

FREEHOLD GREATER LONDON MIXED USE INVESTMENT OPPORTUNITY

green&partners



HACKNEY
7-19 AMHURST ROAD E8 1LL

50% OF INCOME SECURED TO TRAVELODGE AND SUBJECT TO UNCAPPED RPI LINKED REVIEWS

 Travelodge

INVESTMENT SUMMARY

- The property is located in Hackney, a principle commercial, retail and residential location in East London.
- Located on Amhurst Road, close to Mare Street which has a critical mass of key retail and leisure occupiers including Hackney Picturehouse, MOTH Club and Hackney Empire.
- Prominently located **adjacent to Hackney Central Rail Station (Overground)**.
- Significant catchment of over **900,000 people** within a 3-mile radius.
- Constructed in 2015, the property is secured to **Travelodge Hotels Limited, TK Maxx, Costa Coffee** and **The Carphone Warehouse**. The property also includes an Aparthotel, which is sold off on a long lease.
- **Travelodge** rent comprises 50% of contracted income at a **current room rate of £5,538 and is subject to uncapped RPI linked rent reviews**.
- Current income of **£890,559 pa**.
- **The property provides a total GIA of approximately 67,540 sq ft on a site of 0.33 acres.**
- Weighted Average Unexpired Lease Term of **12.7 years to expiry**.
- **Freehold**.
- The asset is held within a Jersey based, newly formed SPV, therefore **a corporate acquisition is also available**.

We are instructed to seek offers in excess of **£15,200,000 (Fifteen Million, Two Hundred Thousand Pounds)**, Subject to Contract and Exclusive of VAT, which reflects a **Net Initial Yield of 5.5%** assuming graduated purchaser's costs (on a standard property deal) at that level.

The running yield assuming conservative RPI increases of 3% per annum is as follows:

2025	2030	2035
5.95%	6.47%	7.09%



LOCATION

The property is situated in the vibrant and affluent London Borough of Hackney, a short distance from Central London. The area is synonymous with fashion, culture & food, open spaces and creative industries.

The A10 connects east towards Hackney north towards Enfield and Cheshunt, and the A12 and A406 links Hackney to towards Essex, and west towards Wembley. The M25 and M11 connects Hackney to Greater London and regional destinations.

Hackney is served by a robust network of London Overground routes with several Stations. Indeed, the property is located adjacent to Hackney Central Overground Station, with Hackney Downs, London Fields and Homerton all located a short distance away, offering services to Highbury and Islington (7 minutes), Stratford (10 minutes) and Clapham Junction (55 minutes).

Hackney Downs and London Fields Stations offer direct trains into London Liverpool Street within 9 minutes, linking to national rail, underground and crossrail services.

There are numerous bus routes in the vicinity serving the immediate and surrounding areas.

London City airport is located 8 miles away (13km) while London Stansted airport is 32 miles (51km) distance.



AERIAL



CITY OF LONDON

VICTORIA PARK

LONDON FIELDS

LONDON FIELDS

DALSTON KINGSLAND

HACKNEY COUNCIL

HACKNEY TOWN HALL

HACKNEY DOWNS

HACKNEY MUSEUM

HACKNEY CENTRAL

MOTH CLUB

 Travelodge

HACKNEY EMPIRE

MARE STREET

BURBERRY OUTLET

TESCO SUPERSTORE

NIKE FACTORY OUTLET

THE CITY ACADEMY

HOMERTON

HACKNEY



The London Borough of Hackney has a population of approximately **260,000** with **72%** of working age.



48% of Hackney's population are under **29** years old.



The Hackney area is affluent and has a **significantly higher** than average number of working adults in the most affluent AB social grouping.



Hackney is **under-represented** in the least affluent DE grouping.



Hackney is the third most densely populated area of greater London with a population density of **13,611** residents per sq km.

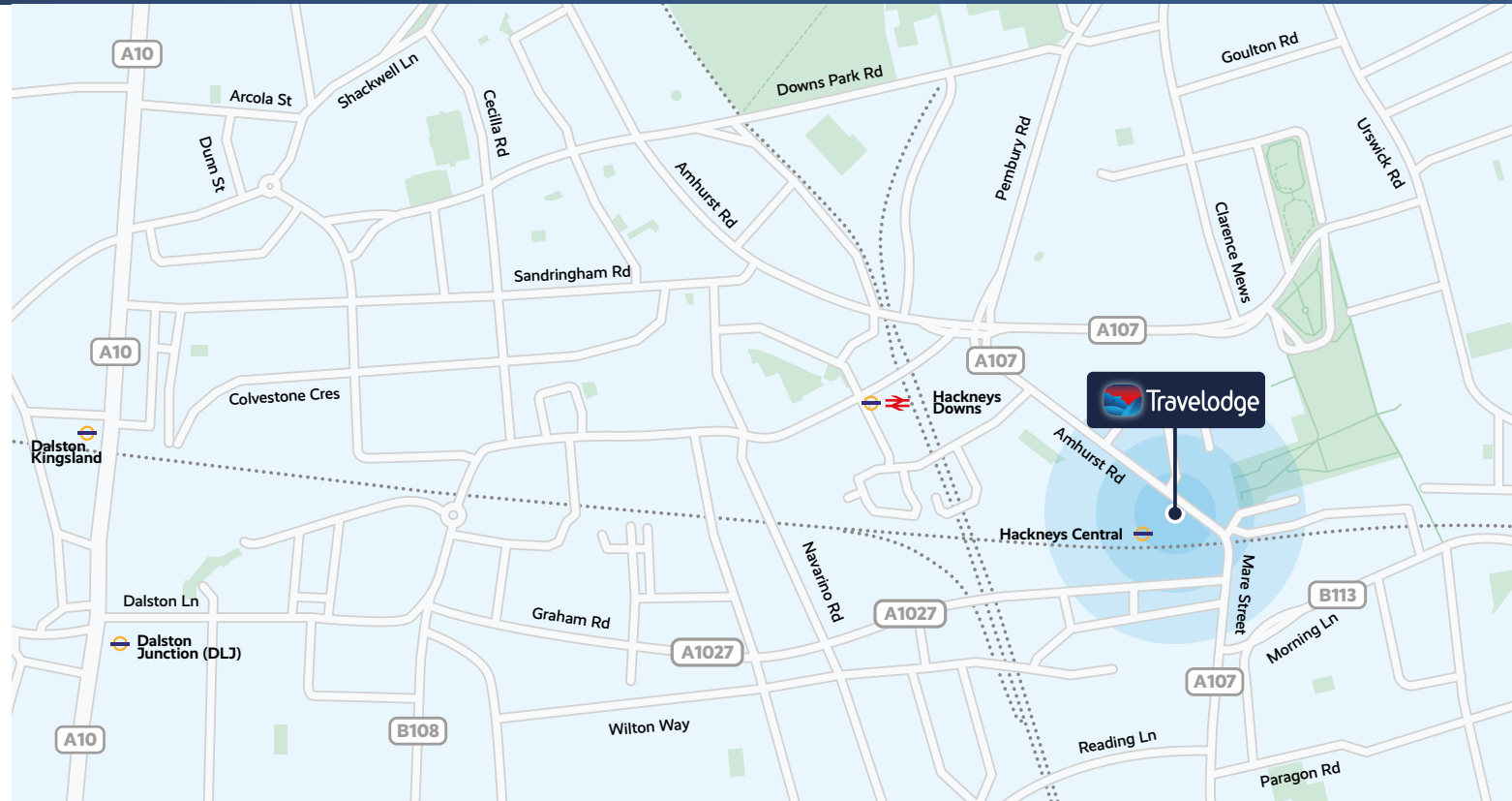


The immediate area retail benefits from an abundance of amenities including the vast retailing offering along Mare Street and Morning Lane as well as numerous markets, Mare Street Market, Broadway Market and Columbia Road Flower Market. Historical and cultural landmarks such as Hackney Town Hall and Hackney Empire Theatre, Hackney Picture House and St Augustine's Tower are located nearby and add to the areas societal tapestry.

Hackney benefits from several green open spaces including London Fields, Hackney Marshes, Hackney Downs and Victoria Park.

SITUATION

The property is located within the London Borough of Hackney on Amhurst Road, near to its junction with Mare Street and adjacent to Hackney Central Overground Station.



DESCRIPTION

Constructed in 2015, the building comprises a Hotel, Aparthotel and three unit shops. The unit shops are arranged over ground floor levels although, Unit 1 (occupied by TK Maxx) is also arranged over basement level. All units benefit from prominent frontages to Amhurst Road.






Travelodge is arranged over ground and six upper floors and contains 80 hotel rooms. The entrance is located to the side of the building and is shared with KIP Aparthotel, which is part of the freehold demise, but has been sold off on a long leasehold.

Servicing is shared and adjacent to the hotel entrance.



ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice 6th Edition, January 2018, on a Gross Internal Area (GIA) basis. Reliance of the report by PRE Chartered Surveyors is assignable to a purchaser:

UNIT	TENANT	DESCRIPTION	AREA (sq. ft.)	AREA (sq.m)
Hotel*		Ground	647	60.1
		First Floor	5,526	513.4
		Second Floor	5,526	513.4
		Third Floor	5,526	513.4
		Forth Floor	4,782	444.3
		Fifth Floor	2,187	203.2
		Sixth Floor	2,187	203.2
		Total	26,381	450.9
Unit 1		Ground Floor	7,511	697.8
		Basement	12,015	,116.2
		Total	19,526	1,814.0
Unit 2		Ground Floor	1,203	111.8
		Total	1,203	11.8
Unit 3		Ground Floor	1,419	131.8
		Total	1,419	131.8
Aparthotel**	 (Sold off on a Long Leasehold)		19,011	1,766.2
		Total	67,540	6,275

*the area documented in the service charge budget is 19,689 sq. ft.
 ** these areas have not been measured therefore we have relied on the vendor's areas.

CURRENT INCOME

£890,559 per annum (NET).

TENURE

Freehold (Title Number LN3322)



SERVICE CHARGE

There is a fully recoverable service charge running at the property. For the year ending 31/12/2022, the total budget amounts to £30,034, equating to a rate of £0.49 psf. There are no Landlord shortfalls. Further information is available on request.

TENANCY

The property is let in accordance with the tenancy schedule below. The Weighted Average Unexpired Lease Term is 12.7 years to expiry.

DESCRIPTION	TENANT	START DATE	RENT REVIEW	EXPIRY DATE	BREAK DATE	RENT PAX	RENT (£ PSF)/ ROOM RATE	UNEXPIRED LEASE TERM (YRS.)	COMMENTS
Hotel	Travelodge Hotels Limited	07/10/2015	07/10/2025	06/10/2040		£443,058	£5,538.23	18.04	80 Rooms. Rent reviews 5 yearly to RPI, compounded annually (no collars or caps). Tenant has an option to renew for 25 years at the end of the term.
Unit 1	TJX UK (t/a TK Maxx)	10/08/2015	10/08/2025	09/08/2030	10/08/2025	£350,000	£17.92	7.87	5 yearly OMV rent reviews subject to a maximum of 15% increase. Initial service charge cap of £1 psf GIA subject to annual RPI increases. Cap doesn't apply to vehicle turntable.
Unit 2	Currys Retail Limited (t/a Carphone Warehouse)	29/09/2015		28/09/2025		£45,000	£37.41	3.01	The tenant is not in occupation but is paying their rent and other occupational costs.
Unit 3	Costa Limited	19/04/2016	19/04/2026	18/04/2031	19/04/2026	£52,500	£37.00	8.56	5 yearly OMV rent reviews.
Aparthotel (KIP)	PNFT5 Real Estate	16/12/2016		15/12/3014		£1.00		992.87	Apart Hotel sold off on Long Leasehold.
Total Rent PAX						£890,559			

COVENANT STATUS



Travelodge Hotels Ltd (Company Number 00769170)

Travelodge is the UK's second largest hotel operator. As at 31st March 2022, they operate 595 hotels with 45,574 rooms serving 16 million business and leisure customers. During the period of the covid-19 pandemic, shareholders injected £40 million of equity into the business and the group underwent a CVA, which has now expired with 100% of the contractual rent now being paid. Travelodge have reportedly spent circa £70m upgrading their estate this year. The latest results for H1 2022 were strong and ahead of 2019 levels.

TENANT	REVENUE	REVPAR	AVERAGE ROOM RATE	REVPAR VS MARKET	EBITDA
Travelodge Hotels Limited	Up 16% on H1 to £391.2m	Increased by 13.3% to £45.51	Up 12.6% to £57.47	9.Opts ahead of competitor set	Increased by £25.9m to a profit of £70.6m

TENANT	FINANCIAL YEAR END	TURNOVER	PRE-TAX PROFIT	TOTAL ASSETS	WORKING CAPITAL	EBITDA
Travelodge Hotels Limited	31st Dec 2021	£560,500,000	£33,800,000	£2,657,000,000	£207,800,000	£83,100,000



TJX UK t/a TK Maxx (Company Number 03094828)

TK Maxx is a major off-price retailer of brand name and designer products. It is a subsidiary of American apparel and home goods company, TJX companies. TK Maxx operate 580 stores throughout Europe, including 349 in the UK, employing 3,404 people.

TENANT	FINANCIAL YEAR END	TURNOVER	PRE-TAX PROFIT	TOTAL ASSETS	WORKING CAPITAL	DELPHI SCORE	DELPHI BAND
TJX UK (t/a TK Maxx)	29th Jan 2022	£3,309,100,000	£14,400,000	£1,459,000,000	£223,600,000	100	Very Low Risk



Costa Limited t/a Costa Coffee (Company Number 01270695)

Costa is the nation's favourite coffee shop and the largest and fastest growing coffee shop chain in the UK and wholly owned subsidiary of Coca Cola, It is the second largest coffeehouse chain in the world behind Starbucks. Founded in London in 1971, Costa Coffee has around 2,500 outlets in the UK.

TENANT	FINANCIAL YEAR END	TURNOVER	PRE-TAX PROFIT	TOTAL ASSETS	WORKING CAPITAL	DELPHI SCORE	DELPHI BAND
Costa Ltd (t/a Costa Coffee)	31st Dec 2020	£603,588,000	£222,103,000	£1,128,438,000	£160,924,000	60	Below Average Risk



Currys Retail Limited t/a Carphone Warehouse (Company Number 02142673)

Carphone Warehouse Limited is a subsidiary of Curry's PLC selling TVs, tablets and sim cards, mobile phones and accessories. The company has been The What Mobile category winner for 10 years running and has over 1,100 stores in the UK and Ireland.

TENANT	FINANCIAL YEAR END	TURNOVER	PRE-TAX PROFIT	TOTAL ASSETS	WORKING CAPITAL	DELPHI SCORE	DELPHI BAND
Currys Retail Limited T/a Carphone Warehouse	1st May 2021	£659,900,000	£101,600,000	£227,800,000	£350,100,000	65	Below Average Risk

UK HOTEL INVESTMENT MARKET

The UK Hotel Investment Market has continued its rebound from the unforeseen covid pandemic restrictions, with occupational hotel trading. The driving factors being robust domestic tourist leisure demand and increased mid-week business occupancy as a result of more corporate travel and the general migration back to the office.

As a result, investors who are seeking long dated income with index linked returns have been chasing limited and popular stock. UK Hotel transaction volumes exceeded circa £1.5 billion for the first four months of 2022, continuing on from the strong level of investment activity in Q4, 2021.

This was driven by growing investor sentiment and optimism over the long-term prospects for the sector. Backed by improving trading performance and a faster recovery than initially expected, investment levels are expected to remain strong throughout the year.

London accounted for 75% of all UK transactions in Q4, 2021 with the Premier Inn Hammersmith Talgarth Road forward funding comprising the largest transaction (£91m), followed closely by Conquer Dawn's purchase of the Hampton by Hilton, Waterloo and DoubleTree, York for £97.0 million.

Investment Comparables

DATE	STATUS	ADDRESS	TENANT(S)	ROOMS	RENT PASSING (HOTEL)	RENT PER ROOM	LEASE TERM CERTAIN	RENT REVIEW	CV	NIY	PRICE PER KEY
Current	U/O	Whetstone 1146 High Road	Travelodge Halfords	96	£535,221	£5,575	21yrs	5yr RPI uncapped	£12.8m	5.20%	£133,333
Current	U/O	Chiswick 632 Chiswick High Rd	Travelodge	113	£960,500	£8,500	35yrs	5yr CPIH C/C @ 1%-4%	£20.1m Forward Funding	4.72%	£177,876
Current	U/O	Richmond Mortlake Road	Premier Inn	92	£532,737	£5,791	15yrs	5yr CPIH C/C @ 0%-5%	£12.63m	4.25%	£137,283
Dec-21	Sold	Battersea 200 York Road	Travelodge	121	£1,657,738	£13,700	28yrs	5yr RPI uncapped	£36.5m	4.25%	£301,653
Dec-21	Sold	Hammersmith 181 Talgarth Road	Premier Inn	400	TBC	-	30yrs	5yr CPIH C/C @ 0%-4%	£91m	4.00%	£227,500

EPC'S

The property benefits from excellent ESG credentials and has the following EPC ratings:

DESCRIPTION	TENANT	EPC RATING
Hotel	Travelodge	B 39
Unit 1	TK Maxx	A 25
Unit 2	Carphone Warehouse	C 64
Unit 3	Costa	B 28
Aparthotel	KIP	B 32



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VAT

The property is elected for VAT, and it is anticipated that the transaction will be treated as a TOGC (Transfer of a Going Concern).

ANTI MONEY LAUNDERING

To comply with anti-money laundering legislation, the successful purchaser will be required to provide certain identification documents. The required documents will be confirmed to and requested from the successful purchaser at the relevant time.

CORPORATE ACQUISITION

The asset is held within a newly formed Jersey based SPV and therefore a corporate acquisition is available.

Further information is available on request.



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FURTHER INFORMATION

For further information, for access to the data room or to arrange an inspection please contact sole agents, Green & Partners as per the details below:

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