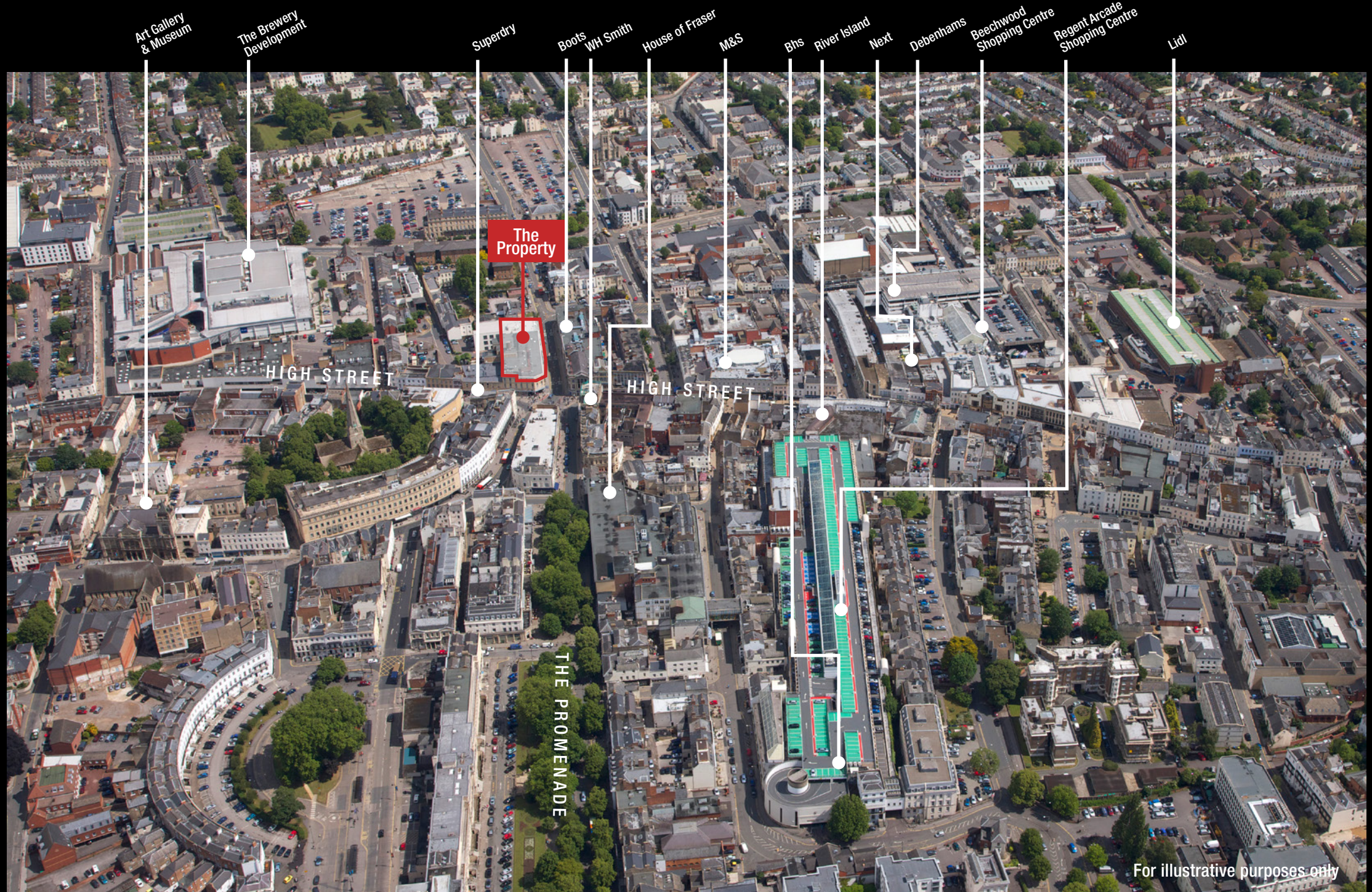


Prominent, well secured, freehold, department store investment



green&partners

201/209 High Street, Cheltenham GL1 1NN



## INVESTMENT SUMMARY

- A **prominent prime corner position** at the **busy, pedestrianised** junction of High Street, Promenade and North Street
- **Well secured** to the undoubted covenant of **Primark Stores Ltd** (D&B 5A 1) for a further **6.4 years**.
- In close proximity to numerous national multiple retailers such as **Boots, Superdry, WH Smith, M&S, Caffe Nero, Lush** and **Starbucks**
- Cheltenham is a desirable and expanding retail and leisure destination with **Phase 2** of **The Brewery** development completing in 2016 and with the anticipated arrival of **John Lewis** to the town.
- **Freehold**
- Total rent of **£610,000** pax
- Offers in excess of **£9,850,000** (Subject to Contract & exclusive of VAT), reflecting a **net initial yield** of **5.85%**, assuming purchaser's costs of 5.8%.



## LOCATION

The Regency Spa town of Cheltenham is a strong retail and tourist destination and regarded as the 'Gateway to the Cotswolds'. The town is situated approximately 100 miles (169km) north west of London, 40 miles (64km) north of Bristol and 9 miles (14km) east of Gloucester. Cheltenham serves an extensive primary catchment area and dominates the retail provision in the region.

The town benefits from excellent transport links. By road, junctions 10 and 11 of the M5 motorway, lie circa 3.5 miles (5.6km) north-west and west of the town centre, providing direct access to Birmingham, Bristol and the rest of the UK's motorway network. By rail, Cheltenham Spa train station provides regular services to London Paddington, with a journey time of circa 120 mins. Regular services also operate to Bristol, Birmingham, Manchester, Newcastle and Glasgow.

## DEMOGRAPHICS

Cheltenham benefits from an affluent and loyal local catchment population of circa 388,000 persons, and a shopping population of 248,000 persons. The town ranks equal 32nd on The Venuescore UK Shopping Rankings which places it on a par with Guildford, London's Covent Garden and Stratford (Westfield). Tourism (especially the renowned Cheltenham Festival) swells these numbers with the County Council estimating over 460,000 staying visitors and 5.6m day trippers visiting each year contributing over £235m to the local economy and sustaining over 8,000 jobs (2011 GCC Data).



The town has an above average proportion of adults of working age categorised within the most affluent AB social group as well as a particular under representation of D and E social groups, the least affluent. The service sector accounts for circa 75% of total employment in Cheltenham, with employers including **Chelsea Building Society**, **Endsleigh Insurance** and **Zurich Financial Services**.



## RETAILING IN CHELTENHAM

Total retail floor space within Cheltenham amounts to approximately 1.3 million sq. ft. with the prime retail pitch centred on the High Street and Promenade. Over time the Promenade has evolved into the location of choice for many of the UK's top fashion retailers including **Jack Wills, Jigsaw, Hobbs, The White Company, The Kooples, Phase Eight** and **LK Bennett**. Consequently, the town ranks 29th on the basis of its PMA Retail Score and 26th on the Fashion Score.

The town also boasts two covered shopping centres; Regent Arcade and Beechwood Shopping Centre. Regent Arcade consists of 185,000 sq.ft and is anchored by **BHS, House of Fraser** and **H&M**. **Topshop/Topman** are in talks to relocate to the newly developed entrance of the scheme, which also houses **H&M** and **River Island**. Other tenants include **Boots, EE, Schuh, Claire's, Ernest Jones, The Fragrance Shop** and **Ann Summers**.

The Beechwood Shopping Centre comprising 127,000 sq.ft is anchored by **Debenhams**, while **Next, Animal, Vision Express** and **Thornton's** are also represented. The owners, Blackrock, are rumoured to be in discussions with **John Lewis** as part of a proposed substantial re-development of the existing scheme. If realised, this would benefit the town generally, reducing 'leakage' to surrounding centres by enhancing the already extensive retail offer.



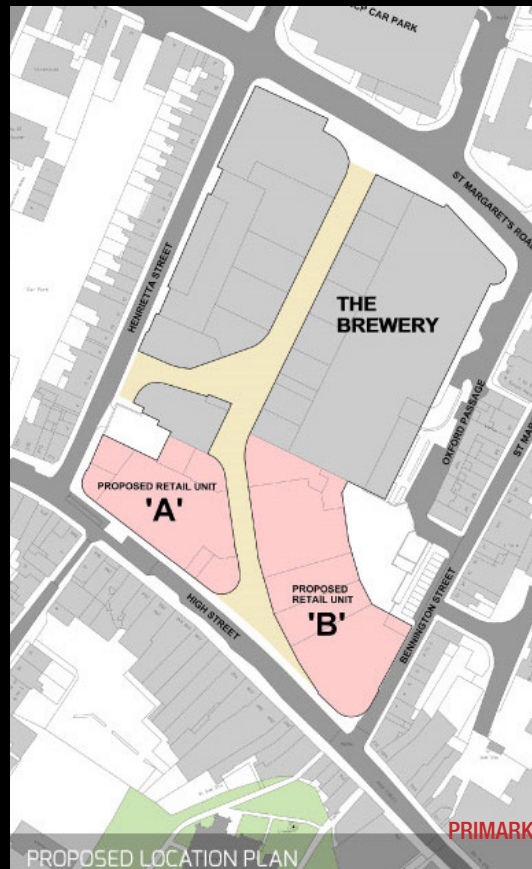


Investment Summary | Location | Demographics | Retailing in Cheltenham | Cheltenham Brewery Development | Situation | The Property | Accommodation | Tenure | Tenancy | Covenant | Rental Income & Analysis | EPC | VAT | Proposal | Further Information |

## CHELTENHAM BREWERY DEVELOPMENT

Located within close proximity to the subject property, Phase 1 of the mixed use development completed in 2006, consists of 200,000 sq.ft incorporating a **Cineworld** (11 screens), **Fitness First**, 19 residential units and a host of A3 retailers including **Prezzo**, **Nando's**, **Frankie & Benny's**, **Ruby Tuesday** and **Chiquito**.

Martin Commercial Properties and NFU Mutual Insurance Society are currently on site building a £30 million regeneration of 233-269 High Street known as Phase 2 will include 110,000 sq.ft of new retail space, including a **Wilko's** re-site, a 104 bedroom **Premier Inn** and 34 two bedroom apartments. In addition the development will enable a pedestrianised link from the High Street to the existing Brewery complex.



## SITUATION

The property occupies a particularly prominent pedestrianised corner position at High Street's junction with North Street and is highly visible from the north-eastern end of the pedestrianised section of the Promenade. Nearby retailers include **Boots**, **Superdry**, **WH Smith**, **Caffe Nero**, **Lush** and **Starbucks**. The property is located within the Central Conservation Area

## THE PROPERTY

The property comprises a large anchor store arranged over ground, lower ground, first floor (sales) and second floor (ancillary). There is a third floor plant area. Servicing is from a side yard accessed from Baynham Way to the rear.

### ACCOMMODATION

The property has been measured in accordance with RICS guidelines and provides an approximate total gross internal floor area (GIA) of **4,921m<sup>2</sup> (52,971 sq.ft.)**. These areas were agreed between the parties at rent review. There is also a Plowman Craven measured survey available on request.

Floor	Use	M <sup>2</sup>	Sq Ft
Ground	Sales	1,261.8	13,582
Lower Ground	Sales	1,172.4	12,620
First	Sales	1,188.2	12,790
Second	Ancillary	1,209.6	13,020
Third	Plant	89.1	959
<b>TOTALS</b>		<b>4,921.1</b>	<b>52,971</b>

### TENURE

Freehold







## TENANCY

### Primark Stores Ltd

25 years from 2nd February 1997, expiring on 1st February 2022 (6.4 years) at an annual rent of **£610,000** per annum exclusive. The lease is subject to 5 yearly upward only rent reviews, the next being due on 2nd February 2017.

The rent review clause within the lease provides for an increase to the higher of the **Open Market Rent** or a **Notional Rent**. When serving notice the landlord has the option to determine which is to be used. The rent review provisions are summarised as follows, although a purchaser should review the lease for a full analysis:

The **Open Market Rent** is defined on traditional large store review criteria.

The **Notional Rent** is defined as the yearly rent calculated in accordance with the following formula;

### Notional Rent = A + B

Where:

A = (Standard Rental Value X (GIA of basement + ground floor))

B = (GIA of premises – (GIA of basement + ground floor)) X (Open Market Rent ÷ GIA of premises)

The **Standard Rental Value** is the sum which represents the best yearly rent per sq. ft. of GIA which would reasonably be expected to become payable in respect of the Notional Unit. The **Notional Unit** is a unit which is constructed to a shell finish and is not less than 35,000 sq. ft. GIA (or larger up to the actual GIA, as the landlord may specify at each review). It comprises ground and basement floors and such additional floors as the landlord may specify at each review provided that the GIA of the basement and ground floors shall each be 17,500 sq. ft.

At last review our client served notice on the basis of the Notional Unit being 35,000 sq. ft. having 17,500 sq. ft. at ground floor and 17,500 sq. ft. at basement.

In order to consider the full details of the rent review clause a copy of the lease is available to interested parties.

## COVENANT

Primark are a highly successful and popular Irish clothing retailer, owned by ABF, and operating in over 293 stores (11.2m sq. ft.) throughout Europe and more recently the US. Primark sales are expected to have risen some 13% over its last financial year, which ends on 12 September contributing more than half of ABF's annual profit. Like-for-likes are expected to edge up 1% after unseasonably warm autumn. Much of the growth has come from opening new stores in the Netherlands, Germany, France and Spain with the company saying that all stores which had opened in the last 18 months had "very high sales densities", while France was its most successful new market this year. Primark opens its first US store in the historic Burnham building in Boston this month and another near Philadelphia before Christmas. It will have opened almost one million sq. ft. of selling space over the last 12 months (a 9% uplift). The retailer has an "extensive pipeline of new stores" lined up for the next few years. Some 1.5m sq. ft. of new store space is scheduled for the upcoming financial year, primarily in the north east of the US, the UK and Spain.

Tenant	D&B Rating	Date of Accounts	Turnover	Pre-tax profit/loss	Net Worth
Primark Stores Ltd	5A 1	13/09/2014	£2,786,250,000	£273,952,000	£293,718,000



Recent Primark Leasing Activity

Date	Town/Address	Tenant	Size (sq ft)		Lease Term	TBO	Rent pax	Rate psf (H/L)
Jun-15	COLCHESTER Lion Walk SC	Primark Stores	Basement	4,490	20 years FR&I	Year 15	£700,000	£12.54
			Ground	22,525				
			First	21,923				
			Other	6,865				
			TOTAL	55,803				
Jun-15	UXBRIDGE The Pavilions SC	Primark Stores	Basement	7,976	20 years FR&I	Year 15	£631,375	£12.39
			Ground	23,724				
			First	19,246				
			TOTAL	50,946				
Nov-14	TRURO Lemon Quay	Primark Stores	Ground	19,300	20 years FR&I	n/a	£700,000	£13.73
			First	20,650				
			Second	11,034				
			TOTAL	50,984				

RENTAL INCOME & ANALYSIS

Areas and a devaluation of the rent were agreed between parties at the rent review in 2007. The review was settled using the Notional Rent formula and based on the agreed areas between the parties. This is devalued as follows:

A - 26,202 sq. ft. (basement & ground) @ £12.60 = £330,145  
 B - 26,769 sq. ft. (remainder of total area) @ £10.45 = £279,736  
**Total = £609,881**  
**Say = £610,000 pax**

The 2012 review was subject to a nil increase.

EPC

An EPC is available on request.

VAT

The Property has been elected for VAT and any disposal will be by way of a Transfer of a Going Concern (TOGC).

PROPOSAL

We have been instructed to seek offers in excess of **£9,850,000 (Nine Million, Eight Hundred and Fifty Thousand Pounds)**, Subject to Contract & Exclusive of VAT, which reflects a **net initial yield of 5.85%** allowing for usual purchaser's costs of 5.8%.



## FURTHER INFORMATION

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MISREPRESENTATION These particulars do not constitute an offer or contract. They are intended as a guide to prospective purchasers. All reasonable care has been taken in the preparation of these particulars but their accuracy is not guaranteed. The purchaser should satisfy himself and as to the correctness of these details. Neither the agents nor the vendors or lessors are to be or become under any liability or claim in respect of these particulars. These particulars are supplied on the understanding that all negotiations are conducted through this office. September 2015.

Adrian Gates Photography & Design 07710 316991