Edinburgh Castle
Edinburgh New Town
Heriot Watt University
Scottish Parliament
Palace of Holyrood
Edinburgh Waverley Station
Edinburgh Casttle
University of Edinburgh
Napier University
Edinburgh}

Not to Scale - For Identification Purposes Only.
THE OPPORTUNITY

- Heritable purpose built student accommodation constructed in 2007.
- 59 large, well specified studio bedrooms and 5,015sqft of commercial space.
- Excellent location, a short distance from the Royal Mile and close to the University of Edinburgh.
- The property is fully let for 2013/14 and represents an exceptional opportunity to acquire a trading investment in a super-prime UK city with an international reputation.
- Demand for student accommodation significantly outweighs supply in the city.
- The unique Edinburgh festivals offer an established source of summer and seasonal income.
- The projected gross income for 2013/14 is £581,681 with a net rent of £481,381.

Savills are instructed to seek offers in excess of £7,500,000 (Seven Million Five Hundred Thousand Pounds) for the Heritable interest in the property which reflects a blended net initial yield of 6.33% on the student, summer and commercial income and £320,000 for the vacant commercial unit. The price assumes purchaser’s costs of 5.80%.
Edinburgh is a capital city of global recognition, both from an investment and education perspective. It is the 7th largest city in the UK, with a 2010 population of 486,120 boasting the strongest economy of any city in the UK outside of London and is one of the fastest growing cities in Europe. It is also one of the largest student markets outside of London with four established universities and approximately 47,000 full-time students.

Edinburgh is a UNESCO World Heritage City, internationally renowned for its historical buildings and its vibrant cultural environment, including its status as UNESCO’s first World City of Literature. Its reputation attracts students from all over the world who can capitalise on the wealth of arts, literature, music and sport available in addition to world-class academic institutions.

There are 23 major festivals held throughout the year in Edinburgh with c.5 million attendees. The largest of these is the Edinburgh Festival Fringe which attracts an estimated 2.6 million attendees in July and August. Other festivals and events such as the Royal Edinburgh Military Tattoo, Edinburgh International Festival, Edinburgh International Book Festival and the Royal Highland Show bring additional visitors both from the UK and internationally. The summer festivals attract up to 4 million visitors annually so summer occupancy is notably high across the city with rents often at a premium. Demand for bedrooms is strengthened by the city’s strong language school market operating primarily during July and August.

Situated on the east of Scotland, Edinburgh sits on the main East Coast railway line, with direct connections to London and access to the wider UK rail network. The fastest journey time to London Kings Cross from Edinburgh Waverley is 4 hours and 21 minutes.

In addition, Edinburgh International Airport is 25 minutes from central Edinburgh offering direct flights to destinations including London, Manchester, New York, Paris, Madrid, Berlin, Dublin, Rome, Amsterdam and Zurich.
The scheme is situated in the city centre on Calton Road and bordered by Lochend Close. The site is less than 5 minutes walk from the Royal Mile and only 10 minutes walk from Princes Street, which are two of Edinburgh’s busiest streets, with a wide offering of shops, restaurants, pubs and historic buildings. Throughout July and August, the High Street is filled with tourists and entertainers, and the building’s proximity maximises the summer income potential of the asset.

The scheme has easy access to the city’s central transport links including railway, tram and bus routes. Edinburgh’s main train station, Waverley Station, and the city’s main bus station are both within a 10 minute walk. The central location of the asset and the strong public transport links across the city also attract students from other institutions to the property.

Many of the University of Edinburgh’s academic buildings are a short walk away. The University of Edinburgh’s Holyrood campus is 5 minutes walk and the George Square campus is approximately 15 minutes walk.
The property comprises ground and four upper floors of purpose built student accommodation constructed by UNITE in 2007. There are 59 well specified studio bedrooms ranging in sizes from 22 to 28 sqm.

Each apartment is equipped with the following;
- Microwave
- Electric hob
- Fridge freezer
- Kitchen table
- Remote door entry system
- ¾ size (4ft) bed
- Fitted desk with desk chair
- Soft armchair
- Fitted bookshelf
- Wardrobe
- Bedside table with desk lamp
- TV point
- Telephone line and broadband internet connection (additional cost) 8Mbps in-room internet access (includes IPTV, IP phone service and no download limits, upgrades available)
- En suite bathroom incorporating; toilet, sink and fitted shower

There are two ground floor commercial units with a total area of 5,015 sq ft.

### Accommodation Schedule

<table>
<thead>
<tr>
<th>Room Type</th>
<th>No. of Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classic studio</td>
<td>29</td>
</tr>
<tr>
<td>Premium 1 studio</td>
<td>24</td>
</tr>
<tr>
<td>Premium 2 studio</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59</strong></td>
</tr>
</tbody>
</table>
The property is 100% let for 2013/14 academic year and the table below sets out the bookings taken. Rooms are let to students on Short Assured Tenancies generally for a period of 44 weeks. There is a gross student income of £466,526. We have allowed an occupancy rate of 99% to allow for bad debts and void. The restrictive planning regime and under-supply of purpose built stock should ensure the city continues to see above inflation rental increases year on year.

The projected summer income from festival bookings is based on actual net income received in Summer 2013 of £83,000.

Unit 1 on the ground floor has been let to Shaw Marketing and Design Limited for ten years, expiring 8 July 2018. The unit measures 2,356 sq ft and has a passing rent of £28,250, reflecting £12 per sq ft.

The Estimated Rental Value of the vacant 2,659sq ft Unit 2 commercial accommodation is £32,000 per annum based on a rent of £12 per sq ft. No business rates are payable. Savills have attributed a value of £320,000 for this element, which reflects a yield of 10% on ERV. There may be the opportunity to convert this unit into student accommodation if required, subject to planning.

The assets are currently owned and managed by UNITE, who will cease managing the asset on sale, passing management responsibility to the purchaser. It is expected the property can be managed at £1,700 per bed space per annum, which equates to a total of £100,300 per annum.

The table below sets out the income profile for 2013/2014.

<table>
<thead>
<tr>
<th>Room Type</th>
<th>No. of Beds</th>
<th>Tenancy Period</th>
<th>Rent per week</th>
<th>Assumed Occupancy Rate</th>
<th>2013/14 Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classic Studio</td>
<td>1</td>
<td>51</td>
<td>£176</td>
<td>99%</td>
<td>£8,886</td>
</tr>
<tr>
<td>Classic Studio</td>
<td>28</td>
<td>44</td>
<td>£171</td>
<td>99%</td>
<td>£208,565</td>
</tr>
<tr>
<td>Premium 1 Studio</td>
<td>24</td>
<td>44</td>
<td>£186</td>
<td>99%</td>
<td>£194,451</td>
</tr>
<tr>
<td>Premium 2 Studio</td>
<td>6</td>
<td>44</td>
<td>£209</td>
<td>99%</td>
<td>£54,624</td>
</tr>
<tr>
<td>Gross Student Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£466,526</td>
</tr>
<tr>
<td>Projected Summer Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£83,000</td>
</tr>
<tr>
<td>Projected Sundry Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£3,905</td>
</tr>
<tr>
<td>Commercial Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£28,250</td>
</tr>
<tr>
<td>Total Gross Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£581,681</td>
</tr>
<tr>
<td>Operating Costs at £1,700 per bed per annum</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£100,300</td>
</tr>
<tr>
<td>Net Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£481,381</td>
</tr>
</tbody>
</table>
Edinburgh is a globally recognised higher education city boasting four significant universities with a total of 47,085 full time students. The University of Edinburgh (including Edinburgh College of Art) has almost 25,000 full time students, is ranked 22nd in the UK (The Times 2014) and is 17th in the world according to the latest QS World University Rankings. Other universities in Edinburgh include Heriot Watt University, Edinburgh Napier University, and Queen Margaret University.

UK-wide, the 2013/14 student intake has been positive and the most recent data from UCAS (September 2013) has indicated that there has been a 9% bounce-back in accepted university places.

University Statistics

<table>
<thead>
<tr>
<th>Institution</th>
<th>Total Full-time Students (HESA 11/12)</th>
<th>Applications per place</th>
<th>University Accommodation (bed spaces)</th>
<th>The Times 2014 Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Edinburgh</td>
<td>24,920</td>
<td>8.6</td>
<td>5,016</td>
<td>22</td>
</tr>
<tr>
<td>Heriot-Watt University</td>
<td>7,990</td>
<td>6.6</td>
<td>1,625</td>
<td>38</td>
</tr>
<tr>
<td>Edinburgh Napier University</td>
<td>10,905</td>
<td>6.3</td>
<td>1,404</td>
<td>100</td>
</tr>
<tr>
<td>Queen Margaret’s University</td>
<td>3,270</td>
<td>6.0</td>
<td>800</td>
<td>71</td>
</tr>
<tr>
<td>Total</td>
<td>47,085</td>
<td></td>
<td>8,845</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Times Good University Guide 2014 (HESA) (Savills Research))
The overseas student population has steadily increased over the past decade. There are currently 16,845 international students studying in the city, representing 29% of total HE students which is a far higher proportion of overseas students comparative to the UK average at 19%. This growth looks set to continue with the most recent HESA data showing a 6.4% rise in international students from the previous year. Scotland’s fee exemption policy for EU students continues to support the attractiveness of the city for such eligible students.

International student population growth is beneficial for the studio market in particular. Schemes such as Panmure Court are especially appealing to international students because of their high quality accommodation and excellent locations. International students tend to prefer to live in purpose built accommodation and are generally willing to pay higher rents, often annually in advance.

**Domicile of Students Studying in Edinburgh**

- UK: 71%
- EU: 18%
- NON-EU: 11%

**Domicile of Students Studying across the UK**

- UK: 83%
- EU: 21%
- NON-EU: 5%

**University of Edinburgh International (non-EU) Student Nos**

- 2008/09: 7000
- 2009/10: 8000
- 2010/11: 9000
- 2011/12: 10,000
- 2012/13: 11,000
- 2013/14: 12,000
- 2014/15: 13,000
- 2015/16: 14,000

**Student Accommodation Supply in Edinburgh**

- University Accommodation: 75%
- Private Accommodation: 19%
- Student Living in HMO’s / at home: 6%

Source: Savills Research
There is currently a provision of 11,722 purpose built student bed spaces throughout the city, of which 8,845 are university operated and 2,877 are privately owned. The remaining 35,000 students live within HMO’s or at home. This means that only c.25% of full-time students are able to access purpose built student accommodation in Edinburgh.

This supply and demand imbalance is likely to be intensified by an increasingly restrictive and challenging planning environment which will limit future student accommodation development impacting and consequently insulate rents and values of well located existing assets. In addition, we expect a continuation in the trend of migration of students from the HMO sector to purpose built housing as legislation tightens and the price differential remains narrow.
### Relevant Comparable Rental Evidence

<table>
<thead>
<tr>
<th>Key</th>
<th>Property</th>
<th>Bed Type</th>
<th>Weekly Rent 2013/14</th>
<th>Term</th>
<th>Annual Rent 2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>James Craig Court</td>
<td>En-suite Cluster</td>
<td>£162 - £165</td>
<td>43</td>
<td>£6,980 - £7,070</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Studio / 1 bed Flat</td>
<td>£186 - £214</td>
<td>43</td>
<td>£7,998 - £9,202</td>
</tr>
<tr>
<td>2</td>
<td>Sugar House</td>
<td>En-suite Cluster</td>
<td>£137 - £160</td>
<td>50</td>
<td>£6,875 - £8,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Studio</td>
<td>£168 - £220</td>
<td>50</td>
<td>£8,400 - £11,000</td>
</tr>
<tr>
<td>3</td>
<td>Wellgate House</td>
<td>En-suite Cluster</td>
<td>£159 - £185</td>
<td>42</td>
<td>£6,678 - £7,770</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Studio</td>
<td>£235 - £325</td>
<td>42</td>
<td>£9,870 - £13,650</td>
</tr>
<tr>
<td>4</td>
<td>Chalmers Street</td>
<td>En-suite Cluster</td>
<td>£159 - £162</td>
<td>44 / 51</td>
<td>£6,996 - £8,262</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Studio</td>
<td>£221 - £245</td>
<td>51</td>
<td>£11,271 - £12,495</td>
</tr>
<tr>
<td>5</td>
<td>Lady Nicolson Court</td>
<td>Studio</td>
<td>£226 - £240</td>
<td>44</td>
<td>£9,944 - £10,560</td>
</tr>
</tbody>
</table>
Planning
The grant of new student accommodation planning permissions is likely to become more challenging in the future. Current planning policy guidelines seek to limit student developments where the result is a student population of 30% or more in the locality. This will undoubtedly have an impact on the number and location of planning permissions granted for student accommodation moving forward. Consequently this should ‘insulate’ existing schemes within the City against further supply in prime locations, and should have the effect of creating rental growth.

Tenure
The property is Heritable.

EPC
The EPC ratings for the studio bedrooms range between D60 to B83. The commercial units 1 and 2 have a rating of E+ and E respectively and the office has a rating of D+. The EPC certificates of each individual unit are available upon request.

VAT
No VAT is chargeable on this transaction.

Proposal
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Further Information
Further information is available on the Extranet site:
www.savills.com/panmurecourt

To arrange a viewing and for further inquiries please contact:

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