

Sainsbury's

**SECURE SUPERMARKET
AND GROUND RENT
INVESTMENT**

78 - 80 CLIFTON STREET,
LYTHAM ST ANNES, LANCASHIRE FY8 5EN



christopher | 20
dee . . . years
property investment
est. 1999



Investment Summary

- **Secure supermarket and ground rent investment** in wealthy seaside town
- **6,030 sq ft** (GIA) retail unit over ground floor sales and basement storage
- **Prominent corner location** fronting the town's **prime retailing street**
- The property is held on a **999-year leasehold** interest (879 years unexpired) with an **£88 fixed annual ground rent**
- Let to the undoubted covenant of **Sainsbury's Supermarkets Limited** - over **£23bn** turnover
- **Excellent trading record** benefits from significant boost during the busy summer season and the Lytham Festival
- Let for a term of **15 years** with effect from 29th April 2013, expiring 28th April 2028 (9.2 years unexpired)
- Tenant option to determine in April 2023 (4.2 years unexpired)
- This represents a **very low** rent ITZA of just **£25psf** (recent deals suggest market rent at c. £45 psf ITZA)
- 5 yearly upward only rent reviews linked to RPI - Next review due in April 2023 (collared and capped at 1%-4%)
- Benefits from ground rent income on the residential uppers totalling **£500 per annum**
- Total rental income of **£45,260 per annum**
- Current ERV of **£46,285 per annum** and reversionary to **£51,308 per annum** (assuming RPI of 3%)
- Offers in excess of **£740,000** (STC)
- **5.80%** Net Initial Yield, **6.58%** Reversionary Yield (2023)

**9.2
years**

of secure income remaining to the undoubted covenant of Sainsbury's Supermarket Limited

Lytham St Annes

Ranked as one of the North West's Top Ten Best Places to Live by the Sunday Times, Lytham St Annes is a prosperous and popular town of c. 45,000 people situated on the attractive Lancashire coastline, with the wider Fylde Borough attracting upwards of 3 million visitors a year.

The town is internationally renowned for golf and has four courses and links, with the most notable being the Royal Lytham & St Annes Golf Club.

Fylde Borough's tourism economy is estimated to be worth in excess of £200m per annum, and the town is home to an eclectic mix of independent and national restaurants and retailers which provides a real sense of distinctiveness.

The town is situated close to the M55 motorway which provides onward access to the wider North West motorway network. The nearby major conurbations of Blackpool (2 miles), Preston (15 miles), Manchester (50 miles) and Liverpool (55 miles) are all easily accessible by road and rail.

Lytham Railway Station provides regular rail services to Preston and Blackpool stations. Manchester Piccadilly and London Euston can be accessed within 40 minutes and 2 hours 15 minutes from Preston station.



Ranked by the
Sunday Times as
one of the
**Top Ten
Best Places
to Live**

WARTON

LYTHAM GREEN DRIVE GOLF CLUB

LYTHAM TRAIN STATION

Sainsbury's

CLIFTON ST

MARKET SQ

TO ROYAL LYTHAM & ST ANNES GOLF CLUB

A584

Average house prices in Lytham are **15% above** the national average



Situation

The property benefits from a prominent corner position within the heart of Lytham town centre with customer access provided of the main thoroughfare of Clifton Street.

Situated within the Market Square fronting Clifton Street, the property occupies the towns traditional prime retail core alongside operators such as Pizza Express, Boots, Thorntons, Sea Salt and Caffe Nero.

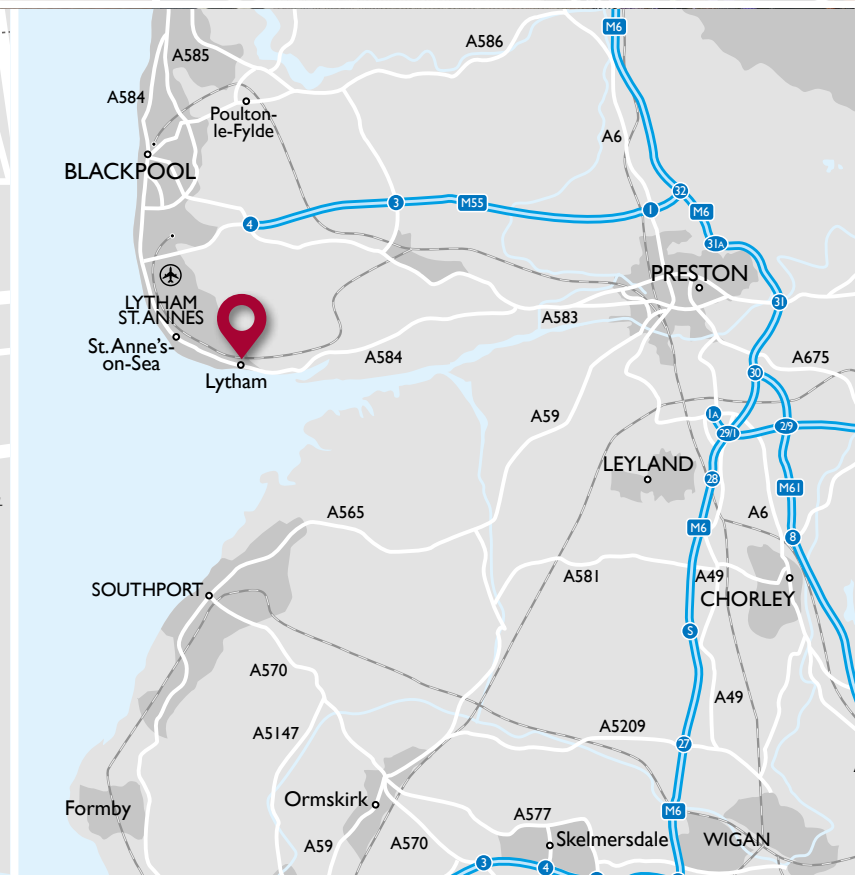
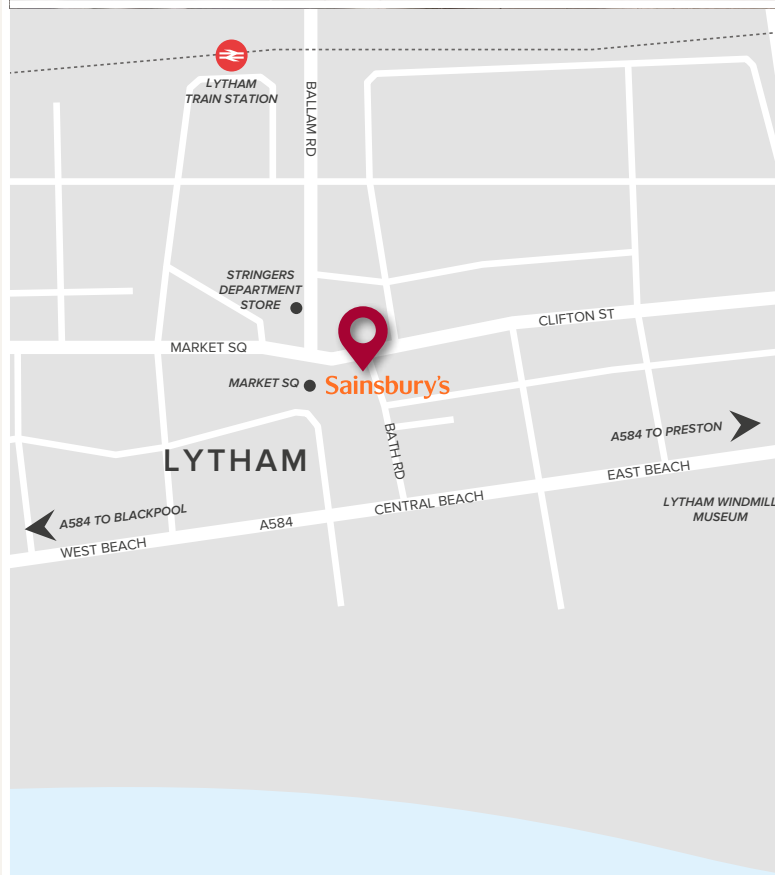
Description

The property comprises an ornate 3-storey Edwardian building of traditional brick construction, very much in keeping with the architecture of the local high street.

The ground floor comprises a double frontage retail unit with full height glazing, fitted out as a Sainsbury's Local convenience store with deliveries and services access to the rear off Bath Road.

The first and second floors comprise five residential flats which have been sold on a long leasehold basis and are accessed via a separate entrance to the rear.

The demise of the long leasehold interest extends into a section of the pavement to the front of the property, and to the delivery yard to the rear as shown in red.



Accommodation

The effective ownership of the property has been measured in accordance with the RICS Code of Measuring Practice 6th Edition and comprises the following approximate Gross Internal Areas:

Floor	Area (sq m)	Area (sq ft)
Basement Ancillary	246.01	2,648
Ground Floor Sales	195.01	2,099
Ground Floor Storage	119.23	1,283
Total	560.25	6,030

The property sits on a site of approximately 0.133 acres (0.054 hectares).

Tenure

The property is held on a long leasehold basis for a term of 999 years commencing from 1st May 1899 (879 years unexpired), and subject to a fixed annual ground rent of £88 per annum.

Tenancy

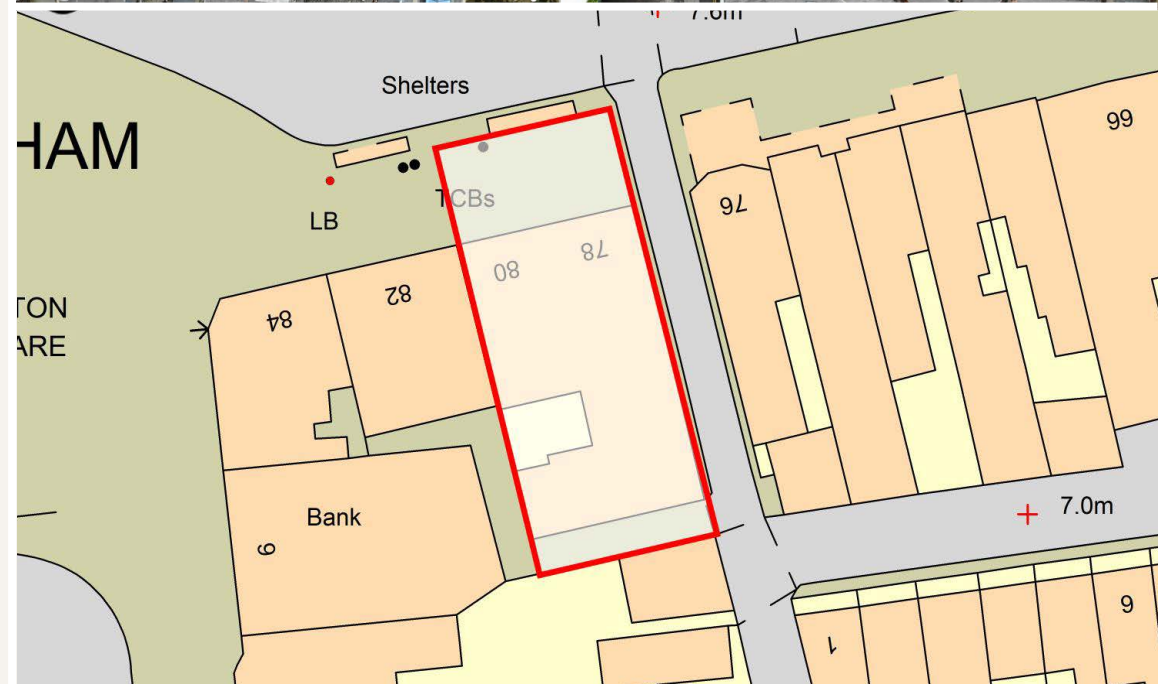
The property is let in its entirety to **Sainsbury's Supermarkets Limited** by way of a full repairing and insuring lease granting a term of 15 years commencing from the 29th April 2013, expiring 28th April 2028 (9.23 years unexpired).

The current rent payable is **£44,760 per annum**. The rent is subject to an RPI linked rent review on the 29th April 2023 (collared and capped at 1%-4%). There is a tenant only break option on the 29th April 2023 subject to 6 month's written notice.

The property benefits from annual ground rents on the five residential apartments above (which have been sold on 125 year leases with c. 93 years remaining) totalling £500 per annum. The ground rents are reviewed every 25 years with the next review due in 2038.

Rental Value

The passing rent of the property represents a low base of **£25 psf ITZA**. Occupational deals along Clifton Street suggest a rental tone of c. £45 psf ITZA, meaning the subject property has significant room for rental growth.



Covenant Status

Sainsbury's

Sainsbury's Supermarkets Limited (Company number: 03261722)

Sainsbury's Supermarkets Limited is the primary trading company for J Sainsbury's PLC's food division including their convenience shops and supermarkets. They are the second largest chain of supermarkets in the United Kingdom, with a 16.9% share of the supermarket sector.

The wider group has been in operation for more than 150 years and their head office is in Sainsbury's Support Centre in Holborn Circus, City of London. As a group, J Sainsbury's PLC is listed on the London Stock Exchange, where the supermarket and banking giant forms part of the FTSE 100 list of the UK largest listed companies.

Under the group, there are currently 608 Sainsbury's supermarkets, 191 Argos stores, 16 Habitat stores and 3,900,000 active banking customers. The company is currently responding to the Markets Authority about a proposed merger with Asda, which would potentially make them the UK's largest supermarket.

A summary of the Sainsbury's Supermarkets Limited's latest accounts is provided below:

Sainsbury's Supermarkets Limited	10th March 2018	11th March 2017	12th March 2016
Turnover	£23,606,000,000	£23,234,000,000	£23,168,000,000
Underlying Pre-Tax Profit	£187,000,000	£342,000,000	£406,000,000
Net Assets	£4,712,000,000	£4,498,000,000	£4,608,000,000

For more information visit www.sainsburys.co.uk



Lytham has an almost **25%** higher proportion of higher or intermediate managerial households than the national average



Proposal

We are seeking offers in excess of **£740,000 (Seven Hundred and Forty Thousand Pounds)** for our client's long leasehold interest subject to contract and exclusive of VAT. A purchase at this level reflects the following profile:

 **5.80%**
Net Initial Yield

 **£123 psf**
Capital Value

 **6.58%**
Reversionary Yield

EPC

The property has a C-72 rating. An EPC can be provided upon request.

VAT

VAT will be payable on the purchase price. It is anticipated that the sale will be dealt with as a transfer of a going concern.

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.

Further Information

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

Daniel Campbell

Tel: 07741 593 968

Email: dc@christopherdee.co.uk

Mark Powell

Tel: 07825 077 724

Email: mp@christopherdee.co.uk

Christopher Dee Manchester

40 Peter Street, Manchester M2 5GP



MISREP: The accuracy of any description, dimensions, references to condition, necessary permissions for use and occupation and other details contained herein is not guaranteed and is for general guidance only and prospective purchasers or tenants must not rely on them as statements of fact or representations and must satisfy themselves as to their accuracy. Christopher Dee nor any of its employees or representatives has any authority to make or give any representation or warranty or enter into any contract whatever in relation to the property. Rents quoted in these particulars may be subject to VAT in addition. The reference to any mechanical or electrical equipment or other facilities at the property shall not constitute a representation (unless otherwise stated) as to its state or condition or that it is capable of fulfilling its intended function. Prospective tenants/ purchasers should satisfy themselves as to the fitness of such equipment for their requirements. February 2019.