

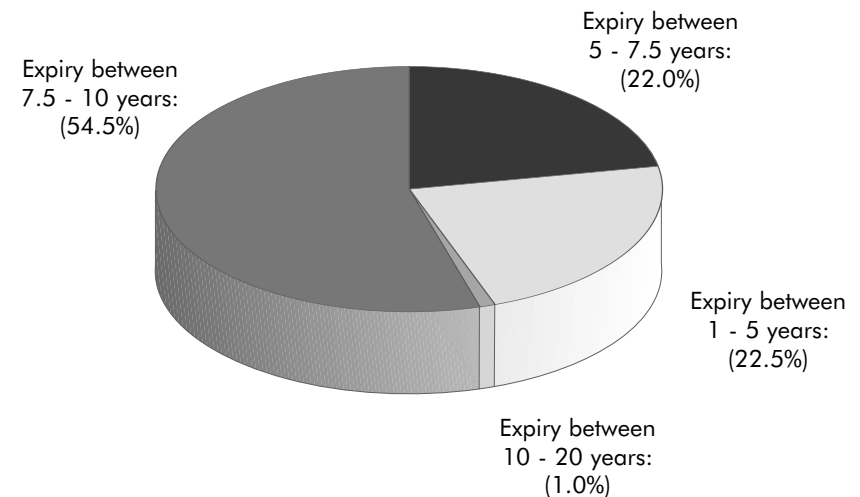




- A portfolio of five office properties with asset management opportunities.
- The properties are situated in Harpenden, Tunbridge Wells, Nottingham and Peterborough.
- All properties are held freehold.
- Total area of approximately 6,121.0 sq m (65,890.0 sq ft).
- 21 tenants offering excellent opportunities for active management.
- Income secured on a wide range of covenants including Barclays Bank Plc, UK Petroleum Products Limited, Lambert Smith Hampton Limited, Clerical Medical Investment Group Limited, CGU International Insurance Plc, Hays Personnel Services Holdings Limited, Peterborough Council and Cambridgeshire Council.
- Current income of £792,950 per annum and an estimated rental value of £826,056 per annum.
- Average passing rent equating to £129.55 per sq m (£12.03 per sq ft).
- Weighted average un-expired term to 2012.
- Low average capital value of £1,735 per sq m (£161 per sq ft).
- Average car parking ratio of 1:56 sq m (1:604 sq ft).

- Action reviews on reversionary retail accommodation on Clayton House, Harpenden.
- Long term development site assembly for two buildings in Harpenden.
- Medium term residential development opportunity in Tunbridge Wells, subject to the necessary planning consents.
- Complete outstanding reviews in Nottingham.
- Immediate surrender and re-let / sell-off four units in Peterborough.
- Long term retail scheme potential in Peterborough.

## Income Profile



Offers in excess of **£10,620,000** subject to contract and exclusive of VAT to reflect the following yield profile based upon costs of 5.7625% or 1.7625% depending on stamp duty exempt locations :

Net initial yield	7.1 %
Reversionary yield	7.4 %
Equivalent (Quarterly in advance)	7.7 %

SUBJECT TO CONTRACT AND EXCLUDING VAT

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March 2005

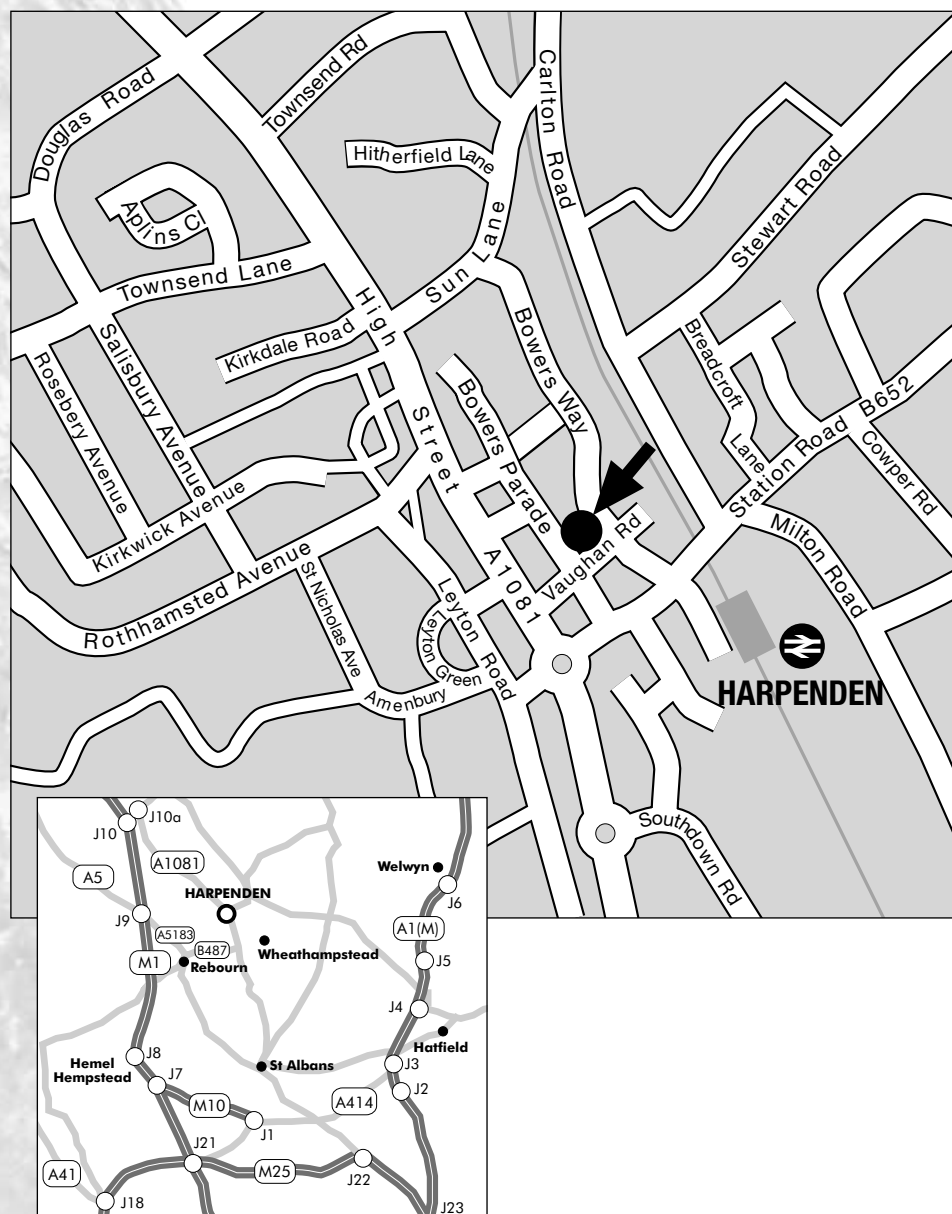
Address	Sector	Tenure	Number of Tenants	Accommodation (sq ft) (sq m) (car parking)	Current Rent per annum	ERV per annum	Stamp Duty Exemption
Clayton House 3, 5 & 7 Vaughan Road Harpenden	Retail A3 Office	Freehold	6	9,114 846.7 19 car spaces	£148,250	£175,143	Payable
Mardall House 9-11 Vaughan Road Harpenden	Office	Freehold	5	11,208 1041.0 39 car spaces	£206,600	£206,000	Payable
Castle House 27 London Road Tunbridge Wells	Office	Freehold	1	7,922 735.9 18 car spaces	£78,300	£82,334	Payable
Houndsgate South 17-21 Houndsgate Nottingham	Office	Freehold	4	15,843 1471.9 8 car spaces	£153,850	£166,352	Payable
Cavell Court 9-15 Lincoln Road / 7-15 North Road Peterborough	Office	Freehold	5	21,803 2025.5 25 car spaces	£205,950	£196,227	Exempt
<b>Total</b>			<b>21</b>	<b>65,890 6121.0 109 car spaces</b>	<b>£792,950</b>	<b>£826,056</b>	



Clayton House, 3, 5, & 7 Vaughan Road, **Harpenden**, Hertfordshire







## Location

Harpenden is located in the county of Hertfordshire, 40.0 kilometres (25.0 miles) north west of Central London. The closest towns are St.Albans 8.0 kilometres (4.9 miles) to the south, Luton 8.0 kilometres (4.9 miles) to the north and Hemel Hempstead 11.0 kilometres (6.8 miles) south west.

## Communications

Harpenden benefits from excellent communications highlighted by the Thameslink railway to London, proximity to the M1 and M25 motorways and easy access to surrounding towns.

The town is 5.0 kilometres (3.1 miles) east of the M1 motorway (Junction 9). This provides a connection to the national motorway network and direct access to the north of England. The M1 links with the M25 motorway (London Orbital Route) some 12.0 kilometres (7.4 miles) to the south at Junction 21. Additionally, the A1(M) connects to the M25 at Junction 23. Harpenden is situated on the A1081 which connects with the M1 at Junction 10a to the north and St. Albans to the south.

Harpenden railway station provides a fast and frequent passenger service to London King's Cross with a fastest journey time of approximately 26 minutes.

Luton Airport is approximately 9.6 kilometres (6.0 miles) to the north and provides a number of flights to international destinations.

## Situation

Vaughan Road is situated on the eastern side of the High Street diagonally opposite Leyton Green and just north of its junction with Station Road which runs parallel. The property is situated on the north side of Vaughan Road close to its junction with the High Street.

Harpenden's town centre is a busy and vibrant mix of retail, office and residential uses. The High Street is the town's prime retailing pitch that includes retailers such as Sainsburys, WH Smith, Boots, Argos, Marks & Spencer and Waitrose.

Harpenden railway station is situated approximately 200 metres (0.12 miles) from the property.

## Demographics

The category of "Wealthy Suburbs, Large Detached Houses" for Harpenden is 34.0% as opposed to the UK average of 2.9%.

The "Well Off Town and City Areas" category is 24.1% as opposed to the UK average of 1.2%.

Source: CACI data based on 2001 Census.



## Description

The early 1990's building is of frame construction with brick elevations and provides 4 ground floor retail units and office accommodation on two upper floors. In addition, attached is a link office block between the property and the adjacent building - Mardall House. Below the link block, at ground floor level, there is vehicular access to the rear car park.

The specification of the office accommodation includes an 8 person passenger lift, suspended ceiling, strip fluorescent lighting, perimeter trunking, central heating, carpeting and double glazed windows.

## Site

The site area is approximately 0.07 hectares (0.19 acres).

## Accommodation

We have been advised that the total net internal floor area of the property is 846.7 sq m (9,114.0 sq ft). In addition, there are a total of 19 car spaces providing a ratio of 1:45 sq m (1:480 sq ft).

Please see the tenancy and accommodation schedule.

## Tenure

Freehold.

## Tenancies

The investment is multi-let on nine full repairing and insuring leases. The total passing rent is **£148,250 per annum** equating to **£246.18 per sq m (£22.87 per sq ft) Zone A** for the retail accommodation and **£175.24 per sq m (£16.28 per sq ft)** for the office accommodation overall.

Please see the tenancy and accommodation schedule.

## Covenant

The majority of the income is derived from Liberty Bishop Limited and Dragon Resources (Holdings) Plc.

Liberty Bishop Limited is an accountancy firm specialising in providing services for contractors mainly in the IT sector and has an international client base.

Further information for Liberty Bishop Limited can be found at [www.libertybishop.co.uk](http://www.libertybishop.co.uk).

Dragon Resources (Holdings) Plc is a wholly owned subsidiary of Dragon Oil Plc which is quoted on the London Stock Exchange. The company's main activity is oil and gas exploration and production. 59% of the company is owned by the Government of Dubai. Dragon Oil Plc's last full year results on 31 December 2003 reported a turnover that had increased from \$50.6m to \$82.0m and pre-tax profits that had increased from \$15.5m to \$28.8m. In addition, the 30 June 2004 interim report confirmed a net worth of \$259.0m.

Further information for Dragon Oil Plc can be found at [www.dragonoil.com](http://www.dragonoil.com).

## Estimated Rental Value

In our opinion, the estimated rental value of Clayton House is approximately **£175,000 per annum**. This is based upon a range of **£350.00 - £431.00 per sq m (£32.50 - £40.00 per sq ft) Zone A** on the retail accommodation, depending upon the unit's proximity to the High Street. For the office element we have attributed an overall figure of **£172.00 per sq m (£16.00 per sq ft)**.

Please see the tenancy and accommodation schedule for further information and apportioned rental values.

We are aware of the following comparable evidence :

- In March 2004, at 1b Vaughan Road, the tenant was marketing an assignment of their lease on a retail unit. Terms were agreed with a party but the assignor subsequently withdrew the unit from the market. The lease agreed was a 15 year term from 25 June 2002 with 5 yearly rent reviews. The passing rent was £10,500 per annum equating to £431.00 per sq m (£40.00 per sq ft) Zone A.
- In April 2003, at 42a High Street, Care IMA International Limited completed a lease renewal of the office accommodation for a further five years at a rent of £12,000 per annum equating to £194.00 per sq m (£18.02 per sq ft).
- In June 2004 at Mardall House, the adjoining building to Clayton House, Berg & Taylor Solicitors completed a sub-letting of the office accommodation for a term of 2.5 years at a rent of £71,000 per annum equating to £215.00 per sq m (£20.00 per sq ft).

## Residential Development Potential

There may be potential to convert the office accommodation to residential subject to obtaining the necessary planning consents. We have been advised that residential values within the town centre are in the region of £4,036.50 per sq m (£375.00 per sq ft).

## Value Added Tax

The property has been elected for VAT and therefore VAT will be payable on the sale price.

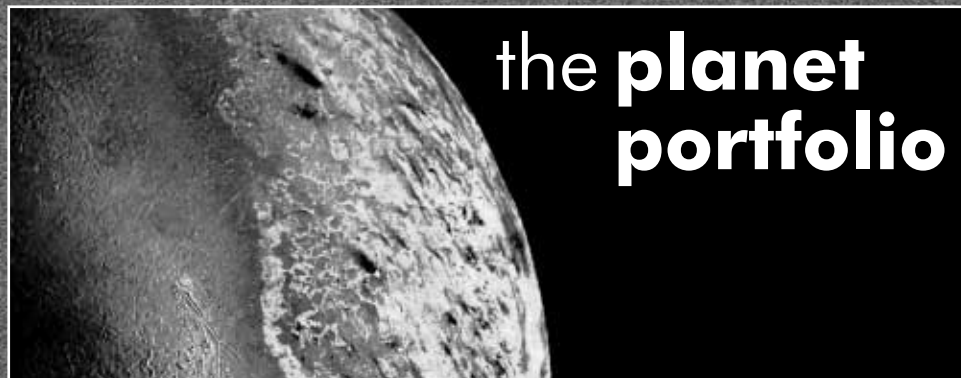


#### Investment Considerations

- Harpenden is an affluent town in Hertfordshire with a strong demographic profile drawn predominantly from the wealthy commuter sector. The town benefits from excellent communications being situated 5.0 kilometres (3.1 miles) east of the M1 motorway (Junction 9) and having a rail service to London with a journey time of approximately 26 minutes. In addition, the railway station is situated approximately 200 metres (0.12 miles) from the property.
- The retail element is reversionary off a current, average passing rent of £246.00 per sq m (£22.86 per sq ft) Zone A, increasing to an average estimated rental value of £394.00 per sq m (£36.58 per sq ft) Zone A. In addition, the rents in Vaughan Road are at a significant discount to the new levels set close by in the town centre of approximately £914.00 per sq m (£85.00 per sq ft) Zone A. This provides an excellent base for long term rental growth at Clayton House.
- The retail element's proportion of the income will increase from 33.0 % to 44.0 % once the rent reviews have been settled.
- The offices offer residential conversion opportunities subject to obtaining the necessary consents. We have been advised that residential values within the town centre are in the region of £4,036.50 per sq m (£375.00 per sq ft).
- The site area of the property at 0.07 hectares (0.19 acres) has long term development potential.
- The acquisition of both Clayton House and the adjoining building Mardall House offers asset management opportunities of an enlarged holding in the town and increases the area of a potential development site to 0.17 hectares (0.44 acres).



Unit/Floor	Sector	Tenant	Accommodation (sq ft) (sq m)	Current Rent PA	Rent ZA/psf	ERV PA	ERV ZA/psf	Expiry (Unexpired Term)	Rent Review	Comments
Ground No. 3/5	Retail	Chase Vale Limited	1,125 104.49 ITZA 709 65.84	£20,000	£28.21 Zone A	£28,360	£40.00 Zone A	10/10/2013 (8.5 years)	01/10/2005	t/a Silver Palate Delicatessen
Ground Shop 1	Restaurant	Mr S K Chan	539 50.02 ITZA 427 39.58 1 car space	£9,500	£21.08 Zone A	£16,013	£37.50 Zone A	14/11/2013 (8.5 years)	24/06/2008	t/a Hong Shing Chinese Restaurant
Ground Shop 2	Retail	T M Doyle	539 50.07 ITZA 425 39.44 1 car space	£9,250	£21.76 Zone A	£14,875	£35.00 Zone A	23/06/2015 (10.25 years)	24/06/2007	t/a Status Menswear
Ground Shop 3	Retail	Mr & Mrs C E Simmons	738 68.51 ITZA 527 48.87 2 car spaces	£9,000	£17.08 Zone A	£17,128	£32.50 Zone A	09/08/2011 (6.25 years)	30/06/2006	t/a Creature Comforts Pet Shop Tenant's break option 10/08/2006.
Part First	Office	Liberty Bishop Limited	1,211 112.52 3 car spaces	£21,000	£17.34	£19,376	£16.00	24/12/2010 (5.75 years)	25/12/2005	Assigned from Dragon Resources (Holdings) Plc.
Part Second	Office	Liberty Bishop Limited	1,310 121.69 4 car spaces	£24,000	£18.32	£20,960	£16.00	14/06/2010 (5.25 years)	15/06/2005	Assigned from Dragon Resources (Holdings) Plc.
First (Link Block)	Office	Avenue Homes Limited	321 29.78 1 car space	£5,250	£16.36	£5,136	£16.00	25/12/2007 (2.75 years)	25/12/2003	Outstanding rent review. Assigned from Paul Berg & Taylor.
Second (Link Block)	Office	Liberty Bishop Limited	321 29.78 1 car space	£5,250	£16.36	£5,136	£16.00	24/12/2007 (2.75 years)	25/12/2003	Outstanding rent review. Assigned from Dragon Resources (Holdings) Plc.
Part First & Second	Office	Liberty Bishop Limited	1st 1,668 154.97 2nd 1,342 124.71 6 car spaces	£45,000	£14.95	£48,160	£16.00	05/11/2014 (9.5 years)	06/11/2004	Outstanding rent review. Assigned from Dragon Resources (Holdings) Plc.
<b>TOTAL</b>			<b>9,114 846.7</b> <b>19 car spaces</b>	<b>£148,250</b>	<b>£22.87</b> <b>Zone A</b> <b>£16.28</b> <b>overall</b>	<b>£175,143</b>	<b>£32.50</b> <b>- £40.00</b> <b>Zone A</b> <b>£16.00</b> <b>overall</b>			



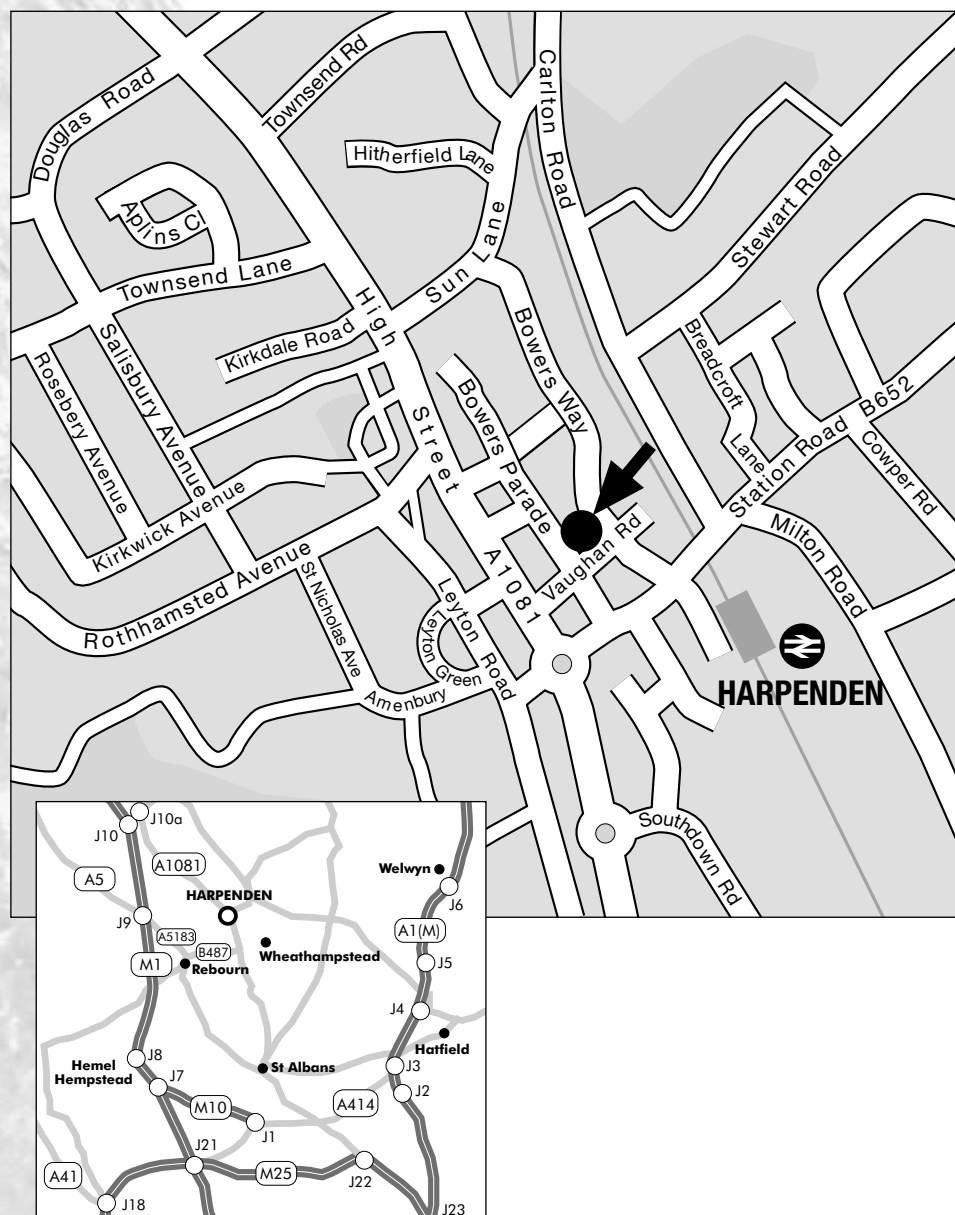
Mardall House, 9-11 Vaughan Road, **Harpenden**, Hertfordshire











### Location

Harpenden is located in the county of Hertfordshire, 40.0 kilometres (25.0 miles) north west of Central London. The closest towns are St. Albans 8.0 kilometres (4.9 miles) to the south, Luton 8.0 kilometres (4.9 miles) to the north and Hemel Hempstead 11.0 kilometres (6.8 miles) south west.

### Communications

Harpenden benefits from excellent communications highlighted by the Thameslink railway to London, proximity to the M1 and M25 motorways and easy access to surrounding towns.

The town is 5.0 kilometres (3.1 miles) east of the M1 motorway (Junction 9). This provides a connection to the national motorway network and direct access to the north of England. The M1 links with the M25 motorway (London Orbital Route) some 12.0 kilometres (7.4 miles) to the south at Junction 21. Additionally, the A1(M) connects to the M25 at Junction 23. Harpenden is situated on the A1081 which connects with the M1 at Junction 10a to the north and St. Albans to the south.

Harpenden railway station provides a fast and frequent passenger service to London King's Cross with a fastest journey time of approximately 26 minutes.

Luton airport is approximately 9.6 kilometres (6.0 miles) to the north and provides a number of flights to international destinations.

### Situation

Vaughan Road is situated on the eastern side of the High Street opposite Leyton Green and just north of its junction with Station Road which runs parallel. The property is situated on the north side of Vaughan Road close to its junction with the High Street.

Harpenden's town centre is a busy and vibrant mix of retail, office and residential uses. The High Street is the town's prime retailing pitch which includes retailers such as Sainsburys, WH Smith, Boots, Argos, Marks & Spencer and Waitrose.

Harpenden railway station is situated approximately 200 metres (0.12 miles) from the property.

### Demographics

The category of "Wealthy Suburbs, Large Detached Houses" for Harpenden is 34.0% as opposed to the UK average of 2.9%.

The "Well Off Town and City Areas" category is 24.1% as opposed to the UK average of 1.2%.

Source: CACI data based on 2001 Census.

### Description

The early 1990's building comprises a semi-detached office building over ground and two upper floors built of frame construction with brick elevations. The office accommodation is formed in two wings either side of the main service core.

In addition, attached is a link office block between the property and the adjacent building - Clayton House. Below the link block, at ground floor level, there is vehicular access to the rear car park.

The office building has a ground floor entrance and benefits from a specification that includes an 8 person passenger lift, suspended ceiling, strip fluorescent lighting, part perimeter and under-floor trunking, central heating, carpeting and double glazed windows.

### Site

The site area is approximately 0.10 hectares (0.25 acres).

### Accommodation

We have been advised that the total net internal floor area of the property is 1,041 sq m (11,208 sq ft). In addition, there are a total of 39 car spaces providing a ratio of 1:27 sq m (1:287 sq ft).

Please see the tenancy and accommodation schedule.

### Tenure

Freehold.

### Tenancies

The investment is multi-let on five full repairing and insuring leases. The total passing rent is **£206,600 per annum**, equating to **£195.59 per sq m (£18.17 per sq ft) overall**.

Please see the tenancy and accommodation schedule.

### Covenant

Covenant	Date of Accounts	Turnover	Pre tax profit	Net Assets	Parent Company
Barclays Bank Plc	December 2003	£12.4 billion	£3.8 billion	£443.4 billion	-
UK Petroleum Products Limited	March 2004	-	-	£25,943,773	CPL Industries Ltd*
Jarvis Group Limited	April 2003	£28,400,000	£757,214	£4,970,000	-
Sterling Energy (UK) Limited **	December 2003	£437,000	(£243,061)	£3,129,000	Sterling Energy Plc
Cancer Research Campaign	April 2004	£48,684,000 (Incoming Resources)	-	£2,568,000	Cancer Research UK (Trustee)

\* CPL Industries Limited reported a turnover of £493.9m for accounts ending March 2004.

\*\* Sterling Energy (UK) Limited's principal activities are oil and gas exploration. The parent company is quoted on the Alternative Investment Market (AIM) on the London Stock Exchange. Interim accounts in 2004 reported net assets of £61.2m.

### Estimated Rental Value

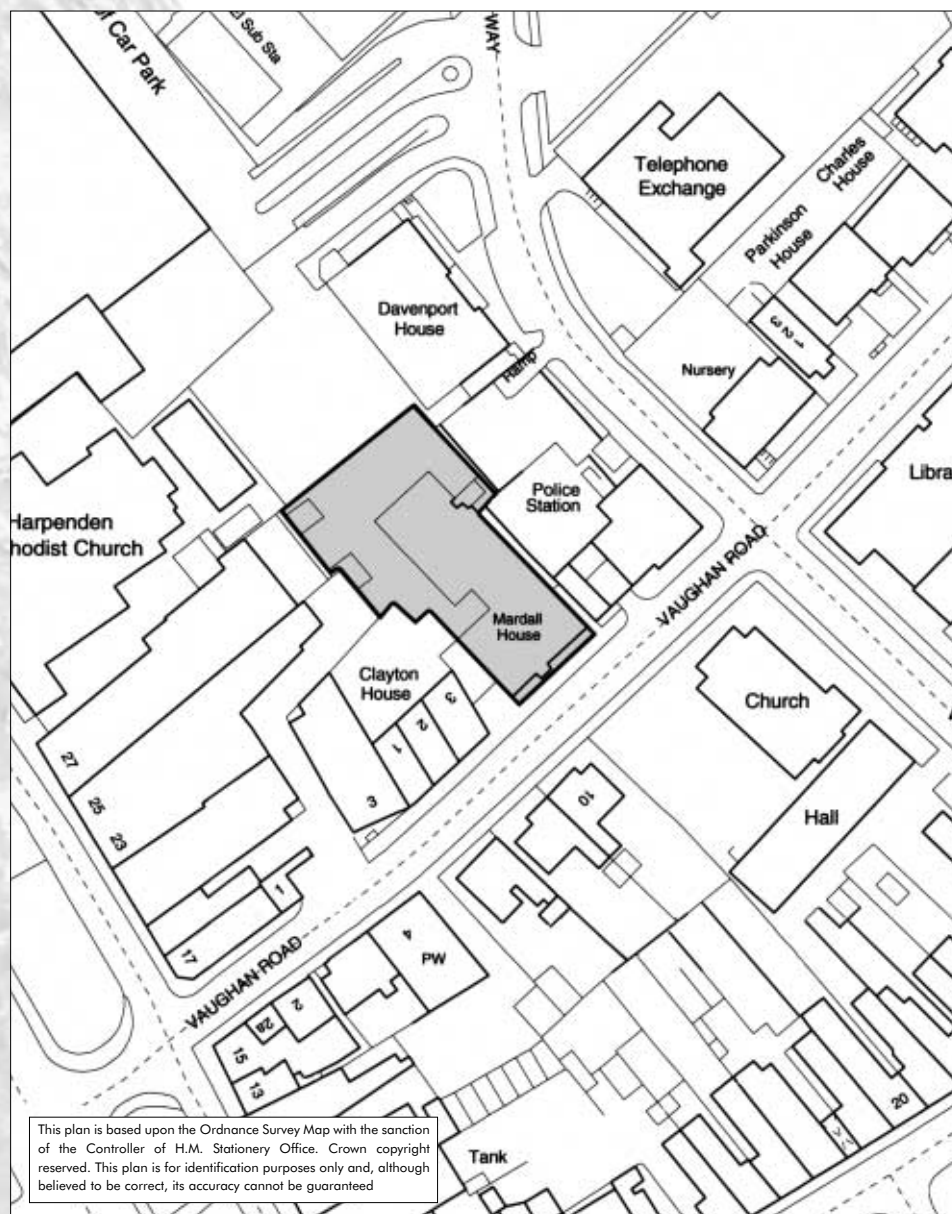
In our opinion, Mardall House is rack-rented equating to **£195.59 per sq m (£18.17 per sq ft) overall**.

Please see the tenancy and accommodation schedule for further information and apportioned rental values.

We are aware of the following comparable evidence :

- In June 2004, on the first floor of Mardall House, Berg & Taylor Solicitors completed a sub-letting of 2.5 years at a total rent of £71,000 per annum equating to £215.00 per sq m (£20.00 per sq ft).
- In December 2004, on the ground floor of Mardall House, Sterling Energy (UK) Limited completed a sub-letting of four years at a passing rent of £70,000 per annum equating to £189.24 per sq m (£17.58 per sq ft).
- In April 2003 at 42a High Street, Care IMA International Limited completed a lease renewal of the office accommodation for a further five years at a passing rent of £12,000 per annum equating to £194.00 per sq m (£18.02 per sq ft).





## Value Added Tax

The property has been elected for VAT and therefore VAT will be payable on the sale price.

## Investment Considerations

- Harpenden is an affluent town in Hertfordshire with a strong demographic profile drawn predominantly from the wealthy commuter sector. The town benefits from excellent communications being situated 5.0 kilometres (3.1 miles) east of the M1 motorway (Junction 9) and having a rail service to London with a journey time of approximately 26 minutes. In addition, the railway station is situated approximately 200 metres (0.12 miles) from the property.
- The Harpenden office market benefits from strong local occupiers, corporate demand and a limited supply of modern office accommodation. This has resulted in more stable rental values than other competing towns in the South East.
- The investment is a modern purpose-built and well-specified office building. The building benefits from an excellent car-parking ratio of approximately 1:27 sq m (1:287 sq ft).
- Approximately 68% of the income is secured to the covenants of Barclays Bank Plc and UK Petroleum Products Limited.
- The site area of the property at 0.10 hectares (0.25 acres) has long term development potential.
- The acquisition of both Mardall House and the adjoining building Clayton House offers asset management opportunities of an enlarged holding in the town and increases the area of a potential development site to 0.17 hectares (0.44 acres).

Unit/Floor	Sector	Tenant	Accommodation (sq ft) (sq m)	Current Rent PA	Rent ZA/psf	ERV PA	ERV ZA/psf	Expiry (Unexpired Term)	Rent Review	Comments
Ground	Office	Barclays Bank Plc	3,981 351.69 12 car spaces	£70,000	£17.58	£72,335	£18.17	24/12/2012 (7.75 years)	25/12/2007	Sub let to Sterling Energy (UK) Ltd on a co-terminus lease. Sub-tenant's break option on 25/12/08.
First	Office	UK Petroleum Products Limited	4,065 380.69 12 car spaces	£71,000	£17.47	£73,861	£18.17	23/12/2012 (7.75 years)	25/12/2007	627 sq ft sub-let at rent equating to £20 psf to Paul Berg & Taylor Solicitors. Expiry 31/12/06.
Second (Suite 1)	Office	Sterling Energy (UK) Limited	1,322 122.84 5 car spaces	£26,000	£19.67	£24,021	£18.17	24/12/2012 (7.75 years)	29/05/2007	Tenant's break option 29/05/2007. Vacant. To be refurbished and re-occupied by tenant.
Second (Suite 2)	Office	Cancer Research Campaign	1,840 179.85 5 car spaces	£36,600	£19.89	£33,433	£18.17	29/05/2007 (2.0 years)	-	Vacant space is currently being marketed at the passing rent by Brasier Harris.
	Car Parking	Jarvis Group Limited	5 car spaces	£3,000	-	£2,350	-	23/06/2013 (8.25 years)	24/06/2003	Rent review outstanding.
<b>TOTAL</b>			<b>11,208 1,041.00 39 car spaces</b>	<b>£206,600</b>	<b>£18.17 overall</b>	<b>£206,000</b>	<b>£18.17 overall</b>			



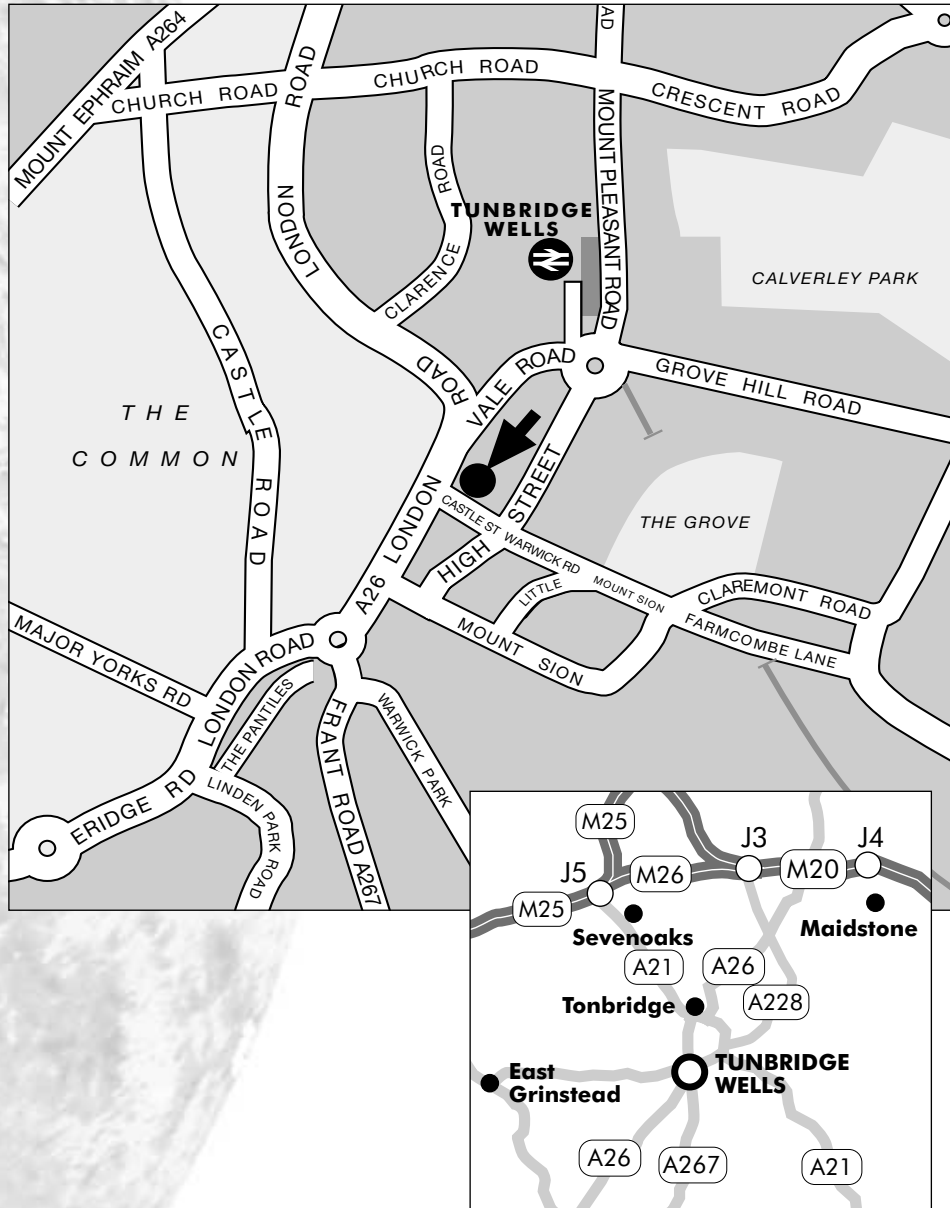
Castle House, 27 London Road, **Tunbridge Wells**, Kent











## Location

Royal Tunbridge Wells is an attractive spa town with an affluent retail centre and an established commercial base. The town is situated in south west Kent, close to the county border with East Sussex, approximately 53.0 kilometres (33.0 miles) south east of London. The nearest major towns include Maidstone 24.0 kilometres (15.0 miles) to the north east and Croydon 37.0 kilometres (23.0 miles) to the north west.

## Communications

The town benefits from good road communications with the A21 linking with the M25 at Junction 5, 24.0 kilometres (13.0 miles) to the north. In addition, the A26 runs through the town providing access to Brighton 37 kilometres (23.0 miles) to the south and Maidstone 24.0 kilometres (15.0 miles) to the north.

The main railway station in the town provides regular services to London Waterloo, Charing Cross and London Bridge with a fastest journey time of approximately 40 minutes.

Gatwick Airport is approximately 36.8 kilometres (23.0 miles) to the west of the town.

## Situation

The property is situated on London Road with frontage to The Common, close to its junctions with Vale Road and Castle Street.

The immediate area is an established mixed use location and benefits from its proximity to retail including the High Street running parallel behind the property and The Pantiles 1.0 km (0.6 miles) to the south.

The railway station is situated approximately 0.3 km (0.19 miles) north of the property.

## Demographics

According to 2001 figures from Focus, Tunbridge Wells has a population of approximately 314,323 within a catchment area of 20.0 kilometres (12.5 miles).

With regard to socio-economic data, the CACI Lifestyle Groups index confirms "Wealthy Executives" make up 28.3% (urban area) in Tunbridge Wells as opposed to the UK average of 8.6%.

In addition, the A and B Class Groupings of "Higher and Intermediate Managerial / Administrative / Professional" groups is 28.9% for the town as opposed to the UK average of 21.7%.



### Description

The property comprises a main office building, a mews building and a garage. Castle House was originally built in the 1920s as a hotel and subsequently converted into offices. The building is constructed of brick and is arranged over four floors with an extension to the rear at first floor level. The offices have been refurbished to a good standard to provide a specification that includes suspended ceilings, strip fluorescent and spot lighting, carpeting, central heating and perimeter trunking.

The rear of the property is accessed via a vehicular arch to the side of the main building. There is a small mews building constructed of brick on two floors. In addition, there is a car parking area covered by a corrugated roof.

### Site

The site area is approximately 0.08 hectares (0.21 acres).

### Accommodation

We have been advised that the total net internal floor area of the property is 735.9 sq m (7,922.0 sq ft). In addition, there are a total of 18 car spaces split between the front and rear of the property providing a ratio of 1: 41 sq m (1: 440 sq ft).

Please see the tenancy and accommodation schedule.

### Tenure

Freehold.

### Tenancies

The entire property is let to Simpson Mahoney Parrock Limited (SMP Limited) on three leases with expiries ranging from 28 August 2007 to 25 June 2009. The total passing rent is **£78,300 per annum** equating to **£106.35 per sq m (£9.88 per sq ft) overall**.

Please see the tenancy and accommodation schedule.

### Covenant

Floor	Current Tenant	Guarantor	Original Lessor
Ground	SMP Limited	S. N. Mahoney J. C. Parrock C. J. Simpson	On assignment
First	SMP Limited	A. B. Thomlinson A. D. P. Hurley R. W. Montier	Legal and General Financial Services Limited
Second, Third, Part Ground / Mews and Garage	SMP Limited	C. J. Simpson S. N. Mahoney	On assignment

SMP Limited are a marketing company involved in sales promotion, direct marketing and consultancy. Successful clients include ICI, Unilever, Tesco, Nikon and Budget Car Rental.

Further information for SMP Limited can be found at [www.smp.uk.com](http://www.smp.uk.com).

### Estimated Rental Value

In our opinion, the estimated rental value of Castle House is approximately **£82,500 per annum**. This equates to **£111.87 per sq m (£10.39 per sq ft) overall**.

Please see the tenancy and accommodation schedule for further information and apportioned rental values.

We are aware of the following comparable evidence :

- We understand that at Westcom House, Mount Ephraim, there were a series of open-market lettings completed from May to July 2004.
  - On the ground floor Office Angels completed a letting for a lease of 5 years at a rent of £27,525 per annum equating to £161.46 per sq m (£15.00 per sq ft).
  - On the third floor Fitch Ratings completed a letting for a lease of 3.5 years term certain at a rent of £46,000 per annum equating to £139.94 per sq m (£13.00 per sq ft).
  - On the fourth floor Future Root Limited completed a letting for a lease of 5 years at a rent of £40,500 per annum equating to £139.94 per sq m (£13.00 per sq ft).
- In November 2004 at Kenwood House, Upper Grosvenor Road, County Estate Management Limited completed an open-market letting for a 5 year lease at a rent of £16,000 per annum equating to £134.55 per sq m (£12.50 per sq ft).



### Residential Development Potential

There may be potential to convert the office accommodation to residential subject to obtaining the necessary planning consents. We have been advised that residential values within the town centre are in the region of £3,767.00 to £4,306.00 per sq m (£350.00 to £400.00 per sq ft).

### Value Added Tax

Not elected.

### Investment Considerations

- Royal Tunbridge Wells is a spa town attracting businesses, residents and tourists alike. The town benefits from excellent communications being only 24.0 kilometres (13.0 miles) from Junction 5 of the M25 and a train journey to London of approximately 40 minutes.
- The town has a limited supply of quality office accommodation and therefore offers strong rental growth prospects.
- The passing rent of £78,300 per annum equating to £106.35 per sq m (£9.88 per sq ft) overall is reversionary to approximately £82,500 per annum equating to £111.87 per sq m (£10.39 per sq ft) overall.
- We understand that freehold offices with vacant possession are in demand in the town. At 4 St John's Road, a sale of the period office building was completed at a price of £400,000 reflecting a capital value of approximately £1,722.00 per sq m (£160.00 per sq ft).
- The original hotel design of the main building may lend itself to residential conversion subject to obtaining the necessary planning consents. Recent evidence in the town suggests capital values for residential property are in the range of £3,767.00 to £4,306.00 per sq m (£350.00 to £400.00 per sq ft).
- The property occupies a large site area of 0.08 hectares (0.21 acres). The value of the investment could be enhanced by an extension of the existing buildings or a comprehensive redevelopment of the site. In addition, acquiring the adjacent public house would further increase the size of the site to 0.10 hectares (0.25 acres) and improve the frontage and profile of the overall site.

Unit/Floor	Sector	Tenant	Accommodation (sq ft) (sq m)		Current Rent PA	Rent ZA/psf	ERV PA	ERV ZA/psf	Expiry (Unexpired Term)	Rent Review	Comments
Main Building Ground Floor	Office	SMP Limited	953	88.54	£16,000	£16.78	£13,342	£14.00	29/06/2009 (4.25 years)	-	On assignment
First	Office	SMP Limited	1,955	181.63	£25,500	£13.04	£25,415	£13.00	29/09/2007 (2.5 years)	-	Lease assigned from Legal & General Financial Services Limited.
Second	Office	SMP Limited	1,266	117.62	£36,800	£7.24	£43,577	£13.00	29/06/2007	-	On assignment
Third	Office		1,197	111.20				£12.00	(2.25 years)		
Mews	Storage		1,305	121.24				£5.00			
Garage	Car Parking		1,246	115.76				£5.00			
				18 car spaces							
<b>TOTAL</b>			<b>7,922</b>	<b>735.99</b>	<b>£78,300</b>	<b>£9.88</b>	<b>£82,334</b>	<b>£10.39</b>			
				18 car spaces		overall		overall			

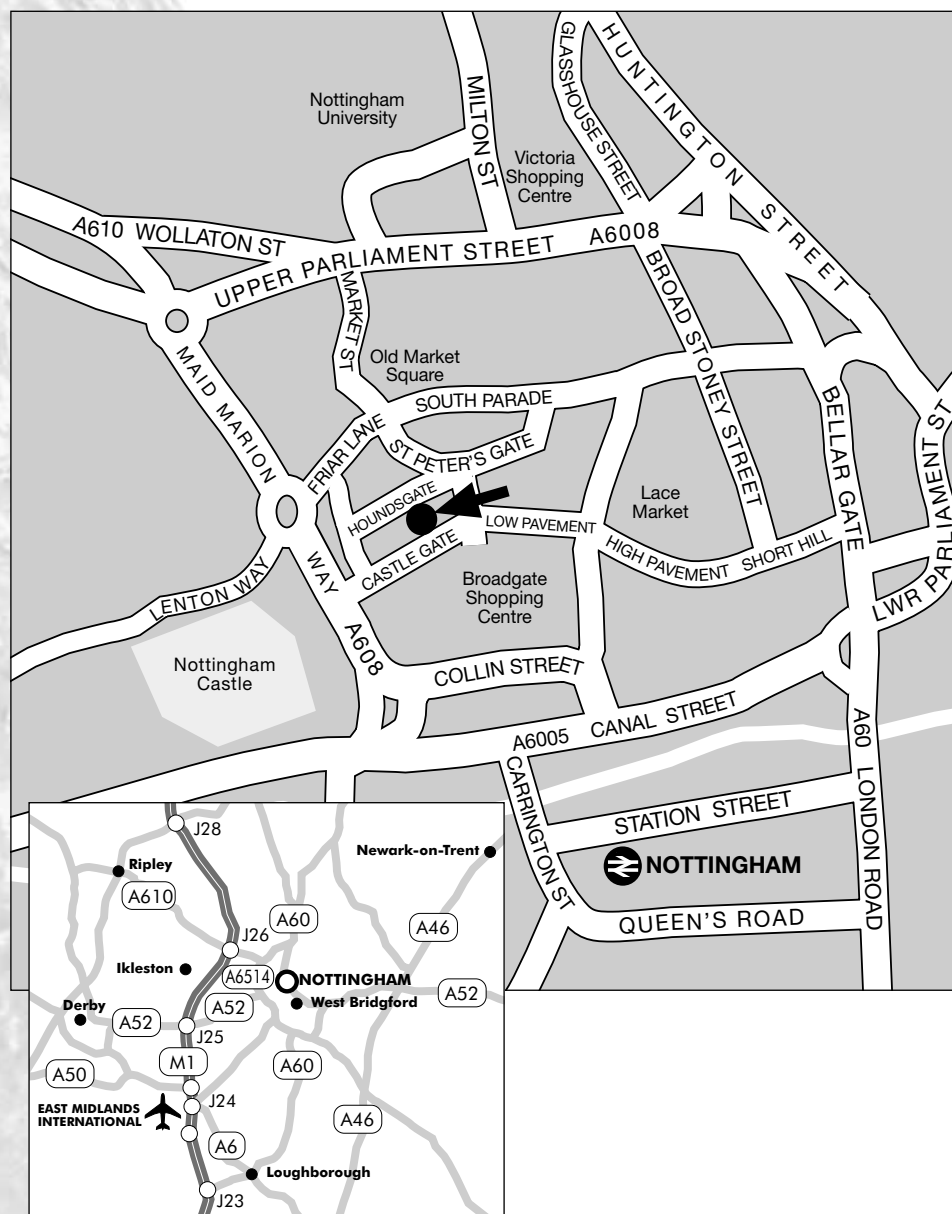




Houndsgate South, 17-21 Houndsgate, **Nottingham**, Nottinghamshire







### Location

The city of Nottingham is one of the principal industrial and commercial centres in the Midlands. The city is approximately 193.0 kilometres (120.0 miles) north of Central London, 80.5 kilometres (50.0 miles) north-east of Birmingham and 112.7 (70.0 miles) south east of Manchester. Nearby towns include Derby, approximately 25.7 kilometres (16.0 miles) to the south west and Leicester approximately 41.8 kilometres (26.0 miles) to the south.

Nottingham is a rapidly growing city with a significant development programme in progress that includes Nottingham Waterside, Queensgate, the new Nottingham Business Park and the continuing regeneration of Nottingham's historic Lace Market.

Major occupiers in the city include the Inland Revenue, The Boots Company, Experian, Capital One, Siemens, Imperial Tobacco, Fortis Bank and Powergen.

### Communications

Nottingham city centre lies approximately 23.7 kilometres (14.8 miles) east of the M1 motorway on Junction 25 and 15.0 kilometres (9.4 miles) east of Junction 26, providing access to London to the south and Leeds to the north. The A52 provides a lateral route to Derby in the west and Grantham to the east.

A comprehensive bus and tram network covers the whole of Greater Nottingham.

Frequent rail services are provided to London St Pancras with a journey time of approximately 1 hour and 40 minutes. There are also fast and frequent services to Birmingham, Leeds, Manchester and Bristol.

East Midlands airport is situated approximately 22.0 kilometres (14.0 miles) to the south-west of the city centre adjacent to Junction 23A of the M1 motorway. The airport provides scheduled domestic and European flights.

### Situation

The property is situated on the south side of Houndsgate between its junctions with St Peter's Square and the prime retailing pitch of Albert Street to the east with Spaniel Row and St Nicholas Street to the west.

Houndsgate is an established office location at the heart of Nottingham's city centre, 300 metres (0.2 miles) east of the Lace Market area and 200 metres (0.1 miles) south of Old Market Square. In addition, we understand it is situated within the Nottingham City Centre Conservation Area.

The surrounding buildings in Houndsgate comprise a mix of former mills that have been converted to offices in recent years interspersed with more modern purpose built office buildings.



The city's main railway station is located approximately 0.65 kilometres (0.4 miles) south of the property.

### Demographics

Nottingham's city centre has a population of 270,000, whilst Greater Nottingham has a population of 625,400. In addition, approximately 3 million people live within one hour's drive of the city centre.

The Gross Domestic Product per capita in Nottingham is nearly 40% higher than the UK average making it the UK's third richest city.

Unemployment has decreased by 38.2 % in the city since 1999.

Source : (Nottingham City Council)

### Description

The property is Grade II listed and a former Victorian mill that underwent a comprehensive refurbishment in the 1990s. The building is constructed of brick with suspended timber flooring. The property is arranged over six floors.

The building benefits from a specification that includes an 8 person passenger lift, central heating, perimeter trunking, suspended ceilings and part Category II lighting.

In addition, there is a basement level that comprises a car park and storage area.

### Site

The site area is approximately 0.05 hectares (0.13 acres).

### Accommodation

We have been advised that the total net internal floor area of the property is 1471.9 sq m (15,843.0 sq ft). In addition, there are a total of 8 car spaces.

Please see the tenancy and accommodation schedule.

### Tenure

Freehold.

### Tenancies

The investment is multi-let on four full repairing and insuring leases. The total passing rent is **£153,850 per annum** equating to **£104.52 per sq m (£9.71 per sq ft) overall**.

Please see the tenancy and accommodation schedule.

### Covenant

Covenant	Date of Accounts	Turnover	Pre tax profit	Net Assets	Parent Company
Key Mortgage Property Limited	December 2003	-	£30,000	(£4.24m)	Legal & General Plc
Lambert Smith Hampton Limited	March 2003	£63.79m	(£4.85m)	(£1.30m)	WS Atkins Plc
Clerical Medical Investment Group Ltd	December 2003	-	£163.20m	£2.92bn	HBOS Plc
CGU International Insurance Plc *	December 2003	£9.54bn	£1.06bn	£8.86bn	-
Reliance Human Resources Limited	December 2003	£36.61m	£4.48m	£7.94m	Vedior NV (Listed on Dutch Stock Exchange)

\* CGU International Plc merged with Norwich Union in 2000. The company's name changed in 2002 to Aviva Plc. Aviva is the world's fifth-largest insurance group and the biggest in the UK. They are a leading provider of life and pensions products to Europe and have substantial businesses elsewhere around the world.

### Estimated Rental Value

In our opinion, the estimated rental value of Houndsgate South is approximately **£167,000 per annum**. This equates to **£113.02 per sq m (£10.50 per sq ft) overall**.

Please see the tenancy and accommodation schedule for further information and apportioned rental values.

In 2004 there were nine separate lettings in Rodney House adjoining Houndsgate South. The most recent deals are as follows :

- In February 2005, on a suite of 176.5 sq m (1,900 sq ft), terms were agreed with an undisclosed financial services company for a lease of 5 years with a tenant's break option in the 3rd year at a total rent of £22,800 per annum equating to £129.00 per sq m (£12.00 per sq ft). The office accommodation was newly refurbished and provided comfort cooling. The lease terms included one car parking space and granted the tenant three months rent free.



- In January 2005, on a suite of 111.5 sq m (1,200 sq ft), Thompson Prometric took a lease of 10 years with a tenant's break option in the 7th year at a total rent of £13,800 per annum equating to £123.79 per sq m (£11.50 per sq ft). The office accommodation included comfort cooling.

#### Residential Development Potential

There may be potential to convert the office accommodation to residential subject to obtaining the necessary planning consents. We have been advised that residential values within the town centre are in the region of £2,960.17 per sq m (£275.00 per sq ft).

#### Value Added Tax

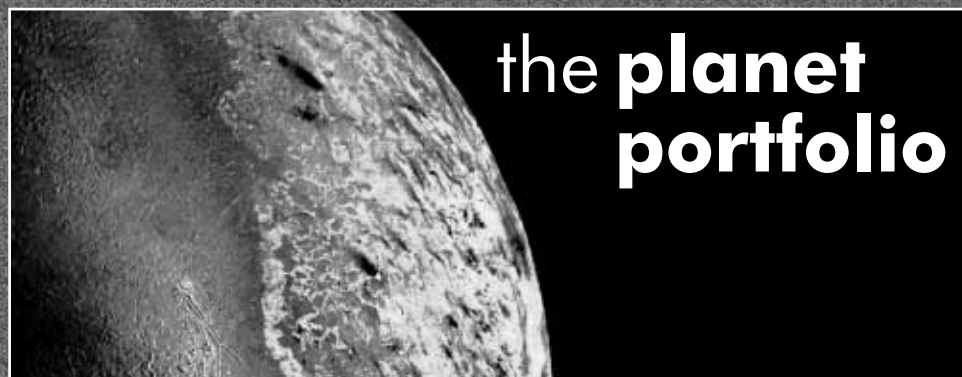
The property has not been elected for VAT.

#### Investment Considerations

- Nottingham is a thriving city with a significant development pipeline demonstrating the level of investment in the town and providing strong prospects for the city's future.
- Nottingham is the chosen location of many of the UK's largest companies including the Inland Revenue, Boots, Capital One and Experian.
- Prime rents for new Grade A office accommodation in Nottingham are £172.23 per sq m (£16.00 per sq ft). In addition, we understand that there are only two new schemes in the city centre with available accommodation. Royal London's One Chapel Quarter with 4,180 sq m (45,000 sq ft) still available and Wilson Bowden's Cumberland Space with (3,251 sq m) 35,000 sq ft remaining.
- Nottingham's office rental base is low and at a considerable discount to headline rents achieved for prime accommodation in neighbouring regional centres such as Manchester (£269.11 per sq m (£25.00 per sq ft)) and Birmingham (£296.02 per sq m (£27.50 per sq ft)).
- An opportunity to convert the office accommodation to residential subject to the necessary consents. Residential values within the town centre are in the region of £2,960.17 per sq m (£275.00 per sq ft).
- An opportunity to action outstanding rent reviews and benefit from immediate reversions.
- The tenants and their parent companies are of excellent covenant strength.
- All leases are co-terminus providing vacant possession of the entire building in 9.75 years for a comprehensive redevelopment or refurbishment.

Unit/Floor	Sector	Tenant	Accommodation (sq ft) (sq m)		Current Rent PA	Rent ZA/psf	ERV PA	ERV ZA/psf	Expiry (Unexpired Term)	Rent Review	Comments
Part Ground	Office	Key Mortgage & Property Limited	1,995	185.34	£21,500	£10.78	£20,948	£10.50	28/09/2014 (9.75 years)	29/09/2004	This floor has been sub-let to Reliance Human Resources Ltd for a term expiring on 4/12/2011 with a tenant's break option on 4/12/06. Rent review is outstanding.
Part Ground & First	Office	Lambert Smith Hampton Group Limited	4,986	463.21	£48,600	£9.75	£52,353	£10.50	28/09/2014 (9.75 years)	25/12/2004	The stated floor area includes a storage area in the basement of 18.58 sq m (200 sq ft). Rent review is outstanding.
Second	Office	Clerical Medical Investment Group Limited	3,839	356.65	£37,250	£9.70	£40,310	£10.50	28/09/20/14 (9.75 years)	29/09/2004	Assignment / sub-letting currently being marketed. Rent review is outstanding.
Third & Fourth	Office	CGU International Insurance Plc	5,023	466.65	£46,500	£9.26	£52,742	£10.50	28/09/2014 (9.75 years)	29/09/2004	Rent review is outstanding.
<b>TOTAL</b>			<b>15,843</b>	<b>1471.9</b>	<b>£153,850</b>	<b>£9.71</b>	<b>£166,352</b>	<b>£10.50</b>			
			<b>8 car spaces</b>		<b>overall</b>		<b>overall</b>				

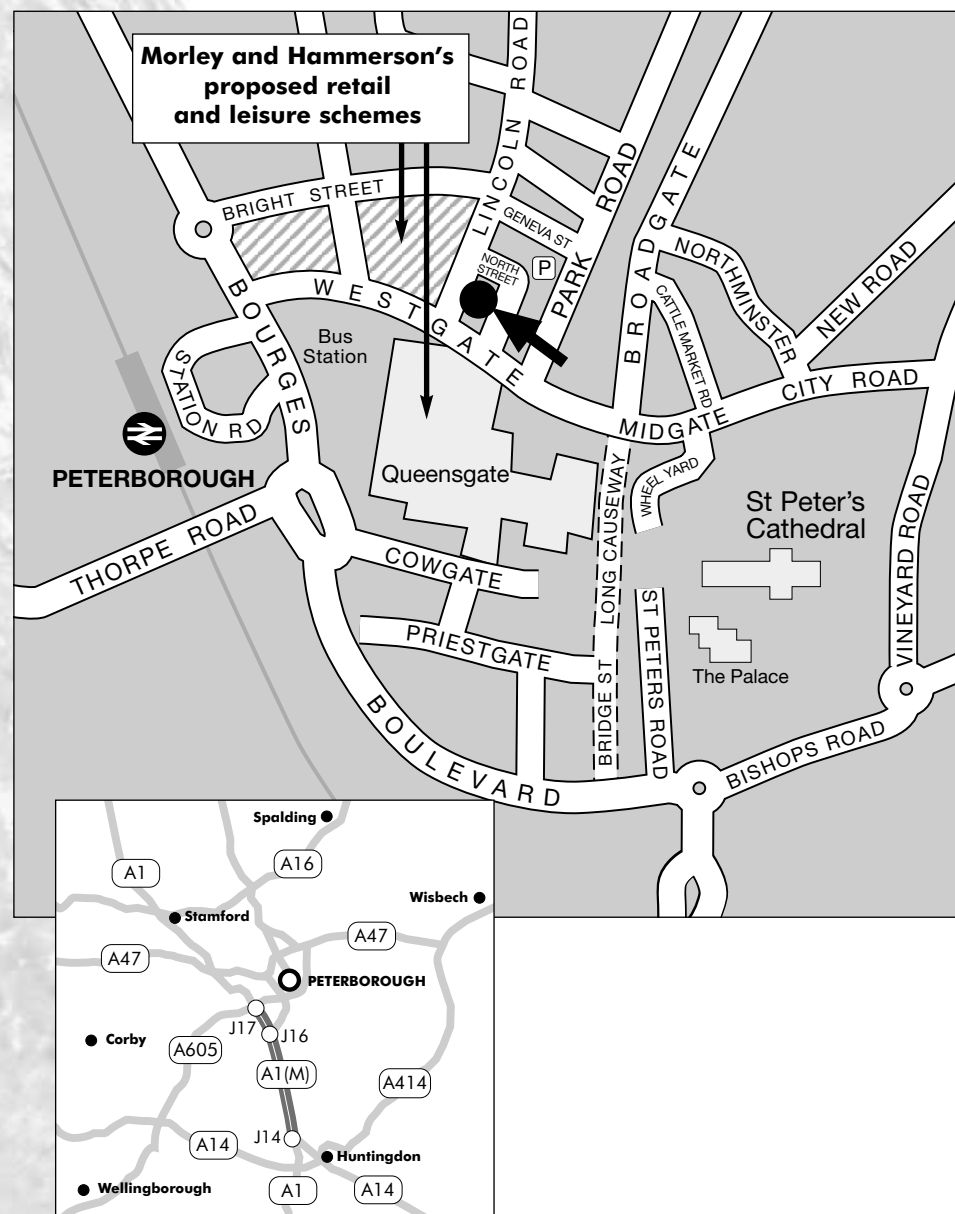




Cavell Court, 9-15 Lincoln Road / 7-15 North Road, **Peterborough**, Cambridgeshire







### Location

Peterborough, in the county of Cambridgeshire, is located midway between the East Anglian coast and the Midlands. It is a historical cathedral city that was designated a 'New Town' in 1968 and is now a principal commercial centre of East Anglia.

The city is located approximately 128.0 kilometres (80.0 miles) north of Central London. Neighbouring towns include Cambridge 64.0 kilometres (40.0 miles) to the south-east and Leicester 69.1 kilometres (43.2 miles) to the north-west.

Major employers in the city include The Land Registry, EMAP, Thomas Cook, IKEA and BNP Paribas.

There are currently a number of proposals at council and government level that are set to ensure the future growth of Peterborough.

As part of its Sustainable Communities Plan, the Government recently announced its intentions to provide a major expansion of the city's housing stock, develop the city's infrastructure and create further employment opportunities. It is estimated that approximately £22 billion will be invested in the region over the next three years.

In addition, Peterborough City Council, the East of England Developments Association and English Partnerships are working towards a Masterplan scheme to regenerate the city centre. One of the objectives of the Masterplan is to ensure that the city centre becomes the first choice for business investment.

### Communications

Peterborough benefits from excellent communications :

Junction 17 of the A1(M) is 9.6 kilometres (6.0 miles) to the south west of the city providing a route to London to the south and Newcastle to the north. In addition, the A1(M) provides access to the M1, M11 and the M25 at Junction 23.

The east coast main line rail service links Peterborough to Leeds, Newcastle, Edinburgh and Glasgow. In addition, there are regular direct rail services to London King's Cross with a journey time of approximately 50 minutes.

Stansted and Luton airports are 122.1 kilometres (76.3 miles) and 93.4 kilometres (58.4 miles) respectively south of the city. Both airports provide scheduled domestic and European flights.

### Situation

The property is situated in the town centre in a mixed use location with frontage onto Lincoln Road and North Street close to the main thoroughfare of Westgate. The property is accessed via an archway on North Street. There is a public car park opposite the property providing additional parking facilities.



One of the key sites within the council's Masterplan for the city is directly opposite the property just to the north of Westgate Street. The development will comprise an area of approximately 3.2 hectares (8.0 acres) for which Morley Fund Partnership and Hammerson Plc have produced plans proposing a new retail, leisure and entertainment hub for the city with a new covered shopping street linking Queensgate shopping centre to North Westgate. The proposed plans include a modernisation and a 37,160.0 sq m (400,000.0 sq ft) extension of the Queensgate centre. Further information on the proposed scheme can be found at [www.northwestgate.com](http://www.northwestgate.com).

### Demographics

Peterborough has a population of approximately 158,000 and a population within 32.0 kilometres (20.0 miles) of the city of approximately 540,000.

Employment growth in the city increased by 12.3 % between 1990 and 2000 compared with a regional figure of 10.0% and a national rate of 9.0%. Labour costs in Greater Peterborough are highly competitive compared with the national average and especially London and the South East.

Peterborough has a Gross Domestic Product of £2.69 billion and has the highest per capita figure in the East of England.

Sources : Peterborough City Council, Cambridgeshire County Council Research Group and [www.positivelypeterborough.org](http://www.positivelypeterborough.org).

### Description

The property comprises a modern three storey courtyard scheme of nine individual office units. The buildings were constructed in the 1980s with a reinforced concrete frame and brick elevations.

The office accommodation benefits from a specification that includes suspended ceilings, fluorescent strip lighting, perimeter trunking and central heating. In addition, the buildings benefit from excellent natural light.

### Site

The site area is approximately 0.16 hectares (0.39 acres).

### Accommodation

We have been advised that the total net internal floor area of the property is 2,025.0 sq m (21,803.0 sq ft). In addition, there are a total of 25 car spaces providing a ratio of 1: 81 sq m (1:872 sq ft).

Please see the tenancy and accommodation schedule.

### Tenure

Freehold.

### Tenancies

The investment is multi-let on eight full repairing and insuring leases. The total passing rent is **£205,950 per annum** equating to **£101.72 per sq m (£9.45 per sq ft) overall**.

Please see the tenancy and accommodation schedule.

### Covenant

Covenant	Date of Accounts	Turnover	Pre tax profit	Net Assets	Parent Company
Misys Insurance Management Limited	May 2005	£5.52m	£3.77m	£6.65m	Misys Plc
Hays Personnel Services (Holdings) Ltd	June 2004	-	£10.07m	£84.67m	Hays Plc

We understand that Misys Insurance Management (MIM), formerly known as Countrywide Insurance Marketing, is the UK's leading general insurance management business with gross written premiums for the year ending May 2004 of £2.9bn.

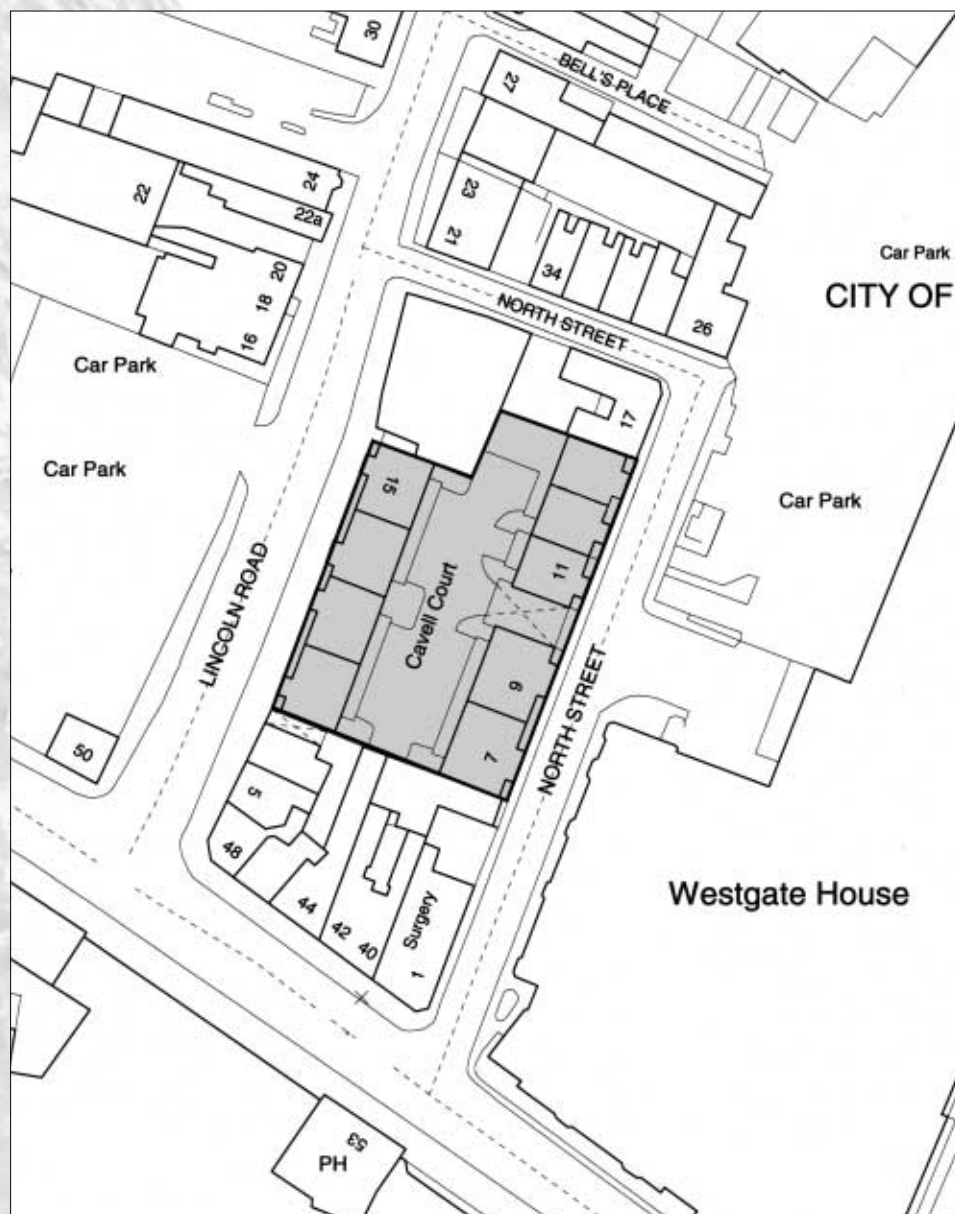
Messrs Hegarty Thompson Pratt & Bloom are a firm of solicitors that trade as Hegarty & Co. As a general practice, they are involved in all areas of law operating from offices in Peterborough and Stamford. There are currently 7 partners and approximately 100 staff. The firm has been practicing since 1975. We understand that the lease is in the name of 4 of the individual partners.

The Council of the City of Peterborough and Cambridgeshire County Council are both public bodies.

### Estimated Rental Value

In our opinion, the estimated rental value of Cavell Court is **£196,000 per annum**. This equates to approximately **£96.88 per sq m (£9.00 per sq ft) overall**.

Please see the tenancy and accommodation schedule for further information and apportioned rental values.



We are aware of the following comparable evidence :

- Currently, on the First Floor, South Wing, Broadway Court, Broadway, terms have been agreed on an open market letting for a lease of 3 years at a total rent of £17,000 per annum equating to £91.50 per sq m (£8.50 per sq ft). We have been advised that both the location and the office accommodation are inferior to Cavell Court.
- In July 2004, at Unit 22 Tesla Court, Peterborough Business Park, Nimius completed an open market letting for a lease of 3 years with annual tenant breaks at a total rent of £27,720 per annum equating to £150.70 per sq m (£14.00 per sq ft). The higher rent achieved reflects a newly constructed office unit in a business park location outside the town centre with flexible lease terms for the tenant.

#### Vacant Possession Value

In our opinion the vacant possession value of the individual office units is approximately £1,506.00 per sq m (£140.00 per sq ft). In arriving at this figure we have discounted the following recent evidence of units on Peterborough Business Park just outside the city centre:

In August 2004, at 14 Commerce Road, Axon, Peterborough Business Park, a private investor purchased the office unit of 120.8 sq m (1,300.0 sq ft) for a price of £225,000 equating to £1,863.00 per sq m (£173.00 per sq ft).

In January 2005, at 6 Commerce Road, Axon, Peterborough Business Park, there was a forward sale of the office unit of 345.2 sq m (3,716.0 sq ft) for a price of £640,000 equating to £1,851.00 per sq m (£172.00 per sq ft).

#### Stamp Duty Exempt

We have been informed that Stamp Duty is not payable on this property as the property qualifies for Disadvantaged Stamp Duty Exemption. However, we do advise prospective purchasers to make their own enquiries.

#### Value Added Tax

The property has not been elected for VAT.

#### Investment Considerations

- Further government funding will increase employment and stimulate the economy in the town.
- Morley and Hammerson's North Westgate scheme, directly opposite the subject property, will dramatically improve the immediate area.
- Low average passing rent of £92.35 per sq m (£8.58 per sq ft) on approximately 70.0% of the accommodation, therefore providing an excellent base for future rental growth.
- The majority of the tenants are strong covenants.
- Peterborough city centre offers office accommodation at a discount to competing centres including Leicester and Cambridge and to business park locations just outside the city.
- Immediate surrender and re-let / sell Units 1, 2, 3 & 5 which are currently vacant. There is evidence of individual units being sold to owner occupiers and private investors at high capital values.
- Long-term opportunity as a retail development to merge with or complement the adjoining North Westgate scheme.



Unit/Floor	Sector	Tenant	Accommodation (sq ft)	(sq m)	Current Rent PA	Rent ZA/psf	ERV PA	ERV ZA/psf	Expiry (Unexpired Term)	Rent Review	Comments
Unit 1 7 North Street	Office	Misys Insurance Management Ltd	2,678	248.79	£24,000	£8.96	£24,102	£9.00	23/06/2007 (2.25 years)	24/06/2002	Rent Review outstanding.
Unit 2 9 North Street	Office	Misys Insurance Management Ltd	3,909	363.15	£33,400	£8.54	£35,181	£9.00	24/12/2012 (7.75 years)	25/12/2002	Rent Review outstanding.
Unit 3 11 North Street	Office	Misys Insurance Management Ltd	1,685	156.54	£14,300	£8.48	£15,165	£9.00	24/12/2007 (2.75 years)	25/12/2005	-
Unit 4 13 North Street	Office	Hays Personnel Services (Holdings) Limited	1,607	149.29	£14,500	£9.02	£14,463	£9.00	24/03/2008 (3.0 years)	-	Tenants option to determine 25/03/06. If exercised £5,000 penalty.
Unit 5 15 North Street	Office	Messrs Hegarty Thompson Pratt & Bloom	2,652	246.37	£22,300	£8.40	£23,868	£9.00	24/03/2012 (7.0 years)	24/03/2002	Rent Review outstanding.
Unit 6 15 Lincoln Road	Office	The Council of the City of Peterborough	2,312	214.78	£20,000	£8.65	£20,808	£9.00	30/08/2011 (6.5 years)	31/08/2006	-
Unit 7 13 Lincoln Road	Office	The Council of the City of Peterborough	2,319	215.44	£18,750	£8.08	£20,871	£9.00	30/08/2011 (6.5 years)	31/08/2006	Mutual option to determine on 31/08/2006 and every anniversary date thereafter on 6 months notice and tenant only penalty.
Units 8 & 9 9-11 Lincoln Road	Office	Cambridgeshire County Council	4,641	431.15	£58,700	£12.65	£41,769	£9.00	24/03/2010 (5.0 years)	25/03/2005	-
<b>Total</b>			<b>21,803</b>	<b>2025.51</b>	<b>£205,950</b>	<b>£9.45</b>	<b>£196,227</b>	<b>£9.00</b>			
			<b>25 car spaces</b>			<b>overall</b>		<b>overall</b>			