

**Long Let, Well Secured
Industrial Investment Opportunity
with RPI Indexation**

**HONEYWELL
AEROSPACE**

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**Queen Anne Drive
Lochend Industrial Estate
Newbridge
Edinburgh
EH28 8LP**



HONEYWELL AEROSPACE

Offers in excess of **£4.0 million (Four Million Pounds Sterling)** are sought, subject to contract and exclusive of VAT for our client's heritable interest. A purchase at this level reflects a **net initial yield of 6.81%** and a **projected reversionary yield of 7.79%** in May 2025, assuming purchaser's costs of 6.51%.

INVESTMENT SUMMARY

- Prominent single let industrial unit with large secure yard and **significant frontage onto the A8**.
- **Prime, well established industrial and distribution location**, 8 miles west of Edinburgh city centre.
- Strategically positioned in **close proximity to Edinburgh Airport and the Newbridge Interchange**, providing direct access to the M8 and M9 motorways.
- Total gross internal area of 51,520 sq ft, with a **low site coverage of 24%**.
- Let to Com Dev Europe Limited until 13 May 2030 (**9.5 years unexpired**) with a tenant option to extend for an additional 5 years at expiry.
- **Parent company guarantees** in place from the substantial covenants of Honeywell Control Systems Limited (Shareholder's Funds of £280m as at 31/12/2018) and Honeywell International Inc (Pre-Tax profit of \$7.6 billion for YE 2019).
- Current annual rental of **£290,000 (£5.63 psf)** per annum.
- 5 yearly upward only rent reviews, to the **higher of open market value or RPI (capped at 3% pa compounded)**. Next rent review being 14 May 2025.
- Tenant has **recently regared and extended their lease**, demonstrating their commitment to the location.
- Heritable interest (Scottish equivalent of English Freehold)

EDINBURGH

Edinburgh is the capital city of Scotland and has a population in the region of 513,000 people.

The population is expected to grow by 20% by 2039. The city's catchment area extends beyond its political boundaries to include East and West Lothian as well as Fife and the Scottish Borders.

Edinburgh has one of the highest skilled workforces in the UK with 75.6% of residents aged 16-24 in employment and large proportion of all workers in highly skilled employment. In 2018, Edinburgh was named as the 'Best City to Live in the World' in the 2018 Sustainability Cities Index. This is due to its low crime rate, quality of education and overall health of the population. (Arcadis, 2018)

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 also an ever-increasing tech city 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 per year.

UNRIVALLED CONNECTIVITY



SITUATION

The property is situated on the north side of Queen Anne Drive, within Lochend Industrial Estate in Newbridge. It is situated approximately 8 miles west of Edinburgh City Centre and 37 miles east of Glasgow.

The property benefits from easy access to both the M9 and the M8 motorways and the A8 Glasgow Road. Edinburgh Airport lies approximately 2 miles to the east of the subject. The property has significant frontage to the A8 Glasgow Road.

Surrounding occupiers include Scotmid, FedEx, Debenhams, DHL, SSE, Tesla and Scania.





DESCRIPTION

The subjects comprise a purpose-built warehouse and office facility along with a machine shop annexe and a large surface car park.

The main warehouse building is of steel portal frame construction, clad externally with steel profile metal sheeting with internal blockwork walls to dado height. The roof is flat and clad with insulated profile metal sheeting. The main building provides facilities for research and development, manufacturing, storage and staff rooms. The building also provides single storey open plan office space. There are suspended ceilings throughout with LED lighting and air conditioning.

The annexe building known as the Galloway Building is situated to the east of the main building and is made up of single storey industrial space. It is constructed from steel trusses with concrete walls, externally clad with mortar and harling.



ACCOMMODATION

The subjects have been measured in accordance with the RICS Code of Measuring Practice (6th Edition) and we calculate that they have the following Gross Internal Areas (GIA):

Unit	sq m	sq ft
Main Building	3,931.01	42,313
Galloway Building (Annexe)	855.37	9,207
Total	4,786.38	51,520

TENURE

Heritable (Scottish equivalent of Freehold).



TENANCY INFORMATION

The property is let to Com Dev Europe Ltd until 13 May 2030 (9.5 years unexpired) at a current passing rent of £290,000 per annum. The original lease commenced on 14 May 2010 and was subsequently extended on 1st May 2020. There are five yearly upward only rent reviews, the next review date being 14 May 2025. The rent is to be reviewed to the higher of (i) open market rent and (ii) RPI, subject to a "Maximum Rent" of 115.9% of the rent prior to the review date (equating to 3% pa compound).

Assuming Oxford Economics forecast data for RPI, the passing rent will increase to circa £332,000 per annum at review in May 2025.

The tenants obligations under the lease are guaranteed by Honeywell Control Systems Ltd and Honeywell International Inc. There is a tenant option to extend the lease for a further period of 5 years from lease expiry, subject to 12 months prior notice.

The repairing clause under the tenant's lease obligations states that the tenants must maintain the subjects at their own cost "in no better condition than wind and watertight".

The tenant is in the process of consolidating their UK operations into the Edinburgh site and have carried out significant recent works to the unit including resurfacing of the car park and associated landscaping and upgrading/ replacement of internal HVAC and lighting systems. Further works are understood to be planned in the near future, including the installation of new clean rooms.

SITE

The property sits on a site of approximately 4.86 acres (1.76 Hectares) and provides a low site coverage of 24%.



TENANT COVENANT

Com Dev Europe Limited (Reg No: 01863723)

Com Dev Europe Ltd was founded in 1984 and its principal activities are the design and manufacturing of space and hardware systems. It is a global leader in the production of space qualified passive microwave equipment, specialized electronics and optical subsystems. It also provides microsatellite mission solutions. The company was bought by Honeywell in 2016 and has become part of Honeywell's Aerospace business. The company has a Creditsafe rating of 35C (moderate risk).

Year to Date	Turnover	Pre-Tax Profit	Shareholder's Funds	Employees
31/12/2019	£14,673,000	-£5,874,000	-£6,214,000	156
31/12/2018	£21,322,000	-£3,005,000	-£254,000	162
31/12/2017	£23,294,000	-£1,439,000	£2,751,000	167

Honeywell Control Systems Limited (Reg No: 00217803)

Guarantor, Honeywell Control Systems Ltd have a Creditsafe rating of 94A (very low risk) and have shareholder funds totalling £280,590,000 (accounts filed to 31/12/2018).

Year to Date	Turnover	Pre-Tax Profit	Shareholder's Funds	Employees
31/12/2018	£294,015,000	£39,308,000	£280,590,000	1456
31/12/2017	£268,134,000	£21,759,000	£239,345,000	1606
31/12/2016	£319,379,000	£25,597,000	£148,671,000	167

Honeywell International Inc (Company Number: 2061772)

Guarantor, Honeywell International Inc have a Creditsafe rating of 87A (very low risk) had shareholder funds of \$18.7 billion and pre-tax profit of \$7.6 billion to year end 2019.

Year to Date	Turnover	Pre-Tax Profit	Shareholder's Funds
31/12/2019	\$36,700,000,000	\$7,600,000,000	\$18,700,000,000
31/12/2018	\$41,800,000,000	\$7,500,000,000	\$18,400,000,000
31/12/2017	\$40,500,000,000	\$6,900,000,000	\$17,400,000,000

Honeywell
www.honeywell.com



INDUSTRIAL MARKET OVERVIEW

2020 has seen positive signs of activity within the industrial occupational market despite the headwinds caused by COVID-19. Requirements are continuing to increase and demand is rising for well-located good quality stock as supply levels continue to fall. This is predominantly due to the lack of development over the last 5-10 years which has seen a positive impact on existing prime industrial locations and units.

A schedule of recent industrial investment comparables are set out below:



Address	Size (sq ft)	Date	Price	NIY	Cap Value (psf)	Comments
Unit 201, Clyde Gateway, East London Road, Glasgow	28,017	Oct-20 (Under offer)	£3,220,000 (quoting)	6.00%	£114.93	Modern unit let to Torishima Service Solutions Europe. 15 years to expiry (10 years to break). OMV reviews.
30 South Gyle Crescent, Edinburgh	30,050	Oct-20	£4,100,000	4.82%	£136.44	Distribution warehouse single let to UPS. 9 years to expiry (7 years to break). OMV reviews.
Tallents House, Edinburgh	94,323	Dec-19	£11,500,000	6.11%	£121.92	Distribution warehouse with large office content, let to Royal Mail. 10.33 years to expiry. OMV reviews.
Royal Mail Sorting Warehouse, Cultins Road, Edinburgh	215,745	Dec-19	£25,000,000	5.35%	£115.88	Large sorting warehouse let to Royal Mail. 10.63 years to expiry.
Riverside Distribution Centre, Dundee	141,304	Jun-19	£6,500,000	5.26%	£46.00	Single let to Brake Brothers. 17.5 years unexpired. 5 yearly RPI linked reviews (0% - 4%). 60,000 sq ft sub-let to Amazon.
Viewfield Industrial Estate, Glenrothes.	219,023	Apr-19	£5,770,000	6.25%	£26.34	Older manufacturing unit let to Brand-Rex Limited. 19.8 years unexpired. 5 yearly reviews to RPI (1%-3%).

PROPOSAL

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EPC RATING

Main Building = E
Galloway Building = E

Copies of the EPC Certificates can be provided upon request.

VAT

The property is elected for VAT. VAT will be payable on the purchase price, however it is anticipated that the sale will be enacted by way of a Transfer of a Going Concern (TOGC).



FURTHER INFORMATION

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IMPORTANT NOTICE JLL for themselves and for the vendors or lessors of this property whose agents they are give notice that: (i) the particulars are set out as a general outline only for the guidance of intending purchasers or lessees, and do not constitute, nor constitute part of an offer or contract; (ii) all descriptions, dimensions, references to condition and necessary permissions for use and occupation, and other details are given in good faith and are believed to be correct but any intending purchasers or tenants should not rely on them as statements or representations of fact but satisfy themselves by inspection or otherwise as to the correctness of each of them; (iii) no person in the employment of JLL has any authority to make or give any representation or warranty whatsoever in relation to this property. Date of Preparation of Details: October 2020.