BADEN PLACE

CROSBY ROW | LONDON SE1 1YW

REVERSIONARY FREEHOLD MULTI LET OFFICE INVESTMENT

INVESTMENT SUMMARY:

- **Freehold.**
- Courtyard complex of 13 office units located on the west side of Crosby Row within a 3 minute walk of both London Bridge and Borough Underground stations.
- Constructed in the 1980's to provide character studio accommodation extending to 25,332 sq ft over ground and three upper floors with six car parking spaces at ground floor level.
- Multi-let to 9 tenants over 13 units.
- **The property has an average weighted unexpired lease term of 3.1 years to expiry.**
- Potential to increase net lettable floor area, subject to planning through extension, reconfiguration and infilling of courtyard.
- **Current passing rent of £1,254,014 per annum, which equates to an average rent of £48.38 psf.**
- Excellent opportunity for investors to capitalise on strong rental growth supported by occupational demand.
- Potential change of use to residential, subject to planning.
- Offers are sought in excess of **£22,500,000 (Twenty two million, five hundred thousand pounds)**, subject to contract and exclusive of VAT. A purchase at this level reflects a **net initial yield of 5.22%**, a capital value of **£888 psf**, and an attractive **reversionary yield of 6.00%** assuming standard purchase costs of 6.75%.

LOCATION:

Baden Place occupies a courtyard site on the west of Crosby Row, which links Long Lane with Guy's Hospital campus to the north. The property is located within a three minute walk of Borough High Street, the principal thoroughfare linking the City and London Bridge to the north, with Elephant and Castle to the south.

Baden Place is located in London's vibrant South Bank in close proximity to Borough Underground Station and London Bridge Underground and mainline rail services. This unique area is undergoing a sustained period of transformation with many new developments and attractions moving into one of the oldest parts of London.

As a result of this investment and regeneration, the area is now recognised as a cosmopolitan working environment which has attracted multiple major corporations whilst fast becoming the location of choice for the media sector. The area offers employees proximity to Southwark and London Bridge which benefit from a wide variety of cultural and leisure amenities as well as excellent communication links.

LOCAL OCCUPIERS

Consequently, an increasingly wide and diverse occupier market is being attracted to the area including:

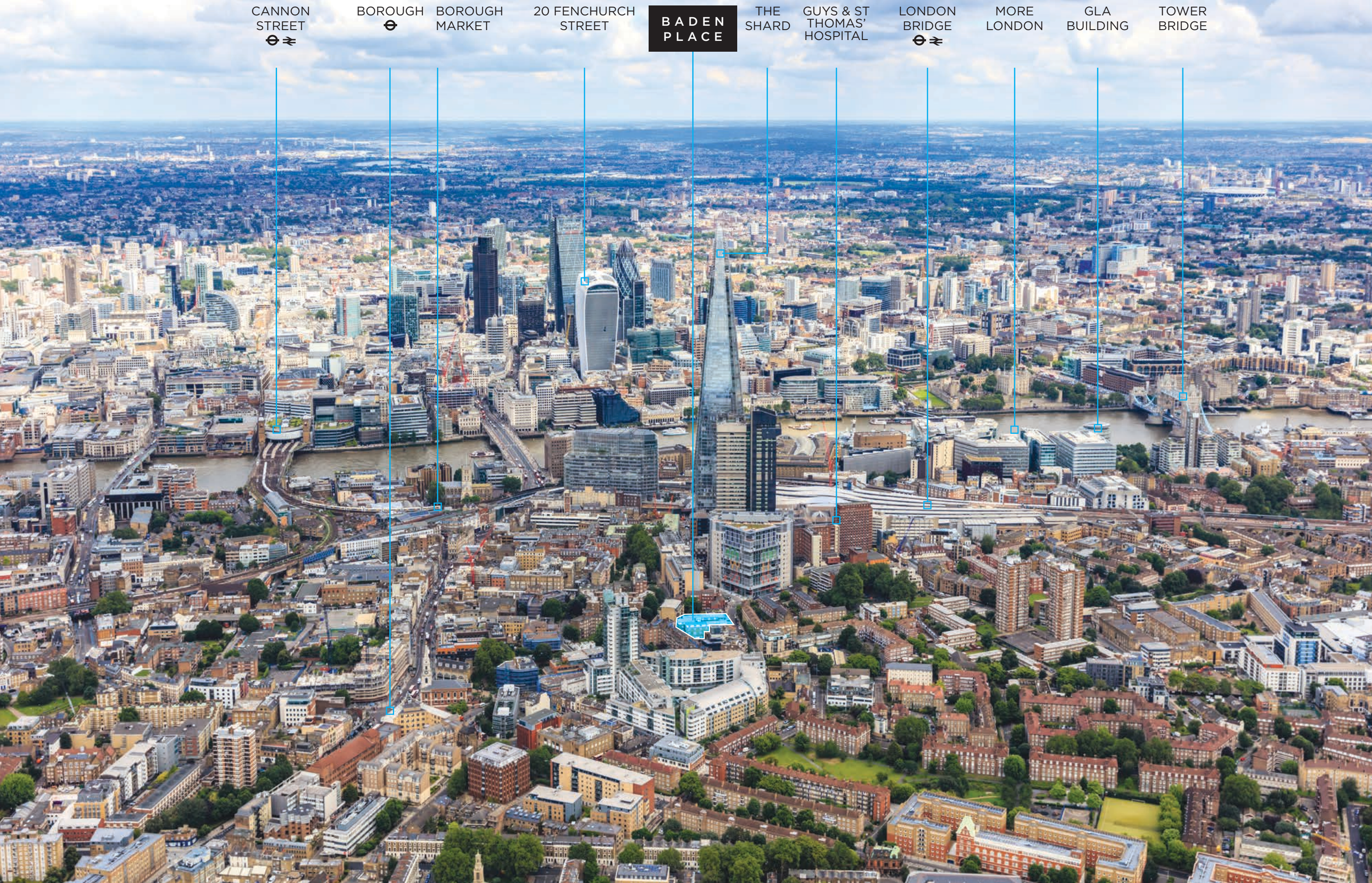
- News International
- Financial Times
- EY
- PWC
- Transport for London
- Omnicom
- Oglivy and Mather
- Thomson Reuters
- We Work
- Time Inc

ATTRACTIONS

Southbank is also a popular cultural destination for tourists. It hosts some of London's most iconic tourist attractions including Tate Modern Art, The South Bank Centre, Royal Festival Hall, and the National Theatre. The Hayward Gallery, the Imax Cinema, the Globe, and the Old and New Vic Theatres are also in close proximity. The London Theatre Company is set to open London's first new major theatre in 40 years in 2017 at One Tower Bridge.

RESIDENTIAL

Several prime residential developments have recently completed or are under construction in the area. These include NEO Bankside by Native Land, Union Square by Mount Anvil, Berkeley Group's One Tower Bridge and One Blackfriars, and Taylor Wimpey's Music Box on Union Street.


CANNON STREET
BOROUGH
BOROUGH MARKET
20 FENCHURCH STREET
BADEN PLACE
THE SHARD
GUYS & ST THOMAS' HOSPITAL
LONDON BRIDGE
MORE LONDON
GLA BUILDING
TOWER BRIDGE

COMMUNICATIONS:

The property has excellent communication links. London Bridge Underground and mainline station and Borough station are within a few hundred metres.

The South Bank connections provide easy access to the City, West End and Canary Wharf.

LONDON BRIDGE

Situated approximately 300 metres to the north of Baden Place, this station provides access to both the Jubilee and Northern lines. The over ground station offers rail services to south London, Kent and Sussex.

BOROUGH

Situated approximately 300 metres to the west of the property this station provides access to the Northern line.

London Bridge station refurbishment

JOURNEY TIMES FROM LONDON BRIDGE (MINUTES):

NORTHERN LINE:

LONDON BRIDGE	BANK	MOORGATE	OLD STREET	KING'S CROSS
	2	5	6	11

JUBILEE LINE:

BOND STREET	GREEN PARK	WESTMINSTER	WATERLOO	LONDON BRIDGE	CANARY WHARF
8	6	4	3		6

WITHIN 3 MINUTES WALK OF THE JUBILEE AND NORTHERN LINES

SITUATION:

FUTURE DEVELOPMENT

London Bridge is currently undergoing a £500 million refurbishment to increase capacity which is due to complete in January 2018. Upon completion, the station will offer further retail and restaurant amenities along with connectivity to new stations such as Peterborough and Cambridge.

The retail and leisure offering is also set to dramatically improve. Meyer Bergman has been granted planning permission for its redevelopment of the Vinopolis site next to Borough Market. Consent has been granted for a mixed use scheme comprising 111,610 sq ft of retail space and 11,334 sq ft of leisure provision across the railway arches and former Vinopolis building.

DESCRIPTION:

Baden Place was constructed in the mid-1980s to provide an attractive courtyard studio complex. The property is arranged in a 'U' shape facing into a central courtyard. It is accessible from Crosby Row via a dedicated entrance on the east side of the property.

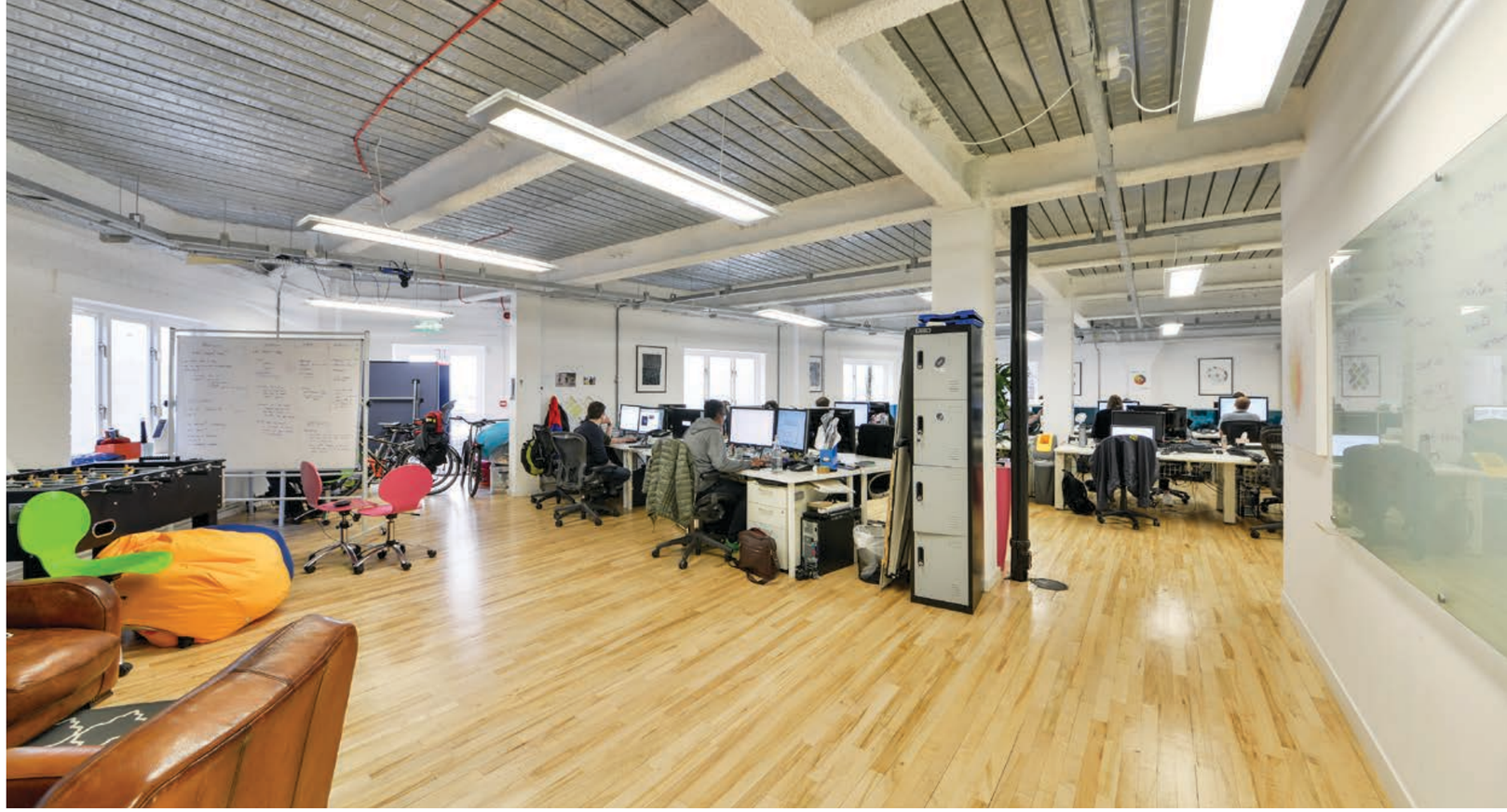
The property comprises 13 separate office units arranged over ground, first, second, and third floors. The units range in size from 521 sq ft to 4,465 sq ft. The courtyard has the capacity to provide 6 car parking spaces. Suspended walkways provide access to all of the units.

The accommodation benefits from excellent levels of natural light. Internally, the specification varies between units. A number of units have recently been refurbished to provide exposed services, air handling units, and suspended lighting. Other units have suspended mineral fibre ceilings, recessed lighting, central heating, and perimeter trunking.

The Landlord is currently undertaking the following works to the scheme which completed in April 2017:

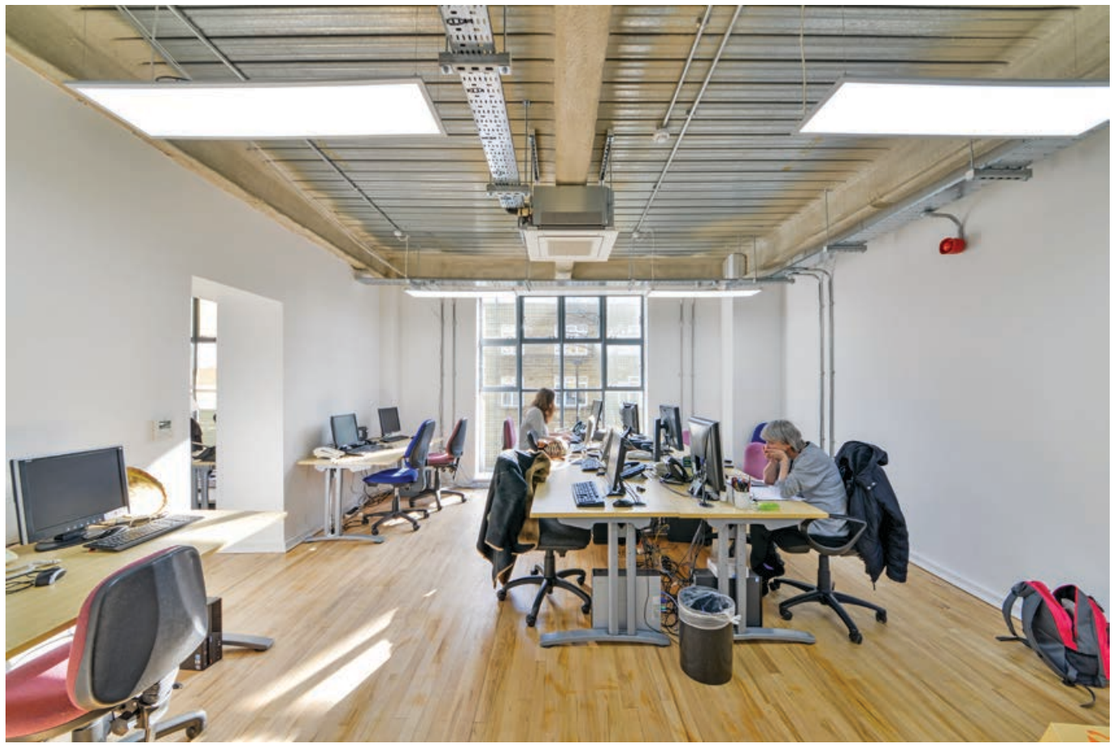
- Internal and external decoration of the front elevation and courtyard facing windows;
- Resurfacing of the entire 3rd floor walkway;
- Refurbishment of the common parts WCs on ground, 1st, and 2nd floors;
- Refurbished the 11 person passenger lift which services the property.

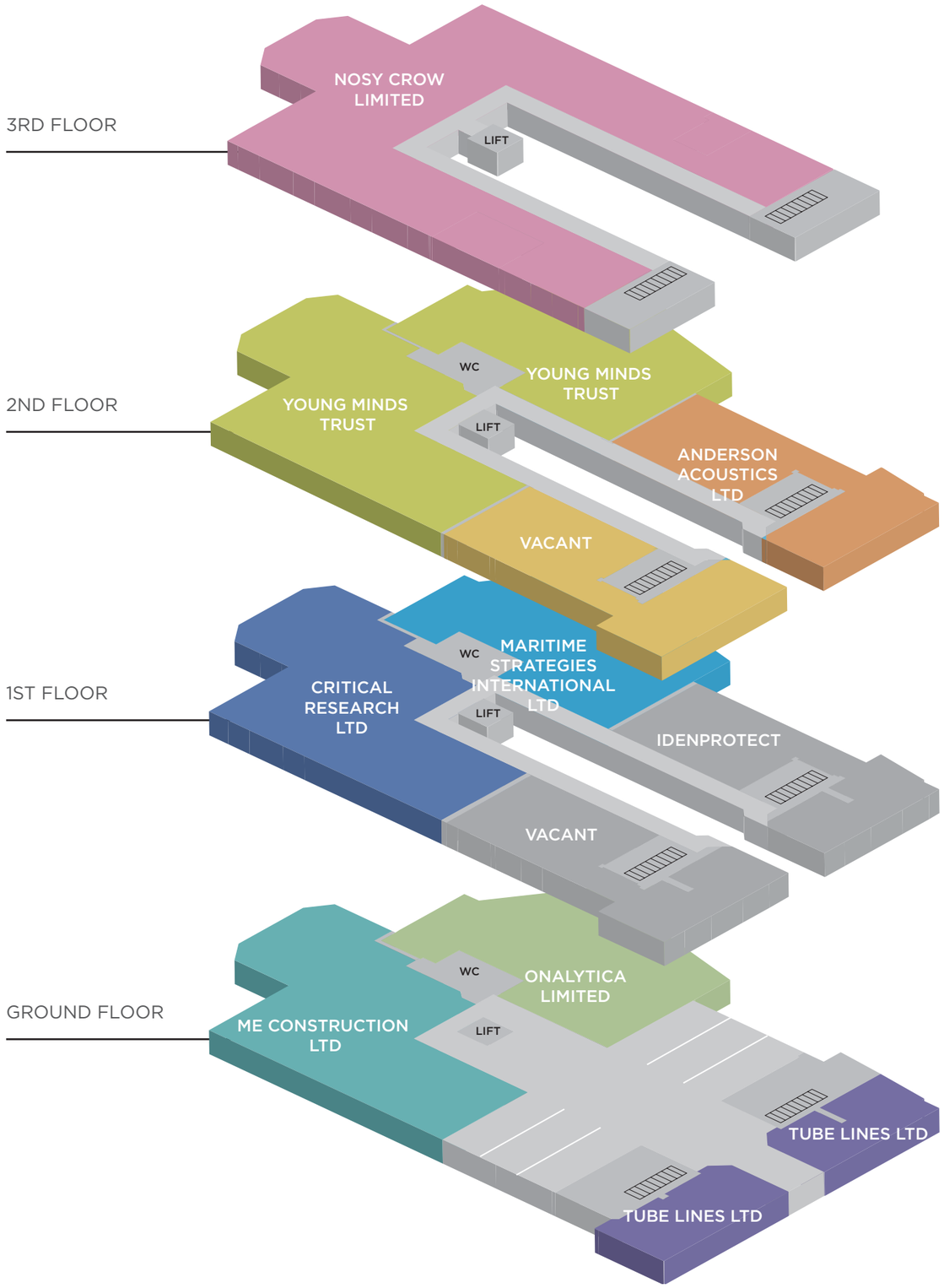
There is a restriction on hours of use between 7am to 7pm Monday to Friday.



ACCOMMODATION:

	AREA NIA		AREA IPMS 3	
FLOOR	AREA (SQ M)	AREA (SQ FT)	AREA (SQ M)	AREA (SQ FT)
3	414.8	4,465	430.9	4,638
2	696.8	7,501	710.2	7,644
1	696.3	7,495	709.2	7,641
Ground	545.4	5,871	554.7	5,972
Total	**2,353.3**	**25,332**	**2,405.7**	**25,896**

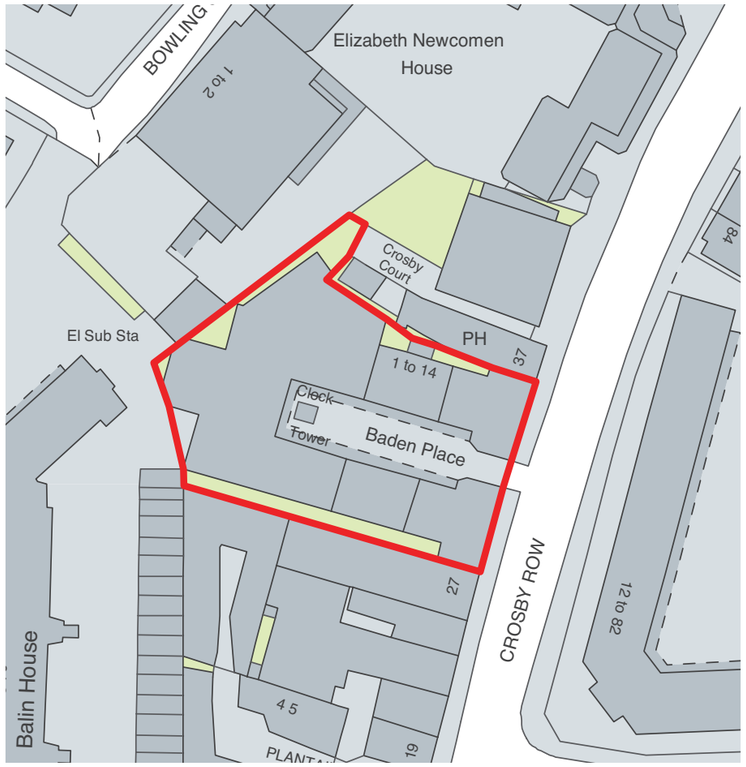




TENURE:

Freehold.

The site extends to 0.28 acres.



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

TENANCIES:

The property is multi-let to 9 tenants over 13 units and currently produces a rent roll of £1,254,014 per annum, reflecting a passing rent of £48.38 per sq ft overall.

The property has an average weighted unexpired lease term of 3.1 years until expiry.

FLOOR	UNIT	TENANT	AREA NIA (SQ M)	AREA NIA (SQ FT)	LEASE START	LEASE EXPIRY	RENT (£ PA)	RENT (£PSF)	ERV (£ PA)	ERV (£PSF)	EPC	OUTSIDE 1954 ACT	COMMENTS
Ground	1	Tubes Lines Ltd	51	547	08/01/09	07/01/19	£16,020	£29.29	£30,085	£55.00	G157	Yes	Sublet to World Hepatitis Alliance
	2	Onalytica Limited	202	2,173	19/12/16	18/12/19	£110,000	£50.62	£119,515	£55.00	C59	Yes	
	3	ME Construction Ltd.	244	2,630	27/07/11	26/07/19	£118,350	£45.00	£144,650	£55.00	C63	No	27/07/16 rent review being reviewed, contracted rent £45,975 pa. Vendor to top up to anticipated settlement of £45 psf.
	4	Tubes Lines Ltd.	48	521	08/01/09	07/01/19	£15,720	£30.17	£28,655	£55.00	G157	Yes	
1st	5	iDenprotect	124	1,330	01/07/17	30/06/20	£75,000	£56.39	£75,145	£56.50	D87	Yes	01/07/17 lease start, vendor to top up. No rent free.
	6	Maritime Strategies International Ltd.	201	2,164	08/02/13	07/02/18	£58,035	£26.82	£122,266	£56.50	B43	Yes	
	7	Critical Research Ltd	246	2,643	01/01/17	31/12/21	£134,700	£50.96	£149,330	£56.50	C51	Yes	Vendor to top up to the 01/01/19 increase. Contracted rent £101,025pa, increases to £112,500 pa from 01/01/18, and to £134,700 from 01/01/19.
	8	VACANT	126	1,358	-	-	£76,727	£56.50	£76,727	£56.50	C74	Yes	Vendor to provide 6 month rental guarantee
2nd	9	Anderson Acoustics Ltd.	125	1,344	08/03/16	07/03/19	£61,717	£45.92	£75,936	£56.50	E116	Yes	
	10	Young Minds Trust	201	2,164	16/09/16	15/07/19	£110,400	£51.02	£122,266	£56.50	B49	Yes	
	11	Young Minds Trust	246	2,643	04/08/16	03/08/19	£134,700	£50.96	£149,330	£56.50	B46	Yes	
	12	VACANT	125	1,350	-	-	£76,275	£56.50	£76,275	£56.50	C57	Yes	Tenant in liquidation (Contracted rent £53,650 pa). Vendor proposes to provide 12 month rental guarantee.
3rd	13	Nosy Crow Limited	415	4,465	31/04/17	20/04/22	£260,000	£58.23	£259,997	£58.23	C68	Yes	3 months rent free - vendor to top up
Ground	CP 1	Anderson Acoustics Ltd.	-	-	TBC	TBC	£2,400.00	-	£2,400.00	-		Yes	Car Parking Space
	CP 3	ME Construction Ltd.	-	-	27/07/11	26/07/19	£1,970.00	-	£2,400.00	-		No	Car Parking Space
	CP 4	Nosy Crow Limited	-	-	31/04/17	20/04/22	£-	-	£-	-		Yes	Car Parking Space
	CP 6	Tubes Lines Ltd.	-	-	08/01/09	07/01/19	£2,000.00	-	£2,400.00	-		Yes	Car Parking Space
	CP 2/5	VACANT	-	-	-	-	-	-	£4,800.00	-		-	2 Vacant Car Parking Spaces
			2,353	**25,332**			**£1,254,014**		**£1,442,176**				

TENANTS:

Dun and Bradstreet reports on each of the tenants are available upon request.

Onalytica Ltd
Founded in 2009, Onalytica has offices in Baden Place and New York. Onalytica is funded by the founders of Bebo and operates a software platform. The platform allows customers to manage and scale relationships with key influencers and stakeholders such as journalists, analysts, thought lenders and bloggers.

Young Minds Trust
Young Minds is the UK's leading charity committed to improving the emotional wellbeing and mental health of children and young people. Additionally, through their Parents Helpline, online resource, training and development they provide expert knowledge to professionals and parents.

Maritime Strategies Internal Ltd
Founded in 1986, Maritime Strategies International is one of the shipping industry's foremost independent research and consultancy firms. The firm has a strong focus on maritime economics and econometric modelling.

Critical Research Ltd
Critical Research offers qualitative and quantitative research, with particular expertise in telephone research and web-based surveys. They specialise in difficult-to-reach business audiences and work with clients to help design, implement and report actionable results.

ME Constructions Ltd
ME Construction was founded in 2007. It is a specialist high quality contractor which provides clients with a professional construction service for structural alterations, and internal/ external refurbishments across a variety of sectors including commercial, healthcare, residential, and education.

Nosy Crow Ltd
Nosy Crow is a multi award-winning, independent company. They began publishing child-focused, parent-friendly children's books and apps in January 2011 with the aim of creating books and apps that encourage children to read for pleasure. One of the fastest growing publishing companies in the UK.

Tube Lines
Tube Lines Ltd is an asset-management company responsible for the maintenance, renewal and upgrade of infrastructure, including track, trains, signals, civil work and stations of London Underground lines. Tube Lines have recently been responsible for the maintenance of the Jubilee, Northern and Piccadilly lines, and remains responsible for over 200 miles of track, 255 trains, 100 stations, and over 2,500 bridges, lifts and escalators.

Anderson Acoustics
Anderson Acoustics was formed in 2006 and is a specialist acoustics consultancy practice. Anderson Acoustics provide acoustics and vibration management consultancy services across airport construction, environmental, schools, and building acoustics sectors including UKAS accredited sound insulation testing.

iDENprotect
iDENprotect create solutions that provide secure access to data without compromising the user experience or security. Their products are designed to integrate with a variety of computing platforms with a particular focus on mobile devices. Regulated blue chip, government, and defence clients use out technology to simplify security, reduce costs, and enhance productivity.

MARKET ACTIVITY:

Southwark represents one of the most exciting and dynamic central London property markets characterised by historic low levels of supply, competitive occupational demand and unprecedented investment.

Grade A availability in Southwark is currently approximately 200,000 sq ft (1.17%) compared with take up for 2016 of approximately 760,000 sq ft.

LEASING COMPARABLES

ADDRESS	TENANT	FLOOR	SIZE (SQ FT)	RENT (PSF)	DATE
48 Saxon House, Southwark Street	Available to Let		1,114	Quoting £65.00	-
The Hop Exchange, 24 Southwark Street, SE1	Evora Global	3rd	985	£60.96	Mar-17
Collegiate House, 9 Thomas Street, SE1	Turquoise Branding	1st	1,706	£65.00	Feb-17
Arthurs Mission - 30 Snowsfields, SE1	Team London Bridge	GF	1,351	£50.00	Dec-16
Plantain House	Proof Drinks Ltd (Sublease from Young Minds Trust)	1st	1,012	£51.88	Nov-16
India House, 45 Curlew Street, SE1	Berkeley Homes	1st	6,444	£49.09	Oct-16
21 Queen Elizabeth Street, SE1	Channel 3 Consulting	2nd & Mezz	3,908	£50.00	May-16
21 Queen Elizabeth Street, SE1	Audiencescience	GF	2,441	£51.00	Apr-16
The Clove Building, 4 Maguire Street, SE1	Expedition Engineering	1st	7,565	£52.50	Apr-16
38 Shad Thames, SE1	Schneider GB	B & GF	2,445	£61.10	Mar-16
9 Holyrood Street, SE1	The Reptile Group	1st	2,440	£55.65	Nov-15
9 Holyrood Street, SE1	Centre for Cities	2nd	2,489	£50.52	Oct-15

INVESTMENT COMPARABLES

ADDRESS	SIZE (SQ FT)	TENURE	TENANCY	RENT	PRICE	NIY	CAP VAL (PSF)	DATE
122-126 Tooley Street, SE1	5,105	VFH	Multi-let	£49.90	£5.50m (Quoting)	4.34%	£1,077	
9 Holyrood Street, SE1	14,190	FH	Multi-let	£45.14	Combined quoting price of £43.00m sold for £45.00m	4.62%	£895	Apr-17
Shand House, SE1	22,768	FH	Multi-let	£33.00			£895	
22 Shand Street, SE1	19,149	FH	Multi-let	£20.78			£600	
1 Long Lane, SE1	24,936	FH	Vacant	-	£19.10m	-	£765	Feb-17
81 Southwark Street, London, SE1 0HX	7,349	FH	Vacant	-	£5.56m	-	£757	Jan-17
India House, 45 Curlew Street, SE1	37,988	FH	Multi-let	£40.00	£28.50m	5.00%	£750	Dec-16
82-83 Blackfriars Road, London, SE1 8HA	10,437	FH	Multi-let	£48.25	£9.10m	5.18%	£872	Sep-16
Magdalen Hose, 136-140 Tooley Street, SE1	25,849	FH	Multi-let	£36.00	£23.25m	3.75%	£900	Aug-16
3 Marshalsea Road, SE1	6,553	FH	Vacant	-	£5.70m	-	£870	Apr-16
65 Southwark Street, SE1	51,129	FH	Multi-let	£43.58	£48.20m	4.33%	£943	Jun-16
Bramah House, 65-71 Bermondsey Street, SE1	15,714	FH	Multi-let	£43.00	£14.25m	4.44%	£907	Mar-16

FURTHER INFORMATION:

PLANNING:

The property is not listed and does not lie within any conservation areas.

VAT:

The property has been elected for the purposes of VAT. It is envisaged that the sale will be structured by way of Transfer of Going Concern.

DATA ROOM:

Further information can be found in the marketing data room, access to which is available upon request.

SERVICE CHARGE:

The service charge budget for the year to March 2018 is £104,750 pa reflecting an average of £4.13 per sq ft. More information is available upon request.

PROPOSAL:

We are instructed to invite offers for the freehold interest in Baden Place in excess of **£22,500,000 (Twenty two million, five hundred thousand pounds),** subject to contract and exclusive of VAT. This reflects **a net initial yield of 5.22%,** a capital value of **£888 psf,** and an attractive **reversionary yield of 6.00%** assuming standard purchase costs of 6.75%.

A purchase of the corporate entity may be available by separate negotiation.

CONTACT:

For further information or to arrange an inspection of the property which is to be strictly by appointment only, please contact:

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May 2017