

PRIME RETAIL INVESTMENT

LET TO NATIONWIDE BUILDING SOCIETY UNTIL 2031

133-141 Union Street
Aberdeen AB11 6BH



INVESTMENT SUMMARY

Prime location on Aberdeen's principal retail thoroughfare

Majority let to Nationwide Building Society on a straight 15 year lease term from 4 March 2016

Immediate potential to add significant value and income through letting the vacant retail unit at 141 Union Street and converting the upper floors to residential use for which planning consent was granted in 2017

Current passing rent from the Nationwide unit of £265,000 per annum

Heritable ownership of entire block extending to 27,857 sq ft. (GIA)

Nearby retailers include Primark, EE, Clarks, McDonalds, Molton Brown and All Saints

Offers in excess £3,550,000 exclusive of VAT

Attractive net initial yield of 7.0% with strong reversionary potential

LOCATION

Aberdeen is Scotland's third largest city with a population in excess of 225,000 and a regional catchment within a 30 minute drive time in excess of 520,000 people.

It is the administrative, economic and principal retail centre for the North East of Scotland and benefits from two Universities, an expanding harbour infrastructure and international airport.

Regarded as a centre of excellence for the energy sector, the city is a focal point for the oil and gas industry in the UK and Europe and is a key driver of the Scottish and UK economies. In recent years the city has also diversified its expertise into the renewable energy sector.

Major employers in the city include Aberdeen Standard Investments, Lloyds Registers, The Wood Group, First UK Bus Services and BP.

In November 2016, Aberdeen secured a city region deal which will deliver in excess of £830M of investment over a 10 year period. This funding will be spread across 6 key project areas including a new oil and gas technology centre, two life sciences hubs, improvements to digital infrastructure and strategic transport and finally, a major expansion of Aberdeen Harbour.

Overall, these projects are expected to deliver annual GVA increases of £260M to the economy.

The subject property is located on the south side of Union Street, the city's principal retail pitch. The property occupies a prominent position, with return frontage in the prime section of Union Street, adjacent to Primark. The Trinity Shopping Centre is located immediately to the west of the property with the city's three other main shopping centres, Bon Accord, St Nicholas and Union Square, all within close proximity.



DESCRIPTION



The subjects comprise a Category C listed granite stone building, in keeping with and typical to Aberdeen city centre. Extending over three main storeys along with attic and multiple basement levels. The property can be described as follows:

133/137 Union Street - is let to Nationwide Building Society who occupy this key retail unit at ground and basement (-1) levels.

139 Union Street - is a dedicated entrance to the upper floors which were historically used as offices.

141 Union Street - a vacant retail unit, which has been "white boxed" and sits between Nationwide and Primark.

90 The Green - 3 sub basement levels with direct/dedicated access from Rennies Wynd/The Green at the lower level to the rear of the property. This previously formed part of a larger retail store with 133/137 Union Street above.

The demise is bound by Union Street to the north, Back Wynd Stairs to the east, Rennies Wynd/The Green to the south and Primark to the west. NB - Excluded from our clients title is the closed Public Toilet facility accessed from The Green. We understand this is owned by the local council. The property has been subdivided as follows:-

UNIT / DEMISE	TENANT	UNIT / DEMISE AREA	CURRENT ANNUAL RENT	RENT PER SQFT	LEASE FROM	LEASE TO	NEXT RENT REVIEW	COMMENTS
133/137 Union Street	Nationwide Building Society	8,615	£265,000	£30.76	04/03/2016	03/03/2031	04/03/2021 & 2026	IRI lease with payment towards common costs and with rent reviews upwards only to OMV. NIA quoted areas of Ground = 4,123 sqft & Basement (-1) = 4,492 sqft. Reduced area = 2,621. £101.11 Headline Zone A rate. Lease states a GIA of 9,256 sqft
90 The Green	VACANT	13,975	£0					Sub-basement floors on 3 levels (-2, -3 Mezz & -3) GIA sqft quoted areas of -2 = 6,613 / -3 Mezz = 5,414 & -3 = 1,948)
139 Union Street	VACANT	3,685	£0					Obsolete office space over upper 3 levels, (1st, 2nd & attic). Planning consent granted in 2017 for residential conversion to 6 flats. GIA quoted. S.75 Agreement in place.
141 Union Street	VACANT	941	£0					White boxed retail unit at ground floor only. Reduced area = 710 sqft NIA quoted.
			£265,000					

Floors plans for each element of the space can be made available to seriously interested parties.



PLANNING HISTORY

In October 2014, change of use to Class 2 was granted for 133-137 Union Street to allow the letting to Nationwide Building Society to progress. Nationwide have consolidated their presence on Union Street at this address having previously occupied multiple units in the city centre. Nationwide have made a long term commitment to this site which now also acts as a regional hub.

In September 2017, our clients secured consent for a change of use to the upper floors from offices to five, 2 bedroom flats and one, 1 bedroom flat. A Section 75 Agreement relating to the proposed redevelopment was also entered into at the time. Full details can be provided to seriously interested parties.

TENANT COVENANT

With over 15 million members, Nationwide is the UK's largest building society, second largest mortgage lender and third largest provider of retail savings products. Nationwide employ over 18,000 people across 700 locations in the UK.

In the year to March 2018, the building society generated a statutory profit of £977 million and holds total assets in excess of £229 billion.

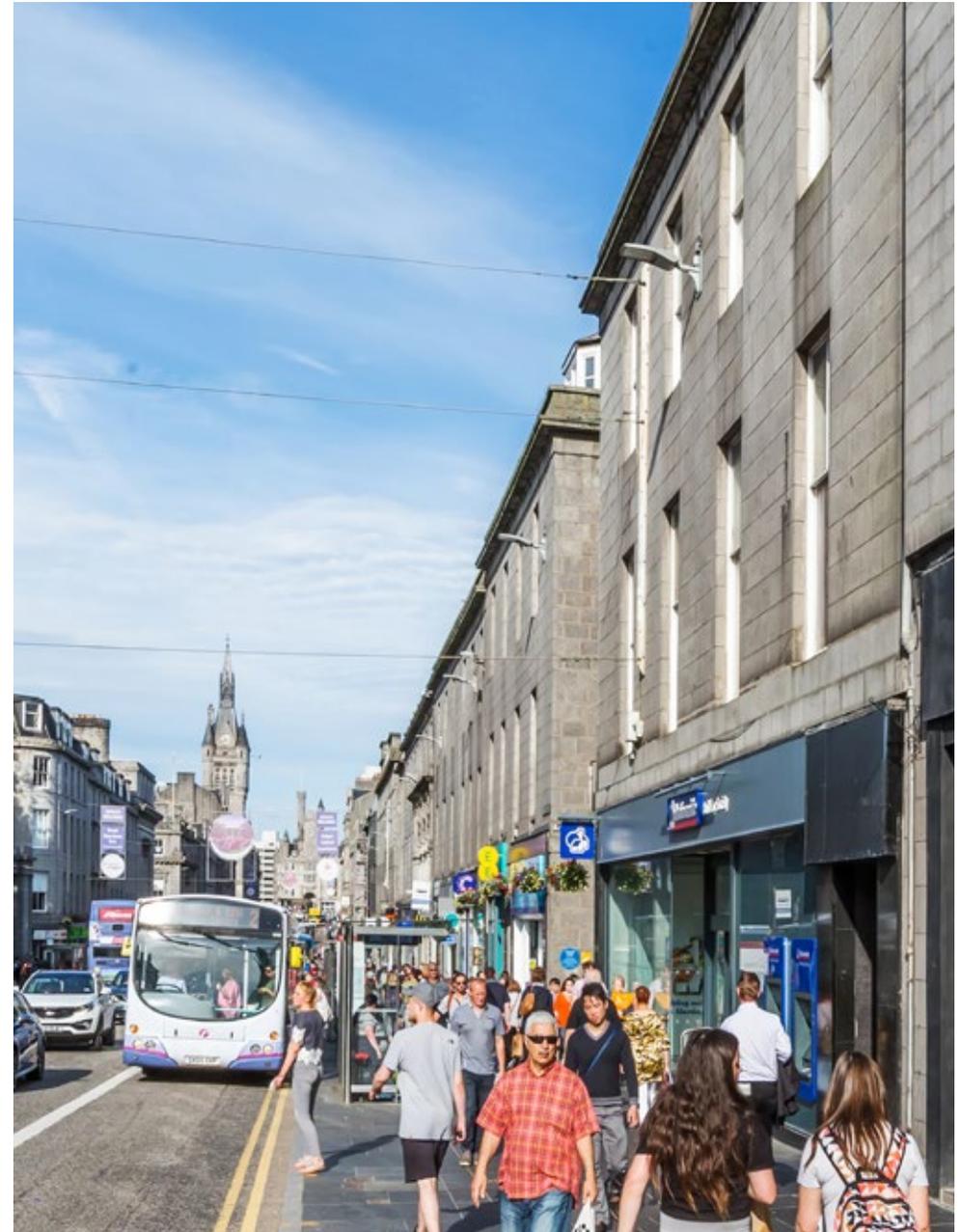
Further information on the tenant's financial covenant can be provided to seriously interested parties.

TENURE

The property is held by way of Heritable Title (Scottish equivalent of English freehold).

ENERGY PERFORMANCE CERTIFICATE (EPC)

Currently being updated to reflect the sub division of the property. These can be made available to seriously interested parties.



VAT

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

PROPOSAL

We are instructed to seek offers in excess of **£3,550,000** exclusive of VAT for our client's Heritable interest, subject to and with the benefit of the existing lease to Nationwide Building Society. There is the potential to add significant income and value through the conversion of the upper floors and letting of the vacant retail unit.

A purchase at this level would reflect a net initial yield of **7.0%** after allowing for purchaser's costs based on Scotland's Land & Buildings Transaction Tax (LBTT) and standard purchaser's costs.



FURTHER INFORMATION

For further information please contact:

Gregor Martin

0131 558 5136

gmartin@eyco.co.uk

Duart Keith

0131 558 5144

dkeith@eyco.co.uk



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