HALBEATH RETAIL PARK
DUNFERMLINE KY11 4LP

PRIME OUT OF TOWN RETAIL INVESTMENT OPPORTUNITY
19 MILES FROM EDINBURGH
INVESTMENT SUMMARY

- Dunfermline is situated 19 miles north west of Edinburgh, a 20 minute drive via the M90 motorway.
- The recently constructed Queensferry Crossing, 5 miles to the south, further improves connectivity with Edinburgh.
- Large and expanding catchment population with circa 150,000 people within a 15 minute drive.
- The town’s population has increased by 20% over the past 15 years.
- Further significant residential development set out in the Local Development Plan, with an additional 7,000 new homes in Dunfermline.
- Very limited supply of retail warehousing in Dunfermline.
- A modern retail warehouse scheme providing 125,637 sq ft occupied by Currys PC World, Homebase, Pets at Home, Halfords, Argos, Carpetright, Harveys and B&M.
- Strategically located within the Dunfermline Eastern Expansion Area and close to the M90 motorway.
- Adjacent to an 81,000 sq ft Asda foodstore.
- Attractive WAULT of 8.1 years (5.7 years to breaks).
- Current rent of £1,801,705 per annum (including a rental guarantee), with rents between £12.41 and £18.00 per sq ft.
- Planning consent granted for an additional 111,805 sq ft of retail space (including mezzanines).
- Held in Heritable Title (the Scottish equivalent of English Freehold).

We are instructed to seek offers in excess of **£24,100,000 (Twenty Four Million, One Hundred Thousand Pounds)** subject to contract and exclusive of VAT. This is based on **£22,600,000 (Twenty Two Million, Six Hundred Thousand Pounds)** for the existing development, reflecting a net initial yield of **7.50%** (assuming purchaser’s costs of 6.26%) and **£1,500,000 (One Million, Five Hundred Thousand Pounds)** for the development site.
LOCATION

Dunfermline is the largest conurbation in Fife and the tenth largest in Scotland, as stated by the National Records of Scotland. The town is strategically located 19 miles north west of Edinburgh city centre, 28 miles north of Livingston, 23 miles east of Stirling, 30 miles south of Perth and 40 miles south west of St Andrews.

The town has excellent road communications, being served by the M90 motorway, which is connected to the town by Halbeath Road (A907). The M90 motorway connects the town with Edinburgh to the south, via the newly opened Queensferry Crossing improving connectivity even further with a journey time of approximately 10 minutes to the bridge. Perth to the north and Kirkcaldy to the east can also be accessed via the M90 motorway.

The nearest major international airport is Edinburgh Airport, 13 miles to the south.
At the time of the 2011 census, Dunfermline had an estimated population of 50,380 people. The town's population has increased by more than 20% since the early 2000's and the majority of the residential development has taken place in the Eastern Expansion Area, which is shown on the adjacent map. The Eastern Expansion Area has been developed in the corridor between the town centre and the M90 motorway on predominantly greenfield land.

To date, over 6,000 new homes have been developed in the newly created Duloch and Masterton neighbourhoods along with new schools, community infrastructure, employment land and the Fife Leisure Park.

**THE CONTINUED EXPANSION OF DUNFERMLINE**

As set out in Fife Council’s Local Development Plan (FIFEplan) which was adopted in September 2017, 18,000 new homes will be delivered in the county of Fife by 2026. It is proposed that 7,000 of these new homes will be built in Dunfermline and a substantial number will be constructed on land to the north and south of Habeath Retail Park.

**HALBEATH RETAIL PARK**

The subject property is strategically positioned within the Eastern Expansion Area and is therefore able to serve the extensive, affluent and expanding catchment population.

**AMAZON DISTRIBUTION CENTRE**

Dunfermline is seeing a significant amount of inward investment. In March 2017, the 1 million sq ft Amazon distribution centre was acquired by Rasmala for £54 million, reflecting a net initial yield of 5.28%. Amazon signed a 20 year lease in 2011, expiring in October 2031.

*Note: This map is provided for illustrative purposes only and refers to housing developments in the Eastern Expansion Area, both built and proposed.*
DEMOGRAPHICS

CACI confirms that Dunfermline has a large catchment population with circa 150,000 people living within a 15 minute drive time of the subject property, rising to circa 710,000 within a 30 minute drive time.

The data shows that those living in the Eastern Expansion Area are some of the wealthiest in the catchment, with mean household incomes rated as ‘High’ (£45,000 to £60,000 per annum) and ‘Very High’ (£60,000+ per annum).

CACI statistics indicate that Dunfermline will see significantly above average population growth over the next 10 years. This substantial growth will be driven by an influx of an increasingly affluent working age population, attracted by the new high quality housing stock and excellent road and rail connections.

AFFLUENT ACHIEVERS
Financially comfortable families +240%
Well-off edge of towners +189%

RISING PROSPERITY
Career driven young families +111%

COMFORTABLE COMMUNITIES
Comfortable families in modern housing +74%
Owner occupiers in small towns +32%

15 minute drive time catchment. Percentages are compared against the CACI base UK average.

WEEKLY CATCHMENT EXPENDITURE VERSUS CACI AVERAGE:

- SMALL ELECTRONICS +10%
- CLOTHING +16%
- PERSONAL GOODS +9%
- FOOD +7%
- FURNITURE & FLOOR COVERINGS +6%
- BICYCLES +6%
- HOUSEHOLD TEXTILES +3%
SITUATION
The subject property is accessed via a roundabout on Halbeath Road (A907), within close proximity to Junction 3 of the M90 motorway. Halbeath Road is the main arterial route to the east of Dunfermline town centre 2.5 miles to the west. It is estimated that 25,000 vehicles pass the park daily.

RETAIL WAREHOUSE PROVISION
There is a substantial undersupply of retail warehousing in Dunfermline and the surrounding area with existing supply estimated at 312,000 sq ft, some 45% below the average for towns of comparable size in the UK.

Overall, provision per household of retail warehouse floorspace is below the PROMIS average, especially for electrical goods, outdoor sports and general merchandise.

The only other scheme in the town is Carnegie Drive Retail Park, situated close to the town centre, extending to 130,000 sq ft, with occupiers including B&Q, Matalan, Home Bargains, Dreams and Farmfoods.

FOODSTORE PROVISION
- Significant undersupply of foodstore provision, especially to the east of the town.
- 81,000 sq ft Asda situated adjacent to the subject property.
- No large store format Sainsbury’s or Morrisons in Dunfermline.
- M&S Foodhall and Lidl have active requirements.
- Tesco and Aldi have stores in the town.

FIFE LEISURE PARK
- 1 mile south east of Halbeath Retail Park.
- One of Scotland’s premier leisure parks.
- Odeon, Bowlplex, Premier Inn, Bannatyne’s Health Club, Nando’s, Bella Italia and Smashburger.
- Owned by Legal & General.
DESCRIPTION

The property comprises a modern purpose built retail park totalling approximately 125,637 sq ft, GIA, configured as a single terrace. The units range from 8,300 sq ft to 36,500 sq ft with the majority being circa 10,000 to 12,000 sq ft. There is a circa 10,280 sq ft garden centre adjacent to Unit 1. The park has recently undergone an extensive refurbishment programme, which included significant improvements being made to the front elevations and tenant signage. The park now provides a high quality modern retail location.

The existing park comprises 9 retail units let to Currys PC World, Pets at Home, Halfords, Argos, B&M, Carpetright, Homebase, Harveys and one vacant unit.

Internally, all units are fitted out to individual tenants’ specifications.

The customer car park is accessed by a roundabout junction from Halbeath Road (A907) and provides approximately 488 spaces, giving a ratio of 1 : 257 sq ft. Servicing is located to the rear of the units, accessed via a dedicated junction from Kingseat Road.

The site extends to circa 26.4 acres (10.7 hectares) and includes land on which planning consent has been granted for an additional circa 111,805 sq ft of retail space (including mezzanine floors). The land hatched in blue on the site plan (which is provided for illustrative purposes only) will be subject to a clawback agreement between the purchaser and the vendor. Further information on both of these points is provided in the Development Opportunity section of these marketing particulars.

PLANNING

Units 5, 7A, 7B and 7C have a Class 1, non-food retail consent. Units 1, 2, 3, 4 and 6 have a Class 1 non-food retail consent restricted to DIY, furniture, carpets and other floor coverings, household textiles and soft furnishings, garden equipment and plants, electrical goods, motor accessories and other goods ancillary to one of the permitted sale uses.

TENURE

The site delineated in red is held in Heritable Title (the Scottish equivalent of English Freehold). For the avoidance of doubt, the whole site is being sold.

EPC’S

Copies of the EPC’s are available upon request.
**TENANCY SCHEDULE**

The scheme is let to 8 market leading retailers and benefits from a weighted average unexpired lease term of 8.1 years.

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>GIA (sq ft)</th>
<th>Lease Start</th>
<th>Lease Expiry</th>
<th>Next Rent Review</th>
<th>Current Rent (per annum)</th>
<th>Rent (per sq ft)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>HHGL Ltd t/a Homebase</td>
<td>36,500</td>
<td>29/09/2012</td>
<td>28/09/2027</td>
<td>29/09/2019</td>
<td>£456,250</td>
<td>£12.50</td>
<td>Category 1 store in the CVA. No rent reduction. Floor area defined in lease.</td>
</tr>
<tr>
<td>2</td>
<td>B&amp;M Retail Ltd</td>
<td>20,140</td>
<td>19/03/2012</td>
<td>18/03/2022</td>
<td>-</td>
<td>£250,000</td>
<td>£12.41</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Carpetright plc</td>
<td>10,198</td>
<td>24/05/2013</td>
<td>28/09/2024</td>
<td>29/09/2019</td>
<td>£163,168</td>
<td>£16.00</td>
<td>Category A store in the CVA. No rent reduction. Floor area defined in lease.</td>
</tr>
<tr>
<td>5</td>
<td>DSG Retail Ltd t/a Currys PC World</td>
<td>11,979</td>
<td>08/09/2018</td>
<td>07/09/2028</td>
<td>08/09/2023</td>
<td>£191,664</td>
<td>£16.00</td>
<td>Reversionary lease. TBO: 08/09/2023. Rent increased from £180,000 pa. 6 months’ rent free. Rent review capped at 3% pa.</td>
</tr>
<tr>
<td>6</td>
<td>Halfords Ltd</td>
<td>8,405</td>
<td>01/07/2014</td>
<td>30/06/2029</td>
<td>01/07/2019</td>
<td>£139,025</td>
<td>£16.54</td>
<td>TBO: 30/06/2024. Rent review capped at 2.5% pa. Floor area defined in lease.</td>
</tr>
<tr>
<td>7A</td>
<td>Argos Ltd</td>
<td>10,000</td>
<td>05/08/2013</td>
<td>04/08/2028</td>
<td>05/08/2018</td>
<td>£180,000</td>
<td>£18.00</td>
<td>TBO: 04/08/2023. Rent review capped at 2.5% pa. Floor area defined in lease.</td>
</tr>
<tr>
<td>7B</td>
<td>Pets at Home Ltd</td>
<td>10,000</td>
<td>05/08/2013</td>
<td>04/08/2028</td>
<td>05/08/2018</td>
<td>£180,000</td>
<td>£18.00</td>
<td>TBO: 04/08/2023. Rent review capped at 5% at each review. Floor area defined in lease.</td>
</tr>
<tr>
<td>7C</td>
<td>Available</td>
<td>8,300</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>£74,700</td>
<td>£9.00</td>
<td>Vendor to provide a 2 year rent, rates and service charge guarantee.</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>125,637</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>£1,801,705</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
COVENANT STRENGTH

66% of the existing rental income is secured against ‘Minimum’ risk covenants, as defined by Dun & Bradstreet.

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Year Ending</th>
<th>Sales Turnover (000’s)</th>
<th>Profit / Loss Pre Taxes (000’s)</th>
<th>Net Worth (000’s)</th>
<th>D&amp;B Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>HHGL Ltd</td>
<td>28 Feb 2017</td>
<td>£1,177,114</td>
<td>£145,190</td>
<td>£118,092</td>
<td>N4</td>
</tr>
<tr>
<td></td>
<td>27 Feb 2016</td>
<td>£1,360,112</td>
<td>£32,824</td>
<td>£8,263</td>
<td></td>
</tr>
<tr>
<td>B&amp;M Retail Ltd</td>
<td>31 Mar 2018</td>
<td>£2,629,145</td>
<td>£236,006</td>
<td>£600,542</td>
<td></td>
</tr>
<tr>
<td></td>
<td>25 Mar 2017</td>
<td>£2,252,265</td>
<td>£198,006</td>
<td>£498,412</td>
<td></td>
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<tr>
<td>Steinhoff UK Group Properties Ltd</td>
<td>24 Sep 2016</td>
<td>£96,124</td>
<td>£8,208</td>
<td>£28,005</td>
<td></td>
</tr>
<tr>
<td></td>
<td>27 Jun 2015</td>
<td>£80,832</td>
<td>£6,332</td>
<td>£22,123</td>
<td></td>
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<tr>
<td>Carpetright plc</td>
<td>29 Apr 2017</td>
<td>£457,600</td>
<td>£900</td>
<td>£20,700</td>
<td></td>
</tr>
<tr>
<td></td>
<td>30 Apr 2016</td>
<td>£456,800</td>
<td>£12,800</td>
<td>£16,900</td>
<td></td>
</tr>
<tr>
<td>DSG Retail Ltd</td>
<td>29 Apr 2017</td>
<td>£4,345,700</td>
<td>£247,600</td>
<td>£477,700</td>
<td></td>
</tr>
<tr>
<td></td>
<td>30 Apr 2016</td>
<td>£4,237,900</td>
<td>£63,000</td>
<td>£406,900</td>
<td></td>
</tr>
<tr>
<td>Halfords Ltd</td>
<td>01 Apr 2018</td>
<td>£930,800</td>
<td>£74,500</td>
<td>£765,900</td>
<td></td>
</tr>
<tr>
<td></td>
<td>31 Mar 2017</td>
<td>£900,100</td>
<td>£78,400</td>
<td>£709,100</td>
<td></td>
</tr>
<tr>
<td>Argos Ltd</td>
<td>11 Mar 2017</td>
<td>£4,285,775</td>
<td>£25,664</td>
<td>£516,284</td>
<td></td>
</tr>
<tr>
<td></td>
<td>27 Feb 2016</td>
<td>£3,930,104</td>
<td>£180,769</td>
<td>£648,286</td>
<td></td>
</tr>
<tr>
<td>Pets at Home Ltd</td>
<td>30 Mar 2017</td>
<td>£752,374</td>
<td>£67,557</td>
<td>£650,186</td>
<td></td>
</tr>
<tr>
<td></td>
<td>31 Mar 2016</td>
<td>£739,726</td>
<td>£81,843</td>
<td>£598,310</td>
<td></td>
</tr>
</tbody>
</table>

Homebase is one of the UK’s leading DIY retailers. In February 2016 the business was acquired by Australian conglomerate, Wesfarmers, who attempted to rebrand the business as Bunnings. This programme was not successful and in June 2018 the business was sold to Hilco. At the end of August 2018, a CVA was approved which will result in a number of store closures and rent reductions. The Homebase at the subject property was a ‘Category 1’ store with no reduction in rent sought, indicating this is a strong trading and profitable store. In addition when the potential CVA was suggested, the vendor discussed terms with an occupier to take the store at the passing rent, demonstrating strong levels of retailer demand.

Carpetright is the leading floor coverings provider in the UK. In their recent CVA, the store at the subject property was in ‘Category A’, the highest ranking grade. No rent reduction was sought for those designated as ‘Category A’ and the tenancy arrangement is unaffected.
DEVELOPMENT OPPORTUNITY

In August 2017, planning was granted for “Extension to retail park involving the construction of 9 no. Class 1 and Class 3 units...”. The consent allows for the creation of up to 111,805 sq ft of floorspace (including mezzanines) and includes an element of food consent.

The consent includes a Section 75 contribution to the local authority of £703,000.

Initial marketing of the scheme has identified good levels of tenant demand from retailers including M&S Foodhall, DFS, Tapi, Dreams, SCS, Greggs, Subway and Costa. There is also strong interest from Lidl for a standalone store, either as a site or a developed store.

The development would further establish the dominance of Halbeath Retail Park in the expanding catchment.

CLAWBACK AGREEMENT

The purchaser will be required to enter into a clawback agreement with the vendor in respect of an area of land shown hatched in blue on the site plan on the Description page of these marketing particulars.

The land is not required to implement the consented extension, but may hold value in unlocking development potential on neighbouring sites. Any clawback payment would be equal to 50% of net receipts and will endure for 20 years from the date of sale. Further information is available upon request.

ENVIRONMENTAL

A Phase I Environmental Assessment dated May 2018, produced by Goodson Associates, can be provided upon request.
HALBEATH RETAIL PARK, DUNFERMLINE KY11 4LP

VAT
The property had been elected for VAT, however, it is anticipated that the transaction will be treated as a “Transfer of a Going Concern”.

PROPOSAL
We are instructed to seek offers in excess of £24,100,000 (Twenty Four Million, One Hundred Thousand Pounds) subject to contract and exclusive of VAT. This is based on £22,600,000 (Twenty Two Million, Six Hundred Thousand Pounds) for the existing development, reflecting a net initial yield of 7.50% (assuming purchaser’s costs of 6.26%) and £1,500,000 (One Million, Five Hundred Thousand Pounds) for the development site.

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