

PRIME RETAIL / OFFICE INVESTMENT

22-24 MERE STREET, DISS IP22 4AD



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INVESTMENT DETAILS

SUMMARY:

- ◇ Mixed retail / office investment
- ◇ Prime retail location
- ◇ Anchored by Greggs and M&Co
- ◇ WAULT to expiry 5.24 years

LOCATION

Diss is a thriving market town in South Norfolk with a population of approximately 7,500 people and a catchment of some 50,000. It has a wide range of services and amenities including a mainline railway station on the Norwich to London Liverpool Street line.

The property is located on Mere Street, the prime retailing area in Diss, where other national retailers include **Specsavers**, **WH Smith**, **Costa Coffee** and **Holland & Barrett**. There is an **Aldi** convenience store located diagonally opposite and a **Morrisons** and **Tesco** supermarket only a short walk away.



DESCRIPTION

The property was constructed approximately 50 years ago and comprises a detached two-storey building of concrete frame construction with brick external walls under a flat roof. Externally there is a dedicated service yard at the rear with staff parking, accessed off Chapel Street.

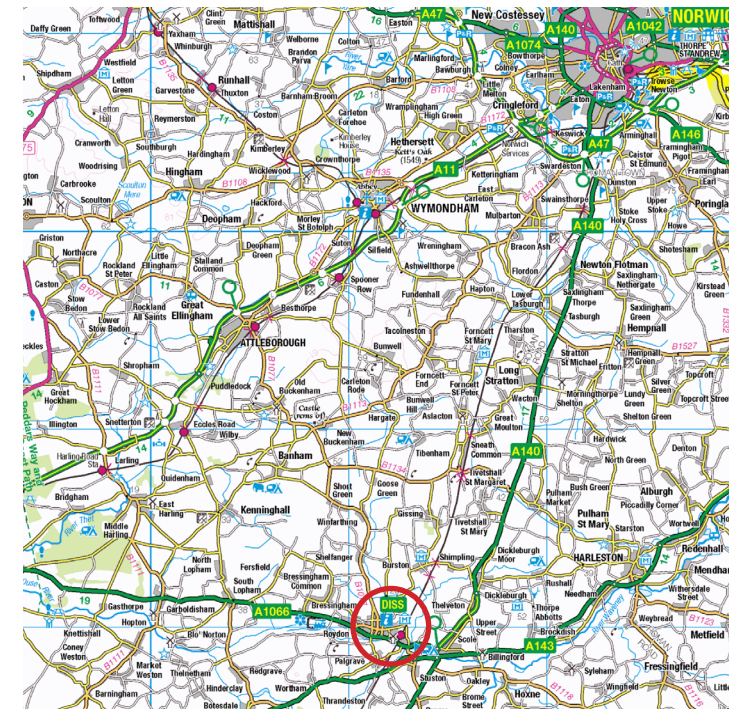
The building is divided into three premises: two ground floor retail units with first floor storage let to **Greggs plc** and **Mackays Stores Ltd**, trading as M&Co, and first floor offices let to **Iliffe Media Publishing Ltd**.

TENURE

Retail Unit 1

The property is let to **Greggs plc** for a term of ten years on effective full repairing and insuring terms from 25 December 2015, although the tenant has been in occupation since at least 2003. The passing rent is £34,000 per annum.

There is an upwards-only rent review and a tenant-only break clause on 25 December 2020, and the tenant must serve notice no later than 24 June 2020 in order to operate the break clause. All other terms are standard institutional lease terms.



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Retail Unit 2

The property is let to **Mackays Stores Ltd** for a term of ten years on effective full repairing and insuring terms from 25 December 2014, although the tenant has been in occupation since at least 1989. The passing rent is £45,000 per annum.

The 25 December 2019 rent review was agreed at a nil increase and recorded in a memorandum of agreement signed and dated by both parties on 30 December 2019. The tenant has not operated either the fixed break clause or the floating break clause (deadline for serving notice was 29 February 2020).

All other terms are standard institutional lease terms, incorporated from the previous lease dated 6 March 1989.

First Floor Offices

The property is let to **Iliffe Media Publishing Ltd** guaranteed by **Johnston Publishing Ltd** following an assignment of the lease in March 2017. The lease is for a term of ten years on effective full repairing and insuring terms from 12 July 2013 and the passing rent is £12,000 per annum with the rent left unchanged at the last rent review on 24 June 2018.

On assignment of the lease to Iliffe Media, Johnston Publishing entered into an Authorised Guarantee Agreement guaranteeing that the Assignee pay the rents reserved by the lease and the observance and performance of the tenant covenants of the lease.



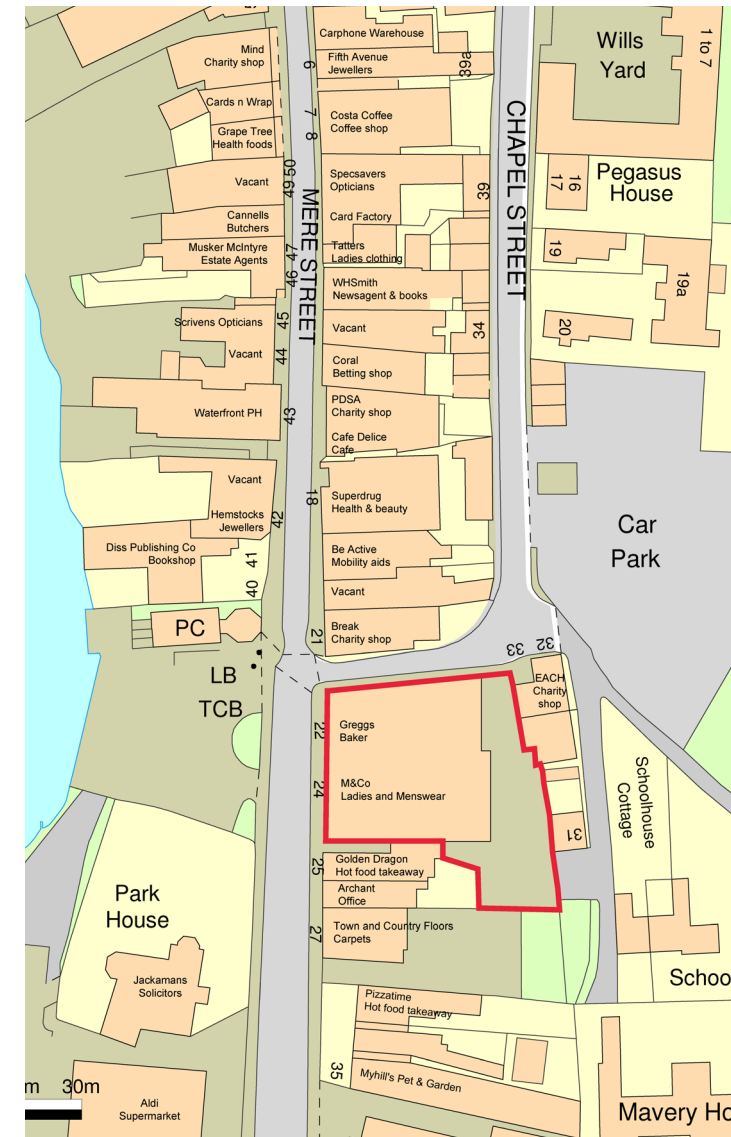
ACCOMMODATION

The property has the following approximate net internal floor areas:

UNIT 1 - GREGGS		
Net Frontage	8.97 m	29 ft 5 in
Ground Floor Sales	214.3 sqm	2,307 sqft
ITZA	104.9 sqm	1,130 sqft
GF Ancillary	16.2 sqm	174 sqft
First Floor Store	66.5 sqm	716 sqft
Total NIA	297.0 sqm	3,197 sqft

UNIT 2 - M&CO		
Net Frontage	13.73 m	45 ft 0 in
Ground Floor Sales	323.9 sqm	3,486 sqft
ITZA	144.9 sqm	1,560 sqft
GF Ancillary	21.1 sqm	227 sqft
First Floor Ancillary	123.0 sqm	1,324 sqft
Total NIA	467.9 sqm	5,037 sqft

FF OFFICES - ILIFFE MEDIA PUBLISHING LTD		
Total NIA	210.3 sqm	2,263 sqft



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TENANT COVENANTS

Greggs plc

Greggs is the UK's leading bakery food-on-the-go retailer, with over 1,950 shops (www.greggs.co.uk). For the year ended 30 December 2018 Greggs plc reported a turnover of £1,029.3m and a pre-tax profit of £82.6m, showing like-for-like sales growth of 2.9%.

Mackay Stores Ltd (t/a M&Co)

M&Co is one of the largest, privately-owned fashion retailers in the UK and has been selling quality clothing for over 50 years (www.mandco.com). It now has almost 300 stores worldwide. For the year ended 28 February 2019 M&Co reported an EBITDA of £8.7m, turnover down 4.0% year-on-year, but a reduction in net debt from £19.2m to £8.7m.

Iliffe Media Publishing Ltd

Iliffe Media is a family-owned media company based in Cambridge with more than 125 years' experience of local newspaper publishing (Iliffe media guide 2019). Iliffe Media Publishing Ltd acquired 13 newspaper titles from Johnston Press in January 2017, forming the entirety of Johnston Press's East Anglia publishing division, including local newspaper the Diss Express.

RENTAL VALUE

The lease of Unit 2 to M&Co was renewed by reference to arbitration in October 2016 where it was determined that the Zone A rate was £28.50 per sqft. The lease of Unit 1 to Greggs was subsequently renewed at £28.50 per sqft based on the arbitrator's decision.

Mere Street and Market Place are the prime retail areas in Diss, and the



general tone of prime retail rents is in the region of £30-35.00/sqft Zone A.

The retail vacancy rate on Mere Street and Market Place in Diss is relatively low with only four units either vacant and available or out of lease.

RATEABLE VALUES

Unit 1	£41,250
Unit 2	£55,000
FF offices	£13,250

VAT

We understand that the property is elected for VAT and anticipate that the sale will be handled as a TOGC.

EPC

Energy Performance Certificates have been commissioned and will be available shortly

PROPOSAL

Offers for the freehold interest are invited at **£995,000 (nine hundred and ninety-five thousand pounds)** subject to contract and exclusive of VAT. A purchase at this level would reflect a net initial yield of 8.7% allowing for purchaser's costs of 5.5% based on the gross rental income of £91,000 pa.

CONTACT

For more information please contact:

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Subject to contract

May 2020

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