



PRIME HEALTH AND FITNESS CLUB INVESTMENT

Virgin Active, Broadfield Park, Broadfield Road, Sheffield S8 0XQ



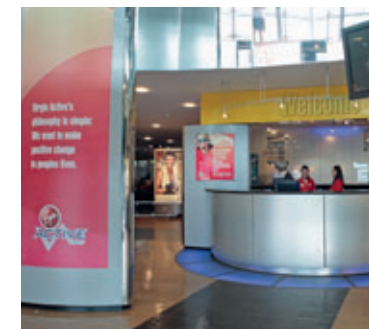
INVESTMENT SUMMARY

- Flagship purpose built health and fitness club totalling 59,775 sq ft.
- Situated on Broadfield Business Park to the south of Sheffield city centre in an affluent and high value residential area.
- Approximately 17.6 years unexpired to Virgin Active Group Investments Limited, rated 5A1 by Dun & Bradstreet. Voyager Group Ltd guarantee.
- Top trading club with approximately 9,500 members.
- Low effective passing rent of £506,000 pax only, £8.47 psf.
- Fixed 2.5%pa compound uplifts throughout lease.
- Large freehold site totalling 3.70 acres with high underlying residual value.
- **£7,090,000 (Seven Million and Ninety Thousand Pounds)** reflecting an attractive net initial yield of 6.75% and equivalent yield of 8.4% and the following fixed yield profile.

Date	Rent	Net Running Yield
Current	£506,000 pax	6.75%
29/06/13	£572,493 pax	7.64%
29/06/18	£647,723 pax	8.64%
29/06/23	£732,839 pax	9.77%

True Equivalent Yield - 8.82%.

- Assumed purchaser's costs of 5.7625%.
- Subject to contract and exclusive of VAT.



LOCATION

Sheffield is the principal commercial centre in South Yorkshire situated approximately 35 miles south of Leeds and 39 miles east of Manchester. The city has good transport links, situated approximately 6 miles from junction 33 of the M1 and 10 miles from the M18 which in turn provide direct links to the A1 (M) and M62.

The city benefits from a direct rail service to London St Pancras with a fastest journey time of 2 hours with 22 intercity trains departing the station every day. On a local level, the supertram light railway connects the northern and southern suburbs in the city.

The city is undergoing **significant regeneration** with major retail and commercial developments planned in the city centre, notably the 20 acre £600m regeneration project 'seven stone' by Hammerson in the heart of the city centre, which will create 850,000 sq ft retail space. As the city moves towards a more service orientated economy the city is becoming an increasingly important business and office centre.

DEMOGRAPHICS

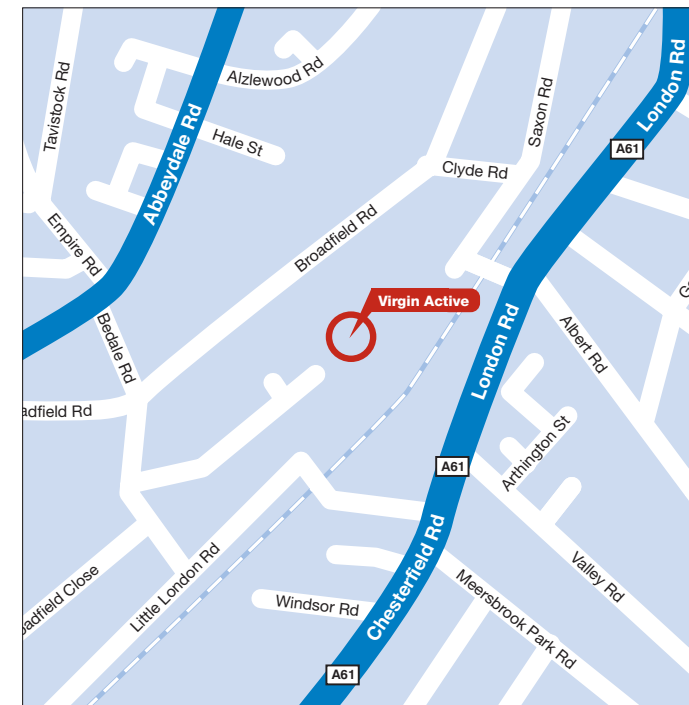
Sheffield is the UK's fourth largest city with a district population of approximately 513,000 people and an estimated catchment of 1.1 million within 12.5 miles of the city centre. PROMIS estimates the primary catchment to be 625,000 people.

There are considerable variations in affluence across Sheffield. The most affluent households are located to the south and south west of the city centre around Abbeydale, Hallam and Willhouse, where there are significantly above average representations of the AB social groups. The subject property is ideally situated in the centre of these areas to draw on this more affluent catchment.

SITUATION

The property is situated on Broadfield Business Park between the A621 and A61, approximately 2.5 miles south of the city centre. The immediate area forms one of the most affluent parts of Sheffield with high representation of the AB Social groups.

The subject property forms part of Phase 1 of Broadfield Business Park which also includes 35,000 sq ft of offices, Phase II added a further 24,000 sq ft of offices while Phases III and IV totalling 53,000 sq ft of office units are now complete, and phases V and VI are currently available for bespoke development with opportunities between 5,000 & 40,000 sq ft to suit all business needs.





DESCRIPTION

The subject property comprises a high quality purpose built health and fitness club constructed in 2003.

The club has been fitted out to a very high specification and has extensive facilities including:

- Gymnasium comprising 200 pieces of state of the art equipment.
- 2 storey indoor climbing wall
- Boxing ring
- 25 metre pool, children's pool and baby pool
- 2 aerobic studios and 1 children's studio
- Creche
- Spa comprising steam room, sauna and hydro pool
- Health and beauty treatment rooms
- Bar and lounge area

SITE

The property occupies a site area totalling 1.5 hectares (3.7 acres). The site coverage is only 19%.

ACCOMMODATION

The property provides the following approximate gross internal areas:

Floor	Sq Ft	Sq M
Basement (plant and storage)	1,871	173.87
Ground	30,170	2,802.91
First	27,734	2,576.58
Total	59,775	5,553.36

The property has a total of 275 car spaces providing an excellent car parking ration of 1:217

TENURE

Freehold.

TENANCY

The property is let on an institutional FRI lease to Virgin Active Group Investments Limited for a term of 25 years from 30th June 2003 (17.6 years unexpired) at a current rent passing of £506,000 per annum (£8.47 psf).

The lease incorporates fixed five yearly upward only rent reviews compounded at 2.5% per annum as set out below:

29/6/2013	£572,493 pax
29/6/2018	£647,723 pax
29/6/2023	£732,839 pax

The lease benefits from Voyager Group Ltd acting as guarantor.



TENANT COVENANT

Virgin Active was set up in 1999 with operations in the UK and South Africa and has expanded to Italy, Portugal and Australia. In 2006 Virgin active took over Holmes place and now has 72 clubs in the UK.

Key financial information is set out below:

Virgin Active Group Investments Ltd	31/12/2009 £(000)	31/12/2008 £(000)	31/12/2007 £(000)
Sales Turnover			
Pre Tax Profit (Loss)	(£1,991)	(£700)	£9,812
Shareholder's funds	380,868	382,890	141,549
Dun and Bradstreet rating		5A1	

The lease is guaranteed by the Voyager Group Ltd, which has a Dun & Bradstreet rating of 5A1 reflecting minimal risk. It reported net assets/shareholders funds of 39.68m for the financial year to 31st March 2009 and is a major investment holding company within Sir Richard Branson's Virgin Group. Accounts are available upon request.

Whilst not a party to the lease the rent is paid by Virgin Active Ltd, for information it's results are set out below.

Virgin Active Ltd	31/12/2009 £(000)	31/12/2008 £(000)	31/12/2007 £(000)
Sales Turnover	73,048	71,119	67,456
Pre Tax Profit (Loss)	10,074	33,287	(1,071)
Tangible net worth	59,603	64,684	66,685
Shareholder's funds	87,069	75,866	45,348

RENTAL VALUE

We understand that the property is one of the top trading clubs for Virgin Active. As at June 2010 there were approximately 9,500 members, which is significantly above average.

Given the excellent local demographics, limited competition and quality of the accommodation, in addition to the very strong membership levels we believe that the property is currently under rented at £8.47 psf.

VAT

The property is elected for VAT.

PROPOSAL

We are instructed to seek offers in excess of **£7,090,000 (Seven Million and Ninety Thousand Pounds)**, subject to contract and exclusive of VAT.

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True Equivalent Yield - 8.82%.

Allowing for purchase costs of 5.7625%.



FURTHER INFORMATION

For further information or to arrange an inspection please contact:

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