

GFHP US Student Housing IV

Investment Teaser

An opportunity to invest in a portfolio of student housing assets in the United States through a Shari'a compliant structure.

Private & Confidential - August 2024



With U.S. college enrollment surpassing 20 million students, the student housing market is strained by limited supply and growing demand resulting in promising investment opportunities in this sector.



Fund Summary

Key Highlights

<p>Fund Size</p> <p>US\$85m</p>	<p>Cash on Cash Yield</p> <p>8.25%</p>
<p>Return on Investment</p> <p>11% p.a</p>	<p>Fund Term</p> <p>4years</p>

Investment Strategy

Objective	Consistent Yield	Total Return Enhancement
Allocation	Majority	Minority
Strategy of the Fund	Stabilized Income Generating Properties	Development
Targeted Asset(s)	Based on criteria	Villas at Knoxville, Tennessee
Constituents Features	<ul style="list-style-type: none"> • Top tier markets • US public 4-year universities • Strong academics and athletics programs • High-quality amenitized student housing • Close proximity, pedestrian assets 	<ul style="list-style-type: none"> • Strong university market with undersupply of student housing beds • Limited land around the campus due to terrain restrictions to develop, restraining new supply • Strong developer profile • No pre-development risk (shovel ready) • Secured construction financing • Airtight construction contracts
Business Plan	<ul style="list-style-type: none"> • Leasing/marketing strategy capturing rent growth • Operational efficiencies improving cost structure • Strategic capital upgrades to competitively position the properties 	<ul style="list-style-type: none"> • Develop the property • Lease up the first cycle of operations • Stabilize the occupancy • Dispose and realize the investment

Investment Thesis

The Fund will capitalize on the following themes to drive strong fundamentals in the US student housing sector:

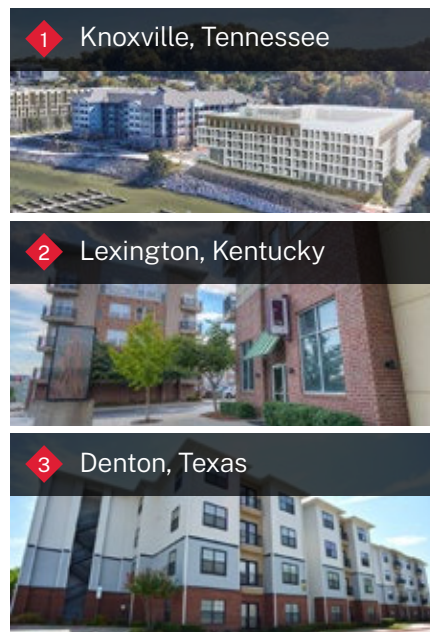
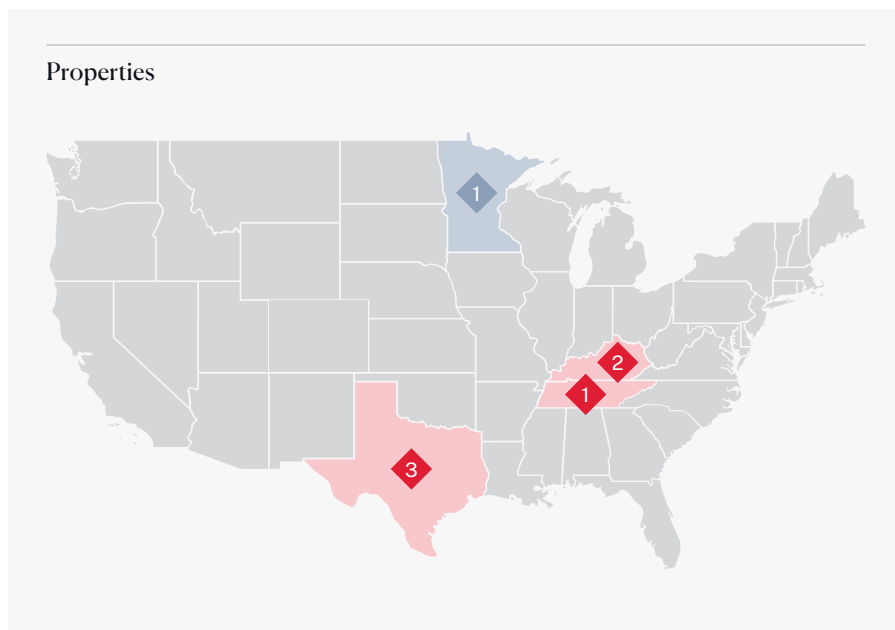
Robust Fundamentals				Strong Foundation
Robust enrollment growth expected at top universities	Education affordability is driving increasing market share	University budgets remain constrained, limiting new supply especially at flagship universities. Markets with minimal pipeline and in-campus beds available.	Inflation-hedged asset class with current yield and capital appreciation.	Best in class, highly experienced operators with extensive experience in student housing
Leading University Selection	Growing Demand	Limited Supply	Attractive Asset Class	Strategically Aligned



Fund Overview

Portfolio Constituents

The immediate pipeline is a collection of student housing properties. The Asset Manager will select assets with a total fund size equivalent to up to US\$ 85 million.



Assets

Strategy	Asset 1	Asset 2	Asset 3	Asset 4
Type	Development	Core Plus	Core Plus	Core Plus
Location	Knoxville, Tennessee	Lexington, Kentucky	Denton, Texas	Minneapolis, Minnesota
Adjacent University	University of Tennessee	University of Kentucky	University of North Texas	University of Minnesota
University Classification	Power 5 & R1 Research	Power 5 & R1 Research	NCAA Division 1 & R1 Research	Power 5 & R1 Research
Distance to Campus	0.3 miles	0.2 miles	0.3 miles	0.4 miles
Year Built	Delivery 2026	2009	2011	2018
Number of Beds	605	649	432	470
Number of Units	202	266	120	215
Unit Mix	Studio-5 bedroom	1-4 bedroom	2-4 bedroom	Studio-4 bedroom
Current Occupancy	N/A	98%	100%	97%
Average Rent per Bed	\$1,388	\$751	\$775	\$846
Parking Space	380 spaces	531 spaces	63 spaces	139 spaces
Market Size	36,000 students	33,000 students	46,000 students	54,000 students

Asset 1 and 2 has been closed/acquired, while Asset 3 is under contract and will be closed upon the completion and satisfactory outcome of the due diligence. Asset 3 and Asset 4 are subject to change as due diligence progresses. Should the above not materialize, the investment team may pursue other potential student housing opportunities) or add/replace properties that fit within the parameters/ criteria set out.

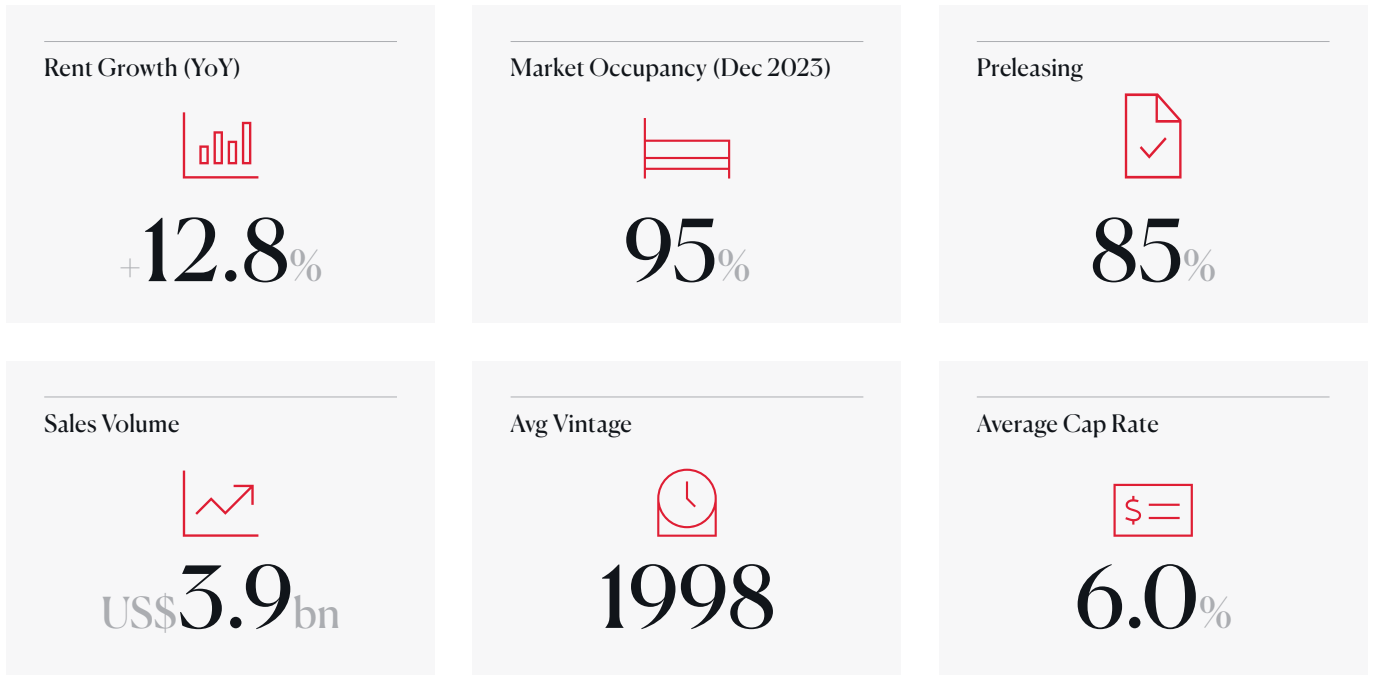


Market Rationale

Source: Yardi, Cushman & Wakefield, Berkadia, CBRE

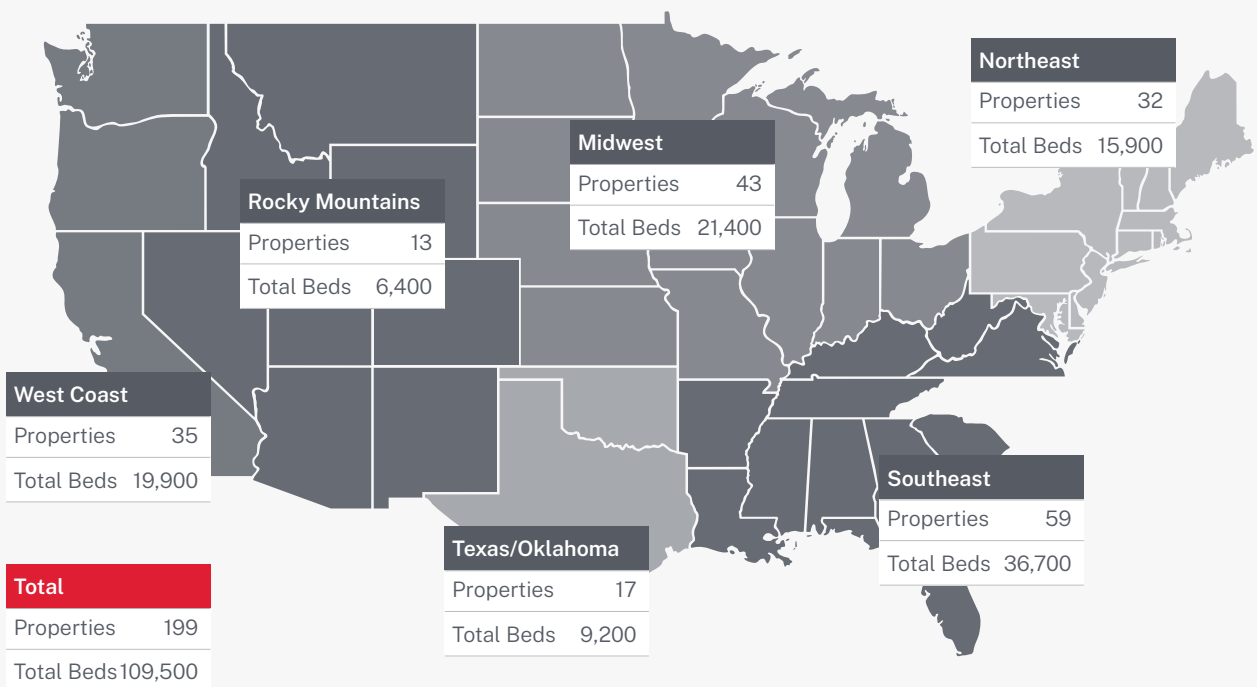
Sector Overview

The student housing sector in the US is highly dynamic, drawing significant attention due to its substantial growth and ever-evolving trends. With millions of students enrolled in colleges and universities nationwide, the demand for suitable housing options remains robust.



Source: Berkadia

Student Housing Demand and Supply Imbalance



Source: Berkadia



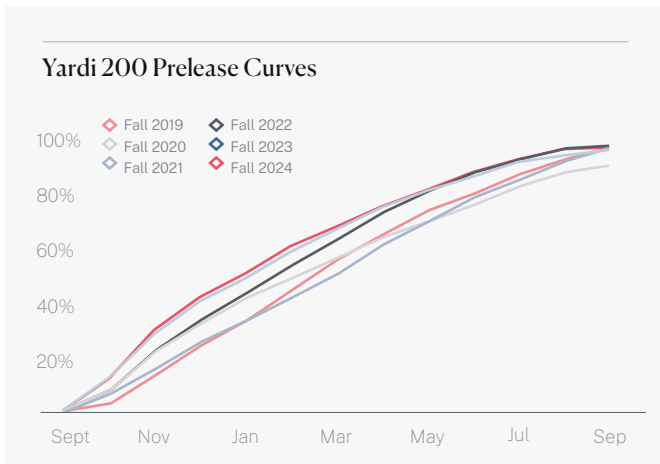
Market Rationale

Source: Yardi, Cushman & Wakefield, Berkadia, CBRE

Growth Drivers

Enrollment Growth

For the year 2024, the rise in university student population is directly correlated to higher school student graduations leading to an influx of student enrollment. The United States remains the leading destination for international students, hosting over one million international college students during the 2022-2023 academic year. This represents nearly a 12% increase from the previous year, the fastest growth rate in over four decades.



Source: Yardi Matrix

The US is experiencing a significant student housing shortage due to strong demand driven by enrollment growth. Undergraduate enrollment saw an increase of approximately 359,000 new students, heightening the demand for housing.

This enrollment surge, especially at large state universities, has outpaced the development of new housing, leading to a severe shortage. About 28,000 new student housing beds are expected to be delivered in 2024, but this number is insufficient to meet the growing demand.

Preleasing

Preleasing for the Yardi 200 schools reached 90% in August 2024, matching the rate from May 2023. However, recent months have seen a slowdown, potentially impacted by delays in FAFSA processing, which could affect future preleasing rates, especially at schools dependent on incoming freshmen.

The average rent per bed hit a new high of US\$ 897 in May 2024, up 5.3% from the previous year and 0.1% from April. Despite this increase, both year-over-year and month-over-month growth rates have declined recently. Rent growth is strongest in the fastest preleasing markets, with 41 markets experiencing over 10% growth, while 34 markets have seen flat or declining rents.

Rent Growth

This has created significant supply constraints while demand remains strong resulting in overall rent growth for existing properties.

In May 2024, student housing rent growth moderated to 5.3%, down from 5.7% in April and 6.8% earlier in the leasing season, with an average growth of 6% for the season.

For context, annual multifamily rent growth was 0.6% in May and has averaged 0.6% in 2024, while student housing has benefited from strong demand due to rising enrollments and reasonable new supply.

Student housing has shown resilience compared to the broader multifamily sector, driven by increasing enrollments and limited new supply, ensuring steady demand and rent growth. Rising enrollments have driven strong demand for student housing, contributing to its robust performance despite varying market conditions.

Existing Operator Partners

The properties within the Fund will be managed by local operating partners. A summary of their profile is set out below:

	SQ Asset Management	Vesper Holding
		
Founded	2013	2007
AUM	\$1.4+ billion	\$2.0+ billion
Number of Beds	13,900+	30,000+
Track Record	Net IRR of 21%	Gross IRR of 48%



Further Information

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