

PRIME OXFORD INVESTMENT

19-24 QUEEN STREET & 1-10 ST EBBES STREET

**OXFORD**







## Investment Summary

- Oxford is a historic and internationally renowned University City with a large, affluent catchment. The catchment is boosted by high student (42,000) and tourist (7 million per annum) numbers.
- The city is one of the UK's premier retail destinations and is popular with shoppers, tourists, retailers and investors alike.
- 100% prime high street position on Queen Street, the principal thoroughfare between Westgate Oxford and Cornmarket Street.
- Dominant frontage of 39.22 metres (128 ft 8 ins).
- The majority of the block was completely redeveloped in 1997 to provide modern, framed retail and office accommodation.
- Attractive Weighted Average Unexpired Lease Term (WAULT) of 10.26 years to expiry and 7.13 years to break.
- 66% of income secured against Bank of Scotland PLC (t/a Halifax) for in excess of 10 years.

We are instructed to seek offers in excess of **£10,000,000 (Ten Million Pounds)**, subject to contract and exclusive of VAT. A purchase at this level would reflect a **Net Initial Yield of 9.65%**, rising to 11.25% upon letting of 19 Queen Street (at £170,000 pa) and 11.65% at Halifax minimum uplift in 2021, after allowing for purchaser's costs of 6.70%.



## Location

Oxford is a historic and internationally renowned University City. It is the principal retail, tourist and administrative centre of Oxfordshire. The city is located approximately 56 miles north west of Central London and 26 miles north of Reading.

Road communications to the city are excellent. Oxford is situated close to the A40, which provides direct access to the M40 (Junction 8) circa 5 miles to the east and the A34 connects with Junction 13 of the M4 approximately 25 miles to the south.

The city has a mainline rail station, which provides regular rail services to London Paddington and London Marylebone with a fastest journey time of approximately 55 minutes.

Oxford further benefits from the “Oxford Tube” coach service, which provides a 24-hour bus service to London Victoria with a journey time of circa 1 hour 40 minutes.

London Heathrow is located 50 miles southeast of Oxford, linked via the M40 and M25. Oxford also has a regional airport, 7 miles north west of the City, providing private, commercial and charter facilities.





## Demographics

Oxford is one of the UK's premier retailing locations and has a total population within the Primary Retail Market Area of 322,000. The city's population is significantly bolstered by tourism and higher education. According to Visit Britain, Oxford is the 7th most visited city in the UK for overseas tourists. Oxford City Council report that approximately 7m visitors come to the city each year, generating an estimated £780m to the local economy.

The city of Oxford is synonymous with the University of Oxford, first established over 900 years ago. The city is home to approximately 42,000 students, which is the largest proportion of adults in full-time studies of any city in the UK, outside London. A large proportion of employment comes from the city's two universities, University of Oxford and Oxford Brookes University, with both universities supporting 30,000 jobs and injecting more than £2.3bn into the region.

Employment is also driven by sectors including publishing, tourism, hospitality and a growing tech sector, supported by a highly qualified workforce. Major employers include BMW, Oxford Instruments, Amey, Sophos and Oxford University Press.

Oxford has one of the most affluent catchments in the UK, ranking 29th out of the 200 PROMIS Centres. 66% of the population are categorised within the most affluent ABC1 social groups, versus the national average of 52%. In addition, per capita total retail expenditure is estimated at £6,320 pa (2019) and is forecast to grow at 3.50% pa over the coming 5 years.



Primary Retail Population of  
**322,000**



**7 Million Tourists**  
Visit Annually



The UK's **7th Most Visited City**  
for Overseas Tourists



**c.42,000 Students**  
UK's Largest Student  
Population Outside London



**66%** of Population  
Categorised in ABC1  
Social Groups



Retail Expenditure Forecast  
**to grow 3.5% per annum**  
over 2019 - 2024



## Retailing in Oxford

The prime retail offer in Oxford is focused around the vibrant and historic streets of Queen Street and Cornmarket Street and Westgate Oxford. Cornmarket Street is home to major UK multiples such as Boots, WH Smith and Fat Face. Queen Street provides a link between the newly redeveloped Westgate Oxford and Cornmarket Street and has become the prime High Street pitch. It also benefits from key occupiers such as Marks & Spencer, Topshop/Topman, The White Company, Costa Coffee, Paperchase and Holland & Barrett. It is also home to a number of banks including Nationwide, Metro Bank and Halifax.

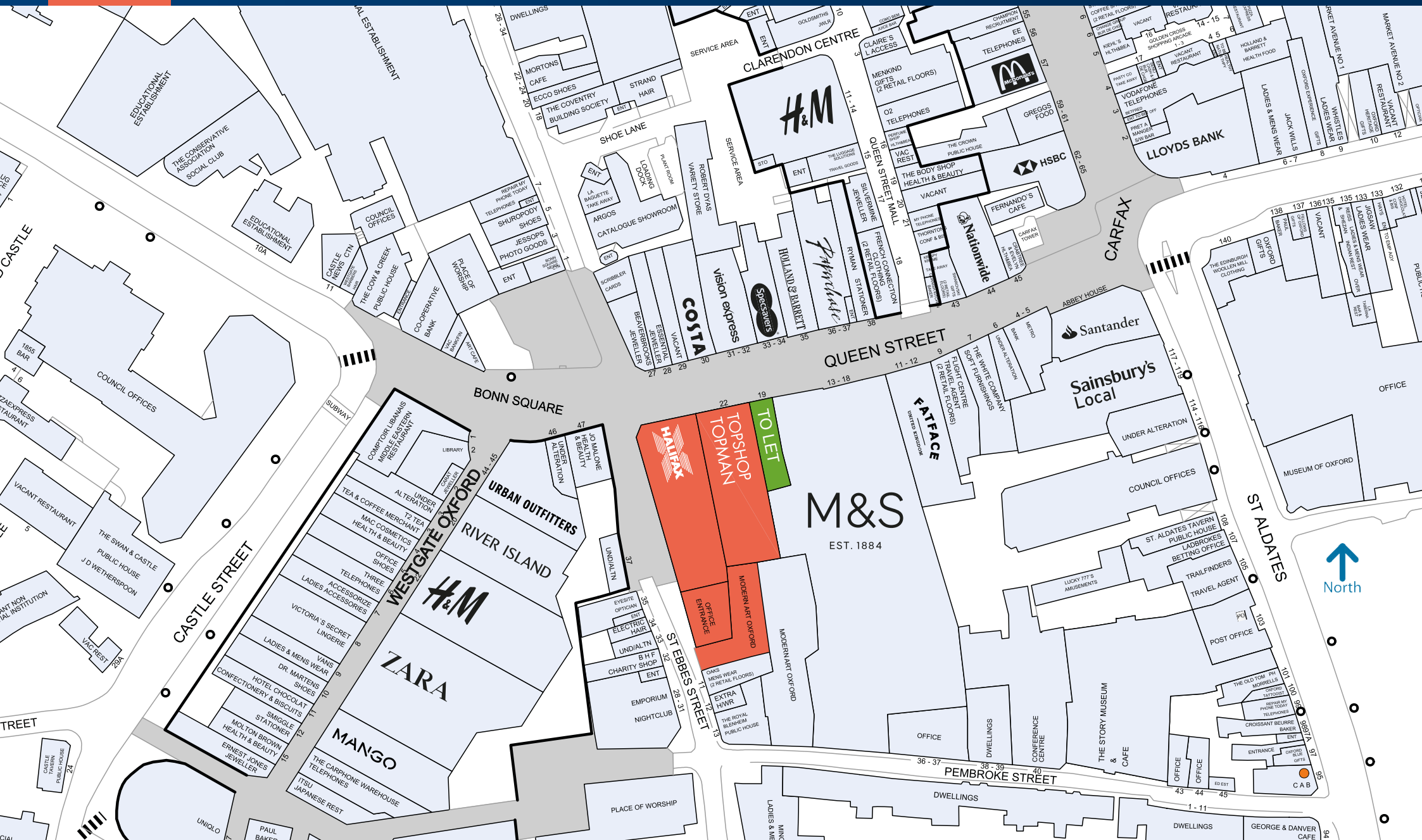
Oxford benefits from two managed shopping centres; Westgate Oxford and the Clarendon Centre. The smaller Clarendon Centre is anchored by TK Maxx and GAP and provides an additional link between Queen Street and Cornmarket Street.

Westgate Oxford recently underwent redevelopment by JV partners, The Crown Estate and LandSec. The £440m project has transformed the former Westgate Centre and includes a five-screen Curzon cinema, a John Lewis department store, over 100 shops, 25 restaurants, 61 flats, 3 public squares and a car park. The new scheme opened in October 2017 and boasts an extensive range of fashion and non-fashion multiples and has also introduced a number of new brands to the city, such as Cos, Gant, & Other Stories and Loake whilst Mint Velvet, Next, H&M and Superdry are also represented in the scheme.



## Situation

Queen Street is an integral part of Oxford City Centre's retail core and links Cornmarket Street with the multi-million pound redevelopment of Westgate Oxford. The subject property is situated adjacent to Marks & Spencer and is a stone's throw from the principal entrance of Westgate Oxford. Other retailers situated in the immediate vicinity include Costa Coffee, Jo Malone, Holland & Barrett, Specsavers and Paperchase.



 Held Freehold       Held Long Leasehold





19-24 Queen Street



10 St Ebbes Street

## Description

19 Queen Street is a standalone, period retail unit arranged over basement, ground and two upper floors. The property provides sales at ground floor and ancillary accommodation at basement, first and second floors.

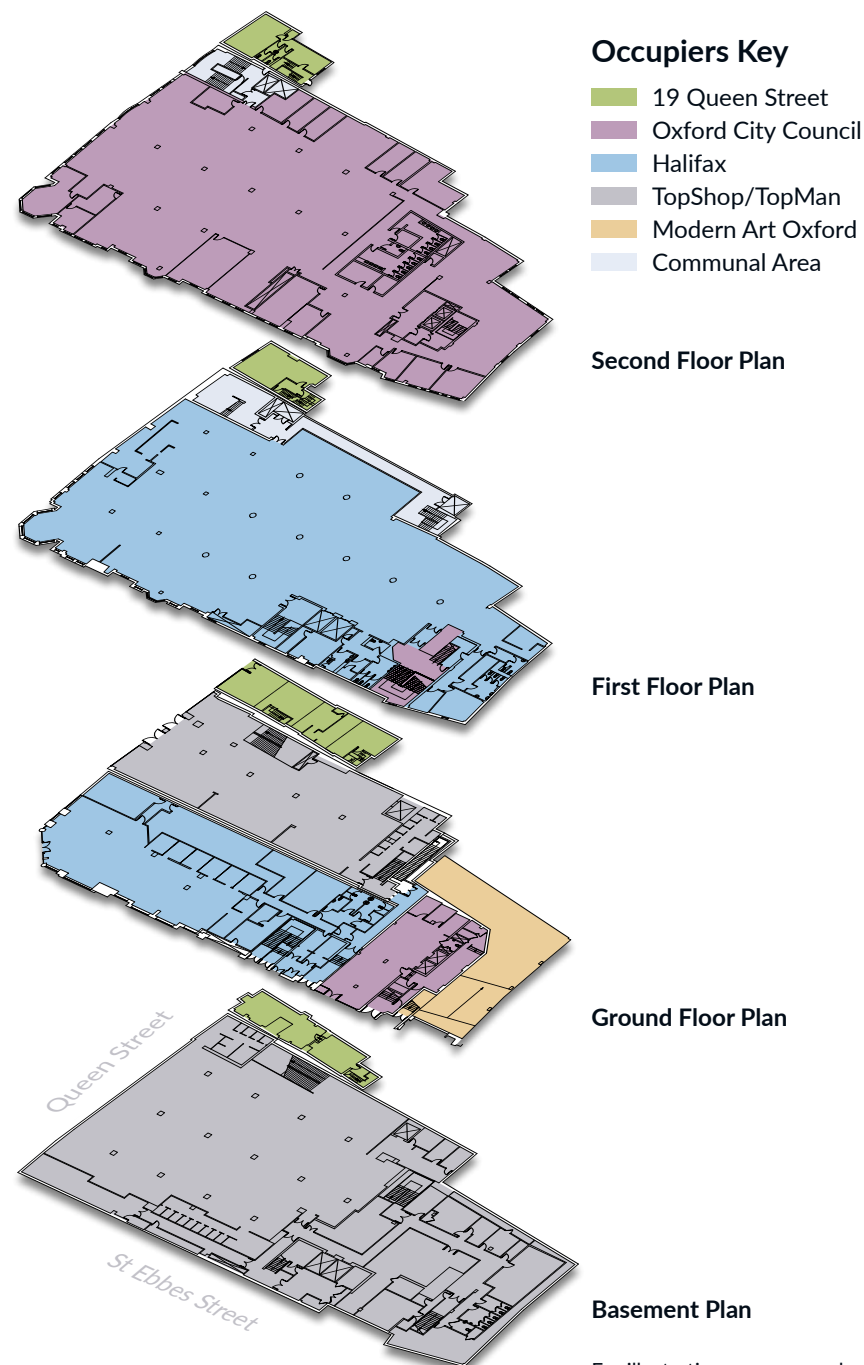
20A-24 Queen Street comprises modern, purpose built retail premises occupying the most prominent corner pitch in the city centre. The building is of frame construction and was completely redeveloped (in part behind a period façade) for BHS in 1997. In 2014/2015 this was split to the current configuration and now provides two large retail units at ground floor, one with high quality basement sales, the second with first floor office space.

To the south is 10 St Ebbes Street, which is sub-underlet on a long leasehold basis to Oxford City Council, along with the second floor office accommodation.

Further south (at ground floor only), is the entrance to the Modern Art Oxford museum, which has been sub-underlet on a long leasehold basis.

The block occupies a site of 0.51 acres and boasts a dominant frontage of 39.22 metres (128 ft 8 ins) and depth of 66.77 metres (219 ft 1 ins).

No part of the property is listed but it sits within the city centre conservation area.



For illustrative purposes only.

## Tenure

The property is held part freehold, part long leasehold.

### 19 Queen Street (shaded Green on the adjoining plan)

- Held freehold.

### 20A-24 Queen Street & 1-10 St Ebbes Street (shaded Red on the adjoining plan)

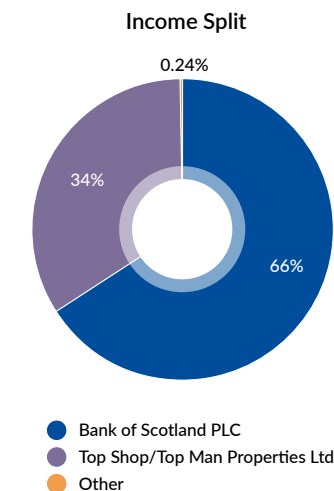
- Held long leasehold for a term of 125 years from 30th August 1996, thus expiring 29th August 2121 and having 101 years unexpired.
- The rent payable is £500,400 per annum, reviewed every fifth year on an upward only basis. The next rent review will be on 30th August 2021 and is explained further on page 9.

## Tenancy Schedule

Address	Tenant	Trading As	Lease Start	Next Review	Expiry	Break Option	Rent pa	Ground Floor (sq ft)	ITZA (units)	Basement Sales (sq ft)	Basement Anc (sq ft)	First Floor Sales (sq ft)	First Floor Anc (sq ft)	Second Floor (sq ft)	Total Area (sq ft)	Comments
19 Queen Street	To Let							1307	637		706		462	505	2,980	Previously let to Beasconsfield Footwear Limited (t/a Hotter) at £205,000 pa.
Aerial at 19 Queen Street	Cornerstone Telecommunications	Cornerstone Telecommunications	01/01/2010		31/12/2020		£3,200									Licence
Part 20A -24 Queen Street	Top Shop / Top Man Properties Ltd	Topshop / Topman	25/08/2015	24/04/2022 31/08/2026	24/08/2030	12/06/2021 12/06/2022	£520,625	5,593	1,861	10,474	5,323				21,390	Contractual Rent - £743,750 pa. Tenant under CVA for 3 years from effective date - 12/06/2019. Tenant break on 24m / 36m post CVA, subject to 90 days' notice. The rent payable from 24/06/2022 will be the higher of: a) The rent payable under the CVA - current passing of £520,625 pa. b) The "market rent".
Part 20A -24 Queen Street	Bank of Scotland PLC	Halifax	25/08/2015	31/08/2021 31/08/2026	24/08/2030	-	£1,006,250	5,822	2,018			14,766			20,588	Rent increases to 60% of ERV of the Notional Shop Unit (£1,750,000 upwards only) at 2021/2026 rent review - effectively fixed uplift to £1,050,000 pa.
Offices 20A/24 Queen Street	Oxford City Council	Oxford City Council	30/08/1996	N/A	26/08/2121	12/04/2039 (L) Rolling Thereafter	£400	1,770						16,447	18,217	Previously marketed on an assignment basis, since sublet. Sublet to Diffblue Ltd for a term from 08/11/2022 to 09/11/2012 at £358,000 pa. Redevelopment break right in favour of Landlord (Aberdeen UK Property Fund). After 12/04/2039, the Landlord can service notice (2 years) on the Tenant requiring them to take temporary accommodation (at the Landlord's cost) for up to 18 months to facilitate redevelopment.
Land to the South of 10 St Ebbes Street	The Museum of Modern Art Ltd	Modern Art Oxford	30/08/1996	N/A	19/08/2121	06/09/2039 (L) Rolling Thereafter	peppercorn									Redevelopment break right in favour of Landlord (Aberdeen UK Property Fund). After 06/09/2039, the Landlord can service notice (2 years) on the Tenant requiring them to vacate for up to 18 months to facilitate redevelopment.
Electricity Substation	Southern Electric PLC	Southern Electric	18/02/1998	N/A	17/02/2097		peppercorn									
Headlease at 20A-24 Queen Street			30/08/1996	30/08/2021	29/08/2121	-	-£500,400									
TOTAL (net of headrent)							£1,030,075								60,195	

## Tenancies

The property is let on an eFRI basis in accordance with the below schedule. This produces a Weighted Average Unexpired Lease Term (WAULT) of 10.26 years to expiry and 7.13 years to break.





## Rent Review Basis

### Aberdeen UK Property Fund Headlease

- The rent payable is £500,400 per annum, reviewed five yearly on an upwards only basis. The next rent review will be on 30th August 2021.
- The revised rent shall be calculated as to be one half of the rent at which the Premises (being the former BHS store at basement, ground, first floor at 20A-24 Queen Street), as a whole and under one lease, might reasonably be expected to be let on the open market for the remainder of unexpired term (currently 101 years).
- For the purposes of review, the premises is defined as a department store of 49,998 sq ft (GIA).
- In our opinion, at review the hypothetical assumption of both the unexpired term and the letting as a whole (as a department store on one lease) will prevent any uplift in rent in future.

### Occupational Leases

- For the purposes of upcoming rent reviews with Bank of Scotland PLC and Topshop/Topman Properties Limited, the former lease to BHS PLC still applies. This lease is reviewed upwards only to the open market rental of the "Premises" or the "Notional Standard Unit x3.78", with the occupational tenants paying a pre-agreed proportion, as defined in their leases. The Premises/Notional Standard Unit was last reviewed on 31st August 2016 to a rent of £1,750,000, upwards only.

### Bank of Scotland PLC

- Bank of Scotland currently pay 57.5% of the Premises/Notional Standard Unit's rent.
- At review on 31st August 2021, Bank of Scotland's proportion will increase to 60% and thus £1,050,000 based on the current Premises/Notional Standard Unit rent.
- This will increase proportionately if the rent of the Premises/Notional Standard Unit increases.
- At review on 31st August 2026, the Bank of Scotland proportion remains at 60%.

### Top Shop / Top Man Properties Ltd

- Contractual Rent - £743,750 pa.
- Tenant under CVA for 3 years from effective date - 12/06/2019.
- The rent payable from 24/06/2022 will be the higher of:
  - The rent payable under the CVA - current passing of £520,625 pa.
  - The "market rent".

## Covenant

### Bank of Scotland PLC – Halifax

Halifax is a leading UK High Street Bank and a wholly owned subsidiary of Lloyds Banking Group. With a presence throughout the UK and some 18 million customers, they provide an undoubted covenant and have produced the following accounts over the past three years:

	YE 31/12/2018	YE 31/12/2017	YE 31/12/2016
Sales Turnover	£9,278,000,000	£9,882,000,000	£10,576,000,000
Profit Before Tax	£2,231,000,000	£2,804,000,000	£3,395,000,000
Tangible Net Worth	£18,977,000,000	£15,105,000,000	£15,184,000,000

### Top Shop / Top Man Properties Ltd – Topshop/Topman

Topshop/Topman is a global fashion and beauty brand and the flagship fascia of the Arcadia Group. Since being established in 1964, it has always been at the forefront of fashion and has a cult following from the public and celebrities alike.

The most recent company financial accounts are as follows:

	YE 01/09/2018	YE 26/08/2017	YE 27/06/2016
Sales Turnover	£117,365,000	£120,538,000	£115,252,000
Profit Before Tax	£55,500,000	£10,632,000	£9,076,000
Tangible Net Worth	£24,174,000	£16,903,000	£7,421,000



TOPSHOP  
TOPMAN







## Proposal

We are instructed to seek offers in excess of **£10,000,000 (Ten Million Pounds)**, subject to contract and exclusive of VAT. A purchase at this level would reflect a **Net Initial Yield of 9.65%**, rising to 11.25% upon letting of 19 Queen Street (at £170,000 pa) and 11.65% at Halifax minimum uplift in 2021, after allowing for purchaser's costs of 6.70%.

## Further Information

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

**Sam Waterworth**

T: 020 3909 6821

M: 07810 657 744

sam.waterworth@knightfrank.com

**Charlie Barke**

T: 020 7861 1233

M: 07793 808 027

charlie.barke@knightfrank.com

## EPC

19 Queen Street – D83  
20A Queen Street – C70  
22 Queen Street – C60

## VAT

The property is elected for VAT. It is therefore anticipated that the sale will be treated as a Transfer of a Going Concern (TOGC).



**IMPORTANT NOTICE** (1) Particulars: These particulars are not an offer, an invitation or a contract, nor part of one. Any information about price or value contained in the particulars is provided purely as guidance, it does not constitute a formal valuation and should not be relied upon for any purpose. You should not rely on statements by Knight Frank in the particulars or by word of mouth or in writing ("information") as being factually accurate about the property, its condition or its value. Knight Frank has no authority to make any representations about the property. No responsibility or liability is or will be accepted by Knight Frank LLP, seller(s) or lessor(s) in relation to the adequacy, accuracy, completeness or reasonableness of the information, notice or document supplied or otherwise made available to any interested party or its advisers in connection with the Proposed Transaction. All and any such responsibility and liability is expressly disclaimed. (2) Images: Photographs show only certain parts of the property as they appeared at the time they were taken. Areas, measurements and distances given are approximate only. (3) Regulations: Any reference to alterations to, or use of, any part of the property does not mean that any necessary planning, building regulations or other consent has been obtained. A buyer or lessee must find out by inspection or in other ways that these matters have been properly dealt with and that all information is correct. (4) VAT: The VAT position relating to the property may change without notice. (5) Financial Crime: In accordance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and Proceeds of Crime Act 2002 Knight Frank LLP may be required to establish the identity and source of funds of all parties to property transactions.

Knight Frank is the trading name of Knight Frank LLP. Knight Frank LLP is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the United Kingdom. No "Knight Frank" entity acts as agent for, or has any authority to represent, bind or obligate in any way, any other "Knight Frank" entity. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Knight Frank LLP registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names (this can also be found at <http://www.knightfrank.co.uk/about-us>). August 2020. Designed and produced by Creativeworld. T: 01282 858200.