

DOMINANT CONVENIENCE STORE LET TO ONE STOP STORES LIMITED



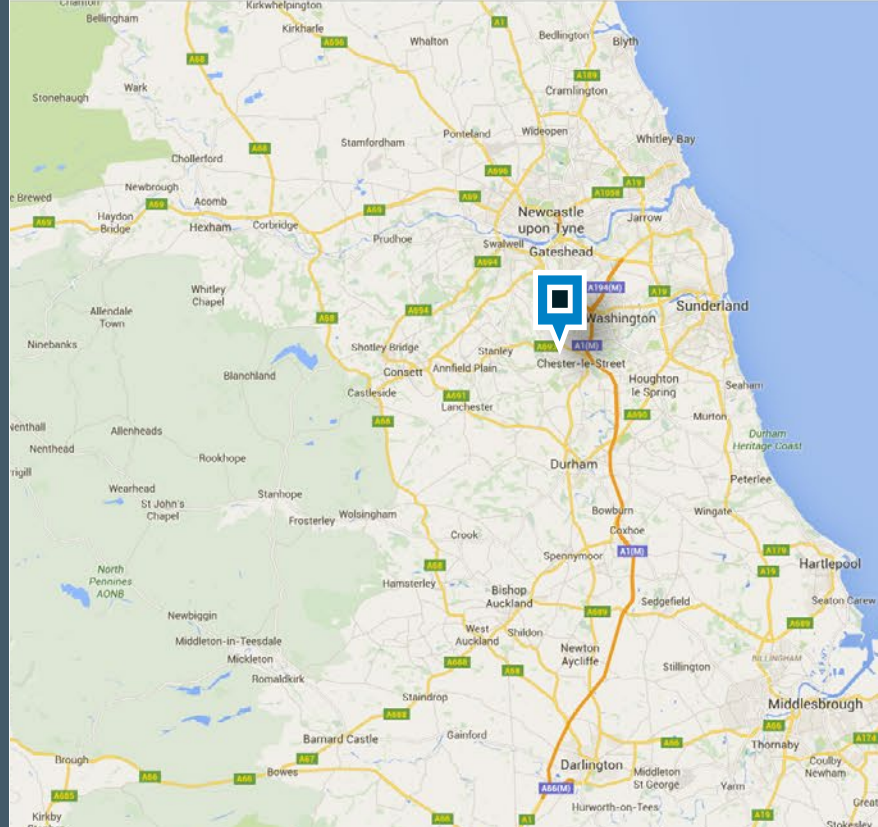
INVESTMENT SUMMARY

- **Dominant** local Convenience Store
- Let to **One Stop Stores Limited**, a wholly owned subsidiary of **Tesco PLC**
- **Asset management** opportunities including **reversion in 2018**
- Let for 20 years from 31st August 2003, with **6.5 years remaining**
- **Low passing rent** of £6.58per sq ft.
- First floor could be converted back to residential

We are instructed to seek offers of **£345,000** (Three Hundred and Forty Five Thousand Pounds), which reflects a **net initial yield** of **7%** after purchaser's costs of 3.80%.

LOCATION

Chester Le Street is a popular market town situated 16 Kilometres (10 miles) south of Newcastle upon Tyne, 13 Kilometres (8 miles) north of Durham and 13 Kilometres (8 miles) west of Sunderland. The town has a population of 37,164 according to the 2011 Census. It is also home to Durham County Cricket Club.





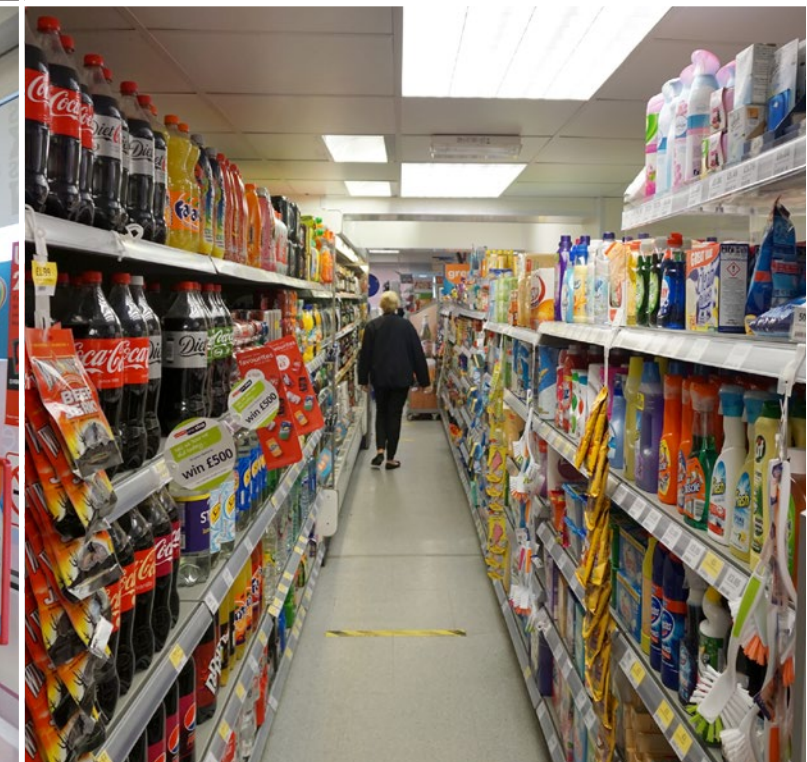
SITUATION

The property is situated on the corner of Hilda Terrace and Glenavon Avenue to the north of the town in a densely populated residential area. Other nearby occupiers include South Pelaw infant school, the Falcon Public house and various independent retailers and takeaways.



DESCRIPTION

The property comprises a traditional brick built property under a pitched slate roof. To the rear the property has been extended to provide a single story brick extension under a flat felt roof. The first floor has previously been a residential flat, but is currently used as office, staff and training space. A separate access could be created fronting onto Glenavon Avenue and the upper floor returned to residential accommodation.



TENURE

The property is freehold.

ACCOMMODATION

The property has the following internal floor areas:

	Gross Internal Area	
	Square metres	Square feet
Ground	307.3	3,308
First	90.6	975

TENANCY

The property is let by assignment in its entirety to One Stop Stores Limited for a term of 20 years from 31st August 2003. The lease provides for five yearly rent reviews to open market value. The current passing rent is £25,000 per annum, with the next rent review due in September 2018.

RENTAL COMMENTARY

In our opinion the rent of £6.58per sq ft allows for considerable rental growth at the next review. There have been a number of new convenience store letting in the region at between £10-£15 per sq ft. If you conservatively assume the lower end of the range it would give a rent of £37,950 per annum and a reversionary yield of 10.6% at the next review.

ASSET MANAGEMENT

The property provides several asset management opportunities to improve the value, to include:

- Carry out the 2018 rent review
- Re-gear the existing lease
- Consider taking back the upper floors and converting to residential
- Take back in the advertising income from the tenant

COVENANT

One Stop Stores Limited is a wholly owned subsidiary of Tesco PLC. It was acquired by Tesco to strengthen their position in the convenience sector. They have a CreditSafe score of 79/100 and Shareholder funds of £294.5m.

The last three years published accounts for One Stop Stores Limited show the following:

	27th February 2016	28th February 2015	22nd February 2014
Turnover	£958,669,000	£924,591,000	£788,610,000
Pre-Tax Profit (Loss)	£15,031,000	£10,192,000	£21,331,000
Shareholder's Funds	£294,517,000	£279,402,000	£265,091,000

VAT

The property is not elected for VAT.

EPC

The property has an EPC rating of **C-67**.

PROPOSAL

We are instructed to seek offers of **£345,000** (Three Hundred and Fifty Thousand Pounds), which reflects a **net initial yield** of **7%** after purchaser's costs at 3.80%, with potential to reach a **reversionary yield in excess of 10%** at review in 2018.

FURTHER INFORMATION

For further information or to arrange an inspection, please contact:

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