527-533 Oxford Street London W1
a unique central London retail investment
Investment Summary

Prominent retail property in one of the world’s most famous retail locations.

Undoubted retail pitch situated on Oxford Street next to Marble Arch tube station.

The property is fully let to two retail tenants and produces a total net rental income of £1,651,000 per annum.

Recently modernised to create two well configured stores with impressive modern double height frontages onto Oxford Street.

527 Oxford Street has been let to ASICS on a new 15 year lease at a rent of £660,000 p.a. reflecting £413 ZA.

ASICS have a fixed uplift in March 2017 to £842,345 p.a. reflecting £527 ZA.

Evans has taken a new 15 year lease of 529-533 Oxford Street at a rent of £995,000 p.a. reflecting £378 ZA.

These rents offer a significant discount to prime rents on Oxford Street of £800 ZA.

In our opinion the rents are highly reversionary in view of the recent letting opposite in excess of £500 ZA.

Long Leasehold interest expiring on 24th December 2150 (approximately 138 years unexpired) at a fixed rent of £4,000 p.a.

We are seeking offers in excess of £39,000,000 (Thirty Nine Million Pounds), exclusive of VAT and subject to contract. This reflects the following yield profile, allowing for normal acquisition costs of 5.8% and based on our opinion of current rental value at £500 ZA:

- Net Initial Yield: 4.0%
- Equivalent Yield: 5.0%
- Reversionary Yield: 5.2%
Location

Oxford Street in London’s West End is one of the UK’s busiest and most popular retail destinations providing a diverse and extensive retail offer. With 200 million visitors a year the three ‘Streets’ of Oxford, Regent and Bond generate a retail spend of £5.5 billion per annum.

The premier shopping street is also one of London’s major thoroughfares. Approximately a mile and a half in length it links Marble Arch in the west to Tottenham Court Road in the east.

Oxford Street is easily accessible from all over London being served by numerous bus routes; 170,000 people get on and off buses on the street each weekday. Oxford Street is also well linked to the rest of the capital through the tube network boasting four principal underground stations along its length; Marble Arch, Bond Street, Oxford Circus and Tottenham Court Road.

The subject property is situated next to Marble Arch tube station which is served by the Central line and has 20 million visitors a year.
Situation

The property occupies a key site on the south side of Oxford Street between the junctions of Park Lane and Park Street and next to Marble Arch tube station.

The property benefits from a significant footfall being located next to one of Oxford Street West's key anchor tenants, Primark. This is one of the street's busiest stores; measuring 120,000 sq ft, the flagship store attracted 6.24 million visitors in 2011. It is also within excellent proximity to Selfridges Department store and Marks & Spencer's largest flagship store.

The department and variety store offer is complemented by a strong mix of both national and international multiples including Next, Dorothy Perkins, Geox and New Look. Topshop will be opening a new store directly opposite.

This area of Oxford Street is set to be further enhanced as a retail destination following the opening of the neighbouring Park House Development in November of this year. The mixed use scheme will provide over 300,000 sq ft (27,870 sq m) of office, residential and retail accommodation making it the largest development on Oxford Street in the last 40 years. The development is set to be a key footfall driver providing nine new retail units.

Description

The property comprises two carefully designed retail units with significant prominence onto Oxford Street arranged over lower ground, ground and first floors.

Major works have been undertaken by the vendor, Korine Limited, including the full strip out and structural modifications of the property to create two well configured stores with impressive modern double height frontages onto Oxford Street.

The upper floors form part of the adjacent Marriott Park Lane Hotel which is part of this ownership but sold off on a long leasehold basis at a peppercorn rent.
## Accommodation

The property is arranged over ground, lower ground and first floors and provides a total area of 13,257 sq ft (1,231.6 sq m) as measured in accordance with RICS code of measuring practice (6th Edition).

<table>
<thead>
<tr>
<th>TENANT</th>
<th>FLOOR</th>
<th>USE</th>
<th>AREA sq ft</th>
<th>AREA sq m</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASICS UK Limited</td>
<td>Ground Floor</td>
<td>Sales</td>
<td>2,641</td>
<td>245.4</td>
</tr>
<tr>
<td></td>
<td>Ground Floor</td>
<td>Ancillary</td>
<td>475</td>
<td>44.1</td>
</tr>
<tr>
<td></td>
<td>Ground Floor</td>
<td>ITZA</td>
<td>1,325</td>
<td>123.1</td>
</tr>
<tr>
<td></td>
<td>First Floor</td>
<td>Ancillary</td>
<td>719</td>
<td>66.8</td>
</tr>
<tr>
<td></td>
<td>Lower Ground</td>
<td>Sales</td>
<td>2,503</td>
<td>232.5</td>
</tr>
<tr>
<td></td>
<td>Lower Ground</td>
<td>Ancillary</td>
<td>565</td>
<td>52.5</td>
</tr>
<tr>
<td><strong>Total Area</strong></td>
<td></td>
<td></td>
<td><strong>6,903</strong></td>
<td><strong>641.3</strong></td>
</tr>
<tr>
<td>Evans Retail Properties Ltd</td>
<td>Ground Floor</td>
<td>Sales</td>
<td>4,768</td>
<td>443.0</td>
</tr>
<tr>
<td></td>
<td>Ground Floor</td>
<td>ITZA</td>
<td>2,553</td>
<td>237.2</td>
</tr>
<tr>
<td></td>
<td>First Floor</td>
<td>Ancillary</td>
<td>1,586</td>
<td>147.3</td>
</tr>
<tr>
<td><strong>Total Area</strong></td>
<td></td>
<td></td>
<td><strong>6,354</strong></td>
<td><strong>590.3</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>13,257</strong></td>
<td><strong>1,231.6</strong></td>
</tr>
</tbody>
</table>
Oxford Street Retailing

Oxford Street is the world’s longest shopping street, offering 6,600,000 sq ft (613,000 sq m) of prime retail. It is also the world’s busiest shopping street and attracts 200 million visitors a year. This is largely due to its iconic status as the home of UK fashion and to its high accessibility to the rest of the capital. With 550 shops, and more flagship retail units than anywhere else in the UK, Oxford Street is set to generate an annual retail spend of £7.5 billion in 2012. This is forecast to increase to £10 billion by 2020.

The West End is now ranked number one globally for its concentration of international flagship stores; Burberry, Superdry, Hollister, Victoria’s Secret and Bosideng have all now secured large store representation. It is therefore unsurprising that recent research undertaken by OMD Insights found that 95% of consumers consider London’s West End to be one of the world’s top shopping destinations.

Impressive premiums are being driven by the desire for ever-increasing saleable area. Forever 21 paid £13.75 million for the assignment of the lease of 356-358 Oxford Street in November 2010. They have paid an additional £4.9 million premium in order to acquire and expand into the neighbouring 360 Oxford Street.

The positive demand from retailers and the strength of the occupational market together with the lack of good quality supply has put upward pressure on rents along the street. Footlocker has set a record Oxford Street rent of £800 ZA by taking the former Esprit store at 283 Oxford Street at a rent of £1.3 million p.a.

This trend is set to continue; Oxford Street prime rental values are forecast to rise by a further 2.7% for the remainder of the year and by another 3.7% into 2013.

There have been three recent transactions in the ‘Marble Arch pitch’ to support the new tone of £500 ZA.

530 Oxford Street - Geox took a new 10 year lease of the former Barratts store at a rent of £550,000 p.a. reflecting £500 ZA.

532-534 Oxford Street - Wallis have renewed the lease on part of their store at 532-534 Oxford Street at a rent reflecting £510 ZA.

536-540 Oxford Street – Topshop have taken a new lease 10 year lease at a rent approaching £510 ZA.

We anticipate further retailer demand to this end of Oxford Street following the opening of the £500 million Park House development, in November 2012. The development is reported to have signed high street brands of the highest calibre including Zara, Bershka and Urban Outfitters at rents of c. £650 ZA.

This area of Oxford Street is set to be transformed by a number of other key developments. Planning consent has been submitted to create two well configured retail units either side of Marble Arch tube at 544-556 Oxford Street. This will provide a total of 18,000 sq ft of retail accommodation with new shopfronts along this part of Oxford Street together with 5,000 sq ft of restaurant/cafes on Old Quebec Street.
a unique central London retail investment

527-533 Oxford Street London W1C 2QL
Planning consent submitted for two well configured retail units totaling 18,000 sq ft.

Volvo Car Centre

**Wallis**  
Lease Renewal  
June 2012  
£510 ZA

**Topshop**  
Open Market Letting  
September 2012  
Approaching £510 ZA

**Geox**  
Open Market Letting  
April 2012  
£500 ZA

**Primark**  
Attracted 8.24 million visitors in 2011

**Park House**  
The largest development on Oxford Street for the last 40 years. Rents of £690 ZA are rumoured to have been achieved in lettings to Zara, Urban Outfitters and Bershka.

**Selfridges**, voted the best department store in the world.

Let to **FCUK**  
Sold September 2011  
£86 Million  
3.54% NIY

**Adidas**  
Rent Review  
October 2010  
£602.50 ZA

**456-470 Oxford Street**, the largest M&S in their UK portfolio.

**451-453 Westbourne Grove**, the largest Zara in the UK.

**502-508 Westbourne Grove**, the largest Topshop in the UK.
Tenancies

The property is fully let on new leases to two tenants producing a total gross income of £1,655,000 per annum.

Approximately 60% of this is attributed to Evans Retail Properties Ltd, who has taken a new 15 year lease at a rent of £995,000 reflecting a headline rent of £378 ZA.

The remaining 40% of this is attributed to Asics UK Limited, who has taken a new 15 year lease at a rent of £660,000 reflecting a headline rent of £413 ZA.

The upper floors form part of the adjacent Marriott Park Lane Hotel which has been let on a long term lease expiring on 20 December 2150 at a peppercorn rent.

<table>
<thead>
<tr>
<th>ADDRESS</th>
<th>TENANT</th>
<th>GUARANTOR</th>
<th>FLOOR</th>
<th>USE</th>
<th>AREA SQ FT</th>
<th>AREA SQ M</th>
</tr>
</thead>
<tbody>
<tr>
<td>527 Oxford Street</td>
<td>Asics UK Limited</td>
<td>ASICS Europe BV</td>
<td>Ground Floor, Lower Ground Floor and First Floor</td>
<td>Retail</td>
<td>6,903</td>
<td>641.3</td>
</tr>
<tr>
<td>529, 531 and 533 Oxford Street</td>
<td>Evans Retail Properties Ltd</td>
<td>Redcastle Limited</td>
<td>Ground Floor and First Floor</td>
<td>Retail</td>
<td>6,354</td>
<td>590.3</td>
</tr>
<tr>
<td>527-533 Oxford Street and 68-70 North Row</td>
<td>PL Hotel Limited</td>
<td>Upper Floors &amp; Rear Hotel &amp; Residential</td>
<td>Total</td>
<td>13,257</td>
<td>1,231.6</td>
<td></td>
</tr>
</tbody>
</table>
Tenure

It is envisaged that the purchaser will acquire both the Head Leasehold and the Underleasehold interests, which are both held in the same ownership. The net pay away to the Freeholder, Grosvenor Estate, is therefore a fixed £4,000 p.a.

**Head Leasehold Interest**
Consi Properties Limited hold the long Leasehold interest from the freeholder Grosvenor Estate for a term of 200 years from 25th December 1950 expiring 24th December 2150 at a fixed rent of £4,000 p.a.

**Underleasehold Interest**
Korine Limited hold the long Leasehold interest from Consi Properties Limited for a term of 200 years (less one day) from 25th December 1950.

<table>
<thead>
<tr>
<th>TERM</th>
<th>LEASE START</th>
<th>LEASE EXPIRY</th>
<th>CURRENT RENT PA (ITZA)</th>
<th>ERV PA (ITZA)</th>
<th>COMMENTS</th>
</tr>
</thead>
</table>
| 15 years | 30/03/2012  | 29/03/2027   | £660,000 (£413 ZA)     | £842,345 (£527 ZA) | • Fixed rental uplift on 30 March 2017 to £842,345 pa providing the lease remains vested in ASICS UK Limited.  
• The vendor will provide a rental top-up until the expiry of the rent free period on 21 June 2013.  
• Effective FRI lease with no service charge cap. |
| 15 years | 23/07/2012  | 22/07/2027   | £995,000 (£378 ZA)     | £1,315,000 (£500 ZA) | • The vendor will provide a rental top-up until the expiry of the rent free period on 22 September 2013.  
• There is a service charge cap for the first three years of the lease of £30,000 exclusive of VAT increasing in line with RPI. This is well in excess of the service charge budget for 2012/2013 of £17,500 p.a. |
| c 151 years | 11/02/2000 | 20/12/2150 | A peppercorn | £1,655,000 | £2,157,345 |
Investment Transactions

The central London investment market remains robust and continues to attract strong investment demand. Values have been driven by the weight of money looking for prime property along the key Oxford, Regent and Bond Streets with investors being attracted to the strength in the occupational market whilst seeking to take advantage of current exchange rate conditions.

We illustrate some of the most recent investment transactions along with yields and prices achieved below. In the last 12 months all of the transactions to the west of Oxford Circus have achieved yields of sub 4.00%.

<table>
<thead>
<tr>
<th>DATE</th>
<th>ADDRESS</th>
<th>TENANT</th>
<th>CAPITAL VALUE</th>
<th>NIY</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2012</td>
<td>333 Oxford Street</td>
<td>Zara</td>
<td>£155,000,000</td>
<td>3.90%</td>
</tr>
<tr>
<td>September 2012</td>
<td>391-393 Oxford Street</td>
<td>T Mobile</td>
<td>£14,850,000</td>
<td>3.06%</td>
</tr>
<tr>
<td>September 2011</td>
<td>388-396 Oxford Street</td>
<td>French Connection</td>
<td>£86,000,000</td>
<td>3.54%</td>
</tr>
<tr>
<td>March 2012</td>
<td>181-183 Oxford Street</td>
<td>Vision Express</td>
<td>£22,000,000</td>
<td>4.19%</td>
</tr>
<tr>
<td>March 2012</td>
<td>184-190 Oxford Street</td>
<td>Office Shoes and Aldo</td>
<td>£38,500,000</td>
<td>4.39%</td>
</tr>
<tr>
<td>December 2011</td>
<td>139-143 Oxford Street</td>
<td>Calzedonia, Ben’s Cookies</td>
<td>£12,775,000</td>
<td>4.03%</td>
</tr>
<tr>
<td>May 2011</td>
<td>192-194 Oxford Street</td>
<td>Russell &amp; Bromley</td>
<td>£19,215,000</td>
<td>4.25%</td>
</tr>
</tbody>
</table>
Planning and Development

The property is not listed but does fall within the Mayfair Conservation Area.

The vendor has recently carried out significant structural alterations to the building including:
- The removal of columns and the addition of new structural strengthening
- Addition of new roofing and rooflights
- New Portland stone shopfront and full height structural glazing

Potential Development

Planning consent has been granted for the erection of a new fourth floor and an extension of the third floor of the Marriott Hotel above 527-533 Oxford Street. Once completed, the scheme will provide an additional 12 bedrooms. Alterations to the east and north facades will be made to create flush elevations in line with the new extension. It is proposed that the development will include a piece of public art in the form of a bronze tree by Jonathan Knight on the north wall facing Oxford Street.

The recent works undertaken on the retail of 527-533 Oxford Street by Korine Limited included strengthening the structure to ensure the additional load of the additional hotel rooms could be supported. This entailed enhancing the primary columns and installing c. 65 tonnes of steel below the Marriott Park Lane Hotel. The hotel was then jacked and the new transfer steel frame engaged.

Documents detailing this proposed hotel extension scheme are available on request.
Tenant Financial Information

ASICS UK Limited
Founded in 1949 in Japan by Kihachiro Onitsuka, ASICS has developed into an established global sporting brand operating subsidiaries in Australia, China, Europe and the US. ASICS is renowned for making and marketing footwear, sportswear, and uniforms for a number of sports including basketball, volleyball, track and field, wrestling and running.

The company's name is an acronym of the Latin phrase “Anima Sana In Corpore Sano” meaning “A sound mind in a healthy body”.

In the year to December 2010, ASICS UK Limited produced an impressive total turnover of £60 million with pre tax profits of £6.1 million. In addition they reported total assets of £26.6 million.

ASICS UK Limited has been identified by Experian as a very low risk company and has been awarded an excellent Delphi score of 94 out of 100.

In addition ASICS Europe BV are a Guarantor on the lease. In the year to 31 December 2010 ASICS Europe BV reported a net profit of €65 million.

For more information please visit www.asics.co.uk

Evans Retail Properties Limited
Evans was founded in 1930 by the manufacturer Jack Green. Evans is the UK’s market leader in size 14+ women’s wear operating out of over 330 stores around the UK and Ireland. The company is now a limited company and forms part of the Arcadia Group.

The lease is guaranteed by Redcastle Limited who, in the year to August 2011, reported a total turnover of £250 million and total assets of £411 million.

Redcastle Limited has been identified by Experian as a very low risk company having been awarded an excellent Delphi score of 96 out of 100.

For more information please visit www.evans.co.uk
a unique central london retail investment

527-533 Oxford Street  London W1C 2QL

Energy Performance

Energy Performance Certificate
Non-Domestic Building

527 Oxford Street
LONDON
W1C 2QL

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information on the Government’s website www.communities.gov.uk/epcb.

Energy Performance Asset Rating

A: Very efficient
B: Efficient
C: Less energy efficient
D: Less energy efficient
E: Less energy efficient
F: Less energy efficient
G: Least energy efficient

Technical Information

Main heating fuel: Natural Gas
Building environment: Air Conditioning
Total useful floor area (m²): 709
Building complexity (BCC level): 4
Building emission rate (kgCO₂/m²): 69.1

Benchmarks

Buildings similar to this one could have ratings as follows:

- 30: If newly built
- 20: If typical of the existing stock

Green Deal Information

The Green Deal will be available from later this year. To find out more about how the Green Deal can make your property cheaper to run, please call 0300 123 1234.

Energy Performance Certificate
Non-Domestic Building

529-533 Oxford Street
LONDON
W1C 2QL

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information on the Government’s website www.communities.gov.uk/epcb.

Energy Performance Asset Rating

A: Very efficient
B: Efficient
C: Less energy efficient
D: Less energy efficient
E: Less energy efficient
F: Less energy efficient
G: Least energy efficient

Technical Information

Main heating fuel: Grid Supplied Electricity
Building environment: Air Conditioning
Total useful floor area (m²): 596
Building complexity (BCC level): 4
Building emission rate (kgCO₂/m²): 116.33

Benchmarks

Buildings similar to this one could have ratings as follows:

- 32: If newly built
- 28: If typical of the existing stock

Green Deal Information

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Proposal

We are seeking offers in excess of £39,000,000 (Thirty Nine Million Pounds), exclusive of VAT and subject to contract. This reflects the following yield profile, allowing for normal acquisition costs of 5.8% and based on our opinion of current rental value:

- Net Initial Yield: 4.0%
- Equivalent Yield: 5.0%
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