

green&partners

LIDL CROYDON

99 - 101 LONDON ROAD,
CR0 2RF



2.77 ACRE, GREATER LONDON SITE, WITH 66% OF CONTRACTED INCOME INDEX-LINKED FOR A FURTHER 26 YEARS

INVESTMENT SUMMARY

- Croydon is one of the principle commercial and retail locations in Greater London.
- Prime site, a short walking distance from West Croydon Overground Station.
- Fully let to the very low risk national covenants of **Lidl Great Britain Limited** (part sublet to The Gym) and **The Secretary of State for Housing, Communities and Local Government**.
- Excellent security of income with a **Weighted Average Unexpired Lease Term (WAULT)** of approximately **17.5 years to lease expiries** and **14.3 years to breaks**.
- **Lidl** have recently signed a **reversionary lease** extending their term to **26 years to expiry**.
- Lidl are liable to pay circa £18m in rent to expiry of their lease and represent **66% of the annual current contracted income**.
- Lidl rent is reviewed **5 yearly and index linked to CPI, capped at 2% pa**.
- A surface car park provides **c. 174 spaces** for the use of the retail and gym customers, a ratio of 1:123 sq ft. Undercroft car parking for the office occupier provides an additional **121 spaces**, a ratio of c. 1:189 spaces.
- Total contracted rental income of **£1,057,350 per annum**.
- **Freehold**.
- Site Area **2.77 acres**.
- Significant opportunity to asset manage the asset on expiry of the existing office lease in June 2023.

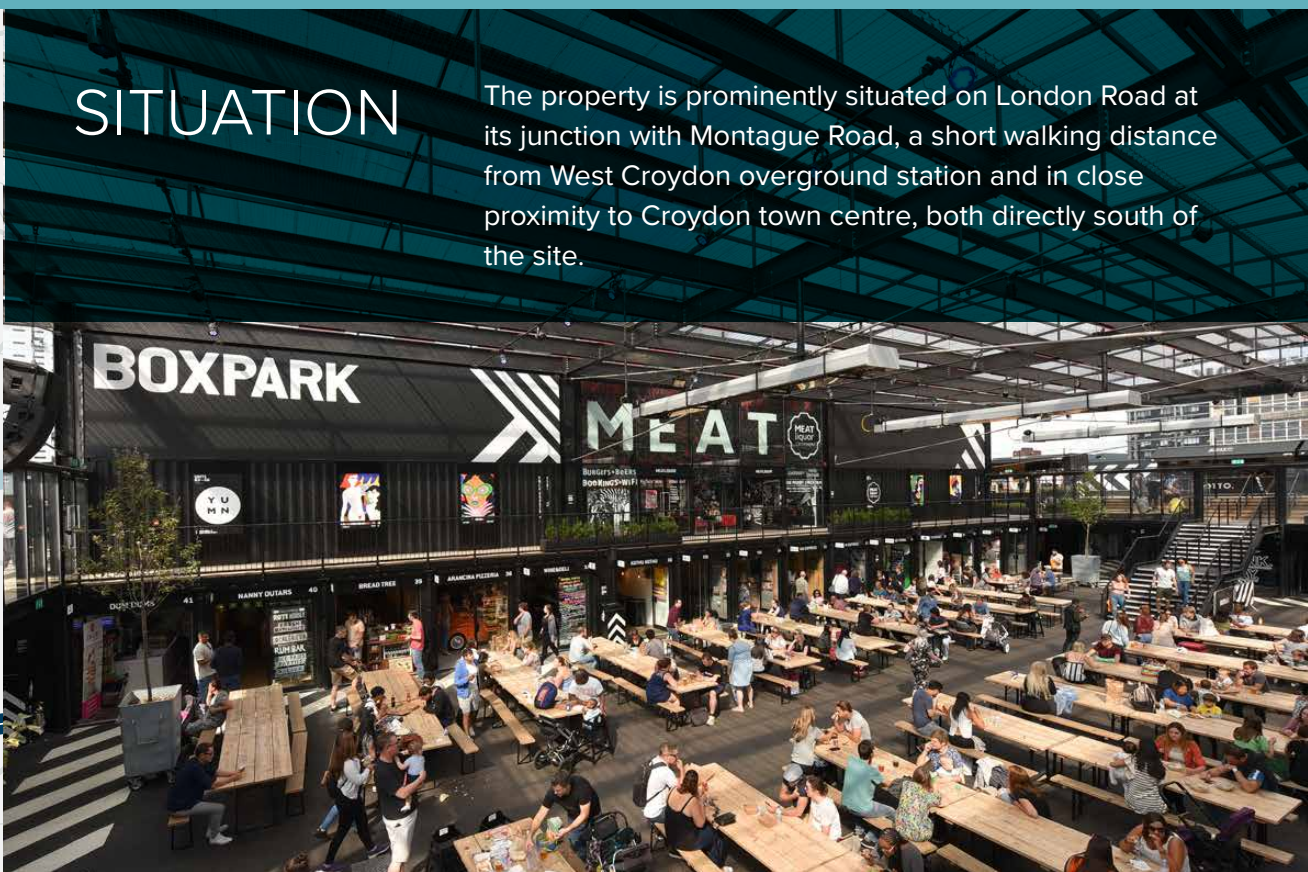


WE ARE INSTRUCTED TO RECEIVE OFFERS IN EXCESS OF £19,500,000 (NINETEEN MILLION, FIVE HUNDRED THOUSAND POUNDS), WHICH REFLECTS A NET INITIAL YIELD OF 5% ASSUMING GRADUATED PURCHASERS COSTS.



SITUATION

The property is prominently situated on London Road at its junction with Montague Road, a short walking distance from West Croydon overground station and in close proximity to Croydon town centre, both directly south of the site.



LOCATION

Croydon is a principal retailing location in Greater London and has been selected as an opportunity area in the London Plan 2021. 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 with all the south east's major motorways including the M26, M23, M3 and M4.



TRAIN

Croydon is one of the best-connected metropolitan centres in London. 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 only 15 minutes. TFL state that passenger numbers rose from 14 million in 2000 to circa 27 million in 2021.



PLANE

The nearest airport to Croydon is London Gatwick (LGW). Thames link operates a train from Gatwick Airport to East Croydon every 15 minutes, for an average journey time of 14 minutes. Southern Services also service this route four times an hour.



DESCRIPTION

The property comprises a supermarket, gym and office building arranged over six floors in total, including two levels of parking.

The supermarket is occupied by Lidl and is arranged over ground and mezzanine levels and benefits from a dedicated surface carpark providing approximately 174 car parking spaces, an attractive ratio of 1:123 sq. ft. The unit has been refurbished by the tenant in recent years.

The gym is occupied by The Gym and is sublet from Lidl. The units is arranged over Ground and Mezzanine floors.

There are two floors of office space which are self-contained, with a dedicated entrance fronting London Road, at its return onto Montague Road. Internally there are suspended ceilings, raised floors, plastered and painted walls, carpet tiled flooring and extensive tenants partitioning.

Secure car parking for the office space is located directly beneath the accommodation and provides 121 spaces, providing a ratio of c1:189 sq ft.



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:

Description	Tenant	Area (Sq. Ft.)	Area (Sq. M.)
Lidl	Ground Floor	16,841	1,564.62
	Total	16,841	1,564.6
Gym (Sublet from Lidl)	Ground Floor (Gym)	11,297	1,049.5
	Mezzanine Floor (Plant)	10,187	946.4
	Total	21,484	1,995.9
Offices	Ground Floor	263	24.4
	First Floor (Offices)	11,212	1,041.6
	Second Floor (Offices)	11,428	1,061.7
	Total	22,903	2,127.7
TOTAL		61,228	5,688.2

SITE

The entire site comprises approximately 2.77 acres (1.12 ha) providing an estimated low site coverage of 23% based on ground floor area.



TENANCY SCHEDULE

Description	Tenant	Start Date	Expiry Date	Next Rent Review	Break Option	Passing Rent	Rent psf	Area (sq ft)	Comments
Ground and Mezzanine Floors, 99/101 London Road	Lidl Great Britain Limited (02816429)	06/09/2000	23/06/2048	23/06/2028	24/06/2043	£700,000.00	£18.26	38,325.00	[1] 5 yearly CPI Linked Rent Reviews capped at 2% pa until 2048. [2] Tenant signed a 25 year reversionary lease from 24/06/2023 (Tenant Break Option in 2043). [3] Unit 2, 99/101 London Road is sublet to The Gym Limited (05659669).
South and West Wings of the First and Second Floors, 101 London Road	The Secretary of State for Housing, Communities and Local Government	24/06/2020	23/06/2023	n/a	n/a	£357,350.00	£15.60	22,903.00	[1] Tenant has been in occupation since 1992. [2] In June 2020 the tenant signed a three year lease renewal, expiring June 2023.
Substation	South Eastern Power Networks Plc	01/02/1991	31/01/2090	01/02/2026	n/a	£-	£-	£-	[1] The Tenant may determine the lease on not less than 3 months notice if it ceases to permanently require the use of the substation. [2] Tenant to keep the internal faces of the wall and ceiling bounding the premises decorated and to maintain and keep in good repair the plinths. All other repair is the liability of the landlord.
Total Rent (PAX)						£1,057,350.00	Total Area	61,228.00	

TENURE

Held Freehold under title SGL599844.



DEMISE LINE FOR INDICATIVE PURPOSES ONLY.



CURRENT INCOME PAX

£1,057,350

SERVICE CHARGE

There is a service charge in place at the property. The budget for the year ending 23/06/2022 is £253,256 pa which is fully recoverable from the tenants and apportioned on a floor area basis as follows:

Tenant	Apportioned Payment
Lidl UK GmbH	£64,358.82
The Secretary of State for Housing, Communities and Local Government	£188,897.18

COVENANT STATUS



Lidl Great Britain Limited (Company Number 02816429)

Lidl Great Britain Ltd is a wholly owned subsidiary of LIDL UK GMBH, the British arm of the German supermarket group, Schwarz Beteiligungs-KG. Lidl operates from over 880 stores across the UK and is targeting 1,000 by the end of 2023. The grocer committed £1.2 billion worth of investment in 2021 and 2022 to its UK operations.

Lidl had a 3.6% increase in sales for the 12 weeks ending 20 March 2022 and recorded 21% growth in sales on a 2-year basis ending January 2022. As at March 2022 the company had a 6.4% market share of the UK Grocery market and has overtaken the Co-Op to become the UK's 6th largest supermarket group

D&B rating 5A2 based on a tangible net worth of £1.3 billion and a lower-than-average risk of business failure.

Financial Y/E	28/02/2021	28/02/2020	28/02/2019
Turnover	£7,710,434,000	£6,885,113,000	£553,809,000
Pre-tax Profit (Loss)	£9,816,000	(£25,195,000)	£19,039,000
Net Worth	£1,307,893,000	£1,037,946,000	£677,189,000



INVESTMENT TRANSACTIONS

Location	Tenant	Size	WAULT (TBO)	Price / NIY	Date	Purchaser
ASHFORD Stanwell Road, Surrey	Lidl	31,776 sqft	25 years	£18.14m (2.97%)	May 2022	AXA IM
LONDON Wood Green, Lordship Lane	Mecca Bingo	40,000 sqft on existing building.	4 years	£21.5m (1.25%) £9.95m per acre.	Feb 2022	Tri 7 (Alchemy Partners)
WIMBLEDON 8-13 Worple Road	Sainsburys	51,804 sqft	20 years	£30m (3.16%)	Oct 2021	Abrdn
LONDON Ealing, Melbourne Avenue,	Sainsburys	73,000 sqft	22 years	£33.7m (3.45%)	Mar 2021	IM Properties
BARNET East Barnet Road	Sainsburys	77,500 sqft	16 years	£51.1m (3.57%)	Mar 2021	Weybourne Holdings

PERMITTED DEVELOPMENT RIGHTS

The continuing momentum of the residential market has led to approximately 3m sq ft of offices planned and / or converted to residential uses via permitted development rights since 2013. These include the Nestle Tower (200,000 sq ft), Delta Point (245,000 sq ft) and Taberner House (200,000 sq ft).

CROYDON OPPORTUNITY AREA

The Croydon Opportunity Area Planning Framework (COAPF) was adopted in 2013 and provides area specific guidance in addition to the London Plan and to the Croydon Local Plan.

The subject property falls within this area.

The COAPF promotes a flexible approach towards land uses within the area and aims to deliver in excess of 7,300 dwellings and 95,000 sq m of office space. The Opportunity Area is also expected to be a high density, mixed-use area and, as such, tall buildings are encouraged provided that the relevant design criteria are met.

Notable schemes in the Croydon Opportunity Area include the consented One Lansdowne Road (68 storeys), the completed 43 storey tower at Saffron Square, and the completed 44 storey tower at Ten Degrees.



ASSET MANAGEMENT INITIATIVES:

The office lease expires in June 2023 and presents a significant opportunity to add value to the asset:



Explore a renewal with the incumbent tenant or seek to refurbish the space on expiry and re-let.



Explore a residential conversion on the demise, or look to mass over the existing building footprint to create a larger scheme, Subject to Planning Permission.

EPC

The property has the following EPC ratings:

Unit	Tenant	Energy Rating	Expiry Date
Foodstore	Lidl	B38	08/2031
Gym	The Gym	C73	01/2026
Offices	SoS	D91	08/2030

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 it is anticipated that the transaction will be treated as a TOGC (Transfer of a Going Concern).

PROPOSAL

WE ARE INSTRUCTED TO SEEK **OFFERS IN EXCESS OF £19,500,000 (NINETEEN MILLION, FIVE HUNDRED THOUSAND POUNDS)**, SUBJECT TO CONTRACT AND EXCLUSIVE OF VAT, REFLECTING A **NET INITIAL YIELD OF 5%** ASSUMING GRADUATED PURCHASERS' COSTS AT THAT LEVEL.



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:

David Freeman
07785 253054
david.freeman@greenpartners.co.uk

Ed Smith
07817 771005
ed.smith@greenpartners.co.uk

Patrick Over
07799 350236
patrick.over@greenpartners.co.uk



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