

**Prime Multi-Let
Industrial Investment
Opportunity**

Edinburgh | EH16 5UY

Prestonfield Park



Investment Summary

01

A rare opportunity to acquire a **multi-let industrial investment** opportunity in Edinburgh.

02

Prestonfield Park is centrally located approximately 2 miles to the south east of Edinburgh city centre with excellent road links and accessibility to Edinburgh's city bypass.

03

The estate comprises 8 standalone blocks encompassing 11 modern industrial and trade counter units, extending to a total of 99,835 sq ft.

04

Let to a variety of strong covenants including Edinburgh City Council, Howdens, St Andrews Timber and City Plumbing Supplies with a WAULT of 4.3 years to expiry (3.8 years to break)

05

Passing rent of £765,334 per annum (inclusive of guarantee) equating to a low average passing rent of £7.62 psf on the contracted income.

06

Market Rental Value of £809,522.75 per annum (£8.11 psf).

07

Strong performing industrial occupational and investment markets.

08

Heritable interest (Scottish equivalent of English freehold).

Offers in excess of **£12,480,000** (Twelve Million, Four Hundred and Eighty Thousand Pounds Sterling) are sought for our client's Heritable Interest in the property.

This reflects a **NIY of 5.75%**, a RY of 6.08% and a capital value per sq ft of £125 assuming purchaser's costs of 6.71%.







Edinburgh

Edinburgh is the capital city of Scotland and has a population in the region of 513,000 rising to 1.36 million within the 'Edinburgh City Region'. The city's catchment area extends beyond its political boundaries to include East and West Lothian as well as Fife and the Scottish Borders.



Strongest economy of any city in the UK

Edinburgh is consistently recognised as one of the most prosperous parts of the UK, having the strongest economy of any city in the UK outside of London.



UK's most economically active populations

The employment rate of the working population currently stands at 72.8%, making it one of the UK's most economically active populations.



One of the fastest growing cities in the UK

The population is expected to grow by 20% by 2039, making Edinburgh one of the fastest growing cities in the UK.



Financial and business centre

The city's financial and business centre is extremely diverse and home to more FTSE 100 companies than any other UK regional city.



Centre for education and research

The city is also a respected centre for education and research, with eight universities and a further education college – providing an educational catchment of 80,000 students. It is a recognised 'Tech Unicorn' and is home to a number of key technology companies such as Rockstar, Computershare, Skyscanner and Fanduel. Furthermore, it is a global centre for tourism with the world's largest arts festival, attracting around 4 million visitors a year.

Unrivalled Connectivity

Edinburgh is located approximately 400 miles north of London and 45 miles east of Glasgow. The city benefits from an excellent communication system with transport links by road, rail and air to many of the major cities within the UK and beyond.

Roads

Edinburgh benefits from excellent road communications. Surrounded by the Edinburgh city bypass, it is served by the M8 from the west (Glasgow and Livingston), the M90 / A9 from the north (Aberdeen and Inverness) and the A1 / A7 from the south / south east (the Borders, East Lothian and Newcastle).

Located within the city’s bypass, Prestonfield Park benefits from fantastic access to both the city centre and Scotland’s motorway network. The table below shows distances and approximate journey times to major centres from central Edinburgh:

Destination	Miles	Drive Time
Glasgow	45 miles	1 hr
Dundee	55 miles	1 hr 15 mins
Newcastle	105 miles	2 hrs 15 mins
Aberdeen	125 miles	2 hrs 30 mins
London	400 miles	8 hrs 45 mins

The closest bus stop is located at King’s Haugh on Peffermill Road which is a 5-minute walk from the estate. The stop is serviced by four different services – providing access across Edinburgh.

Rail

Edinburgh’s two main rail stations, Haymarket and Waverley, serve as the primary rail link for the city. They provide exceptional services following multi-million-pound refurbishments, line extensions and upgrades. Frequent services to and from London, in addition to services to all major UK and Scottish cities and towns allow the city to be a well-connected railway hub.

The table below indicates the approximate fastest journey times from Edinburgh:

Glasgow	50 mins
Dundee	1 hr 5 mins
Newcastle	1 hr 30 mins
Aberdeen	2 hrs 15 mins
Manchester	4 hrs
London	4 hrs 20 mins

Prestonfield Park is accessible from either Newcraighall Station or Waverley Station, located within a 12 and 14 minute drive respectively.



Trams

The city’s tram system, which was opened in 2014, now connects Edinburgh’s Airport with the city centre. The service stops at various key locations such as Haymarket Station, Princes Street, St Andrew Square and terminates at York Place. Works are currently underway to extend the tram to Newhaven and the extension is expected to become operational in 2023.

Air

Edinburgh Airport is located 8 miles west of the city centre and easily accessed via the motorway network or directly from the city centre by bus or tram. The airport is Scotland’s busiest airport and the sixth largest international airport in the United Kingdom. In 2019, passenger numbers hit a record high with close to 1.5 million passengers in the month of July, up 6.3% on the same month the previous year.

Edinburgh Airport was sold to Global Infrastructure Partners for £800m in April 2012. The new owners secured deals with airlines including EasyJet, Virgin Atlantic, Emirates and Qatar Airways. This has both increased the number of destinations served from Edinburgh, and the number of flights to existing destinations.



Situation


Prestonfield Park is located approximately 2 miles to the south east of Edinburgh city centre. It lies immediately adjacent to Peffermill Industrial Estate at the end of King's Haugh and benefits from attractive views towards Arthur's Seat.

Access to the Park is via Peffermill Road (A6095), which within half a mile to the west, connects to the A7 - one of the main arterial routes into the city.

The A1 lies approximately 2 miles to the east and provides a direct link to the city bypass (A720), which connects to the M8 at Hermiston Gait and in turn links to the M9 and the rest of the Scottish motorway network.

Surrounding occupiers include Graham, Balfour Beatty, Nairns Oatcakes and the Ambulance Service South East Division.

- 01 Peffermill Playing Fields
- 02 Cairntows Park
- 03 Police Scotland
- 04 Peffermill Industrial Estate
- 05 Prestonfield Golf Course
- 06 Prestonfield House
- 07 Castlebrae Business Centre
- 08 Peffer Place Business Centre

 Edinburgh Waverley Railway Station



Description

A rare opportunity to acquire a prime multi-let industrial estate in Edinburgh

The property comprises 8 standalone warehouse blocks of steel portal frame construction, finished externally in a combination of brick work and profiled metal sheeting. The roofs are pitched in style and clad in profile metal sheeting with approximately 10% translucent panels. The blocks generally provide an eaves height of 6 metres. 36 King's Haugh, Block D, Phase 2 is 8 metres. All units benefit from yardage and parking facilities.



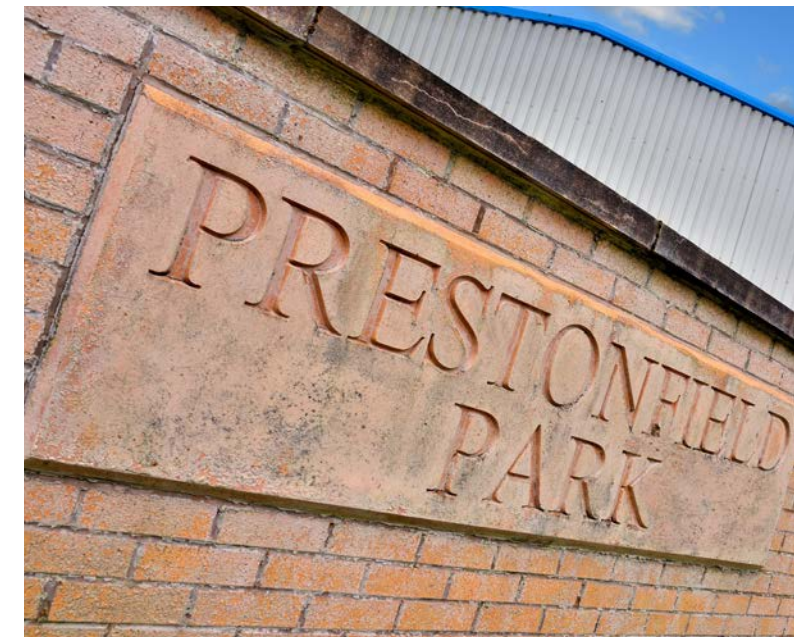
Tenure

Heritable (Scottish Equivalent of English Freehold).

Site Plan

The total site area extends to 3.17 Ha (7.84 acres), estimated from Promap.





Tenant	Unit	EPC Rating	Size (sq.ft)	Rent (£/pa)	Rent (£/sq.ft)	Lease Start	Lease Expiry	Next Review	Break	MRV (p.a)	MRV (psf)	Comments
St Andrew's Timber Supplies Limited	Block A	E-64	6,013	£49,607.25	£8.25	25/05/2017	24/05/2027	25/05/2022		£51,110.50	£8.50	Area stated in lease as 558.58 sq m. Assumed term of 10 years at rent review.
City Electrical Factors Limited	Block B, Unit 1	D-57	3,969	£21,500.00	£5.42	24/01/2011	23/01/2021			£35,721.00	£9.00	Schedule of condition attached to the lease. Renewal discussions ongoing. NB areas stated are as measured on site, unit has had substantial works which has created additional area. Renewal discussions on basis of original area of 3,000 sq ft.
City Electrical Factors Limited	Block B, Unit 2	D-57	4,022	£22,500.00	£5.59	05/10/2001	23/01/2021			£36,198.00	£9.00	Renewal discussions ongoing. NB areas stated are as measured on site, unit has had substantial works which has created additional area. Renewal discussions on basis of original area of 3,000 sq ft.
Richmonds Plumbing & Heating Merchants Limited	Block C	D-57	6,077	£50,320.00	£8.28	23/02/2018	22/02/2028		23/02/2023	£51,654.50	£8.50	6 months notice on tenant break option. £12,580 penalty if break option exercised. Schedule of condition attached to the lease.
Kelerbay Limited	Block D	C-39	15,630	£122,000.00	£7.81	25/03/2008	24/03/2023			£128,947.50	£8.25	
Howden Joinery Properties Ltd (guaranteed by Howden Joinery Limited)	Block E	C-36	11,506	£90,330.00	£7.85	01/09/2008	31/08/2023			£94,924.50	£8.25	
City Plumbing Supplies Holdings Limited	Block F, Unit 1	C-45	3,273	£28,640.00	£8.75	29/09/2008	28/09/2025	29/09/2023	28/09/2021	£29,457.00	£9.00	6 months notice on tenant break option. Assumed term of 10 years at rent review.
VACANT (guarantee)	Block F, Unit 2	C-36	3,216	£28,944.00	£9.00					£28,944.00	£9.00	1 year rent, rates and service charge guarantee to be provided.
St Andrew's Timber Supplies Limited	Block F, Unit 3	C-42	4,927	£40,590.00	£8.24	19/09/2018	24/05/2027	25/05/2022		£44,343.00	£9.00	Assumed term of 10 years at rent review.
City of Edinburgh Council	Block G	D-46	25,355	£180,000.00	£7.10	28/11/2008	27/11/2023			£177,485.00	£7.00	Area of yard sub-let to St Andrews Timber Supplies Limited expiring 27th November 2023.
St Andrew's Timber Supplies Limited	Block H	C-39	15,847	£130,902.75	£8.26	22/09/2008	24/05/2027	22/09/2022		£130,737.75	£8.25	Assumed term of 10 years at rent review.
Total			99,835	£765,334.00	£7.62*					£809,522.75	£8.11	

*On contracted rent.

Covenants



Howden Joinery Properties Limited

Howdens were established in 1995 and currently have over 700 depots across the UK. They have an estimated market share of 27% in the UK (Mintel 2019, UK Kitchens and Furniture Report) and are therefore the UK's leading supplier of fitted kitchens. They were voted as one of The Sunday Times Top 25 Best Companies to Work for in 2020.

www.howdens.com

Howden Joinery Properties Limited	Turnover	Pre Tax Profit	Shareholder Funds
29/12/2018	£56,366,000	£2,019,000	£1,285,000
30/12/2017	£53,759,000	£1,532,000	£234,000
24/12/2016	£47,882,000	£501,000	(£381,000)

Creditsafe Rating – 72A

Guarantor - Howden Joinery Limited
Creditsafe Rating - 100A



City Electrical Factors Limited

City Electrical Factors Ltd is a private limited company established in 1951 which manufactures and distributes electrical products and equipment. They are the UK's leading Electrical Wholesale Network with over 400 outlets and their group of companies extends across Ireland, North America, Spain and Australia.

www.cef.co.uk

City Electrical Factors Limited	Turnover	Pre Tax Profit	Shareholder Funds
30/04/2019	£558,982,086	£13,138,226	£172,099,707
30/04/2018	£533,538,627	£17,347,249	£161,747,126
30/04/2017	£491,531,359	£25,905,533	£147,619,907

Creditsafe Rating – 100A



St Andrews Timber & Building Supplies Ltd

St Andrews Timber & Building Supplies was established in 2002 and has since expanded to 3 locations in Edinburgh and Paisley. They provide a range of over 100,000 building materials for trade professionals and local customers and employ over 60 staff.

www.standrewstimbersupplies.co.uk

St Andrews Timber & Building Supplies Ltd	Turnover	Pre Tax Profit	Shareholder Funds
31/12/2018	£56,366,000	£2,019,000	£685,514
31/12/2017	£53,759,000	£1,532,000	£626,034
31/12/2016	£47,882,000	£501,000	£619,039

Creditsafe Rating – 44C



Richmonds Plumbing & Heating

Richmonds Plumbing and Heating was established in 1886 in Glasgow and has since expanded across Scotland to include locations such as Edinburgh, Bellshill, Paisley and Hamilton. They offer a range of bathroom, plumbing and heating supplies from various manufacturers across the UK, Germany and Italy.

www.richmonds-phm.co.uk

Richmonds Plumbing & Heating	Turnover	Pre Tax Profit	Shareholder Funds
31/12/2018	£9,843,606	£167,305	£2,135,065
31/12/2017	£9,269,025	£210,839	£2,002,320
31/12/2016	£8,214,462	£64,355	£1,831,379

Creditsafe Rating – 67B



Kelerbay Limited

Kelerbay Limited (the Doree Bonner International Group) are a removal and storage business offering services such as household removals, commercial re-locations, international removals and storage services.

www.doreebonner.co.uk

Kelerbay Limited	Turnover	Pre Tax Profit	Shareholder Funds
30/11/2018	£15,634,840	£371,093	£3,782,114
30/11/2017	£14,883,122	£847,806	£3,454,778
30/11/2016	£14,745,161	£677,595	£2,747,664

Creditsafe Rating – 64B



City Plumbing Supplies Holdings Limited

City Plumbing are part of the Travis Perkins Group who are the largest distributor of building materials and have been operating for over 200 years. The plumbing and heating company spans the trade, home improvement and DIY markets with 9 businesses within the division, employing 4,500 staff across 370 branches in the UK and Ireland.

www.cityplumbing.co.uk

City Plumbing Supplies Holdings Limited	Turnover	Pre Tax Profit	Shareholder Funds
31/12/2019	£1,129,000,000	(£18,900,000)	£187,800,000
31/12/2018	£637,000,000	£2,700,000	£195,400,000
31/12/2017	£586,000,000	£1,600,000	£192,000,000

Creditsafe Rating – 79A



City of Edinburgh Council

The City of Edinburgh Council is incorporated under Act of Parliament, the Local Government etc. (Scotland) Act 1994. The City of Edinburgh Council is the administrative body that governs the 17 wards of Edinburgh focussing its budget on maintaining and improving a good quality of life for the residents of the city by providing around 700 services. As a local authority it is the second largest employer in Edinburgh with a total workforce of around 18,500. The council also has the responsibility of ensuring the needs of the local communities are met and does this by focussing on housing, transport, education, culture, sports, communities and neighbourhoods along with health, wellbeing and the economy.

www.edinburgh.gov.uk

Industrial Market

Occupational Market

The industrial occupational market in Edinburgh has remained robust within the past few years despite the wider socio-economic impact facing the UK economy.

Changing consumer trends and the rise in e-commerce coupled with record low availability rates has contributed to increased demand for good quality industrial space. This low supply and high demand dynamic has led to rising rents and reduced incentive packages. Industrial estates located close to the city centre have experienced increased demand, with occupiers looking to be located close to target demographics. Pipeline remains limited due to estates facing competition from other land uses, including residential, this has been demonstrated within new developments which have experienced pre letting activity.

Investment Market

The Covid-19 Pandemic had a major impact on the UK property investment market in Q2, and a very limited amount of new sales have launched on the open market. Transactions continue to occur however, and appetite for the industrial and logistic sector remains strong from both domestic and overseas capital. The sector's positive underlying fundamentals of low supply and growing occupier demand provide good income security and potential for future rental growth. Industrial property in Scotland also offers an attractive yield discount when compared to similar product elsewhere in the UK.

Address	Tenant	Size (sq ft)	Lease term	Date	Rent psf headline
Unit 11, Sevenhills Business Park, Edinburgh	WCCTV	3,300	5 years (b/o year 3)	June 2020	£9.50
Unit 10, Sevenhills Business Park, Edinburgh	Premier Windscreens	3,300	10 years	June 2020	£9.50
R6 - Unit 1, Queen Anne Drive, Newbridge	Enjoy (UK) Limited	10,312	5 years (b/o year 3)	March 2020	£8.00
R6 - Unit 2E, Queen Anne Drive, Newbridge	Edinburgh Private Hire	4,531	10 years	March 2020	£8.50
U7, West Craigs Industrial Estate, Turnhouse Road, Edinburgh	Jewson	9,109	5 years	December 2019	£8.50
U3 Sevenhills Business Park, Edinburgh	Historic Environment Scotland	19,254	10 years	September 2019	£9.00

Location / Address	WAULT Years (Expiry)	Price	NIY	Date	Comments
Vaughan Park, Tipton, West Midlands	4.0 (7.2)	£9,090,000	5.80%	May 2020	New build estate (2018) in a prime distribution location.
244-256 Causewayside, Edinburgh	5.8 (6.9)	£2,920,000	5.32%	May 2020	Fully let terrace of 7 industrial units constructed in the 1970s. City centre location with underlying residential conversion opportunity in medium term.
Orpen Park, Bristol	3.7	£9,770,000	5.54%	April 2020	Prime multi-let industrial estate located in north Bristol.
Sands 10, High Wycombe	6.1 (6.7)	£21,460,000	4.75%	March 2020	Prime multi-let industrial estate of 10 units let to 4 tenants. One vacant unit.
1-12 Warner Drive, Braintree	3.9 (6.3)	£3,385,000	5.45%	March 2020	A reversionary South East multi let estate, consisting of 12 units, let to 8 tenants.
Bicester Road, Aylesbury	4.39 (2.93)	£29,010,000	4.75%	February 2020	Multi-let industrial estate with 24 terraces of varied size units. 3 vacant units.
Hatch Industrial Estate, Basingstoke	5.2 (4.6)	£13,400,000	5.87%	December 2019	Modern South East multi let industrial estate consisting of 11 units let to 7 tenants
Unit 1-8 Coldhams Road Industrial Estate, Cambridge	5.5 (8.4)	£9,165,000	4.20%	August 2019	Reversionary 1980's multi let trade estate in Cambridge city centre
Parkway Trading Estate, Trafford Park, Manchester	5.3	£10,600,000	5.20%	September 2019	Prime multi-let industrial estate made up of 11 units located just off the M60.
Sevenhills Business Park, Edinburgh	7.9 (9.0)	£15,000,000	6.26%	March 2019	Existing and spec scheme which at the time were under development and have since completed. Yields broke back to 6.00% on the built stock and 6.50% on the units under development.

Additional Information

Service Charge

The service charge budget for the year ending 31/07/2021 is £0.10 per sq ft. Please note, this rate is based on areas noted on the service charge budget which vary from the vendor's measurement survey report completed in July 2020.

Data Room

Detailed information can be found within an electronic data room. Access can be provided to seriously interested parties upon request.

Capital Allowances

The availability of Capital Allowances can be discussed with prospective purchasers. However, it is recommended that all parties seek their own specialist advice in this regard.

VAT

The property is elected for VAT. It is anticipated the sale will be affected by way of a Transfer of Going Concern (TOGC) and therefore no VAT will be payable on the purchase price.

Investment Rationale

- An opportunity to acquire a prime, multi-let industrial estate.
- Edinburgh is Scotland's capital city and is the largest financial UK city outside London.
- Prestonfield Park is located approximately 2 miles to the south east of Edinburgh City Centre.
- No short-term requirement for capital expenditure.
- Let to a variety of strong covenants with a WAULT of 4.3 years to expiry (3.8 years to break).
- An excellent combination on of unit sizes to accommodate a range of national grade occupier covenants.
- Opportunity to increase rents and capture the improving occupational market.

Proposal

Offers in excess of **£12,480,000** (Twelve Million, Four Hundred and Eighty Thousand Pounds Sterling) are sought for our client's Heritable Interest in the property.

This reflects a **NIY of 5.75%**, a RY of 6.08% and a capital value per sq ft of £125 assuming purchaser's costs of 6.71%.



Contact Information

For further information or to arrange an accompanied inspection, please contact the sole selling agents:

Janey Douglas

T +44 (0)7734 883 046

E janey.douglas@eu.jll.com

Calum Cowe

T +44(0)7432 741 411

E calum.cowe@eu.jll.com

Adam Creighton

T +44(0)7525 582 834

E adam.creighton@eu.jll.com



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Subject to Contract | Exclusive of VAT | July 2020.