

INSHES

RETAIL PARK

INVERNESS, IV2 3TW

OPEN CLASS 1 NON FOOD
RETAIL PARK INVESTMENT



INVESTMENT SUMMARY

- Dominant Retail Park 3 miles south of Inverness city centre
- Adjacent to a 24 hour Tesco Extra Supermarket, Aldi and Dobbies Garden Centre
- Large catchment population of 153,000, within a wider catchment of 304,000 persons. Limited leakage due to the lack of competing centres
- Inverness is the UK's most northern city, with a population of 65,000 projected to grow at 4-5% in the next 10 years. Key business in the city include Life Sciences, Tourism, Retail, Construction, Public Administration, IT Services and activities relating to Forestry, Agricultural, Fisheries and Renewables
- Open Class 1 (non food) consent
- The scheme totals 158,814 sq ft, 8 units and 2 drive-thrus (Costa Drive-thru to be built)
- 617 car spaces giving a ratio of 1:257 sq ft
- Strong tenant covenants with a WAULT of 10.18 years (9.64 years to the breaks)
- Heritable interest (the equivalent of English Freehold)
- Low and affordable average rent of £13.33 per sq ft
- Passing rent of £2,132,074 per annum, rising, assuming our ERVs, to £2,260,011 per annum by September 2024
- Offers of **£24,200,000 (Twenty Four Million Two Hundred Thousand Pounds Sterling)** exclusive of VAT are invited, reflecting a net initial yield of **8.25%** rising to **8.75%** in 2024



LOCATION

Inverness is the UK's most northerly city and is the administrative centre for the Highlands & Islands. The city has a population of approximately 65,000 (source Census 2001) and a catchment population of circa 153,000 residents within the wider catchment 304,000. There is limited leakage due to the lack of nearby competing centres. 41% of the catchment is labelled as "comfortable community" (ACORN) which is double the Scottish average.

The city is located approximately 104 miles west of Aberdeen, 158 north west of Edinburgh and 169 miles north of Glasgow. Inverness is served by 3 trunk roads, the A9, the A82 and the A96 which connects it to Edinburgh and Glasgow to the south, Aberdeen to the east, Caithness to the north and Fort William to the west.

The city is well served by public transport and has direct rail links to Aberdeen, Edinburgh, Glasgow and Perth. It also benefits from an excellent bus network that connects to other towns and cities in the north of Scotland as well as further south.

Inverness Airport is located 9 miles to the east of the city centre and has regular flights to airports across the UK and Islands. British Airways and KLM operate daily flights to Heathrow and Amsterdam providing good domestic and international connectivity.



ECONOMY, TOURISM & EDUCATION

Inverness is developing as a centre of excellence for life sciences, commercialisation and research. The country's largest life sciences employer, LifeScan Scotland, is based in the city along with the prestigious Centre for Health Science. The renewable industry is also being attracted to Inverness with two of Scotland's leading wave and tidal companies, AWS Ocean Energy and MeyGen, now based in the city. The Centre symbolises the city's ambition to play an important role in the research and development of medical devices and bio technology.

Other private sector employers aside from LifeScan Scotland (who are part of Johnson & Johnson) are Scottish & Southern Energy, Global Energy Group (currently developing the NIGG Energy Park), Orion Group and Cap Gemini.

Other key business sectors include, retail, construction, public administration, IT services and commercial activity that relate to forestry, agriculture and fisheries which are intrinsic and important to the Highland economy.

Inverness is known as the Gateway to the Highlands and tourism is a key business sector. Tourism attracts approximately 1.6M people to the city each year with hotel occupancy rates from May through to October averaging about 90%. The sector supports around 13,500 jobs and generates circa £370M (£735M if you include the whole Highlands & Islands region) of revenue annually for the local economy.

At the Inverness Beechwood Campus, a 200,000 sq ft facility, costing £50M was opened in August 2015 for the University of the Highland & Islands. It houses over 6,500 full time and part time students, teaching National Certificates to Post Graduate Degrees.

THE GATEWAY TO THE HIGHLANDS



CITY DEAL & CONNECTIVITY

The Scottish and UK Governments have confirmed and pledged a £315M commitment to Inverness and the wider Highlands area, to include improved transport links, digital connectivity and creating new skill academies.

The upgrading of 80 miles of single carriageway along the A9 between Perth and Inverness is underway and due to be complete by 2025. It will provide improved journey terms as well as resulting in economic growth associated with increased tourism and connectivity.

Also, part of the City Deal is improved access to and within communities, including the A9/A96 Inshes to Smithton scheme to improve the local connectivity and road network. Highland Council's development plan aims for development east of the A9 to compliment the benefits arising from the dualling of the A96. Highland Council have plans to reduce the congestion within the Inshes and Raigmore development area with several Inshes junction/roundabout improvements planned.



SITUATION

Inshes Retail Park is situated approximately 3 miles south of Inverness city centre and is readily accessible and visible from the nearby A9, the principal route linking Inverness to the north and south.

Inshes Retail Park is situated adjacent to the southern distributor road, an area that has seen considerable residential development by Tulloch at Wester Inshes and the Parks, with Springfield Properties timed to start on site at Easter Field Farm with 90 units before the end of 2019. The south of Inverness is targeted for circa 2,500 homes over the medium term.

All this house building activity is positive for the occupiers of Inshes Retail Park consolidating its dominant position adjacent to the 24 hour Tesco Extra, Dobbies Garden Centre and Aldi supermarket.



AERIAL VIEW & MEDIA

DRONE VIDEO AND 360 DEGREE AERIAL TOUR BUTTONS



[CLICK HERE FOR DRONE VIDEO](#)



[CLICK HERE FOR AERIAL TOUR](#)

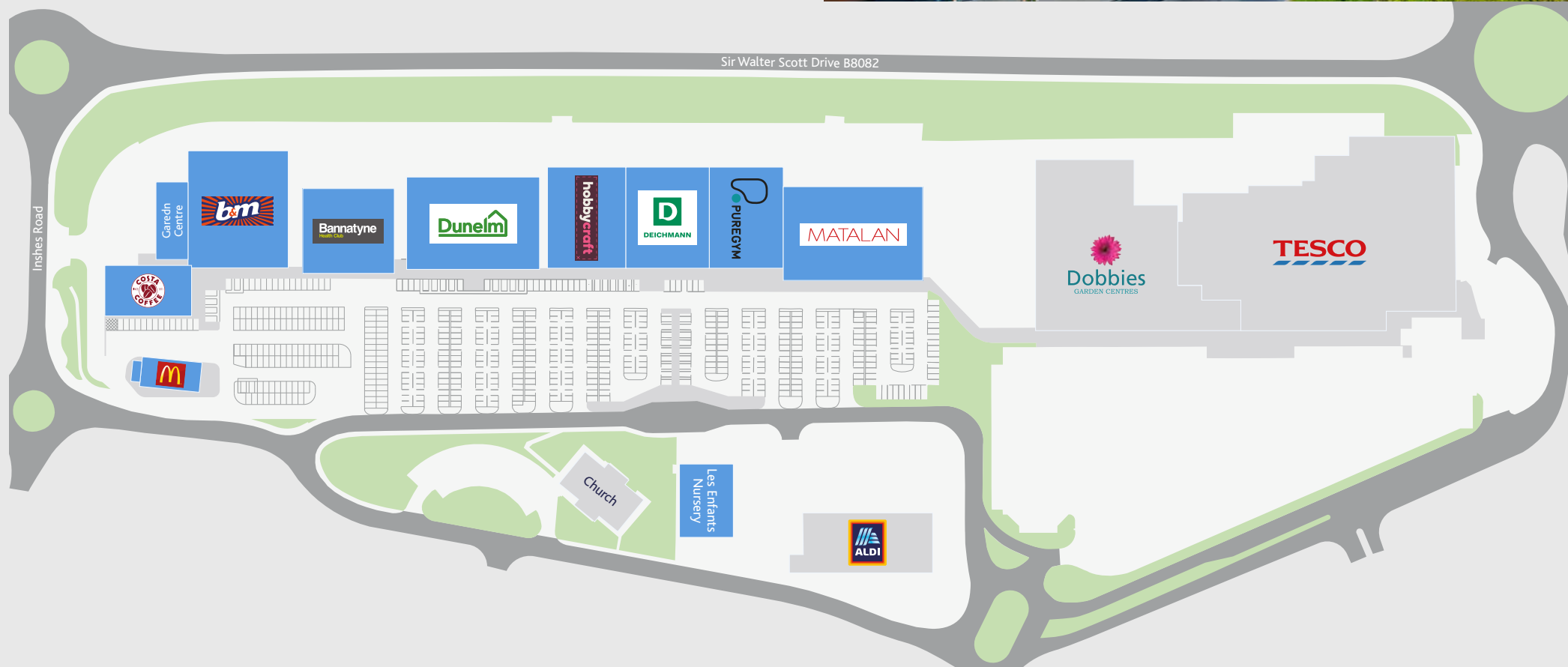
DESCRIPTION

Inshes Retail Park along with adjoining occupiers, Tesco, Dobbies and Aldi, provides a critical mass of retail and leisure of circa 350,000 sq ft. The scheme itself provides 1 nursery, 7 traditional retail warehouse/leisure units anchored by Matalan, B&M, Dunelm, Hobbycraft, Bannatyne Gym and 2 drive-thru units incorporating a 2 storey McDonalds and a Costa drive-thru, which is fully consented and contracted. The total accommodation extends to 158,814 sq ft including the new Costa to be built.

The Park provides 617 dedicated customer car spaces, providing a ratio of 1:257 sq ft. Customer access/egress is via 2 roundabouts north and south off Sir Walter Scott Drive/Inshes Road/Culloden Road. Servicing is via the rear of the units and is accessed off Inshes Road to the south of the scheme.

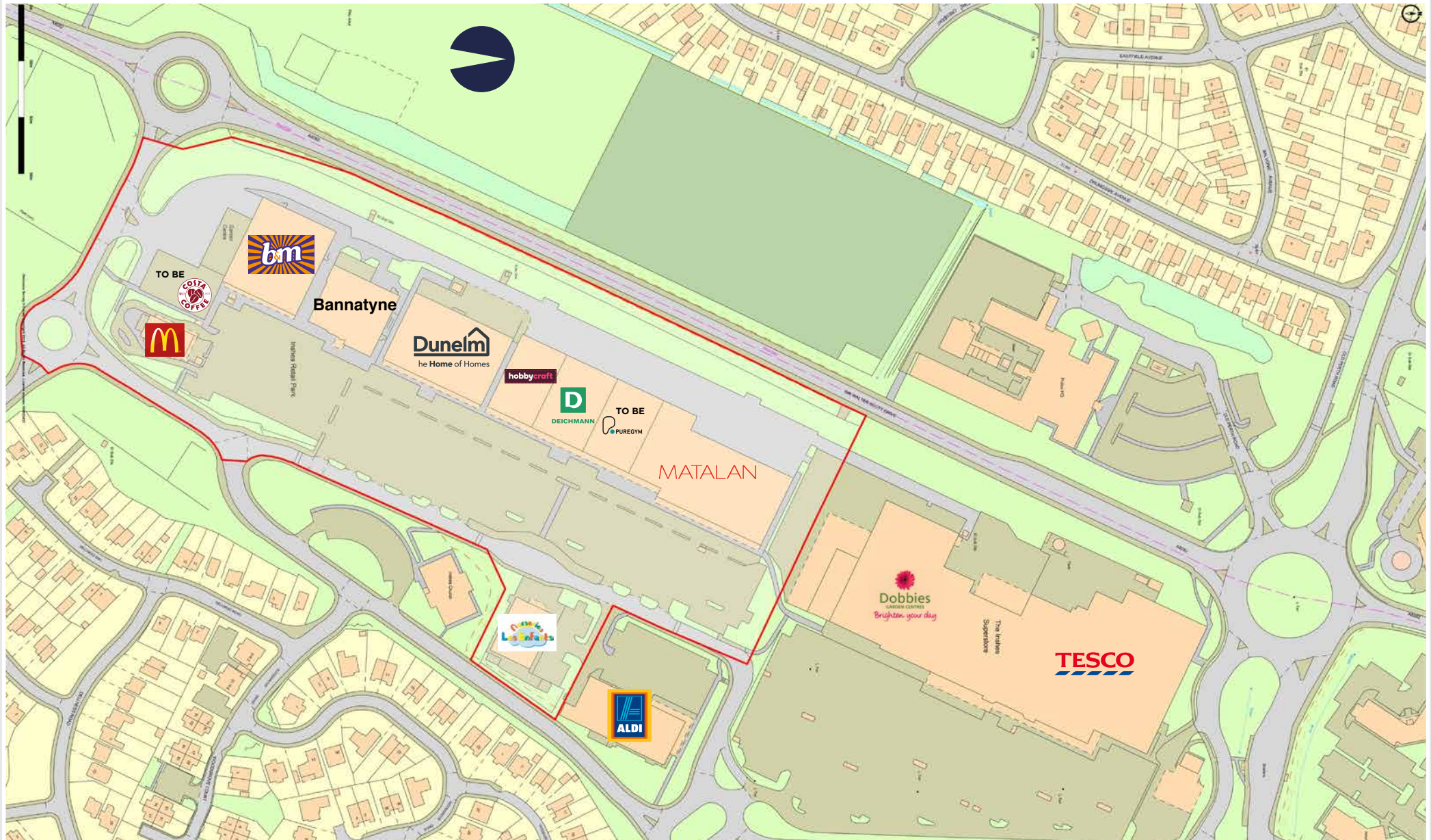
SITE

The site extends to 13.95 acres with a site coverage of approximately 26%.



ANNOTATED OS PLAN

OWNERSHIP BOUNDARY FOR INDICATIVE PURPOSES ONLY



ENVIRONMENTAL

The site has a risk rating assessment of low. Copies of the environmental documentation are available on request.

TENURE

Heritable (the Scottish equivalent of English Freehold).

EPC RATING

Unit	Tenant	EPC Rating	English & Welsh Equivalent EPC Rating
Unit 1	Matalan	E+	B
Unit 2	Pure Gym	N/A	N/A
Unit 3	Deichmann Shoes	F	C
Unit 4	Hobbycraft	E+	B
Unit 4A	Dunelm	D	B
Unit 5	Bannatyne Fitness	G	B
Unit 6	B&M	C	B
Unit 8	Les Enfants Nursery	E	C
Unit 9	McDonalds Drive-thru	D	B
Unit 10	To be Costa Coffee	N/A	N/A

The above EPCs have been prepared under the Scottish version of the Energy Performance of Buildings Directive. However, for comparison purposes, using the same data, the English/Welsh equivalent EPCs are also stated for information.



TENANCY & ACCOMMODATION

The passing rent for Inshes Retail Park, including the Costa Drive-thru, will be £2,132,074 per annum which equates to an average of £13.33 per sq ft based on a total floor area of 158,814 sq ft. The WAULT to expiry is 10.18 years (9.64 years to the breaks). The property is let to the following tenants on Full Repairing and Insuring terms. There are no service charge short falls.

Unit	Tenant	AREA SQFT	RENT PA	RENT PSF	LEASE START	LEASE EXPIRY	BREAK OPTIONS	NEXT REVIEW	ERV PSF	ERV PA	COMMENTS
Unit 1	Matalan Retail Ltd	45,334	£556,250	£12.27	01/11/1999	21/10/2029		01/11/2019	£12.27	£556,250	Lease extension to October 2029 in solicitors hands.
Unit 2	Pure Gym Ltd	7,346	£132,228	£18.00	New Lease	15 years		5 years	£18.92	£138,973	Under offer to Pure Gym Ltd subject to planning. Rent review to RPI capped and collared at 1% and 3% per annum compound.
Unit 3	Deichmann-Shoes UK Ltd	6,800	£106,500	£15.66	01/09/2016	31/08/2026	31/08/2021	01/09/2021	£15.66	£106,500	Tenant break option personal to Deichmann on no less than 6 months notice and upon payment of £26,625 plus VAT.
Unit 4	Hobbycraft Trading Ltd	11,173	£150,000	£13.43	04/09/2012	03/09/2027	03/09/2023	04/09/2022	£15.00	£167,595	Break option exercisable on no less than 6 months notice with 2022 rent review capped at no higher than £192,013 per annum.
Unit 4A	Dunelm (Soft Furnishings) Ltd	23,000	£298,378	£12.97	17/09/2012	16/09/2027		17/09/2022	£14.32	£329,433	September 2022 rent review to OMRV capped at 2% per annum compounded which is £329,433 per annum (£14.32 per sq ft). Tenant option to extend for a further 5 years from September 2027.
Unit 5	Bannatyne Fitness Ltd	26,662	£230,000	£8.63	21/07/2000	20/07/2025		21/07/2020	£10.00	£266,620	Lease assigned to current tenant in January 2009.
Unit 6	B&M Retail Ltd	22,000	£352,000	£16.00	17/10/2016	16/10/2031		17/10/2021	£16.00	£352,000	2021 OMRV review capped at £364,000 per annum and tenant benefits from a personal concession of monthly rental payments.
Unit 8	Les Enfants Nurseries Ltd	8,452	£95,218	£11.27	16/02/2009	15/02/2024		16/02/2019	£11.27	£95,218	Tenant has asked for a lease re-gear and extension.
Unit 9	McDonald's Restaurants Ltd (drive-thru)	5,847	£115,000	£19.67	05/10/2016	04/10/2041		05/10/2021	£24.97	£146,000	Restriction – lease prohibits against letting to other counter service operators selling ground beef or chicken products.
Unit 10	Costa Ltd (drive-thru)	2,200	£96,500	£43.86	New Lease	15 years		5 years	£46.10	£101,422	Agreement for lease to Costa Ltd exchanged Development appraisal available. Break option in first 6 years, if landlord lets to Greggs, Starbucks, Caffe Nero or Tim Hortons. OMRV rent reviews subject to a cap and collar of 1 & 3% per annum compound.
		158,814	£2,132,074							£2,260,011	



TENANT COVENANT

Inshes Retail Park has a strong tenant line up with 95% of the income secured against lower than average risk Dun & Bradstreet covenants.

Tenant	YEAR END	PRE TAX PROFIT	REVENUE	D&B RATING
Matalan Retail Ltd	23/02/2019	£28,300,000	£1,103,900,000	5A2
Pure Gym Ltd	31/12/2018	£44,972,000	£226,086,0000	5A2
Deichmann-Shoes UK Ltd	31/12/2018	−£1,353,000	£98,079,000	4A1
Hobbycraft Trading Ltd	18/02/2018	£1,183,000	£168,515,000	5A2
Dunelm (Soft Furnishings) Ltd	30/06/2018	£91,500,000	£1,050,100,000	5A1
Bannatyne Fitness Ltd	31/12/2018	£14,578,000	£116,899,000	4A2
B&M Retail Ltd	30/03/2019	£273,406,000	£2,801,499,000	5A2
Les Enfants Nurseries Ltd	31/03/2018	N/A	N/A	O1
McDonald's Restaurants Ltd	31/12/2018	£406,278,000	£1,514,374,000	5A1
Costa Ltd	01/03/2018	£105,215,000	£951,684,000	5A1

PLANNING

Inshes Retail Park benefits from Open Class 1 (non food) Consent across all the retail units. A copy of any planning related documentation and information is available on request.

VAT

The property has been elected for VAT and it is envisaged that the sale will be treated as a TOGC.

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RETAIL PARK

PROPOSAL

Offers of **£24,200,000 (Twenty Four Million Two Hundred Thousand Pounds Sterling)** exclusive of VAT are invited reflecting a **net initial yield of 8.25%** with a reversionary yield of **8.75%** by 2024.



Further Information

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Requirements of Writing (Scotland) Act 1995

These particulars are not intended to, nor shall form part of any legally enforceable contract and any contract shall only be entered into by way of an exchange of correspondence between solicitors.

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