

PIZZA EXPRESS AND STUDENT ACCOMMODATION

Post Office Road,
Bournemouth



PHILIPS LOCKHART
REAL ESTATE INVESTMENT CONSULTANTS

Investment Considerations

- **Restaurant investment let to Pizza Express with Student Accommodation in the upper parts**
- **Ideal lot size for a private investor/SIPP**
- **71% of income let to blue chip tenant Pizza Express Restaurants Ltd on a FRI lease expiring January 2036 (tenant break clause in January 2026)**
- **29% of income let to Kings Colleges, Bournemouth on a FRI lease expiring January 2027 with annual RPI increases**
- **Offers in the region of £2,075,000, subject to contract**
- **Net initial yield of 5.75%**

Location

Bournemouth is an attractive, commercial seaside town on the south coast of England approximately 100 miles (165km) south west of London and 30 miles (51km) west of Southampton. It is a major centre for tourism, a leading national conference centre and a major focus for the leisure industry on the south coast. The town benefits from a very significant primary catchment population of approximately 390,000 persons (2001 Census) and a growing student population in excess of 18,000 students at the university.

Bournemouth benefits from excellent road and rail communications being situated close to the A31 which links to the M27 and in turn the M3 motorway. There is a regular rail service to London Waterloo with a journey time of approximately 1 hour 45 minutes and Bournemouth International Airport is located 4 miles (7km) north east of the town centre.

Situation

The unit is located in a prominent pedestrianized position on Post Office Road about 50 metres north of Old Christchurch Road whilst Albert Road lies to the rear of the property. Old Christchurch Road is a prime pedestrianized retail shopping location, which boasts retailers such as Dingles and Beales Department stores as well as Top Shop, River Island, Oasis, Lush, La Senza and WH Smith. The property itself lies adjacent to a listed Roman Catholic Church and Argos. There are further retailers along both Post Office Road and Albert Road.

Description

The property is an impressive looking building of traditional stone and brick construction under a pitched tiled roof. The façade is listed Grade II and the ground floor has recently been refurbished to provide a new restaurant with ancillary accommodation which is occupied by Pizza Express.

The upper parts are arranged over first and second floors which are currently being refurbished to provide student accommodation. There will be 13 bedrooms over the two floors with two kitchens, two living rooms and a laundry room. The works to complete this refurbishment is scheduled for completion in January 2012.

Tenure

The property is held freehold.



Accommodation

We have measured the property and have calculated it to have the following approximate gross internal floor areas.

Floor	Area sq ft	Area sq m
Ground Floor	3,710	344.67
First Floor	1,829	169.92
Second Floor	1,776	165
Total	7,315	679.59

Tenancy

The restaurant unit is let to Pizza Express Restaurants Ltd on a 25 year FRI lease from January 2011, subject to 5 yearly upward only rent reviews from at £90,000 per annum. There is a tenant break clause at year 15.

The first and second floors have been let to Kings School of English (Tuition) Ltd t/a Kings Colleges, Bournemouth on a new 15 year FRI lease, subject to annual RPI increases at a commencing rental of £36,400 per annum. The lease will commence on Practical Completion of the upper parts which is due in January 2012.

Therefore, the total rental for both Pizza Express and Kings Colleges, Bournemouth will be £126,400 per annum.

Tenants Covenants

Pizza Express (Restaurants) Ltd have reported the following figures for the last two financial years:

Financial Year Ending	Turnover	Pre-Tax Profit	Net Current Assets
28.06.2010	£314.7m	£62.0m	£297.7m
28.06.2009	£294.8m	£59.0m	£252.0m

Kings School of English (Tuition) Ltd have reported the following figures for the last two financial years :

Financial Year Ending	Turnover	Pre-Tax Profit	Net Current Assets
31.12.2010	£4.939m	£614,849	£270,445
31.12.2009	£4.054m	£491,887	£116,134

Kings Colleges was established in 1957 and they opened a London College in 1966 and then Kings Oxford College in 1986. Over the years, they have been a pioneer in international educational programmes and in the 1970s were one of the first colleges to welcome significant numbers of students from Asia and China. Further information is available at www.kingscolleges.com

Estimated Rental Value

The current rent on the Pizza Express unit is £90,000 per annum which equates to £24.26 psf. We believe that this rent is reversionary as A3 quoting rents at the Nautilus which will be a new landmark leisure development in Bournemouth town centre adjacent to the Pavilion are £35 psf.

VAT

The property has been elected for VAT and therefore it is anticipated that the sale will be treated as a Transfer of a Going Concern (TOGC).



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Additional Information

Further information including layout plans and the specification of works for the student accommodation, site plans and leases are available from the vendor's agent upon request.

Proposal

Our clients are seeking offers in the region of £2,075,000 (Two Million and Seventy Five Thousand Pounds) for the benefit of the freehold interest in the above property, subject to contract and exclusive of VAT which reflects a net initial yield of 5.75% following deduction of normal purchaser's costs of 5.8%

Contact

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