

SPAR BATTLEFIELD SERVICES

BATTLEFIELD ROUNDABOUT
SHREWSBURY • SHROPSHIRE • SY4 3EQ

PRIME
INVESTMENT
OPPORTUNITY



- Prime forecourt and convenience store
- Long income sale and leaseback investment opportunity
- New 25 year lease to A. F. Blakemore & Son Ltd (Shareholders' Funds £78.5m) with CPI 1.0% - 3.5% increases

a.f. **blakemore**
& son Ltd

**Knight
Frank**

INVESTMENT SUMMARY

- A **high quality, large** SPAR and BP-branded forecourt convenience store.
- Occupies an **unopposed trading location** off the busy Battlefield roundabout junction of A53 and A49.
- **Modern, extremely well presented convenience store** and fuel forecourt with a comprehensive range of facilities including Subway and Costa Express.
- **Superb underlying trading performance.**
- Let to **A. F. Blakemore and Son Ltd (Shareholders' Funds £78.5m)**, a market-leading retailer, wholesaler and distributor of food, beverages and tobacco with annual turnover of circa £1.1bn.
- A new **25 year lease** at an Initial Rent of **£185,000 per annum.**
- **Five-yearly Consumer Price Index (CPI) linked rent reviews** subject to a **collar and cap of 1.0% pa and 3.5% pa.**
- Our **estimated rental value is £200,000 pa** and, with extremely high demand in the occupational sector, its investment value is under-pinned substantially by its vacant possession value.
- We are instructed to seek offers in excess of **£3,475,000 (Three Million Four Hundred and Seventy Five Thousand Pounds)**. A purchase at this level reflects an attractive **Net Initial Yield of 5.00%** (assuming purchaser's costs of 6.50%).

LOCATION & SITUATION

Shrewsbury is the County town of Shropshire with a population of circa 75,000 (ONS 2016) and an extensive catchment of over 200,000.

Located nine miles (14 km) east of the Welsh border, Shrewsbury serves as the commercial centre for Shropshire and mid-Wales. Birmingham City Centre is located 50 miles to the South East.

Battlefield Roundabout is prominently located on Shrewsbury's main ring road where the A49 Shrewsbury Road (north and south) meet the A53 (northeast) and A5124 (west). The A49 and A53 are the principle carriageways for all traffic entering Shrewsbury from the north and east with both roads intersecting at the corner of the subject property.

Shrewsbury town centre is 1.5 miles to the south and is accessed via the A5112.

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





DESCRIPTION

The property forms part of a modern roadside development which includes a Travelodge Hotel, The Two Henrys Pub (Greene King), a Starbucks Drive-Thru and a Burger King Drive-Thru.

Developed in 2006 to comprise a high quality SPAR convenience store incorporating Subway and Costa Express and ATM, alongside a BP branded fuel forecourt and car wash. Including ancillary areas the internal accommodation extends to approximately 365.7 sq m (3,936 sq ft).

The forecourt is arranged in a square formation having four multi-product dispensing pumps positioned on raised concrete islands and protected by a steel canopy. The site has parking for 19 vehicles and has a tarmacadam surface. At the rear there are two valeting bays and to the left side of the shop is an enclosed rollover car wash.

SITE AREA

The site area is approximately 0.88 acres (0.36 hectares).

TENURE

The property is held Freehold.

TENANCY

The property is to be let to A. F. Blakemore and Son Ltd and from completion there will be a new 25-year Full Repairing & Insuring lease.

The tenant operates all aspects of the site directly, being franchisee for Subway, and is taking its fuel supply via wholesale agreement with BP.

The initial rent is £185,000 per annum. The rent will be subject to five-yearly reviews, annually compounded in line with the Consumer Price Index (CPI), subject to a collar and cap of 1.0% and 3.5% respectively.

Knight Frank's opinion is that the property has an ERV of £200,000 per annum, consequently the investment is inherently reversionary and exceptionally well underpinned by its vacant possession trading value.

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

FUEL MARKET COMMENTARY

Prior to the onset of the pandemic, trading conditions in the fuel retail sector had rarely, if ever, been better. Fuel margins were running at a historic high, with consistent volumes, whilst shop sales were growing consistently. Fuel volumes inevitably dropped significantly initially during lockdown, but are now reported to be back at 75% of pre-lockdown figures (as at 3 July 2020). However, convenience store sales were generally trading in excess of pre-lockdown sales, despite the loss of fuel volumes.

Convenience store sales are now expected to show 8% growth in 2020 (HIM & MCA Insight), with continued strong trend predicted thereafter. With fuel volumes broadly expected to return to their pre-lockdown levels, with a probable surge during the UK's staycation boom this summer, operator profitability for 2020 as a whole could still be on a par with 2019. The impact of the pandemic has served to demonstrate the extraordinary resilience of the sector, as well as the fundamental underlying food and energy demands that will significantly underpin the fuel retail sector's transition into the alternative fuels world of the coming decades.

RECENT TRANSACTIONS

There is strong demand from a range of investors for forecourt convenience investments and transactions have continued on and off market throughout the lockdown. We expect this demand, with continued restriction of available stock levels, the fundamental attractions of the convenience retail market and an increasingly limited number of sectors in which genuinely strong covenants on long indexed leases are available, to see downward pressure on prime yields in the coming months.

Date	Property	Unexpired Term	RR Basis	NIY
April 2020	Applegreen West Park, Chatteris	11.5 years	5-yearly OMR	5.75%
March 2020	A.F. Blakemore & Son, Willenhall	25 years	5 yearly RPI (2-4%)	5.24%
Jan 2020	Co-op Lees Corner, Hillingdon	15 years	Annual 2%	4.50%
Dec 2019	Shell Westside House, Birmingham	16 years	%-yearly OMR	4.95%
Nov 2019	Rontec, Bilston	19 years	Annual 2%	5.18%
May 2019	A.F. Blakemore & Son, Lacey	20 years	5 yearly RPI (1-3%)	5.05%

COVENANT INFORMATION

A. F. Blakemore and Son Ltd was established in 1917 and is considered to be one of the largest family-owned businesses in the UK. The group consisting of nine divisions spanning across the retail, wholesale, food service, logistics and shop fitting sectors.

The company is recognised as being the largest division of SPAR UK, owning 300 SPAR stores and serving more than 1,000 in total across England and Wales.

The property is to be let to A. F. Blakemore and Son Ltd (Company Registration Number: 00391135) which has a D&B Rating of 5A 1, representing a minimum risk of business failure.

For the year ending 30th April 2019 and the preceding two financial years, A. F. Blakemore and Son Ltd reported the following consolidated figures:

	30/04/2019	30/04/2018	30/04/2017
Turnover	£1,135,638,000	£1,256,891,000	£1,299,653,000
Profit before Tax	£6,006,000	-£20,658,000*	£7,354,000
Net Assets	£78,505,000	£74,509,000	£88,707,000

*During the year the company made a strategic disposal of its cash & carry division, resulting in exceptional costs. Its profit before exceptional items was £8,537,000.

EPC

An EPC is available and the property has a rating of B 42.

VAT & CAPITAL ALLOWANCES

The property is elected for VAT.

The vendor intends to retain any remaining capital allowances.

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 & son ltd



PROPOSAL

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