

PRIME FLAGSHIP RETAIL BANKING
INVESTMENT IN RENOWNED UNIVERSITY CITY

jackson
criss

3
SIDNEY STREET
CAMBRIDGE





INVESTMENT SUMMARY

- Cambridge is an internationally renowned University city and Europe's largest research and development facility, with a vibrant economy.
- Major retailing destination boasting a primary catchment of 569,000 people (PROMIS) which ranks amongst the most affluent nationally and is in the UK top 10 for highest weekly workplace wages (2015).
- Cambridge is one of the fastest growing locations in the country with significant employment and population growth predicted over the next decade.
- High catchment growth potential over the medium term with 2,500 houses proposed within the Cambridge catchment area.
- 100% prime retail banking investment comprising over 16,000 sq ft of retail/office accommodation.
- Freehold.
- Lloyds have been in occupation since approximately 1898.
- In excess of 6.4 years remaining on the lease and Lloyds have indicated their desire to extend the term.
- Cambridge is one of the most sought after cities in the UK for institutional investment.
- Potential to carry out a residential conversion on the separately accessed office upper floors, subject to planning.
- The property is not registered for VAT.
- Our client is seeking offers in excess of **£10,400,000 (Ten Million, Four Hundred Thousand Pounds)**, subject to contract, which reflects a net initial yield of 5.5%, net of purchaser's costs at 6.70%.



LOCATION

Cambridge is a world famous city which is rich in history and boasts one of the most vibrant economies in the UK. Cambridge is a university city and an affluent administrative centre for Cambridgeshire. The city is situated approximately 49 miles north of London, 58 miles south west of Norwich and 75 miles south east of Nottingham.

Cambridge has an extensive transport network with the M11 providing a direct route to London and the M25, while the A14 dual carriage way links the city with the midlands and east coast ports. Transport communications are set to improve further through the £1bn of investment via the Greater Cambridge Deal. This is an agreement between local organisations and Central Government to deliver projects to improve local transport networks and provide more sustainable travel options between key residential and employment areas. It is expected the investment will be completed by March 2022, underpinning the city's future as a vital hub of national and global research.

Cambridge is served by a mainline station, which provides fast and frequent direct trains to London Kings Cross (48 minutes) and London Liverpool Street (1 hour 6 minutes) making it a popular commuter destination. Greater Cambridge Deal improvements are due to be made to the Thameslink connections between Cambridge and London, further strengthening links between the cities.

London Stansted and London Luton airports are located approximately 28 miles south and 40 miles south west of the City Centre respectively.

The city's focus is on the cross county routes including an Oxford to Cambridge expressway and the re-establishment of the Oxford to Cambridge rail link, which have been accelerated with £110m of state funding. The government is also backing proposals to join up Oxford, Milton Keynes and Cambridge to boost house building in the region.

A number of landmark developments including CB1, The Triangle, Cambridge Biomedical Campus and North West Cambridge Development are paving the way for Cambridge's next phase of growth.



DEMOGRAPHICS

Cambridge dominates an extensive catchment area since all of the city's major competitors are more than 30 minutes drive away. Cambridge has a large and affluent primary catchment population of 569,000 people ranking the city 28th of the 200 PROMIS retail centres in the UK. Cambridge's shopping population is 356,000 people and 12% of the catchment population earn over £60,000 per annum, close to double the national average of 7%.

Cambridge has experienced dramatic economic growth and is internationally recognised as a market leader in research and development with ARM Holdings and AstraZeneca choosing Cambridge for their global headquarters. Cambridge is also expected to see an above average population growth over the period 2014 – 2019.

Cambridge is ranked first in Cebr/Irwin Mitchell's Powerhouse City growth tracker, with an expected 2.2% growth in GVA in 2018. With one of the world's most highly respected universities and Europe's largest research and development facility, Cambridge's economy is unsurprisingly underpinned by education, tech and biosciences. Low unemployment and close proximity to the UK's economic heart in London ensure that Cambridge consistently outperforms its competition.

Cambridge's economy is further boosted by tourism. It is estimated that approximately 5.4 million people visit the city each year generating £184,000,000 for the local economy. In addition, the city has a high proportion of young adults which is a consequence of the large student population, with over 18,500 students at the University of Cambridge. The total student population accounts for 27% of Cambridge's population and many students remain in the city post-graduation, providing a stimulus to the local retail spend available.



JOHN
LEWIS
& PARTNERS

RETAILING IN CAMBRIDGE

Cambridge is a leading retail destination with the city's vibrant economy supporting a thriving retail offer.

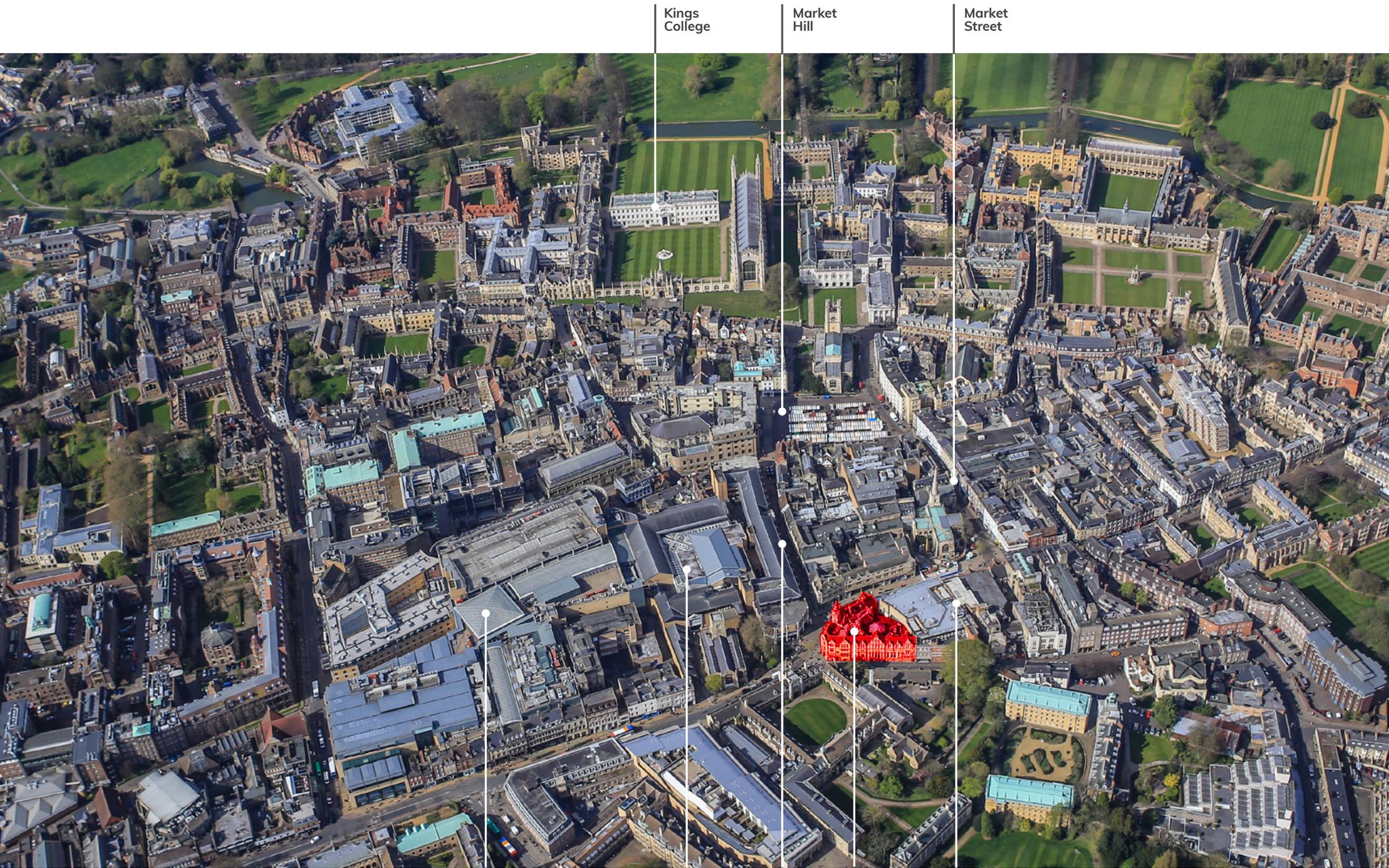
The total retail floor space in Cambridge is estimated at 1.49m sq ft, which reflects its status as the dominant retail destination within its immediate catchment and beyond.

Cambridge's historic core shopping area is centred around Sidney Street, Petty Cury, Market Hill and Market Street with Trinity Street to the west and St Andrews Street to the east. This historic core has a strong fashion offer with a larger representation of upper end fashions retailers including French Connection, Joules, Reiss and Jigsaw.

Cambridge has three managed shopping centres. Lion Yard and Grand Arcade shopping centres are just south of Petty Cury and the Grafton Centre just a 10 minute walk, south of the retail core. Grand Arcade opened in 2008 and provides a high end premium retail offer anchored by John Lewis with retailers including Links of London, Ted Baker, Gant and Hollister.

The retail provision extends across a large central area with many key multiples situated away from the prime pitch. The city boasts an extensive upmarket and speciality shopping. The department store provision includes John Lewis who anchor the Grand Arcade and Debenhams who anchor the Grafton Centre. There are also two Marks & Spencer stores both of which are owned freehold by the company.





Kings College

Market Hill

Market Street

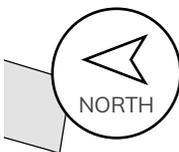
Grand Arcade

Lion Yard

Petty Cury

Subject Property

Next



For Identification purposes only

SITUATION

The subject property is a flagship building located in one of the city's busiest locations on Sidney Street, opposite its junction with Petty Cury and Market Street. The property adjoins Marks & Spencer.

DESCRIPTION

The property was originally built in the late 19th century and then expanded over time. The property provides retail accommodation arranged over basement, ground and two mezzanine levels with self contained offices arranged over first and second floors accessed via Hobson Street. The basement and mezzanine levels are utilised for storage and ancillary accommodation.

The property is a Grade II* listed building and is within the Cambridge Conservation Area. We understand that Lloyds Bank have been in occupation since 1898.



ACCOMMODATION

The property comprises of the following net internal floor areas which were agreed between the parties at the rent review in 2015: -

Ground Floor Sales	6,358 sq ft	590.62 sq m
Ground Floor ITZA	2,949.25 Units	
Ground Floor Ancillary	174 sq ft	16.16 sq m
Basement Ancillary	808 sq ft	75.06 sq m
Lower Mezzanine Ancillary	130 sq ft	12.08 sq m
Middle/Upper Mezzanine Ancillary	2,121 sq ft	197.03 sq m
First Floor Offices	2,879 sq ft	267.44 sq m
Second Floor Offices	3,696 sq ft	343.33 sq m
Total	16,166 sq ft	1,501 sq m



TENURE

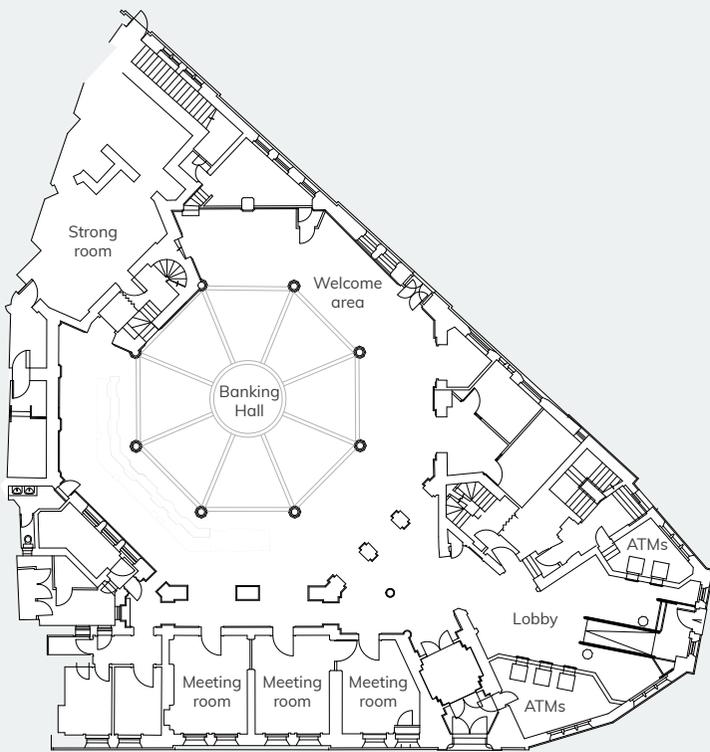
The property is held freehold by the fund.

TENANCY

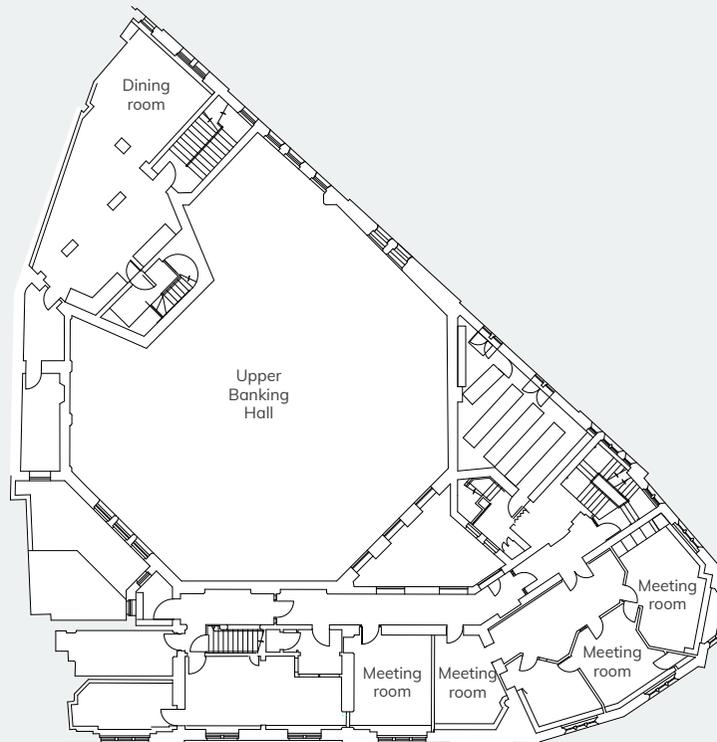
The property is let to Lloyds Bank Plc (formerly Lloyds TSB Bank Plc) on a full repairing and insuring lease for a term of 15 years from the 1st December 2010.

The passing rent is £611,000 pa and is subject to 5 yearly upward only rent reviews. The next rent review is on the 1st December 2020.

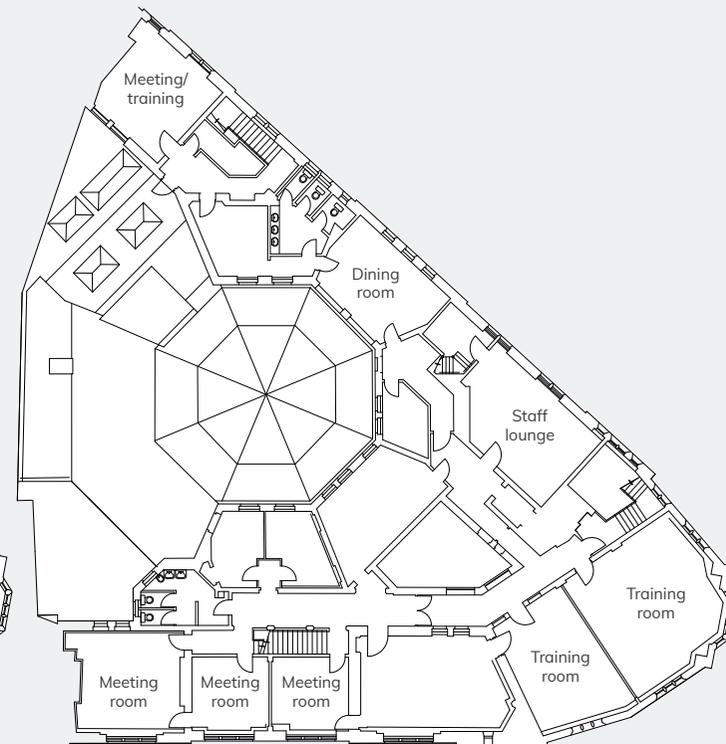
FLOOR PLANS



GROUND FLOOR



FIRST FLOOR



SECOND FLOOR

RENTAL ANALYSIS

The passing rent of £611,000 pa was determined by a third party at the last rent review in December 2015 and reflected a Zone A rent of £295 per sq ft. The arbitrator assessed the first and second floor offices to have an apportioned rental value of £124,925 pa reflecting an overall rate of £19 per sq ft. A management allowance of 15% was applied to this income in the end award. A full breakdown is available on request. The most salient rental evidence can be set out as follows: -

1. 27 Petty Cury, Cambridge (Nationwide)

Regear lease for a term of 10 years effective October 2018 agreed at a rent of £440,000 pa with 18 months rent free. The headline Zone A rent reflected £245 per sq ft and a net Zone A of £210 per sq ft.

2. 15 Market Street (Franco Manca)

Open market letting April 2018 at a rent of £105,000 pa which reflects a headline Zone A tone of £234 psf and a net Zone A of £221 per sq ft.

It is our opinion that the estimated rental value of the subject property as of today's date would lie in the region of £500,000 pa, which reflects a Zone A rent of £230 per sq ft and the analysis is in accordance with the third party award from the 2015 review, applying £20 per sq ft to the offices.



COVENANT

Lloyds Bank plc is a British retail and commercial bank with branches across England and Wales. It has traditionally been considered as one of the “Big Four” clearing banks.

The most recent accounting information can be set out as follows:

Date of Account	31/12/2018 £000	31/12/2017 £000	31/12/2016 £000
Turnover	-	-	-
Pre Tax Profit	1,977,000	5,035,000	4,929,000
Net Worth	46,326,000	47,675,000	36,484,000

The company have an Experian rating of 92/100 reflecting very low risk.

EPC

The property is Grade II Star listed and as such no EPC is required.

VAT

The landlord has not opted to VAT register the property.



PROPOSAL

The vendor is seeking offers in excess of **£10,400,000 (Ten Million, Four Hundred Thousand Pounds)**, subject to contract for the benefit of the freehold interest in the subject property, which reflects the following yield profile net of purchaser's costs at 6.70%.

Net Initial Yield	5.50%
Reversionary Yield	4.50%
Equivalent Yield	4.56%
True Equivalent Yield	4.70%

The sale price reflects a capital value of £643 psf.

The most recent comparable evidence can be set out as follows: -

1. 35 Petty Cury, Cambridge (Timpsons)

Freehold shop let to Timpsons on a lease with c. 8 years unexpired at a rent of £66,000 pa sold in January 2019 for £1.31m reflecting a net initial yield of 4.75%.

2. 16/17 Sidney Street, Cambridge (Itsu)

Freehold shop let to Itsu on a 15 year lease from May 2015 at a rent of £315,000 pa (£268 ZA) sold in December 2018 for £6.56m which reflected a net initial yield of 4.50%. The sale reflected a capital value of £930 psf.

3. 12/15 Sidney Street, Cambridge (Next)

Freehold retail investment let to Next on a lease expiring May 2028 at a rent of £850,000 pa sold in December 2016 for £21,815,000 which reflected a net initial yield of 3.65%.





For further information or to arrange an inspection of the property, please contact:

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