
Mansion Student Accommodation Funds

Euro / US Dollar / Sterling



Promoted by Dartmoor Capital Management Limited, the Investment Adviser, which is authorised and regulated by the Financial Services Authority.
For the use of the Recipient only - These Funds are for Non-Retail Investors only.

Mansion Student Accommodation Funds, Listed on Channel Islands Stock Exchange
and Authorised by the Guernsey Financial Services Commission.

The objective of the underlying Master Fund is to provide investors with exposure to the UK private student accommodation market. Historically, this market has expanded owing to the shortage of housing for students combined with the increase in student numbers. The Fund will therefore acquire and hold a portfolio of leasehold properties nationwide, and will manage these assets for optimum return.

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Summary

- The Mansion Student Accommodation Funds - Euro, Dollar and Sterling are Cells of the International Mutual Fund PCC Limited and invest wholly into The Mansion Student Accommodation Fund (GBP).
- The Mansion Student Accommodation Fund (GBP) (the Fund) is a cell of The International Mutual Fund PCC Limited which is an existing open ended Protected Cell Company (PCC) approved by the Guernsey Financial Services Commission and listed on the Channel Islands Stock Exchange.
- The Fund aims to achieve a target IRR of 10-12% pa before tax.
- The objective of the Fund is to achieve capital growth through the careful acquisition and management of suitable properties and will reinvest surplus rental income after allowances for costs.
- The Fund invests in existing private halls of residence which are subdivided into cluster flats with communal kitchen, lounge and bathroom facilities. These are rented predominantly to post 1st year students.
- The Fund will have a maximum gearing of 50% of market value.
- The Fund is most suitable for investors seeking capital growth rather than income.
- The Fund is open ended and investors may encash part or all of their holdings on any redemption day.
- Any gains made from an encashment will be liable to Capital Gains Tax (CGT) for direct UK investors. Certain offshore investors and tax wrappers, i.e. UK Pensions, will be subject to different taxation treatment.

Background to the Fund

Since 2007, market research by Drivers Jonas, King Sturge, Savills and Knight Frank in particular have highlighted the current size and past and expected growth of the UK market for private student accommodation.

According to these sources:

- higher education student numbers grew by 10.1% between August 2008 and August 2009;
- on present trends, there will be over 3 million students in the UK by 2014;
- foreign student numbers increased by 13.6% between academic year ending August 2008 and August 2009; and
- post-graduate student numbers now account for 24% of the total student population and are expected to continue to grow.

The same sources point out that more than 50% of students currently live in Houses of Multiple Occupation (“HMO”) i.e. private, rented buildings not designed for this purpose. This figure varies from 50% in locations such as Manchester to over 80% in Plymouth. In 2007 the introduction by the government of a licence requirement for HMOs added to the administrative burden of HMO owners. With only 130,000 purpose-built beds being created between 1995 and 2008/9, there is an imbalance of supply to demand.

As a consequence of the above, average rental growth over the last six years to 2008/9 has averaged 5% annually, with 7% being recorded in the Greater London area over the last 3 years. London’s situation is particularly acute; according to Drivers Jonas’ 2009 report “just 18% of the 270,000 full-time students in London can access a purpose-built bed space with just 4,011 beds under construction”.

The Investment Adviser and the Property Adviser believe that the student accommodation supply shortage is likely to continue for the foreseeable future and this view is supported by Knight Frank in their 2010 market report which states that “preliminary numbers from UCAS as at October 2009 indicate that the occupational demand will remain strong in the context of the wider economic volatility, while rental growth will continue at similar levels in the period up to 2012.



Fund Details

Investment Objectives

The objective of the Fund is to provide investors with exposure to the UK private student accommodation market. Historically, this market has expanded owing to the shortage of housing for students combined with the increase in student numbers. The Fund will therefore acquire and hold a portfolio of freehold or long leasehold properties nationwide, and will manage these assets for optimum return.

The Fund will target capital growth through careful acquisition and management of suitable properties, and will reinvest surplus rental income.

Investment Strategy

The investment strategy of the Fund is to purchase existing purpose-built halls of residence in the UK's top 30 (by student population) towns and cities. These will then be let out predominantly to post 1st year students with the aim of achieving capital gains by focussing on selective sites where a combination of location, supply versus demand imbalances, and rental potential is greatest.

The Fund will pursue an acquisition strategy based on acquiring suitable existing student accommodation property at a 10% discount to external, independent valuations. The Fund intends to acquire the freehold interests of properties or the long (i.e. 125 year) leasehold interests in individual 'cluster flats' or studios within purpose-built accommodation. Cluster flats are student rooms grouped around shared kitchen, living and bathroom facilities. As a result of the acquisition of such assets at a discount to the market value, the Fund should experience a positive impact on its Net Asset Value (NAV).

In addition, the Fund will also benefit from the following:

- Properties bought by the Fund will receive a five-year rental undertaking from Mansion Capital Partners Limited. This rental undertaking will insure the net rental income from the property for the first five years of ownership by the Fund, and may also incorporate a minimum rental growth, thereby minimising rental market risk.
- The Fund will receive a refurbishment bond requiring Mansion Capital Partners Limited to undertake such works as are necessary to upgrade the accommodation to a modern standard. The bond will require the modernisation to be carried out at the first available opportunity and is designed to ensure the standard of the accommodation is superior to local competition. Mansion will assume all liability for the cost of refurbishment.

As a result of the rental undertaking from Mansion Capital Partners Limited, the refurbishment bond, and the management by Mansion Property Management Limited, the income risks faced by the Fund are mitigated in three key areas, rental income, rental growth and capital expenditure.

Surplus rental income (after deducting the management fee and any other service charges) on all sites will be utilised to meet the ongoing operational costs of the Fund in the first instance, retained as cash within the Fund to build up cash reserves for potential redemptions thereafter, and ultimately re-invested in new stock acquisitions when cash reserves are considered adequate for the Fund, based on the circumstances prevailing at the time.

Fund Advisers

Dartmoor Capital Management Limited - DCML is authorised and regulated by the Financial Services Authority and will be responsible for the promotion of the Cell to non-retail investors within the UK. DCML is appointed to hold the position of Non Discretionary Investment Adviser to advise on and to make recommendations on investment decisions to the Directors of the Company and the Manager in respect of property acquisition and investment decisions. In addition, DCML will have responsibility for assessing the valuation advice provided by the valuation agents in determining the monthly Cell valuations.

Mansion Capital Partners Limited - The Mansion Group have been a specialist in student accommodation since 2007. Mansion has two wholly-owned subsidiaries, Mansion Capital Partners (MCP) and Mansion Property Management (MPM). MCP will act as Property Adviser to the Fund, while MPM will fulfil the role of Property Manager. MCP has a proven track record in the acquisition and funding of purpose-built student accommodation since its formation. MPM is currently a manager of student accommodation sites and has successfully developed the "Mansion Student" brand (www.mansionstudent.co.uk).



Dealing Terms

Base currencies

Euro (EUR)
Dollar (USD)
Sterling (GBP)

Initial Offer Price

Shares will be offered initially at €1.00 / \$1.00 / £1.00 and thereafter at a price equal to the Net Asset Value (NAV) of the Fund on the relevant Dealing Day.

Minimum Subscription

€10,000 / \$15,000 / £10,000

Minimum Top Up

€3,000 / \$5,000 / £3,000

Dealing Day

Last business day of the month.

Valuation Point

Last business day of the month.

Subscription notice period

All applications must be received by 27th day of the month. Application forms can be found online at:
www.themansiongroup.co.uk

Redemption notice period

67 days prior to each Redemption Dealing Day.

Payment of Redemption Proceeds

Payment of the redemption proceeds will be made on or before the 11th business day following the applicable Redemption Dealing Day.

Contract Note Distribution

A contract note will normally be sent by post to the applicant on acceptance of the application within 7 Business Days after the relevant Subscription Dealing Day.



Share valuations

- Valued monthly.
- Valuation point is on the last business day of the month.
- Share price will be announced within seven Business Days of the relevant Subscription Dealing Day.

Taxation

The International Mutual Fund PCC Limited (“the Fund”) has received tax exempt status from the Administrator of Income Tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989.

The Cell is an “offshore fund” for the purposes of the Income and Corporation Taxes Act 1988 (“the Act”).

It is the intention of the Directors to conduct the affairs of the Cell so that the central management and control of the Fund is not exercised anywhere other than Guernsey. It is also the intention of the Directors to conduct the affairs of the Cell so that it does not itself carry out any trade or business outside of Guernsey. The SPV’s intend to register with HMRC under the Non-resident Landlord scheme in order to receive the rents gross. However, the Cell will be subject to UK income tax on rental income.

It is the intention of the Cell to apply for Reporting Fund status under the new rules effective from 1 December 2009. By obtaining Reporting Fund status and ongoing compliance with the conditions attached means that UK resident individual investors in the Cell will be subject to capital gains tax rather than income tax on gains made on a sale or redemption of their shares in the Cell. Investments by UK pension funds are normally exempt from UK income and capital gains tax.

One of the key differences between Distributor Status and Reporting Fund Status is that there is no distribution requirement for Reporting Fund Status. The reported income of a Reporting Fund is deemed to be made to those persons holding an interest at the end of the reporting period. A deemed distribution from the Reporting Fund is treated in the same way as an actual distribution for UK income tax purposes.

Certain offshore investors and tax wrappers, i.e. UK Pensions, will be subject to different taxation treatment.

Key Facts

Fund Facts

Launch date - 27th May 2010

Minimum subscription - €10,000 with €3,000 minimum additional subscriptions/ \$15,000 with \$5,000 minimum additional subscriptions/ £10,000 with £3,000 minimum additional subscriptions.

Dealing and valuation frequency - Monthly

Dealing date - Last business day of the month.

Subscription notice period - All applications must be received by 27th day of the month.

	EURO	DOLLAR	GBP
ISIN code	GG00B5V09D94	GG00B5LQ2R24	GG00B5NLL459
SEDOL code	B5V09D9	B5LQ2R2	B5NLL45



Charges

100% Allocation

Exit Penalty:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 onwards
5%	4%	3%	2%	1%	0%

Annual Management Charge - 1.5% of Net Asset Value paid monthly in arrears

Who can invest

Direct Investors
Offshore Bonds
SIPPs/SSAS
Individual Savings Accounts
Charities
Companies
Trusts

Advisers

Promoter – Dartmoor Capital Management Limited
Custodian – BNP Paribas Trust Company (Guernsey) Limited
Administrator – PSG Active Fund Services Limited
Manager – PSG Fund Management (CI) Limited
Investment Adviser – Dartmoor Capital Management Limited
Property Adviser – Mansion Capital Partners Limited
Distributor – Dartmoor Capital Management Limited
Auditors – PriceWaterhouseCoopers (CI) LLP
Tax Advisers – PriceWaterhouseCoopers (CI) LLP
Legal Advisers – AO Hall Advocates



Manchester Office:
The Mansion Group Ltd. 1 Oakwood Square,
Cheadle Royal Business Park, Cheadle, Cheshire
SK8 3SB
t: +44 (0)161 828 0580
w: www.themansiongroup.co.uk
e: sales@themansiongroup.co.uk



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Mansion Ref: 259/0510

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