



INVESTMENT SUMMARY

Aberdeen is Scotland's third largest city and is the energy capital of Europe.

Prominent city centre Headquarters office facility, developed by Drum Property Group and constructed by Sir Robert McAlpine.

Completed in August 2015, the property provides 120,821 sq ft (11,224.67 sq m) of Grade A office accommodation, with best in class facilities including a canteen and gym.

Long income investment opportunity - approximately 12.4 years to expiry.

Attractive capital value of £347 per sq ft.

The lease is subject to rent reviews every 5 years to the higher of market rental value or 2.75% per annum compounded. The running yield rises to 9.16% in June 2025 and 10.49% in June 2030.

Let to EnQuest Heather Limited (D&B Rating 2A3) until 24th June 2035, with a parent company guarantee provided by EnQuest Plc (D&B Rating 5A1).

The guarantor made a profit before tax of US \$352.44m in 2021, an increase of US \$918.42m from 2020. Revenue and other operating income of EnQuest Plc was US \$1.26bn in 2021, an increase of 37.7% from \$863,852m in 2020.

The passing rent is £3,411,914 per annum, equating to £28.24 per sq ft. Prime Grade A rents in Aberdeen are currently £32.50 per sq ft.

Heritable Interest (Scottish equivalent of English Freehold).



We are seeking offers in excess of £41,900,000 subject to contract and exclusive of VAT for the acquisition of the SPV. A purchase at this level would reflect an attractive Net Initial Yield of 8.00%, rising to 9.16% in June 2025 and again to 10.49% in June 2030, assuming purchaser's costs of 1.80%.



INVESTMENT RATIONALE



Energy Capital Of Europe

Aberdeen is widely considered the energy capital of Europe given the city's significant involvement in the oil and gas industry over the last 5 decades.



Energy Credentials

BREEAM rated 'Very Good'.

The current EPC that has been registered for the premises shows a rating of B.



Connectivity

The asset is located adjacent to Aberdeen train and bus station which provides links to the north and south of Scotland, as well as the rest of the UK.

Annan House is adjacent to the main shopping centre in Aberdeen, Union Square, as well as the Port of Aberdeen's long established North Harbour. The new £400m South Harbour became operational in 2022.

Excellent road links to other major Scottish cities such as Inverness, Dundee, Glasgow and Edinburgh.



Green Energy

The city is re-positioning as the 'Net-Zero Capital of Europe' with a huge emphasis on 'Green Energy' both onshore and offshore. Onshore, hydrogen energy is a main focus with buses and hydrogen infrastructure coming to the forefront of the future of energy in Aberdeen. Offshore, the city is experiencing investment into offshore wind farms, including the first ever hydrogen producing wind turbines.



Covenant Information

Tenant covenant of EnQuest Heather (D&B rating of 2A3) with a full parent company guarantee provided by EnQuest Plc (D&B Rating 5A1).

Long income until 24th June 2035.

Minimum uplifts every 5 years to the higher of market rental value or 2.75% per annum compounded.

WHY ABERDEEN?



Repositioning as Net-Zero Capital of Europe.



Aberdeen hosts Europe's largest cluster of subsea businesses.



Aberdeen's heliport is one of the busiest in the world, transferring energy workers to the offshore platforms.



Oil prices are currently around US \$80 per barrel, positively impacting on the Aberdeen economy given the focus on 'energy security'.



The city benefits from a further seven major research institutions, ensuring a strong provision of talented and educated workforce to local businesses.

ETZ

£60m invested in creating Energy Transition Zone, an integrated Energy Cluster focused on delivering Net Zero.



The University of Aberdeen and Robert Gordon University listed as 19th and 93rd respectively in the Guardian University League Table, with over 20,000 students living in the city.



Aberdeen City is above UK average (£530.30) for weekly workplace earnings with £590.10.



Aberdeen is the 6th top UK city and 2nd in Scotland to start a business in 2023.



Above average for patent applications per 100,000 of the population.



Aberdeen is the 3rd most populated city in Scotland and ranks 3rd in Scotland for shopping.

ABERDEEN, A GREEN ECONOMY



At forefront of creating a hydrogen economy

with Aberdeen being dubbed the first 'Hydrogen City' in Europe.

BP won bid for traditional fixed- based offshore windfarm

which will be based 60km from the coast of Aberdeen.

Crown Estate Scotland has awarded energy companies, including BP, Shell, Scottish Power and SSE, permission to lease Scottish seabed where they plan to build windfarms to power the equivalent of

23m UK homes annually.

Vattenfall Group was awarded £9.3m in innovation funding in May 2022

Diversifying into renewable energy

from an economy heavily reliant on oil and gas.

Aberdeen has one of Europe's **largest fleet of hydrogen buses.**

Aberdeen City Council seeking investment and development partners for

£250m hydrogen infrastructure.

from the Net Zero Innovation Portfolio Low Carbon Hydrogen Supply 2 fund to develop the world's first hydrogen-producing offshore wind turbine with the electrolyser sited directly onto an existing operational turbine. It is anticipated that production will begin in 2025.

REGIONAL ECONOMY



More than \$12 billion of public and private equity money has been invested into the UK North Sea, with a further potential for \$13 billion of private equity investment to be injected into the market, making it an exciting time to be a part of a region with a reputation as a

world-class business location.

GDP for Aberdeen City and wider Aberdeenshire is

£11.40 billion.

Leading energy companies

including BP, Shell, Subsea7, TotalEnergies, Repsol Sinopec, TAQA, Equinor and Apache, operate from regional headquarters in the city.

Aberdeen has a diverse economy

with 17.1% of population working in 'Human Health and Social Work activities' and 12.7% in 'Professional, Scientific and Technical activities'.

The Government has recently proposed more than 100 new North Sea exploration licenses to

boost domestic oil and gas production.

The Port of Aberdeen

has successfully redeveloped the £400m South Harbour, which became operational in 2022. The South Harbour has been specifically built to service the offshore green energy sector and will facilitate taking advantage of the green energy boom.

The city is one of the most prosperous places in Scotland

due primarily to the North Sea energy industry.

The GVA total for Aberdeen City and Aberdeenshire is

£16.85m.

THE GRANDE CITY CENTRE REGENERATION PROJECT

The Grande is a £100m redevelopment of the former Aberdeen Seafood Park by Drum Property Group. Phase 1 comprised of the development of EnQuest's 120,821 sq ft office headquarters Annan House. Planning consent has been approved for a 210 key hotel in Phase 2 of the development. There is also potential for alternative development for offices, student, residential or BTR on the remainder of the site.

ABERDEEN MARKET

In the city centre, Aberdeen City Council are developing a new destination venue incorporating an international food and drinks market. Upon completion, this development will greatly improve linkage from Union Square to Union Street, with urban realm improvements in The Green area. This attractive market style venue will showcase the best of Scottish produce with delicatessen, cafés and food outlets. Aberdeen City Council have secured £20m levelling up funding to assist in the development of the Aberdeen Market, which will support Aberdeen's local economy through regeneration, employment and improved local transport links and investment in local culture.

UNION TERRACE GARDENS

In December 2022, Union Terrace Gardens re-opened after a £28.3m upgrade. This urban regeneration project has significantly improved accessibility and benefits from new amenities including a play area for children, water feature, specifically commissioned artwork, native planting, coffeehouse and bar.

BIO HUB PROJECT

Aberdeen has moved seamlessly into scientific, engineering, digital and low carbon specialisms and has one of the largest concentrations of life scientists in Europe and the largest biologics cluster in the UK after Cambridge. The £40m Bio Hub project will be home to 400 bio-entrepreneurs (at full capacity) when it opens in Spring 2023, and will support the rapid growth of life science industry as well as position Aberdeen as a leader of the sector.

WHAT IS NEW IN ABERDEEN CITY AND ABERDEENSHIRE?

THE NET ZERO TECHNOLOGY CENTRE

NTZC is dedicated to developing and deploying data and digital technologies that reduce on and offshore emissions, unlock the potential for an integrated energy system and accelerate the energy industry towards a digital, automated and decarbonised future.

ROVOP

ROVOP is a company with their HQ in Aberdeen that operates 50 state of the art remote controlled vehicles and predominantly works with offshore wind farm developers, deep sea oil & gas producers and scopes the seabed for international pipelines.

GIGABIT CITY

Following £40m private investment, Aberdeen is Scotland's first 'Gigabit City' with new home, businesses and public sector sites being connected to new and ultra-fast broadband services.

ONE CODEBASE

ONE CodeBase is a newly established partnership between Opportunity North East (ONE) and CodeBase and offers digital support for tech start-ups in Aberdeen and Aberdeenshire.

THE LOCATION

Aberdeen is Scotland's third largest city and is widely considered to be the energy capital of Europe. Historically known as 'The Granite City', Aberdeen is a vibrant, creative and ambitious city, known for its historic charm and cosmopolitan community. The City is the administrative centre for the north east of Scotland, with an estimated population of 220,000 people and a further catchment population in excess of 500,000 people.

Aberdeen is a harbour city on Scotland's north-east coast, approximately 125 miles (201 km) north of Edinburgh, 145 miles (234 km) north of Glasgow and 540 miles (878 km) north of London. The city has strong communication links with the rest of Scotland and the UK. The A90 trunk road links Aberdeen with the Scottish motorway network, making Edinburgh and Glasgow accessible in just over two hours.

Aberdeen's position as a global integrated energy cluster will be further enhanced with the proposed creation of a world leading Energy Transition Zone (ETZ) in close proximity to the new South Harbour. The ETZ will provide the physical infrastructure and collaborative environment to fast track investment in the development of offshore wind, hydrogen, carbon capture, usage and storage.

Aberdeen's new exhibition and conference centre – the P&J Live Arena – opened in August 2019. The total development cost £335 million and provides a 15,000 capacity arena with 517,000 sq ft of flexible event space, 7 conference spaces able to accommodate 5,000 people, 350 on-site hotel bedrooms and 150 seat restaurant.



CONNECTIVITY



AIR

Aberdeen Airport is located approximately 6 miles north of Aberdeen's city centre and provides routes to over 40 destinations along with regular services to London. Aberdeen Airport is Scotland's third busiest airport with a recorded 2.9 million passengers in 2019, with airlines travelling from the airport including Air France, British Airways, Easyjet, KLM and Ryanair. The airport also serves as the main heliport for the North Sea energy industry, with over 500,000 passengers per year making it the world's busiest heliport.



ROAD

The city is served by the A90 from the south providing connections to Dundee and Perth, with the A90 leading to the M90, providing access to Edinburgh. In the north, the A96 connects Aberdeen to Inverness, with initial planning taking place to dual the entire route of the A96. The Aberdeen Western Peripheral Route (AWPR) has significantly cut journey times throughout Aberdeen.



RAIL

Aberdeen benefits from excellent rail connections, with local services connecting to Inverness, Dundee, Edinburgh and Glasgow and the wider UK. Aberdeen Railway Station is located in Union Square which is adjacent to Annan House.



01 Net Zero Technology Centre (NZTC)

A centre dedicated to developing and deploying data and digital technologies that reduce emissions, unlock the potential for an integrated energy system and accelerate the energy industry towards a digital, automated and decarbonised future.

02 New Port of Aberdeen South Harbour

In 2022, the successfully redeveloped South Harbour became operational. The South Harbour has been specifically built to service the offshore green energy sector and will facilitate taking advantage of the offshore green energy boom.

03 Vattenfall Wind Farm

In May 2022, Vattenfall was awarded £9.3m in innovation funding from the Net Zero Innovation Portfolio Low Carbon Supply 2 fund by the UK's Department for Business, Energy and Industrial Strategy. This funding will develop the world's first hydrogen-producing offshore wind turbine and is anticipated to begin in 2025.

04 Prime Four

Many global energy companies, including Maersk, Apache, Transocean, Equinor and Harbour Energy, have relocated to Prime Four.

05 ONE BioHub

The £40m BioHub is located at Foresterhill Health Campus. The BioHub will bring together world-leading research expertise and commercial strengths cultivated in Aberdeen to facilitate the advancement of the growing life sciences industry for decades to come.

06 ONE Tech Hub

Hosts a fast growing community of digital tech start ups and entrepreneurship in the north east of Scotland.

07 Beach Masterplan

The Beach Masterplan is designed to capitalise on the built and natural assets of the area which is a tourism priority in its own right and will continue to be in demand in a post-Covid-19 and recovery phase as people seek safe, outdoor, wildlife, and active experiences.

08 P&J Live

The north east of Scotland's state of the art events venue that has world class conference and exhibition facilities and a superior 15,000 capacity arena.

09 Aberdeen International Business Park

One of Aberdeen's most environmentally friendly buildings, with over 500 solar panels - rated BREEAM 'Excellent', EPC of 'B' - is Headquarters to Aker Solutions, BP, Oceaneering, Met Office and Havfram.

10 Aberdeen International Airport

Located approximately 6 miles north of Aberdeen city centre. Routes to over 40 destinations. Scotland's 3rd busiest airport with a recorded 2.9 million passengers in 2019. Hosts world's busiest heliport with over 500,000 passengers per year, and is main heliport for the North Sea energy industry.

SITUATION

Annan House is strategically located in the heart of the North Dee Business Quarter (NDBQ), at the corner of Palmerston Road and Raik Road. The NDBQ is an established city centre business district, situated in close proximity to Union Square, Aberdeen's premier retail and leisure destination, offering excellent amenities to staff, including major retailers such as Apple, Zara, Next, Decathlon and H&M,

as well as restaurants and cafés including Starbucks, Wagamama and Brewdog. Union Square is also home to Aberdeen Train and Bus station, both of which provide services to all regions in Scotland, and further to the rest of the UK. There are a number of hotels in close proximity (less than 5 minutes' walk) to Annan House including Leonardo Hotel Aberdeen, Aberdeen Douglas Hotel, Brewdog Kennels and Hotel ibis Quayside.

Occupiers in the surrounding vicinity and within the NDBQ include Petrofac, Neptune Energy and CNR International.

Union Square Retailers



wagamama

DECATHLON

next

H&M



ZARA

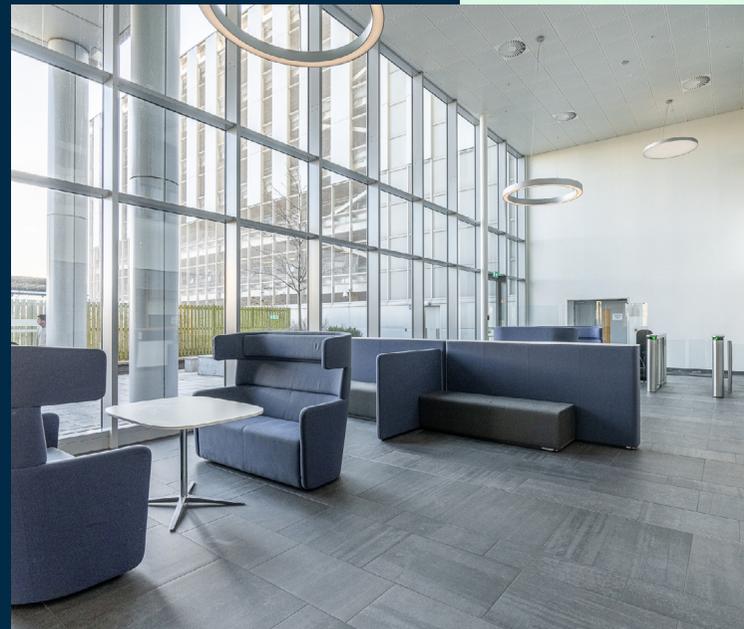


DESCRIPTION

Developed by Drum Property Group and completed in August 2015, Annan House comprises a design & build headquarters office, totalling 120,821 sq ft (11,225 sq m).

The building is finished to a high quality, Grade A specification and comprises the following specification:

- BREAM Rating 'Very Good'
- EPC rating of B
- BCO Compliant
- Suspended ceilings with low energy recessed luminaries
- VRV comfort cooling
- Floor-to-ceiling height of 2.8m
- Fully raised access floors, flood wired with power and data
- Data is Cat 6A specification
- 4 x 17 person passenger lifts, servicing and providing access to all floors
- Fully DDA compliant
- External 24/7 security CCTV
- 271 secure car parking spaces adjacent to the main building, providing a generous ratio of 1:492 sq ft. Union Square benefits from 1,200 car spaces.
- 2 EV charging points which is increasing to 8 in 2023.
- 17 motorcycle spaces, 48 cycle spaces and loading bay
- 2 x 8 person passenger lifts from the car park into the main building



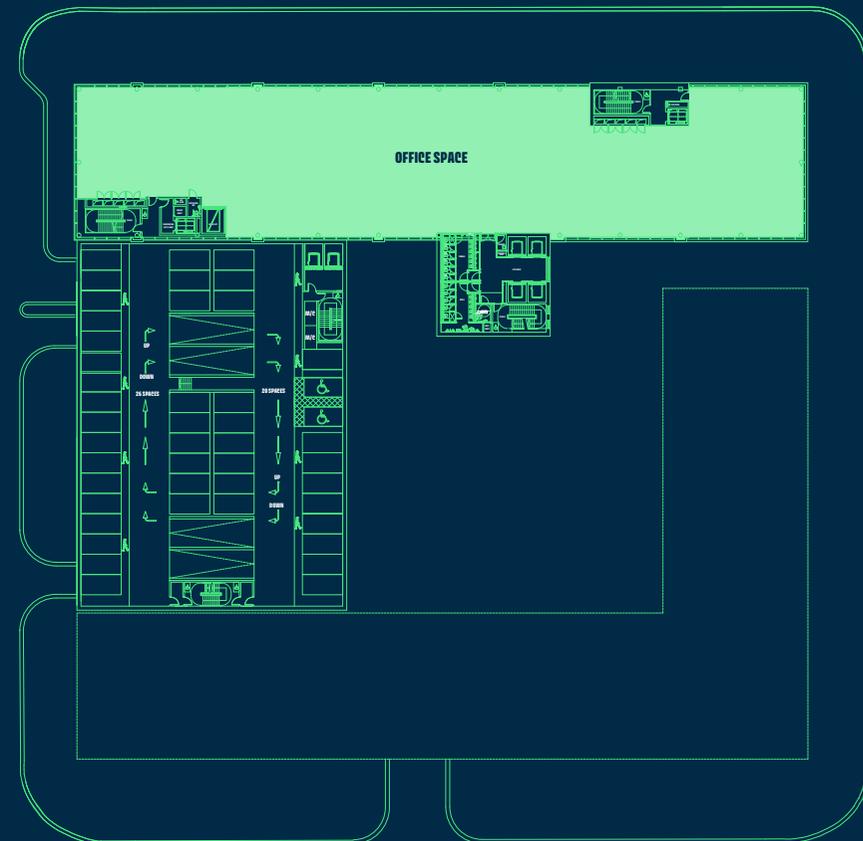
ACCOMMODATION

Annan House has been measured in accordance with the RICS Code of Measuring Practice (6th Edition), and provides the following areas:

| FLOOR | SQ M | SQ FT |
|-----------------|---------------|----------------|
| 7 th | 1,499 | 16,135 |
| 6 th | 1,499 | 16,134 |
| 5 th | 1,495 | 16,097 |
| 4 th | 1,496 | 16,104 |
| 3 rd | 1,495 | 16,093 |
| 2 nd | 1,494 | 16,085 |
| 1 st | 988 | 10,634 |
| Ground | 1,258 | 13,540 |
| TOTAL | 11,224 | 120,821 |



GROUND FLOOR PLAN



TYPICAL FLOOR PLAN



TENANCY

Annan House is let to EnQuest Heather Limited (D&B rating 2A3) on a Full Repairing and Insuring lease until 30th June 2035. The passing rent is currently £3,411,914 per annum, reflecting a low rate of £28.24 per sq ft.

The rent is subject to rent reviews every 5 years to the higher of market rental value or 2.75% per annum compounded. The tenants lease obligations are guaranteed by the parent company EnQuest PLC (D&B rating 5A1).

There is a sub-station lease in place to Scottish Hydro Electric Power Distribution Plc until 27th August 2114 at a rent of £1 per annum.

The property is currently 62% let to subtenants but EnQuest Heather Limited is still fully committed to Annan House.

SITE PLAN

The total site area extends to approximately 0.42 hectares (1.03 acres).



TENURE

Heritable Interest (Scottish equivalent of English Freehold).

OWNERSHIP

The property is held in an SPV.

SUB-TENANCY SCHEDULE

| TENANT | FLOORS | AREA (SQ FT) | LEASE START | LEASE END | RENT PER ANNUM | RENT PER SQ FT | BREAK | RENT REVIEW | FURTHER COMMENTS |
|---|---|--------------|-------------|------------|----------------|----------------|---------------------------|---------------------------|--|
| Amec Foster Wheeler Group Limited (WorleyParsons Services UK Limited) | 1 st / 2 nd / 3 rd | 44,851 | 28/08/2015 | 27/08/2025 | £1,258,486 | £28.06 | - | - | 101 car parking spaces included within the rent. Parent company guarantee in place from WorleyParsons Europe Limited (Company Number 04334425). |
| Bumi Armada UK Limited | 4 th | 4,842 | 25/07/2015 | 27/08/2025 | £114,422 | £23.63 | - | - | 6 exclusive car parking spaces. |
| The UK Offshore Energy Association Limited | 4 th | 9,561 | 20/12/2020 | 19/12/2029 | £230,200.80 | £24.07 | 19/12/2024 | 20/12/2024 | Open Market rent reviews. 3 exclusive car parking spaces. 17 non exclusive car parking spaces. Break penalty of £230,200.80 if tenant break option is exercised. |
| Three60 EPCC Limited | 5 th | 16,097 | 01/12/2022 | 24/06/2035 | £454,579.28 | £28.24 | 01/12/2027 and 01/12/2032 | 01/12/2027 and 01/12/2032 | Open Market Rent Reviews. 30 exclusive car parking spaces. |

COVENANT INFORMATION

EnQuest specialises in petroleum exploration and production, operating mainly in the United Kingdom Continental Shelf. More specifically, EnQuest is focused on underdeveloped and mature assets which can offer growth opportunities.

The company specialises in producing oil fields and major new developments, with interests in nine oil fields located in the northern north Sea, two of which (the West Don and Don Southwest fields) previously formed the Petrofac Energy Developments business unit and have a combined production of 40,000 barrels per day. Four of the other fields - Broom, Heather, Thistle and Deveron, can produce 24,000 barrels per day. The remaining three oil fields, Bressay, Kraken and Bentley, have been EnQuest's most recent acquisitions. In November 2013, EnQuest was granted permission to develop the Kraken field. Since first oil, more than 46 million barrels of oil equivalent has been produced. Kraken is projected to have a long-life field of over 20 years with the prospect of a relatively low decommissioning cost. EnQuest completed the acquisition of the Bentley field, approximately 85 miles south-east of Shetland in November 2021. EnQuest also acquired a 40.81% operating stake in the Bressay prospect from Equinor. The acquisitions of these two fields added almost 250 million barrels of oil equivalent of 2C resources to its reserves.

EnQuest has three new key areas of 'New Energy' interest: carbon capture and storage (CCS), electrification through renewables, and green hydrogen. Two applications for CCS have been submitted in the UK's first licensing round with the view to import CO₂ from stranded emitters and leverage existing infrastructure, pipeline and reservoirs to store up to 10 mtpa CO₂. By 2023, CCS could remove significant quantities of CO₂ multiples of EnQuest's existing operational footprint.

Electrification through renewables will be achieved by providing a stable, reliable grid connection to unlock new developments in the region. EnQuest seek to convert Shetland's natural wind resource into exportable green hydrogen, which will be aided by existing pipeline network and jetties. Once this 'New Energy' has been unlocked from the existing assets, decommissioning occurs.

Sullom Voe Terminal (SVT) is one of Europe's largest oil terminals and is located at the northern end of the largest of the Shetland Islands and produces approximately one third of EnQuest's North Sea oil production. EnQuest's Infrastructure and New Energy business will seek to repurpose the SVT to unlock new infrastructure potential and develop renewable energy and decarbonisation opportunities to maintain cost efficiency and deliver the 10% emission reduction target company-wide. When SVT was acquired in 2017, the associated pipeline portfolio was also purchased to expand their large number of in-field pipelines, risers and control umbilicals which support the efficient operation of upstream and decommissioning asset base. This will enable the SVT to become an energy hub that can receive wind power and in future provide CCS and electrification of fields in the West of Shetland and East Shetland basins.

EnQuest is well ahead of the UK Government's North Sea Transition Deal target of 10% by 2025 with UK emissions having been reduced by 44% between 2018 and 2021. This is closer to the UK emission reduction target of 50% by 2030.

Further information on EnQuest can be found on the [company website](#).

EnQuest Plc Financial Information

Net debt (\$ million)



| \$mm | 2019 | 2020 | 2021 | H1-22 |
|---------------------------------|-------|-------|-------|-------|
| Total Cash Balance ¹ | 221 | 223 | 287 | 370 |
| Total Debt | 1,633 | 1,503 | 1,509 | 1,250 |
| Net Debt | 1,413 | 1,280 | 1,222 | 880 |
| Net Debt / Adj. EBITDA (x) | 1.4x | 2.3x | 1.6x | 0.9x |
| Net Debt / 2P Reserves (\$BOE) | 6.5 | 6.8 | 6.3 | 4.52 |

| \$mm | 2019 | 2020 | 2021 | H1-22 |
|--|-------|------|-------|-------|
| Realised Oil Price ¹ (\$/bbl) | 65.3 | 41.3 | 68.6 | 89.9 |
| Production (Kboepd) | 68.6 | 59.1 | 44.4 | 49.7 |
| Business Performance Revenue | 1,712 | 855 | 1,320 | 944 |
| Opex (\$/boe) | 20.6 | 15.2 | 20.5 | 22.7 |
| Adj. EBITDA | 1,007 | 551 | 743 | 536 |
| Capex | 238 | 131 | 52 | 55 |
| Decommissioning Expenditure | 11 | 42 | 66 | 28 |
| Cash Flr from Operations | 995 | 567 | 757 | 523 |
| Free Cash Flow ² | 369 | 211 | 297 | 332 |
| Free Cash Flow (\$/boe) ³ | 15 | 10 | 24 | 37 |

OCCUPATIONAL MARKET

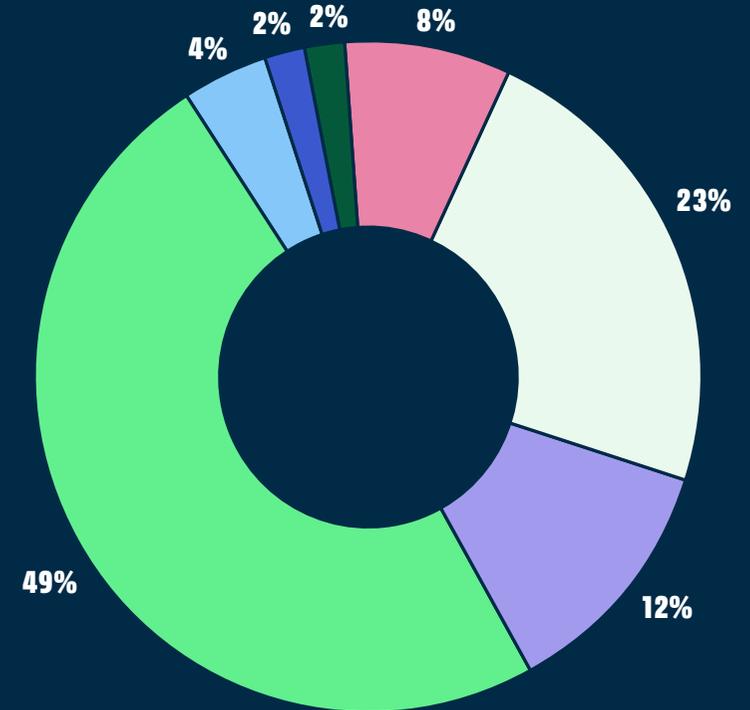
The Aberdeen occupational market is generally counter cyclical to the rest of the UK's occupational market. As a consequence of the drive for 'energy security' the City's economic activity has improved and the recruitment market in the energy sector is the strongest it has been for a decade. In recent years the city has experienced some significant investment by major companies in new office headquarters. In 2020, BP committed to a new 102,000 sq ft North Sea Headquarters at Aberdeen International Business Park. This was followed in 2022 by Shell announcing their relocation to a new 100,000 sq ft office, leasing up the last available space in The Silver Fin Building.

A significant portion of staff in each new office will be focused on the renewable energy sector, with BP confirming their global centre of excellence for offshore wind will be based in the city.

Having recovered from the global pandemic, take-up levels in the city have improved with 385,535 sq ft becoming occupied in 2022, an increase of 30% from 2021. Prime office rents have remained at £32.50 per sq ft with supply levels of prime Grade A offices reducing to 141,837 sq ft. With a lack of new pipeline development and modern occupiers demands for best quality energy efficient space, we anticipate future rental growth for best in class office space in the city such as Annan House.

| PROPERTY | TENANT | DATE | SIZE SQ FT | RENT | TERM |
|--------------------------------------|--------------------------------|----------|------------|--------------|----------------------------|
| Annan House | Three60 EPCC Limited | Dec 2022 | 16,103 | £28.24 psf | 12 (TBO year 5 & 10) |
| The Capitol | Ryden | Nov 2022 | 2,680 | £30.00 psf | 10 (TBO year 5 & 2 months) |
| 1MSq, Marischal Square | CBRE | Sep 2022 | 1,552 | £32.50 psf | 10 (TBO year 5) |
| 2MSq, Marischal Square | Burness Paull | Mar 2022 | 9,509 | £30.00 psf | 10 |
| 1MSq, Marischal Square | North Sea Transition Authority | Mar 2022 | 18,000 | £30.00 psf | 15 (TBO year 7) |
| The Silver Fin Building | Shell | Dec 2021 | 100,312 | £26.00 psf | 10 |
| Aberdeen International Business Park | BP | Dec 2020 | 102,231 | Confidential | 5 |

TAKE-UP BY SECTOR IN ABERDEEN



- Banking & Finance - 2%
- Consumer Services - 12%
- Creative Industries - 2%
- Manufacturing Industrial & Energy - 49%
- Professional - 8%
- Public Sector / Regulatory Body - 4%
- Business Services - 23%



INVESTMENT MARKET

Total investment volumes in Scotland achieved c. £1.65bn in 2021, rising to c. £1.85bn in 2022. Office investment volumes in Scotland rose from £513.45m in 2021 to £589m in 2022, highlighting that the sector is continuing to travel in a positive direction post-Covid-19.

2022 experienced very limited supply of office investments in Aberdeen, despite the attractive yield discount that the city has to offer compared to other UK regional centres. The sentiment in the Aberdeen investment market is that there has been a sustained period of recovery following economic downturn during Covid-19, which will continue to improve into 2023.

ESG credentials are at the forefront of the office investment rationale, and will continue to sway investor decisions going forward. This may force existing assets to be converted to alternative use as a result.

Opposite highlights recent comparable office transactions in Aberdeen:

| Date | Property | Purchaser | Price | Capital Value (psf) | NIY (%) | Tenant | WAULT |
|------------|-----------------------------------|---------------|--------|---------------------|---------|-------------------------------|-------|
| April 2022 | Equinor House, Aberdeen | GG Capital | £20m | £447 | 7.80% | Equinor Production UK Limited | 13.00 |
| April 2021 | 16 North Esplanade West, Aberdeen | Glade Capital | £13.6m | £334 | 9.37% | Neptune Energy | 9.36 |

CAPITAL ALLOWANCES

The purchaser will benefit from significant capital allowances at the date of sale. Further information can be made available upon request.

AML REGULATIONS

In accordance with AML Regulations, the purchaser is required to satisfy the vendor and their agents on the source of funds used to acquire the property.

EPC

The property has an EPC Rating of B. A certificate can be made available upon request.

PRICING

We are seeking offers in excess of **£41,900,000** subject to contract and exclusive of VAT for the acquisition of the SPV. A purchase at this level would reflect an attractive Net Initial Yield of 8.00%, rising to 9.16% in June 2025 and again to 10.49% in June 2030, assuming purchaser's costs of 1.80%.

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).

DEBT TERMS

For further information on debt terms available, please contact a member of the CBRE sales team.

