

# MATALAN

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# HEADQUARTERS

PRIME HEADQUARTERS OFFICE INVESTMENT OPPORTUNITY

PERIMETER ROAD | KNOWSLEY BUSINESS PARK | MERSEYSIDE | L33 7SZ











INVESTMENT SUMMARY

- A prime single-let headquarters office investment situated on Knowsley Business Park.
  - Strategic location with excellent access to the M57, M62, M58 and A580.
  - High specification office building comprising approximately **114,868 sq ft** (10,671.49 sq m) with potential to expand further.
  - 651 car spaces providing a generous parking ratio of 1:176 sq ft.
  - Site area of approximately 5.6 hectares (14 acres) with potential to acquire an additional adjoining site.
  - **EPC B31** and BREEAM “Very Good”.
- Let to Matalan Retail Limited with approximately **15 years unexpired**.
  - 5 yearly **RPI linked rent reviews** (1-4% per annum compounded).
  - The rent will increase on 2 January 2027 to a minimum of 2,798,482 per annum and potentially increase to £2,967,198 per annum.
  - The vendor will top the rent up to the minimum fixed uplift of £2,798,482.
  - Held long leasehold for a term of 999 years from 1946 at a peppercorn rent.

We are seeking offers in excess of **£21 million** subject to contract and exclusive of VAT.

A purchase at this level reflects the following running yield profile:

Year	Minimum Guaranteed RPI Uplift (1% per annum)	Forecasted RPI Change**	Potential RPI Uplift (4% per annum)
Current	13.03%	13.03%	13.03%
Jan 2027	13.03%*	13.70%	13.81%
Jan 2032	13.69%	15.61%	16.80%
Jan 2037	14.39%	17.40%	20.44%

*\*This includes the cap being achieved for the first three years of the current rent review period.*

*\*\*Source: Oxford Economics (December 2024).*

The property is held within a UK domiciled Special Purpose Vehicle (SPV). The ownership of the property can either be sold as an asset transfer or through the shares in the SPV via a corporate transaction. We have assumed the sale will be a corporate transaction and have therefore adopted purchaser’s costs of 2.3%.



## LOCATION

The Liverpool City Region Combined Authority brings together the region's key districts of Knowsley, Halton, Sefton, St Helens and the Wirral. This local authority has devolved powers and has taken funding from central government to make investments in the area. To date, they have invested over £1 billion in various schemes across the districts.

Knowsley is one of the largest employment areas in Europe and the second largest of its kind in the North West of England. It is home to some of the UK's most successful businesses including Amazon, Jaguar, QVC, TJ Morris, and Liverpool Football Club.



It benefits from excellent access to the M57, M58, M62 and M6 motorways and the A580 East Lancs Road. A newly created railway station opened at Headbolt Lane in October 2023. This £80 million investment in nearby infrastructure improvements will improve the locations connectivity even further. The main railway station, Liverpool Lime Street, provides regular services to London Euston within 2 hours and 20 minutes and Manchester Piccadilly in 50 minutes.

Other nearby major large scale infrastructure improvements have recently been completed in the region, including the Mersey Gateway Bridge and Liverpool2, a new transatlantic deep water container port which handles 45% of the UK's trade from the United States of America. In addition, the LCR Freeport is estimated to add a further £850 million to the local economy and contribute towards plans to boost research and development and target green technologies to help the city reach net zero by 2040.

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### ROAD

A580  
M57, M58, M62 and M6

### AIR

Liverpool John Lennon Airport

### RAIL

Liverpool Lime Street

### PORT

Port of Liverpool



Together with the continued significance of the Port of Liverpool, these new developments ensure that the region continues to be an important and thriving commercial centre for the UK economy.

Liverpool John Lennon Airport is approximately 10 miles to the south. The airport handled over 3.4 million passengers in 2022 and offers domestic and international direct flights to over 60 destinations.





## SITUATION

The property is situated on Knowsley Business Park which lies adjacent to the A580 East Lancashire Road, connecting Liverpool to the west with Manchester to the east.

The A580/M57 intersection is approximately 1.5 miles to the south. The M57 links the M62 in the south to the M58 in the north, both of which connect to the M6. The A580 also provides direct access to J23 of the M6 within nine miles, as well as offering convenient access to Liverpool city centre.

The property is located on the eastern edge of Knowsley Business Park, and is accessed from Perimeter Road which links directly with the A580.

Knowsley Business Park is one of the largest commercial parks in Europe, totalling almost 1,200 acres (485 hectares). The Park is home to almost 1,000 businesses and occupiers include Bosch, Newsprinters, QVC, Capita, and Virgin Media.

The property is adjacent to a 576,000 sq ft distribution warehouse, also occupied by Matalan and together they form the national headquarters for the company.





## DESCRIPTION

The property comprises a prime ESG focused headquarter office in a highly attractive landscaped environment. This modern high quality asset has a concrete frame construction with glazed curtain wall elevations. The building is arranged as a main block with a wing at each end forming a horseshoe shaped footprint. The building has been designed to be future-proofed and incorporates the ability to create an extra wing if required in the future. Completed in 2014, the building offers the following high quality specification:

- An EPC rating of B (31)
- BREEAM "Very Good" score
- Full triple height glazed reception
- Significant break out kitchen and catering areas
- Rooftop solar PV panels
- Chilled beam heating and cooling system
- Full access raised floor
- Metal grille suspended ceiling
- LED motion sensor lighting
- Four passenger lifts
- One goods lift
- Gatehouse
- Woodland walk in an extensive external landscaped area

There are 651 car spaces providing a generous parking ratio of 1:176 sq ft.





ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition) and extends to approximately 10,672 sq m (114,868 sq ft) Net Internal Area:

Floor	Area (sq m)	Area (sq ft)
Ground	3,536.88	38,071
First	3,567.26	38,398
Second	3,567.35	38,399
Total	10,671.49	114,868



TENANCY

The property is let in its entirety to Matalan Retail Limited for 25 years from 1<sup>st</sup> January 2015, providing approximately 15 years unexpired.

The contracted rent is £2,451,634 per annum, which reflects £21.34 per sq ft.

The lease provides for 5 yearly rent reviews. The rent reviews are RPI linked with a collar and cap at 1% and 4% per annum compounded.

The next rent review is on 2 January 2027 and will increase to a minimum of £2,798,482 pa (£24.42 per sq ft) and potentially £2,967,198 pa (£25.89 per sq ft).

The vendor will top the rent up to the minimum fixed uplift of £2,798,482.



For indicative purposes only.

SITE

The site edged in red extends to approximately 14 acres (5.6 hectares).

TENURE

The property is held leasehold for a term of 999 years with effect from 1<sup>st</sup> April 1946 at a peppercorn rent without review.



COVENANT STATUS

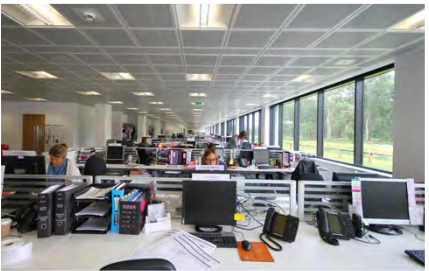
Matalan was founded in 1985 and is a leading out of town fashion and homeware retailer, serving over 11 million customers through 228 stores in the UK, an e-commerce platform and 47 overseas franchise stores. The ultimate parent company of Matalan is Maryland Holdco Limited.

Matalan has recently gone through a major recapitalisation transaction which was completed on 26<sup>th</sup> January 2023. The transaction delivers a de-levered and sustainable balance sheet, a substantial injection of new capital, providing a platform to drive a return to strong and sustained growth. The transaction included for:

- Significant reduction in gross debt from £593 million to £336 million.
- Up to £100 million of new capital to support delivery of their strategy and growth ambitions.
- 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 has reported the following most recent accounts which all effectively pre-date this restructure:

Year to Date	Turnover	Pre Tax Profit	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



Since the restructuring Matalan have reported strong full year results for the year ended 24 February 2024. EBITDA was up 92% year-on-year to £53m. Gross margin improved 8% to £495m and the closing cash position of £123m represents a significant improvement in liquidity.

More financial information can be found at [www.matalan.co.uk/corporate/corporate-publications.list](http://www.matalan.co.uk/corporate/corporate-publications.list)



## ESG INFORMATION

Matalan's ESG actions and ambitions are focused on four key areas: Planet, People, Product and Good Business which include;



### PLANET

- Matalan have a number of goals for 2025 which include; ensuring 70% of plastic packaging can be reused or recycled, ensuring imported plastic contains 30% recycled content and including recycling instructions across the product range.
- They publish a Strategic Energy and Carbon report each year and have committed to a credible pathway to Net Zero Carbon by 2025.



### PEOPLE

- Supporting schemes such as Kickstart, traineeships and apprenticeships and offers work experience and offering opportunities to young people affected by homelessness through a partnership with 'End Youth Homelessness'.
- Involved with partnerships for future leaders and targeted programmes to improve the pipeline of Women in Leadership roles and signed up to the British Retail Consortium Diversity and Inclusion Charter to improve the diversity across retail.



### PRODUCT

- Committed to source 100% of cotton as 'Better Cotton' by 2023, which ensures cotton is sourced sustainably and farmers working and living conditions are improved. Committed to source all man-made fibres from high sustainability sources by 2025.
- In 2021, this contributed to sourcing 7000 metric tonnes of cotton under the Better Cotton Initiative. Additionally, 800 metric tons of sustainable viscose was sourced and 3.4 billion litres of water saved.
- Matalan are using technology to provide digital samples rather than physical samples to prevent waste. In 2021, Matalan successfully converted more than 98% of their store and head office waste from landfill to energy resources.



### GOOD BUSINESS

- Matalan have a number of goals for 2025 which include;
  - Raising £1 million for NSPCC.
  - Each store supporting a local cause.
  - Every employee involved in a charity.



### PROPERTY ESG

The property has excellent ESG credentials including an EPC B31 and a BREEAM "Very Good" rating.

The building has an abundance of amenity to support employee well being including an area to the north west of the site, where there is a mature woodland with an established walking path and pond.

### CRREM ANALYSIS

A CRREM benchmarking exercise has been undertaken for the property and if the gas fired plant was replaced with heat pumps, which could be carried out in the future when the existing plant reaches its economic life span, the results show that the building wouldn't breach the decarbonising pathway until 2043.



MARKET COMMENTARY

Overall office take-up for the Liverpool region was 398,000 sq ft in 2024, with prime office rents sitting at £28.50 per sq ft. Liverpool remains as one of the UK’s most active markets within the Big Nine cities. For H2 2024, total take-up was 225,000 sq ft demonstrating a strong second half to the year. In 2024, out of town take up was 79,400 sq ft

The current Grade A vacancy rate in the out-of-town markets sits at 7%, showing a market undersupplied with premium quality space. This coupled with a highly constrained development pipeline is likely to lead to further rental growth.

NORTH WEST RENTAL COMPARABLES

We have summarised some recent comparable transactions below:

Date	Property	Size (sq ft)	Tenant	Rent (£/psf)	Comments
Dec-24	1 St Paul’s Square	16,964	Direct Line Insurance Plc	£23.50	10 year lease
Sept-24	4 St Paul’s Square	7,659	Marsh & McLennan Inc	£26.00	10 year lease
July-24	Royal Liver Building Liverpool	7,556	Grant Thornton	£26.50	10 year lease
Jan-24	No1 St Pauls, Liverpool	8,858	Hapag-Lloyd (UK) Ltd	£24.00	10 year lease
Sept-23	The Plaza, Liverpool	50,143	BT Group Plc	£25.00	10 year lease
Sept-23	Birchwood Park, Warrington	35,793	Arne Clo Ltd	£21.00	5 year lease
July-23	Birchwood Park, Warrington	12,454	Nuvia	£21.00	10 year lease
May-23	8 Princes Parade, Liverpool	4,732	Ryder Levett, Bucknall	£22.00	10 year lease
Mar-23	10 Princes Parade, Liverpool	7,000	City Hospital	£22.00	15 year lease
Mar-23	The Plaza, Liverpool	8,417	BMSL	£23.50	15 year lease



INVESTMENT MARKET COMMENTARY

Recent comparable transactions include:

Property	Date	Size (sq ft)	Unexpired Term	Rent (per sq ft)	Purchase price	NIY	Capital Value (per sq ft)	Comments	Purchaser
Imperial Brands, Bristol	Mar-24	85,394	20.00 years	£33.50	£30.6 million	7.96%	£358	5 yearly CPI linked rent reviews (0% - 4% per annum)	Northtree
Virgin Atlantic HQ, Crawley	Feb-24	110,545	8.80 years	£23.00	£26.1 million	9.10%	£236	Open Market reviews and the tenant could extend by 2.5 years	Mirabaud
Co-op HQ, NOMA, Manchester	Nov-23	329,219	15.00 years	£37.17	£140 million	8.40%	£440	5 yearly RPI linked rent reviews (1.5% - 4% per annum)	High Net Worth Middle Eastern Investor
Motability HQ, South Gyle Business Park	Sep-23	35,370	13.75 years	£21.00	£8.8 million	7.75%	£249	Open Market rent reviews	Priory Real Estate
BT HQ , 1 Sovereign Street, Leeds	Aug-23	139,079	17.25 years	£20.62	£38.5 million	7.07%	£273	5 yearly RPI linked rent reviews (1% - 3% per annum)	Clients of Citibank
Verisure HQ, Newcastle	Jun-23	94,656	14.50 years	£15.85	£18.3 million	7.68%	£193	Lease includes fixed increases at rent review	Bank of London & Middle East



EPC

The property has an EPC rating of B31.

BREEAM

The property has a 'Very Good' rating.

DEBT ADVISORY

JLL Debt Advisory provides market leading debt solutions. We have a wide-ranging expertise in senior debt and mezzanine arrangement for investment and development projects. JLL Debt Advisory would be delighted to discuss funding options with potential purchasers. Please contact us for further details.



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## HEADQUARTERS

### PROPOSAL

We are seeking offers in excess of **£21 million (Twenty-One Million Pounds)** subject to contract and exclusive of VAT.

This price would reflect the following running yield:

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### SPV

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More information on the SPV is available upon request.

We understand that capital allowances are available to qualifying purchasers. More information is available upon request.

### FURTHER INFORMATION

For more information or to arrange an inspection please contact:



**EDWARD BLOOD**

edward.blood@jll.com  
+44 (0) 7703 234233

**JAMES PORTEOUS**

james.porteous@jll.com  
+44 (0) 7976 741273

**EMMA BOWKER**

emma.bowker@jll.com  
+44 (0) 7596 316671

**GEORGE WHITELEY**

george.whiteley@jll.com  
+44 (0) 7707 166569

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