



# CENTRIC PARADE

195-200 HIGH ROAD  
LOUGHTON **ESSEX**



# CENTRIC PARADE



- Purchase Price in excess of £8,000,000.
- Net Initial Yield of 4.6%.
- Reversionary Yield of 5.5%.
- True Equivalent Yield of 5.6%.
- Freehold.
- Total net internal area of 2074.5 sq m (22,330 sq ft).
- Well secured to national retailers.
- Situated in the 100% prime retailing pitch.
- Site area of 0.19 hectares (0.5 acres).
- 15 car parking spaces.
- Residential development potential subject to the necessary consents.
- Asset management opportunities including re-gearing leases and instigating rent reviews.

### **Location**

Situated within the M25 and London commuter belt, the affluent residential town of Loughton is located in the Epping Forest district of Essex. Loughton is approximately 16.0 kilometres (10.0 miles) north east of Central London with neighbouring locations including Enfield to the west, Epping to the north and Woodford to the south.

Loughton is an established and prosperous urban retailing centre with a mix of luxury and designer clothing stores and national multiples including Marks & Spencer, Sainsburys, Clinton Cards, Bang & Olufsen, New Look, Specsavers, Mackays and Holland & Barrett.

### **Demographics**

Loughton has a district population of 121,000 and a catchment population of 717,000 within 10.0 kilometres (6.5 miles). According to the CACI Lifestyle index, over 40% of the population in Loughton are attributed to the categories of 'Wealthy Executive and Flourishing/Secure Families'. Over 50% of the workforce is employed in higher and intermediate managerial and professional roles.

Source: 2001 Census

### **Communications**

Loughton benefits from excellent communications:

Junction 5 of the M11 is situated approximately 2.0 kilometres (1.2 miles) east whilst Junction 26 of the M25 lies approximately 5.0 kilometres (3.1 miles) north. Additionally, the A121 links with the A104 to provide access to the A406 North Circular approximately 5.9 kilometres (3.7 miles) to the south.

Loughton underground station provides direct access to Central London via the central line with a fastest journey time of approximately 25 minutes to Oxford Circus.

Stansted International Airport is situated some 41.1 kilometres (25.5 miles) to the north whilst Heathrow Airport is located approximately 74.2 kilometres (46.1 miles) to the south-west providing flights to international destinations.

### **Situation**

The property is situated on the western side of the A121 High Road close to its junction with Forest Road. Access to the rear of the property is via Clifton Road, a residential street.

The property is situated in a 100% prime retailing pitch in the town centre in close proximity to the new Marks & Spencer Department Store incorporating 90 car parking spaces. Other retailers in the immediate vicinity include Clinton Cards, Intersport, New Look and Dorothy Perkins.

Loughton underground station is situated approximately 600 metres south of the property.

### Description

The property was built in the 1960's comprising six retail units of concrete encased steel and steel lattice framed construction with brickwork and pre-cast concrete panel infills. The roof is of flat construction supported on a profiled steel deck providing parking via a ramp to the rear of the property.

Each unit benefits from single glazed steel crittal windows and individual servicing to the rear of the property via galvanised steel roller shutter doors. Storage is provided to the rear of the units whilst the Pizza Hut unit incorporates first floor accommodation. Unit 5 benefits from additional storage accommodation on the roof.

Furthermore, the units benefit from carpeted solid floors, suspended ceilings and integral fluorescent lighting.

### Accommodation

The investment has recently been measured totalling a net internal floor area of 2074.5 sq m (22,330 sq ft).

For apportioned areas please see the tenancy and accommodation schedule. The property benefits from a total of 15 car parking spaces situated on the roof and to the rear of the property.

The site area is approximately 0.19 hectares (0.5 acres).

### Tenure

Freehold

### Tenancy

The property is multi-let producing a total income of **£392,945 per annum**. The outstanding rent reviews on Units 1, 2 and 6 have been guaranteed by the vendor for a period of six months in order to settle the outstanding reviews. These rental guarantees total £58,445 per annum. The guaranteed rent equating to £764 per sq m (£71.17 per sq ft) Zone A is based upon the recently settled September 2004 Clarks rent review at Unit 4.

Please see tenancy and accommodation schedule.

### Covenant

Covenant	Date of Accounts	Turnover	Pre tax profit	Net Asset	Dun & Bradstreet
Superdrug Stores Plc	25/12/04	£988m	£14m	£50m	4A1
Pizza Hut (UK) Ltd	28/11/04	£384m	£74m	£83m	5A1
WH Smith Plc	12/31/05	£2.5bn	£73m	£113m	4A2
Mackay Stores Group Ltd	25/02/05	£145m	£15m	£67m	5A1
C&J Clark International Ltd	31/01/05	£667m	£63m	£78m	5A1
Clinton Cards (Essex) Ltd	30/01/05	£325m	£25m	£50m	5A1

**Estimated Rental Value**

The estimated rental value of the investment is in the region of **£464,000 per annum** equating to **£861 per sq m (£80.00 per sq ft) Zone A**. A premium of between 5-10% has been attributed to the A3 units.

We have been advised of the recent comparable evidence in the town:

In September 2004, at 222 High Road, Barnard Jewellers completed a ten year lease with a rent free period of three months, at a rent of £30,000 per annum, equating to approximately £861 per sq m (£80.00 per sq ft) Zone A.

In October 2005, at 182 High Road, Play Toyshops Ltd completed a fifteen year lease with a tenant option to break in the fifth year and no rent free period, at a rent of £35,000 per annum equating to approximately £871 per sq m (£81.00 per sq ft) Zone A.



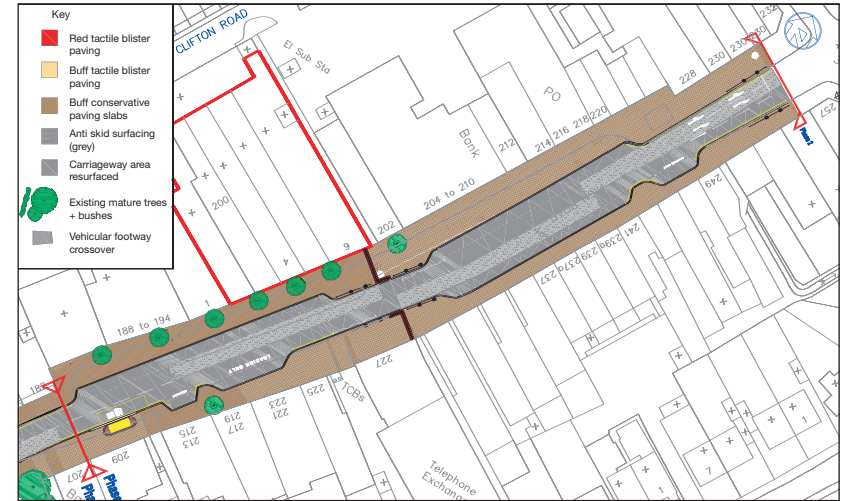
**Pavement Extension of Centric Parade**

The town centre is currently undergoing a major enhancement programme led by Epping Forest District Council in partnership with Sainsburys. The project consists of extending the pavements of the High Road. Phase 1 has recently been completed and the next phase will commence imminently. The enhancement will enlarge the pedestrianised section of Centric Parade and, in our opinion, significantly increase the footfall.

The Council have agreed to mark out the line of ownership with bronze studs which will allow the freeholder to rentalise for outside tables and chairs.

Please see enclosed plan detailing the extension.

Pavement Extension



**Residential Development Potential**

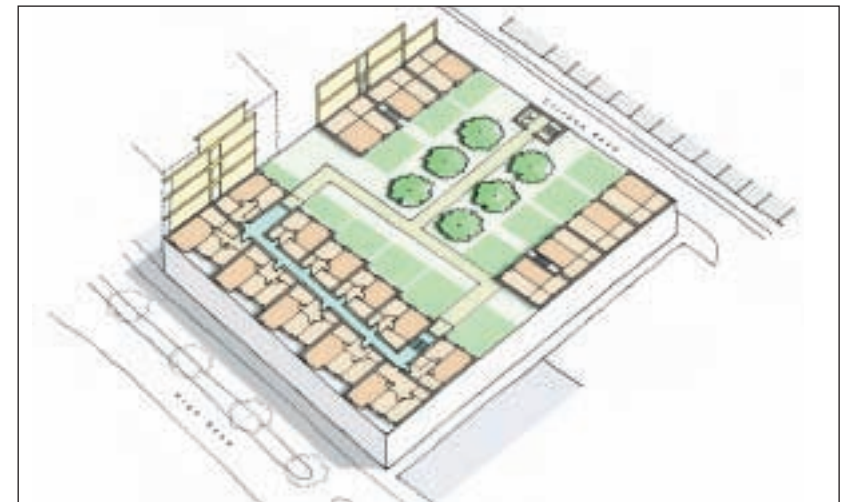
With reference to the Unitary Development Plan, the vendor has instructed architects to design a residential development above the existing retail units comprising 50 apartments, including 31 one bedroom and 19 two bedroom dwellings totalling 2,601 sq m (28,000 sq ft) GIA.

We have been advised that residential values within the town centre are in the region of £4,843 per sq m (£450 per sq ft).

We are aware of the following recent comparable residential sales in close proximity to the investment:

At Alderton Court on Station Road, a newly constructed residential block of 8 apartments were sold in 2005 at values averaging £260,000 equating to £4,843 per sq m (£450 per sq ft).

Residential Development



**Price**

The freehold interest can be acquired for a price in excess of **£8,000,000** reflecting **a net initial yield of 4.6%, a reversionary yield of 5.5% and a true equivalent yield of 5.6%**, based upon costs of 5.7625%.

The outstanding rent reviews on Units 1, 2 and 6 have been guaranteed for a period of six months in order to settle the outstanding reviews. These rental guarantees total £58,445 per annum. The guaranteed rent equating to £764 per sq m (£71.17 per sq ft) Zone A is based upon the recently settled September 2004 Clarks rent review at Unit 4.

**Value Added Tax**

The property has been elected for VAT and will therefore be treated as a Transfer of Going Concern (TOGC).



**Tenancy and accommodation schedule**

Property	Description <sup>1</sup>	Car Parking Spaces <sup>2</sup>	Tenant	Area Sq Ft	ITZA Sq Ft	Term	Lease	Expiry	Review	Rent per annum	Rent ITZA	ERV per annum	ERV ITZA	FRI/IRI	Deposit	S/C %	Comments
Unit 1	Retail Storage	1	Mackay Stores Group Ltd	2,692 898	1,137	25	24-Jun-84	23-Jun-09	24-Jun-04	£83,614 <sup>3</sup>	£71.17	£93,654	£80.00	FRI	£77,000	17.47%	On assignment from Hammells Limited. Current rent of £63,500 per annum equates to £53.87 Zone A. Rent deposit includes VAT.
Unit 2	Restaurant Storage First Floor	1	Pizza Hut (UK) Ltd	1,811 581 388	729	25	24-Jun-84	23-Jun-09	24-Jun-04	£58,814 <sup>3</sup>	£78.29	£65,895	£88.00	FRI		17.38%	On assignment from Kenneth Benjamin & Joel Castle. Current rent of £41,550 per annum equates to £54.60 Zone A. The tenant's rent review surveyor quoted the following areas for review, ITZA 743, Storage 407 and 1st floor 388. 10% premium attributed for A3 use. Our analysis has discounted any value on the 1st floor.
Unit 3	Restaurant Storage	1	Starbucks Coffee Co. (UK) Ltd	1,914 652	748	25	24-Jun-84	23-Jun-09		£55,000	£70.91	£64,788	£84.00	FRI		16.41%	The rent review was agreed in October 2003 at date of assignment from Clinton Cards (Essex) Ltd, prior to the 2004 review, at £55,000 per annum equating to £70.91 Zone A. 5% premium attributed for A1/A3 use. Guarantee from Starbucks Corporation USA.
Unit 4	Retail Storage Mez	1	C & J Clark International Ltd	2,080 569 690	782	25	24-Jun-84	23-Jun-09		£59,750	£74.22	£64,267	£80.00	FRI		13.50%	Assignor C & J Clark Retail Properties Ltd. The June 2004 rent review was recently settled at £59,750 per annum (previously £45,000 per annum). Based upon the compromised areas between landlord and tenant of 803 ITZA and 865 for ancillary accommodation, the agreed revised rent equates to £71.17 Zone A.
Unit 5	Retail Storage Storage (roof)	2	WH Smith Plc	2,072 875 2,500	772	10	25-Dec-96	24-Dec-06		£42,500	£43.55	£70,635	£80.00	FRI		13.59%	Section 26 Notice served by WH Smith Plc. Landlord has quoted £70,635 per annum equating to £80.00 Zone A.
Unit 6	Retail Storage	1	Superdrug Stores Plc	3,363 1,246	1,213	25	24-Jun-84	23-Jul-09	24-Jun-04	£90,067 <sup>3</sup>	£71.17	£100,778	£80.00	FRI		21.65%	Current rent of £69,000 per annum equates to £53.80 Zone A.
	Sub Station		LEB			60	29-Sep-62	28-Sep-22									
Car Park		8	LMJ Solicitors			1	10-Jan-05	10-Jan-06		£3,200		£4,000					Lease expired, tenant holding over. Mutual break of up to 3 months notice. Car park is at roof level.
<b>TOTALS</b>		<b>15</b>		<b>22,330 sq ft</b>						<b>£392,945</b>		<b>£464,017</b>			<b>£77,000</b>	<b>100%</b>	

<sup>1</sup> Storage/ancillary accommodation apportioned at £3.00 psf on ground level and £2.50 psf on roof level.

<sup>2</sup> No apportioned value has been attributed to the commercial units for car parking.

<sup>3</sup> This is a topped-up rent for a period of 6 months from completion until settlement of the outstanding review.

### Investment Considerations

- An opportunity to acquire an unbroken and 100% prime retail parade in Greater London.
- Loughton is an affluent commuter town in London benefiting from luxury designer stores and national multiples.
- Attractive initial yield of 4.6% and reversionary yield of 5.5%.
- Well secured to multiple retailers of excellent covenant strength.
- Major development opportunity in July 2009. Potential to extend the building to provide residential accommodation subject to obtaining the necessary consents. Architects have drawn plans for a scheme that extends to 2,601 sq m (28,000 sq ft) with a potential end value of £12.5m based upon residential values of £4,843 per sq m (£450 per sq ft).
- The extension of the pavement will, in our opinion, increase the footfall and furthermore offer the opportunity to enhance the income of the investment by rentalising outside tables.
- Excellent potential for rental growth; the recent settlement of the Clarks rent review reflected an annual rental growth of 6.5% per annum.
- Various asset management initiatives including lease renewals and rent reviews.





Not to scale. Indicative only.



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Subject to Contract and Exclusive of VAT

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