



2-5 THE FRIARS — LEWES —

Prime South East High Yielding
Investment Opportunity

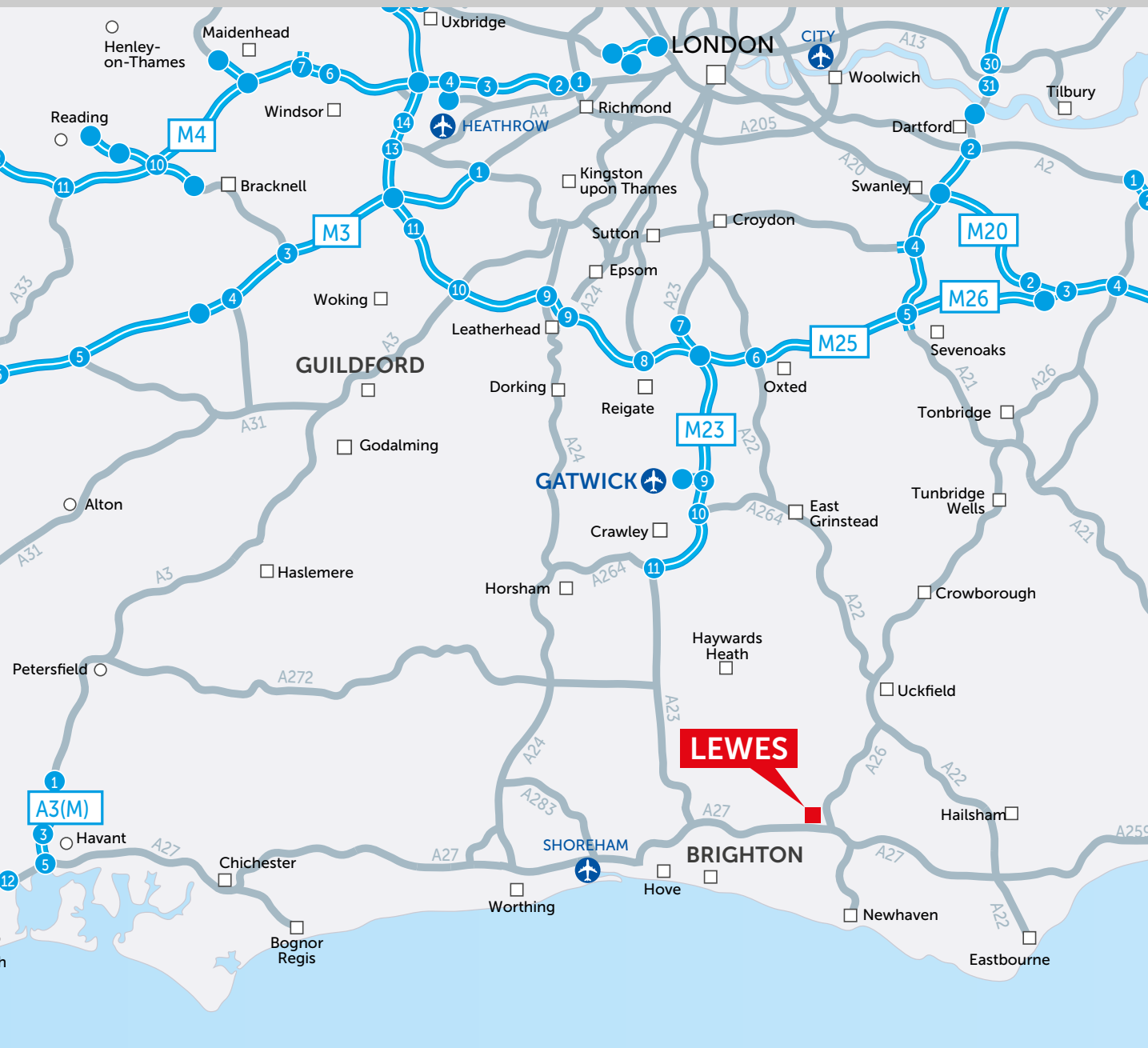


**Knight
Frank**



Investment Summary

- Lewes is an attractive and historic market town in East Sussex, located 8 miles north east of Brighton and approximately 57 miles south of London.
- The population of Lewes is highly affluent with 38.5% of the population being classed as 'Affluent Achievers' compared to the UK average of 22.2%.
- The town provides a diverse mix of national and independent retailers, including: White Stuff, Crew Clothing, Fat Face, and a strong A3 offer.
- The subject property occupies a **100% prime position** fronting the pedestrianised section of the High Street, known as 'The Friars', and benefits from being situated between a Waitrose foodstore and an 80 space car park.
- The property provides an attractive and prominent modern parade of four units providing a total of 13,025 sq ft of accommodation.
- **Freehold.**
- The property is multi-let to four strong tenants: **New Look, Paperchase, M&Co and Clarkes of Sussex.**
- **Weighted Average Unexpired Lease Term of 8.07 years (7.05 years to break).**
- Total rental income of £259,500 per annum and an Estimated Rental Value of £269,000.
- We have been instructed to seek offers in the region of **£3,480,000 (Three Million Four Hundred and Eighty Thousand Pounds)**, subject to contract and exclusive of VAT. This reflects an attractive **Net Initial Yield of 7.00%** and a **Reversionary Yield of 7.27% (06/2020)**, after allowing for purchaser's costs of 6.50%.



Location

Lewes is the County Town of East Sussex and is located 8 miles to the north east of Brighton and 57 miles south of London. Lewes benefits from excellent road communications being situated on the A27 which provides direct access to Brighton in 22 minutes (8.7 miles) and Portsmouth, giving access to the A3 / M27. The centre also benefits from excellent road links to the M23 providing access to Gatwick and London.

Lewes also benefits from a direct, regular train service to London Victoria and London Bridge taking approximately 1 hour and 15 minutes and running every 27 minutes. Gatwick Airport is also very accessible being just 42 minutes (34 miles) from the centre of Lewes and provides regular flights to destinations worldwide.

Demographics

Lewes is a thriving town with an affluent population of approximately 17,000 and a district catchment population of approximately 90,000 residents. The affluence of the population is demonstrated with 30.1% of the population being classed within 'AB' social group compared to the UK average of 22.3%. Furthermore, 38.5% of the population are classed as 'Affluent Achievers' (22.2% UK average) and 37% of households are within the 'Executive Wealth' and 'Mature Money' social bands (21% UK average).

The town's regular and quick train service has seen Lewes become popular with commuters which has resulted in significant house price growth.

Lewes also attracts a large number of tourists who come to see the Harveys Brewery and the historic buildings, including the Saxon Grade II listed Lewes Castle. The famous Glyndebourne Opera house is also located just 8 minutes away (3.6 miles), bringing thousands of visitors to the area.

The Daily Telegraph named Lewes as the top new "Super Town" in 2015 after seeing residential values rise by 53% between 2004 - 2014



Retailing in Lewes

The principal retailing pitch in Lewes is centred on the pedestrianised The Friars, on which the subject property is located, and extends to the High Street. The retail offer provides an excellent mix of national and local independent retailers. National retailers include: White Stuff, Crew Clothing, Fat Face, New Look, Waterstones and Laura Ashley. The town also has a strong A3 presence with Bills Café, ASK, Pizza Express and Prezzo all being represented, as well as a number of local pubs close to the Harveys Brewery.

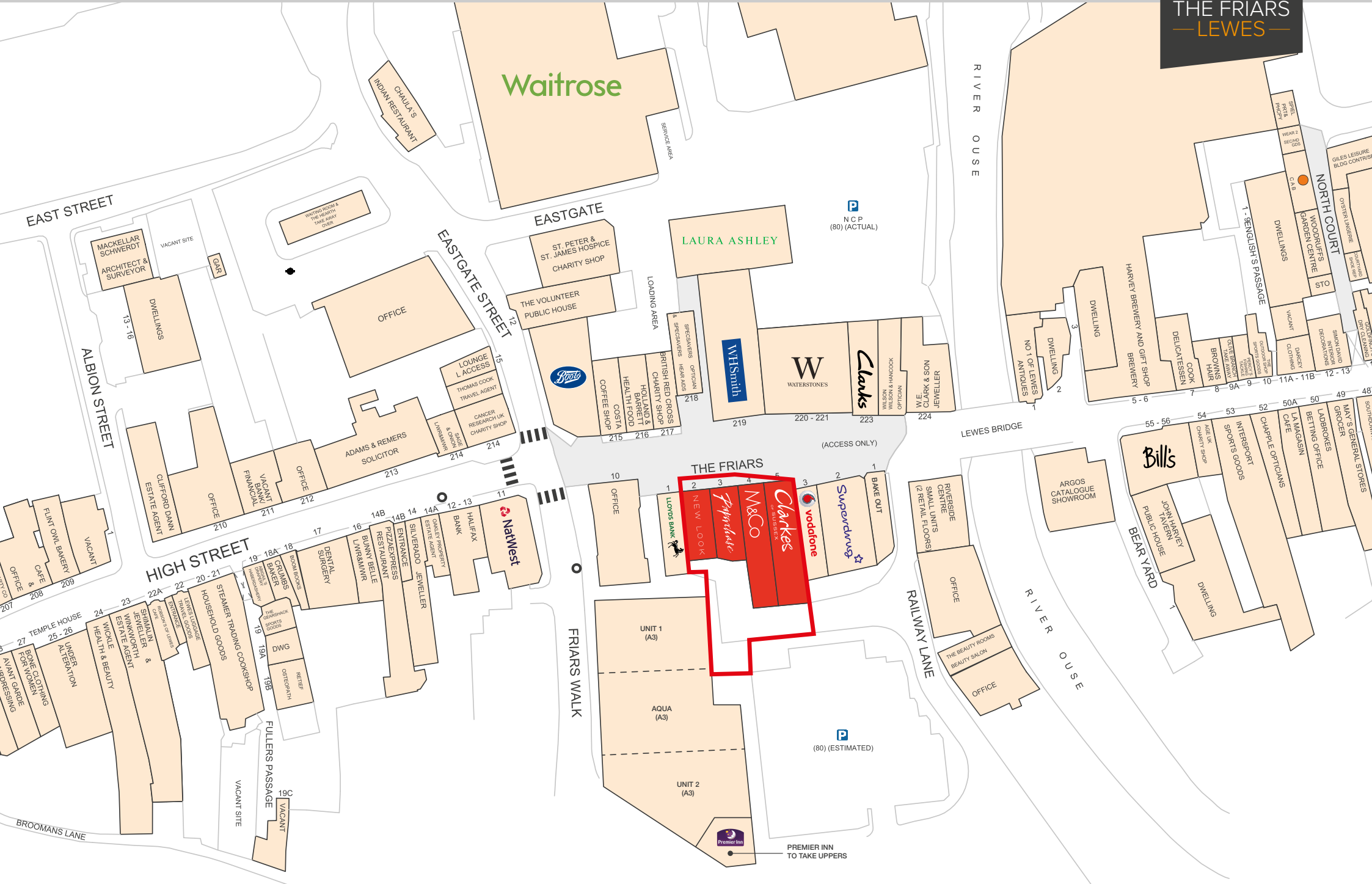
Lewes is also undergoing major investment with a new Premier Inn that opened in August 2016 on Friars Walk, located directly south of the subject property. This development will also include three retail units, one being pre-let to Aqua, with the other two being designated for A3 use. In addition, the North Street industrial park, located approximately 550 metres to the north of the High Street, is being redeveloped to provide 416 new homes and 145,000 sq ft of principally industrial and office accommodation with a small element of retail, providing 100 new jobs. The scheme has been approved and is the largest development in the South Downs with completion due in 2020.

Retailing is focussed in the town centre with no Open A1 out of town competition.

Situation

The subject property occupies a 100% prime position fronting the pedestrianised part of the High Street, known as 'The Friars'. National retailers in the immediate vicinity include: Waterstones, Superdrug, Boots, Costa Coffee, Clarks Shoes and Holland & Barrett. The property benefits from being situated between an 80 space car park (to the south) and a 60 space (to the north) aligned to Waitrose.







Description

The subject property offers an attractive and highly prominent, modern terraced block of four units dating from the early 1990s providing 28.4 metres (gross) of frontage onto The Friars. Each unit is arranged over ground and first floor with Units 4 & 5 currently configured to provide sales accommodation over both floors. The property also benefits from servicing, via Railway Lane.



Accommodation Schedule

The property has the following net internal floor areas:

Unit	Ground Floor				ITZA (Units)	First Floor				Total NIA	
	Ground Floor Sales		Ground Floor Ancillary			First Floor Sales		First Floor Ancillary			
	(Sq m)	(Sq ft)	(Sq m)	(Sq ft)		(Sq m)	(Sq ft)	(Sq m)	(Sq ft)	(Sq m)	(Sq ft)
Unit 2 (New Look)	106	1,141	-	-	677	-	-	128.4	1,382	234.4	2,523
Unit 3 (Paperchase)	115	1,238	-	-	687	-	-	129.0	1,388	244	2,626
Unit 4 (M & Co)	198.8	2,140	10.6	114	913	89.2	961	57.2	615	355.8	3,830
Unit 5 (Clarkes)	196.4	2,114	19.2	207	925	160.2	1,725	-	-	376	4,046
Total	616.2	6,633	29.8	321		249	2,686	314.6	3,385	1,210.2	13,025

Tenure

The property is held Freehold.

Tenancies

Unit	Tenant	Lease Start	Lease Expiry	Next Rent Review (Break option)	Rent per annum (£ZA)	ERV per annum (£ZA)	Comments
Unit 2, The Friars	New Look Retailers Ltd	24/06/2015	23/06/2025	24/06/2020 (23/06/2020)	£53,000 (£73.20)	£54,000 (£75.00)	EPC - D99
Unit 3, The Friars	Paperchase Products Ltd	18/03/2013	17/03/2023	18/03/2018	£55,000 (£75.00)	£55,000 (£75.00)	EPC - E103
Unit 4, The Friars	Mackays Stores Ltd (t/a M&Co)	29/09/1989	28/09/2015		£71,500 (£68.40)	£78,000 (£75.00)	<ul style="list-style-type: none"> • 10 yr lease renewal agreed at £72,750 pa (£70 ZA). 6 months rent free. Rent review capped at 10% increase. • EPC - D86
Unit 5, The Friars	Tannegate Ltd (t/a Clarkes of Sussex)	21/06/2013	20/06/2023	21/06/2018	£80,000 (£71.90)	£83,000 (£75.00)	EPC - D93
Total					£259,500	£269,000	

The property provides an attractive Weighted Average Unexpired Lease Term of 8.07 years (7.05 years to break) assuming completion of M&Co lease renewal.

Estimated Rental Value

Lewes is a tight town with limited availability and well configured units on the prime pitch rarely become available. Units that have been marketed recently have seen multiple offers and we are aware of a unit on secondary Cliffe High Street, achieving a rent reflecting approximately £100 per sq ft Zone A.

The best rental evidence is within the subject property with the most recent open market letting to Paperchase at a rent reflecting £75.00 per sq ft Zone A and lease renewals to New Look and M&Co at rents reflecting between £70 ZA - £73.20 ZA. We are of the opinion that each unit commands an ERV of £75.00 per sq ft Zone A, with the property providing a total ERV of £269,000.

Covenants

Address	Tenant (T/A)	Percentage of Income	D&B Rating	Financial Year End Date	Turnover	Profit (Loss)	Tangible Net Worth	Comments
No. 2, The Friars, Lewes	New Look Retailers Limited	20%	5A1 (Represents a minimum risk of business failure)	28 Mar 2015 28 Mar 2014 28 Mar 2013	£1,310,401,000 £1,273,813,000 £1,248,464,000	£145,471,000 £116,956,000 £121,909,000	£307,168,000 £255,991,000 £1,143,242,000	New Look was founded in 1969 and has grown to be a recognised fashion brand, with 569 stores in the UK and over 200 across Europe, China and Asia. The website ships to around 120 countries world-wide generating 14% of revenues.
No. 3, The Friars, Lewes	Paperchase Products Ltd	21%	4A1 (Represents a minimum risk of business failure)	31 Jan 2015 1 Feb 2014 2 Feb 2013	£102,626,000 £95,849,000 £84,891,000	£3,577,000 £741,000 £629,000	£23,687,000 £20,758,000 £20,195,000	Paperchase was founded over 40 years ago and currently operates over 130 stores in the UK, along with over 30 sites across Ireland, Netherlands, Denmark, France, Germany and the Middle East.
No. 4, The Friars, Lewes	Mackays Stores Limited (t/a M&Co)	28%	4A2 (Represents a lower than average risk of business failure.)	20 Feb 2015 21 Feb 2014 22 Feb 2013	£160,403,000 £158,289,000 £168,911,000	(£3,481,000) £2,000 (£5,262,000)	£27,374,000 £29,482,000 £32,130,000	Mackays first opened 50 years ago and the current chain has grown from 6 stores to almost 300. They current employ more than 3,900 staff.
No. 5, The Friars, Lewes	Tannegate Limited (t/a Clarkes of Sussex)	31%	2A1 (Represents a minimum risk of business failure)	31 Dec 2015 31 Dec 2014 31 Dec 2013	N/A	N/A	£2,309,750 £2,140,918 £1,935,352	Clarkes of Sussex is a family-owned business operating from 6 branches across Sussex providing stationery, artist materials, greeting cards and toys.

VAT

The property has been elected for VAT and any disposal will be treated as a Transfer of a Going Concern (TOGC).

EPCs

Please see tenancy schedule. Further details are available on request.

Proposal

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Contacts

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