THE KURSAAL
EASTERN ESPLANADE
SOUTHCHURCH AVENUE
SOUTHEND-ON-SEA
SS1 2WW

ICONIC LEISURE INVESTMENT OPPORTUNITY
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ICONIC LEISURE INVESTMENT OPPORTUNITY

For indicative purposes only.
INVESTMENT CONSIDERATIONS

- Prominent landmark listed building on Southend’s main leisure pitch
- The property is centrally located, approximately 1 mile from both Southend Central and Southend East train stations
- Southend is an affluent commuter town with excellent links to London Liverpool Street and London Fenchurch Street
- **146 car park spaces** to the rear
- Building totals 10,948.8 sq m (117,853 sq ft)

- Total rent of £814,415 pa equating to a **low rent of £7.29 psf**
- **Over 10 years W A U L T**
- Asset Management opportunities to include letting vacant first floor
- We are instructed to seek offers in excess of **£8,000,000 (Eight Million Pounds)**, subject to contract and exclusive of VAT. A purchase at this level reflects a **Net Initial Yield of 10.00%**, allowing for purchaser’s costs of 6.67%. This represents a low capital rate of **£67.88 psf**.
LOCATION

The popular seaside town of Southend-on-Sea is situated within the County of Essex located approximately 29 miles (47 km) east of London, 19 miles (30 km) south of Chelmsford, and 20 miles (32 km) east of Brentwood. Road access to Southend is provided by the A127 dual carriageway which in turn, provides access to Junction 29 of the M25, approximately 20 miles (32 km) to the west. London Southend Airport is located 1.5 miles (2.4 km) to the north of the town centre, providing regular flights to a number of European destinations including Venice, Barcelona, Dubrovnik and Vienna. Southend-on-Sea boasts the largest leisure pier in the world.

SOUTHEND THE COMMUTER TOWN

Southend provides excellent connections with central London and has become a popular commuter town in the last 5 years. In a recent report by the BBC, Southend was found to be one of the most affordable places for London commuters to live when taking into account house prices and train season tickets. Southend provides regular rail services (6 per hour at peak times) to London Liverpool Street with a fastest journey time of 58 minutes and Southend Central provides frequent services (9 per hour at peak times) to London Fenchurch Street, with a fastest journey time of 51 minutes. The subject property is 0.9 miles from Southend Central and 1 mile from Southend East.
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SITUATION
The Kursaal is situated in a prominent position on the sea front on the main leisure pitch Marine Parade directly opposite the Sea-Life adventure and close to Adventure island which is located at the start of Southend Pier (the longest in the world at 1.33 miles).

HISTORY
The Kursaal opened on 24th July 1901 as the first theme park in the world, it was soon being advertised as “the most popular place of entertainment on the south coast”, boasting attractions which included numerous fairground and pleasure rides, an amusement arcade (laid out to simulate a street in Cairo), a ballroom, miniature railway, zoo and a horse trotting track. Indeed, for most of the 20th Century, it was the largest amusement park in the south of England. Closed during the war, after much restoration and repair, The Kursaal reopened at Easter 1946 and continued to flourish in to the 1950s, when it enjoyed its heyday. In 1973, with some attractions either having been dismantled or destroyed by fire, the fairground closed and 20 acres of the site were sold off for housing. The Kursaal continued to operate, with The Kursaal Ballroom becoming the venue for many famous rock and pop bands including Rod Stewart, Deep Purple, Doctor Feelgood, The Stranglers and Status Quo. In 1995, the site was acquired by a developer and after restoration, rebuilding and fitting out works, The Kursaal reopened in 1998 and has, since then, continued as an important part in both the history of Southend and the leisure industry in the UK.

LEISURE MARKET
Southend-on-Sea welcomes over 6.5 million visitors annually and tourism is the main driving force behind the town’s economy supporting in excess of 7,000 jobs and £380m contribution to the local economy.
The town’s leisure offering is predominantly located along the sea front. Southend Pier is the world’s longest pleasure pier and is at the centre of the town’s attractions. At the base of the pier is Adventure Island, an outdoor amusement park with in excess of 60 rides and attractions. Adventure Inside has recently been added boasting a range of indoor rides, arcade games and attractions as well as numerous restaurants. The other hub of leisure is concentrated around the Eastern Esplanade where notable attractions include the Kursaal and the Sea Life Adventure.
DESCRIPTION
The property is listed however has been developed to provide modern accommodation on the rear section of the site. The main entrance fronts Marine Parade leading into the rotunda from which access is gained to the ground floor 10-pin bowling alley and to the first floor accommodation.
The rotunda is currently occupied under licence and provides for arcade machines and soft play area.
The western elevation runs along Southchurch Avenue where there is a Tesco Express and an entrance to the car park from which the Casino is accessed. There is loading to the first floor level from the car park area on the eastern elevation.

CAR PARK
There are a total of 146 car parking spaces which are allocated as follows:
1 landlord space
4 communal spaces
38 spaces demised to the casino
103 communal spaces within the main car park which has ANPR control system. This is operated by MFA under landlord’s licence and can be terminated with a £10,000 break penalty.
A multi storey scheme was drawn up and planning permission granted for the creation of a further car parking spaces. The permission has now lapsed.
### SERVICE CHARGE

The service charge runs from 1st April and the budget for the current financial year is £195,940.

Landlord non recoverable costs are as follows:

- **Cap on MFA bowl accommodation**: £1,840.61
- **Vacant First Floor**: £61,353.49
- **Total**: £63,194.10

### TENURE

The property is held by way of a leasehold interest from Southend-on-Sea Borough Council dated 28 April 2018 for a term of 250 years at a peppercorn rent.

### COVENANT

**London Clubs Southend Limited** (03575588) accounts for 38.21% of the rent

<table>
<thead>
<tr>
<th>Date</th>
<th>Turnover</th>
<th>Pre-Tax Profit</th>
<th>Total Net Worth</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/12/14</td>
<td>£5,008,000</td>
<td>(£1,239,000)</td>
<td>(£14,324,000)</td>
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<tr>
<td>31/12/15</td>
<td>£5,072,000</td>
<td>(£728,000)</td>
<td>(£15,100,000)</td>
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<tr>
<td>31/12/16</td>
<td>£5,002,000</td>
<td>(£517,000)</td>
<td>(£15,617,000)</td>
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**MFA Bowl Limited** (07984522) accounts for 26.75% of the rent

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<tr>
<td>03/03/15</td>
<td>£16,972,171</td>
<td>£208,987</td>
<td>£203,688</td>
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<tr>
<td>03/04/16</td>
<td>£15,614,873</td>
<td>(£1,056,150)</td>
<td>£4,946,875</td>
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<tr>
<td>02/04/17</td>
<td></td>
<td>(£293,779)</td>
<td>£4,293,779</td>
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**Tesco Stores Limited** (00519500) accounts for 9.09% of the rent

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<th>Turnover</th>
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<th>Total Net Worth</th>
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<tr>
<td>28/02/15</td>
<td>£42,278,000,000</td>
<td>(£3,727,000,000)</td>
<td>(£98,000,000)</td>
</tr>
<tr>
<td>27/02/16</td>
<td>£39,843,000,000</td>
<td>(£231,000,000)</td>
<td>1,077,000,000</td>
</tr>
<tr>
<td>25/02/17</td>
<td>£40,134,000,000</td>
<td>266,000,000</td>
<td>749,000,000</td>
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</table>

### TENANCY SCHEDULE

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Area/Sq m</th>
<th>Area/Sq Ft</th>
<th>Use</th>
<th>Start</th>
<th>Expiry</th>
<th>Next Review</th>
<th>Rent/pa</th>
<th>Rent psf</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground &amp; Part First</td>
<td>MFA Bowl Limited(^\text{1})</td>
<td>4,293.2</td>
<td>46,212</td>
<td>Leisure</td>
<td>20-May-16</td>
<td>19-May-41</td>
<td>20-May-21</td>
<td>£230,000</td>
<td>£4.98</td>
<td>SC Cap £93,636 plus VAT with annual RPI uplifts capped at 2%</td>
</tr>
<tr>
<td>Part Ground Floor</td>
<td>Tesco Stores Ltd</td>
<td>471.9</td>
<td>5,079</td>
<td>Retail</td>
<td>22-Jun-09</td>
<td>21-Jun-24</td>
<td>22-Jun-19</td>
<td>£78,165</td>
<td>£15.39</td>
<td></td>
</tr>
<tr>
<td>Part First Floor</td>
<td>Vacant</td>
<td>4,146.2</td>
<td>44,630</td>
<td>Leisure</td>
<td></td>
<td></td>
<td></td>
<td>£223,150</td>
<td>£5.00</td>
<td>Landlord to provide a 2 year rent and service charge guarantee In advanced negotiations with a leisure operator to take 25,000 sq ft at £5.00 psf. More details available on request.</td>
</tr>
<tr>
<td>Second Floor</td>
<td>London Clubs Southend Limited</td>
<td>2,037.5</td>
<td>21,932</td>
<td>Leisure</td>
<td>25-Sep-00</td>
<td>24-Sep-25</td>
<td>25-Sep-20</td>
<td>£328,500</td>
<td>£14.98</td>
<td></td>
</tr>
</tbody>
</table>

\(^\text{1}\)MFA bowl limited hold a number of licences as follows: Ground and First Floor rotunda terminated on 6 weeks notice, car park terminated subject to Landlord paying £10,000 breakage cost.
VAT
The property is VAT elected. It is anticipated that the sale will be treated a Transfer of a Going Concern (TOGC).

EPC
EPCs are available upon request.

DATAROOM
For further information, please refer to the Agents for access to the legal dataroom.

PROPOSAL
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