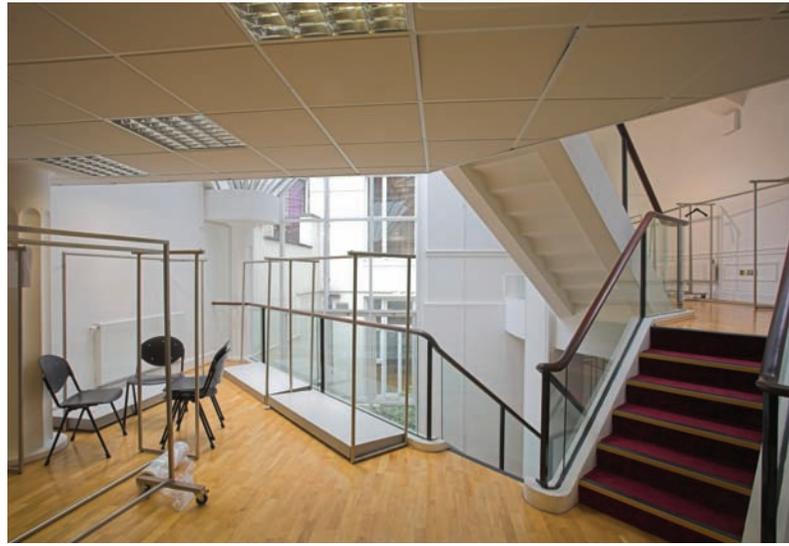




PRIME WEST END OFFICE & RESIDENTIAL INVESTMENT

46 PORTLAND PLACE, LONDON W1





Investment Summary

- Suitable for investors and owner occupiers; the occupational tenant has offered to surrender their lease.
- Purchase price in excess of £5,250,000.
- Net initial yield of 5.0%.
- Reversionary yield of 5.6% in July 2007.
- Long leasehold (99.5 years unexpired).
- Attractive period building benefiting from refurbishment.
- Total net internal area of 958 sq m (10,323 sq ft)
- Passing rent reflects £321.25 per sq m (£29.84 per sq ft) on the office accommodation.
- Capital value of £5,479 per sq m (£509 per sq ft) overall.
- Secured to Gorland Corporation Ltd for a further 6.0 years term certain.

Location

Situated in the London Borough of Westminster, Marylebone is a highly affluent location within Central London. Fitzrovia and Noho are situated to the east, Bayswater to the west, Camden to the north and Mayfair and Soho to the south.

As well as a number of hotels, embassies and corporate headquarters, Marylebone is home to a wide range of occupiers. Harley Street and Wimpole Street accommodate the leading specialists from the medical profession. Marylebone High Street is a significant retailing destination which includes Conran and Aveda as well as numerous highly regarded independent retailers and restaurants. Regent's Park spans 400 acres providing beautiful Nash designed gardens including 100 acres of designated sports facilities being the largest outdoor sports area in London.

In addition, Marylebone is regarded as an exclusive residential location in Central London.

Communications

The area is bounded by four arterial roads. Marylebone Road (A501) runs west to Paddington and east to Clerkenwell. Oxford Street (A40) provides access to Notting Hill Gate to the west and Holborn and the City to the east. Edgware Road (A5) runs north to St John's Wood and south to Marble Arch. Tottenham Court Road (A400) leads to Euston to the north and Covent Garden to the south.

Three London Underground stations are in close proximity; Regent's Park (Bakerloo line), Great Portland Street (Metropolitan, Circle, Hammersmith & City lines) and Oxford Circus (Bakerloo, Central and Victoria lines).

Euston mainline station is situated approximately 2.1 kilometres (1.3 miles) to the north east providing services to the Midlands and the North West. Paddington station is located approximately 3.0 kilometres (1.9 miles) to the west providing services to the West and South Wales, as well as the Heathrow Express with services running every 15 minutes at an average journey time of 15 minutes.

City Airport lies approximately 13.6 kilometres (8.5 miles) to the east, Heathrow is situated approximately 27.2 kilometres (17.0 miles) to the west whilst Gatwick is some 44.8 kilometres (28.0 miles) to the south.

Situation

The property occupies a prominent position on the east side of Portland Place between the junctions with Weymouth Street and New Cavendish Street. The street is bounded by Park Crescent and Regents Park to the north with Regent Street and Oxford Circus to the south. Portland Place runs parallel with Great Portland Street to the east, and Harley Street and Marylebone High Street to the west.

Occupiers in Portland Place include The Royal Institute of British Architects, The Institute of Physics, The Royal Institute of Public Health, the BBC, The Langham Hotel and the Polish, Portuguese, Kenyan and Chinese embassies.

Three underground stations are within easy walking distance of the property: Regent's Park is 0.5 kilometres (0.3 miles) to the north, Great Portland Street is 0.7 kilometres (0.5 miles) to the north east whilst Oxford Circus is 0.6 kilometres (0.4 miles) to the south.

Description

Constructed in 1774 by Robert and John Adam, the building is Grade II* listed and has been restored to provide office accommodation on the lower ground, ground and first floors with residential accommodation provided on second, third and fourth floors. In the mid 1980s, a rear extension was added to the lower ground and ground floors. The entire building was refurbished in 2002.

The office accommodation to the front section of the building is arranged in a period style benefiting from high and ornate ceilings, wood panelled walls, fireplaces, down lighting, wood flooring, perimeter trunking and central heating. The rear section provides modern office accommodation benefiting from comfort cooling, suspended ceilings, Category II lighting and wood flooring.

The residential accommodation comprises a 2 bedroom apartment with living room, kitchen, toilet and bathroom, and a 5 bedroom maisonette with kitchen and 3 bathrooms.

The building benefits from a passenger lift (maximum load 300 kg) serving all floors with the exception of the fourth floor, a courtyard on the lower ground floor and an outdoor terrace on the first floor.

Illustrative floor-plans are available on our website www.dbaprop.co.uk. To access click on the property and see section 'Other Documents'.

Accommodation

We have been advised of the following net internal floor areas;

	sq m	sq ft
OFFICE		
Lower Ground Floor (Rear & Front)	222	2,390
Ground Floor (Rear including mezzanine)	194	2,090
Ground Floor (Front)	114	1,226
First Floor (Front)	112	1,210
Sub-Total	642	6,916
RESIDENTIAL		
Second Floor	109	1,177
Third/Fourth Floor	207	2,230
Sub-Total	316	3,407
TOTAL	958	10,323

The site area is 0.16 hectares (0.39 acres).

Tenure

The long leasehold interest is for a term of 125 years from 25th December 1980 thus expiring in December 2105 (**99.5 years unexpired**) at a current ground rent of **£25,000 per annum**. This is reviewed on a 5 yearly, upward only basis to 12.5% of the full rental value of the office accommodation on the lower ground, ground and first floors. The next rent review is on 25th December 2010.

Tenancy

The property is let in its entirety to **Gorland Corporation Ltd** for a term of 15 years from 10th July 2002 with a tenant's break option in the 10th year therefore having **6.0 years term certain**. The lease is on full repairing and insuring terms subject to 5 yearly open market rent reviews. The next rent review is on 10th July 2007.

The current passing rent is £300,000 per annum equating to **£321.25 per sq m (£29.84 per sq ft)** on the office accommodation assuming **£93,600 per annum (£1,800 per week)** on the residential accommodation.

The current net income is therefore **£275,000 per annum**.

The tenant is not in occupation and is willing to surrender providing the possibility of immediate vacant possession of the property.

Covenant

Gorland Corporation Ltd have reported the following accounts:

Covenant	Date of Accounts	Turnover	Pre tax profit (loss)	Net Assets
Gorland Corporation Ltd	31 December 2004	£10.2m	(£43,422)	£636,359

Gorland are the official agents & distributors of a number of fashion brands including Dolce & Gabana and Versace Jeans Couture.

Estimated Rental Value

The total estimated rental value of the investment is approximately **£335,000 per annum** equating to **£376.75 per sq m (£35.00 per sq ft)** on the office accommodation and **£93,600 per annum on the residential accommodation**.

We are aware of the following recent comparable office rental evidence;

In June 2006, at 42 Portland Place, an undisclosed tenant agreed terms at a rent close to the quoting level of £315,000 per annum equating to a headline rent of £468.25 per sq m (£43.50 per sq ft).

In June 2006, at 9-11 Portland Place, an undisclosed exhibition company agreed terms for a 25 year lease with tenant break options in the 10th and 20th years at a rent equating to a headline rent of £403.66 per sq m (£37.50 per sq ft).

Office Capital Value

We are aware of the following comparables for office sales;

In March 2005, at 7-9 Portland Place, the freehold with vacant possession was sold for a price of £7,300,000 reflecting a capital value of £7,492 per sq m (£696 per sq ft).

In November 2003, at 1-3 Portland Place, the freehold investment was sold for a price of £17,600,000 reflecting a capital value of £7,018 per sq m (£652 per sq ft).

Residential Capital Value

We are aware of the following comparables for residential sales;

In May 2006, at 73 Portland Place, an apartment of 167 sq m (1,800 sq ft) was sold for a price of £1,495,000 reflecting a capital value of £8,945 sq m (£831 per sq ft).

In April 2006, at 55 Portland Place, an apartment of 138 per sq m (1,487 sq ft) was sold for a price of £1,260,000 reflecting a capital value of £9,117 per sq m (£847 per sq ft).

Proposal

We have been instructed to seek offers in excess of **£5,250,000** (Five Million, Two Hundred and Fifty Thousand Pounds) reflecting a **net initial yield of 5.0%**, a **reversionary yield of 5.6% in July 2007** and a **capital value of £5,479 per sq m (£509 per sq ft)** based upon costs at 5.7625%.

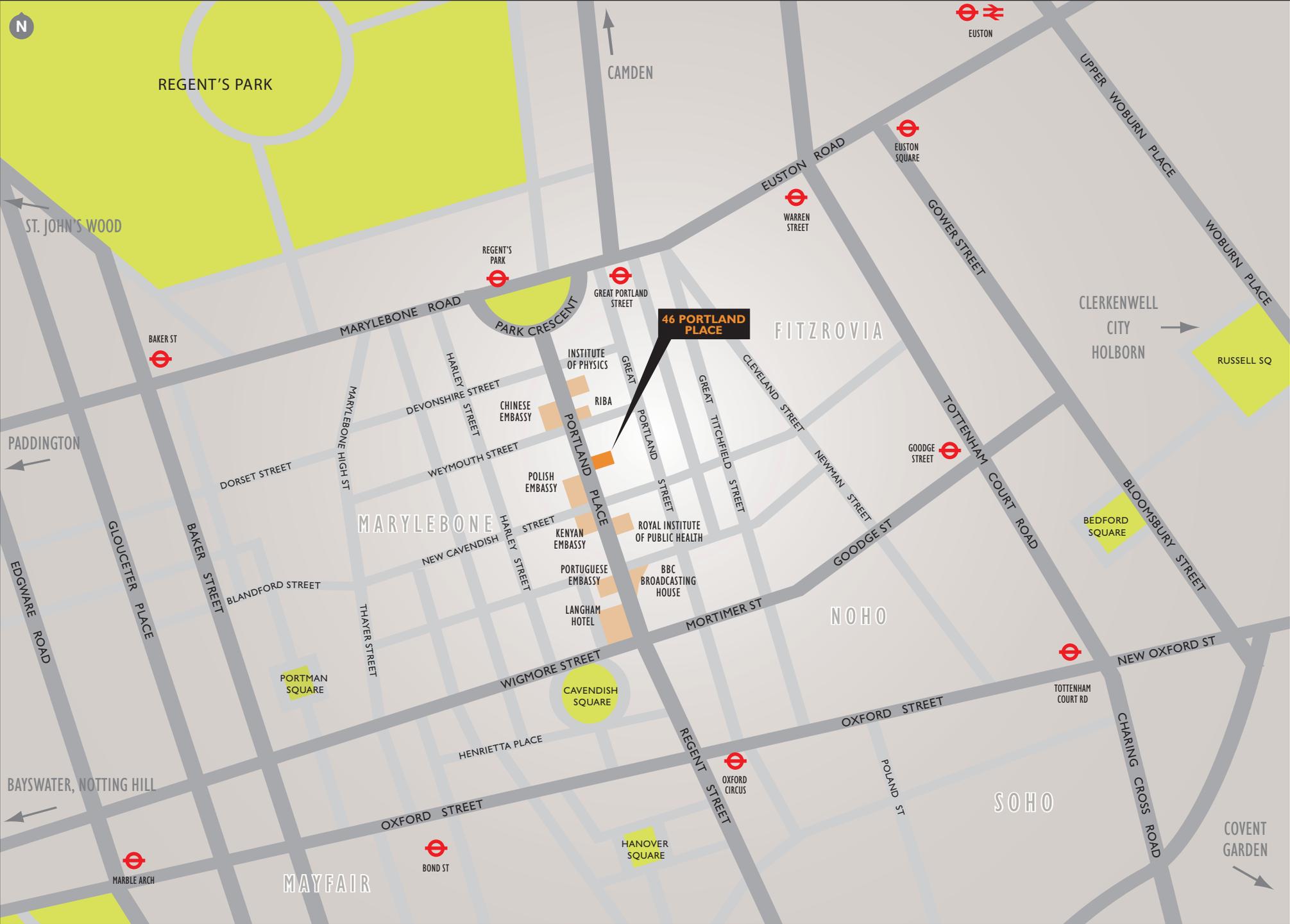
Value Added Tax

The property has been elected for VAT.

Investment Considerations

- Portland Place is a prestigious office location and one of the most desirable residential addresses in Central London.
- Ideally situated in the heart of the West End, being minutes from Oxford Circus, Great Portland Street and Marylebone High Street.
- Attractive period building benefiting from refurbishment.
- Long leasehold for a significant term of a further 99.5 years unexpired.
- Attractive reversionary yield of 5.6% in July 2007.
- Reversionary passing rent at £321.25 per sq m (£29.84 per sq ft) on the office accommodation.
- Potential to take a surrender of the existing lease whereby vacant possession may command a premium.
- The purchase price equates to a capital value of £5,479 per sq m (£509 per sq ft) overall which is a discount to office values in Portland Place based on evidence of other office buildings in Portland Place at approximately £7,535 per sq m (£700 per sq ft) and residential values, in the region of £8,611 to £9,150 per sq m (£800 to £850 per sq ft).
- An opportunity to sell the residential accommodation on a long lease at a peppercorn rent. Assuming a value of £9,150 per sq m (£850 per sq ft) on the residential element, at the quoting price, the commercial element would reflect a capital value of £3,660 per sq m (£340 per sq ft) and yield of 9.7%.

SUBJECT TO CONTRACT AND EXCLUDING VAT



N

REGENT'S PARK

CAMDEN



EUSTON

UPPER WOBURN PLACE
WOBURN PLACE



EUSTON SQUARE



WARREN STREET

ST. JOHN'S WOOD



REGENT'S PARK



GREAT PORTLAND STREET

46 PORTLAND PLACE

FITZROVIA

CLERKENWELL
CITY
HOLBORN

RUSSELL SQ



BAKER ST

MARYLEBONE ROAD

PARK CRESCENT

INSTITUTE OF PHYSICS

CHINESE EMBASSY

RIBA

DEVONSHIRE STREET

WYMOUTH STREET

POLISH EMBASSY

KENYAN EMBASSY

PORTUGUESE EMBASSY

LANGHAM HOTEL

ROYAL INSTITUTE OF PUBLIC HEALTH

BBC BROADCASTING HOUSE



GOODGE STREET

PADDINGTON

MARYLEBONE

NOHO

BEDFORD SQUARE

EDGWARE ROAD

GLoucester PLACE

BAKER STREET

BLANDFORD STREET

MARYLEBONE HIGH ST

THAYER STREET

NEW CAVENDISH STREET

WIGMORE STREET

CAVENDISH SQUARE

MORTIMER ST

GOODGE ST

TOTTENHAM COURT ROAD

BLOOMSBURY STREET

BAYSWATER, NOTTING HILL

MAYFAIR



BOND ST

HANOVER SQUARE



OXFORD CIRCUS

OXFORD STREET

SOHO



TOTTENHAM COURT RD

COVENT GARDEN



MARBLE ARCH

CHARING CROSS ROAD



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Subject to Contract and Exclusive of VAT

