

7 September 2017

Orchard Street serves an ace with acquisition of David Lloyd health, fitness & racquets club

Orchard Street Investment Management ('Orchard Street'), the specialist commercial property investment manager, announces the freehold acquisition of a David Lloyd Leisure health, fitness and racquets club located in Newbury, Berkshire for £17.6 million. The transaction, made on behalf of a pension fund client, was structured as a sale and leaseback agreement with the tenant, and reflects a net initial yield of 4.5%.

The purpose-built club, which opened in December 2015, comprises over 59,000 sqft of accommodation set on a 4.5 acre site. The premium facilities include: indoor and outdoor tennis courts, squash courts, indoor and outdoor swimming pools, spa facilities, a state-of-the-art fitness centre, a members lounge and kids club, in addition to an on-site café/restaurant and 180 visitor parking spaces. The asset's sole tenant, David Lloyd Leisure Ltd, has agreed a new 30 year lease subject to annual RPI linked rent reviews.

The property is situated in a predominantly residential area two miles south of Newbury's historical town centre. The affluent and populous West Berkshire town is a commuting hub with frequent train services to both Reading (17 minutes) and London Paddington (48 minutes).

Tom Chadwick at Orchard Street, commented: "The supply of 30 year income with annual RPI reviews is very limited so we are pleased to add this first class asset to the portfolio. This latest David Lloyd facility has firmly cemented its position as the leading fitness club in the wider area, experiencing robust client demand since opening, and we have high confidence in its prospects for continued growth."

Mark Sheehan, Managing Director of Coffey Corporate Leisure, commented: "This was an excellent opportunity to acquire a purpose-built, state-of-the-art facility with the leading operator in the sector as tenant. This investment attracted many offers reflecting the strong David Lloyd Leisure covenant providing a long-term income. We are continuing to witness an outstanding appetite from investors for sale and leaseback properties in the leisure sector. Buyers like stability of trade and long-term indexed income which leisure leases often provide. These transactions provide tenants with great prospects to free up capital to reinvest into their portfolio."

Orchard Street was advised by CBRE on this transaction, while Coffey Corporate Leisure acted for David Lloyd Leisure.

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Notes to Editors:

Orchard Street Investment Management

Established in 2004, Orchard Street Investment Management LLP is a leading specialist commercial property investment manager, focused on the UK market. It acts on behalf of institutional clients world-wide to advise on investing in and the active management of property assets, including industrial, retail warehouses, offices and shopping centres.