



Pine Portfolio



AN INVESTMENT SALE OF PRIME INDUSTRIAL GROUND
RENTS IN ABERDEEN WITH A WAULT OF 92 YEARS



Investment Summary



The portfolio comprises 7 industrial ground lease sites and one vacant site located at East Tullos Industrial Estate, Aberdeen.



Together the sites extend to a total of 16 acres (6.48 hectares).



All sites are held on a heritable basis (equivalent to English freehold).



The portfolio is leased to a wide range of tenants and offers excellent long-term security with potential for ongoing portfolio management.



100% of the rental income is secured by tenants with a very low risk credit rating.



Notable tenants include Stena Drilling Limited and Schlumberger Oilfield UK Limited.



The total current income is £379,145 per annum.



The WAULT to expiries is c.92 years



Offers in excess of **£5,750,000** are sought for our client's heritable interest in the portfolio.

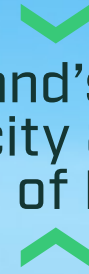
A purchase at this price would show a net initial yield of **6.19%** after deduction of purchaser's costs of 6.60%.





Aberdeen

Scotland's third
largest city & energy
capital of Europe





Overview

Aberdeen is Scotland's third largest city with a population of approximately 230,000 and a regional catchment population of over 500,000.

The city has been established as the energy capital of Europe for over 50 years and as such is a key engine of the Scottish and UK economies.

The current strong oil price is the catalyst for increased investment in the traditional energy sector and activity in the local economy is on an upward trend. In recent years the city has also responded to climate change concerns - a growing number of companies in the Aberdeen area are utilising their highly skilled workforce to expand their renewable energy activities with wind power and hydrogen at the forefront.

The city is benefitting from significant public sector support in the drive to net zero with a £62m Energy Transition Fund launched in 2020. This has allocated £26m to establish an Energy Transition Zone close to the new south harbour development.

In June 2023 the UK government announced that Aberdeen and the North East of Scotland has been awarded Investment Zone status which will provide tax incentives to assist the development of jobs and skills.

Aside from energy, there is a major drive to create a diversified local economy by expanding other industries including digital technology, food, tourism and life sciences. With assistance from the public sector and Opportunity North East, the £40m life sciences BioHub at Aberdeen Royal Infirmary has recently opened.

Aberdeen Chamber of Commerce estimate that close to £6.5bn of projects have been completed across the city and shire region since 2017. These projects highlight the city's economic resilience and future potential.

£6.5bn of projects recently completed

TECA/PSJ LIVE



ONE BIOHUB



ABERDEEN BAY WIND FARM

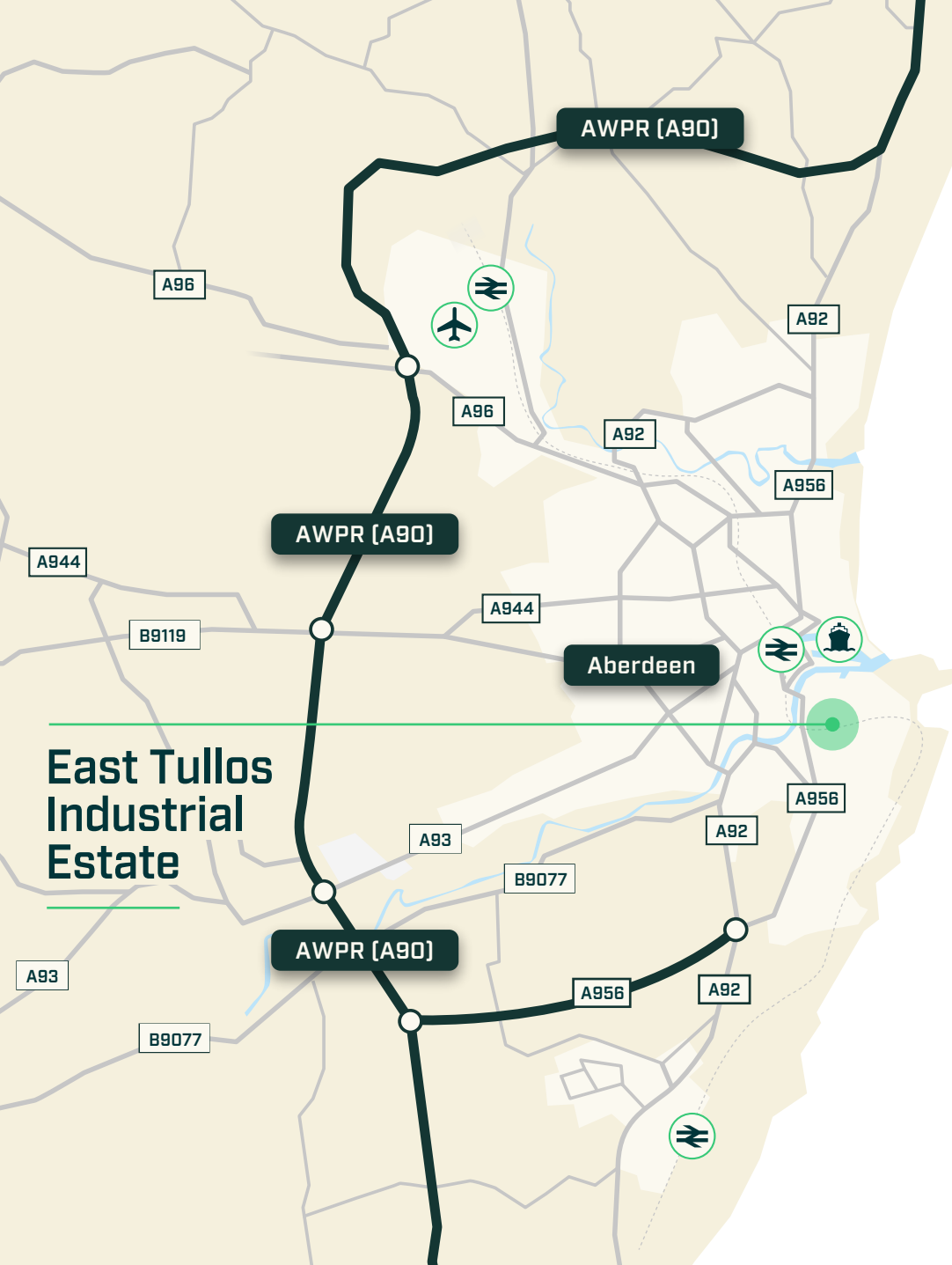


UNION TERRACE GARDENS





Communications



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 around two hours. Journey times in and around the city dramatically improved with the opening of the Aberdeen Western Peripheral Route (AWPR) in February 2019.

The city also benefits from frequent rail services to major towns and cities throughout the UK. Aberdeen International Airport, which lies to the north west of the city, provides direct flights to the principal UK cities and popular European destinations. The Airport also incorporates the world's largest commercial Heliport to service the offshore energy industry.

Recent Infrastructure Projects

£420m

South Harbour Extension

£745m

AWPR

£24m

Airport/Heliport Improvements

£17m

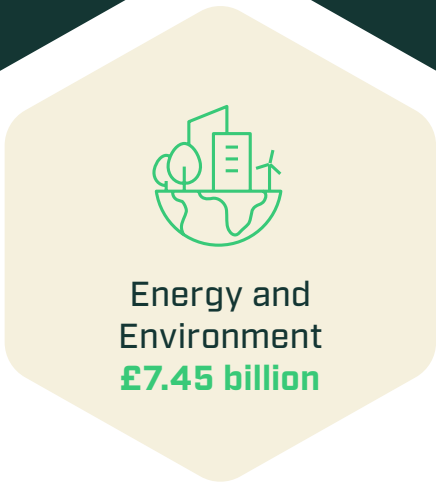
Station Refurbishment

East Tullis Industrial Estate



Future Projects & Investment

Aberdeen Chamber of Commerce's May 2023 Investment Tracker highlighted that **£15.85 billion** of projects are planned for the coming years underlining that Aberdeen is a city which has an exciting future ahead.





East Tullos



East Tullios Industrial Estate

East Tullios Industrial Estate is located approximately 1.5 miles south of Aberdeen city centre and accessed from Wellington Road [A956], part of the city's arterial road network. East Tullios was developed from the early 1970s.

East Tullios is a popular estate which benefits from its close proximity to the city centre and harbour. The land area of East Tullios is approximately 150 acres [61 hectares].

The estate has attracted companies across a wide range of industries including Biffa, NorDan, Arnold Clark Toyota, BSS, Proserv and John Clark Bodyshop. Notably the estate is home to the recently completed £150m NESS Energy from Waste facility.

East Tullios is also contained within the boundaries of the city's Energy Transition Zone which has been established by ETZ Ltd to create an integrated energy cluster focussed on delivering Net Zero. £60m of funding has been approved by the UK and Scottish governments and Opportunity North East. This has increased the longevity and importance of the estate in Aberdeen and beyond. East Tullios is also the closest estate to Aberdeen's new South Harbour, which opened in 2023.

8 sites in East Tullios are included in the portfolio extending to a total of approximately 16 acres [6.48 hectares].



Close proximity to the city centre and harbour





Tenancies

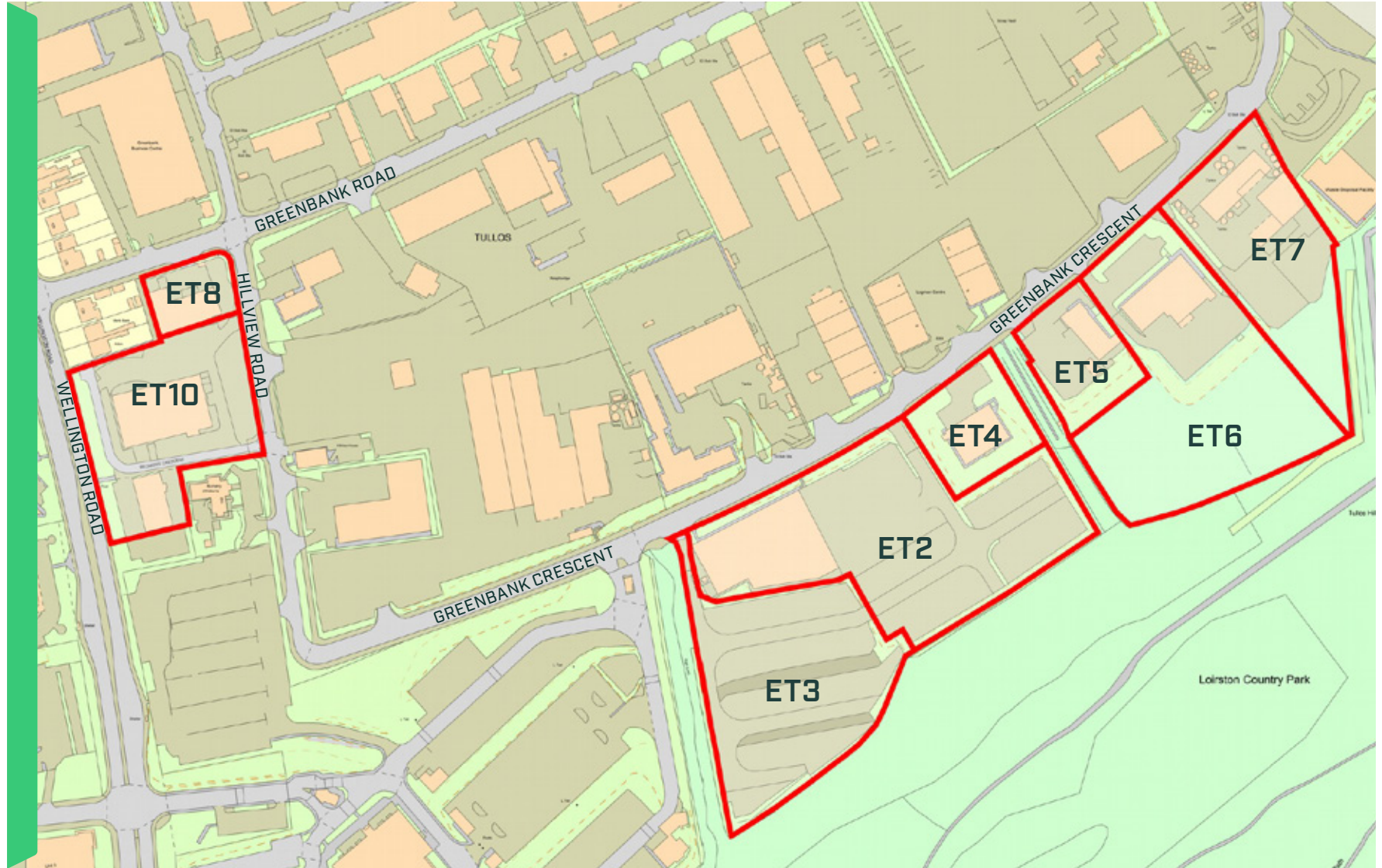
A summary schedule of the tenancies is provided together with a Promap extract outlining the approximate boundaries of each site.

Site	Address	Site Area [Hectares]	Site Area [Acres]	Tenant	Lease Start	Lease Expiry	Tenant Break Option	Rent [pa]	Rent Review	Comments	
ET2	Greenbank Crescent, East Tullos	1.47	3.625	Stena Drilling Ltd	15/05/1973	27/05/2136		£109,920	28/05/2021		
ET3	Greenbank Crescent, East Tullos	1.09	2.69	Stena Drilling Ltd	15/05/1973	27/05/2136		£69,770	15/05/2021		
ET4	Greenbank Crescent, East Tullos	0.33	0.825	Greenwell Properties Ltd	28/05/1972	27/05/2136		£21,760	28/05/2021		
ET5	Greenbank Crescent, East Tullos	0.36	0.90	Vacant				£0			
ET6	Greenbank Crescent, East Tullos	1.40	3.45	McDonald Properties (Aberdeen) Ltd	10/12/1972	09/12/2071		£50,460	15/05/2022	Sub-let to International Tubular Services Ltd.	
ET7	Greenbank Crescent, East Tullos	0.81	2.00	Schlumberger Oilfield UK Ltd	09/10/1972	08/10/2071		£43,450	11/11/2028		
ET8	Hillview Road, East Tullos	0.17	0.41	Karon Properties Ltd	16/02/1989	28/05/2114		£11,685	28/11/2023	Sub-let to Surface Technology (Aberdeen) Ltd.	
ET10	Hillview Road, East Tullos	0.85	2.10	Highfield Property Investments Ltd	01/08/1988	28/11/2113		£72,100	28/05/2023	Sub-let to Arnold Clark Automobiles Ltd.	
		6.48	16.00					£379,145			





The Sites





Site ET2 | Greenbank Crescent | East Tullis | AB12 3BG



SITE AREA

3.625 acres [1.47 hectares].

ADJUSTED SITE AREA

3.5 acres [1.42 hectares] to reflect slope allowance.

DESCRIPTION

The subjects comprise a site on the south side of Greenbank Crescent which was developed in the early 2010s to provide a substantial industrial facility with ancillary offices. The building benefits from a large external yard area which is partially used for pipe storage.

TENANT

Stena Drilling Ltd.

LEASE DURATION

15 May 1973 – 27 May 2136.

RENT

£109,920 per annum.

RENT REVIEW DATES

28 May 2021 and 5 yearly thereafter.

RENT REVIEW BASIS

96.57% of the open market rental value of the premises. Upwards only.

REPAIRS

The tenant is responsible for maintaining the ground and buildings in good condition.

TERMINATION

At lease expiry, the Landlord shall either:

- (1) offer to extend the lease.
- (2) advise that they shall not offer an extension, in which case they will take over the buildings at market value.

If the Tenant declines the offer of an extension the site will be vacated without compensation.

COVENANT

Stena Drilling Ltd has a Creditsafe Rating of 81A (Very Low Risk). For the year ending 31/12/2022 their net worth was £101.46m.

Further information available from www.stena-drilling.com.

EPC

The property has an EPC Rating of A.

RATEABLE VALUE

£314,000 (including Site ET3).



Site ET3 | Greenbank Crescent | East Tullis | AB12 3BG



SITE AREA

2.69 acres (1.09 hectares).

ADJUSTED SITE AREA

2.22 acres (0.90 hectares) to reflect slope allowance.

DESCRIPTION

The subjects comprise a site on the south side of Greenbank Crescent, which has been surfaced to provide a substantial pipeyard.

TENANT

Stena Drilling Ltd.

LEASE DURATION

15 May 1973 – 27 May 2136.

RENT

£69,770 per annum.

RENT REVIEW DATES

15 May 2021 and 5 yearly thereafter.

RENT REVIEW BASIS

Open market rental value of premises. Upwards only.

REPAIRS

The tenant is responsible for keeping the ground and buildings in good and tenable condition.

TERMINATION

At lease expiry, the Landlord shall either:

- (1) offer to extend the lease.
- (2) advise that they shall not offer an extension, in which case they will take over the buildings at market value.

If the Tenant declines the offer of an extension the site will be vacated without compensation.

COVENANT

Stena Drilling Ltd has a Creditsafe Rating of 81A (Very Low Risk). For the year ending 31/12/2022 their net worth was £101.46m.

Further information available from www.stena-drilling.com.

RATEABLE VALUE

£314,000 (including Site ET2).



Site ET4 | Greenbank Crescent | East Tullos | AB12 3BG



SITE AREA

0.825 acres (0.33 hectares).

ADJUSTED SITE AREA

0.69 acres (0.28 hectares) to reflect slope allowance.

DESCRIPTION

The subjects comprise a site on the south side of Greenbank Crescent which has been developed to provide a light industrial unit used for storage, office and showroom purposes.

TENANT

Greenwell Properties Ltd.

LEASE DURATION

28 May 1972 – 27 May 2136

RENT

£21,760 per annum.

RENT REVIEW DATES

28 May 2021 and 5 yearly thereafter.

RENT REVIEW BASIS

84% of the open market rental value of the premises. Upwards only.

REPAIRS

The tenant is responsible for keeping the ground and buildings in good and tenable condition.

TERMINATION

At lease expiry, the Landlord shall either:

- (1) offer to extend the lease.
- (2) advise that they shall not offer an extension, in which case they will take over the buildings at market value.

If the Tenant declines the offer of an extension the site will be vacated without compensation.

COVENANT

Greenwell Properties Ltd has a Creditsafe Rating of 93A (Very Low Risk). For the year ending 31/10/2022 their net worth was £1.67m.

EPC

The property has an EPC Rating of C.

RATEABLE VALUE

£42,250.



Site ET5 | Greenbank Crescent | East Tullios | AB12 3BG



SITE AREA

0.90 acres (0.36 acres).

ADJUSTED SITE AREA

0.79 acres (0.32 hectares).

DESCRIPTION

The subjects comprise a cleared site on the south side of Greenbank Crescent.

TENANT

Vacant.

OPPORTUNITY

The site offers a redevelopment opportunity and is zoned for business and industrial uses within the current Local Development Plan. Classes 4 (Business), 5 (General Industrial) and 6 (Storage and Distribution) will generally be retained.

RATEABLE VALUE

Site not assessed.



Site ET6 | Greenbank Crescent | East Tullis | AB12 3BG



SITE AREA

3.45 acres (1.40 hectares).

ADJUSTED SITE AREA

1.68 acres (0.68 hectares) to reflect slope allowance and landscaping buffer.

DESCRIPTION

The subjects comprise a site on the south side of Greenbank Crescent, which was developed in the 1970s to provide a two-bay warehouse and adjoining two storey office building.

TENANT

McDonald Properties (Aberdeen) Ltd.

LEASE DURATION

10 December 1972 – 9 December 2071.

RENT

£50,460 per annum.

RENT REVIEW DATES

15 May 2022 and 5 yearly thereafter.

RENT REVIEW BASIS

Market rental value of the front 1.55 acres less 16% + 20% of the market rental value applied to the rear 1.9 acres. Upwards only.

REPAIRS

The tenant is responsible for keeping the ground and buildings in good and tenable condition.

TERMINATION

At lease expiry, the Landlord shall either:

- (1) offer to extend the lease.
- (2) advise that they shall not offer an extension, in which case they will take over the buildings at market value.

If the Tenant declines the offer of an extension the site will be vacated without compensation.

COVENANT

McDonald Properties (Aberdeen) Ltd has a Creditsafe Rating of 81A (Very Low Risk). For the year ending 31/03/2022 their net worth was £3.2m.

SUB-LEASE

The site is presently sub-leased to International Tubular Services Ltd.

EPC

The property has an EPC Rating of E.

RATEABLE VALUE

£103,000.



Site ET7 | Greenbank Crescent | East Tullis | AB12 3BG



SITE AREA

2.00 acres [0.81 hectares].

ADJUSTED SITE AREA

1.45 acres [0.59 hectares] to reflect slope allowance and landscaping buffer.

DESCRIPTION

The subjects comprise a site on the south side of Greenbank Crescent which has been developed to provide an industrial facility used for specialist mineral grinding.

TENANT

Schlumberger Oilfield UK Ltd.

LEASE DURATION

9 October 1972 – 8 October 2071.

RENT

£43,450 per annum.

RENT REVIEW DATES

11 November 2028 and 14 yearly thereafter.

RENT REVIEW BASIS

Market rental value of the front 1.6 acres less 14.4% + 20% of the market rental value applied to the rear 0.4 acres. An addition of 9% has been applied at previous rent reviews to reflect the irregular rent review frequency. Upwards only.

REPAIRS

The tenant is responsible for keeping the ground and buildings in good and tenable condition.

TERMINATION

At lease expiry, the Landlord shall either:

- (1) offer to extend the lease.
- (2) advise that they shall not offer an extension, in which case they will take over the buildings at market value.

If the Tenant declines the offer of an extension the site will be vacated without compensation.

COVENANT

Schlumberger Oilfield UK Ltd has a Creditsafe Rating of 97A (Very Low Risk). For the year ending 31/12/2022 their net worth was £442m.

Further information available from www.slb.com.

EPC

The property has an EPC Rating of A.

RATEABLE VALUE

£85,000.



Site ET8 | Hillview Road | East Tullis | AB12 3BQ



SITE AREA

0.41 acres [0.17 hectares].

DESCRIPTION

The subjects comprise a site on the west side of Hillview Road. The site is prominently situated at the junction with Greenbank Road and is developed to provide an industrial unit with ancillary offices with an external yard and car park.

TENANT

Karon Properties Ltd.

LEASE DURATION

16 February 1989 – 28 May 2114.

RENT

£11,685 per annum.

RENT REVIEW DATES

28 November 2023 and 5 yearly thereafter.

RENT REVIEW BASIS

Market rental value of ground. Upwards only.

REPAIRS

The tenant is responsible for keeping the ground and buildings in good and tenable condition.

TERMINATION

At lease expiry, the Landlord shall either:

- [1] take over the buildings and other structures which will become the property of the Landlord with no payment or consideration, or
- [2] require the Tenant to demolish the buildings and structures at their sole expense.

COVENANT

Karon Properties Ltd has a Creditsafe Rating of 83A [Very Low Risk]. For the year ending 31/01/2023 their net worth was £0.9m.

SUB-LEASE

The site is presently sub-leased to Surface Technology [Aberdeen] Limited.

EPC

The property has an EPC Rating of C.

RATEABLE VALUE

£53,500.



Site ET10 | Hillview Road | East Tullis | AB12 3BQ



SITE AREA

2.10 acres (0.85 hectares).

ADJUSTED SITE AREA

2.52 acres (1.20 hectares)

DESCRIPTION

The subjects comprise a site on the west side of Hillview Road which has a prominent frontage to Wellington Road, one of Aberdeen's main arterial roads. The site has been developed to provide two Motor Trade Showrooms and a Garage Workshop.

TENANT

Highfield Property Investments Ltd.

LEASE DURATION

1 August 1988 – 28 November 2113.

RENT

£72,100 per annum.

RENT REVIEW DATES

28 May 2023 and 5 yearly thereafter.

RENT REVIEW BASIS

Market rental value of ground. Upwards only.

REPAIRS

The tenant is responsible for keeping the ground and buildings in good and tenable condition.

TERMINATION

At lease expiry, the Landlord shall:

- (1) take over the buildings and other structures which will become the property of the Landlord with no payment or consideration, or
- (2) require the Tenant to demolish the buildings and structures at their sole expense.

COVENANT

Highfield Property Investments Ltd has a Creditsafe Rating of 82A (Very Low Risk). For the year ending 31/03/2023 their net worth was £1.375m.

SUB-LEASE

The site is presently sub-leased to Arnold Clark Automobiles Limited.

EPC

The property has EPC ratings of B and G.

RATEABLE VALUE

£279,000.



Industrial Ground Rents

Ground leases have been a feature of Aberdeen's industrial property market for over 50 years and were created by the former Corporation of the City of Aberdeen and the former Grampian Regional Council to provide new areas of land for development. In order to retain ultimate control, the two Councils held on to the heritable interest and with limited availability of private sector controlled land the industrial ground lease market was established.

Initially, long leasehold interests of 99 years were granted to companies wishing to develop their own properties at a rent which reflected the annual value of the site, subject to rent reviews every 14 or 21 years. In subsequent years, as opportunities presented themselves, many of these leases were modernised with the introduction of five yearly rent reviews to align with the wider UK property market.

Historically, Aberdeen City Council have made adjustments to the base figure to reflect features of the individual sites. Therefore, discounts of varying amounts have been granted over the years to account for slope, wayleaves, access and quantum. In some cases, positive adjustments have been applied to reflect the benefit of a commercial permitted use. The most recent ground rent settlements have been in the order of £28,500 per acre.

Investor demand has been steady for industrial ground leases since the relevant Councils started to sell off some of their assets in the mid-1990s. The table opposite highlights the transactions concluded over the last five years.

Property Address	Site Area [acres]	Tenant	Unexpired Years	Approx Price	Initial Yield	Date
11 Sites, West Tullos Industrial Estate	18.85	Various	62	£12,436,750	4.73%	Apr-22
5 Sites, Kirkhill Industrial Estate	27.11	Various	76	£14,062,000	4.78%	Apr-22
6 Sites, Murcar Industrial Estate	9.92	Various	88	£5,601,250	4.73%	Apr-22
5 Sites, Pitmedden Industrial Estate	7.78	Various	78	£4,500,000	4.92%	May-21
8 Sites, Bridge of Don Industrial Estate	17.65	Various	74	£9,292,000	4.66%	Apr-21
Site 35, Kirkhill	1.33	RA Executive Freight	71	£750,000	4.98%	Sep-20
Sites 4, 5 & 16 West Tullos	5.61	Robert Wiseman & Sons	98	£3,250,000	3.90%	Aug-20
Site 31 Craigshaw Drive, West Tullos	2.50	Arnold Clark	112	£4,650,000	3.59%	Mar-20
Site 27 Broadfold Road, Bridge of Don	1.07	Private SIPP	110	£725,000	3.72%	Jun-19



Additional Information

EPC

A suite of EPCs are available in the data room.

PROPOSAL

Offers in excess of **£5,750,000** are sought for our client's heritable interest in the portfolio. A purchase at this level represents a net initial yield of **6.19%** after deduction of purchaser's costs of 6.60%.

VAT

It is anticipated that the sale will be treated as a Transfer of a Going Concern therefore no VAT will be payable on the price.

DATA ROOM

A data room has been set up to provide access to the legal documentation. Further details upon request.

ANTI-MONEY LAUNDERING REGULATIONS

To comply with the current anti-money laundering regulations the agents acting on both sides of any qualifying transaction are required to undertake appropriate due diligence in advance of the transaction, including identifying and verifying all relevant parties and establishing the source(s) and legitimacy of funding. Both parties will be required to disclose all relevant information prior to conclusion of missives required to enable the agents to meet their respective obligations under the Regulations.

Messrs Ryden LLP for themselves and for vendors or lessors of this property whose agents they are give notice that: (i) the particulars are set out as a general outline only for the guidance of intended purchasers or lessees, and do not constitute, nor constitute part of, an offer or contract; (ii) all descriptions, dimensions, reference to condition and necessary permissions for use and occupation, and other details are given without responsibility and any intending purchasers or tenants should not rely on them as statements or representations of fact but must satisfy themselves by inspection or otherwise as to the correctness of each of them; (iii) no person in the employment of Messrs Ryden has any authority to make or give any representation or warranty whatever in relation to this property. January 2024. Designed by thefifthhouse.co.uk

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