

# WACQ ENERGY CO-INVESTMENT STRATEGY PRELIMINARY IM

Q3-2020

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WIGAN ACQUISITIONS Kft.  
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# 1. EXECUTIVE SUMMARY

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- Wigan Acquisitions is a specialist originator and manager of direct real estate co-investments across Europe with over €220m of direct real estate transactions and an additional €250m invested via a separate account platform.
- Together with its co-investors has launched a new strategy, 'WACQ Energy', to purchase portfolios of strategically-prominent petrol and alternative energy service stations with convenience retail across Europe and install multiple 150-kilowatt charging points (fully charging a car in 20 minutes) to service the significant growth in battery electric and plug-in hybrid (EV) cars.
- The service station concept is a sought-after and undervalued asset class which continues to perform strongly, featuring attractive triple net yields, long lease terms, strong international lease covenants and contracted annual increases BUT most portfolios have been slow to service the growth in the EV markets.
- WACQ Energy is looking to capitalise on this situation by acquiring portfolios across the EU and partnering with leading service station operators, car manufacturers and EV charging companies to fund and sponsor the rollout of charging stations across all sites.

## 2. CHANGES IN THE MARKET

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- The European service station market is often overlooked by investors, despite offering freehold sites, strategic locations, long leases, high quality tenants and attractive yields.
- In the past ten years, the sector has gone through notable change as the focus has shifted towards food service outlets and supermarkets with the likes of Carrefour in France positioning these as complete service stations.
- This change is set to continue in the immediate future with the growth in the number of EV cars in the EU.
- Car manufacturers are forecast to sell up to one million EV cars in 2020 in the EU as they develop more affordable models (offering 214 different models) to meet the EU greenhouse-gas target of 95 g CO<sub>2</sub> per kilometre (currently 120.4 g CO<sub>2</sub> per kilometre) by 2021 and avoid potential fines of \$37 billion.
- The proportion of EV car sales is forecast to grow from 2.5% in 2019 to 10% in 2021 as a share of total vehicle sales.
- The roadside infrastructure to charge these vehicles does not exist, with all EU member states significantly underserved by charging stations including France (3,643), Spain (2,707), Austria (2,508), Hungary (1,094), Poland (564) and Denmark (434).
- The charging points themselves vary significantly, from 150-kilowatt versions (fully-charging cars in 20 minutes) to more basic models (increasing the range by 1 mile per minute).
- As a result, the average time spent by EV car drivers at service stations is set to increase from 7 minutes to more than 25 minutes, thereby requiring operators to offer more attractive store formats and a better quality of facilities to service the customer journey.
- There will be a shift from vehicle-centric to customer-centric business models to service the new market.

### 3. THE OPPORTUNITY

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- WACQ Energy is looking to take advantage of these developments by purchasing portfolios of strategically-prominent fuel and alternative energy service stations across Europe.
- The strategy provides co-investors with access to a geographically-diversified portfolio featuring attractive distribution yields backed by long-term leases to high-quality multi-national tenants with rental guarantees, as well as significant capital growth opportunities through contracted annual rent increases.
- Although the current portfolio values are based on fossil fuels sustaining conventional petrol stations, the values will increase significantly through being able to offer EV charging and complementary retail to service the behavioural change as customers spend more time on site.
- WACQ Energy is currently in discussions with a leading manufacturer of EV cars and a charging specialist to advise on the installation of multiple charging points at the portfolio sites.
- WACQ Energy is also in discussions with retail consultants and operators to develop a strategy to service the behavioural change.
- There is the opportunity to scale up the platform through single asset and portfolio acquisitions matched to key investment criteria, including striking partnerships and collaborating in other ways with players in the mobility and retail ecosystem, including government authorities and utilities, to create incentives for deploying new distributed energy solutions and energy management systems.

## 4. FEATURES AND BENEFITS OF WACQ ENERGY

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- An initial pipeline of seven portfolios has been identified, which includes more than 360 sites across six countries with an estimated value of more than €900m.
- The service stations are all on long-term triple net leases – targeting minimum 10-year unexpired lease terms.
- There is significant potential for capital growth – well-located new and established trading service stations and fixed rental growth as well as upside potential from adding alternative energy charging stations and complimentary retail to service the growing EV market.
- Individual portfolio investment returns dependent on the local market, but typically unlevered yields on individual assets/portfolios ranging from 7-10% (excl. UK where closer to 5%). When levered, this rises to low teens.
- The equity multiple will come on exit of the consolidated platform onward sale to an institutional investor, or target IPO through vehicle listing. This should result in an IRR of 15-20%, dependent on the time horizon and the willingness to use leverage.
- Conservative debt finance – initially targeting up to 70% loan-to-value.
- Overall objective to roll portfolios of such assets into an overall Fund structure, which can either be recapitalised on a roll-up basis, or listed on London stock exchange ('LSE' or 'AIM').

## 5. WACQ ENERGY PIPELINE

	Project Achilles	Project Hector	Project Castor	Project Ino	Project Minos	Project Leda	Project Helen
<b>Location</b>	Spain	UK	UK	Austria	Italy	Portugal	Spain
<b>Number of sites</b>	14	8	13	14	51	60	30
<b>Operations</b>	PFS	Motorway services	PFS	Retail	PFS	PFS	PFS
<b>Status</b>	On-market	On-market	On-market	Off-market	Off-market	Off-market	Off-market
<b>Remaining lease</b>	11 years	18 years	Average 14 years	TBC	11 years	21 years	TBC
<b>Target price</b>	Target €43.75m	TBC	TBC	€55m	€51m	TBC	TBC
<b>Target yield</b>	8%	TBC	5.5%	7%	8%	TBC	8-10%

## 6. WACQ ENERGY EXAMPLE PORTFOLIO

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- WACQ Energy has identified an initial target portfolio through local Spanish partner
- Portfolio includes 14 petrol filling stations strategic locations across Northern Spain
- Each station adjacent to established and dominant retail stores (hypermarkets and superstores)
- Considered a strategic first acquisition given the risk-return profile
- Fully stabilised operation with strong trading track records
- Triple net long leases with 31 years until expiry and 11 years average unexpired until first break
- Predictable income fully indexed on annual basis with upwards only review
- Multinational operators with parent company guarantees and cross default clauses
- Deflation hedged stable income
- Pricing of €43.7m total value, equating to net 8% initial yield
- Property tax recoverable from the tenants

## 7. CONCLUSION

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- In the current climate, petrol filling stations have generally been able to keep operating across Europe and will return to normal operation following the lifting of the current lockdown measures.
- WACQ Energy has sourced a pipeline of portfolios in strategic locations across Europe, including Spain which is one of the first economies to exit lockdown.
- The majority of the portfolios in the pipeline are fully stabilised operations with strong trading track records and includes triple net long leases. The predictable income is fully indexed on an annual basis with upwards only review.
- The portfolio tenants include multinationals which will have seen revenues increase during the lockdown.
- Although the current portfolio value is based on fossil fuels sustaining conventional petrol stations, the value will increase significantly through being able to offer EV charging.
- There is the opportunity to scale up the platform through single asset and portfolio acquisitions matched to key investment criteria, including striking partnerships and collaborating in other ways with organisations in the mobility and retail ecosystem, including government authorities and utilities, to create incentives for deploying new distributed energy solutions and energy management systems.



## 8. WACQ ENERGY TEAM PRINCIPALS

- WACQ Energy has been developed by Wigan Acquisitions and its partners, who have the experience and expertise to develop and run the strategy from the acquisition through to the proposed exit strategy. The Principals include:



**Patrick Wigan, MD,  
Group Management**

***Experience:***

15 years of professional experience, incl. pan-CEE principal investments, NPL work-out origination, underwriting and joint venture capital-raising.

Responsible for group management, investment deal sourcing, co-investment structures, and deal execution.



**James Wigan,  
Regional Partner, WE**

***Experience:***

12 years of family office & institutional investment experience in the Iberian Peninsula. Formerly Head of investments at Knight Frank Spain and Portugal.

Responsible for leading Spain & Portugal co-investment origination, acquisitions and local real estate asset management.



**Abhishek Mukherjee,  
Advisor – International**

***Experience:***

13 years of experience in RE investments, asset management and corporate finance in Middle East, UK and Asia. Previously Vice President - Investments with RMZ Corp.

Responsible for sourcing investors primarily from Middle East and Asia, deal origination and transaction management.



**Michael Cullinane,  
Chief Financial**

***Experience:***

30 years of experience in turnaround and fund management. Previously Director of CEE Special Opportunities Fund. Extensive CFO, COO and CRO experience.

Responsible for deal due diligence, capital structures and financial reporting.



**Charlie Wigan,  
Strategy**

***Experience:***

20 years of experience in strategy, marketing and communications for corporate and financial clients.

Responsible for group strategy, management and communications.

# WACQ ENERGY CONTACT DETAILS

## Wigan Acquisitions Kft.

Magyar utca 28  
1053 Budapest  
Hungary

**Patrick Wigan**

[pw@wiganacq.com](mailto:pw@wiganacq.com)

**Charlie Wigan**

[cwigan@metigen.com](mailto:cwigan@metigen.com)

**James Wigan**

[jw@wiganacq.com](mailto:jw@wiganacq.com)

**Abhishek Mukherjee**

[am@wiganacq.com](mailto:am@wiganacq.com)

Company website: [www.wiganacq.com](http://www.wiganacq.com)



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# APPENDIX

# WIGAN ACQUISITIONS TRACK RECORD

- Capital-raising for CEE's largest privately owned mixed-use development company and cross-over shareholding for naval port privatization
- Acquisition & management of food retail-anchored assets (across Central & Eastern Europe for regional platform of US pension fund
- NPL portfolio origination, JV partner structure, bid underwriting and deal execution for global loan servicing and local asset management company
- Acquisition of Budapest-located core office and retail buildings with Hungarian PE & Hong Kong fund as private co-investment; follow-on acquisition of 2 additional prime city centre located office and flagship retail buildings partnering with separate account investor
- Strategic investment advisory mandate for office and retail portfolio of over €2.2bn (book value) spanning 6 countries across CEE/SEE, partnering with global opportunistic investing platform
- Asset management and bid underwriting for target Spanish REO residential portfolio of approx. €45m, partnering with Luxembourg-based multi-family office
- €30m financing for residential development in Balearic Island
- Asset management and bid underwriting for target Spanish REO residential portfolio of approx. €200m, partnering with Zurich and Singapore-based multi family office
- Advised on Dutch listed property fund's acquisition of the real estate assets of a London AIM-listed property company, with a gross asset value of circa €60m. Wigan to be issued a shareholding in the fund,

TRI GRÁNIT  
DEVELOPMENT CORPORATION

PORTICO  
INVESTMENTS

pepper

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