



SECURE CONVENIENCE STORE INVESTMENT OPPORTUNITY

THE CO-OPERATIVE, 220 SPRING ROAD,
ITCHEN, SOUTHAMPTON SO19 2NT

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Investment Summary

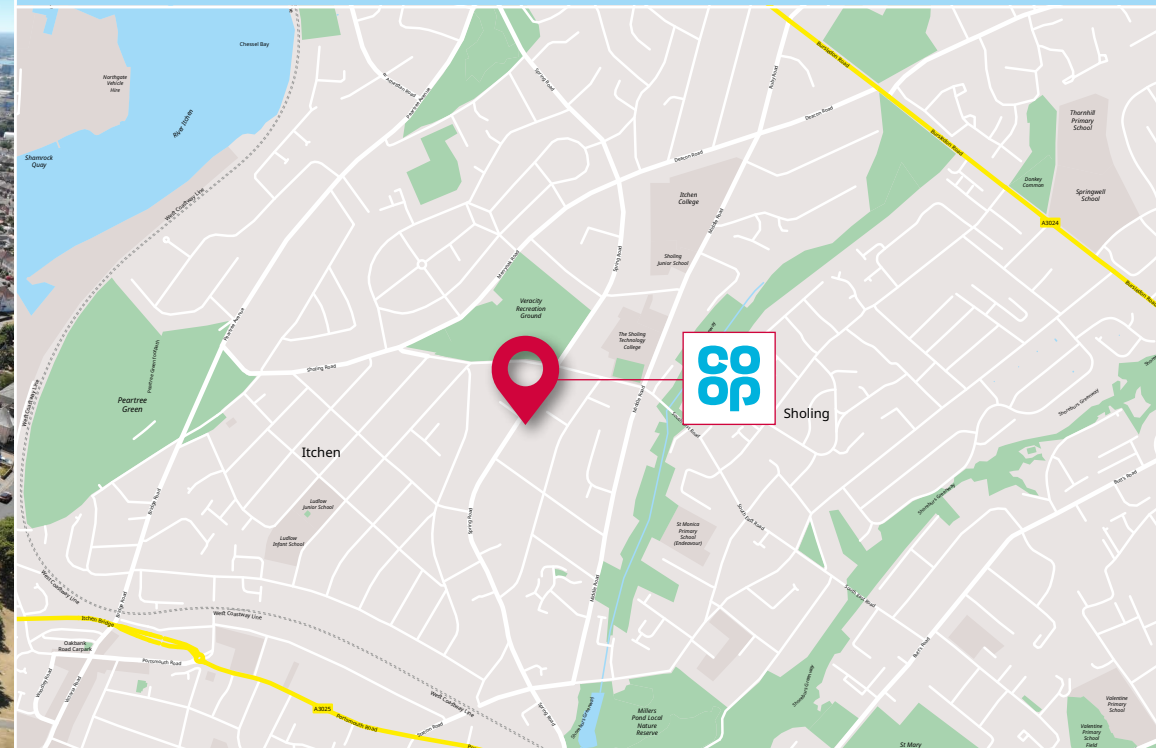
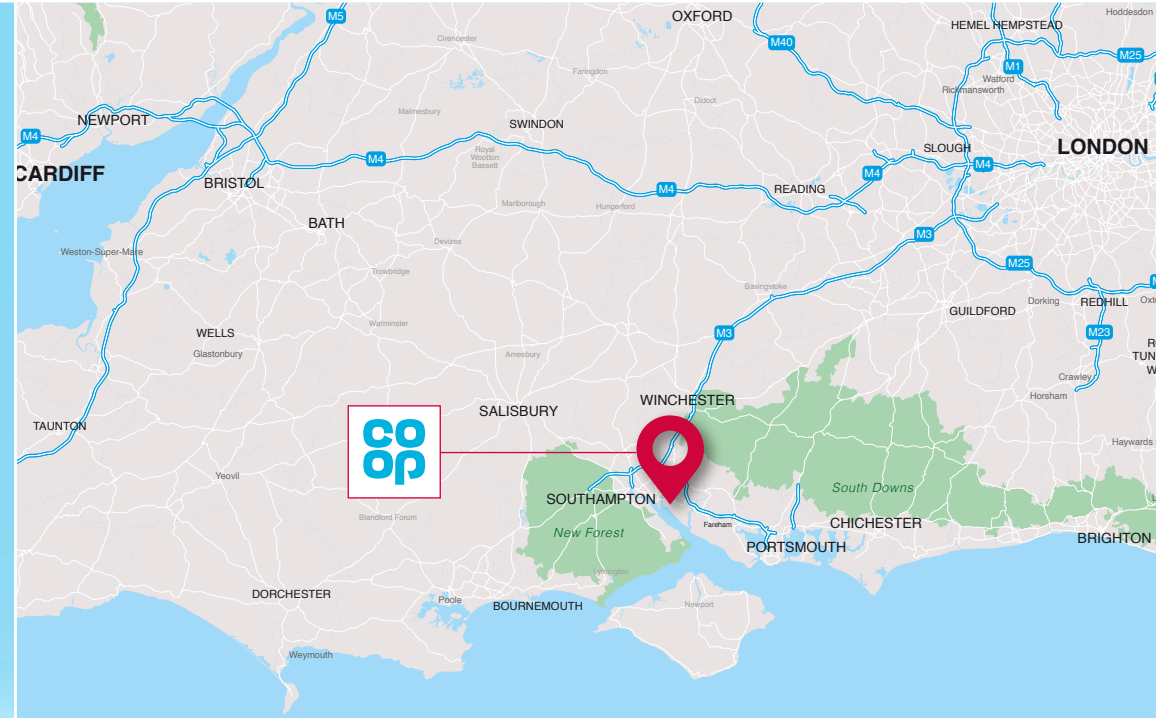
- **Secure convenience store investment opportunity**
- **Prominent corner location** in a residential suburb of Southampton
- **Newly built and well-presented** property fit out in the Co-op's latest format
- Provides a total of **4,250 sq ft**
- **Sale and leaseback** to undoubted covenant of Co-operative Group Food Limited
- **15 year FRI lease** without break from completion of sale
- Initial rent of **£88,000 per annum (£20.71 psf)**
- **5 yearly upward only CPI reviews** (1-3% collar and cap)
- Offers in excess of **£1,640,000 (STC)**
- Representing a Net Initial Yield of **5.01%**
- Estimated reversionary yield of **5.80%** in the 5th anniversary and **6.73%** RY in 10th anniversary

Location

The property is located in Itchen, a residential suburb of Southampton, 1 mile east of the City Centre.

Southampton is the largest city in the county of Hampshire on the south coast of England, and is situated 75 miles south-west of London and 19 miles north-west of Portsmouth. Southampton is a major port and the closest city to the New Forest. Southampton and Portsmouth is the sixth largest urban area in the UK with a population of 883,000 people.

Significant employers in Southampton include the University of Southampton, Southampton Airport, the Ford Transit factory, Ordnance Survey, the BBC and the NHS. It is one of the largest commercial container and passenger cruise ports in Europe.



Situation

The property fronts Spring Road, at the intersection of Sholing Road and Sholing Road East, in a densely populated residential area opposite Veracity Recreation Ground.

The property acts as the primary convenience store for the densely populated surrounding areas, with the adjacent Oasis academy, Sholing Infant/Junior Schools and nearby Itchen Sixth Form College providing a significant boost to the stores trade.

Description & Accommodation

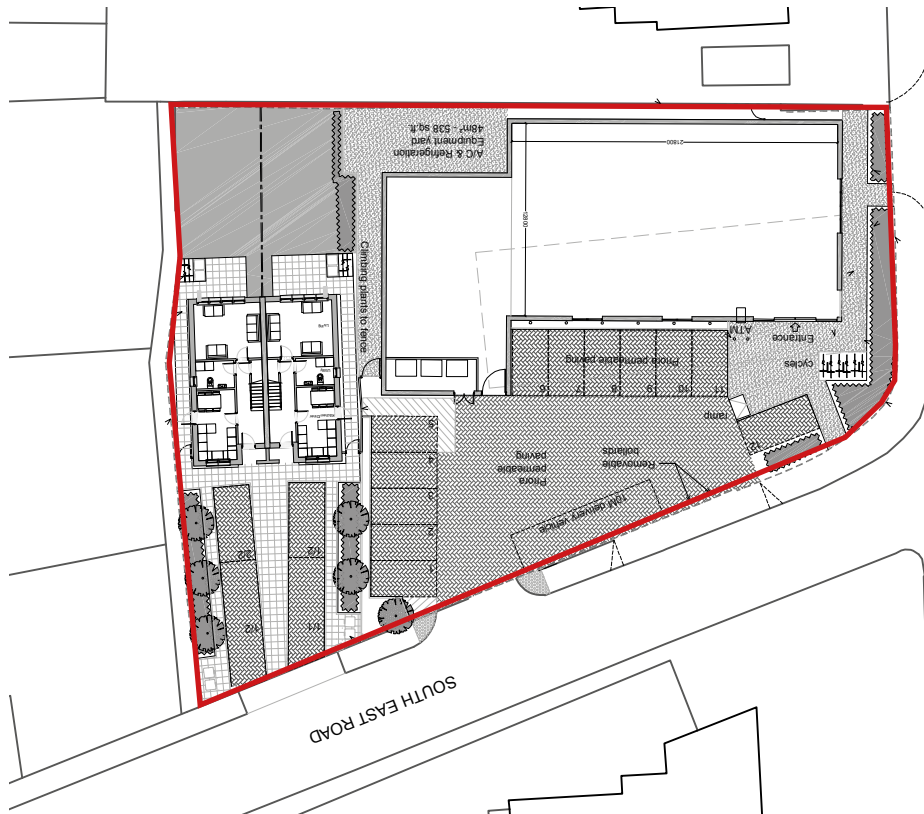
The property comprises a new build convenience store extending to 4,250 sq ft with a large car park incorporating 9 spaces (1 disabled) and separate loading bay. The property occupies a site extending to 0.243 acres.

Tenancy

The property will be let to the Co-operative Group Food Limited on a full repairing and insuring lease for a term of 15 years with effect from completion. The initial rent of £88,000 per annum (£20.71 psf) is reviewed 5 yearly upwards only in line with CPI (annually compounded), subject to collar at 1% and cap at 3% per annum.

Tenure

Freehold.



SPRING ROAD



Covenant Status



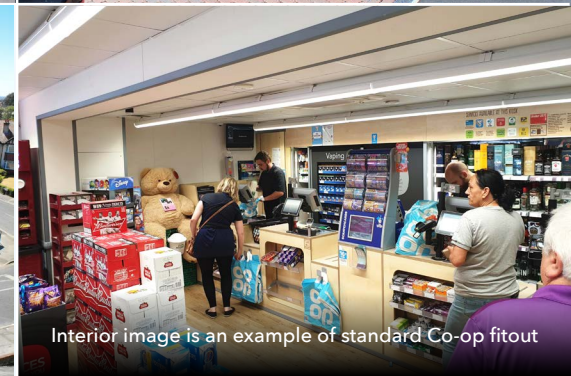
Co-operative Group Food Limited (Company Number: 26715R) is a wholly owned subsidiary of The Co-operative Group Limited which was established in 1844 and now operates 4,500 outlets with almost 90,000 employees and has an annual turnover of £10.50 billion.

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. Furthermore existing arrangements with independent co-operative societies means they supply more than 7,700 stores.

In the first half of 2018 the group opened 45 new stores and created 600 jobs, and with the acquisitions of Nisa and a 5-year deal to supply Costcutters, the company has seen significant recent growth.

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

Co-operative Group Food Limited	5th January 2019	6th January 2018	31st December 2016
Turnover	£7,185,200,000	£6,940,200,000	£6,933,400,000
Pre Tax Profits	£207,900,000	£232,500,000	£154,200,000
Shareholder Funds	£1,970,500,000	£1,875,100,000	£1,805,400,000



Interior image is an example of standard Co-op fitout



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.

VAT

The property is elected for VAT and therefore VAT will be payable on the purchase price. The transaction will not be able to be dealt with as a TOGC.

EPC

The property has an energy performance rating of A-23. A copy of the certificate can be provided upon request.

Proposal

We are instructed to quote offers in excess of **£1,640,000** exclusive of VAT and subject to contract. A purchase at this level reflects a **5.01%** net initial yield and after deducting sale and leaseback purchase costs of 7.26%.

Year	£ Rent Per Annum	Running Yield
Initial Rent	£88,000	5.01%
Year 5	£102,016	5.80%
Year 10	£118,265	6.73%

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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