

# Prime Retail Investment

67 High Street, Maldon, CM9 5EP



## Poundstretcher Limited

Douglas Stevens

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### Investment Summary

- Large unit in historic market town
- Unbroken lease expiring August 2023
- Let to well-known national multiple retailer
- Minimum of 2.5% pa compound increases at review
- 3 residential flats let on AST's
- £2,100,000 reflecting a net initial yield of approximately 7.25% (with a reversion to 8.2% in 2013) on the retail element and 5.25% on the residential accommodation

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## Location

Maldon District covers an area of over 36,000 hectares in East Essex. The landscape and character of the area is dominated by the District's 60 miles of coastline which includes the estuaries of the rivers Blackwater and Crouch.

The District has a population of 62,400 (2007 estimate) with Maldon being the administrative centre and the seat of the Council.

## Situation

The subject property occupies a prominent position on Maldon High Street close to Peacocks, WH Smith, Prezzo, Marks & Spencer, Iceland, Costa and the Co-op Travel. The property also benefits from its proximity to the Butt Lane car park (177 Spaces).

## Description

The property comprises a modern building with retail on ground floor and three two bedroom residential maisonettes above. The freehold of the entire building is for sale, with the benefit of the commercial lease and residential AST's.

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## Accommodation

The retail premises benefit from clear selling space, a double frontage and a first floor store:

<b>Ground Floor</b>	6,635 sq ft	616.40 sq m
<b>First Floor</b>	2,416 sq ft	224.45 sq m
<b>TOTAL</b>	<b>9,051 sq ft</b>	<b>840.85 sq m</b>



The residential accommodation comprises three two bedroom maisonettes, each accessed via an external dedicated staircase from Old Mill Close. They each comprise a hall, kitchen and living room with stairs to two double bedrooms with separate bathroom with WC.

## Tenancy

The ground floor retail property together with part of the first floor is let to Poundstretcher Ltd (with a guarantee from Instore PLC), on a 15 year effectively full repairing and insuring lease from 4th August 2008. The passing rent is £130,000 per annum exclusive.

There are five yearly upward only rent reviews to the higher of open market value or fixed increases of 2.5% pa compound (the rent will increase to a minimum of £147,083 pax in 2013).

The residential upper parts are currently let on AST's, as detailed below:

<b>Address</b>	<b>Tenancy</b>	<b>Lease Start</b>	<b>Rent</b>
<b>67a</b>	6 Month AST	21.02.11	£7,500 pax
<b>67b</b>	6 Month AST	07.02.11	£7,500 pax
<b>67c</b>	6 Month AST	13.05.10 (Holding Over)	£7,800 pax
			<b>£22,800 pax</b>

## Covenant

Poundstretcher was founded in 1981 and now has over 350 stores nationwide. In 2010 they had a turnover in excess of £328m, up from £296m in 2009 (+11%). It has been reported in the national press that Poundstretcher will turn a profit in the year to March 2011.

Poundstretcher continues to expand and most recently acquired 15 of the 17 Alworth's stores, following the company's administration in March.

The vendor understands that the subject store performs very well within the tenant's portfolio. Poundstretcher are currently the only national pound shop trading in Maldon. We believe there would be strong competition for this unit from the likes of Poundland, 99p Stores and Poundworld should it become available.

Instore PLC (now Instore Ltd) 2010 accounts are available upon request.

## VAT

The vendor has elected to waive exemption from VAT and VAT will therefore be payable on the purchase price, however we anticipate that the sale will be treated as a 'Transfer of a Going Concern' and as such no VAT should be chargeable.

## Terms

We are instructed to invite offers in excess of £2,100,000 for the freehold of the entire property with the benefit of the commercial headlease and the residential AST's, subject to contract and exclusive of VAT. This reflects an initial yield off the current rents of approximately 7.25% on the retail and 5.25% on the residential, net of purchaser's costs.

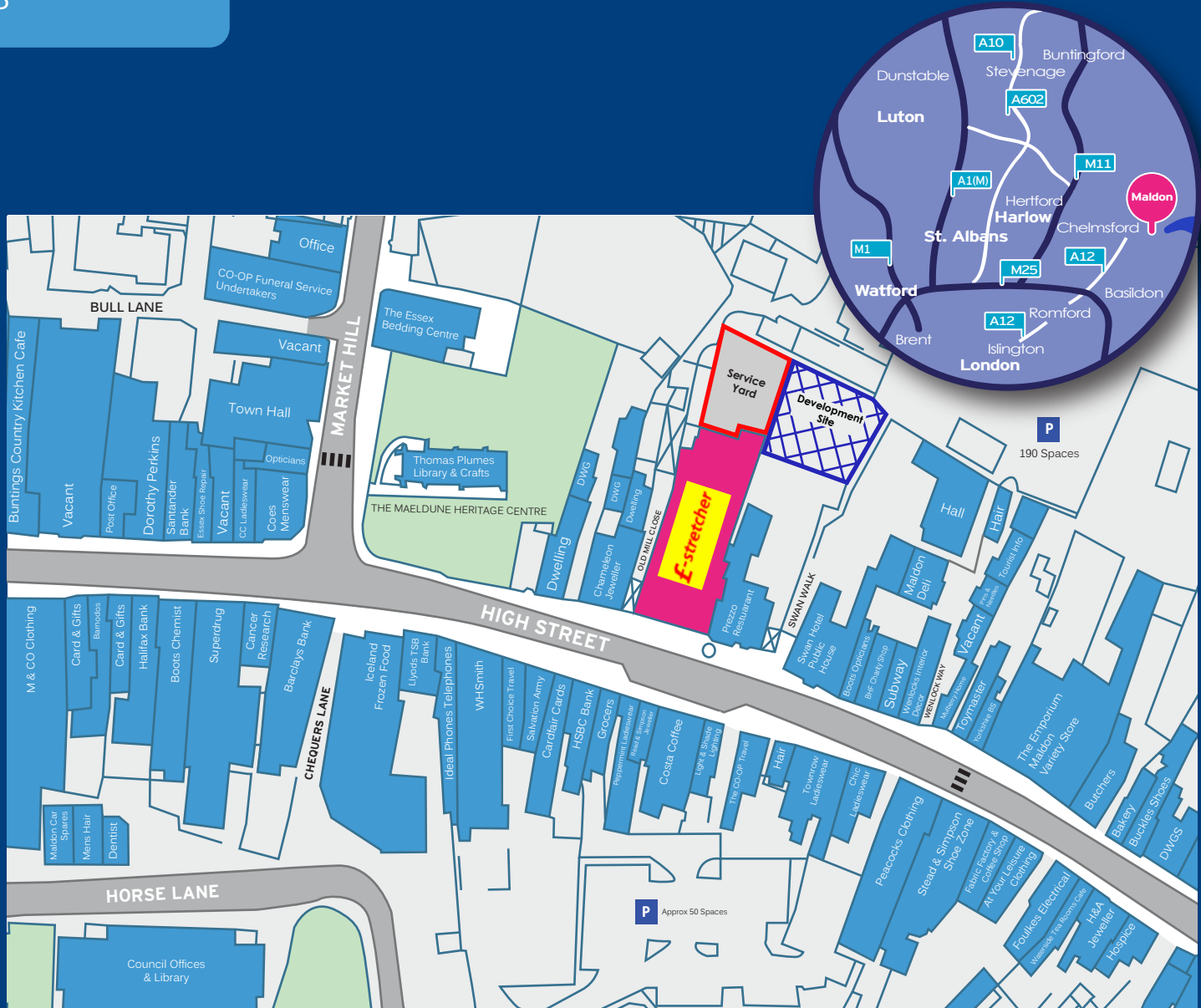
The service yard of this property includes an area earmarked for development (hatched in blue on the plan opposite). This land may be available by separate negotiation, further details are available upon request.

## Further Info

Should you require further information please contact:

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