

SAINSBURY'S FORECOURT CONVENIENCE

21 BONEHURST ROAD | HORLEY | RH6 8PJ

Sainsbury's



PRIME INVESTMENT OPPORTUNITY WITH RPI LINKED RENT REVIEWS

RAPLEYS

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INVESTMENT
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- Strong location fronting a main arterial route in close proximity to the national motorway network and London Gatwick Airport
- Modern purpose built forecourt convenience asset with dedicated parking
- Let to Sainsbury's Supermarkets Limited (D&B 5A1) with a current net worth in excess of £4.35bn
- Sustainable passing rent of £228,180 per annum
- The convenience store extends to 4,498 sq ft (418 sq m)
- 14.5 years unexpired
- 5 yearly reviews to RPI, collared and capped at 2% & 4% per annum
- Potential asset management options to maximise surplus land
- Freehold

We are instructed to seek offers in excess of **£4,500,000 (Four Million, Five Hundred Thousand Pounds)**, subject to contract and exclusive of VAT. A purchase at this level would reflect a **Net Initial Yield of 4.76%**, assuming purchasers' costs of 6.57%.



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LOCATION

Horley is an affluent commuter town situated in the borough of Reigate and Banstead in Surrey approximately 25 miles (40 km) south of London, 6 miles (9.5 km) north of Crawley, 25 miles (40 km) south east of Guildford and 23 miles (37 km) west of Royal Tunbridge Wells.

The property benefits from excellent road communication links being situated on the A23 approximately 1.5 miles (2.4 km) to the north west of Junction 9 of the M23 motorway, which links to Junction 7 of the M25 and the wider national motorway network.

London Gatwick Airport is located approximately 1.5 miles (2.5 km) to the south, the UK's second largest airport after London Heathrow, which accommodates over 35 million passengers a year providing flights to both national and international destinations.

Horley Railway Station provides regular services to Gatwick Airport (5 minutes), London Victoria (31 minutes) and London St Pancras International (1 hour).

Given the proximity of Gatwick Airport the area is an established commercial location with a significant number of multi-national companies including the Thales Group, Virgin Holidays, CGG, Nestle, TUI Travel and Easyjet operating in close proximity.



DEMOGRAPHICS

Horley benefits from an extensive and affluent primary catchment area which is characterised by a high concentration of working adults categorised in the most affluent AB class groupings, comprising those employed within higher and intermediate managerial, administrative and professional roles.

The local population has grown significantly since 2001 and is forecast to see above average growth over the period 2014 - 2019. The age profile includes a high proportion of adults of working age.

Further demographic and economic indicators which demonstrate the strength of the catchment population include levels of home and car occupation above the national average.

Gatwick Airport is situated to the south of Horley and represents a major employer in the area with in excess of 25,000 people employed either directly or indirectly through airport related services.

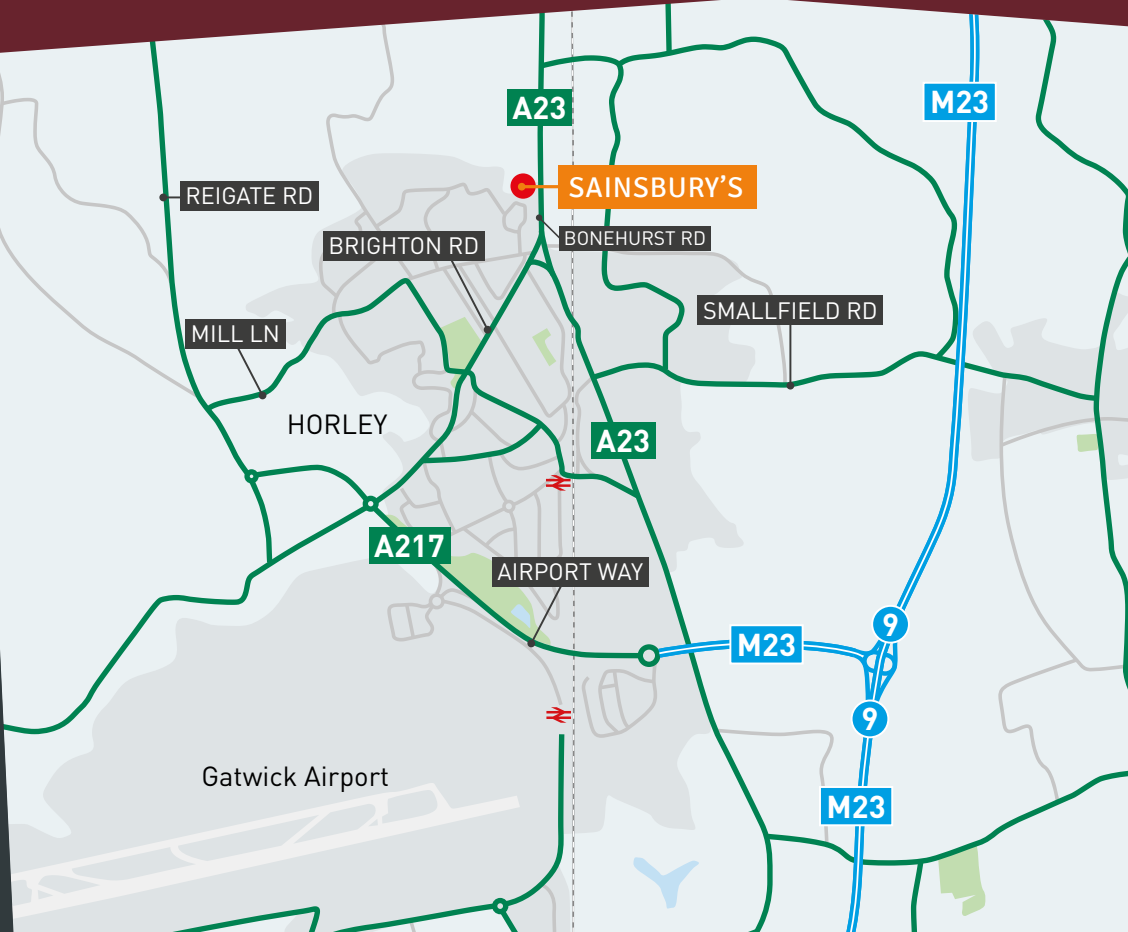


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SITUATION

The property is situated on the A23, Bonehurst Road, approximately 1 mile (1.6 km) north of Horley town centre on the northbound side of the A23 (Bonehurst Road). The A23 serves as a major arterial route providing convenient access to Redhill to the north and Gatwick and Crawley to the south via the A2011.

The location benefits from an average daily vehicle movement of 22,629 which comfortably meets the requirements of the key operators (source: the Department of Transport).

The immediate surrounding area comprises predominantly residential accommodation with various commercial buildings along the A23 including hotels and trade counter units. Other occupiers in the surrounding location include Shell and Best Western.



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DESCRIPTION

The subject property comprises a modern purpose built petrol filling station and convenience store facility of approximately 4,498 sq ft understood to have been completed in 2013. The fuel forecourt supports ten pumps within a five island layout providing unleaded, diesel and premium unleaded grades of fuel beneath a rectangular shaped canopy. Each of the pump islands are equipped with modern 6 hose MPD's.

The site is accessed via Bonehurst Road with a single egress to the north eastern corner of the subject site. The petrol forecourt provides parking for approximately 18 vehicles including two disabled spaces together with two air and water pump spaces.

The convenience store encompasses a modern rectangular shaped building comprising glazed and clad brick elevations beneath a flat roof. The generous sales area provides a full range of grocery products, off licence, bakery, general motorist products, confectionery, coffee module and an ATM.



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ACCOMMODATION

	Sq ft	Sq m
Sales area	3,025	281
Ancillary	1,473	137
Total	4,498	418

SITE

The site extends to approximately 0.97 acres (0.39 hectares). This is unusually large for this class of asset.

PLANNING

The subject property was developed in 2013 (planning reference 12/00840/F) which provided for “redevelopment of existing station to provide a new petrol filling station facility comprising of forecourt/canopy and multiple fuel pumps, sales building with ATM, underground storage tanks, associated parking, and other ancillary works. As amended by letter dated 12/07/2012.”

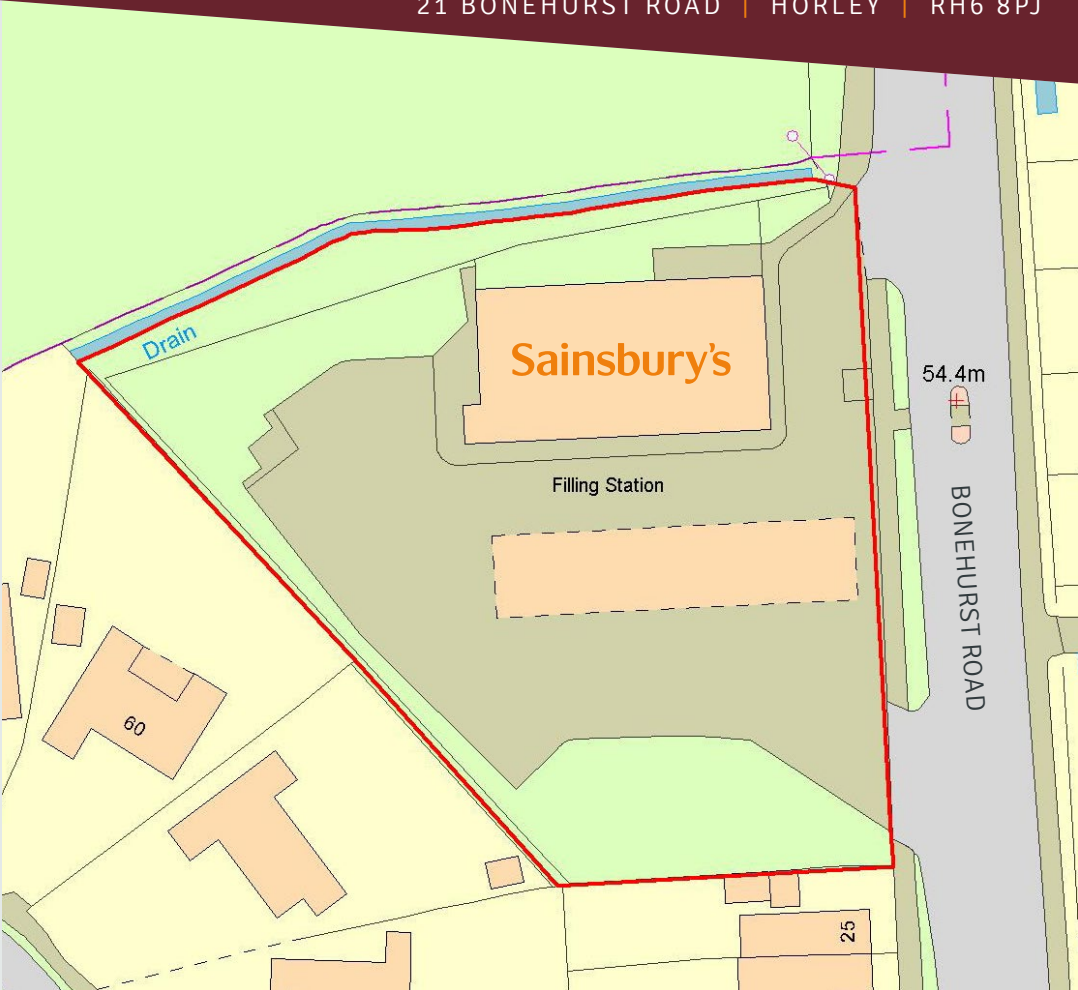
TENURE

The property is held Freehold.



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TENANCY DETAILS

The property is let to Sainsbury's Supermarkets Limited, on a full repairing and insuring lease for a term of 20 years from 26 March 2013, at a current passing rent of £228,180 per annum.

The rent is subject to five yearly rent reviews linked to the Retail Price Index (RPI), collared and capped at 2% & 4% per annum, with the next review in March 2023. The break option in 2028 has recently been removed in exchange for 7 months rent free underlying the positive trading story for the site and the tenant's commitment to the location. Any unexpired rent free period will be topped up by the vendor.

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SAINSBURY'S SUPERMARKETS LIMITED

Sainsbury's was founded in 1869 and has grown to become the second largest food retailers in the UK with a 16.9% market share. The company has recently reported total retail sales growth 0.8% (excluding fuel) with like for like sales up 2.6% (including fuel). Grocery sales grew 0.5% with convenience performing particularly strongly.

Sainsbury's

The company recently announced plans to merge with Asda which would create the UK's largest grocery chain with a combined market share of 31.4% and total sales of £51bn.

Sainsbury's Supermarkets Limited (company number 03261722) has a Dun and Bradstreet rating of 5A1. The latest published accounting information is as follows:

	March 2017	March 2016	March 2015
Sales Turnover	£23,234,000,000	£23,168,000,000	£23,443,000,000
Pre-Tax Profit (Loss)	£342,000,000	£406,000,000	(£206,000,000)
Tangible Net Worth	£4,353,000,000	£4,458,000,000	£4,224,000,000



FORECOURT CONVENIENCE MARKET

Within the forecourt convenience market, demand for prime assets offering long leases to strong covenants remains particularly high. The market is one of only a few sectors where the occupiers remain active and are willing to agree 15 year plus occupational leases, with fixed or index linked rent reviews.

Given the lack of prime stock providing these characteristics available in the open market, forecourt convenience yields have hardened in the last 12 months. Prime yields currently stand in the high 4%'s, with significant investor demand for assets within Greater London and the south east with strong underlying residual value.

Modern assets providing long income streams continue to be targeted by both institutional and private investors, and we are therefore of the opinion that demand will remain robust for prime forecourt convenience assets in strong geographical locations, such as Horley.

Address	Tenant	Term	Price / Yield	Date
Dorset House Service Station, Marylebone Rd, London	Malthurst	14 years	Quoting £3.25m / 4.25%	Currently being marketed
Co-op Bow Road Service Station, Bow Rd, London	Co-op	16.3 years unexpired, 2% pa fixed uplifts	Quoting £6.03m / 3.75%	Under offer
Co-op, Caledonian Service Station, Caledonian Rd, London	Co-op	16.3 years unexpired, 2% pa fixed uplifts	Quoting £4.135m, / 3.75%	Under offer
The Express Portfolio comprising eight Subway, Starbucks and Burger King restaurants.	Euro Garages Limited	24.6 years	£11.6m / 4.10%	May 2018
Andover Rd, Newbury	Sainsbury's	11.25 years to break RPI reviews, capped and collared at 4% & 2% pa	£3.33m/£4.9%	Jan-2018
Esso / Morrisons, Hengrove Way, Bristol	Rontec	25 years	£3.91m/4.85%	Nov-2017

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VAT

The property has been elected for VAT and it is anticipated that the transaction will be treated as a Transfer of a Going Concern (TOGC).

EPC

A copy of the Energy Performance Certificate is available upon request.

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FURTHER INFORMATION

For further information or to arrange an inspection, please contact:

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