

London Roadside Investment Let to Kwik Fit



2-10 Billet Road | Walthamstow | London | E17 5DN

£1,395,000

subject to contract

singerviellesales.com

**Prideview**

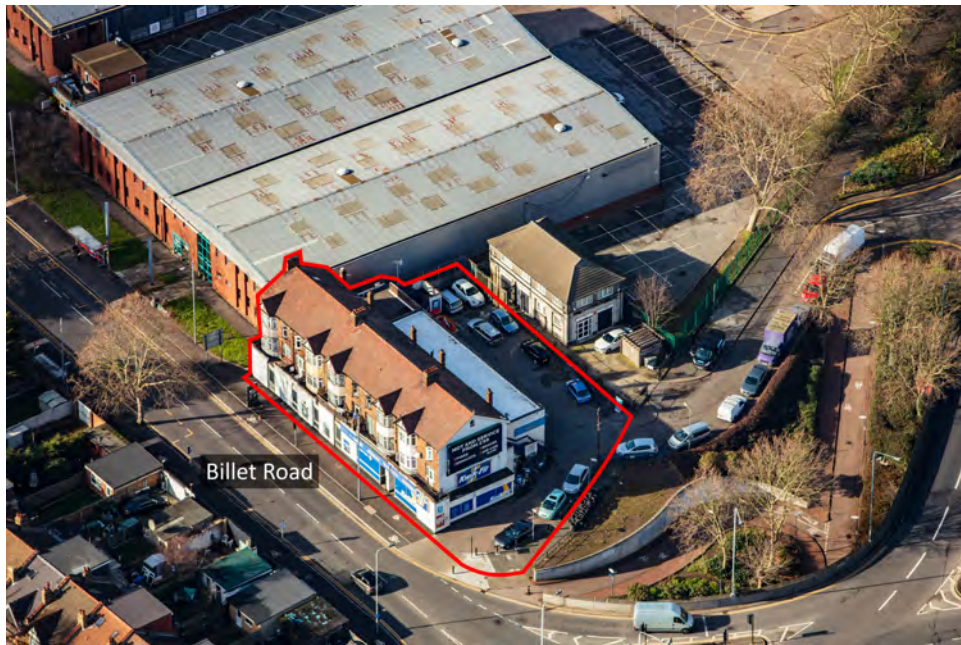
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SUMMARY

- London roadside investment
- Highly prominent location on the North Circular Road
- Secure income – let to Kwik Fit
- Pre-Tax Profits £54m, Shareholders' Funds £126m
- Approximately 12.75 years unexpired lease term
- Residential element let for a further 85 years at ground rents
- Large site offering potential future redevelopment opportunity, subject to planning
- £1,395,000, subject to contract, for the SPV (Company)
- 5.0% net initial yield
- Income set to increase following letting of advertising hoarding



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LOCATION

Walthamstow is situated within the London Borough of Waltham Forest in east London. It is an area which is currently undergoing significant regeneration and improvement.

Walthamstow is located approximately 11 km (7 miles) north-east of the City of London, 15 km (9 miles) north-east of the West End, 4.8 km (3 miles) north of Stratford and 6.4 km (4 miles) north-east of Stoke Newington.

Walthamstow benefits from good road communications, being adjacent to the North Circular Road (A406). The M11 Motorway is 4 km (2.5 miles) to the east and the M25 Motorway is approximately 11 km (7 miles) to the north. The A12 is approximately 3.2 km (2 miles) to the south.

The area is well served by public transport. Walthamstow Central station provides both Underground (Victoria Line) and Overground services with an approximate journey time to London Kings Cross of 15 minutes and London Liverpool Street of 20 minutes. Other railway stations include Queens Road (London Overground), Blackhorse Road (Victoria Line, London Overground) and St James Street (London Overground). Numerous bus routes provide access to London and for air travel, London City Airport is situated approximately 16 km (10 miles) to the south-east.

Waltham Forest has been awarded the London Borough of Culture 2019 by the Mayor of London. It is growing faster than any other borough in London. This is partly due to the significant effect of investment in Olympic legacy projects and to overall move eastwards of London's economy.

Plans to redevelop the Mall shopping centre were approved in December. The new scheme will bring £200 million of investment, provide 8,000 square metres of new retail space, 350 new permanent retail jobs, 500 new homes, a new children's play area and re-landscaped town square. As part of the agreement to redevelop the Mall, Transport for London has also agreed to spend £15 million to improve Walthamstow Central Station (Source: London Borough of Waltham Forest).

Walthamstow Wetlands is a publicly funded regeneration project just west of the centre of Walthamstow. The scheme reinvented a string of Victorian reservoirs into Europe's largest urban wetland nature reserve with 13 miles of footpaths and cycle tracks. Costing £10.6 million, the 500-acre site opened in October 2017.

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SITUATION

The subject property occupies an extremely prominent position fronting the busy B179 (Billet Road), abutting the Crooked Billet Roundabout Interchange with the North Circular Road (A406). The site is highly visible from, and has direct access to the North Circular Road. Therefore, the property benefits from a high volume of traffic.

Walthamstow Central station is approximately 2.4 km (1.5 miles) to the south. The surrounding area benefits from a wide variety of uses including residential and commercial. Nearby occupiers include Ford (adjacent) and Virgin Media.

There are several new residential developments in close proximity to the subject property. These include Banbury Park, a new development on Billet Road by Latimer comprising a selection of 1,2,3 & 4 bedroom houses and apartments. See www.banburypark.co.uk.

DESCRIPTION

The property comprises a former retail parade with residential upper parts. The retail units have been converted to provide storage and ancillary accommodation for the main business carried out by the tenant which includes an MOT, tyre, exhaust and servicing centre.

A yard to the rear of the site provides access to the main workshop accommodation which is contained within a ground floor extension behind the original shops.

There is a large advertising hoarding on the eastern elevation which is highly visible from the North Circular Road ((A406).

In addition to access via Billet Road, the property benefits from direct access via the North Circular Road.

There are five large maisonettes at first and second floor level which have been let on long leases.

In accordance with the tenant's lease terms, a significant schedule of dilapidations has been agreed and the property is currently undergoing a substantial refurbishment programme of works.



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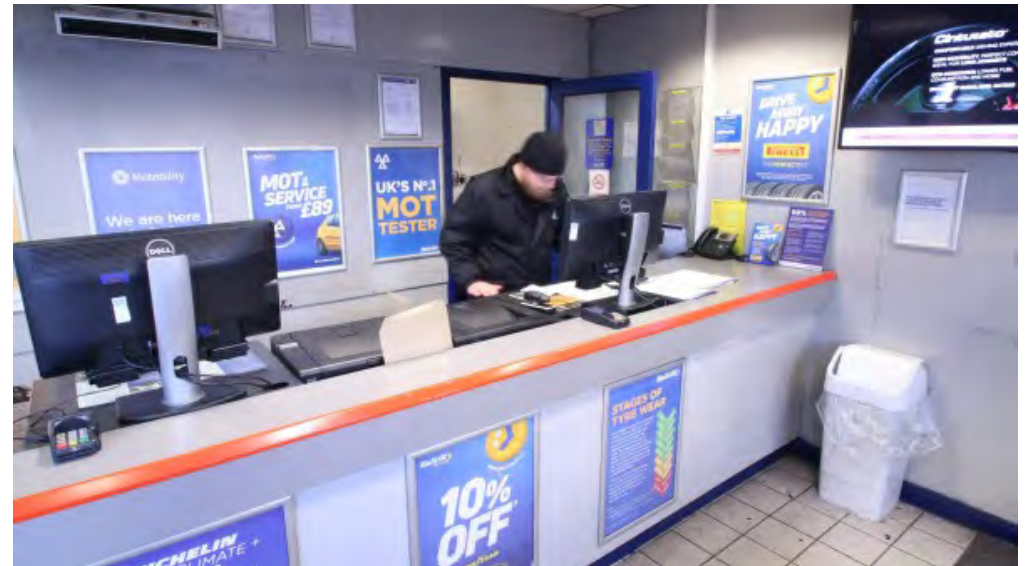
ACCOMMODATION

The ground floor has a total Gross Internal Area of 475.48 sq m (5,118 sq ft) which was agreed between the Landlord and Tenant at the 29th September 2016 rent review.

The car park / yard area totals approximately 464.51 sq m (5,000 sq ft).

SITE

We estimate the site area to be approximately 0.10 hectares (0.25 acres).



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TENURE

Freehold.

TENANCY

The ground floor is let to **Kwik Fit (GB) Limited** on an effectively full repairing and insuring lease for a term of 25 years from 29th September 2006, expiring on 28th September 2031 (**approximately 12.75 years unexpired lease term**).

The current passing rent is **£71,000 per annum**. The lease benefits from 5 yearly upwards only rent reviews, the next being on 29th September 2021.

The permitted use under the terms of the lease is as retail sales, supply, storage and fitting of tyres shock absorbers, brakes, clutches, radiators oil and air filters, steering parts, exhaust batteries and tyre centre together with any other motorist components parts and accessories and/or MOT testing and/or the maintenance, servicing and repair of motor vehicles and as to the upper floors for private residential purposes, provided the ground floor of the Property may with the previous written consent of the Landlord be used for any use within the Use Class A1 or B1(c) B8 of the Town and Country Planning (Use Classes) Order 1987.

The 5 upper floor maisonettes have each been let for a term of 125 years from 10th October 1978 (84.75 years unexpired) at a rent of £50.00 per annum, hence a total ground rent of £250.00 per annum.

Hence, the total income to an investor is **£71,250 per annum**.

Advertising Hoarding

The freeholder is in negotiations with Kwik Fit (GB) Limited regarding their current usage of the prominent side wall facing The Billet Roundabout where Kwik Fit have erected signs which occupy space outside of that which constitutes their demise. Kwik Fit have been presented with an option to either vacate and hand back the offending positions, hence removing their hoardings, or pay a commercial rent commensurate with market value. The freeholder has a firm offer from a substantial outdoor advertising company to let the space and erect a digital sign on a long term lease for approximately £10,000 per annum. That company will take full responsibility for all relevant planning issues together with any associated costs. Under the expressed terms of Kwik Fit's lease they are required to pay to the freeholder 40% of any income which derives from their letting of specific signage clearly detailed within the lease.



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ASSET MANAGEMENT OPPORTUNITIES

It is suggested that the site, which measures approximately 0.25 acres (10,000 sq ft) and comprises an unbroken block along with car park/yard, has long term development potential, subject to planning.

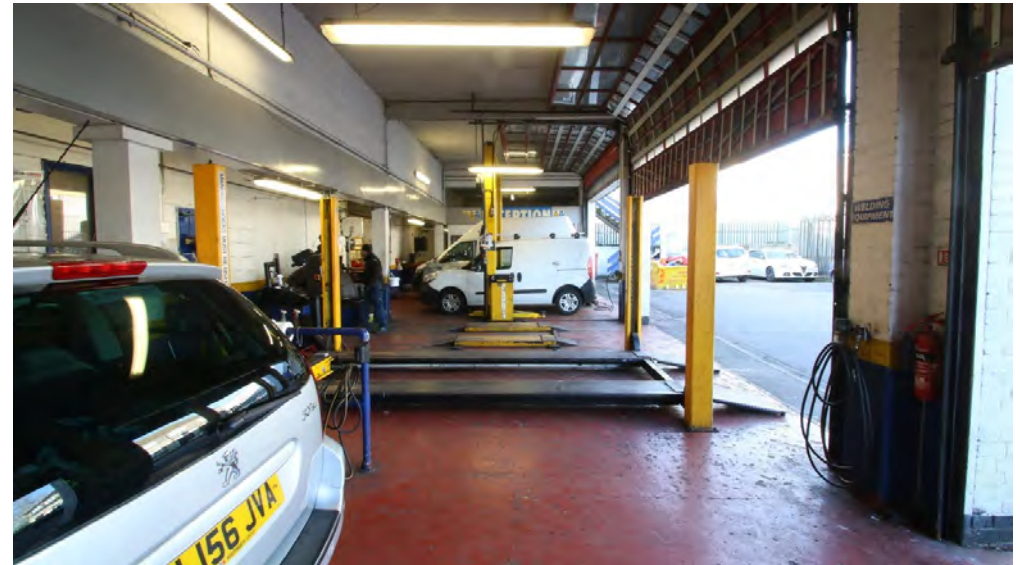
The site presents a significant residential development opportunity possibly with a commercial element facing the main road at ground floor level. There are also various opportunities to increase the income in the short term. The freeholder has explored and been in negotiations to purchase the large maisonettes at first and second floor level which are let on long leases with approximately 85 years remaining. This will allow the freeholder, subject to planning, to replan/remodel and increase the existing space whereby potentially creating a larger number of smaller units and also look at building over the roof above the rear of the Kwik Fit workshop. In addition there is some redundant land adjacent to the site which could possibly be purchased and potentially produce some marriage value.

COVENANT

Kwik-Fit (GB) Limited (Co. No. 01009184) has reported the following figures:

	31 st March 2018	31 st March 2017
Turnover	£481,661,000	£454,846,000
Pre-Tax Profits	£54,371,000	£18,605,000
Shareholders' Funds	£125,875,000	£77,769,000

Established in 1971, the company's principal activities are the operation of automotive repair centres for tyres, exhausts, brakes, suspension, MOT, servicing and a fleet of mobile tyre fitting vehicles. The company operates from over 600 specialist fitting centres and 150 mobile fitting vehicles in the UK. For more information visit: www.kwik-fit.com.



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PROPOSAL

We are instructed to seek offers in the region of **£1,395,000** (One Million, Three Hundred and Ninety-Five Thousand Pounds), subject to contract, for the SPV (Company) reflecting a net initial yield of **5.0%** and based upon purchase costs of 2.30%. The prospect exists to increase the yield in the short term once the income has been finalised in respect of the advertising hoarding.

Please note a purchaser will be charged a transaction fee of £5,000 + VAT.

INVESTMENT CONSIDERATIONS

1. An opportunity to acquire a freehold London investment;
2. The property occupies an extremely prominent roadside location adjacent to the North Circular Road (A406) and Crooked Billet roundabout;
3. Highly secure income – let to Kwik Fit (GB) Ltd (Shareholders' Funds £126 million);
4. Attractive unexpired lease term of approximately 12.75 years;
5. Residential element let for a further 85 years at ground rents;
6. The income is expected to increase following the letting of the advertising hoarding;
7. Large site with future redevelopment potential, subject to obtaining the necessary planning consents;
8. A purchase at the asking price reflects an attractive net initial yield;



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SUBJECT TO CONTRACT & EXCLUSIVE OF VAT

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Finance Act 1989

Unless otherwise stated, all prices and rents are quoted exclusive of VAT.

Property Misdescriptions Act 1991

These details are believed to be correct at the time of compilation, but may be subject to subsequent amendment.

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