NOTTING HILL GATE ESTATE

LONDON W11
92-144 NOTTING HILL GATE & 9 PEMBRIDGE ROAD
47-69 NOTTING HILL GATE
15-35 NOTTING HILL GATE & 206 KENSINGTON CHURCH STREET
146-166 NOTTING HILL GATE
Estate Investment

Very rare opportunity to acquire a significant 3.11 acre freehold estate representing one of the very last major redevelopment opportunities in one of the world’s wealthiest districts.

The Royal Borough of Kensington & Chelsea, in which the properties lie, is one of the most exclusive areas of London with the highest average house prices in the UK and the highest earnings per household.

Notting Hill Gate is a strategic arterial link between Holland Park, Notting Hill and Kensington, three of London’s most sought-after property locations.

The Estate forms the prime retail offer and has over 385 metres of prime frontage making up over 50% of the whole Notting Hill Gate retail frontage and over 35% by number of shops.

The freehold Estate currently comprises four holdings totalling 164,882 sq ft with diverse uses including retail, offices, leisure, residential and car parking.

The Estate has a contracted rent of £6,813,198 per annum and comprises 81.5% income by retail and 15.7% income by offices.

70% of the retail income is leased off rents between £100-£175 ITZA offering significant asset management opportunities with recent Notting Hill Gate rents now achieving in excess of £225 ITZA.

Average office rents on the Estate are £25.57 per sq ft which we consider to be highly reversionary.

Significantly the site is identified by the Royal Borough of Kensington & Chelsea in a recently produced Supplementary Planning Document as an area suitable for redevelopment and increased massing.

A study has been undertaken by a team of professional advisors confirming the Estate has significant redevelopment potential.

A scheme prepared by Squire & Partners architects supports the potential for a mixed use phased redevelopment of circa 40,000 sq ft on the West holding and extending the envelope of North, South and East holdings by circa 55,000 sq ft.

Each property is available separately or at a combined guide price of £210 million, subject to contract.

The freeholder will also consider a sale of the Jersey Property Unit Trust that holds the assets.
THE FREEHOLD ESTATE SITS BETWEEN KENSINGTON, NOTTING HILL, HILLGATE VILLAGE, HOLLAND PARK AND KENSINGTON PALACE GARDENS, SOME OF THE FINEST RESIDENTIAL IN LONDON.
LOCATION

The properties are located on Notting Hill Gate in the Royal Borough of Kensington and Chelsea, London W11. Notting Hill Gate forms a main strategic link and sits on an axis between Notting Hill/Portbello/Westbourne Terrace to the north, Holland Park Avenue to the west, Marble Arch/Oxford Street to the east and Kensington/Hillgate Village to the south.

Notting Hill, along with the surrounding areas of Holland Park and Kensington, is internationally recognised as some of London’s most traditional, affluent and fashionable addresses. All three areas provide an eclectic mix of shops, restaurants and bars making the area a popular lifestyle choice for local residents as well as attracting visitors from wider London and beyond.

Notting Hill Gate benefits from proximity to both Hyde Park and Holland Park as well as an extensive range of cultural destinations including; the new home of London’s Design Museum in Holland Park, the Serpentine Gallery in Kensington Gardens, and the Museum Quarter in South Kensington.

The properties are well served by public transport with the entrance to Notting Hill Gate underground station (Central, District and Circle lines) situated immediately to the front of 47-69 Notting Hill Gate, providing convenient and direct access to Bond Street (7 minutes), Victoria (10 minutes) and Liverpool Street (19 minutes).

The closest main line station is London Paddington (1.1 miles) which provides national train links as well as the Heathrow Express. It will also be the location of a Crossrail station providing direct access to Liverpool Street (10 minutes), Canary Wharf (17 minutes) and Heathrow (30 minutes), scheduled to open in 2018.
The area is well served by buses which stop on Notting Hill Gate, Kensington Church Street and Pembridge Road and provide routes to and from South Kensington, Chelsea, Knightsbridge, Charing Cross, Kings Cross, Camden Town, Kensal Rise, Chalk Farm, Wandsworth and Clapham.

Holland Park Avenue also allows for quick connection to the A4 (Heathrow Airport, 14.4 miles) and A40 as well as forming part of an arterial route east into the heart of London.
London commands a position as one of the world’s most international cities. This is due to a number of fundamental aspects:

- Largest city in the United Kingdom and Europe
- Population includes 8.4 million people, predicted to increase by 37% to 11 million by 2050
- Sixth richest city in the world, generating more than a fifth of the total UK economy and is forecast to expand by 15% over the next five years
- Highest number of billionaires of any city in the world
- Optimal time zone link between Asia and the Americas which maintains its position as an international trading market, along with its balanced economy and political stability
- Consistently rated as the best place in Europe to do business with 75% of Fortune 500 companies operating from London
- Forms the investment banking hub of Europe and capital of the international Insurance market
- Regarded as one of the world’s best dining destinations and home to two of the top 10 Michelin star restaurants
- Home to 43 universities, the largest concentration of higher education in Europe and attracting 110,000 international students every year
- Welcomes almost 25 million visitors annually who spend in excess of £19 billion
- Host to three of the world’s top 10 art galleries along with being home to illustrious culture attractions such as the Royal Albert Hall, Victoria & Albert Museum, Natural History Museum and the British Museum
- Heathrow Airport is the world’s busiest airport and covers an area larger than the Royal Borough of Kensington and Chelsea, handling 80% of all long-haul passengers travelling to the UK
- 3.5 million passenger journeys are made everyday on the Tube, covering a network of 270 stations and a route of 250 miles

London combines prestige, history, culture, political stability and strong economic cultivation; producing a dynamic and enduring place to visit, invest and reside.
The Royal Borough of Kensington and Chelsea is known as London’s most exclusive location, covering an area of only 12 square miles it is both the smallest and most populous borough in London.

The Royal Borough of Kensington and Chelsea has increased in popularity steadily since 1689 when it became the location of Kensington Palace, home to the Royal Family. The majority of the area was comprehensively developed from the mid 19th Century onwards for London’s elite, which is reflected in the grandeur of the buildings and the availability of green open spaces in the form of parks and garden squares.

Today, Kensington and Chelsea retains its status as London’s most exclusive and expensive borough in which to live, with its residences playing host to the highest earnings per household in the UK. A combination of attractive traditional housing stock alongside some of the best retail, leisure and culture amenities in London make it an attractive place for both national and international wealth to reside and invest.

The Royal Borough is home to many of London’s most well known attractions including the ‘Museum Quarter’, the location of the Natural History, Victoria & Albert and Science Museums, which along with world renowned Imperial College University, annual events such as the Chelsea Flower Show and Notting Hill Carnival as well as the excellent retail and leisure opportunities, all assist with attracting substantial tourism. Tourists to the area are thought to generate a total of over £3 billion per annum into the local economy, with 60% of that expenditure made by UK based visitors.

Due to its wealthy local residents, popularity as a tourist destination and easy connection to London’s West End and City, the area benefits from an eclectic leisure and retail offering which blends local independent business with large global brands.

Highly fashionable shops, exclusive restaurants, bars and hotels make the area a leading location in London for business, with 18,000 companies based in the Royal Borough employing 120,000 people.

The traditional composition of the borough means that 70% of the area falls within Conservation Area planning restrictions, which along with the protective planning system, mean opportunities for new development are very limited.
Notting Hill is a cosmopolitan and highly desirable area of west London, located within the Royal Borough of Kensington and Chelsea.

Notting Hill was subject to comprehensive redevelopment in the 1840’s by James Weller Ladbroke whose aim was to transform the area into a fashionable suburb of the capital. The masterplan included the creation of large private communal gardens enclosed by terraces and crescents of houses, the majority of which are now Grade II listed and much sought-after prime property within central London. Notting Hill Gate to the south of the area is an exception to this rule having been redeveloped in the late 1950s.

Notting Hill’s most famous attraction is the Carnival, an annual festival held each August Bank Holiday since 1966. The Carnival attracts around 1 million people, making it one of the world’s largest street festivals. The procession illustrates London’s multi-cultural diversity, unity and vitality and it is estimated to bring in excess of £93 million into the local economy.

Portobello Road is Notting Hill’s other most well known feature, stretching from Golborne Road to Westbourne Grove. It began as a fresh food market in the 19th Century but is now well known for its wide variety of stalls and in particular antiques and vintage clothing. The market attracts over 100,000 visitors per week, enhancing the footfall throughout the neighbouring area.

The long standing fashionable reputation of Notting Hill along with the increasing affluence of the local residents has encouraged the emergence of a major retail destination along Westbourne Grove which hosts prestige brands along with chic independent boutiques. Its unique and sophisticated village feel attracts shoppers from across London.
Fig 1

DESIGNER DOG & CAT OUTFITTERS AT MUNGO & MAUD
Local CULTURE

Retail
1. Paul Smith
2. Whiteleys
3. Melissa Odabash / Anya Hindmarch
4. Zadig & Voltaire
5. Vilebrequin
6. Aesop / Club Monaco / Comptoir des Cotonniers / Helmut Lang
7. Joseph / Toms / For All Mankind
8. Diane von Furstenberg
9. Matches
10. Brora
11. Heidi Klein
12. Wolf & Badger
13. Jojo Maman Bebe
14. Sandro
15. The Kooples / Jigsaw / Brissi
16. Aubade / Bonpoint
17. Whistles / Scotch & Soda
18. Diptyque
19. Planet Organic
20. Artisan du Chocolat / Devon & Devon
21. Space NK
22. Judy Fox Antique / The Portobello Antique Store
23. Kurt Geiger / Cath Kidston
24. Jimmy Martin
25. Patrick Sandberg / Butehoff / Denton / Tempus Antiques
26. Cologne and Cotton
27. Reiss
28. Neals Yard / Sweaty Betty / Space NK / LK Bennett
29. Sophie Gass
30. Lords of Notting Hill
31. Jeroboams

Cafes & Restaurants
1. Daylesford Organic
2. Gelato Mio
3. Gails / Casa Nova
4. Honest Burger
5. The Ledbury
6. Kensington Place
7. Clarke’s
8. Maggie Jones’s
9. Starbucks / Paul
10. New Corby & King Restaurant
11. Ottolenghi
12. Pizza Express
13. Le Pain Quotidien

Pubs & Other Culture
1. The Duke of Wellington
2. Electric Cinema
3. The Churchill Arms
4. The Kensington Wine Rooms
5. Windsor Castle
6. The Mall Tavern
7. The Mitre
8. Coronet Cinema
9. Gate Theatre
10. Gate Club
11. Notting Hill Arts Club
12. Notting Hill Farmers Market
Lying in the heart of the Borough the Estate benefits from excellent public transport links.

Notting Hill Gate Underground provides excellent access to the rest of London via the tube network. The station which caters to 17 million users a year has two entrance and exit points, both immediately adjacent to the Estate. The station connects with the Central, District and Circle Lines.

The station is within ten minutes from the new Crossrail station currently under construction at Bond Street (Jubilee and Central lines) and Paddington. This exciting new project, due to open in 2018, will provide access to Heathrow Airport in 33 minutes and Canary Wharf in just 12 minutes. The property is also situated less than a ten minute walk from Holland Park Tube station (Central line).

As part of the Strategic Road Network the Property sits on a main north/south and east/west axis with frequent bus connections to Marble Arch, Kensington, Knightsbridge, Shepherd’s Bush and Ladbroke Grove via Notting Hill Gate, Holland Park Avenue, Pembridge Road & Kensington Church Street.

Paddington Station is situated just over a mile away, and provides direct access to national overground train lines and the Heathrow Express. In addition, numerous bus routes pass along Notting Hill Gate and Kensington Church Street.

CENTRAL, DISTRICT & CIRCLE LINE SERVICES CONVERGE AT NOTTING HILL GATE & SERVE 17 MILLION USERS ANNUALLY
NOTTING HILL GATE IS A MAJOR BUS INTERCHANGE OFFERING NORTH/SOUTH & EAST/WEST LINKS
The Notting Hill Estate is a unique and rare opportunity to purchase a 3.11 acre freehold in one of the wealthiest areas in prime central London.

The Estate comprises four parts; North, East, South and West.

<table>
<thead>
<tr>
<th>Site (acres)</th>
<th>Area (sq ft)</th>
<th>Rent</th>
<th>Rental Value</th>
<th>Av. Retail</th>
<th>Av. Offices</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>1.80</td>
<td>81,535</td>
<td>£3,426,260</td>
<td>£182 ITZA</td>
<td>£25.03 psf</td>
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<tr>
<td>West</td>
<td>0.69</td>
<td>15,132</td>
<td>£767,702</td>
<td>£138 ITZA</td>
<td>-</td>
</tr>
<tr>
<td>South</td>
<td>0.23</td>
<td>25,534</td>
<td>£1,091,745</td>
<td>£168 ITZA</td>
<td>£22.50 psf</td>
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<tr>
<td>East</td>
<td>0.39</td>
<td>42,681</td>
<td>£1,527,491</td>
<td>£127 ITZA</td>
<td>£28.62 psf</td>
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<tr>
<td>Total</td>
<td>3.11</td>
<td>164,882</td>
<td>£6,813,198</td>
<td>£172 ITZA</td>
<td>£25.57 psf</td>
</tr>
</tbody>
</table>

- 37 retail and restaurant units comprising 11,960 sq ft
- Office accommodation comprising 41,800 sq ft
- 4 residential flats on short term leases
- 49 residential flats on medium term leases
- 92 residential flats on long term leases
- 91 surface car parking spaces
- 47 tenants overall
- 5 different uses

- Over 45% of the tenant mix comprises national occupiers
- Weighted unexpired term of 100 years on the retail
- Weighted unexpired term of 3.7 years on the offices

The existing composition and tenancies mean that the Estate offers a diverse mix of opportunities to enhance both the capital and rental value of the portfolio through asset management and development.
70% of the retail income is leased off rents between £100-£175 ITZA offering significant asset management opportunities with recent Notting Hill Gate rents now achieving in excess of £225 ITZA.

Over 80% of total income is currently derived from retail occupiers.
Property Overview
Description

92-144 Notting Hill Gate and 9 Pembridge Road comprises a major island site of 1.80 acres on the north side of Notting Hill Gate with a principal frontage of 170 metres and a return frontage of 30 metres.

The western boundary is defined by a pedestrian access to Victoria Gardens.

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<th>Area (sq ft)</th>
<th>Rental Income</th>
<th>WAULT</th>
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<tbody>
<tr>
<td>Retail</td>
<td>70,777</td>
<td>£3,088,100</td>
<td>12.5</td>
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<tr>
<td>Offices</td>
<td>10,758</td>
<td>£269,310</td>
<td>3.7</td>
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</table>

Tenure

Freehold.

Tenancies

Retail held under 14 leases to 14 tenants with weighted unexpired term of 12.5 years. Offices leased to 3 tenants on leases at an average overall rent reflecting only £250.3 per sq ft. The total current income is £3,426,260 per annum.

Asset Management

1. Conclude the 4 ongoing rent reviews.
4. There are 35 unextended residential leases expiring in 2057. We anticipate £5.25 million can be secured from future residential lease extensions.
Description

The property comprises a prominent island site on the southern side of Notting Hill Gate with a principle frontage of over 75 metres.

The property comprises 9 retail units of 11,012 sq ft arranged over ground and first floor and two floors of offices above of 14,522 sq ft.

<table>
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<tr>
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<tbody>
<tr>
<td>Retail</td>
<td>11,012</td>
<td>£765,000</td>
<td>4.1</td>
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<tr>
<td>Offices</td>
<td>14,522</td>
<td>£326,745</td>
<td>3.9</td>
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Tenure

Freehold.

Tenancies

Retail held under 9 leases to 8 tenants with an average weighted unexpired term of 41 years. David Game House held on a single lease at a passing rent reflecting only £22.50 per sq ft. The total current income is £1,091,745 per annum.

Asset Management

1. Consider date for vacant possession.
2. Under utilised ancillary retail space lies at first floor level and this should be incorporated into future development plans.
3. 47 Notting Hill Gate expires in June 15 and consideration should be made to securing vacant possession to enhance the tenant mix.
ASTLEY HOUSE
15-35 NOTTING HILL GATE
206 KENSINGTON CHURCH STREET
81 PALACE GARDENS TERRACE

Description
Astley House comprises a prominent island site on the southern side of Notting Hill Gate with a principle frontage of over 65 metres and two return frontages to Kensington Church Street and Palace Gardens Terrace.

To the rear lies West Mall and the property’s car parking.

Accommodation

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<td>Retail*</td>
<td>26,161</td>
<td>£1,021,430</td>
<td>10.4</td>
</tr>
<tr>
<td>Offices</td>
<td>16,520</td>
<td>£472,811</td>
<td>2.6</td>
</tr>
</tbody>
</table>

*Inc ancillary offices, club and public house

Tenure
Freehold.

Tenancies
Retail and leisure held under 9 leases with a weighted unexpired term of 10.4 years. Offices leased to 5 tenants on short term leases at an average overall rent reflecting only £28.60 per sq ft. The total current income is £1,527,491 per annum.

Asset Management
1. Conclude ongoing rent review at 31 Notting Hill Gate.
2. Seek to improve tenant mix ahead of 3 reviews in 2015.
3. Consider medium term date for vacant possession.
4. Potential to add circa 17,500 sq ft by expanding footprint and an additional storey.

NOTTING HILL GATE ESTATE

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4. Potential to add circa 17,500 sq ft by expanding footprint and an additional storey.
Description

The property comprises 3 parts. 146-154 Notting Hill Gate is a Marks & Spencer foodstore. 156-164 Notting Hill Gate provides four single fronted occupied retail units, with four duplex apartments above let on Assured Shorthold Tenancies; and Gate Hill Court, 166 Notting Hill Gate is a 6 storey residential block providing 28 one & two bedroom apartments and two commercial units. The freehold title includes parking and servicing to the rear for 30 vehicles.

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<tr>
<td>Retail</td>
<td>11,652</td>
<td>£675,000</td>
<td>5.1</td>
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<tr>
<td>Residential</td>
<td>3,480</td>
<td>£70,640</td>
<td>0.1</td>
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</table>

Tenure

Freehold.

Tenancies

Commercial retail held under 5 leases to 5 tenants with weighted unexpired term of 51 years. Four residential units held under annual Assured Shorthold Tenancies. Gate Hill Court held on medium to long leaseholds. The total current income is £767,702.

Asset Management

1. Finalise development proposals for site to deliver circa 40,000 sq ft of residential and retail accommodation.
2. Negotiate date for vacant possession.
3. Agree premium for lease extensions / use change in Gate Hill Court.
4. Finalise new short term lettings at 156-164 Notting Hill Gate.
THE NOTTING HILL GATE ESTATE COMPRIS 37 RETAIL UNITS WITH A COMBINED FRONTAGE OF OVER 385 METRES

THE ESTATE REPRESENTS A THIRD OF THE HIGH STREET UNITS & HALF OF THE HIGH STREET FRONTAGE
Fig 1
INTERIOR OF RECIPEASE
92 NOTTING HILL GATE

Fig 2
WAITROSE
ANCHOR TENANT
132-136 NOTTING HILL GATE
Fig 3
EASTERLY VIEW ALONG NOTTING HILL GATE

Fig 4
NEARBY WESTBOURNE GROVE
The Royal Borough of Kensington and Chelsea (RBKC) has identified Notting Hill Gate as an area of opportunity and change, with a vision to create new high quality architecture and public realm. To facilitate this, an overarching Supplementary Planning Document (SPD) has been prepared specifically for the area.

The purpose of the SPD is to promote high quality development at Notting Hill Gate and provide greater certainty to developers in the planning and delivery of key sites.

The Notting Hill Gate Estate forms the heart of the opportunity area and its development is key to delivering the vision for Notting Hill Gate.

Notting Hill Gate is identified as a key District Centre in London and the proposals for the area seek to reinforce the diverse retail offering, whilst creating a vibrant location to serve the estimated 17 million people that leave and arrive annually from the Underground Station.

Notting Hill Gate is surrounded by numerous Conservation Areas but only part of the SPD area, and none of the Estate falls within a designated Conservation Area.

The SPD acknowledges that to enable the improvement of both the public realm and the existing architecture, considerable new development and refurbishment is required.

Detailed parameters are provided within the SPD to guide the redevelopment and extension of each of the Estate properties. Squire & Partners has also prepared conceptual schemes for each of the properties.
VAT

The properties are elected for VAT and as such VAT will be payable on the purchase price unless the property is sold by way of a Transfer of a Going Concern (TOGC).

FURTHER INFORMATION

A dataroom containing additional detail is available at www.nhge.co.uk

PROPOSAL

Each property is available separately or at a combined guide price of £210 million, subject to contract.

The freeholder will also consider a sale of the Jersey Property Unit Trust that holds the assets.

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