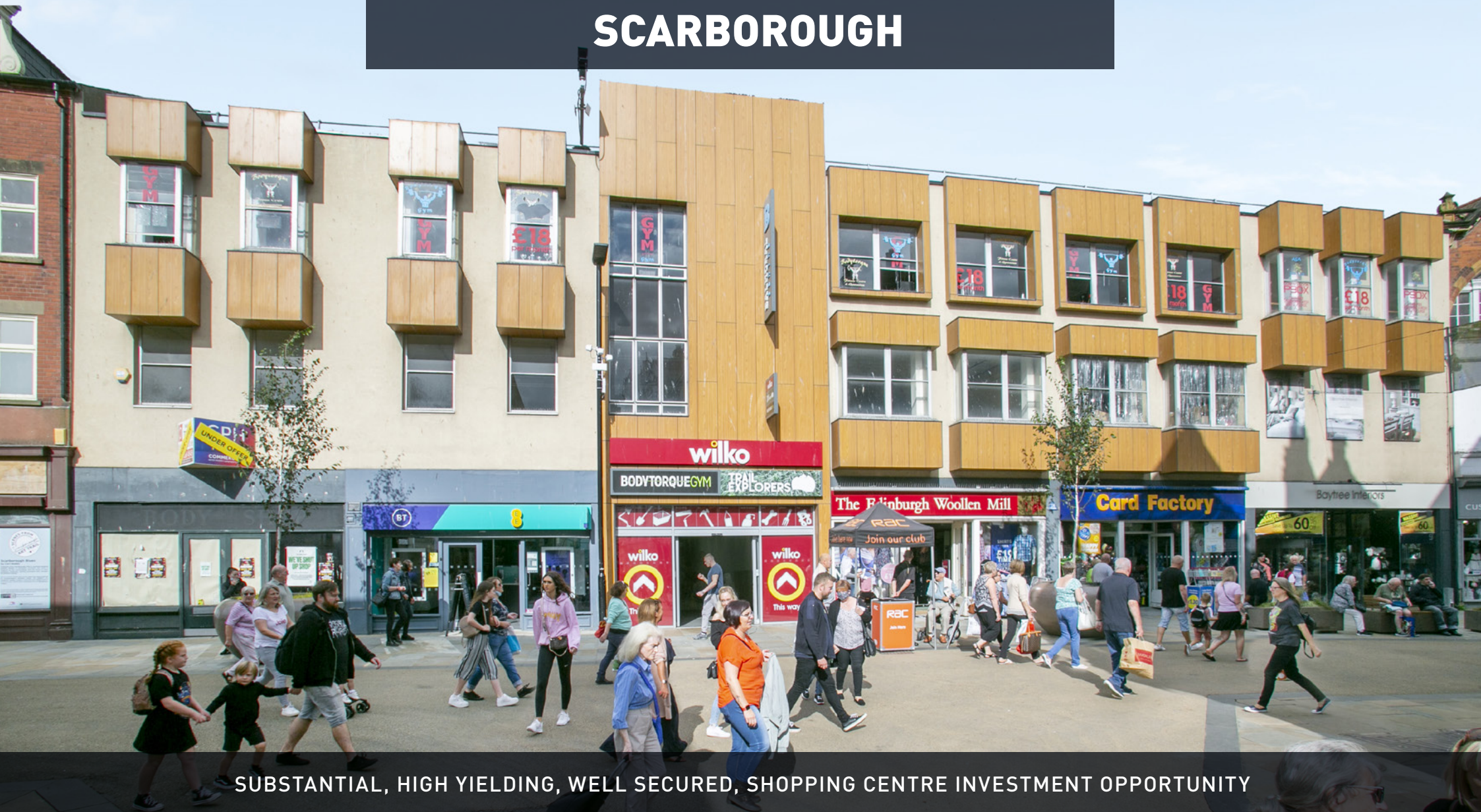


green&partners

THE BALMORAL SHOPPING CENTRE & BAR HOUSE, ABERDEEN WALK SCARBOROUGH



SUBSTANTIAL, HIGH YIELDING, WELL SECURED, SHOPPING CENTRE INVESTMENT OPPORTUNITY

Investment Considerations

- ▶ Prime, Prominent Retail holding in the popular seaside town of Scarborough.
- ▶ The town benefits from circa 7 million tourists per annum. There is also limited retail competition or leakage to surrounding centres
- ▶ Well secured to a host of national multiple operators including **Wilko**, **Card Factory**, **Vision Express**, **EE**, **Edinburgh Woollen Mill** and **NCP**
- ▶ There are a number of occupational deals in solicitors hands (Clarks, Vape, Card Factory, EMW, Scarborough & District Mencap) underlining the popularity of the pitch.
- ▶ Weighted Average Unexpired Lease Term **11 years to expiry** (NCP lease 52.5 years unexpired)
- ▶ **73,437 sq ft (6,823 sq m)** excluding the car park on a **1.5 acre site (0.6 hectares)**
- ▶ Tenure:
 - **Balmoral Centre** held Freehold.
 - **Bar House**, Aberdeen Walk held Long Leasehold until September 2141 (119 years unexpired)
- ▶ Gross Combined income: **£724,135.00 pa**
- ▶ Net Operating Income (less shortfalls and Aberdeen Walk headrent): **£637,508.29 pa**

We are instructed to seek offers in excess of **£4,500,000 (Four Million, Five Hundred Thousand Pounds)** (Subject To Contract & Exclusive of VAT), reflecting a **triple net initial yield of 13.30%** assuming graduated purchasers costs.





NCP/WILKO

MATALAN

TK MAXX

THE BALMORAL

BAR HOUSE

ABERDEEN WALK

WESTBOROUGH

Location

Scarborough is a popular north east seaside town located in Yorkshire:



ROAD

York - 40 miles (64km) via A64
Hull - 42 miles (68km) via A165
Middlesborough - 47 miles (76km) via A171



RAIL

York (50 minutes)
Leeds (1 Hour 14 Minutes)
London (3 Hours)



AIR

Leeds Bradford Airport 70 miles (113 km)



Scarborough

- ▶ Scarborough town centre benefits from a loyal, local catchment, the nearest competition being from York, some 40 miles away.
- ▶ As such the town retains circa 80% of consumer spend.
- ▶ Moreover, Scarborough is one of the top five most visited holiday locations domestically, with some 7m visitors annually.

The total town centre retail floor space amounts to approximately 1.07m sq ft and is focussed on a very compact pedestrianised pitch on Newborough and Westborough.

The main shopping centre in the town has historically been the 127,000 sq ft Brunswick Shopping Centre. This is supplemented by the Prime section of Westborough, and the subject property, Aberdeen Walk and The Balmoral Centre.



Situation

The property is situated in a prime position in the town centre diagonally opposite the Brunswick Shopping Centre, on the northern side of the prime pedestrianised thoroughfare, Westborough and Aberdeen Walk.

The property can also be accessed via Chapman Yard, where **TK Maxx** and **Matalan** are located and Aberdeen Terrace.



Description

The asset comprises two separate sections, namely:

- ▶ **The Balmoral Centre:** Anchored by Wilko, this represents the secondary covered retail offer within the town. Totalling 57,339 sq ft (not including the Car Park). Seven retail units are situated on ground floor, 5 fronting Westborough and an MSU and additional retail unit within the covered section of the scheme. There is a vacant night club located on first floor and a gym located on the second floor. There is also a 480 space NCP car park located to the rear above Wilko, with separate access into the centre.
- **Tenure:** Freehold.
- ▶ **Bar House, Aberdeen Walk:** Comprising retail and leisure space over three floors totalling 17,602 sq ft. The income producing section is at ground floor level and comprises seven well configured unit shops fronting Westborough and Aberdeen Walk. The first and second floors are vacant and were formerly utilised as a night club.
- **Tenure:** Long leasehold for a term of 150 years, expiring 28/09/2141 (119 years unexpired). The freeholder is United Reformed Church (Yorkshire Province). The headrent payable is the higher of £27,000 pa or 15% of the 'net passing rent'. The 'net passing rent' is the gross passing rent less a 5% notional management charge. The current headrent payable is £27,000pa.



Bar House, Aberdeen Walk



Car Park

The property includes a 480 space car park arranged on multiple floors above the Balmoral Centre. The car park is leased to NCP Empire No. 2 Limited for a further 52.5 years at a current rental of £96,000 pa (circa £200 per space). The incumbent tenant is contracted to pay circa £5m in rent to expiry.

Accommodation

The property provides an approximate total floor area of **73,437 sq ft (6,823 sq m)** as set out in the Schedule of Tenancies & Accommodation, excluding the car park.

Site Area

The properties occupy a **1.5 acre site (0.6 hectares)**.



Tenancies

Bar House

Balmoral Shopping Centre

Demise	Tenant	Area ft ²	Headline Rent	Rent ft ²	Lease Start Date	Break Date	Lease Expiry Date	Next Rent Review	Service Charge to 30/09/2022	Total Rates & SC Shortfall	Comments
Unit 7 Aberdeen Walk, Scarborough, North Yorkshire, YO11 1BA	The Seafood Socal C.I.C	715	£12,000	£16.78	28/05/2019	27/05/2022	27/05/2029	28/05/2024	£1,283.25		Tenant break option in May-22 and May-24. Whitby Seafoods Limited acting as guarantor. There is also a Rent Deposit Deed dated 28-May-19 for the sum of £2,400 to be held for 10 years by the Landlord.
Bar House	Northern Electric PLC	0	£0	£0.00	01/10/1964		30/09/2024				
Ground and First Floors of Unit 1 Bar House, 112 Westborough, Scarborough, YO11 1LP	Vision Express (UK) Ltd	1,488	£36,500	£24.53	25/10/2018		24/10/2023		£2,418.93		Side letter dated 25-Oct-18 allowing Tenant to pay rent in monthly repayments instead of in quarters.
Unit 2 Bar House, 112 Westborough, Scarborough	Vape Safe York Limited (Lease not yet completed)	1,393	£28,000	£20.10	TBC	Rolling Landlord Breaks	2 years from completion		£2,252.93	£2,252.93	Please note, these details are based on a proposed letting that has not yet completed, details below: Short term letting agreed with Vape Safe York Ltd. 2 year term, no RF period and rent at £28k p.a. with rolling break option for Landlord after 6 months notice. Due to complete in early October.
3 Bar House, 112 Westborough Scarborough	Claire's Accessories (UK) Ltd	1,571	£35,400	£22.53	01/06/2017		30/05/2022		£2,368.87		
Unit 4, 1-3 Aberdeen Walk, Scarborough, YO11 1BA	Thomas of York Ltd	879	£50,000	£56.88	15/05/2017	14/05/2022	03/01/2031	15/05/2022	£1,383.38		A reversionary lease has been signed and dated on 4 January 2021 for the same Tenant and Premises with a commencement date of 15-May-27 to and including 03-Jan-31. The rent under the reversionary lease will be the rent under the Current Lease before the 15-May-27.
Unit 5 3 Aberdeen Walk, Scarborough, YO11 1XR	Baris Bakisgan	764	£12,500	£16.36	16/04/2019		15/04/2024		£1,185.75		Rent Deposit Deed dated 16 April 2019 for the sum of £2,400 to be held by the Landlord for 5 years.
Unit 6 5 Aberdeen Walk, Scarborough, North Yorkshire, YO11 1BA	Hays Travel Limited	698	£12,500	£17.91	26/02/2018	26/02/2023	25/02/2028	26/02/2023	£1,148.86		Service Charge cap at £5,000 and calculated annually thereafter with reference to the RPI thereafter.
Unit 8 (9 Aberdeen) - Nightclub	Vacant	8,800	£0	£0.00					£14,308.05	£30,948.05	
Headlease	Rent payable to United Reformed Church (Yorkshire Province) Trust Limited		-(27,000)		29/09/1991		28/09/2141				Head rent is the higher of £27,000 pa or 15% of the net passing rent. The net passing rent is the gross passing rent less 5% notional management charge
Unit 1, The Balmoral Centre, Scarborough	John Eliot Footwear t/a Clarks (Lease not yet completed)	2,800	£37,500	£13.39	TBC	TBO in Year 3 and Year 6	10 years from completion		£5,464.65		Please note, these details are based on a proposed letting that has not yet completed, details below: Terms agreed with John Eliot (Footwear) Ltd t/a Clarks. 10 yr term with breaks at years 3 and 6. Stepped rent years 1-5: £32,500, £33,500, £34,500, £35,500, £37,500. RR at year 5. 6 months RF. Includes a Schedule of Condition and Service Charge Cap. Vendor to top up rent to £37,500 from day 1.
The ground and first floors of the Building (Unit 2), The Balmoral Centre, Scarborough, YO11 1LP	EE Limited	1,182	£38,500	£32.57	28/09/2018		27/09/2023		£2,303.73		Side letter - dated 28-Sep-18 - Landlord agrees to accept payment of the rent monthly as opposed to quarterly.
The ground and first floors of Unit 3 ,Unit 3A, Balmoral Centre, 121 Westborough, Scarborough, YO11 1LP	Sportsworld Ltd (t/a Card Factory)	2,259	£35,000	£15.49	13/10/2021		05/09/2026		£4,403.87		Please note, these details are based on a proposed letting that has not yet completed, details below: Terms agreed for surrender and regrant on 5 year lease with break at year 3. £35,000 p.a. with 3 months RF. Previous rent £43,710 pa.
The ground and first floor, Unit 3B, The Balmoral Centre, Westborough, Scarborough, YO11 1LP	The Edinburgh Woollen Mill Properties Limited	5,051	£42,500	£8.41	TBC	TBO in Year 3	5 years from completion		£9,739.94		Please note, these details are based on the proposed letting that has not completed yet, details below: EWM is in administration. Terms have been agreed with a new tenant, Edinburgh Woollen Mill Properties Limited at £42,500 p.a. 5 year lease with break at year 3. 3 months RF. Not contracted out of LTA 1954 and includes a schedule of condition. This new lease has not yet completed. Previous rent £61,116 pa.

Tenancies

Balmoral Shopping Centre

Demise	Tenant	Area ft²	Headline Rent	Rent ft²	Lease Start Date	Break Date	Lease Expiry Date	Next Rent Review	Service Charge to 30/09/2022	Total Rates & SC Shortfall	Comments
Shop at Unit 4, Balmoral Centre, 121 Westborough, Scarborough	Hill Giftware Limited t/a Baytree Interiors	3,335	£50,000	£14.99	07/04/2017		06/04/2022		£6,161.13		
Unit 5-8 Units 5-8 Balmoral Centre, Westborough, Scarborough	Under Offer to Scarborough & District Mencap	3,977	£18,000	£4.52	5 year lease	Year 3	TBC		£7,425.50		Terms agreed and solicitors instructed with Scarborough and District Mencap. 5 year lease (outside 1954 act), mutual break option in year 3. Rental £18,000 pax. Tenant to receive 4 months rent free.
Ground, first, second and third floors of the Balmoral Centre, Westborough, Scabourough Y011 1LP	Wilko Retail Limtied	30,102	£215,000	£7.14	25/03/2017		24/03/2027	25/03/2022	£56,489.48		Tenant can pay monthly.
Rear Car Park (Also referred to as Multi-Storey Car Park)	NCP Empire No.2 Limited	0	£96,000	£0.00	25/03/1975		24/03/2074				Underlease dated 12/05/2005 to Stepbranch Limited. Tenant has not paid rent in 2021. Tenant has confirmed verbally that the site is one they want to keep and they intend to recommence paying rent in Q4 21, once they have rationalised their portfolio elsewhere.
Sub- Station	The North Eastern Electricity Board	0	£60	£0.00	01/01/1975		31/12/2035				
1st floor - Nightclub	Vacant	4,044	£0	£0.00					£7,307.63	£18,571.63	
Gym premises at the ground, first and second floor of The Baldmoral Centre, Westborough, Scarborough, Y011 1LP	Colin Hogg Gym	4,379	£4,675	£1.07	01/12/2016	Landlord break anytime on 6 months notice.	30/11/2022		£7,854.10	£7,854.10	Letter dated 19-Mar-2013 - RE Service Charge Concession - LL will not recover Service Charge subject to conditions listed in letter. Break - LL can determine Term any time giving no less than 6 months prior notice)
		73,437	£724,135	£9.62						£59,626.71	Guarantor - Andrew McDonald is acting as a guarantor.

Total Contracted Rent Aberdeen Walk	£186,9000.00
Head Rent Aberdeen Walk	£27,000.00
Shortfalls Aberdeen Walk	£33,200.98
Net Rent Aberdeen Walk	£126,699.02
Total Contracted Rent Balmoral Centre	£537,235.00
Shortfalls Balmoral Centre	£26,425.73
Net Rent Balmoral Centre	£510,809.27
Combined Gross Income	£724,135.00
Combined Net Operating Income	£637,508.29

Weighted Average Unexpired Lease Term (WAULT)

To Expiry	11 years
To Break	10 years

Service Charge

There is a comprehensive service charge in place at the property. The most recent service charge for Aberdeen Walk equates to a lowly £1.62 psf per annum. The service charge for the Balmoral Centre equates to £1.88 psf per annum.

We estimate the current service charge shortfall to be circa £31,722.71 pax.

Current Income & Income Analysis

The property currently produces a total gross income of **£724,135.00 per annum** and a net income of **£637,508.29 per annum** allowing for current landlord shortfalls totalling £59,626.71 as set out in the Schedule of Tenancies and Accommodation and the headrent on Aberdeen Walk.

Covenant Information

Tenant	Financial Year End	Turnover	Pre-Tax Profit	Total Assets	Working Capital	Delphi Score	Delphi Band
Vision Express (UK) Ltd	31-Dec-20	£262,764,000	−£47,764,000	£152,714,000	−£55,236,000	40	Above Average Risk
Vape Safe York Limited	30-Sep-20	£0	£0	£163,846	£130,123	94	Very Low Risk
Claire's Accessories (UK) Ltd	01-Feb-20	£121,978,000	−£3,533,000	£107,530,000	£19,088,000	95	Very Low Risk
Thomas of York Ltd	31-Dec-20	£12,126,371	£1,270,718	£9,624,928	£3,312,739	100	Very Low Risk
Hays Travel Limited	31-Oct-19	£240,603,000	£3,369,000	£196,522,000	£26,736,000	99	Very Low Risk
United Reformed Church (Yorkshire Province) Trust Limited	31-Dec-20	£0	−£187,131	£9,674,103	£844,808	100	Very Low Risk
John Eliot Footwear Limited	31-Jan-20	£0	£0	£765,299	£94,567	91	Very Low Risk
EE Limited	31-Mar-21	£6,971,000,000	£1,381,000,000	£11,093,000,000	£1,050,000,000	100	Very Low Risk
Sportsworld Ltd	31-Jan-20	£433,400,000	£67,672,000	£122,048,000	£25,402,000	100	Very Low Risk
Hill Giftware Limited	31-Dec-19	£0	£0	£6,336,209	£936,660	100	Very Low Risk
Wilko Retail Limited	30-Jan-21	£1,283,251,000	£3,675,000	£460,543,000	£89,238,000	100	Very Low Risk
NCP Empire No.2 Limited	30-Sep-20	£362,000	−£51,422,000	£0	£0	14	Maximum Risk

VAT

The property has been elected for VAT and it is proposed that any freehold disposal will be by way of a Transfer of a Going Concern (TOGC).



Further Information

EPC

The suite of EPCs and recommendation reports are available on request.

Data Room

A data room is available. Please contact us to arrange access.

AML Compliance

In order to comply with anti-money laundering legislation a successful purchaser will be required to provide certain identification documentation.

Proposal

We are instructed to seek offers in excess of **£4,500,000 (Four Million, Five Hundred Thousand Pounds)** (Subject To Contract & Exclusive of VAT), reflecting a **triple net initial yield of 13.30%** assuming graduated purchasers costs.

Contact

Ed Smith

D: +44 207 659 4831

M: +44 7817 771 005

ed.smith@greenpartners.co.uk

David Freeman

D: +44 207 659 4830

M: +44 7785 253 054

david.freeman@greenpartners.co.uk

Patrick Over

D: +44 207 659 4832

M: +44 7799 350 236

patrick.over@greenpartners.co.uk

green&partners