



PRESS RELEASE

McKay Announces £19 million Acquisition of The Mille, Brentford

McKay Securities PLC, the Real Estate Trust specialising in South East and London office and industrial property, is pleased to announce the freehold purchase of The Mille, 1000 Great West Road, Brentford, London from Forthright Property Investments (Brentford) Ltd, clients of Helix Properties, for £19.30 million.

The building, which totals 96,650 sq ft of office floor space over 11 floors, is located in a highly prominent position on the south side of the elevated section of the M4 motorway. It is adjacent to the Glaxo Smithkline headquarters and opposite the University of West London. The property was refurbished extensively in 1985, and has subsequently undergone a rolling programme of further refurbishment.

The building is currently let to 17 tenants generating a rental income of £1.02 million pa, with rents varying from £13.50 psf to £20.00 psf. There are 8 vacant suites totalling 15,725 sq ft. Advertising hoardings and roof top masts generate an additional £180,950 pa, taking the total income from the building to £1.20 million pa.

Included with the purchase is a site next to the property let separately as a car rental facility and a stand alone advertising tower, generating additional income of £370,000 pa.

The combined rental income of the building, advertising tower and car rental facility is £1.57 million pa, providing an initial yield of 7.7%. The reversionary yield if fully let at a conservative ERV of £20 psf prior to any increase in advertising revenue, is 11.8%. The purchase price equates to £130 psf for The Mille Building on a pro-rata basis, excluding advertising and other ancillary income.

Commenting on the purchase, Simon Perkins, Managing Director of McKay, said:

“ The building has excellent potential to benefit from the increasing rental values that have already spread beyond the West End to Hammersmith and Chiswick. The rent differential between these markets and Brentford is at an all time high. We believe this gap is likely to close as more companies compete for limited space, which will drive rental growth.

A rolling refurbishment programme will improve the appeal of this building to occupiers. There is also untapped potential to improve the level of income generated from the advertising displays in this sought after position, right next to the extremely busy elevated section of the M4 motorway. There is also the medium term potential to undertake a major refurbishment or redevelopment scheme to capitalise on the image and branding potential offered by the location.

Our £87 million capital raise in February has given us the ability to secure a number of excellent acquisitions. We target buildings that have the potential to improve rental income and increase capital values. We know our markets well and it is encouraging that we are being introduced to a good number of potentially exciting opportunities, both on and off market. So far we have deployed £31 million of the £87 million raised on acquisitions, and we are continuing to assess further acquisition and portfolio opportunities.”

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