

# PROMINENT SOUTH EAST OFFICE INVESTMENT

LLOYDS BANK, BANBURY CROSS BUSINESS PARK, BANBURY, OX16 3EL

  
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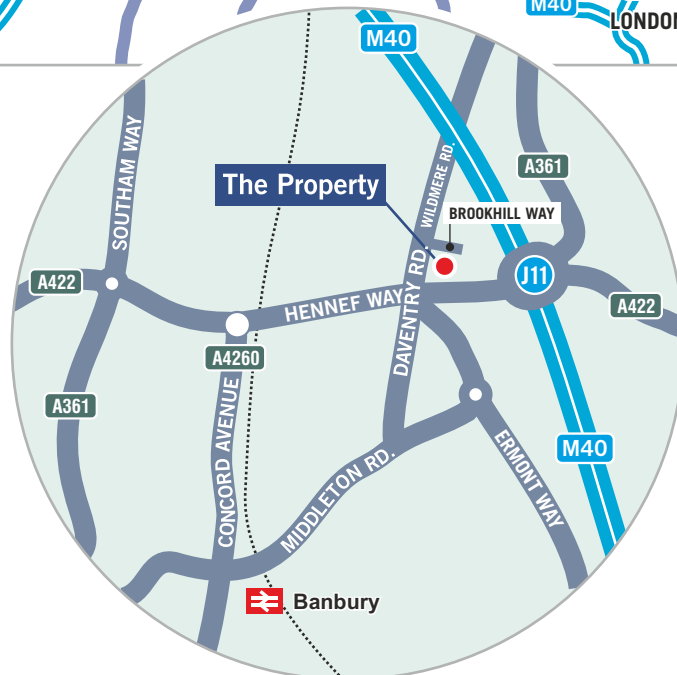
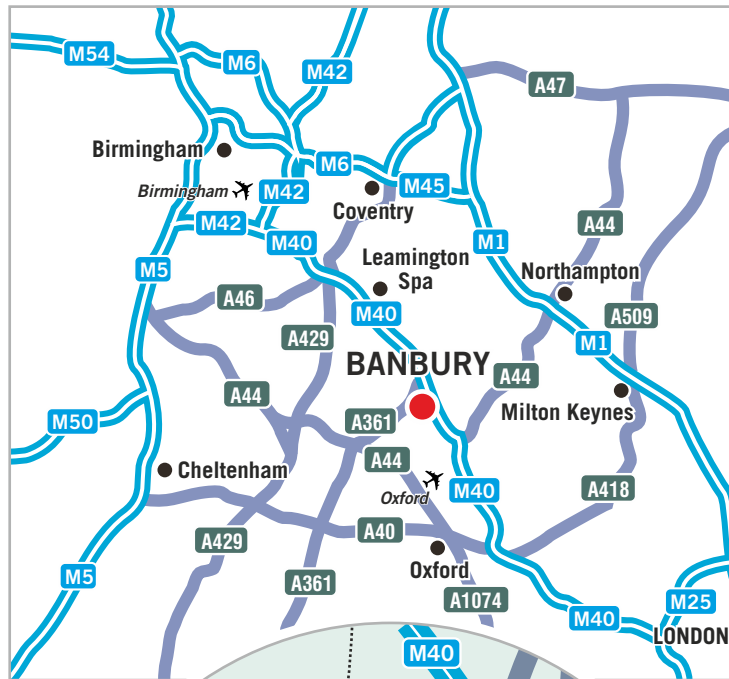
## INVESTMENT SUMMARY

- Prominent location off Junction 11 of the M40, providing direct access to the national motorway network
- Freehold
- A modern detached office building totalling approximately 31,003 sq ft (2,880 sq m)
- Excellent on-site car parking ratio of 1:169 sq ft
- Let jointly to Lloyds Bank Commercial Finance Limited and Lloyds Bank plc, an undoubted covenant
- Lease expiry 12 December 2025. Tenant break December 2020
- Current income of £539,682 per annum (£17.65 per sq ft overall, assuming half rate on the reception area and access lobby)
- Asset management opportunities include potential for removal of tenant's break option
- Offers are sought in excess of £4,500,000 subject to contract and exclusive of VAT, reflecting a net initial yield of 11.25%, assuming purchaser's costs of 6.57% and a capital value of £145.14 per sq ft



LLOYDS BANK





## LOCATION

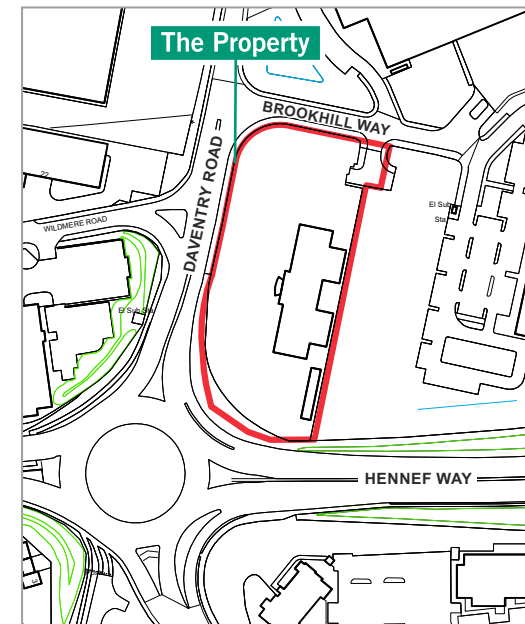
Banbury is an affluent market town and is the main commercial centre for north Oxfordshire. It is situated at Junction 11 of the M40 motorway, approximately 80 miles (128km) north west of London, 44 miles (71km) south east of Birmingham, 31 miles (49km) north west of Milton Keynes and 22 miles (36km) north of Oxford. The M40 is the principal road link between London and Birmingham, the UK's two largest cities.

The town is connected to the national railway network with a fastest journey time of 51 minutes to London Marylebone and 42 minutes to Birmingham's New Street or Snow Hill stations. London Oxford Airport is 25 miles (40km) to the south while Birmingham International Airport is situated approximately 30 miles (48km) to the north west.

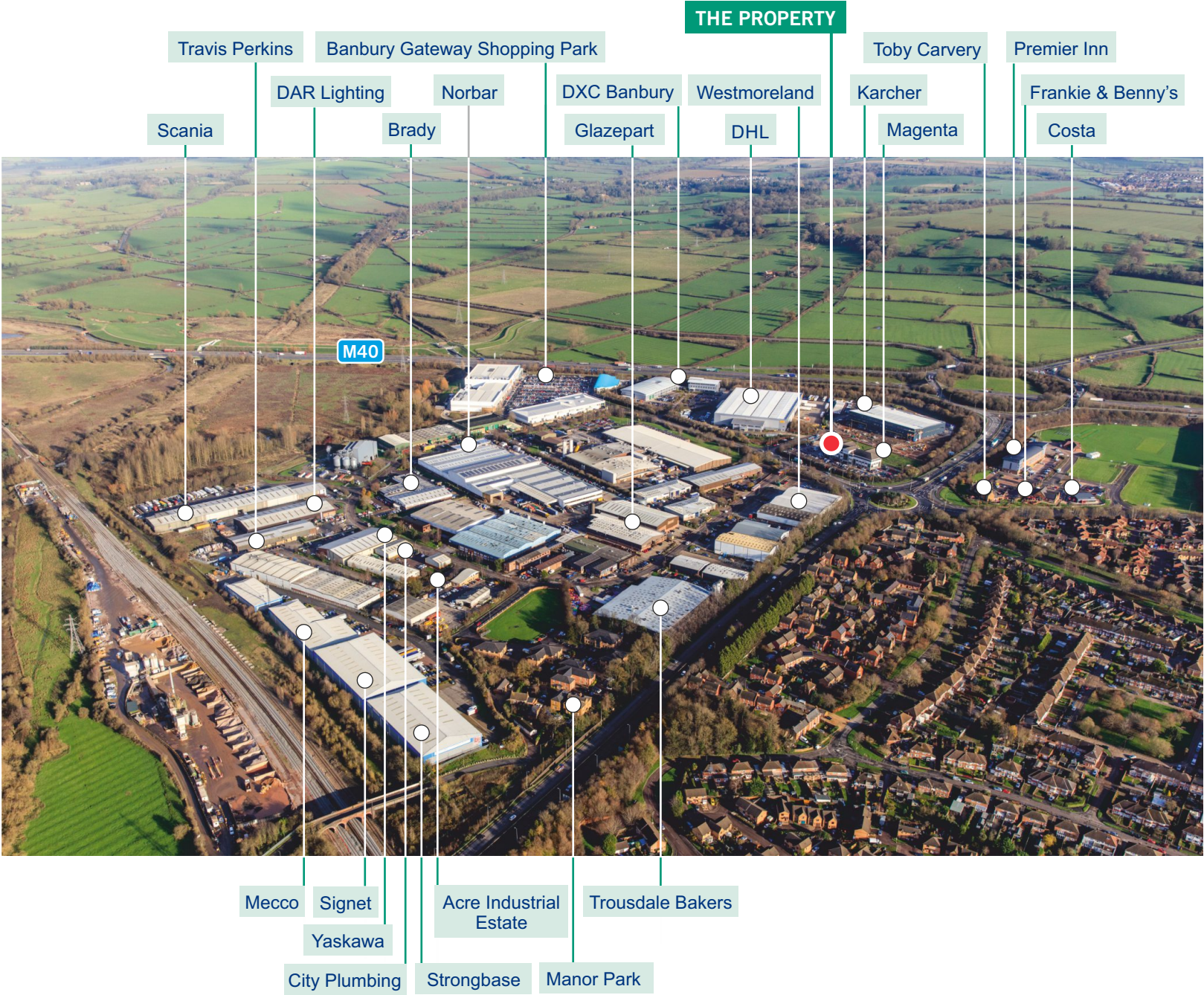
Banbury's central location in the UK, together with infrastructure improvements has led to its expansion and it now benefits from a diverse economic base.

## SITUATION

The property is situated at the junction of Daventry Road and Brookhill Way and its junction with A422, approximately 300 metres to the west of junction 11 of the M40 motorway. Nearby occupiers include DHL, Karcher, Magenta Self Storage, Premier Inn, Frankie & Benny's, Toby Carvery, Costa and Banbury Gateway Shopping Park.









## DESCRIPTION

The property comprises a modern prominent office building over ground and two upper floors. It is of steel frame construction with brick elevations under a pitched tiled roof which was completed in September 2000. The property's specification includes:

- 4-pipe fan coil air conditioning
- raised floors
- suspended ceilings with integral lighting
- double glazed polyester coated framed windows
- two 10 person lifts
- male and female toilets on each floor
- shower provision
- secure fence and barrier system

There is an external building housing a generator and UPS serving the property.

### Car Parking

The property has 183 car parking spaces which provide an excellent ratio of 1:169 sq ft, and occupies a site 2.19 acres (0.89 hectares).

### Site Area

Site area of approximately 2.19 acres (0.89 hectares).

## ACCOMMODATION

The approximate net internal floor areas are as follows:

Floor	Area sq m	Area sq ft
Reception	62	668
Access Lobby	16	167
Ground	871	9,376
First	965	10,386
Second	967	10,406
<b>Total</b>	<b>2,881</b>	<b>31,003</b>





## TENURE

Freehold.

## TENANCY

The property is let to Lloyds Bank Commercial Finance Limited and Lloyds Bank plc as joint tenants on a 25 year lease from 13 December 2000 (approximately 8.25 years unexpired) at a rent of £539,682 per annum (£17.65 per sq ft overall, assumes half rate for reception area and access lobby). It is subject to 5 yearly rent reviews. There is a tenant's break option in December 2020, upon 6 months' notice.

The property is used for a number of functions including Group IT, Commercial Banking Delivery, Data Services, Credit and Compliance, Client Management, Factoring Direct and Payroll Finance.

A deed of variation has been entered into, personal to Lloyds Bank Commercial Finance Limited and Lloyds Bank plc, to the effect that as long as they are tenants, they are responsible for insuring and reinstating the building.

## TENANT COVENANT



**LLOYDS BANK**

Lloyds Bank Commercial Finance Limited reported in their accounts to 31 December 2015 revenue of £123,566,000, pre-tax profits of £17,642,000 and a tangible net worth of £11,444,000. The joint tenant, Lloyds Bank plc reported in their accounts to 31 December 2016 a turnover of £20,900,000,000, pre-tax profits of £1,977,000,000 and a total net worth of £47,806,000,000. As such the tenant is an undoubted covenant.

## SOUTH EAST OFFICE INVESTMENT ACTIVITY

Recent comparable transactions include:

ADDRESS	TENANT / TERM CERTAIN	PRICE	NIY %	DATE
Pembroke House, BANBURY	Bibby Financial Services 11 years	Q £6.35m	7.5%	U/O May 2018
One Port Way, Port Solent, PORTSMOUTH	Ageas Insurance 9 years	£4.9m	8.05%	April 2018
Solent Business Park, FAREHAM	Northrup Grumman UK 5 years	£7.36m	9.62%	January 2018
Compass & Alexandra House, CRAWLEY	SPX Flow Technology /Rentokil 2.5 years	£10.15m	8.42%	June 2017
Balliol House, Banbury Business Park, BANBURY	Dematic Ltd 10 years	£6.7m	8.19%	May 2017
3-13 Conqueror Court, SITTINGBOURNE	AWULT 4.7 years - 2.4 years to break	£5.965m	8.50%	May 2017
Academy Place, BRENTWOOD	Multi let 6.2 years	£12m	7.00%	April 2017
Clarion House, Norreys Drive, MAIDENHEAD	Multi let 3.58 years	£7.3m	7.33%	March 2017
Units 1, 2 & 3 The Chilterns, Stokenchurch Business Park, HIGH WYCOMBE	2 tenants 2.4 & 6.4 years	£1.9m	8.13%	March 2017
One Capability Green, LUTON	Multi let 2 tenants 4.5 years	£4.952m	7.40%	February 2017





## CAPITAL ALLOWANCES

Capital allowances are to be retained by the vendor.

## VAT

The property is elected for VAT purposes. It is assumed that the transaction will be structured as a Transfer of a Going Concern (TOGC).

## EPC RATING

The property has an EPC rating of E104.

## PROPOSAL

Offers are sought **in excess of £4,500,000**, subject to contract and exclusive of VAT. A purchase at this level reflects a **net initial yield of 11.25%** assuming purchaser's costs of 6.57%, and a **capital value of £145.14 per sq ft**.

## FURTHER INFORMATION

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May 2018

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