

For Sale

Prime Retail Warehouse Investment



5/7 Armour Street, Kilmarnock

- HIGH QUALITY RETAIL WAREHOUSING BUILT IN 2002
- OPEN CLASS 1 PLANNING CONSENT
- WELL SECURED BY MFI PROPERTIES LTD AND ARCHERS SLEEPCENTRE LTD
- PROMINENT LOCATION ON MAIN RING ROAD
- FRI LEASES UNTIL 2020 AND 2027
- TOTAL CURRENT RENTAL - £505,000pa
- OFFERS OVER £8.00m
- NET INITIAL YIELD - 6.00%

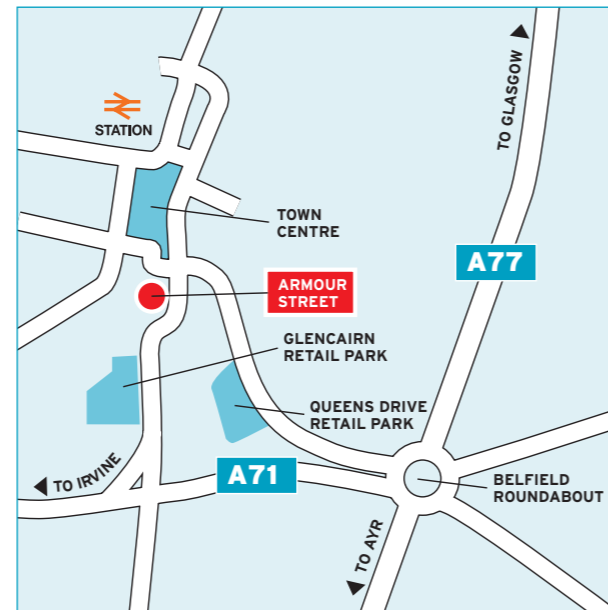


LOCATION

Kilmarnock is the principal town within East Ayrshire District and has a town population of approximately 44,300, a district population of 120,000 and a catchment of 295,000 within 20km of the town centre.

Kilmarnock is situated approximately 25 miles (40km) south west of Glasgow and 15 miles (24km) north of Ayr. Communication links to Kilmarnock have improved recently with the upgrading of the A77/M77 Glasgow to Ayr motorway, resulting in improved commuting times with Glasgow City Centre now reached in approximately 25 minutes.

The town is also served via a main line railway and bus station providing regular daily services to Glasgow and surrounding Ayrshire towns. Prestwick International Airport is located approximately 15 miles (24km) to the south.



SITUATION

The property is situated in a prominent location on the west side of Armour Street (A735), the town's inner ring road, on the edge of the town centre of Kilmarnock. Located between the town centre's shopping and nearby Glencairn Retail Park and Queens Drive Retail Park, surrounding occupiers include Acorn Pet Centre, Iceland Frozen Foods, Tesco Supermarket and McDonald's.

DESCRIPTION

The subjects comprise a total of 35,000sq ft (3251.5 sq m) (GIA) of modern retail warehousing, arranged over two units. The development, built in 2002, has a prominent frontage to Armour Street with customer parking for 113 spaces and separate servicing facilities and access to the side and rear of the property. The property benefits from an open Class 1 planning consent. A copy of the full planning consent can be made available upon request.

The property is of steel portal frame construction, with external elevations of attractive facing brick and plastic coated insulating panels

ACCOMMODATION AND TENANCIES

The property is currently let in accordance with the schedule below:

UNIT	TENANT	LEASE TERM	GIA (SQ FT)	ANNUAL RENTAL	RENT REVIEW
1	MFI Properties Ltd	25 Years FRI 26th August 2002 until 25th August 2027	25,000	£375,000pa (£15.00 per sq ft)	26th August 2007 5 yearly upward only
2	Archers Sleepcentre Ltd	15 years FRI 1st November 2005 until 31st October 2020, subject to TBO in November 2015	10,000	£130,000pa (£13.00 per sq ft)	1st November 2010 5 yearly upward only
TOTAL			35,000sq ft	£505,000 pa	

COVENANTS

75% of the rental income deriving from this investment is secured by MFI Properties Ltd, a wholly owned subsidiary of MFI Furniture Group PLC, and their primary property leasing vehicle. For the financial year to 25th December 2004, MFI Properties Ltd reported turnover of £10.44 million, pre-tax profits of £4.93 million, and net worth of £173.2 million, and are currently classified by Experian as "Very Low Risk". Website - www.mfigroup.co.uk

Archers Sleepcentre Ltd is a private limited company established in 2000 and trades as a specialist bed retailer. The company currently retail from other bed superstores in Scotland including: Great Western Road, Glasgow; Birkenshaw Retail Park, Uddingston; and Prestwick Road in Ayr. A copy of Archers' Landlords Information Pack can be made available upon request.



PROPOSAL

We are instructed to seek offers in excess of £8,000,000 (EIGHT MILLION POUNDS), exclusive of VAT, for our client's heritable interest in the subject property. A purchase at this level would reflect an attractive net initial yield of 6.00%, after deduction of normal acquisition costs of 5.75%.

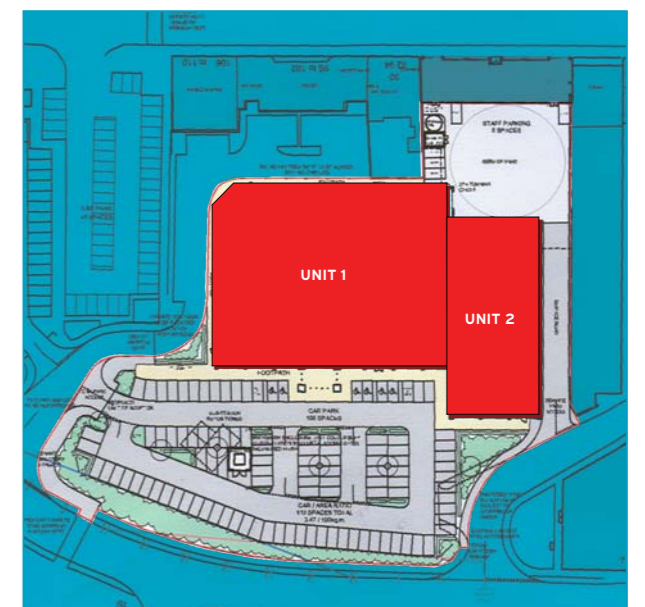
It should be noted that the opportunity may exist to acquire the SPV company which holds this asset, and more information on this aspect can be provided on request.

TENURE

The property is owned on a Heritable basis, the Scottish equivalent of an English freehold.

VAT

We are advised that our client has elected the property for VAT purposes and as such, the purchase price will attract VAT at the standard rate. We anticipate, however, that the transaction will qualify as a Transfer Of a Going Concern (TOGC) thus removing this liability.





VIEWING & FURTHER INFORMATION

For further information, or to arrange a viewing please contact:-



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