



Coral comments as Student Accommodation takes off again in 2015



Introduction By Coral's Chief Executive John Kennedy

Against the backdrop of dramatic macroeconomic events and the long awaited resolution of the Brandeaux Portfolio, John Kennedy reminds us what a compelling investment profile Student Accommodation presents.

The reasons Student Accommodation was embraced as an asset class by the investing public 15 years ago are as relevant now as they were then. In fact they are even more compelling now the sector has matured and evolved in the UK and presents fresh opportunities globally:

- It is still personally relevant, most of us have immediate experience of student accommodation.
- It is still a simple, easily understood supply/demand story with no rocket science investment theory.
- It is still demonstrably unaffected by broader macroeconomic events.
- It still produces consistent and predictable investment returns in all market conditions

What we have witnessed recently is some structural rather than sector failures. We have also seen the UK begin to focus on London and Russell Group Universities as the sector responds to natural political change.



We have seen Student Hospitality attain formal recognition as a sector in its own right with the Knight Frank Student Accommodation Index.

Most significantly we have seen an explosion of Sovereign Wealth and Institutional activity.

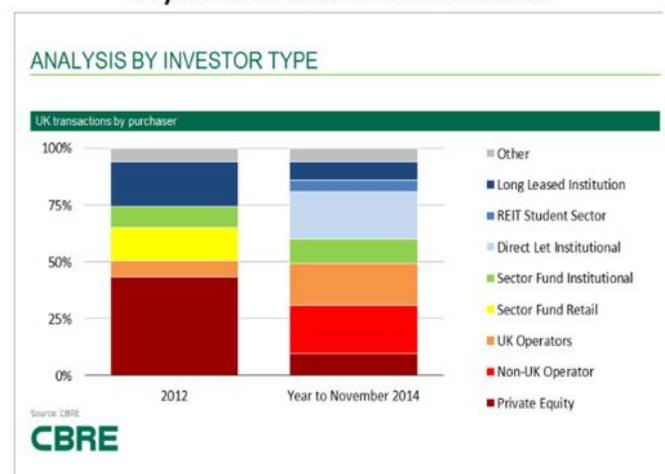


No longer regarded by Institutional investors as a niche sector, 2014 saw £2.5billion in student accommodation deals being completed.

- £12Bn inward investment in the last 10 years
- Over £2Bn in 2012 and 2013, £2.5bn in 2014
- Opal Group portfolio sale created a "feeding frenzy" to capture scale

- Campus Living Villages £240m
- Avenue Capital £170m
- Greystar and Goldman Sachs £300m
- GIC Singapore over £460m including £90m GSA partnership
- Dutch Pension Fund PGGM buys 60% of UPP from Barclays for £840m
- Ginko Tree (China) £550million
- 2014 £190M Canadian Public Sector Pension Scheme
- Pension Insurance Corporation £114m University of London
- Unite Group purchase of Cordea Savills £137m portfolio
- Brandeaux's £1.1bn Liberty Living portfolio sold to the Canadian Pension Plan Investment Board
- Carlyle/Generation Estates Pure Student Living Portfolio sold for £535m to LetterOne.
- Knightsbridge's Westbourne Portfolio to be sold for bids at £500m plus.

Buyers of student accommodation



So what's behind this huge and growing institutional appetite ?

- UK yields are trending stronger and ranging between 5% and 7% nationally as investor activity increases.
- In the UK 2014 saw record numbers of students accepting places with over 500,000 beginning their studies last year – 3.5% over the year before (UCAS). Student population forecast to grow +100,000 overall.
- 2014/15 saw applications exceed places by 180,000 – For 2015/16, Universities gear-up for further increases in demand as Government policy opens tertiary education to more applicants following removal of the recruitment cap.

- Tuition fee increases have had no effect as increasing numbers of people apply for University places, adding to demand for accommodation. Globally, UK's market share is increasing.
- Globally, in the ten years from 2000 to 2010 the number of students enrolled in Higher Education increased by 78 million to 178 million, an average annual growth rate of over 5.5%. (OECD)
- **The number of students worldwide wanting a university education is forecast to grow by almost 100 million to 263 million by 2025. (OECD)**
- As student populations increase some 7.6m people are forecast to be in higher education outside their own countries by the same time. (OECD)
- Universities are capitalising on global demand by opening branch campuses in other markets, offering study and accommodation packages and reducing barriers for overseas students.
- There is a profound imbalance between supply and demand in student accommodation. Investors are attracted by the combination of an undersupplied market, high occupancy levels and stable income yields.
- Student accommodation has shown itself to be resilient through tough economic conditions, demonstrating consistent rental growth throughout the last 20 years.

Coral Portfolio is ideally placed for investors to participate in this unusual opportunity.

Coral Portfolio was established on a belief that investment choice should be personally relevant. It should be focused on simple, proven fundamentals and avoid subjective investment theory.

Coral Student Portfolio has been available to a wide range of investors since 2009 and has consistently produced positive annual returns across all four currency classes.

The most diversified student accommodation portfolio in the sector, the monthly traded Coral Student Portfolio delivers targeted returns with an emphasis on risk and liquidity management. Coral presents a broad range of underlying funds and investment strategies otherwise only available institutionally.

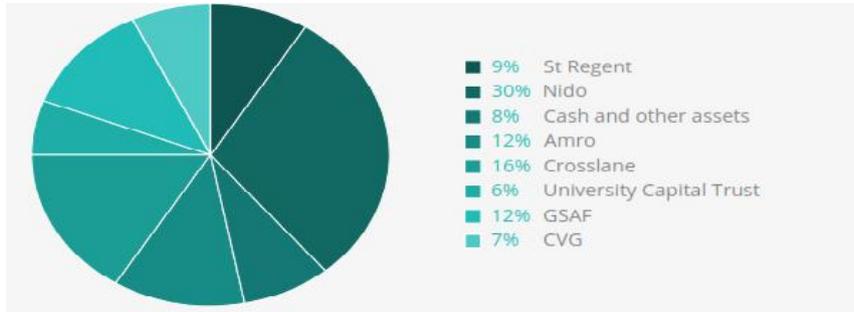


What is the Coral Student Portfolio?

- It is an AIFMD-authorized and Luxembourg-regulated investment fund that has a six year track record. (Class A launched March 2009)
- Its Class A GBP shares have annualised performance of 8.26% over five years
- Investment advice is provided by FCA-regulated CBRE and industry specialist GSA Group.
- The Fund's management team comprises some of the industry's most experienced and respected sector specialists whose depth of expertise extends to asset management, investment, acquisition, finance and development.
- The Fund's manager is 50% owned by industry specialist GSA which is headed by Executive Chairman, Nick Porter who in 1991 founded FTSE-250 member, the Unite Group PLC.
- Coral's CEO, John Kennedy has almost twenty years' experience of the student accommodation sector as well as the management of investment funds at senior level for some of the UK's largest financial institutions.

- A key attraction of the Fund is its ability to spread risk among different providers and underlying structures, shifting geographical emphasis as the UK and international markets evolve.
- Underlying assets are actively managed by Coral with a core focus on risk and liquidity management.

Current Diversification



Performance Net Yields since launch

Class A GBP +58.30%*
5 years annualised 8.26%

Class B EUR +45.98%**
5 years annualised 7.08%

Class C USD +47.96%**
5 years annualised 7.36%

Class G SGD +17.48%***

As at 31 January 2015

* Launch March 2009

** Launch June 2009

*** Launch January 2012

Current Diversification



The Opportunity.

Leading sector specialists including CBRE are predicting a very positive 2015 and beyond for the student accommodation market.

Coral presents a unique opportunity for investors to access this unique sector through institutional-quality student accommodation assets using its AIFMD approved fund platform that has an established performance track record.

Contact Coral Portfolio today for more information on Student Accommodation and the Student Portfolio:

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