



THE EDGE BRIXTON

86-88 VALENTIA PLACE LONDON SW9

ATTRACTIVE LONG INCOME INVESTMENT OPPORTUNITY

THE EDGE BRIXTON



EXECUTIVE SUMMARY

- Single-let office investment opportunity located in the heart of Brixton and South London's commercial property market.
- Excellent transport connections with Brixton Overground and Underground stations within very close proximity (0.3 miles) to the property.
- New, highly specified offices comprising 10,813 sq ft NIA (11,591 sq ft GIA) over ground floor with state-of-the-art animation studio fit-out and a large outdoor private terrace.
- Excellent ESG credentials – EPC rating of B29 and BREAM 'Very Good' rating.
- The property is to be let to Jellyfish Pictures Limited on a new 15 year FRI lease from completion of the sale agreement with no tenant break options and 5 yearly open market rent reviews.
- Virtual freehold ownership by way of a 999 year lease from 1st September 2016 at a peppercorn rent.
- Total income of £448,740 per annum reflecting £41.50 per sq ft overall and below current prime Brixton rents of £47.50 per sq ft offering good prospects for rental growth at future rent reviews.
- We are instructed to seek offers in the region of **£7,000,000** subject to contract and exclusive of VAT. Pricing at this level reflects an attractive **net initial yield of 6.01%** and a low capital value of **£647 per sq ft** assuming purchaser's costs of 6.65%.



The Shard

Bank of England

Tower of London

St Paul's Cathedral

Waterloo

Vauxhall

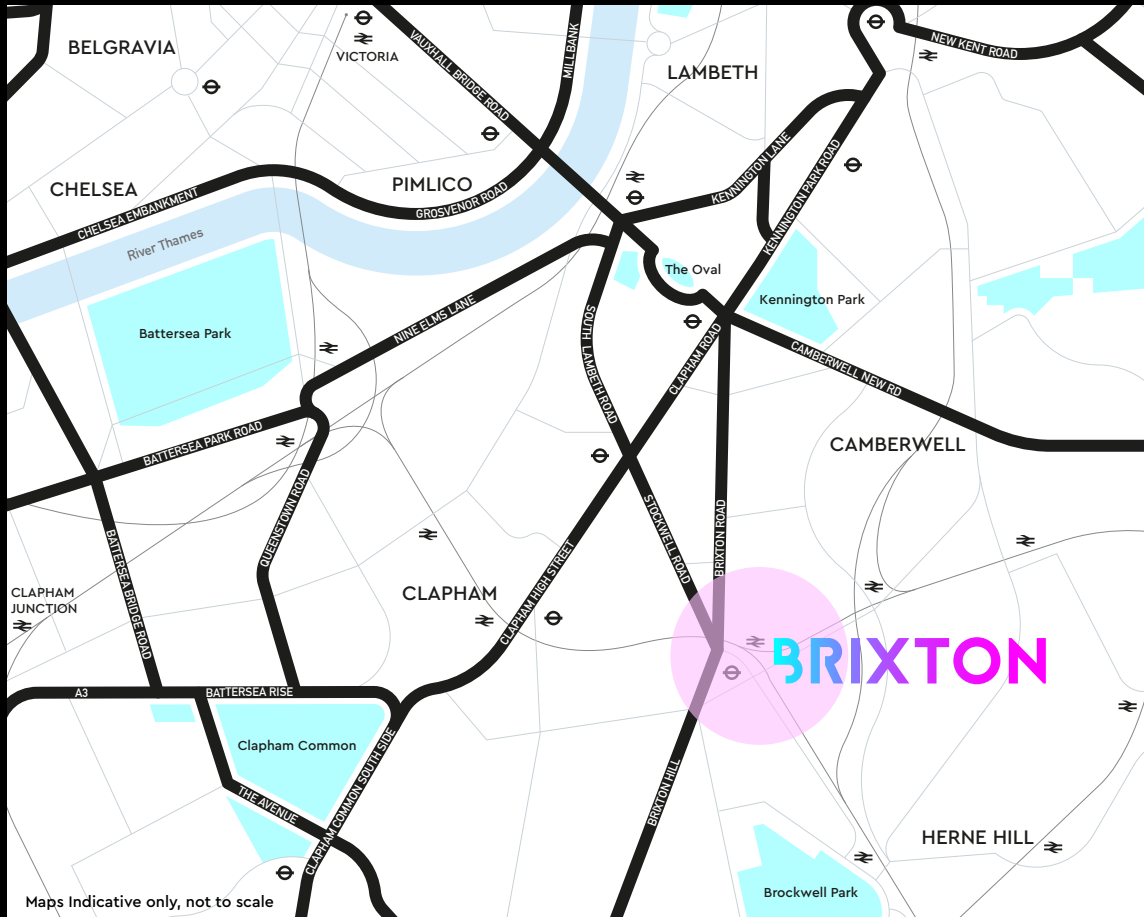
Oval

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Brixton Station

Brixton Village

Brixton Market



LOCATION

Brixton is one of London's most vibrant and unique districts, located in the London Borough of Lambeth approximately 3 miles south of Central London. Boasting an eclectic mix of art, culture, commercial occupiers and visitors with its blend of old industrial heritage and modern architectural development, Brixton has evolved over the past 20 years to become one of London's major creative hubs.

Brixton is synonymous with a mix of old and new – from its architecture; food and leisure in Brixton Village and Market Row to Canova Hall and Upstairs at The Department Store; and its arts and entertainment in The Ritzy Cinema to the new Brixton House development. Famous for both music and politics, David Bowie and former London Mayor, Ken Livingstone were born and raised in Brixton and former Prime Minister John Major started his career giving speeches in Brixton Market.

Commercially Brixton has continued to grow and evolve. Recent developments such as The Department Store, Piano House, Brixton House together with future schemes such as Derwent London's Blue Star House and Hondo's Pope's Lane are collectively bringing high-quality commercial space and occupiers to this vibrant submarket.



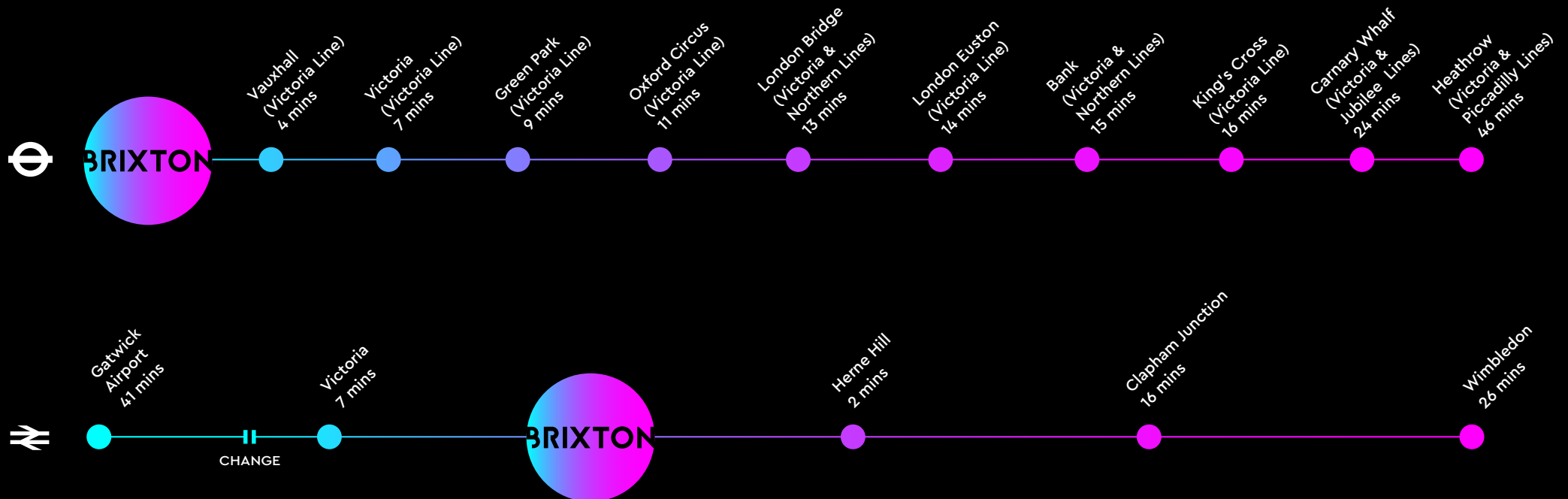
SITUATION

The property is situated on the east side of Valentia Place at the midway point. Valentia Place connects Coldharbour Lane and Brixton Station Road which encompass Brixton Village and are two of the main arteries to and from Brixton Station.



COMMUNICATIONS

The property is within a 5-minute walk (0.3 miles) of Brixton Underground Station, which is the most southerly station of the Victoria line, one of the fastest lines on the Underground network reaching Central London in 10–15 minutes. Brixton Overground Station is also connected to the mainline network with Southeastern services towards London Victoria (7 minutes), Oxford Circus (11 minutes) and Heathrow (46 minutes). Additionally, Brixton is serviced by a multitude of different London bus routes to the West End. Several major roads run through central Brixton, the A203, A20 and A2217 links Brixton to Vauxhall Bridge and the A23 (Brixton Road) London to Brighton road is the main north to south thoroughfare.





THE PROPERTY

The property, purchased in 2019, forms part of a Taylor Wimpey residential-led development completed in 2017. Initially designed as five individual ground floor units in shell and core condition, the property has been subject to a comprehensive works programme to provide a consolidated single unit benefitting from a CAT A refurbishment and fit-out of extremely high-quality offices, delivered at an approximate cost of £1.54m (c.£145 per sq ft).

The property comprises a single ground floor unit with ancillary mezzanine accommodation totalling 10,813 sq ft NIA (11,591 sq ft GIA) and is currently fitted out as the headquarters office and animation studio house of Jellyfish Pictures Limited. The property provides excellent natural light, generous floor-to-ceiling heights throughout, a large outside terrace which runs the length of the building and a spacious, double height, modern reception.

The current specification includes:

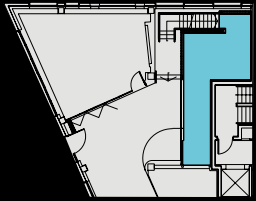
- VRV air-conditioning system.
- Partially exposed ceiling with LED panel and spot lighting throughout.
- Fully accessed raised floors.
- 10 WCs (3 disabled), 2 showers (1 disabled), approx. 20 cycle spaces.
- Impressive clear floor-to-ceiling heights of between circa 2.5m-3.5m throughout and 4.1m in reception.
- The fit-out provides open-plan desking for c.200 creators, a 30-person seater screening room, five fully sound-insulated meeting rooms, and a large break-out area.
- Private outdoor terrace area of c.1,000 sq ft with wooden decking, seating and planters.



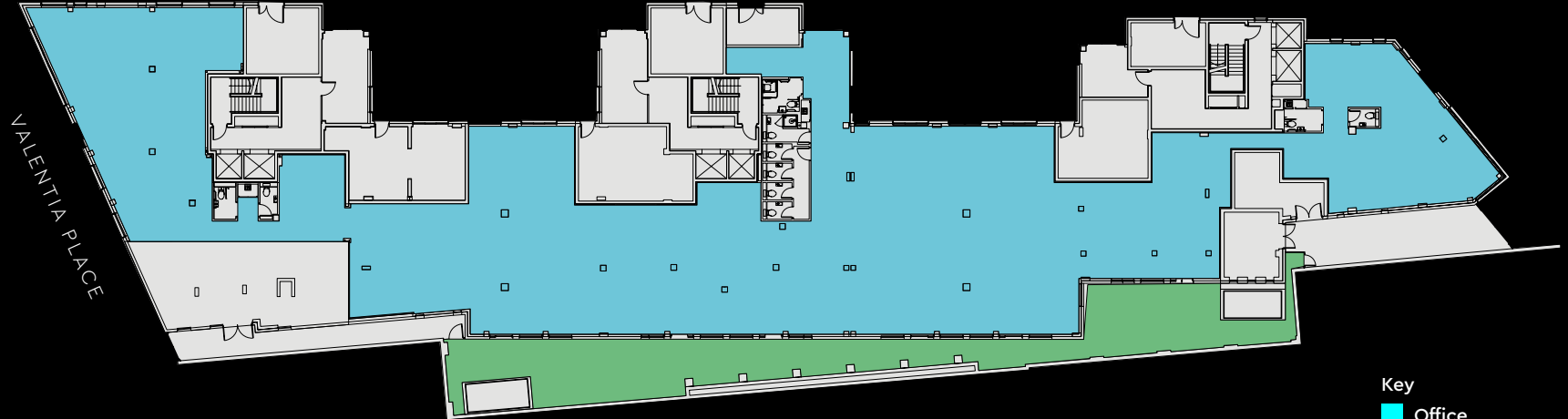


FLOOR PLANS

MEZZANINE



GROUND FLOOR



Floor plans indicative only, not to scale

Key
Office
Terrace



TENANCY



JELLYFISH
PICTURES

The property is to be let in its entirety to Jellyfish Pictures Limited for a proposed term of 15 years, without break, from practical completion of the sale.

A draft lease has been prepared for Jellyfish Pictures Limited which will be provided in the data room. A summary of the key proposed lease terms are set out below:

- **LEASE TERM** – a new, full repairing and insuring 15 year lease, without break, contracted outside of the security of tenure provisions of the Landlord and Tenant Act 1954.
- **RENT REVIEW** – an upwards only open market rent review in the 5th and 10th year of the term.
- **HEADLINE RENT** - £41.50 per sq ft equating to £448,740 per annum, exclusive of VAT. There will be no tenant rent free incentives.
- **RENT DEPOSIT** – a rent deposit equivalent to 6 months' rent + VAT to be held for the duration of the lease.
- **ALIENATION** – standard market provisions giving the ability to assign the whole subject to an AGA (Authorised Guarantee Agreement) or sub-let in part, subject to a maximum of two units of occupation and permitted sharing with group companies.
- **REINSTATEMENT** – Full reinstatement back to CAT A.

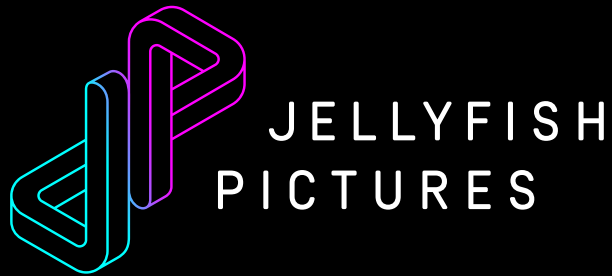
TENURE

The property is held by way of a virtual freehold interest via a 999 year lease commencing on 1st September 2016 at a peppercorn rent.





'Jellyfish Pictures have won more than 45 industry awards and accolades including BAFTAs, EMMYs, ANNIE and VES awards, which represent the pinnacle of industry recognition'



'Jellyfish is a global brand in VFX and Animation, working on some of the largest shows in the world. Over the next few years we are working on Star Wars, Dahl for Netflix, Angry Birds for Amazon amongst many others. We are riding the tidal wave of global content demand that is predicted over the next few years and Jellyfish are in prime position to take advantage'

Phil Dobree
CEO Jelly Fish Pictures Ltd

Jellyfish Pictures Limited are an award-winning production company who specialise in high-quality animation and visual effects. Driven by creativity and innovation, Jellyfish has had twenty years of success with their recent impressive feature film credits including Solo: A Star Wars Story, Star Wars: The Last Jedi, Rogue One, A Star Wars Story, Captive State and Kingsman: The Secret Service.

Established in 2001 as a VFX studio, Jellyfish has built a reputation over 20 years as a trusted partner, delivering unrivalled service which combines creativity, craft and innovation. Over the past five years, significant investment, and commitment to pushing boundaries, both creative and technical, have enabled The Edge Brixton to become a reality. Consequently, there are no on-site computers or storage on site, making it the largest VFX and Animation studio in the world that works in this way.

Jellyfish employs over 300 full-time artists, animators and producers, the majority of whom are on fixed term contracts. Currently, Jellyfish has over 75 people working outside of the UK and has successfully employed over 150 people during the COVID crisis.

The animation market has seen increasing demand for original high-end content with total production spend increasing by 23% for traditional studios/networks, and 690% by streamers between 2014 and 2019 (a combined spend of £82.5bn in 2019). Streaming services such as Netflix, are now actively readdressing their historically under invested Feature Animation content which creates a significant opportunity for quality animation studios, particularly in the VFX service sector where the market continues to see an increase in demand.

Jellyfish Pictures Clients:



Jellyfish Group – Financial Summary 2015–2021 & Projections 2022–2024 (£'000s)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	2,656	3,577	5,806	9,370	5,812	10,951	21,243	9,451	31,583	34,741
Gross Profit	980	1,482	1,962	1,810	920	2,548	6,860	4,726	12,173	13,549
EBITDA	560	838	1,342	881	(110)	12	3,942	1,701	5,856	6,253
Net Assets	692	1,100	1,763	1,891	1,214	291	1,918	963	4,605	8,359

Further information available upon request.

LOCAL MARKET

Prior to Covid-19, Brixton's office market was going from strength to strength, with rents reaching upwards of £50.00 per sq ft, bolstered by the delivery of several high-quality schemes including The Department Store Studios and Piano House. Inevitably, since Q1 2020, Brixton, like all other London submarkets, has experienced a slowdown in transaction volumes. However, with a shortage of supply and a fundamental demand for Brixton as a commercial office location the market is showing renewed activity from both occupiers and investors, particularly for high-quality, well located offices.

Local developers are actively seeking opportunities to expand high-quality office space in the submarket, with the proposed development at Pope's Road seeking to deliver c.200,000 sq ft. The mixed-use commercial part 5, part 9 and part 20-storey office tower development is currently with the London Mayor for approval. Brixton House will open in Q4 2021, a dedicated venue for theatre-making, artistic studio space and traditional office floors, with strong pre-completion interest levels suggesting a continued imbalance of supply and demand. Further down the pipeline will be Derwent London's Bluestar House which upon vacant possession in 2025 which will be redeveloped with the goal of delivering c.100,000 sq ft of predominantly high-quality, Grade A office space in the heart of Brixton.

BRIXTON KEY DEVELOPMENTS



BLUE STAR HOUSE

- Derwent London
- Short-medium term flexible office space
- Future scheme in 2024
- Potential for c.100,000 sq ft new build office & retail



THE DEPARTMENT STORE

- Squire and Partners Headquarters
- The Department Store Studios – Co-Working, serviced and meeting room space
- Upstairs at the Department Store – Members' Club



BRIXTON VILLAGE & MARKET ROW

- Hondo Enterprises
- Street market with 100+ vendors, including retailers and restaurants.



BRIXTON HOUSE

- Former Oval Theatre
- Dedicated theatre and dramatic arts space
- c.20,000 sq ft of Grade A office space



POPE'S ROAD

- Future scheme by Hondo Enterprises
- Set to deliver up to c.200,000 sq ft of offices and retail
- Potential landmark office led development for Brixton



PIANO HOUSE

- c.40,000 sq ft Victorian warehouse, regenerated to provide contemporary workspace
- Studio style units from c.500 sq ft
- Current availability quoting up to £49.50 per sq ft



LOCAL MARKET CONTINUED

COMPARABLES

Date	Property	Tenant	Size (sq ft)	Headline Rent (£psf)
Jun-21	Luma 330 Clapham Road	Ingeus UK Ltd	20,497	£42.50
Feb-21	Piano House 9 Brighton Terrace, Brixton	Undisclosed	1,453	£47.50
Sep-20	Thrayle House Stockwell Park Walk	Co-Op	3,972	£42.50
Sep-20	Thrayle House Stockwell Park Walk	SW9 Community Housing	1,872	£42.50
Jul-20	Maritime House Clapham Old Town	Hush Homeware	10,900	£46.00



RENTAL HEAT MAP



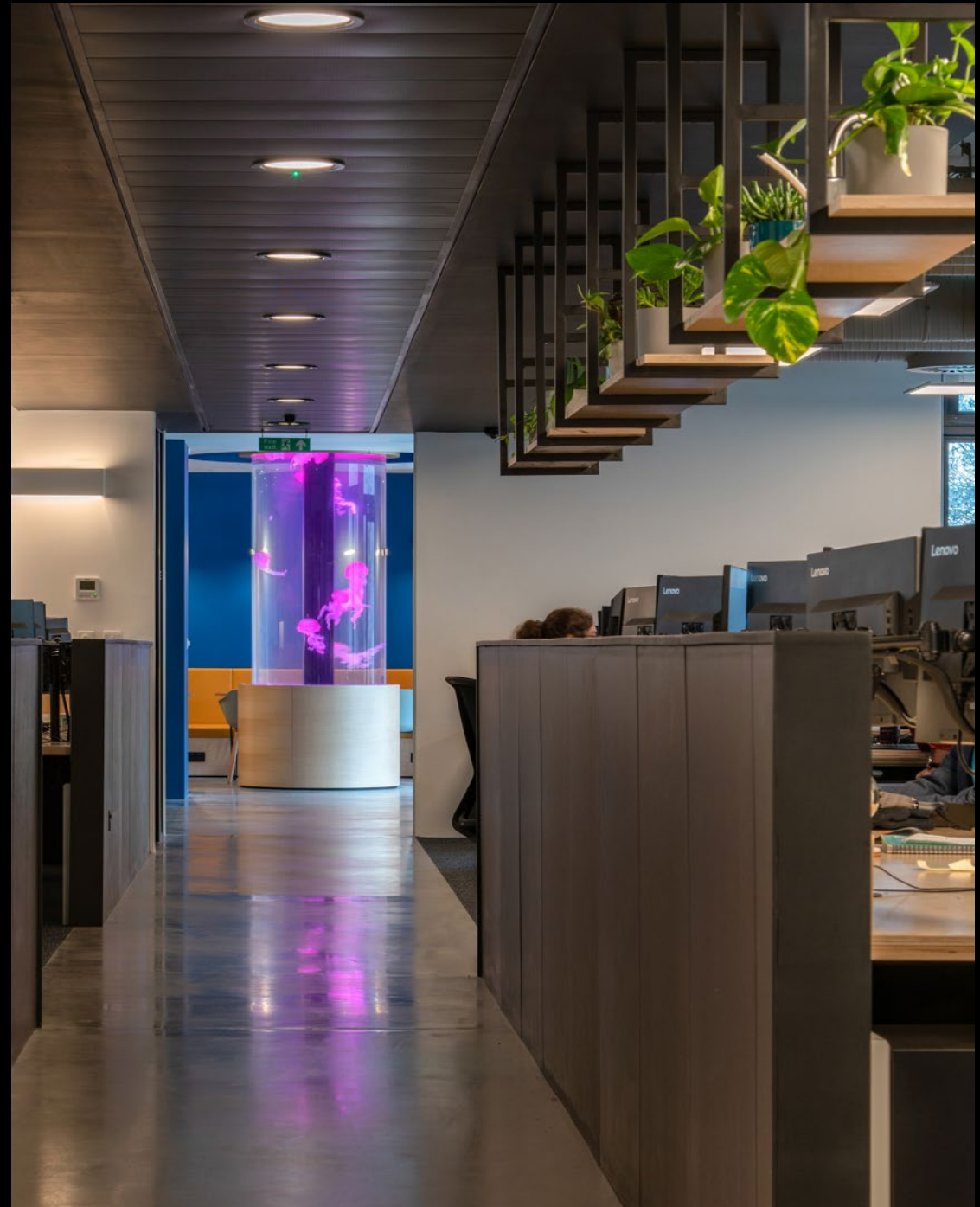
INVESTMENT MARKET

Covid-19 inevitably slowed transaction volumes but there is recent evidence of growing investor demand, particularly for quality buildings within Greater London and those with attractive income fundamentals. We expect this flight to quality to continue both from an occupier perspective – as employers try to create the most attractive working environment possible – and from an investment perspective in light of this occupier demand and the potential growth prospects. The Edge offers a high-quality, attractive and unique workplace environment and as such is well placed to benefit accordingly.

Greater London continues to be a key investment destination for domestic and overseas capital due to its transparent and mature market, liquidity, excellent growth prospects and attractive yields compared to other asset classes.

INVESTMENT RATIONALE

- Opportunity to acquire a 15 year income investment let to a good covenant at an attractive 6.00% net initial yield.
- Let at a low rent of £41.50 per sq ft overall offering good prospects for rental growth at future rent reviews.
- The property is well connected within very close proximity (0.3 miles) to Mainline and Underground transport.
- Exceptional quality office accommodation which has been refurbished to a very high standard with state-of-the-art animation studio fit-out, jellyfish tank, exceptional floor-to-ceiling heights and an large outdoor private terrace.
- The property provides excellent ESG credentials with a EPC rating of B29 and BREAM 'Very Good' rating.



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FURTHER INFO

PLANNING – The property is situated in the London Borough of Lambeth, is not listed and does not lie within a conservation area.

VAT – The property is elected for VAT.

EPC – The property has a EPC rating of B29.

BREAAM – 'Very Good' rating.

DATA ROOM – Data room access is available upon request.

PROPOSAL

We are instructed to seek offers in the region of **£7,000,000** subject to contract and exclusive of VAT. Pricing at this level reflects an attractive **net initial yield of 6.01%** and a low capital value of **£647 per sq ft** assuming purchaser's costs of 6.65%.

CONTACT

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Made by Tayler Reid