

MESL Microwave

Lochend Industrial Estate, Newbridge EH28 8LP

INVESTMENT SALE



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Investment Summary

- Located in Edinburgh's prime industrial location.
- Let to MESL Microwave Ltd on Full Repairing and Insuring terms until May 2020.
- 5 yearly rent reviews to the higher of the passing rent, RPI or open market value subject to a maximum increase of 115.9% of the passing rent.
- Total gross internal area of 51,671 sq ft, with low site coverage of less than 30%.
- Adjacent to the A8 and Newbridge Interchange with direct access to the M8 and M9 motorways.
- Current annual rental of £231,070 per annum, with the next rent review in May 2015.
- Offers over £2.5million, reflecting a net initial yield of 8.74%, assuming purchaser's costs of 5.8%.



Edinburgh

Edinburgh has a resident population of approximately 470,000, with a surrounding catchment population in the order of 1.1 million, including Fife and the Lothians.

The city is Scotland's financial capital, ranked second in the UK behind London and, measured by equity assets, the fourth largest in Europe. The city accommodates the headquarters of some of the world's largest companies, including HBOS, RBS, Scottish Widows and Standard Life.

Edinburgh is a vibrant and cosmopolitan European centre and a major tourist destination, attracting more tourists in the UK than anywhere outside London. The city benefits from a strong educational offer with four universities and numerous colleges of further education. Edinburgh is also a major cultural centre, playing host to the annual Edinburgh Festival (the world's largest arts festival), as well as home to several national art galleries, history and science museums.

Lochend Industrial Estate, Newbridge

Lochend Industrial Estate is located in Newbridge, which lies at the hub of Scotland's motorway network in the east, where the M8 and M9 motorways meet.

The location offers exceptional road access to Edinburgh and the east (7 miles), Glasgow and the south and west via the M8 (35 miles), Stirling and the north-west via the M9 (25 miles) and Perth and the north-east via the M90 (38 miles). Edinburgh Airport is only 3 miles distant.

Other occupiers at Lochend Industrial Estate include The Co-Op, Debenhams Retail, Drambuie and RSP Consulting.



Accommodation

The total gross internal area as measured by the selling agents in May 2011 was 51,671 sq ft (4,800.41 sq m).

The breakdown of the floor areas is as follows:

Main Building	42,650 sq ft	3,962.35 sq m
Galloway Building	9,021 sq ft	838.06 sq m
Total	51,671 sq ft	4,800 sq m
Site Area	4.34 acres	1.76 hectares

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Description

The subjects comprise a purpose built warehouse and office complex, together with a machine shop annexe and large car park, all contained within a site extending to approximately 4.34 acres.

The main building is of steel portal frame construction, externally clad with full profile metal sheeting on the majority of elevations, with internal blockwork walls to dado height. The roof is flat and clad with insulated profile metal sheeting. The main building is broadly L-shaped and provides single-storey open plan office accommodation in addition to facilities for research and development (including clean rooms), manufacturing, storage and staff break-out. There are suspended ceilings throughout, incorporating LG3 lighting and air conditioning. Heating is provided by gas-fired roof mounted hot air blowers.

The smaller machine shop annexe – known as the Galloway Building – is situated to the east of the main building and provides single-storey partitioned industrial space with staff canteen and WCs. It is of steel truss construction, with concrete blockwork walls externally clad with mortar and harling. The roof is pitched and clad with insulated profile metal sheeting, incorporating translucent panels providing daylight to the building and electric fans for cooling. Heating is produced by the same means as the main building.

The site coverage is approximately 27%. The unbuilt areas provide car-parking for 184 cars, outdoor storage and circulation space. Much of the latter is put over to lawn and landscaping.

Tenancy Information

The property is let in a Full Repairing and Insuring lease to MESL Microwave Limited from 14th May 2010 until 13th May 2020. The current passing rent is £231,070 per annum (£4.47 per sq ft) with the next rent review on 14th May 2015. A copy of the occupational lease is available on request.

Rent Review

The lease contains a formula within the rent review clause, which directs the subjects to be valued to the higher of (a) the rent passing; (b) the Open Market Rental Value; or (c) such sum indexed to the Retail Price Index. This New Rent is subject to a maximum increase of 115.9% of the passing rent.

Repairing Obligation

A clause under Tenants' Obligations states that the tenant must maintain the subjects at their own cost in 'no better condition than wind and watertight' unless any 'damage, deterioration or destruction' is caused by an insured risk.

Tenant Information

MESL Microwave Limited play a major role in the global microwave technology market, designing and manufacturing world-class components & subsystems for the radar, communications, defence,

aerospace and transportation industries. The subjects were purpose-built for the company, underlining MESL's core role in the Scottish electronics and computing industry.

For the year ended 31st December 2009, MESL Microwave Limited reported a total turnover of £10,264,000, pre-tax profit of £1,164,000 and a net worth of £4,415,000. Experian rate the company as Very Low Risk.

A guarantee exists from the parent company MESL Holdings Limited to maintain the obligations of the tenants under the lease.

Tenure

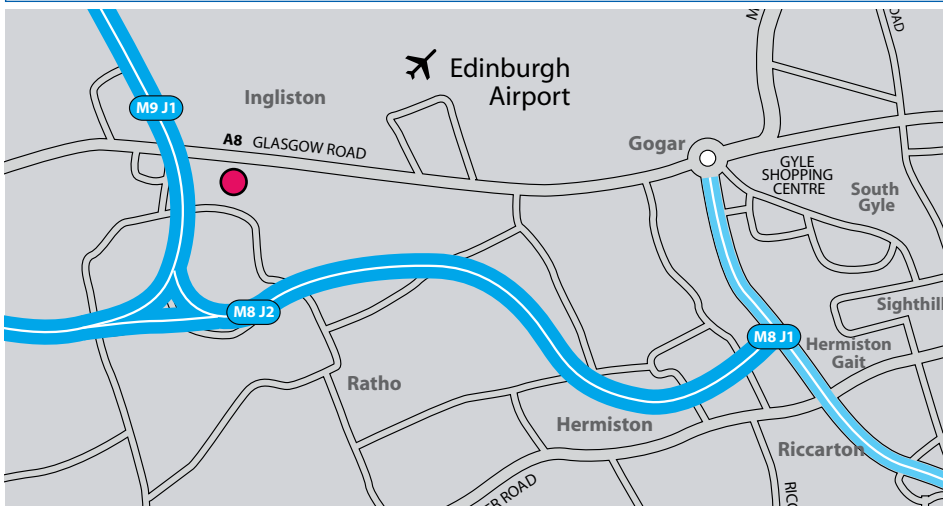
Heritable (Scottish equivalent to English Freehold).

VAT

We understand that the property has been elected for VAT. However, we anticipate that the transaction could be treated as a Transfer of a Going Concern (TOGC).

Proposal

We are instructed to seek offers in excess of £2.5million which reflects a net initial yield of 8.74%, assuming purchaser's costs of 5.8%.



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Further Information

For further information or to arrange a viewing please contact the joint selling agents:

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The Agents 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 the intended purchasers or lessees and do not constitute, nor constitute part of, an offer or contract; (ii) all descriptions, dimensions, reference to condition and necessary permissions for use and occupation, and other details are given without responsibility and any intending purchasers or tenants should not rely on them as statements or representations of fact but must satisfy themselves by inspection or otherwise as to the correctness of each of them; (iii) no person in the employment of the Agents has any authority to make or give any representations or warranty whatever in relation to this property. May 2010.