MIXED USE INVESTMENT OPPORTUNITY

306 EARLS COURT ROAD, LONDON SW5 9BA
INVESTMENT SUMMARY

A freehold, mixed use investment opportunity situated in Earls Court, Central London comprising:

- Commercial unit (extending to 209.5 sq m / 2,255 sq ft) currently let to Couscous Darma Ltd for a term of 20 years commencing on 24th October 2013 at a rent of £55,000 per annum
- Four self contained apartments (2 x studios, 1 x one bed & 1 x three bed, extending to 174.6 sq m/1,879 sq ft) let on ASTS producing an income of £62,400 per annum
- Total gross rental income of £131,200 per annum (including ERV for vacant apartment) with an Estimated Rental Value of £132,400 per annum
- Overall Gross Internal Area (including common parts) extending to 406.5 sq m (4,376 sq ft)
- Located in Earls Court within Travel Zone 1 approximately 500 meters from Earls Court Underground Station (District, Circle and Piccadilly Lines)
- Opportunity to add value through refurbishment

LOCATION AND SITUATION

The property is located in Earls Court, within the Royal Borough of Kensington and Chelsea. Earls Court Road itself runs north to south connecting Cromwell Road to Brompton Road. The street is characterised by a mix of retail and residential property and includes the major transport interchange of Earls Court Station (Travel Zone 1: Circle & District and Piccadilly).

- Green Park 9 mins
- Oxford Circus 15 mins
- Paddington Mainline Railway 9 mins
- Heathrow International Airport 37 mins

Transport connections are excellent with Earls Court Underground Station situated 0.2 miles north of the subject property and West Brompton Overground Station situated 0.3 meters to the south west. There are also various accessible bus routes within the vicinity that connect the property to wider London.

DESCRIPTION

The property is a mid terraced, freehold building comprising four residential apartments and one commercial unit.

The residential accommodation comprises two x studios, one x one bed and one x three bed arranged over first to third floors. Three of the apartments are let on ASTs and produce a rental income of £62,400 per annum. The remaining apartment, Flat 3 will be provided with vacant possession.

Each of the apartments are in lettable condition providing popular rental accommodation. However, the flats would benefit from modernisation in due course. In addition, there is potential to extend into the roof space (subject to necessary consents).

The retail unit is arranged over the ground and lower ground floors. The unit is let to Monsieur K Ltd on a 20 year FRI lease, commencing on 24th October 2013, excluded from the security of the Landlord and Tenant Act 1954. The passing rent is £55,000 per annum, subject to 5 yearly rent reviews to the open market rent agreed. The lease has since been assigned to Couscous Darma Ltd, who have fitted the unit out to a high specification.
EARLS COURT REGENERATION

The Earls Court Masterplan is arguably one of the most exciting regeneration projects in the capital. A concept devised by Sir Terry Farrell expands across 77 acres of Earls Court and proposes the transformation of the area into four new urban villages and a high street. The site is being developed by property company Capital & Counties Properties PLC, and includes 7,500 new homes, ranging from mansion blocks to family houses, loft-style flats and affordable housing.

Construction has already begun on the first phase but the entire Masterplan is a long term project. A regeneration site of this scale is genuinely unique in central London. As development continues and connectivity is improved, particularly from east to west over the railway line, the latent value of the housing stock in locations surrounding the development will be progressively unlocked by rising demand from increasingly affluent buyers and tenants. Current and pipeline development schemes shown below:

- **Developer: Capco**
  - Units: 608 private units

- **Capital Value Ranges:**
  - Studio–£515K–£535K
  - 1 Bed–£595K – £900K
  - 2 Bed–£940K–£1.4M
  - 3 Bed–£1.03M–£1.86M

- **Developer: Mount Anvil**
  - Units: 107 total, 89 private units

- **Capital Value Ranges:**
  - 1 Bed–£915K–£1.365M
  - 2 Bed–£1.19M–£1.565M
  - 3 Bed–£2.35M–£2.45M

- **IPE Developments**
  - Units: 20 private units

- **Capital Value Ranges:**
  - 1 Bed–£600K–£700K
  - 2 Bed – £765K – £960K
  - 3 Bed – £985K–£1.125M
**MARKET OVERVIEW**

Earl’s Court remains one of the most promising markets in close proximity to central London. As buyers in southern Chelsea are out priced, demand filters to central fringe locations. Furthermore, buyers are attracted by the prospect of acquiring more space for their budget whilst enjoying a central location with outstanding transport connections. The area has the housing stock to become a more established prime location and the catalyst for change will come from substantial regeneration and new investment into the area. Many of the hotels are now being restored back to their residential use and the biggest change will come from the redevelopment around the former Earls Court exhibition centre.

Investors are particularly attracted to this part of London as there is a mature private rented sector. According to the 2011 Census, 25.1% of households in London are in the private rented sector and in Earl’s Court the proportion is significantly higher at 41.6% of all households. Demand for rental properties in the area comes from tenants in both the prime and mainstream markets. The prime rental market benefits from strong employment and the increasing number of international companies in London. Savills figures show that across prime London, 47% of tenants are renting due to employment relocation and 60% of tenants are from overseas.

**ESTIMATED RENTAL VALUE AND RUNNING YIELD**

<table>
<thead>
<tr>
<th>Rental Forecasts</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>5 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Residential</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.5%</td>
<td>16.5%</td>
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<tr>
<td>London Residential</td>
<td>4.0%</td>
<td>4.0%</td>
<td>4.0%</td>
<td>4.5%</td>
<td>4.5%</td>
<td>22.8%</td>
</tr>
<tr>
<td>London Retail</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Commercial ERV</td>
<td>£55,000</td>
<td>£55,000</td>
<td>£57,222</td>
<td>£57,222</td>
<td>£57,222</td>
<td>£57,222</td>
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<tr>
<td>Residential ERV</td>
<td>£77,400</td>
<td>£80,496</td>
<td>£83,716</td>
<td>£87,483</td>
<td>£91,420</td>
<td>£95,047</td>
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<tr>
<td>Total ERV</td>
<td>£132,400</td>
<td>£135,496</td>
<td>£140,938</td>
<td>£144,705</td>
<td>£148,642</td>
<td>£152,269</td>
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<tr>
<td>Gross Yield</td>
<td>4.4%</td>
<td>4.5%</td>
<td>4.7%</td>
<td>4.8%</td>
<td>5.0%</td>
<td>5.1%</td>
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</table>
FLOORPLANS - APPROXIMATE GROSS INTERNAL AREA: 406.5 SQ M / 4,376 SQ FT

Lower Ground

Ground Floor

First Floor

Second Floor

Third Floor

Floorplans provided by Fulham Performance
## ACCOMMODATION SCHEDULE

<table>
<thead>
<tr>
<th>Unit</th>
<th>Floor</th>
<th>Type</th>
<th>Sq m</th>
<th>Sq ft</th>
<th>Passing Rent PCM</th>
<th>Passing Rent PA</th>
<th>Lease Start Date</th>
<th>Lease End Date</th>
</tr>
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<tbody>
<tr>
<td>Retail</td>
<td>Ground and lower ground</td>
<td>Restaurant</td>
<td>209.5</td>
<td>2,255</td>
<td>£4,583</td>
<td>£55,000</td>
<td>24/10/13</td>
<td>23/10/33</td>
</tr>
<tr>
<td>Flat 4</td>
<td>First</td>
<td>Studio</td>
<td>25.0</td>
<td>269</td>
<td>£1,083</td>
<td>£13,000</td>
<td>21/10/15</td>
<td>20/10/16</td>
</tr>
<tr>
<td>Flat 3</td>
<td>First</td>
<td>Studio</td>
<td>28.1</td>
<td>302</td>
<td>£1,150</td>
<td>£13,800</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Flat 2</td>
<td>Second</td>
<td>1</td>
<td>28.8</td>
<td>310</td>
<td>£1,192</td>
<td>£14,300</td>
<td>05/10/15</td>
<td>04/10/16</td>
</tr>
<tr>
<td>Flat 1</td>
<td>Second &amp; third</td>
<td>3</td>
<td>92.7</td>
<td>998</td>
<td>£2,925</td>
<td>£35,100</td>
<td>29/09/15</td>
<td>24/09/16</td>
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<tr>
<td>TOTAL (including common parts)</td>
<td>406.5</td>
<td>4,376</td>
<td>£10,933</td>
<td>£131,200</td>
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*Rents as of April 2016 **Flat 3 is the ERV

## TENURE

The property is held Freehold

## METHOD OF SALE

The property is offered for sale freehold by private treaty.

Offers are sought for the freehold interest subject to contract and the existing tenancies.

## VAT

The property is not elected for VAT.

## FURTHER INFORMATION

A full suite of background information, including EPCs, can be found on the online dataroom at:

www.savills.com/306Earlscourtroad

## VIEWINGS

Viewings are strictly by appointment via the vendor’s sole selling agents, Savills. Please contact one of the agents below to make an appointment.

## CONTACTS

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