



Prime
Freehold
Retail
Investment

Investment Summary

- Lease to Lush Retail Ltd until September 2020
- Within prime pitch of Gallowtree Gate
- Elected for VAT
- Price: offers in excess of £1,090,000
- Net Initial Yield: 6.5%

11 Gallowtree Gate, Leicester, LE1 5AD



LOCATION

Leicester is the dominant city in the East Midlands and ranks as the 10th largest city in the country in terms of population (Focus). The City is centrally located in the Midlands, being approximately 38 miles north of Northampton, 45 miles east of Birmingham, 30 miles south of Nottingham, and 98 miles from London.

The urban area of Leicester had a population estimated at 441,213 in 2001, and is expected to be over 515,000 following the recent 2011 census. The city is 14th in the CACI Shopping Centres Ranking list and benefits from an estimated primary catchment population within 12½ miles (20km) of over 750,000 people.

The city has excellent road communications, situated on the A47 trunk road and being served by the M1 motorway at Junctions 21 and 22, which gives access to the M69, M6, A1, M62 and M25 motorways.

Leicester is connected to the national railway network with a fastest journey time from London St Pancras of 67 minutes. In addition, East Midlands Airport provides flights to a number of UK and European destinations.

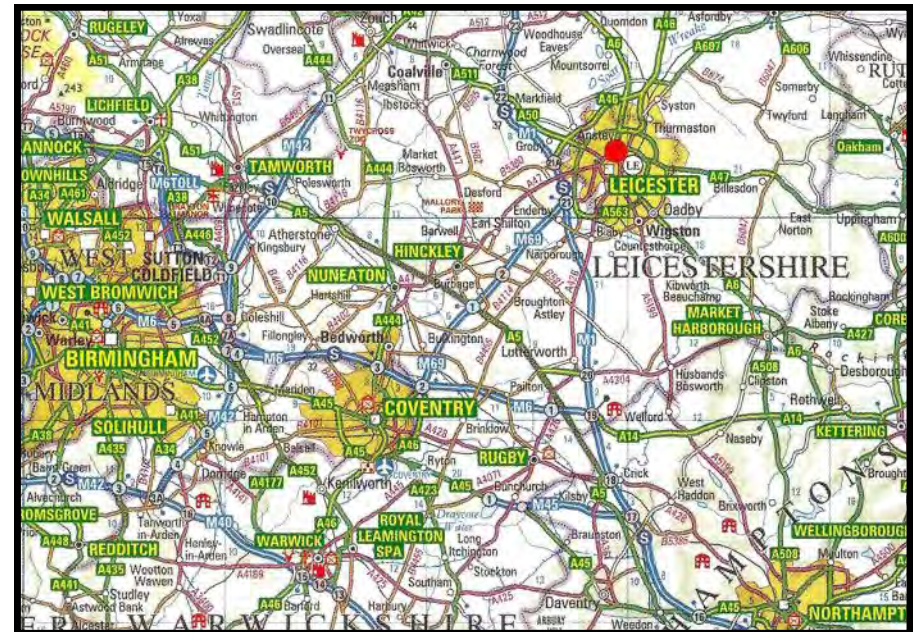
SITUATION

The property occupies a prime retailing pitch on the busy pedestrianised western side of Gallowtree Gate, close to its junction with Humberstone Gate and the main East Gate entrance to Highcross.

Gallowtree Gate has historically been the prime retailing location, and benefits from excellent pedestrian flow with both Marks & Spencer and BHS as anchors. Other major retailers in the immediate vicinity include Boots, WH Smith, Clintons Cards, Orange, Clarks and Dorothy Perkins, with H Samuel adjoining.

Main employers in the area include Travel Line, Next, Express Evans Lifts, Caterpillar Logistics, British Gas and the NHS, and the city benefits from the Universities of both Leicester and De Montfort.

MAP



The recently extended Highcross Shopping Centre is anchored by John Lewis and Debenhams, whilst the Haymarket Shopping Centre in Humberstone Gate has a value orientated offer with retailers such as Primark and TK Maxx.

The Highcross Shopping Centre has now been open for 2½ years and the shopping patterns have settled down, highlighted by Lush's decision to remain in this shop and renew their lease.

The property is very well situated to benefit from the extensive pedestrian flow between Highcross and Marks & Spencer, Boots and BHS.

DESCRIPTION

The property is of traditional red brick construction built around 1934 and arranged over basement, ground and two upper floors with a pitched slated roof. It is faced with stone features and the ground and first floors have been extended to the rear.

The premises have had a new shopfit within the last six months to incorporate the new Lush logo.

The upper two floors extend across a side passageway known as Angel Gateway which leads to Morley Arcade. This in turn connects to Market Place, which houses the popular and vibrant market, being the largest outdoor covered market in Europe. Morley Arcade is a public Right of Way, and Angel Gateway also has public rights of way and has been maintained by the Council.

There are mutual fire escape rights with the adjoining property occupied by H Samuel at basement, first and second floor levels during normal trading hours. This right was agreed in 1979 and is in perpetuity.



Ground Floor Retail Area

ACCOMMODATION

Overall Frontage	26'8"	8.13 m
Gross Frontage	19'8"	5.99 m
Net Frontage	16'7"	5.05 m
Return Frontage	14'1"	4.29 m
Internal Width (max)	17'10"	5.44 m
Shop Depth	44'6"	13.56 m
Built Depth	45'6"	13.87 m
Ground Floor: Sales	638 ft ²	59.27 m ²
ITZA	456 ft ²	42.36 m ²
First Floor: Sales	756 ft ²	70.23 m ²
Second Floor: Staff/Storage	456 ft ²	42.36 m ²
Basement: Storage	554 ft ²	51.47 m ²

These areas are in accordance with The RICS Code of Measuring Practice and have been agreed with the tenants of the property at past rent reviews.

TENURE

Freehold

TENANCY

The property is let to Lush Retail Limited under a Full Repairing and Insuring lease for a term of 10 years from 29th September 2010.

The rent passing is £75,000 per annum, subject to an upward only rent review and a tenant's option to break at the end of the 5th year.

Lush have occupied this shop since 2002, and the lease renewal and new shopfit last year have demonstrated their commitment to the location.



First Floor retail area when used for sales. It is currently used as storage, but the tenant intends to refurbish it for use as a presentation and demonstration area.

COVENANT

Lush Retail Limited is controlled by Mark Constantine, who was one of the first suppliers to Anita Roddick, the founder of The Body Shop. Lush was started in 1995, and today has over 90 shops in the UK, and is represented in 38 countries including Europe, the Far East, Australia and America.

Results for Lush Retail Ltd for the year ending 30/06/2010 show a turnover of £44.234 million and a pretax loss of £2.324 million. Lush Limited, the immediate parent, had a turnover of £21.402 million, a pretax profit of £6.503 million, and a net worth of £14.875 million.

Lush Cosmetics Ltd, the Ultimate Holding Company, had a turnover of £247.171 million and pre-tax profits of £22.306 million, with a net worth of £28.779 million.

RENTAL VALUE

In our opinion the current rental equates to £140 per sq ft Zone A. The rent was agreed at the time of the lease renewal in September 2010, and has been reduced to a sustainable level following the opening of Highcross; for information, the previous rent prior to agreeing the new 10 year lease was £102,000 per annum, reflecting £192.50 per sq ft Zone A. We consider the property to be rack rented, and well placed for rental growth from a relatively low base rent.

VAT

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

EPC

A full copy of the EPC is available upon request.



PROPOSAL

We are seeking offers in excess of £1,090,000 subject to contract, which reflects a net initial yield of 6.5% after allowing for usual purchaser's costs of 5.8%.

FURTHER INFORMATION

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

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