

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**
- Let for 20 years from 7th July 2003, with **6.75 years remaining**
- **Low passing rent** of £6.83per sq ft
- First floor 3 bed flat included & **demised within the lease**

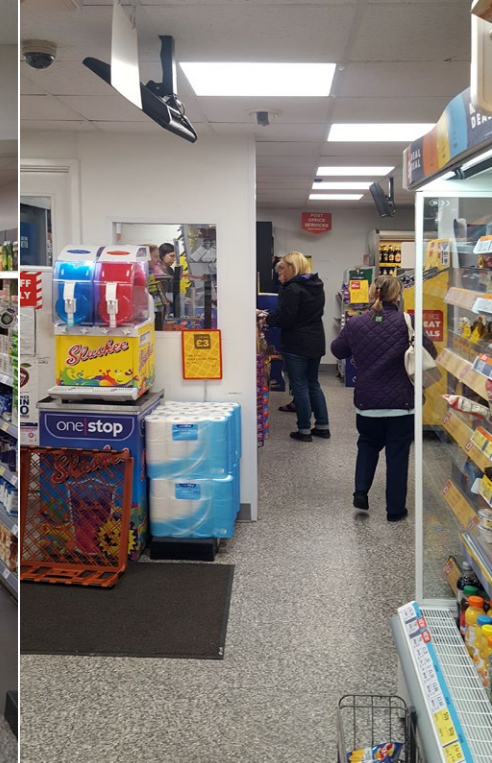
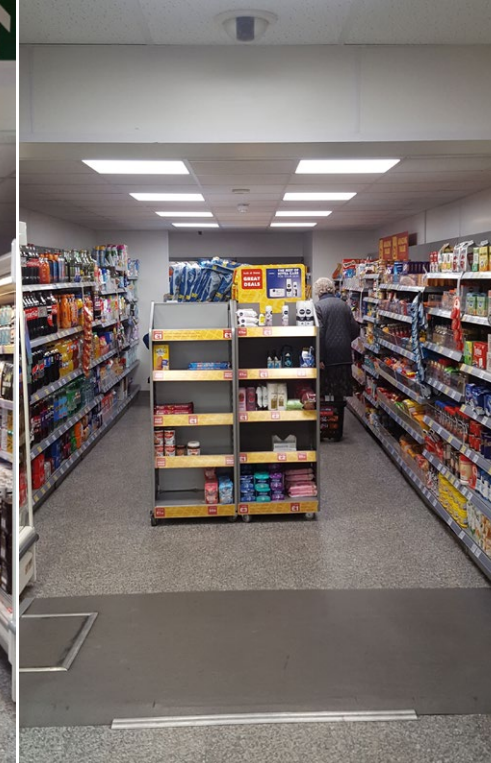
We are instructed to seek offers of **£325,000** (Three Hundred and Twenty Five Thousand Pounds), which reflects a **net initial yield** of **6.5%** after purchaser's costs of 3.57%.

LOCATION

Boston is an attractive historic market town and small port situated in the county of Lincolnshire. It is located 48 Kilometres (30 miles) north east of Peterborough, 41 Kilometres (26 miles) north west of Kings Lynn and 80 Kilometres (50 miles) east of Nottingham. Boston benefits from excellent road connections being situated on the on the A52/ A16, which connects to the A1 and the national motorway network. The town also has good rail connections with links to London Kings Cross via Grantham in under 2 hours 15 minutes. In addition to this, both the East Midlands and Humberside International airports are within a two hour drive from the town centre.

The town is one of the fastest growing towns in the eastern region and offers a significant catchment population of 159,000. The town has a primary retail catchment of area of 77,000 shoppers which swells to 235,000 when combined with the secondary catchment population.





SITUATION

The property is situated on the junction of Fishtoft Road and Kingsway in the suburb of Skirbeck, which in turn is situated 1 mile south east of the town centre. Skirbeck is a densely populated residential area. Other nearby occupiers include Boston College and various independent retailers and takeaways.

DESCRIPTION

The property comprises a traditional brick built premises under a pitched tile roof. The property has been rendered in parts. To the rear the property has been extended to provide a two story brick extension under a flat felt roof. The first floor provides a large 3 bedroom flat accessed via a yard to the side elevation.



TENURE

The property is freehold.

ACCOMMODATION

The property has the following internal floor areas:

Unit	Gross Internal Area	
	Sq m Sq m	Sq m
Ground Floor	201.1	2,165
First Floor	Residential	Residential

Flat not measured at time of inspection.

TENANCY

The property is let by assignment in its entirety to One Stop Stores Limited for a term of 20 years from 7th July 2003. The lease provides for five yearly rent reviews to open market value. The current passing rent is £22,000 per annum, with the next rent review due in July 2018. The flat is demised to One Stop who sub-let this out. It is recently become vacant and is currently on the market for £600pcm.

RENTAL COMMENTARY

In our opinion the rent of £6.83per sq ft allows for considerable rental growth at the next review. There have been a number of new convenience store lettings between £10-£15 per sq ft. If you conservatively assume the lower end of the range it would give a rent of £28,850 per annum and a reversionary yield of 8.5% 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 renting the flat out directly or selling off.

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 87/100 and Shareholder funds of £232.7m.

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

	27th February 2016	28th February 2015	22nd February 2014
Turnover	£1,011,260,000	£958,669,000	£788,610,000
Pre-tax Profit	£18,815,000	£15,031,000	£10,192,000
Shareholders Funds	£232,766,000	£294,517,000	£279,402,000

VAT

The property is not elected for VAT.

EPC

An EPC has been commissioned and is available on request.

PROPOSAL

We are instructed to seek offers of **£325,000** (Three Hundred and Twenty Five Thousand Pounds), which reflects a **net initial yield** of **6.5%** after purchaser's costs at 3.80%, with potential to reach a **reversionary yield in excess of 8.5%** at review in 2018.

FURTHER INFORMATION

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

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Misrepresentation Act: These particulars shall not form part of any offer or contract and no guarantee is given as to the condition of the property or the accuracy of its description. An intending purchaser or tenant is not to rely on any representation made in these particulars and must satisfy himself as to their accuracy by his own investigation before entering into any contract. November 2017.



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