

PRIME GROUND RENT INVESTMENT

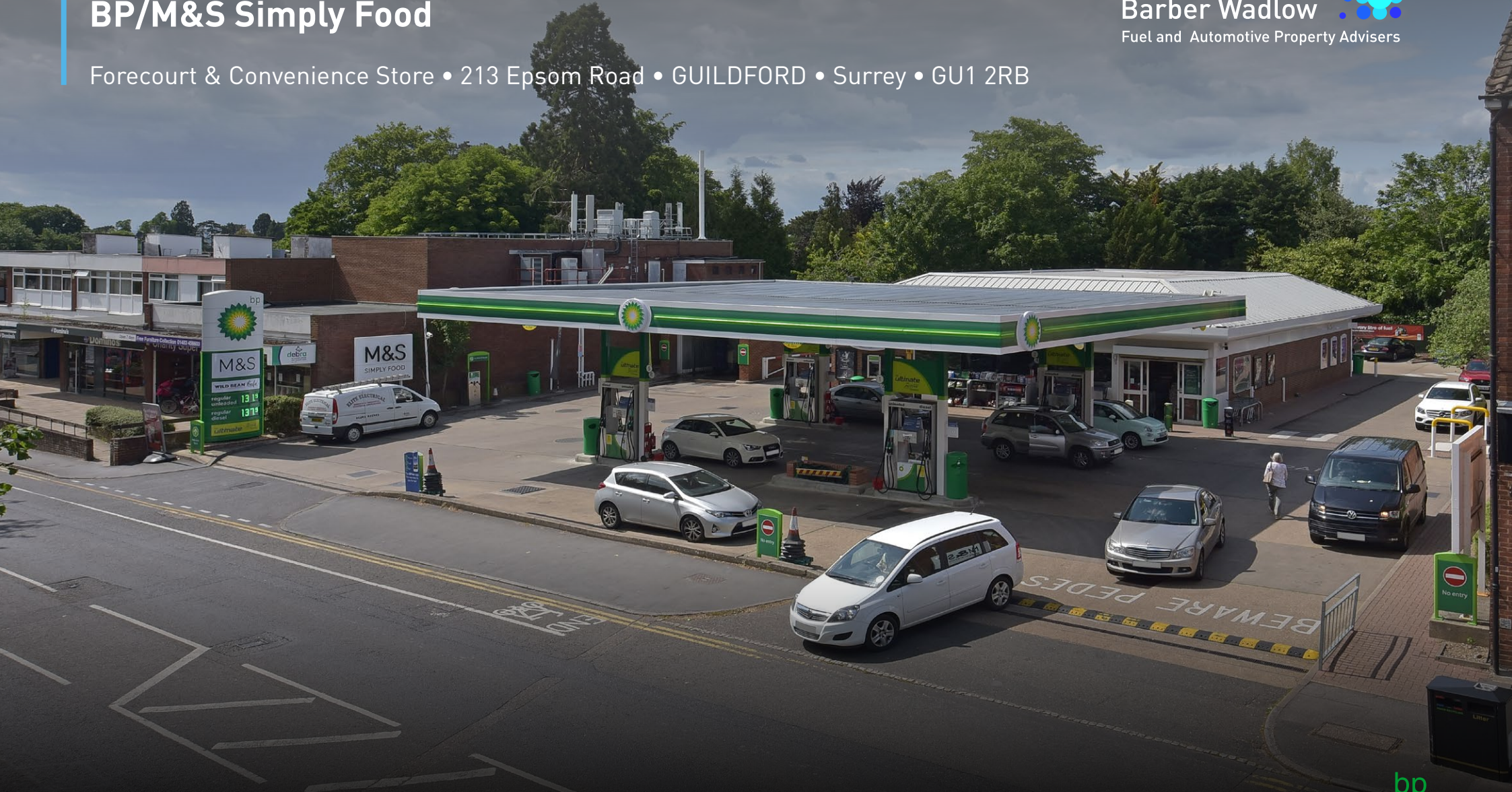
BP/M&S Simply Food

Barber Wadlow

Fuel and Automotive Property Advisers



Forecourt & Convenience Store • 213 Epsom Road • GUILDFORD • Surrey • GU1 2RB

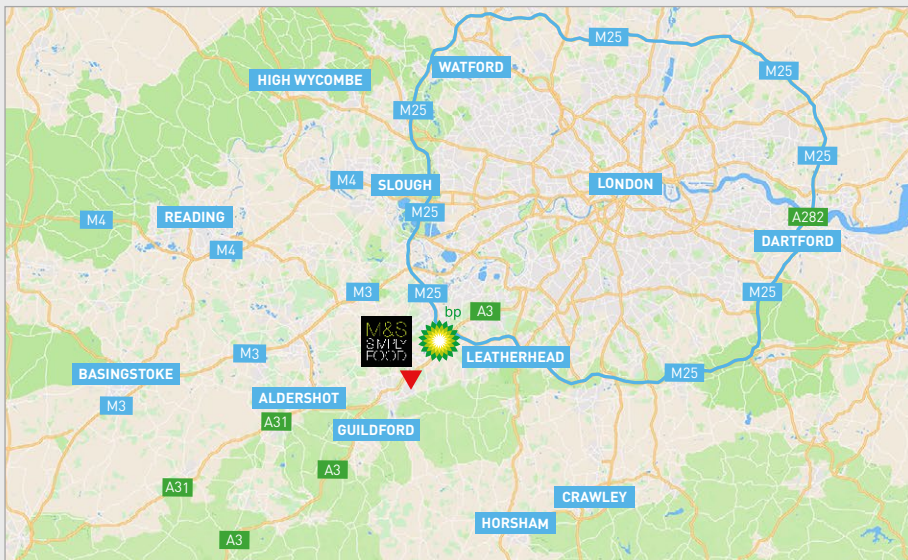


- One of the UK's best performing BP/M&S Simply Food forecourt and convenience stores
- 25-year ground lease to BP Oil UK Limited (D&B: 5A1) expiring April 2036 (c. 17 years unexpired)
- Rent: £140,000 per annum, subject to five-yearly upwards-only rent reviews

M&S
SIMPLY
FOOD



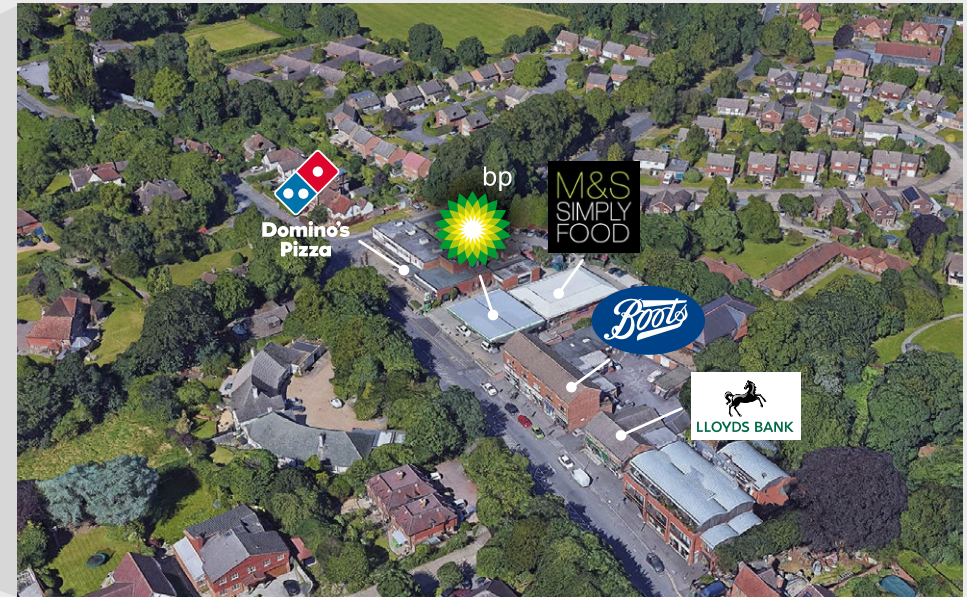
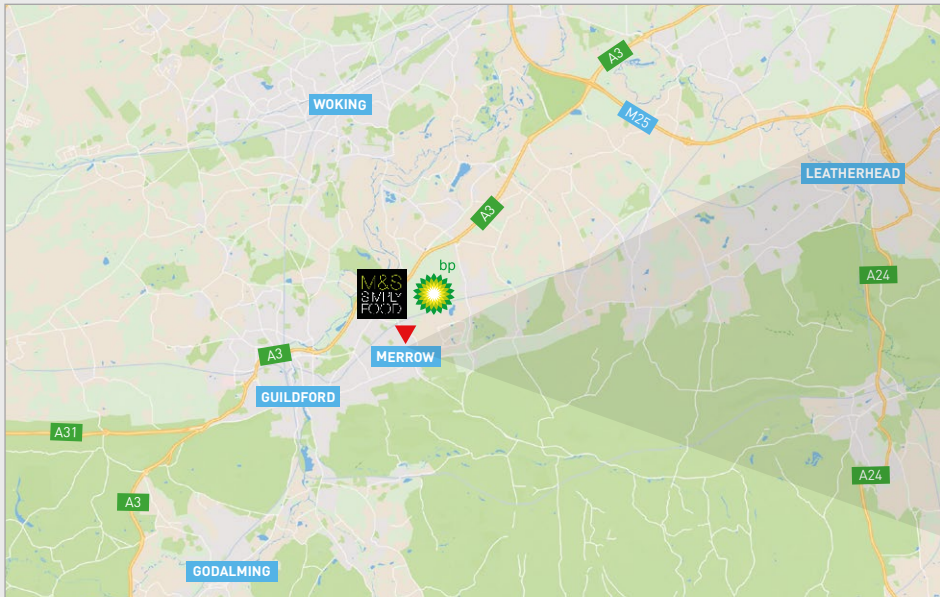
Investment Summary



- Freehold **prime development** comprising BP forecourt and M&S Simply Food convenience store with automatic car wash.
- **Exceptionally strong trading pitch** within an affluent residential catchment, close to Guildford town centre.
- Ranked one of the UK's best performing BP/M&S outlets.
- **Ground rent investment**, let in its entirety to **BP Oil UK Limited**.
- **25-year lease** from 30 April 2011, expiring 30 April 2036 (circa 17 years unexpired). Tenant option to break at end of Year 18 (30 April 2029), providing just under 10 years' term certain.
- **Ground Rent: £140,000 per annum**, with five-yearly, upwards-only rent reviews (next review 30 April 2021). Scope for rental growth (Estimated Ground Rental Value: £160,000 - £170,000 per annum).
- We are instructed to seek offers in excess of **£2,925,000** (Two Million Nine Hundred & Twenty Five Thousand Pounds). This price equates to a **Net Initial Yield of 4.5%** (based upon purchaser's costs of 6.44%) and a running yield of **5.14%** based upon our assessment of ERV of £160,000 per annum at review in 2021.



Location & Situation



Located within the densely-developed residential suburb of Merrow within the affluent town of Guildford, Surrey, having a population of 77,057 inhabitants [source: Census 2011], and lying approximately 13 miles west of Leatherhead, 11 miles east of Farnham and 30 miles south west of London.

Merrow is an affluent suburb of Guildford, and the surrounding neighbourhood is predominately high value residential. The A25 Epsom Road leads into Guildford town centre, approximately 2 miles to the west and has an annual average daily flow of 15,424 vehicles [source: DfT 2018].

Positioned within a successful parade, the adjacent retail activity will further draw customers from the high density residential catchment. There is very limited other food or fuel retail competition in the wider area - no competitive fuel forecourts or supermarkets within 2 miles of the subject property.

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



Description

The development includes a BP forecourt, large M&S Simply Food c-store and automatic car wash on a generous site extending to approximately 0.223 hectare (0.551 acre).

The forecourt comprises four fuel dispensers presented in a square configuration and protected by a flat-topped illuminated canopy.

The c-store is situated behind the forecourt and provides a substantial sales area of approximately 227m² (2,445ft²), in addition to store rooms and staff facilities.

Valeting facilities comprise an automatic car wash, air, water and a vacuum. The forecourt is accessed via both carriageways of the A25 Epsom Road over pavement crossovers to either extremity of the road frontage.

There is a car park to the rear with some additional parking (hatched blue on the site plan), albeit this is within the ownership of BP and hence excluded from this sale.

Tenure

The property is held freehold under title no. SY763544.



Tenancy

The property is let to BP Oil UK Limited on a full repairing and insuring lease that expires on 30 April 2036. There is a tenant option to break at the end of Year 18 (30 April 2029).

This is one of the very highest performing BP/M&S outlets in the UK who are therefore exceptionally committed to the property. In the event they did vacate in 2029, the property would be available to re-let on a rack rental basis with a current market rental on this basis in excess of **£250,000 per annum**.

The passing (ground) rent is £140,000 per annum (wef 30 April 2016). This is subject to five-yearly, upwards-only market rent reviews, offering the prospects for growth in 2021 with an assessment of ground rent of £160,000 - £170,000 per annum.

A copy of the lease and analysis of ground rental value will be made available upon request.

Covenant Information

BP Oil UK Limited supplies and markets transport fuels through its network of terminals and service stations. The company was incorporated in 1947 and is based in Milton Keynes. BP owns and operates more than 300 forecourts in the UK, with a further 950 BP-branded sites owned and operated by independent dealers. There are more than 280 BP M&S Simply Food stores in the UK and the partnership has been hugely successful in terms of capturing market share in the forecourt convenience food sector.

In June 2018, BP purchased the UK's largest electric charging network, Chargemaster, for £130m. BP estimates there will be 12 million electric cars on UK roads by 2040 and BP's strategic goal is to have fast and ultra-fast chargers on its UK forecourts, complemented by a market leading convenience food offer.

BP Oil UK Limited operates as a subsidiary of BP plc, the world-renowned oil and gas company and the world's 8th largest company by turnover. A summary of key recent financial performance indicators for BP Oil UK Limited are set out above:

BP Oil UK Limited (Reg: 446915)	31/12/2017	31/12/2016	31/12/2015
Turnover	£3,491,000,000	£3,030,000,000	£3,107,000,000
Pre-Tax Profit	£115,000,000	£100,000,000	£102,000,000
Tangible Net Worth	£816,000,000	£695,000,000	£587,000,000
Net Current Assets	£353,000,000	£249,000,000	£150,000,000

BP Oil UK Limited is a 5A1 Dun & Bradstreet rated covenant, the highest D&B rating and representing a 'minimum risk of business failure'.

Environmental

BP Oil UK Limited are responsible for the environmental status of the site and were in occupation under a previous lease which commenced in 1990.

EPC

B37.

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

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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.

Property	Tenant	Term Certain	NIY	Date
Co-Op Bow & Caledonian, London	Co-Operative Group	16 years	3.75%	2018
Sainsbury's Horley	Sainsbury's	14 years	4.37%	2018
Esso/Morrisons Cosham	Rontec	15 years	5.22%	2018
Co-Op, Amesbury	Co-Operative Group	17.5 years	5.25%	2018
Sainsbury's Newbury	Sainsbury's	11.25 years	4.94%	2018
Esso/Morrisons, Bristol	Rontec	25 years	4.85%	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/AJB/2019/0026/783 . June 2019

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