

110/114 KING STREET  
HAMMERSMITH W6 0QP

PRIME REVERSIONARY RETAIL  
& RESIDENTIAL INVESTMENT





## INVESTMENT SUMMARY

- Double fronted two storey retail unit with four self contained two bedroom maisonettes.
- Located along Hammersmith's prime retail thoroughfare, in direct proximity of Kings Mall Shopping Centre.
- Retail unit totalling 953.09 sq m (10,259 sq ft) with 291.71 sq m (3,141 sq ft) of residential accommodation.
- Nearby retailers include Maplin, Savers, Moss Bros, Iceland and Primark.
- Retail let to Argos Limited on a new 10 year lease with approximately 9.25 years unexpired.
- Low retail passing rent of £150,000 per annum with ERV of £189,500 per annum.
- Combined current passing rent of £192,840 per annum.
- Overall ERV of £262,300 per annum.
- Potential to develop additional residential units at second floor level subject to the necessary consents.
- Freehold interest.
- Seeking offers in excess of £3.75 million reflecting the following attractive profile, assuming standard Purchaser's costs of 5.80%:
  - 5.34%\* Net Initial Yield.
  - 6.61% Reversionary Yield.
  - £280 per sq ft capital value.

\*Assuming letting the vacant maisonette at ERV.



## LOCATION

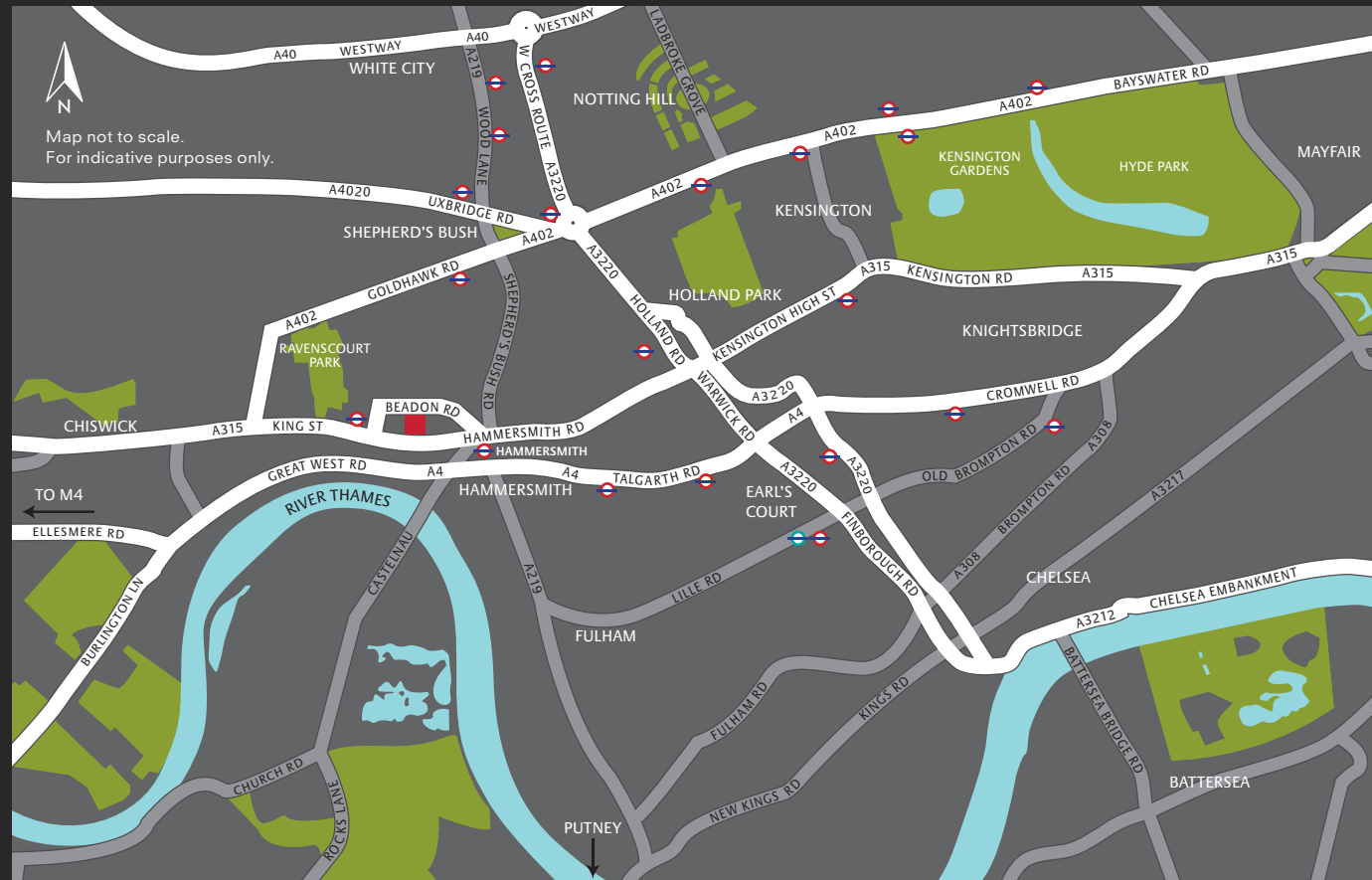
Hammersmith is located in the London Borough of Hammersmith and Fulham, approximately 4.3 km (2.7 miles) north of Putney, 2.4 km (1.5 miles) east of Chiswick and 1.6 km (1 mile) south of Shepherd's Bush. Earls Court and Kensington are both within 3.2 km (2 miles) with Mayfair approximately 5.6 km (3.5 miles) to the east.

Hammersmith is widely regarded as London's principal western gateway thanks to its excellent road and public transport communications, and position at the western edge of Central London along the key A4 east to west arterial route.

Chelsea and Battersea Bridge are less than 10 minutes drive south from the A3220 Holland Road where it links with the A4 1.6 km (1 mile) east of Hammersmith, while the A40 east to west arterial route is less than five minutes drive to the north.

The A4 additionally links directly to Junction 1 of the M4 Motorway less than 4km (2.5 miles) to the west, in turn linking to Junction 15 of the M25.

Hammersmith Underground Station is served by the Piccadilly, District, Circle and Hammersmith and City Lines, from where Green Park, Victoria and Piccadilly Circus can all be accessed in approximately 15 minutes.



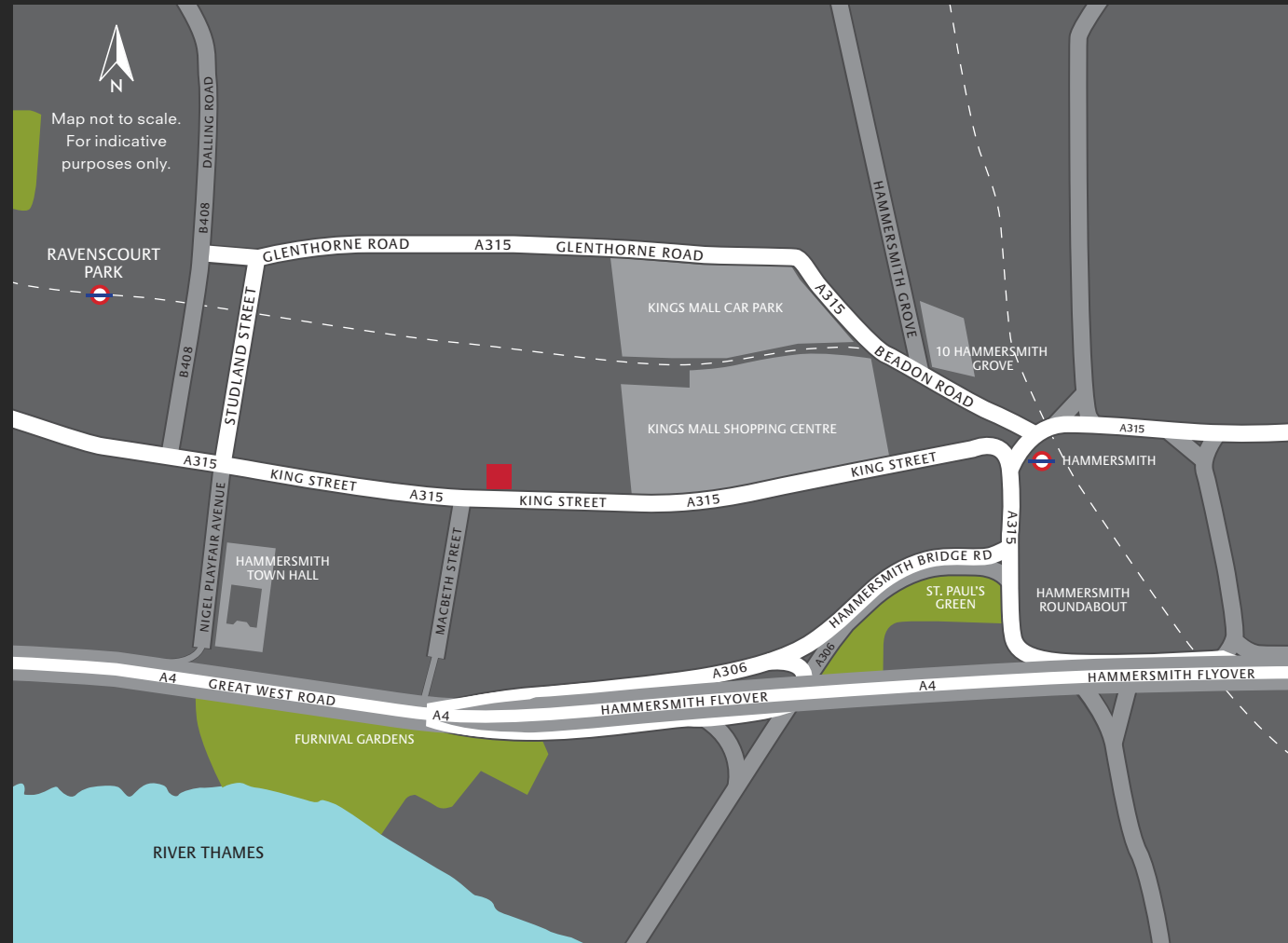


## SITUATION

The property occupies a sought after central position along King Street, Hammersmith's main retail thoroughfare. Situated in direct proximity to Kings Mall Shopping Centre, the unit is well placed to benefit from passing footfall.

National retailers in the immediate vicinity include Maplin, Savers, Moss Bros, Iceland and Primark. Nearby King Street frontage occupiers of Kings Mall Shopping Centre include H&M, McDonald's, River Island and Wasabi.

Hammersmith Underground Station is within five minute's walk while numerous bus routes run from King Street and Hammersmith Roundabout.



## LOCAL DEVELOPMENTS

A number of major developments are underway which will significantly enhance Hammersmith's centre.

Development Securities are speculatively constructing **10 Hammersmith Grove**, a circa 110,000 sq ft office building due to practically complete in Spring this year, with a further circa 165,000 sq ft office due to be developed.

**Kings Mall Shopping Centre** totalling approximately 300,000 sq ft is undergoing major upgrade works which will include a new entrance, double height store frontages to King Street, external recladding and extension of the Lyric Theatre.

**Kings Mall Car Park** is subject to an ongoing planning application by St George for a major residential led development which if granted will comprise close to 420 new homes in buildings ranging from four to 17 storeys, 700 space public car park, approximately 5,700 sq ft of commercial accommodation and various public realm improvements.



Kings Mall



10 Hammersmith Grove



Kings Mall Car Park

## DESCRIPTION

The investment comprises a centrally located double retail unit over ground and first floors.

The ground floor trading space has been fitted out to the tenant's corporate style, with electronic self order stands, browsing stations, goods pick up point and tilling stations. A large section of the ground floor is fitted out as storage and ancillary space, with the majority of the first floor comprising further storage accommodation.

Four self contained two-bedroom maisonettes are situated to the front of the site. Each is arranged over second and third floors to predominantly the same configuration, with a lounge, kitchen and WC at second floor, and two bedrooms with additional bathroom at third floor level.

Maisonette 3 is currently undergoing refurbishment which will be completed prior to the sale. The remaining units offer the opportunity for improvement works to achieve a similar standard.

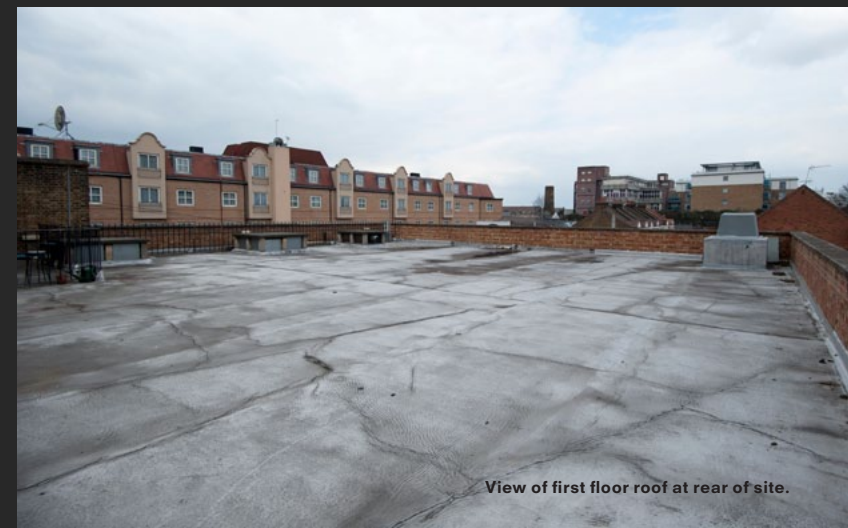
The rear section of the site is undeveloped beyond first floor level, comprising a flat roof. Subject to the necessary consents there is the potential to develop further residential accommodation.

A rear loading / yard area behind the retail unit has the potential to accommodate parking for approximately four vehicles.

## ACCOMMODATION

The property provides the following accommodation:

Accommodation	Floor	Use	Sq M	Sq Ft
110/114 King St	Ground	Sales & Storage	508.27	5,471
		ITZA	195.75	2,107
	First	Storage & Ancillary	444.82	4,788
Maisonette 1	Second	Residential	32.89	354
	Third		35.45	382
Maisonette 2	Second	Residential	30.95	333
	Third		36.68	395
Maisonette 3	Second	Residential	38.45	414
	Third		40.02	431
Maisonette 4	Second	Residential	38.42	414
	Third		38.85	418
Commercial Subtotal			953.09	10,259
Residential Subtotal			291.71	3,141
<b>Total</b>			<b>1,244.80</b>	<b>13,400</b>



View of first floor roof at rear of site.

# TENANCY

The investment is let in accordance with the below tenancy schedule:

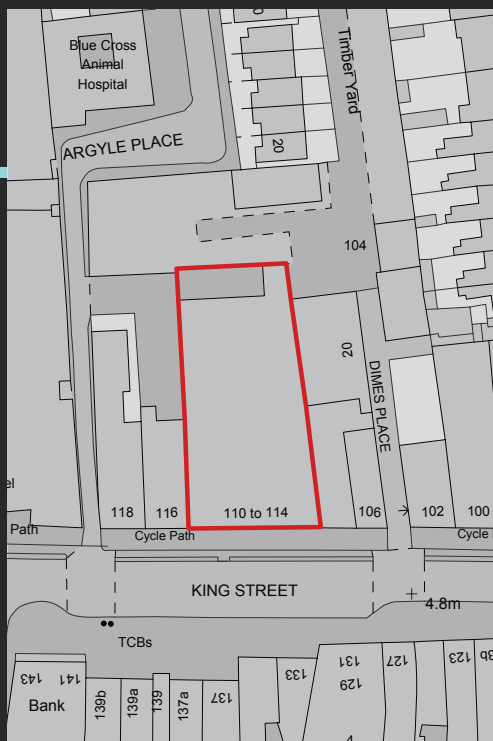
Demise	Tenant	Area (Sq Ft)	Lease Start	Lease Expiry	Rent Review	Rent (£ Pa)	Rent (£ ZA / £ Pw)	ERV (£ Pa)	Comments
110/114 King St	Argos Ltd	10,259	15-Mar-2013	23-Jun-2022	24-Jun-2017	£150,000	£71.50	£189,500	Rent free period expiring 9 August 2013 will be topped up by the vendor.
Maisonette 1	Mr Gogokhia	736	20-Jan-2013	19-Jan-2014	-	£15,000	£288	£18,200 <sup>2</sup>	
Maisonette 2	Ms K & Ms N Chantladze	728	01-May-2011	30-Apr-2014	-	£15,000	£288	£18,200 <sup>2</sup>	Rent to increase by 3% from 1 August 2013.
Maisonette 3	Vacant	845	-	-	-	-	-	£18,200	Undergoing refurbishment.
Maisonette 4	Miss C Fredj & Mr K Randhawa	832	18-Jun-2009	-	-	£12,840	£247	£18,200 <sup>2</sup>	Rolling Periodic Tenancy. <sup>1</sup>
<b>Totals</b>		<b>13,400</b>				<b>£192,840</b>		<b>£262,300</b>	

<sup>1</sup> Landlord and Tenant required to serve notice on the 13th day of each month to determine the Tenancy, respectively on two months and one month's notice.

<sup>2</sup> Subject to refurbishment works.

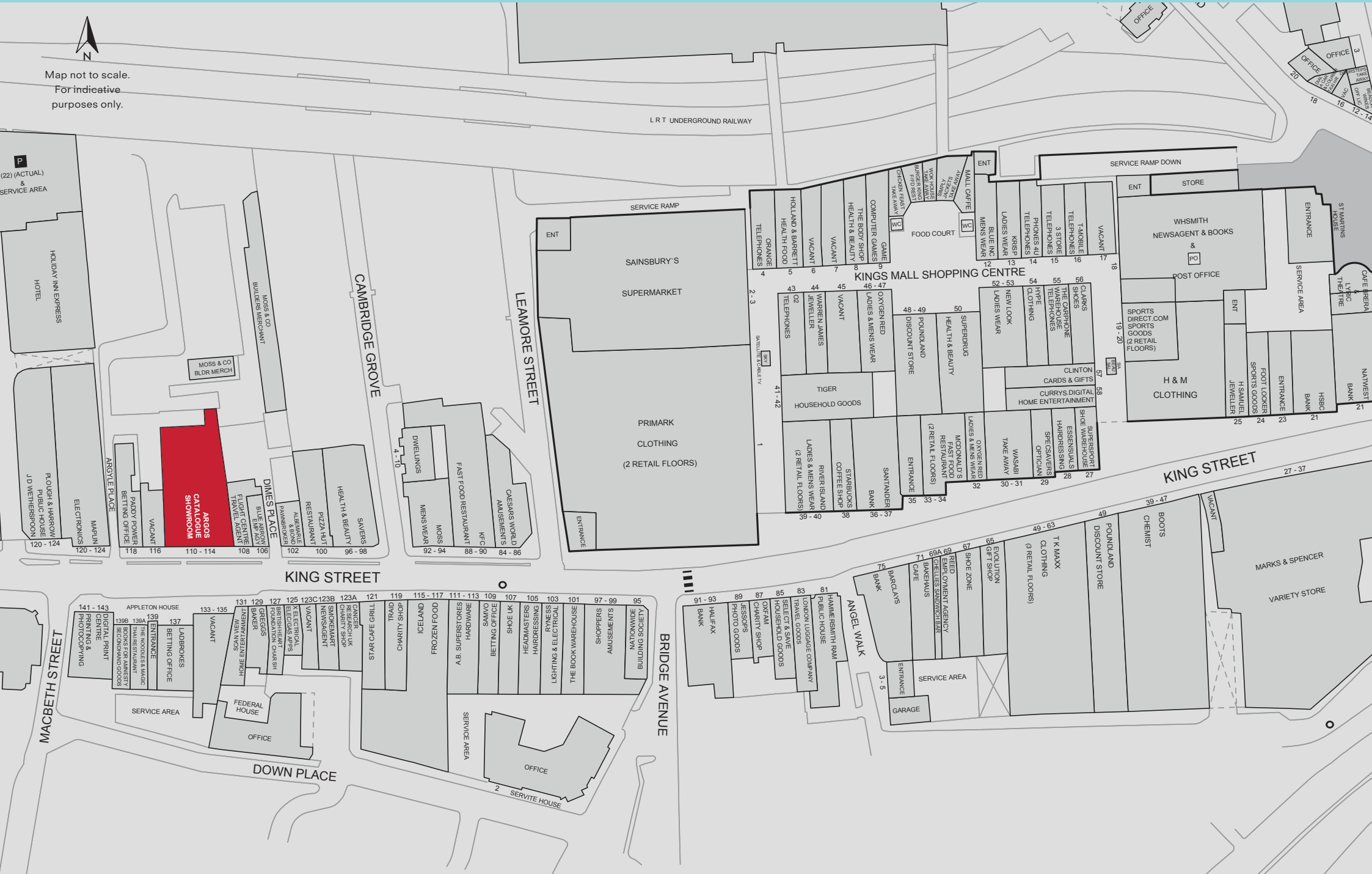
# TENURE

Freehold.





Map not to scale.  
For indicative  
purposes only.



**ARGOS  
CATALOGUE  
SHOWROOM**

- 18 VACANT
- 19 VACANT
- 20 VACANT
- 21 H&M CLOTHING
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## MARKET COMMENTARY

The major refurbishment of Kings Mall Shopping Centre has resulted in a number of key recent lettings including Wasabi, and H&M as a major anchor tenant. King Street 's strength as a retailing pitch is further evident through recent lease renewals which have achieved rental increases of up to 53% against previous passing rents. King Street's lack of well proportioned, centrally positioned units, as highlighted by the serious interest received from a major foodstore operator during Argos' lease renewal negotiations, further demonstrate the potential for continuing rental growth.

Recent activity along King Street is highlighted below:

Unit	Tenant	Transaction	Rent (£ Pa)	Rent (£ ZA)	Lease Length (Break)	Date	Comments
115-117	Iceland	Lease Regear	£127,500	*£79	10 Years	Mar-12	*Prior to 7.5% discount for unit configuration. Extra 10 years added to the lease from 2017.
116	The Money Shop	New Letting	£50,000	£82	10 Years	Jan-13	
123c	Shelter	New Letting	£38,500	£88	10 Years (Year 5)	Apr-12	
109	Samvo	New Letting	£65,000	£106	15 Years (Year 10)	Jun-11	
23-25	Lloyds Bank	Rent Review	£270,000	£145	-	Sep-12	Agreed 12% increase from previous rent level. Minimum of 10 years to be added to the lease term.
21	HSBC	Lease Renewal	£220,000	£145	10 Years	Sep-11	26% increase from previous rent level.
21a	Natwest Bank	Lease Renewal	£270,000	£155	10 Years	Mar-12	53% increase from previous rent level.
49-63	Poundland	New Letting	£260,000	£168	15 Years	Jun-11	

Based upon the above we believe the Argos unit to be reversionary, with a Headline ERV of **£189,500 per annum**, reflecting **£82 Zone A**.



## ASSET MANAGEMENT

Opportunities include the following:

- Increase Argos' rent at review.
- Let the vacant residential unit currently undergoing refurbishment.
- Refurbish the residential accommodation to achieve higher rents.
- Develop additional residential accommodation at second and third floor level, subject to the necessary consents.
- Sell off the residential units.

## COVENANT

Argos is the UK's leading digital and largest online high street retailer. Registering 430 million website hits per year, Argos additionally serve approximately 130 million customers annually through a network of 740 UK stores. Argos offers over 33,000 products across its multiple sales platforms including Argos TV, telephone, and mobile channels.

Further information is available at [www.argos.co.uk](http://www.argos.co.uk).

Dun & Bradstreet have rated Argos Limited as 5A1 reflecting a Minimum Risk of Business Failure. Three years summary accounts are provided below:

	03 March 2012 (000's)	26 February 2011 (000's)	27 February 2010 (000's)
Turnover	£3,749,910	£4,012,064	£4,164,475
Pre Tax Profit	£17,035	£157,867	£227,851
Tangible Net Worth	£1,170,118	£1,195,759	£1,130,407

## VAT

The property is elected for VAT purposes. It is envisaged that the sale will be treated as a Transfer Of a Going Concern.



## INVESTMENT CONSIDERATIONS

- Double fronted retail unit with significant first floor storage, in direct proximity to Kings Mall Shopping Centre.
- Well established retail pitch along Hammersmith's prime retailing thoroughfare.
- Major foodstore operator sought occupation prior to Argos renewing their lease.
- Low commercial passing rent of £71.50 Zone A with recent rental increases along King Street highlighting the potential for future rental growth.
- Ultimate overall reversion to £262,300 per annum.
- Commercial element let to the strong covenant of Argos with a long history of occupation.
- Potential to increase income through letting the vacant residential unit, and refurbishing the remaining accommodation.
- Residential rental values for well specified two bedroom flats along King Street are in the region of £300 - £350 per week.
- Opportunity to sell off the upper parts for which residential capital values are approximately £450 - £500 per sq ft.
- Possibility to develop additional residential accommodation at second floor level above Argos, subject to the necessary consents.



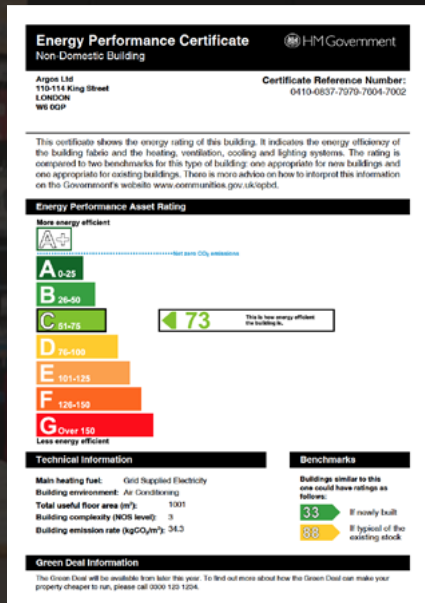
## PROPOSAL

Seeking offers in excess of **£3.75 million (£3,750,000)** reflecting the following attractive profile, assuming standard Purchaser's costs of 5.80%, subject to contract and exclusive of VAT:

- 5.34%\* Net Initial Yield.
- 6.61% Reversionary Yield.
- £280 per sq ft capital value.

\*Assuming letting the vacant maisonette at ERV.





EPC Ratings for the residential units is as follows:

Unit	Rating	Score
Maisonette 1	D	65
Maisonette 2	D	67
Maisonette 3	D	67
Maisonette 4	D	65

For further information please contact:



david baroukh associates

**Simeon Cohen**

020 7631 2242

simeon@dbaprop.co.uk

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

**David Baroukh**

020 7631 2244

david@dbaprop.co.uk

**David Baroukh Associates**

6A Wimpole Street, London W1G 8AL

Tel: 020 7323 1010

Fax: 020 7323 6600

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April 2013