



THE WORTHGATE SCHOOL
56-60 & 68 NEW DOVER ROAD

CANTERBURY, CT1 3LQ

LONG INCOME SCHOOL INVESTMENT LET TO A
LEADING INTERNATIONAL EDUCATION INSTITUTION



INVESTMENT SUMMARY

- > Opportunity to acquire a long income investment let to a leading international boarding school for 25 years from 21 December 2017 (18 years unexpired).
- > Located in the affluent and historic cathedral city of Canterbury, 60 miles south-east of central London.
- > 56-60 & 68 New Dover Road comprise the majority of the campus for The Worthgate School, a highly respected international boarding school offering accommodation and summer programmes for secondary school students.
- > A total of 51,701 sq ft (GIA) providing teaching space and student accommodation (73 en-suite bedspaces across 51 single rooms and 11 twin rooms).
- > Freehold.
- > Two co-terminus full repairing and insuring leases assigned to Cambridge Arts & Sciences Limited (CATS) with an Authorised Guarantee Agreement from Cambridge Educational Group (CEG).
- > Both leases have a tenant's option to renew for a further 15 years at lease expiry.
- > Total passing rent of £657,679 p.a. with 5 yearly rent reviews in line with RPI (collar of 2% and cap of 4% compounded annually).
- > The vendor will top up the rent from the December 2022 review at the minimum uplift of 2% per annum for two years, providing a topped up rent of £684,249 p.a.
- > Strong underlying alternative use values given the affluent neighbourhood and proximity to the city centre.

We are instructed to seek offers in excess of **£9,866,000 (nine million eight hundred and sixty-six thousand pounds)** subject to contract and exclusive of VAT

A purchase at this level reflects a **net initial yield of 6.50%** (on the topped up rent) and a low capital value of £190 per sq ft (GIA) after purchaser's costs of 6.69%

Minimum reversionary yield of 7.17% (based on uplifts of 2% per annum) and maximum reversionary yield of 7.91% (based on uplifts of 4% per annum) at the December 2027 rent review.

Offers may be considered on an individual basis for each building.



56-60 New Dover Road



68 New Dover Road



PALAMON COURT STUDENT ACCOMMODATION

WHITEFRIARS SHOPPING CENTRE

CANTERBURY CATHEDRAL

UNIVERSITY OF KENT

UNIVERSITY FOR THE CREATIVE ARTS

CANTERBURY CHRIST CHURCH UNIVERSITY

ST MARTIN'S PRIORY

BEST WESTERN ABBOTS BARTON

PREMIER INN

STAFFORD HOUSE LANGUAGE SCHOOL

ERSHAM - 12 NEW DOVER ROAD

ARCHBISHOPS - 57 & 57A NEW DOVER ROAD

KNIGHTS 1&2 - 44 NEW DOVER ROAD

RAEMORE - 33 NEW DOVER ROAD

NEWINGATE SCHOOL

YHA CANTERBURY

56-60 NEW DOVER ROAD

CHAUCER - 62-64 NEW DOVER ROAD

FRANKLIN - 66 NEW DOVER ROAD

68 NEW DOVER ROAD

WORTHGATE SCHOOL BUILDINGS

SITUATION

The properties are located less than one mile south-east of Canterbury city centre on New Dover Road (the A2050), one of the key arterial routes leading into the city centre. The buildings comprise the majority of The Worthgate School campus.

Both buildings are situated on the same side of New Dover Road less than 100 metres apart. The immediate area is leafy and affluent and sits within the New Dover Road Conservation Area. There are a range of independent schools and colleges, student accommodation, hotels and residential nearby.

LOCATION

Canterbury is an affluent and historic cathedral city located approximately 60 miles south-east of central London, 18 miles west of Dover and 28 miles east of Maidstone. It is ranked the #7 best place in the UK for employees and job seekers in the Employee Location Index 2024.

As an internationally renowned tourist destination, the city attracts around 7.2 million tourists a year. It is also a leading UK centre of education, home to four universities including The University of Kent, Canterbury Christ Church University, University for the Creative Arts and Girne American University. Other leading education establishments in the city include Canterbury College and a number of well-respected grammar schools.



7.2 million tourists per year, contributing c.£450 million to the Canterbury economy and supporting approximately 10,000 jobs



Canterbury Cathedral, a UNESCO World Heritage Site, attracts over 1 million visitors annually



Student population of c. 45,000, nearly doubling over the last decade



Canterbury has the 3rd largest district population in Kent totalling 157,550 people



CITY	DISTANCE	DRIVE TIME
London	60 miles	2 hrs
Royal Tunbridge Wells	52 miles	1 hr 30 mins
Maidstone	28 miles	45 mins
Dover	15 mins	25 mins
Ashford International	15 mins	35 mins



CITY	TRAVEL TIME
London St Pancras	55 mins
Stratford International	45 mins
Ashford International	15 mins



CITY	DRIVE TIME
Gatwick	1 hr 40 mins
Heathrow	2 hr 15 mins
London City	1 hr 40 mins

The city provides a range of cultural, leisure and retail amenities including Canterbury Cathedral, Roman Museum, St Martin's Church, St Augustine's Abbey, Chartham Vineyard, Simpsons Wine Estate, Westgate Gardens and The Beaney House of Art & Knowledge. There are excellent road communications with the A28 and A2 dual carriageways providing direct access to the M20 and M2 motorways respectively, as well as the Channel Port of Dover with wider links to mainland Europe.

Canterbury is served by two mainline railway stations, Canterbury East and Canterbury West, with direct services into London boasting a fastest journey time on the HS1 link of **55 minutes to London St Pancras International** and **45 minutes to Stratford International**. In addition, Ashford International Station is located 15 miles to the south-west providing access to London.

DESCRIPTION

56-60 NEW DOVER ROAD

The main building at 56-60 New Dover Road is a period building arranged over basement, ground and two upper floors. It is made up of a mix of teaching space and student accommodation (30 beds).

To the rear are two modern, purpose built accommodation and education blocks constructed in c. 2010 and 2012. St Lawrence House provides teaching space and 31 single en-suite bedrooms. The Wellness Centre provides 12 students beds.

Furthermore, there is a two storey catering hall at the rear (constructed in 2010 and later extended) and a separate single storey catering office.

In total, 56-60 New Dover Road provides 73 bed spaces across 51 single rooms and 11 twin rooms (all en-suite) as well as 11,515 sq ft (NIA) of teaching space. The total GIA including the student accommodation is 36,983 sq ft.

Parking is at the front of the property with spaces for c. 16 cars.



In 2023 a new MUGA (multi use games area) and acoustic fence was constructed at the tenant's expense to the rear of St Lawrence House.

The tenant is carrying out a rolling refurbishment programme of both buildings, including full redecoration and roof repairs, due to complete in summer 2025.

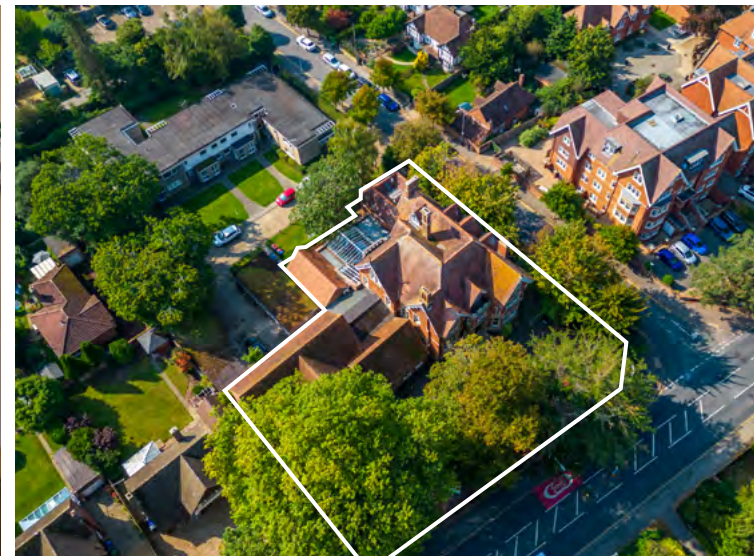
68 NEW DOVER ROAD

68 New Dover Road is the main teaching facility for The Worthgate School and comprises an attractive detached Victorian property with period features and modern extensions.

The original property is arranged over ground and two upper floors with basement storage. The extension is to the west of the building and arranged over ground and first floors. There is a conservatory style extension to the rear which houses the library.

The teaching space is a mix of laboratory and classroom provision, together with a staff room, library, administration offices and ancillary. The NIA of the building is 10,539 sq ft and the GIA is 14,718 sq ft.

Parking is at the front of the property with spaces for c. 8 cars.



ACCOMMODATION

The property has been measured by Lane & Frankham in accordance with the RICS Code of Measuring practice (6th edition) on a net and gross internal area.

There is a copy of the measured survey in the data room.



BUILDING	FLOOR	TEACHING SPACE (NIA SQ FT)	STUDENT ACCOMMODATION & ANCILLARY (GIA SQ FT)	TOTAL GIA (SQ FT)
56-60 New Dover Road	Second	1,018	2,929	4,425
	First	1,060	2,916	4,405
	Ground	2,910	0	4,595
	Basement	3,335	0	4,411
St Lawrence House	First	1,706	3,832	5,675
	Ground	1,486	4,250	6,111
The Lodge	First	0	1,066	1,066
	Ground	0	1,069	1,069
Canteen	First	0	1,690	1,924
	Ground	0	3,302	3,302
SUB TOTAL		11,515	21,054	36,983
68 New Dover Road	Second	1,596	0	2,342
	First	3,211	0	4,360
	Ground	5,124	0	7,408
	Basement	608	0	608
SUB-TOTAL		10,539		14,718
TOTAL		22,054	21,054	
GRAND TOTAL			43,108	51,701

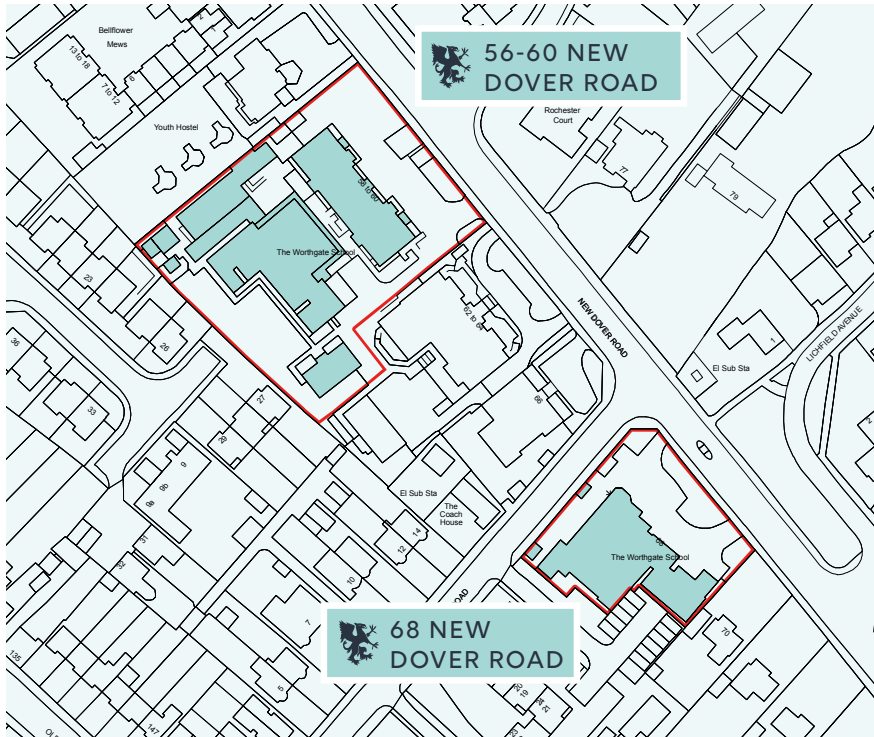
STUDENT BEDROOMS

BUILDING	SINGLE	TWIN	TOTAL BEDS	TOTAL BED SPACES
56-60 New Dover Road	14	8	22	30
St Lawrence House	31		31	31
The Lodge	6	3	9	12
TOTAL	51	11	62	73

TENURE

Freehold.

The buildings are not listed but are located in the New Dover Road Conservation Area.



Not to scale. For identification purposes only. This plan is based upon the Ordnance Survey Map with the sanction of the controller of H.M. Stationery Office. Crown Copyright reserved



SITE

56-60 New Dover Road is situated on a large site extending to approximately 1.1 acres (0.45 hectares) with a site coverage of around 35%.

68 New Dover Road is situated on a site extending to approximately 0.45 acres (0.18 hectares) with a site coverage of around 40%.

In total, both sites have a total area of c. 1.55 acres (0.63 hectares).



TENANCY

In 2019, Bright Scholar purchased CATS Colleges from Bridgepoint and CEG for £150m. The leases were assigned on the same terms to Cambridge Arts & Sciences Limited (CATS) with an Authorised Guarantee Agreement from Cambridge Educational Group (CEG). Since then, CATS Canterbury has rebranded to The Worthgate School.

The rent is reviewed every 5 yearly in line with RPI compounded on an annual basis, subject to an annual 2% collar and 4% cap. The next rent review is due in December 2027.

The properties have just under 18 years remaining on the leases.

The tenant has a single option to renew the lease for a term of 15 years but otherwise on the same terms as the existing lease on the service of 6 months' notice.

The vendor will top up the rent from the December 2022 review at the minimum uplift of 2% per annum for two years, providing a topped up rent of £684,249.



The properties were originally let on two co-terminus full repairing and insuring (FRI) leases, as follows:

TENANT	PROPERTY	USE	AREA (SQ FT)	BED SPACES	DEC 2022 REVIEWED RENT	LEASE TERM	OPTION TO RENEW	TENANT BREAK OPTION	L&T ACT
Cambridge Education Group Limited	56-60 New Dover Road & Additional Buildings	Student & Staff accommodation & teaching & ancillary medical centre	32,569	73	£541,276	25 years from 21 December 2017	15 years from expiry*	None	Inside
	68 New Dover Road	Teaching accommodation	10,539	0	£116,403	25 years from 21 December 2017	15 years from expiry*	None	Inside
TOTAL			43,108		£657,679				
TOPPED UP RENT		2 YEARS @ 2% PA			£684,249				

* The option to renew applies only to Cambridge Education Group Ltd (06020370) or a group company. The Option period for exercising the option is 21/12/2017 - 20/06/2042

TENANT COVENANT



Cambridge Arts & Sciences (CATS) (co. number 03454690) has a Dun and Bradstreet rating of 3A1. Its latest set of accounts are shown below:

BUILDING	2023 (£000's)	2022 (£000's)	2021 (£000's)
Sales Turnover	17,646	16,061	15,965
Profit / (Loss Before Taxes)	1,763	1,396	480
Tangible Net Worth	7,701	16,729	15,649

The international student market offers long-term sustainable growth. It benefits from an increasing youth population, particularly in high growth economies.

There is a burgeoning middle class in these markets that are able to fund a Western education. Plus an increasing demand for degrees from UK and US universities in emerging international labour markets where the reputation of Western academic institutions remains high.

These factors create the opportunity for 'Pathway providers' such as CATS to focus on bringing international students to Western education establishments. CATS' key source markets are China, MENA countries, South Asia and South East Asia, South Korea, Brazil, Russia and Nigeria, all of which are forecast to enjoy high growth rates in GDP and where, in certain cases, there is a shortage of high quality higher education places.

Cambridge Educational Group (CEG) (co. number 06020370) has a Dun and Bradstreet rating of 4A2. Its latest set of accounts are shown below:

BUILDING	2023 (£000's)	2022 (£000's)	2021 (£000's)
Tangible Net Worth	25,652	25,624	25,657
Net Current Assets (Liabilities)	8,579	8,825	10,903

THE WORTHGATE SCHOOL



The Worthgate School is a co-educational independent day and boarding school offering secondary education primarily for international students aged 14 to 19. The school specialises in teaching English and preparing students for pre-university exams such as A-Levels and the International Baccalaureate.

The school is a fully immersive English environment. All school life, including lessons, are conducted in English, giving every student the opportunity to master the language in both academic and social settings. The Worthgate School provides specialist support for students applying to University of Cambridge or University of Oxford. It also partners with Leading Education to provide support to students on their journey towards the most prestigious universities in the world, including Knowledge Skills Enhancement and Admissions Test Preparation.

In addition, Stafford House summer school is run out of 56-60 New Dover Road during the summer period. It provides high quality English language programmes with a range of activities for young learners.

KEY HIGHLIGHTS

- > Approximately 350 students throughout the academic year at The Worthgate School
- > Around 600 students per week for the Stafford House summer school
- > Students from 37 nationalities including South America, Nigeria, Asia and Southern Europe with 99% from overseas
- > The Worthgate School was a 2023 Finalist in the Independent Schools Association Awards for Excellence and Innovation in Equality, Diversity and Inclusion. This recognised the school's outstanding student-led Diversity Committee
- > 60% of students go on to study at either Russell Group or Oxbridge universities

INVESTMENT COMMENTARY

The 2024 Independent Schools Council (ISC) Annual Census showed that there are now 556,551 pupils at the 1,356 ISC member schools, up from 532,237 in 2021. This is the highest total in the history of the ISC since 1974.

There are 107,259 pupils new to their school in the current academic year. There are 26,195 non-British pupils at ISC schools whose parents live overseas, an increase of 2.9% on 2023. Pupils from mainland China and Hong Kong comprise the largest groups with 5,824 and 5,075 pupils respectively.

The UK education sector is one of the most prestigious and highly esteemed in the world. In 2023, the gross added value (GVA) of the sector amounted to approximately £118.3bn, compared with £115.8bn the previous year. Canterbury is

home to some of the most prestigious schools in the country including The King's School, Kent College, St Edmund's School and St Faith's. Canterbury is home to over 45,000 full time university students with strong demand for student accommodation across the city.

In July 2024, Canada Life forward funded three student accommodation blocks on the University of Kent's Canterbury main campus for £30m. The asset manager took a 50 year income strip at a net initial yield of 4.15% with annual reviews in line with CPI and capped at 5%.

In 2022, Canterbury's largest student accommodation asset, Palamon Court, sold for £110m. It comprised 915 beds and sold for a net initial yield of 5.30% on a direct let basis.

We are aware of the following relevant long income transactions:

PROPERTY	DESCRIPTION	LEASE TERMS	PRICE	NET INITIAL YIELD	PURCHASER	DATE
St Thomas's School, Fulham	Private school sale and leaseback	25 years with 5 yearly RPI uplifts compounded annually (1.5% - 3.5%)	£32.26m	5.50%	Family office	Sep 2024
108 Banbury Road, Oxford & 75 Barton Road, Cambridge	Language school let to Kaplan International	6 years with tenant's 15 year option to renew. Fixed annual uplifts of 2.5%.	£5.325m	5.40%	Confidential	Nov 2023
Electric House, Croydon	56,000 sq ft of D1 space let to a London South Bank University	13 years with 5 yearly reviews to higher of OMV or RPI (1% - 4%)	£35.45m	5.00%	Chishima Real Estate Co Ltd	March 2023
73 Bushey Hall Road, Bushey	4,800 sq ft day nursery let to N Family	25 years with 5 yearly CPI linked reviews compounded annually (1% - 3%)	£2.65m	5.50%	K&G Restaurants Ltd	Jan 2023

INVESTMENT RATIONALE

- > Long income for 18 years to a strong covenant with a guarantor that has a tangible net worth in excess of £25m
- > 5 yearly reviews in line with RPI compounded annually with a minimum uplift of 2% per annum
- > Minimum reversion in December 2027 to 7.17% with potential maximum reversion to 7.91%
- > Top international boarding school catering to students with high-net-worth parents seeking university admission at the best universities in the world
- > Increase of 2.9% in non-British pupils at ISC schools whose parents live overseas
- > Attractive period buildings in the historic cathedral city of Canterbury at a low capital value of £190 per sq ft with strong alternative use fundamentals
- > Significant tenant investment with rolling refurbishment programme and roof repairs due to complete by summer 2025. Annual tenant operational budget of £4m across the Canterbury school buildings.

FURTHER INFORMATION

EPC RATINGS

Full EPCs and Recommendation Reports are available in the data room.

VAT

The transaction will be VAT exempt and will not be treated as a Transfer of a Going Concern (TOGC). Under the terms of the leases, the landlord is not permitted to elect the asset for VAT, unless statutorily obliged to do so.



DATA ROOM

Data room access is available for registration here:
theworthgateschoolcanterbury.co.uk

CAPITAL ALLOWANCES

There are no Capital Allowances which can be transferred to a purchaser of the property due to a historic capital allowances election.

AML / KYC

Prospective purchasers will be asked to produce identification of the intended Purchaser and other documentation in order to support any offers submitted to the vendors. Bidwells LLP accepts no liability of any type arising from your delay or other lack of co-operation.





PROPOSAL

We are instructed to seek offers in excess of **£9,866,000 (nine million eight hundred and sixty-six million pounds)** subject to contract and exclusive of VAT

A purchase at this level reflects a **net initial yield of 6.50%** (on the topped up rent) and a low capital value of £190 per sq ft (GIA) after purchaser's costs of 6.69%

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Offers may be considered on an individual basis for each building.

CONTACT


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