

# 1 EAST PARADE & 8 ST PAUL'S STREET

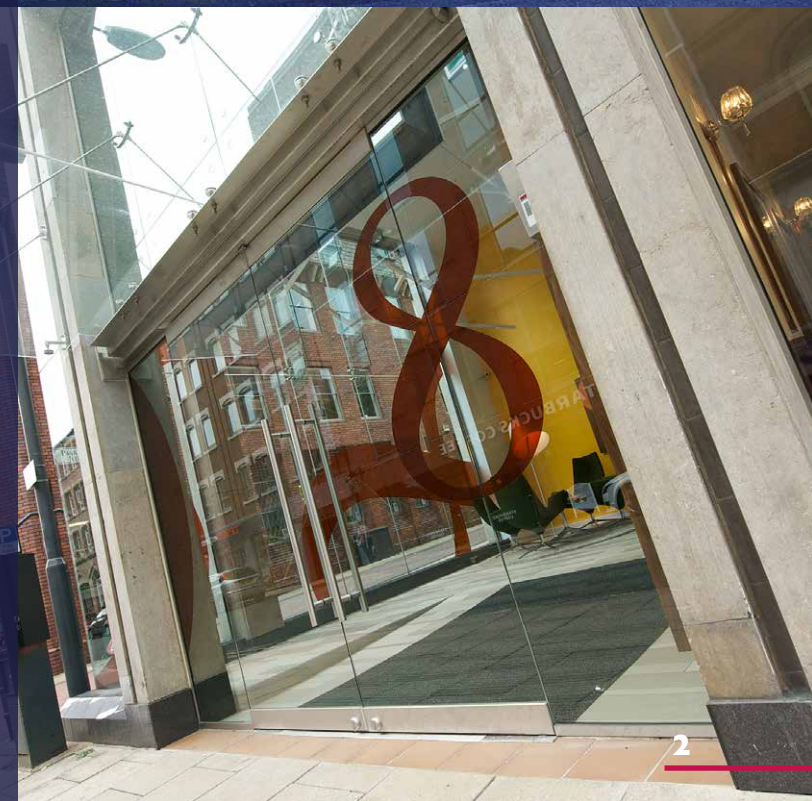
LEEDS LS1 2AA

Landmark City Centre  
Investment Opportunity



# INVESTMENT SUMMARY

- Rare investment opportunity to acquire a landmark office building in the heart of Leeds' core office location.
- The property comprises **67,456 sq ft of office accommodation and retail accommodation**. This is split between 48,458 of office space in 1 East Parade and 15,888 of office space and 3,110 retail space in 8 St Paul's Street.
- 31% vacancy providing excellent asset management opportunity.
- The property is multi-let to 11 tenants, providing an average weighted unexpired lease term of **2.80 years to break and 4.26 years to expiries**.
- Total net passing rent of **£933,302 per annum**, reflecting an average rent of £19.59 psf on the let office accommodation.
- Prime rents in Leeds currently stand at £27.00 per sq ft providing excellent opportunity to drive rental value.
- 94% of the income secured against tenants of below average risk of failure or better.
- 51 car-parking spaces.
- **Freehold.**
- We are instructed to seek offers in excess of **£16,000,000 (Sixteen Million Pounds)**. Assuming **purchaser's costs of 6.73%**, an offer at this level would reflect:
  - **Triple Net Initial Yield** - **5.47%**
  - **Reversionary Yield** - **8.27% (Adopting ERVs on current void)**
  - **Reversionary Yield** - **8.71% (Adopting ERVs on the whole)**
  - **Capital Value** - **£237 psf**



# LOCATION

Leeds is the UK's third largest city with a population of 798,000 and a catchment of 3 million. It is the financial hub of Yorkshire and the north east and one of Europe's leading business locations. The Leeds City region has the fastest growing workforce in the UK and at 1.9 million, the workforce is the largest outside of London, with 31% educated to degree level.

Leeds is the registered base for over 109,000 companies and has an annual economic output worth £60.5 bn. The City is the second largest centre for financial services in the UK, after London. The City is home to 30 national and international banks, 150 legal firms including Eversheds, DLA Piper, Irwin Mitchell and 200 accountancy firms including Deloitte, KPMG and PWC.

Leeds is home to eight universities giving the city the largest concentration of universities in Europe, producing some 36,000 graduates a year.

**3<sup>rd</sup>** largest city in the U.K.

**798,000** population + 3m catchment

**60.5bn** economic output

**1.9m** workforce the largest outside of London and growing...

**8 universities** = **36,000** graduates per year

Financial hub of Yorkshire and the North East



# CONNECTIVITY

The City benefits from excellent connectivity to the rest of the UK and Europe, being at the heart of a number of network hubs.



## ROAD

Leeds benefits from excellent road communications with four major motorways within 10 miles of the city centre. The City lies on the M621, which provides direct access to the M1 and M62 motorways, 5.4 miles and 7 miles away respectively. The A1(M) also lies 10 miles to the east.

DESTINATION	DISTANCE
London	180 miles
Leeds Bradford Airport	7 miles
Sheffield	35 miles
Manchester	40 miles
Birmingham	120 miles



## RAIL

Leeds City Station is the busiest station in northern England with over 900 trains a day and serving almost 29 million passengers each year. It is served by the East Coast Main Line which provides services to London King's Cross, as well as a host of regional cities including Manchester, Sheffield, Newcastle, Edinburgh and Birmingham.

DESTINATION	TRAVEL TIMES
London	1hr 59 mins
Sheffield	40 mins
Manchester	49 mins
Birmingham	1hr 47 min
Newcastle	1hr 20 mins



## AIR

Leeds Bradford International Airport lies 7 miles to the north west of Leeds City Centre. The airport serves 80 national and international destinations - including four daily flights to London - for over 3.5 million passengers each year.

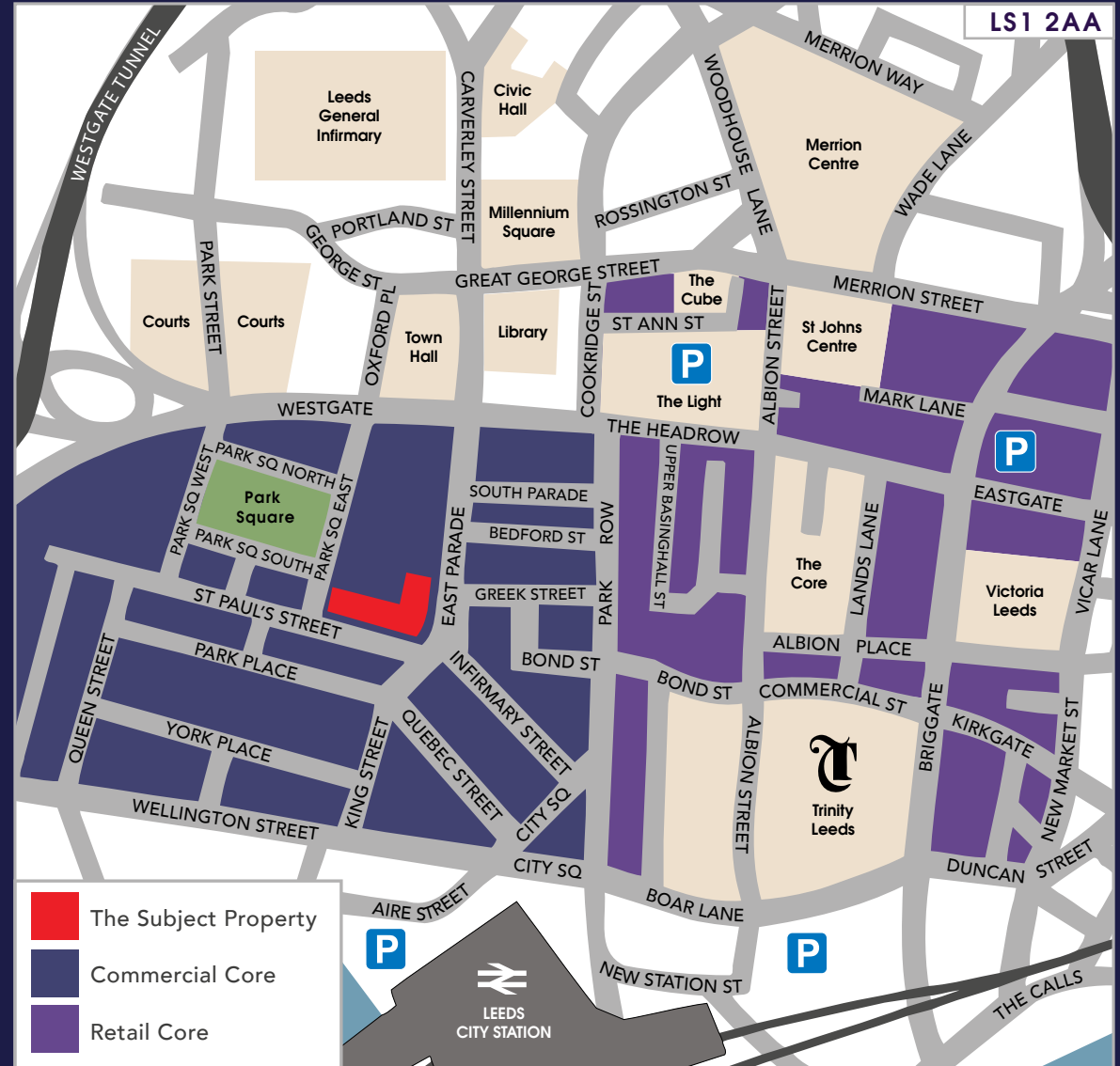
# SITUATION

1 East Parade & 8 St Paul's Street are situated in the heart of the commercial and financial district of Leeds City Centre, prominently positioned on the corner of the two streets, providing an excellent business location.

The property is well located for transport links with Leeds City Station 450m to the south. Leeds' Retail Quarter and primary shopping centre, Trinity Leeds, lies 500m to the east.

The property also lies close to a number of the bars, restaurants and cafés, including; The Alchemist, Iberica, Gusto, Stockdales, Ricci's, Black House, and San Carlo's.

The immediately surrounding area has attracted numerous high quality office occupiers including; Gateley's Solicitors, Bilfinger GVA, CBRE, Dentsu Aegis Network, Deloitte, Walker Morris and Pinsent Masons.



- AMENITIES
- NEARBY OCCUPIERS
- THE SUBJECT PROPERTY

THE SUBJECT  
PROPERTY

BOND COURT  
La Bottega Milanese,  
Costa, Jamie's Italian

CITY SQUARE  
Restaurant Bar & Grill,  
Banyan

PARK ROW  
Caffe Nero, Gauch  
The Decanter

TRINITY LEEDS

WALKER MORRIS

LEEDS TOWN HALL

GREEK STREET  
The Alchemist,  
Gusto, Carluccio's,  
Lost & Found

DELOITTE

PINSENT  
MASONS

YORKSHIRE BANK

VICTORIA LEEDS

BANK OF ENGLAND

HSBC

SOUTH PARADE  
San Carlo, Sukothai

DLA PIPER

PARK SQUARE

COMMERCIAL CORE

fd ARENA

RETAIL CORE



RAILWAY STATION



# THE PROPERTY

## 1 EAST PARADE

1 East Parade was constructed in the 1980s and provides one of Leeds' landmark office buildings in the City's prime office core. This prominent building provides high quality office accommodation over ground and seven upper floors, with secure basement parking.

The building has recently undergone a comprehensive refurbishment. This included an extension to the reception area, enhancing its prominence on East Parade. The reception leads to three passenger lifts which serve the upper floors.

The common areas and vacant accommodation all benefit from the recent refurbishment and following specification:

- Suspended ceiling incorporating LG7 Lighting
- 4 pipe fan coil cooling system
- Raised access floors
- High quality refurbished WC's and shower facilities

The property includes 27 secure basement car parking spaces at a ratio of 1:1,795 sq ft.



# THE PROPERTY

## 8 ST PAUL'S STREET

8 St Paul's Street comprises a mixed use building constructed in the 1970s. It provides two retail units at ground floor level and office accommodation over five upper floors.

The ground floor facade benefited from a substantial refurbishment in 2013. This included the installation of double-height glazing along the ground floor frontage creating two modern retail units as well as a contemporary and prominent double-height reception area.

Internally the building provides well-configured, regular office floor plates to the following specification:

- Full accessed raised floors
- Suspended ceiling incorporating LG7 lighting
- Comfort cooling
- Excellent natural light

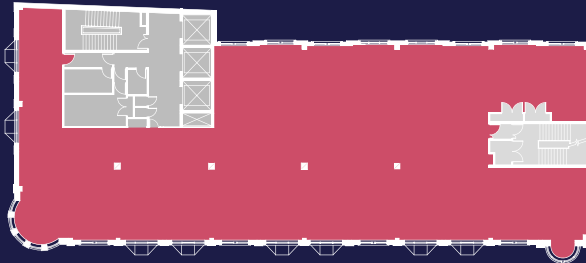
The property benefits from 24 secure surface level car parking spaces at a ratio of 1:792 sq ft.





# ACCOMMODATION

## 1 EAST PARADE



Typical Floor

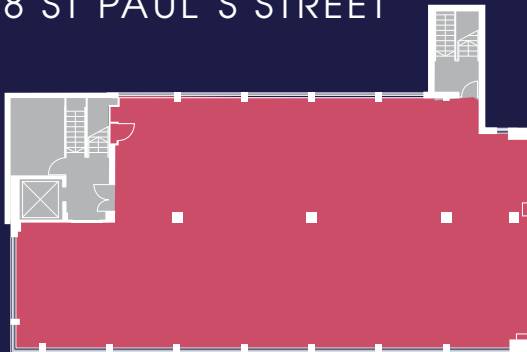
FLOOR	sq ft	sq m
Seventh	2,154	200.1
Sixth	6,513	605.1
Fifth	6,513	605.1
Fourth	6,614	614.4
Third	6,605	613.6
Second	7,366	684.3
First	7,096	659.2
Ground	5,428	504.3
Basement	169	15.7
<b>TOTAL</b>	<b>48,458</b>	<b>4,499.3</b>

\*Excludes 569 sq ft reception area



1 EAST PARADE

## 8 ST PAUL'S STREET



Typical Floor

FLOOR	sq ft	sq m
Fifth	3,481	323.4
Fourth	3,481	323.4
Third	3,479	323.2
Second	3,472	322.6
First	1,975	185.6
Ground	3,110	282.7
<b>TOTAL</b>	<b>18,998</b>	<b>1,764.9</b>

\*Excludes 327 sq ft reception area



8 ST PAUL'S STREET

# TENANCY SCHEDULE

The property is multi-let to 11 tenants, producing a gross passing rent of £943,621 per annum, of which 95% is generated by the office tenants and 5% by the retail income. The net passing rent is £933,302.

The leases provide an average weighted unexpired lease term of 2.80 years to break options and 4.26 years to lease expiries.

There is currently 20,587 sq ft of vacant office space, which represents 31% of the total floor area.

## 1 EAST PARADE

UNIT	TENANT NAME	FLR AREA SQ FT	LEASE START	LEASE EXPIRY	NEXT BREAK DATE	RENT REVIEW	CURRENT RENT (£)	CURRENT RENT (£ PSF)	ERV (£)	ERV (£ PSF)	LANDLORD SHORTFALLS	COMMENTS
7th Floor	Xalient Ltd	2,154	19/10/2016	18/10/2026	18/10/2021	19/10/2021	49,300	22.89	47,388	22.00		15 month RFP. Vendor to top up. 3 month break penalty. Schedule of condition.
Part 6th Floor & 3 CPS	Appleyard Lees IP LLP	4,500	06/05/2014	05/05/2024	06/05/2019	06/05/2019	91,850	19.63	99,000	22.00	£6,805	£3,500 of the rent is for the car-parking (split from epsf). Initial service charge cap of £32,500pa. Subject to annual RPI increases. Tenant break, 6 months notice. 9 months RF for non-exercising of break. Inside 1954 Act. Schedule of condition attached.
Part 6th Floor	2 Year Void Guarantee	2,013							44,286	22.00		Rates and service charge guarantee only.
5th Floor (rear)	2 Year Void Guarantee	2,346							51,612	22.00		Rates and service charge guarantee only.
5th Floor (front)	2 Year Void Guarantee	4,167							91,674	22.00		Rates and service charge guarantee only.
4th Floor	2 Year Void Guarantee	6,614							145,508	22.00		Rates and service charge guarantee only.
Ground, 1st, 2nd & 3rd & 13 CPS	Zurich Insurance Plc	26,664	01/07/2009	30/06/2019		01/07/2014	546,320	20.49	586,608	22.00		Inside 1954 Act.
2 Car Spaces	Appleyard Lees		03/07/2014				3,500	1,750	5,000	2,500		Mutual, rolling break, 1 months notice.
4 Car Spaces	Zurich Insurance Plc		01/07/2014	30/06/2019			10,000	2,500	10,000	2,500		Mutual, rolling break, 1 months notice.
Wayleave Agreement	Bell Cablemedia (Leeds) Ltd		17/10/1996	16/10/2095								Mutual, rolling break, 3 months notice.
Sub Station	Yorkshire Electricity Group Plc		01/04/1993	31/03/2053								
1 Car Space	Xalient Ltd		19/10/2016	18/10/2026	18/10/2021	19/10/2021	2,500	2,500	2,500	2,500		15 month RFP. Vendor to top up. 3 month break penalty.
1 Vacant Car Space	2 Year Void Guarantee								2,500	2,500		
<b>TOTAL</b>		48,458					703,470		1,086,076		£6,805	
							<b>TRIPLE NET</b>	696,665				

# TENANCY SCHEDULE (CONTINUED)

## 8 ST PAUL'S STREET

UNIT	TENANT NAME	FLR AREA SQ FT	LEASE START	LEASE EXPIRY	NEXT BREAK DATE	RENT REVIEW	CURRENT RENT (£)	CURRENT RENT (£ PSF)	ERV (£)	ERV (£ PSF)	LANDLORD SHORTFALLS	COMMENTS
5th Floor	CACI Ltd	3,481	16/02/2016	15/02/2021	16/02/2019		62,658	18.00	64,399	18.50		12 months rent free period, vendor to top up. Tenant break, 6 months notice; 5 month break penalty. Service charge cap of £26,108pa subject to annual RPI uplifts.
Part 4th Floor & 2CPS	IPS Group Ltd	1,956	12/11/2012	11/11/2017			35,274	18.03	36,186	18.50		£3,000 is for car-parking (split from £psf).
3rd Floor & Part 4th Floor	Jones Myers LLP	5,004	30/08/2013	29/08/2023	30/08/2018		83,719	16.73	92,574	18.50		Tenant break, 6 months notice. 6 months RF if break not exercised. Initial S/C cap £24,535 subject to annual RPI increases.
2nd Floor	2 Year Void Guarantee	3,472							64,232	18.50		Space has been refurbished. Rates and service charge guarantee only.
1st Floor	2 Year Void Guarantee	1,975							36,538	18.50		Space has been refurbished. Rates and service charge guarantee only.
Ground Floor, Unit 2	Stonebeach Ltd (Patisserie Valerie)	2,045	22/05/2013	21/05/2023		22/05/2018	26,500	12.96	27,500		£3,514	Inside 1954 Act Initial service charge cap of £3,068pa subject to RPI uplifts. Tenant break, 6 months notice.
Ground Floor, Unit 1	Wise Bites Ltd	1,065	23/07/2015	22/07/2025	22/07/2020	23/07/2020	22,500	21.13	25,000			Tenant break, 6 months notice.
2 Car Parking Spaces	CACI Ltd		16/02/2016	15/02/2021	16/02/2019		3,500	1,750	5,000	2,500		Tenant break, 6 months notice.
1 Car Parking Space	Eshton Limited		10/11/2015	09/11/2016			2,000	2,000	2,500	2,500		Mutual, rolling break, 1 months notice.
2 Car Parking Spaces	Reward Invoice Finance Ltd		30/05/2016	29/05/2017			4,000	2,000	5,000	2,500		Mutual, rolling break, 1 months notice.
17 Car Parking Spaces	2 Year Void Guarantee								42,500	2,500		
TOTAL		18,998					240,151		401,428		£3,514	
						TRIPLE NET	236,637					

COMBINED TOTAL		67,456					943,621		1,487,504		£10,319	
						TRIPLE NET	933,302					

## COVENANT DETAIL

### ZURICH INSURANCE PLC

Registered No. FC025710

Zurich is one of the world's largest insurance groups. The company has an Experian Delphi score of **100/100** representing very low risk of failure. Further information can be found at [www.zurich.com](http://www.zurich.com).

Summarised accounts:

GBP	31/12/2015	31/12/2014	31/12/2013
Turnover	£8.913Bn	£8.692Bn	N/A
Pre-Tax Profit	(£348,000,000)	£794,000,000	£35,000,000
Net Worth	£2.082Bn	£2.37Bn	£2.31Bn

### APPLEYARD LEES IP LLP

Registered No. OC402854

Appleyard Lees is a long-established intellectual property firm of patent and trade mark attorneys. The company has an Experian Delphi score of **15/100** representing maximum risk of failure. Further information can be found at [www.appleyardlees.com](http://www.appleyardlees.com).

As the covenant is less than a year old, there are no account details available.

### XALIENT LTD

Registered No. 09714903

Xalient offers networking, unified communications, data and contact centre solutions to global systems integrators and enterprise customers. The company has an Experian Delphi score of **60/100** representing below average risk of failure. Further information can be found at [www.xalient.com](http://www.xalient.com).

There are no account details available.

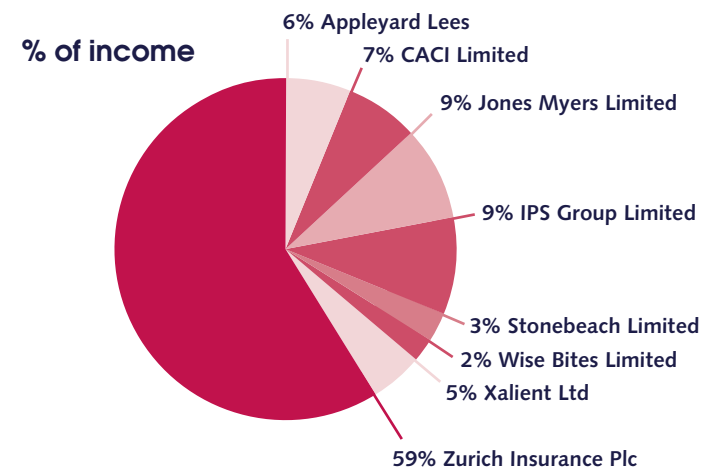
### CACI LIMITED

Registered No. 01649776

CACI is a multinational professional services and information technology company with 20,000 employees worldwide. The company has an Experian Delphi score of **98/100** representing very low risk of failure. Further information can be found at [www.caci.co.uk](http://www.caci.co.uk).

Summarised accounts:

GBP	30/06/2015	30/06/2014	30/06/2013
Turnover	£86,209,326	£81,659,964	£79,087,921
Pre-Tax Profit	£6,162,077	£4,441,255	£4,367,163
Net Worth	£28,530,746	£20,942,407	£15,572,386



ZURICH

Appleyard Lees<sup>®</sup>  
European Patent & Trade Mark Attorneys

CACI

## JONES MYERS LIMITED

Registered No. 09321172

Jones Myers is a well-established law firm founded in 1992. The company has an Experian Delphi score of **77/100** representing a below average risk of failure. Further information can be found at [www.jonesmyers.co.uk](http://www.jonesmyers.co.uk).

There are no account details available.



JONES MYERS  
FAMILY LAW SOLICITORS

## IPS GROUP LIMITED

Registered No. 01736684

IPS Group is a UK based international recruitment business. The company has an Experian Delphi score of **97/100** representing very low risk of failure. Further information can be found at [www.ipsgroup.co.uk](http://www.ipsgroup.co.uk).

Summarised accounts:

GBP	31/12/2014	31/12/2013	31/12/2012
Turnover	£9,057,641	£8,415,867	£8,719,991
Pre-Tax Profit	£766,641	£412,453	£76,615
Net Worth	£2,596,929	£2,763,796	£2,242,578



## STONEBEACH LIMITED

Registered No. 04396961

Patisserie Valerie is a chain of cafés operating in the UK. The company has an Experian Delphi score of **84/100** representing low risk of failure. Further information can be found at [www.patisserie-valerie.co.uk](http://www.patisserie-valerie.co.uk).

Summarised accounts:

GBP	30/09/2015	30/09/2014	30/09/2013
Turnover	£79,744,000	£67,529,000	£58,543,922
Pre-Tax Profit	£13,219,000	£10,665,000	£9,000,661
Net Worth	£40,431,000	£34,646,000	£25,101,130



PÂTISSERIE  
VALERIE  
London Est. 1986

## WISE BITES LIMITED

Registered No. 08899554

Wise Bites is a baker and distributor of gluten and dairy-free products. The company has an Experian Delphi score of **65/100** representing below average risk of failure. Further information can be found at [www.wise-bites.com](http://www.wise-bites.com).

There are no account details available.



# OCCUPATIONAL MARKET

The Leeds office market enjoyed a very active end to 2015 with Q4 take up of 267,000 sq ft, the highest since Q1 2000. Total take up for 2015 was 680,000 sq ft, exceeding the 10 year average for a third year running.

Prime headline rents in 2016 for Leeds are currently at £27.00psf, the lowest of all the 'Big 6' regional office markets. In comparison, prime rents in Manchester and Birmingham are now £34.00psf and £32.00psf respectively.

## COMPARABLE LETTINGS

### 1 EAST PARADE

DATE	GRADE	ADDRESS	SIZE SQ FT	TENANT	RENT PSF	LEASE TERM	BREAK	RENT FREE
Q2 2016	A	7th Floor, Minerva, Leeds	5,300	Gateleys	£24.50	10 Years	5 Years (TOB)	-
Q1 2016	A	4th & 5th, 6 East Parade, Leeds	13,880	Dentsu Aegis	£25 (5th) £24.50 (4th)	10 Years	5 Years	-
Q4 2015	A	Part 2nd Floor, Minerva, Leeds	2,700	Standard Life	£24.50	10 Years	5 Years (TOB)	12 months
Q3 2015	A	5th Floor, 21 Queen Street, Leeds	6,900	Axa Insurance	£24.50	10 Years	5 Years	9 months
Q3 2015	A	1st Floor, Capitol, Leeds	3,251	Quod Planning	£22.00	10 Years	5 Years	9 months

### 8 ST PAUL'S STREET

DATE	GRADE	ADDRESS	SIZE SQ FT	TENANT	RENT PSF	LEASE TERM	BREAK	RENT FREE
Q3 2016	B	2nd Floor, Fountain House, South Parade, Leeds	4,995	Pulse Healthcare	£18.75	5 Years	3 Years	-
Q2 2016	B	Part Second Floor, Park Row House, Park Row, Leeds	1,800	Marks Satin	£19.50	5 Years	3 Years	-
Q2 2016	B	Part GF, 76 Wellington Street, Leeds	2,758	Paragon Group UK	£18.50	10 Years	5 Years	-
Q1 2016	B	4th Floor, 1 York Place, Leeds	3,580	Prometheus Group	£17.50	10 Years	5 Years	-

## TENURE

Freehold.

## SERVICE CHARGE

The service charge for the current year equates to £501,347. This is split between £96,060 (£5.06 psf) for 8 St Paul's Street and £405,287 (£8.36 psf) for 1 East Parade. The Current service charge shortfall equates to £10,319.

## EPC

1 East Parade has an EPC rating of D99.  
8 St Paul's Street has an EPC rating of D82.  
The certificates are available upon request.

## VAT

We understand that the property has been elected for VAT. As such, it is anticipated that the sale will be handled as a Transfer of a Going Concern (TOGC).

## PROPOSAL

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- **Triple Net Initial Yield** - **5.47%**
- **Reversionary Yield** - **8.27% (Adopting ERVs on current void)**
- **Reversionary Yield** - **8.71% (Adopting ERVs on the whole)**
- **Capital Value** - **£237 psf**

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