

Sainsbury's

**Prime Securely Let Supermarket Development
Funding Opportunity**

Sainsbury's | Arnold's Way | Yatton | North Somerset | BS49 4AR



Investment Summary

- Forward funding of a prime supermarket investment
- Located immediately to the northwest of Yatton centre and adjacent to new 380 home residential development
- A new build supermarket extending to 1,407.28 sq.m (15,148 sq.ft) pre-let to Sainsbury's Supermarkets Ltd
- Lease term 20 years (without break)
- Lease subject to five yearly upward only reviews to CPI collared at 1% and capped at 3.5% per annum compounded
- Rent £342,799 per annum (£22.63 per sq.ft)
- Excellent covenant with a Dun & Bradstreet rating of 5A1
- Site has been granted detailed planning consent for the proposed development
- Practical completion Q4 2024
- Offers are sought for the forward funding of the investment in excess of **£6,125,000**
- Net initial yield **5.25%**, assuming costs of purchase on the site of 6.63%
- Forward commitment will be considered



Location

Yatton is located approximately 11 miles south west of Bristol, four miles south of Clevedon and 10 miles north east of Western Supermare.

Yatton is located 3.5 miles south east of J28 and six miles north east of J29 of M5 motorway which provides connections to the national motorway network.

National and regional train services are available from Yatton Train Station. A direct service is provided to Bristol Temple Meads in 15 minutes.

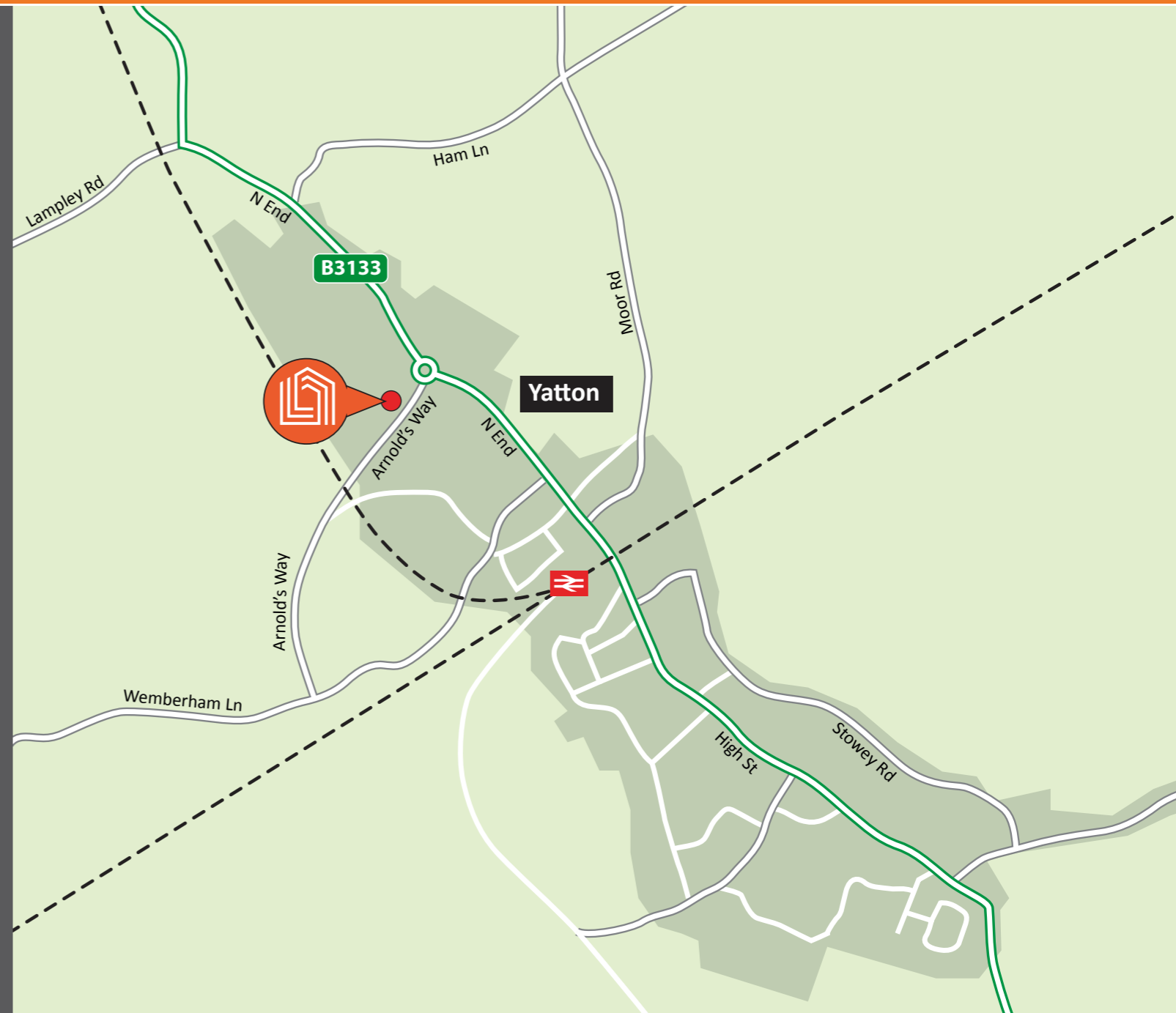
Yatton has a resident population of over 10,000 with a retail catchment population of over 30,000. Yatton is set to see significant population growth with 615 new homes allocated.

Yatton's population has a 44% top 2 Acorn rating, which is significantly ahead of the UK average of 31%.

Situation

The property is prominently situated to the northwest of Yatton centre, adjacent to a new 380 home development and in close proximity to the train station.

The property fronts onto Arnold's Way, close to the junction with B3133 which provides direct access to the centre to the south east and J28 of M5 to the northwest.



M5
J28 3.5m
J29 6m


 Bristol
 Temple Meads
15 min


 Retail catchment
 population over
30,000

Description

The development will comprise a supermarket and associated car park on a self-contained and landscaped site. The property will extend to 1,407.28 sq.m (15,148 sq.ft).

The supermarket will be constructed to Sainsbury's latest corporate specification comprising a large ground floor retail area with ancillary storage and staff accommodation to the rear of the unit. A loading area will be situated to the side elevation. Externally there will be 70 car parking spaces including 4 disabled spaces and 4 electric vehicle charging points.

The unit will be constructed to a target EPC rating of A and a BREEAM rating of Excellent.

Site Area

The site extends to 0.53 hectares (1.30 acres).

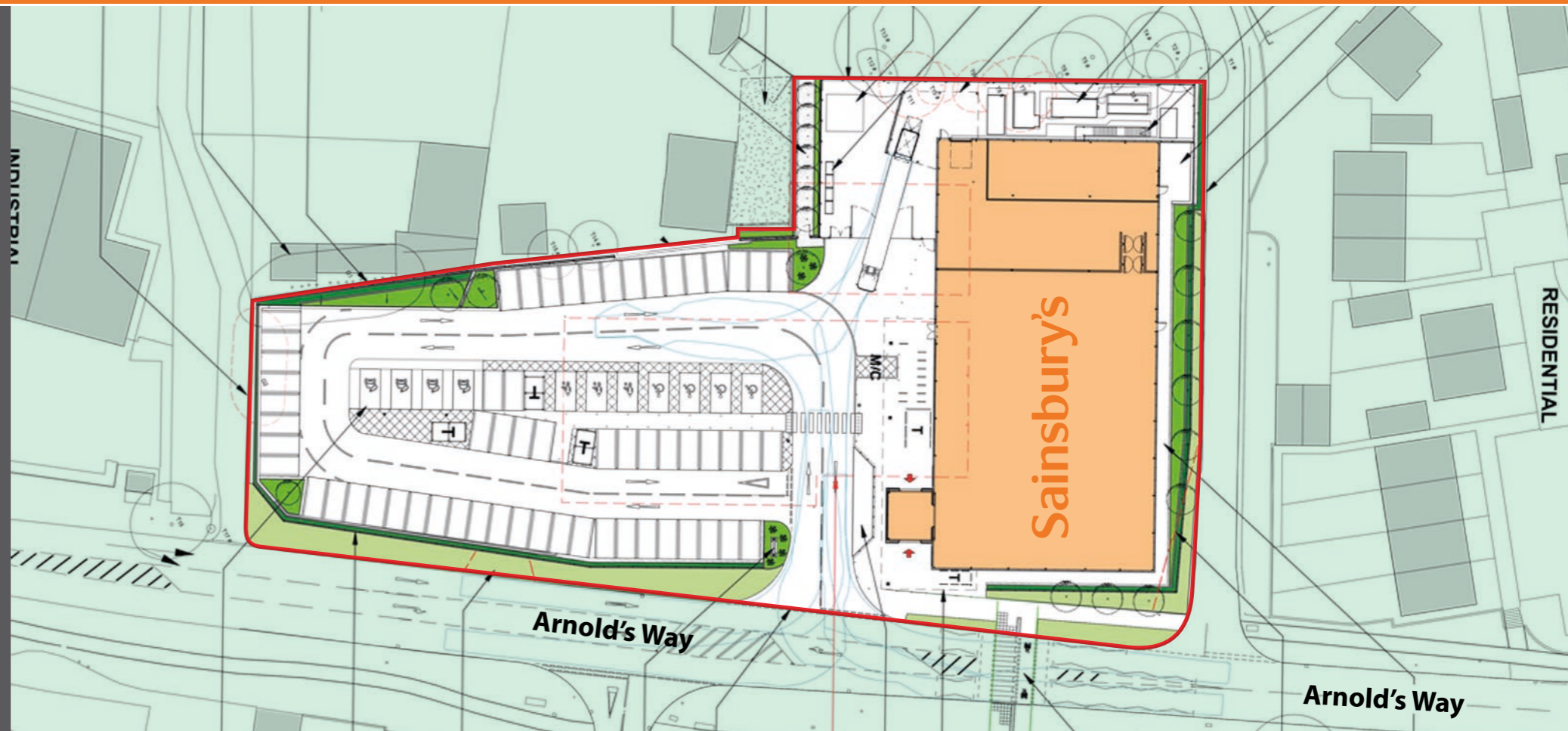
Tenure

Freehold.

Tenancy

The property is pre-let to Sainsbury's Supermarkets Ltd for a term of 20 years from practical completion. The lease is to be held on full repairing and insuring terms with five yearly upward only reviews to CPI, collared at 1% and capped at 3.5% per annum compounded.

The commencing rent will be £342,799 per annum (£22.63 per sq.ft).



Proposed South Elevation



Proposed North Elevation



Proposed West Elevation



Proposed East Elevation

Covenant

Sainsbury's

Sainsbury's was founded in 1869 and is the second largest foodstore operator in Great Britain, with a current 14.8% market share [Kantar, Sep-23].

Sainsbury's occupy over 23 million sq ft of retail space in the UK across over 1,400 stores. Sainsbury's announced their results for the 2022/23 financial year in June, with total retail sales up 5.2% and Group underlying profit before tax coming in at £690 million, at the top end of their previous guidance range.

Sainsbury's have continued their positive momentum into 2023/24 with grocery sales reported up 11% in a first quarter trading statement to 24th June 2023.

The company has a Dun & Bradstreet rating of 5A1.

The subject property has been selected by Sainsbury's for its Hub store concept which targets stores of 15,000-18,000 sq.ft in underserved residential catchments. Yatton currently does not have any larger food offers to serve the catchment population without travelling to Clevedon, Nailsea and Western Supermare. The proposed store will serve the resident population and the surrounding villages of Cleeve, Brockley, Congresbury, West Town and Langford.

A summary of the company's last three years' accounts is set out below:

Sainsbury's Supermarkets Ltd Co No: 03261722	04/03/2023 £m	04/03/2022 £m	04/03/2021 £m
Turnover	26,693	25,238	23,823
Pre Tax Profit	137	244	(56)
Net Assets	4,684	5,418	4,287

Supermarket Investment Comparables

Address	Tenant	Term Certain	Transaction Date	Price £	Yield %	Comments
Leicester	Aldi	7.9 years	Oct 23	£6,000,000	5.30%	Rent topped up to 2026 review. Reviews 5 yearly to RPI collared at 1% and capped at 2.5% per annum compounded.
Gosport	Aldi	15 years	May 23	£5,600,000	5.50%	Reviews 5 yearly to RPI collared at 1% and capped at 2.75% per annum compounded.
Weymouth	Aldi	17 years	May 23	£6,950,000	4.85%	5 yearly reviews to RPI% collared at 1% and capped at 3% pa compounded.
High Wycombe	Lidl (83%), Cobra Coffee, Wenzel's The Bakers, Osprey Charging	11 years	Jan 23	£11,000,000	5.17%	Lidl reviews 5 yearly to CPI capped at 2% pa compounded.

Planning

The Developer has received a detailed planning consent (application number 22/P/0881/FUL) for the development of a new foodstore (Class E) and associated new access, parking, servicing and associated works and landscaping following the demolition of existing building on site.

A copy of the planning consent is available on request.

Development Programme

Sainsbury's in partnership with Hinton Group have exchanged an option agreement to acquire the site. The major milestones for the development are as follows:

- **The development will commence in Q2 2024.**
- **Practical completion in Q4 2024.**

A full suite of contractor warranties will be provided to the purchaser upon Practical Completion of the development.

Developer & Contractor



The property will be developed by Hinton Group on behalf of Sainsbury's, who is one of the leading hotel, leisure, retail and childcare developers in the UK. Hinton Group is a privately owned company specializing in land acquisition, development, architectural design and construction.

Hinton has been delivering innovative development solutions for over two decades and to date Hinton has developed over 2,000,000 sq ft of commercial property. Recent projects include:

- 86 bed Premier Inn hotel, Abingdon
- Costa Coffee Drive-Thru Minworth
- Little Pioneers Nurery, Emersons Green, Bristol
- Aldi supermarket, Costa Coffee Drive Thru and a Little Pioneers Nursery, Corinthian Park, Cheltenham
- 90 bed Travelodge and Costa Coffee Drive Thru, Emersons Green, Bristol
- 78 bed Travelodge and Costa Coffee Drive Thru, Workington
- 63 bed Travelodge and Costa Coffee Drive Thru, Witney
- Lidl supermarket and Starbucks drive thru unit Cheltenham
- 60 bed Travelodge, Greggs and Starbucks drive thru Melksham
- 70 bed Travelodge, Subway and Starbucks drive thru Swindon
- Waitrose supermarket, Bromsgrove
- Aldi supermarket, Leicester
- 68, bed Travelodge, Telford
- KFC Drive-Thru and Aldi supermarket, Telford

Further information can be found on the company website hintongroup.co.uk

VAT

The property is elected for VAT and therefore VAT will be payable on the purchase price.

Proposal

We are instructed to seek offers for the forward funding of the property in excess of **£6,125,000 (Six Million One Hundred and Twenty Five Thousand Pounds)**, subject to contract and exclusive of VAT.

A purchase at this level would reflect a net initial yield of **5.25%**, assuming costs of purchase on the site of 6.63%.

Funding Structure

We are seeking a full forward funding package based upon the lease terms above. The envisaged structure is as follows:

- An initial site purchase of £2,000,000
- Monthly payments based on Employers Agent's certificates.
- The Development will take 8 months to construct.
- A balancing payment at practical completion to bring the total expenditure to the anticipated total consideration of £6,125,000, reflecting an overall funding yield of 5.25%.
- All expended monies will attract a monthly interest return based upon the proposed capitalisation rate of 5.25%.
- Our calculations have allowed for full SDLT liability on the entire gross development value. We envisage that savings of circa £186,250 can be made by virtue of the above structure. This is to be split on a 50/50 basis with the Developer and the purchaser. On this basis the actual initial return to the investor will improve to 5.33%.

Our client will also consider a sale by way of a Forward Commitment with a 10% deposit paid on exchange of contracts and the balance paid following practical completion of the development and completion of the lease.



Contacts

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