

DEVELOPMENT FUNDING OPPORTUNITY - STARBUCKS NOW SECURED

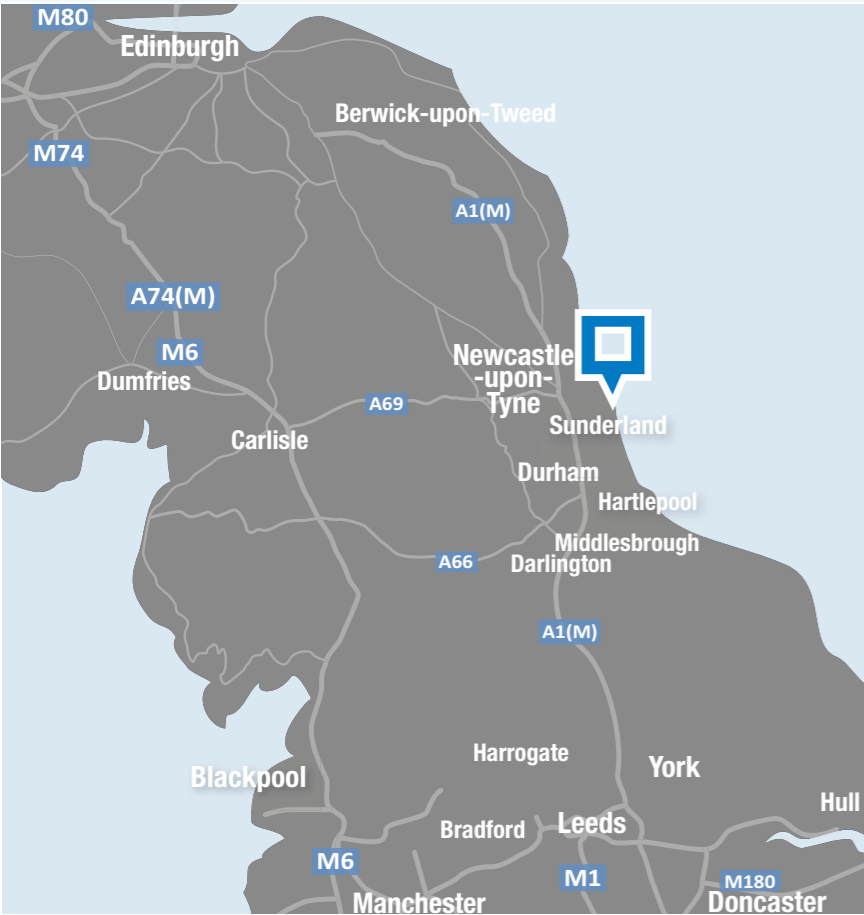
SALTERFEN PARK
SUNDERLAND
SR2 OSP



PROPERTY HIGHLIGHTS

- ❑ Roadside **development funding opportunity**
- ❑ Phase 1 occupiers include **Burger King, Greggs & KFC**
- ❑ Phase 2 now secured to **Starbucks**
- ❑ **9,802 sq ft** of accommodation plus **electric charging points**
- ❑ **Annual rent of £266,000pa**
- ❑ **WAULT** to expiry in excess of **15 years**

We have been instructed to seek a total commitment of **£4.25m**, which will provide the funder with an initial yield of **6%** upon completion.



LOCATION

The city of Sunderland is situated on the North East coast and is one of the major centres within the North East region. It is situated 19 Kilometres (12 miles) south east of Newcastle upon Tyne, 40 kilometres (25 miles) north of Middlesbrough and 432 Kilometres (269 miles) north of London. The city has a population of 275,500 people (Census 2011) and is part of the wider Tyne & Wear Conurbation, which has a combined population of 1,113,577 people.

The city is well located for transport links, with the A19 running north south and linking the city with Newcastle to the north and Teesside and York to the south. The city is also linked to the A1 to the west via the A1231 and A690. The city also benefits from excellent rail links both locally and nationally and has a number of stations within the Tyne & Wear Metro system, linking it to Newcastle International airport. The Grand Central line gives the city direct access to London and the South East.

Adding to the accessibility of the city is the newly completed £180m Northern Spire Bridge linking the A1231 across the river to the west of the city centre. This is part of a plan to create a continuous dual carriage way link between the A19, City Centre and the Port of Sunderland.

SUNDERLAND

Sunderland is home to Nissan, the UK's biggest and most productive



car plant. The city is also a European centre for electric vehicle research and production.

Sunderland is the second largest City in the North East by population and attracts a wide variety of businesses, including more than 80 internationally-owned companies. With sectors such as software and data technology, Sunderland sustains innovative and ambitious companies, from gaming studios to online retail support as well as the financial and customer services sector.

Sunderland is a City benefiting from an extensive regeneration programme, with over £1.5bn of investment scheduled in the next nine years to further support economic growth and create over 20,000 jobs. Significant regeneration schemes include the Vaux Site, a phased development of the former Vaux brewery which comprises a 26 acre City Centre office, retail, residential and leisure quarter.

SITUATION

The development is situated on the southern radial route (A1018), at the junction of Salterfen Road and Ryhope Road approximately 2.4 miles south of the city centre. There are approximately 190,000 people living within a 15 minute drive of the site.

Nearby occupiers include Lidl, McDonalds, Harvester, Screwfix, Plumb Centre, Franks the Flooring Store and Howden Joinery.



ACCOMMODATION & TENANCY

Unit	Tenant	Lease length	Break	Rent	Size	Rent per Sq ft	Reviews	Rent free	Comment
Drive Thru 1	KFC - Alderforce Ltd	20 years	15th	£70,000	2,002	£34.97	5 yearly open market	9 months	Service charge contribution capped at £1.50 per sq ft and capped at 2%pa
Drive Thru 2	Burger King - BKUK DEVCO Ltd	20 years	15th	£80,000	3,600	£22.22	5 yearly open market	6 months	Service charge contribution capped at £1.50 per sq ft and capped at 2%pa
Drive Thru 3	Starbucks - 23.5 Degrees Ltd	15 years		£65,000	1,800	£36.11	5 yearly RPI between 1-3%	12 months	
Unit 1	Greggs PLC	10 years		£28,000	1,400	£20.00	5 yearly open market	6 months	Service charge contribution capped at £1.50 per sq ft and capped at 2%pa
Unit 2	Guarantee	2 years		£20,000	1,000	£20.00			
2 Charging Points	Instavolt Ltd	25 years		£3,000	N/A	N/A	annually in line with RPI		The £1,500pa per charger is a base rent with a further 10% of net revenue paid as top up rent.
				£266,000	9,802				

DEVELOPMENT

The development provides a roadside scheme of **910.6 sq m (9,802 sq ft)**. Phase 1 has agreed pre-lets in place with **Burger King** (Drive Thru) , **KFC** (Drive Thru), **Greggs** and **Instavolt**. There is one further unit of 92.90 sq m (1,000 sq ft) to let. **Phase 2** has now been let to **Starbucks**.

The developer will provide a rental guarantee on the vacant unit if not let by practical completion.

Timeline:

- Full planning permission has been granted for phase 1 and the amendment to phase 2 is due in October.
- The construction is **due to commence in Q4 2020**.
- Build Period of **7 months**.
- Practical Completion anticipated end of **Q2 2021**.

COVENANT STRENGTH

Greggs PLC

Company No – 00502851
Creditsafe Score – 68/100
Rating – **B – Low Risk**

Greggs was founded 75 years ago as a family bakery and has grown into one of the countries leading food on the go companies, trading from over 1,700 outlets throughout the Uk employing 20,000 staff. A summary of their last three years accounts are set out below:

Year End	31st December 2019	29th December 2018	31st December 2017
Turnover	£1,167,900,000	£1,029,347,000	£960,005,000
Pre Tax Profit (Loss)	£108,300,000	£82,618,000	£71,945,000
Shareholder Funds	£346,800,000	£334,341,000	£304,958,000

Alderforce Limited (KFC)

Company No – 04971534
Creditsafe Score – 87/100
Rating – **A – Very Low Risk**

KFC is one of the world’s most recognised fast food restaurants. It’s origins date back to 1930 and has grown to become a globally recognised brand. It’s first Uk store was opened in 1965 and is now a highly successful Franchise lead business. Alderforce Ltd is one of the UK’s most successful franchisee’s. A summary of their last 3 years accounts are summarised below:

Year End	31st March 2019	29th March 2018	31st March 2017
Turnover	£18,538,433	£18,715,762	£17,362,237
Pre Tax Profit (Loss)	£1,520,416	£2,213,134	£2,019,357
Shareholder Funds	£7,045,699	£5,876,899	£4,094,318

BKUK DEVCO Ltd (Burger King)

Company No – 10980858
Creditsafe Score – 80/100
Rating – **A – Very Low Risk**

Burger King was founded in 1954 and has grown into one of the worlds leading restaurant chains serving 11 million customers everyday. Since 2017 Bridgepoint, a major international private equity group has become the UK’s leading operator and has embarked on a growth strategy throughout the UK. A summary of BKUK DEVCO Ltd’s trading figures are set out below:

Year End	31st December 2018	29th December 2017	31st March 2016
Turnover	£1,313,000	N/A	N/A
Pre Tax Profit (Loss)	(£1,054,000)	N/A	N/A
Shareholder Funds	£17,695,000	N/A	N/A

BKUK Group Ltd (Burger King - guarantor)

Company No – 10980808
Creditsafe Score – 51/100
Rating – **B –Low Risk**

Year End	31st December 2018	29th December 2017	31st March 2016
Turnover	£91,768,000	N/A	N/A
Pre Tax Profit (Loss)	(£21,821,000)	N/A	N/A
Shareholder Funds	-£21,200,000	N/A	N/A

Instavolt Limited

Company No – 10484882
Creditsafe Score – 57/100
Rating – **B –Low Risk**

Instavolt is on track to become the largest owner-operator of rapid charging stations in the UK following a £12m equity injection from Zouk Cpaital. A summary of their last few years accounts follow:

Year End	31st March 2019	31st March 2018
Turnover	£193,747	£9,291
Pre Tax Profit (Loss)	(£4,264,829)	(£3,186,232)
Shareholder Funds	£5,945,634	£5,882,347

23.5 Degrees Ltd (Starbucks)

Company No – 080144079
Creditsafe Score – 44/100
Rating – **C – Moderate Risk**

Starbucks is one of the best known global brands and since being founded in 1971 has grown to become the world leading coffee shop. Today it has in excess of 28,000 stores in 76 countries. 23.5 Degrees Ltd is the UK’s leading Starbucks Franchise and since being founded in 2013 has grown to operate 74 stores with a further 23 currently in development. The company is still in it’s growth phase and is on target to achieve its forecasts. A summary of 23.5 Degrees Ltd trading figures are set out below:

Year End	31st August 2019	31st August 2018	31st August 2017
Turnover	£33,260,076	£24,400,866	£20,418,206
Pre Tax Profit (Loss)	(£1,905,618)	(£2,130,533)	(£44,087)
Shareholder Funds	-£5,972,595	-£3,721,538	-£1,362,145

EPC

EPC’s will be provided on completion.

CAPITAL ALLOWANCES

The purchaser will have the benefit of all capital allowances.

PROPOSAL

We have been instructed to seek a **funding partner** for the scheme. The total commitment required will be **£4,250,000** which would show the purchaser an intial yield of **6.0%** upon completion. This will be structured as an up front site purchase of circa £1,000,000, with the stamp duty saving of £110,000 to be split 50/50 with the vendor. This is reflected in the total commitment figure above.

The funding will take the form of an initial site purchase followed by a phased schedule of payments throughout the scheme with a final payment taking it upto the total commitment level.

Any rent free periods will be covered by the vendor and deducted from the total commitment figure.

PROFESSIONAL TEAM

Architect	Ellis Healey
Planning Consultant	DPP
Structural Engineer	SEJC
Solcitor	Switalskis Solicitors
Client Monitoring Surveyor	Inform Surveying
Contractor	Tenders out to contractors

VAT

The property is elected for VAT and it is anticapted VAT will be payable on the transaction.



Keyline for indicative purposes only.

CONTACT



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Misrepresentation Act: These particulars shall not form part of any offer or contract and no guarantee is given as to the condition of the property or the accuracy of its description. An intending purchaser or tenant is not to rely on any representation made in these particulars and must satisfy himself as to their accuracy by his own investigation before entering into any contract. September 2020.

Designed & Produced by [white button](#)

