

FOR SALE

MATALAN

**HIGH YIELDING RETAIL WAREHOUSE
INVESTMENT**



OFFERS IN EXCESS OF £3,000,000

(12.76% NET INITIAL YIELD)

AYR ROAD | KILMARNOCK KA15LB


INGLISHOWIE


Sheridan Keane
REAL ESTATE INVESTMENT



EXECUTIVE SUMMARY

Located in Kilmarnock, an established commercial centre and second largest town in Ayrshire.

Kilmarnock has a resident population of 46,350 and a catchment in excess of 300,000 within a 20 km radius of the town centre.

The property is situated on the Ayr Road, one of the main arterial routes connecting Kilmarnock town centre from the south.

The property comprises **34,040 sq ft** of ground floor retail warehouse accommodation with ancillary and office accommodation.

The unit benefits from **Open A1 (Non Food) planning consent.**

The income is secured against Matalan Retail Limited which offers a substantial covenant with a **D&B rating of 5A2.**

There is demised car parking to both the front, side and rear of the unit totalling 166 spaces reflecting an excellent car parking ratio of 1:205.

The property is held in the majority heritable (Scottish equivalent of English Freehold) and partly long leasehold.

The current lease expires on 29th April 2031, providing an unexpired term of circa 6 years.

The current passing rent is **£407,484 per annum** reflecting **£11.97 per sq ft** overall.

We are instructed to seek **offers in excess of £3,000,000 (Three Million Pounds Sterling)**, exclusive of VAT. This reflects an attractive **net initial yield of 12.76%**, assuming purchaser's costs at 6.42%.

LOCATION AND COMMUNICATIONS

Kilmarnock is the commercial centre of East Ayrshire, near the west coast of Scotland. The town is approximately 25 miles (40 km) to the south west of Glasgow, 68 miles (109 km) west of Edinburgh and 60 miles (96 km) north of Dumfries.



Road

Kilmarnock benefits from excellent road communications having access to the M77 via the A77, A71 and A76. Ayr Road, one of the town's main arterial routes connects the subject property with the town centre from the south and provides direct access onto the A71 to the north and A77 to the south.



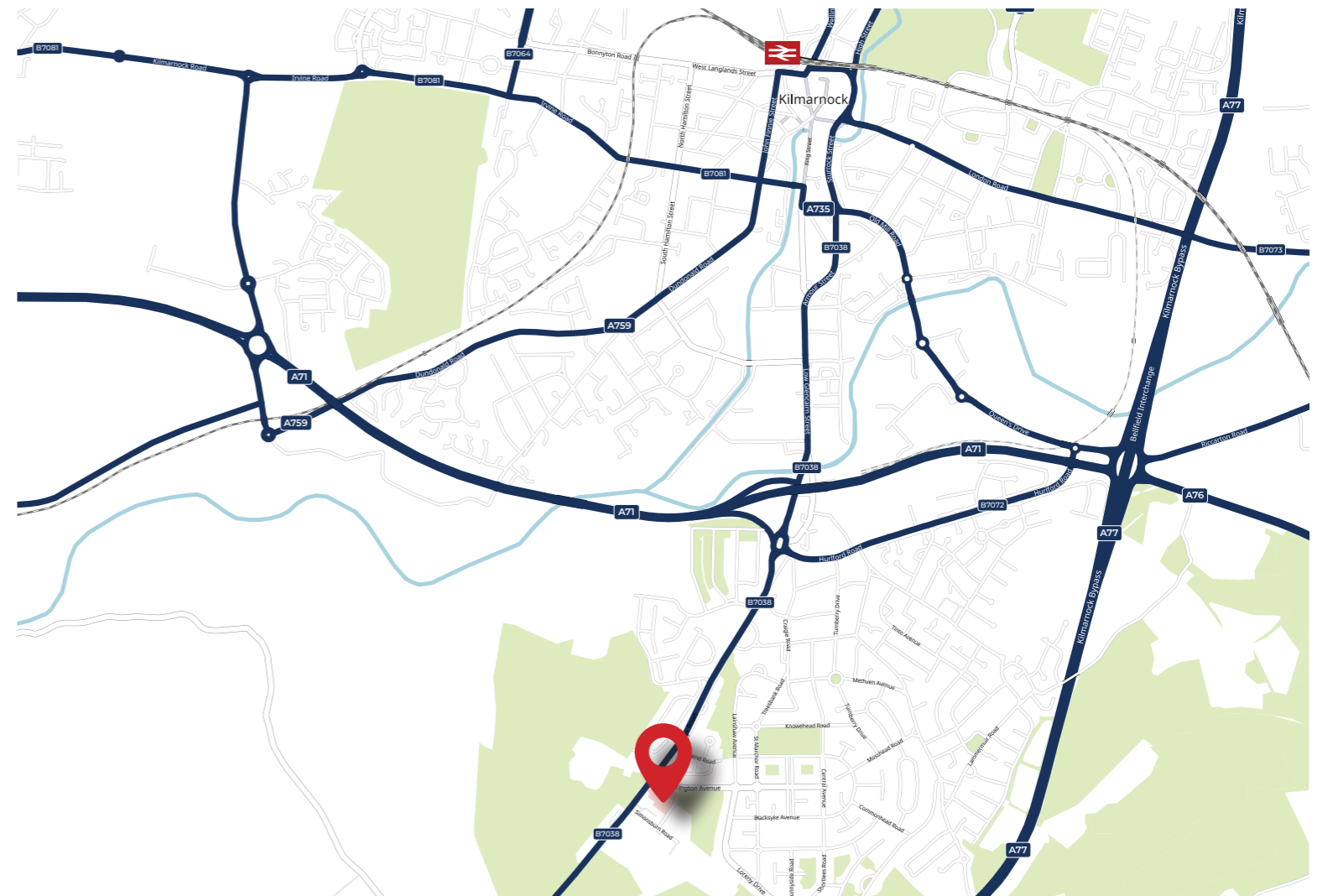
Rail

Kilmarnock train station is located approximately 2 miles (3.2 km) to the north of the subject property and provides frequent services to Glasgow, Ayr and Carlisle as well as the wider west of Scotland region.



Air

The subject property is within a 90 minute drive of three major airports. Glasgow Prestwick Airport, Glasgow Airport and Edinburgh Airport combine to offer a range of frequent domestic and international flights.



SITUATION

The property is situated on the eastern side of the Ayr Road approximately 2 miles south of Kilmarnock town centre.

To the north and east of the property is an extensive residential area. Other surrounding uses include retail warehousing, trade counter and industrial with a number of SME's occupying the neighbouring Caprington Business Park.

DESCRIPTION

The subject property comprises a purpose built solus retail warehouse unit constructed in the 1980's.

The unit is of steel portal frame construction, incorporating profiled cladding to the elevations and roof. The clear eaves height of the property is approximately 5.5m (18 ft) with a sales area that is largely open plan.

The property benefits from a designated car park to the front, side and rear of the unit. The car park provides 166 car parking spaces, providing an excellent parking ratio of 1:205 sq ft and the property is serviced by the same access on Umberley Road on the southern elevation.

ACCOMMODATION

The subject property extends to the following gross internal area:
3,162 sq m (34,040 sq ft).

In addition, there is a mezzanine floor which allows for additional storage and ancillary accommodation of 615 sq m (6,617 sq ft).

PLANNING

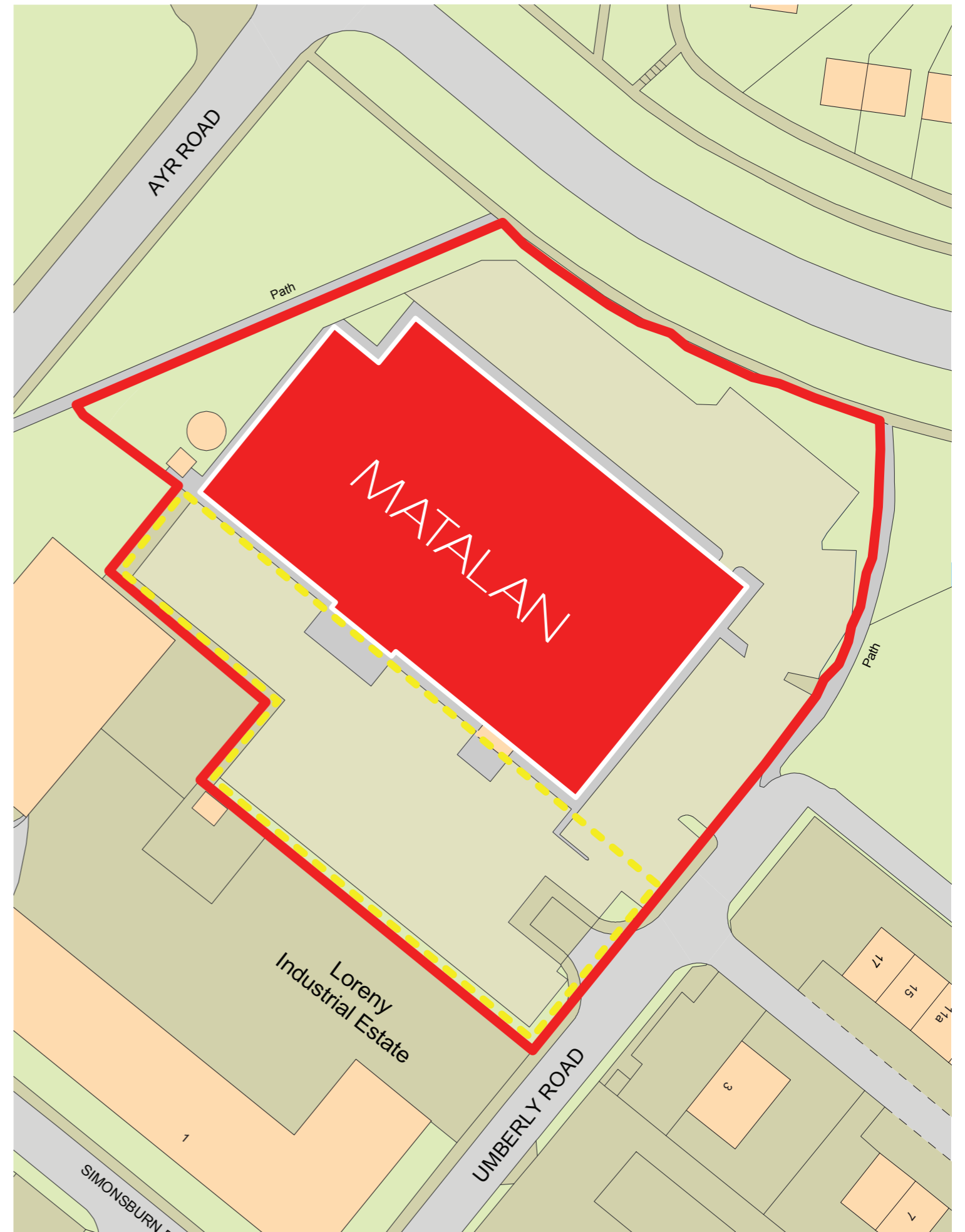
The property benefits from an **Open A1 (Non Food)** planning consent.

TENURE

The property is held majority Heritable (Scottish equivalent of English Freehold) (AYR5792/AYR36139) and part Long Leasehold (AYR31709).

The leasehold is a peppercorn (£1 per annum) and runs until 28/09/2125. Head Landlord's consent to assign/transfer is not required when the assignation is to the same party to whom the heritable title has been sold. There is a use restriction on this part of the site against food retailing only.

The property occupies an irregular shaped site with an approximate area of 0.98 hectares (2.44 acres). The title boundary is outlined in red, with the yellow dotted line showing the long lease on the plan opposite for identification purposes only.



TENANCY

The property is let to Matalan Retail Limited with an expiry on 29th April 2031 at a current passing rent of £407,484 per annum, reflecting £11.97 per sq ft.

There is a rent review on 30 April 2026 to the higher of the passing rent payable prior to the rent review and Open Market Rent.

The lease is held on Full Repairing & Insuring terms with no schedule of condition.





Matalan has been in occupation of the property since 2001. The lease was extended for a further 5 years from April 2026 at the passing rent. This store is the only Matalan in Ayrshire. The nearest Matalan store is located circa 20 miles distant to the south-west of Glasgow.

MATALAN

Matalan was founded in 1985 and is a leading out of town fashion and homeware retailer, serving over 11 million customers through 228 stores in the UK, an e-commerce platform and 47 overseas franchise stores.

Matalan has recently gone through a major recapitalisation transaction which was completed on 26th January 2023. The transaction delivers a de-levered and sustainable balance sheet and a substantial injection of new capital which sets the company with a clear vision for a return to strong and sustained growth.

Some highlights of this restructure are below:

-  Significant reduction in gross debt from £593million to £336 million
-  Up to £100 million of new capital to support delivery of the strategy
-  Financing for the next 4 years, with the earliest maturity in January 2027
-  A flexible debt package which provides committed and undrawn funding

Matalan Retail Limited have a **Dun & Bradstreet credit rating of 5A2.**

YEAR	TURNOVER	NET PROFIT / (LOSS)	SHAREHOLDER'S FUNDS
25-02-2023	£1,153,400,000	(£103,400,000)	£39,200,000
26-02-2022	£1,027,100,000	(£7,600,000)	£207,900,000
27-02-2021	£744,100,000	(£127,600,000)	£199,000,000





PROPOSAL

We are instructed to seek **offers over £3,000,000 (THREE MILLION POUNDS STERLING)** exclusive of VAT for our client's part heritable and part leasehold interest subject to and with the benefit of the existing lease.

A purchase at this level would show an attractive **Net Initial Yield of 12.76%**, assuming standard purchasers' costs of 6.42%.

EPC

The property has an Energy Performance Rating of B.

VAT

Our client has elected to waive exemption for VAT and accordingly VAT will be payable on the purchase price, although we anticipate the sale will be dealt with by way of a Transfer of Going Concern (TOGC).

LEGAL

Each party will be responsible for their own legal costs incurred in connection with the transaction.

AML

To comply with the current anti-money laundering regulations the agents acting on both sides of any qualifying transaction are required to undertake appropriate due diligence in advance of the transaction, including identifying and verifying all relevant parties and establishing the source(s) and legitimacy of funding.

Both parties will be required to disclose all relevant information prior to conclusion of missives to enable the agents to meet their respective obligations under the Regulations.

CONTACT

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