



FOR SALE

BY
PRIVATE
TREATY

TESCO, ROSCREA CO. TIPPERARY, IRELAND

Supermarket Investment Opportunity

Tenant not Affected



DUNNES STORES

CASTLE STREET

MAIN STREET

TESCO

SUPERVALU

ROSCREA TOWN CENTRE

TOWN CENTRE CAR PARK

ALDI



Investment Profile

- Town Centre property let to Tesco Ireland
- 35 year full repairing and insuring lease from 1 July 2011
- 9.5 years secure income to break option
- Annual rent of €950,000 with the benefit of CPI uplifts. Significant uplift occurring in 2021
- Roscrea is a market town located 71 km north east of Limerick just off the M7, Dublin to Limerick motorway

Reasons to Buy

- Long secure income from blue chip tenant with CPI uplifts
- Investment underpinned by well positioned real estate in Town Centre location
- Attractive initial yield
- Historically low deposit rates so opportunity offers attractive returns
- The low 10 year Government Bond rate of 0.91% (January 2017) from a peak of 14% in 2011. This illustrates confidence in the economy
- Low transaction costs for investors with 2% stamp duty

Proposal

Offers are invited in excess of €12.5m which reflects a net initial yield of 7.25% (assuming standard purchaser costs of 4.46%)

Retail Investment Market

According to the IPD, the retail property investment sector produced a total return of over 15.7% for the first three quarters of 2016 with the return for the third quarter of 2016 being 1.87%.

There is a very strong correlation between retail performance and retail sales with unemployment being a strong influencer of retail sales. The unemployment rate has fallen to 7.3% as of January 2017 with unemployment down over 36,200 in the past year.

The latest supermarket figures from Kantar Worldpanel in Ireland, published on the 16th January for the 12 weeks ending 1 January 2017, reveal that shoppers spent an additional €92 million this Christmas period: 3.8% more than last year.

Location

Roscrea is a busy market town located in the south midlands of Ireland. It is located approximately 44 miles (71km) north east of Limerick City on the N7, which links to the M7 motorway linking Dublin and Limerick. The M7 connects to the M8 motorway approximately 22 km east of the town. The M8 links Dublin and Cork.

The town has a population of just under 6,000 but the fact that it sits on a confluence of eight major and minor routes makes it an important trading base for the wider hinterland population of more than 70,000. The main employment in Roscrea is in meat production and pharmaceuticals.

The property is located in the heart of the town beside Roscrea Town Centre. It benefits from excellent pedestrian access to the surrounding commercial streets as well as being easily accessible for vehicles.

Description

The property, constructed in 2011, comprises a modern detached retail building with supermarket at ground floor level and car parking at lower ground floor. The property extends to approximately 4,333 sq.m (46,640 sq.ft) together with 224 car spaces. The building is of steel frame construction with a metal deck roof and a mix of metal cladding and glazing to the façade. The lower ground floor car park is accessed via a ramp from a roundabout on Lourdes Road to the rear of the property.

The property comprises the ground floor supermarket with ancillary stores and customer toilets with first floor ancillary area comprising staff canteen, lockers, toilets and showers, offices and a comms room. There are two customer lifts and two travellators providing access to the supermarket from the lower ground floor car park.

Schedule of Accommodation

A measurement carried out on behalf of both the landlord and the tenant at the commencement of the lease records the floor area as follows:

FLOOR	DESCRIPTION	FLOOR AREA	FLOOR AREA
		(sq. m.)	(sq. ft.)
Ground Floor	Supermarket	4,333	46,640
Lower Ground Floor	Car Parking	224	

All intending purchasers should satisfy themselves in relation to Floor Areas.



Tenancy

The property is let to Tesco Ireland on a 35 year FRI lease from 1 July 2011 with break options after years 15, 20, 25 and 30. The annual passing rent is €950,000 per annum and the lease provides for the rent to be adjusted in line with the compounded annual proportionate change in the Consumer Price Index after year 10 and 5 yearly thereafter. The CPI uplifts are subject to an annual cap of 4% and a collar of -1%. Therefore in 2021 a 10 year compounded annual CPI uplift will accrue to the landlord.

Tenant Covenant

Tesco Ireland is a wholly owned subsidiary of Tesco Ireland Holdings Limited with the ultimate parent company being Tesco PLC. The accounts for Tesco Ireland are prepared on a consolidated basis in the accounts of Tesco plc. Tesco plc reported Group Sales of £48.4 billion and a group operating profit of £944m for 2015. Group sales for the first half of 2016 were £24.4 billion, an increase of 3.3%, with operating profit being £515 million, up 38.4% compared to H1 2015. UK and ROI operating profit, before exceptional items was £389 million, with a margin improvement of 23 basis points on the first half of 2015/16.

Tesco Ireland Limited is the company which holds all of the leases in the Tesco portfolio in Ireland. Tesco is a leading supermarket retailer in Ireland with a 22.4% share of the grocery market (Kantar Worldpanel Jan '17). Tesco has 148 stores in Ireland and employs approximately 14,500 people. Tesco Ireland reported a total revenue of €2.5 billion for 2015. Tesco Ireland reported improved like for like sales performance of 0.2% and revenues of €1.2 billion for the first half of 2016/17. Kantar Worldpanel reported in January 2017 that Tesco continued to improve its performance, with sales growing by 1.3% over the final quarter of 2016.

CPI

According to Trading Economics, the Inflation Rate in Ireland averaged 4.80% 1976 until 2016. At present the CPI increase between the lease start date and November 2016 stood at 1.7 percent. This would imply a current rent increase to €966,458. See graph below.

Consumer Price Index (Base December 2006 = 100)



Tenure

We understand that the property is held by way of Freehold and 999 year leasehold title.

BER

BER C2



Contact

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PROPERTY SOLUTIONS

TWM for themselves and for the vendor/lessor of the property whose agents they are, give notice that: 1. These particulars do not constitute an offer or contract or any part thereof and none of the statements contained in the particulars as to the property are to be relied on as a statement or representation of fact. 2. The vendor does not make or give, nor is the Agent(s) or its staff authorised to make or give any representation or warranty in respect to this property. 3. All descriptions, dimensions, references to condition and necessary permission for use and occupation, and other details are given in good faith and are believed to be correct but any intending purchaser or tenant should not rely on them as statements or representations of fact but must satisfy himself/herself by inspection or otherwise as to the correctness of each of them. 4. In the event of any inconsistency between these particulars and the contract of sale, the latter shall prevail. 5. VAT may be payable on the purchase price.