



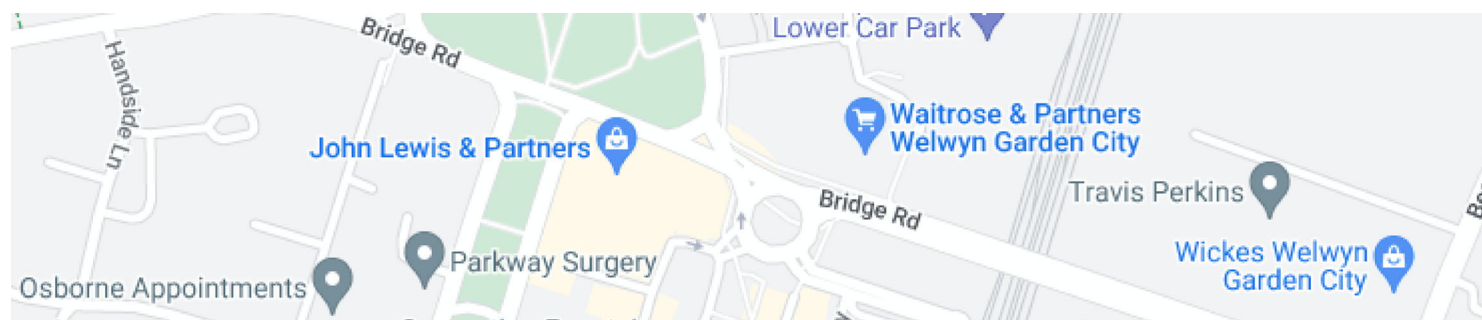
High Yielding Investment Let to Poundland – VAT Free

 26 Stonehills, Welwyn Garden City, United Kingdom, AL8 6PD

FOR SALE  PRIVATE TREATY

£ 1,415,000 Guide price

Location



Welwyn Garden City is an expanding, sought after commuter town in Hertfordshire developed in the 1920's and located 22 miles north of Central London. This location is unique for being both a garden city and a new town.

The town benefits from excellent road communications being located immediately east of the A1 (M) motorway and 10 miles to the east of the M1 motorway. The M25 is 8 miles to the south which provides easy access to the wider national motorway network.

Welwyn Garden City railway station provides regular journeys to London Kings Cross, Moorgate and London St Pancras International stations with the fastest journey time being 29 minutes. London Luton is 12 miles away and London Stansted Airport is 40 miles away.

Significant development projects are taking place in the town, for example, The Wheat Quarter Development. The council granted planning permission for this scheme which will comprise of over 1,500 residential units, landscaping, car parking and is anticipated to increase consumer spending in the town centre.

Retailing in Welwyn Garden City

Welwyn Garden City benefits from very low vacancy rates. This is mainly due to the low levels of available commercial floor space. The town centre is compact which is partly why the town benefits from strong tenant retention levels and limited available space.

The town has an approximate shopping population of 90,000 and is expected to have above average population growth over the next 5 years.

The retail and leisure floorspace is estimated to be just 500,000 sq.ft which is far lower than the PROMIS Average Resilient Town average. This ranks the town 197 of 200 in the PROMIS Centres on this measure. We suggest that this makes retail floor space in the town more sought after.

The town is one of the most affluent PROMIS catchments with a significantly above average proportion of adults categorised within the most affluent AB social group.

Retail rental levels are at a significant discount to surrounding major centres and therefore provide a sustainable rental tone with future growth potential.

Source www.ons.gov.uk, www.citypopulation.de, www.pma.co.uk.

Summary

- VAT Free
- Newly let to Poundland Ltd (Revenue £1.5 bn, Net Worth £178 m)
- Highly prominent corner position
- 3 frontages totalling 255 feet / 77.6 metres (net).
- New 10-year lease
- Fixed rental increase after the 5th year
- Tenant is extensively renovating the property
- Rent of £120,000 per annum reflecting £10.47 per sq ft / £112.74 per sq m
- Virtual Freehold (999 years)
- £1,415,000, subject to contract
- 8% Net Initial Yield
- 8.66% Reversionary Yield

Situation

The property occupies a highly prominent return frontage on Stonehills and Stonebank, in the heart of the town centre with the rear facing the carpark and John Lewis.

Occupiers nearby include Waitrose, Sainsburys, Greggs, WH Smith, Boots, Superdrug and John Lewis to name a few.

Given the lack of available retail space, it is suggested that this new store could become the dominant discount store in the town. It appears that the only other discount store in the town is in a significantly inferior position.

The property was previously occupied by Debenhams.

Description

The property comprises a highly prominent triple return frontage retail property arranged over ground and basement floors.

There is a triple frontage onto Stonehills, a quintuple frontage onto Stonebank and another triple frontage onto Wigmores N facing a car park and John Lewis. The entrance is on the corner of Stonehills and Stonebank.

The sum of the three frontages equates to 255 feet / 77.6 metres (net).

Poundland are currently fitting out the store to their usual corporate style.

The fit out will include a lift. Fit out plans and drawings are available to download.

Accommodation

The property has been measured by BKR Floor plans and provides the following net initial floor areas:

Net Frontage Stonehills	6'11"	18.87 m
Gross Frontage Stonhills	6'32"	19.25m
Net Frontage Stonebank	110'5"	33.65 m
Gross Frontage Stonebank	112'11"	34.42 m
Net Frontage Wigmores N	82'5"	25.12 m
Gross Frontage Wigmores N	84'8"	25.81 m
Ground Floor NIA	816.59 sq m	8,790 sq ft
Basement NIA	207.63 sq m	2,235 sq ft
Ground Floor GIA	840.28	9,045 sq ft
Basement GIA	224.07	2,412 sq ft
Zone A	65.49 sq m	705 sq ft
Zone B	132.38 sq m	1,425 sq ft
Zone C	145.48 sq m	1,566 sq ft
Remainder	473.23 sq m	5,094 sq ft

Ground ITZA

2,446 UNITS

Total NIA

1,024.22 sq m

11,025 sq ft

Total GIA

1,064.36 sq m

11,457 sq ft

A measured survey and set of floor plans are available to download. This will be assigned to a purchaser at a cost of £745 + VAT.

Tenure

Virtual Freehold. A new 999 year long leasehold, from completion of this transaction at a peppercorn rent.

Tenancy

The property is let to **Poundland Limited** on a full repairing and insuring lease, subject to a Schedule of Condition, for a **term of 10 years, from 10th October 2023**, expiring 9th October 2033. The lease is subject to a tenant only break option at the end of the 6th year, subject to 6 months written notice.

Therefore there are 10 years unexpired and 6 years to the break clause.

The passing rent is **£120,000 per annum**. There is a **fixed rental uplift to £130,000 per annum** effective at the end of the 5th year.

Poundland have the benefit of a 3-month rent free period, followed by 30 months at half rent from 10th October 2023.

The vendor will top up the rent by way of an adjustment to the completion sum so that a purchaser will effectively receive £120,000 per annum from completion.

There is a service charge cap amounting to £3,000 per annum subject to RPI reviews.

Covenant

Poundland Limited (Co. No. 02495645) has reported the following figures:

	25th September 2022	26th September 2021
Revenue	£1,586,100,000	£1,544,694,000
Pre-Tax Profits	£33,920,000	£33,478,000
Net Worth	£178,771,000	£125,057,000

Poundland is a British variety store founded in 1990 and operates from over 800 stores. The company is regarded as one of the most well-known and robust retailers and is Britain's fastest-growing clothing retailer with full PEP&CO ranges in over 350 stores.

Poundland are rolling out frozen and chilled food to over 500 stores and have launched homewares goods in all stores.

For further information visit www.poundland.co.uk.

VAT

The property has not been elected for VAT and therefore VAT is not applicable on the purchase price.

Proposal

We are instructed to seek offers of **£1,415,000** (One Million Four Hundred and Fifteen Thousand Pounds), subject to contract, reflecting a Net Initial Yield of **8%**, and a **guaranteed Reversionary Yield of 8.66%** from year 5, assuming standard purchaser's costs of 6.06%.

Please note that a purchaser will be re-charged the costs of the measured survey (£745 + VAT), the searches (£2,077.94) which are provided in the data room and a transaction fee of 1% + VAT.

Investment Considerations

1. Poundland are a highly secure tenant with revenues in excess of £1.5 billion;
2. Low rent of £10.47 per sq ft / £112.74 per sq m
3. Combined frontages totalling 250 feet / 77.6 metres (net)
4. Brand new 10 year lease
5. The town benefits from low vacancy rates
6. The store is set to be the dominant discount store in the town
7. 10 year lease with a break at the end of the 6th year
8. VAT Free investment
9. Fixed rental increase at the end of the 5th year
10. Highly attractive net initial yield of 8% and guaranteed reversionary yield of 8.66%

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