



DOMINANT LEISURE PARK
INVESTMENT AND
ASSET MANAGEMENT
OPPORTUNITY

HENGROVE LEISURE PARK BRISTOL

BS14 0HR

INVESTMENT SUMMARY

- Major asset enhancement opportunity in the UK's 8th City.
- Bristol has a Primary Catchment Population of 962,000 and 442,602 people live within a 20 minute drive time of the property.
- A 19.17 acre virtual freehold ownership granted by way of a 999 year long lease from Bristol City Council with an existing site density of just 12.81%.
- The scheme is fully let and the total passing rent of £1,084,129 pa represents an affordable current average rent of £12.29 per sqft.
- WAULT of 11.56 years and WAULT to tenants' breaks of 6.28 years.
- Fully let with 100% of the income secured to tenants with a Low Risk or Very Low Risk Experian rating.
- Over the short to medium term there is a fabulous opportunity to masterplan the enhancement, intensification and redevelopment of the scheme to include a multitude of alternative and complementary uses.

We are seeking offers in the region of **£13,540,000 (thirteen million five hundred and forty thousand pounds)** for our client's long leasehold interest in the property.

A purchase at this level would reflect a **net initial yield of 7.50%** after assumed purchaser's costs of 6.72% and an **equivalent yield of 8.67%**, subject to contract and exclusive of VAT.

Following settlement of rent reviews and the fixed increase on the cinema lease we estimate that the yield will increase to **8.36% by May 2019**.



LOCATION

Bristol is the largest commercial centre in the south west of England, located approximately 120 miles west of London and 50 miles east of Cardiff. The city has a PROMIS primary catchment area of 962,000 people and has the 8th largest urban area population in the UK (Centre for Cities).

The city has excellent infrastructure with the M4, M32 and M5 motorways running to the north and west and Bristol Temple Meads and Bristol Parkway main line railway stations providing fastest links to London of 1 hour 21 minutes currently which is to improve following the ongoing electrification of the Great Western Railway.

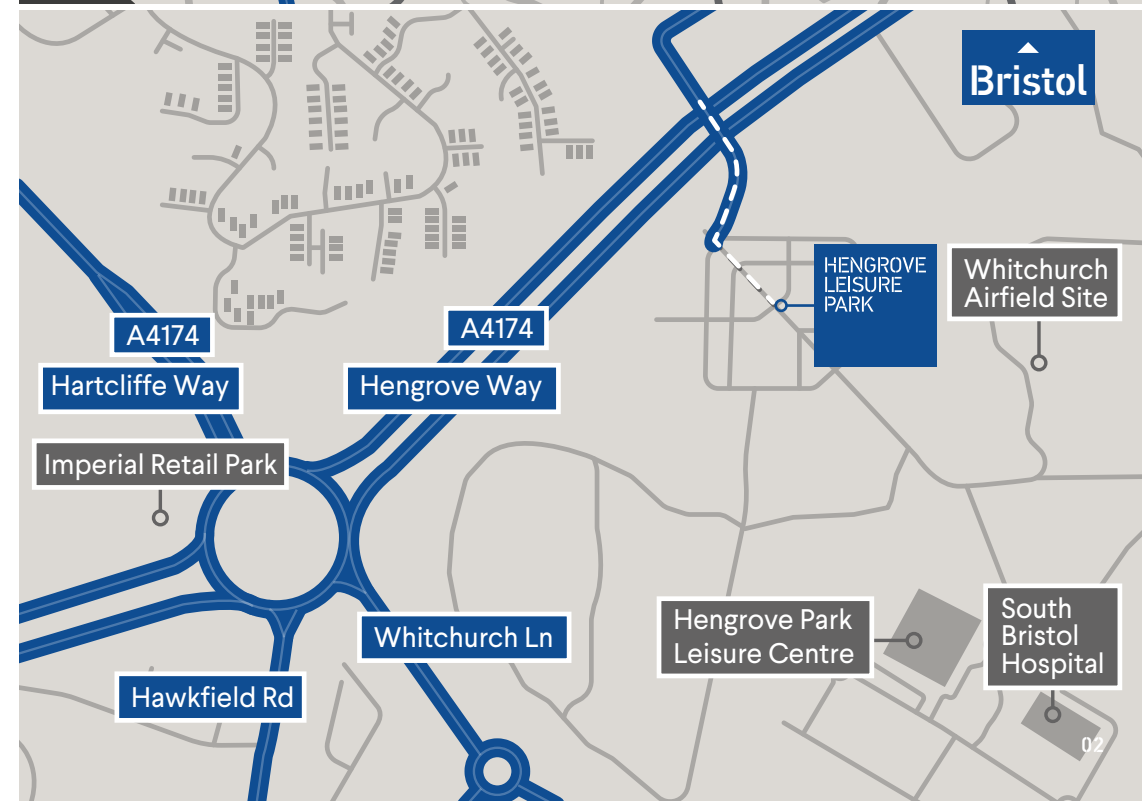
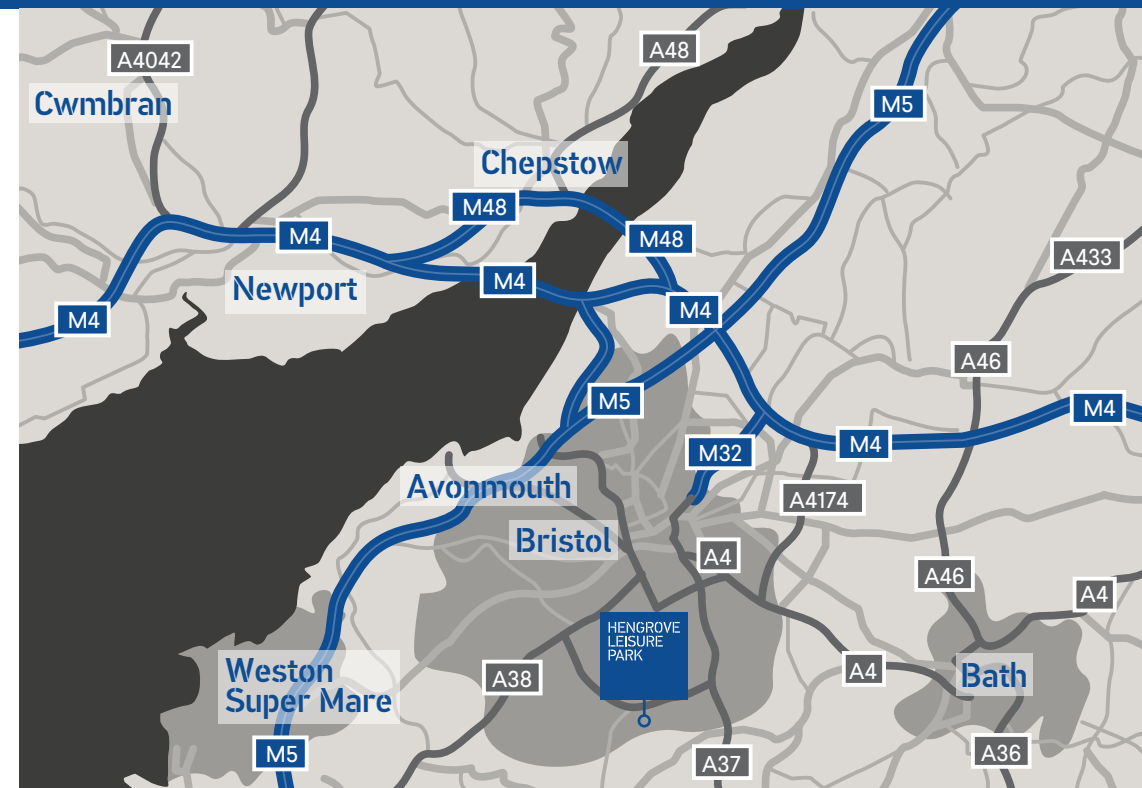
The city is home to two universities and a student population of over 50,000. Bristol continues to be a major port city with the facility at Avonmouth and it has become a major centre for financial services with key employers including Hargreaves Lansdown, AXA, Lloyds, RBS and Deloitte, for aviation (BAE Systems and Rolls Royce) and for technology (Hewlett Packard, Cray, Oracle).

SITUATION

Hengrove Leisure Park lies on the southern side of the Bristol conurbation, 3.4 miles from the city centre, and is well connected to the road network by the A4174 Hengrove Way, which is part of Bristol's southern orbital route.

The surrounding area includes Hammerson's Imperial Retail Park to the south west, business parks, industrial estates and residential areas. Hengrove Park lies to the south and east of the property and comprises a large area of public open space, including a children's play area and a skate park.

Hengrove Park also contains the disused Whitchurch Airport, which is planned by Bristol City Council to be developed as a new suburb for Bristol with up to 2,000 homes. There is also a hospital and a leisure centre which opened in 2012 along with a technical college, the South Bristol Skills Academy, which opened in 2010.





City of Bristol College

Kier Hengrove Park Phase 1 Residential Development

Hengrove Mounds Nature Park

Imperial Retail Park

Hengrove Leisure Centre

Hengrove Way

South Bristol Community Hospital

HENGROVE LEISURE PARK

Former Whitchurch Airfield Site

Filwood Green Business Park

Filwood Park Residential Development

DEMOGRAPHICS

Bristol's Primary Catchment Population is 926,000 (PROMIS) and 442,602 people live within a 20 minute drive time of Hengrove Leisure Park. The population in that catchment is relatively young, with 39.3% in the 20 to 44 year old age group compared to 34.1% nationally. Some 75% of adults have access to at least one car, broadly in line with the national average of 74% and unemployment at 3.9% is below the current national average of 4.4%.

DESCRIPTION

Hengrove Leisure Park was developed in the late 1990's and extends to 87,873 sqft, together with a Premier Inn hotel and pub unit, on a site with a total area of 22.75 acres. An area of 3.58 acres is let back to the Local Authority on a virtual freehold basis, used as a playground, and so the effective net site area is estimated at 19.17 acres. We calculate this to comprise a very low overall site density of 12.81%. There are 853 free car parking spaces at the property.

The property comprises a 14 screen Cineworld multiplex cinema anchor, a large detached Gala Bingo unit, drive thru units trading as McDonalds and KFC, a Frankie & Benny's restaurant unit and a Domino's Pizza collection and delivery unit that has been sub-divided by the tenant to allow for separate occupation. The Premier Inn and linked Brewers Fayre units are on the north east edge of the scheme and have extended to the north on third party land.

TENURE

The property is owned on a long leasehold basis from Bristol City Council on two leases with an unexpired term in excess of 977 years at a peppercorn rent. The lease restricts the retail sale of food within Class A1 of the Town and Country Planning (Use Classes) Order 1987 from the property until 22nd October 2021.

Part of the property (shown shaded blue on the site plan) is subject to an under lease to Bristol City Council which is effectively co-terminus with the head lease and so from a practical perspective does not form part of the property. Bristol City Council contributes to the service charge.



442,602

PEOPLE LIVE WITHIN A 20 MINUTE DRIVE TIME OF HENGROVE LEISURE PARK

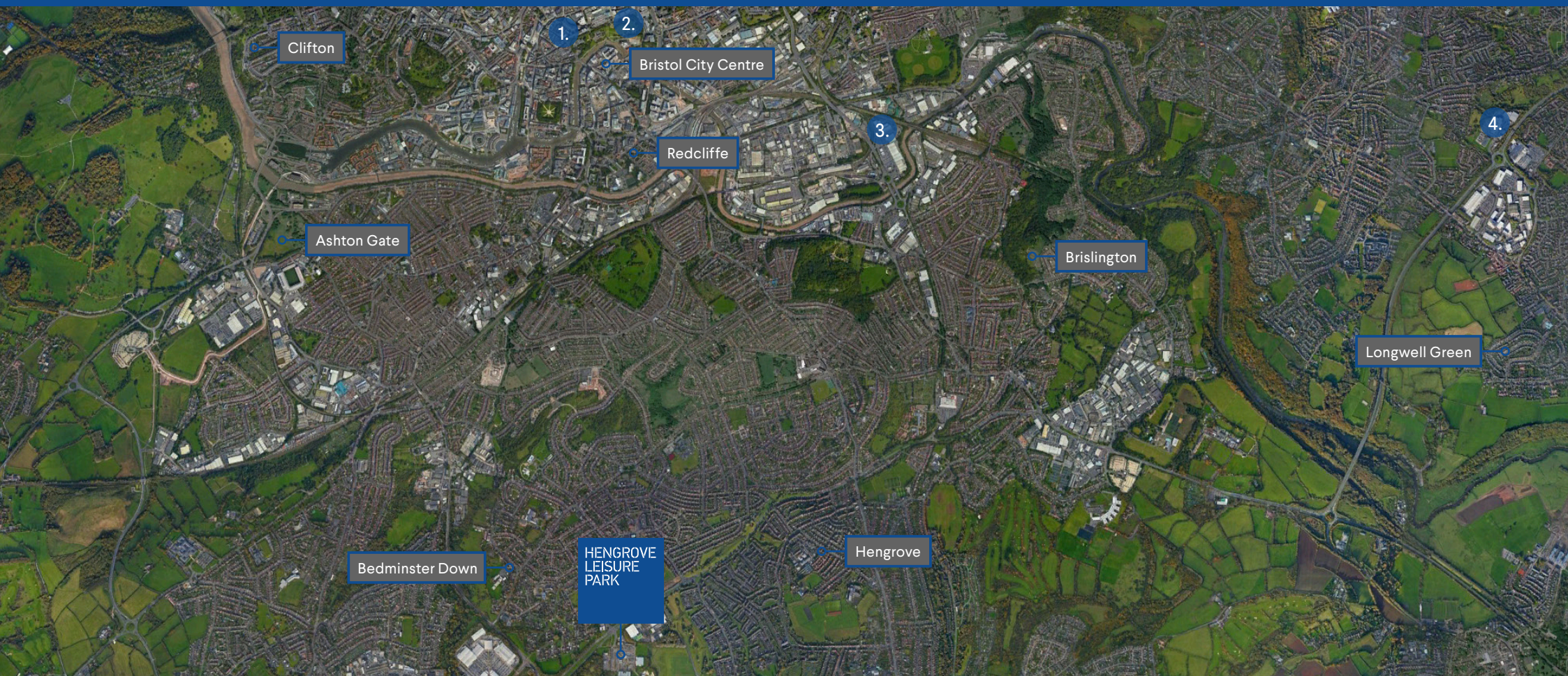


75%
OF ADULTS
HAVE ACCESS
TO AT LEAST
ONE CAR



BRISTOL'S
PRIMARY
CATCHMENT
POPULATION





LEISURE IN SOUTH BRISTOL

Hengrove Leisure Park covers the south side of the Bristol conurbation. Competing multiplex cinemas and leisure parks are:

1. Odeon, Union Street

A stand-alone pre-war cinema with no dedicated car parking.

2. Cinema De Lux, Cabot Circus

A modern 13 screen multiplex with a number of restaurant units alongside it including Giraffe, Yo Sushi, Zizzi and Gourmet Burger Kitchen. It is aiming at a different price point, both in terms of ticket costs and pay & display parking.

3. Showcase, Avonmeads Retail Park

This is a 64,000 sqft stand-alone 14 screen multiplex unit on a retail park which was developed over 30 years ago. It has free parking but only a tenpin bowling unit and a KFC drive thru as complementary leisure and food & beverage occupiers.

4. Aspects Leisure Park

This is a leisure park developed in 1999 and located on the east side of the Bristol conurbation at Longwell Green. It is anchored by a 13 screen Vue multiplex cinema with Bowlplex, Fitness First and restaurants alongside it. It has undercroft car parking.



TENANCIES & ACCOMMODATION

The property is fully let with a WAULT of 11.56 years and WAULT to tenants' breaks of 6.28 years on an effective full repairing and insuring basis with five yearly upward only rent reviews on the following summarised terms:

Unit	Tenant	Lease Expiry	Current Annual Rent	Area (sq ft)	Rent per sq ft	Next Rent Review	Annual Rental Value	Annual Rental Value (psf)	Comments
Bingo Hall	Gala Bingo Ltd t/a Gala Bingo	28/09/2022	£275,000	30,057	£9.15	29/09/17	£275,000	£9.15	Outstanding rent review
Smoking Shelter	Gala Bingo Ltd	28/09/2022	£4,000	-	-	N/A	£4,000		
Unit 2	Cine-UK Ltd t/a Cineworld	30/04/2034	£514,129	44,316	£11.60	01/05/19	£596,016	£13.45	Rent reviews to the higher of OMV and a 3% pac increase. Minimum increases: 1/05/2019 = £596,016 pa 1/5/2024 = £690,946 pa 1/5/2029 = £800,996 pa Mutual option to break on 30/4/2024 with 6 months' prior notice. The landlord's break option is only exercisable if the unit's required to facilitate rebuilding, refurbishment or reconstruction.
Drive-Through	Kram Restaurants Ltd t/a Kentucky Fried Chicken	15/03/2034	£72,500	2,573	£28.18	16/03/19	£83,623	£32.50	
Hotel & Pub	Premier Inn Ltd	13/10/2146	-	-	-	N/A	-	-	The tenant may determine the lease every 25 years of the term.
Restaurant G Drive-Through	McDonalds Restaurants Ltd	28/09/2023	£86,500	3,237	£26.72	29/09/18	£105,203	£32.50	
Restaurant I	The Restaurant Group (UK) Ltd t/a Frankie & Benny's	24/12/2023	£67,000	3,990	£16.79	25/12/13	£79,800	£20.00	Outstanding rent review. This lease has not been completed. The tenant has occupied throughout the term and has been paying rent in accordance with the draft Lease in the Agreement for Lease. The occupation is deemed to be pursuant to an equitable lease.
Unit 1	DP Realty Ltd t/a Domino's	12/05/2036	£65,000	3,700	£17.57	13/05/21	£74,000	£20.00	Next review to OMV with a minimum of £70,000 pa. Tenant's break option on 12/05/2027 with 6 months' notice. Lease contracted out of the security of tenure provisions of the 1954 Act. Landlord's break option on 31/03/2024 subject to 6 months' notice and a break penalty payable by the landlord of £65,000 plus VAT.
Hengrove Playground Land	Bristol City Council	20/10/2995	peppercorn	-	-	-	-	-	
Total			£1,084,129	87,873	£12.29		£1,217,641	£13.81	

A number of the occupational tenants' leases include provisions and restrictions over the common parts of the property and a briefing note that summarises these can be provided upon request.

TENANTS' COVENANTS

100% of the current income is leased to tenants with a Low Risk or a Very Low Risk rating by Experian and each tenant's latest published accounts are summarised below.

Unit	Tenant	Year Ending	Turnover '000's	Pre-Tax Profit '000's	Total Assets less Current Liabilities '000's	Experian Risk Rating
Bingo Hall	Gala Bingo Ltd	Jan-17	£1,194	£1,425	£47,578	Very Low Risk
Unit 2	Cine-UK Ltd	Dec-16	£239,172	£31,918	£103,167	Low Risk
Drive-Through	Kram Restaurants Ltd	Dec-16	£6,783	£1,256	£3,672	Very Low Risk
Restaurant G Drive-Through	McDonalds Restaurants Ltd	Dec-16	£1,574,237	£287,479	£1,100,656	Very Low Risk
Restaurant I	The Restaurant Group (UK) Ltd	Jan-17	£524,136	£59,530	£124,271	Low Risk
Unit 1	DP Realty Ltd	Dec-16	£22,479	£2,133	£7,499	Low Risk



ASSET MANAGEMENT OPPORTUNITIES

The scheme benefits from a number of asset management opportunities to add complimentary operators, improve rental tones and lease lengths as well as medium term opportunities to intensify the usage of the site.

SHORT TERM

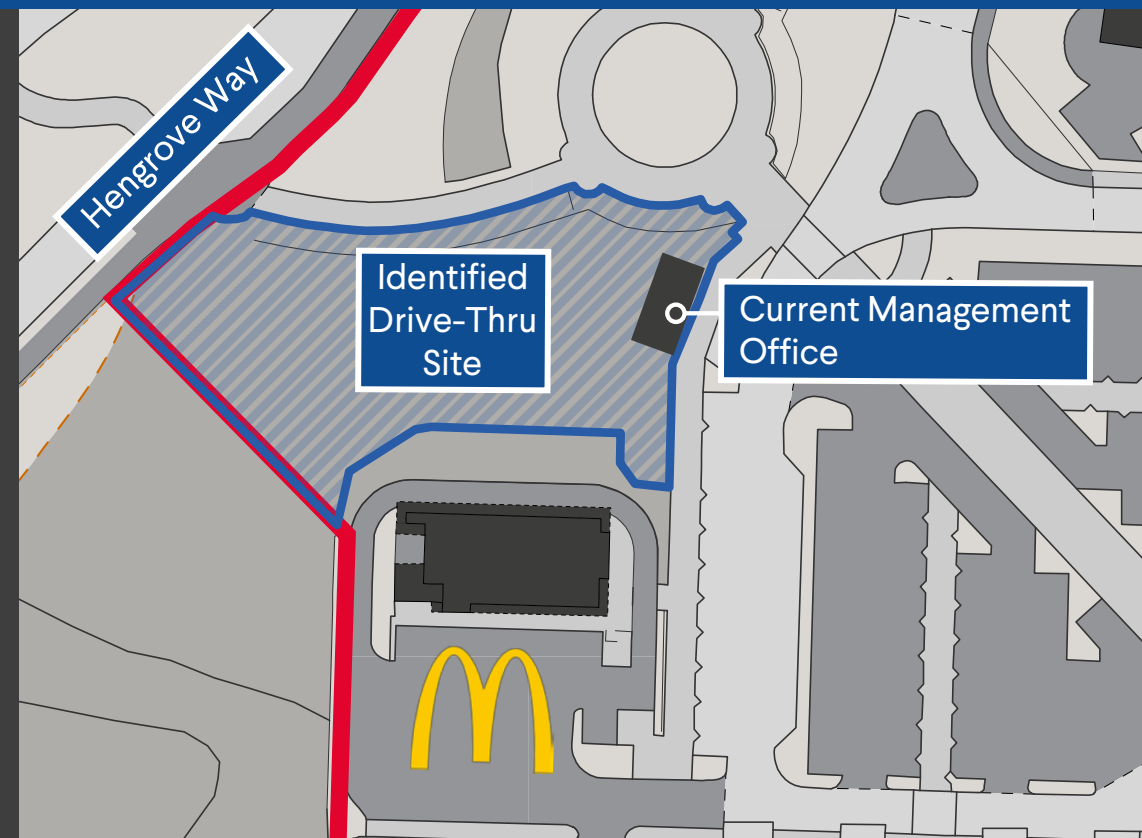
Drive-Thru Development – Our client has received approaches for additions to the scheme, including an offer from a drive through operator for a 2,500 sqft unit at a rent of £85,000 pa, reflecting £34 per sqft. This development would not only add additional diverse income and footfall to the scheme, but also, provide strong evidence for the upcoming rent reviews for the Drive-Thru operators.

Rent Reviews – There are a number of rent reviews that are upcoming this year where we believe that uplifts should be achieved given the low passing rents. Our views on Market Rent for these units are set out within the tenancy schedule.

Lease Regears – There are lease regear opportunities, in conjunction with upcoming rent reviews, for a number of tenants – McDonalds, KFC, Frankie & Benny's and Gala. Based on their low passing rents and their current trade here, we believe there will be discussions to be had in the short term to improve the unexpired term on the scheme.

Unit Subdivision – we are aware that Gala bingo trade well from the scheme but there could be potential for them to consider a downsize of their unit. We believe that 10,000 ft² could be taken back for an alternative D2 user.

Intensification – Domino's Pizza occupies only part of its unit and this presents an opportunity to re-gear and take control of that unused space.



ASSET MANAGEMENT OPPORTUNITIES

MEDIUM TO LONGER TERM

The property occupies 19.17 acres on the southern orbital route for the UK's 8th largest urban area.

Hengrove Park and the former Whitchurch Airport which are adjacent to the scheme have the potential to accommodate up to 2,000 new homes, with the first phase of this having been permitted in Kier Homes' planning permission for a Phase 1 development to provide 261 homes on the land between the property and the recently completed Hengrove Park Leisure Centre.

The subject property has been developed at a very low site density which we estimate to be 12.81%. With the scheme fully let and income producing and leases in place for the medium term there is a great opportunity to masterplan the enhancement, intensification and redevelopment of the scheme to include a multitude of alternative and complementary uses.

Subject to planning and other necessary approvals this could include residential and community uses, retirement living, food and non-food retail, further A3 and A5 facilities and D2 leisure uses including kids play, urban golf, escape rooms and bowling.

Planning

Planning permission for the scheme was granted by Bristol City Council in March 1996 for:

"Redevelopment of existing open space to provide landscaped Leisure Park (comprising Cinema, Bingo Club, Sport Bowl, Discovery Zone, Theme Diner, a Travel Inn and four restaurants."



SURVEYS

Assignable measured and building surveys and an environmental audit are available upon request.

VAT

The property is elected for VAT and it is anticipated that the sale would be treated as a transfer of a going concern.

EPC

EPCs for the property are available upon request and summarised below:

Unit	Tenant	EPC
Bingo Hall	Gala Bingo Ltd	E
Unit 2	Cine-UK Limited	G
Drive-Through	Kram Restaurants Ltd	C
Restaurant G Drive-Through	McDonalds Restaurants Ltd	C
Restaurant I	The Restaurant Group (UK) Ltd	B
Unit 1	DP Realty Ltd	D

PROPOSAL

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Following settlement of rent reviews and the fixed increase on the cinema unit we estimate that the yield will increase to **8.36% by May 2019**.

Subject to contract and exclusive of VAT.

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