



CANTERBURY

RHEIMS WAY, CT1 2RL

PRIME SOUTH EAST SUPERMARKET INVESTMENT





INVESTMENT SUMMARY

- Aldi Supermarket investment located in the prosperous Cathedral city of **Canterbury** in Kent.
- **Affluent** and extensive catchment population.
- Situated in a **highly visible and prominent position** on the city's inner ring road.
- Total gross internal floor area of approximately **13,050 sq ft** with 78 dedicated customer car parking spaces.
- Let to **Aldi Stores Limited** on a **20 year FRI lease from 23 July 2012**, subject to a tenant only break clause in July 2027 (13 years to lease expiry and 8 years to break).
- Current passing rent of **£268,279.81 pa** (equating to £20.56 psf).
- 5 yearly upwards only rent reviews based on the increase in the **RPI capped at 3.00% per annum** compounded.
- **Open A1** planning permission.
- **Strong trading** store.
- Strong **underlying residual value (STP)**.
- **Freehold**.

Offers sought in excess of **£4,660,000 (Four Million, Six Hundred and Sixty Thousand Pounds)**. A purchase at this level would reflect the following attractive yield profile, assuming purchaser's costs calculated at 6.57%.

Net Initial Yield	5.40%
Running Yield - July 2022	6.23%*
Running Yield - July 2027	7.22%*

*Assuming Oxford Economics RPI forecasts



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LOCATION

Canterbury is an historic Cathedral city in north east Kent approximately 54 miles (87 kms) south east of Central London, 15 miles (24 kms) north west of Dover and 24 miles (39 kms) east of Maidstone.

The city is easily accessible by road via the A2 dual carriage way which connects to the M2 leading to London and the wider national motorway network. A high-speed rail service from Canterbury West provides frequent and direct trains to London St Pancras with a fastest journey time of 56 minutes and Canterbury East station offers a service into London Victoria and mainland Europe via Ashford International.

The city boasts an extremely vibrant tourist economy with attractions such as Canterbury Cathedral helping to draw 7 million day visitors per annum. Retail is bolstered by the cities significant 33,740 full-time student population (HESA 17/18) centred around three higher education institutions, all of which have campuses in close proximity to the city centre.



DEMOGRAPHICS

Canterbury boasts the largest district population in Kent of 164,100 (ONS 2017), with 223,451 people living within 10 miles of the subject property. This catchment population is one of the most affluent in the UK with above average representations of the AB and C1 social groups and an under-representation of the least affluent social groups, C2, D and E. According to Experian projections (2017), the population is expected to grow by an impressive 4.47% by 2022, 9.04% by 2027, 13.33% 2032 and 16.72% by 2037.

The demographic profile of Canterbury compares very favourably with GB averages, evidenced by the following:

- 66% of houses are owner occupied (62% nationally).
- 88% of the population own a car (78% nationally).
- Over-representation of mid-to-high household income bands (£30,000 - £100,000 pa).

There is also an over-representation of young adults aged 15-24, many of whom attend one of the city's three universities, namely The University of Kent, Christ Church University and The University College of Creative Arts. There is a full-time student population of 33,740 (HESA 17/18) that provides an estimated economic contribution to the city of over £1.1 billion per annum (Canterbury CC).





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STRATEGIC SITUATION

The property is prominently situated on the south west fringe of the city centre at the roundabout junction connecting the A27 Rheims Way and the A28 Wincheap. Rheims Way forms the main ring-road around Canterbury city centre boasting an average daily traffic flow past the property in excess of 37,500 cars, while the A28 Wincheap is a key arterial route between the city centre and the A2 dual carriageway.

Immediately to the north west, neighbouring the property is Bingley Court, a modern 173-unit apartment complex, and Logan House, a recently completed Grade A office complex. Canterbury city centre is approximately a 10-minute walk.

NEW ROAD PROPOSALS

Furthermore, a planning application for a new eastbound off-slip junction between the A2 and the A28 Wincheap was approved in May 2018 by Canterbury City Council. These works will significantly improve the city's access and egress and is set to be a catalyst for further improvements.

There are a number of substantial housing developments planned for the south of the city centre, namely Mountfield Park that will deliver 4,000 homes with associated amenities and the proposed hospital site comprising 2,000 homes, both highlighted opposite.

FOOD STORE & RETAIL WAREHOUSE PROVISION

Canterbury's out of town retail provision is situated in two distinct areas. Wincheap, situated to the south west of the city centre, and Sturry Road situated to the north east.

There is limited food store provision servicing the south west side of the city. The retail warehouse and main food store provision is highlighted on the map below.

- | | |
|---------------------------|--------------------------------|
| 1 Riverside Retail Park | 6 Sainsbury's |
| 2 Morrisons | 7 Asda / Marshwood Retail Park |
| 3 Wincheap Retail Park | 8 Sturry Road cluster |
| 4 Dunelm & Poundstretcher | 9 B&Q |
| 5 Waitrose | 10 Lidl |



For identification purposes only.

DESCRIPTION

The property comprises a purpose-built retail warehouse constructed in 1982 with a mixture of external cladding including flat panels, flint features and a fully glazed entrance feature.

Access and egress is via St Andrew's Close and there are 78 customer car parking spaces providing an excellent ratio of 1:167 sq ft of GIFA.

ACCOMMODATION

The property comprises a ground floor gross internal area of approximately 13,050 sq ft (1,212.45 sq m).

SITE

The site area, delineated in red on the plan opposite for identification purposes only, extends to approximately 1.038 acres (0.42 hectares). There is therefore a low site cover of 29.9%.

TENURE

The property is held Freehold under Title number K512633.

PLANNING

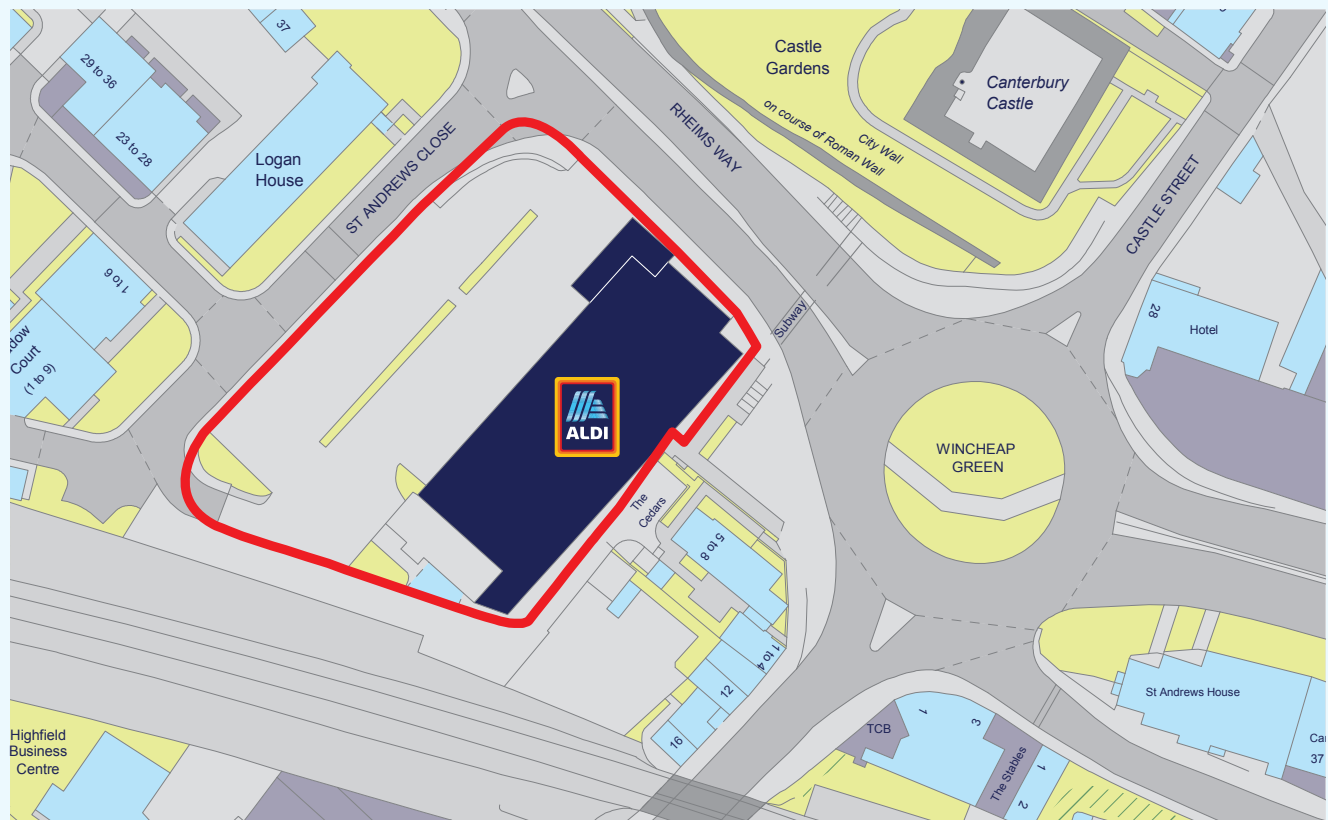
The property benefits from an unrestricted Open A1 planning permission. Copies of the relevant planning documents are available in the sale data room.

TENANCY

The property is let to Aldi Stores Limited on a full repairing and insuring lease for a term of 20 years from 23 July 2012, subject to a tenant only break clause in July 2027.

The current passing rent is £268,279.81 pa equating to £20.56 psf.

Rent reviews are 5 yearly upwards only RPI-linked, subject to a cap of 3.00% per annum compounded.





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ALTERNATIVE USE VALUE

The site benefits from strong underlying residual value and would lend itself to a range of alternate uses (subject to planning). Most notably the total number of students in Canterbury substantially exceeds the current provision of student accommodation beds.

As the host to three Higher Education Institutions (The University of Kent, Canterbury Christ Church University and University College for Creative Arts) and a total of 33,740 full-time students (HESA 17/18), the universities currently provide purpose built accommodation for only c.26.5% of the full-time student population.

With the private sector providing a further c.5.5%, this leaves over 18,000 students unable to access university or private sector specialist accommodation.

Even with the current development pipeline, over 60% of full-time students will not have access to specialist student accommodation.





TENANT COVENANT

Aldi Stores Limited has an Experian Rating of 'Very Low Risk' and a Score of 100.

Aldi are now the UK's 5th largest supermarket having more than doubled UK market share since 2010 to 7.9%*. Recent figures also show that Aldi has recorded a 10.6% year-on-year increase in sales to further close the gap on the 'Big Four'.

The company currently trades from over 800 stores in the UK and are aiming to have 1,000 by 2022. Aldi has over 10,000 stores in 20 countries throughout Europe and the United States.

A summary of their last three years reported accounts is set out below:

Year End	31 Dec 2017 £'s	31 Dec 2016 £'s	31 Dec 2015 £'s
Sales Turnover	10,181,049,000	8,744,385,000	7,705,140,000
Profit Before Tax	220,877,000	214,795,000	212,621,000
Tangible Net Worth	2,515,973,000	2,321,983,000	2,073,988,000

*Kantar Worldpanel April 2019.



ENVIRONMENTAL REPORT

An environmental report has been commissioned by the vendor and a copy is available in the sale data room.

EPC

The property has an EPC rating of B – 35. A copy is available in the sale data room.

VAT

The property is elected for VAT and is to be treated as a TOGC.





PROPOSAL

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FURTHER INFORMATION

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