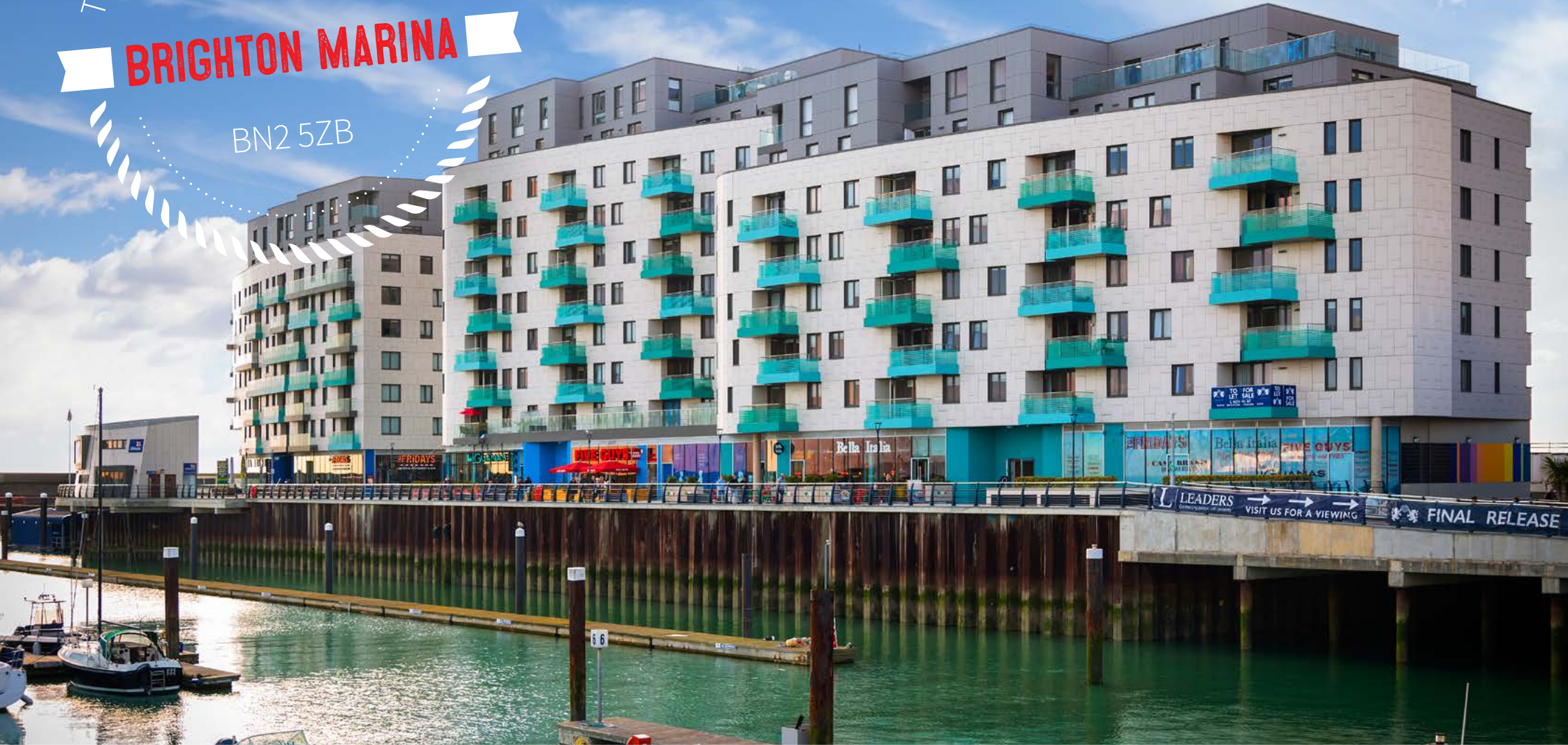


THE BOARDWALK RESTAURANTS



BRIGHTON MARINA

BN2 5ZB



NEWLY DEVELOPED LEISURE INVESTMENT OPPORTUNITY





INVESTMENT SUMMARY

- Brighton & Hove is one of the largest commercial centres in the south east of England
- Brighton & Hove boasts 8.5 million visitors per annum, being in the top ten UK towns visited in 2016
- The total population within the Brighton primary catchment area is 515,000, ranking the city 38 out of the PROMIS Centres
- Brighton Marina is a vibrant, cosmopolitan cocktail of bars, restaurants, entertainment, chic shops and boating enthusiasts
- Seven restaurant units which were developed in 2016, let to well-known leisure operators; Five Guys, TGI Friday, Bella Italia, MOD Pizza, Las Iguanas and Casa Brasil
- The total passing rent is £845,078 per annum, with headline rents reaching over £35.00 per sq ft
- The parade totals 27,504 sq ft (2,555.2 sq m) over ground floor, benefiting from external seating and rear servicing
- WAULT of 14.2 years to expiry and 12.6 years to breaks
- The property is held long leasehold for a further 137 years, expiring in 2155 at a peppercorn rent from Brighton Marina Company Limited



We are instructed by our client to seek offers in excess of **£13,200,000**, subject to contract and exclusive of VAT. Assuming purchaser's costs at 6.72%, an acquisition at this level would reflect a **net initial yield of 6.00%**.





LOCATION & COMMUNICATIONS

Brighton is one of the largest commercial centres in the south east of England, located 56 miles (90km) south of London, 25 miles (40km) west of Eastbourne and 62 miles (100km) east of Southampton.



The City benefits from good road communications with the A23 dual carriage way linking north and joining the M23 motorway and in turn, the M25 motorway at Junction 7. The A27 dual carriage way acts as a ring road around the City and links Brighton with Eastbourne to the east and Southampton to the west.



Rail links are excellent, with regular train services to London Bridge and London Victoria, with a fastest journey time of approximately 50 minutes to London.



Gatwick Airport can also be accessed within 25 minutes and is located only 22 miles (35 kilometres) north of Brighton, via the A23 dual carriage way and the M23 motorway.



Brighton & Hove boasts 8.5 million visitors per annum, being in the top ten UK towns visited in 2016



ECONOMIC & DEMOGRAPHIC PROFILE

- The total population within the Brighton primary catchment area is 515,000, ranking the city 38 out of the PROMIS Centres.
- The catchment population is described as moderately affluent, with an above national average proportion (28%) of adults of working age categorised within the most affluent AB social group.
- Brighton's catchment has a higher than average percentage of a gross family income of £35-£55,000 per annum comprising 53% of the population, comparing to the national average of 37%.
- The age profile of Brighton's primary catchment population includes a higher than average proportion of adults aged 15-34, accounting for 34% comparing to the national average of 26%, mainly due to the students residing in the City.
- Brighton is ranked 14th in the PWC 'Good Growth Cities' 2016 Report, which presents the findings of their index on the economic well being of UK urban areas.
- Spending in Brighton is boosted by leisure and business tourism. Total expenditure by visitors to Brighton & Hove is estimated to have been in the region of £858 million in 2015; an estimated 21,374 jobs are tourism related across Brighton & Hove. Brighton also boasts a very popular student destination, attracting students from throughout the UK and worldwide.
- The University of Brighton is a community of more than 21,000 students, 2,800 staff.
- £195 million leisure expenditure (per annum) within a 20 minute drive time, which accounts for 19% of the total expenditure on comparison goods.



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*Whichever way
you cut it, Brighton
is cool*

SITUATION

The property is situated in the middle of Brighton Marina, 1 mile (1.6 km) east of Brighton City Centre. The main vehicle access to the complex is from the A259 Marine Parade, which provides an elevated link road down to the western entrance of the Marina. Further pedestrian access is also available from the western boundary, from Madeira Drive and the sea front.

Brighton train station and London Road Brighton train station are both located approximately 3 miles (4.8km) North West of the property. Meanwhile, Brighton Coach station is located 2 miles (3.2 km) west of the property. The University of Brighton is located just 3 miles (4.8 km) north west of the property.

The Marina benefits from regular buses (up to every 6 minutes) from the city centre (via bus routes: 7,14,27).



WESTERN BREAKWATER
For indicative purposes only.

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Brighton Marina is a vibrant, cosmopolitan cocktail of bars, restaurants, entertainment, chic shops and boating enthusiasts

BRIGHTON MARINA

The Marina was originally constructed in 1968 and is the largest marina in the UK offering over 1,200 berths. The harbour is directly accessible to the sea and the inner harbour which is accessible via a lock.

The Marina features a working harbour and residential housing alongside a variety of leisure, retail and commercial activities. The Marina is Brighton’s main leisure complex, and comprises an 8 Screen Cineworld, Bowlplex, Casino, David Lloyd health and fitness centre, Malmasion Hotel, Marina Dance studios and Lagoon Water Sports.

Brighton Marina benefits from a vast amount of residential development which has been undertaken over the years and there are approximately 1,100 residential units within the complex. Furthermore, the marina also has a number of residents who have a permanent residential mooring.

The Marina benefits from a free multi storey car park providing 1,400 car parking spaces of which there are an average of 11,700 cars passing through every weekend.

The Marina also benefits from an Asda superstore (totalling 74,500 sq ft), Asda Petrol Filling Station and McDonalds drive-thru restaurant. The Waterfront, a complex built in the 1990’s includes a Malmasion hotel, providing a mixture of A1 and restaurant units fronting the Marina.

Land Securities are the vendors Lessee of the retail and leisure units. Wellcome Trust have a moorings lease of the marina.

KEY:

Land Securities

Wellcome Foundation
Premier Marinas

Subject Property

Individual Residential Leases



BRIGHTON MARINA LEASE
ARRANGEMENTS

B&HCC
Freeholder

BMCL
BM Headlease
175 years from 1980
expiring 2155

Subject Property
The Boardwalk
Lease of
Commercial Units

Wellcome Foundation
Premier Marinas
Mooring Lease
175 years

BM Com Lease
Extension LLP
Commercial Lease
175 years

Land Securities
Commercial lease
125 years from
1980 to 2105

DESCRIPTION

The Boardwalk development comprises a modern mixed use leisure scheme, developed in 2016. The property comprises seven restaurant units totalling 27,504sq ft (2,555 sq m) and 8 upper floors comprising 195 residential units across two towers.

The property occupies a highly prominent site, offering significant harbour frontage. Six of the seven restaurant units are fully let and one unit is currently vacant. All of the units have modern fit out and the units present well. The units vary in size, from 6,000 sq ft to 3,000 sq ft and are arranged over ground floor only.

TENANCY

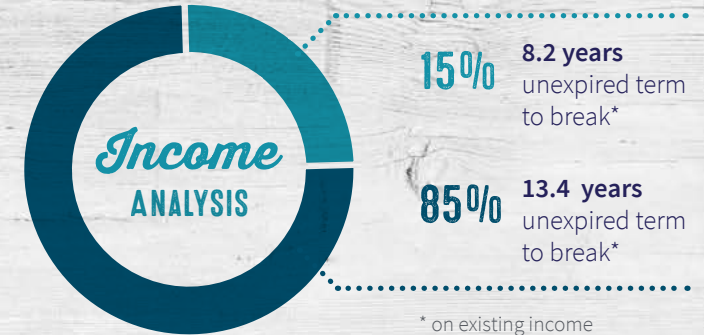
The property is let in accordance with the following tenancy schedule:

Unit	Tenants	Area (sq m)	Area (sq ft)	Outdoor Seating	Term Years	Lease Start	Break	Lease End	Rent Reviews	Passing Rent (psf)	Passing Rent (pa)	Service Charge (pa)	Comments
1	Casa Brasil (Brighton) Limited	555.6	5,980	630	15	01/04/2016	-	31/03/2031	5th year (01/04/2021, 01/04/2026, 01/04/2031)	£29.26 *	£120,000	£33,847	Until 23 June 2019 - £120,000 pa or 12% turnover rent; which ever is greater 24 June 2019 - 8 May 2020 - £194,118 pa 9 May 2020 - 8 May 2021 £209,825 pa Guarantee is for first 5 years of term. Rent deposit £52,500 + VAT (profit test of 3 consecutive years)
2	Thursdays (UK) Limited (TGI)	462.8	4,981	501	15	01/04/2016	-	31/03/2031	5th year (01/04/2021, 01/04/2026)	£32.53	£162,045	£28,192	
3	Las Iguanas Limited	330.7	3,560	575	20	01/04/2016	31/03/2031	31/03/2036	5th year (01/04/2021, 01/04/2026, 01/04/2031)	£33.71	£120,000	£20,150	
4	Five Guys JV Limited	305.6	3,289	294	15	01/04/2016	01/04/2026	31/03/2031	5th year (01/04/2021, 01/04/2026)	£34.99	£115,080	£18,616	
5	Vacant	278.3	2,996	336	-	-	-	-	-	£32.50	£97,370	£16,957	Vendor will top up the rent for two years at the ERV of £32.50 psf.
6	Bella Italia Restaurants	348.8	3,754	572	15	01/04/2016	-	31/03/2031	5th year (01/04/2021, 01/04/2026)	£33.90	£127,250	£21,248	
7	MOD Pizza	273.5	2,944	491	15	01/04/2016	-	31/03/2031	5th year (01/04/2021, 01/04/2026)	£35.10	£103,333	£16,663	Currently not trading from the site. Rent deposit of £61,800 including VAT (profit test of 3 consecutive years)
TOTAL		2,555.2	27,504	3,399							£845,078		

*Average rent psf

TENURE

The property is held long leasehold commencing on 6 April 2017, expiring on 5 March 2155 (137 years unexpired). A peppercorn ground net is payable to the head leaseholder, The Brighton Marina Company Limited. The freeholder is Brighton & Hove City Council.



Tenants
COVENANT INFORMATION



22%
OF INCOME

Thursdays (UK) Limited (TGI)

American-themed eatery TGI's was first opened in 1965, located on the corner of 63rd street and First Avenue, New York. The chain, came to Britain in 1986 and has 79 stores in the UK. TGI Friday's in the UK is owned by British private equity investors Electra Private Equity, which snapped up the business in 2014 for £225m from the owners of the American parent Sentinel Capital and TriArtisan Partners.

D&B Rating: 5A1
Minimum risk of business failure



FIVE GUYS
BURGERS and FRIES

15%
OF INCOME

Five Guys JV Limited

Five Guys is an American fast casual restaurant chain focused on hamburgers, hot dogs, and French fries. The first Five Guys restaurant opened in 1986 in Arlington County, Virginia, when the Murrell family opened their first burger joint named 'Five Guys', after the five brothers. By 2001, the chain had expanded to five locations throughout Washington, D.C. Five guys currently trade from 80 locations around the UK and 1,000 locations globally. Five Guys is backed from Carphone Warehouse founder and TalkTalk chairman Sir Charles Dunstone and his business partner Roger Taylor.

D&B Rating: N2
Lower than average risk of business failure

las
IGUANAS

16%
OF INCOME

Las Iguanas Limited

Las Iguanas is a casual dining restaurant chain originating from United Kingdom with a Latin American theme. Founded in 1991, Las Iguanas operates 53 outlets in the United Kingdom. Las Iguanas is owned by the Casual Dining Group, one of the largest casual dining groups in the UK, own brands including Bella Italia and Café Rouge. The group employs over 10,900 people from circa 300 locations around the UK.

D&B Rating: 4A1
Minimum risk of business failure



Bella Italia

17%
OF INCOME

Bella Italia Restaurants Limited

Bella Italia have over 100 Italian restaurants across the UK, serving pizza, pasta, Italian classics and more, made with ingredients from Italian-family producers. It started in 1990 by Michael Guthrie by buying two small restaurant chains - Pastificio and Pizzaland. In 2002, the company was rebranded to Bella Italia. The chain is part of the Casual Dining Group, who also own Café Rouge and Las Iguanas.

D&B Rating: 5A1
Minimum risk of business failure

CASA BRASIL
BRAZILIAN RODIZIO & BAR

16%
OF INCOME

Casa Brasil (Brighton) Limited

An all you can eat Brazilian rodizio serving traditional Brazilian dishes. The restaurant offers unlimited service, with a hot and cold Brazilian buffet, in addition to their unlimited BBQ'd meats. Casa Brasil supplies their customers with a range of freshly cooked, meat and poultry, slowly cooked on a charcoal BBQ. Guests simply control the flow of meats with a red and green card, and it is then carved directly onto their plate by Gauchos. The company has three other restaurants in Bournemouth, Portsmouth and Southampton Watermark.

D&B Rating: H2
Lower than average risk of business failure

*The parade totals
27,504 sq ft over
ground floor*

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MOD

14%
OF INCOME

MOD Pizza UK Ltd

MOD Pizza is a chain of fast casual pizza restaurants based in the United States. MOD is a culture-based company that is claimed by its owners to be “more about the people than the pizza” and to focus on paying living wages and providing employees with opportunities to give back to the community. It was founded in Seattle in 2008 and has 126 US stores. The business has six sites so far in Leeds, Leicester Square, Nottingham, Boreham Wood and Gateshead. America’s fastest-growing restaurant chain, MOD Pizza, arrived in the UK in 2016, opening its first outlet in Leeds after securing backing from Carphone Warehouse founder and TalkTalk chairman Sir Charles Dunstone and his business partner Roger Taylor.

D&B Rating: N2
Lower than average risk of business failure



Leisure

MARKET OVERVIEW

The UK leisure market has remained buoyant over the past 18 months since the UK's decision to leave the EU. Year to date, leisure transaction volumes total £712.8 million, with over 25 transactions in 2017.

Demand for leisure has broadened beyond its traditional base of a handful of expert funds and property companies. The primary reason for this rise in popularity is a reflection of the wider swing in institutional requirements towards secure and longer income. Leisure in the UK is one of the last bastions of leases of more than 10 years, and 25-year leases with some level of indexation are still achievable. Furthermore, not only has the quality of covenants on offer in the sector improved, but so has the understanding of the more defensive nature of leisure spending.

With consumer spending on casual dining not showing any let up, and with stable rental growth, yields in the leisure market remain stable.



Investment comparables

DATE	ADDRESS	TENANTS	PRICE	YIELD	TENURE
Sep 2017	Cygnets Park, Hampton, Peterborough	Bella Italia, Chiquito, Frankie & Bennys, Harvester	£7.06m	5.33%	FH
Mar 2017	The Arts Complex, Above Bar Street, Southampton	Seven restaurant units; Gourmet Burger Kitchen, Nando's, Tapas Barcelona, Metricks, The Stable, Neighbourhood and Costa Coffee	£8.75m	6.00%	VFH (997 years)
Apr 2016	Morehouse Black Lion Street, Brighton	Jamie's Italian, Pho, Lucky Voice + offices on uppers	£17m	4.69%	FH
On Market	Cheshire Oaks Leisure Park, Chester	KFC, TGI Friday's, Costa Coffee	£7m (Quoting)	4.50%	LLH (106 years)



SERVICE CHARGE

The service charge operates on an annual basis and currently reflects £5.66 psf for the year January – December 2017 and there are no anticipated changes for 2018.

The services provided include Boardwalk cleaning and maintenance, landscaping, 24 hour security, up keeping marina infrastructure including harbour walls and marketing. It should be noted that there is an additional service charge payable to Land Securities for provision of the multi-story car park and marina wide marketing. For 2017 this is circa £1.80 psf although it is not currently being collected.

VAT

The property is registered for VAT and it is proposed that the sale will be treated as a Transfer of a Going Concern.

PLANNING

The property is not listed, nor does it fall within a conservation area.

EPC RATINGS

Unit	EPC Rating
Unit 1	B (49)
Unit 2	B (47)
Unit 3	B (47)
Unit 4	B (29)
Unit 5	B (29)
Unit 6	B (50)
Unit 7	B (48)

DATA ROOM

Dataroom access is available upon request.



Proposal

We are instructed by our client to seek offers in excess of **£13,200,000** (Thirteen Million and Two Hundred Thousand Pounds), subject to contract and exclusive of VAT. Assuming purchaser's costs at 6.72%, an acquisition at this level would reflect a **net initial yield of 6.00%**.



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