

UNIQUE CONFERENCE CENTRE INVESTMENT OPPORTUNITY
WITH ANNUAL FIXED INCREASES OF 2.5%



 **Kettering**
Conference Centre

THURSTON DRIVE, KETTERING NN15 6PB

LP LEWIS & PARTNERS

INVESTMENT SUMMARY

- Purpose built multi use conference / leisure centre located on the outskirts of Kettering on a site of 9.4 acres.
- The site includes a theatre, health club, sports area, children's soft play area and conference facilities.
- Site utilised by Volleyball England.
- Property let to Compass Contract Services (U.K) Limited with a guarantee from Compass Group Holdings Plc.
- Compass Contract Services (U.K) Limited (tenant) has a turnover of £1.5Bn and shareholder's funds of £562M for the year ending 30th September 2020.
- Compass Group Holdings Plc (Guarantor) has a turnover of £249.1M, pre-tax profits of £42.8M and net assets of £4.56Bn for the year ending 30th September 2020.
- Total rent of £797,642 pa.
- Annual fixed increases of 2.5% pa with the next increase on 1st April 2023.
- Offers in excess of **£9.34M** subject to contract and exclusive of VAT.
- A **net initial yield of 8%** rising annually.





For identification purposes only

LOCATION

Kettering is located in central Northamptonshire approximately 14 miles north east of Northampton and 30 miles south west of Peterborough. The town has a current population of approximately 53,000 and a borough population of 90,700.

The town benefits from excellent road communications, being adjacent to the A14 / A43 trunk road intersection (0.5 miles), providing access to the east to the A1M (25 miles) and west to the M1 (19 miles). The A43 trunk road links the town north with Corby (10 miles) and south with Northampton (15 miles). The A14 and the A43 roads have benefitted from upgrades including full dualling in and around Kettering.

Kettering has excellent rail services with direct services to London St Pancras with a fastest journey time of approximately 54 minutes. Birmingham Airport is also located in close proximity (46 miles).

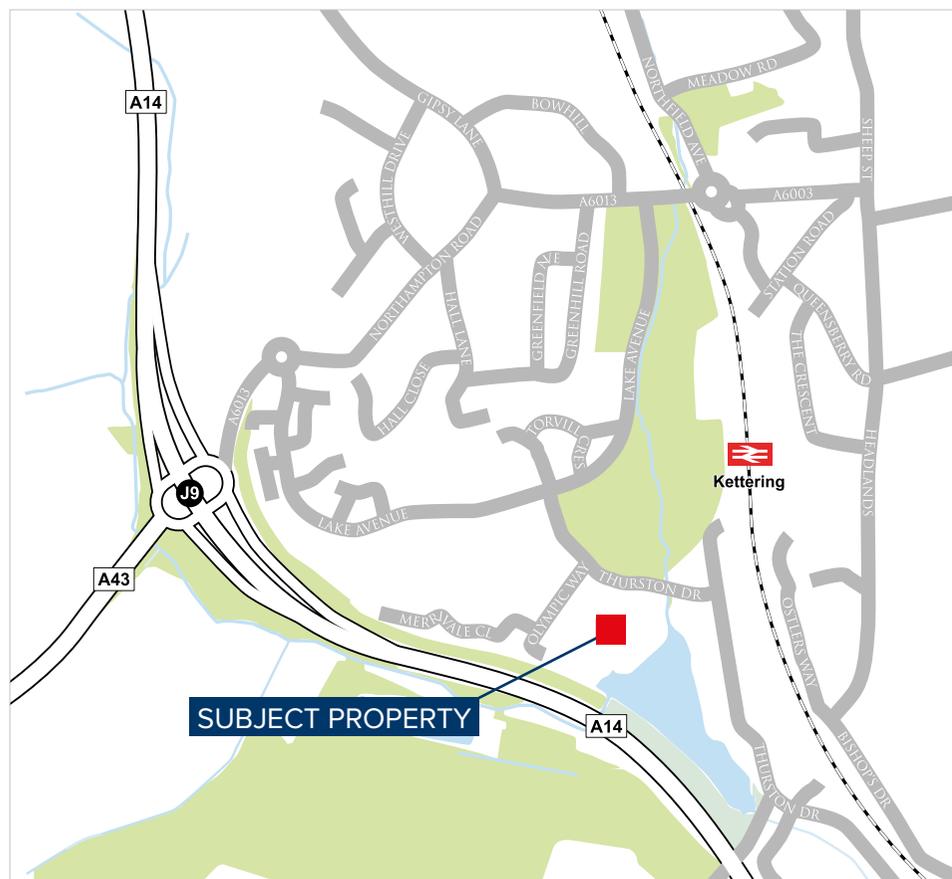




SITUATION

The subject premises are situated approximately 1 mile to the south west of the town centre of Kettering and close to the A14 which provides direct access.

The site is situated adjacent to a lake and surrounded by a large residential housing estate, a sports ground, playing fields and a school.



DESCRIPTION

The subject property is a purpose built leisure / conference centre constructed in the early 1990's and has undergone a number of changes of use since it's original construction.

The property currently comprises of a 576 seat theatre, a health club, sports area, children's soft play area and conference facilities. The sports area is also utilised by the gym, conference centre and Volleyball England. The children's soft play area and health club have their own separate entrances, whereas the theatre and conference centre share an entrance. The sports area can be accessed via the health club or conference theatre entrance depending on the event.

The main sports hall arena comprises a large open arena, which benefits from a sprung wooden floor. The area can be divided into several smaller sections depending on what activities are taking place. The main area also has a retractable tiered seating for 2,000 people for sporting or other events.

The health club features a large gym area on the ground and mezzanine floors and benefits from cardio vascular and weight training equipment. The gym also features a swimming pool with sauna, steam room and jacuzzi. Additionally there are a number of studios for exercise classes, treatment rooms, male and female and family changing rooms. Access through the gym on the first floor is a spa with four treatment rooms.

The conference centre is accessed through the main entrance on the ground floor which features an extensive lobby area. The majority of the conference rooms are located on the first floor and accessed via the staircase from the lobby. The conference centre has an offering of 13 rooms including the sports arena and the lighthouse theatre. The room provides flexibility and allows the centre to host parties from 5 people with a classroom layout to 2,000 in reception style.

The children's soft play area trades under the name Kids Play and is an indoor leisure offering providing a four storey play structure, four lane slide, elastic tower, trampoline, climbing wall and dodgems.

The most recent addition to the property is the 576 seat Lighthouse Theatre. The theatre features a large stage with tiered seating on the ground and first floor.

The subject property benefits from a large on-site car park.





ACCOMMODATION

The property provides the following gross internal areas:

Area	Sq Ft	Sq M
Conference	54,093	5,025
Kids Play	14,865	1,381
Gym	37,764	3,508
Sports Hall Arena	22,483	2,089
Ancillary	6,769	629
Total	135,975	12,632

A total site area of approximately 3.8 hectares (9.4 acres) with a site coverage of approximately 25%.

TENURE

The property is held leasehold from Kettering Borough Council on a full repairing and insuring lease commencing on the 3rd April 2000 and terminating on the 29th July 2116, at a rent of £1 per annum with no rent reviews throughout the duration of the lease term.

There is a strict user clause in place which permits the use as swimming bath, skating rink, cinema, gymnasium and areas for other indoor or outdoor sports or recreations, not including motorised vehicle or firearms and excluding an arena, casino, concert, bingo and dance halls but not excluding the occasional use for concerts or dances from time to time but no more than 15 occasions in any 1 year. There has been deeds of variations entered into which have varied the permitted user and operation of the centre, to include not only the current uses but also the proposed hotel use.

The ultimate freeholder of the site is B Q Farms Limited who have Kettering Borough Council as a sub tenant.

TENANCY

The property is let for a term of 15 years from 1st April 2017 to Compass Contracts Services U.K Limited with Compass Group Holdings Plc as a guarantor, at a current rent of £797,642pa. The rent is increased annually by 2.5% per annum with the next uplift on 1st April 2023 at 2.5% pa and annually thereafter.

Please note the lease is subject to a schedule of condition, which can be provided upon request.

COVENANT



Compass Contract Services (UK) Limited (Tenant)

Compass Contract Services (UK) Limited are involved in event catering activities and has 56,570 employees. The ultimate holding company is Compass Group Plc. For the year ending 30th September 2020, the company reported a turnover of £1.5Bn and shareholder's funds of £562M.

Compass Group Holdings Plc (Guarantor)

Compass Group Holdings Plc are involved in event catering activities and has 180 employees. The ultimate holding company is Compass Group Plc. For the year ending 30th September 2020, the company reported a turnover of £249.1M and pre-tax profits of £42.8M. For the same period the company reported shareholder's funds of £4.56Bn.

The ultimate holding company for both companies is Compass Group Plc who have recently reported an increase in pre-tax profits for fiscal 2021 as it booked lower costs and returned to the dividend list.





Artist Impression of potential 194 bedroom hotel

PLANNING

There is currently planning in place for 194 bedroom hotel to the front of the site (5,300 sq m).

EPC

The property has an EPC rating of C (65).

VAT

Value added tax will be applicable on the sale of this property.



PROPOSAL

We are instructed to seek offers in excess of **£9.34M (Nine Million Three Hundred and Forty Thousand Pounds)** subject to contract and exclusive of VAT for our client's leasehold interest in the above. A purchase at this level will reflect a **net initial yield of 8%** after allowance for unadjusted purchaser's costs of 6.8%.

Based on the purchase price and following the annual 2.5% fixed uplifts a purchaser will benefit from the following yield profile:

Year	Rent	Running Yield
1st April 2023	£817,583	8.20%
1st April 2024	£838,022	8.40%
1st April 2025	£858,973	8.61%
1st April 2026	£880,447	8.82%
1st April 2027	£902,459	9.05%
1st April 2028	£925,020	9.27%
1st April 2029	£948,146	9.51%
1st April 2030	£971,849	9.74%
1st April 2031	£996,145	9.97%

FURTHER INFORMATION

Should you wish to view the property or require any further information please contact the sole agents.

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SUBJECT TO CONTRACT AND EXCLUSIVE OF VAT

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