

Finding hidden value in Washington...twice

Property: Single Let industrial unit
Client: Institutional Fund Manager
Project: De-risking the asset and generating additional capital performance



Problem	Solution	Results
<ul style="list-style-type: none"> • A 1980's single let unit • Investment perceived as 'dry' with no asset management potential • Occupier with cash flow problems and overseas owners resisting a long lease • Over rented income • Client exposed to a weakening covenant • Occupier 'tied' to location due to security requirements of their business activity 	<ul style="list-style-type: none"> • Numerous meetings with the tenant to understand their business and property requirement • Negotiations with the tenant to agree a surrender with a premium and the grant of a new 5 year break at the market rent • Maintained contact and relations with the tenant to remove the break 2 years later 	<ul style="list-style-type: none"> • Surrender premium in excess of £1m • Capital performance of £250,000 (10%) • Reduced risk by lowering the rental exposure to the tenant • The second regear removed the break after the tenants covenant had recovered providing an unexpired lease term of 13 years • Net capital gain for the second regear £120,000 (5%) in lieu of 4.5 months' rent free
<p>Agreed Premium £1m</p>	<p>1st Regear 10% Capital Gain</p>	<p>2nd Regear 5% Capital Gain</p>