FORWARD COMMITMENT OPPORTUNITY:
Tesco Express with Student Accommodation Above
Investment Summary

- Located in Coventry City Centre.
- Situated on Far Gosford Street, a 3 minute walk from Coventry University main campus.
- Coventry University and the University of Warwick are both located within the city with approximately 35,625 full time students within the two establishments.
- The property will comprise a 4,133 sq ft ground floor retail unit with student accommodation totalling 32 bedrooms on the first and second floor.
- The ground floor retail unit will be let to Tesco Stores Ltd for a term of 20 years, with a 10 year break, at a rent of £55,000 per annum.
- The student accommodation will be let to Coventry University Enterprises for a term of 5 years at a rent of £116,547.20 per annum with fixed RPI linked uplifts in years 4 and 5 with a collar and cap of 2.5% and 4.5%.
- Total initial rent passing of £171,547.20 per annum.
- Let to the strong covenants of Tesco Stores Ltd and Coventry University Enterprises, the commercial trading arm of Coventry University.
- New development with Practical Completion due for June 2014.
- Freehold title will be available.
- All Capital Allowances will be available to a purchaser.
- We have been instructed to seek a Forward Commitment to purchase with offers in excess of £2,400,000 (Two Million Four Hundred Thousand Pounds) subject to contract. A purchase at this level reflects a Net Initial Yield of 6.75% assuming standard purchaser’s costs of 5.8%.
Coventry is situated in the heart of the West Midlands, 20 miles east of Birmingham. The city has excellent transport links being situated just south of the junction of the M6 and M69 giving good access to the national motorway network. The M6 links to the M42 and M5 to provide a fast route through to the South West, whilst the M6/M1 and nearby M40 are the principal road links to London and the South East.

Coventry is located on the West Coast Mainline meaning train times to Birmingham and London are 23 minutes and 1 hour 3 minutes respectively.

Birmingham International Airport lies just outside the catchment area to the north west of Coventry, near the A45. The airport is a key part of White Paper proposals to develop airport capacity in the UK to meet demand by 2030. Following the abandonment of plans for a second runway, permission has been granted for an extension to the airport’s existing runway, which is due to be completed by 2014.
Demographics

The total population within the Coventry primary catchment area is 436,000 and Coventry is projected to see above average growth in population over the period 2011-16. The age profile of the Coventry primary catchment population includes a particularly high proportion of young adults aged 15-24. In contrast, older working aged adults aged 45-64 are moderately under-represented within the Coventry area. This is partly due to a large number of students within the city. Coventry has two universities located within the City, The University of Coventry and the University of Warwick. There are approximately 55,975 students within the city with 35,265 studying full time students within the two establishments.

Situation

The site is situated on Far Gosford Street and forms part of the Far Gosford street regeneration project led by Complex Development Projects and Coventry City Council.

Coventry University main campus is located at the end Far Gosford Street about a 3 minute walk from the site.

Far Gosford Street Regeneration Project

The development will form part of the Far Gosford Street Regeneration Project which is a collaborative structure between Coventry City Council and Complex Development Projects with funding from the Heritage Lottery Fund and European Regional Development Fund.

Far Gosford Street is one of Coventry’s most historic surviving streets and is undergoing a huge regeneration with many listed buildings being brought back to former glories. Medieval buildings now stand proudly alongside 18th century shops, and offer people the chance to shop in style. Far Gosford Street is also now home to many independent, unique businesses that are turning it into Coventry’s Creative Quarter.
Coventry University is situated east of the town centre within the main ring road, meaning that the City centre and the campuses are equally as accessible. The University has a reputation as being one of the best universities for low cost living.

The University of Coventry is ranked 33rd in the sector by The Times Good University Guide 2013 and has 5.5 applicants per place.

There are a total of 27,810 students at the University of which 17,635 (67%) are full time. Of the total full time student intake there are 14,620 (83%) undergraduates and 5,270 (17%) postgraduates registered (HESA 2010/11). Overall applications had risen by 2% at the start of 2012.

Most of the accommodation is located on campus and close to the City centre with easy access for public transport, shops and the nightlife.

Coventry University is attracting a growing amount of students with the number of students having doubled in the last decade. The University is currently undertaking a £160 million investment programme within its 33 acre campus. This will see the development of a new £20 million library, as well as a £7 million Arts and Sports centre.

There are a wide variety of courses at Coventry University including Human and Social Geography, nutrition and physiology, both of which showed a 100% student satisfaction in 2009, and Health and Social Care, which has just been awarded with the National Centre of Excellence for teaching, as well as in Maths, Transport and Product Design.

Coventry opened its own University College in 2012 offering degrees or diplomas costing £4,800 a year as an economic fee option.

The University of Warwick is ranked 10th in the sector by The Times Good University Guide 2013 and has 8.2 applicants per place.

There are a total of 28,165 students at the University of which 17,630 (57.5%) are full time. Of the total full time intake there are 12,360 (70%) undergraduates and 5,270 (30%) postgraduates studying at the University (HESA 2010/11).

Warwick University’s 750 acre campus is 3 miles south of Coventry. Most of the accommodation is located on campus or close to the south west part of the city with easy access for public transport, shops and the nightlife.

The University is in the top 20 in the National Student Survey. It excels in accounting, biology, chemistry, classics, drama, literary studies, finance, German, management studies and physics. It works in partnership with the Royal Shakespeare Company and is a national teaching centre in theatrical performance. The University has a thriving, graduate entry, medical school with more than 2,000 students.

A significant extension to the students union facilities recently opened and an £8 million extension to the University’s extensive art centre attracts more than 250,000 visitors a year. There has also been £15 million investment in the business school.

Warwick University has one of the lowest drop-out rates in Britain at less than 5%. The University strives to give everyone the opportunity to study at the university no matter what their financial situation. To achieve this they have put almost a third of their income from top-up fees into bursaries and financial support.

Warwick is one of the most successful “New” universities of the 1960’s. It has set itself the target of establishing itself among the world’s top 50 universities and has expanded to provide a base in Venice which provides a programme for gifted teenagers around the world.
## Accommodation Overview

Coventry University has a combined total of 2,686 bed spaces for approximately 17,635 full-time students. Therefore 15.2% of students reside within University accommodation.

The University of Warwick has a combined total of 8,141 bed spaces for approximately 17,630 full-time students. Therefore 46% of students reside within University accommodation.

Private sector operators provide 1,580 bedrooms. This represents just 4.4% of total full-time student numbers.

Where students are unable to obtain University accommodation they either live at home or rent from the private sector. The majority of student demand is met by private-let student houses or the parental home.

### Coventry / Warwick Student Numbers

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Time Higher Education Students (FT)</td>
<td>circa 35,265</td>
</tr>
<tr>
<td>University Accommodation</td>
<td>circa 10,827</td>
</tr>
<tr>
<td>Private Accommodation</td>
<td>circa 1,580</td>
</tr>
<tr>
<td>Development Pipeline</td>
<td>2,131</td>
</tr>
<tr>
<td>Total Existing Accommodation (excl. pipeline)</td>
<td>circa 12,407</td>
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</tbody>
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### Coventry / Warwick Supply/Demand Dynamics

<table>
<thead>
<tr>
<th>Category</th>
<th>Ratio</th>
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<tbody>
<tr>
<td>Current Supply vs. Demand</td>
<td>12,407/35,265 = 35%</td>
</tr>
<tr>
<td>Supply vs Demand (incl. pipeline)</td>
<td>14,538 / 32,300 = 41%</td>
</tr>
<tr>
<td>Students Not Housed in Purpose Built Accommodation (incl. pipeline)</td>
<td>circa 20,727</td>
</tr>
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Description and Accommodation

The property will comprise the following:

Ground Floor Retail unit of 4,133 sq ft as defined within the agreement for lease.

First and Second Floor Student accommodation of 32 en-suite student bedrooms including ancillary living space as shown within the floor plans. On each of the two floors there are 2 number 5 bedroom flat clusters, one number 4 bedroom flat cluster and one number 2 bedroom flat cluster.

Details of the full specification are available upon request.

Planning

A detailed outline planning application has been granted. Details of the full planning application and approved s.73 application are available upon request.
Complex Development Projects is a private development company choosing to work in partnership with government, community groups and charities to deliver urban renewal projects. The company draws on its director’s 20 years of partnership experience in regenerating urban centres since the early days of the UK’s urban renewal programme.

Their commitment to high quality innovative design, good environmental practice and genuine community involvement has succeeded in delivering a number of exciting projects which have helped to bring life back into a number of city centres across the UK.

Complex Development Projects specialise in working alongside landowners and local authorities, often supporting wider regeneration initiatives and other grant funded programmes.

Development Timeframe

Construction is due to start on site in September 2013 with Practical Completion due June 2014.
Tenure
Freehold title will be available to the purchaser.

Tenancy
The ground floor retail unit will be let on a new 20 year lease to Tesco Stores Ltd with 5 yearly upward only open market rent reviews. There is a tenant break option at year 10. The starting rent will be £55,000 per annum equating to £13.31 per sq ft. The term commencement date will be the earlier of the Practical Completion date or Access date as defined within the Agreement for Lease. The rent commencement date will be 3 months from the earlier of the Practical Completion date or Access date. This three month rent free period will be topped up by the vendor.

The upper parts will be let in their entirety on a single lease to Coventry University Enterprises for a term of 5 years. The starting rent will be £116,547.20 per annum with upward only reviews in the fourth and fifth year of the term linked to RPI with a collar and cap of 2.5% and 4.5%. The term commencement date will be the Practical Completion date with the rent commencement date 3 months after. The three month rent free period will be topped up by the vendor.

There will be an agreement in place between the tenant, Coventry University Enterprises and the developer/vendor, Complex Development Projects, in relation to the repairing position. Full details are available on request.

The total rent will be £171,547.20 per annum exclusive of VAT.

Rent
The University are paying a net rent as defined within the lease. This has been calculated from a Gross Rent of £430 per month for 11 months (reflecting £90.96 per week) less a 23% management charge to include utilities and maintenance.

Covenant
Coventry University Enterprises
Coventry University Enterprises is the commercial trading arm of Coventry University. They have a Sales Turnover of £12,785,000, a Pre-tax profit of £843,000, a Tangible Net Worth of £23,877,000 and Net Current Assets of £2,117,000. The figures are taken from the 2012 accounts.

Coventry University has over 22,000 students with 2,800 staff. The University occupies a 33 acre city centre campus and a £160 million development programme is in place for the campus over the next ten years, including the construction of a new Student Enterprise Centre and a high-tech faculty building for Engineering and Computing. New buildings built already include a £16 million library and a £5 million student centre. Coventry University has a turnover of £193 million, a net surplus for the year retained of £19.3 million, with net assets (including pension liability) of £169.6 million. These figures are taken from the 2010/11 accounts.

Tesco Stores Ltd
Tesco trade from approximately 2,200 stores and are the world’s third largest grocery chain and the largest in the UK. For the year ending February 2011 Tesco Stores Limited reported a turnover of in excess of £40billion and a profit before tax in excess of £2.2billion. They have a Dun & Bradstreet rating of 5A1 which represents a minimum risk of business failure.

Warranties
Full main and sub-contractor warranties will be available to the purchaser.
Capital Allowances

All Capital Allowances will be made available to the purchaser.

VAT

We understand VAT will be payable on the purchase price but that the transaction will be treated as a TOGC. We suggest that interest parties seek independent expert advice.

Proposal

We have been instructed to seek offers in the order of £2,400,000 (Two Million Four Hundred Thousand) subject to contract by way of a Forward Commitment to acquire the freehold interest upon Practical Completion. A purchase at this level reflects a Net Initial Yield of 6.75% assuming standard purchaser’s costs of 5.8%.

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