



For Sale

DENBURN HOUSE

20/25 UNION TERRACE, ABERDEEN AB10 1NN

LANDMARK CITY CENTRE OFFICE INVESTMENT

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INVESTMENT SUMMARY

- Landmark office in heart of Aberdeen city centre
- Grade B listed building with attractive aspect onto Union Terrace Gardens
- Heritable Interest (Freehold)
- 54,552 sq ft over 6 floors
- Floor plates of c 10,000 ft, double entrance/core provides flexible space
- 60 car spaces, attractive city centre ratio of 1:929 sq ft
- 95% of the current income secured to 5A1 covenant
- Rental tone of £22.50 psf recently achieved in the building, offers significant discount to prime Aberdeen office rents
- Numerous asset management angles including re-letting, refurbishment and longer term redevelopment
- Asking Price £10,000,000 exclusive of VAT
- NIY of 9.1% after deducting LBTT costs of 6.2%
- Immediate reversion potential to over 11.5% upon letting the vacant space



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Aberdeen

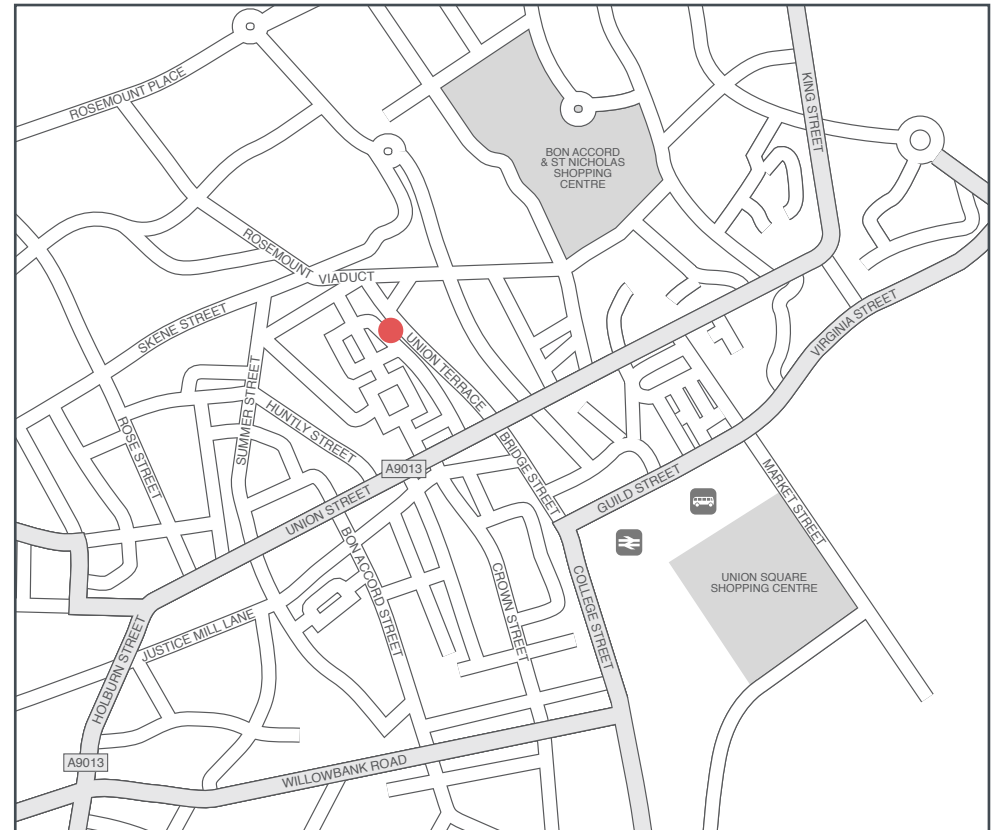
Aberdeen is Scotland's third largest city with a population of approximately 225,000 and a regional catchment population of over 500,000. It is the administrative capital of the North East of Scotland and benefits from two universities, an expanding international harbour and airport, seven major research institutes, together with world renowned food, fisheries and agricultural research establishments.

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 two hours. The city is also linked to major towns and cities throughout the UK by rail and air travel. Aberdeen International Airport, which lies to the north west of the city, provides frequent daily services to the principal UK cities and direct flights to Europe. The Airport is currently undergoing major expansion to accommodate the increase in passenger numbers and separately is the base of the world's busiest commercial Heliport.

In recent years the city has outperformed the rest of Scotland in terms of economic growth and productivity. Numerous surveys rated Aberdeen as having the best quality of life in the country to both live and work.

Aberdeen is home to 4% of Scotland's population but a third of Scotland's top 100 companies, with average earnings 21% above the Scottish average. Despite a recent rise, the unemployment rate in Aberdeen is still only 3.0%.

The recent fall in the global oil price and the impact of this upon Aberdeen's property markets is well publicised. Notwithstanding this, inward investment and capital infrastructure projects in the city continue including construction work on the AWPR and the multimillion pound expansion of Aberdeen International Airport, which will improve capacity and international connections. In June 2015, Aberdeen City Council approved proposals for the city centre masterplan which encompasses a £2.9bn regeneration of the city centre over the next 20 years.



A Diversified City

The primary driver for Aberdeen's economy has been and will continue to be the energy sector but the sector is almost unrecognisable from the first major north sea oil and gas extraction over five decades ago.

The UK Continental Shelf remains vital to the UK however the Aberdeen economy is a global one. It is estimated that the Shelf only accounts for half of the activity managed from Aberdeen, with the other half being exported globally.

It is clear that security of supply of North Sea oil is a fundamental issue and the UK will rely on oil and gas for decades to come, however the renewable energy industry is becoming increasingly important and Scotland has a huge amount of potential to tap into this. Scottish Renewables estimate that Scotland has sufficient renewable energy resources to provide 75% of the UK's electricity needs. It also has 25% of Europe's onshore wind resource and significant potential for wave resource, tidal stream and offshore wind capacity.

With considerable resources and technical expertise in place, Aberdeen will have a major role to play in the UK's transition to a lower-carbon economy.

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ABERDEEN TRAIN STATION

UNION SQUARE

TRINITY SHOPPING CENTRE

UNION STREET

UNION PLAZA

GRAMPIAN HOUSE

AB1

KING'S CLOSE

RUBY HOUSE

TRIPLE KIRKS

UNION TERRACE
GARDENS



Walking Times

Union Street	2 mins
Bon Accord Centre	5 mins
Aberdeen Train Station	7 mins
Union Square	8 mins
Aberdeen Bus station	9 mins



Drive Times

City Ring Road	8 mins
A90 south	11 mins
AECC	15 mins
Aberdeen Airport	20 mins

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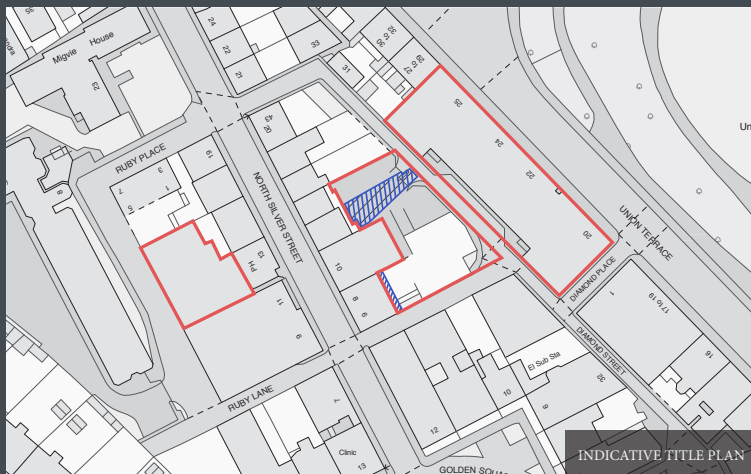
Description

Denburn House is a six-storey Grade B Listed office building. Redeveloped in the early 1980's with a new concrete framed structure formed behind the retained, 19th Century, ornate granite stone façade. The external walls to the rear elevation are clad in granite aggregate blocks and the roofs are a combination of flat felt and mansard slate construction.

Internally, the property provides open plan accommodation on all floors, the majority of which were comprehensively refurbished in early 2000's. The office specification includes; comfort cooling, suspended ceilings with integrated lighting, a mix of under floor and perimeter trunking, four lifts (two in each core), male and female WC's along with tea prep area on all floors. The building has security door entry systems and benefits from DDA compliant access (No 25 entrance).

Internally, each floor level comprises a base build configuration of open plan office accommodation. The various occupiers, through tenant fit out, have introduced a series of cellular meeting rooms and individual offices constructed in demountable partitions throughout the building.

A large car park situated directly behind the property accommodates 42 cars on 3 levels. Additionally, there is a further 18 covered car spaces, accessed from Ruby Lane.



Source: ACC / BDP Architects



Denburn Valley

In June 2015, Aberdeen City Council released their final version of the city centre masterplan, a framework to deliver a £1bn regeneration of Aberdeen City Centre over the next 25 years.

The masterplan strategy is focused on reviving the historic core of the city centre. The report acknowledges the need to enrich Union Street as the central east – west spine through the city centre. There is an emphasis on defining the uses, activities, buildings and spaces that will enhance the prosperity of the city centre and improve the quality of life of those that work, live and visit the city centre.

Seven key areas have been identified within the masterplan, one being Denburn Valley where the key focus is to reinforce the area as a meeting place and oasis in the city centre, reconnected with the adjacent areas. These include:

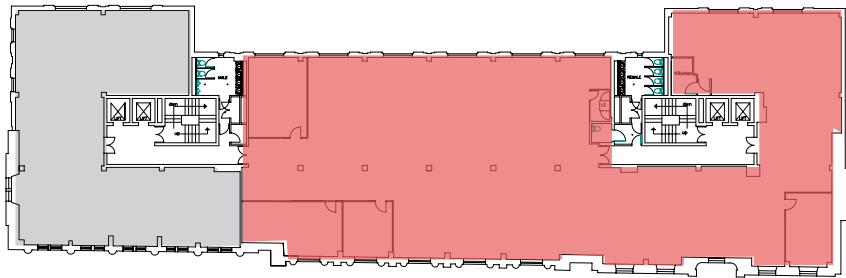
- Upgrade and expansion of Union Terrace Gardens including outdoor amphitheatre, new soft landscaping and high level bridge access
- New ground floor retail, food and drink and leisure uses earmarked
- Development of new residential schemes
- New Hotel use on the former Woolmanhill Hospital buildings with ancillary residential uses

DENBURN HOUSE

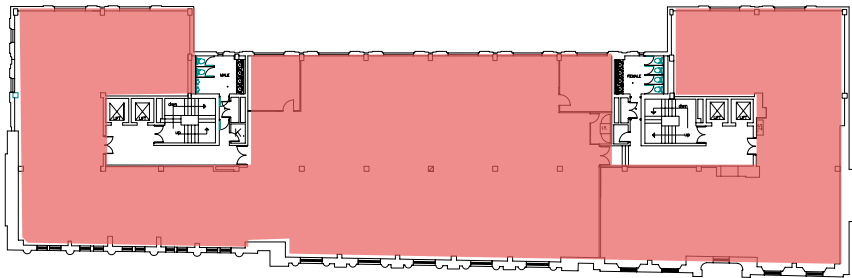
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Accommodation

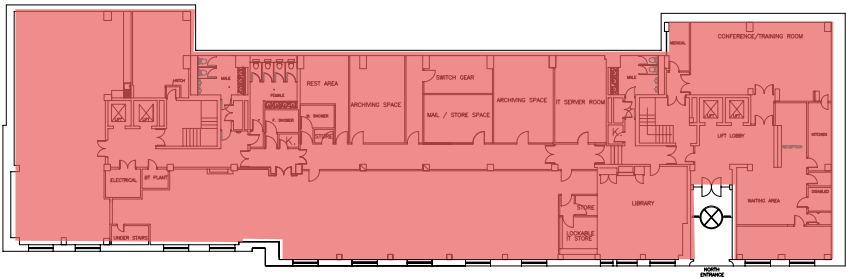
The property has been measured in accordance with the RICS code of measuring practice (6th Edition) and extends to a total NIA of 5,067.8 sq m (54,552 sq ft) with the additional benefit of car parking for 60 cars.



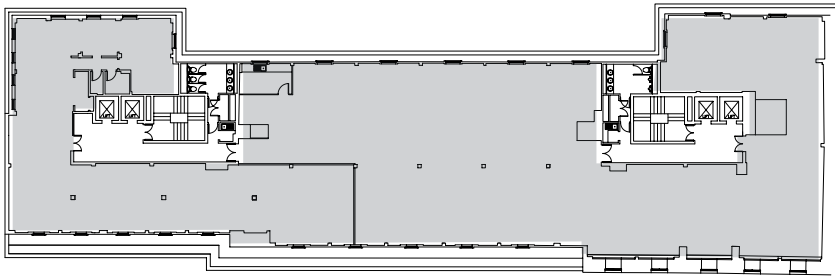
THIRD FLOOR



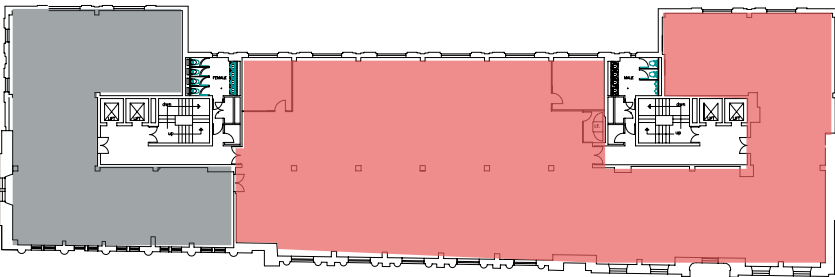
FIRST FLOOR



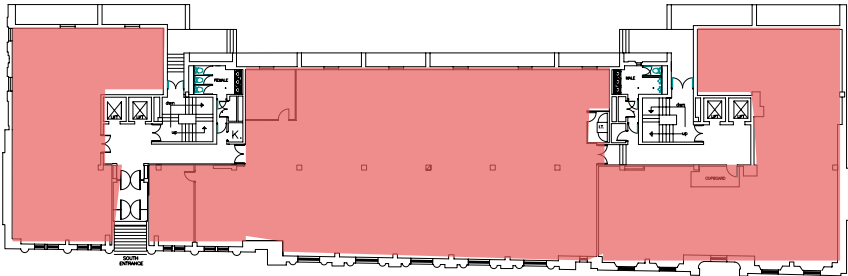
LOWER GROUND FLOOR



FOURTH FLOOR



SECOND FLOOR



GROUND FLOOR/MEZZANINE

FLOOR	SQ M	SQ FT	FLOOR	SQ M	SQ FT
Lower Ground Floor	748.1	8,440	Second Floor (part)	237.5	2,557
Ground Floor	606.9	6,533	Third floor (part)	704.9	7,588
First Floor	934.9	10,064	Third Floor (part)	242.7	2,613
Second Floor (part)	702.4	7,561	Fourth Floor	854.3	9,196
			Total	5,067.8	54,552

■ LLOYDS REGISTER
■ STHREE
■ VACANT

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Title

The Heritable Interest (Scottish equivalent to Freehold) is being sold.

Tenancy Details

The property is leased in accordance with the tenancy schedule below. The current leases are drawn on an FRI lease basis, subject to any limitations specified.



Floor	Tenant	Area (Sq Ft)	Start	Expiry	Reviews	TBO	Rent (1)	Rate (PSF)	Cars	D&B Score	Comments
LG - 3rd	Lloyds Register EMEA (3)	40,186	15/09/2000	14/09/2017	-	-	£910,000	£22.50 (2)	40	5A1	Tenant has schedule of condition. Tenant has option to extend until 2022 on not less than 6 months notice. Area stated in lease; 40,400 sq ft.
2nd (Part)	SThree Staffing UK Ltd	2,557	01/12/2012	30/11/2017	-	29/11/2015	£53,700	£21.00	2	2A1	Tenant has exercised TBO and no longer in occupation.
3rd (Part)	Vacant	2,613	-	-	-	-	£0	-	3	-	Previous tenant ADTI Ltd placed into liquidation August 2015. Lease terminated effective 30/9/15. Space currently unrefurbished.
4th	Vacant	9,196	-	-	-	-	£0	-	10	-	
Car Space	Urquhart Partnership	-	27/10/2010	01/10/2015	-	-	£1,500	-	2	-	Licence agreement. Either party can terminate on 1 months notice.
Car Space	Urquhart Partnership	-	Monthly	License	-	-	£2,250	-	3	-	
Total		54,552					£967,450		60		

(1) Annual rent/rate inclusive of car parking. (2) Overall rental rate based on deemed area stated in lease. (3) The obligations of the Tenant of the property are guaranteed by Lloyd's Register Group Limited, a company incorporated under the Companies Act 2006 (registered number 08126909) and having their registered office at Seventy one Fenchurch Street, London, EC3M 4BS (having been previously known as, and constituted as, Lloyd's Register, registered under the Industrial and Provident Societies Act 1965 (registered number IP21567R))

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Asset Management

Denburn House offers an opportunity to acquire a core city centre office with numerous asset management angles. Some of these are subject to planning and other local authority consents but the positive aspects include;

- 11,800 sq ft available to re-let and immediately improve the running yield
- Low void running costs - 100% vacant rates relief and very competitive service charge
- Denburn Valley identified as a core city centre hub, the asset is going to benefit directly from infrastructure and public realm improvements
- The rental tone of £22.50 psf and low service charge offers value in comparison to Aberdeen's top occupational costs
- Flexible floor plates offering spectrum of multi let options ranging from as small as 2,500 sq ft up to 55,000 sq ft single user building
- Unrefurbished space allows tailor made refurbishment programmes for target occupiers
- Development of Ruby Lane car park for number of possible uses without dramatically impacting upon the office parking ratios
- Longer term complete redevelopment of the entire Union Terrace site. Full range of possible uses including office, hotel and residential schemes

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Building Management Information

The property has an EPC rating of E+.

As of November 2015, the annual service charge will equate to a very competitive level of £2.40 psf. Full details on service charge along with other building management information can be made available, upon request, to interested parties.

VAT

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

Pricing

Asking price of £10,000,000 exclusive.

This equates to an attractive NIY of 9.1% prior to deduction of any non-recoverable costs but after allowing for LBTT costs of 6.2%. Opportunity to improve the running yield to over 11.5% upon letting the vacant space.

Pricing equates to a low capital value rate of £183 psf.

Contact

For further information or to arrange a viewing of the property, please contact sole selling agents:



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