Zone 1
London

PRIME LONG INCOME RETAIL INVESTMENT

The Gym, Elephant Park, Elephant & Castle, SE17 1FY

HampsonWall

Zone 1 London

Investment summary

- **Prime, long income investment located in Zone 1 London.**
- The property is an integral part of the transformative Elephant Park estate, situated in the centre of Elephant & Castle.
- Elephant Park is a highly sustainable mixed-use development providing over 100k sq ft of retail space and over 2,665 new homes delivered.
- The estate is extremely well connected; 2 stops via the Bakerloo line to Waterloo, 8 mins to the West End, 5 mins to the City.
- The immediate area is densely populated with over 290,000 people living within a 10 minute drive and over 10,000 people within a 7 minute walk-time.
- Elephant Park is among the most sustainable inner city urban regeneration projects in the world.
- The subject property, Block H3, is situated on the corner of Walworth Road and Heygate Street.
- The block is made up of 3 purpose built retail units, one is sold off on a long leasehold to Southwark Library and the Sainsbury's has recently been sold.
- The remaining unit is let on a 15 year lease from the 29th September 2024 to The Gym Group, with an unexpired term of approximately 13.5 years to expiry and 8.5 years to break.
- The Gym unit totals 13,788.6 sq ft (1,281 sq m).
- The total rent is £325,000 per annum with 5 yearly OMV reviews with the next in September 2029.
- Following recent letting activity on the wider estate, it's our opinion that The Gym rent is now reversionary.
- Long Leasehold interest with approximately 243 years unexpired.

Proposal

We are instructed to seek offers in excess of

£4,500,000

Net Initial Yield 6.75%

Subject to contract and exclusive of VAT.

Yields are net of standard purchaser's costs of 6.80%.

Zone 1 London

Elephant Park lies within the vibrant neighbourhood of Elephant & Castle, in the London Borough of Southwark.

Located just 1.8 miles (2.9 km) south east of Central London, the area is within the Zone 1 transport belt, making it highly desirable as a residential hub for Central London Commuters.

The property occupies a prominent position on the major commuter routes between a large residential population to the south east and the major transport hubs of Elephant & Castle Underground and Overground stations to the north west.

TfL CGI Visualisation – Indicative only

Strategic Situation

Strategically located next to Elephant & Castle tube and train stations. Elephant & Castle tube station is currently undergoing a significant multi-million pound upgrade to improve capacity, accessibility, and prepare for the projected increases in passenger demand (25%-40% by 2041) due to extensive new development.

2 stops via the Bakerloo line to Waterloo, 8 mins to the West End, 5 mins to the City. Direct links to: King's Cross St Pancras, Bank, Oxford Circus, Farringdon and London Bridge.

3
Minute Walk to Elephant and Castle Station

20
Minute Walk to Waterloo Station Servicing

20M+
Passengers every year (TFL, 2017)

28
Bus routes connecting Elephant & Castle to wider London

19
Night buses serve the area

£30M+
Spent on Elephant & Castle tube station upgrades

11
Minutes to Oxford Circus Station

48
Minutes from Heathrow

Highly Accessible Destination

Extensive Catchment

Elephant Park has a substantial catchment area; its core catchment (top 50% of visitors) covers the majority of Southwark and neighbouring boroughs to the south.

Elephant Park has established itself as a top destination point. The catchment area has expanded further to the north due to the proximity to the City of London and other major commercial locations.

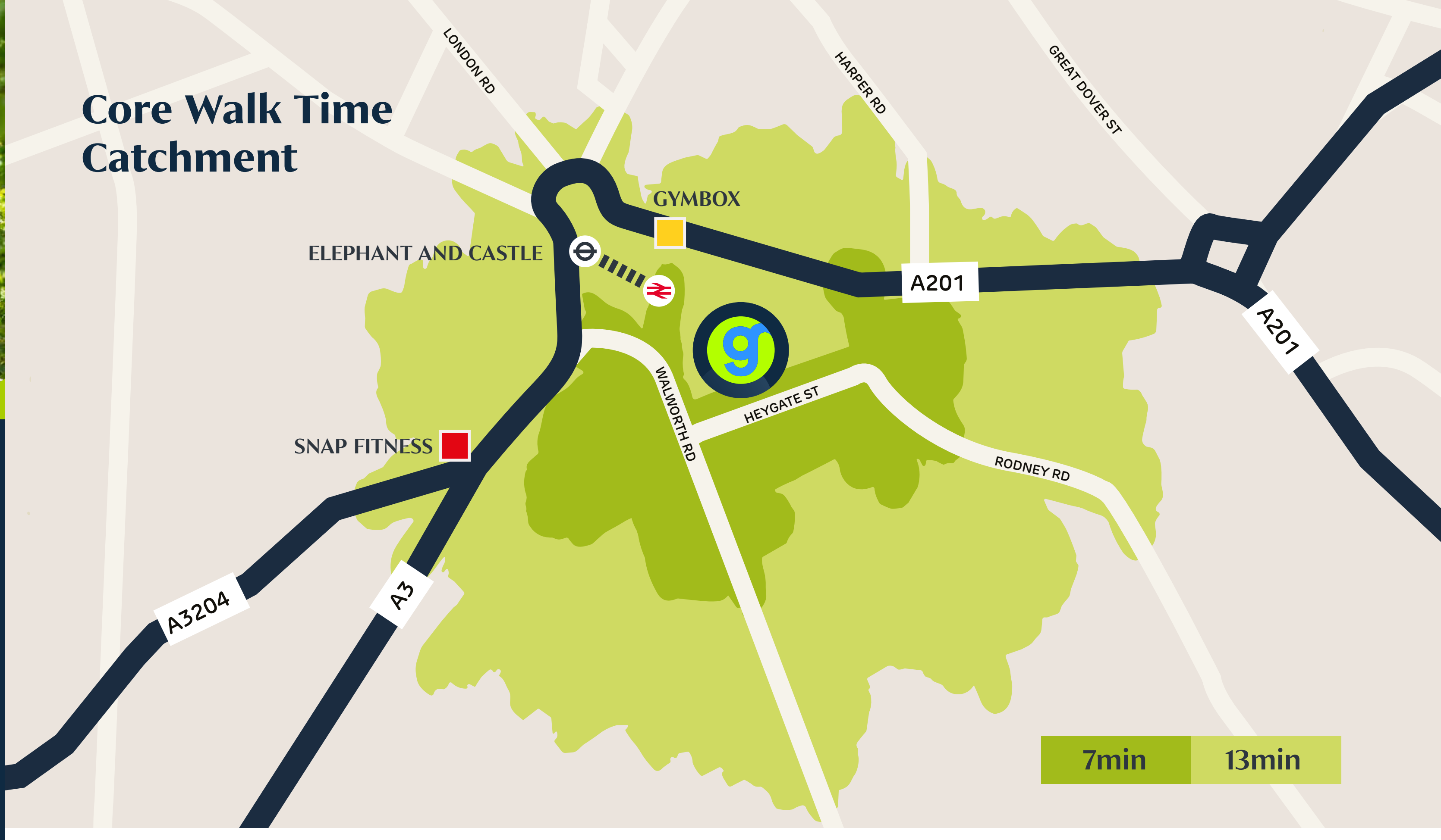
The demographic is young, with the dominant age group between the ages of 16 and 44, economically active with over representation of those in work compared to the wider UK and affluent with the two main social grade bands AB and C1.

290,000+
People live within a 10 minute drive time, rising to over 655,00 in 15 minutes

10,000+
People live within the core 7 minute walk-time

16-44
Young demographic that are economically active and affluent

Core Walk Time Catchment



Dominant Trading Position

- The next closest competing discount gym is Snap Fitness, situated approximately a 10 minute walk away.
- The closest competing gym outside the estate is Gym Box, who have a unit approximately a 6 minute walk away. Gym Box membership fees start at approximately £86 pcm, much higher than the subject The Gym.
- The limited gym competition across the core 7 & 13 minute walk time means that the subject The Gym has a dominant trading position with high levels of access to the 10k+ residence living in the immediate area.

Walk Time Catchment	7 min	13 min
Residents	10,000+	35,000+
Workforce	3,000+	10,500+

Elephant Park

Elephant Park is a £2.3 billion regeneration project consisting of a 26.6 acre, mixed use scheme, across 12 individual blocks in the centre of Elephant & Castle.

The residential element consists of over 2,665 new homes. The retail element of the estate provides approximately 100,000 sq ft of retail, leisure and F&B space comprising more than 50 units across 4 curated retail areas and 8 built blocks.

Over 2,600 new homes delivered

The Property

The subject property, Block H3, is situated on the corner of Walworth Road and Heygate Street. The block is made up of 3 retail units and is situated beneath 228 residential units.

The two subject retail units at Block H3 provide the following Gross Internal Floor Areas:

Unit	Tenant	GIA (sq ft)	GIA (sq m)
H3.R1-4	The Gym Group Plc	13,788.6	1,281.0
H3.R6–7	Southwark Library (LLH)	6,179.6	574.1
Total		**19,968.2**	**1,855.1**

Tenure

The titles in question, identified in red on the below plan, is held by way of a 250 lease at a peppercorn rent, dated 3rd September 2019.

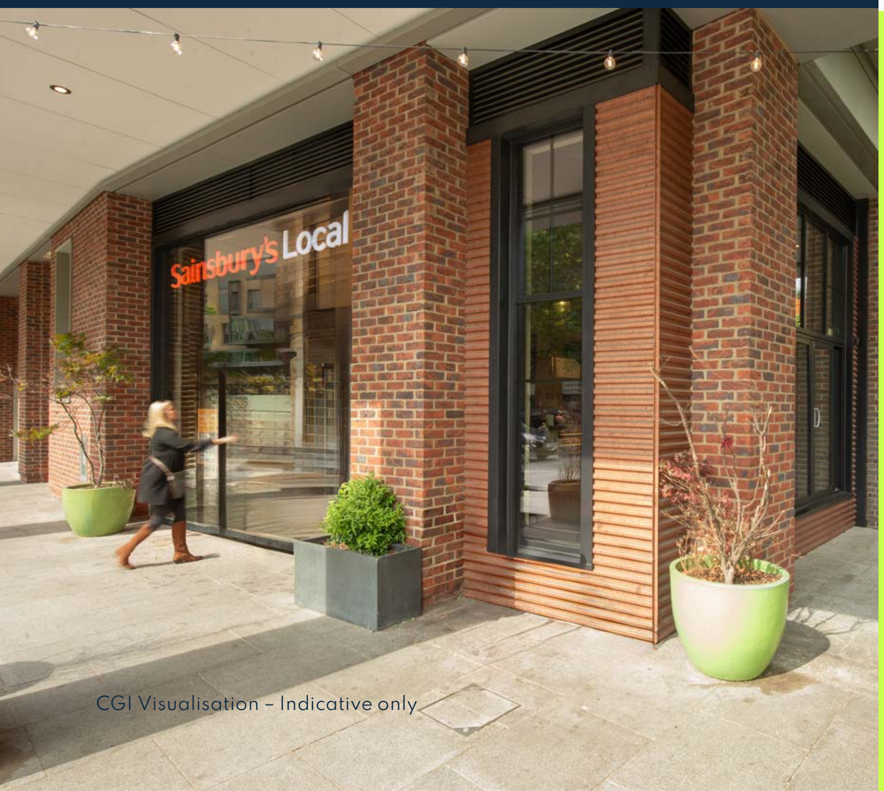
ERV Growth

The asset is an established retail destination, illustrated by the low vacancy rate and strong tenant demand.

As the tenant and estate has become more established, representation and interest from national tenants has grown, which is driving rental levels.

There has been significant recent letting activity on the estate, justifying increased rental levels, providing an opportunity for rental growth.

The Gym rent was agreed several years ago and it's our opinion that their rent is now revisionary.



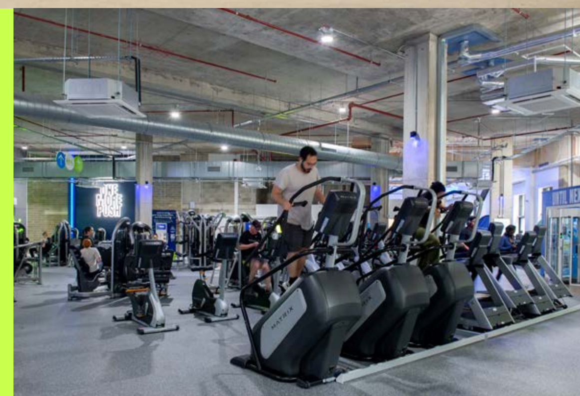
CGI Visualisation – Indicative only

Resilient Income

The asset is let to The London Borough of Southwark on a LLH and a leading national gym, on full repairing and insuring terms, producing a total current net rent of £325,000 pa.

The unexpired lease term is approximately 13.5 years to expiry and 8.5 years to break.

Tenant	Lease Start	Lease Expiry	Lease Break	Review Basis	Current Rent (pa)	Current Rent (psf)
The Gym Group Plc	29/09/2024	28/09/2039	29/09/2034	OMV	£325,000	£23.57
The Mayor & Burgesses of the London Borough Southwark (LLH)	19/12/2019	05/02/2266	n/a	n/a	n/a	n/a



Secure Covenant

The Gym Group is the UK's original provider of high quality, low cost gym facilities.

First Founded in 2007, The Gym Group opened their first unit in Hounslow. Within the first three years they opened 20 gyms and have continued to become one of the leading discount gym operators in the UK. Following a raise of £31.2m from new investors in 2021 for further expansion in the UK, The Gym Group expect to deliver c. 75 new sites over the next three years, with at least 20 new site openings planned in 2026.

They now have over 240 location nationwide with an aggressive growth strategy.
The latest accounts for The Gym Group Plc are highlighted below:

Year End	Dec-25	Mar-24	Delphi Score
Sales Turnover (£000s)	£244,900	£226,300	100
Profit Before Taxes (£000s)	£7,400	£2,500	
Total Assets (£000s)	**£615,900**	**£585,600**	

Service Charge

Operating costs at Elephant park are covered by way of a comprehensive annual service charge regime, which runs annually from 1st of July to 30th of June.

There are no service charge caps across Block H3.

Further details can be provided on request.

ESG & EPC

Elephant Park is among the most sustainable inner city urban regeneration projects in the world.

The ethos for the estate has focussed on protecting the heritage of Elephant Castle to ensure the vibrant, diverse and energetic character of the locality remains.

What has been created is one of the most diverse and unique collection of concepts, eateries and amenities in any Central London estate.

The properties have the following EPC ratings:

Unit	Tenant	EPC
H3.R1-4	The Gym	Rating A
H3.R6-7	Southwark Library (LLH)	Rating B

VAT

This property has been elected for VAT purposes and it is expected that the investment sale will be treated as a Transfer of a Going Concern (TOGC).

The Gym, Elephant Park

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