



PREMIER INN HOTEL
PRE-LET FUNDING
INVESTMENT OPPORTUNITY

TWENTY SEVEN
SOUTH ROAD
LERWICK
SHETLAND ISLAND



INVESTMENT SUMMARY

- Forward funding opportunity to acquire a new 98 bedroom Premier Inn hotel with a ground floor restaurant;
- Located on the coastline of the town of Lerwick, which is the main town and port of the Shetland Islands;
- New 25 year FR&I lease to Premier Inn Hotels Ltd, from practical completion subject to a tenant break option in year 20;
- The initial rent is anticipated to be £539,000 per annum exclusive (reflecting £5,500 per key);
- The rent is subject to 5 yearly upwards only rent reviews linked to CPI, compounded annually, collared and capped at 0% and 4% per annum;
- Premier Inn Hotels Limited are a subsidiary of Whitbread Plc with a D&B rating of 5A1;
- Lease guaranteed by Whitbread Group Plc;
- Heritable (Scots Law equivalent to freehold tenure);
- Practical Completion due March 2021. Planning permission granted and Agreement for Lease anticipated to be signed imminently;

• We are seeking offers in excess of **£10,000,000 (TEN MILLION POUNDS STERLING)** on a traditional forward funding basis, subject to missive and exclusive of VAT. A purchase at this level would reflect a **net initial yield of 5.27%** assuming actual purchaser's costs at 2.19%.



LOCATION

Lerwick, Shetland's Capital, is a bustling, cosmopolitan seaport with services and amenities only usually found in much larger places on the British mainland. The extensive leisure and entertainment facilities provide warm hospitality to visitors.

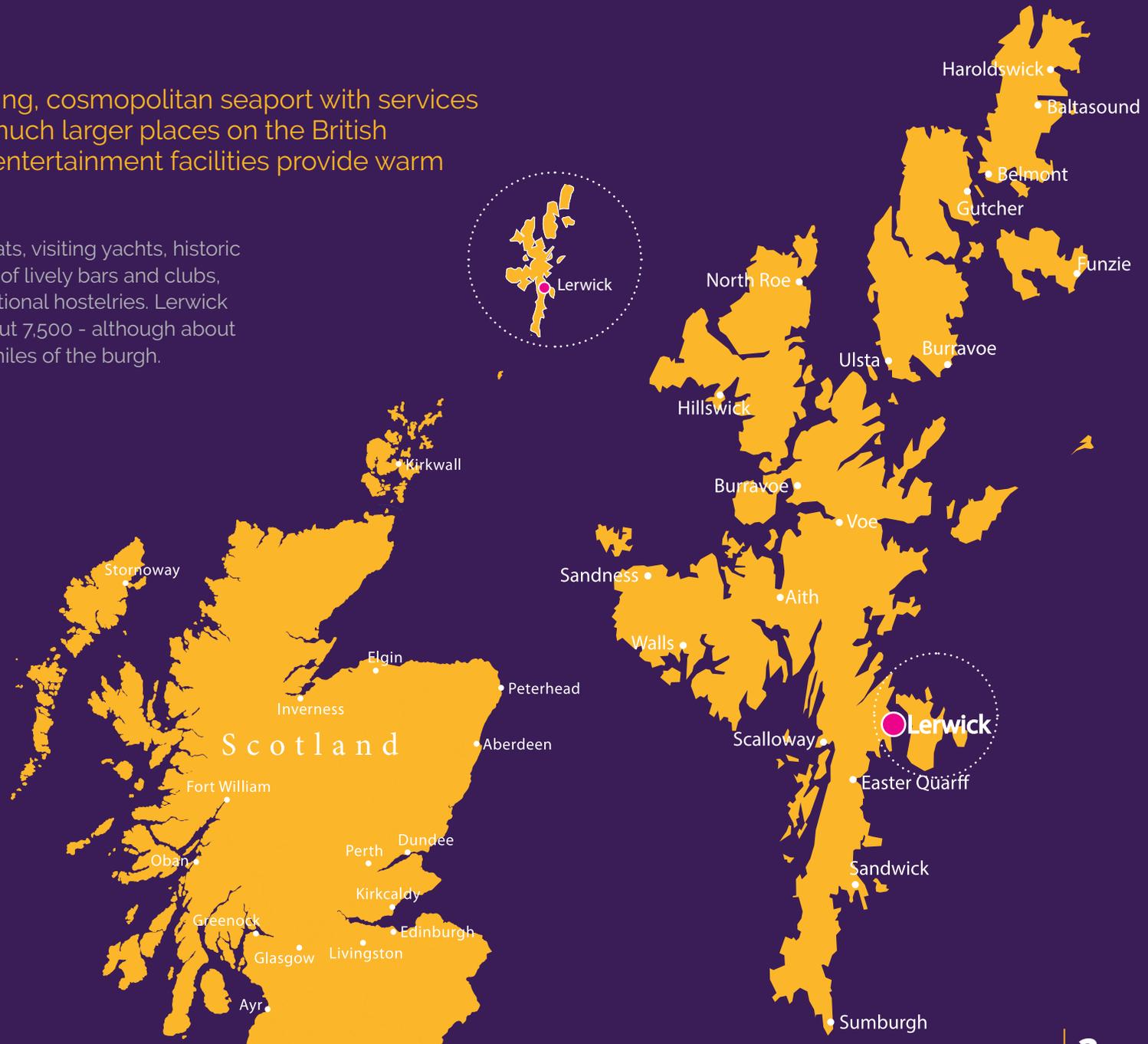
The old waterfront is thronged with pleasure boats, visiting yachts, historic craft and working fishing boats. There's a variety of lively bars and clubs, ranging from popular "theme" bars to more traditional hostelrys. Lerwick is Shetland's only town, with a population of about 7,500 - although about half of the islands' 22,000 people live within 10 miles of the burgh.

SEA

Situated on the island of Shetland within the main town of Lerwick. Shetland is some 100 miles from the north coast of Scotland and approximately 133,000 passengers travel directly to Lerwick harbour by ferry. Lerwick's harbour sees up to 94 tourist cruise ships and 60,000 passengers in one season. Lerwick's harbour has also become one of the first ports to handle major oil and gas decommissioning projects.

AIR

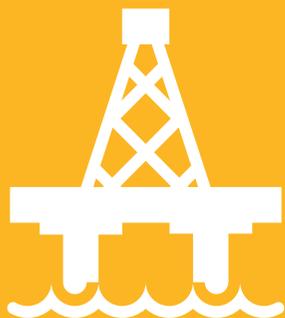
Shetland has three airports flying circa 479,000 passengers in and out of Shetland annually. Sumburgh is the main airport which serves the Island and is located approximately 25 miles away, on the southern tip of the island. The other two airports are Scatsta and Tingwall. Both are located to the north of Lerwick.



key economic facts and figures which illustrate the strengths in the Shetland economy



Over 93% of school leavers entered positive destinations (employment, higher or further education, etc.) in 2015/16



Recent oil and gas developments suggest that Shetland is likely to benefit from ongoing exploitation of North Sea and West of Shetland reserves for some time to come,

while Shetland's location makes North Sea decommissioning work a viable option for the future



Employment in accommodation, catering, wholesale, retail, business services and manufacturing increased by over 19% between 2011 and 2017



At over 88% of 16-64 year olds, our economic activity rate is the highest in Scotland, and our out-of-work benefit claimant count is the lowest in Scotland, at 0.7%



The last Shetland Regional Accounts recorded local economic output at well over £1bn. GVA per head is over £27,000, the fifth highest of all Scottish local authorities



Shetland is a major primary producer of seafood, responsible for 74% of Scottish mussel production and 23% of Scottish farmed Atlantic salmon. **One-fifth of all fish landed in Britain is landed in Shetland**



Our media profile has increased dramatically over the last few years, with musical exports, advertising campaigns and television series (not least the popular BBC productions *Shetland* and *Island Medics*) generating a great deal of interest in Shetland as a location and destination



Over the past 5 years, the rate of volunteering in Shetland has steadily risen and is now over double the rate in the rest of Scotland (56% of adults surveyed in Shetland, compared to 27% in Scotland)



There is a high local take-up of Modern Apprenticeships in Shetland— in 2016/17, 11.3% of employed 16-24 year olds in Shetland were in MAs (9% nationally) and the achievement rate for that year was 84% (74% nationally)



There is a degree of optimism in the private sector, with 52% of businesses expecting an increase in turnover in the next three years, and 17% expecting to increase employment



Shetland has a stable and resilient business base, **with a 70% survival rate since 2010**, compared to 41% nationally

DESCRIPTION

The hotel will be arranged over ground and two upper floors, four bedrooms on the ground floor and 27 bedrooms on each of the upper floors, with 98 bedrooms in total.

All rooms will be fitted to the latest Premier Inn specifications, which will include air conditioning and a range of double and family rooms.

On the ground floor there will be a reception, a restaurant and a café with access to the waterfront and the main car park. There will be car parking for 100 vehicles including electric vehicle charging points and 6 disabled spaces.

SITE

The site is generally enclosed by a stone wall and set in prime waterfront location close to the centre of Lerwick and enjoying stunning views of the sea to the south, to the Knab to the east, and the Ness of Sound to the west.

The property sits roughly in the middle of the site, surrounded by a tarred access road and extensive parking with space for 100 cars. The area enclosed by the wall is estimated to extend to around 1.67 acres, which is bounded by residential properties on either side.

PLANNING

Planning submissions for the scheme was formally submitted in November 2017, and granted formal approval in June 2019.

The application reference is 3/17/2588/OUT. Full planning details and documents can be provided.





TENURE

Heritable (Equivalent of English Freehold).

TENANCY

The property will be let on full repairing and insuring terms to Premier Inn Hotels Ltd from practical completion for a term of 25 years with a tenant only break in year 20. The tenant has the option to renew for a further 25 years on expiry. The lease will be guaranteed by Whitbread Group PLC.

The agreed rent is £539,000 per annum, reflecting £5,500 per bed, which will be subject to five yearly upward only rent reviews linked to the Consumer Price Index (CPI), compounded annually with a collar and cap of 0% & 4%.

COVENANT

Premier Inn Hotels Limited operates over 70,000 rooms, having increased by over 4,000 rooms per year since 2010 and continues to target new hotels. As of December 2017, Premier Inn had a total of 771 hotels and just over 10% of the entire UK hotel market. In recent brand surveys, Premier Inn has extended its lead over other hotel brands in both quality and value. As a result, Premier Inn has continued to grow its market share alongside an increase in RevPAR.

Premier Inn Hotels Limited is rated 5A1 100% Minimum Risk by Dun & Bradstreet.

	02/03/2017	03/03/2016	26/02/2015
Turnover	£818,000,000	£743,195,000	£374,540,000
Pre-Tax Profit (Loss)	£268,397,000	£255,471,000	£148,523,000
Tangible Net Worth	£1,143,116,000	£923,100,000	£744,335,000

Whitbread Group PLC is the UK's largest hotel and restaurant company employing over 35,000 people in over 1,200 Premier Inn hotels and restaurants across the UK, serving over five million customers every month. The company has a Dun & Bradstreet credit rating of 5 A1 and a tangible net worth of over £6 billion.

DEVELOPER

Ardent Group is a property development and investment group headquartered in Aberdeen for 15 years with offices in Edinburgh & Glasgow. The group also has interests in hotels, pubs throughout Scotland. Ardent has completed a travelodge in Peterhead, two serviced apartment hotels in Aberdeen, JV development of 120,000 sq ft Office Headquarters in Aberdeen, Residential developments in Aberdeen & Glasgow.

The Group is currently developing a 200 unit residential site in West Lothian and two student schemes in Edinburgh, 3 residential sites and a commercial pharmaceutical site in Ireland.

LINKS

www.thepinnacleaberdeens.co.uk

www.aberdeendouglas.com

www.malonesedinburgh.com

www.royalathenaeum.com

[The Grande Development – Aberdeen](#)

PROFESSIONAL TEAM

Architect **Alpha 1 Architecture**

Project Manager **Ardent Group**

QS **Axiom**

Planning Consultant **Aurora Planning**

VAT

The property will be elected for VAT.

DEVELOPMENT TIMETABLE



PROPOSAL

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VIEWING & FURTHER INFORMATION

Please contact the sole selling agents:



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