

Highly Secure Discount-Store Investment



31 Albert Street | Kirkwall KW15 1HL

£635,000

offers in excess of

JW Johnston Waddell

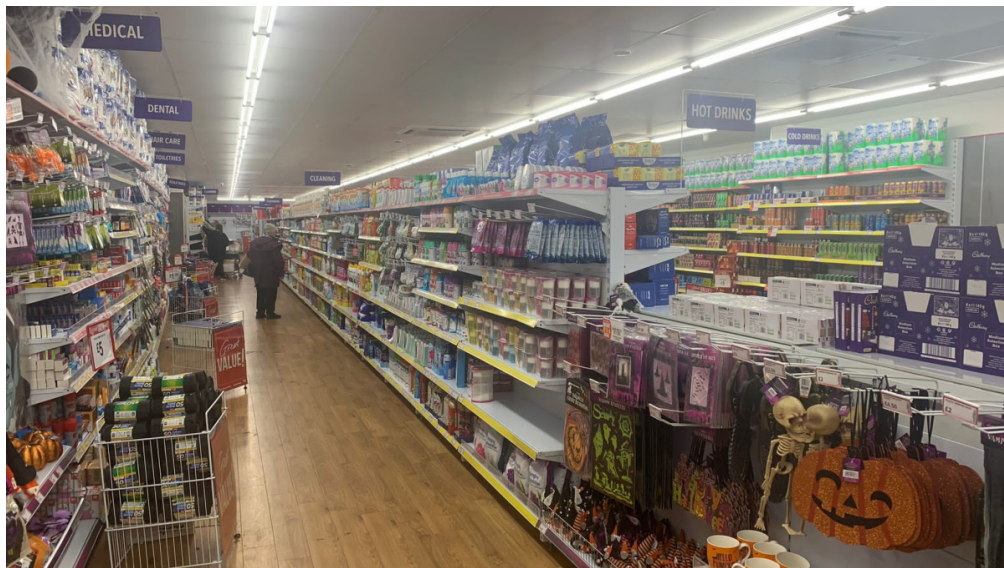
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SUMMARY

- Entire building let to Poundstretcher Ltd
- New 10 year lease from September 2022 (TBO September 2027)
- Situated in prime retailing pitch
- Only National discount operator on the island
- Offers in excess of £635,000, subject to contract
- Attractive net Initial Yield of 9.00%



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LOCATION

The Orkney Islands lie approximately 10 miles to the north of the Scottish mainland. Orkney was voted the best place to live in Scotland for 8 consecutive years.

Kirkwall is the largest settlement and the administrative centre of the Orkney Islands and is a bustling and busy town.

SITUATION/DESCRIPTION

The property is situated in the prime section of Albert Street, which is the principal retailing street within the town. Nearby occupiers include Boots, Superdrug and a variety of independent retailers.

The subjects comprise a large mid terraced unit, with traditional 2 storey building to the front and large single storey extension to the rear.

We understand from the Valuation Roll that the property has a net internal floor area of **967.96 sqm (10,419sq ft)**

TENURE/TENANCY

Heritable (Scottish equivalent of English freehold).

The entire ground floor has been let to Poundstretcher Ltd on a new lease (subject to a Schedule of Condition), for a period of 10 years with effect from 1st September 2022. The tenant has a break option on 1st September 2027, on giving 6 months prior written notice.

The current rent is **£60,000pa** and the rent increases to **£70,000pa** with effect from 1st September 2027, if the tenant does not exercise the break option.

The rent has been re-based from £75,000 which was being paid by the previous occupier

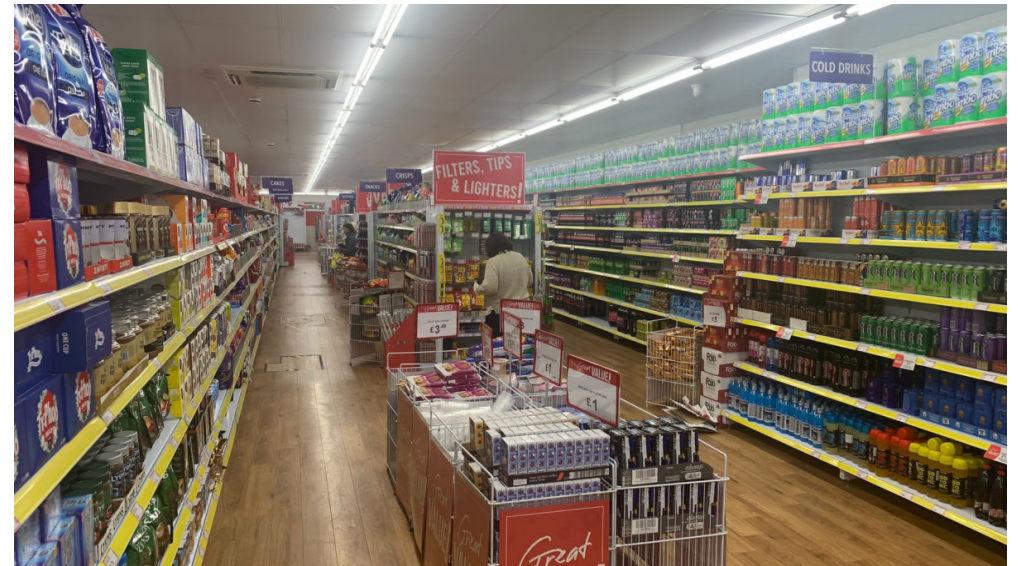
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COVENANT

Established in 1981, Poundstretcher is a leading variety discount retailer for quality food, toiletries, garden essentials, and home-ware brands with over 350 Poundstretcher stores throughout the UK plus an additional 80 stores trading as Bargain Buys

The company undertook a highly successful CVA in July 2020 and as result the company is debt free. Most recent accounts confirm the company is now trading profitably, showing pre-tax profits in the region of **£30M** to the year end March 2021, with pre-tax profits for the year to March 2022, expected to be in the region of **£40M**. They are planning to open a further 50 stores over the next 3 years throughout the UK.

We are advised that the tenant is trading well from the property and sales are "well ahead" of original forecasts.



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VAT

The property has been elected for VAT and therefore VAT will be payable on the purchase price. It is anticipated that the transaction will be treated as a Transfer of a Going Concern (TOGC).

PROPOSAL

We are instructed to seek offers in excess **£635,000** (Six Hundred and Thirty-Five Thousand pounds), exclusive of VAT, in respect of our clients Heritable Interest in the property, with the benefit of the existing lease. This reflects an attractive Net Initial Yield of **9.00%** after deduction of purchasers costs.

INVESTMENT CONSIDERATIONS

1. Poundstretcher are the only national discount retailer on the island
2. Tenant signed a brand new lease in September 2022 demonstrating their commitment to the location
3. Market rent with fixed up lift in 5 years
4. Tenant trading ahead of forecasts
5. Highly profitable company
6. Attractive net initial yield of 9.00%



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SUBJECT TO CONTRACT & EXCLUSIVE OF VAT

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Finance Act 1989

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Property Misdescriptions Act 1991

These details are believed to be correct at the time of compilation, but may be subject to subsequent amendment.

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