

# FARINGDON LODGE

1 FARINGDON AVENUE, HAROLD HILL, **ROMFORD, ESSEX RM3 8SJ**

WELL SECURED INVESTMENT LET FOR CIRCA 14 YEARS, WHICH IS UNDERPINNED BY RESIDENTIAL VALUES.

PRICE REDUCTION



## INVESTMENT SUMMARY

- The property is situated within the heart of Romford and following the opening of Crossrail's new Elizabeth Line, it is now possible to reach Tottenham Court Road in approximately 40 minutes.
- Faringdon Lodge is a supported housing complex scheme providing 25 self contained units.
- Freehold.
- The entire property is let to Penrose Options for a term of 20 years from 1st February 2022 (expiring 31st January 2042), on Internal Repairing only terms subject to 5 yearly upward only rent reviews.
- The lease includes a tenant break option on the 15th anniversary of the term exercisable upon 6 months' written notice.
- Penrose Options are a wholly owned subsidiary of Social Interest Group who were first established in 1969.
- The rent reviews are linked to CPI every 5 years, collared at 0% and capped at 3%. The next rent review is in Feb 2027.
- The gross rent is £258,485 per annum, but subject to an annual deduction of £39,000 per annum for general management and maintenance costs. Therefore, the net income is £219,485 per annum.
- Assuming CPI remains above 3%, the net rent will rise to £226,070 pa in Feb 2027.
- The investment value is a significant discount with residential values in the area ranging between £325 to £450 per sq ft.

The Vendors are seeking offers of **£2,500,000 (Two Million Five Hundred Thousand)**, subject to contract.

After allowing for purchaser's costs of 6.38%, this would reflect a **net initial yield of 8.25%** and a capital value of **£225 per sq ft**.

Assuming CPI remains at 3%, **a reversionary yield of 8.02% is projected in Feb 2027**.



# LOCATION

Romford is located in the north east quadrant of Greater London, with a population of approximately 270,000 people within the London Borough of Havering.

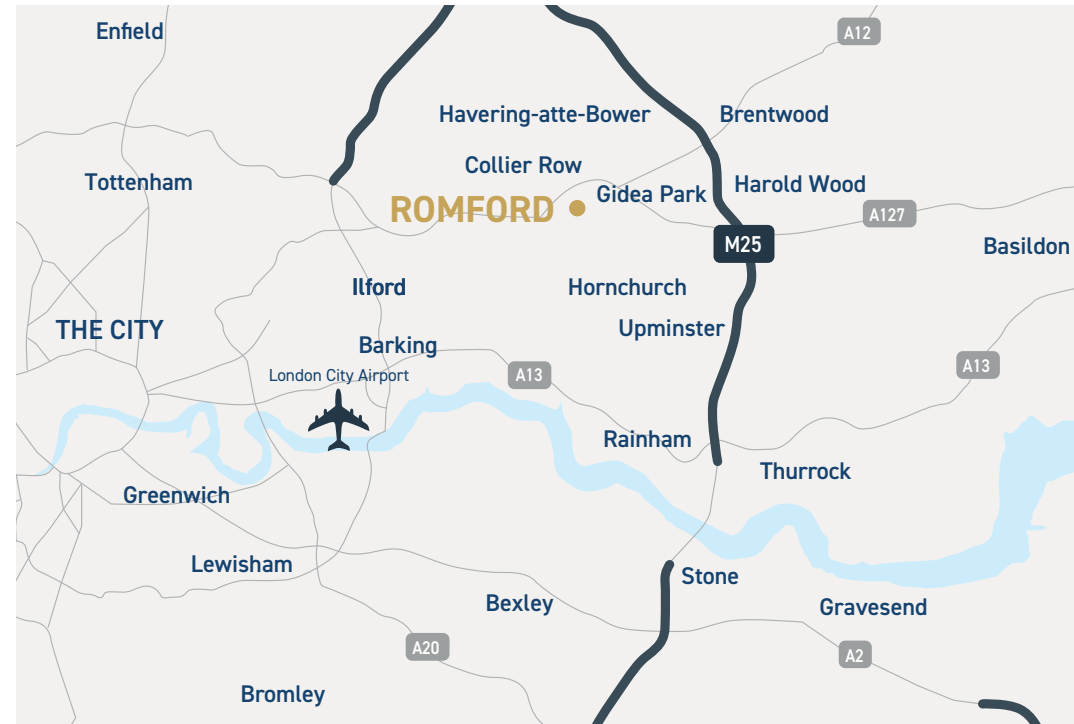


The town is located 16 miles to the north east of Central London, 15 miles to the south east of Enfield and a similar distance to the west of Basildon. The area enjoys excellent transport links via the M25, as well as the A12 which is a major arterial route in/out of London, as well as providing access into the affluent Essex catchment.

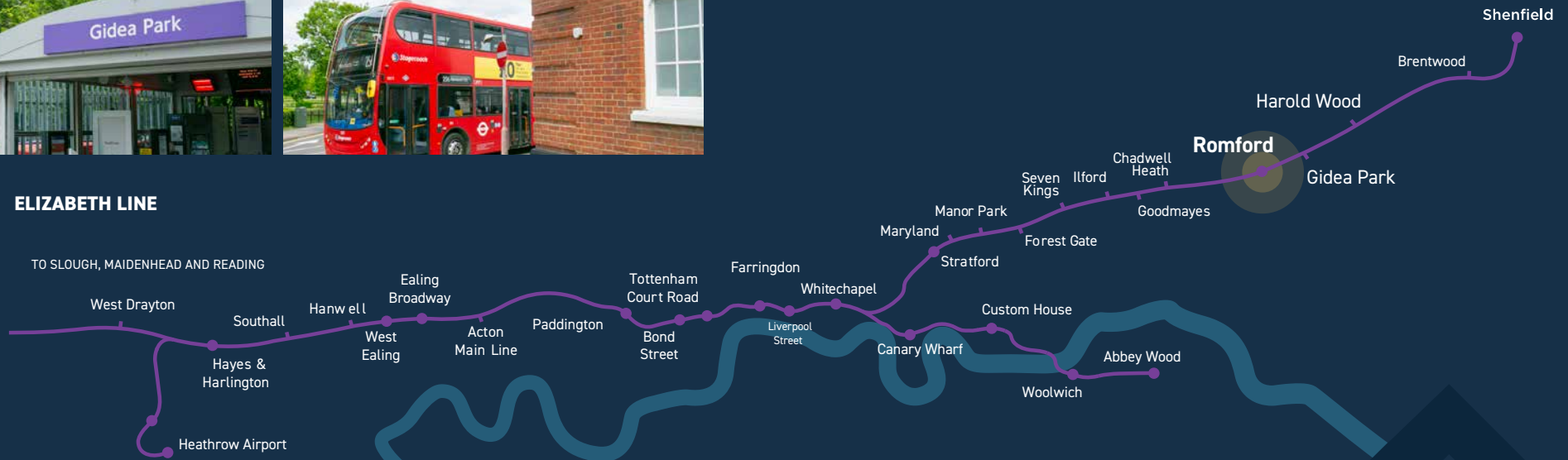
The subject property is located on Faringdon Avenue which lies approximately 0.5 mile from the A12 and A127. The property is situated in a mixed use area with residential neighbourhoods abutting industrial and retail warehouse parks.



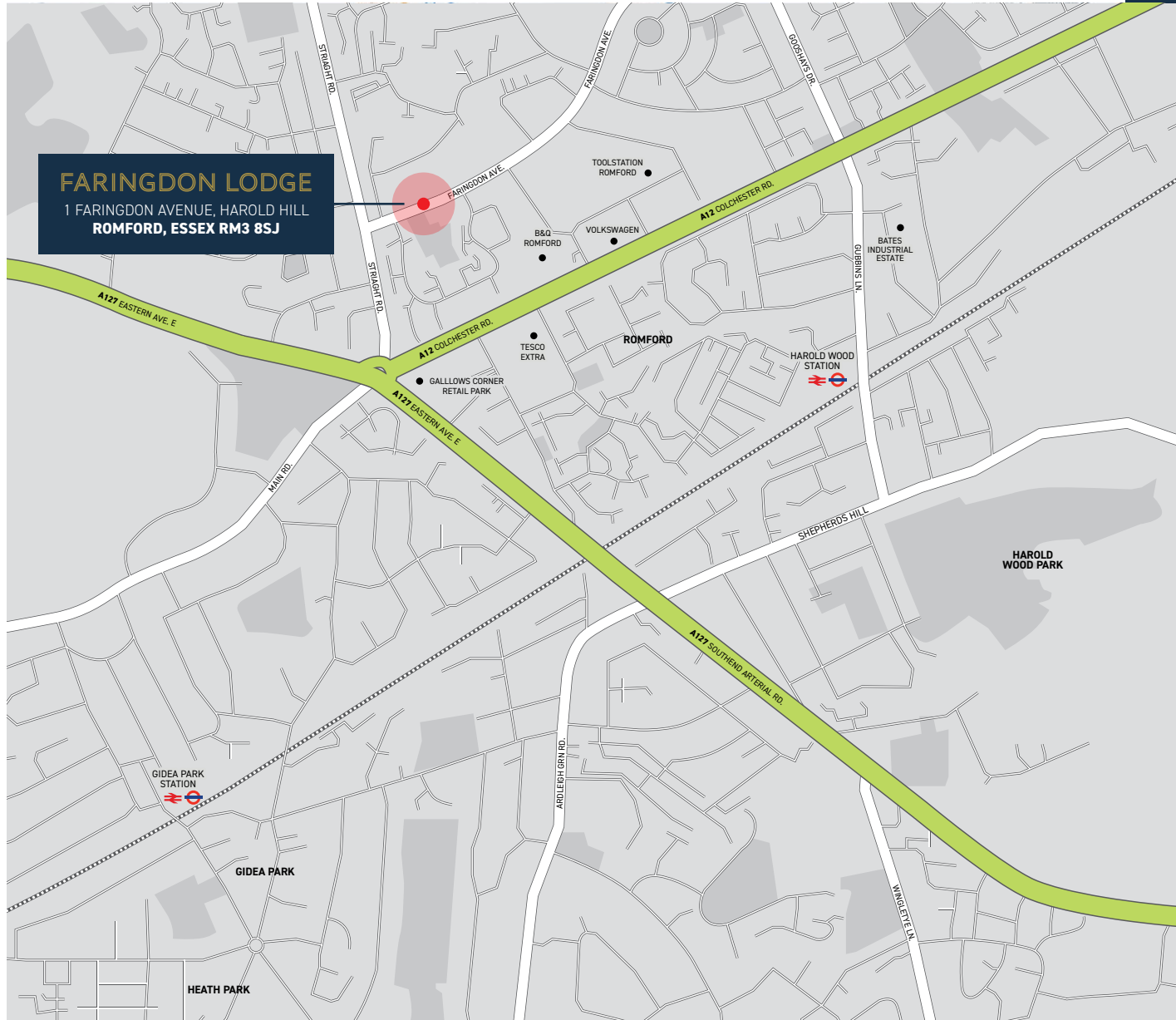
Faringdon Lodge is approximately 1.5 miles from both Harold Wood and Gidea Park stations which provide excellent transport links into central London via Crossrail's new Elizabeth Line with a journey time into Tottenham Court Road of approximately 40 minutes. The property is also situated within walking distance of local amenities and lies approximately 2 miles from Romford town centre.



## ELIZABETH LINE



# LOCATION PLAN



# OS PLAN



## JOURNEY TIMES ELIZABETH LINE:

Liverpool Street	17 mins
Bond Street	34 mins
Paddington	37 mins
Heathrow	62 mins



## DESCRIPTION & ACCOMMODATION

Faringdon Lodge was a former care home which was converted in 2021 into a supported housing complex scheme providing 25 self-contained units.

Each unit benefits from an ensuite bathroom, dry kitchen and washing machine, as well as being individually metered for residents' convenience. The property provides four shared kitchens and communal areas available for all residents to use. The property also provides a manager's office, parking, and laundry room.

As part of the refurbishment, 52 solar panels were installed which are estimated to generate approximately one-third of the property's energy needs. In addition, eco radiators, insulation, and double glazing were all installed to improve the overall energy efficiency of the building.

The property provides a total GIA of 11,100 sq ft arranged over ground and first floor on a site area of approximately 0.343 acres.



## FARINGDON LODGE - CONCEPT

The intended purpose of Faringdon Lodge aims to provide supported housing which is complete with on-site support workers and treatment rooms which will enable the residents, once homeless or rough sleepers, to rehabilitate and integrate back into society following a 12 to 18 month stay in the facility.

Throughout their stay, residents will work with Social Interest Group to source suitable, long-term housing solutions for their futures.

The subject property is located one mile from the nearest station with great transport links into central London and is within walking distance of local amenities.



## TENURE

Freehold.

## TENANCY

The entire property is let to Penrose Options for a term of 20 years from 1st February 2022 (expiring 31st Jan 2042), on Internal Repairing only terms subject to 5 yearly upward only rent reviews. The rent reviews are linked to CPI every 5 years, collared at 0% and capped at 3%. The next rent review is in Feb 2027. The lease includes a tenant break option on the 15th anniversary of the term exercisable upon 6 months' written notice. The tenant's repair obligations are limited by way of a photographic Schedule of Condition. The lease is contracted outside of the security of tenure provisions of the Landlord and Tenant Act 1954.

The gross rent is £258,485 per annum, but subject to an annual deduction of £39,000 per annum for general management and maintenance costs. Therefore, the net income is £219,485 per annum. This management fee shall be increased from time to time by the same proportion as any increase applied to the Rent. Forecasted uplifts are reflected within the Income Flow section below.

Penrose Options have a contract with the London Borough of Havering to house and assess newly homeless people within this facility. Further information can be obtained upon request.

## INCOME FLOW

Assuming CPI stays above the 3%, the following uplifts will be achieved at each rent review:

Year	Gross Rent	Net Rent
Feb-22	£258,485	£219,485
Feb-27	£266,240	£226,070
Feb-32	£274,227	£232,852
Feb-37	£282,454	£239,838



# COVENANT INFORMATION

## SOCIAL INTEREST GROUP

Social Interest Group (Company Number 09122052) are a registered supported housing charity.

The Social Interest Group (SIG) is leading UK based charity made up of subsidiary charities such as Penrose Options that all share a common belief that everyone has the right to live a positive and healthy life. They aim to achieve this by providing training and rehabilitation to support people who have complex needs including but not limited to individuals with mental health problems, those suffering from substance / alcohol abuse / misuse, young offenders and the homeless.

For the year ending 31/03/2022, the following figures were reported:

Total Income	<b>£18,729,000</b>
Total Funds Carried Forward	<b>£2,292,000</b>
Net Asset	<b>£2,374,000</b>



## PENROSE OPTIONS

Penrose Options is wholly owned subsidiary of Social Interest Group (Company Number 08466743).

Penrose Housing Association was established in 1969 to provide housing for ex offenders but in 2013 changed its name to Penrose Options and became a registered charity. It entered into a partnership with the Social Interest Group on 1st October 2014. Today, as they always have strived to, provide health care solutions, employment, training social care support to people that struggle with mental illness, personality disorders and substance and alcohol issues.

They provide short term housing solutions to these vulnerable people whilst they provide the tools with that they need to get back into the real world. Penrose specialise in working with people who are not supported by other similar organisations due to personal or public safety risks they might present. Penrose currently operates across London, Bedfordshire and Luton and they have an ambition to grow further.

For the year ending 31/03/2022, the following figures were reported:

Total Income	<b>£9,687,000</b>
Total Funds Carried Forward	<b>£2,145,000</b>
Net Asset	<b>£2,148,000</b>



## VAT

The property has not been elected for VAT therefore VAT will not be applicable to the purchase price.





## ROMFORD REGENERATION & RESIDENTIAL VALUES

The residential market in Romford is currently undergoing a significant transformation partially driven by the opening of the Elizabeth line which serves 3 local stations, and this has materially improved transport links into London.

In June 2021, a joint venture between Havering Council and Watts Residential obtained consent at Waterloo Road/Queen Street for the construction of 1,380 new homes. In April 2022, Impact Developments obtained consent for a new urban village known as Rom Valley Gardens where they will develop a further 972 homes.

Currently 1/2 bed flats in the Romford area range between £325 per sq ft to £450 per sq ft. Therefore, if the property were to become vacant, the subject property represents a significant discount to vacant possession value.



# PROPOSAL & YIELD FLOW

Offers sought for a consideration of **£2,500,000 (Two Million Five Hundred Thousand)**, subject to contract.

This price reflects a **net initial yield of 8.25%** after purchaser's costs of 6.38% and a capital value of **£225 per sq ft**.

Assuming CPI remains at 3%, the following reversionary yields will be achieved:

<b>Net Initial Yield</b>	<b>7.78%</b>
Feb 2027	<b>8.02%</b>
Feb 2032	<b>8.26%</b>
Feb 2037	<b>8.50%</b>

## FURTHER INFORMATION

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