



Corunna House 1
29 Cadogan Street
Glasgow | G2 7AB

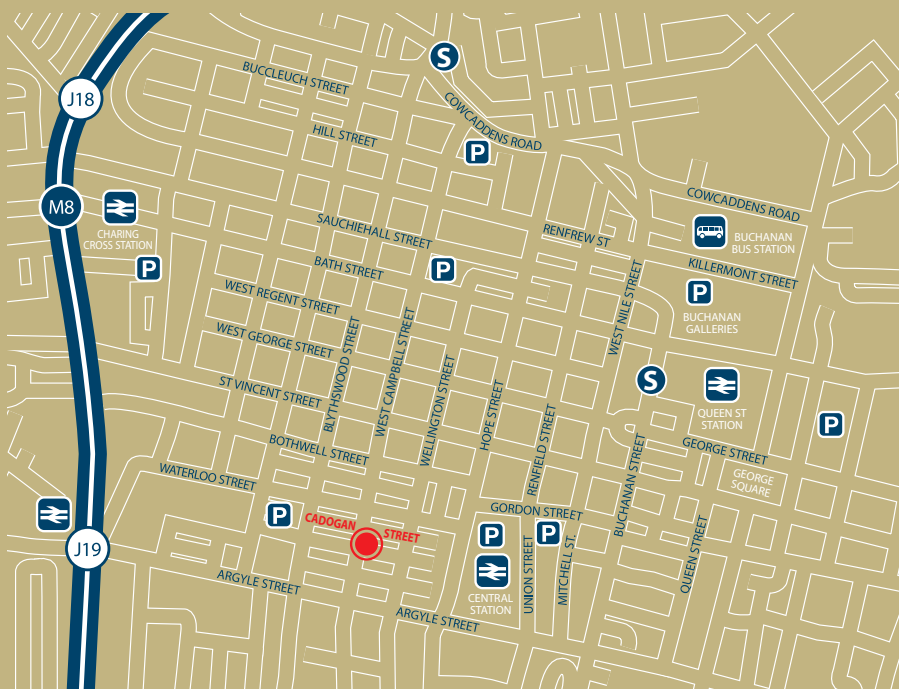
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Investment Summary

- Rare opportunity to purchase a prime office investment with short/medium term development potential.
- Phase 1 of a 1980's built 4,878 sq m (52,492 sq ft) city centre office building that forms part of one of the most prominent island sites within Glasgow's Central Business District.
- Let in its entirety to Trillium (Prime) Property GP Limited until 31 March 2020.
- Tenant option to break 31 March 2018.
- Rent reviews at 31 March 2010 and 31 March 2015.
- Current rental income of £712,500 per annum exclusive of VAT.
- Low base rent of £12.90 per sq ft (£138.80 per sq m).
- Offers in excess of £9,950,000 exclusive of VAT are sought, which, assuming purchaser's costs of 5.75% will provide the following yield profile:

Net Initial Yield:	6.77%
Reversionary Yield (March 2010):	7.26%
Equivalent Yield:	7.25%
True Equivalent Yield:	7.60%
Capital Value per Sq Ft:	£189.55





Location

Glasgow is the biggest city in Scotland and the third largest in the UK. It has a population of approximately 630,000 and is at the centre of a catchment population of over 3 million.

The city has the largest office centre in the UK outside London and continues to experience significant growth. Glasgow is the Scottish centre for commerce but has a vibrant and diverse local economy. It is one of the fastest growing employment centres in the UK, having delivered a growth rate almost twice that of both Scotland and Britain as a whole since 1996.

Major employers include **RON, Barclays, BT, Dell, Esure, JP Morgan, KPMG, Lloyds Banking Group, O2, Royal Bank of Scotland** and **Santander Bank**. The public sector has also long played a major role within the Glasgow office economy, with key employers including **Glasgow City Council, The Ministry of Defence** and **The Scottish Executive**. Glasgow has generated over £13 billion Gross

Value Added each year and supports over 400,000 jobs. The number of jobs located in the city grew by more than 70,000 in the ten years to 2005, making it one of the fastest growing cities in the UK.

Glasgow makes a powerful contribution to the Scottish and UK economy. The Glasgow Economic Audit 2007 found that in terms of Gross Value Added (GVA) per capita, a wealth creation measure, Glasgow is one of the star performers among UK cities. The city's GVA per capita is more than one-third greater than the UK figure and even further ahead of the Scottish average. Glasgow's growth rate has been faster than Edinburgh, Scotland, the UK and any of the English core cities. Against a group of 35 European cities, Glasgow's average growth rate from 2000 to 2005 was exceeded by only two others. Almost 80,000 new jobs have been located in the city since 1995 and almost 40,000 extra city residents have found work over this same period.

Communications

Road

The M8 motorway bisects the city centre providing access to Edinburgh to the east and Glasgow Airport to the west. The M8 motorway links to the M73 and M74 motorways at Junction 4 offering access to Carlisle and northern England and the M80 provides access to Stirling and the north of Scotland. The construction of the M74 motorway extension is well advanced, due for completion in 2011. The motorway will connect Junction 1 of the M74 at Cambuslang to the Kingston Bridge on the M8, thus completing an orbital motorway network around the city.

Rail

Glasgow has two main railway stations: Central Station and Queen Street Station. In addition to local services throughout Central Scotland, National Express and Virgin also operate daily Inter-City services to the main centres throughout the United Kingdom. Queen Street Station provides services to the major Scottish centres including Edinburgh, Aberdeen, Dundee and Inverness. Glasgow City Centre is served by an underground and low level rail system which links the city centre to outlying residential areas.

Air

Glasgow Airport is located approximately 9 miles west of the city centre at Junction 29 of the M8 motorway offering regular domestic, European and Transatlantic flights. Glasgow Airport is the sixth busiest airport in the UK and has a current annual passenger turnover in excess of 8 million people.

Situation

The property is located on the south side of Cadogan Street on an island site between Blythswood Street and West Campbell Street. This is an established office area of Glasgow which continues to improve with the further development of the Broomielaw area to the south as an International Financial Services District (IFSD). Major developments in the immediate vicinity include the Equinox building, 3,716 sq m (40,000 sq ft), the Sentinel building, 7,435 sq m (80,000 sq ft), Central Exchange, 9,030 sq m (97,000 sq ft) and the Cerium building, 6,875 sq m (74,000 sq ft).

Neighbouring occupiers include **The Scottish Executive**, **Direct Line**, **HBoS**, **Esure**, **JP Morgan**, **Morgan Stanley** and **Clydesdale Bank** amongst others.



Description

Phase 1 of the two phase construction of Corunna House was completed in 1985, and comprises a substantial self-contained office building providing approximately 4,878 sq m (52,492 sq ft). The building is constructed over a total of 8 floors, including the basement and small 6th floor. The basement accommodation is limited to office and store areas and secure car parking. The 6th floor comprises a small former caretakers flat.

The building is concrete framed with brown facing brick forming the main elevations and this is interspersed with anodised black double glazed glass panels and windows in a vertical arrangement. The rear elevation facing onto Holm Street has been finished in brown facing brick.

At basement level and at the rear of the building there is a private car parking facility which accommodates a total of 19 vehicles, with 10 secure basement spaces and nine external spaces. This is accessed from Holm Street.

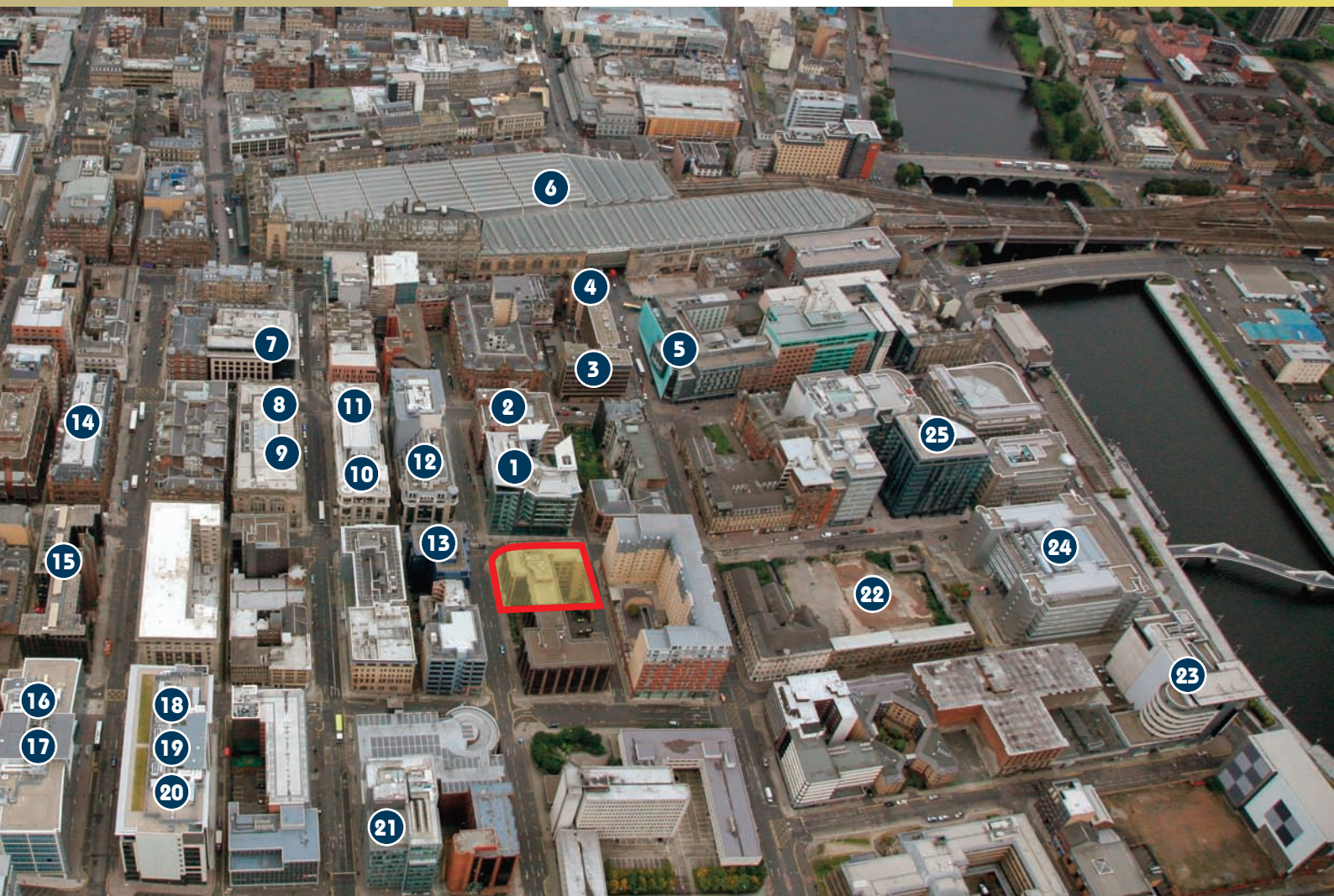
Internally, the subjects provide reasonable office accommodation which has been fitted out in parts by the tenant to provide a mixture of open plan and cellular style offices. The original specification provides:-

- Carpeted in-situ reinforced concrete floors
- Suspended tiled and frame ceiling grids
- Surface mounted fluorescent light fittings
- Wall mounted gas fired radiators
- Double glazed metal framed windows
- Adequate ladies and gents toilet facilities on each floor
- Marble surfaced double height reception area

The building is served by two 10 person (800kg) lifts, as well as three stairwells situated at either end and the mid section of the building.

The standard of accommodation is, in the main, basic although the tenant has, on some floors, undertaken improvements with the installation of new ceilings, partitioning, lighting and carpeting.

1 Esure	6 Glasgow Central Station	11 JP Morgan	16 Barclays	21 Morgan Stanley
2 Scottish Government	7 Clydesdale Bank	12 Direct Line	17 BNP Paribas	22 Atlantic Square
3 Royal Bank of Scotland	8 Scottish Enterprise	13 Glasgow City Council	18 Shell	23 Scottish Government
4 Glasgow City Council	9 First Scotrail	14 Ignis	19 HSBC	24 BT
5 Radisson Hotel	10 Mercer	15 Student Loans	20 PWC	25 MacRoberts



Accommodation

We have measured the property in accordance with the Code of Measuring Practice (5th Edition) published by RICS and we have calculated that it provides the following approximate Net Internal Areas:-

Floor	Sq M	Sq Ft
Basement (Store)	101.71	1,095
Basement (Office)	301.34	3,244
Ground	669.11	7,202
1st	682.21	7,343
2nd	780.58	8,402
3rd	780.58	8,402
4th	780.58	8,402
5th	780.58	8,402
6th (caretakers flat - not included)	90.59	975
Total	4,878	52,492

Site Area

We estimate that the subject property has a total approximate site area of 0.136 hectares (0.336 acres).

Tenancy

The building is let in its entirety to the Secretary of State for the Environment until 21 March 2010. Via a deal structured in 2001, Trillium (Prime) Property GP Limited agreed to take an extension of the existing lease until 31 March 2020 with a tenant's option to break on 31 March 2018. The lease has been drafted on institutionally acceptable terms incorporating five yearly upward only reviews. The current rent is £712,500 per annum. The next rent review is on 31 March 2010, with a further rent review on 31 March 2015.



Asset Management Opportunities & Future Development

Corunna House 1 occupies one of the most prominent sites within Glasgow's Central Business District. The low rise nature and low site density of the current property, combined with the low base rent offers a purchaser a wide variety of short to medium term asset management and development opportunities, including (subject to relevant planning consents):

- Forthcoming rent review in March 2010.
- Early Surrender of Trillium Lease.
- Redevelopment of Corunna 1 site to create circa 100,000 sq ft of new Grade 'A' Office Space.
- Purchase of Corunna House 2 to complete island site and allow for future development of circa 200,000 sq ft of new Grade 'A' Office Space.
- Potential Joint Venture with owner of Corunna House Phase 2.

Market Rent

From the low base rent of £12.90 per sq ft we are of the opinion that there is scope for reversion at the forthcoming rent review in March of this year. We believe that the current Market Rent for the property is as follows:

	Area (Sq Ft)	Market Rent (Sq Ft)	Market Rent (pa)
Basement Store	1,095	£6.50	£7,118
Basement Offices	3,244	£11.50	£37,306
Offices Ground - 5th	48,153	£14.00	£674,142
Car Spaces (Open)	9	£2,250	£20,250
Car Spaces (Garaged)	10	£2,500	£25,000
Flat	975	-	-
	52,492		£763,816

Covenant

Trillium (Prime) Property GP Limited has a current Dun & Bradstreet rating of 5A2 and for financial year ending 31st March 2009 reported the following financial results:

Turnover	£331,182,000
Pre Tax Profits	£112,679,000
Net Worth	£253,915,000



Glasgow Office Market

Occupier Market

The market for prime office space in Glasgow City Centre has been extremely active over the past 6 months underlining Glasgow's position as a major office centre in the UK with demand principally focusing on large floorplates.

Prime rents peaked at £317.50 per sq m (£29.50 per sq ft), with the preletting of 1 George Square and are now widely regarded to have stabilised at circa £295 per sq m (£27.50 per sq ft). With development finance seriously constrained there is unlikely to be any new speculative development completing until at least 2012. There are a number of active requirements for Grade 'A' City Centre office space which when satisfied will significantly erode current availability.

Investment Market

Glasgow continues to consolidate its reputation as an attractive regional office location, able to provide

occupiers and investors with a choice of modern, highly specified buildings with the benefit of large, regular floorplates, set within an easily understandable city centre grid layout.

The diverse nature of the office occupier market has helped the city through the recent economic downturn, with occupiers from a range of market sectors continuing to acquire new space over the last two years. This has comprised both indigenous and inward locating companies, able to take advantage of the availability of a number of high quality new build schemes in the city centre. These factors have attracted a wide range of investors into the Glasgow office investment market from the UK and overseas, both institutional and private.

A table of recent prime investment transactions within the CBD is set out here.

PROPERTY	PURCHASER	DATE	PRICE	YIELD
Ignis House, 50 Bothwell Street	PRUPIM	Dec 2009	£29.00m	6.75%
Broadway 1, Cowcaddens	KanAm	Dec 2009	£51.00m	5.77%
Collegelands, High Street	Standard Life	Nov 2009	£52.00m	5.80%
141 Bothwell Street	Aberdeen	Nov 2009	£66.50m	5.90%
163 West George Street	Cordea Savills	Dec 2009	£7.73m	7.50%
151 West George Street	Henderson	Sep 2009	£16.10m	7.60%

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VAT

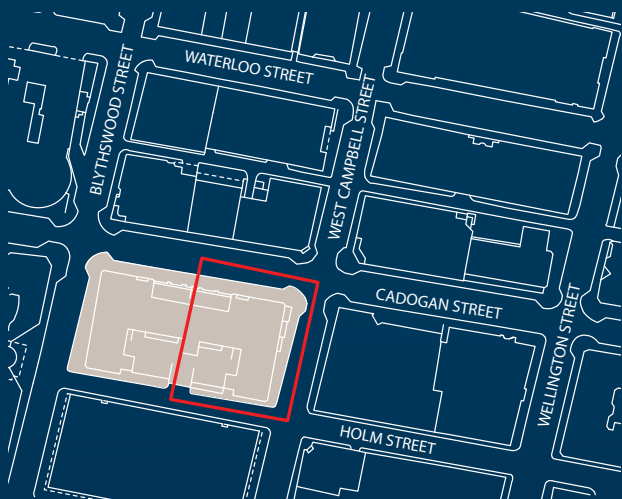
We understand that the property is elected for VAT.

Proposal

We are instructed to seek offers in excess of £9,950,000 (nine million nine hundred and fifty thousand pounds) exclusive of VAT for the Heritable interest in the property.

A purchase at this level represents the following yield profile net of purchaser's costs of 5.75%:

Net Initial Yield:	6.77%
Reversionary Yield (March 2010):	7.26%
Equivalent Yield:	7.25%
True Equivalent Yield:	7.60%
Capital Value per Sq Ft:	£189.55



Further Information

For further information or to arrange an inspection please contact the sole selling agent:



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