



Freehold Town-Centre Office Investment

Grove House, 551 London Road, Isleworth, Middlesex









Treaty Shopping Centre





## Investment Summary

- Purchase price in excess of £3,900,000.
  - Net initial yield of 7.0%.
  - Reversionary yield of 7.2%.
  - True equivalent yield of 7.5%.
  - Freehold.
  - Attractive town centre office building benefiting from a refurbishment of the majority of the accommodation in 2002.
  - Total net internal area of 1,801 sq m (19,385 sq ft).
  - Passing rent reflects £160.55 per sq m (£14.91 per sq ft) overall.
  - Capital value of £2,160 per sq m (£201 per sq ft).
  - Car parking ratio of 1:42 sq m (1:450 sq ft).
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### Location

Located in the London Borough of Hounslow, within the county of Middlesex, Isleworth is an attractive location situated on the banks of the River Thames. The town lies approximately 17.8 kilometres (11.1 miles) south-west of Central London. In addition, Richmond is situated 5.4 kilometres (3.4 miles) to the south-west whilst Hammersmith lies 9.8 kilometres (6.1 miles) to the north-west.

Isleworth is an established office location with major occupiers including British Sky Broadcasting, Harrods, Braun and The Federation Against Copyright Theft (FACT).

### Demographics

In 2001, The London Borough of Hounslow had a resident population of approximately 212,000 and an estimated catchment population within 20.0 kilometres of approximately 3,942,000.

Hounslow has an affluent urban demographic; The CACI Lifestyle Groups of Prosperous Professionals and Educated Urbanites provides a collective total of 14.2% whilst the national average is only 6.8%. In addition, the borough has an above average car ownership of 46.3%.

Sources:           Census 2001

### Communications

Isleworth benefits from excellent communications via road, rail and air;

The town is situated within the south-west quartile of the M25 motorway and can be accessed from Junction 1 of the M3, via the A316, or from the M4 (Junction 2) via the A4. The motorways in turn connect to Junctions 12 and 15 of the M25 respectively. Additionally, the town benefits from direct access to the A30 also linking to the M25 via Junction 13, which lies 12.8 kilometres (8.0 miles) to the west.

Isleworth mainline railway station provides direct services to London Waterloo with a fastest journey time of 37 minutes.

Hounslow East and Osterley railway stations provide access to the London Underground system and Heathrow airport both via the Piccadilly Line.

The UK's principal airport, Heathrow, lies approximately 8.0 kilometres (5.0 miles) to the west.



**Situation**

Grove House occupies a prominent corner location within the town centre in close proximity to the principal commercial and retailing centre. The building is situated at the junction of Sidmouth Avenue and London Road (A315) by the towns main arterial route.

The property is located 0.3 kilometres (0.2 miles) to the west of Isleworth mainline railway station, Hounslow East lies 1.4 kilometres (0.9 miles) to the west and Osterley is situated 1.1 kilometres (0.7 miles) to the north.

Further retailing is provided in Hounslow, a short walking distance from the property, which includes the Treaty Shopping Centre where a number of national retailers are represented.

**Description**

Grove House was constructed in the 1960s of a concrete frame incorporating coloured glazed panel elevations and secondary double-glazed fenestration under a flat roof. The property comprises a 4 storey 'L'-shaped purpose built office building.

The majority of the office accommodation was refurbished in 2002 and benefits from a specification including suspended ceilings, Category II lighting and central heating. In addition, the building provides a 6 person passenger lift, a kitchen and both male and female toilets on each floor.

Car parking is provided on-site to the rear of the building.

**Accommodation**

We have been advised the total net internal floor area is 1,801 sq m (19,385 sq ft). In addition, the building benefits from 43 car parking spaces providing a ratio of 1:42 sq m (1:405 sq ft).

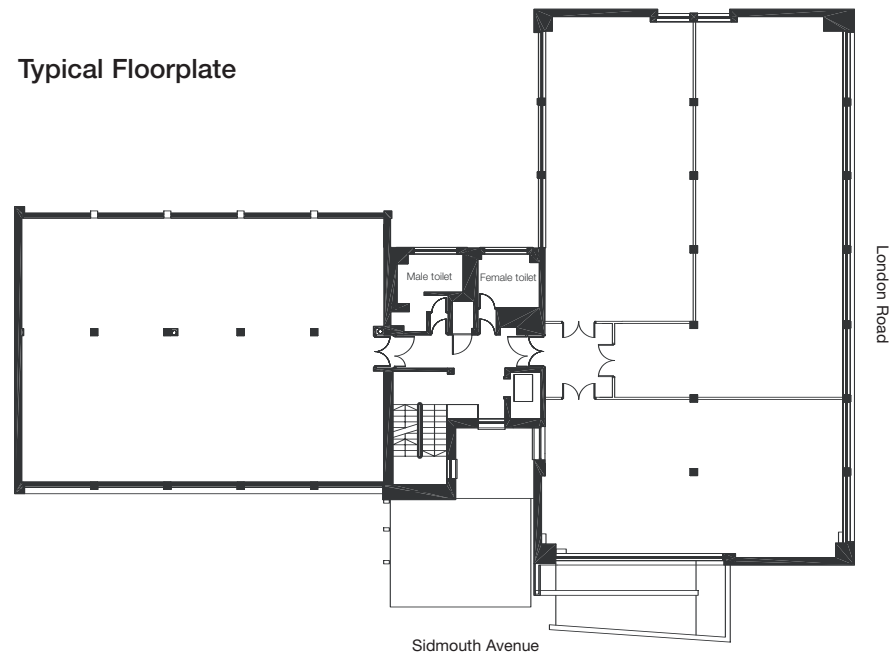
Please see the tenancy and accommodation schedule.

The total site area is approximately 0.2 hectares (0.4 acres)

**Tenure**

Freehold

**Typical Floorplate**



Not to Scale. Indicative Only



### Tenancies

The investment is multi-let on full repairing and insuring leases producing a total income of £289,142 per annum equating to £160.55 per sq m (£14.91 per sq ft) overall.

The vendor is providing a one year rental guarantee on the vacant refurbished accommodation representing 296 sq m (3,189 sq ft) totalling £49,430 per annum equating to £166.84 per sq m (£15.50 per sq ft).

### Estimated Rental Value

The estimated rental value of the building is approximately £298,000 per annum equating to £156.08 per sq m (£14.50 per sq ft) for the non-refurbished accommodation and £166.84 per sq m (£15.50 per sq ft) for the refurbished accommodation.

We are aware of the following comparable evidence:

In August 2006, at Capital House, Isleworth, Carriages Executive completed a 10 year lease at a rent of £12,705 per annum which equated to £161.46 per sq m (£15.00 per sq ft).

In June 2006, at Grove House, Jain (Europe) Limited completed a 5 year lease at a rent of £31,500 per annum which equated to £161.36 per sq m (£14.99 per sq ft).

In November 2005, at Grove House, Nous Systems Private completed a 5 year lease with a tenant's break option in the 3rd year at a rent of £15,000 per annum which equated to £166.95 per sq m (£15.51 per sq ft).

### Proposal

We have been instructed to seek offers in excess of £3,900,000 (Three Million, Nine Hundred Thousand Pounds) reflecting the following yield profile based upon costs at 5.7625%.

Net initial yield of 7.0%  
Reversionary yield of 7.2%  
True Equivalent yield of 7.5%

The capital value equates to £2,160 per sq m (£201 per sq ft).

### Value Added Tax

The property has been elected for VAT.

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Floor	Tenant	Accommodation sq ft	sq m	Rent per annum (per sq ft)	ERV per annum (per sq ft)	Start Date	Review	Expiry (Break)	Unexpired Term (years)	Car Parking Spaces	Comments
Ground											
	Owling Housing Limited	3,280	305	£47,560 (£14.50)	£47,560 (£14.50)	25-Jun-06	24-Jun-11	25-Jun-16 (25-Jun-11)	9.75	7	Tenant in the process of refurbishing
First											
	Nous Infosystems Private	967	90	£15,000 (£15.51)	£14,989 (£15.50)	9-Nov-05	-	8-Nov-10 (09-Nov-08)	4.00	2	Rent deposit held (£10,905 + VAT)
	VACANT	945	88	£14,648 (£15.50)	£14,648 (£15.50)	-	-	-	1.00	6 spaces to be demised	Vendor will provide a 1 year rental guarantee
	VACANT	1,309	122	£20,290 (£15.50)	£20,290 (£15.50)	-	-	-	1.00	6 spaces to be demised	Vendor will provide a 1 year rental guarantee
	N.C.H	2,103	195	£26,250 (£12.48)	£32,597 (£15.50)	21-Jan-05	-	31-Mar-08	1.50	5	
Second											
	RGA Group Limited	3,440	320	£51,600 (£15.00)	£53,320 (£15.50)	1-Sep-05	01-Sep-09	31-Oct-15 (01-Nov-09)	9.00	8	Rent deposit held (£25,009 + VAT)
	Vinci Construction Grands	995	92	£16,418 (£16.50)	£15,423 (£15.50)	9-Nov-03	-	8-Nov-06	0.00	see below	Rent deposit held (£6571 + VAT)
	VACANT	935	87	£14,493 (£15.50)	£14,493 (£15.50)	-	-	-	1.00	6 spaces to be demised	Vendor will provide a 1 year rental guarantee
Third											
	Jain (Europe) Limited	2,102	195	£31,500 (£14.99)	£32,581 (£15.50)	12-Jun-06	-	11-Jun-11	4.75	5	Tenant currently preparing suite for occupation Guaranteed by Jain Irrigation Systems Ltd. Rent deposit held (£7,633 + VAT)
	Imagebase Technology Limited	1,348	125	£20,220 (£15.00)	£20,894 (£15.50)	31-Jul-04	-	30-Jul-09	2.75	3	
	Owl Housing Limited	1,006	93	£14,084 (£14.00)	£14,587 (£14.50)	25-Jun-06	25-Jun-11	25-Jun-16 (25-Jun-11)	9.75	2	Tenant in the process of refurbishing
	Cygnnet Call Centre Limited	955	89	£15,280 (£16.00)	£14,803 (£15.50)	15-Oct-03	15-Oct-08	14-Oct-13 (15-Oct-08)	7.00	2	Guaranteed by Surinder Gujral Rent deposit held (£3,538 + VAT)
Car Parking											
	Vinci Construction Grands	3 spaces		£1,800	£1,800	24-Jun-03	-	8-Nov-06	-	3	Licence agreement
Total		19,385	1,801	£289,142	£297,982					37	(6 spaces vacant)



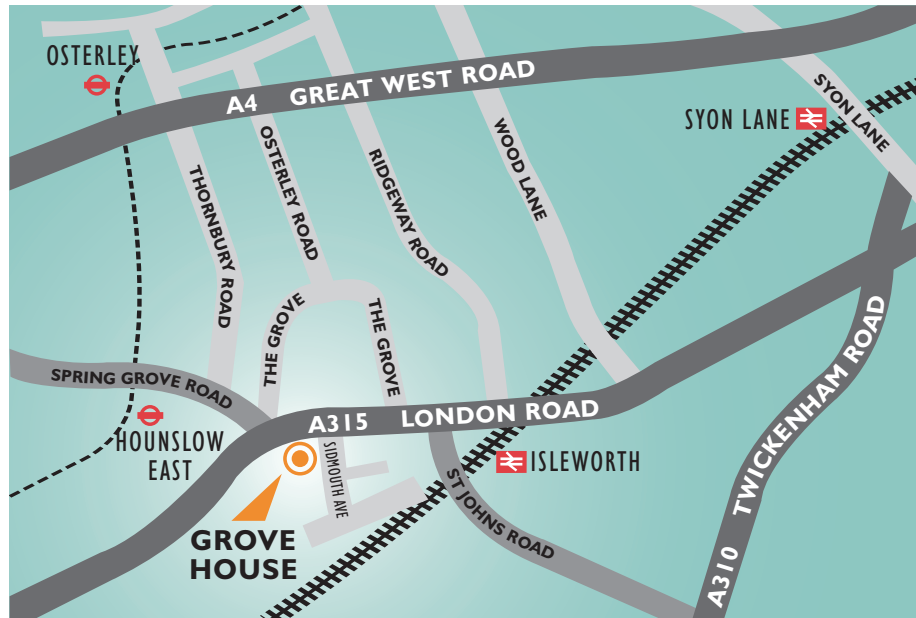


## Investment Considerations

- An opportunity to acquire a multi-let office investment within the south-west quartile of the M25. The recent strength of the occupational market within the location has attracted many investors to the sector.
  - Isleworth is an established office location situated close to both Central London and Heathrow Airport.
  - The town benefits from excellent communications with good access to the M25, M3 and M4 motorways with regular trains to Waterloo and Heathrow.
  - The property is situated within walking distance of both mainline railway and London Underground stations.
  - The majority of the office accommodation was comprehensively refurbished in 2002 and provides both flexible floor plates and an excellent car parking ratio of 1:42 sq m (1:450 sq ft).
  - Attractive net initial yield of 7.0%
  - Various asset management opportunities including new lettings, lease renewals and rent reviews. Additionally T-Mobile has inspected and are interested in a lease for a telephone mast with a value in the region of £10,000 per annum.
  - Grove House benefits from a low base rent of £160.55 per sq m (£14.91 per sq ft) overall which provides an excellent platform for future rental growth. Higher rental levels have consistently been achieved in the building. Additionally the low service charge and rates will have a positive effect on rental values.
  - Isleworth is situated in a strategic location with substantially lower rents in comparison to towns in the surrounding area. Please see rental distribution map highlighting the range of rental levels in the region.
  - Grove House benefits from a capital value of £2,160 per sq m (£200 per sq ft) which is underpinned by residential values which are in the region of £4,305 per sq m (£400 per sq ft).
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Rental levels in Isleworth and its surrounding towns



Not to scale. Indicative only.





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