

**RARE FREEHOLD CENTRAL CAMBRIDGE OFFICE SALE AND
LEASEBACK INVESTMENT WITH FUTURE DEVELOPMENT POTENTIAL
SHAKESPEARE HOUSE, 42 NEWMARKET ROAD, CAMBRIDGE CB5 8EP**



INVESTMENT SUMMARY

- Rare opportunity to acquire a freehold office investment in central Cambridge, with excellent future development potential
- Cambridge is a world famous University city and global centre of excellence for research and development, medicine, business and education. Cambridge is widely recognised as a leading high technology business cluster and is the heart of one of the most dynamic economic sub regions within the UK
- Four storey office building totalling 1,472.55 sq m / 15,850 sq ft with an excellent car parking ratio of 1:932 sq ft (17 spaces)
- Sale and Leaseback to regional solicitors Hewitsons LLP on a new 5 year term from completion with a rolling tenant break option from the expiry of year 2
- Initial rent of £451,725 per annum reflecting £28.50 per sq ft
- Passing rent at substantial discount to prime office rents in Cambridge are now at £48.50 per sq ft
- Asset management opportunities to increase rent through refurbishment and rentalising car parking in the future
- Future potential to increase massing on the site via infill of undercroft and adding additional floors / total redevelopment / securing alternative uses such as student / residential / hotel or aparthotel, subject to planning
- Offers **in excess of £6,520,000** subject to contract and exclusive of VAT, for their freehold interest. A purchase at this level would reflect a **net initial yield of 6.50%** assuming standard purchaser's costs of 6.64%
- Low capital value of £411 per sq ft





KING'S COLLEGE



APPLE



AMAZON



ANGLIA RUSKIN UNIVERSITY

CAMBRIDGE GROWTH STORY

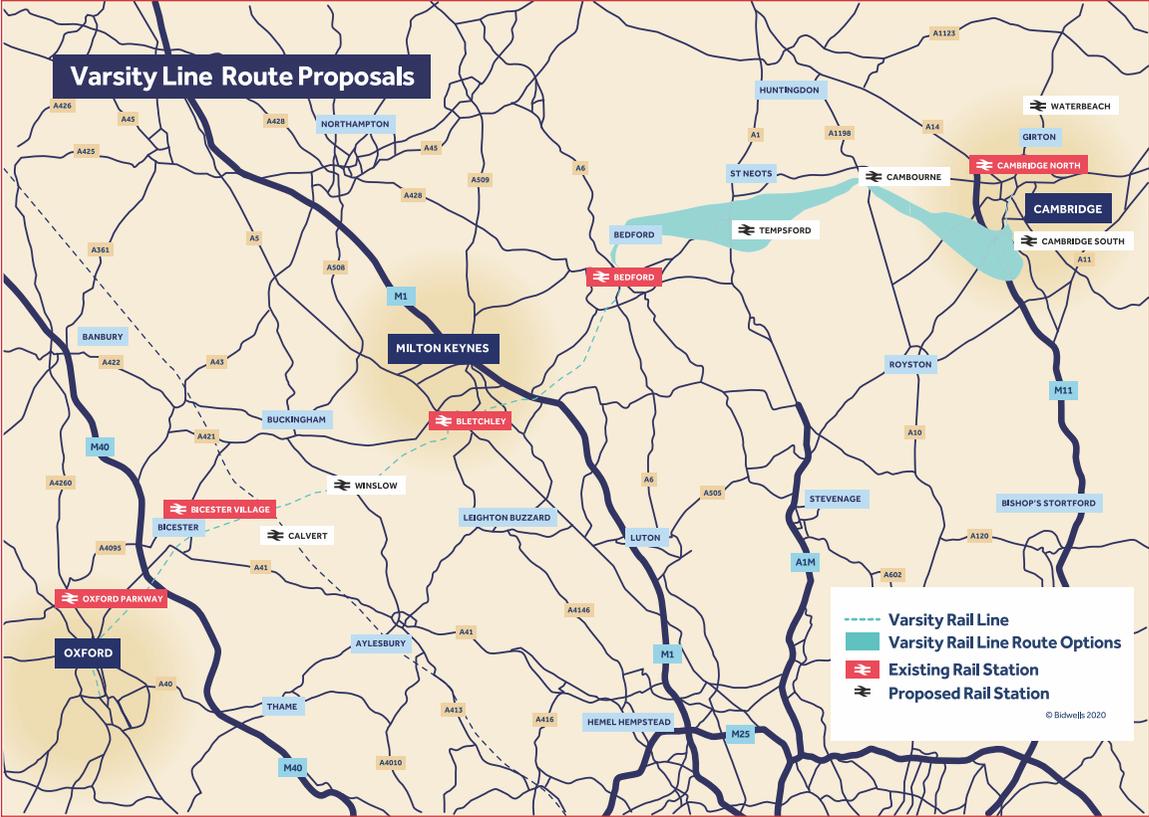
Cambridge, a city renowned worldwide for its history, ancient architecture and huge cultural appeal, is one of the UK's principle tourist locations, for both domestic and overseas visitors and is also an important location for the UK's research and development sector. There are over 4,500 knowledge intensive companies registered within 25 miles of Cambridge. These companies have contributed to growing employment in the area by 7.5% pa since 2011 (Source: Cambridge Ahead). Recent research by the Centre of Economic & Business Research forecasts that Cambridge will be the fastest growing economy in the UK over the next ten years, growing by 2.8% per annum, compared to trend rate of growth for the UK of 2.2% per annum.

Cambridge and its surrounding business parks are home to a variety of industries such as IT, life sciences, research, education and service companies. The city attracts global employers including Huawei, ARM, Microsoft, Amazon, Apple, Samsung and Deloitte amongst others. This is reinforced by AstraZeneca's decision to build its new £330m headquarters in Cambridge, due to be completed in 2021 which will bring 2,000 staff to the city.

OXBRIDGE GROWTH CORRIDOR

The Oxbridge Growth Corridor is of vital economic importance in the UK; home to leading international universities and science and technology companies. Reflecting its significance, a strategic vision for the Oxbridge Growth Corridor was delivered by the National Infrastructure Commission (NIC) and received Government support in the November 2017 Budget. The Oxbridge Growth Corridor has the potential to become a powerful new economic supercentre. Estimates by the National Infrastructure Commission (NIC) suggest that, with the right interventions, annual output of the corridor in 2050 could be £163 billion higher than in 2014, approximately doubling the growth expected without intervention.

The development of the new east-west Varsity Rail Line by 2030, and over a million new homes within the Knowledge Arc by 2050, will provide a huge boost to the local economy and employment pool. Infrastructure, planned alongside housing and jobs growth, will drive productivity and provide the capacity needed to mitigate congestion and enable clustering of businesses.



Timeline of Varsity Line

- Oxford to Bicester section fully open
- Preferred corridor confirmed - early 2020
- Preferred Alignment confirmed - circa 2021
- DCO application - circa 2022
- Oxford - Bletchley - Bedford section open 2024
- Start on site - circa 2026
- Bedford to Cambridge section - open 2030
- Depending on the outcome of the further development work, it is possible that the above timelines could be accelerated.



ECONOMY

- First city in Grant Thornton's 'Dynamism & Opportunity Index' (2019).
- GDP per worker (2018) - £59,751.
- GVA £ billion (2018) - £6.2 billion.
- One of the fastest growing city economies in 2020, with forecast GVA growth of 1.2% and employment growth of 2.1%.
- Sixth highest UK workplace earnings at £608 per week (2019).
- Tourism contributes c.£835 million to the Cambridge economy and accounts for around 22% of local employment. The city attracts 5.3 million visitors per annum.
- Total jobs - 108,500 (2018).
- The number of private sector jobs in Cambridge has increased by 7.38% between 2015-18, significantly above the growth in London where employment was up by 4.28%.
- Fourth lowest job seekers claimant count, 1.51% (November 2019), around one half the National Average.
- Fifth highest employment rate in the UK at 80.4%.
- Over the past ten years (2008–18) the value of goods and services produced in the area has grown by 46.9%.
- Cambridge is one of the few cities making a net contribution to the UK Treasury.
- Over 25,882 Cambridge registered companies generating over £46 billion in revenue.
- 38% growth in businesses based in the city since 2010/11.
- Sixth ranked city in the UK for ultrafast broadband coverage 93.54% (2019).



ACADEMIC EXCELLENCE AND SCIENTIFIC KNOWLEDGE

- University of Cambridge consistently in Top 3 of World University rankings.
- Addenbrookes and Papworth - world-leading teaching hospitals.
- 107 Cambridge affiliates have been awarded a Nobel Prize since 1904.
- First for innovation, with 148.12 patents granted in 2018 per 100,000 residents - 55% higher than the next most innovative city.
- 5027 Knowledge Intensive Companies generating £16 billion in revenues.
- Europe's largest concentration of science and technology businesses with over 448 life science companies and organisations employing more than 15,048 people and contributing £5 billion to the UK economy (Cambridge Ahead Cluster Analysis).
- Second University in the city - Anglia Ruskin University.



DEMOGRAPHICS

- First city for housing stock growth at 2.16% (2017–18).
- Cambridge is the third most expensive city in terms of rents and property prices in the country.
- Current population - 125,758 (2018).
- One of the fastest growing populations in the UK, rising by 0.67% in 2018 compared to 0.6% for the UK as a whole.
- The Office for National Statistics projects the population of England to grow by 9.9% over the next 21 years to 2041, with London projected to grow by 14.2% and the East of England (including Cambridge) to grow at an above average rate of 12.7%.



TRANSPORT

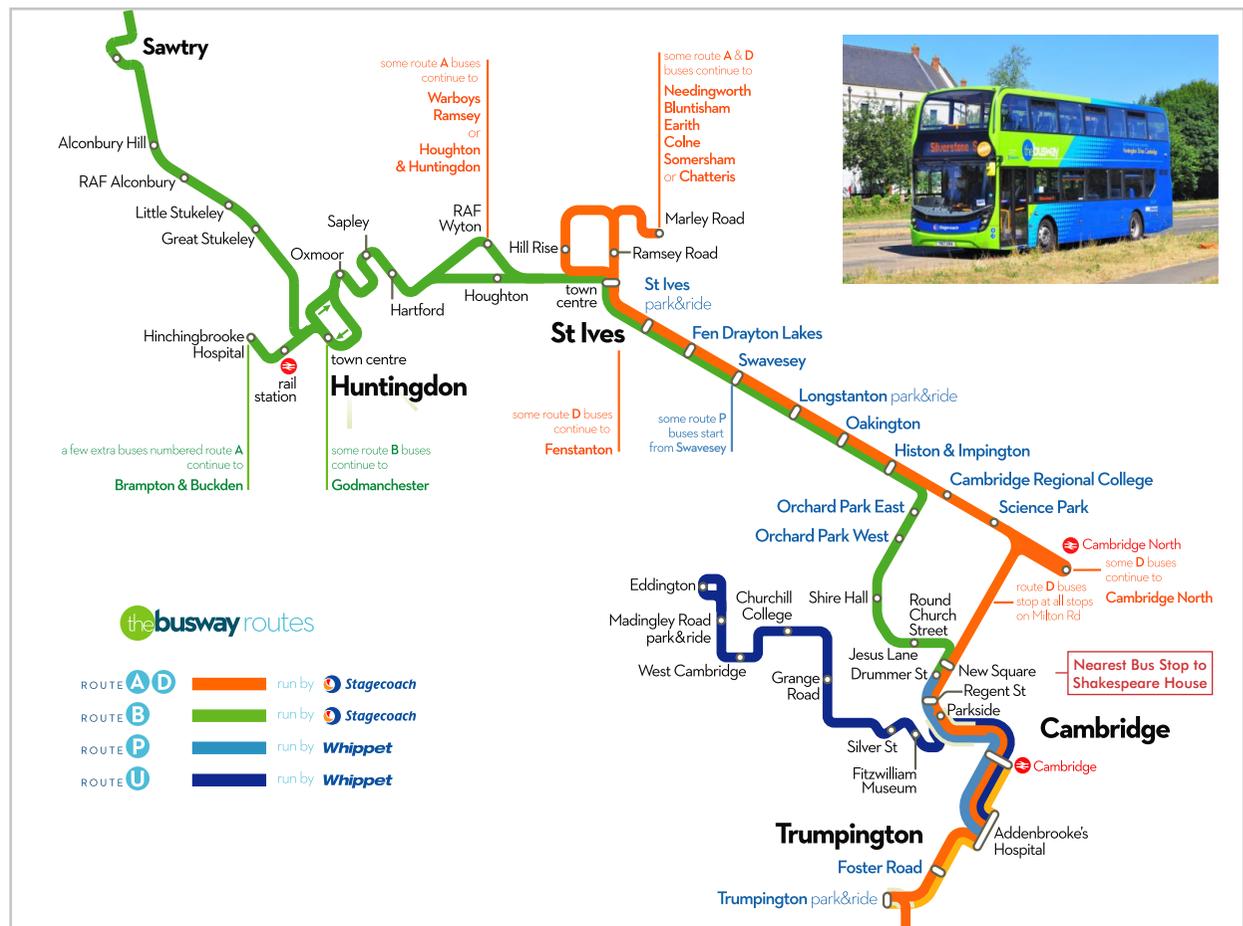
Road: J12 of the M11 Motorway is 3.5 miles from Shakespeare House, approximately 10 minutes' drive. Junction 33 of the A14 is 2.8 miles away and can be reached in approximately 12 minutes by car. Cambridge is approximately 64 miles north of Central London. At the junction of the M11 and the A14 which links the Port of Felixstowe to the east with the M1 and M6 to the west.

Rail: Fastest journey time of 49 minutes to London King's Cross station from Cambridge.

Guided Bus: The nearest guided bus stop to Shakespeare House is Central Cambridge New Square, approximately a 5 minute walk away. This provides access to Routes A, D and Route B. The guided busway connects Huntingdon to Trumpington via Cambridge City Centre.

Bus: The nearest bus stop is the Napier Street Bus Stop just outside Shakespeare House on Newmarket Road. This provides regular bus services including routes 3, 9B, 11, 12, 19, 114, X11 and Park & Ride services.

Air: Stansted Airport is located approximately 35 miles south at Junction 8 of the M11 (with rail connection). London Heathrow is 72 miles away. London Gatwick is 94 miles away with Thameslink services from Cambridge Station now available.

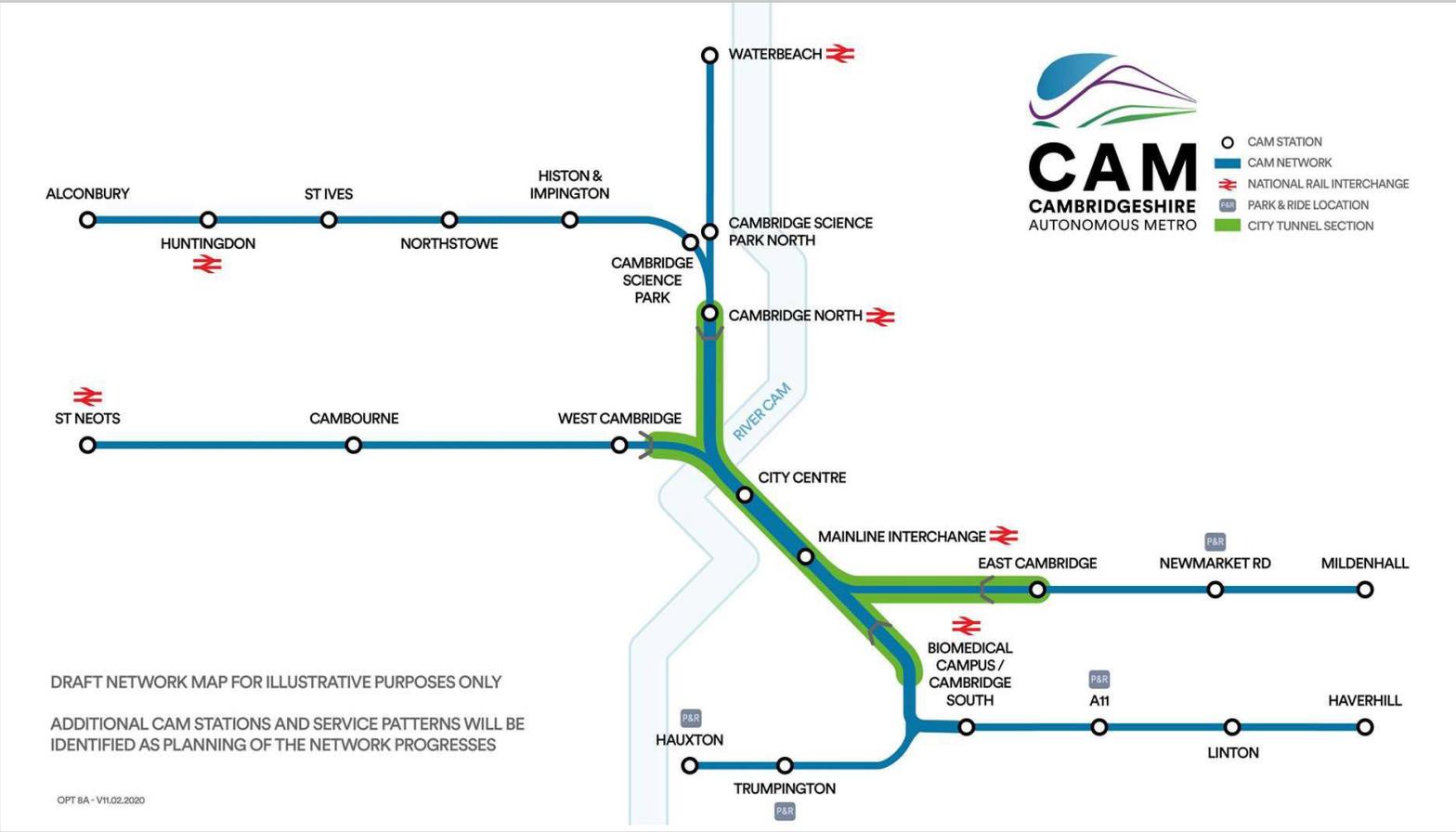


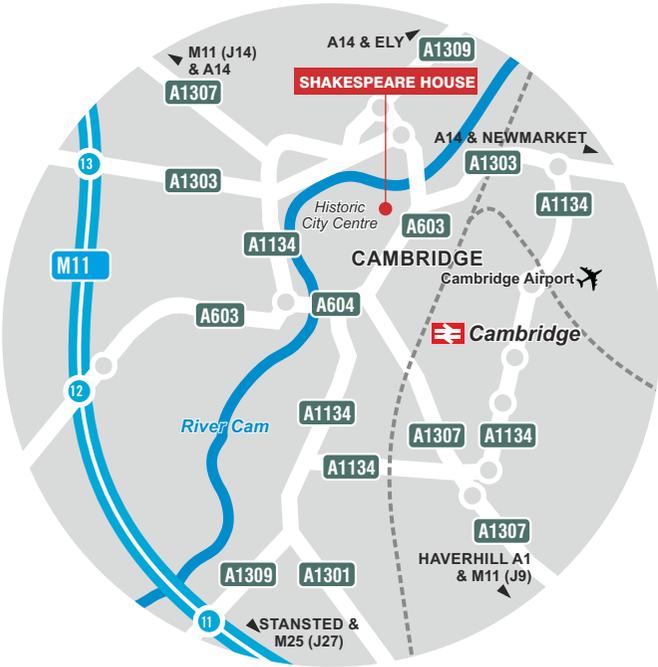
CAMBRIDGE AUTONOMOUS METRO

The Cambridgeshire and Peterborough Combined Authority (CPCA) is promoting the concept of CAM, a rapid transit solution. CAM will connect key regional centres of employment, existing settlements, key railway stations, new homes and planned growth, to create a platform for sustainable and inclusive growth. CAM is currently expected to use a technologically advanced, sustainable, highly flexible trackless electric vehicle. The CAM network will comprise both tunnelled and surface elements and will be delivered over the next decade:

- The City Tunnel Section, which is the subject of this consultation, will include new underground tunnels and stations under the city of Cambridge, with planned major interchange hubs at the city centre and at Cambridge railway station
- Four regional routes will connect St Neots, Alconbury, Mildenhall and Haverhill with the city of Cambridge and, through the central tunnelled section, with each other.

An indicative map of how the CAM network would look is shown below.





LOCATION & SITUATION

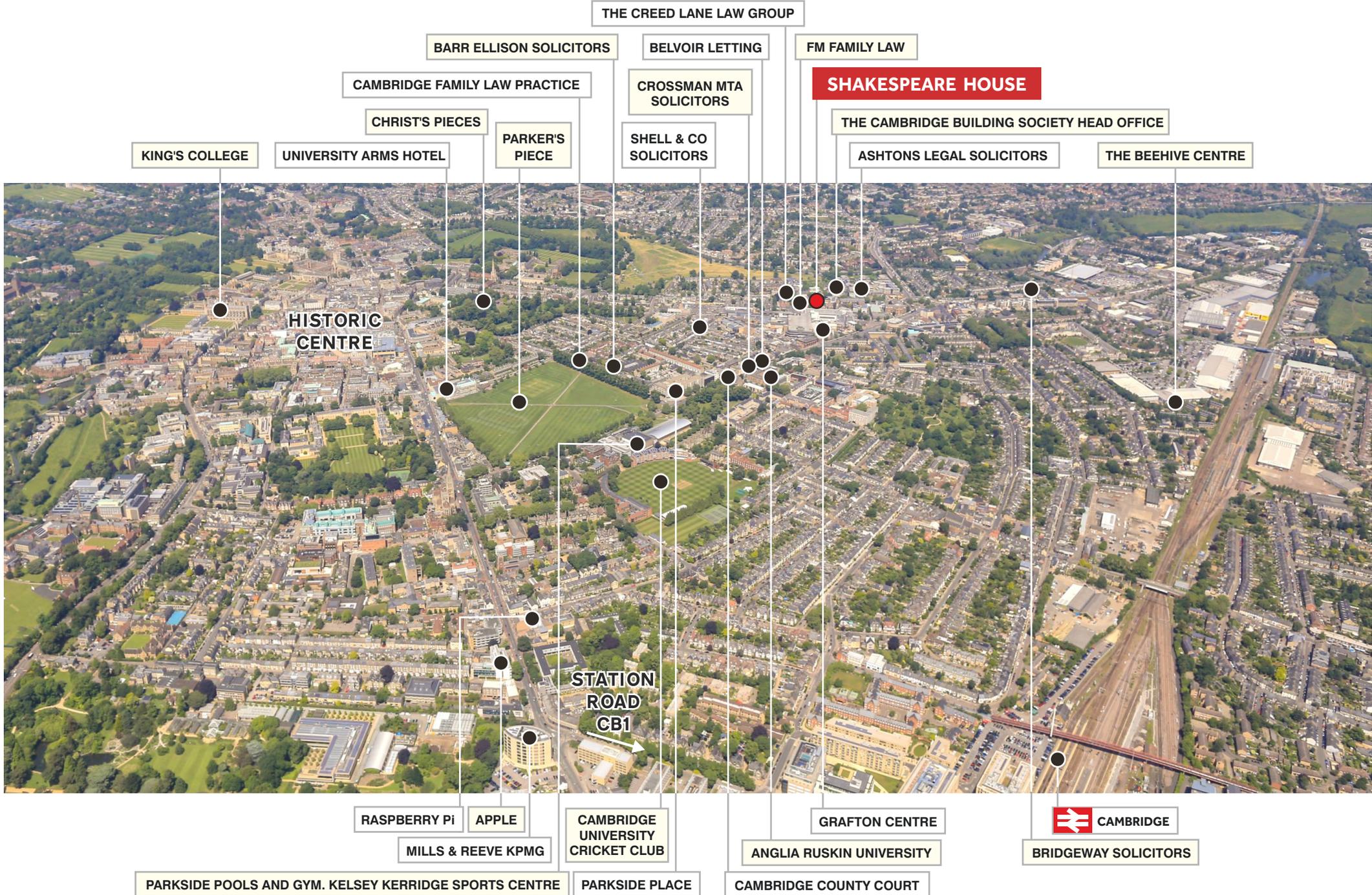
Shakespeare House is situated within a ten minute walk of the historic city centre, on the south side of Newmarket Road at its junction with Wellington Street on the eastern edge of the city centre, close to the junction with East Road and Elizabeth Way which form part of Cambridge's inner ring road. Cambridge Station lies approximately 1 mile to the south.

It is positioned adjacent to the 500,000 sq ft Grafton Centre providing a wide range of shops and local amenities. The Grafton Shopping Centre has recently undergone a major refurbishment including the addition of new restaurants, cafes, a gym and a future Premier Inn hotel.

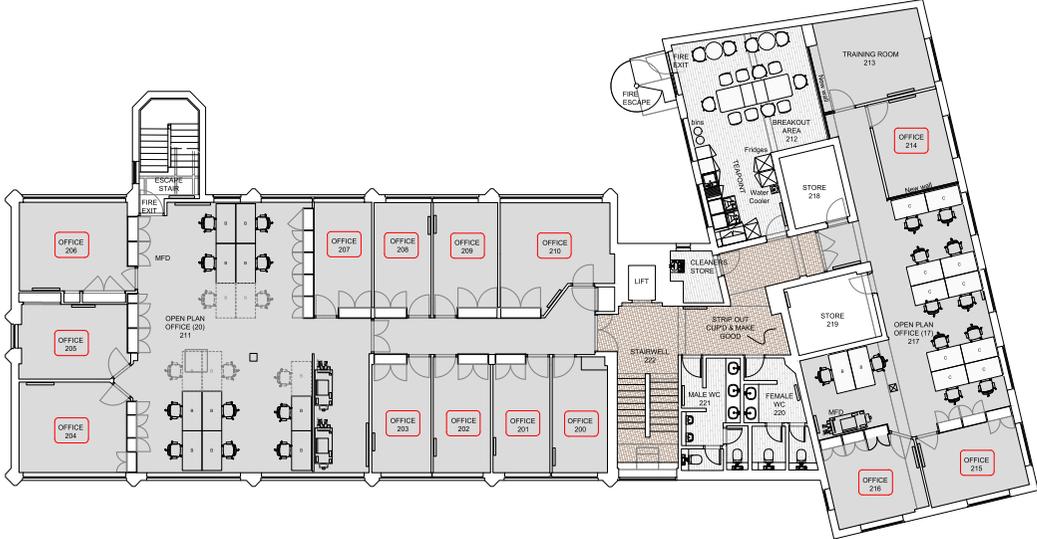
Cambridge has a range of beautiful parks, with Parker's Piece and Christ's Pieces to the south west, Midsummer Common and Jesus Green to the north west all within the immediate vicinity of the property. The surrounding area provides a diverse mix of office, residential, student accommodation and educational buildings, together with local police and fire stations. To the east of the property are the Beehive Centre and Cambridge Retail Park providing a mix of retail warehouse occupiers and an Asda and Tesco supermarket within 5 - 10 minutes walk.

The property is located within the Kite Conservation Area and is immediately surrounded by other office occupiers such as Anglia Ruskin University, Ashtons Legal, BCR Infinity Architects, CamBioScience, Cambridge Building Society Head Office, Cambridge Financial Services, Cintra Language Services Group, Currie & Brown Surveyors, Elite Education Academy, FM Family Law, Pocock and Shaw Estate Agents, Quartix (real-time vehicle tracking systems), Randstad Education Recruitment, Redmayne Arnold Harris Estate Agents, Tension Design Automation, WDL (Wright Design Limited) and Webster Accountants.

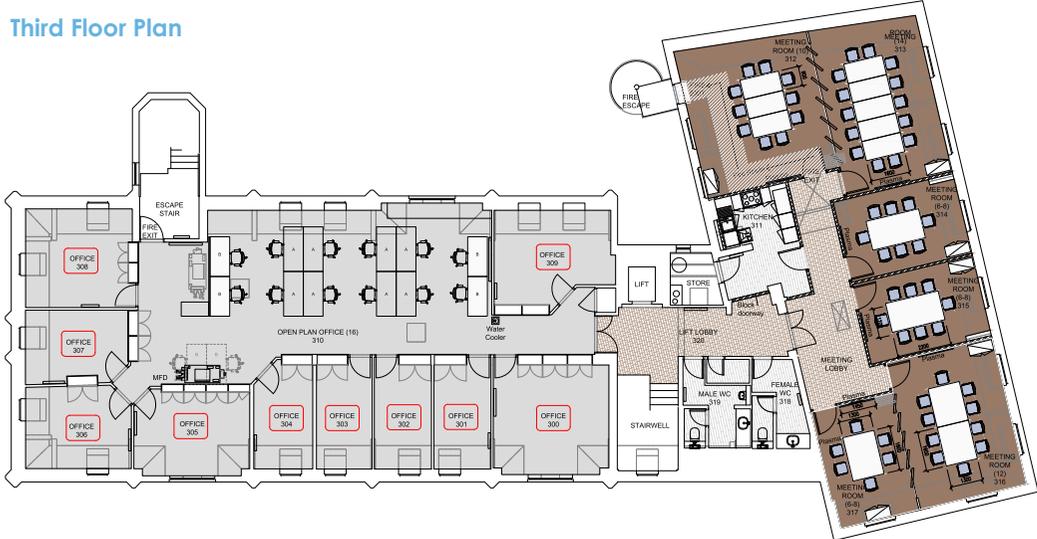




Second Floor Plan



Third Floor Plan



SITE

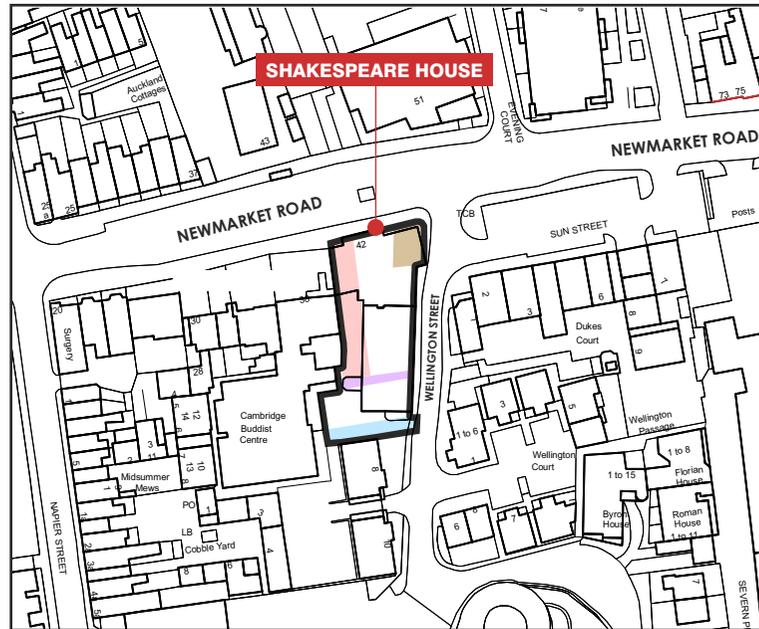
The total site area extends to approximately 0.091 hectares (0.23 acres).

ACCOMMODATION

An assignable measurement survey has been prepared by Pure Real Estate Services Ltd. The property provides the following Net Internal Area as measured in accordance with the RICS Code of measuring practice 6th Edition, May 2015:

Description	sq m	sq ft
Grd Floor	223.73	2,408
1st Floor	432.41	4,654
2nd Floor	431.31	4,643
3rd Floor	385.10	4,145
Total	1,472.55	15,850





Not to scale. For indicative purposes only.

TENURE

The property is freehold and split across two titles being CB96078 and CB173352.

The land tinted pink is subject to a restrictive covenant prohibiting the erection of any building north of a building line shown on the plan to a conveyance from 1898. This restrictive covenant has been breached by the erection of part of Shakespeare House and an appropriate indemnity insurance policy is in place in respect of the continued use of the premises as offices. The land tinted brown is subject to a restrictive covenant dated 30 November 1951 that prevents use for the purposes of a Café or Road Transport Boarding House. The land tinted mauve and light blue are subject to easements dated 10 March 1955 allowing full access rights to the purchaser in respect of any drains, sewers, service pipes, or cables underground. The land tinted light blue is subject to vehicular and pedestrian access and egress rights reserved in a transfer dated 9 March 1989.

The property is situated within Zone 1 of the Kite Conservation Area. Despite this, the front portion of Shakespeare House is recognised as a building that detracts from the character of the area. This lends favourably to redevelopment.

TENANCY

Hewitsons LLP will take a new 5 year lease from completion including a rolling tenant only break option from end of year 2 subject to providing 6 months prior notice. The lease is drawn on full repairing and insuring terms subject to a photographic schedule of condition. The lease will contain a provision that the tenant is not required to remove its fit out, fixtures and fittings at lease expiry. The passing rent will be £451,725 reflecting £28.50 per sq ft. The lease will be excluded from the security of tenure provisions in the Landlord & Tenant Act 1954.

TENANT COVENANT

Hewitsons LLP are a leading law firm with a long-established practice, founded in Northampton in 1844. To date they have four offices in Cambridge, London, Milton Keynes and Northampton. Hewitsons employ over 171 staff with 38 partners. Its recent financial accounts are highlighted below:

	Year to 30/04/2020	Year to 30/04/2019	Year to 30/04/2018
Sales	£18,399,145	£18,013,483	£18,298,364
Operating Profit	£4,088,965	£4,209,501	£4,888,284
Total Assets	£12,134,500	£12,892,978	£11,215,645
Net Current Assets (Liabilities)	£4,978,852	£5,248,142	£2,533,387

ASSET MANAGEMENT OPPORTUNITIES

Shakespeare House is already a well-established office building, however there is substantial scope to add further value through the following asset management opportunities:

- Refurbish the office to capture Grade A headline rents in excess of £37.50 per sq ft
- Future ability to rentalise the 17 car parking spaces at £1,500 per space generating an additional £25,500 per annum
- Apply for planning consent to increase density and massing of the existing building and infill undercroft car park
- Apply for planning consent for a total redevelopment
- Secure consent for alternative uses such as student, hotel, aparthotel, residential accommodation

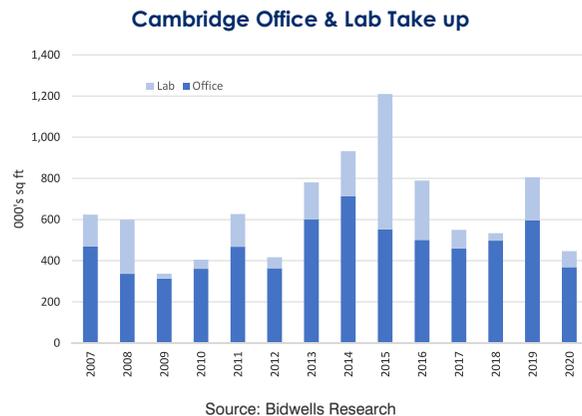
CAMBRIDGE OFFICE MARKET

Cambridge’s knowledge intensive sector has grown by 9.7% per annum since 2013. Based on work undertaken by Bidwells, the output from the knowledge-based sector in Cambridge has grown to over £5bn, with Life Sciences accounting for 50% of that figure. Nearly 30% of the Cambridge employment base works in the science and tech sectors following this strong period of growth. Jobs in the Professional, Scientific & Technical sector expanded by nearly 90% over the last decade.

Office and laboratory floor space in Cambridge is estimated to total around 9.25m sq ft, having increased by 1.4m sq ft over the past five years. The laboratory market accounts for around a quarter of this stock.

Take Up

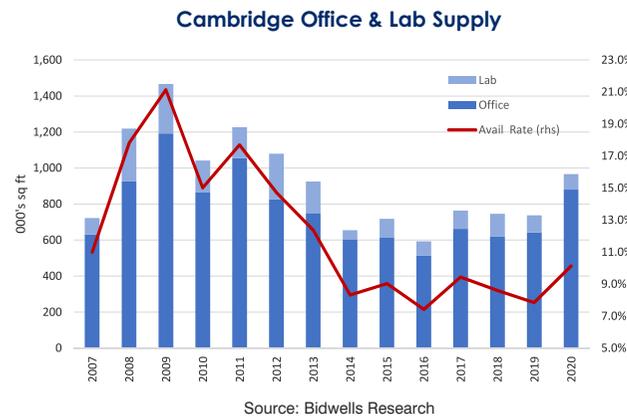
Combined office and laboratory take up in 2019 was recorded at 805,000, the highest since 2014/15. Occupier market activity has increased over the period 2013-19, with average office take up over this seven year period increasing to approximately 550,000 sq ft per annum. This trend has been facilitated by the increased levels of development activity over this period. For 2019, the office take up stood at 597,000 sq ft. Combined office and laboratory take up in 2020 reduced to 446,000 sq ft.



Demand

There is strong demand across both offices and laboratories. With over 1.3 million sq ft of requirements active in the market, we forecast continued rental growth as supply remains constrained. This pressure on rents is driven by both the depth of demand and the nature of the business base seeking to join this globally leading cluster. Knowledge industry occupiers were responsible for 84% of office and lab take up in Cambridge.

Requirements for offices and laboratories remain robust with a combined total as at December 2020 standing at 1.3m sq ft. This stood at 880,000 sq ft for the office sector with several larger requirements been satisfied over the past 3/4 years.



Supply

Supply in the Cambridge office and laboratory market has generally been on a downward trend over the past eight years, falling by 50% from a peak level of 1.465m sq ft at the end of 2009 to just over 737,000 sq ft as at December 2019. At the end of December 2020 office and laboratory supply increased marginally to 967,000 sq ft with an availability rate of 10%.

Prime Rents

Prime office rents in the city centre have now achieved £48.50 per sq ft. Smaller sublets at CB1 have been in excess of £50 per sq ft plus car parking rent. The Cambridge office and laboratory market demonstrated huge resilience in the 2008/2009 economic downturn compared to other locations and has grown consistently since. The latest speculative office development at 50/60 Station Road, CB1 comprising 163,000 sq ft was fully let by practical completion in May 2019. In 2020 the 65,000 sq ft pre let to Fora achieved a rent of £48.50 per sq ft. The office market has shown consistently strong rental growth over the short, medium and long term with prime rents averaging 5.6% growth and secondary rents averaging 7.8% growth over the last 10 years. Bidwells current forecast suggests prime office rents on new buildings will exceed £50.00 per sq ft within a 1-3 year period.

Rental Growth % pa:

	Prime Office Rents	Good 2nd Hand Rents
3yr	8.5%	4.6%
5yr	6.7%	4.6%
7yr	5.2%	3.9%
10yr	5.6%	7.8%



RENTAL GROWTH POTENTIAL

Should a refurbishment or redevelopment programme be completed, we consider that the property could achieve rents in excess of £37.50 per sq ft.

This is evidenced by comparable lettings in the table below:

DATE	ADDRESS	TENANT	TRANSACTION	AREA (sq ft)	RENT (£psf)
Q4 2020	Terrington House, 13-15 Hills Road, Cambridge	Cambridge Quantum Computing	New OML	4,000	£38.00
Q4 2020	51-53 Hills Road, Cambridge	CEG	New OML	6,671	£39.00
Q3 2020	Radio House, St Andrews Road, Chesterton, Cambridge	Cambridge Mechatronics	New OML	13,989	£32.00
Q3 2020	330 Cambridge Science Park, Cambridge	BioFidelity Ltd	New OML	5,490	£33.00
Q2 2020	20 Station Road, Cambridge	Fora	Pre let	64,498	£48.50
Q2 2020	Bateman House, 82-88 Hills Road, Cambridge	UoC	New OML	2,737	£38.00
Q2 2020	9 Hills Road, Cambridge	Mantle	New OML	29,636	£32.00
Q2 2020	101 Cambridge Science Park	Citrix R&D Ltd	New OML	14,736	£32.50
Q1 2020	216 Cambridge Science Park, Milton Road, Cambridge	Amgen	New OML	34,778	£34.00
Q1 2020	Kett House, Station Road, Cambridge	Apple	New OML	17,500	£40.00
Q4 2019	Wellington House, East Road, Cambridge	Regus	Rent review	16,645	£30.00
Q4 2019	95 Regent St, Cambridge	Invenia	New OML	21,000	£40.00
Q4 2019	50/60 Station Road, CB1	Forsyth Group	Sublease	2,500	£51.00
Q4 2019	Kett House, Station Road, Cambridge	Graphcore	New OML	12,235	£40.00
Q4 2019	50/60 Station Road, CB1	BDP	Sublease	6,372	£43.00
Q2 2019	50/60 Station Road, CB1	Brewin Dolphin Ltd	New OML	5,894	£46.00
Q2 2019	50/60 Station Road, CB1	Cantab Asset Management Ltd	New OML	4,650	£42.00
Q1 2019	Terrington House, 13-15 Hills Road, Cambridge	Ramboll UK Ltd	New OML	3,925	£35.00
Q1 2019	Suite 3, 1 Quayside, Cambridge	IQVia World Publication Ltd	Lease Renewal	5,700	£35.09
Q4 2018	50/60 Station Road, CB1	Amazon UK Services Ltd	Pre-let	21,388	£41.00

Rental evidence provided for indicative purposes only and subject to purchaser's own verification. Without prejudice.



INVESTMENT MARKET

There is currently strong investor/developer interest in the Cambridge office market. Cambridge has been a key centre of focus for investment in the national markets due to the city's markedly different characteristics to other markets of the UK, such as:

- Strong leasing characteristics - strong demand, limited stock, growing rents
- Focus on R & D market with strong presence from global occupiers such as AZ, Apple, Microsoft
- Continually growing research sector built off the University's credentials
- Limited land supply (due to planning and ownership)
- Improved infrastructure with further improvements planned in the future

Recent investment transactions include:

DATE	ADDRESS	TENANT	UNEXPIRED LEASE TERM	AREA (sq ft)	PRICE (Cap Val psf)	YIELD (%)	COMMENT
Dec 2020	Wellington House, East Road, Cambridge	Regus SPV	3.75 years	16,645	£8.3m (£499)	5.58%	Constructed in 1960's.
Sep 2020	296 Cambridge Science Park, Cambridge	Cantab Research Ltd (t/a Speechmatics)	7 years	16,545	£7.2m (£435)	5.95%	Constructed in 2003.
Jul 2020	Clarendon House, Clarendon Road, Cambridge	Multi let	4.31 years to expiry and 2.58 years to breaks	23,816	£13.9m (£583)	4.43%	Long term redevelopment opportunity.
Apr 2019	140 Cambridge Science Park, Cambridge	Display Link	6.6 years	25,899	£13.0m (£502)	5.60%	Long leasehold.
Jan 2019	Lockton House, Clarendon Road and 1 & 2 Brooklands Avenue, Cambridge	Various	1.3 years	32,119	£18.1m (£564)	4.62%	1980s office block with period buildings.
Dec 2018	Cambridge County Court, 197 East Road, Cambridge	The First Secretary of State	22 years	34,688 GIA	£34.5m (£995)	2.80%	Fixed annual uplifts at 2.5%.
Aug 2018	Gibson House and 56 Burleigh Street, Cambridge	EC English Cambridge	3 years	12,001	£5.25m (£437)	5.25%	Mixed Retail and Office Use.
Mar 2018	St Andrews House, Cambridge	Multi-let to 21 tenants		21,800 (retail) 28,000 (office)	£32.45m (£662)	4.71%	Mixed Retail and Office Use. Long leasehold.
Nov 2017	Kett House, Station Road, Cambridge	Eversheds	2 years	35,876	£21.6m (£602)	4.75%	



CAPITAL ALLOWANCES

The vendor is to retain the benefit of any unclaimed capital allowances.

EPC

C62

DATA ROOM

Additional information is available in the data room including:

- Title
- Draft Lease
- Schedule of Condition
- Measured Survey
- Floor Plans
- Vendors Building and M & E Survey
- Desk Top Environmental Survey
- Asbestos Survey
- EPC

VAT

The property is not elected for VAT.

AML / KYC

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

PROPOSAL

Our client is seeking offers **in excess of £6,520,000** subject to contract and exclusive of VAT, for their freehold interest. A purchase at this level would reflect a **net initial yield of 6.50%** assuming standard purchaser's cost of 6.64%, and a capital value of £411 per sq ft.

FURTHER INFORMATION

Should you have any queries or wish to make an inspection, please contact:

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