



Xenon Portfolio

Forecourt Convenience Investment Opportunity

RAPLEYS



Investment Overview

- Opportunity to acquire a portfolio of 14 high-quality Forecourt Convenience Stores underpinned by the Co-Operative Group
- Prominently located on arterial roads across the country
- Let to the excellent covenant of Somerfield Stores Limited, with a guarantee from the Co-operative Group Limited (D&B 5A1)

The co-operative

- Approximately 13.7 years of unexpired income.
- Producing a total passing rent of £1,930,243 per annum
- 2% annual uplifts
- Property values underpinned by strong vacant possession values for current and alternative uses
- The forecourt convenience store sector has significant growth potential
- The portfolio is held in an offshore vehicle and a sale of the JPUT will be considered
- Offers are sought in excess of **£30,400,000** (Thirty Million, Four Hundred Thousand Pounds) subject to contract and exclusive of VAT. A purchase at this level reflects an attractive **net initial yield of 6%** after allowing for normal purchaser's costs of 5.8%

Property Characteristics

The forecourt convenience stores and petrol filling stations are operated by the Co-Op & Petrogas, with the petrol being supplied to Co-Op by Chevron Texaco through a fuel supply agreement.

Eight of the properties have recently been totally redeveloped whilst one has been extended & five refurbished to provide state of the art, modern forecourt convenience formats for the tenants occupation.

The quality of the locations, the success of Co-op's convenience store format and the exceptional growth of the sector should ensure the continued trading success of these properties.

Forecourt Convenience Market Overview

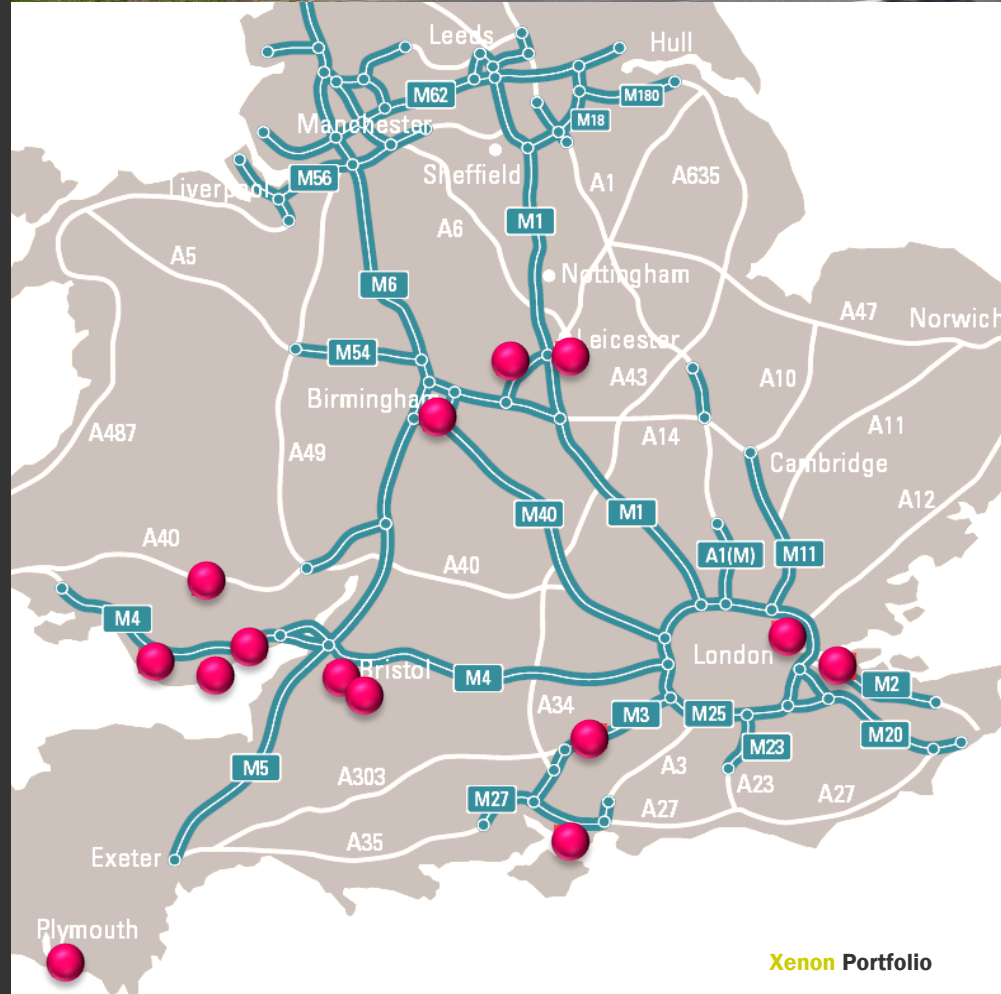
Over the past decade, the convenience store market has seen significant growth to the extent that it is now worth £34 billion per annum out of a total grocery market worth of around £140 billion per annum.

The forecourt convenience store represents a changing and evolving market that is currently estimated to be worth £4.8 billion per annum. The emergence of the market has been aided by the concerted expansion drive of the national foodstore operators and the sympathetic planning situation on the major road networks.

With growth in the forecourt convenience sector surpassing convenience market growth as a whole, future trading conditions are expected to be favorable for the main participants. The market is influenced by the fact that a substantial proportion of customers, as much as 20% in some cases, arrive at filling stations on foot. The sector will continue to seek additional sources of profit to sit alongside car washes, jet washes, advertising, mobile phone transmission leasing arrangements, cash machines, dry cleaning agencies and lottery agencies.

With the disinvestment of the major oil companies in the forecourt market it is anticipated that the major supermarket groups will continue to expand their convenience and forecourt convenience market shares through continued acquisition, expansion and new development in a sector that is currently contributing approximately 20% of all UK grocery retail sales.

Forecourt convenience stores provide the retailers with strong margins and there is renewed vigour in the petrol forecourt market, resulting in strengthening property values.



Environmental Considerations

An environmental survey report has been undertaken on the subject properties. A letter of reliance from WSP Environmental Ltd will be provided to the purchaser. The occupational tenant is responsible for contamination matters under the terms of the full repairing and insuring lease during their occupation.

An environmental indemnity will be required from the purchaser.

Tenure

Freehold.

Tenancy

The portfolio is let in its entirety to Somerfield Stores Limited for a term of 20 years from June 2007 (13.7 years unexpired) on full repairing and insuring lease terms. The lease is guaranteed by the Co-operative Group Limited. The rent is subject to fixed annual increases of 2% for the remainder of the term. The current rent passing on the portfolio is £1,930,243 per annum.

The tenant has an option to renew at lease expiry for a further 15 or 20 years at open market value and incorporating upward only rent reviews.

Three of the properties (Bridgend, Merthyr Tydfil & Bristol) are sublet to Petrogas Group UK Ltd.



Property	Income (pa)	Size (Acres)
Barry, Port Road	£163, 294	0.50
Basingstoke, Grove Road	£154, 284	0.30
Birmingham, Alcester Road	£146, 401	1.06
Bridgend, Tremains Road	£94, 598	0.45
Bristol, Gloucester Road	£118, 247	0.49
Dagenham, Bcontree Avenue	£139, 644	0.23
Gosport, Fareham Road	£146, 401	0.59
Hinckley, Walting Street	£95, 724	0.35
Keynsham, Bath Road	£146, 401	0.67
Merthyr Tydfil, Lower High Street	£103, 607	0.27
Newport, Highcross Road	£158, 789	0.72
Plymouth, Plymouth Road	£146, 401	0.74
Rochester, City Way	£164, 420	0.40
Wigston, Bull Head Street	£152, 032	0.36
Total	£1, 930, 243	7.13

Covenant Information

The co-operative

The Co-Operative Group is the UK's largest mutual retailer, currently ranked as the fifth largest food retailer, the third largest retail pharmacy chain, the number one provider of funeral services and the largest independent travel business.

The Co-Operative Group employs 106,000 people, has 7 million members and around 4,800 retail outlets. Dunn & Bradstreet rate the Co-Operative Group Limited **5A1**, reflecting minimum risk .

We have been provided with the following financial information relating to the Co-operative Group Limited (Portfolio Guarantor).

Year End	1 January 2012	1 January 2011	2 January 2010
Turnover	£12,318,000,000	£12,886,100,000	£12,489,200,000
Profit	£231,000,000	£310,400,000	£294,800,000
Net Worth	£3,100,000,000	£2,950,700,000	£2,694,900,000

In March 2009 the Co-operative Group completed the £1.565 billion acquisition of Somerfield PLC.

Following the Co-Op's acquisition of Somerfield, Somerfield Stores Limited (Occupational Tenant) was converted to a Industrial and Provident Society, registered under the Industrial and Provident Societies Act 1965.

We have been provided with the following financial information relating to Somerfield Stores Limited:

Year End	1 January 2012	1 January 2011	2 January 2010
Turnover	£2,495,200,000	£2,591,400,000	£3,421,700,000
Profit	-£19,900,000	£7,900,000	-£159,600,000
Net Worth	£410,700,000	£453,700,000	£468,300,000

Further information available on request.





Proposal

Offers are sought in excess of **£30,400,000 (Thirty Million, Four Hundred Thousand Pounds)**, subject to contract and exclusive of VAT. A purchase at this level reflects an attractive **net initial yield of 6%** after allowing for normal purchaser's costs of 5.8%.

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