

# Essar Spalding Service Station



London Road | Little London | Spalding | Lincs | PE11 2TP

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Forecourt Convenience  
Investment Opportunity

- Prime service station located on London Road in Spalding
- 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

  
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# Investment Summary

- Recently re-branded Essar forecourt featuring a convenience store and forecourt services
- Ideally located on a highly accessible site in Little London, Spalding, in a densely populated residential area
- Long lease with 19.75 years until expiry and 14.75 years until a mutual break clause
- Recently leased to Essar Oil (UK) Limited (t/a Essar), one of the few UK oil companies with its own refinery and part of a major conglomerate with a global net worth of approx. \$8 billion
- Current rent of £195,000pa 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 **£2,350,000** (Two Million Three Hundred and Fifty Thousand Pounds). A purchase at this level reflects an attractive **Net Initial Yield of 7.80%** (assuming purchaser's costs of 6.35%).

# Location & Situation

Spalding, a market town in Lincolnshire, situated on the River Welland, boasts a population of approximately 34,000 residents. Known for its rich agricultural land and horticultural heritage, the town is well-connected by road and rail, offering easy access to nearby towns.

Spalding features a range of amenities, including shopping centres, schools, and healthcare facilities, and is surrounded by residential neighbourhoods, making it an attractive location for both residents and businesses.

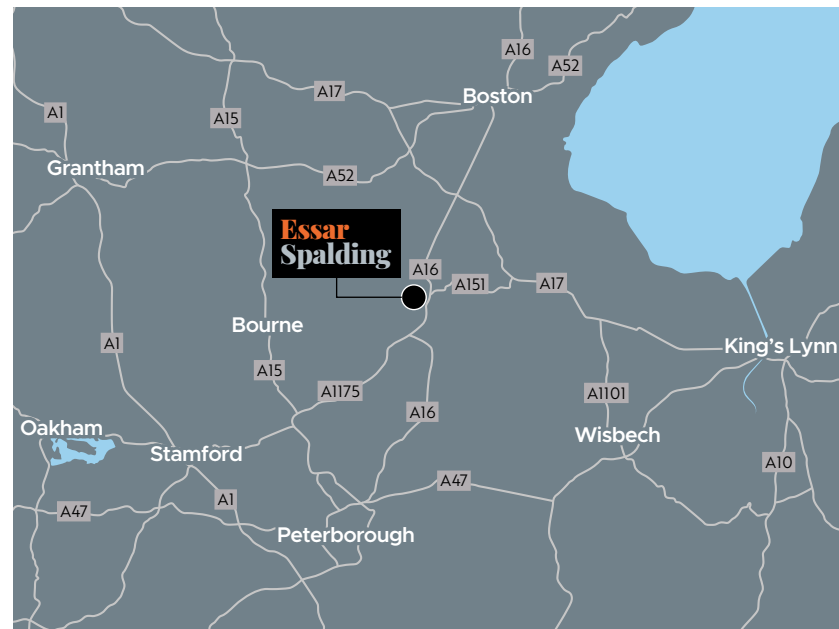
The service station is strategically situated on London Road in Little London, Spalding. Located within a residential area, the property benefits from good visibility and accessibility, serving as a convenient stop for commuters and locals. London Road is a well-trafficked thoroughfare, ensuring a steady flow of potential customers.



Google Maps  
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# Description

The property incorporates an Essar-branded re-fuelling forecourt with a Londis-branded shop of approximately 72.4 sq m (779 sq ft) and forecourt services including a jet wash and an Amazon parcel locker.

The sales area is well-stocked with a variety of convenience goods and amenities, including a Costa Express machine, lottery and off-licence.

The fuel forecourt has a 4.1m high canopy and accommodates 5 islands (including one HGV) with a total of 25 pumps, providing a selection of 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 5th March 2024. There is a tenant break clause on 5th March 2039, providing approximately 14.75 years' term certain.

The initial annual rent is £195,000, 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.



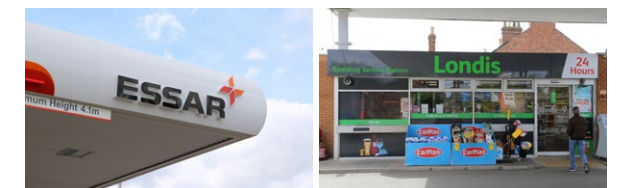
The site extends to approximately 0.14 hectares (0.35 acres).

# Market Activity

Recent trends show a limited number of forecourt assets being made available and sold to the market, indicating a distinct lack of supply. Meanwhile, the occupier market is experiencing historically strong profitability, with substantial increases in rent cover on investment assets within the sector in recent years. This highlights a significant demand-supply gap. Moreover, recent narratives underscore the continued importance of traditional hydrocarbons in ensuring energy security and sustaining 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
<b>Turnover</b>	£9,515,928,000	£3,757,755,000	£5,435,732,000
<b>Profit before Tax</b>	£8,085,000	£(47,977,000)	£(238,583,000)
<b>Net Worth</b>	£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 C(74).

## 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 **£2,350,000 (Two Million Three Hundred and Fifty Thousand Pounds)**. A purchase at this level reflects an attractive **Net Initial Yield of 7.80%**.

This assumes the deduction of normal purchaser's costs of 6.35%.

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	10.00%
March 2039	11.30%

## Contact



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