



ONE KINGSWAY CARDIFF CF10 3AN



A UNIQUE OPPORTUNITY TO ACQUIRE A PRIME,
MULTI-LET OFFICE INVESTMENT WITH A ROBUST
INCOME PROFILE IN THE HEART
OF CARDIFF CITY CENTRE



INVESTMENT SUMMARY

One Kingsway is a landmark Grade A office building located in the heart of Cardiff's established Central Business District, offering strong rental growth potential and an opportunity to drive investment returns through proactive asset management.

Prominent position in close proximity to Cardiff's prime retail and leisure amenities.

A striking seven-storey office building totalling 68,372 sq ft, with a three-level secure basement car park providing 62 spaces.

The building is predominantly refurbished to provide a high-quality specification with flexible floor plates arranged around an impressive, full height, central atrium. There are new cycle shower and changing facilities in the basement.

Since acquiring One Kingsway, the vendor has completed significant maintenance and upgrading works costing in excess of £3 million.

The property is well let to five tenants with a passing rent of £1,067,836 per annum which equates to a low average rent of £21.25 per sq ft.

Let to strong tenant covenants including The British Council, Royal Bank of Scotland, PwC and Avison Young.

Freehold.

Asset management opportunities to increase the rental tone, enhance the income profile and improve the WAULT.

£17m

Offers are sought in excess of **£17,000,000** (Seventeen Million Pounds), subject to contract and exclusive of VAT.

7.27%

A purchase at this level reflects an **attractive net initial yield of 7.27%** on the contracted income (no top ups) plus only £200 per sq ft on the vacant space, assuming purchaser's costs of 6.72%.

8.78%

Based on our opinion of the estimated rental value, **the yield will increase to 8.78%** once fully let.

4/5



PRIME OFFICE INVESTMENT

CARDIFF - CITY CENTRE



- 1 National Museum
- 2 Queen Street Station
- 3 New Theatre
- 4 Gorsedd Gardens
- 5 Motorpoint Arena
- 6 Cardiff City Hall
- 7 St David's Shopping Centre
- 8 Millennium Centre
- 9 Capital Tower
- 10 One Kingsway
- 11 St David's Concert Hall
- 12 Queen's Arcade
- 13 Hilton Cardiff
- 14 Cardiff Bay
- 15 Cardiff Indoor Market
- 16 Cardiff Central Station
- 17 Cardiff Castle
- 18 Principality Stadium



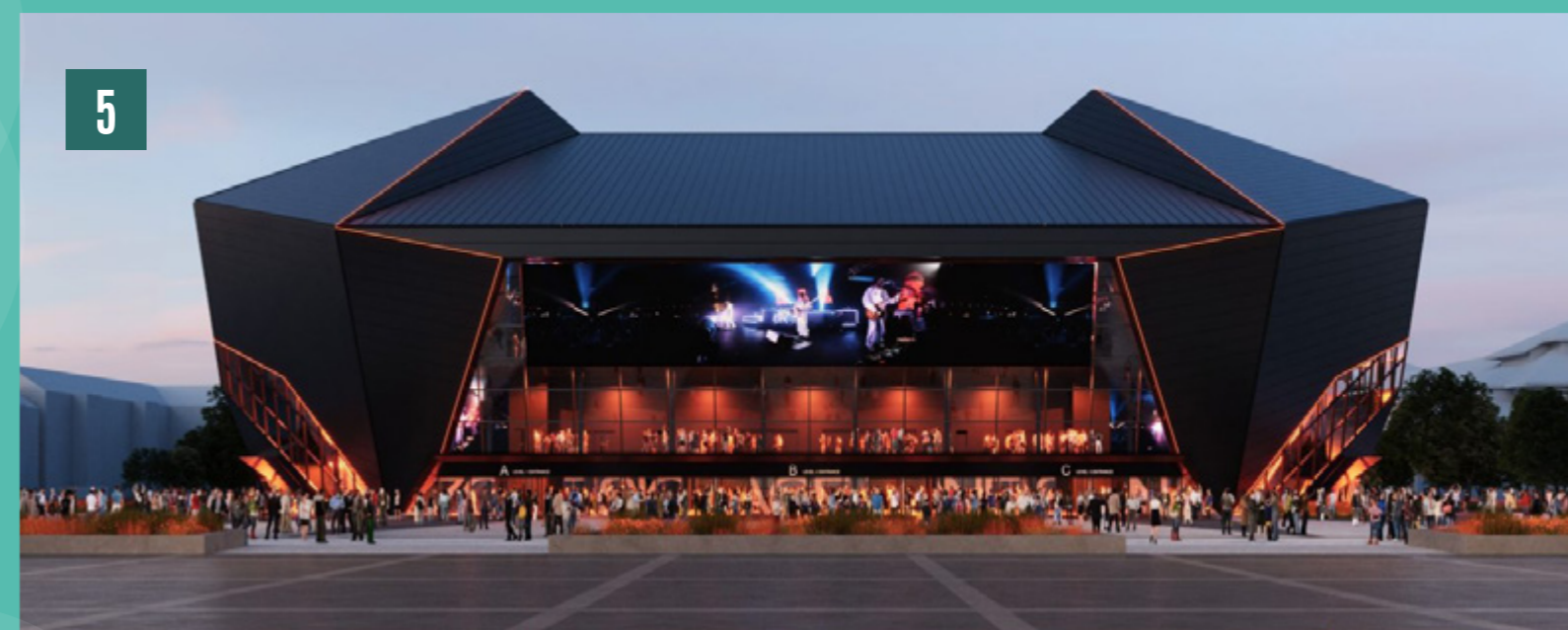
CARDIFF - UK'S FASTEST GROWING CITY

Cardiff is the capital city of Wales and the focus for growth in the Welsh economy. It has a faster population growth compared to any other UK city including London with 26% growth forecast over the next 20 years. The city has experienced a major transformation over the last 25 years with significant regeneration and ongoing development across the city.

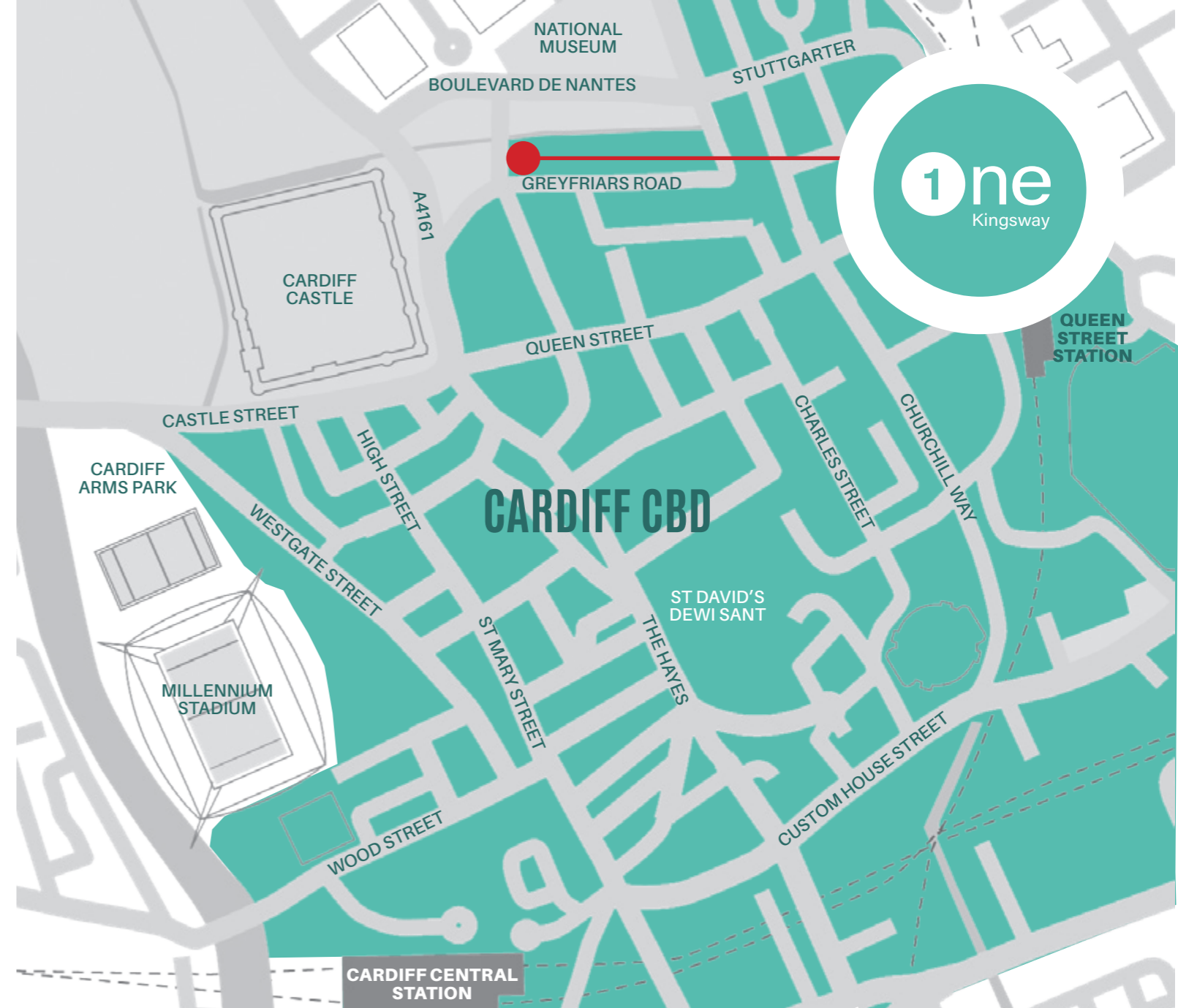
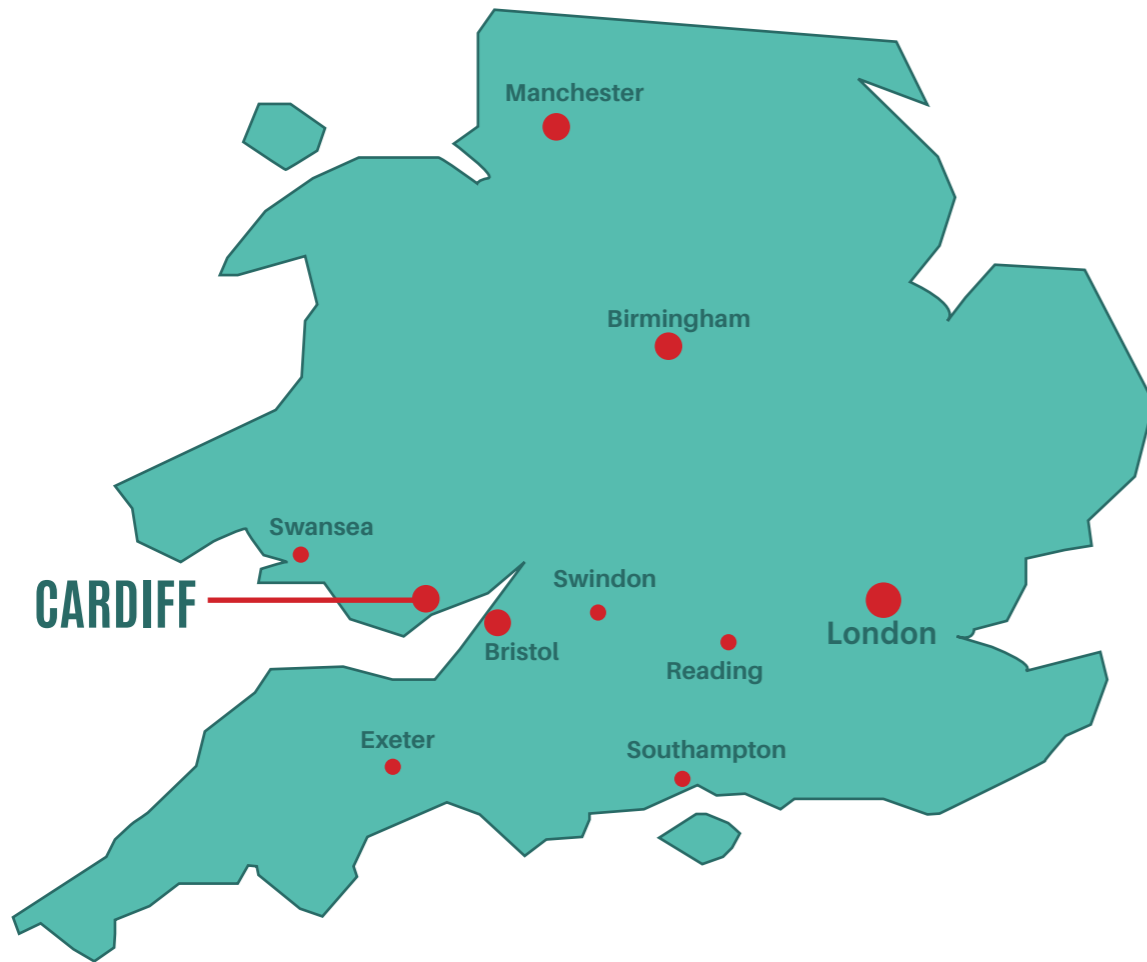
Landmark schemes include Cardiff Bay, The Millennium Centre, St David's Shopping Centre, Cardiff International Sports Village and the iconic Principality Stadium.

These developments have increased the city's profile and have supported the delivery of other large regeneration projects including:

- 1 Cardiff Capital Region City Deal**
Cardiff has secured a deal worth £1.2bn to bring together region wide infrastructure projects, including the delivery of the South Wales Metro. Over its lifetime, the City Deal is expected to create up to 25,000 new jobs and leverage an additional £4bn of private sector investment.
- 2 South Wales Metro**
An integrated rail and public transport service in South Wales, with a focus on central Cardiff, is being delivered at a cost of circa £750m.
- 3 Central Square**
A joint venture between Rightacres and Cardiff City Council, mainly funded by Legal & General. A comprehensive regeneration scheme on the north side of Cardiff Central station which, by the end of 2022, will have delivered approximately 1m sq ft of mixed-use development including circa 700,000 sq ft of Grade A offices, 318 build to rent units, a new 14 bay bus station and new retail and leisure provision. Key occupiers include the BBC, HMRC and Legal & General.
- 4 Capital Quarter & John Street**
A 10-acre city centre site, developed by JR Smart, providing over 1m sq ft of mixed uses, including offices, student accommodation, build to rent and educational uses.
- 5 Cardiff Arena**
Cardiff City Council has named a developer/operator consortium to deliver a new 17,000 seat arena in Atlantic Wharf, Cardiff Bay, which is due to be completed by 2024/2025.
- 6 Central Quay**
To the south of Cardiff Central station, Rightacres has acquired the former Brains Brewery site and is aiming to deliver a 2.5m sq ft mixed use development. Legal & General has recently announced that it is investing £200m to deliver 715 build to rent apartments at Central Quay in partnership with Watkin Jones and Rightacres.
- 7 The Embankment**
Vastint (part of the Ikea Group) has purchased a 40-acre brownfield site between Dumballs Road and the River Taff, to the south of the city centre. The masterplan includes the creation of 2,500 new homes alongside 580,000 sq ft of business space, together with leisure hospitality and retail.



CARDIFF - A CONNECTED CITY



| | | | |
|---------|--------------|--------------|--------------|
| Dublin | Edinburgh | Amsterdam | Paris |
| 55 mins | 1 hr 15 mins | 1 hr 20 mins | 1 hr 35 mins |



| | | | | |
|-------------------------------|------------------------------|-----------------------------------|----------------------------|------------------------------------|
| Cardiff Bay | Bristol | London | Birmingham | Manchester |
| 10 mins (128 trains a day) | 45 mins (39 trains a day) | 1 hr 50 mins (48 trains a day) | 2 hrs (21 trains a day) | 3 hrs 30 mins (35 trains a day) |



| | | | | |
|-----------------|-------------|--------------|---------------|---------------|
| Cardiff Airport | Bristol | Birmingham | London | Manchester |
| 31 mins | 1 hr 9 mins | 1 hr 55 mins | 3 hrs 20 mins | 3 hrs 53 mins |

10/11



PRIME OFFICE INVESTMENT

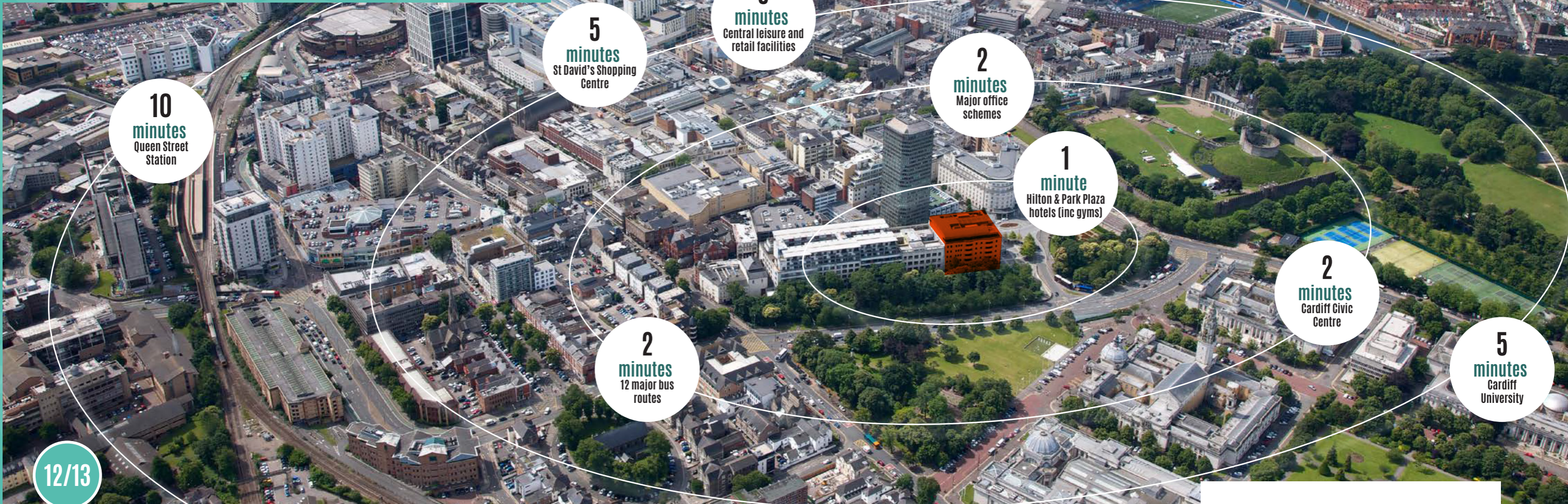
SITUATION - STRATEGICALLY POSITIONED



WALKING TIMES

Cardiff has a compact, accessible city centre bounded by the Principality Stadium to the west, the A4160 to the east, Callaghan Square and Capital Quarter to the south and the Civic Centre and Cardiff University to the north.

One Kingsway is located in an established office cluster, in Cardiff's central business district, opposite the Hilton Hotel and Cardiff Castle and overlooking Friary Gardens and Cardiff's civic centre.



ONE KINGSWAY



Landmark
Grade A
office building

Totalling
68,372 sq ft

Constructed in
1996 and is of
concrete frame
construction

Three-level
basement car
park providing
62 spaces

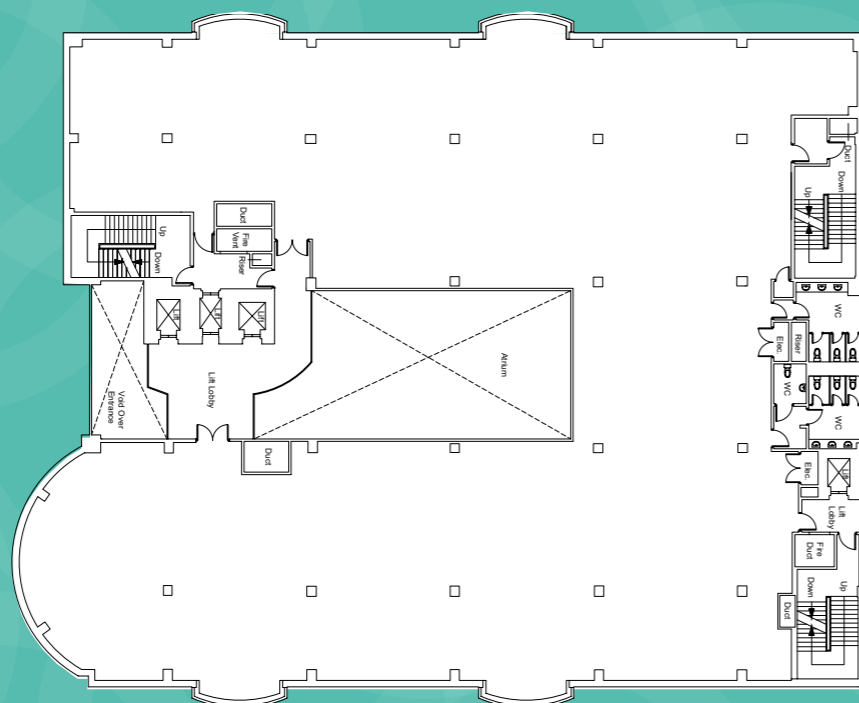
Constructed
with stone
facades under a
flat roof

ACCOMMODATION

The property has been measured by Pure Real Estate Services Limited in accordance with the current RICS Code of Measuring Practice (6th edition) and provides the following net internal floor areas.

| Floor | Use | sq m | sq ft |
|--------------|-----------|-----------------|---------------|
| Sixth | Office | 775.30 | 8,345 |
| Fifth | Office | 947.61 | 10,200 |
| Fourth | Office | 946.93 | 10,193 |
| Third | Office | 909.56 | 9,790 |
| Second | Office | 947.85 | 10,203 |
| First | Office | 948.67 | 10,211 |
| Ground | Office | 692.36 | 7,453 |
| Ground | Reception | 159.91 | 1,721 |
| Ground | Storage | 23.80 | 256 |
| Total | | 6,351.99 | 68,372 |

TYPICAL FLOOR PLATE



WORKS COMPLETED

Since acquiring One Kingsway in 2017, the vendor has completed significant maintenance and upgrading works including:

| Item | Cost |
|---|-------------------|
| Comprehensive refurbishment of the 1st, 2nd, part 3rd and 6th floors to Cat A specification including M&E replacement | £1,800,000 |
| New basement shower block | £170,000 |
| Recovering the roofs (25 year guarantee on the flat roofs) | £295,000 |
| Chiller replacement | £535,000 |
| Boiler replacement | £146,000 |
| Atrium and lift lobbies redecoration | £108,000 |
| Replacement of access security | £42,000 |
| Total cost | £3,096,000 |

BUILDING SPECIFICATION

- Striking ground floor reception
- Full height, glazed central atrium
- Exposed common stairwell
- Raised access floors
- Metal suspended ceiling tiles
- LG3 and some recessed CAT 2 lighting
- Aluminium framed double glazing
- Three lifts (1 x glass fronted)
- Four pipe fan coil air conditioning
- Male, female and disabled WCs and shower facilities on each floor

ONE KINGSWAY



LINK TO 360 DEGREE TOUR



LINK TO WEBSITE



KINGSWAY PUBLIC SPACE

Kingsway Public Space is a pedestrianised public realm incorporating new paving and an at-grade crossing facility. Its purpose is to improve and enhance the connectivity between Cardiff's civic centre and Cardiff's city centre. This scheme will not only help to promote sustainable and active travel, but also provide an open space that is bright, vibrant, and attractive for both daily use and special events. The scheme is to be commissioned by Cardiff City Council, and works are due to commence in the coming years.

Key features of this public space will comprise:

- Subway closures and re-purposing for alternative use.
- New cafe areas with cycle parking.
- Flexible creative spaces for public events; seating that can be transformed into market stalls.
- Trees and rain gardens supporting Sustainable and Drainage System (SuDS) infrastructure.

* Visualisation only - public space to be subject to further detailed design and usage optioning.



TENANCIES



LET TO FIVE
TENANTS

ATTRACTIVE
WAULT
4.3 years
(2.49 years to break)

TOTAL INCOME
£1,067,836 PA

LOW BASE RENT
£21.25 PSF
OVERALL

ERV
£ 1,593,480 PA

| Description | Tenant | Area (sq ft) | CPS | Lease start | Lease break | Next rent review | Lease expiry | Rent (£ pa) | Rent (£ psf) | ERV (£ pa) | ERV (£ psf) | Comments |
|---------------------------|---|---------------|-----------|-------------|-------------|------------------|--------------|-------------------|---------------|-------------------|---------------|--|
| 6th Floor (North) | SA Global (Europe) Limited | 4,750 | 5 | 20/12/2019 | 20/12/2025 | 19/12/2024 | 19/12/2029 | £114,499 | £24.11 | £114,000 | £24.00 | Refurbished. 4 months rent free if break not exercised. Service charge cap at £51,631.32 pa (£10.87 psf) with annual RPI linked reviews. Tenant break option. Outside 1954 Act. |
| 6th Floor (South) | Vacant | 3,595 | 1 | - | - | - | - | - | - | £86,280 | £24.00 | Refurbished. |
| 5th Floor | PricewaterhouseCoopers Services Limited | 10,200 | 9 | 25/03/2015 | 28/09/2025 | - | 28/09/2026 | £194,522 | £19.07 | £244,800 | £24.00 | Service charge is capped at £137,664.18 pa (£13.50 psf) with annual RPI linked reviews. Reversionary lease from 25/03/2025 at £244,800 pa (£24.00 psf) expiring 28/09/2026, rolling tenant break with 3 months notice from 28/09/2025. Outside 1954 Act. |
| 4th Floor | PricewaterhouseCoopers Services Limited | 10,193 | 9 | 25/03/2015 | 28/09/2025 | - | 28/09/2026 | £192,850 | £18.92 | £244,632 | £24.00 | Service charge is capped at £136,480.85 pa (£13.47 psf) with annual RPI linked reviews. Reversionary lease from 25/03/2025 £244,632 pa (£24.00 psf) expiring 28/09/2026, rolling tenant break with 3 months notice from 28/09/2025. Outside 1954 Act. |
| 3rd Floor (North) | Vacant | 3,562 | 4 | - | - | - | - | - | - | £85,488 | £24.00 | Refurbished. |
| 3rd Floor (South) | The Royal Bank of Scotland Plc | 6,228 | 6 | 05/02/2015 | - | - | 04/02/2025 | £122,460 | £19.66 | £149,472 | £24.00 | Service charge cap at £87,913.37 pa (£14.12 psf) with annual RPI linked reviews. Outside 1954 Act. |
| 2nd Floor (North) | The British Council | 5,575 | 7 | 01/10/2022 | - | - | 30/09/2027 | £132,406 | £23.75 | £133,800 | £24.00 | AFL completed. 12 months rent free. Landlord carrying out Cat B fit out payable over lease term as "additional rent". The rent will be subject to measurement after practical completion. Outside 1954 Act. |
| 2nd Floor (South) | Vacant | 4,628 | - | - | - | - | - | - | - | £111,072 | £24.00 | Refurbished. |
| 1st Floor | PricewaterhouseCoopers Services Limited | 10,211 | 5 | 01/06/2022 | 28/09/2025 | - | 28/09/2026 | £245,064 | £24.00 | £245,064 | £24.00 | Refurbished. Lease from 01/06/2022 expiring 28/09/2026 with 3 months rent free. Rolling tenant break with 3 months notice from 28/09/2025. Service charge is capped at £137,277.12 pa (£13.44 psf) with annual RPI linked reviews. Outside 1954 Act. |
| Part Ground Floor (North) | Vacant | 4,368 | 5 | - | - | - | - | - | - | £104,832 | £24.00 | Unrefurbished. |
| Part Ground Floor (South) | GVA Grimley Limited t/a Avison Young Holdings Limited | 3,085 | 4 | 29/09/2016 | - | - | 28/09/2026 | £66,035 | £21.41 | £74,040 | £24.00 | Service charge cap at £ 55,092.84 pa (£17.86 psf) with annual RPI linked reviews. Outside 1954 Act. |
| Car Park | Vacant spaces | - | 7 | - | - | - | - | - | - | - | - | - |
| Total | | 66,395 | 62 | | 2.49 | | 4.30 | £1,067,836 | £21.25 | £1,593,480 | £24.00 | |

The floor areas specified in the tenancy schedule are based on the measured survey conducted by Pure Real Estate Services dated October 2015.

COVENANT OVERVIEW



SA Global (Europe) Limited

6th Floor (North)

SA Global (Europe) Limited occupy the 6th floor (north) on a lease expiring 19/12/2029.

SA Global (Europe) Limited is a Microsoft Gold Partner serving professional services firms, acting as consultants on digital business transformation projects.

Percentage of Rent = 10.7%.

| | |
|---------------------------------|---------------------|
| Company number | 04474371 |
| Company website | www.saglobal.com |
| D & B rating | N3 (Previously 2A3) |
| Fiscal year ending | 2020 |
| Latest turnover | £13,859,179 |
| Profit/Loss before taxes | £372,809 |
| Total assets | £10,656,839 |
| Total liabilities | £6,275,096 |

PricewaterhouseCoopers Services Limited

1st,4th & 5th Floors

PricewaterhouseCoopers Services Limited occupy the 1st,4th & 5th floors on a lease expiring 28/09/2026.

PricewaterhouseCoopers Services Limited, trading as PwC, is a professional services firm providing a range of services including auditing, consulting, tax and advisory services.

Percentage of Rent = 59.2%.

| | |
|---------------------------------|----------------|
| Company number | 00728502 |
| Company website | www.pwc.co.uk |
| D & B rating | 5A1 |
| Fiscal year ending | 2021 |
| Latest turnover | £2,049,904,000 |
| Profit/Loss before taxes | £100,504,000 |
| Total assets | £1,487,109,000 |
| Total liabilities | £734,727,000 |

The Royal Bank of Scotland Plc

3rd Floor (South)

The Royal Bank of Scotland Plc occupy the 3rd floor (south) on a lease expiring 04/02/2025.

The Royal Bank of Scotland Group Plc operates a wide variety of banking brands offering personal and business banking, private banking, insurance and corporate finance.

Percentage of Rent = 11.5%.

| | |
|---------------------------------|------------------|
| Company number | SC090312 |
| Company website | www.rbs.co.uk |
| D & B rating | 5A1 |
| Fiscal year ending | 2021 |
| Latest turnover | £868,000,000 |
| Profit/Loss before taxes | -£714,000,000 |
| Total assets | £203,011,000,000 |
| Total liabilities | £195,044,000 |

The British Council

2nd Floor (North)

The British Council occupy the 2nd floor (north) on a lease expiring 30/09/2027.

The British Council was incorporated by Royal Charter in 1940 with the purpose to advance cultural relationships between the people of the United Kingdom and other countries and develop a wider knowledge of the English language.

Percentage of Rent = 12.4%.

| | |
|---------------------------------|------------------------|
| Company number | RC000060 |
| Company website | www.britishcouncil.org |
| D & B rating | 5A1 |
| Fiscal year ending | 2021 |
| Latest turnover | £924,965,000 |
| Profit/Loss before taxes | -£83,344,000 |
| Total assets | £903,838,000 |
| Total liabilities | £542,751,000 |

Avison Young Holdings Limited

Part Ground Floor (South)

Avison Young Holdings Limited occupy the part ground floor (south) on a lease expiring 28/09/2026.

Avison Young Holdings Limited is an international commercial real estate services firm headquartered in Toronto, Canada. Founded in 1978, the company employs over 5,000 real estate professionals in 16 countries across over 100 offices.

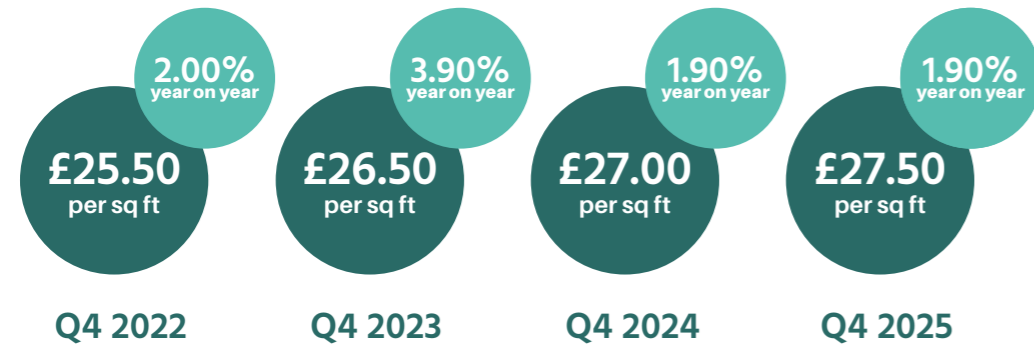
Percentage of Rent = 6.2%.

| | |
|---------------------------------|-----------------------|
| Company number | 08963626 |
| Company website | www.avisonyoung.co.uk |
| D & B rating | N2 |
| Fiscal year ending | 2020 |
| Latest turnover | £173,728,000 |
| Profit/Loss before taxes | -£43,368,000 |
| Total assets | £259,214,000 |
| Total liabilities | £52,758,000 |



CARDIFF OFFICE MARKET

Cardiff Prime Office Rental Growth Forecasts

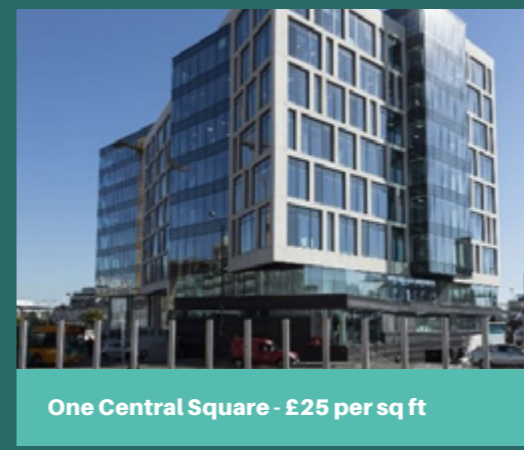


Source: Oxford Economics/JLL

Key Statistics

- Cardiff's take-up of office space has rebounded back to pre-pandemic levels and was at 220,000 sq ft for H1 2022
- 65,000 sq ft largest letting in Q1 2022
- The technology, media and telecom sector was the most active sector in Q1 2022, accounting for 60% of overall take-up. This included the 65,000 sq ft letting to BT in Capital Quarter
- Cardiff city centre prime rents are pushing beyond £25 per sq ft. We expect that rents at the new build schemes at John Street and Central Quay will outperform the above forecast
- 25% Q1 2022 take-up was 25% above the 10 year Q1 average
- 150% increase in the number of Grade A deals completed compared to Q1 2021
- 12% expected GVA growth over the next five years
- 5% expected office-based employment increase over the next five years

22/23



CARDIFF HEADLINE RENTS

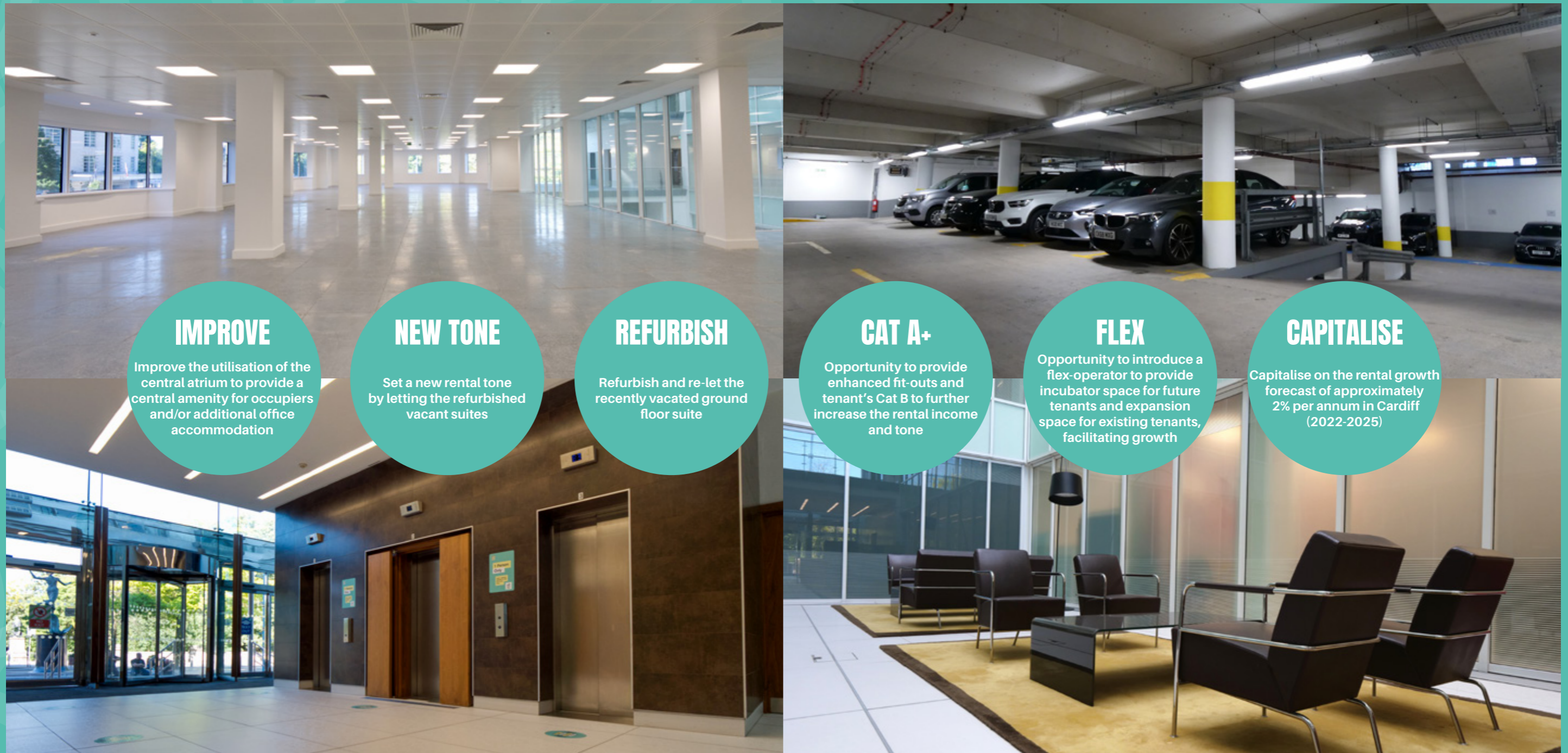
PRIME OFFICE INVESTMENT

THE OPPORTUNITY - VALUE ADD



One Kingsway provides an exceptional opportunity to re-design and re-purpose the office accommodation to take advantage of Cardiff's rising rental market as one of the UK's leading business locations, where rents are expected to capitalise on a lack of Grade A stock.

One Kingsway presents numerous asset management initiatives which include:



IMPROVE

Improve the utilisation of the central atrium to provide a central amenity for occupiers and/or additional office accommodation

NEW TONE

Set a new rental tone by letting the refurbished vacant suites

REFURBISH

Refurbish and re-let the recently vacated ground floor suite

CAT A+

Opportunity to provide enhanced fit-outs and tenant's Cat B to further increase the rental income and tone

FLEX

Opportunity to introduce a flex-operator to provide incubator space for future tenants and expansion space for existing tenants, facilitating growth

CAPITALISE

Capitalise on the rental growth forecast of approximately 2% per annum in Cardiff (2022-2025)

INVESTMENT RATIONALE



Landmark office building



One Kingsway is one of Cardiff's landmark office buildings which has recently undergone extensive Grade A refurbishment to the vacant office suites and benefits from a newly constructed amenity block

Flexible accommodation



Flexible accommodation around a central atrium which can service a wide range of occupier requirements

Principal Welsh office market



Cardiff is the principal office market in Wales and home of the Welsh Government

1.5 million people



The Cardiff Capital Region has 1.5m people equating to 50% of the total economic output of the Welsh economy

75,000 students



In full or part-time education between the three universities in Cardiff

Fastest growing UK city



Cardiff is forecast to grow faster than any other UK city in population terms (26%) over the next 20 years including London

Strong demographics



Cardiff is the closest European capital to London

The city has established itself as one of the UK's premier business locations, attracting numerous public sector occupiers and national/global companies, including:



Digital connectivity



Cardiff benefits from exceptional digital connectivity with the first full roll-out of a 5G network

Low costs



Cardiff benefits from low occupational costs relative to London and the competing Big 6 centres

Public realm enhancements



Cardiff City Council is proposing significant public realm enhancements to the square in front of One Kingsway and the wider area under their City Centre East masterplan

Cardiff office market



Cardiff's office market has a constrained supply, resulting from typically strong demand for Grade A office accommodation in the city centre, combined with limited new speculative development and the removal of secondary stock for alternative uses

Attractive Capital Allowances



Given the recent refurbishment, a qualifying purchaser may be able to benefit from an attractive capital allowances claim which will enhance the income profile

Income growth potential



Low average contracted passing rent of £21.25 per sq ft which is considered reversionary given the most recent lettings

Prime office rents

£25 ↑

Prime office headline rents in Cardiff city centre are pushing beyond £25 per sq ft, with predicted average growth of approximately 2% per annum over the next 5 years. We expect that proposed new build offices in Cardiff City Centre at John Street and Central Quay will deliver an increase in headline rents ahead of the forecast growth

ADDITIONAL INFORMATION

Tenure

The property is held freehold.

Site

The regular shaped site extends to 0.23 hectares (0.58 acres). Pedestrian access is from a piazza fronting Kingsway and vehicular access to the basement car parking is via Greyfriars Road.

EPC

The property has an EPC rating of C (73).

Data Room

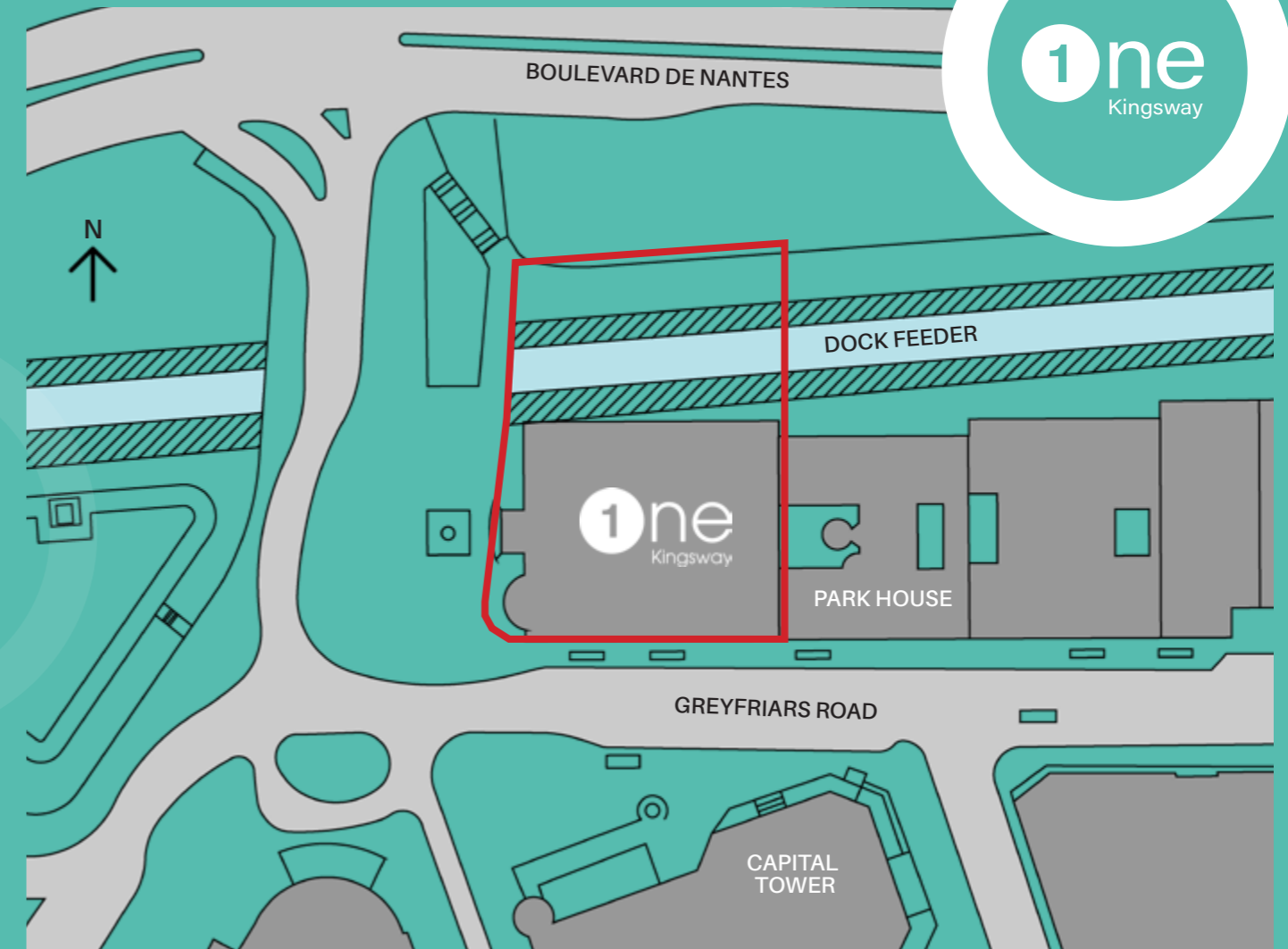
Access to the Data Room is available on request.

VAT

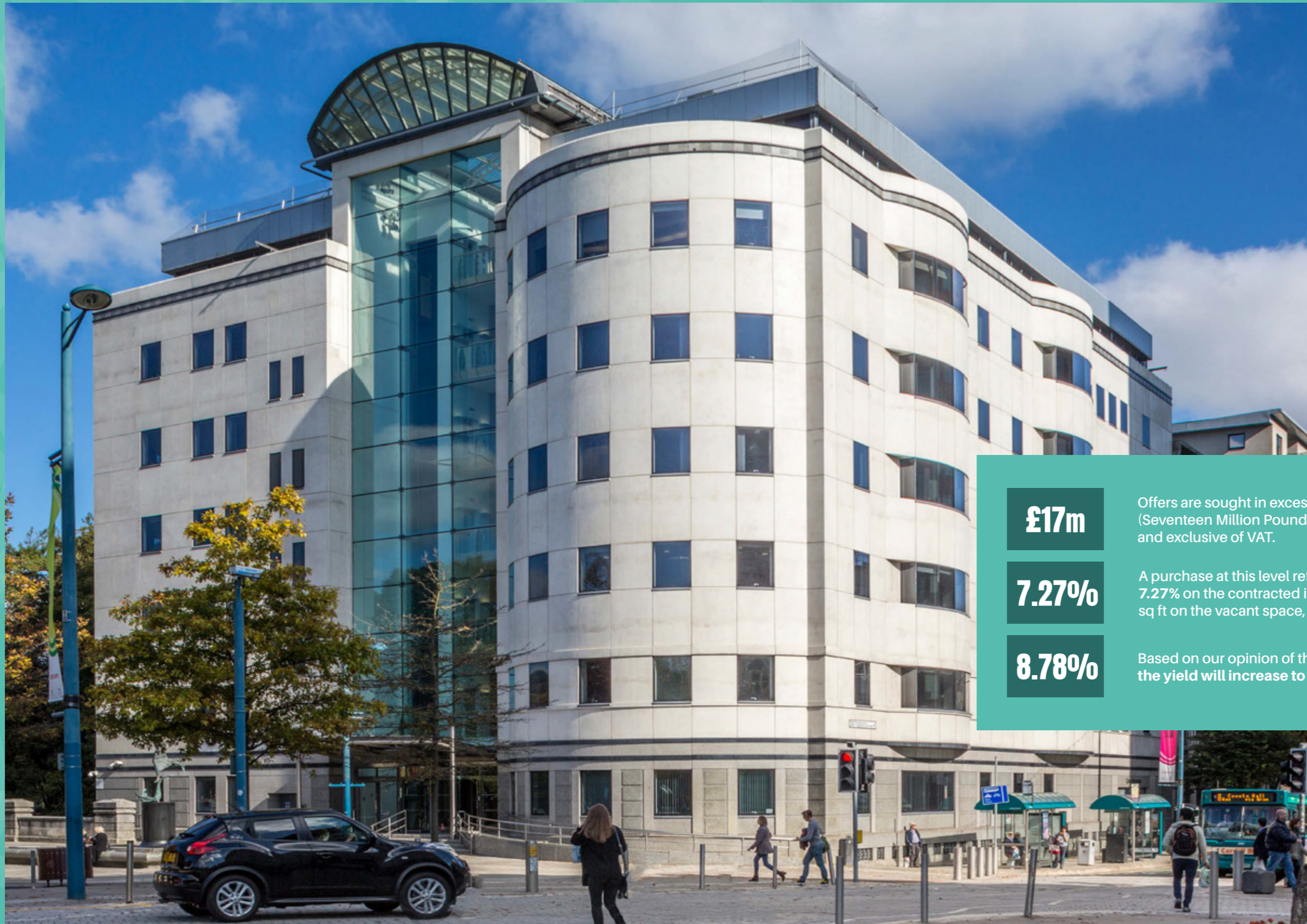
The property is elected for VAT. It is the intention of the parties that the transaction will be treated as a transfer of a going concern (TOGC).

AML

In accordance with Anti-Money Laundering (AML) Regulations, the purchaser will be required to satisfy the vendor on the source of the funds used to complete the transaction.



INVESTMENT PROPOSAL



£17m

Offers are sought in excess of **£17,000,000** (Seventeen Million Pounds), subject to contract and exclusive of VAT.

7.27%

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8.78%

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CONTACTS

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