

Secure Convenience Store Investment Opportunity

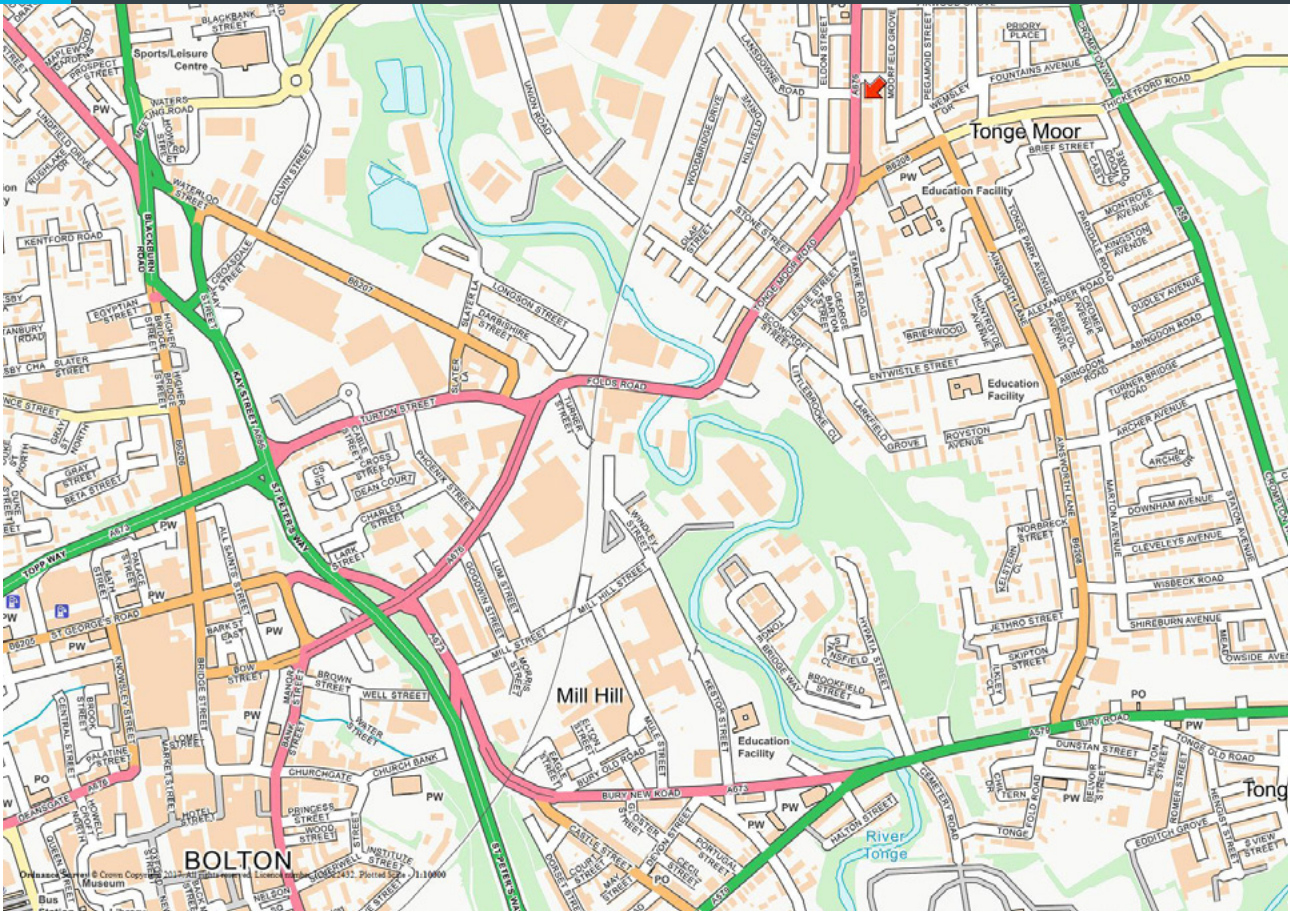
Co-Operative Group Food limited, 190 Tonge Moor Road, Bolton, Lancashire BL2 2HN





Investment Summary

- Located within a busy and thriving suburb of Bolton
- Situated fronting Tonge Moor Road, a main arterial commuter route out of the Town Centre
- The site is a re-location of two existing smaller format Co-Op stores at 214 Tonge Moor Road and 242 Ainsworth Lane
- 5,500 sq ft newly converted convenience store with 4 demised car parking spaces and ample free on street parking
- Let to the Co-Operative Group Food Limited from practical completion (December 2017)
- 10-year lease from practical completion
- Initial rent of £37,500 per annum
- 5 yearly CPI reviews (collar 1% / cap 3%)
- Long leasehold for a term of 200 years from 11th October 2017, expiring 10th October 2217. Ground rent of £3,000 per annum
- Offers in the region of £525,000 (STC)
- 6.29% NIY and a Capital Value of just £96 psf



Bolton

Bolton is the second largest town in the UK and one of the ten Boroughs of Greater Manchester. The town is strategically located approximately 17 km (10 miles) north west of Manchester, 40 km (25 miles) north east of Liverpool and 63 km (40 miles) west of Leeds.

Bolton also benefits from exceptionally good communication links with the M6 and M61 motorways being to the West of the town and the M60 and M62 motorways lying immediately to the South.

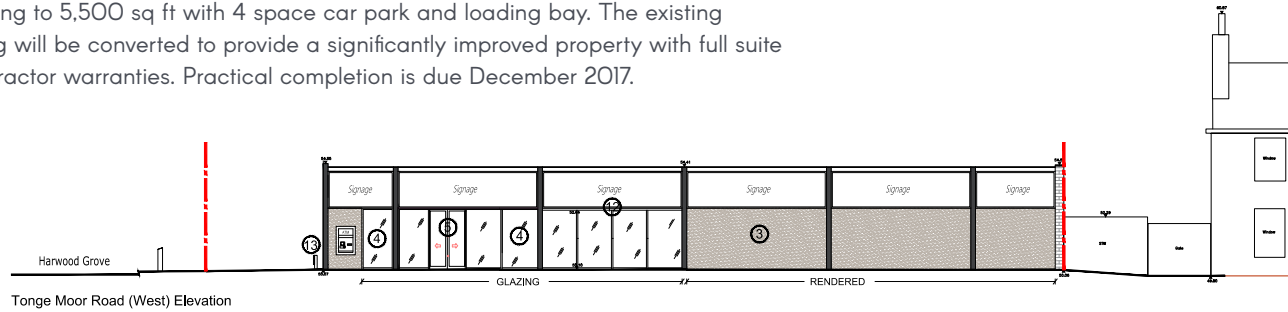
Manchester International Airport is within 25 minutes' motorway drive time and is Europe's fastest expanding airport. Bolton Railway Station is situated on a spur line linking to Manchester (16 minutes) and Preston (22 minutes) and the national rail network beyond..



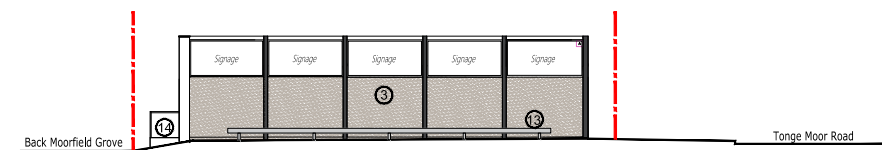
The property is prominently situated fronting the Tonge Moor Road in a densely populated residential area close to Bolton town centre. The store is close to three large schools including Canon Slade (1,700 pupils), St Columbus Roman Catholic Primary (236 pupils) and Moorgate Primary School (289 pupils).

Description

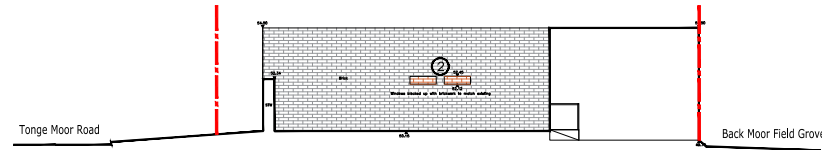
On practical completion the property will provide a detached convenience store extending to 5,500 sq ft with 4 space car park and loading bay. The existing building will be converted to provide a significantly improved property with full suite of contractor warranties. Practical completion is due December 2017.



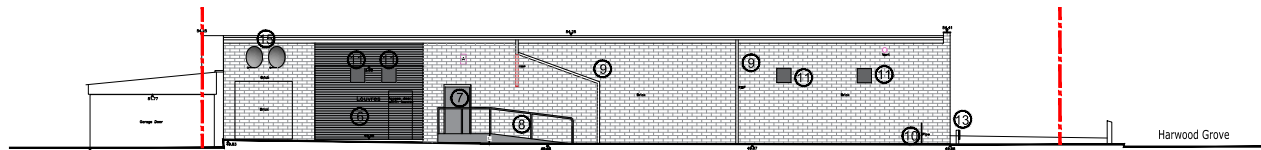
Tonge Moor Road (West) Elevation



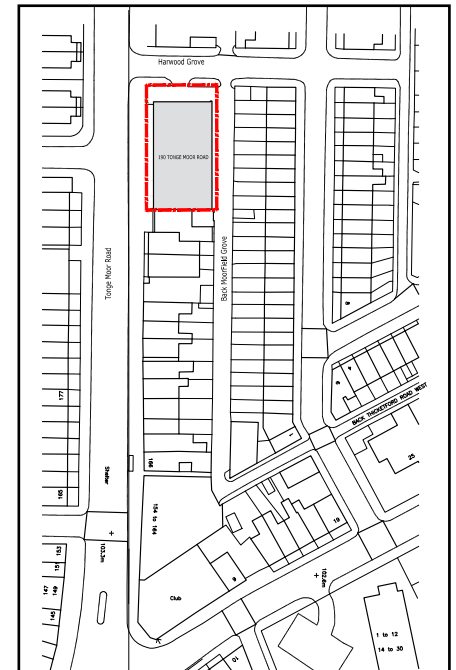
Harwood Road (North) Elevation



Back (South) Elevation



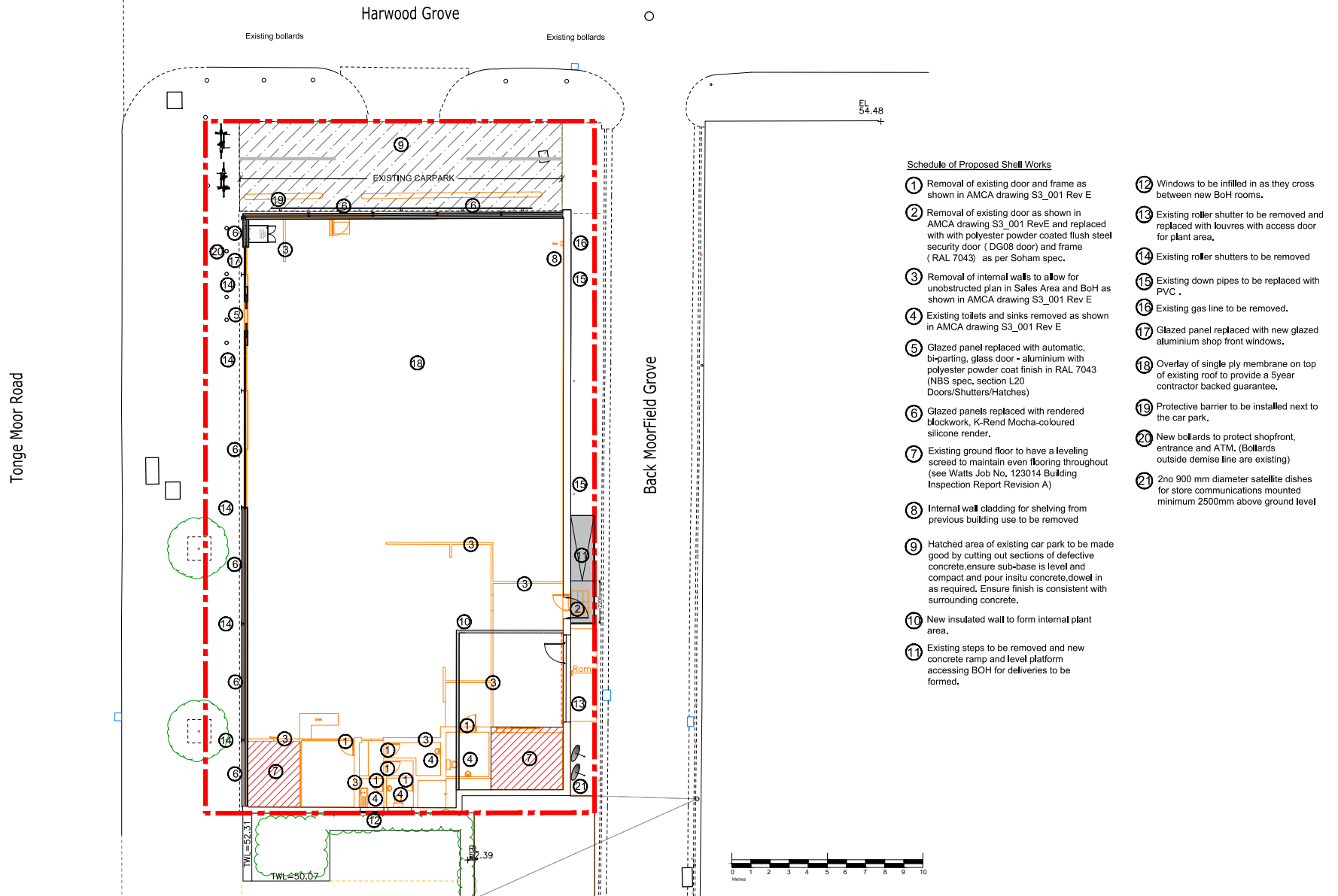
Back Moorfield Grove (East) Elevation



Proposed Elevations 1:100

- ② Windows blocked up with facing brick to match with existing.
- ③ Glazed panels replaced with rendered blockwork, K-Rend Mocha-coloured silicone render.
- ④ Glazed panels replaced with new shopfront windows.
- ⑤ Glazed panel replaced with automatic, bi-parting, glass door - aluminium with polyester powder coat finish in RAL 7043 (NBS spec. section L20 Doors/Shutters/Hatches).
- ⑥ Existing roller shutter to be removed and replaced with louvres with access door for plant area.
- ⑦ Removal of existing door as shown in AMCA drawing S3_001 RevE and replaced with polyester powder coated flush steel security door (DG08) and frame (RAL 7043) as per Soham spec.
- ⑧ Existing steps to be removed and new concrete ramp and level platform accessing BOH for deliveries to be formed.
- ⑨ Existing down pipes to be replaced with PVC.
- ⑩ Existing gas line to be removed.
- ⑪ New 600mmx600mm vents to be installed in welfare rooms.
- ⑫ Shutter boxes removed.
- ⑬ Protective barrier to be installed next to the car park.
- ⑭ Existing steps to be removed and new concrete ramp and level platform accessing BOH for deliveries to be formed.
- ⑮ 2no 900 mm diameter satellite dishes for store communications mounted minimum 2500mm above ground level

Proposed Shell Works & Elevation Alterations





10 years from practical completion

Accommodation

The property will provide approximately 5,500 sq ft of gross internal accommodation.

Tenure

The property is held long leasehold for a term of 200 years from 11th October 2017, expiring 10th October 2217. The initial rent of £3,000 per annum is reviewed on 11th August 2022 and upwards only every 5 years thereafter to the higher of the percentage increase in the sub-lease rent or 105% of the rent immediately payable prior to the review date.

Tenancy

The property is let to Co-operative Group Food Ltd for a term of 10 years from practical completion (expected December 2017). The tenant has the option to determine the lease at the expiry of the 10th year. The initial rent of £37,500 per annum is reviewed upwards only every 5 years in line with the CPI (all items), collared at 1% and capped at 3% per annum.

The tenant will benefit from a 4-month rent-free period upon commencement of the lease, which will be topped up via a deduction to the purchase price by our client.

Competition Analysis

There are only 4 competing convenience stores within a 2 miles radius (10 minute off peak drive time).

- Tesco Metro (Bradford Street Esso Express) – 1.2 miles
- Spar (New Lane) – 1 mile
- Premier Stores (81 Tonge Road) – 0.2 miles
- Premier Stores (112 Bradshaw Brow) – 0.9 miles



“Jointly owned by over 7.9M individual members with over 4,500 retail outlets throughout the UK”

Covenant Status

Co-operative Group Food Ltd (Company Number: 26715R) is a wholly owned subsidiary of The Co-operative Group Ltd which was established in 1844 and now operates 4,500 outlets with almost 90,000 employees and has an annual turnover of £10.50 billion.

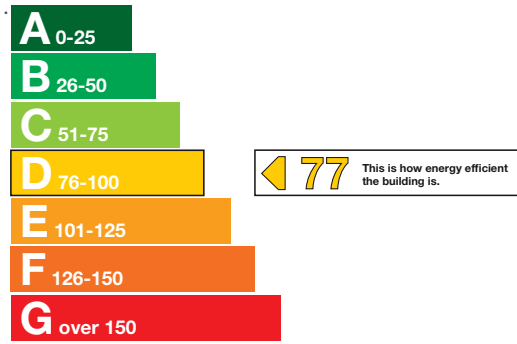
Co-operative Group Food is the UK's 5th largest food retailer with almost 2,800 local, convenience and medium sized stores employing over 69,000 people. The company has been undertaking a rationalisation of its stores over the last 24 months with the disposal of a number of its larger stores and smaller stores (McColls disposal) with the focus on retaining and expanding the convenience stores within its estate. The company opened over a 100 new convenience stores in 2016 at a cost of £70m.

A summary of Co-operative Group Limited accounts is set out below.

Co-Operative Group Ltd	31/12/2016	31/12/2015
Turnover	£9,472,000,000	£9,201,000,000
Pre Tax Profits	£132,000,000	£23,000,000
Shareholder Fund	£3,029,000,000	£2,937,000,000

Energy Performance Certificate

An Energy Performance Certificate will be provided on completion of the tenants fit out works.



VAT

The property is elected for VAT and therefore VAT will be payable on the purchase price. It is anticipated that the sale will be dealt with as a TOGC.



Proposal

Our client is seeking offers in excess of £525,000 for their long leasehold interest. A purchase at this level reflects a 6.29% net initial yield and £96 psf, after deducting purchase costs.

We have applied an average CPI rate of 3% as an estimate of future rental growth and yield performance:

Year	Rent Per Annum	Running Yield
Initial Rent	£36,000	6.29%
Year 5	£42,207	7.15%

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

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