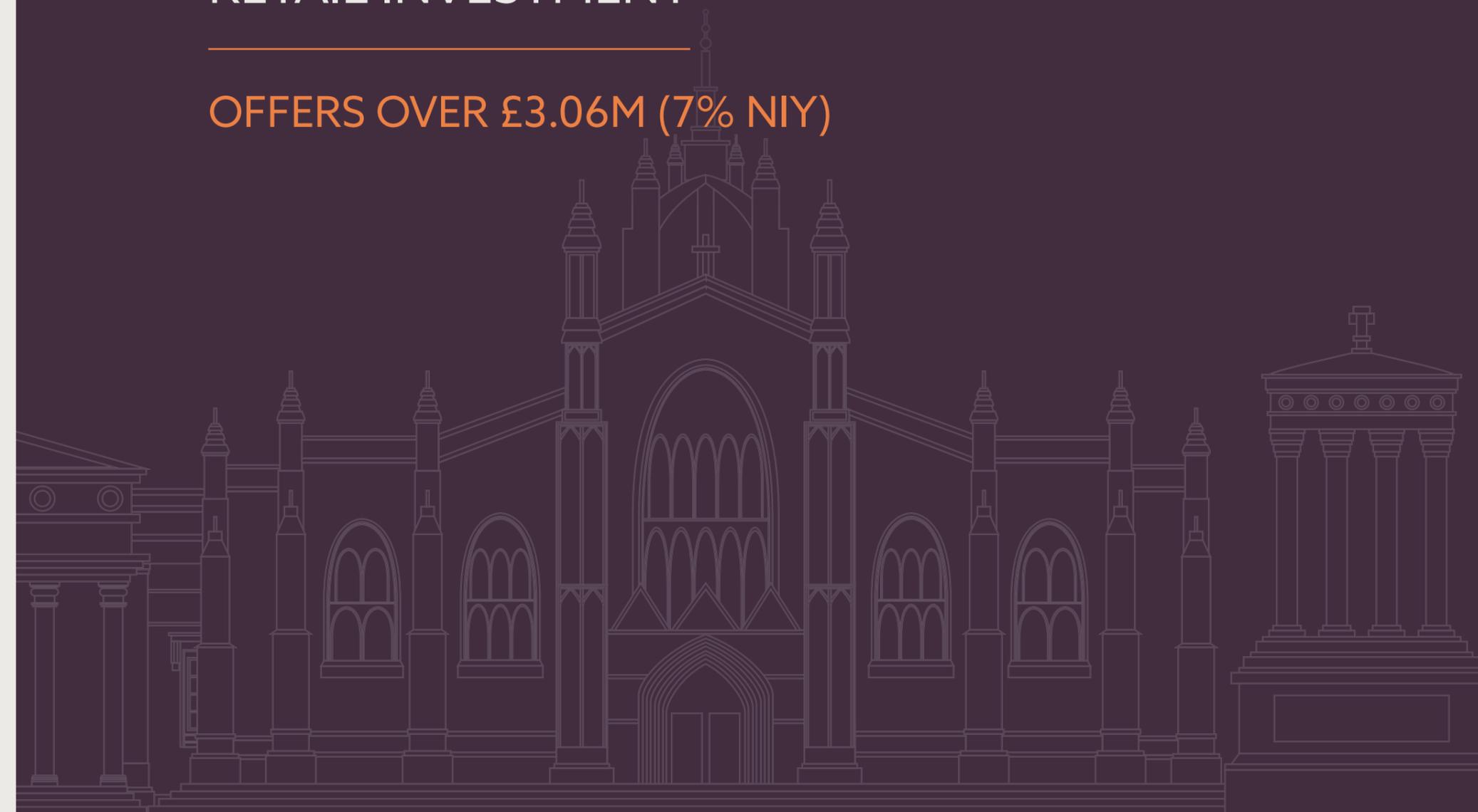


113 PRINCES STREET EDINBURGH

FOR SALE
PRIME EDINBURGH CITY CENTRE
RETAIL INVESTMENT

OFFERS OVER £3.06M (7% NIY)





Investment Summary

- Rare opportunity to acquire a prime retail unit in the heart of Edinburgh city centre on Princes Street
- Princes Street is Edinburgh's prime retailing thoroughfare and benefits from the highest footfall in the city centre, estimated at circa 12 million per year
- Let to Beaconsfield Footwear Limited trading as Hotter Shoes - 5A1 D&B
- Established business since 1956 with a Net Worth of c.£37 million
- Total passing rent of £228,000 per annum (£215.70/sqft Zone A)
- Genuine opportunity for further rental growth with recent lettings on Princes Street achieving in excess of £250/sqft Zone A
- Lease recently extended until 2023, demonstrating commitment to the pitch
- Offers over £3.06m are invited, exclusive of VAT. A purchase at this level reflects an attractive net initial yield of 7% assuming purchasers' costs, including Land & Buildings Transaction Tax (LBTT) at 6.42%

Princes Street is Edinburgh's prime retailing thoroughfare and benefits from the highest footfall in the city centre, estimated at circa 12 million per year

Edinburgh

Edinburgh has a population of 495,000 within the city, increasing to 1.6 million within the Lothian catchment area. It is the most prosperous regional city in the UK and its workforce is one of the most highly educated in the UK with 45.3% holding a degree or professional qualification.

The city's financial and business centre is extremely diverse and the city is home to more FTSE 100 companies than any other city in the UK outside London. The city weathered the financial uncertainties of recent years well, with a number of new entrants gaining significant representation as well as existing companies expanding. New entrants include Virgin Money, Tesco Bank, Amazon, Avaloq and the Green Investment Bank.

Financial services continue to be a major facet of the Scottish economy and account for up to one in ten Scottish jobs. Edinburgh also has a world class reputation for enterprise in areas such as information technology and software development, biotechnology and life sciences.

The city has a strong educational heritage, boasting four universities, providing an educational hub for over 1,000,000 students, including more than 156,000

international students, making it the most popular destination for overseas students wishing to study at universities in the UK outside London.

The city benefits from excellent communication links; Edinburgh Airport is the fifth largest international airport in the UK and is located 8 miles west of the city centre. Over 50 airlines operate from Edinburgh Airport which fly to 120 destinations across 29 countries.

Furthermore, the city boasts 2 iconic train stations, Waverley and Haymarket, both of which are a short walking distance from Princes Street. Both Stations provide direct services to and from London and are easily reached from other main English towns and cities as well as providing services to all major Scottish centres. The new tram system commenced operations in May 2014 and connects the Airport and the west of Edinburgh to the city centre.



“The city has a strong educational heritage, boasting four universities, providing an educational hub for over 1000,000 students, including more than 156,000 international students”

Situation

The subject property occupies a 100% prime retailing location on Princes Street on the pitch between Castle Street and Frederick Street. Retailers in the proximity include Vodafone, Debenhams, Boots, Lush and Levi Jeans. Princes Street is the traditional prime retailing thoroughfare in Edinburgh and benefits from the highest footfall, estimated at circa 12 million per year.

Retailing in Edinburgh

Edinburgh is the dominant retail centre for the east of central Scotland with 2,500 retail outlets and consumer expenditure of £970million. The city centre has a compact prime retail centre with an estimated floor space of 2.09 million sqft. The traditional prime retailing streets within Edinburgh are Princes Street and George Street. The vacancy rate of retail in Edinburgh City Centre is very low at only 7.5%.

Edinburgh's retail profile has been enhanced in recent years with an influx of continental and high end retailers taking space within the city centre. The discount fashion operator Primark opened a flagship store in December 2011.

Hollister opened a new store on George Street in 2012 and Apple opened their only store in Edinburgh on Princes Street in 2014.

Other notable additions to the city centre include Anthropologie, LuLu Lemon, Charles Tyrwhitt, Kooples, Burberry, Michael Kors, Kurt Geiger, Urban Outfitters, Pepperberry, Hugo Boss, Tommy Hilfiger, North Face amongst many more.

Princes Street is unique insofar it only has an active frontage on a single (north) side of the street, with spectacular views over Princes Street Gardens and Edinburgh Castle.

There is strong tenant demand for retail units on Princes Street and this combined with a lack of available space has pushed Zone A rates in excess of £230/Sqft for the street. Therefore the subjects provide an excellent opportunity for future rental growth.



Edinburgh Transport Connections

Edinburgh is the most visited tourist and commercial destination in the UK after London, with an exceptional transport and communications network connecting it both internationally and with other cities throughout the UK.

Road

Edinburgh benefits from access to the national motorway network. The city is served by the M8 and M9 from the West (Glasgow and Livingston), the M90/A9 from the North (Aberdeen and Inverness) and the A1/A7 from the South/South East (East Lothian, the Borders and Newcastle).

Rail

The city centre is served by Edinburgh Waverley and Haymarket rail stations. Edinburgh Waverley, the city's principal rail is Scotland's second busiest rail station with in excess of 21 million entries/exits in the year to December 2015 (ORR). Both Edinburgh Waverley and Haymarket rail stations have benefitted from recently multi-million pound refurbishments and upgrading programmes to keep pace with increased passenger demand.

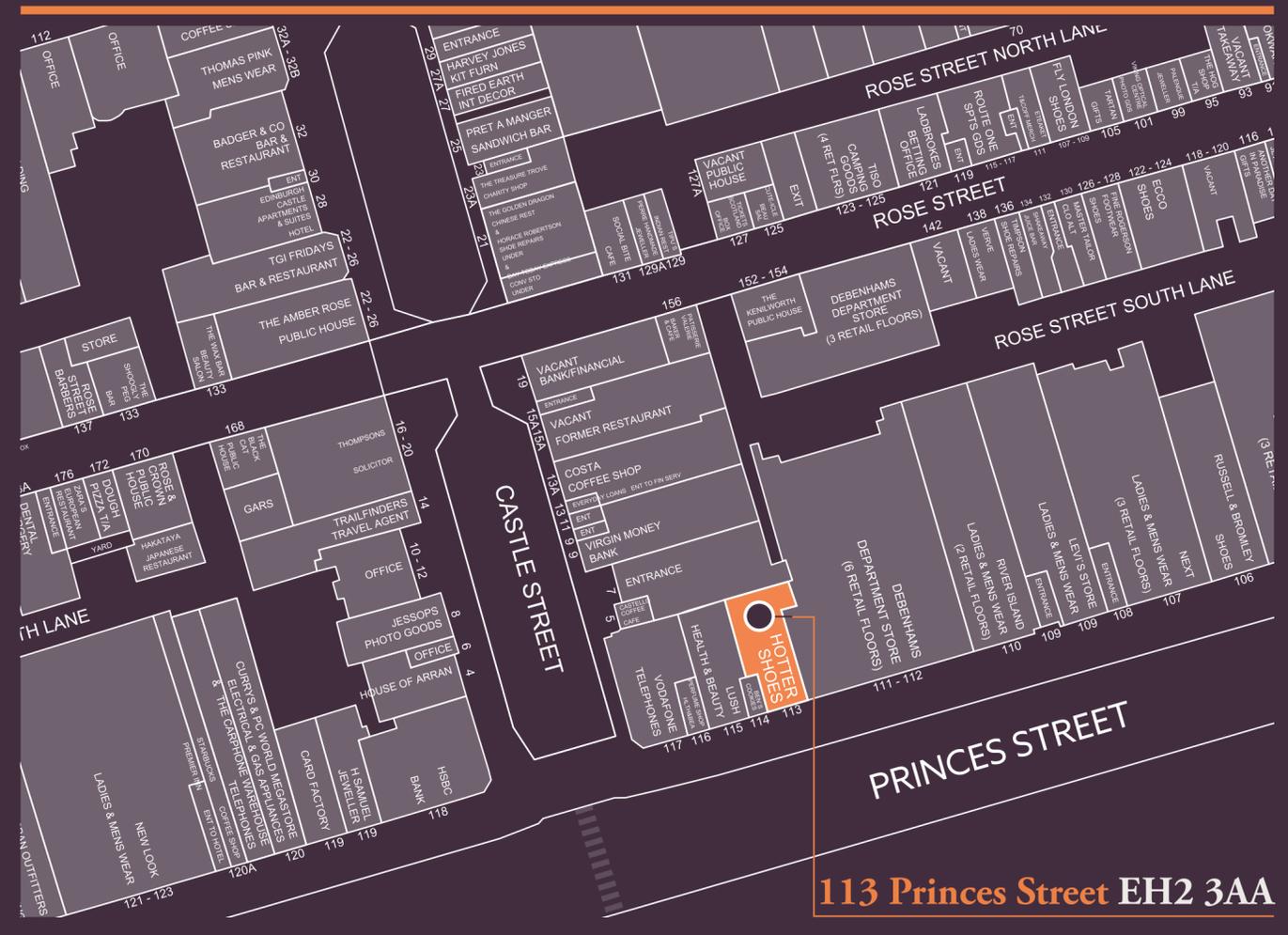
Edinburgh Waverley provides direct train services to and from London via the East Coast main line and also provides easy access to and from other key English towns and cities, as well as providing services to all major Scottish cities.

Tram

The city's new tram system began operating in May 2014 connecting Edinburgh Airport with Edinburgh Park. Haymarket Station and Princes Street, with services terminating at York Place. In its second full year of operation 5.38 million passenger journeys were recorded on Edinburgh trams, representing an increase of over 9% on the previous year. Given this success, it is widely anticipated that the tram route will be extended from York Place down Leith Walk in the future.

Air

Edinburgh Airport is located only 8 miles from the city centre and is Scotland's busiest airport and the UK's sixth largest. Passenger numbers in 2015 increased by 9.4% to 11.13 million representing an average of 30,495 passengers per day.



113 Princes Street EH2 3AA

Description

The subject property is arranged over ground floor and basement and forms part of the wider mixed use block, 5-7 Castle Street and 114-117 Princes Street.

The subject property provides an extremely well configured retail unit. At ground floor the unit provides a sales area to the front with storage and staff areas at rear. The basement provides further storage accommodation. Internally, the property is fitted out in the corporate style of the tenant, Hotter Shoes.

In accordance with the Land Certificate, the proprietor of 113 Princes Street will have no responsibility for work relating to the roof.

Accommodation

We have measured the subject premises in accordance with the RICS Code of Measuring Practice (Sixth Edition) and would estimate that the subjects extend to the following areas and dimensions:

FLOOR/ZONE	SQFT	SQM	REDUCED FLOOR AREA SQFT	REDUCED FLOOR AREA SQM
Ground Floor NIA	1,442	133.96		
Basement NIA	593	55.09		
TOTAL NET INTERNAL AREA	2,035	189.05		
TOTAL ITZA			1,057	98.19



Tenancy

The property is let to Beaconsfield Footwear Limited trading as Hotter Shoes on a FRI Lease from 11 June 2012 expiring on 30th September 2023 at a current passing rent of £228,000 per annum (£215.70/sq ft Zone A). The tenant recently agreed to remove a break option (wef June 2018) and the lease was varied to extend the term certain by 5 years.

Princes Street has experienced substantial rental growth over the past 18 months. Over this period prime rental rates have increased from £185/sqft Zone A to £255/sqft Zone A. Recent lettings on smaller units reflect even higher levels. Recent lettings to Smiggle (42 Princes Street) and London Gift Co (44 Princes Street) reflect headline rates of £285/sqft Zone A and £281.43/sqft Zone A. In 2017, Three agreed a lease renewal over 74 Princes Street at a rent reflecting £285.19/sqft Zone A. Rent reviews are now being agreed at circa £250/sqft Zone A. A recent example is the Romanes & Patterson where the rent was recently reviewed to reflect £250/sqft Zone A wef January 2017.

A table of evidence is detailed below;

ADDRESS	TRANSACTION	DATE	RENT	ZONE A	COMMENTS
44 Princes Street (London Gift Co)	OML	Q4 2017	£150,000	£281.43	10 year lease with 3 months rent free
74 Princes Street (Three)	LR	Q3 2017	£235,000	£285.19	10 year extension with a TBO in year 6
99a Princes Street (Cath Kidston)	OML	Q2 2017	£350,000	£255.00	6 months rent free
42 Princes Street (Smiggle)	OML	Q1 2017	£140,000	£285.00	10 year lease with 3 months rent free
94 Princes Street (Kiko)	OML	Q2 2017	£280,000	£284.00	10 year lease

Covenant

Beaconsfield Footwear Limited has a Dun & Bradstreet rating of 5A1. For the year ending 29 January 2017 the company reported Sales Turnover in excess of £97 million and a profit before tax of £4.315 million and a Net Worth of £37 million.

The company was established in 1959 and today employs approx. 913 people.

Tenure

The property is held on a heritable title (Scottish equivalent of English freehold).

Proposal

Offers over £3.06m (Three Million, Sixty Thousand Pounds) are invited, exclusive of VAT.

A purchase at this level reflects an attractive net initial yield of 7% assuming purchasers' costs, including Land & Buildings Transaction Tax (LBTT) at 6.42%

EPC

We are advised that the Energy Performance Rating of the property is G.

VAT

Our client has elected to waive exemption for VAT and accordingly VAT will be payable on the purchase price, although we anticipate the sale will be dealt with by way of a Transfer of Going Concern (TOGC).

Legal

Each party will be responsible for their own legal costs incurred in connection with the transaction.

Viewing & Further Information

Please contact the sole selling agents:



Sheridan Property Consultants

37 ONE
37 George Street
Edinburgh
EH2 2HN

Tel: 0131 300 0296

10 Fitzroy Square
London
W1T 5HP

Tel: 0207 112 8046

Stewart Sheridan:

Tel: 07740 940898

Email: stewart@sheridanproperty.co.uk

Cathal Keane:

Tel: 07808 627224

Email: cathal@sheridanproperty.co.uk

Graeme Millar:

Tel: 07523 512804

Email: graeme@sheridanproperty.co.uk

Noel Tiffney:

Tel: 07870-999799

Email: noel@sheridanproperty.co.uk

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