

Fully let to  
Boots UK Limited



THE HELMSLEY GROUP

# Syndicated Commercial Property For Sale

## 3/4 York Place, Scarborough

### **NET YIELD 5.75%**



Securely let to one of the UK's leading retail and pharmaceutical organisations.

# Fully let to Boots UK Limited, Syndicated Commercial Property For Sale



## LOCATION

Scarborough is Yorkshire's premier east coast resort and an important retail and commercial centre serving a wide catchment area of a population of over 106,000. The property is situated in York Place, Scarborough, a conservation area and just 25 yards and highly visible from Westborough, Scarborough's prime pedestrian retail pitches. Immediately opposite the site is the Brunswick Shopping Centre with a multi-storey car park above. Occupiers close by include Santander, Next, WH Smith and other multiple retailers.

## THE PROPERTY

Originally two Victorian mid-terrace properties, they were rebuilt in 1939 with stone facade and a flat concrete and felted roof. For many years the property was the head office of the Scarborough Building Society and a major town centre presence until they relocated to new premises. The property became surplus to requirements when they recently merged with the Skipton Building Society. The property has recently been stripped back to a developer's shell and full asbestos removal and remedial repairs have been completed to the structure providing a unit fit for the occupiers to carry out their fit-out works.

Gross internal area extends to some 2,832 sq ft, planned on three floors and served by the original refurbished lift. There is a combined entrance giving access to the Castle Health Centre's reception area and to Boots UK Limited's pharmacy which occupies approximately 400 sq ft of the ground floor. Both Boots and the Castle Health Centre are relocating from less prominent positions in the town centre. The remaining parts of the ground floor and upper floors will be occupied by the Health Centre as consulting rooms, doctor's surgery. This concept is being pioneered by Boots to combine both medical and pharmaceutical services in town centre locations with walk-in facilities for the general public and in particular in Scarborough for the many visitors that the town has annually.

## LEASE

The entire property is let to Boots UK Limited by way of a full repairing and insuring lease from the 10th May 2010 for a term of 10 years at an initial passing rent of £60,000 per annum, the lease includes a 5 year upward only rent review.

Part of the ground floor and whole of the 1st and 2nd floors are sublet to the Scarborough PCT who in turn sub-underlet to the doctors of the Castle Health Surgery both Boots and the surgery utilise common toilet and other facilities. The under letting is for a similar term to that of the Head Lease less three days; both have rent payable quarterly in advance on the usual English quarter days.

## TENANT & COVENANT STRENGTH

The whole of the property is let to Books UK Ltd which forms the backbone of Alliance Boots retail operation in the UK. They have over 3,250 stores of which the vast majority have pharmacies.

Alliance Boots pharmaceutical wholesale division serves over 150,000 pharmacies, doctors, hospitals, and health centres throughout the UK.

Boots merged with Alliance UniChem in 2006 and since then has rebranded all their partners former stores.

This new concept is to expand the pharmaceutical side of the business in close relationship with doctors surgeries in the UK and in particular in the Scarborough Bay Syndication.

Alliance Boots income statement for the year ended 31st March 2010 had a turnover of £18.72 billion, profit of £604 million.

The latest Accounts for Boots UK Limited year ended 31st March 2009 had a turnover of a little over £6 billion, profit of £200 million.

The lease allows for the tenant to underlet to the Scarborough PCT and they also then sub-underlet to the Castle Health Centre, local doctor's surgery.

The underlease which is currently being agreed reflects the terms and conditions of the head lease.





## RATIONALE FOR PURCHASE

Our client feedback over the last two years has been quite clear in respect of syndication in as much as the income stream should be as secure as possible. Whilst no company can be seen as being immune to the present economic conditions, Boots UK Ltd has been in business for 150 years and with branches throughout the UK we believe is as secure as you could get from a private sector company at the present time.

The property is well located, 25 yards from the prime retail pitch of Scarborough, a seaside town which has seen considerable improvement over recent years and continues to maintain its status as the premier east coast seaside town of Yorkshire.

In addition the property has been completely refurbished for occupation by Boots and the Castle Hill Health Centre, both of which are relocating from existing properties within the town centre.

## PURCHASE PRICE

Total syndication purchase price will be in the sum of £1,043,500 (ONE MILLION, FORTY THREE THOUSAND AND FIVE HUNDRED POUNDS). Minimum purchase for individual stakes will be sold at £25,000.

## RENT REVIEW AND RENTAL GROWTH PROSPECTS

The present passing rent is £60,000 per annum and the next review is due in December 2015. The doctors surgery is PCT funded and at £40,000 counts for approximately two thirds of the rental in respect of this property and we believe therefore is rack rented.

The rent review is on an upward only basis and whilst the premises has a DI planning consent for use as a doctors surgery and pharmacy the user clause within the lease is as a retail shop in the definition of Class A1 of the Town & Country Planning (new classes order), Order 1987. Retail rental evidence will therefore be relevant at the time the rent review is negotiated.

## SYNDICATE PURCHASE

The property has been purchased freehold subject to the benefit of the existing lease to Boots UK Ltd and subletting to the PCT.

## BORROWINGS

The property will not be subject to any bank borrowings and has been purchased wholly by cash.

## MANAGEMENT CHARGES

The Trust Deeds will include a resolution for Colenso Property Services LLP to act on behalf of the Syndicate as managing agent. Property management fees for the first 5 years until the rent review, in December 2015, have been included within the syndicated price and will be paid by Helmsley Securities Ltd in accordance with the Deed resolution.

## SELLING A STAKE IN A SYNDICATE PROPERTY

A common question regarding syndication is "Can I sell my stake if I need to for any reason?"

The answer is that each Beneficial Ownership or Stake is generally readily transferable, at any time; to anybody you wish and does not require the sale of the property as a whole.

We are often asked to seek purchasers for Stakes and it is often the case that other members of the same syndicate take these up. A deed of transfer is prepared at a fixed cost of £500 plus VAT, (which includes solicitors and administration charges). There is generally no stamp duty to be paid if below £150,000 and this can normally be prepared quite speedily. Stakes will, however, vary in value at any given time depending on issues such as prevailing interest rate levels, the return that is being achieved, tenants covenant, management issues and length of lease remaining, amongst others. The asking price is entirely under your control but we will happily discuss this with you in more detail.

(For further details see Syndicated Property terms and conditions).

## THE HELMSLEY GROUP

Established in 1980, The Helmsley Group is a privately owned property development and investment company with a track record of success. We provide our client base of high net worth individuals, owner managers and pension funds with a range of opportunities that are always secured against land or property, and have the potential to provide excellent returns.

The syndication of commercial property is one of our key services, which enables you to become a beneficial owner of part of one or more commercial properties and subsequently receive a share of the rental income plus any capital growth.

Our clients' syndicated property portfolio has amounted to approximately £100 million all acquired and held with cash funds. Tenants range from single occupiers, 'blue chip' tenants and government agencies on long-term leases, to properties with mixed tenants on shorter leases.

The company is majority owned by John Reeves FRICS, Chairman of The Helmsley Group, who takes an active role in the overall running of all sectors of the business. John specialises in property development having completed a number of high profile new build developments as well as historic re-developments in Yorkshire.

Ian McAndrew is the director responsible for the syndicated property portfolio within the Helmsley Group. Ian has extensive knowledge of all aspects of commercial property including agency, development, investment and asset management. With over 40 years experience Ian is well placed to advise you on all aspects of syndication and your property investments.

### SYNDICATED PROPERTY

The broad outline of the syndicated arrangements as provided by Helmsley is as follows:

1. Helmsley Securities Limited and two Practising Solicitors (as Trustees) will hold the freehold title of the property as Bare Trustees.
2. On completion of their purchase syndicate members become beneficial owners, as tenants in common, and can fully identify their ownership, by way of a Trust Deed.
3. The Trust Deed provides for the syndicate members to be in control of the management of the property and for the rental income to be remitted to the syndicate members in accordance with their level of participation.
4. Under the Trust Deed during the initial period (until May 2012) to ensure a medium term commitment and, at the same time, give some flexibility, a syndicate member may not trigger the disposal of the entire property but may sell his/her syndicate share. However, there is provision that, in the event of:
  - the death of a syndicate member;
  - the liquidation of a syndicate member, should that be a body corporate; or
  - in the case of a death of a beneficiary of a pension fund

then that syndicate member or his personal representative can demand of the Trustees that the whole property is marketed in the best possible way. The Trustees will then have two years in which to sell the property.

5. After the initial period, any syndicate member has the right to demand that the Trustees dispose of the entire property on the open market. The Trustees will then have twelve months in which to sell the property.
6. All documentation is made available to the intending purchaser and their solicitor.

The opportunities that are made available from time to time are normally concentrated on small to medium size retail premises, offices and factory units. Full repairing and insuring institutional-type leases are generally a pre-requisite. The location and type of property is carefully vetted and only properties with either "blue chip" or sound private tenants are normally offered.

Prudent property purchases should not be of a speculative nature and participants should appreciate that the real value of property and its underlying security lies not only in its quality and position but, equally, in the standing of the tenant and the terms of the lease to ensure that it provides a dependable source of revenue, with potential for capital growth.

These arrangements, therefore, as far as practically possible, give:

- direct ownership in property; in many cases, with "blue chip" public company covenants;
- complete control of the disposal of the property from the expiry of the initial period;
- the opportunity to fully investigate the purchase before syndication.

### STRICTLY PRIVATE & CONFIDENTIAL

The Directors of Helmsley Acceptances Limited have taken all reasonable care to ensure that the information given herein is true and accurate.

No liability or responsibility is accepted for errors and omissions.

Property values may fall as well as rise and purchasers should be aware that property values are a matter of Valuer's opinion: therefore, before any purchase is made, Helmsley Acceptances Limited would strongly recommend that investors consult with their financial and other professional advisers. In the case of leased properties, tenants may default, thus leaving a void in rental income until such default is remedied.



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