

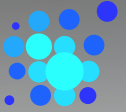
PRIME FREEHOLD INVESTMENT OPPORTUNITY

Esso/Morrisons

Forecourt & Convenience Store • Portsmouth Road • Cosham • Hampshire • PO6 2SJ

Barber Wadlow

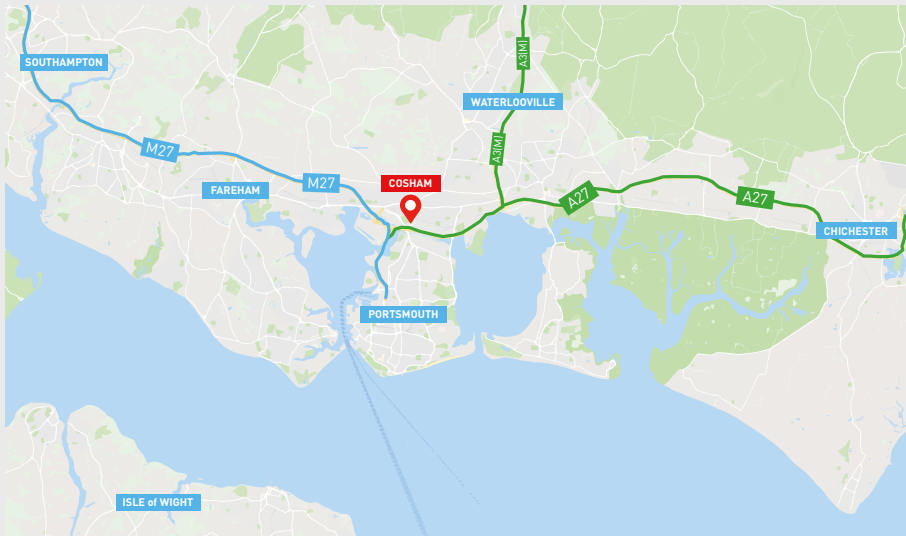
Fuel and Automotive Property Advisers



- Prime Esso forecourt and Morrisons convenience store
- New 20-year lease to Rontec Service Station 1A Limited, guaranteed by Rontec Roadside Retail Limited
- Fixed annual rental uplifts of 2%



Investment Summary



- **Freehold modern development** comprising Esso forecourt and Morrisons convenience store, developed in 2014.
- **Strong trading pitch**, adjacent to successful McDonald's drive-thru, immediately to the north of Junction 12 of the M27 motorway.
- Property benefits from high-density residential catchment, together with major employers in the vicinity and a high level of passing traffic, all of which will support trading performance.
- Let in its entirety to **Rontec Service Station 1A Limited (net worth: £253million)** and guaranteed by **Rontec Roadside Retail Limited (net worth: £404million)**.
- **New 20-year lease** from 8 May 2018, expiring May 2038. Tenant option to break at end of Year 15 (May 2033).
- Rent: **£150,000 per annum**, with annual fixed rent increases of 2%. The next rent review is on 08 May 2019.
- We are instructed to seek offers in excess of **£2,550,000** (Two Million Five Hundred & Fifty Thousand Pounds). This price equates to a **Net Initial Yield of 5.53%** (based upon standard purchaser's costs of 6.39%).



Location & Situation



The property fronts Portsmouth Road in the town of Cosham, Hampshire, immediately adjacent to a successful McDonald's drive-thru restaurant, approximately 200 metres to the north of Junction 12 of the M27 motorway.

Cosham has a population of 13,830 inhabitants and is a northern suburb of Portsmouth, which has a total population of 205,400 inhabitants. Cosham is located approximately 2 miles north of Portsmouth city centre, 15 miles east of Southampton, 15 miles west of Chichester and 70 miles to the south west of Central London.

The town is very accessible via the M27/A27, which is a busy route linking the abovementioned towns and has an average traffic flow of 90,213 vehicles per day [source: DfT 2016].

The strength of the retail pitch is demonstrated by the presence of McDonald's immediately adjacent. The site is well positioned to capitalise upon an expansive customer base that includes passing traffic, the immediate residential catchment and nearby workforce, with major employers including HMRC directly opposite and the Lakeside North Harbour office scheme a short distance to the east, which is home to over 3,000 professionals.

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



Description

The development comprises a modern petrol filling station that was constructed in 2014 and provides a comprehensive range of facilities, including an Esso forecourt, Morrisons c-store and valeting on a site extending to 0.120 hectare (0.296 acre).

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 was installed in 2014 and provides a total capacity of 135,800 litres.

The c-store is situated to the side of the forecourt and provides ground and first floor accommodation extending to 517.0m² (5,565ft²), with a retail sales area of 194.8m² (2,097ft²). 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 first floor accommodation provides additional storage and staff welfare facilities, as well as a substantial open plan office area which, in total, extends to 259.7m² (2,795ft²).

There are 11 marked customer car parking spaces to the front of the shop building.

Valeting facilities comprise a jet wash and air/water tower that are positioned at the rear of the site.

Tenure

The property is held freehold under title no. HP146274.



Tenancy

The property is let to Rontec Service Station 1A Limited on a full repairing and insuring lease that expires on 7 May 2038. There is a tenant option to break at the end of Year 15 (7th May 2033), providing a term certain of 15 years.

The initial rent is £150,000 per annum, which is subject to annual fixed rental increases of 2%.

The first rent increase will be on 8 May 2019 and annually thereafter.

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

Covenant Information

Rontec Roadside Retail is one of the leading players in the UK forecourt industry, operating 240 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 then merged, combining the operations and assets of those companies to trade under the Rontec name. In 2016, Rontec acquired a package of 40 sites from the Co-Op across England and Wales.

Guarantor: Rontec Roadside Retail's top company is Rontec Roadside Retail Limited (company registration no. 9129964), which was formerly known as Rontec Group Limited and has a strong financial status, as demonstrated in the following table.

Rontec Roadside Retail Limited:

	30/09/2017 (£'000)	30/09/2016 (£'000)
Turnover	£1,229,857	£998,988
Profit Before Tax	£27,883	£22,585
Total Comprehensive Income for the Year	£47,759	£139,435
Net Assets	£403,648	£355,889

Tenant: Rontec Service Station 1A Limited's principal activity is the holding of assets for use in the roadside retailing operations of Rontec Roadside Retail. It has a similarly strong financial status.

Rontec Service Station 1A Limited:

	30/09/2017 (£'000)	30/09/2016 (£'000)
Turnover	£1,475	£1,317
Profit Before Tax	£8,236	£71,165
Total Comprehensive Income for the Year	£3,861	£60,805
Net Assets	£252,956	£249,095

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

A16 (certificate and recommendation report available upon request).

VAT & Capital Allowances

It is understood that the property has not 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 **£2,550,000** (Two Million Five Hundred & Fifty Thousand Pounds). This price equates to a Net Initial Yield of **5.53%** off the initial rent of £150,000 per annum and a running yield profile as follows:

Year	Running Yield (NIY)
2023	6.10%
2028	6.74%
2033	7.44%

This assumes the deduction of standard purchaser's costs of 6.39%, 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
Spar, Laceby	AF Blakemore & Son	20 years	Quoting 5.25%	2018
Sainsbury's, Newbury	Sainsbury's	11 years	4.94%	2018
BP/M&S, Aylsham, Norfolk	BP Oil UK Limited	20 years (market reviews)	5.25%	2017
Esso/Morrisons, Bristol	Rontec	25 years	4.85%	2017
Co-Op, Millbrook, Southampton	Co-operative Group	10 years	5.50%	2017
Sainsbury's, Brixham, Devon	Sainsbury's	15 years	5.25%	2017
Sainsbury's, Bebington, Wirral	Sainsbury's	15 years	5.25%	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/2012/0031/222 . May 2018

Barber Wadlow
Fuel and Automotive Property Advisers



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