

46 HANOVER ST.
LIVERPOOL
L1 4AF

JACKSON
CRISS

REBASED LONG LET INDEXED
SUPERMARKET INVESTMENT

EXTREMELY PROMINENT
CORNER SITE, FORMING
PART OF THE HIGHLY
SUCCESSFUL LIVERPOOL
ONE DEVELOPMENT.



INVESTMENT SUMMARY

Prime rebased regional city centre food store investment.

Liverpool is the 2nd largest city in the north west of England, situated approximately 34 miles west of Manchester.

In 2021, Liverpool ranked 2nd for the volume of total retail spend available in the region of £6bn.

Liverpool's economy is extremely buoyant with new developments and regeneration schemes contributing to an economy worth over £121bn.

Extremely prominent corner site, forming part of the highly successful Liverpool ONE development.

Let to the strong covenant of Tesco Stores Limited (Co No: 00519500) on a new 15-year reversionary lease at a rebased rent which reduced by 25%.

Tesco have been in occupation since 2008 and recently regared the lease, demonstrating the strength of trade and commitment to the site which trades 7 days a week.

Proposal

We are instructed to seek offers in excess of **£7,100,000 (Seven Million One Hundred Thousand Pounds)** subject to contract and exclusive of VAT which reflects a net initial yield 6.46% in June 2023, which is forecast to increase to 7.49% in June 2028, assuming 3% pa annual compound indexation. All yields are net of standard purchasers costs.



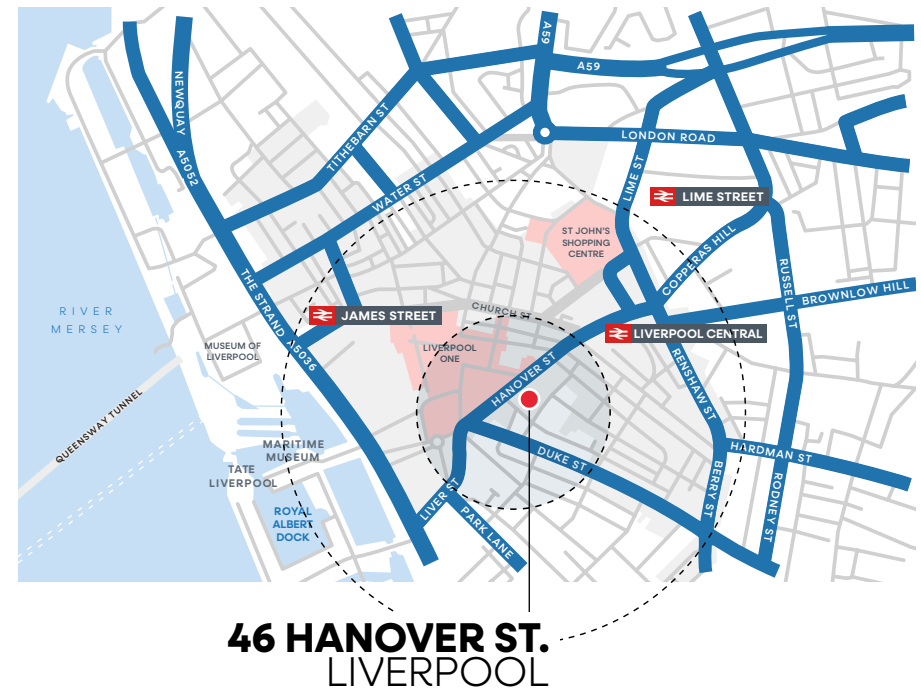


LOCATION OVERVIEW

Liverpool is the second largest city in the north west of England and is situated approximately 34 miles (55 km) west of Manchester and 18 miles (29 km) north of Chester.



The city has excellent road connections to the M62, M58 and M67 providing access to the M6 motorway, 12 miles (19 km) to the east linking the city to Birmingham and the Scottish border. Manchester, Leeds and Hull are also easily accessible by the M62. The public transport network within Liverpool is well established and the local bus network provides extensive services centering on the principal bus stations at Queens Square and Liverpool ONE. The city is well served by both overground and underground rail networks linking Liverpool to the surrounding areas. A regular rail connection with London Euston is also provided from Liverpool Lime Street with a fastest journey time of 2 hours 15 minutes. Liverpool John Lennon Airport, one of Europe's fastest growing airports is located 8 miles (13 km) south of the city, Manchester Airport can also be reached within a one-hour drive time.



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DEMOGRAPHIC PROFILE

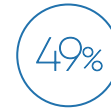
Liverpool has an estimated shopping population of 704,000 people which ranks the city 4th of the PROMIS Centres. The Metropolitan area benefits from the 3rd largest primary retail catchment in the UK with a population of 1,140,000.



The city ranks second in the UK in terms of the volume of total retail spend within the Primary Retail Market Area, with total retail expenditure amounting to c.£8bn in 2021. The city has the 8th largest retail spend in the UK per annum and generates a significant amount of expenditure from tourism. Retail spend in the city is boosted by its status as the European capital of culture (2008) and the above average population of c.54,000 students who attend Liverpool's three universities.



Liverpool is the 4th most visited city in the UK (Liverpool Echo). Tourism is a major source of economic wealth for Liverpool with an estimated 67 million tourists per year to the Liverpool City region, generating an estimated £4.9 billion for the local economy and supports in excess of 55,000 jobs (Liverpool City Region - 2019). Liverpool has 1.5 million residents, with almost 900,000 being between the ages of 16-60 years old. Furthermore, 49% of Liverpool's population aged 16-64 are classed in the most affluent ABB and C1 social grade.



Liverpool is the fastest growing UK city outside of London (www.investinliverpool.com). The population of Liverpool's city centre has more than doubled in the last decade fuelled by a rise in young professional jobs.

Major employers in the area include:



RETAILING IN LIVERPOOL

Liverpool city centre is one of the strongest retailing centres in the UK, ranked second on the PROMIS retailing centres in terms of retail provision, providing approximately 2.6 million sq ft of retail floorspace.



The city centre hosts most of the UK's major retailing anchor stores including John Lewis, Marks & Spencer, Harvey Nichols and Primark, together with leading retail chains including Boots, Next, Flannels, JD Sports, River Island, T K Maxx and H&M.

The city's principal shopping centre is Liverpool ONE opened by Grosvenor in 2008, comprising 1.65 million sq ft of retail space and 230,000 sq ft of leisure space, anchored by John Lewis and a recently signed M&S, who will resite from Church Street to the former Debenhams department store, to open late 2023. Other tenants include Zara, Urban Outfitters, JD Sports and Apple.



HARVEY NICHOLS	RIVER ISLAND	FLANNELS	next	John Lewis	Apple
ZARA	H&M	PRIMARK®	M&S	URBAN OUTFITTERS	JD



PROPERTY DESCRIPTION

The subject property is the largest dedicated food store in Liverpool City Centre. The property comprises a substantial purpose built supermarket providing sales accommodation on ground and first floors, with ancillary accommodation on the 2nd floor. The unit benefits from dedicated servicing to the rear.

The property was constructed in 2008 and forms part of a larger block including Home Bargains and a 570 space car park operated by Q Park.

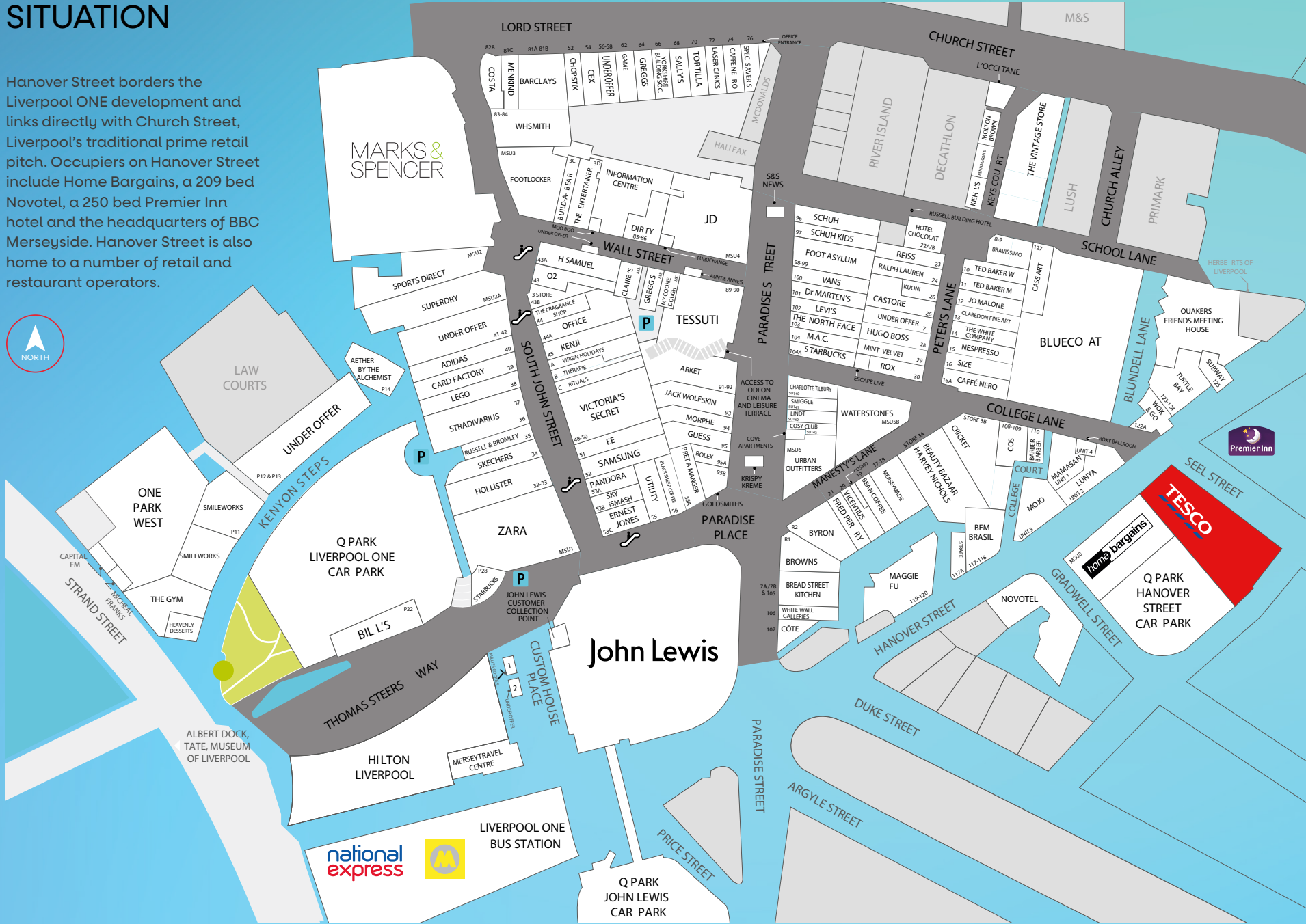
The first floor sales area which retails food products and non-

food products including health & beauty, homewares, electricals and clothing is accessed by means of an up/down travelator sited on the left hand side of the unit. There is a shopper entrance from the car park lobby on the ground floor into the store.



SITUATION

Hanover Street borders the Liverpool ONE development and links directly with Church Street, Liverpool's traditional prime retail pitch. Occupiers on Hanover Street include Home Bargains, a 209 bed Novotel, a 250 bed Premier Inn hotel and the headquarters of BBC Merseyside. Hanover Street is also home to a number of retail and restaurant operators.



Plan for identification purposes only.

TESCO SUPERSTORE
MSU10, 46 HANOVER ST. LIVERPOOL, L1 4AF

ACCOMMODATION

The property comprises the following approximate gross internal floor areas:

Ground Floor Sales	18,707 sq ft	1,737.9 sq m
First Floor Sales	17,585 sq ft	1,633.6 sq m
Second Floor Ancillary	12,623 sq ft	1,172.7 sq m
Loading Area	1,902 sq ft	176.7 sq m
TOTAL FLOOR AREA	50,817 sq ft	4,720.9 sq m



Tenure

The property is held on a 249 year effectively full repairing and insuring lease from 5th June 2009 at a peppercorn rent. The immediate landlord is Liverpool PDSA Ltd who hold a 255-year lease from 25th March 2008 from Liverpool City Council.

Tenancy

The entire property is currently let to Tesco Stores Limited (Co No: 00519500) on an effectively full repairing and insuring lease for a term to expire 23rd June 2023, at a current rent passing of £655,841 pa, together with a reversionary lease to Tesco Stores Limited (Co No: 00519500) for a term of 15 years from 24th June 2023, with a tenant only break clause on 1st June 2033. As part of the reversionary lease the rent has been reduced from £655,841 pa to £490,000 pa reflecting a c.25% reduction.

The reversionary lease is subject to 5 yearly upward only rent reviews, linked to the Retail Price Index, with a collar of 1% and a cap of 3%, compounded annually. The next rent review is 24th June 2028. The passing rent reflects c.£16 per sq ft applying 1/2 rate to the first floor sales and £3.50 per sq ft to the second floor and loading.



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FOOD STORE COMPETITION

The subject store is the largest dedicated foodstore in Liverpool City Centre comprising 50,817 sq ft (4,720.9 sqm).

0-5 MINUTE DRIVE TIME		AREA sq ft
1	Marks and Spencer 35 Church St, Liverpool L1 1DF	185,442 sq ft
2	Aldi Unit 74/75 St John Centre, Liverpool L1 1LS	15,133 sq ft
3	Tesco Express 11 Lord Street Liverpool, L2 9SA	5,470 sq ft
4	Lidl Lime St, Liverpool L1 1JQ	16,030 sq ft
5-10 MINUTE DRIVE TIME		AREA sq ft
5	Tesco Express 91-93 London Rd, Liverpool L3 8JA	4,266 sq ft
6	Tesco Superstore Overton St, Edge Hill, Liverpool L7 3HE	22,203 sq ft
7	Tesco Extra 215 Park Road, Toxteth, Liverpool L8 4XF	91,567 sq ft
8	Lidl Park Hill Rd, Dingle, Liverpool L8 4UE	22,025 sq ft

COVENANT



Established in 1919, Tesco Plc are the UK's largest supermarket chain and 3rd largest grocery retailer in the world. Tesco Stores Ltd offer an undoubted covenant with a Dunn & Bradstreet Rating of 5A1 and we summarise their last 3 years accounts below:

	26/02/2022 (£)	27/02/2021 (£)	29/02/2020 (£)
Sales Turnover	44,793,000,000	42,451,000,000	42,951,000,000
Pre Tax Profit	1,260,000,000	1,018,000,000	1,151,000,000
Net Worth	7,718,000,000	4,972,000,000	4,817,000,000

Tesco Stores Ltd has an Experian score of 100/100 reflecting a very low risk.

The company recently reported strong Christmas sales with a 7.2% rise in like for like sales for its core UK and Ireland grocery business for the six weeks to 7th January compared to last year. The company raised its profit outlook above the top end of its previous £2.4bn - £2.5bn range. Tesco maintain a strong market share at 27.5%.



EPC

The property has an EPC rating of B38. Further information can be provided on request.

VAT

The property is elected for VAT purposes. It is anticipated that the investment sale will be treated as a Transfer Of A Going Concern (TOGC).



PROPOSAL

We are instructed to seek offers in excess of **£7,100,000 (Seven Million One Hundred Thousand Pounds)** subject to contract and exclusive of VAT, which reflects the following yield profile after allowing for standard purchaser's costs. The sale price would reflect a capital value of £140 per sq ft.

Net Initial Yield (24th June 2023)	6.46%
Running Net Initial Yield (24th June 2028 assuming 3% pa RPI)	7.49%
Equivalent Yield	7.00%



Recent comparable investment transactions include the following:

Tesco, Earls Street, Newton Le Willows

Long leasehold foodstore purchased by Supermarket Income Reit in August 2022 for £16.58m which reflected a net initial yield of 4.98%. The 34,000 sq ft foodstore had 12.2 years unexpired on the lease benefitting from 5 yearly upwards only RPI linked rent reviews, subject to a collar/cap of 0% and 5%.

Tesco, Thorpe Road, Melton Mowbray

Freehold foodstore sold in November 2022 for £13.75m which reflected a net initial yield of 5.38%. The 43,376 sq ft store was let to Tesco for another 15 years and benefitted from 5 yearly upwards only RPI linked rent reviews, subject to a collar/cap of 0% and 4%.

FOR FURTHER INFORMATION, OR TO RAISE AN
INSPECTION PLEASE DO NOT HESITATE TO CONTACT:

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Identity checks

In order to comply with anti-money laundering legislation, the successful purchaser will be required to provide certain identification checks. The required documents will be confirmed and requested from the successful purchaser at the relevant time.

Messrs. Jackson Criss for themselves and for the vendors or lessors of this property whose agents they are to give notice that: (i) the particulars are set out as a general outline only for the guidance of intending purchasers or lessees, and do not constitute, nor constitute part of, an offer or contract; (ii) all descriptions, dimensions, references to condition and necessary permissions for use and occupation, and other details are given in good faith and are believed to be correct but any intending purchasers or tenants should not rely on them as statements of representations of fact but satisfy themselves by inspection or otherwise as to the correctness of each of them; (iii) no person in the employment of Messrs. Jackson Criss has any authority to make or give any representation or warranty whatever in relation to this property. **103961 FEB 2023. Designed by tccommunications.co.uk**

