

Aqua Deep Blue LLP

130 High Street | Lymington | SO41 9AQ



Summary of property and position

This is an excellent opportunity to buy a well located, long established fish and chip shop investment in the ever popular town of Lymington.

The Grade 2 Listed property is very well located for its use, being close to the cobbles and Old Town Quay allowing it to benefit from demand from tourists, whilst also having on street parking to the front, making it accessible for those coming by car.

In addition to the takeaway aspect to the business, there is also a good size restaurant area within the property for seated customers and over 1st and 2nd floors an independently accessed 2 bedroom flat.

Whilst it is impossible at this stage to fully assess the impact of Covid on high street rents, the passing rent of £32,000 per annum seems very sustainable for this type of business.

What we can say is that they have traded through the majority of the pandemic and have often had long queues outside over this period and we would see it unlikely they would wish to exercise the next break in 2025 based upon current activity.

This property is just round the corner from Lewis Property Services office.

The Property

Purchase Price:	£500,000
Tenure:	Freehold
Tenant:	John Hunter and Anne Theresa Hunter (assigned to Deep Blue Restaurants Ltd)
Lease:	15 years from 23rd September 2015
Rent:	£32,000 per annum
Rent Review:	5 yearly upwards only - next review September 2025
Break Options:	Tenant only every 5th Anniversary - September 2020 not exercised
Repairs:	Tenant responsible



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Description	Total including VAT (£)
Purchase price	500,000
Stamp duty	14,500
Legal costs	9,600
Agents fees	0
Lewis purchase fee	16,500
Float *	3,600
Valuation	1,800
Total	£546,000

* = The float is designed to provide a buffer for any unanticipated costs.

VAT will be reclaimed of circa £0 at first VAT quarter



The Investment

We are delighted to present an opportunity for LLP investments from suitably knowledgeable and experienced investors.

Please note that this LLP is income paying only and there is no mortgage option.

The Immediate Income investors will accrue their share of the rent from day one after completion.

Potential Return

The syndicate is buying this property at a gross yield of 6.40%.

Immediate Income

Income will be paid monthly in advance at 5.30% per annum before tax.

An investment of £25,000 will pay income of £110.41 per month.

This document has been produced for information purposes. It is not intended to be an invitation to buy, or an investor to act upon the comments made, and all/any investment decisions should be taken with advice, having taken into account an appropriate knowledge of the investor's circumstances. Investors must satisfy key criteria before they can be considered eligible to invest. For further information please contact your personal adviser at Lewis.

The objective is to form a syndicate whose members can transfer in circa **£546,000** of funds. The syndicate will then borrow circa **£0** secured against the property.

Lewis' annual fee is 4% plus VAT of the rental income (currently **£1,280** + VAT per annum), paid quarterly in advance. Lewis Property Services (UK) Ltd annual fee is 2% plus VAT of the rental income (currently **£640** + VAT per annum). If future rents increase, then so too will Lewis' ongoing fee.

Summary

I am delighted to recommend this 'Invitation Only' and Confidential Investment. The reason for this is the small size of the purchase and the high level of demand at the present time.

I am pleased to recommend this purchase for the following reasons:-

- Lymington is a seriously strong and wealthy market town, with the Solent and the New Forest on its doorstep.
- This high street is still very active despite the pandemic and this largely reflects the combined wealthy local population and the seasonal tourist influx of customers.
- The Fish and Chip shop industry shows great resilience and this property has the advantage of an internal restaurant, as well as a take away service.
- Deep Blue Restaurants are a large group of Fish and chip shops, with a turnover of £15 million and assets of £11 million, for the year to Sept 2019.
- This is a large amount of real estate for the money - 5 years ago we sold a 2 bedroom flat above a shop in this street for £350,000.

With interest rates at virtually zero, this is an excellent long term purchase.

Stay well and Best wishes

Tim

How the LLP works:

The investment is known as a Property Investment Club because each member will have day to day control over the management of the property. Although certain activities will be delegated to an appointed agent you will retain control over major aspects of the property management, including rental contracts, changes in tenancy agreements, potential sale etc. You will also receive ongoing education on the commercial property market through newsletters and AGMs.

You will have direct ownership of the property through a Limited Liability Partnership (LLP). This will be limited to your share of the original purchase price and the costs involved. Rental income will be based on your percentage of ownership, after fees and any monies held back for a float account, which are outlined in this prospectus. If you choose the deferred income option you will be liable for your share of the overall mortgage repayment which will be repaid by your rental income until final redemption.

Full details of your exact share of the property, rental income, fees and mortgage repayment term will be provided in your recommendation report, if after discussion with your adviser it is felt that the investment is suitable for you. Any rental income will be subject to income tax at your marginal rate.

Risk Factors

These 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 has liabilities, like maintenance and empty business rates. A location's general economic profile and demand for property may change over time.
- Although rent reviews tend to be upward, there is no guarantee that the rent will increase, it may reduce in uncertain times. Property yields and values can fall as well as rise and the costs tend to be high at purchase.
- The value of the property and the income from it may fall or rise. Past property market values are not a guide to future property values and you may not get back what you invested.

Liquidity Issues

- Commercial property is a long term holding; generally for no less than 6 years.
- A member can leave the syndicate at any time. Under the terms of the Syndicate Rules any share to be sold will initially be offered to the remaining members. If they do not wish to purchase the entire share any remaining share will be offered to non-syndicate members.
- If a purchaser cannot be found the property will be sold. Due to the nature of the investment a sale may not be immediate.

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