



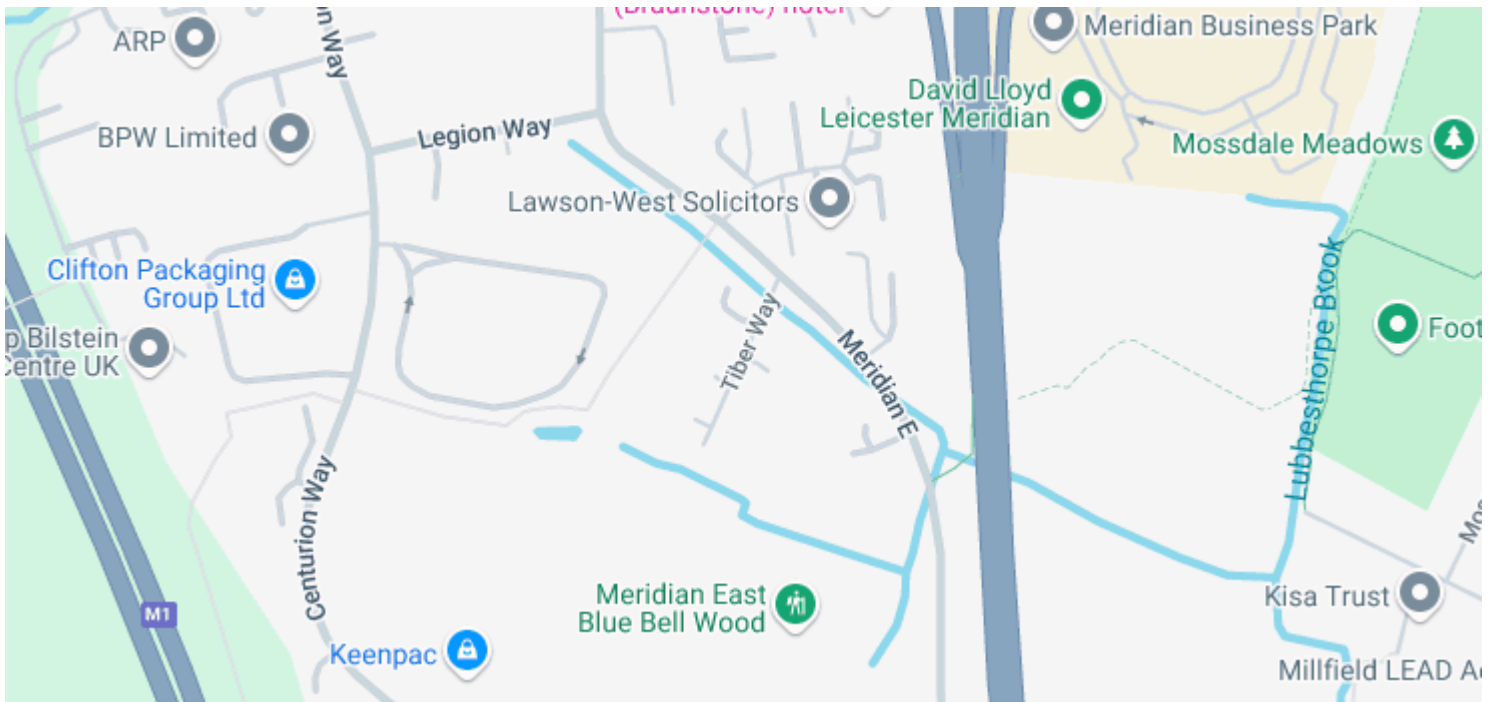
Prime Industrial / Warehouse Investment Opportunity

 Unit F, Tiber Way, Meridian Business Park, Leicester, United Kingdom, LE19 1QP

FOR SALE 

£ 3,040,000 Subject to contract

Location



Meridian Business Park in Leicester is recognised as one of the premier business and industrial locations in the United Kingdom. It lies immediately to the east of the M1 Motorway, accessible from Junctions 21 at the intersection with the M69 Motorway. The M1 Motorway provides a direct connection to the national motorway network, including London some 100 miles / 161 km to the south and Leeds 95 miles / 153 km to the north. The M69 provides a fast and easy connection to the M6 Motorway at Junction 2, some 15 miles / 24 km distant.

East Midlands airport is only 20 miles / 32 kms from the property. The airport is a major UK air hub, offering both domestic and international flights. The airport operates numerous cargo flights, making it one of the busiest freight airports in the UK, thereby facilitating efficient logistics and supply chain operations for businesses located at Meridian Business Park.

Well known occupiers at Meridian Business Park include Royal Mail, DHL, Sytner Group, Toyota, British Gas and Bunzl, to name just a few.

Fosse Shopping Park, one of the UK's largest out-of-town shopping parks, is positioned close to Meridian Business Park, accessed easily from the M1 Motorway via the A5460. The substantial retail park is renowned for its extensive shopping, dining and entertainment with occupiers including Next, Marks & Spencer, River Island, Sports Direct, Ikea, McDonald's, Pure Gym and Starbucks.

Summary

- Prime investment opportunity
- Premium business and industrial location
- Secure Income
- New lease renewal reflecting tenant's long-term commitment
- Tenant heavily invested in the property
- Reversionary income
- Offers in the region of £3,040,000, subject to contract
- 7.0% Net Initial Yield
- 7.9% Net Reversionary Yield

Situation

Unit F is prominently positioned fronting Meridian East which provides fast and easy access to Meridian South, leading to the M1 Motorway junction. Meridian East also leads north to Meridian Way which connect with the A563 at the junction with the Meridian Leisure Park, an established entertainment facility including a Vue cinema and many well-known restaurants including Nandos, Burger King and Five Guys.

Please refer to the aerial photography provided to appreciate the prime position of the property.

Description

Unit F is a modern industrial / warehouse unit built in the late 1990s. It is of steel portal frame construction with brick elevations and steel profile cladding, beneath a pitched steel-clad roof. The eaves height is 7 metres /23 feet. Two loading doors lead to a large concrete parking and turning area. The property was built with integral two-story offices, benefitting from raised access floors, suspended ceilings and comfort cooling.

The tenant has invested heavily into the unit. Please refer to “Tenant’s Capital Investment” below.

A Precast Panel Inspection of 6th December 2023 can be downloaded from the data room. The report, by Firntec Building Compliance, confirms that precast panels at the property are not formed of Reinforced Autoclaved Aerated Concrete (RAAC).

Accommodation

The property has been measured by BKR Floor Plans and currently provides the following floor areas:

Accommodation	Sq Ft	Sq M
Ground Floor Warehouse	25,102	2,331.98
Ground Floor Ancillary	1,354	125.79
First Floor	3,129	290.68
Total Gross Internal Floor Area	29,585	2,748.45

It should be noted that the area agreed between the freeholder and the tenant at the last rent review, and used for the recent lease renewal, is 28,323 sq ft / 2,631.29 sq m .

The areas listed in the schedule above show the current configuration after tenant's alterations.

A set of floor plans and measurements is available to download; the measured survey report will be re-addressed to a purchaser at a cost of £770 + VAT.

Rates

The Rateable Value is £165,000. The Business Rate multiplier is 54.6 pence per pound resulting in a rates liability for a tenant of £90,090.

Site

The site area extends to approximately 1.36 acres / 0.55 hectares, providing a site cover in the order of 42%.

A Desktop Environmental Assessment was undertaken in June 2024 by Ramboll which reported the Contaminated Land Risk Ranking at "Low" and the Regulatory Flood Designation as "Flood Zone 1 (low probability of fluvial flooding)". The report is available to download and a Letter of Reliance will be provided to the purchaser on completion of the sale at a cost of £1,980 + VAT.

Tenure

Freehold.

Tenancy

The property is let to UAV Tactical Systems Limited (Company number 5241592) on a full repairing and insuring lease for a term of 10 years from 10th October 2024, expiring 9th October 2034. The lease provides for a rent-free period of 4.5 months, followed by a rent of £170,000 per annum for 1.5 months, then £226,500 per annum (based upon £8.00 per sq ft / £86.11 per sq m on agreed floor areas). The incentive equates to 4.9 months rent free in total. The vendor will “top-up” the income so a purchaser benefits from an income of **£226,500 per annum** from completion. The lease provides for a tenant’s break clause on 10th October 2030, the 6th anniversary of the term, subject to serving notice of no less than 6 months . The lease provides for an upwards only rent review at the 5th anniversary of the lease.

Tenant’s Capital Investment

The Licence to Alter of 11th August 2014 granted consent to the tenant to undertake “Works” (referred to in “The Schedule”) and specifically to remove these “Works” and reinstate at the end of the lease. However, the tenant is not obliged to reinstate “Excluded Works”, meaning:

- a) “The improvements to the thermal envelope of the building at the Property
- b) The internal walls to be put in surrounding the internal perimeter of the warehouse
- c) Heating and Lighting to Office
- d) Heating and Lighting to Warehouse
- e) Security fence”

Whilst the tenant’s improvements are to be disregarded at rent review, the significant investment into the property will be to the benefit of the freeholder should the tenant choose to vacate in the future. In 2014 when the tenant first occupied the premises, the tenant spent £2.5m fitting-out. .

The significant tenant’s improvements (“Works”) as listed in the Licence to Alter include: Extension of mezzanine across full width; fire escape staircase; new toilet and shower areas; renewal of mechanical and electrical installations; security fence; connection to increased power supply.

A further Licence to Alter dated 30th June 2022 can be found in the data room. The licence relates to works associated with the external fire escape.

Rental Value

The headline rent recently agreed at the lease renewal reflects a rent of **£8.00 per sq ft / £86.11 per sq m**.

We are aware of new open market letting which occurred in April 2024 at Unit 2, Meridian West, Meridian Business Park, LE19 1WX. We understand that the property provides accommodation of 16,565 sq ft / 1,538.94 sq m and was let to Technical Surfaces Limited on a ten-year lease with a six month rent-free period, at a rent of £155,000 per annum equating to **£9.35 per sq ft / £100.64 per sq m**.

Whilst the lease renewal has just concluded with Unit F, given the above evidence it is reasonable to suggest that an open market letting would have achieved a rent in the order of **£9.00 per sq ft / £96.88 per sq m**. Based upon the current configuration and measured areas, this would result in a rent at open market letting of **£266,265 per annum**. Based upon the agreed floor areas, the rent at rent review can be expected to be no less than **£255,000 per annum**.

Therefore, we suggest the income is reversionary, despite the recent lease renewal.

Covenant

UAV Tactical Systems Limited (Co. No.) has reported the following figures:

	31st December 2022	31st December 2021
Turnover	£16,141,000	£17,320,000
Pre-Tax Profit (Loss)	(£56,000)	(£286,000)
Balance Sheet	£3,372,000	£3,409,000.00

Note that the loss considers the “Depreciation of property, plant and equipment” of £410,000.

According to their website “U-TacS was created in 2005 for the purpose of delivering a specific Tactical Unmanned Air System capability to the British Army”. For further information on the tenant, please refer to their website www.u-tacs.co.uk.

UAV Tactical Systems Limited is 51% owned by Elbit Systems UK Limited and 49% by Thales UK Limited.

Elbit Systems UK Limited (Co. No. 05241591) has reported the following figures:

	31st December 2022	31st December 2021
Turnover	£64,619,000	£33,738,000
Pre-Tax Profit (Loss)	£3,010,000	£13,238,000.00
Balance Sheet	£46,204,000	£43,870,000

Thales UK Limited (Co. No. 00868273) has reported the following figures:

	31st December 2022	31st December 2021
Turnover	£930,420,000	£948,007,000.00
Pre-Tax Profit (Loss)	(£27,229,000)	£45,968,000
Balance Sheet	£849,084,000	£725,448,000

EPC

The property has an EPC rating of C.

VAT

The property is elected for VAT. We anticipate that the sale should be capable of being treated as a Transfer of Going Concern (TOGC).

Proposal

We are instructed to seek offers in the region of **£3,040,000** (Three Million and Forty Thousand Pounds), subject to contract, reflecting a net initial yield of **7.0%**, assuming standard purchaser's costs of 6.45%.

Based upon the suggested rental value of £255,000 per annum, a purchase at the asking price reflects a reversionary yield of **7.9%**.

Please note that a purchaser will be re-charged the cost of the measured survey £770 + VAT and searches (£3,633.32 inc VAT) which are provided in the data room. Furthermore, a purchaser will be charged the cost of providing the Reliance Letter and Phase I Environmental Report at a figure of £1,980 + VAT.

Investment Considerations

1. An opportunity to acquire a prime industrial / warehouse investment;
2. The property is located within one of the premier business and industrial locations in the United Kingdom;
3. Secure income;
4. New ten-year lease signed in August 2024 at lease renewal;
5. Tenant is heavily invested in the property;
6. Attractive net initial yield
7. Reversionary income

Data Room and clicktopurchase®

The property is available for immediate purchase using the clicktopurchase® facility. Please see the access area “Legally Purchase Fully Online with clicktopurchase” to register an account, view the data room and commence the process to purchase online.


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