



6 Lands Lane & 27 Albion Place, Leeds, LS1 6AW

Prime Retail Investment





INVESTMENT SUMMARY

- Prime, attractive retail unit in the heart of Leeds' city centre retail core.
- Leeds ranks in the top 3 UK retail destinations outside of Central London.
- Prominent location at the junction of Leeds' key retail thoroughfares and facing the principal Commercial Street entrance into Land Securities' million square foot Trinity shopping centre.
- The Property comprises a distinctive, Grade II listed property over basement, ground and three uppers extending to 5,561 sq ft (516.7 sq m).
- Let to Pret a Manger (Europe) Limited for approximately a further 6 years.
- Excellent reletting prospects should it become vacant.
- The passing rent of £185,000 pa (£173 psf ITZA) was rebased in 2012 and now offers strong prospects for future rental growth.
- Pret a Manger (Europe) Limited have a 5A1 D&B Rating.
- We are instructed to seek offers in excess of **£3,000,000** reflecting a net initial yield of **5.83%** after allowance for usual purchaser's costs of 5.80%.

LOCATION

Leeds has recently been named as one of the top three retail destinations to visit in the UK. Retail consultancy Javelin Group's annual ranking of the UK's top venues has seen Leeds rise to within the top 3 (outside of Central London), alongside Glasgow and Manchester.

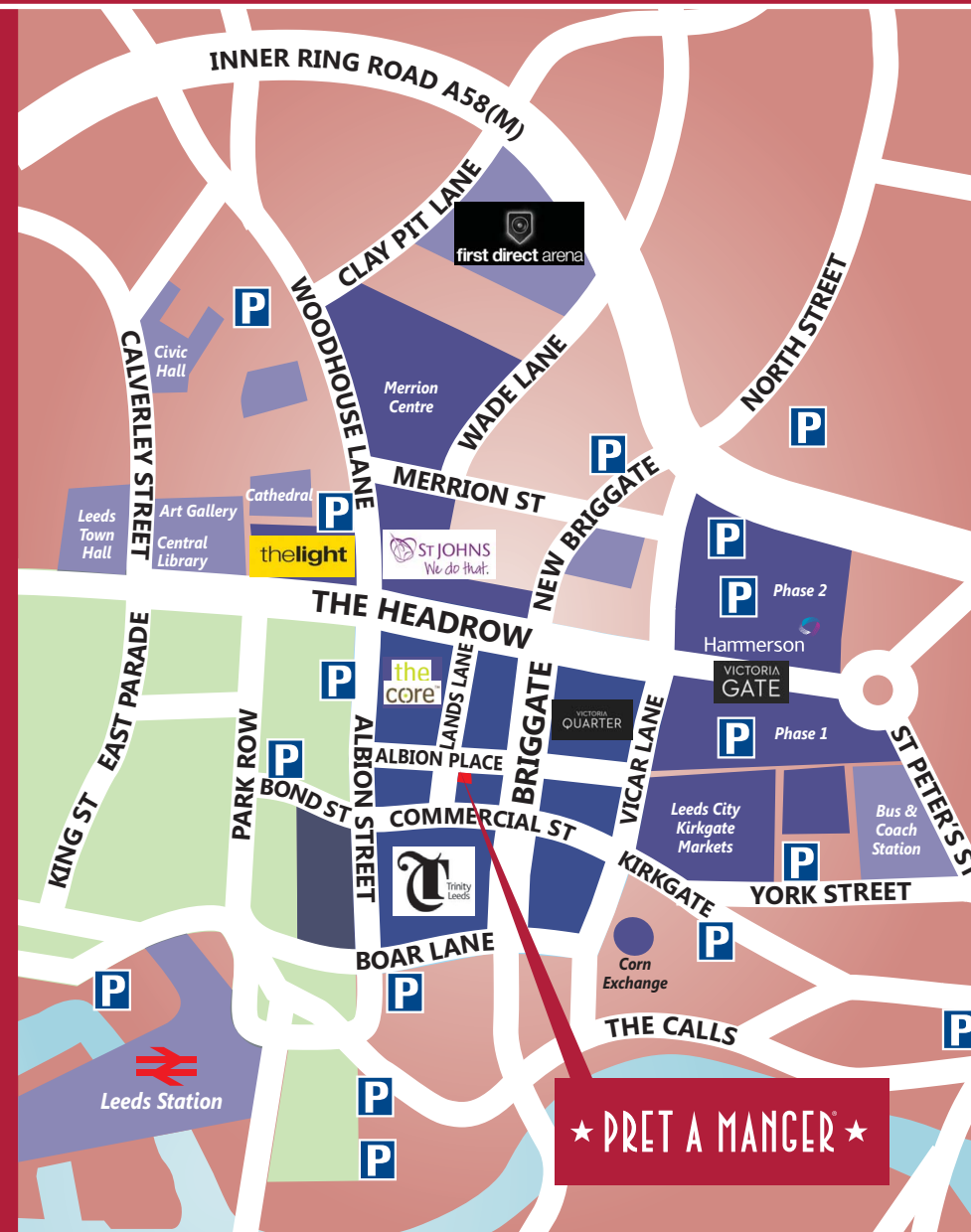
Leeds is the main commercial centre for Yorkshire and is located at the heart of the UK, approximately 35 miles (56 km) north of Sheffield, 44 miles (71 km) north east of Manchester and 194 miles (312 km) north of London.

Leeds benefits from excellent road communications via the M621 which serves the City and links to the M1 and M62 Motorways to the south and on to the A1(M) to the east thereafter. Leeds train station is one of the busiest in the country, serving nearly 38 million passengers a year, with regular services to London Kings Cross within 2 hours and 15 minutes. Leeds Bradford Airport lies to the north west of the City and provides national and international direct flights to over 75 destinations.

DEMOGRAPHICS

Leeds has a primary catchment population of 1,450,000, in excess of that which you would expect for a Major City (Promis). An impressive 665,000 people consider Leeds to be their main shopping destination, showing the dominance of the centre. The population is boosted by the City's 20,000 resident students, comprising 10% of the UK student population.

As a result of the strong catchment, Leeds in-store retail expenditure is ranked 2nd nationally. It is forecast to grow at 1.6% in real terms over the next five years, above the Major City average of 1.2%. Expenditure is boosted by tourism with Leeds receiving 25 million day visitors per annum, generating in excess of £650m. In addition, 1.8 million over night trips are made, generating a further £340m.



RETAILING IN LEEDS

Since the opening of the Trinity centre in 2013, Leeds has increased its retail ranking and now lies in the top 3 centres outside of Central London (Javelin 2014-15). Retailing provision is estimated at over 2.2 million square feet, ranking the city 4th on the basis of PMA Retail and Fashion Scores.

The prime retailing pitch is focused around the two key shopping centres: Trinity and The Victoria Quarter and the principal linking thoroughfares of Briggate and Commercial Street. The prime retail circuit is strongly supported by Albion Place and Lands Lane.

The multi-award winning Trinity shopping centre has significantly raised Leeds' retail profile to one of the most vibrant centres in the UK. Totalling in excess of 1 million sq ft, in the first two years of opening, Trinity has averaged 2 million visitors per month and in the last 18 months has seen sales growth of 18%. The centre has brought 46 new retail brands to the City including Apple, Hollister and Victoria's Secret. Trinity is home to the first site outside of London for Everyman Cinema and a significant number of restaurant operators. This has created a new night-time destination and increased the shopping hours of the City.

The pedestrianised streets of Briggate and Commercial Street comprise Leeds' traditional prime retail pitch, with the former anchored by major department stores including House of Fraser and Debenhams.

The Victoria Quarter provides three covered malls within a high quality environment aimed towards luxury retailers. Key tenants include Harvey Nichols, Vivien Westwood, Jo Malone, Mulberry and LK Bennett. Hammerson has commenced construction of its extension to the Victoria Quarter, known as Victoria Gate. This will provide a 210,000 sq ft full offer John Lewis store, the only department store not currently represented in Leeds, together with 30 retail stores and restaurants aimed at aspirational brands. They have recently announced that Cos, &Other Stories, Anthropologie, The White Company and D&D group, which counts Michelin stars amongst its 34 restaurant portfolio, have all signed up. For many of these brands, this represents their first stores in the North of England. The centre is due to open in mid-2016.





SITUATION

The property occupies a prominent corner position at the junction of Albion Place and Lands Lane. It sits only approximately 50m to the north of one of the main entrances into Trinity. Situated in the prime retail core, the two streets provide extremely busy pedestrianised thoroughfares. An estimated 190,000 Leeds' office employees walk along Albion Place from the office CBD towards Briggate. Lands Lane is a key route between Trinity and Leeds' railway station to the south and to the north to the Headrow, where notable schemes include The Light and St Johns Shopping Centre, and on to the First Direct Arena and the universities. The property is ideally positioned between the key schemes of Trinity, The Victoria Quarter and the Victoria Gate development.

The situation has attracted destination retailers such as Snow & Rock as well as a cluster of A3/A4 provision including Byron Hamburgers and Pizza Express. Other nearby retailers include WH Smith, Little Waitrose, Lush and Clarks.

The property benefits from being situated close to two of the City's key car parks: Q-Park Albion Street (389 spaces) and The Core NCP (313 spaces).

DESCRIPTION

The property comprises a distinctive Grade II Listed building, originally developed around 1900 for Joseph Longley, a bedding manufacturer and flock and feather merchant. The property is over ground and first trading floors with ancillary accommodation on basement, second and third floors.

The property is of steel frame construction with glazed and terracotta facades. The ground floor benefits from full height continuous glazing with the first floor also having full height windows with the original glazing bars with scrolled transoms. The second and third floors have tall windows with moulded corniced heads beneath an ornate parapet wall.

Internally, the property provides a well configured, regular shape unit with ground and first floor trading. Access to the second floor and above is by way of a ladder. The second and third floors are currently in shell condition and house the tenant's air conditioning units and extraction system. The property benefits from an external seating area by way of pavement licence from the Council.

ACCOMMODATION

The property provides the following approximate net internal floor areas:

Use	Sq m	Sq ft
Ground floor sales	130.76	1,407
ITZA		850 units
Basement	111.41	1,199
First floor sales	112.85	1,215
Second floor ancillary	111.40	1,199
Third floor ancillary	50.28	541
Total	516.70	5,561



TENURE

Freehold.

TENANCY



The property is let to Pret a Manger (Europe) Limited for a term of ten years from and including 29 March 2012, providing an unexpired term of approximately 6 years. The lease is drawn on standard institutional full repairing and insuring terms, subject to an upwards only open market review at the 5th year. The passing rent is £185,000 per annum. The tenant has a two month rent free period from 29 March 2017 until 28 May 2017, which will be topped up by the Vendor. We have devalued the passing rent to equate to £172.73 psf ITZA. Details of our devaluation are available upon request. Pret have been in occupation of the property since 2006.

COVENANT

Pret a Manger is one of the success stories of the last 30 years having grown substantially from opening in 1986 to over 350 outlets across the world today. The company focuses on creating handmade, natural food and 100% organic drinks without expiry dates with unused stock at the end of each day being donated to charity.

The company is privately owned with its founders, Julian Metcalfe and Sinclair Beecham, still substantial shareholders. In 2008, the majority stake of the company was acquired by European equity firm Bridgepoint and used to transform Pret from a domestic to an international business.

Pret a Manger (Europe) Ltd benefit from the strongest D&B Rating of 5A1. Their latest accounts are as follows:

	01 Jan 2015 GBP £000's	02 Jan 2014 GBP £000's	03 Jan 2013 GBP £000's
Turnover	470,393	404,140	360,015
Profit / (Loss) Before Taxes	49,526	41,157	40,187
Tangible Net Worth	266,344	221,869	184,244
Net Assets (Liabilities)	93,344	75,329	72,465



MARKET COMMENTARY

Prime rents on Commercial Street are currently in the order of £180 ZA. 12-13 Commercial Street was let to Lush at £178 ZA in August 2014 on the basis of a 10 year lease. These current levels compare favourably with historic levels achieved on Commercial Street of £300 ZA, providing excellent prospects for growth in Leeds' retail rents.

The passing rent on the property of £185,000 pa was rebased on agreement of the current lease in 2012 from the previous rent of £300,000 pa. The lease was agreed at a time when the impact of Trinity was uncertain with the extra supply it would create a potential concern and against the backdrop of a considerably weaker economic environment. The current rent equating to £173 ZA offers a significant discount from the previous rent and a discount to Commercial Street, despite being in extremely close proximity and prominently situated at a busy junction, both of which bode well for growth prospects.

VAT

The property is elected for VAT which will be payable on the purchase price. It is anticipated that the sale will be treated as a Transfer of a Going Concern (TOGC).

EPC

The property has a rating of D(100). A copy is available upon request.

PROPOSAL

We are instructed to seek offers in excess of **£3,000,000 (three million pounds)**, subject to contract and exclusive of VAT. Assuming usual purchaser's costs of 5.80%, a purchase at this level would reflect an attractive net initial yield of **5.83%**.

Subject to Contract

CONTACTS

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