

Knightsbridge Halls and Bramall House, Sheffield, UK Student Investment

Proposal Ref: 0112SH

Tags: Students, Cash flow, Yields

Date: February 2012

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Knightsbridge Halls | Bramall House



- Prices from £14,500
- Gross rental yields up to 22%
- Net rental yields from 12%
- Cash flow positive investments
- Fully managed and hands off
- Turnkey - nothing else required
- Full UK assistance provided

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Investment introduction...

Aston Eaves

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In this brochure we are wanting to break the boundaries of investment and in the process prove that you can reap the benefits from investing in student property - all for a little less than a 2nd hand family car or a family holiday in a far flung destination... albeit a luxury family holiday (depending on your indulgences).

We are offering student investment property with prices starting from **£14,500** and net yields of **12%**. I don't want to use the gimmicky line: "Yes, you read that right", but I encourage you to take a double take on that last sentence. The entire purchase starts from as little as £14,500 with net yields of 12% up to purchases of £22,000 with net yields of 8% (for two slightly different products, but both part of the same portfolio).

These investments that we present to you in this brochure, especially the investments priced between £14,500 to £17,500 are targeted towards a select band of investors and we can tell you from the outset that it is not for everyone. While this will be expanded in the coming sections, the investors who will be eager to buy this are those that are looking specifically for high rental yields and cash flow with no other focus and as an alternative would have put the money into a savings account. In short, **this investment is for very low risk investors who are happy to generate a rental income for many years to come.**

For £14,500 you, in effect, receive an en-suite student bedroom in a very central student residence in Sheffield which is creating a rental income as we speak. I certainly think that this one will sell out fast due to the price point driver, and if you fit the investor profile for this scheme, then get in touch and we'll be happy to discuss it more in depth.

Sincerely,



Wayne Romalho
Acquisitions Director, Aston Eaves
wayne@astoneaves.com

About - Knightsbridge Halls and Bramall House

Even though there are 80 units or rooms on offer, the rooms are set across two developments: Knightsbridge Halls and Bramall House. The former is a property that was built in the late 60's and had a change of use from office to student accommodation in 1998. Bramall House is located within the established private student area and was adapted in the late 1980's.

Knightsbridge Halls

Prices start from £14,500 to £17,500. The target net yield is 10% to 12%. This is sold on a 50 year leasehold basis per room.

This is a 3 storey block of upper floor accommodation which has been let out as student accommodation since the late 1990's. The three floors are almost identical in layout with plenty of kitchen and communal space on each floor to accommodate the students.

In total, there are 50 bedrooms (some en-suite) which are spread across the three floors:

Floor 1 - sixteen bedrooms with two en-suite; Floor 2 - eighteen bedrooms with seven en-suite and Floor 3 - sixteen bedrooms with six en-suite.

Bramall House

Prices start from £20,000 to £22,000. The target net yield is 8% to 9%. This is sold on a 110 year leasehold basis per room.

The property is an interconnected and extended end terrace which accommodates 30 rooms spread over three floors. The property was adapted in the late 1980's with each room having a sink. Each floor has a good number of toilets and shower facilities and a large amount of kitchen space. There is also an additional lounge on the ground floor which is accessible to all students in Bramall House.

The immediate surrounding area is characterised by private rental properties which have mostly been adapted for student use and HMO's.

As for Bramall House, in total, there are 30 bedrooms which are spread across the three floors: Ground floor - ten bedrooms; 1st floor - ten bedrooms and 2nd floor - ten bedrooms.

Why do they make a good investment?

The units on offer on this site are great for a number of reasons, but the prime driver to this Sheffield development is the rental yields on offer. Nowhere else in the UK, as far as we are aware, will you be able to secure a fully managed, 12% net rental yielding investment in a key student area in the UK, backed up by a nomination agreement with Sheffield Hallam University!

1. Low cost, high yields

Prices start from £14,500 with a maximum of £22,000. The target net yield is 8.0% to 12.0%

- Objective 1.1 ▶ Low rents are countered by a low void period due to the constant demand.
- Objective 1.2 ▶ Secure mostly cash buyers due to the low entry point and short leasehold.
- Objective 1.3 ▶ Clean title to each individual pod - investors buy a 50 year or 110 year leasehold.

2. Upside and BMV discount

Market value is difficult to determine, but you are buying gross yields of circa 20%.

- Objective 2.1 ▶ Rental income is the product identifier, but growth is inevitable.
- Objective 2.2 ▶ Pods are commercial units. With eventual rental increases, pod value increases.
- Objective 2.3 ▶ At £20,000, the investor is already buying them at prices unheard of elsewhere.

3. An ever increasing demand for student accommodation

Demand fuels the supply in the city of Sheffield: one of the highest student populations in UK.

- Objective 3.1 ▶ All student investments are turnkey ready and create cash flow from day 1.
- Objective 3.2 ▶ High student demand means there is a nomination agreement with SHU.
- Objective 3.3 ▶ Low price of rent at £75 per week means this will always be a smart option.

It's crucial that you understand the project proposal before you take this any further. Please make sure you understand all the points above otherwise contact us to discuss an alternative project. If you are happy with the proposal and objectives, please continue reading.

Project Highlights

The units are ready, most of the building is tenanted and the university year is in full swing. Sheffield will always be an attractive proposition to students. Below we outline key facts.

EMOTIONAL rationale for investing in Knightsbridge Halls or Bramall House, Sheffield:

- ▶ Always a demand for purpose built student accommodation near the campus.
- ▶ Students are being squeezed because of record rents in the private sector.
- ▶ Affordable and decent quality of accommodation is becoming rare.
- ▶ Students are now more financially constrained than ever before i.e. increased tuition fees.
- ▶ The investments are completely hands off - It makes sense to buy with the least hassle.

FINANCIAL rationale for investing in Knightsbridge Halls or Bramall House, Sheffield:

- ▶ 8%-12% net yielding investments are 6%-10% higher than the banks will pay you.
- ▶ Prices from £14,500 to £22,000 - Less than the average amount for a house deposit.
- ▶ 0% void periods - In fact, 8% net yields is on a 10 month term. More if you get 12 months.
- ▶ £0.00 required for maintenance, management or repairs - all costs are built in.
- ▶ Fully managed, armchair investment - no other outgoings involved for the investor.

“My 2 student buys in Sheffield are such a great buy; I will be investing more soon.”
Nina Topping, London

The Financial Returns

The following are based on the purchase of a single unit at Sheffield. All other fees and pricing indicators are based on an estimation unless stated otherwise.

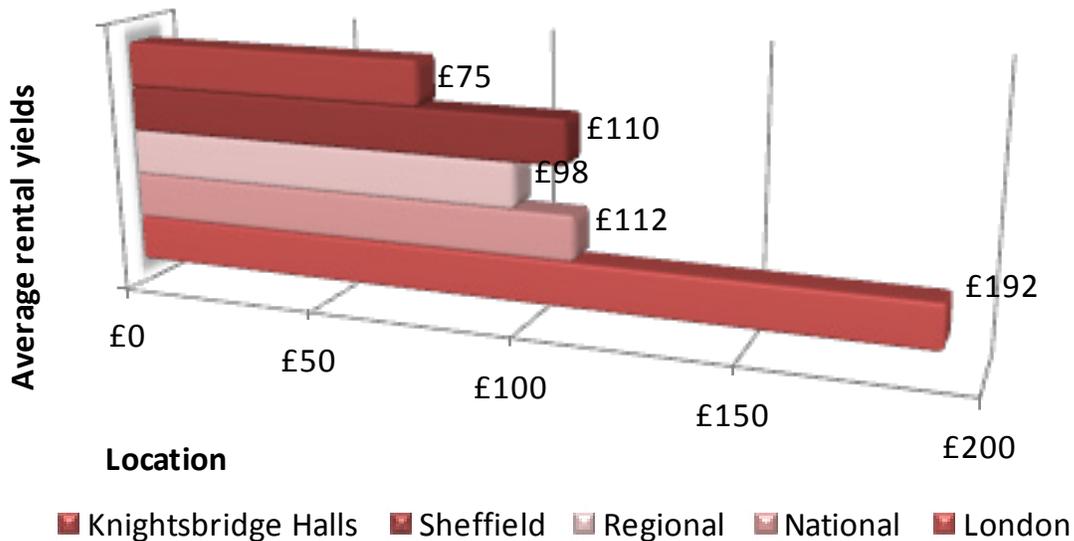
Single unit purchase price	£22,000	£20,000	£17,500	£14,583
Rental income per week	£75	£75	£75	£75
Rental income total / year (44 weeks)	£3300	£3300	£3300	£3300
Gross Rental Yield	15%	16.5%	18.9%	22.6%
Less Holding Costs per year (actual):				
repairs	£246	£246	£246	£246
nomination fees	£76	£76	£76	£76
insurance	£65	£65	£65	£65
utilities	£389	£389	£389	£389
telephone/broadband	£51	£51	£51	£51
motor and sundry	£43	£43	£43	£43
management	£433	£433	£433	£433
cleaning/waste	£32	£32	£32	£32
ground rent	£195	£195	£195	£195
SUB-TOTAL	£1,530	£1,530	£1,530	£1,530
RENTAL RETURN PARTNER YEAR 2+	£1,770	£1,770	£1,770	£1,770
Net Rental Yield	8.0%	8.9%	10.1%	12.1%

The pricing is structured depending on which units are bought and if the client opts for either of the offers available at the end of this brochure e.g. buy 5 units for £20k each at Bramall House.

How does Knightsbridge Halls compare?

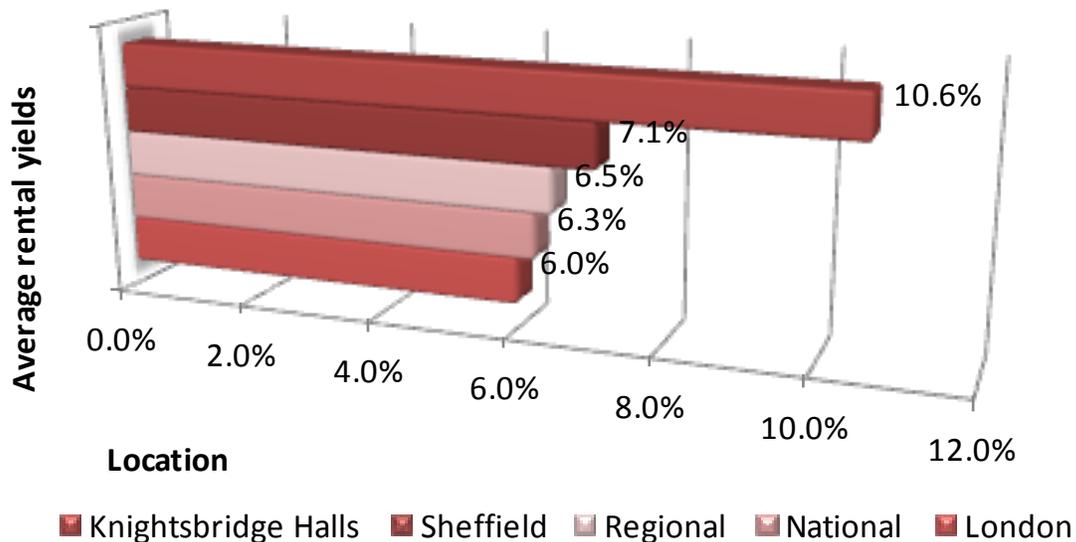
KNIGHTSBRIDGE HALLS RENTAL PRICES ARE LOWER THAN SHEFFIELD AVERAGE

Using the Knight Frank Student Accommodation Index, we can see that Knightsbridge Halls has a lower than average rent for an student unit, even compared to Sheffield in general. This should ensure rentability and keep voids down to an absolute minimum as is the current case.



KNIGHTSBRIDGE HALLS RENTAL YIELDS ARE HIGHER THAN AVERAGE

10% plus net rental yields can only be achieved if the purchase asking price is low. In this instance, the 10% net yields achieved are higher than the Sheffield and UK average where prices are higher.



Proposal Specifics - Build, Availability and Pricing

WHAT IS THE LOCATION OF THIS INVESTMENT?

Knightsbridge Halls, Sheffield, S3 and Bramall House, Sheffield in S2.

WHAT STAGE OF BUILD IS IT IN?

It is finished and is currently tenanted and has been since change of use from office space since 1998 i.e. it has been in operation for 10 years+.

HOW MANY UNITS ARE THERE?

The total availability is 80 units in two separate buildings: One with 50 rooms and the other with 30 rooms. The rooms do vary in size - please request floor plans to view this in detail.

WHAT KIND OF UNITS ARE THEY?

In Knightsbridge Halls, there are 15 en-suite rooms and 35 standard rooms. In Bramall House, there are no en-suite facilities as all 30 rooms are single study bedrooms with shared bathroom facilities. Typically, a room measures between 8.5 sq.m to 14 sq.m. All rooms have a bed, a desk and a wardrobe. Again, please request floor plans for further information.

ARE THERE ANY DISABLED FACILITIES?

Ground floor rooms provide disabled access and the main living space is also situated on the ground floor in Bramall House. Knightsbridge Halls provides has an operational lift.

WHAT IS THE SALES PRICE PER UNIT?

Knightsbridge Halls: £17,500 for one unit and at Bramall House: £22,000 for one unit.

WHAT IS THE EXPECTED RENTAL INCOME PER POD OR ROOM?

Knightsbridge Halls: £1750 per 44 weeks and Bramall House: £1750 per 44 weeks.

WHY DOES BRAMALL HOUSE COST MORE IF IT BRINGS THE SAME RENT?

Bramall House costs more per pod as the remaining lease is, at time of writing, 109 years whilst Knightsbridge Halls has 49 years remaining. You are paying a premium of £4,500 extra for the extra 60 years on the lease.

WILL THE LEASE BE EXTENDED ON KNIGHTSBRIDGE HALLS?

The major reasoning in being able to acquire a student rental investment for between £14,500 to £17,500 is due to 49 years remaining on the lease. We are negotiating with the freeholders with view to increasing the lease from 49 years to 109 years, but this will be at an additional cost of £4,500 per pod to buyers at Knightsbridge Halls. **Please note:** This will become an option and is not mandatory for buyers to purchase a student unit.

Proposal Specifics - Rentals, Offers and Exits

WHAT ABOUT SUMMER RENTALS BEYOND THE 44 WEEKS?

We have been advised that last summer, 30 of the rooms were let out to Chinese students for the eight week period in between the academic year. Should your room be let throughout this period, then this is your money to keep and thus drives your yield even higher. Please note, we will have an additional surcharge to manage this room over the summer should it be let out.

WHAT IF I BUY MORE THAN ONE UNIT - ARE THERE ANY OFFERS?

Knightsbridge Halls: Buy 5 get 1 unit free, bringing the net price down to £14,583 per unit.
Bramall House: Buy 5 units for £20,000 each. Both offers are subject to availability.

ARE THERE ANY PARKING SPACES?

No parking spaces are available on a lease basis as part of the purchase.

CAN I GET A BUY-TO-LET MORTGAGE TO BUY THIS?

These units are termed as commercial, meaning a regular buy-to-let mortgage cannot be obtained to finance the purchase. It will either be a cash buy or one that requires commercial finance. please note, we are not financial advisors and cannot offer advice on mortgages.

WHAT KIND OF INVESTOR BUYS THIS KIND OF PROPERTY?

This will suit investors who want a hands-off investment, with little or no involvement, providing excellent cash flow with yields at circa 15%-21% gross and 10%-12% net. Property traders may also find it suitable if they wish to flip the units to more accessible markets. Generally speaking, investors should be looking to utilise this asset class to provide long term rental income with minimal effort.

WHAT ARE MY EXIT STRATEGIES?

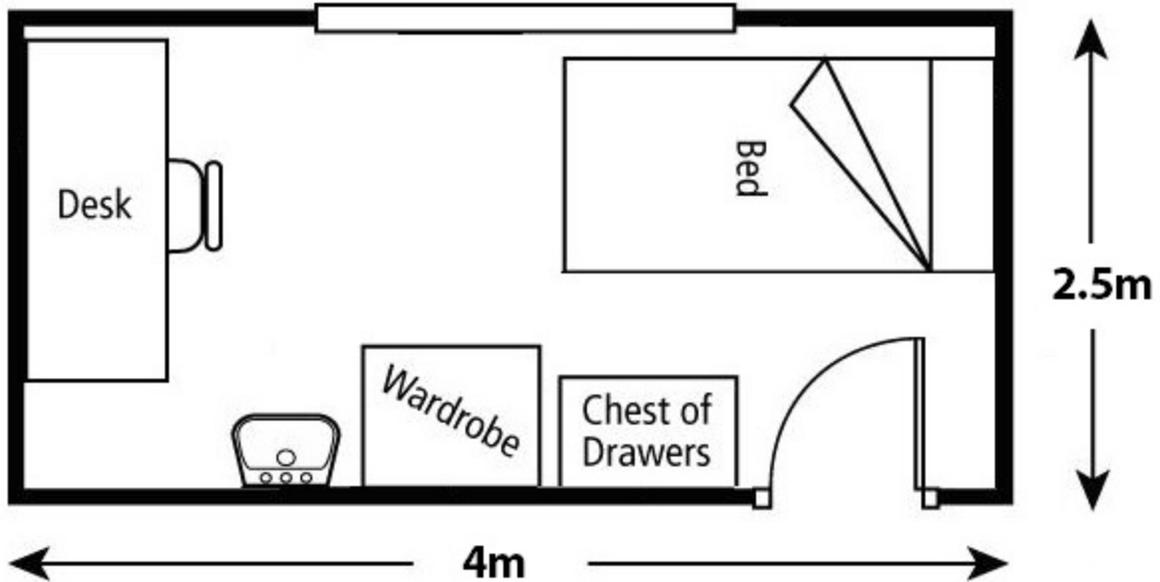
We are offering all our buyers the option of selling it back to us at the same price plus inflation at the end of year 3. This means that you have a clear defined strategy should you choose to exit at the end of year 3. Furthermore, you can sell this on to investors who buy at sub 10%-12% net to investors via commercial estate agents and auctions. As a final exit, you can also sell this onto parent investors who would, otherwise, spend circa £10,000 to £14,000 on providing rents for their child that attends the two Sheffield universities.

The point is this: At this moment in time, there is no clear secondary market for student pod or room investments. However, if you can buy in at the right price i.e. circa £15k to £25k, then your exits will open up more than if you had paid £25k to £60k per pod.

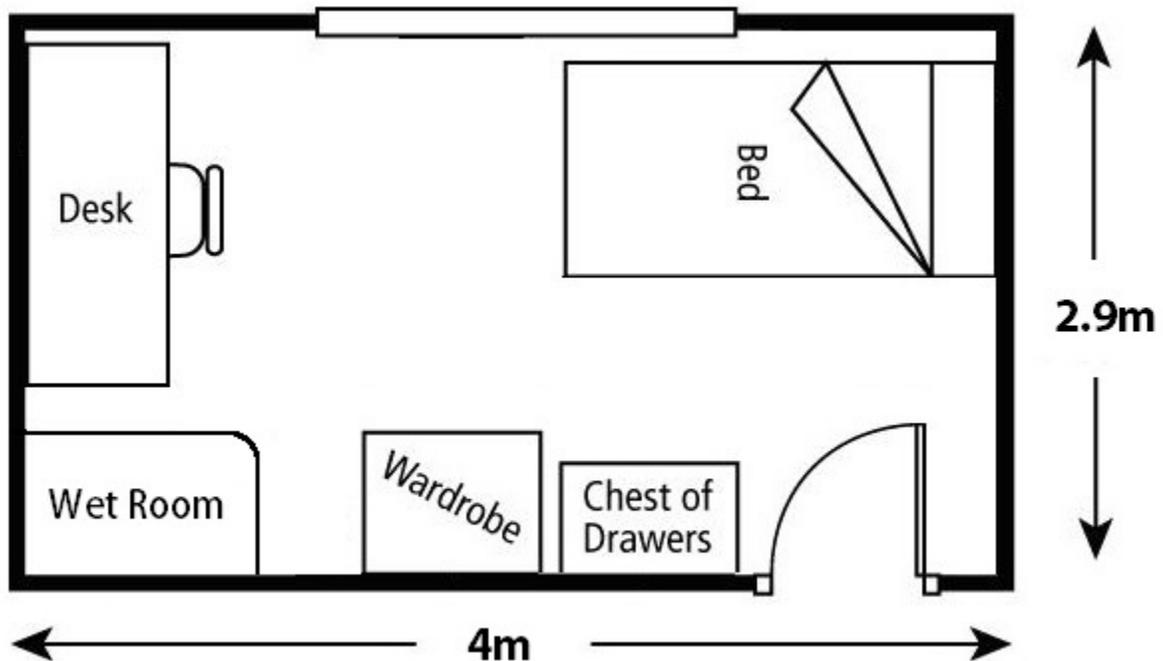
Again though, it is important to stress that the investments in this brochure are primarily targeted to clients that want a fully managed, very high yielding rental investment in a key student driven market.

Typical Pod Layout

The image below denotes a typical standard room layout at Knightsbridge Hall and Bramall House. Please note that the layout below is for general guidance only and the rooms do vary. We request that you ask for the floor plans from one of our consultants should you wish to take your interest further.



The layout below is for an en-suite unit with a 'wet room' and again, is for guidance purposes only.



Current Opportunities



▶ **10% Yield, £17,500**

This single room, measuring 11m² and on the 3rd, 4th and 5th floor consists of a junior double bed, a desk and a wardrobe. It is currently tenanted and brings in £75 gross per week on a 44 week let.

Using the numbers above, and accounting for service charges at £1530 per academic year, the annual net yield is 10.1%.

REF #KH-1



▶ **8% Yield, £22,000**

This single room, measuring 11m² and on the first floor consists of a junior double bed, a desk, wardrobe and a sink. It is currently tenanted and brings in £75 gross per week on a 44 week let.

Using the numbers above, and accounting for service charges at £1530 per academic year, the annual net yield is 8.0%.

REF #BH-1

Investment Timeline...

The project schedule has set dates which a client needs to adhere to, thus ensuring a smooth purchase procedure. Due to the nature of the fast moving acquisition process, the client must understand that he or she needs to stay on track and chase their respective solicitor. Whilst Aston Eaves will do their utmost to keep the client on track, after the initial stage the client must maintain regular contact with their solicitor that is handling the sale.

PHASE I: RESERVATION / Day 1

NOTES

Once you have decided to purchase a unit, please either:

- a) Forward a reservation fee of £500 along with a reservation form and the unit will be reserved in your name. Once the contracts are sent out, the reservation fee is non-refundable.
- b) Lodge the full amount in escrow with a the nominated solicitor so we can see your commitment. The escrow costs must be borne by you.

£500 fee to reserve per unit via BACS or credit/debit card. This goes towards the agreed purchase price per unit.

Escrow costs to be borne by the buyer at his or her discretion.

PHASE II: PURCHASE AGREEMENT / 1-3 days

Once reservation has been approved, the client will be put in touch with all the required parties including the vendors solicitors. You can appoint your own solicitor or we can appoint one for you. During this time, the client will be required to complete a full purchase agreement and to prove they have the necessary funds in place.

Proof of funds required at this stage to ensure affordability.

PHASE III: CONTRACTS SENT TO YOU / 14-21 days

The vendors solicitor will send you the sales contract. You must return the signed contract and remainder of the funds required on exchange and completion. The client will be requested to wire over the remaining balance to the solicitors.

Sign contract and send balance of funds to complete.

PHASE IV: EXCHANGE AND COMPLETION / 3 days

Now you have completed, we will instruct the vendor to confirm all the rental agreements and any other outstanding details.

We will liase with the vendor to make sure you have everything.

Bulk Purchase Offers

BUY5GET1FREE	BUY5FOR£100K	3MIXNMATCH
£87,500	£100,000	£55,000
6 units at Knightsbridge H.	5 units at Bramall House	2 at BH and 1 at K.Halls
Net price is £14,583 per unit	Net price is £20,000 per unit	Net price is £18,333 per unit
110% money back guarantee*	110% money back guarantee*	110% money back guarantee*
Rental yield is 12.14% net	Rental yield is 8.85% net	Rental yield is 9.65% net
2 year rental guarantees	2 year rental guarantee	2 year rental guarantee

* The 110% guarantee - If we are unable to secure you an investment opportunity according to the offers above, then we will offer a 110% return on the money you have placed with us - guaranteed. For example, if you wanted to go for the 3MIXNMATCH option and we were unable to secure you 3 student units that yield 9.65% net at the chosen site, then we'd give you your money back plus a further 10% on top for any monies placed with us directly e.g. 3 units equate to £1500 reservation fee. If we couldn't secure this for whatever reason, we'd return £1650 to you - you can't get fairer!

What to do next...

If you have any further queries or questions, then email us at sales@astoneaves.com.

Alternatively, please call us on +44 (0)20 3603 8903 and ask to speak to one of our consultants in relation to the development you are interested in.

THANKS FOR YOUR INTEREST!