



THE VICTUS EUROPEAN STUDENT ACCOMMODATION FUND

AN EXCELLENT FIRST YEAR

12 months on from its launch, the Fund continues to perform strongly and now has over £28 million of investment from a diverse long-term investor base made up of predominantly professional investors. Importantly, it has achieved its target return of 9-12% p.a. during the first 12 months, with average growth across the share classes of 17.65%.

In the UK, proposed lease agreements with local Universities will ensure 100% occupancy and greater security of tenancy. Whilst across Europe, the pipeline of identified European opportunities now exceeds £150 million, ranging from refurbishments to conversions of empty offices and traditional new builds.

The Fund now has seven European student assets, three already operating and four in development. Our strategic alliances have provided two assets in Germany – both have undergone part refurbishments, increasing rental levels between 26% and 34% for those rooms and resulting in an overall annual increase of 9-12% on the assets. Soon, we'll also have our first asset in France whilst in the Netherlands Crosslane, a Manchester based student accommodation specialist, is building a pipeline with a number of assets under review.

Over the last six months the Fund acquired an additional development in Newcastle adjacent to our initial property, further invested in German property and completed our Liverpool development scheme in February.

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EXPANDING INTO EUROPE

Our pipeline of European properties now exceeds £150 million, with acquisition and development fully operational in three countries. Demand for new purpose-built accommodation is increasingly apparent, confirming our strategy of mixing operating assets with new development.



FRANCE: targeting new acquisitions

To source suitable opportunities across France, CBB, a Joint Venture between Crosslane and BBFD, has been working with MGS Development, a specialist student residential consultancy practice. From their Paris office they have drawn up a priority list across the top 30 French University towns, targeting locations with an acute supply and demand imbalance of quality, well located, purpose-built student halls.

CBB have been quick to identify refurbishment opportunities too, and have secured two buildings in south east France which the Fund is likely to complete in May 2014.

Andrew Jamieson, European Acquisition Director at Crosslane, commented:

“These French assets are an excellent strategy fit for Victus; built at the end of the 1990s they’ve been well maintained and fully let. They also have an existing operator lease in place, removing any occupancy risk.”

Detailed due diligence is also currently being carried out on five further acquisitions including an office conversion, existing student properties and new developments.





Hermann-Ehlers-Haus, Oldenburg



Osnabrück



Osnabrück

GERMANY: continuing success

The Fund now has two properties from our Crosslane/Bauer Capital (CBC) joint venture, the latest being a well-known 310-bed scheme in a quiet residential district of Osnabrück. The most popular rooms in the property are 40 apartments refurbished by CBC prior to the acquisition, giving us the confidence to consider refurbishing the remainder with potential rental increases in excess of 25%.

A full feasibility study for this refurbishment and for our Oldenburg property is being carried out by Crosslane Property Advisor (Guernsey) Limited. Future growth from strategic refurbishment in phases will, over the next few years, form the basis of CBC's acquisition strategy for existing investment properties.



Oldenburg

The NETHERLANDS: finding the right opportunities

Student accommodation in the Netherlands is subject to unique, Dutch-specific renting laws restricting the level of rent according to a room or flat's specific qualities and features. These restrictions ignore supply and demand, so the parameters for new developments are very rigid. Using detailed locational research into the top 20 target markets together with local experienced agents, Crosslane have identified a number of opportunities including a new 260-bed studio scheme in Amsterdam currently undergoing detailed due diligence.



UK: BUILDING ON SUCCESS

Our core assets in the UK continue to prove successful, with proposed lease agreements with local Universities ensuring 100% occupancy and helping to expand development even further.



St James' Point, Newcastle

Newcastle

The Fund now has two adjoining developments on Pitt Street, adjacent to the Newcastle Business School. The first, St James' Point, consists of 218 studios and will be operational in September 2014; the second phase, St. James' Court, has a further 203 beds (primarily en-suite rooms in traditional cluster flats) for completion in September 2015.

Bristol

Development of Harbour Court is on schedule and will be ready for the September 2014 academic year. The Fund has agreed terms with the University of West England for a 3-year Nominations Agreement providing a guarantee of occupancy and establishing the property within the Bristol marketplace.

Dundee

Keiller Court continues to perform strongly and is already 50% booked for the 2014/2015 academic year, whilst also increasing rental income by 5%.

Liverpool

In February 2014 the Fund acquired development land close to the Tithebarn campus of Liverpool John Moores University, and this new development is now under way. It will provide 323 beds in a mixture of en-suite clusters and studios, and aims to be operational for the start of the 2015/16 academic year.



Harbour Court, Bristol



Old Mill, Dundee



Liverpool

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