

INVESTMENT SALE

Lennox House, Great Western Road, Clydebank G81 6DS

PROPOSED SALE AND LEASEBACK WITH CPI LINKED UPLIFTS IN RENTAL INCOME



SALE AND LEASEBACK - CLYDEBANK G81 6DS

Investment Summary

- Highly prominent site at the junction of Dumbarton Road and Great Western Road (A82) in the Clydebank area of Greater Glasgow
- Proposed Full Repairing and Insuring lease, subject to a Schedule of Condition, to The Independent Family Funeral Directors Ltd trading as Fosters Family Funeral Directors
- The lease will be for a period of 15 years subject to a tenant's only break option at the end of year 10
- Proposed rent of **£40,000** per annum (£11.00 per sqft) with the benefit of 5 yearly uplifts linked to CPI, capped and collared between 3% and 1% per annum, compounded annually
- The property extends to a gross internal area of 3,637 sq ft on a site of 0.48 acres with customer parking for 19 cars
- Offers over **£550,000** which reflects a net initial yield of **6.9%**, subject to the standard purchaser's costs for a sale and leaseback



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Proposed Lease Structure

Our client will enter into a Full Repairing and Insuring lease for a period of 15 years, subject to a tenant only break option at the end of year 10 exercisable on not less than 6 months written notice. The initial rent will be £40,000 per annum (£11.00 per sqft) with the benefit of 5 yearly uplifts linked to CPI, capped and collared between 3% and 1% per annum, compounded annually.

The lease will be taken by the main operating company within the group, The Independent Family Funeral Directors Ltd trading as Fosters Family Funeral Directors.

The lease will be subject to a Schedule of Condition to document its current condition. The repairing clause will be restricted so that the tenant shall not be obliged to put the premises into any better condition than as evidenced in the Schedule of Condition.

Tenant Covenant Information

Fosters are a well-established Funeral Directors business, operating from 20 locations across the central belt of Scotland.

More detailed information can be found here on their website: www.fostersfuneraldirectors.com

Fosters Funerals was established in 2011 and the funeral business at Clydebank was opened in 2019. Fosters Funeral Directors was acquired by August Equity in 2018. Following a combination of additional business acquisitions and strong organic growth, Fosters is now the fastest growing funeral services provider in Scotland. This has been driven by providing a modern, high-quality and comprehensive service at a competitive price compared with the market leaders. August Equity are committed to supporting Fosters through a continued expansion programme throughout Scotland.

In the year to 31 December 2020, the business at Clydebank recorded a turnover of £350,000 and an EBITDA contribution of £150,000. The company as a whole recorded turnover of £7.9m and broke even at EBITDA level.

A summary of the underlying management accounts can be supplied to seriously interested parties.



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Tenure

The property is held by way of a heritable title (Scottish equivalent of English freehold).

Energy Performance Certificates

Our client has recently instructed an EPC survey and the report confirms a rating of C44. A copy of the report can be made available to interested parties.

VAT

The property has been elected for VAT. As the proposed transaction is by way of a sale and leaseback, we understand that VAT will be payable on the purchase price.

Proposal

We are instructed to seek offers in excess of **£550,000** exclusive of VAT for our client's heritable interest subject to the proposed new lease.

A purchase at this level would reflect a net initial yield of **6.9%** after allowing for purchaser's costs based on Scotland's Land and Buildings Transaction Tax (LBTT) and standard purchaser's costs.

Further Information

For viewings and enquiries please contact:

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GM/DOC/Clydebank Fosters - Date of publication: 12 July 2021

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