

PRIME HIGH STREET

Retail Investment

48-50
HIGH STREET

WORCESTER



INVESTMENT CONSIDERATIONS

- Located in the historic Cathedral City of Worcester
- Attractive and affluent retailing centre
- 100% prime pitch on the pedestrianised section of High Street, opposite the Crowngate Shopping Centre
- Well-configured large store with dual frontage, providing excellent sales accommodation
- Tenant has recently removed their break option and regared the lease
- The tenant has recently carried out a store refit
- Let to the undoubted covenant of TJX UK (TK Maxx), with a DAB rating of 5A1 - 100 out of 100
- Unexpired term in excess of 9 years to expiry
- Strong prospects for future rental growth
- Freehold

PROPOSAL

Income:
£565,000 per annum

Offers in excess of:
£8,825,000
(subject to contract)


Net Initial Yield:
6.00%


48-50 HIGH STREET
WORCESTER




LOCATION

The Cathedral City of Worcester is an attractive and popular retailing centre and the administrative centre for the County of Worcestershire. Worcester is located approximately 129 miles north west of London, 29 miles south west of Birmingham and 28 miles north of Cheltenham.

 The city benefits from excellent road communications, being situated approximately 3 miles to the west of Junctions 6 and 7 of the M5 motorway, which in turn links with the M42, M6 and wider national motorway network.

 Worcester is serviced by Worcester Foregate Street mainline railway station, with a fastest journey time to London Paddington of 2 hours 20 minutes. There are also regular services to local destinations with a fastest journey time to Birmingham New Street of 43 minutes.

 In addition, Birmingham International Airport is approximately 38 miles north east of the city.

48-50 HIGH STREET
WORCESTER





DEMOGRAPHIC PROFILE

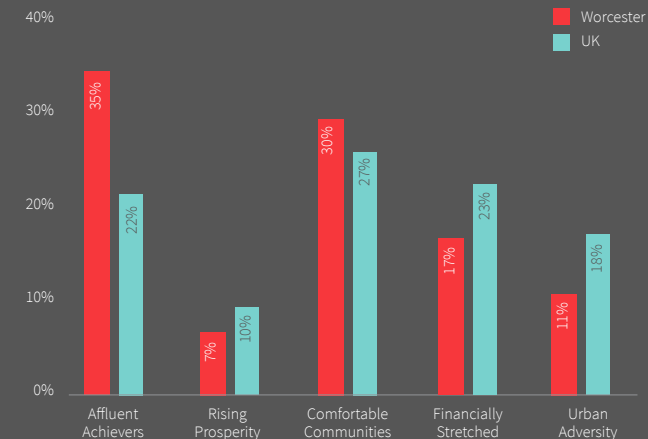
The total population within the Worcester primary catchment area is 298,000, with an estimated shopping population of 191,000 (Source: PROMIS). This is reinforced by a tourist economy of over 500,000 visitors every year. Worcester's catchment population has a significantly above average proportion of adults of working age categorised within the Affluent Achievers social group, as shown in the graph (Source: CACI). In contrast, the least affluent D and E social groups (which includes those in skilled and unskilled manual employment, the unemployed and those on state benefits) are particularly under-represented within the Worcester area and social group C1 (which includes junior non manual employees) is moderately under-represented.

48-50 HIGH STREET
WORCESTER



Worcester's catchment population comprises a significantly above average proportion of Affluent Achievers

Worcester has experienced excellent population growth in recent years; the population change between 2001-2011 was +5.65% (Source: 2011 Census). Furthermore the Office of National Statistics projects a 4.69% increase in the population of the county of Worcestershire in the ten-year period from 2011-2021.



RETAILING IN WORCESTER

Worcester is an attractive retailing destination that benefits from an affluent and loyal catchment; this is due to its largely rural surrounding area and distance from other competing retail centres. Retail spend in Worcester is further enhanced by a tourist economy of over 500,000 visitors a year, who are attracted to historic sites such as the Grey Friars, the Guildhall and Worcester Cathedral.

The city centre provides approximately 1.07 million sq ft of retail floor space (Source: PROMIS). The pedestrianised High Street serves as the prime pitch, offering a variety of national retailers such as Debenhams, M&S, Boots and TK Maxx (subject property). Most of the city's fashion offer is situated along the High Street, where key fashion retailers include Russell & Bromley, River Island, Warehouse, Jack Wills, Office and Accessorize. The Shambles is home to Poundland, The Entertainer, JD Sports and Argos.

The Crowngate Shopping centre is situated opposite the subject property and comprises 300,000 sq ft of retail accommodation, anchored by House of Fraser and Primark.

In addition, Cathedral Square, situated to the southern end of the High Street has undergone a large scale redevelopment which completed in July 2017. The scheme comprises 220,000 sq ft of retail and leisure accommodation including a new public square and an 1,800 seat Vue cinema. Occupiers include Yo! Sushi, All Bar One, Miller & Carter, Ask Italian, Wilko, Topman/Topshop, H&M, White Stuff and Next.

PRIMARK RIVER ISLAND *Boots* M&S Jack Wills

H&M DEBENHAMS BRITAIN'S FAVOURITE DEPARTMENT STORE HOUSE OF FRASER EST. 1884 WHSmith next White Stuff



48-50 HIGH STREET
WORCESTER



SITUATION

The property occupies a 100% prime trading position on High Street with a substantial dual frontage to The Shambles to the rear.

The property is situated adjacent to O₂ and Paperchase and opposite L'Occitane, Office and Boots. Other major multiple retailers in the immediate vicinity include Debenhams, WH Smith, House of Fraser, Marks and Spencer, Primark, Bill's, Phase Eight, Jo Jo Maman Bebe and Superdrug.

48-50 HIGH STREET
WORCESTER

Well configured large store with dual frontage, which has recently undergone a significant refit

DESCRIPTION

The property comprises a large space retail unit which is arranged over ground, first, second, third and fourth floor levels. The property benefits from well-configured and regular floorplates that offer good quality sales accommodation.

The tenant has recently undertaken a significant store refit, demonstrating their commitment to the store.



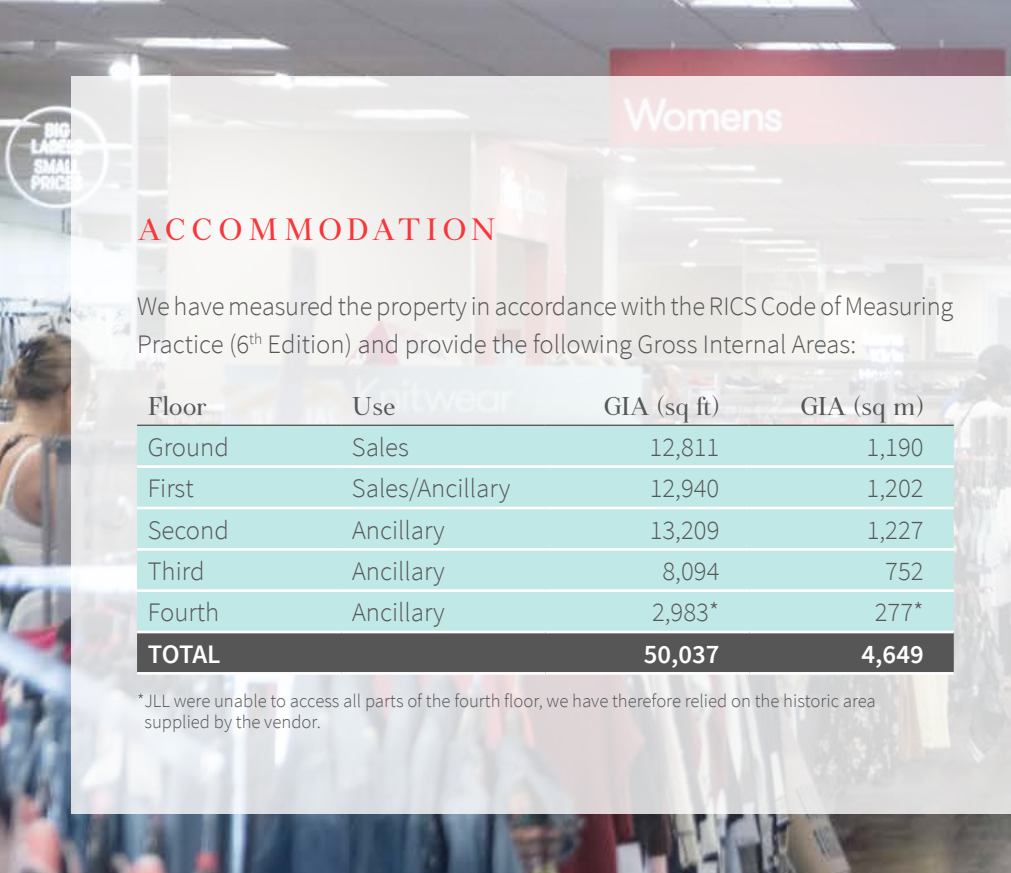
COVENANT

TJX UK (Company No 03094828), trading as TK Maxx, is an apparel and home goods company that operates stores throughout the United Kingdom, Ireland, Germany, Poland, Austria, the Netherlands and more recently in Australia when the brand took over the 25 Trade Secret discount department stores in 2017. In April 2017 there were a total of 515 stores in Europe (up from 407 stores in December 2014) and 38 in Australia as at November 2017. The stores offer includes men's, women's and children's apparel and shoes, as well as other areas such as toys, bath and beauty, accessories, and home products ranging from furniture to kitchen utensils.

The company is part of the TJX Companies, which also owns 'offprice' retail chains TJ Maxx, Marshalls, and HomeGoods, and Sierra Trading Post in the United States, and Marshalls, HomeSense, and Winners in Canada. TJX Companies ranked No. 87 in the 2017 Fortune 500 listings, with \$33.2 billion in revenue and \$2.3 billion in profits in 2017. Across its 7 retail chains TJX Companies have more than 3,800 stores in 9 countries, 3 e-commerce sites and approximately 235,000 employees.

	Jan 2017	Jan 2016	Jan 2015
Sales Turnover	£2,684,000,000	£2,434,000,000	£2,195,400,000
Profit Before Tax	£111,400,000	£142,300,000	£128,000,000
Net Worth	£640,500,000	£599,400,000	£548,000,000

TJX UK has a D&B rating of 5A1 and a 100/100 D&B failure score representing a minimum risk of business failure.



Womens

ACCOMMODATION

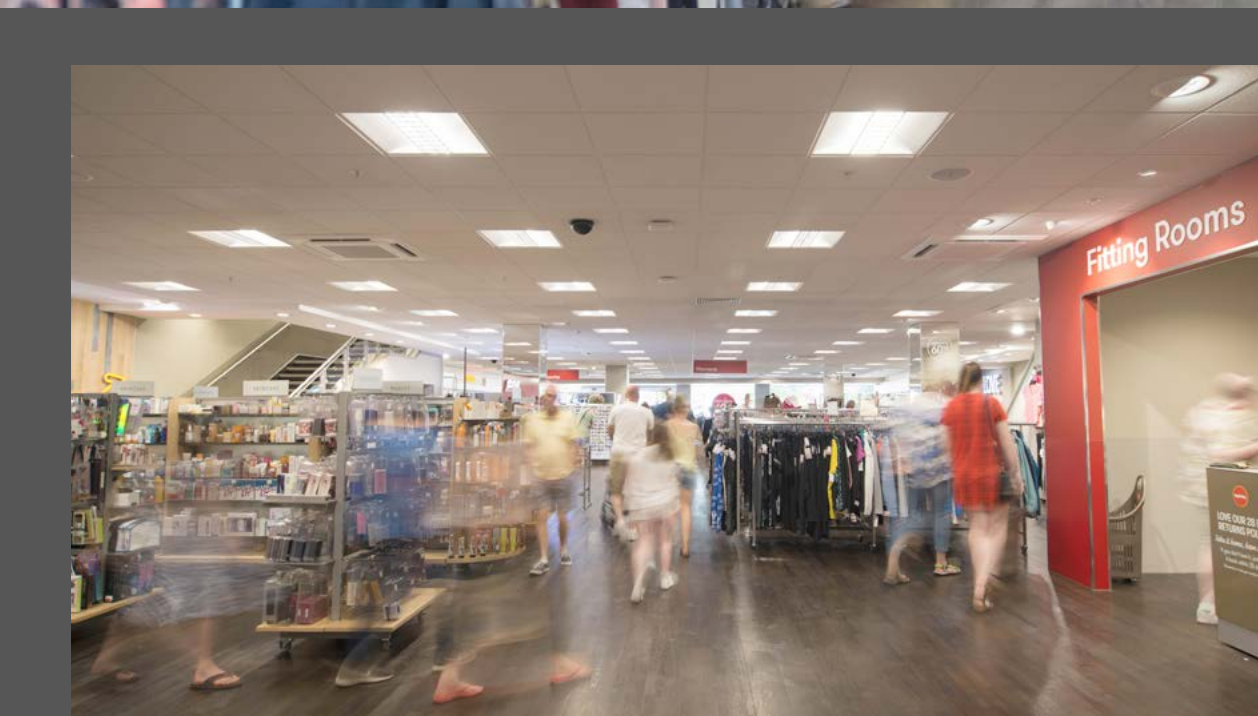
We have measured the property in accordance with the RICS Code of Measuring Practice (6th Edition) and provide the following Gross Internal Areas:

Floor	Use	GIA (sq ft)	GIA (sq m)
Ground	Sales	12,811	1,190
First	Sales/Ancillary	12,940	1,202
Second	Ancillary	13,209	1,227
Third	Ancillary	8,094	752
Fourth	Ancillary	2,983*	277*
TOTAL		50,037	4,649

* JLL were unable to access all parts of the fourth floor, we have therefore relied on the historic area supplied by the vendor.



48-50 HIGH STREET
WORCESTER



TENURE

The property is held freehold.

TENANCIES

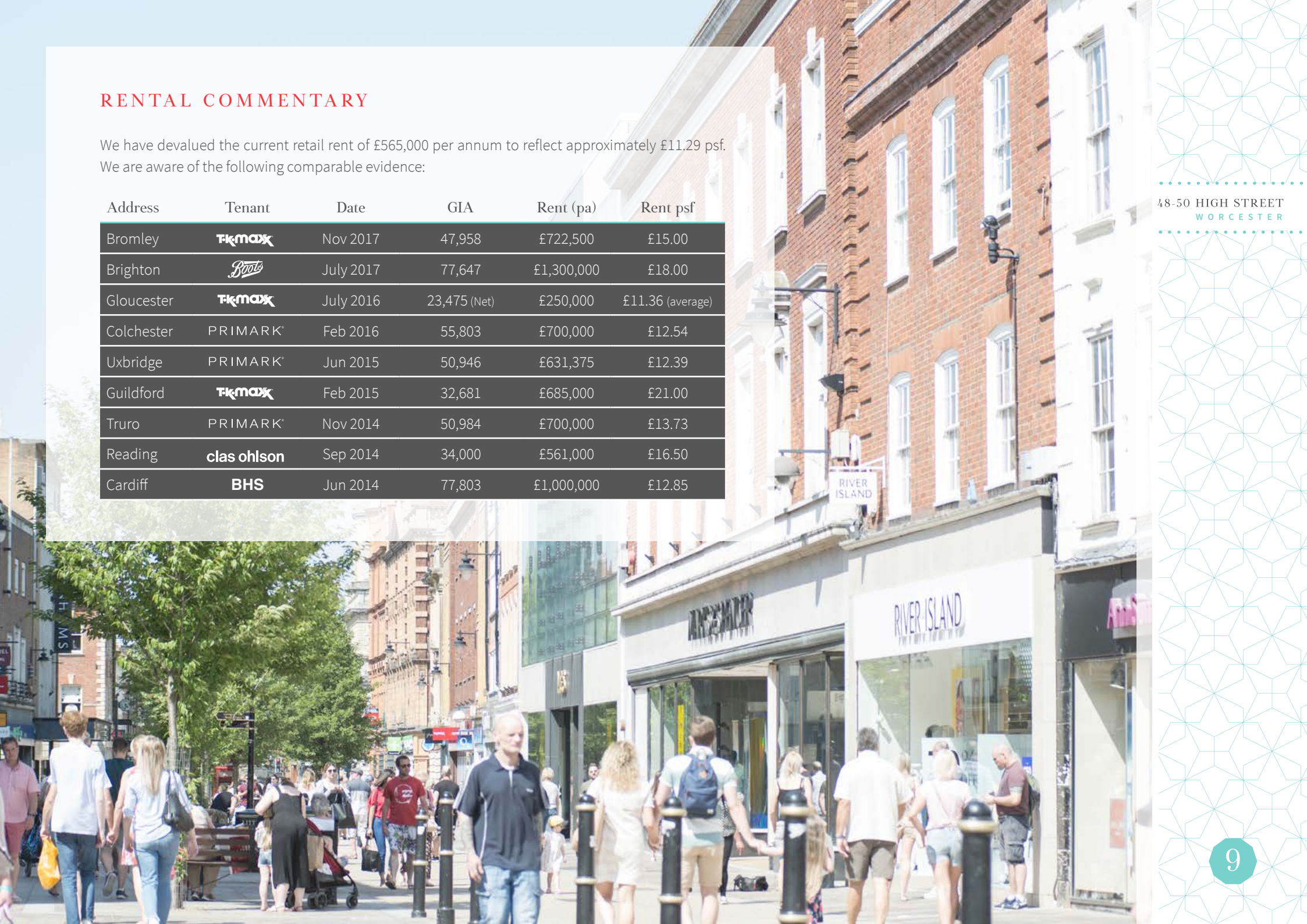
The property is let to TJX UK, trading as TK Maxx, on a 15 year lease expiring 4th May 2024. The tenant has recently agreed a reversionary lease expiring 24 August 2027. The tenant has also removed their 5 May 2019 break option. Therefore, the lease provides in excess of 9 years term certain.

RENTAL COMMENTARY

We have devalued the current retail rent of £565,000 per annum to reflect approximately £11.29 psf. We are aware of the following comparable evidence:

Address	Tenant	Date	GIA	Rent (pa)	Rent psf
Bromley	TKMAXX	Nov 2017	47,958	£722,500	£15.00
Brighton	<i>Boots</i>	July 2017	77,647	£1,300,000	£18.00
Gloucester	TKMAXX	July 2016	23,475 (Net)	£250,000	£11.36 (average)
Colchester	PRIMARK*	Feb 2016	55,803	£700,000	£12.54
Uxbridge	PRIMARK*	Jun 2015	50,946	£631,375	£12.39
Guildford	TKMAXX	Feb 2015	32,681	£685,000	£21.00
Truro	PRIMARK*	Nov 2014	50,984	£700,000	£13.73
Reading	clas ohlson	Sep 2014	34,000	£561,000	£16.50
Cardiff	BHS	Jun 2014	77,803	£1,000,000	£12.85

48-50 HIGH STREET
WORCESTER





INVESTMENT EVIDENCE

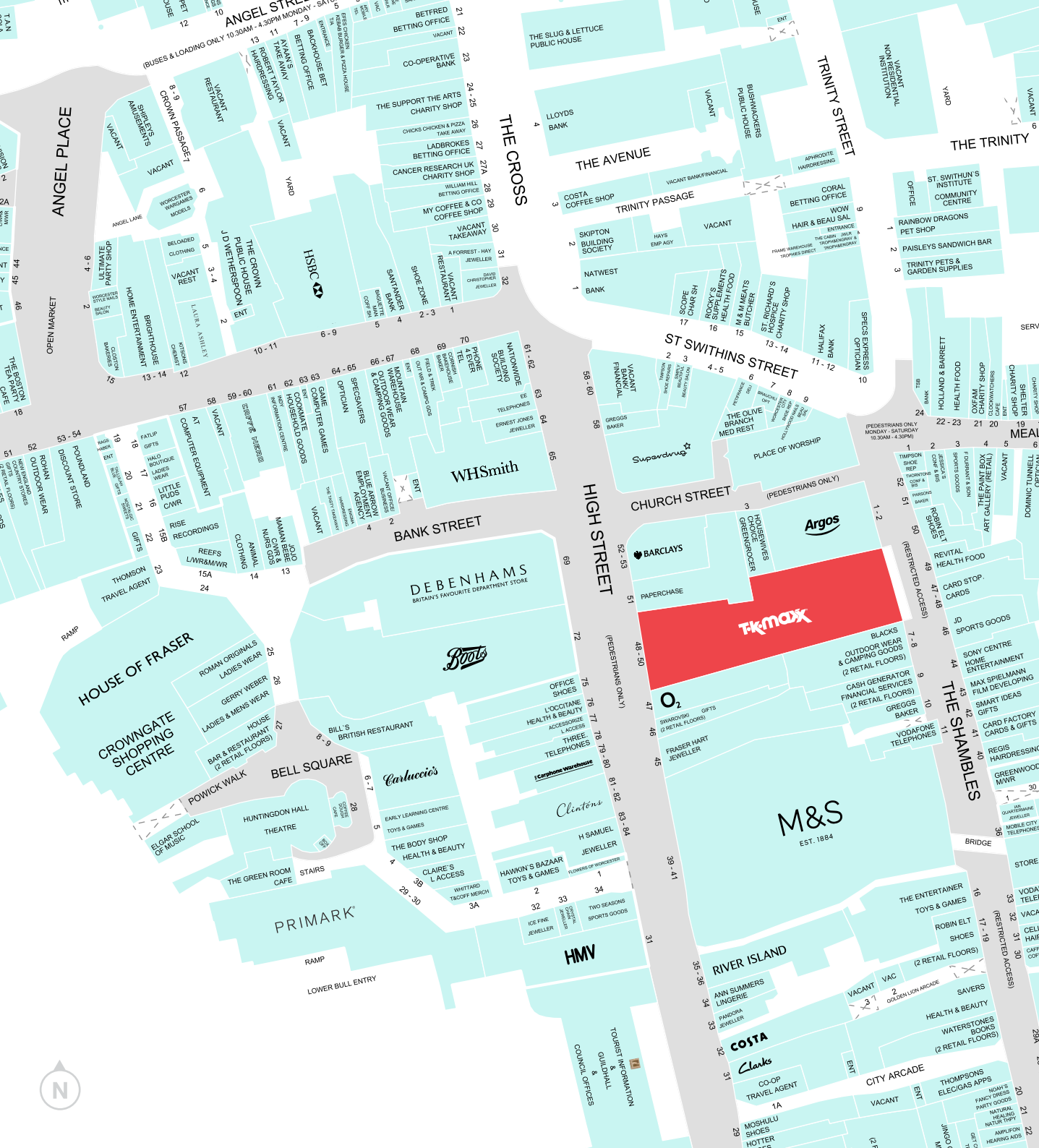
The below table shows a number of recent comparable transactions:

Address	Tenant	Date	Price	NIY	Expiry
Taunton	Tkmaxx	Mar 2018	£4.9m	5.75%	2026
Bromley	Tkmaxx	Mar 2018	£13.6m	5.00%	2032
Brentwood	M&S <small>EST. 1884</small>	Feb 2018	£6.722m	4.75%	2028
Bishops Stortford	M&S <small>EST. 1884</small>	Oct 2017	£7.275m	5.43%	2027
Horsham	M&S <small>EST. 1884</small>	Sep 2017	£9.250m	5.42%	2027
Winchester	DEBENHAMS	Feb 2017	£18.83	4.16%	2034
Banbury	M&S <small>EST. 1884</small>	Sep 2016	£7m	5.63%	2027
Worcester	DEBENHAMS	Oct 2015	£9.75m	4.75%	2076
Cheltenham	PRIMARK	Oct 2015	£11.62m	4.96%	2021

48-50 HIGH STREET
WORCESTER



The tenant has recently removed their break option and regearred the lease



Let to an undoubted 5A1 covenant with a 100 out of 100 D&B score

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 EPC rating for the property falls under band B.

48-50 HIGH STREET
WORCESTER



48-50 HIGH STREET
WORCESTER

PROPOSAL

We are instructed to seek offers for our client's freehold interest in excess of **£8,825,000** (Eight Million, Eight Hundred and Twenty Five Thousand Pounds), subject to contract and exclusive of VAT. A purchase at this level would reflect a **Net Initial Yield of 6.00%**, after allowing for purchasers costs of 6.68%.

FURTHER INFORMATION

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



Christopher Robinson
+44 (0)20 7087 5624
chris.robinson@eu.jll.com

Jonathan Heptonstall
+44 (0)20 7318 7843
jonathan.heptonstall@eu.jll.com

Frankie Maddox
+44 (0)20 7399 5744
frankie.maddox@eu.jll.com

MISREPRESENTATION ACT
JLL, for themselves and for the vendors of this property, whose agents they are, give notice that (i) the particulars and any further information communicated by any means to potential purchasers of the property described in the particulars, or their advisers, in connection with the possible sale of the property are provided solely for the purpose of assisting potential purchasers in deciding whether they wish to proceed with further investigation of the property and do not constitute either the whole or any part of an invitation, offer or contract for sale of the property; (ii) all descriptions, dimensions, references to condition and necessary permissions for use and occupation and other details are given in good faith and are believed to be correct as at the date of the particulars (or the date of the relevant information if earlier). However, potential purchasers are not entitled to rely on them as statements or representations of fact but should satisfy themselves by searches, enquiries, surveys and inspections or otherwise with regard to the accuracy of such details. No responsibility or liability is or will be accepted by JLL, the vendor(s) of the property or any of their respective subsidiaries, affiliates, directors, officers, representatives, employees, advisors, or agents for any loss or damage suffered by any party, resulting from reliance on the particulars or any other information communicated by any means to that party, or its advisers, in connection with the possible sale of the property. No person in the employment of Jones Lang LaSalle or the vendor(s) has authority to make or give any representation or warranty, express or implied, in relation to the property. References to JLL include any joint agents acting with Jones Lang LaSalle. Designed by Graphic Outlines Ltd. 2018