

SEVEN & EIGHT

CONDUIT STREET

LONDON W1

IN THE HEART OF MAYFAIR

ONE OF THE MOST EXCLUSIVE RETAIL DESTINATIONS IN THE WORLD

INVESTMENT SUMMARY

- Rare Mayfair mixed use retail and office asset providing the opportunity to hold as an investment, redevelop or refurbish the existing property
- Virtual Freehold
- Prominent building totalling 11,113 sq ft NIA (3,719 sq ft retail accommodation and 7,394 sq ft office accommodation)
- Situated on the north side of Conduit Street, a prime retailing street in Mayfair
- The retail element is let to The East India Company Fine Foods Ltd expiring in March 2024 at a low passing rent of £350,000 per annum, reflecting only £303 Zone A
- Highly reversionary. Prime retail rents on Conduit Street are now £550 Zone A
- Offices are multi let to four tenants, at a passing rent of £355,147 per annum, reflecting an average rate of only £60.34 per sq ft
- The vendor will top up the rent of the vacant second floor for 12 months, therefore reflecting a topped up rent of £467,947 per annum on the office accommodation
- Total passing rent of £817,947 per annum
- Westminster City Council have recently supported a planning pre-application to demolish and redevelop the property, extending it to 7 floors reflecting a net internal floor area of 15,612 sq ft (20,291 sq ft GIA)
- Potential to create a Fashion Maison and also suitable for owner occupation
- Offers in excess of **£36 million**, subject to contract and exclusive of VAT, reflecting a **net initial yield of 2.24%**, reversionary yield of 3.26% and a capital value of £3,239 per sq ft and £2,305 per sq ft on the proposed scheme
- The property is held in a BVI SPV. The entire share capital can be sold, thereby mitigating any stamp duty. Purchasers costs are therefore 1.80%





LOCATION

Conduit Street is located in the heart of Mayfair, in London's West End, which is renowned as one of the world's most exclusive retail locations. Mayfair is bordered by Soho to the east, St James's to the south and Marylebone to the north. It is characterised by a blend of exclusive retailers, high quality office buildings and luxury residential accommodation.

Mayfair boasts a wide selection of high end international restaurants including Sketch, Novikov, Scotts, Nobu, Hakkasan and 5 star luxury hotels including The Westbury, The Ritz, Claridge's and The Connaught.

Furthermore, Bond Street is home to world leading premium retailers such as; Louis Vuitton, Burberry, Prada, Cartier, Chanel, Giorgio Armani, Mulberry, Patek Philippe, Ralph Lauren and Tiffany.

Mayfair is the chosen destination for the headquarters of major international corporate and financial occupiers including Blackstone, Lazard, GLC, Alliance Capital, KPMG, Carlyle Group and SAB Miller.

CONDUIT STREET IS LOCATED IN THE HEART OF MAYFAIR IN LONDON'S WEST END, WHICH IS RENOWNED AS ONE OF THE WORLD'S MOST EXCLUSIVE RETAIL LOCATIONS.



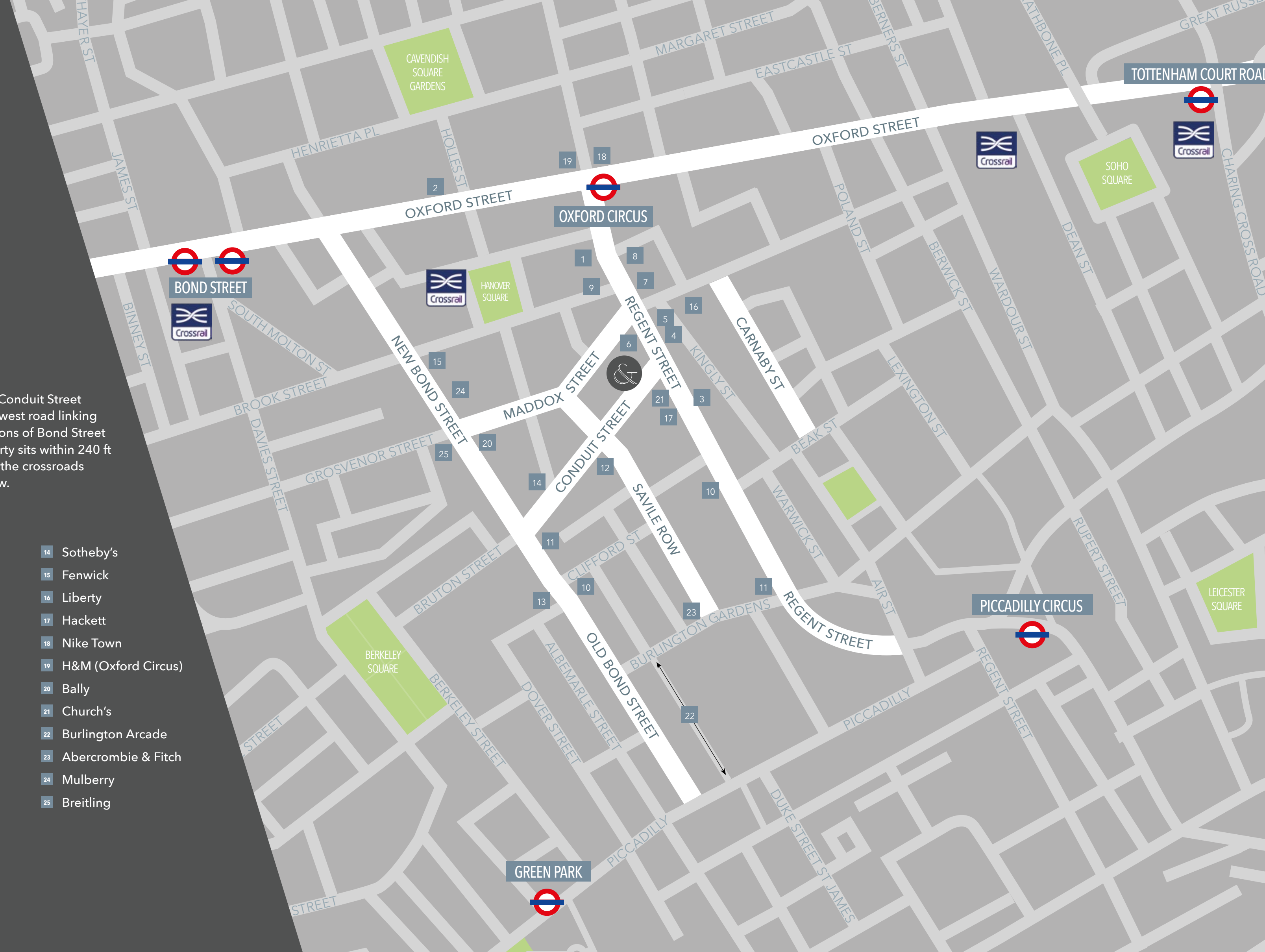


CONDUIT STREET IS CHARACTERISED BY A BLEND OF EXCLUSIVE RETAILERS, HIGH QUALITY OFFICE BUILDINGS AND LUXURY RESIDENTIAL ACCOMMODATION.

SITUATION

Situated on the north side of Conduit Street which is an important east to west road linking the luxury shopping destinations of Bond Street and Regent Street. The property sits within 240 ft of Regent Street and close to the crossroads with Mill Street and Savile Row.

- | | |
|---------------------------|------------------------|
| 1 Apple Store | 14 Sotheby's |
| 2 John Lewis | 15 Fenwick |
| 3 Hamleys | 16 Liberty |
| 4 Stuart Weitzman | 17 Hackett |
| 5 Coach | 18 Nike Town |
| 6 Furla | 19 H&M (Oxford Circus) |
| 7 H&M (Regent Street) | 20 Bally |
| 8 Armani Exchange | 21 Church's |
| 9 Longchamp | 22 Burlington Arcade |
| 10 Watches of Switzerland | 23 Abercrombie & Fitch |
| 11 Burberry | 24 Mulberry |
| 12 DSquared2 | 25 Breitling |
| 13 Dior | |





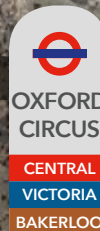
CAVENDISH
SQUARE

OXFORD STREET



HANOVER
SQUARE

OXFORD STREET



SEVEN & EIGHT

NEW BOND STREET

ST GEORGE STREET

CONDUIT STREET

SAVILE ROW

REGENT STREET

CARNABY STREET

COMMUNICATIONS

Conduit Street benefits from excellent public transport links and is served by three London Underground Stations; Oxford Circus (Central, Bakerloo and Victoria lines), Bond Street (Central and Jubilee lines) and Green Park, (Piccadilly, Jubilee and Victoria lines).

London's International airports are accessed via the Heathrow Express departing from Paddington and the Piccadilly line as well as the Gatwick Express departing from London Victoria Station. London City Airport is accessed via the Central Line, Jubilee and DLR.



OXFORD CIRCUS

0.2 MILES
4 MINUTE WALK



HEATHROW

29 MINUTES
VIA CROSSRAIL
(COMING 2018)

BOND STREET

0.4 MILES
9 MINUTE WALK

GATWICK

47 MINUTES
VIA GATWICK EXPRESS
AT LONDON
VICTORIA STATION

GREEN PARK

0.5 MILES
10 MINUTE WALK

LONDON CITY

35 MINUTES
VIA CENTRAL LINE,
JUBILEE LINE
AND DLR



SEVEN & EIGHT

THE OPENING OF THE CROSSRAIL STATION IN HANOVER SQUARE (2 MINUTES' WALK) IN Q4 2018 WILL HAVE A SIGNIFICANT IMPACT ON BOTH RETAIL AND OFFICE LETTINGS IN MAYFAIR. THE NEW RAIL LINK WILL PROVIDE ACCESS TO HEATHROW (29 MINUTES) AND CANARY WHARF (13 MINUTES).



THE CROWN REDEVELOPMENT

The growth in the immediate area has been driven by the Crown Estate's significant improvements to the local area. Alongside the high profile developments, the Crown has also invested £25 million in public realm improvements in and around Regent Street.

The Crown Estate have transformed the southern section of Regent Street from a secondary retail location into a world leading retail destination playing home to one of the finest collections of international brands in the world. Dwell time in the south western sections of Mayfair and the Luxury Quarter have markedly improved.

The Crown Estate's Regent Street Vision investment programme is just beginning, as the programme is intended to total £1 billion. It is guided by the values of Quality, Heritage, Style and Success and as such Conduit Street will continue to benefit from the Crown Estate's continual investment. One of the most notable examples of this will be the proposed redevelopment of 203-221 Regent Street, 1-6 Conduit Street and 1-21 Maddox Street, known as W6, which will transform the gateway to Conduit Street.



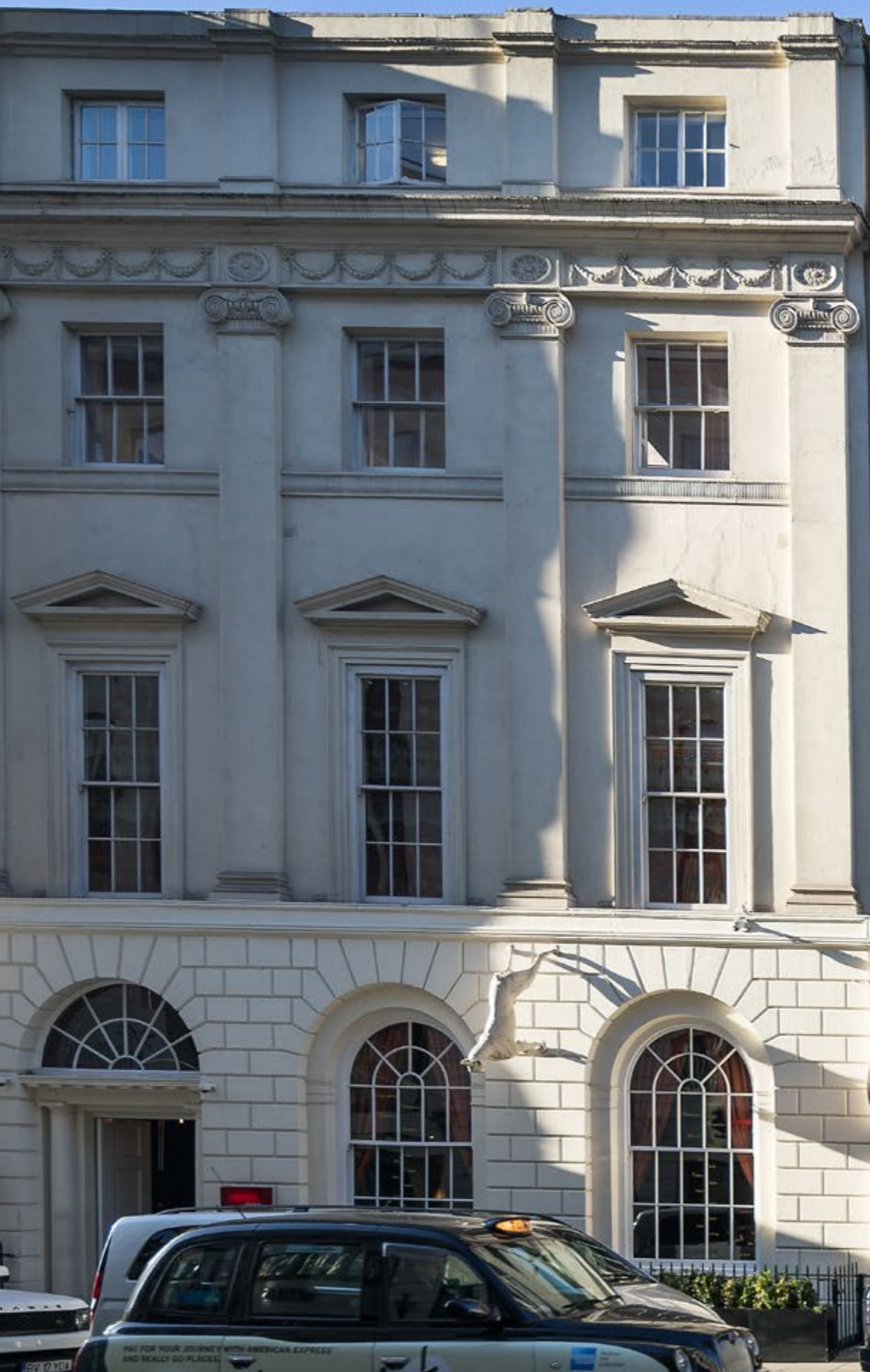


RETAILING ON CONDUIT STREET

The central London retail market has seen record growth especially in the most sought after retail locations such as Bond Street, Oxford Street and Regent Street where demand for stores is high.

Conduit Street has been enriched over the past 5 years as luxury retailers that have been unable to secure representation on Bond Street have taken space on Conduit Street, being a prime but comparatively affordable trading location.

As a result of this, Conduit Street has become an increasingly high profile retail location, attracting a growing number of fashion and luxury goods tenants including MCM, Vivienne Westwood, Nicole Farhi, DSquared2, John Varvatos, and Giuseppe Zanotti. Conduit Street appeals to "Fashion Forward" brands, brands such as Vivienne Westwood, DSquared2 and Y-3, whereas Regent Street is home to mass market brands and Bond Street is perceived to house more traditional luxury brands.



DESCRIPTION

The mixed use building, built in the 1950's, provides prime retail and office accommodation from basement to fifth floors totalling 11,113 sq ft (1,032 sq m) NIA.

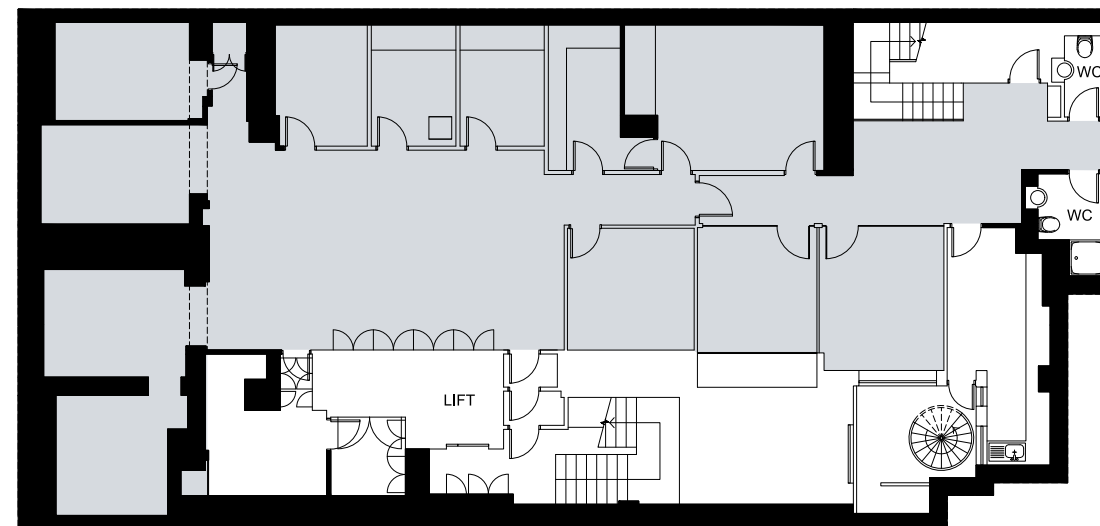
The retail element of the property is arranged over ground floor and basement comprising 3,719 sq ft (346 sq m). Access is provided by its own entrance off Conduit Street, while access to the basement is via a staircase from the back of the retail unit, and also from the common stairwell.

The offices are arranged over the first to fifth floors, totalling 7,394 sq ft (687 sq m). The offices benefit from a separate entrance off Conduit Street and a 4 person passenger lift serving the 5 floors. Internally, the office accommodation provides open floor plates with a floor to ceiling height of 2.43m, good natural light and perimeter trunking.

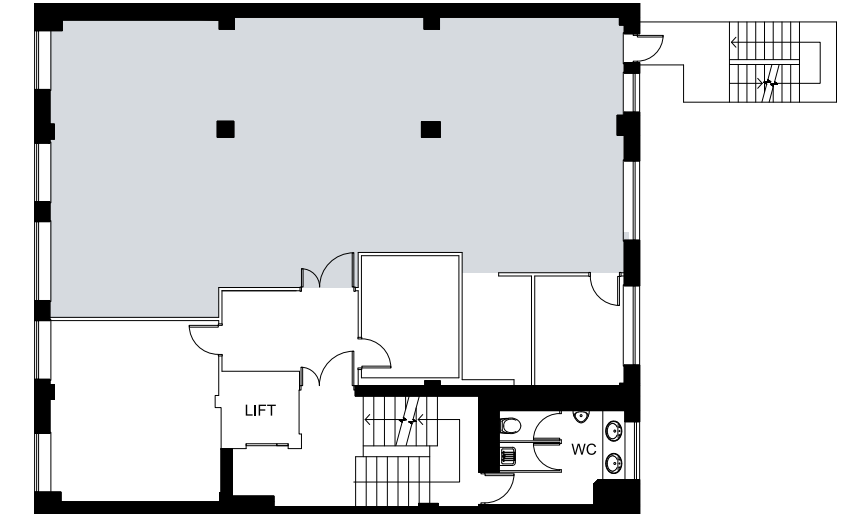
ACCOMMODATION SCHEDULE

FLOOR	FLOOR AREA NIA (SQ FT)	ITZA	FLOOR AREA (SQ M)
Basement	1,791	1,155	166.4
Ground Floor	1,928		179.1
Retail total	3,719		345.5
First Floor	1,504		139.7
Second Floor	1,504		139.7
Third Floor	1,504		139.7
Fourth Floor	1,569		145.8
Fifth Floor	1,313		122.0
Office total	7,394		686.9
Total	11,113		1,032.4

LOWER GROUND FLOOR



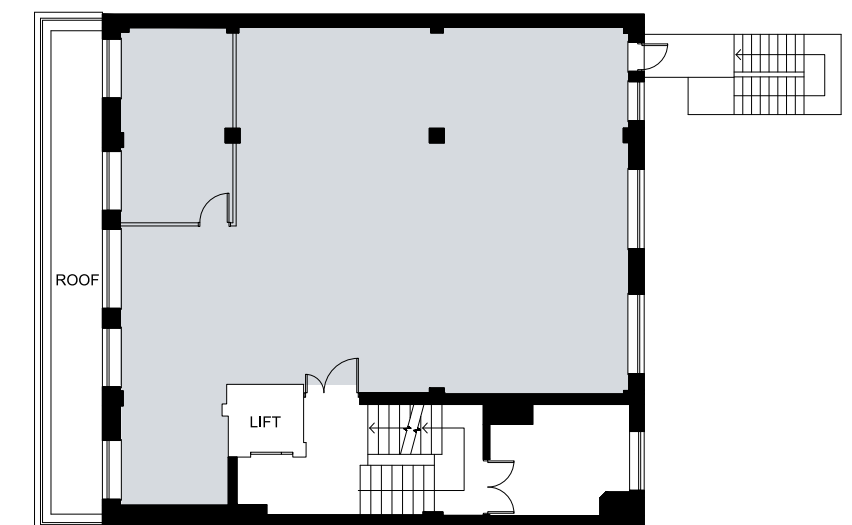
TYPICAL FLOOR - FIRST - FOURTH FLOORS



GROUND FLOOR



FIFTH FLOOR







TENURE

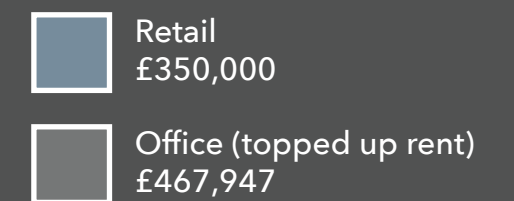
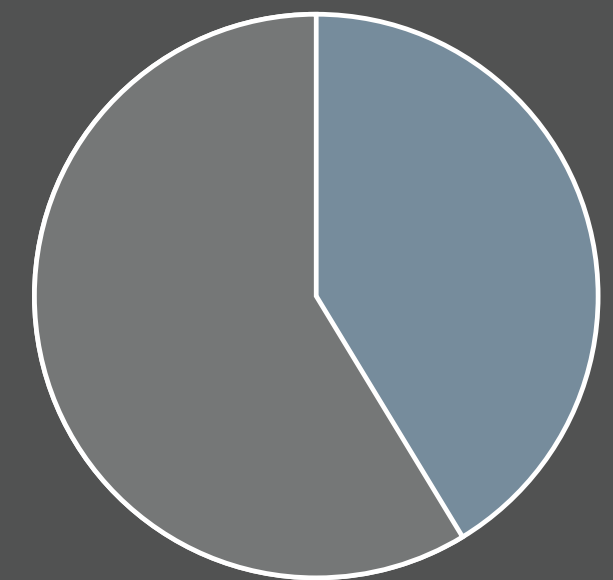
The property is held Virtual Freehold.

The freehold ownership of the property is held by the Mayor and Commonality and Citizens of the City of London. By virtue of s145 of the Law of Property Act 1922 as amended by the Law of Property (Amendment) Act 1924, the lease term is treated as 2000 years from 25 December 1889 (1,873 years unexpired). The head rent payable if demanded is £43.15.

TENANCY SCHEDULE

FLOOR	TENANT	LEASE TERM (YEARS)	LEASE START	LEASE END	NEXT REVIEW	BREAK DATE	FLOOR AREA NIA (SQ FT)	ITZA	FLOOR AREA (SQM)	RENT (PA)	RENT (PSF)
B	The East India Company Fine Foods Ltd	15	17/03/2009	16/03/2024	17/03/2019		1,791	1,155	166.4	£350,000	£303.03
GF							1,928		179.1		
Retail Total							3,719		345.5	£350,000	
1F	Smith Parker Management Ltd	7	24/06/2011	14/10/2018			1,504		139.7	£75,000	£49.87
2F	Vacant *	1					1,504		139.7	£112,800	£75.00
3F	Queensberry Real Estate LLP	5	29/05/2014	28/05/2019			1,504		139.7	£90,240	£60.00
4F	Business Development Asia Ltd	5	15/07/2015	14/07/2020		14/07/2018	1,569		145.8	£105,907	£67.50
5F	Stephen R Milliner & Andrew Thrower (as Partners of The Watkins Payne Partnership)	5	25/12/2014	24/12/2019			1,313		122.0	£84,000	£63.98
Office total							7,394		686.9	£467,947	£63.27
Total							11,113		1,032.4	£817,947	

INCOME SPLIT



* Vendor will top up for 12 months at ERV



TENANT INFORMATION

THE EAST INDIA COMPANY

Four hundred years ago, The East India Company was established by English merchants under Royal Charter issued by Queen Elizabeth I. The company has influenced Britain's dining tables through the introduction of exotic ingredients and flavours.

The Company became the single most powerful economic entity the world had ever seen. At its height it was responsible for 50% of world trade and employed 25% of Britain's population. It minted its own currency, brought tea to India and China, was a patron of the arts and introduced many spices, textiles, chintz, silks and porcelain among others to the West.

Today the company has six stores in the UK and one store in Kuwait. The company's main trade is foods crafted by artisans and specialists from around the world, with carefully sourced ingredients, unique recipes and distinguished provenances.

Further information can be found at www.theeastindiacompany.com/

SMITH PARKER MANAGEMENT

Smith Parker is a leading global real estate service provider which has a unique combination of sector knowledge and industrial flair, which gives their clients access to real estate expertise of the highest standard.

Further information can be found at: www.smithparker.co.uk/

QUEENSBERRY REAL ESTATE

Considered one of the UK's leading urban regeneration specialists QRE prides itself on its experience of complex city centre developments with a significant retail component. The development team has delivered over 1.5 million sq ft of mixed use space over the last seven years.

Further information can be found at: www.queensberryrealestate.com/

BUSINESS DEVELOPMENT ASIA

BDA Partners is an investment banking firm that advises on international mergers and acquisitions, distressed situations, private placements, capital raisings, valuations and financial restructurings. They specialise in cross-border transactions involving Asia with enterprise values up to US\$1 billion. With a strong track record advising North American, European, and Asian firms on cross-border transactions, they have over 80 professional staff throughout 10 offices located in Asia, the US, and Europe.

Further information can be found at: <http://www.bdapartners.com/>

STEPHEN R MILLINER & ANDREW THROWER

Trading as Watkins Payne who are a medium size building services consultancy operating from offices in Central London and Sunbury-on-Thames on projects throughout the UK. Originally formed in 1970 the Partnership offers a comprehensive building services consultancy service with two offices in Central London and Sunbury-on-Thames working on projects located throughout the UK.

Further information can be found at: <http://www.watkinspayne.co.uk/>

MARKET COMMENTARY

Retailer demand on Conduit Street remains strong from internationally renowned retail and luxury brands. Conduit Street has become an increasingly high profile retail location. Prime Zone A rates are now £550. In addition, retailers are paying premiums to secure representation, fuelling rental growth in the short to medium term.

In comparison to the surrounding prime retail locations, the rental tone on Conduit Street compares favourably, sitting comfortably alongside Albemarle Street, Dover Street and Mount Street.

RETAIL OCCUPATIONAL MARKET

The most recent transactions on Conduit Street in close proximity include:

DATE	ADDRESS	TENANT	TRANSACTION	RENT (ZONE A)
Q1-17	21 Conduit Street	TBC	U/O	£543
Q3-16	46 Conduit Street	DKNY	RR	£500
Q4-15	16 Conduit Street	MCM	OML	£548
Q4-15	28-29 Dover Street	Myle	OML	£575
Q2-15	40 Albemarle Street	Pret a Manger	LR	£600
Q4-14	43-44 Albemarle Street	Alexander Wang	OML	£597

In view of the latest evidence we believe the current ERV of the property £635,250 per annum, reflecting a Zone A of £550 per sq ft.





OFFICE OCCUPATIONAL MARKET

The occupational market in Mayfair has remained strong over the past year with take up for 2016 totalling 3.6 million sq ft, which is above the 10 year average of 3.3 million sq ft.

Mayfair and St James's continue to be the most prestigious office addresses in London and this has been proven through the resilience of this market throughout the economic uncertainty and market turbulence of 2016 as the area continues to attract the best quality of occupiers.

The development pipeline for Mayfair is very limited. Due to the historic nature of the area there are very few opportunities to build modern, highly-specified buildings, consequently there will be very little competing stock to the subject property in the foreseeable future.

The most recent lettings on Conduit Street show around £100 per sq ft.

INVESTMENT MARKET

CENTRAL LONDON INVESTMENT MARKET

Despite the UK's decision to exit the EU in June 2016, the Central London investment market remains robust, in particular for well let opportunities with rental growth prospects. Supply for prime Central London assets remains extremely scarce with investors competing in a market characterised by tight supply.

The West End continues to be one of the biggest beneficiaries of London's status as a safe haven. The established and transparent legal system, high levels of security and low stable interest rates have all contributed to this and resulted in stable transaction volumes. Investors remain keen to secure London assets offering a return on their cash resources as well as good growth prospects.

Global currency fluctuations have presented attractive buying opportunities to foreign investors, particularly those from Euro and US dollar denominated countries, along with the record low interest rates. The UK's low gilt yields, favourable lending conditions and currency make UK real estate an attractive proposition for the domestic and global investor.

The most recent comparable investment transactions are highlighted below:

DATE	ADDRESS	TENURE	PRICE	NET INITIAL YIELD	CAPITAL VALUE (PSF)	TENANT (S)
DEC-16	9 Argyll Street W1	FH	£21.25m	2.81%	£2,522	Jigsaw & Offices
JUN-16	169 New Bond Street W1	VFH	£65.0m	1.60%	£18,830	Piaget
MAY-16	31 Old Bond Street W1	FH	£36.0m	2.59%	£12,734	Nirav Modi
MAY-16	14 Albemarle Street W1	FH	£21.1m	1.91%	£3,319	Gismondi Jewellery 1754 & AST's
FEB-16	21 Hanover Square W1	FH	£28.2m	2.00%	£3,621	Multi Let
DEC-16	139 New Bond Street W1	FH	£84.0m	-	£8,268	Vacant
DEC-16	47 Conduit Street W1	VFH	£13.0m	2.11%	£3,007	LaLique
OCT-15	9 Clifford Street W1	FH	38.0m	1.88%	£2,872	Brown Rudnick

PLANNING

The property is not listed but lies within Mayfair Conservation Area within Westminster City Council.

DEVELOPMENT OPPORTUNITY

A development pre-application was submitted to Westminster Council and was recently supported in December 2016.

The proposal is to demolish the property and replace the building with retail accommodation on the ground and basement floors and office accommodation over first to sixth floor, in a new contemporary style.

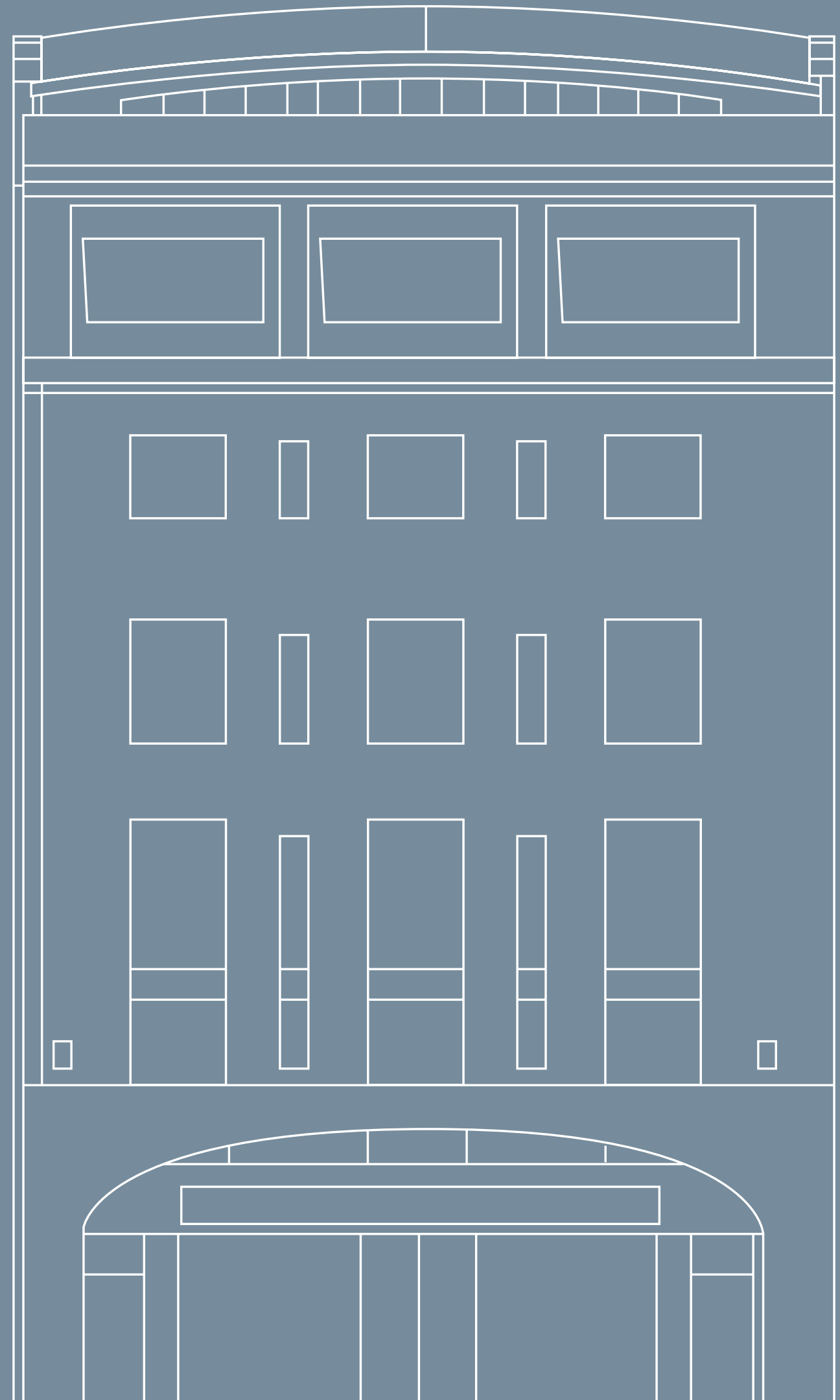
The consent provides an extra floor and an additional 4,498 sq ft NIA of lettable accommodation.

7-8 Conduit Street offers an excellent opportunity to deliver a super prime retail flagship and Grade A office scheme taking advantage of its position in Mayfair, one of the most sought after business and luxury retail locations within London.

PROPOSED FLOOR AREAS

Pre-Application Submission September 2016

FLOOR	TYPE OF ACCOMMODATION	GIA (M2)	GIA (FT2)	NIA (M2)	NIA (FT2)
LG	Retail	298.40	3,212	241.36	2,598
G	Retail	237.45	2,556	165.58	1,782
1	Office	242.28	2,608	195.26	2,102
2	Office	242.54	2,611	195.31	2,102
3	Office	242.41	2,609	195.26	2,102
4	Office	244.19	2,628	172.84	1,860
5	Office	211.59	2,278	164.69	1,773
6	Office	166.26	1,790	120.07	1,292
Total		1,885.12	20,291	1,450.37	15,612

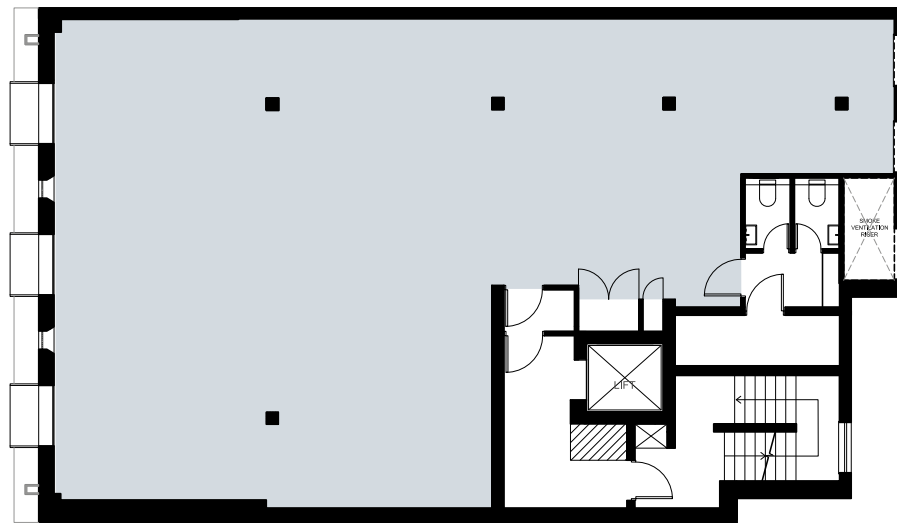


PROPOSED FLOOR PLANS

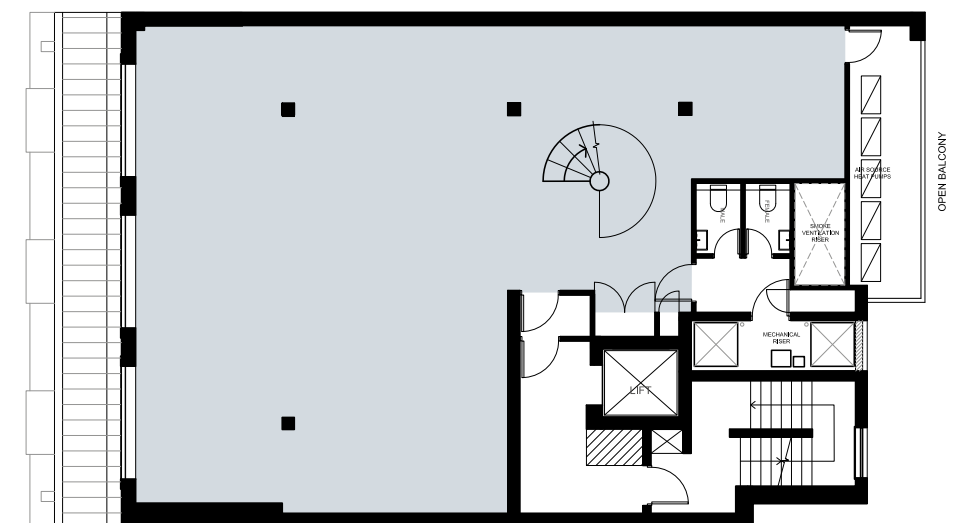
RETAIL - LOWER GROUND FLOOR



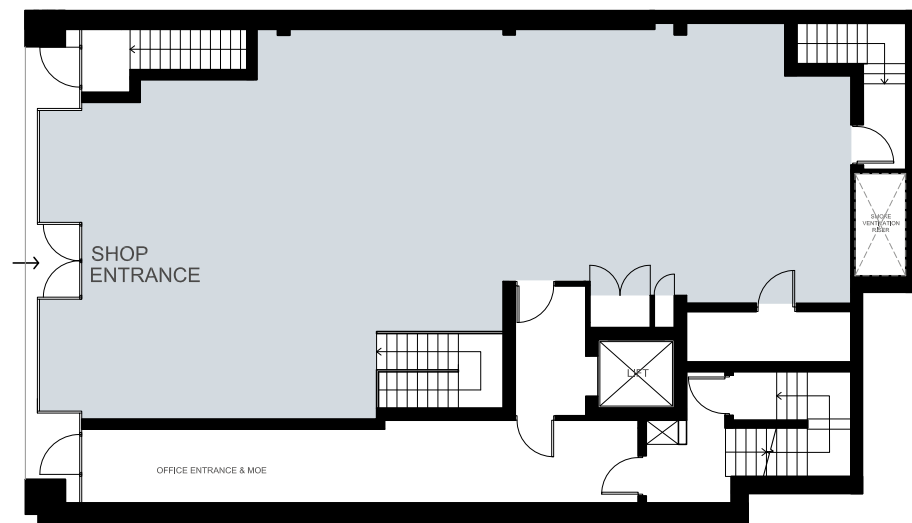
OFFICE - FIRST FLOOR



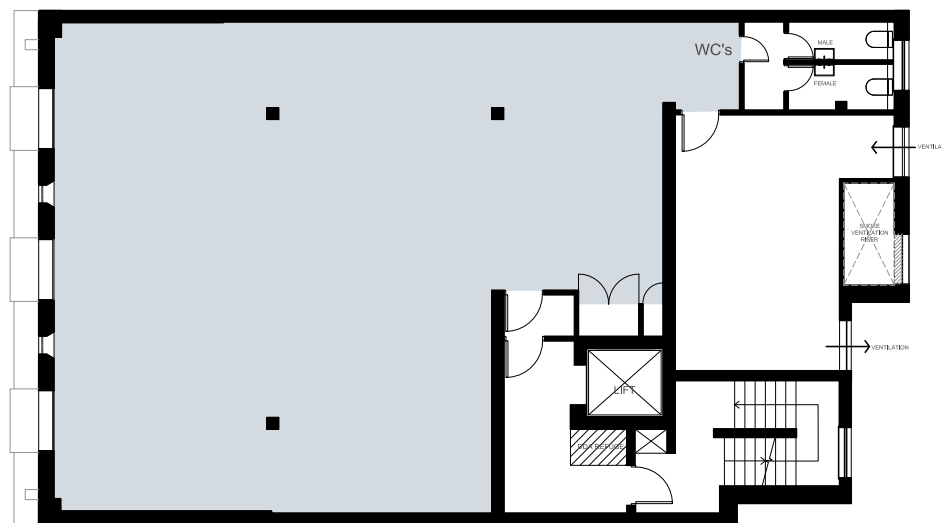
OFFICE - FIFTH FLOOR



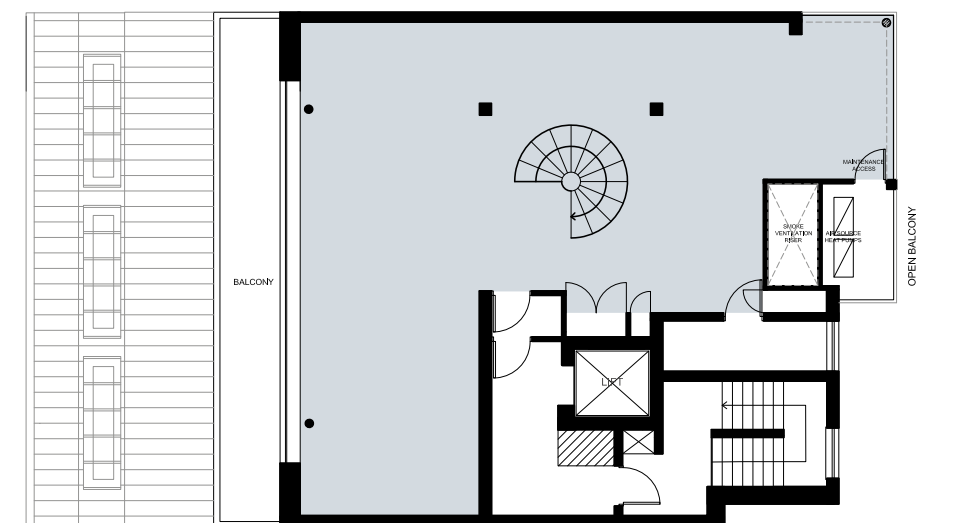
RETAIL - GROUND FLOOR



OFFICE - FOURTH FLOOR



OFFICE - SIXTH FLOOR



FINANCIAL

CAPITAL ALLOWANCES

None available.

VAT

The property is elected for VAT, therefore VAT is applicable on the transaction.

SPV

The property is held in a BVI SPV. The entire share capital can be sold, thereby mitigating any stamp duty.

PROPOSAL

For the benefit of our clients interest, offers are sought in excess of £36 million, subject to contract and exclusive of VAT, reflecting a net initial yield of 2.24%, reversionary yield of 3.26% and a capital value of £3,239 per sq ft and £2,305 per sq ft on the proposed scheme.

Due to the property being held in a BVI SPV, purchasers costs are 1.80%.

CONTACT

For access to the data room or to arrange an inspection, please contact:

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