CABINET

DATE	11th December 2024
REPORT OF	Councillor Jackson, Leader of the Council and Portfolio Holder for Economy, Regeneration, Devolution and Skills
RESPONSIBLE OFFICER	Sharon Wroot, Executive Director Place and Resources
SUBJECT	Freshney Place Leisure Scheme
STATUS	Open Report Appendix 2 **NOT FOR PUBLICATION** Exempt information within paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended)
FORWARD PLAN REF NO.	CB10/24/01

CONTRIBUTION TO OUR AIMS

The diversification of Grimsby Town Centre is a key theme of the Grimsby Town Centre Masterplan. The delivery of the Freshney Place leisure development will reduce the town centre's over-reliance on retail and provide a more family-based setting that will encourage more visitors, more dwell time and more spend. This will directly contribute to the Council's key objectives around Stronger Economy and Stronger Communities.

EXECUTIVE SUMMARY

This report provides detail and recommendations around the next steps to progress the Freshney Place Leisure Scheme. Following the uncertainty brought about by the Covid pandemic and subsequent world events, the Council has taken ownership of Freshney Place, the project has full Planning Permission, detailed design work (including desk based and intrusive surveys) has been undertaken, the former BHS unit has been stripped back to a shell and a contractor has provided a price to deliver the development. Should a decision be made to proceed, the Council will move to contract, with works commencing early 2025, with practical completion due (i.e. prior to tenants fit out) in Spring 2027.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Approves the principle of the construction and implementation of the Freshney Place Leisure Scheme as set out.
2. Subject to Recommendation 6 delegates authority to the Executive Director Place and Resources, in consultation with the Leader of the Council, to engage with and instruct the contractor to mobilise and implement delivery of the Freshney Place Leisure Scheme and for the Executive Director Place and Resources, in consultation with the Leader of the Council to take all actions reasonably arising, recognising the complexity and wider impacts of the project.
3. Authorises the Executive Director Place and Resources in consultation with the

Leader of the Council, to make arrangements for vacant possession of the Market Hall and to take all reasonable steps in relocating and dealing with any occupational rights of impacted market traders.

4. Delegates authority to the Executive Director Place and Resources to commence a procurement exercise, at the appropriate time and subject to ongoing external professional advice, for a third-party market operator to administer and manage the anticipated market facility and thereafter to award such contract and carry out any ancillary activity reasonably arising.
5. That subject to Recommendation 6 the Executive Director Place and Resources, acting as S151 Officer, be authorised to:
    a. increase the Council's capital programme budget from £30.9m to £49.96m.
    b. increase the external borrowing requirement of the Council by £11.26m.
    c. undertake further borrowing as may reasonably be required, subject to such borrowing being affordable from within the Freshney Place budget envelope.
    d. subject to any external grant conditions, to deal with the reallocation of Towns Fund monies of £3.7m to the Freshney Place Leisure Scheme.
6. That acknowledging that the increased cost of delivery and budgetary support for that lay with Full Council, to refer such request for support to the next Full Council meeting with the following recommendation:
    a. That in receiving the Cabinet Report of 11th December 2024, Full Council acknowledges the analysis of the increased budgetary ask and approves a variance to the 2024/2025 budget policy to facilitate and meet such ask.

REASONS FOR DECISION

Following detailed work planning and developing the project, the decision will allow the Council to move into the construction phase of the programme and support the continued delivery of the Grimsby Town Centre Masterplan.

1. STRATEGIC CONTEXT

1.1 The 2018 Town Deal set the strategic context, amongst other socio-economic priorities, for a clear regeneration focus on Grimsby Town Centre.

1.2 This led to the acquisition of the Garth Lane site from ABP, acquisition and subsequent stabilisation and repair works to West Haven Maltings and the delivery of the new footbridge and public realm around Alexandra Dock.

1.3 On 15th July 2020, in the early stages of the pandemic, Cabinet reviewed and approved proposals for a Leisure Scheme in Grimsby Town Centre, which secured a Future High Streets Fund (FHSF) grant of £17.3m. This was on the basis of a partnership with the then owners and funders of Freshney Place.

1.4 The Grimsby Town Centre Masterplan (the masterplan), which sets the strategic context for town centre regeneration, was approved by Cabinet on 14th October 2020. This acknowledged the need, amongst other things, to diversify Grimsby Town Centre, including the development of new brownfield homes, if it was to have the opportunity to regenerate. The masterplan also served as the basis for the Town Investment Plan submission to the Towns

Fund initiative, which subsequently secured £21.9m including £1m Advance Towns Fund.

1.5 The borough also secured Heritage Action Zone status and Cultural Development Funding and is currently a priority place for Historic England, Arts Council England, Heritage Lottery Fund and Homes England.

1.6 Following significant work undertaken to further scope-out the detail of the proposed Leisure Scheme with the representatives of Freshney Place, the Council was advised, in advance, that the centre was to be placed into Fixed Charge Receivership in January 2022. This ultimately led to Cabinet and Full Council considering and approving the acquisition of Freshney Place, for regeneration purposes, which occurred in August 2022.

1.7 As referenced in the acquisition report, the Council applied to 'swap' the FHSF allocation to utilise it for the acquisition of Freshney Place. As part the swap, the Council had to demonstrate to Government that it would deliver the Leisure Scheme, including additional requisite funding, as required under the terms of the £17.3m FHSF grant. In that scenario, as again included within the Freshney Place acquisition report, the Leisure Scheme borrowing at that time would have stood at £30.1m.

1.8 The swap was approved which then enabled the opportunity to apply for Levelling Up Fund (LUF) to support the development.

1.9 Full Planning Permission was then secured in February 2023 and thereafter, £20m LUF was secured in March 2023.

1.10 One of the key points of the masterplan is that it requires a variety of interventions to give the town centre the very best chance of once again succeeding. No single intervention or project will, on its own, change the fortunes of the town centre. That is why there are a number of projects cited within the masterplan and Town Investment Plan as, combined, they will bring about genuine change. As referenced in the acquisition report, the Leisure Scheme is an essential part of that holistic approach which seeks to both slow down and reverse the challenges being experienced in Grimsby Town Centre. In this instance, the scheme seeks to address one of the key challenges which is the over-reliance/over-supply of retail against other uses, most notably leisure.

1.11 Since both securing funding and acquiring Freshney Place, unprecedented world events have either continued or commenced, resulting in both sustained high levels of construction materials inflation and also, labour shortages and the associated impact on supply chain availability and cost.

2. WIDER TOWN CENTRE CONSIDERATIONS

2.1 In terms of wider masterplan projects, the construction of the Horizon Youth Zone is at an advanced stage and will, when complete in 2025, bring a more varied demographic into the town centre whilst providing a host of activities and support for our young people. Riverhead Square has, subject to snagging, been completed; the redevelopment of St James Square has been completed; and E-Factor, the borough's not for profit business support organisation, is at an advanced stage in its refurbishment of the long-term vacant St James House, which will see the ground floor arches transformed into lettable units and the building reimagined as business accommodation.

2.2 A key element of the masterplan is the delivery of new homes in the town centre. The borough has seen much of its new housing development occur on greenfield sites and whilst they are part of the overall housing mix, town centre living is viewed as an essential part of a functioning town centre. The first phase of town centre living is Alexandra Dock which is supported by £7.8m of Towns Fund plus capacity funding and expertise from Homes England. Following a procurement exercise, the Council has recently announced it has partnered with Keepmoat to deliver the first phase of housing at Alexandra Dock. Also, subject to further sites being secured, the agreement allows for them, at the Council's discretion, to develop out further sites in the town centre too.

2.3 There were a variety of issues associated with Freshney Place upon acquisition. Initial efforts focused on reestablishing contact and working relationships with tenants, looking at historic arrears, considering lease renewals and having due regard to the strategy moving forward. Just over two years on, a number of tenants have successfully relocated from the redevelopment area, a substantial Community Diagnostics Centre has been secured in a historic low footfall area, New Look have returned, and some 35 tenants have recommitted to Freshney Place. Outside of the redevelopment area, the site is 95% occupied or under-offer.

2.4 To support the regeneration programme, and to begin to address the legacy of negative public perception, the Council took advantage of free specialist Government funded support, particularly the High Streets Task Force, formed post-covid to steer local authorities on initiatives to support town centres to survive and evolve in a changing world. Following consultation with business and community leaders, the police, and other stakeholders, they developed a detailed report with a diagnosis of the main barriers to transformation and recommendations on how we might fix these. The programme ended with a public presentation and workshop at the Town Hall in 2022, and the presentation focussed on the importance of community engagement and messaging as the main driver to changing perception.

2.5 This resulted in the establishment of the private sector-led 2025 Group which is committed to driving positivity and belief, specifically with a strapline to 'be part of the positive', and an enthusiasm to showcase how the town will transform. The 2025 Group is delivered by The Grimsby Retailers in Partnership (GRIP). GRIP is an information sharing and shop safety organisation with a link to the police, to which town centre businesses subscribe. The aspiration is for GRIP to evolve over the next few years, possibly working towards a town centre appetite for a Business Improvement District.

2.6 In December 2023, Grimsby was announced as one of 10 towns in the UK to become a High Street Accelerator (HSA), a pilot to the Long-Term Plan for Towns. The HSA is a relatively short programme, ending in March 2025, aimed at targeting one high street with identified issues, with a view to achieving some quick win solutions to tackling crime, anti-social behaviour (ASB), and aesthetics. Having created an HSA Partnership, using the original 2025 Group members plus representatives from the police and voluntary sectors, the area identified was the town centre element of the predominately privately owned Victoria Street. Using the 2025 Group events as an engagement platform, the community and businesses have been engaged on the journey to improve the street and attract footfall. Through the initiatives, crime and ASB is significantly reduced, lighting and floral displays are being introduced, and events increased, all with the aim of supporting businesses and visitors. The Council has utilised a mix of funding streams, including UK Shared Prosperity Fund, Office of the Police and Crime Commissioner together with the Activation and Community Engagement Fund to enhance this funding and develop several innovative projects including a shop frontage scheme.

2.7 ASB has been a wider cross-cutting consideration and in response to this, the Safer Streets 5 (Operation Mastery) initiative was launched in October 2023. This multi-agency crime programme consists of officers from Humberside Police, the Community Safety and Environmental Enforcement services of the Council, Equans and several associated organisations and has five areas of focus:

1. Reduce youth related ASB through the development of a youth hub in the town centre.
2. Improve communication through the GRIP radio facility.
3. Support the reduction of crime and disorder within the town centre by:
    - increasing the CCTV capacity within the town centre.
    - extending the Public Space Protection Order to cover ASB that is alcohol related.
    - increasing the number of multi-agency days of action and developing a problem-solving police patrol matrix to drive down ASB, shop theft, violence, and criminal damage.
4. Support the Violence Against Women and Girls (VAWG) agenda by mobilising street ambassadors at peak times of concern.
5. Identify graffiti at the earliest stage, remove, add anti-graffiti resin so as not to be re-damaged and identify offenders.

2.8 Some of the high-level results of Operation Mastery are as follows:

- Overall crime down by 11%
- Grimsby Town Centre alcohol-related ASB down by 35%
- St James Square alcohol-related ASB down by 88%

There is of course always more that can be done, and the team are considering opportunities to continue the operation by utilising new funding sources.

2.9 It is a well-established principle that higher and more varied footfall is a strong deterrent for ASB. Should the Leisure Scheme proceed, then building on the interventions outlined above, it is anticipated that as well as reduced ASB, this would bring confidence to the wider town centre. This includes the adjoining traditional high street of Victoria Street, bringing benefits to multiple private businesses.

3. LEISURE SCHEME

3.1 Concept

3.2 As mentioned above, the basis of the Leisure Scheme is to play a key role in the delivery of the wider masterplan ambitions by addressing the imbalance between a domination of retail and an under-supply of leisure-based uses in Grimsby Town Centre and Freshney Place within. Moreover, the ambition is that the development serves as a focal point and destination that draws people to the town centre.

3.3 The scheme comprises a pre-let five screen cinema, four new leisure, food and beverage or wider opportunities units, including a larger unit to-let, a new food hall and market together with four refurbished units within Freshney Place. The cinema operator has again confirmed their enthusiasm for the project. Terms have also been agreed for a further pre-let with a globally recognisable brand, and legal documentation is at an advanced stage.

3.4 The lettable floor space is just under 76k sq ft and is envisaged to take approximately 26 months to construct to what is known as Practical Completion (PC). Occupiers fit-out would commence thereafter.

3.5 Leisure market

3.6 The Council has taken further valuation advice from Montagu Evans (ME), including commentary on the wider market. This report is attached at appendix 1 and the following section provides some salient points from Section 3.0.

3.7 The leisure industry, like many, is always evolving. In fact, some years ago, Freshney Place had a variety of food outlets on the upper level together with communal areas. On this basis, as the project has progressed, the Council has considered if the development remains the right thing to do, given changes in consumer behaviours.

3.8 Unsurprisingly, online shopping increased during the pandemic from an average of 17% in 2019 to a peak of 38%. As of September 2024, this had fallen to 26.8% of all retail goods. It is expected that the new norm will be around 25% of sales. Analysts would state this is effectively an acceleration of expected changes by about five years and this of course results in circa 75% of purchases still being physical.

3.9 The leisure market came to an effective halt in 2020 and much of 2021, with major investor decisions, unsurprisingly, put on hold. However, the investment market for Family Entertainment Centres (FECs) that comprise, for example, a variety of uses such as socialising venues, cinemas, leisure activities and food halls and markets, has been rising since 2023 and, as is clear to see, Grimsby Town Centre does not currently have such a facility.

3.10 The cinema market has of course also changed, and a key consideration here must be the advent of streaming on-demand services. Streaming services have taken an estimated market share of up to 20% of box-office sales and this, like online shopping sales, is showings signs of stabilising. Box-office sales remain below pre-covid levels and they were further impacted by the writer's strike in America in 2023. Sales have been down approximately 25%-30% from 2019 levels and the sector expects this to settle at circa 15%-20% below, with a strong film slate for the next few years bringing increasing confidence. Moreover, during and since the pandemic, cinemas have not had the sole right to display new films, with many being available immediately via streaming services. This is now being reset with a four-week period whereby cinema will generally have a period where they are not subject to competition with online services.

3.11 There has been high profile news around the larger operators and Cineworld has sought to restructure its operations under US bankruptcy regulations, in no small part due to legacy debt of $4bn. However, where they have closed venues, these have, for the most part, been taken on by other cinema operators.

3.12 The emerging trend is for smaller more agile operators to step into the cinema market space. The sector is experiencing a so-called 'flight to quality' with customers expecting more from a visit, in terms of experience and also, complementary activities. The growth of these smaller multiplex and boutique operators who have gained ticket sales from the dominant players include Everyman, Picture House, and Curzon. Rather than the homogenised venues historically offered by the large multiples, these operators are able to tailor their operations to better fit local demographics and demands such as providing live shows, streaming of events and also, a space where people may choose to go for a drink without actually entering the screen area.

3.13 In terms of investment, 'The Light' cinema company has recently been acquired by a consortium with a large new banking facility, enabling the business to invest £15m over the next couple of years with the aim of doubling the size from 13 to 26 venues.

3.14 Food and beverage outlets have seen change also but remain a key component of a functioning town centre and FECs generally. It is important not to over-provide and ultimately, the market will decide how many units is right. There have been a number of discussions with some of the more prominent businesses and whilst they would say they have been previously nervous about investing in Grimsby Town Centre, there is enthusiasm about the opportunities brought about by the new development.

3.15 Design development

3.16 Following a procurement exercise, the Council appointed Morgan Sindall Construction (MSC) in March 2023 on the basis of a Pre-Construction Services Agreement (PCSA).

3.17 The PCSA included a host of non-intrusive and intrusive surveys together with the stripping out of the former BHS unit. That resulted in a RIBA (Royal Institute of British Architects) Stage 4 design which provides a very high level of detail around the exact design and specification of the project. This provided the basis for further market engagement and since June of this year, GMI Construction Group have been reviewing the Stage 4 design, looking at further design refinements, value engineering opportunities and ultimately, working with the supply-chain to pull together a cost and programme for the scheme.

3.18 Accessibility

3.19 The development includes the opening of at least 200 spaces in the western Freshney Place car park until midnight every day. Whilst customers using their car will be able to park in other locations, it is expected this will be the primary car park for such users.

3.20 Also, should the proposed new transportation hub come to fruition, this will provide an improved means of public transport access with the main stops being opposite East St Mary's Gate, leading directly up to the intersection with Victoria Street and the Leisure Scheme being just a short walk away.

3.21 Costings

3.22 The overall scheme cost, from beginning to end, is expected to be in the region of £49.96m. This comprises a number of headings as covered in the closed appendix (Appendix 2) to this report.

3.23 This is against the backdrop of hyper-inflation across materials such as steel, timber and, to a significant extent, glass with the Royal Institution of Chartered Surveyors pointing to an unprecedented shift in inflation across both materials and labour. Whilst general inflation hit 11%, some construction materials saw increase in excess of 100% and the impact of labour shortages exacerbated this further still.

3.24 The costs have been reviewed by WT Partnership, the Council's cost consultants, and the wider professional team to ascertain accuracy, any omissions, value engineering opportunities, risk, and programme. This resulted in further clarifications and opportunities that led to the current cost.

3.25 WT Partnership report that the costs are in line with market trends and what can be reasonably expected in the market at this time. It is also noted that whilst inflation in the sector has dropped dramatically, prices are still forecast to increase over time as per inflation that would ordinarily be expected.

3.26 Value engineering

3.27 The costs include £1.5m of initial value engineering which the team is satisfied has no material impact on the scheme either aesthetically or in terms of performance. A further £0.5m has been included which requires some minor redesign. Both the tenants and the planning team have been engaged, and both are, at face value, supportive but that should not be construed as agreement and there is a statutory process to follow. Given timescales should the development be approved, this will need to be on the basis of the scheme as currently designed and without the further £0.5m savings. The contract would be drafted that should approvals be forthcoming for the further value engineering, then the contractor will be required to implement that design and realise the associated savings.

3.28 Top Town Market (Grimsby Market)

3.29 The scheme includes a new facility that will be located in the renovated and redeveloped former BHS building. Following research and engagement with other markets and, also, the National Market Traders Federation (NMTF), it is advised that the new market follow the model of a food hall based venue together with an ancillary complementary market. It is recommended that the Council continue to take the advice of specialists in this field and at the appropriate time, run an exercise to procure a third-party operator to run the facility. Advice from the NMTF is that a process will need to be undertaken to establish the focus of the new market and, also, to clarify how potential traders would apply for a pitch.

3.30 In the meantime, it is proposed that during construction, a temporary market be provided for within Freshney Place. In addition, other units, and mall pitches (within Freshney Place) will be considered.

3.31 It will be essential to continue the engagement and communicate with the traders as soon as is possible if the decision is made to proceed. In any event, a communication was issued when this report was released.

3.32 Funding

3.33 The current anticipated funding make-up for the scheme is as follows:

- £20.0m Levelling Up Fund
- £ 2.1m Devolution brownfield funding
- £ 2.0m Towns Fund Public realm & connectivity
- £ 3.7m Towns Fund reallocation
- <u>£10.9m</u> Approved borrowing
- **<u>£38.7m</u>** Total

As mentioned earlier in the report, a comprehensive LUF bid was submitted following the acquisition of Freshney Place and was approved in March 2023.

The Brownfield funding above, which was subject to an extensive business case, forms part of the £4.1m secured for North East Lincolnshire as part of the Greater Lincolnshire devolution deal.

The public realm funding is part of the public realm and connectivity element of Towns Fund which totals £3.2m. It is envisaged that £2m will be utilised towards supporting the public realm aspects of the project with the remaining £1.2m covering other works within the town centre, potentially focusing on and around

Victoria Street.

The Towns Fund reallocation relates to the movement of the remaining funds from the green hub project to the Leisure Scheme on the basis a number of the outcomes are being delivered differently. It has been approved by the Greater Grimsby Board and the Ministry of Housing, Communities and Local Government (MHCLG).

3.34 It is matter of fact that many areas are currently facing challenges in the delivery of projects. The National Audit Office reports that only 16% of LUF schemes are expected to deliver to initial grant timelines and that as of April of this year, £800m of £4.2bn had been released to councils, with £512m spent. It recommended that MHCLG and Local Authorities will need to work together to set realistic expectations for delivery. The Government appears keen to work with localities to deliver viable LUF projects and engagement with MHCLG suggests that where pressures exist, councils focus on delivery of the most transformative projects.

3.35 Construction Contract Risks

3.36 The scheme does not come without project risk. In terms of construction risk, this has been mitigated so far as is reasonably practicable through the survey and strip-out works, RIBA Stage 4 design together with the expertise brought forward by GMI and the support and challenge provided by the Council's retained consultancy team. The form of contract will be Design and Build which means the contactor provides a price and other than in a limited number of circumstances, including specification changes from the client, they are contractually bound to honour that sum. However, as is the case in the majority of construction projects, there are some risks that will remain with the Council and the key ones are as follows:

- statutory undertakers – particularly utilities performance
- archaeology
- pre-existing ground conditions and contamination
- existing structures
- asbestos
- unexploded ordnance

The level of these risks is considered low, but it is appropriate that the report is very clear where liabilities could exist. There is a contingency in the budget for unexpected events and in terms of the programme, the risk is reduced further once the groundworks are completed. Construction works above ground level entails rather less risk.

4. NEXT STEPS

4.1 If the recommendations are approved, the Council will move to contract with GMI, if possible, in advance of the festive break.

4.2 Direct one to one engagement with the market traders regarding the temporary market will commence imminently.

4.3 Site set-up would then commence early 2025 with the first construction works being the strip-out and commencement of demolition works.

4.4 Wider communications to stakeholders would continue, including local and also, on a national basis in terms of ensuring key current and potential tenants are aware that the leisure project is proceeding.

5. RISKS, OPPORTUNITES AND EQUALITY ISSUES

5.1 Many of the risks have been mitigated through achieving vacant possession of the redevelopment area. This has been achieved through negotiation and a willingness of the tenants to relocate to facilitate the development. The Council has not had to rely on its statutory powers to achieve vacant possession. The key construction risks have been highlighted above and should the Council contract for the construction, the main project risks will include cost overrun, impact of town centre businesses including market traders, economic shocks resulting in lower demand and the failure of any pre-let tenants.

5.2 The main opportunity is around the scheme playing a major role in regenerating the town centre by appealing to a wider demographic, driving more footfall across different times and increasing spend. This has the chance to see confidence in the town centre improve with further interest from investors and end users, including supporting the plan to bring new homes into the town centre as part of the wider masterplan strategy.

5.3 An Equality Impact Assessment process has been followed, and the scheme has no immediate material challenges but does have the potential to improve wider accessibility to more of our community.

6. OTHER OPTIONS CONSIDERED

6.1 Wider options were considered some time ago as part of the FHSF process and the Freshney Place project was deemed the highest priority. As part of the development of the masterplan, all options for intervention were again re-evaluated. This confirmed the Freshney Place project as a priority option, due to its central location and the scale of positive impact for all of the town centre the project is projected to deliver. The Freshney Place project benefited from simpler property ownership providing a more certain route to delivery, compared to alternatives such as Victoria Street which would require significant time and funding for negotiations with a multitude of property owners, making project delivery high risk.

6.2 Since then, two other delivery options together with a ‘do nothing’ have been considered.

6.3 The first option was to look at the demolition of the former BHS (so far as practicably possible), increase the area of public realm and utilise the former

House of Fraser (HOF) for the market and food hall. The second was to split the market and food hall across the BHS and HOF buildings. Both options result in a higher cost and also, provide other delivery and management challenges. On this basis, they were discounted.

6.4 Do nothing is always considered and in that scenario, the basis for having developed the proposal needs to be considered. The background to the project is covered in some detail at the beginning of this report and the Council resolved in July 2022 that proceeding with the acquisition, on the basis of delivering the Leisure Scheme, was reasonable. Inflationary pressures have of course hit since which, together with the wider financial implications, is covered in this report and in greater detail in the closed appendix. The project has been developed and the basis for proceeding tested and at this point, there are no other realistic options. Not proceeding risks FHSF claw-back, LUF funding being returned, the pre-lets being lost and an inability to deliver a transformational scheme. Disposing of Freshney Place, having consciously obtained vacant possession of units in readiness for redevelopment, would result in a loss and whilst it is feasible Freshney Place would be sold, no private owner would be in a position to undertake a material capital development to transform the centre and support the outcomes of the masterplan due to the well documented viability/market failure challenges.

7. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

7.1 There are a variety of reputational and communications considerations and the Council has in place a communications and stakeholder management plan to assist with these.

7.2 Reputationally, given the various challenges encountered over the past few years, public belief in the scheme actually happening is an issue. Should the scheme be approved, it will be important to deliver communications across a variety of channels around the benefits of the scheme and when it will be delivered, including when construction activity will be visible on-site.

7.3 Existing tenants and traders are of paramount importance and will be communicated with throughout the course of the works. As mentioned in the main body of the report, market traders will be engaged with as soon as reasonably practicable.

7.4 There will be the usual challenges brought about by major construction works and the Council will work with both Queensberry and GMI (who are a partner of the Considerate Constructor Scheme) to mitigate these so far as is reasonably possible and also, to communicate what is happening and when. The day-to-day management of Freshney Place will continue as normal during the construction period, and they will have a direct line of communication with the contractor.

7.5 It will be important to ensure the Greater Grimsby Board and MHCLG are kept abreast of progress to engender confidence in the Council’s ability to move the development from approved scheme into delivery and ultimately, completion.

7.6 There is also a need to keep both existing Freshney Place and wider town centre business decision makers aware of the scheme as well as potential new occupiers. The scheme will bring confidence that the Council is committed to delivery of the regeneration of the town centre and form the basis of discussions around renewed commitments to the town or, taking a unit within Freshney Place or the wider town centre.

7.7 In the event the scheme does not proceed, the Council will need to consider a fresh approach as to how it best manages the impacts of such.

8. FINANCIAL CONSIDERATIONS

8.1 There are three key considerations with regard to the financial element of the proposal:

- Does the value of the asset exceed the amount of borrowing
- Does the income generated exceed the ongoing revenue costs
- Financial implications versus not proceeding

8.2 Taking these in turn, the total borrowing requirement for the project is up to £22.16m, being £10.9m approved borrowing plus £11.26m additional borrowing, representing 44% of the cost of the scheme. On this basis, it is recommended that the Council increase the borrowing by £11.26m for the scheme together with any further amounts deemed necessary by the S151 Officer provided that at all times, the principle is that the borrowing is affordable from within the Freshney Place budget envelope.

8.3 The property market would view Freshney Place, inclusive of the Leisure Scheme and the former HOF, as one, as they are all intrinsically linked and if it were to transact, it would most likely be as a single asset and at least one year following Practical Completion (PC). On this basis, as advised by ME, the PC + one year valuation of £32.8m for the full asset, suggests the value will be broadly equal to (marginally in excess) of the Council's total borrowing commitment to Freshney Place, HOF, and the Leisure Scheme. Or put another way, having addressed legacy maintenance and repair issues at Freshney Place, refurbished HOF and delivered the full Leisure Scheme, the Council would have incurred no cost and also, would have enjoyed the benefit of the net rental returns amounting £5.3m and accounted for one year of Minimum Revenue Provision. All market failure would have been addressed through the grant schemes rolled out by the previous Government, as supported by the new Government, and all areas across the UK could bid for LUF.

8.4 A full cashflow appraisal, included in the closed appendix, including all revenue implications of the combined Leisure Scheme, HOF and Freshney Place has been developed and that shows the cash position to be positive every year. Importantly, it demonstrates a healthy carried forward reserve being built up to cater for any deviations from the forecasts. Moreover, the borrowing is modelled on Public Works Loan Board (PWLB) rates as of now and whilst there is no guarantee of this, rates are expected to fall further. The Council will defray grant funding first and then borrow at a fixed rate later. Any falls in interest rates will have a corresponding positive benefit on the cash and cashflow position.

8.5 The Council acquired Freshney Place on the basis of delivering the Leisure Scheme and supporting wider regeneration activities. Whilst the centre was to be run on a commercial basis, that was not the reason for acquisition. Together with HOF, acquisition costs stand at £16.9m. The Council has enjoyed a revenue return since this time to the order of £3.5m pending redevelopment. If the scheme were not to proceed and the Council were to dispose of the asset, as per advice from ME, a loss would be realised. This is largely due to the fact that whilst the Council has been successful in achieving vacant possession of the tenanted units within Freshney Place, this logically leads to a corresponding reduction in achievable income. Therefore, it would generally be unwise to sell at such a time and there would be further implications in terms of the potential loss of a number of the grants. Conversely, if the scheme were to proceed, as mentioned above, the advice is that there would be a net return to the Council whilst at the same time, delivering a transformational regeneration scheme.

9. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

9.1 The proposed development is expected to have a positive impact on children and young people by providing a greater variety of activities across more of the day. It is also reasonable to say that the delivery of the wider masterplan projects, including the Horizon Youth Zone, is expected to result in a town centre that is more appealing to young people and, indeed, people of all ages.

10. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

10.1 The development accords with building regulations which have a strong focus on environmental factors. Also, there is the opportunity for further tenant led initiatives around green energy such as photovoltaic cells.

11. CONSULTATION WITH SCRUTINY

11.1 The Leisure Scheme development has been considered by the appropriate scrutiny panel on a number of occasions dating back to 2020 and at the time of drafting, was scheduled for a meeting of the Economy, Culture & Tourism Panel on 5 December 2024.

12. FINANCIAL IMPLICATIONS

12.1 A decision to proceed with the implementation of the Freshney Place Leisure Scheme as detailed within this report would lead to an increase in the current capital programme budget allocation from £30.9m to £49.96m. Taking into account the assumed additional external grant funding allocated to the scheme, this would lead to an increase in the Council's external borrowing requirement for the development from £10.9m to £22.16m.

12.2 Naturally, the increased borrowing requirement for the leisure development will lead to an increase in the Council's capital financing costs, estimated to be £0.9m per annum. Based upon detailed financial modelling to date (as evidenced in the cashflow forecast in the closed appendix), these costs would be offset by the increased revenue generated from the new leisure development and existing operating income already generated from the centre itself. To that end, it is noted that current occupancy levels within the current centre remain high and that a pre-let for the cinema has already been obtained.

12.3 In order to test the robustness of the financial estimates, the Council has worked with its external professional advisors to understand the impact of a range of assumptions and variables made with the financial model. These include, but are not limited to, assumed interest rates, occupancy levels, tenant capital contributions, the need for ongoing repairs and maintenance, expected rental uplifts, service charge recovery, assumed build costs and associated contingencies. Taking a prudent position on each of these different variables, the expectation that net cash flows remain positive in each year of the financial model is considered to be reasonable and balanced.

12.4 Noting the above, it is advised that any net surpluses arising from the overall scheme are held in a separate earmarked reserve to manage any natural variation in revenues arising over the life of the project. The proposed additional investment needs to be considered within the context of the Council's Treasury Management Strategy and prudential indicators. The Council's stated objective is to ensure that borrowing will be affordable, sustainable, and prudent. The financial analysis undertaken would suggest that the additional borrowing meets these criteria and that with net operating income (NOI) in excess of borrowing costs the impact on prudential indicators would be positive.

12.5 However, it is important to note that no treasury activity is without risk and the development would lead to an increase in the overall capital financing requirement. One key risk is in relation to interest rates which, whilst anticipated to fall, cannot be guaranteed. Treasury management practices, such as maintaining a spread of loan maturities, can help to manage and spread this risk.

12.6 The financial risks of not proceeding with the scheme should also be considered in arriving at a decision as to whether to support the recommendations. These include: -

- a negative impact on the net operating income currently generated from the centre;
- the associated diminution of the current valuation of Freshney Place, currently estimated to be in the region of £14.5M;
- the potential loss of the £20m LUF funding and other grants allocated to support delivery of the scheme; and
- other negative economic impacts within the town centre impacting on the collection of local taxation.

S151 Statement

Based upon the detailed financial analysis undertaken, the additional borrowing is considered to be affordable, sustainable, and prudent. The conclusions drawn within this report have been supported and tested by external expert advice.

Whilst the additional borrowing will increase the Council's capital financing requirement, the additional revenues generated from the wider scheme are anticipated to more than offset these costs once fully developed.

Any further investment in the scheme over and above that outlined in this report would need to be subject to a separate business case development and appraisal process.

It is my view that proposed additional investment in the scheme is not being undertaken with the primary aim of generating yield and therefore is an appropriate use of loans and does not contravene Government guidance.

As detailed within the financial implications above, all treasury related activity contains an element of risk, but given the various controls and mitigation in place these risks can be managed.

Specifically, the creation of a dedicated earmarked reserve to manage any natural variations in both income and expenditure is supported.

13. LEGAL IMPLICATIONS

13.1 The procurement of a third-party market operator will assist the Council in its value for money obligations and such provision is consistent with the stated aims and objectives of the Council underpinning its strategic objectives of Stronger Economy, Stronger Communities.

13.2 The procurement exercise will be conducted so as to comply with the Council's policy and legal obligations, specifically in compliance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015 and supported by relevant officers.

13.3 The delegations sought are consistent with an exercise of this nature.

13.4 The terms of the constitution and its intent are clear and unambiguous. Whereas Full Council approves or adopts the Council's Policy Framework and annual Budget, it is for Cabinet to make in-year decisions on resources and priorities in order to deliver the Budget.

13.5 However, Cabinet is only permitted to operate within the financial limits set by Full Council by way of the Budget.

13.6 Only Full Council can authorise any decision that would otherwise be contrary to the policy framework. With the increase in the cost of delivery of the scheme it is right that Full Council be engaged in order to decide whether or not to flex the budget so as to permit delivery, within revised limits.

13.7 Therefore, whilst Cabinet may decide to implement the scheme, it may only do so on the proviso that Full Council is supportive of making adequate budgetary provision.

Monitoring Officer Statement

The narrative of this report is a natural extension to the report underpinning the decision to acquire Freshney Place as a catalyst to local and Town Centre regeneration. In the interim period, and consistent with the motivation of transforming the Town Centre and the fortunes of the borough, the Council has secured a range of external grant funding to support the clear market failure.

There is robust governance and decision making in place to support the implementation of the anticipated Leisure Scheme and had it not been for the revised cost of delivery, articulated more fully in the above report, and supported by external analysis, delivery would likely have been underway.

On the basis that Elected Members will be considering a flex to the extant Budget, they are respectfully reminded of their fiduciary duties in considering budgetary elements so as to benefit residents and Place and to act in the best interests of the public.

Elected Members are also required to have especial regard to the professional opinion of the S151 Officer and statement around the robustness of estimates and adequacy of reserves.

14. HUMAN RESOURCES IMPLICATIONS

14.1 There are no immediate human resource implications for the Council arising from the report. Subject to decision and at the appropriate time, due consideration will need to be given to the anticipated new market operator procurement.

15. WARD IMPLICATIONS

15.1 Freshney Place is located in the West Marsh ward, although the impact of the regeneration is likely to benefit all wards in the borough.

16. BACKGROUND PAPERS

16.1 The background papers are listed below:

- FHSF Cabinet Report – 15th July 2020 (**Special Cabinet – Virtual Meeting | NELC)**
- Grimsby Town Centre Masterplan Framework Cabinet Report – 14th October 2020 (**Cabinet – Special, Virtual Meeting | NELC)**
- FHSF Cabinet Report – 17th February 2021 (**Special Cabinet – Virtual | NELC)**
- FHSF Cabinet Report – 16th June 2021 (**Cabinet | NELC)**
- FSHF Cabinet Report – 20th October 2021 (**Cabinet – Special | NELC)**

- LUF Economy Scrutiny Report – 13th June 2022 (**Special – Economy Scrutiny Panel | NELC**)
- Freshney Place Acquisition Cabinet Report – 22nd June 2022 (**Special Cabinet | NELC**)
- Freshney Place Leisure Scheme Cabinet Report – 21st September 2022 (**Cabinet | NELC**)
- Freshney Place Market Update Economy Scrutiny Report – 10th January 2023 (**Economy Scrutiny Panel | NELC**)

17. CONTACT OFFICER(S)

17.1 Damien Jaines-White, Assistant Director Regeneration
17.2 Simon Jones, Assistant Director Law and Governance (Monitoring Officer)
17.3 Guy Lonsdale, Assistant Director Finance

COUNCILLOR PHILIP JACKSON
LEADER OF THE COUNCIL AND
PORTFOLIO HOLDER FOR ECONOMY, REGENERATION, DEVOLUTION AND SKILLS

APPENDIX 1

FRESHNEY PLACE, GRIMSBY DN31 1ED

LEISURE DEVELOPMENT

VALUATIONS

27 NOVEMBER 2024

THIS IS THE CONTENTS

EXECUTIVE SUMMARY 3
INTRODUCTION 6
MARKET COMMENTARY 9
EXISTING MARKET VALUE 18
VALUATION ASSUMING LEISURE DEVELOPMENT 26
SUMMARY 32

APPENDICES

1. LEISURE INVESTMENT EVIDENCE
2 SHOPPING CENTRE INVESTMENT EVIDENCE
3 PROPOSED LEISURE SCHEME PLANS

1.0

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Report Date:	27 November 2024
Location and Situation:	Freshney Place Shopping Centre is located in the large port town of Grimsby, the administrative centre of north east Lincolnshire. The town enjoys a unique position as the hub of retail, commercial and economic activity in the region with no major towns in the surrounding area. The closest competing locations are Leeds 70 miles west, York 50 miles north, Lincoln 44 miles south west and Hull 35 miles to the north west. The asset is well located in the heart of Grimsby Town Centre, prominently situated between Frederick Ward Way and Victoria Street South which acts as the central pedestrianised shopping area for Grimsby. The centre is easily accessible on foot and is 0.2 miles from Grimsby train station with regular services to Doncaster and Newark which provide links to London in 1 hour and 37 minutes and 1 hour 18 minutes respectively. A bus network runs from outside the centre providing regular services to local areas including Cleethorpes, Immingham and Hull.
Description:	Freshney Place comprises a covered shopping centre arranged over one two floors with sales accommodation primarily on ground level and some larger stores having a first floor sales area too (Primark, Next, TK Maxx) levels. All retail units are accessed format ground floor level, with the exception of TK Maxx on the first floor. The property extends to a total net internal area of 372,804 sq ft. The centre provides the town's primary retail offering and is fashion led, anchored by Primark, TK Maxx and Next and complemented by other retailers such as Poundland and Boots. The centre has two five storey car parks to the east and west of the centre containing 849 car parking

	spaces which link directly to the centre and providing the primary parking provision in Grimsby Town Centre. The scheme was built in 1969 and renovated in 1985. In recent years the centre has benefitted from substantial capital investment totaling c.£10m which has improved and modernised the centre.
Tenure:	The asset is broadly held freehold under title number: HS3667. 9-29 Victoria Street (former House of Fraser) has now been bought by the Council for £350k, but the Next unit within the centre was sold off long leasehold to New River some time ago.
Valuations	1. Existing Market Value of Freshney Place plus the former House of Fraser which has now also been purchased by the Council – adopting a potential re-leasing plan with associated costs. **£14,050,000** **(Fourteen Million and Fifty Thousand Pounds, GBP)** The value of the scheme has therefore fallen since its purchase in August 2022 for £15.5m. This was to be expected primarily due to the following: • Preparing for development – vacant possession has been successfully achieved on the redundant Flottergate Mall units and the required section of Friargate that are to form part of the development. The net operating income of these units as a result has significantly and expectedly fallen by c.£675k. • The car park income has also reduced to £98k per annum, linked to preparing the Centre for partial redevelopment, and the estimated cost for the car park refurbishment works has also increased to £3m since purchase date. 2. Value of the scheme if the leisure development goes ahead, reflecting the combined impact and benefit on the shopping centre, leisure, and car parks. **£33,324,000** **(Thirty Three Million Three Hundred and Twenty Four Thousand Pounds, GBP)**

NB - This executive summary is provided for convenient cross reference, however must be read in conjunction with the remainder of the report; important issues may not be referenced within the summary and detailed consideration should be given to all areas of the full report

2.0

INTRODUCTION

INTRODUCTION

BACKGROUND

Freshney Place was purchased by the NELC for £15.5m in August 2022 with Future High Street Funding. Principally the Centre was purchased in order to give the Council complete control in delivering the proposed leisure scheme which includes a cinema and leisure space, food and beverage provision, a new market, and new public realm originally envisaged under the Future High Streets Fund Award. This would protect the centre and its contribution to the town centre and wider North East Lincolnshire economy, whilst retaining provision to develop the scheme that will support the wider transformation of the town centre.

The purchase has intended to safeguard a critical part of Grimsby Town Centre's economic and community infrastructure, halt decline through the commencement of regeneration of the centre and help safeguard up to 1,700 full time equivalent jobs within Freshney Place and Top Town Market. The scheme's leisure offer will act as a major catalyst for town centre transformation aiming to:

- Extend and diversify the town centre leisure offer including a revitalised market which Grimsby currently doesn't have, which will in turn bring new spending.
- Consolidate and reduce the surplus retail within the town and create a new evening (and daytime) destination strengthening Victoria Street and Grimsby as a whole.
- Ensure Grimsby has a competitive attractive offer for residents (particularly younger residents), whilst also supporting town centre vitality to address persistent town deprivation.

Queensberry, the Council's selected partner who have been undertaking the development and asset management of the scheme since late 2021, will lead the delivery of the scheme on behalf of the Council effectively acting in the client role through to practical completion.

The Cinema within the scheme is pre-let to local operator, the Parkway Group, and a pre-let of the leisure box is the next leasing priority. Subject to legal completion, a globally recognised operator has also committed to a new outlet within the development.

The existing Friargate and Flottergate sections of the Centre that will form part of the development are now vacated in anticipation of start on site with tenants either relocated within Freshney Place or removed. Acquisition of Bull Ring Lane Parade is also now complete. The development is now ready and able to proceed.

SCOPE

Based on the above, North East Lincolnshire Council (NELC) has instructed Montagu Evans to undertake a detailed analysis and an opinion of capital value/benefit of the proposed leisure development and its effect on the value of Freshney Place when completed compared to the impact on the value of the Centre if the leisure scheme was not to progress.

In addition to factual and anticipated financial implications on the Centre of the scheme not progressing, there will also likely be hugely significant negative impacts on the wider town centres regeneration plans.

This report will therefore provide an opinion of value on the following scenarios:

1. Do nothing - i.e. the existing market value of Freshney Place plus the former House of Fraser which has now also been purchased by the Council – adopting a potential re-leasing plan with associated costs.

2. Value of the scheme if the leisure development goes ahead, reflecting the combined impact and benefit on the shopping centre, leisure, and car parks.

The valuations within the report are not Full Red Book Valuations (RBV), however we would point out that any written advice on valuation is deemed as an RBV by both the RICS and Insurers. Our approach will follow the principles of the Red Book.

The report includes market evidence on leisure and shopping centre rents and yields and commentary on active parties in the investment market. It also provides commentary on schemes that have seen similar developments proposed or delivered and the benefits seen.

3.0

MARKET COMMENTARY

MARKET COMMENTARY

RETAIL MARKET

UK OCCUPATIONAL RETAIL MARKET OVERVIEW

There have been a number of challenges facing the retail market over the last few years, no more so than in the last 3 years, which has seen a global pandemic that resulted in large parts of the retail and leisure sectors being closed for much of that time.

Looking back to 2020, the year saw significant, additional and inevitable growth in the proportion of goods sold online across the retail market as a whole. In a year when non-essential retail was closed for large periods, consumers were forced to buy goods over the internet, therefore making many purchases they may typically have made in-store prior to the pandemic online. For example, 15.4% of consumers started food shopping online for the first time during the crisis, overcoming the perceived barriers and thus making future purchases with the same retailer much easier, subsequently creating a permanent rise in the sector's online penetration.

According to GlobalData,17% of all retail goods were sold online in 2019. This rose dramatically to 24% on average across the year for 2020, as a direct result of the impact of COVID-19 on the UK retail economy. The increase of 7% in just 12 months is considered to be an acceleration of about 5 years based on pre-pandemic forecasts. A swing from offline to online sales of this magnitude may seem a cause for significant concern, particularly for those in the wider market concerned with the transaction of physical retail space. However, perspective is important. Analysts surveying current and future consumer spending behaviour, the mix of operator sentiment toward ecommerce across all subsectors, as well as the logistical cost and practicalities of fulfilling online orders, suggest overall online sales growth is beginning to reach its natural plateau, albeit earlier than originally anticipated. Recently the ONS announced that the proportion of sales made online has fallen from a peak of almost 38% during the Covid-19 pandemic to just 26.8% as at September 2024.

GlobalData has forecast online spend to level out and remain at around a quarter of all sales for the next 5 years. Conversely, and perhaps most importantly, three quarters of retail spend is therefore still expected to be conducted through traditional offline channels, i.e. the physical store. Significantly, this is predicted to equate to nearly £276 billion in sales by 2025 across the retail whole market. Clearly the store is still the most important facet in today's omni-channel retail environment.

Inflationary pressure over the last 12 months has directly impacted consumer spending. Most recently, however, an improved economic outlook and stabilising inflation has had a positive impact on retail sales. The BOE base rate was reduced to 5% in June with CPI inflation meeting the Monetary Policy Committees target of 2% in both May and June and fell again to 1.7% in September. This is the first time CPI has been below the Bank of England's 2% target since April 2021, falling from 4% in January. The latest treasury-complied consensus is for inflation to increase to around 2.5% by the end of 2024 before falling again.

In terms of the impact on the retail market, sales volumes rose sharply by 3.4% in January, following a record fall of 3.3% in December 2023. This was driven by non-food store promotions, with department stores and other stores sales jumping 5.4% and 6.2% respectively. Food store sales also rose by 3.4%. The GfK Consumer Confidence index however fell to -20 in in September, the lowest level in 6 months. This is against a background of personal finance challenge. However, in its latest Economic and Fiscal Outlook report (March 2024), for example, the OBR forecast real household disposable income per person to recover to its pre-pandemic peak by 2025-26, two years earlier than in their November forecast suggesting a positive upturn.

Discretionary spending is most under pressure, as households delay big-ticket and non-essential purchases. On the positive side, some households (typically higher income ones) have been tapping into savings accumulated during the pandemic or reducing the proportion of their income that they save. Many households are benefiting a little from the 2% reduction in National Insurance Contributions introduced from January, and from April 2024 many lower income households have started to benefit from a nearly 10% uplift in the National Living Wage (though this will adversely impact costs for many businesses in the retail and food & beverage sectors).

The Q2 2024 RICS UK Commercial Property Survey shows a net balance of -5% for retail occupier demand, an improvement on the -10% reported in Q1 which, although an improvement, continues to point to subdued momentum behind tenant demand.

Following three years of decline, average retail rental values have shown very modest growth since early 2022, according to MSCI. The Monthly Index reports that average retail rental value growth in the 12 months to September 2024 was 0.9%, Indeed, the recent modest spurt of growth appears to have ground to a halt, with rental values reportedly flat in the five months from April 2024. Average retail rental values remain nearly 17% below their previous peak in 2018.

The all-retail trend masks significant variation, depending on the type of property and location. The retail warehouse subsector has fared considerably better than most of the wider retail sector in recent years, with average rental values increasing by 1.6% in the 12 months to September 2024 (MSCI Monthly Index). This is its highest peak since April 2018. Average shopping centre rental values have fallen by -0.4% over the 12 months to September 2024. However, the last eight months to September have seen an improvement in rental performance compared to -2.4% in Feb 2024.

Notably, the Body Shop also announced closures of almost half of its portfolio as part of an administration programme, which will add further vacancy to high streets and centres across the country. With that being said, a number of retailers are actively seeking space of the type vacated by the Body Shop, including Peacocks, Bonmarché and Edinburgh Woollen Mill looking for 60 stores across the three brands, Trespass (30 stores), Suit Direct (15 stores), Wingstop (15 stores) and Age UK (10 stores). M&S, B&M, Superdrug, Greggs and Costa are also all continuing to pursue a growth strategy across UK high streets. Nationally, shopping centre vacancy reached its highest level in 20 years at 19.4% in Q1 2022 but has gradually fallen since. The downward trajectory is positive and based on the latest data available as of the end of 2023 it sits at around 18% for shopping centres (Local Data Company).

LEISURE MARKET

There is very limited shopping centre competition within the catchment, which extends to around 30 minutes drive time from Grimsby. Geographically, the nearest competing centres include Princes Quay Shopping Centre, Hull (37 miles/1 hour), Waterside Shopping centre, Lincoln (38 miles/1 hour) and Watergate Doncaster (55 miles/1.25 hours). As such, Freshney place is the dominant shopping centre within its catchment.

CINEMA

This sector has been under pressure, principally in over supplied regions of the UK, due to a decline in box office ticket sales post pandemic. The impact of streaming services has taken a share of the market share (up to 20%) but like the retail revolution this is now starting to show signs of rebalancing with both offers now sitting side by side. Empire, and more recently Cineworld, are examples of significant chains entering administration who struggled with large debt liabilities (e.g. Cineworld £4bn in debt and Vue who restructured its debt in 2023 wiping out £470m of debt). The emerging trend is for smaller more agile operators to step into the cinema market space. The sector is experiencing a so-called ‘flight to quality’ with customers expecting more from a visit in terms of experience and also, complementary activities. The growth of these smaller multiplex and boutique operators who have gained ticket sales from the dominant players include Everyman, Picture House and Curzon. Rather than the homogenised venues historically offered by the large multiples, these operators are able to tailor their operations to better fit local demographics and demands such as providing live shows, streaming of events and also, a space where people may choose to go for a drink without actually entering the screen area.

The market is seen to be steadily recovering, but with an over-reliance on Hollywood blockbusters. Commentators point out that the film slate over the next few years provides more confidence that the UK sector will continue along the path of steady recovery towards 80-85% of 2019 levels by 2025/26. Some of the notable films include: 2025 - Mission: Impossible - The Final Reckoning, Captain America: Brave New World, Bridget Jones: Mad About the Boy, Superman, Jurassic World Rebirth and A Minecraft Movie; 2026 - Avengers: Doomsday, The Batman Part II, Toy Story 5, Fast X: Part 2, Star Wars: New Jedi Order, Shrek 5, The Lord of the Rings: The Hunt for Gollum and Ice Age 6.

Recent positive news and an example of these boutique operators is The Light who have announced that it has been acquired by renowned hospitality entrepreneur Luke Johnson and Risk Capital Partners along with a co-investment from Melcorpo cinema and leisure investors. The deal, which fully recapitalises the business, is supported by a large new banking facility, enabling the business to invest over £15m over the next couple of years with the aim of doubling its size. The Light has 13 cinema and leisure venues in local communities across the UK and has developed a unique entertainment model which includes bowling, mini golf, interactive darts, climbing and karaoke in addition to its core cinema offering. It offers landlords an attractive and sustainable alternative solution to under-performing locations rather than simply requiring rent reductions. The new management team has already proved the model at a number of locations and are now looking to build on this success with the new investment.

The hospitality investment market is in a growth mode as demand for leisure schemes has been rising since the start of 2023. Prime leisure parks which have been trading at a considerable discount to historic yields are recovering as the cinema anchors return to profitability. Vue and Odeon, the two largest cinema operators, have agreed refinancing this year, whilst weaker Cineworld is predicted to emerge stronger post its restructuring process which concluded in September 2024 with Part 26A restricting plans sanctioned. This provides greater stability for the largest tenants in leisure schemes.

Occupational demand across the hospitality sector remains buoyant and vacancy rates are now at levels which were not seen since pre-covid. This is spurred on by discretionary spending being focused on the experiential leisure market as consumers prioritise their spending on “doing” rather than “having”. This has resulted in rentals starting to improve for those best located schemes.

When looking at leisure parks - there has been a marked increase in investment demand over the past 12–18 months with over £265m of sales during this period. The future outlook is positive with occupier demand strengthening, especially in centres with a balanced tenant mix in strong locations, whilst consumers continue to prioritise experiential leisure spending. This, combined with a robust real estate underwrite, is creating an increase in investor demand for the sector which will doubtless result in future yield compression. A schedule of recent leisure comparable transactions can be found in Appendix 1.

In terms of Grimsby and its wider catchment, there is a distinct lack of cinema competition which is very unusual given the size of the catchment. The only existing cinema offer is Parkway in Cleethorpes, meaning they are in full control of the offering within the catchment, so both venues should work in unison and not in competition with each other. This is an ideal scenario.

Specifically on the Parkway Group, they fall within the smaller multiplex operator group, with their proposed offer for Freshney Place being 5 screens, including a stage that will cater for theatre and local community events. They are local and hence very familiar with the local catchment and are agile in order to be flexible to consumer patterns and changes in demand. The Parkway deal is market facing, and as they are a boutique operator, they don’t have legacy issues in terms of location, size and rent. We should therefore have confidence in Parkway performing well throughout their lease term. By comparison, it is fair to comment that in the current market, a larger 9-10 screen multiplex offering in Grimsby would simply be too large to be sustainable.

LEISURE UNIT – BOWLING, FAMILY ENTERTAINMENT CENTRES (FECS)

This sector remains an acquisitive and expanding market across both family and adult entertainment centres. The sector does though rely on large populations, or in smaller markets, repeat visits and reasonably large discretionary spend. FECs are now a maturing market, meaning that both consumers and landlords are getting much more familiar with the concepts on offer.

The sector operators can be summarised in 3 groups:

i) the large national chain players such as Hollywood Bowl, Ten Pin, Gravity, Superbowl, Namco.

ii) Niche operators typically found in city centres such as The Flight Club, Electric Shuffle Board, Lane 7, Jump Inc.

iii) Middle market operators who will look at all opportunities in most towns such as Flip Out. More of these operators are bringing a multitude of activities within their venues, expanding over and above the tried and tested bowling with amusement arcades, such as go-karting and soft play.

Generally, capital incentives of over £1m are required, and except for the national chains an SPV entity is offered on the lease. This is a sector with inherent risk and where covenant is key when assessing deal terms. There have been fewer new entrants, if any over the last 5 years, meaning that there should be more clarity on the interested parties' wider group financial standing.

Grimsby and Cleethorpes has a very limited FEC offering, so alongside the Parkway Cinema and a strong Food & Beverage (F&B) offering, we remain confident that a FEC will work well in Freshney Place. Covenant and the operator's customer proposition will be crucial in the decision making process.

F&B INCLUDING THE MARKET FOOD HALL

The F&B casual dining market remains generally robust despite continued increasing cost pressures. There remains a healthy number of operators who remain active in the UK market. The flight to prime comment referenced above certainly applies to F&B. Demand for smaller markets such as Grimsby is there, but it is vastly limited compared to larger towns and cities, and critical mass in the form of complementary adjacencies is key.

Getting the food offer right is critical. According to research from JLL, 66% of mall visitors say the F&B offer is important when choosing a centre to visit. Customers who eat during their trip to a shopping centre spend on average 27 minutes longer but - crucially - those that eat spend 18% more overall.

Barker Proudlove's (BP's) recent discussions with Nando's, Zizzi's and Loungers, identified that there is nervousness about locating currently in the town. Equally these operators have acknowledged there is value in being part of the new leisure extension as it will change the general perceptions of the area. This has happened in other similar locations like Newport and Barnsley. They remain confident that these 3 operators can be secured as a cluster of pre-lets, subject to suitable commercial incentives being made available.

As a general comment, BP are mindful that the Grimsby catchment is only so big with only so much repeatable discretionary spend, so there will be a tipping point for how many F&B offers can be sustainable long term. The market will naturally dictate the demand during the initial pre-let phase. However, there is a lot to play for as the proposed development scheme will only increase Freshney's market penetration and reduce leakage, which will have a positive knock-on effect for retail in the town centre.

BP are currently promoting 4 casual dining units, alongside 3 smaller coffee shops / independent food outlets, plus a c.10,000 sqft new Food Hall. This mix will remain under review. It is possible that there may be one too many units on the casual dining front, and consideration needs to be given to the amount of Food Hall servery counters that are realistically sustainable (5-8). Barnsley Market has around 10-11 outlets with around 500 shared seats and appears to be trading well, which is encouraging as Barnsley is not that dissimilar to Grimsby in size and demographic. The key is making sure the Freshney Food Hall offer is eclectic in that it offers a point of difference to the casual dining offers. It needs to be complementary and regional and not seen as direct competition.

SHOPPING CENTRE INVESTMENT MARKET COMMENTARY

RECENT ACTIVITY

Across investment markets, the final quarter of 2023 did not see a substantial pick up in either investor confidence or transactional volumes. This is also broadly true of the Shopping Centre market, which importantly did not see any of the major / large centres in the market at the end of last year transact. We estimate that a total of £1.43 bn transacted in 2023, which is broadly in line with 2021 volumes, but 25% down on 2022. 2024 in terms of transaction volume and sentiment has been heavily influenced by the sales of MeadowHall, Centre:MK, Princesshay in Exeter and Frenchgate Doncaster. Liverpool One we understand has been recently withdrawn.

Across the market, we have identified a heightened sense of optimism this year around the Shopping Centre market. The February purchase of Hammersons Union Square in Aberdeen by LoneStar (c. £112m) boosted previously fragile confidence in the prime end of the market. With c.£2bn of stock in the market and several that would be classed as 'institutional' quality stock and with LoneStar's purchase, there are cautious signs of returning institutional interest.

The institutional case for a shopping centre acquisition today can be summarized as follows: 1) sustainable income returns of (potentially) well above 10%; 2) falling vacancy and broadly rebased and affordable rents and 3) historically high yields, and therefore the opportunity to acquire marquee assets at a fraction of their long-term cyclical value.

Many of these points, however, are not recent developments and stubbornly high debt costs (and lack of willing finance) continue to challenge. There is no doubt, however, that lessening institutional resistance to retail in general would be a good thing for the market.

Ultimately, the market in 2024 has been characterised by the same trends as over the last 3-5 years. That is, opportunistic cash buyer and propco's (like MCore/Evolve) who can add value and stabilise income returns through active asset management, and those motivated by partial or total change of use, who will underwrite purchases on the back of overall land value. In our view, there remain four primary buyer profiles who can be summarised as follows:

1. **Regeneration/Repurposing**: Shopping centres where the Existing Use Value (EUV) is perceived to be lower than the Alterative Use Value (AUV). Generally, these assets are located in greater London, the southeast and major regional centres where values are conducive to redevelopment.

2. **Strategic land acquisition:** Shopping Centres where ambitious Local Authorities have been concerned that a defensive/undynamic commercial purchaser may take control of their key Town Centre asset, and their ownership will not be conducive to the delivery of council local ambitions. We have seen many councils decide to step in, with over 30 LA transactions in the last 3 years. Often these assets are in the hands of banks or disenfranchised owners and have difficult leasehold titles (which prevent capital expenditure on the assets) or mid-market/county towns where the schemes (fashion based) relevance is dissipating. Covid has increased the rapidity of change in shopping habits in these locations. Most Local Authorities have purchased key Town Centre assets with the objective to actively intervene in order to deliver town centre regeneration.

3. **Resilient community and convenience, existing use buyers:** Shopping Centres which are deemed to have an ongoing purpose as key parts of town centre's. Often these are community and convenience focused, supermarket anchored and with tenants that traded throughout covid and paid when they were able. There are a wide range of purchasers in this space, including MCore/Evolve, Praxis, Eurofund, Scoop AM.

4. **Opportunistic buyers:** We have seen several new entrants to the market who over the last three years re attracted predominantly by perceptions that the market offers value and have bought prolifically – often simply considering assets on a value per sq ft basis - their plan is focused purely on cutting costs and maintaining income. These buyers tend to buy distressed or neglected regional assets which offer a relatively sustainable income profile for a low price. Minimal capex is included as part of business plans and assets do not benefit from landlord driven improvements. Buyers that fit this type include: Adhan Group, Gluck Family.

The final group to add from 2023 is the emergence of retailers as a major purchaser of shopping centres, accounting for 4 major deals. Frasers Group accounted for three of these, and the fourth was Ingka Group's (Ikea) purchase of Churchill Square in Brighton. Falling debt costs this year might encourage further activity, but we expect these to fall away in the medium term as prices start to rise.

Our research team predict yield stabilisation and perhaps some slight yield compression over the next 24 months from September 2024 in the shopping centre market. Broadly speaking, this is more due to the expectation of reduced inflation, interest rates and bond yields filtering through to all property yields, rather than any fundamental change to the assets themselves. The case for buying remains strongest for 'right sized' regionally dominant and convenience led centres, which can offer strong income returns at historically high yields.

CLASSIFICATIONS	SEP 24	AUG 24 (-1 M)	JUN 24 (-3 M)	SEP 23 (-12 M)	SEP 22 (-24 M)
Dominant Regional	7.75%	7.75%	7.75%	7.25%	7.25%
City Centre / Sub Regional	8.50%	8.50%	8.50%	8.50%	8.75%
Secondary Towns	14.00%	14.00%	14.00%	14.00%	13.75%
Tertiary	17.00%	17.00%	17.00%	16.50%	16.50%

Recent shopping centre investment evidence can be found in Appendix 2.

LEISURE DEVELOPMENT IMPACTS

Freshney Place was principally purchased in order develop a new leisure scheme that, as part of the adopted Grimsby Town Centre Masterplan, would support and transform the town centre of Grimsby and act as a major catalyst for change generating numerous social and economic benefits.

A study commissioned by the BFI and the Creative Industries Policy and Evidence Centre (Creative PEC) in late 2023 shows that while cinemas are already known to be among the most widely accessed and enjoyed venues for people to experience culture and entertainment, contributing over £1bn a year in GVA to the UK economy, until now there has been no robust analysis to evaluate their value to society through the wider range of valuable and enriching experiences that cinemas provide.

Using valuation techniques derived from the DCMS's Culture and Heritage Capital framework, Measuring the Economic Value of Cinema Venues, finds that the cinemas within the study delivered significant and positive wider value to society equivalent to £600,000 per cinema every year, amounting to £5.18m over 10 years. This social value is in addition to the value generated by cinemas through ticket and other sales and memberships, which for the average UK cinema has been estimated to be £1.18m a year.

Analysis found the six chosen cinema venues – Broadway in Nottingham, Cameo in Edinburgh, Everyman in Cardiff, Light in New Brighton, Ritzy Cinema and Café in Brixton and Vue Cinema in Glasgow Fort – each provide a focal point around which people engage within an area, driving footfall and spending in other areas.

Less than 2% of cinema-goers surveyed said they do not engage in other activities as part of their cinema trip, and almost two-thirds (63%) of the respondents stated that the study cinema venue contributes to "their sense of pride in the area where they live". Beyond this, the report establishes that cinemas are likely to drive footfall and spending in other venues, indicating that they can make an important contribution to revitalising high streets.

We have therefore also looked to analyse the impact new leisure development has had in other town centre schemes that we have been able to identify, principally around variables such as footfall, car park usage and spend data etc. There is no exact science, and some evidence may be anecdotal, but in general these schemes and town centres identified below have seen positive impacts as the result of new leisure development:

SILVERBURN LEISURE EXTENSION, GLASGOW

In 2015, Silverburn extended the Centre's offer with a leisure development. The £20m, 100k sq ft extension was a significant addition to the footprint of Silverburn that has helped to build its regional appeal. Anchored by a 50,000-square foot, 14-screen Cineworld multiplex, Silverburn's leisure extension included an overhaul of the Centre's food and beverage offer. Silverburn offered sixteen new and redesigned restaurants within the extension alone including Thaikhun, Five Guys, Cosmo, and Zizzi.

The cinema offer has proven to be highly successful and delivered 800,000 ticket sales and £5m of box office revenue in 2016. Subsequent to the opening of the Silverburn Leisure Extension and the Centre has experienced a 7.9% increase in footfall and 11.7% increase in like-for-like catering sales the year following its opening.

BLACKPOOL, HOUNDSHILL SHOPPING CENTRE

The Council purchased the shopping centre in 2019 for £48m. Its anchor store Debenhams closed in May 2021 and was replaced with a Frasers in 2023 along with its other brands Flannels and Sports Direct. This alone increased the footfall to the centre by 13%. The second phase of Houndshill Shopping Centre saw the opening of the Backlot Cinema and Diner in March this year following a £21m investment – we await to see the impact.

ASHINGTON PORTLAND PARK, NORTHUMBERLAND

Proposed delivery of a 5 screen cinema with 9k sq ft of F&B and 41k sq ft of retail space to be developed by the County Council. Not yet delivered but a survey indicated 78% of the population say they would visit on average every two months, estimated at c.700,000 visits per annum equating to a 10% increase in footfall.

ST ENOCH, GLASGOW

Sovereign Centros delivered a new development including a 9 screen cinema operated by Vue with 8 new restaurants for £30m which opened in 2019. The scheme has generated an additional 2m in annual footfall, an additional c.£12m spend and a 5% increase in catering conversion.

PRESTON CITY CENTRE

As study was conducted in August 2014 to analyse the case for a city centre cinema development. The economic study indicated that the short term benefits of such a development would potentially create 13-220 construction job years with an associated GVA impact of £4.5m - £7.2m for the duration of the works. Upon completion up to 30 full time jobs in the direct employment by the cinema and c.£1m, £3m and c.£2m GVA contribution from the cinema, direct from new restaurants and offsite linked supply chains respectively.

THE GLASS WORKS, BARNSLEY

The £150m Glass Works fully opened in 2021 and has gone from strength to strength ever since. Footfall for The Glass Works and Barnsley Market was 6.8m in 2023, a 22.5% increase compared to the previous year, and the occupancy rate for Barnsley Market is currently 96%, one of the highest in the country.

More than two million people visited between January and March 2024, attracted by a number of events such as Barnsley FC matches and pop-up days in the Glass Works' public square.

The reasons for this increased popularity have been the addition of a 13 screen cinema, 2 leisure boxes (16,000 sq ft each), a food hall (15,000 sq ft), 6 restaurants, Barnsley Market (60,000 sq ft) and a Community Diagnostic Centre and Library @ the Lightbox.

4.0

EXISTING MARKET VALUE

EXISTING MARKET VALUE

EVENTS SINCE 2022 PURCHASE

Freshney place was purchased in August 2022 based on the following:

Gross Income	£3,870,674
Net Operating Income	£1,682,130
Montagu Evans Estimated Rental Value (ERV)	£2,588,695
Purchase Price net of costs	£15,500,000
Net Initial Yield	10.17%

Including fees, stamp duty and VAT the gross purchase price in 2022 was £16,543,512.

There were approximately 90 active tenants with 61 lease events within the 2 years following purchase. Since purchase over 35 of these have been addressed. Other key factors / events that have occurred since purchase:

- Preparing for development – vacant possession has been successfully achieved, without recourse to compulsory purchase, of Flottergate Mall and the required section of Friargate ready for development. The NOI of these redundant units to be demolished for redevelopment has expectedly fallen from £160,335 to -£518,287, a swing of £678,622 per annum.

  1-7 Victoria Street (former BHS) remains vacant ready for redevelopment. It has a negative income of -£235,680 per annum in service charge shortfalls (the unit has been removed from the rating list and is therefore exempt from business rates). This unit also forms part of the development and will be refurbished to form the new Market space.

- The former House of Fraser (HoF) unit at 9-29 Victoria Street has also been purchased by the Council for £350k since the purchase of the Shopping Centre. This unit has been vacant since House of Fraser closed four years ago.

- Car park income has reduced to £98k per annum (linked to preparing the Centre for partial redevelopment) and the estimated cost for the car par refurbishment works has increased to £3m since purchase date. Further maintenance works as identified by Black Cat specialist building surveyors, are estimated to be in the region of £6million which have been included in the expenditure and cashflow.

These events have been accounted for within the following existing use valuation detailed below.

EXISTING USE VALUATION

The existing use valuation assumes a do nothing scenario - i.e. the leisure development does not take place. The value will therefore equate to the existing market value of the current Freshney Place units plus the former House of Fraser which has now also been purchased by the Council. In this scenario we have adopted a potential re-leasing plan with associated costs.

Queensberry have provided us with an up to date tenancy schedule dated September 2024 which we have relied upon for our valuation.

Statutory Enquiries and legal Interest – Please refer to the purchase report dated 3 August 2022 for full details relating to the Statutory and legal enquiries undertaken as well as general property information including condition, measurement and services.

INCOME PROFILE

As of 27 November there are approximately 86 active leases at the centre which include the various storage areas and substations. Of these there are 24 units with an annual rent of £50,000 or higher, with 8 of those over £100,000pa.

Within the centre, we understand that 42 lettable units (including storage areas) are currently vacant. This is predominantly due to the vacant possession achieved at Flottergate and Friargate in anticipation on the leisure development and a number of vacant storage areas. This equates to a vacancy rate of 23% by net floor area. Some of the most significant vacant units are outlined below, together with reletting assumptions.

Estimated Rental Values (ERV's) – we have relied upon the ERV's provided to us by Queensberry. These have been derived from the expertise of the current retained leasing agents – Barker Proudlove – who undoubtedly have the best and most up to date knowledge of rents and unit by unit lettability at the Centre.

Our view is therefore on a unit by unit basis and has been deliberately cautious in order to present NELC with a prudent and realistic picture of future lettings and income levels in a no leisure scheme world. We have not assumed any rental growth, nor uplift in rents as a result of the non delivery of the leisure development. The below therefore represents a cautious and potentially downside view as a result.

Whilst this still shows the centre as under rented (Income is below estimated rental levels) – this is due to our assumptions that vacant units in the centre are let following capital expenditure and the provision of leasing deals which cover occupational costs only.

We have summarised the income profile below:

INCOME SUMMARY	
Current Gross Rent	£3,548,166
Landlord Shortfalls	-£1,741,617
Current Net Operating Income	£1,806,549
ME Estimated Rental Value	£3,098,195

TENANCIES AND ASSUMPTIONS

Our view in this existing use valuation has been to model the asset as a cautious third party purchaser – excluding both the financial and non financial benefits to NELC that would result from the proposed leisure development.

In our analysis we have considered each unit tenancy by tenancy, as well as separating the centre into three main zones with different generic leasing assumptions. It is clear that the Friargate units are the most desirable, attracting higher rental levels and greater occupier demand. The Flottergate, Baxtergate and Clayton Walk units are more challenging from a letting perspective.

Capex assumptions:

We have made significant capital expenditure assumptions associated with the car park resurfacing / works identified, as well as capex required to relet units and lettings incentives. These assumptions are summarised below:

- Car parking: Assumed cost of £3m of cost for the car park works spread over 8 years within our model.

- Additional repair – recently identified additional maintenance cost totaling £6m – assumed £1.2m spend per annum over 5 years starting in year 2. We have assumed 33% (c.£2m) of this sum is recovered through the service charge budget over 5 years from year 3 onwards.

- Yearly 'War Chest': We have taken the prudent assumption to allocate £150,000 per annum of contingency monies to cover unforeseen lettings costs and additional expenditure not identified at this stage.

- Total capex included for unit improvement and refurbishments (excluding the HoF unit assumptions) equates to £1.495m. This predominantly comes out in years 1-3 for the vacant units and vacancies within the first c.3 years.

- 9-29 Victoria Street (former HoF) – refurbishment capex equates to £3.8m.

- We have included an annual asset management fee of £125k pa.

We believe the above represents a sensible and cautious approach to expenditure on the asset. We would highlight that this is likely to be a far greater commitment than would otherwise have been invested by a private sector buyer.

INCOME PROJECTIONS AND RETURNS

We have analysed the potential income over a ten-year period in line with market practice. A summary of this cash flow is included on the following page. For clarity, this includes all the capex identified above.

When considering the cash flow below we would highlight the following:

- Total income line is a net figure (inclusive of any service charge / rates inclusive lease agreements and rent frees) no further deduction is required.

- Total costs accounts for the capex identified above as well as costs arising from vacant units (service charge + rates and insurance obligations payable by the landlord). This is naturally higher in the first few years of ownership reflecting the number of vacant units (as a result of the vacant possession work undertaken on the units required for the leisure development) that require reletting and reduce through the hold period. Total costs also include reletting fees, assumed to be 15% of the estimated reletting rental value.

	Oct 24 - Sept 25	Oct 25 - Sep 26	Oct 26 - Sept 27	Oct 27 - Sep 28	Oct 28 - Sept 29	Oct 29 - Sep 30	Oct 30 - Sept 31	Oct 31 - Sep 32	Oct 32 - Sept 33	Oct 33 - Sep 34
Period:	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Year commencing:	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Unleveraged Cashflow										
Total Income	£2,028,622	£2,307,167	£2,548,450	£2,804,465	£2,615,565	£2,901,265	£2,961,732	£3,105,482	£2,468,522	£2,764,073
Headlease	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Costs	(£3,316,152)	(£3,987,263)	(£2,451,819)	(£1,842,204)	(£1,772,597)	(£1,524,643)	(£265,751)	(£650,000)	(£754,860)	(£544,470)
Net Purchase Price	(£14,054,765)	£0	£0	£0	£0	£0	£0	£0	£0	£0
Purchasers Costs	(£945,235)	£0	£0	£0	£0	£0	£0	£0	£0	£0
Gross Sale Price	£0	£0	£0	£0	£0	£0	£0	£0	£0	£23,193,498
Purchasers Costs	£0	£0	£0	£0	£0	£0	£0	£0	£0	(£410,101)
Stamp Duty	£0	£0	£0	£0	£0	£0	£0	£0	£0	(£1,075,829)
Sales Costs	£0	£0	£0	£0	£0	£0	£0	£0	£0	(£410,101)
Net Ungeared Cashflow	(£16,287,530)	(£1,680,096)	£96,632	£962,261	£842,967	£1,376,622	£2,695,981	£2,455,482	£1,713,663	£23,517,070

The cash flow included above, reflects the output of the assumptions tabled below. Most private sector investors evaluate an opportunity either on an Income Return basis (i.e. how much income / yield they will see on their investment), or, on an Internal Rate of Return basis (i.e. what percentage combined income and capital return they will see on their investment).

FRESHNEY PLACE EXISTING– ASSUMPTIONS TABLE	
REVENUE	
Rental Growth (Retail)	2022 – 0%; 2023 – 0%; 2024 – 0%; 2025 – 0%; 2026-0%; 2027 - 0%.
Hold Period	10 years
Entry Price (£)	£14,050,000
Entry / NIY (%)	12.04%
Entry Income (£)	£1,806,549
Gross ERV (£) (RY%)	£3,098,195 pa (20.63% NRY)
Costs	
Purchaser's Costs	6.73%
Expiry Voids / Rent Free	12 months / 12 months (Friargate, Flottergate) 12/24 (Baxtergate and Clayton Walk) 1-7 Victoria Street – remains vacant
Capital Expenditure	• Car parking: We have included £3m of capex for car park resurfacing / works within our model, spread over an 8 year period. • Additional building maintenance totaling £6m – assumed £1.2m spend per annum over 5 years starting in year 2. Assumed 33% (c.£2m) of this sum is recovered through the service charge budget over 5 years from year 3 onwards. • Yearly 'War Chest': We have taken the prudent assumption to allocate £150,000 per annum of contingency monies to cover unforeseen lettings costs and additional expenditure not identified at this stage. • Total of £1.495m is included for unit improvements and refurbishments to vacant units (excluding Hof). This predominantly comes out in years 1-3 of ownership. • Total of £3.8m of capex for HoF works. • AM fee £125k pa.
Re-letting Fees	15%

Net Entry Price	£14,050,000
Entry Yield (NIY)	12.04%
Exit Yield	12%
Exit Price	£23,193,498 (£21,297,467 net receipt)

We would highlight that these returns are commensurate with what a private sector purchaser would consider appropriate for this type of asset. In particular, the fact that the asset delivers a running yield of c.10% plus from Y6 onwards would be viewed as attractive.

VALUATION

Having had regard to all of the factors discussed above, our opinion of value for Freshney Place in its current state assuming no leisure development is:

£14,050,000

(Fourteen Million and Fifty Thousand Pounds, GBP)

5.0

SHOPPING CENTRE VALUE WITH LEISURE DEVELOPMENT

VALUATION ASSUMING LEISURE DEVELOPMENT

In this valuation scenario we have valued Freshney Place assuming the leisure development goes ahead, reflecting the combined impact and benefit on the shopping centre, leisure, and car parks.

We have assumed the development will be fully income generating as of January 2028. This Valuation of the centre therefore effectively reflects the income assumed as of January 2028 when the leisure development has completed and is fully let.

INCOME, TENANCIES AND ASSUMPTIONS

ERV's – we have relied upon the ERV's provided to us by Queensberry and Barker Proudlove and therefore the ERV's within this valuation mirror those of the existing use valuation. The only exceptions being:

- Car Parking – we have assumed an ERV of £170k per annum. This assumes the current budgeted income increases by 10% as a result of the leisure development to £770k whilst the budgeted cost remains the same at c.£600k – producing an ERV of £170k pa. This is assumed to be upon completion of the leisure development.

- Leisure Centre Development ERV of £734,739 pa included and fully income producing as at January 2028 when the leisure centre development is complete. The Flottergate, Friargate and 1-7 Victoria Street units have been removed from the valuation assuming demolition.

- 9-29 Victoria Street (former HoF) – assumptions remain the same as detailed within the exiting use valuation with an assumed new letting, and two new additional retail units forming part of the refurbished former HoF unit which will also be fully income producing by January 2028.

As per the exiting use valuation our analysis considered each unit tenancy by tenancy, and the assumptions on each unit that still remain within the centre following the development remain the same. The Friargate units remain the most desirable, attracting higher rental levels and greater occupier demand. The Flottergate, Baxtergate and Clayton Walk units are more challenging from a letting perspective.

Our generic leasing assumptions remain the same as the exiting use valuation with the exception of:

Friargate, Flottergate and 1-7 Victoria Street:

- Units that were vacant and to be demolished / redeveloped as part of the leisure development have been removed from the valuation – all letting voids and capex assumptions have been removed.

- Remainder of the Friargate units still in existence – the assumptions regarding voids, and capex remain the same as the exiting use valuation.

The assumed NOI as of January 2028 at practical completion of the development plus 1 year - upon which the asset will be fully income producing equates to:

INCOME SUMMARY	
NOI as of January 2028	£3,784,481

CAPEX ASSUMPTIONS:

- We have retained the £3m car park capex assumptions and £150k contingency to cover unforeseen letting costs and additional expenditure as per the exiting use valuation.

- Additional repairs – identified additional maintenance cost totaling £6m – assumed £1.2m spend per annum over 5 years starting in year 2. We have assumed 33% (c.£2m) of this sum is recovered through the service charge budget over 5 years from year 3 onwards.

- Similar capex assumptions have been retained regarding capex required to relet units and letting incentives, however, now the vacant Friargate, Flottergate and 1-7 Victoria Street units have been demolished / redeveloped this figure has been reduced by £670k to £925k in total excluding the former HoF unit costs.

- 9-29 Victoria Street – refurb capex equates to £3.8m as per the exiting use valuation.

- We have included an annual asset management fee of £125k pa.

We believe the above represents a sensible and cautious approach to expenditure on the asset with the leisure centre development now incorporated.

VALUATION

Having had regard to all of the factors discussed above, our opinion of value for Freshney Place as of January 2028 when the leisure development is complete and therefore reflecting the combined impact and benefit on the shopping centre, leisure, and car parks is:

Purchase Variables		
Cashflow Date		Jan-28
Total Est income	Actual Income:	£3,784,481
Exit Yield		10.60%
Gross Sale Price		£35,590,032
Purchasers Costs	1.8%	-£617,820
Stamp Duty	5.0%	-£1,625,812
Net Receipts		£33,324,000

Say:

£33,000,000

(Thirty Three Million Pounds, GBP)

INCOME PROJECTIONS AND RETURNS

We have also analysed the potential income over a ten-year period in line with market practice from today's date. A summary of this cash flow is included on the following page. For clarity, this includes all the capex identified above including the addition of the £49.964 million total costs required for the leisure development.

When considering the cash flow below we would highlight the following:

- Total income line is a net figure (inclusive of any service charge / rates inclusive lease agreements and rent frees) no further deduction is required.

- The total income figure at the beginning of the cash flow is an improvement on the existing use value income figure of £1.8m due to the removal of the vacant units within Flottergate, Friargate and 1-7 Victoria Street that are due for demolition / redevelopment.

- Total costs accounts for the capex identified above, of which the development cost of £49.964m is by far the largest, as well as costs arising from vacant units (service charge + rates and insurance obligations payable by the landlord). This is naturally higher in the first few years of ownership reflecting the number of vacant units that require reletting and the two year development period.

Period:	Oct 24 - Sept 25 1	Oct 25 - Sep 26 2	Oct 26 - Sept 27 3	Oct 27 - Sep 28 4	Oct 28 - Sept 29 5	Oct 29 - Sep 30 6	Oct 30 - Sept 31 7	Oct 31 - Sep 32 8	Oct 32 - Sept 33 9	Oct 33 - Sep 34 10
Year commencing:	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Unleveraged Cashflow										
Total Income (annualised)	£2,621,116	£2,628,261	£2,800,508	£3,668,202	£3,784,481	£3,740,014	£3,973,390	£4,078,690	£4,016,246	£3,559,046
Headlease	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Costs	(£22,428,600)	(£25,896,936)	(£9,800,922)	(£1,842,204)	(£1,772,597)	(£1,524,643)	(£265,751)	(£650,000)	(£754,860)	(£544,470)
Net Purchase Price	(£14,054,765)	£0	£0	£0	£0	£0	£0	£0	£0	£0
Purchasers Costs	(£945,235)	£0	£0	£0	£0	£0	£0	£0	£0	£0
Gross Sale Price	£0	£0	£0	£0	£0	£0	£0	£0	£0	£35,590,032
Purchasers Costs	£0	£0	£0	£0	£0	£0	£0	£0	£0	(£619,415)
Stamp Duty	£0	£0	£0	£0	£0	£0	£0	£0	£0	(£1,630,036)
Sales Costs	£0	£0	£0	£0	£0	£0	£0	£0	£0	(£619,415)
Net Ungeared Cashflow	(£34,807,484	(£23,268,675	(£7,000,414)	£1,825,998	£2,011,884	£2,215,371	£3,812,939	£3,428,690	£3,261,386	£35,735,742

The cash flow included above, reflects the output tabled below.

Net Entry Price	£14,050,000
Entry Yield (NIY)	17.84%*
Exit Yield	10.60%
Exit Price	£35,590,032 (£33,324,000 net receipt)

*Note the entry yield (NIY) differs from the existing use valuation as the total NOI figure at the beginning of this cash flow valuation where the development is included is an improvement on the existing use value income figure of £1.8m due to the removal of the vacant units within Flottergate, Friargate and 1-7 Victoria Street that are due for demolition.

6.0

SUMMARY

SUMMARY

VALUATIONS

Having had regard to the factors discussed above, our opinions of value are:

1. Existing Market Value of Freshney Place plus the former House of Fraser which has now also been purchased by the Council – adopting a potential re-leasing plan with associated costs.

   £14,050,000
   (Fourteen Million and Fifty Thousand Pounds, GBP)

   The value of the scheme has therefore fallen since its purchase in August 2022 for £15.5m. This was to be expected and is primarily due to the following:

   Preparing for development – vacant possession has been successfully achieved on the redundant Flottergate Mall units and the required section of Friargate that are to form part of the development. The net operating income of these units as a result has significantly and expectedly fallen by c.£675k.

   The car park income has also reduced to £98k per annum, linked to preparing the Centre for partial redevelopment, and the estimated cost for the car park refurbishment works has also increased to £3m since purchase date.

2. Value of the scheme if the leisure development goes ahead, reflecting the combined impact and benefit on the shopping centre, leisure, and car parks 12 months after Practical Completion of the development and upon becoming fully income producing.

   £33,324,000
   (Thirty Three Million Three Hundred and Twenty Four Thousand Pounds, GBP)

CONFIDENTIALITY

This report, together with its appendices, is provided for the use only of the party to whom it is addressed and is for the sole purpose for which it was commissioned; no responsibility is accepted to any third party for the whole or any part of its content.

The report is specifically provided for the Client. The basis of recommendation may not be appropriate for other purposes and should not be so used without prior consultation with us.

Neither the whole nor any part of this Report nor any reference thereto may be included in any published document, circular or statement, nor published in any way without our written approval of the form and context in which it may appear.

Yours faithfully,

Adrian Peachey

MRICS – RICS Registered Valuer
Partner

Montagu Evans LLP

+44 (0) 207 312 7524
adrian.peachey@montagu-evans.co.uk

(The Partner who has overseen the report)

Matthew Dickman

MRICS
Associate

Montagu Evans LLP

+44 (0) 207 312 7401
matthew.dickman@montagu-evans.co.uk

(The Surveyor who has prepared the report)

APPENDIX 1.0

LEISURE INVESTMENT TRANSACTIONS

Date	Address	GIA (sq ft)	Rent (pa)	Rent (psf)	Price	Price (psf)	Term Certain (Yrs)	NIY	Comments
May-24 (Withdrawn)	No10 Shiprow **Aberdeen**	65,115	£792,835	£12.17	£3,000,000	£ 46	2.90	24.80%	Purpose build leisure facility comprising a 7 screen VUE cinema and leisure operator Lane 7. VUE cinema accounts for lease expires Jan-26. Lane 7 expires Jun-37 but a break option is available Jun-32. ERV of £512,168. Two vacant and ground floor units with a combined ERV of £70,270.
Nov-23 (Withdrawn)	Broad Street Plaza **Halifax**	113,267	£1,967,608	£17.37	£16,760,000	£148	10.0	11.00%	Dominant mixed use leisure development for the catchment totalling 113,267 sq ft, together with a 429-space multi-storey car park. WAULT 15.2 (10 tp break). Anchored by VUE Cinema (13.8 years term certain) and APCOA car park (8.7 years term certain) contribute to 42% pf the total contracted rent. 67% of income is subject to RPI/fixed increases. Previously under off below quote. Purchaser did not perform and has been withdrawn to complete AM.
Sep-23 (Withdrawn)	Bedford Riverside **North Bedford**	170,376	£1,504,778	£8.83	£15,650,000	£ 92	15.8	9.00%	Modern scheme constructed in 2017. Premier Inn comprises 34% of income with 14.5 yrs to brk CPI 4% cap. LLH 250 years from 2015 at peppercorn from council. Residential above sold off on part of scheme. Previously under offer at c. 9% NIY / £15.65m. Noting that if 5.5% is apportioned to Premier Inn the remaining leisure is priced at 13.5%. Withdrawn to complete AM. Expecting to be re-launched Q2 2024.
Mar-23 (Withdrawn)	Starcity **Birmingham**	396,395	£5,798,154	£14.63	Q: £63,880,000	£159	12.41	8.50%	A substantial scheme extending to 23.41 acres with 2,357 car parking spaces. Anchored by Vue cinema, Gravity, Capital Go Karting and variety of local and national F&B occupiers. 31 units Withdrawn with interest reported around the c. £50m mark, and understood to have been refinanced. Vendor currently considering relaunching and having discussions with investors – interest now in the region of £45m.
Jun-24 (Avail)	Coppins Bridge Leisure Park **Isle of Wight**	73,106	£711,916	£9.74	Q: £6,000,000	£82	4.40	Q: 11.11%	A modern leisure and retail scheme extending to 73,106 sq ft. Anchored by Cineworld, the only multiplex cinema on the island. A 4.66 acre freehold and virtual freehold ownership. Cineworld lease benefitting from CPI linked rent reviews (collar and cap of 1% and 3%). 62% of the current income is leased to tenants with a Below Average or better risk rating by Experian.
Jun-24 (Avail)	Gallagher Leisure Park **Bradford**	79,638	£1,179,789	£14.80	Q: £10,000,000	£126	8.6	Q: 11.06%	Gallagher Leisure Park is a modern leisure scheme comprising a 13-screen Odeon Luxe cinema (refurbished 2017), a gym and two drive thru restaurants. 100% let to four established, national occupiers: Odeon, Pure Gym, Costa Coffee and Mulcroft Ltd (t/a KFC). Scheme benefits from a generous parking provision, with 758 car parking spaces. Freehold.
May-24 (Avail)	ODEON **Preston**	35,910	£805,352	£22.43	Q: £6,560,000	£183	14.5	Q: 11.50%	Long leasehold (141 years UXT) interest of a purpose built 10-screen multiplex cinema that was constructed in the 1990s. The rent is reviewed annually to RPI (collar and cap of 1% & 5%). The property is situated on a 3.6 acre site and benefits from 220 car parking spaces.
May-24 (U/O)	Piries Place **Horsham**	93,447	£1,521,900	£19.11	£15,000,000	£160	14.0	c.9.50%	Prime mixed-use leisure led development situated in Horsham Town Centre. he scheme totals 93,447 sq ft, let to 22 tenants, directly adjacent to a council owned multi storey car park providing approximately 516 parking spaces. 67% of the income is secured by Premier Inn, Miller & Carter, Everyman and White Brasserie. Freehold 1.5 acre site. U/O around c. 9.50% NIY,

May-24 (U/O)	High Bridge Place **Chelmsford**	61,821	£1,289,103	£14.20	£13,350,000	£215	10.0	c. 9.00%	Freehold interest of a purpose built retail and leisure accommodation currently configured to provide 8 units, extending to 61,821 sq ft, together with 273 car parking spaces equating to ratio of 1:226 sq ft. The ground floor of the adjacent multi story car park is held leasehold from the Borough Council of Chelmsford for a term of 150 years from 29th September 1995 at a peppercorn rent. In total, both sites equal 5 acres. U/O just softer than quote.
May-24 (U/O)	ODEON **Huddersfield**	77,932	£1,315,401	£16.88	£6,170,000	£79.17	14.8	c. 20%	Long Leasehold interest of a 9-screen multiplex cinema let to Odeon Cinemas Limited on a lease benefitting from annual RPI-linked rent uplifts (collar and cap of 1% and 5%). 9 screen multiplex cinema, benefitting from 2,155 seats. Held on a 25 year lease to United Cinemas Limited with Odeon Cinemas Limited providing surety. Long leasehold.
Mar-24 (Yes)	OMNI **Edinburgh**	585,187	£5,555,892	£21.40	c. £64,100,000	£109	20.8	8.11%	Substantial standalone asset in the heart of Edinburgh city centre, comprising modern, purpose-built Cinema, Health Club, Hotel, F&B and Car Park accommodation. 87% of the income benefits from index linked or fixed uplifts, providing guaranteed rental growth and income performance. Corporate deal
Mar-24 (Yes)	East Gate Leisure Quarter **Llanelli**	90,918	1,230,912	£13.53	£9,000,000	£99	8.7	12.82%	Long leasehold interest of a 95,082 sq ft town centre leisure scheme in Llanelli. Let to Hungry Horse, Lextan, Nandos, Carmaarthenshire Coffee, Joe's Ice Cream, Scarlets, Odeon, David Jenkins, Snap Fitness, Job Force Wales, Carmarthenshire County Council, Travelodge. 9.9 yr WAULT (8.7 to break) Off market transaction sold by Abrdn PAIF via Morgan Williams. Elstar were the purchaser.
Feb-24 (Yes)	Larkswood Leisure Park **Chingford**	47,248	£681,490	£14.42	£7,300,000	£155	16.1	8.75%	Sold prior to auction. Long Leasehold interest (177 years unexpired). Tenants consist of Nufffield Health, Tesco, Busy Bees Day Nurseries and Harvester. Nuffield Health on a lease benefitting from 19 years unexpired, at a passing rent £443,456 and Annual CPI linked uplifts with collar and cap of 2%-4%. Tesco benefitting from a 15-year lease commencing Dec-22 at £90,000 pa with 5-yearly CPI linked reviews with a collar and cap of 0%-3%. Busy Bees Dat Nursery benefitting from a 25 year lease from Apr-2002 with a current passing rent of £148,034 pa with no further reviews before expiry in 2027. Harvester benefit from a long leasehold interest of 199 years from Apr-2002 at a peppercorn rent.
Feb-24 (Yes)	The Old Dairy **South Ruislip**	132,606	£3,239,811	£24.33	£34,500,000	£260	18.8	8.80%	Freehold, 8 acres. 506 car spaces (inc. 51 electric car charging points) equating to 1:256 sq ft. C. 90% of the income benefits from RPI/fixed increases.
Dec-23 (Yes)	Meridian Leisure Park **Leicester**	155,000	£2,277,581	£14.89	£25,000,000	£161	11.7	8.50%	Freehold 19.8 acre site. The leisure park anchored by Vue Cinema and Hollywood Bowl. The park is 99% let with over half the income benefiting from rental indexation or fixed uplifts. A total of 16 units with a strong trading profile.
Dec-23 (Yes)	Colonnades Leisure Park **Croydon**	174,362	£2,651,998	£16.06	£30,000,000	£179	6.85	7.75%	The scheme extends to174,362 sq ft and comprises retail accommodation at ground floor, leisure accommodation at first floor, an 81-bed hotel and 5 restaurant units. There are a total of 480 car parking spaces which provides a car parking ratio of 1:363 sq ft. 52%of income subject to index linked or fixed rental increases.

Nov-23	Kettering Leisure Park **Kettering**	49,845	£511,875	£10.26	£3,000,000	£60	14.0	16.00%	The scheme is currently an Odeon anchored leisure scheme with a KFC drive thru, a Spirit pub and two vacant restaurant units. Anchored by Odeon Cinema and Spirit Group Limited. Anchors account for 86% of total income,
Nov-23 (Yes)	Vue **Carlisle**	42,635	£500,000	£11.72	£3,800,000	£89.13	17.0	12.75%	Freehold. A seven screen multiplex cinema with 1,597 seats. Entirely let on a FR&I lease to Vue Entertainment Limited with a guarantee from Vue Entertainment Holdings (UK) Limited. The lease benefits from RPI-linked five yearly rent increases (collar and cap of 2% and 3%. The next rent review is due 25 March 2025.
Nov-23 (Yes)	Silverlink Leisure Park **Newcastle**	56,847	£1,241,105	£21.83	£9,325,000	£164	11.7	12.48%	Purpose-built cinema complex with four adjoining restaurant units totaling 56,847 sq ft GIA, which is the primary leisure component of the wider Silverlink Retail Park development. Freehold site extending to 6.44 acres, reflecting a very low site coverage of 20%.
Oct-23	Pride Park Leisure **Derby**	116,661	£893,040	£7.65	£8,400,000	£72	10.0	10.0%	7.68 acre freehold site. The scheme comprises a leisure building which includes facilities for five aside football, laser tag, a trampoline park etc, as well as F&B. 456 car parking spaces
June-23 (Yes)	Knights Park **Tunbridge Wells**	103,594	£1,313,966	£14.16	£17,840,000	£172	14.1	6.90%	Odeon anchored scheme. In addition to Hollywood Bowl and Nuffield health. Poor F&B offer, with plans to redevelop. 14-acre site, with redevelopment potential. Confidential.
Mar-23 (Yes)	Great North Leisure Park **Barnet**	90,000	£1,300,000	£14.44	c.£40,000,000	£444	5.27	3.25%	Sale launched Apr-22 through JLL Freehold Site is earmarked for a residential-led development
Mar-23 (Yes)	Pavilions West **Peterborough**	15,860	£391,776	£24.70	£3,495,000	£220	5.4	10.50%	Agent reports under offer c. 10% (Jan 2023) 153 car parking spaces B rated EPCs across all units
Jan-23 (Yes)	Leisure @ Cwmbran **Cwmbran**	88,639	£826,833	£9.16	£6,380,000	£72	9.4	12.15%	Freehold. Bid at 12% Nov-22. Original quote price £8.61m / 8.75% NIY
Jan-23 (Yes)	Peel Leisure & Retail Park **Blackburn**	187,446	£1,818,226	£9.70	£12,500,000	£67	8.2	10.00%	2 vacant units. No income on unit F or DW (with associated void costs). Has exchanged - not yet completed. Triple net income yield is 10%.
Dec-22 (Yes)	The City Gates **Swansea**	154,752	£2,198,705	£10.67	£18,700,000	£120	15.2	11%	FRI lease terms, New let to Wagas, Reversionary leases agreed with VUE in 2021.
Nov-22 (Yes)	Odeon **Basingstoke**	39,792	£611,245	£15.36	£3,620,000	£90.97	3.9	15.85%	5 yearly OMV reviews 1.67 acres Long leasehold - owned by Basingstoke Council - 125 years from 1990 (c. 93 yrs unexpired). Original quote was £3.83m / 15%.
Apr-22 (Yes)	Doncaster Leisure Park **Doncaster**	38,603	£746,323	£19.33	£9,000,000	£233	17.4	7.75%	Primary out of town in Doncaster. Vue recently extended lease. Held long leasehold for remaining term of 111 years. Exchanged April 2022. 754 car parking spaces (1:51 sq ft).

APPENDIX 2.0

SHOPPING CENTRE INVESTMENT TRANSACTIONS

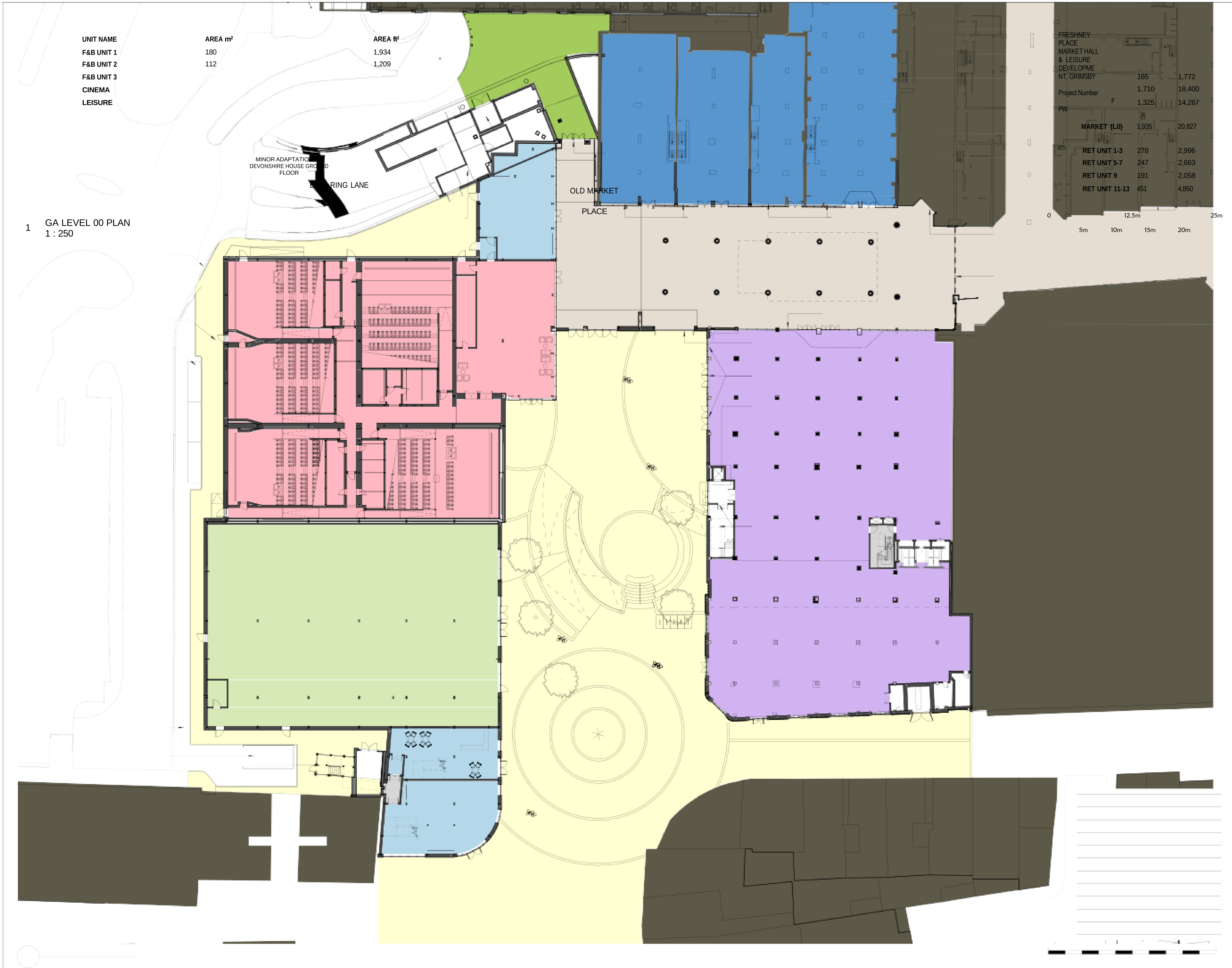
PROPERTY	FREEHOLD / LEASEHOLD	PRICE	NIY (%)	DATE	PURCHASER	GIA (SQ Ft)	CAP VAL PSF	COMMENTS
The Centre MK, Milton Keynes, MK9 3ES	Freehold	£145,000,000	8.50%	Nov-24	Royal London Asset Management	1,790,000	£81	Vendor - AustralianSuper Fund. 50% passive stake purchased by RL
Tudor Arcade, Dorchester, DT1 1BN	Long Leasehold	£4,650,000	11.50%	Nov-24	PPR	30,085	£155	Scheme comprises 7 units. Under offer to PPR
Anglia Square Shopping Centre, Norwich, NR3 1DY	Freehold	£6,000,000	0.00%	Nov-24	Homes England	363,567	£17	Under offer. Columbia Threadneedle are the Vendor.
Swan Walk, Horsham, RH12 1HQ	Long Leasehold	£14,000,000	11.00%	Nov-24	NFU Mutual	304,025	-	Purchased by NFU mutual after it previously fell through
Pavilion Shopping Centre, Tonbridge, TN9 1SD	Freehold	£4,650,000	8.00%	Nov-24	-	54,122	£86	Under offer. Vendor is BYM Capital
Princesshay, Exeter, EX4 3LF	Long Leasehold	£35,000,000	10.00%	Oct-24	Fraser Group	630,000	£111	116 units - 50% purchased by Fraser Group.
Fremlin Walk, Maidstone, ME14 1PS	Freehold	£25,250,000	10.50%	Oct-24	Frasers Group	350,000	£72	Purchased by Fraser Group M&G are the Vendor.
Washington Square, Workington, CA14 3DU	Long Leasehold	£9,500,000	14.00%	Oct-24	Evolve Estates	251,369	£38	Purchased by Evolve
The Beacon, Eastbourne, BN21 3NW	Freehold	£56,000,000	11.00%	Sep-24	L&G	595,000	£94	50% stake acquired by L&G - £7m building survey cost. The scheme has 102 units. Vendor is Legal and General Pension Fund
Coopers Square Shopping Centre, Burton-on-Trend, DE14 1HL	Freehold	-	-	Sep-24	-	400,000	-	Withdrawn
St Nicholas Arcade, Lancaster, LA1 1NB	Freehold	£12,000,000	12.00%	Jul-24	Frasers Group	157,186	-	-
St Enoch Centre, Glasgow, G1 4BW	Freehold	£75,000,000	10.00%	-	Praxis	775,067	£97	Under offer to Praxis - ongoing
Newbury Parkway, RG14 1AY	Freehold	£18,000,000	7.00%	-	Eton College	300,000	£60	Ongoing - has cladding issues
Eden Walk, Kingston Upon Thames	Freehold	£30,000,000	5.00%	-	Ardant/Evolve	276,000	£109	Previous offer of £50.5m to Redevco fell through.
Festival Place, Basingstoke, RG21 7BE	Long Leasehold	£100,000,000	11.00%	-	-	1,115,840	£90	Savills selling - bids 27//11/24
East Kilbride Shopping Centre, Glasgow, G74 1LL	Long Leasehold	£30,000,000	10.75%	-	-	1,190,000	£25	Savills selling - back in the market - bids 26/11/24

APPENDIX 3.0

LEISURE DEVELOPMENT PLANS

UNIT NAME	AREA m²	AREA ft²
F&B UNIT 1	180	1,934
F&B UNIT 2	112	1,209
F&B UNIT 3	165	1,772
CINEMA	1,710	18,400
LEISURE	1,325	14,267
MARKET (L0)	1,935	20,827
RET UNIT 1-3	278	2,996
RET UNIT 5-7	247	2,663
RET UNIT 9	191	2,058
RET UNIT 11-13	451	4,850

1 GA LEVEL 00 PLAN
1 : 250



FRESHNEY PLACE MARKET HALL & LEISURE DEVELOPMENT, GRIMSBY

Project Number

F

PW

DRAWINGS RECORD

Drawing Title

PROPOSED ILLUSTRATIVE GA LEVEL 00

As indicated @A1 04/05/18 JW NS

project	originator	volume	level	type	role	number
FPW -	LJA -	S1 -	00 -	D -	A -	04300

revision:	code	description:
	T07	DELIVERABLES 03

Autodesk Docs://Freshney Market Place Redevelopment/FPW-LJA-E1-ZZ-M-A-00001.rvt

06/12/2023 19:32:21

leslie jones architecture

MONTAGU EVANS
70 ST MARY AXE
LONDON
EC3A 8BE

WWW.MONTAGU-EVANS.CO.UK

London | Edinburgh | Glasgow | Manchester