

Prime Retail Park Investment



DUMFRIES RETAIL PARK



FOCUS
DIY AND GARDENING

NEW
49.99

NEW
Treat & renovate your garden

CRACKED & CHIPPED
REPAIR KIT

50% OFF
£79.99

3-2
£12.99

60% OFF
SEE

25% OFF
ALL outdoor plants

50% OFF
50% OFF
25% OFF
33% OFF

50% OFF
Selected laminate flooring

25% OFF
15% OFF



INVESTMENT SUMMARY

Dumfries Retail Park comprises approx. 7,963.46 sq.m (85,718 sq.ft) of restricted Open Class I retail warehousing.

- ◆ Occupiers include Focus DIY, Comet, Allied Carpets, Carpetright, Curry's and Carphone Warehouse. All leases are on full repairing and insuring terms with 5 yearly, upwards only rent reviews.
- ◆ The majority of leases expire in August 2023 giving an average of 17 years unexpired.
- ◆ Passing rent of £1,001,977 per annum (average rent – £125.83 per sq m (£11.69 per sq. ft.)).
- ◆ Rents range from £107.84 per sq m (£10 per sq.ft) - £134.55 per sq m (£12.50 per sq.ft) depending on the size of the unit. Carphone Warehouse is let at £215.28 per sq m (£20 per sq.ft).
- ◆ ERV's range from £140.00 per sq m to £150.70 per sq m (£13.00 per sq ft to £14.00 per sq ft) and £236.8 per sq m (£22.00 per sq ft) on the Carphone Warehouse – Total ERV - £1,188,650 per annum
- ◆ Feuhold
- ◆ The Park benefits from a total of 441 car parking spaces providing a ratio of 1:18 per sq m (1:194 sq.ft).
- ◆ The property benefits from an Open Class I non food planning consent with restrictions. "The primary use of any units shall not be in clothing, fashion, footwear, toys, sports goods, books, newspapers and magazines or variety store use". Condition 3 has been varied to allow up to 1400 sq m (gross) of electrical goods floorspace.
- ◆ Our client is seeking offers in excess of £21 million (twenty-one million pounds), subject to contract and exclusive of VAT, which would show a purchaser a net initial yield of 4.51%, a reversionary yield of 5.35% in December 2008 and an equivalent yield of 5.28% after allowing for acquisition costs of 5.7625%.

LOCATION

Dumfries is an attractive market town and the regional capital of south west Scotland, within the district of Dumfries and Galloway. The town lies approximately 122 km (76 miles) south of Glasgow and 55 km (34 miles) north-west of Carlisle.

Dumfries is located at the junction of the A75, A76, A701 and A709. The A75 provides direct access to the A74 (M) approximately 38 km (24 miles) to the east (Junction 22 – Gretna Green), whilst the A709 provides access to junctions 17 and 18 of the A74(M). The A701 provides access to the A74 (M), 32 km (20 miles) to the north which becomes the M74 to Glasgow. Stanraer is located 93 km (58 miles) to the west via the A75.

The nearest airport to Dumfries is located at Prestwick, 98 km (61 miles) to the north-west.

DEMOGRAPHICS

The urban area of Dumfries has a population of 31,146, whilst Dumfries and Galloway district has a population of 147,765. Dumfries has a primary shopping catchment of 76,000. The age of the catchment population is in line with the UK average with slightly higher than average within the 65-74 age bracket.



This is confirmed by the CACI lifestyle groupings showing 'affluent greys' representing 27.8% of the urban population against GB average of 7.7%. The Dumfries and Galloway economy is primarily based on light industry, agriculture, forestry and with tourism making a significant contribution. Food processing employs over 2,500 people within the region. At present the region produces 27% of Scotland's sawn wood and 9% of the UK's total. Approximately 2,500 people are employed in over 20 saw mills throughout the region.

SITUATION

Dumfries Retail Park is situated approximately 1km (0.5 miles) to the north-west of the town centre and occupies a prominent site on the Kilmarnock roundabout, which is situated at the junction of the A75 Dumfries By-Pass and A76. Access to the property is via College Mains Road which, leading directly off the roundabout, provides access to the retail park and an industrial complex to the rear.

The site is bounded to the north and east by College Mains Road and to the south by a disused railway line. The western boundary is formed by an elevated ramp providing access to a pedestrian footbridge over the by-pass.

The immediate surrounding area comprises a mix of retail, commercial and residential uses. Cuckoo Bridge Retail Park (130,000 sq ft) and an 85,000 sq ft Tesco superstore are located on the opposite side of the road (A76). In addition there is a Booker Cash and Carry warehouse situated on the opposite side of the roundabout together with a newspaper distribution warehouse unit.

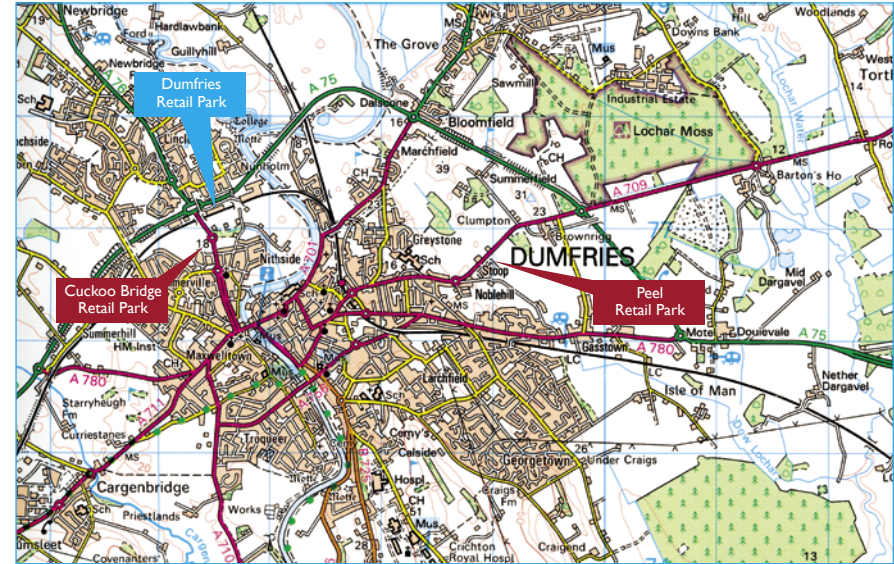
DESCRIPTION

The property comprises a purpose built retail warehouse park, totalling approximately 7,963.46 sq m (85,718 sq ft) arranged as an L-shaped terrace of 5 units together with a solus DIY unit and a solus Carphone Warehouse unit in the car park. The park was constructed in 1997/8 with the Carphone Warehouse added in 2004.

The property is constructed of steel portal frame with a combination of brickwork and composite cladding panels to the elevations. Eaves height to the underside of the haunch is approximately 7.5 m (24 ft 6 in). The roofs are clad using profiled metal sheeting incorporating roof light panels over units 1, 4 and 6. Customer access is through glazed entrance doors to the front elevation enclosed within curtain walled vestibules.

Separate service access is provided to each unit to the rear/ side elevation, principally through electronically operated doors. Servicing is via a substantial concrete surface yard to the rear which is accessed by a dedicated entrance and roadway off College Mains Road to the east of the main terrace.

Units 2, 4 and 6 incorporate mezzanine storage.



CAR PARKING

The Park benefits from a car parking ratio 1:18.sq.m (1:194 sq.ft) with a total of 441 car parking spaces.



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TENURE

Feuhold, the Scottish equivalent of Freehold

TENANCY & ACCOMMODATION

TENANT	LEASE START	LEASE EXPIRY	NEXT REVIEW	RENT P.A.	AREA (sq ft)	RENT P.S.F.	ERV P.S.F.	ERV P.A.
Focus (DIY) Ltd	05 Sept 97	28 Aug 22	28 Aug 07	£280,500	28,050*	£10.00	£13.00	£364,650
Comet Group plc	09 Oct 98	28 Aug 23	28 Aug 08	£147,000	12,005*	£12.24	£14.00	£168,100
Harveys Furnishings Group Ltd	09 Oct 98	28 Aug 23	28 Aug 08	£122,536	10,003*	£12.25	£14.00	£140,000
Allied Carpets Properties Ltd	01 Oct 01	28 Aug 23	28 May 06	£120,000	10,024	£11.97	£14.00	£140,300
Carpetright plc	09 Oct 98	28 Aug 23	28 Aug 08	£122,916	10,034*	£12.25	£14.00	£140,500
DSG Retail Ltd	06 Jan 99	28 Nov 23	28 Nov 08	£169,025	13,522*	£12.50	£14.00	£189,300
The Carphone Warehouse	23 Feb 04	22 Feb 19	23 Feb 08	£40,000	2,080	£19.23	£22.00	£45,800
TOTAL				£1,001,977	85,718			£1,188,650

* areas stated in lease

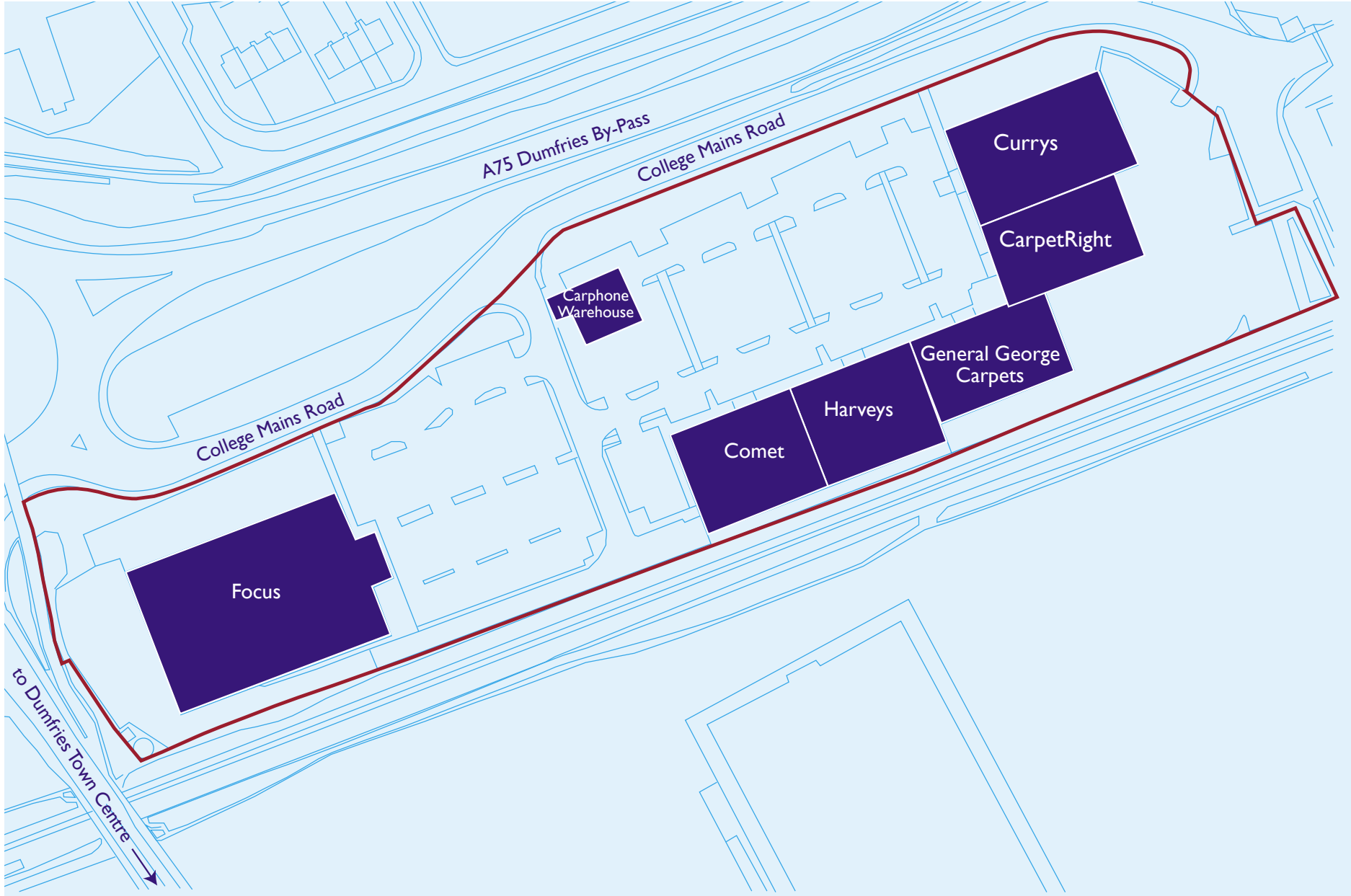
COVENANT INFORMATION

TENANT	COMPANY NUMBER	RATING	% OF TOTAL INCOME	DATE	TURNOVER (000'S)	PROFIT/(LOSS) (000'S)	NET WORTH (000'S)
Focus (DIY) Ltd	1779190	5A2	28.0	31/01/04	£552	£20.3	£32.9
Comet Group plc	278576	5A2	14.7	31/01/05	£1,447	£17.4	£51.2
Harveys Furnishing Group Ltd*	884341	N4	12.2	01/05/05	-	-	(£46.7)
Harveys Furnishing Ltd	281055	5A2			-	-	£127.1
Allied Carpets Properties Ltd	2597105	4A2	12.0	01/01/05	£47.8	£0.69	£33.2
Carpetright plc	2294875	4A1	12.2	30/04/05	£462	£72.4	£27.9
DSG Retail Ltd	504877	5A1	16.9	02/04/05	£4,570	£148.7	£831.9
The Carphone Warehouse	2142673	N3	4.0	02/04/05	£845	£39.3	(£81.1)

* guarantor

SITE

The site is rectangular in shape and bounded to the north by College Mains Road which provides immediate access to the roundabout to the junction of A75/A76 and to the south, by a disused single track railway line. The site extends to approximately 3.054 hectares (7.55 acres), the site cover being approximately 26%.





TOWN PLANNING

Outline planning consent for a non-food retail warehouse park was granted in October 1995 in respect of up to 8,173 sq.m (87,975 sq.ft) of gross retail floor area plus a garden centre. Condition 3 states "The primary use of any units shall not be in clothing, fashion, footwear, toys, sports goods, books, newspapers and magazines or variety store use." Condition 3 has been varied to permit up to 1400 sq m (gross) floorspace of electrical goods.

There is an argument that primary refers to over 50% of the use and as such if the restricted uses account for less than 50% they may be allowed. IKEA successfully argued a similar planning condition at the Eastgate Centre, Bristol which allowed Next and others to open.

Interested parties should carry out their own enquiries in this regard.

The Carphone Warehouse unit which was constructed in 2004 benefits from Open Class 1 planning consent.

RETAIL WAREHOUSING IN DUMFRIES

Dumfries Retail Park is one of three retail parks in the town which serves the wider Dumfries and Galloway catchment area. The other parks are as follows:

Cuckoo Bridge Retail Park is situated on the opposite side of the A76 to Dumfries Retail Park. It was developed by J Sainsbury Developments and purchased by British Land in 2003. It is located approximately 50 m to the south-west with access off the A76. The park measures approximately 12,077 sq. m (130,000 sq. ft) and has a restricted retail consent. Occupiers include Homebase, MFI, Storey Carpets and KFC. Several units are currently vacant. During this period, British Land has tried to negotiate a widening of the planning consent. To date the Council have resisted this move.

The current tone for a standard 929 sq. m (10,000 sq.ft) unit is approximately £161 per sq. m (£15.00 per sq.ft). We understand the owners are in detailed negotiations to let a 30,000 sq ft unit to a single occupier in the region of £145 per sq. m (£13.50 psf.) This would necessitate relocating MFI into the main terrace, leaving one unit to let.

Immediately opposite the car park to Cuckoo Bridge is an 7897 sq m (85,000 sq.ft)

Tesco which now has consent to trade 24 hours a day. This is the largest supermarket within the town.

The third retail park in Dumfries is the Peel Centre, also developed by J Sainsbury Developments and sold in March 2003 to Liberty Land. The Peel Centre benefits from an Open Class 1 planning consent. Tenants include Matalan, Brantano, Pets at Home, TK Maxx and Au Naturale. The majority of lettings occurred in 2002 with rents ranging from £156.70 - £161.45 per sq m (£14-£15 per sq.ft). The Peel Centre is located in a fringe location on A709 at the eastern boundary of the town.





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ENVIRONMENTAL CONSIDERATIONS

An environmental survey was undertaken prior to construction in 1996 which concluded "...it is considered that the risk to site end users and the wider environment is low"

ESTIMATED RENTAL VALUE

We consider the Total Estimated Rental Value to be approximately £1,188,650 per annum. This is based upon £150.70 per sq. m (£14.00 per sq.ft) for the standard 10,000 sq ft units, £139.93 per sq. m (£13.00 per sq. ft) for the stand alone Focus unit and £236.81 per sq. m (£22.00 per sq. ft) for the Carphone Warehouse unit.

VAT

VAT will be payable upon the purchase price.

PROPOSAL

We are instructed to seek offers in excess of £21,000,000 (twenty-one million pounds) subject to contract and exclusive of VAT. A purchase at this level reflects the following net yields after allowing for purchaser's costs of 5.7625%:

- ◆ Net Initial Yield 4.51%
- ◆ Net Reversionary Yield (December 2008) 5.35%
- ◆ Equivalent Yield 5.28%



CONTACT

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DISCLAIMER

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Unless otherwise stated, all prices and rents are quoted exclusive of VAT.

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