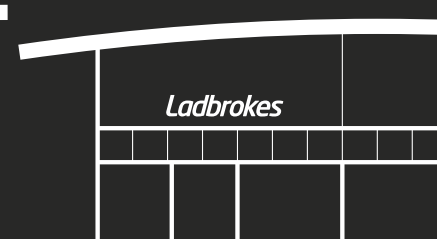
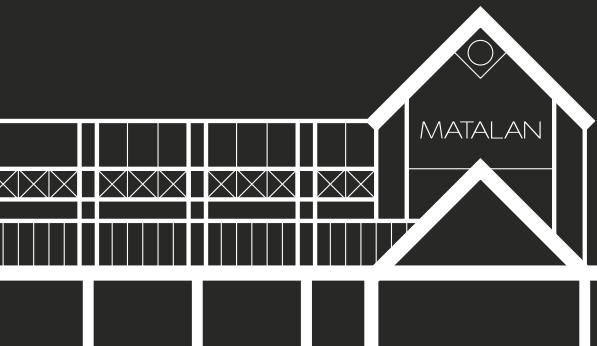


OPEN A1 RETAIL PARK INVESTMENT



NEASHAM ROAD RETAIL CENTRE DARLINGTON DL1 4PF





Neasham Road Retail Centre, Neasham Road, Darlington

poundworld

farmfoods

ASDA

Ladbrokes

Executive Summary

- Darlington is a large market town in County Durham, located 16 miles west of Middlesbrough and 37 miles south of Newcastle-upon-Tyne.
- Primary catchment area of 314,000 and an estimated shopping population of 170,000.
- Prominently situated Retail Park approximately 3/4 of a mile to the east of the town centre directly behind Darlington train station.
- Freehold.
- Purpose built Retail Park providing over 67,000 sq ft with over 300 car parking spaces providing a low average ratio of 1: 208 sq ft.
- Predominantly Open A1 (including food) retail planning consent.
- Fully let to Matalan, Poundworld, Farmfoods, Asda (long leasehold) and Ladbrokes producing a total rent of £746,700 per annum (£11.07 per sq ft).
- Attractive WAULT over 9 years.
- Undoubted covenants (majority rated “minimum risk”)
- Asset management opportunities including lease re-structuring, downsizing and further development.
- Planning consent for two additional retail units, totalling 2,300 sq ft (split 50:50), with A1, A2, A3 and A5 consent.
- Offers are sought in excess £10,370,000 (Ten Million Three Hundred and Seventy Thousand Pounds) subject to contract and exclusive of VAT.
- A purchase at this level reflects an attractive net initial yield of 6.75%, assuming purchase costs at 6.70%.



Location

Darlington is a large and busy market town in County Durham, located approximately 16 miles west of Middlesbrough and 37 miles south of Newcastle-upon-Tyne.

The town benefits from excellent road communications, being situated 3 miles east of the A1(M), connecting the town to York and Leeds to the south and Sunderland and Newcastle to the north. The town is served by 3 junctions on the A1(M), providing access to the town centre via the A66(M) at Junction 57, the A68(M) at Junction 58 and A167 at Junction 59.

The town is an important railway interchange on the East Coast Main Line. There are regular services to London King's Cross (2 hrs 23 mins), Manchester (2 hrs), Leeds (53 mins), Edinburgh Waverley (1 hr 58 mins), Newcastle (58 mins) and Middlesbrough (26 mins).

Neasham Road Retail Centre is located approx. 0.5 miles east of Darlington town centre directly adjacent to Darlington train station. Neasham Road is a main arterial road providing access to the A66 ring road, which in turn leads to junction 57 of the A1 motorway.



Demographics

- Darlington has a primary catchment area of 314,000 and an estimated shopping population of 170,000.
- Car ownership increased at significantly above the average for the PROMIS centres in terms of both total car ownership and multiple car ownership.
- Today, Darlington is a key economic asset within the North East of England, with a sphere of influence that reaches into Tees Valley, the wider North East region and beyond.
- Existing sectoral strengths include the service sector, manufacturing, advanced engineering and construction; with emerging strengths in digital and media, subsea, telehealth and telecare.
- The town has proven an attractive choice for Government Department relocations such as the Student Loans Company and the Independent Safeguarding Authority, for outsourcing and call centre functions and warehousing and distribution centres.
- In recent years, Darlington has attracted significant inward investment and major employers in the town such as EE, Amec Capital Projects, Cummings Engine Company, Argos and Darlington Borough Council.

Retail Warehouse Provision

Retail warehouse supply in Darlington is estimated at 907,000 sq ft and overall, provision per household of retail warehousing floorspace is around the PROMIS average.

The main retail warehouse schemes are as follows:

- **Darlington Retail Park (154,056 sq ft - LaSalle)** - This Park is located to the east of the town centre on Yarm Road. Occupiers include Carpetright, Currys/PC World, DFS, Costa Coffee, Wren Living, Furniture Village, Harveys, Home Bargains, The Range, KFC, Pets at Home, DFS, ScS and TK Maxx. KFC also trade from a stand-alone unit on the park.

The park has Open A1 non-food consent and also benefits from being anchored by Morrisons / Morton Park scheme. Rents range between **£15.00 per sq ft** and **£18.66 per sq ft**.

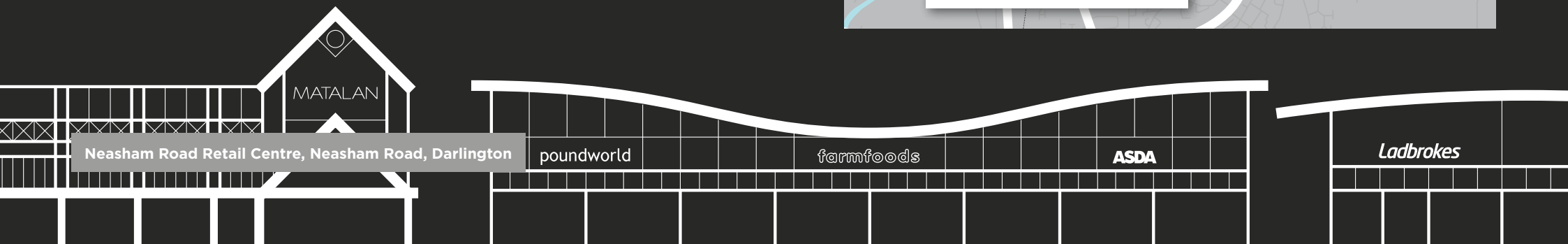
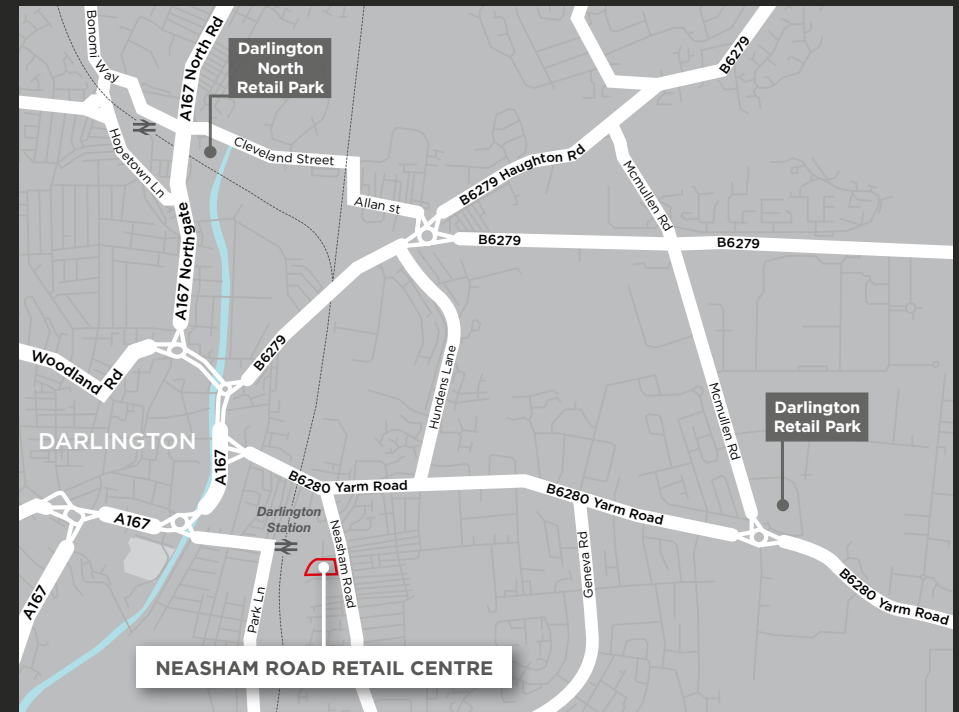
- **Darlington North Retail Park (42,207 sq ft - British Steel Pension Fund)** - Darlington North Retail Park is a new development which recently opened in May 2016. The scheme is situated close to North Road Station. The scheme has a total area of 42,413 sq ft and has Open A1 planning consent.

The park consists of 9 units, which are fully let and occupied by Aldi, Iceland, Poundland, Subway, Barnardos, Greggs, Card Factory, KFC and Jollyes. Rents range from **£13.75 per sq ft** to **£16.00 per sq ft**.

Planning

The subject property benefits from the following planning consents:

- Unit 1 (Matalan) - **Open A1**.
- Unit 2 (Poundworld) - **Open A1**.
- Units 3 and 4 (Farmfoods & Asda) - **Open A1** restricted to the sale of food and drink for consumption off the premises.
- Unit 5 (Ladbrokes) - **Open A1** restricted to video sales and rentals or to a betting shop within Class **A2**.
- Units 6/7 - (New build) planning consents granted to build 2,300 NIA (Split 50:50) with **A1, A2, A3 and A5 consent**.



Description

Neasham Road Retail Centre comprises five retail units consisting of a large stand-alone unit of 46,124 sq ft occupied by Matalan with an adjacent terrace providing a further three additional units occupied by Poundworld, Farmfoods and Asda. There is also a smaller stand-alone unit fronting Neasham Road occupied by Ladbrokes which provides approximately 2,000 sq ft.

The units are of steel framed construction with brick elevations. The site is accessed directly off Neasham Road which connects to the ring road via the B6280 Yarm Road to the north and the A66 to the south.

There are approximately 323 car parking spaces providing a low average ratio of 1: 208 sq ft. Servicing is achieved via the rear of the units. The site is broadly rectangular in shape and occupies an area of approximately 1.955 hectares (4.831 acres) which equates to a site cover of only 32%.

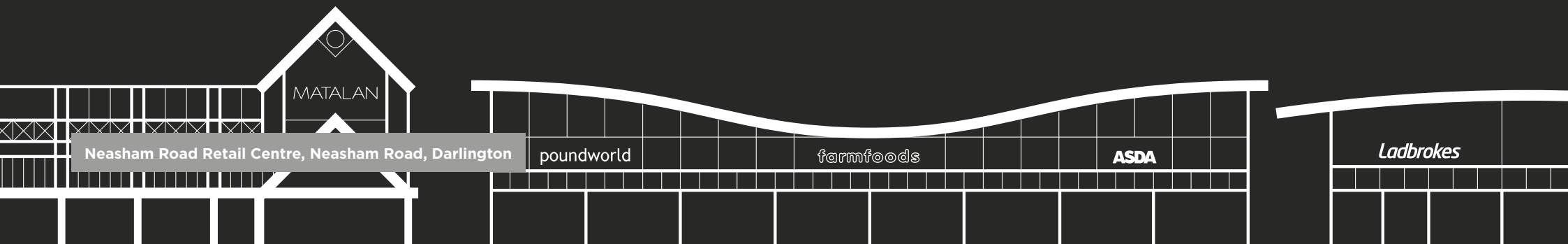
Tenure

Freehold.

Tenancy Schedule

The property is let in accordance with the following tenancy schedule:-

Unit	Tenant	GIA Floor Area (sq ft)	Lease Start	Term (yrs)	Expiry Date	Break	Next Rent Review	Current Rent (p.a.)	Current Rent (psf)	% of Total Current Income
1	Matalan Retail Ltd	46,124	01/07/2002	25	30/06/2027	-	01/06/2017	£600,000	£13.01	80%
2	Poundworld Retail Limited	4,340	14/08/2013	10	13/08/2023	14/08/2018	14/08/2018	£43,500	£10.02	6%
3	Farmfoods Limited	4,800	27/08/2004	20	26/08/2024	-	01/06/2019 01/06/2024	£61,200	£12.75	8%
4	Asda Stores Limited	10,180	08/09/2004	125	07/09/2129	-	-	£0	£0.00	0%
5	Ladbrokes Betting & Gaming Limited	2,000	10/09/2004	15	09/09/2019	-	-	£28,000	£14.00	4%
ATM	Cardtronics UK Limited	-	01/01/2017	5	31/12/2022	-	-	£14,000	-	2%
		67,444						£746,700	£11.07	100%

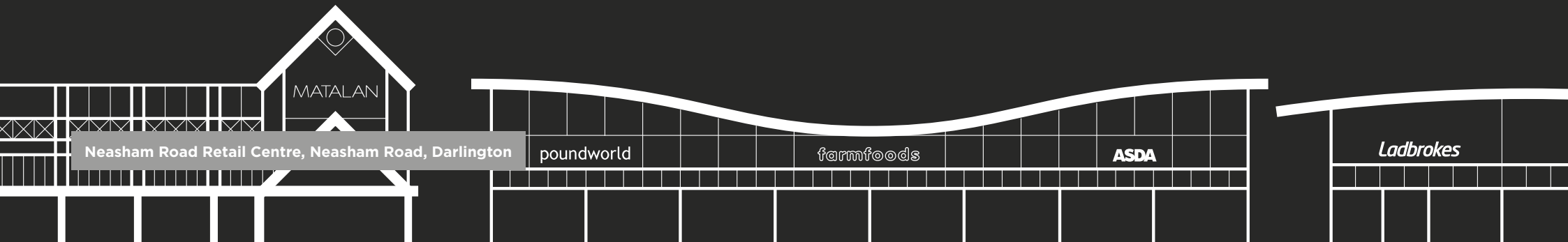


Covenant Summary

Tenant	Date	Turnover (000's)	Pre-Tax Profits(000's)	Net Worth (000's)	D&B Rating
Matalan Retail Ltd	27/02/2016	£1,060,500	(£20,300)	£317,800	5A1
Poundworld Retail Limited	31/03/2016	£462,689	(£5,405)	£7,048	3A1
Farmfoods Limited	02/01/2016	£694,385	£20,038	£20,038	5A1
Asda Stores Limited	30/12/2015	30/12/2015	£633,300	£5,332,000	5A1
Ladbrokes Betting & Gaming Limited	31/12/2015	£830,678	£49,865	£1,191,902	5A1
Cardtronics UK Limited	31/12/2015	£212,914,000	£26,016,000	£27,813,000	N1

Income Profile and Security

The property benefits from an attractive WAULT of 9.2 years (8.9 years to break). The majority of the income is secured against strong covenants which are rated "minimum risk of business failure" by Dunn & Bradstreet with over 90% rated 5A1 – the strongest rating.



Asset Management

Neasham Road Retail Centre offers an attractive mix of retailers in an accessible location that draws on a wide catchment. The properties unique position within Darlington provides a strong base for further asset management, opportunities highlighted below:

- Planning consent exists (Ref: 15/00977/FUL) to build a retail terrace providing roadside frontage as marked on the plan opposite, (hatched red), offering 2,300 sq ft over two units to be split 50:50. Terms have been agreed with a national multiple for a new 10 year lease, break option year 5 at £17.50 psf. ERV is £40,000 and has A1, A2, A3, A4 & A5 consent.
- Extant planning consent exists (Ref: 13/00136/FUL) for a new retail terrace (3,600 sq ft) consisting of five units, ranging between 500-1,000 sq ft for uses within classes A1, A2 and A5, subject to reaching agreement on re-allocation of parking with existing tenants.
- Ladbrokes have expressed interest in extending their lease term.
- As Matalan's unit is in excess of its optimum size (c. 15,000 - 17,000 sq ft) and has the benefit of an Open A1 consent, the unit therefore has the potential to be downsized and re-let.



The previous planning application has now lapsed.

Planning consent for 2 units totalling 2,300 sq ft.



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VAT

The property is elected for VAT, it is anticipated that the transaction will be treated as a T.O.G.C.

EPC

Available on request.

Service Charge

The service charge budget for the year ending 31st March 2018 is £48,350 per annum (£0.71p per sq ft).

Price

Offers are sought in excess of £10,370,000 (Ten Million Three Hundred and Seventy Thousand Pounds), reflecting an attractive net initial yield of 6.75%, assuming purchase costs at 6.70%.

Further Information

For further information or to make arrangements for viewing please contact:

APAM
Peter Owen
 0161 868 4316
 powen@apamuk.com

HARVEY SPACK FIELD
Ben Turquet
 020 7629 9663
 Turquet@harveyspackfield.co.uk

APAM

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