

Prime High Street Retail Investment
6-7 Oxford Street & 1-11 Whitewalls
Swansea, SA1 3AE





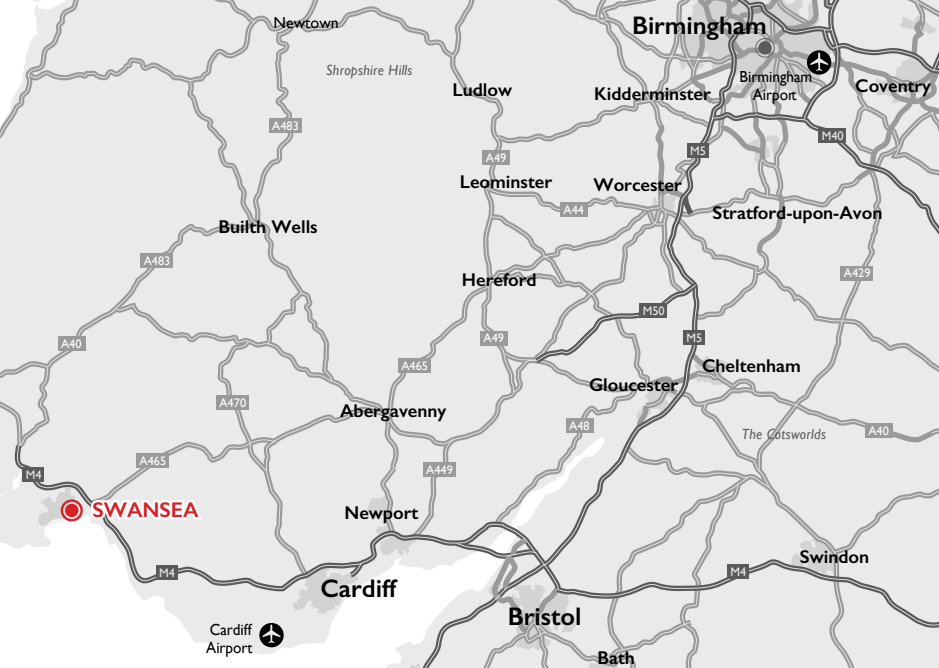
Investment Summary

- Swansea is the second largest commercial city in Wales and the dominant commercial and administrative centre for south west Wales
- 100% prime retailing location on the corner of the pedestrianised Oxford Street and Whitewalls. Topshop is arguably one of the best shops in the city centre.
- Close proximity to the entrance of The Quadrant Shopping Centre
- Located in the heart of a £500m regeneration project
- Secured to the strong national covenants of Topshop and Costa Coffee
- WAULT of 4.9 years to expiry
- Newly rebased rent
- Long Leasehold providing 99 years and 11 months unexpired with a payaway of 10% of the market rent

Proposal

Net Income:	£283,000 per annum
Offers in excess of:	£3,660,000 (subject to contract)
Net Initial Yield:	7.25%





Location

Swansea is the commercial and administrative centre for south west Wales, it is also the second largest city in the country. The city is located on the south west coast, 40 miles west of Cardiff, 80 miles west of Bristol and 185 miles west of London.



Swansea's mainline station provides a direct service to Cardiff Central in 50 minutes and London Paddington in 3 hours.



The city benefits from fantastic road communications with junctions 44 and 47 of the M4 approximately 4 miles to the north.



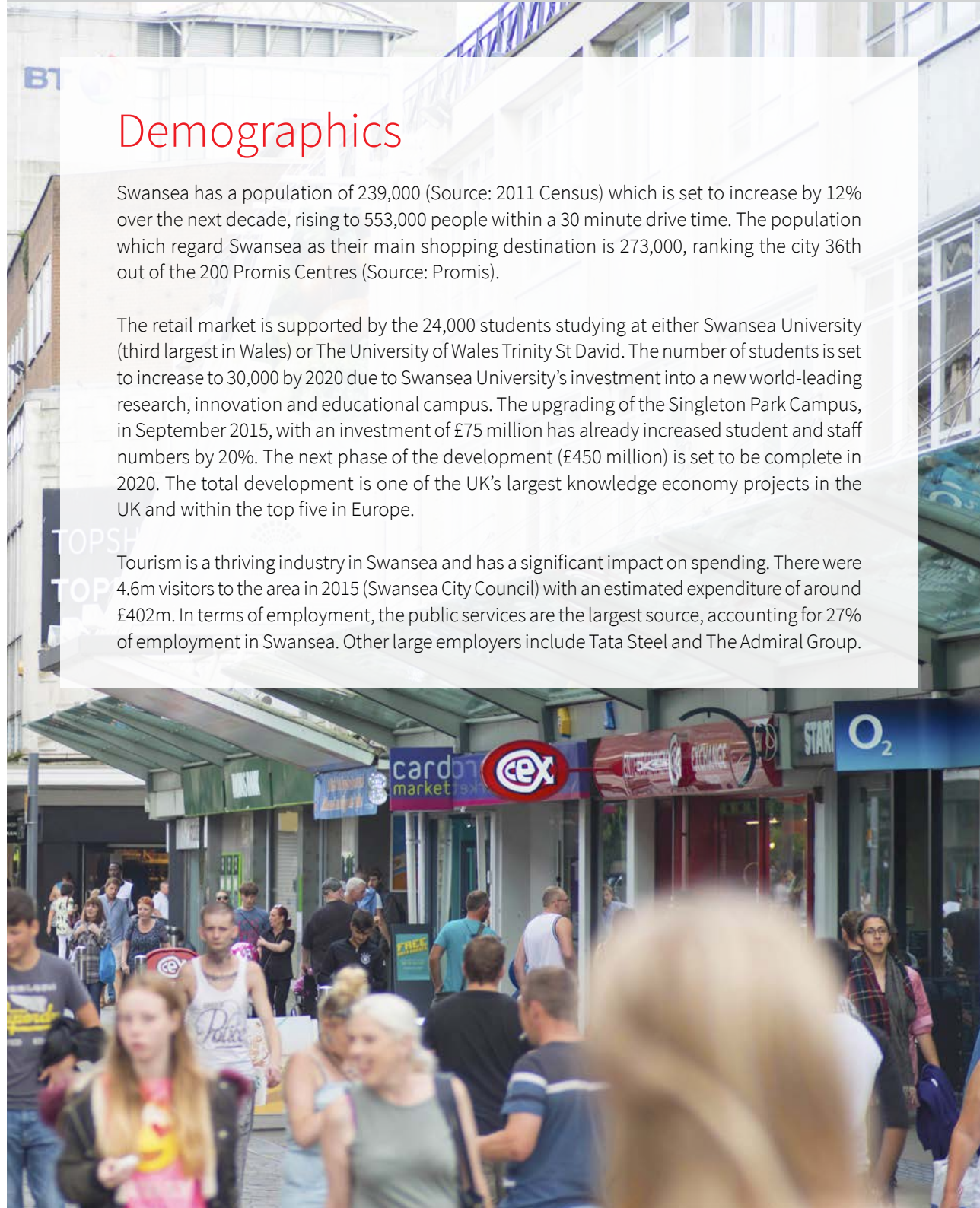
Cardiff International Airport is located 40 miles south-east of Swansea and provides daily flights to a an array of UK and mainland European destinations

Demographics

Swansea has a population of 239,000 (Source: 2011 Census) which is set to increase by 12% over the next decade, rising to 553,000 people within a 30 minute drive time. The population which regard Swansea as their main shopping destination is 273,000, ranking the city 36th out of the 200 Promis Centres (Source: Promis).

The retail market is supported by the 24,000 students studying at either Swansea University (third largest in Wales) or The University of Wales Trinity St David. The number of students is set to increase to 30,000 by 2020 due to Swansea University's investment into a new world-leading research, innovation and educational campus. The upgrading of the Singleton Park Campus, in September 2015, with an investment of £75 million has already increased student and staff numbers by 20%. The next phase of the development (£450 million) is set to be complete in 2020. The total development is one of the UK's largest knowledge economy projects in the UK and within the top five in Europe.

Tourism is a thriving industry in Swansea and has a significant impact on spending. There were 4.6m visitors to the area in 2015 (Swansea City Council) with an estimated expenditure of around £402m. In terms of employment, the public services are the largest source, accounting for 27% of employment in Swansea. Other large employers include Tata Steel and The Admiral Group.





Retailing in Swansea

Swansea city centre has approximately 1.65 million sq ft of retail accommodation and is considered the dominant centre in the region. The prime retail pitch focused on the pedestrianised section of Oxford Street which runs west to east between Princess Way and Union Street. Retailers located on Oxford Street include:

M&S EST. 1884 H&M RIVER ISLAND next TOPSHOP **SPORTS DIRECT.com**

The Quadrant Shopping Centre comprises of 440,000 sq ft of retail floor space towards the south of Union Street. The centre's anchor tenant is Debenhams with other retailers including Boots, New Look, and Superdry also represented. Located between Oxford Street and The Quadrant Centre is Swansea Market, which is Wales's largest indoor market. The council have invested £1.9m refurbishing the market including upgrading the roof.

The City and County of Swansea are spending £500m on redeveloping the 16.8 acre former St David's Shopping Centre and Oystermouth Road sites. Their proposal includes 200,000 sq ft of retail and leisure, including a cinema offer, offices, hotel and a 3,500 seat arena.



Situation

The property is situated in a prominent position at the corner of Oxford Street and Whitewalls, which forms part of Swansea's prime retailing thoroughfare. The property is opposite Marks & Spencer on Oxford Street, Primark on Whitewalls and is close to both the entrances of the Quadrant Centre as well as Swansea's indoor market. Adjacent retailers along Oxford Street include River Island, Sports Direct, Next, Select and H&M.

Description

The property comprises a 1960's purpose built retail premises of concrete framed construction arranged over four storeys. Topshop trade from ground and first floors, with ancillary accommodation to the upper floors. Costa Coffee occupy a section of the ground floor only.

Accommodation

Tenant	Ground Sales (sq ft)	ITZA	First Sales (sq ft)	First Anc (sq ft)	Second Anc (sq ft)	Third Anc (sq ft)	Total (sq ft)	Passing Rent	Zone A (HL)
6-7 Oxford Street & 1-11 Whitewalls TOPSHOP TOPMAN	3,113	1,664	3,370	1,891	2,555	2,325	13,274	£250,000	£110
9-11 Whitewalls COSTA	1,191	968					1,191	£70,000	£72
Total								£320,000	

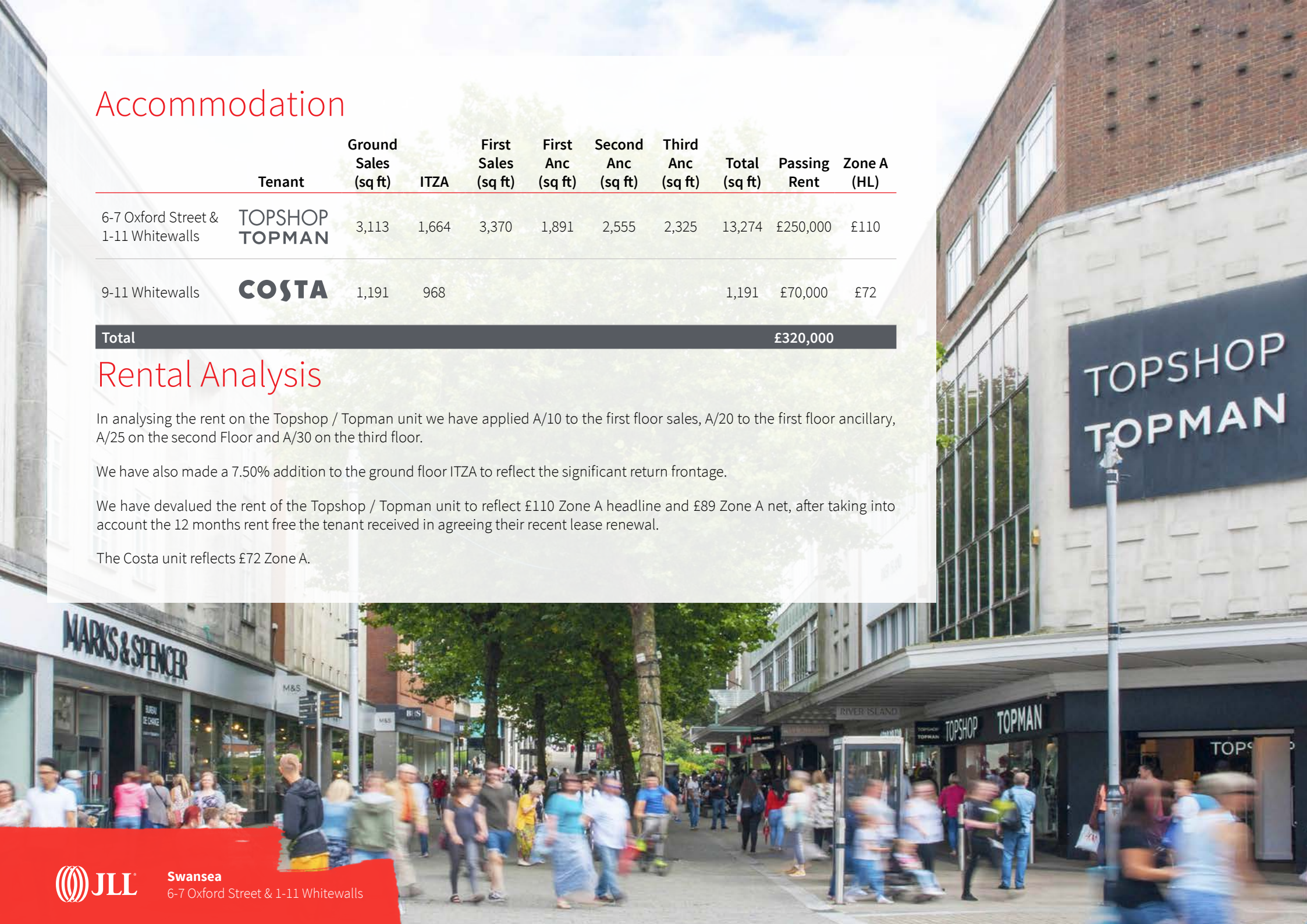
Rental Analysis

In analysing the rent on the Topshop / Topman unit we have applied A/10 to the first floor sales, A/20 to the first floor ancillary, A/25 on the second Floor and A/30 on the third floor.

We have also made a 7.50% addition to the ground floor ITZA to reflect the significant return frontage.

We have devalued the rent of the Topshop / Topman unit to reflect £110 Zone A headline and £89 Zone A net, after taking into account the 12 months rent free the tenant received in agreeing their recent lease renewal.

The Costa unit reflects £72 Zone A.



100% prime retailing location on the corner of the pedestrianised Oxford Street and Whitewalls

Tenure

The property is held long leasehold with 99 years and 11 months unexpired.

The current rent payable is £37,000 per annum, which was set at the previous review on 25 December 2012. The review is to the higher of the passing rent or 10% of open market rent.

Tenancy

6-7 Oxford Street and 1-11 Whitewalls is let to Topshop / Topman Limited on a new 5 year full repairing and insuring lease from 25 December 2017 at a rebased rent of £250,000 per annum. The Guarantor for this lease is Redcastle Ltd.

9-11 Whitewalls is let to Costa Limited on a full repairing and insuring lease for a term of 10 years from 24 February 2012 at a current passing rent of £70,000 per annum.

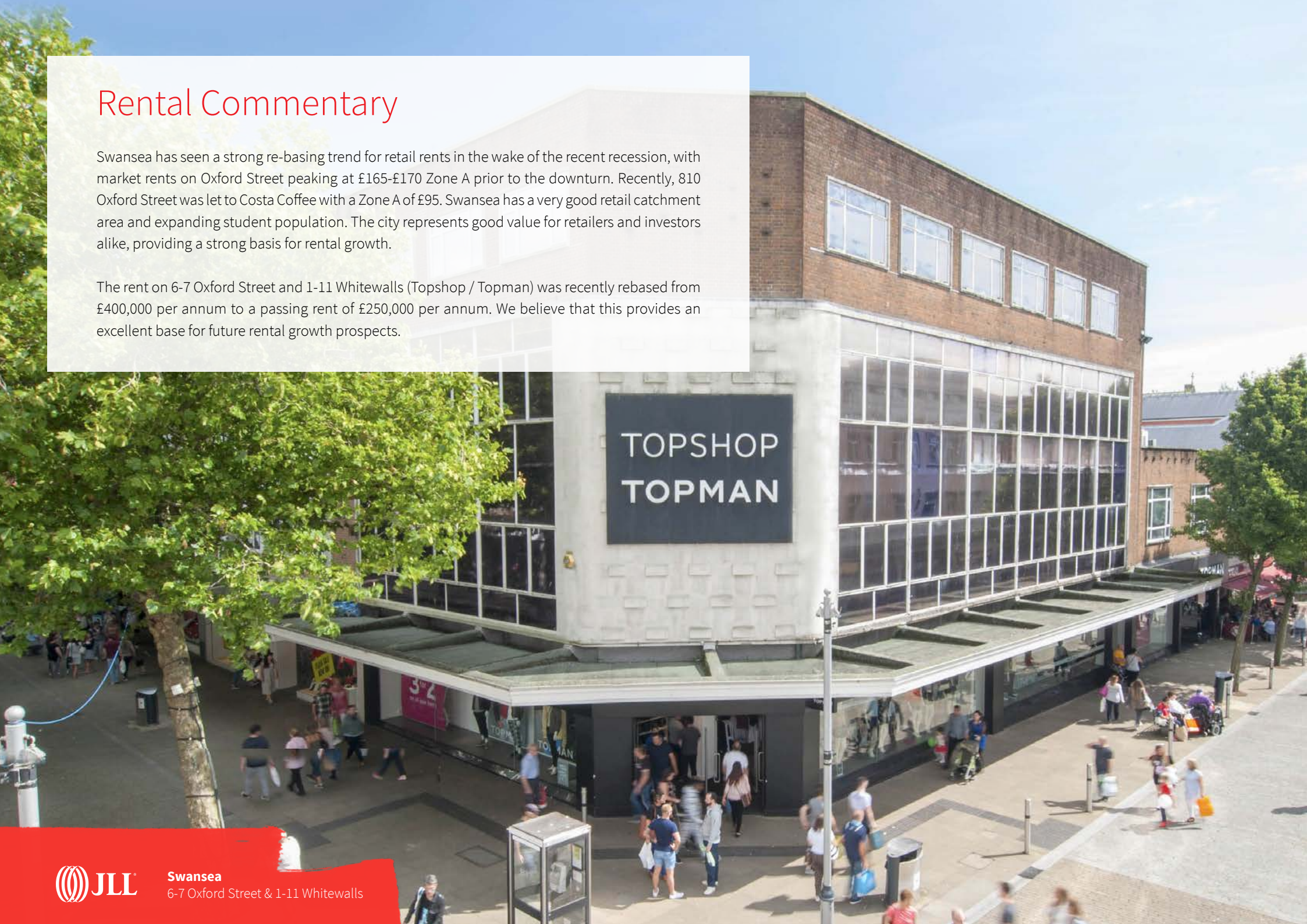
The property therefore produces a **total income of £320,000 per annum**. After deduction of the head rent, the property produces a net income of £283,000 per annum. The property has a WAULT of 4.9 years to expiry.



Rental Commentary

Swansea has seen a strong re-basing trend for retail rents in the wake of the recent recession, with market rents on Oxford Street peaking at £165-£170 Zone A prior to the downturn. Recently, 810 Oxford Street was let to Costa Coffee with a Zone A of £95. Swansea has a very good retail catchment area and expanding student population. The city represents good value for retailers and investors alike, providing a strong basis for rental growth.

The rent on 6-7 Oxford Street and 1-11 Whitewalls (Topshop / Topman) was recently rebased from £400,000 per annum to a passing rent of £250,000 per annum. We believe that this provides an excellent base for future rental growth prospects.



Covenant Information

Topshop Topman Properties Limited (Company No. 04464942) is a British multi national fashion retailer of clothing, shoes, make-up and accessories. It was founded in 1964 and now has around 500 shops worldwide, approximately 300 of these are in the UK with its major flagship store in Oxford Circus, London. Topshop ships to over 100 countries worldwide.

Year Ending	28/08/2016	29/08/2015	30/08/2014
Sales Turnover	£115,252,000	£111,092,000	£106,505,000
Profit Before Tax	(£9,074,000)	£164,000	(£156,000)
Net Worth	(£39,658,000)	(£30,986,000)	(£32,173,000)

Topshop Topman Properties Limited has a Creditsafe rating of 39 reflecting a “moderate risk” of business failure.

Redcastle Limited (Company No. 03194733) acts as the guarantor for Topshop/Topman on the lease. A summary of their accounts can be found below:

Year Ending	27/08/2016	29/08/2015	30/08/2014
Sales Turnover	£124,294,000	£194,753,000	£206,281,000
Profit Before Tax	(£14,247,000)	£4,851,000	(£999,000)
Net Worth	£299,646,000	£317,185,000	£311,008,000

Redcastle Limited has a Creditsafe rating of 87, reflecting a “very low risk” of business failure.

Costa Limited (Company No. 01270695) is a British coffee chain and is wholly owned subsidiary of Whitbread Plc. Established in 1971, it is the largest coffee house chain in the UK and the second largest in the world behind Starbucks. Costa operates from over 2,100 stores in the UK with a further 1,300 stores across 31 countries.

Year Ending	02/03/2017	03/03/2016	26/02/2015
Sales Turnover	£886,366,000	£835,037,000	£735,974,000
Profit Before Tax	£103,387,000	£117,498,000	£127,221,000
Net Worth	£616,894,000	£542,180,000	£444,074,000

Costa Limited has a Creditsafe rating of 95 reflecting a “very low risk” of business failure.





Swansea



6-7 Oxford Street & 1-11 Whitewalls

EPC

An EPC for the property can be provided upon request.

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).

Proposal

We are instructed to seek offers for our client's long leasehold interest in excess of **£3,660,000** (Three Million Six Hundred and Sixty Thousand Pounds), subject to contract and exclusive of VAT. A purchase at this level would reflect a **Net Initial Yield of 7.25%**, after allowing for purchasers costs of 6.51%.

Further Information

For further information or to arrange an inspection of the property, please contact:

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