WELLGATE HOUSE
COWGATE
EDINBURGH
EH1 1QN

PRIME EDINBURGH STUDENT INVESTMENT OPPORTUNITY OFF THE ROYAL MILE
INVESTMENT SUMMARY

- Prime student investment asset in the heart of the Old Town off the Royal Mile
- The asset comprises 64 bed spaces
- The property has a strong lettings performance for 2016/17 and bookings are being taken for 2017/18
- Excellent historic occupancy
- Estimated gross annual income of £521,948 (16/17)
- Benefitting from a summer lease agreement to Destiny Scotland
- The unique Edinburgh Festivals offer an established source of summer and seasonal income.
- Heritable

- Managed by Atelier Property Asset Management Ltd.
- Opportunity for refurbishment and rental growth through increased rents and lengthening of the contract term
- The University of Edinburgh (including Edinburgh College of Art) has almost 26,000 full time students, is ranked 22nd in the UK (The Times 2016) and is 19th in the world according to the latest QS World University Rankings.

- Savills are instructed to seek offers in excess of £6,500,000 (Six Million Five Hundred Thousand Pounds) which reflects a capital value per bedroom of £101,300 and a net initial yield of 6% based off 2016-17 income, assuming 5.80% purchaser’s costs.
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 2011 population of 495,360 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 and 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, New York, Paris, Madrid, Berlin, Amsterdam and Zurich. There have been several new routes announced recently including Chicago and Philadelphia among others. Qatar Airlines have announced a direct service to Doha with onward connections to destinations in Australia and the Far East.
The residence sits in the Old Town area of Edinburgh on the corner of Cowgate and Blair Street, less than 200 meters from the Royal Mile and less than 800 meters from Edinburgh Castle. The scheme is within 5 minutes walk of the nearest Edinburgh University campus building. The scheme is considered to be absolutely prime for the city centre attractions, amenities and student activities. The building is in an area extremely popular with tourists and international students. Waverly Rail Station is less than 500m to the north of the property.
DESCRIPTION

The property was converted from an office building in 2011 by Ziggurat (Wellgate) LLP and provides 16,687 sqft on a 0.084 acre site. The property provides 64 en-suite bed spaces. The 48 cluster beds are arranged in 4-6 bed flats, there are 16 self contained studio beds, 3 of which are marketed as penthouse studios with views over the city.

The specification and fit out is 5 years old and could benefit from some light refurbishment or redecoration. There is laminate flooring throughout, traditionally constructed bathrooms, LED lighting and central CHP heating and hot water. All rooms are double glazed with secondary acoustic glazing. Each room is data cabled and broadband is provided by Keycom. WIFI is provided throughout. Freeview television is provided in each kitchen and studio. The rents are all-inclusive of the utilities.

On-site laundry is operated by Circuit Laundry with secure bike storage and 2 management car parking spaces. The property also benefits from a small reception / management suite with post-boxes.

ACCOMMODATION SCHEDULE

The breakdown of room types is shown below:

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Beds</th>
<th>Room Areas (sq m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Cluster En-Suite</td>
<td>44</td>
<td>10.5-12.5</td>
</tr>
<tr>
<td>Large Cluster En-Suite</td>
<td>4</td>
<td>15.4</td>
</tr>
<tr>
<td>Standard Studio</td>
<td>12</td>
<td>18.5</td>
</tr>
<tr>
<td>Large Studio</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>Penthouse Studio</td>
<td>1</td>
<td>28-30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td></td>
</tr>
</tbody>
</table>
HIGHER EDUCATION IN EDINBURGH

Edinburgh is a globally recognised higher education city boasting four significant universities with a total of 48,655 full time students. The University of Edinburgh (including Edinburgh College of Art) has almost 26,000 full time students, is ranked 22nd in the UK (The Times 2016) and is 19th 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.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Full-Time Students (HESA 14/15)</th>
<th>International Students</th>
<th>University Accommodation</th>
<th>Percentage of FT Students Accommodated</th>
</tr>
</thead>
<tbody>
<tr>
<td>The University of Edinburgh</td>
<td>25,970</td>
<td>10,080</td>
<td>5,094</td>
<td>20%</td>
</tr>
<tr>
<td>Edinburgh Napier University</td>
<td>10,460</td>
<td>2,770</td>
<td>1,477</td>
<td>14%</td>
</tr>
<tr>
<td>Heriot-Watt University</td>
<td>8,700</td>
<td>3,685</td>
<td>1,598</td>
<td>18%</td>
</tr>
<tr>
<td>Queen Margaret University, Edinburgh</td>
<td>3,525</td>
<td>1,100</td>
<td>800</td>
<td>23%</td>
</tr>
<tr>
<td>Total</td>
<td>48,655</td>
<td>17,635</td>
<td>8,969</td>
<td>18%</td>
</tr>
</tbody>
</table>
INCOME

The property is managed by Atelier Property Asset Management Ltd. who have managed the scheme since inception in 2011. Rents are fully inclusive of utilities and WIFI. The building has been 100% let since opening for the 2011/12 academic year. The scheme is 100% let for semester 1. The scheme is expected to be 100% let for semester 2.

A summary of the income is shown below:

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Beds</th>
<th>Average Rent per Week (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Term Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard Cluster</td>
<td>44</td>
<td>180</td>
</tr>
<tr>
<td>Large Cluster</td>
<td>4</td>
<td>179</td>
</tr>
<tr>
<td>Standard Studio</td>
<td>12</td>
<td>208</td>
</tr>
<tr>
<td>Large Studio</td>
<td>1</td>
<td>250</td>
</tr>
<tr>
<td>Penthouse Studio</td>
<td>3</td>
<td>320</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>64</td>
<td><strong>£456,948 gross income p/a</strong></td>
</tr>
</tbody>
</table>

Destiny Scotland Income (expected) £65,000

**Total Estimated Gross Core Income** £521,948

Operating Costs p/a (£2,100 per bed) £134,500

**Total Net Operating Income** £386,448

TENURE

The asset is held in Heritable interest. The asset is held by Ziggurat (Wellgate) LLP and there is an OpCo lease to Ziggurat Student Living (Wellgate) LLP.
DATAROOM
A dataroom including all relevant planning, legal and technical information is available at
www.savills.co.uk/wellgatehouse_edinburgh

VAT
There is a OpCo/PropCo structure and the OpCo is VAT registered. Further information can be found in the dataroom.

PRICE
Savills are instructed to seek offers in excess of £6,500,000 (Six Million Five Hundred Thousand Pounds) which reflects a capital value per bedroom of £101,000 and a net initial yield of 6.00% based off 2016-17 income, assuming 5.80% purchaser’s costs.

CONTACTS
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