



CHARTERED SURVEYORS

020 7408 0030

WWW.GCW.CO.UK

Prime Reversionary Freehold Food Store Investment

Marks and Spencer Plc
92-100 High Street
West Wickham
Greater London
BR4 0NF





WEST WICKHAM IS A WEALTHY AND ATTRACTIVE SOUTH LONDON SUBURB

INVESTMENT SUMMARY

- Affluent commuter suburb
- Excellent covenant
- Almost 17 years remaining to Marks and Spencer Plc
- 17,675 sq ft town centre food store with demised car parking
- Freehold
- Passing rental of £360,000 pax (£20.37 psf) with an estimated rental value of £442,000 pax (£25 psf)
- Open market rent reviews
- Offers sought in excess of **£8 million**, subject to contract, reflecting the following yield profile (based on acquisition costs of 5.80%):-
 - Net Initial Yield: 4.25%
 - Nominal Equivalent Yield: 5.13%
 - True Equivalent Yield: 5.29%
 - Reversionary Yield: 5.22%





35 MINUTES TO CENTRAL LONDON

LOCATION

West Wickham is an affluent residential suburb of London situated approximately 12 miles to the south-east of Central London in the London Borough of Bromley. The town is approximately 5 miles to the east of Croydon and 3 miles to the south of Bromley.

West Wickham benefits from excellent road and rail links. The A232 provides access to both the A21 Bromley Road and Junction 4 of the M25. Additionally there is a fast and frequent rail service taking around 35 minutes to London Cannon Street and London Charing Cross making the town a popular commuter location.





83.36% OF HOMES ARE OWNER OCCUPIED COMPARED TO A NATIONAL AVERAGE OF 69.82%

CATCHMENT

West Wickham is an affluent suburban town in the London Borough of Bromley, with a resident population of 57,893 within a 10 minute drive time and a wider population of 190,950 within a 15 minute drive time.

DEMOGRAPHICS

The suburb is well above the national average in term of affluence. The top 3 MOSAIC groups represented are as follows:

- **41.37%** Suburban Mindsets compared to a national average of 12.09%
- “Maturing families on mid-range incomes living a moderate lifestyle in suburban semis”
- **14.31%** Alpha Territory compared to a national average of 3.42%
- “People with substantial wealth who live in the most sought after neighbourhoods”
- **11.94%** Professional Rewards compared to a national average of 8.82%
- “Experienced professionals in successful careers enjoying financial comfort in suburban or semi-rural homes”

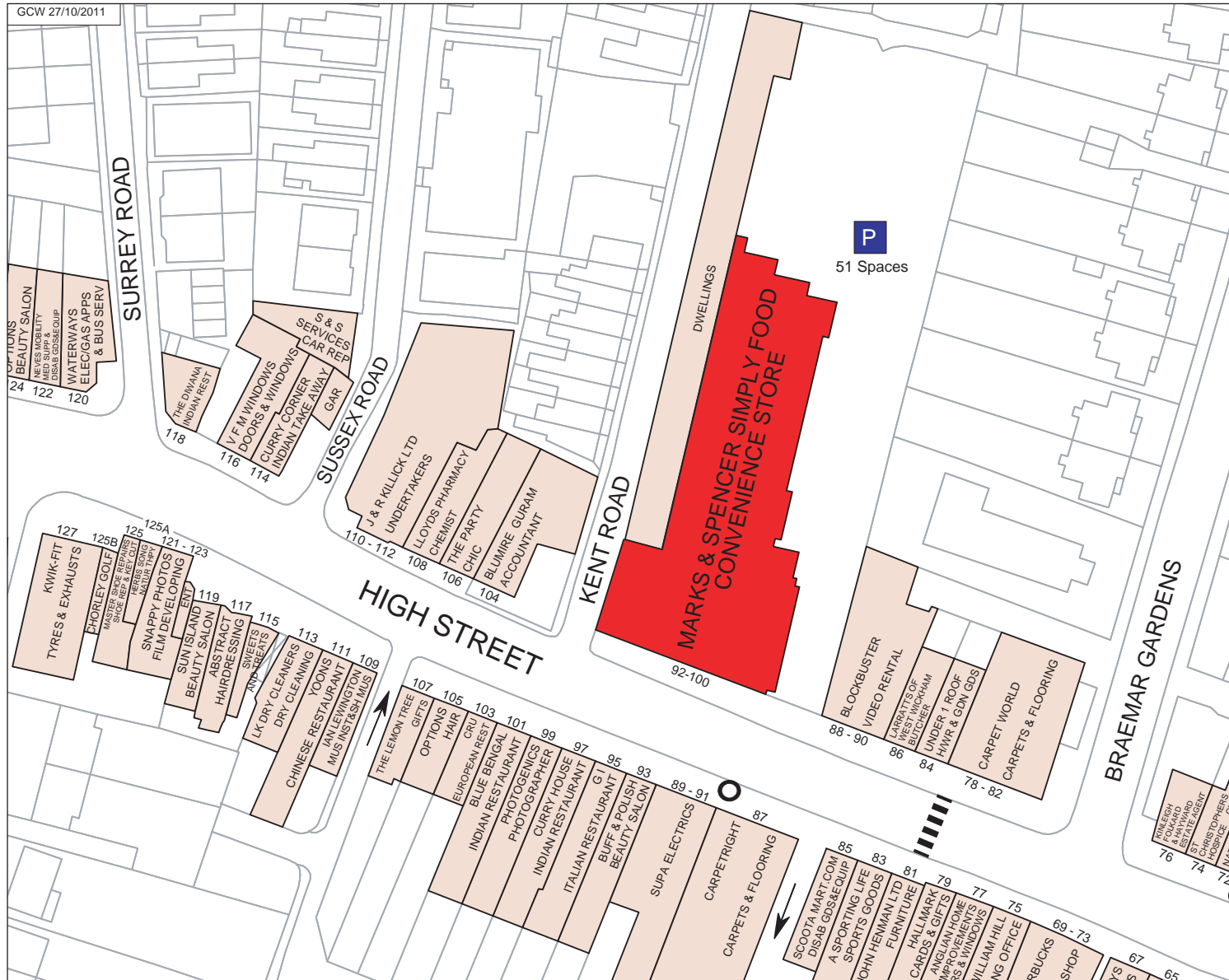
Statistics from Experian

“ **35.23% of the population earn over £40,000 which is substantially above the national average of 19.73%. Unemployment only accounts for 2.86% of the population compared to a national average of 5.06%. ”**





PURPOSE BUILT FOOD STORE



DESCRIPTION

The subject premises comprise a purpose built food store for Marks and Spencer fronting the High Street with a converted Grade II Listed Dairy building to the rear. The development was completed in 2003 and Marks and Spencer have fitted the store in their corporate style to a high standard throughout with sales accommodation at ground floor and ancillary accommodation at first floor level.

There are 6 residential units arranged on first and second floors above the store with a further 4 in the Listed rear section of the building. The new building is of steel frame construction with rendered external walls to blend in with the façade of the Listed building which is of traditional brick construction. The site area extends to 0.95 acres (0.38 hectares). There is a surface car park to the rear of the property providing 51 spaces of which 10 are allocated to the residential development.





ALMOST 17 YEARS REMAINING TO M&S

ACCOMMODATION

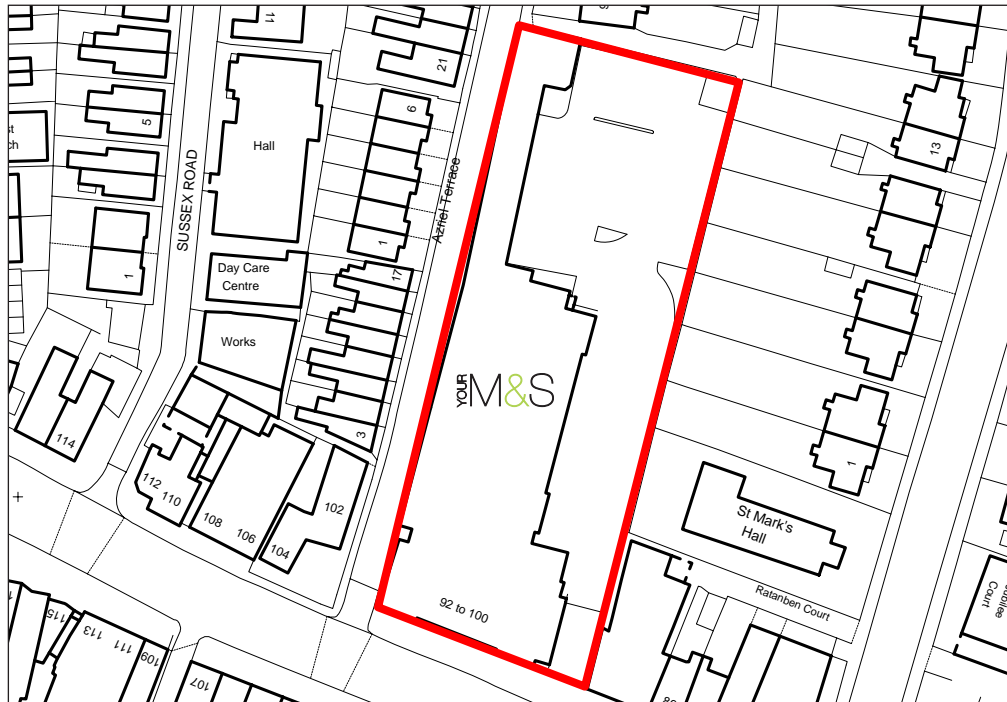
Gross Internal Area of the retail premises:-

Ground Floor	15,554 sq ft (1,445 sq m)
First Floor	2,121 sq ft (197 sq m)
Total	17,675 sq ft (1,642 sq m)

Floor areas were agreed at 2008 rent review.

TENURE

Freehold. The residential accommodation has been sold to a management company for a term of 150 years at a peppercorn.



PLANNING

Open A1 planning consent. The rear of the property is Grade II Listed.

TENANCY

The property is let to **Marks and Spencer Plc** on a full repairing and insuring lease for a term of 25 years from 18th September 2003 **expiring on 17th September 2028**. The current passing rent is £360,000 per annum exclusive reflecting **£20.37 psf** on the agreed floor areas. The lease provides for five yearly upward only rent reviews to **open market rental value** with the next one due on 18th September 2013.

Marks and Spencer are responsible for administering the service charge on the entire premises, including the residential accommodation.



OPEN MARKET REVIEW

RENTAL COMMENTARY

We are of the opinion that the property is highly reversionary with an estimated rental value of **£442,000** per annum exclusive reflecting **£25 psf**. Food stores have provided investors with some of the strongest rental growth in recent years, particularly in London where there remains strong competition between the operators for opportunities and we would expect that trend to continue. Below is a table of recent transactions that provides evidence supporting a significant reversion:

Location	Tenant	Store Size (sq ft)	Transaction – Date	Rent (£psf)	Comments
Fulham, Parsons Green	Waitrose	12,590	Agreement for Lease – Sept 2011	£30.00	Subject to planning consent. No parking.
Wimbledon	Waitrose	30,085	Agreement for Lease – Feb 2011	£27.85	Subject to planning consent.
Southgate	M&S Simply Food	17,630	RR – Dec 2010	£24.50	
Egham	Waitrose	32,000	OML – Sep 2010	£25.00	Tenant paid a significant ingoing premium
Gerrard's Cross	Waitrose	24,326	OML – Aug 2010	£22.50	No demised car parking, competing bid from M&S.
Raynes Park	Waitrose	22,375	OML – Jan 2010	£24.00	97 homes above with shared car parking.
Acton Vale	Tesco	15,325	OML – July 2008	£25.00	Limited car parking.
Epping, High Street	M&S Simply Food	19,077	OML – May 2008	£26.44	
Dartford Prospect Place	M&S Simply Food	12,036	OML – Aug 2007	£27.12	



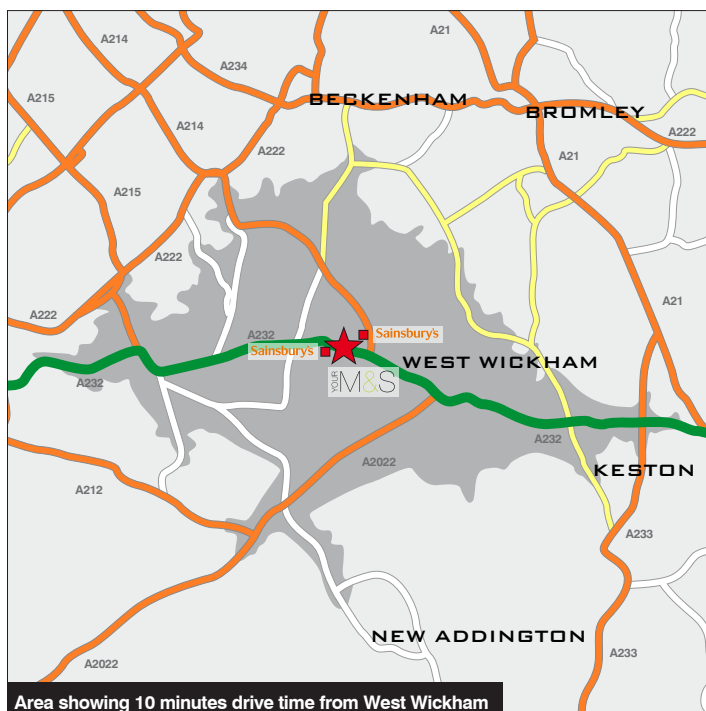
COMPETING FOOD STORES

There are only two competing stores within a 10 minute drive time. We consider both the stores to be compromised in terms of configuration, parking and access.

Sainsbury 76-82 Station Road

Sainsbury 143 High Street

Drive Time	Population	No of Households
10 minutes	57,893	23,889
15 minutes	190,950	84,125



COVENANT

Marks and Spencer Plc (Co. No. 00214436) have over 700 stores located throughout the UK and Republic of Ireland. In addition, the company has over 300 stores worldwide, operating in more than 40 countries. They have a strong D&B Rating of **5A1** indicating minimum risk failure with an impressive D&B failure score of 100 out of 100.

Their recent accounts are summarised as follows:

	Year Ending – Currency £000's	
	02/04/2011	03/04/2010
Turnover	9,740,300	9,536,600
Pre-tax Profit	780,600	702,700
Tangible Net Worth	4,767,400	4,346,400

PROPOSAL

We are instructed to seek offers in excess of **£8m (Eight Million Pounds)**, subject to contract and exclusive of VAT, for the freehold interest in the above property. A purchase at this level would reflect the following yield profile, based upon our view of market rent, after allowing for purchaser's costs of 5.80%:

- 4.25% Net Initial Yield
- 5.13% Net Equivalent Yield
- 5.29% True Equivalent Yield
- 5.22% Reversionary Yield

This property is currently held in a SPV which is potentially available, more details on request.

VAT

The property is elected for VAT which will be payable on the purchase, unless the sale can be treated as a TOGC.

FURTHER INFORMATION

FIONA NICHOLS 020 7647 4809 fiona.nichols@gcw.co.uk
OLI HORTON 020 7647 4806 oliver.horton@gcw.co.uk



Allan House
 10 John Princes Street
 London W1G 0JW

T: 020 7408 0030
 F: 020 7495 4248
 W: www.gcw.co.uk



Whilst every effort has been made to ensure accuracy, no responsibility is taken for any error, omission or mis-statement in these particulars which do not constitute an offer or contract. No responsibility or warranty whatever is made or given either during negotiations or in particulars by vendor, lessor or the agent. Gooch Cunliffe Whale Limited Registered in England No 2446386 Registered office: 30 City Road, London EC1Y 2AB VAT No 524 1923 63. November 2011.