

# Property Week

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## Air apparent

Property entrepreneur Nicholas Tubbs reveals ambitious plans to buy the Navy's famous aircraft carrier Ark Royal and turn it into a floating heliport moored on the Thames. ■ analysis, p32-p34



# €9BN NAMA SALE

■ Ireland's €72bn "bad bank" plans to withdraw from UK loan portfolio over next two years

BY MIKE PHILLIPS

Ireland's National Asset Management Agency is to exit its €9bn UK portfolio in the next two years in what is likely to be one of the most dramatic sales the market has ever seen.

The "bad bank" also plans to establish an Irish residential REIT for more than 20,000 Irish homes it has inherited, and is drawing up plans for an Irish commercial property REIT.

NAMA's withdrawal from the UK would bring as much as €9bn of property to the market, and mark a swift departure from the UK for Irish institutions and investors that dominated during the boom.

Speaking at the launch of DTZ's Money Into Property report (analysis, p36) on Tuesday, NAMA head of lending and corporate finance Graham Emmett said the body would quit all its UK assets

or loans by the end of 2013. This will be achieved by pushing for consensual sales with borrowers or refinancing loans with new banks where possible.

If consensual sales cannot be made, NAMA will undertake deals through the appointment of receivers or administrators. Formal insolvency procedures will be examined as a "plan B" if talks with borrowers break down.

NAMA has bought €72.3bn of loans at an average discount of 58% to try to stabilise the Irish banking system. Its UK loan portfolio's face value is €19bn and the value of the property on which it is secured is €9bn. Around €3.3bn is sold or under offer, which means another €6bn of property could come to market over the next two years. This would make NAMA one of the largest single sources of deals.

Among the sales that have already commenced are residential development sites at Audley Street

car park in London's West End and Glebe Place in Chelsea, and an office property at 1 King William Street in the City.

"When you look at our UK loan book, the majority by capital value is in London and the south-east," said Emmett. "We have now undertaken the business plans for the top 40 borrowers - which represent around €30bn of par debt - and there is some really good-quality prime investment and development sites in there.

"The UK is a more liquid real estate market structurally than Ireland and, with 27% of the loan portfolio here, this is where we can achieve our near-term aim of repaying 25% of the NAMA bonds by 2013. Thus we plan to try and exit the UK exposures in the next two to three years, through borrower-led asset sales and refinancings.

Continues p5

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# Occupiers

Retailers | Corporates | Industrial | Leisure

## Comet pulls plug on stores and service centres

**Up to 10 stores to be divested and service centres closed. Christine Eade reports**

Comet, the electrical retailer, had been putting its troubled house in order, long before press reports suggested that parent company Kesa would sell the 250-strong chain and concentrate on its profitable French retailer, Darty.

A Comet spokeswoman confirms that between five and 10 stores have been identified for closure, but refused to name them.

But Comet's reduction in the size of its shops has been ongoing throughout this year. For the last seven years, the space it occupied on retail parks has remained constant. It peaked at 2.89m sq ft in 2007 and fell slightly to 2.82m sq ft in 2009, reports researcher Trevor Wood Associates.

Nick Howe, a partner at Edgerley Simpson Howe, says: "Comet has been proactive in downsizing and putting in mezzanine floors to save money in rent."

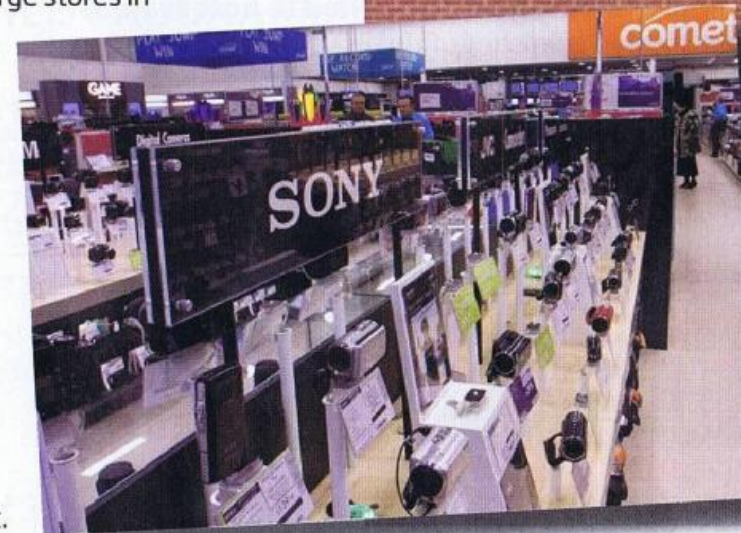
Howe cites the example of the deal that has just reached completion at Goldstone Retail Park in Hove, where he acted on behalf of landlord Scottish Widows Investment Partnership. Comet divided its 20,000 sq ft retail warehouse, retained 11,500 sq ft and made 8,000 sq ft available to Pets at Home.

Howe adds: "[Comet] are starting to fit out now, and it's a good example where they have downsized by putting in a mezzanine, thus keeping the floor area the same because of a mezzanine. They are saving in rent and getting a good footfall driver next door in Pets at Home."

Pets at Home will pay £37.50/sq ft on a new 15-year lease. Comet will pay £35/sq ft on the ground floor, instead of £30/sq ft it paid originally for the 20,000 sq ft.

Comet has suffered by being an early entrant into retail parks and took large stores in the first generation parks of the 1980s.

Mark Rudman, a partner in King Sturge's out-of-town retail department, says: "Comet has been trying to downsize for the last couple of years, and they are beginning to do that with some urgency. Everything that they acquired between 2001 and 2004 was 30,000 sq ft.

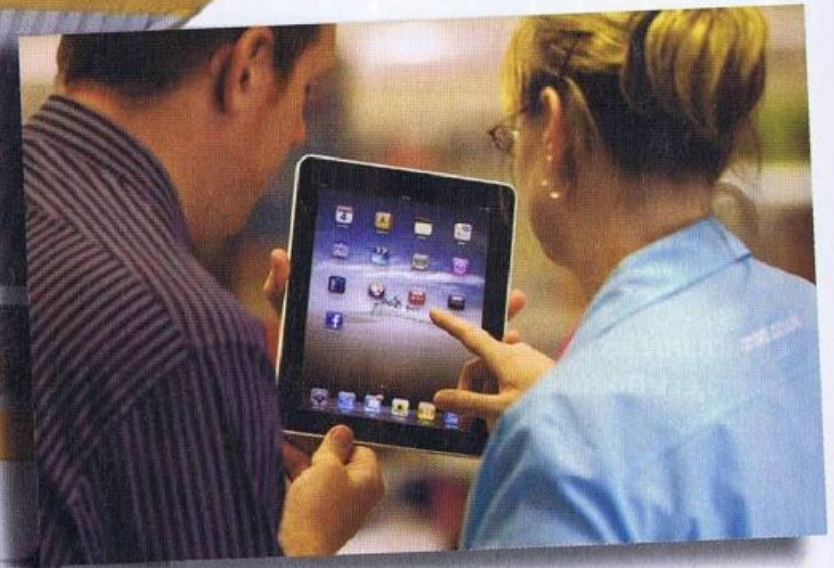






comet

Big is not beautiful: retail park early adopter Comet now finds mega-stores too large for today's products, and so is subletting mezzanines to other retailers



All they really need is 15,000 sq ft and, in some cases, 10,000 sq ft would suit, so that they could fit everything into a small ground floor to keep their rental costs down to enable them to improve profit margins."

If Comet is sold, the new buyer could be freed from the burden of 14 service centres. Comet announced in February that it was closing a national network of service centres on industrial estates where 411 engineers and repair men worked.

King Sturge is marketing the service centres. Those in Preston, Birkenhead, Loughborough, Waltham Cross, Watford, Bristol, Croydon and Maidstone are in the process of being closed.

Parts of the properties in Wolverhampton, Leeds, Gateshead, Coatbridge in Scotland, Hedge End in Southampton and Exeter are used as depots for home deliveries. ■