

# Unbroken Freehold Estate within the Town-Centre with Development Potential



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17-25 OCTAGON PARADE & 9-16 OXFORD STREET  
HIGH WYCOMBE, BUCKINGHAMSHIRE

## INVESTMENT SUMMARY

- Purchase price in excess of £7,500,000.
- Net initial yield of 7.0% rising to 8.9% in June 2006 and 9.0% in June 2007.
- Freehold.
- Total net internal area of 5,369 sq m (57,789 sq ft).
- South East / Thames Valley location.
- Unbroken estate.
- 22 tenancies.
- Prime location close to The Chilterns and Octagon shopping centres.
- Major new extension to The Octagon Centre planned nearby.
- Sector income profile; 52% retail , 28% office, 20% leisure.
- 20% of the income deriving from Luminar Leisure plc for a further 24.5 years.
- Active management opportunities.
- Potential residential/hotel development.

## LOCATION

Located in the south east of England, High Wycombe is within the county of Buckinghamshire and is part of the Thames Valley region. The town is a prime commercial location situated approximately 56.5 kilometres (35.1 miles) north west of Central London. Nearby towns include Maidenhead and Slough, 17.4 kilometres (10.8 miles) and 35.4 kilometres (22.0 miles) to the south east respectively.

Blue-chip, multi-national companies are attracted to the area due to the highly skilled workforce, excellent transport links and established reputation of the Thames Valley as a business location. These companies include, Johnson & Johnson, Volvo, Hyundai, Kawasaki UK, Rank Hovis McDougall and Jarvis Hotel.

Wycombe District Council is a strong supporter of business in the town and has established a Local Development Framework including plans for further economic development. Details on these policies can be found at [www.wycombe.gov.uk/business](http://www.wycombe.gov.uk/business)

The Council have granted planning permission for a £130 million extension to The Octagon Centre known as Project Phoenix. The scheme will provide a House of Fraser department store of 13,006 sq m (140,000 sq ft), a Marks & Spencer store of 9,661 sq m (104,000 sq ft) and a 9,290 sq m (100,000 sq ft) leisure complex incorporating a Cine UK cinema as well as residential accommodation. The proposed extension is located immediately south west of the property.

## DEMOGRAPHICS

According to the 2001 Census, High Wycombe has a population of 162,105. With regard to economic factors, the unemployment statistic is lower than the national average of 3.4% at 2.1%. In addition, the percentage of home-owners in High Wycombe is 75.5% compared to the national figure of 68.9%.

The town is characterised by a balanced, broad-based economy with growth in high-end and value added sectors, such as automotive and engineering, ICT and design technologies. High Wycombe benefits from a high concentration of knowledge-based businesses and an above average percentage of graduates. *Source: The Business Development and Regeneration Service, Wycombe District Council.*

## COMMUNICATIONS

High Wycombe benefits from excellent communications;

### *By Road*

The town is situated 1.7 kilometres (1.1 miles) north of Junction 4 of the M40 connecting the town to London via the A40. The M40 meets the M25 at Junction 16 providing access to the national motorway network. In addition, the A404 trunk road provides access to Maidenhead and Junctions 8 and 9 of the M4 motorway.

### *By Rail*

The mainline railway station is situated 0.7 kilometres (0.5 miles) east of the property and provides three trains an hour to London Marylebone mainline station with a fastest journey time of 33 minutes.

### *By Bus*

There are regular bus services that operate in the local area, the main bus station in the town is directly opposite the property on the west side of Abbey Way.

### *By Air*

Heathrow airport is located 26.0 kilometres (16.2 miles) to the south east.

## SITUATION

The property occupies a prominent position in the town centre situated at the roundabout intersection between Oxford Road (A40) and Hughenden Road (A4128). The property benefits from frontages to Octagon Parade, Oxford Street and White Hart Street.

The main shopping within the town is centred around the property in the form of two shopping centres (The Chilterns Shopping Centre and The Octagon Centre) and White Hart Street which is the continuation of the High Street.

To the immediate east of the property is The Chilterns Shopping Centre which is anchored by Marks & Spencer and additional retail multiples including Next, Dorothy Perkins and H Samuel.

The Octagon Centre is situated to the immediate south of the property and also benefits from a strong tenant profile which include Boots, Littlewoods and Miss Selfridge. The proposed extension of the Octagon Centre is situated immediately to the west.

Various national multiples are represented in the town's High Street being only a minute's walk to the east of the property.

There is a large Tesco store immediately to the west of the property on the western side of Abbey Way adjacent to the proposed extension to the Octagon Centre.

The immediate vicinity benefits from approximately 3,000 public car parking spaces.

## DESCRIPTION

The property was constructed in the 1970s and is of a concrete frame with brick elevations, incorporating single glazed metal casement windows. There is a service yard to the rear of the building.

There are three main elements to the property;

### *Retail*

Nos.18-25 Octagon Parade & No. 17 Oxford Road comprise nine retail units which benefit from close proximity to the entrance to the Octagon Centre. No. 17 Oxford Road has a return frontage to White Hart Street. Each unit benefits from first floor ancillary accommodation. Nos. 9,10,11 & 12 Oxford Street comprise five retail units benefiting from first floor ancillary accommodation.

### *Leisure*

Nos.13 & 14-16 Oxford Street is arranged as a nightclub and bar over two floors with an entrance fronting the roundabout intersection at Oxford Road. Although not inspected, we have been advised that the accommodation is of a high quality specification.

### *Office*

The office accommodation is arranged over two floors above the retail. Access is provided via two separate entrances on Octagon Parade, with a staircase and 8 person passenger lift to the upper floors. The accommodation is of a good standard and benefits from a

specification that includes suspended ceilings, recessed fluorescent lighting, perimeter trunking and central heating. Male and female toilets are situated at each service core.

## ESTIMATED RENTAL VALUE

The estimated rental value of the investment is currently **£717,100 per annum**.

### Retail

The estimated rental value of the retail accommodation is currently £374,579 per annum equating to the following assumptions;

Nos 18-25 Octagon Parade at £296 per sq m (£27.50 per sq ft) Zone A and £32.29 per sq m (£3.00 per sq ft) on the first floor.

No 17 Octagon Parade at £700 per sq m (£65.00 per sq ft) Zone A and (£5.00 per sq ft) on the first floor.

Nos 9,10,11 & 12 Oxford Street at £376 per sq m (£35.00 per sq ft) Zone A.

These assumptions are based on the evidence in the schedule below;

Address	Tenant	Date	Rent Per sq ft (Zone A)
<b>Lease Renewal/Letting</b>			
23 Octagon Parade	Luxlim Ltd (t/a Stride In)	06/05	£26.97
24 Octagon Parade	P Philips (t/a The Pound Shop)	03/05	£28.37
25 Octagon Parade	Mathew Birch (t/a Martin's Second Hand Furniture)	03/05	£27.50
<b>Rent Review</b>			
23/25 White Hart St	Thomas Cook and T Mobile	06/05	£70.00
2 Oxford St	Specsavers	02	£38.00

### Leisure

The estimated rental value of the leisure element is currently £142,794 per annum equating to £215 per sq m (£20.00 per sq ft) overall, with a half rate applied to the first floor.

### Office

The estimated rental value of the office accommodation is currently £199,764 per annum equating to £96.88 per sq m (£9.00 per sq ft) overall.

## DEVELOPMENT POTENTIAL

There may be potential to erect additional floors and convert some or all of the office accommodation to provide hotel or residential uses subject to obtaining the necessary consents. We understand that residential values in the town are in excess of £2,153 per sq m (£200 per sq ft).

Following preliminary discussions with the local authority's planning department, our client has instructed architects to design a hotel scheme which comprises 62 rooms. These plans are available on request. We are aware that there is already significant interest from a national hotel operator. 25 Octagon Parade and office suites 2-4, 7 & 7A and 6-10 have either purposely been kept vacant, or let with landlords breaks with development in mind.

## PRICE

The freehold interest can be acquired for a price in excess of **£7,500,000** reflecting the following yield profile based upon costs of 5.7625% and the assumptions stated under the Tenancies section;

<b>Net initial yield</b>	<b>7.0%</b>
<b>June 2006</b>	<b>8.9%</b>
<b>June 2007</b>	<b>9.0%</b>
<b>Reversionary yield</b>	<b>9.0%</b>

## VALUE ADDED TAX

The property has been elected for VAT and will therefore be treated as a Transfer of Going Concern (TOGC).

## ACCOMMODATION

We have been advised that the building provides a total net internal floor area of 5,369 sq m (57,789 sq ft). We understand the total site area of the property is 0.219 hectares (0.54 acres). Please see the tenancy and accommodation schedule.

## TENURE

Freehold.

## TENANCIES

The investment is multi-let to 13 retail, 1 leisure and 8 office tenants producing a total income of **£555,141 per annum**.

The investment provides the following rental profile based on the assumptions that rent reviews are agreed within six months, a six month re-letting void on all accommodation, and those units where tenants are holding over are either re-let or have their leases renewed.

**In June 2006, the total income will increase to approximately £706,500 per annum.**

**In June 2007, the total income will increase to approximately £710,800 per annum.** Please see the tenancy and accommodation schedule.

## COVENANT

Covenant	Date of Accounts	Turnover	Pre Tax Profit	Net Assets
Scope	Financial Accounts	Not Available		
Help The Aged	Financial Accounts	Not Available		
Sports World International Ltd* Sports Soccer Ltd(t/a Sport & Ski)	25/04/04	£566m	£51m	£152m
Francesco Ltd (t/a Francesco Restaurant)	31/03/04	-	-	£588,350
HFC Bank Ltd	Financial Accounts	Not Available		
Luxlim Ltd (t/a Stride In)	30/06/04			£226,159
Post Office Counters Ltd (t/a Here & Now)	Financial Accounts	Not Available		
Luminar Leisure Ltd (t/a Time)	29/02/04	£353m	£38m	£284m
Buckingham College Ltd	30/11/02	£368,158m (£18,398)		£63,865

\*Sports World International Ltd acquired Sports Soccer Ltd in September 2003.



TENANCY AND ACCOMMODATION SCHEDULE

Sector	Address	Tenant	Accommodation sq m	sq ft	First Floor Ancillary sq m	sq ft	ITZA sq m	sq ft	Rent per annum per sq ft/ Zone A	ERV per annum per sq ft/ Zone A	Review	Expiry	Unexpired Term (years)	Comments
<b>RETAIL</b>														
	9 Oxford St	Scope	70	750	72	770	53	568	£12,000 (£17.05)	£22,190 (£35.00)	22/09/05	21/09/15	10.25	Served rent review notice at £24,000 pa.
	10 Oxford St	Z Iqbal (t/a Dennis Kebab)	70	750	78	844	50	543	£11,500 (£16.51)	£21,537 (£35.00)	11/04/04	10/04/14	10.25	Served rent review notice at £25,000 pa.
	11 Oxford St	Tahir Mizra (t/a Roosters Chicken)	68	732	61	655	49	528	£21,000 (£36.05)	£20,445 (£35.00)	17/07/08	17/07/18	13.00	Rent deposit of £5,589 held.
	12 Oxford St	Help the Aged	77	829	79	854	55	590	£14,000 (£19.38)	£23,212 (£35.00)	22/01/04	22/01/10	4.50	Served rent review notice at £24,000 pa.
	17 Octagon Parade	Sports Soccer Ltd (t/a Sport & Ski)	255	2,740	312	3,360	171	1,845	£83,000 (£35.80)	£136,725 (£65.00)	12/12/04	11/12/14	9.50	Served rent review notice at £165,000 pa.
	18 Octagon Parade	Cramarrs Ltd (t/a Cramarrs Model Toys)	131	1,410	155	1,673	99	1,064	£34,000 (£27.24)	£34,279 (£27.50)	13/9/06	13/9/11	9.50	Tenant not in occupation Rent deposit of £8,927 held.
	19 Octagon Parade	Francesco Ltd (t/a Francesco's Restaurant)	100	1,076	63	679	73	785	£22,000 (£25.43)	£23,625 (£27.50)	25/12/05	24/12/10	5.50	
	20 Octagon Parade	HFC Bank Plc	65	700	28	302	45	484	£13,500 (£26.02)	£14,216 (£27.50)	25/6/07	24/6/12	7.00	
	21 Octagon Parade	Mr D P Clarke (t/a D P Clarke Family Butcher)	65	700	24	258	44	475	£12,500 (£24.68)	£13,813 (£27.50)	-	2/11/05	1.25	Tenant agreed to hold over until 4/11/05.
	22 Octagon Parade	M Dawson & V Wood (Woody's Tattoo Studio)	65	700	28	302	44	473	£12,500 (£24.51)	£13,914 (£27.50)	1/12/03	30/11/06	1.25	Served rent review notice at £15,000 pa.
	23 Octagon Parade	Luxlim Ltd (t/a Stride In)	66	710	29	316	44	473	£14,000 (£27.65)	£14,000 (£27.65)	-	30/6/10	5.00	New lease being documented.
	24 Octagon Parade	P Phillips (t/a The Pound Shop)	60	646	28	300	45	481	£14,750 (£28.79)	£14,123 (£27.50)	-	24/3/08	3.00	
	25 Octagon Parade	Matthew Birch (t/a Martin's Second Hand Furniture)	97	1,043	71	764	68	735	£22,500 (£27.50)	£22,500 (£27.50)	-	11/3/10	4.75	Landlord's break clause on 6 mths notice at anytime. Compensation £10,000 if required for proposed hotel scheme.
<b>Sub-Total</b>			<b>1,189</b>	<b>12,786</b>	<b>1,028</b>	<b>11,077</b>	<b>840</b>	<b>9,044</b>	<b>£287,250</b>	<b>£374,579</b>				
<b>Total Retail</b>			<b>2,217</b>	<b>23,863</b>										
<b>LEISURE</b>														
	13 Oxford St	Post Office Counters (t/a Here & Now)	213	2,296	298	3203	-	-	£73,000 (£18.73)	£77,950 (£20.00 overall)	1/01/05	31/12/29	24.50	Aportioned half rate on 1st floor. Tenant not in occupation. Sub-let to Luminar Leisure Ltd. Served rent review notice at £116,000 pa.
	14/15/16 Oxford St	Luminar Leisure (t/a Time)	240	2,583	339	3648	182	1960	£39,000 (£14.31)	£64,844 (£27.50 zoned)	14/07/05	13/07/30	25.00	Property assumed to be retail for rent review purposes. Served rent review notice at £75,000 pa. Rent deposit of £24,521 held.
<b>Sub-Total</b>			<b>453</b>	<b>4,879</b>	<b>637</b>	<b>6,851</b>			<b>£112,000</b>	<b>£142,794</b>				
<b>Total Retail</b>			<b>1,090</b>	<b>11,730</b>										
<b>OFFICE</b>														
<b>FIRST FLOOR</b>														
	Entire	Coeliac UK	223	2,400	-	-	-	-	£20,050 (£8.35)	£21,600 (£9.00)	4/12/08	4/12/13	8.50	
<b>SECOND FLOOR</b>														
	Suite 1A & B	Vacant	192	2,067	-	-	-	-	-	£18,603 (£9.00)	-	-	-	Quoting £9 psf.
	Suites 2-4	Dr L Lori & Dr Pearson	294	3,165	-	-	-	-	£26,250 (£8.29)	£28,485 (£9.00)	22/2/07	29/08/17	12.25	Mutual break 05/08/12 on 6 mths notice.
	Suite 5	St Istvan Gold Plc	49	527	-	-	-	-	£3,556 (£6.75)	£4,743 (£9.00)	-	18/09/08	3.25	Tenant's right to break on 3 mths notice at end of each year of term. Rent deposit of £1,045 held. Not being marketed, possibly required for proposed hotel scheme.
	Suites 7 & 7a	Vacant	130	1,399	-	-	-	-	-	£12,591 (£9.00)	-	-	-	
	Suites 6-10 & 13	Refence Point	349	3,757	-	-	-	-	£32,500 (£8.65)	£33,813 (£9.00)	-	24/12/04	-	Holding over until 31/07/05. Suites 6-10 required for proposed hotel scheme.
	Suite 11	Provident Financial	57	614	-	-	-	-	£6,600 (£10.75)	£5,526 (£9.00)	-	30/9/04	-	Holding over.
	Suite 12	CV Screen Ltd	67	721	-	-	-	-	£6,435 (£8.93)	£6,489 (£9.00)	-	4/07/07	2.00	Mutual break on 6 mths notice at anytime after 18 mths. Rent desposit of £1,502 is held.
	Suite 14	Ian Butler	78	840	-	-	-	-	£4,200 (£5.00)	£7,560 (£9.00)	-	1/06/08	3.00	The tenant is paying a Stepped rent of £5/£7/£9 psf in each successive year.
	Phase 3	Buckingham College of Higher Educaton	623	6,706	-	-	-	-	£56,300 (£8.40)	£60,354 (£9.00)	-	6/09/07	2.25	
<b>Sub-Total</b>			<b>2,062</b>	<b>22,196</b>					<b>£155,891</b>	<b>£199,764</b>				
<b>TOTAL</b>			<b>5,369</b>	<b>57,789</b>					<b>£555,141</b>	<b>£717,137</b>				



## INVESTMENT CONSIDERATIONS

- An opportunity to acquire a prominent freehold and mixed use estate in High Wycombe's town centre.
- High Wycombe is an affluent town in the South East of England, situated only 56.5 kilometres (35.1 miles) north west of Central London.
- The property is situated between the town's two shopping centres; The Chilterns & Octagon Centre and the prime High Street. In addition, both bus and railway stations are in the immediate vicinity.
- Highly attractive yield profile rising to 8.9% by June 2006.
- Well balanced sector income profile; 52% retail, 28% office, 20% leisure.
- Diverse mix of 22 tenants including Scope, Help the Aged, Sports Soccer Ltd, HFC Bank Plc, Post Office Counters, Provident Financial and Buckingham College of Higher Education.
- 20% of the income derives from Luminar Leisure Ltd for a further 24.5 years.
- Low average base rents of approximately £323 per sq m

(£30.00 per sq ft) Zone A for the retail and £87.08 per sq m (£8.00 per sq ft) for the offices.

- The £130 million extension to the Octagon Centre, opposite the property, will provide a House of Fraser department store, a Marks & Spencer store and a leisure complex incorporating a Cine UK cinema as well as residential accommodation.
- Active-management opportunities including re-lettings, lease renewals, completing outstanding rent reviews, refurbishment, consolidation of accommodation and change of use.
- Break-up of retail, achieving premiums for smaller lot sizes.
- Potential to erect additional floors and provide residential or hotel accommodation subject to the necessary consents. Positive discussions are in progress with both the planners and a national hotel operator. Furthermore, there may be a future opportunity to comprehensively re-develop the site of 0.219 hectares (0.54 acres).

**SUBJECT TO CONTRACT AND EXCLUDING VAT**



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