
Government income at an extremely low rent on a substantially underdeveloped site at a very attractive capital value per square foot





EXECUTIVE SUMMARY

- > Freehold
- > Core historic central London location on Victoria Street with stunning views of Westminster Abbey and the Houses of Parliament
- > Victoria is undergoing substantial change with a number of landmark new developments including Ten Broadway, located adjacent to 10-18 Victoria Street, as well as significant ongoing infrastructure improvements
- > The Property benefits from a 65m frontage to Victoria Street and currently provides 81,597 sq ft of flexible office accommodation arranged over basement, lower ground, ground and nine upper floors
- > Single let to the undoubted covenant of the **British Government**, with an unexpired term of more than 7.75 years
- > The Property produces a rent of £3,100,000 per annum, reflecting an **extremely low average passing rent of £37.99 per sq ft**, just 43% of the highest rent achieved in Victoria (£87.50 per sq ft) and 34% of the prime West End rent (£112.50 per sq ft)
- > 10-18 Victoria Street benefits from numerous opportunities to **significantly add value** which include:
 - Future massing potential on a substantially underdeveloped site
 - Extension and refurbishment of the existing building
 - Substantial office or mixed use redevelopment
 - Hotel redevelopment or alternative use such as residential
 - A lease restructure with the British Government
 - Future site amalgamation through strategic acquisitions
 - A well timed upward only rent review in February 2021
- > We are instructed to seek offers in excess of £95,000,000, reflecting a net initial yield of 3.21% and an **exceptionally low capital value of only £1,164 per sq ft**, assuming an acquisition of the Jersey based SPV which holds the freehold (assuming 1.80% purchaser's costs)

INVESTMENT RATIONALE

TRANSFORMATIONAL LOCATION

- > Victoria has seen more than £5 billion of commercial investment over the last five years;
- > The Property is adjacent to Ten Broadway, which when complete in 2021, will provide a brand-new landmark residential-led, mixed use scheme, of up to 20 storeys tall;
- > Victoria Station's £700m regeneration, set to complete this year, will further enhance its connectivity;
- > Crossrail 2 will increase Victoria station's capacity by 24,000 people daily;
- > The Houses of Parliament is set to undergo a major restoration from 2025 with the House of Commons and House of Lords having to relocate during the works.

RESILIENT INCOME STREAM

- > Exceptionally rare government income;
- > An unexpired term in excess of 7.75 years;
- > A well-timed, upwards only rent review in February 2021;
- > Attractive debt finance enhancing cash on cash returns;
- > Highly secure cash flow that is very attractive to potential lenders.

SIGNIFICANT FUTURE POTENTIAL TO ADD VALUE

- > PLP Architecture, in conjunction with DP9 planning consultants, have prepared the following schemes:
 - A refurbishment and extension of the existing building to reach a net internal area of approximately 123,000 sq ft, a 51% increase
 - A substantial office-led redevelopment with a net internal area of approximately 133,000 sq ft, a 63% increase
 - A 203-key, best in class/luxury hotel redevelopment with associated restaurant and leisure provision
- > Alternatively, a residential-led development could be explored similar to the adjacent Ten Broadway;
- > Potential to re-gear with the British Government at expiry, or earlier if agreed;
- > Longer term opportunity to explore an amalgamation of the wider site, through strategic acquisitions.

EXCEPTIONAL GROWTH PROSPECTS

- > Extremely low passing rent of £37.99 per sq ft, just 43% of the highest rent achieved in Victoria (£87.50 per sq ft) and 34% of the prime West End rent (£112.50 per sq ft);
- > Constrained development pipeline putting further upward pressure on rents;
- > Exceptionally low capital value of only £1,164 per sq ft;
- > The rent review clause provides an artificially low rent, creating significant latent investment value.





Soho

St James's
Square

St James's
Park

St James's
Park
Station

Tottenham
Court Road
Station

Ten
Broadway

10-18
VICTORIA
STREET

Whitehall

Westminster
Abbey

Big
Ben

London
Eye

Houses of
Parliament

London
Waterloo

VICTORIA

10-18 Victoria Street occupies a prominent location in the heart of Victoria, one of central London's principal commercial and residential sub-markets.

Historically, Victoria has been a hub for government occupiers due to its proximity to The Houses of Parliament, Downing Street and Whitehall. In recent years, however, the location has benefitted from a plethora of high quality developments and place-making schemes, largely driven by renowned UK REIT Landsec. This has resulted in a vibrant office, retail, leisure and residential destination.

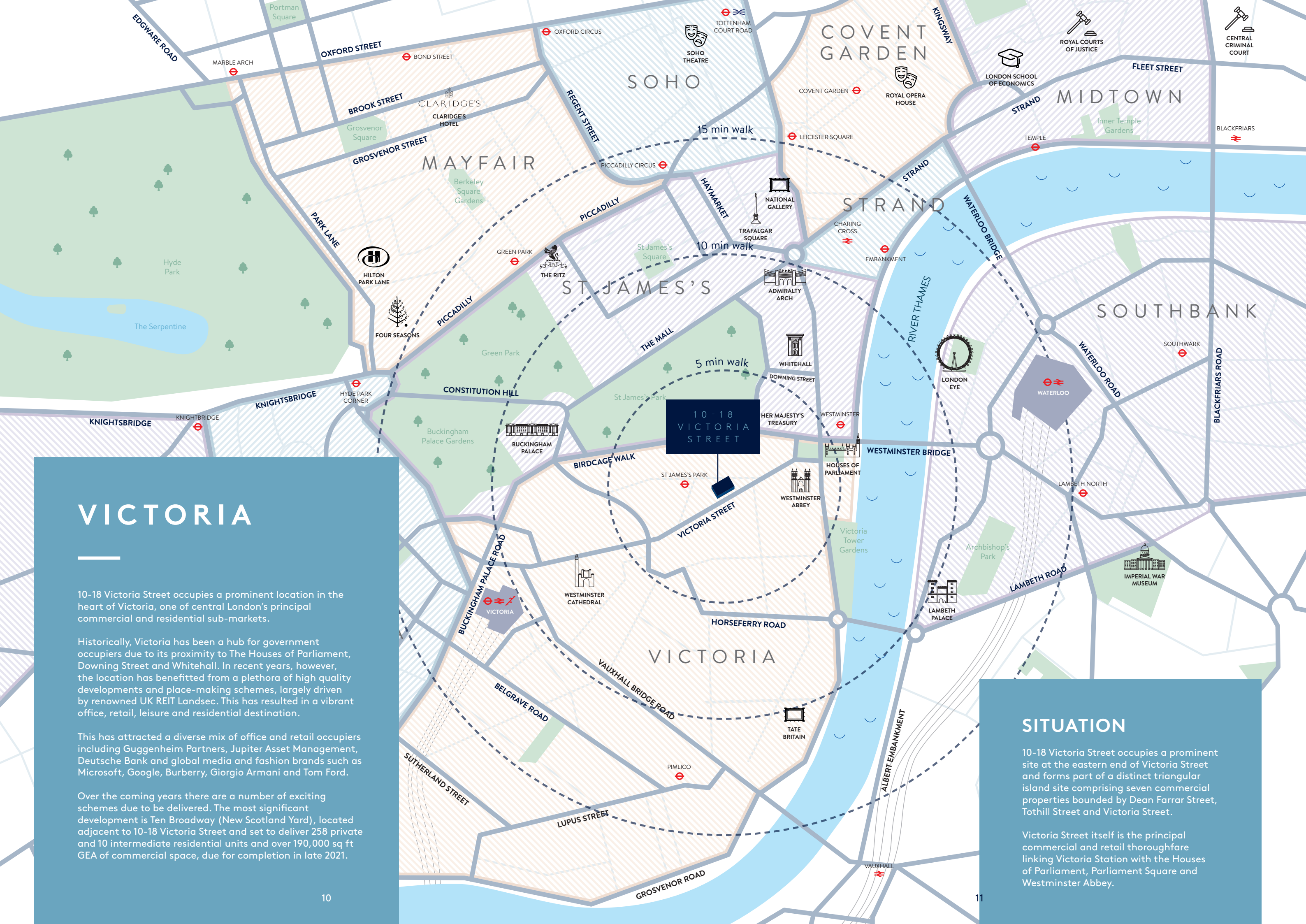
This has attracted a diverse mix of office and retail occupiers including Guggenheim Partners, Jupiter Asset Management, Deutsche Bank and global media and fashion brands such as Microsoft, Google, Burberry, Giorgio Armani and Tom Ford.

Over the coming years there are a number of exciting schemes due to be delivered. The most significant development is Ten Broadway (New Scotland Yard), located adjacent to 10-18 Victoria Street and set to deliver 258 private and 10 intermediate residential units and over 190,000 sq ft GEA of commercial space, due for completion in late 2021.

SITUATION

10-18 Victoria Street occupies a prominent site at the eastern end of Victoria Street and forms part of a distinct triangular island site comprising seven commercial properties bounded by Dean Farrar Street, Tothill Street and Victoria Street.

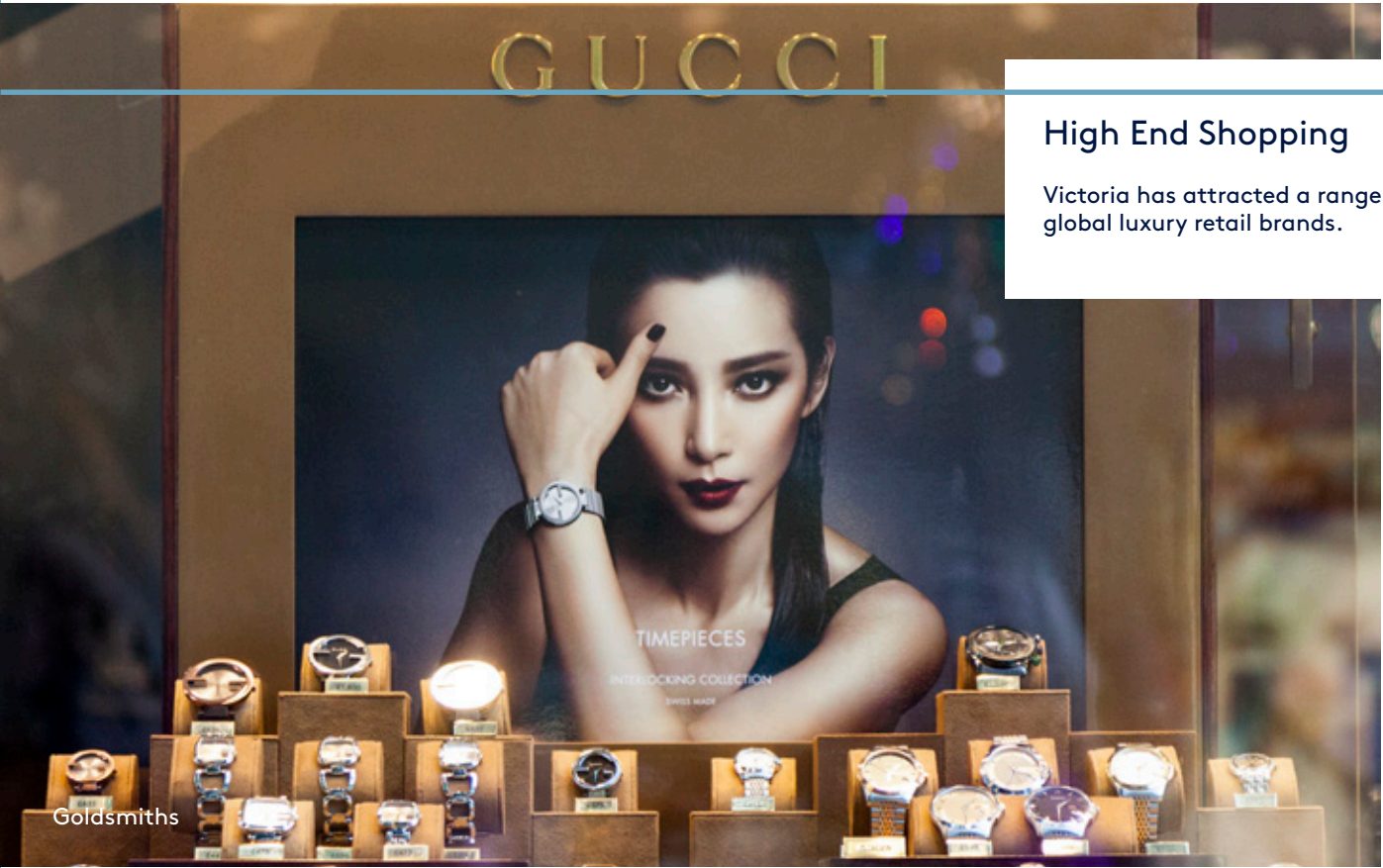
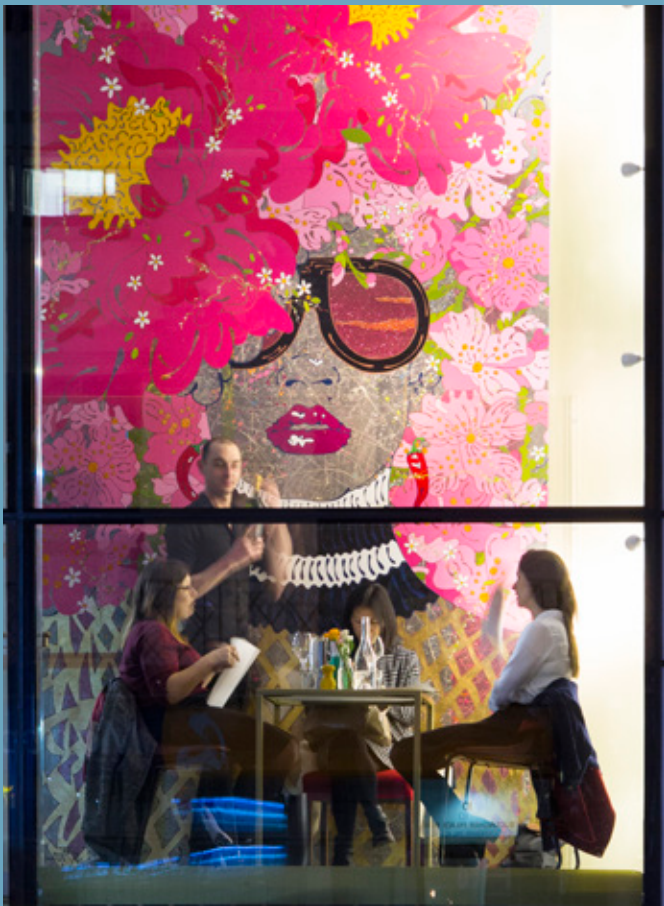
Victoria Street itself is the principal commercial and retail thoroughfare linking Victoria Station with the Houses of Parliament, Parliament Square and Westminster Abbey.



WORLD CLASS AMENITIES ON YOUR DOORSTEP

The amenity offering in Victoria has substantially evolved in recent years and has been a major factor in attracting a more diverse occupier mix.

Victoria now boasts an eclectic mix of retail, food and leisure facilities serving not only the expanding workforce and local residents but also international tourists who base themselves in Victoria to be in close proximity to many of London's best known tourist attractions. These include Buckingham Palace, Westminster Cathedral, Big Ben, Houses of Parliament, and the Tate Britain Gallery.



High End Shopping
Victoria has attracted a range of global luxury retail brands.

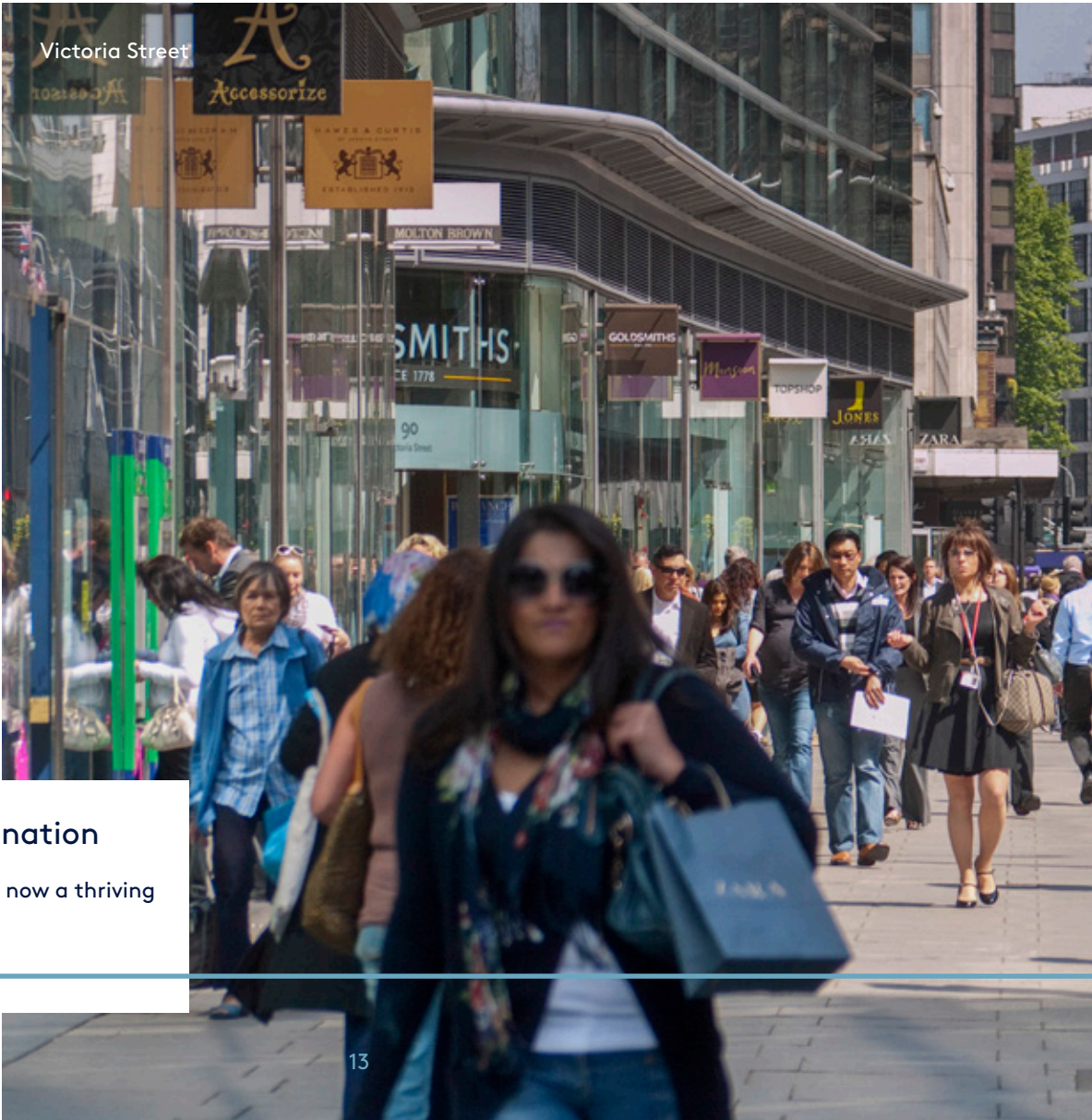
What's on offer

The area has become a vibrant leisure destination.



Retail Destination

Victoria Street is now a thriving retail location.



A MAJOR TRANSPORT HUB

EXCELLENT TRANSPORT LINKS

10-18 Victoria Street benefits from excellent transport links. The Property occupies a unique location in central London, being less than 15 minutes' walk from three of the top six UK mainline railway stations – Victoria, Waterloo and Charing Cross.

The Property benefits from quick access to Victoria, St James's Park and Westminster underground stations, serving the Victoria, District, Jubilee and Circle lines respectively.

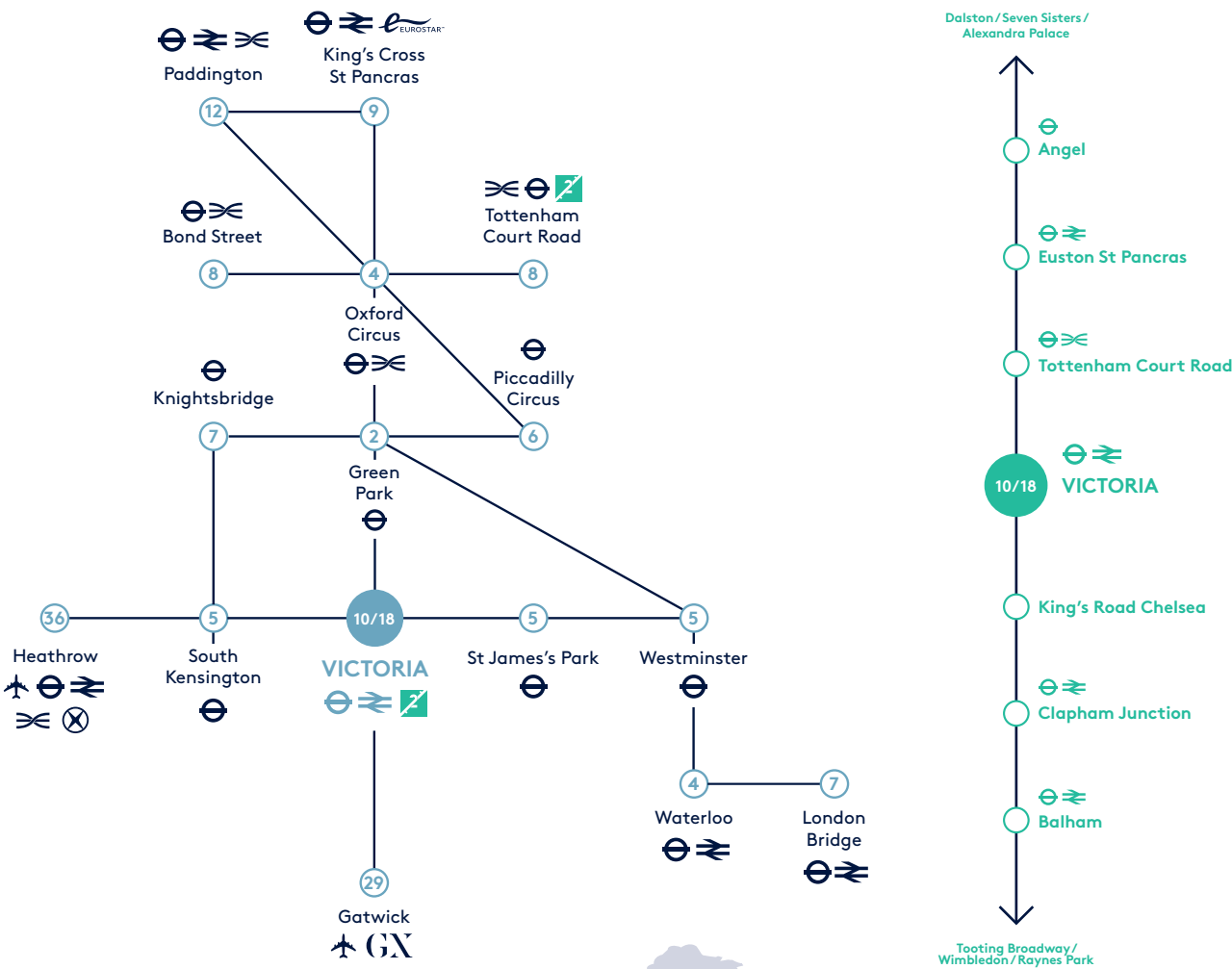
Victoria station is one of London's major transport hubs and connects London to southern England and internationally, by providing high speed trains to Gatwick Airport every 15 minutes.

VICTORIA STATION TRANSFORMATION

Victoria station is currently undergoing a transformational £700 million regeneration, which is due to complete this year. The key changes from the redevelopment of the station are:

- > A new underground north ticket hall (recently opened)
- > Enlargement of the existing south ticket hall
- > A new interchange tunnel between north and south ticket halls
- > Nine new lifts and escalators

OUTSTANDING CONNECTIVITY



“The £700m regeneration of Victoria Station finishes this year”



Crossrail 2 is the next phase of Europe's largest infrastructure investment programme and is planned to stop at Victoria station. The programme is currently in the planning phase and construction is not expected to begin until the early 2020s. It will increase station capacity at Victoria by 24,000 people daily during peak hours and give the opportunity for a direct link through central London without the need to change from National Rail to underground lines.

The high capacity rail line will run north east to south west through London and beyond. When in operation, the addition of Crossrail 2 will secure Victoria's position as London's busiest station.

10%

increase in London's rail capacity

30

trains per hour into Victoria Station

270,000

additional commuters in Central London during peak periods

Nova South/North

- > 550,000 sq ft Office, Retail & Leisure Development
- > Completed Q2 2016 (Nova South)
- > Completed Q1 2017 (Nova North)
- > CPPIB/Landsec

Nova Building

- > 170 Residential Units
- > Completed Q4 2016
- > CPPIB/Landsec

Nova East

- > 217,000 sq ft Office, Retail, Library & Residential Development
- > Expected 2020
- > CPPIB/Landsec

Zig Zag Building

- > 217,000 sq ft Office & Retail Development
- > Completed Q1 2016
- > Landsec

Sanctuary Buildings

- > Potential 227,000 sq ft Office Redevelopment
- > Expected 2019
- > Blackstone

VICTORIA'S ONGOING TRANSFORMATION

1

2

3

£80.00

5

£87.50

4

£85.00

6

Quoting
c.£90.00

7

£37.99

9

8

Verde

- > 320,000 sq ft Office Development
- > Completed Q2 2016
- > Tishman Speyer / PSP Investments

Buckingham Green

- > 140,000 sq ft Office, Retail & Residential Development
- > Expected 2018
- > London & Oriental

10 Broadway

- > 945,467 sq ft GEA Office, Retail & Residential Development
- > Expected Q4 2021
- > Northacre Plc & Abu Dhabi Financial Group

10 - 18
VICTORIA
STREET

1 Victoria Street

- > Potential 500,000 sq ft Development
- > Expected completion 2021+
- > Mitsubishi Estates

Key:

Rents Achieved £psf

TEN BROADWAY VICTORIA'S MOST EXCITING PROPOSED DEVELOPMENT

Ten Broadway is located adjacent to 10-18 Victoria Street and represents an iconic redevelopment, due to be delivered Q4 2021, having previously been home to the Metropolitan Police.



Northacre Plc with renowned architects Squire and Partners achieved planning consent in April 2016 for a new mixed use residential led development. The development will include six primary residential buildings comprising 258 private and 10 intermediate residential units above two commercial podiums, with an additional retail unit at the north of the site.

Ten Broadway will transform this part of Victoria, adding vibrancy and activity through the provision of high quality retail and restaurant units, Grade A office accommodation and exceptional residential space.

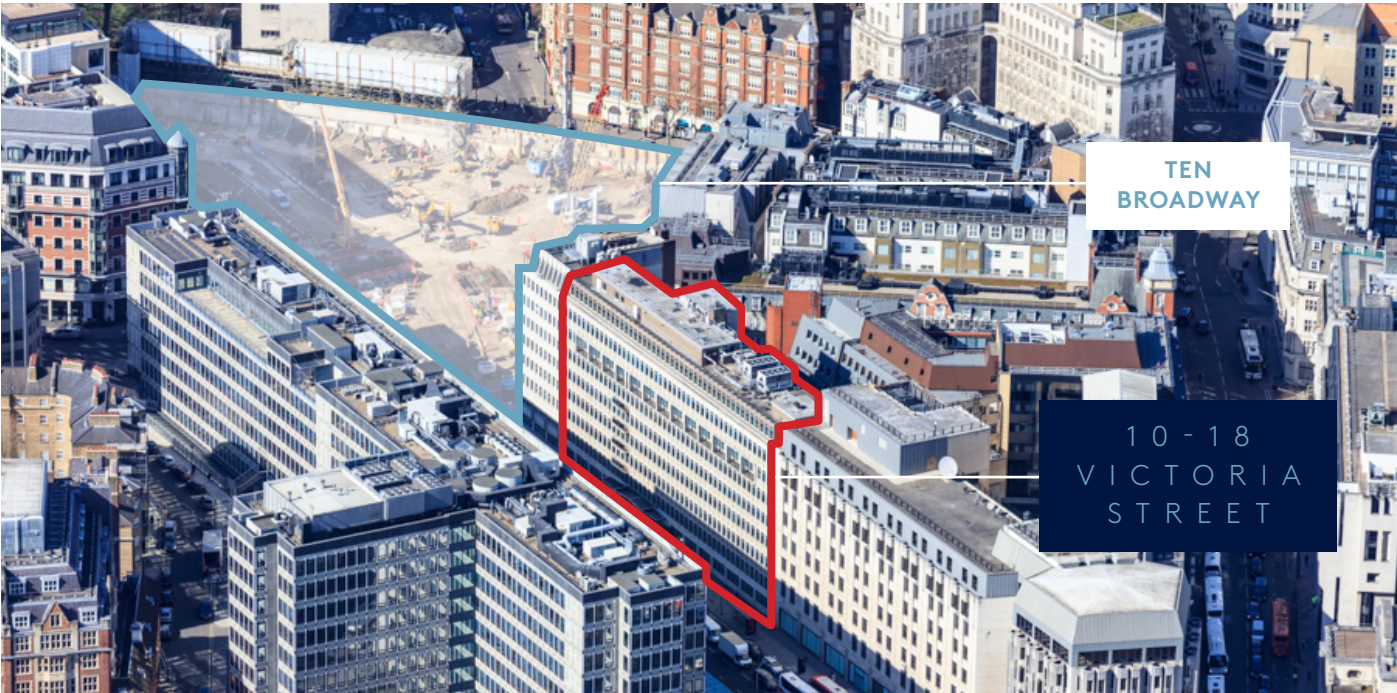
Proposed mix of uses

Retail GEA:	2,885 sq m / 31,054 sq ft
Office GEA:	14,911 sq m / 160,502 sq ft
Residential GEA:	51,508 sq m / 554,429 sq ft
Car parking spaces:	163
Cycle spaces:	776

Residential mix	258 Private Units
1 Bedroom	19%
2 Bedroom	56%
3 Bedroom	19%
4/5 Bedroom	6%



CGI of the new development



CGI of the courtyard



CGI of the reception

OTHER LANDMARK DEVELOPMENTS IN VICTORIA



Buckingham Green

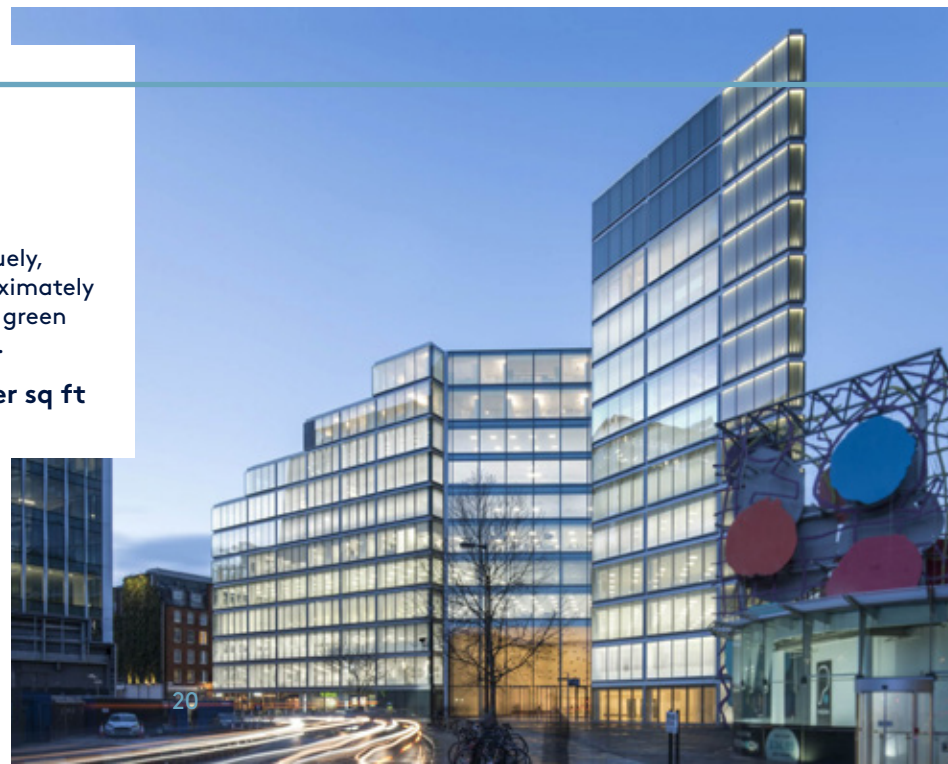
Three seamlessly integrated buildings comprising 64 luxury apartments, 55,000 sq ft of office accommodation and 11,000 sq ft of retail space, due for completion later this year.

Quoting rent: c.£90.00 per sq ft

Verde

Grade A office development by Tishman Speyer and PSP completed in Q2 2016. Uniquely, the property provides approximately three quarters of an acre of green terraces on the upper floors.

Rent achieved: £85.00 per sq ft



Nova North & South

Part of the wider Nova development site by Landsec and CPPIB, Nova North and South were completed in Q1 2017 and Q2 2016 respectively and comprise best in class office buildings with exclusive retail and leisure space at ground floor.

Rent achieved: £87.50 per sq ft





THE BUILDING

10-18 Victoria Street benefits from a 65m frontage to Victoria Street and provides 81,597 sq ft of flexible office accommodation arranged over basement, lower ground, ground and nine upper floors.

The ground floor extends to more than 10,500 sq ft and the upper floors range from approximately 5,163 sq ft to 7,100 sq ft and benefit from exceptional levels of natural light. The central core of the building creates an efficient floorplate that provides a degree of flexibility. In addition, the sixth and eighth floors benefit from external terraces with stunning views across historic London.

In addition, there is a residential caretakers flat on the ninth floor.

SPECIFICATION

The property benefits from the following specification:

- > Regular open-plan floorplates
- > Chilled ceiling air-conditioning system
- > Suspended ceilings with inset fluorescent lighting
- > Part perimeter trunking and part three compartment underfloor trunking
- > Male and female WCs on each floor and disabled WC provision at ground and lower ground floor levels
- > Three 15-person passenger lifts, providing access from the lower ground to the eighth floor
- > 13 car parking spaces at basement level accessed at the rear of the property
- > Extensive external terraces on the sixth and eighth floors

THE ACCOMMODATION

The Property has been measured by Lane and Frankham in accordance with the Code of Measuring Practice (6th Edition) published by the Royal Institution of Chartered Surveyors. The full measured survey is available in the data room.

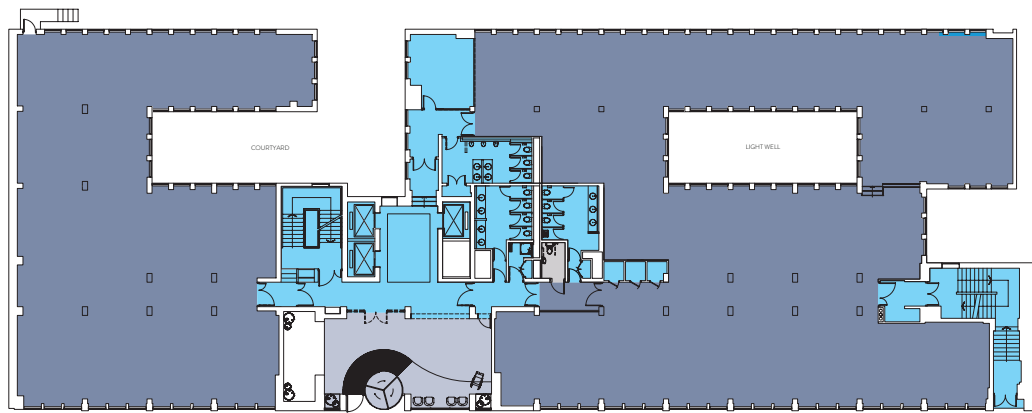
The Property provides the following areas:

Floor	Use	NIA Area (sq ft)	NIA Area (sq m)	GIA Area (sq ft)	GIA Area (sq m)
Ninth	Residential	617	57.3	2,987	277.5
Eighth	Offices	5,163	479.7	7,139	663.2
Seventh	Offices	7,042	654.2	9,168	851.7
Sixth	Offices	6,352	590.1	8,531	792.6
Fifth	Offices	7,100	659.6	9,168	851.7
Fourth	Offices	7,078	657.6	9,168	851.7
Third	Offices	7,080	657.8	9,168	851.7
Second	Offices	7,080	657.8	9,168	851.7
First	Offices	7,079	657.7	9,168	851.7
Ground	Offices	10,518	977.2	14,801	1,375.1
Ground	Reception	770	71.5	-	-
Lower Ground*	Offices	12,824	1,191.4	16,770	1,558.0
Basement	Storage/ 13 car parking spaces	2,894	268.9	9,395	872.8
Total		81,597	7,580.8	114,631	10,649.4

*Lower Ground includes 454 sq ft B.M.A.



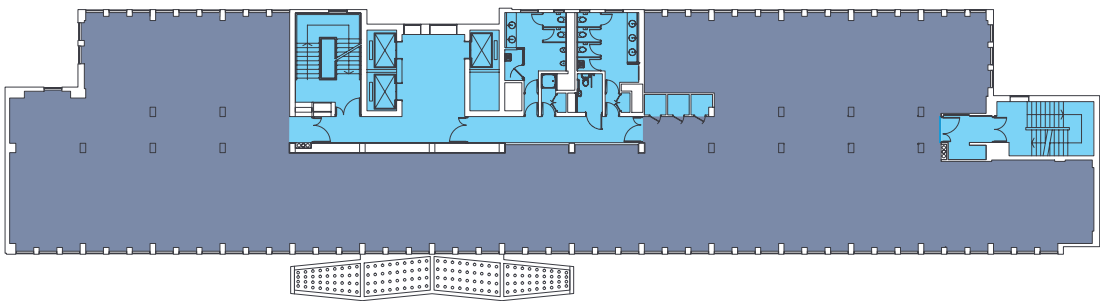
FLOOR PLANS



Victoria Street

GROUND FLOOR

10,518 sq ft / 977.2 sq m*



Victoria Street

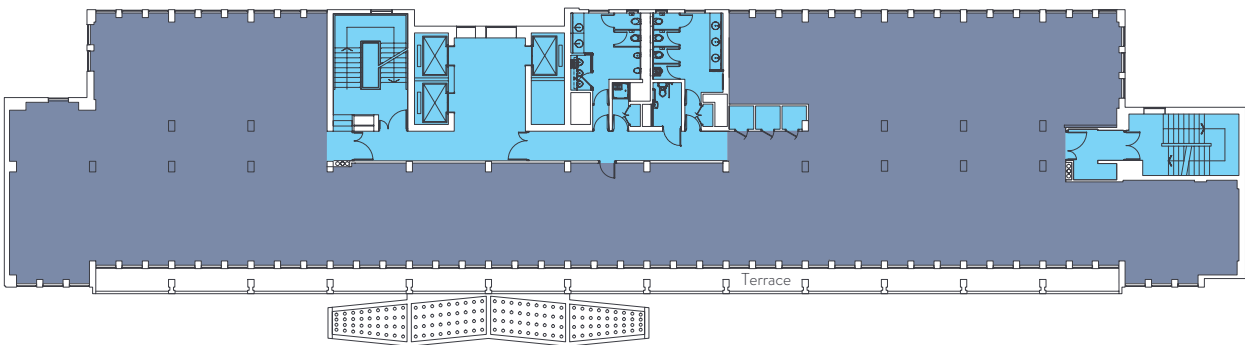
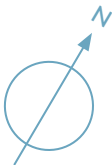
FIRST FLOOR

7,079 sq ft / 657.7 sq m

*excluding the reception

Floor plans are indicative only. Not to scale

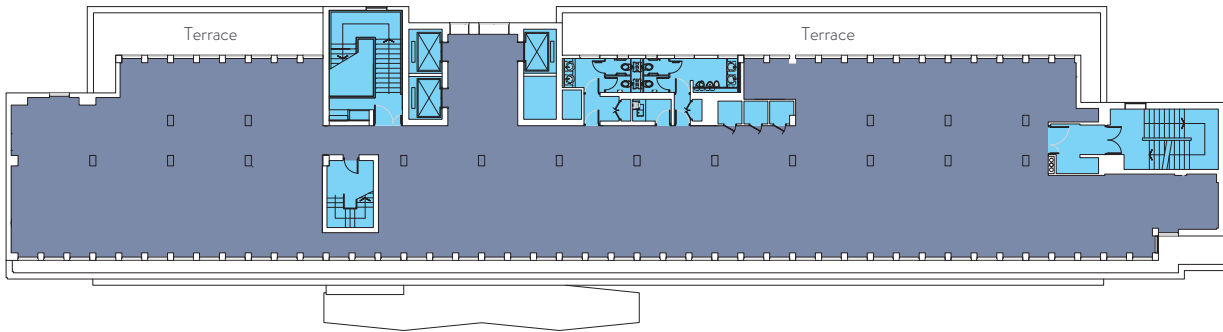
- Ancillary
- Office
- Reception



Victoria Street

SIXTH FLOOR

6,352 sq ft / 590.1 sq m



Victoria Street

EIGHTH FLOOR

5,163 sq ft / 479.7 sq m

Floor plans are indicative only. Not to scale

TENURE

Freehold.

The property is held freehold under title number LN168709, as illustrated below:



Plan not to scale. For identification purposes only. This plan is based upon the Ordnance Survey Map with the sanction of the controller of H.M. Stationery Office. Crown Copyright reserved.



TENANCY

An extremely low passing rent of £37.99 per sq ft, just 43% of the highest rent achieved in Victoria (£87.50 per sq ft) and 34% of the prime West End rent (£112.50 per sq ft)

- > 10-18 Victoria Street is let in its entirety to **The Secretary of State for the Environment, Transport and the Regions** on a fully repairing and insuring lease for a term of 15 years, expiring 19 February 2026.
- > The current passing rent is £3,095,000 per annum subject to a fixed increase on 20 February 2019 to £3,100,000 per annum.
- > The vendor proposes to top up the rent to the fixed increase which equates to an **extremely low average rent of £37.99 per sq ft.**
- > There is an upward only rent review on 20 February 2021.
- > The lease is inside the security of tenure provisions of the Landlord and Tenant Act 1954.
- > 10-18 Victoria Street is occupied by a variety of Government bodies including the Cabinet Office, BEIS, Labour Market Enforcement, Mayor's Office for the Policing and Crime (MOPAC) and Nuclear Decommissioning Authority.

10-18 Victoria Street is single let to the British Government



Since 2010, the Government has significantly reduced their central estate particularly in central London where overall costs are much higher. An example is the relocation of the Metropolitan Police from New Scotland Yard, to the Curtis Green Building on Victoria Embankment.

There are suggestions that the British Government has downsized too far, and with Brexit at the forefront of UK politics, a renewed increase in Government demand is likely. We are of the opinion that 10-18 Victoria Street remains an important Government office building, situated in very close proximity to Parliament Square and the House of Lords.

The Houses of Parliament will undergo a major restoration from 2025 with the House of Commons expected to move to Richmond House and the House of Lords to relocate to the nearby Queen Elizabeth II conference centre.

CAPTURING THE FUTURE POTENTIAL OF 10-18 VICTORIA STREET

The Property is a substantially underdeveloped site that provides numerous opportunities to add value, including:

1. Extension and refurbishment of the existing building
2. Substantial office or mixed use redevelopment
3. Hotel redevelopment or alternative use such as residential
4. A lease restructure with the British Government
5. Future site amalgamation through strategic acquisitions



1. EXTENSION AND REFURBISHMENT OF THE EXISTING BUILDING

The existing building is currently substantially underdeveloped and there is therefore the opportunity to significantly increase floor area through an extension.

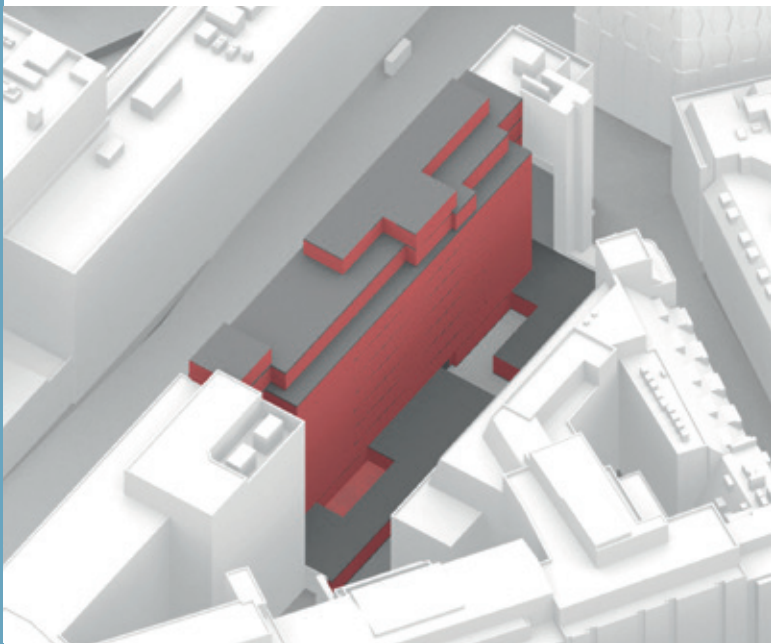
PLP Architecture in co-ordination with DP9 planning consultants have prepared a scheme that extends to a net internal area of 123,096 sq ft across basement, lower ground, ground and nine upper floors.

INDICATIVE FLOOR AREAS

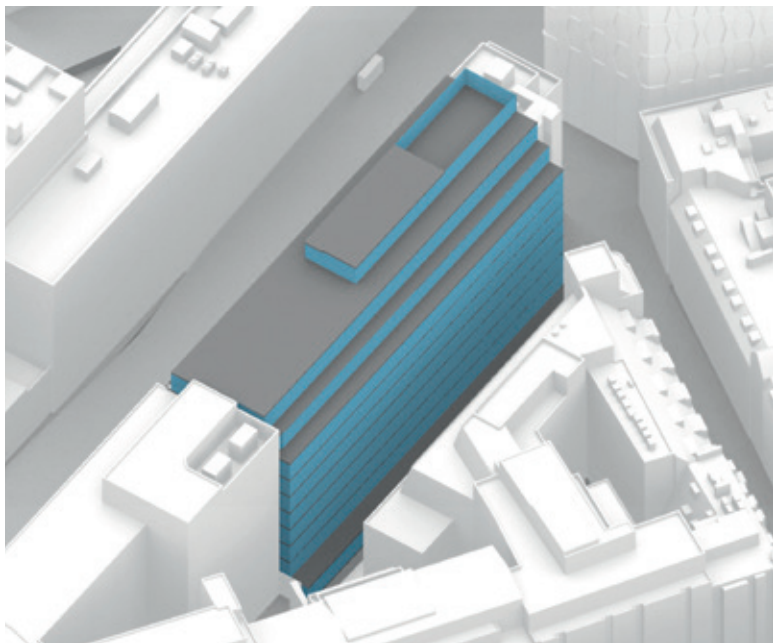
Floor	NIA (sq ft)	NIA (sq m)	GIA (sq ft)	GIA (sq m)
Plant Room	-	-	2,201	204.5
Ninth	7,810	725.6	10,275	954.6
Eighth	10,025	931.4	12,532	1,164.3
Seventh	11,890	1,104.6	14,528	1,349.7
Sixth	11,890	1,104.6	14,528	1,349.7
Fifth	11,890	1,104.6	14,528	1,349.7
Fourth	11,890	1,104.0	14,528	1,349.7
Third	11,890	1,104.6	14,528	1,349.7
Second	11,890	1,104.6	14,528	1,349.7
First	11,890	1,104.6	14,528	1,349.7
Ground	12,879	1,196.5	16,551	1,537.7
Lower Ground	9,152	850.3	18,420	1,711.3
Basement	-	-	8,481	787.9
Total	123,096	11,436.0	170,156	15,808.2

A 51% increase in the net internal area

EXISTING BUILDING



EXTENSION SCHEME



2. SUBSTANTIAL OFFICE OR MIXED USE REDEVELOPMENT

There is the opportunity to create a new best-in-class single or mixed use development scheme with an exceptional frontage on Victoria Street.

PLP Architecture have prepared a comprehensive architectural study, supported by DP9 planning consultants, to develop a new nine storey building comprising retail and gym accommodation at ground and lower ground floors with grade A offices above.

The redevelopment extends to a net internal area of 132,970 sq ft.

PROPOSED SPECIFICATION

- > 2.75m minimum floor to ceiling heights
- > Four pipe fan coil air conditioning
- > Double height reception
- > Approximately 135 cycle storage spaces
- > 16 showers and 160 lockers
- > Front and rear terraces on the 6th, 8th and 9th floors providing panoramic views

INDICATIVE FLOOR AREAS

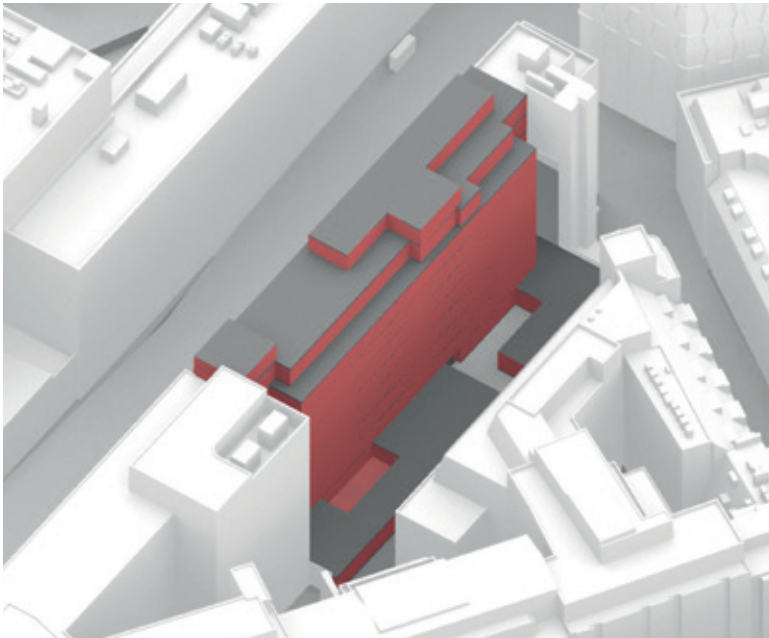
Floor	NIA (sq ft)	NIA (sq m)	GIA (sq ft)	GIA (sq m)
Plant Room	N/A	N/A	N/A	N/A
Ninth	8,953	831.8	11,192	1,039.7
Eighth	11,137	1,034.6	13,921	1,293.3
Seventh	13,320	1,237.5	16,650	1,546.9
Sixth	13,320	1,237.5	16,650	1,546.9
Fifth	14,194	1,318.7	17,742	1,648.3
Fourth	14,194	1,318.7	17,742	1,648.3
Third	14,194	1,318.7	17,742	1,648.3
Second	14,194	1,318.7	17,742	1,648.3
First	12,502	1,161.4	15,627	1,451.8
Ground	10,867	1,009.6	16,650	1,546.9
Lower Ground	6,095	566.2	18,425	1,711.8
Basement	-	-	11,476	1,066.1
Total	132,970	12,353.4	191,559	17,796.6

A 63% increase in the net internal area

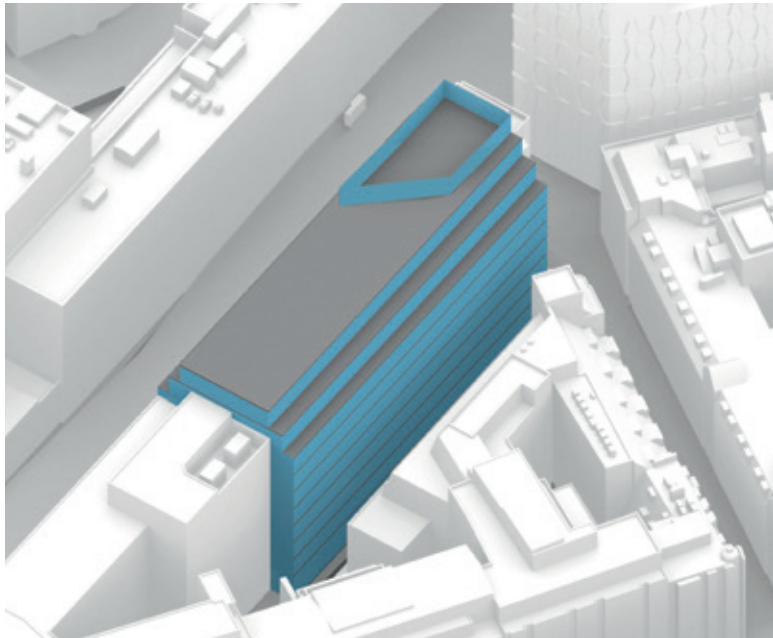


CGI of the proposed office redevelopment

EXISTING BUILDING



OFFICE REDEVELOPMENT



3. HOTEL REDEVELOPMENT

Existing planning policy would support a change of use to hotel. PLP Architecture have prepared a detailed hotel scheme for a 203 key hotel with associated retail and leisure facilities.

The accommodation would extend to a gross internal area of 135,878 sq ft across basement, lower ground, ground and ten upper floors.

PROPOSED SPECIFICATION

- > Flexible conferencing facilities
- > Mix of standard rooms, executive rooms and junior suites
- > Restaurant, bar and a gymnasium
- > Car drop off area and servicing capabilities at the rear of the building

Room Type	Number	Average size (sq m)
Standard	133	24
Executive	48	27
Junior Suite	22	37.5
	203	

INDICATIVE FLOOR AREAS

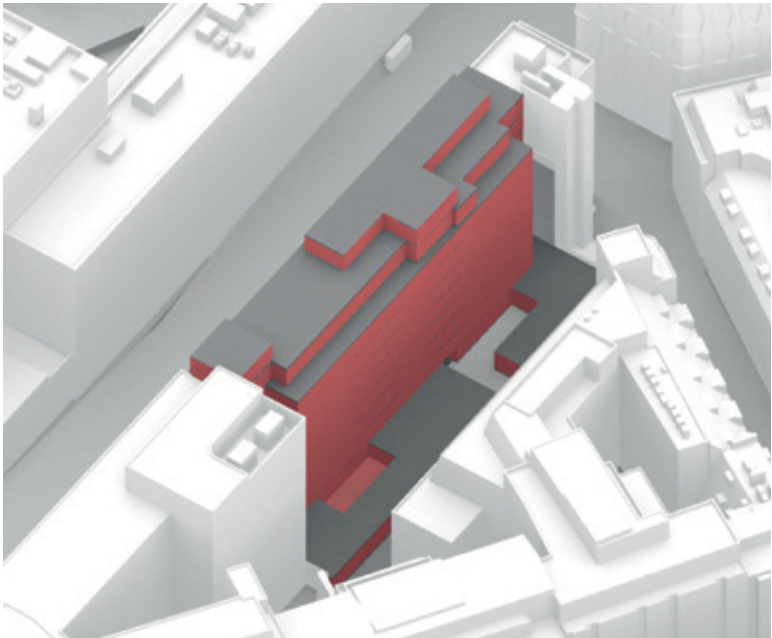
Floor	*NIA (sq ft)	*NIA (sq m)	GIA (sq ft)	GIA (sq m)
Plant Room	N/A	N/A	N/A	N/A
Tenth	5,220	485.0	9,278	861.9
Ninth	5,220	485.0	9,278	861.9
Eighth	6,588	612.0	10,857	1,008.6
Seventh	6,588	612.0	10,857	1,008.6
Sixth	6,588	612.0	10,857	1,008.6
Fifth	6,588	612.0	10,857	1,008.6
Fourth	6,588	612.0	10,857	1,008.6
Third	6,588	612.0	10,857	1,008.6
Second	6,588	612.0	10,857	1,008.6
First	7,199	668.8	10,857	1,008.6
Ground	6,620	615.0	16,650	1,546.9
Lower Ground	-	-	13,816	1,283.5
Basement	-	-	-	-
Total	70,375	6,537.8	135,878	12,623.0

*NIA refers to hotel rooms only.

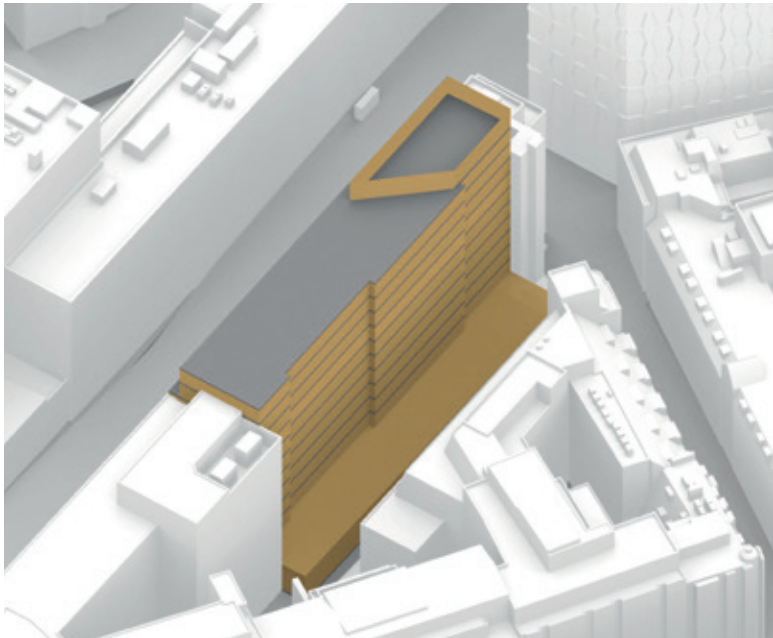
CGI of the proposed hotel redevelopment



EXISTING BUILDING



HOTEL REDEVELOPMENT



4. A LEASE RESTRUCTURE WITH THE BRITISH GOVERNMENT

There is the opportunity to explore a lease re-gear with the British Government at lease expiry in 2026, or earlier via negotiation, off a substantially enhanced rent and extended term.

A recent example of where the government have re-gearred their lease for another 15 years is 33 Horseferry Road, also in Victoria, where the rent is subject to annual rent reviews indexed to the consumer price index (CPI), subject to a minimum increase of 1% and a maximum increase of 4% per annum.



Alternatively, vacant possession could be negotiated prior to lease expiry subject to negotiation. This would provide the opportunity to refurbish and reposition the existing building to a high specification and achieve a new headline rent.

5. FUTURE SITE AMALGAMATION THROUGH STRATEGIC ACQUISITIONS

There may be the opportunity in the future to further increase the massing on the site via strategic acquisitions of surrounding buildings. This would create a new landmark scheme that would transform the eastern end of Victoria Street and Tothill Street.



OFFICE MARKET COMMENTARY

Victoria accounts for almost 25% of the total West End office stock and continues to evolve as one of central London's most dynamic markets.

Occupiers such as Egon Zehnder, Advent International, DONG Energy and Giorgio Armani have all recently established their headquarters in Victoria, attracted by its relative affordability, new best in class office accommodation, unrivalled transport links and array of amenities.

Office take up in Victoria for 2017 touched 625,000 sq ft, reflecting a 25% increase on the 5-year average and the highest annual total since 2007.

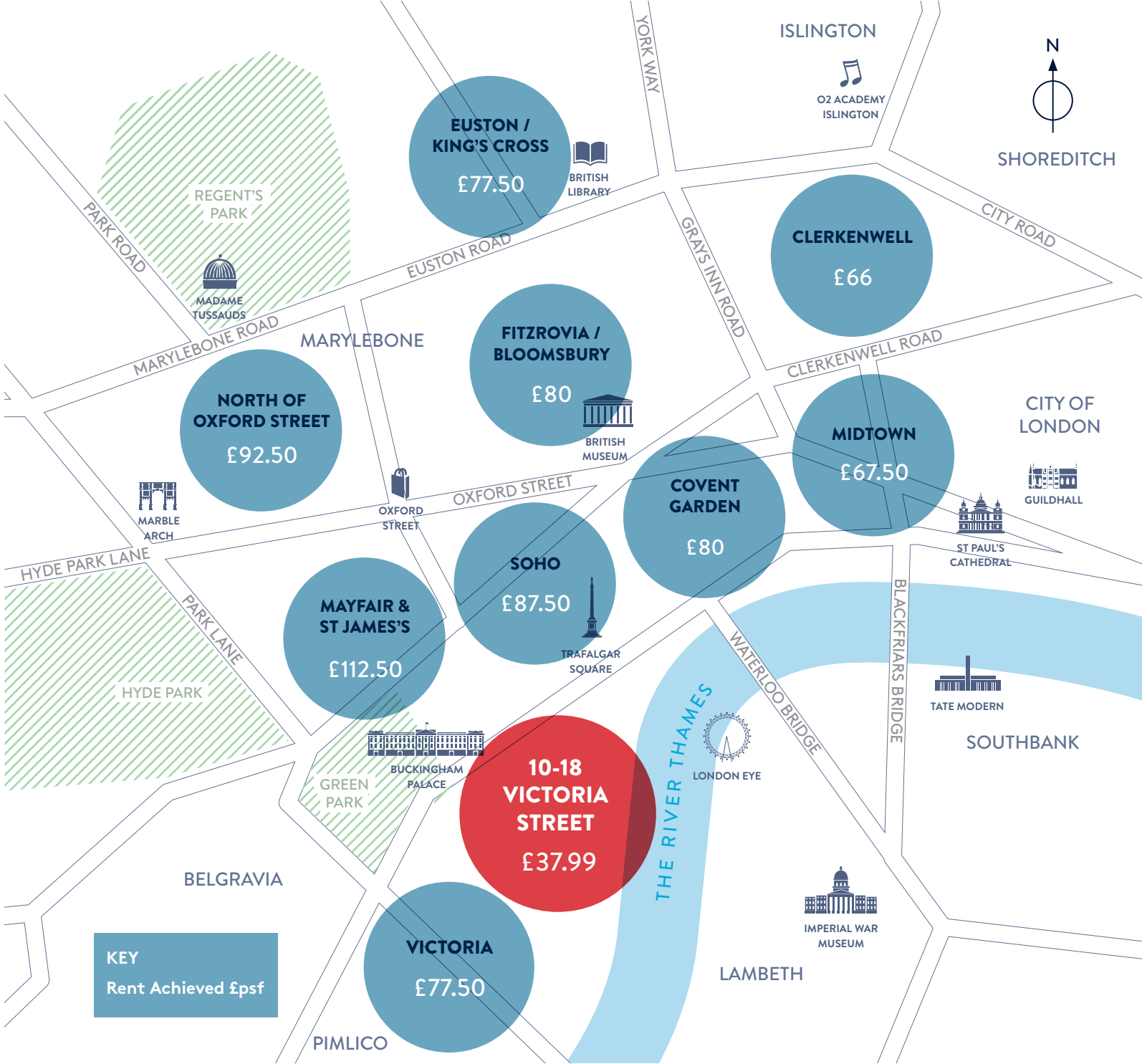
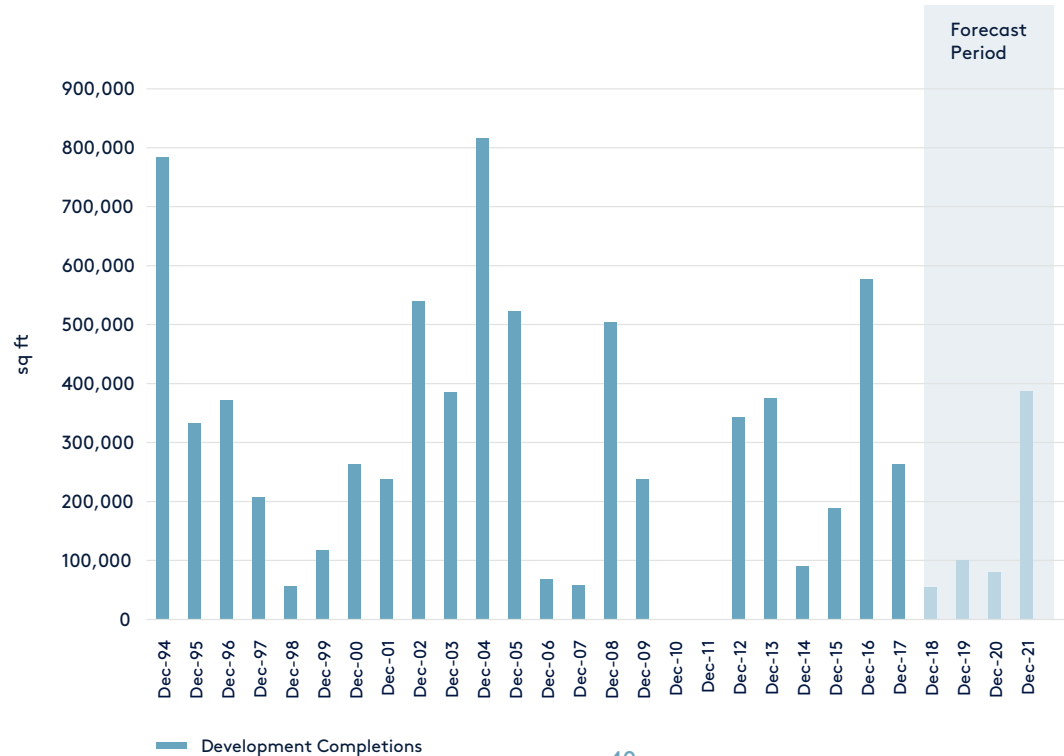
Victoria has 1m sq ft of identified Grade A office requirements which significantly outweigh the Grade A supply of 277,317 sq ft, and maintains a low vacancy rate of just 1.70%.

The Victoria development pipeline is severely constrained in the short term and availability is forecast to decline until 2021. Aside from the refurbishment of Westminster City Hall, which is due to complete in early 2019, there are only four new office developments anticipated to complete in the next four years, totalling just 522,000 sq ft of accommodation.

With the five year average annual total take up of circa 500,000 sq ft for Victoria, the development pipeline will fall well short of satisfying demand levels, putting further upwards pressure on prime Victoria rents.

10-18 Victoria Street at £37.99 psf represents 34% of the prime West End rent

DEVELOPMENT COMPLETIONS



LEASING EVIDENCE

DATE	BUILDING	TENANT	RENT (£psf)
Available	Buckingham Green	TBC	c.£90.00
Q1 2018	Nova North	Neptune Energy	£85.00
Q3 2017	Zig Zag Building, 70 Victoria Street	Navig8 Europe	£77.50
Q2 2017	Nova South	Motorola	£85.00
Q1 2017	80 Cardinal Place	Holbein Partners	£75.00
Q4 2016	Verde, Bressenden Place	Oaktree Capital Management	£85.00
Q2 2016	Nova South	BHP Billton	£86.50

INVESTMENT MARKET COMMENTARY

The central London investment market remains robust with sustained demand from domestic and overseas investors. Total transaction volumes for 2017 reached £16.8bn, which represents a 15% increase from 2016. The trend for overseas investors showed no signs of abating, with 87% of central London transactions purchased by non-domestic investors with buyers from Asia Pacific accounting for 44%.

Strong demand from investors is due to the underlying view that central London property offers positive investment returns and a degree of protection from political and economic risks.

INVESTMENT EVIDENCE

DATE	ADDRESS	TENURE	PRICE	CAP VAL PER SQ FT	NIY	PURCHASER
Apr-18	48 Charlotte Street, W1	FH	£31m	£1,275	3.70%	Private Asian
Mar-18	First Avenue House, 42-49 High Holborn, WC1	FH	£154m	£1,372	3.46%	Private Far Eastern
Dec-17	4-5 Buckingham Gate, SW1	FH	£31.5m	£1,217	3.08%	Private
Nov-17	22 Baker Street, W1	FH	£123m	£1,661	3.73%	Lazari Investments
Jun-17	33 Horseferry Road, SW1	FH	£207.5m	£1,143	3.72%	Sinar Mas Land
Dec-16	120 - 134 Tottenham Court Road, W1	FH	£68.7m	£2,642	3.30%	Monoceros
Sep-16	Townsend House, Greycoat Place, SW1	FH	£18.5m	£1,019	3.04%	Private Hong Kong
Jun-16	The Asticus Building, SW1	FH	£80.9m	£1,350	3.83%	AXA Real Estate
May-16	7-10 Chandos Street, W1	FH	£68.5m	£1,377	2.72%	Howard De Walden Estates
Mar-16	Kinnaird House, SW1	LLH	£85m	£1,189	3.47%	Sidra Capital & 3 Associates Capital



HOTEL MARKET COMMENTARY

In part helped by the fall in sterling, London continued to be the go to destination and was the most visited city in Europe in 2017 with approximately 39.9 million visits.

The attraction of the city has shaped one of the best performing hotel markets internationally, with occupancy averaging over 80% for the past seven years.

Trading performance in 2017 was very robust with hotels achieving 4.4% RevPar growth. The forecast for 2018 is very positive with London hotels expected to achieve 2.4% RevPar growth.

VisitBritain expects 2018 to be an exceptional year for tourism. UK’s inbound tourism is forecast to achieve a record-breaking 42m visits in the year ahead.

The new supply of quality lifestyle hotels in prime locations is more restricted in the West End making 10-18 Victoria Street a rare opportunity for development.



FURTHER INFORMATION

EPC

An EPC is available in the data room.

VAT

The Property is elected for VAT.

DATA ROOM

Access to the online data room is available upon request, which includes:

- > 2015 Lane & Frankham measured survey
- > PLP Architecture study
- > Legal and title documentation
- > DP9 Planning note

PLANNING

10-18 Victoria Street is located within the Central Activities Zone, the Victoria Opportunity Area, and an Archaeological Priority Area. The existing building is not listed and is not located within a conservation area.

DP9 have prepared a summary of the relevant planning policies which is available to view in the on line data room.

CAPITAL ALLOWANCES

Further information is available on request.

PROPOSAL

We are instructed to seek offers in excess of **£95,000,000** subject to contract and exclusive of VAT.

Pricing at this level reflects a net initial yield of 3.21%, and an **exceptionally low capital value of only £1,164 per sq ft**, assuming an acquisition of the Jersey based SPV which holds the freehold (assuming 1.80% purchaser's costs).

CONTACT INFORMATION

DAN DRURY

+44 (0)20 7152 5374
dan.drury@cushwake.com

RICHARD WOMACK

+44 (0)20 7152 5775
richard.womack@cushwake.com

HENRY GUIVER

+44 (0)20 7152 5476
henry.guiver@cushwake.com

OLIVER SPRACKLING

+44 (0)20 7182 2027
oliver.sprackling@cbre.com

PIERS AGACE

+44 (0)20 7182 3766
piers.agace@cbre.com

ALEX FRYER

+44 (0)20 3214 1903
alex.fryer@cbre.com



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