

WEAVER'S VILLAGE

Lochee High Street
DUNDEE



INGLISHOWIE
PROPERTY CONSULTANTS

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LOCATION

Dundee is Scotland's fourth largest city with a population in the region of 160,000 people. The city is located on the east coast of the country and lies between Edinburgh, 58 miles to the south and Aberdeen 66 miles to the north.

The city is well connected to the Scottish motorway network via the A90. The mainline railway station serves the local area as well as providing services to all of Scotland's major towns and cities. Dundee has a small airport offering limited services.

SITUATION

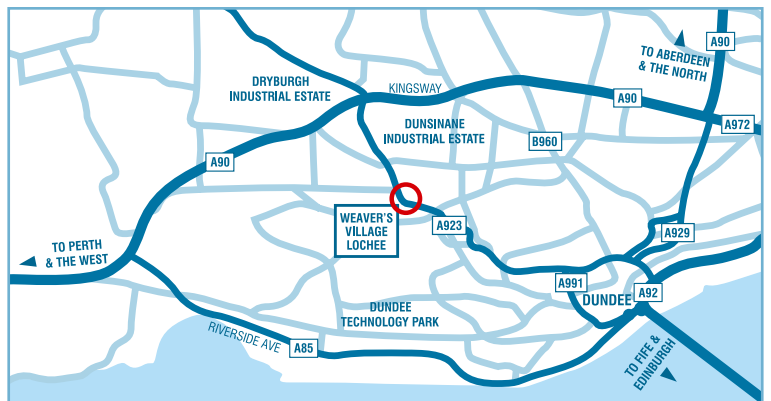
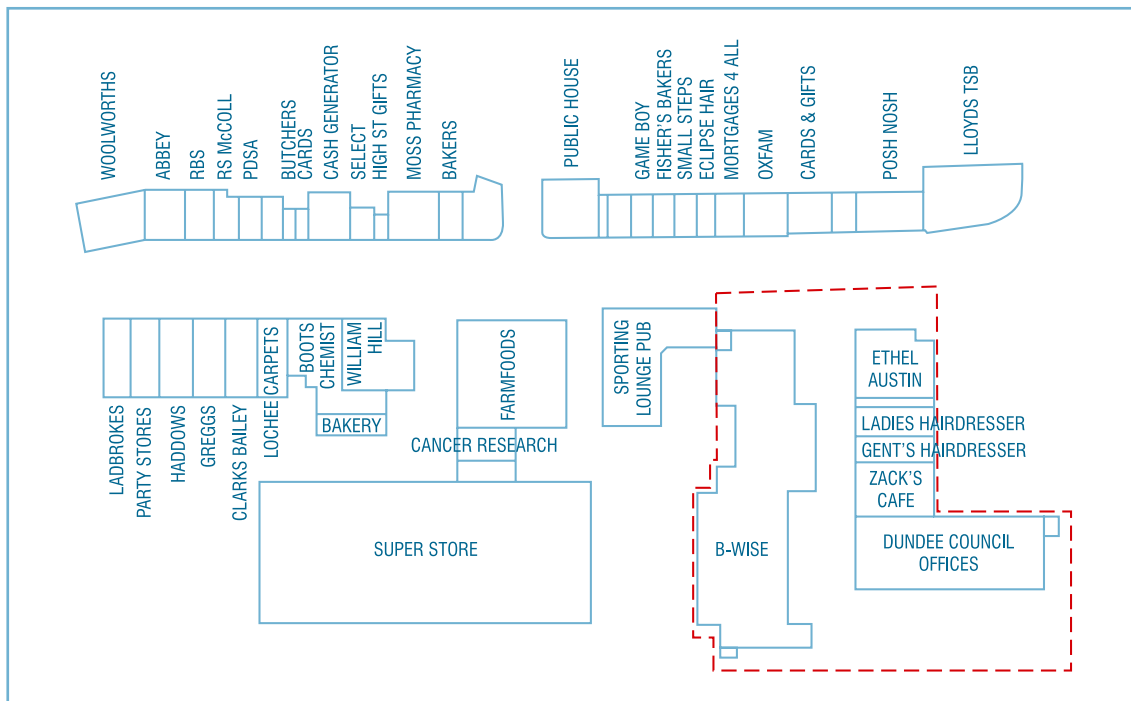
The subject property is situated on the south side of Lochee High Street, close to its junction with the ring road.

Lochee is a predominantly residential suburb of Dundee located approximately two miles north west of Dundee City Centre.

DESCRIPTION

The property is a popular small shopping centre with frontage to and accessed from Lochee High Street. The centre comprises a large anchor store with an additional four retail units.

The walkway is covered and can be accessed from either end.



Left: map represents indicative outline only.

TENURE

The property is held on a long ground lease from Dundee City Council on the basis of a 125 year lease, which stipulates that 9% of rents received are payable to the landlord.

PLANNING

We understand that the property is currently allocated for Class 1 retail in an area designated as a district shopping centre, under the Dundee Inner City Local Plan.

TENANCY SCHEDULE

TENANT	AREA (SQ.FT)	LEASE START	LEASE EXPIRY	REVIEW DATE	RENTAL (pa)	ERV (pa)
Ethel Austin	2,500 (reduced area 1,728)	02/02/1998	01/02/2013	02/02/2004 (3 yrs)	£16,500	£22,000
Vendor Guarantee	820	Date of purchase	2 years from lease start		£12,300	£12,300
Harrod Properties Ltd *1	2,850	01/10/2005	30/09/2020	01/10/2010	£35,000	£40,000
Dundee City Council	6,000	09/10/1975	27/11/2018	28/11/2003	£30,000	£39,000
Kwik Save Stores *2	14,200	23/08/1995	22/08/2020	24/06/2005	£92,500	£106,250
	26,370				£186,300	£219,550

Notes:

*1. Units sub-let to Zack's Restaurant

*2. Units sub-let to Be-Wise

Expected passing rent following settlement of the outstanding rent review is £214,550

COVENANT DETAILS

Kwik Save is the budget food-shopping arm of the Bristol based Somerfield Plc superstore chain. The group aim is to become the UK's leading small format food retailer. Somerfield has a Dunn & Bradstreet rating of 5A1, with a net worth of £635 million and a turnover of £4.7 billion as of April 2005.

<http://www.somerfield.co.uk>

Ethel Austin Ltd is a successful Merseyside based discount fashion retailer specialising in children's and baby clothing. Ethel Austin had an annual turnover of £152.5 million and a

tangible net worth of £37 million to August 2004, with a Dunn & Bradstreet rating of 5A1, representing a minimal risk.

The Council's Children's Services Department and Housing Department for Lochee are in occupation of the premises. For more information please visit the website:

<http://www.dundee.gov.uk/communities/>

Dunn and Bradstreet reports available on request.



ASSET MANAGEMENT INITIATIVES

- Buy in ground lease
- Let the vacant unit (interest being shown by Ethel Austin)
- Undertake the outstanding rent review with Ethel Austin – potential for lease extension (this is one of the company's best performing stores)
- Undertake the outstanding rent reviews with Somerfield and Dundee City Council

PROPOSAL

We are instructed to seek offers in excess of £2,500,000 exclusive of VAT for the long leasehold interest in the centre.

We calculate that a purchase at this level would show a yield of 7.38% following the settlement of the outstanding rent reviews, a reversionary yield of 7.56% based on our ERV and an equivalent yield of 7.40%, assuming purchasers costs of 5.75%.

The property is currently held in a single purpose vehicle (SPV), and proposals to purchase the SPV would be considered.

VAT

It is anticipated that the transaction will be treated as a Transfer of a Going Concern (TOGC). Should this not be the case then given that the property has been elected for VAT this would be payable on the purchase price.

Inglis Howie for themselves and the vendor of this property, whose agents they are, give notice that: i) these particulars are set out as a general outline only for the guidance of intending purchasers, and do not constitute or form part of any offer or contract; ii) all descriptions, areas, references to condition, and all other details are given without responsibility, and any intending purchaser should not rely on these particulars as statements or representations of fact, and must satisfy themselves as to the correctness of each of them; iii) no person in the employment of Inglis Howie has any authority to give representation or warranty whatsoever in relation to this property; iv) unless otherwise stated, all prices, rents, and premiums are quoted exclusive of Value Added Tax at the then current rate. Date of publication - February 2006.



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