PART 2 – CONFIDENTIAL FACTS AND ADVICE

MD3279
Grant of a 10-year lease renewal at the Golf Driving Range, Greenwich

Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult the Information Governance team for advice.

This information is not suitable for publication until the stated date because:

The information is not suitable for publication as it is confidential between GLA Land and Property Limited (GLAP) and Knight Dragon (KD) impacting N1 Golf (London) Limited (the operator of the premises) until the lease is registered with the Land Registry. The information below includes current passing rent and agreed renewal terms including rent figures, which is yet to be signed, and details of independent consultancy advice sought to assist the negotiations.

Date at which Part 2 will cease to be sensitive or when this information should be reviewed with a view to publication: 1 January 2026 (lease expiry of existing lease and estimated time to register new lease with Land Registry).

Legal adviser recommendation on the grounds for not publishing information at this time:

As above.

Legal Adviser – I make the above recommendations that this information is not suitable for publication at this time.

Name: TfL Legal **Date:** 24/06/2024

Decision:

Seeking Mayoral approval for the lease renewal of the Golf Driving Range, Greenwich for a 10- year term. Sensitive information.

Confidential facts and advice:

KD approached GLAP to negotiate a lease renewal ahead of the current lease expiry date of 31 December 2025. The current lease is outside of the Landlord and Tenant Act 1954 (tenant does not have automatic rights to renew), reducing KD's protection of renewal. The current lease dated 22 February 2018, for a term 1 July 2015 to 31 December 2025, was granted as a meanwhile use for the land which required KD to obtain planning permission from the Royal Borough of Greenwich (RBG) for the current lease term (Ref. 14/2161/F).

Planning permission will need to be reapplied for, as planning consent for the current meanwhile use of the Golf Driving Range expires on 17 November 2024. KD plans to submit an application for such permission, pursuant to Section 73 of the Town and Country Planning Act 1990 (as amended), seeking RBG's approval for a minor material amendment to retain the use for a period up to 10 years. The lease renewal would secure the operator for a 10-year term and decrease risk to GLAP by reducing any void period, where substantial business rates and security costs would be payable if the lease renewal did not

progress. N1 Golf (London) Limited, the operator has proposed approximately £650,000 investment in improvements to the Golf Driving Range on completion of the lease renewal.

Negotiations ensued between KD and GLAP from March 2023 onwards. During negotiations GLAP sought external advice from EiA Real Estate Advisory, sub-contracted by Avison Young (GLAP's managing agent) to act for GLAP in providing a rental and strategy report. There was limited comparable evidence, as the business and turnover details for N1 Golf (London) Limited at the Golf Driving Range were withheld by KD, likely due to the risk of supportive evidence for a higher rent. KD's initial proposal was £70,000pa, to which we countered with £140,000pa with the aim to work towards an agreed £100,000pa. KD also sought external consultancy advice recommending a new rent of £69,000pa, due to the current condition of the Golf Driving Range and lack of comparable evidence. GLAP further negotiated with KD to agree a new 10-year lease effective from 1 January 2026 at £100,000pa. All proposed terms agreed mirror the existing lease terms as agreed by all parties.

The current passing rent for the lease expiring 31 December 2025 is £50,884.51 as per the annual RPI review in July 2023. The agreed new rent of £100,000 per annum includes annual increase in line with RPI with a cap and collar of 4 per cent and 2 per cent, respectively. The cap and collar mechanism allows assurance of a minimum increase of between 2 per cent and 4 per cent per annum, regardless of if the index has increased above or below these figures. We believe this is a positive outcome for GLAP, due to the lack of company accounts and comparable evidence. It is anticipated that this arrangement will secure income for a further 10 years ahead of future development.

The table below shows rental income for the proposed term and expenditure analysis of costs should this lease not be agreed:

	Income (annual RPI assumed at 4 per cent from 2026)	**Expenditure (business rates and security – assumed £220k to include 4 per cent inflation from 2026)**
2026	£100,000	£220,000
2027	£104,000	£228,800
2028	£108,160	£237,952
2029	£112,486	£247,470
2030	£116,986	£257,369
2031	£121,665	£267,664
2032	£126,532	£278,370
2033	£131,593	£289,505
2034	£136,857	£301,085
2035	£142,331	£313,129
Total	**£1,200,610**	**£2,641,344**

	Total
Scenario 1: lease the land to KD for 10 years from 1 January 2026 Income (annual RPI assumed at 4 per cent from 2026) – best-case scenario	**£1,200,610**
Scenario 2: the land remains vacant for the 10-year period Expenditure – business rates (£70k) and security (£150k) totalling £220k to include 4 per cent average inflationary increases from 2026	**£2,641,344**
Adopting scenario 1 shows a positive outturn over the 10-year period of **£1.2m**	
Adopting scenario 2 shows a negative outturn over the 10-year period of **£2.6m**	