Lambert Smith Hampton

FORMER SAVOY LAUNDRY SITE 376 CLAPHAM ROAD SW9

FREEHOLD VACANT OFFICE & MIXED-USE INVESTMENT OPPORTUNITY

9-17 UNION ROAD & 372-378 CLAPHAM ROAD, LONDON

SUMMARY

- Freehold.
- Excellent transport links, located 3 minutes walk from Clapham North (Northern Line) and 8 minutes walk from Stockwell (Victoria Line) Underground stations, providing quick access to the West End and City.
- The offices are provided with full vacant possession and total 28,309 sq ft (2,630 sq m) of flexible and well specified office and storage accommodation arranged over three upper floors, basement and a double height ground floor reception area.
- Opportunity for owner occupation or to relet / reposition vacant office accommodation to capitalise on strong rental growth prospects and limited stock levels.
- The vacant office accommodation could be suitable for Alternative Use occupiers; Educational/Medical (Subject to Planning).
- 8,299 sq ft (771 sq m) of retail accommodation let to Dreams Limited until 5th October 2024, at a passing rent of £103,750 per annum, subject to an upward only rent review on the 1st August 2018 which is outstanding.
- Rare opportunity to purchase a mixed-use investment including 112 residential flats (sold off) which provide an additional ground rent income of £21,350 per annum.
- Offers sought of **£12,500,000 (Twelve Million Five Hundred Thousand Pounds)**, subject to contract and exclusive of VAT.
- A purchase at this level would reflect a low capital value on the office element of £397 per sq ft, based on acquisition costs of 6.8%.

Battersea Power Station
CLAPHAM JUNCTION
Penguin Random House
US Embassy
BATTERSEA PARK
BATTERSEA
COMING 2020
VAUXHALL
NINE ELMS
COMING 2020
QUEENSTOWN ROAD
STOCKWELL
8 MINUTES
FORMER SAVOY LAUNDRY SITE
376 CLAPHAM ROAD
SW9
CLAPHAM NORTH
3 MINUTES
CLAPHAM HIGH STREET
5 MINUTES
BRIXTON

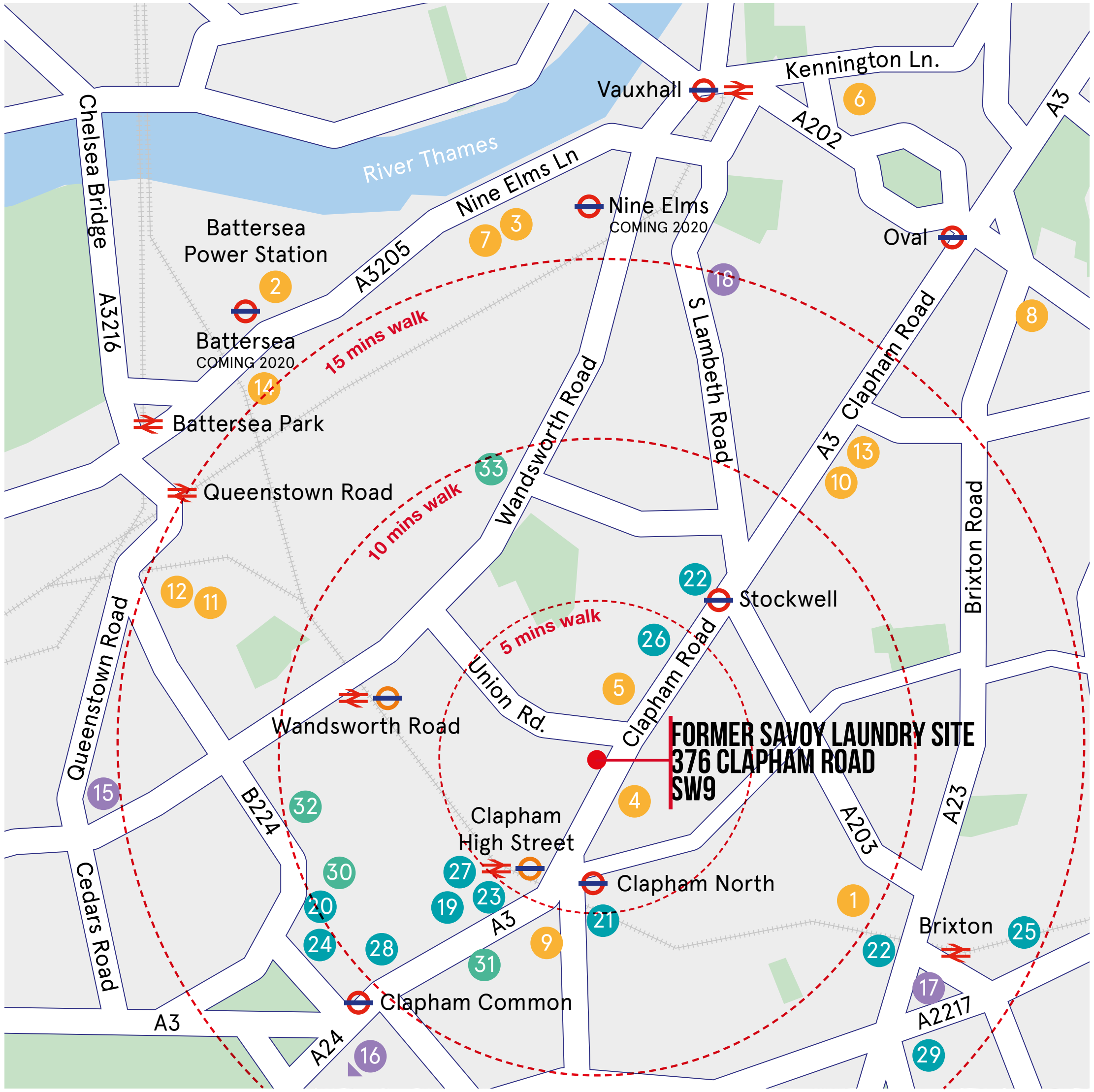
LOCATION

The property is located in the London Borough of Lambeth, in South West London. The property sits on the west side of Clapham Road, along a key arterial route and within close proximity to a number of transport amenities.

The main commercial areas run along Clapham High Street, The Pavement and The Venn, where there is a number of boutique shops, restaurants, cafes and leisure offerings as well as an abundance of fashionable pubs.

The wider area is further underpinned from the emergence of the Vauxhall, Nine Elms and Battersea Power Station regeneration project as a new residential, business and retail destination with the likes of Apple, Penguin Publishing and US Embassy already relocating to the area.

Clapham Common, a 220 acre open green space, lies approximately 0.8 miles south of the property.



Sat Nav: SW9 9AR

Not to scale, indicative only.

LOCAL OCCUPIERS & AMENITIES

The property is located within a vibrant and improving commercial area of South West London. Significant occupiers and amenities in the immediate area include:

LOCAL OCCUPIERS

1. Squire and Partners
2. Apple
3. Penguin
4. BECTU
5. International Alert
6. Clear Score
7. USA Embassy
8. Breast Cancer Care
9. Kone Lifts
10. Friends of the Earth
11. Malcolm Hollis
12. Betsson Group
13. Spitfire Communications
14. Thomas Pink

FOOD & DRINK

19. Mommi
20. No 32 Old Town
21. Red Dog Saloon
22. Costa Coffee
23. Adventure Bar
24. Madeleine
25. Pop Brixton
26. Sainsbury's Local
27. Cellar SW4
28. Clapham Picture House
29. Ritzy Cinema

HOTELS

15. Premier Inn Clapham
16. The Windmill
17. Premier Inn Brixton
18. Hotel Inn Express (near Vauxhall)

FITNESS

30. Yoga Haven
31. Soho Gyms
32. Virgin Active
33. Pure Gym

TRANSPORT LINKS

The property is centrally located on Clapham Road and benefits from an excellent 6a Public Transport Accessibility Level (PTAL) from its close proximity to a number of transport amenities.

RAIL

- Underground, Overground and Mainline rail services all within the immediate proximity
- Clapham North (Northern Line) and Stockwell (Victoria Line) within 5 and 8 minutes walk respectively
- Overground rail services provided from Clapham High Street station within 6 minutes walk
- Northern Line Extension will provide quick access to new Nine Elms and Battersea Power Station underground stations (expected to open 2020)

ROAD

- Clapham Road (A3) is a main arterial road into Central London and also provides direct access to the M25
- Wealth of local bus links serving Clapham Road including night services

AIR

- Gatwick airport is accessible from Clapham Junction station within c. 25 minutes
- City and Heathrow airports are accessible within 55 minutes from Stockwell station (source: TfL)

BIKE

- Santander cycle docking station located just south of Stockwell station
- Clapham Road forms part of the London Cycle Superhighway 7 (CS7)

Not to scale, indicative only.
Source: TfL/Thameslink.

BUILDING DESCRIPTION

The property comprises a mixed-use development completed in 2006 consisting of offices, retail, 112 residential flats and underground basement car parking. Before the redevelopment, the site was historically used as the laundry site for the Savoy Hotel.

The commercial element sits on Clapham Road and comprises a prominent Grade A office building providing approximately 36,608 sq ft (3,401 sq m) of office and retail accommodation arranged over ground, mezzanine and three upper floors. A number of residential units sold off on long leasehold interests are located on the fourth floor which are accessed via a separate entrance which is independent from the office accommodation.

The vacant offices provide approximately 26,586 sq ft (2,469.9 sq m) plus 1,723 sq ft of basement storage and are accessed from Clapham Road via an impressive double height reception area. Each floor plate offers highly flexible office accommodation which is well lit from three aspects and arranged around a central core. The office accommodation is currently configured to provide a mixture of open-plan areas, meeting rooms and ancillary spaces.

The large and prominent retail unit benefits from a main frontage to Clapham Road and is arranged over ground and mezzanine levels, and totals 8,299 sq ft (771 sq m).

The specification includes:

- Double height ground floor entrance
- Air-conditioning
- Fully accessible raised floors
- Suspended ceilings
- Floor to ceiling height glazing
- LG7 compliant lighting
- Two 8-person passenger lifts
- WCs, shower and drying room on each floor
- 29 car parking spaces (Four demised to Dream's)
- Secure bike racks
- Excellent natural light from three aspects

ACCOMMODATION

The property provides the following net internal areas:

Floor	Use	Area NIA sq ft	Area NIA sq m
Third (vacant)	B1 Offices	8,650	803.6
Second (vacant)	B1 Offices	8,883	825.3
First (vacant)	B1 Offices	8,776	815.3
Ground (reception) (vacant)	B1 Offices	227	25.7
Basement	Storage	1,723	160.1
Office Sub Total		**26,586**	**2,469.9**
Mezzanine*	A1 Retail	2,165	201.1
Ground	A1 Retail	6,134	569.9
Retail Sub Total		**8,299**	**771.0**
Total		**36,608**	**3,401.0**

* The mezzanine floor was installed by the existing tenant.

The property has also been measured in accordance with IPMS. A copy of the measured survey is available in the data room.

TENANCIES AND COVENANT

The retail accommodation is let to Dreams Limited for a term of 15 years from 6th October 2009. The current passing rent is £103,750 per annum exclusive and the lease is subject to an upward only rent review on the 1st August 2018 which is currently outstanding.

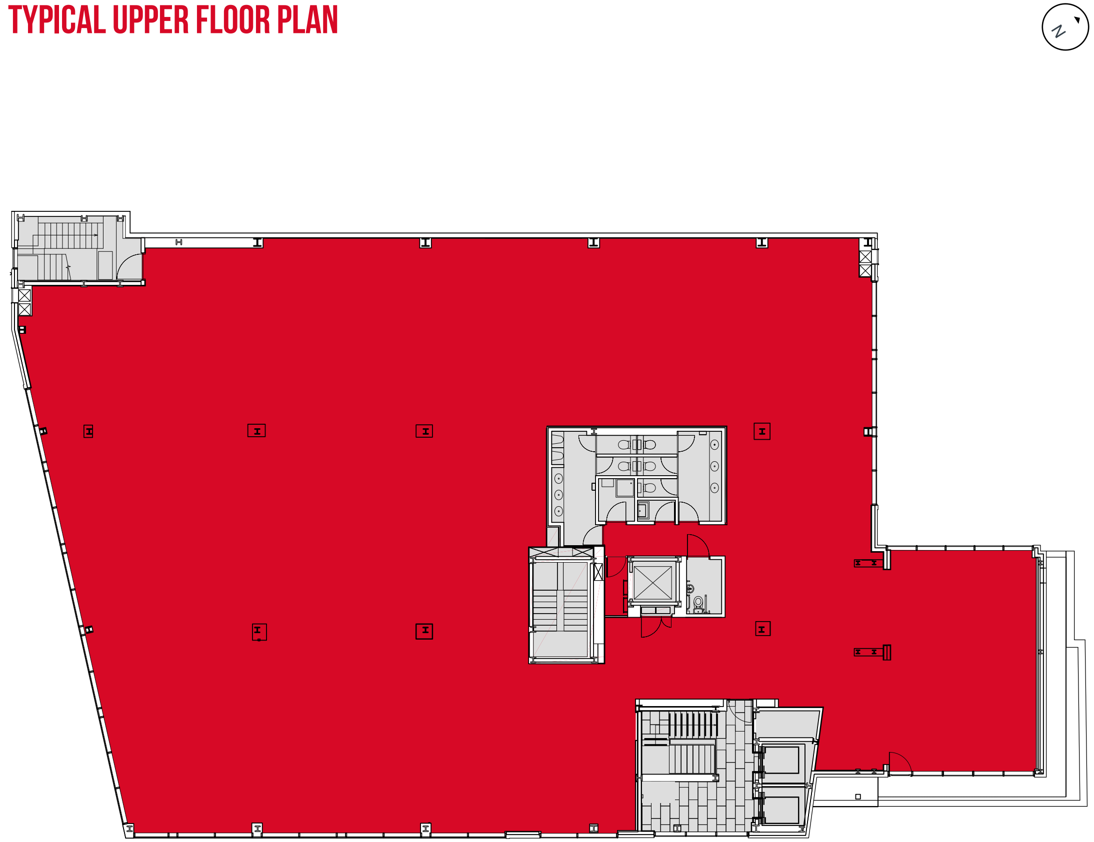
The freehold interest includes 87 sold off residential flats on 125 year leases producing a ground rent of £21,350 per annum. The remaining 25 sold off flats are non-income producing.

The office accommodation is provided with full vacant possession.

COVENANT INFORMATION

Dreams were first established in the UK when its first store opened in 1987 and at present there are 170 stores nationwide. The company currently employs around 1,800 people, across a network of retail showrooms and its own purpose-designed mattress factory. The company forms part of the Sun Capital Partner's Inc retail portfolio which includes a number of other UK retailers. Dreams Limited has a D&B rating of 3A2 which represents lower than average risk. In the year ending 24th December 2017, the company recorded a turnover of £290,288,000 and a profit before taxes of £30,477,000.

TYPICAL UPPER FLOOR PLAN



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MARKET COMMENTARY

LONDON LEASING MARKET

Since the introduction of Permitted Development Rights (PDR), the Clapham office market and neighbouring areas have undergone a significant shift with developers taking advantage of high residential values and converting existing office stock. This has led to an under supplied office market and a steep rise in office rents and occupier demand.

Apple's decision to base its new c. 500,000 sq ft HQ at Battersea Power Station has added further momentum to the South West London office market. The appeal of this area has been strengthened with Penguin Random House taking c. 84,000 sq ft at 1 Embassy Gardens and the US Embassy also relocating to the area. The transformation and regeneration of Nine Elms, Battersea and Vauxhall is being felt across the South West office market and areas like Clapham are positively positioned to see further rental growth prospects.

Clapham headline rents for quality Grade A stock have now reached £45.00 - £50.00 per sq ft with secondary offices achieving £30.00 - £35.00 per sq ft.

Address	Date	Tenant	Size sq ft	Rent	Term
Luma, 330 Clapham Road, SW9	Q1 2019	-	25,000	£45.00 (quoting)	Available
Meadow Works, Meadow Road, SW8	Q4 2018	Thomas Pink	7,150	£35.50 12 months RF	5 years
Sky Studios, 157 Wandsworth Road, SW8	Q4 2018	R&F Properties	c.7,600	£52.50 3 months RF	3 years
160 Falcon Road, SW11	Q3 2019	Central London Community Health NHS Trust	9,622	£50.00 Nil RF	15 years, 10th year break
Offley Works, 1 Pickle Mews, SW9	Q3 2018	Art Logic Media	2,185	£37.50 2 months RF	5 years, 3rd year break
Edinburgh House, 170 Kennington Lane, SE11	Q3 2018	Bowel cancer care	4,000	£53.00 7 months RF with 1 month penalty	10 years, 5th year break
Piano House, 9 Brighton Terrace, SW9	Q1 2018	RMP Enterprises	2,906	£44.00 8 months RF	5 years

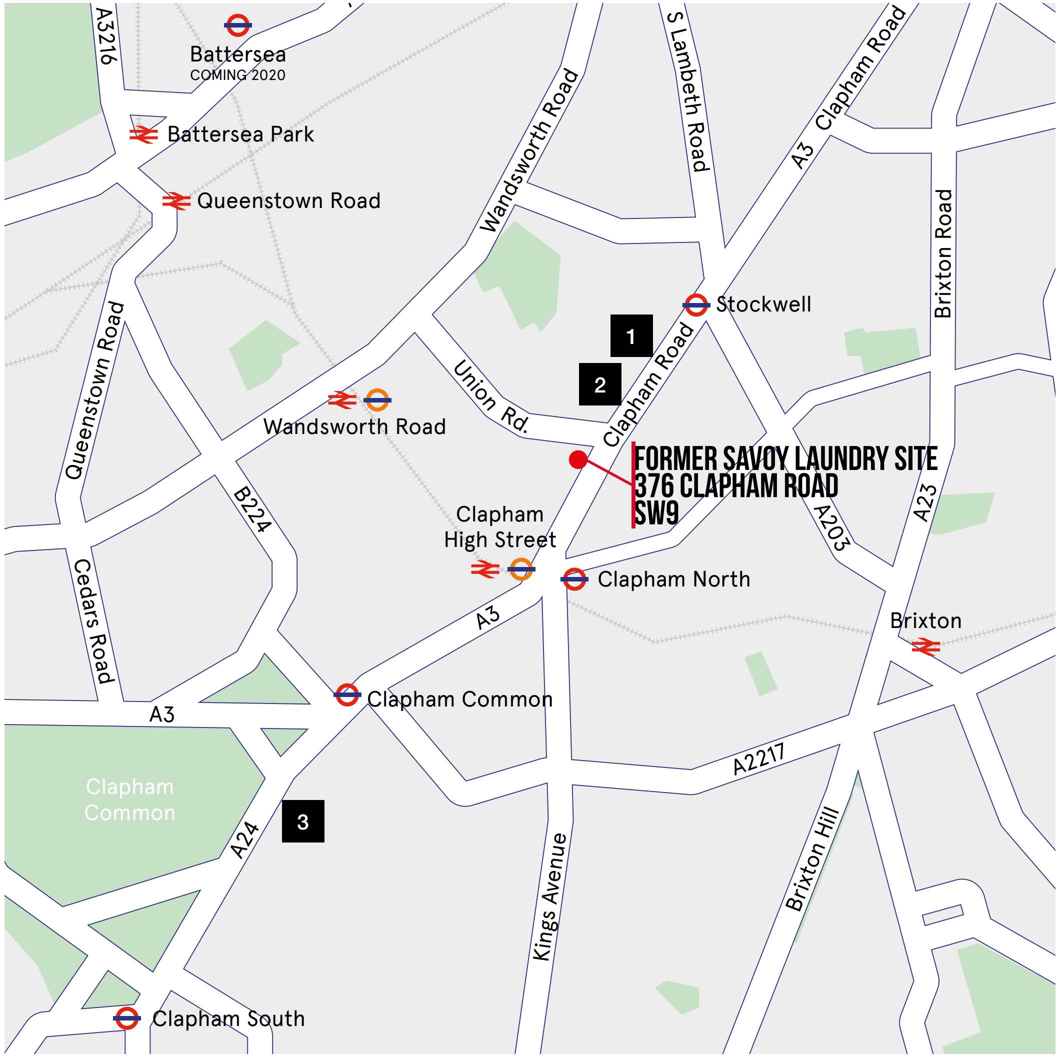
UK & LONDON INVESTMENT MARKET

The UK saw a strong volume of £16.4bn in Q4 transactions which propelled the total for 2018 to £61.4bn, the second strongest year in a decade. The highest profile transaction that took place in the last quarter of 2018 was Permodalan Nasional Berhad and The Employees Provident Fund of Malaysia's £1.583bn acquisition of Battersea Power Station. This was the largest single property deal in the UK since Q4 2013 and the fourth largest in history. The total volume that took place in 2018 has clearly demonstrated how resilient the UK and London real estate market is proving to be in spite of all the political toing and froing and investors are utilising the uncertainty as a buying opportunity.

The strength of London's Commercial property market continues to be unabated as investment levels continue to outperform average levels throughout Central London and occupier demand remains buoyant despite the uncertainty caused by the ongoing Brexit negotiations. A strong 2018 saw 79% of all Central London real estate acquisitions made by international investors. The UK is set to remain a popular target for global capital in 2019 due to its well established reputation as a safe-haven and the currency discount that has made London much more accessible to overseas investors.

Address	Date	Purchaser	Size sq ft	Price	Net Initial Yield	Capital Value (psf)	Comment
160 Borough High Street, SE1	Q4 2018	Stena Realty	16,384	£12m	6.45%	£732	Rack rented multi-let office. LLH with 93 years unexpired.
52 Walnut Tree Walk, Kennington Lane, SE11	Q2 2018	Together UK	5,543	£3.9m	-	£704	Refurbished CAT A offices in former warehouse buildings. Owner occupier purchase. FH.
George West House, Clapham, SW3	Q2 2018	Akelius	27,513	£18.6m	-	£676	Un-refurbished offices offered with prior approval consents for residential conversion. FH.
241 and 251 Southwark Bridge Road, SE1	Q3 2018	ForaSpace	34,936	£21.5m	-	£615	Forward sale of brand new Grade A offices in Elephant Castle. FH and LLH.
Dial House, 2 Burston Road, SW15	Q4 2017	M&G	36,295	£23m	4.05%	£664	Multi-let office. FH.
Union Court, 20 - 22 Union Road, SW4	Q3 2017	Royal London Asset Management	67,710	£36m	3.95%	£532	Multi-let office/ industrial park. FH.

LOCAL DEVELOPMENTS



Not to scale, indicative only.

1

330 CLAPHAM ROAD

- Developer: Notting Hill Genesis/Ipsus
- Scheme: Mixed-use scheme incorporating a 25,500 sq ft office & retail accommodation and 79 residential units.
- Status: Q1 2019

2

340A CLAPHAM ROAD

- Developer: Regal London and KKR
- Scheme: Redevelopment of an existing site to provide 16,300 sq ft of offices over ground & lower ground floors and 62 residential units.
- Status: Practical completion 2020+

3

THORNTON PARK

- Developer: London Realty
- Scheme: Residential led mixed-use development of a former business park to provide 297 residential units and a 53,000 sq ft office building.
- Completion: Planning granted March 2018

Not to scale, indicative purposes only.

TENURE

The property is held under the following Title Numbers:

- TGL221128
- TGL199296
- TGL300348

VAT

The property is elected for VAT.

PLANNING

The property lies within the jurisdiction of the London Borough of Lambeth.

The vendor has commissioned a planning note in relation to potential alternative uses which may be suitable for the property, subject to planning permission.

EPC

The property has an Energy Performance Rating of B-50 (Offices) and B-31 (Retail).

DATA ROOM

A data room has been set up to provide details of all the property and legal information which is deemed relevant to the sale.

For more information, please visit www.376claphamroad.co.uk

PROPOSAL

Offers of **£12,500,000 (Twelve Million Five Hundred Thousand Pounds)**, subject to contract and exclusive of VAT. A purchase at this level would reflect a low capital value on the office element of £397 per sq ft, based on acquisition costs of 6.8%.

Further information is available by contacting the sole agents:

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