

## Retail Investment For Sale

Lordsmill Street, Chesterfield, S41 7RW



### Investment Summary

1. Very prominent location close to Chesterfield Town Centre.
2. Modern development of three retail units with offices above.
3. Producing £89,487 per annum on fr&i leases.
4. 93% of income secured on household name tenants of Bathstore, Dominos Pizza, Johnson Cleaners and Hays Personnel.
5. 65% of income has 9 years or more unexpired.
6. Price: £1.275 million, representing a net initial yield of 6.76%
7. Opportunity to save SDLT by purchasing the SPV.

## Location

The property occupies a very prominent position overlooking one of the busiest roundabouts in Chesterfield Town Centre, at the junction of the A619 Markham Road with the A617, which leads to Junction 29 of the M1 motorway and the A632, which gives access onto the A61 Chesterfield bypass.

The town centre retailing and other facilities are a short walk away, with the Vicar Lane Shopping Centre less than 200 metres from the property.

The immediate area is one of mixed commercial uses, with an Ibis hotel opposite, along with retail outlets including Dreams Beds, Sleepmasters, SCS, Homebase and Kwik Fit.

## Description

The property was completed in 2004 and comprises three ground floor retail units with two small office suites above. The building is of steel frame construction, clad partly in brick, with the first floor clad in profile steel panels, under a pitched tiled roof. The larger retail unit (Bathstore.com) is single storey, again under a pitched roof. Each unit has display windows and entrance door to the front elevation.

The first floor offices have a separate entrance in the front elevation, with male & female WC's to the first floor landing. The offices are centrally heated and carpeted, with suspended ceilings incorporating recessed fluorescent fittings.

To the front of the site, accessed from the roundabout, is a tarmac-surfaced car park for 12 vehicles.

There is a full package of Warranties from the main contractor and the design teams.

## Accommodation

We have measured the property on site and calculate the gross internal floor areas to be as follows: -

Retail Unit 1	2,355 sq ft	218.78 sq m
Retail Unit 2	1,201 sq ft	111.58 sq m
Retail Unit 3	1,056 sq ft	98.12 sq m
Office Unit 4	1,196 sq ft	111.13 sq m
Office Unit 5	995 sq ft	92.43 sq m
<b>Total Gross Internal Area</b>	<b>6,924 sq ft</b>	<b>632.03 sq m</b>

## Tenure

The property is freehold.

## Tenancies

The property is fully let in accordance with the Schedule of Tenancies below, producing a total income of **£89.487 per annum**, exclusive of rates and VAT.

All the leases are drawn on effective fr&i terms, with a service charge to recover costs of repairing and maintaining the exterior of the building and communal areas, managing agent's fees etc.

## Tenancy Schedule

Unit	Tenant	Term	Rent p.a.	Rent psf	Comment
1	Bathstore.com Ltd	15 yrs from 24/04/2005	£36,750	£15.61	
2	Johnson Cleaners	15 yrs from 23/04/2004	£19,600	£15.00	Tenant break April 2014 on 6m notice
3	DP Realty Ltd	15 yrs from 25/03/2004	£18,000	£17.04	T/a Domino's Pizza
4	Hays Specialist Recruitment Ltd	9 yrs from 13/01/2006	£9,137	£6.94	Tenant break Jan 09 & 2012 on 6m notice
5	Red Rose Care – to be vacant	Break notice exercised for Oct 2010	£6,000	£6.60	Vendor to provide 2 year rent guarantee
		<b>Total Rent</b>	<b>£89,487</b>		

The break notice served by Red Rose Care is currently being disputed. It is likely, however, that they will be vacating before the end of the year.

Of the total income, circa 93% is secured on household name tenants of Bathstore, Dominos Pizza, Johnson Cleaners and Hays Recruitment. 65% of the income is secured on leases with circa 9 years unexpired.

## Covenant Status

### Bathstore.Com Ltd (Reg. No. 02240475)

Bathstore.Com is the UK's largest specialist bathroom retailer with 160 stores nationwide. It is a wholly owned subsidiary of Wolseley plc. Recent financial results for Bathstore are as follows: -

	31/07/2009	31/07/2008	31/07/2007
Turnover	£106.67m	£144.23m	£116.43m
Pre-Tax Profit(loss)	(£12.282m)	£10.01m	£7.184m
Net Worth	(£99,000)	£8.761m	£24.21m

### Johnson Cleaners (Reg. No. 02970609)

Johnson Cleaners is the UK's largest dry cleaning chain, with a network of 511 stores. Recent financial highlights are as follows: -

	31/12/2008	31/12/2007	31/12/2006
Turnover	£75.343m	£79.023m	£82.992m
Pre-Tax Profit	£3.641m	£6.296m	£3.759m
Net Worth	£7.307m	£5.294m	£1.344m

### DP Realty Limited (Reg. No. 02882513)

Domino's Pizza is the world's leading pizza delivery company. In the UK, the company has 570 stores. Recent financial results for the property arm, DP Realty Ltd are as follows: -

	28/12/2008	30/12/2007	31/12/2006
Turnover	£10.93m	£9.29m	£8.05m
Pre-Tax Profit	£596,000	£572,000	£470,000
Net Worth	£862,000	£227,000	-£86,000

## Hays (Previously Hays Specialist Recruitment Ltd) (Reg. No. 00975677)

Hays is the largest publically listed recruitment company in the UK; being part of the larger global business with 325 offices in 28 countries. Recent results are as follows: -

	26/06/2009	26/06/2008	26/06/2007
Turnover	£1.302bn	£1.471bn	£1.348bn
Pre-Tax Profit	£45.63m	£108.64m	£121.44m
Net Worth	£2.507m	£4.019m	-£164,000

## Lordsmill Ltd

My client's preference is to dispose of the property by way of a sale of the SPV, Lordsmill Ltd.

The Company has an outstanding mortgage on the property from Barclays Bank of **£850,000** (as at March 2010); at an interest rate of 1.15% over Libor, i.e. currently 1.70%. Over-payments are being made out of rental income, with no redemption penalties, thereby reducing the outstanding balance on a quarterly basis. The borrowing rate reduces to 1.00% over Libor once the LTV is below 60%.

We cannot guarantee that the same loan terms will continue after the sale. A purchaser would have to make its own enquiries of the bank.

A sale of the shares in the SPV gives rise to an SDLT charge of 0.5% of the net value of the company, i.e. the value of the property less the outstanding debt. This allows a saving of circa £49,000 compared to the usual SDLT charge based on 4% of the value of the property.

## Price

My client requires a price of **£1.275 million**, subject to contract and exclusive of VAT, for 100% of the shares in Lordsmill Limited.

This shows a net initial yield of **6.76%**, assuming the SDLT saving is shared 50:50.

Alternatively, consideration will be given to a sale of the property in isolation.

For more information, please contact the retained agent: -

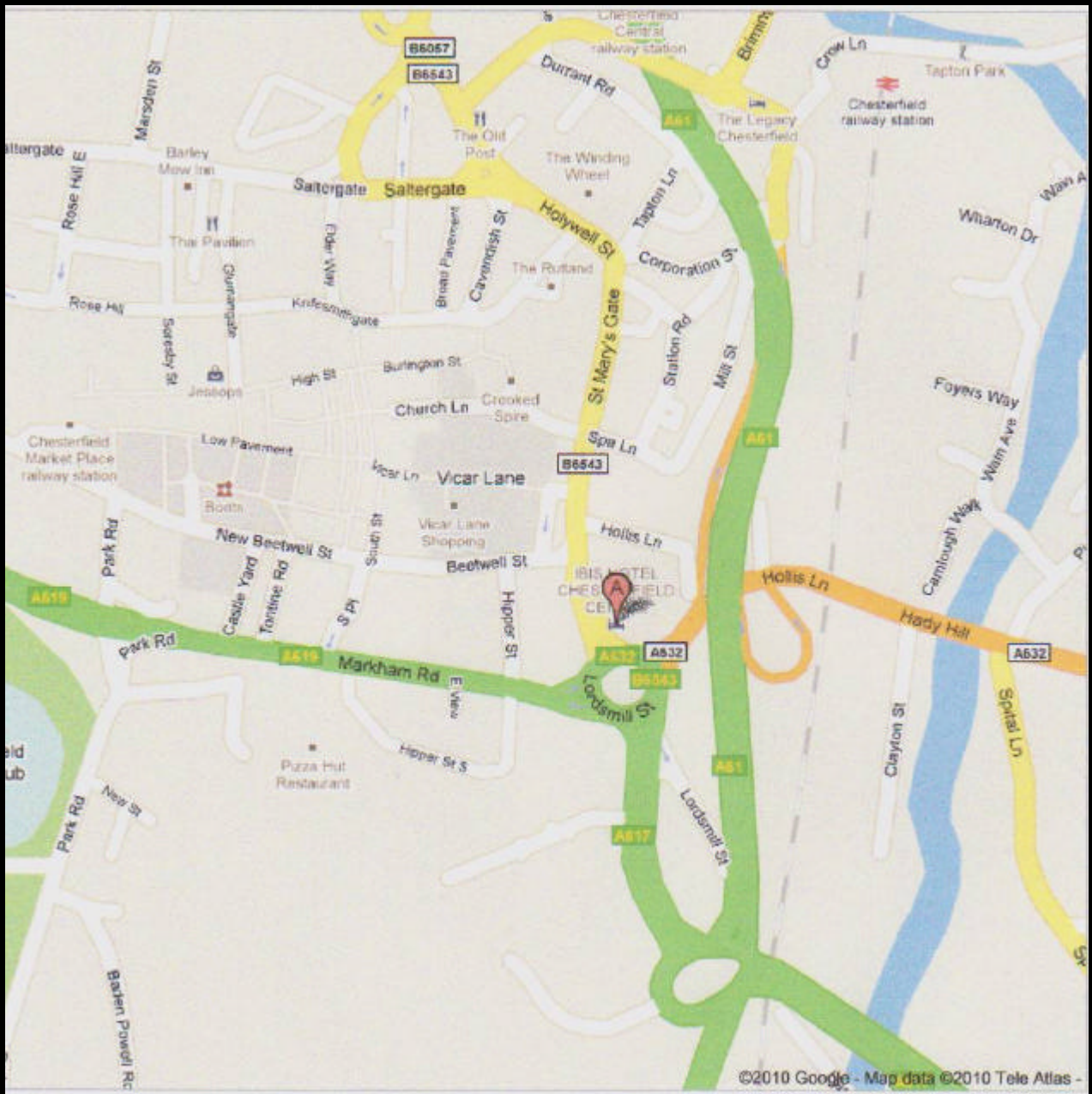
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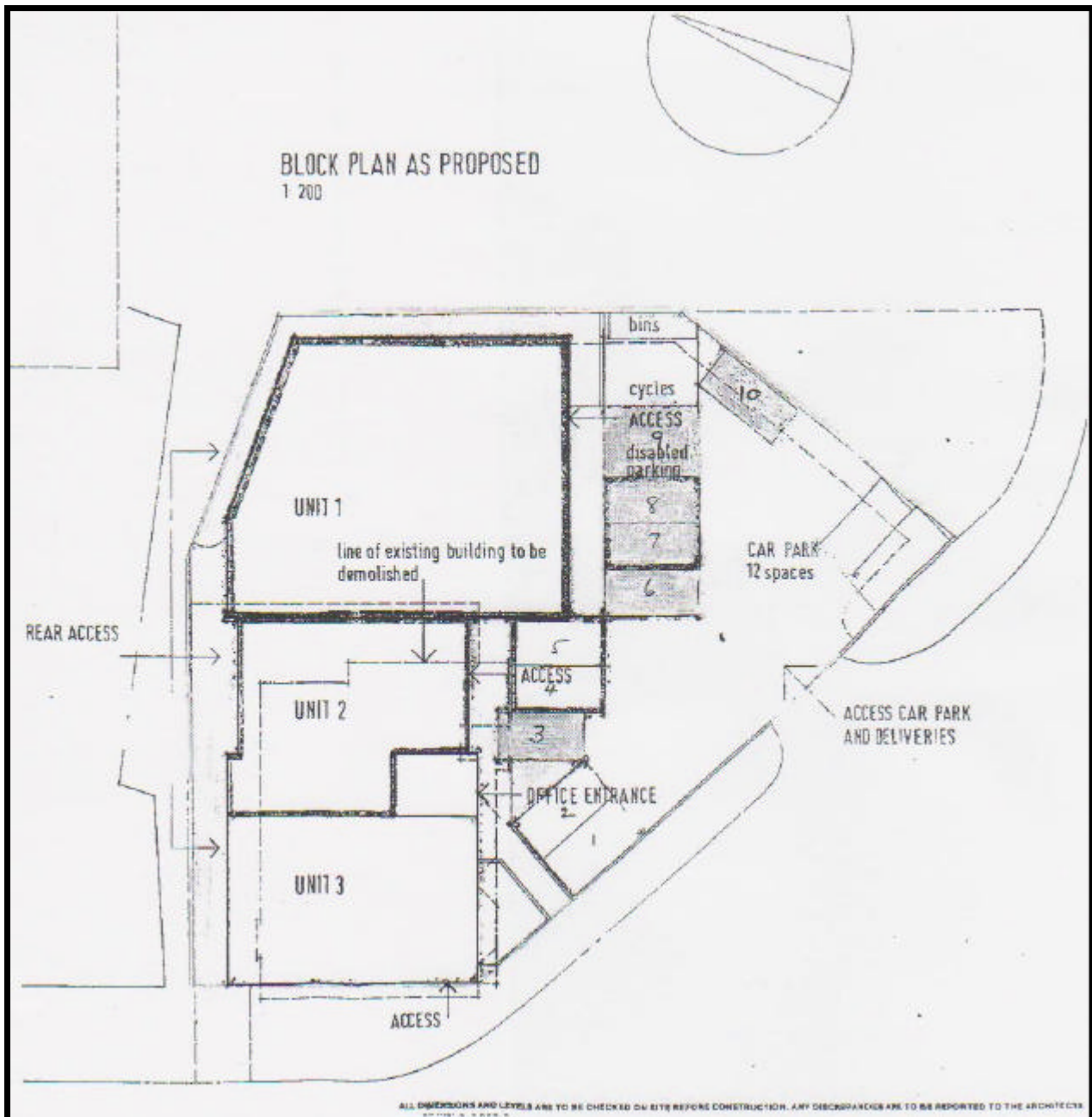
Photographs



Location Plan



## Site Layout Plan



### Important Notice

1. No description or information given about any of the properties, the SPV Company or their value may be relied upon as a statement of representation or fact. Hague Nicholls has no authority to make any representation and accordingly any information given is entirely without responsibility on the part of the agent and the seller.
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