



HEATHCOTE *and* STAR

344 GROVE GREEN ROAD, LEYTONSTONE, LONDON, E11 4EA

FREEHOLD PUB INVESTMENT LET ON A NEW 25 YEAR LEASE WITH FIXED UPLIFTS

AG&G   surplus assets • surplus leasehold interests



INVESTMENT CONSIDERATIONS

- Newly refurbished attractive corner site freehold pub arranged over basement, ground and two upper floors
- Gross internal area approximately 1,056 sq m (11,369 sq ft)
- Site area approximately 0.28 acres including a large trade garden
- Whole building let to Genius Star Limited (multi-site pub operator) on a new 25 year lease
- Commencing rent of £155,000 pa increasing annually to £185,000 pa in year five
- RPI uplifts from the 6th year to the 10th year of the lease
- The tenant has just completed an extensive refurbishment of the property costing in excess of £400,000
- The lease is subject to a personal guarantee and a rent deposit of £93,000 (gross)
- Capital value of £264 psf at the guide price
- We have been instructed to seek offers in excess of **£3,000,000** (**Three Million Pounds**) subject to contract, which reflects a capital value of £264 psf. An offer at this level would show a purchaser a net initial yield of **4.85%**, after purchaser's costs of 6.45%, rising to **5.8%** in year 5.





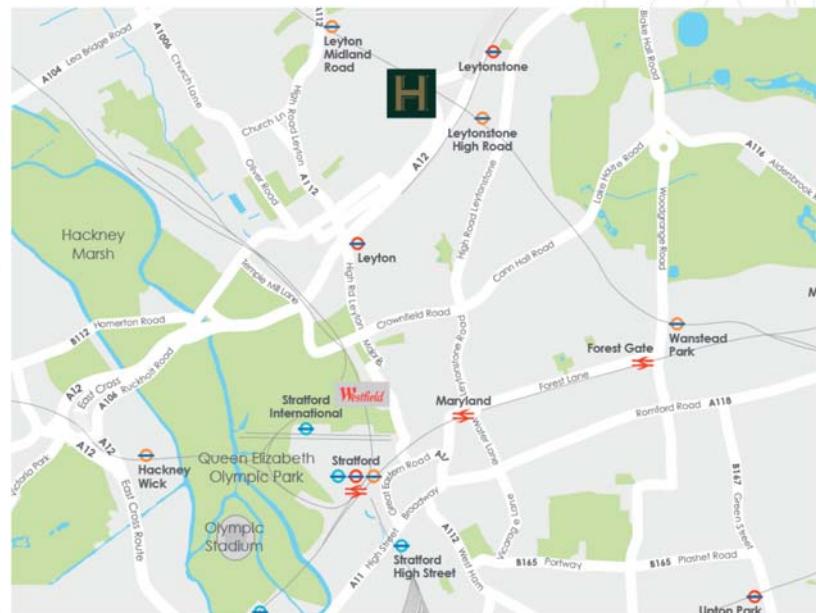
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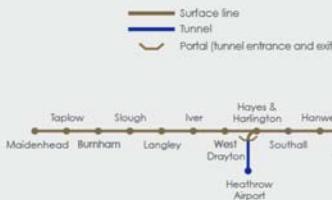


LOCATION

The property is situated in Leytonstone on Grove Green Road within the London Borough of Waltham Forest. Leytonstone Underground Station (Central line) is located a short distance to the north east and Leytonstone High Road Station (London Overground Line) is to the south east. The building is situated in a prominent position at the junction of Grove Green Road and Richmond Road. Stratford is to the south of the property and Walthamstow is situated to the north. The immediate area comprises a mixture of retail uses interspersed with residential accommodation. Grove Green Road connects with High Road Leyton to the south west. The property lies approximately 450 metres south west of Leytonstone Underground Station which provides frequent services to Central London with an average journey time of approximately 25 minutes to Oxford Circus. The new Crossrail line will be accessed via the nearby Stratford Station.



CROSSRAIL



TRAVEL TIMES FROM STRATFORD STATION (ELIZABETH LINE, 2018)

LOCATION	TRAVEL TIME
HEATHROW	42 MINS
PADDINGTON	18 MINS
BOND STREET	16 MINS
TOTTENHAM COURT ROAD	14 MINS
LIVERPOOL STREET	8 MINS
CANARY WHARF	9 MINS





DESCRIPTION

The property has frontage to Grove Green Road and Richmond Road, comprising an imposing three storey building constructed over basement with a large trade garden located to the rear. Internally, the ground floor currently comprises interconnected trade areas with a central servery, two sets of customer WCs, kitchen, office and storage areas. The first floor provides an additional trade area / function room with customer WCs and accommodation providing two rooms, kitchen, bathroom and separate WC. The second floor comprises three bedrooms, dining room, kitchen, WC / bathroom and storage areas. The basement has usual cellarage / storage. An extensive refurbishment costing in excess of £400,000 has been completed by the tenant and the tenant has future plans to open a hotel in the upper floor accommodation (subject to necessary consents). Plans available upon request.

SITE AREA

From Promap measurements it has been calculated that the site area is approximately 0.28 acres (12,127 sq ft).



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ACCOMMODATION

The property has the following gross internal area measurements:

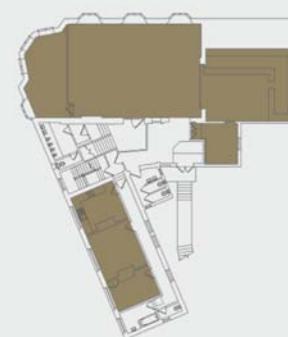
Floor	Sq m	Sq ft
Basement	171	1,845
Ground	460	4,952
First	307	3,304
Second	118	1,268
Total	1,056	11,369

NB: The above measurements are provided for guidance purposes only and no reliance should be placed on these when making any offer to purchase either expressly or impliedly and for the avoidance of doubt AG&G Chartered Surveyors will be not liable for any losses howsoever arising in law as a result of the bidder placing any reliance on such measurements. The successful bidder may undertake a measured survey of the building prior to exchange of contracts to enable it to satisfy itself of the precise measurements.

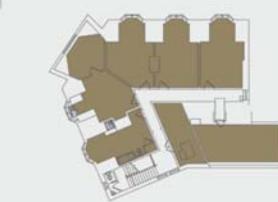
BASEMENT FLOOR



GROUND FLOOR



FIRST FLOOR



SECOND FLOOR





The image shows the exterior of the Heathcote and Star pub, featuring a large window with a black frame and a yellow brick wall. Inside, a yellow sofa and a table are visible. The pub is illuminated from within, and a small garden with a bench is in front of the building.

TENURE
The property is held freehold.

TENANCY
The property is let to Genius Star Limited on a 25 year lease from August 2017 with stepped rental uplifts as follows. (The Lease is Inside Part II of the Landlord and Tenant Act 1954).

ANNUAL RENT P.A.

One £155,000 (One hundred and fifty-five thousand pounds)	Two £160,000 (One hundred and sixty thousand pounds)	Three £165,000 (One hundred and sixty-five thousand pounds)	Four £170,000 (One hundred and seventy thousand pounds)	Five £185,000 (One hundred and eighty-five thousand pounds)
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(One hundred and eighty-five thousand pounds)

The sums are exclusive of VAT and outgoings, payable quarterly in advance. The Tenant has paid to the Landlord six months of the first years' rent, excluding any incentives or rent free-period i.e. £77,500 + VAT by way of an advanced rental payment.

The lease is on modern commercial terms, the Tenant having full repairing and insuring liabilities. The lease is free of all ties. From the 6th to the 10th year, the rent will be subject to annual indexation based on the All Items Retail Price Index (RPI), capped at 4%. In the tenth year of the term the rent will be calculated to upwards only indexation by RPI (capped at 4%) or open market rent, whichever is greater. Thereafter the rent review will be five yearly upwards only to open market rent.



COVENANT

The Tenant, Genius Star Ltd, is linked to Electric Star Pubs (<http://electricstarpubs.co.uk/>). They currently operate five pubs in east and north London focusing on cutting edge music, interesting food and great drinks. They also operate a street food market in Shoreditch. (The lease is subject to a personal guarantee and a rent deposit of £93,000 gross). The Tenant company, Genius Star Ltd, hold the lease for the King Harold, Leyton and boast a net worth of over £500,000 with a D&B rating of A2.

PLANNING

It is understood from verbal enquiry of the London Borough of Waltham Forest that the property is not listed nor situated in a Conservation Area.

COMPARABLE TRANSACTIONS

The freehold investment market in London is continuing to experience strong demand for licensed and leisure opportunities. Please find below a summary schedule of some noteworthy comparables.

Date	Address	Rent PA	Value	Net Initial Yield	Rate per sq ft
Dec-16	Culpepper, 40 Commercial Street, London, E1	£81,938	£2,550,000	3.00%	tbc
Sep-16	Eaglet, 124 Seven Sisters Road, London, N7	£70,000	£1,500,000	4.40%	£223
Aug-16	King Harold, 116 High Road, London, E11	£100,000	£1,850,000	5.00%	£282
May-16	Crowe Bar 58-60 High Road, London, N15	£20,000 (plus tie income)	£1,250,000	3% (incl. tie income)	£265
Jan-16	Dundee Arms, 339 Cambridge Heath Road, London, E2	£73,235	£1,450,000	4.75%	£437

NEW LETTING COMPARABLES

In recent years, the level of demand from pub / bar operators for new free of tie opportunities in London has reached unprecedented levels. Please see the below rental comparables.

Pub	Location	w.e.f. date	Rent payable (pa)
Canvas Bar	Old Street, EC1	Aug-17	£250,000
Well	St John Street, EC1	Jun-17	£135,000
Sebright Arms	Coate Street, E2	Feb-17	£160,000
Star	St John's Wood Terrace, NW8	Feb-17	£150,000
Martello Hall	Mare Street, E8	Aug-16	£150,000
King Harold	High Road, E15	Aug-16	£100,000
First Floor	Portobello Road, W11	Mar-16	£340,000

VAT

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

EPC

A copy of the EPC is available upon request.

DATAROOM

For data room access, please use the following link:
<https://datarooms.allsop.co.uk/register/Leytonstone>

PROPOSAL

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

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PRIVATE CLIENT

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