



Q leisure park york.





Investment summary

York, a cathedral city has an affluent catchment population and is a major tourist destination.



- The property is situated prominently in Clifton Moor, York's established out of town retailing and leisure location.
- Vue Cinema is the only multiplex venue in York with 12 screens and is a strong performer.
- Restaurants let to The Restaurant Group (UK) Ltd, Chiquito Ltd and Mitchells and Butlers Retail (No.2) Ltd.
- Recent letting supports rental levels, highlighting occupier demand for this location.
- Freehold.
- Low site cover with further potential for additional restaurant units.
- Current lease lengths between 9 - 25 years.
- Passing rent £1,147,762 per annum with a minimum 2% per annum increase at review on the cinema and RPI increases on the Mitchells and Butlers unit.
- We are seeking offers of **£14,800,000** subject to contract reflecting an initial yield of 7.33%, a reversionary yield of 7.93% and an equivalent yield of 7.75% assuming minimum uplifts and allowing for costs of acquisition at 5.8%.

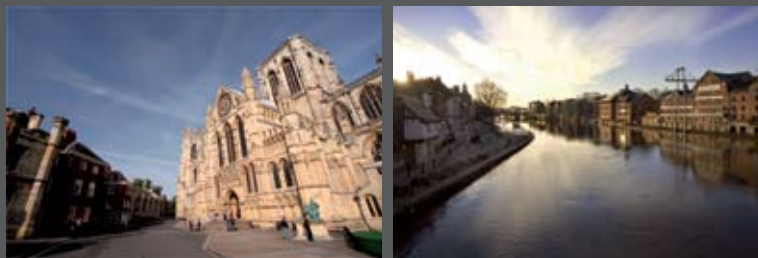


Location

The historic cathedral city of York is the commercial regional centre of North Yorkshire.

York lies 24 miles north east of Leeds and 40 miles north west of Hull. The city benefits from excellent road communications with the A64 dual carriageway to the south east linking to the A1, the A1/M1 link road, and to Leeds. The city is also well served by the national rail network with a fastest journey time to London of 1 hour 51 minutes.

As a business destination York has attracted major employers including Aviva, Network Rail, Jarvis, Shepherd Building Group, and Tesco.



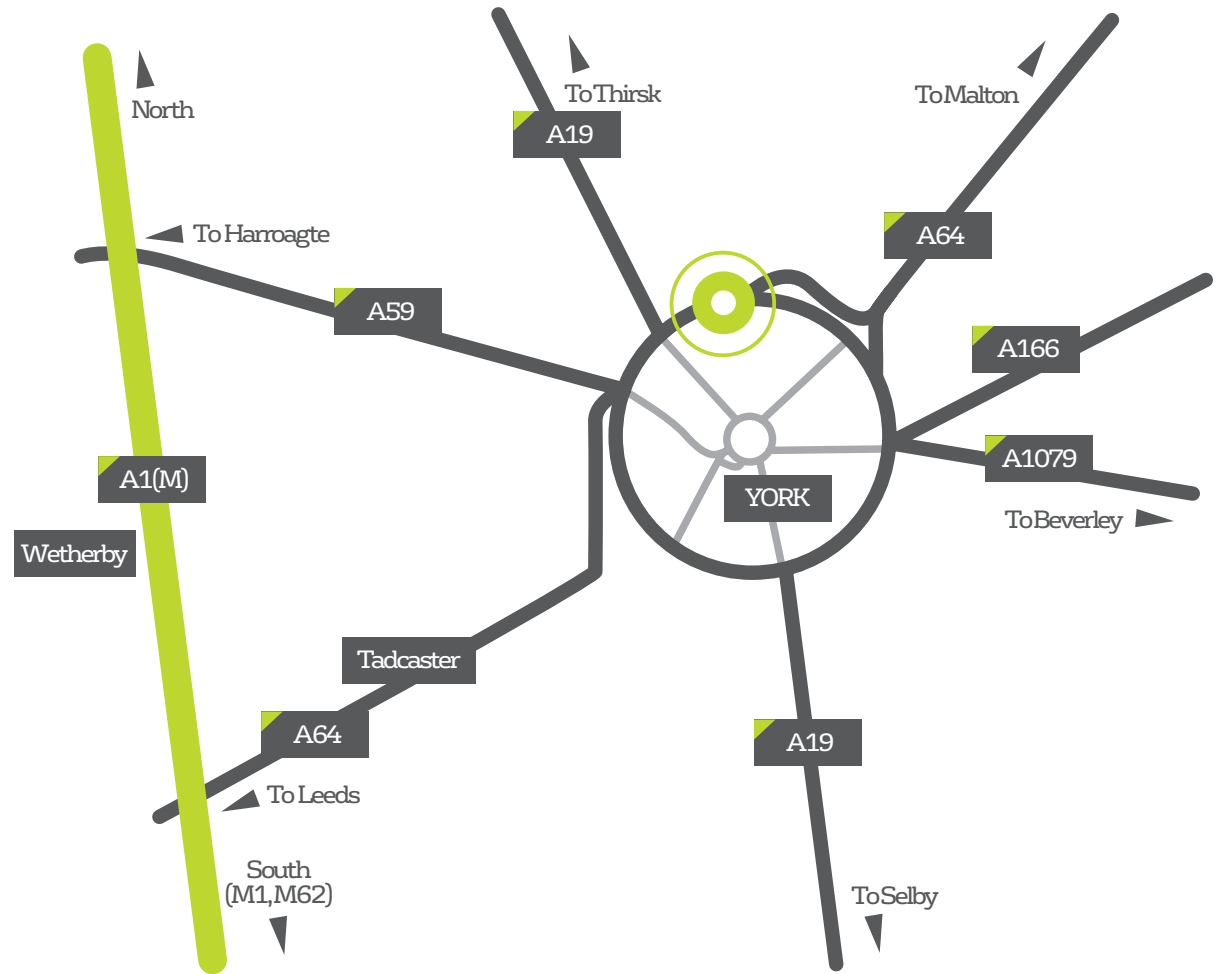
Demographics

The city is a major tourist destination with some 4 million tourists visiting annually as well as a population of approximately 200,000.

There is a core catchment of some 411,000 (2010) described as affluent with a higher spend on food and drink compared to the national average. The university is thriving with over 11,000 students in residence and the University of York is spending £500m on campus expansion.



Regional Map

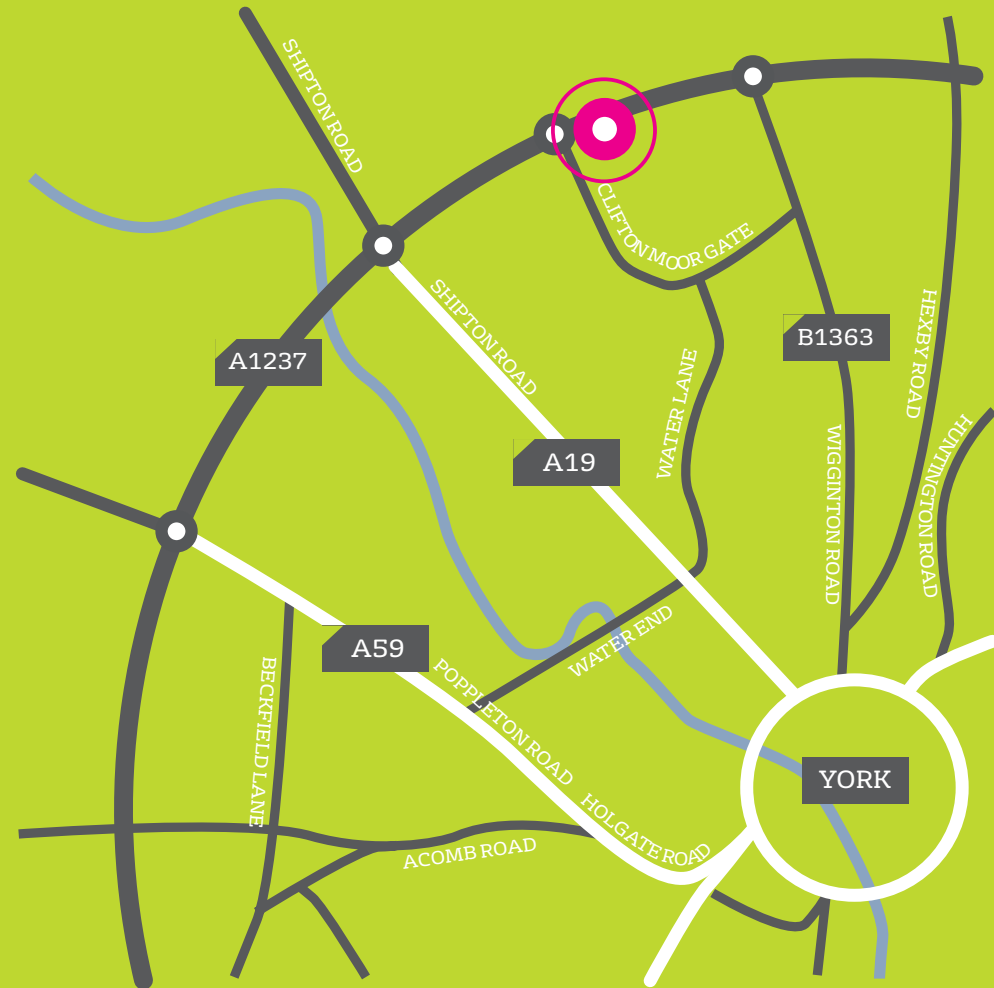


Situation

The property is prominently located at Clifton Moor on Stirling Road in York's principal out of town retail and leisure location approximately 3 miles (4.5km) north of the city centre.

Tesco Extra is located opposite and nearby occupiers include Pets at Home, Screwfix, Tenpin, B&Q, Toys R Us, Boots, Argos, and Matalan with a total retail provision in excess of 500,000 sq ft.

The area is also a premier business location with some 430,000 sq ft of trade, industrial and office space, and has benefited from considerable residential development of over 450 new units constructed during recent years.



Aerial





Description

The leisure scheme consists of a purpose built 12 screen multiplex cinema, 3 pavilion style restaurants and a public house.

Vue Cinema

The cinema is of steel frame and brick construction under a tiled roof and is laid out in 3 terraces of 4 screens. There is a double height glazed reception/foyer area to the front of the building with a maximum 3,066 seating capacity.

A mezzanine floor is constructed at the centre of the building incorporating projection room, staff room, manager's office and ancillary store rooms.

Restaurants

The restaurants are of steel frame construction incorporating brick and glazed elevations under pitched tiled roofs. Internally they are fitted as restaurants incorporating seating area, bar area, preparation area, kitchen, store rooms, and WC facilities.

- Frankie & Benny's was built in 1990 providing circa 180 covers. The tenant is refurbishing and is currently installing parasols and side screens to create external dining areas.
- Chiquito was built in 2008 providing circa 160 covers.
- Harvester was completed in May 2012 providing circa 160 covers.

Public House

Also on site is a Flying Legends and Wacky Warehouse public house which has been sold off on a long lease at a peppercorn.

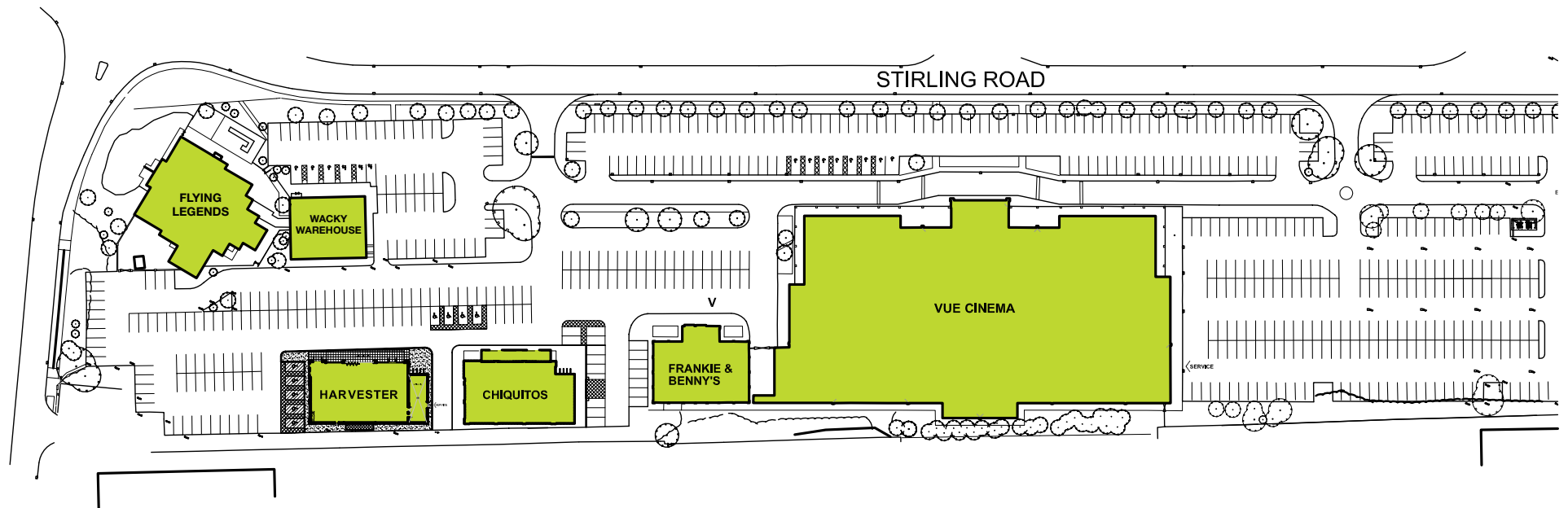




Site Area

The site area extends to approximately 8.49 acres (3.44 hectares) providing a low site cover of 25%. We believe this provides scope to add additional units subject to planning.

There is a substantial car parking provision of some 900 spaces which provides an attractive car parking ratio of 1:65 sq ft.



Accommodation

The property provides the following approximate gross internal floor areas.

	<i>Area Sq ft</i>	<i>Area Sq M</i>
<i>Vue*</i>	47,156	4,380.90
<i>Frankie & Benny's</i>	4,100	380.90
<i>Chiquito</i>	3,553	330.08
<i>Harvester</i>	4,000	371.61
Total	58,809	5,463.49

*Vue Cinema (area excludes mezzanine of 9,080 sq ft, canopy 3,849 sq ft & waste store 630 sq ft).

Tenure

The property is held freehold.



Tenancies

Vue Entertainment Ltd t/a Vue

The unit is let to Vue Entertainment Ltd for a term of 15 years from 9th March 2007 at a rent of £856,436 per annum. The rent is to a “warm shell” specification plus an addition of 17.5% for mechanical and electrical fixtures and fittings. The net rent therefore equates to £15.45 per sq ft excluding the mezzanine. The next review on 9th March 2017 is to be the higher of £945,574 per annum (2% per annum) or OMV + 17.5%. The lease is guaranteed by Vue Entertainment Holdings (UK) Ltd.

The Restaurant Group (UK) Ltd – t/a Frankie & Benny’s

The unit is let to The Restaurant Group (UK) Ltd from 1st June 2012 expiring 10th October 2033 at a rent of £102,500 per annum subject to a tenant only break on 10th October 2023. The tenant will pay half rent until 01/03/2014, which the vendor will “top up”.

Chiquito Ltd t/a Chiquito

The unit is let to Chiquito Ltd for a term of 25 years from 10th October 2008 at a rent of £88,825 per annum subject to five yearly reviews and a tenant only break on 10th October 2023.

Mitchells & Butlers Retail (No 2) Ltd t/a Harvester

The unit is let to Mitchells and Butlers Retail (No.2) Ltd from 23rd May 2012 for a term of 25 years at an initial rent of £100,000 per annum subject to five yearly upward only reviews in line with RPI with a cap at 3% pa and a collar at 1% pa. A rent free period of 12 months has been granted which the vendor will “top up”.

The combined rent is therefore **£1,147,762** per annum rising to a minimum of **£1,242,000** per annum in March 2017.



Tenancy Schedule

Tenant	Area sq ft	Area sq m	Lease Start	Lease End	Unexpired Term	Rent pa	Rent psf	% of Income	Next Review	Tenant Break Option	Comment
Vue Entertainment Ltd	47,156	4,380.90	09/03/2007	08/03/2022	9.6 yrs	£856,436	£15.45 base (£18 inc M&E)	75%	09/03/2017	n/a	Next review to higher of £945,574 or OMV plus 17.5%.
The Restaurant Group (UK) Ltd t/a Frankie and Bennys	4,100	380.90	01/06/2012	10/10/2033	21 yrs (11 yrs to break)	£102,500	£25	9%	01/06/2017	10/10/2023	Formerly City Centre Restaurants (UK) Ltd. Rent review to OMV half rent until 01/03/2014, which the vendor will "top up".
Chiquito Ltd t/a Chiquito	3,553	330.08	10/10/2008	09/10/2033	21 yrs (11 yrs to break)	£88,825	£25	8%	10/10/2013	10/10/2023	Rent review to OMV
Mitchells and Butlers Retail (No.2) Ltd. t/a Harvester	4,000	371.61	23/05/2012	22/05/2037	24.7 yrs (14.7 yrs to break)	£100,000	£25	9%	23/05/2017	23/05/2027	Rent reviews to RPI 1-3% collar and cap. 12 months rent free until 23/05/2013. which the vendor will "top up".
Spirit (SGL) Ltd	n/a	n/a	06/12/1991	05/12/2116	104 yrs	£1		0%			
Total	58,809	5,463.49				£1,147,762	£20	100%			



Covenants

Vue Entertainment Limited

Vue Entertainment is the largest operator of modern multiplex cinemas in the United Kingdom with 850 screens in 85 cinemas and over 145,000 seats. Vue attracts over 35 million customers per annum and has the second largest market share in terms of box office in the UK.

Vue have recently enlarged its footprint across the UK with the acquisition of rival Apollo cinemas for £20 m. The company also continue to expand in the UK and Europe with further multiplex development.

Mitchells & Butlers Retail (No.2) Ltd t/a Harvester

Ultimately owned by Mitchells and Butlers Ltd who run many of the UK's most famous restaurant and pub brands including All Bar One, Toby Carvery, Harvester and O'Neils. They currently employ circa 40,000 people and operate around 1,600 restaurants and pubs all over the UK.

The Restaurant Group (UK) Ltd (formerly City Centre Restaurants (UK) Ltd) t/a Frankie & Benny's & Chiquito's

The Restaurant Group plc operates 400 restaurants and pubs with brands including Frankie & Benny's, Chiquito, Garfunkels, Home Counties pub restaurants and Brunning & Price. Frankie & Benny's is amongst the most popular family restaurants with 200 restaurants across the UK. Chiquito's is the UK's favourite Mexican themed restaurant serving over 100,000 diners on a weekly basis.

In a trading statement they have stated that total revenues for the first half of 2012 are up 7.5% with like for like sales up 3.2%.

Tenants Financial Figures

Company	Year Ending	Turnover (£)	Pre Tax Profit (£)	Net Worth (£)
Vue Entertainment Ltd	25/11/2011	242,565,000	27,279,000	147,695,000
	25/11/2010	252,716,000	31,323,000	140,170,000
	25/11/2009	215,400,000	28,039,000	119,521,000
Vue Entertainment Holdings (UK) Ltd	25/11/2011	291,968,000	28,096,000	203,741,000
	25/11/2010	304,506,000	34,391,000	185,477,000
Mitchells & Butlers Retail (No 2) Limited	25/09/2011	181,842,000	74,609,000	96,108,000
	25/09/2010	291,772,000	(98,175,000)	660,000
	25/09/2009	277,093,000	6,384,000	33,420,000
Chiquito Ltd t/a Chiquito	02/01/2011	63,695,000	3,061,000	10,227,000
	27/12/2009	64,149,000	5,812,000	13,027,000
The Restaurant Group (UK) Ltd (formerly City Centre Restaurants (UK) Ltd) t/a Frankie & Benny's	02/01/2011	356,167,000	35,255,000	57,817,000
	02/01/2009	325,170,000	22,132,000	55,327,000

Planning

We understand that the cinema has a class D2 consent and the restaurants A3 consents under the Town and Planning (Use Classes) Order 1987.

York Leisure Provision

Clifton Moor is recognised as the premier out of town leisure destination providing the only multiplex cinema for York and also draws on the catchment population from affluent nearby centres such as Harrogate, Wetherby, and Malton. Alternatives are in the City Centre with City Screen on Coney Street with 3 screens and Reel on Blossom Street with 4 screens.

The restaurants benefit from daily trade from the large number of employees working in this location as well as from those shopping in the area and visiting the cinema.

We are advised that the Vue Cinema performs well and the recent opening of Harvester by Mitchells and Butlers supports the strong trading capabilities for restaurants in this location.

VAT

The purchaser is responsible for any applicable VAT - we would expect the sale to be treated as a transfer of a going concern (TOGC).

Proposal

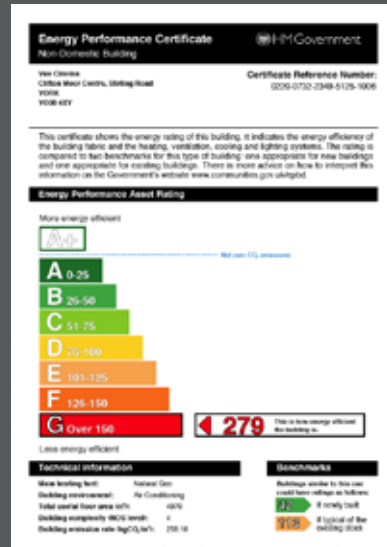
We are seeking offers of **£14,800,000 (fourteen million eight hundred thousand pounds)** subject to contract and exclusive of VAT for our clients freehold interest. Assuming guaranteed minimum uplifts, a purchase at this level reflects an initial yield of 7.33%, a reversionary yield of 7.93%, an equivalent yield of 7.75% and a true equivalent yield of 8.13% allowing for costs of acquisition of 5.8%.



Energy Performance Certificates



Frankie and Bennys



Vue Cinema



Wacky Warehouse



Harvester



Flying Legends



Chiquito



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