



THE ARTS COMPLEX

The Arts Complex, Above Bar Street, Southampton SO14 7DU
Newly Developed Leisure Investment Opportunity

COSTA

**GOURMET
BURGER
KITCHEN**

Nando's

**TAPAS
BAR
CELONA**

HELLO
SERIOUSLY
SUMMER

BARISTAST
SERIOUSLY
SUMMER

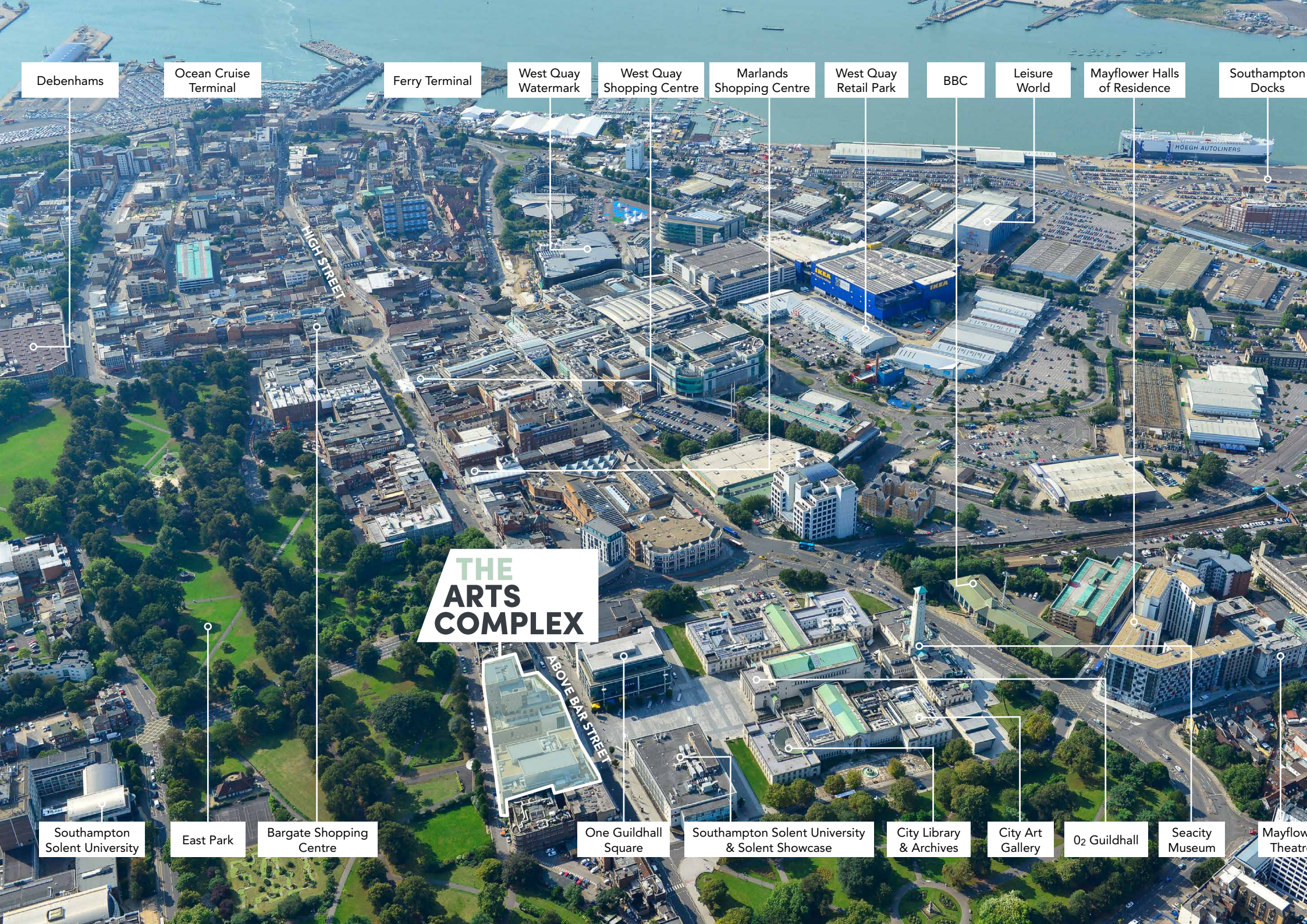
COSTA
COFFEE
ICED COLD
DRINKS
PANINIS

COSTA
EST. 1971



INVESTMENT CONSIDERATIONS

- Newly developed Southampton City Centre leisure scheme extending to **88,315 sq ft (8,205 sq m)**
- Southampton is a key commercial centre for the South East region, ranked **6th in the PWC Good Growth for Cities 2015** report
- Population of **436,000** within the 20-minute drivetime catchment, increasing to **959,000** within the 40-minute drivetime catchment (source: Savills Research)
- **£1.27 billion total leisure expenditure** (per annum) within 20 minutes, increasing to **£3.02 billion** within 40 minutes (source: Savills Research)
- The city attracts **4 million visitors per annum** and is renowned as the cruise ship capital of Europe
- The asset is located at the heart of Southampton's **thriving Cultural Quarter**, surrounded by popular arts and entertainment attractions
- Held on a **999 year long leasehold** interest from Southampton City Council at a peppercorn rent
- **Seven restaurant units** let to Gourmet Burger Kitchen, Nando's, Tapas Barcelona, Mettricks, The Stable, Neighbourhood and Costa Coffee
- Upper level arts centre leased back to the council on a 999 year lease at a peppercorn rent
- **38 residential units** sold off on 125 year long leaseholds
- Average weighted unexpired term of **18.68 years to expiries**, and **16.20 years to tenant breaks** (excluding the residential and arts centre long leaseholds)
- **83.50%** of the income is secured for **greater than 10 years**
- The property currently produces a total gross passing rent of **£558,101 per annum**. The total net income is **£554,801 per annum** after the deduction of the management fee
- We are instructed by our client to seek offers in excess of **£8,000,000 (Eight Million Pounds)**, subject to contract and exclusive of VAT. Assuming purchaser's costs at 6.67%, an acquisition at this level would reflect a **net initial yield of 6.50%**



Debenhams

Ocean Cruise Terminal

Ferry Terminal

West Quay Watermark

West Quay Shopping Centre

Marlands Shopping Centre

West Quay Retail Park

BBC

Leisure World

Mayflower Halls of Residence

Southampton Docks

HIGH STREET

THE ARTS COMPLEX

ABOVE BAR STREET

Southampton Solent University

East Park

Bargate Shopping Centre

One Guildhall Square

Southampton Solent University & Solent Showcase

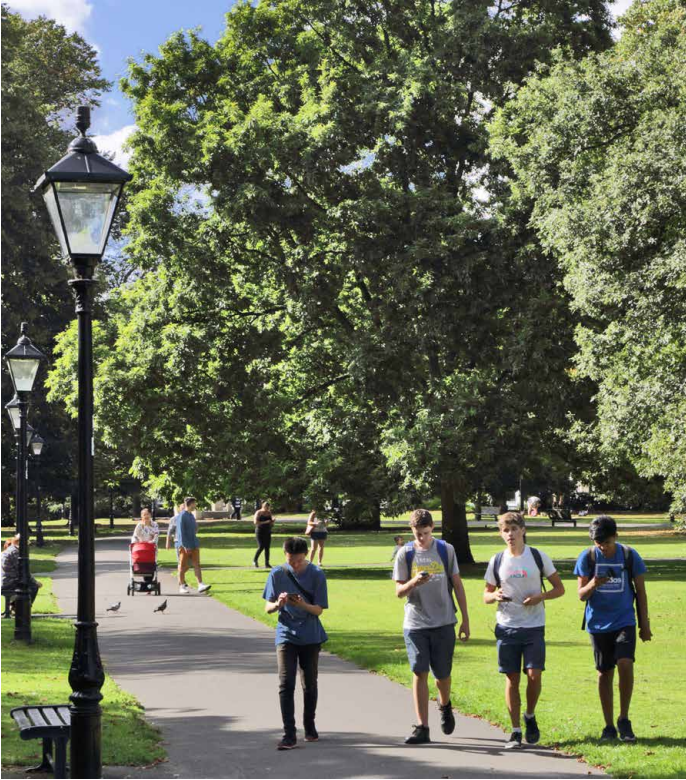
City Library & Archives

City Art Gallery

O2 Guildhall

Seacity Museum

Mayflow Theatre



LOCATION AND COMMUNICATIONS

The port city of Southampton is one of the principal commercial centres in the South East region. The city lies 18 miles (29 km) north west of Portsmouth, 29 miles (47 km) north east of Bournemouth and 77 miles (124 km) south west of London.

Road

The city is well connected to the national motorway network via the M3 and the M27. The M3 provides access to the M25 and Greater London, whilst the M27 connects the city with Portsmouth to the east and the A31 to the west.

Rail

Southampton Central Station provides regular direct train services to London Waterloo in a fastest journey time of 1 hour 19 minutes. Direct services are also provided to Reading, Bournemouth and Bristol, amongst other destinations. An estimated 6.43 million passengers used Southampton Central Station in the year 2014 to 2015 (source: ORR).

Air

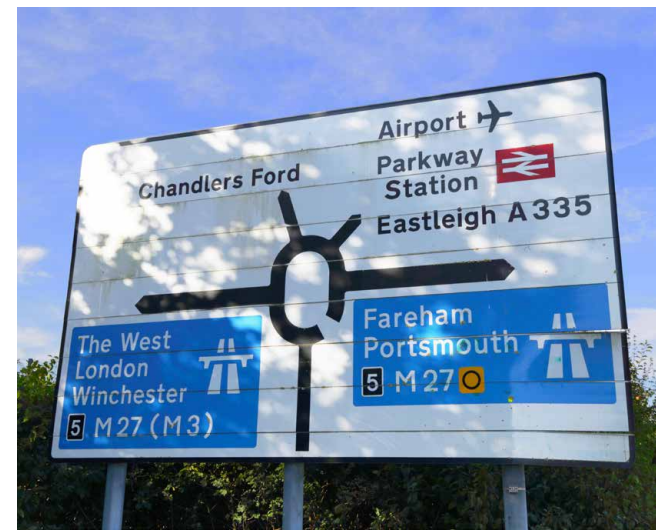
Southampton Airport lies 5 miles (8 km) to the north east of the city centre and provides direct links to circa 40 destinations across Europe and served 1.77 million passengers in 2015 (source: Southampton Airport).

Sea

The city's port is located immediately to the south and west of the city centre and is the UK's number one vehicle handling port, Europe's leading turnaround cruise port and the UK's most productive container port (source: ABP).

**THE UK'S NUMBER ONE VEHICLE HANDLING PORT
AND EUROPE'S LEADING TURNAROUND CRUISE PORT**





Not to Scale - For Identification Purposes Only.

SITUATION

The property is situated on Above Bar Street in the heart of Southampton's vibrant Cultural Quarter, and is framed by Guildhall Square to the west and the historic East Park to the east.

Southampton Central station lies 0.5 miles (0.8 km) to the west of the property and numerous bus routes stop at Guildhall Square. In addition, Southampton Solent University's main campus is situated on the east side of the adjacent East Park, where over 10,000 full time students study.

The recently restored Guildhall Square is home to the O2 Guildhall, the City Art Gallery, Southampton Solent University's Showcase Gallery, The City Library and Southampton City Council's Civic Centre. The Square also boasts three additional A3 outlets; Turtle Bay, Caffe Momento and The Artisan Cafe, which add to the restaurant offer in this location, consolidating the Cultural Quarter's position as a key restaurant location for the city.

The Cultural Quarter has benefitted from significant investment in recent years and now offers a diverse range of arts, entertainment, restaurant, conference and public service facilities, making it a popular tourist destination for the city. Once complete, it is anticipated that the Quarter will have generated over 2,000 jobs and £21 million of additional spend per annum, and will have attracted £175 million of private and public investment. The Quarter is also expected to attract 1.3 million tourist visits per annum.



Not to Scale - For Identification Purposes Only.

CATCHMENT AND DEMOGRAPHICS

- Southampton is the largest city in the South East excluding London, with a diverse and growing population
- Population of **436,000** (**181,000** households) within the 20-minute drivetime, increasing to **959,000** (**398,000** households) within the 40-minute drivetime (source: Savills Research)
- **£1.27 billion total leisure expenditure** per annum within the 20-minute drivetime, increasing to £3.02 billion within 40 minutes (source: Savills Research)
- **£431 million leisure goods expenditure** per annum within the 20-minute drivetime; £1.0 billion within 40 minutes (source: Savills Research)
- **£845 million leisure services expenditure** (per annum) within the 20-minute drivetime; £2.01 billion within 40 minutes (source: Savills Research)
- Southampton is ranked **6th in the PWC Good growth for Cities 2015** report
- The city attracts **4 million visitors per annum** and the Cultural Quarter is expected to attract 1.3 million tourists per annum (source: Visit Southampton)
- The estimated **shopping population is 433,000**, ranking the city 17 of the PROMIS centres
- The catchment population is described as moderately affluent, with an above average proportion of adults of working age categorised within the most **affluent AB social group** (source: PROMIS)
- **High proportion of young adults** aged 15-24, largely due to the 30,000 students residing in the city (source: Savills Research)
- The **local claimant count was 1.1%** of the working age population in March 2016, compared to the national claimant count of 1.4%

SOUTHAMPTON IS THE LARGEST CITY IN THE SOUTH EAST EXCLUDING LONDON



- 20-minute drivetime catchment
- 40-minute drivetime catchment

Not to Scale - For Identification Purposes Only.

LEISURE AND RESTAURANT PROVISION IN SOUTHAMPTON

Southampton currently ranks within the top 30 PROMIS centres in terms of its branded catering provision. The key leisure / restaurant destinations within the city are as follows:

Above Bar Street

The Arts Complex is situated on Above Bar Street which is already an established dining destination with a number of independent and national operators located in the area, including Turtle Bay, Bella Italia, Slug & Lettuce and Yates. However, the introduction of the seven Arts Complex restaurant operators has now consolidated Above Bar Street's position as a key dining location within the city. In particular the outdoor seating provided, overlooking the attractive Guildhall Square, sets these restaurant units apart from other locations across the city. The units are well placed to capture tourist and student spend given their proximity to Southampton Solent University and the city's main music, theatre, museum and art attractions.

West Quay

West Quay Shopping Centre extends to circa 800,000 sq ft (74,323 sq m) and provides a strong retail offer, with over 90 stores and a John Lewis anchor. The centre is the prime shopping location in Southampton and attracts shoppers from across the wider catchment area to the city centre. The centre also boasts a good casual dining offer, with Pizza Express, Nando's, Ed's Easy Diner, Pizza Hut, Harry Ramsdens, spudulike, Tortilla, KFC, Subway, McDonalds, Cafe Giardino, Costa, Yo Sushi, Wagamama and Handmade Burger Company, all located within the food terrace.

West Quay's owners Hammerson are also progressing an £85 million dining and leisure development adjoining the shopping centre dubbed 'West Quay Watermark'. The development started on site in early 2015 and the 140,000 sq ft (13,006 sq m) first phase is due to complete in late 2016. Once complete it will accommodate a 10-screen multiplex cinema, a bowling alley, and up to 20 restaurants and cafes.

Leisure World

Leisure World, on West Quay Road, is a cinema, restaurant, casino and nightclub complex which opened in 1997. Current tenants include Odeon IMAX Cinema, Oceana, Grosvenor Casinos, Ask Italian and Frankie & Benny's, however the Council have recently stated that they are considering redeveloping the site to create a new conference centre and live venue.

Ocean Village

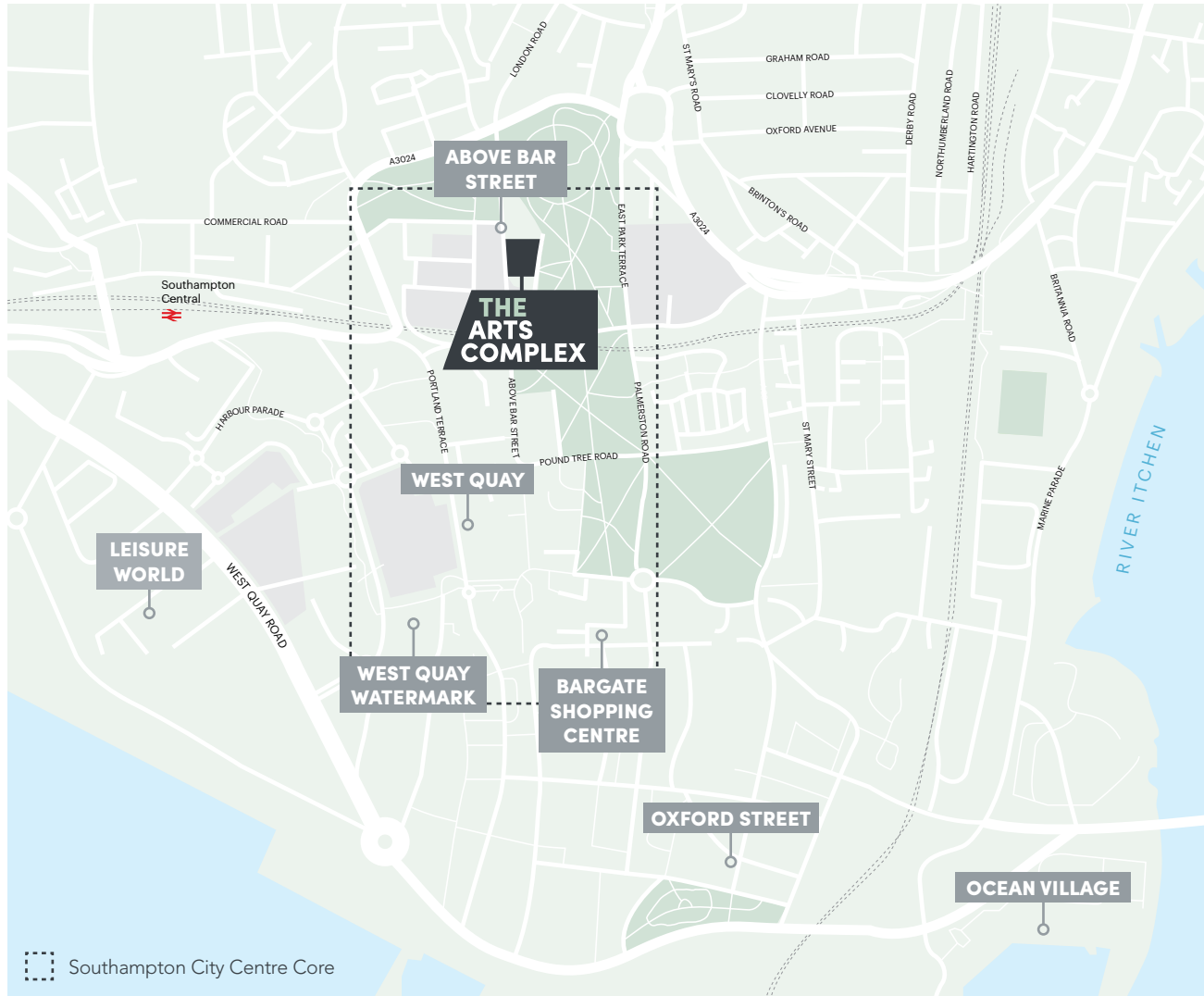
Ocean Village is a mixed use marina which is home to a number of local and national restaurant operators including; Banana Wharf, Maritimo Lounge, Bacaro, Steak of the Art, Pitcher & Piano and Chiquito Mexican. Ocean Village also benefits from two cinemas; a Cineworld and a Picturehouse.

Oxford Street

Oxford Street is located in the south east of the city centre, close to Ocean Village. The street has become a hub for casual dining, attracting a number of stylish independent and national restaurants including Cargo, Prezzo, Chimichanga, Pizza Express, Olive Tree and The Oxford Brasserie.

Bargate Shopping Centre

This outdated 1980s shopping centre closed in 2013 and is now set for redevelopment. Proposals are currently undergoing public consultation and include circa 70,000 to 80,000 sq ft (6,503 to 7,432 sq m) of retail, 140 residential units and 400 student beds. A proportion of the retail units will be targeted towards restaurant and cafe operators, however it is not clear yet how extensive the offer will be.



Not to Scale - For Identification Purposes Only.

DESCRIPTION

The Arts Complex comprises a modern mixed use leisure scheme, developed by Grosvenor and designed by CZWG architects. The property completed in spring 2016 and provides seven restaurant units, a 61,862 sq ft (5,747 sq m) arts centre and 38 residential units.

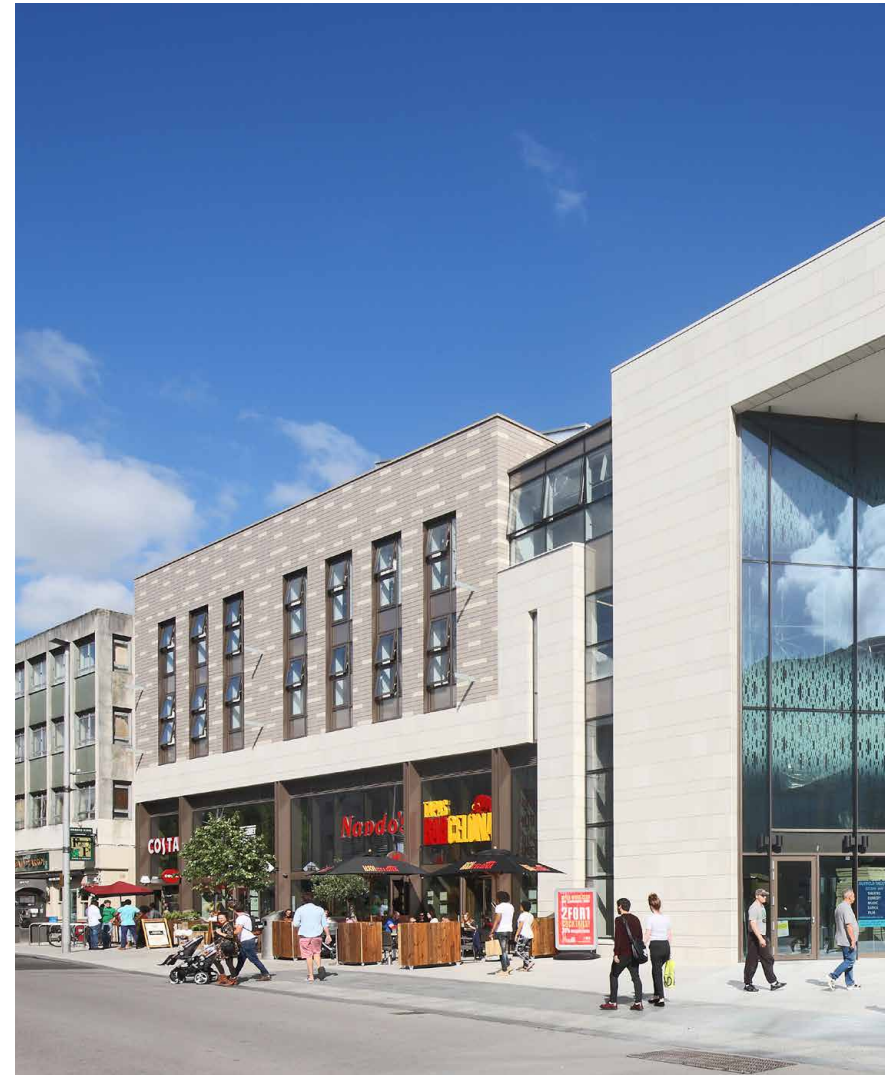
The asset occupies a highly prominent site, offering significant frontage to Above Bar Street and flanking a key access route through to East Park. In addition, the building's striking, modern facade ensures the asset is highly visible, both from Guildhall Square and from Above Bar Street.

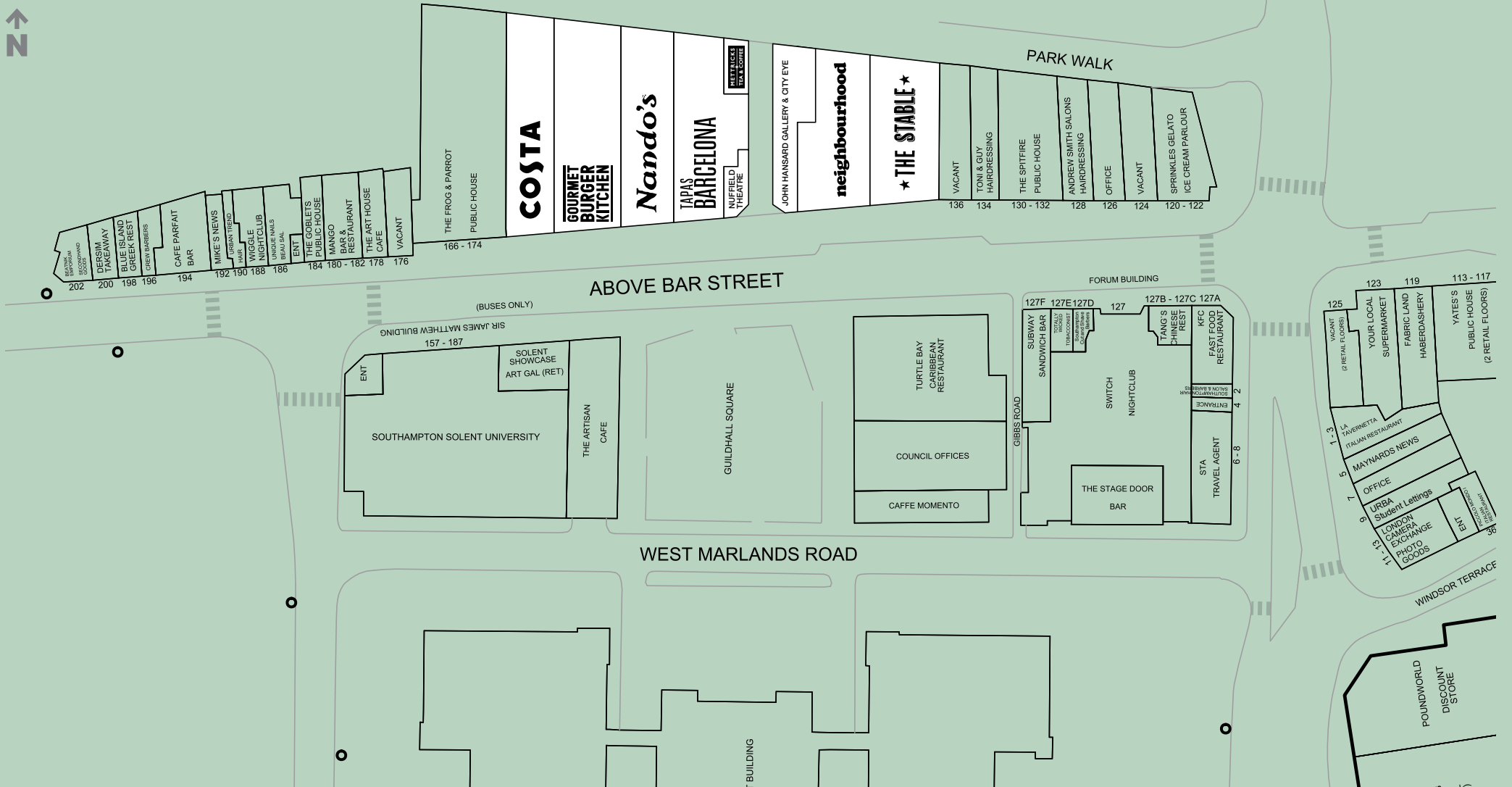
The restaurant units are fully let to Gourmet Burger Kitchen, Nando's, Tapas Barcelona, Mettricks, The Stable, Neighbourhood and Costa Coffee. All these units benefit from the latest corporate fit outs and present very well. The units vary in size from the 2,606 sq ft (242 sq m) Costa to the 6,945 sq ft (645 sq m) Tapas Barcelona, and are arranged over ground and mezzanine floors.

The arts centre element of the development, known as Studio 144, is leased back to Southampton City Council on a 999 year long leasehold at a peppercorn rent. Studio 144 was handed over to the council in October

2015 and is currently being fitted out by their chosen contractor, Galliford Try. Studio 144 is due to open in two phases, with the southern building opening in spring 2017 and the northern building opening in summer 2017. Once open Studio 144 will be run by Nuffield Theatre, who have recently been awarded Regional Theatre of the Year at The Stage Awards. Facilities will be provided for City Eye, a Southampton based film making company; and the John Hansard Gallery, one of Britain's leading contemporary art galleries and part of the University of Southampton. In addition a multi-purpose performing arts centre will be delivered, with two performance spaces, a dance studio and a bistro café/bar. Once open, Studio 144 is projected to attract 750,000 visitors per annum.

The 38 residential apartments are sold off on 125 year long leaseholds.





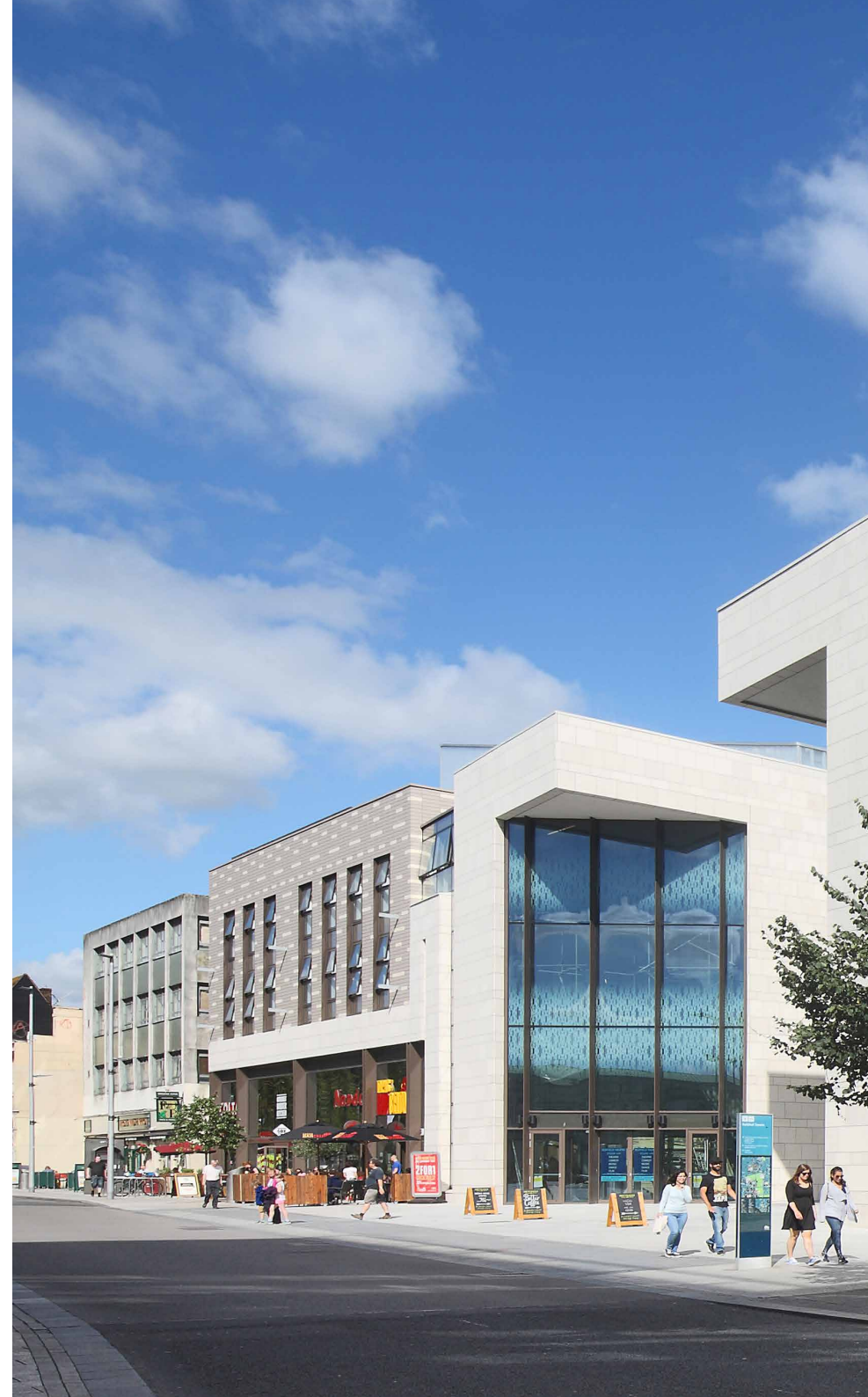
Reproduced by permission of Experian Goad - licence no. PU100017316. Not to Scale - For Identification Purposes Only.

TENURE

The property is held on a 999 year long leasehold interest, expiring in 3014. A peppercorn rent only is payable.



NOTE:- Reproduced from the Ordnance Survey Map with the permission of the Controller of H.M. Stationery Office. © Crown copyright licence number 100024244 Savills (UK) Ltd. NOTE:- Published for the purposes of identification only and although believed to be correct accuracy is not guaranteed.





ne ighbo urhoo d

★ THE ★
STABLE

PIZZA PIES CIDER

136

TENANCY SCHEDULE

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

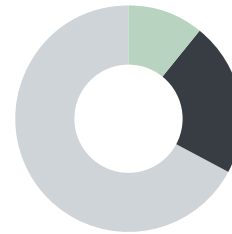
Unit	Tenant	Trading As	Lease Start Date	Lease Expiry	Unexpired Term (Years)	Next Review Date	Tenant Break Date	Current Gross Rent (per annum)	Passing Rate (per sq ft)	Ground (sq ft)	Mezzanine (sq ft)	Mezzanine Rate (per sq ft)	Total Area GIA (sq ft)	Total Area GIA (sq m)	Comments
1a	Costa Coffee	Costa	19-Oct-15	18-Oct-25	9.05	19-Oct-20	19-Oct-21	£60,000	£35.89	1,672	934	-	2,606	242	Service Charge cap of £2.50 psf to a maximum of £4,212.50. Not yet triggered.
1b	Gourmet Burger Kitchen	Gourmet Burger Kitchen	09-Nov-15	08-Nov-35	19.11	09-Nov-20	09-Nov-30	£80,000	£28.14	2,843	-	-	2,843	264	
2	Nando's Chickenland Limited	Nando's	01-Jun-15	31-May-35	18.67	01-Jun-20	01-Jun-30	£82,500	£28.51	2,894	929	-	3,823	355	
3&4a	Mustang Sally's Limited	Tapas Barcelona	04-Dec-15	03-Dec-40	24.18	15-Jun-20	-	£125,000	£26.92	4,644	2,301	-	6,945	645	Service charge cap of £2.50 psf (£11,942.50). Not yet triggered.
4b	Mettricks Limited	Mettricks	07-Mar-16	06-Mar-31	14.44	07-Mar-21	07-Mar-21	£30,000	£19.93	1,505	1,200	-	2,705	251	Rent in year 1: £27,000, rent in years 2-5 : £30,000. Vendor to top up rent to £30,000. Rates not yet assessed and to be confirmed.
5	Faucet Inns Limited	Neighbourhood	21-Sep-15	20-Sep-40	23.98	21-Sep-20	-	£78,000	£26.50	2,943	822	-	3,765	350	Service charge cap of £2.50 psf (£7,492.50). Not yet triggered.
6	The Stable Bar and Restaurants Limited (guaranteed by Fuller Smith & Turner plc)	The Stable	31-Aug-15	30-Aug-30	13.92	31-Aug-20	-	£90,000	£28.39	2,574	1,192	£14.20	3,766	350	Service charge cap of £2.50 psf (£6,507.50). Not yet triggered. The mezzanine level was provided by the Landlord and a 50% rental value has been applied.
Ground rent from Apartments and Car Parking Spaces	Individual apartment leaseholders		28-Sep-15	28-Sep-40	124.00	28-Sep-30	-	£12,600	-	-	-	-	-	-	Rent reviews every 15 years in accordance with RPI. Residential units sold off on 125 year long leaseholds. At present the residential element is sold off on individual unit leases, however if desired a single overarching interim lease could be put in place by the vendor.
Arts Centre	Southampton City Council	Studio 144	09-Oct-15	24-Sep-14	997.99	-	-	£1	-	-	-	-	61,862	5,747	Lease length of 999 years less 15 days from and including 9th October 2015. The arts centre is predominantly at first floor level.
Total								£558,101					88,315	8,205	
Landlord Management Fee								-£3,300							
Net Income								£554,801							



AVERAGE WEIGHTED UNEXPIRED TERM CERTAIN OF 16.20 YEARS

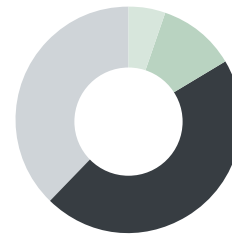
INCOME ANALYSIS

The restaurant units produce the following income profile:



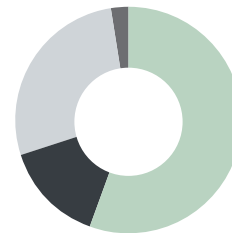
Income Expiry Profile (No Breaks)

2 yrs to 5 yrs	£0	0.00%
5 yrs to 10 yrs	£60,000	11.00%
10 yrs to 15 yrs	£120,000	22.00%
15 yrs +	£365,500	67.00%
Average Weighted Unexpired Term	18.68 years	



Income Expiry Profile (Breaks)

2 yrs to 5 yrs	£30,000	5.50%
5 yrs to 10 yrs	£60,000	11.00%
10 yrs to 15 yrs	£252,500	46.29%
15 yrs +	£203,000	37.21%
Average Weighted Unexpired Term	16.20 years	



Income Profile by Covenant

National	£312,500	55.99%
Regional	£78,000	13.98%
Local	£155,000	27.77%
Other	£12,600	2.26%



COSTA

Nando's

THE BULLDOG

2 FOR 1
COCKTAILS

WELCOME TO THE
THEATRE
OFFICE
MUSIC
FILM

WELCOME TO THE
THEATRE
OFFICE
MUSIC
FILM

WELCOME TO THE
THEATRE
OFFICE
MUSIC
FILM



TENANT COVENANTS

Tenant	Trading As	Dun & Bradstreet Rating	% of Income
Costa Limited	Costa	5A 1	10.75%
Gourmet Burger Kitchen Limited	Gourmet Burger Kitchen	2A 1	14.33%
Nando's Chickenland Limited	Nando's	N 1	14.78%
Mustang Sally's Limited	Tapas Barcelona	1A 2	22.40%
Mettricks Limited	Mettricks	N 3	5.38%
Faucet Inn Limited	Neighbourhood	1A 3	13.98%
The Stable Bar & Restaurants Limited guaranteed by Fuller Smith & Turner plc	The Stable	5A 1	16.13%

Costa Limited t/a Costa

Costa Limited is a subsidiary of Whitbread Group plc. Costa is an international British coffee chain whose headquarters are based in Dunstable, Bedfordshire. The company was founded by the Costa family in 1971 as a coffee wholesaler that supplied to catering firms and Italian coffee shops. The firm was acquired by Whitbread in 1995. Costa Coffee now has 3,277 stores in 31 countries, of which over 2,000 are in the UK. The company has also launched Costa Express vending facilities, of which there are now over 6,000. Costa's revenue increased by 15.9% in 2015.

Whitbread's latest available accounts, dated 26 February 2015, reported a turnover of £2.61 billion, a profit of £463.17 million and a tangible net worth of £1.82 billion.

Nando's Chickenland Limited t/a Nando's

Nando's is a South African based international casual dining restaurant group with a Mozambican and Portuguese theme, specialising in flame-grilled PERI-PERi chicken dishes. The company was founded in 1987 and now holds approximately 371 restaurants in the UK alone and operates in 35 different countries worldwide.

Nando's Chickenland Limited's latest available accounts, dated 22 February 2015, reported a turnover of £517.85 million and a profit of £64.66 million.





Gourmet Burger Kitchen Limited t/a Gourmet Burger Kitchen

Gourmet Burger Kitchen (more commonly known as GBK) is a British-based restaurant chain specialising in high-end burgers and was founded by New Zealanders in 2001, who brought the concept of 'gourmet burgers' to London. GBK now have 75 restaurants throughout the UK and franchises are in operation in Ireland, Dubai, Greece and Oman.

In September 2016, GBK was taken over by Famous Brands, a South African company who own the restaurant chains Ask Italian, Zizzi, Giraffe and Las Iguana. Famous Brands aim to acquire a further 15 restaurants this year.

Gourmet Burger Kitchen Limited's latest available accounts, dated 22 February 2015, reported a turnover of £55.80 million, a profit of £1.11 million and a tangible net worth of £6.36 million.



Mustang Sally's Limited t/a Tapas Barcelona

Tapas Barcelona is a restaurant specialising in Spanish cuisine, influenced by Spanish style kitchens from around the world. Their restaurant in Southampton is split across two levels and offers customers traditional hanging Serrano hams, freshly prepared Paella along with the Spanish delicacy churros and chocolate and an impressive and broad drink selection.

Mustang Sally's Limited is a Southampton based company which operates multiple restaurants throughout Southampton under different trading names, to include Mustang Sally's American Diner and Grand Cafe, as well as Tapas Barcelona.



Mettricks Limited t/a Mettricks

Mettricks is a family-run business founded in September 2013. They are a Southampton based independent tea and coffee operator, who are Southampton's first loose leaf tea and speciality coffee house. They also offer British food throughout the day and evening and serve a selection of cocktails and other alcoholic beverages. Mettricks have expanded and there are now three cafes in Southampton and one in the New Forest.



Faucet's Inn Limited t/a Neighbourhood

Neighbourhood specialises in all day dining with a focus on meats cooked on the robata grill and from the rotisserie. An extensive range of artisan beers are also available from the Beer Shop. Neighbourhood offers a relaxed urban environment for locals to enjoy a drink or easy dining any time of the day. Neighbourhood is part of the wider Faucet's Inn restaurant family, which includes two additional Southampton restaurants and several restaurants in London such as The Squirrel in Maida Vale and Compton's in Soho. Faucet Inn's revenue increased by 15.0% in 2015.

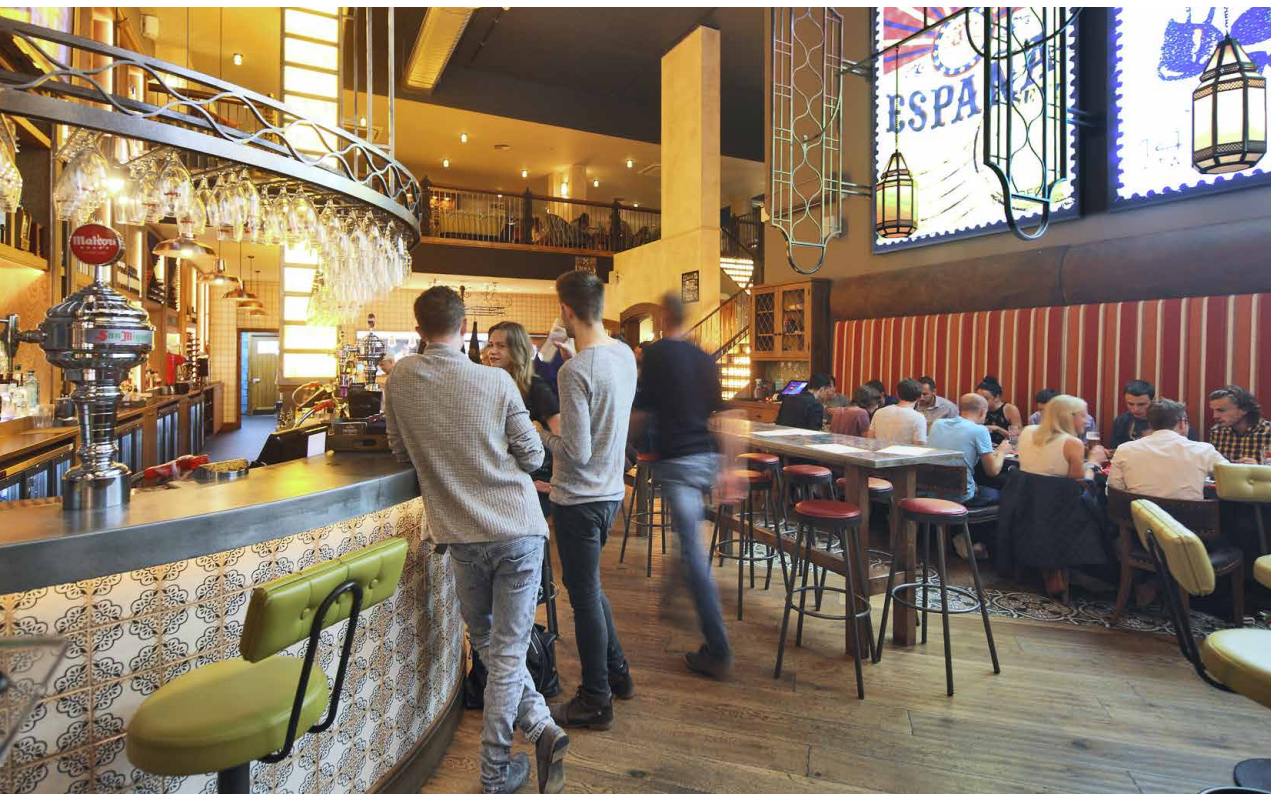
Faucet Inn's latest available accounts, dated 25 July 2015, details their turnover as £10.34 million, a profit of £0.45 million and a tangible net worth of £1.07 million.



The Stable Bar and Restaurants Limited t/a The Stable

The Stable is a UK based restaurant chain specialising in pizza, pies and cider. The company was founded in 2009 and opened their first restaurant in the renovated Bull Hotel in Bridport, Dorset. The company now has 16 restaurants and have recently taken a 25 year lease in Whitechapel. In June 2014, Fuller Smith and Turner plc paid £7.3 million for a 51% stake in the chain.

The Stable Bar and Restaurants Limited's latest available accounts, dated 28 March 2015, details their turnover as £5.09 million. Fuller Smith and Turner plc, who guarantee The Stable lease, reported turnover of £321.5 million, profit of £36.1 million and a net tangible worth of £246.1 million for the same financial year.





SERVICE CHARGE

The current annual service charge budget for the year to 31st December 2016 is £179,872, of which £73,955 is payable by the residential units, £67,384.36 is payable by the arts centre and 38,532.64 is payable by the restaurant units.

There is currently one on-site management member of staff at The Arts Complex.

PLANNING

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

EPC RATINGS

Further details are available upon request.

VAT

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

PROPOSAL

We are instructed by our client to seek offers in excess of **£8,000,000 (Eight Million Pounds)**, subject to contract and exclusive of VAT. Assuming purchaser's costs at 6.67%, an acquisition at this level would reflect a **net initial yield of 6.50%**.

WEBSITE

For further information please register for access to our secure marketing website:

www.savills.co.uk/artscomplex

CONTACTS

For further information please contact:

James Hurst

020 7409 9927

jhurst@savills.com

Nick Hart

020 7409 8837

nhart@savills.com

Emma Williams

020 7299 3025

enwilliams@savills.com



Important Notice

Savills, their clients and any joint agents give notice that:

1. They are not authorised to make or give any representations or warranties in relation to the property either here or elsewhere, either on their own behalf or on behalf of their client or otherwise. They assume no responsibility for any statement that may be made in these particulars. These particulars do not form part of any offer or contract and must not be relied upon as statements or representations of fact.
2. Any areas, measurements or distances are approximate. The text, photographs and plans are for guidance only and are not necessarily comprehensive. It should not be assumed that the property has all necessary planning, building regulation or other consents and Savills have not tested any services, equipment or facilities. Purchasers must satisfy themselves by inspection or otherwise.

Designed and Produced by Savills Marketing: 020 7499 8644 | October 2016