
PRIME INVESTMENT OPPORTUNITY

67 GEORGE STREET, EDINBURGH EH2 2JG







EXECUTIVE SUMMARY

Opportunity to acquire a whole townhouse in a 100% prime location

73% of income secured to Sweaty Betty Ltd

Total income (to include vendor guarantee) of £154,995 per annum

Offers in excess of £2.25 million exclusive

A purchase at this level would produce a net initial yield of 6.48%

Adjoining prime property at 69 George Street, owned by the same vendor, is also for sale

CONTACT

For further information or to make arrangements to view, please contact the sole selling agents:

Mark Woodcraft

Telephone: 0131 220 0662

Email: mwoodcraft@mwmproperty.co.uk

Will Marchington

Telephone: 0131 220 0661

Email: wmarchington@mwmproperty.co.uk



46 Charlotte Square
Edinburgh
EH2 4HQ



LOCATION

Edinburgh is the historic and administrative capital of Scotland and is one of the most prosperous cities within the UK. The population is estimated at 500,000, increasing to 1.2m within the 'Edinburgh City Region' area. The population and economy are boosted by tourism, which attracts over 4.8m visitors per year, and further education with 80,000 students attending the city's eight universities and colleges.

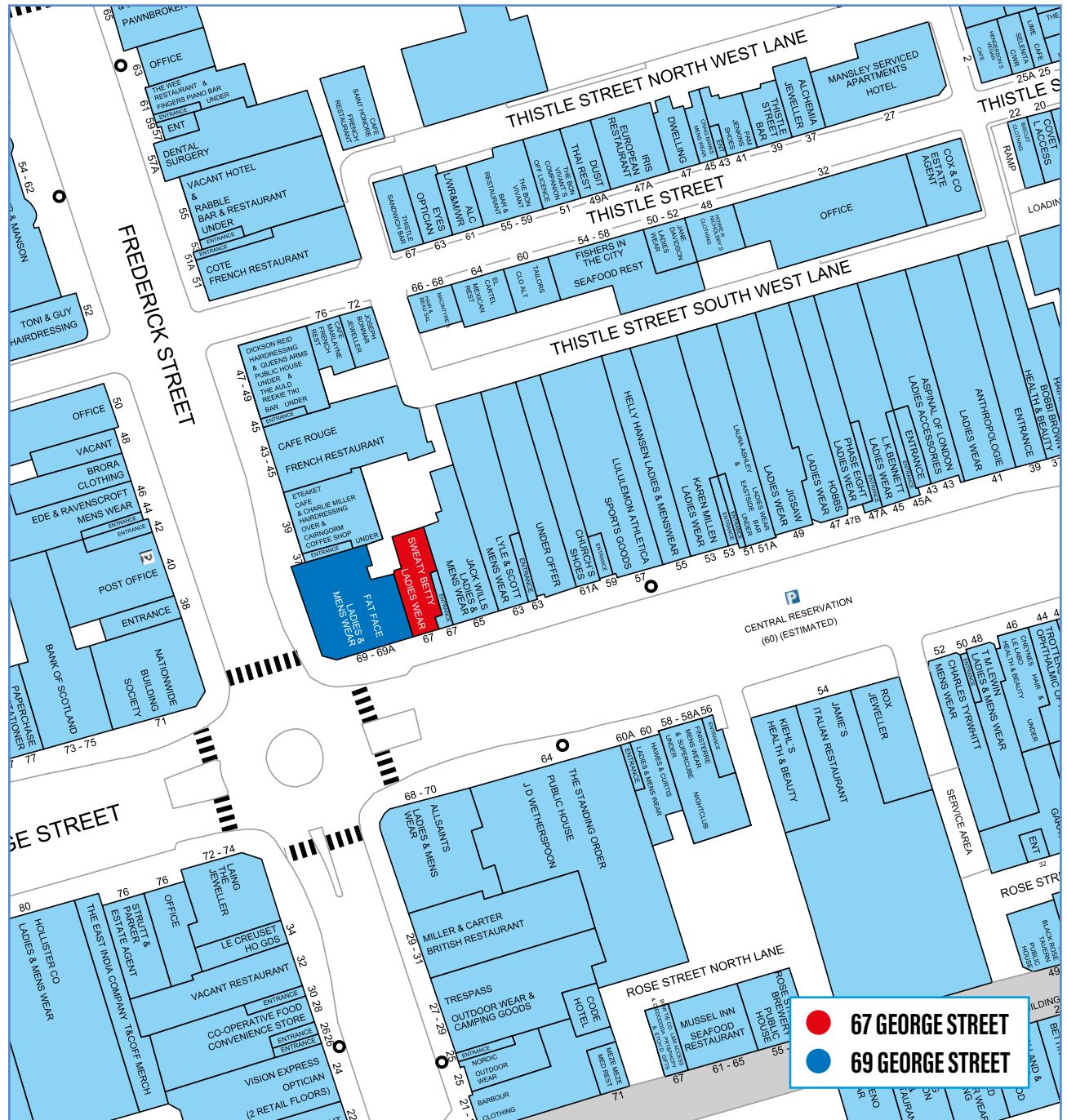
The city is the dominant retail centre for the east of central Scotland which will be further enhanced following the opening of the St James Quarter which is currently under construction.

The main retail pitch is focussed on Princes Street and George Street with the property situated on the 100% prime north side of George Street between the junctions with Frederick Street and Hanover Street. The subjects are located between Fat Face and Jack Wills with other occupiers in the immediate vicinity including Helly Hansen, Lyle & Scott, Church's Shoes and All Saints, amongst others.

DESCRIPTION

The property comprises an attractive mid terraced Category B Listed townhouse of traditional sandstone construction, with a retail unit at ground and basement floors and three self-contained upper floor office suites. The retail unit and offices share a common entrance which is raised from George Street.

The retail unit is split level and benefits from an excellent tenant fit-out whilst the basement provides storage and staff accommodation. The upper floor offices provide a mix of cellular and open plan suites. The second and third floors were refurbished in 2015 and 2018 respectively with the ongoing refurbishment of the vacant first floor due to complete during May 2019. The refurbishment includes full redecoration, new carpets, new LED lighting and new kitchen. A Tender Issue Summary is in the data room.





TENANCIES

As per the attached tenancy schedule, the property is currently subject to 3 occupational leases generating a gross income of **£154,995** per annum to include the vendor guarantee on the first floor office.

UNIT	TENANT	NET FLOOR AREA			LEASE START	LEASE EXPIRY	RENT REVIEW	RENT (£PA)	RENTAL RATE (£psf)	BREAK OPTION	EPC RATING	COMMENTS
		FLOOR	SQ FT	SQ M								
Ground and Basement	Sweaty Betty Limited	Ground Basement ITZA	867 646 560*	80.55 60.01	13 April 2012	12 April 2022	N/A	£113,120	£202 ITZA	N/A	F98	* Floor area agreed at review - with 15% allowance for steps, shared entrance and frontage. Tenant pays monthly.
First Floor	Vacant - Rental Guarantee	1st	836	77.67			N/A	£18,400	£22.00		E78	Previous tenant vacated 2 April 2019. Cushman & Wakefield marketing quoting £18,400 pa. Vendor to provide 12 months rent (£18,400) and service charge guarantee (£4,008). EPC to be updated following refurbishment.
Second Floor	Smith Brands Limited	2nd	790	73.39	30 September 2016	29 September 2021	N/A	£12,640	£16.00	30/09/2019 (Break exercised)	E63	Tenant has exercised their break option. Service Charge cap at £5,113.32 pa + annual RPI. Cushman & Wakefield marketing quoting £18,170 pa. Photographic Schedule of Condition.
Third Floor	Angela Shanley Associates Limited	3rd	699	64.94	8 March 2018	7 March 2020	N/A	£10,835	£15.50	n/a	E63	Service Charge cap at £3,571.66 pa + annual RPI. Photographic Schedule of Condition.
TOTAL			3,838	356.56				£154,995				

COVENANT

Sweaty Betty: retailer specialising in women's designer activewear. Sweaty Betty Limited has a Dun & Bradstreet Credit Rating of 3A2 representing a lower than average risk and for the year ending December 2017 reported turnover of £47.89 million, a pre tax profit of £1.3 million and a net worth of £7.05 million.

Further information can be sourced from: www.sweatybetty.com

Smith Brands Limited: a creative design agency. Smith Brands Limited has a Dun & Bradstreet Credit Rating of D2 representing a lower than average risk and a net worth of £89,000.

Further information can be sourced from: www.smithbrands.com

Angela Shanley Associates Limited: an incoming Tour Operator. Angela Shanley Associates Limited has a Dun & Bradstreet Credit Rating of 1A1 representing a minimum risk and for the year ending March 2018 reported turnover of £13.3 million, a pre tax profit of £525,000 and a net worth of £868,000

Further information can be sourced from: www.asalondon.co.uk

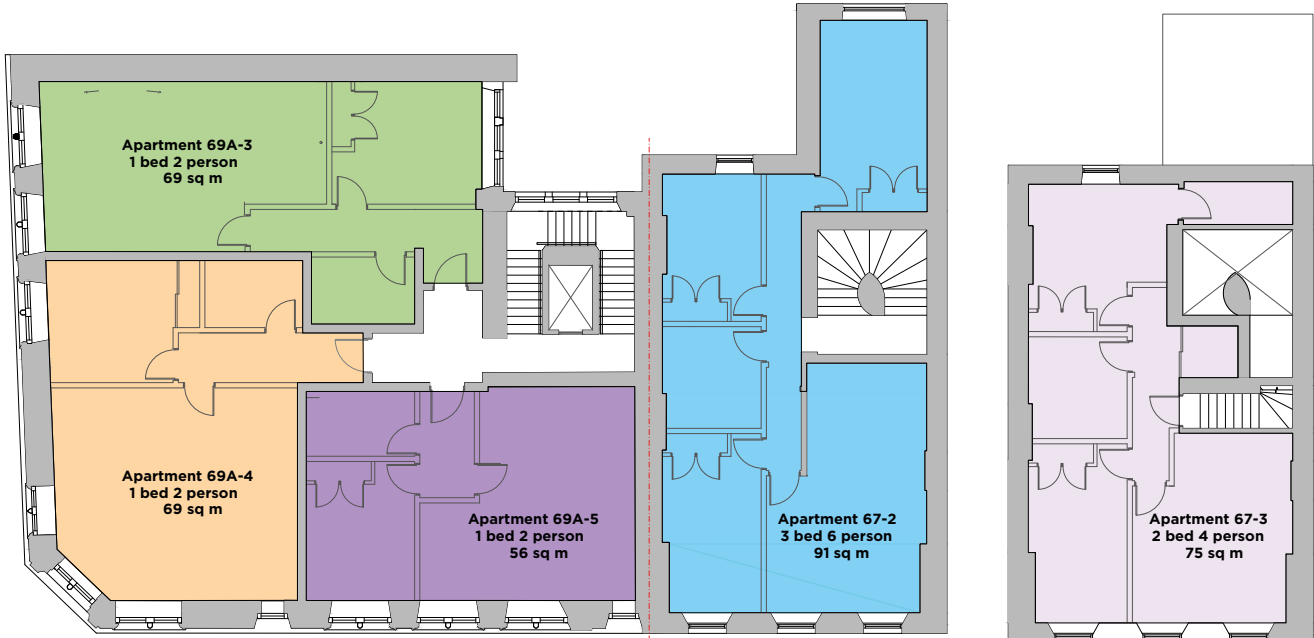
The Dun and Bradstreet Credit Reports for each tenant are available within the data room.



ASSET MANAGEMENT

Initiatives include:

- Smith Brands have exercised their break option with effect September 2019 providing an opportunity to relet the office suite at a higher rent.
- Let the refurbished first floor office suite.
- Explore lease extensions with Sweaty Betty and Angela Shanley Associates.
- There is an opportunity to explore residential or other alternative uses subject to obtaining the required consents. ADP Architecture have prepared indicative design proposals for conversion of the upper floors to residential apartments. An example layout is below which includes the adjoining property, 69 George Street. A copy of the full ADP Architecture report is in the data room.



69 Typical Floor

Net GIA	204 sq m
Non-Net	25 sq m
TOTAL	229 sq m Approx* 2,380 sq ft Approx*

67 Typical Floor

Net GIA	91 sq m
Non-Net	12.5 sq m
TOTAL	103.5 sq m Approx* 1080 sq ft Approx*

67 Upper Floor

Net GIA	75 sq m
Non-Net	15 sq m
TOTAL	90 sq m Approx* 936 sq ft Approx*

SERVICE CHARGE

There is a service charge for 67 & 69 George Street, which runs from 1 April to 31 March annually, and totals £45,932 for the current year.

Schedules 1 and 4 relate solely to 67 George Street and total £14,961 for the current year. This equates to approximately £4.80 per sq ft in respect of the office suites.

The leases to Smith Brands and Angela Shanley Associates are subject to service charge caps, increased annually by the RPI, both of which are currently in excess of their relevant current service charge apportionments. The vendor will guarantee the current service charge liability in respect of the vacant first floor office suite thus there is effectively full recoverability.

EPC

The EPC certificates and Recommendation Reports are available within the Data Room.

TENURE

Heritable Interest (Scottish Equivalent of English Freehold).

VAT

The property has been elected for VAT and therefore VAT will be applicable on the purchase price, however, it is anticipated that the sale will be treated by way of Transfer of a Going Concern (TOGC).

DATA ROOM

Legal documentation, management information, indicative design proposals for the upper floors and other information is held within a Data Room. Access will be provided to interested parties via the selling agents.

PRICE

We are instructed to seek **offers in excess of £2.25 million** for our client's Heritable Interest subject to contract and exclusive of VAT.

A purchase at this level would show a net initial yield of **6.48%** after allowing for purchaser's costs based on LBTT.



The Agents for themselves and for vendors or lessors of this property whose agents they are give notice that: (i) the particulars are set out as a general outline only for the guidance of intended purchasers or lessees, and do not constitute, nor constitute part of, an offer or contract; (ii) all descriptions, dimensions, reference to condition and necessary permissions for use and occupation, and other details are given without responsibility and any intending purchasers or tenants should not rely on them as statements or representations of fact but must satisfy themselves by inspection or otherwise as to the correctness of each of them; (iii) no person in the employment of the Agents has any authority to make or give any representation or warranty whatever in relation to this property. May 2019.