FULL FUNDING STUDENT ACCOMMODATION OPPORTUNITY WITH THE BENEFIT OF A NOMINATIONS AGREEMENT WITH OXFORD BROOKES UNIVERSITY.
SUMMARY

- Exceptionally rare opportunity to acquire a freehold student accommodation residence in close proximity to Oxford Brookes University (OBU), to be delivered summer 2017.

- The city has an extremely challenging planning regime, with few consented schemes of scale in the development pipeline.

- Oxford is one of the world’s leading academic cities. The University of Oxford was ranked equal 1st in The Times 2015 university rankings and 3rd in The Times Higher Education 2014-15 world university rankings. OBU is ranked 49th in the UK by The Times.

- The University of Oxford has 25,905 full time students (HESA 2013-14). Oxford Brookes has 13,480 full time students but only 3,776 privately & OBU owned beds available. This equates to only 28% of full time students able to stay in purpose built student accommodation, which demonstrates under-supply.

- There is significant additional student demand for accommodation from year-round students studying at the numerous language schools plus further education providers, summer schools, pathway and foundation courses.

- Beech House will provide 175 en-suite cluster bedrooms, arranged as 3-11 bed flats.

- The development will be finished to a high specification and sustainable design.

- A form of nominations agreement has been agreed with OBU and will be confirmed as and when planning permission is granted and the relevant conditions have been met.

- A 25 year agreement is drafted on the basis OBU will underwrite 97% of the income for the first five years, on the basis of the 42 week academic year.

- The nominations agreement is to be subject to annual rent reviews to RPI plus 0.5% with a cap and collar of 2% to 5%.

- The minimum gross term time income to be guaranteed by OBU for 2017-18 is £1,243,500 (£174.42 per week over 42 weeks).

- Summer revenue is expected to be £195,350 for the summer of 2018 and will be generated from the existing short term accommodation demand in the city. There is also forecast to be £5,600 of ancillary income.

- A 2017-18 management budget charge of £322,500 (£1,843 per annum per room) has been provided by CRM, the largest third party manager of student accommodation in the UK and resident manager on two existing properties in the city.

- The minimum net income for 2017-18 is forecast to be £1,134,800 which assumes 98% occupancy.

- Savills are instructed to seek full funding offers in excess of £18,650,000 (Eighteen Million, Six Hundred and Fifty Thousand Pounds) which reflects a net initial yield of 5.75%, assuming 5.80% purchaser’s costs. It is however expected that SDLT will only be payable on the land purchase.
Oxford is an internationally renowned university city and is the commercial and administrative centre for Oxfordshire. The city is located approximately 56 miles north west of London and is easily accessible by road to both the M40 and M4 via the A34. In addition, there are frequent train services to London in under one hour.

The site is situated at the junction of Latimer Road and London Road, the latter being one of the main arterial roads into the city.

This location is approximately 1.8 miles east of Oxford city centre and within 0.4 miles (c. 7 minutes walk) of OBU’s Gipsy Hill Campus (which includes the student union) and the University of Oxford’s Old Road Campus.

The site is well located for local amenities in Headington, with nearby leisure facilities, parks and access to retailing amenity including food stores. Both public and OBU (‘Brookes’) bus links in the area provide direct routes to the university campuses and 23 buses an hour to the city centre. There are Brookes Bus, Stagecoach and ‘Oxford Tube’ stops within 50-75m (1 minutes walk) from the site. The Oxford Tube runs bus services to central London every 12-15 minutes. In addition, the Brookes Bus runs every 15 minutes between the OBU campuses and the city centre.

Oxford’s mainline railway station is approximately 2.2 miles from Beech House. There is a direct service to London every 8-14 minutes. London Road also has a dedicated bicycle route which links into Oxfords cycle network.

SITE PLAN

Not to scale. For illustrative purposes only
DESCRIPTION

The U-shaped scheme will provide 175 en-suite bedrooms, arranged as 3-11 beds per flat clustered around a shared kitchen / diner area.

The scheme will be developed over lower ground and ground floor levels and 4 upper storeys. The development comprises mostly brick and glass elevations around a concrete frame. It will be built to a high specification and to sustainable standards.

The development will benefit from a customer drop-off area, retained mature Beech trees and landscaping. The scheme will also benefit from an internal central courtyard leading into the communal area, reception, wardens office, study rooms and lifts. Also on site will be a communal laundry, bike store and bin stores.

Internal specification includes ¾ sized beds, desk space and en-suite bathroom.
The configuration of the property is as shown below:

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Flats</th>
<th>Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Bed Flat</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>4 Bed Flat</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>9 Bed Flat</td>
<td>4</td>
<td>36</td>
</tr>
<tr>
<td>10 Bed Flat</td>
<td>7</td>
<td>70</td>
</tr>
<tr>
<td>11 Bed Flat</td>
<td>5</td>
<td>55</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20</strong></td>
<td><strong>175</strong></td>
</tr>
</tbody>
</table>

The application is for “demolition of four residential dwellings, erection of 175 student dwellings and four replacement residential dwellings with associated vehicular access from Latimer Road and off-street car parking, disabled parking provision, the formation of a drop-off area, pedestrian access, an energy centre, foul water pumping station, retention of existing mature trees and associated landscaping”.

The four residential dwellings do not form part of the sale.

The planning committee date has been set for August 2015 and it is estimated that following receipt of planning permission, it will take another 10-12 weeks to complete the Judicial Review period and sign the Section 106.

**PROJECT TEAM**

- Planning – Savills Oxford
- Architect – CJCT
- Landscape Architect - Macfarlane & Associates
- QS / PM - Turner & Townsend
- Engineer – Peter Brett & Associates
- M&E – Couch Perry Wilkes
- Student Management Company – CRM Students
- Main Contractor - TBC
HIGHER EDUCATION IN OXFORD

The University of Oxford is ranked equal 1st by the Times Good University Guide 2015 and has 5.5 applicants per place. The University has 25,905 students in total with a full time population of 18,895. The University has 7,515 full time postgraduates, 11,380 full time undergraduates and in total 7,270 international student s. (HESA 13/14).

OBU is ranked 49th in the sector by The Times Good University Guide 2015 and had 5.8 applicants per place. Oxford Brookes University has 17,895 students in total with a full time population of 13,480, a figure which has increased 3.1% year on year. The University has 2,005 full time postgraduates, 11,475 full time undergraduates and in total 3,360 international students. (HESA 13/14).

OBU is one of the UK’s leading modern universities and enjoys an international reputation for teaching excellence and innovation as well as strong links with business and industry. The demand for places following fee increases barely dropped in 2012 and continues to have more than 5 applicants per place. Planned campus developments on Headington, Wheatley and Harcourt Hill over the next few years will involve £132m being invested in new libraries and teaching space.

For the financial year ending 31 July 2014, OBU reported a total income of £175,727,000, total funds of £117,182,000 and an operating surplus of £9,865,000.

LANGUAGE SCHOOLS IN OXFORD

Within Oxford there are in the region of 30 international language students who study on a short and long term basis and require accommodation. Particularly noteworthy are: Kaplan International Language School; Bellerbys; Kings College Oxford and EF International Language School. Further detail can be provided on request.

OXFORD BROOKES UNIVERSITY STATISTICS

- University bedrooms – 2,409
- Privately owned accommodation bedrooms under nominations agreement – 1,367
- Total existing accommodation – 3,776
- Privately owned development pipeline – 715 (May 2015)
- Total existing accommodation and development pipeline – 4,491
- Current Supply vs. Demand – 3,776 / 13,480 = 28%
- Supply (incl. pipeline) vs. Demand – 4,491 / 13,480 = 33%
- Students currently not housed in purpose built accommodation – c.9,704
TENANCY

A form of nominations agreement has been agreed with OBU and will be confirmed as and when planning permission is granted and the relevant conditions have been met.

The 25 years agreement is to start from the 2017-18 academic year. OBU will underwrite 97% of the income for the first five years. The rental agreement will be subject to annual rent reviews to RPI plus 0.5% with a cap and collar of 2% to 5%.

The minimum gross term time income to be guaranteed by OBU for 2017-18 is £1,243,500 (£174.42 per week over 42 weeks). After five years, OBU are free to nominate as many or as few bedrooms as they require on the indexed rent basis.

Outside of term time, the landlord may let the accommodation to any permitted tenant in line with the planning consent. Looking at comparable schemes, it is possible to achieve approximately 80% occupancy in the summer period, which would generate £195,350 per annum. There is also an additional £5,600 of ancillary income forecast.

It is expected that the property will be managed by CRM Students (www.crm-students.com) who are the largest third party manager in the sector with over 20,000 beds. CRM will be responsible for adhering to the Service Level Agreement within the nominations agreement and securing summer occupancy. A 2017-18 management budget charge of £322,500 (£1,843 per annum per room) has been provided by CRM.

Savills and CRM believe that the scheme is likely to achieve an occupancy rate of 98%, which results in a 2017-18 net income of £1,134,800.

The draft Agreement for Nominations Agreement and Nominations Agreement can be found in the dataroom.
TENURE

The site is held Freehold.

DATAROOM

A dataroom including all relevant planning, legal and technical information is available at www.savills.com/beechhouseoxford

VAT

The property is elected for VAT.

CAPITAL ALLOWANCES

Unclaimed capital allowances are available via separate negotiation.

PRICE

Savills are instructed to seek full funding offers in excess of £18,650,000 (Eighteen Million, Six Hundred and Fifty Thousand Pounds) which reflects a net initial yield of 5.75%, assuming 5.80% purchaser's costs. It is however expected that SDLT will only be payable on the land purchase. A development appraisal is available on request.

CONTACTS

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