



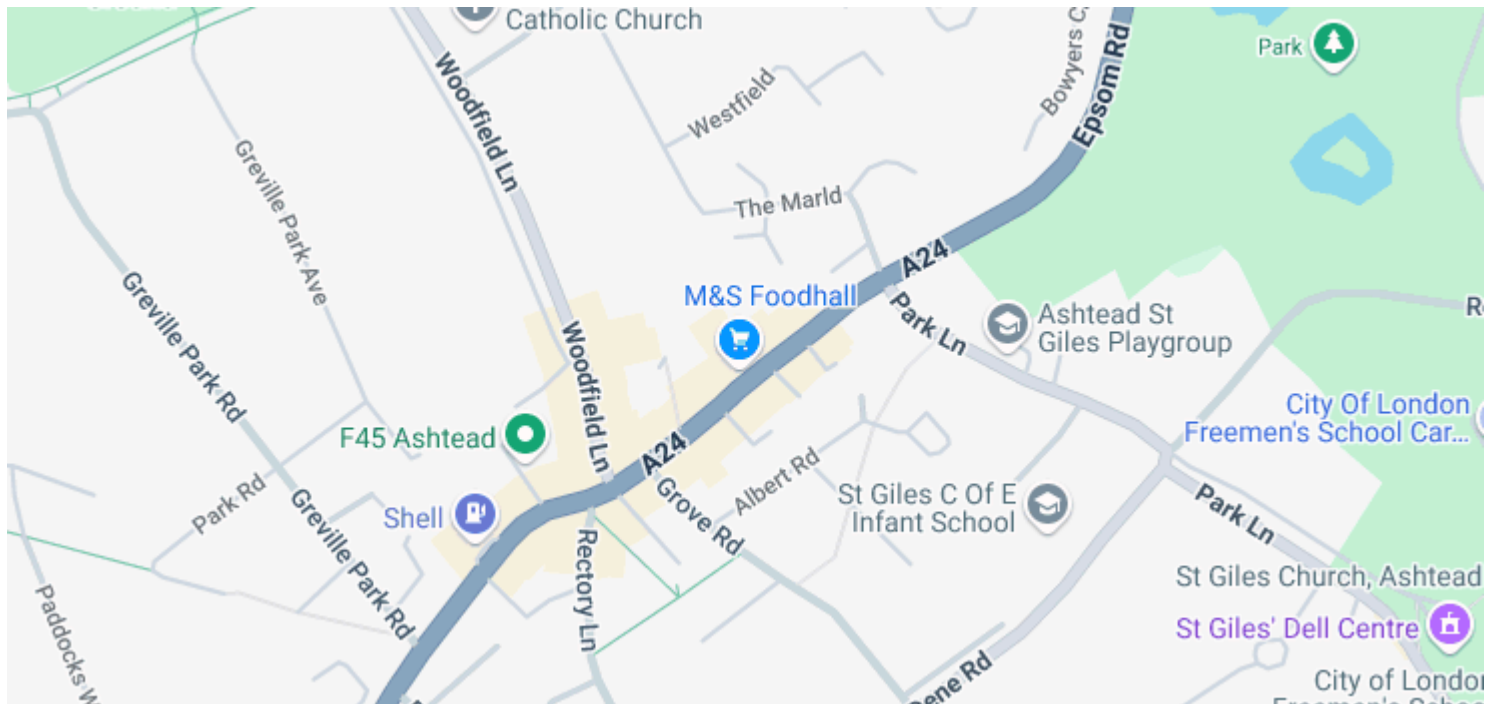
M&S Food Store Retail Investment with RPI Rent Increases

 53-57 The Street, Ashted, United Kingdom, KT21 1AA

FOR SALE  PRIVATE TREATY

£ 5,790,000 Subject to contract

Location



Ashted is located in the Southeast of England, in the county of Surrey, approximately 16 miles (26km) south-west of Central London and 5 miles south of Epsom.

The town benefits from good road connections, with Junction 9 of the M25 being located approximately 1.5 miles (2.4km) to the south, providing easy access to the National Motorway Network, hence also linking with London Gatwick Airport to the South and London Heathrow Airport to the North.

In addition, Ashted benefits from good rail links with Ashted station providing regular services to London Waterloo in approximately 45 minutes and London Victoria in around 50 minutes. Several local rail services also connect to Guildford, Dorking and Horsham offering access to the broader Surrey and Southeast England area.

Summary

- Food store investment with ground rent income on upper residential flats
- Located in an affluent south-east location
- Long lease to Marks & Spencer Plc – market capitalisation £7.49 billion
- Rent reviews based upon increases in the Retail Price Index (compounded annually)
- EPC rating “A”
- Attractive lot size
- An Ideal risk-free investment for private and overseas-based investors
- Asking Price £5,790,000, subject to contract
- 6.00% Net Initial Yield

Situation

Nestled on the edge of the Surrey Hills Area of Outstanding Natural Beauty, Ashted offers the ideal blend of village charm, green spaces and modern amenities. Known for its strong sense of community, excellent schools and convenient commute to London, it's no wonder it ranked 14th in The Telegraph's "Top 50 most desirable places to live in Britain".

The property is prominently positioned in the heart of Ashted, fronting The Street. A large public car park close by, in the area to the rear of the property provides ample car parking for shoppers.

Description

The property comprises a modern three-storey property with retail on the ground floor with ancillary accommodation at the first floor level. The retail unit benefits from a rear service area.

Nine residential units are arranged over part of the first floor and the entire second floor. The flats are self-contained, accessed from a ground floor lobby.

We have provided a building survey report from November 2024 within the data room which confirms the property “..to be in a good condition and state of repair..” with no expenditure anticipated by the landlord over the coming ten years. A reliance letter is available in respect of the building survey from Workman LLP.

The building survey report includes a report from Direct Synergy in respect of building services and one from Mint Structures concerning cracking. No issues were identified, and reliance letters will be provided to the purchaser.

Given the property was developed in 2017, construction warranties are available and will be assigned to the purchaser. It should be noted that part of the roof construction warranty was invalidated when repairs were undertaken directly on behalf of the freeholder to rectify a small leak. Given a warranty covers original defects, not issues from a lack of maintenance, an ongoing maintenance regime will protect the property and any new maintenance/repair costs would be appropriately allocated to the service charge.

Fire Risk Assessment

A recent non-intrusive Fire Risk Assessment was undertaken by Worksafe Solution (February 2024). Ark Workplace Risk Limited carried out a Fire Stopping Survey in December 2024 which identified various remedial items (please see further details within the data room). The works required have been advised to the tenants (see explanatory budget notes within the data room).

Accommodation

The property has been measured by BKR Floor Plans and provides the following areas:

Retail Accommodation (Marks & Spencer)

Gross Frontage	20.25 m	66 ft 5 inches
Net Frontage	19.55 m	64 ft 2 inches
Ground Floor:		
Zone A	118.83 sq m	1,279 sq ft
Zone B	118.88 sq m	1,280 sq ft
Zone C	119.80 sq m	1,290 sq ft
Remainder	359.68 sq m	3,872 sq ft
ITZA		2,725
Total Net Internal Area	717.19 sq m	7,720 sq ft
First Floor:		
Ancillary	302.41 sq m	3,255 sq ft
Total Net Internal Area	1019.60 sq m	10,975 sq ft

A set of floor plans is available to download and the measured survey report will be assigned to the purchaser at a cost of £625 + VAT.

The residential accommodation has not been measured by BKR Floor Plans. However, plans provided by Workman LLP confirm the residential accommodation to comprise:

First Floor	351.88 sq m	3,788 sq ft
Second Floor	418.56 sq m	4,505 sq ft
Total	8,293 sq m	770.00 sq ft

Accordingly, there is no requirement to serve a Section 5 Notice to the residential long-leasehold owners.

Energy Performance Certificate (EPC)

The EPC rating for the shop is “A” and has an expiry date of February 2028.

The EPC ratings for the residential units range from B to C and have expiry dates of February 2028.

Site

We provide in the data room for information purposes a Phase I Desk Study Environmental Assessment from December 2017 which assesses the property as “low risk” and “not being located within an area considered to be of significantly elevated risk of flooding”.

Rateable Value

According to the valuation office website the rateable value for the commercial element of the property is as follows:

Unit	Description	Rateable Value
Gnd & 1st Floors 53-57 The Street	Commercial	£280,000

The business rates multiplier for 2024/2025 is 54.6 pence.

Tenure

Freehold. The property has the benefit of a right of way over an accessway; maintenance of this area falls upon the freeholder with costs recovered from Marks & Spencer though the service charge.

Note that a covenant contained with the transfer of 30th August 2006 concerned remediation works on re-development. The works were signed off by the Local Planning Authority (see discharge notice in the data room). Furthermore, an indemnity policy protects a purchaser against any risk that the remediation works are challenged as not having been undertaken in accordance with the transfer.

Tenancy

Commercial:

The property is let to **Marks & Spencer PLC** (Co. Number 214436) for a term of 20 years from 2nd January 2018, expiring on 1st January 2038. Hence, there are approximately 12.75 years unexpired on the lease term.

The current rent is **£343,703 per annum**. The rent is paid monthly in accordance with a personal side letter to Marks & Spencer. Rent reviews are five yearly, the next being due 2nd January 2028.

Rent reviews are calculated by reference to changes in the [Retail Price Index](#) annually, which are then applied cumulatively for the period between rent review dates. The annual increases are subject to a **minimum increase of 1% and a maximum increase of 3%**. As a result, rent reviews are subject to a minimum increase of 1.051010 and maximum of 1.159274.

By way of a side letter dated 13th February 2018, the landlord must make good any inherent defects notified within 12 years from the date of the lease, hence until 13th February 2030, whilst Marks & Spencer are the tenant. It should be noted that the building warranties run for 12 years from February 2018, extending until February 2030, therefore there is no risk that a purchaser will be liability for repair items from inherent defects.

Residential:

There are 9 individual residential leases each granted for a term of 150 years from and including 1st April 2018. Please refer to the dataroom for the individual details. The current ground rent income totals **£2,850 per annum**.

Total Income and “Top-up”:

The income to the investor can be summarised as follows:

Marks & Spencer Plc	£343,703 per annum
Residential Ground Rents	£2,850 per annum
Total	£346,553 per annum.

The Retail Price Index published by the Office for National Statistics can be viewed [here](#). Applying the lease terms, the rent increases which will apply are as follows:

Index December 2022	360.4
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Index December 2023	379	Increase 1.0519	Cap Applies 1.03
Index December 2024	392.1	Increase 1.0346	Cap Applies 1.03
Index March 2025	395.3	Increase 1.0082	Use 1.0082
			Total 1.06956

The vendor will “top-up” the income from Marks & Spencer based upon the most recent Retail Price Index figure:

£343,703 x 1.06956	= £367,610 per annum
Residential Ground Rent	= £2,850 per annum
Total Investor income	= £370,460 per annum

As a result, an investor will enjoy further increases based upon the Retail Price Index from the date of purchase until the next rent review in January 2028 and beyond.

Service Charge & Management

The property is managed by Rendall & Ritter, operating the service charge and collecting the charges and rent for the residential accommodation. Workman LLP collect the rent and service charge from Marks & Spencer, have an oversight role and forward the service charge payments received from Marks & Spencer to Rendall & Ritter.

Workman LLP receive the residential ground rent income from Rendall & Ritter, remitting this with the Marks & Spencer income to the freeholder. Note that the management fees are met by the tenants through the service charge and, therefore, do not impact upon the investment income.

Full details in relation to the service charge can be downloaded from the data room, along with the existing property management agreement with Rendall & Ritter.

At the time of marketing, the managing agents are proposing to appoint Mitsubishi (the plant manufacturer) to take over the residential plant servicing which is due for renewal April 2025. Mitsubishi will be undertaking renewal remedial works to plant supplying the residential accommodation. As legally required, a Section 20 Notice has been issued to the residential tenants, with details of the works – a copy is provided in the data room.

Covenant

For the year ending 30th March 2024 Marks & Spencer PLC (00214436) reported:

	30 March 2024	01 April 2023
Revenue	£12,896m	£11,847m
Pre-Tax Profits	£686.6m	£432.6m
Total Equity	£4,746.6m	£4,548.0m

Marks & Spencer PLC is a major British Multinational retailer. It is listed on the London Stock Exchange (MKS:LSE) and is a constituent of the FTSE 100 Index with a current market capitalisation (as at 8th May 2025) of £7.52 billion.

Founded in 1884 by Michael Marks and Thomas Spencer, M&S began as a single market stall in Leeds. Currently Marks & Spencer have over 64,000 employees and 1492 stores globally with over 1000 stores in the UK, 420 being Simply Food stores. M&S offer a diverse range of products including clothing, beauty, homewares and food; they are known for high quality, British made products with a focus on own brand goods. The retailer has a global presence with representation in over 70 international markets and a strong online presence.

VAT

The property has been opted for the purposes of VAT. It is anticipated that the sale will be treated as a Transfer of a Going Concern (TOGC).

Proposal

We are instructed to seek a figure of **£5,790,000** (Five Million Seven Hundred and Ninety Thousand Pounds) subject to contract, reflecting a net initial yield of **6.00%** assuming purchaser’s costs of 6.62%.

Please note that a purchaser will be re-charged the costs of the measured survey (£625+ VAT) and searches (£2,495.39 inc VAT) which are provided in the data room.

Investment Considerations

1. Opportunity to purchase an attractive freehold investment in an affluent location;
2. Prime food store unit;
3. The investment provides a long lease to M&S, one of the UKs leading retailers;
4. A risk-free investment;
5. Attractive net initial yield with rent reviews based upon increases in the Retail Price Index

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