



FIVEWAYS

FIVEWAYS MOTOR SERVICE AREA,
BARTON MILLS, SUFFOLK IP28 6AE



INVESTMENT SUMMARY

- > Rare opportunity to acquire a modern roadside investment with diversified income and redevelopment potential.
- > **83%** of income secured against the strong brands of Shell UK Ltd and McDonalds Restaurants Ltd.
- > The property extends to **12,254 GIA**, on a **4.28** acre site.
- > Prominently situated on the Norwich bound carriageway of the A11 on the Fiveways Roundabout. The A11 is a very busy arterial route connecting Norwich with Cambridge and London, with circa **50,000** vehicles passing the site per day.
- > Multi-let to four tenants providing an annual income of **£391,093** with an unexpired term of **15.1 years**, no breaks.
- > The rents are considered to be reversionary with some of the leases subject to **RPI reviews**.
- > Potential to redevelop part of the site not let to Shell or McDonalds into alternative uses such as EV charging, subject to planning.
- > The subject site is very strategically located and has compelling drive time credentials to future proof its' long term tenant demand.
- > Freehold.

We are instructed to seek offers in excess of **£8,000,000 (Eight Million Pounds)**, subject to contract and exclusive of VAT.

A purchase at this level would reflect a **net initial yield of 4.58%**, assuming purchasers costs of 6.67%.

A key addition to one of the main interchanges along the A11, between Cambridge and Norwich



Norwich -
41.5 miles

A11

A1065

Bury St Edmunds -
11.4 miles

A1101

Cambridge -
22.7 miles

LOCATION

The property is located on the A11 dual carriageway at Barton Mills, which is 8.5 miles north east of Newmarket, 11 miles north west of Bury St Edmunds, 22 miles north east of Cambridge and approximately 73 miles north of London.

Newmarket	8.5 miles
Bury St Edmunds	11 miles
Cambridge	22 miles
Norwich	40 miles
London	73 miles

The property is situated on the Norwich bound carriageway of the A11. The A11 is a very busy arterial route connecting Norwich with Cambridge and London, with a direct route to the M11. The service station is considered a key addition to one of the main interchanges along the A11, with Thetford Forest Park located 500 metres from the property, drawing a large number of visitors to the local area. RAF bases Mildenhall and Lakenheath which primarily support United States Air Force operations lie within 10 miles north of the property.

The A11 between Fiveways and Thetford recently underwent £105 million of improvement works to create a dual carriageway.

CONNECTIVITY

Fiveways benefits from excellent road connections, situated on a busy roundabout connecting the A11, A1065 and A1101. The A11 provides direct access to the A14 leading to the wider motorway network.



A14	6 miles
M11	26 miles
A1 (M)	44 miles
M25	54 miles
M6	84 miles



Bury St Edmunds	11 miles
Newmarket	8.5 miles



Stansted Airport	43 miles
Luton Airport	58 miles

£105 million of improvement works to the A11



Map not to scale - for reference purposes only

IP28 6AE



DESCRIPTION

Modern trunk road service area which includes a Shell petrol filling station with a Little Waitrose convenience store and a McDonalds restaurant with a drive-thru lane. To the rear, there is a tyre and exhaust repair centre with workshop alongside a hand car wash and a telecoms mast. There are 81 car parking spaces, with the buildings totalling 12,254 sq ft.

The petrol filling station forecourt comprises six fuel dispensers that are protected by a steel framed, flat-topped illuminated canopy.

The shop within the petrol filling station provides a comprehensive convenience retail offering, including Costa Express and a Little Waitrose outlet. There is also an ATM 'hole in wall' and jet wash facility.



Diversified income opportunity



TENURE

The property is held freehold.

SITE

The site totals approximately 4.28 acres (1.73 hectares).



ACCOMMODATION

The property has been measured by Plowman Craven in accordance with the RICS Property Measurement Standards 6th edition. The property provides the following Gross Internal Areas:

DEMISE	USE	SQM	SQ FT
Ground Floor	Service Station	247.6	2,665
Ground Floor	Restaurant	357.6	3,849
Ground Floor	Unit 1 - Tyre and Exhaust Centre	335.0	3,606
Ground Floor	Unit 2 - Workshop	198.3	2,134
TOTAL		1,138.5	12,254

The site is subject to non-compete restrictions for certain uses. Further information is available on request.
There are a total of 81 marked car parking spaces.



TENANCY

Multi-let to 4 tenants, with 83% of the income secured against the service station occupied by Shell UK Ltd (46% of income) and a restaurant occupied by McDonald's Restaurants Ltd (37% of income), with the remaining income comprising a tyre & exhaust / valeting centre, workshop and telephone mast to the rear.

The tenancies are summarised below:

Attractive long income investment with over 15 years unexpired

UNIT	TENANT	SIZE SQ FT	LEASE START	LEASE EXPIRY	RENT REVIEW	WAULT	RENT PA
Service Station	Shell UK Limited	2,665	30/03/2015	29/03/2040	30/03/2025	17.8	£180,000
Restaurant	McDonald's Restaurants Ltd	3,849	20/10/2015	19/10/2040	20/10/2025	18.4	£100,000
Car Parking	McDonald's Restaurants Ltd	27 x spaces	20/10/2015	19/10/2040	20/10/2025	18.4	£45,487
Telecomms Mast	CTIL Ltd	N/A	06/06/2014	05/06/2024	-	2.0	£5,606
Rear Land - Unit 1 & Unit 2	Fiveways (Garage) Ltd	5,740	01/10/2015	30/09/2024	-	2.3	£60,000
Total		12,254				15.03	£391,093



TENANT COVENANT



Shell UK Limited

Established in 1976, Shell U.K Ltd explores and produces energy products. The company offers fuels, crude oil, natural gas, lubricants, LPG, diesel, and chemicals. Shell UK serves customers worldwide, employing around 6,000 people in the UK working across a range of energy-related activities. Shell provides approximately 10% of the UK's oil and gas, serving nearly 3.5 million customers each week at over 1,000 stations.

Shell UK Limited have a Dun and Bradstreet rating of 5A1 which represents a minimum risk of business failure.

SHELL UK LTD	2020	2019	2018
Sales Turnover	£3,461,000,000	£6,142,000,000	£6,606,000,000
Profit Before Taxes	-£1,125,000,000	-£275,000,000	£432,000,000
Tangible Net Worth	£3,065,000,000	£3,652,000,000	£4,190,000,000
Net Current Assets	-£96,000,000	£572,000,000	-£1,012,000



McDonald's Restaurants Limited

McDonald's Restaurants Limited runs the UK operations of US-based global fast food giant McDonald's, encompassing more than 1,300 company-owned and franchised locations, serving 3.6 million customers daily. McDonald's opened its first UK restaurant in 1974 and currently employs approximately 17,000 people.

McDonald's Restaurants Limited have a Dun and Bradstreet rating of 5A2 which represents a lower than average risk of business failure.

MCDONALD'S RESTAURANTS LTD	2020	2019	2018
Sales Turnover	£970,266,000	£1,402,777,000	£1,514,374,000
Profit Before Taxes	-£23,350,000	£405,994,000	£406,278,000
Tangible Net Worth	£940,339,000	£994,325,000	£1,098,986,000
Net Current Assets	£2,948,000	£54,957,000	£173,849,000



OCCUPATIONAL MARKET

The roadside sector has evolved substantially in the last 15 years, diversifying away from fuel sales into convenience store and food-to-go retailing, vehicle valeting and 'click & collect' / online delivery, amongst others. The sector is also well-placed to capitalise upon the development of alternative fuel offerings, including EV charging. Fuel forecourts will be able to provide a national network of super-fast EV charging locations, a necessity for EV rollout given the concerns around home-charging, particularly in major conurbations.

The sector has performed particularly well through the pandemic and the roadside retail sector has proven more robust than other parts of the retail market. Whilst fuel sales declined in April 2020, the sector saw volumes return rapidly to pre-Covid levels during the summer months. Convenience stores have enjoyed strong growth through lockdown, generally trading 20% - 30% ahead of historic levels, which reflects the consumer's desire to shop locally and avoid larger / less convenient supermarkets.

Rental Comparable Transactions: Forecourts with Convenience Stores

ADDRESS	DATE	TENANT	RENT (PA)	TYPE	LEASE TERMS
Rontec Morrisons, Selby, YO8 8NB	May-22	Rontec	£225,000	Letting	New 25-year lease with annual 2% uplifts. Rent at £225,000pa in year 3.
Co-Op Locking, Weston Super Mare, BS24 7BE	Apr-21	Co-Operative Foodstores Limited	£240,000	Letting	New 20 year lease with 5 yearly rent reviews to CPI (cap and collar of 3% and 1% pac respectively).
Bourne End Service Station, Hemel Hempstead, HP1 2SB	Jun-20	Shell UK Limited	£240,000	Rent Review	25 year lease expiring in June 2025. 5 yearly rent reviews to market rent.
Rayleigh Service Station, London Road, Rayleigh, SS6 9DW	Jun-20	BP Oil UK Limited	£265,000	Rent Review	25 year lease from December 2014, with tenant break option at end of Year 20.
Co-Op Pontyates, Llanelli, SA15 5TR	May-20	Co-Operative Foodstores Limited	£235,000	Letting	New 20 year lease with 5 yearly rent reviews to CPI (cap and collar of 3% and 1%pac respectively).



Rental Comparable Transactions: Drive Thru Outlets

ADDRESS	DATE	TENANT	RENT (PA)	UNIT SIZE (SQ FT)	LEASE TERMS
Burger King 374-404 Eastern Avenue Gants Hill, Ilford	Nov-21	Zing Leisure Ltd	£110,000	2,314	20 years from Nov-21. Rent stepping up to £110,000 pa subject to 5 yearly open market reviews.
Starbucks Drive Thru Merry Hill, West Midlands	Aug-21	Starbucks Coffee Company UK Ltd	£120,000	2,200	New 15-year lease with five-yearly rent reviews (CPI at 3% and 1% pac).
Greggs, Westgate Retail Park, Slough	Jul-21	Greggs	£170,000	1,800	New lease with initial rent equating to £94.44/sqft
McDonalds Drive Thru Mill Road, Lowestoft	Jun-21	McDonalds Restaurants Ltd	£115,000	5,500	25 yr lease from June 2021 subject to 5 yearly market reviews.
Starbucks Drive Thru, Queen's Drive, Nottingham	Aug-20	Kbeverage Limited	£115,000	2,163	New 20-year lease subject to 5-yearly rent reviews.

INVESTMENT MARKET

Investor interest remains robust for long term roadside assets, with investors considering the underlying real estate that service station retail offers, underpinned by consumer behaviour. Convenience retail and restaurant services will increasingly form an important pillar of this business, and as such investment in service stations is likely to remain appealing to a wide range of investors going forward, ranging from private purchasers to UK Institutions.

Comparable Investments: Forecourts with Convenience Stores

ADDRESS	SALE PRICE	NIY (RY)	WALUT (CERTAIN)	COMMENTS
Monte Carlo Portfolio - Bolton, Derby, Telford	Q. £34,250,000	Q. 4.82%	29 years	Portfolio of three properties each comprising a mixed use development including EG PFS, drive thru, storage and trade counter units. Euro Garages properties let to EG for circa 29 years with rents subject to five yearly reviews to RPI capped at 4% and collared at 2%. Tenant option for further 20 year term on expiry.
BP Euro Garages, A6, Rushden	£2,650,000	3.37%	30 years	Exchanged. Passing rent of £95,000 subject to five yearly CPI linked reviews. Next review 17/11/26. The property is entirely sub-let to Park Garage Group on identical terms.
Portfolio of 7x Forecourts with C-Stores (BP/M&S and Co-Op) - Nationwide	£37,000,000 (Dec-21)	4.65%	20 years	20-year leases with rents linked to CPI (3% / 1% pac growth).
BP/M&S, A21, Tunbridge Wells, Kent	£5,000,000 (Dec-21)	4.75%	10 years	10-year unexpired lease with 2% pac increases every 5 years.
Co-Op Roehampton	£4,825,000 (Nov-21)	4.83%	5.5 years	Tenant benefits from a right to extend for a further 15 or 20 years.
Euro Garages ESSO, Dudden Hill, London	£4,575,000 (Sept-21)	3.69%	29.25 years	30-year lease from December 2021, subject to 2% annual rent increases.



Comparable Investments: Drive Thru Outlets

ADDRESS	SALE PRICE	NIY (RY)	WALUT	UNIT SIZE (SQ FT)	COMMENTS
McDonalds, Purley Way, Croydon	£3,100,000 (Apr-22)	4.00%	15.7 years	-	Sold with Pets At Home retail unit.
Project Ronald (McDonalds)	£6,903,000 (Dec-21)	3.60%	15.0 years	Various	All outlets let on 25 year leases subject to five yearly fixed uplifts equating to 10% increases.
Costa Drive Thru, Metz Way, Gloucester	£1,300,000 (Jul-21)	4.70%	9.0 years	1,851	New 15-year lease.
Costa Drive Thru, Coalville	£1,230,000 (Mar-21)	4.60%	14.0 years	1,787	New 15-year lease (Tenant break @ year 10), subject to RPI-linked reviews with 1%-3% collar and cap.

ADDITIONAL INFORMATION

EPC

McDonalds	B(38)
Shell	B(35)
Workshop	C(71)

Capital Allowances

Further information on capital allowances available on request.

VAT

We understand the property is elected for VAT and as such we anticipate the transaction can be treated as a TOGC (Transfer of a Going Concern).

AML

A successful bidder will be required to satisfy all requirements when heads of terms are agreed.

Proposal

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