

PRIME FREEHOLD RETAIL INVESTMENT

27 HIGH TOWN, HEREFORD HR1 2AB



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Prime High Town Location**Let to Clinton Cards with surety****Lease expiry March 2018****Rebased Rent****Rent £100,000 per annum****Guide Price £1,585,000****Net initial yield 6.00%****HEREFORD**

The historic cathedral city of Hereford is the county town of Herefordshire and is situated in the rich agricultural area close to the Welsh border. The city is an important administrative centre but has a local economy that embraces industry, agriculture and tourism.

The resident population is approximately 56,400 persons with around 76,500 living within 6 miles and 125,000 living within 12 miles. These numbers are considerably increased – especially in the summer months – by visitors and holidaymakers. Herefordshire attracts about 5 million visitors annually.

The city is approximately 137 miles north-west of London and 48 miles south-west of Birmingham. Communications are good with access to the national motorway network available from Junction 4 of the M50 fifteen miles to the south. The A49 links with Shrewsbury and the A50 to the north and Ross-on-Wye to the south. Rail services are available to London Paddington with a fastest journey time of around 2hrs 40 minutes.

LOCATION

High Town is fully pedestrianised and represents the prime retail location in Hereford. It is supplemented by High Street, Commercial Street, Eign Gate and the Maylord Shopping centre.

The property occupies a very strong location on the south side of High Town between Vodafone and WH Smith just three doors from Marks & Spencer. The main entrance to the covered market is opposite.

This part of the shopping area has recently been enhanced by the arrival of **Primark** at the southern end of Widemarsh Street. There is therefore a concentration of major stores occupied by **Marks & Spencer**, **New Look**, **WH Smith**, **Boots** and **Primark** very close to the subject property.

The location is indicated on the attached Goad plan extract.



There is a proposal for a mixed use redevelopment of the old livestock market on a site between Blackfriars Street and Newmarket Street just north of the Ring Road. Proposals for the site have existed for many years and have been changed many times.

The latest proposal is for a department store, multiplex, foodstore, just over 20 large shops and about 8 catering units together with parking. Outline planning consent was obtained in April this year and the developers have suggested a completion date as early as autumn 2013.

If the scheme goes ahead, the western end of High Town (where the subject property is situated) with its concentration of major stores should certainly continue to represent prime and will benefit by the increased retail offer for the city. With an opening in 2013 or 2014, any resettlement should be long finished before the lease expires.

DESCRIPTION

The accommodation is arranged over ground and three upper floors within a grade II listed building having brick elevations under pitched roofs. It was substantially refurbished and extended in 1998.

The ground floor is used for sales. The first floor has been used for sales in the past but the current tenant uses it and the other upper floors for ancillary purposes. There is a basement which is not used and has not been valued.

DIMENSIONS

The property has the following approximate dimensions and net floor areas:-

Gross Frontage	24'10"	7.57 m
Net Frontage	23'02"	7.06 m
Shop Depth	75'00"	22.86 m
Ground Floor Sales	1,502 sq.ft.	139.54 m ²
ITZA	799 units	
First Floor Sales/Ancillary	1,270 sq.ft.	1,179.99 m ²
Second Floor Ancillary	509 sq.ft.	47.29 m ²
Third Floor Ancillary	217 sq.ft.	20.16 m ²

TENURE

The property is freehold.

It is let to **Clinton Cards (Essex) Ltd** with a surety from **Clintons Cards plc** on a full repairing and insuring basis for a term of 25 years from March 1988 and expiring on 24th March 2013. This is a privity document and **Signet Group Ltd** was the previous tenant.

There is a reversionary lease in place to **Clinton Cards (Essex) Ltd** with a surety from **Clintons Cards plc** for a further 5 years taking the expiry date to **24th March 2018**.

The rent is **£100,000 per annum** without further rent review.

As part of the deal to grant the reversionary lease for a further 5 years, the current rent was reduced from £116,000 per annum to £100,000 per annum. No other payments or concessions were made or granted.

TENANT COVENANT

Clinton Cards (Essex) Ltd (Company Number 01482456) is one of the country's leading retailers for gifts, greeting cards and stationery. The company operates more than 700 stores throughout the UK. **Clinton Cards plc** (Company Number 00985739) is the main group holding company.

For the year ended August 2010 the Clinton Cards (Essex) Ltd had a turnover of **£336 million**, pre-tax profit of **£12.2 million** and net worth of **£19.6 million**. Experian rate the company as 'A Very Low Risk (confidence)'. Clinton Cards plc had a turnover of **£400 million**, pre-tax profit of **£11 million** and net worth of **£19.16 million**. Experian rate the company as 'A Very Low Risk (confidence)'.

For further information please see www.clintoncards.co.uk



COMMENT ON RENT

The rent has recently been rebased. We devalue the new rent of £100,000 per annum to a zone A rate close to **£110.00 per sq ft**, taking the first floor sales/ancillary at £8.00 per sq ft, second floor at £3.00 per sq ft and third floor at £1.00 per sq ft.

The previous rent of £116,000 per annum was set in 2008 and reflected a zone a rate of £135 per sq ft. This was the tone at the time and many current passing rents are in the range £130 - £150 per sq ft.

The lease restructuring exercise did not involve the payment of any incentives to the tenant.

PROPOSAL

For the freehold interest subject to the benefit of the letting, we seek offers in the region **£1,585,000** subject to contract to show a net initial yield of **6.00%** with purchase costs taken at 5.75%.

This represents an opportunity to purchase an absolutely prime shop in a strong retail centre which is traditionally popular with investors. Growth prospects from the rebased rent are very good.

FURTHER INFORMATION

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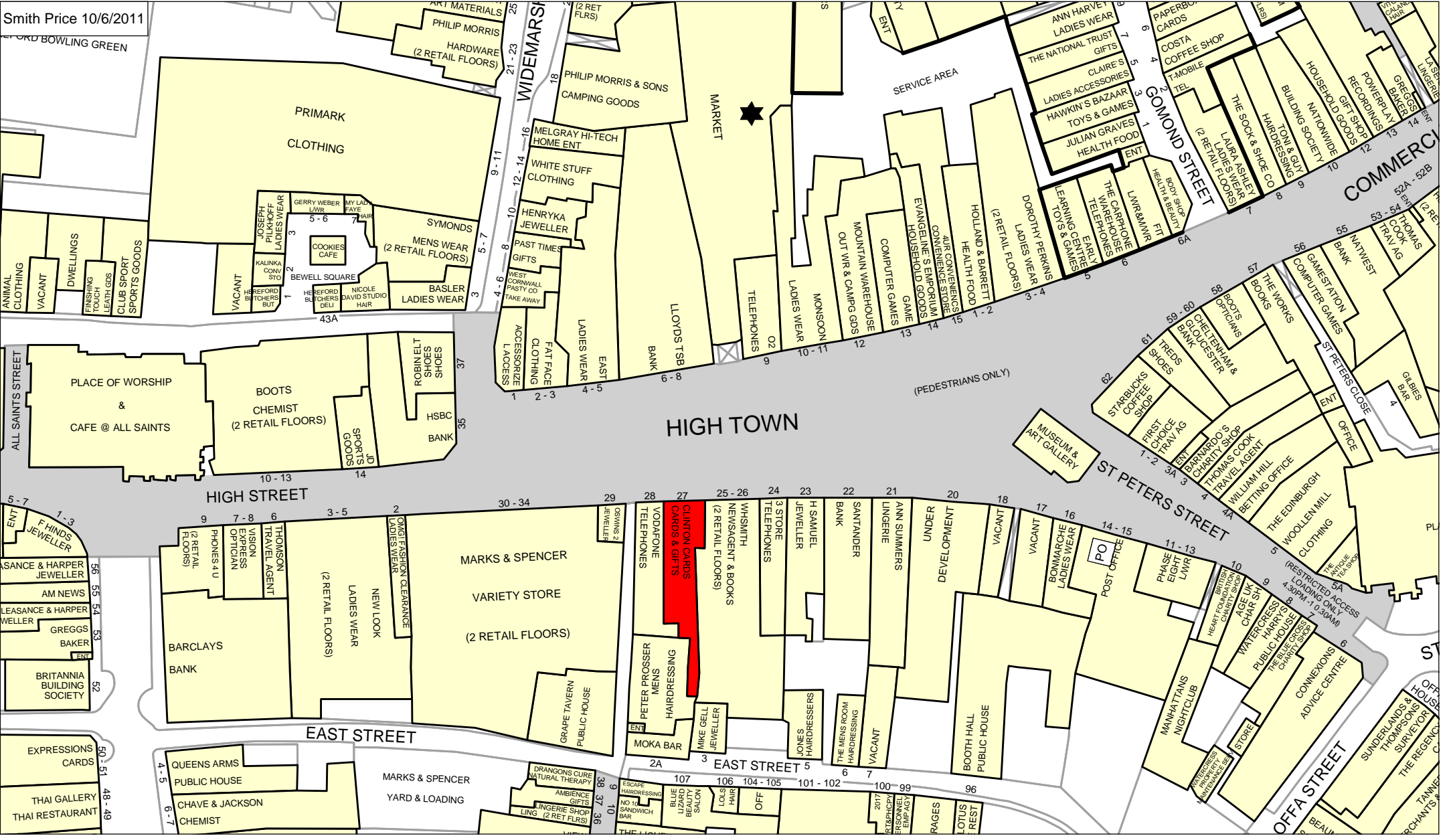
**THE PROPERTY IS REGISTERED FOR VAT
SUBJECT TO CONTRACT**

MISREPRESENTATION ACT

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