

PRIME HIGH STREET INVESTMENT:

19 High Street, Chelmsford

Investment considerations:

- » 100% Prime High Street Investment
- » Located two doors from entrance to the new Bond St development (opening 2016)
- » Let to Holland & Barrett on a 10 year lease from July 2014
- » Net rent of £167,500 per annum (£163 zone A)
- » Fully rebased rent
- » Offers in excess of **£3.015m reflecting 5.25% net initial yield.**

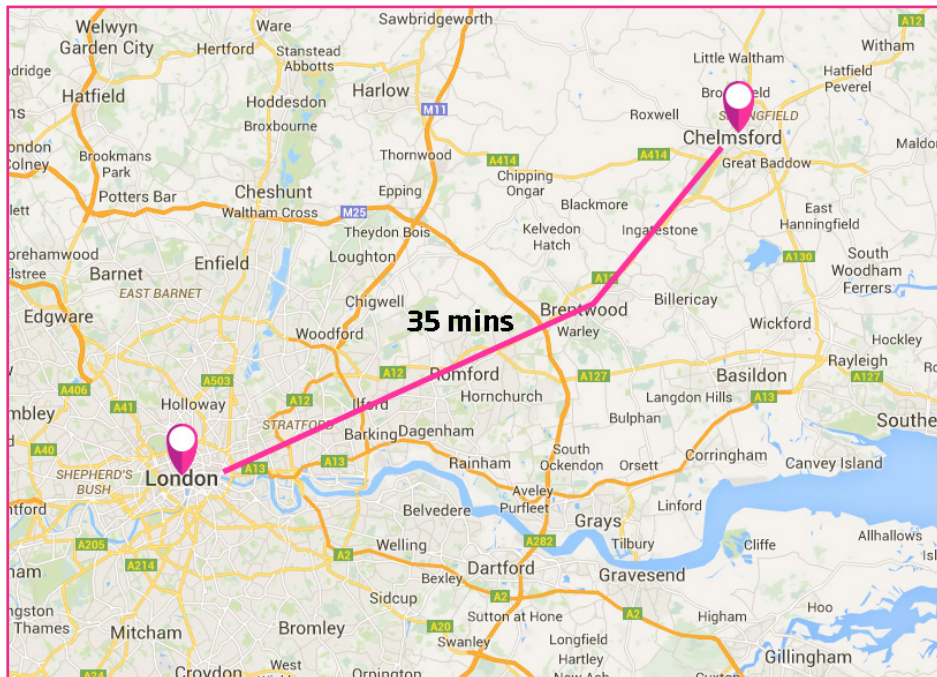


Location

Chelmsford is an attractive city located in the heart of Essex, 30 miles north east of Central London, 21 miles south of Colchester and 16 miles east of Harlow.

The city has excellent communication links with the A12 providing dual carriage access to the M25, 12 miles to the south west. Other nearby roads include the A130 running north to Braintree and south to Basildon and the A414 which runs west to Harlow. Chelmsford station had a fast frequent commuter service to London Liverpool Street with a fastest journey time of 35 minutes. Stansted Airport lies 13.5 miles to the north west.

Major employers in the town include M&G, BAE, QBE Insurance, Clifford Thames, e2v Technologies and EBM-Papst.



CHELMSFORD KEY STATISTICS

Chelmsford has a large and dominant catchment area with a total population of 398,000 with over 60% of this catchment considering the town to be their main shopping destination.

The area is particularly affluent with 63% of the population being within Class A/B and C1 groupings, compared to the national average of 54% (Source: PROMIS).

The city is forecast to see above average growth in population over the period 2012-17.

Chelmsford has a thriving economy, with over 11,000 businesses and 80,000 jobs.

Chelmsford contributes £3.4 billion to the national economy and major employers include BAE, M&G, E2V, Amlin and The Royal Sun Alliance.

It has the busiest rail station in the east of England, with over 7m passengers a year.

It is home to some of the best performing schools in England and the Anglia Ruskin University.

There are 8,000 new homes currently planned and under construction in the city centre and on urban extension sites.

Chelmsford's workforce is highly skilled with a third qualified to NVQ level 4 or above and growing at a faster rate than the national average.

Ongoing improvements to key High Street areas, refresh of street furniture, planting and upgrading wayfinding markers throughout.



Retailing in Chelmsford

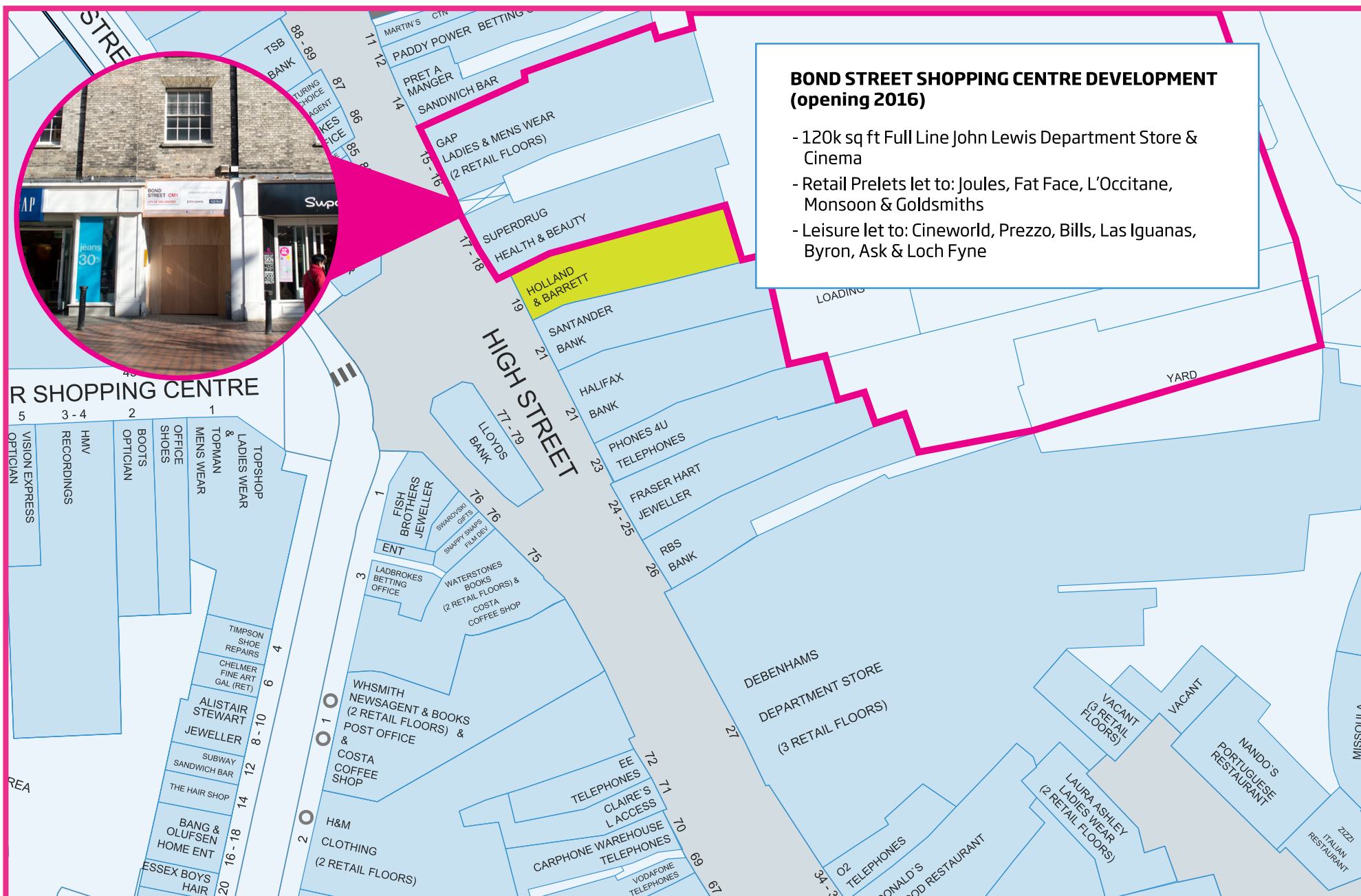
Chelmsford has an excellent retail offer with an estimated 1.16 million sq ft of retail accommodation, making it comparable with the Sub Regional Centre average. Retailer demand in Chelmsford is high with approximately 25 reported requirements against a PROMIS average of 12. Consequently there are few available prime units within Chelmsford's core retail pitch.

The prime pitch within the city is located on the High Street between the city's two covered shopping centres, the Meadows and High Chelmer.

Retailers in prime pitch include Marks & Spencer, Debenhams, H&M, Next and Waterstones. The Meadows Shopping Centre is anchored by BHS with other tenants including Wilkinson, Odeon Cinema and Sports World. The High Chelmer Shopping Centre is anchored by Primark with other tenants including Boots, New Look and Topshop.

The new **Bond Street development** is due to open in 2016. This 300,000 sq ft retail and leisure development will be anchored by a 120,000 sq ft John Lewis Department Store and the entrance will be two doors from the subject property, further strengthening this part of the High Street. For further information, please see the scheme website: <http://www.bondstreetchelmsford.co.uk/>





Situation

The subject property is located in the northern end of the High Street in a busy pitch opposite the main entrance to the Higher Chelmer Shopping Centre and adjacent to the new Bond Street Development.

Description

The property is a two storey brick built structure under a flat roof. Retail accommodation is on ground floor only with offices on first and second floors accessed from a separate entrance off the High Street.

The office space is occupied by The Downtown Dental Clinic who are a well known local dental practice, who have been in occupation for many years. Communal WC's are located on the 2nd floor.

The vendor has recently re-roofed the property, removed asbestos, and replaced the windows at the ground floor (rear).

Area

The net internal areas are as follows:

	Sq ft	Sq m
Ground Floor	2,790	259.20
ITZA (GF)	917	
First	1,335	124.02
Second	383	35.49
Total	4,508	418.70



Covenant information

Holland & Barrett is Europe's leading retailer of Vitamins, Minerals and Herbal Supplements. Their stores are a familiar sight in almost every major city and town across the United Kingdom and Ireland. The company markets a broad line of nutritional supplement products, as well as food products which include fruit, nuts, snacks and other items.

Holland & Barrett has the benefit of over 80 years of experience in the health supplement industry and operates over 660 stores in the UK, 47 in Ireland and in total the group operated 980 stores including 79 international franchises as at 30th September 2013. For further information please visit www.hollandandbarrett.com.

Holland & Barrett Retail Limited (Co. No.2758955) has reported the following figures:

	SEPT 2013 (£m)	SEPT 2012 (£m)
Revenue	£349m	£335m
Pre-tax Profits	£84m	£74m
Shareholders Funds	£251m	£194m



Tenancy

The ground floor is let to Holland & Barrett Retail Ltd on a 10 year lease from 18 July 2014 at a rent of £150,000 per annum, subject to an upwards only open market rent review in the fifth year.

The first and second floors are let to J&S Essex Ltd trading as the Downtown Dental Clinic with a guarantee from E Marais & J Ballentyne & S Butkeviciene on a 10 year unbroken lease from 3 February 2015 at a passing rent of £17,500 per annum subject to an upwards only open market rent review in the fifth year.

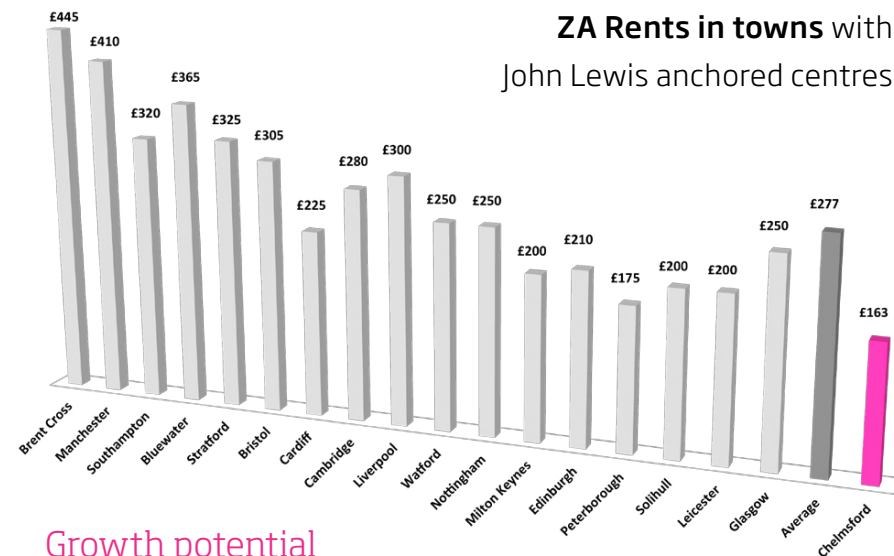
Tenure

Freehold.

Rental analysis

The retail rent of £150,000 per annum reflects £163 za.

The office rent reflects £10 per sq ft.



Growth potential

Because of the prime location between High Chelmer Shopping Centre and the Bond Street development, attractive 2790 sq ft floor plate, and regular configuration, we received strong interest from the following retailers: *Schuh*, *Fraser Hart*, *Burger King*, *Tiger*, *Linens Direct*, *Foot Asylum* and *Footlocker*.

In the prime section of the High Street, retail rents reached an historic high of £205 za. Driven by lack of availability and strong tenant demand, we saw this zone A level prevail until 2010/2011 as evidenced by the Paperchase and T-Mobile lettings at this level.

At £163 za, the passing rent therefore sits well below the established rental tone, which offers the purchaser strong platform for future rental growth.

When the Bond Street scheme opens in 2016, the subject property will sit directly beside the entrance to the scheme. This shop should see one of the highest levels of footfall in the town as it will sit between the entrances to both schemes and the main High Street anchor tenants. The combination of low rent, regular configuration, unit size, flexible frontage and the central position should ensure strong growth going forward.

Investment comparables

We have set out below a selection of recent High Street investment transactions in comparable strong retail locations.

ADDRESS	TENANT	TERM CERTAIN	NET VALUE	NIY	DATE
3 The Square, Richmond	Nationwide	7 years	£3.88m	4.30%	2015
43 East Street, Chichester	TK Maxx	11 years	£8.77m	4.85%	Under Offer
26-32 Promenade, Cheltenham	Jones Bootmaker	12.2 years	£3.9m	4.56%	2014
111-112 High Street Winchester	Phase Eight	8.2 years	£4.05m	4.32%	2014
48 George Street, Edinburgh	TM Lewin	7 years	£2.6m	4.50%	2014
88-91 East Street, Chichester	Topshop	11 years	£7.3m	4.40%	2014

Proposal

We are instructed to seek offers in the excess of **£3,015,000 (three million, one hundred and fifteen thousand pounds)**, subject to contract and exclusive of VAT. A purchase at this level would reflect a **net initial yield of 5.25%** after allowing for purchaser's costs of 5.80%.

VAT

The property has been elected for VAT purposes. It is anticipated that the investment sale will be treated as a Transfer of a Going Concern (TOGC).

EPC

The results of the EPC report confirm the property rating is E (111). A copy of the report is available on request.

CONTACT: LUNSON MITCHENALL

For further information, please contact:

James Cogavin:

jamesc@lunson-mitchenall.co.uk

Richard Harwood:

richardh@lunson-mitchenall.co.uk

t: 020 7409 2199

w: www.lunson-mitchenall.co.uk

Subject to contract

Misrepresentation Act 1967:

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