

CO-OP CONVENIENCE STORE

ISLAND PLACE, GOULD ROAD, SALCOMBE, DEVON TQ8 8FN



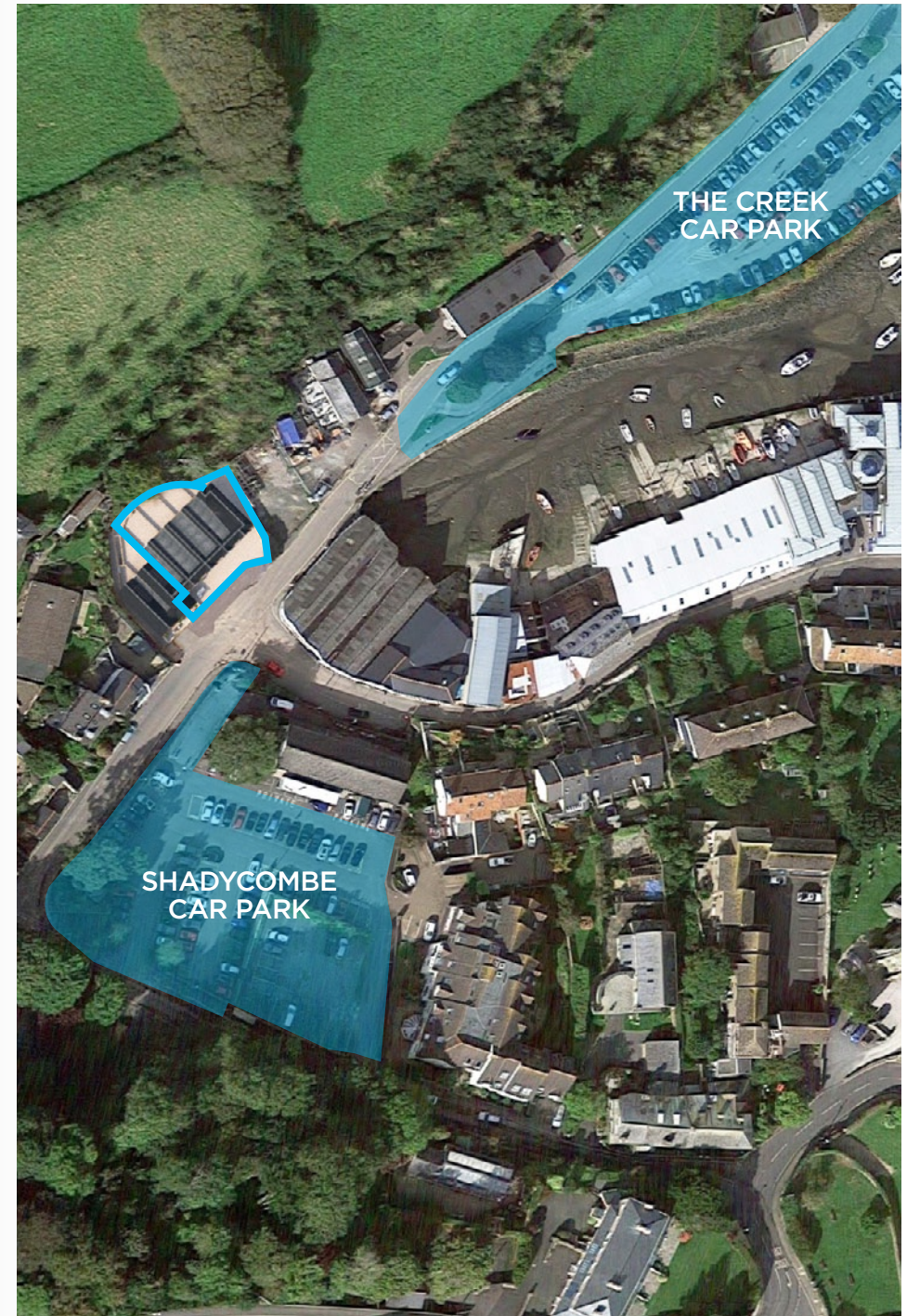
PRIME CONVENIENCE STORE WITH 15 YEAR TERM CERTAIN AND 5 YEARLY RPI RENT REVIEWS

**Lambert
Smith
Hampton**

INVESTMENT SUMMARY

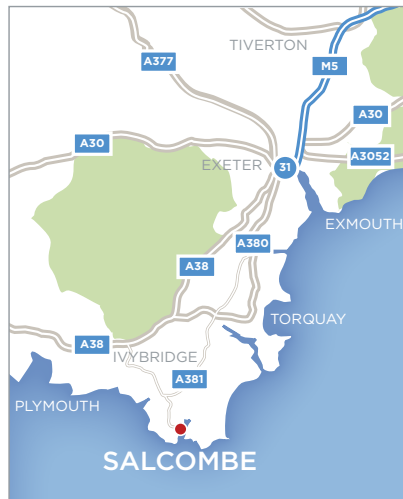
- Rare opportunity to purchase a prime ground floor convenience retail unit within an exclusive residential development
- Excellent position within the affluent Devon town of Salcombe
- The unit will be the only supermarket convenience store in the centre of the town
- Virtual freehold by virtue of 999 year lease
- Practical Completion in September 2018
- To be let to Co-Operative Food Group Limited for a term of 15 years from practical completion at an initial rent of £70,000 per annum
- 5 Yearly RPI linked rent reviews, compounded annually and subject to a cap and collar of 1.00-3.00%, providing an attractive running yield profile

We are instructed to seek offers in excess of £1,260,000 (One Million, Two Hundred and Sixty Thousand Pounds), subject to contract, for the virtual freehold interest. A purchase at this level reflects a Net Initial Yield of 5.25%, subject to purchasers costs of 5.97%.



LOCATION

Salcombe is an extremely affluent and popular coastal town in the South Hams district of Devon, south west England. The town lies on the banks of the Salcombe Estuary and it widely regarded as one of the prettiest towns in South Devon and one of the UK's most desirable waterside destinations, known for its exceptional coastal views and position within an Area of Outstanding National Beauty (AONB).



The town's extensive waterfront and naturally sheltered harbour formed by the estuary have made the location hugely successful as a maritime haven, with a thriving economy centred around pleasure sailing and yachting.

The town is a major tourism destination, with a peak season population extending to nearly 25,000 and approximately 39% of all households being classified as second or holiday homes.

The local economy caters for affluent clientele, with a range of boutique retailers, art galleries, nautical associated businesses and an abundance of places to eat and drink.

The town is accessed via the A381, which in turn links with the A38, providing connectivity to Plymouth and Cornwall in the west and the M5 at Junction 31 at Exeter in the east.



SITUATION

Island Place is a unique high end development benefiting from a prime and prominent position in relation to the town centre and waterfront.



Situated on Gould Road on the north west side of the town centre, the property benefits from heavy pedestrian flow by virtue of immediate proximity to the towns only short stay and long stay parking provisions; Shadycombe Car Park directly opposite and The Creek Car Park immediately adjacent.

The town has a distinct lack of national multiple food retailers and as a consequence the newly provided store will prove popular to tourists and residents alike, benefiting from a monopoly on the current provision.



TENURE

VIRTUAL FREEHOLD

It is proposed that a new management company will be set up for the 6 houses and the subject retail unit, with each granted a 999 year lease subject to a ground rent of £250 per annum. We anticipate that a service charge will be set up on behalf of the management company.

DESCRIPTION

The property comprises a ground floor convenience retail unit, positioned below a brand new two storey residential development comprising 6 high quality houses. The exclusive development has been designed and constructed in line with the coastal setting, using local materials to provide superior specification accommodation in an unrivalled position.

The unit comprises a dedicated retail sales floor with ancillary accommodation and storage to the rear, with the lease stipulating an area of 4,000 sq ft.

The property is expected to reach practical completion in September 2018.

COVENANT

Co-Operative Food Group Limited's most recent published accounts are as follows:

	31/12/2016	02/01/2016	03/01/2015
Turnover	£6,933,400,000	£6,475,500,000	£6,327,800,000
Pre-Tax Profit	£148,200,000	(£429,600)	£199,100,000
Shareholders Funds	£1,805,400,000	£1,846,400,000	£2,265,800,000



Whilst there has been a fluctuation in pre-tax profit over the last 3 years, turnover figures have remained stable and the shareholders funds provide considerable financial security.

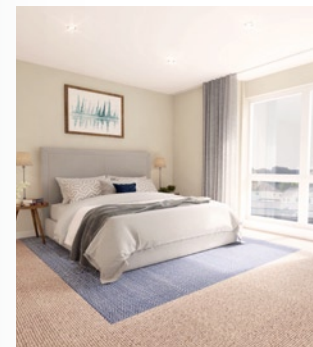
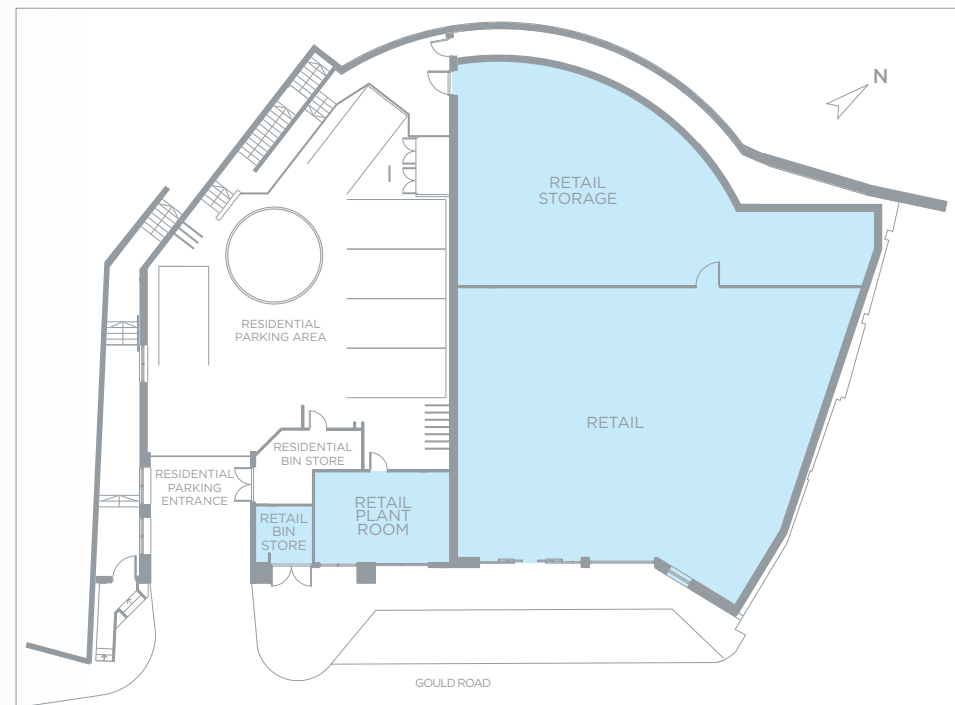
EPC

The Vendor is to provide an EPC within 4 weeks of practical completion.

TENANCY

The property is let in its entirety to Co-Operative Group Food Limited for a term of 15 years from practical completion, at an initial annual rent of £70,000 per annum. The rent is subject to 5 yearly RPI linked rent reviews, compounded annually and subject to a cap and collar of 1.00-3.00%.

The tenant has been granted a 6 month rent free period which will be topped up by the vendor.



RENTAL GROWTH PROJECTIONS

Oxford Economics project average RPI growth of 3.19% per annum for the 20 year period from 2017. Based on these forecasts, the property will provide the purchaser with the following attractive running yield profile from acquisition, assuming a purchase price at the quoting level:

Year	Annual Rent	Running Yield
2018	£70,000	5.25%
2023	£81,149	6.09%
2028	£94,074	7.06%

ONLINE SALE & DATA SITE

The marketing will conclude with an online sale. Interested parties are required to pre-register for the bidding process no later than 48 hours prior to the closing date.

A guide on the registration and bidding process is available online www.lshonlinesales.co.uk

The legal pack, including sale contract is available to download prior to the sale date.

On top of the purchase price, the purchaser will be liable to pay an additional administration fee of £990 (inclusive of VAT).

Online bids are invited from 9.00 am on Wednesday 20th June with the bidding process closing at 2.00 pm on Thursday 21st June.

Completion will incur upon practical completion of the development.

CLOSING DATE

The marketing will close by online bids made before 2.00 pm on Thursday 21st June (Subject to the terms of the auction).



PRICE

We are instructed to seek offers in excess of £1,260,000 (One Million, Two Hundred and Sixty Thousand Pounds), subject to contract, for the virtual freehold interest. A purchase at this level reflects a Net Initial Yield of 5.25%, subject to purchasers costs of 5.97%.

VAT

The property is elected for VAT. The transaction is anticipated to be treated as a Transfer of a Going Concern (TOGC).

CLOSING DATE

The marketing will close by online bids made before 2.00 pm on Thursday 21st June (Subject to the terms of the auction).

CONTACT DETAILS

For further information or to arrange a viewing, please contact:

Hollie Ruddle
hruddle@lsh.co.uk
0117 914 2138
07860 189 853

Nathaniel Ball
nball@lsh.co.uk
020 7198 2129
07720 084 869

Simon Eddy
seddy@lsh.co.uk
020 3824 4729
07768 005 813

Oliver Childs
ochilds@lsh.co.uk
020 7198 2284
07717 807 385

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