



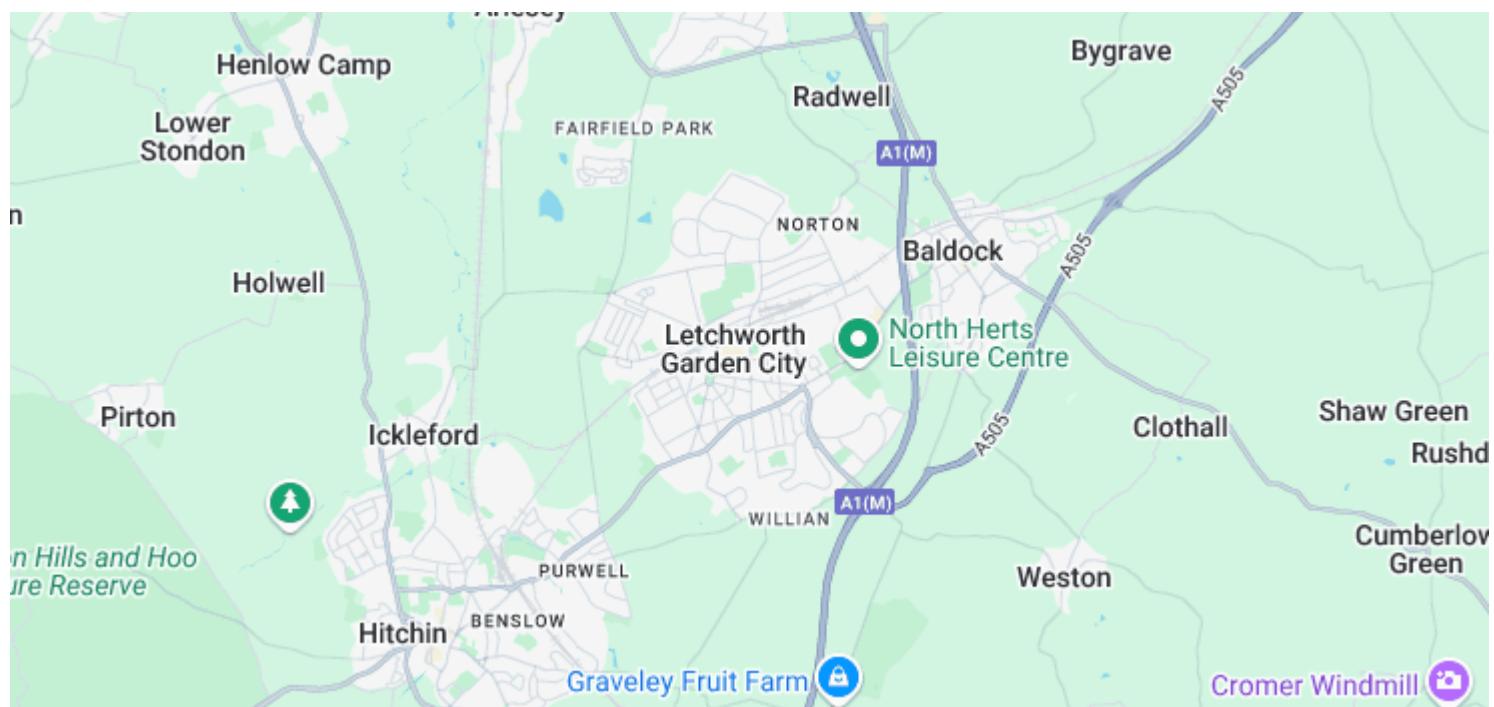
Highly Secure Retail Investment

 **Boots, Unit 6 & Units 8-10 Commerce Way, Garden Square Shopping Centre, Letchworth Garden City, United Kingdom, SG6 3EJ**

FOR SALE  **PRIVATE TREATY**

£ 685,000 Subject to contract

Location



Letchworth is an affluent town in North Hertfordshire, situated within the London commuter belt. The town is approximately 62 km (39 miles) north of London, 11 km (7 miles) north of Stevenage, 21 km (13 miles) north-east of Luton and 47 km (29 miles) south-west of Cambridge.

The town benefits from excellent road communications, being situated adjacent to the A1(M) which provides a direct link to the M25 Motorway (South Mimms) approximately 40 km (25 miles) to the south. The A505 provides east-west communications to Cambridge and Luton. In addition, the town is connected to the national rail network with a fastest journey time to London King's Cross and Cambridge of 36 minutes and 28 minutes respectively. London Luton Airport is approximately 21 km (13 miles) to the south-west.

Letchworth is the world's first Garden City and popular with commuters given its proximity to London and Cambridge.

Summary

- Affluent location within the London commuter belt
- Prime retailing pitch within the Garden Square Shopping Centre
- Highly secure income – let to Boots UK Limited (Pre-Tax Profits £60m)
- New lease from August 2023
- Re-based rent
- Tenant has been in occupation for 46 years
- £685,000, subject to contract
- 10.0% Net Initial Yield

Situation

The property is centrally located within the Garden Square Shopping Centre, at the heart of the town centre (refer to the redevelopment below).

Other surrounding retailers in the centre include Specsavers, Shoezone, Trespass, New Look, Halifax, Card Factory and Starbucks.

Letchworth train station is a couple of minutes' walk to the north-west.

With two principal malls, Commerce Way and Central Approach linked by a central square, Garden Square Shopping Centre forms part of the main pedestrian thoroughfare for Letchworth. The Centre comprises 175,000 sq ft of retail and leisure accommodation, along with a 400-space car park. Retailers include, Iceland, Home Bargains, New Look, Superdrug, WHSmith, EE and Poundland.

Garden Square Redevelopment

The first phase of a redevelopment of Garden Square Shopping Centre was completed in 2020.

Including a complete redevelopment of Commerce House, the demolition and rebuilding of 23-25 Leys Avenue and a new build on Leys Square, adjacent to WHSmith, the development now provides 46 high quality one and two bedroom apartments with two new retail units at ground floor benefitting from extensive return frontages onto the newly created public space at the entrance to Garden Square.

Consultation is underway on the next phase of the development which will provide a further c.200 residential property with retail at ground floor.

Description

The property comprises 6 Commerce Way and 8-10 Commerce Way which have been combined to provide a large ground floor retail unit fitted out by the tenant in their usual corporate style, along with ancillary/staff accommodation at first floor level.

Accommodation

The property has been measured by BKR Floor Plans and provides the following net internal floor areas:

6 Commerce Way

| | | |
|--------------------|--------------------|--------------------|
| Net Frontage | 5.26 m | 17'3" |
| Gross Frontage | 5.56 m | 18'3" |
| Zone A | 30.29 sq m | 326 sq ft |
| Zone B | 31.68 sq m | 341 sq ft |
| Zone C | 28.71 sq m | 309 sq ft |
| ITZA | | 574 |
| Total Ground Floor | 90.67 sq m | 976 sq ft |
| First Floor | 31.49 sq m | 339 sq ft |
| Total | 122.16 sq m | 1,315 sq ft |

8-10 Commerce Way

| | | |
|----------------------------|--------------------|--------------------|
| Net Frontage | 11.51 m | 37'9" |
| Gross Frontage | 11.89 m | 39'0" |
| Zone A | 68.65 sq m | 739 sq ft |
| Zone B | 69.77 sq m | 751 sq ft |
| Zone C | 69.77 sq m | 751 sq ft |
| Remainder | 159.97 sq m | 1,722 sq ft |
| ITZA | | 1,517 |
| Total Ground Floor | 368.16 sq m | 3,963 sq ft |
| First Floor | 220.17 sq m | 2,370 sq ft |
| Second Floor (Boiler Room) | 53.70 sq m | 578 sq ft |
| Total | 642.03 sq m | 6,911 sq ft |

A set floor plan is available to download, and the measured survey report will be re-addressed to a purchaser at a cost of £545 + VAT.

Tenure

Long leasehold interest for a term commencing on the date of completion and expiring on 28th December 2187 (approximately 163 years unexpired) at a peppercorn rent.

Tenancy

The property is let to **Boots UK Limited** on two co-terminus, full repairing and insuring leases for a term of 5 years from 31st August 2023, expiring on 30th August 2028.

The passing rent is as follows:

| | |
|-------------------|--------------------------|
| 6 Commerce Way | £19,000 per annum |
| 8/10 Commerce Way | £53,000 per annum |
| Total | £72,000 per annum |

Unit 6 was previously let at £29,000 per annum and Unit 8/10 at £80,000 per annum (total rent of £109,000 per annum). Therefore, the rents have been re-based.

The tenant had a break option on 30th August 2026 which was removed in accordance with a Deed of Variation dated 17th June 2024, in return for a six month rent free period from 1st July 2024, expiring on 31st December 2024. The vendor will ‘top-up’ the income by way of an appropriate adjustment on the completion sum in order that a purchaser does not suffer an income shortfall.

We understand the tenant has been in occupation since 1978 and entered into a lease renewal in August 2023, demonstrating their desire to remain in the property.

Note that in accordance with the occupational leases, if access to the main square within the Centre is not possible and/or the direct pedestrian route between the main car park and the subject property is closed or re-routed, the rent shall be reduced to 50% until access to the main square is possible and/or the pedestrian route is opened.

Service Charge

A service charge is levied for the maintenance of the Garden Square Shopping Centre. The current charge in relation to Unit 6 is £3,893 and Units 8/10 is £16,954. This is recovered from the tenant in accordance with the terms of the occupational leases.

It should be noted that there is a service charge cap which increases annually based upon increases in the Retail Price Index.

The current service charge cap is:

| | |
|------------|-----------------------------|
| Unit 6 | £4,071.64 exclusive of VAT |
| Units 8/10 | £17,485.82 exclusive of VAT |

Hence, there is no landlord shortfall.

Copies of the service charge accounts, and budget are provided in the data room.

Covenant

Boots UK Limited (Company Number 00149328) has reported the following figures:

| | 31st August 2023 | 31st August 2022 |
|-----------------|------------------|------------------|
| Revenue | £7,053,000,000 | £6,512,000,000 |
| Pre-Tax Profits | £60,000,000 | £4,000,000 |
| Net Assets | £1,543,000,000 | £1,815,000,000 |

Boots is the UK's leading health and beauty retailer, with 2,100 stores ranging from local community pharmacies to large destination health and beauty stores. The company employs around 52,000 people and around 85% of the UK population is within 10 minutes of a Boots store. For more information visit www.boots-uk.com.

VAT

The property has been registered for VAT. It is anticipated that the sale will be treated as a Transfer of a Going Concern (TOGC) subject to compliance with the provisions in the sale contract.

Proposal

We are instructed to seek a figure of **£685,000**, (Six Hundred and Eighty Five Thousand Pounds) subject to contract, reflecting a net initial yield of **10.0%** assuming purchaser's costs of 5.27%.

Please note that a purchaser will be re-charged the costs of the measured survey (£545 +VAT) and searches (£1,189.72) which are provided in the data room.

Please note that a purchaser will be charged a Transaction Fee of 1.0% of the Purchase Price plus VAT.

Investment Considerations

1. The property is located in an affluent location within the London commuter belt;
2. The property occupies a prime retailing pitch within the Garden Square Shopping Centre;
3. Securely let to Boots UK Limited (Net Assets Funds £1,543,000,000);
4. Let on two new co-terminus leases from August 2023;
5. The tenant has been in occupation since 1978 (46 years) and signed a reversionary lease, demonstrating their commitment to the property;
6. Attractive lot size for an investor;
7. Attractive net initial yield.

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All Properties are listed subject to contract and the prices shown are exclusive of VAT if applicable.