

ONE FOREST GATE

REFURBISHED REVERSIONARY
MULTI LET OFFICE INVESTMENT



TILGATE BUSINESS PARK CRAWLEY RH11 9BP

- Grade A, multi let office building arranged over ground and two upper floors.
- **Fully refurbished by the Landlord in 2018 at a cost of £2.9m, reflecting £118 per sq ft.**
- Excellent communications links, located at Junction 11 of the M23.
- Attractive landscaped business park setting.
- Let to the substantial covenants of **KPMG LLP** and **Instant Managed Offices Ltd.**
- **WAULT of 6.1 years to expiry and 2.8 years to breaks.**
- Instant Managed Offices Ltd has sublet their accommodation to the **Secretary of State for Housing, Communities and Local Government.**
- Contracted rent of £601,326 per annum, reflecting an average rent of £24.49 per sq ft.
- **Reversionary** to a rent of £664,317.50 per annum, reflecting £27.50 per sq ft.
- **Excellent car parking provision with 124 spaces at a ratio of 1:198 sq ft.**

Seeking offers in excess of **£7,050,000 (Seven Million and Fifty Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this level reflects a **Net Initial Yield of 8.00%**, and a **Reversionary Yield of 8.83%**, after allowing for purchaser's costs of 6.66%. This equates to a capital value of £286 per sq ft.





LOCATION AND CONNECTIVITY

Located approximately 25 miles south of Central London and 19 miles north of Brighton, Crawley is an important commercial town in West Sussex. Benefitting from a strategic location adjacent to the M23 and 4 miles to the south of Gatwick Airport, the town is surrounded by the affluent conurbations of Horsham, Guildford, Woking, Brighton and Royal Tunbridge Wells.

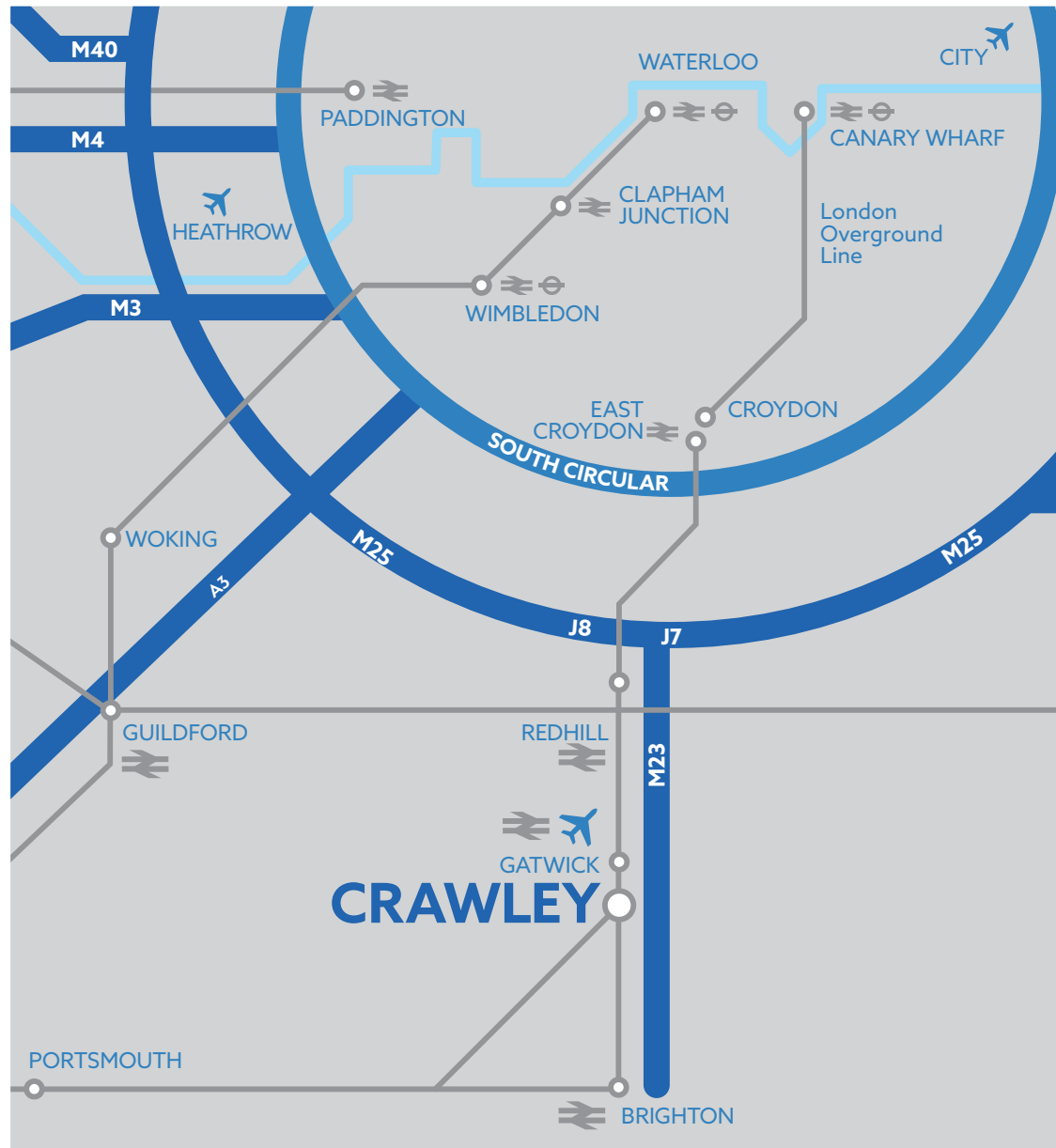
Road

Crawley benefits from excellent access to the motorway network with the M23 connecting the town with Gatwick Airport, the M25 and Central London to the north, as well as Brighton and the South Coast via the A23 to the south.

Rail

Access to the national rail network is provided at Crawley Station and Three Bridges Station. Crawley Station benefits from direct services to London Victoria and London Bridge, with a journey time of circa 47 minutes. Three Bridges Station links to and Brighton with a journey time of 28 minutes.

In addition, The Gatwick Express provides services to Gatwick Airport every 15 minutes throughout the day, with a journey time of approximately 30 minutes from London Victoria.



Crawley		
Central London	27 miles	80 mins
Woking	21 mins	50 mins
Guildford	20 mins	45 mins
Royal Tunbridge Wells	20 mins	45 mins
Brighton	19 mins	35 mins
Gatwick Airport	5 mins	10 mins
Crawley		
Gatwick Airport	4 mins	Southern
East Croydon	25 mins	Southern
Clapham Junction	34 mins	Southern
London Victoria	41 mins	Southern
London Bridge	44 mins	Thameslink
London Blackfriars	58 mins	Thameslink
Three Bridges		
Gatwick Airport	4 mins	Thameslink
Brighton	29 mins	Thameslink
Clapham Junction	39 mins	Southern
London Bridge	35 mins	Thameslink
London Victoria	37 mins	Southern
London Blackfriars	41 mins	Thameslink

SITUATION

One Forest Gate is situated at the entrance to Tilgate Business Park. The park comprises four office buildings totalling approximately 122,000 sq ft with additional development land to the rear. Occupiers on the park include OCS Group, Bard Ltd, KPMG & Secretary of State for Housing, Communities and Local Government.

The park is situated approximately 1.5 miles to the south of Crawley town centre in a prominent position on the A23 Brighton Road, adjacent to Tilgate Forest Park. Junction 11 of the M23 is located 0.5 miles to the south of One Forest Gate, providing excellent access to Gatwick Airport, Brighton to the south and the national motorway network to the north.

The park offers direct pedestrian access into the Tilgate Forest Recreation Centre. The centre offers access to stunning lakes, lawns, gardens and bar and restaurant, as well as miles of woodland walks, cycleways and bridleways.

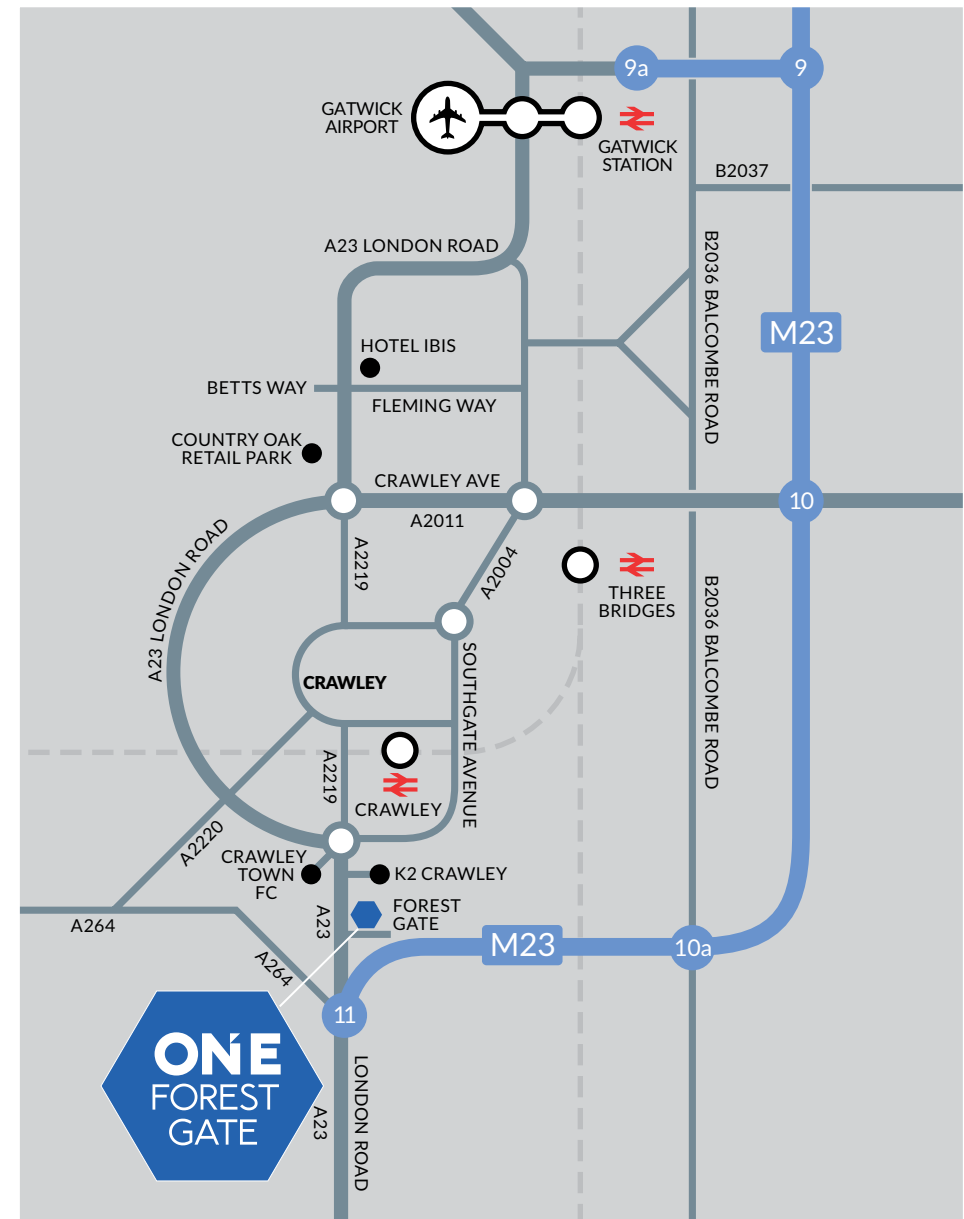
The K2 Leisure Centre is a few minutes walk to the north of the property, providing a retail and leisure offer to the park comprising a range of facilities, including:

- Olympic-sized 50 metre swimming pool
- Gym
- Climbing wall
- Dance and fitness studios
- Squash courts
- Artificial football pitch
- Sports hall

K2 also provides a range of further amenities with a bar, café, treatment rooms and a crèche.



K2 Leisure Centre





Tilgate Forest Recreation Centre

Gatwick Airport



One Forest Gate is a grade A office building, arranged over ground and two upper floors totalling approximately 24,664 sq ft (2,291.4 sq m).

In 2018 the building was subject to a comprehensive refurbishment by the landlord at a cost of £2.9m (£118 per sq ft).

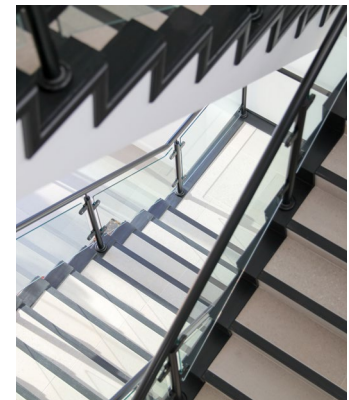
The specification includes the following:

- **New VRF air conditioning system**
- **Metal suspended ceilings with new LG7 compliant LED lighting on PIR motion sensors**
- **Fully refurbished glazed, double height feature reception**
- **Full access raised floors**
- **Two new 10 person passenger lifts**
- **Refurbished common parts**
- **Refurbished male, female and disabled WCs**
- **Refurbished shower and changing facilities**
- **20 secure cycle spaces**

The property benefits from 124 car parking spaces providing an excellent car parking ratio of 1:198 sq ft.

Tenure

Freehold.

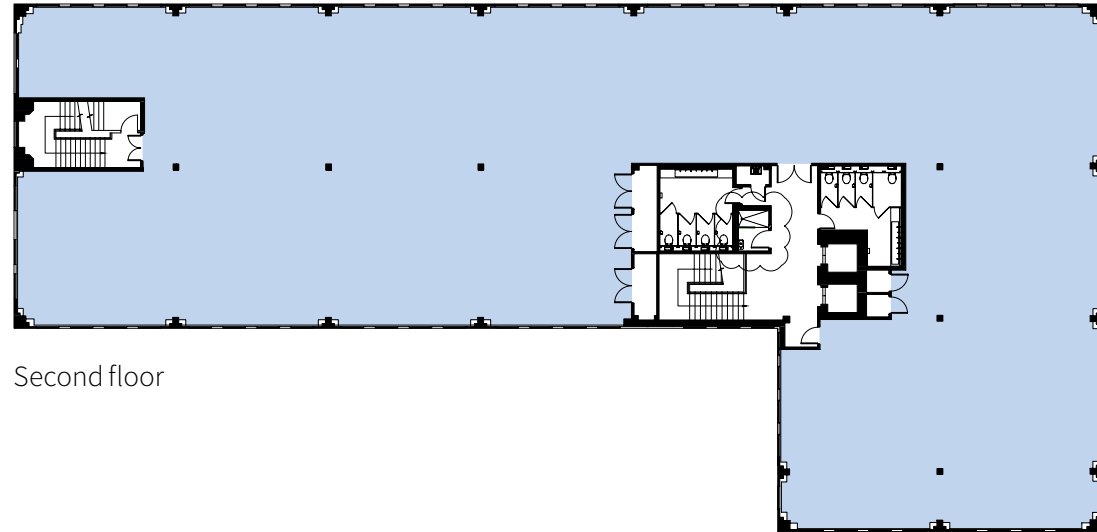
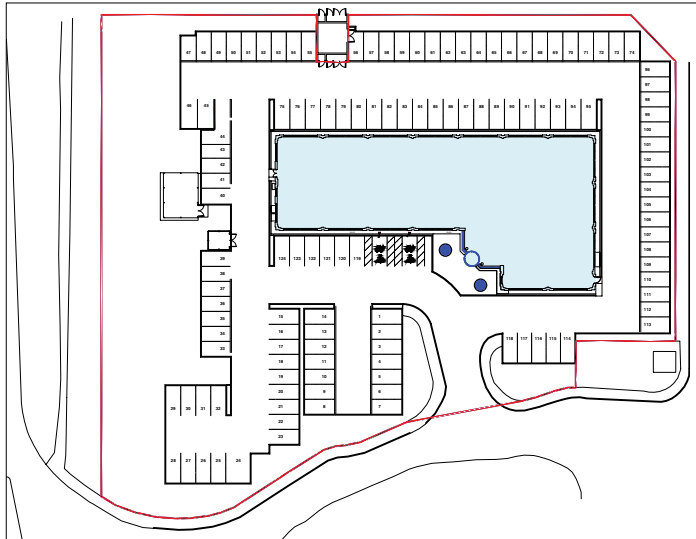


The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition) and provides the following approximate Net Internal Areas.

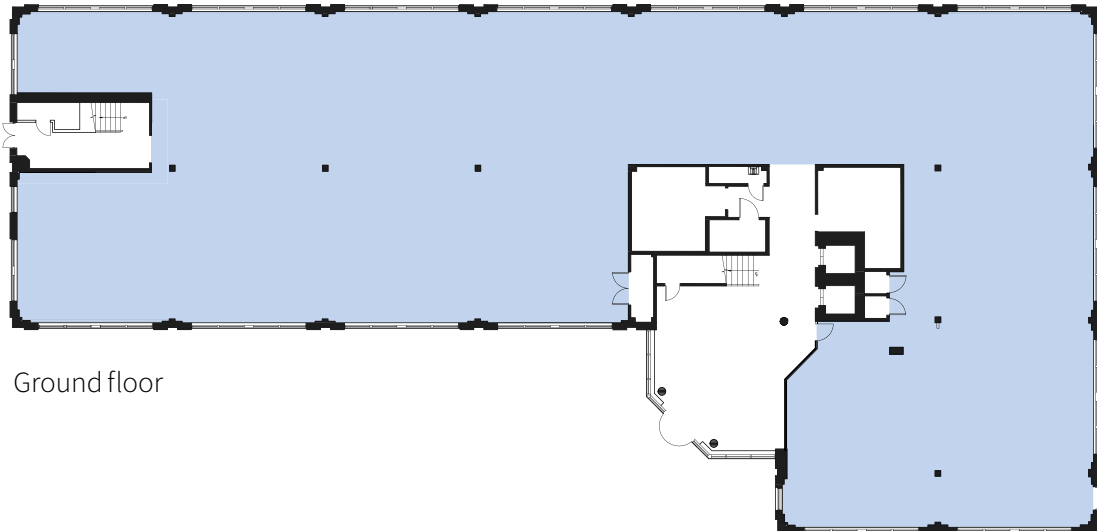
Floor	NIA (sq m)	NIA (sq ft)
Second	773.7	8,328
First	760.6	8,187
Ground	717.9	7,727
Reception	39.2	422
Total	2291.4	24,664

The site

The site extends to approximately 0.64 hectares (1.57 acres).



Second floor



Ground floor



The property is let to two tenants in accordance with the following tenancy schedule, providing a total passing rent of £601,326 per annum equating to a rent of £24.89 per sq ft.

The AWAULT is 6.1 years to lease expiries and 2.8 years to breaks.

Tenancy schedule

Demise	Tenant	Area sq ft	Lease Start	Lease Expiry	Rent Review	Break Option	Rent pa	Rent psf	ERV pa	ERV psf	Comments
Part Ground & First	KPMG LLP	11,453	24/06/2018	23/06/2028	24/06/2023	24/06/2023	£251,966	£22.00	£314,958	£27.50	In occupation since 1993. Break subject to 6 months' notice. Break penalty of £62,991.50.
Part Ground & Second	Instant Managed Offices Ltd	12,704	20/11/2020	19/11/2025	N/A	Tenant rolling break option from 20/11/2023 on 6 months' notice	£349,360	£27.50	£349,360	£27.50	Sub let to the Secretary of State for Housing, Communities and Local Government. Put and call option agreement entered into with the Secretary of State. 6 months rent free to be topped up by the Vendor. Outside the Act.
		24,157					£601,326		£664,317.50		





KPMG LLP is one of the largest professional services companies in the world. KPMG member firms operate in 147 countries, collectively employing more than 219,000 people, serving the needs of business, governments, public-sector agencies, not-for-profits and capital markets.

KPMG LLP has a Dun and Bradstreet rating of 5 A1, representing a minimum risk of business failure.

A summary of its last three years' published accounts can be seen below:

	09/30/2019 (000s)	09/30/2018 (000s)	09/30/2017 (000s)
Sales/turnover	£2,398,000	£2,338,000	£2,172,000
Profit/(loss) before taxes	£32,000	£135,000	£20,000
Tangible net worth	£69,000	£78,000	£6,000
Total assets	£1,471,000	£1,367,000	£1,585,000

Instant Offices

Instant Offices is the world's largest office broking service and part of The Instant Group. Established in 1999, The Instant Group is a workspace innovation company that places more than 11,000 companies a year in flexible workspace such as coworking, serviced or managed offices. With offices in London, Newcastle, Berlin, Budapest, Haifa, Istanbul, Paris, Dallas, New York, San Francisco, Hong Kong, Kuala Lumpur, Singapore and Sydney, The Instant Group employs over 300 people and has clients in more than 150 countries.

Instant Managed Offices Ltd has underlet its space to
The undoubted covenant of **The Secretary of State for
Housing, Communities and Local Government.**



Ministry of Housing,
Communities &
Local Government

Instant Managed Offices Ltd has a Dun and Bradstreet rating of 4 A2, representing a lower than average risk of business failure.

A summary of its last three years' published accounts can be seen below:

	07/31/2019 (000s)	07/31/2018 (000s)	07/31/2017 (000s)
Sales/turnover	£71,701	£67,787	£54,486
Profit/(loss) before taxes	£8,098	£5,801	£4,568
Tangible net worth	£27,716	£17,648	£10,385
Total assets	£70,537	£59,013	£49,217

Crawley is the largest office market in the southern M25 with a total office stock of 4.8 m sq ft divided between the town centre, favoured by professional services businesses, and the out of town locations, which have historically attracted larger occupiers and airport related businesses.

The proximity to Gatwick airport, coupled with excellent road and rail links to London and the favourable geographic location, have attracted a diverse range of occupiers from a wide catchment area. In addition to the aviation and travel related companies such as Virgin Atlantic and British Airways, Crawley has a number of major corporates including KPMG, Deloitte, RAPP, PwC, Grant Thornton, Thales and Nestle.

Long term annual take-up exceeds 150,000 sq ft and, despite the challenges faced by occupiers since Covid-19, several notable deals have completed during 2020.

Prime rents for the out of town market have now reached £27.50 per sq ft, as witnessed at the subject property. This follows the £27.00 per sq ft letting to Shearwater Geosciences and £26.50 per sq ft being achieved in the town centre following the letting to Barrington James at The Galleria. All three deals completed post Covid-19 and underpin the robustness of the office market which still offers a discount to nearby towns such as Brighton, where rents have achieved £35.00 per sq ft, and Redhill where rents are in excess of £30.00 per sq ft.

Key Leasing Comparables

Date	Property	Location	Size (sq ft)	Rent (per sq ft)	Tenant
Nov 2020	One Forest Gate	Out of Town	12,704	£27.50	Instant Managed Offices Ltd
Jun 2020	The Galleria, Station Road, Crawley	Town Centre	10,459	£26.50	Barrington James
May 2020	2 City Place, Gatwick	Out of Town	3,741	£27.00	Shearwater Geosciences
Nov 2019	Endeavour House, Crawley	Town Centre	6,438	£26.75	Colosseum Dental
Apr 2019	Origin One GF, 108 High Street, Crawley	Town Centre	2,758	£26.00	SHW
Dec 2018	Explorer 1, Fleming Way, Crawley	Out of Town	4,606	£26.00	Trade Skills 4U Limited
Dec 2018	Origin One, 108 High Street, Crawley	Town Centre	8,006	£25.00	DMH Stallard
Nov 2018	4 Gatwick Road, Nexus, Crawley	Out of Town	5,200	£27.00	Torrent Pharma
Sep 2018	The Manhattan Building, Crawley	Out of Town	19,000	£24.00	B & CE
Jul 2018	CC3, Churchill Court	Out of Town	27,908	£25.50	Regus
Aug 2018	Explorer 1, Fleming Way, Crawley	Out of Town	5,005	£26.50	AAR international

The south east office market was experiencing strong investor demand at the start of 2020, driven by lack of available stock and a significant weight of money looking to invest into the sector. The effect of the coronavirus pandemic led to a significant reduction in transactions across all capital markets.

The easing of restrictions allowed the practicalities of transactions to be completed and deal volumes increased significantly in Q3. Momentum has subsequently picked up and the south east office market has remained active and demonstrated its resilience. In addition, the proportion of out of town business park transactions has grown significantly, to reflect 64% of total transactions in Q3 2020. The move towards out of town assets, which was already emerging prior to the outbreak, has accelerated with occupiers and investors now looking for assets that are more resilient to lockdown restrictions with lower densities, car-friendly transport, and good parking ratios.



Key Investment Comparables

Property	Area (sq ft)	WAULT	Price	NIY	Cap Val (£ psf)	Date
Birchwood Building, Leatherhead Office Park	34,939	7 years	£13,200,000	6.50%	£378	Under Offer
Eldon Court, Reading	25,300	5.5 years	£9,900,000	6.34%	£391	Sep 2020
Keats House, Leatherhead Office Park	50,354	7 years	£19,300,000	6.80%	£383	Jul 2020
Newbury Business Park, Newbury	61,385	6.8 years	£15,500,000	7.47%	£252	Oct 2019
Griffin House, Crawley	31,693	5.2 years	£8,230,000	7.20%	£260	Jul 2019
Portland Building, Crawley	41,690	3.6 years	£12,000,000	7.35%	£288	May 2019
Gresham House, Crawley	16,404	8 years	£4,600,000	6.25%	£280	Mar 2019
Ashbourne House, Guildford	35,557	3 years	£12,700,000	7.00%	£359	Mar 2019

ONE FOREST GATE TILGATE BUSINESS PARK CRAWLEY RH11 9BP

ONE
FOREST
GATE

Service charge

For the 2021 service charge year, the service charge budget is £240,816. Further information on this is available upon request.

EPC

The property has an EPC rating of B.

VAT

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

Proposal

We are instructed to seek offers in excess of **£7,050,000 (Seven Million and Fifty Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this level reflects a **Net Initial Yield of 8.00%**, and a **Reversionary Yield of 8.83%**, after allowing for purchaser's costs of 6.66%. This equates to a capital value of only £286 per sq ft.

Further information

James Archibald

T: 020 3362 4357

M: 07979 746 791

E: jamesarchibald@brayfoxsmith.com



Misrepresentation Act. These brief particulars have been prepared as agent for our client and are intended as a convenient guide to supplement an inspection or survey. Their accuracy is not guaranteed. They contain statements of opinion and in some instances we have relied on information provided by others, you should verify the particulars on your visit to the property and the particulars do not obviate the need for a full survey and all the appropriate enquiries. Accordingly, there shall be no liability as a result of any error or omission in the particulars or any other information given. November 2020.