



CRESCENT LINK RETAIL PARK

CBRE

savills

CRESCENT LINK RETAIL PARK, DERRY, COUNTY LONDONDERRY, BT47 6SA
PRIME RETAIL WAREHOUSE INVESTMENT



INVESTMENT SUMMARY

- Crescent Link Retail Park is the dominant retail park in Derry, providing circa 57% of the total retail warehouse floor space in the city.
- Londonderry/ Derry is the second largest city in Northern Ireland and the fourth largest in Ireland, with a residential population of 107,877 and a cross border catchment of 400,000 (Derry City Council, 2014).
- Derry is approximately 70 miles (112.63km) North West of Belfast via the M2/A6 and 21.36 miles (34.4km) east of Letterkenny in the Republic of Ireland via the N13.
- 43% of its residents under 30 years of age and 65% of working age. The city is also home to the Magee campus of the University of Ulster and was awarded UK City of Culture in 2013.
- Highly visible and accessible location on the A514.
- 318,174 sq. ft of retail warehouse consent (part open).
- Total site measures 22.15 acres.
- 89.5% occupied with a good letting history.
- Occupied by internet resistant retailers such as Marks and Spencer Simply Food, Next at Home, Boots, Homebase, DFS, Currys, B&M Bargains, DW Sports and Starbucks.
- WAULT of 6.87 years to expiry and 6.01 years term certain.
- Recent lettings to Caffè Nero, B&M Bargains and Oak Furniture Land have created a vibrant and diverse retail line-up.
- Free surface car parking.
- Strong asset management opportunities to improve income and tenant mix.
- Gross income of £3,717,115 per annum and a net income of £3,654,685 per annum.
- Freehold.
- We are instructed to seek offers in excess of £40,500,000 (Forty million five hundred thousand pounds) for our client's freehold interest excluding VAT. A purchase at this level would reflect an attractive net initial yield of 8.45% assuming purchasers costs of 6.77% and a capital value of £127 per sq.ft.



LOCATION

Londonderry is the second largest city in Northern Ireland and the fourth largest in Ireland, with a residential population of 107,877 and a cross border catchment of 400,000 (Derry City Council, 2014). The city is situated at the mouth of Lough Foyle adjacent to the border with County Donegal in the Republic of Ireland (ROI).

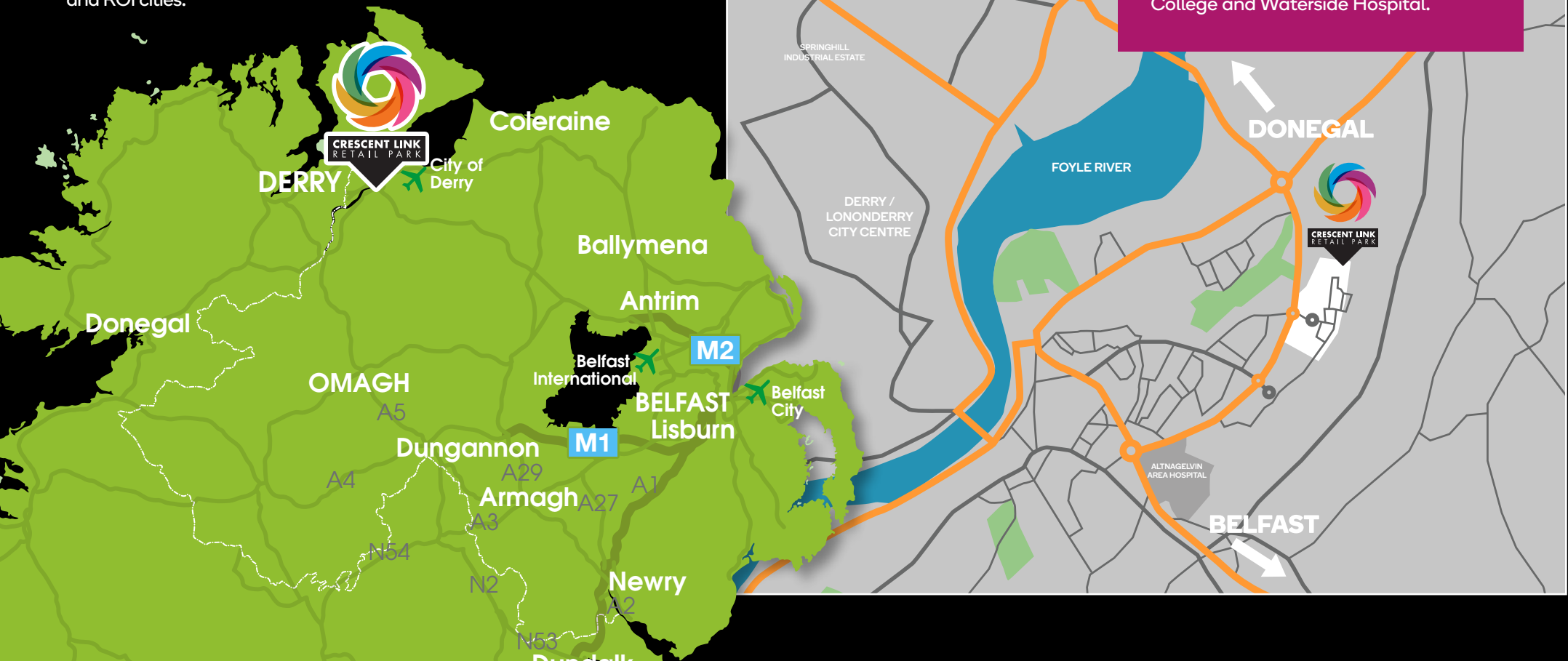
Derry is approximately 70 miles (112.63km) North West of Belfast via the M2/A6 and 21.36 miles (34.4km) east of Letterkenny in the Republic of Ireland via the N13. The city has excellent road and rail links and benefits from its own deep seaport 'Londonderry Port' and own airport 'Derry City' at Eglinton, with direct daily connections to major UK and ROI cities.

The city has 43% of its residents under 30 years of age and 65% of working age. The city is also home to the Magee campus of the University of Ulster. Derry was awarded UK City of Culture in 2013 which was a huge success in driving tourism and regeneration projects.

SITUATION

Crescent Link Retail Park is situated 1.8 miles (3km) to the east of the city centre, across the River Foyle on the south eastern side of the popular A514 Crescent Link Road.

Other nearby occupiers include Premier Inn, Tesco, TK Maxx, Matalan, Next, Altnagelvin Area Hospital, Lisneal College and Waterside Hospital.



PROPERTY DESCRIPTION

Crescent Link Retail Park was constructed in two separate phases separated by an access road and roundabout. Phase 1 incorporates Units 1-6 and was constructed in 2000 while units 9-17 were then constructed as part of Phase 2 in 2004 followed by the construction of Units 17a&b in 2007. In addition units 19 and 19a were completed in 2009. The total gross internal area of the retail park measures 318,174 sq ft (29,560 sq m)

The construction of both Phase 1 and Phase 2 units comprises a superstructure of steel portal frames and at roof level the structure comprises composite aluminium cladding panels. Each individual unit contains canopies over the front entrance which are supported via circular structural steel. Each unit has been provided with powder coated aluminium framed single glazed shop fronts which also incorporate double entrance exit doors. The external elevations are also provided with composite aluminium cladding panels containing plastisol finishes. Party walls between each individual unit are constructed using concrete blockwork. Floor comprise load bearing concrete slabs. All the units have been fitted out to the individual tenants fittings and branding.

The boundaries of Phase 1 are enclosed by a combination of concrete retaining walls, hedges, timber ranch fencing and double leaf timber fencing. To the south side boundaries

comprise of concrete retaining wall and palisade fencing. To the east side a dwarf wall with low metal fencing extends to the north. To the western side a combination of concrete retaining wall with a metal paladin fence forms the boundary. The existing hardstanding surrounding the units and providing car parking comprise a combination of tarmacadam and asphalt finishes. Rear loading areas contain poured concrete laid in bays.

Access and egress is easily facilitated in all directions via the main A504 Crescent Link Road. This location has served well with nearby bus stops and the Londonderry Train Station nearby.

The main two car parks within the scheme provide 1,222 free spaces.





RETAILING IN DERRY

Derry is the second largest City in Northern Ireland with a strong cross border catchment. The city has no significant retail competition within a reasonable drive time period.

Due to the position and historic nature of Derry the City Centre is constrained in terms of development. In addition to Crescent Link the city is serviced by the following retail schemes: -

SCHEME	APPROX. SQ FT	TENANTS	APPROX. VACANCY RATE
Foyleside Shopping Centre	374,000	Debenhams, Boots, Dunnes, H&M, Marks & Spencer, Next, River Island	0%
Lisnagelvin Shopping Centre	109,847	Primark, Tesco	5%
Richmond Shopping Centre	109,000	New Look, Sports Direct, Argos, Poundworld	2%
Quayside Shopping Centre	86,500	Tesco and Omniplex Cinema	3%
Lisnagelvin Retail Park	62,102	Matalan, Next, TK Maxx	0%
Faustina Retail Park	102,398	Former B&Q sublet to the Range, Dunelm and Poundstretcher	0%



DEMOGRAPHICS

Crescent Link is the dominant retail park in Derry. The centre's Primary and Secondary catchment encompasses the entire city and stretches into County Donegal in the Republic of Ireland. The centre benefits from almost 26.8% of the Primary Market Share and 15.8% of the Secondary Market Share. The schemes catchment demographic is heavily weighted towards 'Comfortable Communities' (Acorn Social Group), reflecting 43.7% in comparison to a UK average of 27.2% (Source: CACI).

The retail provision is positioned towards the Mass and Value markets (73% and 26% of retailers respectively), making it well placed to serve the local demographic. (Source: CACI)

CACI Retail Footprint Centre Focus Report and Leakage Report is available within the Purchasers' Pack.





TENANCY/ ACCOMMODATION

UNIT	TENANT	TERM (YRS)	LEASE START	LEASE EXPIRY	NEXT REVIEW	BREAK DATE	PASSING RENT (EPA)	AREA SQ FT	MEZZ SQ FT	OTHER SQ FT	RATES PAYABLE '18/'19	SERVICE CHARGE YE 19	INSURANCE YE 19	COMMENTS
Unit 1	Hampden Group Ltd t/a Homebase	25	23-Nov-01	22-Nov-26	23-Nov-21	-	£650,000	67,910	6,092	20,785	£520,886	£76,816	£16,227	Rent has been reduced from £855,000 pa to £650,000 pa. Landlord option to take back 23,000 sq ft of the unit and 7,000 sq ft of the Garden Centre. 10% turnover top up.
Unit 2	DSG Retail Limited t/a Currys / PC World	25	15-Oct-01	14-Oct-26	15-Oct-16	14-Oct-21	£231,795	15,144	-	-	£123,401	£17,132	£3,619	
Unit 3	DFS Furniture Company Ltd	25	15-Oct-01	14-Oct-26	15-Oct-16	14-Oct-21	£229,500	15,026	-	-	£123,718	£16,945	£3,579	
Unit 4	Vacant	-	-	-	-	-	-	11,011	-	-	£89,458	£12,475	£2,635	Unit 4 is vacant leaving landlord shortfall of £12,474.68 in the service charge, £44,729 in vacant rates and £2,635.19 in insurance.
Unit 5	JB Global Ltd t/a Oak Furniture Land	9 mths	22-Sep-17	21-Jun-18	-	-	£100,000	9,999	-	-	£82,162	£11,295	£2,386	
Unit 6	Carpetright (In CVA)	25	23-Nov-01	22-Nov-26	23-Nov-16	-	-	10,053	-	-	£82,162	£11,381	£2,404	Lease will be surrendered 23rd September 2018
Unit 7a	Muhammad Atif t/a Subway	10	01-Jan-17	31-Dec-26	01-Jan-22	-	£37,500	1,044	-	-	£13,704	£1,130	£239	
Unit 7b	Ritcin Limited t/a Starbucks	15	25-Dec-07	24-Dec-22	25-Dec-17	-	£63,000	1,883	-	-	£21,635	£2,033	£430	
Unit 9 & 10	B&M Retail Limited t/a B&M	10	25-Apr-18	24-Apr-28	25-Apr-23	-	£360,000	20,429	-	-	£191,922	£22,591	£4,773	B&M have a £20,000 service charge Cap to increase in line with RPI. The apportionment of this unit is £2,591.45 which if simply calculated would leave to a £2,591.45 LL shortfall.
Unit 11	Dave Whelan Sports Ltd t/a DW Sports	25	30-Jul-07	29-Jul-32	30-Jul-22	-	£541,375	22,141	-	22,141	£266,470	£24,851	£5,250	First floor measures 22,141 sq ft.
Unit 12a	Pets At Home Ltd t/a Pets At Home	20	19-Feb-07	18-Feb-27	19-Feb-22	-	£77,923	7,394	-	-	£67,252	£8,383	£1,771	Tenant is on half rent until 1st Feb 2019 reverts to £155,851.50 pa
Unit 12b	Maplin Electronics Ltd (In Admin) t/a Maplin	15	17-May-07	16-May-22	17-May-17	-	-	4,983	-	-	£54,309	£5,256	£1,110	Full cover mezz in unit which is not used or rentalised. Letting agreed at £20.00 psf subject to planning.
Unit 13	Halfords Ltd t/a Halfords	15	01-Oct-04	30-Sep-19	-	-	£142,500	7,470	3,681	-	£71,693	£8,472	£1,790	
Unit 14	Argos Ltd t/a Argos	15	12-Jan-04	11-Jan-19	-	-	£164,918	10,000	-	-	£98,340	£11,296	£2,386	
Unit 15	Boots UK Limited t/a Boots	10	19-Sep-11	18-Sep-21	-	-	£249,800	10,000	-	-	£81,844	£11,296	£2,386	
Unit 16	Next Holdings Limited t/a Next Home	10	24-Aug-09	23-Aug-19	-	-	£125,000	14,994	-	-	£122,132	£16,944	£3,579	
Unit 17a	Marks and Spencer plc t/a M&S Simply Food	15	13-Jun-07	12-Jun-22	-	-	£191,992	7,287	-	-	£62,938	£8,599	£1,817	
Unit 17b	Tesco Stores Limited t/a Tesco Express	15	22-Jan-07	21-Jan-22	-	-	£62,262	3,520	-	-	£29,185	£4,034	£852	Cap on rent review.
Unit 19	Electronics Direct Ireland Limited t/a Xcat	10	15-Nov-15	14-Nov-25	15-Nov-20	15-Nov-20	£157,500	7,513	-	-	£71,693	£8,424	£1,780	
Unit 19a	Mothercare UK Limited (In CVA)	10	26-Nov-09	25-Nov-19	-	-	-	7,513	-	-	£67,252	£8,472	£1,790	
Unit 20	AIB Group (UK) PLC t/a First Trust	15	25-Apr-07	24-Apr-22	-	-	£75,550	3,014	-	-	£24,363	£3,414	£721	Surrender agreed with AIB. Deal agreed with Specsavers to lease half the accommodation at £30 psf
Unit 21	The Restaurant Group (UK) Limited t/a Frankie and Benny's	25	03-Feb-14	02-Feb-39	03-Feb-19	03-Feb-29	£100,000	3,961	-	-	£44,856	£4,111	£868	Assignment agreed to well-known local restaurant group at £30 psf.
Pod 1	McDonalds Restaurants Ltd t/a McDonalds	25	21-Nov-01	20-Nov-26	21-Nov-21	-	£90,000	3,186	-	-	£39,400	£3,588	£758	
Pod 2	Nero Holdings Ltd t/a Café Nero	10	TBC	TBC	5 yearly	-	£52,500	-	-	-	TBC	TBC	TBC	Tenant has 6 months rent free which will be topped up.
Storage 2	Halfords Ltd	5	01-May-14	30-Sep-19	-	Rolling	£2,000	-	-	-	-	£0	-	
Storage 3	Boots UK Limited	5	15-Jul-16	18-Sep-21	-	Rolling	£2,500	-	-	-	-	£0	-	
Advertising 2	John Mullholland Motors Limited	9 mths	15-Jun-16	14-Mar-17	-	Rolling	£2,500	-	-	-	£1,903	£0	-	
Advertising 1	Clear Channel NI Ltd	5	01-Nov-14	31-Oct-19	-	-	£7,000	-	-	-	£1,523	£0	-	
TOTAL							£3,717,115	265,475	9,773	42,926		£298,936	£63,150	



SITE

The total site measures 22.15 acres (8.96 ha) and is flat topography.



NOT TO SCALE
This plan is published for convenience of identification only and although believed to be correct, its accuracy is not guaranteed and does not form any part of a contract.



COVENANT STRENGTH

All retailers in the park are well established and the majority have significant UK representation. The tenants recent accounts and Experian ratings are summarised below: -

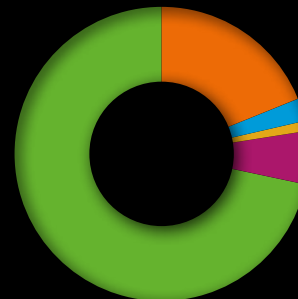
UNIT	TENANT	EXPERIAN	DELPHI SCORE	GROSS RENT PA	% OF INCOME	YEAR END	SALES TURNOVER	PROFIT/ LOSS	TANGIBLE NET WORTH
Unit 1	Hampden Group Ltd	Very Low Risk	100/100	£650,000	17.49%	28/02/17	£44,614,000	£5,499,000	£329,964,000
Unit 2	DSG Retail Limited	Very Low Risk	100/100	£231,795	6.24%	29/04/17	£4,345,700,000	£247,600,000	£477,700,000
Unit 3	DFS Furniture Company Ltd	Very Low Risk	100/100	£229,500	6.17%	29/07/17	£1,600,000	-	£45,500,000
Unit 5	JB Global Ltd	Below Average Risk	68/100	£100,000	2.69%	30/09/17	£303,494,068	£9,748,491	£6,946,648
POD	McDonalds Restaurants Ltd	Very Low Risk	100/100	£90,000	2.42%	31/12/16	£1,574,237,000	£287,479,000	£1,044,866,000
Unit 7a	Muhammid Atif	No Score	-	£37,500	1.01%	-	-	-	-
Unit 7B	Ritcin Limited	Maximum Risk	13/100	£63,000	1.69%	31/07/16	-	-	£-331,534
Unit 9&10	B&M Retail Limited	Very Low Risk	100/100	£360,000	9.68%	25/03/17	£2,252,265,000	£198,006,000	£498,412,000
Unit 11	Dave Whelan Sports Ltd	Low Risk	84/100	£541,375	14.56%	31/03/17	£203,528,304	£-7,987,398	£26,272,450
Unit 12a	Pets At Home Ltd	Very Low Risk	100/100	£77,923	2.10%	30/03/17	£752,374,000	£67,557,000	£650,186,000
Unit 13	Halfords Ltd	Very Low Risk	100/100	£144,500	3.89%	31/03/17	£900,100,000	£78,400,000	£709,100,000
Unit 14	Argos Ltd	Very Low Risk	95/100	£164,918	4.44%	11/03/17	£4,285,775,000	£25,664,000	£516,284,000
Unit 15	Boots UK Limited	Very Low Risk	100/100	£252,300	6.79%	31/08/17	£6,837,000,000	£498,000,000	£752,000,000
Unit 16	Next Holdings Limited	Very Low Risk	100/100	£125,000	3.36%	27/01/18	£215,400,000	£792,700,000	£781,300,000
Unit 17a	Marks and Spencer plc	Very Low Risk	100/100	£191,992	5.17%	01/04/17	£10,622,000,000	£130,600,000	£4,961,200,000
Unit 17b	Tesco Stores Limited	Low Risk	83/100	£62,262	1.68%	25/02/17	£40,134,000,000	£266,000,000	£749,000,000
Unit 19	Electronics Direct Ireland Limited	Maximum Risk	0/100	£157,500	4.24%	31/10/16	-	-	£-25,836
Unit 20	AIB Group (UK) PLC	Very Low Risk	98/100	£75,550	2.03%	31/12/17	-	£106,000,000	£1,735,000,000
Unit 21	The Restaurant Group (UK) Limited	Low Risk	83/100	£100,000	2.69%	01/01/17	£524,136,000	£59,530,000	£60,684,000
Advertising 2	John Mullholland Motors Limited	Very Low Risk	100/100	£2,500	0.07%	31/12/16	£35,587,792	£1,008,839	£7,906,933
Advertising 1	Clear Channel NI Ltd	Very Low Risk	100/100	£7,000	0.19%	31/12/16	£6,134,076	£2,094,505	£17,834,691
Pod	Nero Holdings Ltd	Very Low Risk	100/100	£52,500	1.41%	31/05/17	£264,897,000	£25,896,000	£217,488,000
TOTAL				£3,717,115	100%				

Full Experian Reports are available in the Data Room.

INCOME ANALYSIS

The property has an excellent WAULT of 6.87 years to expiry and 6.01 years term certain. This compares favourably to most modern retail park investments.

90.37% of the income is secured against tenants with an Experian rating of Very Low Risk or Low Risk.



■ Very Low Risk:	£2,655,478 pa	71.44%
■ Low Risk:	£703,637 pa	18.93%
■ Below Average Risk:	£100,000 pa	2.69%
■ No Score:	337,500 pa	5.93%
■ Maximum Risk:	£220,500 PA	5.93%



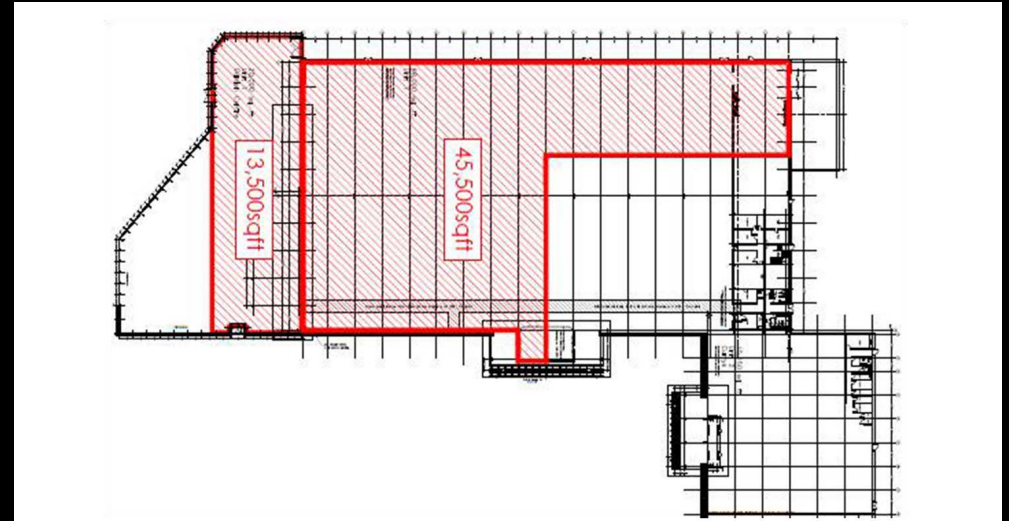
PLANNING

A detailed planning report is available within the online data room.

ASSET MANAGEMENT

We believe the park offers further asset management opportunities which potentially include the following:

- M&S over trade, upsize to a larger unit.
- AIB unit 20 is being surrendered and part relet to Specsavers at £30 psf. Relet the remainder of the unit on similar terms.
- The Restaurant Group unit 21 is being surrender and re let to a local operator at £30 psf.
- Landlord option to take back 23,000 sq ft and 7,000sq ft of the Garden Centre within the Homebase unit, subject to planning.
- Homebase unit has historic consent for open A1 (food).
- Opportunity to upsize construct further pods on the car park, subject to planning.



Potential layout of reconfiguring Homebase, subject to planning.



ENERGY PERFORMANCE

The units have been assessed as follows: -

UNIT	TENANT	EPC RATING
Unit 1	Hampden Group Ltd	C56
Unit 2	DSG Retail Limited	C74
Unit 3	DFS Furniture Company Ltd	E111
Unit 4	Vacant	C64
Unit 5	JB Global Ltd t/a Oak Furniture Land	C60
Unit 6	Carpetright (In CVA)	C65
Unit 7a	Muhammad Atif	D89
Unit 7B	Ritcin Limited	C60
Unit 9&10	B&M Retail Limited	F149
Unit 11	Dave Whelan Sports Ltd	C74
Unit 12a	Pets At Home Ltd	C54
Unit 12b	Maplin Electronics Ltd (In Admin)	C62
Unit 13	Halfords Ltd	B39
Unit 14	Argos Ltd	C68
Unit 15	Boots UK Limited	B47
Unit 16	Next Holdings Limited	B44
Unit 17a	Marks and Spencer plc	C56
Unit 17b	Tesco Stores Limited	C55
Unit 19	Electronics Direct Ireland Limited	B44
Unit 19a	Mothercare UK Limited (In CVA)	C51
Unit 20	AIB Group (UK) PLC	C51
Unit 21	The Restaurant Group (UK) Limited	B41
Pod 1	McDonalds Restaurants Ltd	C65
Pod 2	Nero Holdings Ltd t/a Café Nero	TBC

Full Energy Performance Certificates are available in the Data Room.

TITLE

The property is held freehold.

PURCHASERS PACK

A Purchaser Pack has been produced for prospective purchasers to review due diligence relating to the property. The pack is available upon request or at www.crescentlinkretailpark.com

VAT

The property has been elected for VAT. It is envisaged the transaction will be treated as a TOGC.

BUILDING & MEASURED SURVEYS

A Vendor's Building and Measured Surveys has been undertaken by Johnston Houston and is available within the Purchasers' Pack. Both reports will be transferable to the purchaser upon completion.

CAPITAL ALLOWANCES

It is anticipated that capital allowances will be available to qualifying parties. Further details of these are available in the online data room.





PROPOSAL

We are instructed to seek offers in excess of £40,500,000 (Forty Million Five Hundred Thousand Pounds) for our client's freehold interest excluding VAT. A purchase at this level would reflect an attractive net initial yield of 8.45% assuming purchasers costs of 6.77% and a capital value of £127 per sq ft.

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