

STERLING FURNITURE AND SCS

BIRKENSHAW TRADING ESTATE, GLASGOW, G71 5PR



HIGH YIELDING RETAIL WAREHOUSE INVESTMENT OPPORTUNITY



INVESTMENT SUMMARY

- Glasgow is the largest city in Scotland and the third largest city in the UK, with a population of 596,550 and a catchment of 2.3 million.
- Birkenshaw Trading Estate is strategically located 5 miles south east of the city centre at the intersection of the M8, M73 and M74 motorways.
- There are a total of 16,792 people living within a 5 minute drive-time of the subject property, 207,762 within 10 minutes and 626,914 within 15 minutes. The local population is relatively affluent with 60.1% falling within the top three Acorn demographic categories (Affluent Achievers, Rising Prosperity and Comfortable Communities), significantly in excess of the national average (50.1%).
- The subject property is located at the western entrance to Birkenshaw Trading Estate, with excellent prominence to Rannoch Road. Adjacent retailers include Currys, PC World, Harveys, Bensons for Beds, Carpetright, Dunelm, Wren, Oak Furnitureland, Poundstretcher, Tapi and B&M.
- The property comprises two purpose built retail warehouses of 13,399 sq ft and 7,583 sq ft. Both of the units have large trading mezzanine floors. There are a total of 93 customer car parking spaces (1:226 sq ft) and 25 staff parking spaces, giving a generous overall parking ratio of 1:178 sq ft.
- The property has Open Class 1 (non-food) planning consent. This planning permission contains no restrictions upon either the subdivision of the units or the installation of mezzanine floors.
- The property is let to Sterling Furniture Group Ltd and A Share & Sons Ltd (t/a ScS) at rents of £12.35 psf and £13.00 psf respectively, producing a total income of £264,079 pa.
- Sterling Furniture have been in occupation of the property since October 1994 and it is considered very likely that they will wish to renew their lease at expiry on 12 October 2019. Alternatively, as there are no renewal rights under Scottish Law, the combined unit could be divided and relet as two smaller units.
- The lease to ScS was extended in 2015 and now runs until 13 October 2025, with a rent review effective 13 October 2019.
- Our clients are seeking offers in excess of £2.93 million for the benefit of their heritable interest in the property. A purchase at this level will show a yield of 8.5%, net of purchaser's costs of 5.97%.



LOCATION

Glasgow is Scotland's largest city and the UK's third largest city, with a population of 596,550 (2013). The wider catchment from the Greater Glasgow conurbation is 2.3 million, accounting for more than 40% of Scotland's population.

With more than 5 million sq ft of retail floorspace, Glasgow is the UK's largest and most successful shopping destination outside of London. The city is ranked second in CACI's UK Retail Ranking (2013).

Glasgow is in the Top 40 of the world's financial centres (Global Financial Services Index 2012). Some 13,000 firms are present in the city and Glasgow is Scotland's largest economy.

In 2014, Glasgow hosted the Commonwealth Games which further enhanced the £8 billion of capital investment the city has seen since 2011, and included the construction of landmark buildings such as the £100m Emirates Arena, SSE Hydro and Sir Chris Hoy Velodrome. This led to the regeneration of large areas of the city and the creation of over 1,000 jobs.

Glasgow is home to over 130,000 further and higher education students with four universities and thirteen colleges across the city.

COMMUNICATIONS

Glasgow benefits from excellent transport infrastructure with strong road, rail and air links providing connectivity across the city, the region and beyond.



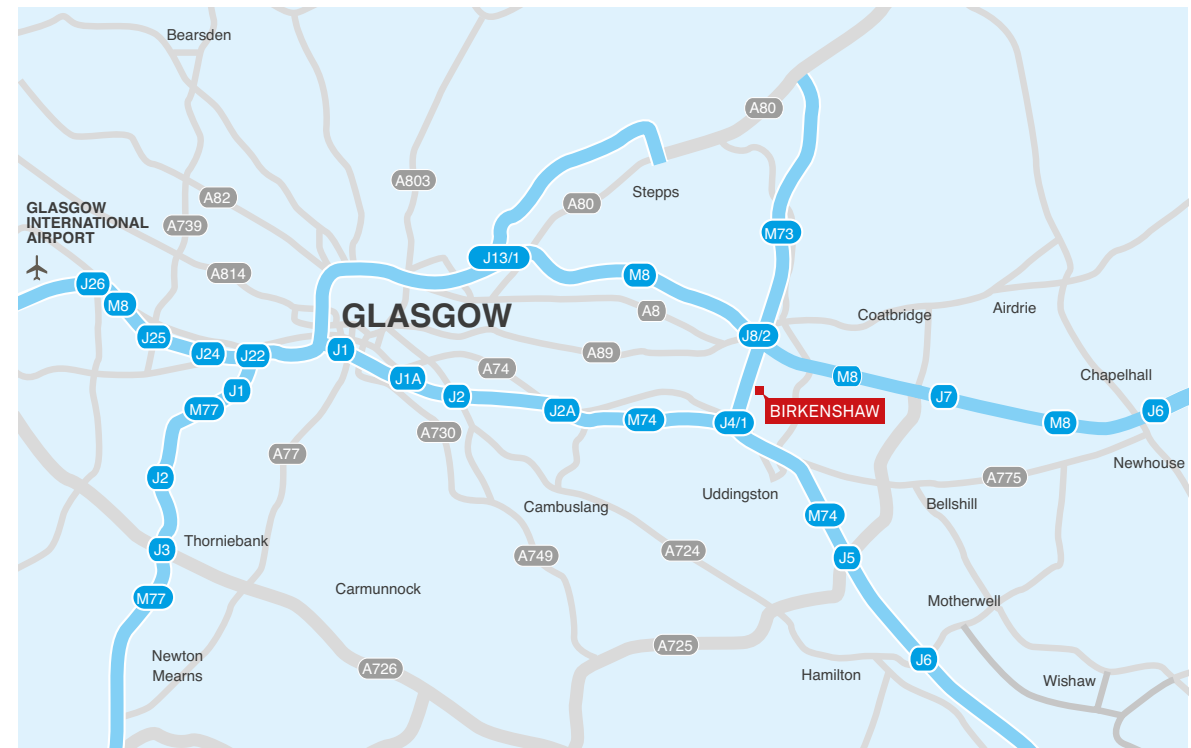
Road - The main motorway in Scotland, the M8, runs through the heart of Glasgow, linking with Edinburgh to the east and Glasgow International Airport to the west. The M8 provides access to the surrounding motorway network, to the north via the M80 and to the south via the recently extended M74/M6 and the M77.



Rail - Glasgow's two largest stations, Glasgow Central and Glasgow Queen Street, connect the city with all the major Scottish and English cities. London can be reached by a direct service in approximately four hours and there are regular services connecting with Edinburgh, taking less than an hour.



Air - Glasgow International Airport operates approximately 200 flights daily and is situated 15 minutes west of the city centre. It has 30 airlines serving approximately 110 destinations worldwide. A reported 7.7 million passengers pass through Glasgow airport annually, which has recently seen £60 million of investment.



BIRKENSHAW

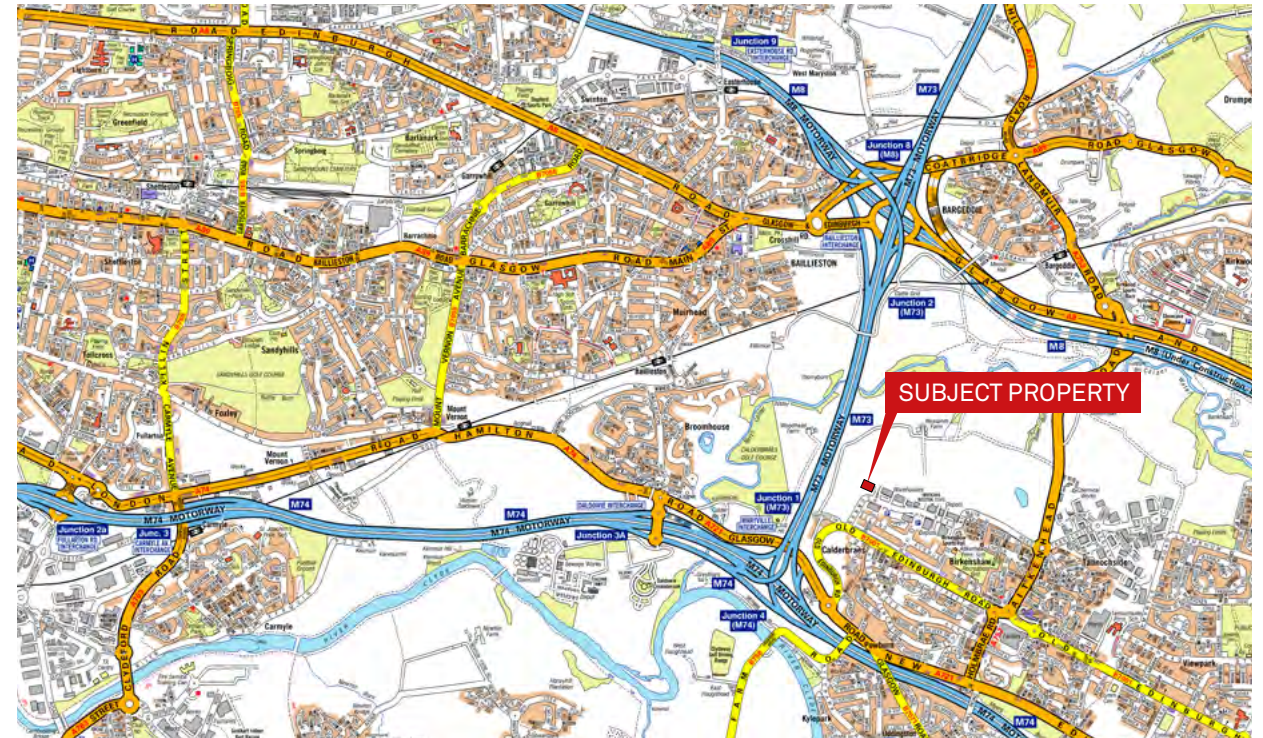
Birkenshaw is strategically located 5 miles south east of Glasgow city centre, by the intersection of the M8, M73 and M74 motorways. As such, the Birkenshaw Trading Estate is highly accessible to shoppers with a total of 16,792 people living within a 5 minute drive-time of the subject property, 207,762 within 10 minutes and 626,914 within 15 minutes.

The local population is relatively affluent with 60.1% falling within the top three Acorn demographic categories (Affluent Achievers, Rising Prosperity and Comfortable Communities), significantly in excess of the national average (50.1%).

SITUATION

The subject property is located in a prominent position at the entrance to the Birkenshaw Trading Estate, fronting Rannoch Road.

Birkenshaw Trading Estate is one of the UK's oldest retail warehouse pitches and has always attracted very strong levels of trade. Other retailers on the estate include Currys, PC World, Harveys, Bensons for Beds, Carpetright, Dunelm, Wren, Oak Furnitureland, Poundstretcher, Tapi and B&M.



For identification purposes only

SITE

The site is level and broadly rectangular in shape, extending to some 1.83 acres (0.74 hectares).

DESCRIPTION

The subject property was designed and built as three retail warehouses with a large customer car park to the front and a separate secure service yard to the rear. Units A and B were combined and the property has the following approximate floor areas:

Unit	Tenant	Ground Fl (sq ft)	Mezzanine (sq ft)
A/B	Sterling Furniture	13,399	8,112
C	ScS	7,583	6,688
Total		20,982	14,800

There are a total of 93 customer car parking spaces (1:226 sq ft), together with a further 25 staff spaces to the rear of the building, giving a generous overall car parking ratio of 1:178 sq ft.



TENURE

Our client owns the heritable interest in the property (the Scottish equivalent of a freehold).

PLANNING

The property was granted planning permission for the construction of 3 retail units on 2 March 1994. This planning permission grants consent for Open Class 1 (non-food) use (the Scottish equivalent of Open A1 non-food use).

The planning permission contains no restrictions upon the subdivision of the units and no restrictions upon the installation of mezzanine floors.

EPC

Copies of the energy performance certificates (EPC's) are available upon request.



TENANCIES

The property is let to Sterling Furniture and ScS as follows:

Unit	Tenant	Size (sq ft)	Rent (pa)	Rent (psf)	Comments
A/B	Sterling Furniture Group Ltd	13,399	£165,500	£12.35	25 year lease from 13 Oct 1994, expiring on 12 Oct 2019.
C	A Share & Sons Ltd (t/a ScS)	7,583	£98,579	£13.00	25 year lease from 13 Oct 1994. Lease extended to 13 Oct 2025. Next rent review on 13 Oct 2019.
Total		20,982	£264,079		

Sterling Furniture have been in continuous occupation of the property since the lease commencement over 22 years ago and it is considered very likely that they will wish to renew their lease in October 2019. Alternatively, as there are no renewal rights under Scottish Law, the combined unit could be divided and relet as two smaller units.

ScS took an assignment of their lease from Roseby's in March 2005 and they have been in occupation of the unit for 12 years. This lease was extended on 6 October 2015 and now runs to 13 October 2025.

RETAIL WAREHOUSING IN BIRKENSHAW

Retail warehousing around Birkenshaw is focussed on the Birkenshaw Trading Estate which is one of the oldest and most established retail warehouse destinations in the country, with very strong levels of trade. As a result, there are no vacant retail warehouses upon the estate.

Retailers who have recently moved to Birkenshaw Trading Estate include Wren Living (who purchased the heritable interest in their block which is being refurbished), Harveys/Bensons (who purchased their heritable interest) and Tapi Carpets who took a new lease upon 5,073 sq ft in August 2015 at a rent of £14.50 per sq ft.

INCOME SECURITY

Sterling Furniture

Sterling are the UK's largest independent furniture store having been trading for over 35 years. The company has 9 stores across Scotland in Edinburgh, Glasgow, Dundee, Inverness, Aberdeen, Falkirk and Tillicoultry, as well as a strong online presence.

Sterling Furniture Group Ltd have a Dun & Bradstreet rating of 4A 1, representing a 'minimum risk of business failure'. A summary of their most recent accounts is as follows:

Company	Latest Accounts	Turnover (000's)	Pre-Tax Profits (000's)	Net Worth (000's)
Sterling Furniture Group Ltd	29/02/2016	53,190	2,488	21,292
	28/02/2015	50,083	2,057	19,705
	28/02/2014	44,891	808	18,096

ScS

ScS was founded in Sunderland in 1894 and the company now has over 100 stores in the UK, employing 1,400 people.

The company, A Share & Sons Ltd, have a Dun & Bradstreet rating of 5A 2, representing a 'lower than average risk of business failure'. A summary of their most recent accounts is as follows:

Company	Latest Accounts	Turnover (000's)	Pre-Tax Profits (000's)	Net Worth (000's)
A. Share & Sons Ltd	30/07/2016	317,305	11,736	35,281
	25/07/2015	276,734	4,092	37,538
	26/07/2014	258,206	5,000	25,089

Copies of the Dun & Bradstreet reports for the tenants are available upon request.



PURCHASE PRICE

Our clients are seeking offers in excess of **£2,930,000 (Two Million Nine Hundred and Thirty Thousand Pounds)**, subject to the conclusion of missives, for the benefit of their heritable interest in the property. A purchase at this level will show an **attractive initial yield of 8.5%**, after allowing for purchaser's costs of 5.97%.

FURTHER INFORMATION

Should you require any further information on the property or wish to arrange an inspection, please do not hesitate to contact:

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