

JOHN LEWIS STORE & CAR PARK

123 HIGH ST CHELTENHAM

PRIME LONG LET MODERN CITY CENTRE RETAIL
AND CAR PARK INVESTMENT

INVESTMENT SUMMARY

- Prime freehold purpose built John Lewis store with over 19.6 years unexpired without breaks.
- Let to one of the UKs best known retailers, John Lewis Plc with an undoubted Experian score of 100.
- The store is situated within Cheltenham's prime retail thoroughfare.
- Modern two level store, delivered through a comprehensive redevelopment of the former Beechwood Shopping Centre in 2017 with a BREEAM rating of Good and an EPC B rating.
- Site area of c.2.5 acres.
- Cheltenham is an attractive Regency Spa town in Gloucestershire, which nestles against the Cotswolds and boasts a large and affluent catchment.
- Voted Best Place to Live in the South West by The Sunday Times, with its education, culture and connectivity highlighted amongst its best attributes.
- The demise includes a five storey car park let to John Lewis Plc offering 345 spaces with direct access to JLP and Cheltenham town centre.
- Large basement void offering an immediate letting opportunity to increase the income yield.
- The property produces a current net income of £1,776,142 pa.

PROPOSAL

The vendors are **seeking offers in excess of £24,000,000** (Twenty Four Million Pounds) subject to contract and exclusive of VAT for the benefit of the freehold interest, which would reflect a net initial yield of 6.92% net of standard purchasers costs, increasing to c.7.90% on completion of a letting of the basement space.





CHELTENHAM LOCATION

Cheltenham is a Regency Spa town in Gloucestershire, situated in the Cotswolds in south west England. The town is internationally renowned and is home to the world famous Cheltenham race course. Cheltenham is located approximately 40 miles north east of Bristol, 40 miles south of Birmingham and 88 miles west of London.



The town has strong communication links with the A40 running through the town centre, which connects to the M40 east and provides access into London. Junctions 10 and 11 of the M5 motorway are approximately 3.5 miles north west and west of the town centre respectively, providing direct access to Birmingham, Bristol and beyond.



Cheltenham Spa Station provides services to London Paddington with a journey time of approximately two hours. Regular services also operate to Bristol, Birmingham, Manchester and Glasgow.



London Heathrow Airport is located 84 miles south east of Cheltenham, while Birmingham Airport is located 40 miles to the north and Bristol Airport 44 miles to the south west.



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Let to the undoubted covenant of John Lewis Plc with an Experian score of 100 for over 19.6 years

DEMOGRAPHIC PROFILE

PMA estimates the consumer base of Cheltenham to be 467,000 people, ranking the town in the upper quartile of the Promis centres (Cheltenham Promis 26/01/2023). The estimated shopping population is 255,000 people. Cheltenham has a moderately affluent catchment population with a significantly above average proportion of adults of working age categorised within the affluent achievers social group. Reflecting the demographic profile and spending habits for the catchment population, the capital retail spending levels are above the Promis average ranking 40th of the 200 Promis centres.

Cheltenham attracts a vast number of tourists due to the numerous town centre attractions, 30 plus significant festivals and the renowned annual Cheltenham festival, the most prestigious jump racing event of the year, with the grand finale, the legendary Gold Cup. In 2019 the number of visitors to Cheltenham grew to 2.39million, an increase of 7% on the previous year. Tourism was estimated to have boosted the local economy by over £172,000,000 in 2019, a growth of 18% on the previous 5 years.

Key employers in finance include Chelsea Building Society, Endsleigh Insurance and Zurich financial services. Large public sector employers include Gloucestershire Hospitals NHS Foundation Trust, UCAS and Government Communications Headquarters(GCHQ), which employs over 4500 people. GE Aviation employs around 3,000 staff.

RETAILING IN CHELTENHAM

Cheltenham has approximately 1.3 million sq ft of retail floor space, ranking the town 53 of the 200 Promis centres on this measure. Cheltenham is a top 30 shopping venue according to Javelin Groups Venue score ranking, making it comparable with cities such as Cambridge and Exeter.

The central shopping area comprises the High Street, together with a number of streets running perpendicular from it. Promenade and Regent Street are the principal streets to the south, while North Street, Pittville Street and Winchcombe Street are the main streets to the north. Pedestrian areas include the northern section of Regent Street and part of Promenade and High Street. Cheltenham has a quality retail offering with only one managed shopping centre, the Canada Life owned Regent Arcade, which has over 185,000 sq ft of retail floor space anchored by H&M. The former House of Fraser store has frontages to Promenade and Regent's Arcade and will be reconfigured as a

hotel and residential development with a new and reduced format retail/F&B accommodation at ground floor. We understand planning will be submitted in mid 2023 with a view to the development commencing in 2024.

Cheltenham's primary leisure offer is the Brewery Quarter on Henrietta Street to the rear of High Street, which opened in 2006. The scheme is anchored by a large Cineworld Cinema, alongside a selection of retailers and restaurants including Wilko, Urban Outfitters, Soho Coffee Company, Tesco Express, Brewdog and Nando's.



SITUATION

The property occupies a prime retail location fronting the pedestrianised High Street. The retail frontage sits to the south of the Regent Arcade shopping centre and close to the Junction of High Street with Winchcombe Street.





DESCRIPTION

The property comprises a purpose built John Lewis Department Store arranged over ground and first floor, together with a vendors basement void area, which is accessed from a self contained entrance on Albion Street. The JLP demise includes a multi-storey car park, arranged over 5 storeys and offering 345 spaces. The car park is accessed via Albion Street to the rear of the store which is accessed from the main ring road. The car park provides direct access into the JLP Department Store and Cheltenham town Centre.

The property is located in Cheltenham's central conservation area. The store and car park occupy a site area of c.2.5 acres.



ACCOMMODATION

The store has been surveyed by Plowman Craven and offers the following approximate GIA areas:

JLP STORE

Ground Floor Sales GIA	89,400 sq ft	8,305.5 sq m
First Floor Sales/Ancillary GIA	64,101 sq ft	5,955.2 sq m
Total Floor Area	153,501 sq ft	14,260.7 sq m

LANDLORDS BASEMENT VOID

Ground Floor Lobby		
Basement GIA	25,662 sq ft	2,384 sq m
Total Floor Area	25,662 sq ft	2,384 sq m

MULTI-STOREY CAR PARK

The car park comprises 345 spaces over five levels and is open 7 days a week from 06:00 – 21:30. It is operated by CitiPark on behalf of JLP. The car park charges can be viewed on the Citipark website.



Purpose built store developed in 2017 with a BREEAM rating of "GOOD" and an EPC B rating.

TENANCIES

The store and car park are let to John Lewis Plc, (company number 233462) on a 25 year full repairing and insuring lease from 29th September 2017. The basic rent passing on the main retail store is £1,466,080 pa, subject to a turnover rent based on 2.5% of turnover, if this exceeds the basic rent.

The property is subject to 5 yearly, turnover-linked, upward only rent reviews. The tenant has three options to extend the term by 10 years. On assignment there is provision for an AGA if reasonable and a guarantor if reasonable.

The car park is included within the JLP demise and is run by CitiPark on behalf of JLP. The vendor receives all of the net revenue from £0 up to and including £400,000, 75% between £400,000 to and including £475,000 and 60% of the net revenue over £475,000 pa.

The net revenue for the car park for the year ending January 2022 was £275,241 pa.

The total current rent passing for the JLP store and JLP car park is currently £1,741,321 pa. While the basement is included in the overall JLP demise, it is not rentalised and is underlet back to the freeholder for a term of 25 years (less one day) from 29th September 2017 for a peppercorn rent. The lease is inside the Landlord & Tenant Act 1954 and subject to JLP exercising their contractual renewal option, there are landlord and tenant options to renew to 29th September 2072.

The vendors basement void is still available, although an offer has been received from a multiple leisure operator at a rent of £250,000 pa, for a 15 year lease with indexation and a package of incentives. Further information is available from this office. There are no shortfalls attached to this space which is offered in a shell specification.

The current position is set out in the table opposite.

TRADING PERFORMANCE

Turnover information available on request subject to a signed NDA.

The 2023 Rating Revaluation has reduced the rates payable on the store by 21%.

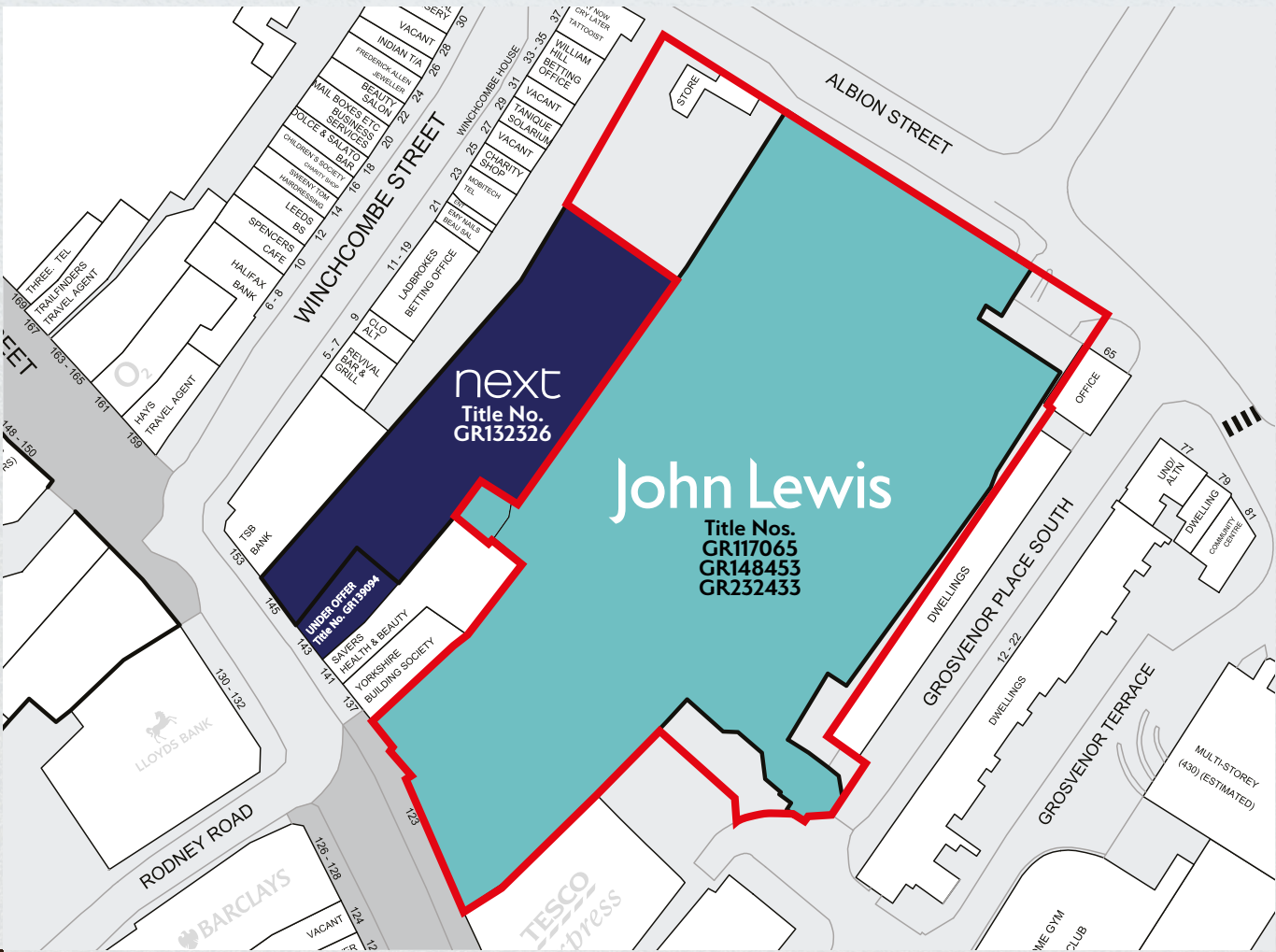


Address	Floor Area (Sq ft)	Tenant Expiry	Lease Start	Lease Expiry	Rent	Comments
123 High Street JLP store and car park	153,501 sq ft	John Lewis Plc	29/09/2017	28/09/2042	£1,741,321	Car park area is excluded from floor area.
Roof Telecom Mast		Cornerstone Telecommunications Infrastructure Ltd		19/02/2019	£17,023	Tenant holding over paying rent.
Roof Telecom Mast		EE Ltd and Hutchison 3G UK Ltd		19/02/2019	£17,798	Tenant holding over paying rent.
Basement Void	25,662 sq ft				£0	No shortfalls. Discussions underway with a leisure operator.
Total Area	179,163 sq ft			Total Rent	£1,776,142 pa	



TENURE

Freehold. We have highlighted the extent of the freehold ownership in red on the plan. In addition, we have also highlighted our clients additional freehold holdings in blue, which could be made available by separate negotiation.



TENANT COVENANT



John Lewis and Partners is a brand of high end department and food stores operating throughout the United Kingdom.

The John Lewis Partnership is the UK's largest employee owned business and parent company of their two retail brands - John Lewis and Waitrose, which are owned in Trust by 80,000 partners. The company have 35 John Lewis Shops plus one outlet and 332 Waitrose Shops across the UK along with johnlewis.com and waitrose.com. The company also have two international sourcing offices, a soft furnishing factory, various distribution centres, 3 Waitrose & Partners cookery schools, a content production hub, heritage centre and their own Waitrose & Partners farm. The company was established over 100 years ago by John Spedan Lewis.

The company have an Experian credit score of 100/100 reflecting a very low risk and have published the following accounts information:

	29 Jan 2022	30 Jan 2021	25 Jan 2020
Turnover	£10,837,500,000	£10,771,800,000	£10,151,300,000
Pre Tax Profit	-£27,200,000	-£518,400,000	£145,300,000
Total Net Worth	£2,294,700,000	£1,449,500,000	£2,057,000,000

EPC

The property has the following EPC ratings and further information is available on request.

JLP demise - B31

Basement demise - B50

VAT

The property is registered for VAT purposes and it is expected that the investment sale will be treated as a Transfer Of a Going Concern (TOGC).

IDENTITY CHECKS

In order to comply with anti-money laundering legislation, the successful purchaser will be required to provide certain identification checks. The required documents will be confirmed and requested from the successful purchaser at the relevant time.

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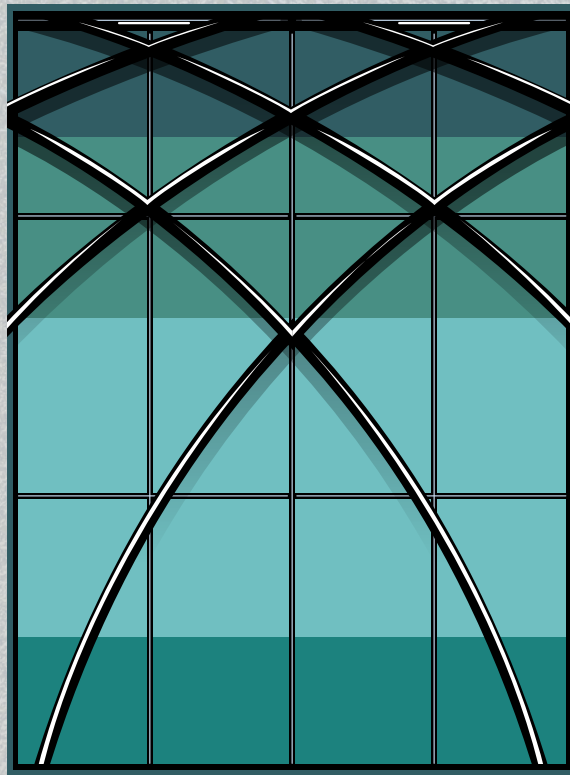
FOR FURTHER INFORMATION, OR TO RAISE AN INSPECTION
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JACKSON
CRISS

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