

CPI

THE CROYDON PARK HOTEL

LONG INCOME HOTEL OPPORTUNITY WITH EXCITING
FUTURE ASSET MANAGEMENT POTENTIAL

INVESTMENT HIGHLIGHTS

- ◆ Rare opportunity to purchase a prime hotel, situated in the heart of Croydon's Commercial District.
- ◆ Exceptional growth prospects - Croydon is set to benefit from £5.25 billion capital expenditure.
- ◆ Croydon is considered one of the fastest growing markets in the UK and is well on its way to becoming one of London's iconic commercial centres and London's 'Third City'.
- ◆ Freehold Hotel set on a substantial c. 1.54 acre site.
- ◆ Large full service four-star hotel, extending to c.137,000 sq ft and benefiting from 211 bedrooms, ample parking, food, beverage and leisure facilities.
- ◆ Securely let to Kasterlee UK Limited for a term expiring April 2031 (c.13 years unexpired).
- ◆ Current passing rent of £1,725,000 per annum, equivalent to £8,175 per key.
- ◆ Opportunity to benefit from rental growth at the time of the next rent review in 2021.
- ◆ Asset management opportunities including; exciting hotel branding potential, the extension of the hotel or a change of use to residential and significantly increasing the massing on the site (subject to obtaining planning and all other consents).
- ◆ Offers in excess of **£25,000,000 (TWENTY-FIVE MILLION POUNDS)**, subject to contract and exclusive of VAT, are sought for our client's Freehold interest. This reflects an **attractive NIY of 6.5%** and pricing equivalent to £118,500 per key, assuming full costs of 6.80%. The value per key is extremely attractive relative to Vacant Possession and well below construction costs if newly delivered.



LOCATION

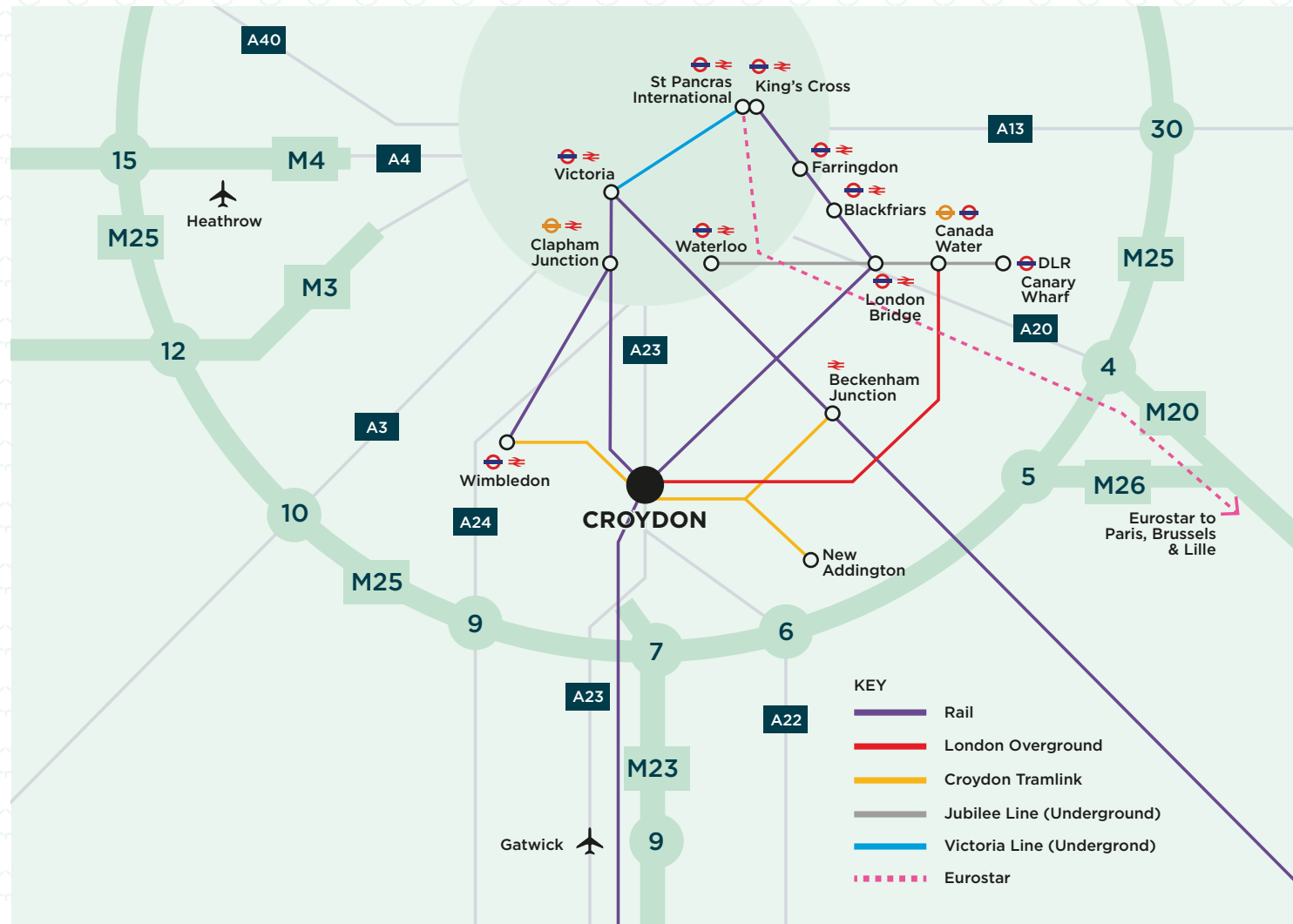
Excellent Central Location in Proximity to Key Transport Hubs and Commercial Centre

Located less than 12 miles from Central London, Croydon Park Hotel's excellent position allows easy access into the capital and to the M25 and M23, which are only ten miles from the hotel.

Strategically positioned in proximity to East Croydon (300m) and West Croydon (1,200m) railway stations where there is a frequent service to London Bridge and King's Cross St Pancras International as well as the London Underground Network. East Croydon Railway station is the second busiest station interchange in the UK and generated passenger traffic of 23 million in 2017. The capital's tram network is an important transport mode in Croydon, providing regular services from Beckenham to Wimbledon generating 28 million passenger traffic a year.

Croydon Park Hotel is located 20 miles from Gatwick Airport, the UK's second largest airport serving 228 destinations worldwide. It attracts over 45 million passengers per annum, and can be accessed via train from East Croydon station.

DESTINATION	TRAVEL TIME (Direct Service from East Croydon)
Clapham Junction Station	9 minutes
London Bridge Station	13 minutes
Gatwick Airport	15 minutes
London Victoria Station	15 minutes
St Pancras International	30 minutes



COMMERCE

Croydon represents the largest office market in the South-East outside of Central London, with many blue-chip corporations locating their headquarters in the CBD; Croydon Park Hotel is located in the heart of this hub. Prime rents remain extremely attractive compared to Central London, which helps retain and attract a range of organisations from sectors including banking, insurance, legal, food and beverage and telecommunications.

Over the past 5 years, Croydon has seen office take up of c. 1m sq ft with notable deals being HMRC's 180,000 sq ft tenancy at Ruskin Square and Regus UK's 118,000 sq ft occupation at 2 Lansdowne Road. Other occupiers include: Siemens, Green Energy Network, the Ministry of Justice and EDF Energy.

The vacancy rate in Croydon has fallen to a record low of 3.2% as of April 2018, one of the lowest vacancy rates in London and less than half of the national average. The expectation is that the vacancy rate will remain low, as there continues to be considerable demand for office space in the Croydon area.

Croydon represents significant value and growth potential with rents increasing c. 40% since 2014, currently at c. £34.00 psf; comparing very favourably with Wimbledon (£49.50 psf), Hammersmith (£59.00 psf), Chiswick (£56.00 psf), the City (£68.50 psf) and the West End (£103.50 psf).

CULTURE & AMENITIES

Outside of London's West End, Croydon is currently London's second largest retail hub, producing £1.9bn annual expenditure. This is set to grow exponentially thanks to Westfield's impending opening with Croydon set to become Europe's largest retail destination in 2022. The Croydon Park Hotel is less than 10 minutes' walk from the new shopping centre. This is in addition to many other ongoing redevelopment initiatives further enhancing the commercial centre.



CGI of Westfield Shopping Centre



CROYDON REGENERATION: LONDON'S THIRD CITY

The Croydon Vision 2020 is one of the most vigorous urban regeneration plans in the UK. With a scheduled £5.25 billion in development projects, Croydon will be positioned as “London’s Third City” being the commercial, leisure, living, retail and cultural hub of South London and South East England.

The London Borough of Croydon has seen the largest number of planning permissions for tall-buildings in Greater London, with 50% of those entering planning in 2016 gaining permission.

Croydon is set to be London’s biggest growth centre in the next five years with approximately

£5.25 billion in development projects taking place helping it become one of the biggest mixed-use urban revitalization programs in Europe.

Significant developments set to transform Croydon within half a mile of Croydon Park Hotel are presented below:



WESTFIELD & HAMMERSON

800 m from Croydon Park Hotel



Croydon will welcome London’s third Westfield which will be at the heart of the borough’s transformative regeneration plan. Croydon’s two main shopping centers, Whitgift and Centrale, will be redeveloped and repositioned into a world class retail and leisure destination. The £1.4bn development project comprises over 1.5 million sq ft of retail and leisure space creating over 7,000 new jobs, a new car park and nearly 1,000 new homes. Work is set to begin on the scheme in 2019 and scheduled to open in 2022.

ONE LANSDOWNE

800 m from Croydon Park Hotel



Set to be south London’s most iconic landmark, the architectural centerpiece of Croydon and the UK’s second tallest tower at 288m tall. One Lansdowne comprises two towers of 68 and 41 storeys linked by an 11-storey podium structure. The development comprises 317,000 sq ft of office space, 28,000 sq ft of retail space, nearly 800 apartments and a public viewing gallery offering panoramic views across the Greater London.

FAIRFIELD MASTER PLAN

450 m from Croydon Park Hotel



The new cultural quarter in the centre of Croydon is one of the largest regeneration projects ever approved in the borough. The ambitious development will see College Green and Fairfield Halls transformed into a vibrant destination for arts, education and culture. At the centre of the project is the £30m refurbishment of Fairfield Halls to a state of the art performance venue along with over 2,000 new homes, high-quality public spaces, a brand-new college and new shops and office space.



CROYDON KEY REGENERATION SCHEMES: TIMELINE

RUSKIN SQUARE

Completion: Dec-2016
Croydon Gateway - 2m sq ft complex of offices, homes and shops adjacent to East Croydon Station



LEON HOUSE

Completion: 2018
Conversion of former office block into 263 high-end apartments



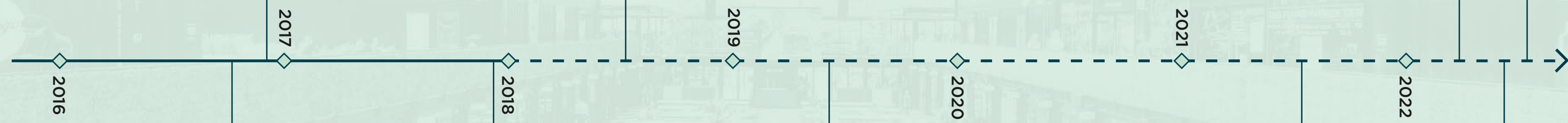
ONE LANSDOWNE

Completion: 2022
Will be the iconic 288m tall tower for Croydon comprising retail & office space along with 800 apartments



MORELLO PHASE II

Completion: TBC
Permission for 445 homes & pedestrian bridge to station received in 2018, based off the success of Morello Phase 1



BOXPARK CROYDON

Completion: Oct-2016
One of the trendiest food & drink malls in London, built from 96 shipping containers - 24,000 sq ft



MORELLO PHASE 1

Completion: Dec-2017
297 Apartments & 118 parking spaces located on Cherry Orchard Road



FAIRFIELD HALLS

Completion: Mar-2019
£30m refurbishment to a state of the art performance venue as part of a wider Cultural Quarter scheme which includes 2,000 new homes



SELHURST PARK

Scheduled: 2021
£100m redevelopment of Premier League team Crystal Palace Football Club's stadium. Proposal to increase capacity from 26,000 to 34,000 - an additional 260,000 sq ft



WESTFIELD & HAMMONS

Scheduled: 2022
Transformation of Croydon's two shopping centres into a world class retail destination. Comprises over 1.5million sq ft and up to 1,000 new homes

Sources: Develop Croydon, The Independent & Croydon Advertiser

PROPERTY INFORMATION

Opened in 1984, Croydon Park Hotel is a large purpose built full-service hotel on a site covering c.1.54 acres. The property was previously operated under an international hotel brand, and is now operated as an independent full-service hotel.

HOTEL OVERVIEW

Address	7 Altyre Rd, Croydon CR9 5AA
Guestrooms	211
Food and Beverage	1 restaurant & 1 bar
Meeting Space	6 meeting rooms - maximum capacity 345 delegates
Other Facilities	Leisure Club with external membership (Fitness Centre, Swimming Pool and Squash Court)
Tenure	Freehold
Operating Structure	Lease to Kasterlee UK Limited
Site	c.1.54 acres
No. of Floors	Comprises two sections: the primary accommodation block constructed over ground and five upper floors and a further block built over two floors comprising both front and back of house facilities
Parking Spaces	110 (majority undercover)
Year Open	1984 (purpose-built)



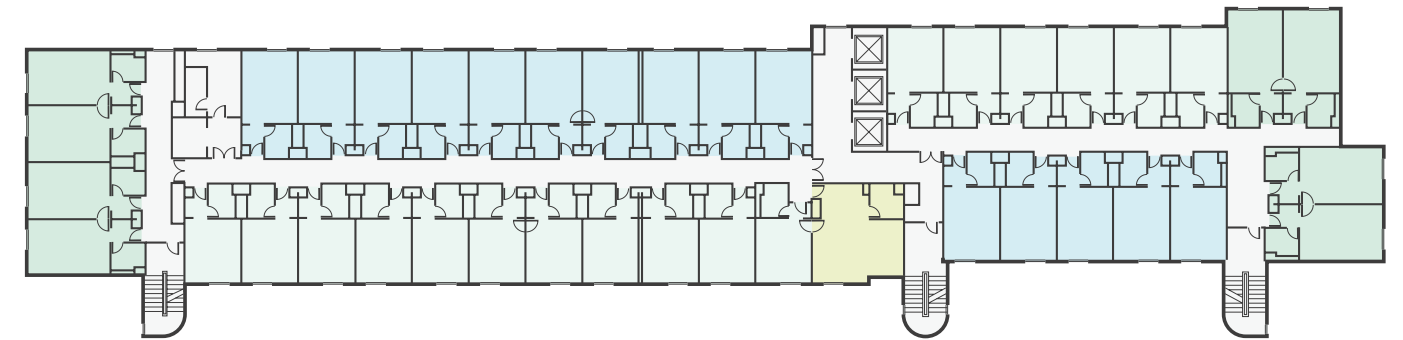


The property has been measured by Plowman and Craven Associates in accordance with the RICS measurement guidelines, and comprises the following areas:

FLOOR	USE	GIA (SQ M)	GIA (SQ FT)
ROOF	Plant	1,446.9	15,574
FIFTH	Accommodation	1,443.7	15,540
FOURTH	Accommodation	1443.7	15,540
THIRD	Accommodation	1,443.7	15,540
SECOND	Accommodation	1443.7	15,540
FIRST	Accommodation	1,443.7	15,540
GROUND	Food & Beverage, Conference Facilities, Leisure and Accommodation	3,360.9	36,176
BASEMENT	Car Park Area/Plant*	731.8	7,877
TOTAL		12,758.1	137,327

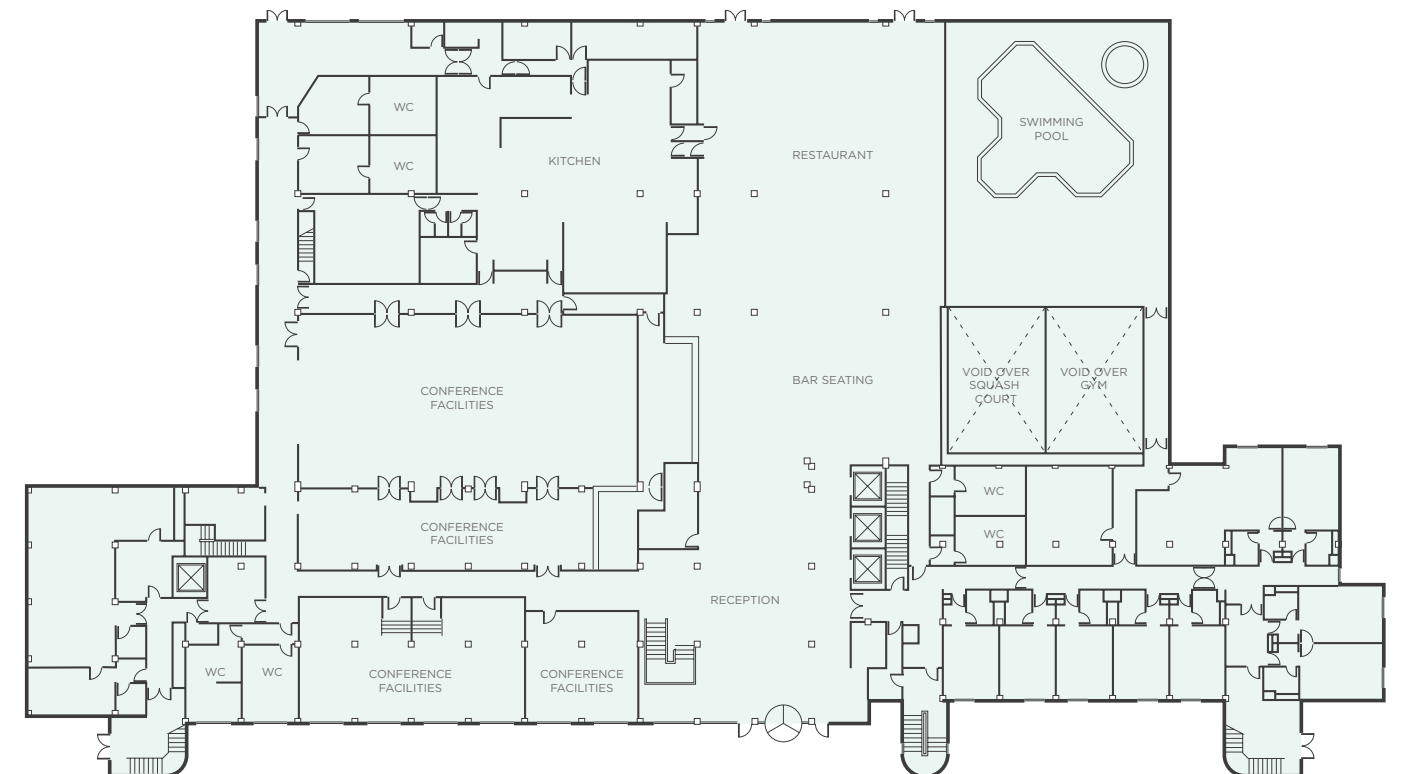
*Excludes Covered Car Park with GIA of 1,505.7 sq m (16,207 sq ft).

FIRST FLOOR PLAN



■ SINGLE ROOM ■ TWIN ROOM ■ DOUBLE ROOM ■ SUITE

GROUND FLOOR PLAN



←
Not to scale.
Indicative only.

HOTEL PROPERTY INFORMATION

Offering 211 bedrooms, Croydon Park Hotel is a large scale full-service hotel offering and is well positioned to attract corporate, leisure and meetings and events business.

GUESTROOMS

ROOM TYPE	NUMBER
Standard Double Rooms	100
Executive Double Rooms	64
Club Rooms	6
Family Double-Double Rooms	40
Disabled Rooms	1
TOTAL	211

Source: Hotel

FOOD AND BEVERAGE

FACILITY	APPROXIMATE COVERS
Oscar's Brasserie	160
Whistler's Bar	35

EVENT FACILITIES

FACILITY	SIZE (SQ M)	CAPACITY
William	90	80 - theatre style
Wolsey	90	80 - theatre style
Winston	90	80 - theatre style
Centennial	270	220 - theatre style or 200 - banquet style
Johnson	60	40 - theatre style
Lindbergh	60	40 - theatre style
Derby	48	20 - u-shape style
Barclay	34	15 - boardroom style
Marino	20	10 - boardroom style

LEISURE FACILITIES

FACILITY
Fully Equipped Gymnasium
Free Weights Area
Squash Court
Heated Indoor Swimming Pool
Separate Children's Pool
Separate Male & Female Sauna
Jacuzzi
Wellbeing Therapy Rooms



HOTEL INVESTMENT

TENURE

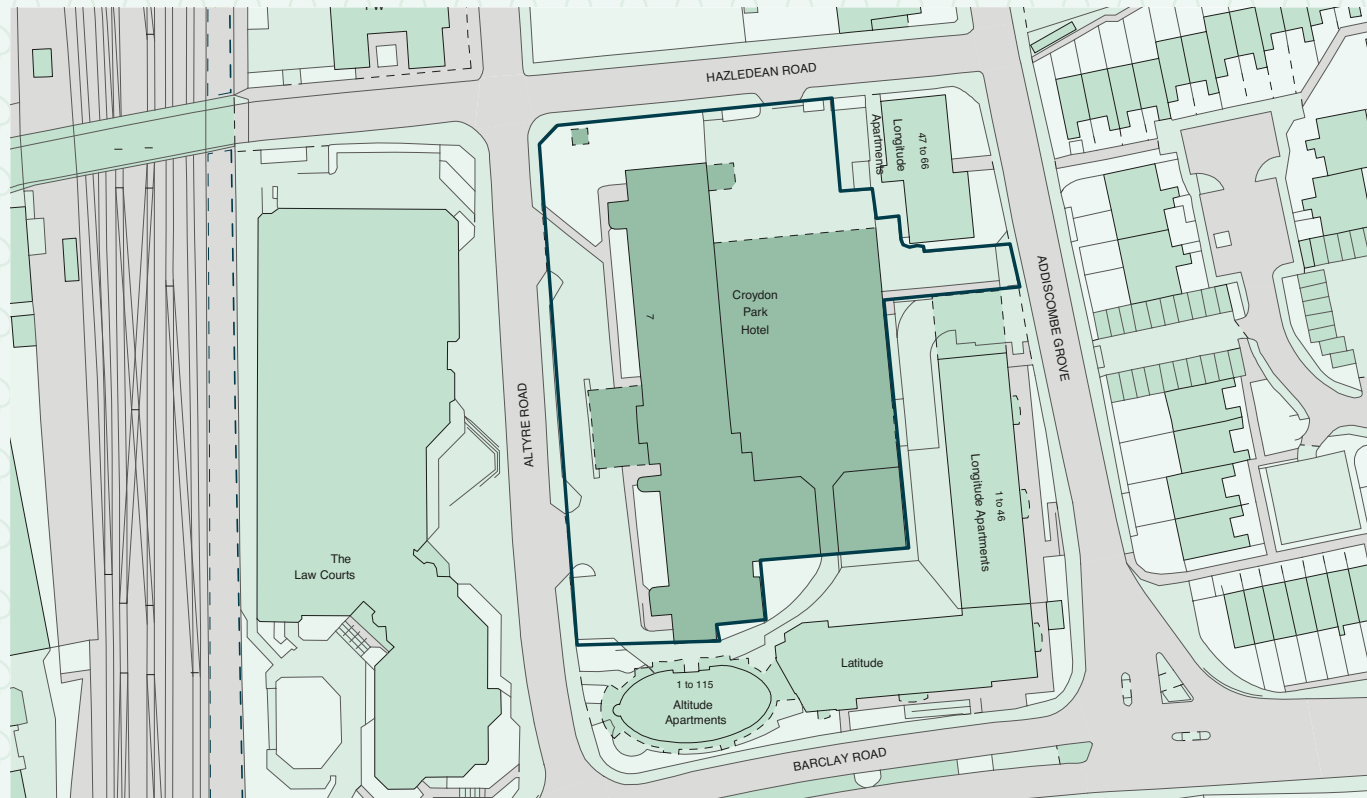
The property is held Freehold and is registered at HM Land Registry under title number SGL573066 with Title Absolute.

OWNERSHIP STRUCTURE

The property is currently held by a UK & Jersey holding structure. Details can be made available to purchasers on request.

SITE

Prime Croydon site extending to approximately 1.54 acres (0.62 Ha).



Not to scale. For identification purposes only. This plan is based upon the Ordnance Survey Map with the sanction of the controller of H.M. Stationery Office. Crown Copyright reserved

TENANCY

CROYDON PARK HOTEL LEASE SUMMARY

Landlord	The Croydon Hotel & Leisure Co. Ltd
Tenant	Kasterlee UK Limited
Term	25 years commencing 7 April 2006 (expiring 6 April 2031)
Years Unexpired	c.13 years remaining
Initial Rent	£1,725,000 per annum
Rent Reviews	7 April 2021 and every fifth anniversary thereof. Rent reviews are upwards only to Open Market Rental value.
Insurance	Landlord insures; tenant pays to the landlord a yearly sum equal to the cost to the Landlord.

THE CROYDON PARK HOTEL - FUTURE OPPORTUNITIES

The site and current configuration of the property enables many development and investment opportunities supported by significant growth factors in the immediate area.

- ◆ Potential future re-gear of the lease to provide higher and/or longer term income. The next rent review will coincide with the delivery of significant schemes and the imminent opening of Westfield and One Lansdowne.
- ◆ A full refurbishment of the property to enhance the condition of the lettable accommodation, encouraging growth in revenue and profit performance.
- ◆ Interest from major international hotel groups to potentially brand the property to generate incremental growth
- ◆ Opportunity (subject to the appropriate consents) to significantly increase the massing on site and increasing the footprint of the hotel. This could be achieved by adding additional floors and/or building on the open car park at the rear.
- ◆ Potential change of use to residential to fully utilise the 1.54 acre site (subject to planning). Surrounding schemes have secured consent of upwards to 21 storeys in height.

The Croydon Park Hotel offers potential for a future tower development as highlighted in the image below:



FURTHER INFORMATION

VALUE ADDED TAX (VAT)

The property is elected for VAT.

EPC

The Croydon Park Hotel has an EPC rating of E. The full EPC documentation is set out in the data room.

DATA ROOM

Please contact the vendor's sole agent CBRE for a username and password to access the online data room.

PLANNING

The local planning authority is Croydon.

Croydon Park Hotel is situated in the Croydon Metropolitan Area and Croydon Opportunity Area which is earmarked for significant development.

The site is not listed nor located within a conservation area creating favourable conditions for planning approvals being in a key strategic development area of Croydon. This could allow an incoming investor to explore additional development options such as increasing the existing footprint of the property to create a larger hotel, or alternative residential/commercial uses.



INVESTMENT PROPOSAL

Offers in excess of **£25,000,000 (TWENTY-FIVE MILLION POUNDS)**, subject to contract and exclusive of VAT, are sought for our client's Freehold interest in the Croydon Park Hotel. This reflects an **attractive NIY of 6.5%** and price per key of £118,500 per room, assuming full costs of 6.80%.

CONTACTS

For further information or to arrange an inspection of the property, which must be undertaken strictly by appointment only, please contact the vendors sole agents;

INVESTMENT PROPERTIES

David Fraser

E: David.Fraser@cbre.com

T: 020 7182 2237

M: +44 (0)7515 069214

Anuraag Badola

E: Anuraag.Badola@cbrehotels.com

T: 020 7182 3272

M: +44 (0)7515 068933

Alice Lang

E: Alice.Lang@cbrehotels.com

T: 020 7182 8953

M: +44 (0)7545 486940

DISCLAIMER: CBRE LIMITED

CBRE Limited on its behalf and for the Vendors or Lessors of this property whose Agents they are, give notice that: **1.** These particulars are set out as a general outline only for guidance to intending Purchasers or Lessees, and do not constitute any part of an offer or contract. **2.** Whilst CBRE Limited uses reasonable endeavours to ensure that the information in these particulars is materially correct, any intending Purchasers, Lessees or Third Parties should not rely on them as statements or representations of fact, but must satisfy themselves by inspection, searches, enquiries, surveys or otherwise as to their accuracy. CBRE Limited as such cannot be held responsible for any loss or damage including without limitation, indirect or consequential loss or damage, or any loss of profits resulting from direct or indirect actions based upon the content of these particulars. **3.** No person in the employment of CBRE Limited has any authority to make any representation or warranty whatsoever in relation to this property. **4.** Unless otherwise stated, all purchase prices and rents are correct at the date of publication and, unless otherwise stated, are quoted exclusive of VAT. Lease details and service ground rent (where applicable) are given as a guide only and should be checked and confirmed by your solicitor prior to exchange of contracts. **5.** Market statistics and data provided herein are based on sources that CBRE believes to be accurate and reliable, but are not guaranteed. Interested purchasers must rely on their own due diligence. June 2018. www.cube-design.co.uk (Q4083)

APPENDIX 1

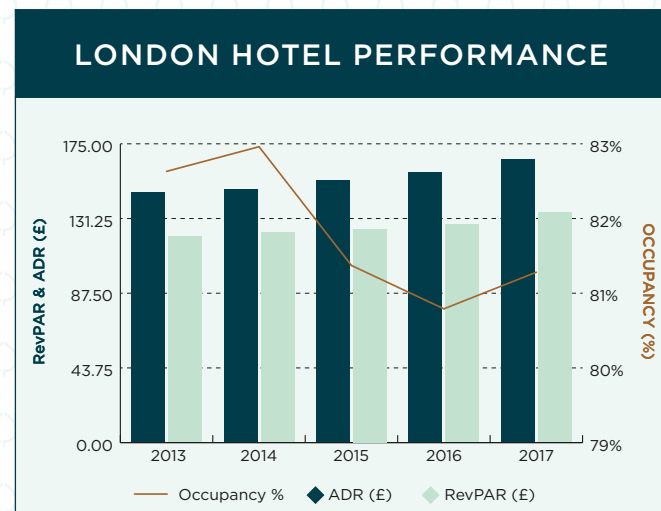
LONDON HOTEL MARKET

Strong Performance in London Supported by Strong Visitor Levels

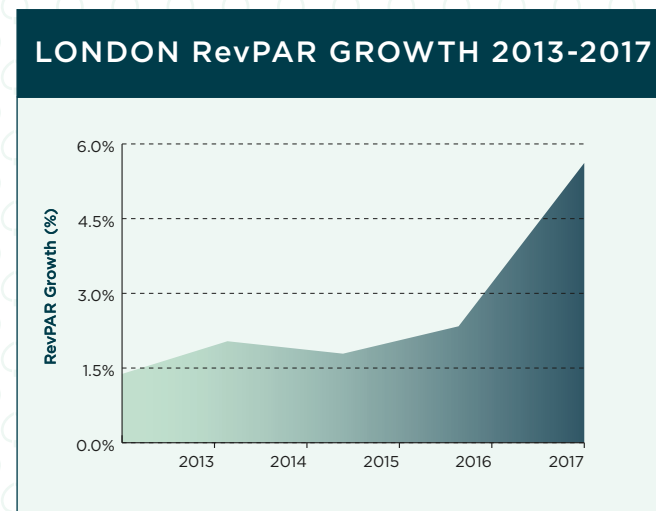
In their recent annual review, Visit Britain/Visit England project that a record 41.7 million people will visit the UK in 2018, a 4.4% increase on 2017. This is expected to fuel a 6.8% year-on-year increase in visitor spend, to £26.9 billion.

London is in high demand from international investors as it continues to be considered a safe haven for investment with familiarity amongst investors and transaction transparency.

STR project that London will achieve 2.4% growth in average room rate which will drive a 2.1% increase in RevPAR in 2018.



Source: HotStats



Source: HotStats

London consistently achieves some of the highest global occupancy levels. According to HotStats London has achieved annual occupancy in excess of 80% and an ADR of over £145 since 2013. Average room supply growth was around +2.5% per annum from 2008 to 2017 and projected to be +2.1% per annum in the period from 2018-2021, led by a +4.8% increase in 2018. Latest data shows that London continues to absorb new supply with market average RevPAR growth exceeding 5% in 2017.



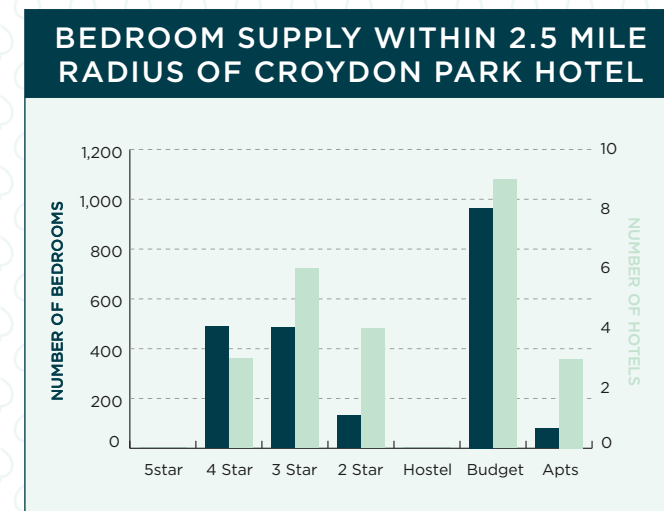
Source: CBRE Research

LOCAL CROYDON MARKET SIZE

Limited Full-Service Supply and Supply Threat Creating a Favourable Market Environment

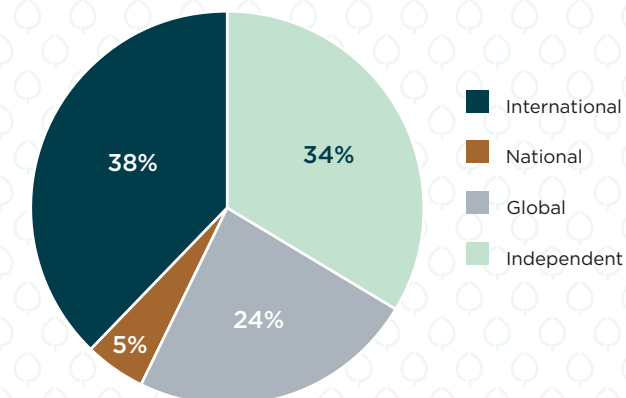
There are currently 25 hotels trading within 2.5 miles of Croydon Park Hotel with a total of 2,143 bedrooms of which 488 are 4-star totalling 22.8% of total supply. The Croydon Park Hotel is positioned as the second largest hotel in the market and the largest 4-star hotel, closely followed by the 168-bedroom Hilton Croydon Hotel which is located approximately 2.5 miles from Central Croydon.

Recent additions to supply within Croydon include the opening of Best Western Plus London Croydon Aparthotel in 2016, a 107-key, 4-star property located approximately 2 miles from East Croydon Station.

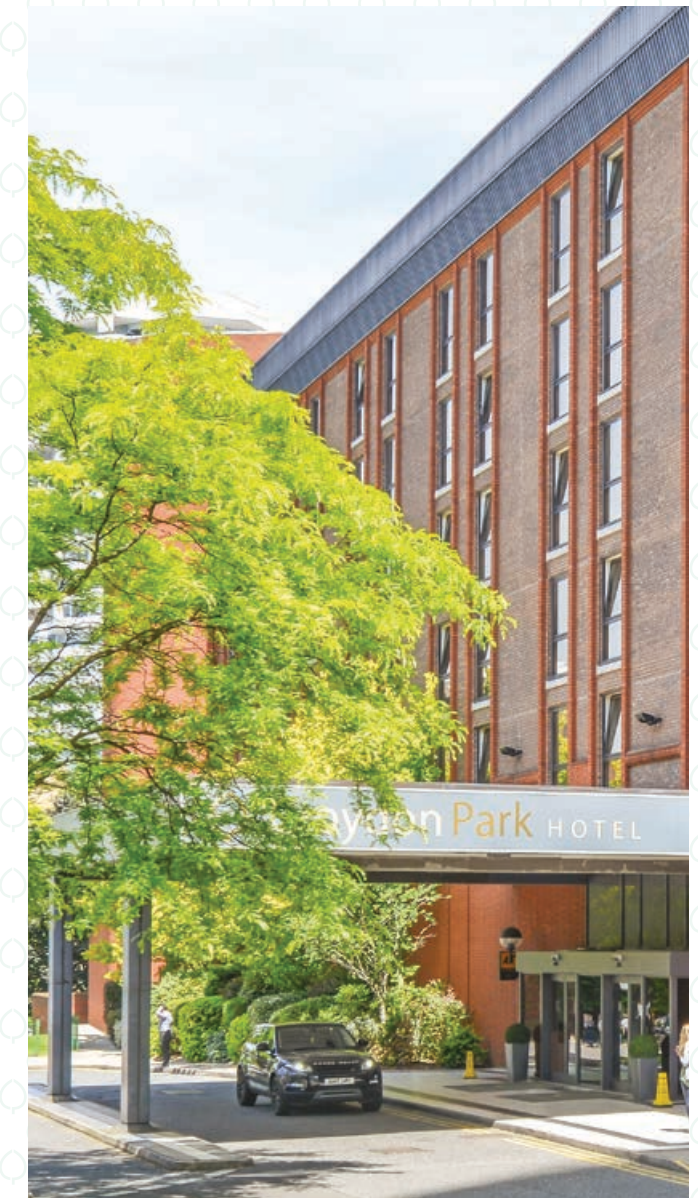


Source: AM:PM Hotels

BRAND PRESENCE BY NUMBER OF ROOMS (%) WITHIN 2.5 MILE RADIUS OF CROYDON PARK HOTEL



Source: AM:PM Hotels





CBRE