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Dear Mary,

Marketing Overview – Bristol & West Arcade, Reading

We write to you to provide an overview of our most recent marketing exercise of the above mentioned property. We understand that you require this to be included as part of the documents to be submitted to Reading Borough Council (RBC) as part of the planning application for a leisure-led scheme on the site.

In 2017, Savills, alongside Campbell Gordon, were instructed by the landowners to assist with the disposal of Bristol & West Arcade, Reading. Following our instruction, the site was marketed by way of private treaty via an 'off-market' campaign, with 37 parties receiving the opportunity over a period of 9 months (see schedule in appendix 1). Through this marketing exercise no proceedable offers were obtained by Savills or Campbell Gordon, and due to the unsuccessful outcome of this process, it was agreed that a more formal process would be run once a planning permission was obtained to demonstrate deliverability and reduce the planning risk of the opportunity to the market.

Savills and Campbell Gordon 'officially' launched the site to the open market on the 7th November 2019 with the benefit of the 2019 planning permission that included 43 apartments, 45,297 sq ft (GIA) of office space, and 17,137 sq ft (GIA) of retail space. The site was placed on the market for a period of 9 weeks and was sent out to Savills and Campbell Gordon's joint contact list of over 2,400 property developers and investors. All parties that received the email detailing the opportunity also received the attached sales details in appendix 2.

Between Savills and Campbell Gordon, 35 enquiries were received during the marketing period, which we have summarised in appendix 3 attached. Of these enquires, 7 parties showed 'firm' interest who were in regular contact with the respective agent, inspected the site, accessed and downloaded the further information pack, and undertook detailed financial appraisal work as part of their initial due diligence.

Of these 7 parties, 4 looked at the site in terms of a Hotel scheme and did not intend building out the site as per the 2019 planning permission. From discussions we had with these parties, who have a good track record of delivering mixed-use schemes, we understand that this was due to the lack of demand for the commercial elements of the 2019 scheme, particularly retail, and they believed that a hotel scheme in this location within the town centre would be more suitable. The remaining 3 parties were looking at the site in 'part' only, focusing mainly on the existing buildings at Market Place, where it is proposed to be converted to an element of the residential units.



On the 9th January 2020, Savills and Campbell Gordon received 1 offer for the site which was made on the basis that the site would be redeveloped for a comprehensive hotel scheme. This offer was not accepted as the clients wanted to explore the possibility of working up a hotel / leisure scheme on the site in more detail, given the interest received on this basis and the positive and proactive discussions held with the local planning authority since December 2019. The marketing of the property ceased following the bid deadline and has not been marketed since as our clients decide their next steps.

From the conversations held throughout the marketing period, the general feeling amongst the 35 enquiring parties was that the 2019 planning permission was not 'market facing'. With a considerable amount of office and retail space within the scheme, many parties expressed their concerns in relation to finding operators for commercial space of this size, especially the retail element, given the prevailing market conditions.

With the property being marketed on both an off market and open market basis from 2017, no proceedable offers have been obtained by neither Savills or Campbell Gordon throughout the 3 year marketing timeframe. However, it is worth noting that an increasing amount of interest has come from both leisure developers and operators throughout these marketing exercises.

We hope that this letter covers off everything you require from us at this stage, and please do not hesitate to get in touch should you have any further questions regarding the marketing of the site with the benefit of the 2019 scheme.

Kind regards,

A handwritten signature in black ink, appearing to read "E. Keeling", with a stylized, sweeping flourish extending from the end.

Ed Keeling MRICS

Director

Development Land & Valuations

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Savills (UK) Limited

Appendix 1 – Off Market Marketing List

Type	Company
Hotel	Travelodge
Hotel	Whitbread (Premier Inn)
Mixed	Staxlink
Mixed	Reditum Capital
Residential	Altitude UK
Residential	Ankor Property Group
Residential	Aviva
Residential	Bellway
Residential	Burghleigh Estates
Residential	Crest Nicholson
Residential	Dandara
Residential	Danescroft
Residential	Galliard
Residential	Goldcrest
Residential	Inland Homes
Residential	K2 Developments
Residential	L&Q
Residential	Langham Properties
Residential	Mackenzie Homes
Residential	Malins Group
Residential	Nacropolis Developments
Residential	Seven Capital
Residential	Shanly
Residential	Taylor Wimpey
Residential	Thackeray Estate
Residential	Titan
Residential	Ashill
Residential	Grainger
Residential	Danescroft
Residential	Fortitudo Prproperty
Residential	Fortitudo Prproperty
Residential	C Group
Residential	Emerson
Residential	Luxgrove
Student	Blackrock
Student	Curlew
Student	LocatED

Appendix 2 – Sales Details (2019 scheme)

FREEHOLD MIXED USE DEVELOPMENT OPPORTUNITY IN CENTRAL READING

Bristol and West Arcade, Reading



- Full Planning Consent granted in 2018 for:
 - 43 residential units totalling 27,025 sq ft NSA (23 x one beds, 10 x two beds & 2 x three beds)
 - 45,297 sq ft (GIA) of offices
 - 17,137 sq ft (GIA) of retail
- Approximately 300 metres from Reading Station – Elizabeth Line (Crossrail) due to open in 2019
- Town centre location, 150 metres from the Oracle shopping centre
- Potential for alternative uses, including hotel use, subject to planning permission
- Site available in 2 titles, the buildings fronting the market place are available separately or as part of the wider site

MIXED USE SCHEME

- Full planning consent has been achieved for development of an up to eight storey mixed use scheme at the site previously known as the Bristol and West Arcade in central Reading consisting of:
 - 8 retail units totalling 16,690 sq ft GIA
 - 3 floors of office space totalling 45,296 sq ft GIA
 - 43 residential apartments totalling 27,025 sq ft of net sales area
- The freehold of the site is available to purchase unconditionally.
- Reading is the capital of the Thames Valley office market and saw the highest level of take up in 2018 for the last 11 years, 737,611 sq ft (transactions over 5,000 sq ft).
- Floorplates of 12,000 sq ft NIA offer the opportunity to create flexible leasing options for a range of occupiers.
- The site is on the doorstep of Reading train station and the door to door travel time from the site into Central London is under 25 minutes.
- Reading is one of the strongest retail destinations in the region.

MARKET PLACE CONVERSION

- The 3 buildings fronting the market place shown here and forming part of the consented mixed use scheme are available under a separate title and may be purchased in exclusivity or as part of the wider site.



Ground floor

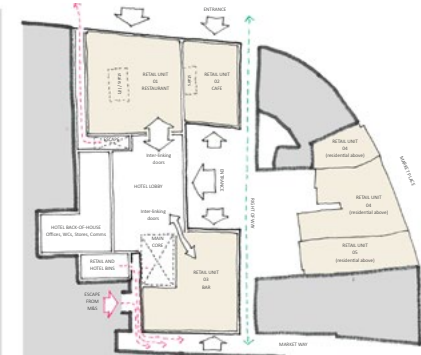
Red line is indicative only, and not to be relied on.

HOTEL SCHEME

- 'Pre-application advice for an indicative 211 bedroom hotel scheme is being sought from Reading Borough Council. They are likely to insist on retention of retail units across the site – this proposal allows this but proposes interlinking doors from the hotel to the main restaurant and bar, such that these units might be considered a part of the hotel use.
- Primary access to the hotel is provided from the newly created courtyard, giving the hotel a sense of arrival and place. Secondary access is provided via the restaurant and bar units.
- Conference facilities and a gym are provided at basement level.
- First to seventh floor provide 211 x 20 sq m bedrooms and accompanying linen storage.
- The size of the new proposal largely accords with the massing achieved by the recent planning permission granted in January 2019 for a mixed use (retail, office and residential) scheme. The previously consented floor plates are shown with a thin red line on the proposed plan layouts. In places the floor plan has been increased or decreased slightly; these alterations represent limited planning risks.
- The site also comprises three Listed buildings to Market Place. These are shown on the ground floor plan only, but extend to third floor level.



Basement floor



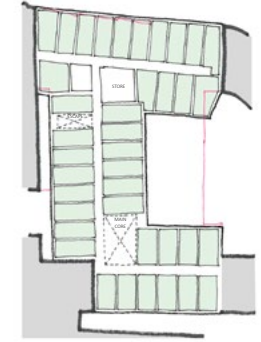
Ground floor



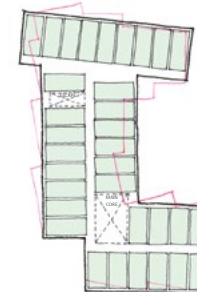
First floor



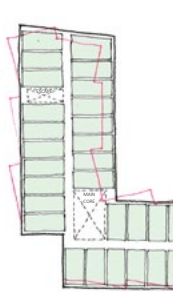
Second floor



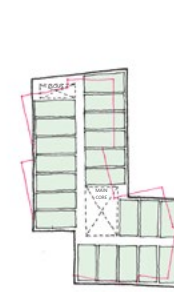
Third floor



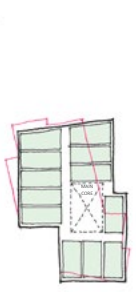
Fourth floor



Fifth floor



Sixth floor



Seventh floor

LOCATION

BRISTOL AND WEST ARCADE 173–175 Friar Street, Reading RG1 1HZ



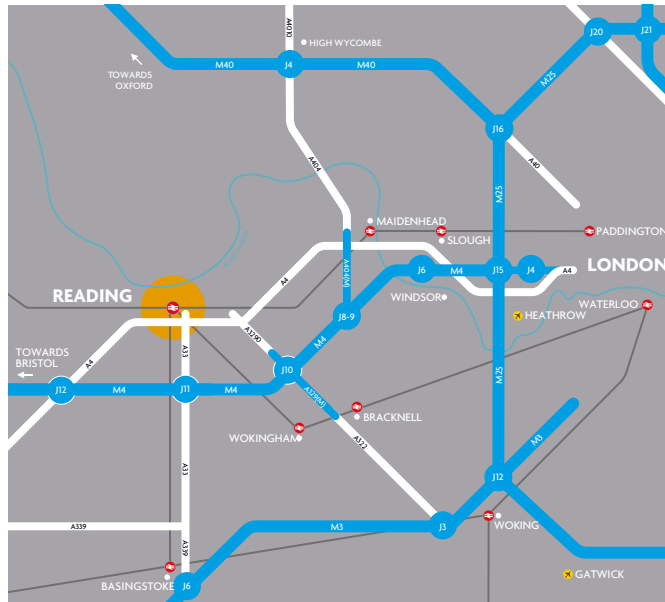
THE LOCATION

Bristol and West Arcade is located on Friar Street in Reading town centre. Reading is a strategic regional town in the Thames Valley/ M4 corridor with a population of circa 230,000 people. The town is located approximately 67km (42 miles) west of London, 44km (27.5 miles) south of Oxford and 27km (17 miles) east of Newbury and lies within an 8 minute drive from the M4.

Reading town centre hosts a large range of shops, restaurants and bars. The popular Oracle Shopping Centre is 200 metres (0.1 miles) south and includes a cinema, two floors of retail, eateries and restaurants along the River Kennet which provides al-fresco dining opportunities.

Reading train station is approximately 350 metres (0.2 miles) north and provides regular, fast services to London Paddington, running approximately every 5-10 minutes. The station also provides services to the south west and the midlands.

The introduction of the Elizabeth Line (Crossrail) to Reading in 2019 will create growth in the area and new transportation routes to and from London.

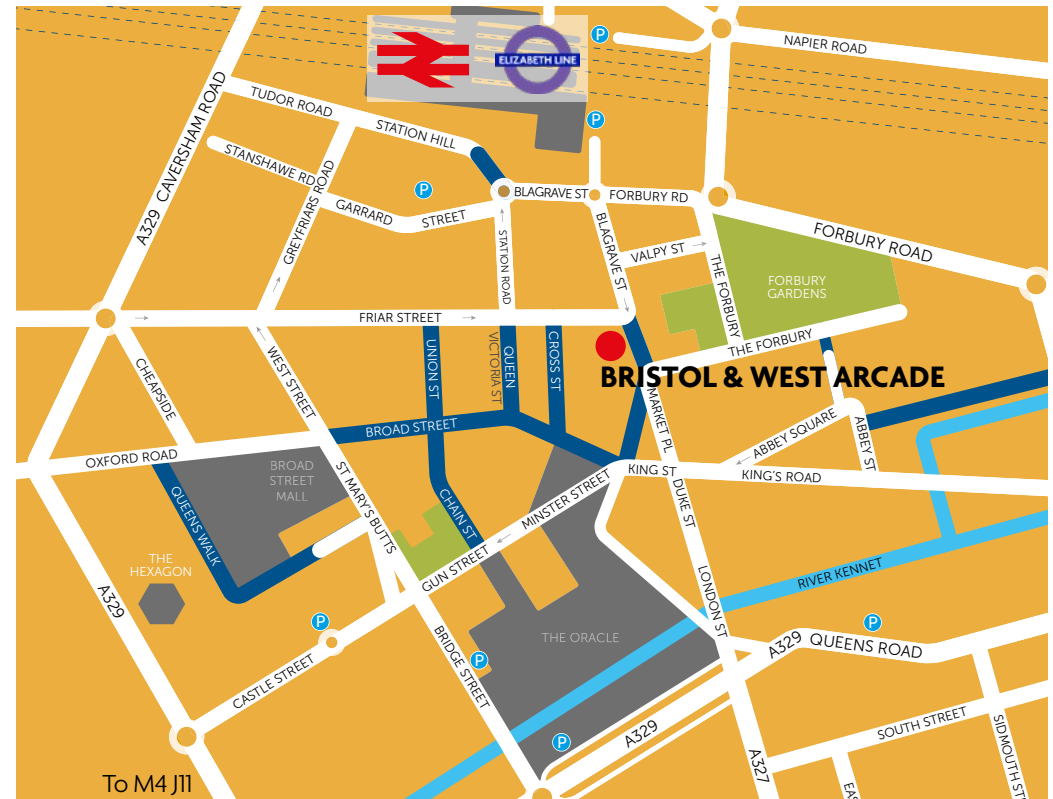


Oracle Riverside



Reading Station

BRISTOL & WEST ARCADE 173–175 Friar Street, Reading RG1 1HZ



THE SITE

Bristol & West Arcade is located in the heart of Reading town centre's retail district adjacent to the main high street, Broad Street, and a stone's throw from Hammerson's Oracle shopping centre and leisure complex. Market Place, which the property fronts, opens up to a small piazza where a local food market is located twice a week.

The scheme is also a less than 1 minute walk from Reading's historic Forbury Gardens and Abbey Ruins, which have recently undergone regeneration works and are now once again open to the public.

Whilst the site predominantly comprises 20th century extensions which housed the retail and office units of the original Bristol and West Arcade, numbers 27–32 Market Place are Grade II listed buildings. The site has been vacant for a number of years.

We understand that the existing property extends to approximately 4,048 m² (43,572 sq ft) over four storeys.



BRISTOL AND WEST ARCADE 173–175 Friar Street, Reading RG1 1HZ



Friar Street entrance



Market Place frontage



Market Place food market

Planning permission and listed building consent was granted on 9th January 2019 (application number: 180358 FUL and 180359 LBC) for the demolition of the vacant former Bristol & West Arcade and the erection of a part three, part eight storey mixed-use use scheme to provide the following:

RETAIL					
Unit	m ² GIA	sq ft GIA	m ² NIA	sq ft NIA	
1	423.6	4,557	400.4	4,310	
2	316.9	3,411	295.3	3,179	
3	74.0	797	60.9	656	
4	215.0	2,314	211.4	2,276	
5	98.0	1,055	72.7	783	
6	117.5	1,265	75.1	808	
7	260.4	2,803	146.7	1,579	
8	45.3	488	43.1	464	
Total	1,592.1	17,137	1,305.6	14,055	

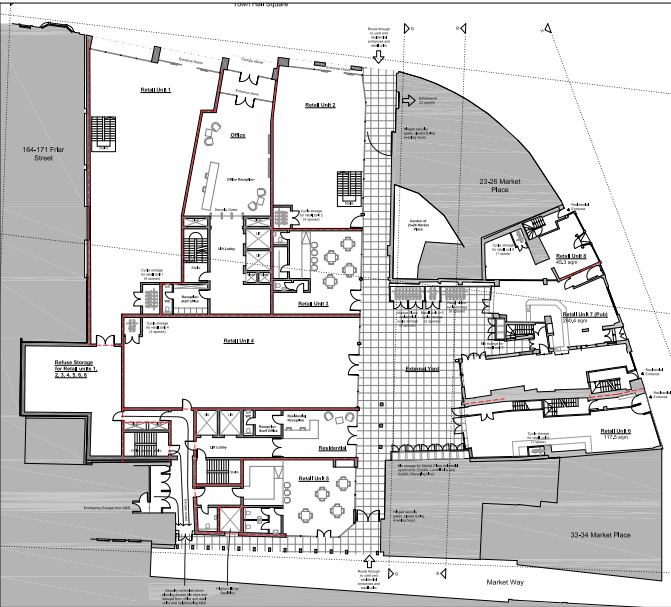
OFFICES					
Floor	m ² GIA	sq ft GIA	m ² NIA	sq ft NIA	
Basement	234.0	2,519	-	-	
Ground	206.1	2,217	-	-	
First	1,262.7	13,592	1,129.9	12,163	
Second	1,262.7	13,592	1,129.9	12,163	
Third	1,242.7	13,376	1,110.0	11,948	
Total	4,208.2	45,297	3,369.8	36,274	

A full suite of planning documents, including the schedule of accommodation for the consented scheme, including affordable housing, CIL & S.106 details is available within the information pack.

Please visit the data room bristolandwestarcade.co.uk for details.

RESIDENTIAL		
Type	Units	Affordable
1 bed 1 person	11	(4)
1 bed 2 person	16	(4)
2 bed 3 person	13	(4)
3 bed 4 person	3	(1)
Total	43	(13)

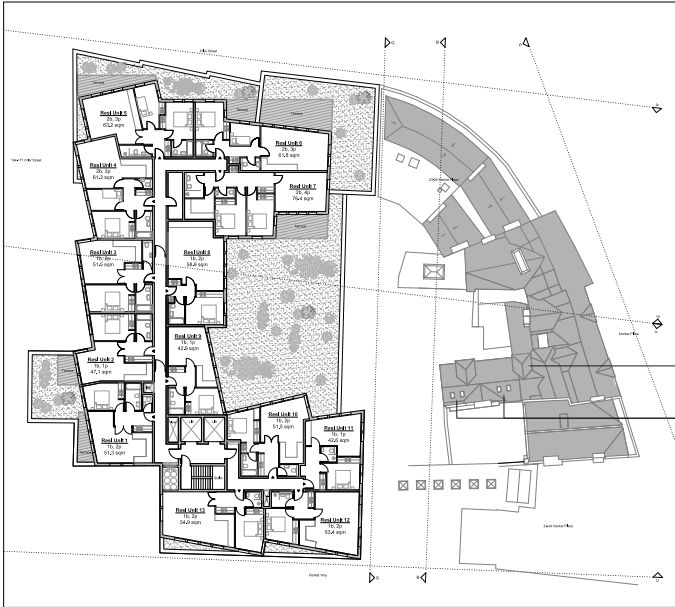
Total GIA	36,858 sq ft (3,424.2 m ²)
Total net sales area	27,025 sq ft (8,169 sq ft affordable)



Retail units: ground floor



Office units: first to third floor



Residential units: fourth floor. Full plans available on the data room

All net areas are estimated and not to be relied upon

READING OFFICE MARKET

BRISTOL AND WEST ARCADE 173–175 Friar Street, Reading RG1 1HZ

- Reading is in the top 5% of cities nationwide for net absorption of office space, according to CoStar.
- Office takeup in Greater Reading in 2018 was 737,611 sq ft, the highest in 10 years. To date in 2019 it is 345,350 sq ft.
- The highest prime headline rent in Reading in 2019 is £37.50 at Apex.
- 5 year average Reading in town annual office take up is 210,800 sq ft.
- Anticipated town centre office development pipeline has dropped to approximately 16,000 sq.ft in the immediate term*.
- Only approximately 2.5 years of office supply exists in the Reading town centre market including the current development pipeline.
- In 2018 94% of central Reading office transactions over 5,000 sq ft were in new or recently refurbished office space, in the 3 years prior the average has been 67%.

* Excludes Station Hill and Reading Metropolitan sites as they are expected to be longer term projects



Thames Tower



R+



The White Building

PRIME TOWN CENTRE OFFICE LETTING TRANSACTIONS (>5,000 sq ft)

Building	Floor	Date	Area	Price (sq ft)	Term	Break	Occupier
Abbey Gardens South	Part 6th	Feb-19	7,100	£29.50	10	5	Entrust
Abbey Gardens South	Part 7th	Mar-19	6,345	£29.50	10	5	Autino
Reading Bridge House	Part 5th & part 9th	Apr-19	10,539	£27.00	5	Flexible	Thames Water
Reading Bridge House	6th & 7th South	Apr-19	17,758	£24.50	10	5	Thames Water
Aquis House	3rd	Aug-19	9,662	£31.00	15	10	Crown Prosecution Service
One Valpy	2nd	Sep-19	7,243	£32.50	7.5	2.5	Mott MacDonald
Pinnacle	Part 1st	Sep-19	5,200	£28.00	5	no	Indigo Loop
Thames Tower	13th	Dec-18	14,000	£36.50	10	5	BMI Consulting
3 Forbury Place	8th, 9th & part 10th	Dec-18	55,725	Confidential	Confidential	Confidential	IQVIA
Apex	1st, Block A	Dec-18	7,875	£32.50	10	5	Cyient
The Anchorage	2nd	Nov-18	6,094	£27.50	7 yrs 1 mth	-	BDB Pitmans
The Blade	Part 7th	Oct-18	5,876	£32.00	10	5	Cloudfactory



Forbury Place

RETAIL MARKET

- Reading is a major retail centre with a moderately affluent core shopping population complemented by high student and office populations within the town centre.
- The town's retail provision is centred around the 700,000 sq ft Oracle Shopping Centre and the main retailing pitch of Broad Street.
- The total retail supply within the town is estimated to be 1.83 million sq ft, placing it within the top 20 centres outside of London for retail provision.
- Whilst the vacancy rate within the town centre as of January 2018 was 13.7% there remains a strong development pipeline including the 150,000 sq ft of retail expected to be provided by the Station Hill development and the 'Boxpark' concept to be introduced at Broad Street Mall.
- Whilst there is reduced demand in the current investment market for high street retail, prime assets in Reading have achieved resilient Net Initial Yields around 5.5% throughout the previous twelve months despite rental values stutter as a result of increased stock.



Broad Street



Broad Street Mall artist's impression



The Oracle Riverside

RESIDENTIAL MARKET

Land Registry data states that house prices the South East have seen a 1.21% increase since June 2017 and local estate agents say that there is appetite from prospective buyers across the region. New build schemes are generating high numbers of viewings, there is demand in the market and developers are bringing forward new schemes. Berkeley have recently achieved consent for 490 additional apartments at their Green Park Village scheme, Lochoilort are now onsite to construct 300+ residential apartments in their Thames Quarter development adjacent to Reading Station and Weston Homes are beginning to market 112 units pre-construction at the Reading Riverside development on the A33.

Savills' 5 year forecast

- Savills predict a 26% increase in house price growth in the Home Counties over the next 5 years.
- Demand is driven by interest from the South East Asian Market, downsizers, investors and buyers relocating out of London.
- 1/3 of households within Reading rent privately – a similar level as seen in Central London.
- Average prices in the town centre to June 2017 were at £200,000–£400,000.
- With the introduction of The Elizabeth Line (Crossrail) in 2019 we are of the opinion that the residential market in Reading will continue to flourish as owner occupiers and investors take advantage of the improved transport links to London.

Source: Savills Research



Thames Quarter



VIEWING

By arrangement only through the joint sole agents Savills and Campbell Gordon.

METHOD OF SALE

By informal tender, details to be confirmed. VAT will be payable on the sale.

CONTACT



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BARS & RESTAURANTS

- | | |
|------------------|-------------------------|
| 1 Bill's | 10 Forbury's Restaurant |
| 2 The Botanist | 11 Honest Burgers |
| 3 BrewDog | 12 House of Flavours |
| 4 Browns | 13 London St. Brasserie |
| 5 Café Rouge | 14 Milk |
| 6 Carluccio's | 15 The Oakford Social |
| 7 Cau | 16 Pho |
| 8 Cerise | 17 Pizza Express |
| 9 Côte Brasserie | 18 Revolution |
| | 19 Slug & Lettuce |

- | |
|------------------------------|
| 20 Thirsty Bear |
| 21 Valpy Street Bar & Bistro |
| 22 Wagamama |
| 23 Wolf Italian Street Food |
| 24 Zero Degrees |
| 25 Zizzi |

CAFÉS

- | |
|-------------------------|
| 26 Caffè Nero |
| 27 Costa |
| 28 Lincoln Coffee House |
| 29 Patisserie Valerie |
| 30 Picnic |
| 31 Pret A Manger |
| 32 Shed |
| 33 Starbucks |
| 34 Workhouse Coffee |

HOTELS

- | |
|-------------------|
| 35 The Forbury |
| 36 Ibis |
| 37 Malmaison |
| 38 Mercure George |
| 39 Novotel |
| 40 Penta hotel |
| GYMS |
| 41 Buzz Gym |
| 42 The Gym |

Appendix 3 – Open Market (2019) Schedule of Enquiries

Company	Viewing date?	Basis of interest	Comments
LSH (agent, on behalf of Rokeby Developments)	10/12/2019	Hotel	Showed initial interest in a hotel led scheme. Did not offer.
LDM London	10/12/2019	Hotel	Showed initial interest in a hotel led scheme. Did not offer.
Shanly Homes	10/12/2019	Residential	Only interested in the element of the consent where residential is in the existing building (Market Place) only. Did not offer.
TCN Properties	29/11/2019	Residential	Only interested in the element of the consent where residential is in the existing building (Market Place) only. Did not offer.
Top Group	29/11/2019	Residential	Showed initial interest in a hotel led scheme. Did not offer.
Gillben Ltd	21/11/2019	Hotel	Submitted offer based upon a comprehensive hotel redevelopment scheme.
V7 AM	21/11/2019	Hotel	Only interested in the element of the consent where residential is in the existing building (Market Place) only. Did not offer.
Baker Pugh McLean		Unknown	Made initial enquiry, did not pursue with the opportunity
Bluefield Estates		Unknown	Made initial enquiry, did not pursue with the opportunity
Caesium Developments		Residential	Made initial enquiry, did not pursue with the opportunity
Cross Lane Co Living		Co-Living Space / Hotel	Made initial enquiry, did not pursue with the opportunity
De Souza Land Securities		Residential	Made initial enquiry, did not pursue with the opportunity
Durkan		Residential	Made initial enquiry, did not pursue with the opportunity
Ede Homes		Residential	Made initial enquiry, did not pursue with the opportunity
Farino Cole Real Estate		Residential	Made initial enquiry, did not pursue with the opportunity
Generation Land		Residential	Made initial enquiry, did not pursue with the opportunity
Haslams (agent)		Unknown	Made initial enquiry, did not pursue with the opportunity

Investream		Unknown	Made initial enquiry, did not pursue with the opportunity
Kierish Developments		Residential	Made initial enquiry, did not pursue with the opportunity
Koopmans		Residential	Made initial enquiry, did not pursue with the opportunity
Lifestory Group		Unknown	Made initial enquiry, did not pursue with the opportunity
LPC Living		Unknown	Made initial enquiry, did not pursue with the opportunity
Marick Real Estate		Residential	Made initial enquiry, did not pursue with the opportunity
Martin Property Group		Unknown	Made initial enquiry, did not pursue with the opportunity
Naiman Associates		Unknown	Made initial enquiry, did not pursue with the opportunity
Opal Group		Unknown	Made initial enquiry, did not pursue with the opportunity
Orwell Real Estate		Unknown	Made initial enquiry, did not pursue with the opportunity
Oxford Homes		Residential	Made initial enquiry, did not pursue with the opportunity
Pluto Investment Management		Unknown	Made initial enquiry, did not pursue with the opportunity
Reading Civic Society		Unknown	Made initial enquiry, did not pursue with the opportunity
Realto Group		Hotel	Made initial enquiry, did not pursue with the opportunity
Redbrick Wealth		Unknown	Made initial enquiry, did not pursue with the opportunity
RJS Corporate		Unknown	Made initial enquiry, did not pursue with the opportunity
Robert Cort Properties		Unknown	Made initial enquiry, did not pursue with the opportunity
Seven Capital		Residential	Made initial enquiry, did not pursue with the opportunity
Shape Real Estate		Residential	Made initial enquiry, did not pursue with the opportunity
Urban Village		Residential	Made initial enquiry, did not pursue with the opportunity
Vail Asset Management		Unknown	Made initial enquiry, did not pursue with the opportunity
Woodcote Group		Residential	Made initial enquiry, did not pursue with the opportunity