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Prime Freehold Retail Investment Opportunity

16-24 Darley Street
5 Dale Street and
26/30 Piccadilly
Bradford, BD1 3HL

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1 INVESTMENT SUMMARY

1.1 An opportunity to acquire a prime freehold retail investment with key attributes as follows:-

- Substantial variety store extending to 83,833 sq ft (7,788.31 sq m)
- Located in a prominent position on the eastern side of Darley Street opposite the Kirkgate Shopping Centre
- Let in its entirety to Marks & Spencer Plc for a 10 year term from the 28th February 2008 at a current rent of £265,302 pa (£3.16 psf overall)
- Rent subject to annual fixed increases of 2% pa with next increase February 2012 to £270,608 pa
- Lease subject to 6 month rolling tenants break option
- Estimated rental value £466,000 pa based on £7 psf for the store and £2.50 psf for the rear warehouse
- Potential alternative uses for the substantial rear warehouse
- Offers invited in the region of £2,780,000 (Two Million, Seven Hundred & Eighty Thousand Pounds) equivalent to a net initial yield of 9.02%, a true equivalent yield of 12.33% and a capital value of only £33.16 psf.





2 LOCATION

- 2.1 Bradford is a major commercial centre located in West Yorkshire approximately 11 miles (40 kilometres) west of Leeds and 30 miles (48 kilometres) north-east of Manchester.
- 2.2 The City is well located with the M606 providing direct access to the M62 motorway and the national motorway network. There is a regular and frequent train service to Leeds providing an inter city service to London and other major conurbation. Leeds & Bradford airport provides scheduled international flights to many national and European destinations.

3 DEMOGRAPHIC PROFILE

- 3.1 Bradford has an extensive primary catchment that is expected to benefit from significant population growth of 0.8% pa, between 2008-2013, ranking the City 13th of the UK fastest projected growth centres [PMA]. The total population within Bradford's primary catchment area is 379,000, above the Major Town average, ranking the city 59th of the PROMIS Centres.
- 3.2 Bradford ranks 77th in terms of the volume of comparison retail spend available in the catchment area and is forecast to see significantly above average percentage growth in the available pool of comparison spend over the next five years [PMA].
- 3.3 Bradford is also an increasingly popular destination for visitors, with tourism worth £409m to the local economy with the National Museum of Photography, Film and Television in Bradford the most visited museum outside London, attracting 750,000 visitors each year.
- 3.4 The City has undergone significant economic restructuring from its historical textile base and is now established as a major regional office location with leading UK financial institutions headquartered in the City including Yorkshire Building Society and Provident Financial.

4 RETAILING IN BRADFORD

- 4.1 Bradford's prime retailing is focused on Darley Street and Kirkgate Shopping Centre all of which are pedestrianised. The city's principal core locations are anchored by M&S and Primark respectively. The current prime rental tone is circa £130ZA.

The city has a significant under supply of quality retail assets which will not be resolved in the short term as the planned 590,000 sq ft redevelopment of the 1960's Broadway Shopping Centre by Westfield has been postponed in the short term.

5 SITUATION

- 5.1 The property is situated in a prime and prominent location on the eastern side of the pedestrianised section of Darley Street close to its junction with Duke Street and Godwin Street, directly opposite the Kirkgate Shopping Centre. Occupiers in the immediate vicinity include Primark, Boots the Chemist and Next
- 5.2 A separate warehouse facility is located on Piccadilly, a non-retail pitch dominated by offices. Access is off Dale Street to a self contained service yard.

6 DESCRIPTION

- 6.1 The property comprises a substantial variety store of frame construction, arranged over basement, ground and two upper floors. The principal retail store is linked to a separate warehouse on Piccadilly by a covered pedestrian walkway at second floor level. The warehouse comprises storage accommodation on basement, mezzanine ground and three upper floors and benefits from a considerable service yard.
- 6.2 The store fronts on to Darley Street and is fully glazed at ground floor level with attractive stone cladding above. Marks & Spencer currently trade from the ground and basement levels only. The warehouse facility has loading access provided from Duke Street.

7 ACCOMMODATION

7.1 The property has the following approximate areas;

Floor	Description	Sq M	Sq Ft
Retail Store (16-24 Darley Street)			
Basement	Retail	1,290.83	13,894
Ground	Retail	1,356.45	14,601
First	Retail (Currently unused)	1,325.45	14,267
Second	Offices & Staff	1,357.45	14,612
Sub Total GIA		5,330.18	57,374
Warehouse (5 Dale Street & 26/30 Piccadilly)			
Basement to Third Floors	Storage	2,458.13	26,459
TOTAL GIA		<u>7,788.31</u>	<u>83,833</u>

8 TENURE

8.1 Freehold

8.2 With respect to the covered walkway connecting no formal rights exist however the tenant has benefited from uninterrupted access since 1970.

9 TENANCY

9.1 The property is let to Marks & Spencer Pic on a full repairing and insuring basis for a term of 10 years from 28th February 2008 at a current rent of £265,302 pa, subject to a 6 month rolling tenants break option after the third year of the term. The lease benefits from annual fixed increases of 2% per annum compound as follows:-

Rent Passing	£265,302 pa
2012	£270,608 pa
2013	£276,020 pa
2014	£281,541 pa
2015	£287,171 pa
2016	£292,915 pa
2017	£298,773 pa

9.2 We are of the opinion that the open market rental value of the store is £400,000 per annum, based on £7.00 per sq ft. The warehouse could be separately let at a storage rate of say £2.50 psf, £66,000 per annum.

Address	Area Sq Ft	Tenant	Transaction Date	Rent Agreed (PSF)
Kirkgate Shopping Centre, Bradford	120,000	Primark	Dec 2002	£6.30
Kirkgate Shopping Centre, Bradford	24,000	Boots	June 2003	£15.00
86/89 High Street West, Sunderland	49,156	Bhs	Dec 2005	£7.00
9/23 The Shambles, Huddersfield	53,579	Bhs	Sept 2005	£8.60
Freshney Place Shopping Centre, Grimsby	45,960	Bhs	Aug 2005	£9.50
39/40 Four Seasons Centre, Mansfield	52,246	Boots	June 2005	£8.50
Wallsall	59,026	M&S	March 2006	£9.50

10 COVENANT STATUS

10.1 Marks & Spencer is one of the UK's leading retailers with an Experian credit risk rating of "Very Low" and a credit assessment limit of £10,000,000. The accounts dated 31st March 2010 are summarised below:

	Accounts 02/04/2011 (000)	Accounts 03/04/2010 (000)
Total Turnover	£9,740,300	£9,536,600
Pre-Tax Profits	£780,600	£702,700
Net Worth	£2,145,800	£2,185,900

11 REDEVELOPMENT OPTIONS

11.1 Subject to planning the property lends itself to a potential break up into two or three MSU stores, to satisfy current retailer demand for large affordable stores, where retailers can drive sales densities.

12 PROPOSAL

12.1 We have been instructed to seek offers in excess of **£2,780,000 (Two Million Seven Hundred and Eighty Thousand Pounds)**, subject to contract and exclusive of VAT for the freehold interest in this property. A purchase at this level would show a net initial yield of 9.02%, a true equivalent yield of 12.33% based on a conservative ERV, and a capital value of circa £33.16 per sq ft having allowed for purchase costs of 5.8%.

12.2 The fixed increases will provide the following yield profile:-

September 2011	9.02%
February 2012	9.20%
February 2013	9.38%
February 2014	9.57%
February 2015	9.76%
February 2016	9.96%
February 2017	10.16%

13 VAT

- 13.1 It is anticipated that the sale will be treated as a Transfer of a Going Concern (TOGC). However, should this not be the case, the property has been elected for VAT and therefore VAT will be payable on the purchase price.

14 FURTHER INFORMATION

- 14.1 For further information or to arrange an inspection please contact:-

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BRADFORD

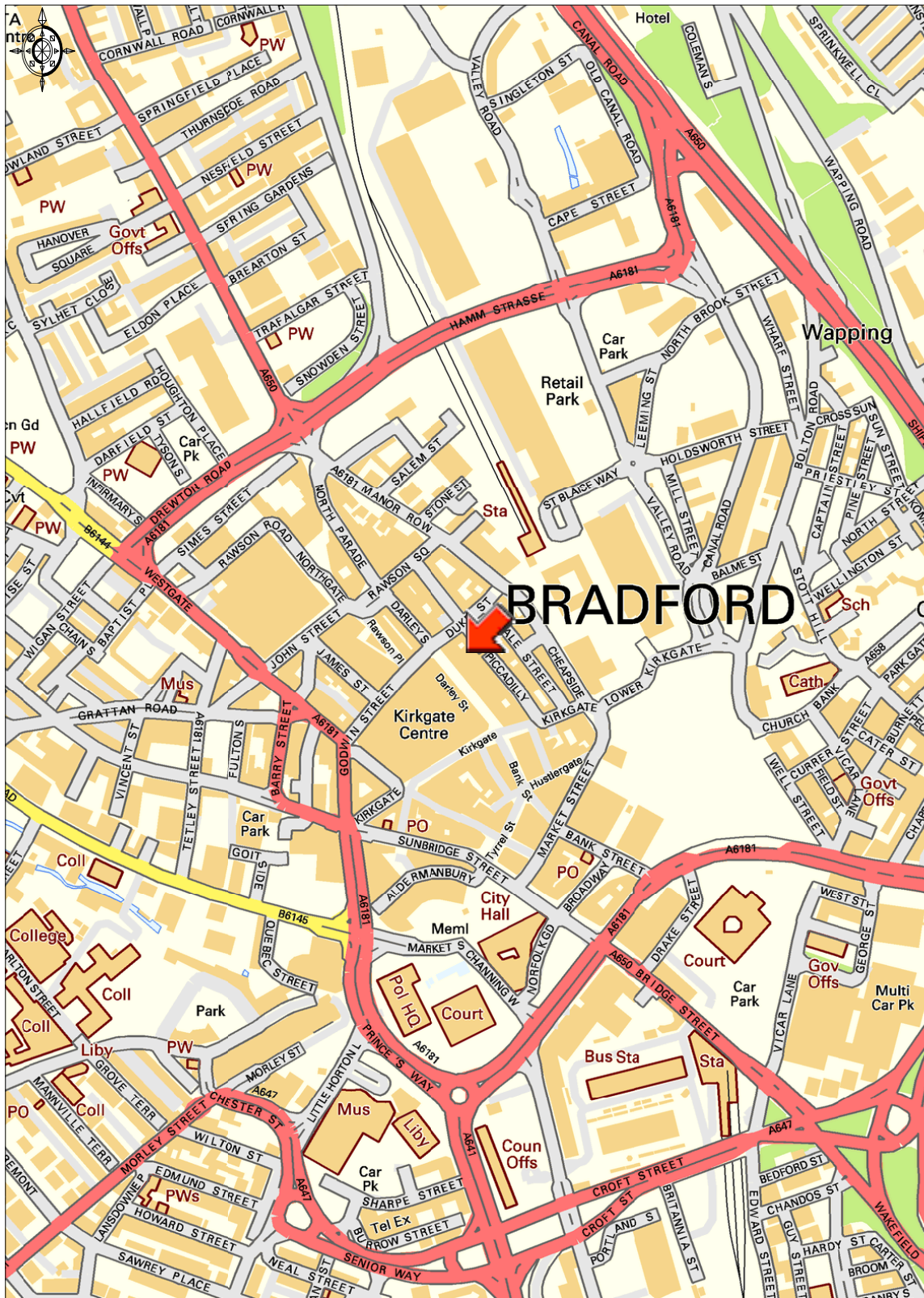
Kirkgate Centre

0m 10m 20m 30m

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