

PASTEUR RETAIL PARK

GREAT YARMOUTH, NR31 0DH

PRIME RETAIL PARK INVESTMENT OPPORTUNITY



INVESTMENT SUMMARY

- Pasteur Retail Park is a modern purpose built scheme of **121,938 sq ft**.
- Great Yarmouth is located 20 miles east of Norwich on the East Anglian coast.
- **36,172 motor vehicles** pass the property every day.
- **5 million people** visit Great Yarmouth every year.
- The property has a flexible planning consent.
- A planning consent to down-size the B&Q unit and create three new bulky goods retail units remains unimplemented.
- The property is well let to five tenants; **B&Q, Tapi, Home Bargains, Pets at Home** and **Argos**.
- The investment has a **WAULT of 9.8 years**.
- The investment produces an income of **£1,481,037 per annum reflecting a low and affordable overall rent of £12.15 psf**.
- **94% of the income** is secured against tenants with a **5A1 Dun & Bradstreet** rating.
- Terms are agreed with Costa to build a new 1,800 sq ft pod unit in the car park.
- Our clients are seeking offers in excess of **£21,334,000 (TWENTY ONE MILLION THREE HUNDRED AND THIRTY FOUR THOUSAND POUNDS)**, subject to contract and exclusive of VAT, for their freehold interest. A purchase at this level shows an initial yield of 6.5% net of purchase costs of 6.8%.
- This price reflects a very modest capital value of **£175 psf**.
- The property is held within a corporate structure. A company sale may be possible.





LOCATION

Great Yarmouth is located in the county of Norfolk on the East Anglian coast, at the mouth of the River Yare. It is 20 miles east of Norwich and 10 miles north of Lowestoft. Further to the south of Lowestoft is Ipswich. By road the town is accessed from the south by the A12 which connects to Lowestoft, Ipswich and the M25. The A47 runs east west and connects the town to Norwich.

The town has regular train services to local destinations and an hourly service to Norwich of approximately 30 minutes' journey time. The train journey time to London Liverpool Street station is approximately 2 hours and 40 minutes.

Great Yarmouth is forecast to receive inward investment of £50 billion between 2012 and 2032 specifically targeting the energy sector. The focus is to maximise opportunities between the renewable and traditional energy sectors. Companies that have already located to Great Yarmouth since 2012 include Electro-tech, Nexus, Seajacks, Diesel Power (East Anglia) Ltd, NOV Hydra Rig, Venko Offshore Ltd and Virgin Atlantic Flightstore.



SITUATION

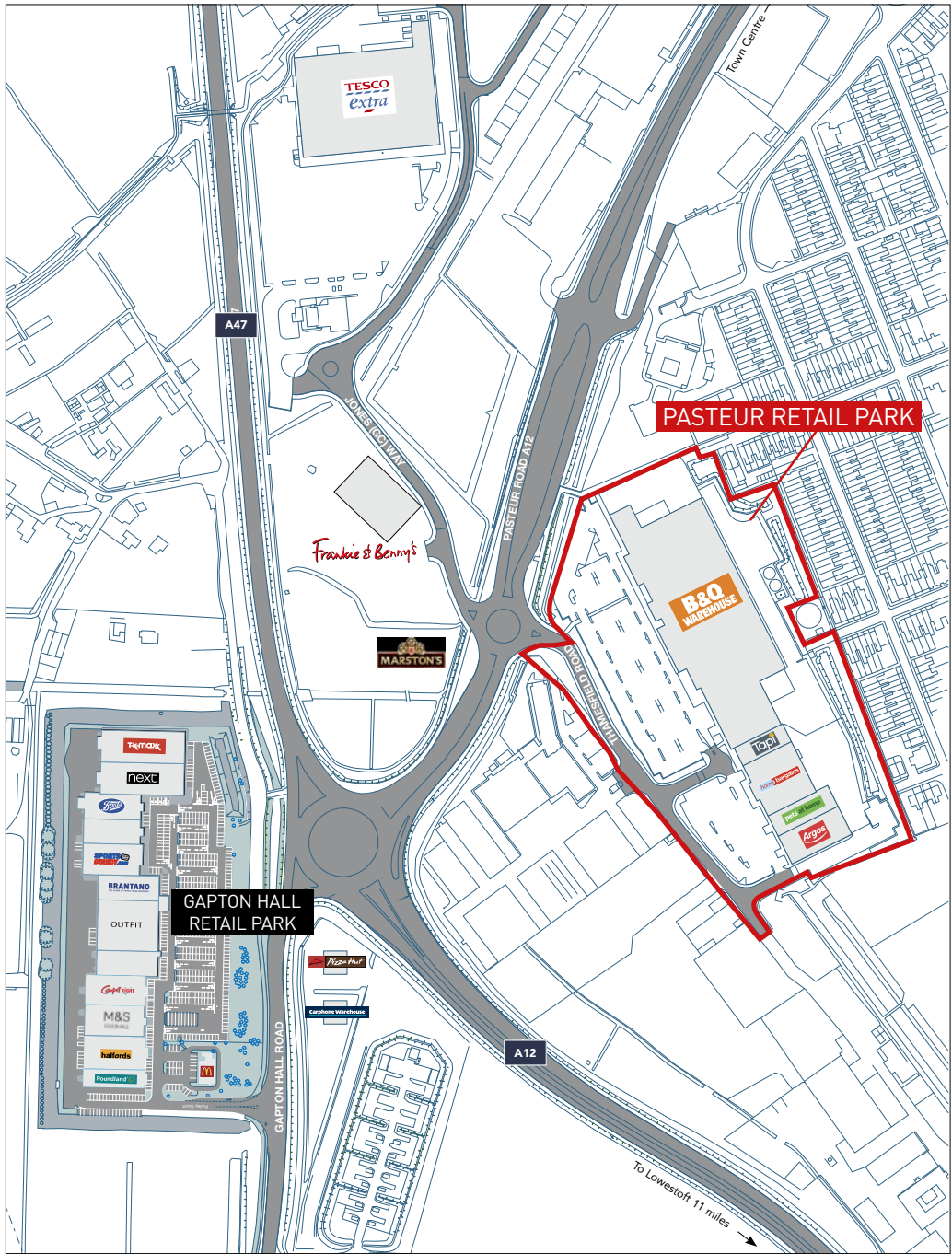
Pasteur Retail Park is situated on a very prominent site fronting a roundabout junction of the A12 (Pasteur Road), which runs north to the town centre. Access to the property is gained from Thamesfield Way, which runs along the majority of the western boundary of the site. The area to the east of the retail park is developed entirely for residential use. There is a mixed use industrial estate to the south west of the property.

According to the latest Department for Transport statistics on average 36,172 motor vehicles pass Pasteur Retail Park on the A12 every day.

Approximately 200 metres to the west of Pasteur Retail Park is Gapton Hall Retail Park, which fronts the roundabout junction of the A12 and the A47. Pasteur Retail Park and Gapton Hall Retail Park provide the vast majority of the retail warehousing in Great Yarmouth and consequently are the focus of most shopping visits.

In addition, on the northern side of Pasteur Road is a Tesco Extra superstore which also has a petrol filling station, which shares the same roundabout access as Pasteur Retail Park.

36,172 vehicles pass the retail park every day



DEMOGRAPHICS

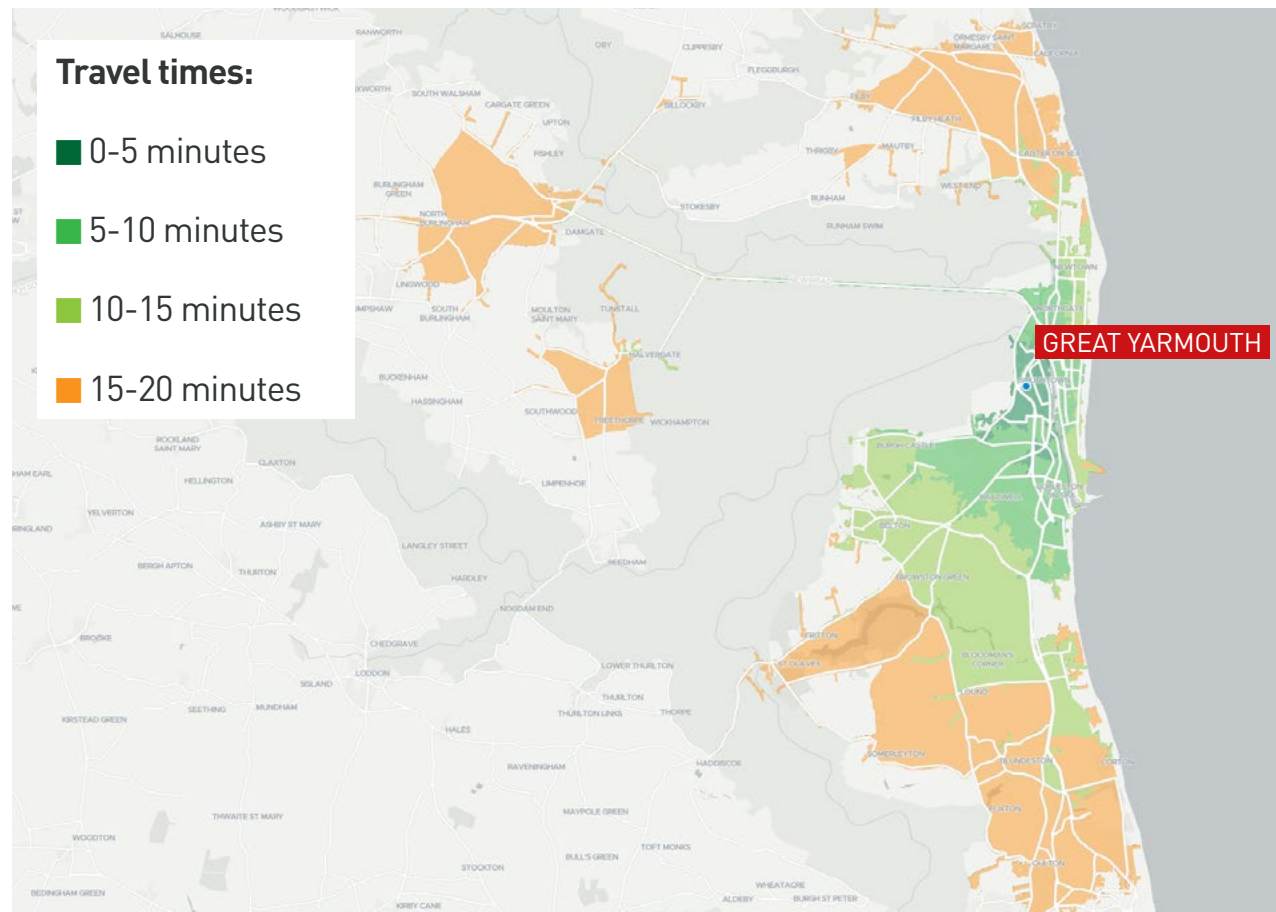
Great Yarmouth has a total population within its primary catchment area of 113,000, which ranks it as an Average Town (PROMIS). The estimated shopping population of Great Yarmouth is 69,000 people, which is an estimate of the number of people who regard the town as their main shopping destination.

There are 116,084 people within a 20 minute drive-time of Pasteur Retail Park according to Oxford Retail Consultants.

This catchment has an annual spend of £246.7 million on Comparison Goods and £159.7 million on Convenience Goods.

The level of car ownership in Great Yarmouth is above average in terms of single car ownership. The level of home owner occupation in Great Yarmouth is above the retail PROMIS average at 71%. Great Yarmouth has two significant employment sectors; the energy industry and tourism.

Some 5 million people visit Great Yarmouth every year, making it Great Britain's 3rd most popular seaside resort.



THE PROPERTY

Pasteur Retail Park is a modern purpose built retail warehouse park which was developed in 2004. It comprises a single terrace of units, the largest unit being located at the northern end of the site and which is let to B&Q. This unit was purpose built for B&Q's occupation and is constructed to their standard Warehouse specification including a garden centre and a covered builder's yard. To the south of the B&Q is a terrace of four retail warehouse units, which also front Thamesfield Way.

The units are of a modern design and the park has a contemporary feel, catering for current convenience-led demand. All of the units are of a steel frame construction. The elevations are of an attractive brick construction with cladding panels above and the roofs are covered with composite cladding panels. Internally each unit is fitted to the tenants' individual specifications.

Customer access to the retail park is gained from Thamesfield Way in two places, the main customer access being centrally located at the park. Service access is from Thamesfield Way at the southern end of the site and is shared with the second customer access. All units are serviced from the rear, the B&Q unit having the benefit of a dedicated secure yard.

Customer car parking is well laid out to the front of the units. There is provision for 519 cars, which shows an excellent car parking ratio of approximately 1:237 sq ft.



SITE

Pasteur Retail Park occupies a site of approximately 12.44 acres (5.04 hectares), which is broadly rectangular in shape.

PLANNING

Pasteur Retail Park has the benefit of a flexible retail planning consent as follows;

- Planning permission was originally granted on the 27 March 2002 for the development of a single class A1 retail DIY unit along with garden centre. This currently comprises the B&Q unit (Unit 1).
- Permission was granted in August 2003 to allow the construction of Class A1 non food retail warehouse units, allowing the sale of bulky comparison goods. This consent covers Units 2, 3, 4 and 5.
- In April 2008 permission was granted to vary condition 4 of the baseline consent for Unit 1 and proposed to sub-divide this unit in order to create an additional three units. This consent was never implemented, however, it granted permission to allow the sale of bulky comparison goods in addition to DIY goods.
- Permission was granted on the 15 March 2004 to vary condition 3 of the consent relating to Units 2, 3, 4 and 5. This consent widens the range of goods restriction to allow for the sale of any other goods which are ancillary and related to the main goods permitted and all other non food goods with the exception of fashion, clothing and footwear.
- Permission was granted on the 5 March 2014 to vary the permission for Unit 3 to allow a selection of ancillary non bulky comparison goods and 30% of the floor space to be used for the sale of food and drink to allow occupation by Home Bargains.
- Permission was granted on 10 February 2017 to once again sub-divide Unit 1 and create three new retail units for the sale of bulky comparison goods. To date this consent has not been implemented.

The local authority have taken a pragmatic approach to the planning and use of this park and we see no reason why they will not continue to do so in the future. In summary, the property currently has a mix of DIY consent, broad bulky goods consent and an element of food use.





TENANCIES

The property is well let in accordance with the tenancy schedule below.

Unit	Tenant	GIA (SQ FT)	Term (YRS)	Lease Start	Expiry Date	Unexpired Term (YRS)	Next RR	Current Rent (PA)	Rent (PSF)	Comment
1	B&Q	84,438	25	24/06/04	23/06/29	11	24/06/19	£971,037	£11.50	Review assumes GF GIA 82,000 sq ft + FF GIA 2,438 sq ft.
2	Tapi	5,000	10	28/05/15	27/05/25	7	28/05/20	£82,500	£16.50	-
3	Home Bargains	15,000	15	28/05/14	27/05/29	11	28/05/19	£165,000	£11.00	Rent to be reviewed on 5th and 10th anniversaries to the lower of 2% pa compounded or OMV. Service charge capped at £15,669 pa subject to RPI annual uplifts.
4	Pets at Home	7,500	25	24/06/04	23/06/29	11	24/06/19	£112,500	£15.00	Assumed area for review is 7,500 sq ft GIA. Lease was regeared in 2016. 3 months rent free from 24 June 19. Rent reviewed to lower of 3.5% pac or OMV.
5	Argos	10,000	15	02/08/04	01/08/19	1.25	-	£150,000	£15.00	-
Total		121,938						£1,481,037	£12.15	

In addition to the above, terms have been agreed to prelet a new 1,800 sq ft drive-thru pod unit to Costa on a 15 year lease at a rent of £70,000 per annum reflecting £38.89 psf. Further information on this proposal is outlined overleaf.

Further income is derived from two licenses to Shand Consulting Ltd and We Buy Any Car Ltd in the customer car park totalling £14,548 per annum. This income currently pays in to the service charge account of the retail park.

Any outstanding rent free at the point of sale will be topped-up by the vendor.

The passing rent of £1,481,037 per annum reflects a low and affordable £12.15 psf overall offering the potential for strong rental growth.

The highest rent at nearby Gapton Hall Retail Park reflects £25.35 psf on a letting of a unit of 5,715 sq ft. Furthermore, we understand that terms are agreed on a new letting of a unit at Gapton Hall Retail Park of some 8,250 sq ft at a rent reflecting £22.50 psf.

By comparison, rents on Pasteur Retail Park are good value.

“**Low affordable rents of £12.15 psf overall**”

TENURE

The property is held freehold.

INCOME SECURITY

The scheme is currently let to five national multiple retailers and as such the income is very well secured. Some 94.5% of the income is secured against tenants with a Dun & Bradstreet rating of 5A1. The schedule below sets out a summary of the most recent financial information upon the tenants.

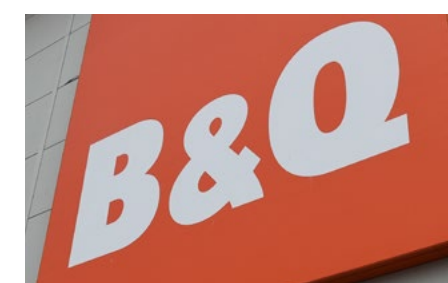
Tenant	D&B Rating	Risk of Business Failure	Year Ending	Turnover (£'000s)	Pre Tax Profit (Loss) (£'000s)	Net Worth (£'000s)
B&Q Plc	5A1	Minimum	31-Jan-17	3,582,800	229,100	4,647,200
			31-Jan-16	3,704,000	(68,900)	4,493,200
			31-Jan-15	3,664,000	5,400	4,368,900
CNH Projects Ltd t/a Tapi Carpets	3A2	Lower than average	31-Dec-16 02-Jan-16	30,294 -	(10,195) -	8,255 1,252
T.J. Morris Ltd t/a Home Bargains	5A1	Minimum	30-Jun-17	1,869,198	168,226	747,814
			30-Jun-16	1,602,864	136,993	614,799
			30-Jun-15	1,472,432	147,121	547,987
Pets at Home Ltd	5A1	Minimum	30-Mar-17	752,374	67,557	650,186
			31-Mar-16	739,726	81,843	598,310
			26-Mar-15	689,697	79,920	517,138
Argos Ltd	5A1	Minimum	11-Mar-17	4,285,775	(25,664)	516,284
			27-Feb-16	3,930,104	(180,769)	648,286
			28-Feb-15	3,919,176	97,146	1,202,554

The tenants on the scheme are all trading well, as demonstrated by Pets at Home's lease re-gear in 2016 and B&Q's decision in 2017 not to down-size their store. B&Q's trading at Pasteur Retail Park has strengthened further since they closed their store in Lowestoft.

The letting of Unit 2 to Tapi was their first store in the UK. They currently occupy approximately 90 stores throughout the UK.

SERVICE CHARGE

The service charge for Pasteur Road Retail Park is currently running at a low level reflecting £1.06 per sq ft.



94.5% of the income is let to 5A1 covenants

ASSET MANAGEMENT OPPORTUNITIES

A3 Pod

As previously outlined, our client has agreed terms to pre-let an 1,800 sq ft pod unit to be built on the car park to the front of Unit 1. A planning application is in the process of being submitted.

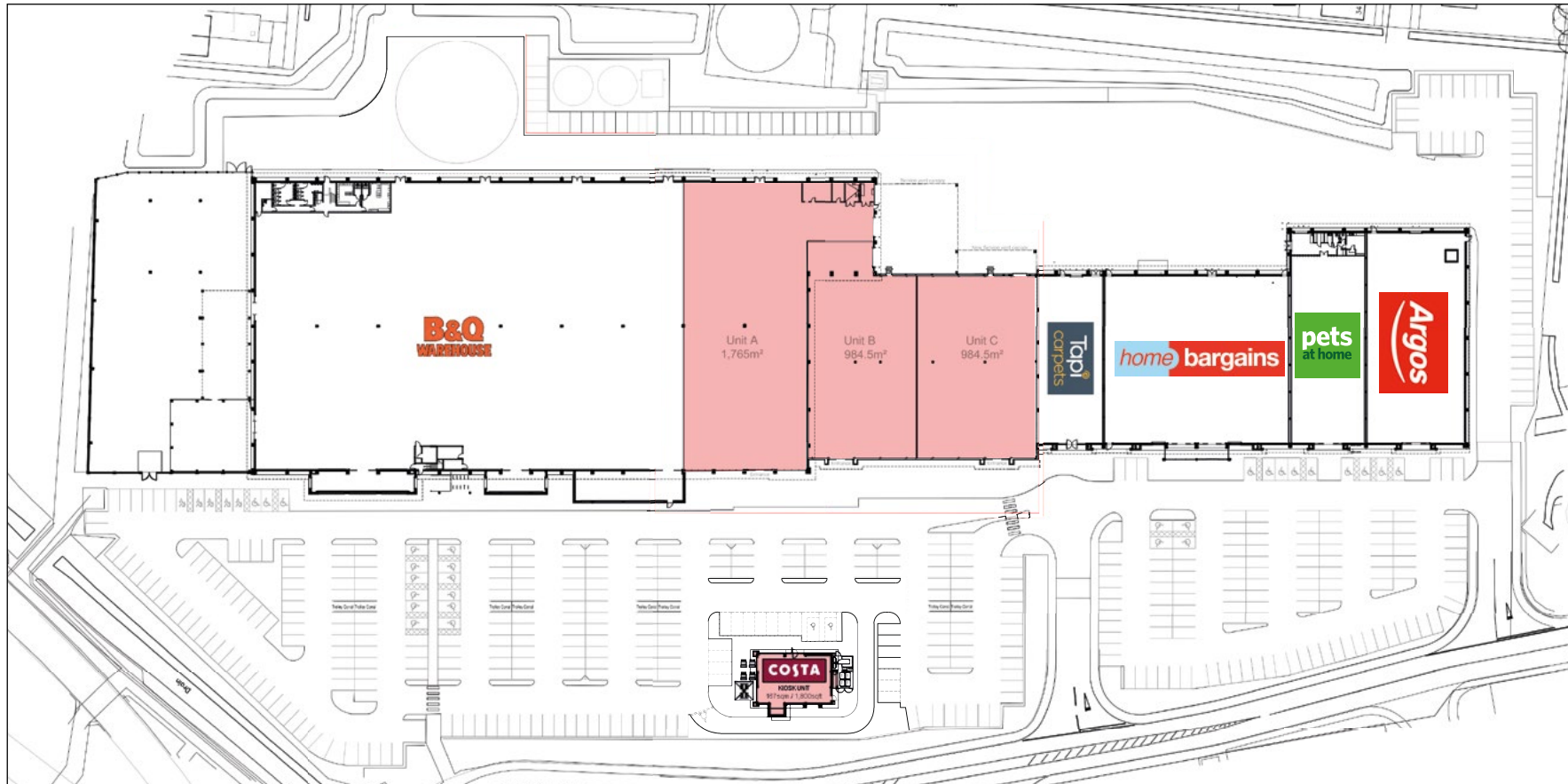
Costa Ltd will enter into an Agreement to Lease upon this unit from Practical Completion, subject to agreement with B&Q, on the following terms;

- 15 years term with a tenant only break at year 10.
- Initial rent of £70,000 per annum (£38.89 psf).
- Rent reviewed 5 yearly to OMV capped at 3% pac.
- 9 months' rent free.

Further details are available upon request.

B&Q Downsize

As outlined above, a planning consent was achieved in February 2017 to downsize Unit 1, which is currently let to B&Q. This consent has yet to be implemented. However, assuming terms can be agreed with B&Q to downsize their unit, it offers a purchaser the opportunity to increase the retail accommodation on the park by creating three new retail units, one of 19,000 sq ft within the existing B&Q unit and two of 10,600 sq ft in what is currently the B&Q builders' yard and to let them to retailers at rents significantly higher than the £11.50 psf that B&Q currently pay.



Asset management opportunities to enhance value

VAT

The property has been elected for VAT. It is expected that the sale will be treated as a Transfer of a Going Concern (TOGC).

EPC

Copies of the energy performance certificates (EPC's) are available upon request.

PURCHASE PRICE

Our client is seeking offers in excess of **£21,334,000 (TWENTY ONE MILLION THREE HUNDRED AND THIRTY FOUR THOUSAND POUNDS)** subject to contract and exclusive of VAT, for their freehold interest in the property.

A purchase at this level would show an **initial yield of 6.5%**, net of purchase costs of 6.8%.

This price also reflects a very modest capital value of **£175 psf**.

The property is held within a corporate structure. A company sale may be possible. Further details are available upon request.

FURTHER INFORMATION

Should you require any further information on the property or wish to arrange an inspection, please do not hesitate to contact:

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