

# NOVA CROWNMEAD 27 PENSION SYNDICATE and INVESTMENT LLP



## **3-9 Crownmead Shopping Precinct ,Wimborne, Dorset**

Lewis are pleased to recommend a new property syndicate, purchasing the freehold of the entire South side of the Crownmead Shopping Precinct. The North section is occupied by the Co-op.

- **Purchase Price £2,825,000.**
- **Annual rent of £210,500 per annum.**
- **72% of the income is for a term of 20 years with a break option in just over 10 years.**

### **The Property**

- ◇ Prominently located in one of Wimborne's main retail thoroughfares, between the new Waitrose and the town centre.
- ◇ The property is currently let to MacKays Stores Ltd with the first break option in 2022 and WH Smith Retail Holdings Ltd, on a lease expiring in 2014.
- ◇ The property comprises 21,281 square feet over the ground and first floors.
- ◇ The property benefits from excellent active management opportunities, including potential first and second floor residential development, subject to planning, together with improving the pedestrian access from Waitrose.

### **The Investment**

**We are inviting pension and non pension investments of £25,000 or more.**

**The capital growth class (Deferred Income) will have a share of the mortgage.**

**The immediate income class will receive their share of the rent from day one.**



41 Commercial Road  
Poole, Dorset  
BH14 0HU

tel: 01202 718400

fax: 01202 718810

email: [action@lewisinvestment.co.uk](mailto:action@lewisinvestment.co.uk)

web: [www.lewisinvestment.co.uk](http://www.lewisinvestment.co.uk)

*Lewis Innovative Investment is a trading name of Lewis & Co (Investments & Pensions) Ltd*

## **Potential Returns**

### **Immediate Income**

For those that want income from day one, it will be paid monthly in advance at 6.3% per annum after costs, but before tax. Therefore an investment of £100,000 will receive income of £525 per month, before tax, assuming the current rent continues.

The income may reduce if the WH Smith lease ends in 2015., whilst a new tenant is sourced.

### **Deferred Income (capital growth)**

For those that want capital growth and an income stream in the future rather than from day one, this option is appropriate. For example an investment of £100,000 will buy a share of the property from day one of £222,528 (this includes a share of the mortgage secured on the property of £122,528). This will acquire circa 7.15% of the property. The following is estimated for this investor.

- Share of the rent £14,000 per annum which is used to repay the mortgage.
- Due to the repayment of the mortgage, the £100,000 original investment is estimated to grow to £202,000 over the 10.5 year period. These figures assume the property value remains the same as the purchase value. If the rent rises by 3% per annum, the value is likely to increase to £242,000 over the 10.5 Years.

Description	Total including VAT (£)
Purchase price	2,825,000
Stamp duty	113,000
Legal costs	22,736
Mortgage arrangement fee	21,000
Agents fees	42,375
Float account	4,000
Lewis purchase fee	74,580
Carey /cap fee	6,000
Valuation	3,600
Total	3,112,291

The objective is to form a syndicate whose members can transfer in £1,912,291 of funds. The syndicate will then borrow £1,200,000, secured against the property.

#### Liquidity Issues

- Commercial property is a long term holding. Generally a syndicate member should not invest for less than 6 years.
- A member can leave the syndicate at any time and there are a set of rules that provide a first option to the remaining members and it is only if they do not purchase the whole share, then it is offered out to non syndicate members.
- If no-one wishes to purchase the share to be sold, then the property will be sold.
- The value of the property may fall or rise. Past property market values are not a guide to future property values.

## Summary

This property is very much what we look for in a commercial property investment;-

- Both the tenants are trading well in the current environment.
- Wimborne is a highly sought after retail location, with very few vacant units.
- The property's location between the newly opened Waitrose and the town centre are set to make this a good long term investment. There is also development potential above the units, subject to planning.
- The property offers some large rectangular shops which are rarely available in the historic town centre.

I am therefore delighted to recommend this syndicate to you. It is particularly suitable to a geared investment, with the borrowing repaid from the rent over the years ahead. However if you want immediate income that too is available.

**Tim Lewis**

Risk Factors will be detailed in your personal recommendation report, but key risks to consider are;-

- ◆ Inflation can have positive and negative effects on commercial property. Low interest rates tend to be beneficial where a mortgage is being repaid.
- ◆ Vacancy risk is twofold. Firstly an empty property will have certain liabilities like empty property rates and maintenance. Additionally a failed tenant or lease expiry may require that the mortgage is paid while a new tenant is found. A locations general economic profile and demand for property may change over time.
- ◆ Although rent reviews tend to be upward only, there is no guarantee that they will increase. Property yields and values can fall as well as rise and the costs tend to be expensive at purchase.

Not investing through the pension will result in taxation. Full details will be explained in your personal report. Lewis' annual fee is 0.5% per annum of the property value.

Lewis & Co is authorised and regulated by the Financial Services Authority (FSA) for pensions, but this investment is not regulated by the FSA and is not covered by the Financial Services Compensation Scheme, disputes are unlikely to be within the jurisdiction of the financial Ombudsman Service.