PRIME STUDENT ACCOMMODATION FUNDING OPPORTUNITY

162-174 DUNDEE STREET
EDINBURGH
EH11 1BY
INVESTMENT SUMMARY

- Prime student accommodation development opportunity in Edinburgh city centre
- Planning permission granted for 216 student rooms comprising 79 en-suite clusters and 137 studios
- It is the last student scheme to be granted under the old planning regime whereby it offers purely PBSA. Future schemes must incorporate a mix of residential use
- Ten minutes’ walk from Edinburgh Napier University and the city centre
- Edinburgh is also home to the University of Edinburgh, Heriot-Watt University and Queen Margaret University
- Around 31,800 (64%) of full time students in Edinburgh are unable to access PBSA
- Heritable interest
- Practical Completion scheduled for Summer 2020
- The development will be built to BREEAM Outstanding standard
- Summer income from Edinburgh Fringe visitors
- Projected Gross Income of £2,199,892
- Projected Net Operating Income of £1,509,351
- Our client is seeking offers on a forward funding or forward commitment basis
Edinburgh is Scotland’s capital city and principal financial / administrative centre, housing both the Scottish Parliament and the Scottish Government. Edinburgh is situated approximately 400 miles north of London and 45 miles east of Glasgow.

Edinburgh is a city of global recognition. It is the 7th largest city in the UK, with a 2011 population of 495,360 and boasts the strongest economy of any city outside London. It is one of the fastest growing cities in Europe and is also one of the largest student markets outside London, with four established universities and approximately 50,000 full time students.

Edinburgh is a UNESCO World Heritage City and was UNESCO’s first World City of Literature. It is internationally renowned for its historical buildings and vibrant cultural environment. 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 Fringe Festival 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 Royal Highland Show bring additional visitors from both the UK and internationally.

CONNECTIVITY

**BY CAR:** Edinburgh benefits from direct access to the national motorway network as the city is served by the M8 and M9 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 (East Lothian, The Borders and Newcastle).

**BY TRAIN:** Edinburgh has two main train stations within the city centre: Waverley and Haymarket. The stations provide direct train services to and from London on the East Coast rail network and are easily reached from other main English towns and cities, as well as providing Scottish services to all major centres. Both rail stations have seen multi-million pound refurbishments and upgrading programmes to cope with increased passenger demand. Fastest journey times:

<table>
<thead>
<tr>
<th>Destination</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>4 hrs 20 mins</td>
</tr>
<tr>
<td>Manchester</td>
<td>2 hrs 4 mins</td>
</tr>
<tr>
<td>Glasgow</td>
<td>51 mins</td>
</tr>
<tr>
<td>Aberdeen</td>
<td>2 hrs 22 mins</td>
</tr>
</tbody>
</table>

**BY TRAM:** The city’s tram system commenced operations in May 2014. Edinburgh airport is now connected with Edinburgh Park, Haymarket Station and Princes Street, with services terminating at York Place.

**BY AIR:** Edinburgh Airport is Scotland’s busiest and the UK’s fifth largest international airport. It is located only 8 miles from the city centre and the terminal offers both business and leisure travellers a choice of over 120 destinations across 28 countries throughout Europe, North America and the Middle East.
The development will be constructed on a cleared site at 162-174 Dundee Street in the Fountainbridge area of the city. The area is popular with students, being a short walk from the city centre, 10 minutes’ walk to the Edinburgh Napier Merchiston Campus and less than 5 minutes’ walk from the Edinburgh Napier Student Association building.

The site is currently a cleared, grassed area located between the Victor Paris Bathroom showroom and One Sixty Dundee Street, a purpose-built Grade A office building housing tenants such as Experian, Russell Investments, The Chartered Institute of Public Finance Accounting and The Nursing Guild.

The site is c. 0.6 miles from Napier University’s principal city centre campus in an area traditionally dominated by HMO student lets. The immediate vicinity has seen PBSA and residential development, as part of the regeneration of the Fountainbridge area, with a large PRS scheme also planned. The area lies to the west of Edinburgh’s CBD and is the development “expansion zone” to the west of Edinburgh city centre’s historic core.

The site is well served by leisure and retail amenity and is under 5 minutes’ walk from Napier University’s new Bainfield Student Hub building which acts as the social and principal accommodation base for Napier students in this part of the city.
PROPOSED SCHEME

The scheme has planning permission to provide 216 student rooms with the natural gradient providing an excellent aspect across the city for many of the rooms. Communal areas and facilities, as well as ancillary administrative space and laundry, are included. It will surround an attractive landscaped courtyard and garden area.

The development has permission for the following mix of units:

- 79 en-suite cluster flat study bedrooms
- 137 studio bedrooms

**Total – 216 beds**

The development build concept is unique as the building can be varied and re-modelled very cost efficiently at a later stage should accommodation demands in the area change over time. This gives the development a lifespan beyond its useful life as student accommodation.

ECO RES DESIGN

The build concept, developed by Eco Res, has been successfully utilised in UK for the Universities of Lancaster, Bradford, Leeds Carnegie, Manchester Metropolitan University and Kings College London, as well as a number of private developers. The architects have won the CUBO Awards (awarded to the best designed student residences by the universities themselves) in 2013, 2014 and 2015.

The scheme is to be developed to BREEAM “Outstanding” level and recent studies on previous developments built using this system reveal a 65-70% reduction in utilities usage and therefore a significant cost saving in the long-term operation of the building.

The same design team have delivered Scotland’s first BREEAM “Outstanding” multi-residential development at Fraser Studios, Causewayend, Aberdeen for Academic Year 2017/18. This is already yielding a substantial reduction in utilities costs from market norms.
PROPOSED ACCOMMODATION LAYOUT

STUDIO

EN-SUITE

1. Bed with under storage
2. Workstation
3. Ergonomic chair
4. Clothes storage
5. Ensuite shower/WC pod
6. Display board
7. Energy efficient lighting
8. Kitchen area
9. Dining area
10. Open storage area
11. Non slip flooring

PROPOSED SECOND FLOOR PLAN

- Studio Room - Approx 16m²
- Cluster Room - Approx 12.5m²
- Social Space - Size Varies

Not to scale, for indicative purposes only.
EDINBURGH STUDENT ACCOMMODATION MARKET

Edinburgh is a Russell Group city and is a sought after learning destination from both UK and Overseas students, with particular demand from China and Japan. The city boasts four significant universities with a total of 49,900 full time students (HESA 2015/16).

In addition, Telford, Stevenson & Jewel and Esk Colleges have merged to form Edinburgh College. The city also hosts The Royal College of Surgeons and Royal College of Physicians, as well as the Edinburgh College of Art and the MGA Academy of Performing Arts.

Total full-time student numbers for the city are in the order of 65,000 students.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Full Time Students (HESA 15/16)</th>
<th>Number of beds</th>
<th>Percentage of Full Time Students unable to access PBSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>The University of Edinburgh</td>
<td>27,385</td>
<td>6,665</td>
<td>76%</td>
</tr>
<tr>
<td>Edinburgh Napier University</td>
<td>10,090</td>
<td>1,241</td>
<td>88%</td>
</tr>
<tr>
<td>Heriot-Watt University</td>
<td>8,860</td>
<td>2,086</td>
<td>76%</td>
</tr>
<tr>
<td>Queen Margaret University</td>
<td>3,565</td>
<td>800</td>
<td>78%</td>
</tr>
<tr>
<td>Private Halls</td>
<td>7,308</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>49,900</strong></td>
<td><strong>18,100</strong></td>
<td><strong>64%</strong></td>
</tr>
</tbody>
</table>

On the basis of the above, c. 64% of full time students in Edinburgh are unable to access PBSA.
The University of Edinburgh ranks 24th in the Times Good University Guide 2018 and has 30,355 students in total (HESA 2015/16). The main University buildings are situated in the city centre, just south of the Old Town and east of the Castle. The University opened the gates to its first students in 1583. It is home to some of Britain’s oldest literary awards, the James Tait Black Prixes and Dolly the sheep, the first animal to be cloned from an adult somatic cell.

It was also at the University of Edinburgh that Sir Arthur Conan Doyle was inspired to create his notorious character, Sherlock Holmes and James Young Simpson pioneered anesthetics through his discovery of properties like chloroform. More recently, theoretical physicist and Professor Emeritus Peter Higgs was jointly awarded the Nobel Prize in Physics for his 1964 prediction of the Higgs Boson.

Through the many achievements of its staff and students, the University continues to present cutting-edge research, inspirational teaching and innovative thinking as its central ethos, attracting some of the greatest minds from around the globe.

Edinburgh Napier University ranks 116th in the Times Good University Guide 2018. It has 12,585 students in Edinburgh (HESA 2015/16). It is a global university with almost 4,000 on-campus international students from more than 100 countries. There are three campuses equipped with cutting edge industry-standard facilities including a biomechanics lab, hospital wards, clinical skills suite, computer games lab and radio, photography and music studios.

The University is based around its Merchiston, Craiglockhart and Sighthill campuses. There are also smaller medical campuses at outside the city in Melrose and Livingston’s St John’s Hospital at Howden. Other notable Edinburgh buildings have been incorporated, including the former Parish Church at Morningside. Napier now has over 19,500 students across campuses in Scotland and trans-national programmes. The University stands out in fields such as Business & Marketing, Journalism, Publishing & Public Relations, Law and Hospitality and Event Management and Tourism.

Heriot-Watt University ranks 39th in the Times Good University Guide 2018 and has 10,460 students in total (HESA 2015/16). The campus is situated to the south east of Edinburgh city centre, close to the City of Edinburgh bypass. The University was founded in 1821 and has established a reputation as a leading research-led university. It is a global university and was named by the Times Good University Guide as International University of the Year 2018. It has over 20,000 students and over 116,000 alumni around the world in 190 countries. The University also has campuses close to Dubai and Kuala Lumpur. Specialist areas include engineering, physical, computer, mathematical and life sciences; social sciences and business; languages and culture; textiles and design. In 2017, the University has been showcasing its leading research in robotics and artificial intelligence with a program of events including the European Robotics Forum.

Queen Margaret University ranks 102nd in the Times Good University Guide 2018 and has a total student population of 5,285 (HESA 2015/16). The campus is situated to the east of Edinburgh city centre, by Musselburgh. The University was founded in 1875 and has widely recognized expertise in health & rehabilitation, sustainable business and creativity & culture.
### PLANNING
Planning permission was achieved via appeal and subject to a S.75 in January 2018 for the proposed scheme.

### MANAGEMENT
Homes for Students has advised on the potential management of the completed development. Further information available on request.

### PROJECTED NET OPERATION INCOME

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Number of Beds</th>
<th>Forecast Rent Per Week</th>
<th>Number of Weeks</th>
<th>Gross Rent</th>
<th>97% Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Ground Studios</td>
<td>15</td>
<td>£177</td>
<td>43</td>
<td>£114,165</td>
<td>£110,740</td>
</tr>
<tr>
<td>Ground Floor Clusters</td>
<td>15</td>
<td>£143</td>
<td>43</td>
<td>£92,235</td>
<td>£89,468</td>
</tr>
<tr>
<td>Ground Floor Studios</td>
<td>11</td>
<td>£182</td>
<td>43</td>
<td>£86,086</td>
<td>£83,503</td>
</tr>
<tr>
<td>First Floor Clusters</td>
<td>15</td>
<td>£147</td>
<td>43</td>
<td>£94,815</td>
<td>£91,971</td>
</tr>
<tr>
<td>First Floor Studios</td>
<td>32</td>
<td>£185</td>
<td>43</td>
<td>£254,560</td>
<td>£246,923</td>
</tr>
<tr>
<td>First Floor DDA</td>
<td>1</td>
<td>£182</td>
<td>43</td>
<td>£7,826</td>
<td>£7,591</td>
</tr>
<tr>
<td>Second Floor Clusters</td>
<td>15</td>
<td>£151</td>
<td>43</td>
<td>£97,395</td>
<td>£94,473</td>
</tr>
<tr>
<td>Second Floor Studios</td>
<td>32</td>
<td>£187</td>
<td>43</td>
<td>£257,312</td>
<td>£249,593</td>
</tr>
<tr>
<td>Second Floor DDA</td>
<td>1</td>
<td>£185</td>
<td>43</td>
<td>£7,955</td>
<td>£7,716</td>
</tr>
<tr>
<td>Third Floor Clusters</td>
<td>15</td>
<td>£153</td>
<td>43</td>
<td>£98,685</td>
<td>£95,724</td>
</tr>
<tr>
<td>Third Floor Studios</td>
<td>32</td>
<td>£191</td>
<td>43</td>
<td>£262,816</td>
<td>£254,932</td>
</tr>
<tr>
<td>Third Floor DDA</td>
<td>1</td>
<td>£190</td>
<td>43</td>
<td>£8,170</td>
<td>£7,925</td>
</tr>
<tr>
<td>Fourth Floor Clusters</td>
<td>19</td>
<td>£157</td>
<td>43</td>
<td>£128,269</td>
<td>£124,421</td>
</tr>
<tr>
<td>Fourth Floor Studios</td>
<td>12</td>
<td>£196</td>
<td>43</td>
<td>£101,136</td>
<td>£98,102</td>
</tr>
<tr>
<td>Sundry Income - Vending</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>216</td>
<td></td>
<td></td>
<td>£1,578,082</td>
<td></td>
</tr>
</tbody>
</table>

### Occupancy
- Summer Lets Clusters: 60% 79 £50 £350 8 £221,200 £132,720
- Summer Lets Studios: 85% 137 £75 £525 8 £575,400 £489,090

### Projected Gross Income
- £2,199,892

### PBSA RENTS
We are aware of the following nearby marketing rents:

<table>
<thead>
<tr>
<th>Property</th>
<th>Bed Type</th>
<th>Weekly Rent</th>
<th>Term</th>
<th>Annual Rent 2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>IQ Fountainbridge</td>
<td>En Suite</td>
<td>£160 - £175</td>
<td>43</td>
<td>£6,880 - £7,525</td>
</tr>
<tr>
<td></td>
<td>Studio</td>
<td>£225</td>
<td>43</td>
<td>£9,675</td>
</tr>
<tr>
<td>Nido Haymarket</td>
<td>En Suite</td>
<td>£149 - £200</td>
<td>43/51</td>
<td>£6,407 - £10,200</td>
</tr>
<tr>
<td></td>
<td>Studio</td>
<td>£179 - £210</td>
<td>43/51</td>
<td>£7,697 - £10,710</td>
</tr>
<tr>
<td>IQ Grove Street</td>
<td>En Suite</td>
<td>£155</td>
<td>43</td>
<td>£6,665</td>
</tr>
<tr>
<td></td>
<td>Studio</td>
<td>£175 - £215</td>
<td>43</td>
<td>£7,525 - £9,245</td>
</tr>
<tr>
<td>Portsburgh Court (Student Roost)</td>
<td>En Suite</td>
<td>£169</td>
<td>51</td>
<td>£8,619</td>
</tr>
<tr>
<td></td>
<td>Studio</td>
<td>£209 - £239</td>
<td>51</td>
<td>£10,659 - £12,189</td>
</tr>
</tbody>
</table>
DEVELOPMENT TEAM

Edinburgh-based developer Melford has set up a company called Dundee Street Limited for the purposes of this transaction. Its directors have a strong track record of student housing, residential and commercial development in the UK. The contractor is due to be appointed shortly.

Developer  Dundee Street Limited
Contractor  TBC
Designer  Eco Res

FUNDING TIMELINE

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2018</td>
<td>Exchange DFA</td>
</tr>
<tr>
<td>Q3 2018</td>
<td>Start on site</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>Practical completion &amp; handover</td>
</tr>
</tbody>
</table>

TENURE

Heritable interest.

EPC

Available on request.

VAT

It is proposed the transaction will be dealt with in the most tax efficient manner possible.

PROPOSALS

Proposals are invited to purchase the heritable interest held by Dundee Street Limited (a UK registered company) on a forward funding or forward commitment basis.

FURTHER INFORMATION

Should you have any queries or wish to make an inspection, please contact:

KATHERINE ILETT
Associate
DD: 020 3761 3633
katherine.ilett@bidwells.co.uk

LEWIS SUTTON
13A Abercromby Place
Edinburgh EH3 6LB
March 2018
IMPORTANT NOTICE

Bidwells LLP and Lewis Sutton act for themselves and for the vendors of this property, whose agents they are, give notice that:

Nothing contained in these particulars or their contents or actions, both verbally or in writing, by Bidwells LLP and Lewis Sutton form any offer or contract, liability or implied obligation to any applicants, viewing parties or prospective purchasers of the property to the fullest extent permitted by law and should not be relied upon as statements or representative of fact. No person in the employment of Bidwells LLP and Lewis Sutton or any joint agents has authority to make or give any representation or warranty whatever in relation to this property. Any areas of measurements or distances are approximate. The text, photographs and plans are for guidance only, may not be to scale and are not necessarily comprehensive. No assumptions should be made that the property has all necessary planning, building regulation or other consents. Bidwells LLP and Lewis Sutton has not carried out a survey, nor tested the services, appliances or facilities. Purchasers must satisfy themselves by inspection or otherwise. All rentals and prices are quoted exclusive of VAT unless otherwise stated. Prospective purchasers may be asked to produce identification of the intended Purchaser and other documentation in order to support any conditional offers submitted to the vendors. Bidwells LLP and Lewis Sutton accepts no liability of any type arising from your delay or other lack of co-operation. We may hold your name on our database unless you instruct us otherwise.

OS licence no. ES 100017734. © Copyright Bidwells LLP 2017. Bidwells LLP is a limited liability partnership registered in England and Wales (registered number OC 344553). Registered office is Bidwell House, Trumpington Road, Cambridge CB2 9LD where a list of members is available for inspection. Your statutory rights are not affected by this notice.