



Prime Freehold Drive Thru Investment

Oswestry Gateway
Mile End Roundabout
Maes-y-Clawdd
SY10 8NN

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INVESTMENT SUMMARY

- Prime roadside location at the very busy junction of A5 and A483 at Mile End Roundabout with an average vehicle count per day of 26,682 vehicles in 2017 (counted approximately 1 mile north of the property).
- Units trade as Starbucks, KFC and OK Diner.
- Freehold.
- Property is let on leases which expire in 2031 and 2033 with breaks in 2028 with a minimum increase in 2021 and the next open market rent reviews in 2023.
- The rents on the units trading as KFC and Starbucks have recently been settled at third party with a 2018 rent review reflecting £37.50 per sq ft on Starbucks and £29 per sq ft on KFC.
- The current income therefore is £166,200 per annum exclusive of VAT with an inbuilt reversion in the OK Diner lease and a projected minimum income at next review in 2021 of £168,800 per annum.
- Offers in the region of £2,850,000 exclusive of VAT and subject to contract. This reflects a 5.48% net initial yield after deduction of costs of 6.43% rising to a minimum of 5.61% in 2021.



KFC

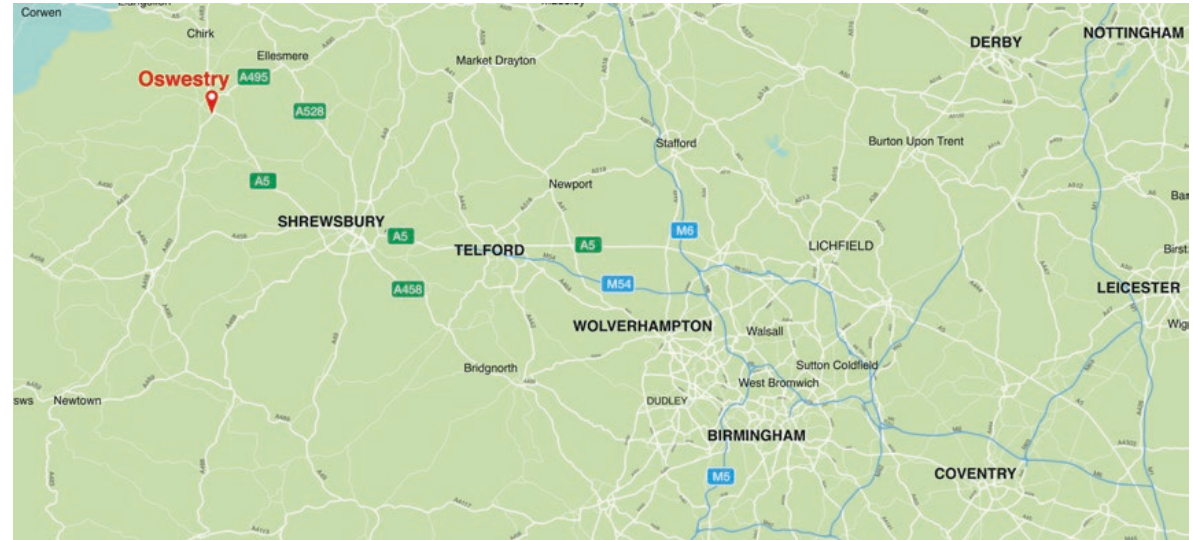


Location

Oswestry is an attractive and historic market town situated close to the Welsh border in the north west of Shropshire. It acts as a commercial centre for a large agricultural hinterland and is approximately 21 miles north west of Shrewsbury and 16 miles south of Wrexham.

The town benefits from good road links via the A5 connecting Oswestry to Shrewsbury, the M54 and the M6 motorways.

The town has a district population of approximately 37,000 rising to over 130,000 within 12.5 miles of the town centre.



Situation

This development is located in a highly visible and easily accessible location on the south western corner of the A5/A483 interchange (Mile End Roundabout) at the entrance to Oswestry.

On the opposite corner there is an Esso service station which includes a Costa Coffee, Greggs, Burger King and Travelodge, whilst adjacent to the subject development is a Premier Inn which has recently been extended. Many national names such as Screwfix, CEF and Jewsons are located on the adjacent industrial estate. J Ross Developments are in initial stages of agreeing terms for a development on the site between Premier Inn and OK Diner whilst Farr and Harris will shortly open their trade counter unit on the approach to the property.

This is therefore a significant roadside hub serving both the catchment of Oswestry as well as the traffic using the A5 and A483.

Description

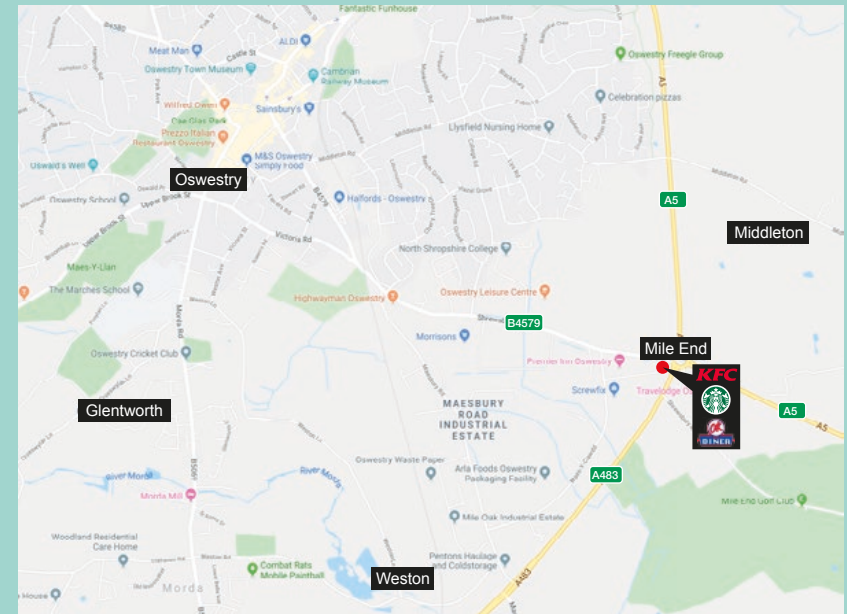
The initial development comprised two purpose built drive through restaurants together with shared 43 spaces in a central tarmac finished car park.

Both units are detached single storey buildings constructed in 2013 of steel frame construction with a pitched roof on the Starbucks unit and a flat roof on the KFC unit with a mixture of composite panel and brick clad elevations.

Internally both units are fitted out to the standard corporate specification at the time providing restaurant areas with full ancillary facilities.

The KFC provides 77 covers inside and 48 covers outside whilst Starbucks provides 60 covers inside and 30 covers outside.

The OK Diner property (completed in 2016) comprises a serviced slab with self-contained car park for 18 cars provided by the landlord upon which OK Diner has erected their custom built American style diner modular building.



Accommodation

As previously stated both units are ground floor only and the following floor areas were agreed at the recent rent review negotiations.

Unit	Fascia	Size sq ft	Size sq m
Unit 1	KFC	2,540	255.8
Unit 2	Starbucks	1,856	172.43

Tenancies

All three leases are let on effective full repairing and insuring terms by way of service charge.

Unit	Tenant	Trading as	Lease Start Date	Lease Expiry	Tenant Break	Rent Review	Rent Per Annum (psf)
Unit 1	Gastronomy Foods (UK) Limited	KFC	16/05/13	15/05/33	16/05/28	16/05/23	£73,700 (£29.00)
Unit 2	Euro Garages Limited	Starbucks	16/05/13	15/05/33	16/05/28	16/05/23	£69,500 (£37.45)
Unit 3	OK Diners Limited	OK Diner	22/12/16	21/12/31	—	22/12/21	£23,000
Total							£166,200

Units 1 and 2 are reviewed to open market rental and the 2018 rents have recently been decided at arbitration. In our opinion there is scope for these rents to increase given current market levels.

The OK Diner lease is slightly different in that the rent is for a serviced slab and car park and is reviewed five yearly by annually compounding the Retail Price Index increase subject to a cap of 4% and a collar of 1%. The current compounding has already increased that initial rent to £25,100 per annum at next review and anticipating only minimum increases from now until the first review there will be a minimum increase to approximately £25,600 per annum in 2021.



Covenants

The key financials (taken from Creditsafe) are as follows:-

Gastronomy Foods (UK) Limited (Company No. 05612486).	Year to date	Turnover	Pre-tax Profit	Shareholder Funds
	24/12/18	£15,027,537	£313,903	£1,068,397
	24/12/17	£15,678,525	£348,239	£1,034,025
	30/11/16	£13,853,728	£372,360	£956,705

Gastronomy Foods (UK) Limited has a Creditsafe credit rating of 67 which is classed as low risk.

Euro Garages Limited (Company No. 04246195).	Year to date	Turnover	Pre-tax Profit	Shareholder Funds
	31.12.2018	£2,100,807,000	£47,842,000	£230,803,000
	31.12.2017	£1,933,942,000	£51,671,000	£174,789,000
	31.12.2016	£2,294,384,000	£40,536,000	£130,530,000

Euro Garages has a Creditsafe rating of 56 which is classed as low risk.

OK Diners Limited (Company No. 00781827).	Year to date	Turnover	Pre-tax Profit	Shareholder Funds
	31.12.2018	—	—	£806,146
	31.12.2017	—	—	£842,327
	31.12.2016	—	—	£800,160

OK Diners Limited has a Creditsafe rating of 81 which is classed as very low risk.

TENURE

Freehold.

EPC

The 2013 EPC ratings were KFC; A (25), and Starbucks ; A (24). OK Diner was assessed in 2018 with a rating of C (57).

VAT

The property is elected for VAT and it is anticipated that the transaction will be effected by way of a TOGC.

PROPOSAL

Offers in the region of **£2,850,000**, exclusive of VAT and subject to contract. This reflects a **5.48%** net initial yield based on the current income of £166,200 pa after deduction of costs of 6.43% and with a minimum increase to £168,800 pa in 2021 providing a minimum **5.56%** reversionary yield.



Further Information

Should you require any further information or wish to arrange an inspection please contact the sole agents:

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