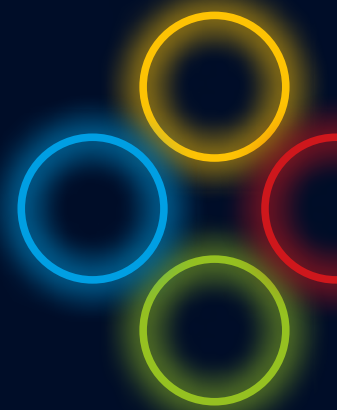


Prime Freehold Mixed-Use Investment

Silicon Spa



Regent Square House

Parade, Royal Leamington Spa, CV32 4NR



Landmark
reversionary
mixed-use property
in the heart of
'Silicon Spa's'
gaming cluster

Investment Summary

- Royal Leamington Spa is an affluent and popular Regency town dubbed 'Silicon Spa' being the hub for a sizeable cluster of UK & multinational gaming and digital production companies.
- **Prime trading location on Parade**, Royal Leamington Spa's main shopping and business thoroughfare.
- Landmark mixed-use property extending to over **2,866.9 sq m (30,860 sq ft)** of net internal area.
- Currently configured as **5 retail units at ground floor level with three upper floors of offices above.**
- **Office tenants:** major gaming companies Pixel Toys and Codex comprising **59% of the income** with the potential for continuing rental growth on proven lettings.
- **Retail tenants:** Nationwide, Timpson, Ecco, Crew Clothing and Zizzi comprising **39% of the income off rebased rents.**
- There are 2 well established catering and flower stalls currently providing 2% of the income.
- The property benefits from a **rear service yard and 17 car parking spaces.**
- **Freehold.**
- Total current income of **£702,524 per annum**, reflecting a low average office rent of £20.50 per sq ft.
- **Estimated rental value of £793,650 per annum**, reflecting £25.00 per sq ft on the offices, following recent higher evidence in the town.

Offers are invited in excess of **£8,750,000 (Eight Million Seven Hundred and Fifty Thousand Pounds)** subject to contract and exclusive of VAT, reflecting the following yield profile, after an allowance for graduated costs of acquisition calculated at 6.68%.

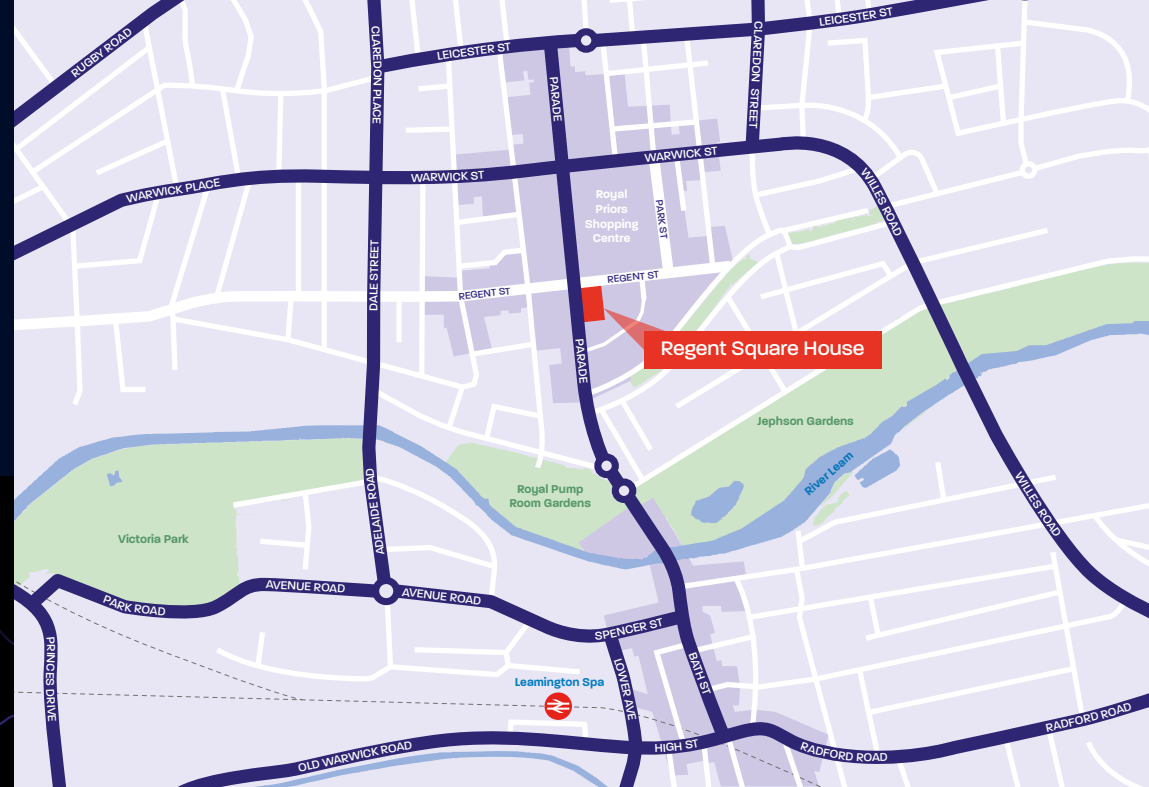
Net Initial Yield	7.53%
Reversionary Yield	8.50%
Capital Value	£284 per sq ft



Royal Leamington Spa

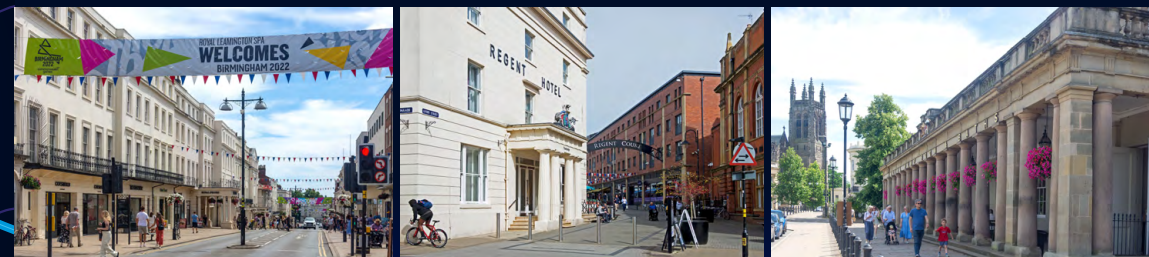
Royal Leamington Spa is an attractive and affluent Regency town located in the county of Warwickshire approximately 2 miles (3.2km) east of Warwick, 8 miles (13km) south of Coventry and 18 miles (29km) south east of Birmingham. It is the largest town and principal employment centre in the district of Warwick.

Due to its strategic location, Leamington Spa benefits from excellent road links with direct access to the M40. Junction 13 is situated within 5 miles (8km) providing routes to London and the south and Junction 14 is 4 miles (6.4km) west, providing access to the M42 and the north. The A46 is 4 miles (6.4km) distant and the M45, some 11 miles (17.6km), providing links to major towns across the Midlands.



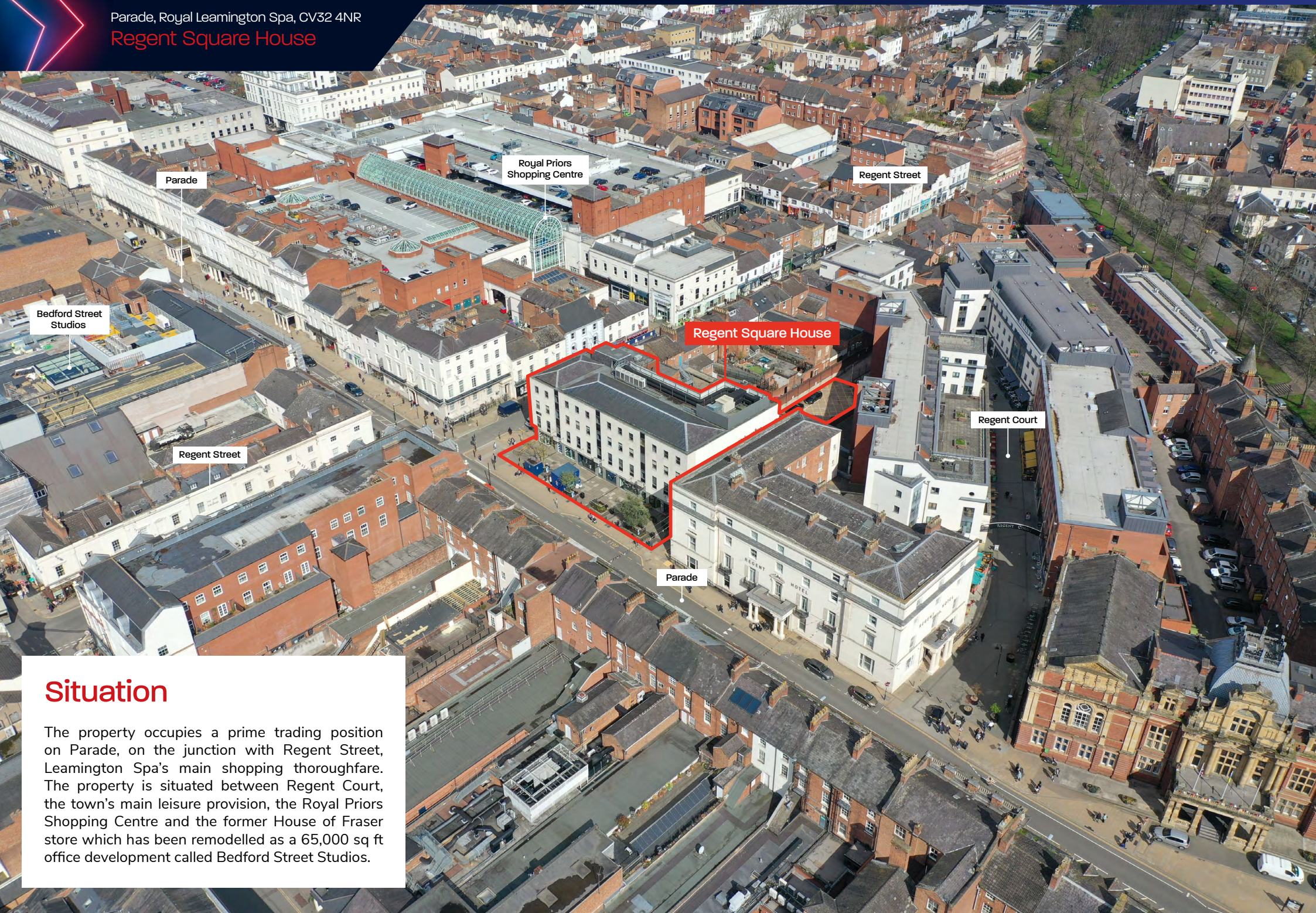
Royal Leamington Spa railway station (Chiltern Main Line) is also very well connected, with a regular direct service to London Marylebone in 71 minutes and Birmingham Moor Street and Snow Hill in 29 minutes.

Birmingham International Airport is situated 19 miles (30.6km) north west of the town centre and provides national and international flights to over 150 destinations. The airport is accessible via the A452/A45 with a journey time of approximately 45 minutes or via a direct train service in 23 minutes.



Royal Leamington Spa is benefiting from significant investment in new homes, schools and sports facilities with the population expected to rise from circa 50,000 to 60,000 people by 2030.

Regent Square House
Parade, Royal Leamington Spa, CV32 4NR



Situation

The property occupies a prime trading position on Parade, on the junction with Regent Street, Leamington Spa's main shopping thoroughfare. The property is situated between Regent Court, the town's main leisure provision, the Royal Priors Shopping Centre and the former House of Fraser store which has been remodelled as a 65,000 sq ft office development called Bedford Street Studios.

Silicon Spa

The games industry in Royal Leamington Spa employs over 2,500 people and it is now the second largest cluster in the country, behind only London, contributing over £100m to local GDP. There are more than 50 companies active locally, half of which were established in the last decade. In 2008 Activision became the first multinational developer to set up in the town and since then SEGA, Sony, Microsoft (Playground Games), Ubisoft, Epic Games and Blitz Games all have a presence in the area. Recent high profile additions to the town include Facebook's owner Meta, taking c.40,000 sq ft on Precision Park and Sumo Group pre-letting c.40,000 sq ft at Bedford Street Studios (former House of Fraser store).

The two office tenants in Regent Square House, Pixel Toys and X2X (Codex Digital), are prominent members of this industry.



The future of the sector in Leamington Spa is assured, as the region is at the centre for UK education in games development, with specialist courses at Royal Leamington Spa College, Coventry University and University of Warwick. The growth of the sector is therefore expected to accelerate, and this will continue to strengthen demand for commercial accommodation in the city and its environs.

Warwick District Council has understood the benefits Leamington's gaming cluster brings to the region and they are working with Complex Development Projects to deliver a new Creative Quarter for Leamington Spa. The ambitious regeneration project for the Old Town that will create 'much needed digital creative office space' to support the town's important creative industries.

LaSalle, landlord of the former Marks & Spencer unit in the Royal Priors Shopping Centre, is also proposing an £8M redevelopment providing approximately 30,000 sq ft of new office accommodation which could create up to 400 jobs.

There is currently an exhibition charting the rise of the gaming industry in Leamington Spa being held at the Royal Pump Rooms until May 9th 2023. Photos of the exhibition can be found on the marketing datasite.



Retailing

Royal Leamington Spa boasts an excellent retail provision with approximately 1.16 million sq ft of accommodation. The town has a wide range of retailers and a strong independent provision for both fashion and speciality shopping. The town has an above average quality of retail provision relative to the size and affluence of its population.

The prime retailing pitch is focused around Parade which is an attractive boulevard of Regency architecture and is where the subject property is located. Retailers in occupation on

Parade include M&S, H&M, White Stuff, Oliver Bonas and Superdrug. Other shopping streets include Warwick Street and Regent Street, both of which intersect Parade, and Bedford Street and Park Street, which run parallel to Parade. There are two managed shopping centres in Leamington Spa which complement the high street provision. Royal Priors is the town's principal scheme and offers 130,000 sq ft of retail accommodation. The scheme is anchored by Wilko and additional retailers include Sports Direct, New Look, Hobbs and Superdry. Regent Court is the leisure focused,

open air scheme to the south of Regent Street. The scheme provides 70,000 sq ft of primarily A3 accommodation with current tenants including Côte, Turtle Bay, Wagamama, YO! Sushi and Nando's.

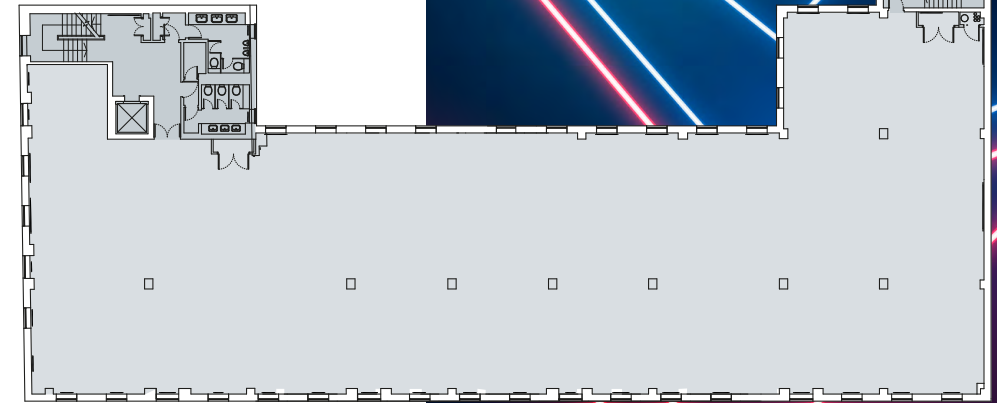
34 Parade (let to McDonalds for 10 years) was sold in June 2022 for £1,500,000 reflecting a net initial yield of 5.7% and a capital value of £266 per sq ft.

Description

The property comprises a landmark mixed-use building situated in the heart of the town centre providing 3 upper floors of contemporary, office accommodation above ground floor retail / restaurant units. In addition, there are two pavement catering and flower stalls located fronting Parade.

The well configured retail accommodation is arranged with sales on ground floor and ancillary space at basement level. Timpson (unit 1) is ground floor only. The units benefits from a rear service yard.

The 3 upper floors of offices are accessed from a dedicated reception on Regent Street. The offices were refurbished prior to the lettings and have since benefited from extensive fit-out by the tenant's to suit their occupational requirements.



Typical Upper Floor Plan



The office specification includes;

- Dual elevations provides excellent natural light
- Ceiling heights up to 2.75m
- A dedicated ground floor office reception
- 10 person 750kg lift
- Heating and air-conditioning – controlled and regulated independently
- 17 rear car parking spaces providing a parking ratio of 1:1,191 sq ft
- Basement parking for bicycles in a secure environment
- Dedicated reception
- Fully accessed raised floor
- Ceiling feature lighting
- Refurbished WC's and shower rooms.



Schedule Of Tenancies, Accommodation And Current Income

The property is multi-let in accordance with the tenancy schedule below;

Accommodation	Tenant	Area (sq ft)	Term Start	Rent Reviews	Break Option	Expiry Date	Passing Rent		Comments
							£pax	£psf	
Office - First	Pixel Toys Limited	6,724	17.11.16	09.04.24	09.10.24	16.11.26	£131,118	£19.50	<ul style="list-style-type: none"> HQ office. Includes 6 car spaces.
Office - Second	Pixel Toys Limited	6,808	09.10.19	09.04.24	09.10.24	16.11.26	£132,756	£19.50	<ul style="list-style-type: none"> HQ office. Includes 5 car spaces.
Office - Third	X2X Limited (Codex Digital)	6,728	04.01.23	-	04.01.26	03.01.29	£151,500	£22.52	<ul style="list-style-type: none"> In occupation since 2018. Rent deposit of £40,675. Includes 6 car spaces.
Retail 1	Timpson Limited	437	05.08.19	05.08.24	31.07.24	04.08.29	£22,650	£65 Zone A	<ul style="list-style-type: none"> Top trading Timpson store in town.
Retail 2	Crew Clothing Company Limited	2,541	12.10.21	-	12.10.24	11.10.26	£58,000	£53 Zone A	<ul style="list-style-type: none"> Previously Clarks.
Retail 3	Nationwide Building Society	3,156	14.09.18	14.09.23	-	13.09.28	£95,000	£77 Zone A	<ul style="list-style-type: none"> Refurbished in latest corporate fitout.
Retail 4	Ecco Sales Limited	1,577	26.04.18	-	-	25.04.23	£34,500	£55 Zone A	<ul style="list-style-type: none"> New 5 year lease proposed at £45,000 pa with 3 months rent free.
Retail 5	Zizzi Restaurants Limited	2,889	08.10.04	08.10.24	-	27.10.29	£65,000	£22.50	
Food Stall	Neil Jones	-	12.11.22	-	Rolling	11.11.27	£6,000	-	<ul style="list-style-type: none"> Trading since 2019. Mutual rolling break on 3 months notice. Rent increases by £300 pa annually.
Flower Stall	Mark Fitzpatrick	-	12.11.22	-	Rolling	11.11.27	£6,000	-	<ul style="list-style-type: none"> Trading since 2019. Mutual rolling break on 3 months notice. Rent increases by £300 pa annually.
TOTAL		30,860					£702,524		

Assuming the June quarter day the WAULT is 4.3 years to expiry and 2.7 years to breaks (excluding the food stalls). All the tenants are well established and report trading well.

Tenure

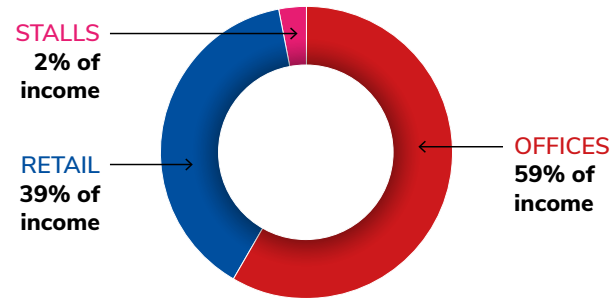
Freehold.

The property benefits from a right of way to access the service yard at the rear.



Tenant Covenants

The property is fully let with the income secured as follows:



The offices are let to market leading gaming companies taking advantage of 'Silicon Spa's' large cluster of video games companies and talent pool.



PIXEL TOYS

Pixel Toys Limited
(Company No. 08228060)
38% of income.

Pixel Toys, established in 2012, is an independent game studio headquartered in Royal Leamington Spa employing 130 people. They specialise in creating mobile and VR games with recent releases including Warhammer Age of Sigmar, Warhammer 40,000, Drop Dead and Freeblade. Further information including videos of the office space can be found at www.pixeltoys.com

Pixel Toys Limited is a private company. For the year ending 30th September 2021 reported sales of £5,047,796 and a tangible net worth of £3,469,272. A copy of the latest accounts is available on the marketing datasite.

X2X

X2X Limited (previously Codex Digital Limited)
(Company No. 05774162)
22% of income.

CODEX, established in 2006, is an Emmy award-winning brand and part of the X2X Media Group, creating high-performance recording media, workflow tools, and production solutions to support leading camera manufacturers and key creatives for feature, television, and commercial production. CODEX has won two Engineering Emmy's. One in 2018 for its Capture Drive technology and then in 2019 for its RAW Workflow with High Density Encoding. Further information can be found at www.codex.online

X2X Limited is ultimately owned by X2X LLC in the USA. For the year ending 31st December 2021 X2X Limited reported sales of £9,965,748 and a tangible net worth of (£1,238,444). A copy of the latest accounts is available on the marketing datasite.

Retail Tenant Covenants

Timpson Limited
(Company No. 675216)
3% of income.

TIMPSON

Timpson, established in 1865, is the UK's leading retail service provider employing over 5,600 people, with 2,000 owned stores and 119 "Snappy Snaps" franchises throughout the UK and Ireland. Further information can be found at www.timpson.co.uk

Timpson Limited has a current **D&B rating of 5A2**. A copy of the D&B report is available on the marketing datasite. For the year ending Timpson reported

Year Ending	Sales	Net Profit	Tangible Net Worth
Sept 2021	£136,880,000	£11,627,000	£56,332,000

Crew Clothing Company Limited
(Company No. 03265824)
8% of income.


CREW CLOTHING COMPANY

Crew Clothing, established in 1993, is a UK clothing brand and retailer with over 100 stores across the country. Further information can be found at www.crewclothing.co.uk

Crew Clothing Company Limited has a current **D&B rating of 4A2**. A copy of the D&B report is available on the marketing datasite.

Year Ending	Sales	Net Profit	Tangible Net Worth
Dec 2021	£82,728,000	£13,932,000	£22,284,000

Nationwide Building Society
(Financial Services Register No. 106078)
14% of income.

 **Nationwide**

Nationwide Building Society is a British mutual financial institution and the largest building society in the world with in the region of 16.3 million members. The society has a network of around 700 branches and agencies in the UK. Further information can be found at www.nationwide.co.uk

Nationwide Building Society has a current **D&B rating of 5A1**. A copy of the D&B report is available on the marketing datasite.

Year Ending	Sales	Net Profit	Tangible Net Worth
Apr 2022	£5,035,000,000	£1,252,000,000	£14,786,000,000

Ecco Sales Limited
(Company No. 07317197)
5% of income.

ECCO®

Ecco, established in 1963, is a privately owned Danish international footwear brand and retailer employing over 21,000 people worldwide with sales from 2,250 retail units in 99 countries. Further information can be found at www.ecco.com

Ecco Sales Limited has a current **D&B rating of 3A2**. A copy of the D&B report is available on the marketing datasite.

Year Ending	Sales	Net Profit	Tangible Net Worth
Dec 2021	£14,828,026	£454,434	£11,228,579

Zizzi Restaurants Limited
(Company No. 10404211)
9% of income.

Zizzi

Zizzi is a chain of Italian restaurants, established in Chiswick over 20 years ago and now operating from over 130 sites across the UK and Ireland. Further information can be found at www.zizzi.co.uk

Zizzi Restaurants Limited has a current **D&B rating of 4A3**. A copy of the D&B report is available on the marketing datasite.

Year Ending	Sales	Net Profit	Tangible Net Worth
June 2022	£154,177,000	£17,059,000	£21,031,000



Regent Square House
Parade, Royal Leamington Spa, CV32 4NR

Asset Management

This investment provides several asset management opportunities.

Office Rental Growth

X2X Limited (trading as Codex Digital), in occupation since 2018, have recently regeared their lease at a rent reflecting £22.52 per sq ft. Pixel Toys, who occupy two office floors, have a break option in October 2024 and an expiry in November 2026. The current rent reflects a low rent of £19.50 per sq ft providing scope to increase this rent to at least £22.50 per sq ft.

Additionally, Sumo Group (part of Tencent) have recently acquired approximately 40,000 sq ft of new offices at Bedford Street Studios at a rent reflecting £27 per sq ft whilst the remaining ground and lower ground floor offices have interest over £30 per sq ft. Bedford Street Studios is due to be completed in June 2023. The growth of the gaming industry in the UK and the ever growing cluster within Royal Leamington Spa continues to put pressure on rental growth.



We believe at least £25 per sq ft would be achieved on a new letting of the offices following the recent activity in the town and the continuing demand from gaming and technology companies. **We therefore believe the property has an estimated rental value of £793,650 per annum.**

Office Entrance

A planning application has been submitted to improve the existing entrance to the offices and signage to increase their presence. Further information can be found on the marketing datasite.



CGI of new entrance and signage

Retail

Renewal discussions have commenced with Ecco Sales Limited and the Landlord has proposed a new 5 year lease at £45,000 per annum with 3 months rent free.

All retail/restaurant tenants have reported good trading so there should be opportunities to re-gear leases in the future.

Environmental, Social & Governance

Opportunities to improve ESG credentials of the building alongside the ESG requirements of the tenants.



Further Information

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

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07976 798842

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07795 158265



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**SUBJECT TO CONTRACT
EXCLUSIVE OF VAT**

EPC

Energy Performance Certificates have been prepared and are available to download via the marketing website.

Capital Allowances

There are no capital allowances available.

Anti-Money Laundering

In accordance with Anti-Money Laundering Regulations, the successful purchaser will be required to satisfy the Vendor on the source of funds used to acquire the property and satisfy all regulatory requirements.

VAT

The property is elected for VAT and VAT will therefore be chargeable on the purchase price if it is not possible to arrange this transaction by way of a transfer of a going concern.

Marketing Datasite

Further information is available on the marketing datasite. Please get in touch for access.

Proposal

Offers are invited in excess of **£8,750,000 (Eight Million Seven Hundred and Fifty Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this level reflects the following yield profile after an allowance for graduated costs of acquisition calculated at 6.68%:

Net Initial Yield	7.53%
Reversionary Yield	8.50%
Capital Value	£284 per sq ft

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