

Duo laces up £250m Boots deal

Amber Rolt
Senior reporter

Asset manager Quadrant Estates and CarVal Investors have exchanged contracts to buy a £250m portfolio of Boots stores from BMO Real Estate Partners.

The sale price for the 311-store portfolio, which was put up for sale in April, reflects a circa 7% yield.

The sale process is part of a consensual agreement between BMO and lender FMS Wertmanagement, the German publicly owned bad bank.

Brookland Partners and JLL have been running the sale, which is one of the last legacy portfolio sales resulting from the financial crisis.

Quadrant and CarVal outbid parties that included Tristan Capital, Addington Capital, Orion and the original borrower, BMO.

The Boots portfolio was originally bought in 2006 by Leo Noe's F&C Asset Management in a £298m sale-and-leaseback deal. Boots agreed a 15-year leaseback of the properties at £15m. BMO acquired the assets through its merger with F&C in 2008.

An arrangement put in place with Boots in 2006 mandates that it is allowed to surrender a proportion of the leases each year, but it is understood that it has withdrawn from very few. The portfolio has an average unexpired lease length of

around three years.

The new owners will likely look to regear the leases with Boots, as well as explore asset management opportunities.

Despite the headwinds facing the high street, pharmacists and health and beauty retailers such as Boots are regarded as having a healthy covenant.

In addition to its pharmacy element, Boots remains buoyed by its health and beauty products, which people prefer to buy in store rather than online.

In its latest results, the retailer posted a 3.7% slip in sales in the three months to 28 February. The US owner of the company, Walgreens Boots Alliance, blamed the reduction in pharmacy funding in the UK for the fall.

New trade minister aims to 'co-ordinate'

Rona Fairhead, minister for trade and export promotion, has pledged to be a "co-ordinating force" to help the industry get the support it needs from different government departments.

"We do this collaboratively," Fairhead said in an interview this week at MIPIM UK, just eight days after starting her new role. "If you can identify big opportunities overseas that would utilise your skills, then come to us. We can provide a convening panel and, in some cases, we can provide financial support with UKTI."

Fairhead, the former chairwoman of the BBC Trust and chief executive of the Financial Times Group, was appointed earlier this year as an unpaid minister of state at the Department for International Trade.

She replaces Lord Price, the former managing director of Waitrose, who resigned from the government.

In her new role, she is responsible for creating a new export strategy and building relationships with business and government overseas. Trade negotiations are being led by Greg Hands, minister of state in the Department for International Trade.

Asked how the industry could get more support over concerns about a possible shortage of construction workers after Brexit, Fairhead said: "If it's about construction in the UK, keep working with us. Keep working with the industrial policy team, and we will try to be a co-ordinating force with other departments."

"A lot of people realise that if you have economic growth, then you tend to have a more stable, secure country, and if we can help do any of the co-ordination, come to us."

Sauchiehall Building on offer for £60.6m

Quadrant Estates and KKR are selling Glasgow retail block the Sauchiehall Building for £60.6m – a 6% yield. The recently refurbished building comprises 313,000 sq ft of shops, leisure space and car parking. It is being offered to the market on a freehold basis and is being marketed by Montagu Evans. The joint venture partners bought the block in 2015 for £46.5m – a 7% yield.



£50m shopping centre coming to Hertford

Wrenbridge and Savills Investment Management are to go ahead with a £50m shopping centre redevelopment in Hertford.

The development partners, acting on behalf of the Diageo Pension Trust, have received planning permission from East Herts District Council for the development of Bircherley Green shopping centre.

The Corstorphine + Wright-designed scheme is intended to replace a 1980s shopping centre with a 2.5-acre development on the River Lea anchored by an 86-bedroom



Premier Inn, alongside 50,000 sq ft of shops, cafés and restaurants.

Also within the consent are 70 new flats and a refurbished car park and bus station.

The partners said that despite

its affluent catchment, Hertford had previously faced challenges in providing appropriate accommodation for national retail brands.

Construction is scheduled to begin next year.