



GREATER LONDON MULTI-LET BUSINESS SPACE AND INDUSTRIAL / WAREHOUSE INVESTMENT

First Quarter | Blenheim Road | Epsom | Surrey | KT19 9QN



INVESTMENT SUMMARY

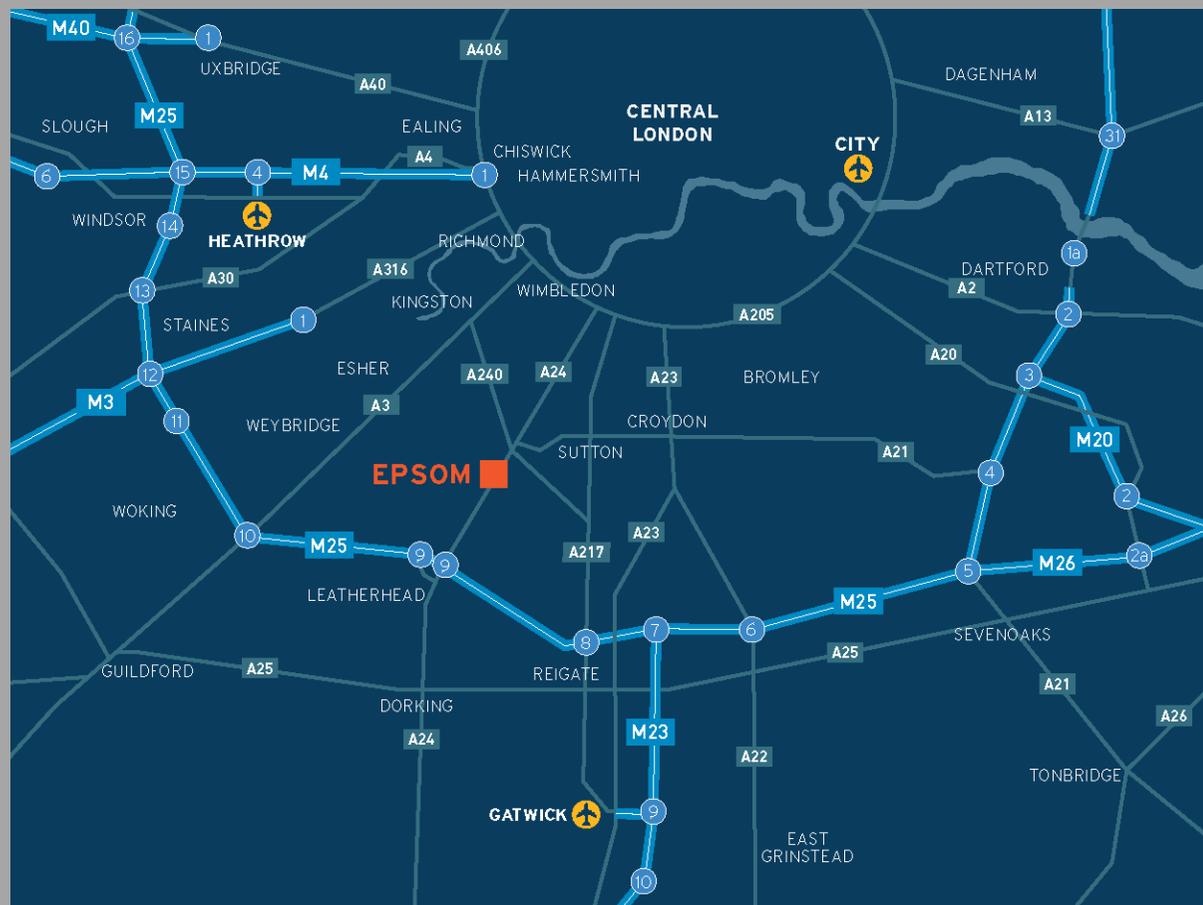
- ◆ Unique opportunity to acquire a multi-let business space and industrial/warehouse investment in a key Greater London area.
- ◆ Strategically located close to J9 of the M25 with access to the national motorway network.
- ◆ A modern estate of 18 units totalling approximately **28,660 sq ft** (2,662.6 sq m) GIA.
- ◆ Fully let to **16 tenants** with an average weighted unexpired lease term of approximately 3.8 years and 2.0 years to breaks.
- ◆ Current rental income of **£497,792** per annum exclusive, equating to £17.37 per sq ft (£186.96 per sq m).
- ◆ Recent lettings of Units 8 and 9 equate to £19.34 / £19.40 per sq ft with potential to increase the overall rent to **£558,870** pa, i.e £19.50 per sq ft, thereby reflecting the current market rental values.
- ◆ Site extends to 1.213 acres (0.491 hectares).
- ◆ Let to a range of SMEs with tenants including Stulz UK, Trafag (UK) and Stego UK.
- ◆ Freehold.
- ◆ The property is elected for VAT.
- ◆ Offers are invited in excess of **£9,300,000 (Nine Million Three Hundred Thousand Pounds)** for the freehold interest, subject to contract and exclusive of VAT.
- ◆ A purchase at this level would reflect a net initial yield in the region of **5%** after allowing for purchaser's costs of **6.65%**, with a capital value of **£324 per sq ft**.
- ◆ When adopting market a rental value of £19.50 per sq ft, the potential reversionary yield increases to **5.6%**.



LOCATION

Epsom is an affluent commuter town within the Greater London urban area, 16 miles to the south west of Central London. The town is located within the borough of Epsom and Ewell in Surrey.

Nearby Junction 9 of the M25 provides excellent links to the national motorway network, which allows direct access to London Heathrow to the west and London Gatwick to the south via the M23. The town also provides frequent commuter services into London Waterloo and London Victoria via Epsom Railway Station.



CONNECTIVITY - By Road

Ewell West Station	0.8 miles	Junction 1 M23	12.5 miles
Epsom Town Centre	0.9 miles	Central London	13.0 miles
Epsom Railway Station	1.2 miles	Gatwick Airport	19.4 miles
A3	4.0 miles	Junction 4B M4	25.4 miles
Junction 9 M25	4.9 miles	Heathrow Airport	26.0 miles
Junction 7 M23	7.9 miles		

By Rail from Epsom

Clapham Junction	21 mins	Wimbledon	15 mins
Guildford	29 mins	London Waterloo	33 mins
London Victoria	35 mins		
London Waterloo	36 mins		
London Bridge	44 mins		

By Rail from Ewell West

Investment Summary

Location

Aerial View

Situation

Description

Planning & Accommodation

Tenancy Information

Occupational Commentary

Investment Commentary

Further Information



1	FIRST QUARTER	5	TRAVIS PERKINS	9	SARTORIUS	13	AWE	17	HSS HIRE	21	DOMEX	26	CITROEN (WILSONS)
2	BUILDBASE	6	KIA MOTORS	10	PHOTO ME	14	STORAGE KING	18	WILSONS	22	ROYAL MAIL	27	NISSAN (WILSONS)
3	SKODA	7	HOWDENS	11	CITY PLUMBING	15	FORD	19	JUST TYRES	23	WILSONS	28	PEUGEOT (WILSONS)
4	WOLSELEY	8	EPSOM & EWELL COUNCIL	12	TCHIBO	16	SCREWFIX	20	ELECTRIC CENTER	24	MERCEDES-BENZ	29	HALFORDS
										25	SAINSBURY'S	30	WICKES

Investment Summary	Location	Aerial View	Situation	Description	Planning & Accommodation	Tenancy Information	Occupational Commentary	Investment Commentary	Further Information
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SITUATION

First Quarter Business Park is located off Longmead Road and adjoins Hook Road (B284) which then connects to the A24 at East Street.

The estate is approximately 0.75 miles from Epsom Town Centre. The A24 provides a direct access to Central London, Junction 9 of the M25 motorway and the A3.

Longmead and Kiln Lane Industrial Estates and Surrey & Epsom Business Parks are situated nearby to First Quarter.



CROSSRAIL 2

Crossrail 2 is a proposed railway linking the National Rail networks, which would connect Epsom to the Central London Underground. Construction is proposed sometime in the early 2020's with the proposed route to include Epsom mainline railway station, with a capacity for up to 8 trains per hour in each direction.

Further information can be found at <https://crossrail2.co.uk/>



DESCRIPTION

First Quarter was constructed in the late 1980's and comprises 18 two-storey business units offering a mix of high quality offices and warehouse business space.

The units are of steel portal frame construction with brick cavity walls and steel profiled cladding at first floor level.

There are a total of 87 on-site car parking spaces, thereby providing an excellent ratio of 1 space per 329 sq ft.



KEY TO TENANTS

- | | | |
|--------------------------------|------------------------------------|-----------------------------------|
| 1. Stulz UK Ltd | 7. Intrepid Security Solutions Ltd | 13. Cicli Pinarello (UK) Ltd |
| 2. Stulz UK Ltd | 8. Richard Harbord | 14. Zestan Ltd |
| 3. Stulz UK Ltd | 9. Pixel Global AV Ltd | 15. Cuescript Ltd |
| 4. Interactive Media Group Ltd | 10. XTEL Technology Solutions Ltd | 16. Metrel UK Ltd |
| 5. Direction Fire Ltd | 11. Bidatask Limited | 17. Blenheim Roofing Services Ltd |
| 6. Trafag (UK) Ltd | 12. Stego (UK) Ltd | 18. Flairlight Designs Ltd |



The units comprise the following amenities:

WAREHOUSE / INDUSTRIAL

- 3 phase power
- Fluorescent lighting
- Roller shutter loading door
- Gas central heating
- Eaves height of 10' 4" (3.15 m)
- Accessible toilet
- Loading bay

FIRST FLOOR OFFICES

- Fully carpeted
- 2 compartment perimeter trunking
- Suspended ceiling
- Recessed fluorescent lighting
- Ceiling mounted comfort cooling (to majority of units)
- Gas fired central heating
- Tea station
- Double glazed windows throughout
- Toilet
- On-site parking



TYPICAL WAREHOUSE/INDUSTRIAL



TYPICAL OFFICE

PLANNING

Consent for the original development (planning permission reference TP3/No. 06/88/1354/0721) was granted on 28th April 1989 for the construction of 18 two-storey Class BI units.

Subsequently, a condition was varied to allow the amalgamation of neighbouring units.

ACCOMMODATION

First Quarter provides a total gross internal area of 28,660 sq ft (2,662.6 sq m) as measured by a Plowman Craven survey in accordance with RICS Code of Measuring Practice. The site extends to approximately 1.213 acres (0.491 hectares).

SITE PLAN

(Not to Scale - for indicative purposes only)



TENANCIES

Unit	Tenant	Area Sq Ft	Term		Rent Review	Rent £pa	Rent £psf	Market Rent £pa	1954 Act	Comments
			Start	End						
1	Stulz UK Limited	1,669	30/01/2016	29/01/2021		27,624	16.55	32,546	In	
2	Stulz UK Limited	1,774	30/01/2016	29/01/2021		29,279	16.50	34,593	In	
3	Stulz UK Limited	1,692	30/01/2016	29/01/2021		28,038	16.57	32,994	In	
4	Interactive Media Group Limited	1,682	19/06/2017	18/06/2022		30,240	17.98	32,799	Out	Tenant only break on 19/06/2020 subject to not less than 6 months' notice, 10 weeks rent free if not exercised. Rent deposit £18,144
5	Direction Fire Limited	1,782	16/08/2016	15/08/2026	16/08/2021	30,619	17.18	34,749	In	Tenant break 16/08/2021 subject to not less than 6 month's notice.
6	Trafag (UK) Limited	1,670	19/01/2018	18/01/2028	19/01/2023	30,240	18.11	32,565	Out	Tenant break 19/01/2023 subject to not less than 6 month's notice. Rent deposit £9,072
7	Intrepid Security Solutions Limited	1,494	01/06/2015	31/05/2025	01/06/2020	24,000	16.06	29,133	In	Tenant break 01/06/2020 subject to not less than 6 month's notice. Rent deposit £7,200
8	Richard Harbord	1,551	18/09/2019	17/09/2024		30,000	19.34	30,245	Out	Tenant break 26/09/2022 subject to not less than 6 month's notice. Rent deposit £9,000
9	Pixel Global AV Limited	1,546	24/09/2019	23/09/2024		30,000	19.40	30,147	Out	Rent deposit £12,000
10	XTEL Technology Solutions Ltd	1,553	12/10/2019	11/10/2024	12/10/2022	27,500	17.71	30,284	Out	Rent commencement date 12/02/2020. Tenant only break 12/10/2022, subject to not less than 6 months' notice. Further 1 month rent free to be granted if break not exercised. Rent deposit £5,191.06
11	Bidatask Limited	1,548	16/03/2018	15/03/2021		27,500	17.76	30,186	Out	Rent deposit £11,000
12	Stego (UK) Ltd	1,500	10/11/2015	09/11/2025	10/11/2020	24,500	16.33	29,250	Out	Tenant break 10/11/2020 subject to not less than 6 month's notice.
13	Cicli Pinarello (UK) Limited	1,511	24/10/2018	23/10/2023		27,500	18.20	29,465	Out	Rent deposit £16,500 (to be returned if profit test met)
14	Zestan Limited	1,545	18/09/2015	17/09/2020		27,500	17.80	30,128	Out	Rent deposit £16,500. Terms have been agreed with Unit 13 Tenant, Cicli Pinarello, to take a new lease until 23/10/2023 at £31,500 pa, ie £20.39 psf.
15	Cuescript Ltd	1,552	23/11/2018	22/11/2023		27,500	17.72	30,264	Out	Tenant break 23/11/2021 subject to not less than 6 month's notice. Rent deposit £10,999.20
16	Metrel UK Limited	1,550	15/07/2015	14/07/2020		24,860	16.04	30,225	Out	Rent deposit £14,916
17	Blenheim Roofing Services Ltd	1,543	06/06/2016	05/06/2021		26,892	17.43	30,089	Out	Rent deposit £6,017.07
18	Flairlight Designs Limited	1,498	26/06/2015	25/06/2025	25/06/2020	24,000	16.02	29,211	In	Tenant break 25/06/2020 subject to not less than 6 month's notice. Tenant has indicated their intention to operate the break clause and is to be marketed at a proposed rent of £31,000 pa (£20.69 psf). Rent deposit £7,200
		28,660				497,792		558,870		

In summary, First Quarter is let to 16 Tenants providing an average unexpired lease term of 3.8 years, and 2.0 years to break.

The total passing rent is £497,792 per annum reflecting an average rent of £17.37 per sq ft.

When adopting a market rent of £19.50 per sq ft on all units, this would provide a potential reversionary rent of £558,870 per annum.

OCCUPATIONAL COMMENTARY

The South East and Greater London market continues to experience a lack of supply and an ever increasing occupier demand. These combined factors have resulted in strong rental growth forecasts.

New speculative developments are scarce whilst the Epsom and local market generally are facing an erosion of industrial land supply and all these contributing factors will lead to rent levels further increasing.

A summary of business space and warehouse/industrial transactions are outlined below.

Date	Property	Tenant	Size Sq Ft	Lease	Rent £psf
Oct 19	Unit 5, The Forum, Chertsey	Full House Restaurant Holdings	2,079	10 yrs	23.00
Oct 19	Unit 2, Kingsmill Business Park, Kingston	Atlantamed Limited	1,556	5 yrs	23.46
Aug 19	Unit 15, Teddington Business Park, Teddington	Wrap Architects	1,251	10 yrs	20.00
Jul 19	10-12a Glenville Mews, Southfields	Home Ascent	6,248	10 yrs	20.61
Jun 19	Unit 7, Zennor Trade Park, Balham	undisclosed	2,117	3 yrs	26.50
Apr 19	Unit 3 - Gr Fl, Kingsmill Business Park, Kingston	Careart UK Limited	1,060	5 yrs	23.11
Oct 18	Unit 14, Rufus Business Centre, Earlsfield	Canbury Construction Limited	638	3 yrs	23.51
Sept 18	Unit 12, Rufus Business Centre, Earlsfield	Christ Redemption Ministries Limited	614	3 yrs	24.43



INVESTMENT COMMENTARY

The UK industrial and business space market is seeing strong levels of demand from both domestic and international investors, particularly for investments located in Greater London and the South East which offers significant rental growth prospects.

Below are some recent transactions in this sector, providing evidence of current pricing levels.

Date	Property	Price	NIY %	Size Sq Ft	Lease (Exp/Brk)	Cap Val psf
Jun 19	Units 2 & 3 Hook Rise South Chessington	£6,175,000	4.43	23,815	7.45/5.67	£259
Jun 19	Units 2-5 Hook Rise Industrial Estate Chessington	£8,655,000	3.76	32,674	5.0/3.0	£265
May 19	Units 4 & 6, Wyvern Industrial Estate New Malden	£11,800,000	4.22	50,699	0.6	£233
Dec 18	St Margaret's Business Centre Twickenham	£7,900,000	2.80	33,479	0.86	£236
Nov 18	1-5 Purley Way Croydon	£7,850,000	3.26	36,460	4.40	£215
Jun 18	Leatherhead Trade Park Surrey	£10,500,000	4.50	48,415	4.00	£217
May 18	Buildbase, 2 Roy Richmond Way Epsom	£4,700,001	4.48	17,607	15.00	£267
May 18	Crew Clothing Earlsfield	£10,350,000	3.20	30,328	3.3	£341
Mar 18	Havelock Terrace Battersea	£8,569,000	3.20	16,347	4.1	£524
Aug 16	Puma Trade Park Mitcham	£10,750,000	4.49	47,599	7.1	£226

ASSET MANAGEMENT

Asset management opportunities include the following:

- Regear/extend lease terms to increase rent levels
- Refurbish units to provide enhanced office accommodation
- Rent reviews due in 2020/2021 on Units 5, 7, 12 and 18

SERVICE CHARGE

A service charge is operated to which all tenants contribute, that covers the cost of external maintenance, gutter cleaning, refuse collection and landscaping. The current service charge budget is running at approximately £1.26 per sq ft.

A copy of the service charge budget is available in the data room.



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TENURE

Freehold.

EPC

A copy of the EPCs are available upon request.

VAT

The property is elected for VAT and it is anticipated that the transaction will be treated as a Transfer of a Going Concern (TOGC).

DATA ROOM

Access can be provided upon request.

PROPOSAL

We are instructed to seek offers in excess of **£9,300,000 (Nine Million Three Hundred Thousand Pounds)**, subject to contract and exclusive of VAT.

A purchase at this level would reflect a net initial yield in the region of **5%** after allowing for purchaser's costs of **6.65%**, with a capital value figure of **£324 per sq ft**.

When adopting a market rental value of **£19.50** per sq ft overall, a potential reversionary yield increases close to **5.6%**.

ANTI MONEY LAUNDERING

The purchaser will need to satisfy both the vendor and Cattaneo Commercial's Anti Money Laundering policies.

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