

FOR SALE - INVESTMENT/DEVELOPMENT OPPORTUNITY

PRIME CITY CENTRE OFFICE INVESTMENT WITH OUTSTANDING REDEVELOPMENT POTENTIAL



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www.forthandplayfair.com

Forth House 11-17 FORTH STREET, EDINBURGH, EH1 3LE

Playfair House BROUGHTON STREET LANE, EDINBURGH, EH1 3LY



Investment Summary

Two connected City Centre office investments with outstanding redevelopment potential.

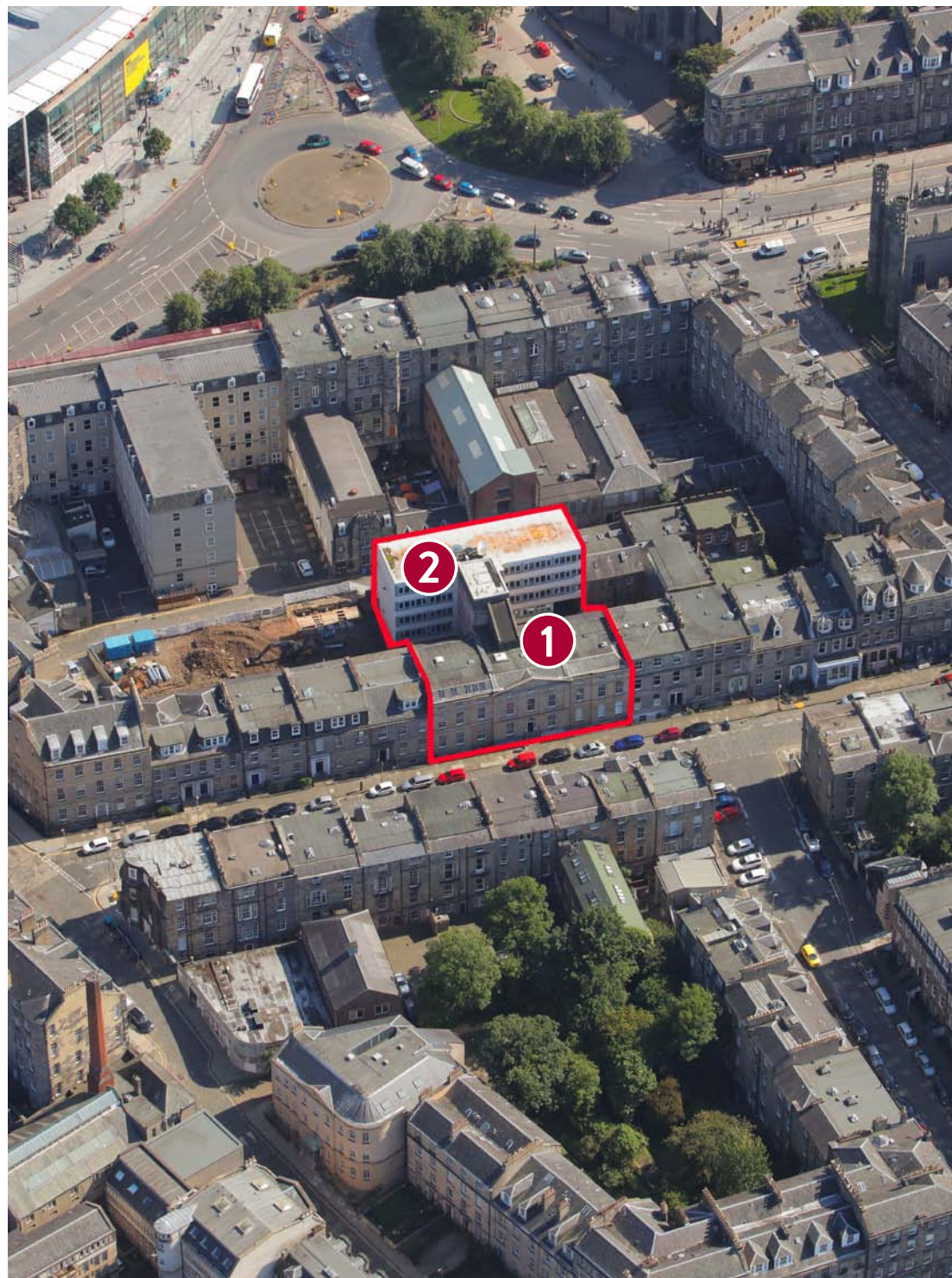
- Superb city centre location – approx. 350 metres from Edinburgh St James (completion 2020)
- Significant underlying vacant possession value
- Potential redevelopment uses include: residential, office, hotel, serviced apartment, student housing
- Combined NIA approx. 2,216 sq.m (23,853 sq.ft)
- Combined GIA approx. 3,471 sq.m (37,371 sq.ft)
- Combined Passing Rent: £299,176 p.a.
- Combined Passing Rent incl. ERV: £313,226 p.a.
- Offers over £4.5m (exclusive of VAT)
- Net Initial Yield (NIY) of 6.27% (based on purchasers costs of 6.03%)
- Capital rate of approx. £188.66 per sq.ft

1. Forth House:

- Category B listed townhouse office
- NIA approx. 1,168 sq.m (12,572 sq.ft)
- GIA approx. 1,644 sq.m (17,701 sq.ft)
- FRI lease to Forth FM expiring 2022 (tenant break option in June 2020)
- Passing rent: £159,600 p.a.

2. Playfair House:

- Modern office
- NIA approx. 1,048 sq.m (11,281 sq.ft)
- GIA approx. 1,827 sq.m (19,670 sq.ft)
- FRI leases to multi tenants expiring in June 2022 (mutual break options June 2020)
- Passing Rent: £139,576 p.a.
- 20 unrestricted and 4 restricted car spaces



LOCATION

Edinburgh is Scotland's Capital and cultural, economic, financial and political centre. With a resident population of approximately 500,000, the city is the UK's second largest and Europe's fourth largest financial centre by equity assets under management. Edinburgh is the most prosperous regional city in the UK and its workforce is one of the most highly educated.

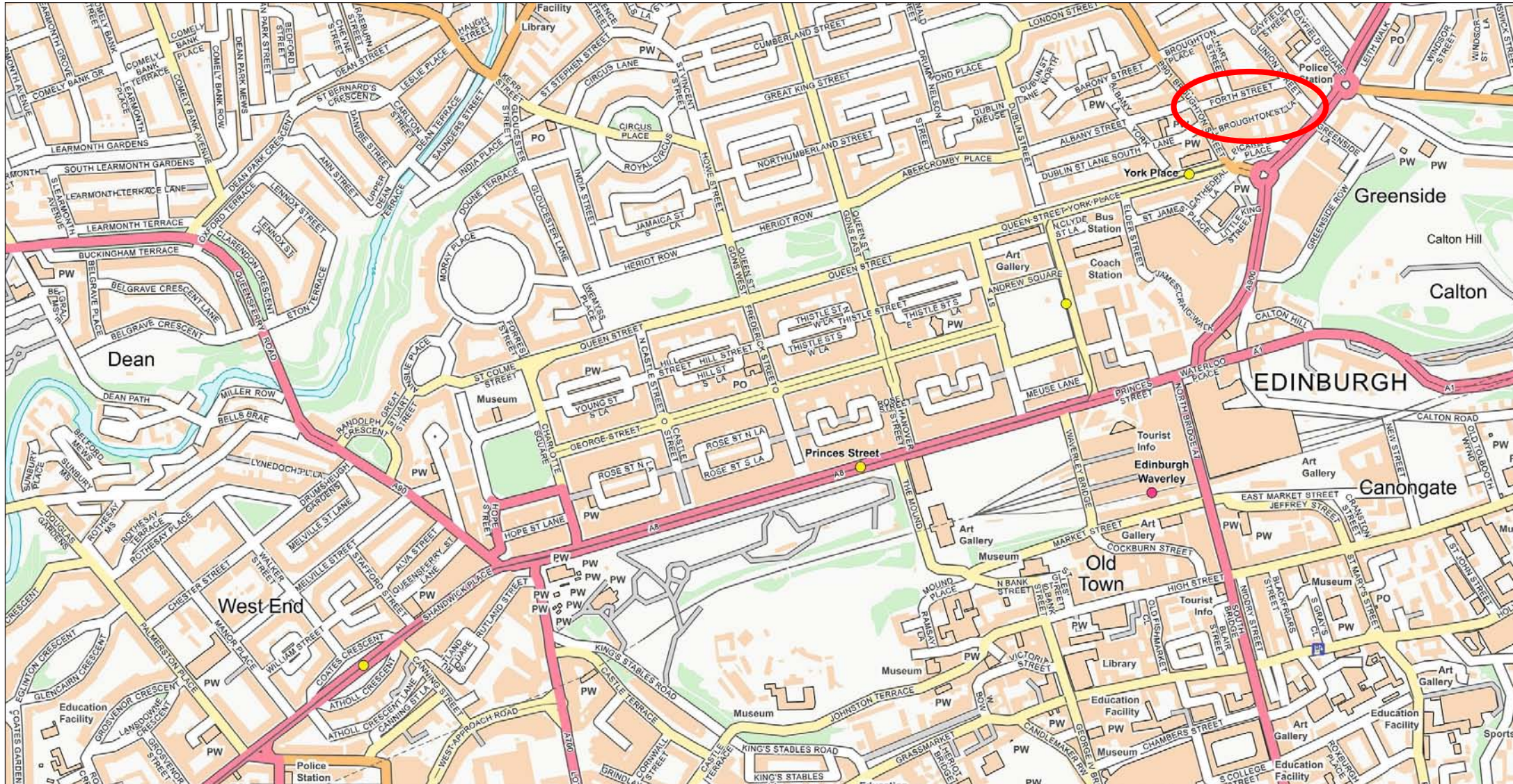
In 2017 Edinburgh was ranked second in a global quality of life survey - behind Wellington, New Zealand - out of 47 cities published by Deutsche Bank. Edinburgh's

citizens spend the least amount of time travelling to work of any of the 47 cities analysed. In terms of healthcare satisfaction, Edinburgh ranks second and is third in terms of its pollution levels.

Edinburgh is also the most visited tourist and commercial destination in the UK after London, attracting in the region on 13 million visitors a year, with an exceptional transport and communications network connecting it both internationally and with other cities throughout the UK. Edinburgh International Airport was the busiest in Scotland with 12.4 million passengers passing through it in 2016.

It also has an extensive integrated public transport system including the tram system which runs from Edinburgh City Centre to Edinburgh International Airport. There is a tram stop on York Place approx. 300m from the properties.

There are 8 universities and further education colleges in Edinburgh with almost 80,000 students in the city. In the past 5 years, approx. 80 spin-out companies have been generated by The University of Edinburgh.



SITUATION – New Town



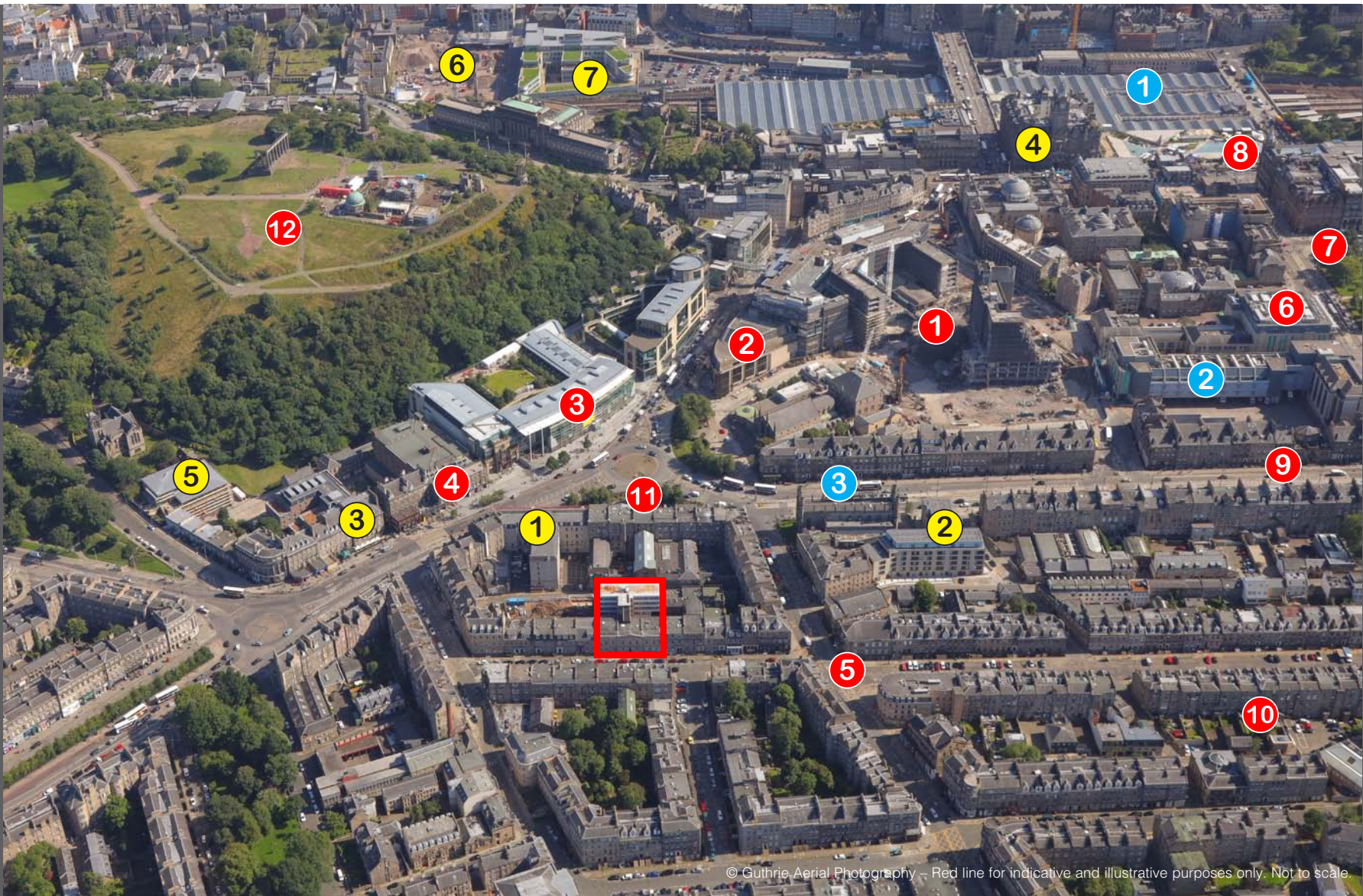
The city centre is within easy walking distance from the properties for all that Edinburgh has to offer in terms of amenity, making the location attractive for tourism and educational uses (serviced apartment, hotel, student housing and backpackers). The proximity of the buildings to the city centre ensures that their appeal as an office location is strong, and becoming stronger due to the lack of relatively affordable office space.

The properties are located on the edge of Edinburgh's New Town – a UNESCO World Heritage Site – just off Broughton Street which is a lively boutique retail and entertainment street featuring many independent shops, bars and restaurants.

The location is approx. 350 metres from John Lewis and the £800m redevelopment known as Edinburgh St James due for completion in 2020 by TH Real Estate.

Edinburgh St James will be one of the UK's largest and most significant regeneration projects. The 1.7 million sq.ft scheme will see the 1970s shopping centre (currently under demolition) replaced with 850,000 sq.ft of retail space, a new luxury "W" hotel, up to 150 new homes, 30 restaurants, 1600 car parking spaces and a multi-screen cinema.

www.edinburghstjames.com



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TRANSPORT

1. Waverley Train Street
2. Edinburgh Bus Station
3. York Place Tram/Terminus

LEISURE/AMENITIES

- | | |
|------------------------|---------------------|
| 1. Edinburgh St James | 7. St Andrew Square |
| 2. John Lewis | 8. Princes Street |
| 3. Omni Centre | 9. Queen Street |
| 4. Edinburgh Playhouse | 10. New Town |
| 5. Broughton Street | 11. Picardy Place |
| 6. Harvey Nichols | 12. Calton Hill |

BUSINESS/HOTEL

1. Holiday Inn Express
2. Premier Inn
3. Marriott Courtyard
4. Balmoral Hotel
5. Greenside, Blenheim Place (office)
6. New Waverley
7. City of Edinburgh Council



DESCRIPTION

The subjects for sale consist of two office buildings. Whilst the properties are currently connected to the rear by a fire escape, Forth House is located on Forth Street and Playfair House is located on Broughton Street Lane. The area to the east of Playfair House in this photograph is currently undergoing residential development for 11 mews properties by Headon Developments.

FORTH HOUSE, 13-17 FORTH STREET, EH1 3LE



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Forth House is a 'B' listed Georgian property designed by Robert Burn in 1800 with an NIA of approx.1,168 sq.m (12,572 sq.ft)

Forth Street is predominantly a residential street, given its Georgian architecture, though it is interspersed with some office use.

The property is leased in its entirety to Forth FM at a passing rent p.a. of £159,600 until 30th June 2022. There is no Service Charge on Forth House.

Redevelopment options for Forth House are strong given its Georgian architecture, edge of New Town location and proximity to the city centre. As well as residential redevelopment alternative uses may include hotel, serviced apartment, student housing or office. Given the greater need for scale for these non-residential use classes, it is probable that any purchaser/developer would seek to combine Forth House with Playfair House.

PLAYFAIR HOUSE, BROUGHTON STREET LANE, EH1 3LY



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Playfair House is a modern open plan office building over ground and three upper floors with a total NIA of 11,281 sq.ft.

Broughton Street Lane is a characterful mixed use cobble lane on which Headon Developments are currently developing 11 high quality residential Mews properties.

The property is multi let with two suites currently vacant. Current passing rent £139,576 p.a.* and the ERV when fully let is projected as £157,101 per annum.

The office suites are liable to a Service Charge of £4.75 per square foot. There are 18 clear and 4 restricted parking spaces underneath the property which are rented out at £27,700 per annum.

*Passing rent is discounted until 28/08/2018 when Curio Compensation rent increases from £12,552 p.a. to £38,753 p.a. to make the total £139,576 p.a.

GALLERY



FORTH HOUSE



FORTH HOUSE



FORTH HOUSE



PLAYFAIR HOUSE



PLAYFAIR HOUSE



PLAYFAIR HOUSE

TENANCY SCHEDULE

Forth House, Forth Street									
Unit	Tenant	NIA (Sq.ft)	GIA (Sq.ft)	Rent p.a.	Rent psf (NIA)		Lease End Date	Next Break Option	Parking spaces
Whole Building	Radio Forth Limited	12,572	17,701	£159,600	£12.94		30/06/2022	30/06/2020 (Tenant only)	12 clear
Totals		12,572	17,701	£159,600					located under Playfair House

Playfair House, Broughton Street Lane									
Unit	Tenant	NIA (Sq.ft)	GIA (Sq.ft)	Rent p.a.	Rent psf (NIA)	Rent Once fully let	Lease End Date	Next Break Option	Parking Spaces
Basement	n/a	n/a	5,948	n/a	n/a	n/a	n/a	n/a	n/a
Ground Floor W	Humanist Society	1,084	2,939	£13,725	£12.66	£13,725	30/06/2022	30/06/2020	n/a
Ground Floor E	Vacant	1,124		£0	£12.50	£14,050 (*)	n/a	n/a	n/a
First Floor	Wallace Whittle Limited	3,030	3,599	£45,000	£14.85	£45,000	29/11/2017 (**)	n/a	3 clear
Second Floor	Curo Compensation	3,022	3,592	£38,753 (***)	£12.82	£38,753	30/06/2022	30/06/2020	n/a
Third Floor	Social Investment Scotland	3,021	3,592	£42,098	£13.94	£42,098	30/06/2022	30/06/2020	n/a
Totals		11,281	19,670	£139,576					3 clear available
Totals once fully let						£153,626			Overall 18 clear plus 4 restricted

Totals (Forth & Playfair)	
NIA (Sq.ft)	23,853
GIA (Sq.ft)	37,371
Rent p.a.	£299,176
Rent p.a. (once fully let)	£313,226

(*) - Playfair House GF East Suite rent quoted above is an Estimated Rental Value (ERV).

(**) - Wallace Whittle Limited lease currently running on tacit relocation with 40 days' notice period.

(***) - Curo Compensation passing rent is £12,552 until 28.08.18 when rent rises to £38,753.

The floor plan measurements adhere to the RICS Property Measurement (1st ed.) Professional Statement.

FURTHER DETAILS

Energy Performance Certificates

Forth House = D
Playfair House = D

Copies of the EPCs for both buildings are available in the Data Room. Section 63 Action Plans have been registered.

Data Room

A password protected Data Room has been set up at www.forthandplayfair.com
Please register your details to be provided access to further information.

The Data Room contains:

- Brochure
- Plans (existing & proposed)
- Leases
- Technical Information & Reports
- Gallery

Tenure

Heritable (Scottish equivalent of English freehold).

Rateable Value

The Scottish Assessors Association (SAA) website (www.saa.gov.uk/) advises that the properties have the following rateable values:

- Forth House: £159,500
- Playfair House: £95,400
 - GF1 - £10,000
 - GF2 - £10,400
 - 1F - £27,300
 - 2F - £24,500
 - 3F - £23,200

VAT

Forth House and Playfair House are elected for VAT and accordingly VAT will be payable on the purchase price. A sale can be treated as TOGC if the purchaser is VAT registered and opts to tax the buildings and the rental business continues with the purchasers.

Redevelopment Potential

Architects Morgan McDonnell have, over many years, produced various plans for various use classes including residential, hotel, student housing and office. These are available on the Data Room. These plans have been prepared using drawings provided by others. No survey has been undertaken to confirm the validity of the dimensions shown or implied nor the areas stated which are, therefore, approximate. The drawings have been prepared for feasibility stage purposes only and no undertaking is given regarding statutory compliance with current building standards or planning policy.

Note: A measured survey has been subsequently carried out and is available on the Data Room.



Anthony McDonnell and/or Guy Morgan
Tel: 0131 332 4200

Proposal

Forth House and Playfair House are being sold as a single lot:

- Offers over £4.5m (exclusive of VAT)
- Net Initial Yield (NIY) of 6.27% (based on purchasers costs of 6.03%)
- Capital rate of approx. £188.66 per sq.ft

Offers

Offers are sought for the Heritable interests on an unconditional basis. Subject to planning offers will not be acceptable.

Legal Costs

Each party will be responsible for their own legal costs incurred in any transaction.

Viewings

All viewings MUST be accompanied. Please contact the selling agent to arrange a viewing.

Important Notice

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