THAMES ESTUARY GROWTH DAY

MICHELA HANCOCK, SENIOR DEVELOPMENT DIRECTOR

mhancock@greystar.com
Greystar is a global leader in rental housing with expertise in property management, investment management and development.

Since entering the UK market in 2013, Greystar has built up a rental portfolio worth £2.8 billion by investing in new housing and student accommodation.

Greystar has three multifamily developments underway in the UK:

- Greenford in West London
- Sailmakers in Canary Wharf
- Nine Elms

In addition, Greystar owns and operates a boutique student accommodation brand – Chapter – which provides premium student living in the best London locations. Chapter has 4,456 student beds across eight sites.
Whilst Greystar acknowledges that Brexit means change within the UK, Greystar remains committed to achieving its stated UK goals:

- Become one of the UK’s largest operators of rental housing
- Increase its London portfolio to 10,000 rental units within four years – this includes doubling our Chapter student accommodation portfolio

So far in 2017, Greystar has announced three acquisitions; Nine Elms, Chapter White City and the Quill.
GDP growth has remained positive, albeit slower than many would desire, in the past three post-Brexit quarters. A notable difference in the UK’s economy is its inconsistency in the largest drivers of its growth, whereas the US in recent years has been driven by personal consumption. Since the June 2016 Brexit vote, the pound has depreciated ~10%, making its products less expensive and spurring inflation.

Source: Office of National Statistics, Moody’s Analytics
• Whilst the US outpaced London in population growth in the early 2000’s, London hit an inflection point in 2007 and has outperformed since
• The age distribution of its population is largely consistent with the US, having larger young adult and nearly retired age cohorts
• London possesses an outsized share of the UK population and recent gains indicate a continuance of this trend
The private rented sector has nearly doubled its market share in the UK since 2000, and London has experienced a similar trend, tracking on 11% over the last 10 years.

The current private rented sector is insufficient with inefficient building design and woefully out-of-date stock—half of which being built prior to the end of WWII.

1. Household requirements are estimated based on household characteristics. Source: English Housing Survey.
WHERE IS PRS BEING BUILT AND WHERE ARE THE THAMES ESTUARY HOTSPOTS?
There are 95,918 build-to-rent homes in various stages of completion, compared to 69,824 in Q1 2017 (37.4% increase).

Whilst London still leads the way in completed PRS units, the regions now have more build-to-rent homes under construction: 12,316 compared to 11,696 in London.

Popular regional PRS locations include major cities such as Manchester, Liverpool and Birmingham.

Key hotspots in the Thames Estuary region include Barking, which has several schemes underway, and the London boroughs of Greenwich and Lewisham also have major developments in construction.

*All figures taken from the British Property Federation*
WHAT ARE THE OPPORTUNITIES FOR PRS IN THE THAMES ESTUARY REGION?
Greystar has previously worked in the Thames Estuary region with its Chapter Lewisham student accommodation scheme.

Looking ahead, there are a number of areas that remain on Greystar’s watch list, including the London Boroughs of

- Newham
- Havering
- Greenwich
- Bexley
- Barking and Dagenham

All of these areas offer locations that fulfil Greystar investment criteria...
GREYSTAR EUROPE

GREYSTAR RENTAL HOUSING INVESTMENT CRITERIA

Location

Strong transportation links into the city crucial for professionals commuting daily to work
Close proximity to lifestyle amenities such as shopping and leisure
Attractive neighborhood and regeneration areas, characterized by high housing values, incomes, and educational attainment

Product

Focused on 1-2 bed units as well as studios, targeting single-living young professionals
Purpose-designed, fully furnished flats of high specification
Best in class amenities targeted to specific customer base. Examples include resident lounges, fitness center, business center, pool, cycle storage and maintenance facilities, cold storage, etc.

Service

Integrated leasing and maintenance services for a hassle free experience
Dedicated on-site staff to respond to residents needs quickly
Continuous quality monitoring, allowing employee incentives to be tied to service metrics
Consistent property branding to distinguish property attributes and service

Source: CBRE, Bloomberg, Greystar
Historically build-to-rent has not enjoyed a specific distinction within local planning frameworks.

However, as build-to-rent becomes an increasingly deliverable tenure of housing, local government is beginning to change its approach.

“\textbf{The Mayor believes that Build to Rent developments can make a particular contribution to increasing housing supply and are beneficial in a number of ways.}”
WHAT KIND OF ‘PLACE’ CAN BUILD-TO-RENT CREATE?
Every business model is different but at Greystar our goal is to create a lifestyle that adds value for our residents.

Key considerations that are paramount to the long term viability, efficiency and success of build to rent include:

- Understanding the **local market** and the specific **needs of the customer**
- **Amenities** designed with their needs and preferences in mind
- Build in **flexibility**, with open spaces where people can work, relax, chat with friends or entertain
- Amenity spaces that are designed to **create the feeling of home**
- A **management team** to plan resident activities and events
- **Customer feedback and reviews** that allow for **continuous improvements**
- **Communication is the key** to providing excellent customer service
**Key Principles**

- Purpose designed & built for long-term rental
- Buildings remain in long-term single-ownership, under single management
- Design includes internal and external resident amenities, including gyms, shared roof level clubrooms & terraces, etc.
- Generous apartment sizes and ceiling heights exceed LHDG standards
- No single bedrooms – to suit families and/or sharers
- Sprinklers throughout allow open-plan apartment layouts
- Ample circulation and back-of-house spaces to allow for effective management
- Efficient design for ease of construction, operation and maintenance
- Quality landscaping to provide attractive environment for residents and the wider community
- Provision of appropriate community facilities and mixed uses to create daytime activity
- Promotes sustainable placemaking (as diagram)
CASE STUDY: GREENFORD GREEN

- Long-term, sustainable community
- 1,965 homes in total
- Mixed tenure, fully mixed use & managed development
- DMR affordable housing – new tenure & mechanism
- Amenities assist work / life balance
- Faster construction than ‘for sale’
- Quicker absorption and high levels of occupancy
- Post-construction jobs on site
- Canalside living, connecting to surrounding community & adjacent parkland
- Create new landmark buildings
- Public & stakeholder consultation
GREYSTAR EUROPE

GREATER LONDON SITE LOCATION

GREENFORD STATION
6 MINS

WEST EALING (CROSSRAIL)
13 MINS

BOND STREET STATION
26 MINS

LHR
10 MILES

15 MINS

Westfield
LONDON

6 MINS
<table>
<thead>
<tr>
<th>Metric</th>
<th>Previous planning consent (Nov-14)*</th>
<th>Current scheme</th>
<th>Variance</th>
<th>Variance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential units</td>
<td>593</td>
<td>1,965</td>
<td>+1,372</td>
<td>+230%</td>
</tr>
<tr>
<td>Retail/Commercial/non-resi. (sq ft)</td>
<td>70,633</td>
<td>230,810</td>
<td>+160,178</td>
<td>+225%</td>
</tr>
<tr>
<td>Maximum height (resi. storeys)</td>
<td>3 to 9</td>
<td>7 to 19</td>
<td>up to +10</td>
<td>up to 110%</td>
</tr>
<tr>
<td>Site area (acres)</td>
<td>13.8</td>
<td>21.3</td>
<td>+7.5</td>
<td>+54%</td>
</tr>
<tr>
<td>Density (dwellings/acre)</td>
<td>43</td>
<td>92</td>
<td>+49</td>
<td>+115%</td>
</tr>
<tr>
<td>Land basis £/unit</td>
<td>136,594</td>
<td>41,221</td>
<td>-95,372</td>
<td>-70%</td>
</tr>
</tbody>
</table>

(*) The site area for the previous permission was 13.8 acres compared with 21.3 acres for the current scheme
Greystar’s operational experience is unparalleled in the UK market and will deliver the superior resident experience required to drive rental premium.

<table>
<thead>
<tr>
<th><strong>Property Operations</strong></th>
<th><strong>Current Market</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>In-house management, leasing and maintenance, with dedicated teams on-site</td>
<td>Disparate estate agent leasing process, with no dedicated management team in place</td>
</tr>
<tr>
<td>Coordinate and execute repairs onsite swiftly, with clear and timely communication of progress</td>
<td>No repairs offered; tenants responsible for coordinating with multiple parties to remedy repairs</td>
</tr>
<tr>
<td>Implementation of industry leading reporting and accountability systems</td>
<td>Integrated data systems usually not in place, with reporting conducted ad-hoc by hand</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Tenant Experience</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous monitoring both of operational management and resident experience</td>
</tr>
<tr>
<td>Comfort and security of tenure with a dedicated rental operator and owner</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Staff</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly trained staff specifically dedicated to one asset, improving responsiveness and visibility</td>
</tr>
<tr>
<td>On-site staff incentivized by metrics measuring service and operational performance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Staff</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Centrally managed or third party vendors</td>
</tr>
<tr>
<td>No accountability of staff for the quality of their service provision</td>
</tr>
</tbody>
</table>

Michela Hancock, Senior Development Director, Greystar
mhancock@greystar.com