

# 16/18 Beak Street

Soho, London W1F 9RD

Prime Soho Freehold

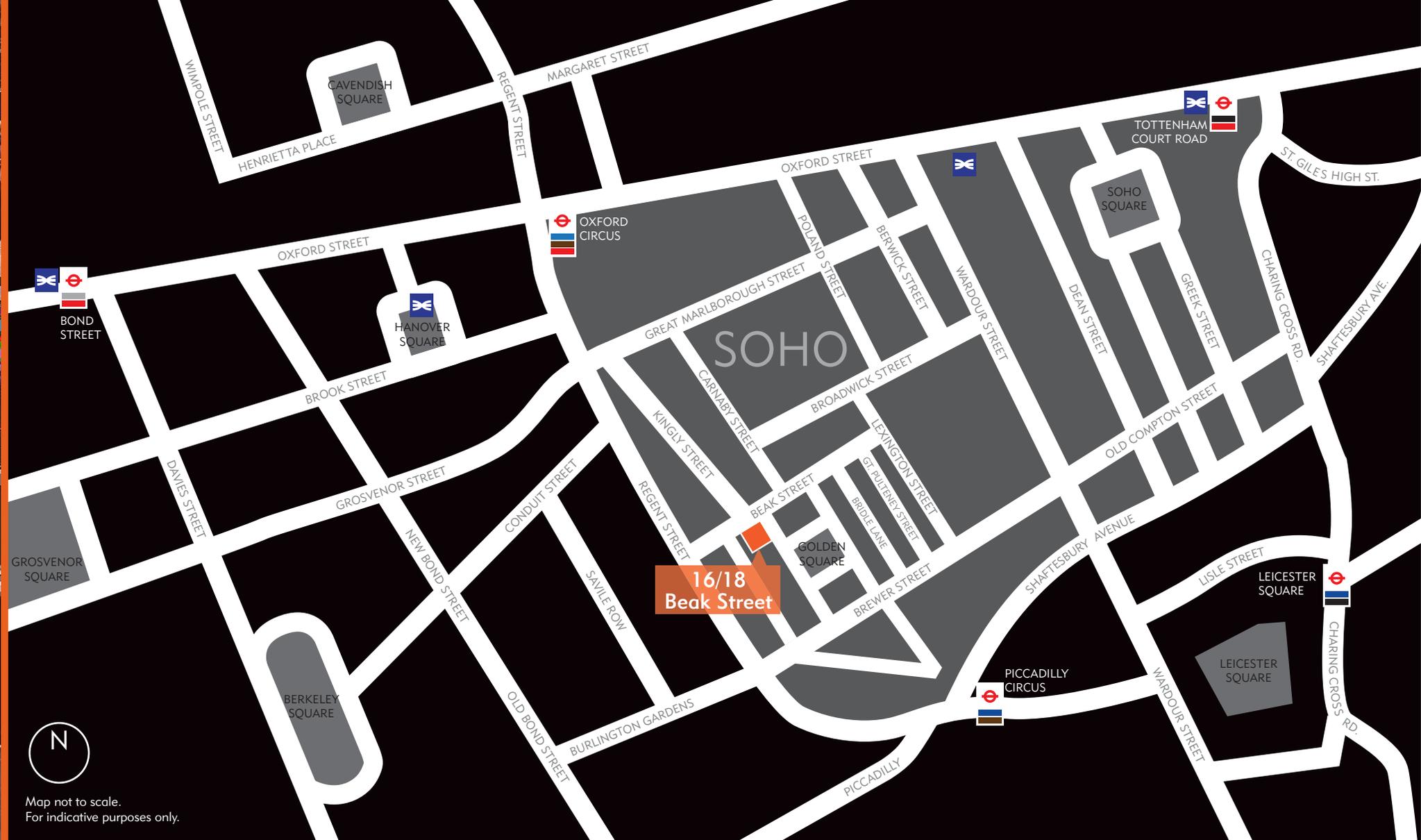




## INVESTMENT SUMMARY

- Attractive, six storey period building occupying a highly prominent corner site.
- Situated in a prime Soho position just off **Regent Street**, in direct proximity of **Golden Square** and **Carnaby Street**.
- Double fronted restaurant with self contained, high specification, triple aspect offices above.
- Total accommodation of **1,097.84 sq m (11,817 sq ft)** with regular floorplates of approximately **1,700 sq ft** over the upper floors.
- Multi let to five tenants with 46% of the income secured against the undoubted covenant of **Pizza Express** on a new unbroken **15 year lease**.
- Total rent passing of **£645,599 per annum**.
- Newly let restaurant, and reversionary offices, let off a low average base rent of **less than £50 per sq ft**.
- **Substantial freehold interest**.
- Multiple asset management opportunities to enhance value.
- Seeking offers in excess of **£12.85 million** reflecting the following attractive yield profile and a capital value of **£1,087 per sq ft**:
  - Net Initial Yield: 4.75%
  - Equivalent Yield: 5.15%
  - Reversionary Yield: 5.30%





## LOCATION

Soho is one of the West End's most popular districts and a major tourist attraction. Located at the epicentre of London's entertainment industry, the area is internationally recognised for its vibrant leisure scene and eclectic mix of retail, restaurants, bars and clubs. Carnaby Street forms a destination retail location within Soho, home to a vast array of both major fashion and boutique clothing brands. Other nearby iconic operators include **Bob Bob Ricard**, **Dean Street Town House**, **Floridita**, **Groucho Club**, **Hix**, **Randall & Aubin**, **Soho House** and **Yauatcha**.

Located between the major hubs of **Oxford Circus**, **Regent Street**, **Piccadilly** and **Leicester Square**, Soho is a well established office location favoured for its diverse mix of accommodation, with strong representations from the advertising, entertainment and media industries, many with Soho based headquarters. Major office occupiers in the vicinity include **M&C Saatchi**, **Nokia**, **Sony**, **Twentieth Century Fox** and **Virgin Radio**.

The area's cosmopolitan offering and core position in the heart of the West End has also made it one of Central London's most desirable residential neighbourhoods.



## COMMUNICATIONS

Soho benefits from excellent transport communications with close proximity to Oxford Circus (Bakerloo, Central and Victoria Lines), Piccadilly Circus (Bakerloo and Piccadilly Lines), Leicester Square (Northern and Piccadilly Lines) and Tottenham Court Road (Central and Northern Lines) Underground Stations, all within approximately 10 minutes walk.

Tottenham Court Road's under construction Crossrail Station at a cost of £1 billion, is set to enhance Soho's accessibility further.

The station's Dean Street Crossrail ticket hall is due to complete in 2016 with services running from 2018.

Crossrail will provide access to 200 million passengers across the South East, from Maidenhead and Heathrow Airport to the west to Shenfield and Abbeywood to the east. The service will additionally link Soho directly to other major Central London centres including Paddington, Bond Street, Farringdon, Liverpool Street, Whitechapel and Canary Wharf.

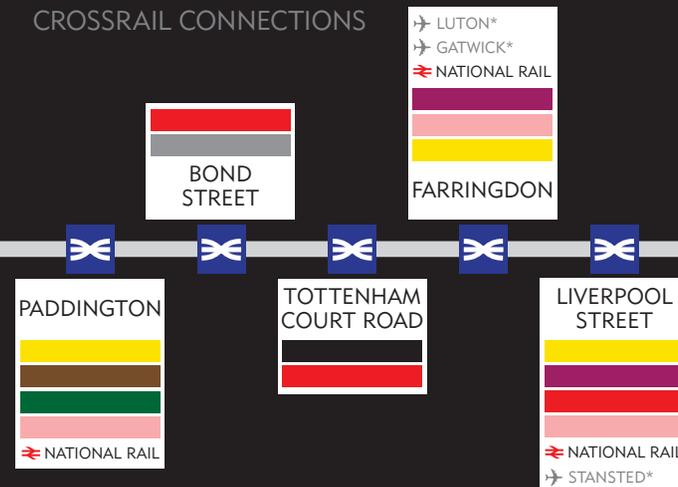
## SITUATION

Beak Street is a lively, mixed use restaurant and retail pitch benefitting from high levels of footfall, linking Regent Street with inner Soho. Its junctions with Warwick Street, Golden Square, Kingly Street, Carnaby Street and Great Pulteney Street make it one of Soho's main pedestrian thoroughfares and a desirable trading pitch. Notable operators include Bob Bob Ricard, Alphabet, CP Company and Vinoteca among others.

The property occupies an enviable, highly prominent corner position at the junction of Beak Street and Upper John Street, in direct proximity of the Regent Street and Carnaby Street shopping districts.

The investment additionally benefits from being within Soho's office core. Golden Square is to the rear, while the new landmark developments along Great Pulteney Street and Air Street let to Zebedee Capital, Salamander Energy, Carval Investors, O2, Halfords Media and Generation Investment Management are a short walk away.

### CROSSRAIL CONNECTIONS



\* Airports not on the Crossrail Route. Use connecting services.





## ACCOMMODATION

We have been advised of the following Net Internal Areas:

FLOOR	AREA (Sq Ft)
Lower Ground	2,542*
Ground	1,920*
First	1,757
Second	1,786
Third	1,660
Fourth	1,461
Mezzanine	691
<b>Total</b>	<b>11,817</b>

\*Areas stated are Gross Internal.

## TENURE

Freehold.





Upper John Street.

## DESCRIPTION

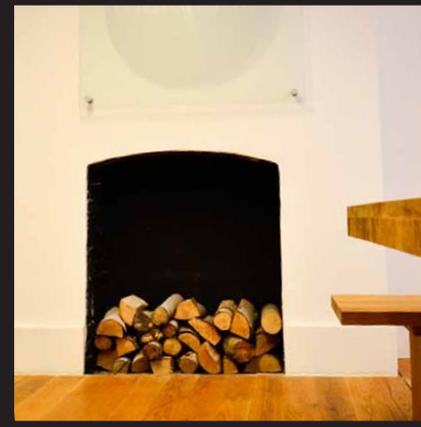
16/18 Beak Street comprises an attractive period building arranged over six storeys with ground floor restaurant and office accommodation above.

The restaurant provides approximately 100 covers at ground floor, with a large bar and raised section for live music performances, while the lower ground floor is currently configured as a nightclub. The tenant intends to refit the premises in addition to installing an interconnecting staircase at an approximate cost of £750,000. Access to the restaurant is from Beak Street while the currently self contained lower ground floor is entered from Upper John Street.

The offices provide triple aspect, regular floorplates configured as self contained suites, all benefitting from excellent natural light. With the exception of the second floor the offices have undergone a phased refurbishment by the landlord. The floors broadly offer the following specification:

- New air conditioning cassettes.
- New WCs and kitchens on each floor.
- Ceiling suspended LG3 lighting.
- 4 person passenger lift.
- Underfloor trunking.
- Refurbished common areas.
- Wooden flooring.

The fourth floor additionally benefits from vaulted ceilings, double height windows to one elevation, and feature steel mezzanine with glass roof section in part. Access to the offices is via a dedicated entrance on Beak Street.



## TENANCY

The property is let in accordance with the tenancy schedule below, providing an Average Weighted Unexpired Lease Term of approximately 9 years to expiries and 7.8 years to breaks.

FLOOR	TENANT	LEASE START	LEASE EXPIRY	BREAK DATE	RENT REVIEW	RENT (£ PER ANNUM)	RENT (£ PER SQ FT)	1954 ACT PROTECTED	COMMENTS
Ground & Lower Ground	Pizza Express (Restaurants) Ltd (t/a Soho Pizzeria)	07-Nov-11	06-Nov-26	-	07-Nov-16	£300,000	£94.01 <sup>2</sup>	Y	9 month rent free period to be topped up by the vendor.
First	Matchstick London Ltd	09-Jun-11	08-Jun-17	08-Jun-14 <sup>1</sup>	-	£87,850	£50.00	N	Mutual break option. Tenant break subject to penalty of £7,321. Tenant receives 2 months rent free if break is not exercised.
Second	City Screen Ltd	26-Dec-10	25-Dec-15	26-Dec-13 <sup>1</sup>	26-Dec-13	£84,365	£47.24	N	Mutual break option. Tenant receives 2 months rent free if break is not exercised.
Third	Clear Channel UK Ltd	13-Oct-11	12-Oct-16	12-Oct-14 <sup>1</sup>	12-Oct-14	£83,000	£50.00	N	Mutual break option. 1 month rent free from October 2013. Landlord break subject to penalty equivalent to 1 month's rent.
Fourth & Mezzanine	Wacoal (UK) Ltd	19-May-11	18-May-16	19-May-14 <sup>1</sup>	19-May-14	£90,384	£50.03 <sup>3</sup>	N	Mutual break option.
<b>TOTAL</b>						<b>£645,599</b>			

<sup>1</sup> From this date break options can be exercised on six months notice at any time. <sup>2</sup> Applying 50% rate to the Lower Ground floor. <sup>3</sup> Applying 50% rate to the Mezzanine.



## MARKET COMMENTARY & ERV

### RESTAURANT

Soho has benefitted from strong recent demand from restaurant occupiers seeking prominently positioned, well configured units, paying substantial premiums to secure strategic sites.

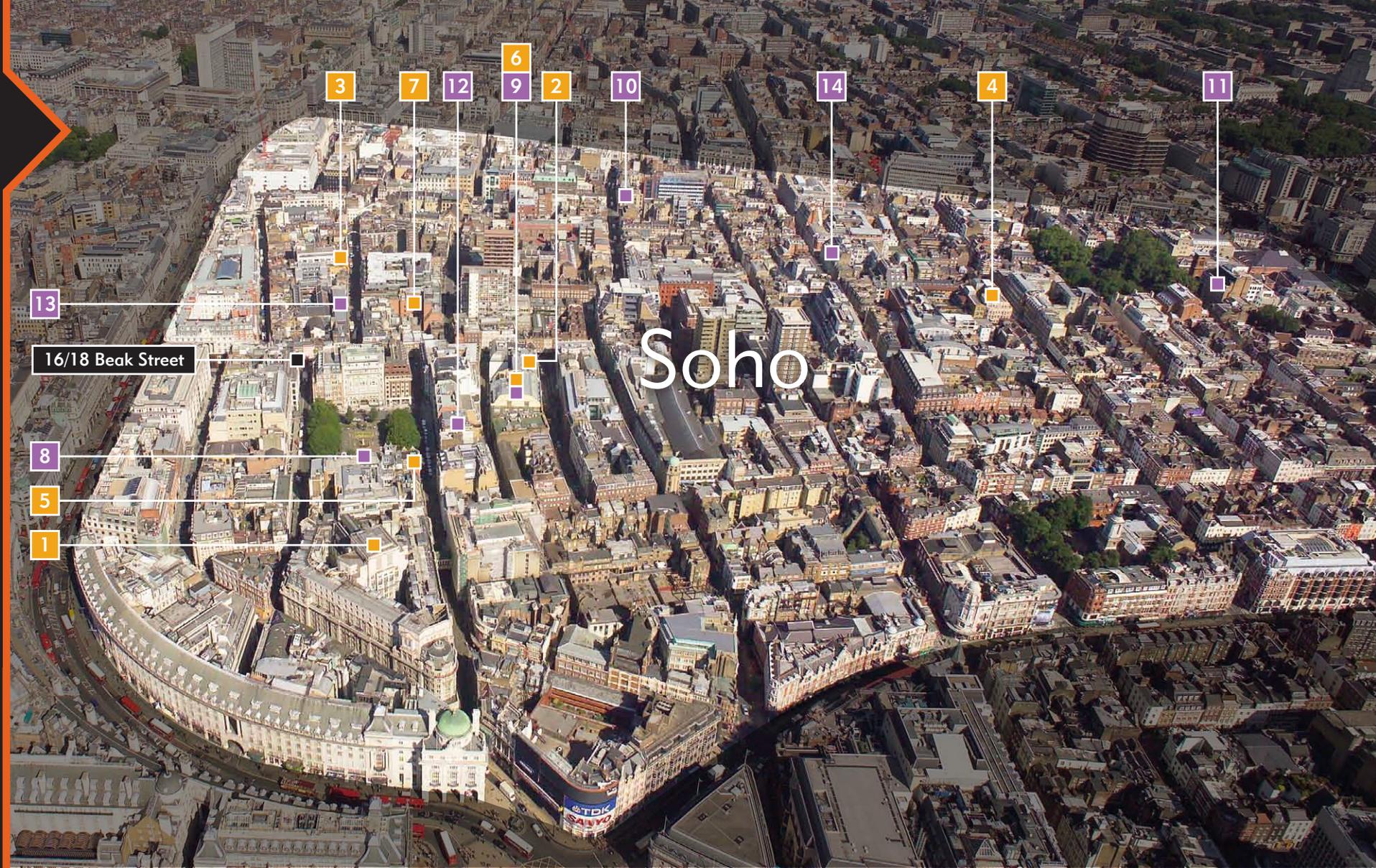
Pizza Express acquired the business of the formerly independent Soho Pizzeria in 2011 to secure one of Soho's prime restaurant pitches. Soho Pizzeria had established an excellent reputation over 15 years as a vibrant restaurant with live music and authentic Italian food.

Bill's Produce are understood to have paid a large premium to secure Zilli Fish's former restaurant on Brewer Street. Other new operators to Soho in the past 12 months include Vinoteca (Beak Street), Cinnamon Soho (Kingly Street), Brasserie Zedel and Jamie's Italian (Sherwood Street), and Ducksoup (Dean Street). On the basis of the new open market letting to Pizza Express we believe the restaurant to be rack rented.

## OFFICE

Soho outperformed the Central London market as a whole over 2011, with prime headline rents increasing by 30% to over £90 per sq ft following lettings at landmark developments such as Air Street W1 and 25 Great Pulteney Street. Prime headline rents for core Grade A accommodation have also seen strong growth with sustained strong demand and a lack of available space.

The landlord has consistently accepted lower rents in return for the ability to break the leases and obtain vacant possession within the short term. In our opinion the offices are capable of conservatively achieving rents in excess of £60 per sq ft. There are a number of comparable buildings undergoing refurbishment which are expected to achieve rents in excessive of this level, providing strong further growth potential.



## PROPERTY LET

MAP NO.	ADDRESS	SIZE (SQ FT)	RENT (£ PSF)	DATE
1	Air W1	21,300 - 53,000	£75 - £92.50	Nov-11 - Dec-11
2	25 Great Pulteney Street	3,311 - 5,288	£82.50 - £91	Dec-11 - Feb-12
3	36 Carnaby Street	3,200	£62.50	Apr-12
4	82 Dean Street	3,249	£57.50	Apr-12
5	13-14 Golden Square	1,357	£56	Aug-11
6	30 Great Pulteney Street	5,070	£54.25	Sep-11
7	71 Broadwick Street	956	£53.20	Sep-11

## PROPERTY AVAILABLE

MAP NO.	ADDRESS	SIZE (SQ FT)	RENT (£ PSF)
8	15 Golden Square	8,793	Q £69.50
9	30 Great Pulteney Street	2,900	Q £65
10	1/5 Poland Street	22,881	Q Mid - Late £60's
11	25 Soho Square	42,851	Q c.£60
12	5 Golden Square	26,060	Q £60
13	49 Carnaby Street	2,200	Q £55
14	140 Wardour Street	1,207	Q £52.50

## ASSET MANAGEMENT OPPORTUNITIES

The property provides multiple opportunities to enhance value:

- Refurbish the second floor to the same specification as the remainder of the offices.
- Increase the office passing rents at review.
- Relet the offices in due course on longer leases.
- Potential to convert the upper parts to residential use subject to the necessary consents.
- Soho is a highly desirable residential location with strong demand from owner occupiers and investors, particularly from overseas.
- The area is benefiting from significant capital value growth amid a lack of supply, with strong evidence this is set to continue.
- Top capital values have reached in the region of £1,600 - £1,800 per sq ft at schemes including Paramount House on Wardour Street and Regent Penthouses on Marshall Street.
- Units at The Hat Factory, Hollen Street, due to complete shortly, are to quote in excess of £2,000 per sq ft.

## TENANT BACKGROUND

Approximately 46% of the total income is secured against the undoubted covenant of **PIZZA EXPRESS**, a brand synonymous with Italian cuisine. Launched in 1965, Pizza Express have become one of the country's most popular restaurant chains, operating from 400 UK sites, with a presence across another six countries. Further information is available on their website [www.pizzaexpress.com](http://www.pizzaexpress.com).

Pizza Express (Restaurants) Ltd are rated by D&B as 5A1 representing Minimum Risk of Business Failure. Three years summary accounts are as follows:

	26 June 2011 (000's)	27 June 2010 (000's)	28 June 2009 (000's)
Turnover	£322,490	£314,747	£294,882
Profit Before Tax	£58,641	£62,094	£59,071
Tangible Net Worth	£344,083	£297,717	£252,027
Net Current Assets	£192,058	£157,970	£114,179

**MATCHSTICK LONDON:** Incorporated in 2009, Matchstick are boutique, London focused recruitment consultants specialising in the Secretarial, Office Support, Fashion and Human Resources sectors. Clients include **HMV**, **Endemol** and **Land Securities**. Further information is available on their website [www.matchstick.co.uk](http://www.matchstick.co.uk).

**CITY SCREEN:** Established in 1989, City Screen are the UK's leading independent cinema operator with a national network of 20 cinemas under their **Picturehouse** brand, six of which are in London. City Screen also offers programme and consultancy services to other independent operators to clients including **Everyman Cinemas**. Further information is available on their website [www.picturehouses.co.uk](http://www.picturehouses.co.uk).

**CLEAR CHANNEL:** Recently voted a Business Superbrand, Clear Channel are one of the UK's premier out of home advertising agencies, with a national network of 60,000 advertising sites including major locations such as Piccadilly Circus. Clients include **Cadbury's**, **Levis**, **Vauxhall**, **Waitrose** and **Westfield**. Further information is available on their website [www.clearchannel.co.uk](http://www.clearchannel.co.uk).

**WACOAL:** Wacoal are an international luxury lingerie company with presences across Asia, the United States and the UK. Founded in Japan in 1956, Wacoal entered the UK in 2001 and launched their second brand, **b.tempt'd** in 2009. Their products are offered online and through a network of 30 stores including **Harrods**, **Harvey Nichols** and **Selfridges**. Further information is available on their website [www.wacoal.co.uk](http://www.wacoal.co.uk).



Ground floor restaurant



Fourth floor and mezzanine level.



First floor office



## V.A.T.

The property is elected for VAT which will therefore be payable on the purchase price. It is envisaged that the sale will be treated as a Transfer Of a Going Concern.

## INVESTMENT CONSIDERATIONS

The property provides multiple opportunities to enhance value:

- Highly attractive, refurbished period property within Soho, juxtaposed in an enviable position between Regent Street, Golden Square and Carnaby Street.
- Soho is set to benefit from enhanced transport communications with Crossrail due to open at Tottenham Court Road in 2018 with a ticketing hall at the nearby Dean Street.

### RESTAURANT

- Prime double fronted restaurant which will be refitted incorporating the lower ground floor to create one of Soho's most substantial eateries.
- Strategic site acquired from Soho Pizzeria which will benefit from major tenant investment.
- Approximately 46% of the total income is secured against the undoubted covenant of Pizza Express on a new unbroken 15 year term.

### OFFICE

- Top specification, triple aspect upper parts with regular floorplates within Soho's office core.
- Reversionary offices with conservative ERV of £60 per sq ft.
- Opportunity to relet the offices on longer leases and extend the average weighted unexpired term.
- Soho's substantial rental performance in 2011 is forecast to continue due to strong demand from the core Soho occupiers as well as hedge fund and financial service sectors.
- Substantial freehold ownership.
- Change of use potential to residential on the upper parts subject to planning, where top capital values have currently achieved in the region of £1,800 per sq ft with further growth expected.

## PROPOSAL

- Seeking offers in excess of **£12,850,000 (Twelve Million, Eight Hundred and Fifty Thousand Pounds)** subject to contract and exclusive of VAT, reflecting the following attractive yield profile and a capital value of **£1,087 per sq ft**:

- Net Initial Yield: 4.75%
- Equivalent Yield: 5.15%
- Reversionary Yield: 5.30%

## FURTHER INFORMATION



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**Energy Performance Certificate** HM Government  
Non-Domestic Building

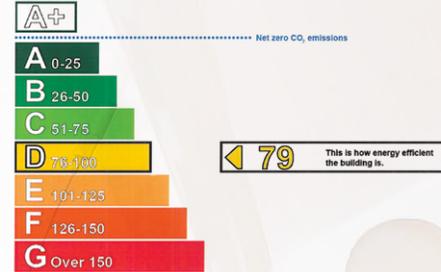
**FIRST FLOOR**  
16-18 Beak Street  
LONDON  
W1F 9RD

**Certificate Reference Number:**  
9558-3095-0008-0201-3895

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information on the Government's website [www.communities.gov.uk/epbd](http://www.communities.gov.uk/epbd).

### Energy Performance Asset Rating

More energy efficient



### Technical information

Main heating fuel: Grid Supplied Electricity  
Building environment: Air Conditioning  
Total useful floor area (m<sup>2</sup>): 173  
Building complexity (NOS level): 3  
Building emission rate (kgCO<sub>2</sub>/m<sup>2</sup>): 43.3

### Benchmarks

Buildings similar to this one could have ratings as follows:  
**31** If newly built  
**84** If typical of the existing stock

Further information available on request

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