

Brooke Lawrance House

— IPSWICH —

Lambert
Smith
Hampton

Fully Let Highly Reversionary Ipswich Office Investment

Investment Summary

- Prominently situated Grade A office building in the heart of Ipswich town centre.
- Strategically located between Ipswich railway station and the wider amenity offering.
- Ipswich is home to a diverse range of industries and a number of high-profile occupiers.
- Excellent transport connections with access to London and nearby cities of Norwich and Cambridge.
- **146,526 sq ft** of Grade A office accommodation delivered across flexible c.17,000 sq ft floor plates.
- Multi-let to four tenants with a 15 year sale and leaseback to AXA Insurance (UK) Plc who occupy over 62,000 sq ft.
- 22% of the income is let to The Secretary of State for Housing, Communities and Local Government at £11 psf and subject to an open market rent review in August 2025.
- WAULT to break of 7.02 years and **12.06 to expiry**.
- **100%** of the contracted income is secured against D&B **Minimum Risk** rated tenants.
- Current passing rent **£2,011,498 (£14.67 psf)** per annum.
- Excellent reversionary potential with a proven reversion at £16.50 psf in the building and Ipswich headline rents reaching £21 psf.
- **Freehold**.
- Standalone multi-storey car park providing an exceptional town centre car parking ratio of **1:251 psf**.

Proposal

Offers are invited in excess of **£15,000,000 (Fifteen Million Pounds)** for the freehold interest, subject to contract and exclusive of VAT.

A purchase at this price reflects the following investment profile (allowing for purchaser costs of 6.73%):

Net Initial Yield - **12.56%**

Reversionary Yield (at £16.50 psf) - **14.03%**

Capital Value (psf) - **£102**



Key Occupiers

- 1 - Morgan Sindall
- 2 - Reed Recruitment
- 3 - Eversheds Sutherland
- 4 - Curtis Banks
- 5 - Ashtons Legal Solicitors
- 6 - Ipswich Borough Council
- 7 - Birketts LLP
- 8 - Willis Towers Watson
- 9 - LV

Ipswich benefits a picturesque waterfront hosting a variety of cafés, restaurants & bars



Location

Ipswich town is located in the county of Suffolk, East of England. It is well placed 45 miles south of Norwich and 54 miles east of Cambridge. The town is located 70 miles northeast of London and benefits from accessible road links with the A12, linking the town to the M25 motorway.

Ipswich has two primary railway stations, Ipswich and Derby Road, and has excellent rail connections to London Liverpool Street and London Stansted Airport.

The Port of Ipswich also plays a vital role in the economy of the town. The port, which is a short distance from the North Sea shipping lanes, handles 2 million tonnes of cargo per year and is the UK's leading grain exporter. The Port of Ipswich also handles a range of other products such as fertiliser, cement and aggregates.

It has become home to a variety of industries and some high-profile occupiers including AXA Insurance, Eversheds Sutherland, Gallagher, Reed Recruitment, London Victoria (LV) and Willis Towers Watson.

Ipswich benefits from an extensive retail offering and a picturesque waterfront hosting a variety of cafés, restaurants and bars. The town is also surrounded by two Areas of Outstanding Natural Beauty and according to Tripadvisor is emerging as a global tourist destination.

It was announced in March 2023 that Ipswich is set to benefit from c. £10.8m of redevelopment, which will fund regeneration on Ipswich waterfront, boost walking and cycling and support with numerous projects across the town, once approved.

Connectivity



By Car

A12	Cambridge	Greater London
2.9 miles	54 miles	83 miles



By Rail

Norwich	London Liverpool Street	Cambridge
40 mins	65 mins	80 mins



By Air

London Southend	London Stansted	Norwich Airport
65 mins	70 mins	80 mins



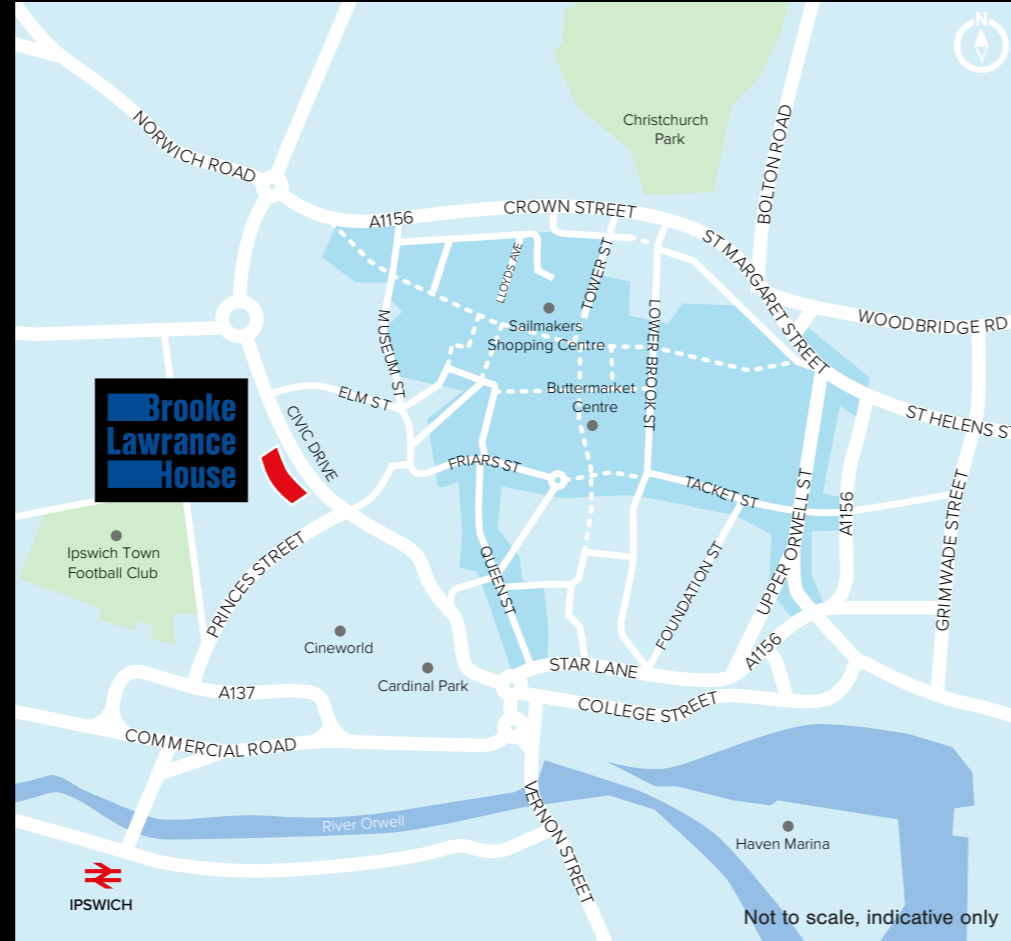
Gallagher

Willis
Towers
Watson



EVERSHEDS
SUTHERLAND

Reed



Situation

Brooke Lawrance House is a prominent office building, well located just a 10-minute walk from Ipswich railway station, which provides regular and direct services to London Liverpool Street.

The property is positioned in an amenity rich location, with a walking time of 6 minutes to the Buttermarket Centre, which is at the heart of Ipswich's retail offering. It is also just a 5-minute walk from Ipswich Town Football Club and a 9-minute walk from the River Orwell.

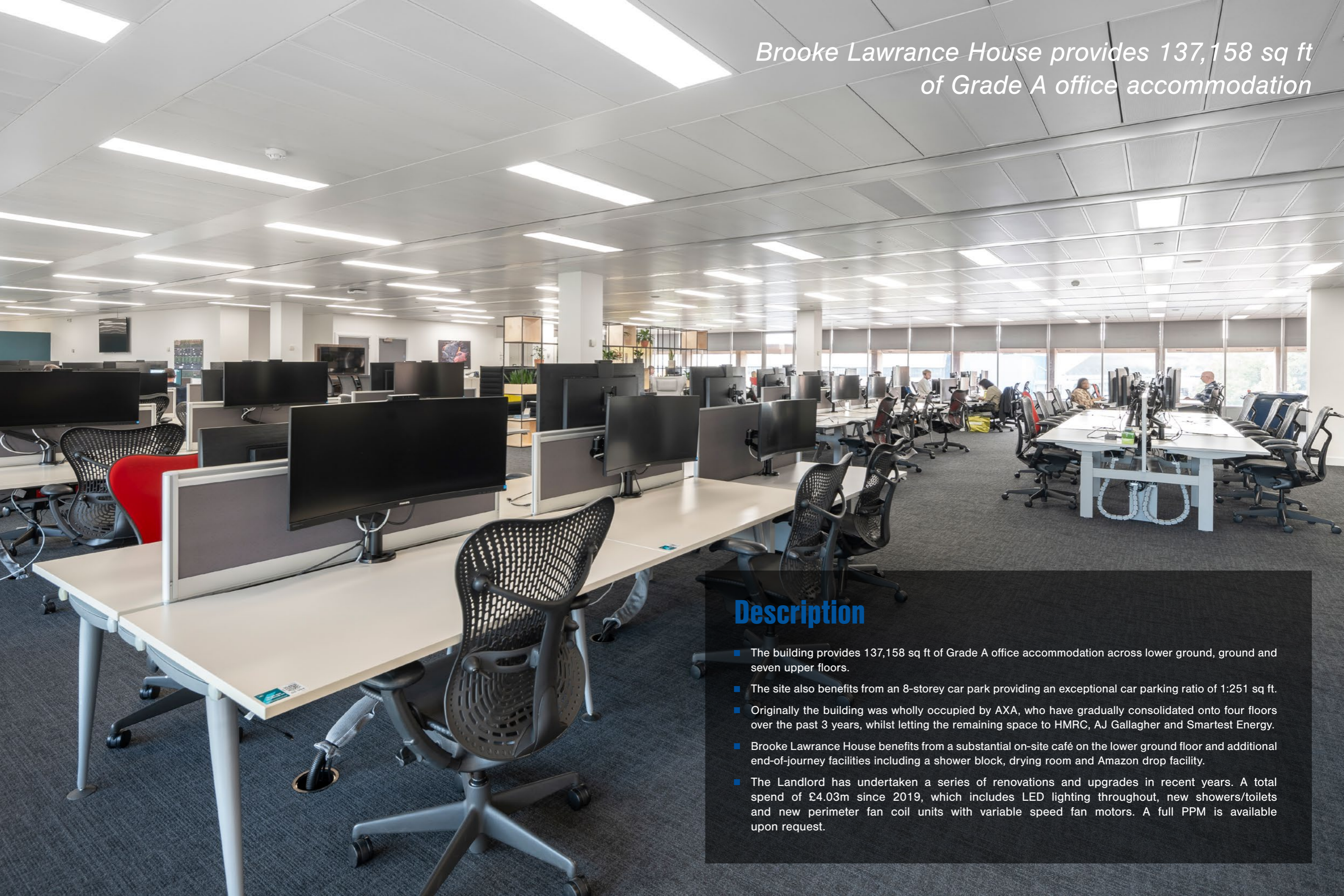
Brooke Lawrance House is well connected being just a 10-minute drive from the A12 which links Norwich, Cambridge and Greater London.



Platform 2		Departures	
14:10	London Liverpool Street	On time	14:39
Greater Anglia, 12 coaches			Norwich
Manningtree (14:18)			Stowmarket, Diss, Norwich
Colchester (14:29)			14:42
London Liverpool Street (15:17)			London Liverpool Street, Formed of 12 coaches
			14:50
			Saxmundham
			Trains or cycles. Buses depart

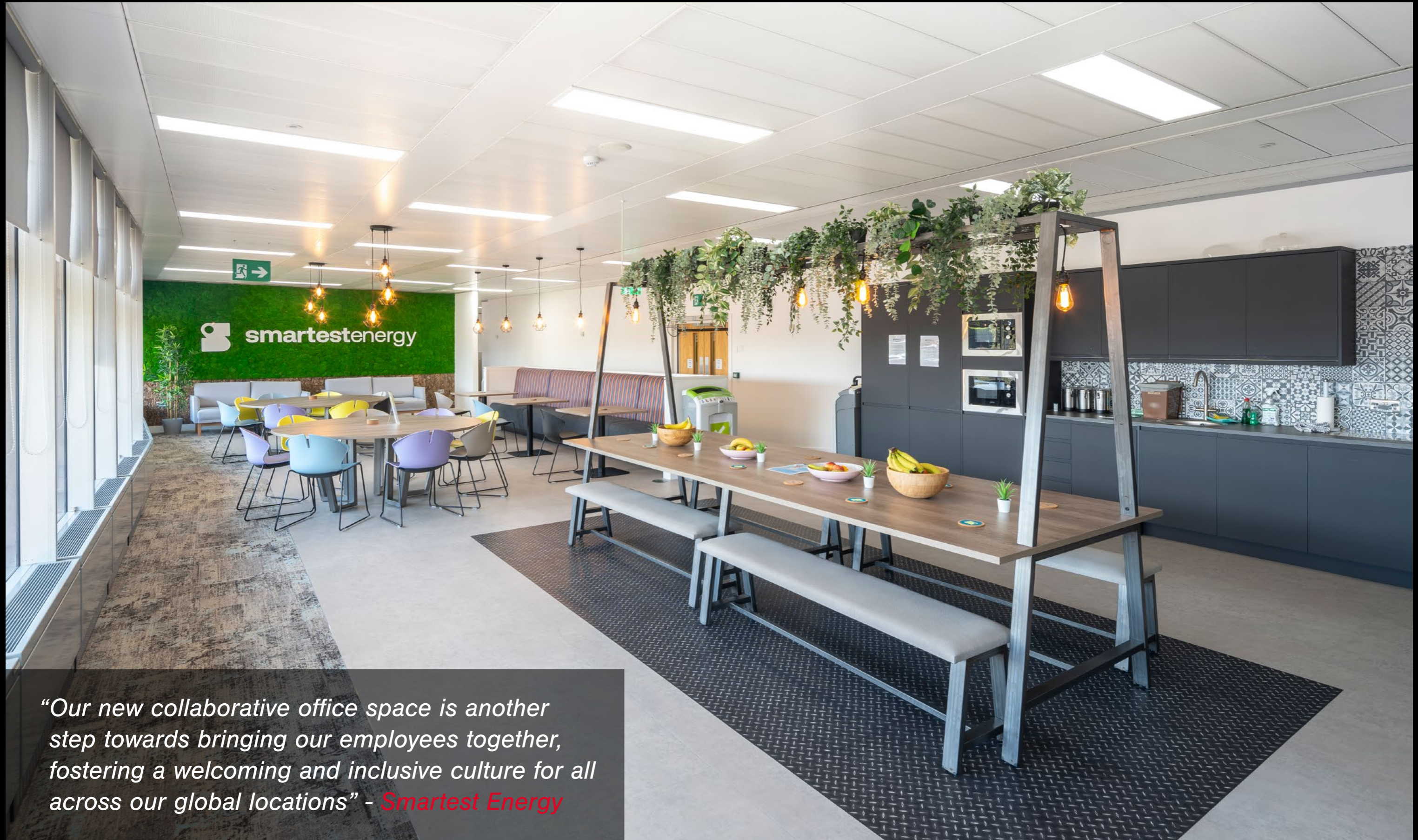


Brooke Lawrance House provides 137,158 sq ft of Grade A office accommodation



Description

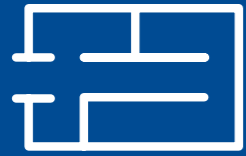
- The building provides 137,158 sq ft of Grade A office accommodation across lower ground, ground and seven upper floors.
- The site also benefits from an 8-storey car park providing an exceptional car parking ratio of 1:251 sq ft.
- Originally the building was wholly occupied by AXA, who have gradually consolidated onto four floors over the past 3 years, whilst letting the remaining space to HMRC, AJ Gallagher and Smartest Energy.
- Brooke Lawrance House benefits from a substantial on-site café on the lower ground floor and additional end-of-journey facilities including a shower block, drying room and Amazon drop facility.
- The Landlord has undertaken a series of renovations and upgrades in recent years. A total spend of £4.03m since 2019, which includes LED lighting throughout, new showers/toilets and new perimeter fan coil units with variable speed fan motors. A full PPM is available upon request.



*“Our new collaborative office space is another step towards bringing our employees together, fostering a welcoming and inclusive culture for all across our global locations” - **Smartest Energy***

Specification

Building:



Large flexible floor plates
(c.17,000 sq ft)



Mixture of raised floors
and perimeter trunking



Four passenger lifts to all floors



Dedicated multi-storey car park with
excellent car parking ratio of 1:251 sq ft



Air-conditioning



Demised WC facilities

Facilities:



On-site shower facilities



Drying room



Amazon drop facility



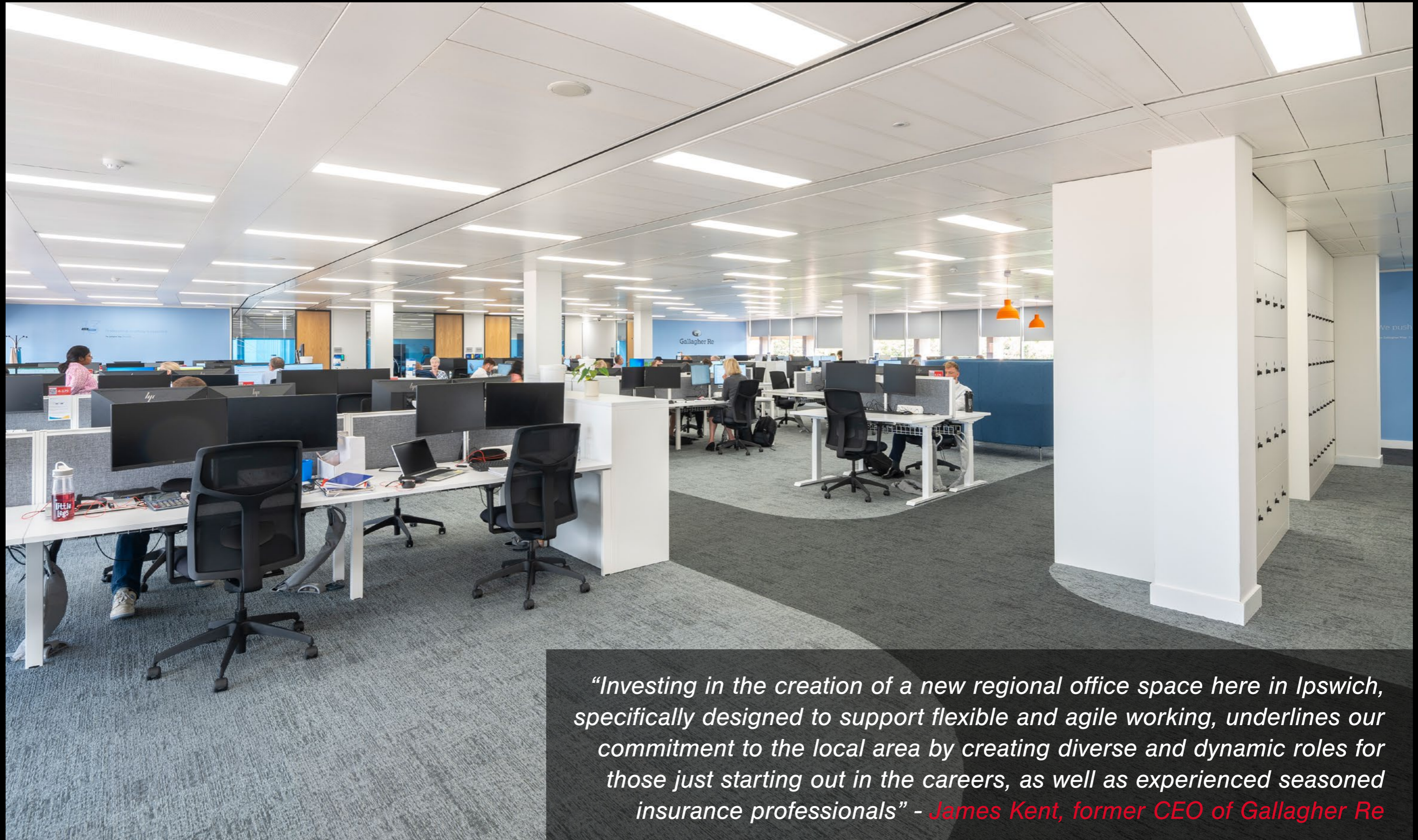
EPC D



On-site café and
restaurant



Bike storage



“Investing in the creation of a new regional office space here in Ipswich, specifically designed to support flexible and agile working, underlines our commitment to the local area by creating diverse and dynamic roles for those just starting out in the careers, as well as experienced seasoned insurance professionals” - James Kent, former CEO of Gallagher Re

Accommodation

The property has been measured in accordance with the Code of Measuring Practice (6th Edition) to provide the following Net Internal Areas:

Floor	sq m	sq ft
7th	1,548.10	16,664
6th	1,553.40	16,721
5th	1,533.20	16,503
4th	1,553.40	16,721
3rd	1,553.60	16,723
2nd	1,553.40	16,721
1st	1,553.40	16,721
Ground	1,419.00	15,274
Lower Ground	1,152.00	13,753
Reception	67.35	725
Total	13,486.85	146,525

Tenure

The property (SK275087) and car park (SK275086) are held Freehold.

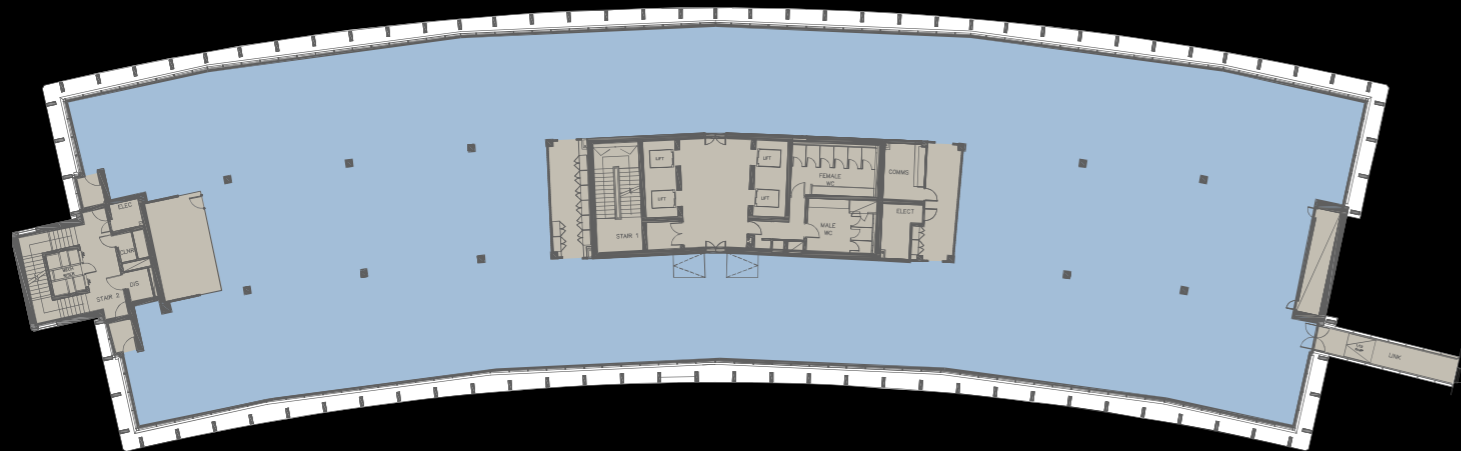
Site

Area	Acres
Building	0.811
Car Park	0.735
Total Site Area	1.546



Not to scale, indicative only

Typical Upper Floor



Not to scale for indicative purposes only



“The insurance industry is vitally important to the Ipswich economy, and I am delighted to open the new Gallagher RE office as they continue to support our local community” - John Cook, Ipswich Mayor



Tenancy Schedule

The property is fully let to four tenants producing an annual contracted rent of £2,011,498, equating to a WAULT of 7.02 years to break and 12.06 years to expiry.

Demise	Floor Area	Tenant	Lease Start	Term (years)	Expiry (Break)	Rent Review	Rent (per annum)	Rent (per sq ft)	Comments
7th Floor	16,664	The Secretary of State for Housing, Communities and Local Government	03/08/2020	15	02/08/2035 (03/08/2030)	03/08/2025 03/08/2030	£183,304	£11.00	140 car parking spaces Service Charge Cap: £7.55 psf (RPI linked with a cap and collar of 1-4% pa) 6 months break notice Open Market RR
6th Floor	16,721	The Secretary of State for Housing, Communities and Local Government	03/08/2020	15	02/08/2035 (03/08/2030)	03/08/2025 03/08/2030	£183,931	£11.00	Service Charge Cap: £7.55 psf (RPI linked with a cap and collar of 1-4% pa) 6 months break notice Open Market RR
Part 5th Floor	7,612	The Secretary of State for Housing, Communities and Local Government	03/08/2020	15	02/08/2035 (03/08/2030)	03/08/2025 03/08/2030	£83,732	£11.00	Service Charge Cap: £7.55 psf (RPI linked with a cap and collar of 1-4% pa) 6 months break notice Open Market RR
Part 5th	8,891	AXA Insurance (UK) Plc	25/03/2024	15	25/03/2039 (25/03/2034)	25/03/2029 25/03/2034	£146,702	£16.50	Currently under offer to Arthur J. Gallagher (UK) Limited on a co-terminus lease. If the letting does not complete, AXA will still proceed with a 15 year sale & leaseback on the suite
4th Floor	16,721	Arthur J. Gallagher (UK) Limited	08/02/2022	10	07/02/2032 (08/02/2027)	08/02/2027	£275,897	£16.50	Service Charge Cap: £9.63 psf (RPI linked max increase of 4% pa) 6 months break notice Open Market RR
Car Parking License		Arthur J. Gallagher (UK) Limited	08/02/2022	-			£27,900	-	31 car parking spaces
3rd Floor	16,723	Smartest Energy Limited	24/05/2023	10	23/05/2033 (23/05/2028)	24/05/2028	£267,568	£16.00	52 car parking spaces Service Charge Cap: £8.00 psf (RPI linked cap and collar of 1-4% pa) 6 months break notice Open Market RR
2nd Floor	16,721	AXA Insurance (UK) Plc	25/03/2024	15	25/03/2039 (25/03/2034)	25/03/2029 25/03/2034	£275,897	£16.50	New 15 year FRI lease, with 5 yearly open market rent reviews.
1st Floor	16,721	AXA Insurance (UK) Plc	25/03/2024	15	25/03/2039 (25/03/2034)	25/03/2029 25/03/2034	£275,897	£16.50	New 15 year FRI lease, with 5 yearly open market rent reviews.
Ground Floor	15,274	AXA Insurance (UK) Plc	25/03/2024	15	25/03/2039 (25/03/2034)	25/03/2029 25/03/2034	£252,021	£16.50	New 15 year FRI lease, with 5 yearly open market rent reviews.
Lower Ground	850	AXA Insurance (UK) Plc	25/03/2024	15	25/03/2039 (25/03/2034)	25/03/2029 25/03/2034	£3,506	£4.12	New 15 year FRI lease, with 5 yearly open market rent reviews.
Lower Ground	4,260	AXA Insurance (UK) Plc	25/03/2024	15	25/03/2039 (25/03/2034)	25/03/2029 25/03/2034	£35,145	£8.25	New 15 year FRI lease, with 5 yearly open market rent reviews.
Canteen, Kitchen & Restaurant	8,643	-	-	-	-	-	-	-	-
Reception	725	-	-	-	-	-	-	-	-
TOTAL	146,526						£2,011,498	£14.67	

* The AXA sale and leaseback starts on completion of the sale. For the purpose of the tenancy schedule we have assumed a lease commencement date of 25/03/2024.



Covenant Analysis

The Secretary of State for Levelling Up, Housing and Communities


Formally known as The Secretary of State for Housing, Communities and Local Government.

The Department for Levelling Up, Housing and Communities supports communities across the UK to thrive. DLUHC is a ministerial department, supported by 16 agents and public bodies.

	D&B Credit Rating	O1 - Minimum Risk
--	------------------------------	-------------------

AXA Insurance UK Plc

AXA insurance UK Plc provides general insurance services, ranging from home, travel, health and business insurance services. AXA Insurance serves customers in the US And UK.

		Dec-22	Dec-21	Dec-20
	D&B Credit Rating	5A1 - Minimum Risk		
	Sales/Turnover	£1,576,000,000	£2,053,000,000	£2,125,000,000
	Profit /(Loss) Before Taxes	£180,000,000	£260,000,000	£207,000,000
	Tangible Net Worth	£1,843,000,000	£2,356,000,000	£2,374,000,000


Arthur J. Gallagher (UK) Limited

Gallagher is a global business insurance, risk management and consulting services company offering clients innovation and tenacity across 130 countries.

Gallagher		Dec-22	Dec-21	Dec-20
	D&B Credit Rating	5A1 - Minimum Risk		
	Sales/Turnover	£522,036,000	£319,960,000	£266,611,000
	Profit /(Loss) Before Taxes	£124,579,000	£110,391,000	£99,681,000
	Tangible Net Worth	£505,146,000	£3,567,929,000	£258,314,000

Smartest Energy Limited

Smartest Energy is a next generation, B2B energy company helping businesses and independent generators actively manage their approach to energy.

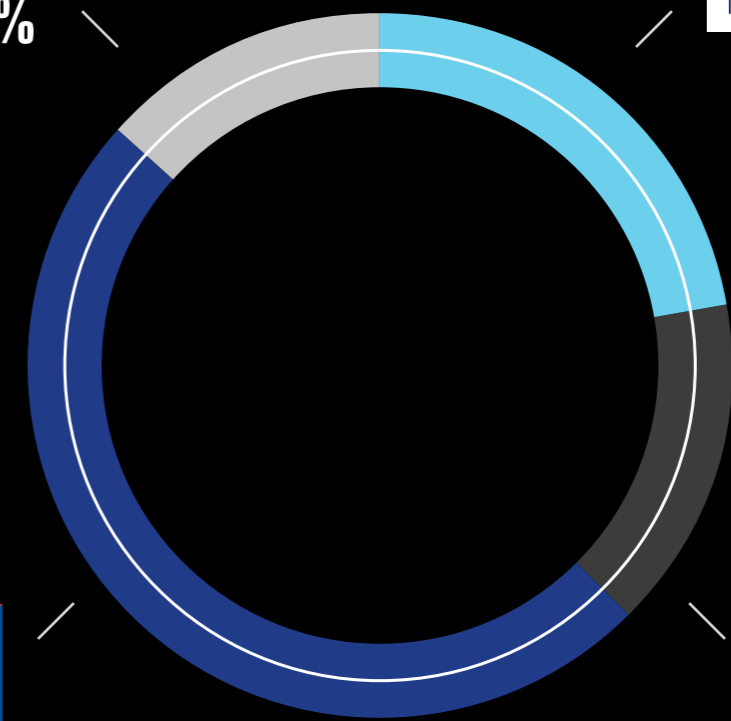
		Mar-22	Mar-21	Mar-20
	D&B Credit Rating	4A1 - Minimum Risk		
	Sales/Turnover	£253,066,000	£248,189,000	£691,371,000
	Profit /(Loss) Before Taxes	£38,101,000	£1,820,000	(£8,395,000)
	Tangible Net Worth	£31,875,000	£10,096,000	£39,809,000



13.3%



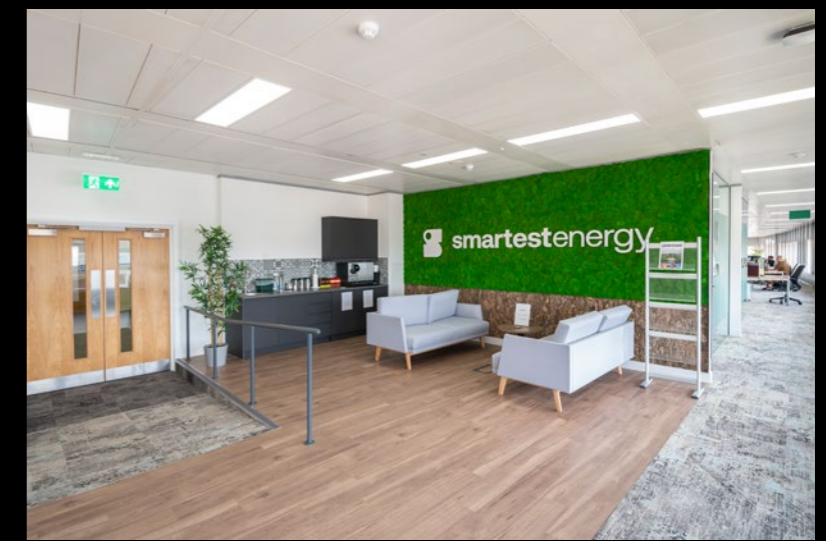
22.4%



49.2%

Gallagher

15.1%



Occupational Commentary

Ipswich provides c. 4 million sq ft of office space, of which less than 10% is rated as Grade A which is an advantage to Brooke Lawrance House as occupier demands have changed over years for a fight for quality.

Ipswich's current vacancy rate sits at 7.3%, up marginally from pre-pandemic levels of 6.2% in 2019.

In terms of pipeline, little has been built in Ipswich since Birkett's 50,000 sq ft head office, Providence House on Princes Street which completed in 2018.

Prime rents in Ipswich have reached £21 per sq ft and provides an attractive discount to a majority of competing nearby locations.

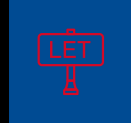
With the high cost of refurbishment there is a high prospect for rental growth across the market - abundance of corporate occupiers across Ipswich.



Headline Rents (psf)



Investment Rationale



Rare opportunity to acquire a fully let, high yielding and reversionary office in a South East town centre location.



Fully let to four tenants, providing an attractive WAULT of 7.02 years to break, 12.06 years to expiry.



100% of the income secured against Dun & Bradstreet Minimum Risk rated tenants.



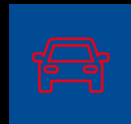
Significant and proven reversion with 28% of the building's area let to HMRC at a low overall rent of £11 psf.



Ability to carry out a number of short-term value add initiatives to optimise returns over hold period.



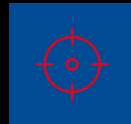
Opportunity to enhance communal areas and end-of-journey facilities.



Exceptional town centre car parking ratio of 1:251 sq ft.



Rolled up term certain income equates to £14.75m and £24.8m to lease expiries. -well exceeding the quote price.



Strong location and large car park creates a strategic site, with alternate use potential in the long term.





Further Information

Proposal

Offers are invited in excess of **£15,000,000 (Fifteen Million Pounds)** for the freehold interest, subject to contract and exclusive of VAT.

A purchase at this price reflects the following investment profile (allowing for purchaser costs of 6.73%):

Net Initial Yield - **12.56%**
 Reversionary Yield (at £16.50 psf) - **14.03%**
 Capital Value (psf) - **£102**

Service Charge

Service Charge Budget available upon request.

VAT

The property is not elected for VAT.

EPC

The building has an EPC rating of D (96).

Data Room

Further information is available on the data room. Please contact a member of the team to request access.

Contacts

For further information, data room access, or to arrange an inspection, please contact the sole agents:

Charlie Lake

T: 07702 883 495
 E: clake@lsh.co.uk

Tegan Owen

T: 07597 012 130
 E: towen@lsh.co.uk

Harry Adair

T: 07514 733 302
 E: hadair@lsh.co.uk

**Lambert
 Smith
 Hampton**

lsh.co.uk

© Lambert Smith Hampton. Details of Lambert Smith Hampton (LSH) can be viewed on our website www.lsh.co.uk. This document is for general informative purposes only. The information in it is believed to be correct, but no express or implied representation or warranty is made by LSH as to its accuracy or completeness, and the opinions in it constitute our judgement as of this date but are subject to change. Reliance should not be placed upon the information, forecasts and opinions for any the purpose, and no responsibility or liability, whether in negligence or otherwise, is accepted by LSH or by any of its directors, officers, employees, agents or representatives for any loss arising from any use of this document or its contents or otherwise arising in connection with this document. All rights reserved. No part of this document may be transmitted or reproduced in any material form by any means, electronic, recording, mechanical, photocopying or otherwise, or stored in any information storage or retrieval system of any nature, without the prior written permission of the copyright holder, except in accordance with the provisions of the Copyright Designs and Patents Act 1988. Warning: the doing of an unauthorised act in relation to a copyright work may result in both a civil claim for damages and criminal prosecution. March 2024.

Made by Tayler Reid



BROOKE LAWRANCE HOUSE



Lambert
Smith
Hampton