Birmingham is the UK’s second largest city and lies at the centre of the West Midlands, boasting a thriving economy. Recently comprehensively refurbished City Centre building forming part of an attractive mixed use development. Situated on the Northern Side of Cornwall Street in the vibrant leisure quarter serving the Colmore Business District.

Ground floor lock up premises totalling 4,908 sq ft with a prominent frontage onto Cornwall Street. Let to David Lloyd Leisure Limited (D&B 5 A1) on a 15 year lease subject to a tenant option to determine at year 5 (exercisable subject to a year’s rental penalty at the then rate payable). Initial rent of £110,000 p.a. (£22.41 psf) with annual rental uplifts linked to RPI (2% - 4% collar and cap).

Virtual Freehold 999 year lease.

Offers are sought in excess of £1,600,000 (One Million Six Hundred Thousand Pounds) subject to contract and exclusive of VAT. A purchase at this level reflects an attractive net initial yield of 6.48% after allowing for purchaser’s costs.
LOCATION

Birmingham is situated in the heart of the UK, approximately 115 miles (185 km) North West of London, 88 miles (142 km) North East of Bristol and 85 miles (136 km) South East of Manchester. Classed as Britain’s ‘Second City’, Birmingham is a prominent player in the financial and administration sector within the UK.

Birmingham’s central location places it at the heart of the M1, M6 and M42 motorways, with the A38M creating direct connections from the city to the national road network.

Birmingham is served by three railways stations (New Street, Snow Hill and Moor Street) and currently provides over 114 rail connections to London every day. Birmingham New Street has recently undergone a £650 million refurbishment and provides a direct link to London Euston with a current fastest journey time of 83 minutes.

Birmingham International Airport offers direct flights to 143 destinations each day serving over 9 million passengers per year. The runway was extended in 2014 and has improved the airport’s capabilities enabling direct non-stop connections to the Far East, South Africa and the West Coast of America.

The airport is 10 miles (16 km) to the east of the city centre and is well served by Birmingham International railway station with a 10 minute journey time.
DEMOGRAPHICS

The population within the Birmingham Retail Market Area is estimated at 1,297,000 at year end 2018, above the Major City average and ranking the city 2 after London out of the PROMIS Centres. Birmingham is projected to see above average growth in population within its Retail Market Area over the period 2018-2023. Birmingham ranks 2 in terms of the volume of total retail spend available within the Primary Retail Market Area.

The age profile of the Birmingham Primary Retail Market Area includes a particularly high proportion of age groups to include young adults aged 15-24 and adults aged 25-44. In contrast, older working age adults aged 45-64 and the retired aged 65 and over are under-represented within the Birmingham area.

BIRMINGHAM ECONOMY

Birmingham’s city centre is dominated by professional and business services firms, notable accountants, law firms, and financial advisors. Major employers include KPMG, EY, Deloitte and PwC to name but a few. This thriving town centre accounts for 179,600 employees, with more than 15,000 further jobs predicted to be created in the city in the next 5 years. Around 35 per cent of these will be in professional and business services, the creative industries, real estate and public sector. Most notably, PwC is aiming to expand their workforce by 1,000 employees at Paradise Circus. HMRC and the Department for Work & Pensions have already acquired around 340,000 sq ft and are looking to consolidate their operations into Birmingham. Similarly, BT are also looking to strengthen their operations in the city due to the city’s unrivalled connectivity. Furthermore, Law firms also maintain a strong presence within Birmingham, with Gowling WLG employing over 1,000 people in the city centre at Two Snowhill. Other law firms present in the city include Eversheds Sutherland, Irwin Mitchell, DAC Beachcroft, and Shakespeare Martineau.

In addition, the city boasts the best development pipeline of any regional city, with two million sq ft of space available within the next 12 months. Residential development in Birmingham is at an "all-time high" (Deloitte Crane Survey), with 16 new schemes have been completed in 2018 and a further 20+ new mixed use schemes have broken ground delivering new offices, hotels and more apartments in the next couple of years.
DAVID LLOYD GYMNASIUM
UNITS 1 & 2, 63-65 CORNWALL STREET
BIRMINGHAM B3 2EE

TENURE
Virtual Freehold – 999 year lease.

DESCRIPTION
The property comprises ground floor accommodation totalling 4,908 sq ft GIA with a prominent frontage onto Cornwall Street. The gym is within a recently refurbished mixed use development comprising 77 high end apartments and the adjoining A3 retail/leisure Unit 3 (to be let).

We understand that David Lloyd are spending in the region of £850,000 fitting out their premises to suit their ‘Blaze’ concept demonstrating the strength of the location and the tenant’s commitment to the premises. The gym is due to commence trading in December.

BLAZE
Since its inception in March 2018 David Lloyd’s Blaze concept has gone from strength to strength.

The Blaze concept involves combining cardiovascular training with strength, boxing and martial arts skills, while syncing the workout to music. This gives participants a high intensity workout in a fast-paced and exciting environment. The classes also invite participants to wear heart rate monitors throughout the class which are linked to a TV monitor at the front. This allows class members to see the effort they are putting in and promotes healthy completion with each other.

Blaze has been incorporated into 30 existing David Lloyd gyms and is trading very successfully.

TENANCY
The property is let in its entirety to David Lloyd Leisure Limited on a FRI lease for a term of 15 years from 3rd October 2019 (lease expiry October 2034) at a current rent passing of £110,000 pa, which equates to a rent of £22.41 psf.

The lease provides for annual rental uplifts on 2nd October linked to RPI with a collar and cap of 2%-4%.

There is a tenant option to determine the lease on 2nd October 2024 exercisable subject to six months’ but no more than twelve months’ written notice. Should the tenant break, they must pay to the Landlord in cleared funds a sum equivalent to one year’s Annual Rent at the rate then payable.
COVENANT

David Lloyd operates 99 clubs in the UK and a further 15 across mainland Europe. To date they have approximately 570,000 members and employ over 8,600 people, including an expert health and fitness team of over 2000 and more than 680 tennis professionals.

Across all of the David Lloyd clubs, there are over 180 swimming pools offering more than 13,000 exercise classes every week.

Please see a summary of the past 3 years accounts below.

<table>
<thead>
<tr>
<th></th>
<th>03/01/2017</th>
<th>03/01/2018</th>
<th>31/12/2018</th>
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<tbody>
<tr>
<td>Turnover</td>
<td>£235,516,000</td>
<td>£265,638,000</td>
<td>£287,451,000</td>
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<tr>
<td>Pre Tax Profit</td>
<td>£17,106,000</td>
<td>£39,891,000</td>
<td>£35,237,000</td>
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<tr>
<td>Total Net Worth</td>
<td>£490,640,000</td>
<td>£520,448,000</td>
<td>£555,871,000</td>
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INVESTMENT COMPARABLES

<table>
<thead>
<tr>
<th>Property</th>
<th>Sale Date</th>
<th>Tenant</th>
<th>Earliest Determination</th>
<th>NIY</th>
<th>Sale Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timber Beach Road, Sunderland</td>
<td>June 19</td>
<td>DW Fitness</td>
<td>16.5 years</td>
<td>6.50%</td>
<td>£2,600,000</td>
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<tr>
<td>Tritton Road, Lincoln</td>
<td>May 19</td>
<td>DW Fitness</td>
<td>14.5 years</td>
<td>5.90%</td>
<td>£2,900,000</td>
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<tr>
<td>Ranelagh Road, Ipswich</td>
<td>April 19</td>
<td>DW Fitness &amp; Orwell Motorcycles</td>
<td>16 years</td>
<td>7.00%</td>
<td>£4,650,000</td>
</tr>
<tr>
<td>125 Copenhagen Way, Norwich</td>
<td>Jan 19</td>
<td>Pure Gym</td>
<td>15 years</td>
<td>6.00%</td>
<td>£2,500,000</td>
</tr>
<tr>
<td>43 Penistone Road North, Sheffield</td>
<td>Aug 18</td>
<td>Greenwich Leisure</td>
<td>12 years</td>
<td>6.10%</td>
<td>£2,545,000</td>
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<tr>
<td>The Pentagon, Nottingham</td>
<td>Aug 18</td>
<td>Nuffield Health</td>
<td>25 years</td>
<td>5.48%</td>
<td>£9,850,000</td>
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</tbody>
</table>
PROPOSAL

We are seeking offers in excess of £1,600,000 (One Million, Six Hundred Thousand Pounds) subject to contract and exclusive of VAT. This reflects a net initial yield of 6.48% after allowing for purchaser’s costs.

For further information or to make arrangements for viewing please contact:

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