

PRIME, MIXED USE, LEISURE & OFFICE CITY CENTRE INVESTMENT OPPORTUNITY

TRINITY GARDENS, QUAYSIDE
NEWCASTLE UPON TYNE NE1 2HJ

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Silk Room
Restaurant & Champagne Bar




**elsdon
consulting**

PANDON BUILDINGS

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INVESTMENT SUMMARY

- Rare opportunity to purchase a **prime, mixed-use, city centre investment**
- Located in **Trinity Gardens** on Newcastle's famous Quayside
- Part of a purpose built 5-storey building, with the investment extending to **1,215.92 sq m (13,088 sq ft)**
- Fully-let to two of Newcastle's top restaurants in **Café 21** and **The Silk Rooms** in addition to **Elsdon Consulting Ltd** in the first floor office suite
- **125 year long leasehold** from the 1st March 2005 (less 20 days) at a peppercorn rent (c. 110.74 years unexpired)
- **Weighted Average Unexpired Lease Term (WAULT)** of **11.39 years** to **expiry** and **9.50 years** to **break**
- Combined passing rent of **£234,685 per annum (£17.93 psf)**

We are instructed to seek offers in excess of **£2,900,000 (Two Million, Nine Hundred Thousand Pounds)**, subject to contract and exclusive of VAT.

A purchase at this level reflects a **net initial yield** of **7.60%** and a **capital value** of **£221.58 psf**, assuming purchasers costs of 6.44%.



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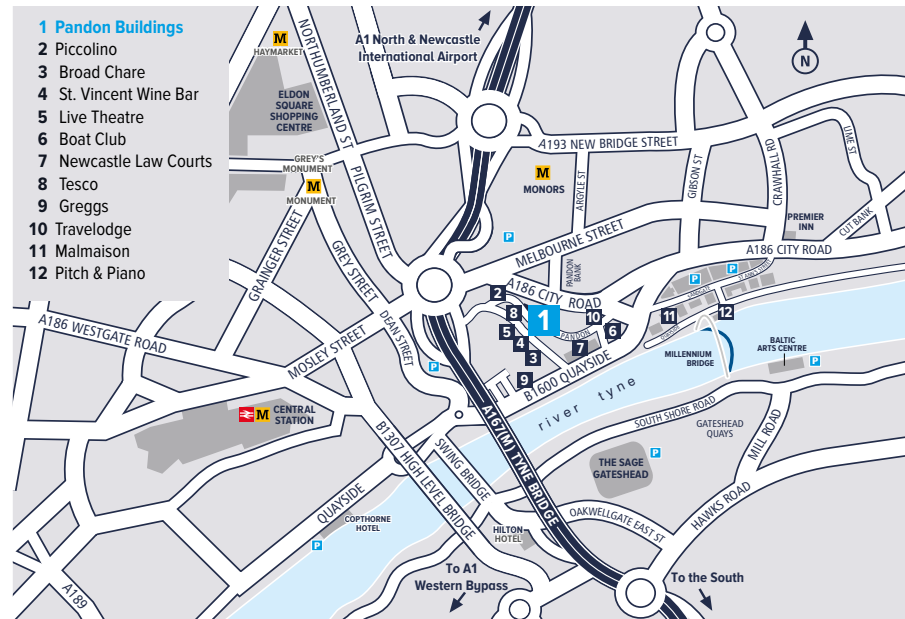


LOCATION

Newcastle upon Tyne is the regional capital and principal focus of commercial, administrative, cultural and tourist activity within the North East of England. With a population of 304,600 people and a wider urban population of c. 1,000,000 the city is located 105 miles south of Edinburgh (1 hour 20 minutes by train) and 270 miles north of London (2 hours 35 minutes by train).

The city centre is served by two main arterial routes linking it to the A1(M) via the A167 (Central Motorway) leading north and south through the city via the Tyne Bridge, and the A189 (St James' Boulevard) via the Redheugh Bridge which leads directly to Gallowgate. The A1(M) connects the region to the rest of the UK motorway network from Edinburgh in the north to London in the south.

Newcastle International Airport is situated 7 miles to the north west of the city and is recognised as being one of the top ten regional airports in the UK with over 4.6 million passengers flying to over 80 destinations worldwide. Central Station is the major transport hub for the region 1.4 miles to the west of the property, it also is a major exchange on the Tyne & Wear Metro, and underground rail network with 60 stations the closest of which (Manors) is just 0.4 miles walk from Pandon.



SITUATION

The property forms part of Trinity Gardens, in the centre of Newcastle's Quayside, within which there is Grade A office accommodation, high quality restaurants and a Tesco Metro. The central public space of Trinity Gardens is known as Trinity Place which is formed around the civic sculpture "Give & Take" by Peter Randall-Page. Pandon Buildings are situated on Pandon, which is accessed via the A186 and the Swan House roundabout, just off the A167(M), a major thoroughfare to Newcastle city centre.

Surrounding leisure occupiers include Piccolino, Broad Chare, St. Vincent Wine Bar, Live Theatre and the Boat Club. Nearby office occupiers include Deloitte LLP, AECOM, Coutts & Co, AIB, BNP Paribas, Womble Bond Dickinson and Newcastle Law Courts. Other notable occupiers include Tesco, Greggs, Travelodge, Malmaison and Pitch & Piano, all of whom are within 0.5 miles of the subject property.

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DESCRIPTION

The property was constructed in 2005 and forms part of a larger 5-storey building which comprises the subject property at ground and first floor level, and part of the adjoining Travelodge Hotel above the second, third and fourth floors.

The properties western elevation is of glazed construction and contains the entrance to the office accommodation via both an 8 person passenger lift and a staircase. The properties eastern elevation is of stone construction and the whole property is under a curved, corrugated steel coated roof, with double glazed windows.

The ground floor comprises two separate high end restaurants, Café 21 (www.21newcastle.co.uk) and The Silk Room (www.silkroomrestaurant.com), which are of stone and glazed construction.

The first floor, which has its own new feature entrance, stairwell and lift, consists of open plan, newly refurbished office space. The suite has the following internal specification:

- Cassette air conditioning
- Suspended ceilings
- Perimeter trunking
- Male, female and disabled WC's
- 8 person passenger lift
- Ground floor locker accommodation

The three upper floors, which are outside the title being offered for sale, form an extension of the adjoining Travelodge Hotel.



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ACCOMMODATION

The property has been measured on a Gross Internal Area (GIA) basis for the restaurant accommodation, a Net Internal Area (NIA) basis for the office accommodation and provides the following areas:

Unit/ Description	Area	
	Sq M	Sq Ft
1 (Silk Room)	108.79	1,171
2 (Café 21)	500.66	5,389
1st Floor (Café 21 Staff Amenities)	55.65	599
1st Floor (Office)	550.82	5,929
Total	1,215.92	13,088

TENURE

The property is held long leasehold for a term of 125 years from the 1st March 2005 (less 20 days) at a peppercorn rent (c. 110.74 years unexpired).



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TENANCY

The property is let in accordance with the following tenancy schedule:

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Unit	Tenant	Area (Sq Ft)	Start	Lease		Expiry	Rent		Comments
				Rent Review	Break Option		Per Annum	Per Sq Ft	
1	The Silk Room Restaurant Ltd	1,171	13/12/2005	13/12/2020	-	12/12/2030	£24,250	£20.71	25 year effectively full repairing & insuring (eFRI) lease with 5-yearly, upwards only rent reviews.
2	Café TwentyOne Newcastle Ltd	5,389	08/01/2007	08/01/2022	-	07/01/2032	£115,000	£21.34	25 year effectively full repairing & insuring (eFRI) lease with 5-yearly, upwards only rent reviews.
1st Floor (Staff Amenities)	Café TwentyOne Newcastle Ltd	599	01/02/2012	08/01/2022	-	07/01/2032	£6,500	£10.85	20 year effectively full repairing & insuring (eFRI) lease with 5-yearly, upwards only rent reviews. (Same terms as Café 21 above). Storage and staff amenities.
1st Floor (Office)	Elsdon Consulting Ltd	5,929	14/06/2019	14/06/2024	14/06/2024	13/06/2029	£88,935	£15.00	10 year effectively full repairing and insuring (eFRI) lease with a tenant break option at year 5. Newly refurbished office suite and a new entrance. The tenant benefits from an initial 12 month rent free period, followed by a stepped rent of £44,467.50 pa in years 2 & 3 rising to £88,935 pa for the remainder of the term, which will be topped up by the Vendor. The lease contains a schedule of condition.
Total		13,088					£234,685		



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COVENANT

Café TwentyOne Newcastle Ltd (Company Number – 02167604).

Café TwentyOne Newcastle is a licensed high end restaurant which was incorporated in September 1987. It is owned by the 21 Hospitality Group Ltd (Company Number – 03271078) who also own St. Vincent, The Broad Chare, Café 21 Fenwick, Saltwater Fish Company and Porterhouse Butcher & Grill within the city. The group's director is Mr Terry Laybourne who has won numerous awards for his restaurants including – a Michelin Star, Egon Ronay Star, Independent Restaurateur of the Year, Gold Winner Taste of North East England, Newcomer of the Year and an MBE for services to the hospitality industry. Café 21 remains the most high profile restaurant in Newcastle city centre.

Café TwentyOne is designated by Companies House as a 'small' company and as such does not disclose full accounts. We understand it has a net worth of c. £300,000.

The Silk Room Restaurant Ltd (Company Number – 04118177).

The Silk Room is a licensed high end restaurant and champagne bar which was incorporated in December 2000. It is an independent company, with the restaurant and champagne bar having won Open Table's Dinner's Choice Winner 2016 & 2017, Trip Advisor's Certificate of Excellence 2016 and Gourmet Society's Best Drinks List Winner.

The Silk Room is designated by Companies House as a 'small' company and as such does not disclose full accounts. We understand it has an annual turnover of c. £350,000.

Elsdon Consulting Ltd (Company Number – 09213359).

Elsdon Consulting was incorporated in September 2014. The company focuses on global consultancy working within a number of specialist areas helping organisations identify, attract and secure the best talent for their requirements across a number of leading technology markets. These markets include Technical, Functional and Sales specialists in niche IT sectors, with clients including Salesforce, CPQ, NetSuite, Marketing Automation, e-Commerce and Microsoft.

Elsdon Consulting is designated by Companies House as a 'small' company and as such does not disclose full accounts. We understand it has a net worth of c. £450,000.



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RENTAL EVIDENCE

We have detailed below recent rental evidence:

Date	Property	Use	Area (Sq Ft)	Rent	Term	Comments
October 2017	Las Iguanas Unit 3A, Sandgate, 106 Quayside, NE1 3DX	Restaurant	4,341	£114,000 per annum (£25.00 psf)	25 years from November 1995	Lease regear. Effectively Full Repairing & Insuring Lease with 5 yearly rent reviews. Includes 13 car parking spaces.
October 2017	Gusto Unit 3B, Sandgate, 106 Quayside, NE1 3DX	Restaurant	3,565	£93,250 per annum (£25.00 psf)	25 years from November 1995	Lease regear. Effectively Full Repairing & Insuring Lease with 5 yearly rent reviews. Includes 11 car parking spaces. Reversionary 20 year lease from November 2020 with a tenant break option in year 15.
July 2017	The Muddler 69 Grey Street, NE1 6EF	Restaurant	943	£48,000 per annum (£50.90 psf)	15 years from July 2017	New lease. Effectively Full Repairing & Insuring Lease with 5 yearly rent reviews and a tenant break option in year 10.
July 2018	Norton Rose Fulbright Ground Floor, Quayside House, 110 Quayside, NE1 3DX	Office	5,140	£109,225 per annum (£21.25 psf)	9 years from July 2018	New lease. Effectively Full Repairing & Insuring Lease with 5 yearly rent reviews and a tenant break option in year 5.
June 2018	Teaching Personnel Part Fourth Floor, Earl Grey House, Newcastle, NE1 6EF	Office	2,772	£59,598 (£21.50 psf)	5 years from June 2018	New lease. Effectively Full Repairing & Insuring Lease.







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INVESTMENT EVIDENCE

We have detailed below recent mixed use, city centre investment transactions:

Date	Property	Image	Price	Net Initial Yield	Capital Value (psf)	Area (sq ft)	WAULT	Comments
U/O	Lloyds Court & 52-60 Grey Street, Newcastle NE1 6AH		£13,000,000 (in excess of)	7.25%	£276.83	46,960	7.75 years 6.90 years to breaks	Multi-let to tenants including Northern Electric, Northern Recruitment and Nigel Wright at a rent of £1,012,680 per annum.
March 2019	20 Collingwood Street, Newcastle, NE1 1JF		£2,420,000	6.02%	£143.58	16,855	16.55 years 16.21 years to breaks	Multi-let leisure and office investment. Ground floor let to Vaulkhard Leisure until 2041. Reversionary income across all floors.
June 2018	Gainsborough House, 34-40 Grey Street, Newcastle, NE1 2LA		£5,850,000	4.48%	£227.50	25,714	6.16 years	Multi-let investment providing office and leisure accommodation. Tenants include Café Rouge, Condecco Group and Manpower. Rental income of £278,301.50 per annum.
April 2018	42-50 Grey Street, Newcastle, NE1 5JE		£3,750,000	4.51%	£205.00	18,312	8.00 years	Mixed use investment. Ground floor fully let to Azzuri Restaurants until 2026 with 3 floors of vacant office accommodation.

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VAT

The property has been elected for VAT and it is envisaged that the transaction will be treated as a Transfer Of Going Concern (TOGC).

EPC

The property provides the following energy performance ratings:

Description	Rating
Café 21 (Ground & Part First Floor)	E(104)
Silk Room	D(94)
First Floor (Excluding Café 21)	C(74)

Copies of the Energy Performance Certificates can be provided on request.





Knight Frank LLP

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