



INGLISHOWIE
PROPERTY CONSULTANTS



123 BLYTHSWOOD STREET

GLASGOW

Quality Office Building

Investment for Sale



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INVESTMENT SUMMARY

- Quality office building situated within the established office core of Glasgow City Centre.
- Lease expiries between 9th September 2009 and 30th April 2010.
- Passing income of £108,875 per annum with reversionary potential to a minimum of £113,816 per annum.
- Excellent refurbishment potential with additional asset management angles.
- Offers in excess of £1.345m sought, providing attractive net initial yield of 7.65%, a reversionary yield of 8.00%, equivalent yield of 7.5% and true equivalent yield of 7.85%.
- Capital value of circa £135 per sq.ft exclusive of the three car parking spaces.

LOCATION

Glasgow is Scotland's largest city and the largest regional office centre in the UK. The city has a resident population of approximately 615,000 with a catchment population in excess of 2.5 million within a 40-minute drive.

Glasgow benefits from excellent transport communications with the M8 running through the city connecting with the M74, M80 and M77 and the remainder of the national motorway network, allowing easy access by road to the rest of the UK.

The city has 2 main line rail stations accessing the suburbs of the city, major nearby towns, and many cities throughout the UK, and also benefits from an underground rail system.

Glasgow International Airport lies approximately 8 miles (12.9 km) to the west of the city centre, providing flights to all major UK destinations, European and North American cities.

SITUATION

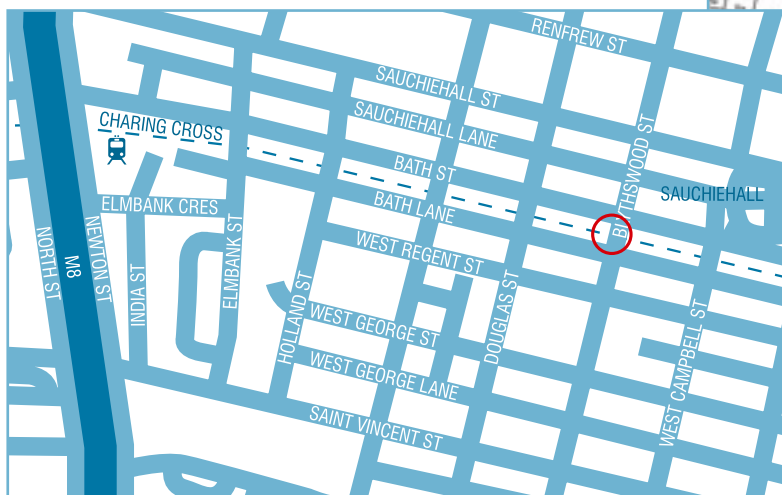
The property is located in the heart of Glasgow's city centre, within its Central Business District, just off Blythswood Square, historically the prime office location in Glasgow. It is on a prominent corner site on the west side of Blythswood Street at its junction with Bath Street.

Other occupiers in the area include financial institutions, fund managers and professional firms such as Clydesdale Bank Plc, Scottish Friendly Assurance Society Limited, Tenon, Wylie Bisset Accountants, Lloyds TSB, MGW Independent Financial Advisers, ASA International and Bishops Solicitors.

The property benefits from excellent links to the public transport infrastructure, with Queen Street Station, Central Station, Buchanan Street Underground Station and a number of bus routes within easy walking distance. Bath Street is a main arterial route through the city centre, which is served by a number of regular bus services.

Blythswood Street benefits from easy access to the M8 Motorway with Junctions 18 and 19 located approximately 600 metres away, providing direct access to Glasgow International Airport to the west and Edinburgh Airport to the east.

The location is also well served by shopping and leisure facilities with Sauchiehall Street just one block away.



DESCRIPTION

123 Blythswood Street comprises a mix of a modern office building of steel framed construction with a sandstone façade, which blends well with the original Georgian sandstone section fronting Bath Street.

Access to the building is from Blythswood Street and into a modern and well-presented entrance foyer allowing access to all floors by way of a lift and stairwell.

The accommodation provides modern, open plan office space arranged over basement, ground and three upper floors together with three garaged car spaces.

The building has part solid and part suspended timber floors, and part suspended acoustic tiled and plastered ceilings with recessed lighting. Windows are of a traditional sash and case design and provide excellent natural daylight to most areas. The five-person passenger lift serves all floors.

In addition each floor boasts private male and female toilets and a kitchen.

COVENANT

Scope Productions Ltd is a Glasgow based company established in 1984 to provide TV and video communications. Clients include Morrison Bowmore Distillers, Motorola, Stagecoach, HBOS and Intelligent Finance.

The Independent Television Commission, now known as OFCOM is involved in the governance of radio and television stations and receives £140,000,000 each year in government income. Further information can be obtained from its website <http://ofcom.org.uk>.

AMEC Properties Ltd is a subsidiary of AMEC plc. The parent company is involved in the provision of specialised services and engineering solutions including capital project work, client support services, and investment and development.

The Ogilvy Group (Holdings) Ltd has an annual turnover of £129,344,000, a pre-tax profit of £2,793,000, a Dunn & Bradstreet rating of 5A1 and are part of WPP Group Plc. They are involved with the provision of interactive marketing and web development services to major blue chip clients including IBM, American Express, Ford and Unilever. Globally the company has 44 offices, servicing 36 countries with over 1,500 staff.

Dun & Bradstreet reports on the tenants are available on request to interested parties.

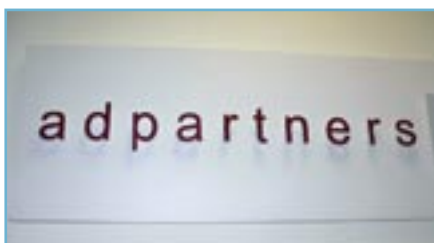
TENANCIES

Leases are on Full Repairing and Insuring Terms as summarised below:

TENANT	DEMISE	AREA SQ FT	AREA SQ M	LEASE START	LEASE EXPIRY	PASSING RENT	ERV (£ PSF)	ERV
Scope Productions Ltd ¹	Basement Ground	1,657 1,354 + 1 car space	153.94 125.79	10/09/84	09/09/09	£28,500	£8.00 £10.00	£28,546
OFCOM ²	1st Floor	2,105 + 1 car space	195.56	01/11/84	31/10/09	£28,500	£13.00	£29,115
AMEC Properties Ltd ³	2nd Floor	2,099 + 1 car space	195.00	20/11/84	10/11/09	£24,875	£13.00	£29,037
The Ogilvy Group ⁴	3rd Floor	2,086	193.79	01/05/85	30/04/10	£27,000	£13.00	£27,118
TOTAL		9,301 + 3 car spaces	864.08			£108,875		£113,816

Note:

1. Sublet to Edit - 123.
2. Sublet to Ad Partnership.
3. Sub-let in part to Scope Productions and part to ISIS Design.
4. Sublet to Edit 123 and Sky Sports.



TENURE

Heritable interest.

ESTIMATED RENTAL VALUE

Having given consideration to transactions in neighbouring buildings and within the property, we are of the opinion that the ERV of the office accommodation is in the order of £13.00 per sq ft for the upper floors, £10.00 and £8.00 for the ground and basement floors respectively, and £1,750 per car space per annum.

It should be noted that due to the assumed 25-year terms within the leases, that a 7.5% deduction has been allowed in past reviews.

This provides a total ERV of £113,816 per annum for the building.

ASSET MANAGEMENT OPPORTUNITIES

We are of the opinion that there is potential for a number of initiatives that could enhance the value of this property. These include:

- Lettings directly to sub-tenants on expiry of the existing occupational leases.
- Potential refurbishment on expiry and re letting at market rent on new FRI terms in 4 years time.
- Sale of floors to occupiers and/or to SIPP's following lettings or with vacant possession following lease expiries.
- Use of the basement section fronting Bath Street as a bar/restaurant (subject to planning) following lease expiry.
- Potential for conversion to residential use (subject to planning).

PROPOSAL

Offers in excess of £1,345,000 are invited for our client's heritable interest (the equivalent to English freehold) in the property.

Assuming 5.75% costs and a 12-month void on expiry we estimate that a purchase at this level will reflect a net initial yield of 7.65%, a reversionary yield of 8.0%, a nominal equivalent yield of 7.5%, and a true equivalent yield of 7.85% based on our ERV of £113,816 pa.

VAT

We understand that the property has been elected for VAT. We would however anticipate that the transaction will be dealt with by way of a Transfer of a Going Concern (TOGC).



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