

FREEHOLD PUBLIC HOUSE – MARSTONS PLC

LONG LEASE WITH ANNUAL RPI LINKED REVIEWS



THE MORGAN

1 Clydesdale Way Belvedere DA17 6FD



TUDOR

REAL ESTATE

INVESTMENT SUMMARY

- Stand alone pub built in 2015.
- Freehold, to include the benefit of the adjoining hotel long leasehold interest.
- Let to Marstons Estates Limited with surety from Marstons Plc.
- Lease expires 10 June 2050 – further 25 years 6 months certain.
- Current passing rent of £195,082.83 per annum - £25.49 per sq ft overall.
- Annual reviews to RPI with 1% collar and 4% cap. Next review due in June 2025.
- By 2050, at the 1% annual collar, the yield will have increased to 9.72% and, at the 4% annual cap, to 20.80%.
- We are instructed to seek offers in excess of £2,435,000 (Two Million Four Hundred & Thirty Five Thousand Pounds) subject to contract and exclusive of VAT providing an attractive 7.5% net initial yield.

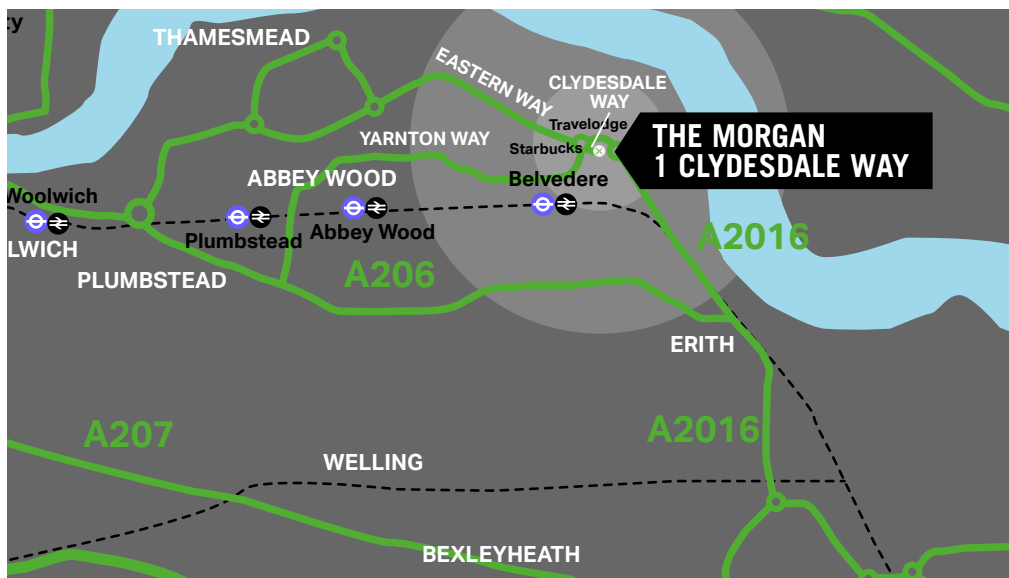
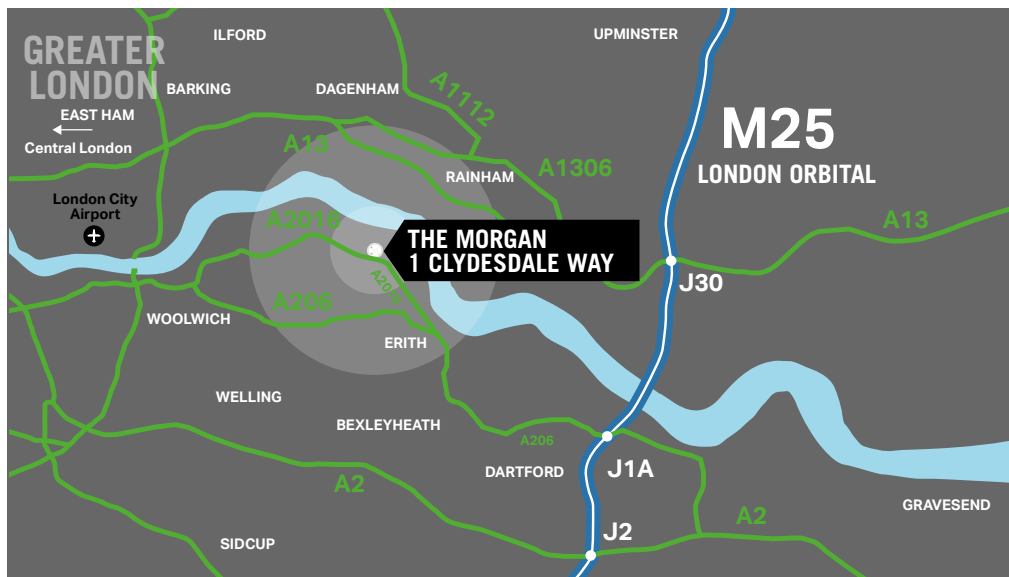


MARSTON'S

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Not to scale - for identification purposes only.

LOCATION & SITUATION

Belvedere is situated in the London Borough of Bexley approximately 16 miles east of central London with Bexleyheath to the south, Erith to the south east and both Thamesmead and Abbey Wood the west.

Belvedere benefits from excellent road communications with the A2, situated to the southern boundary of Bexleyheath, providing a direct connection to the M25 (Junction 2) and M2 to the east with Bermondsey and Elephant and Castle to the west. The M25 (Junction 2) is approximately 7 miles to the south east.

London Gatwick airport is approximately 35 miles to the south west and London City airport approximately 13 miles to the west.

The property is situated in a mixed commercial location adjacent to both Belvedere Industrial Estate and Eastern Industrial Estate.

The Morgan benefits from a prominent location being situated at the entrance to Belvedere Park and fronting the roundabout connecting the A2016 Eastern Way, Yarnton Way and Clydesdale Way.

Belvedere Park comprises approximately 400 homes, a 52 bedroom Travelodge, Starbucks Drive Thru, Snap Fitness, Toolstation, Screwfix, and a Lidl.

Belvedere Rail Station (mainline Thameslink and Southeastern) is conveniently located approximately 600m to the south.



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DESCRIPTION

The property, built in 2015, is arranged on ground and part first floor. The ground floor comprises the bar / restaurant, kitchen, beer cellar and customer toilets with the first floor comprising a three bedroom flat, separate male and female changing rooms / toilets, a small office and store room.

The ground floor is of traditional brick / block cavity construction with the first floor of timber frame construction on piled foundations with a concrete block and beam ground floor. The elevations are a combination of rendered finishes, facing brickwork and timber cladding with timber frame double glazed windows under a pitched tiled roof. The central roof area is finished as a flat deck and houses the main mechanical plant serving the pub / restaurant. There are photo voltaic panels to the south elevation.

There are 74 on site car parking spaces including 5 x EV and 7 x disabled.

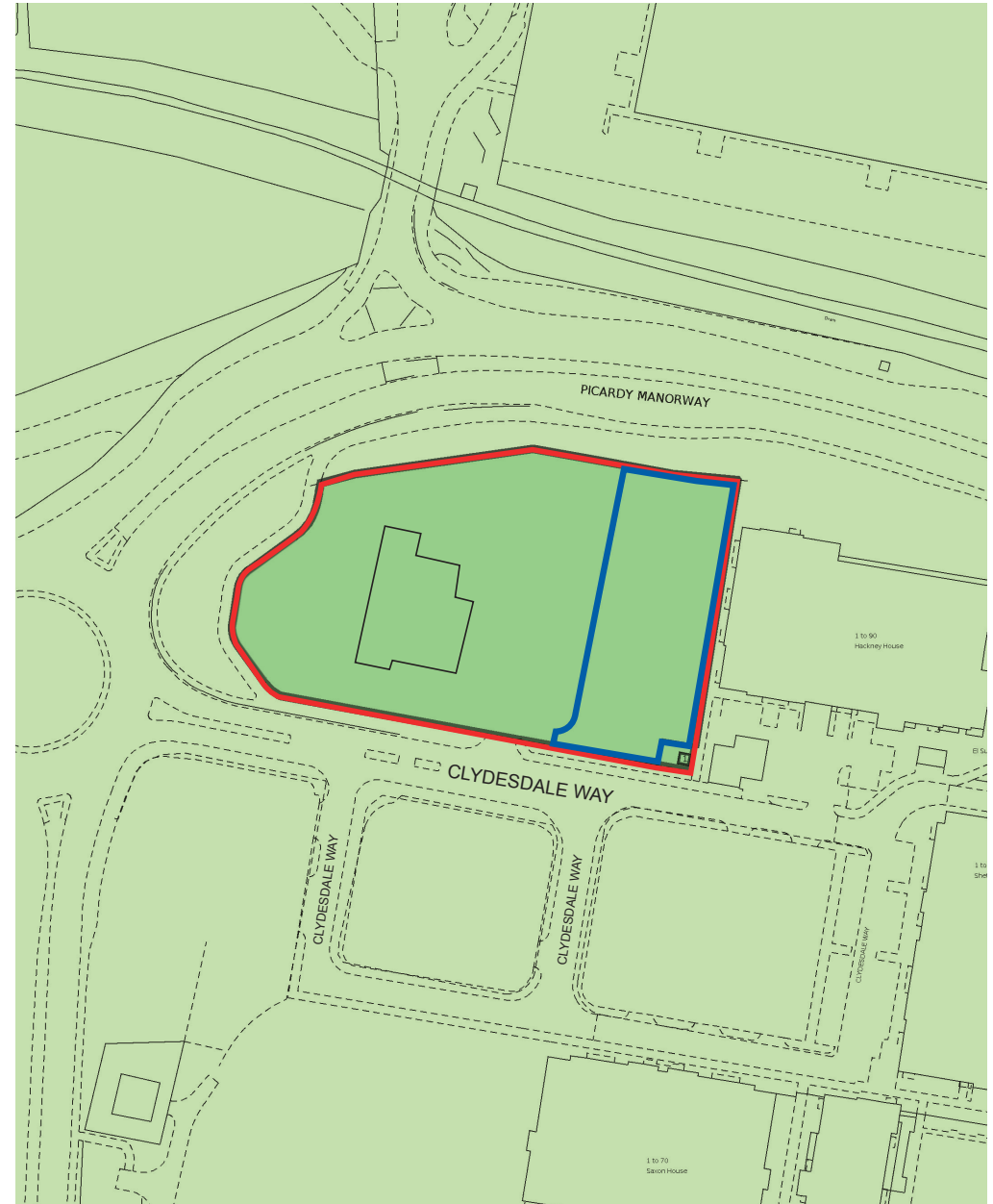


SITE AREA

The site extends to approximately 1.19 acres.

TENURE

The property is held freehold and is subject to both the Marstons lease and the 999 year leasehold interest, from 25 December 2014 at a peppercorn, in respect of the adjoining Travelodge Hotel (edged blue).



Not to scale - for identification purposes only.

 Sold long leasehold.



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TENANCY & ACCOMMODATION

The property is let, without break, on an effective full repairing and insuring basis as summarised below:

| Tenant | GIA Sq Ft | Lease Start | Lease Expiry | Next Rent Review | Rent Passing | Per Sq Ft | Review Mechanism |
|--|-----------|-------------|--------------|---------------------------------------|--------------|-----------|--------------------------------------|
| Marstons Estates Limited Surety: Marstons Plc | 7,653 | 11/06/2015 | 10/06/2050 | 11/06/2025 and annually thereafter | £195,082.83 | £25.49 | Annual RPI with 1% collar and 4% cap |

Areas have been provided from our clients management records.
A copy of the occupational lease is in the dataroom.



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COVENANTS



We have set out a summary of the last 3 years accounts for both the tenant and surety. The 2023 financial year was the first year of restriction-free trading post covid.

Marstons Estates Limited

Marstons currently has 1,339 venues across the UK and, in October 2024, announced their plans to introduce 5 new pub formats to enable the business to become a “high margin, highly cash-generative local pub company.” The proposal will see the company move away from brewing to focus entirely on pubs in the differentiated formats of ‘local’, ‘locals sports pub’, ‘adult dining pub’, ‘family pub’ and the ‘two room pub’.

| Year End | Turnover | Total Pre Tax Profits | Net Assets |
|--------------|----------|-----------------------|------------|
| Sept 2023 | £20.1m | (£6.8m) | £226.2m |
| Sept 2022 | £16.8m | £53.9m | £228.8m |
| October 2021 | £2.9m | (£76.9m) | £167.3m |

Marstons Plc

| Year End | Turnover | Underlying Pre Tax Profits | Non Underlying Pre Tax Profits | Total Pre Tax Profits | Net Assets | Net Debt Excluding Lease Liabilities |
|-----------|----------|----------------------------|--------------------------------|-----------------------|------------|--------------------------------------|
| Sept 2023 | £872.3m | £35.5m | (£56.2m) | (£20.7m) | £640.1m | £1.185 Bn |
| Sept 2022 | £799.6m | £27.7m | £135.7m | £163.4m | £648.1m | £1.216 Bn |
| Sept 2021 | £401.7m | (£101.3m) | (£69.8m) | (£171.8m) | £406.4m | £1.232 Bn |

The debt it is largely long dated and asset backed and securitised until 2035.

Marstons Plc had been aiming to reduce borrowings to below £1Bn by 2026. On 9 October, Marstons Plc issued an RNS Trading Update for the year to September 2024. Sales were up 5.8% and importantly, management stated that they expect to report in the 2024 audited accounts that net debt (excluding IFRE 16 lease liabilities) had already reduced to £885m – a reduction of c£300m. This will be two years ahead of schedule.



EPC

The property is rated B26. A copy of the EPC is in the dataroom.

Collateral Warranties

The property reached Practical Completion on 1 May 2015. Collateral Warranties are available from the following:

| | |
|----------------------------|-----------------------------|
| Employers Agent: | KMB Limited |
| Design & Build Contractor: | The Barnes Group Limited |
| Architect: | JWA Architects Limited |
| Structural Engineer: | JP Chick & Partners Limited |
| CDM Coordinator: | KMB Limited |

Dataroom

Dataroom access is available upon request.

VAT

The site is elected for VAT and it is anticipated that the transaction will be treated by way of a transfer of a going concern (TOGC).

AML

In order to discharge its legal obligations, in accordance with Anti Money Laundering Regulations, Tudor Real Estate will require certain information from the successful bidder. In submitting a bid, you agree to provide such information upon agreement of Heads of Terms.

Proposal

Offers in excess of **£2,435,000 (Two Million Four Hundred & Thirty Five Thousand Pounds)** subject to contract and exclusive of VAT providing an attractive **net initial yield of 7.5%**.

Running Yield

We have summarised the potential running yield to **2030**, based on the **1% collar** and **4% cap**, below:

| Date | 1% | 2% | 3% | 4% |
|-----------|-------|-------|-------|-------|
| June 2025 | 7.58% | 7.65% | 7.73% | 7.80% |
| June 2026 | 7.65% | 7.80% | 7.96% | 8.11% |
| June 2027 | 7.73% | 7.96% | 8.20% | 8.44% |
| June 2028 | 7.81% | 8.12% | 8.44% | 8.78% |
| June 2029 | 7.88% | 8.28% | 8.70% | 9.13% |
| June 2030 | 7.96% | 8.45% | 8.96% | 9.49% |

By **June 2050**, at the **1% annual collar**, the yield will have increased to **9.72%** and, at the **4% annual cap**, to **20.80%**.

CONTACT



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