

Radmoor Residence, Loughborough Student Investments

Proposal Ref: 1112RR-LOUGH

Tags: Students, Cash flow, Yields

Date: December 2011

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LOUGHBOROUGH, ENGLAND



- Pod Prices from £46,000
- 9.0% gross yield investments
- 7.1% net yielding investments
- 16% discounts on true value
- Cash flow positive investments
- Fully turnkey - nothing else required
- Fully managed, hands off investment

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ASTON EAVES

December 2011

Directors welcome letter...

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Student investments are nothing new, and I'm sure a healthy number of Aston Eaves' clients have either had students tenants in the past or are currently managing a HMO of some kind that consists of some students. However, investing in private halls of residence which caters for university students is certainly a recent concept.

Admittedly, we've been quite late getting in on the act, but after some hesitation and monitoring, we're now delighted to be able to offer some student pods or rooms to investors that are looking for a low entry and stable investment for the long term.

The hesitation arose from the fact that this kind of concept is very new and (still) as of yet, there is no secure secondary market. This is slowly changing and we have already seen that the long term prospects and exits for halls of residence are bright, mainly thanks to government legislation which allows these units to be sold off as commercial units and to SIPPS funds.

We have, at time of writing, been given exclusive rights to a unique development in Loughborough which contains 53 pods within 9 apartments. The student halls of residence at Radmoor are fully occupied and the demand in Loughborough is incredible due to the current limited supply. We are offering each bedspace (or pod) for £46,000 each.

The kind of buyers looking at these should be those looking for a cash flow positive investment, completely hands off, very little maintenance and an investor with a long term view. Additionally, unless you are unable to buy using solely cash or in a position to quickly capitalise on commercial finance, then it's not for you. However, should a client be in a position to buy 5 or 6 bed spaces, then they can obviously acquire an entire apartment with view to refinancing.

So there you have it - an excellent purchase which will look after you in the long term. Please give one of the investment consultants a call if you need help on what might be right for you.

Sincerely,



Wayne Romalho

Acquisitions Director, Aston Eaves
wayne@astoneaves.com

WHY ASTON EAVES?

“The guys at Aston Eaves want to see their clients succeed. They’re in it for the long haul and value the custom which is refreshing to see”

Richard Monroe, Leeds

BACKGROUND.

Aston Eaves is not just another property company. We are there to bring you exclusive opportunities usually available to hedge fund and consortium buyers. In business, it's not often what you know, but who you know.

We do not offer anything that we would not buy into ourselves and have company funds vested in over 60% of any project we have been involved in. This provides assurance and responsibility to the client and shows that we are active investors ourselves. In short, we make investments affordable, transparent and realistic.

SUCCESS.

With over 15 years of combined experience in property sourcing, client management and investment consultancy in the UK, Poland, Dubai and the USA, Aston Eaves is adequately positioned to seek out and analyse potential opportunities for its clients.

Further to this, over 65% of the staff employed at Aston Eaves have a sizeable property portfolio of their own and a considerable number actively invest in the projects we are involved in.

PHILOSOPHY.

To create new frontiers is our motto. We were the first company to offer nursing home investments to our UK clients, have sourced a Boeing 777 for a client who turned the disused aeroplane into a hotel and offered private halls of residences to investors enticed by the student sector.

That is not to say that we do not offer the traditional model of investing, but we always look to pioneer a new product if, and only if, there is a solid return on investment for our investors.

WHY RADMOOR RESIDENCE, LOUGHBOROUGH?

This is a fully, 100% occupied student residence accommodation within walking distance (0.3 miles) to the world renowned Loughborough University in addition to being a mere 10 minute walk to the city centre. Each pod has its own ensuite facility. It is common knowledge that there is a massive shortage of student accommodation in Loughborough.

1. Low cost, high yields

Prices start from £46,000 per pod. The target net yield is 7.1%

- Objective 1.1 ▶ Affordable are countered by a low void period due to the constant demand.
- Objective 1.2 ▶ Secure mostly cash buyers due to the low entry point.
- Objective 1.3 ▶ Clean title to each individual pod or room - investors buy a 250 year leasehold.

2. Upside and RICS discount

Market value is difficult to determine, but as an estimate, we value each unit at £55,000.

- Objective 2.1 ▶ Rental income is the product identifier, but growth is inevitable.
- Objective 2.2 ▶ Pods are commercial units. With eventual rental increases, pod value increases.
- Objective 2.3 ▶ At £46,000, the investor is already buying them at 16% below market value..

3. An ever increasing demand for student accommodation

Demand fuels the supply in the city of Loughborough.

- Objective 3.1 ▶ All student investments are turnkey ready and create cash flow from day 1.
- Objective 3.2 ▶ High student demand means that the accommodation is already pre-let for 2012.
- Objective 3.3 ▶ Affordable rent at £86 per week means this will always be a great option.

It's crucial that you understand the project proposal before you take this any further. Please make sure you agree with all the points above otherwise contact us to discuss an alternative project. If you are happy with the proposal and objectives, please continue reading.

PROJECT HIGHLIGHTS

The units are ready, the entire building is tenanted and the university year is in full swing. Loughborough will always be an attractive proposition to students. Below we outline key facts.

EMOTIONAL rationale for investing in Radmoor Residence, Loughborough:

- ▶ Always a demand for purpose built student accommodation near the campus.
- ▶ Students are being squeezed because of record rents in the private sector.
- ▶ Affordable and decent quality of accommodation is becoming rare.
- ▶ Students are now more financially constrained than ever before i.e. increased tuition fees.
- ▶ The investments are completely hands off - It makes sense to buy with the least hassle.

FINANCIAL rationale for investing in Radmoor Residence, Loughborough:

- ▶ 7.1% net yielding investments - 5% higher than the banks will pay you.
- ▶ 16% discounts on current value - If you need to sell, you know that you have equity.
- ▶ Prices from £46,000 in an ever in demand area with limited options elsewhere.
- ▶ 0% void periods - In fact, 7.1% net yields is on a 48 week term.
- ▶ £0.00 required for maintenance, management or repairs - all costs are built in.

“My 2 student buys in Sheffield are such a great buy; I will be investing more soon.”
Nina Topping, London

THE FINANCIAL RETURNS

The following are based on the purchase of a single pod at Loughborough. All other fees and pricing indicators are based on an estimation unless stated otherwise.

Single unit purchase price	£46,000	This is the net price for 1 unit
Solicitors costs estimate	£715	Legal fees charged by solicitor
Any refurbishment costs?	£0	Total cash outlay: £28,215
Rental amount per week	£86	Median rental in the immediate area
Gross annual rent (42 weeks)	£4,147	Based on a 48 week academic year, 9.1% pa gross yield
Estimated percent of rent lost in voids	0	Due to rental guarantees and regularity of student lets
Gross rental income after voids	£4,147	per annum
Enter estimated annual expenses	£889	per annum – accounting for service charges and ground rent
Net income after expenses & voids	£3,257	per annum, 7.1% net yield
Total investment	£46,715	7.0% pa investment running yield for year one. 7.1% thereafter.

PROPOSAL SPECIFICS

WHAT IS THE LOCATION OF THIS INVESTMENT?

Radmoor Road, Loughborough

WHAT STAGE OF BUILD IS IT IN?

It is finished (and was completed in 2004). It is currently tenanted at 100% occupancy.

HOW MANY UNITS ARE THERE?

The total availability is 53 bedspaces, within 9 apartments. We are selling the full titles of each bedspace (or pod or room) for 250 years.

WHAT KIND OF UNITS ARE THEY?

Typically, a room measures between 12 sq.m to 14 sq.m. All rooms are en-suite which includes a shower, toilet and sink. Kitchen and communal facilities are shared with 4 or 5 other pods.

ARE THERE ANY DISABLED FACILITIES?

Ground floor rooms provide disabled access. Including the ground floor, there are three floors in total. The building does not provide lift access.

ARE THERE ANY PARKING SPACE?

The building offers 5 parking spaces. No parking spaces are available on a lease basis.

WHAT IS THE SALES PRICE PER UNIT?

£46,000 for one unit to £230,000-£276,000 for an entire apartment.

CAN I GET A BUY-TO-LET MORTGAGE TO BUY THIS?

In a normal situation, yes, these apartments are mortgageable. Each individual pod purchased on a separate lease is not available under a buy to let mortgage. In any case, we are looking for cash buyers due to the nature of the distressed sale. Please note, we are not financial advisors and cannot offer advice on mortgages.

WHAT KIND OF INVESTOR BUYS THIS KIND OF PROPERTY?

This will suit investors who want a hands-off investment, with little or no involvement, providing excellent cash flow with yields at circa 7-8%. Property traders may also find it suitable. Generally speaking, investors should be looking to utilise this asset class to provide a medium to long term rental income with minimal effort.

KEY FACTS

DEMAND / SUPPLY DYNAMICS (2010)

Full time HE Students: 13,756
University Spaces: 4,364 spaces
Private Purpose Built Halls: 2,012 spaces
University Development Pipeline: 111 spaces
Total Existing Accommodation: 6,376 spaces
% students able to access halls: 46%
% students in HMO/ home: 54%

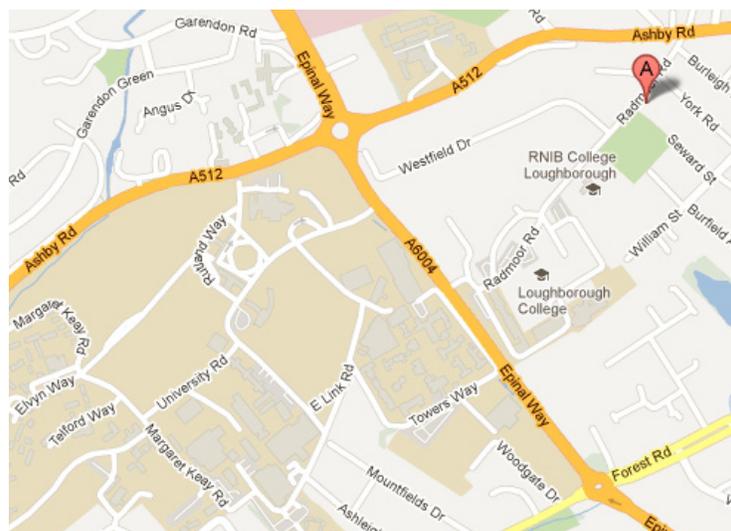
FINANCIAL BREAKDOWN 2011/2012

Asking price: **£46,000**
Occupancy (11/12): 100%
Rent inc. utilities (11/12): £86 per week @ 48 weeks
Gross income achieved: **£4,128**
Room schedule: 8 x 6 bed & 1 x 5 bed flat
Number of bed spaces: 53 beds in 9 flats

Rent comparables:

Asha House: £79 en-suite @ 48 weeks
The Foundry: £93.95 en-suite @ 48 weeks

LOCATION



CURRENT OPPORTUNITIES



▶ **7.1% Yield, £46,000**

This single room, measuring 13m² and on the ground floor consists of a junior double bed, a desk, wardrobe and a full ensuite facility. It is currently tenanted and brings in £86 gross per week on a 48 week let.

Using the numbers above, and accounting for service charges at £890 per academic year, the annual net yield is 7.1%.

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▶ **7.1% Yield, £230,000**

This 5 bed apartment, measuring 85m² and on the first floor is currently tenanted and brings in £430 gross per week on a 48 week let.

Using the numbers above, and accounting for service charges at £4450 per academic year, the annual net yield is 7.1%.

REF #1112RH-LOUGH5



▶ **7.1% Yield, £276,000**

This 6 bed apartment, measuring 98m² and on the first floor is currently tenanted and brings in £516 gross per week on a 48 week let.

Using the numbers above, and accounting for service charges at £5340 per academic year, the annual net yield is 7.1%.

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INVESTMENT TIMELINE

The project schedule has set dates which a client needs to adhere to, thus ensuring a smooth purchase procedure. Due to the nature of the fast moving acquisition process, the client must understand that he or she needs to stay on track and chase their respective solicitor. Whilst Aston Eaves will do their utmost to keep the client on track, after the initial stage the client must maintain regular contact with their solicitor that is handling the sale.

PHASE I: RESERVATION / Today	NOTES
<p>Once you have decided that you'd like to commit to an available property, please forward a reservation fee along with a reservation form (attached at the end of this document) and the property will be booked in your name. The reservation fee is entirely refundable minus a 15% admin fee until contracts are sent out. Once the contracts are sent out, the reservation fee is non-refundable.</p>	<p>£500 fee to reserve per unit via BACS or credit/debit card.</p> <p>This is our consultancy fee.</p>
PHASE II: PURCHASE AGREEMENT / 1-3 days	
<p>Once reservation has been approved, the client will be put in touch with all the required parties including the vendors solicitors. You can appoint your own solicitor or we can appoint one for you. During this time, the client will be required to complete a full purchase agreement and to forward a 10% deposit to the solicitor.</p>	<p>10% of the purchase price to be sent to the solicitor as a deposit.</p>
PHASE III: CONTRACTS SENT TO YOU / 21-28 days	
<p>The vendors solicitor will send you the sales contract. You must return the signed contract and remainder of the funds required (90%) on exchange and completion. The client will be requested to wire over the remaining balance to the solicitors.</p>	<p>Sign contract and send balance of funds (90%) to complete.</p>
PHASE IV: EXCHANGE AND COMPLETION / 3 days	
<p>Now you have completed, we will instruct the vendor to confirm all the rental agreements and any other outstanding details.</p>	<p>We will liase with the vendor to make sure you have everything.</p>

BULK PURCHASE OFFERS

BASICPACKAGE	BASICPLUS!	3INCLUSIVE
£500	£949	£1299
Reservation for 1 property	Reservation for 2 properties	Reservation for 3 properties
Lasts for 60 days	Lasts for 60 days	Lasts for 90 days
110% money back guarantee*	110% money back guarantee*	110% money back guarantee*
Minimum 6% net yielding	Minimum 7% net yielding	Minimum 8% net yielding
6 month rental guarantees	6 month rental guarantees	12 month rental guarantees
		Transferrable (student units)
		Priority Pick on new projects

* The 110% guarantee - If we are unable to secure you an investment opportunity according to the offers above, then we will offer a 110% return on the money you have placed with us - guaranteed. For example, if you wanted to go for the 3INCLUSIVE option and we were unable to secure you 3 student units that yield 8% net which were not sourced within a 90 day period, then we'd give you the £1299 back plus an additional £129.90 on top.

WHAT TO DO NEXT...

If you have any further queries or questions, then email us at sales@astoneaves.com.

Alternatively, please call us on +44 (0)20 3603 8903 and ask to speak to one of our consultants in relation to the development you are interested in.

THANKS FOR YOUR INTEREST!