
Kamco Invest successfully concludes exit from Amazon distribution warehouse in UK

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Amazon Distribution Warehouse

Scotland, United Kingdom

Acquisition Date: March 2017
Exit Date: September 2020

27.9% Total Returns
8.08% IRR
6.5% Cash Yield

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Kamco Invest announced that it has successfully completed the exit from “the Amazon Distribution Warehouse – Scotland, UK”, a property held by its clients, achieving a return on investment for its investors beyond the targeted IRR.

Investment in the property has achieved a total return of 27.9% during the investment period, composed of an internal rate of return of 8.08%, which includes a cash yield of 6.5% per annum distributed quarterly. The proceeds of the exit will be distributed to clients in two phases during October and November 2020.

The property serves as the largest Amazon distribution warehouse ideally located in Dunfermline, Scotland, where the proximity of the warehouse lies 15 minutes away from Edinburgh’s Waverly Central Railway Station. As one of Amazon’s primary distribution hubs in the UK, the Property is used to store and deliver a wide range of general merchandise. Amazon employs approximately 2,100 employees at the subject property who handle around 38 percent of the 143 million packages delivered in Scotland by Amazon per annum.

Mohammad Al-Othman, Executive Director of Real Estate Investments at Kamco Invest, said, “This marks another successful exit on behalf of our valued clients, builds on our full cycle track record and strengthens our position as a key player in the income generating commercial real estate market. The exit in such unstable market conditions due to COVID-19 and its impact on global economies only

reaffirms our solid real estate investment strategy”.

Despite the challenging market conditions at the entry point of the investment due to Brexit, the successful exit ahead of the business plan amid a new systemic challenge in the form of the COVID-19 environment affirms and reinforces Kamco Invest’s resilient investment strategy and the quality of its product offering. Moreover, our primary targeted sectors of office and logistics in strategic regional UK cities have become increasingly relevant as COVID-19 prevention measures have taken effect globally. Consequently, the recent occupier and employee preferences and trends that point towards a shift away from densely populated gateway cities and CBDs could persist, therefore changing the landscape of the institutional real estate office sector. The consistent focus on net-leased and investment-grade properties and occupiers has served the portfolio well, primarily as reflected in the preservation of asset values and full rental performance across the portfolio assets.

Ziad Chehab, Senior Vice President in Real Estate Investments at Kamco Invest, said, “The successful exit was crystallized after a vigilant process of market monitoring by the RE Team that managed to uncover and seize such an attractive opportunity during the challenging business environment. This represents a step up in milestone to Kamco Invest's track record and further solidify the success of our active investment management strategy”.

This is particularly illustrated by the regional UK office portfolio acquired by Kamco Invest in July 2020 comprising of three office properties located in Bristol, Hamilton (near Glasgow), and Chertsey (a town on the outskirts of London). The Company maintains its commitment to develop its international real estate platform by deploying the regional UK strategy in subsequent transactions. Furthermore, the financial stress caused by the COVID-19 precautions and restrictions has created value dislocations as reflected in attractive acquisition metrics and improved potential return outcomes. As such, Kamco Invest is vigilantly monitoring the market to successfully identify compelling and lucrative opportunities for our investors.

Al-Othman concluded, “We appreciate the efforts made by all parties involved in this transaction especially Rasmala Investment Bank as the co-investment advisor. We will continue to explore new opportunities in income-generating Class-A commercial properties leased to credit-worthy tenants to further expand our international real estate platform in line with the described strategy.”

Kamco Invest currently manage 13 Grade “A” international commercial properties in US, UK and Europe and leased to tenants with strong financial positions and high cash and those properties are valued at 1.12bn. The properties generate an average annual cash yield of 8%. The team have successfully concluded five fully realized exits achieving an average equity IRR of 9.17%.

Media Contacts

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