



204 EARLS COURT ROAD, LONDON, SW5 9QF
PRIME FREEHOLD RESTAURANT IN SOUTH WEST LONDON

SW5

Investment Summary

- Prime freehold restaurant with the benefit of offices and maisonette on the upper floors with separate access
- Situated within the affluent Royal Borough of Kensington and Chelsea
- Located 50 metres from Earls Court Underground Station
- Other A3 occupiers close by include Zizzi, Wagamama, McDonalds and Gourmet Burger Kitchen
- Let on an over-riding lease to Nando's Chickenland Limited for a further 19.4 years
- Current rent of £141,426 per annum
- Offers are invited in excess of £2,550,000, which reflects a net initial yield of 5.25% assuming purchaser's costs of 5.7625%, subject to contract and exclusive of VAT.

Communications

Earls Court benefits from excellent communications by road, rail and air.

The A3220 Earls Court Road runs through the heart of Earls Court connecting the A40, approximately 4.3 km (2.7 miles) to the north west, with the A3 approximately 6.0 km (3.7 miles) to the south east. The A4 forms the northern boundary of Earls Court and provides direct access to Central London to the east and the M25 (junction 15) to the west connecting with the national motorway network.

There are numerous underground stations in close proximity including Earls Court (District and Piccadilly lines providing access to the West End, Mid Town and the City), Olympia and West Brompton (District and mainline Silverlink), Gloucester Road (District, Circle and Piccadilly) and West Kensington (District). The Piccadilly line provides direct access to London Heathrow Airport and the mainline Silverlink station provides a direct service to London Gatwick Airport.

London Heathrow Airport is approximately 25.7 km (16 miles) to the west and Gatwick Airport approx 46.5 km (28.9 miles) to the south.



Description

The property comprises an attractive building arranged over basement, ground and three upper floors dating back to the nineteenth century.

The building is constructed of brick elevations inset with timber sash fenestration (with stone detailing) to the upper floors under a pitched tiled roof hidden by the parapet wall.

Nandos occupy ground and basement floors. The ground floor is used as the restaurant dining area and incorporates a kitchen. The basement comprises male and female toilets, staff changing room, storage and ancillary kitchen.

The first floor is configured as two office suites, which offer basic accommodation. The second and third floors comprise a four bedroom maisonette. Access to the upper floors are from a single side entrance on Trebovir Road.

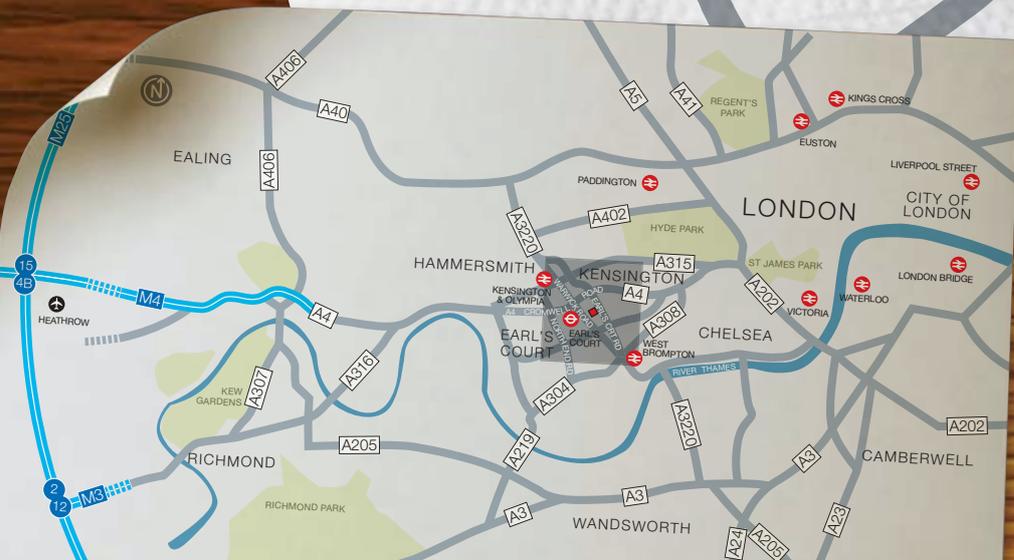


Location

A cosmopolitan and fashionable area of South West London, Earls Court is situated in the Royal Borough of Kensington and Chelsea (RBK&C). Earls Court is an established commercial and residential location approx 6.8 km (4.2 miles) west of Central London. Earls Court is situated on the border of South Kensington and other nearby centres include Chelsea, Fulham, Hammersmith and Holland Park.

The area is renowned for the Earls Court Exhibition Centre one of the country's largest indoor arenas and a popular concert venue. In addition, the Olympia Halls and conference centre, within 1.6 km (1.0 mile) to the north west, hosts numerous public and trade exhibitions.

Earls Court Road is a bustling environment providing extensive and varied retail, restaurant and leisure facilities.



Demographics

RBK&C is one of London's most affluent Boroughs with employment within the travel to work area of the Borough dominated by Banking, Finance and Business Services (45.40% compared with 17.50% for Great Britain).

Mosaic Consumer Classifications record 57.85% of RBK&C Urban Area as being Symbols of Success in comparison to the Great Britain figure of 9.70%

Approximately 46% of the Urban Area population is aged between 20-44 years, 27% greater than the figure for Great Britain.

Set out below are the salient Class Groupings for RBK&C and Great Britain.

Class Groupings 2001	Urban Area (%)	GB (%)
AB. Higher and intermediate managerial / administrative / professional	38.6	21.7
C1 Supervisory clerical / junior managerial / administrative / professional	33.0	29.4
C2 Skilled manual workers	5.2	15.1
D Semi skilled and unskilled manual workers	8.7	17.2
E On State benefit unemployed lowest grade workers	14.5	16.6

Situation

The property is prominently located on the corner of Earls Court Road and Trebovir Road.

The entrance to Earls Court underground station is situated approximately 50 metres to the south east.

The property is positioned within a vibrant mixed use location surrounded by numerous hotels, public houses, restaurants and retailing. Nearby restaurants and national multiples include Wagamama, Zizzi, Burger King, McDonalds, KFC, Gourmet Burger Kitchen, Masala Zone, Sainsbury, Starbucks, Holland & Barrett, Boots the Chemist and Marks & Spencer.



Accommodation

	Description	sq m	sq ft
Basement	Ancillary	79.41	855
Ground Floor	Restaurant	101.79	1,096
Ground Floor ITZA		56.05	609
First Floor	Offices	46.82	530
Second & Third Floors	4 bedroom maisonette		

Areas are net internal and are provided from our client's management records





Tenure

Freehold

Tenancies

The property is let on an over-riding FRI lease to Nando's Chickenland Limited for a term of 25 years from 29 September 2004, providing an unexpired term of approximately 19.4 years. The rent passing is £141,426 per annum and the lease benefits from 5 yearly upwards only rent reviews, with the next on 29 September 2014.

Nando's have sub-let the first floor offices to Kensington Car Service and PhilRem Ltd.

The second and third floor maisonette is sub-let on an assured shorthold tenancy.

We are of the opinion that the passing rent on the restaurant element equates to approximately £150 ITZA. A devaluation is available on request.

Covenant

The first Nando's restaurant opened in South Africa in 1987 and the company has grown to now operate from over 25 countries globally.

Nando's in the UK opened in Ealing in 1992. The chain has since successfully expanded nationwide taking market share from fast-food restaurants. The company now trades from 233 restaurants and employs over 7,000 people. There are plans to expand further this year with the opening of at least 15 new restaurants.

Nando's Chickenland Limited is rated by Dun & Bradstreet as 4A1 (a minimum risk of business failure). The 2009 accounts show a tangible net worth of £25.303m. The company has recorded both an increasing turnover and net worth in each of the last three years. A summary of their financial accounts is shown below:

	22/02/2009 £ 000s	24/02/2008 £ 000s	25/02/2007 £ 000s
Turnover	230,857	186,642	142,505
Pre Tax Profit	7,818	11,849	9,779
Net Worth	25,303	20,288	12,549

For additional information, please see www.nandos.co.uk

Investment Considerations

- A further 19.4 years to Nando's Chickenland Limited who have expanded successfully throughout the UK and recorded both an increasing net worth and turnover in each of the last three years
- Excellent demographics record a young and affluent local population
- Situated on prime stretch of Earls Court Road with local occupiers including Zizzi, Wagamama, McDonalds, M&S Simply Food and Sainsbury
- Potential to negotiate release of valuable upper parts
- Capital values for residential flats in similar locations in the Earls Court area are in the region of £800 – 900 per sq ft
- Strong demand for rental property in this area of London - rental value for 4 bedroom maisonette flats would be approximately £41,600 per annum
- Further asset management opportunities include converting first floor offices to residential and reconfiguring the second and third floors into two residential flats

SUBJECT TO CONTRACT AND EXCLUDING VAT

Planning

We have been advised that the property is not Listed and is situated within Earls Court Conservation Area.

VAT

VAT is payable on the purchase price.

Proposal

Our client is seeking offers in excess of £2,550,000 (Two Million Five Hundred and Fifty Thousand Pounds) which reflects a net initial yield of 5.25% assuming standard purchase costs of 5.7625% and exclusive of VAT.

Misrepresentation Clause

David Baroukh Associates for themselves and for the vendors or lessors of the properties whose agents they are give notice that:-

1. All particulars or properties provided are given as a general outline only for the guidance of intending purchaser, lessee or tenant, and do not constitute, nor constitute part of, an offer or contract.
2. Whilst all particulars of properties given including but not limited to descriptions, dimensions, references to condition and necessary permissions for use and occupation and maps are believed to be correct and are given in good faith, they are however given without responsibility on the part of David Baroukh Associates or the vendors or lessors as the case may be.
3. None of the statements contained in any particulars is to be relied upon as a statement or representation of fact.
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Viewing

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