

INVESTMENT SALE

David Lloyd Clubs, Hamilton Health and Racquet Club, Mote Hill, Hamilton ML3 6BY

LONG UNEXPIRED LEASE WITH ANNUAL RPI LINKED UPLIFTS



Hamilton Health and Racquet Club, Mote Hill, Hamilton ML3 6BY

Investment Summary

- Over 24.5 years unexpired to David Lloyd Leisure on Full Repairing and Insuring terms. Annual rent uplifts linked to RPI (collared and capped to 1% and 4%).
- Premier health and racquets club extending to 100,410 sq ft (9,328 sqm) and 333 car parking spaces. Facilities including an aerobics studio, fully equipped gym, indoor heated pool, sauna, steam room and Pure Spa, spinning rooms, 4 badminton courts, 7 indoor tennis courts, 6 treatment rooms, hair salon and 3 outdoor tennis courts
- Hamilton is located approximately 13 miles (20 kms) south east of Glasgow City Centre and is the administrative centre for South Lanarkshire. The town benefits from excellent road communications, being located close to Junction 6 of the M74 providing further access to the M73 north, and the M8 motorway connecting Glasgow and Edinburgh
- Long leasehold interest with an unexpired term in excess of 125 years, peppercorn rent
- Site area totalling 6.15 acres (2.49 hectares)
- Passing rent of £670, 398.04 per annum (£6.68 psf)
- Offers Over **£12,000,000** which reflects a net Initial yield of **5.25%**, assuming standard purchasers costs

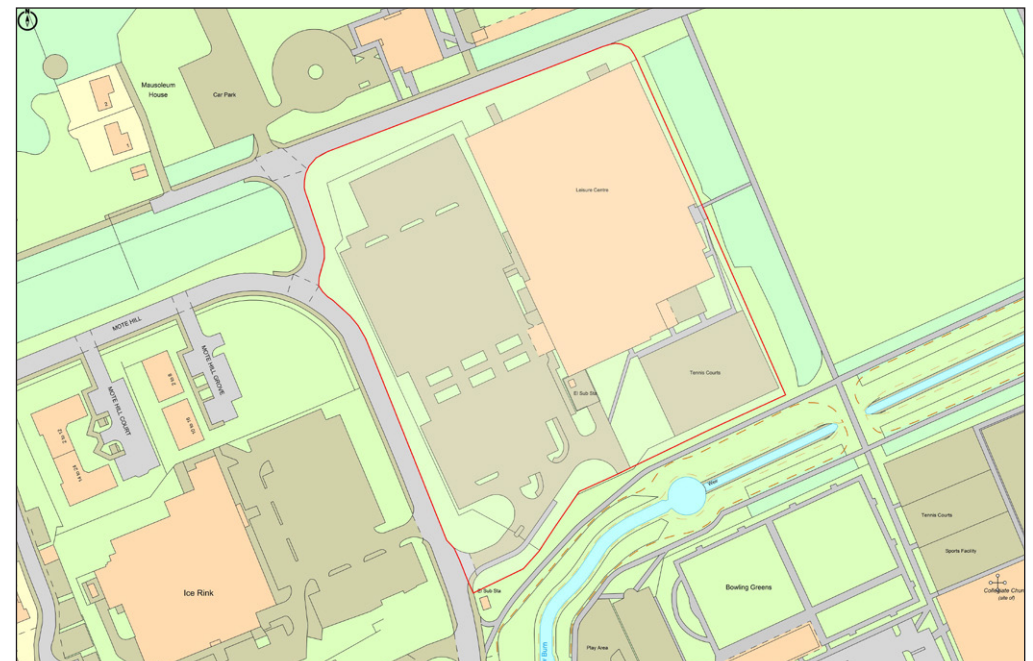
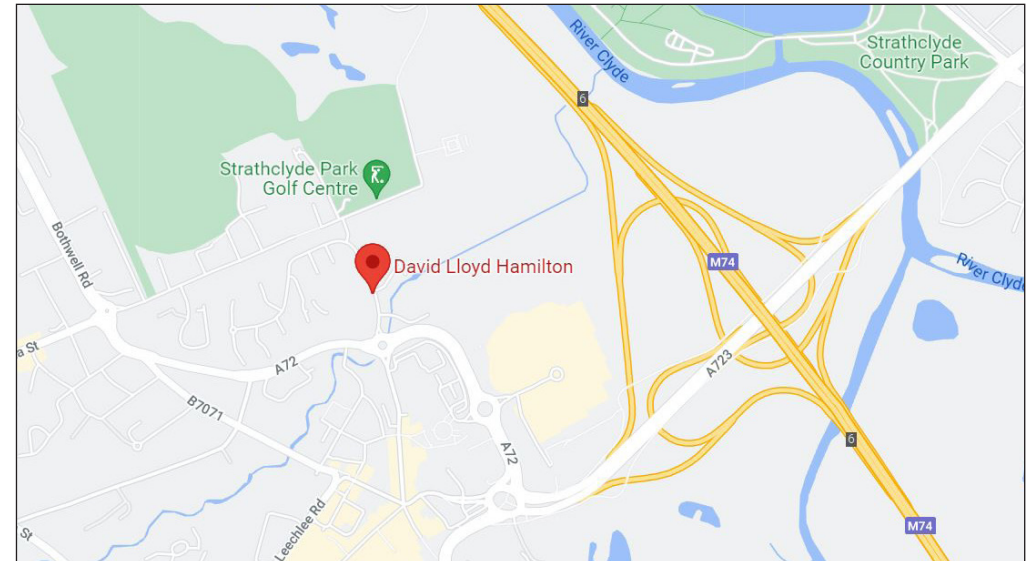
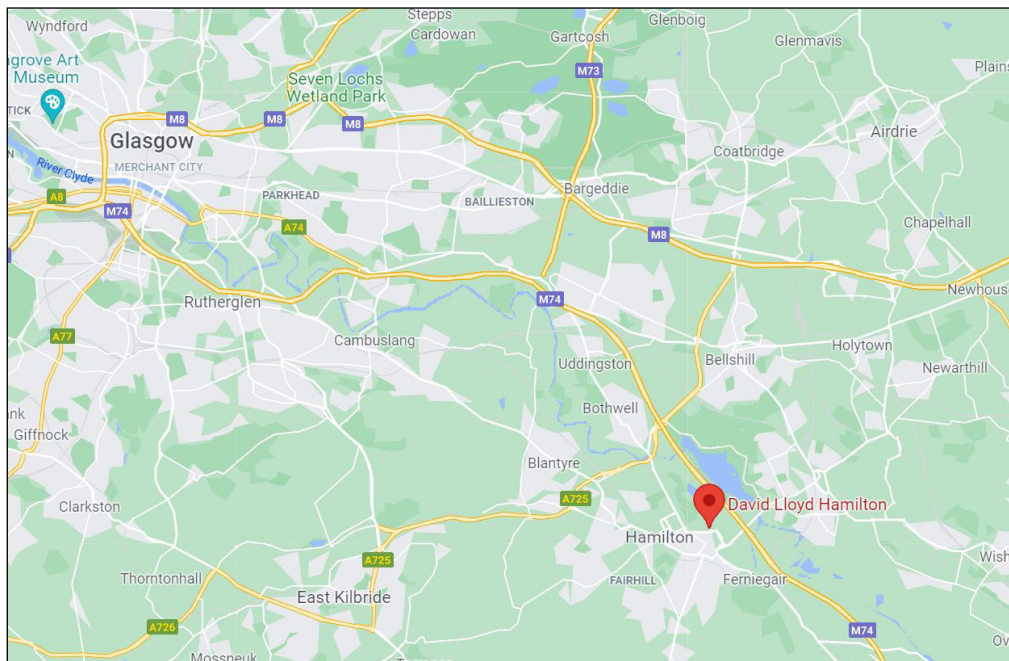


Hamilton Health and Racquet Club, Mote Hill, Hamilton ML3 6BY

Location

Hamilton is located approximately 13 miles (20 kms) south east of Glasgow City Centre and is the administrative centre for South Lanarkshire. The town has a resident population of approximately 54,000 with a further 70,000 people within a 10 minute peak drive time catchment. The location of the town close to both the M74 (Junctions 5 & 6), M73 and M8 motorways means that communication links are excellent. The town benefits from excellent road communications, being located close to Junction 6 of the M74 providing further access to the M73 north, and the M8 motorway connecting Glasgow and Edinburgh. Easterly travel through the town centre is via the A723, the principal route connecting to Junction 6 of the M8.

The club is located in Hamilton in Lanarkshire, approximately 0.5 miles from Hamilton Town Centre. The property is situated off Mote Hill which links through to the A72 and Junction 6 of the M74 Glasgow City Centre and the conurbation. The property is located adjacent to the Strathclyde Park Golf Centre, Hamilton palace Sports Grounds, The Lanarkshire Ice Rink with other operators situated within 0.25 miles including Asda, Vue Cinemas, Holiday Inn Express and other retail park operators.



Hamilton Health and Racquet Club, Mote Hill, Hamilton ML3 6BY

Description

The property comprises principally of a steel framed two storey health and fitness club with part steel, part glazed elevations under a pitched profile steel roof. Adjacent and connecting to the health and fitness club is a large single storey tennis centre of steel framed brick clad construction under a pitched profile steel roof.

Car parking, providing 333 spaces, for the club is situated to the front of the building with a terrace and 3 external all weather tennis courts to the side. The property is part of a site area totalling 6.15 acres (2.49 hectares).

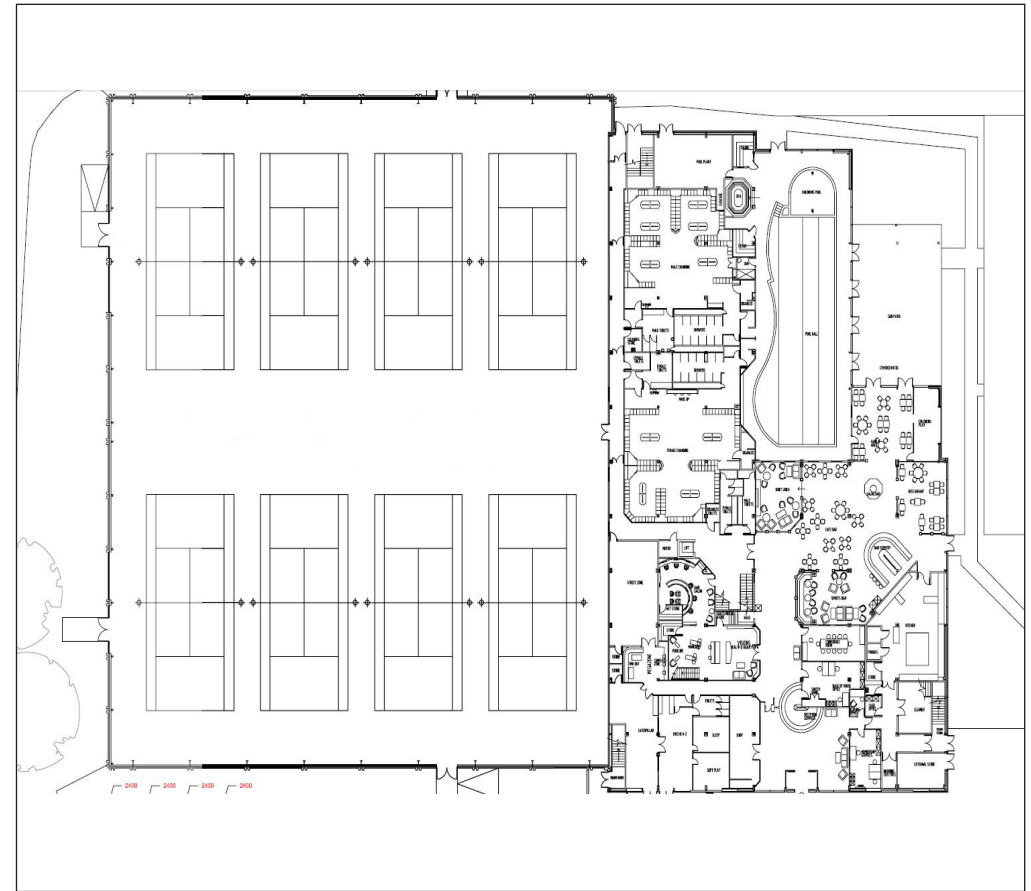
Accommodation

Ground Floor:

- Entrance foyer and reception desk
- Shop
- Pure Spa and beauty salon including hairdressers
- Café bar area
- Bar servery, kitchen, ancillary stores and cellar
- Ancillary offices
- Male, female and disabled changing rooms including showers and WC's
- Indoor swimming pool and separate children's pool
- Sauna & steam room
- Children's play area including crèche, caterpillar club, street zone and softplay megazone
- 7 indoor tennis courts
- 4 purpose-built badminton courts
- 8-person lift

First Floor:

- 6 treatment rooms
- Studios 1 and 2
- Gym
- Spinning room



Schedule of Areas

Ground Floor	28,560 sq ft
First Floor	22,853 sq ft
Tennis Courts	48,997 sq ft
Total	100,410 sq ft

Hamilton Health and Racquet Club, Mote Hill, Hamilton ML3 6BY



Hamilton Health and Racquet Club, Mote Hill, Hamilton ML3 6BY

Tenancy Information

The property is let to David Lloyd Clubs Limited with a Guarantee from David Lloyd Leisure Limited by way of a Full Repairing and Insuring lease on the following terms:

- Lease Commencement: 08/05/2006
- Lease Expiry: 17/07/2046 (a 10 year lease extension was agreed in 2020, documented by way of a Minute of Variation in 2021)
- Annual RPI linked fixed increases, capped to 4.0% and collared to 1.0%, next due 18/07/2022.
- Current passing rent of £670, 398.04 per annum (£6.68 psf)

Tenant Covenant

David Lloyd Leisure is Europe's leading health, sport and leisure group, with 122 clubs - 99 clubs in the UK, a further 23 across the Republic of Ireland and mainland Europe. They welcome more than 680,000 members and employ over 8,000 staff, including leading experts in fitness, racquet sports and swimming.

David Lloyd Leisure was founded in 1984 by former professional tennis player David Lloyd, who sought to create high-quality fitness destinations suitable for the whole family. He recognised that the UK had very few indoor sport and leisure facilities, so created a pioneering concept of combining fitness and tennis in a family-friendly environment.

Russell Barnes, Chief Executive of David Lloyd, recently commented: "Since the re-opening of our clubs in April, we've had an incredibly strong recovery in member count. We are absolutely delighted that our counts have exceeded all of our expectations and we've reached pre pandemic count levels by the end of July, three months ahead of the original schedule. We lost 94,000 members through our pandemic but added 110,000. We are now at record count level of 684,000 members and we've continued to grow through September, so it really has been a fantastic bounce back."

Reported revenue for the 6 months ended 30 June 2021 was £97.4m. Following the re-opening of our English clubs, the Group immediately returned to EBITDA profitability in May with EBITDA growing month on month. The Group refinanced in June 2021 and significantly increased its liquidity and strengthened its balance sheet. As at 30 June 2021 the Group had £291m of liquidity according, to a recent press release.



The Group continues to seek opportunities to grow:

- In Q2 2021, the Group completed the purchase of site in Bicester and exchanged contracts to purchase a site for another new club in the Shawfair area, southeast of Edinburgh.
- In July 2021, the Group exchanged contracts to acquire the Accura Group which consists of three health and spa clubs in Malaga, Zaragoza and Gava. The acquisition is expected to complete in Q4 2021.

The Lease Guarantor, David Lloyd Leisure Limited, have a Dun & Bradstreet rating of 5A4 with a reported Tangible Net Worth of £538m. Key highlights from the last set of published accounts to December 2019 are below:

Turnover	£306m
Net Assets	£557m
Profit after Tax	£83.5m

Hamilton Health and Racquet Club, Mote Hill, Hamilton ML3 6BY



Hamilton Health and Racquet Club, Mote Hill, Hamilton ML3 6BY

Tenure

The property is held by way of a Long Leasehold interest from South Lanarkshire Council expiring on 16/09/2147 (in excess of 125 years unexpired) with rent payable of £1.00 per annum, if asked. The council have the right to recover an Annual Maintenance Charge for the upkeep of the wider Palace Grounds Estate. This is then paid by the occupational tenant under the terms of their lease.

Energy Performance Certificates

The property has an EPC rating of G (165). A copy of the report can be made available to interested parties. An Energy Action Plan is not required, based on the current rating, confirmed in 2017.

VAT

The property has been elected for VAT and therefore VAT will be payable on the purchase price. However, it is anticipated that the sale will be treated as a Transfer of a Going Concern (TOGC).

Proposal

We are instructed to seek offers in excess of £12,000,000 exclusive of VAT for our client's interest subject to and with the benefit of the existing lease. A purchase at this level would reflect a net initial yield of 5.25% after allowing for purchaser's costs based on Scotland's Land and Buildings Transaction Tax (LBTT) and standard purchaser's costs.

Further Information

For viewings and enquiries please contact either:

Gregor Martin

0131 558 5136

gmartin@eyco.co.uk

Duart Keith

0131 558 5144

dkeith@eyco.co.uk



EYCO LLP for themselves and for their client whose agent they are give notice that (1) These particulars are set out as a general outline only for the guidance of intended purchasers or tenants and do not constitute any or part of an offer or contract. (2) All descriptions, dimensions, reference to condition and necessary permissions for use and occupation and other details are given without responsibility and any intending purchaser or tenant should not rely on them as statements or presentations of fact but must satisfy themselves by inspection or otherwise as to the correctness of each of them. (3) No person in the employment of EYCO LLP has any authority to make or give representation or warranty whatever in relation to this property. (4) Unless otherwise stated all prices and rents are quoted exclusive of VAT. Prospective purchasers or lessees must satisfy themselves independently as to the incidence of VAT in respect of any transaction.