



DAVID BAROUKH ASSOCIATES

4 Corporation Street, Rotherham, South Yorkshire



FREEHOLD RETAIL STORE FOR SALE

Summary

- Purchase price in excess of £1,470,000 subject to contract.
- Net initial yield of 7.0%.
- Rack rented with opportunities of rental growth.
- The entire property is let to Wilkinson Hardware Stores Ltd for approximately 9.25 years unexpired.
- A capital value equating to £757.2 per sq ft (£70.3 per sq ft).
- A large retail store totalling 1,941 sq m (20,897 sq ft).

Location & Communications

Rotherham is situated within the densely populated South Yorkshire conurbation and benefits from a central location both in terms of local and national markets. The city is strategically located approximately 11 km (7 miles) east of Sheffield, 22 km (14 miles) south west of Doncaster and 40 km (25 miles) south of Leeds. The residential Borough population is 248,000 (2001 census). The population within 10 km (6 miles) of the centre is 557,000 and within 20 km (12 miles) is 1,245,000 (1994 estimate).

Main employers within Rotherham include Corus Engineering Steels, Hazelwood Food Service Plc, One2One, Excel Plc and KP Foods Group.

The town is served by excellent road communications with junctions 33 and 34 of the M1 motorway and junction 1 of the M18 motorway being within 3 km (2 miles) and 8 km (5 miles) respectively. Both motorways connect with the M62 trans-Pennine motorway.

There is a rail service from Rotherham to London St Pancras. East Midlands Airport is located within approximately one hours drive providing flights to domestic and international locations.

Situation

The property is situated within the main retailing core on Corporation Street close to the junction with the pedestrianised Upper Millgate. The store has a second entrance on to Riverside Precinct which provides access via a footbridge to Tesco Food Store and numerous car parks and thus benefits from a strong footfall.

Retailers situated close by include Tesco, Mecca Bingo, National Westminster Bank, McDonalds and QS Clothing and the City benefits from additional retailers including Marks & Spencer, Woolworths, Boots, Superdrug, Dorothy Perkins and Burtons.

Covenant

Wilkinson Hardware Stores Limited reported the following accounts:

	Year end 31/1/2003	Year end 31/1/2002
Turnover	£ 922,311.00	£ 817,006.00
Pre-Tax Profit	£ 44,653.00	£ 36,573.00
Net Assets	£ 132,589.00	£ 110,722.00

The company achieved a 12.9% sales growth during the 2002/2003 financial-year. During the year the company opened 21 new branches and increased profit before tax by 22.1%. Wilkinson Hardware employs some 18,948 personnel.

Price

The Freehold interest can be acquired for a price in excess of **£1,470,000 (One Million Four Hundred and Seventy Thousand Pounds)** reflecting a net initial yield of **7.0%** (cost @ 1.7625%). The investment is situated in a stamp duty exempt area. The Freeholder will 'top up' the current rent until the stepped increase on 29 September 2005. The next rent review is on 25 March 2008.

Value Added Tax

The property has been registered for VAT. It is anticipated that the property will be treated as the transfer of a going concern (TOGC).

Investment Considerations

- An opportunity to acquire a large retail store within the main core of Rotherham.
- The investment provides secure income for approximately 9.25 years from Wilkinson Hardware Stores Limited.
- A high net initial yield of 7.0%.
- The current passing rent equates to only £53.4 per sq m (£5.0 per sq ft) overall and offers strong rental growth prospects.
- The asking price of £1,470,000 reflects a low capital value equating to £757.2 per sq m (£70.3 per sq ft).
- The property benefits from a second entrance onto Riverside Precinct with a strong footfall due to its close proximity to Tesco's store.

Description

The property comprises a large retail store on basement, ground and first floor including a mezzanine area to the rear. The ground floor is utilised for clear uninterrupted retailing with loading facilities to the rear. There is a service area with car parking to the side of the property. The basement provides storage accommodation and the first floor provides office and staff facilities.

Accommodation

The agreed measured areas between landlord and tenant at the March 2003 rent review is as follows.

	Square Meters	Square Feet
Ground Floor Sales and Storage	1,221.1	13,144
Mezzanine (tenants improvement)	70.1	755
First Floor Office and Staff Rooms	332.6	3,580
Basement Storage	317.5	3,418
Total	1,941.4	20,897

Tenure

Freehold

Tenancy

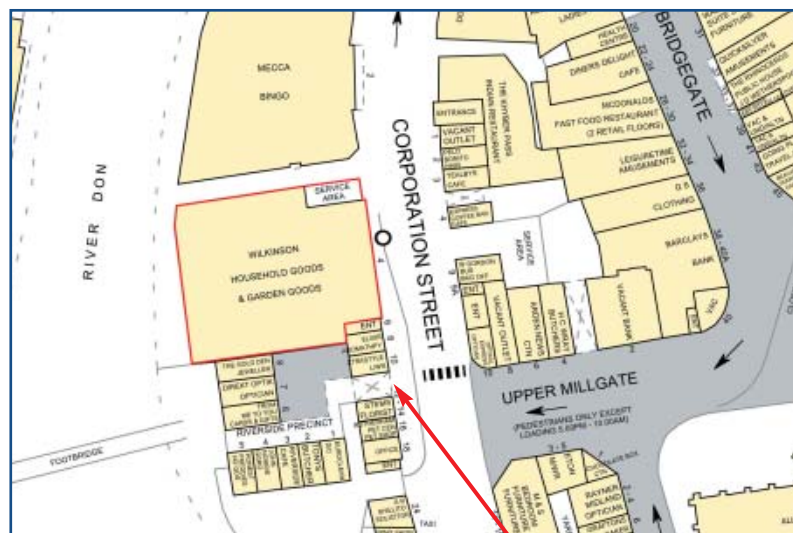
The entire property is let to Wilkinson Hardware Stores Limited for a term of 25 years from 25 March 1988 (**approximately 9.25 years unexpired**) at a current rent of £100,000 per annum increasing to £105,000 per annum on 29 September 2005. There are 5 yearly upward only rent reviews the next being on 25 March 2008. The current and stepped rent was agreed at the March 2003 rent review which increased from £80,000 per annum.

Estimated Rental Value

In our opinion the property is rack rented in reflection of the recent settlement of the March 2003 rent review. The current passing rent of £100,000 per annum equates to £53.4 per sq m (£5.0 per sq ft) overall increasing to £105,000 per annum equating to £56.1 per sq m (£5.2 per sq ft) overall on 29 September 2005.



Second entrance into Riverside Precinct



All maps are for identification purposes only.

Access to footbridge and Tesco

Contact Information

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Subject to Contract
November 2003