

WATLING
REAL ESTATE

GRAHAM + SIBBALD
Chartered Surveyors and Property Consultants

The Cube Hotel

Commercial Street, Birmingham, B1 1RS

Summary

Rare opportunity to acquire a prime hotel in a major provincial city market located in an iconic landmark mixed commercial and residential building.

Multi-faceted trading business with extensive facilities.

Unbranded Boutique Hotel with 52 keys enjoying extensive city views inc 10 feature and balcony rooms.

Marco Pierre White branded restaurant (c.180 covers)

Additional dining and bar facilities (60 covers/120 reception) with extensive terrace area (80 covers/160 reception) and cocktail lounge (36 covers)

Private dining/Boardroom at Level 25 (22 covers)

Well-presented and invested asset

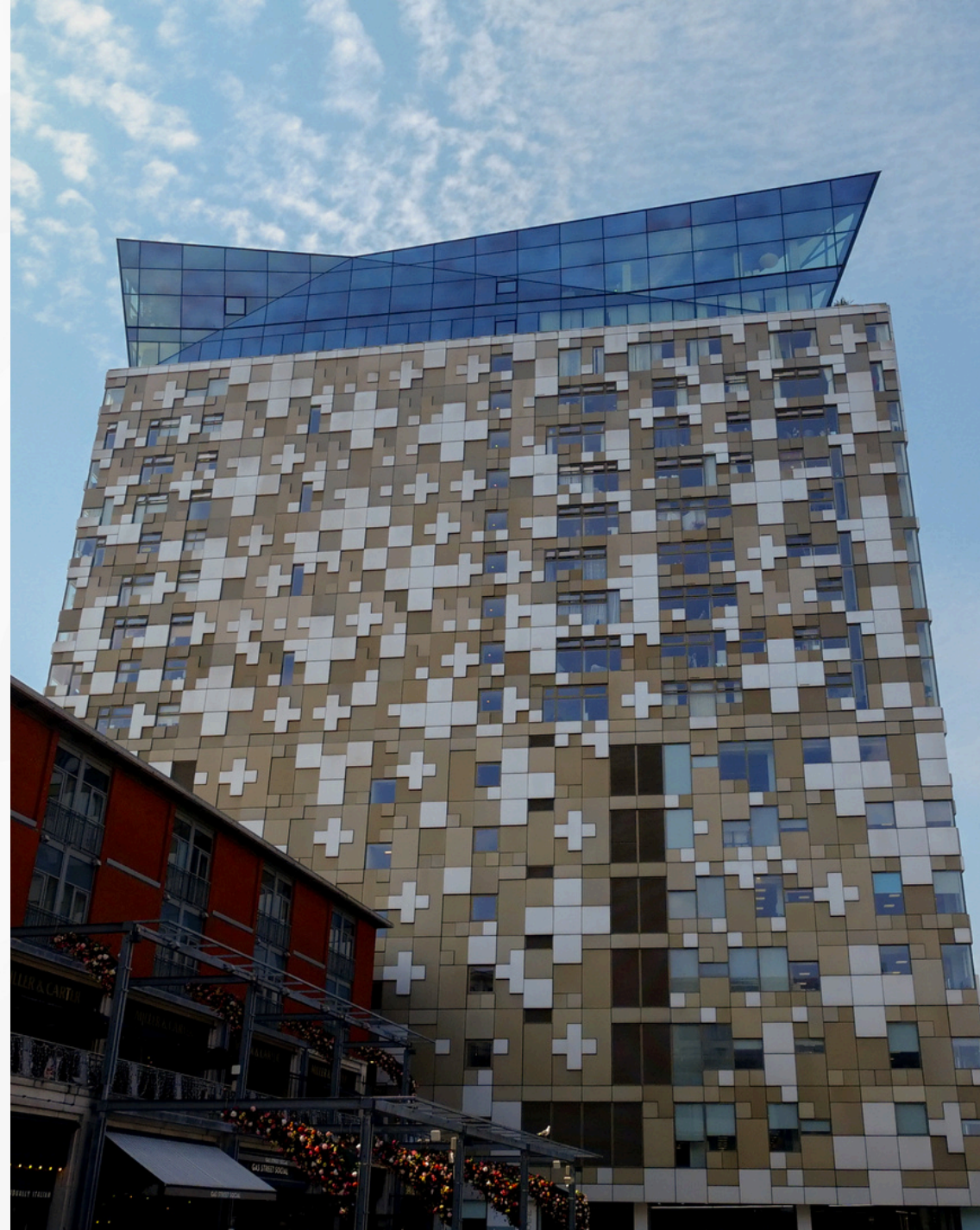
Total Floor area approaching 37,000 sq ft over 4 floors

Long Leasehold tenure in two coterminous leases with c.111 years unexpired.
Peppercorn rent

Established business with potential brand, asset/operational and management opportunities

The long leasehold interest in the property known as the The Cube Hotel is for sale on the instructions of the Joint Administrators.

A third party is operating the business under the terms of a temporary management agreement on behalf of our client. Vacant possession will be provided at the date of completion.



The Location

Birmingham, in the West Midlands, is the UK's second largest city, located about 120 miles northwest of London, 90 miles northeast of Bristol, 50 miles southwest of Nottingham, and 85 miles south of Manchester.

With a strong economy outside London, it hosts major companies like Aviva, Barclays, Capita, Deloitte, Direct Line, EY, HS2, HSBC, Network Rail, PwC, RBS, and Zurich.

The city hosts numerous events, including the 2022 Commonwealth Games, Crufts, Gay Pride, Chinese New Year, St. Patrick's Day Parade, CMS, Edgbaston Cricket Ground, Birmingham Beer Festival, and the Jazz Festival.

Birmingham has excellent transport links with the M5, M6, M40, and M42 motorways. It has three railway stations—Birmingham New Street, Birmingham Moor Street, and Snow Hill—providing frequent high-speed connections to London Euston (1 hour 15 minutes) and other major UK cities like Manchester, Liverpool, Nottingham, and Bristol.

Birmingham New Street is the busiest station outside London and is a 10-minute walk from The Cube. Curzon Street Station is under construction, expected to open between 2029 and 2033, linking eight of Britain's largest cities and reducing journey times and congestion.

Birmingham International Airport is easily accessible, with a journey time of about 10 minutes from Birmingham New Street Station.



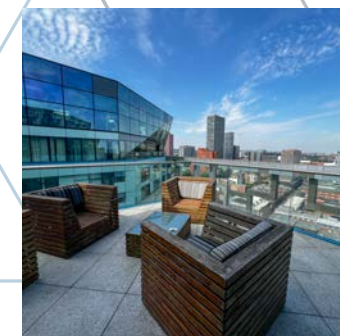
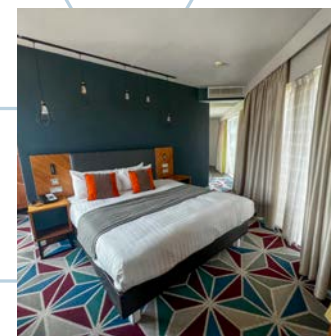
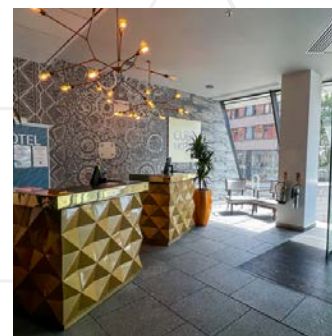
The Property

The subject property is located principally over 4 levels within the Cube, an iconic building designed by award-winning architect Ken Shuttleworth of Make, whose portfolio also includes the Gherkin, concluding the final stage of the renowned Mailbox development, forming one of Birmingham's premier retail and leisure destinations.

Completed in 2010, The Cube has become a Birmingham landmark, comprising a striking 25 storey development that, in addition to the hotel include other bars, restaurants and leisure uses, including a 10 pin bowling centre, 244 residential apartments, extensive underground car parking and 112,000 sq. ft of offices.

Occupiers in The Cube include Highways England, the Solicitors Regulation Authority and IBI Group. Other nearby occupiers within the adjacent Mailbox include high end lifestyle and fashion retailers such as Paul Smith, Boss, Harvey Nicholls and Emporio Armani, along with complimenting bars and restaurants such as Gas Street Social, Chez Mal, Harvey Nicholls Bar and The Mayan.

This scheme also boasts an Everyman multiscreen cinema, two further hotels, including AC Hotels by Marriott and Malmaison and is home to BBC Birmingham.



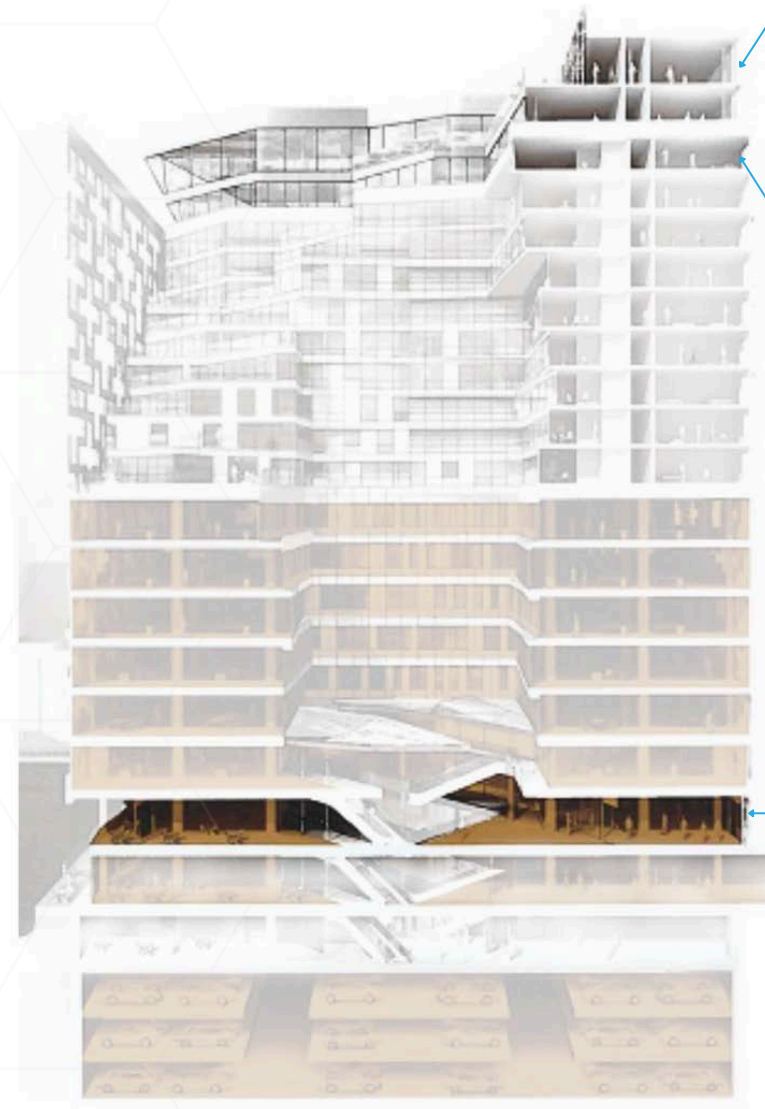
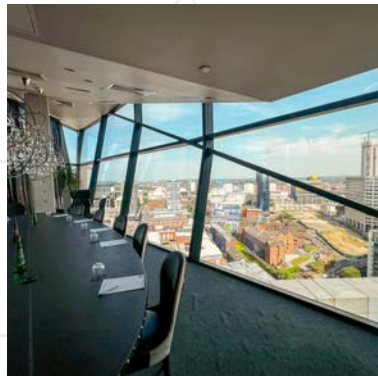
Accommodation

The subject property offers a unique multi-faceted business that comprises a landmark rooftop bar and restaurant, with private dining and a 52 bedroom boutique hotel. These operational entities are located across Levels 7, 23, 24 & 25 within The Cube.

The Cube benefits from multiple external entrances that include direct access from two levels of the Mailbox, and from Commercial Street to the rear. Each operational aspect of the business in turn communicates internally to provide fluid and convenient guest movement.

A hotel reception and lift lobby is accessed directly off Commercial Street or internally from The Cube at Level 7. This provides dedicated lift access between Levels 23, 24 and 25.

Floor plans are available in the data room.



Level 25

- Marco Pierre White Steakhouse Bar & Grill
- Panoramic Private Dining Room
- Cocktail Bar
- Laurent-Perrier Terrace with Retractable Roof
- Laurent-Perrier Champagne Bar and Dining Room

Level 24 & 23 (part floor)

- Boutique Hotel

Level 7 (part-floor)

- Hotel reception area

Level 25

Marco Pierre White Steakhouse Bar & Grill, Laurent-Perrier Terrace, Champagne Bar and Panoramic Private Dining Room.

Occupying the entirety of Level 25, the space enjoys 360 degree views across the city, the accommodation has been configured to provide restaurant, bars, private dining/events space and a stunning sun terrace.

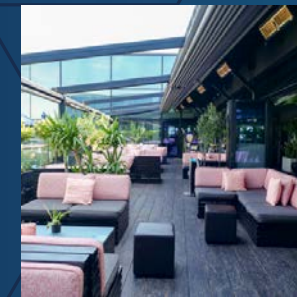
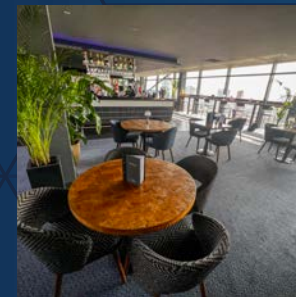
Merging together, Level 25 Bar and Marco Pierre White Steakhouse Bar & Grill occupy a fully furnished open plan bar and restaurant space, with spectacular views across the city, that together provide approximately 180 covers.

The bar and restaurant areas interconnect with the Laurent-Perrier Terrace, a heated terrace with retractable roof, which can accommodate approximately 80 seated guests and 160 for a standing reception.

There is a cocktail bar area with c.36 covers off the main entrance lobby, again with stunning views. This area can be used for private dining or small conference area.

The Laurent-Perrier Champagne Bar is a dual aspect events area, with bar and dance floor, able to accommodate circa 60 guests for dining or 120 at a standing reception.

In addition, there is a dual aspect private dining room, again with stunning panoramic views across the city. This is also used for small events and as a meeting room, with a large boardroom table for 22 guests.



Level 23 (Part) + 24

Operating as an unbranded Boutique Hotel, the two levels together provide 52 good quality bedrooms that were last refurbished in 2019 (when the hotel operated under IHG's Indigo brand), being well equipped en-suite letting bedrooms.



Classification	Room Breakdown
Standard	40
Feature	6
Balcony	4
Accessible	2
Total	52

Typical Room Amenities

- Individually controlled air conditioning
- En suite bathroom
- Work desk
- High speed internet access
- HD TV
- Cable/Satellite TV
- Iron/iron board
- Premium channels available
- Hairdryer
- In-room video checkout
- Coffee/tea maker

Tenure

The subject property is held under two separate long leasehold interests albeit each on broadly coterminous terms.

Term	125 years from and including 22nd December 2010 (approximately 111 years unexpired).
Rent	Peppercorn rent without review.
Repair/ Insurance	Effectively full repairing and insuring via service charge.
Alienation	Assignment of the whole is permitted having first obtained the landlord's prior written consent. Underletting of the whole is permitted without landlord's consent. Underletting of a Permitted Part is permitted having first obtained the landlord's prior written consent.
Permitted Uses	In relation to Level 25, as a restaurant/brasserie with ancillary bar area within Class A3, use of up to 50% of the total net internal floor area as hotel bedrooms or for any other use with the landlord's prior written consent (such consent not to be unreasonably withheld or delayed having due regard to the principals of good estate management). In relation to Levels 23 and 24, as a good quality hotel and connected reception area within Class C1, as serviced apartments or residential accommodation or any other use with landlord's prior written consent (such consent not to be unreasonably withheld or delayed having due regard to the principals of good estate management).

The Business

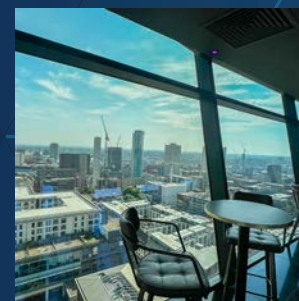
The business has been trading since December 2011, previously being operated under management by Black & White Hospitality Management Limited. Historically the business has achieved a strong trading performance, capitalising upon the excellent facilities and unique selling points that the roof top bar, private dining room and Marco Pierre White restaurant provide.

The business was sold in June 2022, at which time the IHG Indigo brand was removed. The hotel was operated under a new Management Agreement on behalf of the owner for 9 months, we understand this ended in March 2023. Accordingly, the lack of a dedicated management team has meant recent trading performance has been adversely impacted, resulting in lower turnover and profit levels being achieved during this period.

We set out below a summary of the turnover and operating profit levels previously achieved by the business for the three financial years under the previous management to 31 March 2020. We also summarise actual trading for the 9 months under management from July 2022 to 31 March 2023 and the 12 months with no management to 31 March 2024. We have been provided with a forecast prepared by Brightstar Hospitality for a 12 month period following their appointment, set out as follows:

Year	31 March 2018 Actual (000's)	31 March 2019 Actual (000's)	31 March 2020 Actual (000's)	9 months - to 31 March 2023 Actual (000's)	31 March 2024 Actual (000's)	12 month Forecast (000's)
Total Revenue	£7,846.3	£7,353.0	£7,081.3	£4,558.1	£5,381.5	£6,189.8
Operating Profit*	£1,857.3	£1,156.1	£707.3	£406.4	£159.2	£610.3

*Stated before Management and Franchise Fees



We are of the opinion that significant scope exists for an effective management and sales team to enhance trading and profit levels in line with previous years. Historic trading data and accounting information is available within the data room, this information is not warranted and buyers should undertake their own financial due diligence and form their own opinion regarding future trading potential.

Service Charge

Under the terms of the lease a service charge is payable, which relates to the wider Cube scheme, but is apportioned to tenants based upon floor space occupied. The service charge year runs from 1st January to 31st December. Historic service charge information and the budget for the current year commencing on 1st January 2024 is available within the data room for review.

Services

At the time of our inspection, the property was connected to mains water, gas and electricity.

Fixtures & Fittings

The majority of F+F are included in the sale - an inventory is included in the data room

Energy Performance Certificate (EPC)

The property has an energy performance certificate rating of:

Level 23 & 24 (Hotel): C-65
Level 25 (Restaurant): B-45

Fire Risk Assessment

A copy of the up-to-date fire risk assessment is available within the data room.

Marco Pierre White Franchise Agreement

The food and beverage aspect of the business is currently operated under a franchise agreement from Black & White Hospitality Limited as a Marco Pierre White branded restaurant. Principal terms of the franchise agreements are outlined within the data room.

An opportunity is available to enter into a new commercial franchise agreement directly with Black & White Hospitality Limited.



Further Information

The Cube Hotel

Business Rates

The business rates are payable to Birmingham Council. We understand that the rateable value for the year commencing 1st April 2024 is:

Hotel and premises: £135,000
Level 25 restaurant and bar area: £340,000

Planning

We understand that the property has valid consent for its current use.

The property is not a listed building nor is it situated within a conservation area.

Licences

We understand that the business is currently operating with the benefit of a premises licence and a wedding licence.

Asking Price / Sales Structure

Offers are invited in the region of £12,000,000 for the long leasehold interest in the property and business, which is being sold by the Joint Administrators of MSHA Global Investments Limited on a going concern basis.



Further Information

The Cube Hotel



VAT

All prices quoted and offers made shall be deemed to be exclusive of VAT and VAT will be payable at the prevailing rate where applicable. Prospective purchasers should consult their accountant/solicitor for professional advice in this respect.

Data Room

Further information including limited historical trading data and property information, is held within a dedicated online data room. Access will be provided to seriously interested parties following receipt of a signed Non-Disclosure Agreement (NDA), which is available from the Joint Agents.

Anti Money Laundering

Under HMRC and RICS regulations and the Criminal Finances Act 2017, as property agents facilitating transactions, we are obliged to undertake AML due diligence for both the purchasers and vendors (our client) involved in a transaction. As such, personal and or detailed financial and corporate information will be required before any transaction can conclude.

Viewing

Viewing arrangements are strictly via a prior appointment through the vendor's joint sole agents, Graham + Sibbald or Watling Real Estate.

Under no circumstances should any party make a direct approach to the business, staff or management of the hotel.



Further Information

The Cube Hotel



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