

PC in May 2019



Welcome to Lower Marsh Lane's Co-op

Secure Supermarket
Investment Opportunity

THE CO-OPERATIVE GROUP FOOD LIMITED
120 VILLIERS AVENUE, SURBITON KT5 8BH





Investment Summary

- Located within a **densely populated suburb of London**
- **Prominently situated** on Villiers Avenue joining Surbiton and Kingston Upon Thames
- Purpose built, Co-op convenience store that forms the ground floor retail amenity for a larger residential development scheme
- Total net internal area of **4,607 sq ft**
- Let to the **Co-operative Food Group Limited** on a new 15-year full repairing and insuring lease without breaks from Practical Completion of the building (due May 2019)
- Rental income of **£140,000** per annum subject to 5 yearly rent reviews in line with CPI (capped and collared at **1% – 3%** per annum compounded)
- The property is available freehold - the residential uppers have been sold long leasehold for a term of 125 years at a peppercorn rent.
- Offers in excess of **£2,700,000** per annum (STC)
- Representing a Net Initial Yield of **4.87%** assuming purchasers costs of 6.41%
- Estimated reversionary yield of **5.65%** in the 5th anniversary

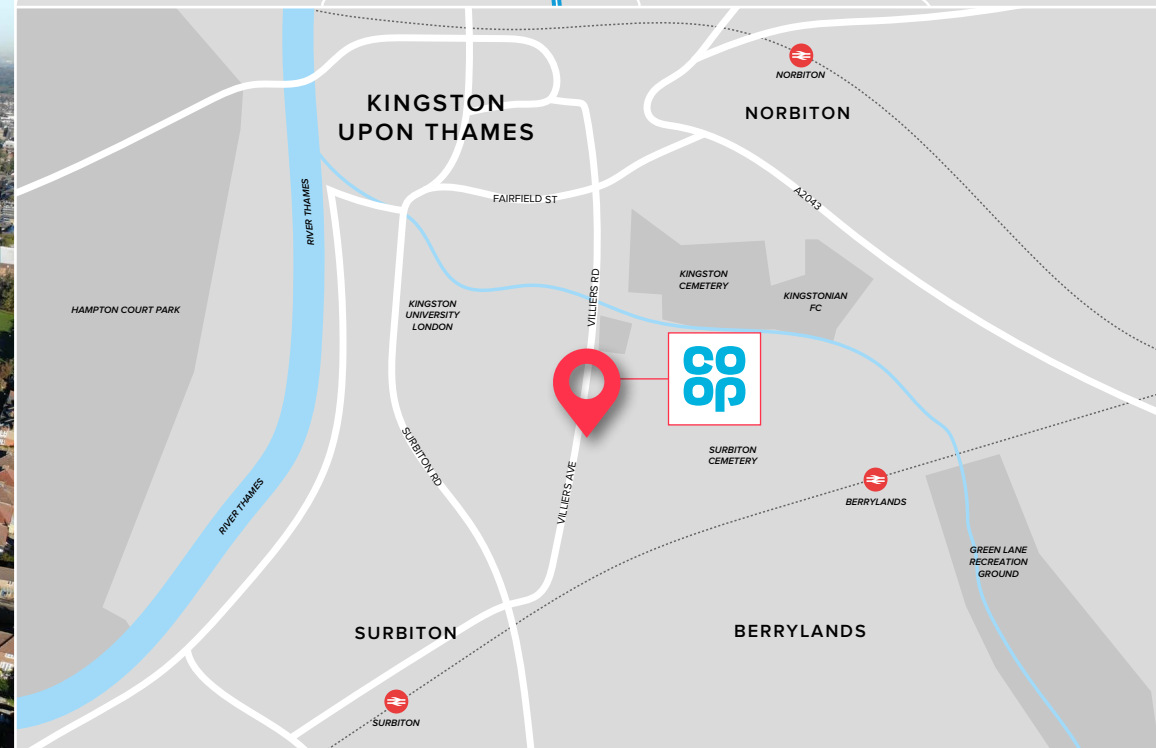
Location

Surbiton is an affluent Central London commuter suburban neighbourhood which forms part of the Royal Borough of Kingston Upon Thames. This densely populated area has a growing population of 45,132 or 25% of the total population for the borough of 173,525.

The numbers of Managers, directors and senior officials in Surbiton is 21% higher than the average for England, and the number of professionals is 60% higher.

Surbiton is well served for transportation networks, with the A3 running just to the south providing vehicles with access to London to the north, and the M25 to the south. Heathrow airport and Gatwick airport are also both approximately 40 minute's drive from the town.

The centrally located Surbiton train station provides regular services to London Waterloo, Surrey and Hampshire and there are a multitude of regular bus services to London and surrounds. Surbiton also stands to benefit from Crossrail 2, which will leave the town connected to the London Underground system.





KINGSTON-UPON-THAMES

CENTRAL LONDON

KINGSTON UNIVERSITY LONDON

VILLIERS ROAD

GROVE LANE



BERRYLANDS STATION

LOWER MARSH LANE

KINGSTON UNIVERSITY HALLS OF RESIDENCE

VILLIERS AVENUE

CLAYHILL HALLS OF RESIDENCE

Situation

The property is prominently situated on Villiers Avenue, a key trunk road that runs through the densely populated residential areas of Surbiton.

The property will provide the ground floor retail amenity for the larger residential development being built directly to the rear and sits at the end of a small convenience retail parade with a café, a bakers, a bathroom showroom and small independent convenience store.

The store also sits in a strategic position in between the primary campus of Kingston University and the Clayhill Halls residence providing a boost to foot traffic past the store.

Description

On practical completion, anticipated to be May 2019, the property will form a ground floor convenience store for the wider residential development scheme to the rear.

The property comprises a two-storey convenience store of traditional brick construction, under a pitched tiled roof. The upper floors, which do not form part of the investment, will contain 10 apartments to be let on assured shorthold tenancies. Included in the sale is the car park area to the front of the property, with spaces for 7 vehicles.

Tenure

The property is available freehold.

The car park for 7 vehicles to the front of the convenience store is held by a separate long leasehold interest for a term of 125 years with effect from 8th December 2016 (123 years unexpired) at a peppercorn rent.

The upper floors (containing 10 apartments) and ground floor entrance have been sold on a long leasehold basis to Paragon Housing Limited for a term of 125 years at a peppercorn rent.

The effective ownership, and Co-operative Group Food Limited demise, is shown outlined in red.



Wider Resi Scheme

Villiers Point is a flagship new development, containing a stunning collection of stylish contemporary homes set in a beautiful landscaped setting.

The scheme contains a total of 29 houses consisting of 4 bedroom and 3 bedroom houses, 1 bed/2 bed maisonettes. This provides a total of c. 91 beds, which will all benefit from the amenity of the newly developed Co-operative food store.

Each house has its own garden and associated parking, and displays a traditional yet contemporary aesthetic.



Charles Roberts
ARCHITECTS

Drawn: [] Stage: []
Title: []
Scale: [] Materials preview 1

Accommodation

The property will provide approximately 4,607 sq ft of net internal ground floor accommodation, and a tarmacadam car park to the front of the property with spaces for 7 vehicles.

Tenancy

On completion of the works, the property is to be let on an effectively Full Repairing and Insuring lease basis to the Co-operative Group Food Limited for a straight term of 15 years, paying £140,000 per annum in rent with 5 yearly reviews in line with CPI compounded annually (capped and collared at 1% – 3% per annum) and a personal option to renew on the same terms.

The tenant will benefit from a 6-month rent-free period upon commencement of the lease, which will be topped up via a deduction to the purchase price by our client.

The unit was marketed and attracted strong competition from the C-Store market. Further information is available upon request along with comparable rental and investment transactions.

Competition analysis

Below is a list of the nearest competing convenience stores. With the exception of Sainsbury's, these convenience stores are significantly smaller and carry a limited product range when compared to the subject Co-op store.

Store	Location	Distance
Premier Express	Villiers Avenue	–
Londis	Surbiton Road, KT1 2HG	0.8 miles
Sainsbury's Local	Surbiton Railway Station, KT6 4PE	0.9 miles
Spar	Kingston Upon Thames, KT1 3LU	1.2 miles



Indicative CGI





EPC

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.

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



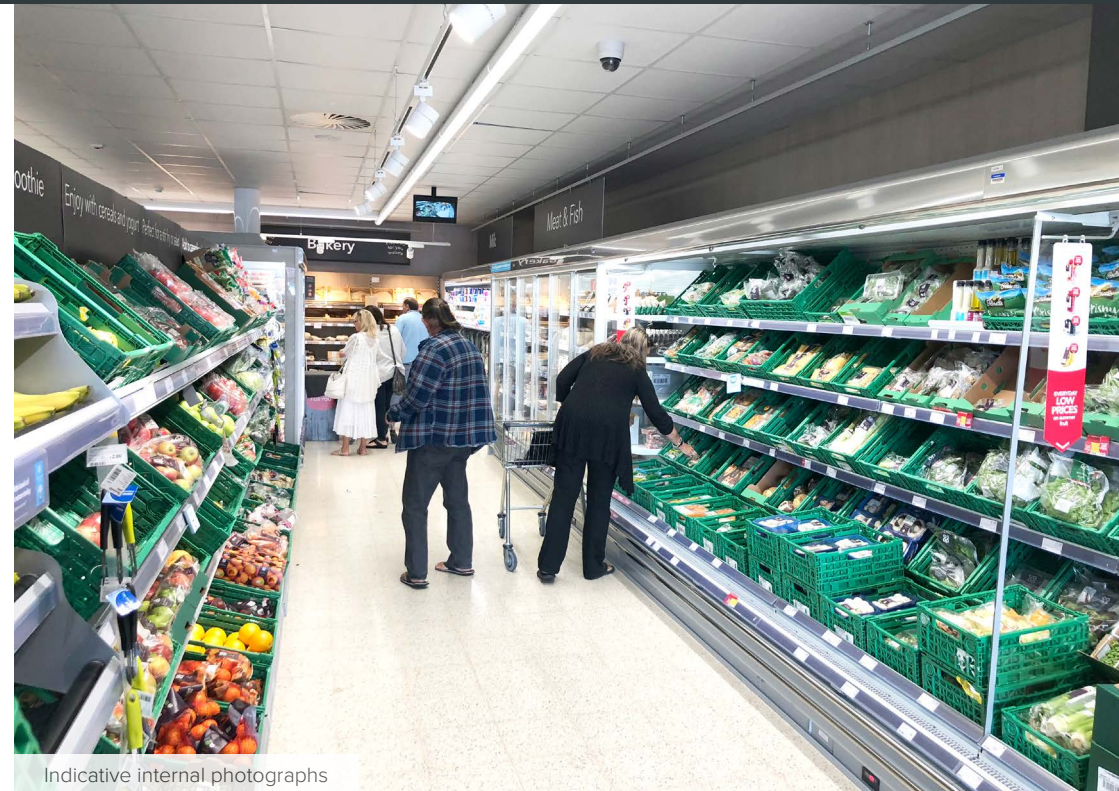
Co-operative Group Food Ltd (Company Number: 26715R) is a wholly owned subsidiary of The Co-operative Group Ltd which was established in 1844 and now operates 4,500 outlets with almost 90,000 employees and has an annual turnover of £10.50 billion.

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 Food Limited's latest accounts is set out below.

Co-operative Group Food Limited	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



Indicative internal photographs



Proposal

We are instructed to quote offers in excess of **£2,700,000** exclusive of VAT and subject to contract. A purchase at this level reflects a 4.87% net initial yield after deducting purchase costs.

Year	£ Rent Per Annum	Running Yield
Initial Rent	£140,000	4.87%
Year 5	£162,298	5.65%
Year 10	£188,148	6.55%

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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