

CLYDE RETAIL PARK

CLYDEBANK, GLASGOW G81 2XA



INVESTMENT SUMMARY

- **Glasgow is the largest city in Scotland**, the third largest city in the UK and one of Europe's most dynamic and vibrant locations with over £1.89bn of comparison goods spend.
- Glasgow is second in CACI's UK Retail Ranking (2013) and has a **catchment of 3 million people**.
- Clydebank is situated **8 miles north west of Glasgow city centre** within the Greater Glasgow conurbation.
- Clyde Retail Park extends to **149,046 sq ft** and is situated in the town centre, next to Clyde Shopping Centre.
- There is parking for **530 cars** showing a ratio of 1:281 sq ft.
- The property is let to national retailers including **TK Maxx, TJ Morris (Home Bargains), Matalan, Halfords, Sports Direct, Dreams, Go Outdoors** and **KFC**, with a new letting to **Jollyes**.
- The tenants report **positive levels of trading**.
- **WAULT of 7.6 years to expiry** and 6.9 years to breaks.
- **Open A1 Retail (Non-Food)** planning consent.
- Income of **£1,535,547 per annum**, equating to a low average passing rent of only **£10.30 psf**.
- We are instructed to seek offers in excess of **£19,000,000 (Nineteen Million Pounds)** exclusive of VAT for our clients' interest. A purchase at this level would provide a **net initial yield of 7.61%**, allowing for purchaser's costs of 6.25%.
- The quoting price reflects a **low capital value** of only **£127 psf**.



LOCATION

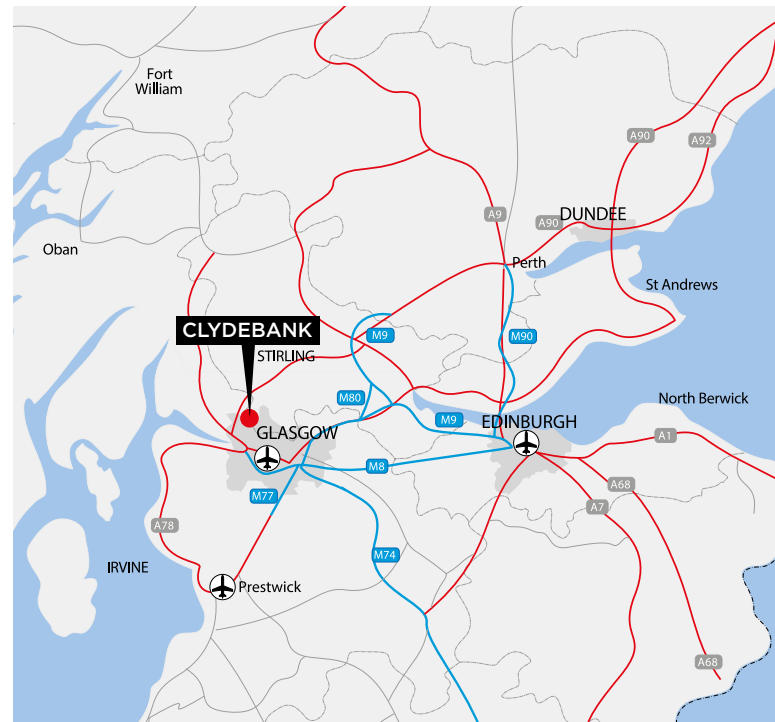
Glasgow is Scotland's largest city and the UK's third largest city, with a population of 596,550 (2013). The wider catchment from the Greater Glasgow conurbation is 2.3 million, accounting for more than 40% of Scotland's population.

Glasgow is in the top 40 of the world's financial centres (Global Financial Services Index 2012). Some 13,000 firms are present in the city including a quarter of Scotland's largest businesses. Glasgow is Scotland's largest economy producing a Gross Value Added (GVA) of £18bn. The city is ranked first for Foreign Direct Investment (FDI) Strategy across large European cities. It was ranked second after London for FDI Strategy across northern Europe (Financial Times FDI Magazine Awards 2014/15). A reported 3,200 new jobs were created in 2013-14 across a range of sectors.

In 2014, Glasgow hosted the Commonwealth Games which further enhanced the £8 billion of capital investment the city has seen since 2011, which included the construction of landmark buildings such as the £100m Emirates Arena, SSE Hydro and Sir Chris Hoy Velodrome. This led to the regeneration of large areas of the city and the creation of over 1,000 jobs.

The city is home to over 130,000 further and higher education students. There are four universities and thirteen colleges located in the city.

With more than 5 million sq ft of retail floorspace, Glasgow is the UK's largest and most successful shopping destination outside of London. The city is ranked second in CACI's UK Retail Ranking (2013) and offers access to a huge catchment of three million people, with over two million of working age. (Sources: ONS; Glasgow Retail Prospectus).



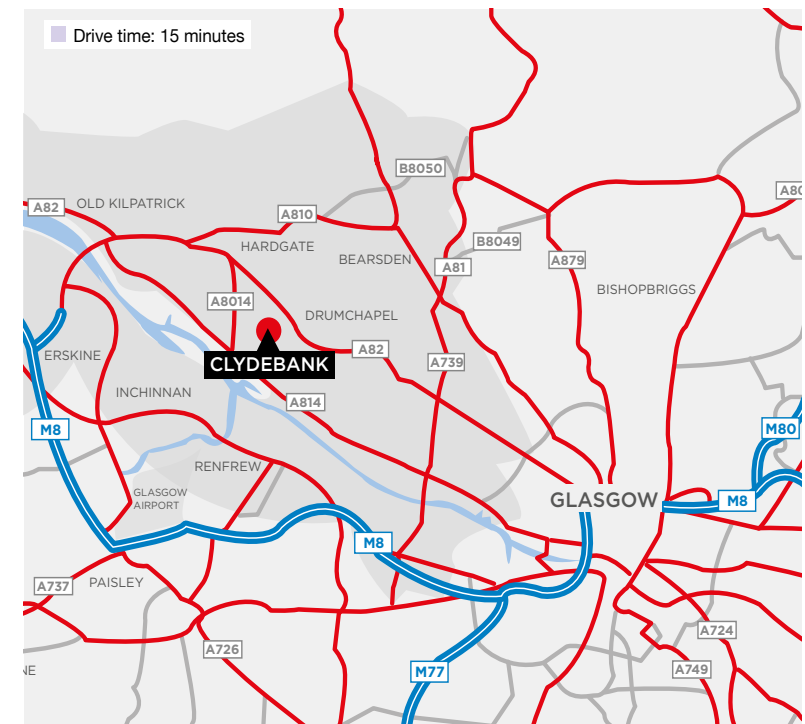
COMMUNICATIONS

Glasgow benefits from world class integrated transport infrastructure with strong air, rail, subway, bus and road links providing connectivity across the city, the region and beyond.

Air Glasgow International Airport operates approximately 200 flights daily and is situated 15 minutes west of the city centre. It has 30 airlines serving approximately 110 destinations worldwide, including the US, Canada, the Caribbean, Europe, North Africa and the Gulf. A reported 7.7 million passengers pass through Glasgow International Airport annually, which has seen £60 million of investment over the last four years.

Rail Glasgow's two largest stations, Glasgow Central and Glasgow Queen Street, connect the city with all the major Scottish and English cities. London can be reached by a direct service in approximately four hours. There are regular services connecting with Edinburgh, taking under one hour.

Glasgow has the largest integrated suburban rail network outside London that provides easy access throughout Greater Glasgow.



Subway Glasgow's subway system has three city centre stations and 12 additional stations that serve key business, residential, cultural and leisure areas across the city and its suburbs. It is currently undergoing a £300m refurbishment and modernisation programme, with trains running every four minutes at peak times.

Bus Glasgow City Centre is served by 22 bus operators running over 170 services to the surrounding suburbs and areas. There are frequent bus services to Glasgow International Airport with a journey time of only 15 minutes.

Road The main motorway in Scotland, the M8, runs through the heart of Glasgow, linking with Edinburgh to the east and Glasgow International Airport to the west. The M8 provides access to the surrounding motorway network, to the north via the M80, to the south via the recently extended M74/M6 to England and to the west via the M77.



CLYDEBANK

Clydebank is located on the north bank of the River Clyde and is the largest town in West Dunbartonshire with a population of just under 30,000. Clydebank is situated approximately 8 miles north west of Glasgow city centre and 6 miles east of Dumbarton, the administrative centre for the region.

The town is accessible from the A814 (Dumbarton Road/Glasgow Road) and A82 (Great Western Road), both of which connect with the M8 motorway. Glasgow International Airport is only 2 miles South West, albeit 10 miles/15 minutes by road via the Clyde Tunnel or the Erskine Bridge.

There are 260,000 people within a 15 minute drive time of Clydebank (source: CACI) and it is only half a mile from West College campus (10,000 students).

There are frequent train services available from both Clydebank and Singer rail stations, providing direct links to central Glasgow every 15 minutes via the Argyle and North Clyde lines. In addition there are frequent bus connections to Glasgow, Dumbarton and the surrounding area from the main bus station within the town centre.

Clydebank is an industrial heritage town with its history steeped in the shipbuilding industry along the Clyde. Clydebank has re-invented itself as a major service sector and retail location, with major regeneration initiatives resulting in significant local investment (Clyde Waterfront / Clydebank Re-Built), such as Queens Quay and the opening in 2007 of West College campus.



CLYDEBANK RETAIL PROVISION

Retail provision in Clydebank is focused in the town centre, of which Clyde Retail Park forms an integral part. It includes the 630,000 sq ft Clyde Shopping Centre which has been developed in various phases and with major tenants including Asda, Primark, BHS, Dunnes, Wilkinson, Watt Brothers, Home Bargains, Boots and Pure Gym. The centre reported a footfall of c. 7 million in 2014.

Clyde Retail Park is the largest retail park in Clydebank at 149,046 sq ft, with additional retail warehousing at the smaller K Retail Park (Poundstretcher, Aldi, Gala, i-play, McDonald's and Barnardos, 61,264 sq ft) and opposite at Clydebank Retail Park (Dunelm, Brantano and Lidl, 50,240 sq ft).

When considered together, the shopping centre and retail warehouse offer makes Clydebank the dominant retail destination for the north west Glasgow area.



SITUATION

Clyde Retail Park is situated to the north of Livingstone Street and the east of Argyll Road, immediately to the east of the Clyde Shopping Centre and an Asda superstore. Together with the shopping centre, Asda superstore, K Retail Park and Clydebank Retail Park, the property forms a key part of the town's retail offer. The scheme is readily accessible by car and public transport.



DESCRIPTION

The property is a purpose built retail warehouse park providing 149,046 sq ft of accommodation which is designed as a single terrace of nine units, together with a large stand-alone retail unit at the eastern end of the site and a fast-food drive thru unit located at the south west corner of the site.

The park is of a steel portal frame construction and was originally developed in 1989. The scheme was extensively refurbished in 2007, when the main elevations and entrance canopies were re-clad which has brought it up to date with a smart, modern appearance. The units are well specified and are of a range of sizes that will appeal to current retail warehouse tenant demand. The units are all physically capable of subdivision and can accommodate trading/storage mezzanine floors if required.

Unit 1B, which is let to Halfords, is L shaped and wraps around the back of Unit 1A. The west side elevation is used by Halfords as an Auto Centre.

Parking is regularly laid out, the majority of which is directly in front of all of the retail units. There is parking for 530 cars, including 29 disabled spaces, which shows a ratio of 1:281 sq ft. There is further customer parking on the site immediately to the west of the scheme owned by the Local Authority and leased to the owners of Clyde Shopping Centre, situated between Clyde Retail Park and Argyll Road.

Customer access to the scheme is gained from two entrances/exits from Livingstone Road, one at the western end of the site and one at the eastern end of the site. The western access point is shared with the adjacent car park.

All the units are serviced from the rear via a secure yard, which can be accessed from both the eastern and western ends of the terrace.



SITE

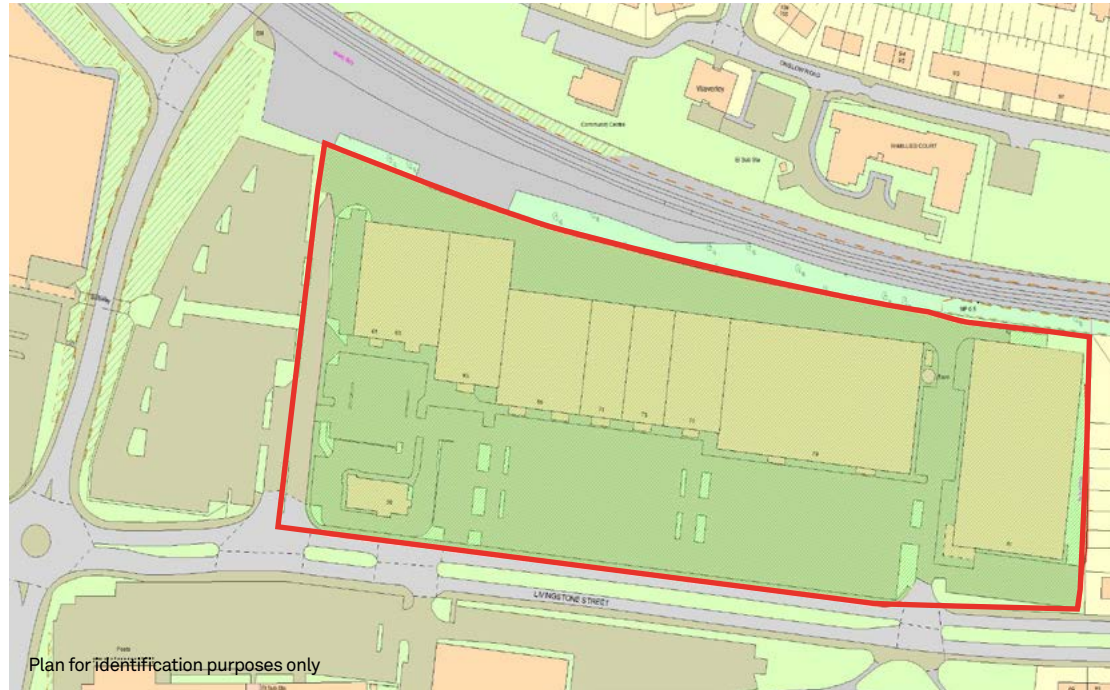
The site is level and broadly rectangular in shape. It extends to approximately 8.9 acres (3.6 hectares), including car parking.

PLANNING

The property has consent for Open Class 1 (Non Food) use. Copies of the planning consents relating to the property are available upon request.

TENURE

The property is currently held long leasehold for a term of 999 years from 28th September 1995 at a peppercorn rent. The long leasehold interest will convert into a heritable interest (the Scottish equivalent of freehold) in terms of the Long Leases Act 2012, on the 28th November 2015.



TENANCY

The property is well let in accordance with the schedule below.

Unit	Tenant	Trading Name	Area Sq Ft	Rent £PA	Rent £PSF	Lease Start	Lease Expiry	Next Rent Review	Break Option	Comment
1A	2 year vendor guarantee (Currently AJT (IP) Ltd)	Top Drawer	4,001	£70,000	£17.50	19/11/12	18/02/13	-	-	Vendor will offer a 2 year rent, rates and s/c guarantee. The tenant occupies on a licence which continues until either party terminates on 1 month's notice. The tenant pays service charge, insurance and rates monthly.
1B	Halfords Ltd	Halfords	10,925	£152,500	£13.96	17/11/89	17/07/20	17/07/15	-	2015 rent review capped at £172,540. Rent review outstanding.
2&3A	NBC Apparel	TK Maxx	22,819	£243,500	£10.67	08/08/02	08/08/22	08/08/17	-	Guarantee from NBC Apparel Group Ltd
3B	Dreams Ltd	Dreams	7,481	£110,000	£14.70	25/06/15	24/06/25	25/06/20	25/06/20	Dreams were a sub-tenant and have re-gearred taking a headlease from June 2015, with 3 months rent free (structured as 6 months at half rent). The previous rent was £105,560.
4	To be Leonard F. Jollye (Brookmans Park) Ltd (Currently Property Portfolio (No.2) Ltd)	To be Jollyes (Currently Bensons for Beds)	7,603	£105,000	£13.81	-	-	-	-	Bensons are vacating the unit at their expiry on 24/12/2015. Jollyes have concluded missives to take a new 10 year lease at £105,000 pa, incorporating a break at year 5 (6 month penalty if tenant exercises). Vendor will cover the incentives and rent shortfall. Rent reviews to lower of OMV or 3% pa compounded. Date of entry will be spring 2016.
5	SportsDirect.com Retail Ltd	SportsDirect.com	7,607	£114,150	£15.00	14/03/11	13/03/21	14/03/16	-	Rent review to the lower of OMV or RPI.
6	2 year vendor guarantee (Currently Next Group plc)	To be vacant (Currently Next Clearance)	10,056	£140,784	£14.00	05/12/05	05/12/15		05/12/15	Vendor will offer a 2 year rent, rates and s/c guarantee. Next are paying £171,513 pa and have exercised break option effective 05/12/15.
7A	T.J Morris Ltd	Home Bargains	19,901	£180,000	£9.04	12/01/15	12/01/30	12/01/20	-	Service charge cap of £15,000 pa (RPI adjusted). Rent reviews to lower of OMV or 2% pa compounded.
7B	Matalan Retail Ltd	Matalan	20,189	£216,613	£10.73	08/05/98	07/05/23	08/05/18	-	
8	Go Outdoors Ltd	Go Outdoors	35,496	£125,000	£3.52	19/01/10	18/01/25	19/01/20	-	Rent review fixed to RPI upward only.
Drive Thru	Kentucky Fried Chicken Ltd	KFC	2,968	£78,000	£26.28	21/04/00	20/04/25	21/04/15	-	Rent review is ongoing. Any uplift to be capitalised at the purchase yield upon settlement.
Total			149,046	£1,535,547						

The passing rent of £1,535,547 pa, reflects a very low overall rental of £10.30 psf.

As stated above, Jollyes are taking a new 10 year lease over Unit 4. Next, who trade from Unit 6 under their Next Clearance format, have exercised their break clause and will vacate the unit in December 2015. This decision by Next is not a reflection on the scheme, but rather a corporate decision to close down several stores in this trading format. We are aware of a number of other such stores that are currently being closed around the UK. As a consequence our client is offering a 2 year rent, rates and service charge guarantee on both Unit 1A and Unit 6.

The tenants report positive feedback upon trading levels. This is demonstrated by Dreams' recent decision to re-gear their lease at a higher rent with an incentive equal to only 3 months' rent being agreed, Matalan not exercising their break clause in September 2014 and TK Maxx having recently re-fitted their store.

INCOME SECURITY

The property is well let in accordance with the schedule below.

Unit	Tenant	D&B Rating	Risk of Business Failure	Year Ending	Sales Turnover (£'000s)	Pre Tax Profit/Loss (£'000s)	Net Worth (£'000s)
1A	-	-	-	-	-	-	-
1B	Halfords Ltd	5A 1	Minimum	28/03/2014 29/03/2013 30/03/2012	803,100 745,500 752,300	86,200 75,500 101,300	548,000 481,400 425,800
2&3A	NBC Apparel	5A 1	Minimum	01/02/2014 02/02/2013 28/01/2012	1,995,000 1,814,600 1,353,600	91,500 80,500 35,400	501,700 437,400 370,600
3B	Dreams Ltd	5A 1	Greater than average	24/12/2013 - -	151,260 - -	(9,509) - -	(29,382) - -
4	Leonard F. Jollye (Brookmans Park) Ltd	2A 1	Minimum	31/05/2014 31/05/2013 31/05/2012	60,759 61,088 58,169	5,021 5,127 5,030	4,744 5,061 5,069
5	Sportsdirect.com Retail Ltd	5A 1	Minimum	26/04/2015 27/04/2014 28/04/2013	2,074,126 1,864,930 1,677,368	262,929 202,660 178,631	872,400 665,649 489,515
6	Next Group PLC	5A 1	Minimum	24/01/2015 25/01/2014 26/01/2013	202,200 197,700 212,300	139,400 53,000 322,500	772,700 1,267,600 1,747,900
7A	T J Morris Ltd	5A 1	Minimum	30/06/2014 30/06/2013 30/06/2012	1,277,323 1,058,398 914,821	124,759 110,856 84,192	439,875 348,928 272,902
7B	Matalan Ltd	5A 1	Minimum	28/02/2015 01/03/2014 23/02/2013	- - -	- - -	98,300 98,300 98,400
8	Go Outdoors Ltd	2A 1	Minimum	26/01/2014 27/01/2013 29/01/2012	172,090 170,976 143,665	1,507 1,491 (2,562)	4,531 3,739 1,814
Drive Thru	Kentucky Fried Chicken Ltd	5A 1	Minimum	01/12/2013 02/12/2012 04/12/2011	446,400 423,345 394,244	40,122 39,137 47,232	120,739 104,588 77,629



VAT

The subject property is elected for VAT. We expect the transaction to be structured as a Transfer of a Going Concern (TOGC).

EPC

Copies of the Energy Performance Certificates (EPC) are available upon request.

CAPITAL ALLOWANCES

Capital allowances may be available by separate negotiation.

SERVICE CHARGE

The asset is managed by Montagu Evans. The service charge in the year ending 31 March 2016 is budgeted at £0.71 per sq ft for the main terrace and KFC Drive Thru units. Go Outdoors manage their own demise and car parking areas. Further details are available upon request.

ASSET MANAGEMENT

The scheme offers a purchaser the opportunity to enhance returns by actively managing the asset. Initiatives could include;

- Building a new unit between Matalan (Unit 7b) and Go Outdoors (Unit 8), subject to achieving the necessary consents.
- Building one or more new pod units in the car-park, subject to achieving the necessary consents.
- Successfully reletting Unit 6 once Next vacate later this year and negotiating a new lease with Top Drawer for Unit 1a or successfully reletting it.
- Broadening the planning consent to allow for the sale of food.
- Strategic acquisition/development of the adjacent car park site

PURCHASE PRICE

Our clients are seeking offers in excess of **£19,000,000 (Nineteen Million Pounds)** for the benefit of their interest in the property. A purchase at this level would show a **net initial yield of 7.61%**, after allowing for purchaser's costs of 6.25%.





FURTHER INFORMATION

Should you require any further information on the property or wish to arrange an inspection, please do not hesitate to contact:

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MISREPRESENTATION ACT 1967 AND DECLARATION

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