

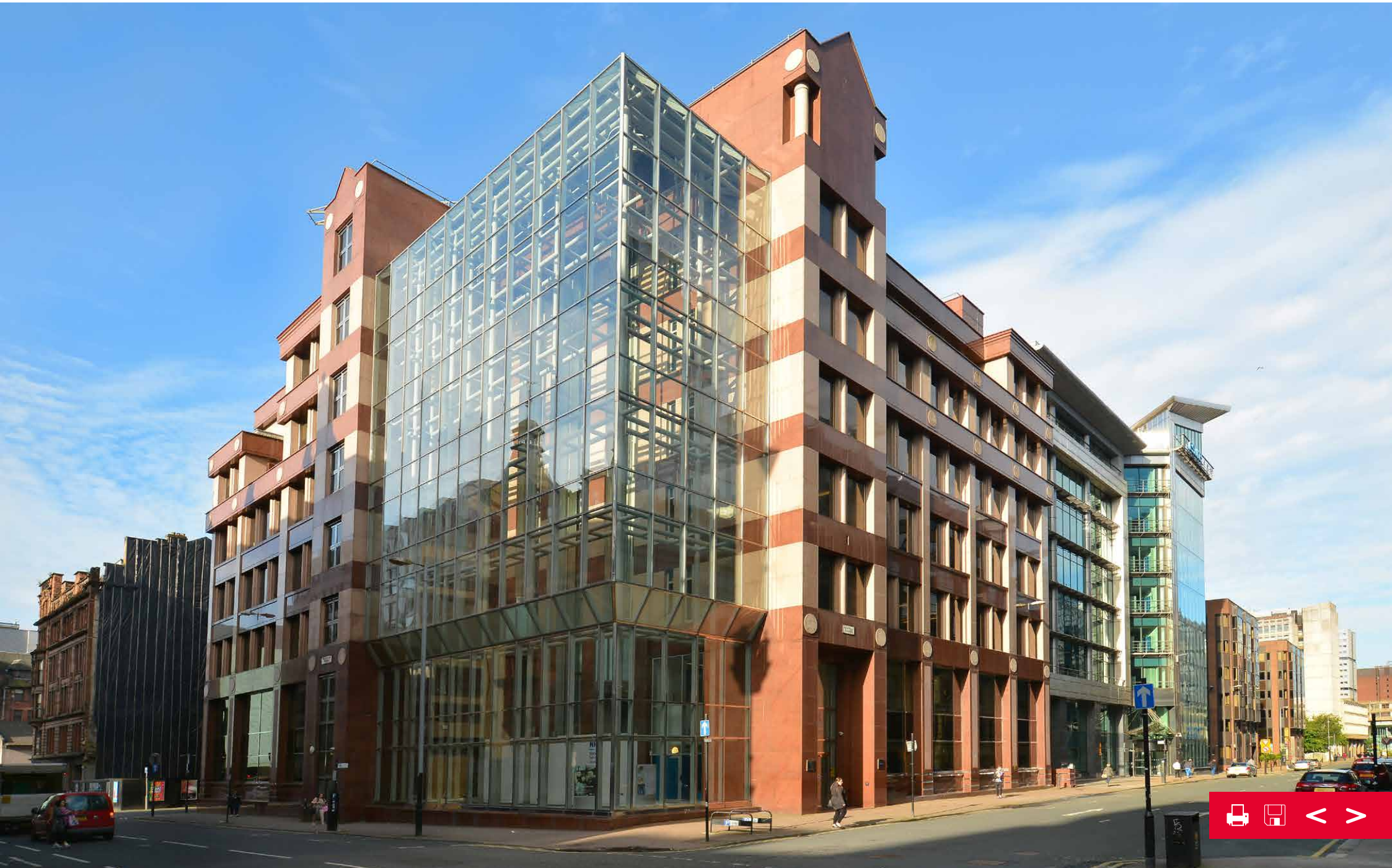
# MERIDIAN COURT

---

5 CADOGAN STREET, GLASGOW, G2 6QE

PRIME GOVERNMENT LET OFFICE INVESTMENT

# MERIDIAN COURT



# MERIDIAN COURT

## EXECUTIVE SUMMARY

- Glasgow is one of Europe's most dynamic and vibrant cities;
- An iconic building located within the International Financial Service District (IFSD);
- Highly specified office extending to 65,822 sq.ft (6,115.00 sq.m) and benefitting from 24 secure car parking spaces (providing a ratio of 1:2,742 sq.ft);
- Let in its entirety to The Scottish Ministers on a full repairing and insuring lease until 30 September 2023 at a passing rent of £1,523,301 per annum reflecting £22.88 psf on the office accommodation, £11.44 psf on the basement and external atrium and £2,500 per parking space
- The tenant, at their own expense, carried out an extensive refurbishment and improvements programme in 2011;
- The final rent review on 1 October 2018 incorporates a fixed uplift to £1,723,475 per annum;
- Heritable interest (Scottish equivalent of English Freehold).

Offers in excess of **£23,500,000 (Twenty Three Million, Five Hundred Thousand Pounds Sterling)**, are invited for the benefit of our client's Heritable interest in the property.

A purchase at this level would provide a **net initial yield of 6.10%** and a **guaranteed reversion to 6.90%** following the 1 October 2018 rent review. The capital value at this price reflects **£357 per sq.ft** (£3,843 per sq.m). All figures assume purchasers costs of 6.26%.



# MERIDIAN COURT

## GLASGOW

Glasgow is Scotland's largest centre of employment and an economic powerhouse with its Gross Value Added (GVA), outperforming the UK average by more than a third. The city's headline GVA in 2014 was £17.75 billion, accounting for 16% of Scotland's Gross Domestic Product. (Source: Invest Glasgow)

The city is located in West Central Scotland and lies approximately 644 km (400 miles) north of London. It is Scotland's largest city and arguably its commercial capital.

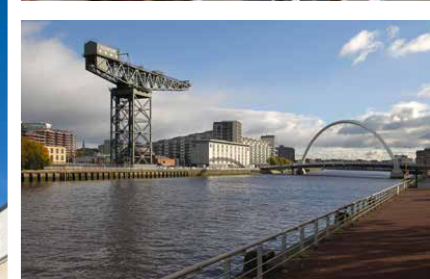
Key sectors in Glasgow include: financial and business services, creative industries, low carbon industries, engineering, health, education, knowledge economy, retail, tourism and hospitality. The financial and business services sector has continued to grow significantly in Glasgow. The last estimate showed that over 30,000 people work in the financial services sector in Glasgow. That is 1 in 14 of the City's entire workforce. According to Scottish Enterprise, 750 financial services companies have a presence in the City Centre.

Glasgow has seen higher employment growth in its Knowledge Economy than any other UK city; the sector now employs more than 75,000 people. More than 100 major companies relocated to Glasgow in the last decade, mainly in office based businesses such as financial services, telecoms, software development, technology support and data processing. Glasgow was identified as being the most important financial centre in the UK after London in the Global Financial Centres Index, 2015, ranked 66 in the world, one position ahead of Edinburgh.



### KEY FACTS AND FIGURES

- Population: 596,550 (2014) – fourth largest city in the UK;
- City Region Population: 2.3 million – fifth largest conurbation in the UK;
- Catchment Area: c.420,300 people of working age within a 60 minute drive of the city centre;
- Gross Domestic Product: £38.147 billion GDP per annum (2013);
- Position: West Central Scotland, 74km (46 miles) east of Edinburgh, 235 km (146 miles) south of Aberdeen and 644 km (400 miles) north of London.



# MERIDIAN COURT

## CONNECTIVITY

### ROAD

Less than 0.25 miles to the west of Meridian Court the M8 motorway provides access to Edinburgh to the east and Glasgow Airport to the west.

The M8 motorway links to the M74 and the M73 motorways at Junction 8, the gateway to England, whilst the M9 provides access to Stirling and the north of Scotland.

The M74 motorway extension, completed in June 2011, now provides an orbital motorway network around the city.

### BUS

Glasgow city centre is served by 22 bus operators running over 170 services in and out of Glasgow to the surrounding suburbs and areas.

There are frequent bus services to and from Glasgow International Airport, with a journey time of only 15 minutes.

Shortly, Fastlink (a high-quality and affordable bus route), will start construction in the city. Fastlink will connect the city centre to Govan and the New South Glasgow Hospital running through the IFSD and Finnieston. Key investment will be targeted on signalling upgrades and lane improvements to give buses priority access.

### RAIL

Glasgow has two main railway stations: Central Station, located less than a 1 minute walk from Meridian Court, and Queen Street, located a 5 minute walk from Meridian Court.

In addition to local services throughout central Scotland, National Express and Virgin operate regular inter-city services to the main cities throughout the United Kingdom from Central Station.

Queen Street Station provides services to the major Scottish centres including Edinburgh, Aberdeen, Dundee and Inverness.

Train Times from Glasgow	
Edinburgh	45 mins
Newcastle	2 hrs 45 mins
Aberdeen	2 hrs 50 mins
Leeds	3 hrs 15 mins
Manchester	3 hrs 20 mins
Birmingham	4 hrs 20 mins
London	4 hrs 30 mins

### SUBWAY

Glasgow city centre is served by an underground rail system which links the city centre to outlying residential areas, with trains running every 4 minutes at peak times.

Glasgow's subway system is currently undergoing a £300m refurbishment and modernisation programme.

The closest subway stations to Cadogan Street are St Enoch Centre and Buchanan Street, both within a 5 minute walk of the subject property.



# MERIDIAN COURT

## AIR

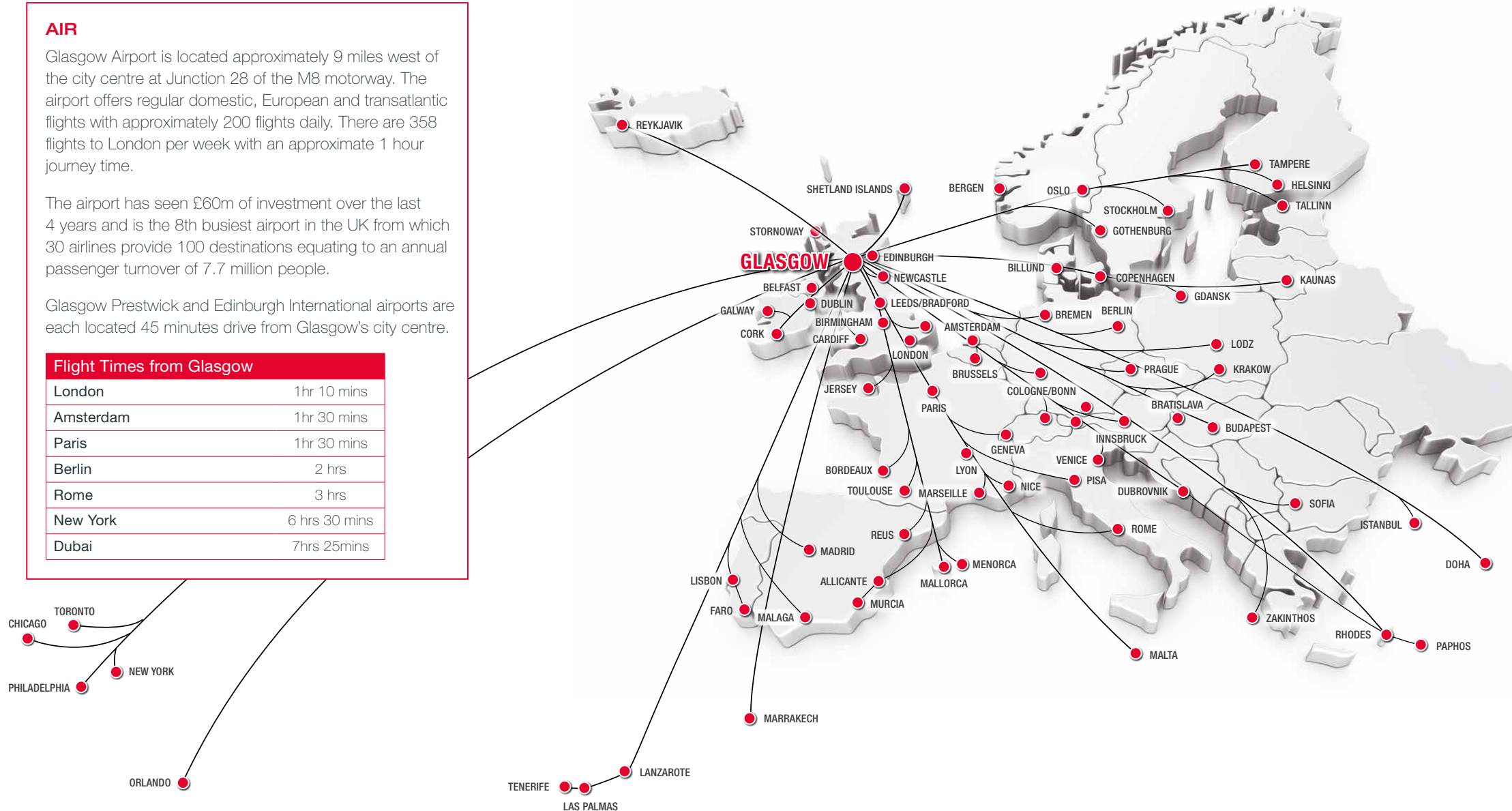
Glasgow Airport is located approximately 9 miles west of the city centre at Junction 28 of the M8 motorway. The airport offers regular domestic, European and transatlantic flights with approximately 200 flights daily. There are 358 flights to London per week with an approximate 1 hour journey time.

The airport has seen £60m of investment over the last 4 years and is the 8th busiest airport in the UK from which 30 airlines provide 100 destinations equating to an annual passenger turnover of 7.7 million people.

Glasgow Prestwick and Edinburgh International airports are each located 45 minutes drive from Glasgow's city centre.

### Flight Times from Glasgow

London	1hr 10 mins
Amsterdam	1hr 30 mins
Paris	1hr 30 mins
Berlin	2 hrs
Rome	3 hrs
New York	6 hrs 30 mins
Dubai	7hrs 25mins



# MERIDIAN COURT

## SITUATION

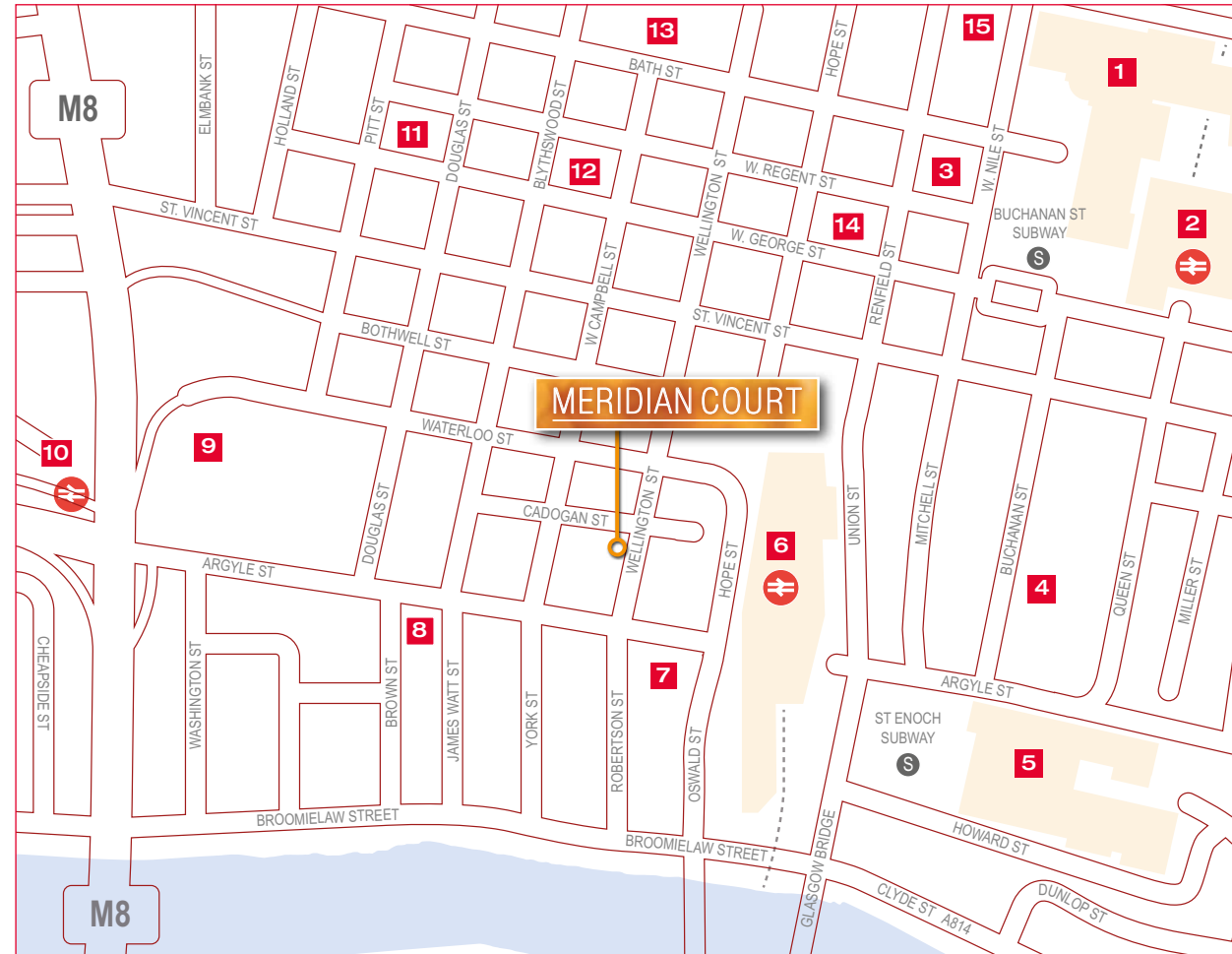
Located at its junction with Wellington Street, Cadogan Street occupies a prime position in the heart of Glasgow's International Financial Services District.

Within the immediate surrounding area there are a number of major corporate occupiers including; JP Morgan, Esure, Morgan Stanley, BNP Paribas, Barclays, NFU Mutual and Shell, which reinforces the quality and significance of the location.

Meridian Court is also conveniently located for access to and from the M8 motorway and is within easy walking distance of Buchanan and Bothwell Streets. The building is also well placed to provide easy access to other city centre amenities, including some of Glasgow's finest bars and restaurants.

## SITE AREA

We estimate the total site area as being approximately 0.384 acres (0.156 hectares), outlined in red on the below plan. The measurement has been taken from Promap.



- |   |                           |    |                      |    |                         |
|---|---------------------------|----|----------------------|----|-------------------------|
| 1 | Buchanan Galleries        | 6  | Glasgow Central Rail | 11 | Malmison Glasgow        |
| 2 | Glasgow Queen Street Rail | 7  | Radison Blu          | 12 | Blythswood Square Hotel |
| 3 | Buchanan Quarter          | 8  | Premier Inn          | 13 | Sauchiehall Centre      |
| 4 | Princes Square            | 9  | Hilton Glasgow       | 14 | Park Inn by Radison     |
| 5 | St Enoch Centre           | 10 | Anderston Rail       | 15 | Premier Inn             |



# MERIDIAN COURT

## DESCRIPTION

Meridian Court is a self-contained office building constructed in 1993 and extensively refurbished in 2011 by the tenant. The property provides approximately 65,822 sq.ft (6,115.00 sq.m) of modern open plan accommodation arranged over seven floors around a central atrium with secure car parking at basement level.

The building is concrete framed with granite cladding panels forming the main elevations and high performance curtain walling forming the external atrium.

The specification includes:

- Granite clad entrance hall;
- Internal and external atria;
- VAV air conditioning;
- Suspended ceiling;
- Raised access floor with 150mm void;
- Three wall climbing lifts in the external atria and a fourth lift in the secondary core providing disabled access directly from the basement car park;
- Staff canteen located on the ground floor (tenant improvement);
- Male and female changing rooms with shower facilities and drying rooms within the basement (tenant improvement);
- Secure basement car parking for 24 cars (1:2,742 sq.ft).



# MERIDIAN COURT

## ACCOMMODATION

The building has been measured in accordance with the RICS Code of Measuring Practice (6th Edition).

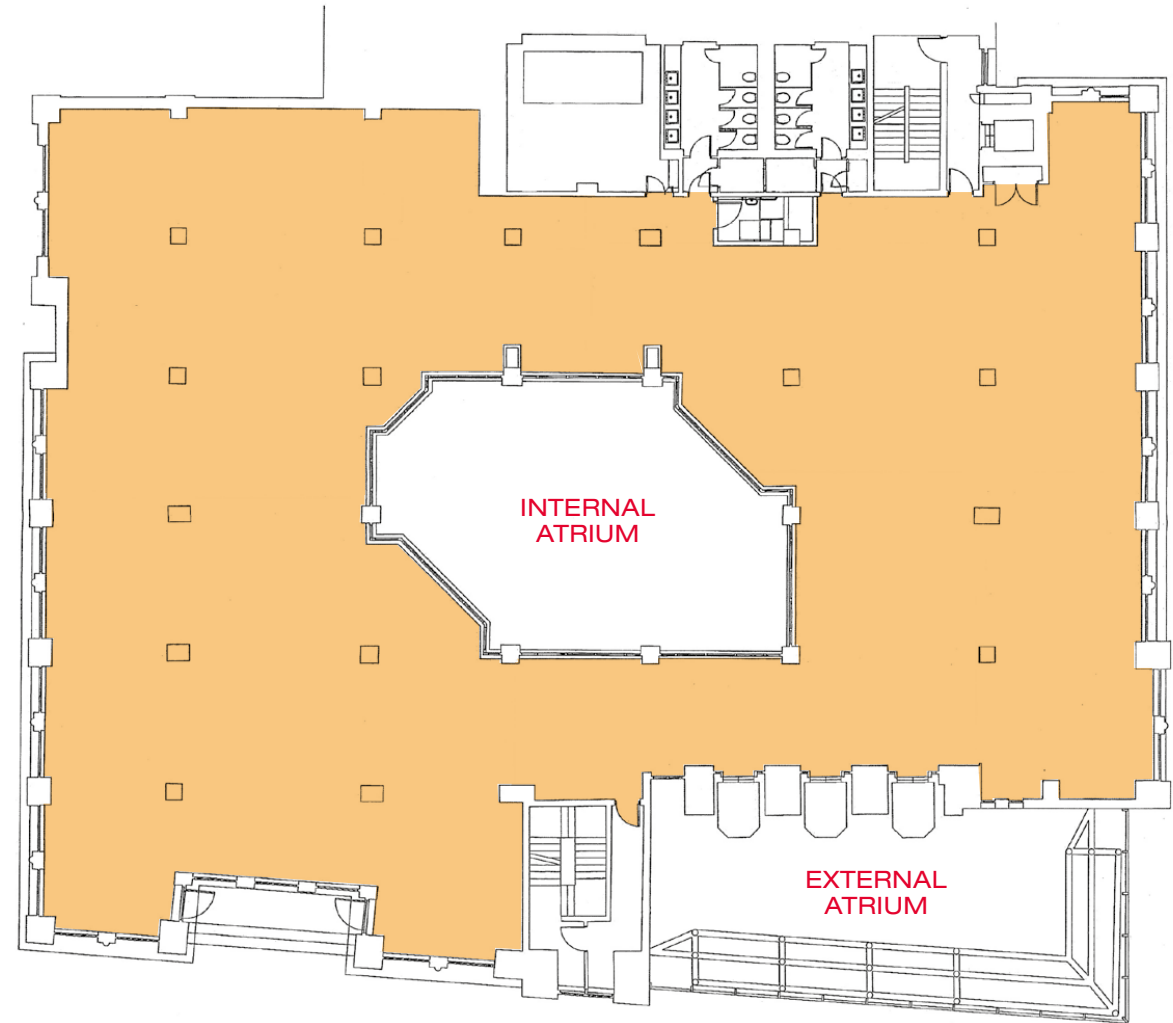
The following is a summary of the Net Internal Areas:

DESCRIPTION	Sq.m	Sq.ft
Basement	264.86	2,851
Ground Floor	717.95	7,728
First Floor	797.00	8,579
Second Floor	862.97	9,289
Third Floor	856.28	9,217
Fourth Floor	849.41	9,143
Fifth Floor	834.91	8,987
Sixth Floor	757.99	8,159
<b>Total Office</b>	<b>5,941.37</b>	<b>63,953</b>
Internal Atrium	90.58	975
External Atrium	83.05	894
<b>Total Atrium</b>	<b>173.63</b>	<b>1,869</b>
<b>Total</b>	<b>6,115.00</b>	<b>65,822</b>

The car park provides for 24 spaces creating a ratio of 1: 2,742 sq.ft. on a net internal basis.

## TYPICAL FLOORPLAN

### FIFTH FLOOR



# MERIDIAN COURT

## TENANCY

Meridian Court is let in its entirety to The Scottish Ministers on a full repairing and insuring lease until 30 September 2023 at a passing rent of £1,523,301 per annum, reflecting £22.88 psf on the office accommodation, £11.44 psf on the basement and external atrium and £2,500 per parking space.

The final rent review on 1 October 2018 incorporates a fixed uplift to £1,723,475 per annum.

Ground to fourth floors of the property are occupied by NHS National Services Scotland, whilst NHS Health Scotland occupy the fifth and sixth floors.

As NHS National Services Scotland and NHS Health Scotland form part of The Scottish Ministers, a department of the UK government, and are therefore undoubted.



NHS National Services Scotland play an active and crucial role in the delivery of effective healthcare to patients and the public. Their supporting role to NHS Scotland means that they work closely with all NHS partner organisations, especially the NHS Boards, in the delivery of their services.

NHS National Services Scotland employ around 3,600 dedicated and highly specialised staff based in 24 locations in Edinburgh, Glasgow, Aberdeen, Inverness, Dundee and Livingston.

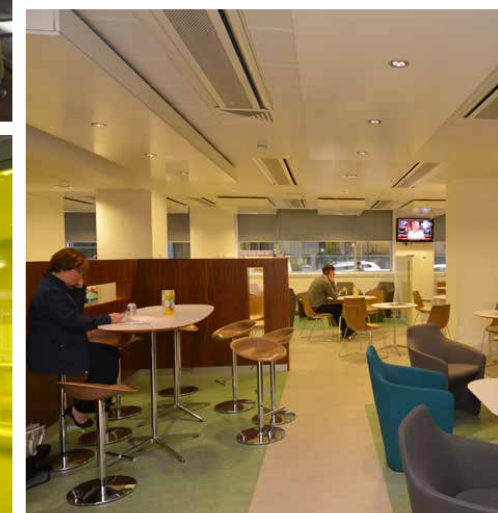
For further information refer to [www.nhsnss.org](http://www.nhsnss.org)



NHS Health Scotland is a national Health Board working with public and private sectors to reduce health inequalities and improve health.

For further information refer to [www.healthscotland.com](http://www.healthscotland.com)

The tenant, at its own expense carried out an extensive refurbishment and improvement programme in 2011. Further information in this respect is available in the dataroom.



# MERIDIAN COURT

## GLASGOW OFFICE MARKET

Glasgow is the largest office market in Scotland and the third largest in the UK. The market has prospered due its diverse business community. Since 2012 the City has created 6,000 new jobs across a broad spectrum of the economy.

Occupational take up levels in Glasgow are above both the 5 and 10 year average for the city with vacancy rates at historically low levels and rental growth accelerating. They key highlights of the Glasgow office market are as follows:

- Grade A vacancy rate of only 1.50%;
- Take-up levels in 2014 totalled 650,000 sq.ft (60,386.47 sq.m);
- The level of named active demand stands at 742,500 sq.ft (68,979.93 sq.m);
- Prime rents are currently set at £29.50 per sq.ft;
- Glasgow's prime rents have increased 1.70% quarter-on-quarter and 5.40% year-on-year;
- Overall supply levels are now at their lowest level since 2008;
- Glasgow benefits from a diversified occupational demand profile.

## TAKE UP

The Glasgow office market is one of the largest business centres in the UK, with total stock of 26.5 million sq.ft of which 16 million sq.ft is attributable to the city centre. Take up in Glasgow in 2014 reached 650,000 sq.ft. This surpassed the yearly average witnessed across the last five years of 420,000 sq.ft.

2015 has started well with total take-up amounting to 142,358 sq.ft in Q1 and a further 97,140 sq.ft in Q2. This trend is expected to continue throughout the rest of 2015 with supply tightening.

## RECENT LETTING TRANSACTIONS

ADDRESS	SIZE (sq.ft)	TENANT	TRANSACTION	RENT (psf)	DATE
Cuprum, Argyle Street	27,522	Teleperformance	10 year lease, break at 5 <sup>th</sup> year	£20.00	Q2 2015
1 West Regent Street	25,514	Weir	20 year lease	£29.00	Q1 2015
Alhambra House, 45 Waterloo Street	12,706	J.P.Morgan	8 year lease	£21.00	Q4 2014
Capella, Atlantic Quay	10,916	Atos	10 year lease	£26.00	Q4 2014
1 West Regent Street	13,603	Global	10 year lease	£29.50	Q4 2014
Centenary House, Wellington Street	8,214	Baker Tilly	5 year lease	£20.00	Q4 2014
Grosvenor Building, Gordon Street	35,000	Cigna	10 year lease, break at 5 <sup>th</sup> year	£19.50	Q3 2014
George House, George Square	20,525	Network Rail	New 4 year lease	£19.00	Q3 2014
151/155 St Vincent Street	48,570	Network Rail	10 year lease with 4/5 year TOB	£25.00	Q3 2014
141 Bothwell Street	19,000	J.P.Morgan	2 year lease	£28.50	Q3 2014
Tay House, 300 Bath Street	20,094	University of Glasgow	5 year lease	£19.50	Q3 2014
110 Queen Street	14,982	Grant Thornton	15 year lease, break at 10 <sup>th</sup> year	£29.00	Q3 2014

## SUPPLY

Overall vacancy rate for the city centre is currently around 10% of which the new build Grade 'A' vacancy equates to circa 1.50%. The total vacancy is around 1.59m sq.ft of which 371,000 sq.ft is Grade A accommodation and 290,000 sq.ft is new build development.

## RENTS

Prime headline rents in Glasgow currently stand at £29.50 per sq.ft.

Looking forward, it is anticipated that the availability of Grade A office space will continue to decline as a result of increased take up and a restricted development pipeline. Increased levels of take up should place pressure on Grade A availability, resulting in a reduction in tenant incentives and increased rental growth.



# MERIDIAN COURT



- 1 LLOYDS BANK PLC
- 2 MOTT MACDONALD
- 3 AXA
- 4 MINISTRY OF DEFENCE
- 5 ACE INI UK
- 6 SCOTTISH GOVERNMENT
- 7 BT
- 8 CLYDEPORT
- 9 MACROBERTS LLP, STRATHCLYDE PENSION FUND, ATOS
- 10 BDO STOY HAYWARD
- 11 CAP GEMINI UK, SCOTTISH QUALIFICATIONS AUTHORITY, LEARNING & TEACHING SCOTLAND
- 12 ESURE
- 13 SCOTTISH MINISTERS
- 14 SAS
- 15 MORGAN STANLEY
- 16 AON, MORGAN STANLEY
- 17 REGISTERS OF SCOTLAND
- 18 PNB PARIBAS, HSBC, PWC
- 19 BARCLAYS WEALTH, BURNS PAUL LLP, PNB PARIBAS
- 20 JACOBS BABTIE
- 21 STUDENT LOANS COMPANY
- 22 SCOTTISH ENTERPRISE
- 23 JP MORGAN
- 24 NATIONAL FARMERS UNION
- 25 ASHURST
- 26 SCOTTISH & SOUTHERN ENERGY

MERIDIAN COURT

# MERIDIAN COURT

## SCOTTISH OFFICE INVESTMENT MARKET

Office investment in the UK's top six regional cities more than doubled year on year to reach 2014's seven-year high of £2.6bn. This was supported by an improving occupier market across the "Big Six", with falling vacancy rates, rising demand and the return of rental growth. Demand is also fuelled by the attractive yield spread over prime London markets. Supply of investment stock of institutional standard and scale is extremely limited which has contributed to prime yields compressing to sub 5% over the course of 2014 and into 2015.

With this compression in Glasgow, investor demand is highly focused on well located assets with asset management opportunities in order to help drive returns.

Prime office yields in Glasgow are now sub 5.75% and trending positively. Against the backdrop of evidence witnessed by other "Big Six" cities the Glasgow Investment market is currently offering a discount in yield terms. As rents are expected to grow in Glasgow in the near future, investors have the opportunity to achieve strong returns and sustained performance.

Detailed in the table opposite are recent regional office transactions of note:



BUILDING	DATE	PRICE (m)	PURCHASER	NIY	CAP VAL (psf)	TENANCY	WAULT
Westport, Edinburgh	Sep 15	£29.20m	Cording Real Estate	5.17%	£306	Multi-Let	5.85
180 St Vincent Street, Glasgow	Aug 15	£11.90m	Northwood	7.00%	£232	Multi-Let	3.87
180 West George Street, Glasgow	Aug 15	£14.25m	Picton Capital	7.80%	£274	Multi-Let	2.40
Atlantic Quay 1-3, Glasgow	Aug 15	£60.70m	Moorfield	8.54%	£216	Multi-Let	4.36
Equinox, Glasgow	Jul 15	£33.40m	Amundl	5.25%	£491	Single-Let	15.50
Citypoint, Edinburgh	Jun 15	£14.00m	CBREGi	5.70%	£333	Multi-Let	8.14
Kintyre House, Glasgow	May 15	£5.35m	L&G	6.61%	£226	Multi-Let	4.00
150 St Vincent Street, Glasgow	Mar 15	£14.75m	Benson Elliot	6.78%	£240	Multi-Let	4.28
Elgin House, Edinburgh	Mar 15	£14.82m	Kames Capital	6.14%	£296	Single-Let	13.50
Aurora, Glasgow	Mar 15	£72.60m	M&G	6.20%	£417	Multi-Let	2.10
Edinburgh Quay 2, Edinburgh	Mar 15	£24.52m	Knight Frank Investors	6.88%	£403	Multi-Let	4.00
7, 8 & 10 Brindley Place, Birmingham	Feb 15	£131.00m	CBREGi	6.00%	£444	Multi-Let	9.00
3 Hardman Square, Manchester	Jan 15	£91.73m	M&G	5.79%	£514	Multi-Let	8.48
Port Hamilton, Edinburgh	Dec 14	£105.50m	HSBC (HAIL)	5.10%	£388	Single-Let	15.00
151-155 St Vincent Street, Glasgow	Dec 14	£27.80m	AAM	6.38%	£380	Multi-Let	4.00
4 Hardman Square, Glasgow	Dec 14	£31.02m	St Jame's Place	4.95%	£575	Multi-Let	7.50
110 Queen Street, Glasgow	Oct 14	£71.20m	DeAWM	6.50%	£498	Funding	-
George House, Glasgow	Oct 14	£22.50m	Ardstone	5.90%	£295	Multi-Let	5.00
Two Snowhill, Birmingham	Sep 14	£140.00m	M&G	5.80%	£439	Multi-Let	13.00

# MERIDIAN COURT

## FURTHER INFORMATION

### TENURE

Heritable interest (Scottish equivalent of English Freehold).

### EPC

The property has an EPC rating of C.

A copy of the Energy Performance Certificate is available on the dataroom.

### CAPITAL ALLOWANCES

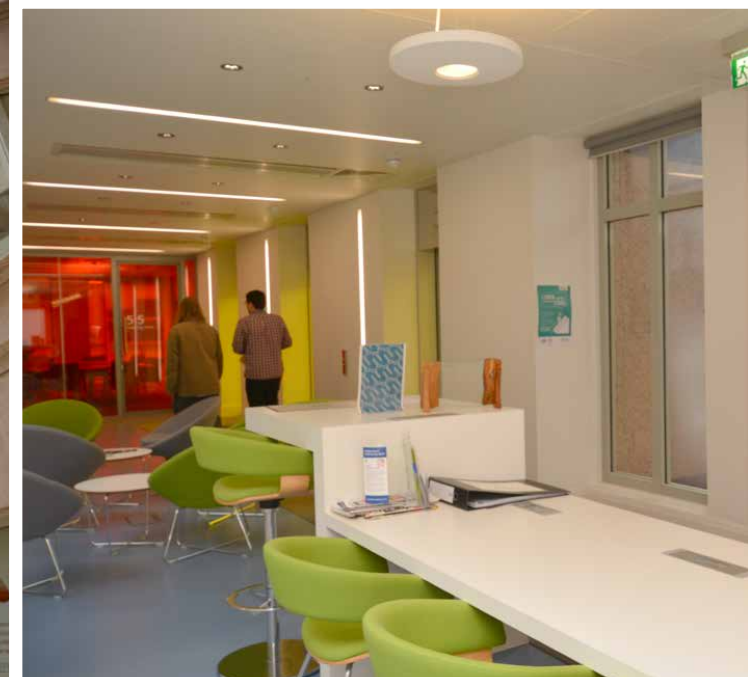
Further information regarding Capital Allowances is available on request.

### VALUE ADDED TAX

We anticipate that the sale of the property will be effected by way of Transfer of a Going Concern (TOGC).

### DATAROOM

A dataroom has been created which contains all of the relevant building and sale information. Access will be provided to genuinely interested parties.



# MERIDIAN COURT



## INVESTMENT PROPOSAL

We are instructed to seek offers in excess of **£23,500,000 (Twenty Three Million, Five Hundred Thousand Pounds Sterling)**, subject to contract and exclusive of VAT, for the benefit our client's Heritable interest (Scottish equivalent of English Freehold).

A purchase at this level would provide a **net initial yield of 6.10%** and a **guaranteed reversion to 6.90%** following the 1 October 2018 rent review. This price reflects a **capital rate of £357 per sq.ft** (£3,843 per sq.m). All figures assume purchasers costs of 6.26%.

## FURTHER INFORMATION

For further information or to arrange an accompanied inspection, please contact:

### SIMON CUSITER

simon.cusiter@eu.jll.com  
0131 301 2203

### COLIN CAMPBELL

colin.campbell@eu.jll.com  
0131 301 6789

### ROSS BURNS

ross.burns@eu.jll.com  
0141 567 6625

### CHARLIE MCNAUGHT

charlie.mcnaught@eu.jll.com  
0141 576 6612



© Crown Copyright 2015. All rights reserved. Promap licence number 100020449. Jones Lang LaSalle licence number 100017659. This plan is published for the convenience of identification only and although believed to be correct is not guaranteed and it does not form any part of any contract.

### Disclaimer

JLL for themselves and for the vendors or lessors of this property whose agents they are, give notice that:- a. the particulars are set out as a general outline only for guidance and do not constitute, nor constitute part of, an offer or contract; b. all descriptions, dimensions, references to condition and necessary permissions for use and occupation, and other details are believed to be correct, but any intending purchasers, tenants or third parties should not rely on them as statements or representations of fact but satisfy themselves that they are correct by inspection or otherwise; c. no person in the employment of JLL has any authority to make or give any representation or warranty whatever in relation to the property; d. Any images may be computer generated. Any photographs show only certain parts of the property as they appeared at the time they were taken. e. This correspondence is expressly subject to completion of formal legal missives in accordance with Scots Law.

© September 2015 Jones Lang LaSalle IP, Inc.

