

65-75

KING STREET



HAMMERSMITH, LONDON W6

Prime Retail and Office Investment with
Significant Development Potential



INVESTMENT SUMMARY

- Prominent reversionary retail and office opportunity.
- 200 metres from Hammersmith Underground Station.
- Opposite the refurbished entrance to Kings Mall Shopping Centre currently undergoing a major transformation.
- Comprising five retail units let to three tenants with well specified offices on the upper floors.
- Total area 25,121 sq ft (2,333.9 sq m).
- 97% of accommodation is ground floor or above, only 755 sq ft (70.1 sq m) is located in the basement.
- Total net income of £970,563 per annum.
- The passing rent reflects only £134 Zone A overall on the retail and £42.07 psf on the offices.
- Prime office rents in Hammersmith have achieved £59.00 psf and prime retail rents have achieved £175 ZA on King Street.
- Long leasehold (147 years unexpired) with a gearing of 7.5% of rents receivable.
- Significantly under-developed site with potential to substantially increase massing and opportunities for change of use, subject to necessary consents.
- Leasehold specifically structured to promote a wholesale redevelopment of the site.

Offers in excess of **£17,650,000** reflecting a net initial yield of **5.15%** and a reversionary yield of **6.11%**, assuming purchaser's costs of 6.75%.

REVERSIONARY RETAIL AND OFFICE INVESTMENT IN PRIME HAMMERSMITH WITH DEVELOPMENT POTENTIAL





HAMMERSMITH IS THE PRINCIPAL
GATEWAY INTO CENTRAL LONDON

LOCATION

- Western gateway to Central London
- Catchment size (177k Shoppers / 375k Residents)
- Household income 64% above Greater London average
- Major regeneration area
- Low vacancy rate
- Blue chip occupiers
- Exceptional local amenities

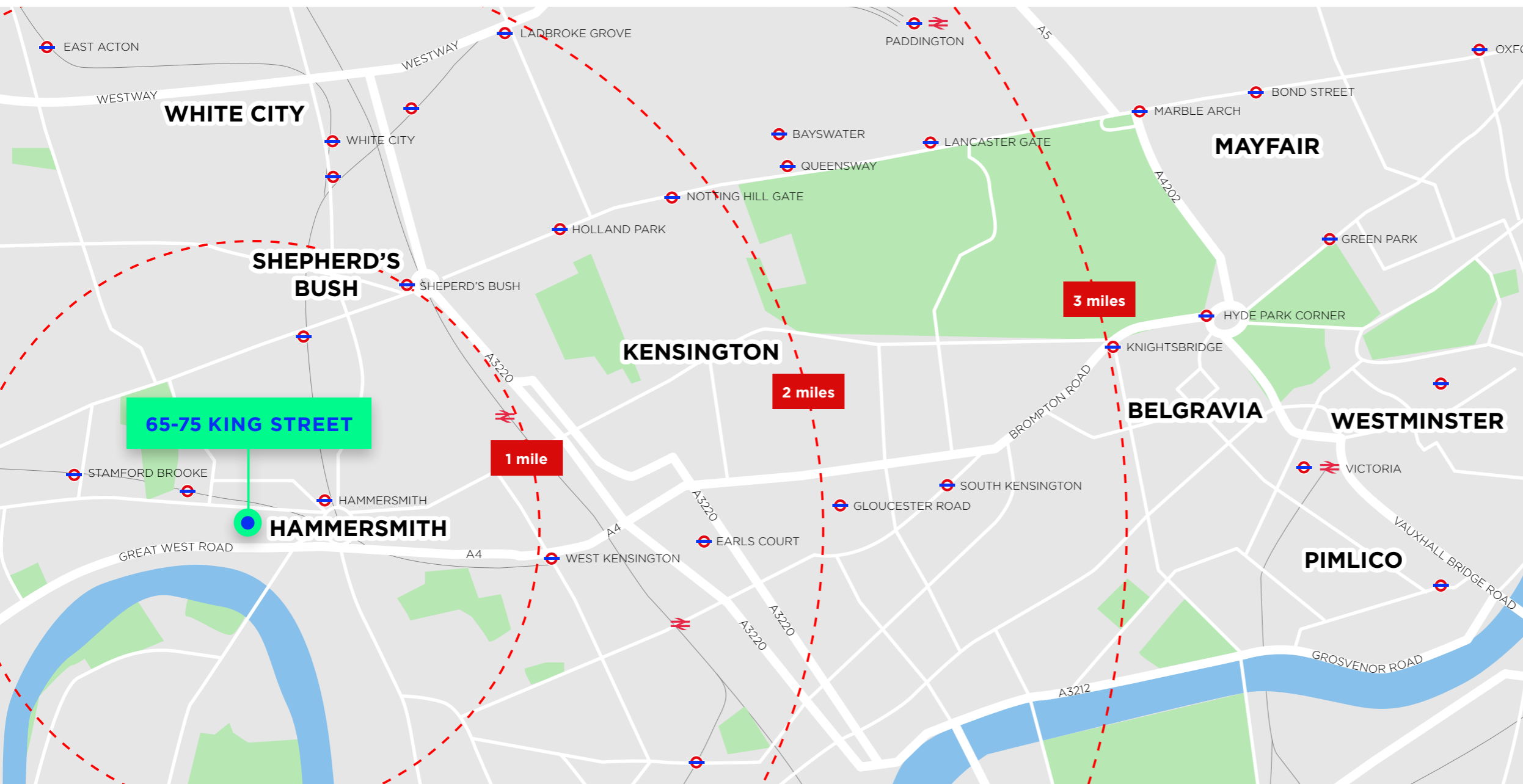
Hammersmith is an internationally renowned commercial district seen as the principal gateway into Central London. Strategically located in West London and providing quick access to the West End, it also benefits from direct links to the A4 which directly leads to the M25 and Heathrow Airport.

Over recent years, Hammersmith has been subject to a significant transformation through comprehensive investment undertaken by a number of high-profile developers. These projects have considerably enhanced the public realm and local amenity which, combined with a first-class provision of high-quality office stock, has attracted office

occupiers including Western Union, L'Oréal, Walt Disney, UKTV, Fox International, Virgin and TOGC in Lyric Square.

The affluent local population and significant workforce are serviced by an extensive retail offering, principally on King Street. In conjunction with King's Mall, it provides the core retail offering with annual footfall in excess of 20 million and seven day a week trade.

In addition to its wide selection of restaurants including La Trompette, The River Café, Foxlow and High Road House, the area continues to attract high visitor numbers and increasing consumer dwell time.



KINGS MALL

Located opposite the subject property is the King's Mall which is undergoing £15m of improvements including a refurbishment of the atrium, common parts and frontages to create double height units to King Street.

The works have attracted retail and leisure occupiers such as New Look, KIKO Milano, Frame and Feast Canteen. In addition, H&M spent £5.5m refurbishing their unit which is their first future concept store outside Stockholm showing their confidence in the Hammersmith retail market.

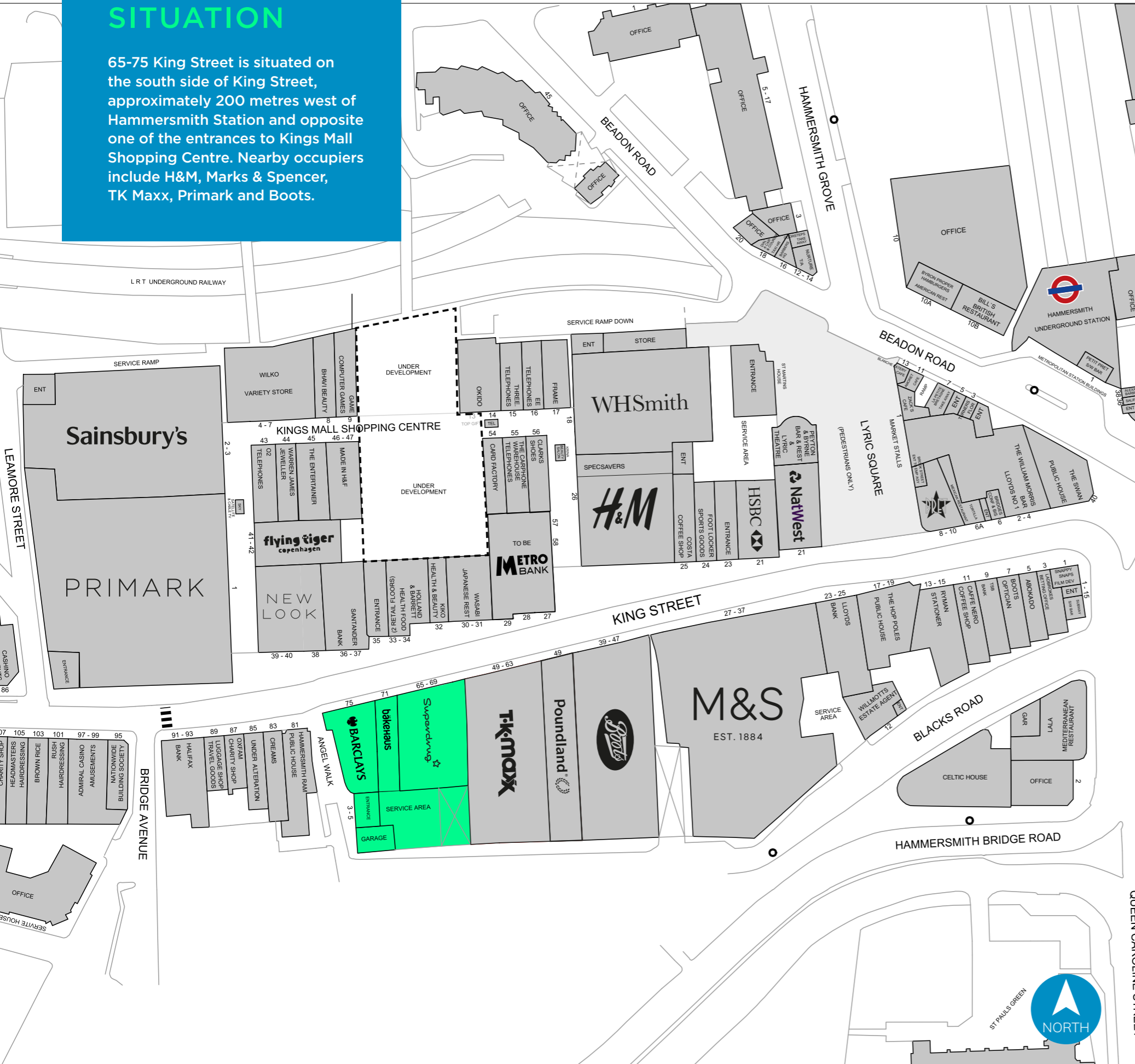
These improvements and new lettings have vastly increased the pull to the west end of King Street and the subject property.

KING'S QUARTER

The council, other major property owners and the wider retailing community are embracing a 'Kings Quarter'. The aim is to cohesively promote retailing in Hammersmith, improve the entrance experience and urban environment from the station to King Street with the specific aim of continually improving footfall.

SITUATION

65-75 King Street is situated on the south side of King Street, approximately 200 metres west of Hammersmith Station and opposite one of the entrances to Kings Mall Shopping Centre. Nearby occupiers include H&M, Marks & Spencer, TK Maxx, Primark and Boots.



PRIME POSITION ON KING STREET OPPOSITE KING'S MALL AND 200M FROM HAMMERSMITH STATION

HAMMERSMITH BRIDGE



HAMMERSMITH



BROADWAY
SHOPPING CENTRE

HAMMERSMITH
ROUNDBOULT

A4

HAMMERSMITH

FLYOVER

A4

65-75 KING STREET

MARKS &
SPENCER



TKMAXX

KING STREET

HAMMERSMITH



THE LYRIC THEATRE

H&M

TOG
THE OFFICE GROUP

KINGS MALL
SHOPPING CENTRE

PRIMARK

12 HAMMERSMITH GROVE



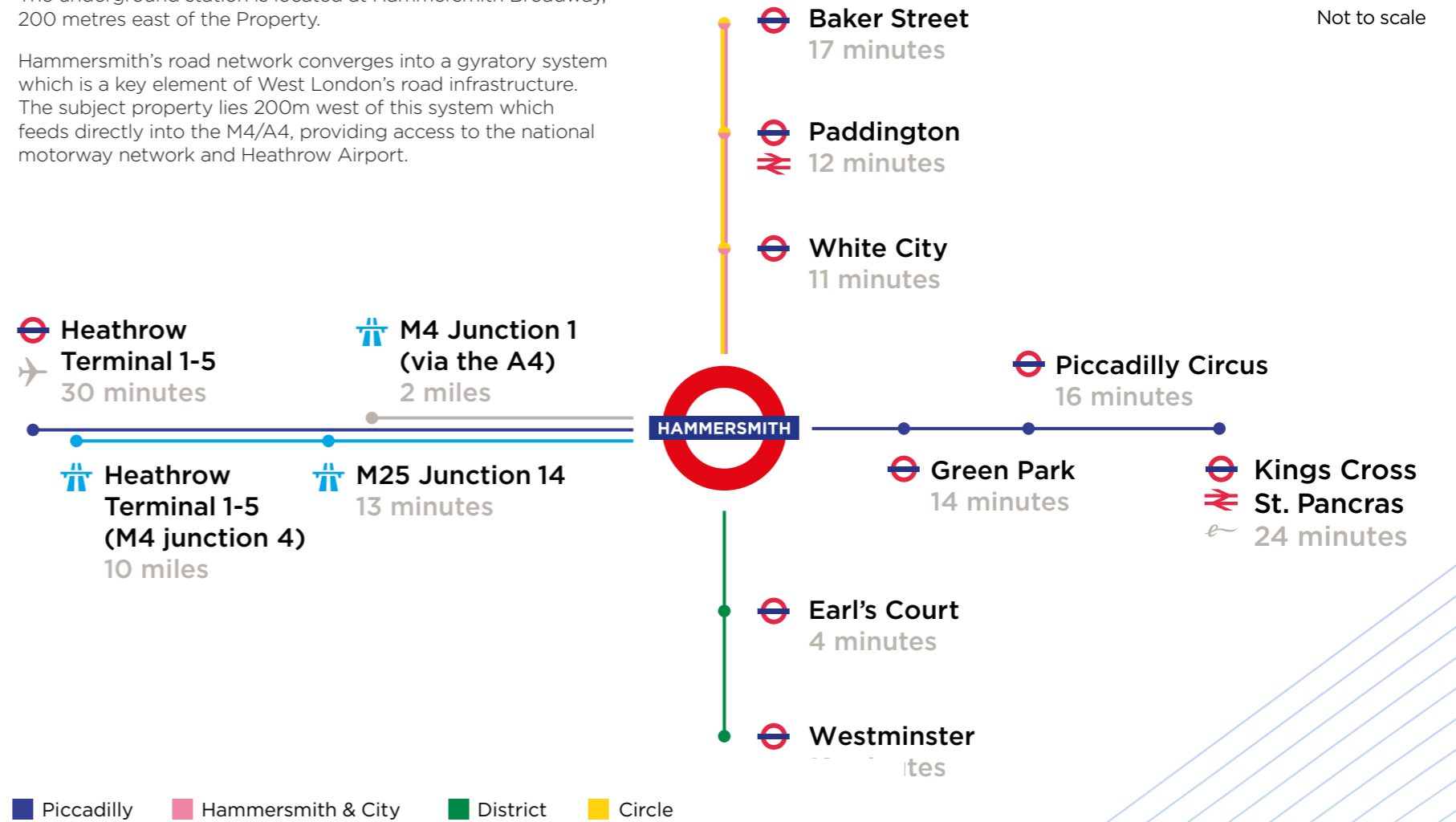
A MAJOR TRANSPORT INTERCHANGE PROVIDING QUICK ACCESS TO HEATHROW AND THE WEST END

COMMUNICATIONS

Hammersmith benefits from excellent communications and is one of only eight stations in London that offer access to four or more underground lines. It is a major interchange affording quick and direct access to Heathrow and the West End.

The underground station is located at Hammersmith Broadway, 200 metres east of the Property.

Hammersmith's road network converges into a gyratory system which is a key element of West London's road infrastructure. The subject property lies 200m west of this system which feeds directly into the M4/A4, providing access to the national motorway network and Heathrow Airport.



DESCRIPTION

Constructed in the mid-1970's of concrete frame construction under a number of flat roofs, the property comprises five retail units fronting the prime section of King Street in addition to two upper floors of office accommodation accessed from a self-contained entrance.

Extensive servicing is provided via Blacks Road to the rear which is directly accessible from the Hammersmith Roundabout. The property also benefits from three parking spaces.

Superdrug and Bakehaus trade from the ground floor with ancillary accommodation to the rear of each unit. Barclays is the largest unit and trade from ground and first floors with the latter comprising their main Central London office for commercial mortgages. The tenant has staff offices on the second floor in addition to ancillary basement storage. Totalling 755 sq ft (70.1 sq m), this is the only accommodation below ground level in the entire property.

The second and third floors comprise office accommodation with self-contained access from Angel Walk. The floor plates are rectangular in shape offering excellent natural light and good floor to ceiling heights. The office specification includes air conditioning, raised floors and an 8 person passenger lift.

EXTENSIVE FRONTAGE ON TO PRIME KING STREET



97% OF ACCOMMODATION
IS GROUND FLOOR OR
ABOVE, ONLY 755 SQ FT IS
LOCATED IN THE BASEMENT



ACCOMMODATION

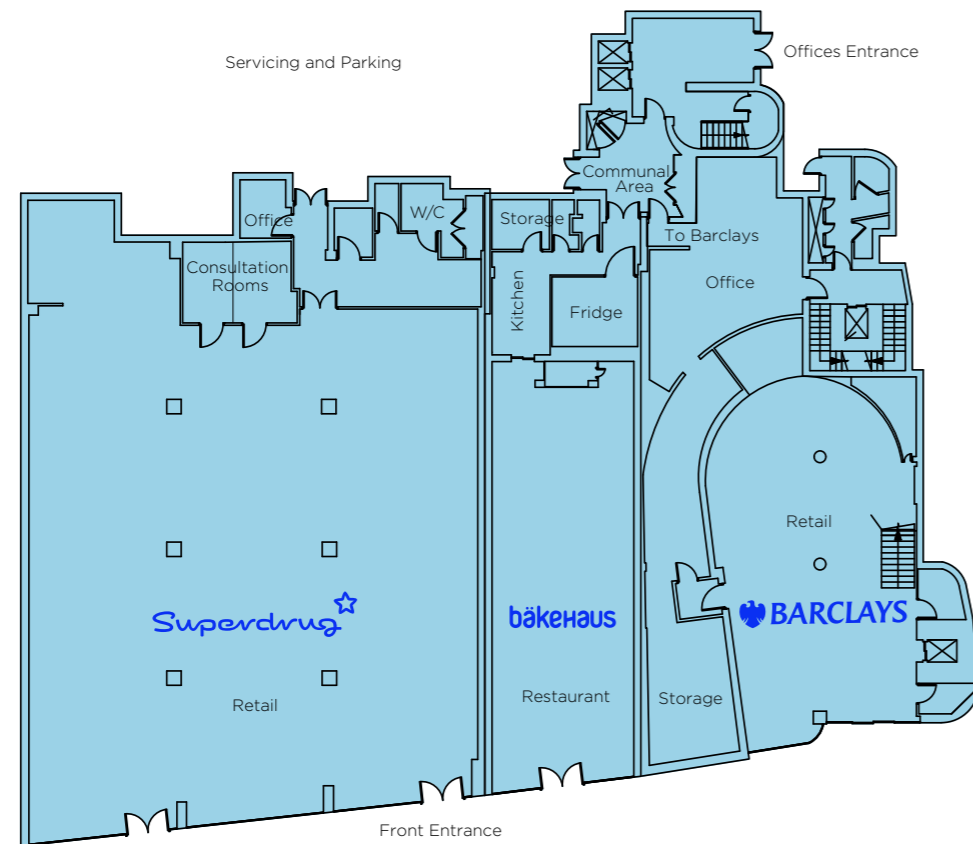
The property has been professionally measured and a fully assignable measured survey is available which provides the following areas:

DEMISE	FLOOR	USE	AREA (sq m)	AREA (sq ft)
Superdrug	Ground (ITZA)	Retail	496.3	5,342
			221.0	2,379
Backhaus	Ground (ITZA)	Retail	149.1	1,605
			69.8	751
Barclays Bank Plc	Second	Office	32.8	353
	First	Office	747.8	8,049
	Ground (ITZA)	Retail	242.7	2,612
	Basement	Storage	125.9	1,354
			70.1	755
Retail Sub Total			1,738.8	18,716
Relish Research Ltd	Second	Office	269.9	2,905
World Media Rights Ltd	Third	Office	325.2	3,500
Office Sub Total			595.1	6,405
Grand Total			2,333.9	25,121



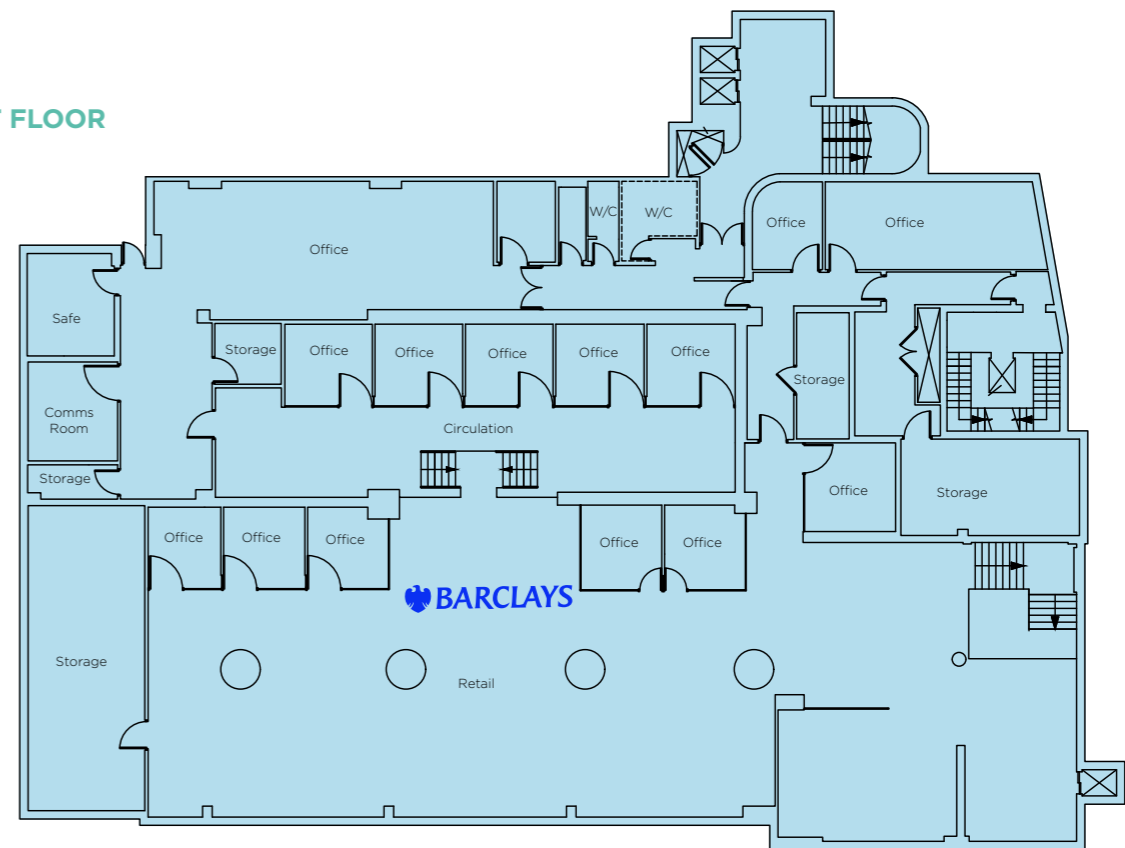
FLOORPLANS

GROUND FLOOR



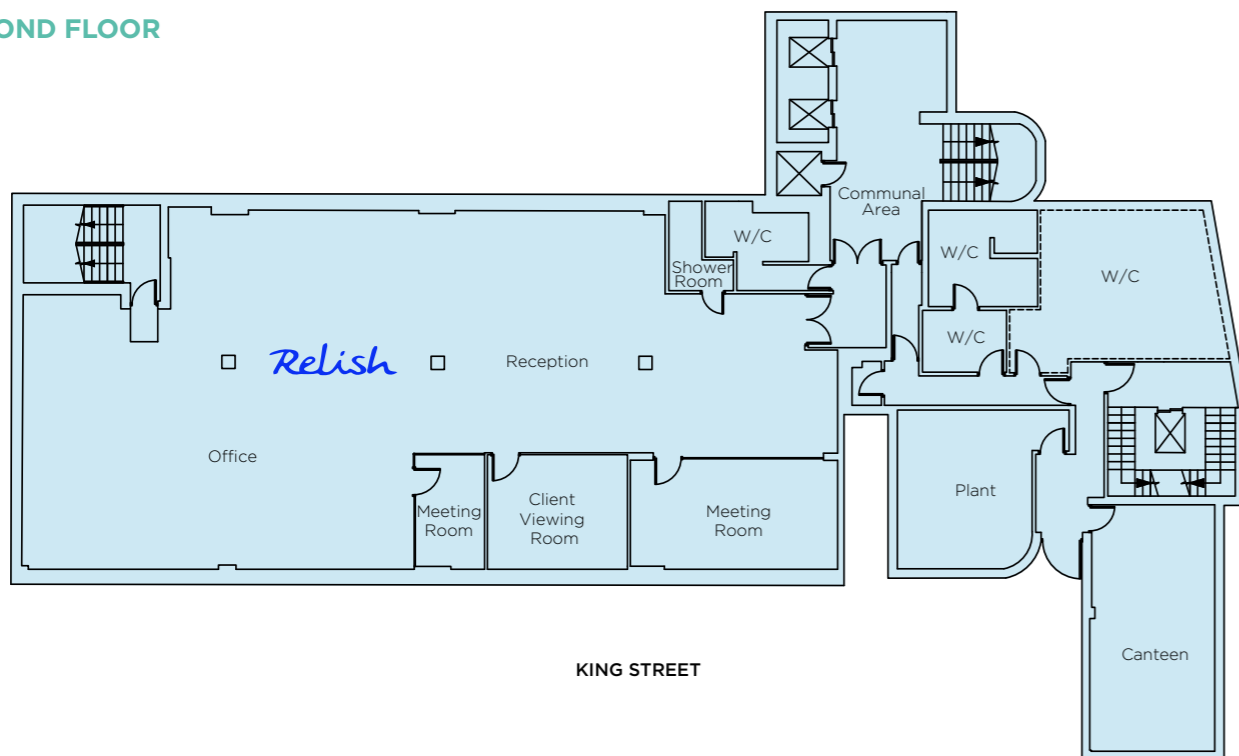
KING STREET

FIRST FLOOR



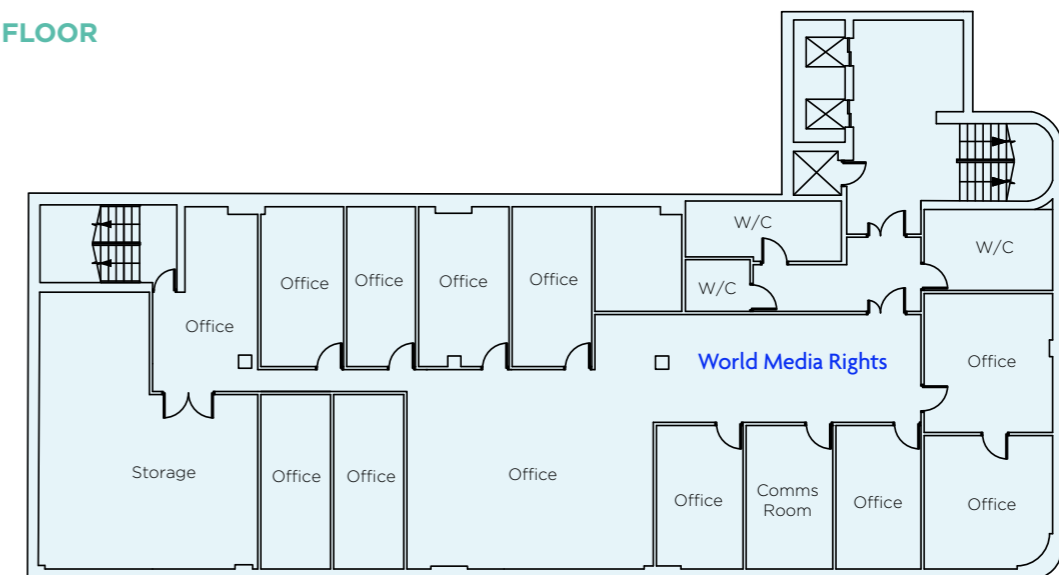
KING STREET

SECOND FLOOR



KING STREET

THIRD FLOOR



KING STREET

TENANCIES

The property is let in accordance with the below tenancy schedule producing a total net rent of £970,563 p.a. Approximately 65% of the total income is let to the undoubted covenants of Barclays Bank and Superdrug. Numerous

events over the lease terms provide a number of opportunities to grow the rental levels and asset manage towards a potential block date and a wholesale redevelopment. The 3 small residential flats have between 51 and 61 years unexpired.

The property benefits from a WAULT of 7.57 years to expiry and 4.13 years to break.

65% LET TO THE UNDOUBTED COVENANTS OF BARCLAYS BANK AND SUPERDRUG

DESCRIPTION	TENANT	USE	AREA (SQ FT)	AREA (SQ M)	LEASE START	LEASE EXPIRY	NEXT RENT REVIEW	RENT (ZA/£PSF)	RENT (£PA)	ERV (ZA/£PSF)	ERV (£PA)	COMMENTS
65-69 King Street	Superdrug Stores Plc	Retail	5,342	496.3	14/04/2016	13/04/2026	14/04/2021	£135	£321,000	£158	£376,000	Tenant break option 14/04/2024 on 6 month written notice.
71 King Street	Backhaus UK Limited	Retail	1,605	149.1	24/10/2016	23/10/2026	24/10/2021	£146	£110,000	£158	£119,000	Tenant break option 24/10/2021 on 6 month written notice.
75 King Street	Barclays Bank Plc	Office/ Retail	11,769	1093.4	20/06/2008	19/06/2028	29/09/2023	£126	£370,833	£158	£445,000	Provision in the lease that passing rent is inclusive of VAT. Therefore net rent is £370,833 per annum, despite rent review being settled at £445,000 per annum. Tenants break option 19/06/2023 on 6 month written notice.
2nd Floor Offices	Relish Research Ltd	Office	2,905	269.9	23/04/2015	22/04/2025	23/04/2020	£44.09	£128,070	£47.50	£138,000	Tenant break option 23/04/2020 on 9 month written notice.
3rd Floor Offices	World Media Rights Ltd	Office	3,500	325.2	11/05/2019	10/05/2020		£42.72	£141,414	£47.50	£166,250	
Flat 1	An individual	Residential			24/06/1981	23/06/2080			£120		£120	
Flat 2	An individual	Residential			25/06/1993	24/06/2170			£0		£0	Rent at a peppercorn
Flat 3	An individual	Residential			24/06/1981	23/06/2080			£100		£100	
Gross Rent			25,121	2,333.9					£1,071,537		£1,244,470	
Head Rent									£100,974		£93,335	
Net Rent									£970,563		£1,151,135	



BARCLAYS FIRST FLOOR OFFICES



TENURE

Long Leasehold from the Master and Wardens of Governors of the Art of Mystery of the Girdlers of London for 150 years from 5th August 2014 and expiring 24th December 2163 (approximately 144 years unexpired). The rent is reviewed upward only to the higher of the passing rent or 7.5% of the open market rent. The current head rent is £100,974 p.a.

Three residential units located to the rear of the site are sold off on long leaseholds.



COVENANT



Barclays Bank Plc is a British multi-national banking and financial services company headquartered in London. Established over 325 years ago in 1690, Barclays operates in over 50 countries and employs approximately 14,000 people worldwide. This unit comprises their principal Central London office for commercial mortgages.

Barclays Bank Plc has a D&B rating of 5A1.	31 / 12 / 2017	31 / 12 / 2016	31 / 12 / 2015
SALES TURNOVER	£26,721,000,000	£27,224,000,000	£32,400,000,000
PROFIT BEFORE TAXES	£3,166,000,000	£4,383,000,000	£2,841,000,000
TANGIBLE NET WORTH	£60,848,000,000	£60,085,000,000	£55,883,000,000
NET CURRENT ASSETS	£56,690,000,000	£53,808,000,000	£51,723,000,000



Superdrug Stores Plc is a health and beauty retailer. The company has been a subsidiary of A.S. Watson Group since 2002, part of the Hong Kong conglomerate CK Hutchison Holdings. It trades from nearly 900 shops across the United Kingdom and Ireland employing over 14,000 people.

Superdrug Stores Plc has a D&B rating of 5A1.	31 / 12 / 2017	31 / 12 / 2016	31 / 12 / 2015
SALES TURNOVER	£1,241,783,000	£1,213,600,000	£1,105,002,000
PROFIT/(LOSS) BEFORE TAXES	£92,934,000	£80,385,000	£56,842,000
TANGIBLE NET WORTH	£115,296,000	£86,291,000	£50,149,000
NET CURRENT ASSETS (LIABILITIES)	£150,826,000	£154,779,000	£135,485,000



Bakehaus UK Limited is a German concept bakery based in London producing quality baked goods. The company has ambitious future expansion plans.



Relish Research Ltd is an innovative branding and research agency who advise a number of well known UK companies such as ASDA, EDF, Tesco, Vodafone and Sky. The company also has offices in Leeds with the subject property their headquarters.

World Media Rights

Founded in 2007, World Media Rights Ltd is a television production company who have been at the forefront of making returning television series for over a decade. Their series are shown in over 55 countries and globally on Netflix and the Discovery channel. In July 2017, ZDF enterprises of Germany bought a third of the company.

HAMMERSMITH RETAIL

Hammersmith is one of West London's major retailing locations. Providing an extensive offering from its two major shopping centres, The Broadway Centre and Kings Mall, it has remained robust and popular serving an active local trading environment.

Located opposite, Kings Mall has been in the process of a comprehensive £15m refurbishment and redevelopment by Schroders since 2015 aimed at convenience shopping and serving an affluent local demographic. Improvements to

the common areas and creation of double height units have attracted tenants such as Kiko Milano, H&M and New Look. In addition to Sainsbury's renewing as anchor tenant for a further 15 years, approximately 35,000 sq ft (3251.6 sq m) of retail accommodation is expected to complete over the next 6 months showing strong occupier demand and reinforcing the tenants belief in the future of Hammersmith retailing.

Hammersmith also benefits from extensive river frontage offering a variety of bars, restaurants and

constantly improving amenities within a short walk of King Street. The surrounding area has a host of attractions such as the Lyric Theatre, the Riverside Studios, Hammersmith Apollo, London Olympia, Queens Tennis Club and Earls Court.

Proven prime rents on King Street have achieved £175 psf Zone A which, compared to the passing rent, reflects a considerable premium and offers significant future rental growth.

HAMMERSMITH OFFICES

Hammersmith is a core Central London office market occupying a strategic location between the West End and Heathrow Airport.

Benefiting from the severe supply constraints in other West End submarkets, occupiers have been attracted to Hammersmith offering good connectivity, low total occupational costs and improving amenity provisions.

Strong occupational fundamentals have seen large scale regeneration and development in Hammersmith with the recent arrival of Grade A schemes from Aberdeen Asset Management, U&I, AXA, Kier and Investec.

Prime Hammersmith office rents have achieved £59 psf, which compared to the passing rent of £42.08 psf, shows a significant opportunity to benefit from future rental growth.



HAMMERSMITH IS WEST LONDON'S PREMIER COMMERCIAL HUB

INVESTMENT MARKET

In 2018, UK investment volumes reached £54.4bn, which was £6.2bn above the 10-year average with London still the primary target for domestic and international investment driven by low inflation, weak sterling, low interest rates and increased credit availability.

Hammersmith is still widely classed as one of the most affordable Central London sub-markets with quality transport infrastructure,

multi-million-pound regeneration and strong occupational conditions attracting investors.

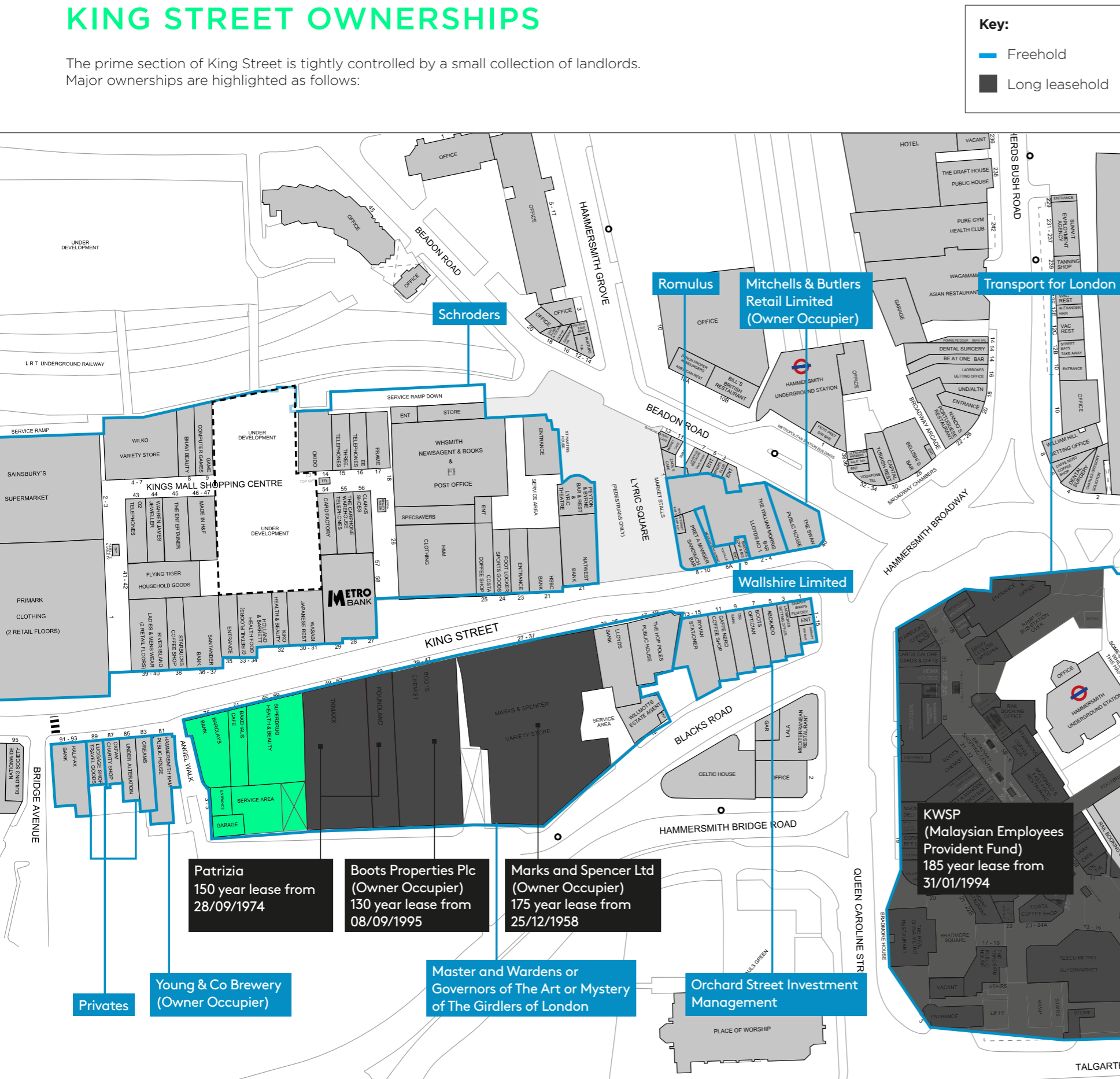
Assets with medium term income, opportunities to drive rental levels and a longer term development play in improving locations have been in the highest demand.

We set out a selection of recent local investment transactions as follows:

DATE	ADDRESS	TENURE	TENANT (S)	WAULT	PRICE (£)	NIY (%)
Q3 2018	49-63 King Street, Hammersmith	LLH	TK Max & Poundland	13.6	£24,150,000	5.08%
Q2 2018	48-49 George Street, TW9	FH	T.M. Lewin & Zara Home	5.3	£8,570,000	4.20%
Q1 2018	95 Putney High Street, SW15	FH	Tortilla	15	£4,425,000	4.50%
Q4 2018	47-48 George Street, TW9	FH	GAP & T M Lewin	5.3	£8,570,000	4.20%
Q1 2018	64 High Street Bromley, R1	FH	TX MAX	15	£13,250,000	5.10%

KING STREET OWNERSHIPS

The prime section of King Street is tightly controlled by a small collection of landlords. Major ownerships are highlighted as follows:



HAMMERSMITH DEVELOPMENT

Favourable market dynamics of limited supply and continuing demand have fuelled significant development activity including:

- 1 SOVEREIGN COURT**
Berkeley Group residential scheme incorporating 418 new apartments located behind Kings Mall.
- 2 LANDMARK HOUSE & THAMES TOWER**
Planning consent for a 170,000 sq ft (15,793.5 sq m) office, hotel and retail scheme with new public realm.
- 3 KINGS MALL SHOPPING CENTRE**
£15m refurbishment improving the common parts, atrium and frontages.
- 4 1 LYRIC SQUARE**
Grade A office refurbishment over ground and 13 upper floors which was let to The Office Group.
- 5 245 HAMMERSMITH RD**
A 245,000 sq ft (22,761.2 sq m) office and retail scheme designed by Sheppard Robson. L&G and Mitsubishi Estates owned. Completion in 2019.
- 6 KINGS HOUSE 174 HAMMERSMITH RD**
60,000 sq ft (5,574.1 sq m) Grade A office rebuild. Developed by Kier & Investec.



DEVELOPMENT AND ASSET MANAGEMENT

The existing site is extensively under-developed and there is a significant opportunity to increase massing.

The leasehold title was regeared by the existing owner in 2014 on a new 150 year term at a reduced gearing of 7.5%. Equally valuable, the new title specifically sets out terms to allow the site to be redeveloped opening up a number of options for a wholesale reworking and massing on the site.

Numerous mixed use options could be viable including office, residential, student accommodation and hotel, all of which are in line with current planning policy of Hammersmith & Fulham Borough Council.

Situated within the Hammersmith Regeneration Area, the council are willing to promote the continued regeneration of King Street and encourage high-density buildings.

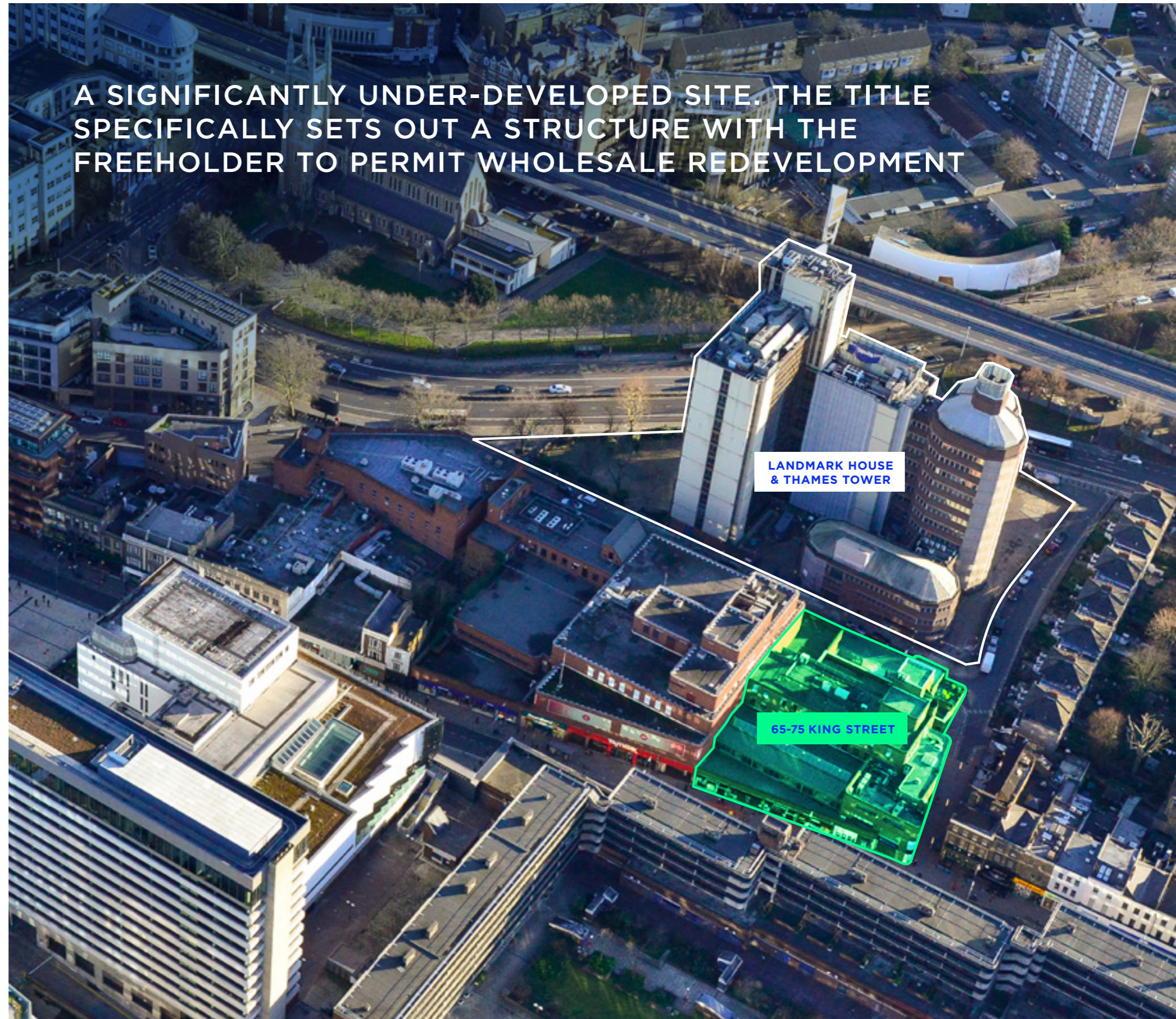
With both council planning policy and the freeholder encouraging of a development, as an end of terrace corner position with access off the A4, the site offers significant opportunities to benefit from value increases through wholesale redevelopment in the medium term.

LANDMARK HOUSE & THAMES TOWER

Owned by Eastern & Oriental, the existing site consists of a 135,488 sq ft (12,587.2 sq m) tower with 65 parking spaces. Planning consent has been obtained for demolition and erection of a new building of 157,855 sq ft (14,665.2 sq m) split into three sections; two office buildings of 6 storeys and 12 storeys and the highest section of 22 storeys comprising a hotel.

The development should provide immediate public realm and environment improvements immediately adjacent whilst also setting a favourable planning precedent for the redevelopment and massing of the subject site.

A SIGNIFICANTLY UNDER-DEVELOPED SITE. THE TITLE SPECIFICALLY SETS OUT A STRUCTURE WITH THE FREEHOLDER TO PERMIT WHOLESALE REDEVELOPMENT



VAT

The property is elected for VAT, however, it is anticipated the transaction will take place as a Transfer Of Going Concern.

PROPOSAL

Offers in excess of **£17,650,000** (Seventeen Million Three Hundred Pounds Only), reflecting a net initial yield of **5.15%** and a reversionary yield of **6.11%**, assuming purchaser's costs of 6.75%.

DATAROOM

Dedicated dataroom available, access available on request.

EPC

EPC available and can be supplied on request.

For Further information or to arrange a viewing please contact:

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