



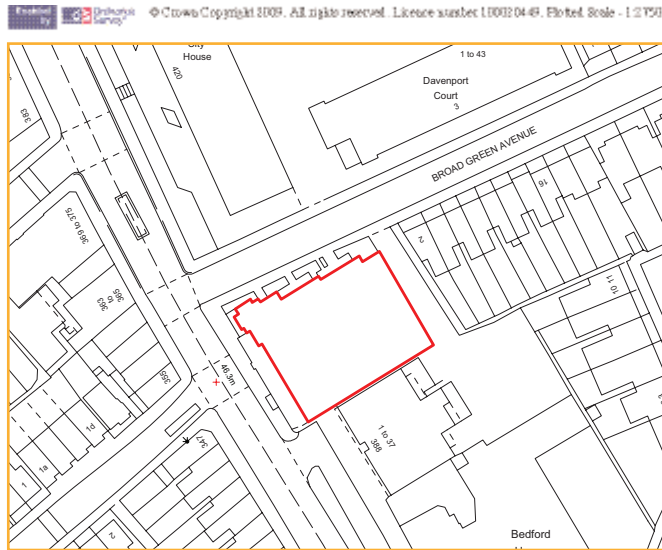
Supermarket Investment Opportunity With Guaranteed Rental Uplifts

Somerfield, 390/398 London Road, Croydon, CR0 2SW



Investment Summary

- Let to Somerfield Stores Limited
- Virtual Freehold
- Located in close proximity to Croydon town centre
- Ground floor unit of 7,503 sq ft
- Lease to expire in September 2027, with TOB in 2022
- Passing rent £135,000 pa, reflecting £18 psf
- Rent review on 10 September 2012 and thereafter 5 yearly to the higher of OMRV or 2.5% pa compounded
- Seeking offers in excess of £2,320,000
- A purchase at this level reflects a Net Initial Yield of 5.50% with a minimum uplift in 2012 to 6.23% after allowance for usual costs of 5.7625%



Location

Croydon ranks 15 out of the PROMIS retail centres in terms of population, with an estimated 778,000 within the primary catchment, making it a significant Regional Centre. Per capita retail spending levels are significantly above average with a particularly high proportion of adults aged 25-44.

The location is well served by the A232, running east / west between Orpington & Kingston and the A23 which provides access to the national motorway network via the M23 and M25. Central London is approximately 9 miles to the north.

Owing to its excellent links into central London and the enviable shopping that the area provides, there are significant residential development programs currently planned or under construction. Fairview have recently released their 'Fusion' development, adjacent. This is a substantial residential development providing 336 residential units.

Other developments are either under way or proposed from developers including Taylor Wimpey and the Durkan Group.

A recent core strategy report has highlighted the area to "Allow for residential growth by intensification along London Road which has highly accessible public transport".

Situation

The property is prominently located on the east side of London Road (A235) at the corner of Broad Green Avenue, approximately half a mile to the north of Croydon centre and 300 metres from the A213 / A235 Junction.

West Croydon rail station is approximately half a mile away, offering frequent services into London Victoria in approximately 23 minutes. The main transport hub of East Croydon (5 minutes drive time) offers a regular service into central London in approximately 13 minutes.

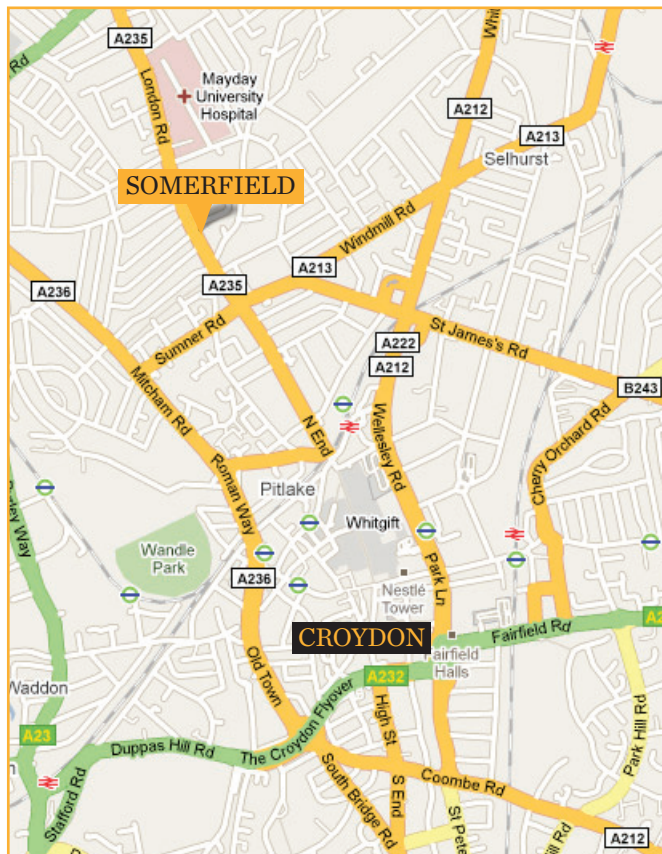
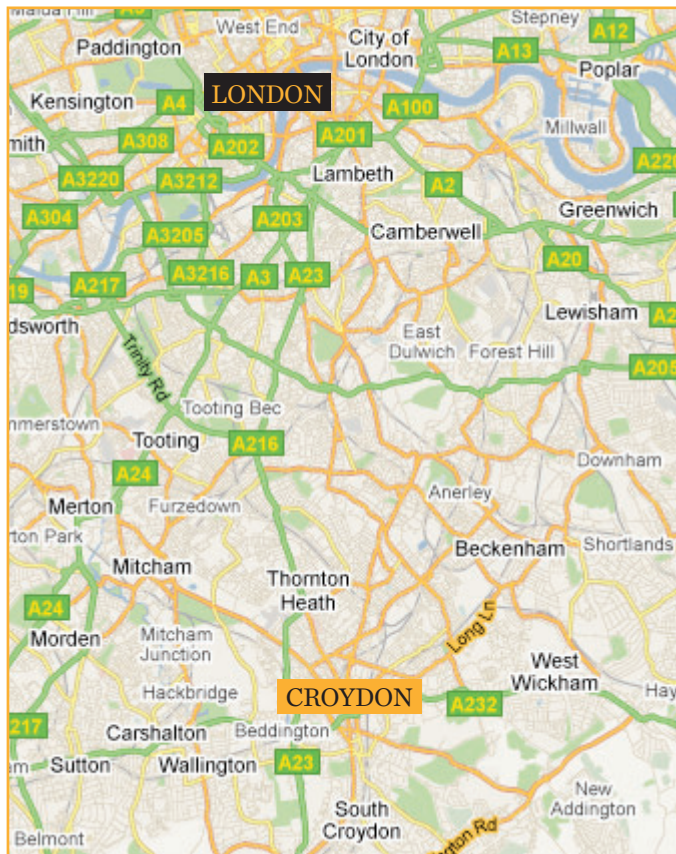
Also available is a tram-link service between Croydon, Wimbledon and Beckenham. The area also benefits from a comprehensive bus network.

Description

A ground floor modern retail unit situated beneath a residential development of 38 flats, constructed in 2007, with an extensive frontage onto London Road.

Accommodation

We are advised that the premises provide a ground floor GIA of 7,503 sq ft, with 2 car park spaces provided in the basement.





Tenure

A 999 year leasehold from June 2007 at £1 pa.

A copy of the headlease can be found online at sales.nbrealestate.co.uk/croydon

Tenancy

The ground floor unit is let to Somerfield Stores Limited (a wholly owned subsidiary of The Co-Operative Group Limited) on a 20 year lease from 10 September 2007. The passing rent is £135,000 pa reflecting £18 psf. Rent reviews are 5 yearly and are to the higher of Open Market Rental Value or 2.5% pa compound growth. The next rent review is due on 10 September 2012.

A copy of the underlease can be found online at sales.nbrealestate.co.uk/croydon

Covenant Information

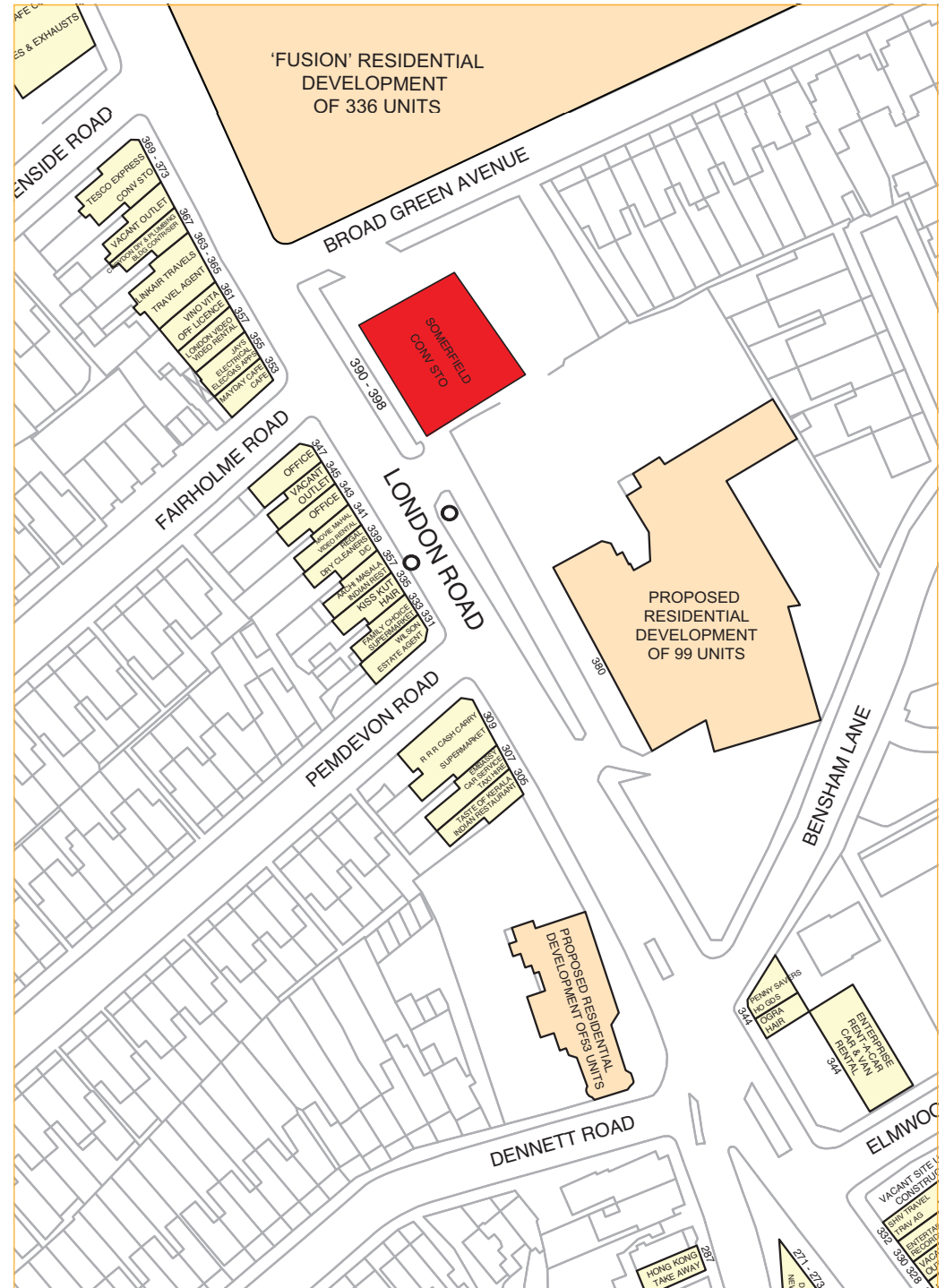
Somerfield have recently been bought by The Co-Operative Group Limited who have the strongest D&B rating of 5A1.

For the year end 2 May 2009, Somerfield Stores Limited reported a turnover of £4,349,500,000 with a net loss of £144,000,000 and a Tangible Net Worth of £461,300,000. They have a 5A3 D&B rating.

For the year end 12 January 2008, The Co-Operative Group Limited, reported a turnover of £6,453,800,000 with a net profit of £149,900,000 and a Tangible Net Worth of £2,951,200,000.

Planning

The property is within the London Borough of Croydon (O20 8726 6000). We understand the property is neither listed, nor situated within a conservation area.



VAT

The property has been elected for VAT and therefore it is assumed that the sale will be treated as a Transfer Of a Going Concern (TOGC).

Proposal

Our client is looking for offers in excess of **£2,320,000**, subject to contract and exclusive of VAT. A purchase at this level reflects a **Net Initial Yield of 5.50%** with a **minimum uplift in 2012 to 6.23%**, adopting usual purchaser's costs at 5.7625%.

For further information

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FURTHER INFORMATION IS AVAILABLE TO VIEW AT: sales.nbrealestate.co.uk/croydon

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