



RPI LINKED LAND AND OIL WELL INVESTMENT FOR SALE-
LARKWHISTLE FARM OIL WELL, WINCHESTER, SO21 2RJ

Sampson Moore
PROPERTY INVESTMENT CONSULTANTS

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Investment considerations

- Located 4 miles north of the cathedral city of Winchester.
- Close to the A34 trunk road and junction 9 of the M3.
- Total area of 7.45 acres (3.01 ha).
- Used as an oil extraction site with oil extraction licence until 2036.
- Let to IGas Energy Development Limited with guarantee from IGas Energy plc.
- Lease expiry 2nd January 2039, subject to tenant break clause.
- Annual uncapped RPI uplifts and 5 yearly open market reviews.
- Current net income **£115,811.94 pa from Jan 2023**.
- Once oil extraction ceases, seek consent for secure open storage or other uses.
- Seeking offers in the region of **£1.25m, subject to contract**, reflecting an **initial yield of 8.74% based on the Jan 2023 rent**.

Location

Winchester is an affluent cathedral city situated close to junctions 9 and 10 of the M3.

Lying under the immediate area is The Stockbridge Oilfield, the largest oilfield of the Western Weald basin. It is the fourth largest onshore oil field in the UK.

Situation

The property is located 4 miles to the north of the city centre on the A272, which is an arterial route between Winchester and Andover. The nearest junction with the A34 is 1.5 miles away and junction 9 of the M3 lies 4 miles to the south-east.

The immediate area is predominantly rural although the Defence Corps Museum and Defence College of Logistics, Policing and Administration are located to the east at Worthy Down. A large area immediately to the south has very recently been developed as the Three Maids Hill Solar Farm, a 25MW site comprising the installation of 47,088 solar panels.

Description

The property comprises an established operational oil well (with 3 active wells) on a site extending to approximately 7.45 acres (3.01 hectares). The oil well compound covers approximately half the site and is bounded by an 8-foot high steel post and mesh fence. Built development includes an area of concrete hardstanding constructed over an impermeable membrane, upon which several storage tanks have been erected by the tenant. Office accommodation and welfare facilities have been added close to the entrance to the site. There is an area of car parking to the southern boundary adjacent to a firewater tank.

The remainder of the site comprises scrub and open land.

In due course the site has potential for other uses and development, e.g. secure storage, farmers' market, subject to planning.

Accommodation

The property provides the following approximate areas:

	<u>Acres</u>	<u>Hectares</u>
Main oil well compound and ancillary areas	3.86	1.56
Additional land	<u>3.59</u>	<u>1.45</u>
	7.45	3.01

Planning

Relevant planning consents include:

03/02825/HCM- First periodic review Stockbridge Oil Field (Larkwhistle Farm, Hill Farm, Folly Farm, Chilbolton Down, Wallers Ash and Micheldever Rail Terminal) at Larkwhistle Farm- use until December 2016.

16/02431/HCS- Variation of condition 2 of permission 10/01033/HCS to allow retention of ancillary buildings at Larkwhistle Farm.

10/01033/HCS- Removal of temporary office and demolition of ancillary office and replacement with new offices.

16/02508/HCM- Variation of conditions 1,5 and 15 of 03/02825/HCM to allow the continuation of oil and gas production from the site until 31st December 2036, and an increase in the height of permitted beam pumps and an amendment to working hours.

The current planning consents provide that the site be restored and all structures removed by 31st December 2036 or at the end of the life of the oilfield.

Tenure

Freehold.

Lease

The property is let to Igas Energy Development Limited with guarantee from IGas Energy plc for 20 years from 3rd January 2019 until 2nd January 2039 at a current rent of **£115,811.94 pa subject to annual RPI uplifts**. The RPI uplift is calculated on the October RPI figure prior to the review compared to the year before. In addition, there are 5 yearly open market reviews with the next on 3rd January 2025.

The tenant does have a rolling break clause on 12 months' notice from 23rd January 2024. However, since the oilfield has many more years of productive capacity it is thought most unlikely that this break will be exercised in the foreseeable future.

If the landlord secures planning permission for development on the eastern part of the site, then the landlord can serve a deed of surrender on that part in return for a reduction in rent of 25%.

Covenant

Figures for the tenant and guarantor are as follows:

Tenant	Year ending	Turnover	Shareholder Funds	Pre-tax profit
IGas Energy Development Limited	31.12.2021	£6.30m	-£40.1m	£605,326
	31.12.2020	£3.68m	-£43.4m	-£15.0m
	31.12.2019	£8.64m	-£23.4m	-£4.11m
IGas Energy plc	31.12.2021	£37.9m	£68.6m	-£6.04m
	31.12.2020	£21.6m	£73.3m	-£42.1m
	31.12.2019	£40.9m	£113.1m	-£59.1m

IGas Energy plc are a leading onshore oil and gas exploration and production business, holding a portfolio of assets focused in three regions: The North-West, the East Midlands and the Weald Basin in Southern England. The business has more than 30 years' experience of successfully and safely extracting and producing hydrocarbons onshore in the UK. Figures from 2021 show that IGas Energy plc accounted for circa 12.5% of UK onshore oil production.

Crude oil prices have increased substantially over the last two years from lows in the Covid period.

VAT

The property has been elected for VAT, and accordingly VAT is charged on the rent. The sale should qualify as a TOGC, subject to purchaser's status.

Anti-Money Laundering

In accordance with AML Regulations, two forms of ID and confirmation of the source of funding will be required from the successful purchaser/directors/beneficiaries.

EPC

tbc

Price

We are instructed to seek offers in the region of **£1.25m**, subject to contract and exclusive of VAT, for the freehold interest in the property, reflecting a net initial yield of **8.74%** with further annual RPI increases to follow, after allowing for purchaser's costs of 5.96%.



Main compound and perimeter fence



Site entrance



Main compound showing oil wells



Main compound showing tanks



Office and welfare facilities



Car parking area



Contact

For further information, please contact:-

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SUBJECT TO CONTRACT

JAN 2023

Sampson Moore
PROPERTY INVESTMENT CONSULTANTS

MISREPRESENTATION ACT 1967

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Nearby solar farm