

Maple Leaf Case Study – Asset Management

Dorian was instructed by a family trust owning a freehold property in the London suburbs consisting of a ground floor retail unit and an extensive upper floor maisonette. The property was occupied under a single lease to a local covenant producing an income of £40,000pa. The premises were valued at £750,000.

Strategy

The trust sought to increase both their income and their asset value but stressed they wished to do so by pursuing a low-risk strategy.

Execution

After negotiation, the local retail tenant was relocated and their lease surrendered. The Assured Shorthold Tenancy on the residential maisonette was renewed with an up-to-date market rent and the ground floor retail unit let to a national multiple covenant.

Outcome

The rental income on the asset was increased to £77,000pa and the asset was sold for £1.38 million, net of costs.

The resulting funds were reinvested partly in an unencumbered office block and partly in a 60% geared office investment. Net income for the trust was increased from £40,000 to £97,000pa and the trust's asset value rose from £750,000 to £1.6 million.