



492 GREAT CAMBRIDGE ROAD, ENFIELD, GREATER LONDON, EN1 3FD



GREATER LONDON DRIVE-THRU INVESTMENT SECURED ON
NEW-10 YEAR LEASE, WITH CPI-LINKED RENTAL UPLIFT



INVESTMENT HIGHLIGHTS

- **Strategic location** to the east of Enfield town centre, in **highly prominent site fronting the A10** (Great Cambridge Road)
- Convenient access to both the **A406 (North Circular)** and **M25 Motorway**.
- **Densely populated catchment** of 12,400 people within a 5-minute drive time and 173,300 people within 10 minutes.
- Situated within a large, established retail warehousing cluster.
- Drive-thru restaurant unit extending to **6,000 sq ft GIA**.
- **Strategic importance** to Krispy Kreme, with part of the property comprising a doughnut production facility for distribution across the region.
- New **10-year lease** secured against **Krispy Kreme UK Ltd** from June 2022 at a rent of **£180,000 pa**, reflecting a low average rent of **£30.00/sq ft**.
- **5-yearly CPI-linked** rental uplift (c/c 1% – 3% pac).
- The total ownership extends to a 1.31-acre freehold site, with part sold off long leasehold to McDonald's Restaurants Ltd (net ownership 0.97 acres).



We are instructed to seek offers in excess of

£3,560,000

(Three Million Five Hundred and Sixty Thousand Pounds) subject to contract and exclusive of VAT for our client's freehold interest. A purchase at this level would reflect an attractive **Net Initial Yield of 4.75%**, assuming standard purchase costs at 6.51%..



SITUATED IN AN ESTABLISHED OUT OF TOWN RETAIL AND LEISURE DESTINATION

ENFIELD RETAIL PARK

BCA

WREN KITCHENS

SPORTS DIRECT.com

ALDI

B&Q

OPENING 2023

CCF

pets at home

halfords

SMYTHS

selco BUILDERS WAREHOUSE

COLOSSEUM RETAIL PARK

BENEFITS FROM 1,800-UNIT, RESIDENTIAL-LED PLANNING CONSENT

Sainsbury's

Krispy Kreme DOUGHNUTS

McDonald's

DHL

BUZZ Bingo

Dunelm

KFC

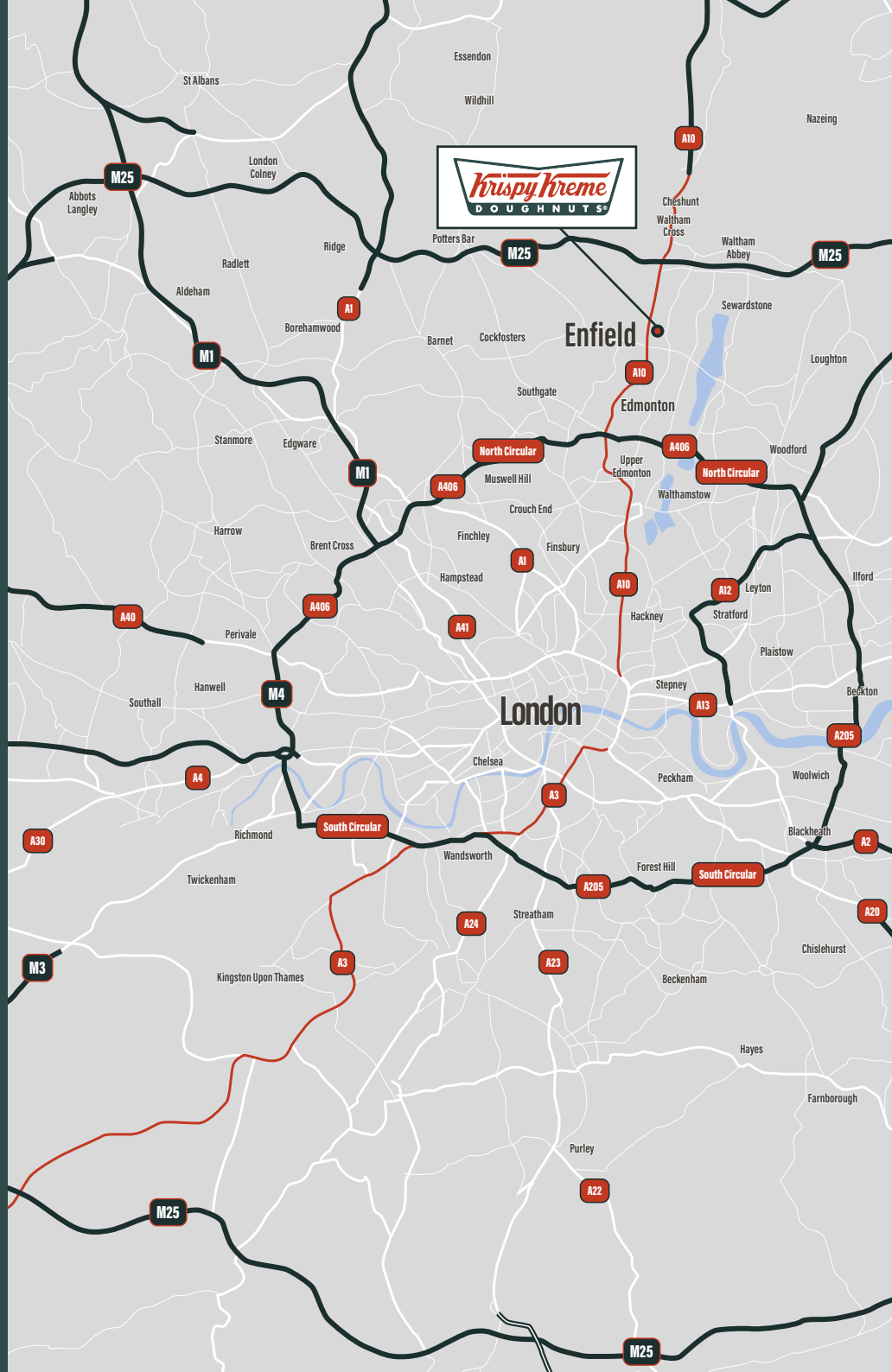
B&Q

CLOSING 2023

SOUTHBURY LEISURE PARK

cineworld

GREAT CAMBRIDGE ROAD (A10)



LOCATION

Enfield Town is the centre of the London Borough of Enfield, located 11 miles north of Central London. It borders LB Barnet to the west, LB Haringey to the south, Welwyn Hatfield to the north and Epping Forest to the east.

Enfield Town was originally a small market town that has developed into a residential suburb with fast transport connections into London and a population of 312,466 people (2011 census). Enfield is projected to see significantly above average population growth of 10% over the period 2022–2032.



Enfield has excellent road connections. **Great Cambridge Road (A10)** dissects the borough and provides access to Central London and the **A406 North Circular Road** to the south, and **Junction 25** of the **M25** motorway approximately 2 miles to the north. The **M11** motorway is located 8 miles to the east providing access to Cambridge, and the **M1** motorway is 9 miles to the west providing access to Luton and in turn the Midlands and North of England.



Enfield Town Station is located in the centre of Enfield and provides direct rail routes to **London Liverpool Street within 34 minutes**. The closest station to the subject property is Southbury Station, which offers services to **London Liverpool Street (Overground) in 29 minutes**.



London City Airport is located approximately 14 miles to the south east of Enfield, **Heathrow Airport** is 24 miles south west, **Luton Airport** is 25 miles north west and **Stansted Airport** is 26 miles north east.

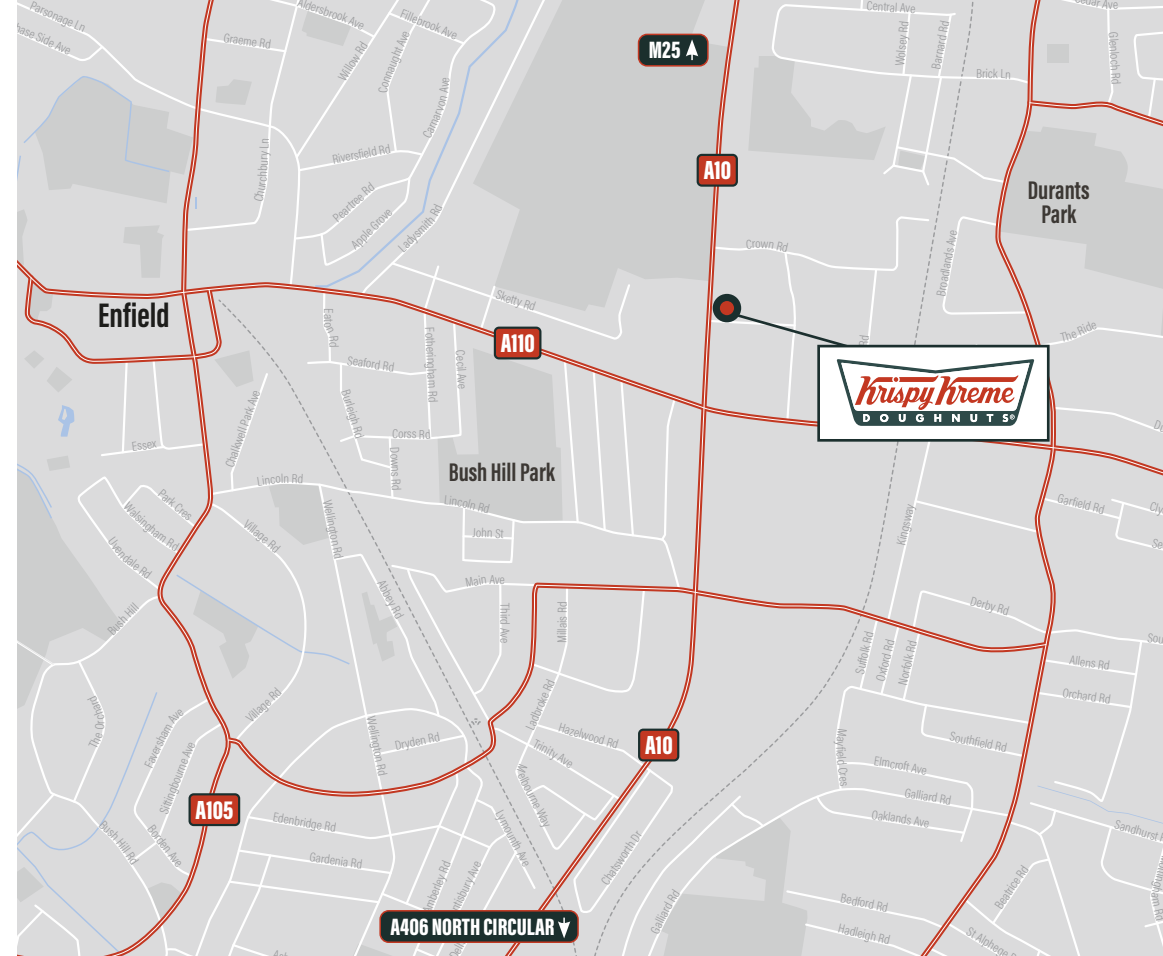


SITUATION

The property is situated approximately 1.2 miles east of Enfield town centre and occupies a prominent position fronting the A10 (Great Cambridge Road). This in turn connects to the M25 Motorway (Junction 25) approximately 2.2 miles to the north, and the A406 (North Circular) 2.7 miles to the south. The western edge of the property is bounded by the A10, with vehicular access to the property via Dearsley Road, which is also the access road for the adjoining Colosseum Retail Park to the south.

The property is situated in a large retail warehousing / industrial cluster, comprising Enfield Retail Park, Colosseum Retail Park, De Mandeville Gate Retail Park, Southbury Leisure Park and several solus retail warehouse units further along the A10. Tesco Extra, Sainsbury's, Asda and Morrisons supermarkets are also located within this cluster, as well as various industrial occupiers including DHL and a Waitrose distribution centre.




The property is also situated just 0.5 miles from Southbury Rail Station (London Overground), which provides a direct service to London Liverpool Street in 29 minutes.





DEMOGRAPHICS

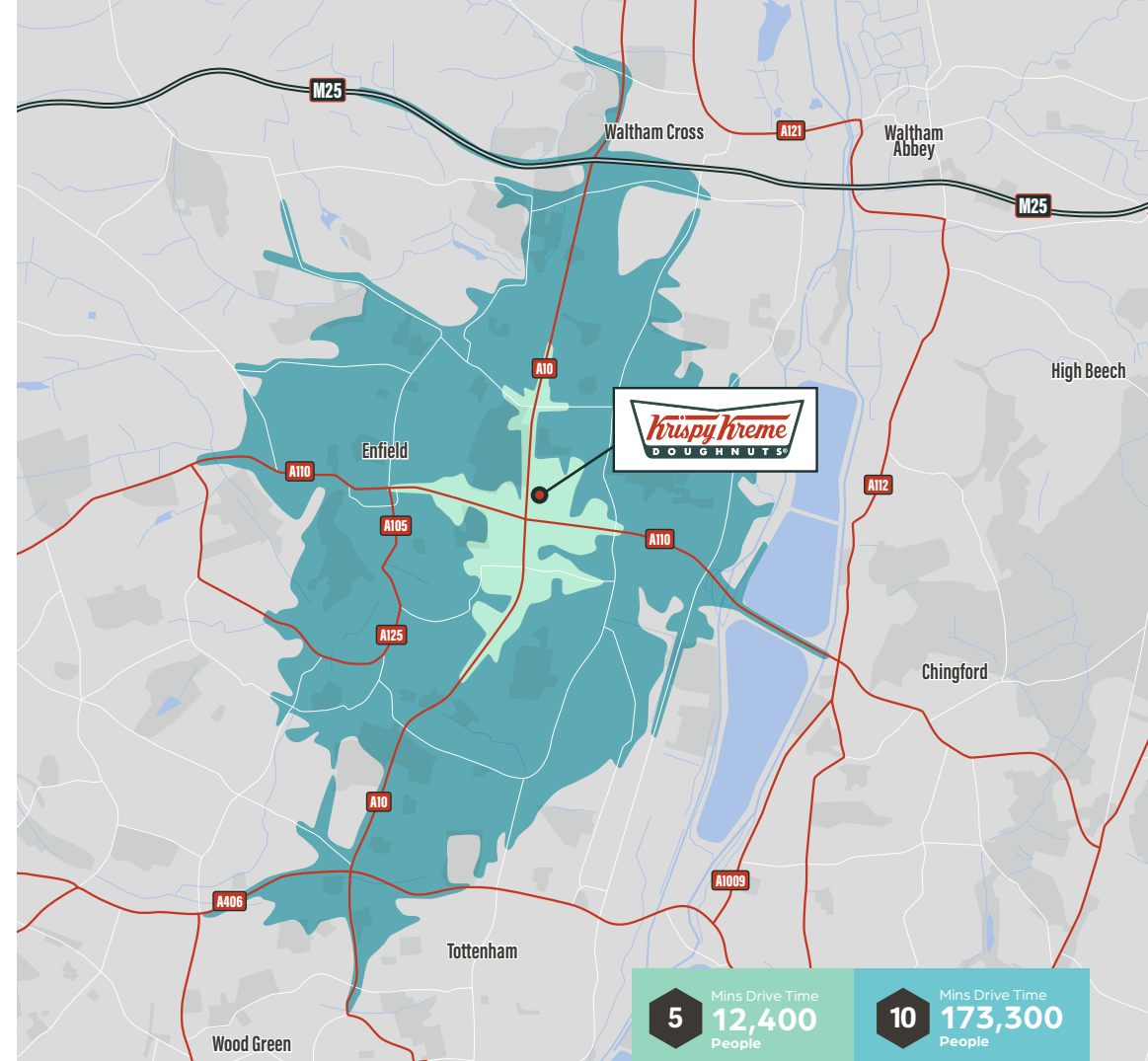
The property benefits from a large catchment population of **12,400 people** within a **5-minute drive time**, rising to **173,300 people** within **10 minutes**. The population is relatively affluent, with key measures of affluence including:

-  Affluent catchment population with 50.8% of people within a 10-minute drive-time categorised within the two highest social groups (AB/C1).
-  Strong household spend on comparison and convenience goods. Within a 10-minute drive-time, the average annual household spend on comparison goods is £6,336 and £3,901 for convenience goods.
-  Specific to food and beverage spend, households within a 10-minute drive-time spend an average of £2,229 per annum on "eating out at restaurants and cafés", 14% higher than the GB average.

Enfield's 20-minute catchment population is forecast to grow by 10% over the next 10 years, which is 90% higher than the GB average. The population of the 10-minute drive time catchment is also expected to grow by 10% over the period 2022-2032.

The property benefits from being part of a large retail warehouse cluster, enticing customers from further afield.

Source: Oxford Retail Consultants



DESCRIPTION

The property comprises a rectangular, single storey, drive thru restaurant unit, extending to 6,000 sq ft GIA. The property benefits from 64 car parking spaces laid out in front of the property, which are shared with the adjacent McDonald's drive thru unit immediately to the south.

The property has a drive thru lane which leads around the eastern boundary of the site and then along the southern edge of the building.

Internally, the property is laid out in Krispy Kreme's usual corporate specification.

Approximately half of the unit is utilised as a restaurant and half comprises manufacturing accommodation. Around 30,000 doughnuts are produced at the property per day, for distribution to around 100 Krispy Kreme stores and in-store concessions across North London and Essex.

SITE AND TENURE

The property is held freehold under Title Number AGL157747, with the total site area extending to 1.31 acres. The southern portion of the site is sold off to McDonald's Restaurants Ltd under two long leasehold interests, expiring in September 3008. A total annual head rent of £2 is payable, if demanded. The net site area (excluding this McDonalds LLH ownership) is 0.97 acres.

The McDonald's long leasehold interest contains an obligation on the freeholder to maintain a minimum of 35 car parking spaces across the site which are 'reasonably commodious' to the tenant.

STRATEGIC IMPORTANCE TO KRISPY KREME. PART OF THE PROPERTY COMPRISES A DOUGHNUT PRODUCTION FACILITY FOR DISTRIBUTION ACROSS NORTH LONDON AND ESSEX.





TENANCY

A new, 10-year lease to Krispy Kreme U.K. Limited will commence on 24th June 2022. The rent will be £180,000 pa, reflecting a low average rent per sq ft of £30.00. There is a rent review in the fifth year of the term, to CPI, collared and capped at 1% – 3% per annum, compounded. Krispy Kreme will receive a 13-month rent free incentive from the commencement of this lease, which will be topped up by the vendor. The lease will be accompanied by an agreed side letter regarding future pandemic events. Further details on request.

Krispy Kreme are currently occupying the property on an underlease from The Restaurant Group (UK) Limited, expiring on 20th June 2022, at a total current passing rent of £166,000 pa. The Restaurant Group's lease expires on 23rd June 2022 and during this three day interim period, Krispy Kreme will occupy as a licensee. Following 23rd June 2022, the relationship with The Restaurant Group will fall away.

Should a sale of this asset complete before 24th June 2022, the vendor will provide a rental top up to £180,000 pa from the date completion up to and including 23rd June 2022, in addition to the Krispy Kreme rent free top up which will commence on 24th June 2022.

SERVICE CHARGE

Further details on request.



TENANT COVENANT

Krispy Kreme is an American doughnut company and coffeehouse chain founded in 1937, that now operates in over 30 countries. There are currently 116 physical stores and over 1,000 supermarket counters across the UK.



Krispy Kreme (UK) Limited

Krispy Kreme (UK) Limited has a 2A2 D&B rating. A summary of their recent accounts is shown below:

Financial Year Ending	03/01/2021	29/12/2019
Sales / Turnover	£76,814,000	£94,069,000
Pre-Tax Profit	(£3,521,000)	£8,533,000
Tangible Net Worth	£4,780,000	£8,282,000

Krispy Kreme cite in their latest (January 2021) accounts the impact of Covid-19 on their sales turnover, including a period from the onset of the first lockdown in March 2020 to late April 2020 where they were unable to manufacture and supply their products, as well as various closures and re-openings of their stores during the various lockdowns. Over the longer term they expect to continue to grow and implement their investment and growth plans.

Krispy Kreme (UK) Ltd is a subsidiary of Krispy Kreme Doughnuts Inc., registered in the US. Krispy Kreme was recently floated on the New York Stock Exchange at the beginning of July for the second time (having been taken private in 2016) and has a current market cap of c. \$2.2 billion USD (c. £1.7 billion GBP).

RENTAL COMPARABLE EVIDENCE

The commencing rent of £180,000 pa reflects a low average passing rent of £30.00/sq ft. This compares favourably to a number of recent drive thru rental transactions.

Property	Floor Area (sq ft)	Type	Transaction	Date	Rent (£ pa)	Rent (£/sq ft)
Greggs , Westgate Retail Park, Slough	1,800	Drive-thru	OML	Jul-21	£170,000	£94.44
KFC , Horsted Retail Park, Chatham	2,600 GF 2,600 FF 5,200 Total	Drive-thru	OML	Mar-20	£190,000	£48.72 (FF @ 50%)
Krispy Kreme , Shannon Corner, New Malden	4,058	Drive-thru	RR	Feb-20	£166,000	£40.91
Burger King , Priory Retail Park, Colliers Wood	3,456	Drive-thru	RR	Oct-19	£155,000	£44.85
Costa , Watford Arches Retail Park, Watford	2,200	Drive-thru	OML	Sep-18	£185,000	£84.09

The low passing rent of £30.00 psf also compares favourably to other pod / restaurant / drive-thru operators in the area including: Costa Coffee (pod), Enfield Retail Park: **£45.00 psf**. KFC (drive-thru), Colosseum Retail Park: **£41.00 psf**. Nando's (restaurant), Enfield Retail Park: **£39.00 psf**. Subway (pod), Enfield Retail Park: **£45.00 psf**.

INVESTMENT COMPARABLE EVIDENCE

Property	Date	Floor Area (sq ft)	Price (£)	NIY (%)	Purchaser	Unexpired Term (yrs)	Rent (£/sq ft)
Costa , Metz Way, Gloucester	Nov-21	1,800	£1,300,000	4.70%	Tuzon Limited	10 yrs	£35.00
KFC , Edgware Road, Colindale	Feb-20	5,000	£3,950,000	3.35%	Private Investor	11 yrs	£28.20
Burger King , Matfield, Tonbridge	Feb-19	4,973	£1,990,000	4.70%	Private Investor	25 yrs	£20.00

LOGISTICS / LAST MILE REDEVELOPMENT UNDERPIN

The property is situated in a large retail, leisure and industrial cluster and we consider the property has strong alternative use potential assuming a logistics / last mile redevelopment. There are redevelopment angles at both Colosseum Retail Park and De Mandeville Retail Park, in close proximity to the subject property. Allowing for the requirement to maintain a minimum of 35 car parking spaces for McDonald's, we consider there is approximately 0.56 acres of developable land which at 50% site cover could accommodate a 12,500 sq ft industrial unit. With new build industrial rents at c. £25/sq ft and industrial land values at £6M – £10M/acre, there is a strong alternative use underwrite to investment value, STPP.



PLANNING

The property originally benefited from A3 (restaurants and cafés) planning consent (now Use Class E). Copies of the planning documents are available on request.

AML

The successful purchaser will be required to comply with ours' and the vendor's anti money laundering requirements.

EPC

D-90. A copy of the certificate is available on request.

VAT

The property is elected for VAT and it is anticipated the transaction will be treated as TOGC.



PROPOSAL

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(Three Million Five Hundred and Sixty Thousand Pounds) subject to contract and exclusive of VAT for our client's freehold interest. A purchase at this level would reflect an attractive **Net Initial Yield of 4.75%**, assuming standard purchase costs at 6.51%.



FURTHER INFORMATION



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