



JAVELIN HOUSE

JAVELIN HOUSE & CAR PARK B
GLOUCESTER BUSINESS PARK

**A Mission Critical Office Headquarters With
Strong Environmental Credentials**

MISSION CRITICAL OFFICE & CAR PARK FULLY LET TO
EDF ENERGY FOR A FURTHER 8.9 YEARS



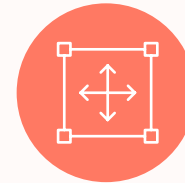
Investment Highlights



The new registered headquarters of EDF Energy Nuclear Generation



Gloucester Business Park is home to EDF Energy's nuclear energy campus



The tenant occupies over 90,000 sq ft across the Park



EDF Energy has retained a presence in Gloucester since the 1970s



One of Gloucester's major employers - 1,200 staff



Investment grade covenant - D&B 5A1 and Fitch BBB (2022 - pre-tax profit - £900m)



Gloucester Business Park is the only prime established commercial location between Bristol and Birmingham



Gloucester Business Park has experienced 65% office rental growth during the past 10 years



< 5% Grade A office vacancy rate on the Park



EPC B and BREEAM Very Good



Exceptional car parking ratio - 1:85 sq ft



Low capital value - discount to replacement cost

Investment Summary

- ▶ Headquarters office building constructed in 2015, benefiting from strong environmental credentials.
- ▶ Totalling approximately 52,626 sq ft (NIA), with flexible floorplates arranged over ground, first and second floors.
- ▶ Javelin House benefits from 307 car parking spaces within its immediate demise (1:171 sq ft).
- ▶ A further 308 spaces are provided at Car Park B which is included in the sale and is situated approximately 200m south of Javelin House thereby providing an overall ratio of 1:86 sq ft.
- ▶ Javelin House and Car Park B are both fully let to EDF Energy Nuclear Generation Ltd on full repairing and insuring terms from 21st September 2022 until 20th September 2032 (8.9 years unexpired).
- ▶ Passing rent of £1,600,451 per annum reflecting a low overall rent of £24.56 per sq ft across the office accommodation and £1,000 per space for Car Park B.
- ▶ Freehold.



Proposal

- ▶ We are instructed to seek offers in excess of **£19,350,000** for the freehold interest, subject to contract and exclusive of VAT.
- ▶ Assuming purchaser's costs of 6.75%, an acquisition at this level reflects an attractive net initial yield of **7.75%** and a low capital value of **£297** per sq ft on Javelin House only.

THE PREMIER COMMERCIAL LOCATION BETWEEN BIRMINGHAM & BRISTOL





Gloucester Business Park

Gloucester Business Park sits between Gloucester and Cheltenham, adjacent to the M5 Motorway (Junction 11A) and the A417 Gloucester Swindon trunk road; the two major arterial routes for the region.

The Park extends to approximately 275 acres and was developed by Arlington, one of the UK's major specialist business park developers. The site opened in 1998 and was quickly established as the region's premier business location, unique in providing unrivalled accessibility, a superb environment and a full range of on-site retail and leisure amenities.

The site was formerly the factory and test airfield for the Gloster Aircraft Company, famous for building the Hawker Hurricane during the 1940s and the Gloster Javelin during the 1950s. The airfield ceased to be operational in 1965 and Arlington began developing the Park in the early 1990s based on a mixed-use outline planning consent allowing for the delivery of various uses.

To date, over 2.8 million sq ft of high-quality accommodation has been developed, including a range of Grade A office buildings, together with large distribution facilities and small industrial units. There are a significant number of high-profile occupiers based at Gloucester Business Park.



DOWTY



Wincanton



ecclesiastical

LAITHWAITES

LOCKHEED MARTIN

GE Aerospace

BAE SYSTEMS



Some of the occupiers on the Park occupy strategic operations in the South West and also operate long-term contracts for the Government Communications Headquarters (GCHQ) in neighbouring Cheltenham.

In 2021, EDF Energy committed to relocate its long-established nuclear power division housing nuclear scientists, engineers and technical support staff from Barnwood in Gloucester to Gloucester Business Park, entering into an agreement to acquire a total of approximately 90,000 sq ft of office accommodation including principally Javelin House.

The Park provides an unrivalled amenity offer with a Tesco Extra superstore, Costa Coffee café, Subway, Greggs, Premier Inn hotel, Brewers Fayre pub and a David Lloyd health club.

The Park provides the best product in the locality, endorsed by the region's key employers and offers the best prospects for continued rental and capital growth.

Further information is available at www.gloucesterbusinesspark.co.uk

Communications

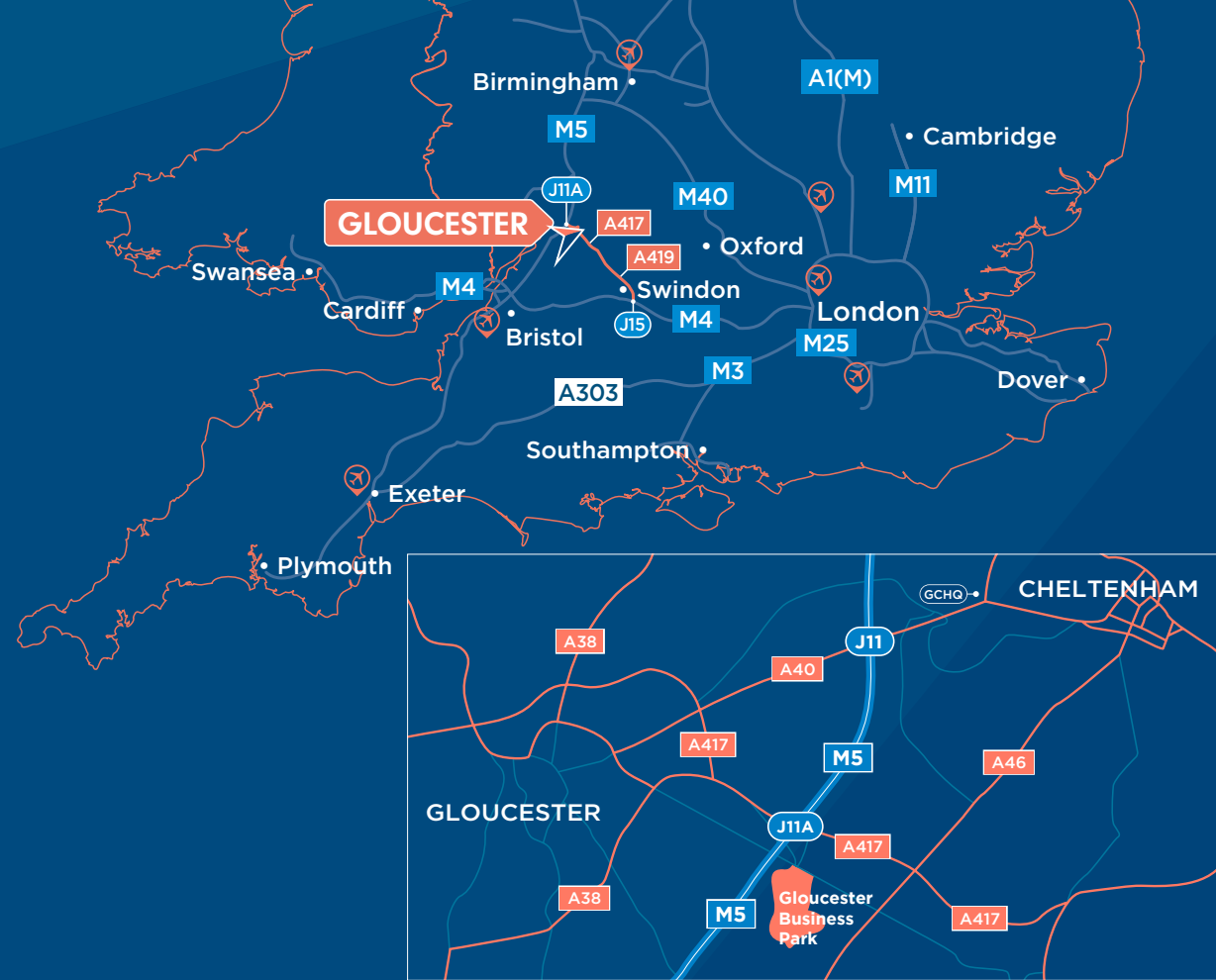
The city of Gloucester is located 37 miles north of Bristol, 56 miles south of Birmingham and 110 miles west of London.



ROAD

Gloucester Business Park is strategically located between Gloucester and Cheltenham, approximately 4 miles from Gloucester city centre and approximately 7 miles from Cheltenham town centre. The Park is located adjacent to the M5 Motorway / A417 (Junction 11A) and benefits from a dedicated access road onto the Junction. The M5 Motorway provides excellent access to both Bristol and Birmingham. The A417 trunk road provides access to the east, ultimately connecting with the M4 Motorway (Junction 15) at Swindon.

| | | | |
|------------------------|----------|----------------|-----------|
| Gloucester City Centre | 4 miles | Oxford | 45 miles |
| Cheltenham | 7 miles | Birmingham | 56 miles |
| Bristol | 37 miles | Central London | 110 miles |



RAIL

Gloucester railway station provides regular and direct services to London Paddington in approximately 1 hour and 55 minutes. It also provides services to Cheltenham Spa, Bristol Temple Meads and Cardiff Central.

| | |
|-------------------|--------------|
| Cheltenham Spa | 7 mins |
| Bristol Parkway | 36 mins |
| Swindon | 51 mins |
| London Paddington | 1 hr 55 mins |

AIR

Birmingham and Bristol are located approximately 1 hour's drive to the north and south respectively. Both airports provide extensive UK and European flight schedules, with Birmingham offering flights to over 140 destinations, including transatlantic services.

| | |
|-----------------|--------------|
| Bristol | 52 mins |
| Birmingham | 57 mins |
| London Heathrow | 1 hr 28 mins |

Javelin House

A mission critical headquarters building with strong ESG credentials and an exceptional car parking provision.

Javelin House was designed to Grade A standards and extends to a Net Internal Area of 52,626 sq ft arranged over ground, first and second floors.

The building is of steel frame construction with external elevations being a combination of brick and metal rain screen cladding. The windows are polyester powder coated aluminium.

Internally, the property benefits from the following specification:



Double height reception area



LED lighting throughout



Four pipe fan coil air conditioning



2 x 8 person passenger lifts



Ground floor restaurant



Suspended ceilings, with a floor to ceiling height of 2,750mm



BREEAM rating of 'Very Good'



EPC rating B 35



WCs to each floor

The property benefits from a total of 307 car parking spaces, providing an excellent parking ratio of 1:171 sq ft.



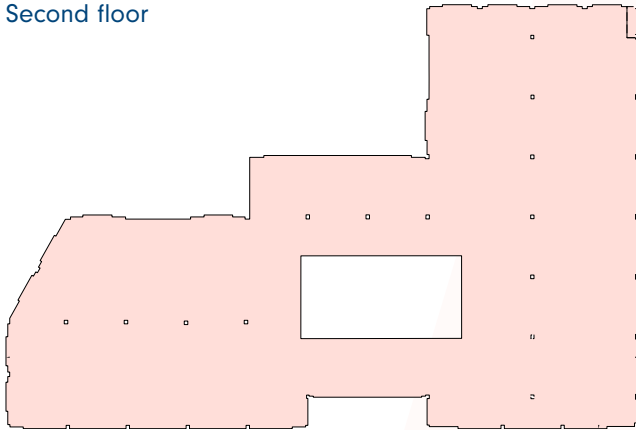
Car Park B

Car Park B is situated approximately 200 metres south of Javelin House, adjacent to Benefact House, and comprises a newly constructed surface level car park, providing a further 308 parking spaces, on a site extending to approximately 2.1 acres.

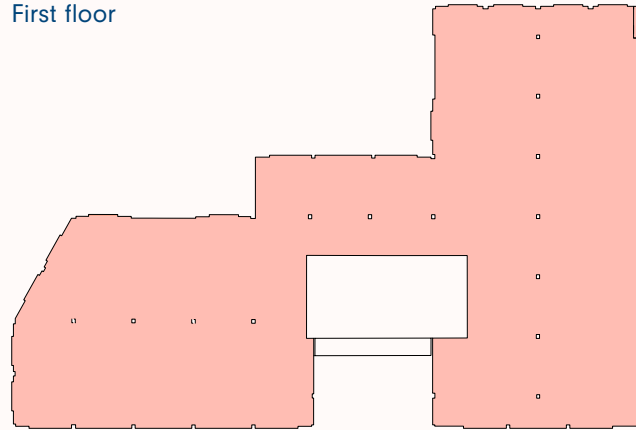
Javelin House and Car Park B therefore provide a combined total of 615 car parking spaces, providing an exceptional parking ratio of 1:86 sq ft.

Floor Plans

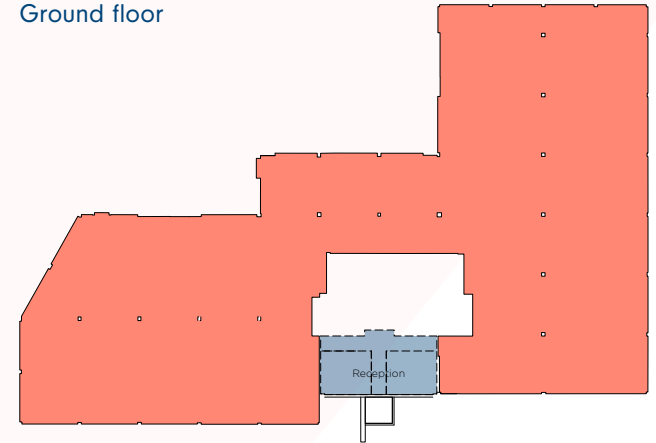
Second floor



First floor



Ground floor



Floor Areas

The following areas have been measured by Plowman Craven in accordance with the RICS Code of Measuring Practice (6th Edition):

| Floor | Use | Sq ft | Sq m |
|----------------------|-----------|---------------|----------------|
| Second | Office | 18,021 | 1,674.2 |
| First | Office | 17,249 | 1,602.5 |
| Ground | Office | 16,607 | 1,542.8 |
| | Reception | 749 | 69.6 |
| Overall Total | | 52,626 | 4,889.1 |

Reliance upon Plowman Craven's report can be provided.



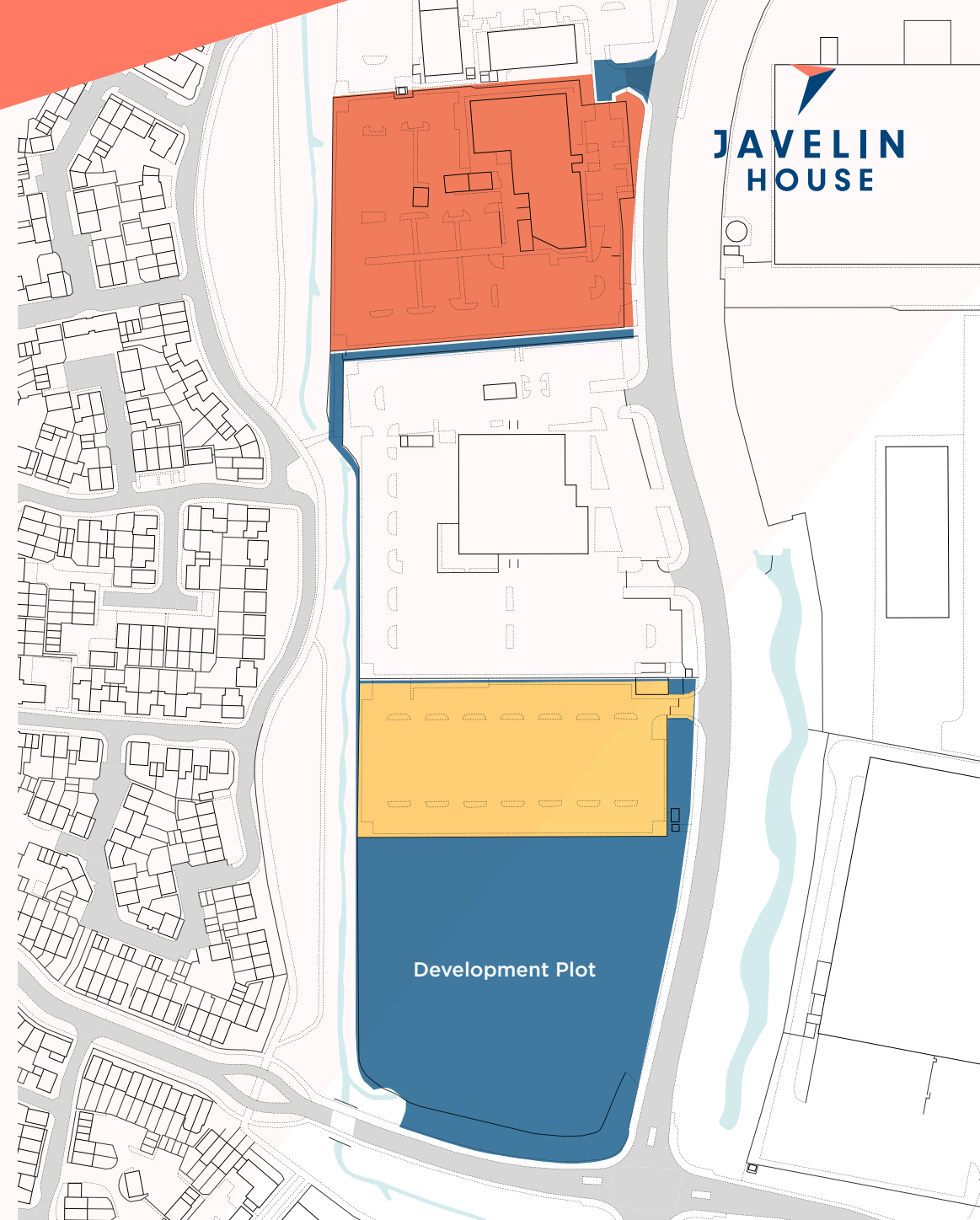
Tenure

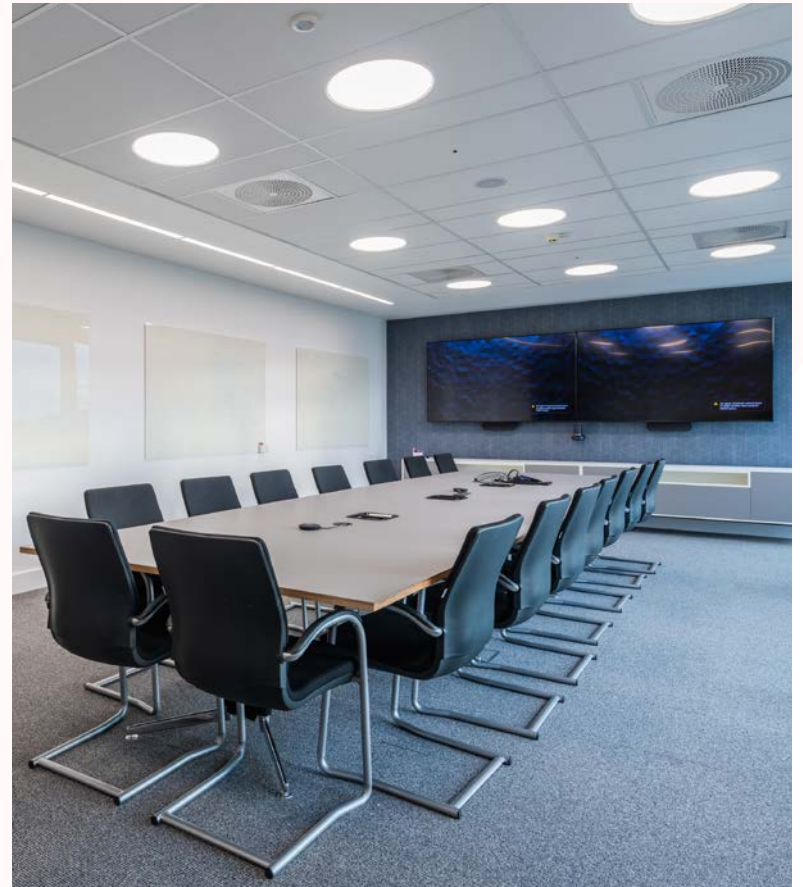
Javelin House is held freehold under title GR400913

Car Park B is held freehold under title GR341935

Proposed Freehold Car Park Carve Out

Upon completion of the sale, the title will be split, and the vendor will retain the land adjoining the car park as indicated in the adjacent plan.





Tenancy

The combined passing rent totals £1,600,451 per annum, equating to a low overall rate of £24.56 per sq ft and £1,000 per car parking space and is formulated as follows:



| Description | Tenant | Area (Sq ft) | Start Date | Review Date | Expiry Date | Rent Per Annum | Rent Per Sq Ft | Inside 1954 Act | Comments |
|------------------------------------|-----------------------------------|---------------|------------|-------------|-------------|-------------------|------------------|-----------------|--|
| 2nd Floor - Offices | EDF Energy Nuclear Generation Ltd | 18,021 | 21/09/2022 | 21/09/2027 | 20/09/2032 | £450,217 | £24.98 | Yes | - |
| 1st Floor - Offices | EDF Energy Nuclear Generation Ltd | 17,249 | 21/09/2022 | 21/09/2027 | 20/09/2032 | £431,049.50 | £24.99 | Yes | - |
| Ground Floor - Offices & Reception | EDF Energy Nuclear Generation Ltd | 17,356 | 21/09/2022 | 21/09/2027 | 20/09/2032 | £411,184.50 | £23.69 | Yes | - |
| Sub-total | - | 52,626 | - | - | 8.9 | £1,292,451 | £24.56 | - | - |
| Car Park B | EDF Energy Nuclear Generation Ltd | 308 spaces | 21/09/2022 | 21/09/2027 | 20/09/2032 | £308,000 | £1,000 per space | No | RPI linked rent review - annually compounded - collared and capped at 1.50% - 3.50%. |
| Total | - | - | - | - | 8.9 | £1,600,451 | - | - | - |



Covenant

EDF Energy Nuclear Generation Ltd is a subsidiary of EDF Energy which employs over 12,000 people across the UK and is wholly owned by the Government of France.



EDF Energy is Britain's largest generator of zero carbon electricity. It has achieved this by providing fixed home energy tariffs with zero carbon electricity as standard whilst generating energy through a range of solar, hydro, wind and nuclear sources.

In 2020, EDF Energy committed to helping the UK achieve Net Zero by 2050 in line with the UN's Sustainable Development Goals, COP26 initiatives and the UK government's Net Zero and Energy Security Strategies.

EDF Energy Nuclear Generation Ltd owns and operates a total of nine nuclear power stations generating over 20% of the UK's electricity.

These include Hinkley Point C in Somerset; the first nuclear power station to be built for more than 20 years.

The design and construction of Hinkley Point C is being co-ordinated from Gloucester Business Park. The latest cost estimate for its construction is £33 billion and the scheme is anticipated to complete in 2027. Once constructed, it will have capacity to generate enough low carbon energy to power approximately 6 million homes.

EDF is also committed to building and operating Sizewell C in Suffolk which, subject to securing funding, is due to commence in 2024 and take in excess of 10 years to construct at a cost of £20 billion.

EDF Energy Nuclear Generation Ltd is one of Gloucester's major employers (1,200 staff) and is rated 5A1 by Dun & Bradstreet and BBB by Fitch. The company has reported the following key performance metrics for the past three financial periods.

| Financial Performance Metrics | Financial Period Ending 31/12/2022 | Financial Period Ending 31/12/2021 | Financial Period Ending 31/12/2020 |
|-------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Turnover | £2,959,000,000 | £1,660,000,000 | £2,748,000,000 |
| Pre-Tax Profit | £899,000,000 | -£953,000,000* | £344,000,000 |
| Shareholders Funds | £4,412,000,000 | £5,330,000,000 | £5,662,000,000 |

*Audited accounts for YE 2021 state that "The loss in the year is a result of the reduction in revenue driven by extended statutory and other outages affecting production and unplanned losses resulting from the suspension of on-load refueling at Heysham 2 and Torness. There was also an impairment of £352m due to end of generation at Dungeness."



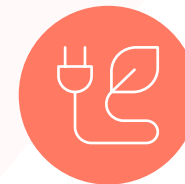
One of Gloucester's Major Employers – 1,200 staff



Pre-Tax Profit - £899m (2022)



D&B – 5A1
Fitch Rating – BBB



UK's Largest Generator of Zero Carbon Electricity



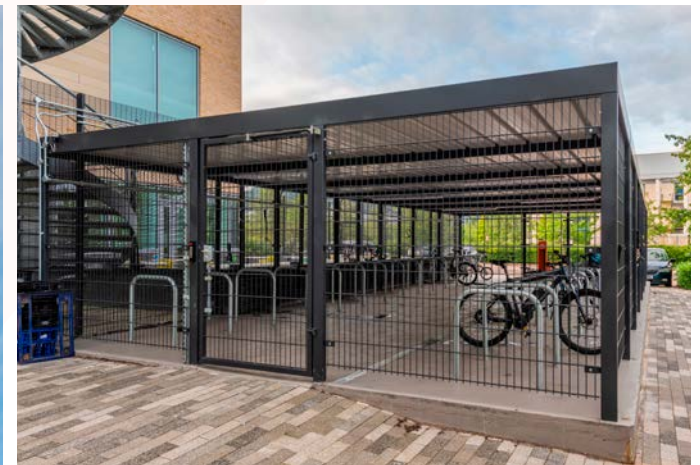
Hinkley Point C – Currently Under Construction (£33 Billion)

Management

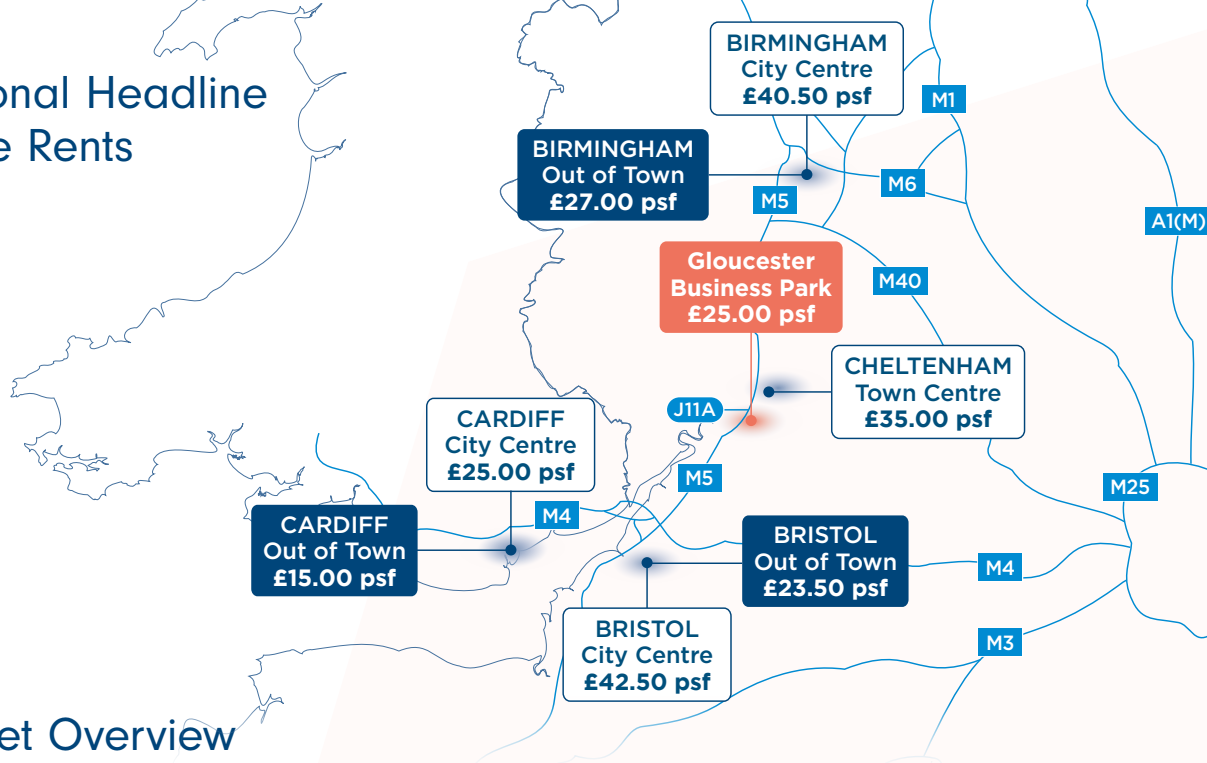
A Management Company operates at Gloucester Business Park to carry out the management and maintenance of the Park's common parts and amenity areas. The costs incurred in providing the services and administering the Management Company are recovered via an Estate Charge which is levied upon each freeholder according to the size of their ownership.

Under the covenants of the lease, the tenant is responsible for covering this cost.

These services are currently procured as part of a wider outsourced Property Management agreement which the Vendor will oversee post sale.



Regional Headline Office Rents



Market Overview

Occupational Market

Gloucester and Cheltenham combine to form the region's principal office markets. Gloucester Business Park is ideally situated between the two centres and has successfully provided the right environment to have delivered the majority of the new build, Grade A office accommodation that has been developed over the last two decades. Regionally, the Park provides the only fully integrated business park solution for occupiers between Bristol and Birmingham.

The Park has been successful in attracting key occupiers from both Gloucester city centre, where generally space is of inferior quality, and from Cheltenham town centre, where supply has been significantly curtailed, new build opportunities extremely limited and where car parking is significantly less. It is unique in being the only true out of town business park location for the region, with no other scheme offering the same level of occupational benefits as the Park.

Testament to the Park's position is the fact that it has been able to attract and retain a number of the region's major employers as long-term occupiers and is widely regarded as setting the benchmark scheme for business space.

Recent changes in occupational demand has placed an emphasis on quality over quantity, with energy efficient space satisfying ESG requirements coming to the fore. In this respect, the Park's attributes and its unique offer have pushed rental levels higher, whilst maintaining void space at unprecedented low levels.

The most recent evidence was on a lease renewal of 2,330 sq ft at Lansdowne Court which achieved £25.50 per sq ft. There has been no availability of Grade A space on the Park since the letting of Javelin House. However Valiant Court, a nearby 30,000 sq ft building will become available in early 2024 following refurbishment.

65%



rental growth at the Park over the last 10 years.

£35 psf



headline rents in Cheltenham town centre due to limited supply of Grade A space.

£25 psf



prime office rents on the Park represents good value and are expected to continue to trend upwards due to restricted supply.

<5%



Grade A office vacancy rate on the Park.



Investment Market

Investor demand in the office sector has polarised, with investors increasingly targeting best-in-class assets with a major focus on ESG credentials and leases secured against tenants providing robust covenants.

Capital values and yields in the South West continue to be at a greater discount to London, offering investors an excellent opportunity to achieve higher returns and benefit from reputable occupiers who are seeking more affordable space outside the South East.

Gloucester has a very compelling occupational market, consisting of very low supply, high tenant demand, limited development pipeline and impressive rental growth. This has ensured that Gloucester Business Park continues to be a very popular market for a wide variety of investors.

We consider the following investments comparable for the purpose of appraising Javelin House which demonstrate lower yields and, in most cases, higher prices on a capital value per sq ft basis.

| Date | Address | Tenant | Term Certain (years) | Price | NIY | Cap Val (psf) | Purchaser |
|-------------|------------------------------------|------------------------------------|----------------------|-----------|---------|---------------|----------------------|
| Under offer | Imperial Brands HQ, Bristol | Imperial Brands | 15.4 | Q.£39.70M | 6.75% | £465 | - |
| Under offer | Temple Quay House, Bristol | Secretary of State | 13.4 | c.£50.00M | c 5.95% | £384 | - |
| Aug-23 | KIA Headquarters, Walton on Thames | KIA Motors | 11.0 | £12.12M | 7.00% | £392 | Citi Private Clients |
| Jun-23 | Verisure HQ, Newcastle | Verisure Services | 14.0 | £18.30M | 7.68% | £193 | BLME |
| Jun-23 | Camival House, Southampton | Carnival Plc | 15.1 | £33.00M | 7.24% | £216 | Goldmoney Inc |
| Jan-23 | The Connection, Newbury | Vodafone | 10.0 | £70.00M | 7.53% | £144 | Oval Real Estate |
| Nov-22 | 1 City Place, Crawley | Nestle UK | 10.3 | £57.10M | 6.68% | £436 | Qatar Insurance Co |
| Oct-22 | Longbarn Boulevard, Warrington | Secretary of State | 14.0 | £40.50M | 6.00% | £297 | BLME |
| Sep-22 | Equinor House, Aberdeen | Production UK Ltd | 10.0 | £20.00M | 7.70% | £437 | GG Capital |
| May 22 | Oakwood Drive, Bristol | ALD Automotive | 9.8 | £10.55M | 5.87% | £289 | Private Investor |
| Mar-22 | 2610 Aztec West, Bristol | St James's Place Wealth Management | 12.9 | £20.00M | 4.75% | £488 | Duchy of Cornwall |



Further Information

Environmental Credentials

The property benefits from EPC B(35) and BREEAM Very Good ratings.

Capital Allowances

Capital allowances may be made available to a qualifying purchaser by way of separate negotiation. Further information can be made available on request.

VAT

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

Datasite

A datasite is available which provides further information regarding the following:

- ▶ Title and tenancy
- ▶ Estate service charge
- ▶ Capital allowances
- ▶ Measured survey
- ▶ Building survey
- ▶ Phase I environmental survey
- ▶ Energy Performance Certificate and Recommendation Report

Financing

JLL Debt Advisory provides market leading debt solutions for real estate investors. The team has an exceptionally strong track record of both recent and live financings for similar assets across the UK.

If you wish to discuss potential debt options, please contact:

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Anti-Money Laundering

The Vendor, JLL and Alder King will require information from a Buyer to discharge all legal Anti-Money laundering obligations.

Proposal

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Contact

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