

12

**APPOLD
STREET**

LONDON EC2

**ATTRACTIVE MULTI-LET FREEHOLD
INVESTMENT OPPORTUNITY**

KEY INVESTMENT CONSIDERATIONS

- Freehold.
- Located in a strategic position, where the traditional City of London core meets Shoreditch; one of London's most vibrant and exciting sub-markets.
- Occupying a prominent corner position on the west side of Appold Street, opposite British Land and GIC's Broadgate Estate development, which is currently undergoing a significant modernisation.
- A short walk from Liverpool Street Station, which will provide direct access to Elizabeth Line services from Autumn 2019, improving transport connections to the West End, Canary Wharf and Heathrow.
- Comprising approximately 23,060 sq ft (2,142 sq m) of Grade A office accommodation arranged over lower ground, ground and five upper floors.
- Highly efficient and flexible floor plates, typically comprising approximately 3,500 sq ft (325 sq m) and benefitting from excellent levels of natural light.
- The office floors have been subject to a rolling refurbishment and the reception was remodelled in 2016.
- The property is multi let to five office tenants and has a WAULT of 5.8 years to expiries and 3.7 years to breaks (on the let accommodation). The 2nd floor has been subject to a CAT A refurbishment and is currently vacant.
- The current passing rent is £1,168,762 per annum, reflecting £52.85 per sq ft overall on the lettable accommodation (including a vendor rental top-up on the vacant 2nd floor and part lower ground).
- Various opportunities to drive income performance through asset management initiatives and longer-term potential to increase the massing, subject to necessary planning consents.

Offers are invited in excess of £22.4 million which reflects a highly attractive net initial yield of 4.9%, after assuming purchaser's costs of 6.8%, and a capital value of £971 per sq ft.







STRATEGICALLY POSITIONED WHERE THE BUSTLING CITY MEETS VIBRANT SHOREDITCH

City of London

12 Appold Street occupies a prominent corner position on the west side of Appold Street adjacent to the renowned Broadgate Estate development on the north east side of the City of London.

The Broadgate Estate is the largest pedestrianised commercial hub in Central London, comprising a 32-acre office and retail estate, totalling 4.85 million sq ft (450,580 sq m). There is a high level of retail and leisure amenity in the local area including the recently redeveloped Broadgate Circle, Exchange Square and Bishops Square. A new north/south public passageway has been created between Broadgate Circle and Sun Street Passage, providing a direct link to Liverpool Street station from 12 Appold Street.

The location boasts excellent transport communications and local amenities, providing an attractive place for people to work, appealing to a range of occupiers from both the corporate and the creative sectors.



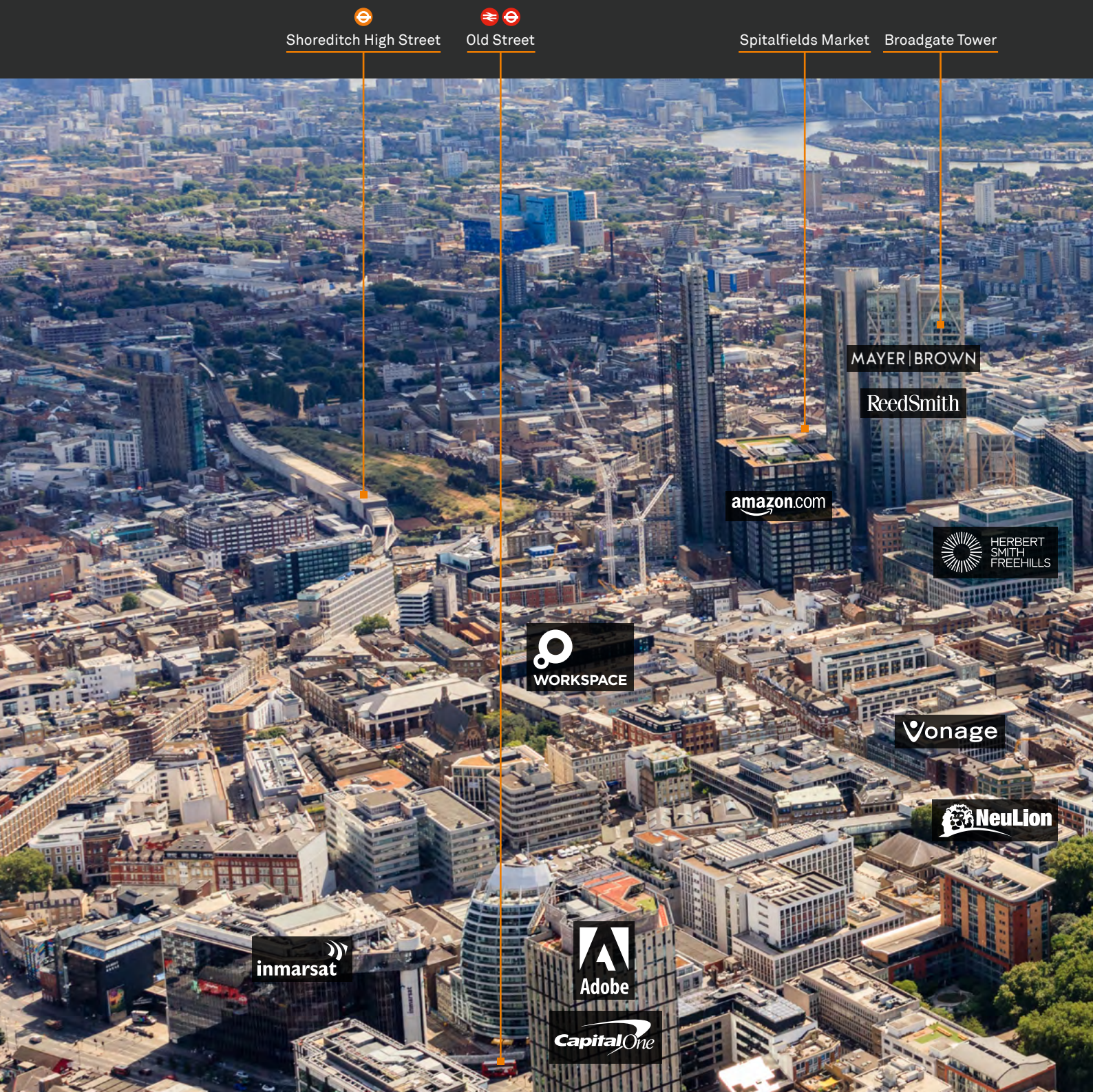


Shoreditch

Appold Street is a key arterial route linking the City of London with Shoreditch, one of London's most dynamic and exciting locations for culture, fashion and leisure. Shoreditch is home to the booming technology, design and advertising industries, with Silicon Roundabout and Tech City at its heart.

The area serves as an incubator for a diverse range of start-ups, including financial technology (fin-tech), media, technology, music and art, providing a cluster of creativity in one of London's most exciting submarkets. 12 Appold Street benefits from close proximity to a number of Shoreditch's most popular cultural, retail, leisure, hotel and restaurant amenities, creating a lively and dynamic place to both live and work. Boxpark, Hoxton Square, The Truman Brewery and Spitalfields Market are all within a short walking distance.





OWING TO ITS STRATEGIC POSITION,
THE LOCATION ATTRACTS A DIVERSE
RANGE OF OCCUPIERS

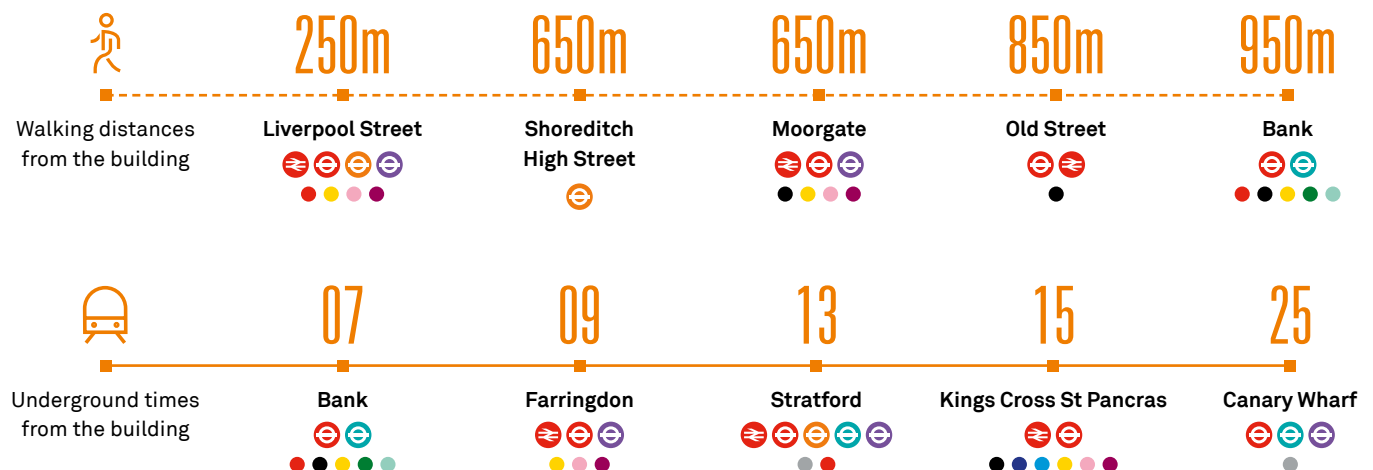


Situated on the northern side of the City of London and in close proximity to the Broadgate Estate, the immediate area has long attracted leading global occupiers from the banking, insurance, legal and professional sectors, including Deutsche Bank, UBS, Herbert Smith Freehills, Mayer Brown International LLP, Reed Smith and Pinsent Masons.

In addition, 12 Appold Street's position facing the Shoreditch market and it being within a short walking distance to 'Silicon Roundabout', enables the area to attract a diverse range of occupiers from the technology, media and creative industries. Silicon Roundabout has now emerged as the third-largest technology start-up cluster after San Francisco and New York City. The area is a thriving hotbed for innovation and entrepreneurialism, with major occupiers including Google, Amazon, Inmarsat, Microsoft and NEX Group.

CONNECTIVITY

The property benefits from excellent transport links, being within a short walking distance of a number of London's main transport hubs;



All journey times taken from the building. Source: TfL

THE ELIZABETH LINE (CROSSRAIL)



The arrival of The Elizabeth Line in 2019 will further enhance the location's popularity, as one of the most accessible in Central London.

The entrance at Liverpool Street station is approximately 250m from the property and is set to provide access to Elizabeth Line services.

200 MILLION

The estimated number of annual passengers.

24 PER HOUR

Number of nine carriage trains per hour.

10% INCREASE

Increase rail service capacity across London.



Proposed Liverpool Street Elizabeth Line Entrance (CGI)

All journey times taken from Liverpool Street Station. Source: crossrail.co.uk

LOCAL DEVELOPMENTS



100 LIVERPOOL STREET, EC2

Size	510,000 sq ft
Status	Under Construction, completion due 2020
Developer	British Land / GIC
Comment	Part Pre-let to Sumitomo Mitsui Banking Corporation Europe



13-14 APPOLD STREET, EC2

Size	95,000 sq ft offices / 130,000 sq ft hotel including restaurants
Status	Consented scheme, construction has not begun
Developer	Masterworks Development



1-2 BROADGATE, EC2

Size	530,000 sq ft
Status	Planning application submitted
Developer	British Land / GIC



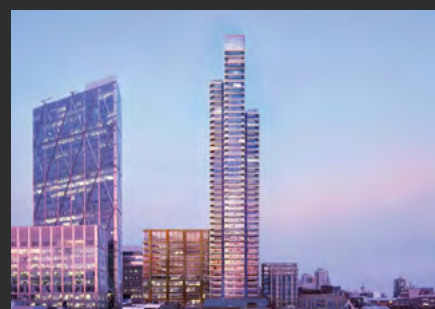
1 FINSBURY AVENUE, EC2

Size	278,000 sq ft office / 25,000 sq ft retail
Status	Consented scheme, completion anticipated Q3 2019
Developer	British Land / GIC
Comment	Part Pre-let to Mimecast



2-3 FINSBURY AVENUE, EC2

Size	190,000 sq ft
Status	Planning consented for a 563,000 sq ft tower
Developer	British Land / GIC



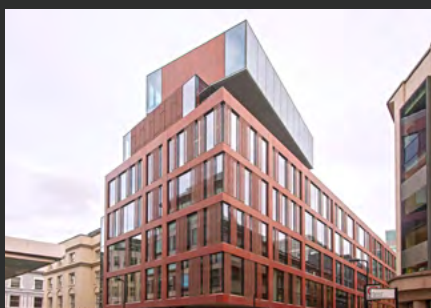
PRINCIPAL TOWER, 2 PRINCIPAL PLACE, EC2

Size	250,000 sq ft (250 new residential unit scheme)
Status	Completion anticipated Q2 2019
Developer	Brookfield



PRINCIPAL PLACE, 111-113 WORSHIP STREET, EC2

Size	600,000 sq ft office scheme
Status	Completed Q3 2017
Developer	Brookfield
Comment	Amazon Headquarters



70 WILSON STREET, EC2

Size	70,000 sq ft office scheme
Status	Completed 2017
Developer	Threadneedle
Comment	Multi-let to Microsoft, The Bio Agency and WeWork



ONE CROWN PLACE, EC2

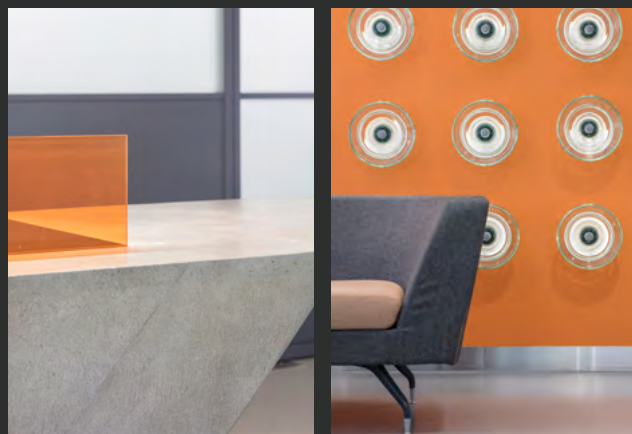
Size	246 residential units / 160,000 sq ft office scheme
Status	Completion anticipated Q1 2021
Developer	AlloyMTD

THE BUILDING

12 Appold Street is a self-contained corner building originally developed in the early 1990's. The building is constructed of a steel framed structure, with the ground and first floor façades clad in cream stonework with contrasting darker stonework at the entrance area. The main entrance is inset with a new metal fascia above, featuring metal polyester coated fins.

The property comprises 23,060 sq ft (2,142 sq m) of high quality Grade A office and ancillary accommodation arranged over lower ground, ground and five upper floors. The office accommodation is accessed via a dedicated entrance located on the corner of Appold Street at its junction with Pindar Street.

The property benefits from a newly remodelled reception area which leads to 2 passenger lifts. The accommodation has been subject to a CAT A refurbishment on all floors except the 4th and 1st between 2016 and 2018. The offices are arranged around a central core which houses the WC's, passenger lifts and two stair cores, providing highly efficient and flexible, column free floor plates, benefitting from excellent levels of natural light throughout, suitable for a variety of occupational sectors.





SPECIFICATION

The specification of the office accommodation includes;



Newly remodelled
reception area



2 x passenger lifts



4 pipe fan coil
air conditioning



Fully accessible
raised floors



Suspended
ceilings



2.65m typical floor
to ceiling heights



Bike storage and
shower facilities



24-hour access
and security



Internet provider:
Backbone Connect



WiredScore
Certified



AN IMPRESSIVE MODERN RECEPTION





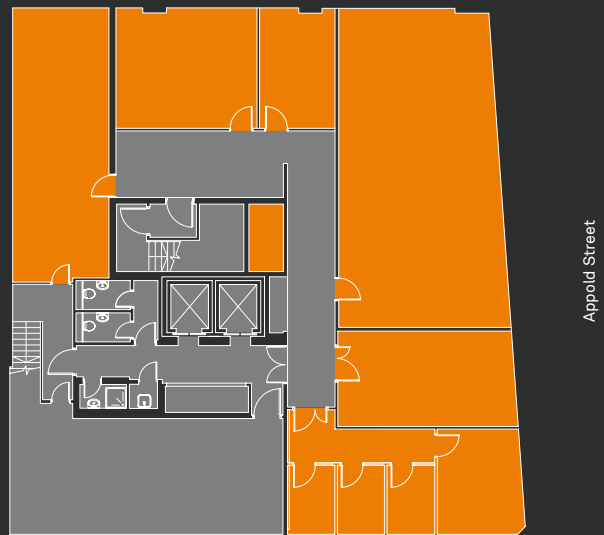
ACCOMMODATION

The Property has been measured in accordance with the RICS Code of Measuring Practice (6th edition) as follows:

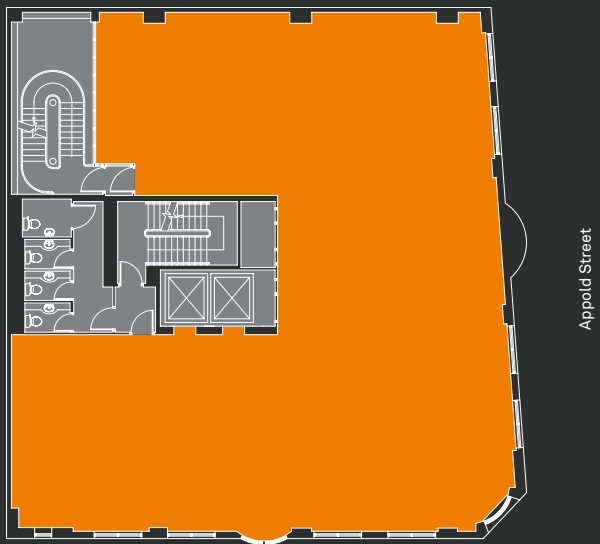
Floor	Use	Sq Ft	Sq M
5th	Office	3,510	326.1
4th	Office	3,606	335.0
3rd	Office	3,629	337.1
2nd	Office	3,562	330.9
1st	Office	3,602	334.6
Ground	Office	1,972	183.2
	Reception	946	87.9
	Lower Ground	1,926	178.9
	Storage	307	28.5
Total*		23,060	2,142.2

* The International Property Measurement Standards Areas (IPMS) are available on the online Data Room.

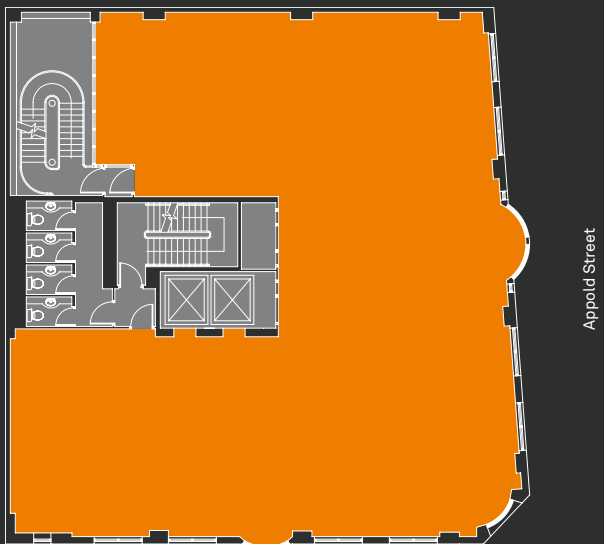
LOWER GROUND FLOOR 2,233 SQ FT / 207.4 SQ M



2ND FLOOR 3,562 SQ FT / 330.9 SQ M



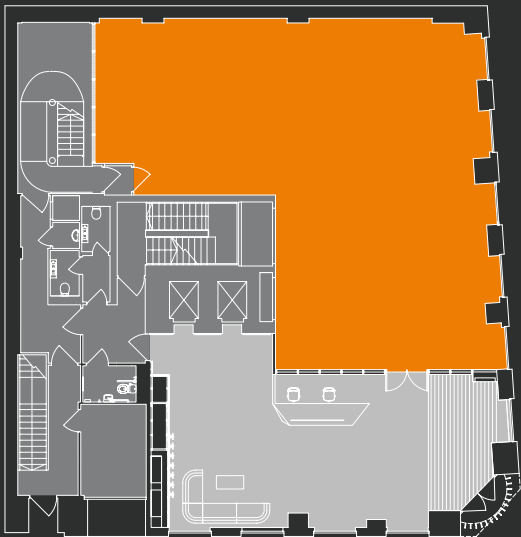
3RD FLOOR 3,629 SQ FT / 337.1 SQ M



- Office
- Core

GROUND FLOOR

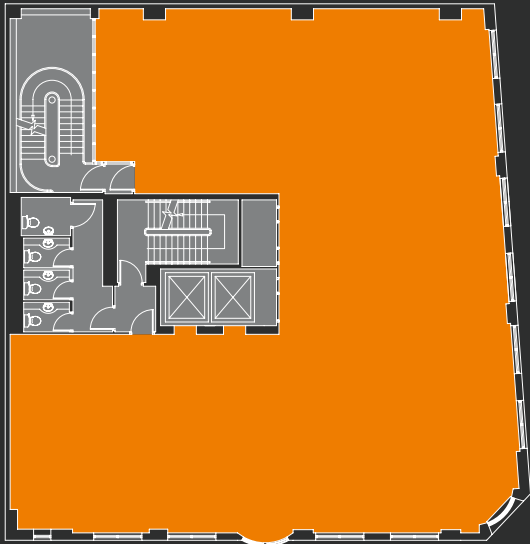
1,972 SQ FT / 183.2 SQ M



Appold Street

1ST FLOOR

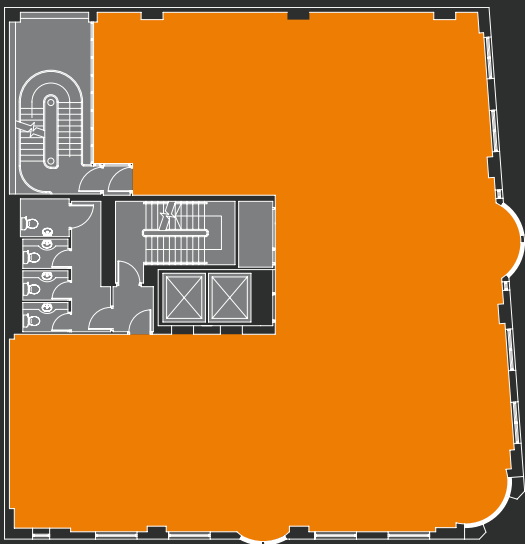
3,602 SQ FT / 334.6 SQ M



Appold Street

4TH FLOOR

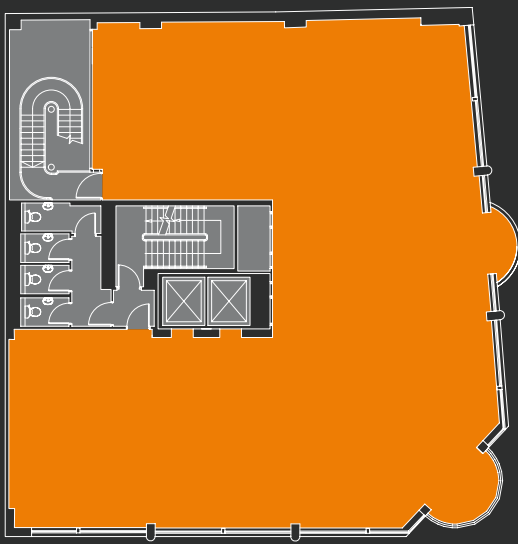
3,606 SQ FT / 335.0 SQ M



Appold Street

5TH FLOOR

3,510 SQ FT / 326.1 SQ M



Appold Street

For indicative purposes only. Not to scale.



TENURE

The property is held freehold under two separate titles as detailed below.

Title Numbers: LN140033
LN42727



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TENANCY

The accommodation is let in accordance with the schedule below.

The property is multi-let to let to 5 office tenants. The 2nd and part lower ground floors are currently vacant. The weighted average unexpired term is 5.8 years to expiries and 3.7 years to breaks (on the let accommodation).

Floor	Tenant	Use	Area (sq ft)	Lease Start	Break Option	Rent Review	Lease Expiry
5th	Dartmouth Partners Limited	Office	3,510	13/06/2016	14/12/2023	14/12/2023	12/06/2026
4th	Arian Financial LLP	Office	3,606	23/03/2012	–	–	22/03/2022
3rd	Ocaso Sociedad Anonima Compania De Seguros y Reaseguros	Office	3,629	04/02/2019	04/02/2024	04/02/2024	03/02/2029
Part Lower Ground			404				
2nd	Vacant (vendor rental top up)	Office	3,562	–	–	–	–
1st	GatenbySanderson Limited	Office	3,602	29/06/2010	–	–	28/06/2020
Part Lower Ground		Storage	42				
Ground	Dartmouth Partners Limited	Office	1,972	14/12/2018	14/12/2023	14/12/2023	12/06/2026
Lower Ground Unit 1	Ward Security Limited (under offer)	Office	1,243	Under Offer	5th year	5th year	10 years
Lower Ground Unit 5	Vacant (vendor rental top up)	Storage	265	–	–	–	–
Lower Ground	Building Managers Office	B.M.A	279	–	–	–	–
Total			23,060*				

*including reception area of 946 sq ft



Rent (£ per annum)	Rent (£ per sq ft)	1954 Act	Comments
£218,000.00	£62.11	Outside	Tenant only break option, subject to 6 months' prior written notice. Half rent payable between 13/06/2021 to 12/04/2022. S/C Cap for 2019/2020 is £39,190.01 subject to annual RPI increases. Area agreed for Rent Review purposes is 3,488 sq ft.
£193,822.50	£53.75	Outside	S/C Cap for 2019/2020 is £56,924.04 subject to annual RPI increases.
£210,888.00	£58.11	Outside	Tenant only break option, subject to 6 months' prior written notice. The tenant will benefit from a further 8.5 months' rent free should they not exercise their break option. Rent Commencement Date: 04/02/2020. Vendor to provide a rental top up for any outstanding initial rent free. Schedule of Condition. S/C cap for 2019/2020 is £49,086.00 subject to annual RPI increases. Area agreed for Rent Review purposes is 3,636 sq ft on the 3rd floor and 409 sq ft on the lower ground floor.
£8,793.50	£21.77		
£213,720.00	£60.00	Outside	12 month vendor rental top up at £60.00 per sq ft.
£185,000.00	£50.77	Outside	S/C cap for 2019/2020 is £61,438.51 subject to annual RPI increases.
£108,460.00	£55.00	Outside	Tenant only break option, subject to 6 months' prior written notice. The tenant will benefit from a further 4 months' of half rent should they not exercise their break option. Rent Commence Date: 14/08/2019. Vendor to provide a rental top up for any outstanding initial rent free. Schedule of Condition.
£26,103.00	£21.00	Outside	At present the tenant occupies 974 sq ft of space, paying £16,555 p.a. The tenant is currently under offer to re-gear their lease and extend their premises. The vendor will top up until rent commencement. Tenant only break option, subject to 3 months' prior written notice. The tenant will benefit from 3 months' rent free from completion of their re-gear followed by a further 3 months' rent free should they not exercise their break option. Vendor to provide a rental top up for any outstanding initial rent free. Schedule of Condition.
£3,975.00	£15.00	—	12 month vendor rental top up at £15.00 per sq ft.
—	—	—	
£1,168,762.00	£52.85		

TENANT COVENANT ANALYSIS

DARTMOUTH

Dartmouth Partners Ltd (28%)

Co Number: 05974472 **D&B Rating:** 2A1

Dartmouth Partners is an award-winning recruitment consultancy and the advisor to over 300 firms. The company works in a range of sectors including M&A, Debt, Leveraged Finance, Strategy Consulting, Credit, Asset Management, Legal and Private Equity. Dartmouth Partners expect to grow to a team of 80 by the end of 2019 and have opened a Frankfurt office, with America and European expansions on the horizon.

Further information: www.dartmouthpartners.com



Ocaso S.A. Compania De Seguros Y Reaseguros (19%)

Co Number: FC009544 **D&B Rating:** 5A0

Ocaso was founded in Madrid in 1920, and became the first Spanish insurance company authorised to operate in the direct insurance sector in the United Kingdom in 1988. They have over 400 branches and offices in Spain, and provide insurance products domestically and internationally.

Further information: www.ocado.co.uk



Ward Security Limited (2%)

Co Number: OC327289 **D&B Rating:** 1A1

Ward Security Limited was established in 2000 to provide a range of tailored, flexible and integrated security services to organisations. Today the company is a national provider of security services, working with a broad range of clients from blue chip companies to small businesses. It is listed as one of the Top 1% of UK Approved Security Providers and has also been named in the Top 30 UK Companies in the Regulated Security Sector. Ward Security employs over 900 highly trained staff including former police and armed forces personnel.

Further information: www.ward-security.co.uk



Arian Financial LLP (17%)

Co Number: OC304248 **D&B Rating:** A2

Arian Financial LLP was founded in 2002 and is an inter-dealer broker and an FCA approved intermediary in equity derivatives, fixed income derivatives, commodity derivatives and futures. The company offers a full range of integrated voice and electronic broking, focussing on wholesale brokering of Equity, Fixed Income and Commodity Derivatives.

Further information: www.arianfinancial.co.uk



GatenbySanderson (16%)

Co Number: 04451141 **D&B Rating:** 4A1

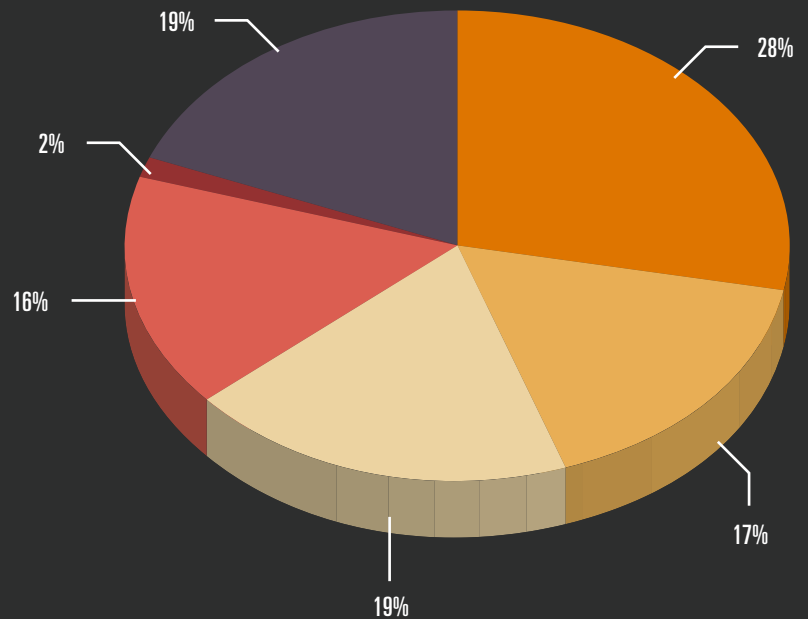
GatenbySanderson is the UK's leading recruitment business for advising public services, Not for Profit businesses and education boards. The company manages over 1,000 recruitment and development projects each year with offices in London, Birmingham and Leeds. Their client base includes a range of organisations such as the NHS, Ministry of Defence, Lloyds Bank Foundation and The Church of England.

Further information: www.gatenbysanderson.com

TENANCY ANALYSIS

A multi-let property, with a defensive income profile.

- Dartmouth Partners Ltd
- Arian Financial LLP
- Ocaso S.A. Compania De Seguros Y Reaseguros
- GatenbySanderson
- Ward Security Limited
- Vacant



ASSET MANAGEMENT CONSIDERATIONS

The property offers the opportunity to enhance returns through active asset management over the short and longer term.

Short Term

The 1st floor tenant has a lease expiry in June 2020. The current passing rent is highly reversionary. The opportunity exists to deliver market leading rental values and improve the rental tone across the building.

The 2nd floor has been subject to a recent CAT A refurbishment and is currently vacant. The opportunity exists to drive the rental value across the building, by outperforming the vendor rental guarantees.

These initiatives also offer the opportunity to extend the weighted average unexpired lease term (WAULT).

Longer Term

Given the scale of the properties in the vicinity there is an opportunity (subject to the necessary consents being obtained) to increase the massing on the site to include additional floors and terrace areas.



FURTHER INFORMATION

Planning

The property is located within the jurisdiction of the London Borough of Hackney and it is not listed or located within a Conservation Area.

Value Added Tax (VAT)

The property is elected for VAT, it is envisaged that the transaction will be treated as a Transfer of a Going Concern (TOGC).

Capital Allowances

Capital allowances may be available by way of a separate negotiation.

Data Room

Access to the online data room is available upon request.

Energy Performance Certificate (EPC)

The property has an Energy Performance (EPC) rating of D (91). A copy of the EPC is available in the online data room.

Proposal

Offers are invited in excess of £22.4 million which reflects a net initial yield of 4.9% (assuming purchaser's costs of 6.8%) and a capital value of £971 per sq ft.

Subject to contract and exclusive of VAT.

CONTACT

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