EXECUTIVE SUMMARY

The freehold interest in a prime, 20 storey, 435 bed student accommodation property in Wembley, London. Currently 99% let, the 2011-built property is situated adjacent to Wembley Park Underground Station providing easy access to the West End in only 12 minutes. The property benefits from excellent surrounding amenities and is adjacent to the 87 acre Wembley City development.

Strong Operating Performance
- Freehold building, completed in 2011
- 435 beds in an attractive 20 storey tower across 83,928 square feet NIA
- 242 cluster rooms, 172 studios and 21 penthouse studios
- Since opening, the property has reached 99% occupancy for both academic years 2011/2012 and 2012/2013
- The property is projected to generate £3.8 million of revenue and £2.9 million of net operating income in the 2013/2014 academic year

Structural Under-Supply and Stable Demand
- 60% of the student residents attend 8 higher education institutions, including the University of Westminster, Middlesex University, University College London, and City University
- Growth in London full time student numbers of 19% over the past five years
- There are 303,100 full time students in London but only 62,000 student accommodation beds, with the development pipeline constrained by recent planning regulation changes

High Quality Affordable Accommodation
- Maximum university tuition fees are now £9,000 per annum making students more price sensitive to their accommodation
- Wembley offers a more affordable option to live in London, home to the largest number of higher education institutions in the world, at a discount of around 25% to Zone 1 rents

Best-in-Class Management Operator
- Victoria Hall is a multi-award winning student accommodation manager offering high quality student accommodation across the UK as well as in Ireland, Spain and Germany, managing over 7,000 beds
- Victoria Hall has managed the property since completion, delivering 99% occupancy

Mixed-Use Regeneration Area
- Wembley is undergoing a vibrant redevelopment that is directly benefitting the property
- New facilities include a hotel, a 660 room student accommodation building and 500 residential units. The London Designer Outlet, a 350,000 square foot retail and leisure hub, is currently under construction and there is consent for a further 1,300 residential units

Transaction Structure
- The net income figures outlined below will be guaranteed by the vendor for three years, through the provision of an escrow account, and will provide the purchaser with the following minimum net income:
  - 2013/2014: £2,879,823
  - 2014/2015: £3,005,167
  - 2015/2016: £3,135,778
- During these three years, the property will continue to be let and managed by Victoria Hall Management Ltd and, as a result of the guarantees, the purchaser will have no letting or operational risk, while enjoying 100% of all additional income received above the guaranteed levels

Financing
- Assuming an interest only loan of £22.5 million (50% LTV) and a margin of 3.00% over 3-month LIBOR, the investment will generate a cash-on-cash yield of 8.8% in 2013 / 2014, rising to 9.4% in 2014 / 2015 and 9.9% in 2015/2016

Proposal
- Offers in excess of £45,000,000 (forty five million pounds) subject to contract and exclusive of VAT. This reflects a low capital value of £103,500 per bed and an initial yield of 6.3%, rising to a minimum of 6.6% in 2014 / 2015 and a minimum of 6.8% in 2015 / 2016 based on a company share acquisition
THE PROPERTY
LOCAL LANDMARKS

1. Wembley Stadium
2. Hilton Hotel (361 Bedrooms)
3. London Designer Outlet (350,000 square feet)
4. Quintain Student Accommodation
5. Wembley Plaza Hotel (306 Bedrooms)
6. Quadrant Court & Forum House (Residential)
7. Wembley Arena
8. Brent Civic Centre
9. Stadium Retail Park
10. Wembley Park Business Centre
11. Wembley Retail Park
12. Dexion House - Planning for Student Accommodation
LOCATION

Affordable Vibrant London Living

- Superbly located in the heart of Wembley, the property is the closest to the tube of the student accommodation halls in the area.
- Wembley Park Underground station is less than a minute’s walk away providing access to both the Jubilee and Metropolitan Lines.
- Wembley Park is only two stops away from Baker Street on the Metropolitan line, with a journey time of 12 minutes, and Bond Street on the Jubilee Line, only has a journey time of 18 minutes.

- The Northwick Park Campus of the University of Westminster is 4 minutes away on the Metropolitan Line.
- Residents have easy access to Central London’s Universities, Colleges and amenities.

Proximity To Extensive Wembley Amenities

- Wembley Stadium, the iconic 90,000 seat venue is located less than half a mile to the south of the property. As well as being the official national stadium of the England football team, the stadium hosts over 150 major sporting and music events every year, and is a significant attraction for student tenants.
- Wembley Arena, adjacent to the Stadium, holds 12,500 seats and also hosts sporting and music events, as well as conferences.
- Brand new amenities are coming on stream this year from the 87 acre Wembley City development, including the 350,000 square foot London Designer Outlet mall, turning Wembley into one of London’s major retail and leisure destinations.

Source: Transport for London
Not to Scale - For Identification Purposes Only.
HIGH-SPECIFICATION ACCOMMODATION

Description
The property is a purpose-built student accommodation block, totalling approximately 83,928 square feet NIA, which was completed in September 2011. It is arranged over 20 storeys and has metal cladding with feature areas of aluminium glazing to the external elevations. It provides 435 en-suite student bedrooms with a mix of cluster rooms, studios and penthouse studios. The studios are located in the central circular element of the building with the cluster rooms in the wings. There are impressive views from the property over Wembley Stadium and Central London.

Cluster Rooms
Cluster rooms are situated within cluster units, each comprising five en-suite bedrooms. These units benefit from a modern fully-fitted communal kitchen and a lounge / dining area with a flat screen television. There is a direct dial telephone in every flat, with broadband internet provided free of charge in every bedroom.

Studios
Studios provide students with the same facilities as cluster rooms, but with their own fully fitted kitchen and flat screen television within their room.

Penthouse Studios
These luxury apartments are located on the top three floors of the property.

Bedrooms
All bedrooms are provided with ¾ size beds with storage at the base, fitted wardrobes, a full length mirror and a large desk area with bookshelves and a pin-board. All bedrooms benefit from en-suite facilities with a shower, toilet and wash basin, and each has an individually controlled heating system.

Kitchens
Every kitchen is fully fitted with a hob, cooker, microwave, fridge, freezer, toaster and a full complement of kitchen utensils, as standard.

Facilities
CCTV, door intercom systems and 24 hour caretaker presence ensures student safety throughout the year, and the on-site management team is available for students’ day to day enquiries. An on-site launderette is available on pay-per use, along with irons and ironing boards. Cycle storage is provided on-site and there are four on-street disabled car parking spaces.

Specification
In summary, the property benefits from the following specification and amenities, all included within the weekly rental charge:

- CCTV surveillance
- Management office (with board room, staff kitchen and staff WC’s)
- Fully equipped contemporary kitchen
- Communal TV lounges
- Communal direct dial telephone
- Phone line rental
- 4 MB Broadband internet access
- Contents insurance
- All inclusive utility bills
- Premium Sky channels
- 24 hour onsite security
- 24 hour onsite maintenance
- Hoover
- Cycle storage
- On-site launderette
- Lifts
- Communal garden and patio area

Accommodation
The property provides the following mix of accommodation types:

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Number of Beds</th>
<th>Average room size (sq m)</th>
<th>Average room size (sq ft)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cluster Rooms</td>
<td>242</td>
<td>13.7</td>
<td>148</td>
</tr>
<tr>
<td>Studios</td>
<td>172</td>
<td>21.3</td>
<td>229</td>
</tr>
<tr>
<td>Penthouse Studios</td>
<td>21</td>
<td>22.6</td>
<td>243</td>
</tr>
<tr>
<td>TOTAL</td>
<td>435</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FLOOR PLANS

Ground Floor

2nd Floor

18th Floor

Not to Scale - For Identification Purposes Only.
Victoria Hall is a premium student housing management provider with accommodation across the UK and Europe; including schemes in Birmingham, Cardiff, Glasgow, Liverpool, Leicester, Manchester, Newcastle, Nottingham, Wolverhampton, Sheffield, Cork (Ireland), Bremen (Germany) and Valencia (Spain).

Victoria Hall’s expertise and skill is recognised in the industry (three time National Student Housing Survey Winner), for its ability to implement successful letting strategies. This has been demonstrated at the property for both academic years since completion. In contrast to the property, several comparable student accommodation schemes, which are located closer to Central London, have not achieved higher than 75% occupancy for the 2012/2013 academic year. This is evidence not only of the strength of the property in terms of location and specification, but the proficiency and capability of Victoria Hall as management operators.
SUPPLY & DEMAND IMBALANCE

Investment Appeal
Student accommodation is an attractive investment asset class due to solid income returns, a track record of rental growth and yield stability. These factors have resulted in total returns outperforming traditional property sectors.

Transaction volumes have shown an increasing trend since 2009 when c.£700 million stock traded compared to 2012 when approximately £3 billion was traded in the sector. London remains a primary focus for investors, who are keen to take advantage of the depth of the university market and the high number of international students attracted to the city. Strong rental growth is a trend we can expect to see repeated in the short term and is a key driver for investors looking to enter the sector.

Student Profile
The property has reached 99% occupancy for the two academic years since opening, demonstrating it’s strong letting performance.

Among the students in the 2012 / 2013 academic year, 60% attend eight different establishments: University of Westminster, Middlesex University, University College London, City University, College of Law, Kings College London, Regents College and Brunel University. Students from the University of Westminster occupy 30% of the property, demonstrating the depth of demand created by that university and it’s strong relationship with the property.

Demand Growth
Full time student numbers in London have grown by 19% over the past five years.

The UK Higher Education system is heavily oversubscribed with only ten places for every 14 applicants. The international student demand component of this oversubscription continues to grow, attracted by high quality degrees taught in English and London’s attractiveness as a global city. Between 1975 and 2008 the number of students choosing to study outside their own country increased by more than five-fold. This is forecast to double again in the next 14 years. The property has historically been a magnet for international students (67% in 2012 / 2013), ideally placing it to benefit from the forecast growth in international student numbers.

The UK continues to take advantage of this increasingly mobile student population, in particular London, which has the highest number of higher education institutions of any global city. Approximately 1 in 4 students studying in London are international, and as they represent the core occupiers of purpose built student housing, are a significant demand pool to capture.

Supply
The London student accommodation market is structurally under-supplied with only 62,000 purpose built bed spaces compared to 303,100 students. There are currently 4,200 beds under construction. However, recent planning regulation changes enforcing an affordable housing requirement will impact on the feasibility of future development.

Currently only 1 in 5 full time students have access to purpose built halls of residence. Using data for both full and part time students (stripping out the Open University) the figure is closer to 1 in 7 representing a significant supply and demand imbalance especially compared to regional cities, where the average is c. 1 in 3.
Quoting rents for comparable schemes located around London are outlined below. The property offers high quality accommodation at the most competitive cost compared to alternative purpose built student accommodation in London.

<table>
<thead>
<tr>
<th>Property</th>
<th>Cluster Rooms 13/14 (£’s per week)</th>
<th>Studio Rooms 13/14 (£’s per week)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subject Property</strong></td>
<td><strong>155-170</strong></td>
<td><strong>185-200</strong></td>
</tr>
<tr>
<td>Emily Bowes, Tottenham Hale</td>
<td>159-189</td>
<td>259-275</td>
</tr>
<tr>
<td>North Lodge, Tottenham Hale</td>
<td>165-179</td>
<td>n.a.</td>
</tr>
<tr>
<td>Opal, Tufnell Park</td>
<td>197-225</td>
<td>239-249</td>
</tr>
<tr>
<td>Derwent Point, Angel</td>
<td>n.a.</td>
<td>250-258</td>
</tr>
<tr>
<td>Quantum Court, Shadwell</td>
<td>199-249</td>
<td>259-299</td>
</tr>
<tr>
<td>Bartholomew Road, Kentish Town</td>
<td>n.a.</td>
<td>259-285</td>
</tr>
<tr>
<td>Woodland Court, Caledonian Road</td>
<td>199-225</td>
<td>259-289</td>
</tr>
<tr>
<td>Nido, Kings Cross</td>
<td>n.a.</td>
<td>269-390</td>
</tr>
<tr>
<td>Wedgewood Court, Holloway Road</td>
<td>199-259</td>
<td>275</td>
</tr>
<tr>
<td>Urbanest, Hoxton</td>
<td>239-249</td>
<td>299-369</td>
</tr>
<tr>
<td>Somerset Court, Euston</td>
<td>249</td>
<td>379-389</td>
</tr>
<tr>
<td>Great Suffolk Street, Southwark</td>
<td>259</td>
<td>299-389</td>
</tr>
</tbody>
</table>

**Recent Comparable Sales**

<table>
<thead>
<tr>
<th>Property</th>
<th>May - 2012</th>
<th>136 Beds</th>
<th>2 Year Nomination Agreement</th>
<th>5.90% NIY</th>
<th>£23.24M (£170,800 per bed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derwent Point, Angel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nido Portfolio, London</td>
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</tr>
</tbody>
</table>

May - 2012 2,526 Beds Direct Let 6.25% NIY £415M (£164,300 per bed)
# Net Operating Income Projections

## 2013 / 2014 Operating Assumptions

<table>
<thead>
<tr>
<th>Leasing</th>
<th>Deluxe</th>
<th>Studio</th>
<th>Penthouse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letting Rates (Bed/Week)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>51 Week Rental Rate</td>
<td>£155.00</td>
<td>£185.00</td>
<td>£210.00</td>
</tr>
<tr>
<td>42 Week Rental Rate</td>
<td>£170.00</td>
<td>£200.00</td>
<td>£225.00</td>
</tr>
<tr>
<td>Short Term Rental Rate</td>
<td>£185.00</td>
<td>£215.00</td>
<td>£240.00</td>
</tr>
<tr>
<td>Annual Rental Growth Rate</td>
<td>4.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Expenses Growth Rate</td>
<td>2.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Income Guarantee

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Term Time Income</td>
<td>£3,352,331</td>
<td>£3,486,424</td>
<td>£3,625,881</td>
<td>£3,770,916</td>
<td>£3,921,753</td>
<td>£4,078,623</td>
</tr>
<tr>
<td>Summer Income</td>
<td>£440,749</td>
<td>£458,379</td>
<td>£476,714</td>
<td>£495,783</td>
<td>£515,614</td>
<td>£536,239</td>
</tr>
<tr>
<td>Sundry Income</td>
<td>£39,424</td>
<td>£41,001</td>
<td>£42,641</td>
<td>£44,347</td>
<td>£46,120</td>
<td>£47,965</td>
</tr>
<tr>
<td>Total Gross Income</td>
<td>£3,832,504</td>
<td>£3,985,804</td>
<td>£4,145,236</td>
<td>£4,311,046</td>
<td>£4,483,488</td>
<td>£4,662,827</td>
</tr>
</tbody>
</table>

## Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>Investment Year</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>£292,964</td>
<td>£300,288</td>
<td>£307,795</td>
<td>£315,490</td>
<td>£323,377</td>
<td>£331,461</td>
</tr>
<tr>
<td>Salaries</td>
<td>£215,158</td>
<td>£220,537</td>
<td>£226,050</td>
<td>£231,701</td>
<td>£237,494</td>
<td>£243,431</td>
</tr>
<tr>
<td>Marketing</td>
<td>£79,721</td>
<td>£81,714</td>
<td>£83,757</td>
<td>£85,851</td>
<td>£87,998</td>
<td>£90,197</td>
</tr>
<tr>
<td>Insurance</td>
<td>£64,689</td>
<td>£66,306</td>
<td>£67,964</td>
<td>£69,663</td>
<td>£71,404</td>
<td>£73,189</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>£47,127</td>
<td>£48,306</td>
<td>£49,513</td>
<td>£50,751</td>
<td>£52,020</td>
<td>£53,320</td>
</tr>
<tr>
<td>Administration</td>
<td>£21,593</td>
<td>£22,132</td>
<td>£22,686</td>
<td>£23,253</td>
<td>£23,834</td>
<td>£24,430</td>
</tr>
<tr>
<td>Other</td>
<td>£7,995</td>
<td>£8,195</td>
<td>£8,400</td>
<td>£8,610</td>
<td>£8,825</td>
<td>£9,046</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>£729,247</td>
<td>£747,478</td>
<td>£766,165</td>
<td>£785,319</td>
<td>£804,952</td>
<td>£825,076</td>
</tr>
</tbody>
</table>

| **REAL ESTATE NOI** | | | | | | |
| | £3,103,257 | £3,238,326 | £3,379,071 | £3,525,727 | £3,678,536 | £3,837,751 |

| **VH Management Fees** | | | | | | |
| | £223,435 | £233,159 | £243,293 | £253,852 | £264,855 | £276,318 |

## Net Operating Income

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Initial Yield</strong></td>
<td>6.3%</td>
<td>6.6%</td>
<td>6.8%</td>
<td>7.1%</td>
<td>7.5%</td>
<td>7.8%</td>
</tr>
<tr>
<td><strong>Cash-on-Cash Yield</strong></td>
<td>8.8%</td>
<td>9.4%</td>
<td>9.9%</td>
<td>10.5%</td>
<td>11.1%</td>
<td>11.7%</td>
</tr>
</tbody>
</table>
**INVESTMENT SUMMARY**

**Strong Operating Performance**
- Opportunity to invest in a strong performing London student accommodation property that has achieved 99% occupancy in each year of operations.

**Structural Under-Supply and Stable Demand**
- Full time student numbers in London have grown by 19% over the past five years. There are 303,100 full time students in London, compared to 62,000 student accommodation beds. Additionally, the development pipeline is constrained by recent planning regulation changes.

**High Quality Affordable Accommodation**
- High quality, low cost residence, which is highly attractive to a demand pool with constrained resources.

**Best-in-Class Management Operator**
- Best-in-Class management company with proven market ouperformace at the property.

**Mixed-Use Regeneration Area**
- Heart of a vibrant development corridor providing an array of new and improved retail and leisure amenities for the student population.

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**TRANSACTION STRUCTURE**

**Income Guarantee**
The net income figures outlined below will be guaranteed by the vendor, through the provision of an escrow account that could be drawn upon by the purchaser in the event of any shortfall in actual net annual income. The guarantee will be for 3 years and will provide the purchaser with the following minimum net income:

- **2013/2014**: £2,879,823
- **2014/2015**: £3,005,167
- **2015/2016**: £3,135,778

During these three years, the property will continue to be managed and let by Victoria Hall Management Ltd and, as a result of the guarantees, the purchaser will have no letting or operational risk, while enjoying 100% of all additional income received above the guaranteed levels.

**Financing**
Eastdil Secured has had discussions with lenders with regard to financing the property. Additional detail is available upon request.

---

**PROPOSAL**

**Price**
We are seeking offers in excess of **£45,000,000** (forty five million pounds) subject to contract and exclusive of VAT. This reflects a low capital value of £103,500 per bed and an initial yield of 6.3%, rising to a minimum of 6.6% in 2014/2015 and a minimum of 6.8% in 2015/2016 based on a company share acquisition.

Details of the Jersey-based special purpose vehicle are available on request.

**VAT**
The property has been elected for VAT. If the transaction is concluded by way of an asset sale, it is intended that it will be treated as a transfer of a going concern and therefore VAT will not be payable on the purchase price.

**Capital Allowances**
Significant capital allowances are available by separate negotiation.

**Dataroom**
There is further income and cost information as well as floor plans, on a separate website and access can be obtained by contacting James Hanmer.

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**CONTACTS**

For further information and to arrange inspections, please contact:

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  - 07785 114 782
  - pcooperparry@savills.com

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  - 07967 555 897
  - jhanmer@savills.com

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  - 020 7074 4978
  - 07510 881 619
  - jmccaffrey@eastdilsecured.com

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