

EVERYMAN CRYSTAL PALACE

25 CHURCH ROAD // CRYSTAL PALACE // LONDON SE19 2TE

Long let, London investment with index linked rent reviews



EXECUTIVE SUMMARY

- Long let, London investment with strong underlying residual value.
- Guaranteed by Everyman Media Group PLC.
- On 28th September 22, Everyman Media Group PLC issued a strong financial statement in their Interim Report for the 26 weeks to June 2022.
- Low initial rent of £225,000 per annum equating to only £13 per sq ft.
- RPI linked rent reviews with a collar and cap of 1% and 4% respectively.
- Gross Internal Area of 17,224 sq ft.
- Freehold.
- Offers sought in excess of **£4,215,000 (Four Million Two Hundred and Fifteen Thousand Pounds)**, subject to contract and excluding VAT. After allowing for purchaser's costs of 6.55% and assuming a RPI increase of 4%, this would reflect

Net initial yield 5.00%

Reversionary yield 6.10% (Sept 2027)

Capital value £245 per sq ft






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EVERYMAN

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EVERYMAN CINEMA

 *The building underwent a comprehensive restoration which includes the 4 different size screens to allow them to cater for private events together with lounge and bar areas*



LOCATION & CONNECTIVITY

Crystal Palace is a vibrant Greater London hub, seven miles to the south of Central London. It is a popular area for families, young couples and professionals, who can commute to Central London in just 20 minutes. Straddling the boroughs of Bromley, Croydon, Lambeth and Southwark, it's a busy intersection with a creative feel. A collection of bars, restaurants and shops centred around Westow Street, Westow Hill and Church Road, form the vibrant 'Crystal Palace Triangle'.

Crystal Palace Park adjoins the triangle, a 200 acre public green space that is home to the National Sports Centre Athletics Stadium and the iconic Crystal Palace Transmitting Station which is visible throughout south-east London.

Crystal Palace occupies one of the highest points in London, providing panoramic views over the London skyline. The majority of houses in the vicinity are Victorian terraces, with a number of impressive Victorian villas surrounding the park. Much of this Victorian stock has now been converted into flats, fuelling interest in the area from young professionals and families. Modern apartment blocks and several 1930s semi-detached houses also add to the character of the area.

Connectivity is excellent. Frequent trains run from Crystal Palace National Rail and Gypsy Hill National Rail to both London Victoria and London Bridge in c.30 min.

The Overground line provides a direct link to Shoreditch and Canada Water. Twelve bus routes run through central Crystal Palace, connecting with surrounding conurbations including Brixton, Clapham, Bromley, Elephant and Castle and Croydon. London Gatwick Airport is 26 miles to the south and accessible by train in 40 mins.

The adjoining property is currently vacant and has obtained planning to demolish the existing building to create 8 x 2, 1 x 3 bedroom with amenity space and a ground floor commercial unit.



Central London
20 mins



Gatwick Airport
26 miles



London Victoria
30 mins

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DESCRIPTION

The original building was built by an Australian A.C. Matthews and first opened in October 1928 when Rialto opened a 1,393-seat cinema.

George Coles was appointed to modernise the building and renamed it Granada Theatre from September 1950, but in June 1968 it was taken over by Gala and converted into a Bingo Hall.

In November 2018 Everyman completed the restoration to convert the building into a four screen cinema to bring back the silver screen to the local community after a 50 year absence.

The building underwent a comprehensive restoration at a cost of £4.5m and which includes the 4 different size screens to allow them to cater for private events together with lounge and bar areas.

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OS PLAN



ACCOMMODATION

The property is situated on a site area of 0.33 acres and provides the following Gross Internal Areas:

Floor	Gross Internal Area (GIA)	
	sq m	sq ft
Second floor	60.8	654
First floor	449.1	4,834
Ground floor	876.8	9,438
Lower ground floor	213.5	2,298
TOTAL	1,600.2	17,224

The Vendors have had a measured survey carried out which is assignable on completion.

TENURE

Freehold.

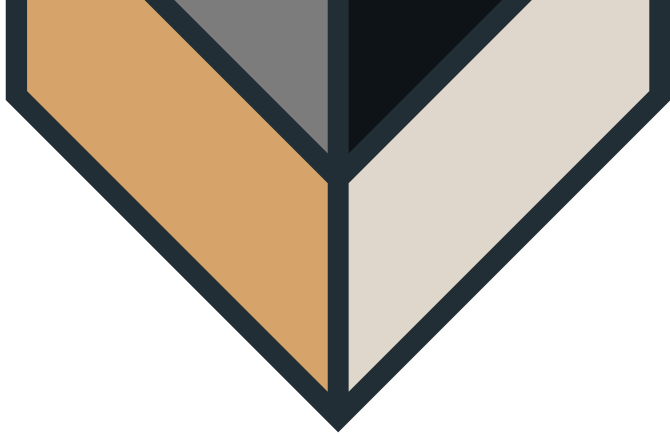


TENANCY

Tenant	Use	Floor	Size sq ft	Rent £pa	Lease Start	Lease End	Next Rent Review	Break Option	Comments
Everyman Media Limited T/A Everyman	A3	Lower Ground	2,298	£225,000	30/09/2022	29/09/2047	29/09/2027	None	I. Lease guaranteed by Everyman Media Group PLC. II. 5 yearly upward only rent reviews. The first & second rent reviews are based upon RPI indexation with a collar and cap at 1%-4%. The third and all future rent reviews are based upon the higher of RPI indexation (1%-4%) or Open Market Value.
		Ground Floor	9,438						
		First Floor	4,834						
		Second Floor	654						
			17,224	£255,000					

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DEVELOPMENT OPPORTUNITY

The vendors have had a positive pre app to carry out a mixed use retail and residential development at the front elevation where the building is currently set back from the pavement. The scheme provides two new retail units and 4 x 1 bed apartments and would not impact the existing cinema.

PROPOSED ELEVATION



No. 35

Proposed Mixed Use Scheme

Consented new building at No. 37

PROPOSED FLOOR AREAS

The proposed scheme would provide the following approximate floor areas:

Floor	Use	Area	
		sq ft	sq m
Second floor	Residential	457	42.5
Second floor	Residential	504	46.8
First floor	Residential	457	42.5
First floor	Residential	504	46.8
Ground floor	Class E retail	382	35.5
Ground floor	Class E retail	253	23.5
Total GIA		2,557	238

Further details on the scheme can be made available upon request.

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COVENANT INFORMATION

Everyman Media Group PLC is a leading independent cinema group positioned at the premium end of the UK's cinema market and fully listed on London Stock Exchange. The company currently operates from 38 cinemas with approximately 128 screens.

The company's proposition is based on high quality venues in strong, affluent locations. The group seeks to differentiate itself by focusing on delivering a high quality offering through its venues, content, staff and food & beverage. Since re-opening in May 2021, the company has delivered positive adjusted profits every month.

Between 2020 and 2021, admissions were up 69% year on year, and since unrestricted re-opening post Covid. For the period from 17th May to the year end (30th December 2021) admissions have been 87% of 2019 levels. For the same period (on a non-like-for-like basis), and since restrictions were lifted towards the end of July 2021, admissions have been 103% of 2019 for the same period (on a non-like-for-like basis).

The company plans on expanding its geographical footprint, with recent openings in Edinburgh and Egham and future openings in Plymouth, Marlow, Northallerton and Aberdeen.

On 28th September 2022 Everyman Media Group issued their Interim Results which reported strong trading and financial performance. Please see below for the latest financial information.

Everyman Media Group PLC - Company No: 08684079

Year to date	Revenue	Pre Tax Profit/(Loss)	Net Asset Value
30/06/2022 (26 weeks)	£40,700,000	£800,000 (operating profit)	£48,200,000
30/12/2021	£49,027,000	(£5,416,000)	£48,220,000
30/12/2020	£24,224,000	(£21,777,000)	£55,089,000
02/01/2020	£64,995,000	£2,255,000	£44,510,000
03/01/2019	£51,880,000	£2,716,000	£54,437,000



RENT BENCHMARKING

The cinema benefits from a low initial rent of £225,000 pa which equates to only £13 per sq ft, and compares very favorably with other London cinemas. Several recent market comparables below.

Property	NIA	Screens	Rent/£pa	Rent psf
Everyman Cinema, Crystal Palace	17,224 sq ft	4	£225,000	£13.06
Odeon Luxe, Holloway	43,128 sq ft	7	£690,508	£16.01
Everyman Kings Cross	8,424 sq ft	3	£185,328	£22.00
Everyman Borough Yards	6,190 sq ft	3	£129,816	£21.00
Picture House, Finsbury Park	20,474 sq ft	7	£390,000	£19.05
Odeon Luxe, Islington Square	20,728 sq ft	5	£456,000	£22.00
Everyman, Islington	4,336 sq ft	1	£120,000	£27.67

INVESTMENT COMPARABLES

Property	Price	NIY	Cap Val £psf	Date	Comments
Everyman Cinema, Crystal Palace	£4,215,000	5.00%	£245	Available	Subject Property
Odeon Cinema, Streatham	£7,620,000 (Quoting)	5.50%	£217	U/O	Let to Odeon Cinemas Ltd for 16 years. Under offer in excess of quote.
Everyman, Gerrards Cross	£2,975,000 (Quoting)	5.25%	£300	Available	Let to Everyman Media for 19.9 years.
Screen on the Green, Islington	£2,800,000	4.00%	£636	Dec 21	Let to Everyman Media Ltd for 13 years
Pizza East, Notting Hill	£3,750,000	2.97%	£800	Apr 22	Let to El Group for 25 years
Fox on the Green, Islington	£4,000,000	3.50%	£660	Oct 21	Let to Stonegate for 17.5 years

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TRADING INFORMATION

Following the removal of all final Covid restrictions, the leisure and hospitality markets began returning to normality at the end of 2021, which has enabled trading to return in strength to the UK cinema market. With a strong line up of blockbuster films scheduled to be released in the coming months, research indicated that attendances are likely to return to 100% of 2019 levels by the end of 2022.

Everyman Crystal Palace is a very strong trading cinema and falls within the top 10 performing screens within the group. For the year end 2022, the cinema is on track for 130,000 admissions.



KEY MARKET DATA

Q2 2022 was the first quarter since Q4 2019 when total monthly cinema admissions exceeded 10 million every month.



There were **61.7 million cinema admissions in the UK** in the first six months of 2022, almost **500% higher** than the same period in 2021.



The total UK box office revenue for all films released in H1 2022 was **£473 million, 435% higher than for H1 2021**, and just 19% lower than H1 2019.



Top Gun: Maverick has grossed **over \$1 billion globally** making it one of the **most successful releases** in modern cinema.

VAT

The property has been elected for VAT and therefore VAT will be applicable to the purchase price.

PROPOSAL

Offers sought in excess of **£4,215,000 (Four Million Two Hundred and Twenty One Thousand Pounds)**, subject to contract and excluding VAT. After allowing for purchaser's costs of 6.55% and assuming a RPI increase of 4%, this would reflect:

Net initial yield	5.00%
Reversionary yield	6.10% (Sept 2027)
Capital value	£245 per sq ft

The Vendor could also sell the single asset SPV. Further details upon request.



INCOME AND YIELD FLOW

We set out the minimum RPI rental uplifts and revisionary yields at each review assuming; the proposed collar at 1%, the Bank of England's target of inflation at 2% and the proposed cap at 4%:

Assuming RPI increase at 1%

Year	Rent pa	Running Yield
01/06/2023	£225,000	5.00%
01/06/2027	£236,477	5.27%
01/06/2032	£248,540	5.53%
01/06/2037	£261,218	5.82%
01/06/2042	£274,543	6.11%

Assuming RPI at 2%

Year	Rent pa	Running Yield
01/06/2023	£225,000	5.00%
01/06/2027	£248,418	5.53%
01/06/2032	£274,274	6.11%
01/06/2037	£302,820	6.74%
01/06/2042	£334,338	7.44%

Assuming RPI at 4%

Year	Rent pa	Running Yield
01/06/2023	£225,000	5.00%
01/06/2027	£273,747	6.10%
01/06/2032	£333,055	7.42%
01/06/2037	£405,212	9.02%
01/06/2042	£493,003	10.98%

FURTHER INFORMATION

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