

UTSC Student Residence

UTSC Campus Affairs Committee
March 23rd 2016

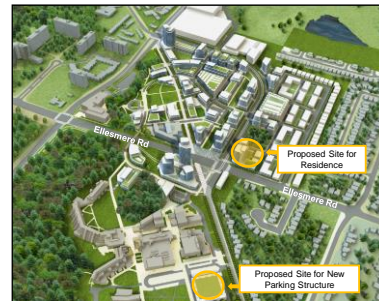
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Chief Administrative Officer

Current Situation

- ~ 5% of students can be accommodated in residence at UTSC
- No dedicated graduate stock
- Much of the existing stock is early 1970's townhouses
- We cannot offer meals plans
- Increased international students are increasing
- Surrounding area beginning to convert to single family homes into unregulated student housing
- Little academic linkages to residence programming
- Need to have a competitive offering for residence



The Project Site



The proposed site for the Residence is centrally located on the UTSC campus, immediately north of Ellesmere Road.

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The Project

UTSC has exhausted its physical capacity to satisfy residence demand based on existing facilities (currently 765 beds), and plans to build a new student residence to be located on its Scarborough Campus.

750 beds

- The Residence is expected to include approximately 750 beds and to primarily house first year undergraduate students.

Key components of the Residence

- Student housing*
- Other facilities** including:
 - suites for residence advisors, residence life coordinators and visiting scholars
 - lounges, laundry and kitchens
 - academic spaces, administration and services offices
 - a student life resource centre
 - social events space
 - dining hall.
- The Residence may also include space for ancillary retail use.

Additional scope

- The University is considering including a new multi-level parking structure (approximately 500 spaces) and a cogeneration plant within the scope of the Project.

* Student housing will consist of single and double occupancy bedrooms with a combination of private, semi-private and shared washrooms. Approximately 50 of the bedrooms will be accessible. Based on the preliminary program, space requirements for student housing are estimated at approximately 9,000 Net Assignable Square Metres.

** Space requirements for all other facilities (as set out above) are estimated at approximately 4,000 NASM.

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Our Objectives

1. Provide an excellent and competitive student housing experience for 1st year undergraduate students
2. University continue to be the direct provider of residence life services
3. Limit University borrowing and thereby preserving borrowing capacity for core academic infrastructure
4. Develop a methodology that is transparent and ensures that building quality and amenities meet U of T standards
5. Monetize the transaction/development opportunity for U of T

Why a Partnership

- The University feels strongly that a project like this can attract partners who are interested in long-term investment and collaborative partnerships

And

- Helps preserve university borrowing for academic priorities
- Growing private sector investment interest and understanding in the sector
- Create a relevant and sustainable residence model in the Canadian context

The Initial Model

Residence Spec Development → Design → Build → Substantial Completion → Operate

University University University (sale) University and Partner University (Student Life) Partner (Building)

Participating Investors

In February and early March, discussions were held with a targeted number of investors. The aim of the discussions was to seek feedback on the revised commercial structure and transaction process for the UTSC student residence project.

	Campus Living Centres	Student Housing Owner Operator
	Centurion Asset Management & Campus Sites	REIT
	Fengate Capital Management	Infrastructure / RE Investor
	Forum Equity	Infrastructure / RE Investor
	InstarAGF	Infrastructure / RE Investor
	CPPIB	Pension Fund
	HOOPP	Pension Fund
	StoneCap / AIMCO	Pension Fund

The Current Model

Residence Spec Development → Design → Build → Substantial completion → Operate

University University and Partner University (developer) and Partner University and Partner University (Student Life) Partner (Building)

Key Feedback

Fit with investor objective	<ul style="list-style-type: none"> There is strong appetite for the UTSC residence investment. Investors recognize this is a first-of-its-kind transaction.
Size and scope	<ul style="list-style-type: none"> Investors are comfortable with the deal size. There is considerable interest in cogeneration and parking; however, the focus of the transaction should be on the residence.
Commercial structure	<ul style="list-style-type: none"> Investors are comfortable with the revised commercial structure, including: <ul style="list-style-type: none"> long-term investment horizon (any term less than 60 years is more difficult to finance); taking on limited partner role with potential add-ons (i.e. asset management, operations); preference for being invested early in the process (through design development and construction); All investors acknowledge that UTSC will retain control of residence life aspects.
Transaction process	<ul style="list-style-type: none"> The selection process should be as efficient as possible i.e. 8 months, not 2 years. <ul style="list-style-type: none"> This is also critical from UTSC perspective, to meet in-service deadline. Investors expressed reluctance to be involved in a P3-style procurement (investing considerable time, resources and IP with potential of ultimately being unsuccessful).

Proposed Transaction Process

Overall approach

The University intends to undertake a competitive dialogue process through bilateral discussions between the University and prospective long-term investors.

Stage 1: Prequalification of Investors

- Target investor groups based on transaction structure
- Confidential one-on-one meetings with Project overview document
- Information Memorandum and Term Sheet
- Preliminary due diligence
- Expression of Interest and Financial Submissions
- Selection of short list investors

Stage 2: Due Diligence & Letters of Intent

- Final due diligence
- Mark-up of Letter of Intent
- Selection of preferred investor and execution of Letter of Intent

Stage 3: Exclusivity and Close

- Exclusivity and final negotiations of agreements
- Financial close with preferred investor

Questions
