



## Secure, High Yielding Retail Investment

📍 29-31 Fore Street, Saint Austell, United Kingdom, PL25 5EP

FOR SALE  PRIVATE TREATY

£ 585,000 Subject to contract

### Location



St Austell is a large town on Cornwall's South Coast, approximately 63 km (39 miles) west of Plymouth, 23 km (14 miles) north-east of Truro and 27 km (17 miles) south-east of Newquay. The border with Devon is some 48 km (30 miles) to the east.

The town benefits from good road communications, being accessed by the A390 which by-passes the town to the south on its way from Liskeard to Truro, by the A391 from Bodmin, and by the A3058 from Newquay. Junction 31 of the M5 Motorway is approximately 119 km (74 miles) to the north-east. Cornwall Airport Newquay is 24 km (15 miles) to the north-west and provides scheduled flight services across the UK, Europe, Middle East and the United States.

St Austell is within an area rich in cultural heritage, natural beauty and wildlife, making it a popular tourist destination. Visitors are drawn to the spectacular coastal scenery and beaches, along with nearby attractions such as the Eden Project.

## Summary

- Located in an attractive, popular tourist destination
- Highly secure income
- 29 Fore Street let to Boots UK Ltd (Net Assets £1.815 billion)
- 31 Fore Street let to WH Smith (Net Assets £849 million)
- New leases from 2022 & 2023 at significantly rebased rents
- Tenants have been in occupation for over 12 years
- 31 Fore Street houses the town's post office
- Prime retailing pitch
- £585,000, subject to contract
- 13.0% Net Initial Yield
- Capital value £30 per sq ft

## **Situation**

The property occupies a prominent corner position in the heart of the town centre on the pedestrianised Fore Street.

Nearby occupiers include Specsavers, Argos, H Samuel, Holland & Barrett, Clarks, Vodafone, EE, Shoe Zone and Poundland.

The property benefits from being immediately adjacent the White River Shopping Centre. Retailers include TK Maxx, Superdrug, New Look, Halifax, Lloyds Bank, Costa Coffee and Trespass. In addition, the centre's leisure offering includes White River Cinema and Snap Fitness. The scheme boasts a 500-space multi-storey car park.

## **Description**

The property comprises two retail units on ground floor with ancillary storage accommodation on the first floor and loading bays on lower ground floor. There is a delivery/service yard area to the rear, accessed via Trinity Street.

Internally, the units have been fitted out by the tenants in their usual corporate styles, each benefitting from a passenger/goods lift to all floors. 31 Fore Street (WH Smith) houses the town's post office.

## Accommodation

### 29 Fore Street – Boots

The floor areas were agreed between landlord and tenant at rent review and provide the following net internal areas:

Ground Floor	Retail & Ancillary	659.0 sq m	7,090 sq ft
Ground Floor	ITZA	148.3 sq m	1,596 sq ft
First Floor	Ancillary	583.8 sq m	6,284 sq ft
<b>Total</b>		<b>1,242.8 sq m</b>	<b>13,374 sq ft</b>

### 31 Fore Street – WH Smith

We are advised that the net internal areas are as follows:

Ground Floor	Retail	276.8 sq m	2,980 sq ft
Ground Floor	ITZA	114.5 sq m	1,233 sq ft
First Floor	Ancillary	271.6 sq m	2,924 sq ft
<b>Total</b>		<b>548.4 sq m</b>	<b>5,904 sq ft</b>

## Tenure

Virtual Freehold – 999 year lease from 10th November 2011 at a peppercorn rent (if demanded).

## Tenancies

### 29 Fore Street

Let to **Boots UK Limited** on a full repairing and insuring lease, for a term of 5 years from 29th August 2023, expiring on 28th August 2028. There is a tenant's break option on 29th August 2026, subject to six months' notice.

The current passing rent is **£45,723 per annum**. The tenant was granted a six month rent free period expiring on 28th February 2024.

The tenant has been in occupation since before 2011 and entered into a new lease in August 2023, demonstrating their desire to remain in the property. The previous rent was £90,000 per annum exclusive. Hence, the rent has been significantly rebased and is 49% below the previous rental level, offering a low base for rental growth.

### 31 Fore Street

Let to **WH Smith Retail Holdings Limited** on a full repairing and insuring lease for a term of 5 years from 16th September 2022, expiring on 15th September 2027. There is a tenant's break option on 16th September 2025, subject to six months' notice.

The passing rent is **£34,400 per annum**.

The tenant has been in occupation since before 2011 and entered into a new lease in September 2022, demonstrating their desire to remain in the property. The previous rent was £65,000 per annum exclusive. Hence, the rent has been significantly rebased and is 47% below the previous rental level.

Therefore, an investor will benefit from a total income of **£80,123 per annum**.

## Covenant

**Boots UK Limited** (Co. No. 00928555) has reported the following figures:

	<b>31st August 2022</b>	<b>31st August 2021</b>
Revenue	£6,512,000,000	£5,812,000,000
Pre-Tax Profits (Loss)	£4,000,000	-£58,000,000
Net Assets	£1,815,000,000	£1,628,000,000

Boots is the UK's leading health and beauty retailer. The Company operated 2,232 stores as at 31st August 2022, complimented by the boots.com website and integrated mobile application, allowing customers to order from a range of 37,000 products.

The ultimate parent company is Walgreens Boots Alliance Inc, a global leader in retail pharmacy with more than 12,500 retail locations across the U.S., Europe and Latin America and approximately 330,000 employees. The company is a component of the Nasdaq-100 and in 2022 was ranked #18 on the Fortune 500 rankings of the largest United States corporations by total revenue. For further information see [www.boots-uk.com](http://www.boots-uk.com).

**WH Smith Retail Holdings Limited** (Co. No. 471941) has reported the following figures:

	<b>31st August 2022</b>	<b>31st August 2021</b>
Revenue	£191,656,000	£160,225,000
Pre-Tax Profits (Loss)	-£40,783,000	-£12,511,000
Net Assets	£848,640,000	£883,833,000

The ultimate parent company is WH Smith Plc, a leading global retailer for news, books and convenience made up of two core business – Travel and High Street. WHSmith Travel operates over 580 stores in a wide range of locations including airports, hospitals, train stations and motorway service areas. WHSmith High Street has an extensive reach with over 520 stores across the UK, and a presence on nearly every significant UK high street, mainly in prime locations. Their retail offering includes a wide range of products in the following categories: Stationery (including greeting cards, general stationery, art and craft, and gifting), News and Impulse (including newspapers, magazines, confectionery and drinks) and Books.

On 9th November 2023 WH Smith PLC announced its preliminary results for the year ended 31st August 2023. The Group reported strong performance with Group revenue up 28% to £1,793m (2022: £1,400m) and headline profit before tax and non-underlying items up 96% to £143m (2022: £73m). For further information see [www.whsmithplc.co.uk](http://www.whsmithplc.co.uk).

## VAT

The property has been registered for 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 **£585,000** (Five Hundred and Eighty Five Thousand Pounds), subject to contract, reflecting a net initial yield of **13.0%**, assuming standard purchaser's costs of 5.01%.

Please note that a purchaser will be re-charged the costs of the searches (£1,201.28) which are provided in the data room.

Please note that a purchaser will be charged a Transaction Fee of 1.0% of the Purchase Price + VAT.

## Investment Considerations

1. An opportunity to acquire a virtual freehold retail investment;
2. The property occupies a prime retailing pitch within the heart of the town centre;
3. Highly secure income – let to Boots (Net Assets £1.815bn) and WH Smith (Net Assets £849m);
4. Long-standing tenants who recently signed new leases in 2022/23 at significantly rebased rents;
5. 31 Fore Street houses the only post office for the town;
6. A purchase at the asking price reflects a very attractive net initial yield;
7. Attractive lot size to an investor.


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