Freehold Shopping Centre Investment Opportunity

the Britten Centre, Lowestoft
INVESTMENT SUMMARY

- Located in the busy town of Lowestoft with a primary catchment of 123,000 persons and an estimated shopping population of 63,000 persons.
- The town’s only shopping centre situated in a prominent position on the prime pitch.
- A covered shopping centre comprising approximately 5,120 m² (55,107 sq ft) directly linked to a multi-storey car park with circa 330 spaces.
- A total gross rent of £807,581 pax and a net rent of £612,763 pax.
- 40% of the Gross Income let for 5+ years.
- A strong tenant mix with over 80% of the income secured to national multiple covenants including Card Factory, EE, WH Smith, Superdrug, Holland & Barrett, Iceland and Poundland.
- Freehold.
- Asset management opportunities.
- Offers are sought in excess of £6,440,000 (Six Million, Four Hundred and Forty Thousand Pounds) subject to contract and exclusive of VAT reflecting a triple net initial yield of 9% allowing for purchaser’s costs of 5.6%.
Freehold Shopping Centre Investment Opportunity

LOCATION & COMMUNICATIONS
Lowestoft is the second largest town in Suffolk located approximately 22 miles south east of Norwich, 38 miles north east of Ipswich and 110 miles north east of London. Being the most Easterly point of the UK the town is an active port and popular holiday destination.

Lowestoft benefits from excellent transport links with the A12 running through the centre of the town linking London to Great Yarmouth and the A146 running east to west links the town with Norwich. The railway station is easily accessible from London Liverpool Street with a frequent service which takes approximately 2 hours 40 minutes.

CATCHMENT & DEMOGRAPHICS
Lowestoft is located in the county of Suffolk and has a primary catchment of 123,000 persons. A popular retailing destination the town has an estimated shopping population of 63,000 with total per capita retail spending comparable with the PROMIS average. The total catchment population is due to increase between 2012-17.

LOCAL ECONOMY
Lowestoft's economy was originally based around fishing and engineering industries with an active port used for ship building and repair. Being a traditional seaside resort, the town's tourism sector has been improving and has become a significant aspect of Lowestoft's economy.

Birds Eye frozen foods is one the major local employers which employ 700 workers and is located 0.5 miles away from the town centre. The town has developed itself as a centre for the development of renewable energy. The harbour is to become the centre for a 500 megawatt offshore windfarm which, once completed, will be the world's largest offshore windfarm.

The area has attracted European Union redevelopment funding and is within an Enterprise Zone. The Waveney Sunrise Scheme invested £14.7m in the town which included improvements to transport and tourism facilities. The main focus of redevelopment in Lowestoft is brownfield sites around the harbour to create jobs in the renewable and retailing sector.
RETAILING IN LOWESTOFT

Town centre retail floor space in Lowestoft is estimated at 0.64 million sq ft. Its primary retail offer is centred on London Road North with the prime pedestrianised section found between Gordon Street and Surrey Street. The Britten Centre is the town’s sole covered shopping centre and occupiers include Bhs, Poundland, Card Factory, Iceland, WH Smith and Superdrug.

Occupiers in the immediate locality include M&S, Savers, Waterstones, New Look, Dorothy Perkins, Rymans, Burton, Boots, Specsavers and Brighthouse. A number of major car parks are situated nearby.

SITUATION

The Britten Centre is located in the heart of Lowestoft and accessed directly off London Road North. The site is also accessed from the bus station to the North, a multi-storey car park to the south and a surfaced car park to the west.

THE BRITTEN CENTRE

Originally constructed in 1987, it comprises circa 100,000 sq ft of retail space over 19 units, three of which front London Road North (WH Smith, Greenwoods and BHS), and is Lowestoft’s first and only enclosed shopping centre. There is a permanent covered market located to the rear of the centre which is open from Tuesday to Saturday. It also has access from the town’s bus station to the north and another alongside the town’s library to the west. There is a large service yard accessed off Surrey Street and another located on Gordon Road/bus station, thus providing good servicing arrangements for the scheme.

The scheme benefits from 4 entrances resulting in a high footfall, the principal one being onto the prime pitch on London Road North. The southern entrance is off a multi-storey car park with approximately 330 car parking spaces and services the scheme directly. To the west of the scheme there is a surfaced car with approximately 168 car parking spaces and to the north of the scheme lies the bus station. Along with the bus station there is another surface car park with approximately 41 car parking spaces.
ACCOMMODATION
The property provides a total approximate net internal floor area of 5,120 m² (55,107 sq ft) as set out in the Tenancy Schedule, (excluding the Bhs unit and multi-storey car park).

TENURE
Freehold

TENANCIES
The Britten Centre is anchored by Iceland, Poundland and BHS and benefits from a host of national multiples including EE, Superdrug, WH Smith, Holland & Barrett and Card Factory.

The leases are predominantly drawn on institutional terms with outgoings recovered through a comprehensive service charge.
## TENANCY SCHEDULE

<table>
<thead>
<tr>
<th>Unit No.</th>
<th>Tenant Name</th>
<th>Trading Facia</th>
<th>Lease Start</th>
<th>Expiry Date</th>
<th>Next Review</th>
<th>Breaks</th>
<th>Current Rent pa</th>
<th>Service Charge PA</th>
<th>Service Charge Value</th>
<th>Estimate Rate Payable pa</th>
<th>Estimate Rate Payable Comment</th>
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<tr>
<td>Unit 1</td>
<td>SportsDirect Limited</td>
<td>Card Factory</td>
<td>17/10/2006</td>
<td>16/10/2016</td>
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<td>£58,000</td>
<td>730 217 1,602</td>
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<td>Unit 2</td>
<td>Everything Everywhere Limited</td>
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<td>28/09/2012</td>
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<td>£45,000</td>
<td>753 1,543</td>
<td>£11,251.38</td>
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<td>Unit 3</td>
<td>Games (Store) Ltd</td>
<td>Game</td>
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<td>23/06/2017</td>
<td>. .</td>
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<td>Units 4, 5 &amp; 6</td>
<td>Poundland Ltd</td>
<td>Poundland</td>
<td>06/10/2011</td>
<td>05/10/2021</td>
<td>06/10/2016</td>
<td>£156,000</td>
<td>2,212 1,881 5,918</td>
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<td>Unit 7</td>
<td>Yours Clothing Stores Limited</td>
<td>Yours</td>
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<td>23/06/2016</td>
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<td>732 1,207 2,532</td>
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<td>Iceland Frozen Foods Plc</td>
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<td>25/12/2017</td>
<td>. .</td>
<td>£37,200</td>
<td>1,845 2,448 8,668</td>
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<td>Kiosk 10a and b</td>
<td>VACANT</td>
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<td>£-</td>
<td>. .</td>
<td>£4,293.42</td>
<td>£11,250.00</td>
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<td>. .</td>
<td>£11,500</td>
<td>597 597</td>
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<td>31/12/2010</td>
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<td>£-</td>
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<td>£33,726.30</td>
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<td>25/12/1995</td>
<td>24/12/2015</td>
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<td>368 324 756</td>
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<td>Holl&amp;Ba Retail Ltd</td>
<td>Holland &amp; Barrett</td>
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<td>24/12/2015</td>
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<td>£49,900</td>
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<td>24/12/2015</td>
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<td>339 357 731</td>
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<td>87-89 London Road North</td>
<td>W H Smith Limited</td>
<td>WH Smith</td>
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<td>07/12/2017</td>
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<tr>
<td>The Market Square</td>
<td>Waveney District Council</td>
<td>Waveney</td>
<td>07/07/1986</td>
<td>07/06/2111</td>
<td>. .</td>
<td>£-</td>
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<td>Multi-Store Carpark</td>
<td>Waveney District Council</td>
<td></td>
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<td>28/06/2111</td>
<td>. .</td>
<td>£-</td>
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<td>£2,875.00</td>
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<td>11 Car Parking Spaces (In Mall Income)</td>
<td>Car Parking Spaces</td>
<td></td>
<td>11/02/2014</td>
<td>10/02/2015</td>
<td>. .</td>
<td>£-</td>
<td>. .</td>
<td>(£-).</td>
<td>(£-).</td>
<td>(£-).</td>
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<td>Centre Directories</td>
<td>Market Solutions SE Ltd</td>
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<td>01/07/2009</td>
<td>30/06/2014</td>
<td>. .</td>
<td>£600</td>
<td>. .</td>
<td>(£-).</td>
<td>(£-).</td>
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<td>Mall Income</td>
<td>Mall Income</td>
<td></td>
<td>30/09/2013</td>
<td>29/09/2014</td>
<td>. .</td>
<td>£35,331</td>
<td>. .</td>
<td>(£-).</td>
<td>(£-).</td>
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</table>

| Total | £807,581 | £55,107 | £194,817.65 | £612,763.00 |}

- **Gross Income (pax):** £807,581.00
- **Total Shortfall (pax):** £194,817.65
- **Net Current Rent (pax):** £612,763.00
CURRENT INCOME
- The current gross contracted income is £807,581 pax.
- The total net income, after landlord’s shortfalls, is £612,763 pax.
- The estimated gross rental value is £830,431 pax.
- An average weighted unexpired lease term (AWULT) of 4.5 years.

RENTAL COMMENTARY & INCOME ANALYSIS
Rents peaked in Lowestoft at circa £60 - £70 Zone A on London Road North with the tone now around circa £45 Zone A. Our estimate of total gross rental value for the property is circa £830,431 per annum, (based on a Zone A rate of £45 psf).

PROPERTY MANAGEMENT & SERVICE CHARGE
The property is currently managed by DTZ. The service charge for the Britten Centre is operated under five schedules with the tenants having apportioned percentage contributions based on weighted gross lettable floor area occupied.

The current service charge year runs from 29th September 2013 – 28th September 2014 and the present budget amounts to £318,624. The service charge for the previous year ending 28th September 2013 amounted to £319,714.17.

The service charge budget for 2014/15 is yet to be agreed but currently is forecast to be £315,084.

There are irrecoverable shortfalls relating to vacant units and service charge caps which we estimate at £194,818.

Further details are available upon request.
VAT
We understand that the property is elected for VAT.

EPC
Energy Performance Certificates are available on request.

ASSET MANAGEMENT OPPORTUNITIES
- A number of tenants have confirmed they trade well and have expressed interest in exploring re-gears.
- There has been tenant interest in Unit 21-25 (large unit to the rear of the centre), subject to removal of the market stalls. The vendor has been in detailed discussions with Waveney District Council to surrender the market. More information is available on request.
- Downsize the WH Smith and create an additional unit within the scheme.
- Take advantage of the high footfall and improve the dwell time by increasing the food offer.
- Appoint a specialist operator to increase the mall income which is currently low.
- Address the high service charge.
- Improve the access to the car parks.
- Interface with the bus station more efficiently.
INVESTMENT RATIONALE

- A busy commercial town with a primary catchment of over 123,000 persons
- The town’s only covered shopping centre
- Located in the prime retailing pitch
- Directly links with the town’s busy bus station and two principal car parks.
- Large footfall of over 4.5 million per year
- Strong tenant line-up including Card Factory, EE, WH Smith, Superdrug, Poundland, Iceland and Holland & Barrett
- 80% of the income is let to National Multiples
- 40% of the Gross Income let for 5+ years
- Asset-management initiatives.

PROPOSAL

We have been instructed to seek offers of £6,440,000 (Six Million, Four Hundred and Forty Thousand Pounds) subject to contract and exclusive of VAT for the freehold interest reflecting a triple net initial yield of 9% allowing for purchaser’s costs of 5.8%.

FURTHER INFORMATION

For further information please contact:

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