

**Dominant, Index Linked Hotel and Leisure Investment,
with a Weighted Unexpired Lease Term of 15.8 years**



BEDFORD

RIVERSIDE NORTH

green&partners

Investment Summary

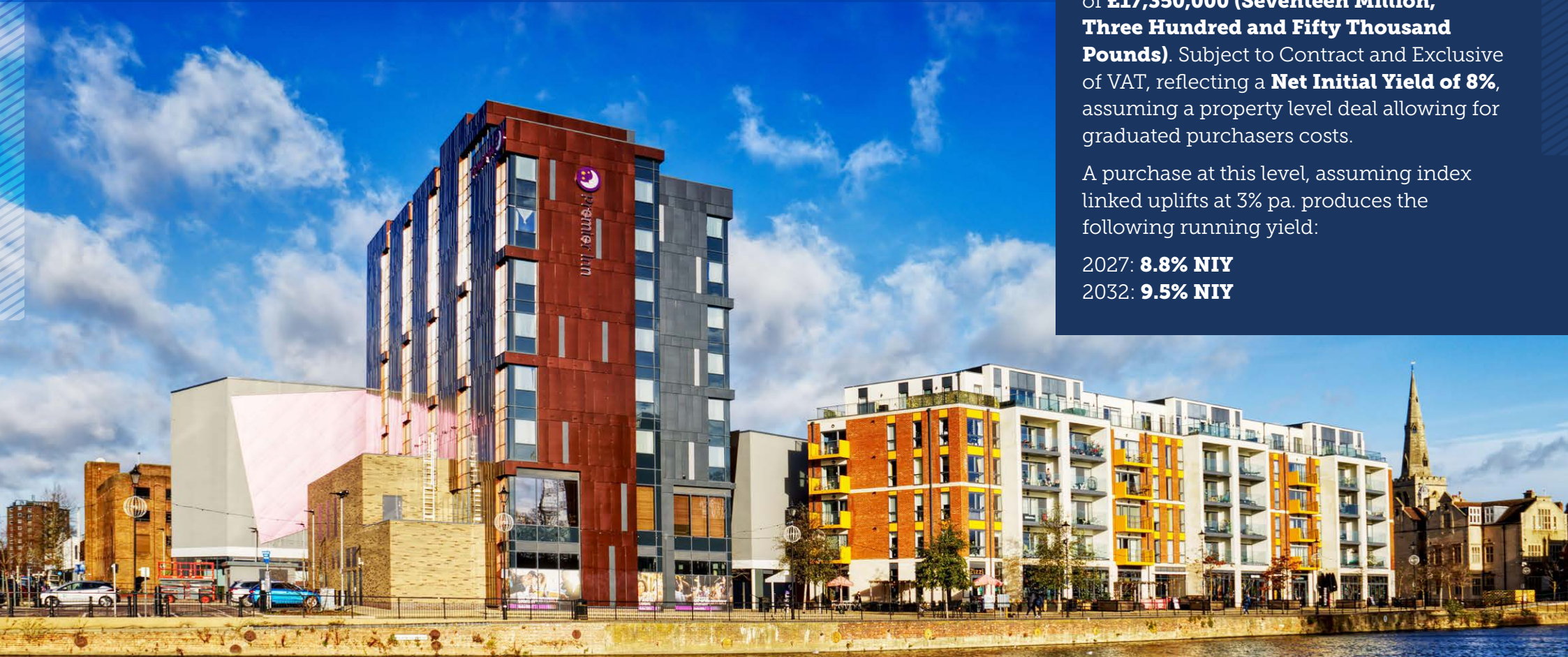
- Bedford is an **ever-growing town** in the south-east of England with a primary catchment population of approximately 300,000 people.
- The asset represents **the premier leisure destination in Bedford**.
- **Constructed in 2017**, the property comprises a **modern leisure, hotel and residential scheme**.
- Secured to **Premier Inn, Vue Cinema, Zizzi, Miller & Carter (Mitchells & Butlers Retail Ltd), Wagamama and Loungers**.
- 100 bedroom hotel let to Premier Inn Hotels Ltd at a low current room rate of **£5,187 pa**.
- **Circa 70%** of the contracted income secured to **Premier Inn, Vue and Mitchells & Butler** and **subject to Index Linked or Fixed Increase Rent Reviews**.
- A substantial 3 acres site and a combined total floor area of **170,376 sq ft (15,828.4 sq m)**.
- The property is held Long Leasehold from Bedford Borough Council (243 years unexpired) at a peppercorn rent.
- Current passing rent of **£1,504,777.84 pa**.
- Weighted Average Unexpired Lease Term of **15.8 years to Expiry** and **12.5 years to Break**.
- The asset is held within a newly formed, Jersey based SPV, therefore a corporate deal is available here.

We are instructed to seek offers in excess of **£17,350,000 (Seventeen Million, Three Hundred and Fifty Thousand Pounds)**. Subject to Contract and Exclusive of VAT, reflecting a **Net Initial Yield of 8%**, assuming a property level deal allowing for graduated purchasers costs.

A purchase at this level, assuming index linked uplifts at 3% pa. produces the following running yield:

2027: **8.8% NIY**

2032: **9.5% NIY**



Location

Bedford is the **major commercial centre** in Bedfordshire and the south-east of England. The town is located approximately 51 miles (82km) north of Central London, 30 miles (48km) west of Cambridge and 21 miles (34km) south-east of Birmingham.



By Road

The asset is strategically located between the major arterial routes of the A1 and M1, some 10 miles (16km) to the east and west respectively. The A421 southern bypass is a primary link between the A1 and M1.



By Rail

There are fast and frequent services to London St Pancras International with a fastest journey time of 39 minutes. Bedford Train Station is within a 10-minute walk from the property. The train station provides additional direct services to Nottingham, Leicester and Gatwick Airport.



By Air

London Luton International Airport is located approximately 20 miles (32 km) to the south. London Heathrow, the UK's busiest airport, is located some 61 miles (98km) to the south, while London Gatwick Airport is located 96 miles to the south. There is also a direct train from Bedford Station in an average journey time of 1hr 45 minutes.



Popular Commuter Town – 6 trains an hour to London St Pancras in a fastest journey time of 39 minutes.



Circa
£1bn
Retail and
Leisure Spend

in Bedford in 2021.

Above the
National Average
per capita.

Bedford grew at three
times the national average
from 2011 to 2021.

Demographics & Local Economy



Bedford has a **primary catchment** of approximately **300,000**



Bedford has a **significantly higher than average** number of working adults.



The most **affluent AB social grouping** are over-represented.



Excellent transport connections coupled with **increasing residential provision**, has led to Bedford becoming one of the country's most popular commuter towns.



Bedford is projected to see **significantly above average growth in population** over the period 2020-2025

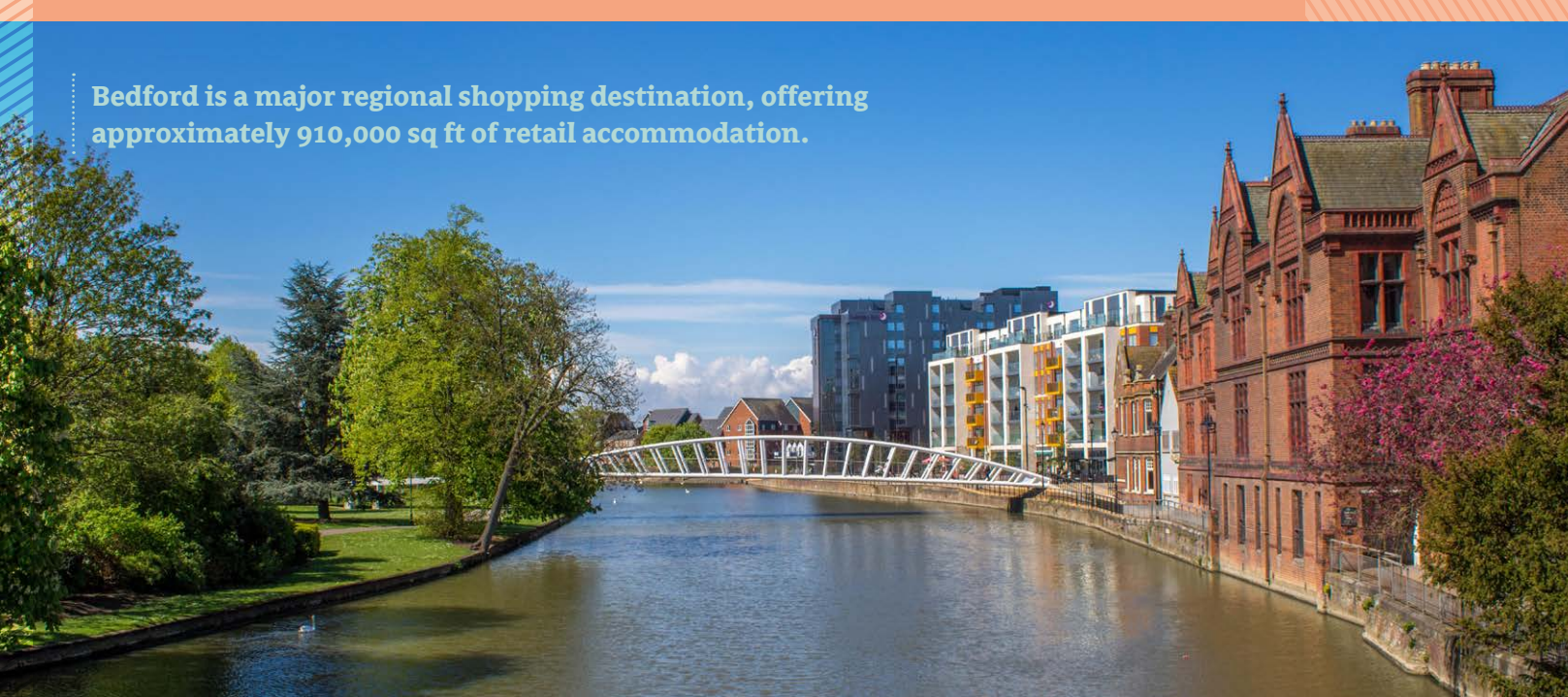


Bedford is home to **four private schools** run by the Harper Trust.



The Population Size has increased by **17.7%** from 2011 to 2021 against the national average of 6% (ONS).

Bedford is a major regional shopping destination, offering approximately 910,000 sq ft of retail accommodation.



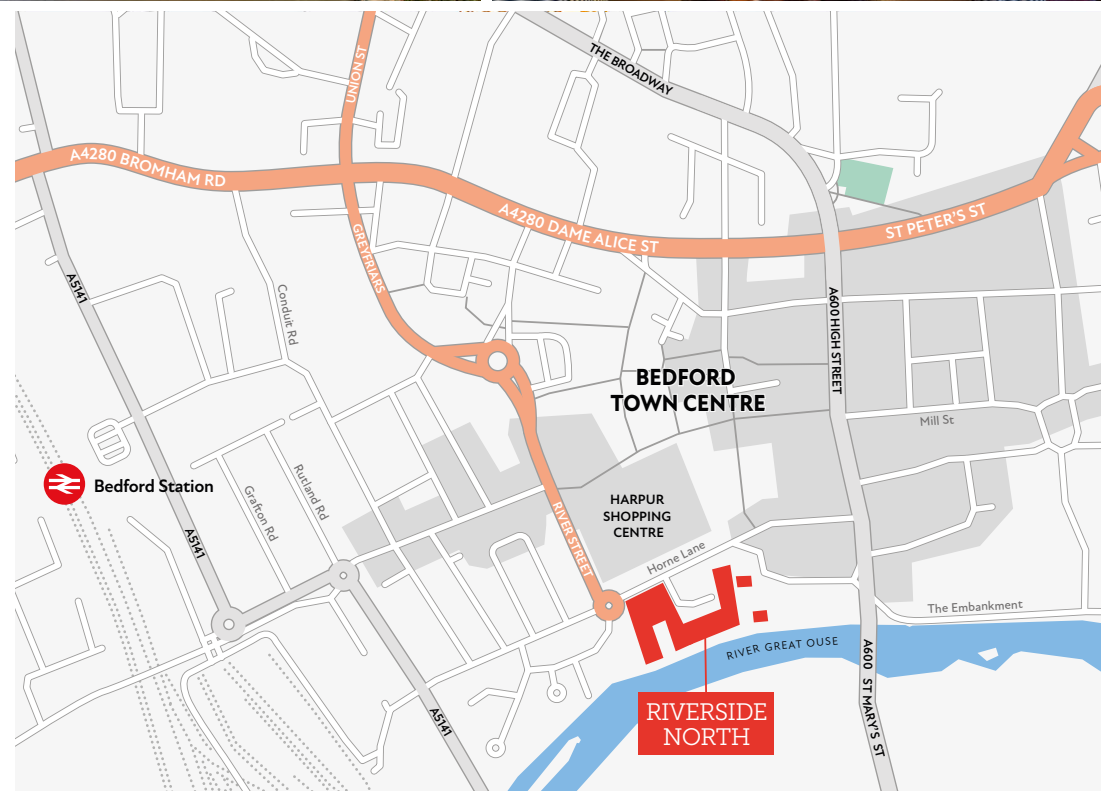
Retailing In Bedford

Bedford is a major regional shopping destination, offering approximately 910,000 sq ft of retail accommodation. **With an above average volume of total retail spend with total retail expenditure surpassing £868m in 2021.**

Prime Retailing focusses on the recently refurbished Harper Centre which is anchored by **Primark, Boots** and **TK Maxx**. This is supplemented by Midland Road, which remains the towns prime, pedestrianised throughfare.

The Towns primary, modern, leisure offering focuses on the subject property, supported by High Street.

This is supplemented by the out of town Aspects Leisure Park, which houses a **Cineworld, Pizza Hut** and **Gym**.



Situation

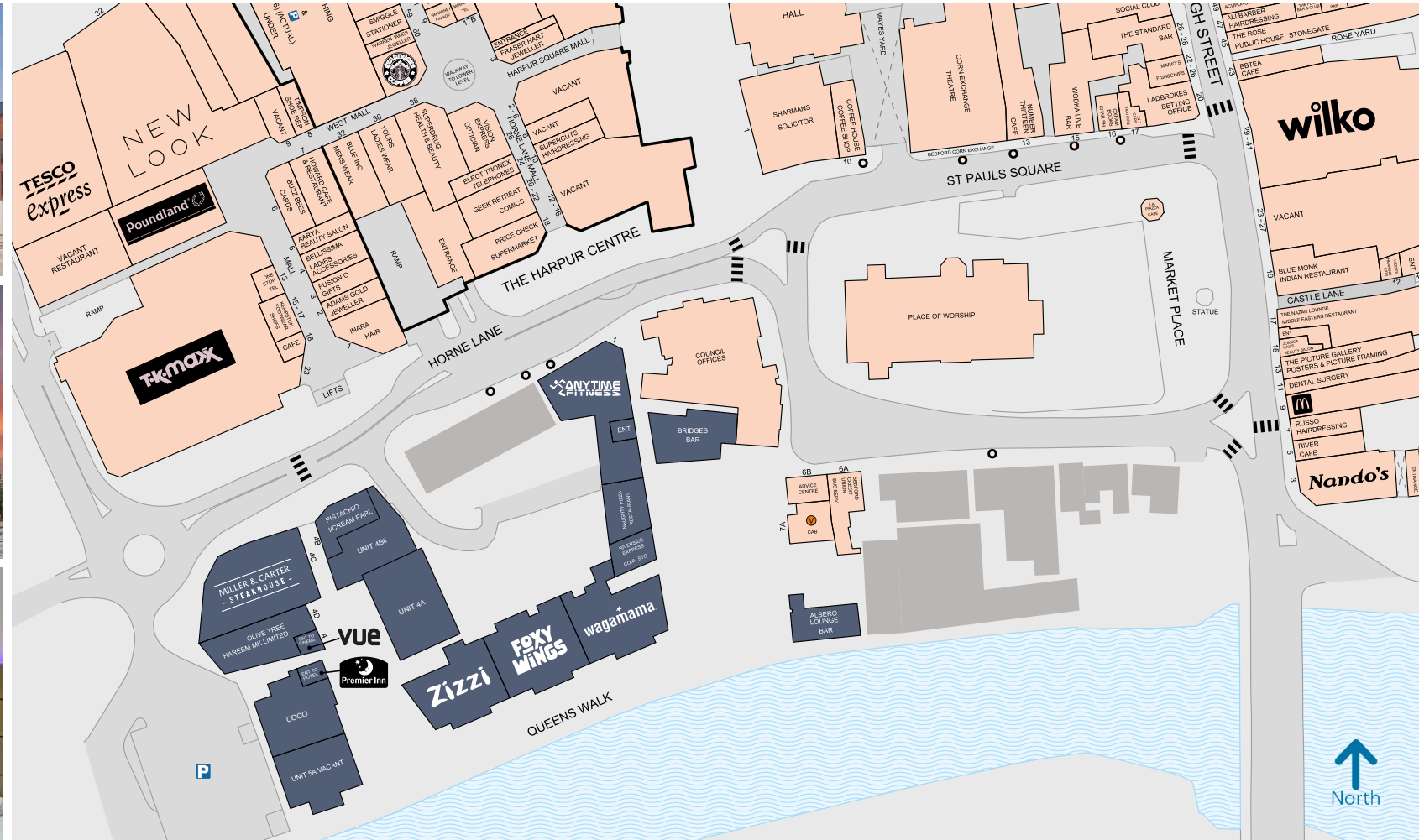
Bedford Riverside is situated on the north bank of the River Great Ouse, to the south of The Harpur Shopping Centre. The property sits within close proximity to the Corn Exchange Theatre, St Paul's Church and Bedford Town Hall. Bedford College and Bedford Borough Council building are located directly opposite the holding and accessed via a footbridge over the River.

Parking is easily found opposite, within the 465 space, multistory River Street Car Park, above the Harpur Centre.

Premier Inn's are entitled to use up to 100 car parking spaces within this council owned facility under the terms of their lease.

The asset
represents
Bedfords
premier leisure
destination





Tenure

The asset is held long-leasehold from Bedford Borough Council on a 250 year lease from 17th April 2015, expiring on 16th April 2265 at a peppercorn rental.

Description

The 3 acre site was developed in 2017 by Bouygues (now LinkCity), with the exception of the Cowper Building (Loungers, Alberto Lounge) which is a period property to the east of the site.

BLOCK 5

Comprises a 100 Bed Hotel, let to Premier Inn Hotel and two restaurant units, Unit 5a & 5b (Coco).

BLOCK 4

Comprises a 7 Screen Cinema let to Vue Entertainment Ltd and five restaurant units (Olive Tree, Pistachio, Miller & Carter). 4c, 4d, 4b (i&ii) & 4a (Hareem MK (Olive Tree), Sinfully Sweet (Pistachio), (Mitchells & Butlers).

BLOCK 3

Comprises three ground floor restaurant units 3a, 3b, 3c (Wagamama, Foxy Wings and Zizzi), with outside seating. Floors 1 to 5 are residential dwellings and let on a long lease to Premier Ground Rents No.5 Limited.

BLOCK 2

The ground floor of Block 2 is leased to Bedford Borough Council until 2265 at a peppercorn, who in turn underlet the units to Naughty Pizza and Anytime Fitness.

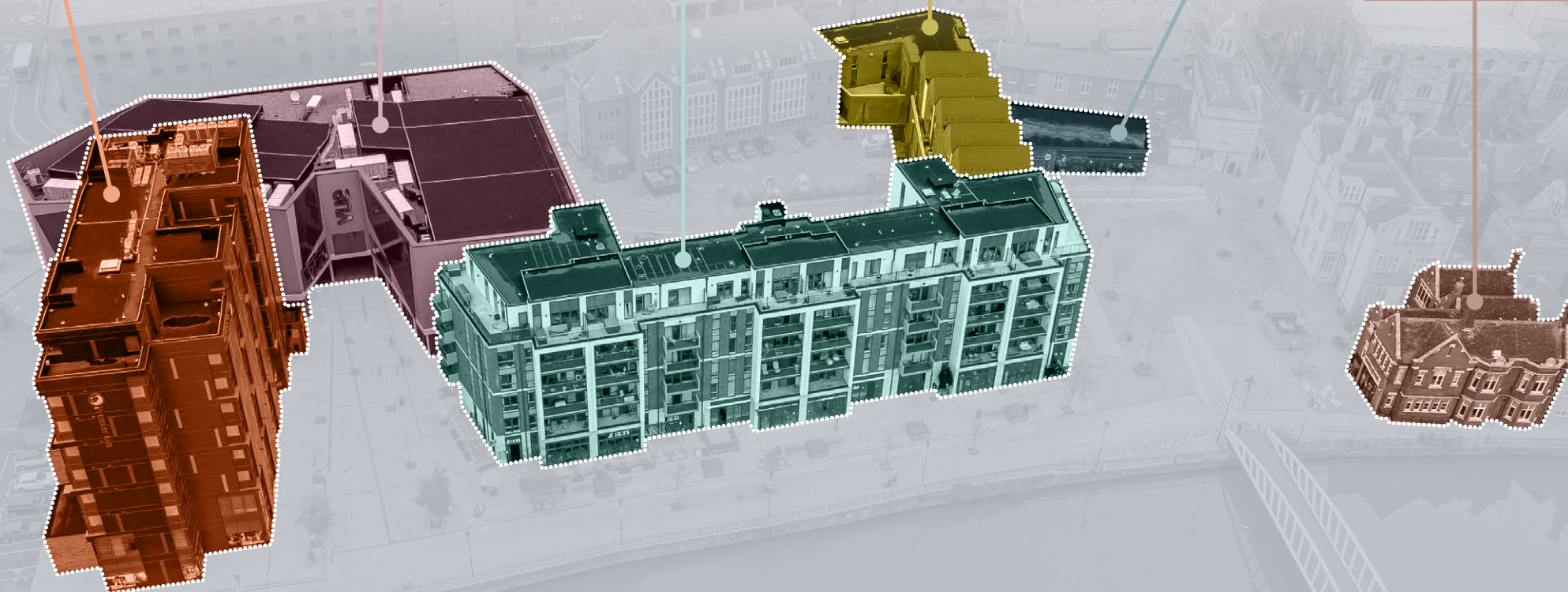
The upper floors are leased to Guinness Partnership Ltd on LLH expiring 2265 at a peppercorn.

BLOCK 1

The whole of Block 1 is leased to Bedford Council until 2265, who in turn underlet the unit to Bridges Espresso Bar.

COWPER BUILDING

Let to Loungers Ltd (Alberto Lounge).



Accommodation

The properties provides a combined approximate floor area of **170,376 sq ft (15,828.4 sq m)**.

WAULT

Weighted Average Unexpired Lease Term:

15.8 to Expiry

12.5 to Break

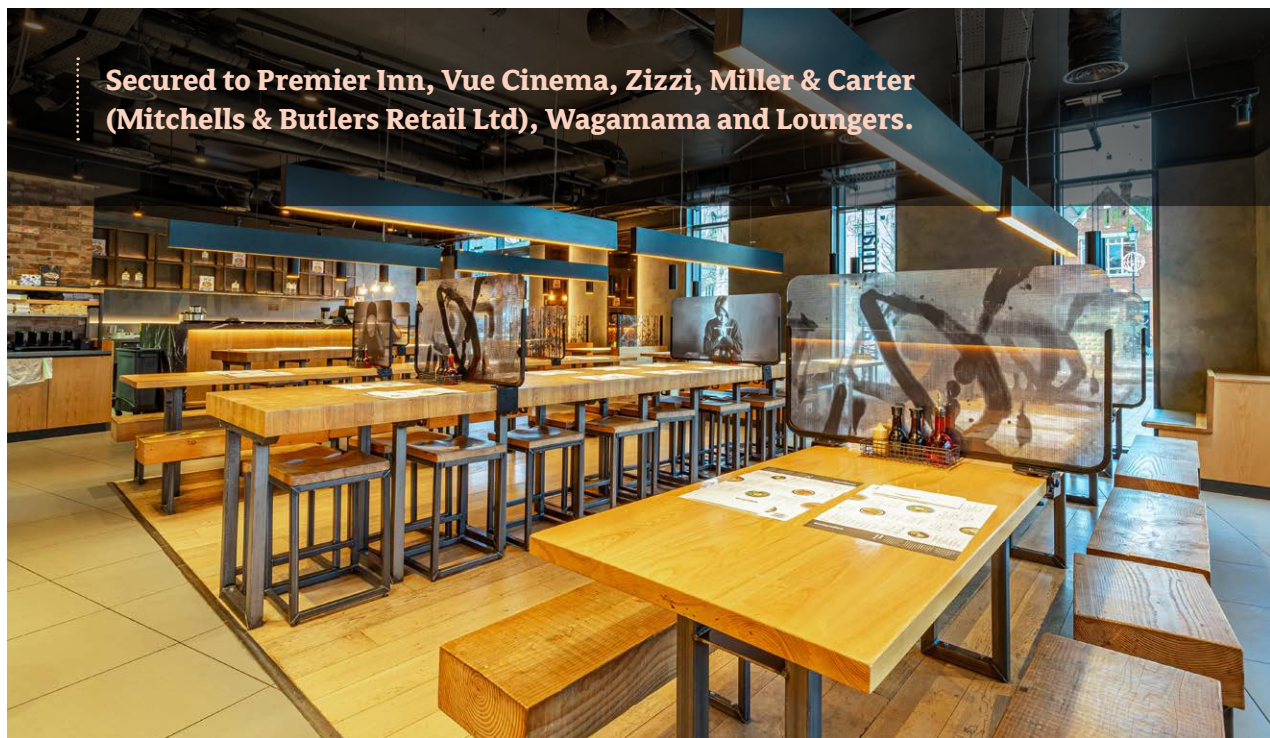
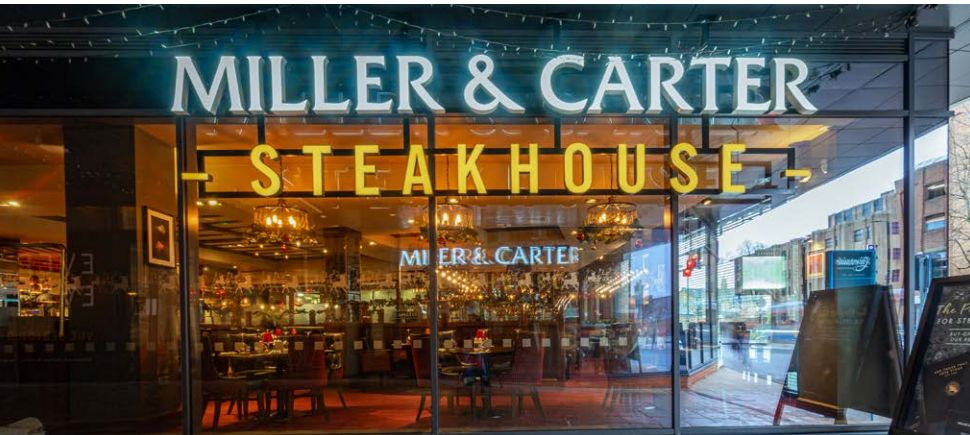
Current Income

Current passing rent of **£1,504,777.84 pa.**



Schedule of Tenancies

Block	Unit	Tenant	Area	Start Date	Review Date	Expiry Date	Break Date	Passing Rent Pax	% Of Income	Service Charge Ye 24/03/2023	Service Charge Cap	Landlord Shortfalls	Comments
1	The Pavillion (2d)	Bedford Borough Council	2,084	17/04/2015		11/04/2265		£-	0%	£1,964.70			The council underlet the unit to Bridges Espresso Bar.
2	2a	Bedford Borough Council	4,448	17/04/2015		11/04/2265		£-	0%	£5,140.45			Sublet to Anytime Fitness.
	2b	Bedford Borough Council	910	17/04/2015		11/04/2265		£-	0%	£1,028.09			Sublet to Naughty Pizza.
	2c	Bedford Borough Council	772	17/04/2015		11/04/2265		£-	0%	£912.05			Sublet to Premier Newsagent.
	Part Ground, First and Second Floors	Guinness Partnership Ltd	10,542	17/04/2015		11/04/2265		£-	0%	£11,050.03			Area taken from Service Charge budget.
3	3a	Zizzi Restaurants Lintied (t/a Zizzi)	3,589	02/05/2017	02/05/2025	01/05/2042	02/05/2032	£85,000.00	6%	£4,096.11			Rent reviews are 5 yearly to the higher of passing rent or open market value.
	3b	Foxy Wings Ltd (t/a Foxy Wings)	3,641	06/09/2021		05/09/2031	06/09/2024	£37,500.00	3%	£4,096.11	£10,000		Rent commencement 06/12/2022. Rent steps: 06/12/2022 - 05/09/2023 - £37,500 pa 06/09/2023 - 05/09/2024 - £50,000 pa Thereafter until lease expiry - £37,750 pa. There are tenant break options in years 3, 5 & 7. Service charge cap of £10,000 pa. Rent deposit of £5,753.42 plus VAT. Vendor to top up rent free to £37,500 pa until rent commencement.
	3c	Wagamama Ltd (t/a Wagamama)	3,583	28/04/2017	28/04/2022	27/07/2038		£95,000.00	6%	£4,096.11			Rent reviews are 5 yearly to the higher of passing rent or open market.
	First to Fifth Floors	Premier Ground Rents No.5 Limited	34,388	17/04/2015		11/04/2265		£4,250.00	0%	£39,340.89			The ground rent is £75pa for 1 bedroom units, £100 pa for 2 bedroom units and £125 for 3 bedroom units. Area taken from Service Charge budget.
	Cinema (Part Ground and First Floor)	Vue Entertainment Limited (t/a Vue)	31,940	18/04/2017	25/07/2027	18/04/2037		£312,728.00	21%	£31,468.06	£73,792		Fixed rental uplift on 25/07/2027 to £353,823.05. There is OMV rent review in 2032. There is a service charge cap from 25/07/2022 of £73,792 pa subject to annual RPI increases.
4	4a	Vacant (12 month rent rates and service charge guarantee)	3,652					£45,650.00	3%	£3,276.60			The vendor will provide a 12 month rent, rates and service charge guarantee. Rent set at £12.50.
	4b1	Sinfully Sweet Limited (t/a Pistachio)	1,527	02/10/2017	02/10/2027	01/10/2032	02/10/2027	£25,000.00	2%	£1,362.25			Fixed increase on 5/11/2023 to £30,000 pa. Rent reviews are 5 yearly to the higher of passing rent or open market value.
	4b2	Vacant (12 month rent rates and service charge guarantee)	2,426					£30,325.00	2%	£2,104.08			The vendor will provide a 12 month rent, rates and service charge guarantee. Rent set at £12.50.
	4c	Mitchells & Butlers Retail (No.2) Ltd (t/a Miller & Carter)	4,484	19/04/2017	19/04/2022	18/04/2042	19/04/2032	£126,302.34	7%	£7,670.85			Lease guaranteed by Mitchells & Butler Leisure Holdings Limited. 5 yearly RPI linked rent reviews compounded annually capped at 4%. A rent review memorandum (April 2022) review has been prepared by the vendor at £126,302.34 pa.
	4d	Hareem MK Limited (t/a Olive Tree)	3,242	15/10/2021	15/10/2026	14/10/2036		£43,000.00	3%	£5,673.39			Rent Steps: to and including 14/10/2024 - £43,000 pa from and including 15/10/2024 - £45,000 pa Rent reviews are 5 yearly to the higher of passing rent or open market value. Rent deposit of £11,250.
5	Hotel	Premier Inn Hotels Ltd (t/a Premier Inn)	45,854	28/06/2017	28/06/2027	27/06/2042	28/06/2037	£518,718.00	35%	£22,632.31	£20,000	£2,632.31	100 bedrooms. 5 yearly CPI linked rent reviews compounded annually capped at 4%. The CPI Linked Rent Review in June 2022 is estimated to be at £518,717.70 pa. A rent review memorandum is being prepared by the vendor. The tenant benefits from access to 100 car parking spaces in River Street Car Park, owned by the Council, opposite.
	5a	Vacant (12 month rent rates and service charge guarantee)	4,137					£51,712.50	3%	£3,581.43			The vendor will provide a 12 month rent, rates and service charge guarantee. Rent set at £12.50.
	5b	A & H Social (t/a Coco)	1,039	19/08/2022	19/08/2027	18/08/2032	19/08/2025	£14,592.00	1%	£820.05			Lease recently completed. Tenant break option at the end of the 3rd and 5th year. 12 months rent free to be topped up by the vendor. In the event of a national lockdown the rent will reduce to 50%, documented by side letter. Rent deposit of £4,000.
Cowper Building	Cowper Building	Loungers Ltd (t/a Albero Lounge)	8,118	20/06/2017	20/06/2022	19/06/2032		£115,000.00	8%	£7,665.49			Rent reviews are 5 yearly to the higher of passing rent or open market value.
Total Area (Sq Ft)			170,376	Total Rent (PAX)			£1,504,777.84						



Secured to Premier Inn, Vue Cinema, Zizzi, Miller & Carter (Mitchells & Butlers Retail Ltd), Wagamama and Loungers.

Tenant Covenants

Tenant	Financial Year End	Turnover	Pre-Tax Profit	Total Assets	Working Capital	Delphi Score	Delphi Band
Premier Inn Hotels Ltd	Feb 2021	£249,627,000	-£295,353,000	£3,278,221,000	-£526,857,000	85	Low Risk
Loungers Ltd	Apr 2021	£78,346,000	-£10,545,000	£96,351,000	-£16,438,000	60	Below Average Risk
Wagamama Ltd	Dec 2020	£219,879,000	-£29,007,000	£409,005,000	£21,488,000	90	Low Risk
Mitchells & Butlers Leisure Holdings Ltd	Sep 2021	0	-£30	£346,099,113	£609,829	89	Low Risk
Vue Entertainment Ltd	Nov 2020	£115,425,000	-£87,950,000	£945,295,000	£162,539,000	93	Very Low Risk
Zizzi Restaurants Limited	Jun 2021	£81,387,000	£2,987,000	£20,094,000	£2,281,000	79	Below Average Risk
Smart Media	Dec 2021	0	0	£701,060	£651,137	89	Low Risk
Premier Ground Rents No.5 Limited	Dec 2020	0	0	£8,182,434	-£1,767,248	79	Below Average Risk

75%
fixed income to
UK household
brands.



Rent Reviews 5 yearly Linked to CPI (Capped at 4%pa)



Rent Reviews 5 yearly with guaranteed fixed rental increases.



Rent Reviews 5 yearly Linked to RPI (Capped at 4%)



Covenant Analysis

75% fixed income to UK household brands.



Premier Inn Hotels Ltd

Initially established by Whitbread in 1987 Premier inn is now the UK's largest hotel brand, with more than 82,000 rooms and 840 hotels. It operates throughout the UK whether it be in city centres, suburbs and airports and serves over 5 million customers every month.

wagamama

Wagamama's Ltd

Founded in London in 1992 with a focus on pan-Asian inspired cuisine and now boasts 164 restaurants in the UK. One of the UK's most recognisable high street chains additionally, Wagamama has a presence in the US, Europe, the Middle East and New Zealand via 58 franchised restaurants in 23 countries.



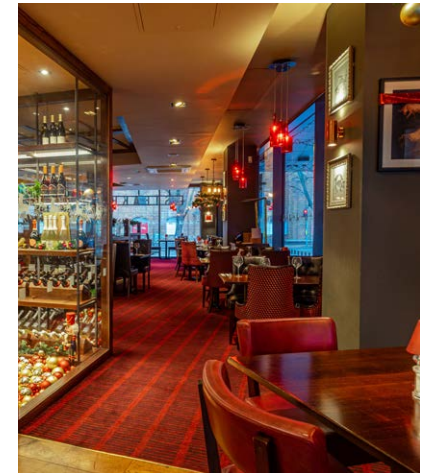
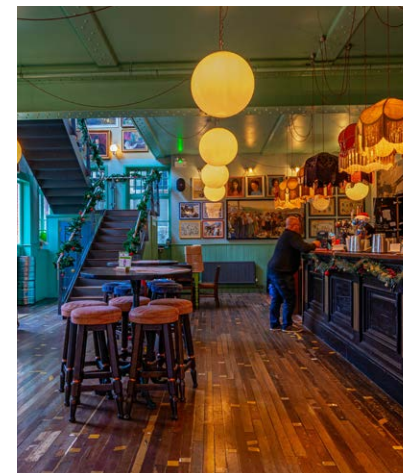
Vue Entertainment Ltd

Vue was founded in the UK following the acquisition of the Warner Village Cinemas in 2003 and is part of the largest cinema group in Europe, Vue international. Vue has 91 state of the art cinemas throughout the UK and Ireland, with over 850 screens and 150,00 seats. Vue Westfield London and Vue Westfield Stratford City are the first and third highest grossing cinemas in the country.

LOUNGERS

Loungers Ltd

Loungers Ltd was established in 2002 and as of March this year operates 193 sites in England and Wales across two distinct brands The Lounge and Cosy Club. The directors are currently targeting 25 new site openings per annum over the medium term of which approximately 20 are expected to be lounges like the one in this scheme and 5 Cosy Clubs.



Mitchells & Butlers Retails (No.2) Ltd

Mitchell & Butlers was established in 1898 and is now one largest operators of restaurants, pubs and bars in the UK, providing a choice of drinking and eating out experiences through their well known brands; Harvester, Toby Carvery, All Bar one, Browns, and many more. Miller & Carter are the tenants on this scheme who have over 100 locations across the UK.

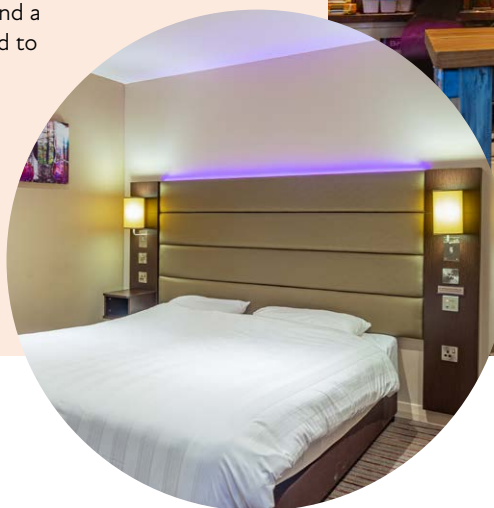
Hotel Investment

The UK Hotel Investment Market has continued its rebound from the unforeseen covid pandemic restrictions, with occupational hotel trading. The driving factors being robust domestic tourist leisure demand and increased mid-week business occupancy as a result of more corporate travel and the general migration back to the office.

As a result, investors who are seeking long dated income with index linked returns have been chasing limited and popular stock. UK Hotel transaction volumes exceeded circa £1.5 billion for the first four months of 2022, continuing on from the strong level of investment activity in Q4, 2021.

This was driven by growing investor sentiment and optimism over the long-term prospects for the sector. Backed by improving trading performance and a faster recovery than initially expected, investment levels are expected to remain strong throughout the year.

London accounted for 75% of all UK transactions in Q4, 2021 with the Premier Inn Hammersmith Talgarth Road forward funding comprising the largest transaction (£91m), followed closely by Conquer Dawn's purchase of the Hampton by Hilton, Waterloo and DoubleTree, York for £97.0 million.



Investment Comparables

Date	Status	Address	Tenant(s)	Rooms	Rent Passing (Hotel)	Rent Per Room	Lease Term Certain	Rent Review	CV	NIY
Current	U/O	Whetstone 1146 High Road	Travelodge Halfords	96	£535,221	£5,575	21yrs	5yr RPI uncapped	£12.8m	5.20%
Current	U/O	Chiswick 632 Chiswick High Rd	Travelodge	113	£960,500	£8,500	35yrs	5yr CPIH C/C @ 1%-4%	£20.1m Forward Funding	4.72%
Current	U/O	Richmond Mortlake Road	Premier Inn	92	£532,737	£5,791	15yrs	5yr CPIH C/C @ 0%-5%	£12.63m	4.25%
Dec-21	Sold	Battersea 200 York Road	Travelodge	121	£1,657,738	£13,700	28yrs	5yr RPI uncapped	£36.5m	4.25%
Dec-21	Sold	Hammersmith 181 Talgarth Road	Premier Inn	400	TBC	-	30yrs	5yr CPIH C/C @ 0%-4%	£91m	4.00%



Proposal

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2032: **9.5% NIY**

VAT

The property has been elected for VAT and it is likely the sale will be treated as a Transfer of Going Concern.

EPC

A full suite of EPC's are available upon request.

Anti Money Laundering

In order to comply with anti-money laundering legislation, the preferred purchaser will be required to provide certain identification documents. The required documents will be confirmed to and requested from the successful purchaser at the relevant time.

Corporate Acquisition

The asset is held within a newly formed, Jersey based SPV and therefore a corporate acquisition is available here.

Contacts

For further information or to arrange an inspection, please contact:

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