



PRIME HIGH STREET RETAIL INVESTMENT

41-42A NEW STREET & 36-42 CANNON STREET

CAXTONGATE II
BIRMINGHAM



INVESTMENT SUMMARY

- A rare opportunity to acquire a highly prominent prime high street retail scheme in Central Birmingham
- Birmingham is the UK's second city. It is one of the largest retailing and tourist centres in the country, with an estimated shopping population of 665,000 and a tourist economy that generates in excess of 39 million visitors per year
- Positioned at the heart of Birmingham's prime retail core, fronting New Street and in close proximity to Grand Central Shopping Centre, Bullring and Apple's flagship store.
- Well configured block of 6 retail units with 3 fronting New Street and 3 fronting Cannon Street, extending to 3,091 sq m (33,268 sq ft)
- The property is let to 5 strong national covenants including Muji, Charles Tyrwhitt, White Stuff, Bravissimo and Jigsaw
- The property has an Average Weighted Unexpired Lease Term of approximately 6.2 years to expiry and 5.4 years to break, on the assumption of a 12-month Vendor's rental guarantee on Unit 1
- Total current passing rent of £896,265 per annum exclusive of VAT and inclusive of a Vendor's rental guarantee
- Opportunity to improve rental income and increase the unexpired term through letting Unit 1
- Freehold

PROPOSAL

We are instructed to seek offers in excess of **£15,150,000** subject to contract and exclusive of VAT. A purchase at this level reflects an attractive **Net Initial Yield of 5.55%** assuming standard purchaser costs.



BIRMINGHAM

A Global City

Birmingham is the administrative and cultural capital of the West Midlands and is firmly established as the UK's second major city. With a population of circa 1.28 million, it is the largest regional centre in the UK in both population and economic terms. Birmingham sits at the centre of the larger West Midlands conurbation with a population of approximately 2.86 million.

Birmingham has a strong and well balanced economy, it is a major hub for UK growth and is one of the fastest growing economies in the United Kingdom and Europe. Birmingham has the 10th largest city economy in Europe producing in excess of £100 billion GDP per annum (2015 estimate), ahead of Manchester (UK), Hamburg and Munich (Germany), Stockholm (Sweden) and Lyon (France). The city is host to over 75,000 companies, including 1,200 international businesses.

Birmingham is one of the principal retailing centres in the UK and attracts significant additional spending from well beyond its large primary catchment. The total population within the Birmingham primary catchment area is 1,276,000, with an estimated shopping population of 665,000, ranking the city 2nd out of all UK PROMIS centres on both measures.

Host to over 75,000 companies, including 1,200 international businesses





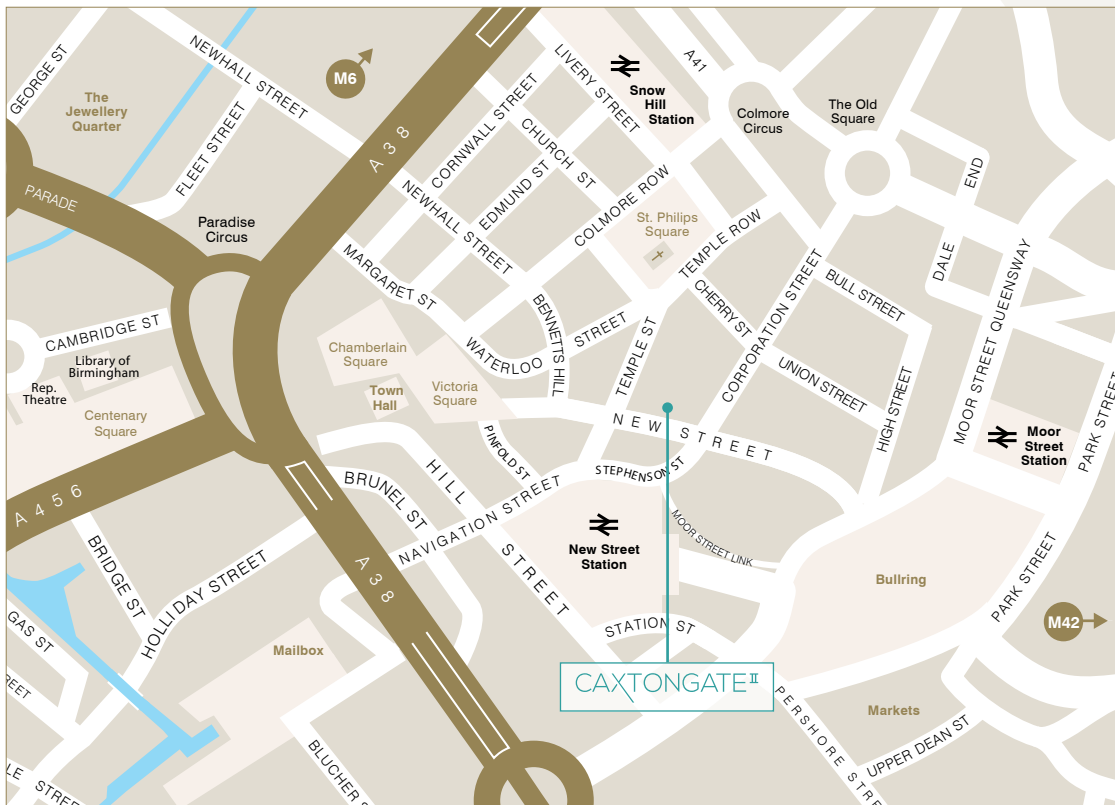
1. SUBJECT PROPERTY
2. Bullring
3. Primark Redevelopment
4. John Lewis
5. New Street Station
6. Grand Central Shopping Centre
7. Apple's Flagship Store
8. Colmore Row
9. St Philip's Place
10. Mailbox
11. H&M opened Q2 2018
12. Paradise
13. Flagship SportsDirect store

One of the UK's top university regions, producing over 45,000 graduates a year from its twelve top class universities. Of these students, 57% remain in the West Midlands post-graduation

CONNECTIVITY

Birmingham benefits from world class, multimodal integrated transport infrastructure, providing exceptional local, national and international connections.

Birmingham is located at the very heart of the United Kingdom, and at the centre of the country's infrastructure platform.



ROAD

Birmingham is strategically located at the centre of the UK's motorway network, with the Birmingham Motorway Box (formed of the M5, M6 and M42) forming an orbital route around the city; principally accessed by the Aston Expressway A38 (M). The M6 Toll road provides an alternative route to the M6 around the north of the West Midlands conurbation. Birmingham's central location means that over 90% of the UK market, both consumer and business is within a four-hour travel time.

RAIL

Birmingham is at the heart of the UK rail network and benefits from extensive national and regional rail services. The city has three mainline city centre train stations (New Street, Snow Hill and Moor Street stations) with regular services to London (fastest journey time of 1 hour and 22 minutes). Birmingham benefits from an extensive commuter rail network serving the city's suburbs and surrounding area.

Phase 1 of HS2 will connect London and Birmingham by 2026, with a dedicated city centre terminus at Birmingham Curzon Street. The forecast journey time from London to Birmingham will reduce to 48 minutes.

METRO

The Greater Birmingham area benefits from a comprehensive Midland Metro tram system, one of the UK's most successful rapid transport systems, currently operating between Birmingham New Street and Wolverhampton via West Bromwich and Wednesbury. Future extensions are funded and will further extend the system to Birmingham Airport, Edgbaston and Dudley.

AIR

Birmingham Airport, the UK's third largest airport outside London, lies 10.5 km (6.5 miles) south-east of the city centre and serves 143 national and international destinations. Over £300 million has been invested in the airport over the past 10 years, providing state-of-the-art infrastructure including a runway extension, which brings new long-haul destinations within direct range for the first time, including the Far East, the West Coast of the USA, South America and South Africa.



**THE LARGEST REGIONAL ECONOMY
OUTSIDE OF LONDON AND THE FASTEST
GROWING ECONOMY IN THE UK**



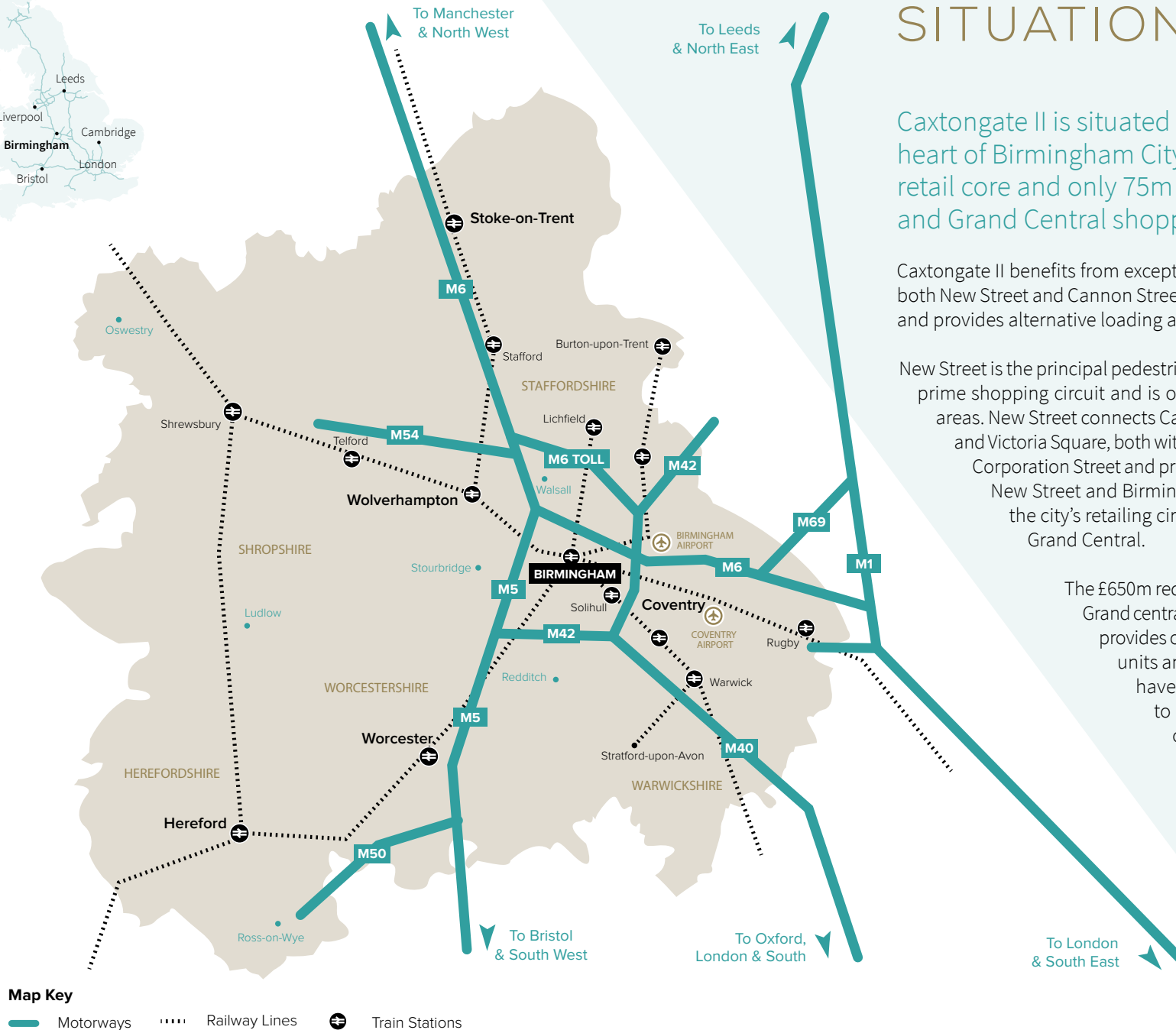
SITUATION

Caxtongate II is situated at the very heart of Birmingham City Centre, within the prime retail core and only 75m from New Street Station and Grand Central shopping centre.

Caxtongate II benefits from exceptional prominence with trading frontages to both New Street and Cannon Street. Needless Alley runs to rear of the property and provides alternative loading access for the retail accommodation.

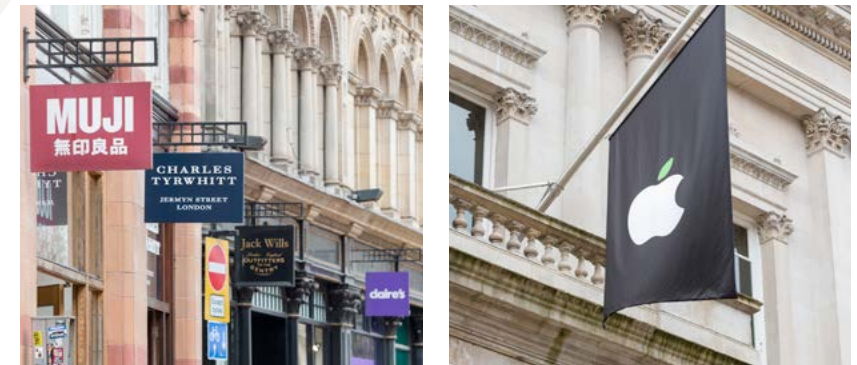
New Street is the principal pedestrianised east-west axis through Birmingham's prime shopping circuit and is one of the city's busiest 'on street' shopping areas. New Street connects Caxtongate with the Bullring Shopping Centre and Victoria Square, both within 250 metres. Cannon Street runs parallel to Corporation Street and provides a pedestrianised connection between New Street and Birmingham's CBD. Caxtongate forms a key link in the city's retailing circuit, incorporating Bullring, New Street and Grand Central.

The £650m redevelopment of New Street Station to include Grand central shopping centre completed in 2016 and now provides over 50 reconfigured retail and food / beverage units anchored by a 250,000 sq ft John Lewis. Apple have subsequently relocated from the Bullring to a new 28,000 sq ft landmark store, directly opposite Caxtongate II. This has reinforced New Street as an important section of the shopping circuit within Birmingham and has brought a significant amount of exciting new retailers to the city, whilst helping reinforce the position of Caxtongate II at the very heart of the city's retail landscape.



RETAILING IN BIRMINGHAM

Birmingham is one of the top shopping destinations in the UK, ranking 2nd out of the Top 200 PROMIS Centres in terms of shopping population (665,000 people) and primary catchment area (1,276,000 people)



Retailing in Birmingham is focused around Bullring, Grand Central Shopping Centre and the pedestrianised New Street, complemented by High Street, Corporation Street and Cannon Street. Primark are set to open their flagship 160,000 sq ft store on High Street in Q2 2019, which will be their largest store in Europe, and will continue to benefit the retail footfall on New Street.

Bullring is located east of the property and was the subject of a high profile redevelopment in 2003. The centre provides over 1.32 million sq ft of retail/leisure accommodation, offering 160 stores and 28 restaurants/cafes. The shopping centre is anchored by Selfridges, Debenhams, Next, Top Shop and Zara, and provides parking for over 3,000 cars. Within a year of opening, Bullring was one of the busiest shopping centres in the UK welcoming over 36.5 million visitors.

Additionally, the £150 million redevelopment of Grand Central Shopping Centre above New Street Station opened in 2016 and provides 460,000 sq ft of retail space. The development is anchored by a 250,000 sq ft John Lewis, which is one of their largest stores outside London and the largest opening within their portfolio in the past four years.

Birmingham is the dominant retailing centre in the English Midlands and has 3.38 million sq ft of retail floor space. The city benefits from the second highest retail spend in the UK, and is the only city outside of London to host all seven leading department stores:

SELFRIDGES & CO **M&S** **PRIMARK** **HOUSE OF FRASER** **HARVEY NICHOLS** **John Lewis** **DEBENHAMS**
EST. 1884 SINCE 1849 BRITAIN'S FAVOURITE DEPARTMENT STORE

The country's leading national multiples are represented in Birmingham, with tenants including Apple, H&M, Boots, TK Maxx, Gap, JD Sports, Next and Zara. Due to the strength of Birmingham's retail market, national retailers such as JD Sports, Topman / Topshop and H&M have multiple stores across the prime retailing area of the city. Birmingham also provides an extremely strong and aspirational fashion offer from tenants such as Armani, Hugo Boss, Louis Vuitton, Michael Kors, Reiss, Tommy Hilfiger and Victoria's Secret.

SECOND LARGEST SHOPPING POPULATION
IN THE UK, WITH SIGNIFICANT
RE-DEVELOPED AND NEW RETAIL
SCHEMES INCLUDING GRAND CENTRAL
SHOPPING CENTRE, BULLRING AND
PRIMARK'S LARGEST STORE IN EUROPE







Birmingham is the youngest major city in Europe, with under 25 year olds accounting for approximately 40% of the population

DESCRIPTION

Caxtongate II was substantially reconfigured by Land Securities in 2000, behind an attractive retained Victorian façade. The property comprises 6 well configured retail units extending to 3,091 sq m (33,268 sq ft), with 24 sold off residential apartments based over the 2nd and 3rd floors, accessed via their own dedicated entrance on Cannon Street.

The Grade II listed property is of steel frame and load bearing brick construction behind the original Victorian façade; finished with mix of clay brick/block, terracotta and reconstituted stone, providing an attractive and striking visual appearance.

The retail accommodation comprises of large modern retail units arranged over basement, ground, mezzanine and first floor levels and benefit from glazed display windows to the full extent of the shop frontages. Unit 1 and Unit 3 has the additional benefit of having an extensive return frontage onto Needles Alley and Cannon Street, respectively.

The property benefits from a communal loading area to the rear of the units accessed from Needles Alley. This communal area benefits from 2 goods lifts, a passenger and a scissor lift which offers a back of house service facility for all of the occupiers.



ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice 6th Edition and provide the following Net Internal Areas:

Unit	Ground Sales (sq ft)	ITZA (units)	Mezzanine (sq ft)	First Floor (sq ft)	Basement (sq ft)	Total Area (sq m)	Total Area (sq ft)
Unit 1	1,053	497	1,010			192	2,063
Unit 2	1,027	593			3,240	396	4,267
Unit 3	1,279	697	2,304	3,572		665	7,154
Unit 4/5	1,846	971		1,359	1,649	451	4,854
Unit 6/7	2,034	1,117		1,764	1,789	519	5,587
Unit 8	3,395	1,521		3,159	2,789	868	9,343
24 Apartments	Floors 2 & 3						
TOTAL	10,634		3,314	9,854	9,467	3,091	33,268

TENURE

The property is held freehold.

TENANCY

The property produces a total current rent of £896,265 per annum and benefits from an Average Weighted Unexpired Lease Term of approximately 6.2 years to expiry and 5.4 years to break, on the assumption of a 12-month Vendor's rental guarantee on the vacant unit.

MUJI 無印良品 have undertaken a store re-fit costing in excess of £200,000, clearly demonstrating their commitment to this store.

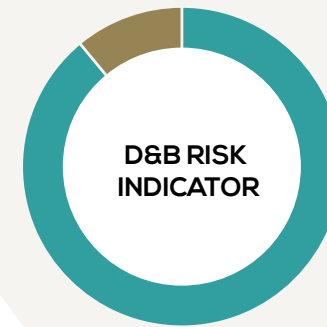
Unit	Address	Tenant	Trading Brand	Lease Start	Lease Expiry	Break	Rent Review	Rent p.a.	Zone A Rent	Comments
Unit 1	42 New Street	Guarantee			12-month guarantee			£106,265	£200.00	
Unit 2	41 New Street	Ryohin Keikaku Europe Ltd	MUJI 無印良品	25/12/1999	24/12/2024		25/12/2019	£250,000	£303.32	A rent deposit of £125,000 is held by the Vendor
Unit 3	41a New Street & 44 Cannon Street	Charles Tyrwhitt Shirts Ltd	CHARLES TYRWHITT	20/10/2017	19/10/2027	19/10/2023	20/10/2022	£175,000	£148.46	Tenant's break on 6 months' written notice
Unit 4/5	41 / 42 Cannon Street	White Stuff Ltd	White STUFF	24/06/1999	23/06/2024		24/06/2019	£135,000	£113.69	Authorised Guarantee Agreement from Hobbs Ltd
Unit 6/7	39 / 40 Cannon Street	Bravissimo Ltd	BRAVISSIMO	25/01/2016	24/01/2026		25/01/2021	£100,000	£72.70	
Unit 8	36 / 38 Cannon Street	Robinson Webster (Holdings) Ltd	J I G S A W LONDON	24/06/2017	23/06/2022			£130,000	£66.38	Jigsaw have been in occupation since 1999 and committed to a reversionary lease from 2017.
24 Apartments - 2nd & 3rd Floor	Newton Chambers	Newton Chambers Management Company Limited		25/03/1999	24/03/2124			Peppercorn	-	
TOTAL								£896,265		

A leading city for events in Europe, further boosting the city's tourist spend. With facilities such as the National Exhibition Centre, Barclaycard Arena, International Convention Centre and Symphony Hall, Birmingham accounts for 40% of the UK's conference and exhibition trade





Birmingham is a key target for inward investment and infrastructure projects. The city is subject to more infrastructure investment than any other European city.



Tenant	% Income
RYOHIN KEIKAKU EUROPE LTD	28%
CHARLES TYRWHITT SHIRTS LIMITED	20%
WHITE STUFF LTD	15%
ROBINSON WEBSTER (HOLDINGS) LTD	14%
RENTAL GUARANTEE	12%
BRAVISSIMO LIMITED	11%



Well configured block of 6 retail units with 3 fronting New Street and 3 fronting Cannon Street

COVENANT



MUJI Ryohin Keikaku Europe Limited (Company No. 02906861) t/a Muji, is a Japanese retail company which sells a wide variety of household and consumer goods. The company was founded in 1979 in Tokyo, Japan. The company supplies 124 outlets and has 328 directly-operated stores across USA, UK, China, India, Canada and Turkey. Ryohin Keikaku Europe LTD has a D&B rating of 3A2 and offer a “low-moderate” risk of business failure.

	31/01/2017	30/01/2016	31/01/2015
Sales Turnover	£24,653,986	£23,399,416	£22,659,981
Profit Before Tax	£987,344	£1,396,091	£1,567,700
Tangible Net Worth	£7,371,967	£6,384,005	£5,583,710



CHARLES TYRWHITT Charles Tyrwhitt Shirts Limited (Company No. 02914928) is a British clothing retailer, specialising in men’s shirts, shoes, suits, knitwear and accessories. The company was established in 1997 in Jermyn Street and now operates from 27 stores across the UK, US, France and Australia. Charles Tyrwhitt Shirts Limited has a D&B rating of N1 and offer a “low” risk of business failure.

	29/07/2017	30/07/2016	01/08/2015
Sales Turnover	£197,668,000	£176,233,000	-
Profit Before Tax	-£6,243,000	£4,407,000	£275,000
Tangible Net Worth	-£217,000	-£7,248,000	£1,830,000



White Stuff Limited (Company No. 02319237) is a British fashion and lifestyle brand that sells women’s and men’s clothing, accessories and gifts. The store was founded in 1985 in Val-d’Isere, France. Now the company operates from 100 stores cross the UK, Germany and Denmark. White Stuff Limited has a D&B rating of 5A1 and offer a “low” risk of business failure.

	29/04/2017	30/04/2016	02/05/2015
Sales Turnover	£151,386,000	£144,140,000	£131,446,000
Profit Before Tax	£9,110,000	£15,968,000	£16,375,000
Tangible Net Worth	£39,571,000	£34,732,000	£21,345,000



Bravissimo Limited (Company No. 03315389) is a lingerie retailer established in 1997. Headquartered in Leamington Spa, they now employ 120 people. The company has now grown into a popular high street brand who operate from 28 stores across the United Kingdom and recorded annual sales in excess of £50m during 2016. Bravissimo Limited has a D&B rating of 3A1 and offer a “low-moderate” risk of business failure.

	31/10/2016	31/10/2015	31/10/2014
Sales Turnover	£50,241,871	£49,092,286	£54,059,256
Profit Before Tax	£2,158,878	£3,335,903	£4,684,806
Tangible Net Worth	£13,991,398	£12,853,328	£10,563,399



JIGSAW LONDON Robinson Webster (Holdings) Limited (Company No. 01069599) t/a Jigsaw was established in 1970 in Brighton. The company sells a wide range of high end men’s, women and children’s fashion. The company operates from 56 stores and prides itself on having individually designed stores. Robinson Webster (Holdings) Limited has a D&B rating of 3A1 and offer a “low-moderate” risk of business failure.

	01/10/2016	03/10/2015	27/09/2014
Sales Turnover	£94,700,000	£89,548,000	£71,056,000
Profit Before Tax	£3,103,000	£3,929,000	£819,000
Tangible Net Worth	£12,031,000	£12,063,000	£17,940,000

RENTAL TRANSACTIONS

Zone A rents on New Street have increased over recent years, setting a strong and growing rental tone. We set out the most recent comparable evidence below:

Address	Tenant	Date	Zone A (Net)
New Street			
109 New Street	Wok to Walk	Jan 2018	£195
114/115 New Street	Starbucks	Aug 2017	£210
117 New Street	Hotel Chocolat	Feb 2017	£202
137-138 New Street	Yorkshire Bank	Mar 2016	£211
Cannon Street			
13 Cannon Street	Toni & Guy	Sep 2017	£81
14 Cannon Street	ENISS	Sep 2016	£115

INVESTMENT TRANSACTIONS

Caxtongate II offers a rare opportunity to acquire a highly prominent prime high street retail scheme in a dominant retailing centre. We set out the most recent comparable evidence below:

City	Address	Date	Tenant	WAULT (years)	Price	Yield
Exeter	252-253 High Street	Under Offer	Halifax and Waterstones	11.2	£11,200,000 (Quoting)	5.50% (Quoting)
Birmingham	21-25 New Street	Under Offer	Clarks, O2, Carphone Warehouse, Lush, William Hill	5	c.£18,000,000	c.5.25%
Newcastle	49-51 & 53 Northumberland Street	Dec 2017	Barclays, H Samuel	8.4	£7,100,000	5.11%
Exeter	235-240 High Street	Jun 2017	EE, Saltrock, Virgin, Office Shoes	5.32	£11,375,000	5.32% (4.80% triple net)
Birmingham	41 High Street	Feb 2017	Greggs	4	£3,205,000	5.13%
Nottingham	25-29 Clumber Street	Oct 2016	Footasylum	6	£5,050,000	4.50%
Birmingham	Exchange Buildings	Dec 2015	HSBC, McDonalds, Paddy Power, Baguette World and Premier Inn	12.5	£40,500,000	4.46%



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 in excess of **£15,150,000** subject to contract and exclusive of VAT.

A purchase at this level reflects an attractive **Net Initial Yield of 5.55%** assuming standard purchaser costs.

FURTHER INFORMATION

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

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