



121-123 PRINCES STREET  
EDINBURGH EH2 4AD

AN EXCEPTIONAL  
INVESTMENT OPPORTUNITY

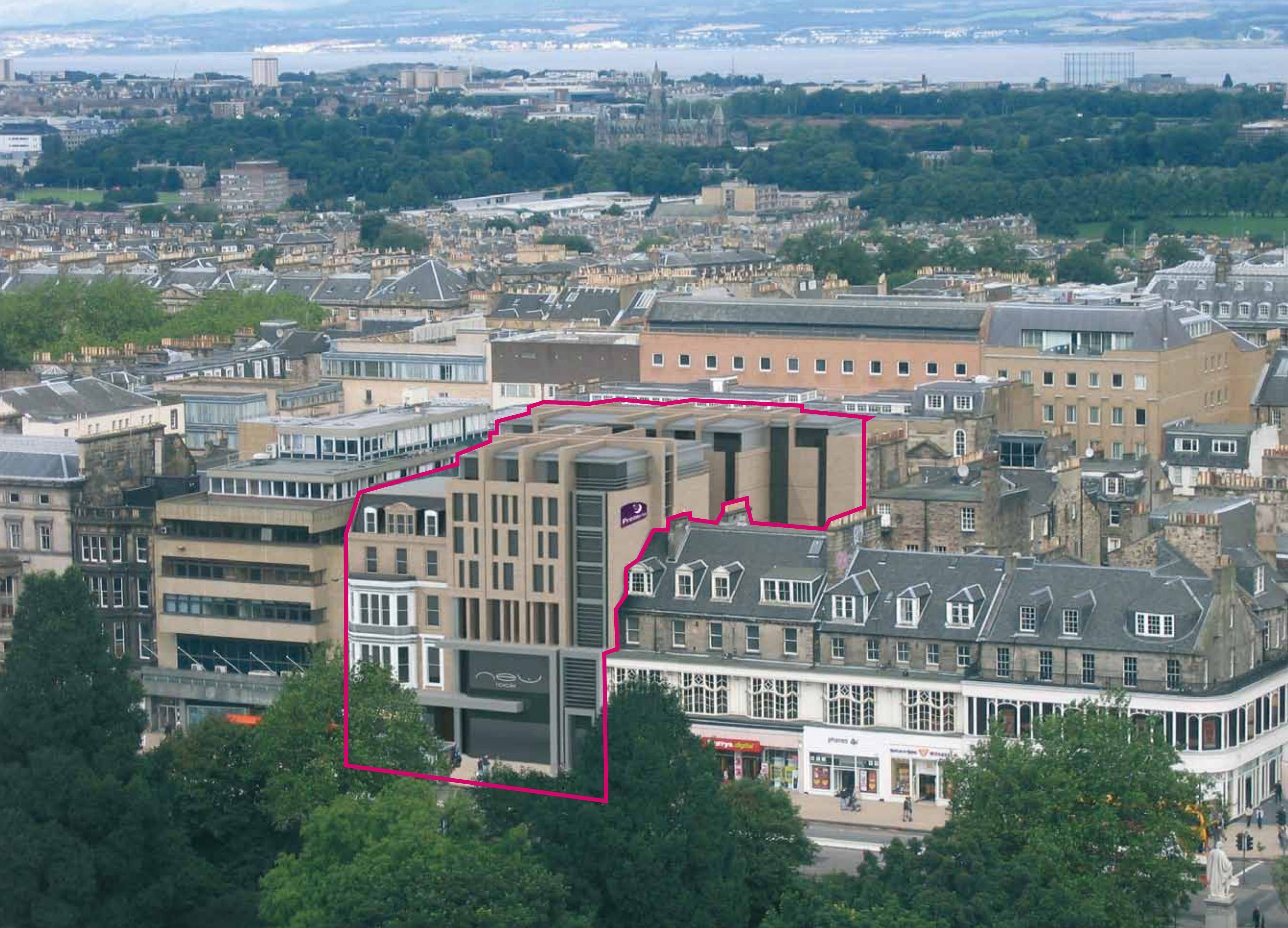
100% PRELET



A DEVELOPMENT BY DERAMORE



**hendersonherd**  
COMMERCIAL PROPERTY INVESTMENT





# PRINCES STREET IS WORLD RENOWNED AS EDINBURGH'S PREMIER RETAIL THOROUGHFARE

A DEVELOPMENT BY  
DERAMORE PROPERTY GROUP



PRE-LET TO



## THE OPPORTUNITY

- » Princes Street is world renowned as Edinburgh's premier retail thoroughfare.
- » 121-123 Princes Street is a new retail and hotel development situated immediately opposite Edinburgh Castle.
- » On Practical Completion, 121-123 Princes Street will extend to a total gross internal floor area of approximately 74,840 sq ft (6,952.6 sq m)
- » It will provide a large format retail unit over three floors, extending to 29,675 sq ft (2,757.0 sq m), with a new 97 bedroom hotel above. The hotel will be the first new hotel development on Princes Street for over 50 years.

The development is fully prelet to New Look and Premier Inn, as follows:

Tenant	Rent pa	Term Certain	Basis	Rent Review
New Look	£1,300,000	20 years	FRI	5 yearly upwards only to Market Value
Premier Inn	£687,730	19.5 years	FRI	5 yearly upwards only to RPI
<b>Total</b>	<b>£1,987,730</b>			

- » 121-123 Princes Street is the first development to be undertaken under City of Edinburgh Council's "String of Pearls" programme.
- » Redevelopment opportunities on Princes Street are extremely rare, reflecting the historic nature of the city centre and its status as a World Heritage Site.
- » The construction programme has commenced. Demolition is under way and the build contract has been let. Practical Completion of the retail is scheduled for August 2011 and June 2012 for the hotel.
- » Our client, Deramore Property Group, is seeking to dispose of their interest by means of forward funding, subject to completion of the construction programme.



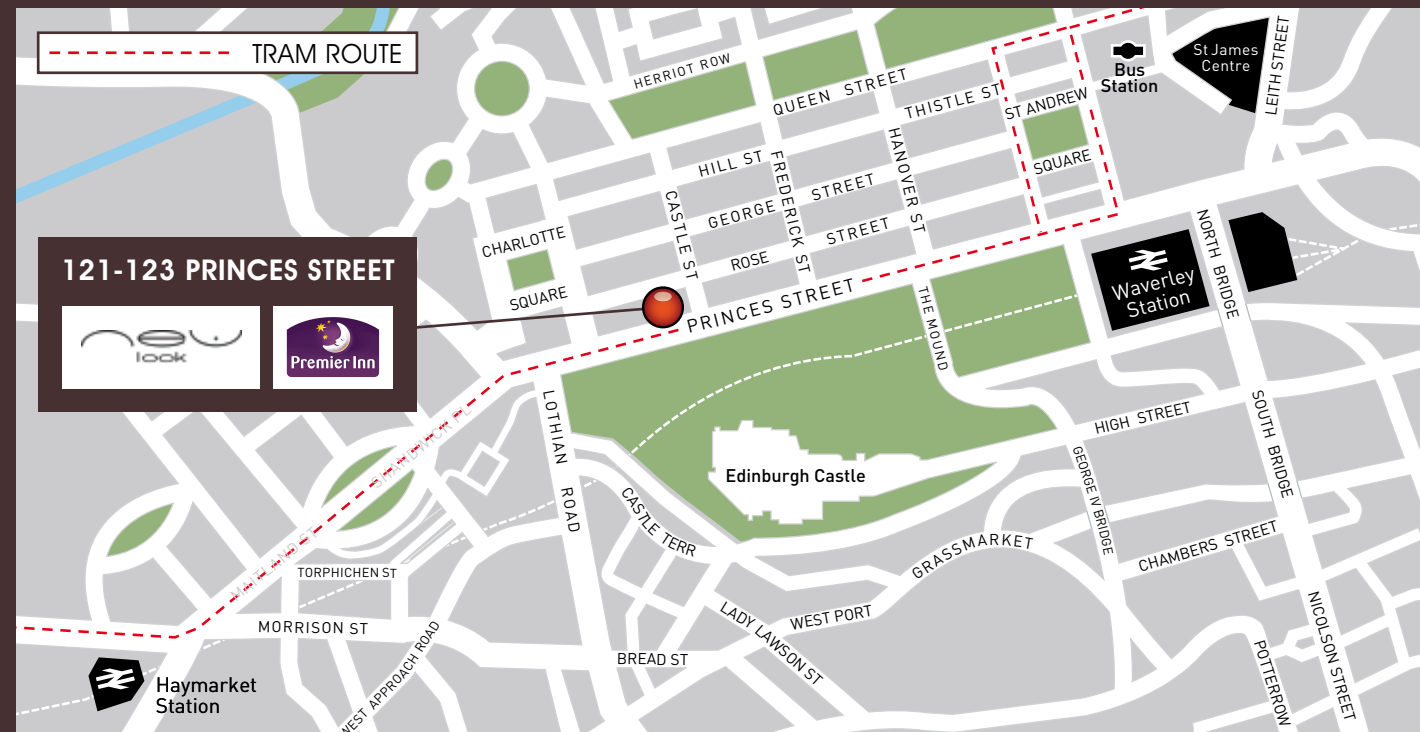
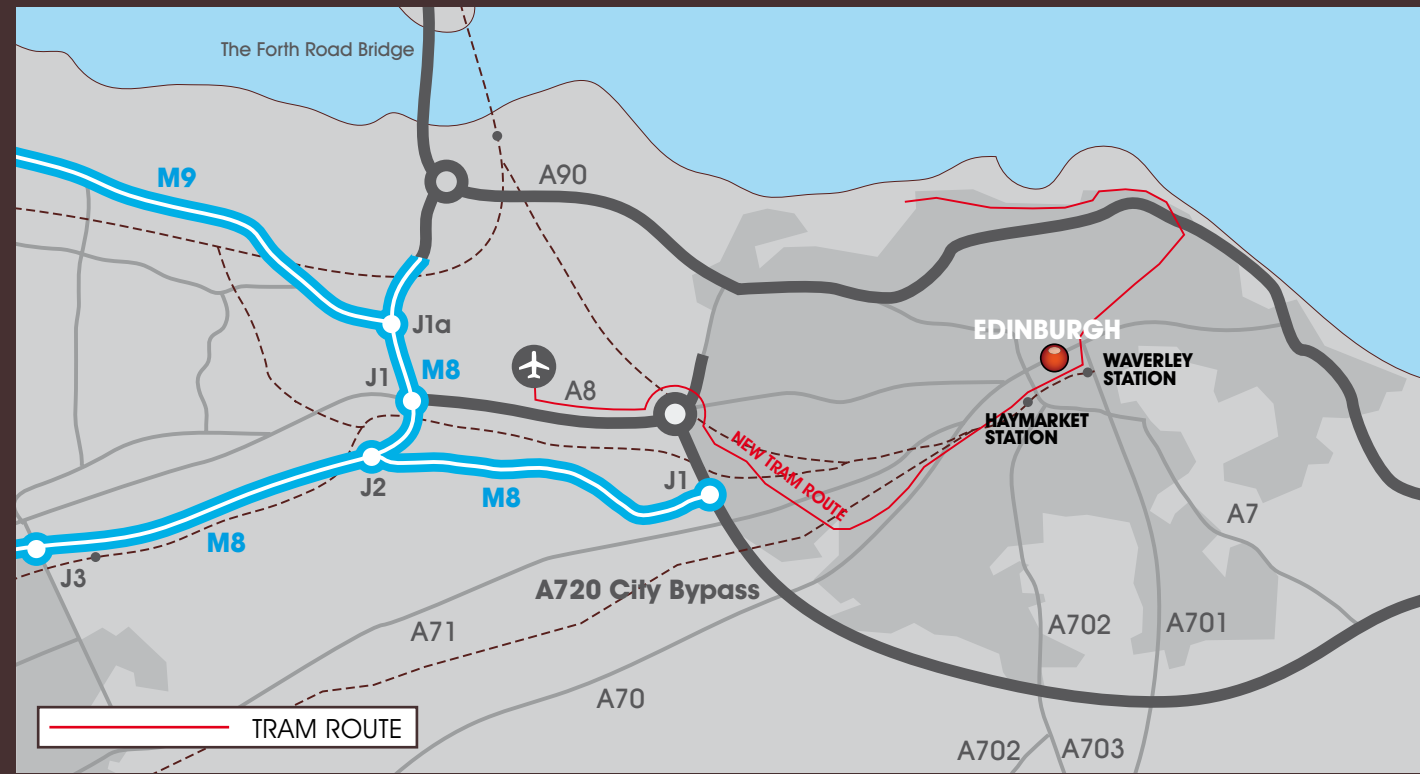
## THE CITY OF EDINBURGH

Edinburgh is the capital city of Scotland. The city is recognised as one of the most prosperous and historic in the UK. UNESCO designated Edinburgh's Old and New Towns to be a World Heritage Site in 1995 and to be the world's first City of Literature in 2007. Edinburgh was voted European City of the Year in 2006 and "top European small city of the future" in 2008.

The city has the most buoyant economy in the UK outside London with a diverse economic base. It is home to the Scottish Parliament and is Scotland's political, administrative, legal and judicial centre. It is the second largest financial centre in the UK after London. The city is home to four universities and is an important centre for science and technology. It has one of the most skilled workforces in the UK, with over 34% holding a degree or professional qualification.

Edinburgh has a resident population of approximately 470,000. As the regional centre for the east of Scotland, it serves a wider catchment of over 1.3m. The population of Edinburgh and the Lothians is forecast to grow by 48,000 by 2015 (Scottish Executive 2008).

The city's economy continues to expand. Average GDP growth between 1998-2008 was 2.40% per annum, with average growth of 2.70% per annum forecast for 2009-2020 (Experian 2009). GDP per head is 1.43 times the UK average.





## PRINCES STREET IS THE FOCAL POINT OF PUBLIC TRANSPORT PROVISION IN EDINBURGH

## TRANSPORT AND COMMUNICATIONS

Edinburgh is a major European city and benefits from extensive national and international communications.

Edinburgh International Airport is situated approximately eight miles west of the city. It is the third busiest regional airport in the UK, providing an extensive network of both domestic and international flights and was the only major UK airport to experience passenger growth in 2009.

Edinburgh has two mainline railways stations, Waverley and Haymarket, both providing connections to the East and West Coast mainlines. Direct services are provided to most major UK centres, with a minimum journey time to London of approximately 4 hours. Extensive rail services are also provided throughout Scotland.

Road connections are provided throughout Scotland. The M8 provides access to Glasgow to the west. It also connects with the M74 trunk route to Carlisle and the South. The M90 provides connections to Perth, Inverness, Dundee and Aberdeen.

City of Edinburgh Council are to reintroduce a tram network across Edinburgh. Phase 1 is under construction and will run from Edinburgh International Airport to Leith via Princes Street. Completion is forecast for 2012.

Princes Street is the focal point of public transport provision in Edinburgh. Most of the city's bus routes pass via Princes Street, Waverley Station is adjacent and St Andrews Bus Station is nearby. The proposed tram route passes along Princes Street, with tracks already in place.

CHARLOTTE SQUARE

GEORGE STREET

ST ANDREW SQUARE

EDINBURGH CASTLE

WAVERLEY STATION

121-123 PRINCES STREET



HOUSE OF FRASER

CALEDONIAN HOTEL

HMV

URBAN OUTFITTERS DEBENHAMS

NEXT

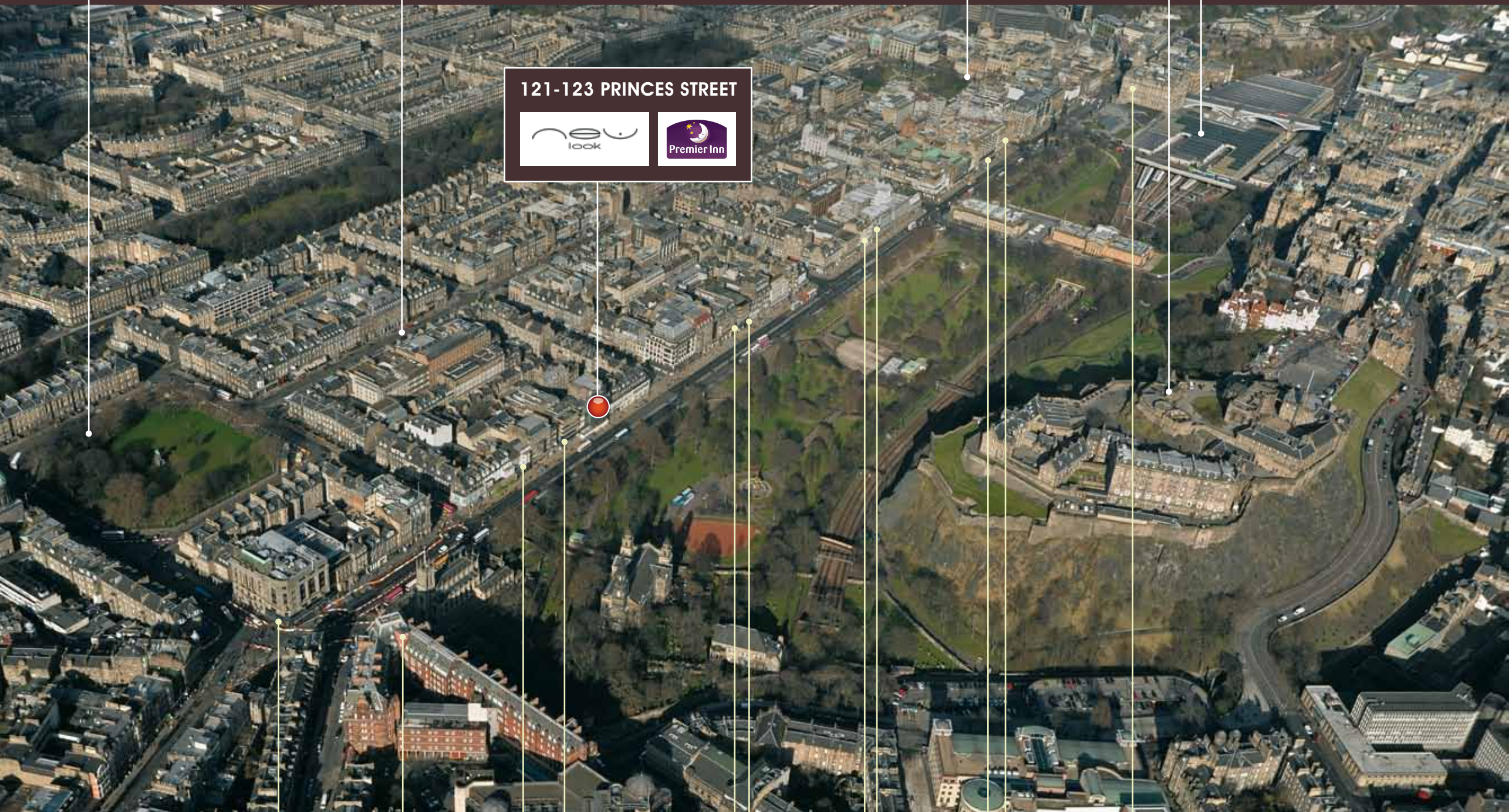
H&M

GAP

M&S

JENNERS

BALMORAL HOTEL



## LOCATION

Princes Street is Edinburgh's renowned world retail thoroughfare, extending for  $\frac{3}{4}$  mile from The Caledonian Hotel/Lothian Road in the west to The Balmoral Hotel in the east. It provides a full range of retail outlets accommodating most major high street brands, including Jenners, House of Fraser, Marks & Spencer, H&M, Zara, Next, Debenhams, Urban Outfitters, Waterstones and HMV.

121-123 Princes Street is situated in a prime location overlooking Edinburgh Castle at the west end of Princes Street. Notable Edinburgh landmarks, such as The Exchange, Edinburgh's premier office district, Charlotte Square and George Street all lie close by.

The subjects occupy a central position within a block bounded by Castle Street to the east and South Charlotte Street to the west. The site extends to Rose Street South Lane to the rear.



## RETAILING IN EDINBURGH

Edinburgh is the dominant retail centre for East Central Scotland, with over 2,500 retail outlets and consumer expenditure of £970m. Retail provision is concentrated in the city centre, accounting for 754 retail units in over 250,000 sq m of retail accommodation. Edinburgh City Centre accounts for a 43.9% market share of Edinburgh's core retail catchment (CACI). Retail expenditure is forecast to grow by 35% by 2015 (CACI).

Princes Street is world renowned as Edinburgh's primary retail thoroughfare. It is home to many of Edinburgh's largest retail units and attracts its premium rental tone. It extends over seven blocks from The Balmoral Hotel in the east to the Caledonian Hotel in the west. It accommodates five department stores, namely Jenners, Debenhams, House of Fraser, Marks & Spencer and BHS. It also provides a full range of retail units for major national and international multiples.

The extensive retail provision of Princes Street is complemented by George Street and the St James Centre, which is anchored by John Lewis.

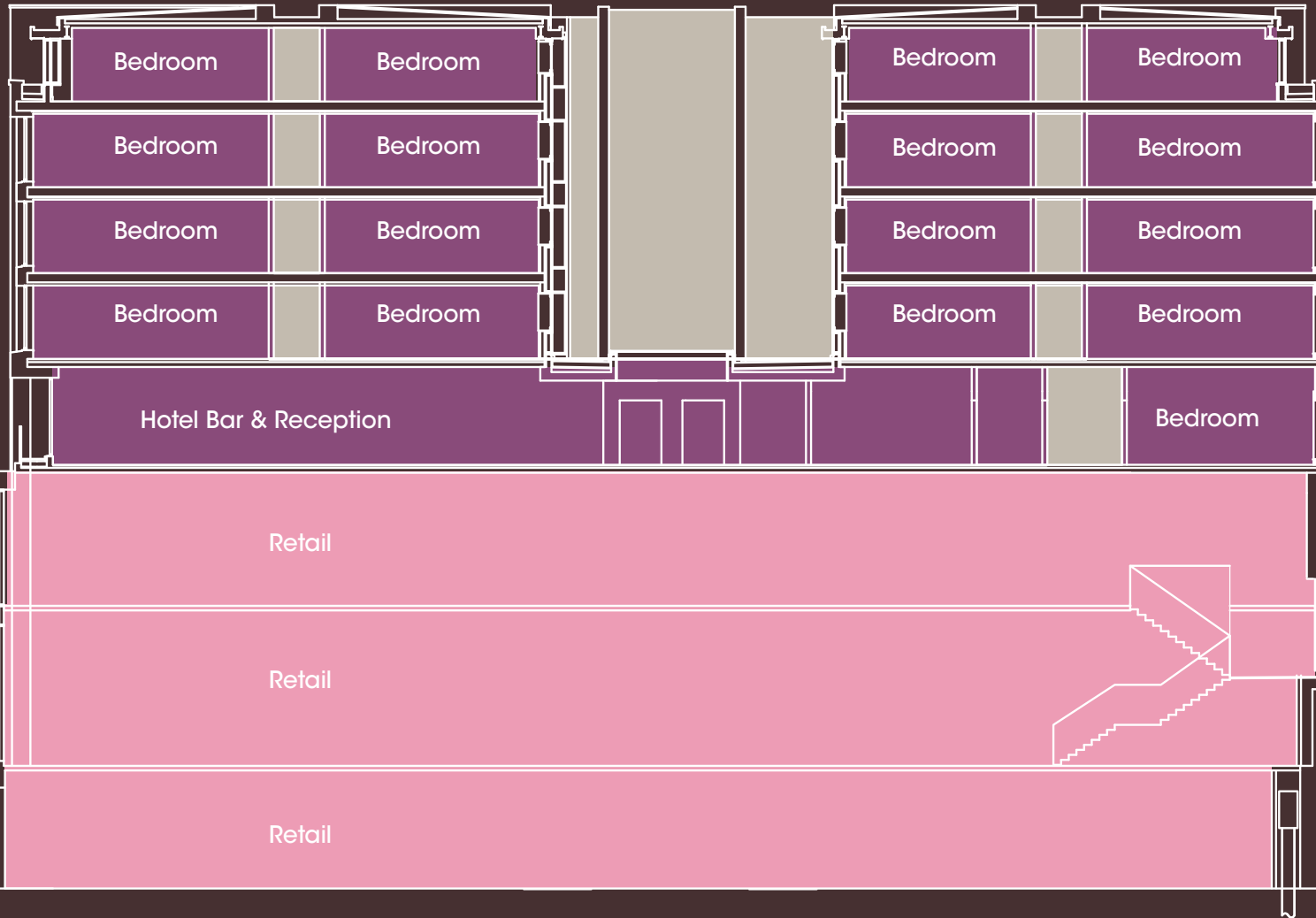
The St James Centre is due for extensive redevelopment. All of the existing shopping centre, excluding John Lewis, will be closed from January 2012. The new centre is scheduled to reopen in Spring 2016.

## TOURISM IN EDINBURGH

Edinburgh is the UK's second most popular tourist destination with over 4m visitors annually. Tourism injects £2bn pa into the local economy and Edinburgh accounts for over 20% of all tourism expenditure in the UK. Six of Scotland's ten most popular visitor attractions are located in Edinburgh. Tourism is Edinburgh's second largest employer, accounting for over 31,000 jobs, compared with 34,000 in Financial Services.

The city benefits from both leisure and business tourism. City of Edinburgh Council promote 12 international festivals throughout the year, including the renowned Edinburgh International Festival and Edinburgh Fringe. Business tourism is an expanding sector. Currently, it accounts for 15% of all tourism expenditure in Edinburgh and is forecast to double by 2015.

Edinburgh has one of the largest hotel markets in the UK. The city has over 8,000 hotel rooms, of which 23.5% are within the branded budget sector. Occupancy rates are consistently amongst the highest in the UK. Occupancy rates for 2009 were 77.9% and with RevPar of £68.58 per room. In terms of occupancy rates and room yields, the Edinburgh hotel market is second only to London in the UK.



PRINCES STREET



ROSE ST  
LANE  
SOUTH





## DEVELOPMENT CONTEXT

Development opportunities in central Edinburgh are extremely rare, reflecting the historic nature and layout of the city centre.

### **The City Centre Princes Street Development Framework**

In 2007, City of Edinburgh Council adopted the City Centre Princes Street Development Framework (CCPSDF). This is the first masterplan to modernise Edinburgh city centre since the 1960's. It recognises that:

“A successful city centre, and in particular a successful Princes Street, is essential if Edinburgh is to maintain its position as the principal focus of activities which are integral to its role and function as a capital city, a regional service centre and major tourist destination”.

### **The String of Pearls**

The CCPSDF is supported by “The String of Pearls” which was adopted as policy in 2008. This aims to modernise and improve the retail and commercial provision of each block of Princes Street from Shandwick Place in the west to Carlton Hill in the east. The stated aim of this policy is:

“it is essential to enhance the Princes Street blocks, encourage the use of the upper floors and maximise Princes Street as an asset in terms of the vibrancy and vitality of the city centre”.

121-123 Princes Street is the first development to follow this brief. Accordingly, it is at the forefront of “best practice” in current design standards.

## THE DEVELOPMENT

The subjects were acquired for redevelopment by Deramore Property Group in 2008. Detailed planning and listed building consent for the proposed scheme was secured in 2009. Demolition commenced on 1st March 2010 and the principal construction contract has been let.

The redevelopment was designed following extensive consultation with City of Edinburgh Council, Historic Scotland and Edinburgh World Heritage Trust. On Practical Completion, 121-123 Princes Street will extend to a total gross internal floor area of approximately 74,840 sq ft (6,952.6 sq m) and comprise:

- » a single, large format retail unit over basement, ground and first floors extending to 29,675 sq ft (2,757.0 sq m); and
- » a 97 bed hotel, with bar and restaurant, over the second to sixth floors

It is one of the most significant new developments on Princes Street since the 1960's. It will transform the occupier profile of this block by:

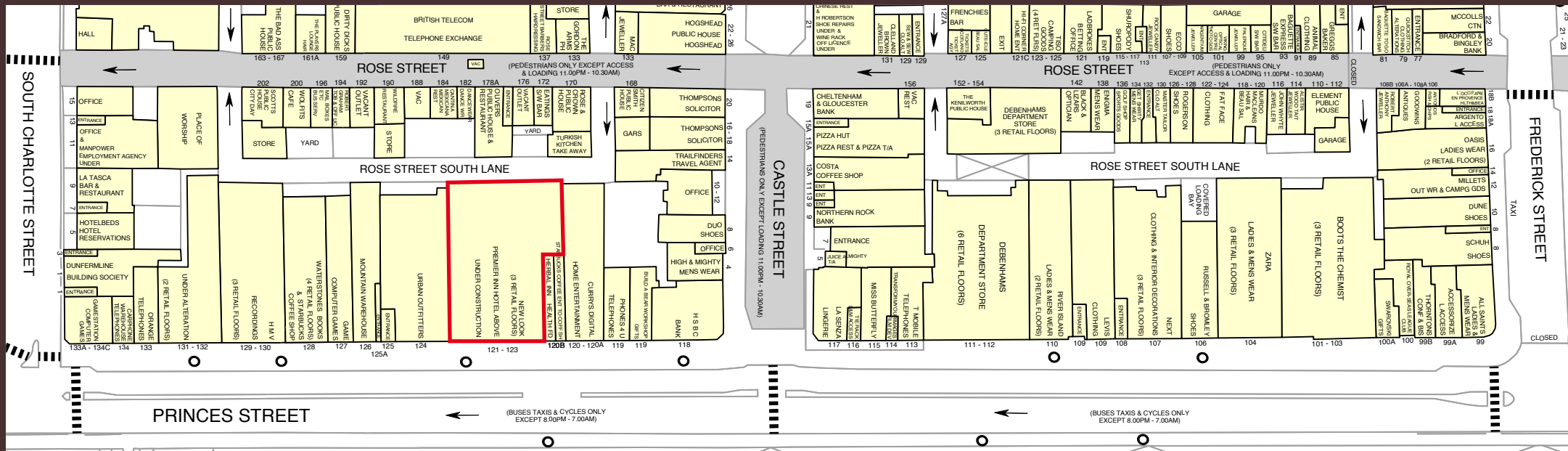
- » providing the first large format retail unit into this section of Princes Street
- » replacing three small and poorly configured outlets
- » complementing the four existing medium sized retail units, currently occupied by Urban Outfitters, Waterstones, HMV and Currys.
- » replacing existing derelict upper parts with the first new hotel to be developed on Princes Street for over 50 years

Over 95% of the development will be new build, extending from 121-122 Princes Street through the full width of the site to 127-133 Rose Street South Lane to the rear. 123 Princes Street, a grade B listed Georgian townhouse, will be retained and fully integrated into both the retail and hotel accommodation.

The attraction of the development is demonstrated by both the retail and hotel elements being fully prelet to prime covenants.



# A PRIME RETAIL LOCATION



# A PRIME HOTEL LOCATION – A ROOM WITH A VIEW



## PRE-LET TENANCIES

The property is fully prelet to New Look and Premier Inn on the terms outlined below. Funders will be required to accept the leases in their agreed forms.

### Retail

<b>Tenant</b>	New Look Retailers Limited
<b>Term</b>	20 years from date of entry
<b>Demise</b>	Basement, ground and first floors
<b>Floor Area</b>	29,675 sq ft, subject to minimum of 26,852 sq ft GIA
<b>Rent</b>	£1,300,000 per annum
<b>Rent Free Period</b>	3 months
<b>Rent Review</b>	5 yearly, upwards only to Market Value
<b>Repair</b>	Full repairing and insuring
<b>Date of Entry</b>	The date of Practical Completion – August 2011 estimated

### Hotel

<b>Tenant</b>	Premier Inn Hotels Limited
<b>Term</b>	19 years and six months from date of entry
<b>Demise</b>	2 <sup>nd</sup> -6 <sup>th</sup> floors, plus ground floor entrance lobby
<b>Accommodation</b>	97 ensuite bedrooms, plus 4,720 sq ft of Food & Beverage
<b>Rent</b>	£687,730 per annum (£7,090 per room)
<b>Rent Free Period</b>	3 months
<b>Rent Review</b>	5 yearly, upwards only to RPI
<b>Repair</b>	Full repairing and insuring
<b>Date of Entry</b>	The date of Practical Completion – June 2012 estimated

All proposed accommodation is subject to final measurement at Practical Completion. All floor areas are stated on a gross internal basis.

## THE DEVELOPMENT PROGRAMME

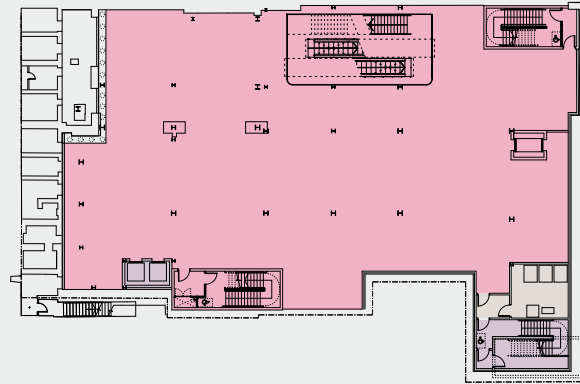
A construction contract was entered into in early 2010, and demolition work commenced on 1<sup>st</sup> March 2010.

The construction contract will deliver the retail unit to the required specification of the tenant. It will deliver the hotel to a “shell” finish, with a further contract to be placed to complete the specialist hotel fit-out.

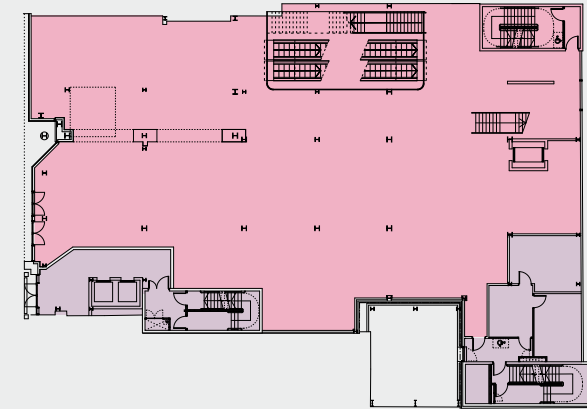
The development programme is as follows:

Phase	Description of Works	Contract Value	Duration	Practical Completion
Phase 1	Retail unit	£7,300,000	18 months	August 2011
	Hotel shell		20 months	October 2011
Phase 2	Hotel fit-out	£3,000,000	9 months	June 2012

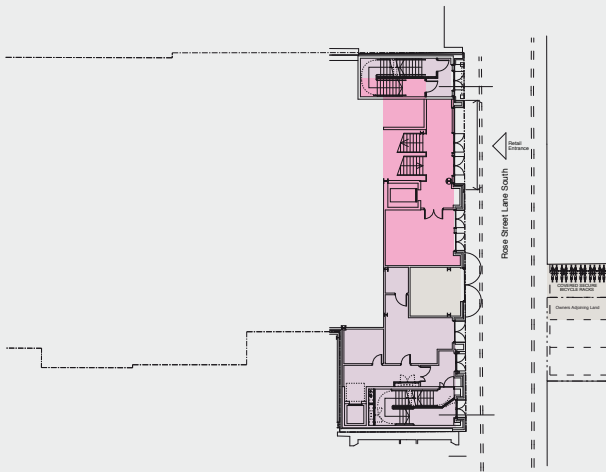
# FLOOR PLANS / RETAIL



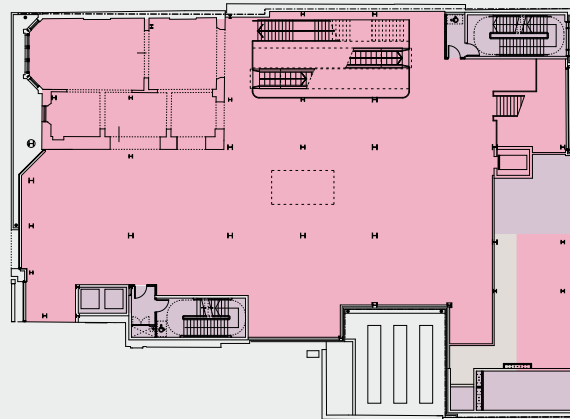
**BASEMENT**



**GROUND FLOOR**



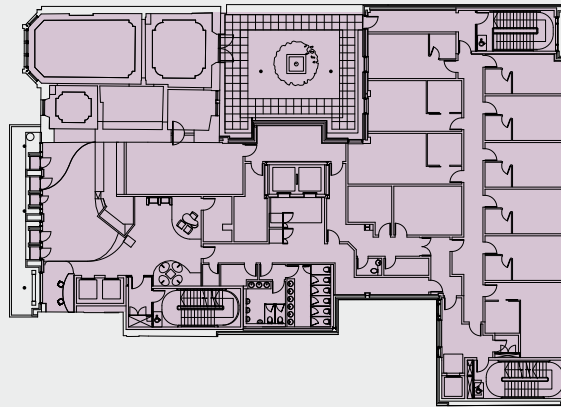
**UPPER GROUND FLOOR**



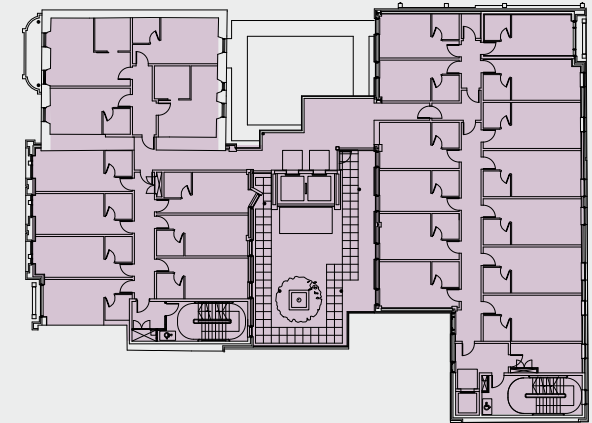
**FIRST FLOOR**

RETAIL ACCOMMODATION SCHEDULE			
Floor	Use	Gross Internal Floor Area	
		sq ft	sq m
Lower ground	Retail	10,053	934.0
Ground	Retail	9,286	862.7
Upper ground	Retail	927	86.1
First	Retail	9,409	874.2
Totals		29,675	2,757.0

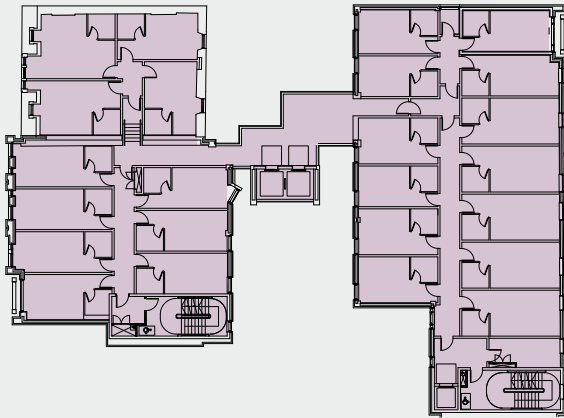
# FLOOR PLANS / HOTEL



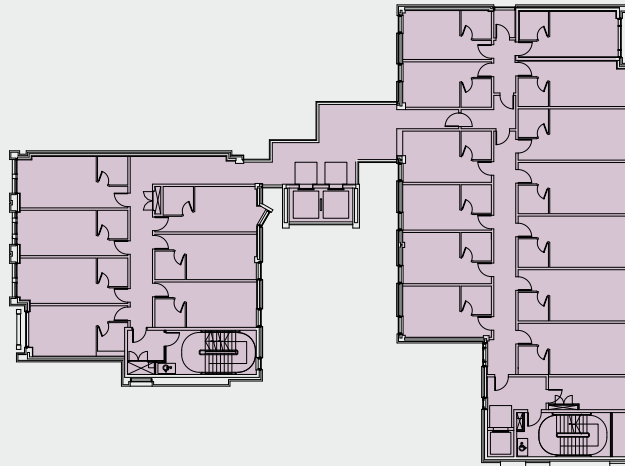
SECOND FLOOR - 9 BEDROOMS



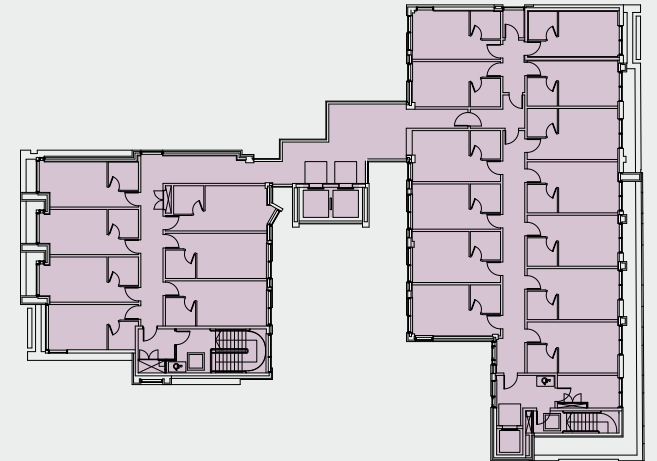
THIRD FLOOR - 24 BEDROOMS



FOURTH FLOOR - 24 BEDROOMS



FIFTH FLOOR - 20 BEDROOMS



SIXTH FLOOR - 20 BEDROOMS

## TENURE

Heritable (freehold equivalent)

## COVENANT



New Look is one of the UK's leading fashion retailers, operating from 612 stores across the UK and Eire.

For the year ended 2009, New Look Retailers Limited reported EBITDA of £200.1m, an increase of 13.9% over the year. Turnover for the period was £1.12bn, an increase of 13.1% over the year. Net assets increased by 29% from £597.7m to £770.9m. Cash reserves increased by 23% from £116.5m to £143.1m.

New Look Retailers Limited have a Dun and Bradstreet Rating of 5A1.



Premier Inn is the UK's largest and fastest growing hotel brand with 578 hotels and 41,000 rooms across the UK.

For the year ended 26th February 2009, Premier Inn Hotels Limited reported Net Assets of £372m and Tangible Net Worth of £560m. The company has a Dun and Bradstreet rating of 5A1.

Premier Inn Hotels Limited is a subsidiary of Whitbread plc.

## VAT

The property is elected for VAT.

## CAPITAL ALLOWANCES

Extensive capital allowances will be available to qualifying purchasers.

## PROPOSAL

Our client, Deramore Property Group, is seeking to dispose of their interest by means of forward funding, subject to completion of the construction contract.

Interested parties are invited to confirm their interest in writing with the sole selling agents. A closing date for offers may be set.

## FURTHER INFORMATION

Additional property details, including the agreed forms of lease and proposed construction details, are provided on a dedicated website:

[www.hendersonherd.co.uk/121-123PrincesStreet](http://www.hendersonherd.co.uk/121-123PrincesStreet)

The website is password protected.

For further details, or to secure access to the website, please contact the sole selling agents:

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look

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ON BEHALF OF DERAMORE PROPERTY GROUP

**Misrepresentation Act 1967:** The Agents for themselves and for the 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 the 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 the Agents has any authority to make or give any representations or warranty whatever in relation to this property.

**Finance Act 1989:** Unless otherwise stated all prices and rents are quoted exclusive of VAT. **Property Misdescriptions Act 1991:** These details are believed to be correct at the time of compilation but may be subject to subsequent amendment. **Requirements of Writing (Scotland) Act 1995:** this document is provided for record purposes only and is not intended to create, nor to be relied upon as creating, any contractual relationship or commitment. Any contract shall only be entered into by way of an exchange of missives between solicitors.

**Use of Computer Generated Images:** All photographs of the proposed development contained both within this brochure and the above website are computer generated images. No planning or landlords consents have been secured in respect of signage and such images are indicative only. **Floor Areas:** All proposed floor areas are scaled from architects drawings and are subject to measurement at Practical Completion.

April 2010.