

Virgin Active Humberston Country Club

Humberston DN36 4SX



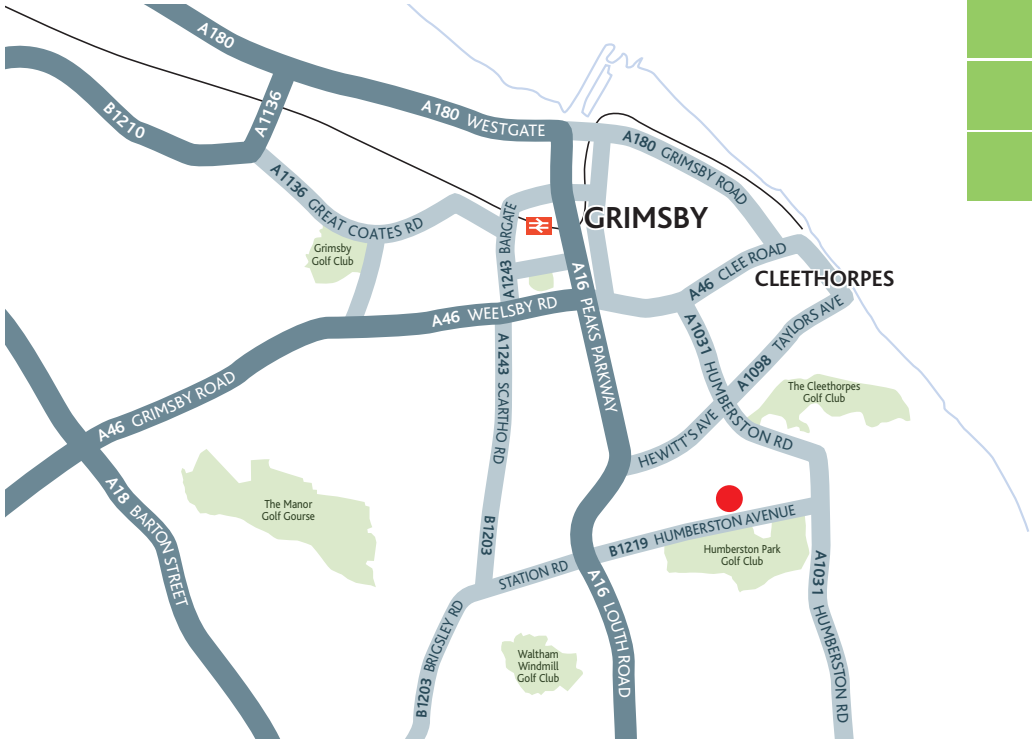
Summary	Location	Description	Tenancy	Price	Gallery	Contact



Executive Summary

- Established Country Club set within the affluent Grimsby Suburb of Humberston.
- 36.5 acre site.
- Surplus land agreement in place with tenant to jointly realise its potential alternative use value.
- Facilities include gym, 2 indoor swimming pools, children's nursery, 4 outdoor tennis courts, bowls club, 9 hole golf club, and a detached 5 bedroom house.
- Minimum of 17 years unexpired to the excellent covenant of Virgin Active Ltd with surety from Virgin Active Holdings Ltd.
- Low base rent of £175,000 pax, equating to just £6.57 per sq ft on built space.
- Guaranteed minimum rental uplift in November 2013 to higher of £224,017.50 or uncapped RPI (2008 to 2013). Further fixed uplift in 2018 to greater of uncapped RPI or 2.5% pa compounded.
- Price: **£2,415,000 (two million, four hundred and fifteen thousand pounds).**
- Net Initial Yield **6.85%**, rising to minimum **8.76%** in November 2013 and minimum **9.92%** in November 2018.
- Minimum Net Equivalent Yield – **9%.**
- Minimum True Equivalent Yield – **9.5%.**

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- AERIAL 1
- AERIAL 2
- AERIAL 3

Location

Humberston is an affluent suburb located approximately 3 miles to the south of Grimsby. Grimsby contains a number of major wealth generating industries and Humberston is the traditional residential area for its business owners and managers.

The deep water port operated by ABF is one of the busiest in the country. It is the chief vehicle handling centre for the North of England with almost 400,000 vehicles annually handled for major manufacturers. It has the UK's most advanced fish market and is recognized as one of Europe's major food processing centres.

Grimsby is located on the north-east coast of Lincolnshire where the

Humber Estuary meets the North Sea, approximately 161 miles north of London and 22 miles south-east of Hull. Road communications are good with the A180 dual carriageway linking the town with the M180 and then the M18, M62 and the A1M & M1 motorways. Rail services are provided at two stations with direct services to Manchester and to London via Doncaster.

The town has a population of around 91,200 and is within North East Lincolnshire which covers an area of approximately 19,185 hectares (74.5 sq miles / 192 sq kms) and which has a total population of around 156,000.

Situation

Humberston Country Club is situated on Humberston Avenue (B1219), which is regarded as the premier residential address in the town and is 3 miles to the south of Grimsby town centre and 2 miles south of the resort of Cleethorpes. The well regarded Humberston Academy school is located immediately to the east of the property and the surrounding area is otherwise characterised by high quality residential homes, providing an affluent catchment population for the country club.

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AERIAL 1

AERIAL 2

AERIAL 3

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AERIAL 1

AERIAL 2

AERIAL 3



Site

We calculate that the site extends to approximately 36.5 acres.

Description

The property, originally constructed in the 1980's and subsequently extended, provides a wide range of facilities including:

INTERNAL

2 internal heated pools
Plunge pool
Day Spa
Fully fitted fitness studio and gym
Members bar and restaurant
Function room
Ofsted rated Nursery

EXTERNAL

9 hole golf course
4 tennis courts
Bowling green and clubhouse
5 bedroom detached house
Outbuildings
168 car parking spaces

The club is the only nationally operated health and fitness facility in Grimsby.

Accommodation

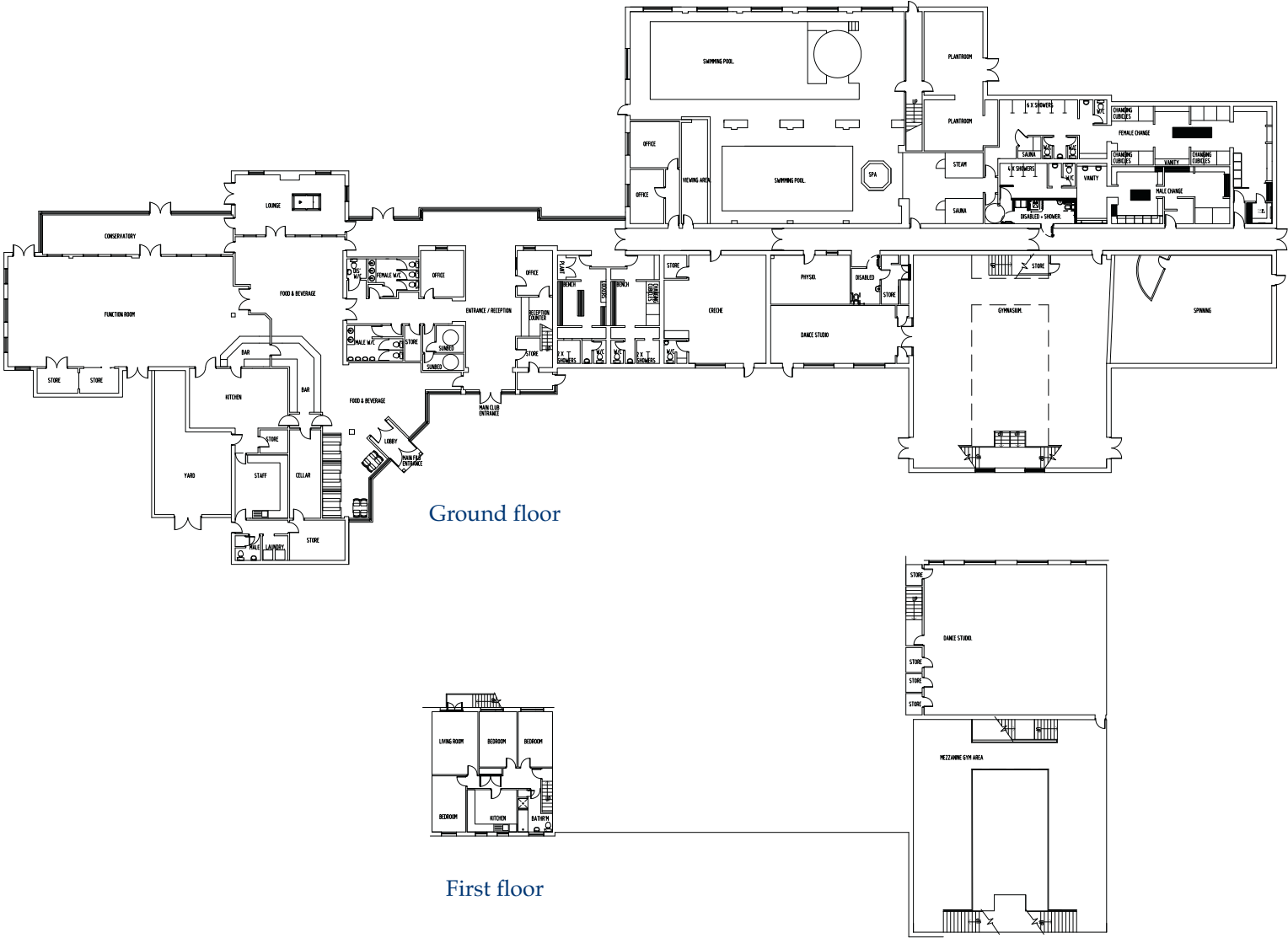
Plowman Craven undertook a measured survey of the property on a gross internal basis in accordance with 5th edition of the RICS code of Measuring Practice.

Floor	sq m	sq ft
Ground	2,052.6	22,094
First	337.2	3,629
First Floor Storage	84.6	911
Total	2,474.4	26,634
Fairways House	250.9	2,701

Tenure

Freehold.

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Tenancy

The property is let on FRI terms to Virgin Active Ltd with a surety from Virgin Active Holdings Ltd. The unexpired term is **27 years** or **17 years term certain** to a tenant break. The property was originally let to Esporta Health and Fitness Ltd for a term of 35 years from 28th November 2003 (with a tenant break at the 25th year), but following the recent purchase of the Esporta business by Virgin Active the lease has recently been assigned and varied. The rent has been reduced and the tenant granted an 18 month rent free period (to be covered by our client). In return the tenant has agreed to jointly explore the value of the surplus land, indicatively edged green on attached aerial photo 2. The tenant may now also elect to pay rent monthly in advance.

Rent and Rent Review

Current Rent £175,000 pax, which equates to only £6.57 sq ft on the main property, attributing no rental value to the golf course, tennis courts, bowls club or Fairways House.

Next rent review: 28th November 2013 and 5 yearly thereafter. The rent will increase to the greater of £224,017.50 or the current rent passing increased by uncapped RPI between 23 November 2008 and 22 November 2013.

At review in 2018 the rent will increase by the greater of uncapped RPI or 2.5% pa compounded. From then on reviews are to open market value upward only.

The Surplus Land

The landlord and tenant have agreed that the land indicatively edged green on attached aerial photo 2 is not required. We calculate this to extend to approximately 32 acres. The parties agree to explore alternative use value for this land and that they will share equally any realised land value after deduction of reasonable costs. Further detail on this agreement is available on request.

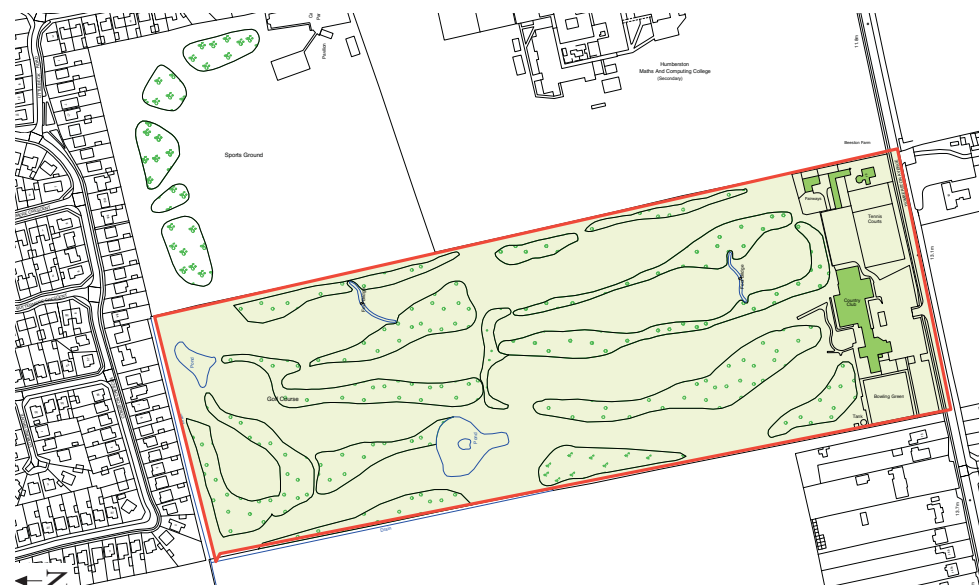
We consider, that subject to planning, the site has potential for a number of uses including residential. Humberston is a high value residential area and as an indication houses on Humberston Avenue itself sell for up to £750,000. We have made no formal enquiries of East Lincolnshire Borough Council, the relevant planning authority.

Tenant Covenant

Virgin Active is now the country's dominant health and fitness provider with 120 clubs nationwide and further gyms worldwide. Both the tenant and the surety provide excellent covenant strength and are both rated 5A1 by Dun & Bradstreet. A summary of its latest financial report and accounts are set out below and further information can be found at www.virginactive.co.uk

Virgin Active Ltd	31/12/2010 £000	31/12/2009 £000
Turnover	72,958	73,048
Pre-tax profit	8,641	10,074
Shareholder's Funds	91,325	87,069

Virgin Active Holdings Ltd	31/12/2010	31/12/2009
Turnover		
Pre-tax profit (£)	92,270	1,464
Shareholders' Funds (£)	340,153	341,251



Price

We are instructed to seek offers of **£2,415,000 (two million, four hundred and fifteen thousand pounds)** subject to contract and exclusive of VAT for the freehold interest. The property offers excellent security of income for a minimum of 17 years incorporating minimum rental uplifts with the additional potential of jointly realising the alternative land use value of approximately 32 acres.

A purchase at this level, ignoring any value for the surplus land provides the following attractive yield profile after purchase costs of 5.8%.

Date	Minimum Rent	Net Minimum Yield
Initial	£175,000.00	6.85%
28/11/13	£224,017.50	8.76%
28/11/18	£253,453.40	9.92%



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**Standard Life
Investments**



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Further information

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