



THE HARPENDEN ESTATE

26 - 50 High Street, 2 - 8 Leyton Road and 1 - 3 Church Green,
Harpenden, Hertfordshire



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SUMMARY

- Harpenden is an affluent town in Hertfordshire benefiting from excellent communications
- A prime Town Centre mixed-use Freehold Estate totalling 2,971.6 sq m (31,988 sq ft)
- The unbroken estate comprises 28 shops, 7 office suites and 7 apartments
- The total income is derived from 65.9% retail and 18.4% residential uses
- Current Income of £815,190 per annum with an estimated rental value of £1,064,648
- Multi-let to tenants including Halifax Building Society, Johnsons Cleaners UK Limited, C&J Clark International Ltd, TM Group Holdings Ltd (Forbuoys), Thomas Cook Retail Ltd, Perfect Pizza Ltd and Connells Residential
- Detailed Planning Consent to create 17 apartments
- Active management opportunities to enhance income and capital value
- Purchase Price in excess of £13,500,000 (Thirteen Million & Five Hundred Thousand Pounds) reflecting a net initial yield of 5.71%, a reversionary yield of 7.46% and an equivalent yield of 7.45%. The internal rate of return is 16.14% excluding development and management opportunities.

LOCATION & DEMOGRAPHICS

HERTFORDSHIRE

Harpenden is a prosperous town in the county of Hertfordshire and the District of St. Albans.

Hertfordshire has a booming business community, with a work force of approximately 550,000 from its 1,058,000 residents.

The largest growth in employment since 1999 has been in the Services sector (35.0%). 82.0% of all employees in Hertfordshire are now categorised within this sector.

In 2001, GDP rose by 4.9%, outperforming the South East (3.3%) and well ahead of the rest of the country (2.0%).

The largest sectors in terms of output within the county are Financial & Business Services, Information & Communication Technology, Aerospace, Pharmaceuticals, Distribution and Hotels & Catering.

Dixons, Freeserve, Glaxo Wellcome, ICL, Kodak, Merck, Roche, Tesco and Xerox have all been attracted to Hertfordshire by its location, amenities and well qualified workforce.



THE HARPENDEN ESTATE



HARPENDEN

The town is situated 40.0 kms (25.0 miles) to the north west of Central London in an important geographical position. Nearby towns include St. Albans 8.0 kms (4.9 miles) to the south, Luton 8.0 kms (4.9 miles) to the north and Hemel Hempstead 11.0 kms (6.8 miles) south west.

The population within 10.0 kms (6.2 miles) of the town centre is 254,400 and 976,340 within 20.0 kms (12.4 miles) (1994 estimate - *Source: Focus*).

The population demographics indicate a wealthy, affluent and stable residence within the town. Harpenden has the lowest unemployment rate of Hertfordshire at 0.8% compared to the UK average of 4.9%.

As a reflection of its affluence the category of Wealthy Suburbs, Large Detached Houses for Harpenden is 34.0% as opposed to the UK average of 2.9%. This is reinforced by the sector of Well Off Town and City Areas which is 24.1% as opposed to the UK average of 1.2%.

Additionally, 53.1% of the population are within the sector of Wealthy Achievers, Suburban Areas compared to 15.0% in the UK.

Harpenden boasts a wide range of leisure facilities since the town benefits from a 96.3 hectare (238.0 acre) Common supporting cricket, football and a golf club.

The town has numerous private and state schools with achievements well above the national average.

The above is CACI data currently based on the 2001 Census.



- 1 Harpenden Health Centre
- 2 Hotel
- 3 Primary School
- 4 Waitrose Supermarket
- 5 Swimming Pool
- 6 Post Office
- 7 Library
- 8 Police Station
- 9 Sainsbury's Supermarket
- 10 Harpenden Memorial Hospital
- 11 Elleswick Lawn Tennis Club
- 12 Marks & Spencer



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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. London-Luton International Airport is within close proximity.

By Road

Three motorways run through the county of Hertfordshire, the M1, A1(M) and M25 which are in turn fed by a comprehensive network of A-roads.

Harpenden is 5.0 kms (3.1 miles) east from the M1 Motorway (junction 9) providing 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 kms (7.4 miles) to the south. Additionally, the A1(M) connects to the M25 at junction 23. Harpenden is situated on the A1081 which joins the A5 to the northwest providing a direct link to Milton Keynes and Luton to the north and St. Albans to the south.

By Rail

The main railway operators within the county are WAGN, Midland Mainline, GNER and Silverlink. London Thameslink is a line on the South East commuter network providing journeys into London and connections to the London Underground network.

Harpenden Railway Station is serviced by the fast, efficient Thameslink route into London King's Cross, with up to seven trains an hour. During peak times the journey is approximately 26 minutes (35 including transfer to King's Cross main line station). Harpenden is popular with those commuting into the City (approximately 40% of residents). One stop from Harpenden Station to the north is Luton & Luton Airport Parkway and to the south St. Albans.

By Air

London-Luton Airport is approximately 9.6 kms (6.0 miles) to the north, providing flights to many major international destinations. Heathrow, Gatwick and Stansted Airports can all be accessed via the M1, M11 and M25 or by rail.

Heathrow can be reached from Harpenden Station via Thameslink and the Heathrow Express with a journey time of approximately 40 minutes, whilst Luton Airport Parkway in some 6 minutes.



THE HARPENDEN ESTATE



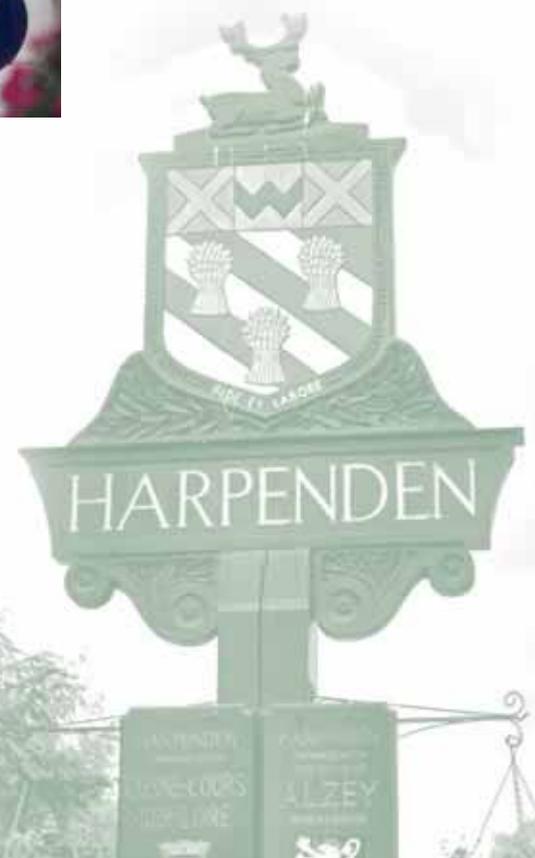
SITUATION

The estate comprises a prime island site with frontages on High Street, Church Green and Leyton Road, in the heart of the town centre, adjacent to Church Green and diagonally opposite a Church in a picturesque setting. The town centre is busy and vibrant, comprising a mix of uses including offices and residential. Surrounding the estate are many retail units, supermarkets, restaurants, cafés and boutiques.

Opposite the estate on Leyton Road and Church Green is a Marks & Spencer and Waitrose supermarket.

On the High Street, being the prime retailing pitch within the town, are retailers including a newly extended J Sainsbury's supermarket, WH Smith, Argos, Boots The Chemist and Hallmark, as well as restaurants, cafés, boutiques, gift and speciality shops.

Harpenden Train Station is situated approximately 350 metres (0.22 miles) from the town centre.



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DESCRIPTION

The investment forms an unbroken shopping parade occupying an island site comprising predominantly retail and restaurant accommodation on the ground floor with a mix of residential, office and ancillary accommodation above on two upper floors. The total area of the site is 0.21 hectares (0.51 acres).

The buildings are of traditional construction, benefiting from brick elevations with full height retail fenestration on ground floor and timber sliding sash or casement windows to the upper floors with multi-pitched tiled roofs.

Within the estate, The Leys, a partly covered arcade, connects the High Street and Leyton Road and comprises retail units and a café within an open square as well as access to upper floors.



ACCOMMODATION

The investment has been measured in accordance with the RICS Measuring Practice.

Please see the Tenancy and Accommodation Schedule for specific areas of individual properties. Scaled plans and summary areas are available on the CD Rom attached.

PLANNING CONSENT FOR CHANGE OF USE/EXTENSION

There are currently two planning consents within the estate:

- At 34-38 High Street a change of use from offices and one apartment to create nine one-bedroom apartments.
- At 46-50 High Street the extension and conversion at first and second floor to provide eight one-bedroom apartments and ground floor extension of the offices.

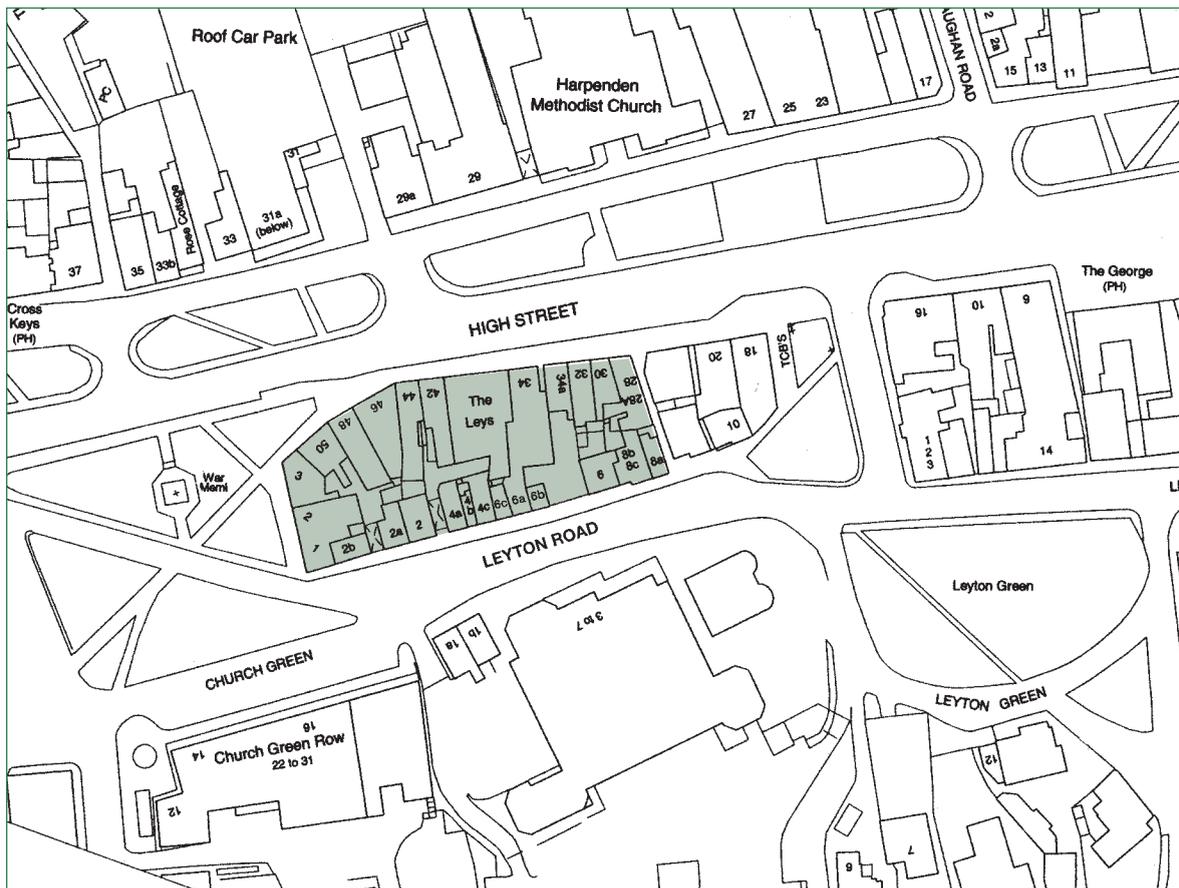
Formal planning consents and detailed plans are available upon request.

TENURE

Freehold.



THE HARPENDEN ESTATE



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THE HARPENDEN ESTATE



TENANCY & ACCOMMODATION SCHEDULE

The estate is multi-let on various lease terms as set out below. The investment is currently producing a rent of £815,190 per annum.

Address	Sector/Planning	Tenant	Accommodation	sq ft	sq m	Current Rent (sq ft)	Term
28 High Street	Retail A1	Perfect Pizza Limited	ITZA	320	29.8	£19,150 (£55.05 Zone A)	25
			Ground Ancillary	333	30.9		
			Basement	178	16.5		
28a High Street	Office B1	Robinson Low Francis	Ground Floor	136	12.6	£10,750 (£17.51)	25
			1st Floor Offices	478	44.4		
30 & 30a High Street	Retail A1	Challis (Harpenden) Limited	ITZA	303	28.2	£25,000 (£52.54 Zone A)	20
			1st Floor Retail	802	74.5		
			2nd Floor Ancillary	354	32.9		
32 High Street	Retail A1	Harpenden Photo Centre Limited	ITZA	360	33.4	£25,000 (£64.19 Zone A)	15
			Ground Ancillary	122	11.3		
			Basement	508	47.2		
34a High Street	Retail A1	C. D. Witt	ITZA	351	32.6	£18,550 (£52.17 Zone A)	22
			Ground Ancillary	80	7.4		
34 High Street	Retail A2	Halifax Building Society	ITZA	587	54.5	£53,000 (£87.73 Zone A)	10
			Basement	501	46.6		
Suite 1, 34 High Street	Office B1	KSB Law	1st Floor Offices	860	79.9	£11,900 (£13.83)	24
34b High Street	Residential	KSB Law	2nd Floor (2 Bedroom Flat)	800	74.3	£8,100	24
1 The Leys	Residential	AST	1st Floor	67	6.2	£9,600	0.5
			2nd Floor (2 Bedroom Flat)	1,082	100.5		
Display Cabinet The Leys		Vacant				£0.00	
36 High Street	Retail A2	John Curtis Limited	ITZA	461	42.8	£24,500 (£53.15 Zone A)	20
36/40 High Street	Office B1	KSB Law	1st Floor Offices	1,053	97.8	£14,700 (£14.01)	20
38 High Street	Retail A1	Vacant	ITZA	283	26.3	£21,200 (£75.00 Zone A)	
38a High Street	Retail A1	Ian Cross	ITZA	315	29.2	£13,000 (£41.27 Zone A)	5
40 High Street	Retail A1	B J Copestick	ITZA	253	23.5	£12,500 (£49.41 Zone A)	20
42 High Street	Retail A2	Lee Gladdis	ITZA	338	31.4	£28,000 (£79.17 Zone A)	12
			Ground Ancillary	200	18.6		
			Basement	213	19.8		
42a High Street	Office B1	Care IMA International	1st Floor Office	405	37.6	£12,000 (£18.02)	5
			2nd Floor Office	261	24.2		
2 The Leys	Residential	AST	1st Floor	539	50.1	£9,100	0.5
			2nd Floor (2 Bedroom Flat)	352	32.7		
44 High Street	Retail A1	C & J Clark International Limited	ITZA	450	41.8	£23,250 (£47.48 Zone A)	20
			Ground Ancillary	353	32.8		
			1st Floor Ancillary	275	25.5		
46 High Street	Retail A1	TM Group Holdings Plc	ITZA	696	64.6	£49,000 (£58.44 Zone A)	10
	Residential		Ground Ancillary (3 Bedroom Flat)	1,000	16.3		
48 High Street	Retail A1	Woosters Limited	ITZA	521	48.4	£53,000 (£84.19 Zone A)	12
			Ground Ancillary	53	4.9		
			1st Floor Retail	841	78.1		
			2nd Floor Ancillary	242	22.5		



Retail
 Offices
 Residential

Expiry	Review	ERV (sq ft)	Comments
29/03/2015	30/03/2005 (5 yearly)	£27,100 (£80.00 Zone A)	FRI Lease. Surety Scotts Hospitality Limited sublet to Palmrange Limited.
29/03/2015	30/03/2005 (5 yearly)	£10,751 (£17.51)	FRI lease. Tenant not in occupation.
23/06/2007		£33,322 (£80.00 Zone A)	FRI lease. On assignment from Challis (Clothing) Limited. Sureties CLG Martin & PMA Martin. 1st floor trading at £10.00/sq ft.
24/12/2012	25/12/2002 (5 yearly)	£30,700 (£80.00 Zone A)	FRI lease. Outstanding rent review, served notice at £30,000 per annum. Rent deposit £6,121.
24/12/2006	25/12/2002 (4 yearly)	£28,300 (£80.00 Zone A)	FRI Lease. t/a The Cutting Room. Outstanding rent review, served notice at £30,000 per annum.
28/09/2011	29/09/2006 (5 yearly)	£53,000 (£87.73 Zone A)	FRI lease. Lease renewal from 29/09/2001.
30/09/2009	25/03/2003 (4 yearly)	£14,600 (£17.00)	FRI Lease. Under Offer. Surrender and New Lease. Landlord's break clause for development of flats.
30/09/2009	25/03/2003 (4 yearly)	£8,100	FRI Lease. Under Offer. Surrender and New Lease. Landlord's break clause for development of flats.
13/02/2005		£9,600	Rent deposit £1,200.
		£600	Assumed letting in 6 months.
24/03/2008	25/03/2004 (4 yearly)	£36,900 (£80.00 Zone A)	FRI Lease. On assignment from John Curtis. Outstanding rent review. Served notice at £38,000 per annum.
30/09/2009	29/12/2001 (5 yearly)	£17,900 (£17.00)	FRI Lease. Under Offer. Surrender & New Lease. Landlord's break clause for development of flats.
		£21,200 (£75.00 Zone A)	To be let with Landlord's development clause. 6 months rental guarantee.
18/03/2007		£20,500 (£65.00 Zone A)	FRI Lease. t/a Transition. Although High Street address, situated in the middle of The Leys.
30/09/2009	01/10/2005 (4 yearly)	£18,975 (£75.00 Zone A)	FRI Lease. t/a Copestick Jewellers. On assignment from JRL Sherington. High Street frontage. Entrance door on The Leys which is why £75.00 Zone A.
30/08/2016	30/08/2008 (4 yearly)	£28,300 (£80.00 Zone A)	FRI Lease. t/a Putterills of Harpenden. New Lease.
28/09/2009		£12,000 (£18.02)	FRI Lease. Lease Renewal. Under Offer in Solicitors' hands. 6 month rental guarantee.
03/03/2005		£9,100	Large Flat. Rent deposit £1,125.
23/06/2009	29/09/2004 (5 yearly)	£32,500 (£68.00 Zone A)	FRI Lease. t/a Howard Scott. Rent geared to 85.0% of ERV.
23/12/2012	24/12/2007 (5 yearly)	£55,700 (£68.00 Zone A)	FRI Lease. t/a Forbuoys. Lease renewal from 2002 in Solicitors' hands. 6 month rental guarantee. Discount for steps into Shop at 15.0% therefore ERV £68.00 Zone A. Tenant's break clause 6th year upon 6 months notice. Landlord's break clause on flat for redevelopment.
28/09/2016	29/09/2008 (4 yearly)	£53,000 (£84.19 Zone A)	FRI Lease. t/a Woosters Clothing. New lease. Under Offer in Solicitors' hands. 6 month rental guarantee. 1st floor retail at £10.00 per sq ft. Personal guarantee from Richard Andrews and £22,500.00 rent deposit.



Address	Sector/Planning	Tenant	Accommodation	sq ft	sq m	Current Rent (sq ft)	Term
50 High Street	Retail A2	Connells Residential	ITZA Ground Ancillary	575 53	53.4 4.9	£34,000 (£58.85 Zone A)	10
50a High Street	Office B1	Connells Residential	1st Floor Offices 2nd Floor Offices	482 317	44.8 29.5	£0.00	10
3 Church Green	Retail A1	S & M Avinti	ITZA Ground Ancillary	496 70	46.1 6.5	£35,000 (£78.50 Zone A)	12
3a Church Green	Residential	AST	Ground 1st & 2nd Floor (2/3 Bedroom Flat)	23 1,008	2.1 93.7	£9,300	0.5
2 Church Green	Retail A1	Johnsons Cleaners UK Limited	ITZA Ground Ancillary	572 82	53.1 7.6	£38,000 (£66.00 Zone A)	26
2a Church Green	Residential	AST	1st Floor (2 Bedroom Flat)	592	55.0	£6,840	0.5
2b Church Green	Residential	AST	2nd Floor (2/3 Bedroom Flat)	847	78.7	£9,000	0.5
1 Church Green	Retail A1	Johnsons Cleaners UK Limited	ITZA	384	35.7	£28,000 (72.92 Zone A)	21
1a Church Green	Residential	AST	1st Floor (2 Bedroom Flat)	589	54.7	£7,800	0.5
2b Leyton Road	Retail A1	Johnsons Cleaners UK Limited	ITZA	371	34.5	£15,250 (£41.11 Zone A)	12
2a Leyton Road	Retail A1	M & L Brooks	ITZA	343	31.9	£15,750 (£45.92 Zone A)	20
2 Leyton Road	Retail A1	A Godshaw Limited	ITZA Ground Floor	374 397	34.7 36.9	£11,750 (£31.42 Zone A)	20
2c Leyton Road	Office B1	J L Spencer	1st Floor Offices	637	59.2	£9,750 (£15.31)	20
Suite 2, 2c Leyton Road	Office B1	Temple Property Consultants Limited	1st Floor Offices	388	36.0	£6,250 (£16.11)	3
4a & 4b Leyton Road	Retail A1 Residential	Piculet Limited	ITZA (2 Bedroom Flat)	356	33.1	£19,500 (£32.30 Zone A)	20
4c Leyton Road	Retail A1	N Mottershaw	ITZA	254	23.6	£22,000 (£86.61 Zone A)	12
6c Leyton Road	Retail A1	The Nail Shop Limited	ITZA 1st Floor Treatment Rooms	207 192	19.2 17.8	£12,000 (£48.70 Zone A)	12
6a Leyton Road	Retail A1	C Di Giorgi	ITZA Ground Ancillary 1st Floor Offices	335 73 268	31.1 6.8 24.9	£32,500 (£88.36 Zone A)	12
6b Leyton Road	Retail A1	Thomas Cook Retail Limited	ITZA 1st Floor Offices	292 364	27.1 33.8	£12,750 (£31.20 Zone A)	20
6 Leyton Road	Retail A1	D T Lister	ITZA 1st Floor Sales 1st Floor Ancillary	454 243 174	42.2 22.6 16.2	£20,000 (£37.55 Zone A)	25
8b & 8c Leyton Road	Retail A1 Residential	I & A Smith	ITZA 1st Floor Retail 1st Floor Ancillary	321 413 43	29.8 38.4 4.0	£19,250 (£46.70 Zone A)	20
8a Leyton Road	Retail A2	A Hess	ITZA	271	25.2	£9,200 (£33.95 Zone A)	12
Total			Total Area (not accounting for ITZA)	31,988	2971.6	£815,190	



Expiry	Review	ERV (sq ft)	Comments
24/09/2012	25/09/2007 (5 yearly)	£46,200 (£80.00 Zone A)	FRI Lease.
24/09/2012	25/09/2007 (5 yearly)	£13,600 (£17.00)	FRI Lease. 1st & 2nd floor offices peppercorn rent. Landlord's right to terminate upon 6 months notice upon construction of staircase.
08/02/2016	09/02/2008 (4 yearly)	£39,900 (£80.00 Zone A)	FRI Lease. t/a Mimrose. Rent deposit £10,281.
19/03/2005		£9,300	Rent deposit £1,165.
28/09/2012	29/09/2006 (4 yearly)	£46,000 (£80.00 Zone A)	FRI Lease. On assignment from Joseph Harris Limited. 2002 outstanding review agreed at £38,000 in Solicitors' hands.
31/01/2005		£6,900	Rent deposit £825.
02/01/2005		£9,000	Rent deposit £1,125.
24/09/2012	25/03/2007 (4 yearly)	£30,700 (£80.00 Zone A)	FRI Lease. On assignment from Joseph Harris Limited. 2003 outstanding review agreed at £28,000 in Solicitor's hands.
09/01/2005		£7,800	Rent deposit £975.
27/09/2012	28/09/2004 (4 yearly)	£29,700 (£80.00 Zone A)	FRI Lease.
30/09/2009	01/10/2005 (4 yearly)	£27,400 (£80.00 Zone A)	FRI Lease. t/a Verse. On assignment from John Howard.
28/09/2009	29/09/2001 (4 yearly)	£29,900 (£80.00 Zone A)	FRI Lease. t/a Godshaws Jewellers. Outstanding rent review. Served notice at £30,000 per annum
30/09/2009	01/10/2001 (4 yearly)	£10,800 (£17.00)	FRI Lease. t/a Connor Spencer Solicitors. Outstanding rent review. Served notice at £12,000 per annum.
08/04/2006		£6,600 (£17.00)	FRI Lease. 1954 Act excluded. Rent deposit £3,682.
30/09/2009	01/10/2005 (4 yearly)	£36,500 (£80.00 Zone A)	FRI Lease. t/a Goodsports. Mr & Mrs Skins acting as surety. Over-riding lease, residential ERV £8,000 per annum
28/11/2015	29/11/2007 (4 yearly)	£22,000 (£86.61 Zone A)	FRI Lease. New Letting. t/a Motty's. Rent deposit £6,463 paid in installments.
30/10/2013	31/10/2005 (4 yearly)	£18,500 (£80.00 Zone A)	FRI Lease. Surety D Gooden. Upper floor treatment room at £10.00 per sq ft.
28/09/2016	29/09/2008 (4 yearly)	£32,500 (£88.36 Zone A)	FRI Lease. t/a Bellini's. New lease in Solicitors' hands. 6 month rental guarantee. 1st floor offices at £10.00 per sq ft. Rent deposit £8,125.
28/09/2004		£27,000 (£80.00 Zone A)	FRI Lease. On assignment from MTG (UK) Limited, IT Travel Limited & Review Travel Limited. 1st floor offices at £10.00 per sq ft. S.25 Notice served at £27,550 per annum.
24/12/2010	25/12/2005 (5 yearly)	£39,300 (£80.00 Zone A)	FRI Lease. t/a Lister Interiors. On assignment from P & C Berendt. 1st floor retail at £10.00 per sq ft.
24/12/2008	25/12/2004 (4 yearly)	£29,900 (£80.00 Zone A)	FRI Lease. t/a Rosto Ladieswear. On assignment from Rosto Shops Limited. Flat is self contained but is used as a beauty treatment room. Beauty treatment room £10.00 per sq ft. Rent deposit £4,744.
24/03/2011	25/03/2003 (4 yearly)	£23,000 (£85.00 Zone A)	FRI Lease. Return frontage and small shop. 2003 review outstanding. Served notice at £24,000.00 per annum.

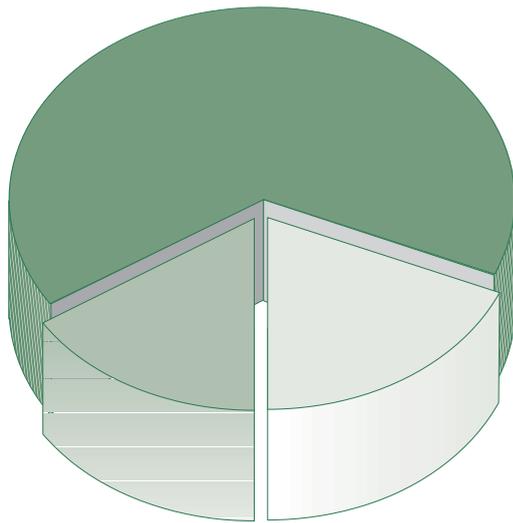
£1,064,648

- * All Ancillary & Basement accommodation apportioned at £3.00 per sq ft
- * 1st floor offices valued at £10.00 per sq ft
- * Self contained offices valued at £17.00 per sq ft
- * 1st floor retail valued at £10.00 per sq ft
- * 1st floor treatment/beauty room valued at £10.00 per sq ft



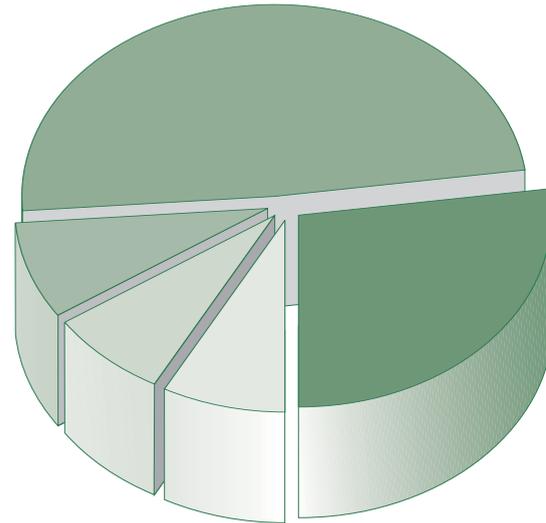
The diagrams below outline the division of income in terms of sector and unexpired term.

Division of Income by Sector



	Retail Accommodation	65.9%
	Office Accommodation	15.7%
	Residential Accommodation	18.4%

Division of Income by Unexpired Term



	Expiry in less than 1 year	7.9%
	Expiry between 1 year and 3 years	7.7%
	Expiry between 3 years and 5 years	8.2%
	Expiry between 5 years and 10 years	49.0%
	Expiry between 10 years and 20 years	27.2%

The Freeholder has agreed two outstanding rent reviews on leases to Johnson Cleaners UK Limited and a lease renewal to Halifax Building Society. There are six further outstanding rent reviews and notices have been served. Copies of the notices are available on request.

COVENANT

The investment is let to the following household names:

Halifax Building Society, Johnsons Cleaners UK Limited, C&J Clark International Limited, TM Group Holdings Limited (Forbuoys), Thomas Cook Retail Limited, Perfect Pizza Limited and Connells Residential.

Many leases benefit from rent deposits and guarantees, please see the Tenancy and Accommodation Schedule provided (*previous pages*) for further information.

A schedule of company accounts is on the CD Rom attached.

ESTIMATED RENTAL VALUE

The estimated rental value of the investment is £1,064,648 per annum based upon the following conservative general assumptions:

Retail Estimated Rental Value

- The High Street, Church Green & Leyton Road at £861.14 per sq m (£80.00 per sq ft) in terms of Zone A
- The Leys at £699.68 per sq m (£65.00 per sq ft) in terms of Zone A

Office Estimated Rental Value

- Self contained offices at £183.00 per sq m (£17.00 per sq ft)

Residential Estimated Rental Value

- Apartments ranging from £7,600 to £9,600 per annum depending on condition and size

The assumptions are based upon the following evidence as set out in the schedule enclosed.

Address	Tenant	Lease Term	Rent (per annum)	Rent per sq ft ITZA
Retail – Open Market Lettings				
6a Leyton Road	C Di Giorgi t/a Bellini's*	12 years from 29/09/2004	£32,500	£88.36 ZA
4c Leyton Road	Mottershaw t/a Motty's	12 years from 01/10/2003	£22,000	£86.61 ZA
48 High Street	Woosters Limited t/a Woosters	12 year lease from 29/09/2004	£53,000	£84.19 ZA
42 High Street	Gladdis t/a Putterills of Harpenden	12 year lease from 25/09/2004	£28,000	£79.17 ZA
3 Church Green	Avinti t/a Mimrose	12 year lease from 09/02/2004	£35,000	£78.50 ZA
Retail – Rent Reviews				
1 Church Green	Johnsons Cleaners UK Limited	25/03/2003	£28,000	£72.92 ZA
2 Church Green	Johnsons Cleaners UK Limited	29/09/2002	£38,000	£66.00 ZA
Retail – Lease Renewals				
34 High Street	Halifax Building Society	10 year term from 29/09/2001	£53,000	£87.73 ZA
Office – Open Market Letting				
2c Leyton Road	Temple Property Consultants Ltd	3 year lease from 09/04/2003	£6,250	£16.11
Office – Lease Renewal				
42a High Street	Care IMA International Limited	5 year lease from 29/09/2004	£12,000	£18.02
Residential – Open Market Letting				
2 The Leys	2 bedroom flat	AST 04/09/2004	£8,400	
Residential – Lease Renewal				
1 The Leys	2 bedroom flat	AST 14/08/2004	£9,600	

* In solicitors' hands

INVESTMENT CONSIDERATIONS

Harpenden is a thriving and affluent town within Hertfordshire approximately 40.0 kms (25.0 miles) from Central London. Within the Wealthy Suburbs, Large Detached Houses CACI category Harpenden is 34.0% as opposed to the UK average of 2.9%.

The town benefits from excellent communications highlighted by the fast Thameslink railway to London (26 minutes), proximity to the M1 and M25 Motorways and easy access to surrounding towns.

An opportunity to acquire an unbroken prime town centre estate benefiting from approximately 65.9% retail and 18.4% residential uses (in terms of income). The estate is let to a mixture of established retailers and specialist boutiques. Surrounding the estate are retailers including Marks & Spencer, Waitrose, J Sainsbury's, WH Smith, Boots and Hallmark.

An acquisition at £13,500,000 reflects a high reversionary yield of 7.46% and an equivalent yield of 7.45%. The investment offers opportunities to enhance the yield profile to 6.37% imminently by agreeing the outstanding rent reviews. The internal Rate of Return assuming a three year hold period is 16.14% excluding development and management opportunities.

The assumed estimated rental value of the prime retail at £861.12 per sq m (£80.00 per sq ft) Zone A is modest in comparison to recent open market lettings within the estate which have reflected up to £947.23 per sq m (£88.00 per sq ft) Zone A. The ERV is at a substantial discount to surrounding centres including St. Albans where prime retail rents are £1,259.38 per sq m (£117.00 per sq ft) and Luton at £1,668.42 per sq m (£155.00 per sq ft) Zone A. This will, in our opinion, reflect strong rental growth prospects.

There are numerous active management opportunities which will enhance value:

- The development of the two planning consents will create 17 one-bedroom apartments on the upper floors. We have been advised that the apartments' total capital end value is in the region of £2.89 million. There are opportunities to develop the apartments or sub-sell to residential developers.
- The current accommodation can be further increased including extending retail units (ITZA) to the rear and within The Leys. Additionally, further residential accommodation may be developed within the core of the estate to create an urban piazza.
- The conversion of offices and ancillary accommodation on the upper floors to create additional residential uses, subject to obtaining consent. We have been advised that residential capital values are in the region of £4,036.50 per sq m (£375.00 per sq ft).
- Obtain possession of apartments and offices demised to retail tenants on over-riding leases.
- Merge and create double retail units. We are aware of retailers who may pay a substantial premium.
- Obtain possession of retail units and create new headline Zone A values and additionally improve the tenant profile.
- The individual properties within the estate can be sold Freehold. Smaller lot sizes will attract private investors.

PROPOSAL

The estate can be acquired for a price in excess of **£13,500,000 (Thirteen Million and Five Hundred Thousand Pounds)**.

The vendor will guarantee any potential shortfall in the rent on the new leases/lease renewals agreed and in solicitors' hands for a period of 6 months. The maximum potential shortfall amounts to £123,840 per annum including a guarantee of £21,200 on the vacant retail unit at 38 High Street.

The investment reflects the following income and yield profile. It is assumed that the outstanding rent reviews will be agreed within the next 6 months. Purchase costs are assumed at 5.7625%

<i>Income</i>	<i>Date</i>	<i>Yield</i>	
£815,190	13/09/2004	5.71%	Current income
£853,140	29/09/2004	5.98%	Re-let/Renewal Thomas Cook Retail - 6b Leyton Road & Rent Reviews of Johnson Cleaners - 2b Leyton Road and C&J Clark International - 44 High Street
£863,790	25/12/2004	6.05%	Rent review I & A Smith - 8b & 8c Leyton Road
£924,850	13/03/2005	6.48%	Outstanding rent reviews agreed and letting of office - 50a High Street and retail unit - 38 High Street

Reversionary yield **7.46%**

Equivalent yield **7.45%** (quarterly in advance)

The internal rate of return assuming a three year hold period is **16.14%** excluding development and management opportunities to enhance value. Please see the appraisal and assumptions including a rental and yield profile on the CD Rom attached.

VALUE ADDED TAX

The property is elected for VAT. It is anticipated that the purchase will be treated as a TOGC.

CONTACT INFORMATION

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NOTICE

The agents for themselves and for the vendors of this property, whose agents they are, give notice that:

- (i) These particulars are only for the guidance of prospective purchasers and do not form part of any offer or contract.
- (ii) Whilst the information contained herein is issued in good faith, neither the firm nor its clients guarantee its accuracy and it is not to be relied upon as statements or representation or fact.
- (iii) Any intending purchasers must satisfy themselves as to the correctness of each of the statements made herein.
- (iv) The vendor does not make or give, and neither the firm nor any of their employees have any authority to make or give, any representation or warranty whatever in relation to this property.
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- (vii) The agents will not be liable, in negligence or otherwise, for any loss deriving from these particulars.