

KettsCourt

1-7 St Stephen's Road, Norwich, NR1 3SP



Freehold retail investment, let to Multiyork Furniture Ltd and Subway Realty Ltd



Investment summary

- Norwich has a primary catchment population of 874,000 persons, with an estimated shopping population of 510,000 persons, ranking the city 12th of the PROMIS centres on this measure
- Prominent retail location overlooking the city's main ring road, immediately opposite Chapelfield Shopping Centre
- Freehold
- Developed in 2006 to provide approximately 11,014 sq ft (1,023 sq m) of retail accommodation, together with 24 one and two bedroom apartments plus 8 car parking spaces
- Retail element let on two separate leases to Multiyork Furniture Limited and Subway Realty Limited
- Residential element sold off on single long lease
- Total current income of £165,500 per annum, rising to £167,500 per annum in March 2013
- 90% of income secured against Multiyork Furniture for a further 9¼ years
- Offers are sought in excess of £1,850,000, exclusive of VAT, for the freehold interest, reflecting an attractive net initial yield of 8.5%, assuming standard purchaser's costs of 5.8%

Location

Norwich is an attractive, historic cathedral city and serves as the main administrative centre for Norfolk and East Anglia. The city is located approximately 110 miles north east of London, 42 miles north of Ipswich and 61 miles north east of Cambridge.

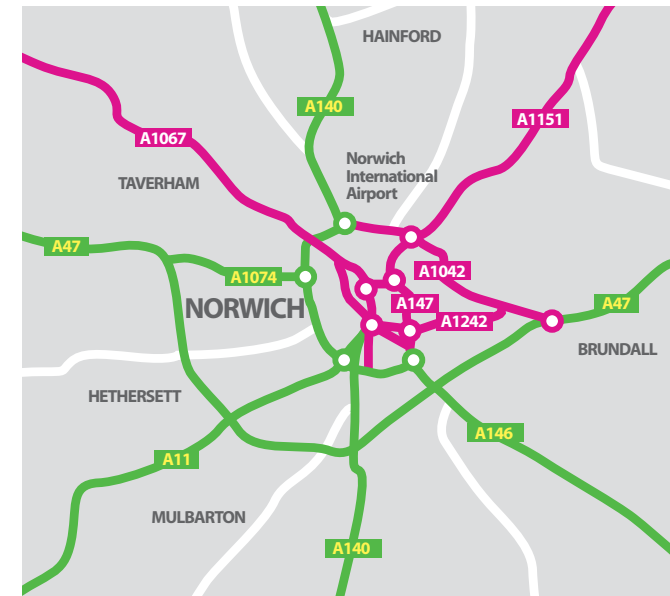
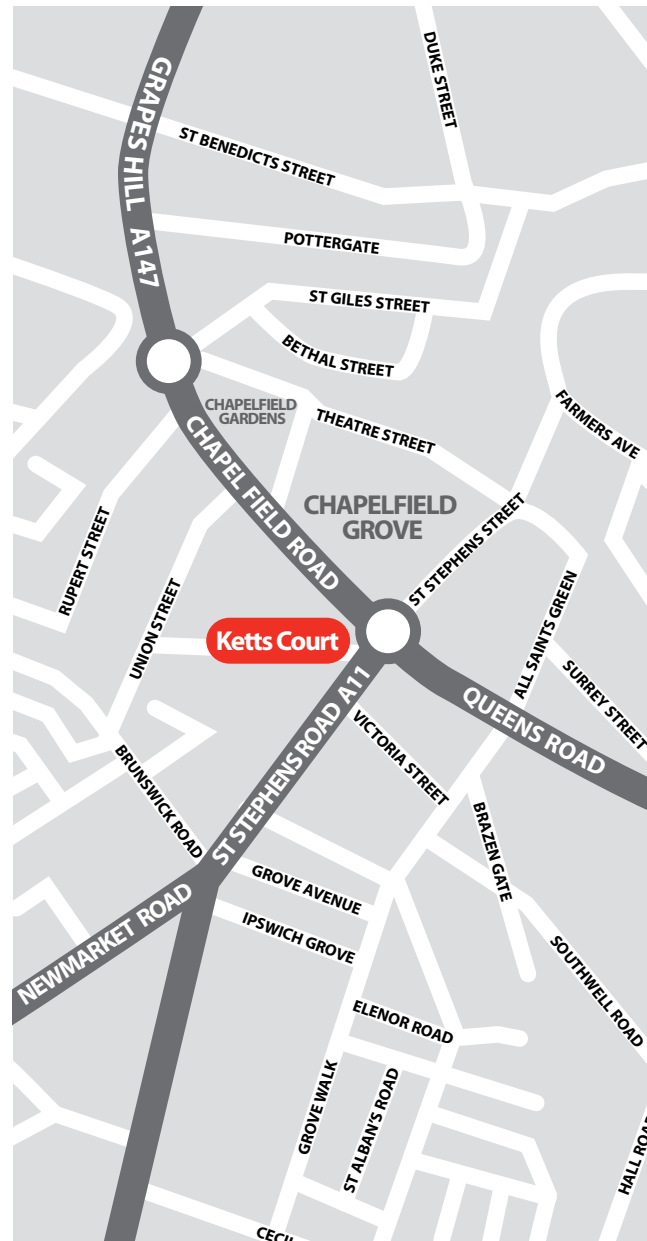
The city benefits from excellent road communications, with the A11 trunk road linking Norwich to the M11 to the south west. In addition, the A47 provides access to Great Yarmouth in the east and King's Lynn to the west, whilst the A140 runs north to Cromer and south to Ipswich.

Norwich is also well served by rail services, with regular services to London (Liverpool Street) with a fastest journey time of approximately 1 hour 45 minutes.

Socio-economic profile

Norwich dominates a large primary catchment area, which encompasses much of eastern Norfolk. The city has a primary catchment population of 874,000 persons, with an estimated shopping population of 510,000 persons, ranking the city 12th of the PROMIS centres on this measure. Long distances to competing centres such as Peterborough, Cambridge and Ipswich mean this population is particularly loyal.

Norwich also ranks 12th in terms of the volume of comparison retail spend available in the catchment area and is forecast to see above average percentage growth in the available pool of comparison spending between 2010 and 2015. Spending is boosted by tourism, with around 5 million tourists visiting the city every year, providing an overall value of £375 million to the local economy (Source: PROMIS).



Situation

The property is situated on the A147 (Chapelfield Road), at the roundabout junction with the A11 (St Stephens Road). The A147 forms the city's main inner ring road, whilst the A11 provides the main arterial route into the city centre from Newmarket and Ipswich. The property occupies one of the most prominent locations in the city.

The property is situated directly opposite Norwich's key shopping centre, Chapelfield, which opened in 2005. The scheme provides approximately 530,000 sq ft of retail space, with entrances to both St Stephen's Street and Rampant Horse Street, together with a 1,000 space car park. It is anchored by House of Fraser, with other occupiers including River Island, H&M, Zara, Apple, Boots, French Connection, Oasis and Monsoon.

St Stephen's Street also provides the principal bus drop off area for the city centre, with links to the park-&-ride facilities on the south side of Norwich.

Description

The property comprises 11,014 sq ft of retail accommodation at ground floor level, arranged in two separate units, with residential accommodation above and to the rear. The larger retail unit is arranged over split levels, rising from the front of the store towards the rear, accessed by small steps throughout the floor space. The layout affords greater visibility to the rear of the unit. Whilst the floorspace is of irregular shape, the unit benefits from a highly visible 158 ft frontage and very good prominence due to its corner position.

The smaller retail unit is of a regular, rectangular shape fronting Chapelfield Road. Both units have loading access to the rear via St Stephen's Square.

The residential parts of the property comprise 24 one and two bedroom apartments. These are arranged above the two retail units and also within a former depository building to the south east of the site. The apartments benefit from 8 undercroft parking spaces, as well as a communal roof terrace area for residents.



Accommodation

We understand the retail accommodation provides the following net internal areas:-

	Sq m	Sq ft
Unit 1	934.95	10,064
Unit 2	88.33	950
Total	1,023.28	11,014

The site extends to approximately 0.161 hectares (0.397 acres).

Tenure

Freehold.

Tenancy

The property is let on three separate leases as follows:-

Unit 1

Let to Multiyork Furniture Limited for a term of 15 years from 25th March 2006, expiring on 24th March 2021 (9¼ years unexpired). The current rent passing is £150,000 per annum. The rent will be subject to upward only review to open market value in March 2016.

Unit 2

Let to Subway Realty Limited for a term of 10 years from 25th March 2011, expiring on 24th March 2021 (9¼ years unexpired). The current rent passing is £15,500 per annum, which will increase to £17,500 per annum on 25th March 2013. The rent will be subject to upward only review to open market value in March 2016.

The tenant has an option to determine the lease, subject to 9 months' written notice, on 24th March 2016.

Residential parts

Let to Elderhart Residential Limited for a term of 125 years from 31st July 2006, expiring on 30th July 2131 (119 years unexpired) at a peppercorn rent (if demanded).

Tenant covenant

Approximately 90% of the income from the property is secured against the undoubted covenant of Multiyork Furniture Limited. The company, established in 1965, designs, builds and sells sofas, armchairs and furniture from 55 stores across England and Wales.

The remaining 10% of income from the property is secured against Subway Realty Limited. The Subway sandwich chain was founded in Connecticut, USA in 1965. The company has since grown and operates from some 34,965 outlets in 97 countries.

Financial results for the last three years for both Multiyork Furniture Limited and Subway Realty Limited are set out in the tables below.



Multiyork Furniture Limited

Year ending	Turnover	Pre-tax profit	Tangible net worth	Net current assets/ (liabilities)
03/10/2010	£44,320,000	£650,000	£17,824,000	£14,131,000
27/09/2009	£41,721,000	(£972,000)	£16,815,000	£12,744,000
28/09/2008	£48,534,000	£398,000	£17,724,000	£12,906,000

Subway Realty Limited

Year ending	Turnover	Pre-tax profit	Tangible net worth	Net current assets/ (liabilities)
31/12/2010	£26,281,982	£1,439,979	£2,885,076	£3,654,996
31/12/2009	£24,818,308	£651,264	£1,853,668	£2,464,051
31/12/2008	£18,946,332	£714,241	£1,390,774	£1,226,807

VAT

The property is registered for VAT and therefore VAT will be payable on the purchase price. It is anticipated that the sale will be structured as a Transfer of a Going Concern (TOGC).

Proposal

We are instructed to seek offers in excess of £1,850,000 (one million, eight hundred and fifty thousand pounds), subject to contract and exclusive of VAT, for our client's freehold interest in the property. A purchase at this level would reflect a net initial yield of approximately 8.5%, after allowing for purchaser's costs of 5.8%.

Viewing and contact information

To arrange a viewing or for further information, please contact:-

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