

Well Secured Multi-Let Retail Investment With Long Average Unexpired Lease Term (circa 34 Years)

green&partners



The Red Rose Centre, Lower Parade, Sutton Coldfield B72 1XX



INVESTMENT SUMMARY

- A prominent and substantial retail holding situated within the affluent, popular and busy Birmingham Suburb of Sutton Coldfield
- 9,413sq m (101,321 sq.ft) comprising a large Wilko (sub-let from Sainburys), 10 retail units, the town's library and nightclub and a 550 space multi-storey car park
- An extensive site opposite The Gracechurch Shopping Centre comprising circa 1.5 acres
- Well secured to a variety of popular national multiple retailers including Wilko (sub-let from Sainsbury's), Greggs, Specsavers, Thomas Cook, and Poundworld as well as Birmingham City Council (Library)
- Circa 50% of the income secured to Sainsbury's and Birmingham City Council for a further 60 years
- Freehold
- An attractive, lengthy weighted average unexpired lease term (WAULT) of 34.23 years to expiry and 33.75 years to Tenant Break Option
- Multiple asset management opportunities
- Low base rental tone
- Offers in excess of £11,000,000 (Subject to Contract and Exclusive of VAT)
- Reflecting an attractive net initial yield of 7.1%



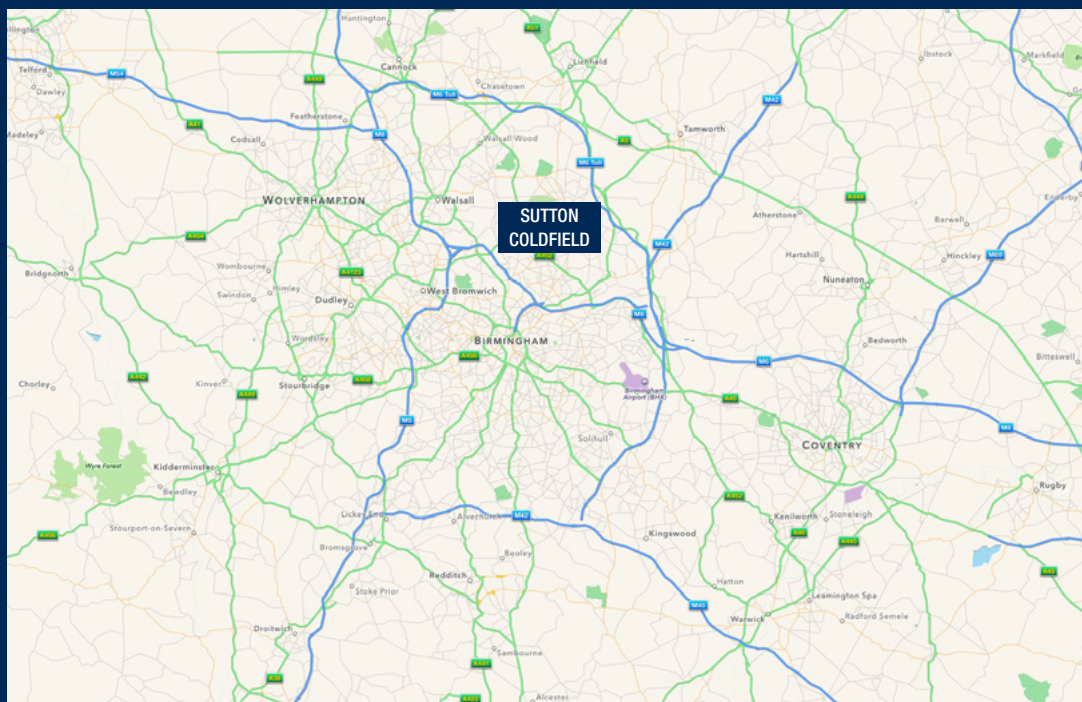
LOCATION & COMMUNICATIONS

The Royal Town of Sutton Coldfield is the largest commercial centre in the Birmingham conurbation, forming a large part of the Metropolitan Borough. The town is located some 8 miles (13km) north east of Birmingham city centre, 11.5 miles (18.5km) east of Walsall and circa 8.4 miles (13.5km) south west of Tamworth.

The town benefits from excellent road communications with the M6 (J6/J7) and the M6 (Toll) motorways in close proximity providing access to Manchester (88 miles) and the north-west. The M42 (J7) is also in close proximity situated 10.7 miles (17.km) to the south of the town providing quick and easy access to the M5 and the south-west.

By rail there are frequent and direct commuter services to Birmingham New Street (19 mins) with onward services to London (85 mins). The town is also well served by a variety of bus routes with the majority departing directly from Lower Parade outside of the subject property.

Birmingham International Airport is 11.3 miles (18.2km) to the south serving multiple international destinations and attracting over 9m passengers in 2014



LOCAL ECONOMY & DEMOGRAPHIC PROFILE

Sutton Coldfield is a popular and particularly affluent suburb of Birmingham with a resident population of circa 95,000 (2011 census), a primary catchment of 208,000 and an estimated 475,251 persons within a 20 minute drive-time.

The town's affluence is demonstrated by the significantly above average proportion of adults of working age categorised within the most affluent AB social grouping and in contrast the least affluent D&E social grouping is under represented (PROMIS). Home and car ownership are significantly above the UK average with Sutton Coldfield ranked second in the West Midlands' property rich list in terms of average house value (Zoopla).

Sutton Coldfield has a thriving local economy with high levels of household income and low unemployment levels. The public service sector accounts for the largest proportion of employment in the district (37%) with the next largest sector being retail & leisure (31%). Major employers within the area include Webb Hotels & Travel, Butco Heating, Birmingham Metropolitan College, Asda, Birmingham City Council, Sainsbury's, Pallet Network and Hozelock Group.



RETAILING IN SUTTON COLDFIELD

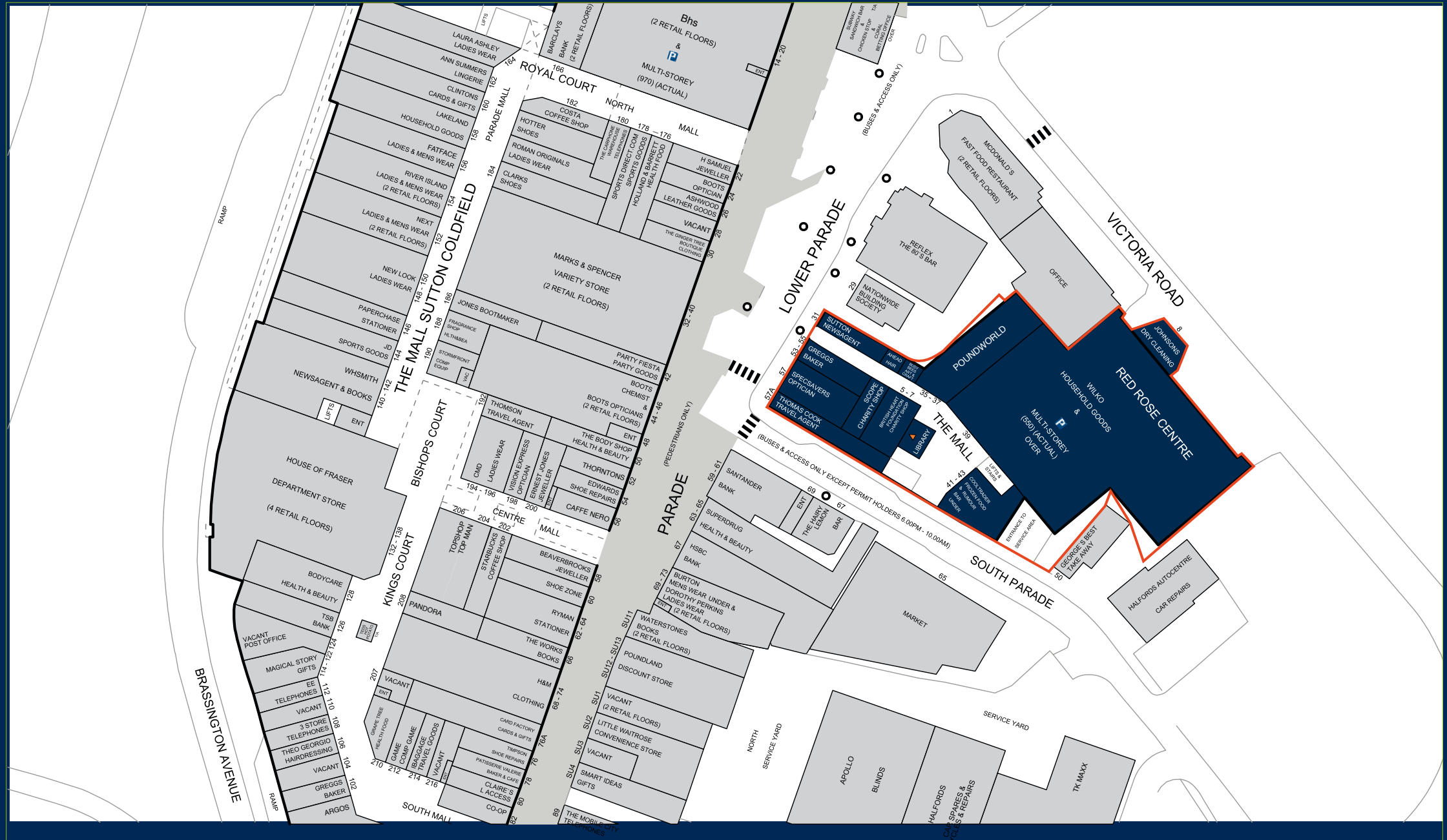
Sutton Coldfield is a popular and compact retail destination with a loyal, affluent customer base. The retail offer is focussed on M&G's Gracechurch Shopping Centre (anchored by House of Fraser, M&S, H&M, Bhs and Boots), The Parade (pedestrianised), Red Rose Shopping Centre and Lower Parade.

The Gracechurch Centre which comprises circa 550,000 sq ft, attracts weekly footfall in excess of 130,000 and has recently attracted new retailers to the town including Topshop/Topman, Fat Face, Lakeland and Stormfront, with New Look having recently up-sized. There is an under provision of out of town retail in Sutton Coldfield which has focussed shoppers on the town centre offer.

SITUATION

The Red Rose Centre is an integral part of Sutton Coldfield town centre being located on Lower Parade opposite M&S and Bhs in the Gracechurch Centre (North Mall entrance) and adjacent to the busy pedestrianised Parade. Lower Parade is the focal point for the entire town's bus stops with the majority located outside the mall entrance to the subject property.





This Goad Plan is for identification only and not to be scaled as working drawing. No part of this plan may be entered into an electronic retrieval system without prior consent of the publisher. © Crown copyright 2015. Licence number PU100017316. For full terms and of copyright conditions visit www.goadplans.co.uk/ copyright

THE RED ROSE CENTRE

The centre, constructed circa 1974 and occupying a sloping site, is a substantial mixed use asset comprising a large LSU, 10 unit shops fronting either Lower Parade or within an internal covered mall/courtyard, Sutton Coldfield's main library, the town's only night club, a gym and a 550 space multi-storey car park with access from Victoria Road.

The LSU is secured on a long unexpired lease to Sainsbury's and sub-let to and occupied by Wilko. Poundworld have recently leased a unit within the covered mall and the library above the retail units has been extensively refurbished at a cost of circa £2.5m, with over 70,000 people reported to have visited in the first 6 months following its re-opening in May 2013. The multi-storey car park is operated by and sub-let on a long lease to Birmingham City Council and the centre is serviced at basement level via an access ramp from South Parade opposite the indoor market. The bar and nightclub, 'Rumours', is also accessed either via the centre's courtyard or from South Parade.

ACCOMMODATION

The property provides an approximate total floor area of **9,413 sq m (101,323 sqft)** apportioned per unit as outlined within the Tenancy Schedule.



TENANCY SCHEDULE

Address	Tenant	Trading as	Areas (NIA unless stated otherwise)			Lease Start Date	Lease Expiry Date	Option to Determine	Next RR	Current Rent	Service Charge 2014/2015	RV	Rates Payable £0.482	Insurance	Landlord Shortfalls	Comments
			Description	Sq Ft	Sq m											
Store No.1 35-37 Lower Parade	POUNDWORLD RETAIL LTD	Poundworld	GFS	4,176	388	New 10 year lease	2025	TBO in yrs 3 and 6. 3 months penalty in Yr 3 if TBO exercised	5 yrly	£45,000	£13,775.25	£46,000	£22,172		£3,775.25	Lease due to complete shortly. 18 months rent free. Rent paid monthly in advance. S/C capped at £10k subject to RPI increases (next review 01/04/2016). Exclusivity user clause. Schedule of Condition.
			ITZA	1,434	Units											
			B (Anc.)	2,706	251											
Store 1 (First)	COREFIT UK LTD	Corefit UK	GFS	151	14	04/01/2012	03/01/2022	03/01/2017 (T)	04/01/2017	£12,000	£3,369.01	£11,250	£5,423			TBO (6 months notice)
			1st (Gym)	4,017	373											
Store 1 (First)	COREFIT UK LTD	Corefit UK	1st (Gym)	1,982	184	21/02/2014	03/01/2022	03/01/2017 (T)	21/02/2016	£2,750						Rent agreed at £5,500 with effect from 21/02/2016.
Store No.2 41-43 Lower Parade	HERON FOODS LTD	Cooltrader	GFS	2,235	208	05/03/2007	04/03/2017		-	£52,500	£9,882.38	£33,000	£15,906			
			ITZA	1,154	Units											
			G (Anc.)	140	13											
			B (Anc.)	1,686	157											
Supermarket (39 Lower Parade)	SAINSBURY'S SUPERMARKETS LIMITED	Wilko (sub-let)	GFS (GIA)	25,264	2,347	11/08/1977	10/08/2076		11/08/2017 & 5 yearly	£362,500	£47,410.15	£168,000	£80,976			GIA. Sainsbury's sub-let the store in 2001 on three sub-leases; the Toilets and Car Park on 99 year leases to Birmingham City Council and the store to Wilko expiring on 10/08/2022 currently paying £225,000 pa (recently agreed at arbitration) with a rent review in 08/2017.
			B (GIA)	12,946	1,203											
Unit 1 (31 Lower Parade)	MOHAMMED RAFAQAT & ZAHID HUSSAIN	Sutton News	GFS	1,272	118	15/10/2010	14/10/2015		-	£40,000	£7,636.31	£25,500	£12,291			Plus 5% return frontage. £20,000 rent deposit held. The tenant has indicated that they want to renew their lease. Negotiations yet to start.
			ITZA	513	Units											
			B (Anc.)	905	84											
Unit 2 Red Rose Centre	GREGGS PLC	Greggs	GFS	1,022	95	08/05/2012	07/05/2022	08/05/2017 (T)	08/05/2017	£25,000	£7,187.17	£24,000	£11,568			Less 5% for ground floor only, plus 5% return frontage.TBO (6 months notice).
			ITZA	575	Units											
Unit 3 & 4 Red Rose Centre	SPECSAVERS OPTICAL SUPERSTORES LTD	Specsavers	GFS	1,825	170	05/08/2011	04/08/2021		05/08/2016	£65,000	£15,272.62	£51,000	£24,582			Less 2.5% shape/configuration.
			ITZA	1,032	Units											
			B (Sales)	1,202	112											
			B (Anc.)	701	65											
Unit 5	SCOPE	Scope	GFS	827	77	29/08/2014	28/08/2024	29/08/2019 (T)	29/08/2019	£17,000	£4,641.73	£15,500	£7,471		£1,141.73	TBO (6 months notice) 6 months RF on letting. S/C cap at £3,500 pa
			ITZA	504	Units											
			B (Anc.)	353	33											
Unit 6&7 (47-49 Lower Parade)	BRITISH HEART FOUNDATION	British Heart Foundation	GFS	1,936	180	04/05/2012	03/05/2022	04/05/2017 (T)	04/05/2017	£35,000	£11,454.47	£38,250	£18,437		£5,358.93	Less 10% shape.TBO (6 months notice) - 9 months RF on letting. S/C Cap currently at £6,095.54 subject to RPI increases.
			ITZA	1,256	Units											
			B (Anc.)	1,563	145											
Unit 8 (33 Lower Parade)	PETER DAVID MORRIS	Ahead Hair (part sublet to Busy Bees)	GFS	453	42	21/12/2011	20/12/2026		21/12/2016	£15,000	£3,818.16	£12,750	£6,146			Less 10% shape.
			ITZA	453	Units											
			B (Anc.)	612	57											
Unit 9 (57a Lower Parade)	TCCT RETAIL LTD	Thomas Cook	GFS	2,263	210	18/09/2013	17/09/2018		18/09/2015	£58,000	£11,454.47	£38,250	£18,437			Plus 5% return frontage (ZA Only). Rent increased from £30,500 pa to £58,000pa on 18/09/2015.
			ITZA	842	Units											
			G (Anc.)	466	43											
			B (Anc.)	272	25											
Former Petrol Stn, 8 Victoria Rd	JOHNSON CLEANERS UK LTD	Johnsons The Cleaners	GFS	1,071	99	16/05/2005	15/05/2020		16/05/2015	£23,000						Benefits from 6 car spaces.
Library (45 Lower Parade)	CITY OF BIRMINGHAM DISTRICT COUNCIL	Sutton Coldfield Library	G	561	52	04/11/1974	03/11/2073		04/11/2016 & 7 yearly	£31,750	£36,833.96	£123,000	£59,286			
			B (Anc.)	381	35											
			1st	11,998	1,115											
			2nd	11,331	1,053											
			3rd	1,015	94											
Bar/Club	SYNERGY LEISURE ENTERTAINMENT LTD	Rumour	G (GIA)	301	28	29/04/1974	28/04/2024		29/04/2016	£45,000	£13,475.88	£45,000	£21,690			
			B (Club GIA)	3,690	343											
Car Parking Space	OLIVER DAVIS					04/12/2013	03/12/2014		-	£500						
Courtyard	SYNERGY LEISURE ENTERTAINMENT LTD	Rumour				30/04/2013	25/04/2024		-	£500						
Sub-Station	MIDLANDS ELECTRICITY BOARD					09/09/1974	08/09/2073		-	£1						
Car Parking Space	KAREN CREIGHTON					14/02/2014			-	£500						
Car Parking Space	PETER DAVID MORRIS					21/01/2014			-	£1,000						
				101,321	9,413					£832,001 pax	£186,211.55	£631,500	£304,383		£10,275.91	
										Less L/L shortfalls	£10,275.91					
										TOTAL NET CURRENT INCOME	£821,725.09					



TENURE

Freehold

TENANCIES

The Red Rose centre is anchored by Sainsbury's (sub-let to Wilko), Birmingham City Council (town library), and Poundworld. Other national multiple tenants include Specsavers, Greggs, Thomas Cook, Johnson Cleaners, Heron Foods, BHF and Scope.

The leases are predominantly drawn on institutional terms with outgoings recovered through a comprehensive service charge.

CURRENT INCOME

The current gross contracted income is £832,001 pax

The current net income, after Landlord shortfalls is £821,725.09 pax

CURRENT INCOME ANALYSIS

The Sainsbury's and Birmingham City Council leases combined contribute circa 50% of the current gross income and expire in 2076 and 2073 respectively (approximately 60 years unexpired).

The average weighted unexpired lease term is particularly attractive with 34.23 years to expiry and 33.75 years to tenant break option.





PROPERTY MANAGEMENT & SERVICE CHARGE

The service charge for the property is operated under two schedules with the tenants having apportioned percentage contributions based on weighted gross lettable floor area occupied.

The proposed service charge budget for the year ending 31st March 2016 amounts to £186,211.55 per annum. Sainsbury's contribute 25.46% and Birmingham City council 19.78% of this figure. A service charge report is available upon request. Poundworld and Scope have service charge caps which are subject to annual RPI uplifts. The current landlord shortfall is £10,275.91.

VAT

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

EPC

Energy Performance Certificates (EPCs) are available on request.

ASSET MANAGEMENT OPPORTUNITIES

- Explore the potential re-gear/surrender of the Sainsbury's long dated lease in tandem with negotiating a direct lease re-gear/extension with Wilko.
- Explore the possibility of a re-gear of the library lease with Birmingham City Council to include a larger discussion in respect of the car park lease.
- Negotiate the removal of the tenant break options within the Greggs, Scope, BHF and Corefit leases.
- Negotiate early lease renewals with Sutton News (10/2015), Heron Foods (03/2017) and Thomas Cook (09/2018).
- Consider the re-configuration of units, improve scheme signage and better use the Courtyard area for additional commercialisation income.



PROPOSAL

We have been instructed to seek offers of **£11,000,000 (Eleven Million Pounds)**, subject to contract and exclusive of VAT for the freehold interest reflecting a net initial yield of 7.1% allowing for purchaser's costs of 5.8%.

FURTHER INFORMATION

For further information please contact:

green&partners
020 7659 4848

David Freeman

020 7659 4830

david.freeman@greenpartners.co.uk

Ed Smith

020 7659 4831

ed.smith@greenpartners.co.uk

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. October 2015.

Adrian Gates Photography & Design 07710 316991