

# 48-76 St John's Road

CLAPHAM JUNCTION, LONDON SW11

A Prime, Reversionary  
London Retail & Residential  
Investment Opportunity



W  
Waterstone's  
Waterstone's

70 St John's Road

NatWest NatWest

BOOK STREET

ALTERITY  
INVESTMENTS

green & partners

### INVESTMENT SUMMARY

- An exceptional opportunity to acquire a **substantial, mixed-use freehold investment within an affluent, fashionable London suburb**.
- **Excellent transport links** with Clapham Junction Station in close proximity serving on average 430,000 customers daily. A future potential London Underground link is proposed through Crossrail 2.
- **Two impressive, adjoining retail parades** comprising a total of **10 shops** and **20 flats** located in a prominent position in Clapham's prime retailing pitch, St John's Road.
- **Freehold.**
- Let to various national multiples including **Argos, Three, NatWest, Ryman, Waterstones** and **Claire's** for a further **8.23 years (AWULT)**.
- A current net income of **£1,540,393 pax**. (74% attributed to the retail element).
- **Low Zone A rates** providing an excellent platform for future rental and capital growth.
- A recent Argos letting has established a new rental tone supporting a **reversionary** value.
- Offers in the region of **£33,000,000 (Thirty Three Million Pounds)**, Subject to Contract and exclusive of VAT.
- A purchase at this level would reflect the following yield profile, assuming purchasers costs of 5.8%:

Net Initial Yield	<b>4.40%</b>
Net Yield (Estimated) upon settlement of outstanding rent reviews and lease renewals	<b>4.72%</b>
Net Yield (Estimated) upon completion of residential flats at 58/60 St John's Road	<b>4.84%</b>
Reversionary Yield (October 2019)	<b>5.24%</b>
Equivalent Yield (Nominal)	<b>5.19%</b>



### A Prime, Reversionary London Retail & Residential Investment Opportunity

Home	Investment Summary	Location	Demographic Profile	Retailing in Clapham	GOAD Plan	Situation & Description	Accommodation & Tenure	Retail Tenancy	Residential Tenancy	Income Analysis & ERV	Tenants Covenant	EPC & VAT	Asset Management Incentives	Investment Rationale, Proposal & Contacts
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# 48-76

## St John's Road CLAPHAM JUNCTION, LONDON SW11

Clapham Junction is strategically located  
5 miles south west of Central London



### LOCATION

Clapham Junction is strategically located approximately 8km (5 miles) south west of Central London in Battersea close to both the A3 and the South Circular Road (A205).

A popular, affluent suburb the area benefits from a strong demographic profile and the positive spending habits of the catchment population. Clapham Junction also benefits from excellent transport links.

### Rail

Clapham Junction is one of the busiest railway stations in Europe with more than 2,500 trains and 430,000 (average) passengers daily. A recent refurbishment of the station has been carried out incorporating a new improved entrance on St John's Hill and upgraded platform accessibility. Within the station concourse retailers represented include M&S Simply Food, Sainsbury's, Costa, Caffé Nero, Paperchase, Monsoon and Boots.

### London Underground

There are regular over-ground trains to London Victoria, West Brompton, Vauxhall and London Waterloo giving direct access to the London Underground network. An underground station link has been planned for Clapham Junction within the Crossrail 2 proposals.

### Air

Clapham Junction has a regular train service to London Gatwick Airport, (every 5 to 10 minutes at peak times), with a fastest journey time of 25 minutes. Within the Governments 2013 National Infrastructure Plan a direct link to Heathrow is proposed.

### Bus

Sixteen bus routes serve Clapham Junction Station along with 2 school routes and 4 night routes.

### Barclays Cycle Hire

A Barclays Cycle Hire ("Boris" Bikes) docking station has been installed adjacent to the property on Eckstein Road.

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## St John's Road CLAPHAM JUNCTION, LONDON SW11

### DEMOGRAPHIC PROFILE

Clapham Junction has an estimated population within a 10 minute drive time of 208,000 extending to 964,000 persons within a 20 minute drive time. The area benefits from a significantly above average proportion of the most affluent AB and C1 social groups and a particularly high proportion of adults aged 25-44 compared to the UK average, who traditionally have a higher disposable income (PROMIS).

In addition, house prices in the area have seen considerable growth over recent years with the nearby Northcote Road area, ("between the commons"), being especially desirable to affluent young families and professionals.



*a popular and affluent London suburb  
benefiting from a strong demographic profile*

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## St John's Road CLAPHAM JUNCTION, LONDON SW11

high footfall & positive spending habits of the catchment population provides retailers with a strong trading opportunity

### RETAILING IN THE CLAPHAM JUNCTION AREA

Due to the area's affluent young adult population there is a high disposable income resulting in total in-store comparison retail expenditure figures of £257 million (Promis 2013).

The excellent transport links for St John's Road make it a very accessible retail location creating a desirable hub for people to live, socialise and shop. A high footfall and positive spending habits of the catchment population provides retailers with a strong trading opportunity.

The prime retailing pitch is between Debenhams at the northern end of St Johns Road continuing to the M&S, directly opposite the property, towards the southern end. National multiple retailers in close proximity to the subject property include **Debenhams, TK Maxx, JD Sports, O2, Waitrose, Boots, Starbucks** and **Superdrug**. The property is also in close proximity to Northcote Road, which has a higher end retail offer as well as an array of eclectic restaurants and bars.

Wandsworth BC has recently completed the £3m extensive upgrade to the Clapham Junction area which has improved and enhanced the shopping experience, including wider and newly surfaced pavements, as well as a redesign of the St John's Hill / St John's Road junction to improve the traffic flow and to make it safer and more attractive environment for pedestrians.



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# 48-76

St John's Road  
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comprising 10 adjoining retail units and 20 flats



## SITUATION

The property comprises two substantial adjoining retail blocks prominently fronting St Johns Road but bounded by Eckstein Road, Comyn Road and Aliwal Road. M&S and Waitrose are opposite and adjacent.

## DESCRIPTION

The two retail blocks are attractive, traditional brick-built parades comprising in total ten prominent retail units arranged over ground and three upper floors, situated within the Clapham Junction Conservation Area. Internally the retail tenants have fitted out to their own corporate specification. Each of the units provide retail sales at ground floor level, with some benefiting from ancillary accommodation at basement level and/or first floor. The majority of the upper floors for both blocks are residential flats with access at the rear from Eckstein Road or Comyn Road. The flats comprise 1, 2 or 3 bedrooms and are all held on Assured Shorthold Tenancies. They have all been refurbished and are in good condition. More detailed information on the individual flats is available upon request.

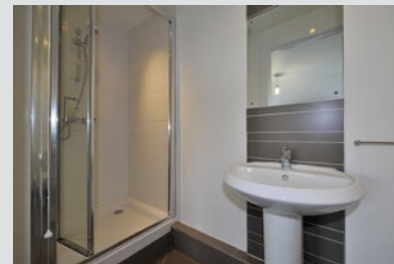
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## St John's Road CLAPHAM JUNCTION, LONDON SW11



### ACCOMMODATION

The property provides a total commercial Net Internal Area of **2,838 sq m (30,543 sq ft)**. For a more detailed area breakdown of individual units and the flats please see the Schedule of Tenancies.

### TENURE

**Freehold.**

*Wandsworth BC has recently completed a £3m extensive upgrade to the Clapham Junction area*

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# RETAIL TENANCIES



Address	Tenant Name	Trading Fascia	Lease Start	Expiry Date	Next Review	Unexp Term	Breaks	Current Rent pa	Current Zone A	ERV	ERV Zone A	Areas (ft²)						Comments
												ITZA	GFS	GF Anc.	Upper Floors	Basement	Total NIA	
48/50 St John's Road	<b>Recipease Ltd</b>	Recipease	02/12/2008	01/12/2023	02/12/2013 (o/s)	9.25	02/12/2018 (T)	£170,000	£137.85	£202,100	£165.00	1,181	2,214	377		1,139	3,730	Guarantor: Jamie Oliver Limited. 2nd December 2013 rent review outstanding. Calderbanks to be submitted.
52 St John's Road	<b>3UK Retail Ltd</b>	Three	02/07/2007	01/07/2017	-	2.83		£57,000	£131.46	£70,900	£165.00	415	569			489	1,058	Guarantor: Superdrug Stores Plc.
54/56 St John's Road	<b>Argos Ltd</b>	Argos	05/06/2014	04/06/2024	05/06/2019	9.76		£182,500	£161.69	£186,100	£165.00	1,088	1,978	877		1,463	4,318	New lease. 3 months rent free.
58/60 St John's Road	<b>Workrun Ltd</b>	Clarks	12/08/2010	11/08/2020	12/08/2015	5.95		£115,000	£117.76	£159,900	£165.00	950	1,423			625	2,048	Heads of Terms agreed for a 5 year reversionary lease; 6 months rent contribution. Guaranteed by C&J Clark International Ltd until 11th August 2015.
58/60 St John's Road	<b>Christopher Matthew Young &amp; Susan Evelyn Young</b>	Gibson Young Solicitors	23/08/2000	28/09/2015		1.07		£26,500	n/a	n/a	n/a				1st 671 2nd 704 3rd 723		2,098	Tenant has agreed to relocate and surrender their lease and change of use to residential has been granted. This provides an opportunity to create three 2 bedroom flats with a potential income of £67,080 pax based on current ERV's.
62 St John's Road	<b>British Heart Foundation</b>	British Heart Foundation	11/05/2014	10/05/2024	11/05/2019	9.70	11/05/2019	£62,600	£125.37	£81,300	£165.00	473	689		1st 369 2nd 368 3rd 357		1,783	Lease renewal agreed January 2014, prior to obtaining VP from New Look and letting to Argos.
64 St John's Road	<b>Brook Street (UK) Ltd</b>	Brook Street	24/06/2004	23/06/2014	-	-0.19		£55,000	£131.70	£69,400	£165.00	347	404		1st 280 2nd 255 3rd 300	310	1,549	Holding Over. Re-gear discussions ongoing. Tenant would consider a surrender of upper parts, (to be converted to 3 studio/flats), subject to finding alternative accommodation for their offices.
66/68 St John's Road	<b>National Westminster Bank Plc</b>	Natwest	25/03/2014	24/03/2024	25/03/2014 (o/s)	9.57	24/12/2021	£149,000	£113.66	£193,000	£145.00	1,257	2,997			1,227	4,224	Currently in negotiation with tenant on outstanding rent review. Tenant Break penalty of 3 months rent.
70/72 St John's Road	<b>Waterstones Booksellers Ltd</b>	Waterstones	30/10/2009	29/10/2024	30/10/2019	10.17	30/10/2019 (T)	£185,000	£128.30	£207,000	£145.00	1,318	3,524	480		2,461	6,465	5 year reversionary lease from 30/10/2019; Tenant Break Penalty of £92,500.
74 St John's Road	<b>Ryman Ltd</b>	Ryman	11/01/1999	24/03/2014	-	-0.44		£73,250	£112.32	£92,600	£145.00	591	935			861	1,796	Holding Over. Renewal discussions ongoing. Tenant demise includes flat with a statutory tenant.
76 St John's Road	<b>Claire's Accessories UK Ltd</b>	Claire's	24/06/2011	23/06/2021	24/06/2014	6.81	24/06/2016 (T)	£63,400	£118.41	£76,800	£145.00	504	730			744	1,474	
<b>Total Retail Rent:</b>								<b>£1,139,250</b>		<b>£1,339,100</b>								
<b>Total Residential Rent:</b>								<b>£401,143</b>										
<b>Total Contractual Rent</b>								<b>£1,540,393</b>									<b>30,543</b>	
<b>Total Estimated Rental Value</b>								<b>£1,829,070</b>										

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## RESIDENTIAL TENANCIES

Address	Floor	Current Tenant	No. of Bedrooms	Annual rent	Rent PW	ERV PA	Lease Start	Lease End	Comments
48-50 St Johns Road - Flat 1	First	Colin McIntyre	2 Bed	£21,372	£411	£22,360	11/06/2013	10/06/2014	
48-50 St Johns Road - Flat 2	Second	Delphine Saily, Marcelo Pites	2 Bed	£20,800	£400	£22,360	10/05/2014	09/05/2015	
48-50 St Johns Road - Flat 3	Third	Anthony & Lucy Ellwood-Russell	2 Bed	£20,800	£400	£22,360	08/02/2014	07/02/2015	
1 Eckstein Road	First	Julie Claffey, David Hill	2 Bed	£21,115	£406	£22,360	21/04/2014	20/04/2015	
1A Eckstein Road	Second	Z Correia, J Martelli, K Harris, B Muller	2 Bed	£22,100	£425	£22,360	04/03/2014	03/03/2015	
52a St Johns Road	Upper Floors	Sophie Clarkson, Holly Christmann, Amy Rixon	3 Bed	£29,575	£569	£29,575	13/08/2014	13/08/2015	
54 St Johns Road - Flat 1	First	Inga Clark, Jonathan Pritchard	2 Bed	£22,100	£425	£22,360	26/07/2014	25/07/2015	Newly constructed July 2014.
54 St Johns Road - Flat 2	Second	Joanne Cleary & Duncan McPherson	2 Bed	£22,360	£430	£22,360	09/08/2014	08/08/2015	Newly constructed July 2014.
54 St Johns Road - Flat 3	Third	James Choi, George Payne	2 Bed	£21,840	£420	£22,360	26/07/2014	25/07/2015	Newly constructed July 2014.
Flat 2 Comyn Road		Rachel Fowler, Sarah Gordon, Elizabeth Kahn	3 Bed	£27,300	£525	29,575	21/06/2014	20/06/2015	
60 St Johns Road - Flat 1	First	Vacant	2 Bed	£0	£0	£22,360	n/a	n/a	
60 St Johns Road - Flat 2	Second	Vacant	2 Bed	£0	£0	£22,360	n/a	n/a	
60 St Johns Road - Flat 3	Third	Vacant	2 Bed	£0	£0	£22,360	n/a	n/a	
66/72 St Johns Road - Flat 1	First	Hannah Burns, Lucia Chew	2 Bed	£20,440	£393	£22,360	28/03/2014	27/03/2015	
66/72 St Johns Road - Flat 2	First	Lucy Emmerson, Alexander Swabey	2 Bed	£21,853	£420	£22,360	27/07/2014	26/07/2015	
66/72 St Johns Road - Flat 3	Second	Darren Stokes, Samia Khan	2 Bed	£19,550	£375	£22,360	10/09/2013	09/09/2014	
66/72 St Johns Road - Flat 4	Second	Charles Aston, Rupert Deering	2 Bed	£19,758	£380	£22,360	17/09/2013	16/09/2014	
66/72 St Johns Road - Flat 5	Third	Martin Thomas, Wilco Stekkinger	2 Bed	£21,280	£409	£22,360	26/01/2014	25/01/2015	
66/72 St Johns Road - Flat 6	Third	Sally Morgan, Francesca Pang	2 Bed	£20,800	£400	£22,360	29/04/2014	28/04/2015	
76 St Johns Road - Flat A	First	Steven Ashton Root	1 Bed	£15,600	£300	£16,900	23/06/2014	22/06/2015	
76 St Johns Road - Flat B	Second	Jessica Griffin	1 Bed	£15,600	£300	£16,900	30/11/2013	29/11/2015	
76 St Johns Road - Flat C	Third	New Tenant	1 Bed	£16,900	£325	£16,900	Sept 2014	Sept 2015	Terms agreed with new tenant.
				£401,143		£489,970			

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## INCOME ANALYSIS

The property has a current rent of **£1,540,393 pax**.

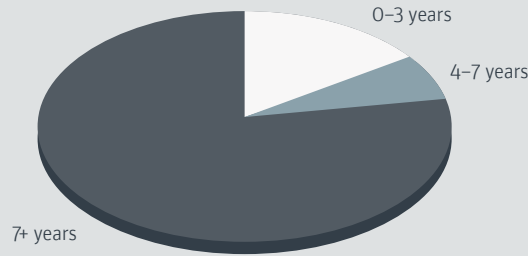
**Commercial**  
**£1,139, 250 pax** (74%) and is entirely let to national multiples.

The Average Weighted Unexpired Lease Term (AWULT) is **8.23 years** to lease expiry and 5.76 years to break. 78% of the retail rental income is secured for 7+ years.

**Residential**  
The current residential income totals **£401,143 pax**. This income can be further improved with the potential creation of 3 flats subject to vacant possession at 58/60 St Johns Road (upper floors) where planning consent has been obtained.



Retail Income by Lease Expiry



## ERV

**Retail**  
Current passing rentals devalue to between £112 psf to £161 psf Zone A.

**48/64 St Johns Road**  
The most recent open market letting relates to the former New Look (54/56 St Johns Road). Argos in June 2014 agreed a new 10 year FR&I lease subject to 3 months rent free at £182,500 pax devaluing to £161.69 psf ZA. Strong retailer interest was received including a competitive over-bid.

**66/76 St John's Road**  
The rental tone at 66/76 St Johns Road has settled historically at a 10-15% discount to the adjoining Zone A rate at 48/64 St Johns Road.

Adopting Zone A rates of between £165 psf and £145 psf produces an attractive ERV of £1,829,070 (including residential).

The lack of available units has resulted in the Zone A tone of the subject holding being appreciably lower when compared to other London suburbs. The property therefore offers excellent rental growth prospects and should attract strong retailer tenant demand.

**Residential**  
The residential element is fully let on AST's. There is a 'waiting list' of prospective tenants due to the desirable location and quality of the accommodation. Rents have steadily increased upon every new letting. The newly developed flats at 54 St John's Road have consolidated a new rental tone of £430 per week for 2 bedroom flats. Assuming £325 and £569 per week for 1 and 3 bedroom flats respectively, the total ERV of the residential is £489,970 pax. This is expected to see a continued upward trend going forward in the foreseeable future.

LONDON AREA	Zone A Rental Tone
Kensington High Street	£300
Brixton	£275
Upper Street, Islington	£250
Richmond	£240
Hampstead High Street	£225
Notting Hill	£225
<b>Clapham Junction (St Johns Rd)</b>	<b>£165</b>

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## TENANTS COVENANTS

### Recipease Ltd : D&B N4

Recipease's parent company, Jamie Oliver Ltd, guarantee the lease and have a D&B rating of 3A1. For the year ending 31/12/2012 Jamie Oliver Ltd reported a Turnover of £14,253,111, Pre-Tax Profits of £5,081,736 and a Tangible Net Worth of £12,155,062.

### 3 UK Retail Ltd : D&B H2

Part of AS Watson Group, along with Superdrug, Perfume Shop and Savers. Superdrug Stores Plc guarantee the lease and has a D&B rating of 5A1. For the year ending 28/12/2013 it reported a Turnover of £1,010,212,000, Pre-Tax Profits of £28,982,000 and a Tangible Net Worth of £122,235,000.

### Argos Ltd : D&B 5A1

Part of Home Retail Group Plc, which also own Homebase. For the year ending 01/03/2014 Argos Ltd reported a Turnover of £3,872,446,000, Pre-Tax Profits of £43,992,000 and a Net Tangible Worth of £1,172,054,000.

### C&J Clark International Ltd: D&B 5A1

For the year ending 31/1/14, a turnover of £876,500,000 was reported, Pre-Tax profits of £88,800,000 and a tangible net worth of £207,900,000.

### Workrun Ltd : D&B A1

Workrun Ltd, t/a Clarks, is a franchisee of C & J Clark International Ltd (who guarantee the lease until 11th August 2015) and has 4 other stores in Worcester Park, Putney, Upminster and Wallington. For the year ending 31/01/2013 they reported a Tangible Net Worth of £532,490 and Net Current Assets of £111,801.

### British Heart Foundation : D&B N1

British Heart Foundation (BHF) was formed in 1961 and is one of the UK's largest charities. They have 674 retail outlets of which 114 are furniture and electrical stores. Their annual research spend is over £100 million and in the year ending 31 March 2012 they had a total income of £128.5 million. For the year ending 31/03/2013 BHF reported a turnover of £263,607,000. As a charity they are non-profit making resulting in a Pre-Tax loss of £14,755,000 and a Tangible Net Worth of -£8,617,000.

### Brook Street (UK) Ltd : D&B 5A1

For the year ending 31/12/2012 Brook Street (UK) Ltd reported a sales Turnover of £164,734, a secure Tangible Net Worth of £40,371,000 and Pre-Tax Profits of £24,000.

### National Westminster Bank Plc : D&B 5A1

Part of The Royal Bank of Scotland Group since 2000 and ranked among the top 10 banks in the world by assets. For the year end 31/12/2013 reported Sales Turnover was £11,316,000,000 and has a Tangible Net Worth of £12,075,000,000.

### Waterstones Booksellers Ltd : D&B N2

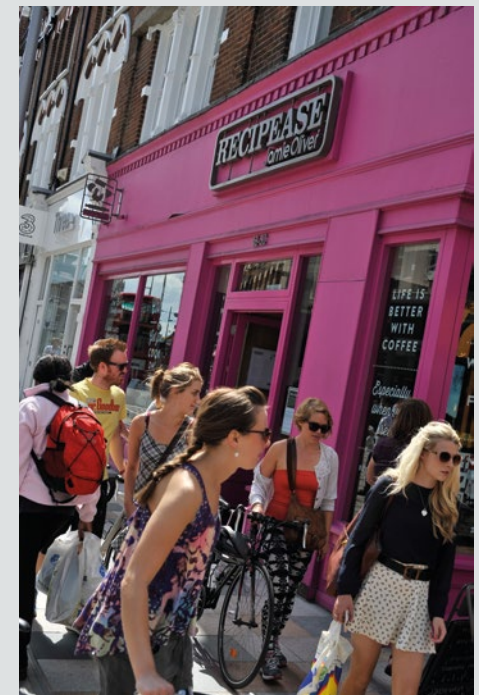
Waterstones is now the UK's only remaining major book specialist with just over 270 stores. Having been acquired by Alexander Mamut in 2011, the business is now being refocused as a serious bookseller under the leadership of James Daunt, founder of the 6 strong London based bookseller, Daunt Books. Since 2011, the new owners have committed significant investment in the store network, central to this has been the introduction of Café W. Sales uplifts of 5-10% have been reported across refurbished units. The retailer reported a Sales Turnover for the year ending 27/04/2013 of £398,464,000.

### Ryman Ltd : D&B 5A1

Ryman is a leading stationary retailer who opened their first store in London in 1893. For the year ending 30/03/2013 they reported a Sales Turnover of £125,384,000, Pre-Tax Profits of £7,263,000 and a Tangible Net Worth of £37,644,000.

### Claire's Accessories UK Ltd : D&B 4A1

Claire's Accessories UK Ltd is an American retailer who broke into the UK market in 1995 and is now one of the most recognized fashion accessory brand. They have a strong D&B rating and for the year ending 02/02/2013 reported a Sales Turnover of £127,666,000, Pre-Tax Profits of £3,232,000 and a Tangible Net Worth of £16,860,000.



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### EPC

The EPC ratings are listed in the schedule below and more detailed information is available upon request.

Tenant	EPC Rating
Recipease	E102
3 Store	C66
Argos	C74
Clarks	G230
British Heart Foundation	G153
Brook Street	F139
Natwest	D87
Waterstones	C56
Ryman	C74
Claire's Accessories	D82

### VAT

The property has been elected for VAT which will therefore be chargeable on the sale price unless the transaction can be treated as a Transfer of Going Concern (TOGC).



### A Prime, Reversionary London Retail & Residential Investment Opportunity

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# 48-76

## St John's Road CLAPHAM JUNCTION, LONDON SW11



### ASSET MANAGEMENT INITIATIVES

- **Negotiate and conclude outstanding rent reviews**  
48/50 St John's Rd (Recipease)  
66/68 St John's Rd (NatWest)
- **Negotiate and conclude outstanding lease renewals**  
64 St John's Road (Brook Street) – subject to finding alternative accommodation the tenant may be prepared to surrender the upper floors giving a purchaser an opportunity to convert the current office accommodation to residential (3 one-bed studios) subject to planning.  
74 St John's Rd (Ryman) – the tenant has expressed an interest in surrendering the upper parts (currently a regulated residential tenant who may be prepared to re-site).
- **Residential Conversion of 58/60 St John's Rd (Offices) to three flats** – Gibson Young have agreed an early surrender of their lease which expires 28-09-2015. This provides an opportunity to create three 2 bedroom flats with a potential income of £67,080 pax based on current ERV's.
- **The flexibility to dispose of either retail/residential block individually**
- **Ability to extract value from the disposal of the retail element individually or in smaller parades**
- **Ability to dispose of individual flats to take advantage of the strong SW London residential market**

### MEASURED & BUILDING SURVEY

A recent measured (Plowman Craven) and building survey (Watts) have been commissioned by the vendor and are available for assignment.



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## St John's Road CLAPHAM JUNCTION, LONDON SW11



### INVESTMENT RATIONALE

- A rare opportunity to acquire two substantial retail parades in a popular London suburb.
- A large, affluent catchment of circa 208,000 people (10 minute drive time).
- A strong retail destination with positive retailer demand.
- An opportunity to acquire a portfolio of high value residential flats on AST's with no voids.
- The ability to create three new flats at 58/60 St Johns Road (upper floors).
- Passing rents currently at low Zone A's compared to other similar London Suburbs.
- Recent Argos letting has demonstrated strong tenant demand and established an immediate reversion.
- Well let retail parades with occupiers generally looking to extend their leases.
- Excellent rental growth prospects for both the retail and residential incomes.

### PROPOSAL

We are instructed to seek offers in the region of **£33,000,000 (Thirty Three Million Pounds)**, subject to contract and exclusive of VAT.

A purchase at this level would reflect the following yield profile, assuming purchasers costs of 5.8%:

Net Initial Yield	<b>4.40%</b>
Net Yield (Estimated) upon settlement of outstanding rent reviews and lease renewals	<b>4.72%</b>
Net Yield (Estimated) upon completion of residential flats at 58/60 St John's Road	<b>4.84%</b>
Reversionary Yield (October 2019)	<b>5.24%</b>
Equivalent Yield (Nominal)	<b>5.19%</b>

### FURTHER INFORMATION

For further information, including access to an extranet site please contact:

**David Freeman**  
020 7659 4830  
david.freeman@greenpartners.co.uk

**Ed Smith**  
020 7659 4831  
ed.smith@greenpartners.co.uk

**James Baillie**  
020 7659 4839  
james.baillie@greenpartners.co.uk

**Patrick Over**  
020 7659 4832  
patrick.over@greenpartners.co.uk



[www.greenandpartners.co.uk](http://www.greenandpartners.co.uk)

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