

RETAIL
INVESTMENT
OPPORTUNITY



388-406 Great Northern Road, Aberdeen,
Grampian, AB24 2AX.

**FINEMAN
ROSS**

hendersonherd
COMMERCIAL PROPERTY INVESTMENT

388-406 Great Northern Road, Aberdeen, Grampian, AB24 2AX.

INVESTMENT SUMMARY

- Two miles north of Aberdeen City Centre;
- Recently reconfigured and let prominent retail investment fronting main arterial route;
- New leases to **Tesco Stores Ltd** and **Poundstretcher Limited**, providing **10 years term certain**;
- **£160,000** per annum combined annual rental;
- Low average rent of £10.27 per sq ft.;
- Tesco Stores Limited trading as Tesco Express;
- Tesco lease subject to five yearly RPI linked rent review;
- Offers in excess of **£1,855,000** for the feuhold interest;
- Net initial yield of **8.15%**, assuming standard purchaser's costs of 5.8% and exclusive of VAT.

ABERDEEN

Aberdeen is recognised internationally as a global centre of excellence in the energy industry.

It is one of the most prosperous cities in the UK. It is estimated that the UK Continental Shelf accounts for 50% of the energy activity managed from Aberdeen, with 50% relating to global exports.

The continuing strength of Aberdeen's economy means that the city consistently bucks national and international trends, with above average wages, high skills base, consistently low levels of unemployment and a GDP per worker which is the highest in Scotland.

Numerous surveys have rated Aberdeen and Aberdeenshire as having the best quality of life of any city or rural area in Scotland.

Aberdeen has strong communication links with the rest of Scotland, the UK and Europe. The A90 trunk road links Aberdeen with the Scottish Motorway Network, making Edinburgh and Glasgow accessible in just over two hours.

The city is also linked to major towns and cities throughout the UK by rail and air. Aberdeen International Airport, which lies to the north west of the city, provides frequent daily services to principal UK cities and direct flights to Europe.

DESCRIPTION

The property comprises a retail warehouse unit which has been recently reconfigured to provide two adjoining units, let to Tesco Stores Limited and Poundstretcher Limited. The property extends to a total gross internal floor area of 15,586 sqft and the site extends to 1.12 acres, providing a low site cover of 34.6%.

Ample car parking for the tenants and customers lies to the side (east) and rear (north) of the property.

Both units benefit from dedicated entrances fronting Great Northern Road and loading bays to the rear of the property.

LOCATION

The property is prominently located approximately two miles north of Aberdeen City Centre, fronting the northern side of Great Northern Road (A96), one of the City's main arterial routes.

The property is within a mixed use area, approximately one mile north of Aberdeen's established retail parks;

- Kittybrewster Retail Park;
- Centrepont Retail Park;
- Berryden Retail Park.

PLANNING

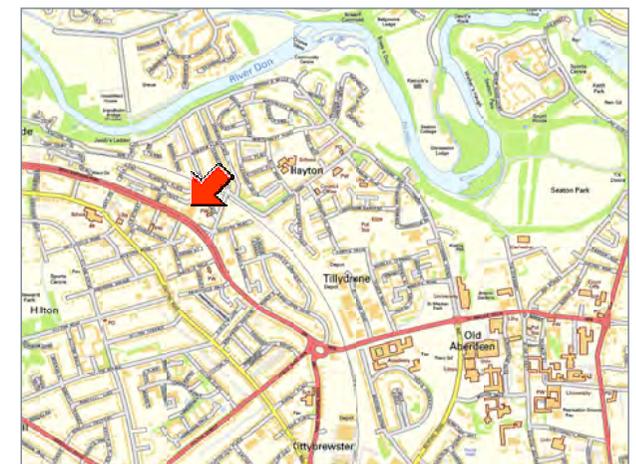
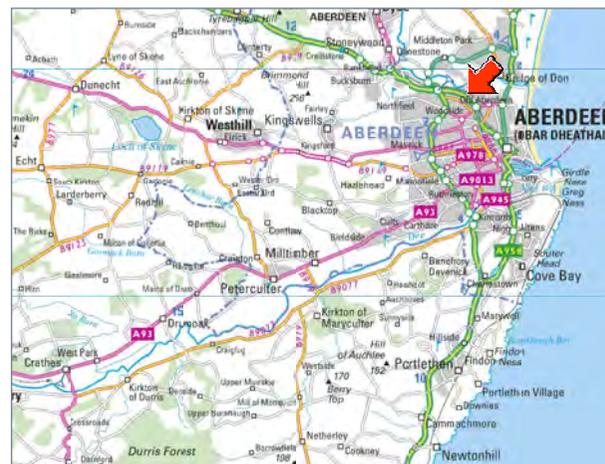
A Certificate of Lawfulness of Existing Use or Development dated 20th April 2010 confirmed that the property can be used for food retailing as well as any form of non-food retailing.

TENURE

The property is held on a Heritable title, equivalent of English Freehold.

TENANCY

The property is let on two separate leases with a combined contracted annual rent of £160,000 per annum.



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UNIT A

Unit A is let to Poundstretcher Limited on effective FRI terms for a term of 10 years from 20th October 2013, expiring on 19th October 2023.

The annual rent passing of £110,000, equates to £10.12 psf.

The next upward only, open market rent review is scheduled for 20th October 2018.

By way of an incentives package, a concessionary rent was agreed for the first two years of the 10 year term. This concession equates to 'half rent' for the first two years of the term.

Unit B

Unit B is let to Tesco Stores Limited on effective FRI terms for a term of 20 years from 2nd September 2013, expiring on 1st September 2033.

There is a tenant's break option scheduled for 2nd September 2023, subject to six months prior written notice.

The annual rent passing of £50,000, equates to £10.60 psf.

Rent reviews are five yearly and linked to RPI, collared and capped between 1% and 4%.

By way of an incentives package, Tesco has a six month rent free period from the lease start date.

ACCOMMODATION

We are advised that the subject units have the following Gross Internal floor areas. Prospective investors are advised to rely on their own measurements.

| Unit | Tenant | GIA Area |
|--------------|----------------|---------------------|
| A | Poundstretcher | 10,870 sq ft |
| B | Tesco | 4,716 sq ft |
| Total | | 15,586 sq ft |

COVENANT

TESCO STORES LIMITED (Company Number 519500)

Tesco provides undoubted covenant strength, being within the top three retailers in the world and the second largest measured by profits.

The firm operates over 6,780 stores globally, employing over 500,000 people in the process.

The company's latest reported financial statements include the following:

| | 26 Feb 2012 (£ 000s) | 26 Feb 2011 (£ 000s) | 26 Feb 2010 (£ 000s) |
|-----------------------|-------------------------|-------------------------|-------------------------|
| Turnover | £ 41,981,000 | £ 40,149,000 | £38,742,000 |
| Pre-Tax Profit | £ 2,126,000 | £ 2,243,000 | £ 2,419,000 |
| Net Worth | £ 6,894,000 | £ 6,965,000 | £ 6,515,000 |

POUNDSTRETCHER LIMITED (Company number 00553014)

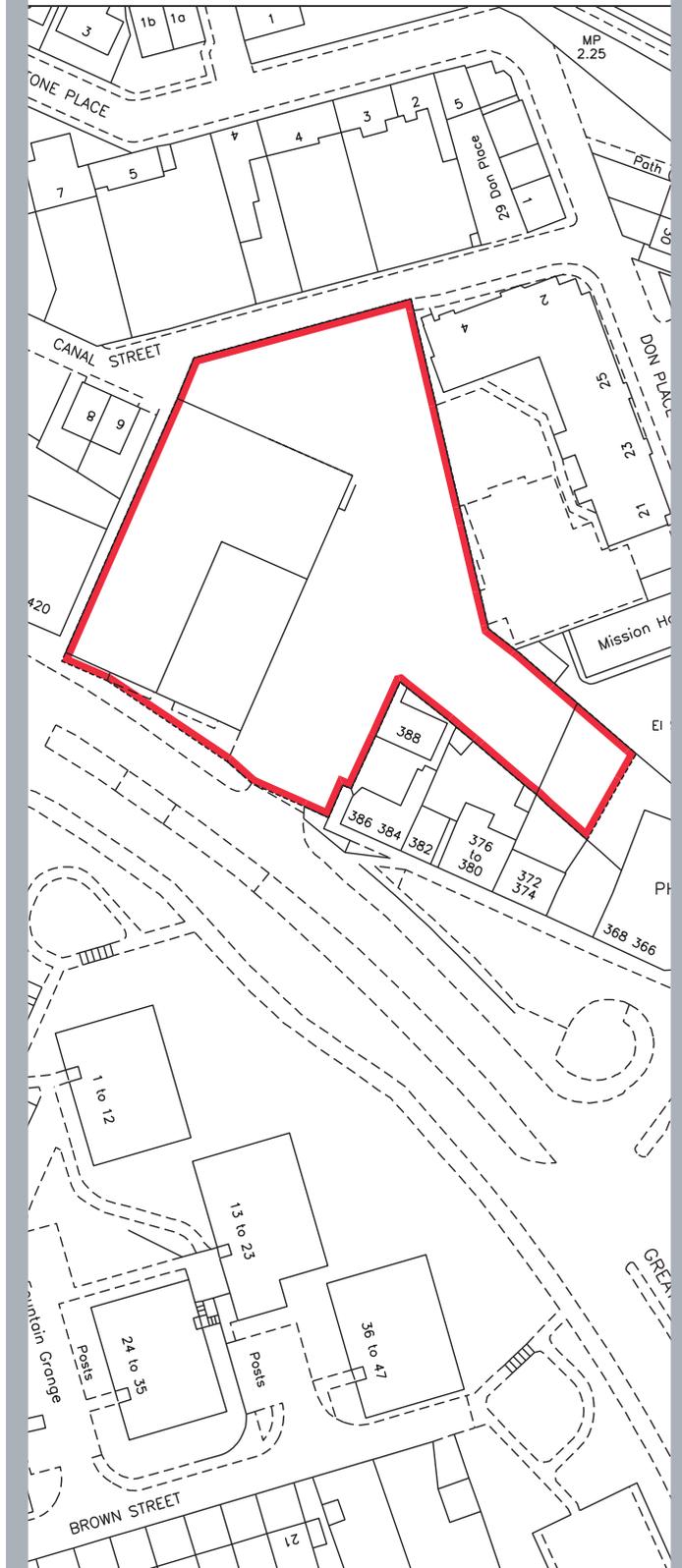
Poundstretcher was established in 1981 and is one of the UK's leading discount retailers.

It operates out of over 400 stores across the UK, predominantly selling affordable homeware and other discounted merchandise.

The retailer is now part of the Crown Crest Group Ltd.

The company's latest reported financial statements include the following:

| | 31 Mar 2012 (£ 000s) | 2 Apr 2011 (£ 000s) | 3 Apr 2010 (£ 000s) |
|-----------------------|-------------------------|------------------------|------------------------|
| Turnover | £ 348,446 | £ 308,173 | £328,113 |
| Pre-Tax Profit | £ 1,585 | £ 1,443 | - £ 6,752 |
| Net Worth | - £ 1,023 | - £ 2,608 | - £ 6,199 |



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EPC

Unit A – Score 79 / Rating D
Unit B – Score 186 / Rating G

Full details available on request.

VAT

VAT will be applicable, however it is anticipated that the sale will be treated by means of a TOGC.

LEGAL COSTS

Each party will be responsible for their own legal costs in connection with the transaction.

PROPOSAL

We are instructed to seek offers in excess of £1,855,000 for our client's heritable interest.

A purchased at this level shows a net initial yield of 8.15%, assuming standard purchaser's costs of 5.8% and exclusive of VAT.

The British Chamber of Commerce's inflation forecast for the next three years ranges between 3%-3.5%.

Assuming RPI growth at 3% for the next 5 years, the running yield after the first review in 2018 would equate to a minimum of 8.56%.

It is our client's intention to reflect the contracted concessionary rental structure within a sales agreement, by means of 'topping up' the rental shortfall.



C O N T A C T

Should you require more information or to arrange an inspection, please contact:

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MISREPRESENTATION ACT 1967:

The Agents for themselves and for the vendors or lessors of this property whose agents they are give notice that:

- (i) the particulars are set out as a general outline only for the guidance of the intended purchasers or lessees and do not constitute, nor constitute part of, an offer or contract;
- (ii) all descriptions, dimensions, reference to condition and necessary permissions for use and occupation, and other details are given without responsibility and any intending purchasers or tenants should not rely on them as statements or representations of fact but must satisfy themselves by inspection or otherwise as to the correctness of each of them;
- (iii) no person in the employment of the Agents has any authority to make or give any representations or warranty whatever in relation to this property.

FINANCE ACT 1989:

Unless otherwise stated all prices and rents are quoted exclusive of VAT. Property Misdescriptions Act 1991: These details are believed to be correct at the time of compilation but may be subject to subsequent amendment.

Requirements of Writing (Scotland) Act 1995: this document is provided for record purposes only and is not intended to create, nor to be relied upon as creating, any contractual relationship or commitment. Any contract shall only be entered into by way of an exchange of missives between solicitors.

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