

PRIME FREEHOLD INVESTMENT OPPORTUNITY

Morrisons C-Store and Esso Forecourt

Thornhill Park Road • Southampton • Hampshire • SO18 5TQ

Barber Wadlow

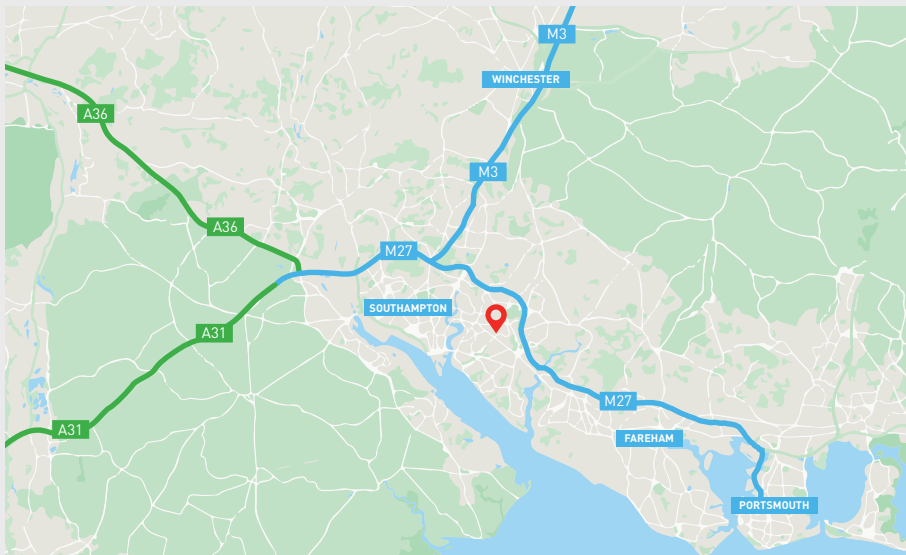
Fuel and Automotive Property Advisers



- Modern c-store and forecourt fronting main arterial route with residential catchment
- Let to Rontec Properties (No. 4) Limited (guaranteed by Rontec Roadside Retail Limited) until June 2027 (AGA in place from Co-Operative Foodstores Limited)
- Low rent passing with fixed annual rental uplifts of 2%



Investment Summary



- **Freehold** Morrisons convenience store and Esso forecourt.
- **Strong trading pitch** situated in a high-density residential area fronting a main arterial route linking Southampton city centre with the M27 motorway.
- Property is situated adjacent to a retail parade that is the focus for retail activity for the surrounding area.
- Let in its entirety to **Rontec Properties (No. 4) Limited** and guaranteed by **Rontec Roadside Retail Limited (net worth: £660million)**, both companies categorised as "Very Low Risk" by Creditsafe.
- **20-year lease** expiring 20 June 2027 with no break options. **Term certain: circa 6.25 years.**
- Rent: **£122,712 per annum***, with fixed annual rent increases of 2%.
- We are instructed to seek offers in excess of **£1,800,000** (One Million Eight Hundred Thousand Pounds). This price equates to a **Net Initial Yield of 6.42%**, based upon a rent of £122,712* per annum and standard purchaser's costs of 6.22%

* As stated in the "Tenancy" section, the rent increases to £122,712 per annum on 21 June 2021. Vendor will 'top-up' rent to this level as part of this transaction.



Location & Situation



The property fronts the A334 Thornhill Park Road, a main arterial route linking Southampton city centre (3.7 miles to the west) with Junction 7 of the M27 Motorway (0.9 mile to the east). The site benefits from a high level of passing traffic at 14,277 vehicles per day [source: DfT 2019].

Southampton has a population of 254,361 inhabitants and is located in Hampshire, approximately 16 miles to the west of Portsmouth, 15 miles to the south of Winchester and 80 miles to the south west of Central London.

The property is situated in the suburb of Thornhill, a high-density residential area, adjacent to a retail parade and a public house (t/a The Bittern), which functions as the focal point of retail activity for the immediate residential catchment, in addition to servicing the A334 traffic flow. The site is therefore well placed to capitalise upon both c-store shop and fuel sales.

A residential scheme has recently been completed immediately adjacent to the property.

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



Description

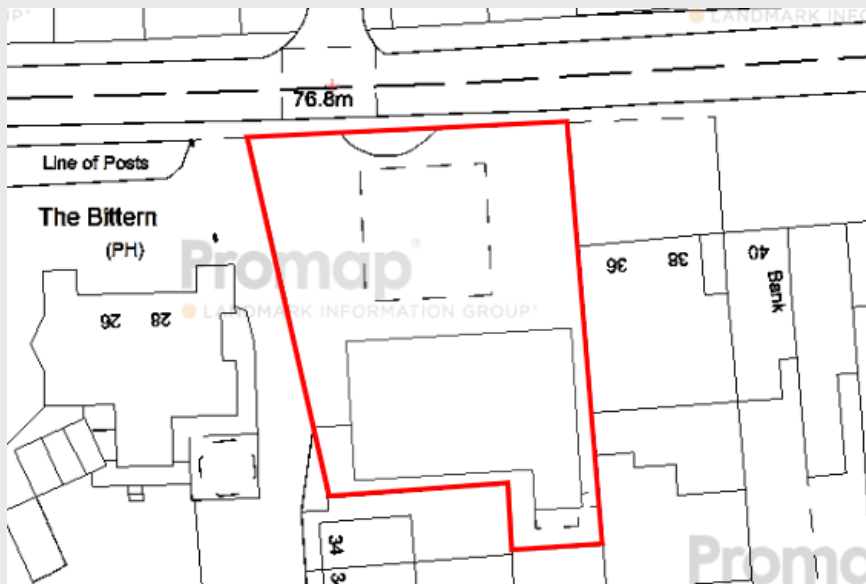
The development comprises a modern convenience store and forecourt that was constructed in 2007 and provides a comprehensive range of facilities, including an Esso forecourt, Morrisons c-store and customer parking on a site extending to 0.129 hectare (0.318 acre)

The c-store is a single-storey steel portal-framed unit extending to 348.0m² (3,746ft²), with a retail sales area of 231.2m² (2,489ft²). The c-store provides a comprehensive Morrisons Daily retail offer, including Costa Express, National Lottery, food-to-go, alcohol, ATM and there are three points of sale.

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 provides a total capacity of 102,790 litres. There are seven marked customer car parking spaces, together with an air/water tower and a totem pole prominently situated at the front of the site.

Tenure

The property is held freehold.



Tenancy

The property is let Rontec Properties (No. 4) Limited (guaranteed by Rontec Roadside Retail Limited) by way of a Licence to Assign dated 18 November 2019.

The Lease incorporates full repairing and insuring terms and expires on 20 June 2027. The Lease is excluded from the provisions of Section 24-28 of the Landlord & Tenant Act 1954, but the tenant benefits from a right to renew the lease for a term of 15 or 20 years.

The rent passing is £120,305 per annum, which is subject to annual fixed rental increases of 2%. The next review will be on 21 June 2021 when the rent increases to £122,712 per annum. **The landlord will 'top up' the rent to this level as part of this transaction.** A copy of the lease and associated documents will be made available upon request.

Covenant Information

Rontec Roadside Retail is one of the leading players in the UK forecourt industry, operating 260 forecourts, making it the ninth largest UK forecourt retailer, ahead of retailers including Esso and Co-Op. The company was formed in June 2011 to acquire the assets of Total Oil UK and is led by Gerald Ronson, a highly experienced fuel retailer and founder of Heron Service Stations in 1966, and its successor, Snax 24.

Rontec has remained acquisitive: in 2014, it purchased 36 stores in South Wales and the South West of England from Esso. A year later, it purchased a further 25 stores from Esso and BP in the South East of England. Rontec and Snax 24 has since merged, combining the operations and assets of those companies to trade under the Rontec name. The company continues to acquire new sites throughout England and Wales in order to roll out its Morrisons Daily c-store retail offer.

Guarantor: Rontec Roadside Retail's top company is Rontec Roadside Retail Limited (company registration no. 9129964), which has a strong financial status, with a CreditSafe rating of 100 out of 100, ranking it in the lowest risk category of "Very Low Risk"

Rontec Roadside Retail Limited:

	30/09/2020 (£'000)	30/09/2019 (£'000)
Turnover	£1,127,925	£1,292,192
Profit Before Tax	£42,952	£68,074
Total Comprehensive Income for the Year	£49,808	£140,155
Net Assets	£660,091	£637,283

Tenant: Rontec Properties (No. 4) Limited's principal activity is the holding of assets for use in the roadside retailing operations of Rontec Roadside Retail. The company has a CreditSafe rating of 100 out of 100, ranking it in the lowest risk category of "Very Low Risk"

Rontec Properties (No. 4) Limited:

	30/09/2019 (£'000)	30/09/2018 (£'000)
Turnover	£3,574	£3,931
Profit Before Tax	(£464)	(£1,858)
Total Comprehensive Income for the Year	(£526)	£2,217
Net Assets	£3,973	£4,499

Environmental

In accordance with the lease, the tenant indemnifies the landlord against environmental liability during the term. Environmental surveys will be made available upon request.

EPC

B34 (certificate and recommendation report available upon request).

VAT & Capital Allowances

It is understood that the property has been elected for VAT. In any event, the transaction will be treated as a TOGC.



Proposal

We are instructed to seek offers in excess of **£1,800,000** (One Million Eight Hundred Thousand Pounds). This price equates to a Net Initial Yield of **6.42%** off the June 2021 rent increase of £122,712 per annum (vendor to 'top up' rent to this level).

The running yield profile is as follows:

Year	Rent	Running Yield (NIY)
2022	£125,166	6.55%
2023	£127,670	6.68%
2024	£130,223	6.81%
2025	£132,827	6.95%
2026	£135,484	7.09%

This assumes the deduction of standard purchaser's costs of 6.22%, 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.

Property	Tenant	Term Certain	NIY	Date
SGN Stamford Hill, London	TG Convenience Stores Ltd	20 years	4.75%	Q1 2021
SGN Plumstead, London	TG Convenience Stores Ltd	20 years	4.85%	Q1 2021
BP/M&S Redditch	BP Oil UK Ltd	14.5 years	4.65%	Q1 2021
Co-Op, Yeovil	Co-Operative Group	14.5 years	5.13%	Q3 2020
BP/M&S, Brentwood	BP Oil UK Ltd	17 years	4.25%	Q3 2020
BP/M&S, Lewes	BP Oil UK Ltd	16 years	4.85%	Q3 2020
Co-Op, Hillingdon	Co-Operative Group	15 years	4.5%	Q1 2020
Applegreen, Merthyr Tydfil	Applegreen	7.5 years	6.02%	Q4 2019
Applegreen, Bristol	Applegreen	7.5 years	5.7%	Q4 2019
Rontec, Wolverhampton	Rontec	19 years	5.16%	Q4 2019

Further Information

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

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Subject to Contract . AGW/2021/0016/936 . March 2021

Barber Wadlow
Fuel and Automotive Property Advisers



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