, RAC Auto Windscreens, QTR Transport Limited, Thrifty Car Rental, City Link, Surrey & Berkshire Newspapers Limited (Reading Evening Post) and Mercedes Benz and Smart car showrooms.



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Description

The subject property comprises a detached steel framed industrial unit, constructed in the 1970s providing warehouse and associated office accommodation, together with ancillary storage.

The unit benefits from breeze block elevations to a height of c.2.5 metres which are clad in full height profile metal sheeting under a corrugated sheet roof with approximately 15% translucent roof lights. Internally the unit benefits from a concrete screed floor and strip lighting with a minimum eaves height of 6.93 m (22' 9") rising to 10.46 m (34' 4") at the apex. The tenant uses the unit for document storage and has fitted out the unit with significant racking benefiting from the high eaves which provide greater cubic capacity.

The unit is rectangular in shape with office and WC accommodation at ground and first floor levels in the south east corner and ancillary storage accommodation provided along the eastern elevation. The unit benefits from two full size roller shutter doors with a height of 4.89 m (16') and a width of 5.89 m (19').

To the front the unit also benefits from three smaller roller shutter doors which provide access to the ancillary accommodation. Additionally, there is a canopy to the front of the unit projecting out approximately 4.12 m (13' 6"). The tenant has undertaken various alterations, details of which are attached to the lease.

Externally the site benefits from a forecourt yard area which provides parking for approximately 34 cars. The site is bound by palisade security fencing with access via a new electric gate.

Within the yard, there is a single storey detached office building. The office, which was installed by the tenant, benefits from strip lighting, wall mounted electricity and double glazing together with a kitchenette and WC.

Site

The site is rectangular in shape and is generally level extending to an area of 0.56 hectares (1.38 acres).

Accommodation

The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition) and comprises the following gross internal area:

Demise	Sq M	Sq Ft
Warehouse	3,653.58	39,328
Office/First Floor	67.12	722
Covered Loading Areas	45.04	485
Total GIA	3,765.74	40,535

The property benefits from a canopy to the front of the unit, which covers approximately 305.09 sq m (3,284 sq ft). This has not been included in the gross internal area.

Tenure

Freehold with access hatched blue on the site plan.

Planning

The subject property is covered by the Reading Local Development Framework adopted in January 2008 which has continued the policies drawn up in the Local Plan adopted in October 1998. The property is located in the Richfield Avenue Industrial Area which under the Local Plan is designated as a major industrial zone. Emphasis is placed on the retention of B8 uses however, other industrial and employment uses will be considered on an individual basis.

The subject property benefits from B8 storage and distribution use.

Tenancy

The property is let to Crown Records Management Limited with a guarantee from Crown Worldwide Holdings Limited until 16 February 2014 on assignment from Moving Services Group UK Limited (previously SIRVA UK Limited). The current passing rent is £215,000 per annum, which equates to a low rent of only £5.30 psf overall.

Part of the property has been sub-let to Moving Services Group UK Limited trading as Pickfords. The lease benefits from a Schedule of Condition.

Covenant

Crown Worldwide Holdings Limited – Guarantor

Crown Worldwide Holdings is a substantial company founded in 1965 and based in Hong Kong. Crown Worldwide currently manages over 20 m cubic ft of records in more than 6.5 m sq ft of warehouse accommodation covering 250 locations and 52 countries. The most recent accounts show revenue of \$640m, assets of \$500m and total properties of \$260m. Further information can be found at www.crownworldwide.com.

Crown Records Management Limited – Tenant

Crown RM is a wholly owned division of the Crown Worldwide Group and provides services covering the storage, indexing and destruction of records to the financial services, legal, accounting and healthcare professions together with both Local and National Government. Further information can be found at www.crownrms.com. The last three years accounts are as follows:

	Year Ending 31.12.08 £'000	Year Ending 31.12.07 £'000	Year Ending 31.12.06 £'000
Turnover	22,370	22,118	15,056
Pre-Tax Profit	(17,911)	(1,039)	3,487
Shareholder Funds	(10,611)	7,276	8,185

Moving Services Group UK Limited (previously SIRVA UK Limited) t/a Pickfords – Assignor

Moving Services Group provide domestic and international home, office and commercial moving services in conjunction with warehousing and general transportation services. They trade under the Pickfords brand name. The last three years accounts are:

	Year Ending 30.09.09 £'000	Year Ending 30.09.08 £'000	Year Ending 31.12.07 £'000
Turnover	70,612	56,580	83,355
Pre-Tax Profit	(1,903)	(5,166)	(62,024)
Shareholder Funds	3,758	5,884	7,214

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Market Commentary

Cardiff Road falls within the Richfield Avenue Industrial Area which benefits from being the industrial area closest to Reading town centre. Richfield Avenue is well established with industrial, office, trade counter and car showroom operators comprising the majority of neighbouring uses.

There is a shortage of industrial accommodation between 30-40,000 sq ft within close proximity of the town centre, which is a unit size that is proving to be in strong demand from occupiers. Furthermore the subject property's high eaves and secure yard ensure the property would generate significant occupier interest should the unit become available on the open market. Considering the above and comparable evidence we are of the opinion that a notable rental increase will be achieved on lease expiry. Comparable transactions are set out below:

Gillette Way, Reading

Comprising a 1980's unit totalling 30,163 sq ft with 6m eaves in a poor condition. Let to Royal Mail in June 2009 on a 15 year lease at £270,000 pa reflecting £8.95 psf.

Unit 31, Suttons Business Park, Reading

Comprising a 1980's unit totalling 37,313 sq ft with 5.5m eaves. Let to SAS International until 2014. The rent was reviewed in September 2009 to £298,504 pa reflecting £8 psf.

Lynx (UPS) Unit, Cardiff Road, Reading

Comprising a unit constructed in 1979 totalling 11,472 sq ft plus canopies of 8,250 sq ft with 4 m eaves adjacent to the subject property. Let to Lynx (UPS Ltd). The rent was reviewed in March 2007 to £114,500 pa reflecting £9.98 psf overall.

Environmental

A site environmental risk assessment was undertaken by RPS in June 2008 which declared the site to have a low/moderate overall environmental risk.

Active Management

The property provides various asset management opportunities:

- Re-gear the lease.
- Increase the low rent on expiry.
- Take back the unit on expiry and re-let as there are a lack of units of this size close to the town centre.
- Sell the unit to an owner-occupier, on lease expiry.
- Seek to buy in neighbouring sites to create a redevelopment opportunity.

VAT

The property is elected for VAT.

Proposal

We are seeking offers in excess of **£2,260,000 (Two Million, Two Hundred and Sixty Thousand Pounds)**, subject to contract, which reflects an attractive net initial yield of **9%** after allowing for the usual purchaser's costs of 5.75%, and a low gross capital value of only **£58.96 psf**.

Viewing and Further Information

Further information and arrangements to view the property can be obtained from the sole agent:

Lambert Smith Hampton

United Kingdom House, 180 Oxford Street, London W1D 1NN

Hugh White

Tel: 020 7198 2212

Fax: 020 7198 2210

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Additional information is available at:

www.lshinvestmentsales.co.uk

Subject to Contract and Exclusive of VAT

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