



Savills IM UK Build to Rent Fund

June 2023

Key Updates

1

Fundraising: First close £30.9m (from JLFO), second close in mid-March from Samsung (£35m) and other investors in advanced DD (£30-40m) (expected to close in October 2023, taking total current Fund size to c.£100m)
Target raise: £150-200m

2

Seed Assets: First two assets (£60m GAV / c. 10% discount to stabilised value) are both forward funding single family assets located on high quality U&C masterplan sites:

- *Rugby:* 149 single family houses with phased handover having commenced with c.35% of the asset already income-producing
 - Video of asset [here](#)
 - VR Tour of asset [here](#)
- *Alconbury:* 49 single family houses with development currently underway and due to complete by Q1 2024

3

Pipeline: c. £100m GAV of both single and multifamily assets identified offering investors swift deployment

4

Market Timing // Why Now?: mismatch between market volatility and strong underlying fundamentals

1. Size: UK BTR market is < 5% institutionally owned versus c. 30-40% in the US and Germany
2. Increased institutional demand: 4x demand for single family assets vs. stock and assets trading sub 4% in Q1 2023
3. Entry Point: Attractive land pricing as we can bid up to 10% more than traditional UK housebuilders presenting a rare entry opportunity
4. Increased tenant demand as higher interest rates is resulting in households staying in the rental market for longer
5. Reduced supply due to COVID-19 backlog and Buy-to-Let (BTL) investors selling stock

Executive Summary

Our Platform

Track Record

Platform Capability

Investment Framework

The Opportunity

Why Residential?

Why the Fund?

Why Now?

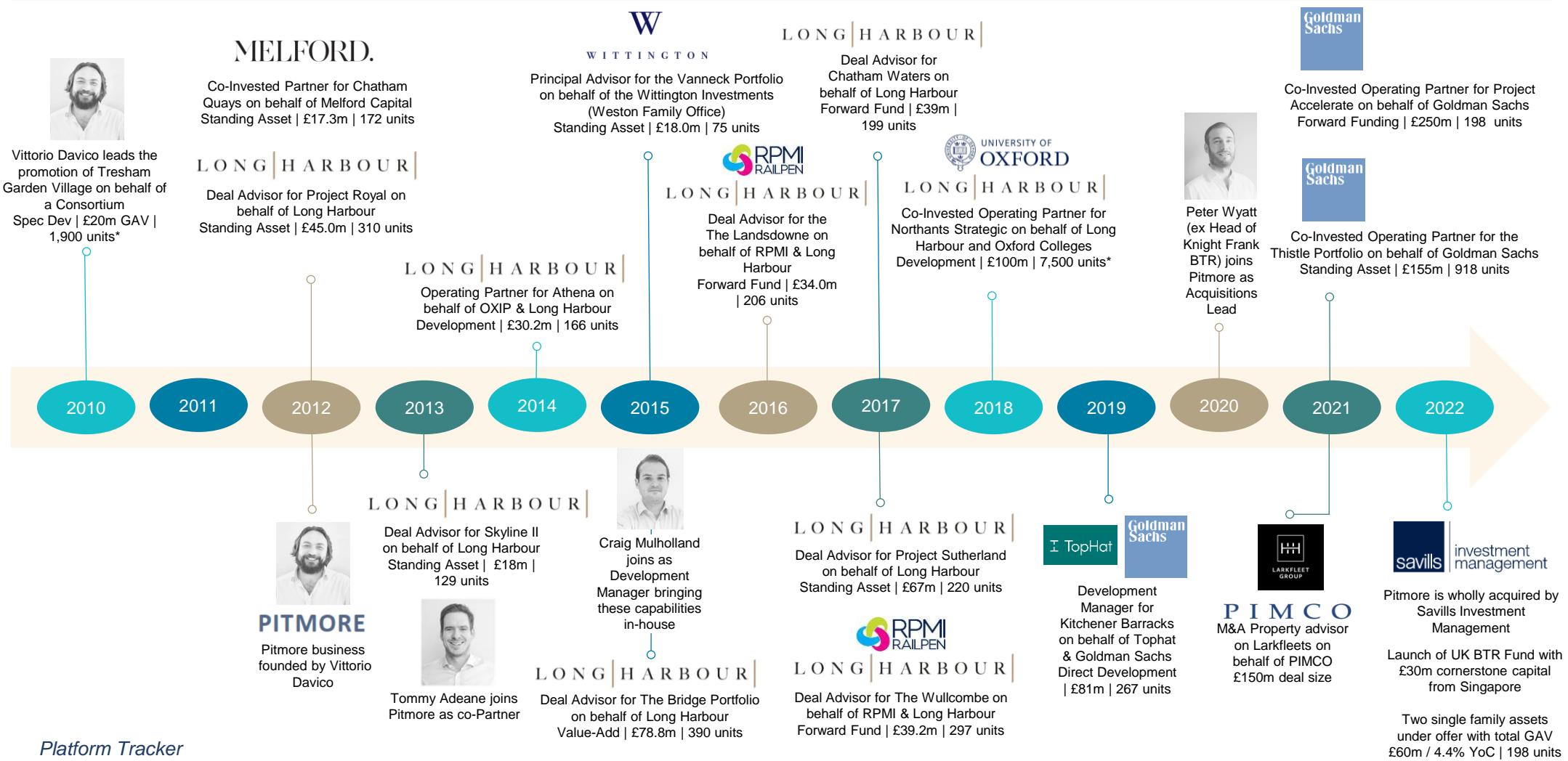
- **£800m GAV of track record** // Transacted across a variety of entry points and risk profiles
- Currently active from planning promotion through asset management
- One of the few Managers with the track record and ability to **complete both single family ('SFR') and multifamily ('MFR')**, from core standing stock to speculative planning
- Our **extensive networks** from origination, development to operations enable us to drive alpha at every stage
- Tactical framework to **achieve outsized returns** and add value through the life cycle of the asset
- Proven reputation and ability to **step into complex deals**, offering a solution to vendors with special situations
- Proprietary data-driven underwriting approach: analysis on all transactions, tenant profile & micro-locations to understand latent demand & asset pricing

Fund Term Sheet:

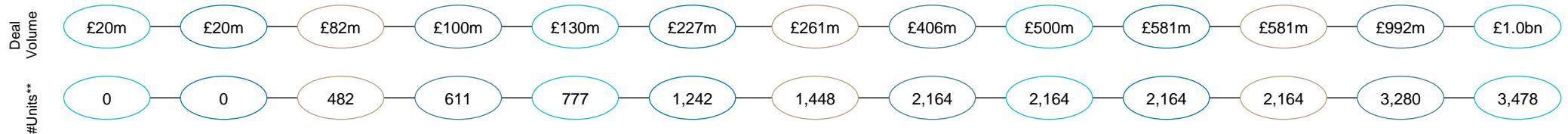
- Target Total Returns: 11-13% Pipeline IRR (levered, post fees, taxes, pre-promote) (note the Fund Target is 9-11%)
- Leverage: Currently 47.50% (limitation: 65%)
- Target Fund Size: £200m
- Current Fund Size: £70m
- Investment Focus: UK Residential (Single and Multifamily)
- Fund Term: Closed Ended (5 + 1 + 1)
- Investment Period: 3 Years
- Structure: Luxembourg FCP-RAIF

- Residential in the **UK is chronically underserved**, with institutional build-to-rent penetration lagging that of other developed markets
- '**First mover advantage**' opportunity for single family with only a handful of operators and only 0.2% of the market institutionally owned
- Huge demand from institutional buyers for both SFR + MFR, combined with the lack of stock providing **downside protection and 'floor' price**
- **£60m GAV / 4.50% YoC seed assets** secured // £300m GAV pipeline identified
- Focus on Masterplan (SFR) and Urban Regeneration (MFR) sites that benefit from **rapid improvements in infrastructure and neighboring amenities**
- **Diversification benefits** with SFR + MFR combination
- Disconnect between the institutional market which has seen c. 15% price shift and the occupational market which has yet to see this movement
- The step up in interest costs results in mortgage repayments c.35% higher than renting → resulting in households staying in the rental market for longer

Platform Growth Over Time...



Platform Tracker



*Land plots where our team is acting as the Master Developer, number of units are the total number of units that can be built on the site by other developers/house builders

** Excluding Master Development plots

Fund Team

Over fifty years of combined experience in the real estate investment market

TOMMY ADEANE MRICS
Fund Manager

- 14 years experience across residential and commercial property
- Managed a team that acquired £470m multifamily assets between 2013-2019
- Established Pitmore's single family residential JV with Goldman Sachs
- Qualified valuation surveyor and studied Real Estate Finance at Cambridge University



PETER WYATT MRICS
Acquisitions & Asset Management

- 15 years experience in residential property.
- Founded Fothergill Wyatt in 2010
- Former Head of Build to Rent and Funding at Knight Frank, where he closed £1bn+ of transactions in multi-family and single family across the UK
- RICS, Economics and Politics at Exeter + Real Estate Finance at Northumbria University



CRAIG MULHOLLAND
Development Manager

- 10 years wide-ranging experience in property
- Previously worked as a development and asset manager at Ardmore, a major UK multifamily developer
- Recent projects include Kitchener Barracks, a 305-unit £88m residential scheme in Chatham
- Craig Studied Business & Management at the University of Ulster



VITTORIO DAVICO
Investment Director

- 15 years experience across residential
- Leads origination and strategy for Savills IM UK Living
- Founded Pitmore in 2012; £750M of property transactions
- In 2018, he spearheaded the acquisition of two strategic sites for 8,500 new homes with a GDV of £3bn
- Cambridge University and Real Estate at Cass Business School



Why Us? Only Manager to have Track Record across the Resi Spectrum

Track Record Overview

- Transacted across a variety of entry points and risk profiles
- £800m total track of which, £112m forward fund, £232m development
- Currently active from planning promotion through asset management

1. Thistle Portfolio



GPP: 155m / 918 units / 14.0%

2. Project Accelerate



GPP: 150m / 562 units / 16.0%

3. Northants Strategic



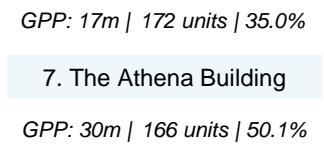
GPP: 100m / 8,500 units / 12%

4. The Wullcomb



GPP: 39m / 297 units / 5.8%

5. Chatham Quays



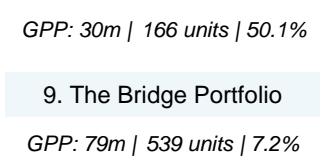
GPP: 17m / 172 units / 35.0%

6. The Lansdowne



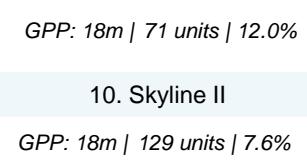
GPP: 34m / 206 units / 4.4%

7. The Athena Building



GPP: 30m / 166 units / 50.1%

8. Vanneck portfolio



GPP: 18m / 71 units / 12.0%

9. The Bridge Portfolio



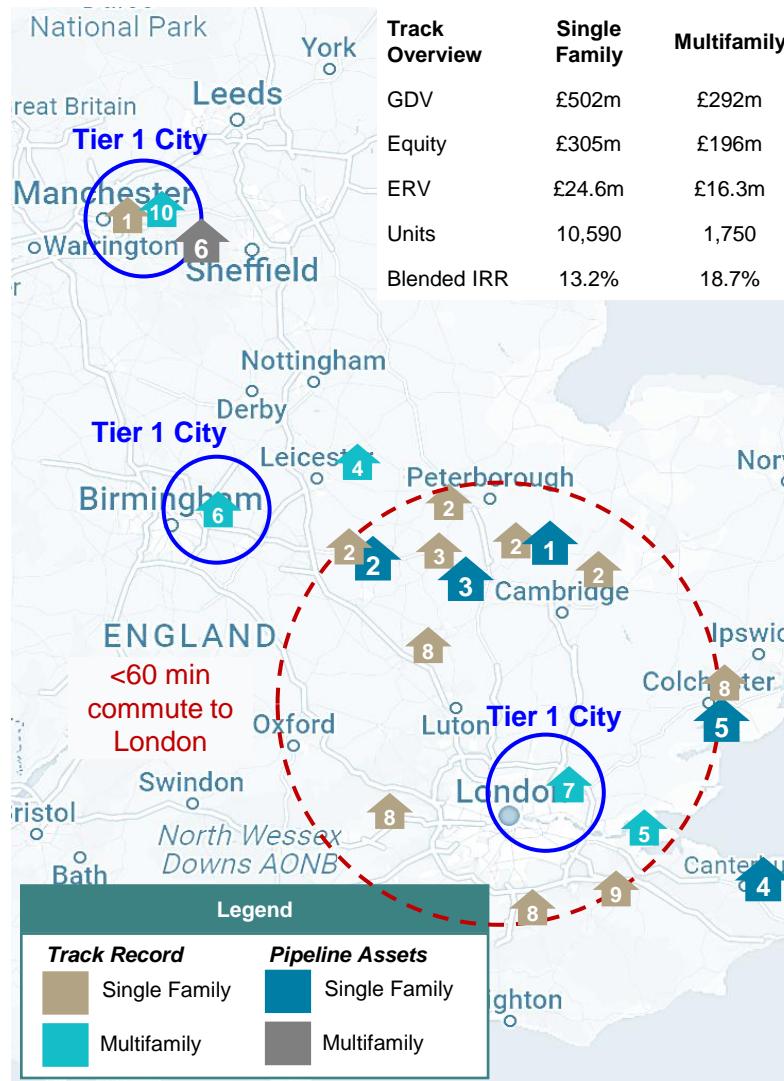
GPP: 79m / 539 units / 7.2%

10. Skyline II



GPP: 18m / 129 units / 7.6%

£800m GAV Transacted // £300m GAV Pipeline



For illustrative purposes, no guarantee that any particular deal or terms can be consummated

Pipeline Assets:

- 300m GAV total assets identified, £60m GAV assets under offer/exchanged
- Pipeline assets are in same locations as track record
- Strong potential growth areas where current tenant demand outstrips BTR supply

1. Alconbury – under offer



GPP: 15.9M / 49 units
11.8% Net IRR

2. Rugby – exchanged



GPP: 41.0M / 149 units
15.7% Net IRR

3. R43 Hanwood



GPP: 43M / 160 units
12.5% IRR

4. Broad Oak



GPP: 40.2M / 85 units
c.10% IRR

5. Stanway



GPP: 87.0M / 211 units

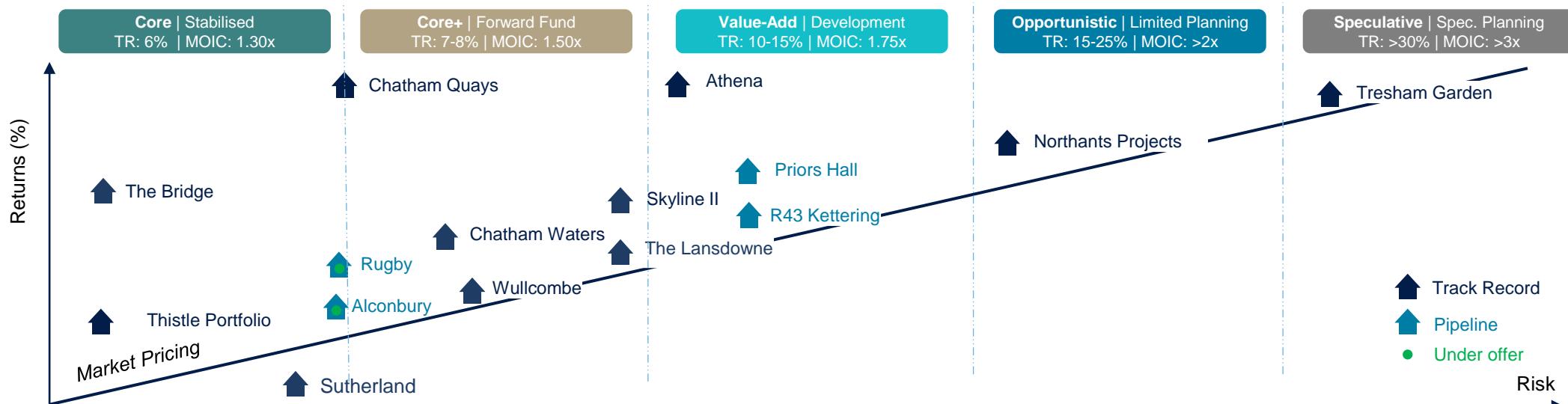
6. Ferrous



GPP: 29.8M / 107 units

'Off the Line' Higher Risk-Adjusted Returns

- Proven ability to have transacted across the risk spectrum – one of the few Managers with the track record from single family to multifamily, core to speculative
- True 'alpha' achieved with each deal as majority of deals have achieved outsized returns for their respective risk-bucket and market achieved returns
- On a risk-adjusted basis, we have consistently outperformed the market for our assets as we have the ability to step into complex transactions and drive alpha

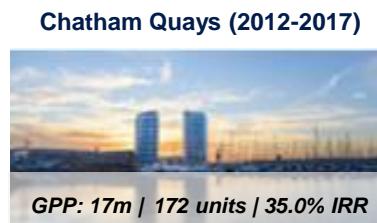


SIM's Active
Management
Driving Alpha



GPP: 155m / 918 units / 14.0% IRR

- 15% reversion due to under-renting
- Inefficiencies in management
- C15% ROCE on capex



GPP: 17m / 172 units / 35.0% IRR

- 40% let acquired at c.45% discount to break up value
- Complex title issues
- Highly aggressive sales and letting strategy



GPP: 30m / 166 units / 50.1% IRR

- Partially complete uninsurable building
- Highly complex 3-tier contractor build solution
- Secured 28 planning variations and retrospective insurance



GPP: 100m / 8,500 units / 12.8% IRR

- Delivery of >8,500 new homes, GDV c. £3.0bn
- Raised additional equity to de-lever the longer term land
- Homes England's exemplar for conservative project finance



GPP: 20m / 1,900 units / 3-4x

- Delivery of >1,900 new homes, GDV c.750m
- Highly sustainable exemplar, flagship Garden Village site
- Partnership with historic Deene Estate

Unique Toolkit – Origination | Development | Asset Management

Strong synergies from in-house capabilities across origination, development & asset management to drive alpha for our investors



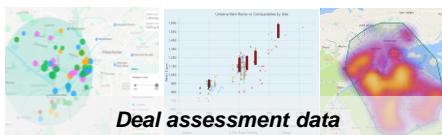
Origination & Execution

Team Expertise

- Extensive agency contacts who know the fund team and our extensive track record, ability to execute, speed and certainty of transacting
- Key long term relationships with both multifamily and single-family developers with programmatic framework in place with Urban&Civic (leading master developer in the UK)

Data

- Both a 'top-down' (cap rates, valuations) and 'bottom-up' (starting rents, rental growth) approach to underwriting assets
- Top-down: Web scrapping to identify all transactions
- Bottom-up: Assessing tenant profiles to determine affordability metrics and understand the latent demand



Deal assessment data



Development

- In-house development management expertise driving value with contractors
- Strong relationships with national and regional contractors
- Framework agreement with leading modular methods of construction ('MMC') builder
- Currently constructing 199 homes and large-scale strategic infrastructure



Development Management Report



Operations & Management

- Fund team underwrites asset specific mobilisation and operating budgets
- Marketing, PR, leasing and property management delivery co-ordinated by asset management team, with specialist service providers
- Data driven approach improves NOI
- Strong in-house leasing expertise

Revenue Maximisation:

- Tenant expiry profile
- Dynamic rental modelling
- Monitor take-up rate for services

Cost Management:

- Smart tech analytics via resident app drives operating efficiencies
- Smart metering infrastructure and wholesale procurement



Energy Efficiency Data



The Market

*WE SEE PROPERTY FROM
ALL ANGLES*

Market Update

1

Size of market: UK BTR market is < 5% institutionally owned versus c.30-40% in the US and Germany

2

Continued pent-up **institutional demand** supports pricing into Q1 2023

3

Attractive land pricing presents unique opportunity to scale up

4

Increased tenant demand as higher interest rates mean households rent for longer before buying

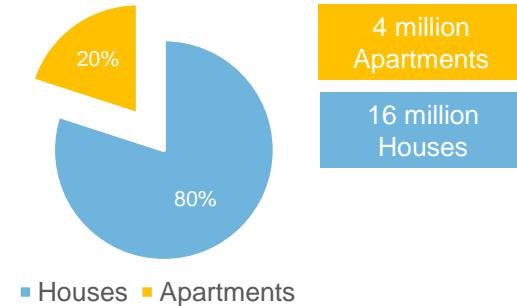
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Reduced supply due to COVID-19 backlog and BTL investors selling stock

1. Size: UK Residential Market is Nascent with Huge Runway for Growth

Nascent Size of Market // 0.2% of SF is Institutionally Owned

UK households: 20 million



25% of all households...

5 million Rental Homes

Institutionalised Rental Market: 5%

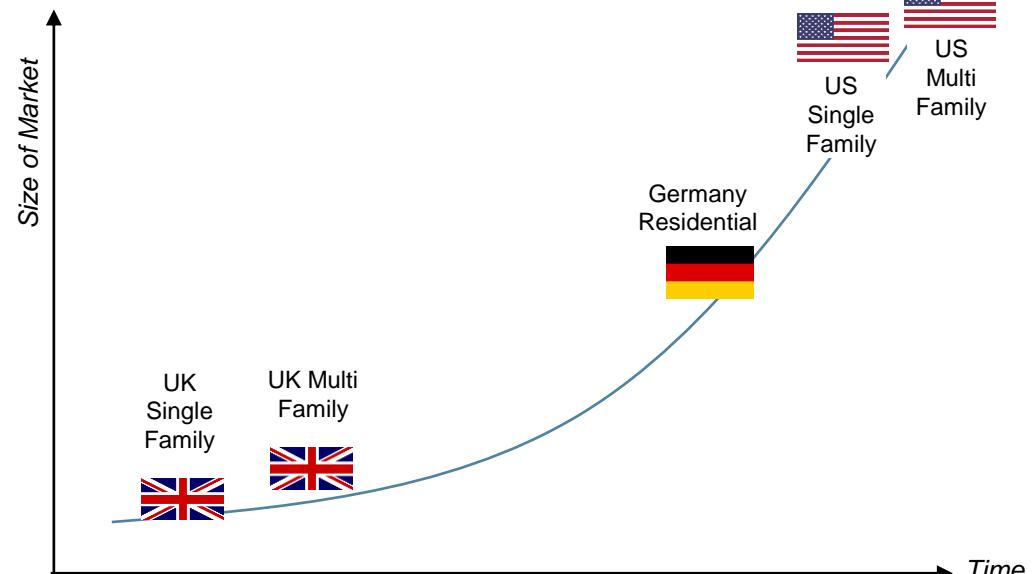
Institutionally owned...

250,000 Households



Source: Savills, October 2022

Runway for Growth with the UK Lagging other Leading Markets

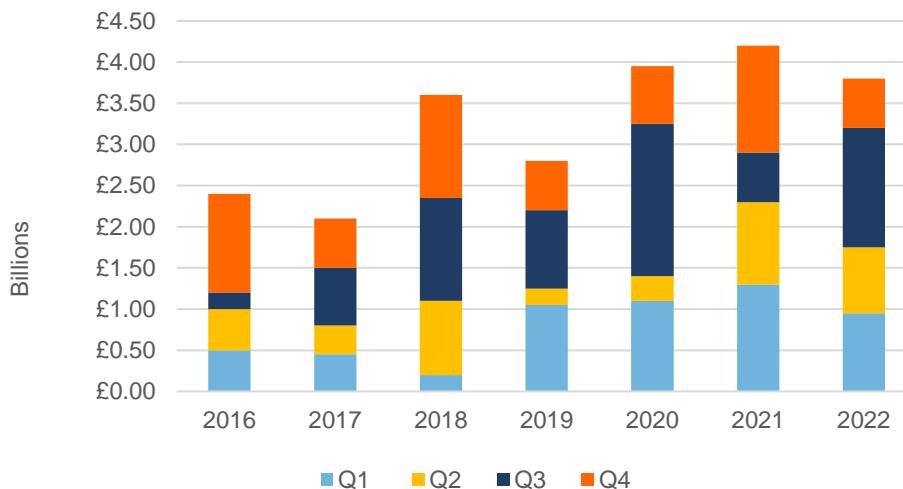


- The most sophisticated institutional market for resi, being the US, began almost 20 years ago. The UK is playing 'catch up', albeit the take-up will be much more rapid
- Both single family and multifamily institutionalised exposure is low in the UK compared to the US and Germany
- SFR is even less mature market than MFR
- This provides '**early mover advantage**' in the sector to become a market-leader

For illustrative purposes only

2. Demand - Institutions want access to inflation-linked, low volatility income

UK BTR Investment Volumes in Q4 2022 did not drop despite economic turbulence



Build to Rent Pipeline – Single Family: 4X Demand



Source: Savills, October 2022, Savills Jan 23, Knight Frank Dec 22

Q4 22 / 2023 - new global capital and partnerships entering the market

Packaged Living // USAA

- Q4 2022
- £500m Multifamily partnership
- 5,000 homes across the UK
- Development strategy



Brookfield

Godwin // Brookfield

- Q3 2023
- £1bn target
- Single family and multifamily

MGT IM // Oxford Properties

- Q4 2022
- £1bn Multifamily and Single family partnership
- 3,000 homes across the UK



Pricing of deals announced in Q4 2022, are more aggressive than our u/w exit for Single Family, illustrating no market slowdown

Single Family
Ockley Park, Hassocks
NIY: 3.85%

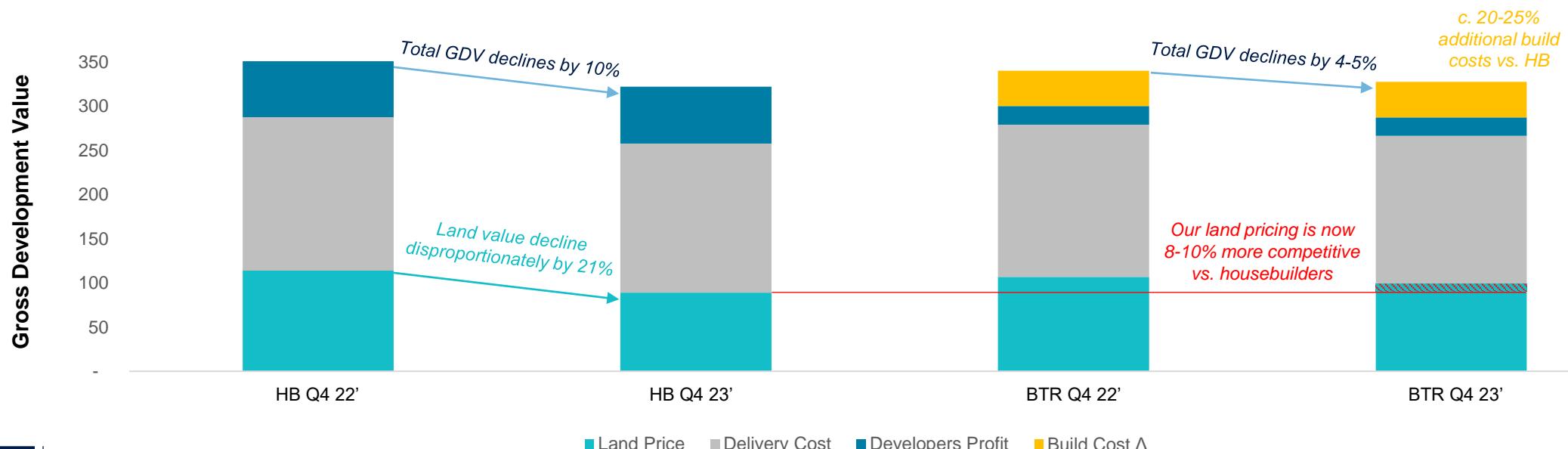
Single Family
Kedleston Grange,
Derby
NIY: 3.80%

Single Family
Cala, Crowthorne,
Berkshire
NIY: 4.00%

- Institutional demand for UK Single Family BTR stock is 4x higher than the anticipated stock over the next 5 years
- This will drive demand for institutional grade stabilised stock
- As a result, **single family prices will hold firm** versus traditional CRE
- Evident in **recent transactions trading at sub 4%**

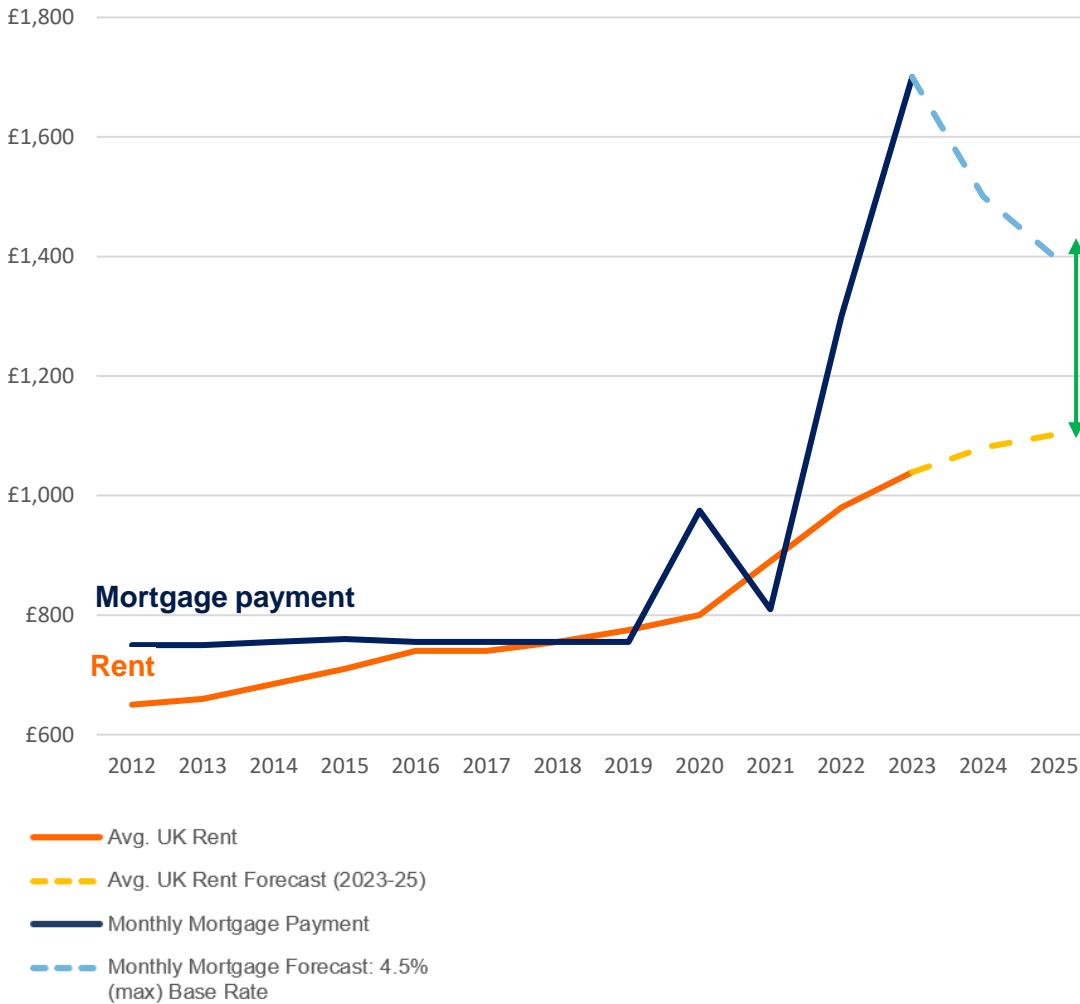
3. Land Pricing: BTR developers are now more competitive

	Housebuilders ('HB') // Build To Sell	Build To Rent ('BTR') Buyers
Build Costs	Lower build costs for national housebuilder who build at scale	Relatively higher (c. 20-25%)
For-Sale House Prices Q4 22' – Q4 23'	10% decline anticipated	N/A (given BTR purchasing from the investment market)
Cap Rates Q4 22' – Q4 23'	N/A	50bps yield expansion Q4 '23
Rental Growth	N/A	10% increase in rental growth
Overall Impact on Land Values	c. 20% decline on land prices	c. 8-10% decline on land prices
Commentary	The combination of these two impacts is creating a unique opportunity where in some locations BTR land values are now higher than HB as the strong rental growth means our land price offering has only declined by c.8-10% versus housebuilders which have declined by 20%	



4. Tenant Demand: Higher Rates Mean People Rent Longer

Affordability // Renting c. 27% cheaper than mortgage repayments



2023-25 Forecast Assumptions

SONIA 3m forward rate:
Maxing at 4.25% in 2023 and trends
towards 3.50% in 2025

Rental growth assumed:
2023: 6.0%
2024: 4.0%
2025: 2.0%

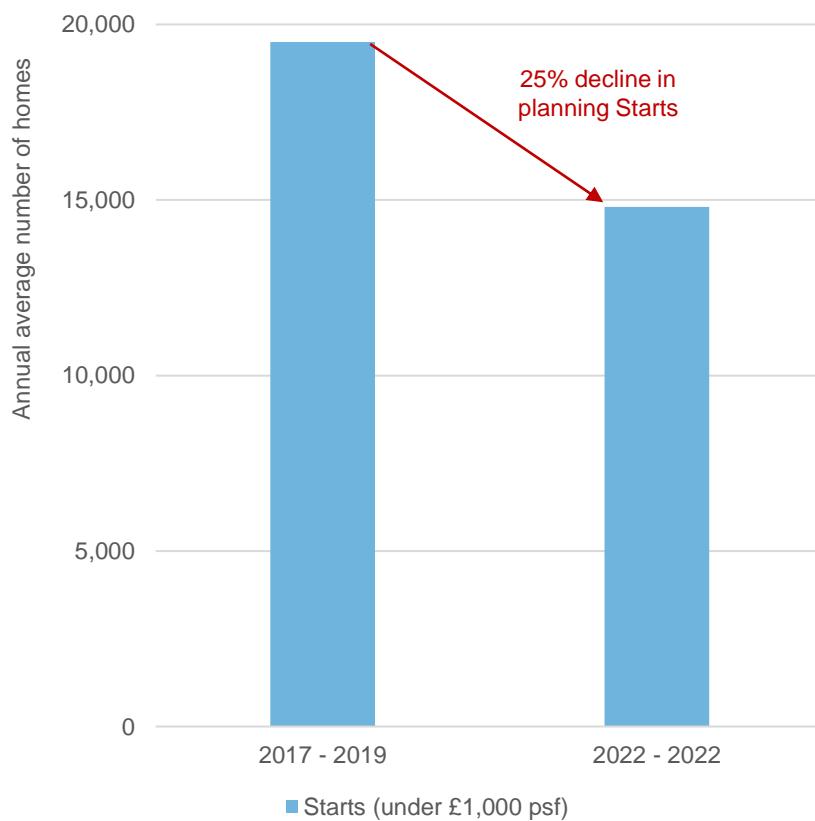
The average monthly amount spent on a
first-time buyer home

- <1% risk-free rate decade is over: Long term (2025 beyond) SONIA trending towards 3.50% in 2025 and sub 3% over the longer term (10 years)
- This results in a shift in the relative cost of renting vs. buying for the foreseeable future
- Real Earnings Growth Decline: Inflation + increased cost of living means real earnings won't return to today's levels until well into 2024
- The combination will result in households staying in the rental market for longer driving demand for stock
- Renting currently offers better value versus owning a home and this divergence will continue in the future with the end of the 'sub 1% rates' era
- People will be renting for longer as owning a home becomes unviable, which improves BTR operating metrics

5. Reduced Supply: COVID 19 + Interest Rates Pressure

Planning since 2020 has declined by c. 25%

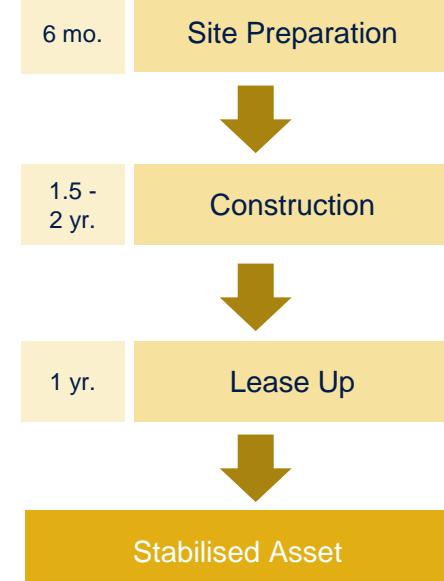
Planning Process: Lack of starts won't be felt in the market until a further c. 5-6 years



Planning Process



Construction Period

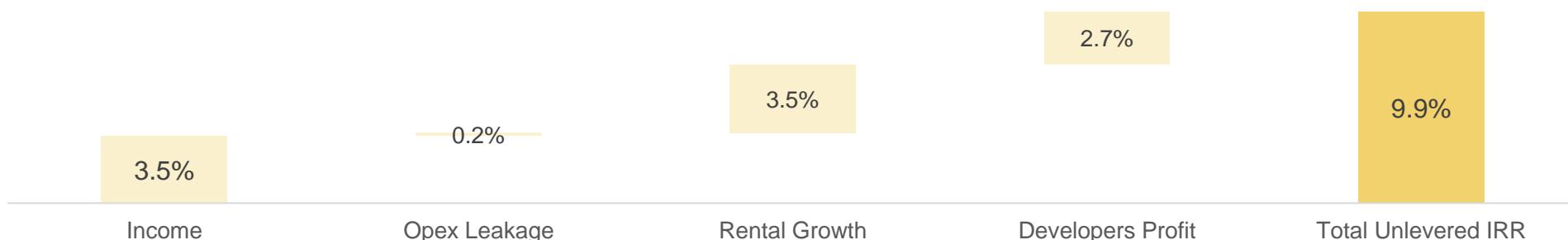


- COVID (planning system inefficiencies + Interest rate hikes (heightened application withdrawals)) = Sharp dip in project starts
- 5-6 year process from planning to stabilised + a forward exit timeframe in 2-3 years = Stark lack of stock → creating upward pressure on exit

Source: Savills December 2022



Strong Market Fundamentals: Stable Income & Exit Yields



We generate ~340bps Added Value From Active Management

How we add value?

1 Off-market deals

Increased Developers Profit

4 ESG Upgrades // Future proofed

Premium Exit Cap Rate

2 Innovative Deal Structures

Downside Return Protection

5 Best in Class Institutional Portfolio

3 Masterplan/Urban Regeneration Sites

Outsized real rental growth

6 Opex Controls + Intensive Revenue Mgmt

Maximised NOI

Unique Execution Framework

Data Driven Approach

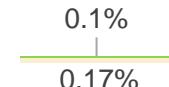
15-year track record

Connection to Savills

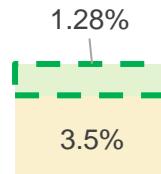
Exclusive framework with leading UK housebuilders



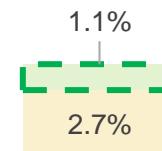
Income



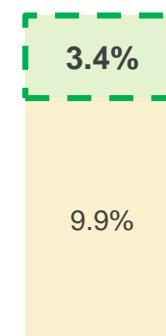
Opex Leakage



Rental Growth



Developers Profit

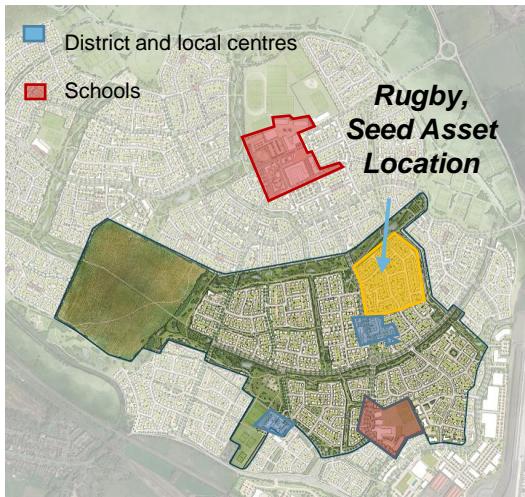


Total Unlevered IRR

Attractive Deal Types Driving Alpha

Masterplan Sites: Single Family

- Focus on sites within **masterplan** or **urban regeneration schemes** that benefit from rapid infrastructure and future build phases
- **'15-minute' communities**, the site is typically located close to amenities and services such as primary and high schools, cafes, gyms, parks, walking routes and other amenities that make the site desirable for tenants



- ✓ Higher than market rental growth as the asset is constantly improving
- ✓ Focus on delivering EPC A rated assets with high ESG specifications suited towards renters
- ✓ Assets that have fast delivery to market to ensure speed to income
- ✓ Ability to deliver via modular with high eco-spec product
- ✓ Assessing affordability to capture any hidden latent demand

Urban Regeneration Sites: Multifamily

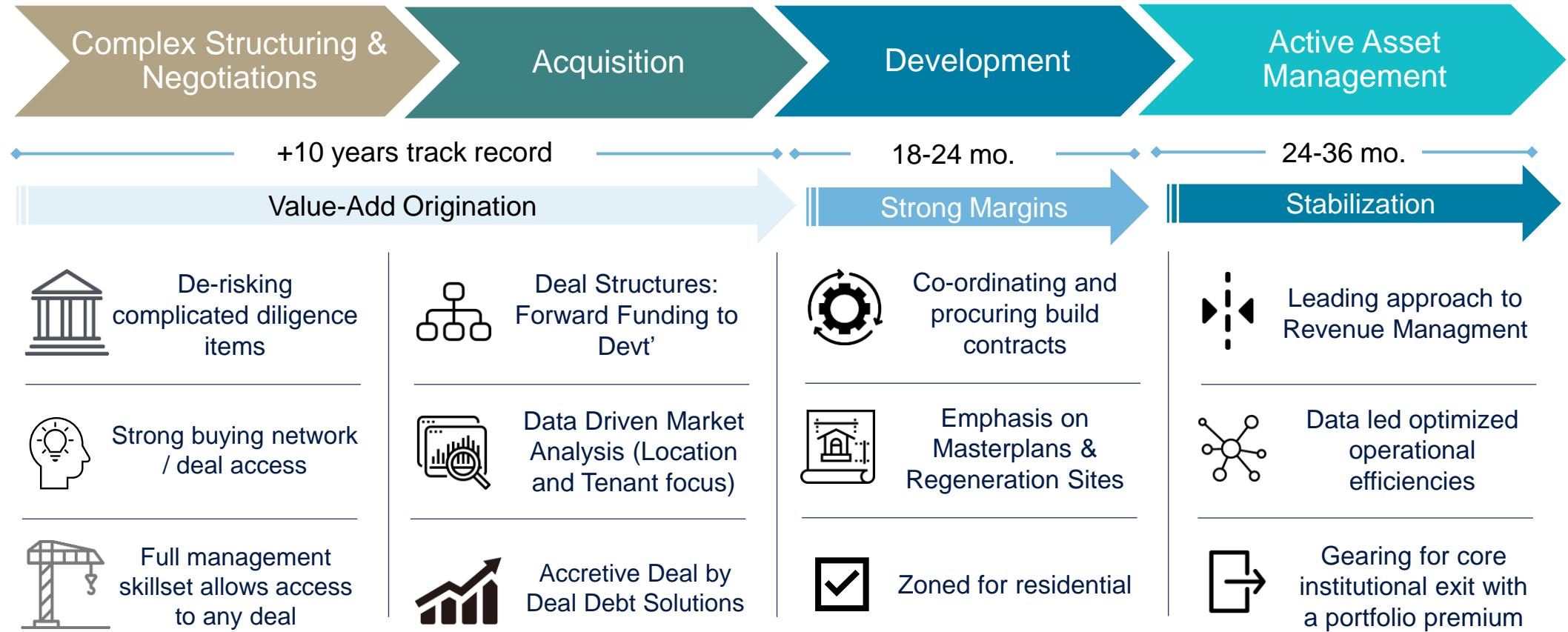


- ✓ Focusing on 5 key locations (Tier 1 cities): London, Leeds, Birmingham, Manchester and Milton Keynes
- ✓ Location based off the highest future growth in infrastructure spend, retention rate of graduates, population growth, expanding employment hubs etc
- ✓ Super eco leading ESG credentials with a net zero target
- ✓ Leading design and build
- ✓ High on-site amenities: co working, gym, laundry provisions

Single Family vs. Multifamily: Key Differences

	Single Family / Houses ('SFR')	Multifamily / Apartments ('MFR')
Characteristics	<ul style="list-style-type: none"> • 50-200 home parcels • Suburban and regional towns • Simple / practical services offered 	<ul style="list-style-type: none"> • 100-250 individual apartments • High level of on-site amenities and services
Location	<ul style="list-style-type: none"> • 15–20-minute drive to key employment centres (65% of single-family renters commute to work by car) 	<ul style="list-style-type: none"> • Large UK Tier 1 cities and commuter towns • 40-minute train ride into key employment hubs
Cap Rate	<ul style="list-style-type: none"> • 4.00% - 4.25% entry 	<ul style="list-style-type: none"> • 4.25% - 4.50% entry
Tenant Profile	<ul style="list-style-type: none"> • 25-40 year old people • Young families • <30% income towards rent • Average tenure: 3-5 years → 'stickier' tenant 	<ul style="list-style-type: none"> • 20-35 year old people • Singles or young couples • >30% income towards rent • Average tenure: 2-3 years
Rental Growth	<ul style="list-style-type: none"> • CPI for market stock 	
Income Profile	<ul style="list-style-type: none"> • Phased handover allows for faster income to be generated • Highly stable income stream • Steady rental growth 	<ul style="list-style-type: none"> • Once completed, lease up rates are faster • More variation in income stream • Higher turnover vs. single family • Potential to capture higher rental growth
Operating Costs	<ul style="list-style-type: none"> • Predictable operating costs (c.20%) 	<ul style="list-style-type: none"> • Higher operating costs (c.30%)
Supply	<ul style="list-style-type: none"> • Both SF and MF are undersupplied versus inherent demand for PRS households 	

Tactical Investment Framework to Achieve Outsize Returns



Framework to detect and realise special situation opportunities

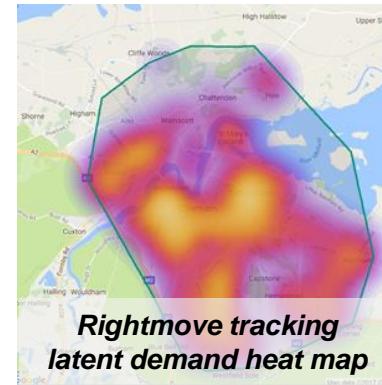
- Proven reputation and ability to step into complex deals thus offering a solution to vendors with special situations
- Specialist knowledge and technical skills for challenging projects and distressed debt workouts

Data Driven Approach to Drive Execution

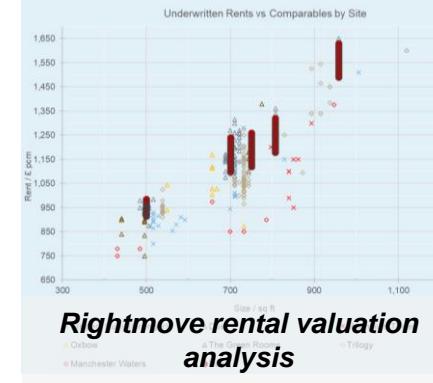


Acquisitions

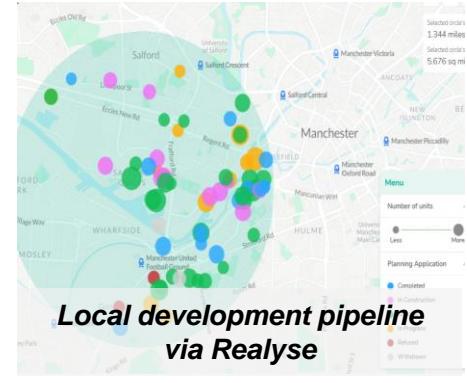
- Proprietary valuation system
- Data scrape all comparable rental and sales units via:
 - Rightmove
 - Realyse
 - Land Registry
 - EPC



Rightmove tracking latent demand heat map



Rightmove rental valuation analysis



Local development pipeline via Realyse



Cost Management

- Smart tech analytics via resident app drives operating efficiencies e.g. energy-use control
- Procure strategies and lifecycle management at the asset and portfolio level
- Smart metering infrastructure and wholesale procurement



Smart locks via resident app



EV charging-enabled BTR product

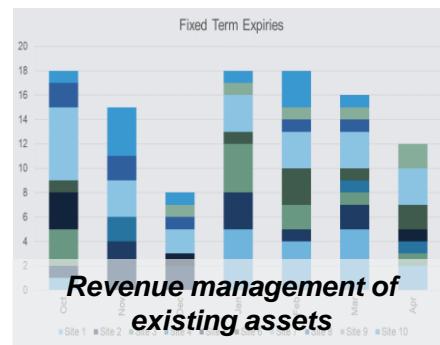


Energy consumption tracking with Geo



Revenue Optimisation

- Management of tenant expiry profile
- Dynamic rental modelling
 - Monitor take-up rate for services
 - Track amenity use



Revenue management of existing assets



Monitoring wifi take-up



Multifamily amenity



Fund Assets

*WE SEE PROPERTY FROM
ALL ANGLES*

Asset #1: Rugby (Single Family) – Completed



PROJECT DETAILS

Subject Scheme	Rugby
Accommodation Types	51 x 2-beds, 98 x 3-beds
Asset Type	Single Family
Deal Type	Corporate acquisition / Forward Fund
Development Partner	Urban & Civic - UK's leading master developer Lovell – experienced contractor with 50+ year track record.
Planning Status	In construction - first units delivered
Location	c. 30 min drive to Coventry c. 40 min drive to Birmingham c.50 min train to London



Investment rationale

- Substantial risk-return asymmetry relative to openly marketed forward funds
- Unrivalled knowledge of the asset having been on-site for 12 months
- Established working relationship with U&C
- Low execution risk as anticipate placing full reliance on comprehensive DD completed by SIM c. 12-months ago



Data Analytics

- “Datascape” of Rightmove Plus informs rental underwrite of £19.2 psf
- Masterplan rental growth outperformance of 2.1% at Rugby
- ONS data highlights affordability headroom of 6-10% across all unit types
- Most prevalent PRS MOSAIC households in Rugby are “Midlife stopgap” and “Renting a room” (Experian)



INVESTMENT CASE

	Total	£psf
Remaining Development Cost	£7,535,917	64
NOI	£1,842,964	15.6
NIY	4.41%	
AIC	£41,350,202	350
Discount to VP	6.2%	
Post-tax IRR (sale at stabilisation)	16.9%*	
Equity	£19,987,872	



ESG

- Energy Efficiency: EPC A rating targeted
- EV charging points to be made available
- Inclusion of Solar Photovoltaic Panels to all units
- 3.5 star Home Quality Mark (HQM)
- Social: 2,900m² of community facilities
- Smart home technology: enable tenants to monitor, control and optimise their energy usage



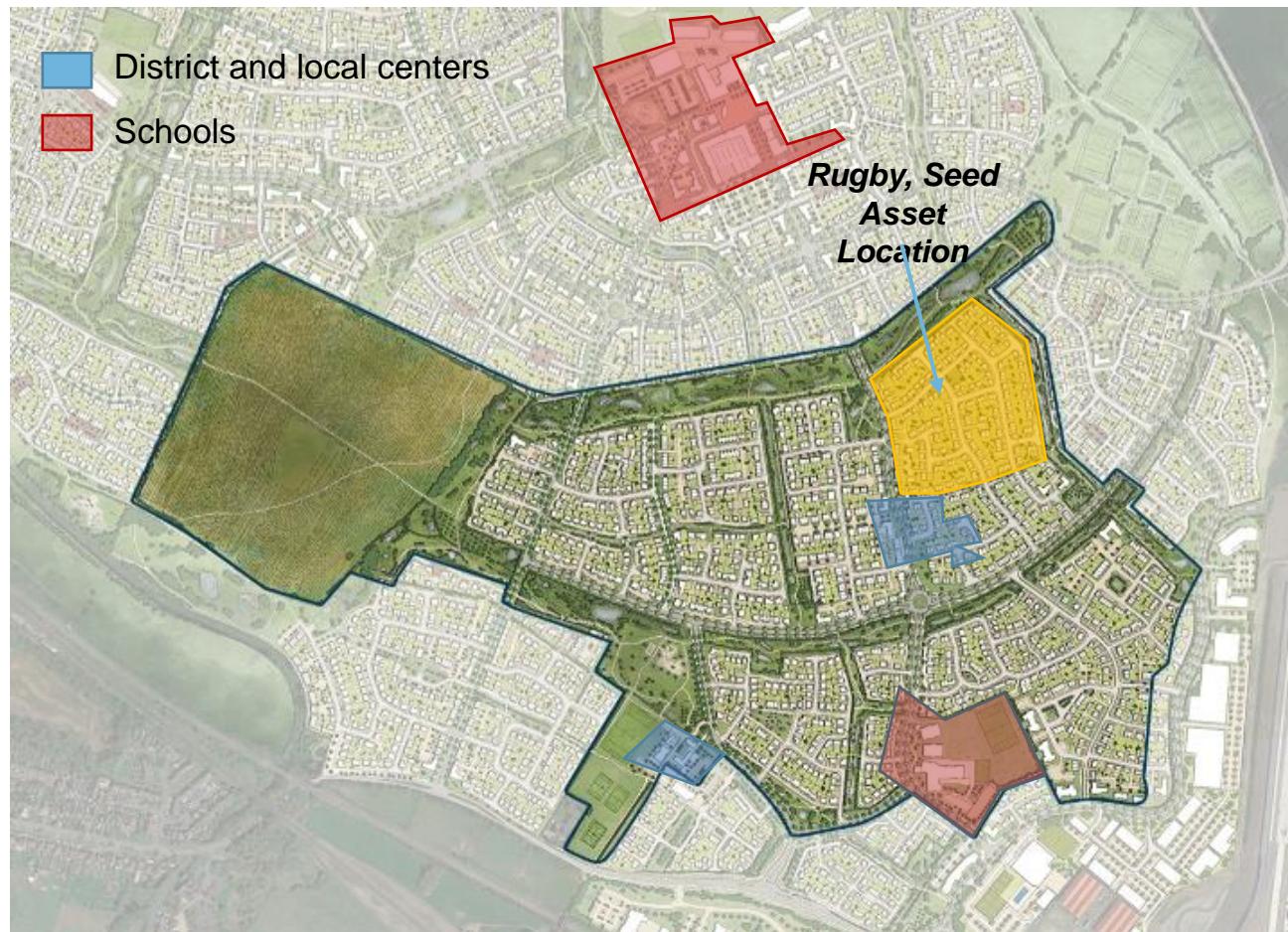
investment
management

*These returns are based on current under-write and cannot be guaranteed

Phase 1 of the Masterplan

The target parcel represents 11% of Total Houlton Site

Phase 1 Map



Source: [Urban&Civic](#)

Phase 1 Characteristics

- Since the first residents moved in, Houlton has become home to more than 280+ families
- Phase 1 is already partially complete, and tenants will benefit from immediate access to facilities including a new primary school and a local centre



Up to 500
Homes



1
New Primary School



New
Bus stops



1
New High School



8
Hectares of
employment floorspace

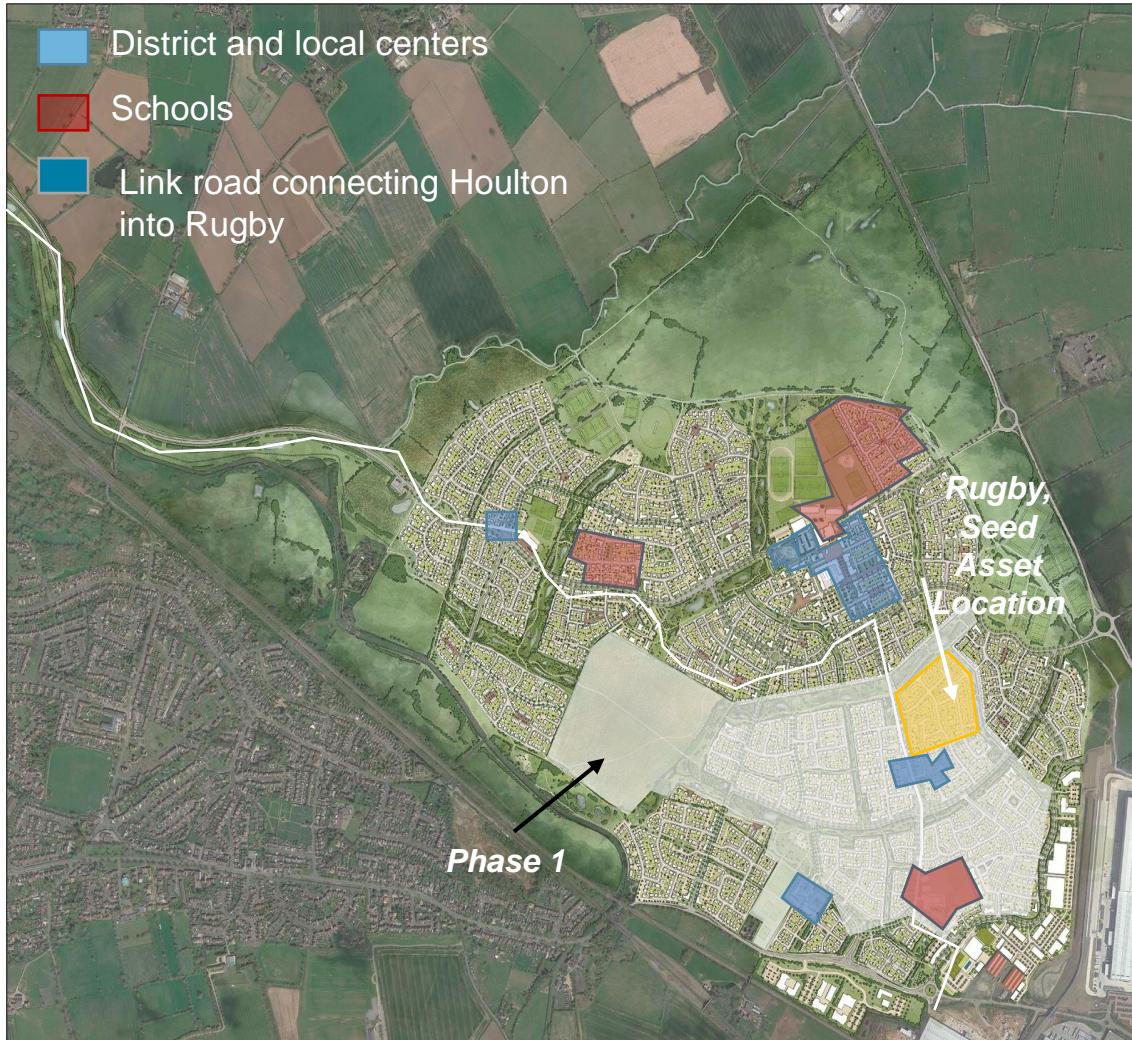


District Centre
Café, Grocery Store
and Nursery

Broader Masterplan

Comprised of 3 Phases - Rugby will be developed throughout 15 years

Masterplan Map



Amenities on site

- 5,950 new homes
- Amenities:
 - 4 new schools
 - >1million sq ft of employment space
 - multiple local centres
 - 567 acres of formal/informal open space
 - 8 GP health centre
- The newly opened link road (Houlton Way) is a direct connection to Rugby town centre and its facilities
- Bus journey from Houlton to Rugby Train Station (West Coast Mainline – one of the most important railway corridors in the UK) only takes five minutes.



*Location of phase 2 and 3 are not indicated on the website

'15 minute' community drives tenant attraction



Gym and Spa



Increased walkability



A place for all ages



Bike paths



Children's Playground



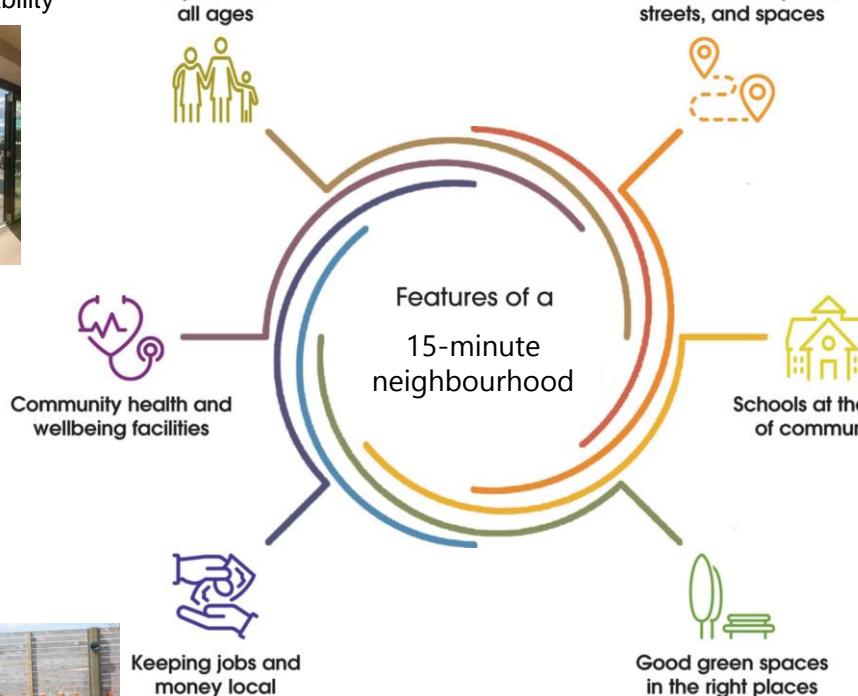
Community Yoga



Club



Local Grocery Store



Café at Dollman Farm



Nursery / Day Care



Green spaces



Primary School



High School

Significant infrastructure investment already accessible

Houlton High School



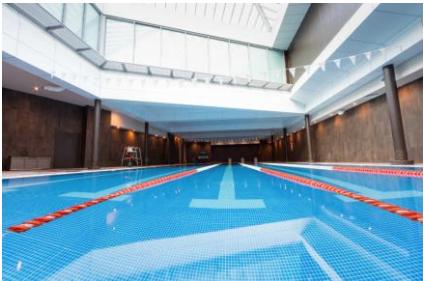
Placemaking // Greenery



Cycle Paths
16km of foot and cycleways in the community



Brand New David Lloyd Club in Progress



Indoor Lap Pool



Exercise Spin Class



Gym Section

Unrivalled health, racquets and spa facilities. The club will be home to a state-of-the-art gym, a luxurious spa, hundreds of exercise classes, and indoor and outdoor pools. The spacious Clubroom will be the perfect place to eat and relax, and additional facilities including crèche, kids' activities



Outdoor pool and tennis courts (not pictured)



Sauna / Spa facilities



Crèche for ages 3 months to 4



Pilates classes



Kids play area



Dining options



Flexible space

Asset Photos

149 single-family residential units comprising of 2 and 3 bed houses



External Facade



Kitchen



Living Room



Dining Room



Second Bathroom



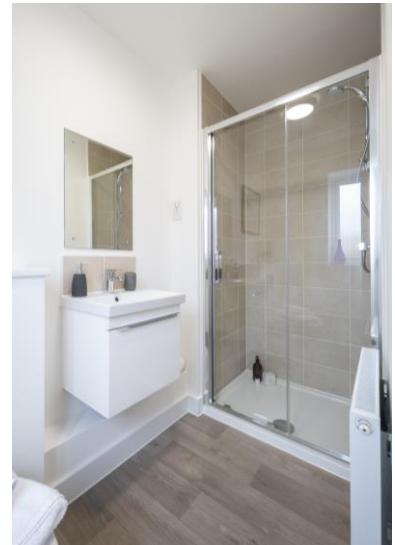
Master Bedroom



Bedroom 2



Bedroom 3



Master Bathroom



EV charging points



Solar Photovoltaic Panels

Asset #2: Alconbury (Single Family) – Complete



PROJECT DETAILS

Subject Scheme	Alconbury
Accommodation Types	5 2BFs, 6 x 2-beds, 37 x 3-beds, 1 x 4-bed
Asset Type	Single Family
Deal Type	Forward Funding
Development Partner	Urban & Civic - UK's leading master developer Lovell – experienced contractor with 50+ year track record.
Location	c. 30 min drive to Cambridge c. 1hr10' train to London



Investment rationale

- >10% discount to market value
- Returns do not reflect ultra-strong covenant of developer and contractor
- Rents on the masterplan have grown at 4% premium to local stock, and 1.75% premium than regional rents
- Future pipeline – Phase 2 150+ units available with the same developer



Data Analytics

- “Datascape” of Rightmove Plus informs rental underwrite of £18.1 psf
- Masterplan rental growth outperformance of 1.9% at Alconbury ONS income data highlights affordability headroom of 2-10% across unit types
- Most prevalent PRS MOSAIC households at Alconbury are “Contemporary Starts” and “Midlife Stopgap”



INVESTMENT CASE

	Total	£psf
Development Cost	£8,861,016	199
NOI	£715,000	16.1
NIY	4.57%	
AIC	£15,644,457	353
Discount to VP	8.3%	
Post-tax IRR (sale at stabilisation)	11.4%*	
Equity	£15,538,312	



ESG

- Energy Efficiency: EPC B rating targeted vs UK average D rating
- Site is part of a wider masterplan offering: a gym, sports clubs, cricket pavilion & community centres
- Engagement with tenants will be formed via:
 - Residents App
 - Community events
 - Health and wellbeing surveys

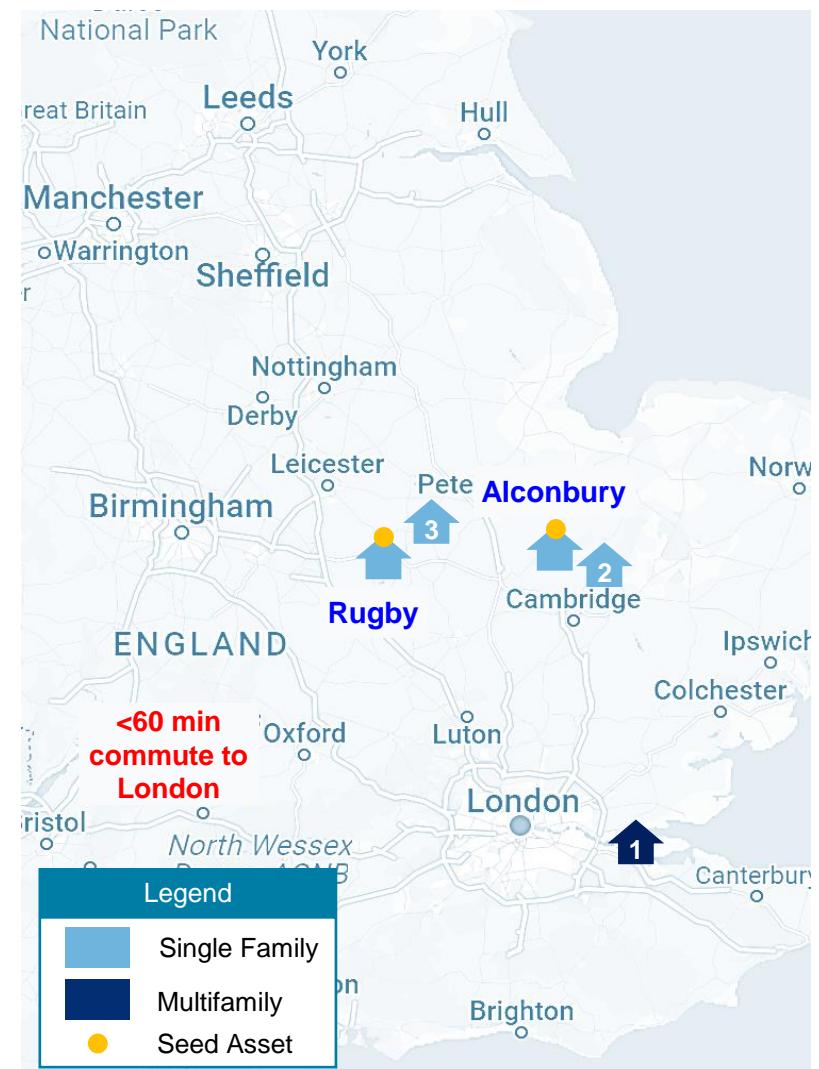
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Three Complementary Pipeline Opportunities



	1. Kitchener	2. Ely	3. Hanwood Park	Total
Deal Type	Multifamily	Single Family	Single Family	
Deal Structure	Forward Commitment	Direct Development	Direct Development	
Developer	TopHat	SIM TopHat	SIM TopHat	
Time to Income	July 2023	October 2023	December 2027	
Return	11.06%	14.01%	12.90%	
Hold Period	4 years	4 years	4 years	
Discount to Market	7.2%	8.3%	>10%	
Total Deal Equity	£24.9m	£18.0m	£15.2m	£58.1m
Investment Rationale	<ul style="list-style-type: none"> Low risk with outsized returns Fast to income Strong ESG creds, modular component and conversion of barracks to multifamily 	<ul style="list-style-type: none"> Direct development with a forward funding risk profile Reserve matters approved Locked in build contract secured 	<ul style="list-style-type: none"> Discounted land payment (c. 25%) Delivering net zero modular housing Bespoke deal structure reduces risk 	

Seed and Pipeline Assets - Map



- 100% sourced off-market via bespoke relationship with UK's largest modular housing developer, TopHat
- Diversification via geography, income stream, build type and returns profile

Fund Term Sheet

Target Fund Size	<ul style="list-style-type: none">■ £200m equity (c. USD 235m)■ Up to 65% LTV of GAV for Fund (currently Fund LTC at 47.5%)
Status / Timing	<ul style="list-style-type: none">■ First close: 12 August 2022■ 12-month capital raising period
Investment Focus	<ul style="list-style-type: none">■ Value-Add■ Residential (Single Family & Multifamily)
Geographic Focus	<ul style="list-style-type: none">■ UK Private Renters Scheme
Fund Term	<ul style="list-style-type: none">■ Closed Ended Vehicle (5 + 1 + 1)■ 3-year investment period■ Equalisation with 7% capital charge
Total Return Target	<ul style="list-style-type: none">■ 11-13% Pipeline IRR, Note Fund Target is 9-11% (levered, post taxes, fees, pre-promote)
Fees Structure	<ul style="list-style-type: none">■ Current Fee Structure for Investors<ul style="list-style-type: none">• 1.50% p.a. on capital deployed■ Performance Fee of 20% over 7% IRR Hurdle with 50% catchup
Vehicle Structure	<ul style="list-style-type: none">■ Luxembourg FCP-RAIF



*WE SEE PROPERTY FROM
ALL ANGLES*

Complete Track Record

Role	Property	Realised/ Unrealised	Location	Strategy	Investment Style	Acquisition Date	Purchase Price	Levered IRR (*Forecast IRR)	Development Involvement
Co-Invested Operating Partner	The Thistle Portfolio	Realised	Liverpool, Manchester	Core+	Standing Asset	2021	£155.0m	7.78%	Capex upgrade program
Co-invested Operating Partner	Project Accelerate	Realised	Rugby, Cambridge, Huntingdon	Value-add	Development	2021	£150.0m	43.1%	Full development management of direct development projects. Management of forward funding contracts.
Co-Invested Operating Partner	Northants Strategic	Unrealised	Northamptonshire	Opportunistic	Development	2018	£100.0m	*12.4%	Full development management of GDV £3bn projects. C.£100m of contracts placed to date.
Deal Advisor	The Wullcombe	Unrealised	Leicester	Core	Forward Fund	2017	£39.2m	*5.8%	Specification, design, costings
Deal Advisor	Chatham Waters	Realised	Kent	Core	Forward Fund	2017	£39.0m	9.9%	Specification and design
Deal Advisor	Project Sutherland	Unrealised	London	Core+	Standing Asset	Feb 2017	£67.0m	N/A	Monitoring / audit of development process
Deal Advisor	The Lansdowne	Unrealised	Birmingham	Core	Forward Fund	Aug 2016	£34.0m	*4.4%	Specification and design
Operating Partner	The Athena Building	Realised	London	Opportunistic	Development	Jan 2014	£30.2m	50.1%	Full development management of three separate complex packages
Principal	The Vanneck Portfolio	Realised	Reading, Crawley, Colchester, Milton Keynes	Core+	Standing Asset	2015	£18.0m	12.0%	N/A
Deal Advisor	The Bridge Portfolio	Realised	Tonbridge, Tunbridge Wells	Value-add	Standing Asset	Sept 2015	£78.8m	7.2%	N/A
Deal Advisor	Skyline II	Realised	Manchester	Value-add	Standing Asset	Nov 2013	£18.0m	7.6%	N/A
Co-invested Partner	Chatham Quays	Realised	Kent	Opportunistic	Standing Asset	Nov 2012	£17.3m	32.0%	Remediation of minor works and final fit out
Deal Advisor	Project Royal	Realised	Nationwide	Opportunistic	Standing Asset	Dec 2012	£45.0m	24.8%	N/A
Promoter	Tresham Gardens	Unrealised	Northamptonshire	Speculative	Development	2010	£20.0m	N/A	

Investment Checklist: Market Volatility showing Well Priced Opportunities

Single Family // Houses



Origination

- Master developers, house builders, landowners



Asset, Location & demographics

- 50-200 houses
- Suburban areas and regional towns
- 15-20 mins drive to employment centres
- 5 mins drive to local amenities
- Target demographic market 25-40 yr olds



Planning // Delivery Route



- Acquisition with outline planning consent
- Direct development and forward funding



Investment Characteristics

- Highly stable income stream
- Low, predictable operating costs (c.20%)
- Steady rental growth
- Highly granular (sell individual units)
- Lower exit yield (3.25%-4.00%)



ESG

- Team experienced in building with MMC
- Sustainability upgrades in base spec.
- Upgrades reduce opex

Multifamily // Apartments



Origination

- Specialist developers, local authorities, contractors



Asset, Location & demographics

- 100-250 apartments
- Large UK cities and commuter towns
- 40 mins train to employment centres
- 5 mins walk to local amenities
- Target demographic market 20-35 yr olds



Planning // Delivery Route



- Acquisition with full detailed planning consent
- JV development and forward funding



Investment Characteristics

- More variation in income stream
- Higher operating costs (c.30%)
- High rental growth
- Higher exit yield (3.50%-4.25%)



ESG

- Centralised energy supply & management
- On-site amenity space

Target Fund Composition

Forward Funding

Structure

- Day 1 land acquisition
- Funding of development under a Development Funding Agreement
- Balancing payment protects against contractor cost overruns



Risks

- Developer / contractor covenant risk
- Re-design cost risk
- Leasing risk
- Investment market risk



Return Profile*

- 7-10% post tax



Fund Composition

- 40-50%



Counterparties

- Developer, main contractor



Joint Venture Development

Structure

- JV with specialist partner to buy land and build
- Partner may exit on stabilization, or retain an interest and share leasing risk



Risks

- Partner covenant risk
- Leasing risk
- Development risk
- Contractor covenant risk
- Investment market risk



Return Profile*

- 10-15% post tax



Fund Composition

- 20-30%



Counterparties

- JV developer / contractor partner



Direct Development

Structure

- Fund originates site, undertakes direct development
- Main contractor appointed under a fixed price contract



Risks

- Leasing risk
- Development risk
- Contractor covenant risk
- Investment market risk



Return Profile*

- 10-15% post tax



Fund Composition

- 10-20%



Counterparties

- Landowner, main contractor



*Returns profiles stated are post taxes, fees, pre-promote

Risk & Mitigants



Construction Costs

- Fixed priced contracts
- Contractors with strong covenants (>£150m turnover)
- Developer takes contractor covenant risk (Forward Funding)
- Contingency included in underwrite
- Performance bonds (10% build costs)



Rising Interest Rates

- Option of swapping or getting a cap
- Assuming 30bps additional interest cost above the forecast base rate
- High interest rates would increase cost of home ownership and increase demand for rental stock
- Rental growth will be higher in a high interest rate / inflation environment



Increasing Inflation

- Rents track inflation with a high correlation
- Target sites have further inflation premium
- Short leases (12 month ASTs) allow for rental increases to track inflation



Expanding Exit Cap Rates

- Strong fundamental occupier metrics
- Supply/demand imbalance
- Higher rental growth forecasts will offset higher cost of capital
- Maturing asset class – increasingly institutional
- Development profit (Total Development Costs are at a discount to Investment Value)

ESG Core to Our Strategy

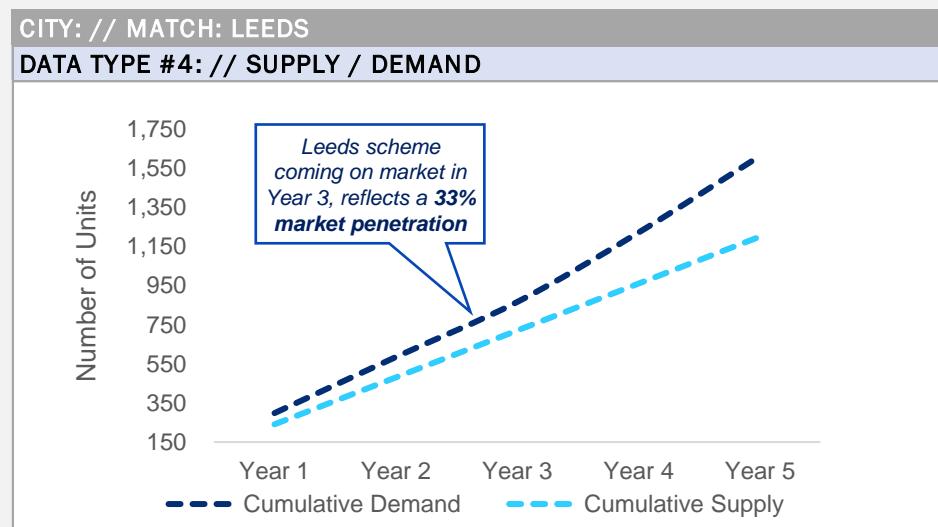
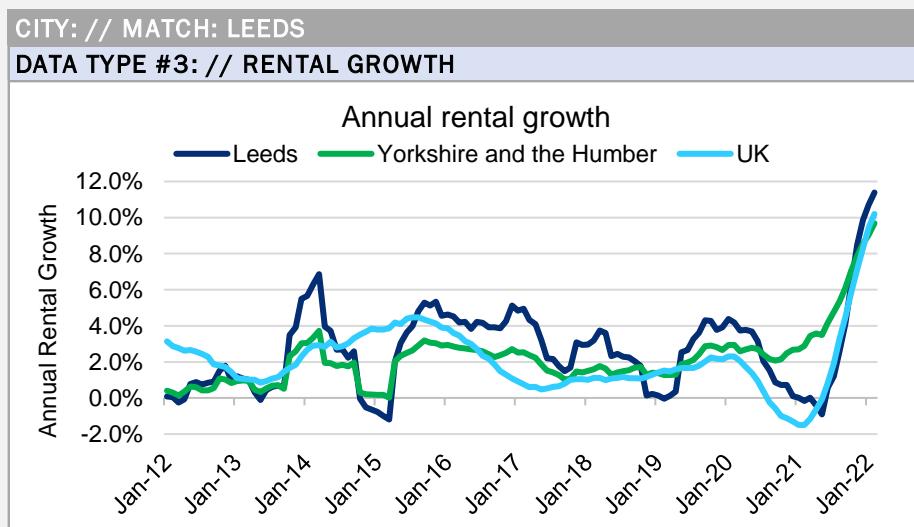
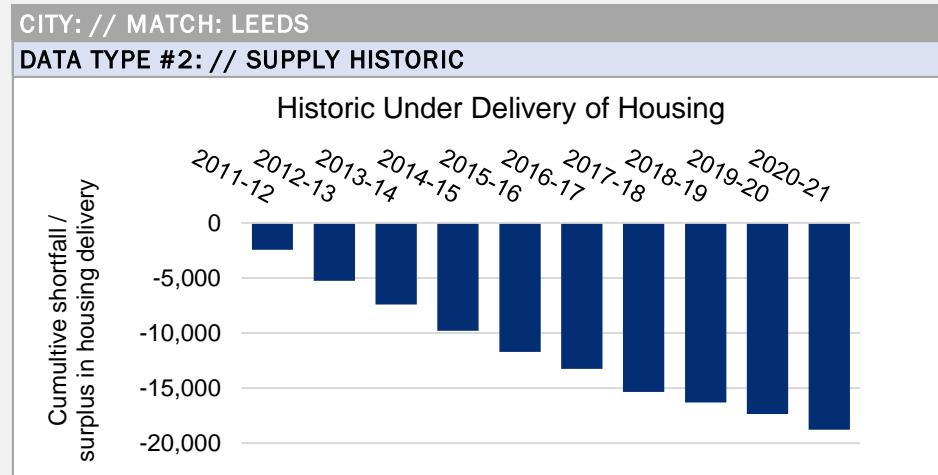
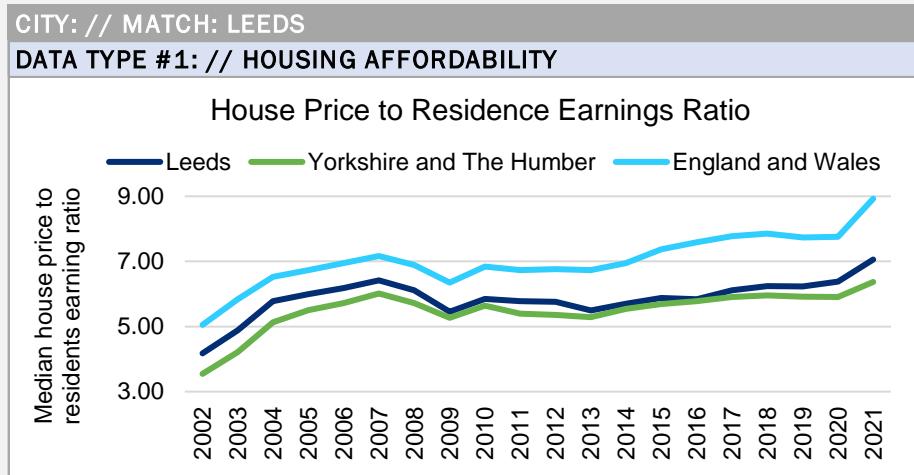
	ESG Items	Example of Fund Activities	Related SDG Items															
E Environmental	<ul style="list-style-type: none"> ✓ Enhanced sustainability credentials ✓ Future proofed product ✓ Energy efficiency 	<p>Enhanced Product with Improved Performance:</p> <ul style="list-style-type: none"> • Use of MMC for delivery • Enhanced specs within the asset • Lower operational carbon reduced energy requirements <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Component</th> <th style="background-color: #f0e6f6;">Traditional specification</th> <th style="background-color: #d9ead3;">Enhancement</th> </tr> </thead> <tbody> <tr> <td>Heating</td> <td>Gas boiler</td> <td>Air Source Heat Pump</td> </tr> <tr> <td>Hot water</td> <td>Combi boiler</td> <td>Waste Water Heat recovery</td> </tr> <tr> <td>Energy</td> <td>Grid supplied</td> <td>Solar PV & battery storage</td> </tr> <tr> <td>Certification</td> <td>EPC rating B</td> <td>EPC rating A</td> </tr> </tbody> </table>	Component	Traditional specification	Enhancement	Heating	Gas boiler	Air Source Heat Pump	Hot water	Combi boiler	Waste Water Heat recovery	Energy	Grid supplied	Solar PV & battery storage	Certification	EPC rating B	EPC rating A	 7 AFFORDABLE AND CLEAN ENERGY  11 SUSTAINABLE CITIES AND COMMUNITIES
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Heating	Gas boiler	Air Source Heat Pump																
Hot water	Combi boiler	Waste Water Heat recovery																
Energy	Grid supplied	Solar PV & battery storage																
Certification	EPC rating B	EPC rating A																
S Social	<ul style="list-style-type: none"> ✓ Impact on the community ✓ Health & Safety ✓ Commercial relationships 	<p>Operational initiatives:</p> <ul style="list-style-type: none"> • Residents' app • Dedicated management team • Reduction in energy bills • Community engagement • Smart home tech • Local business engagement <p>Site considerations:</p> <ul style="list-style-type: none"> • Local labour • Access to good schools • Located close to amenity • Access to nature • Strong transport links 	 3 GOOD HEALTH AND WELL-BEING  9 INDUSTRY, INNOVATION AND INFRASTRUCTURE															
G Governance	<ul style="list-style-type: none"> ✓ Fund Governance ✓ Internal Controls ✓ Corporate Act ✓ Responsibility to all stakeholders 	<p>Fund Investors:</p> <ul style="list-style-type: none"> • Article 8 Fund • Enhanced engagement between all stakeholders/investors and management • Savills IM is a GRESB member, signatory to UNPRI <p>Underlying Tenants:</p> <ul style="list-style-type: none"> • Data driven approach • Set KPIs • Tenant screening 	 10 REDUCED INEQUALITIES  17 PARTNERSHIPS FOR THE GOALS															

Location Metrics Dashboard

CITY	LEEDS
DATA TYPE # 1	HOUSING AFFORDABILITY
DATA TYPE # 2	SUPPLY HISTORIC
DATA TYPE # 3	RENTAL GROWTH
DATA TYPE # 4	SUPPLY / DEMAND

Target locations:

- Affordability **>6x earnings** and growing
- Sustained **shortfall in supply**, and limited pipeline
- Strong **historic rental growth** (>3% pa)
- <100% **market penetration** (forecast lease up rate compared to local lease up rates)

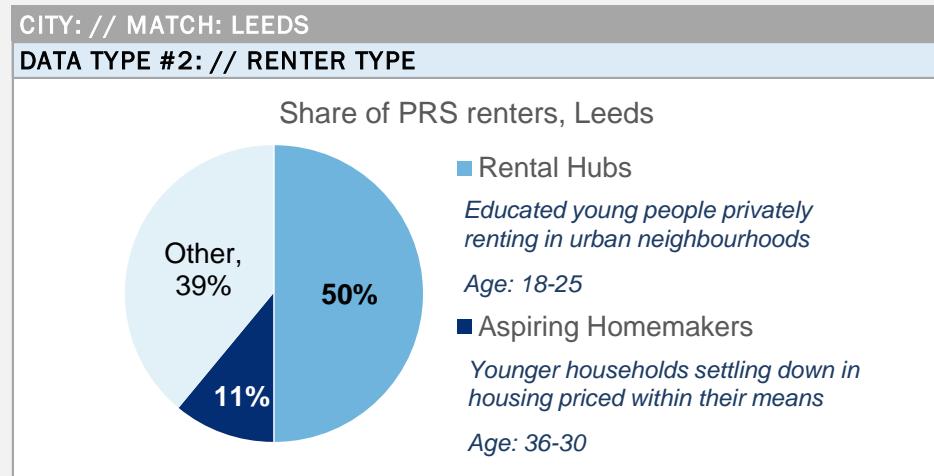
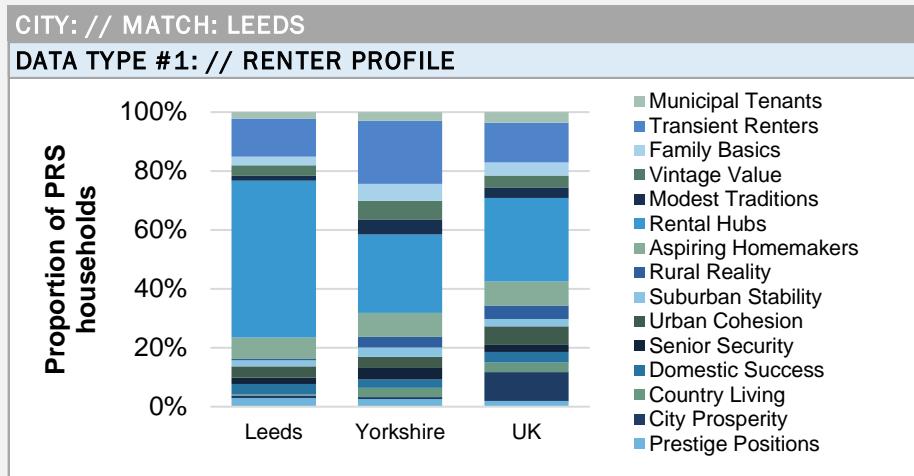


Tenant Profile Dashboard

CITY	LEEDS
DATA TYPE # 1	RENTER PROFILE
DATA TYPE # 2	RENTER TYPE
DATA TYPE # 3	RENTAL AFFORDABILITY
DATA TYPE # 4	HOUSEHOLD COMPOSITION

Target tenant profile:

- Established **diverse rental market**
- >50% **higher income** renters
- Rents are **affordable** (<30% upper quartile incomes)
- Scheme mix should reflect household composition for target renter types



CITY: // MATCH: LEEDS

DATA TYPE #3: // RENTAL AFFORDABILITY

Number of Tenants	Scheme Rent	% Median Income	% Upper Quartile Income
1-bed	£996	39%	28%
2-bed	£1,330	34%	25%
3-bed	£1,576	31%	22%

If <30% then 'green'

CITY: // MATCH: LEEDS

DATA TYPE #4: // HOUSEHOLD COMPOSITION

Rental Hubs	Single	Couple	Family	Sharer
	50%	26%	10%	15%
Aspiring Homemakers	24%	17%	54%	5%
Leeds Scheme	47%	33%	20%	

//Close match: Rental Hubs to Scheme

WE SEE PROPERTY FROM ALL ANGLES



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