



CLEARWATER COURT
READING

SECURE OFFICE INVESTMENT WITH
ACCRETIVE RESIDUAL VALUE



CLEARWATER COURT READING INVESTMENT SUMMARY

- Rare opportunity to acquire a **landmark building** in the heart of Reading, offering **secure long income** and a **valuable residual underpin**.
- Clearwater Court is a prominent **5-storey office building** extending to **89,059 sq ft** with an **attractive outlook onto the River Thames**.
- Located just **300 metres from Reading Train Station** serviced by Europe's largest infrastructure project, The Elizabeth Line.
- Single-let to the **investment grade covenant of Thames Water Utilities Limited** until 13th July 2032, providing an unexpired lease of **9.7 years term certain**.
- Thames Water originally **built their headquarters building** and have been in occupation for over 22 years. Clearwater Court is **integral to their operations** having recently consolidated into the building from c.53,000 sq ft of other offices in Reading.
- The **FRI lease** has a passing rent of **£3,210,971 per annum** reflecting a rent of £36.05 psf overall.
- Fixed uplift in April 2027 to £3,722,395 per annum, providing **guaranteed performance** over a 5-year hold through **c. 115 bps of reversion**.
- **Offering stability and security of returns** against a volatile macroeconomic backdrop.
- The building benefits from 161 car parking spaces, reflecting an **excellent town centre car parking ratio of 1:553 psf**.
- Reading is the **capital of the Thames Valley** and the leading office market in the region, with **rents forecast to outperform all of the Big 6 cities**.
- Freehold.

PROPOSAL

We are instructed to seek offers in excess of **£41,000,000 (Forty-One Million Pounds)** subject to contract and exclusive of VAT for our client's interest.

A purchase at this level reflects a **Net Initial Yield of 7.35% rising to 8.50% in 2027** and a **low capital value of £460 per sq ft**, assuming purchaser's costs of 6.77%.





CLEARWATER COURT READING

River Thames

Reading Bridge (B3345)

Reading Bridge House

Thames Path

The Blade

Forbury Place

Vastern Road (A329)

Apex Plaza

The Oracle Shopping Centre

Broad Street

Reading Station Car Park

Malmaison Reading

Reading Station

Thames Tower

Station Hill Development

London Paddington (23 mins)

Oxford (23 mins)

M4 (10 mins)



CLEARWATER COURT READING



PROPERTY SNAPSHOT



89,059 sq ft



Landmark office investment



161 car parking spaces



Striking headquarters building



Single let to Thames Water



Investment grade covenant



9.7 years income



Freehold



Guaranteed reversion to 8.50%



Low capital value of £460 psf



300m from an Elizabeth Line Station



Cycle facilities



POSTCODE: RG1 8DB



LOCATION

Clearwater Court lies in the heart of Reading, the capital of the Thames Valley. The riverside town is the occupational hotspot of the South East with the fastest growing economy in the region over the last 20 years (1997-2019).

Reading has a qualified workforce within its catchment, it is extremely well connected both nationally and internationally and the town is ranked in the top 25 European cities for foreign direct investment.

Over 20% of the South East's most successful tech companies and over 8,000 businesses recognise Reading's many commercial attributes and have set up offices in the town.

SITUATION

Clearwater Court benefits from a prominent dual frontage onto both George Street and Vastern Road. The office building is set along the bank of the River Thames, providing a rare combination of attractive views to the north of the property and close proximity to a major train station.

Not only does Clearwater Court benefit from a prime position within the office core, but the property is also surrounded by an abundance of amenity in the town centre which is continuing to receive inward investment.

There are also several nearby hotels including Novotel and Malmaison and greenspaces such as King's Meadow and Christchurch Meadow.

The property is only 0.5 miles from The Oracle Shopping Centre which boasts more than 80 shops and 20 restaurants.



CLEARWATER COURT READING

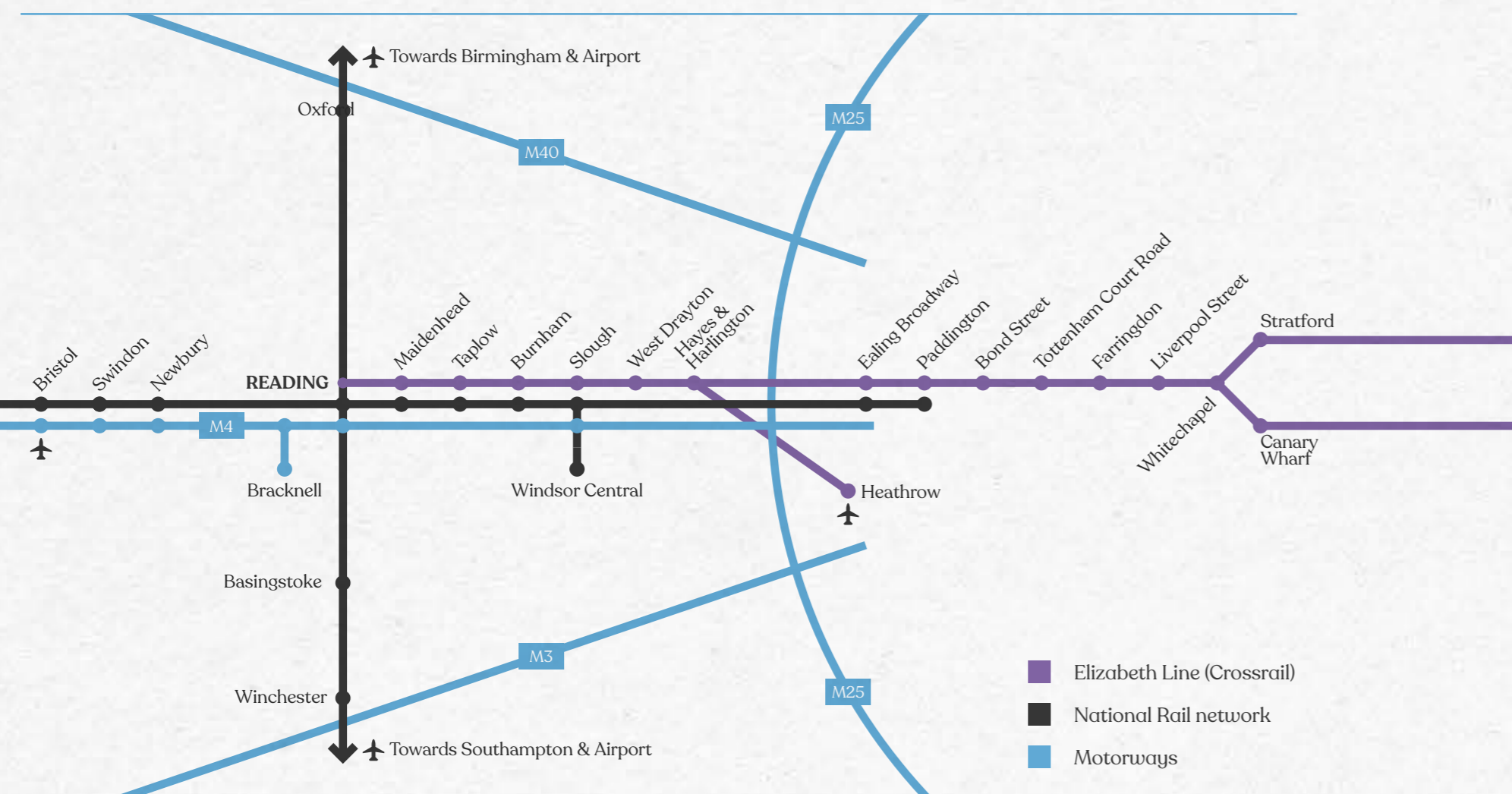
CONNECTIVITY

The property is situated just 300 metres from Reading Railway Station, providing unrivalled connectivity via the new Elizabeth Line (Crossrail).

The wider area has benefited from Europe's largest infrastructure project, now enjoying direct connections to the City of London and further east. Reading station provides trains to over 300 destinations including fast journey times of just 23 minutes to London Paddington.

In addition, London Heathrow Airport can be reached by train in under an hour, as well as via Bus with regular services running every 30 minutes.

The property can be accessed via the B3345 and Vastern Road, both of which provide fast connections to the wider national road network. Junction 11 of the M4 is just 4 miles from the property, whilst Junction 15 of the M25 is 24 miles northeast.



Road
Driving distances from Clearwater Court

M4 (Junction 1)	4.5 miles
Windsor	21 miles
M25 (Junction 15)	23 miles
Oxford	25 miles
Central London	40 miles



Rail
Train times from Reading Station (Elizabeth Line, CrossCountry, GWR and SWR lines)

Slough	14 mins
London Paddington	24 mins
Guildford	33 mins
London Heathrow Airport	56 mins
Bristol	71 mins



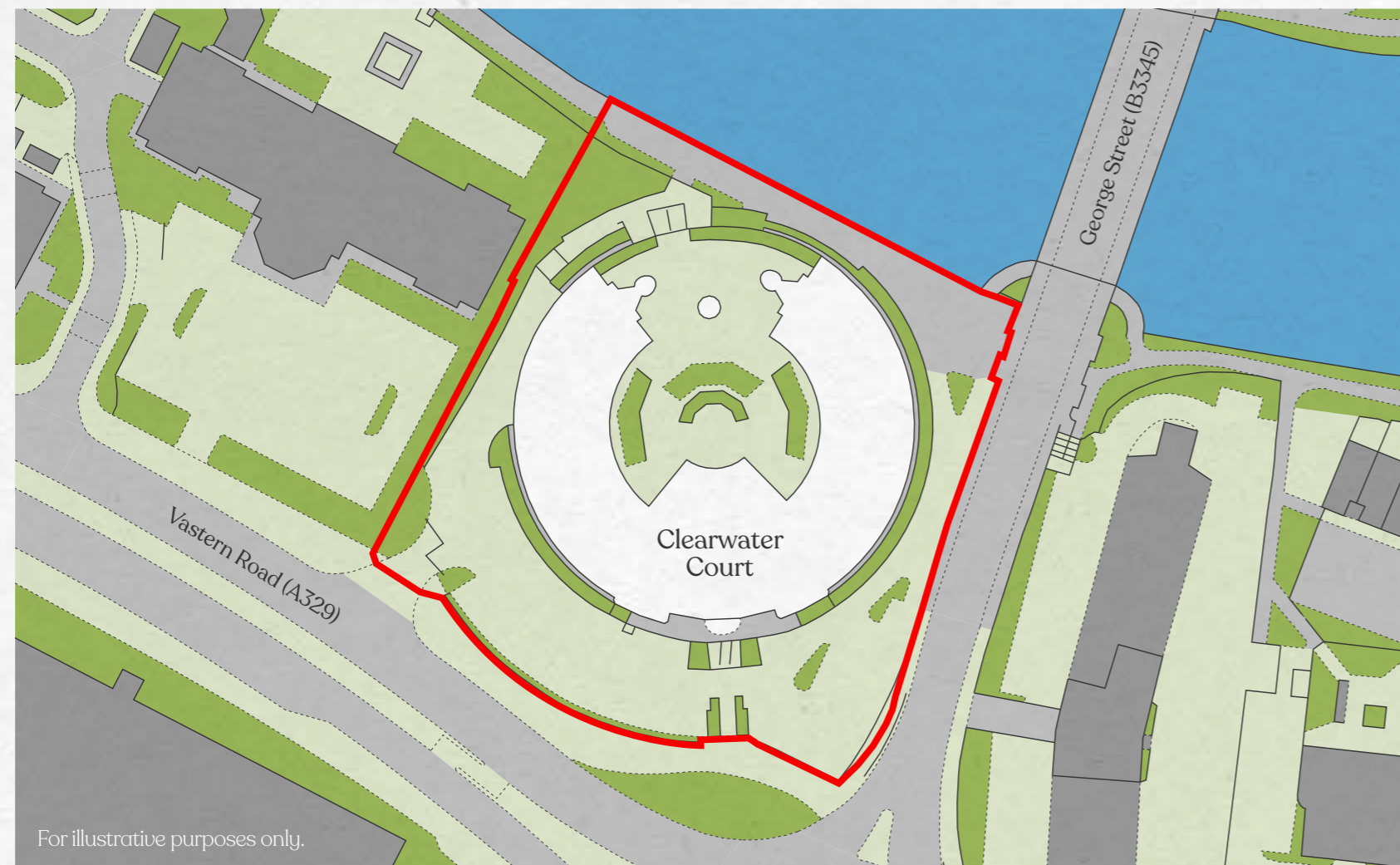
Air
Driving distances from Clearwater Court

London Heathrow Airport	27 miles
Southampton Airport	45 miles
London City Airport	49 miles
London Gatwick Airport	55 miles
London Luton Airport	55 miles



SITE AREA

The freehold site totals approximately 1.88 acres (0.76 hectares).



DESCRIPTION

Clearwater Court is an iconic headquarters office building with a rare outlook onto the River Thames.

The property is arranged in a circular configuration providing a central landscaped courtyard with a glazed restaurant and five storeys of office space.

There is secure basement and surface car parking for 161 cars equating to a car parking ratio of 1:553 psf.

The property provides the following specification:

- Striking double height reception
- Full access raised floors
- 3.15m floor to ceiling height
- Excellent natural lighting throughout
- 3 x 10-person passenger lifts
- Goods lift
- VAV and chilled beam air conditioning
- 10 showers and changing facilities
- Secure cycle storage for over 60 bikes
- Landscaped grounds
- Restaurant

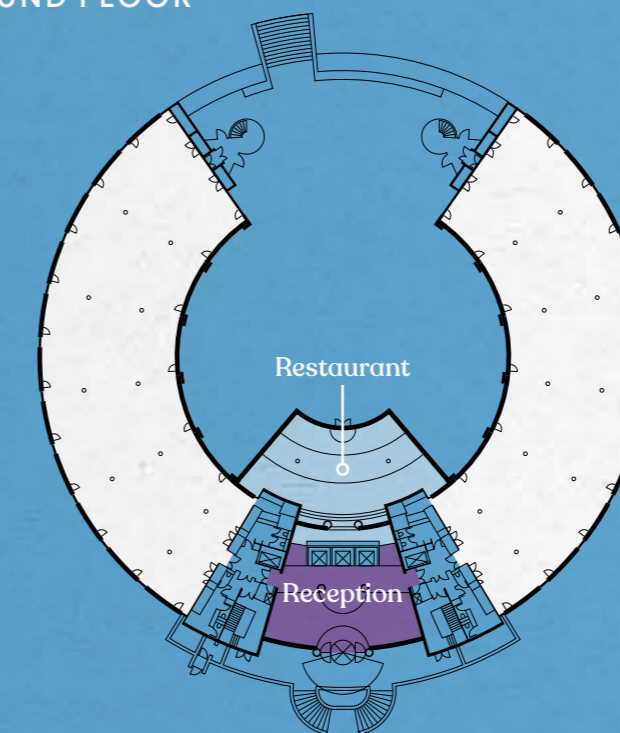
MEASURED AREAS

The property has been measured in accordance with the RICS Measuring Standards and the Net Internal Areas are as follows:

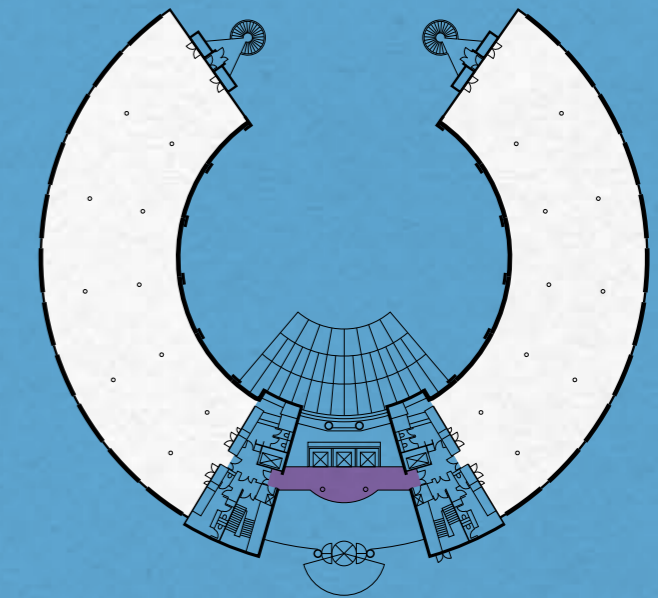
Floor	NIA (sq m)	NIA (sq ft)
Basement	91.4	984
Ground	1,894.5	20,392
First	1,582.7	17,037
Second	1,678.3	18,066
Third	1,677.8	18,061
Fourth	1,348.8	14,519
TOTAL	8,273.5	89,059

Source: Plowman Craven Measured Survey dated 2007. (An updated survey is being undertaken and will be made available in the data room.)

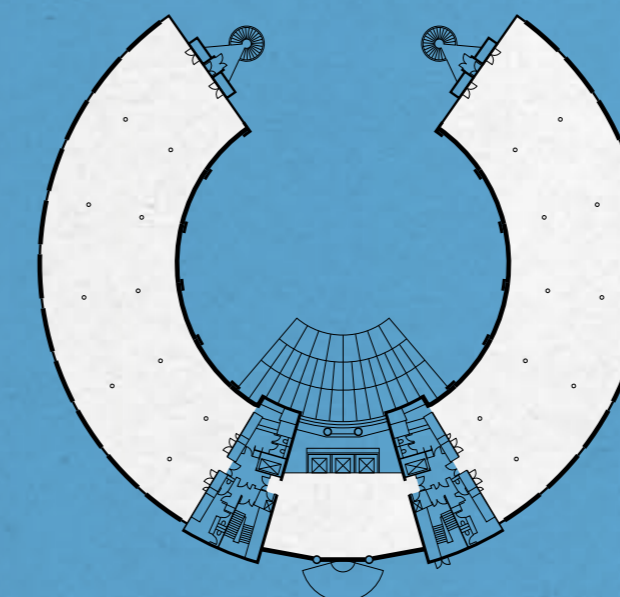
GROUND FLOOR



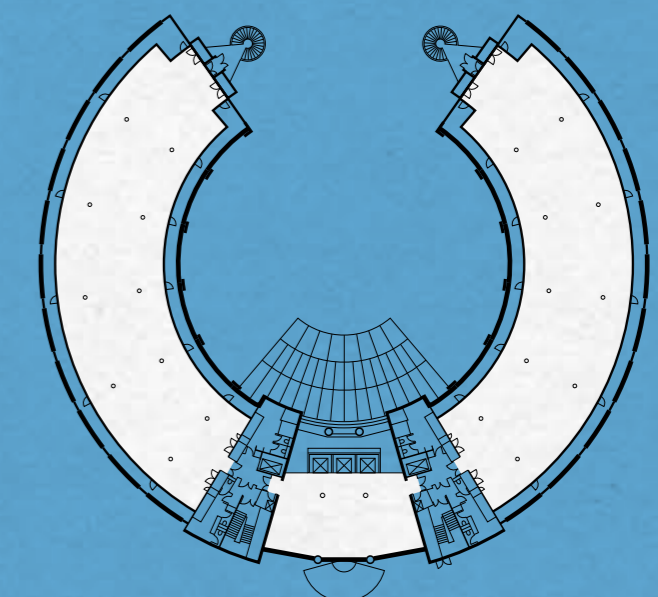
FIRST FLOOR



TYPICAL FLOOR (2ND-3RD)



FOURTH FLOOR





TENANCY

Clearwater Court is single let to Thames Water Utilities Limited on a Full Repairing and Insuring lease expiring on 13th July 2032. The property therefore provides an unexpired lease term of 9.7 years. The lease is contracted Inside the 1954 Landlord & Tenant Act. The current passing rent is £3,210,971 per annum which equates to £36.05 psf overall.

There are fixed rental uplifts at a rate of 3% per annum compounded 5-yearly, providing guaranteed performance within a 5-year hold. The next rental uplift is on 17 April 2027 where the rent will increase to £3,722,395 per annum.

THE UK'S LARGEST WATER COMPANY

Thames Water is the UK's biggest water and wastewater company, covering a population of 15 million people across London and the Thames Valley. They provide clean water for almost 25 per cent of the UK population every day equating to more than 11,000 Olympic size swimming pools, demonstrating their monopoly over the water industry.

Thames Water's clean water treatment plants are some of the largest and most advanced sites across Europe and the company delivers a stable, regulated performance.

COMMITTED TENANT

Thames Water developed their headquarters in 2000 and agreed a 25-year sale and leaseback when they sold the building in 2007.

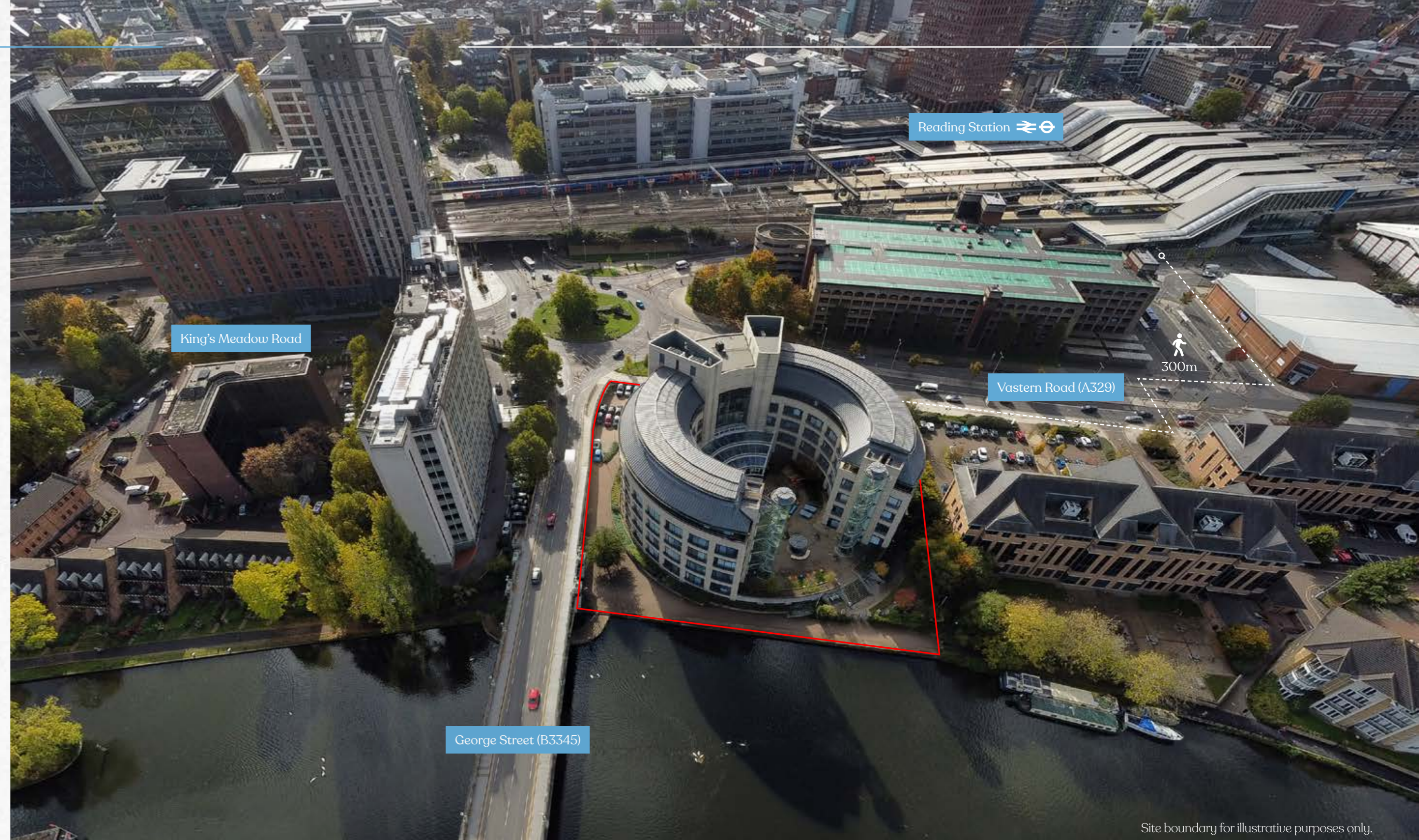
Clearwater Court is Thames Waters' registered address and it is instrumental to their operation. All of their key business lines including Finance, HR, Legal, Property, Operations, Customer Experience, Environmental as well as their C-Suite work from the building.

Having recently consolidated from nearby Rose Kiln Court (30,350 sq ft) and Reading Bridge House (c.23,000 sq ft) they are committed to Clearwater Court as their main headquarters office.

COMMITMENT TO SUSTAINABILITY

The company is committed to sustainability generating nearly 20% of its own energy and sourcing the rest from renewables in order to go beyond net-zero to become climate positive by 2040.

Thames Water have recommitted to their robust sustainability agenda with their recent eight-year turnaround plan. This brings together their longstanding commitment to sustainability and ESG, as well as their Vision for 2050, Water Resources Management Plan and their Drainage and Wastewater Management Plan. In the long term, their Sustainability and ESG policy will be at the heart of their business and cover nine themes including, 'Protecting water, a precious resource' and 'Mitigating climate change'.



Site boundary for illustrative purposes only.



COVENANT

Thames Water Utilities Limited (Company Number: 02366661) offers an investment grade covenant with a 5AI Dun & Bradstreet rating. The company has a low risk business profile and a predictable cash flow offering a stable and secure covenant.

A summary of the company's last three years of accounts are set out below:

	31 March 2022 (£000)	31 March 2021 (£000)	31 March 2020 (£000)
Turnover	£2,176,900	£2,106,700	£2,172,800
Pre Tax Profit	-£850,800	-£241,500	£433,800
Tangible Net Worth	£1,545,900	£2,518,300	£2,874,100

Source: Dun & Bradstreet





ASSET MANAGEMENT OPPORTUNITIES

Despite there being long income with fixed performance in 2027, there are still initiatives that can be undertaken to further drive returns:

- Engage with the tenant to agree a lease extension
- Explore the installation of EV charging points
- Install Solar Photovoltaic (PV) panels at roof level, which would provide multiple benefits including:
 - Increasing net income by up to £9,560 per annum
 - Improving the EPC
 - Generating savings on tenant electricity costs
 - Increasing tenant renewal prospects
 - Delivering an IRR of up to 8.5%*

*Further information available upon request

LONGER TERM UNDERPIN

Whilst the property is let to a committed tenant for a further 9.7 years, Clearwater Court provides long term value certainty with potential alternative use value underpinning the site (subject to planning).

The building could be suitable for conversion to residential or hotel use due to its Riverside views and excellent location.

Residential use in particular provides an accretive residual value with prime residential values in Reading reaching £700 psf.

For residential queries please contact:

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07812 823151
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OCCUPATIONAL MARKET

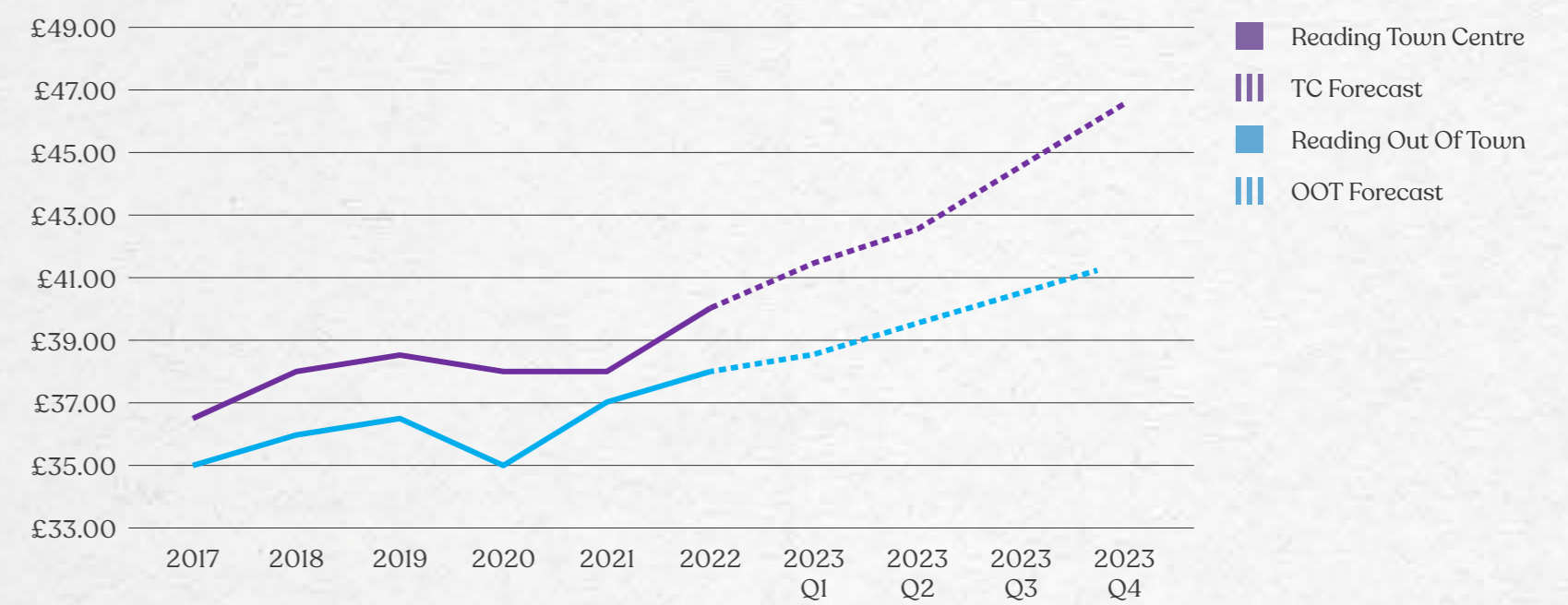
Reading has long been the leading occupational market in the South East due to its excellent transport links, highly specified space, large critical mass of quality occupiers and low occupational costs compared to Greater London.

The town continues to attract market leading companies including IQVIA (formerly Veritas), Virgin Media and CGI from nearby markets including Maidenhead and Hook. Meanwhile, blue chip corporates such as KPMG, PWC and Ernst & Young all have a presence in Reading.

Post pandemic there has been a resurgence in activity. Active demand focused on Reading totals 722,000 sq ft with an average requirement size of 42,400 sq ft, demonstrating the draw of the town for tenant's major offices and HQs.

The new £500 million Station Hill development is further cementing Reading's top position by delivering best in class space and generating new rental evidence building upon the success of Thames Tower. Reading subsequently has the strongest rental forecast across the whole of the UK, with town centre rents expected to grow by 4.1% between 2022-2026, outperforming the Big 6 cities.

PRIME READING RENTAL GROWTH



READING OFFICE LETTINGS

Date	Property	Area (sq ft)	Tenant	Rent	Term (Break)
Aug-22	The Brickworks, Reading	4,256	Keyloop	£38.50	5 (3) years
Aug-22	The Phoenix Building, Reading	10,363	Throgmorton	£37.00	10 (5) years
Apr-22	3 Forbury Place, Reading	4,566	Posh Virtual Receptionists	£38.00	6 (3) years
Dec-21	R+, Reading	25,300	Ernst & Young	£37.50	10 (5) years (assignment)
Oct-21	Thames Tower, Reading	7,000	Riot Games Services Ltd.	£40.00	5.5 years
Oct-21	Apex Plaza, Reading	1,184	Interpath Ltd	£39.50	5 (3) years

INVESTMENT MARKET

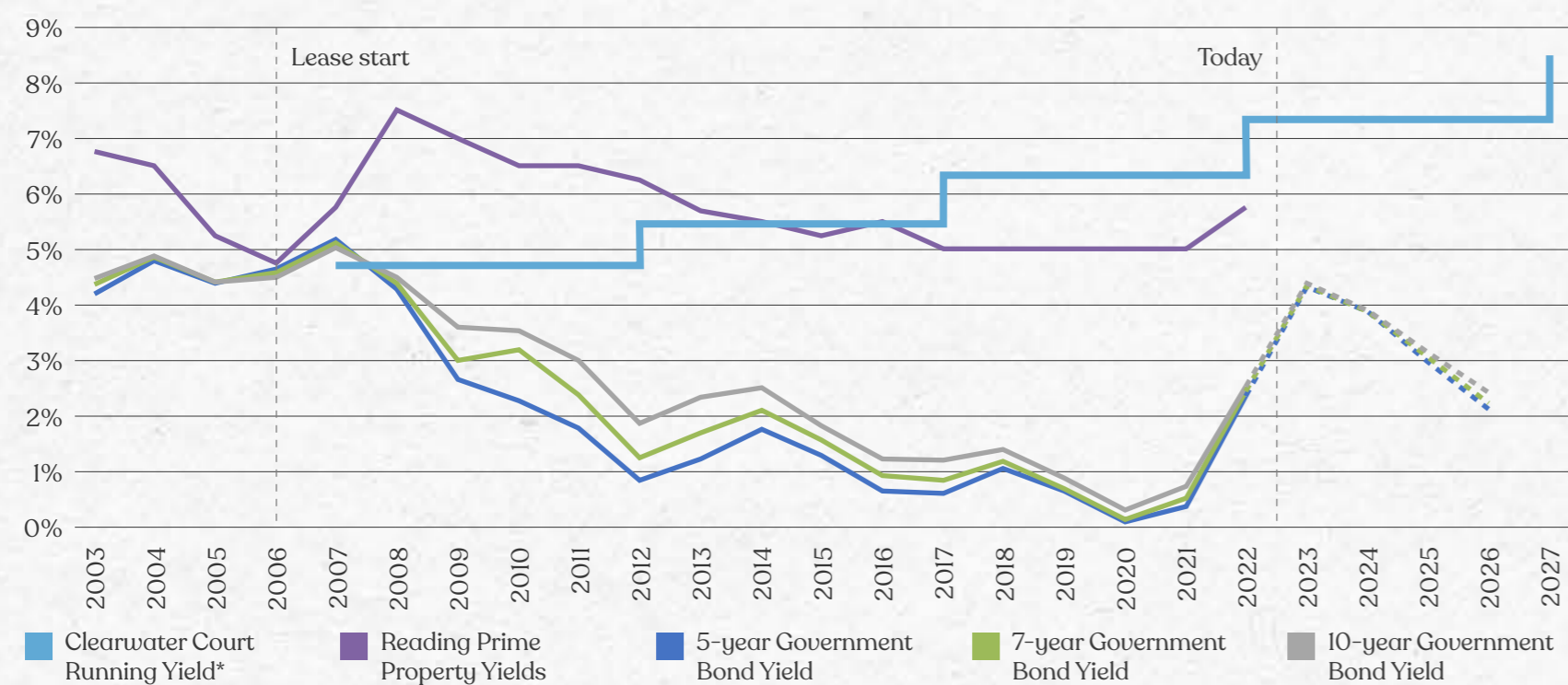
Few long income office investment opportunities have transacted this year, despite these types of secure opportunities being sought after by investors. Recent comparable investment transactions are set out below:

Date	Property	Area (sq ft)	Tenant	WAULT	Price	NIY	CV psf
Available	Windsor One and Two, Windsor	90,127	IHG/Multi-let	11.9	£76,400,000	4.75%	£848
Oct-22	Southern House, Worthing	64,354	Southern Water Services	10.0	£21,270,000	7.07%	£331
May-22	1 & 3 Mondial Way, Heathrow	27,395	Multi-let	9.3	£13,230,000	4.74%	£483
Apr-22	Assembly Rooms, Putney	26,321	Natwest & Gallagher	7.1	£30,320,000	4.60%	£1,152
Apr-22	No1 Forbury Place, Reading	185,109	SSE Services Plc	9.5	£100,000,000	5.65%	£540
Feb-21	The Heights, Weybridge	100,899	Proctor & Gamble Technical Centres	10.2	£49,550,000	5.22%	£491

PROPERTY YIELDS VS GOVERNMENT BONDS - RELATIVE STABILITY

Providing nearly 10 years of stable income with a fixed uplift in 2027, Clearwater Court offers security compared to UK Government Bonds which have been volatile in the recent macroeconomic environment.

Whilst the arbitrage between bond yields and property yields is currently lower than it has been since 2006/2007, we are forecasting bond yield compression from 2023 onwards. Comparatively, Clearwater Court offers guaranteed reversion to 8.50% in 2027 based off the quoting pricing.



Source: Bank of England, Reuters, Haver Analytics & JLL (Prime Reading Yields)
*Based on quote price





ADDITIONAL INFORMATION

EPC

The property has an EPC of E (I20).

Capital Allowances

Further information is available upon request.

VAT

The property is elected for VAT, and it is anticipated that the sale will be treated as a Transfer of a Going Concern.

Data Room

Further documents are available via the data room including:

- Lease Documentation
- Title Plan & Register
- Building, M&E and Environmental Surveys
- Measured Survey
- Desktop Solar PV Feasibility
- Covenant Information

Debt

JLL's Debt Advisory team has a strong track record of providing market leading debt solutions for real estate investors. If you wish to discuss potential debt options, please contact:

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CONTACT

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