

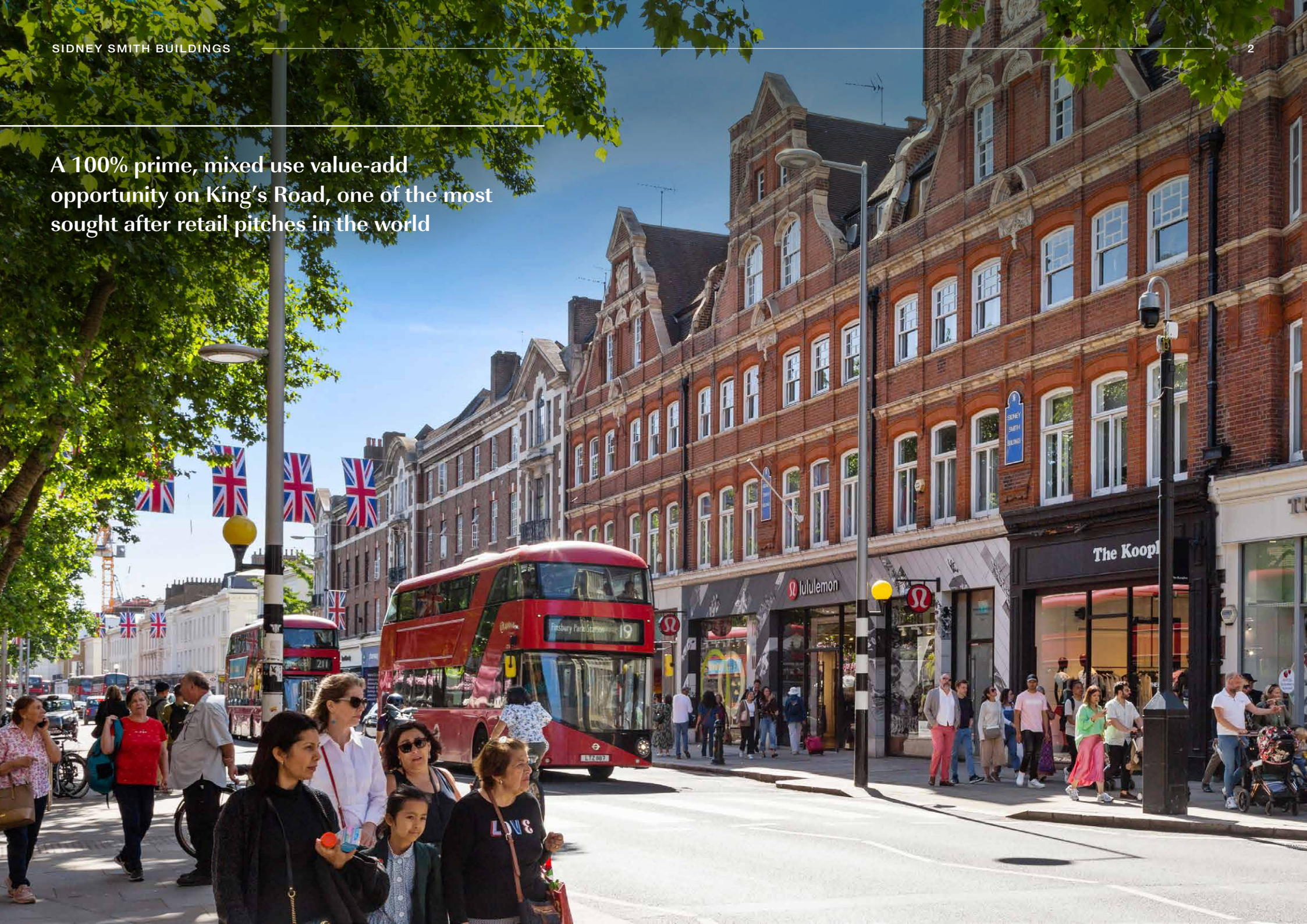
36-42 KING'S ROAD CHELSEA, LONDON SW3

SIDNEY SMITH BUILDINGS



A TROPHY LONDON ASSET IN THE SAME FAMILY OWNERSHIP FOR OVER 100 YEARS

A 100% prime, mixed use value-add opportunity on King's Road, one of the most sought after retail pitches in the world





Investment Considerations

- An incredibly rare opportunity to acquire an iconic trophy asset on King's Road, which has been owned by a private family for over 100 years.
- A super prime mixed use investment located on one of the most sought after retail pitches in the world, situated approximately 130 metres from Sloane Square station and opposite Duke of York Square.
- A prominent unbroken parade held freehold.
- Attractive mid-terrace period buildings totalling 16,347 sq ft, providing 7,612 sq ft of retail, 2,840 sq ft of office and 5,895 sq ft of residential accommodation.
- Two prominent flagship retail units let to internationally renowned fashion brands Lululemon and The Kooples.
- Office and residential upper floors offering potential for significant addition of value in the short term, through reconfiguration and modernisation.
- Total passing rent of £1,294,222 per annum (upon completion) subject to, and with the benefit of, annual RPI uplifts on the office accommodation.
- Exceptional connectivity with Sloane Square underground station being under 5 minutes walk away with direct access to all areas of central London and beyond.
- Offers are invited in excess of **£35,000,000 (Thirty Five Million Pounds)**. Subject to contract and exclusive of VAT. A purchase price at this level reflects a Net Initial Yield of **4.21%** on the commercial element and **£1,400 psf** on the residential accommodation assuming reduced purchasers costs of **2.30%**.

Kensington & Chelsea

LOCATION

The Royal Borough of Kensington and Chelsea benefits from royal status, and despite being the smallest borough in London, is one of the most affluent and densely populated areas in the UK.

The borough, established in 1965, is positioned to the west of the City of Westminster, to the east of the London Borough of Hammersmith and Fulham and is bordered to the south by the River Thames.

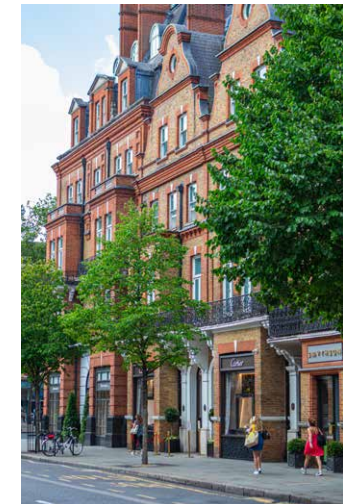
Kensington and Chelsea is an established and sought after residential area, in addition to being home to globally renowned cultural attractions such as the Royal Albert Hall, The Saatchi Gallery, The Royal Court Theatre, Natural History Museum and the Victoria & Albert Museum.

The area serves a loyal local catchment, as well as drawing in a large number of both domestic and international tourists each year, attracted by the central location, landmark institutions, luxury retailing and boutique hotels.

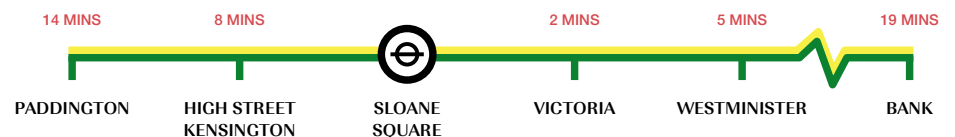
CONNECTIVITY

Kensington and Chelsea is in the heart of central London, with excellent communications.

King's Road benefits from access to the London Underground network at Sloane Square (served by the District & Circle lines) and South Kensington (Piccadilly, District and Circle lines). Both stations are in TFL Zone 1. Given the central location, Sloane Square benefits from short journey times in to the West End (Leicester Square: 12 minutes) and the City (Monument: 11 minutes).



CIRCLE AND DISTRICT LINE





HYDE PARK

GREEN PARK


BUCKINGHAM PALACE

THE CITY

LONDON EYE

 VICTORIA

KNIGHTSBRIDGE

 SLOANE SQUARE

SIDNEY SMITH BUILDINGS

DUKE OF YORK SQUARE

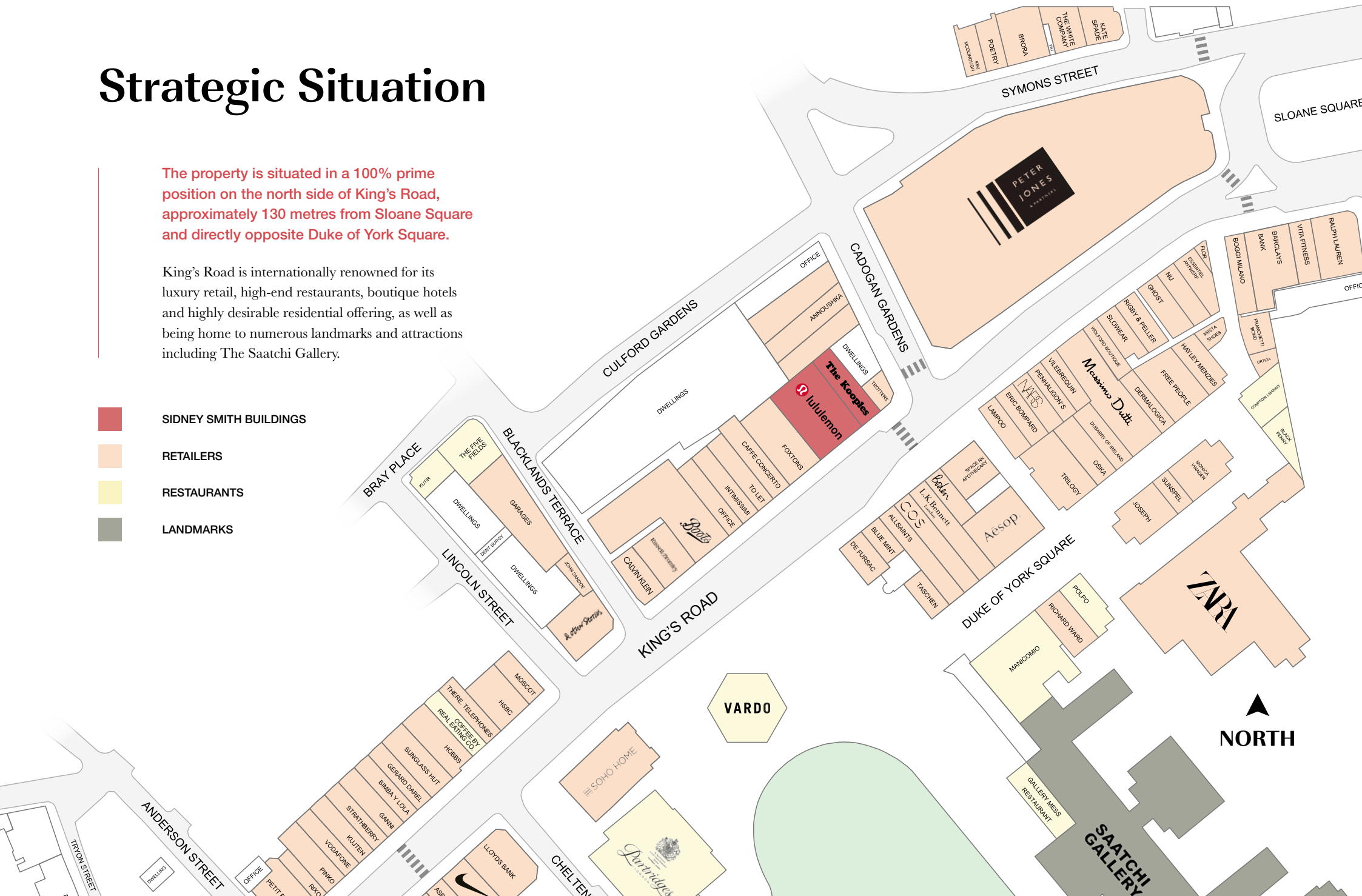
KING'S ROAD

Strategic Situation

The property is situated in a 100% prime position on the north side of King's Road, approximately 130 metres from Sloane Square and directly opposite Duke of York Square.

King's Road is internationally renowned for its luxury retail, high-end restaurants, boutique hotels and highly desirable residential offering, as well as being home to numerous landmarks and attractions including The Saatchi Gallery.

- SIDNEY SMITH BUILDINGS
- RETAILERS
- RESTAURANTS
- LANDMARKS



Retailing in Chelsea

The prime retail area in Chelsea is focused around the main thoroughfares of King's Road, Sloane Street, Fulham Road and their adjoining streets.

Aside from the wealth of shopping they both offer, the King's Road is home to the Saatchi Gallery, Chelsea Farmers' Market and two cinemas.

The world renowned King's Road is one of London's premier retail destinations, enriched with fine dining, art and culture. It has a luxury offering of designer couture, unique boutique fashion, handcrafted leather goods, antiques, interior design and the finest cosmetics. Noteworthy retailers in the area include: Ralph Lauren, Tiffany & Co, Hackett, Maje, Smythson, Jo Malone, Cartier, Catherine Prevost, Emilia Wickstead, Diptyque, Anya Hindmarch, all in the near vicinity of the property.

King's Road also boasts newly refurbished Peter Jones Department Store (John Lewis) providing Home & Garden, Furniture & Lights, Electricals, Womenswear, Menswear, Beauty, Baby & Child, Sports Equipment and Gifts. King's Road is also home to Marks & Spencer, a Waitrose supermarket (recently extended) and the long-established upmarket grocer, Partridges.





The retail offering is complimented by over 40 bars and restaurants including high-end establishments such as Colbert, The Five Fields and The Ivy Chelsea Garden and The Ivy Asia Chelsea. There is also a variety of excellent food and beverage operators in occupation on Duke of York Square such as Vardo, Polpo, Comptoir Libanais and Manicomio. Every Saturday, Duke of York Square hosts an extremely popular open-air Fine Food market, curated by Partridges, offering artisanal and locally produced meat, game, fish, bread and cakes.

Other notable retail destinations within Chelsea are Sloane Square and Sloane Street, at the most easterly point of King's Road. Sloane Street commands flagship stores for many of the world's most famous brands in fashion, such as Chanel, Prada and Hermes and is the main thoroughfare between Sloane Square and Knightsbridge. Since the 1990's Sloane Street's status has increased further, and it is now considered to be on a par with Bond Street, which has been London's most exclusive shopping street for two centuries.

The local Chelsea retail provision is constantly evolving, including the recent addition of Pavilion Road – a characterful home to artisan food,

beauty, fashion and restaurants – accessed from the north of Sloane Square, behind the recent George House development on Sloane Street. Residents now have access to independent fishmongers, butchers, bakers, cheesemongers and grocers as well as established London brands such as Granger and Co. On top of this, in Duke of York Square a new Soho Home interiors and café concept has opened in its iconic chapel building. This is the first it's kind in London and hosts many events and art installations.

Home to some of the world's most exclusive shopping streets and districts

Cadogan Estates is currently in the process of a £500 million modernisation project including redevelopment of King's Road that promises a new Curzon Cinema with a capacity of 600 seats across three screens with improved viewing facilities, more shops and offices, the improved Waitrose, a rooftop bar and 47 new rental homes. Crosstree Real Estate Partners has also begun construction on the repositioning of the former King's Walk shopping centre. This will involve totally rebuilding the structure to provide 82,000 sq ft of flexible retail and leisure with new office space above.

Catchment & Demographics

The Royal Borough of Kensington and Chelsea is one of the most desirable places in the UK to live and work.

The Borough benefits from one of the most affluent residential catchments in London and accommodates many of the most expensive and exclusive residential dwellings in Europe.

It is home to approximately 18,000 businesses that benefit from being in the midst of the most highly qualified population in the country, employing over 120,000 people (Royal Borough of Kensington & Chelsea).

The key employment sectors within the Borough include Professional, Scientific & Technical professions (23.1% of total employment), Wholesale & Retail (15.4%), as well as Finance, Insurance and Real Estate (10.7%). Employment within the hotels and restaurants sector is also strong in comparison with other London areas. Key employers within Chelsea include Marshall Wace, Oakley Capital, Pacific Investments, Pembroke Venture Capital Trust, European Logistics Real Estate Partners, The Institute of Cancer Research & Cadogan Estates.



Tourism is a significant driver of the local economy, with +£3bn of expenditure coming into the borough from non-resident spend.

Overseas visitors are attracted by The Saatchi Gallery, Duke of York Square and Sloane Square, as well as key shopping districts and events such as the Royal Horticultural Society Chelsea Flower Show.

Almost half of non-resident spend in the Royal Borough is on retail, which is unsurprising given the locality of some of the world's most exclusive shopping districts; King's Road, Sloane Street, Knightsbridge and Kensington High Street.

The potential for £53.4m of retail spending linked to tourism, places Kensington and Chelsea the ninth highest location for tourist spend amongst all 449 CACI London centres.

Chelsea Residential

Chelsea is a very well established residential area and is home to some of the most expensive residences in the country, attracting both international and domestic buyers.

The housing scene in Chelsea is diverse. The eclectic mix of history, royalty, wealth and fashion make it a unique place to live, appealing to a range of buyers looking at one-bed apartments to grand stucco fronted Victorian town houses. As a result, the area attracts a vibrant mix of younger professionals, families and 'downsizers' all seeking to live in the heart of the action. This also explains the global appeal to Chelsea, for example Chelsea has the largest community of American expats in London.

Average house prices across the Chelsea postcodes are in excess of £2,400,000, with the average sold price for semi-detached houses over the last 12 months in excess of £7m. The borough consistently outperforms all other London boroughs in the residential market and was the biggest house price winner over lockdown, with prices up by 8.5%.

The Borough accommodates many of the most expensive and exclusive residential dwellings in Europe





The Property

DESCRIPTION & OVERVIEW

This marks an incredibly rare opportunity to acquire an iconic trophy asset on the King's Road, which has been owned by the Smith family for over 100 years.

The property comprises a mixed use building which was originally constructed in the 19th century, boasting a modern retail frontage and attractive red-brick façade with unique and ornate mouldings. The building comprises 16,347 sq ft, (1,518 sq m) of retail, office and residential accommodation, arranged over ground, basement and three upper floors.

The ground and basement floors of unit 38-42 King's Road were subject to a comprehensive refurbishment in 2015, when Lululemon took occupation for its first and flagship UK store.

The Kooples occupy the ground and basement floors of 36 King's Road adjacent, with sales space on ground and ancillary accommodation at basement level.

The property benefits from an entrance on the King's Road providing access to the office and residential accommodation. The office accommodation is arranged over first and part second floor, comprising 14 small office suites. The three residential apartments are arranged over second and third floors. There is a lift and stairs providing access throughout.

The upper floors provide an attractive value-add opportunity through refurbishment and reconfiguration.



A prominent, 16,347 sq ft mixed use building, boasting modern retail frontage below an attractive red-brick façade

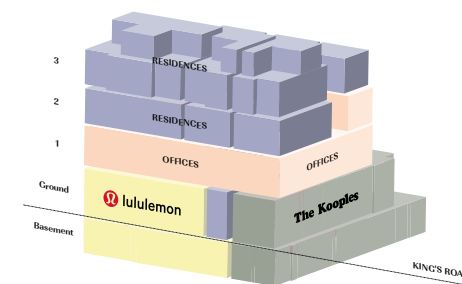


Accommodation and Tenancy Schedule

Total residential income £144,040 pa →

Total office income £185,182 pa →

Total retail income £965,000 pa →



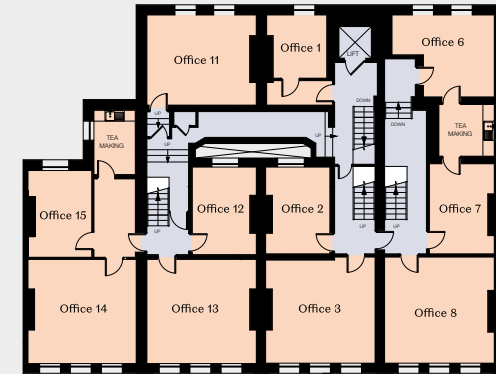
Address	Tenant	Floor/demise	Use/sector	Foor Areas (sq ft)	Lease Start	Rent Review	Lease Expiry	Passing Rent (pax)	Comments
36 King's Road	The Kooples UK Ltd	Ground	Retail Sales	961	24/09/2020	N/A	23/09/2025	£215,000	Headline rent of £285,000 pax and by side letter a rent of £215,000 pax or 20% of annual turnover if greater than £215,000 pax. Mutual break option on 23/09/2023 (6 months notice). Lease is subject to the parent company guarantee of The Kooples Group. Lease outside the L&T Act 1954. Rent deposit held of £119,028.52.
		Basement	Storage	815					
		Vaults	Storage	119					
36 King's Road	Private Individual	First	Office (Suite 6&7)	300	25/03/2022	Annual RPI uplifts	24/03/2025	£20,160	Lease outside the L&T Act 1954. Landlord Break option.
	Private Individual	First	Office (Suite 8)	266	03/10/2019	Annual RPI uplifts	31/08/2022	£16,560	Lease outside the L&T Act 1954. Landlord Break option.
	Private Individual	Second	Office (Suite 9)	266	13/06/2022	Annual RPI uplifts	06/06/2025	£13,836	Lease outside the L&T Act 1954. Mutual Break option.
	Private Individual	Second & Third	Residential	1,460	12 month AST	-	-	£46,800	12 months AST from completion. £900 per week, unfurnished.
38/42 King's Road	Lululemon Athletica	Ground	Retail Sales	2,714	27/10/2014	N/A	26/10/2024	£750,000	Parent company guarantor Lululemon Athletica Inc (4055186). Lease outside the L&T Act 1954. Rent deposit held of £375,000.
		Basement	Storage	2,134					
		Vaults	Storage	323					
38 King's Road	Sidney Smith New Co.	First	Office (Suite 1)	123	From completion	N/A	12 months from completion	£9,840	12 months from completion. Lease outside the L&T Act 1954.
	Doctorana Solutions Ltd	First	Office (Suite 2)	124	07/10/2019	Annual RPI uplifts	06/10/2022	£7,445	Lease outside the L&T Act 1954. Mutual Break option.
	Prime Real Estate Partners Ltd	First	Office (Suite 3)	384	30/01/2020	Annual RPI uplifts plus 2.5%	29/01/2023	£15,756	Lease outside the L&T Act 1954. Mutual Break option.
	Sidney Smith New Co.	Second	Office (Suite 4)	117	From completion	N/A	12 months from completion	£9,360	12 months from completion. Lease outside the L&T Act 1954.
	Private Individual	Second & Third	Residential	1,490	12 month AST	-	-	£37,440	12 months AST from completion. Rent is now reversionary. £720 per week.
40 King's Road	Private Individual	First	Office (Suite 11)	223	01/09/2021	Annual RPI uplifts	31/08/2024	£14,150	Lease outside the L&T Act 1954. Mutual Break option.
	Doctorana Solutions Ltd	First	Office (Suite 12)	125	07/10/2019	Annual RPI uplifts	06/10/2022	£7,505	Lease outside the L&T Act 1954. Mutual Break option.
	Doctorana Solutions Ltd	First	Office (Suite 13)	260	07/10/2019	Annual RPI uplifts	06/10/2022	£15,610	Lease outside the L&T Act 1954. Mutual Break option.
	Sidney Smith New Co.	Second	Office (Suite 17)	223	From completion	N/A	12 months from completion	£17,840	12 months from completion. Lease outside the L&T Act 1954.
42 King's Road	Sidney Smith New Co.	First	Office (Suite 14)	259	From completion	N/A	12 months from completion	£20,720	12 months from completion. Lease outside the L&T Act 1954.
	Sidney Smith New Co.	First	Office (Suite 15)	205	From completion	N/A	12 months from completion	£16,400	12 months from completion. Lease outside the L&T Act 1954.
40/42 King's Road	Private Individual	Second & Third	Residential	2,945	12 month AST	-	-	£59,800	12 months AST from completion. £1,150 per week, unfurnished.
Total								£1,294,222	



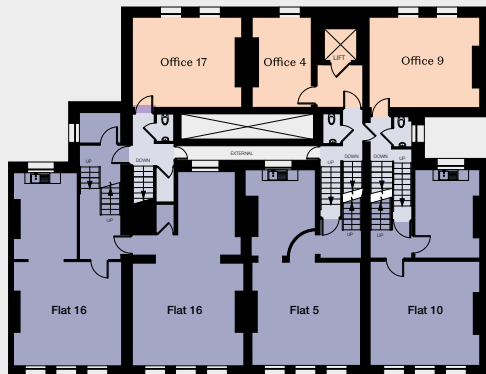
BASEMENT



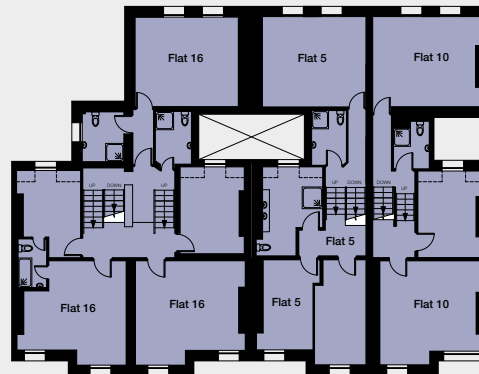
GROUND FLOOR



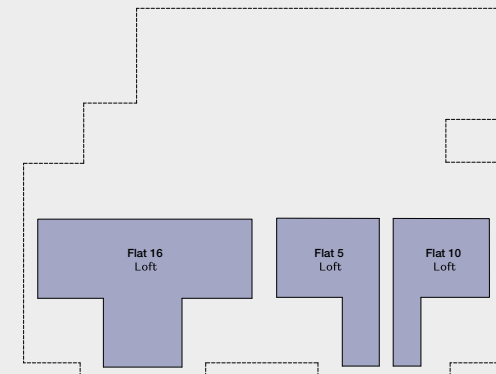
FIRST FLOOR



SECOND FLOOR



THIRD FLOOR



ROOF

LULULEMON
 THE KOOPLES
 OFFICE
 RESIDENTIAL
 CIRCULATION

Covenant Analysis

Lululemon

Lululemon Athletica UK LTD

Company Number: 07655911

Lululemon Athletica Inc. trading as Lululemon is an international yoga, athletics and gym apparel brand operating in 570 stores worldwide and online.

The subject property was the first store that Lululemon opened in the UK in 2014. They now have 17 stores nationwide. We understand their King's Road store is the best trading branch in Europe.

The parent company Lululemon Athletica Inc is listed on the NASDAQ stock exchange with their head offices in Vancouver, Canada and has a market capitalisation of \$33.36 billion.

Lululemon Athletica UK Ltd benefit from a credit rating of 95/100, reflecting a very low risk of business failure. **There is a parent company guarantee from Lululemon Athletica Inc for the duration of the term.**

The most recent three years accounts are reported as follows:

Lululemon Athletica UK Ltd	31/01/21 (£)	31/01/20 (£)	31/01/19 (£)
Sales Turnover	45,888,735	52,116,033	40,835,737
Pre-tax Profit	2,136,286	2,353,466	1,828,931
Net Worth	33,918,695	30,488,034	27,847,741

Lululemon Athletica Inc	02/02/2020 (\$000)	03/02/2019 (\$000)	28/01/2018 (\$000)
Net Revenue	3,979,296	3,288,319	2,649,181
Gross Profit	2,223,386	1,816,287	1,398,790
Total Stockholders' Equity	1,952,218	1,445,975	1,596,960

The Kooples

Concorde Finance SPRL

Company Number: 899710929

The Kooples UK Limited t/a The Kooples is a French fashion retailer founded in 2008.

They now operate out of 12 stores across prime London locations including Notting Hill, Mayfair, Soho, Knightsbridge, Canary Wharf and Chelsea and boast an impressive portfolio across Europe and the US. The lease is subject to a guarantee from their parent company "Concorde Finance SPRL" which has a Tangible Net Worth of £152,368,905 and a Dun & Bradstreet credit rating of 5A1. The ultimate owner of Concorde Finance is the Swiss Group, Maus Freres.

This is the first store The Kooples opened in the UK and remains their flagship for London.

The last three years accounts for Concorde are reported as follows:

	31/01/20 (€)	31/01/19 (€)	31/01/18 (€)
Total Financial Income	2,971,857	-4,228,431	-22,013,538
Pre-tax Profit	3,627,230	-1,079,645	936,220
Net Worth	150,978,952	148,072,931	152,368,905



Value Enhancement

As well as providing secure income from the ground floors retail tenants, the property also offers the potential for asset management and value enhancement.

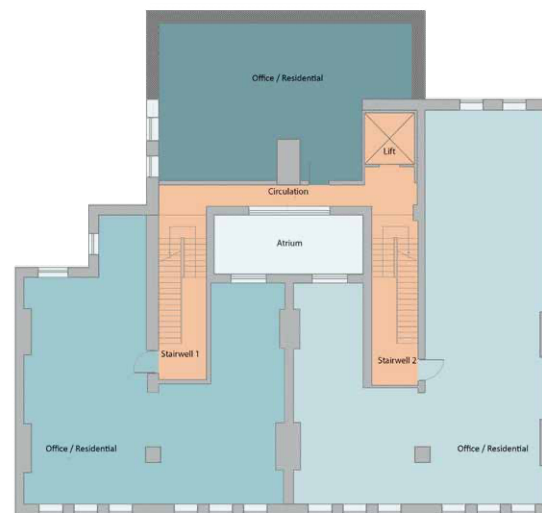
The upper floors currently provide a variety of cellular office suites and poorly configured residential apartments, the décor of which needs modernisation and the layout could be made more efficient.

A more open-plan office configuration would allow a purchaser to capitalise on the recent increase in office rents in the area, where rental levels have increased to £80psf – £100psf dependant on exact specification.

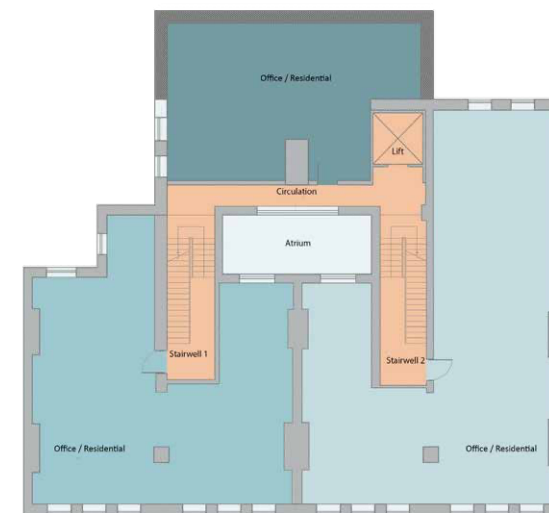
There is also a significant amount of underutilised space to the rear (above the ground floor level), offering the potential opportunity for extension of the upper floors subject to the necessary planning consents/regulatory approval.

Preliminary plans and massing models have been created to demonstrate the potential for reconfiguration of the upper floors into a modern mixed use property with open plan office space and large high quality residential penthouse units.

PROPOSED FIRST FLOOR



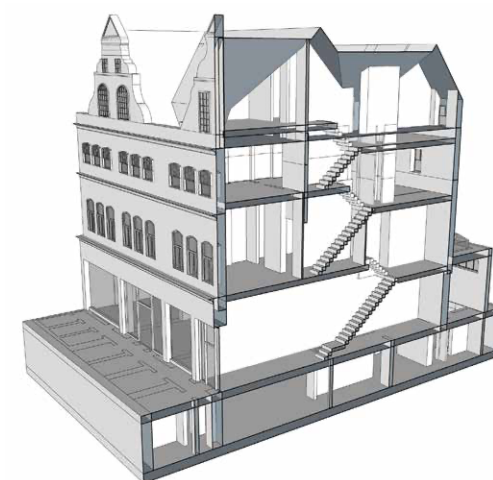
PROPOSED SECOND FLOOR



PROPOSED THIRD FLOOR



EXISTING BUILDING



For illustrative purposes only.

Sale Structure

The properties are held in two UK registered companies, Sidney Smith (Chelsea) Limited (00655497) and Sidney Smith Enterprises Limited (00271687). A sale of the shares in these corporate entities is the chosen method of sale by the vendor. Further information is available upon request.

Tenure

The Sidney Smith Buildings are held freehold.

VAT

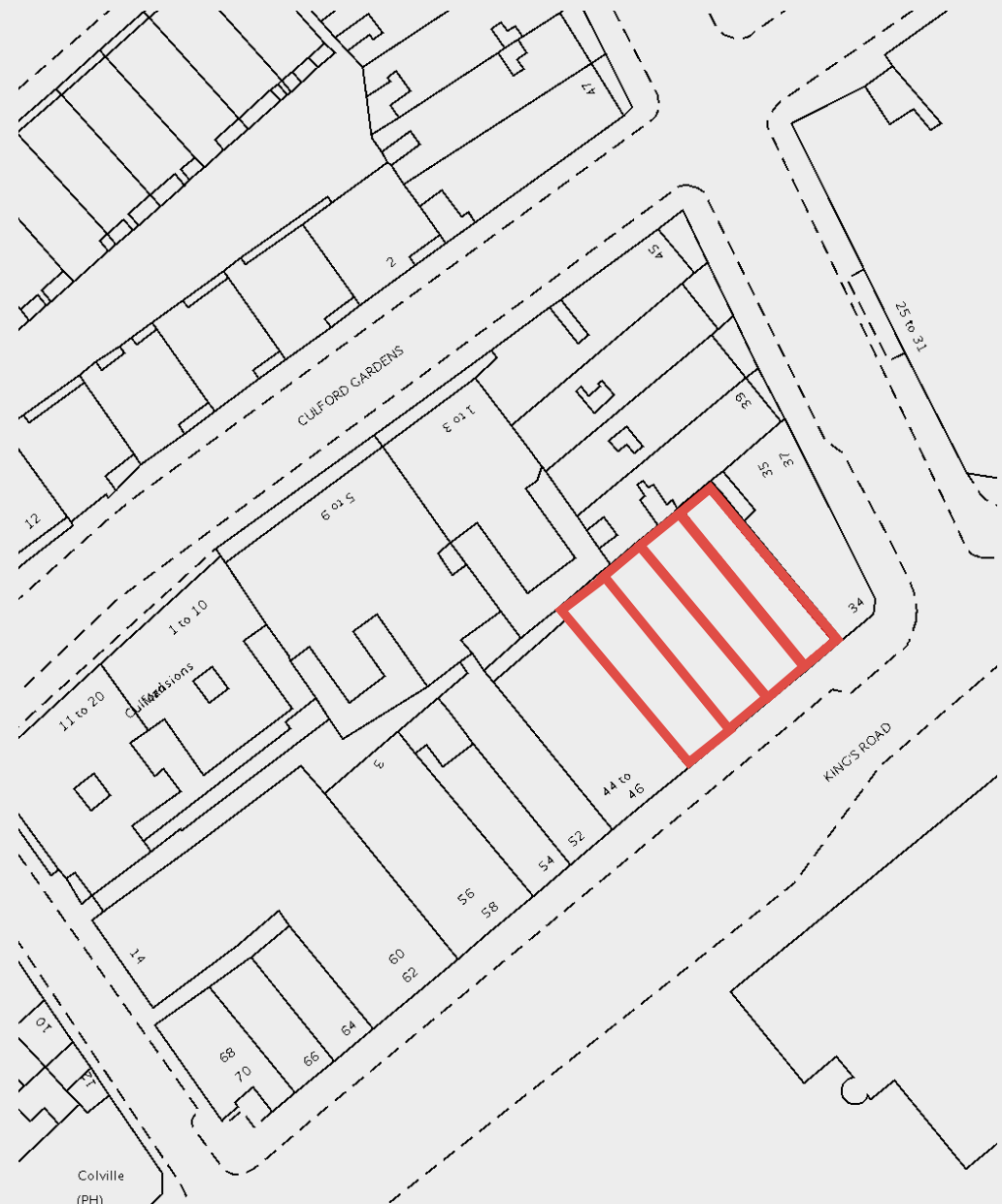
It is intended that the property will be sold as a 'Transfer of Going Concern' (TOGC).

EPC

The Energy Performance Certificates and Recommendation Reports for the property are available upon request.

Identity Checks

In order to comply with anti-money laundering legislation, the successful purchaser will be required to provide certain identification documents. The required documents will be confirmed to and requested from the successful purchaser at the relevant time.



Title plan for indicative purposes only.



Investment Considerations

- An incredibly rare opportunity to acquire an iconic, freehold trophy asset on King's Road, one of the most sought after retail destinations in the world.
- The Sidney Smith Buildings provide investors with a diversified income stream across retail, office and residential components.
- The flagship retail units are let to internationally renowned luxury brands Lululemon and The Kooples.
- Opportunity for a buyer to enhance value through the reconfiguration and re-design of the residential and office accommodation to provide modern, open plan office space and large high quality residential penthouse units.
- Strategically situated within the London Borough of Kensington and Chelsea, one of the most affluent areas in the UK.
- Positioned approximately 130 meters from Sloane Square, benefitting from strong passing footfall.

Proposal

- Our client is intending a sale of the shares in Sidney Smith (Chelsea) Limited.
- Offers are invited in excess of **£35,000,000 (Thirty Five Million Pounds)**. Subject to contract and exclusive of VAT.
- A purchase price at this level reflects a Net Initial Yield of 4.21% on the commercial element and £1,400 psf on the residential accommodation assuming reduced purchasers costs of 2.30%.