



TRAVELODGE

WOODFORD GREEN

735 CHIGWELL ROAD, IG8 8AS

LONG INCOME HOTEL INVESTMENT WITH FUTURE RESIDENTIAL POTENTIAL STP

allsop



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INVESTMENT CONSIDERATIONS

- **Attractive purpose-built hotel** providing 34 rooms totaling 11,260 sq ft (GIA)
- **15 minute walk from Chigwell Underground Station**, providing Central Line Services
- 1.3 miles from Junction 4 of the M11 Motorway providing direct access to the M25 Motorway, Bishops Stortford and Cambridge
- Let to Travelodge Hotels Limited on an FRI lease expiring 09/08/2035, thus having **14.4 years unexpired**
- Landlord option to require the tenant to enter into a reversionary lease of 5 years, 11 months and 7 days from 10/08/2035 which if exercised provides a term of 20.3years unexpired

- Contracted rent of **£233,794 per annum**
- Lease subject to **5 yearly uncapped rent reviews**, with RPI indexation
- Excellent potential to provide an alternative residential focused use, subject to vacant possession and necessary consents
- Residential studio rents in the area achieving £800 pcm (£9,600 p.a.) which potentially could provide a total income for the property of £326,400 per annum assuming they were let on this basis
- **Residential sales are achieving £500 psf in the area**
- Leasehold. 225 years from 10/08/2010, providing an unexpired term of 214 years at a ground rent of £10 per annum.

PROPOSAL

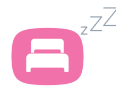
Offers sought in excess of **£3,660,000 (Three Million Six Hundred and Sixty Thousand Pounds)** subject to contract and exclusive of VAT. A purchase at this level reflects a **Net Initial Yield of 6.00%** assuming standard purchaser's costs and a **low capital rate of only £325 psf.**

Yield profile assumes 2.5% uplifts per annum

Review Date	Running Yield
2025	6.79%
2030	7.68%
2035	8.69%

DATAROOM

For access to the Allsop Marketing Data Room, please use the following link: <https://datarooms.allsop.co.uk/register/travelwoodfoodgreen>



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LOCATION

Woodford Green is a busy and affluent residential area. The town is strategically located between London (approximately 12 miles to the south west) and Chelmsford (approximately 18 miles to the north east).

Woodford Green is surrounded by Chingford (approximately 1 mile), Buckhurst Hill (approximately 1 mile), Loughton (approximately 2 miles) and Chigwell (approximately 2 miles) The area is famed for being part of Essex's' Golden Triangle with many Premiership footballers living in the area and Tottenham Hotspur's training facilities situated in the immediate vicinity.

Woodford has excellent road communications being situated at the bottom of the M 11 Motorway, where it meets the A 406 North Circular Road. Woodford Green and Chigwell Underground Stations are both situated on the Central Line and provides direct access to Liverpool Street Station in approximately 20 mins and the West End of London in approximately 32 mins. All of London's airports are easily reached via the M11 and M25 London Orbital.



ROAD



M11	1.3 mile
M25	12 miles
A406	6.8 miles
A12	8 miles

RAIL (from Chigwell Underground Station)

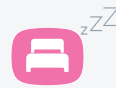


Bank Station	33 mins
Holborn Station	38 mins
City Thameslink	44 mins
St Pancras International	51 mins

AIR

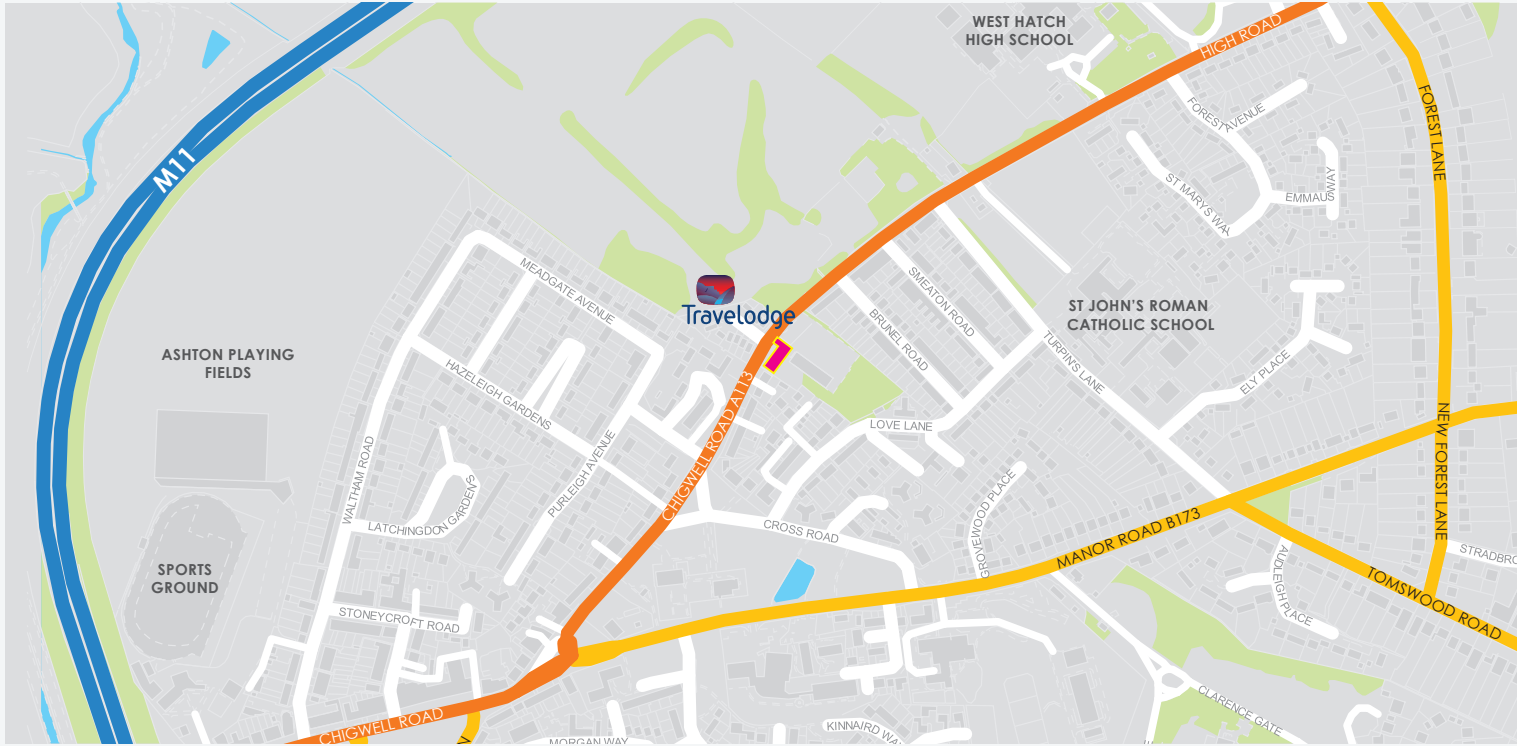


Luton Airport	39 miles
Heathrow Airport	30 miles
London City	9 miles
Stansted Airport	28 miles



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SITUATION

The property is strategically situated adjacent to Chigwell Golf Club on the A 113 which links the North Circular Road with Junction 4 of the M 11 Motorway. The surrounding area is mainly high quality residential uses with some light commercial use.

DESCRIPTION

The property is of traditional construction clad externally with brickwork under a pitched tiled roof. It is arranged over ground and first floors providing a total of 34 en suite bedrooms. The hotel benefits from shared car parking with the adjoining public house.

TENURE

Leasehold 225 years from 10/08/2010 providing an unexpired term of 214 years at £10 per annum.

ACCOMMODATION & TENANCY SCHEDULE

Tenant	Floor	Area GIA (sq ft)	Area GIA (sq m)	No. of Rooms	Lease Start	Rent Review	Lease Expiry	Passing Rent £ pa	Comments
Travelodge Hotels Limited	Ground First	5,734 5,526	532.71 513.38	34	10/08/2010	10/08/2030	09/08/2035 (14.4 years unexpired)	£233,794	5 yearly uncapped rent reviews, with RPI indexation
Total		11,260	1,046.09					£233,794	

*There is an option for the landlord to require the tenant to enter into a reversionary lease of 5 years, 11 months and 7 days from 10/10/2035 which if exercised provides 20.3 years unexpired.



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COVENANT



KEY HIGHLIGHTS

Travelodge Hotels Limited

- UK's second largest hotel brand based on number of hotels and rooms
- Positioned in the attractive value segment with 588 hotels and serving 19m business and leisure customers
- Well invested modernised hotel portfolio
- Well balanced approximately even business / leisure customer split
- Almost 90% booking direct, with c. 80% through own websites
- Low upfront capex leasehold model

KEY STATISTICS (FY 2019)



2020 TRAVELODGE CVA

On 19/06/2020, Travelodge creditors voted to approve a Company Voluntary Arrangement (CVA) to restructure leases, to enable Travelodge to navigate the short-term challenges faced as a business as a result of the COVID-19 situation. 06/11/2020 Travelodge has confirmed that its shareholders will go ahead with the £30m equity contribution.

TRAVELODGE UK HOTEL DISTRIBUTION (AS OF MARCH 2020)

UNITED KINGDOM

London

- 76 hotels
- 9,802 rooms
- 22% of total rooms

Regions

- 498 hotels
- 33,756 rooms
- 75% of total rooms

INTERNATIONAL

Spain

- 5 hotels
- 621 rooms
- 1% of total rooms

Ireland

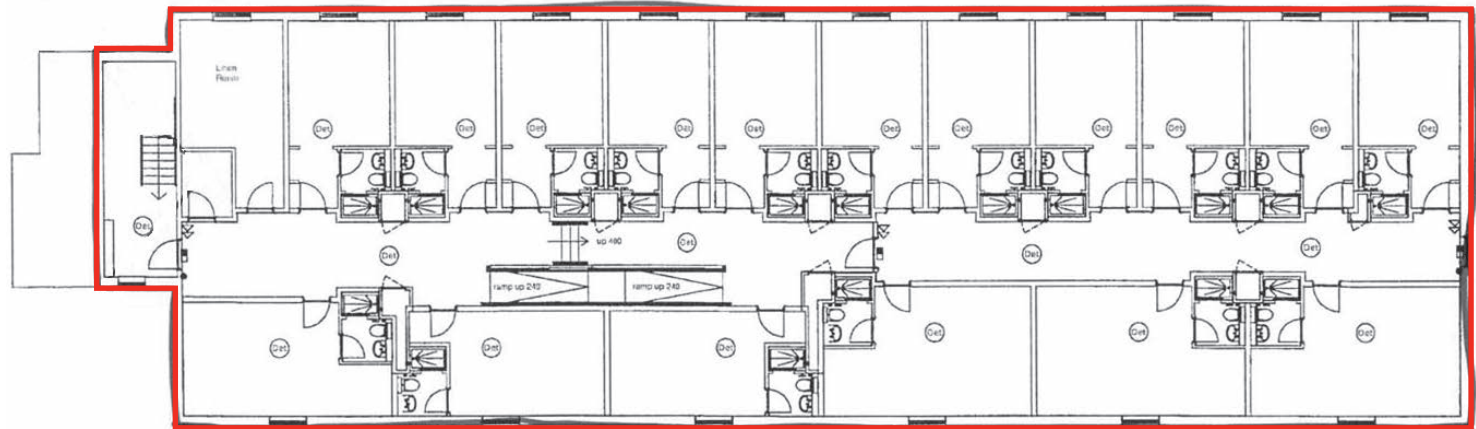
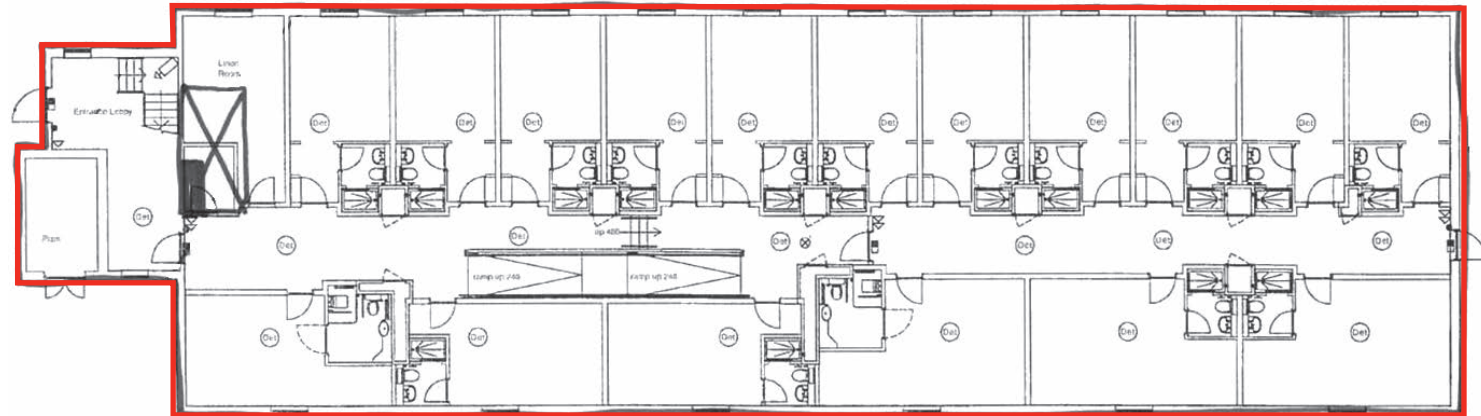
- 11 hotels
- 858 rooms
- 2% of total rooms



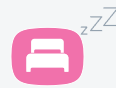
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FLOORPLANS

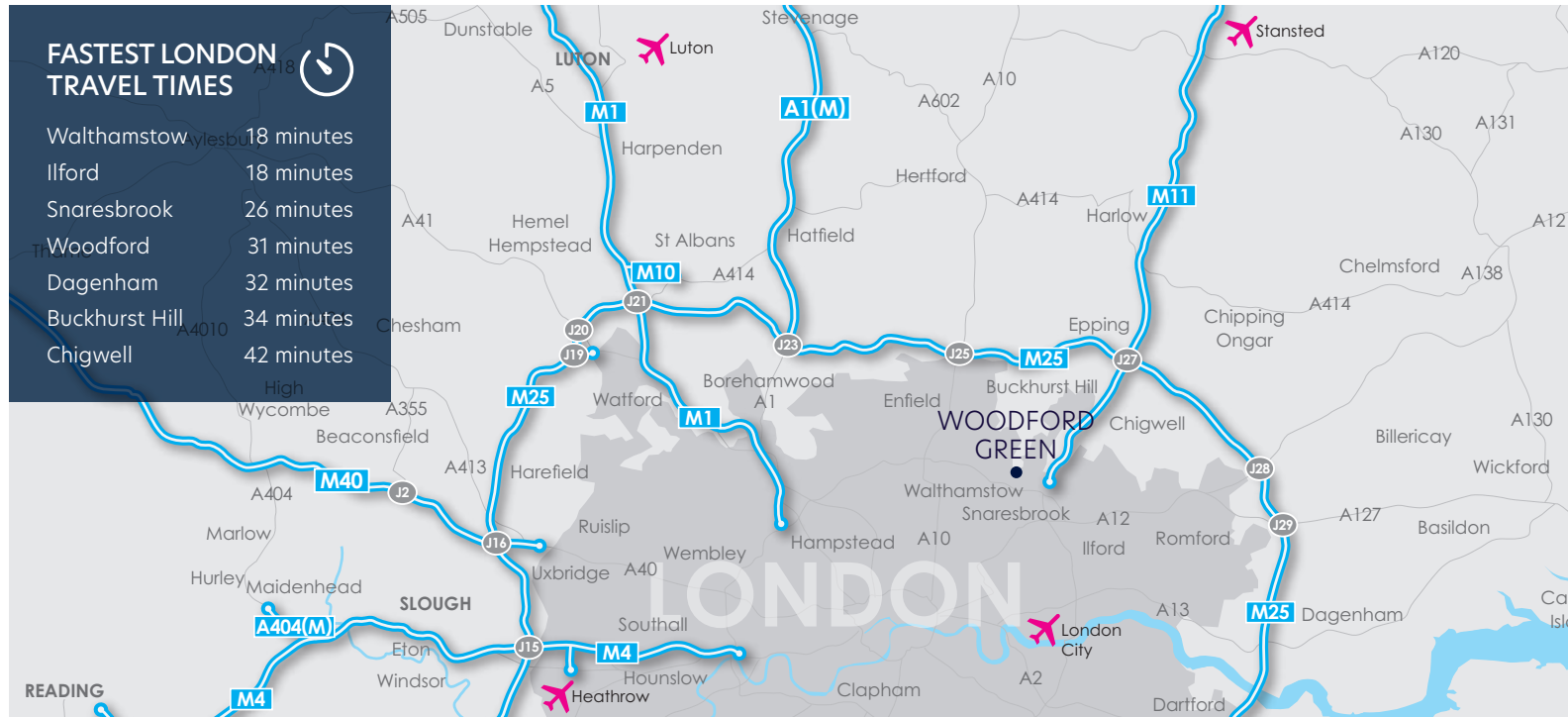


Subject Property Demise



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RESIDENTIAL SALES MARKET

Situated in East London, Redbridge is one of London's greenest boroughs with 40% of its land devoted to open spaces. Ambitious plans are underway to redevelop Redbridge's main town and administrative centre; Ilford, driven by the arrival of three new Elizabeth Line stations.



Average Flat Price
£350,000 (£500 psf)



House price growth over last five years
41%



Average price growth 5-year forecast
17%

For Comparative Purposes Only.

FUTURE DEVELOPMENT POTENTIAL

Strong residual value with excellent future redevelopment potential.

The property comprises a purpose built hotel investment within an established residential area directly neighboring the Three Jolly Wheelers Pub.

Given the nature of construction and already highly efficient internal layout, the property would lend itself to alternative uses, including residential, subject to necessary consents.

WOODFORD GREEN RESIDENTIAL MARKET OVERVIEW

The property sits in Redbridge, a primarily residential borough, in North East London.

The borough benefits from excellent Central London transport links including the Central Line and TfL Rail, which will improve further with the introduction of Crossrail.

The borough benefits from the 4th highest projected percentage increase in population, amongst English Local Authorities.

The borough also recently recorded the 2nd largest average household size amongst English Local Authorities (2014).

Redbridge Local Authority has consistently under-delivered against its housing targets since 2007/08.

The current target is 1,123 homes per annum with a limited current supply of development sites.

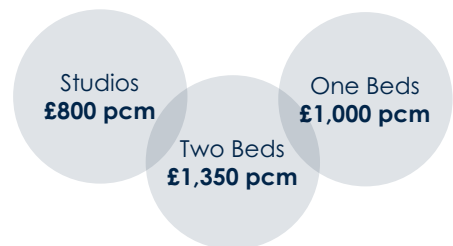
The Local Planning Authority has implemented a strategy of proactive engagement with developers and land owner engagement.

RESIDENTIAL LETTING MARKET

Woodford Green is a popular commuting destination with excellent access to the M11, The North Circular Road and Central Line Underground services. Existing stock comprises a good mix of house and apartment buildings, albeit of dated build with relatively limited new build accommodation due to consistent land supply shortages in recent decades.

Due to location outside of the North Circular Road, Woodford Green has historically traded at a discount to more London centric urban conurbations. Following improvements to transport links in recent years, this gap continues to narrow and the location is increasingly popular with commuters given close proximity to Central Line services. The potential exists to benefit from increasing rental values through the delivery of a high quality rental product, of which, is currently in short supply within the locality.

EXISTING RENTAL ASSETS ON THE MARKET ARE COMMANDING RENTAL LEVELS WITHIN THE REGION OF:



EPC

The property has an EPC rating of C(63).

VAT

The property is elected for VAT and it is anticipated that the transaction will be treated as transfer of a going concern (TOGC).

ANTI-MONEY-LAUNDERING

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

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For further information or to make arrangements for viewing please contact:

National Investment

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