

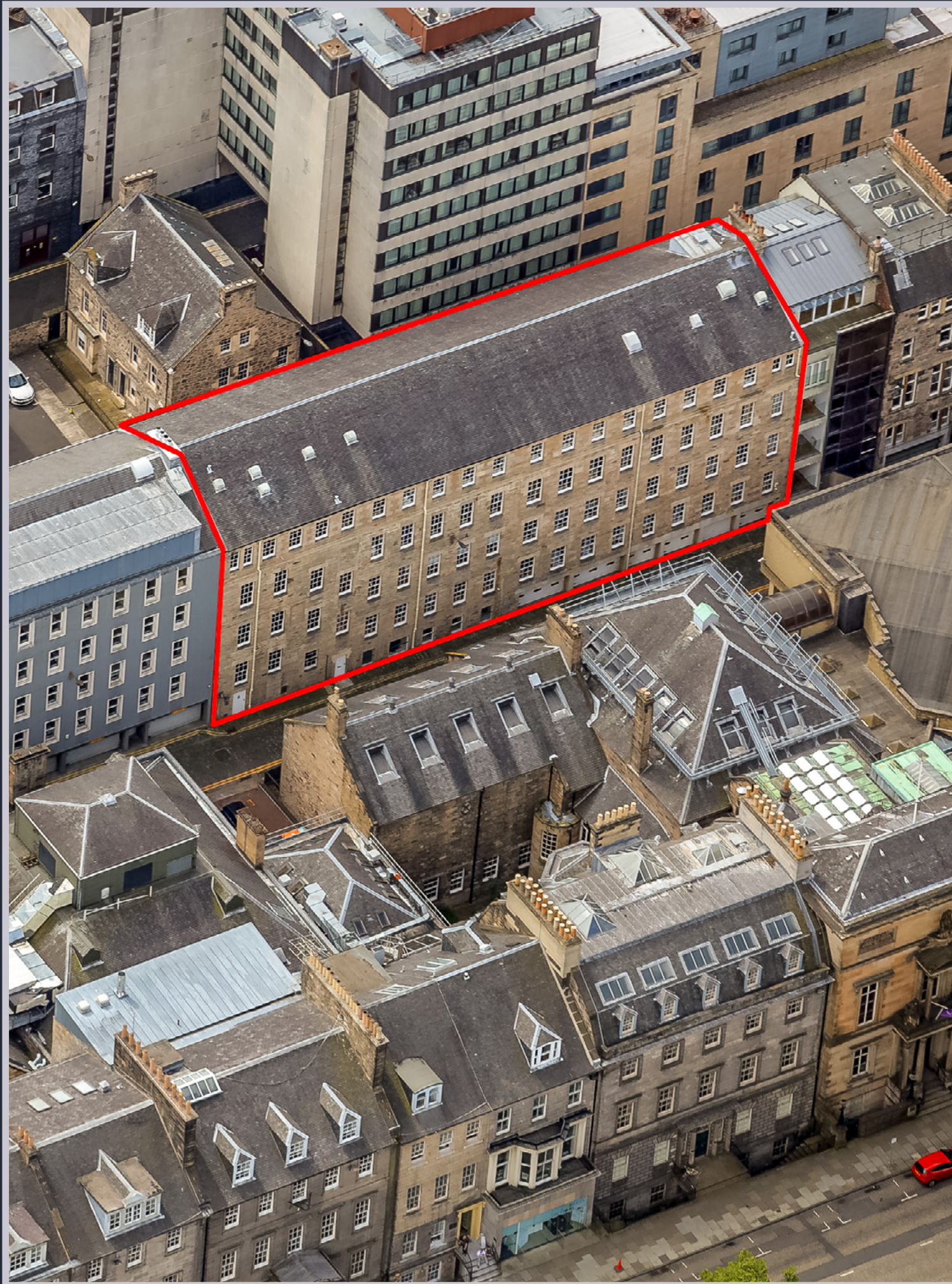


11-15
THISTLE
STREET

EDINBURGH
EH2 1DF

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Investment Summary



Core, city centre, multi-let office investment opportunity

01.

An opportunity to acquire a core, multi-let office, situated in the heart of Edinburgh's city centre.

02.

Extending to 2,004.92 sq m (21,581 sq ft) across 5 levels of open plan office accommodation, together with secure parking for 8 vehicles.

03.

Let to 4 strong tenants with Experian ratings of VERY LOW RISK (MHA Henderson Loggie currently not rated).

04.

Weighted average unexpired lease term of 4.70 years to expiry and 4.20 years to breaks.

05.

Total gross passing rental of £398,300 per annum and net passing rental of £358,494 per annum following deduction of non-recoverable income. Non recoverable income will reduce in November following completion of the 2020/2021 service charge budget.

06.

Opportunities to add value via active asset management including;

- Refurbishment and letting of the vacant lower ground floor.
- Increasing rental tone following refurbishment of the reception and common areas.
- Increasing net income via service charge reduction and removal of caps at regears/new lettings.
- Longer term alternative use potential

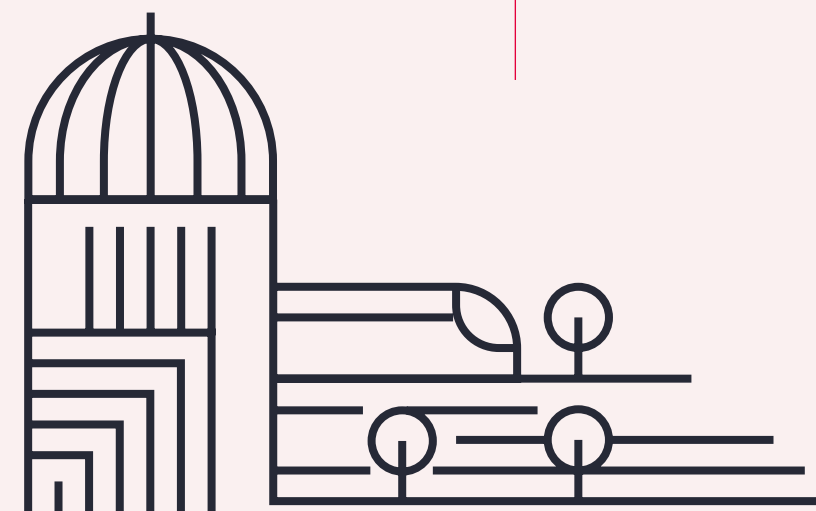
07.

Offers in excess of £5,600,000 are sought for the benefit of our clients heritable interest (Scottish equivalent of English Freehold).

A purchase at this level would produce a net initial yield of 6.00% and a reversion of 7.36% if let at MRV assuming capital expenditure on the lower ground floor.

08.

Very low Capital value of £260 per sq.ft.



Edinburgh



Edinburgh is Scotland's capital city and the largest financial centre in the UK outside London.

Edinburgh has a population in the region of 513,000, increasing to over 1,350,000 within the "Edinburgh City Region" and is home to the Scottish Government. The city is recognised globally as an important business centre, being the UK's second largest and Europe's fourth largest financial centre by equity assets under management.

Unemployment rates in the city have been consistently lower than any other UK major centre and it is estimated that around 54% of the population hold a degree or professional qualification. Over the last 3 years some 35,000 new overseas workers were registered, adding to what is already a diverse and highly qualified workforce.

Edinburgh boasts 2 UNESCO World Heritage sites, 12 international arts festivals and more Michelin star restaurants than any other UK regional city. 4 million tourists visit each year to enjoy Edinburgh's rich cultural environment.

There are eight universities and further education establishments in Edinburgh with an estimated 55,000 students in the city. Edinburgh University is recognised globally and was ranked 18th in the 2019 World University rankings by QS.



Transport and Communications

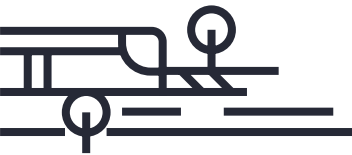


The city is extremely well connected both internationally and to other cities throughout the UK.



Road

Edinburgh benefits from direct access to the national motorway network. The M8 from the west (Glasgow and Livingston), the M90/A9 from the north (Aberdeen and Inverness) and the A1 and A7 from the south/south east (the Borders, East Lothian and Newcastle).



Rail

Direct train services run to London and all major UK cities via Edinburgh's recently refurbished rail stations, Haymarket and Waverley. The stations provide direct train services to and from London on the east coast rail network and are easily reached from other main English cities and towns, as well as providing comprehensive Scottish services. Both stations are within easy walking distance of Thistle Street.



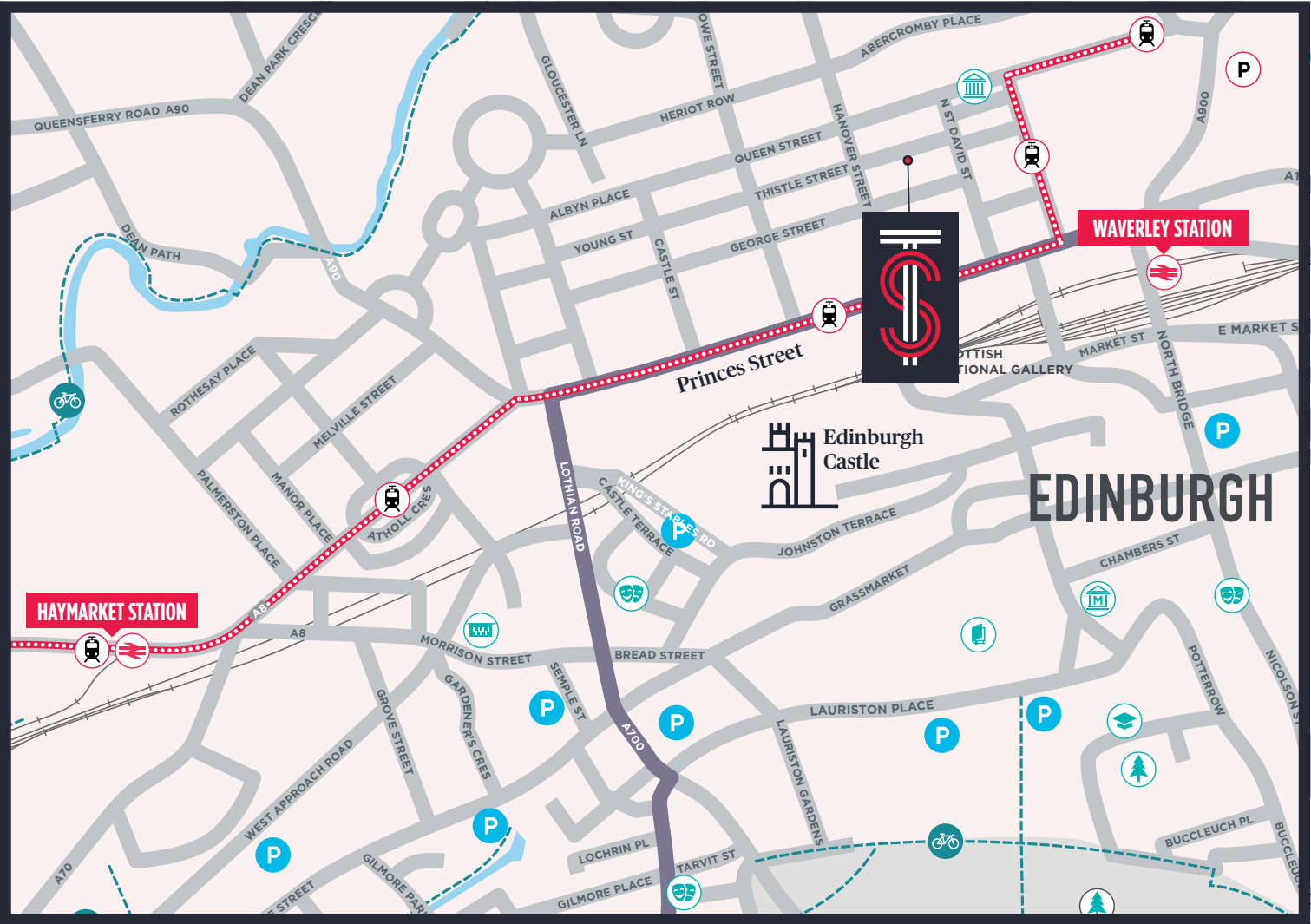
Tram

Edinburgh's tram system was completed in 2014 and provides a service from the airport connecting Edinburgh Park, Haymarket station and Princes Street. Phase 2 of the Tram project will connect the city to Newhaven via Leith.



Air

Edinburgh Airport is the UK's 5th largest and is located around 8 miles from the city centre. Flights are offered to over 120 destinations across 28 countries throughout Europe and further afield including the US and Middle East.



Rail Times

Glasgow	52 Mins
Newcastle	1 Hrs 23 Mins
York	2 Hrs 25 Mins
Leeds	3 Hrs
Manchester	3 Hrs 15 Mins
Birmingham	4 Hrs 20 Mins
London	4 Hrs 21 Mins

Walking

Princes Street	3 Mins
Haymarket	5 Mins
Edinburgh Castle	5 Mins
Royal Mile	6 Mins

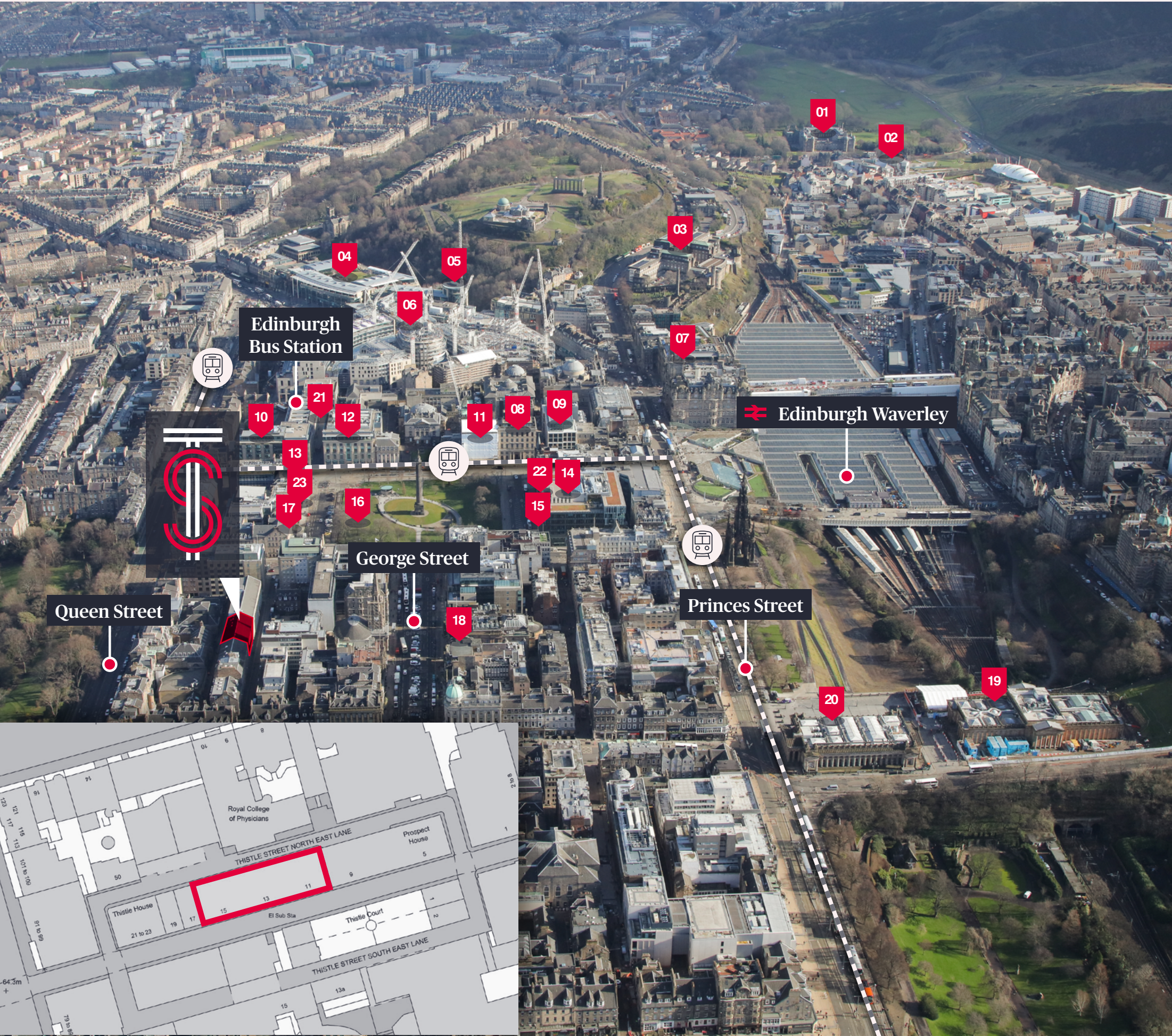
Flight Times

London	1 Hrs 10 Mins
Amsterdam	1 Hrs 20 Mins
Paris	1 Hrs 30 Mins
Frankfurt	1 Hrs 55 Mins
Munich	2 Hrs 15 Mins
Rome	3 Hrs
Istanbul	4 Hrs 20 Mins
New York	6 Hrs 30 Mins
Doha	7 Hrs 20 Mins
Toronto	7 Hrs 30 Mins
Abu Dhabi	7 Hrs 30 Mins
Chicago O'hare	8 Hrs 35 Mins

Tram Times

St Andrew Square	7 Mins
Edinburgh Airport	31 Mins





Situation

Thistle Street is located in the heart of Edinburgh's city centre. Sitting parallel to both Queen Street and George Street and within 100 yards of St Andrew Square.

St Andrew Square was designed by James Craig in 1772 and within 6 years of its completion became one of the most fashionable and desirable areas in the city. The Square continues to evolve with recent developments including Aberdeen Standard Investments' new, 195,000 sq ft mixed use HQ development, Knight Property Group's 43,000 sq ft 4 North, Chris Stewart Group's 60,000 sq ft Mint Building and Edinburgh Grand luxury serviced apartments.

Ennismore are redeveloping former Bank of Scotland premises to create Gleneagles first venue outside Perthshire and Malmaison have recently opened their latest offering at no 22. Harvey Nichols is located on the east side of the square adjacent to Multrees Walk which is home to Louis Vuitton, Burberry and Michael Kors.

Immediately to the east of the square, Edinburgh St James Quarter is under construction. This stunning, £850m development with comprise over 850,000 sq ft of retail, dining and leisure space together with a 214 bed W Hotel, an Everyman Cinema and world class apartments.

Due to its strategic location, 11-15 Thistle Street is well placed to take full advantage of all city centre offerings as Edinburgh continues to evolve.

Key

- | | | | |
|----|-------------------------------|----|----------------------------------|
| 01 | Palace of Holyroodhouse | 13 | RBS |
| 02 | Scottish Parliament | 14 | Aberdeen Standard Investments HQ |
| 03 | St Andrew's House | 15 | The Ivy on the Square |
| 04 | Omni Centre | 16 | St Andrew Square |
| 05 | Baillie Gifford | 17 | Malmaison |
| 06 | Edinburgh St James | 18 | Hard Rock Café |
| 07 | The Balmoral Hotel | 19 | National Gallery of Scotland |
| 08 | The Edinburgh Grand/Hawksmoor | 20 | Royal Scottish Academy |
| 09 | The Mint Building | 21 | Multrees Walk |
| 10 | 4 North | 22 | The Refinery, Dishoom, Gauchó |
| 11 | Gleneagles in the City | 23 | Virgin Money |
| 12 | Harvey Nichols | | |



In the Neighbourhood

The Building

The subjects comprise a handsome, mid terraced, category “C” listed five storey building of traditional stone and slate construction.

Arranged over lower ground, ground and three upper levels the property extends to 2,004.92 sq m (21,581 sq ft) on a net internal area basis.

The property comprises mainly open plan office accommodation benefiting from the following specification:



Full lift access



Male, female and accessible WC's at each level



Building energy management system



Raised access flooring



Gas fired heating



Secure garage car parking for 8 vehicles



Shower facilities



Recent upgrading works have been carried out including lift replacement and stonework repairs

Under the Town and Country Planning (Use Classes) (Scotland) Order 1997 the lower ground floor has planning consent for class 2 (Financial, Professional and Other Services), class 4 (Business) and class 11 (Assembly and Leisure).





Floor Plans



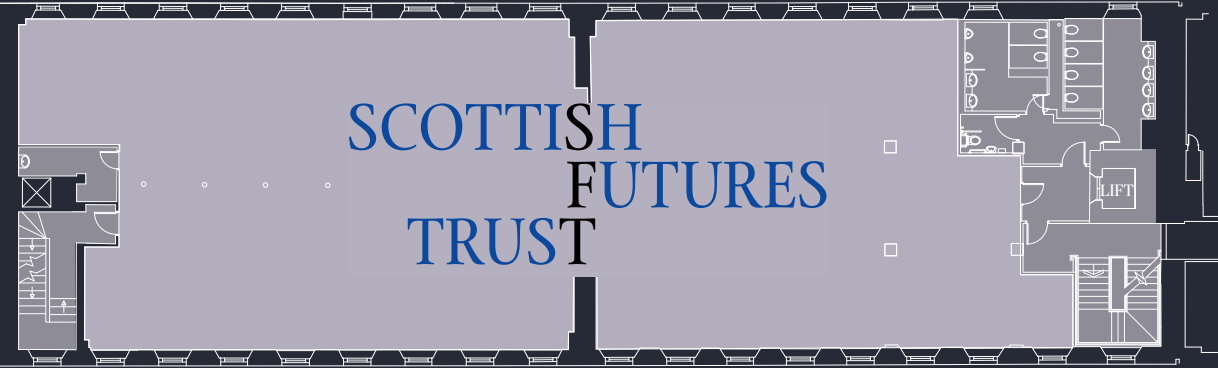
Lower Ground
2,182 sq ft



Ground Floor
4,466 sq ft



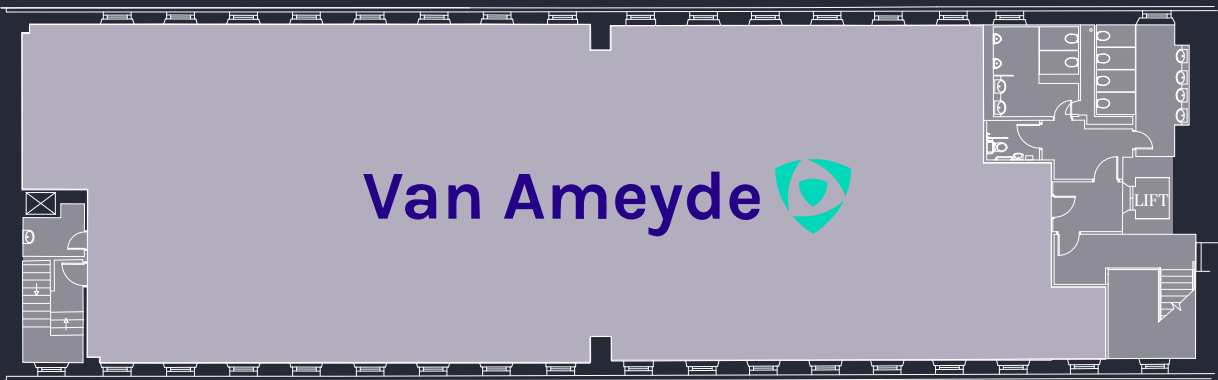
First Floor
4,911 sq ft



Second Floor
4,940 sq ft



Third Floor
5,082 sq ft



Accommodation and Tenancies



Demise	Tenant	Cars	Floor Area (sq ft)	Lease Start	Lease End	Break Date	Rent Review	Rent £ pa (per sq ft)	MRV £ pa (per sq ft)	Non Recoverable Income (£)	Comments
LGF	Vacant	0	2,182						38,185* (17.50)	18,141	
GF	Henderson Loggie LLP	2	4,466	26/03/2018	25/03/2028		26/03/2023	80,200 (16.79)	96,753 (20.50)	0	
FF	Scottish Futures Trust Limited	2	4,911	07/07/2010	31/07/2025	01/08/2023 (tenant)		105,000 (20.32)	105,876 (20.50)	3,074	1 months rental penalty if break exercised. S/C cap of £38,060.25 (£7.75 per sq ft)
2F	Infrastructure Managers Limited	2	4,940	12/01/2009	11/01/2024			108,000 (20.81)	106,470 (20.50)	0	
3F	Van Ameyde UK Limited	0	5,082	19/06/2014	18/06/2024			100,000 (19.68)	104,181 (20.50)	18,591	Service charge cap of £24,071.59 (£4.74 per sq ft)
Cars	Standard Life Employee Services Limited	2		19/01/2009	18/02/2009 & monthly	Monthly (landlord)		5,100	5,200	0	
Total		8	21,581					398,300	456,665	39,806	

Tenure

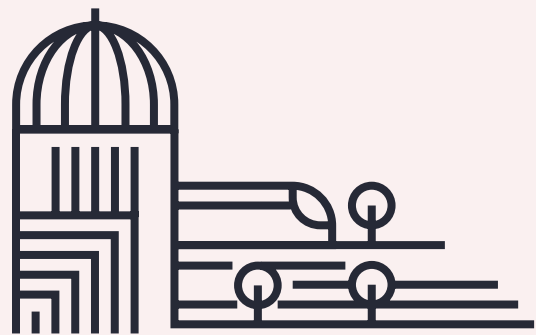


Heritable interest (Scottish equivalent of English freehold)



All cars taken at £2,600 per space, per annum in terms of MRV analysis and service charge budget floor area is 21,549 sq ft.

* MRV assumes purchaser capital expenditure of £150,000 to refurbish accommodation.



Covenant information



MHA Henderson Loggie

MHA Henderson Loggie is an independent firm of chartered accountants, based in Scotland for over 100 years. The business has expertise in all essential services including audit and accountancy, business tax advice, tax insolvency, corporate finance and financial services together with specialist services such as forensic accounting and vat.

The organisation has offices in Aberdeen, Dundee, Edinburgh and Glasgow and are connected nationally via membership of MHA and Baker Tilly.

Henderson Loggie converted from a partnership to an LLP as at 01/04/2019. As such, statutory accounts for year ended 31/03/2020 will not be available until 31/03/2021.

We have been provided with informal accounting information by Henderson Loggie for the most recent financial accounting period as being:

Turnover	£9,100,000
Pre Tax Profit	£1,900,000
Total Net Worth	£2,400,000



Scottish Futures Trust Limited

Established in 2008, Scottish Futures Trust is an executive, non-departmental public body of Scottish Government, created to provide public infrastructure with a view to saving £100-150m each year via a wide range of activities that support the Scottish Government's infrastructure mission.

The organisation has an Experian score of 91 denoting VERY LOW RISK. Abbreviated recent financial performance is highlighted below.

Financial Period	31/03/2017	31/03/2018	31/03/2019
Turnover	-	-	-
Pre Tax Profit	£2,792,442	£167,195	£787,189
Total Net Worth	£7,344,141	£7,477,629	£8,138,679



Van Ameyde UK Limited

The Van Ameyde Group provides claim management services. The company is headquartered in Rijswijk in the Netherlands but has global representation with 35 affiliated companies operating from 46 offices in 28 countries and has a total staff in excess of 1,500. The business handles over 750,000 claims and incidents every year and has over 1,000 corporate clients.

Van Ameyde UK Limited has an Experian score of 94 denoting VERY LOW RISK. Abbreviated recent financial performance is highlighted below.

Financial Period	31/12/2016	31/12/2017	31/12/2018
Turnover	£9,019,877	£9,437,470	£10,540,681
Pre Tax Profit	£1,379,719	£1,530,636	£2,081,537
Total Net Worth	£969,991	£1,403,886	£1,930,866



Infrastructure Managers Limited

Infrastructure Managers Limited is a leading specialist provider of project and portfolio management services to the infrastructure and renewable markets. The firm's head office is at 11-15 Thistle Street but acts with a regional operational structure across the UK. Services provided include specialist advice through to full SPV management services including ; education, healthcare, roads, defence, renewables and other social infrastructure sectors.

Infrastructure Managers Limited has an Experian score of 100 denoting VERY LOW RISK. Abbreviated recent financial performance is highlighted below.

Financial Period	31/12/2016	31/12/2017	31/12/2018
Turnover	£9,019,877	£9,437,470	£10,540,681
Pre Tax Profit	£1,379,719	£1,530,636	£2,081,537
Total Net Worth	£969,991	£1,403,886	£1,930,866



Additional Information



Service Charge

The service charge budget runs annually to 27th November. The current budget includes some extraordinary expenditure for capital works and totals £180,900 reflecting £8.39 per sq ft based on a service charge area of 21,549 sq ft. Over the last 3 years, project works totalling £126,400 have been carried out and recovered, with the final budgeted charge of £51,700 forming part of this year's regime.

The managing agents, Workman and Partners have forecast that the 2020/2021 service charge should operate at a reduced level as no major repair works are envisaged. Adopting £6.00 per sq ft, the budget would be in the region of £129,294 and current non-recoverable income would drop to £19,386 per annum (prior to allowing for inflation on caps) assuming the lower ground floor vacancy and service charge cap.

Following a successful letting of the lower ground floor the non-recoverable income on the above basis could fall next year to only £6,420 via the cap over the 3rd floor space.

Detailed service charge information is available upon request.

Value Adding Opportunities

The Edinburgh market continues to lose Grade 'B' office space to alternative uses. As such, core city centre buildings remaining in office use are well placed to benefit from the strong occupational dynamics the city has to offer and capitalise on rental growth prospects.

There is scope to add value to 11-15 Thistle Street in the short, medium and long terms via;

- Refurbishment and reletting of the lower ground floor
- Refurbishment of the reception and common areas to enhance the sense of arrival and lift rental tone
- Manage the service charge to reduce the non recoverable income profile and increase returns
- Investigate alternative uses, subject to planning



EPC

The building has an EPC rating of "D". A copy of the Energy performance Certificate is available in the dataroom.

VAT

The property is elected for VAT however it is anticipated that the sale will be effected by way of a TOGC (Transfer of a Going Concern).

Pricing

Offers in excess of £5,600,000 (Five million six hundred thousand pounds) are invited for the benefit of our clients heritable interest in the subjects.

A purchase at this level would provide the following yield profiles, assuming purchasers costs at 6.59%;

Triple Net Initial Yield - 6.00%.

Yield upon letting the lower ground floor following £150,000 capital expenditure with service charge at £6.00 per sq ft - 7.03%.

Reversionary yield assuming fully let at MRV and service charge at £6.00 per sq ft - 7.36%.

Further information

For further information, dataroom access and to make arrangements to view the property please do not hesitate to contact :

[PLAY VIDEO](#)

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