

HALFORDS AND BURGER KING

YORK ROAD, LEEDS | LS14 6AX



FREEHOLD RETAIL WAREHOUSE AND DRIVE-THRU RESTAURANT INVESTMENT

RAPLEYS

INVESTMENT SUMMARY

- Leeds is the principal financial and retail centre in West Yorkshire with a primary catchment population of 1,480,000 ranking the city 4 of the PROMIS centres
- Highly accessible and prominent site situated on the busy A64 York Road, one of the principal arterial routes into Leeds city centre from the A1(M)
- The property comprises a retail warehouse unit of approximately 15,005 sq ft and drive-thru restaurant of 4,170 sq ft, together with 81 car parking spaces, equating to a ratio of 1:236 sq ft
- Let to the established operators of Halfords (5A1 with a Net Worth in excess of £622m) and Karali Limited (via assignment from Burger King Limited), the largest BK franchisee in the UK
- WAULT of 8 years
- Total passing rent of £419,030 per annum
- Open A1 non-food & A3 consent
- Freehold

We are instructed to seek offers in excess of **£4,950,000 (Four Million, Nine Hundred and Fifty Thousand Pounds)**, subject to contract and exclusive of VAT. A purchase at this level will reflect a **Net Initial Yield of 7.94%**, rising to a minimum of 9.12% in June 2019 after allowing for purchaser's costs of 6.56%.



LOCATION

Leeds is a key retail destination in West Yorkshire, located approximately 190 miles north of London, 85 miles north east of Birmingham and 40 miles north east of Manchester.

The city benefits from excellent transport links being one of the principal hubs of the northern motorway network. The M1/M62 motorways converge to the south of the city with the A1(M) within convenient reach to the east.

Leeds railway station is one of the busiest in the country outside of central London with over 1,000 trains serving more than 100,000 passengers passing through the station daily. There are regular services to London with a fastest journey time of 2 hours 12 minutes to London King's Cross.

The station is also an important stop on the CrossCountry network between Scotland, the Midlands and the South West of England connecting to major cities such as Birmingham, Glasgow, Edinburgh, Nottingham, Reading and Bristol.

Leeds-Bradford International Airport is situated 8 miles north west of Leeds city centre and has daily flights to a variety of major UK and European destinations.

DEMOGRAPHICS

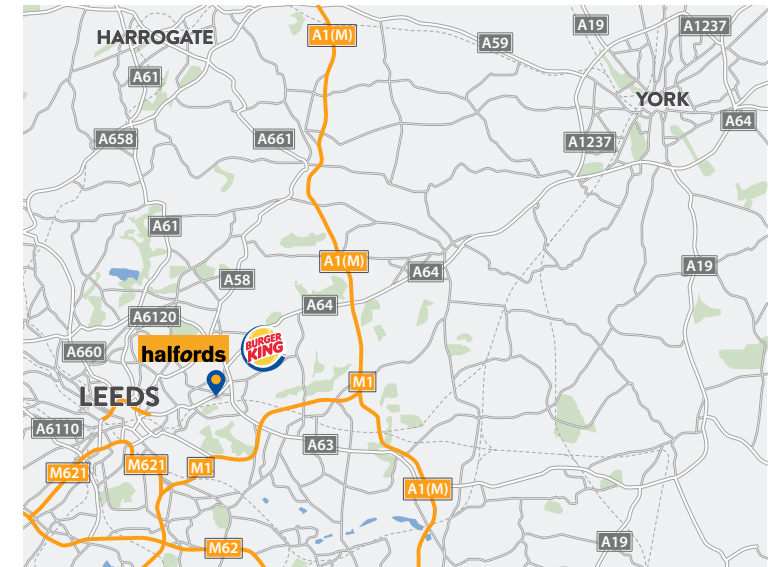
Leeds is the main commercial and financial centre for Yorkshire with the city having experienced rapid growth in recent years which has elevated Leeds to the position of a key employment centre in the UK, along with Birmingham, Manchester, Glasgow, Edinburgh and Bristol.

Leeds benefits from an extensive catchment area bordering Harrogate and York. The total population within the Leeds primary catchment area is 1,480,000 ranking the city 4 of the PROMIS centres, with an estimated shopping population of 642,000.

The Leeds population is moderately affluent and reflecting the demographic profile and spending habits of the catchment population, per capital retail spending levels are comparable with the PROMIS average (CACI).

Over the past 25 years the Leeds economy has become more diverse and the city is now one of the dominant financial services providers outside of London. The service sector now accounts for 78% of total employment in Leeds with 31% within the financial and business services sector. Royal Bank of Scotland and Lloyds Banking Group both run large operations in the city, along with Yorkshire Bank, Coutts and Leeds Building Society. The Bank of England also has a second office in Leeds.

Major employers in the town include Asda-Walmart, Unilever, Arla Foods and Britvic. A range of companies also run their UK call centre operations from the city including First Direct, British Gas, Direct Line and Green Flag. Major public employers include the City Council, the Leeds Teaching Hospitals NHS Trust and the Department of Health.



SITUATION

The property is situated in a highly prominent and accessible position on the north side of the A64 York Road, one of the principal arterial routes into Leeds city centre which lies approximately 3 miles to the west.

The A64 links Leeds and York providing convenient access to the city centre and M621 to the west, and the M1 and A1(M) to the east.

The property lies within an established out-of-town retail cluster, with the critical mass of the surrounding area enhanced by the Asda Superstore (Killingbeck) situated off the A64. Other nearby occupiers include B&Q, B&M, Aldi and McDonalds.



DESCRIPTION

The property comprises a purpose built retail warehouse and drive-thru restaurant.

The retail warehouse, occupied by Halfords, is of steel portal frame construction with block/brickwork and metal profile clad elevations below a pitched roof.

The unit is rectangular in shape and extends to approximately 15,005 sq ft (1,394 sq m). The tenant has installed a trading mezzanine and the unit has been sub-divided to incorporate a seven bay vehicle workshop operated by Halfords Automotive.

The Burger King unit extends to approximately 4,170 sq ft (387 sq m) and comprises brick and glazed elevations below a pitched tiled roof. The restaurant further incorporates a drive-thru lane.

Externally, there are 81 surface car parking spaces. Access and egress to the site is via Foundary Lane.

The total site area extends to approximately 1.58 acres (0.64 ha) with a site coverage of 31%.

TENURE

The property is held Freehold.

“THE TOTAL SITE AREA EXTENDS TO APPROXIMATELY 1.58 ACRES (0.64 HA)”



TENANCY

Unit 1 is let to Halfords Limited for 35 years from 10th April 1989. The lease is drafted on a Full Repairing and Insuring basis with 5 yearly upwards only rent reviews to open market value.

The current passing rent is £193,500 per annum, equating to £12.90 per sq ft, with the next review due in April 2019. Halfords have recently agreed a Deed of Variation to remove the mutual break clause effective on 09/04/2019 in exchange for 6 months' rent free which the vendor will top up, confirming their commitment to the location.

Unit 2 is let to Karali Limited via assignment from Burger King Limited until 1st June 2024 at a current rent passing of £225,530 per annum, equating to £54.08 per sq ft. The lease is drawn on Full Repairing and Insuring terms and is subject to 5 yearly reviews to the higher of open market value, 200% of OMV of non-food retail warehouse premises or by inflating the previous rent payable by 5% per annum compounded over the 5 year review period.

PLANNING

The relevant planning consent was granted in August 1988 (reference 88/34/00157) for "laying out of access and erection of vehicle parts and service centre with eight service bays, stores, toilets and rest room and detached drive-thru restaurant with takeaway area, staffrooms, stores, toilets, restaurant area, conservatory and covered area and car parking spaces."

Condition 6 of the consent stated that the proposed vehicle superstore and car service centre shall be used only for the purposes falling within Class A1 of the Use Classes Order 1987, but shall exclude the display for sale or the selling of any food or other convenience goods; excepting that the bay 1-7 and the MOT bay may be used for the repair and servicing of motor vehicles. The Halfords unit therefore benefits from an Open A1 non food consent.

Condition 7 of the consent stated the (Burger King) drive-thru restaurant shall be used only for those purposes falling within Class A3 of the Use Classes Order 1987 and for no other purpose.

A copy of the planning consent is available upon request.

TENANTS COVENANT

halfords

HALFORDS LIMITED

Halfords Limited (00103161) is the leading retailer of car parts, car enhancement, camping, touring, mobility and bicycles operating in the UK and Ireland. The group employs in excess of 8,000 people and trades from more than 460 outlets.

Halfords Autocentres provides car service, repair and MOTs to both retail and fleet customers from over 300 centres throughout the UK.

Halfords Limited has a current Dun & Bradstreet rating of 5A1, reflecting a minimum risk of business failure. The most recent financial results for Halfords are summarised below:

	3 April 2015	28 March 2014	29 March 2013
Sales Turnover	£872,700,000	£803,100,000	£745,500,000
Pre-Tax Profit / (Loss)	£92,600,000	£86,200,000	£75,500,000
Tangible Net Worth	£622,300,000	£548,000,000	£481,400,000



KARALI LIMITED

Karali Group is the largest BK franchisee in the UK operating 58 restaurants throughout the country. The group is an established fast food restaurant operator and previous winner of the AB Award for Franchise of the Year in 2014.

Karali Limited (06308340) has a current Dun & Bradstreet rating of 2A1, reflecting a minimum risk of business failure. The most recent financial results are summarised below:

	31 Dec 2014	31 Dec 2013	31 Dec 2012
Sales Turnover	£49,449,037	£48,793,816	£52,757,324
Pre-Tax Profit / (Loss)	£1,330,232	£1,221,956	£1,585,312
Tangible Net Worth	£3,669,621	£2,527,579	£1,549,783

VAT

VAT will be payable on the sale, however, we anticipate that the sale will be treated as a Transfer of a Going Concern (TOGC).

EPC

Copies of the EPCs are available on request.



PROPOSAL

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CONTACTS

For further information or to arrange an inspection, please contact:

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