



PROJECT RONALD

Prominent Freehold Roadside Drive-Thru Portfolio

Let To McDonald's Restaurants Ltd with an AWULT of c.19 Years Benefitting From Fixed Uplifts

Significantly Low Passing Rent Providing Ground Rent Style Income

PORTFOLIO SUMMARY & LOCATIONS

- M Five prominent freehold roadside drive-thru assets located on busy arterial roads
- M Strategically situated on roundabouts with dual road access creating premium for tenants due to increased traffic numbers
- M Properties have been recently redeveloped and in some cases extended by the tenant
- M Securely let to McDonald's Restaurants Ltd with an AWULT of 18.97 years unexpired
- M Highly sought after drive-thru planning consent with 24 hour trading adding significant value to the sites
- M Unique reversionary income with current passing rent of **£228,800 per annum**
- M **Estimated rental value of £610,615 per annum**
- M Leases benefit from 2% per annum fixed uplifts reviewed five yearly
- M Next guaranteed fixed uplift to take place in 2022
- M Significant uplift in rental value in 2038 upon lease expiry reflecting a ground rent style income
- M We are seeking offers in excess of **£7,100,000** after allowance for unadjusted purchaser's costs of 6.8%, which reflects a **net initial yield of 3%** and an **ultimate reversionary yield of 8.05%**



Whitchurch - SY13 1JZ



New Forest - BH24 3HN



West Lynn - PE34 3LW



Yarmouth - NR13 5AR



Uckfield - TN22 5EP

PORTFOLIO TENANCY SUMMARY

All of the properties are entirely let to McDonald's Restaurants Limited on FRI leases producing an income of £228,800 per annum summarised in the below tenancy schedule. Subsequently the tenant sublets these properties to franchisees accordingly.

No.	Location	Area sq ft	Current Rent p.a. (psf)	ERV p.a. (psf)	Lease Start	Rent Review*	Lease Expiry	Term Certain
1	 New Forest	3,686	£60,500 (£16.41)	£129,010 (£35.00)	25/12/2013	25/12/2023	24/12/2038	19.98 yrs
2	 West Lynn	4,103	£44,000 (£10.72)	£143,605 (£35.00)	29/09/2012	29/09/2022	28/09/2037	18.74 yrs
3	 Whitchurch	4,404	£44,000 (£9.99)	£143,130 (£32.50)	24/06/2012	24/06/2022	23/06/2037	18.47 yrs
4	 Uckfield	3,044	£41,800 (£13.73)	£98,930 (£32.50)	24/06/2012	24/06/2022	23/06/2037	18.47 yrs
5	 Yarmouth	2,952	£38,500 (£13.04)	£95,940 (£32.50)	29/09/2012	29/09/2022	28/09/2037	18.74 yrs
Total		18,189	£228,800	£610,615				AWULT 18.97 yrs

*Based on fixed uplifts of 2% per annum.

COVENANT INFORMATION

 McDonald's is the largest chain of quick service restaurants in the world. It serves tens of millions of customers each day.

Having opened the first UK McDonald's in Woolwich in 1974, the company now operate 1,270 restaurants and franchisee operations on high streets, shopping centres, roadside locations, leisure centres, airports, railway terminals and motorway service stations across the UK.

McDonald's Restaurants Limited (Co No. 01002769) for the year ending 31 December 2017 had a reported turnover of £1.59Bn and Pre-Tax Profits of £341M. For the same year they had reported Shareholders funds of £1.35Bn.

PLANNING

The five sites within the portfolio all benefit from A3 and or A5 use.

However they also benefit from the highly sought after roadside drive-thru use, with 24 hours trading.*

We are of the opinion that this will command a higher rental value due to the premium attached to this specific planning consent.

*With the exception of Pickets Post which is open 5am-11pm

BACKGROUND

In 2012, McDonald's identified these five sites for their occupation out of a substantial roadside portfolio held by administrators.

This was due to the prominence of these roadside sites situated on roundabouts, benefitting from dual road access.

McDonald's redeveloped all of these sites and in some cases carried out extensions. This major investment carried out by McDonald's was in lieu of any capital contribution, but was reflected in the major reduction in rental levels set within the leases.

ERV

The current passing rent of £228,800 per annum equates to an average rent of £12.58 psf across the portfolio, which is extremely low in comparison to the estimated rental value.

We are of the opinion that based on conservative ERV's of £35.00 psf and £32.50 psf, this produces an overall estimated rental value of £610,615 per annum.

Market comparables are listed below highlighting the reversionary nature of these assets.

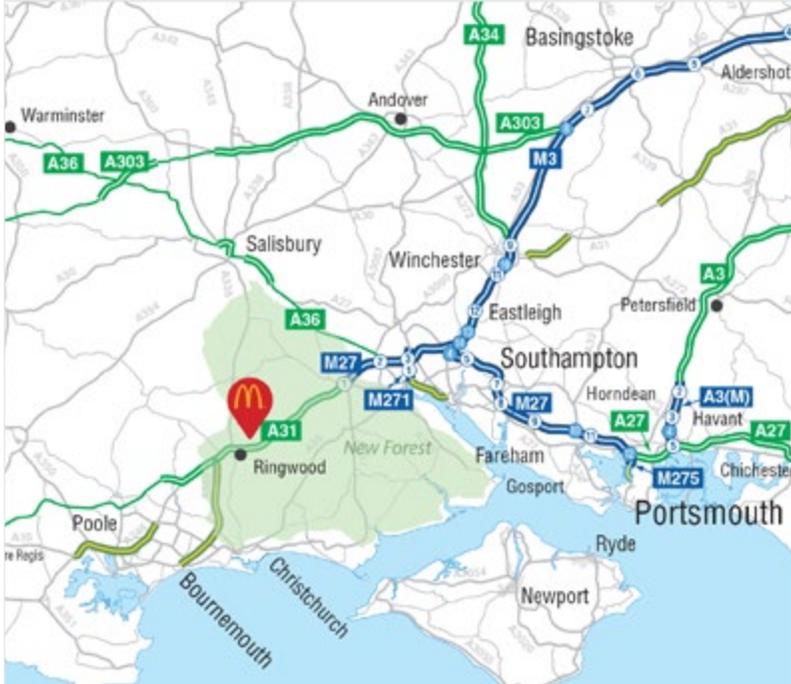
Town	Address	Tenant	Size (sq ft)	Transaction	Rent (pa)	Rent (psf)
Cardiff	International Sports Village	 Starbucks	1,800	OML	£100,000	£55.56
Cheshire	Cheshire Oaks	 Costa	1,810	OML	£100,000	£55.25
Bedfordshire	Sandy	 Costa	1,800	OML	£90,000	£50.00
Chelmsford	Springfield	 Starbucks	2,105	OML	£105,250	£50.00
Yorkshire	Wakefield	 Costa	1,800	OML	£90,000	£50.00
Newbury	Newbury Retail Park	 McDonald's	2,000	RR	£90,000	£45.00
Berkshire	Newbury	 McDonald's	2,000	OML	£90,000	£45.00
Lewisham	Sydenham	 McDonald's	3,500	OML	£144,000	£41.14
Slough	Buckingham Ave	 McDonald's	3,122	RR	£123,319	£39.50
Berkshire	Slough	 McDonald's	3,122	OML	£123,319	£39.50
Croydon	Waddon Retail Park	 McDonald's	2,646	RR	£104,517	£39.50
Bicester	Bicester Gateway	 Burger King	4,186	OML	£163,600	£39.08
High Wycombe	Wycombe Retail Park	 Pizza Hut	3,434	RR	£117,511	£34.22
Malvern	Malvern Shopping Park	 McDonald's	3,180	RR	£103,570	£32.57

Picket Post, New Forest, BH24 3HN



INVESTMENT SUMMARY

-  Prominent roadside drive-thru location on a busy road
-  The site is accessible to traffic from both directions of A31 and is located close to a junction
-  Entirely let to McDonald's Restaurants Limited until December 2038
-  Located on A31 next to Shell Petrol Filling Station and is the only standalone restaurant at this junction
-  Leases benefit from 2% per annum fixed uplifts reviewed five yearly
-  Next guaranteed fixed uplift to take place in 2023
-  Benefits from on-site parking for approximately 22 cars and children's play area
-  Current passing rent of £60,500 per annum
-  ERV of £129,010 per annum



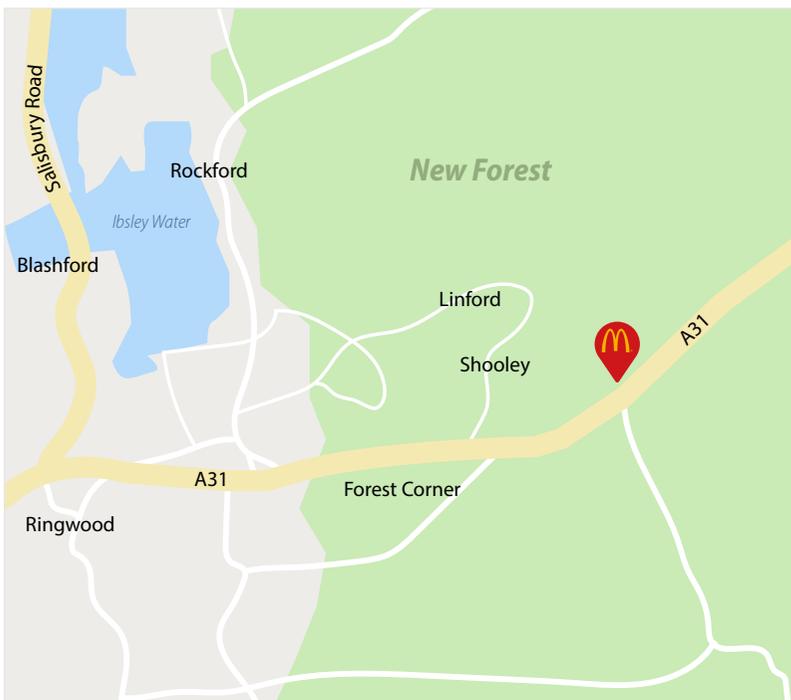
LOCATION

Picket Post is a busy road junction and service area in the New Forest National Park of Hampshire, England. It lies on the A31 road which merges into the M27. It is the main road connection between the Bournemouth and the South East of England.

Picket Post is located on the A31 dual carriageway which passes through the New Forest. It is situated 2.5 miles from the A338 at Ringwood and 8 miles from Junction 1 of the M27 at Cadnam. A minor road to the village of Burley joins with the A31 at Picket Post. McDonald's is the only standalone restaurant at Picket Post as is accessible to traffic flow from both directions of the very busy dual carriage way.

The property is 15 miles north-east of Bournemouth and 19 miles west of Southampton which is serviced by the A31, A338, M27 roads, Brockenhurst Station, Sway Station by rail and Bournemouth International by air.

The property is situated to the north of the A31, the main connection road west of Southampton at the same service station as Shell.





DESCRIPTION

The property comprises a modern drive-thru restaurant surrounded by woodland and benefits from on-site parking for approximately 22 cars and a small garden with children's play area facility.

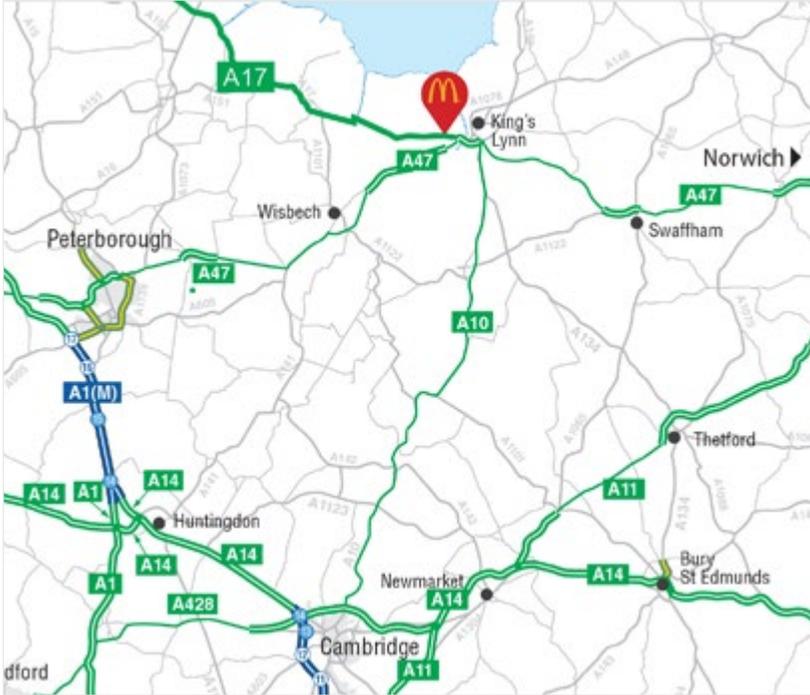


 Clenchwarton Road, West Lynn, PE34 3LW



INVESTMENT SUMMARY

-  Entirely let to McDonald's Restaurants Limited until September 2037
-  Prominent roadside drive-thru location at the busy intersection of the A47 and A17 adjacent to a Shell Petrol filling station and a Premier Inn
-  Strong roundabout location accessible to traffic from all directions
-  Leases benefit from 2% per annum fixed uplifts reviewed five yearly
-  Next guaranteed fixed uplift to take place in 2022
-  Benefits from on-site parking for approximately 36 cars
-  Current passing rent of £44,000 per annum
-  ERV of £143,605 per annum



LOCATION

West Lynn forms the part of the town of King's Lynn in Norfolk that is west of the River Great Ouse.

The property is located 33 miles north-east of Peterborough and 44 miles north-west of Norwich. By road it is serviced by the A17, A47, A149, A10, by rail Kings Lynn station and Norwich International by air.

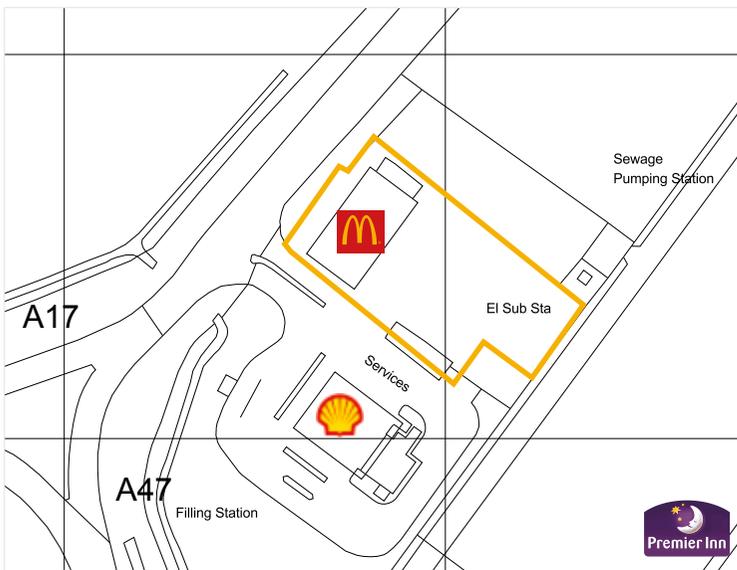
The property is situated to the West of Clenchwarton Road, to the North of the A47, which is the trunk road linking Birmingham to Lowestoft, Suffolk and A17, linking Newark-on-Trent in Nottinghamshire, England, to King's Lynn in Norfolk.

The property is located adjacent to a Shell Petrol Filling Station and a Premier Inn with the East Coast Business Park also located nearby.



DESCRIPTION

The property comprises a modern drive-thru restaurant which operates a 24 hour service and benefits from parking for approximately 36 cars.



 Wrexham Road, Whitchurch, SY13 1JZ



INVESTMENT SUMMARY

-  Entirely let to McDonald's Restaurants Limited until June 2037
-  Prominent roadside drive-thru location at the busy intersection of A525 and A41
-  Strong roundabout location accessible to traffic from all directions
-  Leases benefit from 2% per annum fixed uplifts reviewed five yearly
-  Next guaranteed fixed uplift to take place in 2022
-  Situated next to Starbucks, Subway and Esso
-  Benefits from on-site parking for approximately 43 cars
-  Current passing rent of £44,000 per annum
-  ERV of £143,130 per annum



LOCATION

Whitchurch is a market town in northern Shropshire, England. It lies 2 miles (3 km) east of the Welsh border, 20 miles (30 km) north of the county town of Shrewsbury, 20 miles (30 km) south of Chester, and 15 miles (24 km) east of Wrexham, which is the largest town in north Wales and an administrative, commercial, retail and educational centre.

The property is located 22 miles north of Shrewsbury and 29 miles west of Stoke-on-Trent. It is serviced by A41, A525, A49 by road, Whitchurch station by rail and Liverpool John Lennon airport.

The property is prominently located at the intersection of the A525 and the A41 and lies adjacent to an Esso Petrol Filling Station, Starbucks and Subway.





DESCRIPTION

The property comprises a modern 24 hour drive-thru restaurant and benefits from on-site parking for approximately 43 cars.

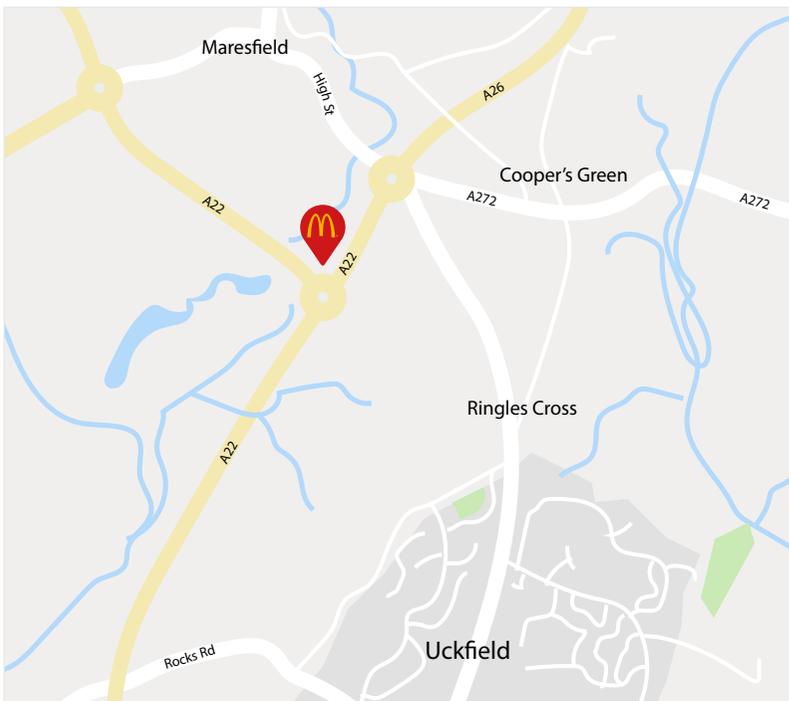
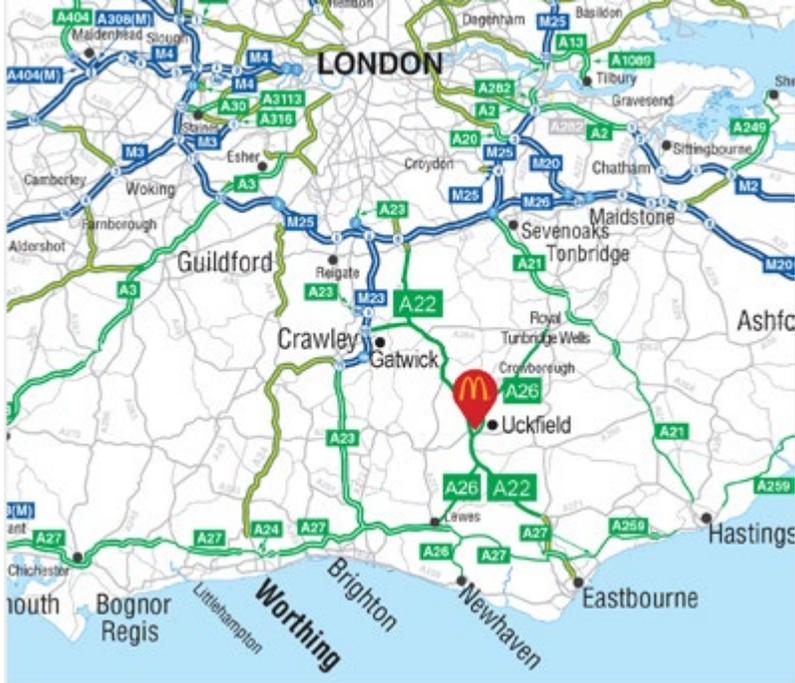


Maresfield Bypass, Uckfield, TN22 5EP



INVESTMENT SUMMARY

-  Entirely let to McDonald's Restaurants Limited until June 2037
-  Prominent roadside drive-thru location at the busy intersection of A22 and A26
-  Strong roundabout location accessible to traffic from all directions
-  Leases benefit from 2% per annum fixed uplifts reviewed five yearly
-  Next guaranteed fixed uplift to take place in 2022
-  Benefits from on-site parking for approximately 41 cars
-  Current passing rent of £41,800 per annum
-  ERV of £98,930 per annum



LOCATION

Maresfield is a village in the Wealden District of East Sussex, in South East England. The village itself lies 1.5 miles (2.4 km) north of Uckfield.

The district has the highest proportion of home ownership of the 37 local authorities in Surrey, Sussex and Kent and houses the major trunk road the A22, London to Eastbourne; which is crossed by the A26 Maidstone–Lewes road at Uckfield; and the A267 Tunbridge Wells to Eastbourne road. There are also three west-east roads: the A259 coastal route; the A27 Pevensey–Brighton trunk road; and further to the north, the A272 cross-country route to Winchester.

DESCRIPTION

The property comprises a modern 24 hour drive-thru restaurant and benefits from on-site parking for approximately 41 cars.



Yarmouth Road, Yarmouth, NR13 5AR



INVESTMENT SUMMARY

-  Entirely let to McDonald's Restaurants Limited until June 2037
-  Prominent roadside drive-thru location at a busy A47 between Norwich and Great Yarmouth
-  Strong roundabout location accessible to traffic from all directions
-  Leases benefit from 2% per annum fixed uplifts reviewed five yearly
-  Next guaranteed fixed uplift to take place in 2022
-  Benefits from on-site parking for approximately 36 cars
-  Current passing rent of £38,500 per annum
-  ERV of £95,940 per annum



LOCATION

Great Yarmouth, often known to locals as Yarmouth, is a seaside town in Norfolk, England. It is located at the mouth of the River Yare, approximately 20 miles (30 km) east of Norwich.

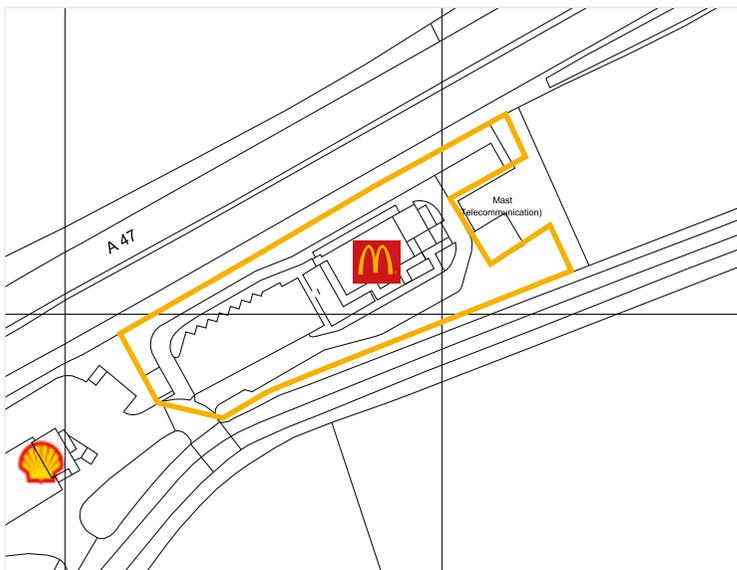
It is an aspiring location and is the gateway from the Norfolk Broads to the North Sea recently regenerated by the development of renewable energy sources.

The property is situated on the busy A47 which is the main road between Norwich and Great Yarmouth to the east. The property lies adjacent to a Shell Petrol Filling Station.



DESCRIPTION

The property comprises a modern 24 hour drive-thru restaurant and benefits from on-site parking for approximately 36 cars.



TENURE

All properties are held freehold.

EPC

The EPCs will be available upon request.

VAT

All properties are elected for VAT.

PROPOSAL

We are seeking offers in excess of **£7,100,000** after allowing for unadjusted purchaser's costs of 6.8%, reflecting a **net initial yield of 3%** and an **ultimate reversionary yield of 8.05%**.

FURTHER INFORMATION

Should you wish to view the property or require any further information please contact the sole agents.

Stephen Gevertz

stephengevertz@lewisandpartners.com

Connal Harper

connalharper@lewisandpartners.com



Lewis & Partners

15/19 Cavendish Place, London W1G 0QE

Tel: 020 7580 4333

SUBJECT TO CONTRACT AND EXCLUSIVE OF VAT

LEWIS & PARTNERS LLP FOR THEMSELVES AND FOR THE VENDORS OF THIS PROPERTY WHOSE AGENT THEY ARE GIVE NOTICE THAT:-

1. These particulars do not constitute any part of the offer for sale or contract for sale.
 2. All statements contained in these particulars as to this property are made without responsibility on the part of Lewis & Partners LLP or the vendors or lessors.
 3. None of the statements contained in these particulars as to this property are to be relied on as statements or representations of fact.
 4. Any intending purchasers must satisfy themselves by inspection or otherwise as to the correctness of each of the statements contained in these particulars.
 5. Any plans or photographs or drawings shown in these particulars are to enable prospective purchasers or tenants to locate the property. The plans are photographically reproduced and therefore not to scale except where expressly stated. The plans, photographs or drawings are for identification purposes only.
 6. No warranty or undertaking is given in respect of the repair or condition of the properties or any items expressed to be included in the sale.
 7. Any properties or drawings of the relevant property or part thereof or the neighbouring areas may not depict the property or the neighbouring areas at the date a prospective purchaser or tenant inspects the property. Prospective purchasers are strongly advised to inspect the property and neighbouring areas.
 8. Lewis & Partners LLP have not measured the property and have relied upon clients information. Therefore Lewis & Partners LLP give no warranty as to their correctness or otherwise and the purchasers must rely on their own measurements.
 9. All terms quoted are exclusive of value added tax unless otherwise stated.
 10. The vendors do not make nor do Lewis & Partners LLP any person(s) in their employment give any warranty whatsoever in relation to this property.
 11. These details are believed to be correct at the time of compilation but may be subject to subsequent amendment.
 12. These details were prepared as of FEBRUARY 2019
- Adrian Gates Photography & Design 07710 316 991