



Long Income Student Investment with 123 Years Unexpired

Virginia House, The Butts, Worcester, WR1 3PA



Investment Summary

- A rare opportunity to acquire a **123 year student residential investment** in one of the UK's most desirable and affluent cities
- The property is **situated in Worcester city centre**, adjacent to The Hive Library and only 450 m from The University of Worcester City Campus
- Virginia House offers '**best in class**' student residential accommodation, located in a highly prominent position in Worcester city centre
- Virginia House comprises: 18 Studio Rooms, 12 Studio Delux Rooms & 12 Double Rooms with ground floor cinema room, gym, dining and recreational areas
- The property has been converted and **refurbished to a high specification** in the last three years
- The property extends to a total gross internal area of **15,332 sq ft**
- Let in its entirety to Virginia House Limited for a term of 125 years from March 2020, which equates to **123 years unexpired**
- Current passing rent of £130,000 p.a. increasing to £145,000 p.a. in March 2023. The vendor will top up the rent to **£145,000 p.a.** in line with the March 2023 rent review provisions
- **Yearly upward only rent reviews** calculated as a percentage of rent increase achieved by the tenant and documented within their audited annual accounts
- The rent payable by Virginia House Limited is significantly lower than the rent generated from the student housing business (£375,000 p.a.)
- Virginia House Limited is part of the Living Worcester Group. The group is a **highly regarded student accommodation provider** with two sites located in Worcester city centre
- Virginia House has been **fully occupied since trading commenced** in 2020
- This opportunity provides long term income security with **minimal asset management input**
- **Freehold**



Savills is instructed to seek offers in excess of **£2,750,000** (Two Million, Seven Hundred and Fifty Thousand Pounds) for the freehold interest, subject to contract and excluding VAT.

Based upon the topped up rent of £145,000 per annum, a purchase at this level reflects a net initial yield of 4.95% allowing for standard purchasers costs of 6.42%.



Location

Worcester is a Cathedral City located in the West Midlands and is the commercial & administrative hub for Worcestershire. The city has a population of 100,300 (2020) and is located approximately 135 miles north west of London, 32 miles south west of Birmingham and 25 miles north of Cheltenham.

Worcester city centre is situated approximately 3 miles to the west of the M5 Motorway (Junctions 6 & 7). The M5 Motorway connects with the M42 Motorway approximately 16 miles north of the property and to the M50 Motorway approximately 12 miles to the south.



Road

London	135 miles	2 hours 40 minutes
Birmingham	32 miles	50 minutes
Cheltenham	25 miles	40 minutes

Worcester is served by three mainline railways stations; Worcester Foregate Street, Worcester Shrub Hill & Worcester Parkway. The quickest travel time to Birmingham New Street is approximately 48 minutes whilst London Paddington can be reached in approximately 2 hours 8 minutes.

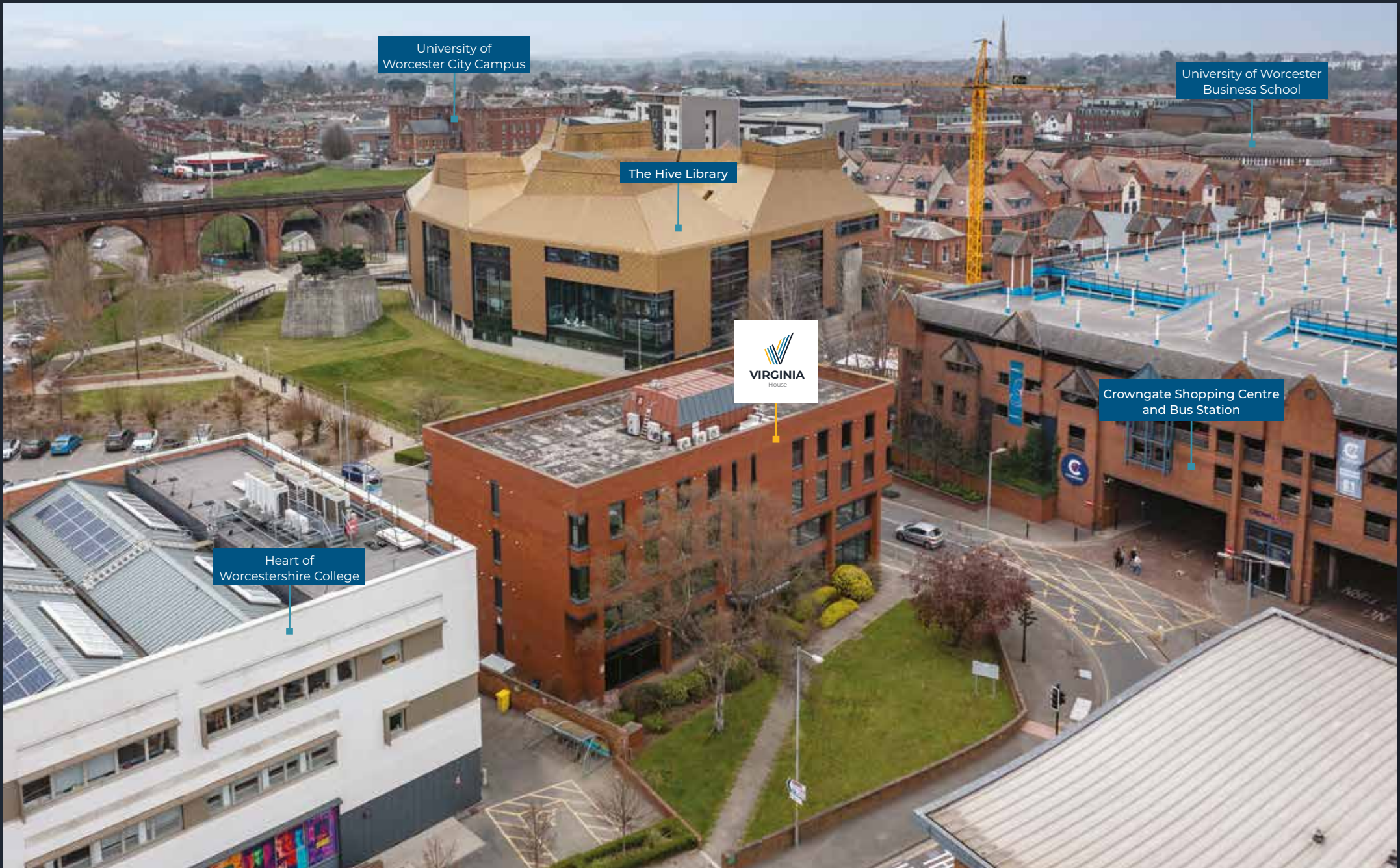


Rail

Birmingham New Street	48 minutes
London Paddington	2 hours 8 minutes
Bristol Temple Meads	1 hour 13 minutes

Times based on travel from Worcester Foregate Street





University of Worcester City Campus

University of Worcester Business School

The Hive Library



Crowngate Shopping Centre and Bus Station

Heart of Worcestershire College



Situation

Virginia House is situated in a highly prominent corner position on The Butts one of the principal routes linking the inner ring road, Crowngate Shopping Centre and Worcester city centre. The property is positioned in the heart of Worcester city centre only 30m from the Hive Library and 15m from the Crowngate Shopping Centre which incorporates Worcester Bus Station and the Crowngate Car Park.

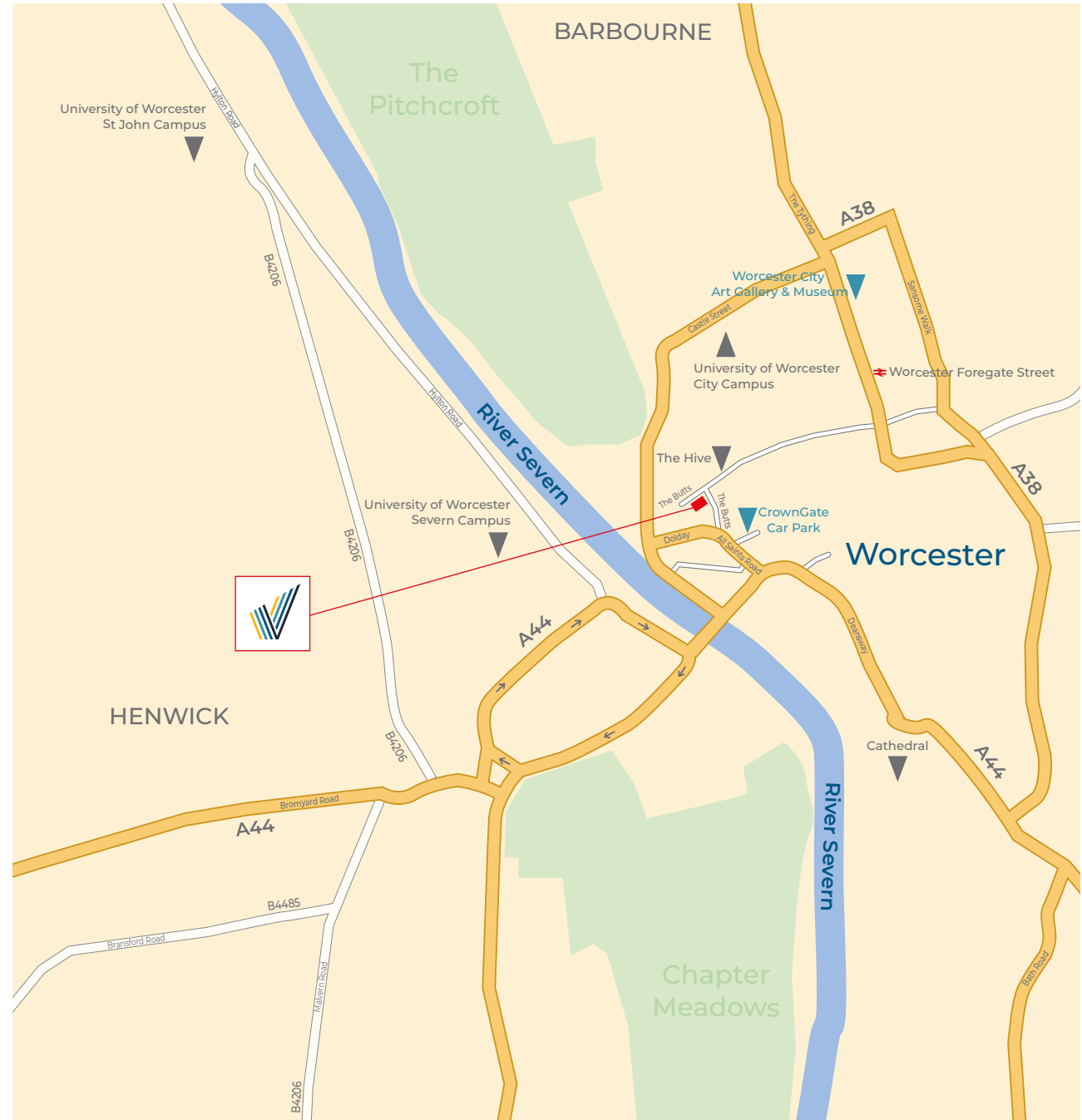
The property is situated close to the junction with Croft Road (A449) and All Saint's Road (A44) which forms part of the Worcester Ring Road and provides easy access to the M5 Motorway.

University of Worcester

The University of Worcester has been ranked in the top 3 in the UK for quality education in 2019, 2020 & 2021 (Times Higher Education's University Impact Rankings). The University has been shortlisted three times as the Times Higher Education's University of the Year – in 2016, 2019 and 2020 - and twice for University of the Year in the UK Social Mobility Awards in 2019 and 2020.

The student population for the 2019 / 2020 academic year was 10,179 with approximately 82.5% of students studying an undergraduate course.

Destination	Approximate distance from Virginia House	Travel Time
The Hive Library	30m north	30 seconds walk
University of Worcester City Campus	450m north	5 minutes' walk
University of Worcester Severn Campus	0.5 miles north west	10 minutes' walk
University of Worcester St John's Campus	1 mile north west	25 minutes' walk
University of Worcester Lakeside Campus	5.5 miles north	15 minutes' drive



Description

Virginia House is a former office building that underwent a back to frame strip out in early 2020. The property has been refurbished to a high specification including full replacement of mechanical and electrical installations and windows.

The accommodation is arranged over ground and three upper floors and extends to approximately 15,332 sq ft (Gross Internal Area) in total.

The property provides a total of 42 letting rooms in three distinct styles and layouts;

- 18 Studio Apartments
- 12 Studio Deluxe Apartments
- 12 Double Apartments

Each apartment is self-contained and comprises: bedroom, bathroom, kitchen and integrated storage.

The ground floor provides open plan communal living accommodation incorporating; gym, cinema room, dining area, kitchen and games room. There are laundry facilities located on the upper floors. There is a passenger lift for access to the upper floors and dual entrances in the north and south elevation.

The tenant is currently exploring the potential to add two additional floors to the property which would deliver a further 28 rooms.





Accommodation

The property extends in total to 15,332 sq ft (Gross Internal Area).

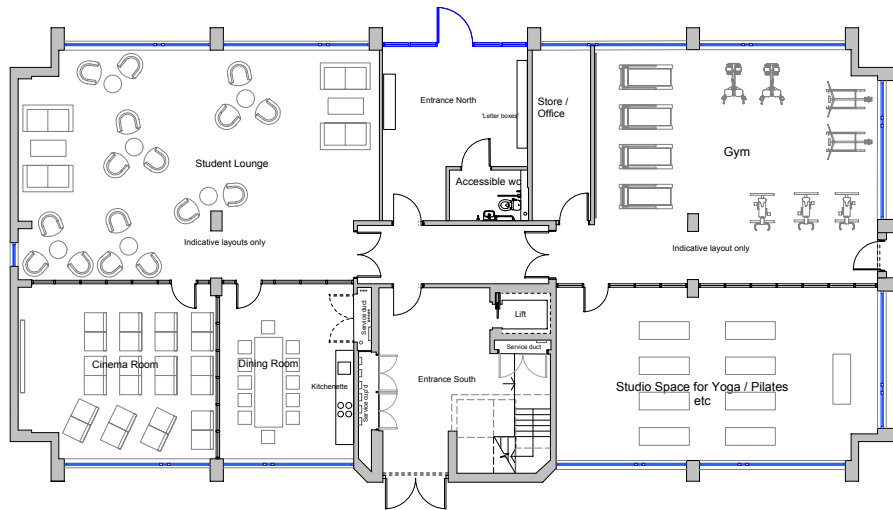
The site area extends to approximately 0.23 acres / 0.09 hectares.

The property benefits from 10 car parking spaces including 1 disabled parking space.

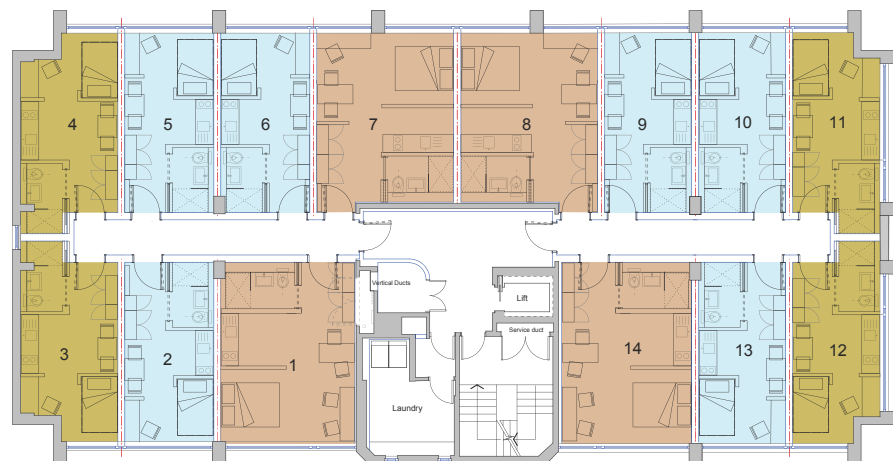
Key

- Studio Apartments (18)
- Studio Deluxe Apartments (12)
- Double Apartments (12)

Ground Floor



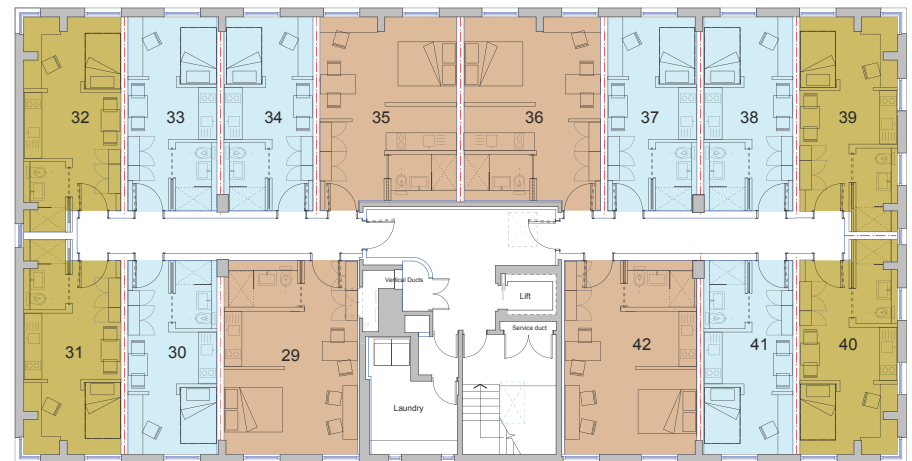
First Floor



Second Floor



Third Floor



Tenure

The property is held freehold under Land Registry Title number WR22172.

Tenancy

The property is let to Virginia House Limited (company registration number 11487209) on a FRI lease for a term of 125 years from 10 March 2020 until 9 March 2145, reflecting an unexpired lease term of 123 years.

The current passing rent is £130,000 per annum, increasing to £145,000 per annum from 10 March 2023. The passing rent will be topped up by the vendor to £145,000 per annum in line with the March 2023 fixed rent uplift.

Thereafter, rent reviews are annually (10 March) on an upward only basis. The rent will increase by a proportion of the gross rent received by the tenant (Virginia House Limited).

This opportunity provides long term income security with minimal asset management input.

Covenant Information

Virginia House Limited was incorporated in 2018 (company registration number 11487209).

The Company was established for the sole purpose of operating a student letting business from the property. The Company operates as a student accommodation provider and is part of The Living Worcester Group Limited (company registration number 12841293). The group operates two sites within Worcester City centre, Virginia House & Farrier House.

Virginia House is the flagship property and occupiers of Farrier House are permitted to use the modern gym facilities located at Virginia House. Additional information is available on the Virginia House website; <https://www.virginiahouse.net/>

The current rent payable by Virginia House Limited (£130,000 per annum increasing to £145,000 per annum) is significantly lower than the rent generated from the student letting accommodation which currently stands at circa £375,000 per annum.

Virginia House has maintained 100% occupancy since trading commenced in 2020. The schemes success has prompted the tenant to explore the possibility of adding an additional two floors to Virginia House.



PROPOSAL

Savills is instructed to seek offers in excess of **£2,750,000** (Two Million, Seven Hundred and Fifty Thousand Pounds) for the freehold interest, subject to contract and excluding VAT.

Based upon the topped up rent of £145,000 per annum, a purchase at this level reflects a net initial yield of 4.95% allowing for standard purchasers costs of 6.42%.



EPC

The property has an EPC rating of C 66

VAT & TOGC

The property is elected for VAT. It is anticipated that the transaction will be treated as a transfer of an ongoing concern (TOGC).

Anti-Money Laundering

The successful purchaser will be required to provide anti-money laundering information in accordance with HMRC regulations when Heads of Terms are agreed.

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April 2022