

# EAST EIGHT

36C Harrington Gardens, South Kensington, SW7 4LT



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DEVELOPMENTS

## Investment Opportunity

November 2016

## 36C Harrington Gardens, SW7 4LT



|              |                             |
|--------------|-----------------------------|
| <b>Price</b> | £2,050,000                  |
| <b>Spend</b> | £1,200,000                  |
| <b>GDV</b>   | £4,430,000                  |
| <b>Build</b> | London Central Developments |
| <b>Size</b>  | 2,770sqft                   |
| <b>Use</b>   | Leasehold residential flat  |
| <b>Time</b>  | November 2016– Spring 2017  |

We purchased this stunning leasehold apartment building in South Kensington earlier this year. It has taken us a number of months to negotiate the extension of the lease to 199 years and a licence to carry out the works.

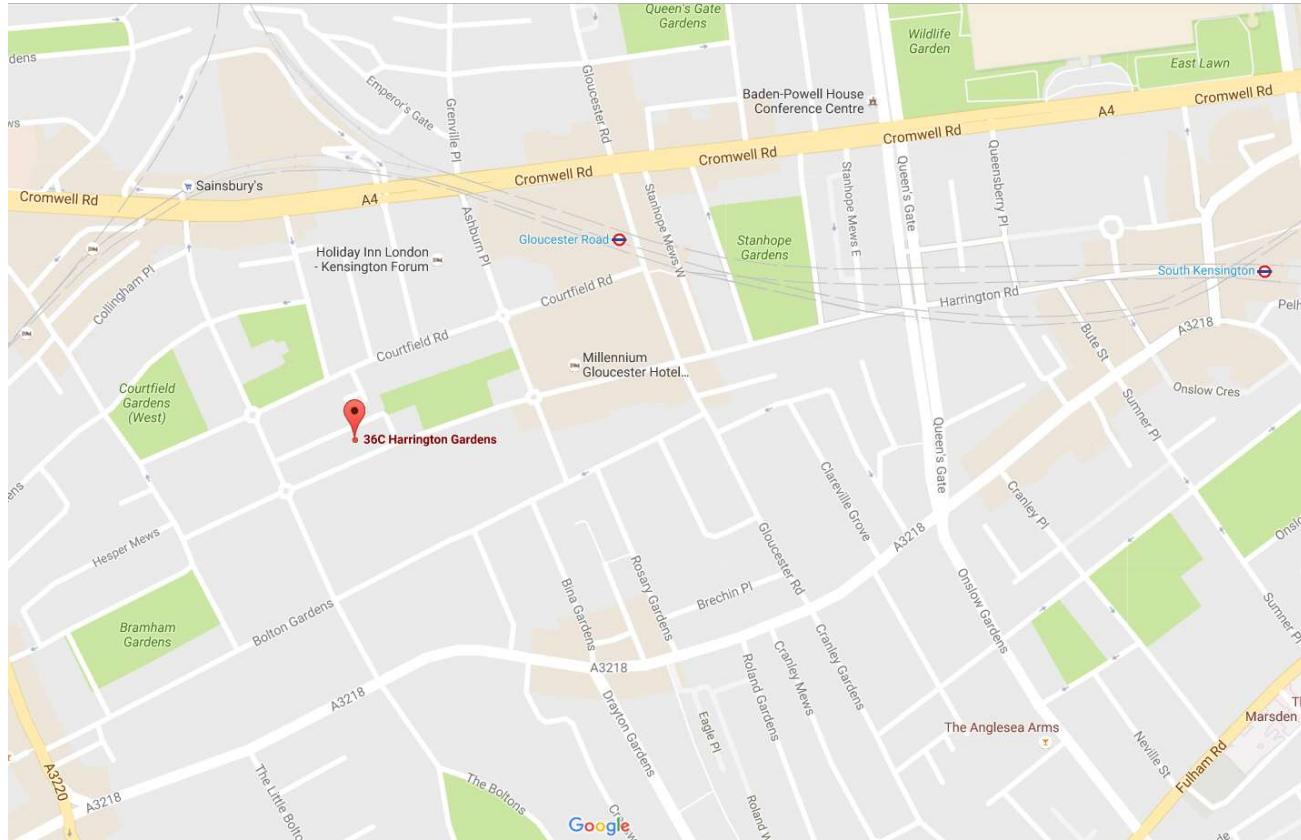
Planning permission was granted in September to raise the roof height to give additional living space on the top floor which comprises of an additional bedroom with ensuite.

Works will commence in November and are expected to be complete by April 2017. We have completed the CGIs and it is now listed with Foxtons and Faron Suturia offplan at £4.7m.



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## Location



Harrington Gardens is a 3 minute walk from Gloucester Road tube station and 10 minutes walk from South Kensington tube station. It also is situated in close proximity to numerous world renown theatres, museums, bars, restaurants and designer shopping.



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## Existing Floorplan

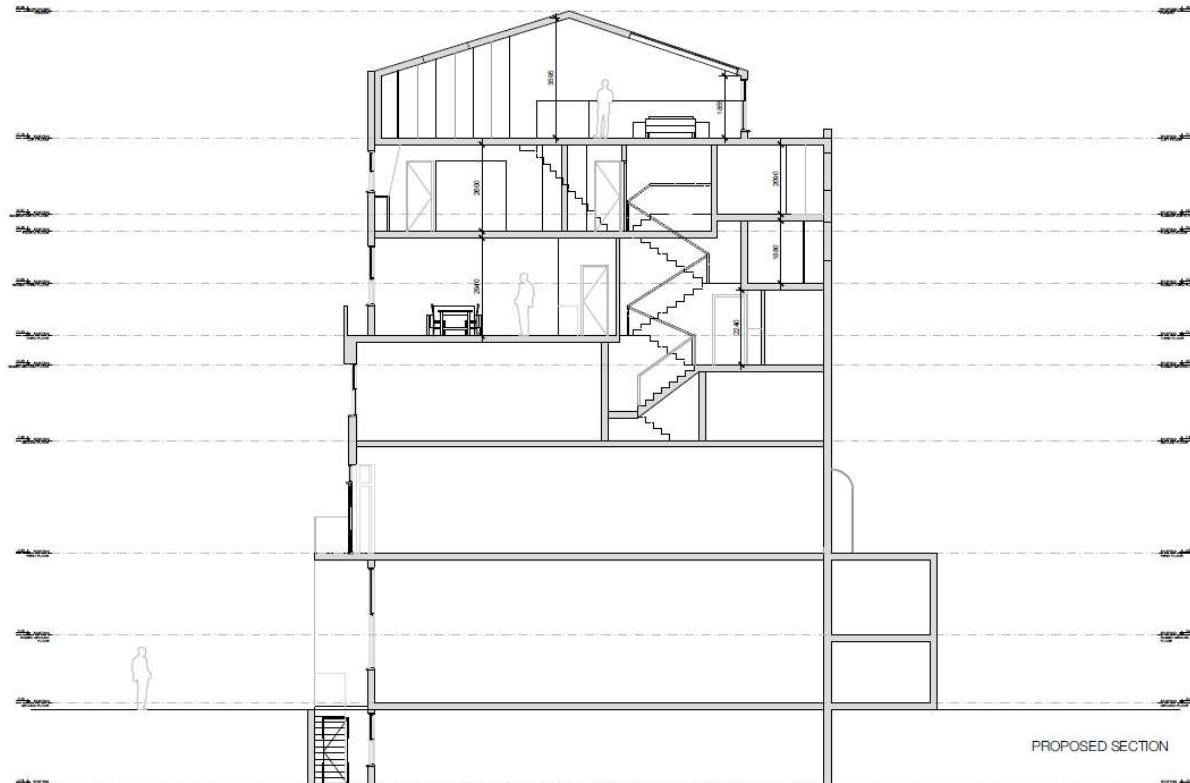


This floor plan should be used as a general outline for guidance only and does not constitute in whole or in part an offer or contract.  
Any intending purchaser or lessee should satisfy themselves by inspection, searches, enquiries and full survey as to the correctness of each statement.  
Any areas, measurements or distances quoted are approximate and should not be used to value a property or be the basis of any sale or let.



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## Proposed Floorplans



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Planning was granted to increase the roof height in order to create an additional ensuite bedroom.

The new layout is for a four bedroom flat with an entrance on the 2<sup>nd</sup> floor and the living areas on split levels over the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> levels. The new kitchen is open plan with the option to close off if required.

The master suite has an ensuite bathroom as well as a separate dressing room/study.

The communal entryway of the building retains a beautiful preserved stained glass window and original floor tiles.

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## Proposed Interiors

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- We are offering up to £1,200,000 in equity investment.
- Investors will be allocated shares in the special purpose vehicle, 36C Harrington Gardens Limited, which owns the property.
- Each equity share will receive 50% of after tax profits upon the completion of the sales of the project. A worked example is on the next page.
- We have raised £1,500,000 in debt finance from Aldermore.
- We will project manage the process from development through to disposal. Investors will have access to our project management system to track progress, financials and full documents.
- Projected completion date spring 2017.

## Investment Example

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For illustrative purposes only:

- An investment of £250,000 would represent a 13% share of the total equity in the property.
- Based on the post tax profit estimate of approximately £920,000, 13% of the profit is approximately £120,000.
- A 50% share of this profit is £60,000, a return of 24% on the original investment of £250,000 and an annualised return of 48%.

Please note that this example is for illustrative purposes only and is not a guaranteed return.  
Please see the Disclosure at the end of this document.

## Investment Summary

|                      | £         |
|----------------------|-----------|
| Purchase price       | 2,050,000 |
| Total costs          | 3,243,036 |
| GDV                  | 4,431,840 |
| Profit after finance | 918,395   |
| Profit on costs      | 28.3%     |
| Profit on GDV        | 20.7%     |
| Equity investment    | 1,732,786 |
| Purchase debt        | 1,200,000 |
| Development debt     | 300,000   |
| Return on equity     | 53.0%     |

## Summary of Costs

|   | £                |
|---|------------------|
| Purchase price  | 2,050,000        |
| Purchase costs  | 221,799          |
| <b>Total purchase costs</b>   | <b>2,271,799</b> |
| <i>Includes conveyancing, SDLT, professional fees &amp; commissions</i> |                  |
| Build costs   | 346,238          |
| CIL and other costs   | 625,000          |
| <b>Total costs</b>  | <b>3,243,036</b> |
| Profit on costs   | 28.3%            |

## Comparables

| Address                | sqft    | price £   | £/sqft |
|------------------------|---------|-----------|--------|
| 32b Harrington Gardens | 1656    | 3,000,000 | 1,812  |
| Queens Gate SW7        | 2799    | 6,250,000 | 2,233  |
| De Vere Gardens SW7    | 2367    | 6,500,000 | 2,746  |
| Queens Gate SW7        | 2323    | 5,500,000 | 2,368  |
| 47E Harrington Gardens | 1052    | 1,875,000 | 1,782  |
| Colbeck Mews SW7       | 2023    | 3,300,000 | 1,631  |
| Harrington Gardens     | 2153    | 2,950,000 | 1,370  |
|                        | Average |           | 1,992  |

A sample of comparable, recently renovated apartment sales within ¼ mile of the property.

While the average is closer to £2,000psqft we are taking a very conservative view due to the recent weakness in the prime central London market and that there is no lift in our building.



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## Funding summary

|   | £                |
|---|------------------|
| Total purchase costs                                    | 2,220,000        |
| Total build costs                                       | 1,012,786        |
| <i>Assumes we will fund the valuation fees</i>          |                  |
| <b>Funding requirements</b>                             |                  |
| East Eight/London Central Developments                  | 800,000          |
| Investors   | 932,786          |
| <b>Total equity</b>                                     | <b>1,732,786</b> |
| Bank lending for purchase                               | 1,200,000        |
| Bank development finance                                | 300,000          |
| <b>Total bank finance</b>                               | <b>1,500,000</b> |
| <i>Assumes interest and sales costs paid from sales</i> |                  |
| Gross development value                                 | 4,431,840        |
| <b>Loan to Value</b>                                    | <b>34%</b>       |



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Set up by Nicole Bremner in 2012, East Eight is a high-end investment management and property development company initially focused on the niche area around E8.

Nicole's first major London development was a dilapidated 4000sqft vicarage in De Beauvoir and she has since developed numerous sites in the area. East Eight now invests and develops sites across London, however E8 still remains Nicole's favoured area.

## LONDON CENTRAL DEVELOPMENTS

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As the development partner of East Eight, London Central Developments (LCD) is a joint venture between Nicole Bremner and seasoned property developer Avi Dodi. Together they develop stunning properties across London that people aspire to live in.

Design is at the forefront of LCD's developments. Working with carefully selected design partners, LCD creates buildings that are architecturally unique and imposing.

LCD's strength is maximising the development potential of a site. Nicole and Avi enjoy the challenge of a property with planning issues, working together with planners to create residential and commercial developments that maximise usage and enhance the local area.

## Contact

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## Disclosure

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This document and the information contained therein are intended for illustrative purposes only. No information contained within this document constitutes legal or financial advice and should not be relied upon. Please seek your own independent legal advice.

You are advised to take professional paid written advice from qualified vetted independent FCA approved and professional property and indemnified experienced personnel such as SRA approved solicitors, ACCA member accountants tax consultants, RIBA qualified architects, planning consultants, cost consultants, estate agents and review terms and conditions as acceptable to yourself being mindful of your own resources and volition to invest or lend and ensure any investment or lending is secure.

Undertake a fully informed decision to invest only when fully satisfied of all the above of the legally binding contractual relationship and only to invest or lend without any significant impact on overall financial position or commitments and that the funds are your own and unencumbered by any third party interests.