

GROUND RENT FREEHOLD INVESTMENT OPPORTUNITY

Gulf Petrol Filling Station • B1105 Polka Road • Wells-Next-The-Sea • Norfolk • NR23 1LY

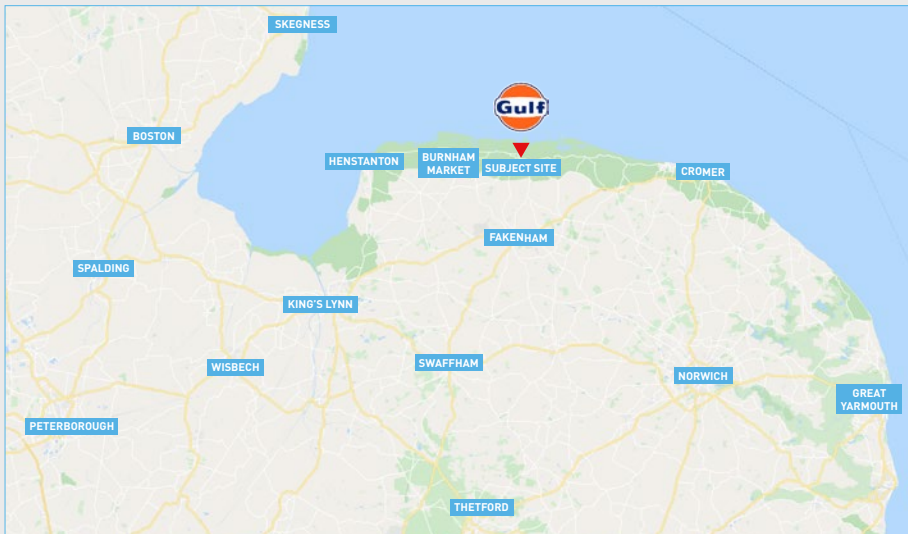
Barber Wadlow
Fuel and Automotive Property Advisers



- Ground rent investment
- 20-year lease to Certas Energy UK Limited
- Guaranteed rental growth throughout term



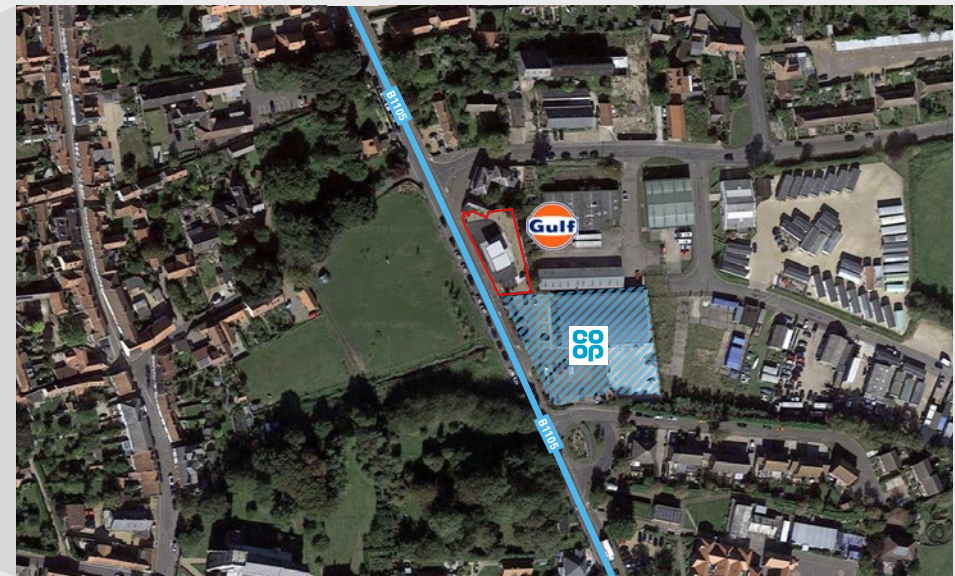
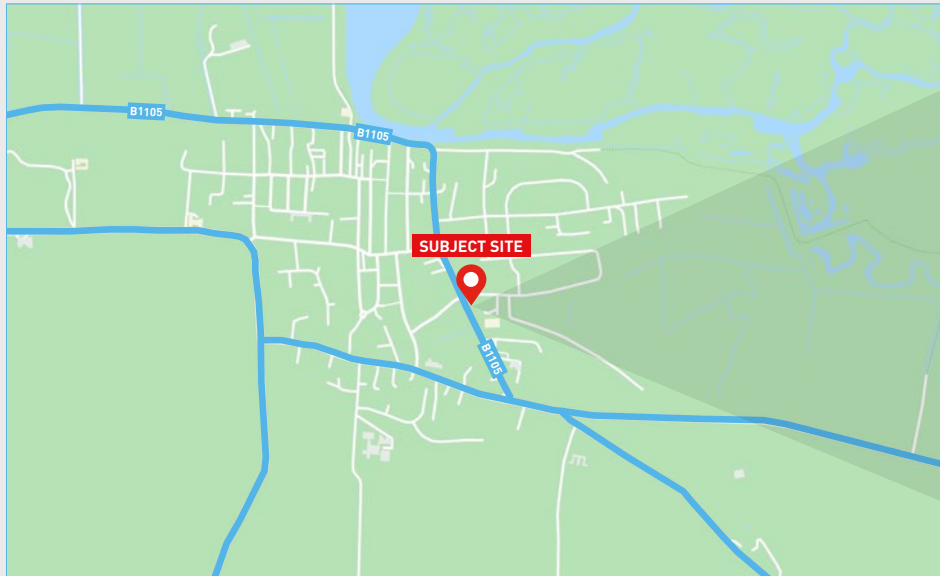
Investment Summary



- **Freehold**, fully automated petrol filling station.
- **Ground Rent Investment** – facility developed by tenant at a cost of circa £400,000.
- Located in Wells-Next-The-Sea, an affluent seaside town in Norfolk.
- Adjacent to a Co-Op supermarket, fronting the main road into the town centre.
- Residential catchment swells to 12,000 inhabitants during the summer months.
- Let in its entirety to **Certas Energy UK Limited** (net worth: £22m), a subsidiary of **DCC PLC**, a **FTSE 100 company**.
- **20-year lease** from 21 July 2017, expiring 20 July 2037. Tenant option to break at end of Year 15 (20 July 2032).
- **Base rent: £15,000 per annum** with fixed rent increases throughout the term equating to 5% growth every five years.
- **Turnover Rent:** Additional rent linked to annual trading performance. Turnover rent in Year 1: **£8,918**.
- We are instructed to seek offers in excess of **£495,000** (Four Hundred & Ninety Five Thousand Pounds). Pricing equates to a **Net Initial Yield of 4.6%** based upon Year 1 rent of £23,918 (Base Rent: £15,000 + Turnover Rent: £8,918).
- This price and yield profile is based upon standard purchaser's costs of 4.68%.



Location & Situation



The property is located in Wells-Next-The-Sea, an affluent and sought-after seaside town on the Norfolk coast, with a population of 2,165 inhabitants [source: Census 2011], which swells to around 12,000 inhabitants during the summer months.

Positioned on the B1105 Polka Road, the principal route into the town centre, the site benefits from a good level of passing traffic. The strength of the retail pitch is further underpinned by the presence of a modern, 10,000ft² Co-Op supermarket, which acts as the principal food retail offer in the town, with no other competition of note in the vicinity.

The subject site represents the only fuel retailing offer in the wider area, with the nearest branded competitor being 9.5 miles to the south in Fakenham. It is therefore a vital offer to the local community.

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



Description

The petrol filling station was constructed in 2018 and functions on a fully autonomous basis, 24 hours a day.

The forecourt is equipped with two fuel dispensers ('Pay @ Pump' function) providing four fuelling positions that are protected by a steel-framed, flat-topped canopy.

The fuel dispensers are connected to an underground tank farm with a capacity of 77,600 litres. The tanks were installed in 2018, are double-walled and fitted with electronic gauges.

There are three car parking spaces positioned to the side of the forecourt, one of which is fitted with an air/water tower which represents an additional income-generating offer. There would also be scope to incorporate valeting facilities (jet washes and vacuums) together with EV charging points, which has been recognised by Certas as further income-enhancing opportunities.

Tenure

The property is held freehold.



Tenancy

The property is let to Certas Energy UK Limited for a term of 20 years from 21 July 2017 on a full repairing and insuring basis and expiring on 20 July 2037. There is a tenant option to break at the end of Year 15 (21 July 2032), providing a term certain in excess of 12.5 years.

Base rent is £15,000 per annum, which is subject to 5% increases every five years.

Rent growth is enhanced with an additional turnover rent, which is set at 0.75 pence per litre (ppl) up to 2,000,000 litres and 1.5ppl in excess of 2,000,000 litres. Turnover rent to be paid quarterly in arrears.

Base rent + turnover rent for the 12 months to 21 April 2019 was £23,918. Based upon current trading levels, the aggregate rent for 12 months to April 2020 will be in the region of £24,542 per annum.

Trading Period	Base Rent	Fuel Sales (Litres)	Turnover Rent @ 0.75ppl	Base Rent + Turnover Rent
12months to April 2019	£15,000	1,189,068	£8,918	£23,918
12months to April 2020	£15,000	1,272,303*	£9,542	£24,542
12months to April 2021	£15,000	1,361,364**	£10,210	£25,210
12months to April 2022	£15,000	1,456,659**	£10,925	£25,925

*Annualised sales based upon trading period 26.03.2019 to 24.06.2019.

**Forecasted sales based upon 9.2% annual growth, replicating growth recorded between 2019 and 2020.

Covenant Information

Certas Energy UK Limited (Company Registration No. 4168225) is one of the largest independent distributors of fuel and lubricants in the UK. Certas Energy supplies fuel to over 1,200 petrol filling stations across the UK, which represents circa 14% of all UK forecourts.

Certas Energy's parent company, DCC PLC, is a FTSE 100 international conglomerate generating revenues of £15.2bn and an adjusted operating profit of £460.5m.

Certas Energy UK Limited:

	31.03.2018	31.03.2017
Turnover	3,716,818	3,599,413
Profit Before Tax	212,468	205,244
Net Worth	22,035	36,484

Environmental

In accordance with the lease, the tenant is fully responsible for the environmental status of the site during the lease term. An intrusive environmental investigation report was prepared prior to lease commencement which confirmed that the site was free from contamination. A copy of this report will be made available upon request.

EPC

Not applicable given property type.

VAT

We understand that VAT will be applicable to the purchase price. Subject to the buyer's VAT status, the property may be transferred as a going concern.



Proposal

We are instructed to seek offers in excess of **£495,000** (Four Hundred & Ninety Five Thousand Pounds). This price equates to a Net Initial Yield of **4.6%** based upon Year 1 rent of £23,918 (Base Rent: £15,000 + Turnover Rent: £8,918).

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Year	Running Yield - based upon forecasted sales
2019	4.6%
2020	4.7%
2021	4.9%
2022	5.0%

This assumes the deduction of standard purchaser's costs of 4.70% 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
BP, Guildford	BP Oil UK Ltd	9.5 years	4.10%	Nov 2019
Murco, Chicklade	Independent Retailer	9 years	4.50%	May 2019
Sainsbury's, Horley	Sainsbury's	15 years	4.37%	Dec 2018
Co-Op, Bow & Caledonian	Co-Op Group	18 years	3.75%	Nov 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

Further Information

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

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Subject to Contract . AGW/2019/0063/821 . November 2019

Wells - sea front



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