

LEISURE INVESTMENT FOR SALE



THE GYM GROUP
Dewsbury Road
Retail and Leisure Park
Wakefield
WF2 9BL

INVESTMENT SUMMARY

- Secure leisure investment let to the strong covenant of The Gym Group PLC until February 2039 with 5 yearly OMR reviews subject to collar and cap of 1% and 4% compounded annually.
- Newly refurbished gymnasium totalling 15,963 sq ft (1,482.96 sq m) incorporating cardiovascular exercise and free weights areas, sauna, spin studio, café and free parking
- Situated on a prominent retail park off the A638 Dewsbury Road, the principal westbound route from Wakefield City Centre and linking directly to the A1(M)
- Passing rent of £95,000 per annum equates to a low average rent of £5.95 per sq ft, comparing to ERV of £10.00 per sq ft (£159,630 per annum)
- **Offers sought of £1,570,000 (one million four hundred and ninety five thousand pounds) exclusive of VAT, reflecting a net initial yield of 5.70% after deduction of standard purchaser's costs at 6.13%**



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LOCATION

Wakefield is a city in West Yorkshire, located 9 miles (14 km) southeast of Leeds and 28 miles (45 km) southwest of York on the eastern edge of the Pennines, at the junction of major north-south routes to Sheffield, Leeds and Doncaster and east-west routes to Huddersfield, Dewsbury and Pontefract. Wakefield has a city population of 99,251 and a district population of 325,800 (2011 Census).

Wakefield benefits from excellent motorway access, being located immediately to the south of the intersection of the M1 and M62 motorways, while the M1 is accessed at junctions 39, 40 and 41 to the west. The A1(M) is to the east of the district. Wakefield is further crossed by the A61, A638, and A642.

SITUATION

The property is situated at Dewsbury Road Retail and Leisure Park, accessed from the A638 Dewsbury Road and with a further entrance from the A642 Horbury Road. The surrounding area comprises predominantly residential uses, alongside retail and leisure outlets let to ASDA, Morrisons, Pizza Hut, JCT600, Twenty5 Seven Design, Sandal BMW, McDonalds and Domino's Pizza. Thornes Park Athletic Stadium lies circa 100m to the south of the property.

Public transport links are excellent with up to nine buses an hour stopping immediately adjacent to the property, serving Wakefield city centre and the surrounding locality, as well as the nearby cities of Bradford and Leeds.



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DESCRIPTION

The subject property comprises a modern, two storey, fully fitted gymnasium of steel portal frame construction, with brickwork envelope and surmounted by a part-pitched and tiled, part profiled cladding roof. The unit features a glazed frontage to the main entrance.

Internally, the property provides high specification exercise and changing facilities, incorporating a weights floor, cardio suite, dance studio, management offices and café. The main exercise floor is overlooked by a first floor mezzanine which leads to the cardio and dance areas, accessed via two staircases and a disabled user elevator.

The fit-out incorporates exposed services, with heating and cooling via suspended cartridge air conditioning units and lighting by way of suspended halogen pendant fittings. Customer access is controlled by an electronic gateway with biometric scanner.

ACCOMMODATION

The property provides a Gross Internal Area of 15,963 sq ft (1,482.96 sq m) as detailed below:-

FLOOR	SQ M	SQ FT
Ground	921.15	9,916
First	561.81	6,047
TOTAL	1,482.96	15,963

TENURE

The property is held leasehold for a term of 125 years from 24th May 2001 at a peppercorn rent without review.

The headlease provides that the landlord, Maclagan Investments Limited, cannot reduce the number of free parking spaces serving the estate (comprising the subject property and a 20,000 sq ft foodstore) below 180 spaces.

There is an annual estate maintenance charge equating to 18p per sq ft payable to the head landlord. This is fully recoverable from the occupational tenant.

TENANCY

The property is fully let to The Gym Group PLC for a term of 35 years from 5 February 2004 without break, at a passing rent of £95,000 per annum, on Fully Repairing and Insuring terms.

The lease provides for 5 yearly upwards only rent reviews to open market rent, subject to a collar of 1% and cap of 4%, compounded annually.

COVENANT

The Gym Group PLC acquired the Wakefield branch of Lifestyle Fitness in March 2018 as part of a corporate level buy in of the 18 strongest performers in the Lifestyle Fitness portfolio.

The Gym Group PLC controls an estimated 22.4 per cent share of the low cost gym category, with 128 units nationwide and 607,000 members. 2018 marks the group's tenth anniversary and its strongest year to date, with a reported 21.3% growth in turnover and 33.3% increase in pre-tax profits.



We have detailed key financial information for the company in the table below:

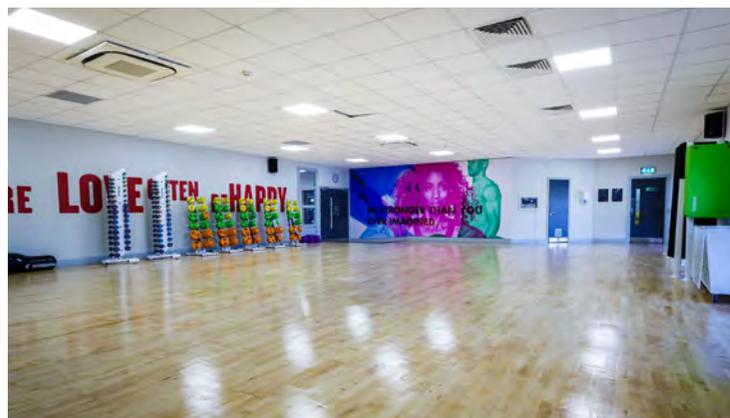
YEAR END	TURNOVER	PTP	SHAREHOLDERS' FUNDS	FAME SCORE
31/12/2017	£91.38M	£9.19M	£120.88M	
30/12/2016	£73.54M	£6.94M	£114.29M	95 / Secure
30/12/2015	£59.98M	(£12.38M)	£108.44M	

EPC

The property has an EPC rating of 51(C). Certificate available upon request.

VAT

The proposal has been elected for VAT and it is envisaged that the transaction will be treated as a TOGC.



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OCCUPATIONAL MARKET

The UK health and fitness industry has more clubs, more members and a greater market value than ever before. Total market value (public and private sectors combined) is estimated at £4.7 billion, up 6.3% on 2016 with 14.9% of the UK population now registered as members of a private health and fitness club or a publicly-owned fitness facility. 1 in every 7 people in the UK is a member of a gym.

There are now 6,728 fitness facilities in the UK, with 227 openings in the last 12 months and several industry milestones ahead; principally that gym membership will reach 10 million people by 2020 and the sector market value is to surpass £5Bn.

Low cost operators are the driving force behind the recent private sector growth, accounting for 15% of the market value and an impressive 35% of private sector membership.

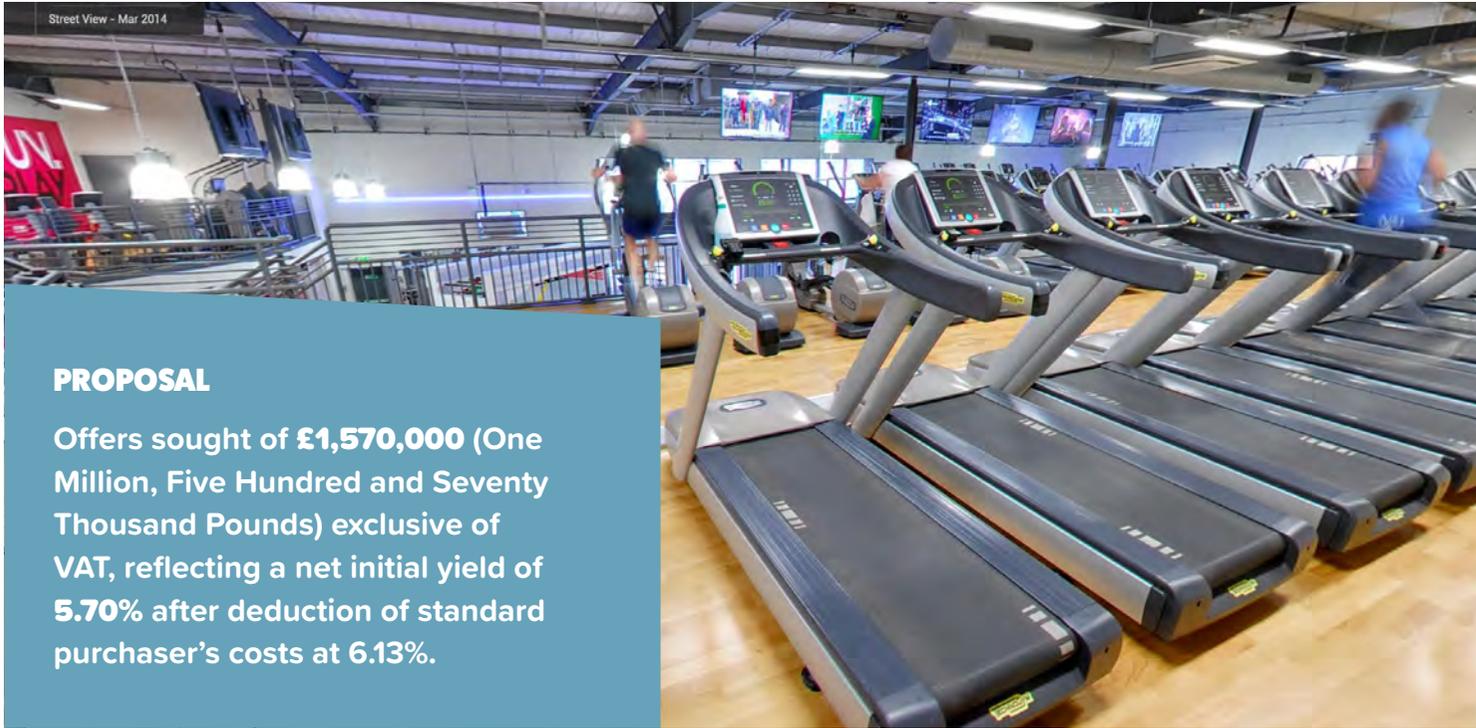
We have included below a schedule of comparable rental evidence, supporting our view of ERV for the subject property to be in the region of £10 per sq ft, which presents an attractive reversionary yield of 10.06%

PROPERTY	DESCRIPTION	LETTING TERMS	RENT PA	RENT PER SQ FT
Units 3 & 4 Derby Rd Chesterfield	Retail warehouse extending to 20,000 sq ft.	Let to Xercise4less on a new 12 year term with RPI linked rent reviews from January 2017	£200,000	£10.00
350 Basingstoke Rd Reading	Pre-let design and build unit extending to 16,080 sq ft.	Let to Pure Gym on a new 20 year lease taken from build completion in October 2016.	£160,800	£10.00
Trinity Retail Park St Peters Way Bolton	Comprising a mid terraced retail warehouse extending to 20,062 sq ft.	Let agreed February 2015 to Jump Xtreme Ltd on a 10 year lease term. Lease is subject to rent review and tenant option to break year 5.	£200,620	£10.00
4 Brook Park Handforth Stockport	Comprises a modern detached warehouse extending to 22,183 sq ft.	Let October 2015 to ELP Wilmslow (trampoline club operator) for a term of 10 years with a 4 month rent free period.	£225,000	£10.14
Sefton Street Liverpool	Former car showroom extending to 14,938 sq ft	Let to Pure Gym for a term of 20 years from August 2016	£150,000	£10.04
Suite 3 Central Retail Park Wrexham	Retail warehouse extending to 9,000 sq ft.	Let to Pure Gym for a term of 15 years from June 2015.	£108,000	£12.11

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Street View - Mar 2014



PROPOSAL

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FURTHER INFORMATION

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