

TRAVELODGE BARKING

PIANOWORKS • RIPPLE ROAD
BARKING • IG11 7RX

LONG LET
INVESTMENT
OPPORTUNITY



INVESTMENT SUMMARY →

- **Opportunity** to acquire a purpose built 66-bedroom Travelodge Hotel with retail accommodation on the ground floor
- Located in **Barking** town centre and forms part of Barking Central, one of the UK's most successful **regeneration projects**
- Situated in a **prime position** on the pedestrianised part of Ripple Road in close proximity to Barking Rail Station
- Barking Rail Station provides journey times of 13 minutes to Fenchurch Street, 21 minutes to Liverpool Street Station and 34 minutes to King's Cross Station
- Let to three excellent covenants **Travelodge Hotels Limited, Tesco Stores Ltd** and **Explore Learning Ltd**
- All leases provide inflation linked rent reviews
- Average weighted unexpired lease term of 18.95 years to expiry
- The total passing rent for the property is **£461,602 per annum**
- Long leasehold (c.139 years unexpired) from London Borough of Barking & Dagenham at a peppercorn

We are seeking offers in excess of **£9,015,000** (Nine Million and Fifteen Thousand Pounds) subject to contract and exclusive of VAT. A purchase at this level would reflect a **Net Initial Yield of 4.80%** assuming actual purchasers costs of 6.68%.





EXCEL LONDON

THE O2

CANARY WHARF

CITY OF LONDON

STRATFORD OLYMPIC PARK

LONDON CITY AIRPORT

EAST HAM JEWISH CEMETERY

LANGDON ACADEMY

MUIRHEAD QUAY

A406 NORTH CIRCULAR

RIVER RODING

BARKING TOWN HALL

LONDON ROAD CAR PARK

BROADWAY THEATRE

TRAVELDGE BARKING

VICARAGE FIELD
DEVELOPMENT

BARKING LIBRARY

VICARAGE FIELD
SHOPPING CENTRE

BARKING TRAIN STATION

A124

BARKING PARK

LOCATION →

Barking is a town located within the London Borough of Barking and Dagenham. It is located 3.4 miles east of Stratford, 4.5 miles east of Canary Wharf and 8.8 miles east of Charing Cross.

The town is situated north of the A13 road and east of the River Roding near its confluence with the River Thames in east London. The South Woodford to Barking Relief Road (part of the A406 North Circular Road) runs through the Roding Valley, and access to the town centre is by its junction with the A124.

The London Borough of Dagenham is a key borough in the Thames Gateway Area, the London Plan identifies it as one of 33 major centres for regeneration within Greater London. Barking is a significant part of the Thames Gateway Development Strategy, a plan to encourage the development of brownfield land and focusing on improvements to infrastructure, social housing, amenities and increasing commerce to meet the requirements of the rapidly expanding City of London.



SITUATION →

The property is located in Barking town centre and forms part of Barking Central, one of the UK's most successful regeneration projects. It is opposite the Vicarage Field Shopping Centre and approximately 4 minutes' walk from the Barking Underground and Rail Station.

The property is located in Barking's retail core; it occupies a particularly prominent, prime position in the pedestrianised part of Ripple Road, with nearby occupiers including JD Sports, Boots, Barclays, Holland & Barratt and Halifax.

Barking Central regeneration project revitalized Barking town centre: the large mixed-use scheme of seven new buildings included a new Learning Centre, over 500 residential apartments, a bicycle shed for 250 bikes, 7 retail units, a café, a new town square and an arboretum as well as the subject property.



05 LONG LET INVESTMENT OPPORTUNITY

ROAD

Barking benefits from excellent road communications, it is well served by the A13, A406 and A12 with ready access also available to the M11 and M25.

RAIL

Barking Rail Station is located just 4 minutes' walk from the property. It provides both mainline rail services and underground services to central London:

Fenchurch Street 13 minutes

Liverpool Street Station 21 minutes

King's Cross Station 34 minutes

AIR

London City Airport is 4 miles to the southwest of Barking accessible via the A13. The airport is used by over 4.8 million customers a year, it is served by 10 airlines flying to over 45 destinations across Europe.

BIKE

The CS3 cycle lane located on the A13 provides an easy route into the city for commuters from Barking with a distance of 9 miles.

DESCRIPTION →

The hotel was purpose built in 2008 and is fitted to Travelodge's latest specifications. The building is of reinforced concrete frame construction with three elevations having very distinctive multi-coloured cladding, which has also been used on other buildings in the Barking Central development.

The hotel reception is located on the ground floor level with the accommodation spread across first, second and third floors providing a total of 66 beds.

The hotel was extensively refurbished in 2018, including redecoration, new carpets, new furnishings and a re-fit of the bathrooms and reception.

The property has two retail units on the ground floor. The first unit comprises 4,389 sq ft and is let to Tesco Stores Ltd and the second unit is 1,283 sq ft and is let to Explore Learning Ltd.

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BARKING REGENERATION →

Barking is recognised as a significant area for growth and regeneration in London.

The London Borough of Barking and Dagenham adopted an ambitious strategy in 2013 to deliver 50,000 new homes and 10,000 new jobs within 20 years. The borough has the highest expected population growth in London, of 15% over the next decade.

The development will transform Vicarage Field into a new residential and commercial destination for east London. The proposal includes 855 new homes, a modern retail and restaurant offer, multi screen cinema and new music venue, enterprise workspace, a new healthcare facility, a primary school and high quality public realm and green space.

The development will create up to 1,000 full time jobs with a target of 50% of jobs to come through local recruitment. Construction is due to start in 2020 with an estimated build time of four to five years.

SELECTION OF KEY DEVELOPMENTS:

Address	Description	Developer	Status
Creative Industrial Quarters	272 apartments	LinkCity	Completed
Discover Apartment	254 apartments	County & Metropolitan	Completed
Abbieville Apartments	100 apartments	Linkcity	Completed
Weavers Quarter	1,575 apartments	L&Q	Under Construction
Barking Riverside	10,800 apartments	L&Q	Under Construction
Fresh Wharf	911 apartments	Countryside	Under Construction
Barking Wharf	1,000+ apartments	Weston Homes	Planning Submitted



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TENANCY →

HOTEL



The hotel was originally let on full repairing and insuring terms to Travelodge Hotels Limited for 25 years from 15th October 2008. The lease was extended in March 2018 to expire 14th October 2042, providing c. 23 years unexpired.

The current passing rent totals £355,701 per annum equating to £5,389 per bedroom. The rent is subject to 5 yearly upwards only reviews to RPI (1% & 4%). The next review is due in October 2023.

TESCO



Tesco Stores Ltd occupy retail units 1&2 on a 15 year lease from 16th February 2009 expiring on 15th February 2024, providing c.4.5 years unexpired.

The passing rent is £81,947 per annum reflecting £18.67 per sq ft. The rent was subject to 5 yearly upward only reviews to RPIX uncapped but there are no reviews remaining.

EXPLORE LEARNING



The third retail unit is let to Explore Learning Ltd on a 15 year lease from 24th January 2011, expiring 23rd January 2026 providing c.6.4 years unexpired.

The passing rent is £23,954 per annum reflecting £18.67 per sq ft. The rent is subject to upward only 5 yearly reviews to RPIX uncapped with the next review in January 2021.

The total passing rent of the property is £461,602 per annum and has an average weighted unexpired lease term of 18.95 years to expiry.



COVENANT →

Travelodge Hotels Ltd is the UK's largest independent hotel brand boasting over 558 hotels and 42,000 bedrooms across the UK as well as 5 hotels in Spain and 12 franchises in Ireland.

In 2012, Golden Tree Asset Management, Avenue Capital Group and Goldman Sachs took ownership of the business. Since then, a significant investment program has taken place with close to £100 million deployed in order to modernise 35,000 rooms across all hotels. Furthermore, Travelodge continue to invest in the quality of their hotels, which has seen the roll out of the new SuperRoom concept, which feature a more stylish décor and extra amenities.

The latest six months results (ended 30th June 2019) indicate that total revenue was up by 6.0% in 2019, compared to the previous year. While occupancy rates were "maintained" at 77.9%. The increase in revenue was driven by strong revenue per available room (RevPAR) growth of 2.6% ahead of competitive segment. As a result, earnings before interest, tax, depreciation and amortisation (EBITDA) is 2.52% ahead of the 2018 half yearly results.

TRAVELODGE HOTELS LIMITED

Travelodge Hotels Limited currently has a 'minimum risk of business failure' advised by Dun & Bradstreet (D&B) with a resultant rating of '5A1'. The most recent financial figures are highlighted below.

	31st December 2018	31st December 2017	31st December 2016
Turnover (£)	£680,200,000	£624,000,000	£587,700,000
Pre-Tax Profit	£49,200,000	£45,200,000	£46,800,000
Net Current Assets	£455,100,000	£398,900,000	£355,700,000
Tangible Net Worth	£375,100,000	£316,100,000	£271,600,000

TESCO STORES LIMITED

Tesco Stores Limited is wholly owned by Tesco plc, one of the largest retailers in the world. Established in 1919, Tesco now operate from over 6,902 stores nationwide, employing over 476,000 staff.

Tesco is a leading food store operator within the UK, the largest of the 'Big Four' supermarket chains dominating the UK's grocery market. Tesco holds a current market share of 27.3% in May 2019, 21.1% ahead of the nearest, 'Big Four' competitor.

	24th February 2018	25th February 2017	27th February 2017
Turnover (£)	£41,367,000,000	£40,134,000,000	£39,843,000,000
Pre-Tax Profit	£417,000,000	£266,000,000	(£231,000,000)
Tangible Net Worth	£4,071,000,000	£749,000,000	£1,077,000,000

EXPLORE LEARNING LIMITED

Explore Learning Limited is a network of Maths and English tuition centres for 5-14 year olds of all abilities. The first centre opened in Chelmsford in 2001 and there are now more than 30,000 children regularly attending more than 120 centres across the UK.

All Explore Learning centres are located in areas that are convenient for families to get to on a regular basis such as local high streets, shopping centres and supermarkets. Parents drop their children off for their learning session and usually stay in the local area to shop or visit a local café whilst their child studies.

	31st December 2018	31st December 2017	31st December 2016
Turnover (£)	£49,590,000	£49,667,000	£42,786,000
Pre-Tax Profit	£2,351,000	£2,695,000	£3,236,000
Tangible Net Worth	£17,921,000	£16,221,000	£14,328,000

TENURE →

Long leasehold from London Borough of Barking & Dagenham for a term of 150 years from 28th May 2008 at a peppercorn, providing c.139 years unexpired.

VAT →

The property is elected for VAT.

EPC →

Travelodge: B (40)
Tesco: C (62)
Explore Learning: C (70)

ANTI-MONEY LAUNDERING →

A successful bidder will be required to provide the usual information to satisfy the AML requirements when Head of Terms are agreed.

DATA ROOM →

Access to a secure online data room is available upon request.

PROPOSAL

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CONTACTS →

Huw Holman

+44 (0) 20 3909 6806

huw.holman@knightfrank.com

Shaun Roy

+44 (0) 20 7861 1222

shaun.roy@knightfrank.com

Kristian Otto

+44 (0) 20 7861 1677

kristian.otto@knightfrank.com



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