

Nova Hexagon 80 Pension and LLP Syndicate

Hexagon House | Michigan Drive | Tongwell | Milton Keynes | MK15 8HT



Summary

- Office HQ Building
- Strong tenant
- Freehold
- Principal Business Centre
- Good Quality Accommodation

The Property

Purchase Price:	£3,700,000
Tenure:	Freehold
Tenant:	Leica Geosystems for a term of 10 years and 5 months from 1 st June 2013.
Break Options:	none
Repairs:	full repairing and insuring subject to a schedule of condition
Rent:	£259,420 per annum
Reviews:	not applicable



The property is located in Milton Keynes, opposite to Mercedes UK central office.

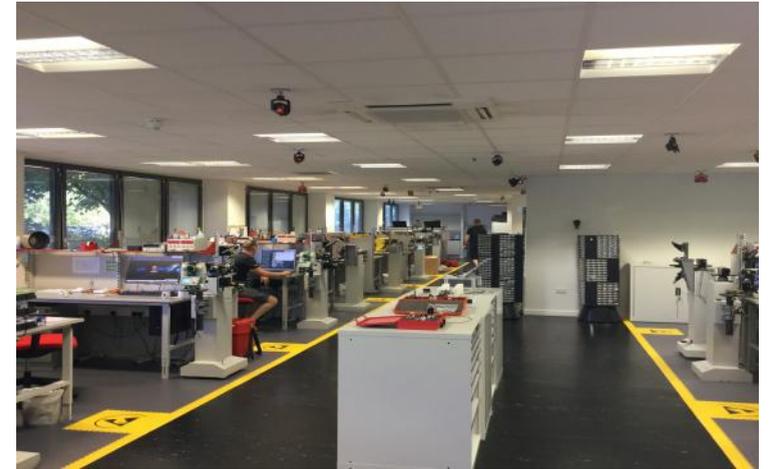
The building is prominently located on Michigan Drive adjacent to the M1 motorway.

The freehold property comprises a two storey detached office building with ancillary loading bays, storage and a yard to the southern elevation of the property.

The property occupies a mature landscaped site of 2.17 acres, with 70 car parking spaces, providing a ratio of 1:414 per sq ft.

The tenant Leica Geosystems (based in Switzerland) have spent a significant amount on improvements, including mechanical and electrical installations, comfort cooling and solid floors that must be absolutely level for their Instruments.

Leica produces products for surveying and measurement and also GPS satellite navigation technology and laser rangefinders. For the year to 31 December 2017 their turnover was £63 million and profit before tax £5.9 million.



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Description	Total including VAT (£)
Purchase price	3,700,000
Stamp duty	174,500
Legal costs	30,000
Mortgage arrangement fee	10,000
Agents fees	44,400
Lewis purchase fee	122,100
Carey Fee / Float	151,800
Valuation	7,200
Total	£4,240,000

VAT will be reclaimed of circa £33,950 at first VAT quarter

Please note that the float account and VAT refund will act as a buffer. We are just being cautious.

The Investment

We are inviting pension and LLP investments from suitably knowledgeable and experienced investors.

The Capital Growth (Deferred Income) investors will take on a share of the mortgage.

The Immediate Income investors will accrue their share of the rent from day one.

For further information please contact your personal adviser at Lewis.

Potential Return

The syndicate is buying this property at a gross yield of 7.00%.

Immediate Income

Income will be paid monthly in advance at 5.75% per annum before tax.

An investment of £ 32,400 will receive income of £155.25 per month.

Deferred Income

For those that want a deferred income stream an investment of £32,400 together with a £10,000 share of the mortgage, makes a total investment of £42,400.

This will acquire an estimated 1.00% of the property and the following estimated returns:-

- Immediate share of the rent of £2,438.00 per annum after the annual charge; this is used firstly to repay your share of the mortgage.
- This rent represents 7.52% per annum from the original investment or 12.50% per annum for a pension investor who has received higher rate tax relief at 40% on the contribution.
- The mortgage is likely to have been repaid in 4.75 years, assuming an average interest rate of 5.65% per annum.
- The immediate variable mortgage interest rate is circa 3.50% per annum.

The objective is to form a syndicate whose members can transfer in circa **£3,240,000** of funds. The syndicate will then borrow circa **£1,000,000** secured against the property. The loan will be from a bank or possibly a private lender. Investing in the LLP (non pension) will result in taxation.

Lewis' annual fee 4% plus vat of rental income (currently **£10,376** + VAT per annum), paid quarterly in advance.

Lewis Property Services UK Ltd annual fee 2% plus vat of rental income (currently **£5,188** + VAT per annum).

Nova

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SUMMARY

We are delighted to recommend this investment property to you for the following reasons:-

- This is a prime office building in central UK.
- A large freehold site of 2.17 acres with only 34% site coverage by the building.
- The tenant Leica are financially sound with profits last year of just under £6 million.
- The property is 32,307 square feet and the rent equates to a low overall rate of only £7.83 per sq ft.
- Milton Keynes is one of the fastest growing new cities in the UK with population growth for the 10 years to 2014 averaging 18% per annum.
- We believe the current rent is low and should see good increases over the longer term.

Best wishes

Tim Lewis

Lewis Investment is a trading name of Lewis & Co (Investments & Pensions) Ltd which is authorised and regulated by the Financial Conduct Authority. Investment via your pension is regulated and will be covered by the Financial Services Compensation Scheme (FSCS) and the Financial Ombudsman Service (FOS). Direct investment into commercial property, outside of a pension, is not regulated and as such, **may not** have recourse to the FOS or FSCS

Risk Factors

These will be detailed in your personal recommendation report, but key risks to consider are:-

- Inflation can have positive and negative effects on commercial property. Low interest rates tend to be beneficial where a mortgage is being repaid.
- Vacancy risk is twofold. Firstly an empty property has liabilities, like maintenance and empty business rates. Additionally, a failed tenant or lease expiry may require that the mortgage is paid whilst a new tenant is found. A location's general economic profile and demand for property may change over time.
- Although rent reviews tend to be upward, there is no guarantee that the rent will increase. Property yields and values can fall as well as rise and the costs tend to be high at purchase.
- The value of the property and the income from it may fall or rise. Past property market values are not a guide to future property values and you may not get back what you invested.

Liquidity Issues

- Commercial property is a long term holding; generally for no less than 6 years
- A member can leave the syndicate at any time. Under the terms of the Syndicate Rules any share to be sold will initially be offered to the remaining members. If they do not wish to purchase the entire share any remaining share will be offered to non-syndicate members.
- If a purchaser cannot be found the property will be sold. Due to the nature of the investment a sale may not be immediate.

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