

Secure Supermarket & Gym Investment Opportunity

HIGH STREET, SELSEY, NR CHICHESTER PO20 0QG



christopher
dee
property investment

Situated fronting Selsey High Street in a densely populated residential area.

Investment Summary

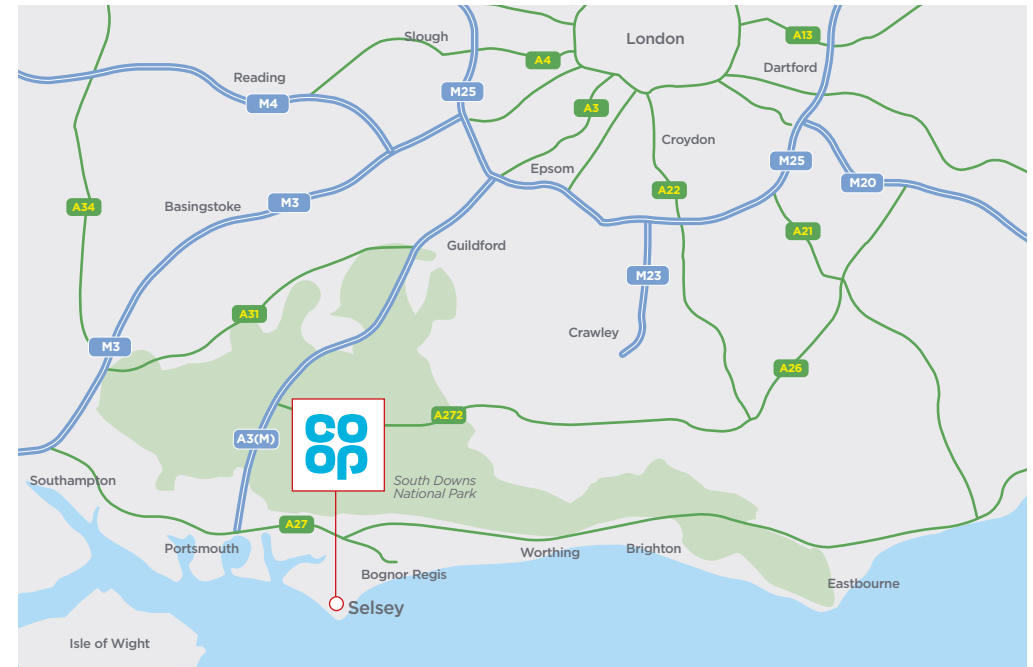
- **Co-Operative Supermarket & Gym investment**
- Located within Selsey, **attractive seaside town south of Chichester**
- Situated fronting Selsey High Street in a **densely populated residential area**
- **11,875 sq ft** on a site of **1.70 acres**
- Two units together with **114 car parking spaces**
- **Long leasehold** – 250 years from 29th September 1999, expiring 28th September 2249 at a peppercorn
- **Unit 1 – 9,002 sq ft** let to the Co-Operative Group Food Limited
- **15 year lease from 1st February 2016**, expiring 31st January 2031
- **Initial rent of £200,000 per annum** subject to 5 yearly CPI reviews (collar 1%/cap 4%)
- Next review 2021 with a **current ERV of £228,973 per annum** (Assumed 3% increase from July 2018 CPI at 105.8)
- **Unit 2 – 2,873 sq ft** let to Dream Fitness Limited
- **10 year lease from 17th September 2018**
- **Initial rent of £20,000 per annum** to be topped up by vendor to the headline rent of **£30,000 per annum**
- Total rental income of **£230,000 per annum**
- Estimated rental value of **£259,973 per annum**
- Offers in excess of **£3,455,000 (STC)**
- Attractive **Net Initial Yield of 6.25%**, and a **Reversionary Yield of 7.04%**

Selsey

Selsey is a popular seaside town with a population of approximately 10,000 people that lies 8 miles south of Chichester, 27 miles south east of Southampton and 75 miles south west of London.

The town is well connected by road, with the B2145 giving direct access to Chichester and from there the A27 provides quick access to the east and west.

Selsey is a popular tourist destination for birdwatchers and the neighbouring waterside hamlets, including Pagham and Bracklesham Bay.





Situation

The property is prominently located adjacent to Selsey High Street in the centre of town. Medmerry Primary School and Selsey Medical Practice adjoin to the North with the local football/cricket club to the west.

Description

The property comprises an 11,875 sq ft detached single storey former supermarket split to provide two separate retail units. Unit 1 comprises a 9,002 sq ft supermarket split into food sales area (5,051 sq ft) and back of house (3,951 sq ft). Unit 2 comprises a 2,872 sq ft gym to be fitted out in the occupants standard format. The property is of traditional brick construction with a pitched tiled roof. The property includes a sizeable tarmacadam car park providing a total of 114 car parking spaces (including 5 disabled spaces). Deliveries are made to the loading bay to the rear of the property.



Tenure

The property is held Long Leasehold for a term of 250 years with effect from 29th September 1999, expiring 28th September 2249 at a fixed rent of £1 per annum.



Accommodation / Tenancy

Average weighted unexpired lease term of 12 years to expiry and 11.4 years to break.

Unit	Sq ft	EPC	Tenant	Start Date	Rent Review	Break Date	Expiry	Rent	PSF	ERV	ERV (PSF)	Comments
Unit 1	9,002	D - 87	Co-Operative Group Food Limited	01/02/2016	01/02/2021	-	31/01/2031	£200,000	£22.22	£228,973	£25.44	5 yearly CPI Reviews (Collar of 1%, Cap of 4% per annum)
Unit 2	2,873	TBC	Dream Fitness Limited	17/09/2018	17/09/2023	17/09/2023	16/09/2028	£30,000	£10.44	£30,000	£6.18	5 yearly upwards only rent reviews. Initial rental topped up to £30,000 per annum. Contracted out of the 1954 L&T Act.
Total	11,875							£230,000		£258,973		

AWULT To Expiry: 12.0 years

AWULT To Break: 11.4 years

EPC

Further information is available upon request.

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.

Anti-Money Laundering Regulations

In accordance with Anti-Money Laundering Regulations, two forms of identification and confirmation of the source of funding will be required from the successful purchaser.



Covenant Status



Co-operative Group Food Limited (Company Number: IP26715R) , is a wholly owned subsidiary of The Co-operative Group Limited 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. A summary of Co-operative Group Limited accounts is set out below.

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 will open 100 stores in 2018 at a cost of £160m.

A summary of their latest company accounts is provided below:

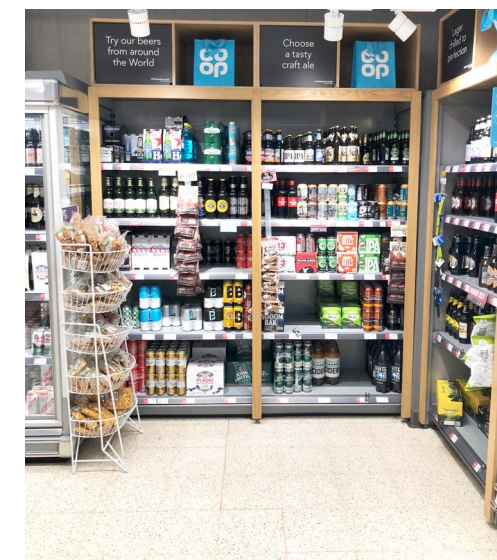
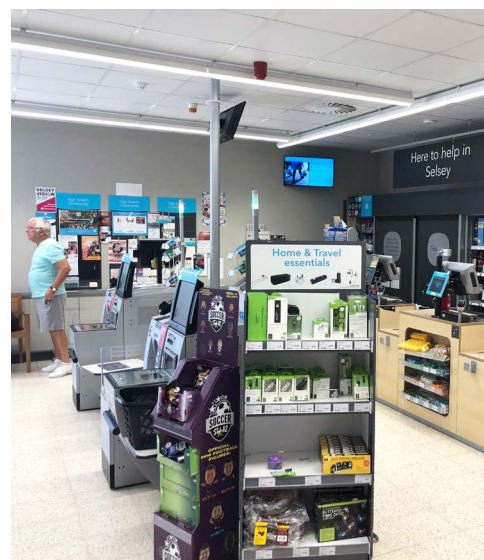
Co-Operative Group Ltd	6th January 2018	31st December 2016
Turnover	£7,159,600,000	£6,933,400,000
Pre Tax Profits	£195,400,000	£154,200,000
Shareholder Funds	£1,875,100,000	£1,805,400,000



Dream Fitness (Company Number: 8671445) are a low-cost 24-hour gym operator set up in 2013 with their first location based in Bognor Regis.

The company has a Credisafe score of 50 (Moderate risk), with the latest accounts showing total fixed assets of £231,319 and Shareholders Funds of £62,537.

www.dream-fitness.com



Proposal

Our client is seeking offers in excess of **£3,455,000** for their freehold interest, subject to contract and excluding VAT. A purchase at this level reflects the following yield profile, after deducting purchasers costs:

 **6.25%** Net Initial Yield

 **7.04%** Reversionary Yield (2021)*

 **7.21%** Reversionary Yield (2026)*

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

Further Information

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

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