

# PRIME FREEHOLD INVESTMENT

## Let to Shell UK Limited

Shell Forecourt & Convenience Store • A1 • Markham Moor  
Nottinghamshire • DN22 0PG

Barber Wadlow

Fuel and Automotive Property Advisers

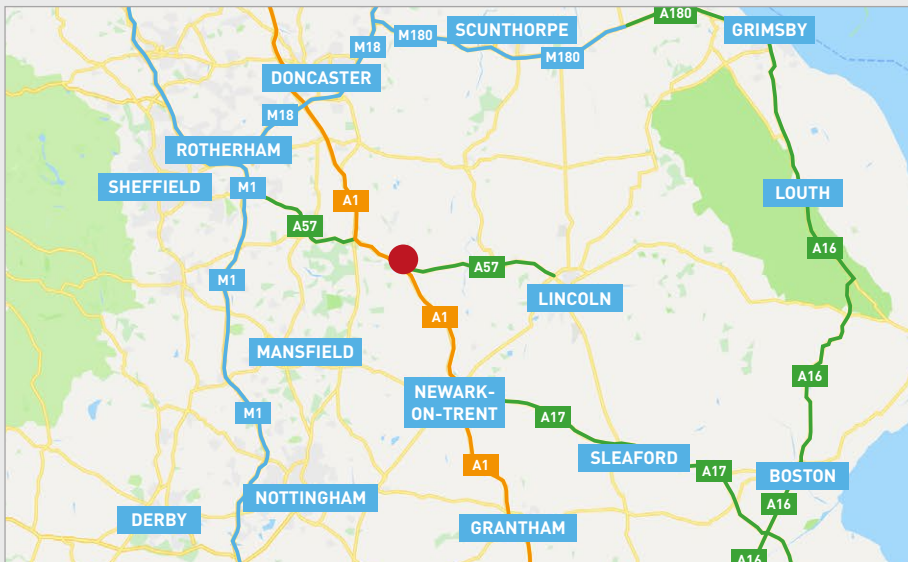


- Major trunk road forecourt and c-store serving the A1 in Nottinghamshire
- 20-year lease to oil company, Shell UK Limited (D&B: 5A1) expiring June 2029 (just under 10 years' unexpired)
- Rent: £145,000 per annum, subject to five-yearly upwards-only rent reviews





## Investment Summary

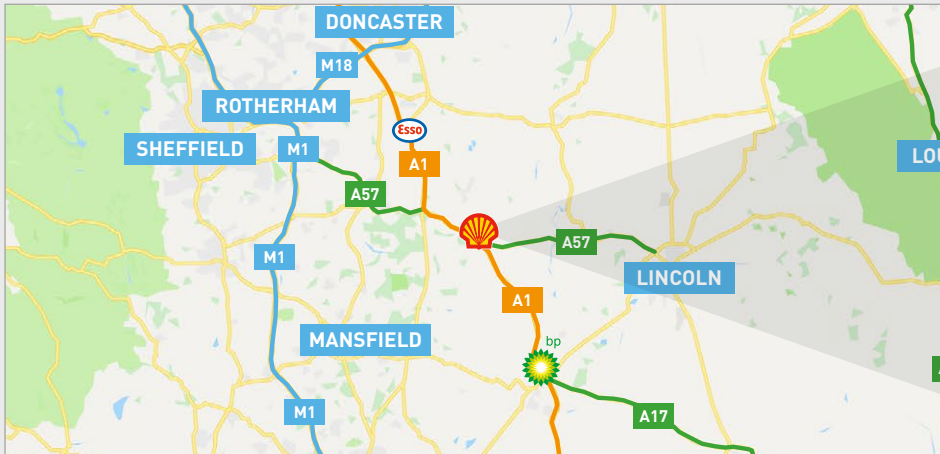


- Located on the A1 Trunk Road at the Markham Moor junction in the county of Nottinghamshire
- Substantial traffic flows on the A1 passed the subject site at circa 51,000 vehicles per day [source: DfT 2018]
- Strong trading forecourt with c-store that forms part of a successful service area with a McDonald's drive-thru restaurant adjacent
- Let in its entirety to **Shell UK Limited (D&B: 5A1)**
- **20-year lease** from 01.07.2009, expiring 30.06.2029 (**just under 10 years unexpired**) with no break options
- Rent passing: **£145,000 per annum** with five-yearly upward-only rent reviews (next review 01.07.2024). Strong trading site that has supported a 16% rent increase at the July 2019 review
- We are instructed to seek offers in excess of **£2,370,000** (Two Million Three Hundred & Seventy Thousand Pounds). This price equates to a **Net Initial Yield of 5.75%** (based upon purchaser's costs of 6.36%) off the rent passing of £145,000 per annum.





## Location & Situation



Fronting the A1, a major trunk road running down the spine of the country, in the county of Nottinghamshire.

Situated 27 miles to the north east of Nottingham, 20 miles to the south of Doncaster, 58 miles to the north of Peterborough and 140 miles from London.

The property benefits from a particularly high level of passing traffic at circa 51,000 vehicles per day on the A1 [source: DfT 2018 – annual average daily traffic flow].

The property forms part of a service area that principally serves the southbound carriageway of the A1, as well as the A638 and A57 roads which adjoin the Markham Moor junction. Immediately adjacent is a McDonald's drive-thru restaurant.

There is limited fuel retailing competition on the A1 in the vicinity of the subject site, aside from the Shell petrol filling station on the opposite side of the Markham Moor junction, but this principally serves the northbound carriageway. The nearest petrol filling station to the north, on the A1, is circa 12 miles distant (Esso – Blyth), whilst the nearest petrol filling station to the south is 10 miles away (BP – Muskham / Cromwell).

The section of the A1 passed the subject site is a dual carriageway that has been extensively upgraded in recent years, including the complete reconfiguration of the Markham Moor junction.

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





Description

The development comprises a petrol filling station with convenience store on a site extending to 0.829 hectare (2.074 acres).

An extensive forecourt comprising nine fuel dispensers arranged in a starter gate formation and protected by a steel-framed, flat-topped illuminated canopy. The fuel dispensers are connected to an underground tank farm with a total capacity of 232,639 litres.

The convenience store occupies a single-storey building immediately to the rear of the forecourt and is branded Shell Select / Deli2Go, incorporating Costa Express. The c-store building extends to 97.9m<sup>2</sup> (1,054ft<sup>2</sup>) and provides a retail sales area, together with office/ storage and customer WCs.

The forecourt is surfaced with brick paviour and tarmacadam to the extremities, with customer car parking provided to the side of the shop building.

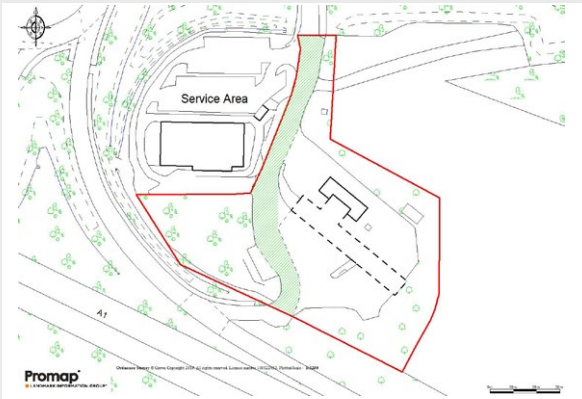
There are two separate access points into the service area, which are shared with McDonald's who benefit from a right of way over the subject site.

Description	M <sup>2</sup>	Ft <sup>2</sup>
Retails Sales Area	53.3	574
Office/Storage	25.4	273
Customer WCs	19.2	207
Total GIA	97.9	1,054

Tenure

The property is held freehold under title no. NT247580.

The adjacent McDonald's restaurant benefits from a right of way over the subject site (shown hatched green).





Tenancy

The property is let to Shell UK Limited on a full repairing and insuring lease that expires on 30 June 2029. No break options.

The passing rent is £145,000 per annum (wef 01 July 2019). The rent is subject to five-yearly, upward-only rent reviews, with the next rent review on 01 July 2024.

A strong performing site, the July 2019 rent review resulted in an increase from £125,000 per annum to £145,000 per annum (16% increase) as a result of current trading levels.

A copy of the lease can be made available upon request.

Covenant Information

Shell UK Limited specialises in the exploration for, production of and sale of crude oil and natural gas, as well as the marketing of petroleum products. The company was incorporated in 1915, based in London, with its parent company being Royal Dutch Shell Plc. Shell owns and operates approximately 558 forecourts in the UK, with a further 500 Shell-branded sites owned and operated by independent retailers.

In 2017, Shell purchased New Motions, Europe’s largest electric charging network, with 30,000 charge points and Shell’s strategic goal is to have fast and ultra-fast chargers on its forecourts, complementing its existing road fuels and c-store offer.

Shell UK Limited have a Dun & Bradstreet rating of 5A1 and is considered to have a minimum risk of business failure.

Shell UK Limited (Reg. No. 00140141)	31.12.2017 (£m)	31.12.2016 (£m)
Turnover	5,344	4,449
Operating Profit	519	494
Profit Before Tax	(162)	461
Total Equity	4,988	6,239

According to the statutory accounts, the loss before tax for 2017 was mainly driven by the impairment of an investment in a subsidiary of £613m, which was unrelated to the company’s UK forecourt retail operation.

Environmental

Shell UK Limited are responsible for the environmental status of the site and have been in occupation since it was originally developed in 1990.

EPC

D79.

VAT

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

Anti-Money Laundering Policy

In accordance with the Money Laundering, Terrorist Financing & Transfer of Funds (Information on the Payer) Regulations 2017, the purchaser will be required to comply with our anti-money laundering policy. Further details upon request.



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. Moreover, investment value of petrol filling stations is underpinned by the strong vacant possession values, which is recognised by investors.

[Click here for the latest Barber Wadlow Forecourt Property Market Update 2019.](#)

Property	Tenant	Term Certain	NIY	Date
BP/M&S, Guildford	BP Oil UK Limited	17 years	Quoting 4.5% (under offer)	2019
Sainsbury's Nottingham	Sainsbury's	18.5 years	4.20%	2019
Co-Op Ilkeston	Co-Operative Group	13 years	5.55%	2019
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
Sainsbury's Newbury	Sainsbury's	11.25 years	4.94%	2018
Shell/Roadchef, Sutton Scotney	Shell UK Limited & Roadchef	21 years	4.05%	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/RB/2019/0007/764 . August 2019



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