



McKAY SECURITIES PLC

McKAY ANNOUNCES £11M WAREHOUSE ACQUISITION

McKay Securities PLC, the only Real Estate Investment Trust specialising entirely in the South East and London office and industrial markets, is pleased to announce the acquisition of a freehold distribution unit for £10.70 million. The property was acquired from Patron and APAM following their recent purchase from Goodman.

The 96,850 sq ft distribution facility is located at Junction 12 of the M4 motorway, adjacent to the Arlington Business Park at Theale in Berkshire. This recognised distribution location is on the edge of Reading and 45 miles west of Central London.

The unit is let to Kuehne & Nagel, the international logistics and warehousing specialist, from where it runs a dedicated frozen distribution operation providing logistics support for Waitrose. The building is let until 2020 with a tenant only break clause exercisable on 9 months notice in January 2018, subject to a 12 month rent penalty payable by the tenant. The annual rent of £750,000 pa, which is equivalent to a low rent of £7.74 psf, represents an initial yield of 6.6% on the purchase price, increasing to 7.1% off our estimated ERV for the existing building of £8.25 psf.

The distribution facility was built in 1984. It comprises a steel framed warehouse of 83,225 sq ft with office and workshop facilities totalling 96,850 sq ft on a 6 acre site. The low site cover results in the property benefitting from a large, secure yard.

In addition to continued use for distribution, the property has planning consent for 209,992 sq ft redevelopment to office space as an extension of Arlington Business Park.

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

“ This acquisition was completed within five working days from the agreement of terms, demonstrating our quick decision making process, rapid execution capability and the benefit of having availability of funds. This is an excellent opportunity let to a first class operator. The supply of warehouse accommodation in such close proximity to the M4 motorway is limited, and the location, size and large secure yard are all positive characteristics that will appeal to occupiers.

“ The acquisition provides us with an attractive income until lease expiry. If our existing tenant vacates, we anticipate refurbishing the unit to achieve a higher rent, but will also be able to consider the potential for office use at that time. Since our major capital raising in 2014, we have been investing in larger assets where we can identify opportunities for growth. This acquisition matches our investment criteria and is right in the heart of our core market and close to many of our other assets.”

Haslams and Whitmarsh Holt Young acted for McKay. Tudor Toone acted for Patron and APAM.

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