

green&partners

DTRE



CROYDON | PURLEY WAY | CR0 4NU

PURLEY CROSS RETAIL PARK

SUPER PRIME, GREATER LONDON RETAIL PARK INVESTMENT OPPORTUNITY

M&S
EST. 1884



INVESTMENT SUMMARY

- Purley Cross Retail Park is one of the principal commercial and retailing locations in South London and Greater London.
- Located at the Southern End of Purley Way (A24).
- One of the busiest Retail Warehousing locations in the UK with circa 830,000 people within a 20 minute drivetime.
- The scheme extends to 126,410 sq. ft. and comprises five well configured retail warehouses.
- Secured to Currys Group, Aldi Stores, Smyths Toys, Starbucks Coffee and an AfL in place with M&S Plc.
- Weighted Average Unexpired Lease Terms of circa 12.5 years to expiry.
- 61% of contracted rents subject to RPI linked rent reviews.
- 451 dedicated car parking spaces providing a ratio of 1:280.
- Site area 8.6 acres, providing a site cover of 34%.
- Freehold.
- Gross income £3,452,735 pa.
- ESG initiatives implemented throughout the scheme.
- The asset is held within a newly formed, Jersey based SPV therefore a corporate acquisition is available.

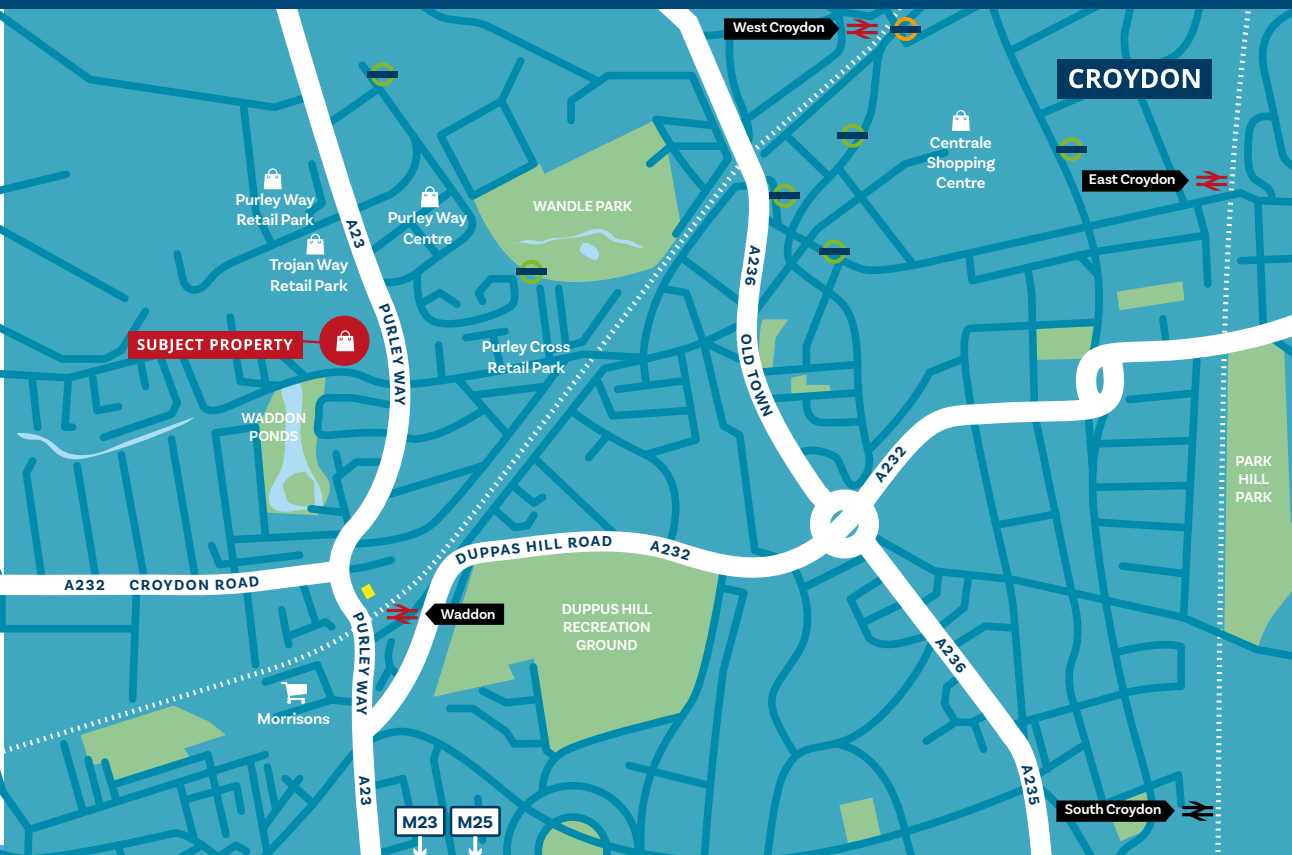


WE ARE INSTRUCTED TO SEEK OFFERS IN EXCESS OF £80,825,000 (EIGHTY MILLION, EIGHT HUNDRED AND TWENTY FIVE THOUSAND POUNDS)

Subject to Contract and Exclusive of VAT, reflecting a Net Initial Yield of 4% assuming graduated purchasers' costs.

An acquisition at this level provides the following running yield, assuming maximum index linked uplifts:

2026	4.24%
2027	4.41%
2031	4.70%
2032	4.90%



LOCATION

Croydon is a principal retail location and one of the largest commercial districts in Greater London. The borough is located 11 miles (18km) south of central London, 5 miles (8km) south west of Bromley and 9 miles (14km) south east of Kingston upon Thames.

CAR



Situated on the A23 corridor that connects London with the south coast, Croydon is less than 10 miles (16km) from the M25, London's orbital motorway, providing links to the south east via the M26, M23, M3 and M4.

TRAIN



Croydon is one of the best-connected metropolitan centres in London. It is served by three rail stations, with the London Overground connecting to East Croydon providing the quickest route into London via London Bridge or London Victoria in just 15 minutes.

PLANE



London Gatwick (LGW) airport is located 18 miles (29km) south of Croydon, an estimated drive time of 35 minutes. Thames Link operate a train from East Croydon every 15 minutes in an average journey time of 14 minutes. Southern Services also runs four trains an hour.



RETAIL WAREHOUSE PROVISION

Key	Asset	Scheme Area	Rents per sq. ft.
1	Valley Retail Park (Abrdn) DFS, Dunelm, Tapi, JD, Fabb Furniture, Boots, Sports Direct, McDonalds	130,179 sq. ft.	£33.00 - £35.00
2	Trafalgar Way Retail Park (MSeven / Oxford) Decathlon, Sharps & CPW	33,553 sq. ft.	£32.00 - 40.00
3	Purley Way Centre (Abrdn) Mamas & Papas, Hobbycraft, TK Maxx & Homesense	59,775 sq. ft.	£32.00 - 44.00
4	Purley Way Retail Park (GMPF) Sofology, Natuzzi, Oak Furniture Land, Carpetright, ScS	54,416 sq. ft.	£42.00 - 45.00
5	Trojan Way Retail Park (Lord Kirkham) Lidl, Next at Home, Adidas	38,680 sq. ft.	£35.00 - £43.75
6	The Colonnades (Croydon Council) Wickes, Nuffield Health, Oxygen, Premier Inn, KFC, Nandos, Costa, Pizza Hut	161,697 sq. ft.	£9.47 - 41.33
7	Ikea	236,500 sq. ft.	Owner Occupied





DESCRIPTION

Purley Cross Retail Park comprises 126,410 sq ft over five well configured, super prime, units. The site has recently been partially re-developed to create an unbroken terrace linking Currys on the eastern side of the site with the former John Lewis at Home store (to be Marks and Spencer) at the west. The new units, in the centre of the terrace are occupied by Aldi, Smyths Toys and Starbucks, directly fronting the A24 Purley Way thoroughfare.



As part of the wider development project 4x 50kW and 2x 150kW EV chargers have been installed at this site by Osprey.



There are 451 customer car parking spaces, providing an attractive ratio of 1:280 sq ft.

MARKS & SPENCERS AGREEMENT FOR LEASE

An Agreement for Lease at the former John Lewis at Home Store has exchanged to Marks and Spencer Plc. Completion is subject 'practical completion' of agreed landlord works. The Landlords contractor is on site, and it is anticipated that these works will be completed in early November 2022, thus triggering completion of the M&S lease. The unit will then be handed over to M&S for their fit out with an anticipated opening in Easter 2023. Further detail is available on request.

ACCOMODATION

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:

Description	Tenant	Area (Sq. Ft.)	Area (Sq. M.)
12 Trojan Way, Purley Way, Croydon, CR0 4XL	Curry's Group Limited	34,665*	3,220.52
Unit 1, 330 Purley Way	Starbucks Coffee Company (UK) Limited	2,474	229.81
Unit 2, 330 Purley Way	Smyths Toys UK Limited	13,013	1,208.97
Unit 3, 330 Purley Way	Aldi Stores Limited	19,697	1,829.87
Unit 4, 330 Purley Way	Marks & Spencer Plc	56,561	5,254.64
Total		126,410	11,743.81

* The Area documented in the Currys lease, to be adopted at review, is 35,741 sq ft.

SITE

The site area extends to approximately 8.6 acres (3.46 ha). The site cover is therefore approximately 34%.



TENANCIES

CURRENT INCOME (PAX)

The property is let in accordance with the tenancy schedule below:

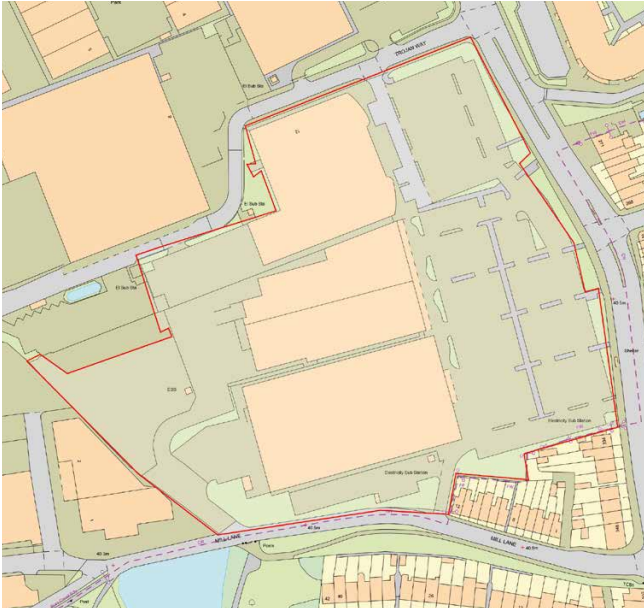
The gross current income is £3,452,735 pa.

The net current income is £3,439,891 pa.

Unit	Tenant	Area (sq ft)	Start Date	Review Date	Expiry Date	Break Date	WAULT (Expiry)	"WAULT (Break)"	Marketing rent (p.a.)	Marketing rent (psf)	Service (incl. Estate) Charge (p.a.)	Service Charge (incl. Estate) (psf)	Comments
Unit 1, 330 Purley Way, Croydon, CRO 4XJ	Starbucks Coffee Company (UK) Limited	2,474	23-Aug-2021	23-Aug-2026	22-Aug-2031	22-Aug-2026	9.24	4.24	£112,500	£45.00	£2,597.16	£1.04	The initial rent is £112,500 but as a personal concession to Starbucks the rent for the first five years is £100,000. The rent is then reviewed in year 5; Tenant break option is subject to 6 months prior notice and rent penalty equal to 6 months annual rent. Vendor to top up the rent to £112,500 from day one.
Unit 2, 330 Purley Way, Croydon, CRO 4XJ	Smyths Toys UK Limited	13,013	06-Apr-2021	06-Apr-2026	05-Apr-2036		13.86	13.86	£450,000	£34.62	£13,505.23	£1.04	5 yearly RPI linked rent reviews compounded annually with a collar and cap of 2-4%.
Unit 3, 330 Purley Way, CRO 4XJ	Aldi Stores Limited	19,697	24-Jun-2021	24-Jun-2026	23-Jun-2046		24.08	24.08	£490,000	£24.72	£20,590.28	£1.04	5 yearly RPI linked rent reviews compounded annually with a collar and cap of 2-4%.
Unit 4, 330 Purley Way, Croydon, CRO 4XJ	Agreement for lease with Marks and Spencer PLC.	56,561	New 15 year lease				15.00	15.00	£1,150,000	£20.35	£46,577.33	£0.82	5 yearly RPI linked rent review compounded annually with a collar and cap of 1-2.5%.
12 Trojan Way, Purley Way, Croydon, CRO 4XL	Curry's Group Limited	34,665	20-Dec-2002	25-Dec-2022	24-Dec-2027		5.58	5.58	£1,250,235	£34.98	£48,585.00	£1.36	Upward only OMV rent reviews based on an assumed GIA of 35,741 sq ft (which includes a small notional mezzanine). Service charge capped at £1 psf on ground floor GIA from 2020, subject to RPI increases. The landlord shortfall for the year ended March 2022 was £12,844.00 pa.
Purley Way Croydon	UK Power Networks Services (South East) Limited	-	27-Apr-1998		26-Apr-2937		914.92	914.92	£-	£-	£-	£-	Substation lease. No rent throughout the term. The lease includes a redevelopment break option/'lift and shift' provision subject to 12 months notice and the landlord bearing all costs.
Purley Way Croydon	ESP Electricity Limited	-	07-Oct-2021		06-Oct-2120		98.36	98.36	£-	£-	£-	£-	Substation lease. No rent throughout the term. The lease includes a redevelopment break option/'lift and shift' provision subject to 12 months notice and the landlord bearing all costs.
EV Charging Points	Osprey Charging Networks Ltd	-	07-Oct-2021		06-Oct-2036		4.43	4.43	£-	£-	£-	£-	The Landlord shall receive 10% of the quarterly gross profits until 07/10/2031. Thereafter they shall receive 15% of the quarterly gross profits until 06/10/2036.
Total Gross Income									£3,452,735				

TENURE

The property is held under five separate freehold titles.



DEMISE LINE FOR INDICATIVE PURPOSES ONLY.



PLANNING

The site benefits from Open A1 planning (with Food).



INCOME ANALYSIS



The Weighted Average Unexpired Lease Term to **Expiry is 12.5 years** and **12.4 years to first Tenant Break option.**



48% of the contracted income is **secured** to the Grocery sector.



61% of the income is subject to **RPI linked rent** reviews.

COVENANT STATUS



Marks and Spencer PLC (Company Number 00214436)

Marks & Spencer was founded in Leeds in 1884 and is a leading British retailer, employing approximately 80,000 people from around 1,030 stores. They have a net worth of more than £2bn and are committed to future proofing their business in a changing retail landscape. The sale of food remains core to this, providing some £6.0bn towards revenue.

Delphi Band: Very Low Risk

Aldi Stores Limited (Company Number 02321869)

Aldi is one of the leading discount supermarket chains globally. The company itself was established in Germany in 1913, and since then it has grown to have more than 9,000 stores across 18 countries, with a total global turnover of £540bn. The retailer has benefitted from strong in-store sales growth throughout the Covid-19 pandemic. The retailer has 874 stores nationwide, with a current market share in the UK of 8.1% (Sept 2021).

Delphi Band: Very Low Risk



Smyths Toys UK Limited (Company Number 06051517)

Smyths Toys Superstores is an Irish multinational chain provider of children's toys and entertainment products with over 200 shops throughout Ireland and the UK, Germany, Switzerland and Austria which are owned by the Smyth family.

Delphi Score: Very Low Risk



Starbucks Coffee Company (UK) Limited (Company Number: 2959325)

Starbucks is an American coffee company and coffeehouse chain founded in Seattle, Washington in 1971. Today it is the largest coffee house in the world with over 23,000 locations worldwide and over 880 stores in the UK. Starbucks produces high quality coffee alongside an extensive range of snacks to accompany their speciality drinks.

Delphi Rating: Low Risk



Currys Group Limited (Company Number 00504788)

Currys is the UK's market leading retailer for consumer electrical products. The group operates across 7 countries and 829 stores. In 2021 the group turnover was circa £10.3bn, a 2% increase on the previous year and an EBITDA of £262m.

Dephi Band: Below Average Risk



Osprey Charging Network Ltd (Company Number 08460233)

Osprey Charging (formerly Engenie Charging) are the fastest growing UK-wide network of rapid EV charging points. Their USP is to build the best UK charging network with the latest technology, easy-to-use, and accessible chargers in premium locations. Osprey partner with commercial landlords and local authorities to provide an open-access, rapid charging network for electric vehicles, powered by 100% renewable energy. For the year ended December 2020, the company reported a net worth of £13,659,044.

Delphi Band: Low Risk





RENTAL EVIDENCE

Address	Tenant	Unit Size (sq.ft.)	Transaction / Date	Rent (pax) / Rent (sq. ft.)
Croydon: Purley Retail Park	Natuzzi Editions	14,724	OML Oct-2021	£478,530 pax / £32.50 psf
Croydon: Purley Retail Park	Carpetright	10,000	Regear, Jun-21	£375,000 pax / £37.50 psf
Croydon: Purley Retail Park	JD Sports	10,000	OML, Jun-21	£360,000 pax / £36.00 psf

INVESTMENT COMPARABLES

Address	Unexpired Term	Price / NIY	Date	Comments
Waddon Retail Park, Purley Way Croydon	12 years	c.£13.5m / 4.08%	Under Offer	McDonalds & Pets at Home.
Lidl, Ashford	25 years	c.£18.00m / c.2.98%	Under Offer	5 yearly RR CPI (1-3%). 31,776 sq. ft. £18.10 psf.
Waitrose, Wimbledon	17 years	£35.47m / 3.25%	October 2021	5 yearly RR to higher of OMV or 2.5% pa. 31,099 sq.ft. £39.60 psf
Sainsburys, West Ealing	21 years	£33.70m / 3.45%	March 2021	5 yearly RR to OMV. 69,325 sq. ft. £18.00 psf.
Sainsburys, New Barnet	17 years	£51.10m / 3.57%	January 2021	5 yearly RR RPI (2.5-3.5%). 77,562 sq. ft. £25.12 psf.

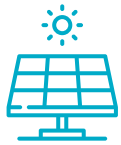


TROJAN WAY

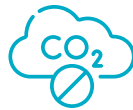
PURLEY WAY

LINE FOR INDICATIVE PURPOSES ONLY.

ESG & SUSTAINABILITY



Solar PV Installations have **generated 349,690 kWh since commissioning**



Purley Way has **saved 86 tonnes of Co2** eq. emissions.



The **net return on cost** to the period ending Q3 2021 was **11.2%**.



The EV output from the site has **outperformed 336,666 kWh by 104%**



The electricity generated from this property has **offset the same amount of Co2 as planting 763 trees**



This is enough to **power 191 electric cars for a year** and the equivalent electricity use of 91 average UK homes



Synergy have projected the new M&S Unit roof could accommodate a solar system size of 585 kWp, which they forecast would produce a **net income of £33,795 in year one**



There is an **additional approved planning** condition to install 5 rapid EV charging spaces and the ducting for a further 70 spaces. The EV charger installation was commissioned 17th December 2021



It's estimated that the electricity generated has **contributed to 28.2% of the total electricity demand for Unit 12**





ALTERNATIVE USE VALUE

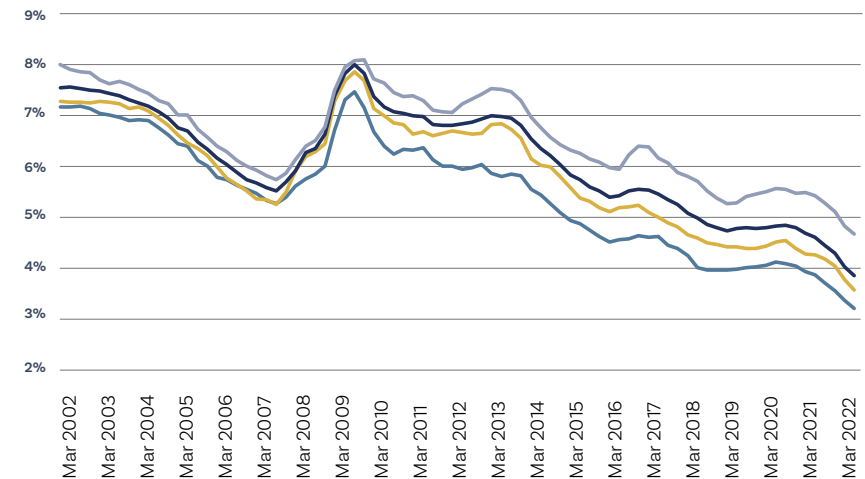
LONDON LAST MILE LOGISTICS

- Strong supply & demand imbalance will continue to drive rental growth.
- A severe shortage of quality industrial accommodation owing to limited new developments and an erosion of industrial stock for redevelopment to alternative uses has contributed to this growth.
- Rents in some areas of London, particularly those inside the North and South Circular, have gone up 75% in a year, to £35 per sq ft.

INDUSTRIAL INITIAL YIELDS BY GEOGRAPHY (%)

Average net initial yields for standard industrials in London were recorded at 2.43% in at end Q1 2022, down from 3.51% in March 2020 and a post-GFC high of 7.50%.

— All Industrial — Inner SE Industrial
— London Industrial — Rest of UK Industrial



amazon.com

LAST MILE DELIVERY

Proximity to customers is becoming ever important as goods need to be moved quicker and more often, intensifying the demand for space in Greater London.

deliveroo

TAKEAWAY DELIVERY

Deliveroo, just eat and Uber eats or aggressively seeking new dark kitchen locations within in London to service the continued growth these companies are experiencing.

GORILLAS

GROCERY DELIVERY

Occupiers including, GoPuff, Getir, and the Gorillas are offering a grocery delivery service in 10-15 minute windows which is expanding aggressively across London.

UNIVERSAL

FILM STUDIOS

The short supply of studio space is widely acknowledged within the industry, with major UK studios operating at a capacity in recent years and production companies finding it extremely challenging to find studio space, particularly in and around London.

DATA CENTRES

DATA CENTRES

Widespread lockdowns, social distancing, and home-based working have transition many every day activities from the physical to the digital.

Take up in key data centre markets such as London has increased 22% year-on-year.

KEY DATA HIGHLIGHTS



E-commerce accounted for more than 30% of total retail sales in 2021.



DHL stated in the results that the pandemic has condensed the growth in e-commerce from six years to 6 weeks.



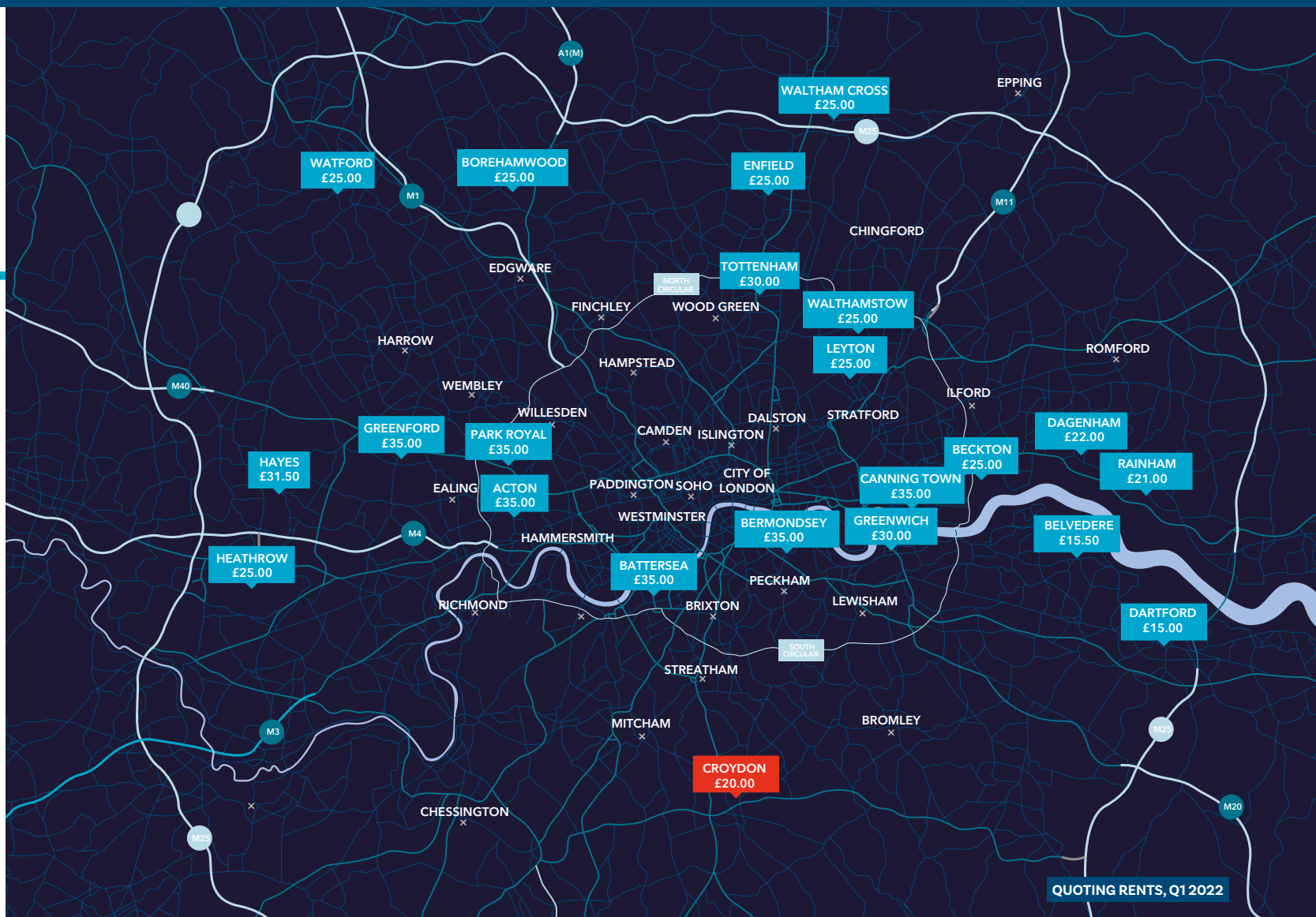
450 million parcels were delivered to London in 2020 per week per person. This is forecast to double by 2030.

LONDON INDUSTRIAL MARKET

The UK industrial and logistics sector, both single and multi-let, has produced outstanding performance when compared with other real estate sectors and alternative asset classes. Investors have continued to compete aggressively for stock given the strong fundamentals.

The main driver has been the potential to capture sustainable rental growth enabled by a market dynamic well supported by the structural shift and continually evolving e-commerce sector in the UK.

The UK industrial and logistics sector continues to attract capital from across the globe, with investors battling for growing exposure to a sector which boasts very defensive characteristics of restricted supply, low obsolescence and compelling occupational market dynamics.



KEY STATS

**Croydon - Industrial
Vacancy Rate:**
2.3%

**Industrial Land
Values:**
£8m+ per acre

**5-year Average
Rental Growth:**
8.3%

EPC'S

A full suite of EPC's are available on request.

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.

VAT

The property is elected for VAT and we would expect a transaction to be treated as a TOGC (Transfer of a Going Concern).

PROPOSAL

We are instructed to seek offers in **EXCESS OF £80,825,000 (EIGHTY MILLION, EIGHT HUNDRED AND TWENTY FIVE THOUSAND POUNDS)**, Subject to Contract and Exclusive of VAT, reflecting a **Net Initial Yield of 4%** assuming graduated purchasers' costs (on a standard property deal) at that level.

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2031	4.70%
2032	4.90%

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.



FURTHER INFORMATION

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

David Freeman

07785 253054

david.freeman@greenpartners.co.uk

Ed Smith

07817 771005

ed.smith@greenpartners.co.uk

John Adcock

07971 830679

John.adcock@dtre.com

Geraint Davies

07968 081316

geraint.davies@dtre.com

green&partners

DTRE

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