



prime office & laboratory life science investments

418 & 436 cambridge science park, milton road, cambridge CB4 0PZ

BIDWELLS

Cambridge
Science Park



investment summary



- Cambridge is a key centre for UK science and technology sector
- Rare opportunity to invest in Cambridge's exceptional office and Life Science sector
- Two self-contained prime office and laboratory investments totalling 74,832 sq ft (GIA) and 66,608 sq ft (NIA)
- Located on the internationally renowned Cambridge Science Park
- Let to the strong covenants Astex Therapeutics Ltd (5A1 D&B rating) and Takeda Cambridge Ltd (3A1 D&B rating)
- Tenants have heavily invested in the units having completed an extension and/or extensive laboratory fit out
- Long average weighted unexpired lease terms of 10.55 years with no breaks
- Unit 418 with rent reviews to higher of OMV or RPI collared at 2%pa and capped at 3.5%pa
- Unit 436 with rent reviews to higher of OMV or notional office built in 2002 with NIA of 36,389 sq ft

- Total net income of £2,182,442 per annum (averaging £32.40 per sq ft GIA overall)
- Reversionary rents
- Longer term potential to redevelop or extend to achieve further densification of sites, subject to obtaining statutory consents
- Our client is seeking offers **in excess of £35,575,000** subject to contract and exclusive of VAT for its long leasehold interests. A purchase at this level would show the following minimum yield profile. As the proposed transaction structure cannot be treated as a Transfer of a Going Concern, we have calculated purchaser's costs to be c7.75%

	Minimum Rent £pa	Yield
Net initial yield	£2,182,442	5.69%
From 3 March 2026	£2,298,693	6.00%
Equivalent yield	-	5.92%

- It is our client's preference to sell both buildings in a single transaction. Offers for the individual buildings will be considered.



cambridge growth story

Cambridge, a city renowned worldwide for its history, ancient architecture and huge cultural appeal, is one of the UK's principle tourist locations, for both domestic and overseas visitors and is also an important location for the UK's research and development sector. There are over 4,500 knowledge intensive companies registered within 25 miles of Cambridge. These companies have contributed to growing employment in the area by 7.5% pa since 2011 (Source: Cambridge Ahead). Recent research by the Centre of Economic & Business Research forecasts that Cambridge will be the fastest growing economy in the UK over the next ten years, growing by 2.8% per annum, compared to trend rate of growth for the UK of 2.2% per annum.

Cambridge and its surrounding business parks are home to a variety of industries such as IT, life sciences, research, education and service companies. The city attracts global employers including Huawei, ARM, Microsoft, Amazon, Apple, Samsung and Deloitte amongst others. This is reinforced by AstraZeneca's decision to build its new £330m headquarters in Cambridge, due to be completed in 2021 which will bring 2,000 staff to the city.

cambridge's global reach



The Cambridge economy generates £11.7bn GVA (ONS 2018), providing employment for just under 190,000 workers but its impact on the UK far outweighs the size of the city. *Source: The figures are taken from Bidwells work on the Arc and relate to City of Cambridge & South Cambridgeshire*



Cambridge's stock of commercial property consists of 9.5m sq ft of office and laboratory floor space and 8.7m sq ft of industrial and R&D space. The stock of office and laboratory space has increased by 38% over the past 10 years as the 'knowledge intensive cluster' has attracted new businesses. *Source: Bidwells*



Knowledge intensive businesses have dominated activity in the Cambridge office and laboratory market, accounting for more than 80% of take up over the past 5 years. *Source: Bidwells*



Science and business parks account for more than 77% of Cambridge's commercial office and laboratory floor space for the biotech and tech clusters. More than 53% of science and business parks space in Cambridge is home to biotech businesses, with the tech cluster occupying a further 24% of total space. *Source: Bidwells*



University of Cambridge has remained one of the leading universities in the world, maintaining its position in 2020, ranked 3rd in The Times Higher Education Table and 7th in QS World University Rankings. *Source: Times Higher Education University Rankings & QS World University Rankings*



Cambridge University has historically raised more capital investment from its spin-out companies than any other university in the world. In 2019, University of Cambridge start-ups raised £346.6m in venture capital. *Source: Parwalk/Beauhurst University Spin Out Report (Feb 2020)* <https://parkwalkadvisors.com/2020/02/parkwalk-2019-report-on-investment-in-university-spinouts/>



A total of 107 Cambridge affiliates have been awarded the Nobel Prize since 1904 spanning all six disciplines covering physics, chemistry, peace, literature, physiology, and medicine, the highest of any institution in the world. Cambridge also claims the most Nobel Prizes in physics at 29 in total. The university's total prize count is well above Oxford University at 58. *Source: https://www.cam.ac.uk/research/research-at-cambridge/nobel-prize*



The Cambridge cluster is at the centre of the UK Life Science and Bio Pharma industry playing a dominant role in the East of England's economy, which accounts for 16% of employment in the sector. *Source: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/707076/life-sciences-infographic-2017.pdf*



Wellcome Genome Campus is home to some of the world's foremost institutes and organisations in genomics and computational biology, the Campus is the largest hub of its kind on the planet; committed to solving humanity's greatest challenges. There are plans for the Campus to triple in size over the next 11 years. *Source: https://www.cambridge-news.co.uk/news/local-news/wellcome-genome-campus-expansion-hinxton-17143090*



Cambridge was responsible for the highest number of patent applications in the UK in 2018, with 182 per 100,000 of the population (Centre for Cities, 2020), with the University of Cambridge a key driver of innovation, submitting a further 214 applications in 2018/19 (HESA). <https://www.centreforcities.org/city/cambridge/> <https://www.hesa.ac.uk/data-and-analysis/providers/business-community/table-4a>



Cambridge is a global centre for AI, with Microsoft, Samsung, Apple, Amazon and ARM all having R&D facilities in the city. In October 2019, the UK Government announced that it would support a multimillion-dollar joint venture between the University of Cambridge, which is home to an acclaimed Artificial Intelligence Group and Microsoft. *Source: https://www.nytimes.com/2018/07/03/technology/cambridge-artificial-intelligence.html*



Cambridge Biomedical Campus is the largest centre of medical research and health science in Europe, employing 20,000 people in organisations including: Cambridge University Hospitals NHS Foundation Trust, Royal Papworth Hospital NHS Foundation Trust, Abcam, the Wellcome Trust, Cancer Research UK, the University's medical school, the UK government's Medical Research Council and has National Institute for Health Research Biomedical Research Centre status. It is an accredited UK academic health science centre (Cambridge University Health Partners). *Source: https://cambridge-biomedical.com/campus-occupiers/*

situation

The Cambridge Science Park (CSP) is situated within Cambridge's Northern Fringe Area, one of the most prominent and accessible business areas in Cambridge. It accommodates the highest concentration of high technology companies in the market. The Northern Fringe comprises the Cambridge Science Park, St John's Innovation Park, Cambridge Business Park, Cambridge North and Vision Park. Occupiers include AstraZeneca, Cambridge Consultants, WorldPay, Amgen, Bayer CropScience, Philips Research, Toshiba and the Royal Society of Chemistry.

Opposite the CSP, U&I have been appointed masterplanner by Cambridge City Council and Anglian Water to transform Anglian Water's current 120 acre Water Recycling Centre into a mixed use scheme comprising 5,000 homes and 500,000 sq ft of office/laboratory/employment space and 200,000 sq ft of leisure, retail and community space. Brookgate's Cambridge North scheme is located adjacent to the Cambridge North Station. A new Novotel 4* Hotel is due to complete in Q4 2020, and Schroders have speculatively funded the first 100,000 sq ft office building on site in Q4 2020. The Phase 2 will include a mixed-use scheme including 700 new homes, 120,000 sq ft of offices and retail/café with further mixed-use phases to follow.

CSP is included within the North East Cambridge Area Action Plan (NECAAP). This is a key part of Cambridge's Emerging Local Plan to regenerate the Northern Fringe of Cambridge. Key to this is the relocation of the Water Recycling Centre. HIF funding of £175m has been obtained to deliver this and three relocation sites have been shortlisted with a preferred site due to be announced in early 2021.



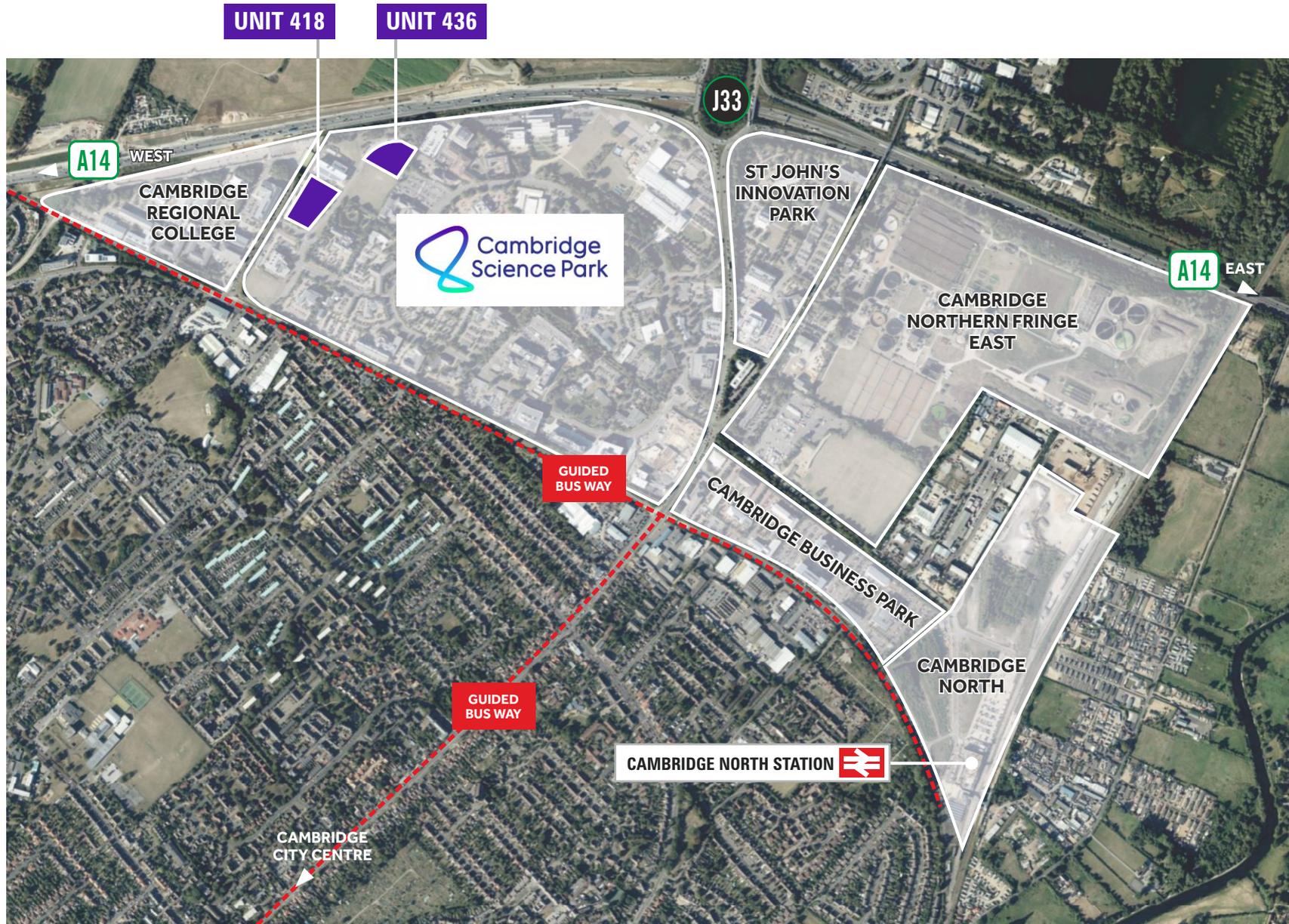
The relocation of the Water Recycling Centre is due to be complete by 2024 which is the likely timeline for the adoption of the NECAAP.

The NECAAP post this relocation will provide a significant densification of the Northern Fringe bringing forward circa 7,000 home and 2 - 4 million sq ft of office and laboratory space. This will come forward with significant improvements in infrastructure which will include the CAM (Cambridge Autonomous Metro) connecting CSP to Cambridge North and wider

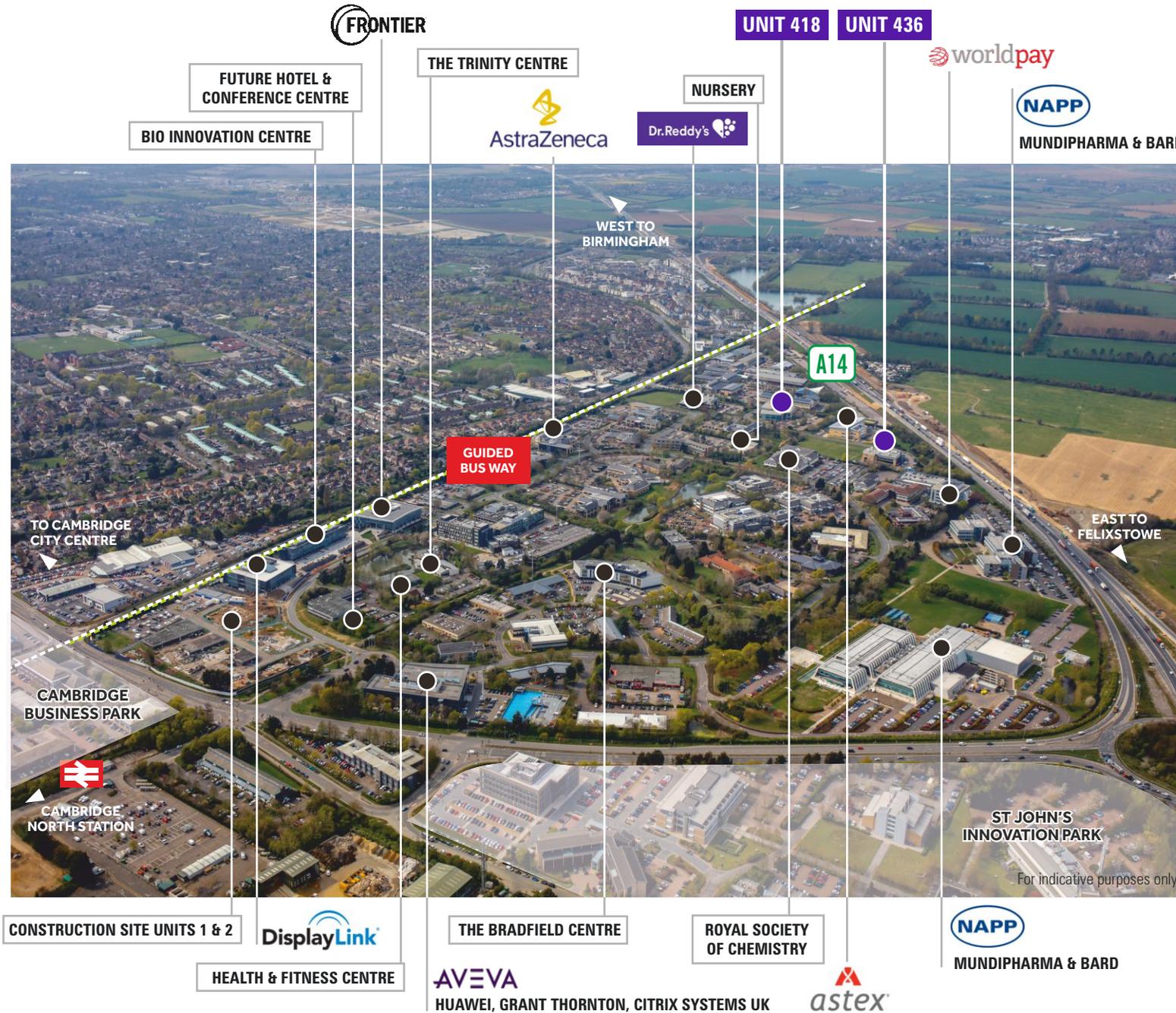
Cambridge through a new underground system. There will also be new schools, leisure, retail and other amenity space creating a new urban quarter for Cambridge. This will allow significant 'densification' throughout the whole area with buildings up to 6/7 storeys. The regeneration of the Northern Fringe is an ambitious vision for Cambridge which will transform the area in to a fully integrated hub where people will work, live and communicate.

The CSP's main entrance is via the A1309 Milton Road which has direct access onto the A14. A further access is provided to Kings Hedges Road. The scheme is served by local bus services and has two dedicated stops on the Cambridgeshire Guided Busway which provides frequent, reliable public transport along the A14 corridor linking Huntingdon and St Ives to central Cambridge, and Addenbrookes hospital, the Biomedical Campus and Trumpington to the south. The CSP is located near to Cambridge North, the city's second mainline railway station. This runs services to London. The existing Guided Busway connects with the station.

The properties are located on Phase 6 of the CSP. Nearby occupiers include Broadcom, Dr Reddy's, Ricardo UK, Napp Pharmaceuticals and AstraZeneca. Two further development plots are available, 420 and 440 with consent for 44,700 sq ft and 53,000 sq ft GIA respectively. These are owned freehold by Trinity College, Cambridge.



For indicative purposes only.



transport

 **Road:** Direct access to Junction 33 of the A14 and provides access east to the Port of Felixstowe and west to the M11, A1, M6, M1. Significant improvements have just been completed at the A14/M11 Girton Interchange (north Cambridge) which separates local and through traffic via a new road link to the A1(M). CSP is approximately 68 miles from Central London.

 **Rail:** Cambridge North Station is located 0.7 miles (3 minutes by car or 14 minute walk) from the CSP. This provides services to Cambridge, London Kings Cross and Liverpool Street, Norwich, Peterborough and Kings Lynn. There is a free taxi service from the station Monday – Friday 07:00 to 9:30 at 15-minute intervals and 16:00 to 18:30. Fastest journey time of 56 minutes to London King's Cross station from Cambridge.

 **Guided Bus:** CSP is serviced by two guided busway stops on Route A (Trumpington, Central Cambridge, Longstanton, St Ives) and Route D (St Ives, Longstanton, Cambridge North Station – Central Cambridge)

 **Bus:** CSP is currently serviced by seven bus services: Citi 1, Citi 2, 9/x9, Milton Park & Ride

 **Bike:** CSP is located on the Cambridge Cycle Route Network. Free bicycles are available from the BizBike Hub at the station.

 **Air:** Stansted Airport is located approximately 35 miles south (with rail connection). London Heathrow is 76 miles away. London Gatwick is 100 miles away with Thameslink services from Cambridge Station now available.



 **Cambridge Autonomous Metro:** The Cambridgeshire and Peterborough Combined Authority (CPCA) is promoting the concept of CAM, a rapid transit solution.

CAM will connect key regional centres of employment (including CSP), existing settlements, key railway stations, new homes and planned growth. CAM is currently expected to use a technologically advanced, sustainable, highly flexible trackless electric vehicle. The CAM network will comprise both tunnelled and surface elements and will be delivered over the next decade:

The City Tunnel Section, will include new underground tunnels and stations under the city of Cambridge, with planned major interchange hubs at the city centre and at Cambridge railway station

Four regional routes will connect St Neots, Alconbury, Mildenhall and Haverhill with the city of Cambridge and, through the central tunnelled section, with each other.

CAM network link: <https://cam-metro.co.uk/>

Varsity Line: The proposed development of the new east-west Varsity Rail Line by 2030, and over a million new homes within the Oxbridge Arc by 2050, will provide a huge boost to the local economy and employment pool. Infrastructure, planned alongside housing and jobs growth, will drive productivity and provide the capacity needed

to mitigate congestion and enable clustering of businesses.

Timeline of Varsity Line

- Oxford to Bicester section fully open
- Preferred corridor confirmed - early 2020
- Preferred Alignment confirmed - circa 2021
- DCO application - circa 2022
- Oxford - Bletchley - Bedford section open 2024
- Start on Site - circa 2026
- Bedford to Cambridge section - open 2030

Varsity Line link: <https://eastwestrail.co.uk/the-project>

 **Cambridge South Station:** The DfT has confirmed the preferred location for the proposed Cambridge South Station to be situated at the Cambridge Biomedical Campus. The Cambridge Biomedical Campus is an internationally significant health and life sciences cluster and is expected to accommodate 27,000 jobs by 2031. Further consultation is underway, which once successfully concluded could see the new station operational by 2025. This would provide quick access between CSP via Cambridge North Station to the Cambridge Biomedical Campus



the cambridge science park

In the late 1960s, Whitehall urged universities to increase their contact with high technology industry. Trinity College was impressed with the importance of the idea, having a long scientific tradition from Newton onwards. It established the CSP principally to meet these government requests for a greater interchange of ideas, people and facilities between universities and high technology industry. The majority of the land has belonged to Trinity College since its foundation by King Henry VIII in 1546. Outline planning permission for the first 14 acres of the CSP was sought in April 1970 and granted in October 1971. Over the years, development of the CSP has gathered momentum and now covers 152 acres. It now contains over 130 companies employing 7,000 people covering a wide range of high technology industries within buildings totalling around 1.82m sq ft which will rise to c. 2m sq ft on completion of Units 1 & 2. For further information: <http://www.cambridgesciencepark.co.uk>

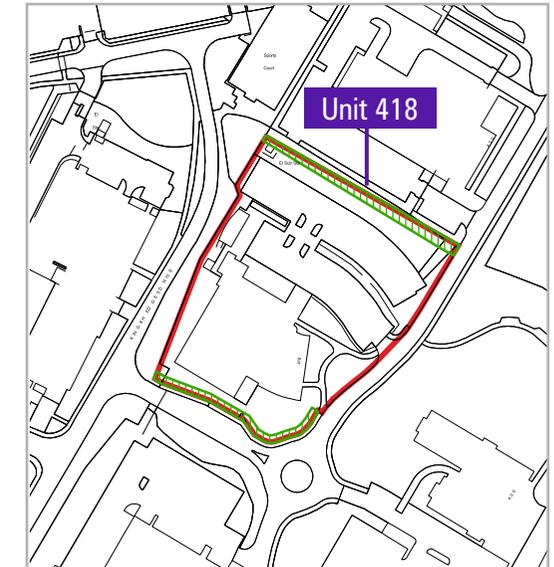
Via an onsite CSP management team, Trinity College plays an active role in promoting contacts of all kinds, providing business support, sport and social/ networking events with University laboratories, with various other local research institutions, and with other CSP companies.

Park facilities include:

- The Bradfield Centre - A 41,000 sq ft lakeside research and innovation incubator This is targeted at start up/spin off companies. At ground floor this accommodates a HUB, café, meeting facilities, marketing and administrative uses and striking 3 storey atrium to encourage "interactive working". The upper floors are designed as open floor plates suitable for office or laboratory uses.
- The Trinity Centre, providing bar, restaurant and conference facilities
- Bio-Innovation Centre Laboratory Building and Café
- Bio-Incubator Centre
- Health and fitness centre
- 115 place on-site childcare day nursery
- Pop up food, wellness, health and beauty services
- Cambridge Science Park website
- Weekly Parklife Newsletter
- Planning consent for future hotel, 153 key hotel and hub buildings and 350 space multi-storey car park

The CSP is now a world-famous research centre and hot-bed of hi-tech enterprise and is considered to be the leading science park in the UK.

unit 418 description and accommodation



For indicative purposes only.

Built in 2002, Unit 418 is a steel frame construction with brick and curtain walled elevations under a combination of pitched and flat roofs. The property comprises ground and first floor office and laboratory accommodation with a double height reception and atrium. There is a substantial plant room at second floor.

The offices are finished with full access raised floors, suspended ceilings with recessed lighting and comfort cooling and heating. The laboratories are primarily fitted for chemistry and biology analysis and benefits include sealed floors, metal tile suspended ceilings with recessed lighting, perimeter LPHW heating system, four pipe fan coil comfort cooling / heating and fume extract systems to serve fume cabinets. The property benefits from kitchenettes, male and female toilets on ground and first floor, disabled WC and showers at ground floor, a passenger lift and a goods lift (which has access to the plant room at second floor).

Externally, the site is landscaped and provides 118 delineated car parking spaces and covered cycle bays. The site comprises 0.865 hectares (2.14 acres). The unit has its own substation.

The property provides the following approximate net and gross internal floor areas:

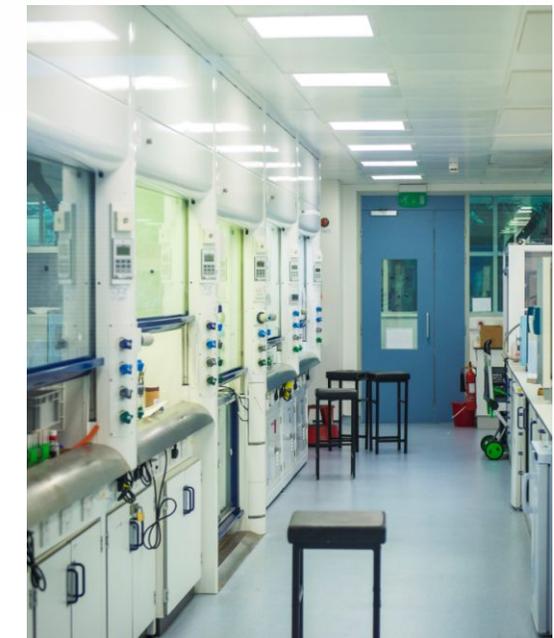
Level	Use	NIA Sq Ft	NIA Sq M	GIA Sq Ft	GIA Sq M
Ground	Reception Office/Atrium/Labs	17,364	1,613.1	19,028	1,767.8
First	Offices/Labs	16,922	1,572.1	18,658	1,733.4
Second	Plant	-	-	11,808*	1,097*
Total		34,286	3,185.2	37,686	3,501.2

*Not included in the total areas.

The rent review clause states the gross usable floor area as 36,667 sq ft and excludes the plant room at second floor and external store rooms.

17,143 sq ft has been sublet to Cytocell Ltd. 10,095 sq ft has been sublet to Cerevance Ltd. Takeda retain the balance of the accommodation.

An assignable measured survey and floor plans are available in the data room.



unit 418



unit 436 description and accommodation



Built in 2003, Unit 436 is a steel frame construction with brick and curtain walled elevations under a combination of pitched and flat roofs. The property comprises ground and first floor office and laboratory accommodation with a double height reception and atrium. There is a substantial plant room at second floor.

The offices are finished with full access raised floors, suspended ceilings with recessed lighting and comfort cooling and heating. The laboratories are primarily fitted for chemistry, molecular science and biology analysis and benefits include sealed floors, metal tile suspended ceilings with recessed lighting, perimeter LPHW heating system, four pipe fan coil comfort cooling/heating and fume extract systems to serve fume cabinets. The property benefits from a café, kitchenettes, male and female toilets on ground and first floor, disabled WC and showers at ground floor, a passenger lift and a goods lift (which has access to the plant room at second floor).

Externally, the site is landscaped and did provide (see comments later) 113 delineated car parking spaces and covered cycle bays. The site comprises 0.903 hectares (2.23 acres). The unit has its own substation. The tenant has installed a back-up generator on site.

The property provides the following approximate net and gross internal floor areas:

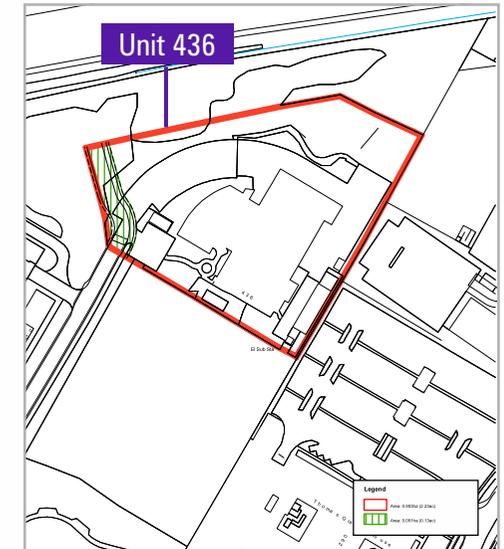
Level	Use	NIA Sq Ft	NIA Sq M	GIA Sq Ft	GIA Sq M
Ground	Reception	552	51.3		
	Office/Atrium/Labs	15,708	1,459.3	18,645	1,732.2
First	Offices/Labs	16,062	1,492.2	18,501	1,718.8
Second	Plant	-	-	8,851*	822.3*
Total		32,322	3,002.8	37,146	3,451

*Not included in the total areas.

The rent review clause states the net usable floor area as 36,389 sq ft and excludes the plant room at second floor and external store rooms.

The tenant has previously infilled a double height area to create offices of 315 sq ft (NIA) at ground floor and 322 sq ft (NIA) at first floor level. The tenant has recently completed a multi-million-pound ground floor laboratory extension with plant room above totalling 4,363 sq ft GIA (2,512 sq ft ground NIA). This has resulted in a reduction in car parking on site to 74 as part of the planning consent.

An assignable measured survey and floor plans are available in the data room.



For indicative purposes only.



unit 436



tenure

The properties will be sold each with a new 150 year leasehold interest from completion, from Trinity College, Cambridge. The rent payable for each building is the greater of the base rent (calibrated initially as 5% of total rent) or 10% of the total rent receivable during the year immediately preceding the annual assessment date. The base rent is to rise by RPI annually, compounded five yearly. Based on the current income, the initial head rents payable for each unit will be as follows:

Unit	Base Rent (@5%)	Initial Head Rent Payable (@10%)
Unit 418	£62,100	£124,200
Unit 436	£59,147	£118,293
Total	£121,247	£242,493

The user clause within the lease as with all CSP leases is as follows:

Not to use the Premises or any part thereof other than for a purpose appropriate to a Science Park that is to say any one or more of the following uses:

- scientific research associated with industrial production
- light industrial production of a kind which is dependent on regular consultation with either or both of the following:

1. The Tenant's own or any lawful undertenant's own research development and design staff established in the Cambridge Study Area
2. The scientific staff or facilities of the University of Cambridge or of local scientific institutions
3. Ancillary buildings and works appropriate to the use of the Premises as an integral part of a Science Park".

The head lease will restrict any future car parking spaces on site to the existing provision (i.e. Unit 418: 118 spaces; Unit 436: 74 spaces).

Within the Unit 436 head lease, Trinity College will retain a right to create a future pedestrian and vehicular access over the land hatched green on the OS plan and will have the ability to lift and shift any lost car parking areas. All reasonable costs associated with this will be borne by Trinity College, who will be under an obligation to replace any lost car parking spaces either on site or in an alternative location in the vicinity of Unit 436. The purchaser will be under an obligation to procure that a complimentary reservation is included in any renewal of the occupational lease or new letting.

Within the Unit 418 head lease, Trinity College will retain a right to a future reservation to create a pedestrian and cycle access over the land hatched green on the OS plan. All reasonable costs associated with this will be borne by Trinity College. In the event this reservation is exercised, any land utilised will be maintained under the estate service charge. The purchaser will be under an obligation to procure that a complimentary reservation is included in any renewal of the occupational lease or new letting.

Copies of the draft head leases are available in the data room.

estate service charge

There is an estate service charge in respect of the communal areas of the CSP which is managed by Trinity College, Cambridge as freeholder. The cost of this is passed on to the occupational tenants under the terms of their leases. For the 2020/2021 year, this equates to £32,500 for Unit 418 and £32,620 for Unit 436.

planning

Unit 418

Planning permission was granted on 10 June 2002 for "A Building for Research and Development with Associated Offices".

Unit 436

Planning permission was granted on 15 October 2001 for "A Research and Development Building".



For indicative purposes only.

Unit	Tenant	Lease Start	Lease End	Rent Review	Rent £pa (£psf Lease Area)	Comment
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Unit 418	Takeda Cambridge Limited	3.3.2016	31.5.2031	3.3.2021 3.3.3026	£1,242,000 (£33.87)	The lease incorporates rent reviews on 3 March 2021 and 3 March 2026 to the higher of passing rent, open market value or the All Items RPI subject to a collar of 2%pa and cap of 3.5%pa assuming the following formula.
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Preceding rent x (B/A) where:

A = 1st review All Items RPI as at Dec 2015; 2nd review All Items RPI as at Dec 2020

B = 1st review All Items RPI as at Dec 2020; 2nd review All Items RPI as at Dec 2025

The review clause states the gross usable floor area as 36,667 sq ft and excludes the plant room at second floor and external store rooms.

The repair clause is FRI, however in the event that the tenant concludes, acting reasonably on the advice from a qualified engineer, that it is necessary to replace or renew specified plant listed in the lease (comprising boilers and flues, lifts and associated lift machinery, air handling equipment and building management systems), the landlord will to share half the replacement cost. £53,350 has been paid previously by the vendor in respect of a failed chiller pump, replacement chiller valves, replacement BMS extract controls, chiller controls, new boilers.

Passing rent of £1,125,000 pa to be topped up by the vendor to the minimum rent at 3.3.2021 rent review.

Sub under leases:

Part Grd and Part 1st. 17,143 sq ft: Cytocell Ltd. Guarantor Oxford Gene Technology IP Ltd. Lease term from 16.4.2019 to 28.5.2031. Initial rent £707,625pa. (£41.28 psf). Reviews 3.3.2021, 3.3.2026. Reviews higher of passing or 62.9% of rent agreed in head lease. Break 15.4.2029. Outside s24-28 of L&T Act 54. 63 cps. Schedule of condition.

1st floor.10,095 sq ft: Cerevance Ltd. Lease term from 01.12.2016 to 28.05.2031. Initial rent \$600,00pa (sterling equivalent) until 30.11.2019 then £417,375pa (£41.35psf) wef 1.12.2019. Reviews 3.3.2021 and 3.3.2026. Reviews to higher of passing or 37.1% of rent agreed in head lease. Tenant break 1.12.2021, 2.3.2025. Outside s24-28 of L&T Act 54. 37 cps.

Head rent	£124,200
Net rent	£1,117,800

Unit 436	Astex Therapeutics Ltd	25.12.2001	31.5.2031	25.3.2023 25.3.2028	£1,182,935 (£32.50)	The lease incorporates rent reviews on 25 March 2023 and 25 March 2028 to the higher of open market value or notional office built in 2002 with NIA of 36,389 sq ft.
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Head rent	£118,293
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Net rent	£1,064,642
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Total rent	£2,182,442
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tenant covenants

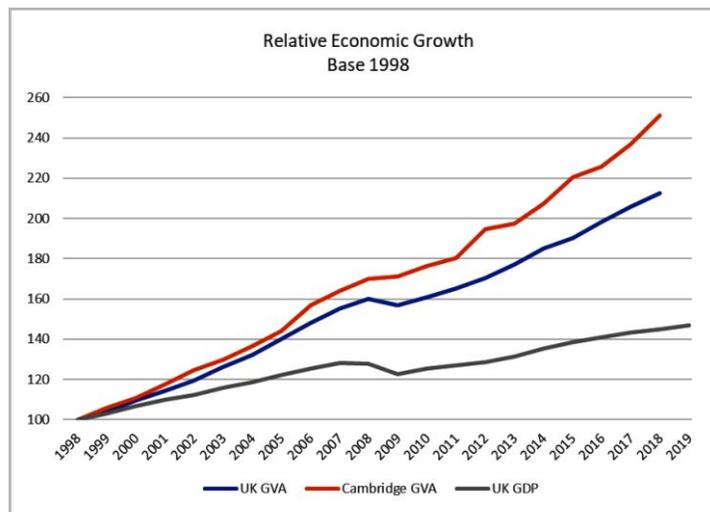
Unit	Tenant / Sub undertenant	D&B Rating	Accounting Year	Turnover	Pre-tax Profit	Tangible Net Worth	Comment/Activity
Unit 418	Takeda Cambridge Ltd 	3A1	31.3.2019	£5,903,000	£4,399,000	£7,312,000	Takeda Cambridge Ltd is part of Takeda Pharmaceutical Company Ltd who undertake research and development, manufacturing, sales, and import/export pharmaceutical drugs. Founded in 1781, their Headquarters are in Tokyo, Japan. They employ nearly 50,000 people globally. More information can be found here: https://www.takeda.com/who-weare/company-information/company-facts/ Takeda has sublet to Cytocell and Cerevance.
			31.3.2018	£983,000	(£408,000)	£43,780,000	
			31.3.2017	£2,207,000	£214,000	£43,751,000	
	Cytocell Ltd (Sub undertenant)	4A1	31.3.2019	£10,804,905	£6,461,217	£19,718,838	Cytocell was established in 1991 at Birmingham's Heartlands Hospital before moving to Cambridge in 2003. The company is a leading designer and provider of fluorescence in situ hybridisation (FISH) probes for detecting gene rearrangements related to inherited genetic disease. In 2014 Cytocell was acquired by Oxford Gene Technology. More information can be found here: https://www.cytocell.com/about-us
		31.3.2018	£13,087,527	£4,698,688	£13,959,909		
		30.9.2016	£8,523,095	£3,500,775	£9,252,257		
	Oxford Gene Technology IP Ltd (Guarantor to Cytocell)	2A2	31.3.2019	£257,525	£2,092,556	£2,189,251	Oxford Gene Technology (OGT) was founded in 1995 and provides world-class molecular genetics research solutions to clinical and academic research institutions. Further information: https://www.ogt.com/about/company . OGT was acquired by Sysmex consolidated Corporation in 2017. The company is headquartered in Kobe, Japan and has about 8,000 employees worldwide. Further information: https://www.sysmex.co.jp/en/
		31.3.2018	£272,306	(£1,637,943)	£96,695		
		30.9.2016	£19,707,000	£1,568,000	£6,086,000		
	Cerevance, Ltd (Sub undertenant)	2A1	31.12.2019	£7,495,000	£606,000	£1,901,000	Cerevance is advancing new treatments for central nervous system diseases, including neurological and psychiatric diseases. Several investors include Takeda and Bill Gates. Further information: https://cerevance.com/
		31.12.2018	£6,410,000	£537,000	£1,642,000		
		31.12.2017	£4,967,000	(£230,000)	£890,000		
Unit 436	Astex Technology Ltd 	5A1	31.12.2019	£76,516,397	£32,600,195	£53,387,960	Astex Technology Ltd was formed in 1999, as a drug discovery and development company that addressed the challenges in oncology (cancer) and diseases of the central nervous system. Astex Pharmaceuticals, Inc was formed through the merger of Astex Therapeutics (UK) and SuperGen Inc (US) in 2011. The company was subsequently acquired in 2013 by Otsuka Pharmaceutical Company. Further information: https://astx.com/discover-astex/our-history/ Astex occupy neighbouring Unit 430
			31.12.2018	£72,199,766	£31,544,309	£49,367,801	
			31.12.2017	£55,493,232	£8,818,765	£33,440,268	

cambridge office and laboratory market

Latest ONS GVA data shows the Knowledge Industry has shown GVA growth of 5.8% for Cambridge and Cambridge South as a whole, over the period 2013-8. Based on work undertaken by Bidwells, the output from the knowledge-based sector in Cambridge has grown to over £5bn, with Life Sciences accounting for almost 50% of that figure.

A recent report by BioCity, a UK based business incubator has found that the number of life science start-ups increased by 50% in the period 2014-18. Cambridge was the second most innovative city behind London, accounting for almost 75% of all life science start-ups in the Eastern region. The most prolific area of activity was in the application of artificial intelligence to drug discovery and development, accounting for 23% of the new businesses.

This has driven above average employment growth for Cambridge as a whole, with a sharp increase in Professional, Scientific and Technical business sector. The decade to the end of 2018 saw employment in this sector grow by nearly 90% in the City of Cambridge.



Source: Bidwells Research

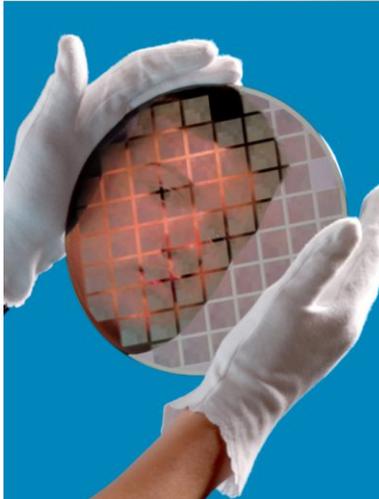


Cambridge's overall science and technology floorspace amounts to over 11m sq ft, comprises 7.7 m sq ft of commercial floor space having increased by 1.4m sq ft over the past five years. This is complemented by research institute and academic research space. The laboratory market accounts for around a quarter of commercial stock.

There is strong demand across both offices and laboratories. With 1.2 million sq ft of requirements active in the market, we forecast continued rental growth as supply remains constrained. This pressure on rents is driven by both the depth of demand and the nature of the business base seeking to join this globally leading cluster. Knowledge industry occupiers were responsible for 87% of office and lab take up in Cambridge during H1 2020, a continuation of a pattern building over the last five years.

Prime office rents in the city centre have now achieved £48.50 per sq ft with some smaller transactions above this level. Prime rents for fully fitted laboratories are standing at around £45 per sq ft. Laboratory rents for + 10,000 sq ft open plan and or shell and care are discounted from the prime fitted rent level and smaller lab spaces can achieve premium rents. There is an additional rental premium for fitted laboratory rents at the smaller end of the market where smaller business can secure flexible lease terms at rental levels of £50 per sq ft; there is good demand from early stage and specialist life sciences business as demonstrated by take up of space at the 40,000 sq ft Bio Innovation Centre at 22 Cambridge Science Park which is oversubscribed and c. 90% let within 12 months of opening; the remaining vacancy in part self-imposed due to desire to adhere to a gateway policy for potential occupiers.

Combined office and laboratory take up in 2019 was recorded at 805,000, the highest since 2014/15. Laboratory take up in 2019 accounted for 208,400 sq ft which could have been higher if not constrained by low availability levels which stand at 4%. Where laboratory product has been released to the market it has let quickly; second-hand fitted laboratory space when released at Capital Park and Chesterford Research Park have let immediately with nil void and delivery of new laboratory space at Babraham Research Campus has been majority let before practical completion. The largest laboratory transaction in 2019 was 42,000 sq ft to Lonza but with the majority of take up in the 10,000 - 20,000 sq ft size bracket; in line with demand patterns of recent years.

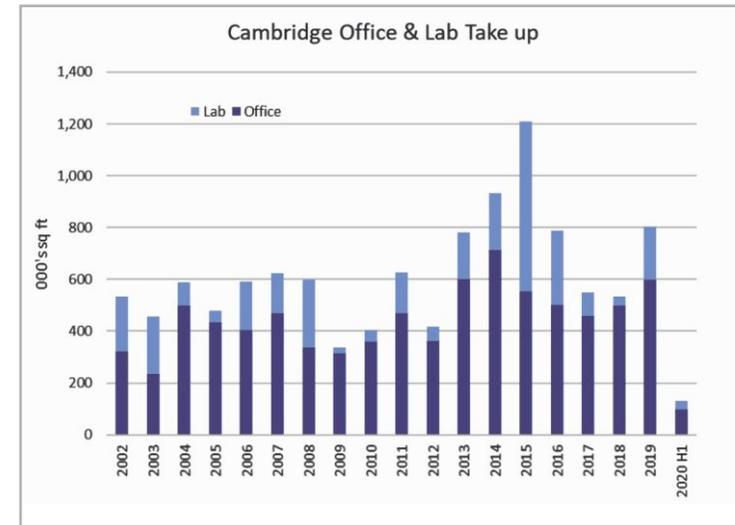


The pandemic saw a sharp increase in requirements from smaller floorplate labs as small and rapidly expanding companies sought to take greater control of their business operation, often bringing forward lettings to maintain funding milestones. Within the mid size range the occupiers generally are requiring space delivered to a specification between open plan and fully fitted, the latter with minor adaptation often being a preferred route for the smaller occupiers.

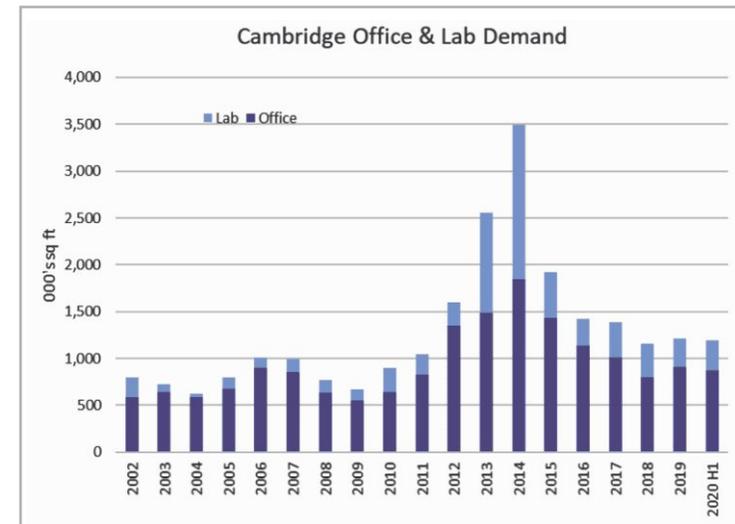
Take up of office space in the Cambridge market historically averaged 400,000 sq ft per annum but this trend has shifted upwards over the past seven years as the expansion of Cambridge's business base has increased, driven by the science and tech sectors. Over the last seven years take up has averaged around 700,000 sq ft per annum. This trend has been facilitated by the increased levels of development activity over this period. The Life Science sector was responsible for 61% of H1 2020 take up.

Supply in the Cambridge office and laboratory market has been on a downward trend over the past eight years, falling by 50% from a peak level of 1.465m sq ft at the end of 2009 to just over 737,000 sq ft as at December 2019 prior to the onset of COVID-19. At this point, total availability rate stood at 8%, with 9% in the office sector and 4% in the laboratory market.

These floorspace constraints, have been felt during the COVID-19 crisis particularly in the laboratory market. Requirements during the first half of 2020 increased to over 320,000 sq ft, while available stock diminished with the continuation, and in some instances, acceleration, of lettings completed during lockdown. By the end of H1 2020 the laboratory availability rate had fallen to 3.5%.



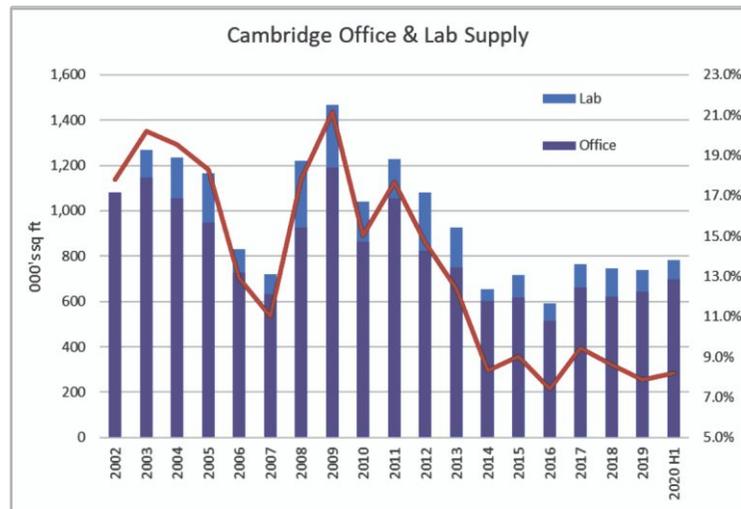
Source: Bidwells Research



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The Cambridge office and laboratory market demonstrated huge resilience in the 2008/2009 economic downturn compared to other locations growing consistently since. The COVID-19 crisis has presented a new nationwide challenge. As reflected in the daily press coverage, Cambridge has been central to the national, and global, pandemic effort. Research on treatments and potential vaccines have occurred across city's science parks, with business activity continuing throughout the lockdowns. The dominance of the science and tech sector to the Cambridge economy has driven the city's resilience during the current crisis, and recording one of the lowest proportions of furloughed employees across the UK.



Source: Bidwells Research

The latest speculative office development at 50/60 Station Road, CB1 comprising 163,000 sq ft was fully let by practical completion in May 2019 and has achieved prime rents of up to £46.00 per sq ft. Sub-lettings have achieved in excess of this. A 65,000 pre-let at 20 Station Road, CB1 to Fora in H2 2020 has moved prime office rents to £48.50 per sq ft. Two buildings totalling 210,000 sq ft of speculative office accommodation are underway at 1 & 2 Cambridge Science Park. 90,000 sq ft is under offer with good interest being shown in the remainder.

The depth and breadth of the science and technology economic basis of the city has driven strong rental growth, with particularly robust growth over the last five years and in parallel with the rapid evolution in the science sector.

Rental Growth % pa:
Prime Office Rents

Prime Office Rents	
3yr	7.2%
5yr	5.8%
7yr	5.7%
10yr	6.1%

Rental Growth % pa:
Open Plan
Laboratory Rents

Open Plan Labs Rents	
3yr	4.8%
5yr	5.6%
7yr	4.7%
10yr	3.7%

Based on the recent occupational transactions set out below, we consider that the properties to be reversionary:

Date	Address	Tenant	Area sq ft	Rent £PSF	Transaction	Grade of space
Q4 2020	Newham Building, Chesterford Research Park	Oncologica	11,500	£38.00	OML	Fitted Lab
Q3 2020	Radio House, St Andrews Street	Cambridge Mechatronics	13,989	£32.00	OML	A
Q3 2020	Part 1st, 330 Cambridge Science Park	BioFidelity Ltd	5,490	£33.00	OML	A
Q3 2020	940 Babraham Research Campus	BioCrucible	3,616	£65.00	OML inclusive of rent and SC	Fitted Lab
Q3 2020	20 Station Road, CB1	Fora	65,000	£48.50	Pre-Let	A
Q2 2020	25 Cambridge Science Park	Various	Bio innovation centre	£65.00	OML inclusive of rent and SC	Fitted Lab
Q2 2020	181 Cambridge Science Park	Various	Bio incubator	£50.00	OML inclusive of rent and SC	Fitted Lab
Q2 2020	Biomed @ Babraham Research Campus	Bit Bio	26,900	£43.00	OML	Fitted Lab
Q2 2020	Bateman House, 82-88 Hills Road, Cambridge	University of Cambridge	2,737	£38.00	OML	A
Q2 2020	101 Cambridge Science Park	Citrix R&D Ltd	14,736	£32.50	OML	A
Q2 2020	Part Grd Radio House, Chesterton	Sentec	13,989	£32.00	OML	A
Q1 2020	216 Cambridge Science Park	Amgen	34,778	£34.00	OML	A
Q1 2020	Kett House, Station Road	Apple	17,500	£40.00	OML	B
Q4 2019	95 Regent Street	Invenia	21,000	£40.00	OML	A
Q4 2019	296 Cambridge Science Park	Speechmatics	16,500	£32.50	OML	A
Q4 2019	140 Cambridge Science Park	Featurespace	25,000	£32.00	Assignment	B
Q4 2019	30 Station Road CB1	Apple	80,000	£42.50	Pre-Let	A
Q4 2019	50/60 Station Road CB1	Forsyth Group	2,000	£51.50	OMSL	A
Q2 2019	418 Cambridge Science Park	Cytocell	17,143	£41.28	OMSL	Fitted Lab
Q2 2019	50/60 Station Road CB1	Cantab Asset Management Ltd	4,650	£42.00	OML	A
Q2 2019	50/60 Station Road CB1	Genomics Plc	4,228	£42.00	OML	A
Q2 2019	50/60 Station Road CB1	Brewin Dolphin Ltd	5,895	£46.00	OML	A
Q1 2019	50/60 Station Road CB1	Samsung	16,577	£43.50	OML	A
Q3 2018	50/60 Station Road CB1	Eversheds	12,289	£43.50	OML	A
Q3 2018	306 Cambridge Science Park	Roku	20,441	£32.50	OML	A
Q2 2018	22 Cambridge Science Park	Displaylink	60,000	£33.75	OML	A

Rental evidence provided for indicative purposes only and subject to purchaser's own verification.



investment market

There is currently strong investor/developer interest in the Cambridge market and the Life Sciences / Science & Tech sectors across the UK. Cambridge has been a key centre of focus for investment in the national markets due to the city's markedly different characteristics to other markets of the UK, such as:

- Strong leasing characteristics - strong demand, limited stock, growing rents
- Focus on Life Science and Science & Tech market with strong presence from global occupiers such as Astra Zeneca, Apple, Microsoft, ARM, Abcam
- Continually growing research sector built off the University's and other Research organisations' credentials
- Limited land supply (due to planning and ownership)
- Improved infrastructure with future significant improvements planned

Recent investment transactions include:

Date	Address	Tenant	Unexpired lease term	Area sq ft	Price	Yield %	Comment
Cambridge							
Sept 2020	296 Cambridge Science Park	Cantab Research Ltd (t/a Speechmatics)	10 years Break year 7	16,521	£7.2m	5.82%	Long leasehold.
Sept 2020	1 Cambridge Sq, Cambridge North	-	-	100,000	Confidential	Confidential	Speculative development funding
Sept 2020	Vitrum, St Johns Innovation Park, Cambridge	HSBC	-	29,177	£11.77m	4.40%	Long leasehold. 32% Vacant.
July 2020	Clarendon House, Clarendon Road	Multi let	4.31 years to expiry and 2.58 years to breaks	23,816	£13.9m	4.43%	
July 2019	30 Station Road, CB1	Apple	10 years	80,000	£63.250m	4.75%	Long leasehold.
April 2019	140 Cambridge Science Park	Display Link (t/a Featurespace)	6.6 years	25,899	£13m	5.60%	Long leasehold.
Jan 2019	Lockton House, Clarendon Road and 1&2 Brooklands Ave	Multi let	1.3 years	32,119	£18.1m	4.62%	
Dec 2018	Cambridge County Court, 197 East Road	The First Secretary of State	22 years	34,688 (GIA)	£34.5m	2.80%	Fixed annual uplifts at 2.5%.
Oct 2018	163 Cambridge Science Park	Heraeus Noblelight	7 years	10,081	£3.77m	5.25%	Long leasehold.
June 2018	Cambridge Research Park	Multi let	-	237,654	£78m	4.90%	
May 2017	Chesterford Research Park	Multi let	-	335,000	£45m	5.60%	50% share.
Feb 2017	Phase 2, Cambridge Biomedical Campus	Abcam	20 years	100,000	£63m	4.80%	Pre let development funding. Long leasehold. Shell & core lab building.
Science and Tech / Life Science Sector							
April 2020	Harwell Campus, Didcot	Multi let	-	165,000	£41.740m	4.57%	50% share

Yield evidence provided for indicative purposes only and subject to purchaser's own verification.

capital allowances

The purchaser can benefit from any unclaimed capital allowances.

EPC

Unit 418 - D97
Unit 436 - D99

data room

Please contact us for access to the data room where additional information is available:

- Title
- Draft Head Leases
- Sub Leases and Tenancy Documentation
- Measured Surveys
- Vendor's Building and M&E Surveys
- Phase 1 Environmental Surveys
- Floor Plans
- EPCs
- Searches



AML/KYC

Prospective purchasers will be asked to produce identification of the intended Purchaser and other documentation in order to support any conditional offers submitted to the vendors. Bidwells LLP accepts no liability of any type arising from your delay or other lack of co-operation.

VAT

VAT will be chargeable on the purchase price. It is anticipated that the transaction cannot be structured as a Transfer of Going Concern.

proposal

Our client is seeking offers **in excess of £35,575,000** subject to contract and exclusive of VAT for its long leasehold interests. A purchase at this level would show the following minimum yield profile. As the proposed transaction structure cannot be treated as a Transfer of a Going Concern, we have calculated purchaser's costs to be c7.75%.

	Minimum Rent £pa	Yield
Net initial yield	£2,182,442	5.69%
From 3 March 2026	£2,298,693	6.00%
Equivalent yield	-	5.92%

It is our client's preference to sell both buildings in a single transaction. Offers for the individual buildings will be considered.



further information

Should you have any queries or wish to make an inspection, please contact:

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November 2020

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