

The Colonnades Estate London W2

**A substantial mixed-use freehold
estate in Central London**

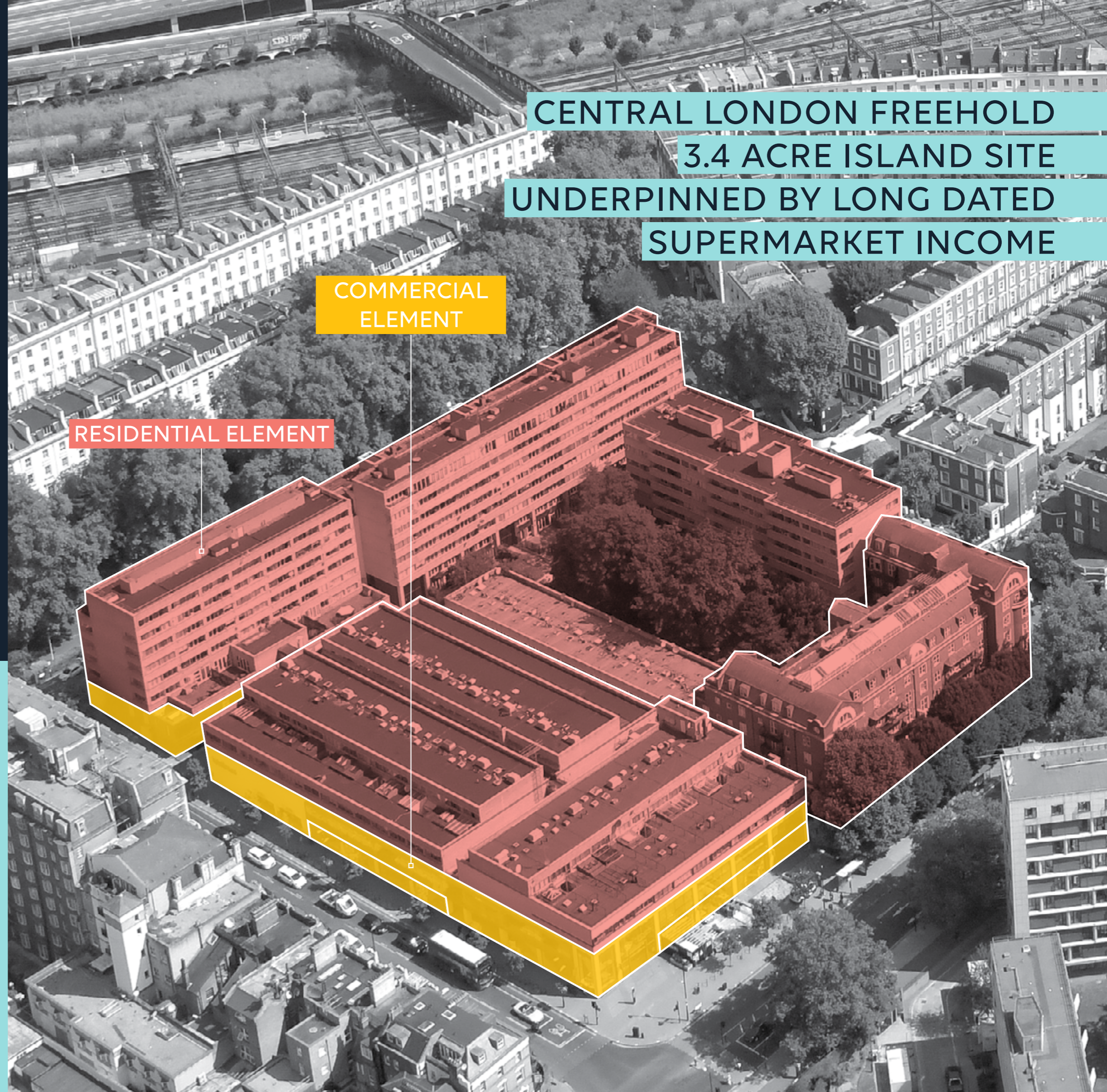
Summary

- Prominently located in Paddington and next to the affluent and chic neighbourhoods of Notting Hill and Bayswater.
- Less than 5 minutes walk from the new Elizabeth Line at Paddington Station.
- Landmark freehold 3.39 acres (1.37 ha) island site.
- Multi-let with 69% of the commercial income let to Waitrose for a further 14 years.
- Extremely rare large Central London supermarket with 58,456 sq ft underground car park providing future asset management opportunities.
- WAULT of 11.65 years to break and 12.30 years to expiry across the commercial element.
- Sold off residential accommodation with 74 unextended residential leases with a potential extension premium value of £11,535,000 as of today.
- Value of unextended leases will continue to rise yearly.

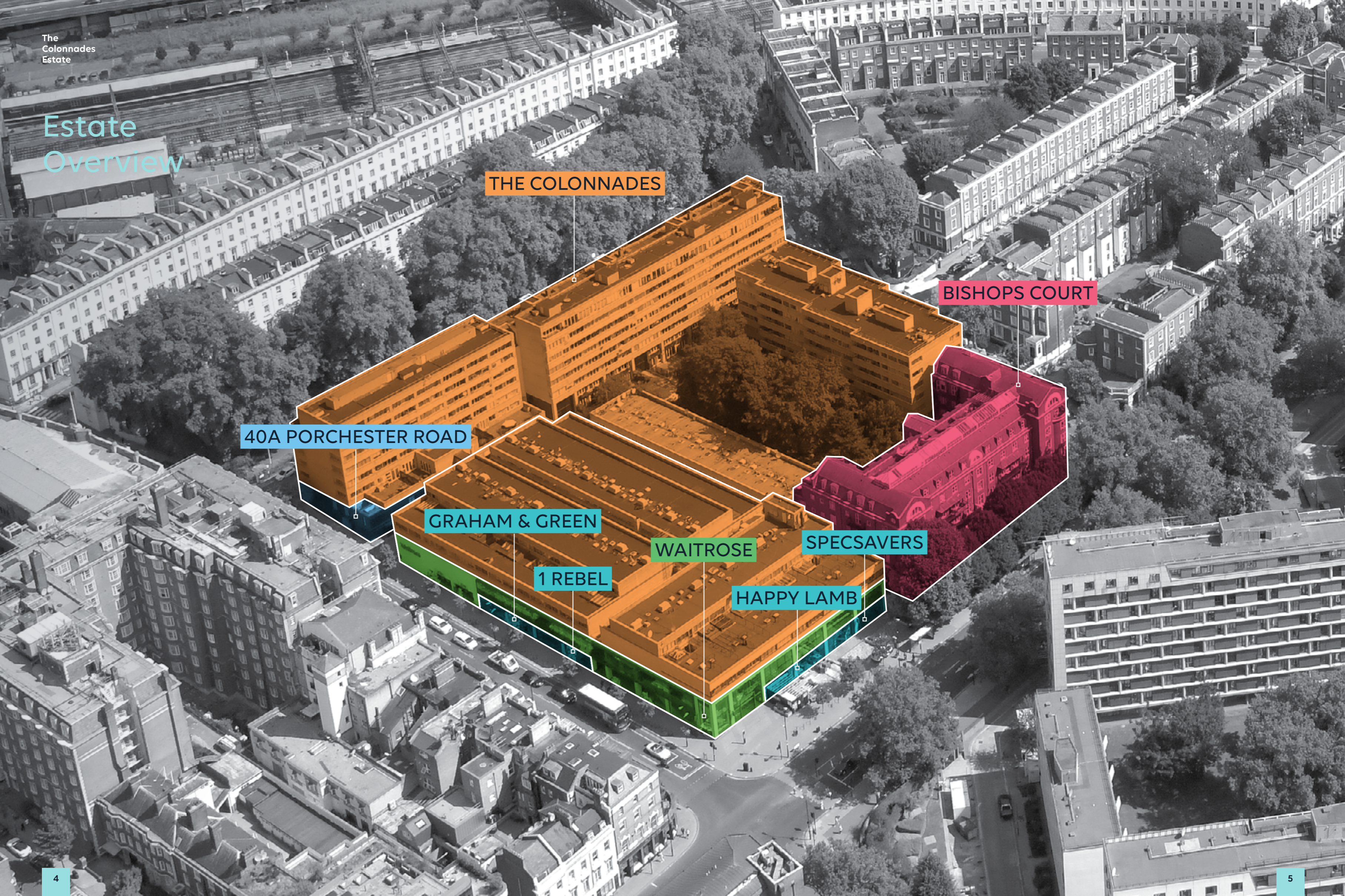
Offers are invited for either the whole estate, or the commercial and residential elements in isolation.

- Offers in excess of **£55,000,000** for the **whole estate** reflecting a net initial yield of **3.75%** a reversionary yield of **4.16%** (after Waitrose fixed rental uplift) and a very low capital value of **£446 psf**
or
- Offers in excess of **£48,000,000** for the **commercial element** reflecting a net initial yield of **4.19%** and a reversionary yield of **4.66%** (after Waitrose fixed rental uplift)
or
- Offers in excess of **£7,000,000** for the **residential element** reflecting a **40%** discount to the potential extension premium values

* NIY based on 6.8% acquisition costs.



Estate Overview



THE COLONNADES

BISHOPS COURT

40A PORCHESTER ROAD

GRAHAM & GREEN

WAITROSE

SPECSAVERS

1 REBEL

HAPPY LAMB

THE ONLY MAJOR SUPERMARKET
SERVING PADDINGTON,
BAYSWATER, NOTTING HILL
AND MAIDA VALE





HYDE PARK

KENSINGTON PARK GARDENS

KENSINGTON

NEW SIX SENSES HOTEL

NOTTING HILL

NOTTING HILL GATE

PORTOBELLO ROAD

QUEENSWAY

BAYSWATER

THE WHITELEY

QUEENSWAY

WESTBOURNE GROVE

The Colonnades Estate

PORCHESTER ROAD

PORCHESTER SQUARE

BISHOP'S BRIDGE ROAD

Location



Prominently located in Paddington, a Core West End location



The affluent neighbourhoods of Notting Hill and Bayswater lie moments away providing high end residential accommodation



Paddington has undergone major public and private regeneration with numerous high profile developments having recently completed and further under construction



The abundant amenities of Queensway and Westbourne Grove are situated just 100 yards from the property



The new Paddington Elizabeth Line / Crossrail station is due to open at Eastbourne Terrace (0.3 miles from the property) in 2022



Numerous and significant investment, regeneration and development continues to further the micro location



Transformational Developments



1 The Queensway Parade

Developer: Mark
80,000 sq ft office and retail scheme
Status: Completion expected in 2024



2 The Whiteley

Developer: Mark, CC Land & Finchatton
Redevelopment of Whiteley's department store to provide a 110 key Six Senses Hotel & Spa, 153 residential apartments and townhouses and 20 new retail units fronting Queensway.
Status: Under Construction with completion set for 2023.



3 Queensway Estate

Developer: Bourne Capital
Reconfiguration and refurbishment of retail units alongside a new shop front design, 3 new build residential developments comprising 63 new luxury homes, 52,000 sq ft office development and major public realm improvements
Status: Phased developments due to complete over the next 5 years.



4 Park Modern

Developer: Fenton Whelan
190,000 sq ft residential led development providing 57 luxury residences with 30,000 sq ft of commercial area
Status: Completion due in 2022.



5 5 Kingdom Street

Developer: British Land
Major redevelopment to provide 600,000 sq ft office-led 20 storey tower
Status: Planning secured



6 Brunel Building

Developer: Derwent London
243,000 sq ft office led development across 16 floors
Status: Completed and majority let to Sony



MAJOR LOCAL COMMERCIAL & RESIDENTIAL DEVELOPMENTS BY DEVELOPERS SUCH AS BRITISH LAND, MARK, CC LAND, FENTON WHELAN AND BOURNE CAPITAL



7 Paddington Square

Developer: Sellar Properties
440,000 sq ft office-led mixed use scheme with large public realm and a new ticket hall for the Bakerloo Line
Status: Completion due in 2022.



8 Forty & Fifty Eastbourne Terrace

Developer: Invesco and Yard Nine
Major development to provide 85,000 sq ft of office and retail alongside a new 369 bed Premier Inn
Status: Offices completed

**£1 BILLION REDEVELOPMENT
OF THE FORMER WHITELEY'S
SHOPPING CENTRE WILL INCLUDE
LONDON'S FIRST SIX SENSES HOTEL
LESS THAN 150 METRES AWAY**



Communications

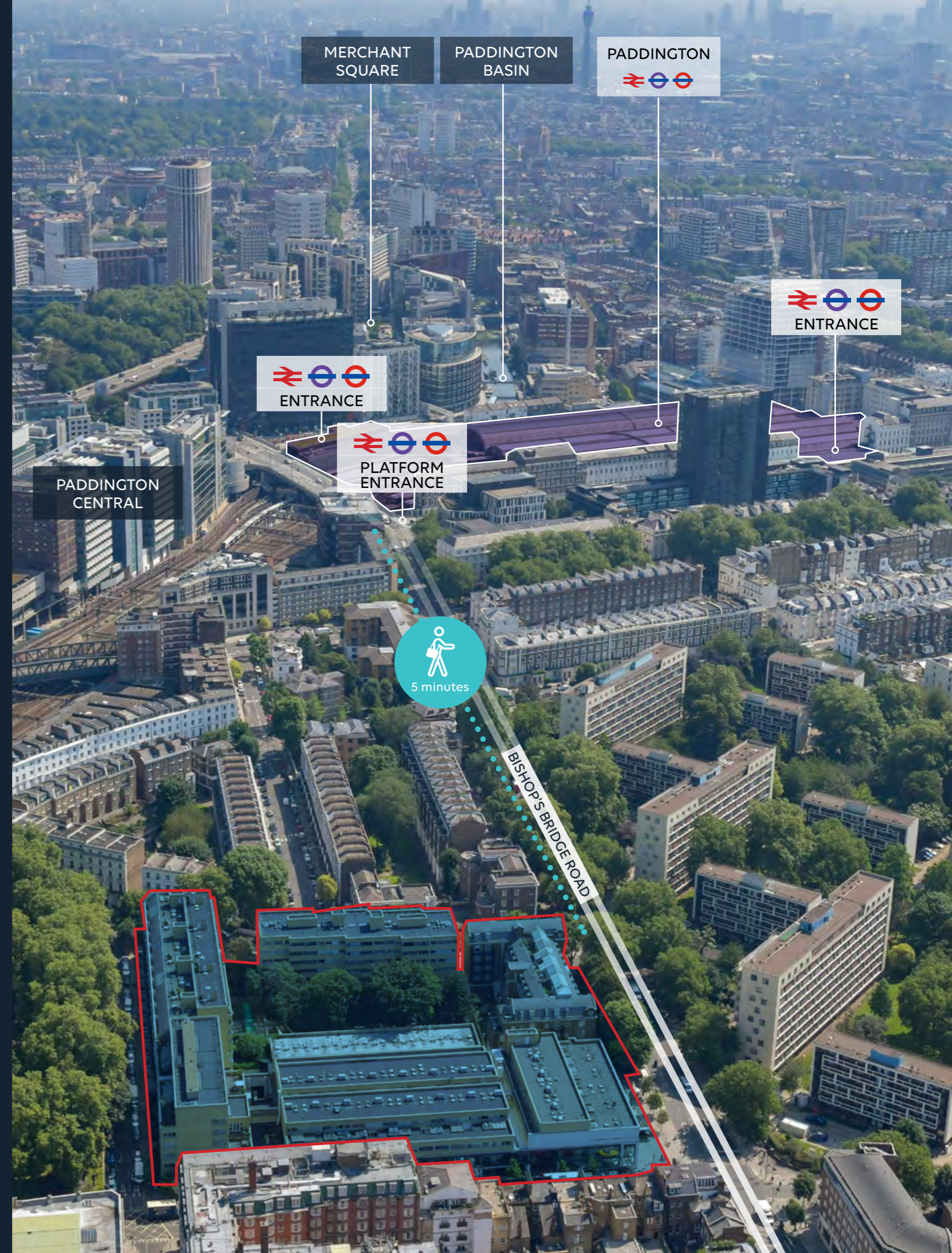
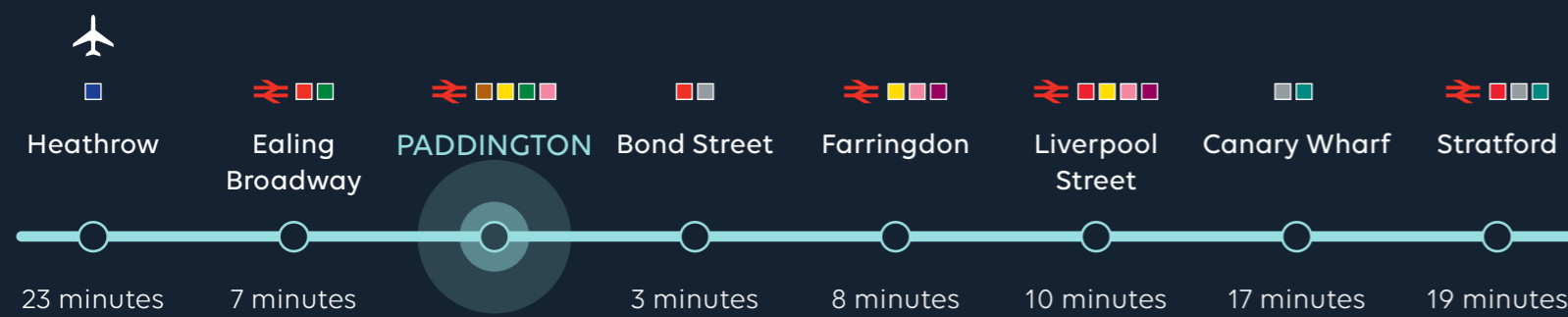
UNRIVALLED COMMUNICATIONS WITH THE NEW ELIZABETH LINE (CROSSRAIL) ENTRANCE AND HEATHROW EXPRESS 0.3 MILES AWAY



Elizabeth Line (Crossrail)

- Revolutionary new high-speed passenger railway significantly extending London's transport network.
- Providing access to 200 million passengers annually - increasing London's rail-based transport network capacity by 10%.
- Scheduled to open in 2022.
- Bringing an extra 1.5 million people within 45 minutes of Central London.
- Heathrow Airport direct to Paddington in 23 minutes.
- Access via Eastbourne Terrace less than 0.3 miles away.

ELIZABETH LINE JOURNEY TIMES FROM PADDINGTON



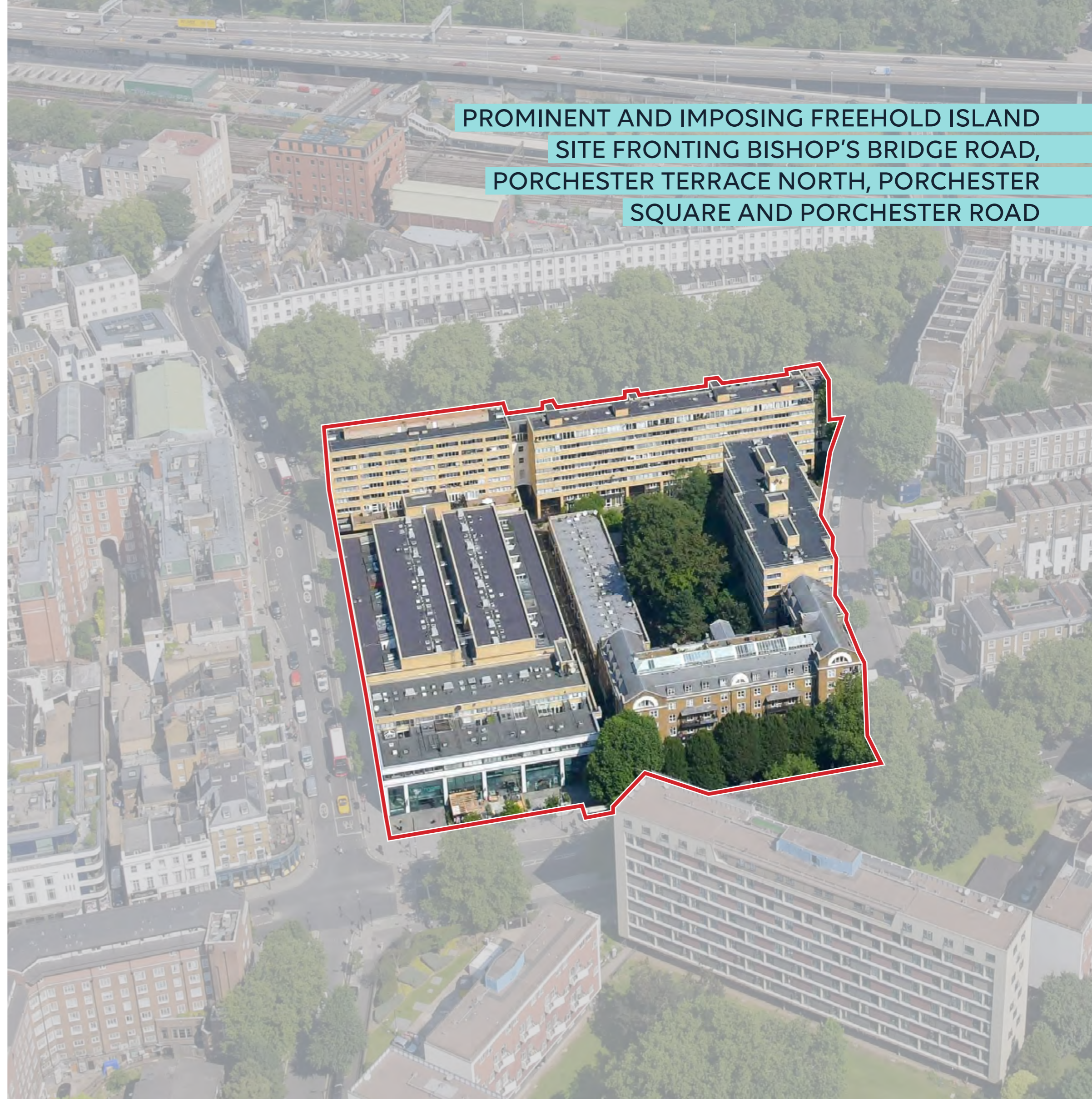
Tenure

Freehold.

Please note: If sold in part the commercial element will be sold freehold subject to a 999 year lease over the residential element of the site.



Not to scale. For identification purposes only. This plan is based upon the Ordnance Survey Map with the sanction of the controller of H.M. Stationery Office. Crown Copyright reserved



PROMINENT AND IMPOSING FREEHOLD ISLAND SITE FRONTING BISHOP'S BRIDGE ROAD, PORCHESTER TERRACE NORTH, PORCHESTER SQUARE AND PORCHESTER ROAD

Estate Overview Commercial Element

1 WAITROSE

A large 45,000 sq ft supermarket over two floors with dedicated service yard and large 58,456 sq ft underground car park

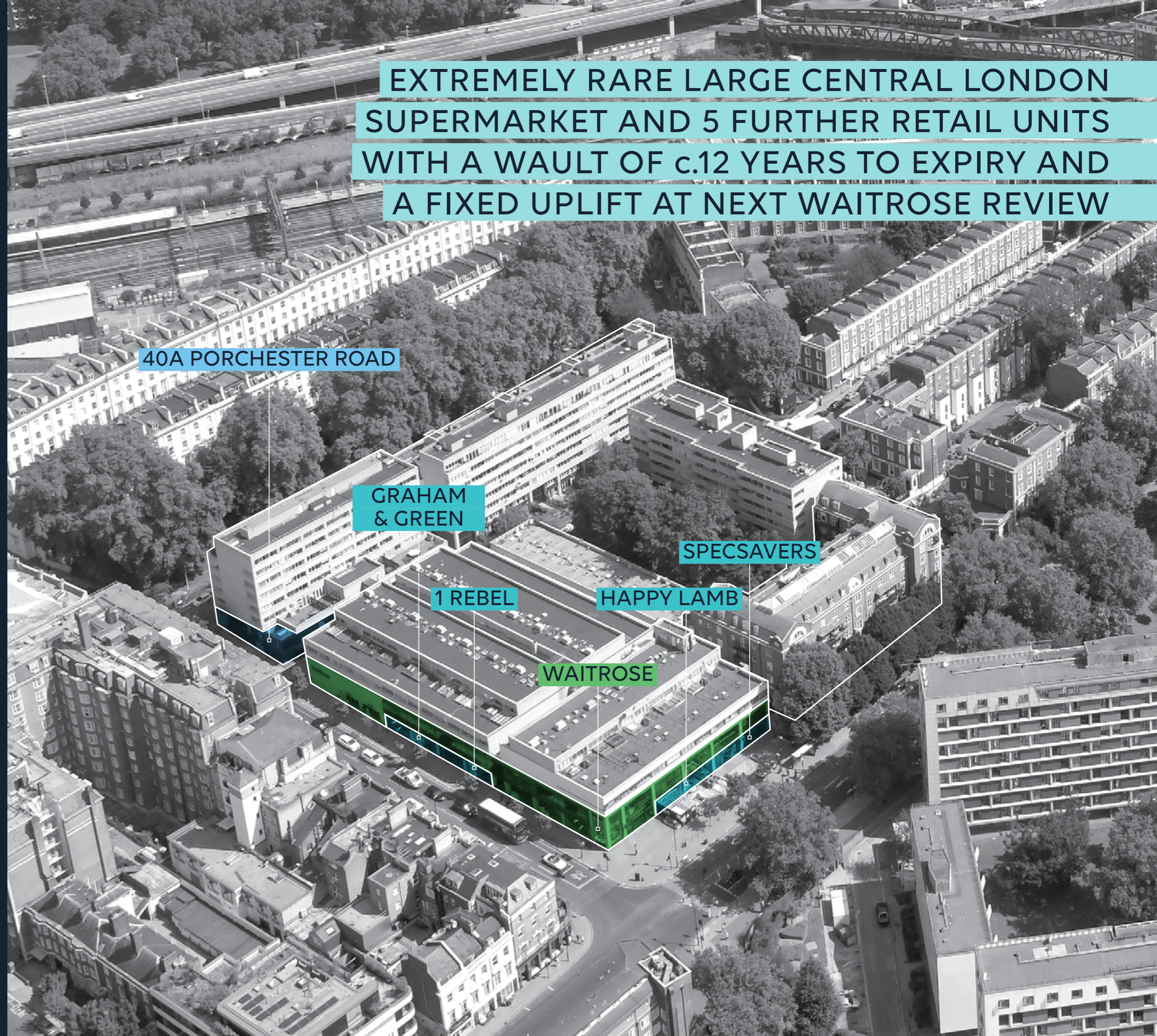
2 RETAIL AND LEISURE

5 ground floor retail, restaurant and leisure units fronting Bishop's Bridge Road and Porchester Road

3 40A PORCHESTER ROAD

A vacant former pub which has been re-clad and refurbished

EXTREMELY RARE LARGE CENTRAL LONDON
SUPERMARKET AND 5 FURTHER RETAIL UNITS
WITH A WAULT OF c.12 YEARS TO EXPIRY AND
A FIXED UPLIFT AT NEXT WAITROSE REVIEW



WAITROSE

c.14 YEARS UNEXPIRED REVERSIONARY INCOME WITH A FIXED UPLIFT AT NEXT REVIEW

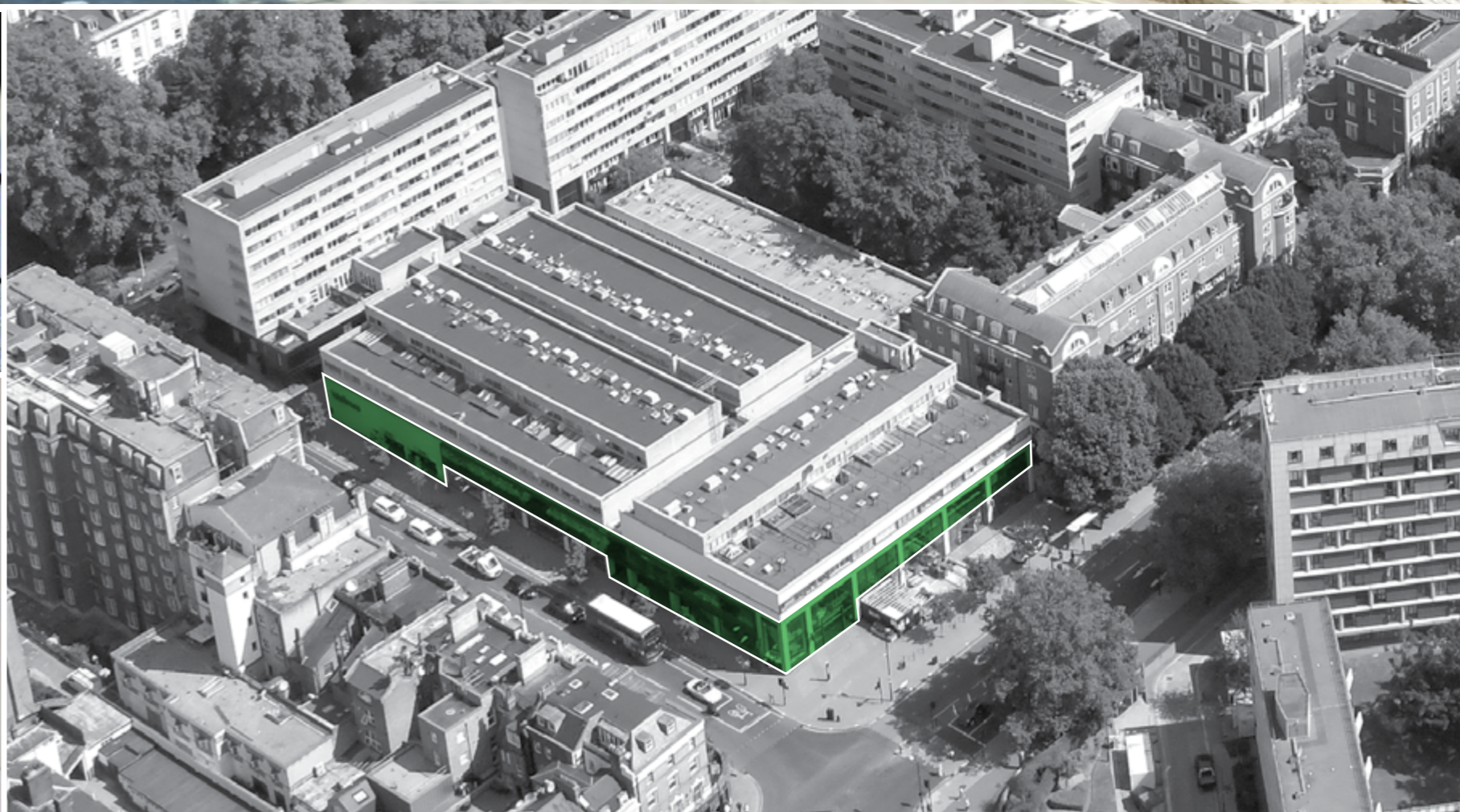
Comprising a 44,801 sq ft supermarket arranged over ground and first floors with 58,456 sq ft of underground parking across one level.

Prominently situated on the corner of Porchester Road and Bishop's Bridge Road, the property benefits from an extensive 163m frontage to Porchester Road. The trading accommodation is mainly located at first floor level with direct lift access from the lower ground floor car park and pedestrian access from the street via lift and escalators. The supermarket is serviced via a dedicated yard off Porchester Road.

Waitrose have been in occupation since 2008 and in conjunction with the landlord, the premises were reconfigured and expanded in 2013-2015 to enlarge the original store specifically for their needs. The store was increased in size from 20,000 sq ft to 44,801 sq ft and as part of the redevelopment Waitrose took a new 20 year lease. Waitrose trade strongly from this location with average sales turnover of c.£700,000 per week.

Tenancy:

- Single let to Waitrose Limited for a term of 20 years from 15th September 2015
- Current passing rent of **£1,490,781 pa (£33.28 psf)** overall excluding car park)
- Next rent review on 1st September 2025 with a fixed uplift of **3%** pa compounded 5 yearly (c.**15.93%** increase taking rent to **£1,728,224 pa**)



RETAIL UNITS

The Estate benefits from 5 ground floor retail, restaurant and leisure units providing a mix and diversity of uses and amenities to the Estate.

The 5 units total 17,185 sq ft and comprise the following:

- **1Rebel** - 4,929 sq ft gym fronting Porchester Road
- **Graham & Green** - 5,272 sq ft retail unit fronting Porchester Road
- **Specsavers** - 2,035 sq ft retail unit fronting Bishop's Bridge Road
- **Happy Lamb** - 4,549 sq ft restaurant fronting Bishop's Bridge Road
- **Capital Agencies** - 400 sq ft retail unit fronting Porchester Square Mews

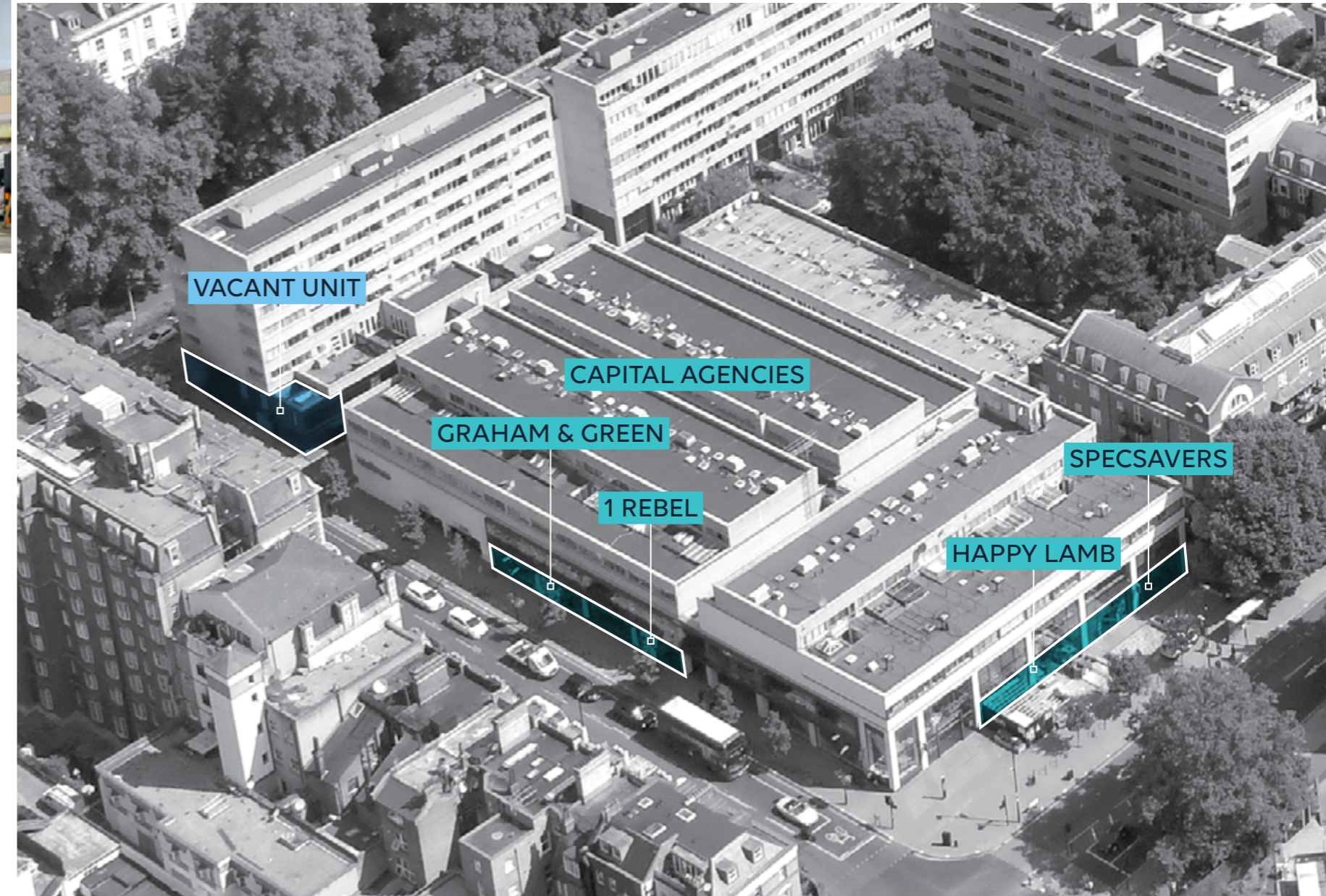
Tenancy:

- The units are 100% let and occupied
- Multi-let to 5 tenants producing a total rental income of £589,400 pa.
- Recent Happy Lamb letting signed during lockdown showing the strength and resilience of the locality.



40a Porchester Road

Comprising a refurbished and extended vacant former pub measuring 2,768 sq ft. Benefitting from 4m ceiling heights, the unit is in shell condition arranged over ground and mezzanine and provides a large volume of space.



Estate Overview Residential Element

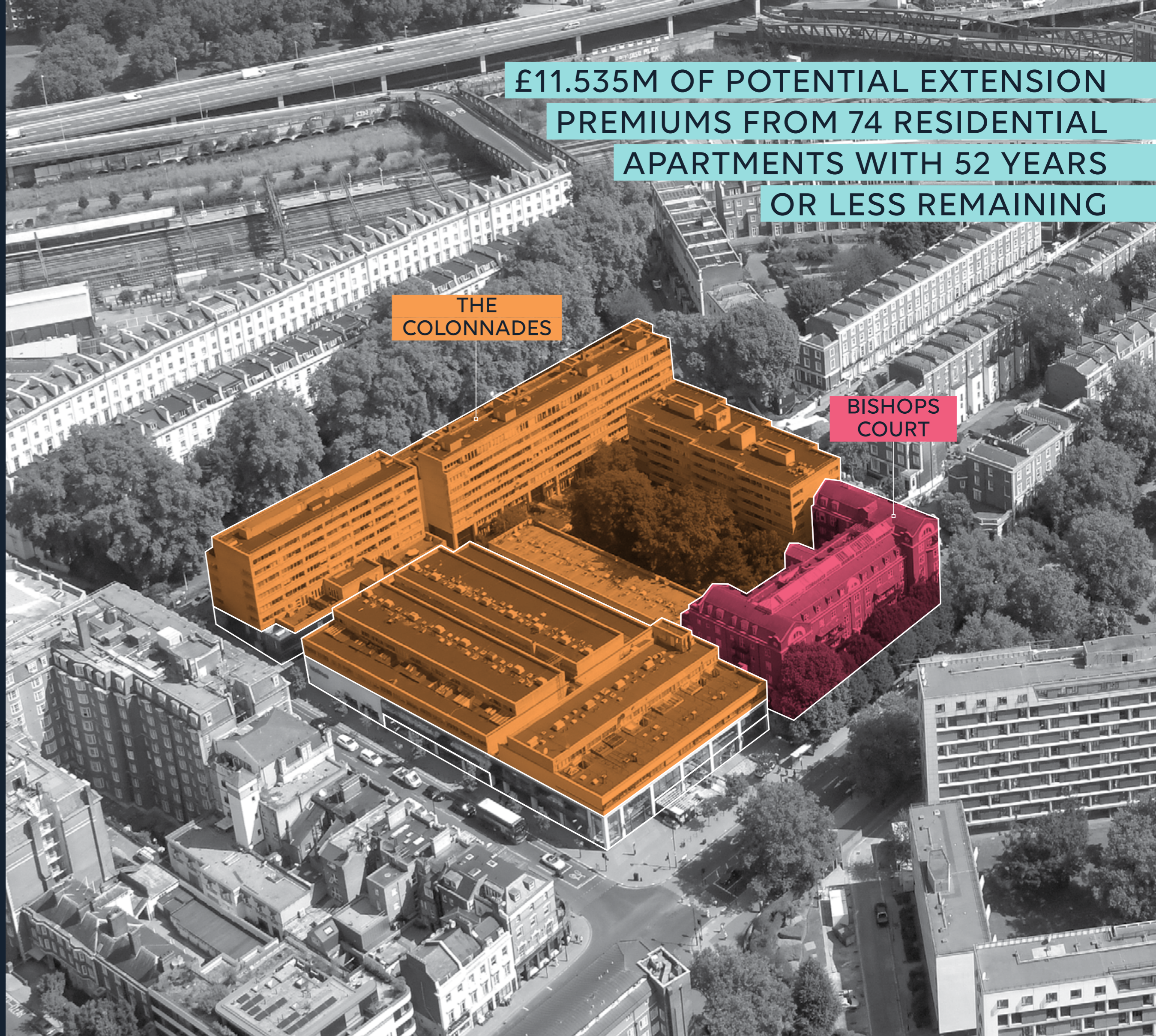
4 THE COLONNADES

229 residential apartments and
14 mews houses across 4 blocks

5 BISHOPS COURT

49 residential apartments fronting
Bishop's Bridge Road

£11.535M OF POTENTIAL EXTENSION
PREMIUMS FROM 74 RESIDENTIAL
APARTMENTS WITH 52 YEARS
OR LESS REMAINING



THE COLONNADES - RESIDENTIAL BLOCK

Fronting Porchester Square, Porchester Square Mews and Porchester Terrace. Comprising 229 residential apartments and 14 mews houses arranged over 4 blocks. The apartments are a mix of studios, 1, 2, 3 and 4 bedroom units. All blocks are served by lifts and the current service charge includes £250,000 pa for a sinking fund. All flats are on long leases but many with 52 years remaining and 37 years remaining other than one 1 bedroom apartment which is let on an AST.

Tenancy:

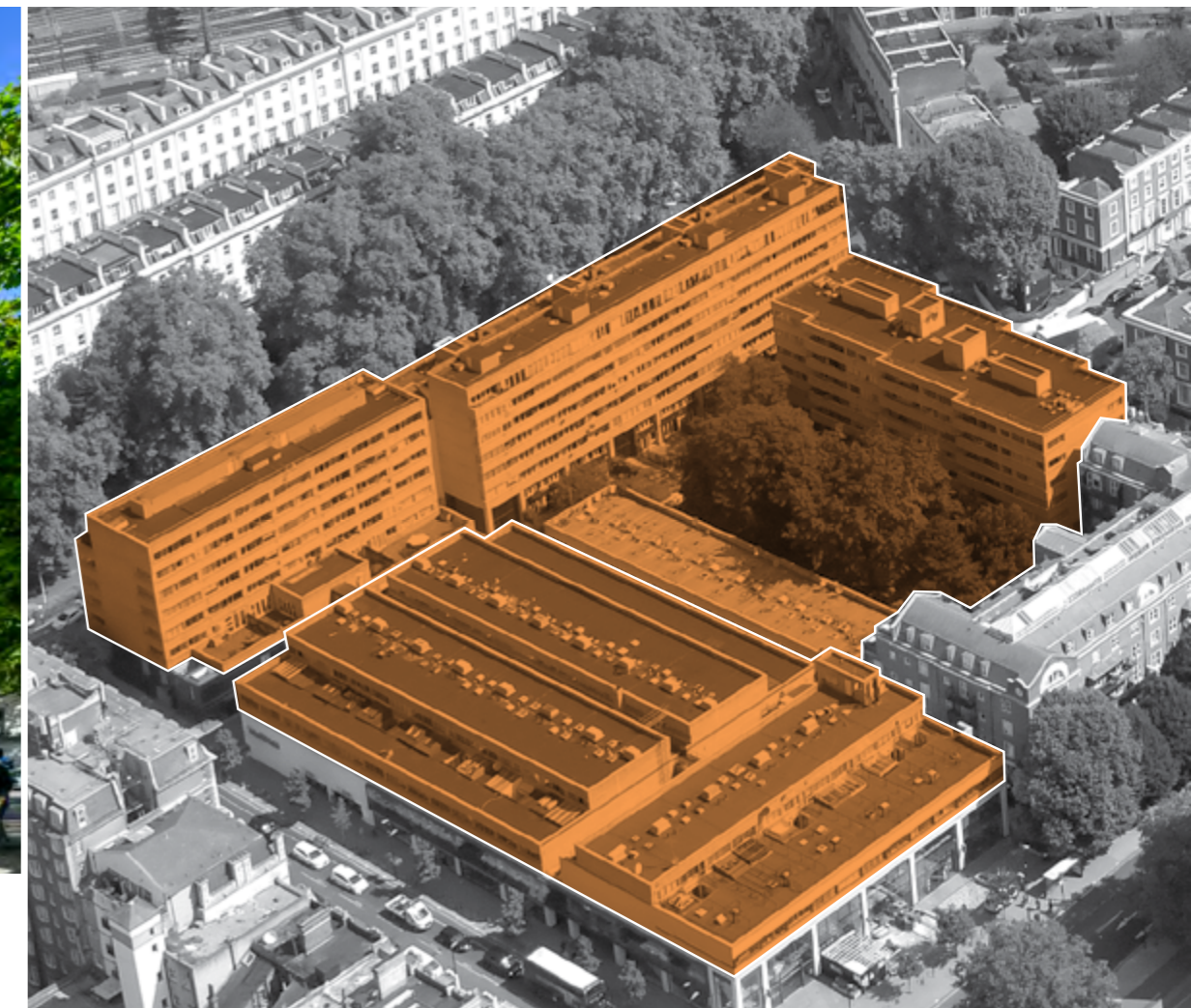
Of the 243 residential units, 169 have extended their leases leaving 74 unextended, the make-up of which is set out below:

TYPE	NUMBER
Studio	3
Penthouse	1
Mews House	8
4 Bedroom Maisonette 100 Block	5
3 Bedroom Maisonette 300 Block	4
3 Bedroom Maisonette 100 Block	4
2 Bedroom Split Level	9
2 Bedroom Maisonette - Porchester Square	5
2 Bedroom	12
1 Bedroom	13
TOTAL	74

Of the 74 unextended leases, 51 units have 52 years remaining and 23 units have 37 years remaining.

The potential extension premiums due to the freeholder as of today have been appraised by Cluttons at c.£11.535m (further information available in the data room).

A ground rent totalling £22,777 pa is also received by the freeholder.



THE COLONNADES PROVIDE
LUXURY RESIDENTIAL APARTMENTS
ARRANGED OVER 4 BLOCKS



BISHOPS COURT - RESIDENTIAL BLOCK

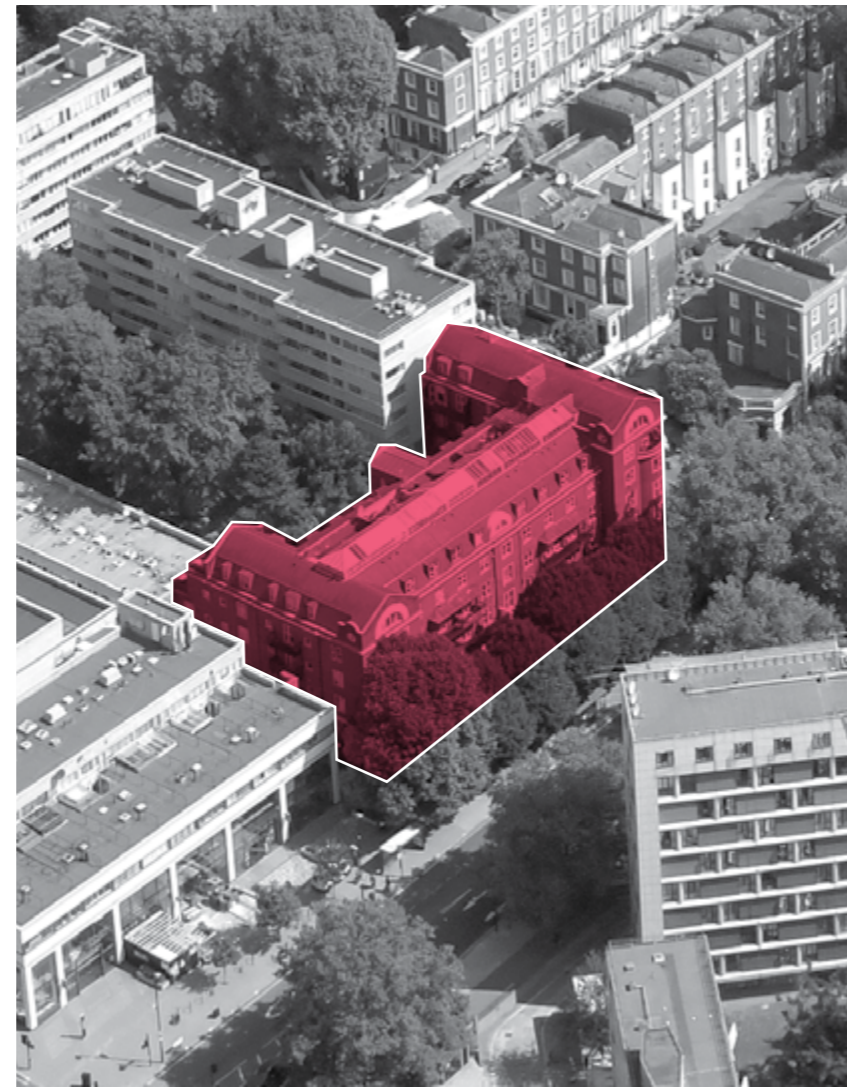
Situated on the corner of Bishop's Bridge Road and Porchester Terrace North, Bishops Court provides an attractive residential building comprising 49 apartments. Accessed from Bishop's Bridge Road, the accommodation is arranged over lower ground, ground and 5 upper floors.

Each apartment benefits from 1 car parking space demised in their lease and located in the underground car park directly below the building and accessed from Porchester Terrace North.

Tenancy:

The 49 apartments are sold off on long leases with 32 apartments having 92 years remaining and the other 17 apartments having extended terms with over 182 years remaining.

The total current passing ground rent is £14,900 pa.

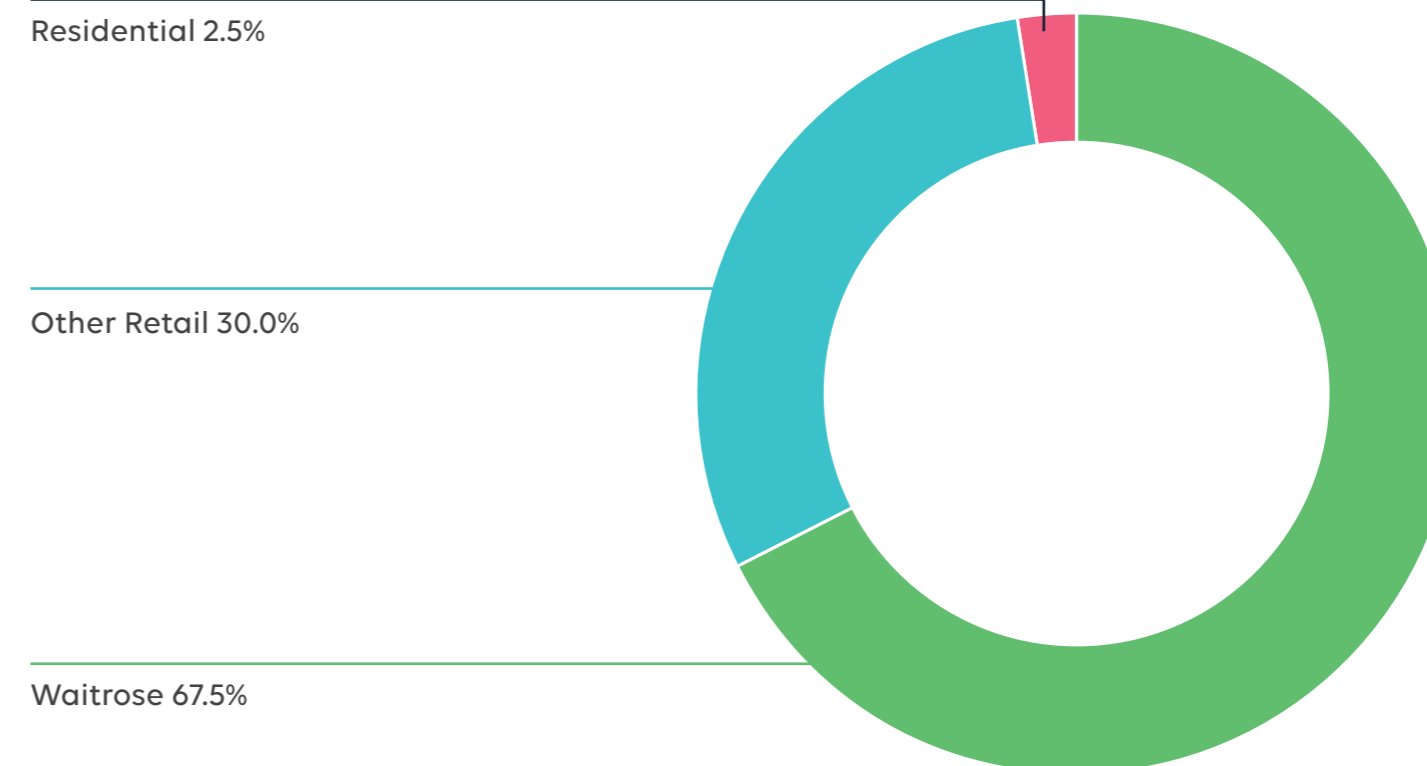


Tenancy

69% OF THE COMMERCIAL INCOME SECURED AGAINST WAITROSE LIMITED FOR A FURTHER 14 YEARS

- The commercial element of the Colonnades Estate is multi-let producing a total topped up rental income of £2,150,181 pa (£32.89 psf overall excluding car park)
- Further residential ground rent income of £37,677 pa
- Potential residential extension premiums of £11.535m as of today's value (further information in the data room)
- WAULT of 11.65 years to break and 12.30 years to expiry
- Total current income of £2,205,858 pa

Rental Income Breakdown



FLOOR	AREA (SQ FT)	TENANT	LEASE START	LEASE END	TENANT BREAK OPTION	RENT REVIEW	RENT (PA)	RENT (PSF)	COMMENTS
Ground & 1st	44,801	Waitrose Limited	01/09/2015	01/09/2035		01-Sep-25	£1,490,781	£33.28 (excluding car park)	Part of the basement car park is sub-let to Metro Storage (Bayswater) Ltd on a term expiring 01/10/30 at a current rent of £31,880 p.a.
Car parking	58,456								
Ground	400	Capital Agencies Limited	01/03/2004	01/03/2019	-	-	£6,900	£17.25	
Ground	5,272	Graham and Green Limited	01/04/2016	01/04/2026		01-Mar-21	£155,000	£29.40	
Ground	4,929	One Rebel Ltd	01/09/2017	01/09/2032		01-Sep-22	£210,000	£42.60	
Ground	4,549	HLHP Bayswater Limited (t/a Happy Lamb)	01/01/2021	01/01/2041	01-Jan-31	01-Jan-26	£140,000	£30.78	Rent commencement 22/05/2022 - £70,000 22/05/2024 - £140,000 - vendor to top-up
Ground	2,035	Specsavers Optical Superstores Limited (t/a Specsavers)	01/03/2019	01/03/2029	01-Mar-24	01-Mar-24	£77,500	£38.08	-
Ground, mezzanine, 1st	3,288	Vacant Public House					£70,000	£21.29	Vacant pub at 40a Porchester Road, vendor to provide 12 month rental top-up
COMMERCIAL TOTAL:	123,210						£2,150,181	£33.21 (excluding car park)	
Residential		Colonnades	Various	Various			£22,777		Residential ground rent
Flat 161		Colonnades	30/07/2020	30/07/2022			£18,000		AST
Residential		Bishops Court	Various	Various			£14,900		Residential ground rent
TOTAL							£2,205,858		

Covenant Information

Waitrose

Waitrose Limited (69% of the commercial income)

Founded in 1904 and later acquired by John Lewis Partnership, Waitrose is one of the largest retailers of groceries in the UK. Waitrose employs 53,500 people and operates 332 shops across the UK. As well as trading in the UK, Waitrose exports products to 52 countries and has several locations in the Middle East.

As of January 2021, the company had a sales turnover of £6.875 billion, a pre-tax profit of £158.5 million and a tangible net worth of £511 million. The company has D&B rating of 5A2.

Specsavers

Specsavers Optical Superstores Limited

Founded in 1983, the company is a subsidiary of Specsavers Optical Group Ltd, a privately owned British multinational optical retail chain with a turnover of £2.78 billion in 2019, over 32,500 employees and 1,300 stores in Europe and Australia. Specsavers Optical Superstores Limited employs over 3,300 staff across the UK.

As of February 2020, Specsavers Optical Superstores Ltd had a sales turnover of £609 million, a pre-tax profit of £20.9 million and a tangible net worth of £85.7 million. The company has a D&B rating of 5A1.

REBEL

One Rebel Ltd

Having opened in 2015, One Rebel is a high-end boutique health club with eight fitness centres across London employing 105 staff.

As of December 2019, One Rebel Ltd had a sales turnover of £8.2 million, a pre-tax loss of £756,249 and a tangible net worth of £6.9 million. The company has a D&B rating of 2A2.

GRAHAM AND GREEN

Graham and Green Ltd

Founded in 1974, Graham and Green is an independent family company selling lighting, furniture and homeware products from its 5 stores across London and Southeast England. With its flagship store in Bayswater, Graham and Green employs 100 people.

As of July 2020, Graham and Green Limited had a sales turnover of £12.4 million, a pre-tax profit of £1.3 million and a tangible net worth of £4.8 million. The company has a D&B rating of 2A1.



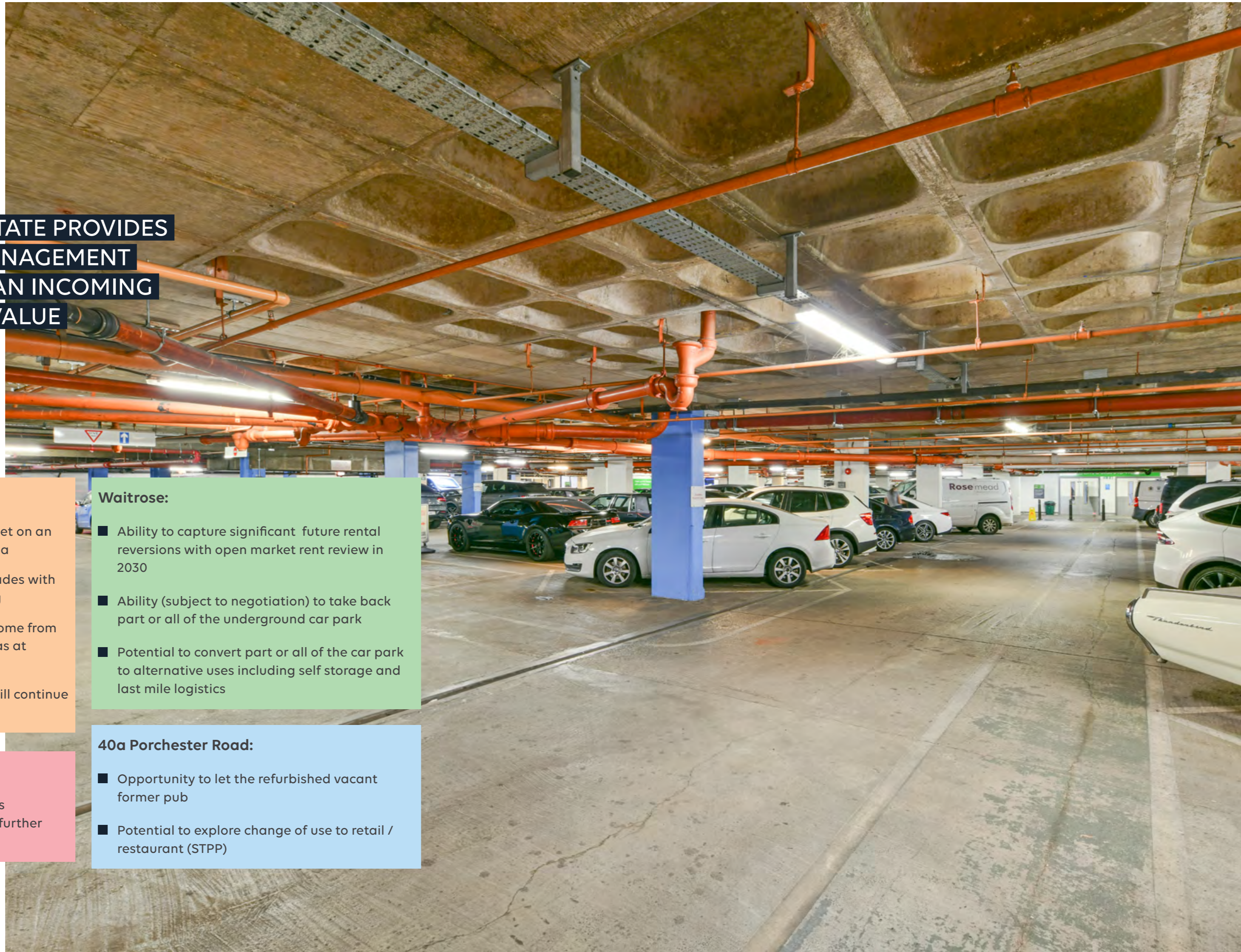
HLHP Bayswater Limited

HLHP Bayswater Limited is a privately owned restaurant company. Having launched in Mongolia, Happy Lamb Hot Pot expanded with a number of restaurants across North America, Asia, Australia and Austria, and has just entered the UK with two locations in central London and one in central Birmingham.



Asset Management

THE COLONNADES ESTATE PROVIDES NUMEROUS ASSET MANAGEMENT OPPORTUNITIES FOR AN INCOMING PURCHASER TO ADD VALUE



The Colonnades:

- Sell off Flat 161, the only apartment let on an AST at a current income of £18,000 pa
- 74 unextended leases in The Colonnades with either 37 years or 52 years remaining
- £11.535m of potential premiums to come from extensions (valued by Cluttons and as at today)
- Value of premiums to the landlord will continue to rise year on year if unextended

Bishop's Court:

- 49 leases with 32 having sub 92 years remaining providing opportunity for further extensions premiums

Waitrose:

- Ability to capture significant future rental reversions with open market rent review in 2030
- Ability (subject to negotiation) to take back part or all of the underground car park
- Potential to convert part or all of the car park to alternative uses including self storage and last mile logistics

40a Porchester Road:

- Opportunity to let the refurbished vacant former pub
- Potential to explore change of use to retail / restaurant (STPP)

Investment Market

Demand for Central London commercial real estate remains strong.

A sustained low interest rate environment, diminished returns on UK Government bonds and the devaluation of Sterling has meant that the Central London investment market continues to attract unprecedented levels of domestic and international capital in London.

Significant demand coupled with an acute lack of supply has maintained downward pressure on yields as investors compete to secure prime assets in London.

Below we set out details of some recent investment transactions:

DATE	ADDRESS	AREA (SQ FT)	PRICE	NIY	ADDITIONAL COMMENTS
Oct-21	40 Eastbourne Terrace	140,000	£143,000,000	3.50%	Forward funding opportunity for a new 366 bed Premier Inn let for 30 years
Aug-21	Enterprise House, 167 Westbourne Terrace	45,074	£56,000,000	3.67%	Office building singlet let to Network Rail for a further 12 years
Jul-21	Harley Street Estate	166,261	£74,000,000	2.63%	Mixed-use estate comprising medical, car park and residential

With supermarkets being one of the few retail uses able to trade throughout Covid, the sector has performed extremely well and as a result has been in high demand from investors seeking long term income from strong covenants with no closure risk during lockdowns.

DATE	ADDRESS	AREA (SQ FT)	PRICE	CAPITAL VALUE (PSF)	NIY	TENANT	WAULT	RENT REVIEW	ADDITIONAL COMMENTS
Aug-21	The Marlowes, Hemel Hempstead	40,766	£13,500,000	£331	3.8%	Asda	19.5	5 yearly RPI	Rebased low rent of £13.49 psf with surface car park
Aug-21	8-12 Worple Road, Wimbledon	51,804	£33,750,000	£652	2.8%	Sainsbury's	21	5 yearly RPI	
Apr-21	Melbourne Avenue, Ealing	48,000	£34,782,000	£725	3.45%	Sainsbury's	18	5 yearly reviews open market reviews	1 mile walk from Ealing Broadway, future residential development opportunity
Dec-20	42-68 East Barnet Road, Barnet	77,562	£51,100,000	£659	3.6%	Sainsbury's	17	RPI uplifts - 2.5% and 3.5% collar and cap	Includes a 273 space car park. Ground retail with ancillary office space above.



Further Information

VAT

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

EPC

Available in the data room.

CAPITAL ALLOWANCES

No capital allowances are available.

PROPOSAL

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Contact


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