

TRAVELODGE
TOLWORTH
TOWER

EWELL ROAD | TOLWORTH | KT6 7EL



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THE OPPORTUNITY

- ≡ Situated in Tolworth, an affluent commuter area, with excellent transport links to central London.
- ≡ Located in a highly accessible area near to Tolworth Railway Station and the Kingston Bypass (A3).
- ≡ 132-bedroom hotel which forms part of a landmark mixed-use development.
- ≡ Provides a total net internal floor area of 42,894 sq ft (3,985 sq m).
- ≡ Let to Travelodge Hotels Ltd for an effective remaining term of 21 years. The tenant also has an option to extend the lease for a further 25 years upon expiry.
- ≡ Category A hotel in June 2020 CVA with all contractual rent & arrears fully paid.
- ≡ Low passing rent of £682,440 per annum reflecting £5,170 per bed per annum.
- ≡ The rent is subject to upward only 5 yearly uncapped CPI linked rent reviews.
- ≡ Based upon the CPI Index, the rent will rise to a minimum* of £735,840 pa (£5,575 per bed) in Oct 2022.
- ≡ New virtual freehold (999 years remaining).
- ≡ Significant development upside through conversion to residential with a GDV in excess of £20M.
- ≡ The vendor is seeking offers in excess of £10,650,000 (Ten Million Six Hundred and Fifty Thousand Pounds) subject to contract and exclusive of VAT.
- ≡ After allowing for purchaser's costs of 6.70%, this level would reflect:
 - Net Initial Yield of 6.00%.
 - Reversionary Yield (Oct 2022) of 6.47%.
 - Capital value of £248 per sq ft & £80,680 per bed.

* Assuming a minimum of 1.5% pa CPI growth forecast for the remaining period prior to the October 2022 rent review.



THE LOCATION



LOCATION OVERVIEW

The Tolworth Tower Estate is a landmark scheme designed by Richard Seifert in the 1960s.

In 2017 the Royal Borough of Kingston Upon Thames commissioned the Tolworth Area Plan with the aim of making Tolworth an 'accessible and well-connected place, known for its quality of life, community and distinct role within the Borough'. The Tolworth Tower Estate forms the foundation for the local high street along The Broadway.

The Tolworth Tower Estate benefits from exceptional public transport links being in close proximity to Tolworth railway station in addition to numerous bus routes running from the surrounding bus stops. The site sits on the roundabout where the A3 and A240 join and linking it to the M25 to the south west and Central London to the north east.

Tolworth's important strategic position is underpinned by the number of significant developments taking place locally.

- ≡ Opposite the property, construction has commenced on a development of 1,000 homes by The Guinness Partnership.
- ≡ Lidl's new Headquarters will be opening in Q4 2021 and will bring 800 new jobs to the area.
- ≡ The former Post Office will provide 320 homes as well as significant commercial space and community facilities.
- ≡ The Tolworth Tower Estate will provide 577 new homes and 5,700 sq ft of flexible workspace, alongside the transformation of the ground floor retail and plaza.



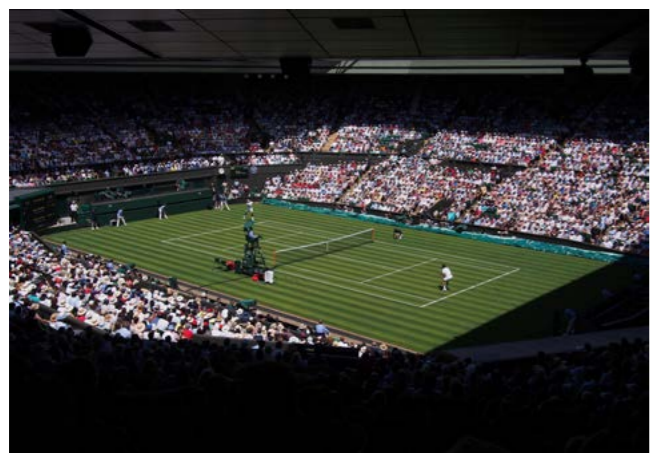
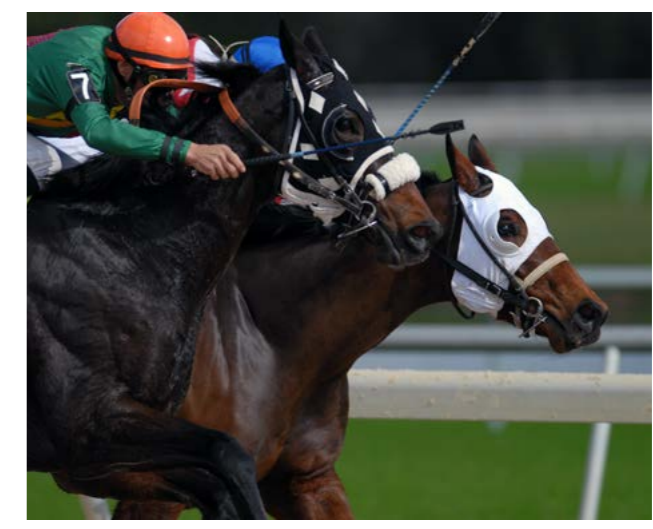
LOCATION TOLWORTH

The location is excellent for accessing many of south west London's prominent attractions.

Hampton Court Palace
2.9 MILES



Chessington World of Adventures
2.4 MILES

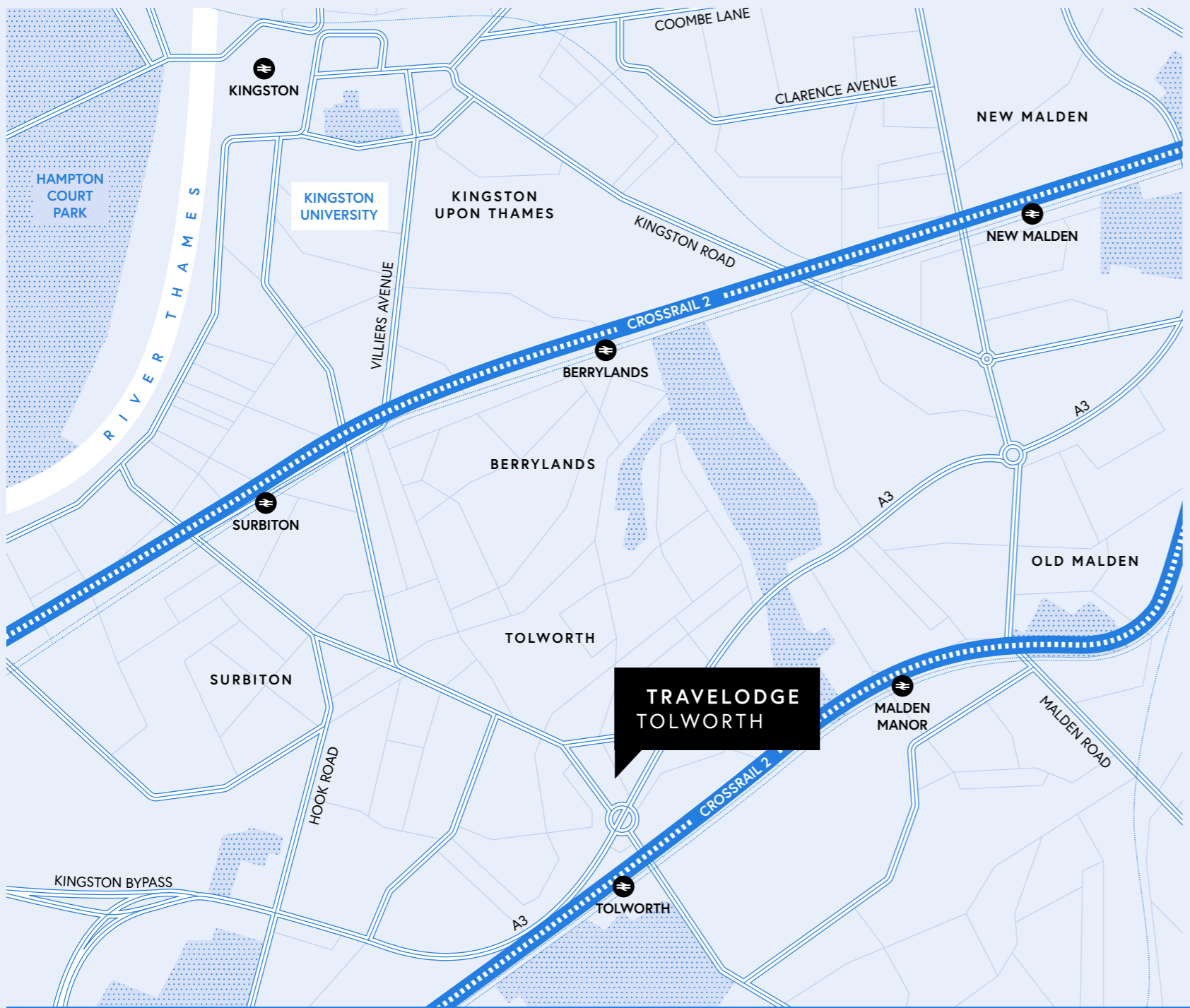


All England Lawn
Tennis Club
4.6 MILES

Twickenham Stadium
5.8 MILES



Sandown Racecourse
3.5 MILES



LOCATION TOLWORTH

Tolworth is located immediately to the south of Surbiton and Kingston and sits within the Royal Borough of Kingston Upon Thames. Tolworth is excellently located for transport for either commuting in to London or for access into the Surrey Hills.

Tolworth is approximately 11 miles (17.7 km) south west of Charing Cross. The town is bisected by the Kingston Bypass (A3) from north east to south west. The A3 leads from Central London to Guildford through the south west of London and provides access to Junction 10 of the M25.

Tolworth Station is 500 metres to the south east of the site with a journey time of 30 minutes to London Waterloo. The local centres of Surbiton, Kingston and Wimbledon are all easily accessible by public transport with a number of bus stops on Ewell Road and Tolworth Broadway.

Heathrow airport (which is the busiest airport in Europe and the 7th busiest in the world by traffic) and Gatwick airport are both less than 40 minutes drive.

05	10	14	15	21	25	30	30	40	60
TOLWORTH STATION	SURBITON	WIMBLEDON	KINGSTON	CLAPHAM JUNCTION	GUILDFORD	HEATHROW	LONDON WATERLOO	GATWICK	PORTSMOUTH

Journey times (mins)

PROPOSED CROSSRAIL 2

Crossrail 2 has been proposed for a number of years with the final plans expected to be submitted to Parliament in 2022.

Tolworth is one of a number of proposed Crossrail 2 stations on the south west branches with 4 trains per hour in each direction. The Crossrail 2 trains would replace the existing suburban services providing a greater capacity and frequency along this vital commuter link.



TOLWORTH AREA PLAN

Greater London Authority (GLA), Transport for London (TfL) and Kingston Council have jointly commissioned 'We Made That'. The Tolworth Area Plan will help to inspire new initiatives to transform the area, supporting communities and delivering economic growth and prosperity. It sets out a vision and flexible framework for change including 1,750 new homes, 1,000 new jobs and associated infrastructure.

The Area Plan provides spatial guidance on the opportunities associated with strategically significant sites, movement, the public realm and the development benefits associated with the prospect of better connectivity. The new vision identifies sites for development as well as existing assets to help build a successful local economy.



GREATERLONDONAUTHORITY



Recommendations so far include:

Red Lion Road
Improved access

Tolworth Broadway
Improvement of the shopping experience

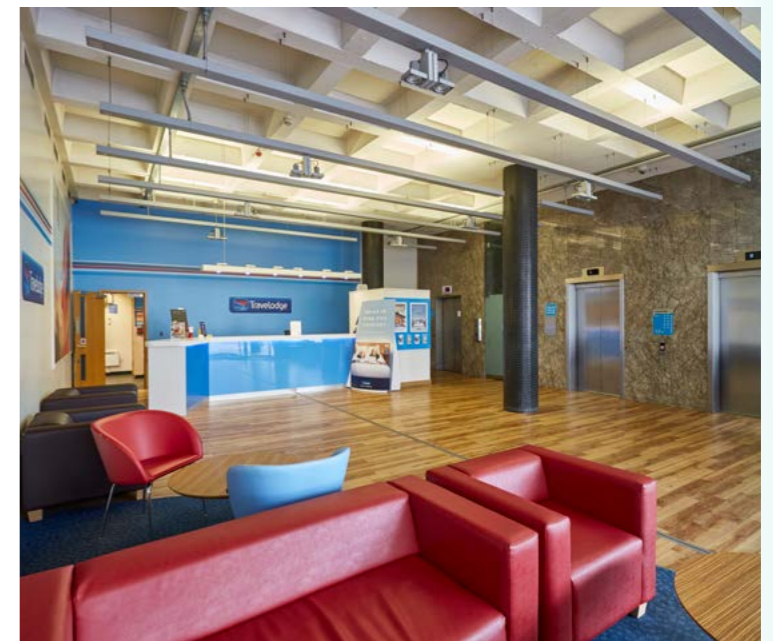
Tolworth Station
Improved to create community space

Tolworth Park
Improvement in access, amenities and visitor engagement



THE BUILDING

THE HOTEL



The Travelodge opened in 2005 and, following a full refurbishment in 2014, is fitted to Travelodge's latest specification.

The property provides a total net internal area of 42,894 sq ft (3,985 sq m).

The hotel provides providing 132 en-suite bedrooms and benefits from the overnight use of 50 parking spaces in addition to 17 permanent spaces.

The hotel also benefits from 3 meeting rooms along with a bar and kitchen providing amenities to guests.

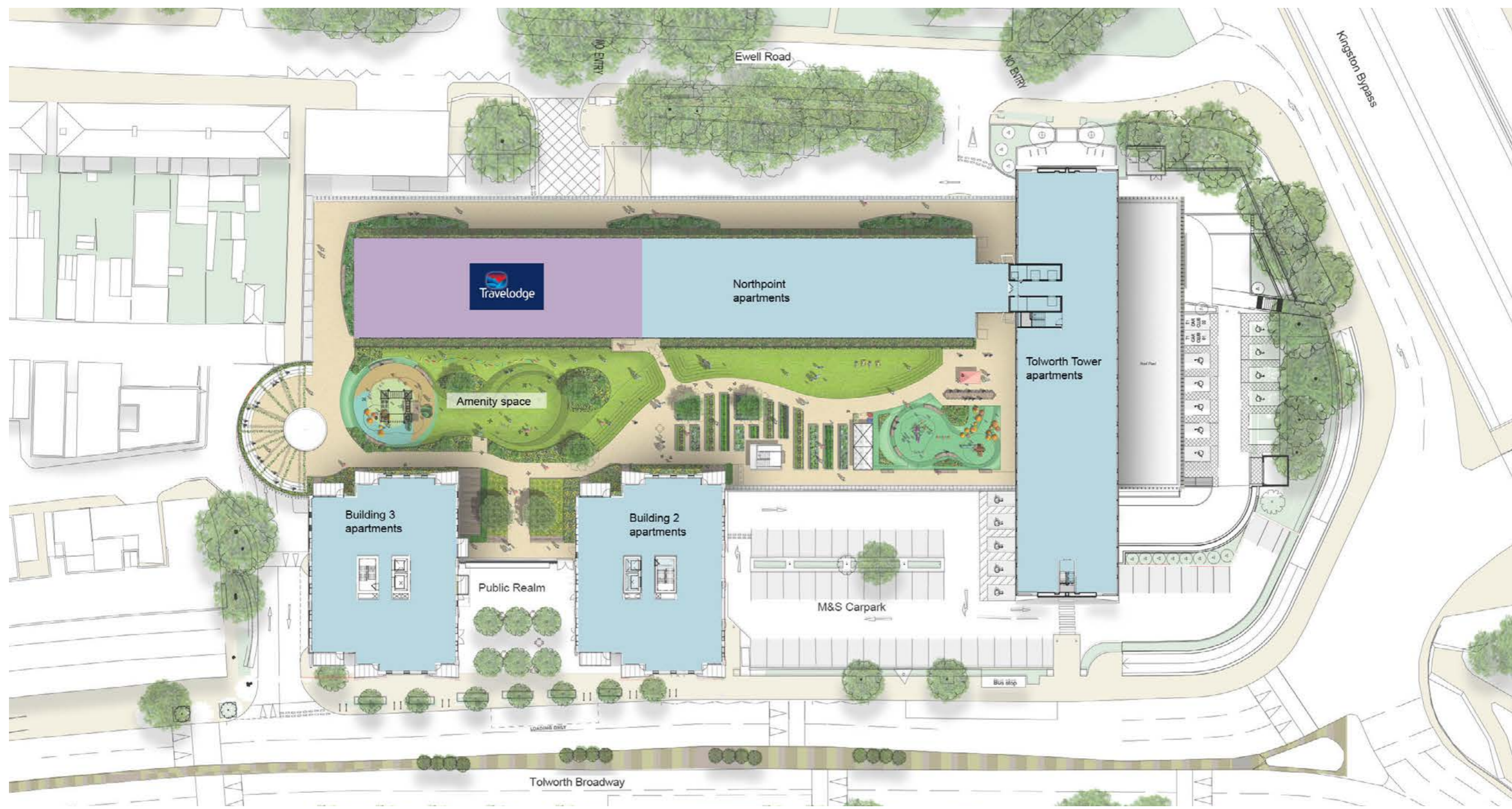
TOLWORTH TOWER ESTATE

The whole of the Tolworth Tower Estate, including the Travelodge, is owned under a single freehold title and the owners are currently working up a masterplan for the whole estate as follows:

- ≡ The Tolworth Tower Estate was built in the 1960's to provide office and retail accommodation in the centre of Tolworth.
- ≡ Tolworth Tower is 81 metres high and benefits from planning permission to be converted into 261 residential apartments.
- ≡ The adjoining building is known as Northpoint and was converted in 2018 to 78 residential units, which the vendor still owns as part of a BTR scheme.
- ≡ The ground floor of the estate is occupied by a Marks & Spencer foodhall.
- ≡ There is a retail parade facing Tolworth Broadway which is currently divided into 5 retail units with tenants including Boots and Costa Coffee. The two new towers, which will provide 238 residential apartments, will replace the retail parade.
- ≡ The entire estate benefits from substantial car parking at basement, surface and two upper levels, providing a total of approximately 654 spaces.



PROPOSED SITE LAYOUT PLAN



TOLWORTH TOWER ESTATE IN THE FUTURE



The Tolworth Tower Estate masterplan will radically transform the location. Two new 19 and 15 storey towers are to be built, providing a further 238 new homes in addition to the 261 apartments within Tolworth Tower. There will be significant improvements to the retail frontage too and a spacious landscaped plaza.

577
NEW HOMES

5,700
SQ FT FLEXIBLE WORKSPACE*



* Figure is approximate

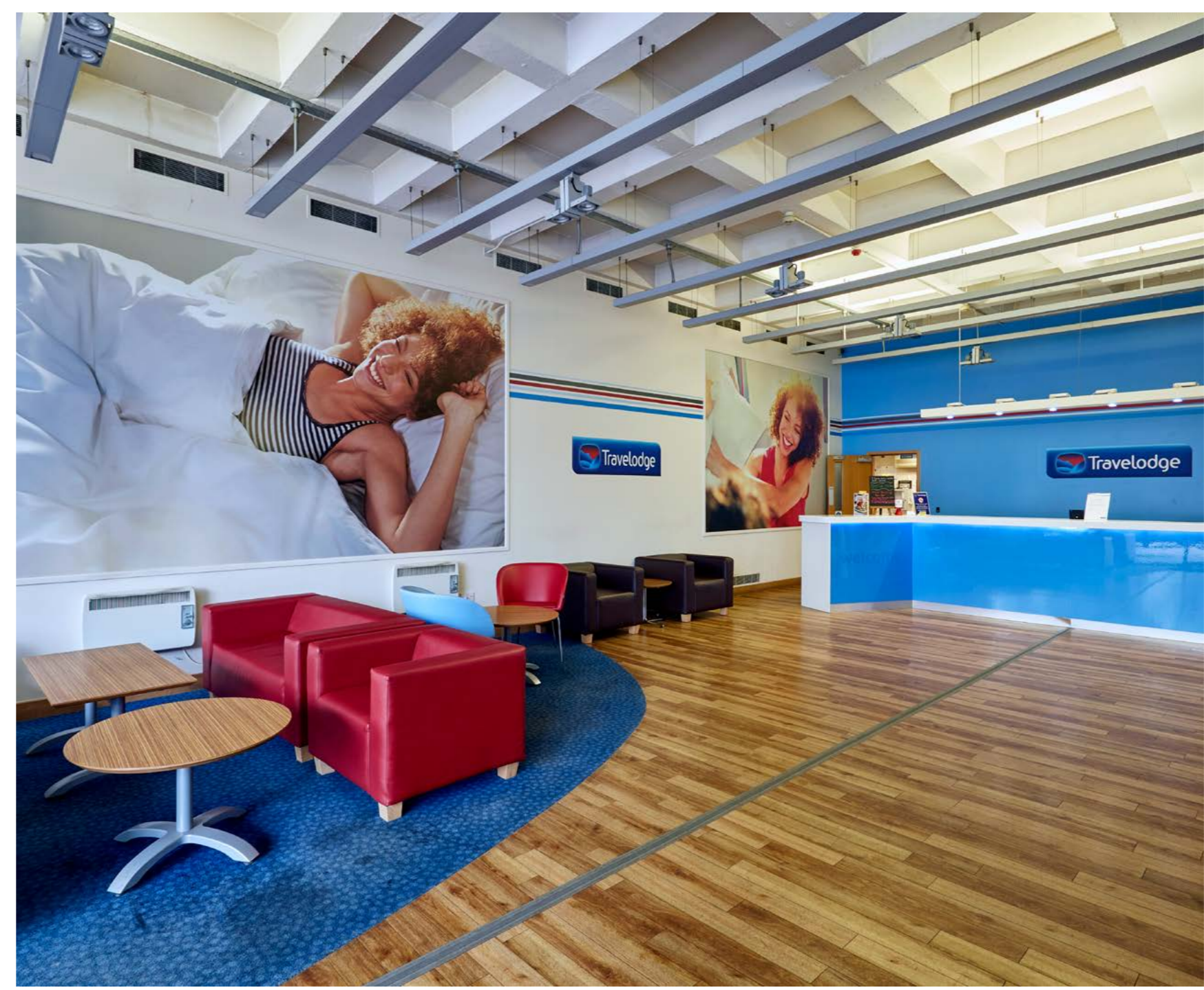
TENURE & TENANCY

TENURE
Newly created 999 year virtual freehold at a peppercorn rent to reflect the hotel's demise. The headlease will allow for change of use, subject to obtaining the necessary planning consent.

TENANCY
The property is let to Travelodge Hotels Ltd for a term of 25 years from the 3rd October 2017, expiring 2nd October 2042 (approximately 21 years unexpired).

The current rent is £682,440 per annum and is subject to 5 yearly uncapped upward only CPI rent reviews. Assuming 1.5% pa CPI growth for the remaining period, the rent will rise to a minimum of £735,840 pa at the next rent review in October 2022.

The tenant also has an option to extend the lease for 25 years.



COVENANT KEY STATISTICS

Travelodge Hotels Ltd is the UK's largest independent hotel brand boasting over 570 hotels across the UK, Spain and Ireland. The budget hotel chain has recently announced plans to open a further 17 hotels in the UK in 2021.

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 the majority of their hotels. Furthermore, Travelodge continues to invest in improving the quality of their hotels, for example, the roll out of the SuperRooms concept across 47 hotels.

FOR THE YEAR ENDING 31ST DECEMBER 2019 THE FOLLOWING FIGURES WERE REPORTED:

570

HOTELS

£51.82

ADR

80.6%

OCCUPANCY

40,000

ROOMS

£41.75

REVPAR

1.6^x

RENT COVER

£3337.8^M

EBITDAR

£129.1^M

EBITDA

£727.9^M

REVENUE

TRAVELODGE

CVA SUMMARY

In June 2020 Travelodge creditors approved a Company Voluntary Arrangement to restructure all 588 Travelodge's leases into four distinct categories to assist them with the challenges faced from Covid-19. In November 2020 Travelodge shareholders agreed to inject £30m equity contribution into the company.

Tolworth Travelodge is a Category A site for the company demonstrating how highly valued it is as a top performing hotel within their portfolio. The full CVA terms are set out below.

Terms	Category A –77 Leases	Category B –475 Leases	Category C1 –29 Leases	Category C2 –8 Leases
Unpaid rent that fell due for payment in March and April 2020	Amounts equal to 100% to be paid by 24th June 2020	25% to be paid by no later than 24th June 2020 and 75% to be foregone	100% to be foregone	100% to be foregone
Unpaid rent that fell due for payment in May 2020	Amounts equal to 100% to be paid by 24th June 2020	25% of the amount due for the month of June to be paid by no later than 24th June 2020 and 75% to be foregone	100% to be foregone	100% to be foregone
Rent for the remainder of 2020	100% to be paid in accordance with the current payment schedule	25% to be paid monthly in advance and 75% to be foregone	100% to be foregone	100% to be foregone
2021 Rent	100% to be paid in accordance with the current payment schedule	70% to be paid monthly in advance and 30% to be foregone	100% to be foregone	100% to be foregone
Rent Concession Period	N/A	Until 31st December 2021	Until 31st December 2021	Until 31st December 2021
Rent level after end of Rent Concession Period	Contractual Rent and Turnover Rent (where applicable)	Contractual Rent and Turnover Rent (where applicable)	Contractual Rent and Turnover Rent (where applicable)	Contractual Rent and Turnover Rent (where applicable)
Service charges, insurance, head rents and superior rents	Paid in full	Paid in full	Paid in full	Paid in full
Rent reviews	Unaffected	No increased Contractual Rent or Turnover Rent payable during the Rent Concession Period, and backdated discounted rent payable after the Rent Concession Period	No increased Contractual Rent or Turnover Rent payable during the Rent Concession Period, and backdated discounted rent payable after the Rent Concession Period	No increased Contractual Rent or Turnover Rent payable during the Rent Concession Period, and backdated discounted rent payable after the Rent Concession Period
Eligibility for additional mitigating elements	Not eligible	Eligible	Eligible	Eligible
Landlord break right	N/A	Yes -on 30 days' notice to be served within 5 months from the Effective Date	Yes -on 30 days' notice to be served and expire during the Rent Concession Period	Yes -on 30 days' notice to be served and expire during the Rent Concession Period
Effective Date	N/A	19th June 2020	N/A	N/A
THL break right	N/A	N/A	N/A	Yes -on 30 days' notice to be served on the last Business Day of the Rent Concession Period
Dilapidations	Unaffected	Unaffected (unless Landlord break rights exercised)	Unaffected (unless Landlord break rights exercised)	Unaffected(unless mutual break rights exercised)
Option to extend Leases	Unaffected	36 months extension	60 months extension	60 months extension

RESIDENTIAL MARKET

The adjoining property known as Northpoint was converted by the Vendor in 2018 to create 78 new 1 and 2 bedroom apartments which were retained for rental. The Vendor will shortly commence marketing these flats at an average estimated sales price of £305,602 per unit & £713 per sq ft.

The Travelodge has the same footprint as the Northpoint residential and so would readily lend itself to residential conversion, subject to obtaining the necessary planning consent.

The vendor has carried out a feasibility study to convert the building to 64 residential units and another scheme which involves the addition of two floors to create 100 residential units in total.

Based upon average sales values of £305,600 per unit, this would provide a GDV in excess of £20M which thereby providing a residential residual valuation that underpins the investment and provides significant potential upside.

Further details of the feasibility study can be provided upon request.

12.78%

Value increase in the average property in the last 12 months

£315,196^{PA}

Average price paid for a flat in the last 12 months

£1,061^{PCM}

Average 1 bed flat

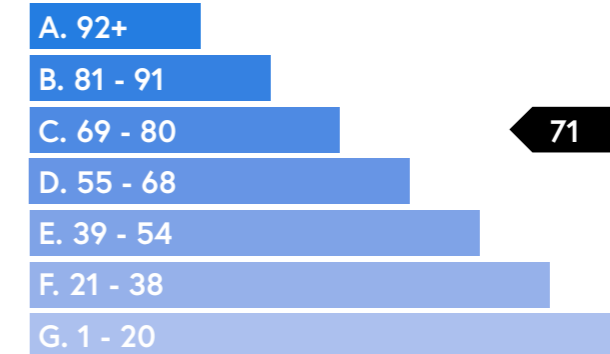
£1,333^{PCM}

Average 2 bed

EPC

The building has been rated as C (71).

Very energy efficient (low running costs)



Not energy efficient (high running costs)

DATA ROOM

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

VAT

It is anticipated that the sale will be treated as a Transfer of Going Concern and therefore, VAT will be applicable to the sale.

THE PROPOSAL



THE PROPOSAL

The vendor is seeking offers in excess of £10,650,000 (Ten Million Six Hundred and Fifty Thousand Pounds) subject to contract and exclusive of VAT. After allowing for purchaser's costs of 6.70%. *After allowing for a minimum of 1.50% pa CPI growth for the remaining term, this would reflect the following yield profile:

	2022	2027	2032	2037
YIELD	6.47%	6.80%	7.15%	7.51%

£10.65^M

OFFERS IN
EXCESS OF

6.47%*

REVERSIONARY
YIELD (OCT '22)

£248

CAPITAL VALUE
PER SQ FT

6.00%

NET INITIAL
YIELD

£80,680

ROOM RATE
PER BED

CONTACT DETAILS

Should you wish to inspect the property or require any further information, please do not hesitate to contact:

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