DRAKE HOUSE
DERRY’S CROSS, PLYMOUTH PL1 2SW

PRIME CITY CENTRE LEISURE INVESTMENT

FULLY INCOME PRODUCING TO STRONG COVENANTS FOR 10.62 YEARS
1. Drake Circus Leisure Scheme
2. Beckley Point
3. The Hoe
4. Civic Centre Development
5. Theatre Royal Plymouth
6. Crescent Point Student Residences
7. Derry's Cross Leisure
8. Plymouth Cross House
9. Plymouth Coach Station
10. Colin Campbell Court Development
11. Western Approach Development
12. Plymouth Pavilions Arena/Ice Rink
13. Millbay Pier
14. 1620 Hotel Development
15. Derry's Cross Leisure
16. Plymouth Cross House
17. Plymouth Coach Station
18. Colin Campbell Court Development
19. Western Approach Development
20. Plymouth Pavilions Arena/Ice Rink
21. Millbay Pier
22. 1620 Hotel Development

Outline for indicative purposes only.
INVESTMENT CONSIDERATIONS

- Exceptionally prominent city centre leisure investment totalling 33,887 sq ft
- Highly visible and modern building, constructed in 2002, located in the prime leisure circuit
- Primary Retail Population of 458,000 (Source PROMIS)
- Let to national and well-regarded brands including Grosvenor Casinos, Walkabout and Marston’s
- Neighbouring occupiers include Travelodge, Revolution, Wildwood, Bella Italia, Wetherspoons and Theatre Royal
- Rent passing of £463,905 per annum, reflecting £13.69 per sq ft overall
- Attractive WAULT of 10.62 years to earliest determination
- Immediate access to significant local car parking provision, including a 71 space car park to the rear of the property and the 612 space Theatre Royal multi-storey car park behind Derry’s Cross
- The surrounding area is undergoing a major transformation with a large number of commercial, student and residential developments under construction or recently completed
- We are instructed to seek offers in excess of £5,450,000 (Five Million, Four Hundred and Fifty Thousand Pounds), for our client’s freehold interest, subject to contract and exclusive of VAT.
- A purchase at this level would reflect a Net Initial Yield of 8.00% and an attractive capital rate of £161 per sq ft, assuming purchasers costs of 6.61%.
PLYMOUTH IS THE SECOND LARGEST CITY IN THE SOUTH WEST

LOCATION
Plymouth is the second largest city in the South West and is widely renowned for its maritime history and its association with being an international seaport. The city is situated approximately 45 miles south west of Exeter, 112 miles south west of Bristol and 220 miles south west of London.

Plymouth city centre is located 2.8 miles to the south of the A38 Devon Expressway connecting the M5 at Exeter to the north east with Cornwall via the A390 & A30 arterial roads.

Plymouth is situated on the South Devon Main Line, a major route from London Paddington to Penzance, via the Great Western Main Line.

Plymouth Railway Station is on the northern edge of the city centre, approximately a 15 minute walk from the property. The station is the second busiest interchange in Devon providing a wide range of regular regional and Inter-City services operated by Great Western Rail (GWR) and CrossCountry.

ROAD
- Exeter: 45 miles
- Truro: 55 miles
- Bristol: 112 miles
- London: 220 miles

RAIL
- Exeter: 55 mins
- Penzance: 1hr 48 mins
- Bristol Temple Meads: 1hr 51 mins
- London Paddington: 3hr 07 mins

AIRPORT
- Newquay: 45 miles
- Exeter: 55 miles
- Bristol: 112 miles
- London Gatwick: 220 miles
PLYMOUTH

Plymouth is the largest port city “Britain’s Ocean City” on the south coast of England with a population of 259,200 (ONS 2013), making it the 15th largest city by population in the UK. In addition to a large commercial and ferry port, Plymouth hosts the largest military naval base in Western Europe, stationing over 2,500 armed forces personnel and significant manufacturing and engineering supporting sectors. Plymouth Science Park is the region’s largest science and technology park with over 140,000 sq ft of office and laboratory space. Plymouth University is the 9th largest in the UK with 23,200 students enrolled. Plymouth’s dominance within the south west has resulted in very little competition from surrounding retail centres and the city has seen a number of new retailers opening stores, including Jack Wills, Joules and White Stuff. City centre retail floorspace in Plymouth is estimated at 1.55 million sq ft, provided by two covered shopping centres and numerous high street shops situated on New George Street, Old Town Street, Cornwall Street and Armada Way. There are also three department stores; Marks & Spencer, Debenhams and House of Fraser. Drake Circus and The Armada Centre provide a combined 735,000 sq ft of retail and leisure accommodation. Drake Circus is the prime destination with an annual footfall of around 17 million shoppers, providing 560,000 sq ft, anchored by Primark (66,000 sq ft) and Marks & Spencer (124,000 sq ft), with ample car parking. Additionally, The Armada Centre, comprises 175,000 sq ft of retail accommodation, with occupiers including Wilkinson, Peacocks, Laura Ashley and Sainsbury’s.
SITUATION

The property is prominently located in the city centre’s main leisure pitch, on the south western edge of Plymouth city centre, with frontage onto Derry’s Cross roundabout. The unit occupies a highly visible pitch on one of Plymouth’s busiest thoroughfares from Union Street to the main city centre retailing provision to the north east, also capturing footfall from Theatre Royal and Plymouth Pump Rooms.

The property is adjacent to a number of national leisure occupiers in the neighbouring purpose-built Derry’s Cross scheme, comprising 85,711 sq ft of leisure floorspace including a 96 bedroom Travelodge, The Gym, Bella Italia, Revolution Bar and Wildwood.

The property benefits from immediate access to significant local car parking provision, including a 71 space car park to the rear of the property at Derry’s Cross Car Park. There are a further 612 spaces in the multi-storey car park adjacent to the Theatre Royal.

Local transport links are excellent with numerous local bus services available on Union Street, Derry’s Cross and Royal Parade. Plymouth Railway Station is situated a 15 minute walk to the north.
DESCRIPTION

The property comprises a modern three storey building constructed in 2002, providing leisure accommodation on the ground and two upper floors. The ground floor includes two popular bar/restaurant units as well as the entrance to the casino. The two upper floors accommodate the casino on the first floor and staff/ancillary provision on the second floor.

The property is of steel frame construction which supports composite profiled metal and cast concrete floor and roof decks. Given the sloping nature of the site, ground floor areas to the rear are below ground level and are formed with a concrete retaining wall. Internally the units have been fitted out by the tenants to suit their occupational requirements; including a casino fit out at first floor and a restaurant and pub at ground floor. Servicing is via the rear of the property, accessed from Derry’s Cross.
**ACCOMMODATION & TENANCIES**

<table>
<thead>
<tr>
<th>UNIT</th>
<th>TENANT NAME</th>
<th>DEMISE</th>
<th>GIA AREA (SQ FT)</th>
<th>GIA AREA (SQ M)</th>
<th>LEASE START</th>
<th>LEASE EXPIRY</th>
<th>RENT REVIEW</th>
<th>RENTAL (£ PA)</th>
<th>RENT (PER SQ FT)</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit 1</td>
<td>Marston’s Estates Ltd (Sub-let to San Shui Ltd [t/a Sizz All])</td>
<td>GF Restaurant</td>
<td>6,605</td>
<td>613.6</td>
<td>25/03/2003</td>
<td>24/03/2028</td>
<td>25/03/2023</td>
<td>£125,000</td>
<td>£18.93</td>
<td>Lease assigned from Eldridge Pope &amp; Co to Marston’s Estates Limited on the 9th October 2019, in exchange for an 8.5 month rent free period and 3.5 month landlord capital contribution. The vendor to top up the outstanding rent free. The unit is underlet to San Shui Ltd (t/a Sizz All) until 24 March 2028. Mezzanine is part of tenant fit out.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mezzanine</td>
<td>4,388*</td>
<td>407.7*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*Mezzanine is part of tenant fit out.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sub-Total</td>
<td>6,605</td>
<td>613.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit 2</td>
<td>Stonegate Pub Company Ltd [t/a Walkabout]</td>
<td>GF Bar</td>
<td>8,214</td>
<td>763.1</td>
<td>25/03/2003</td>
<td>24/03/2038</td>
<td>25/03/2023</td>
<td>£115,000</td>
<td>£14.00</td>
<td>Lease assigned from Intertain (Bars) Ltd to Stonegate Pub Company, in exchange for an 18 month rent free period (commencing 19th July 2019). The vendor to top up the outstanding rent free. Stonegate undertook an extensive refurbishment of the premises in late 2019. Mezzanine is part of tenant fit out.</td>
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<td></td>
<td></td>
<td>Mezzanine</td>
<td>2,996*</td>
<td>278.3*</td>
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<td>*Mezzanine is part of tenant fit out.</td>
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<tr>
<td></td>
<td></td>
<td>Sub-Total</td>
<td>8,214</td>
<td>763.1</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Casino</td>
<td>Grosvenor Casinos Ltd</td>
<td>GF Reception</td>
<td>824</td>
<td>76.6</td>
<td>25/03/2003</td>
<td>24/03/2028</td>
<td>25/03/2018</td>
<td>£223,905</td>
<td>£11.74</td>
<td>Tenant agreed to remove the break option in March 2018, in lieu of 15 month rent free period.</td>
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<tr>
<td></td>
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<td>F1 Casino</td>
<td>15,025</td>
<td>1,395.9</td>
<td>25/03/2003</td>
<td>25/03/2023</td>
<td>25/03/2023</td>
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<tr>
<td></td>
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<td>F2 Casino</td>
<td>3,219</td>
<td>299.1</td>
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<tr>
<td></td>
<td></td>
<td>Sub-Total</td>
<td>19,068</td>
<td>1,771.5</td>
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<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>33,887</strong></td>
<td><strong>3,148.2</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>£463,905</strong></td>
<td><strong>£13.69</strong></td>
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<td><strong>Total (inc tenant mezzanine)</strong></td>
<td></td>
<td></td>
<td><strong>41,271</strong></td>
<td><strong>3,834.2</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>£11.24</strong></td>
<td><strong>£11.24</strong></td>
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</tbody>
</table>

*Due to the sensitivity of the tenant’s operations, all members of the public vacated the building for photography.*
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TENURE Freehold.

COVENANT INFORMATION

Grosvenor Casinos Limited (48% of income)
Grosvenor Casinos is the UK’s largest multichannel casino operator, providing gaming and restaurant facilities for members at 52 casinos located in major towns and cities across the UK. It is owned by The Rank Group who operate exclusively in the casino, bingo and online gaming industries across Belgium, Spain and the UK. The Grosvenor Casinos Network currently employs 6,300 employees across the UK. The company currently has a Dun & Bradstreet rating of 5A2, an underlying turnover of £216M and a pre tax profit of £3.46M for the year ending 30 June 2019.

Stonegate Pub Company Limited (25% of income)
In 2016 Stonegate Pub Company acquired the Australian themed Walkabout brand for £39.5M, which has subsequently become one of the largest pub owners and operators in the UK with brands including Slug & Lettuce, Venues, Yates, Common Room, Classics Inns and Town Pub & Kitchen. In July 2018, Stonegate Pub Company announced the acquisition of the cocktail and bar operator Be At One for c.£50M and 15 London bars from Novus Leisure for c.£30M, increasing the pubs portfolio which currently holds 770 pubs and bars. In July 2019, Stonegate announced its plans to acquire Ei’s nationwide pub portfolio of over 4,000 pubs for £1.27bn. This acquisition would make the combined group Britain’s largest pub company.

The unit has undergone a full refurbishment as part of a portfolio wide improvement strategy following a £595M refinancing facility.

Marston Estates Limited (27% of income)
Marston’s Estates Limited is a wholly owned subsidiary of Marston’s Plc. Marston’s Plc are a FTSE 250 listed company and the UK’s leading brewer of cask and bottled beers. Their estate extends to 1,400 pubs, restaurants and bars across the UK, employing c.14,000 people, and whose brands including Wychwood, Young’s, Courage and Estrella Damm. Marston’s Estates Limited has a Dun and Bradstreet Rating of 5A2 representing a lower than average risk of business failure. The unit is underlet to San Shui Limited (t/a Sizz All), who have traded from the premises since 2008.

Due to the sensitivity of the tenant’s operations, all members of the public vacated the building for photography.
LOCAL DEVELOPMENT ANALYSIS

RECENTLY COMPLETED DEVELOPMENTS

1. Crescent Point
   • 14 storey tower / 348 student units / Completed September 2018

2. Drake Circus Leisure - The Bar Code
   • 100,000 sq ft leisure scheme, arranged over three levels - 420 car parking spaces
   • 12 screen, 2,143 seats pre-let to Cineworld
   • 13 café, restaurant and bar units arranged over ground and lower ground floors, including Zizzi, Frankie & Benny's, Five Guys, Cosy Club, Nandos and paradise Island Golf
   • The scheme completed in October 2019 and was 70% prelet

3. Plymouth Cross House
   • 110 bedroom Premier Inn / 500 student units / Completed September 2019

DEVELOPMENTS IN PIPELINE

4. Civic Centre
   • Former Council offices
   • Grade II listed since 2007
   • 14 storeys, 144 apartments
   • 50,000 sq ft offices, shops & leisure floorspace
   • Urban Splash held public consultation in June

5. Reel Cinema Art-deco building
   • PRS scheme - Under consultation

6. House of Fraser
   • HoF to downsize to 80,000 sq ft
   • British Land considering hotel proposals

7. Old Town Street
   • Remodelling existing buildings with new fully glazed shop fronts
   • Improving connectivity between Drake Circus & the Barcode
   • Public realm upgrade by Council under consultation
   • Pedestrianisation of Old Town Street and New George Street (east)
   • Introducing standalone street kiosks

8. Colin Campbell Court & Western Approach
   • LPA Masterplan site identified for future development
   • Transformation of the Western edge of the City Centre
   • Proposed new landmark and larger scale buildings
   • Over 50,000 sq ft of retail/leisure accommodation proposed
   • Additional potential for office, hotel and student accommodation identified
   • 303 residential units with significant city centre parking provision

9. Toys R Us
   • Part of the Colin Campbell Court scheme
   • Plan for 300 new homes, cafes, studios and restaurants
   • To include a range of 4 and 6 storey buildings

10. Mayflower House
    • 490 student bed development proposal
    • 22,500 sq ft of office space and A1/A3 space

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PRIME CITY CENTRE LEISURE INVESTMENT
DEVELOPMENT POTENTIAL

We consider given the location and council’s policy to consider tall buildings, that the property could accommodate additional height to deliver residential, PRS, student or hotel use, subject to necessary consents. The central Plymouth residential market is experiencing good demand for well located apartments, coupled with excellent transport links and extensive retail and recreational facilities; residential values are currently achieving around £350 per sq ft.

The property is situated in a popular student residential area and adjacent to the newly developed Crescent Point, a 14 storey 348 bed student scheme constructed for the Harouni Group. Rents ranging between £128 and £176 per week based upon 51 week lets, are being targeted dependent upon room type/product.

OCCUPATIONAL MARKET COMMENTARY

Food & Beverage

Small to medium sized food and beverage chains are currently active in the restaurant market. Operators such as Franco Manca, The Real Greek, Pho, Turtle Bay, Loungers, Five Guys and TGI Friday’s are all acquisitive for strong regional centres such as Plymouth. The bar market, which has seen a resurgence over the past two years, is also particularly active at present with a number of operators such as Revolution Bar Group, The New World Trading Company, Alchemist, Arc Inspirations, Burning Night Group and Stonegate Pub Company all seeking new sites.

In terms of rental trends, a number of key recent transactions include lettings to Zizzi and Five Guys at £42.50 psf and £42.00 psf respectively within the Drake Circus Leisure Scheme.

Leisure

The UK cinema occupational market remains very strong and has traditionally been dominated by the “big three” operators; Cineworld, Odeon and VUE. However, there has been rapid growth in a new generation of smaller challenger brands such as Empire, Everyman, Curzon, The Light, Tivoli and a string of other small independents who are all keen to capitalise on continuing rapid growth in the cinema sector which has seen box office sales increase by 17% since 2014.

The cineworld opened in October 2019 at the Drake Circus Leisure Scheme, providing the first IMAX screen in Devon and Cornwall. Everyman are also taking 8,900 sq ft in the Melville Building at Royal William Yard for a 3 screen boutique cinema.

The health and fitness sector is experiencing similar dynamics to that of the cinema sector, with a wide differential in the size of occupational requirements and rents being achieved. The strongest segment of the market in recent years has been the budget sector with expansion of operators such as Pure Gym (now the largest gym operator in the UK), The Gym and Easygym.

Bowling is experiencing a resurgence following consolidation in the market with new acquisitions from existing operators like Ten Pin and Hollywood Bowl, in addition to boutique brands such as All Star Lanes & Lane7 acquiring sites.

The adventure golf sector is growing rapidly in city centre locations with Adventure Leisure & Paradise Island leading the way. In 2018, Adventure Leisure opened new sites in Newcastle, Milton Keynes, Bournemouth & Birmingham. Paradise Island Adventure Golf has recently opened in the Drake Circus Leisure Scheme.

There has also been notable growth in ‘competitive socialising’ with brands such as Swingers, Flight Club and Bounce capitalising on consumers increasing preference for experience over consumption.
IMPORTANT NOTICE: Allsop and Cushman & Wakefield on their own behalf and on behalf of the instructing client give notice ... for the guidance only of prospective purchasers. They are intended to give a fair overall description of the property, ... of representation of fact. 3. Nothing in these particulars shall be deemed to be a statement that the property is in ... measurements or distances referred to herein are approximate only. 6. Where there is reference in these particulars ... consents have been obtained and these matters must be verified by any intending purchaser. 7. Descriptions of a property ... trading name of Allsop LLP. Cushman & Wakefield is the trading name of Cushman & Wakefield Debenham Tie Leung Limited.

Proposal

We are instructed to seek offers in excess of £5,450,000 (Five Million, Four Hundred and Fifty Thousand Pounds), for our client’s freehold interest, subject to contract and exclusive of VAT.

A purchase at this level would reflect a Net Initial Yield of 8.00% and an attractive capital rate of £161 per sq ft, assuming purchasers costs of 6.61%.

For further information or to make arrangements for viewing please contact:

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www.cushmanwakefield.com

VAT

The property has been elected for VAT. It is anticipated that the sale will be treated as a Transfer of Going Concern (TOGC).

EPC

An Energy Performance Certificate is available upon request and provides a rating of D (90).

Dataram

For access to the Allsop Marketing Data Room please use the following link: https://datarooms.allsop.co.uk/register/drakehouse

Service Charge

Drake House has a single service charge account covering the entire building. The service charge budget for the year ending 31 July 2020 is £19,556 reflecting £0.58 per sq ft.