

TENPIN

LEAMINGTON SPA

LEAMINGTON SHOPPING PARK, TACHBROOK PARK DRIVE, LEAMINGTON SPA CV34 6RH
PRIME FREEHOLD LONG INCOME LEISURE INVESTMENT PROPERTY WITH RPI INDEX-LINKED REVIEWS

CBRE





INVESTMENT HIGHLIGHTS

- * Opportunity to acquire a prime freehold RPI-indexed leisure asset with 20 years unexpired (lease expiry 27/08/2044).
- * Royal Leamington Spa is an affluent spa town in the West Midlands with a population over 51,000.
- * Let to Tenpin Ltd, a top performing leisure covenant with a D&B rating of 5A1.
- * The 26 lane bowl is the principal facility within the conurbation with no competition within a 15-mile radius.
- * A detached single storey building that extends to 22,602 sq ft (2,100 sq m) GIA on a site c.1.2 acre (0.49 ha).
- * The current rent passing is £234,491 per annum, reflecting a low rate of £10.37 psf. The next review will occur on 28th August 2027 and will increase to a minimum of £246,453 per annum (£10.90 psf).
- * Rent reviews are 5 yearly with annually compounding RPI-linked uplifts subject to a collar and cap of 1% - 3%.
- * The property benefits from an EPC rating of C-63 and has a strong real estate underwrite for retail, self storage and leisure uses (STP).

OFFERS ARE INVITED IN EXCESS OF £2,950,000 (TWO MILLION NINE HUNDRED AND FIFTY THOUSAND POUNDS), REFLECTING A NET INITIAL YIELD OF 7.5% ONCE STANDARD PURCHASER'S COSTS HAVE BEEN DEDUCTED.



TOWN HALL



◀ ROYAL PRIORS SHOPPING CENTRE



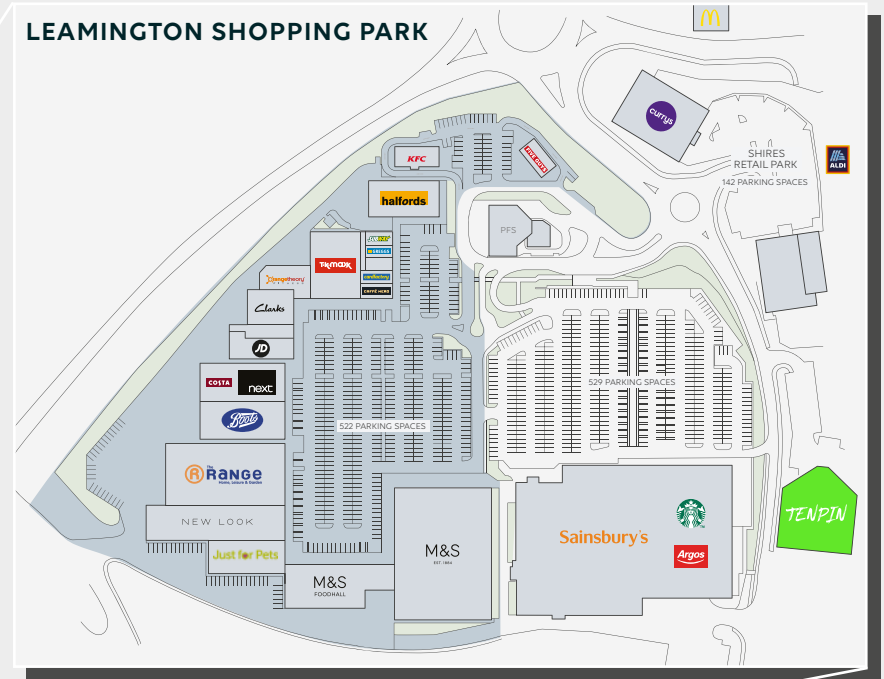
HIGH STREET

LOCATION

Royal Leamington Spa is a popular spa town located in Warwickshire in the West Midlands. Leamington is situated approximately 10 miles south of Coventry and 28 miles southeast of Birmingham.

The town benefits from strong transport links with access to the M40 within 5 miles via J13 and J14 and a central train station located within a mile, offering Chiltern and Cross Country services that provide access to Birmingham in circa 30 minutes and London within 90 minutes. The local population is approximately 51,000 with circa 242,000 residents within a 20-minute drive time.

SITUATION & OCCUPIERS



The property is situated on the eastern side of Tachbrook Park Drive which borders Leamington Shopping Park which was built in the late 1980's as an out-of-town retail hub. Located 0.5 miles south of the town centre, the retail park is an attractive and increasingly popular shopping destination which boasts 160,000 sq ft of retail space and circa 522 parking spaces. Occupiers include **M&S, Just for Pets, Next, Boots, Halfords, The Range, New Look, TK Maxx, Greggs, Caffe Nero** and **Clarks**. Adjacent to Tenpin is a 90,000 sq ft Sainsbury's supermarket with 529 parking spaces whilst other nearby operators include Curry's, Aldi, McDonald's, and Travis Perkins.

The surrounding area comprises a mix between retail, light industrial, religious and office premises with a significant increase in residential dwellings following the local authority's introduction of their Urban Extension Area with over 1,000 new build properties recently constructed with planning approved for a further 600.

Recent lettings on the shopping park include 20,000 sq ft to The Range in October 2023 and M&S who closed their clothing branch in the town centre Royal Priors retail scheme to extend their existing retail park branch into a larger flagship store, recognising the shift in customer demand that is moving away from town centre schemes and towards out-of-town shopping parks.

DESCRIPTION

The property is a detached purpose-built bowling centre of steel frame construction with brick and steel cladding. The venue benefits from direct frontage onto Tachbrook Park Drive with customer parking for 34 vehicles. The property extends to 22,602 sq ft GIA and is arranged entirely over ground level with facilities including:

- * 26 Bowling lanes
- * Extensive AWP area
- * Diner and bar
- * Customer WCs
- * Commercial kitchen
- * Beer cellar
- * Ancillary accommodation

The venue was refurbished in 2020 and dominates the catchment with no competition closer than the Tenpin in Coventry approximately 15 miles to the north (circa 30 minute drive time).

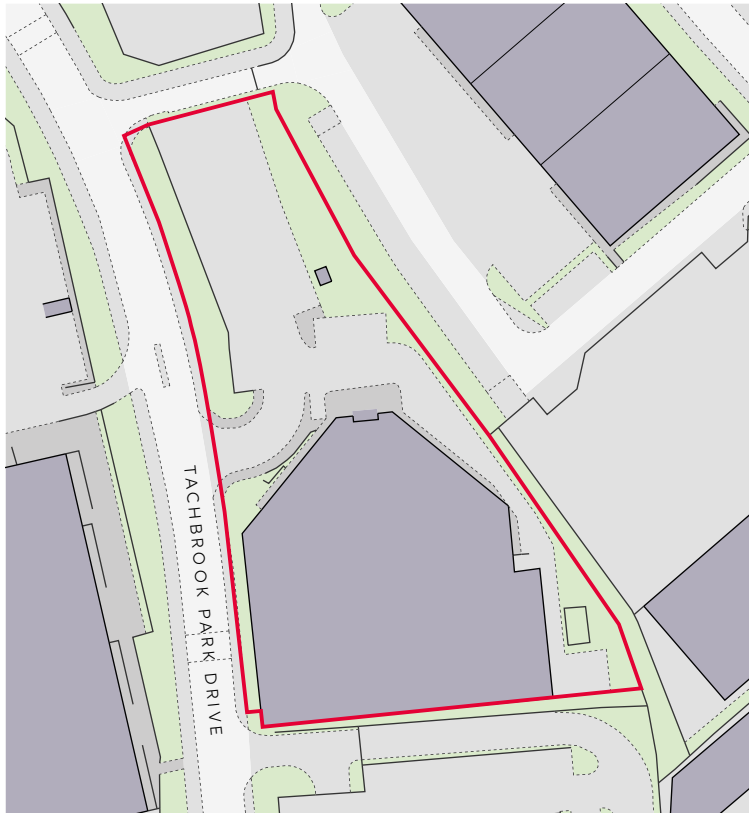
FLOOR	AREA (SQ FT)	AREA (SQ M)
Ground	22,602	2,100
TOTAL	22,602	2,100

Areas have been sourced from a historic measured survey. CBRE advise interested parties to instruct refreshed measured surveys for reliance purposes as the selling agents will not indemnify the accuracy of the areas quoted.



TENURE

The property is held freehold under title number WK328688 on a 1.2 acre (0.49 ha) plot, reflecting 44% site coverage.



Not to scale. For identification purposes only. This plan is based upon the Ordnance Survey Map with the sanction of the controller of H.M. Stationery Office. Crown Copyright reserved.

TENANCY

The property was originally let in its entirety on a 20-year FRI-lease to Tenpin Limited, expiring 28th August 2027. The lease benefits from a topco guarantee from Tenpin Entertainment Limited. The passing rent is **£234,491.88 per annum (£10.37 psf)** with effect from the 2022 review date. The rent is subject to **annually compounding RPI-linked increases** with effect every fifth anniversary of the term, subject to a **cap and collar of 1% - 3%**.

A reversionary lease has been agreed with the tenant to extend the term until expiry on 27th August 2044, providing 20.2 years term certain. The next rent review is due upon commencement of the reversionary lease in August 2027, with a minimum rental uplift to £246,453 pa and a maximum uplift to £271,840 pa.

ASSET MANAGEMENT

The lease permits the premises to be used for bowling or other uses within class D2, with the exception of casino, cinema or gaming under the current user clause.

The site benefits from its proximity to the retail park and surrounding light industrial and office premises, boasting a strong alternative use underwrite in a highly sought after position, with potential to operate as a trade merchants, self storage, health and fitness or retail facility subject to obtaining the necessary planning consent.

COMPETITION & DEMOGRAPHICS



BOWLING SECTOR & INVESTMENT MARKET

OPERATIONAL MARKET

Such has been the success of the bowling sector until recently, when the two main operators which were both publicly listed companies saw Tenpin taken private in January 2024 by a US private equity firm for the sum of £287m.

Like-for-like growth post covid has been exceptional and bowling is the market leader for experiential leisure spend. This has culminated in expansion by the major operators and the boutique outfits who are investing capex into their estates through refurbishments and rebranding exercises.

INVESTMENT MARKET

Demand for experiential leisure continues to be strong as it is difficult to acquire standalone units. The strength of this market is due to the continued success of Millennials and Gen-Z prioritising experiences over purchases.

This is depicted in continued growth in operator P&Ls which sustains their ability to pay rentals. This in turn has been reflected by improving pricing within the sector which is expected to continue in H2 2024 as demand continues to exceed supply of this sustainable investment.

PROPERTY	SALE DATE	UXT (YEARS)	NIY	PRICE (£m)	REVIEW BASIS	REVIEW FREQ.
Hollywood Bowl, Wellingborough	Jan-24	16.8	8.5%	£3.0m	RPI (2% - 3%)	Annual
Tenpin, Nottingham	Jul-23	27.6	7.6%	£5.7m	RPI (1% - 4%)	5-Yearly
Tenpin, Coventry	Mar-23	27.3	7.4%	£8.3m	RPI (2% - 4%)	Annual

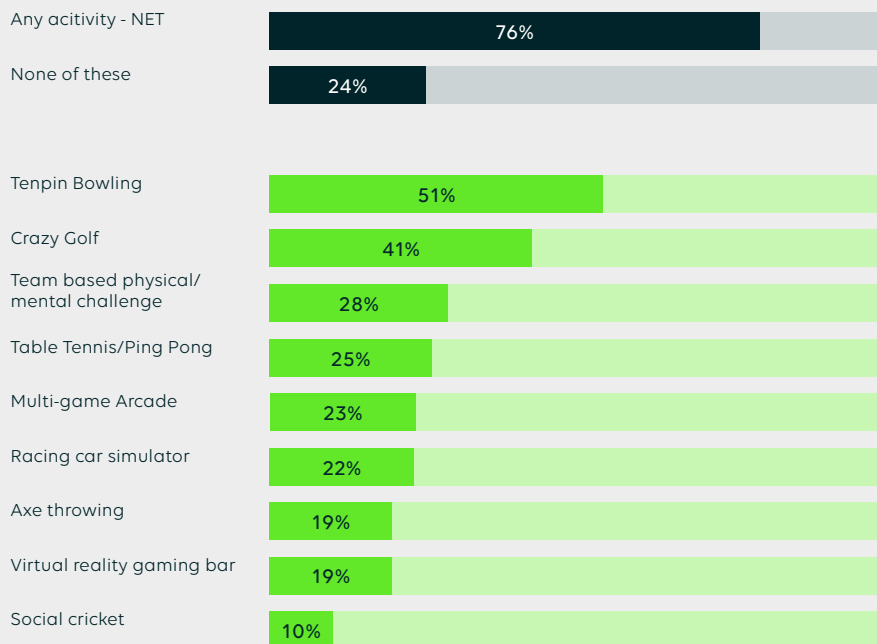




COMPETITIVE SOCIALISING

FUTURE INTEREST IN COMPETITIVE SOCIALISING ACTIVITIES 2023

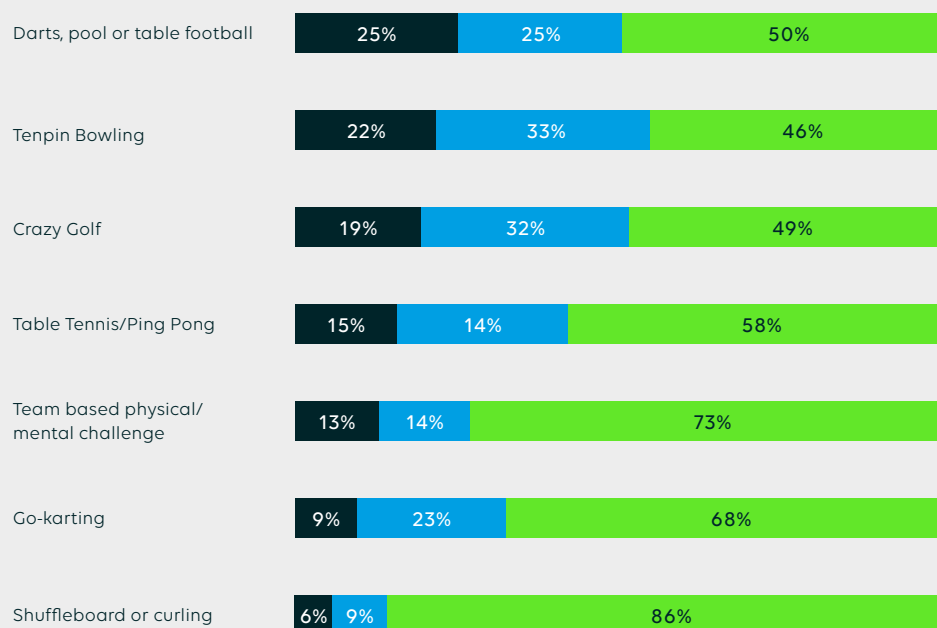
Which part of the following leisure/social activities would you be interested in taking part in outside the home in the next 12 months? Please select all that apply



Base: 2,000 internet users aged 16+
Source: Kantar Profiles/Mintel, April 2023

PARTICIPATION IN COMPETITIVE SOCIALISING ACTIVITIES 2023

Have you taken part in the following leisure/social activities outside of the home?



■ Yes (in the last 12 months) ■ Yes (but not in the last 12 months) ■ No

Base: 2,000 internet users aged 16+
Source: Kantar Profiles/Mintel, April 2023

COVENANT tenpin

TENPIN ENTERTAINMENT LIMITED

In February 2024, it was announced that US private equity firm, Trive Capital had completed the acquisition of all of the issued and outstanding common shares of Ten Entertainment Group plc (now Tenpin Entertainment Limited), a premier bowling and family entertainment centre operator based in the United Kingdom, for the sum of £287m.

Tenpin comprises 53 venues across the UK and provides customers with a diverse range of activities including bowling, video arcades, escape rooms, karaoke, laser tag, pool, table tennis, and soft play. By partnering with Trive, Tenpin will be able to expand its presence in the UK and improve its portfolio for an enhanced customer experience.

During 2023 the Group opened 4 new centres in Crewe, Milton Keynes, Dundee and Sheffield alongside acquiring a site in Glenrothes. The Group has also released capex to refurbish 9 major sites to ensure that the Group's assets remain well invested in to give customers the best possible experience.

"WE ARE EXCITED TO PARTNER WITH A LEADING LEISURE AND ENTERTAINMENT OPERATOR IN TENPIN, WITH A HIGH-QUALITY MANAGEMENT TEAM FOCUSED ON INNOVATION AND PROVIDING A BEST-IN-CLASS CUSTOMER EXPERIENCE.

TRIVE LOOKS FORWARD TO CONTINUING TO INVEST IN AND BEHIND THE PLATFORM TO SUPPORT THE EMPLOYEE BASE, ENHANCE THE EXISTING PORTFOLIO, AND FACILITATE ESTATE EXPANSION."

Shravan Thadani, Partner at Trive Capital



TENPIN ENTERTAINMENT LIMITED FY TO 31ST DEC	2023 £'000	2022 £'000	2021 £'000
Revenue	135,332	126,673	67,521
Gross profit	90,231	85,758	45,010
Operating profit	36,273	41,511	10,423
Profit before taxation	28,555	33,995	4,437
Number of sites	53	48	46



53 sites



7% Revenue Increase
in 2023



£30m+
2023 CAPEX



5A1 D&B rating

FURTHER INFORMATION

VAT

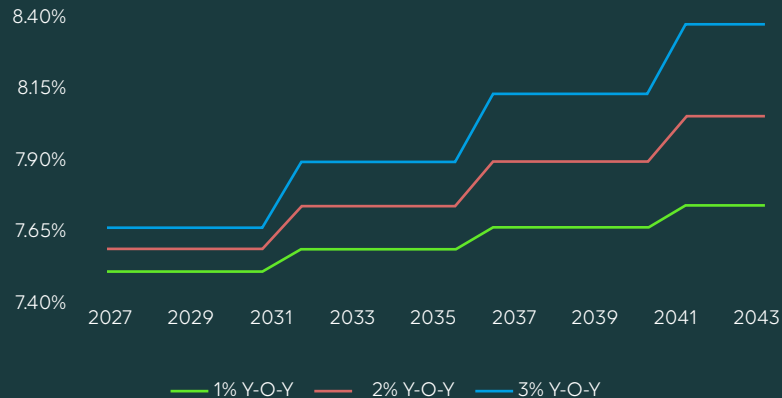
The property is elected for VAT and it is anticipated that the sale will be treated as a Transfer of a Going Concern.

EPC

The current EPC rating for the building is C-63 which is valid until 4th February 2027.

RUNNING YIELD

The graph below demonstrates the running yield based on the rental cap, collar and an assumption that rental growth reflects 2% annually for the remainder of the term, assuming an acquisition at 7.5% NIY.



PROPOSAL

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