

# PRIME FREEHOLD INVESTMENT OPPORTUNITY

## Applegreen Forecourt & Convenience Store

Rayne Road Service Station • Rayne Road • Braintree • Essex • CM7 2QS

Barber Wadlow  
Fuel and Automotive Property Advisers

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- Prime Applegreen forecourt and Londis convenience store with Subway outlet
- New 20-year lease to Petrogas Group UK Limited, guaranteed by Applegreen Plc
- RPI-linked rent reviews every five years, subject to a minimum increase of 105% and maximum of 110%

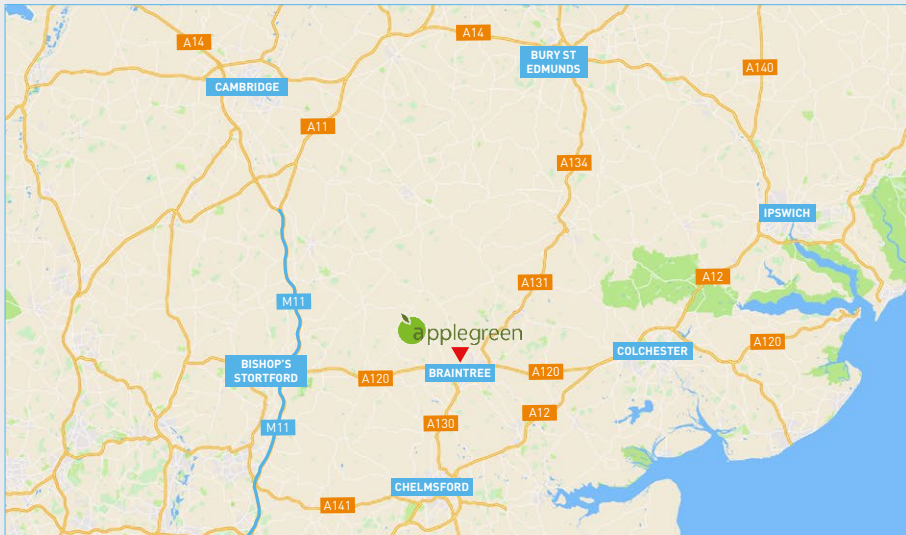
applegreen

SUBWAY

Londis



## Investment Summary

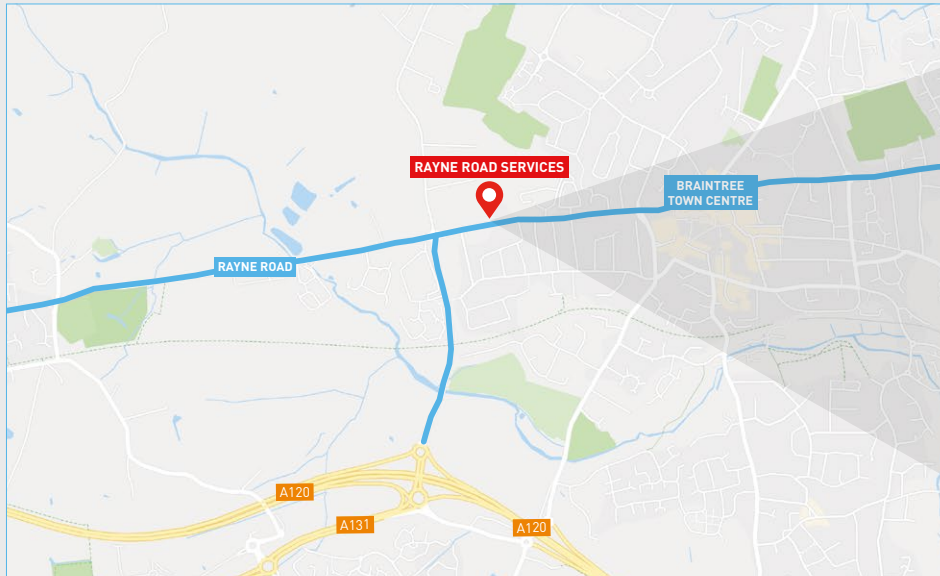


- **Freehold, modern development** comprising **Applegreen** forecourt and **Londis** convenience store, together with **Subway** outlet.
- **Strong trading pitch**, fronting the B1256 Rayne Road, which acts as the principal road into Braintree town centre from the west.
- Adjacent to Lidl supermarket and the Braintree Community Hospital a short distance to the east. The property also benefits from a high-density residential catchment.
- Let in its entirety to **Petrogas Group UK Limited (net worth: £128m)** and guaranteed by **Applegreen Plc (net worth: €361m)**.
- **New 20-year lease** from 29 March 2019, expiring 28 March 2039. Tenant option to break at end of Year 15 (29 March 2034).
- **Rent: £170,000 per annum** with five-yearly, **upwards-only rent reviews linked to RPI** (subject to increase cap of 110% and collar of 105%). Rent at the first review (29 March 2024) will therefore increase to a minimum of £178,500 and a maximum of £187,000 per annum.
- We are instructed to seek offers in excess of **£2,660,000** (Two Million Six Hundred & Sixty Thousand Pounds). This price equates to a **Net Initial Yield of 6.01%** (based upon standard purchaser's costs of 6.41%).





## Location & Situation



The property fronts Rayne Road in Braintree, Essex, the principal route in and out of the town centre from the west, providing access to the A120, 0.6 mile to the south. The A120 is an important trunk road through Essex that serves as a by-pass around Braintree, as well as providing access to the M11 motorway (Junction 8) and Stansted Airport, 16 miles to the west.

Braintree has a population of 41,634 inhabitants and is located approximately 19 miles west of Colchester, 20 miles east of Bishop's Stortford, 12.5 miles north of Chelmsford and 48 miles north east of Central London.

The strength of the retail pitch is demonstrated by the presence of Lidl immediately adjacent. The site is well positioned to capitalise upon an expansive customer base that includes passing traffic, the immediate residential catchment and nearby development, including a country store/garden centre (t/a Ernest Doe), Ford and Vauxhall/Citroën dealerships, as well as the Braintree Community Hospital.

In respect of fuel retail competition, there is a dated and compact BP-branded petrol station on Raynes Road a short distance to the west. The site forms part of the Ford dealership owned by Lookers Plc and is a compromised development that limits its competitive influence. The subject site is a considerably superior retail offer, serving Raynes Road and the wider West Braintree area.

[Click here](#) for Google Map function.





## Description

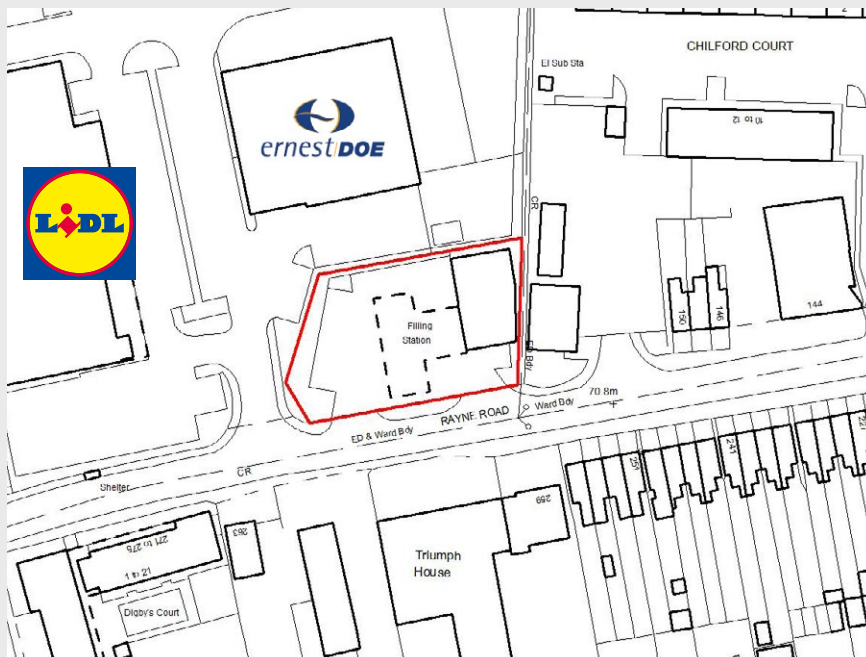
A petrol filling station that provides a comprehensive range of facilities, including an Applegreen-branded forecourt, Londis c-store, with a Subway outlet on a site extending to 0.143 hectare (0.354 acre).

The forecourt comprises four fuel dispensers that are protected by a steel-framed, flat-topped illuminated canopy. The dispensers are linked to an underground, double-walled tank farm that was installed in 2005 and provides a total capacity of 116,400 litres.

The c-store is situated to the east of the forecourt and provides single-storey accommodation extending to 199.5m<sup>2</sup> (2,148ft<sup>2</sup>), with a retail sales area of 129.2m<sup>2</sup> (1,391ft<sup>2</sup>). The c-store provides a comprehensive retail offer including Costa Express and a Subway outlet with seating area. There is an ATM 'hole in wall' machine positioned in the front elevation of the shop building as well as an In-Post automated parcel box facility.

## Tenure

The property is held freehold under title no. EX652674.





## Tenancy

The property is let to Petrogas Group UK Limited (guaranteed by Applegreen Plc) for a term of 20 years from 29 March 2019 on a full repairing and insuring basis and expiring on 28 March 2039. There is a tenant option to break at the end of Year 15 (29 March 2034), providing a term certain of just under 15 years.

The base rent is £170,000 per annum, which is subject to five-yearly RPI-linked rent reviews (subject to a maximum increase of 110% and a minimum of 105%. The first rent review is on 29 March 2024 when the minimum increase will be £178,500 and maximum will be £187,000 per annum).

A copy of the lease and schedule of condition will be made available upon request.

## Covenant Information

Applegreen Plc is one of the leading players in the roadside retail sector, operating petrol filling stations and motorway service areas in the Republic of Ireland (193 sites), United Kingdom (158 sites) and the USA (121 sites) and has 10,700 employees.

Applegreen is the No. 1 motorway service area operator in Ireland and No. 2 in the UK following its acquisition in August 2018 of a majority stake in Welcome Break.

The group offers a distinctive convenience retail offering, which includes a “low fuel prices, always” price promise to drive footfall to stores. The group operates a number of franchise brands within its stores, including Costa Coffee, Subway, Starbucks, Greggs and Waitrose, amongst others.

Petrogas Group UK Limited (wholly-owned by Applegreen Plc) owns and operates the Group's UK petrol station network.

Petrogas Group UK Limited:

	31/12/2017 (£'000)	31/12/2016 (£'000)
Turnover	441,866	336,586
Profit Before Tax	2,001	2,464
Net Worth	127,748	68,644

Applegreen Plc:

	31/12/2018* (£million)	31/12/2017 (£million)	31/12/2016 (£million)
Turnover	2,012.6	1,428.1	1,178.6
Profit Before Tax	28.3	22.0	19.5
Net Worth	360.7	181.0	137.3

\*Incorporates Welcome Break acquisition

## Environmental

In accordance with the lease, the tenant indemnifies the landlord against environmental liability during the term. A Phase 2 intrusive environmental survey (dated March 2018) will be made available upon request.

## EPC

C62 (certificate and recommendation report available upon request).

## VAT

It is understood that the property has not been elected for VAT. In any event, the transaction can be treated as a TOGC, therefore VAT will not be chargeable.



## Proposal

We are instructed to seek offers in excess of **£2,660,000** (Two Million Six Hundred & Sixty Thousand Pounds). This price equates to a Net Initial Yield of **6.01%** off the initial rent of £170,000 per annum and a running yield profile off the minimum and maximum rent increases, as follows:

Year	Running Yield - Minimum	Running Yield - Maximum
2024	6.31%	6.61%
2029	6.62%	7.27%
2034	6.95%	7.99%

This assumes the deduction of standard purchaser's costs of 6.41%, subject to contract and exclusive of VAT.



## Latest Transactions

The forecourt sector continues to appeal to a wide range of property investors due to the high quality assets being developed, which benefit from long term leases that guarantee rental growth and tenants with a strong financial status.

[Click here](#) for the latest Barber Wadlow Forecourt Property Market Update.

Property	Tenant	Term Certain	NIY	Date
Co-Op, Ilkeston	Co-Operative Group	13 years	5.55%	Feb 2019
Sainsbury's, Horley	Sainsbury's	15 years	4.37%	Dec 2018
Esso/Morrisons, Cosham	Rontec	15 years	5.22%	Sept 2018
Spar, Chesterfield	AF Blakemore & Son	20 years	5.24%	Sept 2018
Applegreen, Crawley	Petrogas Group UK Ltd	15.5 years	5.24%	Jan 2018
Applegreen, Spalding	Petrogas Group UK Ltd	25 years	5.6%	Sept 2017

## Further Information

If you require further information on this property, please do not hesitate to contact:

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Subject to Contract . AGW/2019/0022/779 . April 2019



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