



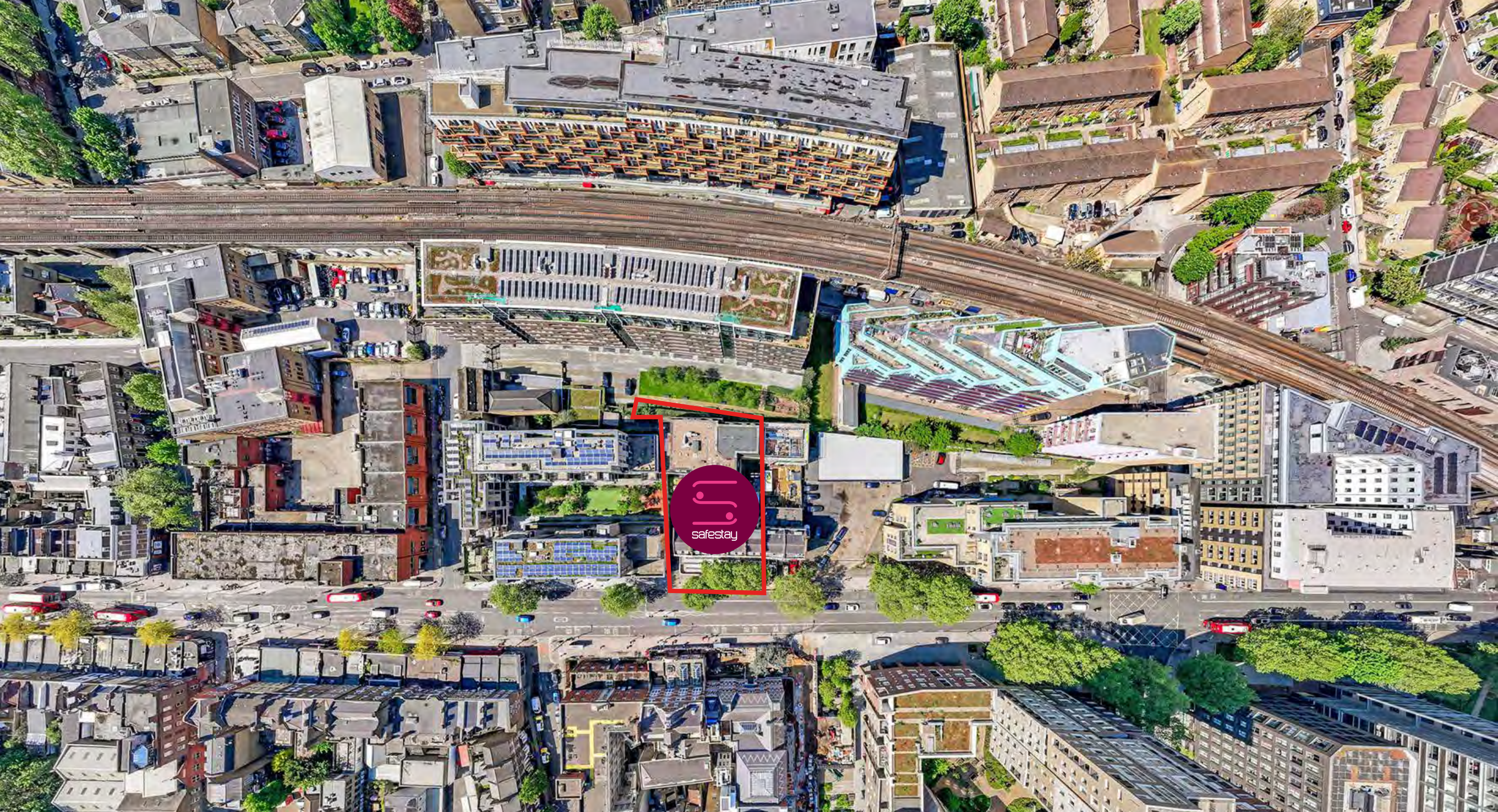
Prime Ground Lease For Sale
Index Linked

SAFESTAY LONDON ELEPHANT & CASTLE

144-152 WALWORTH ROAD
LONDON | SE17 1JL

Modern Tourist Hostel Investment

hendersonherd
COMMERCIAL PROPERTY INVESTMENT



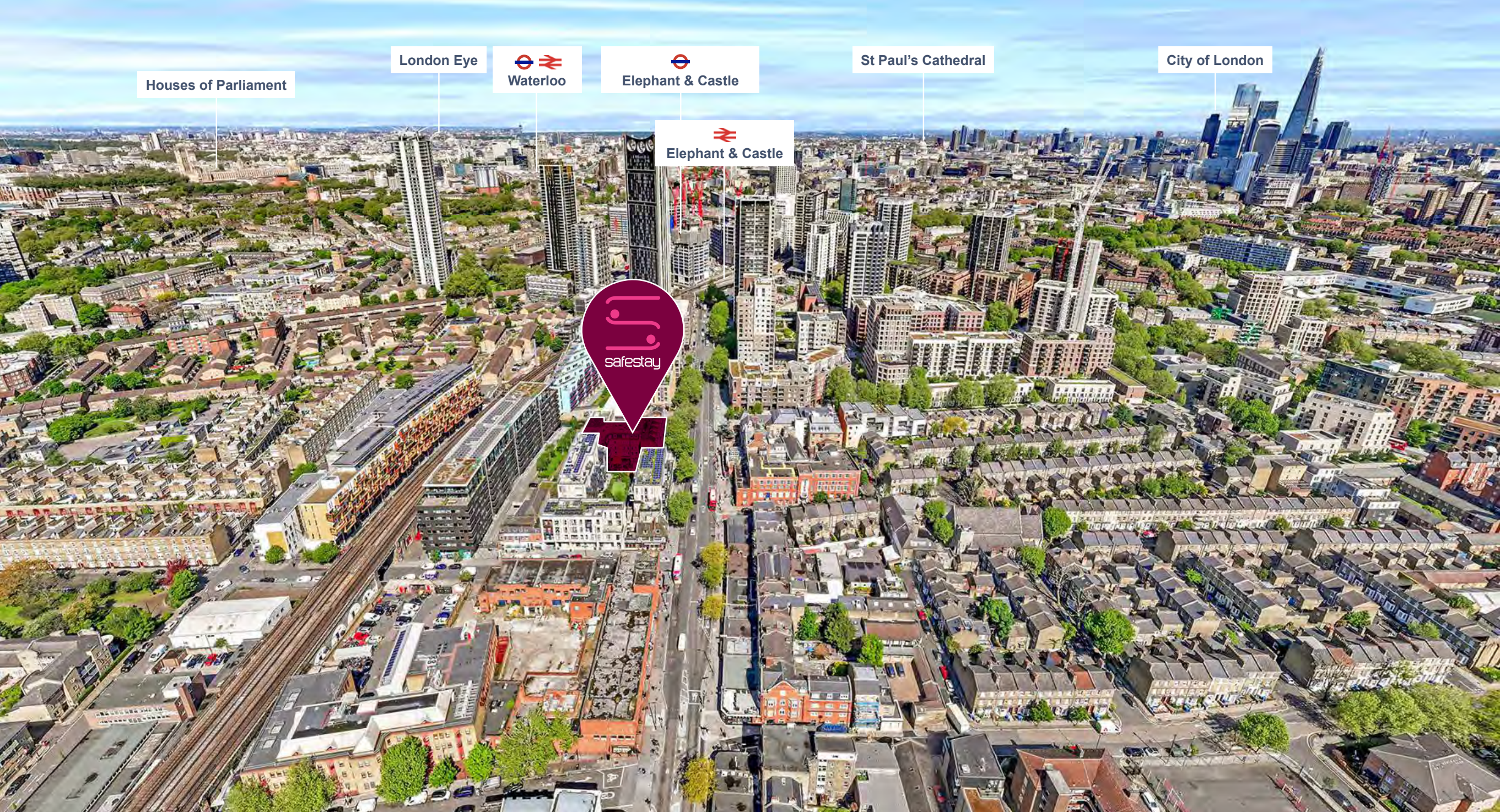
Investment Summary

An exceptional opportunity to acquire a highly secure, index-linked ground lease to a prime, modern development in Central London with over 142 years unexpired.

PROFILE	Safestay London is a modern tourist hotel providing 94 bedrooms and 494 bed spaces. It was developed in 2013 and extended in 2017.								
TENURE	Freehold.								
LEASE	150 years from 3 rd April 2017 expiring on 2 nd April 2167. Over 142 years unexpired. ^(Note 1)								
CURRENT RENT PA	£218,998 per annum (£2,330 per room).								
ACCRUED REVERSION (JANUARY 2025)	£239,305 per annum (£2,546 per room).								
NEXT RENT REVIEW	17 th May 2027 and five yearly, upwards only thereafter.								
PROJECTED REVERSION MAY 2027 ^(Note: 2)	£257,022 per annum (£2,734 per room).								
TENANT	Safestay (Elephant & Castle) Limited (Company No: 075550725).								
PRICE	<p>Offers are invited in excess £5,850,000, exclusive of VAT. After deducting assumed purchaser's costs of 6.62%, a purchase at this level would reflect the following:</p> <table><tr><td>Equivalent Yield – Accrued Reversion to January 2025</td><td>3.84%</td></tr><tr><td>Projected Reversion - May 2027 ^(Note: 2)</td><td>4.12%</td></tr><tr><td>Capital Value per bedroom</td><td>£62,234</td></tr></table>			Equivalent Yield – Accrued Reversion to January 2025	3.84%	Projected Reversion - May 2027 ^(Note: 2)	4.12%	Capital Value per bedroom	£62,234
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Capital Value per bedroom	£62,234								

Note 1: the tenant enjoys a right to purchase the freehold in 2042 and on lease expiry in 2167.
Note 2: assuming RPI of 3.00% until March 2027.





Houses of Parliament

London Eye



St Paul's Cathedral

City of London





Safestay London Elephant & Castle, 144-152 Walworth Road, London

Safestay London was initially developed in 2013 as a 75-bedroom tourist hostel. It was extended in 2019 to provide the current total of 94 bedrooms, capable of accommodating 494 guests.

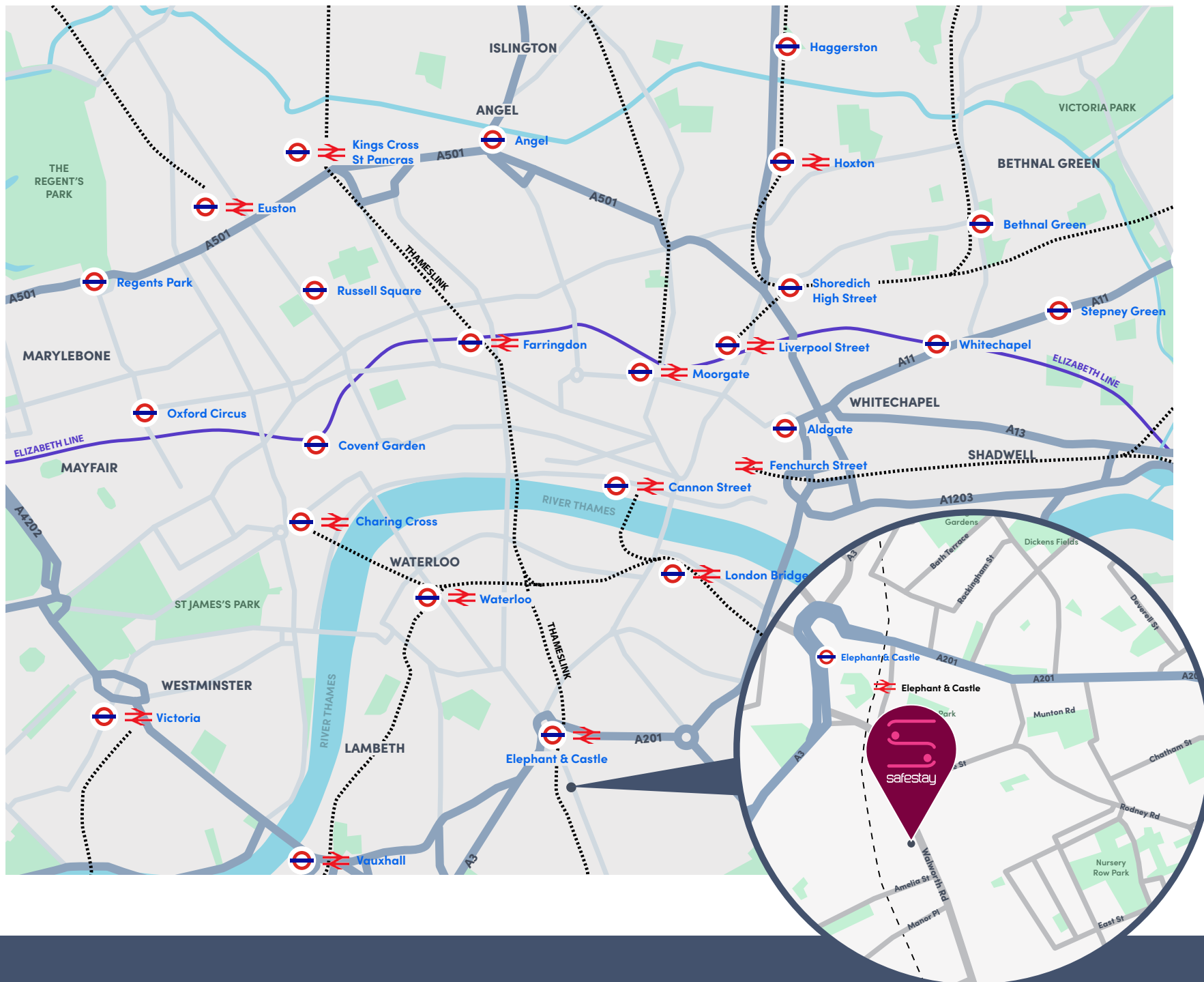
The hostel is a converted former office building, comprising a Grade II listed terrace of former Victorian townhouses to the front, with an open plan 1970's extension to the rear. It extends over lower ground, upper ground and three upper floors.

It provides a range of private and dormitory accommodation in room sizes of one, two, three, four, six and eight beds. 76 bedrooms are fully ensuite.

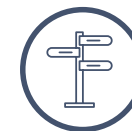
A residents' bar, lounge, meeting room and ancillary staff facilities are provided on the lower ground level.

Safestay London Elephant & Castle is one of two Safestay hostels in London. The group operates 19 hostels across the UK and ten European countries. Locations in the UK include London, Edinburgh, Glasgow and York.





Location



Safestay London Elephant & Castle is situated in Central London. It occupies a prominent location on the west side of Walworth Road, approximately 300m south of Elephant & Castle, one mile south-east of both Waterloo Station and the River Thames.



This is a busy residential and commercial district. Elephant & Castle is one of the most significant regeneration projects in Central London. Extending over 25 acres and a masterplan of over 25 planned developments, the project is well advanced and will deliver over 5,000 new homes, a new public park, a new town centre and a new campus for University of the Arts London (UAL).



A number of tourist attractions are nearby including The Imperial War Museum, The London Eye, The Globe Theatre, Tate Modern, The South Bank, Tower Bridge and the Kennington Oval.

The London Tourism & Hostel Market



London is one of the most popular tourist destinations in the world. In 2023, it was the third most visited city worldwide, attracting over 20.3m international visitors with this number forecast to increase by 15% by 2031.



It is the largest hotel market in the UK with over 160,000 rooms. It continues to grow: 2,700 rooms were added in 2024 with approximately 6,600 under construction.



29%

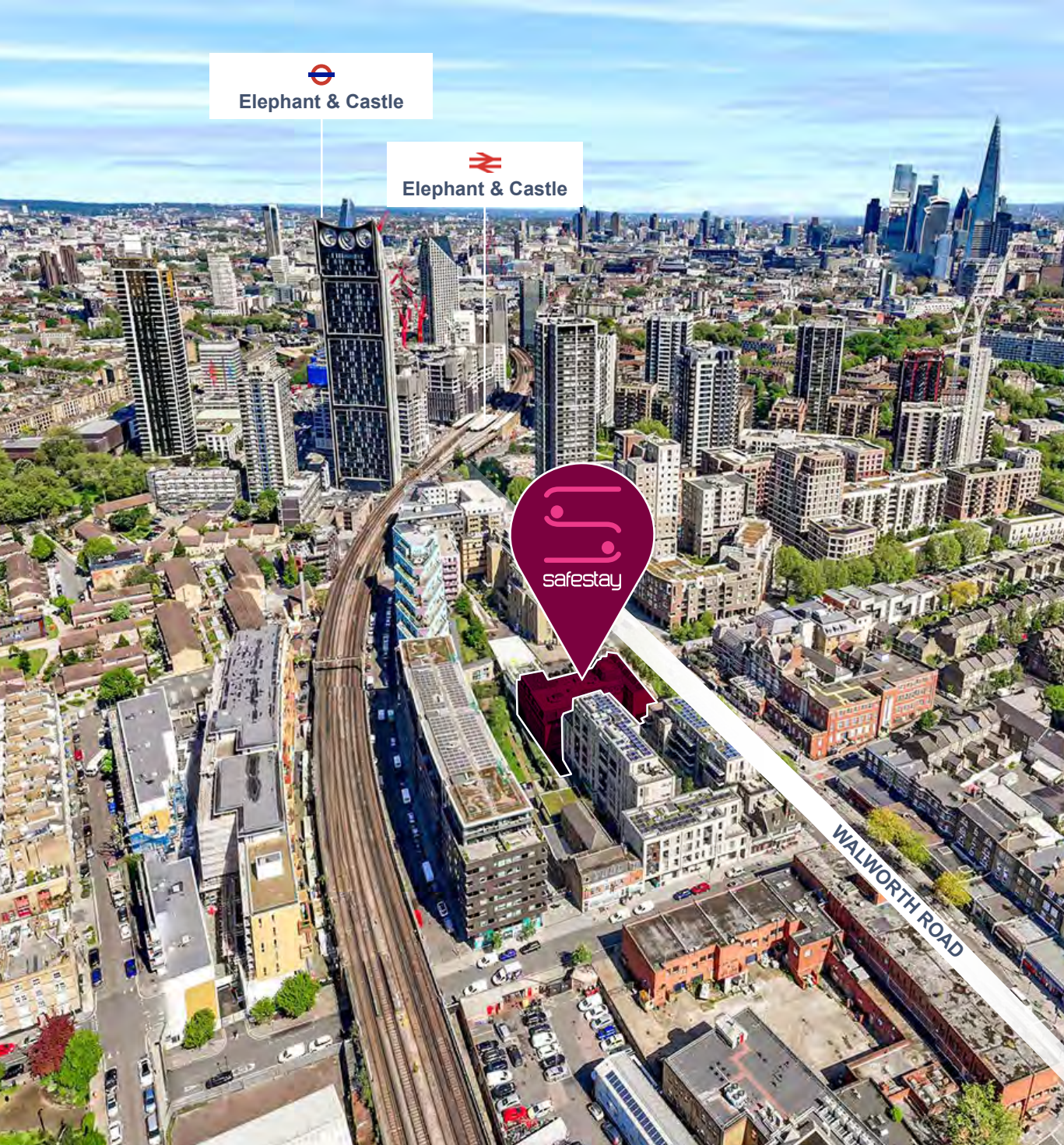
The Midscale and Economy segment accounts for approximately 29% of the local market. 12 month occupancy was 81.9%, slightly ahead of the overall market rate of 80.9%.



The hostel and micro-hotel market accounts for approximately 3.5% of all hotel properties in the UK. Whilst a small sector of the market, it is one of the fastest growing. Worldwide, growth of over 53% is expected between 2023-2030.



Growth is being driven by increasing demand for affordable accommodation, particularly amongst younger travellers. In 2019, 44% of total tourism nights by EU residents were taken by people aged 15-44 years. In addition, there has been significant growth in the number of solo travellers.



Connectivity

Safestay London Elephant & Castle is conveniently located for the attractions of London's South Bank, many of which lie within easy walking distance. It also enjoys excellent public transport connections across the city.



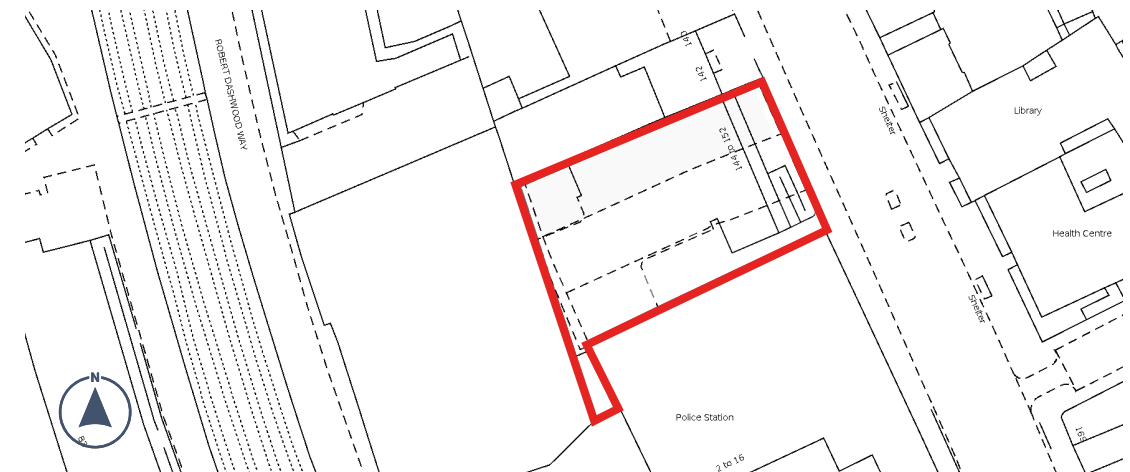
Elephant & Castle, a busy transport interchange, is situated approximately 300m to the north. Located in Zone 1, it provides both mainline (Thameslink) and Underground (Northern and Bakerloo Lines) services. These provide convenient connections across London, including to the capital's main railway hubs and connecting services to London Heathrow, Gatwick and Luton Airports.



Walworth Road is a busy arterial route passing north:south into Central London.

Tenure

The site is held Freehold and extends to 0.36 acres (0.15 ha).







Tenancy

The property is held subject to a 150-year ground lease from 3rd April 2017 until 2nd April 2167.

The ground lease is subject to five yearly, upwards only rent reviews. The next rent review is on 17th May 2027.

Rent reviews are calculated by reference to the Retail Prices Index, subject to minimum growth of 1% per annum and maximum growth of 4% per annum. Rent reviews are calculated annually and compounded.

Tenant

The current tenant is Safestay (Elephant & Castle) Limited (Company Registration:07550725). The company has a Creditsafe Rating of 81 (A), classified as Very Low Risk.

For the year ended 31st December 2023, the tenant reported Net Assets of £23.8m.

For the year ended 31st December 2022, the tenant reported Net Assets of £22.5m, Turnover of £3.25m and an Operating Profit of £694,706 per annum.

Safestay (Elephant & Castle) Limited is a subsidiary of Safestay plc who reported Net Assets of £32.8m for the year ended 31st December 2023.

Tenant Option to Purchase

The tenant enjoys an option to purchase the freehold on the 17th May 2042. The option strike price is that sum which provides the freeholder with a Real (ie inflation adjusted) IRR of 4% above the 2017 base value of £7,280,000, adjusted for fees and other costs.

Indicative strike prices to exercise this option are estimated below, reflecting alternative rates of future annual RPI growth:

RPI 2025-2042	Option Strike Price
2.00% pa	£39.4m
3.00% pa	£59.4m
4.00% pa	£94.7m

The tenant enjoys a further option to purchase the freehold title for £1 upon expiry of the lease in 2162.

Rent

Current Rent	£218,998 per annum (£2,330 per room)
Accrued Reversion to January 2025	£239,305 per annum (£2,546 per room)
Projected Reversion (May 2027):	£257,022 per annum (£2,734 per room)*

*assuming future RPI of 3% per annum.

Price

We are instructed to seek offers over **£5,850,000**, exclusive of VAT.

After deducting assumed purchaser's costs of **6.62%**, a purchase at this level would reflect the following:

Equivalent Yield	3.84%
Accrued Reversion to January 2025	
Projected Reversion - May 2027	4.12%
Capital Value per bedroom	£62,234

EPC

The property has an EPC of B.

VAT

The property has been elected for VAT purposes and the sale will be treated as a Transfer of a Going Concern.

Anti-Money Laundering

Prior to exchange of contracts, all parties acknowledge and agree to fully co-operate to ensure Anti-Money Laundering Regulations are fully satisfied.



Contact

Further information can be obtained from the sole selling agents:

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COMMERCIAL PROPERTY INVESTMENT

The Agents for themselves and for the vendors or lessors of this property whose agents they are give notice that: (i) the particulars are set out as a general outline only for the guidance of the intended purchasers or lessees and do not constitute, nor constitute part of, an offer or contract; (ii) all descriptions, dimensions, reference to condition and necessary permissions for use and occupation, and other details are given without responsibility and any intending purchasers or tenants should not rely on them as statements or representations of fact but must satisfy themselves by inspection or otherwise as to the correctness of each of them; (iii) no person in the employment of the Agents has any authority to make or give any representations or warranty whatever in relation to this property. Subject to Contract. Exclusive of VAT. APRIL 2025.