

SHIPROW / ABERDEEN / AB115BY

# CITY WHARF

---

MIXED USE LONG INCOME  
INVESTMENT OPPORTUNITY





# EXECUTIVE SUMMARY

---

Located in a prime situation within Aberdeen City Centre within close proximity to the city's main public transport links as well the city's retail and leisure amenities.

---

43% of income secured to NCP and Grosvenor Casinos offering unexpired terms of 29.33 years and 15 years respectively.

---

Overall WAULT of 13.62 years (12.10 years to breaks).

---

City Wharf comprises a high quality open plan Grade A office development with excellent views over Aberdeen Harbour. The ground floor demise offers 3 retail/leisure units fronting onto Shiprow.

---

5 Exchequer Row offers a ground floor over basement leisure unit.

---

Multi storey car park extending to 386 car parking spaces.

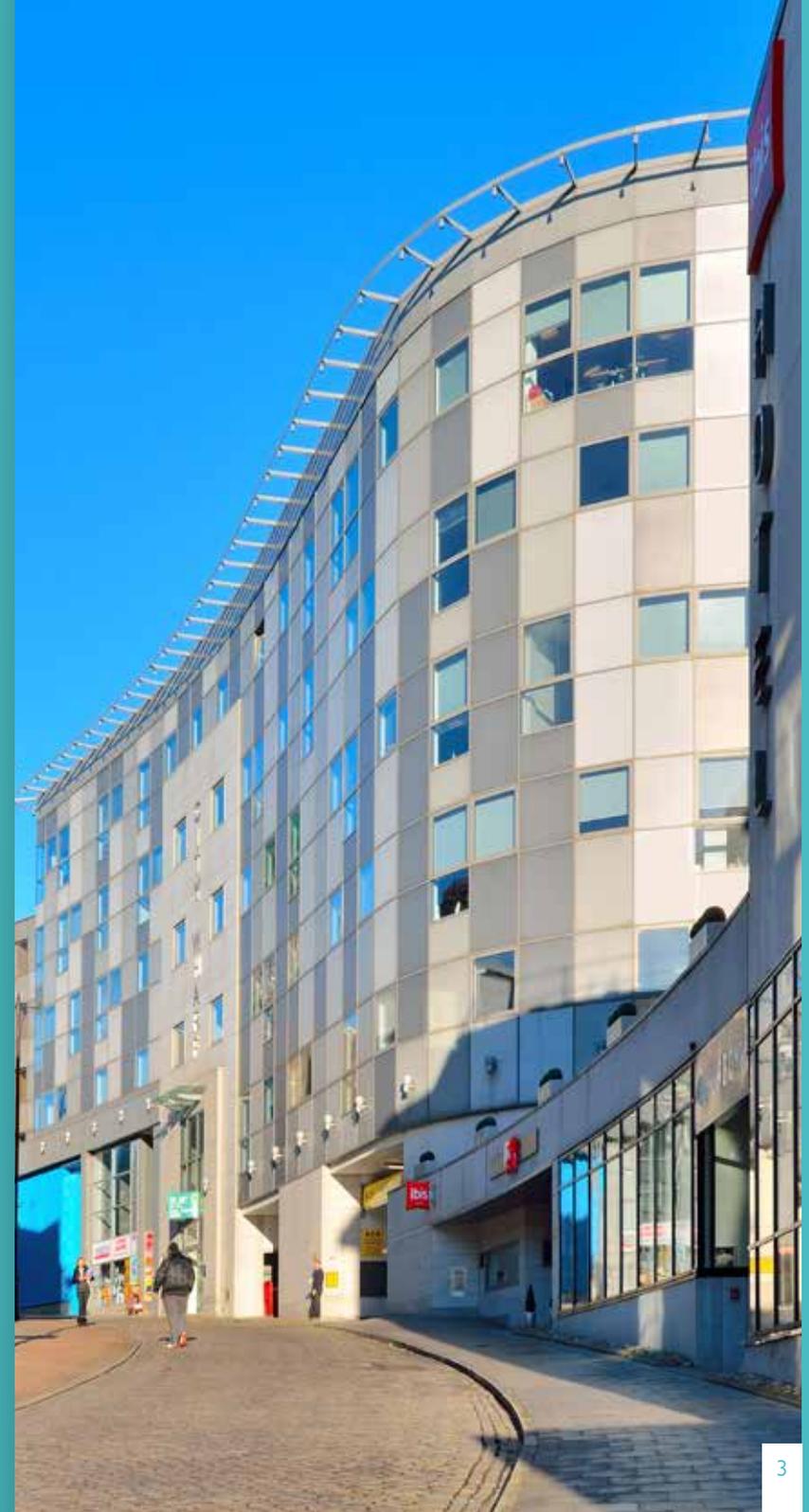
---

Total annual rental income of £1,151,288 per annum and a net income of £1,130,840 per annum.

---

**Offers are sought in excess of £11,500,000 (Eleven Million Five Hundred Thousand Pounds Sterling) exclusive of VAT for our client's heritable interest, which assuming purchaser's costs of 6.22% reflects a very attractive net initial yield of 9.26%.**

---



# LOCATION

---

Aberdeen is Scotland's third largest city and is widely regarded as the energy capital of Europe making it one of the most prosperous business focussed cities in the UK. Its status as an energy sector centre of excellence has been established for in excess of 40 years with other industries giving diversity to the local economy. The city has a population of approximately 220,000 people with a catchment population in excess of 500,000 people. The city's diverse economy includes the financial and business services sectors accounting for 25% of employment within Aberdeen. It is the administrative capital of the North East of Scotland and benefits from two universities with an estimated 22,000 students. It has seven major research institutes, together with world renowned food, fisheries and agricultural research establishments. The city boasts the highest regional business birth rate of any city outside London and also has representation from 29 of Scotland's top 100 businesses.



Aberdeen has strong communication links with the rest of Scotland, the UK and Europe. The A90 trunk road links Aberdeen with the Scottish motorway network making Edinburgh and Glasgow accessible in just over 2 hours. The on-going Aberdeen Western Peripheral Route (AWPR) is Scotland's largest construction project at present and is anticipated to provide significantly shorter commuting times across all parts of the region once complete in Q4 2017. The city is also linked to major towns and cities throughout the UK by rail and air travel. Aberdeen International Airport handles 3.1 million passengers every year and has business connections with over 40 UK and European destinations. The Airport is currently undergoing major construction works to accommodate the increase in passenger numbers and separately it accommodates the world's busiest commercial heliport. Aberdeen's harbour is one of the UK's busiest ports, a world leading marine support centre and is the principal port for the energy sector in Western Europe. Aberdeen Harbour contributes £420 million to the local economy and provides 11,000 jobs. A £350 million project to expand facilities at Aberdeen Harbour was recently approved with the main contractor appointed.



After extensive public and stakeholder engagement, in which more than 4,000 people living and working in Aberdeen were involved, the proposed multi-million pound regeneration of Aberdeen City Centre was approved in June 2015. The projects include 12 community based initiatives, 13 infrastructure proposals, 13 economic outputs and 11 environmental developments across the city. Key housing, building, transportation and public realm concerns raised during the consultation process were taken in to consideration as the city gears up for the next 25 years and beyond.



# SITUATION

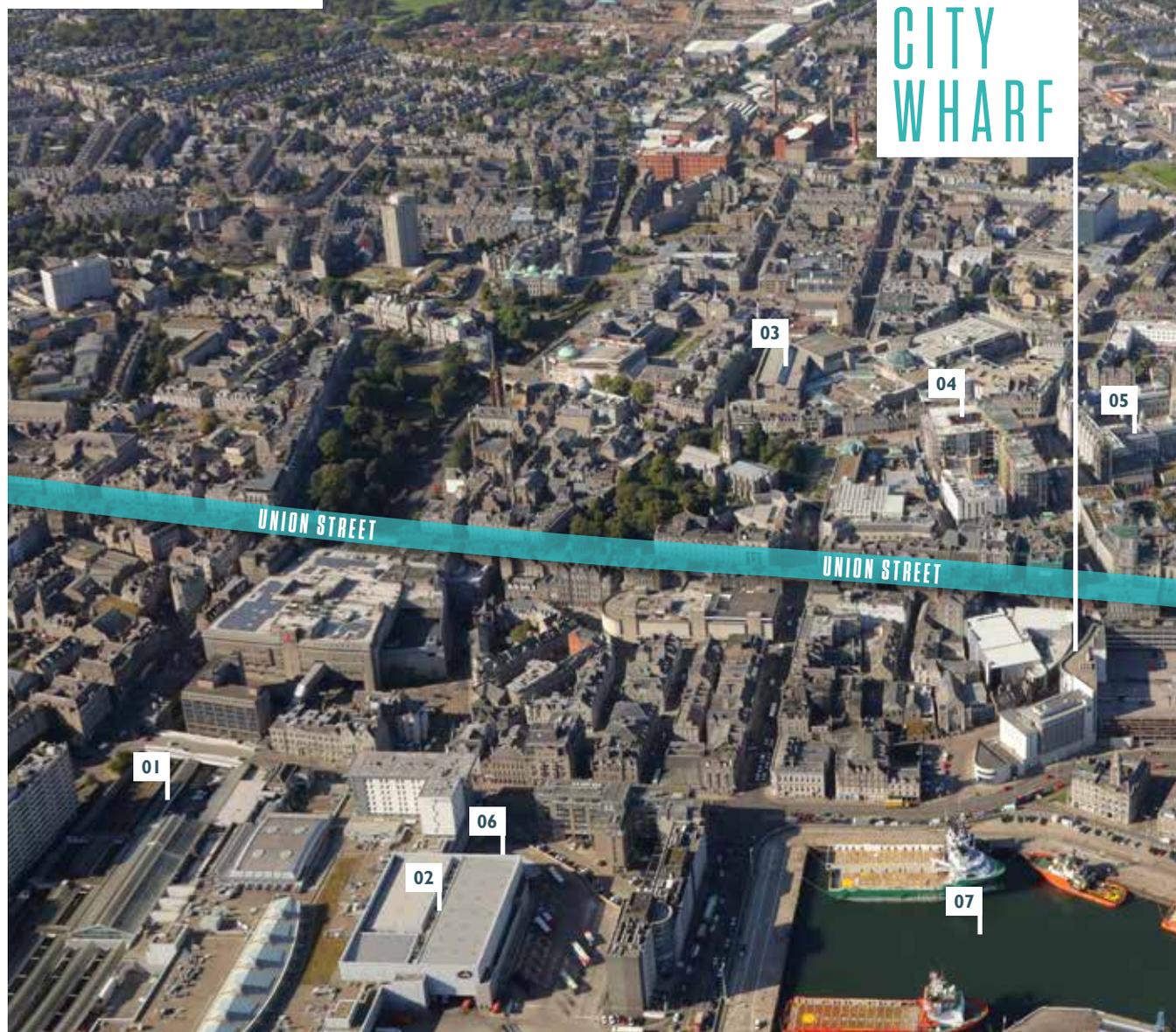
The property is situated in the heart of Aberdeen City Centre to the east side of Shiprow, bounding its junction with Virginia Street (A956). Union Street, Aberdeen's traditional retail street is located 50 metres north with Market Street 250 metres to the east.

The city's bus and train stations are located only 500 metres away on Guild Street making them easily accessible. Shiprow is one of the few traditional cobbled streets left in the city and provides adept contrast to the historic past with the modern look of the City Wharf Offices and glazed frontage of the Maritime Museum. Adjacent occupiers include a 107 bed Ibis Hotel, Pure Gym, Vue Cinema and a flagship Brewdog bar. The Maritime Museum, which is one of the key visitor attractions within the city, is also located on Shiprow. Within minutes' walk is the Marischal College on Broad Street which is Aberdeen City Council's HQ with in excess of 2,300 employees.

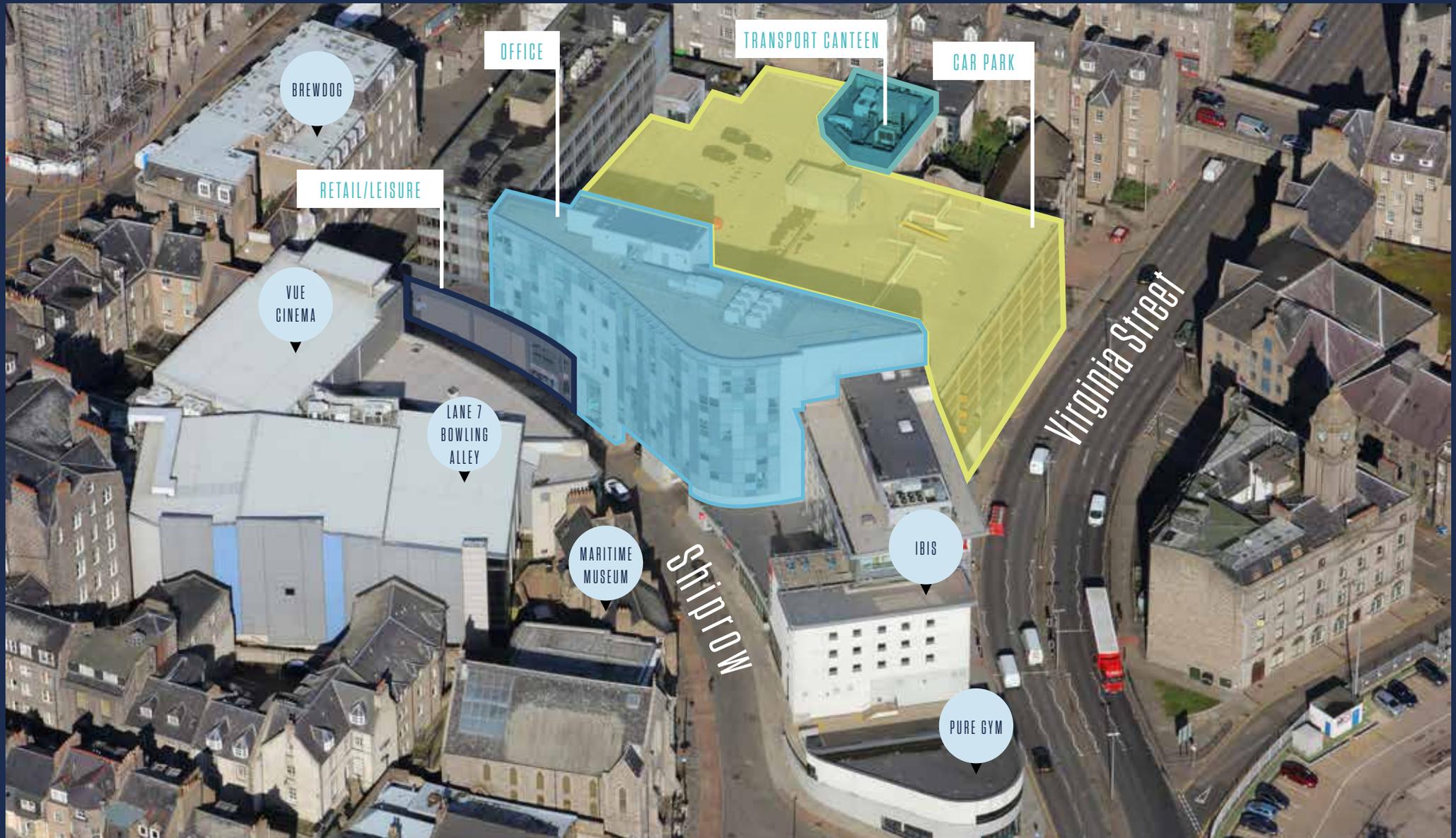
There are a number of developments underway within the immediate area which will further improve the feel and footfall within the micro location. Most notably is the completion of Aviva's Marischal Square development due in summer 2017 which will offer 201,500 sqft of mixed use accommodation (office, leisure, hotel and retail) and will include the pedestrianisation of Broad Street to the north of Ship Row. In addition to this, Lane 7 bowling alley have recently agreed a letting at the former Tiger Tiger unit directly opposite the subject which is in the process of being renovated, again, bringing further footfall to the area.

## KEY

- 01 Aberdeen train Station
- 02 Union Square
- 03 Bon Accord Centre
- 04 Marischal Square
- 05 Marischal College
- 06 Bus Station
- 07 The Harbour



# ASSET LAYOUT





## CITY WHARF

City Wharf comprises a 6 storey mixed use development consisting of ground floor retail/ leisure accommodation with the upper floors consigned to office use. The upper floors offer high quality Grade A open plan office accommodation set over 5 levels.

Internally, the office specification includes 2 x 8 person passenger lifts, fully raised access flooring, suspended ceilings incorporating LG7 lighting and 3-pipe VRV comfort cooling system. In addition, the premises' proximity to Aberdeen Harbour has had a significant impact on securing recent lettings.

The subjects have enjoyed recent letting success on the 1st and 5th floors proving the quality of accommodation on offer and attractiveness of circa 5,000 sqft floorplates in spite of a reduction in occupational requirements within the market.

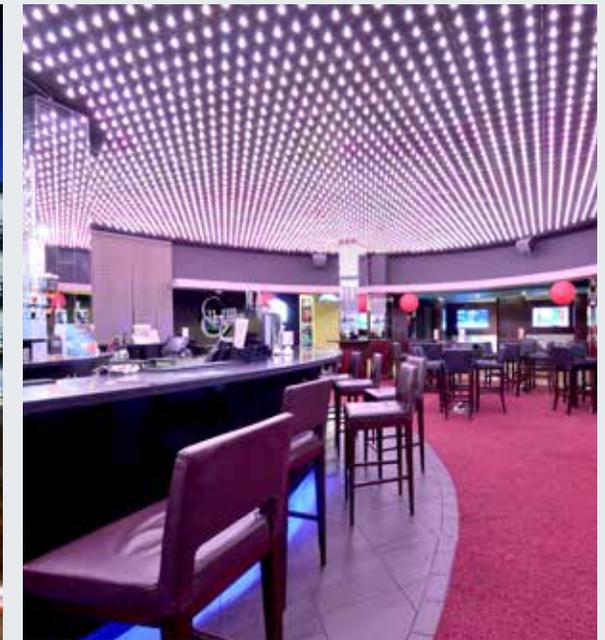
The ground floor retail/leisure accommodation consists of 3 adjoining units, one of which was recently let to a national operator and the other two are in shell condition ready for future tenants to fit-out.



## MULTI-STOREY CAR PARK

The multi-storey car park adjoins City Wharf. This element offers 386 car parking spaces over 12 levels contained within a 7 storey structure. The car park is accessed from Shiprow via a ground level passageway running underneath City Wharf and egressed via Virginia Street (A956).

Interconnecting the car park immediately to the east is a small transport canteen let to First Group.



## GROSVENOR CASINO, 5 EXCHEQUER ROW

Located on the ground and basement floor of a multi-storey office, Exchequer House, the property offers approximately 15,000 sqft of high quality leisure accommodation currently used as a casino fronting onto Exchequer Row. For the avoidance of doubt, the upper floors offer vacant office accommodation which are outwith the demise.

The lease has recently been re-gearred to provide a 15 year term certain showing the tenants commitment to the location which is further demonstrated by the fact they will soon commence a significant refurbishment at the tenant's expense.

The upper floors of Exchequer House are currently under the same ownership as the asset and can be purchased either as part of the larger package or separately. Further details can be supplied to interested parties by separate enquiry.

# ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition) 2007 and provides the following Net Internal Area's (NIA):

## CITY WHARF

DEMISE	TENANT	USE	SQM	SQFT
Unit C	Vacant	Retail	546.2	5,879
Unit D	Vacant	Retail	304.9	3,282
Unit E	Nisbets PLC	Retail	616.6	6,637
1st	Return to Scene Ltd	Office	397.3	4,276
2nd	Clarksons Platou (Offshore) Limited	Office	523.9	5,639
3rd	Maersk Drilling UK Limited	Office	550.4	5,924
4th	Vacant	Office	550.6	5,927
5th	V Ships UK Ltd	Office	550.0	5,920
<b>TOTAL</b>			<b>4,039.9</b>	<b>43,484</b>

## MULTI-STOREY CAR PARK

TENANT	USE	SPACES
NCP	car park	386

## 5 EXCHEQUER ROW

DEMISE	TENANT	USE	SQM	SQFT
Ground/ basement	Grosvenor Casinos Ltd	Leisure	2,161.7	23,268

\* For the avoidance of doubt, the property has been measured by Malcolm Hollis with the areas assignable to the purchaser.



Indicative office floorplan - City Wharf

## TRANSPORT CANTEEN

DEMISE	TENANT	USE	SQM	SQFT
Canteen	First Group Aberdeen Ltd	Canteen	213	2,293

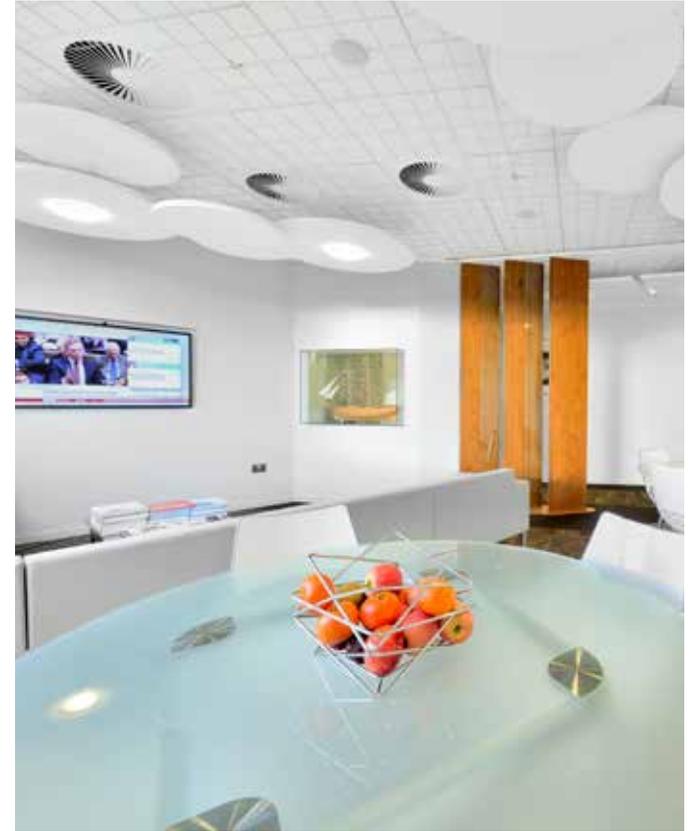
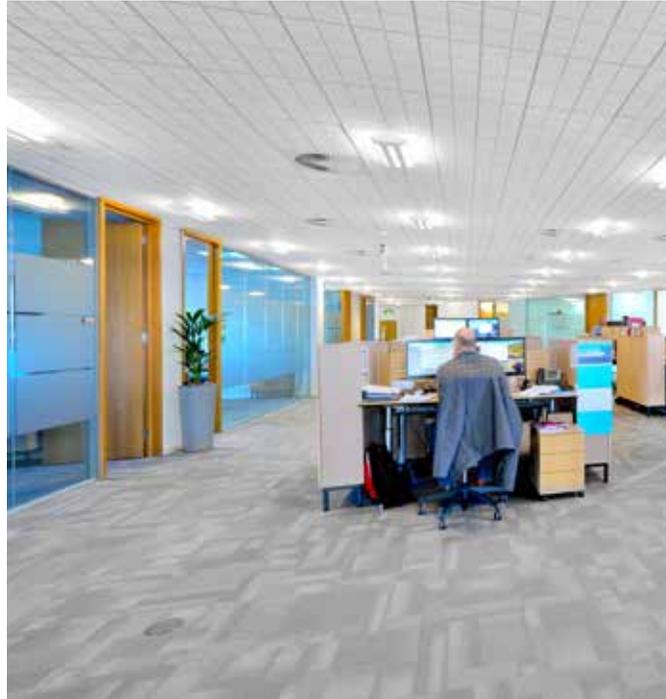
## SITE AREA

The property occupies an irregular shaped site bound to the north by Exchequer Row, the east by Virginia Street, the south by the adjoining Ibis Hotel and west by Shiprow. The site extends to approximately 1.20 acres (0.49 ha).

## TENURE

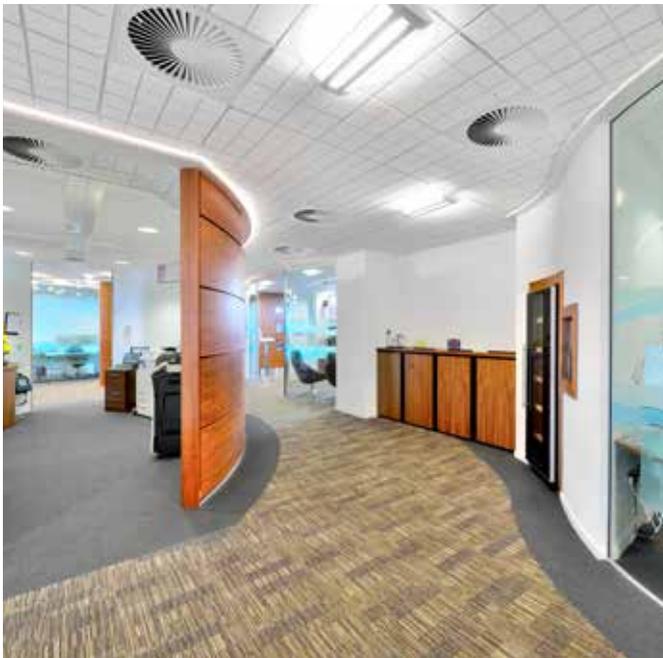
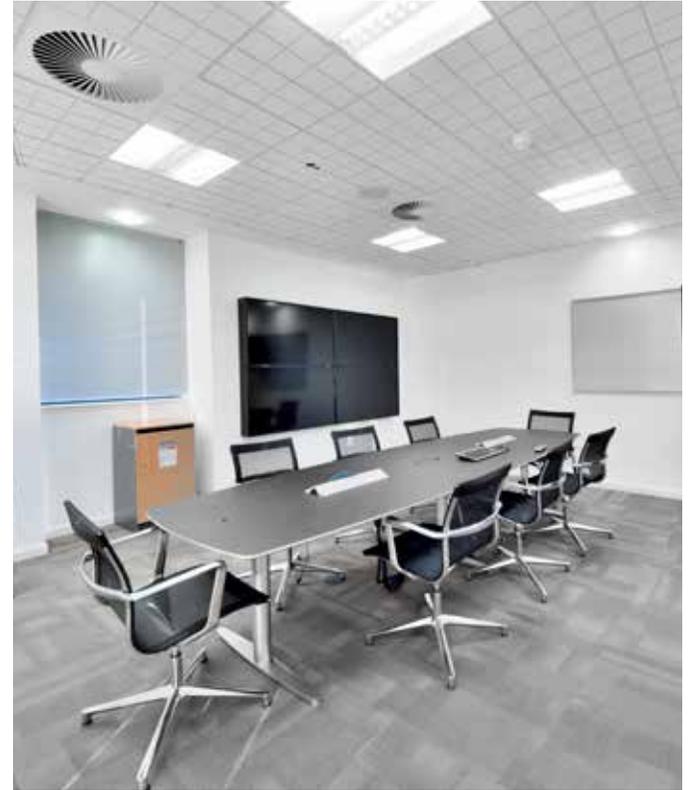
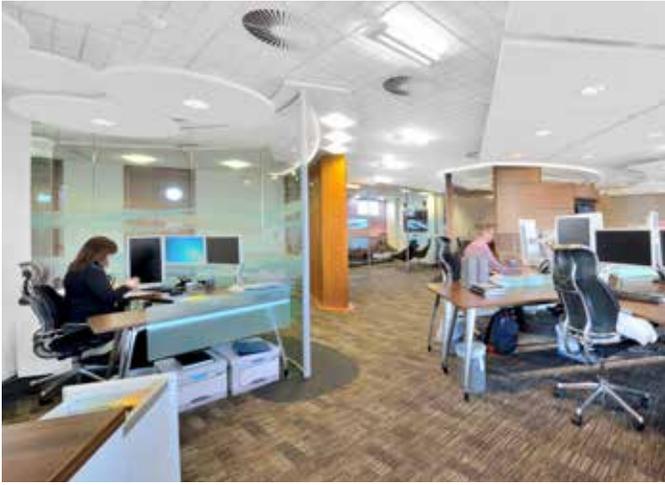
Heritable (Scottish equivalent of Freehold)

# CITY WHARF



# TENANCY SCHEDULE

Unit	Tenant	Sqft	Rent (£)	£ / Sqft	Lease Start	Expiry	Next Review Date	Break Option Date	EPC	Notes
Car Park	National Car Parks Ltd	386 spaces	255,621	662 p/ space	13/05/2011	12/05/2046	13/05/2017	–	–	Annual RPI linked rent reviews (neither capped nor collared).
Unit A/B	Grosvenor Casinos Ltd	23,268	290,000	12.46	24/10/2008	01/02/2032	24/10/2018	–	G	Lease recently extended to provide 15 year term certain. Tenant will benefit from 12 month rent free period. This will be covered by way of a top-up.
Unit C	VACANT	5,879	0	–	–	–	–	–	D	Unit in shell condition.
Unit D	VACANT	3,282	0	–	–	–	–	–	C	Unit in shell condition.
Unit E	Nisbets plc	6,637	85,000	12.81	28/06/2016	27/06/2031	28/06/2021	28/06/2021 28/06/2026	C	Tenant currently benefits from an initial 12 month rent free period until 28/6/17 plus an additional 21 months at half rent. Remaining incentive to be covered by way of a top-up.
1st Flr City Wharf	Return to Scene Ltd	4,276	72,000	16.84	01/11/2016	31/10/2021	–	–	D	Tenant currently benefitting from a rent free incentive until 1/11/17. Remaining incentive to be covered by way of a top-up. Lease guaranteed by James Fisher and Sons PLC
2nd Flr City Wharf	Clarkstons Platou (Offshore) Ltd	5,639	118,188	20.96	01/10/2011	30/09/2021	01/10/2016	–	D	Lease agreement includes 7 car parking spaces within the adjoining NCP car park.
3rd Flr City Wharf	Maersk Drilling UK Ltd	5,924	129,477	21.86	28/05/2011	27/05/2021	28/05/2016	28/05/2018	D	Lease agreement includes 8 car parking spaces within the adjoining NCP car park.
4th Flr City Wharf	VACANT	5,927	100,000	16.87	–	–	–	–	D	2 year rent, rates and service charge guarantee to be provided by landlord.
5th Flr City Wharf	VShips UK Limited	5,920	100,000	16.89	12/08/2016	11/08/2026	12/08/2021	12/08/2021	D	Tenant currently benefitting from a rent free incentive until 27/10/17. Remaining incentive to be covered by way of a top-up. Tenant will benefit from an additional 6 months' rent free should they not exercise their tenant break option.
Grd Flr City Wharf	Ibis Aberdeen Ltd	–	1.00	–	06/01/2017	30/01/2026	–	–	–	Granted to facilitate adjoining Ibis Hotel.
Transport Canteen	First Group Aberdeen Ltd	2,293	1,000	–	13/12/1967	28/11/2062	–	–	G	Lease is IRO
Substation	Scottish Hydro Electric Power Distribution PLC	–	1.00	–	10/11/2008	09/11/2107	–	–	–	
<b>TOTAL</b>			<b>1,151,288</b>							



# COVENANT INFO



## NISBETS PLC

Nisbets Plc are the UK's largest supplier of catering equipment employing over 2,000 people. Established in Bristol in 1983, the company has expanded significantly and now has a presence in over 100 countries worldwide being considered Europe's largest supplier of catering equipment. In 2015, the company was awarded the Best Equipment Distributor award in Restaurant Magazines Chef Choice Awards for the 5th consecutive year. Nisbets PLC have a D&B rating of 5A1.



## RETURN TO SCENE LTD

Return to Scene specialise in the provision of multimedia and visual asset management services to the oil industry. They have offices in 11 countries worldwide and form part of James Fisher and Sons PLC. James Fisher is a leading provider of specialist services to the marine, oil and gas and other high assurance industries worldwide. Return to Scene Ltd have a D&B rating of 2A4. The lease benefits from a parent company guarantee. James Fisher and Sons PLC have a D&B rating of 5A1.



Clarksons Platou

## CLARKSONS PLATOU (OFFSHORE) LIMITED

Clarksons Platou (Offshore) Ltd is one of the world's leading provider of integrated shipping services. They have 46 offices in 20 countries employing 1,379 people. Clarksons Platou (Offshore) Ltd have a D&B rating of 2A1.



MAERSK

## Maersk Drilling UK Ltd

Maersk Drilling UK Ltd supports global oil and gas production by providing drilling services to oil companies around the world. The business includes 4,000 on and offshore employees in 11 countries worldwide. Maersk are one of the leaders in the North Sea operating some of the world's largest and most advanced harsh environment jack-up rigs at water depths up to 150 metres. Maersk Drilling UK Ltd have a D&B rating of 3A1.



V.Ships

## V.SHIPS UK LTD

V.Ships UK Ltd forms part of V.Group and specialise in the crewing and operating management of ships. They are one of the world's leading third-party ship management companies and encompasses a network of 18 ship management offices. V.Ships offers technical, risk management, procurement and financial expertise and experience. V.Ships UK Ltd have a D&B rating of 2A2.



## NATIONAL CAR PARKS LTD

National Car Parks Ltd, more commonly known as NCP, is the UK's largest car park operator with over 150,000 car parking spaces across more than 500 car parks. National Car Parks Ltd have a D&B rating of 5A2.



## GROSVENOR CASINOS LTD

Grosvenor Casinos Ltd is one of the largest casinos in the UK with 55 casinos across the country. It forms part of The Rank Group who operate exclusively in the casino, bingo and online gaming industries across Belgium, Spain and the UK. Grosvenor Casinos Ltd have a D&B rating of 5A1.





## ABERDEEN OFFICE MARKET COMMENTARY

The Aberdeen office market was at its peak between 2011 and 2014 with occupier demand for space exceptionally strong as a consequence of the high levels of activity in the North Sea Oil and Gas industry. This saw three record levels of take-up with 2014 reaching 1 million sq. ft. In addition, rents increased 25-30% during this period. The cyclical nature of the energy sector has meant there has been a significant drop in letting activity over the past two years. This has seen the average requirement size reducing from 14,200 to 5,560 sq. ft which has benefited landlords with open plan floor plates of this size within the city centre. Despite these challenging conditions, City Wharf has been able to secure two new tenants confirming the building's position as one of the best fits given the city's current requirements. More recently, the OPEC (Organization of the Petroleum Exporting Countries) decision to curtail supply has had a positive reaction both to the oil price which is currently around \$55 for Brent crude and also confidence to the industry as a whole.

## INVESTMENT MARKET

Aberdeen is a major UK regional office centre and has attracted long term investment in commercial property from UK institutions, overseas funds and high-net worth individuals. The city is inextricably linked with the Oil and Gas Industry and despite the volatility experienced in this market in 2016, total investment for the city reached £55 million for the year. Prime city centre yields are currently at 6.50% which reflects a discount of 100 bps on Scotland's two major cities (Glasgow and Edinburgh) and 150 bps from other major regional cities within the UK. Consequently, Aberdeen continues to appeal to foreign investors enticed by the attractive yields on offer in comparison to other regional cities within the UK and further afield.

With oil prices rebounding, this provides an ideal opportunity to acquire a mixed use asset of this nature capitalising on improving sentiment within the city for an investment offering an attractive blended yield when compared with similar assets in other UK regional centres.

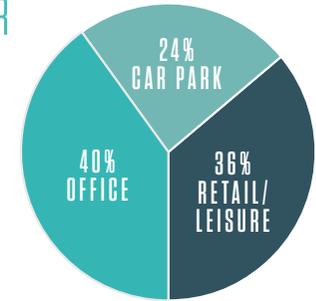


# INVESTMENT CONSIDERATIONS

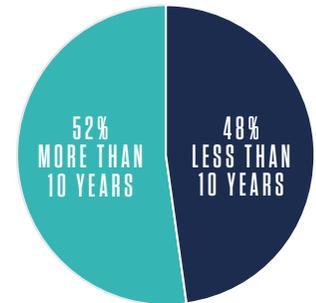
- Strong location in the heart of Aberdeen city centre.
- Unique asset providing a number of asset management angles whilst being underpinned by secure income. The asset offers a wide spectrum of possibilities including lease renewals, restructures and new lettings.
- WAULT of 13.62 years (12.10 years to breaks).
- Capitalise on the current occupational demand for office floorplates of c.5,000 sqft in order to let the remaining vacant floor.
- Letting of the two vacant retail units including a possible change of use (subject to planning) to Class 3 in order to benefit from the flourishing leisure scene in the surrounding area.
- Purchase Exchequer House immediately above Grosvenor Casino (available by separate enquiry) and let to student accommodation or hotel operator.



## INCOME BY SECTOR



## INCOME BY TERM



## CAPITAL ALLOWANCES

Capital allowances can be made available by way of separate negotiation.

Further information can be made available upon request.

## NON-RECOVERABLES

The asset has the following non-recoverable landlord costs which should be considered by prospective purchasers:

- City Wharf - £19,000 pa in relation to 15 car parking spaces provided to the 2nd and 3rd floor of City Wharf as part of their lease agreement.
- City Wharf – Service Charge shortfall over the vacant 4th floor totalling £36,562 pa and an empty rates liability of £49,133 pa
- City Wharf (Retail) - Service Charge shortfall over vacant retail units totalling £1,449 pa.

Taking into account the rents, rate and service charge rental guarantee being offered by the landlord over the vacant 4th floor, this results in a total non-recoverable cost of £20,449 pa.

# CITY WHARF

## DATA ROOM

Further information is available within a data room, please contact Knight Frank to request access.

## VAT

The asset has been elected for VAT, it is anticipated that the sale will be treated as a transfer of a going concern (TOGC).

## PROPOSAL

Offers are sought in excess of £11,500,000 (Eleven Million Five Hundred Thousand Pounds Sterling) exclusive of VAT for our client's heritable interest, which assuming purchaser's costs of 6.22% reflects an attractive net initial yield of 9.26%

## ACCOMPANYING SALE

**Exchequer House:** This asset is available as a package with City Wharf or individually - further information can be provided to interested parties.



## FURTHER INFORMATION

For further Information, please contact:

Douglas Binnie  
Knight Frank LLP  
Senior Surveyor – Capital Markets  
DD – 0141 566 0885  
douglas.binnie@knightfrank.com

Patrick Ford  
Knight Frank LLP  
Partner – Capital Markets  
DD – 0141 566 0880  
patrick.ford@knightfrank.com

Chris Ion  
Knight Frank LLP  
Partner – Capital Markets  
DD – 01224 415 969  
chris.ion@knightfrank.com

John Rae  
Knight Frank LLP  
Partner – Capital Markets  
DD – 0141 566 6029  
john.rae@knightfrank.com



"MISREPRESENTATION ACT: Knight Frank LLP give notice to anyone who may read these particulars as follows: 1. Particulars: These particulars are not an offer or contract, nor part of one. You should not rely on statements by Knight Frank LLP in the particulars or by word of mouth or in writing ("information") as being factually accurate about the property, its condition or its value. Neither Knight Frank LLP nor any joint agent has any authority to make any representations about the property, and accordingly any information given is entirely without responsibility on the part of the agents, seller(s) or lessor(s). 2. Photos etc: The photographs show only certain parts of the property as they appeared at the time they were taken. Areas, measurements and distances given are approximate only. 3. Regulations etc: Any reference to alterations to, or use of, any part of the property does not mean that any necessary planning, building regulations or other consent has been obtained. A buyer or lessee must find out by inspection or in other ways that these matters have been properly dealt with and that all information is correct. 4. VAT: The VAT position relating to the property may change without notice. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London W1U 8AN, where you may look at a list of members' names. February 2017."