

Retail and Office Investment



JONES LANG
LASALLE

0141 248 6040

**Reith
Lambert**

Commercial Property Advisers

0141 221 7575



20 - 40 Gordon Street / 3 West Nile Street, Glasgow

Investment Summary



- Prominent retail and office location adjacent to the prime stretch of Buchanan Street.
- Multi let to 14 tenants providing good diversified income.
- The property provides a purchaser with an overall weighted average unexpired lease term of 7.65 years (6.15 years with break options).
- 79% of the income is secured on the retail element which has an weighted average unexpired lease term of 8.41 years (7.04 years with break options).
- Grade A listed Building – no empty rates on void periods.
- Good medium and long term asset management opportunities.
- Heritable interest (Scottish equivalent to English freehold).
- Substantial recent tenant activity in the area including; Costa Coffee, Patisserie Valerie, Las Iguanas, Gourmet Burger, Meat & Bread and Steamer Trading Cookshop.
- Gross rent of £324,758 per annum with a net rent of £307,361 per annum (after deducting non-recoverable expenditure).
- ERV of £404,820 per annum providing strong reversionary potential.
- We are instructed to seek offers in excess of £3,900,000 (Three million Nine hundred thousand pounds) reflecting a net initial yield of 7.45% with a reversionary yield, assuming full occupation at erv and full service charge and insurance recovery, of 9.81%.

Asset Management Angles

- Opportunity to significantly increase the rent due to reversionary nature of some of the retail units.
- Letting of vacant office suites. They are located in a prime location close to Buchanan Street and the transports hubs of Central & Queen Street railway stations and Buchanan Street underground.
- Medium term angle to reconfigure to create larger units which will appeal to Class 1 and 3 occupiers.
- Potential to purchase the heritable interest in 24 and 40 Gordon Street and complete the ownership of the block. Riverhill Café will consider additional space if this can be made available.



Location



Glasgow is Scotland's largest city, and the third largest in the UK with a population in the order of 590,000 people. Glasgow is established as Scotland's premier retail location and the most important retail centre in the UK outside London.

Gordon Street is one of Glasgow's busiest thoroughfares linking the cities principle retailing pitch, the Central Business District and the main railway stations.

The shopping population of 1.84 million is the second largest in the UK, above the major city average and ranks first on the PMA provision score of the UK's top 200 retail destinations. Glasgow's shopping population is estimated to spend over £2.4 bn annually on comparison goods terms.

The prime retail core is centred on the "Golden Z" comprising Sauchiehall Street, Buchanan Street and Argyle Street. The core has been enhanced further with the recent completion of the Buchanan Quarter development which provides as further 10,684 sq m (115,000 sq ft) of retail accommodation on Buchanan Street, close to its junction with Sauchiehall Street. The development is anchored by a flagship 80,000 sq ft Forever 21 store and has attracted retailers such as Gap, Paperchase, Fat Face, Vans and Watches of Switzerland.

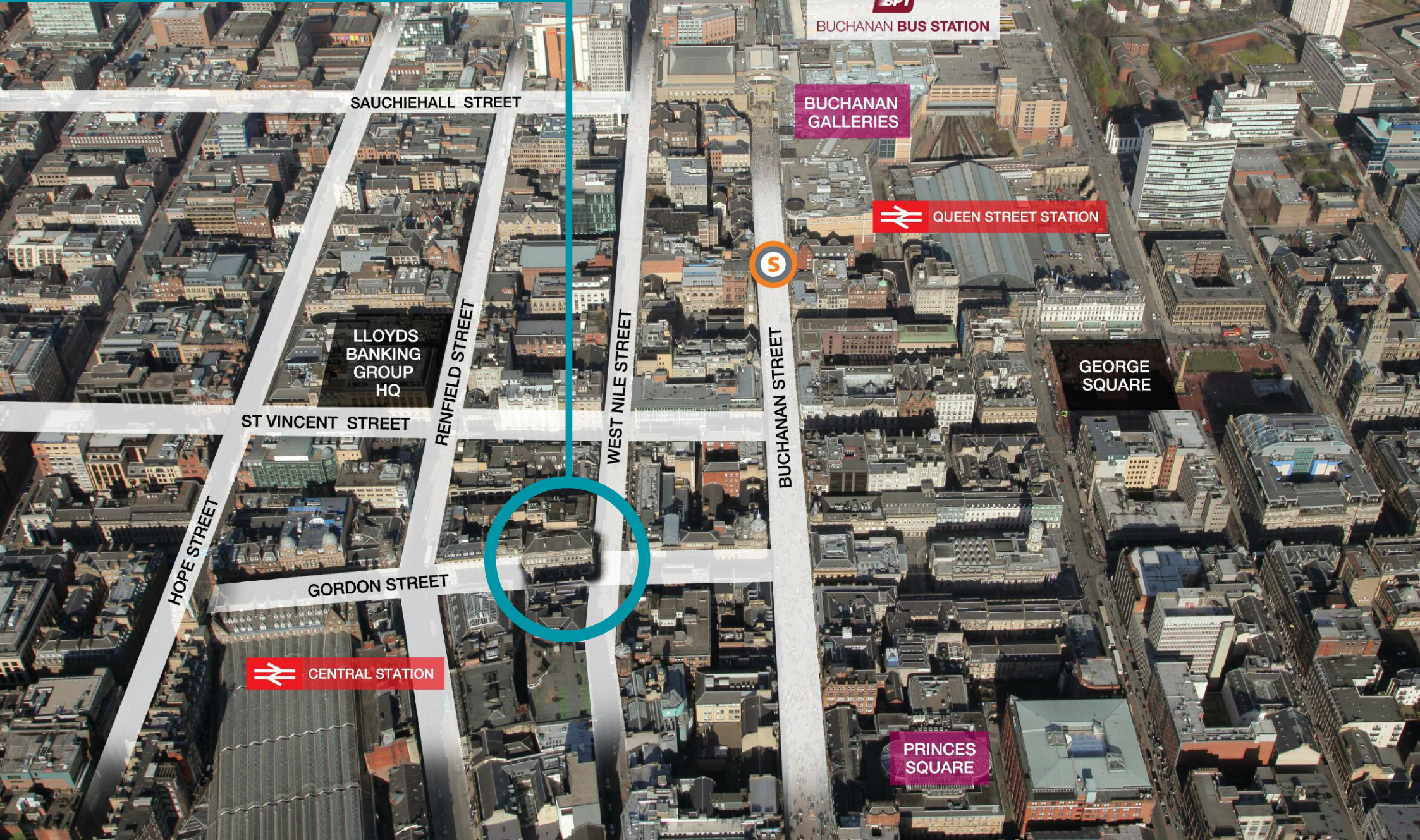
Buchanan Street is renowned for its variety on High Street shopping and is the second busiest shopping thoroughfare outside London and has been since 2008. In addition to the above development, the Buchanan Partnership has plans to undertake a £400m extension of Buchanan Galleries. The development will include a 115,000 sq ft Marks & Spencer and extension to the existing John Lewis department store, a cinema operator and a number of restaurant operators. These developments show a commitment and confidence in Glasgow as a premier retail destination.

The building lies only 100 metres from Buchanan Street which offers the principal retailing within the City Centre and there are numerous bars and restaurants within the immediate vicinity including All-Bar-One, Carluccios, Barolo Grill and The Drum and Monkey. The area has recently seen a plethora of restaurant occupiers take space in close proximity including Costa, Patisserie Valerie, Las Iguanas with two more units rumoured to be under offer to well-known burger restaurants.

The location of the building is perfectly suited for office occupiers with easy access to all transport facilities including train, subway and buses. There are a variety of sandwich bars and lunch venues in the immediate vicinity.



20 - 40 Gordon Street / 3 West Nile Street



SAUCHIEHALL STREET

LLOYDS
BANKING
GROUP
HQ

ST VINCENT STREET

GORDON STREET

HOPE STREET

RENFIELD STREET

WEST NILE STREET

BUCHANAN STREET

 **BUCHANAN BUS STATION**

BUCHANAN GALLERIES

 **QUEEN STREET STATION**



GEORGE SQUARE

 **CENTRAL STATION**

PRINCES SQUARE

The building occupies a prominent location at the corner of Gordon Street and West Nile Street close to the prime section of Buchanan Street.



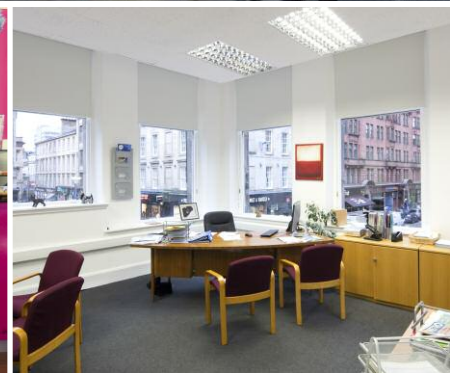
Description

The retail units occupy the ground floor (some with basement) of the building and all have modern glazed frontages with Flight Centre having an extensive return frontage to West Nile Street. All the retail units have a modern shopfit internally.

The office accommodation is accessed from Gordon Street via a secure door entry system leading to a carpeted and decorated stairwell providing access to all the suites. The floors are divided into two wings with each floor sharing male and female wc's. There is a shower on the top floor and all suites benefit from gas fired central heating system.

The offices offer a variety of open plan and cellular accommodation.

The building is Category A listed resulting in rates exemption on vacant accommodation



Tenancy Schedule

Address	Tenant Name	Lease Start	Expiry Date	Next Review	Tenant Break Option	Floor	NIA sq ft	ITZA sq ft	Current Rent	Rent per sq ft	ERV pa	ERV per sq ft	Comments
RETAIL													
20 Gordon Street	Flight Centre UK Ltd	30/09/2005	29/09/2020	30/09/2015		Ground	510	569	£80,000	£140.60	£80,000	£140.60	
						Basement	403						
24 Gordon Street	Riverhill Café												Freehold held by third Party of ground floor shop and ancillary basement storage. Common fire escape rights.
28 Gordon Street	Glenton Holidays Limited	02/12/2013	01/12/2023	02/12/2018	02/12/2018		553	427	£30,000	£70.26	£46,970	£110.00	Combined with 1st Floor offices. Photographic schedule of condition. *See note 1 below.
34 Gordon Street	B&GS Landa Limited t/a House of Cashmere	08/11/2013	07/11/2023	08/11/2018		Ground	774	701	£65,000	£92.72	£77,110	£110.00	Rent payable month.
						Basement	804						
36 Gordon Street	B&GS Landa Limited t/a Kilts & Cashmere	01/02/2012	31/01/2022	31/01/2017		Ground	300	335	£40,000	£119.40	£40,000	£119.40	Rent payable monthly.
						Basement	354						
40 Gordon Street	Robertson												Freehold held by third Party ground floor shop and ancillary basement storage. Common fire escape rights.
3 West Nile Street	BiBi's Bakery Ltd	07/06/2013	06/06/2023	06/05/2018	01/06/2018	Ground	613	527	£40,000	£75.90	£47,430	£90.00	Tenant to pay £6,667+VAT if break option exercised. Rent payable monthly.
3 West Nile Street	Vacant					Basement	584		£0		£2,000		Tenant interest - 20 years at £2,000 pa. 3 months rent free.
OFFICE - 30 GORDON STREET													
Suites - 1A-F	Glenton Holidays Limited	02/12/2013	01/12/2023	02/12/2018	02/12/2018	1st	2,453		£20,000	£8.15	£29,436	£12.00	Combined with 28 Gordon Street ground floor unit. Photographic Schedule of Condition. * See note 1.
Suite - 1G	Pakistan International Airlines Corporation	28/11/1997	27/11/2017	28/11/2012		1st	675		£8,150	£12.07	£8,100	£12.00	Tenant not in occupation
Suite - 2A	Arctic Creative Limited	01/01/2014	31/12/2019		01/01/2017	2nd	409		£4,908	£12.00	£4,908	£12.00	Recent lease renewal.
Suite - 2B	Square Knot Ltd	01/04/2013	31/03/2015			2nd	470		£5,000	£10.64	£5,640	£12.00	Service charge capped £3.50 sq ft £1,750 pa. Rent payable monthly.
Suite - 2C	Sovereign Steel Limited	24/05/2012	23/05/2013			2nd	352		£4,200	£11.93	£4,224	£12.00	Lease continuing on Tacit relocation.
Suite - 2D	Vacant					2nd	640		£0	£0.00	£7,680	£12.00	
Suite - 2E & F	Vacant					2nd	716		£0	£0.00	£8,592	£12.00	Tenant interest.
Suite - 2G	Vacant					2nd	622		£0	£0.00	£7,464	£12.00	
Suite - 3A	Vacant					3rd	295		£0	£0.00	£3,245	£11.00	
Suite - 3B	Vacant					3rd	341		£0	£0.00	£3,751	£11.00	
Suite - 3C	Unipath Ltd	01/02/2013	31/01/2015			3rd	387		£5,000	£12.92	£4,257	£11.00	Rent inclusive of service charge and insurance.
Suite - 3D	Edgar Property Solutions Ltd	05/10/2012	05/10/2017		05/10/2015	3rd	244		£2,800	£11.48	£2,684	£11.00	Service charge capped at £3.50 psf year 1 indexed to CPI thereafter. Rent reduces to £1,400 for 6 months from 05/11/15 if break not exercised.
Suite - 3E	Leslie Clark Construction Consultants	13/03/2013	12/03/2018			3rd	739		£8,200	£11.10	£8,129	£11.00	Reduced rent until 12/03/2015 - £7,175.
Suite - 3F	Gardiner & Co (Property Consultants) Ltd	15/02/2013	14/02/2018		15/02/2016	3rd	238		£3,000	£11.50	£2,618	£11.00	Internal repair only and excludes windows. Rent inclusive of service charge and insurance. Rent payable monthly.
Suite - 3G	Faochag Ltd	01/04/2013	31/03/2016		01/04/2015	3rd	442		£6,000	£13.57	£4,862	£11.00	Rent inclusive of service charge and insurance.
Suite - 3HR	Charles Taylor Administration Services Ltd	05/09/2013	04/09/2015			3rd	270		£2,500	£10.00	£2,970	£11.00	Service charge and insurance capped at £1,250 pa.
Suite - 3HL	Vacant					3rd	250		£0	£0.00	£2,750	£11.00	
						Office Total	9,543		£69,758	21%	£111,310		
						Retail Total	4,895		£255,000	79%	£293,510		
						Gross Rent			£324,758	100%	£404,820		
						Less Landlord Non Recoverables			£17,397				
						Net Rent			£307,361				

*Note 1 Rent free until 01/07/2014. Back letter stating if the tenant pays 12 months rent in advance before 01/07/2014 they receive a 5% discount (£2,500). If they pay 24 months in advance the discount is 10% (£5,000).



Tenure

Heritable (Scottish equivalent to English freehold).

Income Profile

The property provides a purchaser with an overall weighted average unexpired lease term of 7.65 years (6.15 years with break options).

79% of the income is secured on the retail element which has an weighted average unexpired lease term of 8.41 years (7.04 years with break options).

Flight Centre UK Limited	24.8%
Glenton Holidays Limited	15.5%
B & GS Landa Limited	32.5%

Service Charge

The service charge budget is £47,335 for the year to 27 February 2014. The annual shortfall is £17,397 due to the vacant office suites and the small number of office tenancies which are all inclusive or contain service charge caps.

Further information on the service charge budget is contained in the data room.

Data Room

Relevant documentation has been placed within a data room and access can be provided to seriously interested parties.

EPCs

EPCs have been carried out and will be made available to interested parties.

VAT

The property has been elected for VAT and therefore VAT will be payable in respect of the purchase price. We anticipate the transaction can be treated as a TOGC (Transfer of Going Concern).

Proposal

We are instructed to seek offers in excess of £3,900,000 (Three million nine hundred thousand pounds) which equates to a net initial yield of 7.45% with a reversionary yield, assuming full occupation at erv and full service charge and insurance recovery, of 9.81%.



For further information contact joint selling agents



Drew Lambert
DD 0141 225 5714
awl@reithlambert.co.uk

Alexander Fraser
DD 0141 567 6670
alexander.fraser@eu.jll.com

Ewan Cartwright
DD 0141 225 5709
ewan@reithlambert.co.uk

Ross Burns
DD 0141 567 6625
ross.burns@eu.jll.com



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