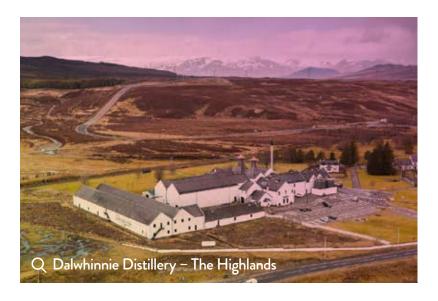


Investing in Scotland #SCOTLANDISNOW









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ECONOMIC

INNOVATION AND STRENGTHS SKILLED WORKFORCE

Scotland remains a strong attractor for foreign direct investment. It remains the UK's most attractive location for inward investment outside of London for the 6th year in a row¹. Scotland performs well in research and development - 24% of all UK R&D investments were in Scotland, ahead of all other regions including London.

Since 2007, business expenditure on R&D has risen by 69.3% in real terms with spend exceeding £1 billion in 2016. There's growth in sectors including subsea engineering, where Scotland is a global leader with 600 companies generating over £7.5 billion annually - 15% of the global market; and in data science - particularly in Edinburgh which hosts a world class supercomputing facility and is home to the UKs leading research university in data science and informatics.

Investors benefit from a highly skilled workforce. In fact Scotland has more world class universities per head of population than anywhere else in the world². Four Scottish universities are ranked in the top 200 according to the 2018 Times Higher Education rankings - that puts them amongst the top 1% globally. The results of this are a nation that has an innovative economy with Scottish universities producing more spin-outs than anywhere else in the UK.



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SCOTTISH CITIES

Scottish cities are benefitting from strong economic growth and a wave of private and public sector led renewal initiatives. Glasgow is third for UK regional commercial property investment outside London. Edinburgh is first for predicted economic growth (UK Vitality Index).

Glasgow has agreed the largest city deal of any in Scotland, at £1.13 billion. The programme includes construction, infrastructure and connectivity projects that will transform the fabric of the city and wider metropolitan region over the next 20 years.

Edinburgh is ranked as the 4th city globally relative to its size for investment intensity. In 2016 international investment in Edinburgh offices, as a proportion of total investment, increased by 90%, up from the previous year of 62% compared to 2014³.

Aberdeen is an internationally recognised business centre with globally competitive industries. Westhill hosts Europe's largest cluster of subsea businesses, harbouring talent and skills being exported globally. It is home to the £180 million Oil & Gas Technology Centre. Over the past decade Aberdeen has attracted £2.67 billion of commercial property investment.

Dundee is undergoing a major transformation, spearheaded by the £1 billion Dundee Waterfront project, spanning 240 hectares of land stretching 8km along the River Tay. The project's centrepiece, the V&A Museum of Design Dundee, opened September 2018, reaffirming Dundee's status as the UK's first UNESCO City of Design.



Q Poise, Marischal Square, Aberdeen

SUPPORTING CAPITAL INVESTMENT

In a globally competitive market for capital investment, it is vital that investors can easily access Scottish markets with minimised risk. Scotland's market is transparent with plentiful information on pricing and property ownership.

Risk is further reduced by a planning system that protects the value of investments. Scotland offers a well-developed legal, advisory and professional framework, and easy access to finance, either in Edinburgh, one of Europe's leading financial centres, or in London, the global financial capital. In the first three months of 2018, real estate investment in Scotland reached £700m, a 32 % increase compared to the first quarter of last year and more than every other place in the UK outside of London and the South East⁴.

To reinforce this, the Scottish Government has adopted a series of new and imaginative initiatives that will keep Scotland at the leading-edge in securing new investment. We have researched the offer in other places and believe our package of support to be internationally competitive.



Q CGI of Advanced Manufacturing and Innovation District Scotland (AMIDS), Glasgow International Airport

SCOTTISH BUSINESS RATES



The Scottish Government has introduced a number of key changes and reforms to Scotland's business rates system. Most significantly included amongst a raft of changes and new measures is the Business Growth Accelerator:

- If your premises are new builds, you won't have to pay business rates until 12 months after the building was completed
- Business rates also don't have to be paid on new builds until they're occupied
- New tenants will then qualify for business growth accelerator relief for 12 months
- When existing property owners or landlords expand or make improvements to their premises, they won't be charged for 12 months either.

Finance, Economy and Fair Work Cabinet Secretary Derek Mackay has committed that the new measures, combined with favourable tax and rates levels, would make Scotland "the most competitive place in the UK for businesses to invest and grow."

For more information about the Business Growth Accelerator see: www.mygov.scot/business-rates-relief/business-growth-accelerator-relief

BUILD TO RENT (BTR) AND THE RENTAL INCOME GUARANTEE SCHEME (RIGS)

In October 2017 the Scottish
Government launched a package
of policy and enabling measures,
including RIGS, to stimulate
growth and private investment in
new housing development in the
Build to Rent (BTR) sector
in Scotland. This sector is
being supported by the
Scottish Government as a
new way of providing newlybuilt, good quality, private
rented housing at scale.

The Rental Income Guarantee Scheme (RIGS):

- Will help developers and their investors to overcome this challenge by offering a guarantee which will compensate the developer for part of the shortfall if the expected levels of rent are not achieved
- Offers a Scottish Government guarantee of a slice of the core rental income forecast to be generated by eligible units during the initial years of the operation of a BTR development, when letting risk is likely to be at its highest
- Guarantee period will run for either three or five years from completion of units, depending on an applicant's requirements.



Q Buchanan Wharf, Glasgow

EXPANSION OF AFFORDABLE MID-MARKET RENT HOUSING THROUGH INNOVATIVE FUNDING SCHEMES



Q Golspie Street, Glasgow

The Scottish Government has built an impressive track record of financial innovation to deliver more investment for more housing through government guarantees, loans, grant recycling and new sources of private funding. And we are committed to supporting credible investment proposals which offer the opportunity to deliver affordable, mid-market rent housing schemes, at scale, across Scotland.



Q CGI of Edinburgh St James

A recent example is the positive outcome of the Mid-Market Rent (MMR) Invitation, an innovative initiative designed to expand the supply of affordable homes through a Scottish Government loan term cornerstone loan that will attract Institutional Investment.

The Housing Minister, announced (19th June 2018) that the Placemaking and Regeneration Group, Places for People had been successful in securing Scottish Government loan funding of £47.5m for their proposal which will deliver 1,000 affordable mid-market rent homes.

Places for People have set up a residential real estate fund which will own and deliver midmarket rent homes, supporting people on low and modest incomes to access high quality rented accommodation at affordable rent levels.

The fund will look to attract pension funds, including Local Government Pension Scheme (LGPS) funds to invest and has the potential to create a public/private funding platform of around £150m.

Further information on this announcement is available via

https://beta.gov.scot/publications/more-homes-scotland-mid-market-rent-proposal

Scotland's Growth Accelerator (SGA) has been established to help deliver innovative and commercially viable infrastructure funding solutions for major and complex development and investment projects.

 £60m of SGA support used in delivering advanced public infrastructure to support and leverage £850m of private sector investment in the Edinburgh St James development. The project is a 16,000 sq. m. retail, leisure and mixed-use development in the heart of Edinburgh's city Centre.

The SGA has the potential to aid the unlocking of substantial levels of additional investment in cities and regions across Scotland.

For more information see:

https://www.scottishfuturestrust.org.uk/storage/uploads/Growth_Accelerator_-_Guidance.pdf



SPRUCE

The SPRUCE Fund was launched in December 2011 to support and generate investment in specific areas of Scotland. Over £70 million worth of loans have been provided to projects to date, including housing, heating and office developments.

Building Scotland Fund (BSF)

In December 2017, the Scottish Government Budget announced the creation of a new £150 Million Building Scotland Fund (BSF) to support the development of new affordable and private sector housing, modern industrial and commercial space, and support industryled research and development. The aim is that the BSF could deploy patient capital in some cases to boost construction and jobs as well as providing additional housing supply and improved facilities to all businesses to improve productivity and expand.

Scottish National Investment Bank

The BSF is a precursor to the Scottish National investment Bank, which will start operations in 2020 and be capitalised with £2 billion over its first decade. The bank will provide a single point of access for investment finance, and will act to stimulate and crowd-in investment in businesses, innovation and built infrastructure.



Q Inverness Campus, Inverness



Q CGI of Magenta, Clyde Gateway, Glasgow

REFORMING SCOTLAND'S PLANNING SYSTEM

Planning has a key role to play in delivering Scotland's Economic Strategy and has an important role to play in making Scotland an attractive place to invest, by ensure that future growth reflects the needs of communities and that development is sustainable.

The Scottish Government is currently undertaking a major programme of planning reform, including a Planning Bill that was laid in Parliament in December 2017. The reforms aim to streamline and support development delivery, empower communities to engage early, improve links with infrastructure, strengthen planning authority performance and embed an enabling approach to planning that will help to build investor confidence in the system.

WITH SCOTLAND'S PROPERTY INDUSTRY

Scotland has long adopted a joined-up approach across the Scottish Government and all its agencies, and it takes working in partnership seriously. To this end, Scotland's Real Estate Forum was established in 2016 following close discussions with the Scottish Property Federation and was established to underline the status of the property sector as a key economic driver.

The aim is to work together to identify and overcome issues to support greater investment in places, jobs and the successful delivery of real estate to support the economy, wider society and government objectives that attract investment and support economic development aspirations.









