



Kido

London Day Nursery Investment,
pre-let on a 25 year lease with RPI indexation

Kido Nursery, 26-28 Priests Bridge,
Barnes, SW14 8TA



Investment Summary

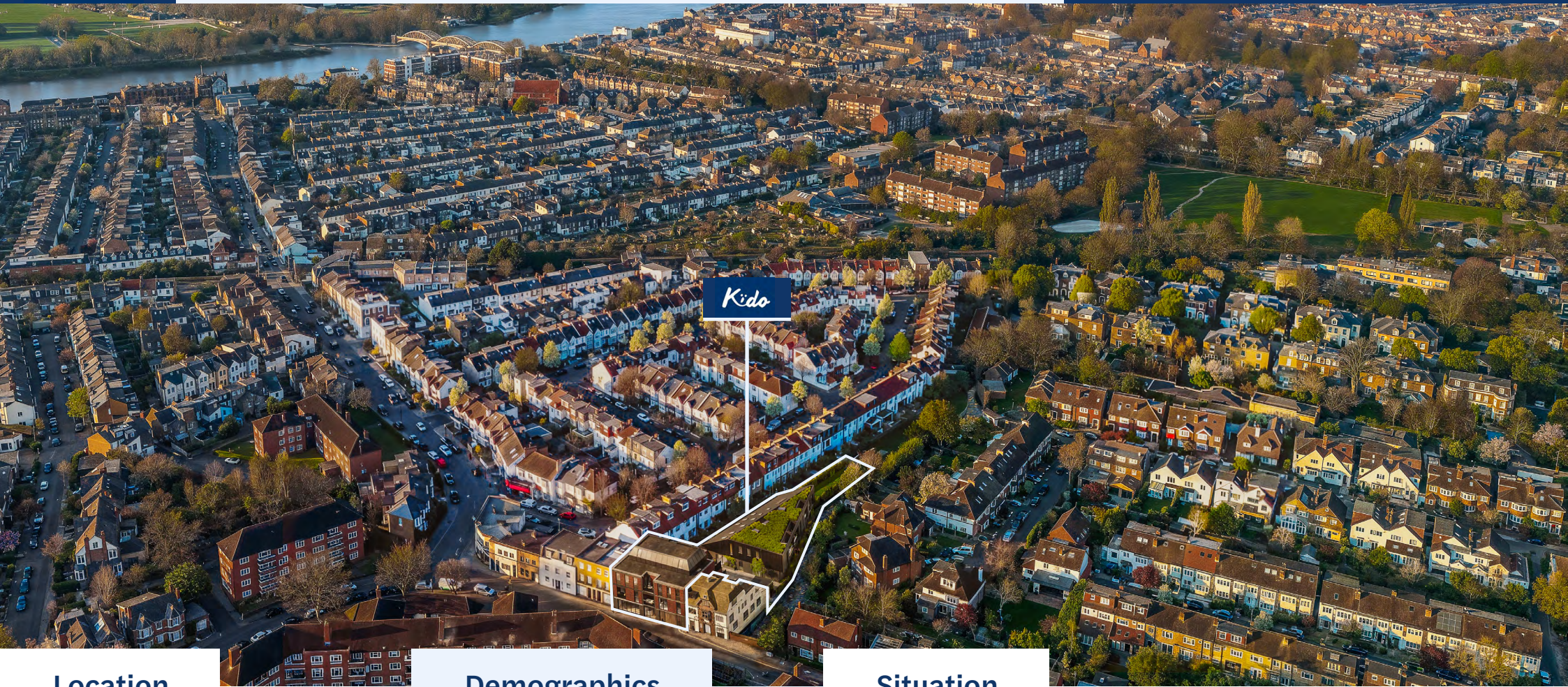
- An opportunity to acquire a **fantastic London nursery investment**
- **Newly built state of the art ground floor nursery** extending to 5,000 sq ft GIA with a further 2,000 sq ft of outdoor play area
- **Highly affluent** South West London location situated between Barnes and East Sheen
- Within a newly designed and developed project by **award winning architects Wimshurst Pelleriti**
- **Pre-let to Kido Schools UK Limited**, an established covenant who currently operate from over 14 nurseries across Greater London
- **New 25 year lease from October 2025**
- **5 yearly RPI linked upward-only rent review** compounded annually, **capped at 3% and collared at 1%**
- Passing rent of **£149,500 per annum** (£27.50 per sq ft) with high reversionary potential
- **Virtual freehold** interest for a term of 999 years **at a peppercorn**
- The property is designed to achieve a **BREEAM 'Very Good' rating**, ensuring strong sustainability credentials

SEEKING OFFERS IN EXCESS OF:

£2,470,000

(Two Million Four Hundred and Seventy Thousand Pounds) subject to contract, for the benefit of the virtual freehold interest in the property.

A purchase at this level reflects a Net Initial Yield of 5.67% after allowing for purchaser's costs of 6.75%, a low capital value of only £353 per sq ft and an attractive reversionary yield of 7.09% should the unit be re-let off the ERV.



Location

The property is located on the border of Barnes and East Sheen within the London Borough of Richmond upon Thames, placing it within a catchment of over 21,000 residents.

The property benefits from excellent transport links. Both Barnes and Barnes Bridge stations are approximately a 10-minute walk or a 3-minute drive, offering frequent direct train services to London Waterloo in around 20 minutes. Additionally, its position just off the South Circular Road (A205), a key route through South London, ensures high visibility and exposure to commuter traffic.

Demographics

The area is notably family-oriented, with 36% of households comprising families with dependent children, surpassing the London average of 27%.

Economically, the area demonstrates substantial affluence. The average property price in East Sheen over the last year was approximately £1,034,815, while in Barnes, it was around £1,441,845, both significantly higher than the Greater London average. The local population is also highly skilled, with 72.5% of working residents employed in managerial, professional, or technical roles, reflecting the area's strong socio-economic profile.

Situation

The property is strategically positioned to take advantage of the vibrant local amenities offered by Barnes and East Sheen. The nearby high streets provide a diverse selection of shops, restaurants, cafés, and pubs. Richmond Park, one of London's largest green spaces, is located less than a mile to the south.

Property values in the immediate surrounding streets reflect the area's affluence, with the local population composed largely of high-income households. This strong socio-economic profile directly supports sustained demand for premium educational and childcare services.

The area is also renowned for its educational excellence, hosting several outstanding schools that contribute to the strong appeal for families. Notable independent institutions within very close proximity include St Paul's School, The Harrodian School, and Ibstock Place School – all of which offer education from primary through to secondary level.

This strategic location ensures convenient access to local amenities and strong connectivity, enhancing the property's appeal for a range of uses.



Property & Development Overview

The property forms part of a newly built mixed-use development, designed and delivered by award-winning architects Wimshurst Pelleriti (WP) under planning consent 22/2360/FUL granted by Richmond Council. The scheme comprises nine residential apartments set across the upper floors of two buildings - a front and rear block - separated by a landscaped central courtyard and accessed via an undercroft entrance.

The commercial unit, to be occupied by the nursery, extends to approximately 5,000 sq ft GIA, spanning the entire ground floor of both the front and rear buildings, which are connected internally by an enclosed walkway. To the rear of the property is a 2,000 sq ft garden for the exclusive use of the nursery as a large outdoor play area. The rear building overlooks Beverley Brook, offering a rare and attractive setting within a tranquil, natural environment.

Wimshurst Pelleriti (WP) has delivered a mixed-use scheme at Imperial Wharf, where Kido is successfully operating in the commercial unit. This established relationship highlights WP's credentials as a trusted developer and Kido's confidence in their spaces, reinforcing the quality and occupational appeal of the current scheme.

Tenure

The property is available by way of a new virtual freehold for a term of 999 years at a peppercorn rent from completion.





Tenancy

The Property is pre-let to Kido Schools UK Limited (Reg No 10228253) on a Full Repairing and Insuring lease for a term of 25 years with a break option at year 20, to commence October 2025 and expiring 2050 at a rent of £149,500 per annum. There is a 24 months rent free period which will be topped up by the vendor on completion.

Rent review

The rent is reviewed every 5 years and is subject to upward-only RPI indexation, with a cap of 3% and a collar of 1% per annum compounded. Assuming an average annual RPI increase of 2.5%, the rent will rise from £149,500 at the start of the lease to approximately £277,165 by the end of the 25-year term, representing an overall growth of 85%.

Deposit

The Tenant has paid a 6 months deposit, to be held for the duration of the lease or until the 3 x profit test has been satisfied.

ERV

The current rent was set in May 2022, equating to just £27.50 per sq ft GIA. In comparison, N Family Club have recently taken on 5,000 sq ft on a 25-year lease within a mixed-use scheme in Shepherd's Bush at £35.30 per sq ft. Nursery rents in more affluent London locations now exceed £40 per sq ft, underscoring the asset's strong reversionary potential.

Alternative Uses

The property could be converted to residential under Permitted Development Class MA after 2 years of occupancy. Residential values are approximately £900 per sq ft in the area.



Covenant

Kido Schools UK Ltd is part of Kido International, which was established in 2014. Kido Schools is an international network of innovative nurseries established and operated by a group of parents who got together to build a nursery business fit for the 21st Century. The group has gained Global recognition as a world leader in early years education, and is now operating from 28 locations worldwide, including 14 sites in Greater London. Kido remains focused on delivering exceptional education and care and thus are operating at near fully capacity on existing nurseries.

For the year ending June 2024, the Directors Report included the following statements:

- 100% of its OFSTED rated nurseries are either Good or Outstanding
- Group turnover increased from £12.9m to £16.4m, an increase of 27.5% Year on Year
- The Group is planning to add an additional 2-3 nurseries before the end of the 2024-2025 YE and anticipates revenue growth in excess of 30%

Nursery Leasing Market

Demand from nursery operators for premises in affluent areas where higher fee rates can be afforded continues to increase. With its low levels of unemployment and correspondingly high requirement for childcare, the London market has seen sustained demand from nursery operators. Purpose built properties, offering secure outdoor space are in particular high demand.



Investment Comparables

The nursery sector in the UK has seen sustained levels of investor demand with buyers attracted to the combination of long unexpired lease terms, often index linked reviews, strong occupational take up and ESG credentials.

Pre-covid, prime nursery yields in Great London were achieving an average NIY of 4.6%. Kido Schools UK Ltd has been traded in Crouch End, where it achieved 5.2 % NIY in Nov 2020, and in Battersea, it achieved 6% net in Q4 2023 after being marketed at 6.25% at a time where base rates and economic volatility was higher than today.

Recent sales include:

Town	Tenant	Rent	Price	Net Initial Yield	Date	Unexpired Lease Term
Reading	N Family	£215,000	£3.37m	6.00%	Q2 2024	25 years
Godalming	N Family	£190,000	£3.00m	5.95%	Q4 2023	24 years
Clapham	Fennies	£165,000	£2.80m	5.50%	Q3 2023	15 years
Maidenhead	Fennie	£125,000	£2.00m	5.88%	Q2 2023	19 years
Redhill	N Family	£156,750	£2.75m	5.36%	Q1 2023	25 years





Sustainability

The property has been designed to achieve a BREEAM 'Very Good' rating and will be certified upon works completion, reflecting its strong sustainability credentials. This ensures improved energy efficiency, lower operational costs, and long-term resilience against evolving environmental regulations, enhancing its appeal to ESG-conscious investors.

EPC

The property will be rated for its EPC score upon completion of the works.

VAT

VAT is not applicable.



Proposal

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Contact

For further information, or to arrange a viewing of the property or Kido's operating nursery at the developer's completed scheme in Imperial Wharf, please contact:

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