

THE TRAMSHED

BEEHIVE YARD, WALCOT STREET, **BATH**, BA1 5BB



INVESTMENT SUMMARY

- ▶ Office and Leisure investment located in Bath city centre.
- ▶ Bath is one of the UK's most popular retailing and leisure destinations and has been designated a World Heritage site attracting close to 7 million visitors a year.
- ▶ The city has a strong residential market with demand consistently outstripping supply.
- ▶ The property comprises 1,723 sq m (18,553 sq ft) of offices and a ground floor bar / restaurant of 445 sq m (4,790 sq ft).
- ▶ The bar is let to Ha Ha Bar & Grill Limited on a lease expiring 4th September 2027 at a rent of £130,000 per annum reflecting £27.14 per sq ft.
- ▶ The offices are currently operated by the seller as serviced offices and let on individual agreements terminable upon three months' notice.
- ▶ Prime office rents in Bath are set to reach £26.00 per sq ft.
- ▶ On the 27th May 2015 prior approval was obtained for the change of use of the offices to residential to create 16 dwellings under Permitted Development Rights.
- ▶ The adjoining Tramshed residential development has achieved values of up to £800 per sq ft whilst prime residential in central Bath has now reached up to £1,000 per sq ft.
- ▶ The property is held long leasehold for a term of 145 years from 1st March 2001 at a peppercorn. Note there is no restriction on use within the terms of the lease and Landlord's approval would not be required for change of use to residential.
- ▶ We are instructed to seek offers in excess of **£5,250,000** for the long leasehold interest. Pricing at this level reflects £200 per sq ft for the office accommodation assuming a capitalisation rate of 6.50% on the A3 income and purchaser's costs of 6.60%.



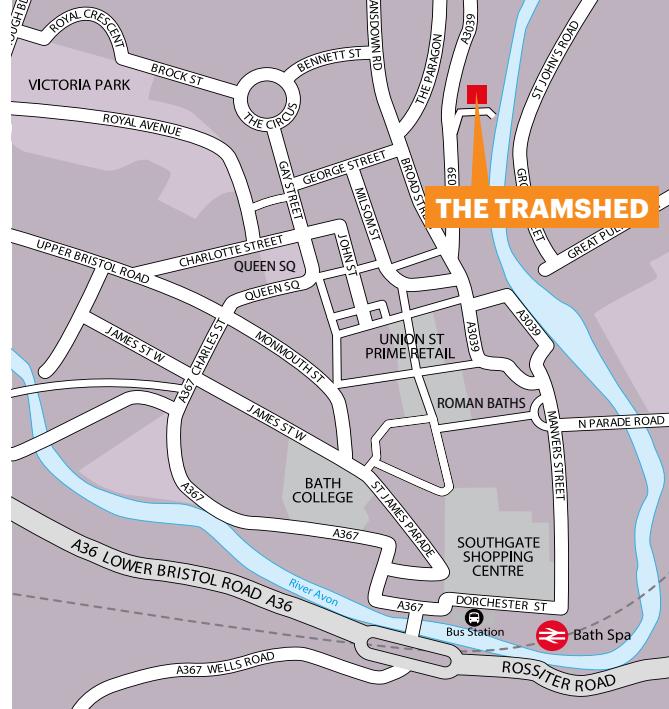
LOCATION

Bath is one of the strongest retailing and tourist destinations in the UK. The city is designated by UNESCO as a World Heritage site and is famous for its regency architecture and Roman Baths. It is estimated that the city attracts on average 7 million visitors each year.

Bath is located 116 miles west of London and 13 miles east of Bristol and benefits from good road connections via the M4 (8 miles north) and the M5 (20 miles west).

Bath Spa railway station provides a regular mainline connection to London Paddington with a journey time of approximately 85 minutes. The line is currently undergoing electrification works which will reduce the journey time to just over an hour when works are complete in 2017.

Bristol International Airport is located 21 miles (33km) west of Bath and is the fastest growing regional airport in the UK.



SITUATION

The property fronts Beehive Yard adjacent to Walcot Street in the heart of the City Centre and close to Bath's numerous shops, bars and restaurants. Within a few minutes' walk can be found:

Union Street & Milsom Street

One of Bath's principal shopping streets with occupiers including Banana Republic, Molton Brown, Pret a Manger, WH Smith and Goldsmiths Jewellers. Milsom Place is one of Bath's newest leisure schemes and home to Burger Lobster, CAU, Cote Brasserie, Carluccio's and Jamie's Italian.

Southgate Shopping Centre

Completed in 2010, Southgate Shopping Centre provides over 450,000 sq ft of retail and leisure space together with parking for 860 cars. Retailers include Debenhams, Apple, Superdry, Urban Outfitters and Fat Face. Restaurants represented include Pizza Express, Gourmet Burger Kitchen, Nando's and Giraffe.

Roman Baths

The Roman Baths is one of the finest historic sites in Northern Europe and one of the most popular tourist attractions in the UK attracting around one million visitors a year. In 2011 the Roman Baths completed a £5.5 million redevelopment to preserve the historic site and provide modern spa facilities.

Queen Square

The historic heart of Bath's professional services district and typically providing refurbished office space within period buildings. The Square is popular with law firms and consultants including Stone King, Omnia Legal, Mogers Drewett and Ashcourt Rowan Group.

The property is within the Bath Conservation Area and is not listed.





KEY

1. The Tramshed
2. Bath Hilton
3. Bath Rugby
4. Southgate Shopping Centre
5. The Royal Crescent
6. Bath Spa Railway Station
7. Bath Abbey
8. Roman Baths
9. Queen Square
10. Milsom Place

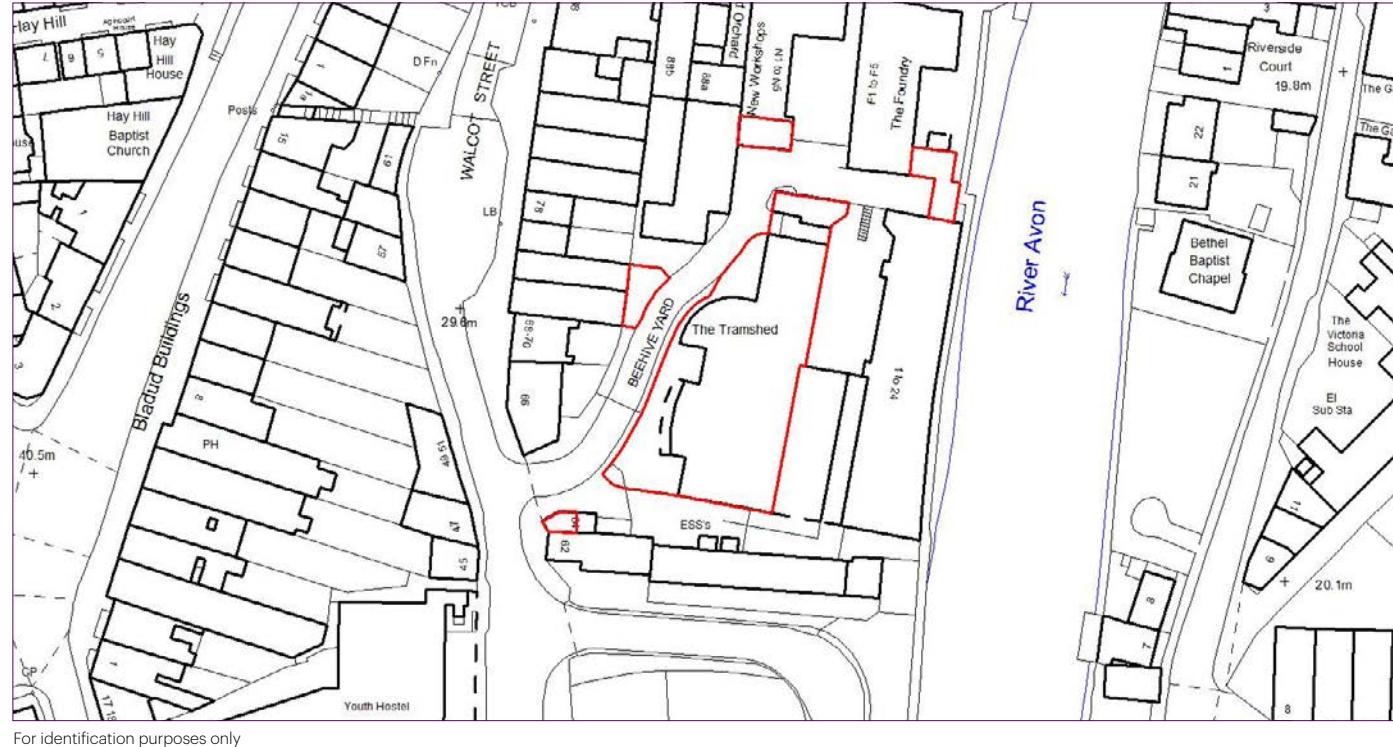
DESCRIPTION

The subject property forms part of the Tramshed development and comprises a ground floor bar / restaurant with outside seating together with five floors of modern offices currently configured to provide serviced office accommodation. The specification of the offices includes raised floors, air conditioning, double glazing and W.C's.

Externally the property benefits from on-site parking for 13 vehicles.

The property also includes a small, self-contained kiosk at the entrance to Beehive Yard.

The wider Tramshed scheme comprises office / studio space and a 24 unit residential development.



TENANCY

The bar / restaurant is let to Ha Ha Bar & Grill Limited from 5th September 2002 for 25 years expiring 4th September 2027 with five yearly open market rent reviews. The lease is internal repairing with the tenant contributing to external repairs via a service charge. The passing rent is £130,000 per annum reflecting £27.14 per sq ft and the next rent review is 5th September 2017.

The lease benefits from security of tenure under the Landlord and Tenant Act 1954.

The offices are currently operated by the seller as a serviced office scheme i.e. there is no operator or over riding lease in place. The seller is responsible for all costs associated with operating the serviced offices and in turn receives an inclusive rent from the various tenants. The operation has proved successful with high occupancy levels over recent years and management accounts can be provided upon request.

Please note that the individual serviced office agreements are terminable upon 3 months' notice and as such vacant possession can be achieved relatively quickly if required.

BATH OFFICE MARKET

Bath has an office supply of approximately 1.1m sq ft with development severely constrained within the centre due to the city's designation as a World Heritage Site.

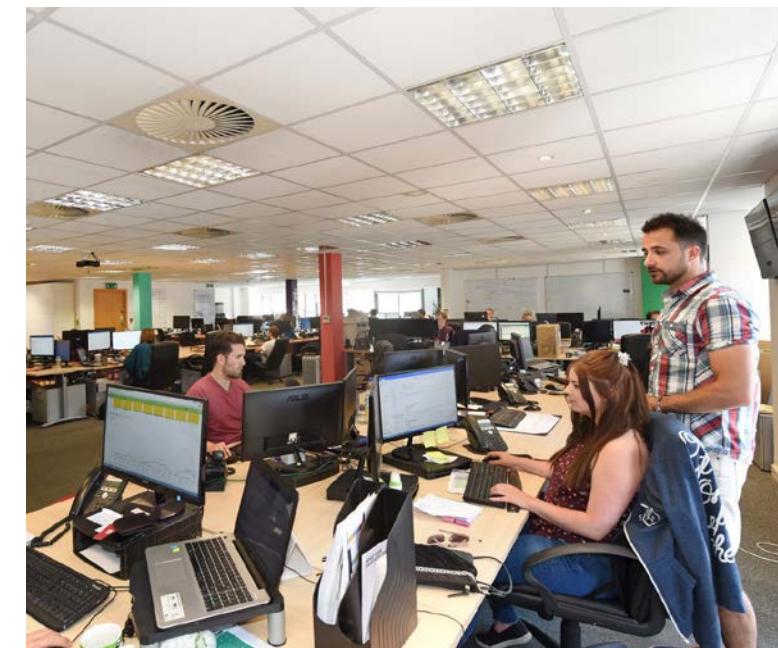
The majority of Bath's office stock can be categorised as refurbished but ultimately compromised period properties or under specified "modern" accommodation developed in the 1970's and 1980's. Bath's supply / demand imbalance impacts on take up with occupiers unable to relocate due to a lack of suitable alternative accommodation.

Current availability totals approximately 110,000 sq ft which includes 10,700 sq ft at Charter House and 45,130 sq ft at Manvers Street the majority of which is under offer.

With regards to demand, we are aware of seven named requirements for office space of between 5,000 - 20,000 sq ft.

Despite this latent demand, the lack of supply and therefore transactions have resulted in few opportunities to establish a new rental tone in the city. The best rents achieved in the city have been at Royal Mead where £21.00 - £22.00 per sq ft was achieved in 2013.

It is expected however that prime rents will rise significantly following the comprehensive refurbishment of 20 Manvers Street due for completion in March 2017. The majority of the building is already under offer and rents are expected to be £26.00 per sq ft.





PERMITTED DEVELOPMENT RIGHTS

On 27th May 2015 an application was made for prior approval to the change of use from offices to residential to create 16 dwellings. The application was successful and prior approval given on 17th July 2015.

In 2015 the government made the conversion of offices to residential under Permitted Development a permanent rather than temporary right.

The application (Ref 15/02408/ODCOU) together with proposed plans and supporting documentation can be found at www.bathnes.gov.uk

BATH RESIDENTIAL MARKET

Bath is an affluent city with a strong residential market where demand consistently outstrips supply. Apartments within the city centre are particularly sought after with buyers seeking to take advantage of Bath's outstanding retail and leisure offer. The city has excellent transport links with a bus / coach station and Bath Spa Railway Station providing a main line connection to London Paddington in just 85 minutes.

The electrification of the main line to London Paddington will reduce journey times to just over an hour making the city increasingly viewed as commutable to the Capital.

Residential values within central Bath are typically £500 - £550 per sq ft however there are examples where values have reached £1,000 per sq ft.

Of particular relevance is the existing 24 unit residential scheme at the Tramshed adjoining the subject property. The most recent transactions include the sale of 3 The Tramshed comprising a 2 bedroom apartment of 833 sq ft sold in April 2016 for £420,000 reflecting a rate of £504 psf and the sale of 23 The Tramshed comprising a 3 bedroom apartment of 1,380 sq ft which sold in March 2016 for £1,100,000 reflecting a rate of £800 per sq ft.

TENANT COVENANT

Ha Ha Bar & Grill Limited is a wholly owned subsidiary of Mitchells & Butlers Plc one of the UK's largest operators of pubs, bars and restaurants. Published financial information for Ha Ha Bar & Grill Limited is as follows:

| | Year Ending 26/09/2015 | Year Ending 27/09/2014 | Year Ending 28/09/2013 |
|------------|------------------------|------------------------|------------------------|
| Turnover | £30,236,000 | £30,752,000 | £30,312,000 |
| Net Profit | (£650,000) | £2,202,000 | £151,000 |
| Net Assets | (£6,490,000) | (£5,943,000) | (£7,566,000) |



TENURE

The property is held long leasehold at a peppercorn rent for a term of 145 years from 1st March 2001 expiring 28th February 2146. The lease contains no restriction on use and landlord's consent is not required for the conversion of the property to residential. A copy of the lease is available upon request.

VAT

The property is elected for VAT and it is anticipated that the sale will be treated as a Transfer of a Going Concern.

EPC

Offices - D76

Bar - C66

Kiosk - E101

PROPOSAL

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FURTHER INFORMATION

To arrange an inspection or to obtain further information please contact the joint agents :-

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