



# CONNECT HOUSE

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WIMBLEDON • GREATER LONDON



Office investment opportunity in the heart of South West London, adjacent to Wimbledon Station



## INVESTMENT SUMMARY

- **Grade A multi-let office investment opportunity** in a core **Greater London location**.
- Prominently positioned **in the heart of Wimbledon's business district**, immediately adjacent to **Wimbledon Station**.
- **Exceptional connectivity**, that will be enhanced by **Crossrail II**, with quick access to the **District Line, London Overground and National Rail services**.
- Grade A office comprising **20,575 sq ft (1,912 sq m)** NIA of office accommodation over ground and three upper floors.
- **Excellent energy efficiency credentials** with **EPC B** rating and **BREEAM Excellent**.
- Multi-let to four diverse tenants including **Morrisons Solicitors, Club Med, Crunch Communications** and **WSM Partners**.
- **WAULT** of **4.7 years** to expiries.
- **Freehold**.
- **Limited cap-ex** as extensively refurbished in 2014.
- Passing rent of **£888,867 per annum**; equating to a low **£43.20 per sq ft**.
- Current passing rent 27% below ERV offering significant **reversionary potential**, with two outstanding rent reviews likely to drive performance in the short term.

Offers are sought in excess of **£16,000,000** (Sixteen Million Pounds), reflecting a low **capital value of £752 psf** and an attractive **net initial yield of 5.20%**.

- Subject to Contract and exclusive of VAT.



Connect House  
is superbly  
situated  
at the heart  
of Wimbledon



Central London

Southfields 6 minutes

Earlsfield 3 minutes

Wimbledon All  
England Lawn Tennis

Wimbledon Park

Wimbledon Park 4 minutes

Wimbledon Village

A219

To A3

Alexandra Road

Wimbledon Hill

CONNECT  
HOUSE

Elys Department  
Store Wimbledon

Wimbledon Station  
Thameslink  
District Line  
Tramlink  
South Western Railway

Centre Court  
Shopping Centre

The Broadway

The Piazza

To A24



## LOCATION

Wimbledon is an internationally recognised affluent and prosperous London suburb, located 9 miles south west of Central London. Wimbledon's strategic location and excellent transport links have attracted a number of office occupiers. Its popular wide ranging retail facilities together with Wimbledon Village's boutique bars and restaurants and its expansive green spaces have made it an exceptionally desirable London residential area. Neighbouring the Village lies Wimbledon Common, over 1,000 acres of woodland and open space.

Wimbledon offers one of the best-connected suburban locations in Greater London, with excellent multimodal transport connections by road, bus and rail links. The main road artery is the A219, which runs off the A3 3 miles to the west and provides quick access to Central London and the M25 Motorway at Junction 10.



**Wimbledon provides the perfect mix of attractive residential and an extensive retail and leisure offering.**



**Home to the world renowned Wimbledon Tennis Championships, with over 380 million viewers worldwide.**



**Globally recognised destination.**



**Over 460 hectares of green parkland.**



**Wimbledon gives the best in eating, independent shops, recognised brands and cultural events.**



## SITUATION

Occupying a prominent position on Alexandra Road, Connect House is superbly situated at the heart of Wimbledon. It is excellently placed at the junction of prime offices, an extensive retail and leisure offering and high end residential. The building is strategically situated on Alexandra Road, just off the A217 and less than 100 metres to the north west of Wimbledon Station.

The property is situated in close proximity to leisure amenities including Elys Department Store, Centre Court Shopping Centre, The Piazza, The Broadway and the charming Wimbledon Village.

Surrounding office occupiers include Close Brothers, Coty, Offshore Design Engineering, Lidl, Capsticks and Winshuttle Software.



Wimbledon is an internationally recognised, affluent and prosperous London suburb, located 9 miles south west of Central London





## CONNECTIVITY

Wimbledon is strategically located in close proximity to Central London, but with easy access to the M25 motorway, and London Heathrow Airport to the west. As such, benefits from exceptional communications as follows:



### ROAD

Wimbledon benefits from excellent road connectivity to Central London via the A3 and the A24. The A219 runs through the town centre and delivers access to the M25 via the A24 or the A3 and access to the M23 via the A217.



### RAIL

Wimbledon Station is immediately adjacent to Connect House providing outstanding rail connections.

Wimbledon is the terminus for the London Underground District line, providing services to Victoria and Paddington and the east of London.

The Tramlink delivers a west to east link connecting Wimbledon with key transport hubs to the east including Mitcham Junction, Croydon and Beckenham.

Overground rail links serve Clapham Junction, Central London and the South East with trains every 2-3 minutes and a journey time of 17 minutes to London Waterloo. The Thameslink line offers a direct route to Farringdon, St Pancras and Luton and to the national rail network.



### CROSSRAIL 2

Wimbledon has been earmarked to form part of Crossrail 2, the new proposed railway, which could open by 2030, linking Surrey to Hertfordshire via Central London with London underground, London Overground, Crossrail 1, national and international rail services.



### BUS

Major South London interchange point for buses with services to Central London, Clapham Junction, Sutton and Kingston-upon-Thames as well as strong provisions for the immediate area.



### AIR

London Heathrow Airport, offering 203 destinations in 84 countries, is just 12 miles to the west. London's Gatwick Airport serving over 230 destinations, is only 23 miles to the south.



Wimbledon is strategically located in close proximity to Central London, but with easy access to the M25 motorway and London Heathrow Airport



## NEARBY OCCUPIERS:

1. Kindred Ltd (Unibet)
2. Close Brothers
3. Upfield Food Ltd
4. Capsticks Solicitors LLP
5. Offshore Design Engineering
6. Coty (UK)
7. HPD Software, Envoy Digital
8. Lidl
9. Domestic & General PLC
10. Intelliflo

Wimbledon is home to a diverse range of occupiers

The Broadway

Centre Court Shopping Centre

Wimbledon Station

-  Thameslink
-  District Line
-  Tramlink
-  South Western Railway

CONNECT  
HOUSE

Alexandra Road

Elys Department  
Store Wimbledon

Wimbledon Hill



## DESCRIPTION

Connect House totals 20,575 sq ft (1,912 sq m) NIA of office accommodation over ground and three upper floors with 23 secure onsite car parking spaces equating to a strong car parking ratio of 1:926 sq ft. A comprehensive refurbishment was undertaken in 2014, including all new mechanical and electrical and enlarging of the reception, to provide a Grade A office specification.

A comprehensive refurbishment was undertaken in 2014 to provide a Grade A office specification



### The specification includes:

- Good sized single height reception area
- Two 8 person passenger lifts
- Metal tile suspended ceilings
- LG7 lighting
- Ceiling grid with metal tiles and recessed light fittings
- Full access raised floors
- VRF comfort cooling system
- Aluminium framed double glazed windows
- Male and Female WCs on each floor (plus disabled and shower to first floor)
- Rectangular floor plates with the top floor having some mansarding
- EPC B-40 rating
- BREEAM Excellent





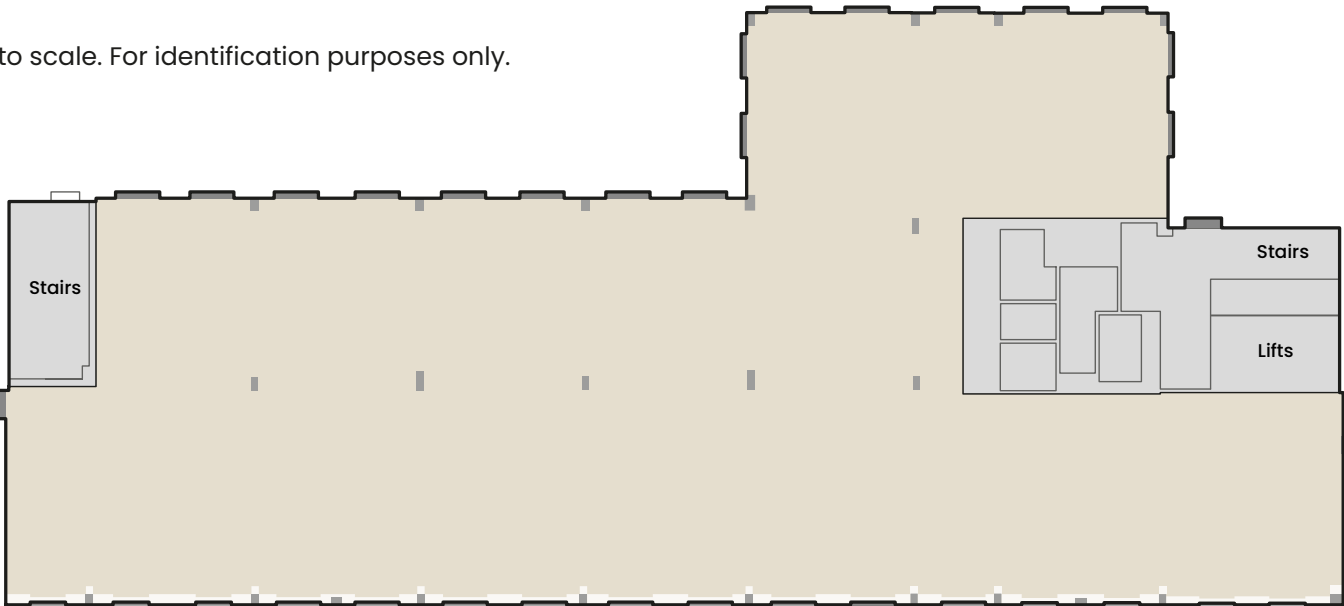
## ACCOMMODATION

The property has been measured by Plowman Craven in accordance with RICS Code of Measuring Practice (6th edition) and provides the following approximate net internal floor areas:

Demise	Area NIA		Area IPMS 3	
	Sq ft	Sq m	Sq ft	Sq m
Third Floor	5,328	495.0	5,507	511.6
Second Floor	5,346	496.6	5,478	508.9
First Floor	5,342	496.3	5,469	508.1
Ground Floor	4,559	423.6	4,669	433.8
Reception	714	66.3	714	66.3
<b>Total</b>	<b>21,289</b>	<b>1,978</b>	<b>21,837</b>	<b>2,029</b>

## TYPICAL FLOORPLAN

Not to scale. For identification purposes only.



## TENURE

The property is held Freehold.

## THE SITE

The site extends to approximately 0.333 acres (0.135 hectares).



Not to scale. For identification purposes only.





Fully let with mid-term reversionary income offering an opportunity to drive value

TENANCY

The property is multi-let to four tenants, in accordance with the tenancy schedule below, providing a **WAULT of approximately 4.7 years to expiry** with a **current passing rent of £888,867 per annum** equating to an **average passing rent of £43.20 per sq ft**. Parts of the ground and first floors are sub-let to two occupiers including Ski Club of Great Britain and FMG Ltd. A sub-tenancy schedule is available on request.

Demise	Tenant	Area (Sq ft) NIA	Passing Rent (pa)	% of income	Passing Rent (psf)	Lease Start	Lease Break	Lease End	Next Rent Review	Comments
Third Floor	WSM Partners LLP And WSM Advisors Limited	5,328	£243,152	8%	£45.64	29/01/2015		28/01/2025	-	29/01/2020 rent review settled at £243,152 p.a. (£45.64 per sq. ft.)
Second Floor	Club Med S.A.S.	5,346	£225,784	25%	£42.23	22/05/2015		21/05/2025	22/05/2020	Rent review outstanding.
First Floor	Morrisons Solicitors LLP	5,342	£229,276	26%	£42.92	01/01/2016		31/12/2025	01/01/2021	-
Ground Floor	Crunch Communications Limited	4,559	£190,655	21%	£41.82	27/04/2015		26/04/2025	27/04/2020	Rent review outstanding.
Reception		714								
Total		21,289	£888,867	100%	£43.20					

CONNECT HOUSE







## TENANT COVENANT



**Crunch Communications Limited (No. 06579152)**

Crunch Communications was founded in 2008 and is focussed on public relations and communications. The company specialises in sport sponsorship, public relations, events management, strategic consultancy, rights management and talent management.

D&B rating: A2

	31/12/2018	31/12/2017	31/12/2016
Tangible Net Worth	£450,300	£306,978	£117,015



**Morrisons Solicitors LLP (No. OC317735)**

D&B rating: 1A2

Morrisons is a leading firm of solicitors with offices in Surrey and Hampshire with headquarters in Redhill and other key offices in Oxted, Woking, Camberley, Teddington as well as Wimbledon. Morrisons Solicitors have been providing legal services to individuals and businesses since opening in Reigate nearly 300 years ago. They serve a wide range of businesses and private individuals and are ranked in both the Legal 500 and Chambers & Partners.

	30/04/2019
Tangible Net Worth	941,215



**Club Med S.A.S. (No. 57218568401087)**

Club Med is a French travel and tourism operator, founded in 1950 and headquartered in Paris, specializing in all-inclusive holidays. Club Med either wholly owns or operates over seventy all-inclusive resort villages in holiday locations around the world.

D&B rating: 5AA1

	31/10/2014	31/10/2013	31/10/2012
Turnover	€946,000,000	€972,000,000	€1,010,000,000
Profit/(Loss) Before Tax	€6,000,000	€23,000,000	€22,000,000
Tangible Net Worth	€381,000,000	€356,000,000	€381,000,000



**WSM Partners LLP (No. OC332941) and WSM Advisors Limited (No. 07276016)**

WSM is a top 100 UK accounting practice delivering professional services in its specialist fields. The firm is primarily driven by its UK taxation services. The firm provides expertise and advice on UK tax to private and corporate clients from local, national and international locations. WSM Advisors Limited is a firm registered to carry out audit work in the UK by the Institute of Chartered Accountants in England and Wales.

WSM Partners LLP – D&B rating: N2

WSM Advisors Limited – D&B rating: 1A1

WSM Partners LLP (No. OC332941)	30/06/2019	30/06/2018	30/06/2017
Tangible Net Worth	£(45,913)	£(135,875)	£(169,056)

WSM Advisors Limited (No. 07276016)	30/06/2019	30/06/2018	30/06/2017
Tangible Net Worth	£1,401,670	£1,295,116	£1,141,841



## OCCUPATIONAL MARKET

Wimbledon is one of London's leading suburban office centres, which whilst smaller in scale than Croydon or Hammersmith, offers a superb combination of accessibility, amenities and corporate prestige.

Alongside the benefits of an attractive residential location and superb shopping, cafes and restaurants, Wimbledon has swift mainline rail in and out of London (Waterloo), the Tube (District Line), the Croydon Tramlink and numerous bus services. These factors have made it an extremely popular location choice and viable alternative to Central London, with a broad mix of occupiers from financial & professional services, technology, marketing/sales and public sector functions.

Prime pitch is centred on Wimbledon Station, which abuts the subject property to the rear. Amongst the high profile corporates clustered here include:

- Coty UK Ltd
- Close Brothers Ltd
- Kindred Ltd (Unibet)
- Domestic & General PLC
- Capsticks Solicitors
- Upfield Foods Ltd
- Intelliflo
- The Theo Paphitis Group of Companies (Ryman, Robert Dyas, Boux Avenue)

The office market in Wimbledon has been defined for many years by extremely tight office supply, a result of high-value residential and retail functions surrounding the prime office pitch and limiting lateral spread. This, and the above attributes has led to substantial headline rental growth in recent years as demand outstrips supply in Wimbledon and across South West London.

In terms of landmark lettings: in August 2019 the entire 26,000 sq ft Wellington House on Wimbledon Hill Road was let to Intelliflo, an in-migrator from Kingston, at £53.50 per sq ft. This was only marginally less than the previous record rent of £54 per sq ft set by Kindred at the redeveloped Pinnacle House in July 2018.

Subsequently during mid 2020 HPD Software (an in-migrator from Putney) committed to a new lease of 12,000 sq ft approx. at 22 Worple Road, with the part 2nd Floor accommodation reflecting a new record headline rent of £55.00 per sq ft. The 4th (top) Floor of this building remains available and is expected to command a further increase in headline rental.

Availability is currently very limited, with only M&G's Chorus likely to deliver a substantial quantum of newly refurbished space to the market in the immediate future.

Date	Address	Tenant	Size (sq ft)	Lease Length	Rent (psf)
July 2020	22/24 Worple Road	HPD Software Limited	12,626 sq ft	10 years (Break at 5th year)	£55.00*
December 2019	22/24 Worple Road	Fortius	7,793 sq ft	15 years (No break option)	£48.50
August 2019	Wellington House, 60/68 Wimbledon Hill Road	Intelliflo	26,407 sq ft	10 years (Break at 5th year)	£53.50
August 2019	22/24 Worple Road	Envoy Digital	8,400 sq ft	10 years (Break at 5th year)	£53.50
June 2019	Central House, 1 Alwyne Road	Nineteen Events	3,654 sq ft	5 years (Break at 3rd year)	£47.50
June 2019	Central House, 1 Alwyne Road	Harnham	2,045 sq ft	5 years (Break at 3rd year)	£47.50

\*£55 per sq ft on part, blended rent £52.55 per sq ft.







## INVESTMENT MARKET

The onset of Covid-19 has inevitably slowed volumes but in recent weeks there has been significant renewed appetite for the best buildings outside Central London, as both investors and occupiers focus on core property fundamentals. We expect that, if anything, Covid-19 will accelerate the flight to quality from occupiers, keen to give their employees the most attractive working environment possible.

Greater London continues to be a key investment destination for domestic and overseas capital due to its transparent and mature market, liquidity, excellent growth prospects and attractive yields compared to other asset classes. During the last

3 months there has been an increasing appetite for secure, defensive income in core locations, underpinned by strong alternative use values such as that at Connect House.

Investment volumes year to date stand at c.£1.5BN. Over 60% of this was transacted in Q1, with an inevitable slow down witnessed in Q2 & Q3. We expect volumes to increase again in Q4 as more buyers are actively looking to acquire.

Investors are focused on secure income, prime locations, limited cap ex exposure and avoiding vacancy.

Date	Property	Size Sq Ft	Term Certain	Tenant	Price	NIY	Capital Value PSF	Purchaser	Vendor
09-2020	Thameslink House, Richmond	46,995	2.80 years	Multi-Let	£33.75m	5.38%	£718	CLS	Aviva Investors
03-2020	145/155 King Street, Hammersmith	28,418	7.00 years	London Borough of Hammersmith & Fulham	£18.75m	5.00%	£662	London Borough of Hammersmith & Fulham	Irish Life
11-2019	One Christchurch Way, Woking	25,632	4.92 years	Multi-Let	£10.87m	5.33%	£424	Woking Borough Council	Merseyside Pension Fund Investments
04-2019	One Eton Street, Richmond	48,300	7.16 years	Multi-Let	£34.00m	5.50%	£704	Europa Capital Partners LLP	Aberdeen Standard Investments
01-2019	St Georges House East, Wimbledon	45,000	c.5.00 years	Multi-Let	£52.72m	4.36%	£715	M&G Real Estate	Aberdeen Standard Investments
10-2018	Richmond Brewery Stores, Richmond	6,919	5.31 years	TRO group	£5.00m	6.00%	£723	Schroders	Banda Properties
08-2018	6-12 Victoria Street, Windsor	11,944	5.70 years	En Route International	£7.05m	5.30%	£590	BMO	Comland Management
01-2018	Riverside House, Windsor	25,974	4.30 years	Multi-Let	£15.89m	5.35%	£611	Knight Frank Investment Management	Goldman Sachs





## DEBT

Knight Frank has a market leading debt advisory team that operates out of the UK, supporting borrowers throughout Europe and Asia to raise capital against all types of real estate assets. The team holds strong relationships with 200+ lenders across the capital stack ensuring to provide best-in-class advice on the structure of debt facilities while driving competitive financing terms that provide optimum value and flexibility. With extensive experience in the real estate debt market, Knight Frank Debt Advisory has continually improved their client returns by delivering more favourable financing solutions.

Despite recent disruption brought about by the onset of Covid-19, the debt market remains well capitalised and lenders are actively seeking new financing opportunities. Connect House's London location and close proximity to Wimbledon train station will be attractive to the lender market as it ensures a strong chance of relatability. This transaction will typically be financed by business banking teams due to the sub-£10m debt quantum, and Knight Frank Debt Advisory is well placed to assist with wide market exposure and longstanding lender relationships.

Below is an outline of finance terms we believe are achievable in the market today for Connect House.

Loan to Value	50%
Loan Amount (£)	8,000,000
Margin	3.50%
All in rate *	3.52%
Term	3 year
Repayment	Interest only
Arrangement fee	1.00%
<b>Cash on Cash return **</b>	<b>7.52%</b>

\* Using today's 3 year swap rate of 0.02%

\*\* Includes payment of the lender arrangement fee

## VAT

The property is elected for VAT and we would expect the transaction to be treated as a Transfer of a Going Concern.

## PROPOSAL

Quoted Price	£16,000,000
Cap Val	£752psf
NIY	5.20%
EY	5.72%
RY	6.27%

## EPC

The building has an EPC rating of B-40 and the certificate is available upon request.



Connect House, 133 – 137 Alexandra Road, Wimbledon, London, SW19 7JY

## FURTHER INFORMATION

For further information or to arrange an inspection, please contact:

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