

An aerial photograph of a city, likely Cambridge, showing a mix of residential and commercial buildings. A large orange-outlined box is superimposed on the image, containing the word "CHEFFINS" in white capital letters. The city features a variety of architectural styles, including modern multi-story buildings and older, more traditional structures. A railway line runs through the lower left portion of the image, and a parking lot with several cars is visible in the lower right. The overall scene is a dense urban environment with green spaces interspersed among the buildings.

CHEFFINS

10 Individual Student Apartments For Sale

Purbeck House, Purbeck Road, Cambridge CB2 8HY

An opportunity to acquire a substantial portfolio in the centre of the world-renowned city of Cambridge providing secure income with further rental and capital growth potential. Purbeck House comprises a six storey building with 151 purpose-built student apartments, all en-suite and including communal cinema room, common room, laundry, CCTV, and secure bicycle parking.

The Cambridge Student Market

Cambridge is a world-renowned University city with a population of around 125,000 and catchment population of around 560,000. It is a highly affluent city recognised globally for its innovation and technology base, and is forecast to be the fastest growing UK city economy over the next ten years.

(Source: Cities Outlook 2018, Irwin Mitchell).

As well as the top ranking University in the UK Cambridge is also home to Anglia Ruskin University, and a large number of other educational institutions including further education colleges, independent sixth form colleges, language schools, schools of performing arts and theological colleges. Out of a total estimated student population of around 50,000 there are around 15,000 studying full or part time in non-university educational establishments.

Of the estimated 46,000 students in Cambridge requiring some form of accommodation, 22,400 are housed in purpose-built student accommodation (PBSA) with the remainder in shared or family housing. The non-university institutions have very little directly-owned accommodation (around 750 bed spaces among 15,000 students) and therefore rely heavily on the use of private halls.

(Source: Cambridge Centre for Housing & Planning Research – Jan 2017).

PBSA schemes in Cambridge have found a ready market with the best equipped, managed and located sites enjoying very high occupancy rates and strong rental and capital growth over the last number of years. The sale of the 251 bed Brunswick House on Newmarket Road in 2018 for £38 million, reflecting an initial investment yield of 4.76%, set a record for direct let asset student accommodation outside of London/M25, and further demonstrated the strength of the student property market in Cambridge.

Purbeck House

Purbeck House is situated on Purbeck Road, off Hills Road, within 15 minutes walk of Cambridge city centre and many of the University colleges, the mainline railway station and Addenbrookes Hospital. The property adjoins Abbey College's main campus, Homerton College and Hills Road Sixth Form College. Cambridge Leisure centre, including cinema, hotel, bowling, music venue and restaurants is close by.

Purbeck House comprises a six storey building with 151 purpose-built student apartments, all en-suite and including communal cinema room, common room, laundry, CCTV, and secure bicycle parking. The property was built in around 2007. Since 2017 all of the rooms have been let to Abbey College for their international sixth form boarders. It is understood that Purbeck House has enjoyed 100% occupancy since it was completed.

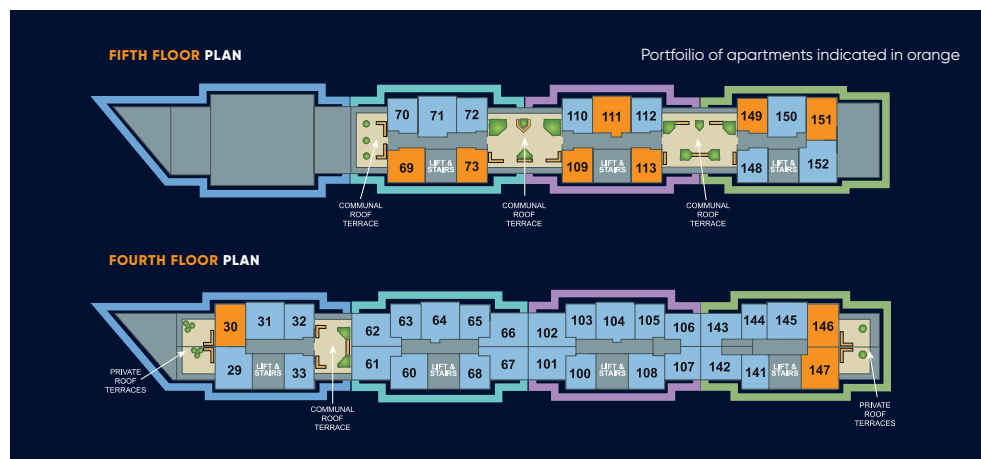


The Portfolio

The portfolio offered for sale comprises ten individual apartments within Purbeck House, all in single ownership. The apartments consist of a range of unit types, some with private balconies, and all are let to Alpha Plus Group Limited (the owner of Abbey College). Details are as follows:

Apartment Number	Apartment Type	Size (Sq Ft)	Rents Payable* Per Week (09/19 – 08/20)	Rents Payable* Per Year (09/19 – 08/20)	EPC Rating
30	E Studio & Terrace	323	£259	£13,364	C
69	A1 Studio	292	£245	£12,740	C
73	A Studio	256	£234	£12,168	C
109	A Studio	256	£234	£12,168	C
111	B 1 Bed Apartment	363	£270	£14,040	C
113	A1 Studio	292	£245	£12,740	C
146	E Studio & Terrace	323	£257	£13,364	C
147	F Studio & Terrace	354	£299	£15,548	C
149	A Studio	256	£234	£12,168	C
151	J Studio	323	£245	£12,740	C
TOTAL			£2,520	£131,040	

*The tenant has agreed that if any of the apartments are used for double occupancy from 01/09/2019 the rents will be subject to an agreed increase. The managing agents will advise on this immediately prior to the beginning of the new academic year.



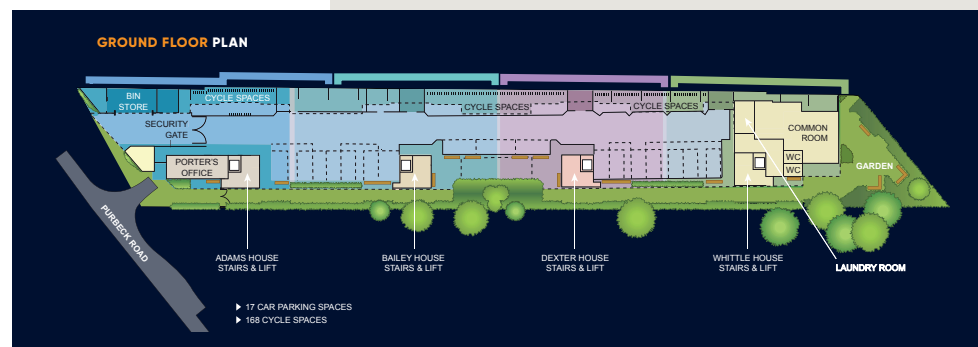
Tenancies and Management

All the apartments are let on separate tenancy agreements each for a term of five years commencing 01/09/2017 and ending 31/08/2022. The rents are to be paid in three equal instalments on 1st September, 1st January and 1st May (although we understand that the individual landlords are paid out monthly through the managing agents). There are annual rent reviews effective from 1st September each year to the higher of 3.5% or Retail Price Index Linked increase. The tenant may terminate the agreement on 31st July of each year by giving no less than three months' notice to the landlord.

The apartments may only be used by students attending Abbey College, and are subject to a number of occupancy rules which are enforced by the managing agents.

The managing agents for the building, Corporate Residential Management Limited (CRM), are contracted to supply management and letting services to all of the owners. Their fees in respect of this portfolio are calculated at 6% of the total rental income of the portfolio. The agreement is determinable upon 12 months' notice by the owner. Copies of tenancy agreements, and the management agreement are available on request.

All of the apartments in the portfolio are let to Alpha Plus Group Limited (Co Number 438111) which owns and runs Abbey College (www.abbeycambridge.co.uk). Alpha Plus is a private education group which owns and manages 20 schools, nurseries and sixth form colleges across the country (www.alphaplusgroup.co.uk) and had a turnover to the year end 31st August 2018 of £91.1 million and a profit before tax of £21.7 million.



Tenure

Each of the apartments is held by way of a 125 year head lease commencing 01/01/2008 (expiring 31/12/2132), with a current ground rent payable per apartment of £200 per annum which doubles in 2033 and every 25 years thereafter.

The head leaseholder is responsible for the payment of a contribution towards buildings insurance and maintenance of Purbeck House calculated at 1/151 of the overall cost for each apartment.

The service charge payable for each apartment for the year 2018/2019 was around £1,330 and the budget for the year 2019/2020 is around £1,500 per apartment.

Investment Considerations

- An opportunity to acquire a substantial portfolio in the centre of the world-renowned city of Cambridge providing secure income with further rental and capital growth potential.
- Let until August 2022 to substantial and established independent education operator.
- Annual uplifts in the rent and also an opportunity to receive additional rental income if the apartments are double-occupied.
- A well-managed, modern, purpose-built student block in a highly accessible location – understood to have maintained full occupancy since opening in 2008.

- Recent sales evidence shows apartments in Purbeck House have increased in capital value by an average of 51% between 2008 – 2018 (apartments/maisonettes generally in Cambridge have increased by 52% and in England as a whole by 30% during the same period).

(Source: Land Registry Data)

- Net income 2019/2020 (allowing for service charge, management and ground rent) of around £105,000 (ignoring any double occupancy).

VAT

We understand that VAT is not payable on the purchase price.

Proposal

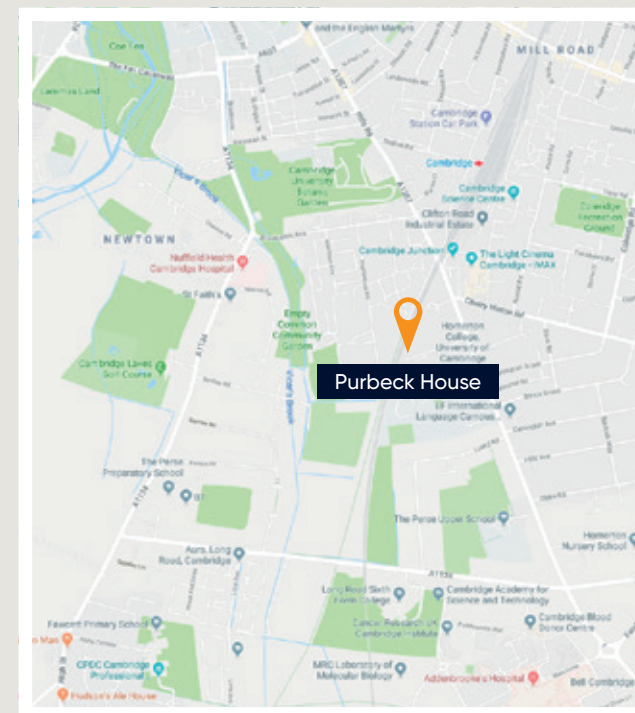
The portfolio of 10 apartments is offered for sale, leasehold subject to the occupational tenancies described above at a guide price of £1.95 Million.

A purchase at this level (ignoring any rental uplift due to double occupancy) would reflect gross yield of 6.72% and a net initial yield of 5.1% (assuming purchaser's costs of 4.8% – based on the sale attracting multiple dwellings relief).

Viewing and Further Information

Strictly through the sole agent, Cheffins:

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