



PRIME FREEHOLD CITY CENTRE
SUPERMARKET INVESTMENT
WITH REBASED RENT





TESCO
BEWELL STREET
HEREFORD

Additional supermarket representation outside the city centre includes Morrison, Tesco and Lidl.



- Prime supermarket in the attractive and affluent Cathedral City of Hereford.
- City centre location on a large site of 3.6 acres with potential for redevelopment in the future (subject to planning).
- Tesco supermarket extending to approximately 68,326 sq ft (6,347.5 sq m).
- Additionally, a 2,940 sq ft prime retail unit at 30 Eign Gate also let to Tesco Stores Limited on co-terminous terms.
- Tesco Stores Limited (D&B 5A2) expiring on 5th December 2029 (in excess of 8 years unexpired).
- Rebased rent of £550,000 per annum, reflecting £7.72 per sq ft overall – a 48% reduction from the previous rent.
- Tesco have been in occupation since 1985.
- Freehold.
- Subject to five yearly open market rent reviews – next review December 2024.

PROPOSAL

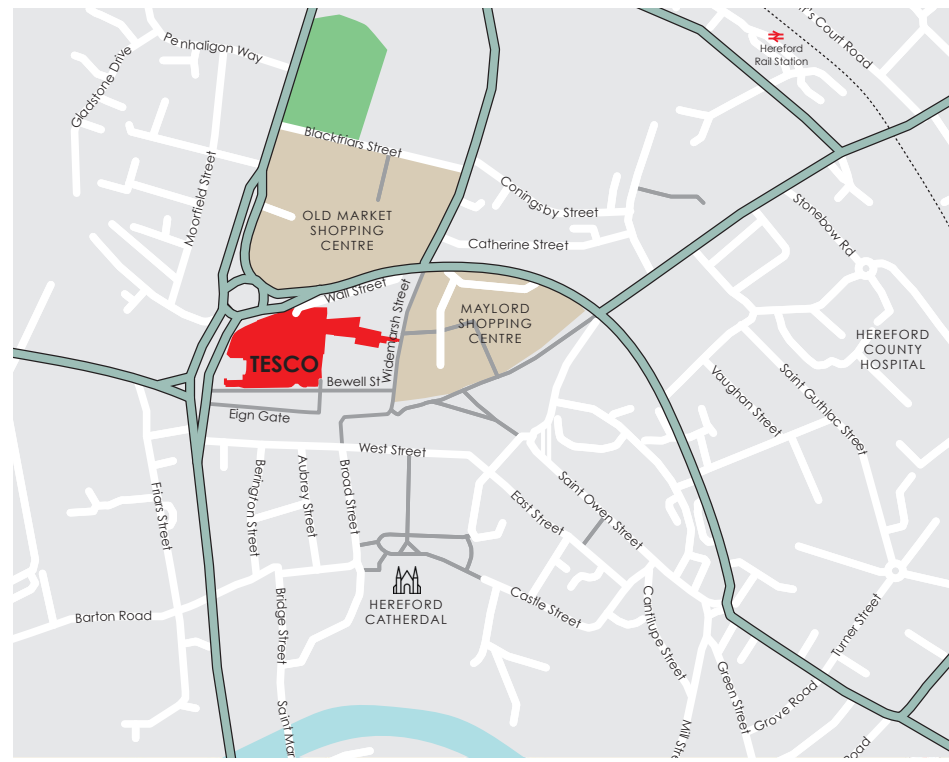
Offers are invited in excess of **£9,000,000 (Nine Million Pounds)** subject to contract and exclusive of VAT reflecting a **net initial yield of 5.73%** assuming costs of acquisition of 6.68%. **This price reflects a low capital value of £126 per sq ft.**

“the city
attracts
approximately
5.1 million
tourists per
year”

Hereford is an affluent and attractive Cathedral City and the county town, commercial and administrative centre of Herefordshire. The town is situated on the River Wye approximately 28 miles (45 km) south west of Worcester, 28 miles (45 km) north west of Gloucester and 58 miles (93 km) north east of Cardiff.

Hereford benefits from good road communications with the A49 providing access north and south, the A438 providing access east and west and the A465 providing access north east and south west. The M50 is located 20 miles (32 km) to the south east of Hereford and links directly to the M5 (Junction 11) located approximately 10 miles (16 km) further to the east of Hereford which provides access to Birmingham to the north and Bristol and Exeter to the south. Additionally, Hereford Railway Station is located on the Welsh Marches Line and provides direct services to Birmingham New Street and Cardiff Central with fastest journey times of 1 hour 30 minutes.

Hereford has a primary catchment population of approximately 267,000 with an estimated shopping population of over 141,000. Over 50% of the shopping population is classed within the ABC1 profile and the city is ranked 54th on the PMA Affluence Indicator. Additionally, the city attracts approximately 5.1 million tourists per year with Hereford Cathedral being a main attraction. The New Model in Technology and Engineering (NMITE) opened in 2020 and the university aims to attract 5,000 students by 2032.





“ the cathedral city is a major retail and tourist focal point for the area due to the lack of nearby competition ”

Hereford is the retail focal point for the area with a lack of surrounding retail competition. Hereford has seen a period of rejuvenation over the last few years and Hereford's 2020 'High Town Refurbishment' aims to attract even more shoppers, traders and businesses to the city centre.

The city's prime shopping is focused around High Town and High Street and offers an historic, busy and attractive environment and retains a strong line up of occupiers including Marks & Spencer, Primark, Boots, New Look, WH Smith, Lloyds Bank and Costa Coffee. Hereford Retail Market takes place every Wednesday and Saturday on High Town and Commercial Street. Hereford Produce and Craft Market takes place every Thursday and the first

Saturday in the month along High Town. These result in significant additional footfall to this traditional city centre.

British Land's Old Market retail and leisure development in Hereford City Centre opened in 2014 and that year was crowned "New Centre of the Year" by the British Council of Shopping Centres. The scheme comprises 310,000 sq ft and is anchored by Next, H&M and Waitrose as well as a 6-screen Odeon Cinema and various restaurants.

Hereford's other shopping centre, The Maylord Shopping Centre opened in 1987 and comprises 150,000 sq ft. Tenants within the centre include Wilko, Boots Opticians, The Body Shop and Sports Direct.



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DESCRIPTION

The property is situated on the western side of the city centre between Old Market and High Street and is the only major supermarket within the ring road allowing easy walking distance to the city centre.

The property occupies a highly prominent town centre purpose built foodstore originally constructed the mid-1980s and occupied by Tesco ever since. The site benefits from access via the A438 (Newmarket Street) and the A49 (Victoria Street) via Bewell Street. The property comprises a detached purpose-built red brick foodstore arranged over ground and first floors and benefiting from both basement and surface car parking areas for 330 cars.

The sales area is at ground floor. The ground and first floors are connected by two staircases and a lift at the rear of the building. The first floor is used for staff offices, staff restaurant and storage of bulky and valuable non-food goods. The property

includes an independent, secure service yard at the rear. This service yard is accessed directly off the ring road and is separate to the car park. The service yard has two full height loading bays and a scissor lift.

The city's bus station and a taxi rank operate on part of the site. There is an extensive local and county bus service which benefits footfall at the store.

Additionally, there is a period terraced retail and office building fronting the pedestrianised Eign Gate with an external walkway through the building to Bewell Street. The building is arranged over basement, ground and two upper floors and whilst let to Tesco Stores Limited on an overriding lease is currently unoccupied.

The supermarket site extends to approximately 3.6 acres (1.46 hectares) affording a site cover of approximately 30%.



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ACCOMMODATION & TENURE



The property has been measured by Hollis in accordance with the RICS Code of Measuring Practice (Sixth Edition). A copy of this survey will be assignable to the purchaser and is available on our dataseite. The approximate floor areas of the property are as follows:

TESCO STORE	GIA	
	Sq M	Sq Ft
Ground	4,348.4	46,806
First	1,999.3	21,520
TOTAL	6,347.7	68,326

Additionally, there is a basement car park of approximately 4,158 sq m (44,756 sq ft).

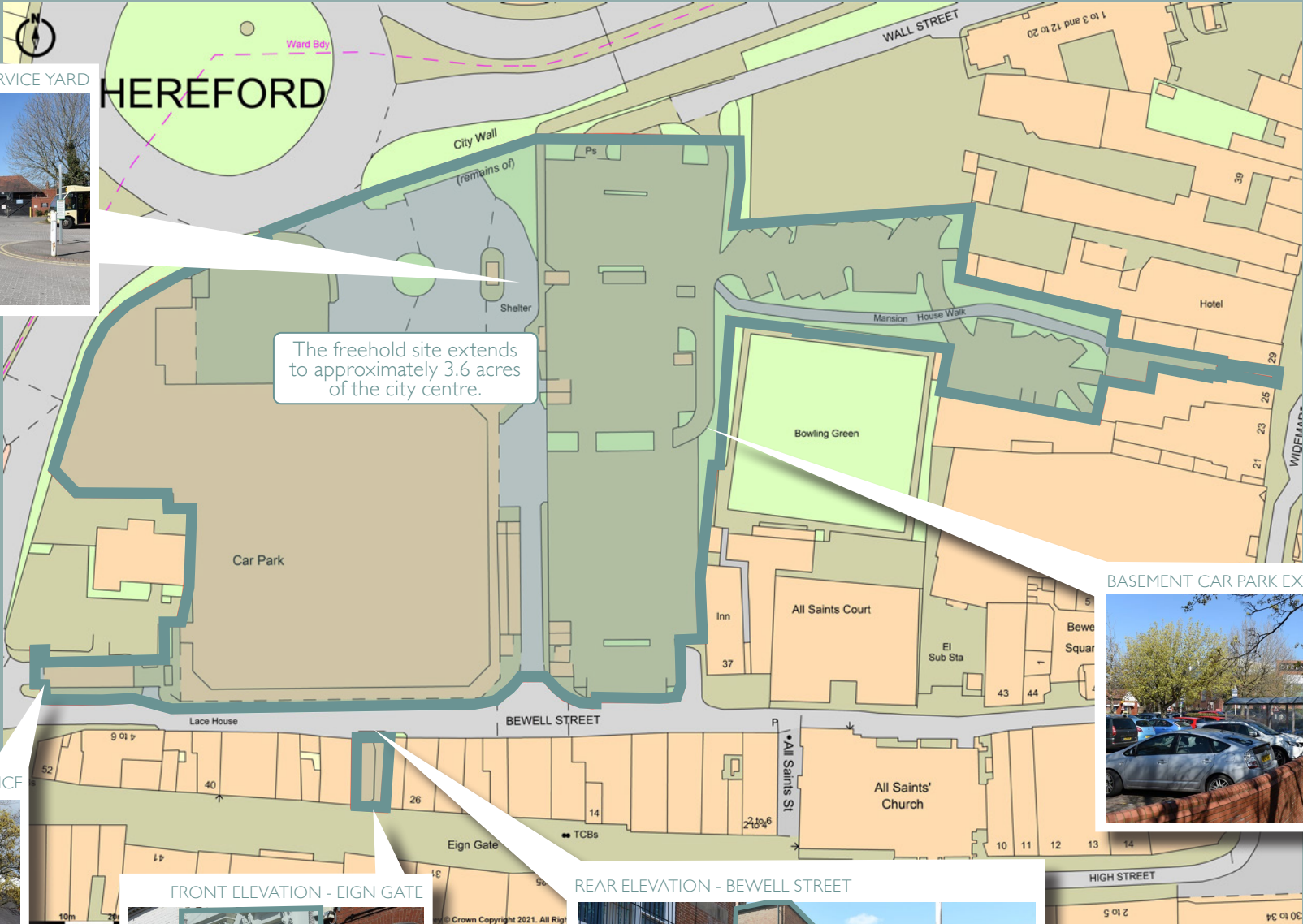
30 EIGN GATE	NIA	
	Sq M	Sq Ft
Basement	63.4	682
Ground	68.4	736
First	70.8	762
Second	70.6	760
TOTAL	273.2	2,940

There are 330 car parking spaces in total comprising customer, staff and disabled car parking offering a ratio of 1:207 sq ft.

TENURE

The property is held Freehold.





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HEREFORD

OS PLAN

BUS STATION & SERVICE YARD



The freehold site extends to approximately 3.6 acres of the city centre.

BASEMENT CAR PARK EXIT



BASEMENT CAR PARK ENTRANCE



FRONT ELEVATION - EIGN GATE



REAR ELEVATION - BEWELL STREET



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Plotted Scale - 1:1250. Paper Size - A4



TENANT COVENANT

Tesco Stores Limited (Company No: 519500)

Tesco Stores Limited, established in 1953, is the principal UK operating subsidiary of Tesco Plc. Tesco Plc (D&B 5A1), which was established in 1919 and is now the UK's largest retailer, listed on the London Stock Exchange with a market capitalisation of 18 billion (April 2021) and is a member of the FTSE 100 index of leading UK shares. Tesco is the largest supermarket operator in the UK with a market share of approximately 27%. Tesco operates over 6,800 stores worldwide employing over 450,000 people. There are currently over 3,900 stores in the UK. Further information can be found at www.tesco.com.

Tesco Stores Limited has a current low risk **D&B rating of 5A2** and reported the following financial information for the last three years:

Year Ending	February 2020	February 2019	February 2018
Turnover	£42,951,000,000	£42,219,000,000	£41,367,000,000
Pre-Tax Profit (Loss)	£1,151,000,000	£737,000,000	£417,000,000
Tangible Net Worth	£4,817,000,000	£5,167,000,000	£4,071,000,000



“ Tesco operates over 6,800 stores worldwide employing over 450,000 people. There are currently over 3,900 stores in the UK ”

TENANCY

The two properties are let on separate full repairing and insuring leases to Tesco Stores Limited, for a term of 10 years from 6th December 2019 **expiring on 5th December 2029 (in excess of 8 years unexpired)** at a total current passing rent of **£550,000 per annum, reflecting £7.72 per sq ft overall.**

Tesco Supermarket: **£532,500 per annum.**
 30 Eign Gate: **£17,500 per annum.**

The rent is paid quarterly in advance and is subject to an upward only open market rent review is on 6th December 2024. There is a maximum cap on the rent review uplift of 10%.

Tesco have been in situ since 1985 and prior to the lease re-gear in 2019 were paying **£1,060,000 per annum.** The re-gearred rent has therefore been reduced by approximately 48%.



TENANCY & TENANT COVENANT



The supermarket investment market remains buoyant with strong covenants, long income and secure rental payment reliability proving particularly attractive characteristics in the current market and has seen increased investor demand. The sector has witnessed strong liquidity against an investment backdrop of a flight to quality as investors seek safe havens. All of the major food retailers have benefited from sales growth due to increased consumption at home.

Recent comparable transactions include:

Date	Property	Area (Sq Ft)	Unexpired Term	Rent Review	Price	Net Initial Yield	Capital Value (£psf)
Marketing	Sainsburys, Sunderland	103,000	16 years	OMV	£34,900,000	5.00%	£338
July 2021	Tesco, Sheffield	40,576	14.5 years	OMV	£11,155,000	4.70%	£275
December 2020	M&S, West Wickham	17,675	8.0 years	OMV	£6,960,000	5.25%	£394
September 2020	Waitrose, Canterbury	45,000	11 years	OMV	£13,050,000	5.38%	£290
August 2020	Tesco, Crowborough	27,405	5.5 years	OMV	£6,600,000	5.62%	£240
June 2020	Waitrose, Stamford	27,761	9.5 years	OMV	£7,300,000	5.50%	£263
May 2020	Tesco, Brislington	103,966	9.7 years	OMV	£24,250,000	5.86%	£406

“ Tesco is the largest supermarket operator in the UK with a market share of approximately 27%. ”



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ENVIRONMENTAL & BUILDING SURVEY

Delta Simons have carried out a Phase I Environmental Assessment providing a **LOW RISK** overall risk status. Hollis have carried out a building survey. Both reports will be assignable to a purchaser and copies are available on our datasite.

VAT

The property is elected for VAT and VAT will therefore be chargeable on the purchase price if it is not possible to arrange this transaction by way of a transfer of a going concern.

EPC

The property EPC rating is E – further information is available on our datasite.

FURTHER INFORMATION

For further information or to arrange an inspection to view, please contact:

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SUBJECT TO CONTRACT | EXCLUSIVE OF VAT

INVESTMENT | DEVELOPMENT | ASSET MANAGEMENT

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