

Essar Oakham Service Station



13 Melton Road | Oakham | Rutland | LE15 6AX

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Forecourt Convenience
Investment Opportunity

- The only fuel filling station facility in the centre of the popular market town of Oakham
- Let to Essar Oil (UK) Limited (£268m net worth) on an FRI lease until March 2044
- Benefitting from annual CPI 1%-3% uplifts AND a five-yearly review to market rental value (if higher)


Prideview
GROUP


ALEXANDER JAMES

Investment Summary

- Recently re-branded Essar forecourt with convenience store and forecourt services
- Situated in the bustling market town centre of Oakham, the county town of Rutland
- Recently let to Essar Oil (UK) Limited (t/a Essar), one of the few remaining oil companies with its own refinery retailing fuel in the UK
- Long lease with 19.75 years until expiry and 14.75 years until a mutual break clause
- Current rent of £175,000pa with annual CPI increases throughout, subject to a collar of 1% and cap of 3%
- Also benefits from five-yearly rent reviews to the higher of market rent or the indexed rent

We are seeking offers in the region of **£2,100,000 (Two Million One Hundred Thousand Pounds)**. A purchase at this level reflects an attractive **Net Initial Yield of 7.84%** (assuming purchaser's costs of 6.30%).

Location & Situation

Oakham is a popular market town and the county town of Rutland. It is approximately 25 miles east of Leicester and 28 miles south-east of Nottingham. The town has a resident population of 12,149 (2021 Census).

The property is situated in the town centre which is characterised by impressive period architecture, a busy square holding regular markets and vibrant independent retailing and restaurants. Oakham train station is a short distance to the north-west of the site, whilst Oakham Castle and the renowned Oakham School can be found a short distance away to the east.

The asset is the only fuel filling station in the town centre, providing a critical service for the town's residents as well as its rural catchment population.



Google Maps
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Oakham Castle



Oakham School



Description

The property incorporates an Essar-branded re-fuelling forecourt with a Londis-branded shop of approximately 68.9 sq m (742 sq ft) and forecourt services including a jet wash and an Amazon parcel locker.

The well-stocked sales area provides a range of convenience goods and offers a Costa Express machine, lottery and off licence.

The fuel forecourt is covered by a 3.5m high canopy and arranged in a three-island layout, with 14 pumps offering regular and premium unleaded and diesel grades of fuel.

The site trades 24 hours a day, seven days a week.



Tenure

Freehold.

Tenancy

The property is let to Essar Oil (UK) Limited (company number 07071400) for 20 years from 3rd March 2024. There is a mutual break clause on 3rd March 2039, providing approximately 14.75 years' term certain.

The initial annual rent is £175,000, which is subject to annual increases in line with the CPI, with a collar of 1% and a cap of 3%. Furthermore, the lease includes a five-yearly market rent review provision on an upwards only basis.

A copy of the lease is available upon request.



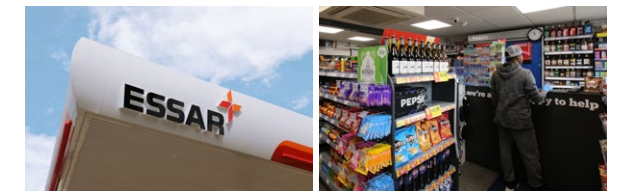
The site extends to approximately 0.07 hectares (0.17 acres).

Market Activity

Only a limited number of forecourt assets have been made available to the market of late so there is a distinct lack of supply. At the same time, the occupier market is seeing historically strong profitability and rent cover has increased substantially on investment assets in the sector over recent years. What is clear from the narrative in recent months is that traditional hydrocarbons remain a critical component of energy security and the economy for the foreseeable future.

We consider that operators such as Essar, with its ownership of strategic assets, as well as network size and economies of scale, will undoubtedly be able to navigate the future evolution of the UK forecourt market most successfully.

Property	Unexpired Term	Rental uplifts	Price	NIY
Asda Express, Nottingham	13.2 years	Five-yearly RPI 2.5% pa	£2.9m	6.93%
BP M&S, Melton Mowbray	9.25 years	Five-yearly OMRR	£2.75m	7.00%
Essar, Huntingdon	15 years	Five-yearly RPI 1%-3%	£590k	6.46%
Spar Louth	8.25 years	Five-yearly RPI 1.5%-3.5%	£3.0m	6.69%
Applegreen, Doncaster	9 years	Five-yearly RPI 2%-4%	£530k	6.48%



Covenant Information

Essar Oil (UK) Limited is an integrated energy company whose principal activity is refining crude oil, together with marketing of refined products, in the UK and international markets. Essar acquired the Stanlow Refinery Complex from Shell in 2011 and additionally owns several stakes in JVs controlling some of the key strategic fuel terminals in the UK.

The company is expanding its downstream focus, with 70+ branded fuel filling stations and has a stated aim to grow the network to 400 sites. It has substantive plans to decarbonise its operations, develop its hydrogen capabilities and develop the UK's largest biofuels storage hub.

The company has reported the following financials over the last three years (note the variation to accounting periods in 2022 to realign group companies):

	31 March 2023	31 March 2022 (6 months)	30 Sep 2021
Turnover	£9,515,928,000	£3,757,755,000	£5,435,732,000
Profit before Tax	£8,085,000	£(47,977,000)	£(238,583,000)
Net Worth	£267,869,000	£175,335,000	£212,000,000

Globally, the Essar Group, with its \$8 billion net worth, is a formidable presence, embodying excellence and innovation across the energy, infrastructure and mining sectors.

The company has an Endole Score of 86 out of 100 and is classified as "Secure".



EPC

The property has a rating of D(76).

VAT

VAT is applicable, and it is expected that the transaction will be treated as a TOGC.

Proposal

We are seeking offers in the region of **£2,100,000 (Two Million One Hundred Thousand Pounds)**. A purchase at this level reflects an attractive **Net Initial Yield of 7.84%**.

This assumes the deduction of normal purchaser's costs of 6.30%.

Subject to contract and exclusive of VAT.

Assuming an average annual CPI of 2.5%, the acquisition will show the following yield profile:

Date	Running Net Yield
March 2025	8.00%
March 2029	8.83%
March 2034	9.75%
March 2039	11.35%



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