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F&C Reit delivers Royal Mail assets to clients

F&C Reit Asset Management has purchased a pair of Royal Mail sorting centres in London and Newcastle.

The combined price is just more than £22m and the assets were bought for insurance company clients of the asset manager.

The 123,182 sq ft Croydon mail processing centre on Beddington Farm Road was bought for £12.4m, reflecting a yield of 6.25%. The property comprises a warehouse, loading area and offices on the ground and first floors.

The 186,911 sq ft Newcastle Mail centre on Eleventh Avenue was bought for £10.3m, reflecting a yield of 6.9%. The property comprises a warehouse and offices on the ground and first floors.

The Croydon property produces a rental income of £818,525 a year, which equates to £6.65/sq ft.

The sorting office in Newcastle produces a rental income of £747,644 a year, which equates to £4/sq ft. Both properties are let on new 20-year leases from the date of the transaction.

Julian Smith, fund director at F&C Reit, said: "These two purchases will provide our client with long-term income, secured in well-established distribution locations."

F&C Reit has launched several new funds over the past year, including the F&C UK Property Fund, one of the first open-ended funds to be launched since the downturn. It is also raising equity for a new opportunities fund.