

FRESHNEY PLACE

Performance Snapshot

June 2023

Queensberry

Background

- North East Lincolnshire Council acquired Freshney Place Shopping Centre on the 4th of August 2022.
- Queensberry Real Estate were appointed Asset Managers and Montagu Evans appointed as Property Managers, both on a short-term basis given the need to move swiftly
- This short paper aims to summarise the highlights and challenges of the first 11 months of NELC ownership.
- Asset summary:

| | |
|----------------------------|--|
| Scheme | Freshney Place, Grimsby |
| Size (net lettable) | 376,614 sq ft |
| No. Of Units | 5 anchor stores, 87 retail units, various kiosks, and mall units |
| Car Park | East Car Park 454 Spaces, West Car Park 395 Spaces |

Centre Occupancy

- Freshney place occupancy rate has increased from **77.3%** to **85.3%** since acquisition. Once deals in legals complete this will be **over 90% occupancy**
- Friargate occupancy has increased by **13%** to **93.5%** since acquisition.
- Baxtergate occupancy has been maintained since acquisition at **78.3%**. Should the Community Diagnostics Centre progress in line with discussions occupancy on Baxtergate would hit **95.7%**.



*Please note these statistics exclude the development zone from the analysis which is being purposefully vacated.

Leasing Highlights



17 lease transactions completed in the first 11 months, including:

- Vision Express and Deichmann committing to Freshney Place and investing in new fit outs.
- Relocation of key retailers such as Segal's, Card Factory and The Works.

✓ **All deals done to date are at or exceed business plan expectations**

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£181,000 of arrears collected which relate to periods prior to NELC ownership.

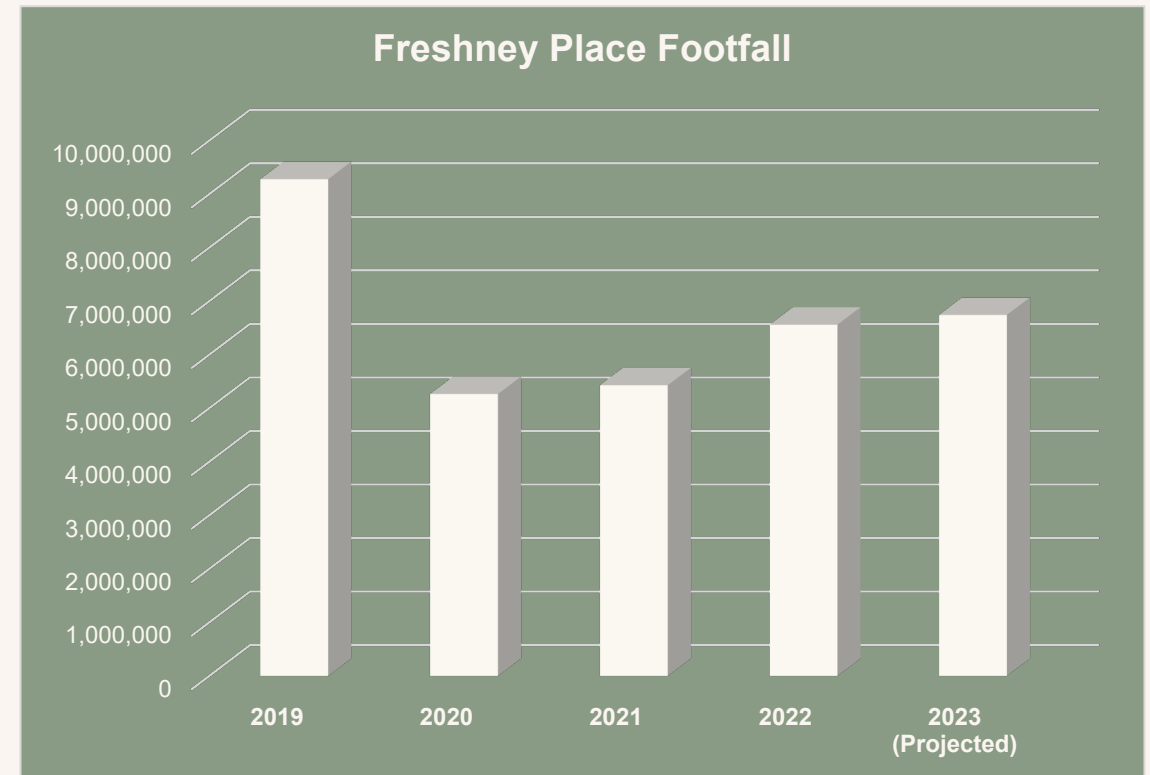
Diversification of uses away from pure retail will be key drivers of Freshney Place's commercial performance and social value to the local community. **Securing Parkway Cinema for the new Leisure Scheme** is a huge milestone for the town centre.

Despite the disruption of vacating all Flottergate and Market Square units, an increase in service charge costs and general downward pressure on rents, income has remained stable.



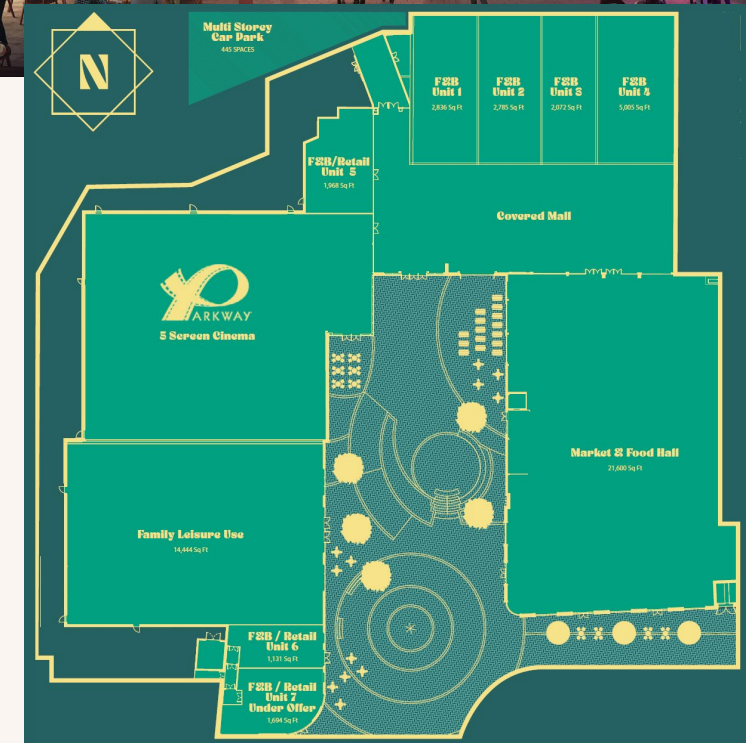
Footfall at Freshney Place

- Footfall figure for 2022 was over **6.5M**, this is over **20%** higher than 2021.
- Footfall is continuing to improve this year, **April & May 2023** saw an average increase of **7.55% Year on Year**
- This is still **down 25% - 30% on pre covid levels** but reflects the picture across the country.
- Please note that once we enter the construction phase of the leisure redevelopment we expect to see some pressure on footfall due to the closure of parts of the scheme.



Looking Forward

- The leisure extension to the western end of Freshney Place is key to the transformation of Grimsby town centre. Parkway have been secured to deliver a 5 screen cinema to anchor the development which has been positively received by the market. It is a statement of intent and the launchpad for engagement with other leisure operators.
- Work is due to commence later this year. Vacant possession has been achieved on all but one of the 15 units within the shopping centre required for the redevelopment. All but two occupiers of this area have been relocated and retained within the scheme.
- The potential letting to the Community Diagnostics Centre could provide a significant boost for Baxtergate in terms of footfall.
- The completion of the Riverhead Square improvements will increase the attractiveness of the longstanding void units which face the square.



Challenges

Footfall

We are conscious that one end of the scheme will become a redevelopment site. Mitigation measures will be put in place but as with any construction works, there will be some impact on visitor experience and accessibility in the short term. The risks of not redeveloping far outweigh the risks of doing so.

Baxtergate

The secondary pitch within Freshney Place is more difficult to find commercially viable solutions for. However, the recent dialogue with the CDC should be a big boost to take up in this part of the scheme and will drive footfall during traditionally quieter periods.

House of Fraser Building, Next, M&S

These buildings / units are outside of our control – HOF is a key frontage on the high street and into the mall in Freshney Place. While unoccupied, this presents us with difficulties in curating the energy and activation we ultimately would love to see. There is engagement with the owner around what can be done to enhance the asset. M&S and Next are important town centre operators and whilst we have limited influence due to not being the landlord, we are engaging so they are aware of wider town centre plans.

Car Parks

A pressure on costs has created a shortfall on the car park income which we will seek to address once confidence in the scheme is raised after redevelopment commences.

Maintenance costs

Any asset of this scale and age attracts costs as components come to the end of their economic life. This will be continuously monitored, and we will be identifying opportunities to futureproof and mitigate these wherever possible. The business plan provides for expected expenditure.

Educating the wider market on Grimsby and the opportunity it represents

This is a challenge we are committed to. The wider investment being made in and around Grimsby will help demonstrate this is a region on the up:

- South Humber Industrial Investment Programme
- Improvements being made in Cleethorpes
- Alexandra Docks
- Riverhead Square improvements
- Huge decarbonisation opportunities including the pre-existing offshore wind farms and the jobs this creates

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