



KNOLLYS
+
STEPHENSON

CROYDON

KNOLLYS



**Rare opportunity to
acquire the best located
building in East Croydon,
adjacent to the station
and central to the Croydon
business district**

STEPHENSON

Executive Summary

- + Rare opportunity to acquire the best located building in East Croydon, adjacent to the station and central to the Croydon business district.
- + Croydon represents the largest single market in Greater London and is likely to become London's biggest growth centre, with over £5.25 billion of development expenditure in the next 5 years.
- + Croydon is unique in terms of connectivity, with high speed rail links to Central London and London Gatwick International Airport, plus the tram network.
- + The property has traded once since 1965 and offers numerous possibilities for asset management, repositioning, or redevelopment, subject to the necessary consents.
- + The property comprises 190,987 sq ft arranged over 2 adjoining buildings, with an excellent car parking ratio of 1:888 sq ft.
- + The site totals 1.74 acres (0.71 hectares).
- + The property is multi-let to 23 tenants, providing a total gross passing rent of £4,163,711 per annum, which equates to a very low £21.99 per sq ft overall.
- + Prime rents in Croydon are now in the region of £37.50 per sq ft.
- + The property is held Long Leasehold for a term of 250 years from 12th September 2008, with a current headrent payable of £205,887 per annum.
- + After deduction of the headrent, the total net passing rent is £3,957,824 per annum.
- + WAULT of 3.48 years to expiries and 2.07 years to breaks.
- + Offers are invited in excess of £36,000,000 subject to contract and exclusive of VAT.
- + A purchase at this level reflects a net initial yield of 10.30%, after assuming purchaser's costs of 6.77%, and a low capital value of only £188 per sq ft.





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Leisure, Retail and Hotels

- 1 Centrale Shopping Centre
- 2 Boxpark
- 3 Fairfield Halls
- 4 Whitgift Shopping Centre
- 5 Hampton by Hilton
- 6 Holiday Inn Express
- 7 Jury's Inn
- 8 Travelodge

Key Occupiers

- 1 Atkins
- 2 AIG
- 3 Allianz
- 4 HMRC
- 5 Ministry of Justice
- 6 Solium Capital, PPF
- 7 Regus, Goldman Sachs
- 8 SOS for Communities and Local Government

- 9 Superdrug
- 10 Network Rail, Aecom
- 11 EDF Energy, Towergate Insurance, Vitality, Siemens

Residential Schemes

- 1 Nestlé Tower
- 2 Vita
- 3 Carolyn House
- 4 Canterbury House
- 5 Saffron Square
- 6 Delta Point
- 7 Morello Quarter
- 8 Ten Degrees
- 9 Pocket Living
- 10 L+Q, Addiscombe Road



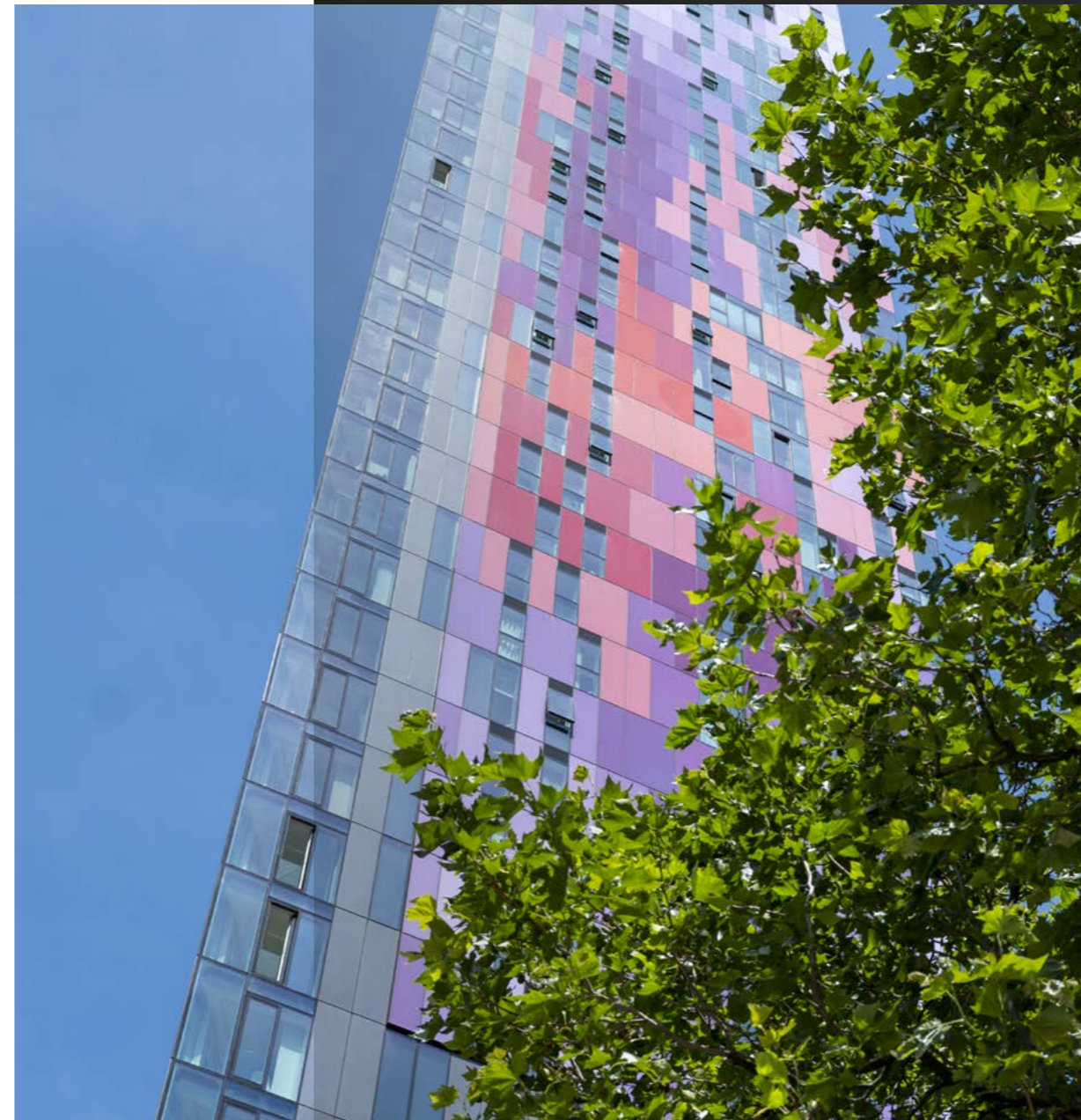
Croydon

The London Borough of Croydon is the largest London Borough by population and is projected to see significant above average population growth over the next few years

KS

With 1.1m economically active individuals within a 30 minute commute and the borough represented in the top 5% of all local authorities for residents with higher education qualifications, it is unsurprising to see why approximately 13,000 businesses have chosen to position their operations in Croydon.

The growth recorded over the last decade has propelled Croydon into a thriving commercial centre and an economic powerhouse within the South East. Now identified as a Growth Zone, where more than 20,000 jobs will be created over the next few years, Croydon is well on its way to becoming one of London's most iconic commercial centres.



No.1

The largest London borough by population

1.1m

economically active individuals within a 30 min commute

13k

businesses and 141,000 jobs

5%

Croydon is in the top 5% of all local authority districts, for residents with higher education qualifications



Situation



The subject property, Knollys and Stephenson House, comprises a prominent island site on the corner of Addiscombe Road and Cherry Orchard Road, immediately adjacent to East Croydon station. Both Knollys and Stephenson House have impressive double height receptions accessed from Cherry Orchard Road. The car park benefits from access points off Cedar Road to the north and Colson Road to the east.

Quarter Phase II, will deliver 445 new homes as well as a new entrance to East Croydon Station, via a link bridge, that will further improve the property's accessibility and its links to Croydon's growing retail and leisure offer.

Furthermore, Network Rail have recently acquired the former Royal Mail Depot, opposite the entrance to Knollys House, in order to develop two new platforms to further improve rail connections between Brighton and London. The acquisition also paves the way for plans to develop over the existing station, providing either new homes or office accommodation.

The immediate vicinity is currently undergoing significant regeneration, including the redevelopment of a site directly opposite the reception of Stephenson House by Redrow and Menta. The scheme, Morello

Corporate

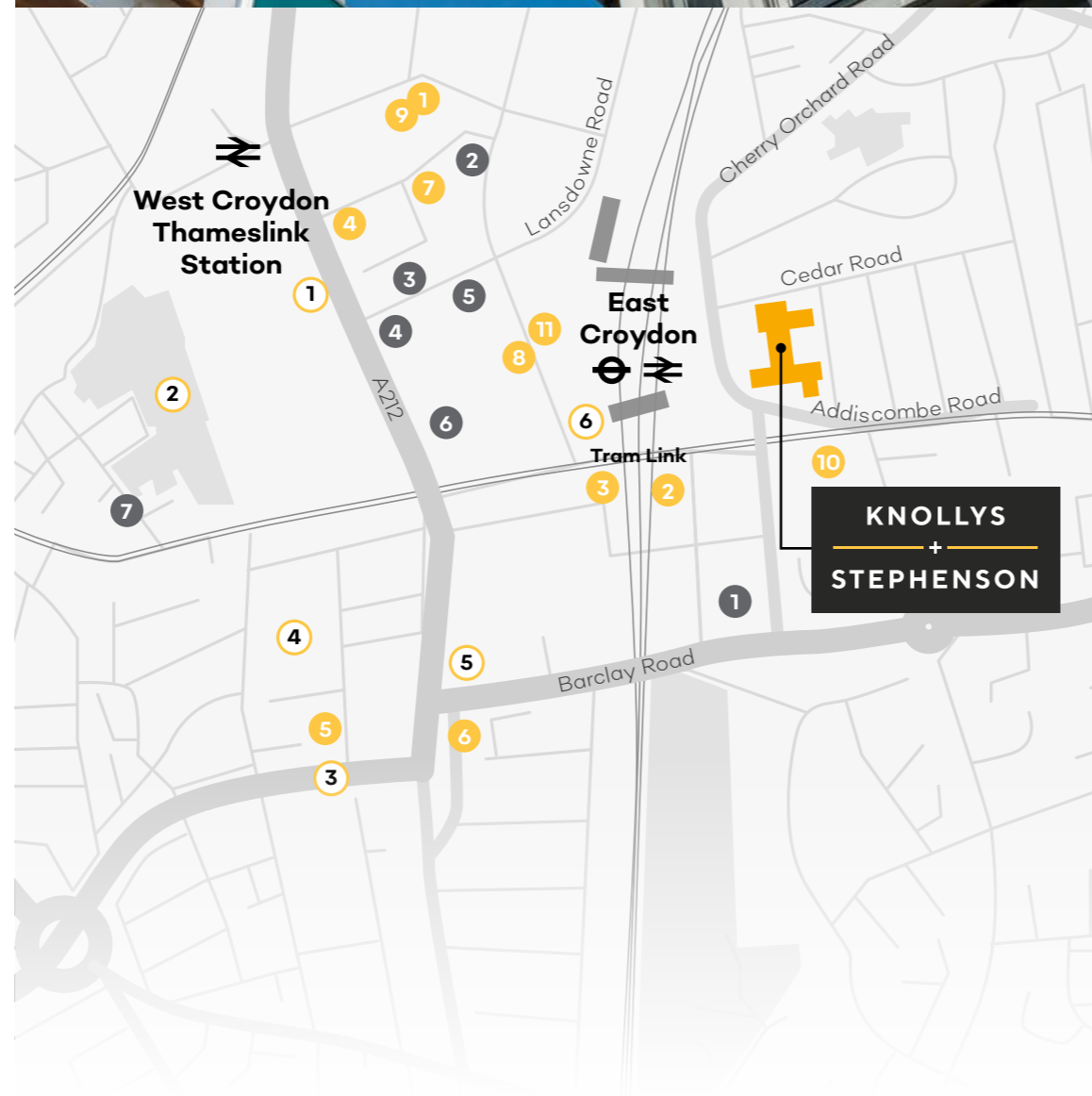
1. Aecom
2. AIG
3. Allianz
4. Croydon Council
5. Home Office UK Border Agency
6. Liverpool Victoria
7. Mott Macdonald
8. Pension Protection Fund
9. Zurich
10. Atkins
11. HMRC

Hotels

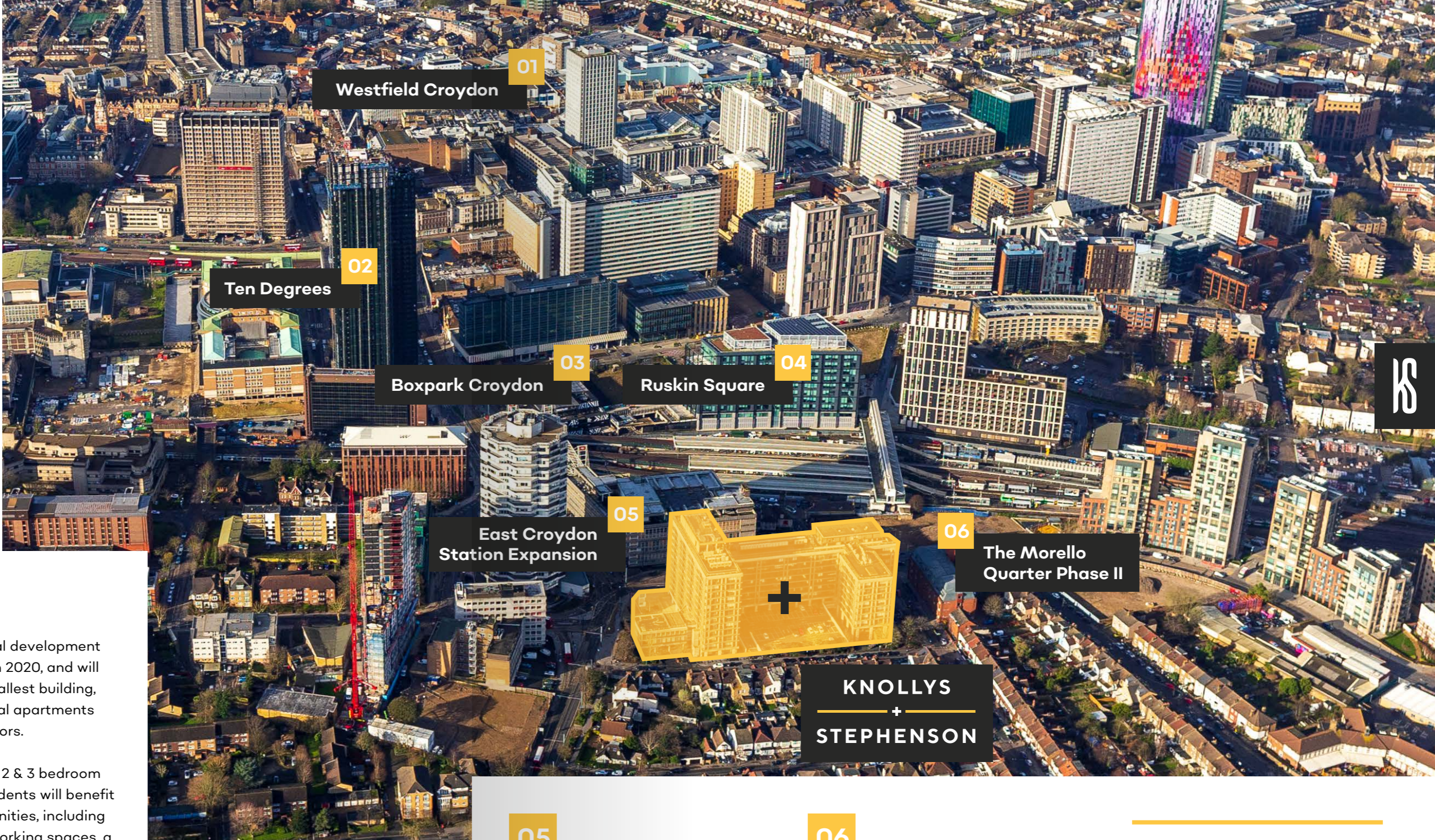
1. Clarion Collection Croydon Park
2. Hampton By Hilton
3. The Lansdowne
4. Jury's Inn
5. Premier Inn
6. Travelodge
7. Holiday Inn Express

Retail & Leisure

1. Whitgift Shopping Centre
2. Centrale Shopping Centre
3. High Street
4. Museum of London
5. Fairfield Halls
6. Boxpark



Changing Location



01 Westfield Croydon

The £1.4bn redevelopment of the Whitgift and Centrale Shopping Centres (to be renamed Westfield) is the epicentre of the Croydon regeneration program.

The consented plans include:

- 2 million sq ft scheme, of which 1.3 million sq ft is prime retail, leisure and dining space.
- Public realm.
- 3,000 parking spaces.
- 1,000 new residential homes.

The shopping complex will be Westfield's third in the capital after Stratford and Shepherd's Bush.

02 Ten Degrees

Greystar's residential development is due to complete in 2020, and will become Croydon's tallest building, comprising 546 rental apartments arranged over 44 floors.

As well as a mix of 1, 2 & 3 bedroom apartments, the residents will benefit from a range of amenities, including a rooftop gym, co-working spaces, a games lounge, a screening room and a sky lounge.

03 Boxpark Croydon

Completed in 2016 as part of the Ruskin Square development, Boxpark Croydon fuses local and global brands together side by side, providing operators the enviable opportunity of showcasing their unique menus to the local community.

Constructed from reclaimed shipping containers and built around a central courtyard, Boxpark Croydon has quickly become one of the most iconic landmarks of the new, regenerated town centre.

04 Ruskin Square

The £500m Ruskin Square development is expected to be one of London's most spectacular schemes, aiming to deliver new office accommodation across five buildings, 625 residential units and 100,000 sq ft of retail, restaurant and leisure space.

HMRC took occupation at the speculatively developed One Ruskin Square (183,597 sq ft) in 2016, and The Home Office have recently taken Two Ruskin Square (330,000 sq ft).

05 East Croydon Station Expansion

Network Rail have recently acquired the former Royal Mail Depot, which lies directly adjacent to East Croydon Station. The site provides the scope to develop two new platforms which will further improve rail connections between Brighton and London.

In addition to this, there are also plans to develop over the existing station, providing either new homes or office accommodation.

06 The Morello Quarter Phase II

The Redrow and Menta scheme forms part of the wider Morello masterplan, which has already delivered over 330 new homes and includes a landscaped 'café culture' public piazza, flexible community and small business space, on a gateway site next to East Croydon train station.

The Morello Quarter Phase II will deliver a further 445 new homes, as well as a new entrance to East Croydon station, via a link bridge, that will further improve the property's accessibility and its links to Croydon's growing retail and leisure offer.

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£5.25bn

committed over the next five years as Croydon sets to become London's biggest growth centre



Westfield Croydon



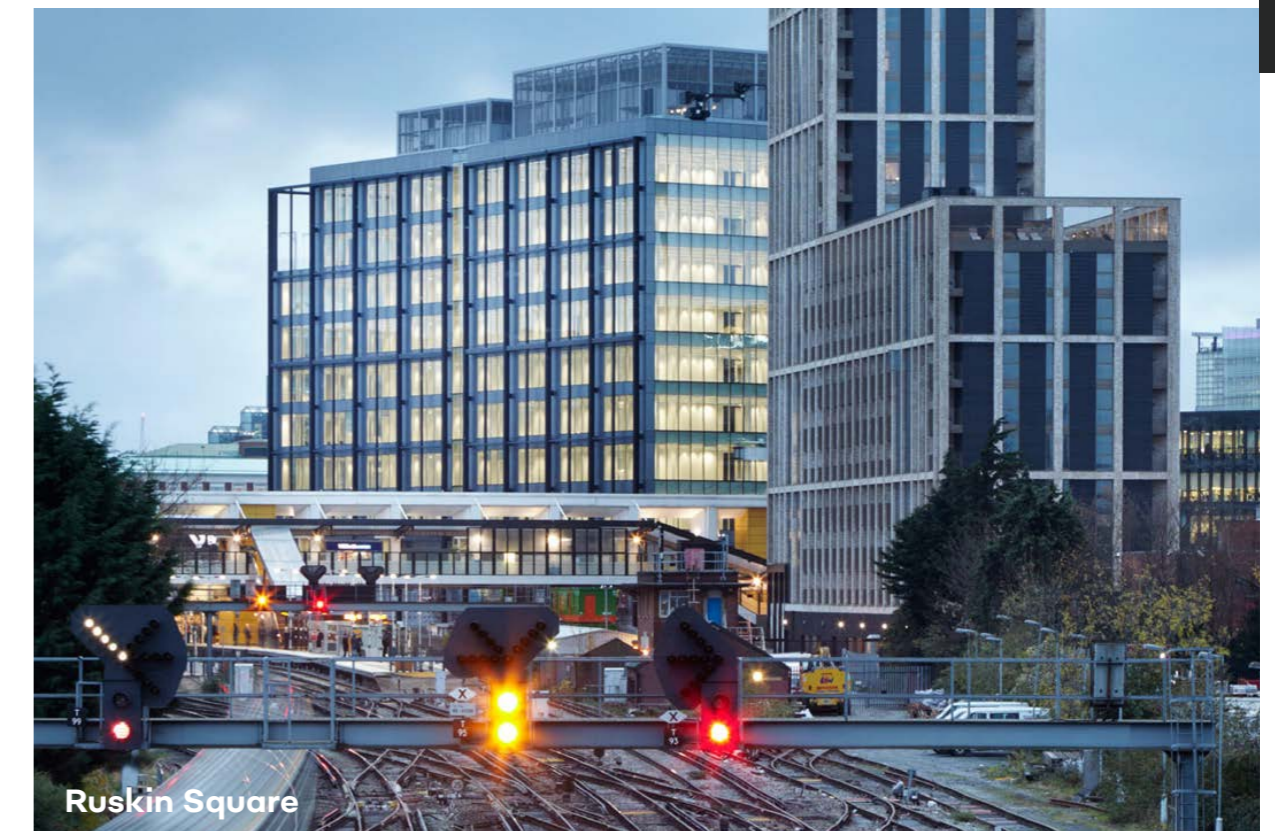
Ten Degrees



The Morello Quarter Phase II



Boxpark Croydon



Ruskin Square



East Croydon Station

Permitted Development Rights

The continuing momentum of the residential market has led to approximately 3m sq ft of offices planned and / or converted to residential uses via permitted development rights since 2013. These include the Nestle Tower (200,000 sq ft), Delta Point (245,000 sq ft) and Taberner House (200,000 sq ft).

Croydon Opportunity Area

The Croydon Opportunity Area Planning Framework (COAPF) was adopted in 2013 and provides area-specific guidance in addition to the London Plan and to the Croydon Local Plan. The subject property falls within this area.

The COAPF promotes a flexible approach towards land uses within the area and aims to deliver in excess of 7,300 dwellings and 95,000 sq m of office space. The Opportunity Area is also expected to be a high density, mixed-use area and, as such, tall buildings are encouraged provided that the relevant design criteria are met.

Notable schemes in the Croydon Opportunity Area include the consented One Lansdowne Road (68 storeys), the completed 43 storey tower at Saffron Square, and the completed 44 storey tower at Ten Degrees.

The London Borough of Croydon has continued with their ambition to regenerate the town centre and encourage mixed use development



Communications in Croydon

Croydon is one of London's best connected business hubs – with London Bridge, London Victoria, and Gatwick all accessible in less than 15 minutes

23m passengers a year use East Croydon station

28m tram passengers a year

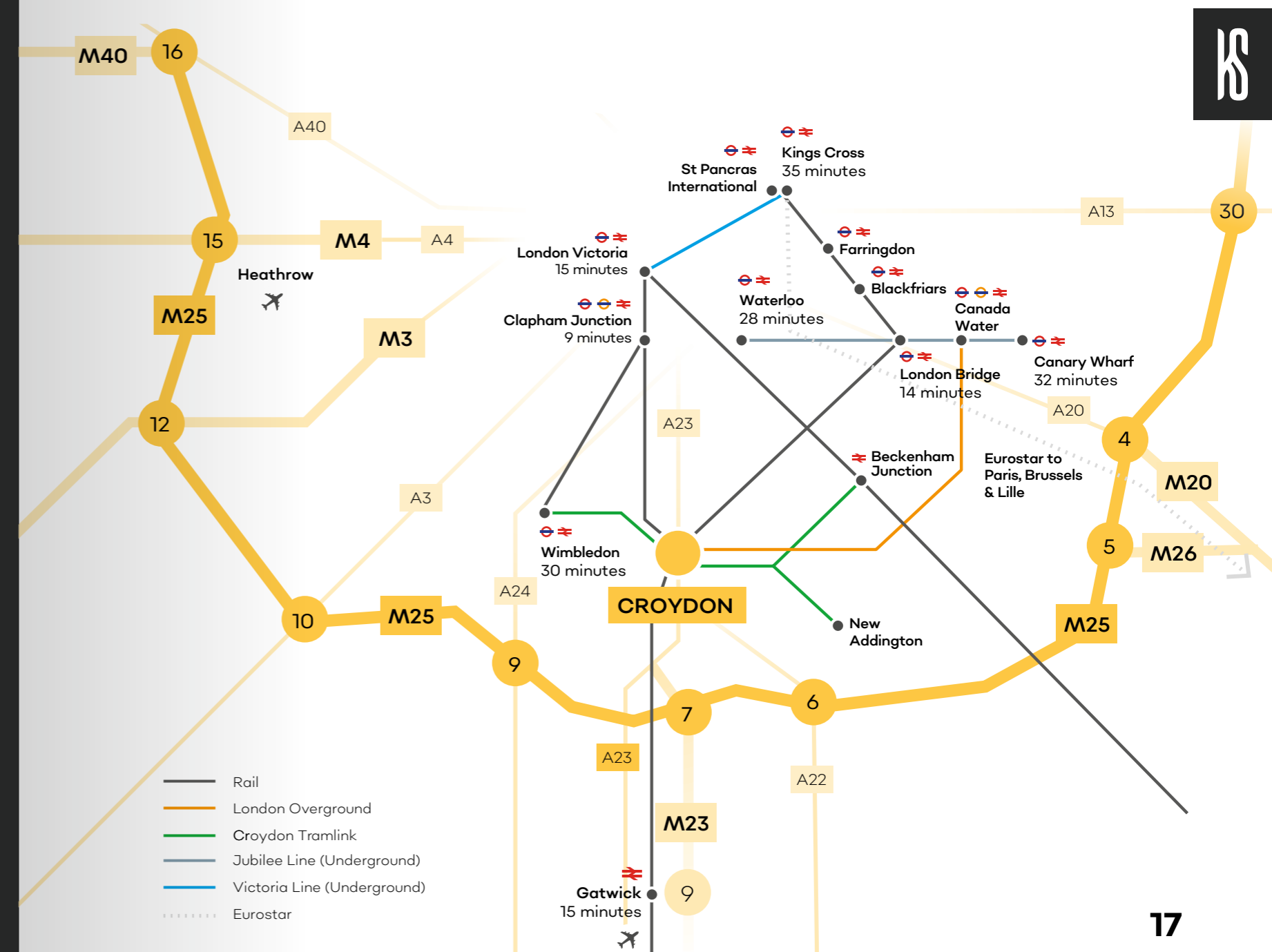
10 miles to the M25 and M23



2nd busiest station interchange in the UK

15 minutes to Gatwick Airport, London Victoria and London Bridge

228 destinations served by nearby Gatwick Airport



The Property



The property comprises two interconnecting, but separately serviced, multi-storey office buildings, namely Knollys and Stephenson House.

Knollys House is arranged over basement, ground and 11 upper floors. The floor plates are typically rectangular in configuration, thus providing flexible office accommodation.



Stephenson House is arranged over ground, mezzanine and 7 upper floors. The floorplates generally form an L-shaped configuration, and are easily sub-divisible.

Externally the property provides car parking by way of a two storey reinforced concrete decked car park, together with additional parking to the front of Knollys House and its surround. In total the property provides 215 car parking spaces reflecting an excellent car parking ratio of 1:888 sq ft.

Internally the property benefits from the following specification:



Air conditioning



Raised access floors in Stephenson House, and perimeter trunking in Knollys House



New LED lighting in part



New metal tiled suspended ceilings in part



Six passenger lifts



External pizza area, incorporating new seating and planting



Ground floor communal breakout area in Stephenson House



Showers and changing facilities



Recently refurbished receptions



Car parking available at a ratio of 1:888 sq ft



Accommodation

The property has been measured by Lane & Frankham in accordance with the RICS Code of Measuring Practice (6th Edition) and provides the following net internal areas:

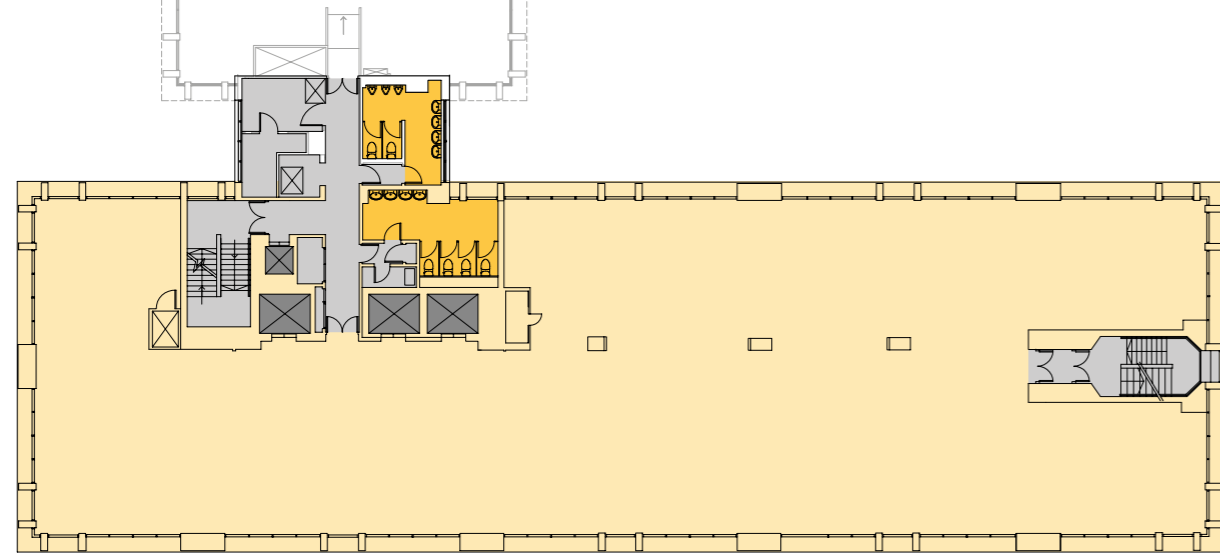
Knollys House

Floor	Use	Area (sq m)	Area (sq ft)
11th	Offices	590.9	6,360
10th	Offices	594.5	6,399
9th	Offices	604.6	6,508
8th	Offices	604.6	6,508
7th	Offices	610.9	6,576
6th	Offices	582.6	6,271
5th	Offices	611.5	6,582
4th	Offices	601.3	6,472
3rd	Offices	602.3	6,483
2nd	Offices	887.1	9,549
1st	Offices	791.9	8,523
Ground	Offices	373.4	4,019
Ground	Storage	163.0	1,755
TOTALS		7,618.6	82,005

Stephenson House

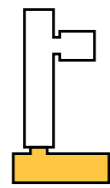
Floor	Use	Area (sq m)	Area (sq ft)
7th	Offices	1,226.0	13,196
6th	Offices	1,199.1	12,907
5th	Offices	1,199.1	12,907
4th	Offices	1,225.1	13,187
3rd	Offices	1,237.3	13,319
2nd	Offices	1,194.7	12,860
1st	Offices	1,257.8	13,539
Mezzanine	Offices	378.9	4,079
Ground	Communal Breakout Area + Storage	150.4	1,619
Ground	Gym	1,056.2	11,369
TOTALS		10,124.6	108,982

Floor Plans

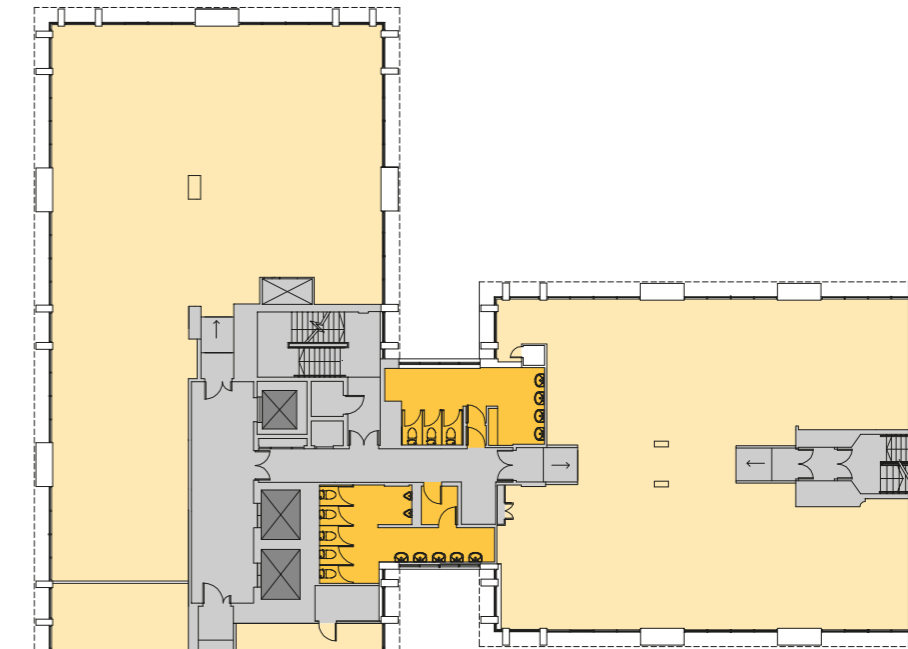


Knollys House

Typical floor
c. 604 sq m, 6,500 sq ft



- Key
- Office
 - WCs
 - Lifts
 - Core

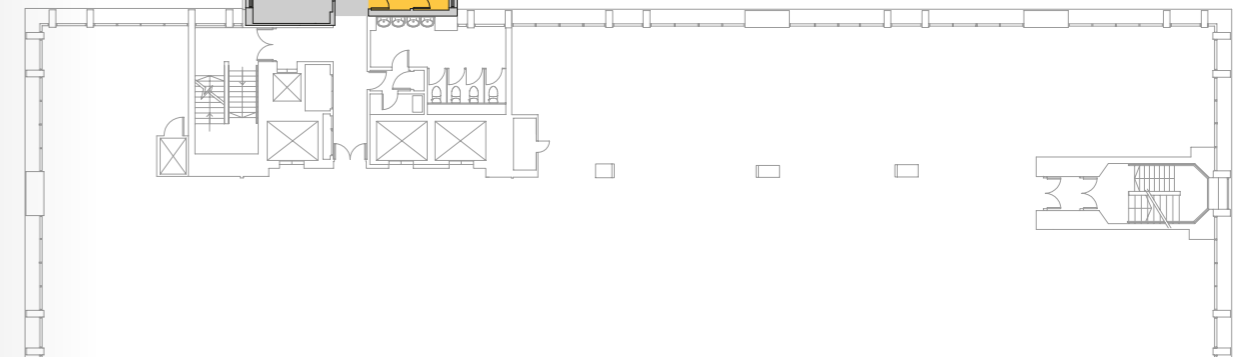


Stephenson House

Typical floor
c. 1,208 sq m, 13,000 sq ft



- Key
- Office
 - WCs
 - Lifts
 - Core



Tenancy Schedule

Knollys House

Floor	Tenant	Area (sq ft)	Lease Start	Rent Review	Break Date	Lease Expiry	Rent (pa)	Rent (psf)	Inside LTA 1954 (Y/N)	Comments
11th Floor	Instant Managed Offices Limited	6,360	24/11/2015		Rolling	23/01/2021	£136,632	£21.48	No	Rolling TBO subject to 28 days' notice. S/C cap of £58,671.71 subject to RPI increases. Schedule of condition. Sub-let to Tramtrack Croydon Limited.
10th Floor	VACANT	6,399					£159,975	£25.00		Vendor to provide 18 months rent, rates and S/C guarantee from completion. Unrefurbished.
9th Floor	VACANT	6,508					£162,700	£25.00		Vendor to provide 18 months rent, rates and S/C guarantee from completion. Unrefurbished.
8th Floor	PIB (Group Services) Ltd	6,508	04/08/2020	03/08/2025	03/08/2025	03/08/2030	£162,650	£24.99	No	Stepped rent as follows: £0 pa - 04/08/2020 - 03/02/2021 £81,325 pa - 04/02/2021 - 03/12/2021 £162,650 pa - 04/12/2021 - remainder of term. To be topped up to £162,650 pa by the Vendor. TBO subject to 9 months' notice. Half rent payable from 04/08/2025 - 03/08/2026 if break not activated. S/C cap of £68,313 subject to annual RPI increases. Schedule of condition. Tenant has a pre-emption agreement over part sixth floor.
7th Floor	United Response	6,576	06/01/2020	06/01/2025	05/01/2025	05/01/2030	£162,650	£24.73	No	Rent free until 05/01/2021, to be topped up by the Vendor. TBO subject to 12 months' notice. 6 months rent free if break not activated. Rent deposit of 3 months rent. Schedule of condition.
Part 6th Floor	British Medical Association	1,921	15/06/2017			31/01/2023	£49,972	£26.01	No	S/C cap of £19,435.05 subject to RPI increases.
Part 6th Floor	Cobra Underwriting Agencies Limited	4,350	03/10/2018	03/10/2023	31/01/2023	02/10/2028	£98,644	£22.68	No	Lease guaranteed by Alto Insurance Group Ltd. MBO subject to 12 months' notice. Rent from 03/10/2019 - 02/10/2021 - £98,644. Rent from 03/10/2021 - 02/02/2022 - £0. Rent from 03/12/2022 - end of term - £98,644 (subject to review in 2023). Schedule of condition.
5th Floor	Liberata UK Limited	6,582	17/07/2017			31/01/2023	£155,053	£23.56	No	TBO on 17/07/2020 not activated. Rent free until 16/02/2021, as break not activated, to be topped up by the Vendor. S/C cap of £70,229.72 subject to RPI increases.
4th Floor	Hurley Palmer Flatt Limited	6,472	17/01/2019	17/01/2024	16/01/2024	16/01/2029	£156,336	£24.16	No	TBO subject to 12 months' notice. Rent free from 17/01/2024 - 16/07/2024, if break not activated.
3rd Floor	VACANT	6,483					£162,075	£25.00		Vendor to provide 18 months rent, rates and S/C guarantee from completion. Refurbished.
2nd Floor	VACANT	9,549					£238,725	£25.00		Vendor to provide 18 months rent, rates and S/C guarantee from completion. Stripped out.
Part 1st Floor	Strategic Business Insights Inc	1,359	22/02/2019		21/02/2021	21/02/2023	£34,197	£25.16	No	21/02/2021 tenant break has been activated. Rent concession agreed - 50% of the rent to be paid for the June and September 2020 quarters, with the remaining 50% paid back in monthly payments from January 2021. If the tenant exercises the break (which it has) all arrears should be cleared before the exercise of the break.
Part 1st Floor	Walter Lily & Co. Limited	7,164	22/05/2014			21/05/2024	£152,274	£21.26	Yes	S/C cap of £61,904.30 subject to RPI increases. Schedule of condition.
Ground Floor	British Transport Police Authority	4,019	17/02/2006			16/02/2021	£72,114	£17.94	Yes	
Basement (Store)	VACANT	1,755								
2 Car Spaces	British Transport Police Authority	-	07/06/2018		Rolling	16/02/2021	£3,000			Rolling MBO at any time on 1 week's notice. Licence will automatically terminate on assignment/underletting of whole/surrender of the Ground Floor lease.
2 Car Spaces	Walter Lily & Co. Limited	-	16/10/2018		Rolling	21/05/2024	£0			Rolling MBO on 1 month's notice. Licence will automatically terminate on assignment/underletting of whole/surrender of the Part 1st Floor lease.
Roof - Aerial	Hutchison 3G UK Limited	-	06/09/2002	06/09/2020		31/12/2021	£20,232		Telecoms lease	TBO if there is material interference with the tenant's network. Landlord redevelopment break. S/C cap subject to RPI increases.
Part Roof - Aerial	VACANT (U/O)	-							Telecoms lease	U/O to Cornerstone Telecommunications Infrastructure Limited for a term of 10 years at an annual rent of £6,000 pa.
Sub-Total		82,005					£1,927,229	£23.73		



Tenancy Schedule

Stephenson House

Floor	Tenant	Area (sq ft)	Lease Start	Rent Review	Break Date	Lease Expiry	Rent (pa)	Rent (psf)	Inside LTA 1954 (Y/N)	Comments
Part 7th Floor (Front Wing)	Mitsubishi Electric Europe B.V.	10,503	10/07/2019		09/01/2022	09/07/2024	£235,035	£22.38	No	TBO subject to 6 months' notice. S/C cap of £93,354.30 subject to RPI increases.
Part 7th Floor (Annexe)	VACANT	2,693					£64,632	£24.00		Vendor to provide 18 months rent, rates and S/C guarantee from completion. Unrefurbished.
Part 6th Floor (Front Wing)	ERC Equipoise Limited	7,864	26/09/2016			31/01/2023	£174,353	£22.17	Yes	From and including 30/04/2022 to and including the later of the end of the term or if the tenant remains in occupation the date interim rent payable is £0.
Part 6th Floor (Front Wing)	ERC Equipoise Limited	2,352	20/03/2020			31/01/2023	£55,296	£23.51	No	
Part 6th Floor (Annexe)	Mitsubishi Electric Europe B.V.	2,691	10/07/2019		09/01/2022	09/07/2024	£61,313	£22.78	No	TBO subject to 6 months' notice. S/C cap of £25,298.29 subject to RPI increases.
Part 5th Floor (Front Wing)	VACANT	7,864					£188,736	£24.00		Vendor to provide 18 months rent, rates and S/C guarantee from completion. Unrefurbished.
Part 5th Floor (Front Wing)	Mineco Limited	2,352	25/04/2013			24/04/2023	£43,623	£18.55	No	S/C cap of £22,193.83 subject to RPI increases.
5th Floor (Annexe)	VACANT	2,691					£64,584	£24.00		Vendor to provide 18 months rent, rates and S/C guarantee from completion. Refurbished.
4th Floor (inc. Annexe)	Focal Ventures Limited	13,187	13/11/2018	13/11/2023	31/01/2023	12/11/2028	£260,000	£19.72	No	MBO subject to 12 months' notice. 6 months rent deposit. Schedule of condition. Rent concession agreed – Tenant will pay 50% of the rent for the December 2020 and March 2021 quarters, to be topped up by the Vendor. The lease has also been varied such that the 2023 break is subject to a 3 month rent penalty if activated.
3rd Floor (Front Wing)	VACANT	10,591					£254,184	£24.00		Vendor to provide 18 months rent, rates and S/C guarantee from completion. Unrefurbished.
3rd Floor (Annexe)	Smith Greenfield Services Plc	2,728	03/09/2012			31/01/2022	£50,400	£18.48	Yes	
Part 2nd Floor (Front Wing)	Reed Specialist Recruitment Limited	2,602	08/05/2020			07/05/2025	£57,569	£22.12	No	11 months rent free from 08/05/2020, to be topped up by the Vendor. S/C cap of £24,213.19 subject to RPI increases.
Part 2nd Floor (Front Wing)	Creative Benefit Solutions Limited	7,601	18/10/2016			17/01/2023	£186,250	£24.50	No	S/C cap of £70,908.87 subject to RPI increases. Lease re-gear currently U/O for a term of 8 years from 01/01/2021 subject to a TBO on 31/12/2022, subject to 12 months' notice, at a rent of £186,250 pa, with 8.5 months rent free from 01/03/2020. If break not activated, rent will be reviewed subject to a max increase or decrease of 10%. If break activated a break penalty will be paid equivalent to 8.5 months rent.
2nd Floor (Annexe)	Australian Vintage Limited	2,657	16/12/2014			15/02/2024	£55,863	£21.02	No	S/C cap of £30,771.25 subject to RPI increases. Schedule of condition.
1st Floor (Annexe)	Trinity College London	2,903	01/11/2019		31/10/2021	31/10/2022	£70,300	£24.22	No	TBO subject to 6 months' notice. 1 month rent free if break not activated. S/C cap of £23,902 subject to CPI increases. Rent concession agreed - 25% of the June 2020 quarter rent deferred and payable in equal monthly payments in January, February and March 2021.
1st Floor (Front Wing)	Secretary of State for Communities and Local Government	10,636	01/08/2017			31/01/2023	£243,060	£22.85	Yes	S/C cap of £65,748.76 subject to RPI increases.
Mezzanine Floor B (Front)	VACANT	1,505					£33,863	£22.50		Vendor to provide 18 months rent, rates and S/C guarantee from completion. Unrefurbished.
Mezzanine Floor C (Rear)	Crawford & Company Adjusters (UK) Limited	2,574	17/02/2020		17/02/2023	16/02/2025	£57,623	£22.39	No	TBO subject to 6 months' notice. S/C cap of £25,610 subject to RPI increases.
Part Ground Floor (Gym)	Energie Property (UK) Limited	11,369	28/05/2012		30/11/2023	04/03/2030	£65,000	£5.72	No	Lease guaranteed by Energie Corporation Limited and Energie Property (UK) Limited. Current rent is £65,000 pa until 31/01/2023, thereafter the rent is £75,000 pa. LBO subject to 12 months' notice. Sub-let to RichyK Ltd.
Part Ground Floor	Communal Breakout Area + Storage	1,619								
5 Car Parking Spaces	Mitsubishi Electric Europe B.V.		10/07/2009		Rolling	Rolling	£6,250			Rolling MBO on 1 month's notice.
3 Car Parking Spaces	Creative Benefit Solutions Limited		18/10/2016		Rolling	Rolling	£4,050			Rolling MBO on 1 month's notice.
2 Car Park Spaces	Reed Specialist Recruitment Limited		11/04/2018		Rolling	Rolling	£3,000			Rolling MBO on 1 week's notice.
1 Car Parking Space	Australian Vintage Limited		01/05/2018		Rolling	Rolling	£1,500			Rolling MBO on 2 weeks' notice.
Sub-Total		108,982					£2,236,482	£20.69		

TOTALS

190,987

Gross Rent	£4,163,711	£21.99
Headrent	£205,887	
Net Rent	£3,957,824	

Note 1: There is a digital screen licence dated 12th May 2011 made between the Landlord and Executive Channel Europe Limited for a period of 10 years from the date the screens were installed in Knollys and Stephenson House. The licence fee is 10% of the net revenue of the digital screens.

Note 2: There is a barrow cart licence dated 10th October 2016 made between the Landlord and The Black Cab Coffee Company Limited for a peppercorn licence fee. The licence is terminable by either party on 1 month's written notice.

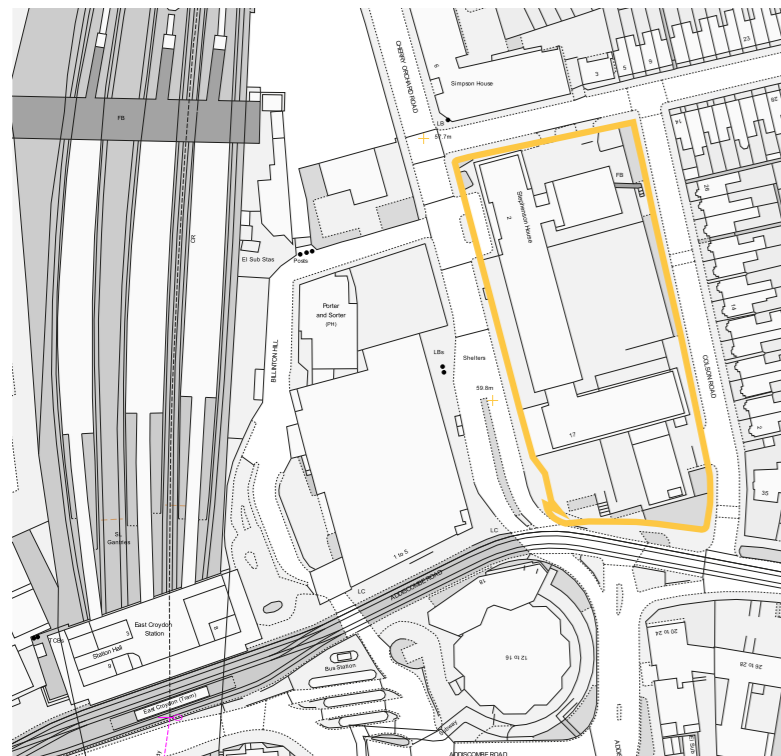


Tenure

The property is held Long Leasehold for a term of 250 years from 12th September 2008. The headrent payable from 12th September 2019 is £205,887 per annum. The rent is reviewed annually to the retail price index. The headrent payable from 12th September 2020 is yet to be documented, but is anticipated to be £207,016.31 per annum.

Site

The property occupies a site area of approximately 1.74 acres (0.71 hectares) and is outlined in yellow on the site plan below.



Plan not to scale and for indicative purposes only.



Occupational Overview

Croydon is the single largest office market outside Central London, with an estimated office stock of approximately 6.5m sq ft. Its excellent transport connections and strong demographic profile have attracted numerous blue chip companies to the area. Croydon is set to benefit from continued inward investment, with approximately £5.25bn committed over the next 5 years, which will see the location become one of Greater London's most important commercial centres.

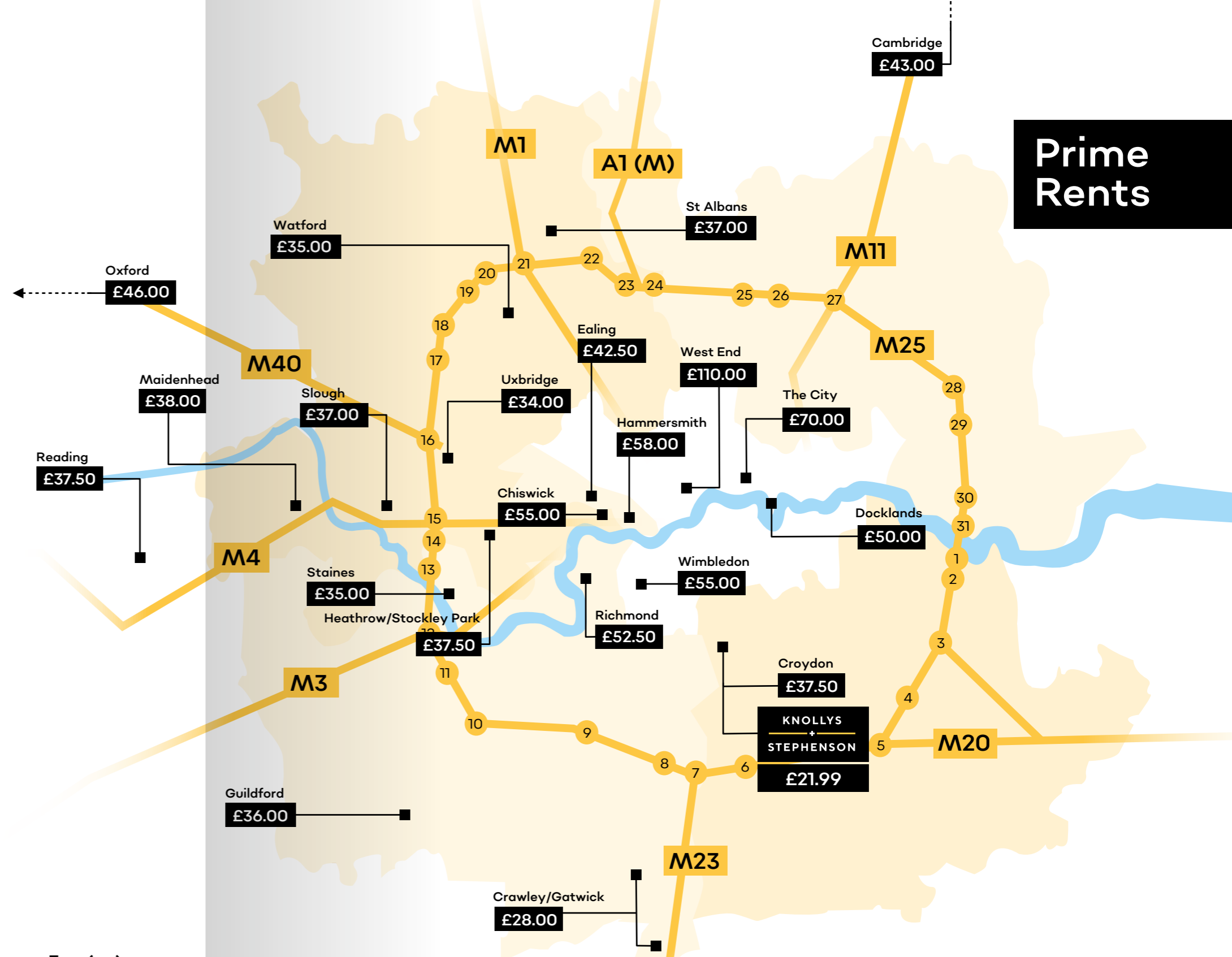
These strong fundamentals, together with a significant loss of office space

to alternative uses (approximately 3m sq ft), has led to strong rental growth over recent years, with prime rents in Croydon now at £37.50 psf. This is forecast to continue on an upward trajectory given the limited number of office developments in the pipeline, as well as the fact that Croydon's prime rents compare favourably to competing Greater London locations, such as Hammersmith, Richmond and Wimbledon, where rents are £50 psf +.

Below is a table of recent letting transactions in Croydon.

Date	Address	Tenant	Area (sq ft)	Rent (psf)	Term (yrs)
Apr-20	Building 2, Ruskin Square	The Home Office	330,000	Undisclosed	25
Nov-18	Interchange	Clarion Housing Group	36,654	£31.00	12
Aug-18	Interchange	Markel	10,848	£33.00	10
Sep-18	Renaissance	Green Energy Network	7,858	£32.00	10
Apr-18	Renaissance	Green Energy Network	20,987	£34.00	10
Dec-17	Interchange	Regus	18,223	£30.00	10
Nov-17	Corinthian House	Murgitroyd	4,500	£30.00	5
Sep-17	Renaissance	Solium	10,404	£32.00	10
Dec-16	One Ruskin Square	HMRC	183,597	£33.75	25

Prime Rents



Croydon is the single largest office market outside Central London



Investment Overview

The Greater London and South East office investment market remains relatively strong, with a considerable weight of money looking to invest into the UK real estate market, particularly for prime and value add stock.

Investors remain buoyed by strong occupational demand, ever decreasing supply and a limited development pipeline, which have combined to create strong rental growth patterns over recent years. However, the fundamental

issue facing these investors is the significant lack of available investment stock.

Prime yields in the Greater London and South East office investment market remain at c. 5.25%, which is further evidence of the continued demand for stock and robustness of this market.

Below is a table of recent Greater London and South East office investment transactions.

Date	Address	Tenure	Tenancy	Area (sq ft)	WAULT (yrs)	Price	Yield	Cap Val (psf)
Sep-20	Leatherhead, Keats House	Freehold	Single Let	50,391	7 yrs	£19,300,000	6.80%	£383
Mar-20	Hatfield, Helios Court	Freehold	Multi-let	39,858	3.52 yrs	£10,180,000	8.39%	£255
Jan-20	Staines, 20 Kingston Road	Freehold	Multi-let	44,230	5.3 yrs	£19,000,000	6.30%	£430
Nov-19	Croydon, Citylink	Freehold	Multi-let	48,000	2.1 yrs	£18,200,000	4.80%	£379
Sep-19	Harlow, Field House	Freehold	Multi-let	65,762	4.5 yrs (3.8 yrs to breaks)	£10,500,000	7.69%	£160
Aug-19	Brentford, Great West Road, Vantage	Long Leasehold	Multi-let	114,441	6.9 yrs (4.6 yrs to breaks)	£28,355,000	8.50%	£248
Aug-19	Croydon, Renaissance	Freehold	Multi-let	100,487	5.57 yrs	£58,000,000	4.94%	£577
Jun-19	East Grinstead House	Freehold	Multi-let	127,416	12.8 yrs (3.4 yrs to breaks)	£13,000,000	7.90%	£102
May-18	Croydon, Mott MacDonald House	Freehold	Single Let	64,205	6.75 yrs	£21,200,000	5.47%	£330

Asset Management Opportunities

During the last 15 years Knollys and Stephenson House has generated excellent returns both in terms of income and capital growth

Despite its enviable central location, it continues to offer relative value for occupiers in terms of rents; and being situated adjacent to East Croydon Station it remains a strategic island site, that would lend itself to future redevelopment, subject to the necessary consents.

Going forward the property therefore provides a purchaser with numerous asset management angles including:

- Let the current vacant accommodation to secure the rental income and improve the WAULT within the building.
- Carry out an extensive rolling refurbishment programme of the existing building in order to capture higher rental levels.

- Consider a more comprehensive “back to the frame” refurbishment, repositioning the building to provide Grade A office accommodation.
- Explore the possibility of increasing the massing on the site, subject to the necessary consents.
- Consider the redevelopment of the site and a potential change of use to create an exciting alternative or mixed use scheme, subject to the necessary consents.
- Negotiate buying in the Freehold, so as to maximise the site’s value and liquidity, as well as unlocking further redevelopment potential.

Further Information

Service Charge

The service charge budget for Knollys & Stephenson House for the year ending 31st March 2021 is £1,892,583, which equates to £9.91 per sq ft.

EPC

Copies of the EPCs are in the Data Room.

Data Room

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

This will include the following:

- Title Information
- Headlease
- Occupational Leases
- Management Information
- Service Charge Accounts
- Measured Survey
- EPCs
- Marketing Details

VAT

The purchase of the property will be subject to VAT. We understand that the sale can be treated as a Transfer of a Going Concern for VAT purposes.

Proposal

We are seeking offers in excess of **£36,000,000 (Thirty Six Million Pounds)**, subject to contract and exclusive of VAT.

A purchase at this level reflects a **net initial yield of 10.30%**, after assuming purchaser's costs of 6.77%, and a **low capital value of £188 per sq ft.**

Contacts

For further information, access to the data room, or to arrange an inspection please contact:

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