

BOOTHS

PENRITH, EDEN VALLEY, CUMBRIA CA11 7JU

MODERN FOODSTORE INVESTMENT

28 Years Term Certain With Uncapped RPI Increases





INVESTMENT SUMMARY

LOCATION

Penrith is an attractive and historic market town located within the Eden Valley in the heart of Cumbria. The town is located approximately 135 km (84 miles) north of Manchester; 146 km (91 miles) south of Edinburgh and 392 km (245 miles) north west of London.

Penrith has a vibrant tourist economy, benefiting from being the 'Gateway to the Lake District National Park', one of England's most outstanding areas of natural beauty. The area attracts over 16 million overnight and 23 million day visitors each year, spending a total of £1.15bn annually. The Lake District is also England's largest

National Park and was recently designated a UNESCO World Heritage Site.

SITUATION

The subject property occupies a strong and very prominent trading position, approximately 250m east of Penrith town centre and fronting Brunswick Street, which provides direct access (via the A592) to the M6 motorway only 1 km (0.6 miles) to the south.

DESCRIPTION

The property comprises a modern, high-quality supermarket built in 2011 and providing a total gross

internal floor area of approximately 3,036.89 sq. m. (32,689 sq. ft.) arranged over ground and first floor levels; together with a two storey retail warehouse unit extending to 6,080 sq. ft.

The store is the optimum size for modern foodstore operator requirements and also benefits from a dedicated 170 space surface car park, providing a car parking ratio of 1:228 sq. ft.

PLANNING

Open A1 consent.

TENURE

Freehold.

TENANCY

The property is let to E.H. Booth & Co (t/a Booths), a **5A1** Dun & Bradstreet rated covenant, by way of 35 year FRI lease with over **28 years remaining (no break)**. The lease incorporates a very attractive rent review provision, with 5 yearly rent reviews increased in line with RPI (**uncapped**) but also subject to a **minimum uplift** of 2% per annum compound.

PASSING RENT

£755,152 per annum.

VAT

The property has been elected for VAT and it is anticipated that the sale will be structured as a Transfer of a Going Concern (TOGC).

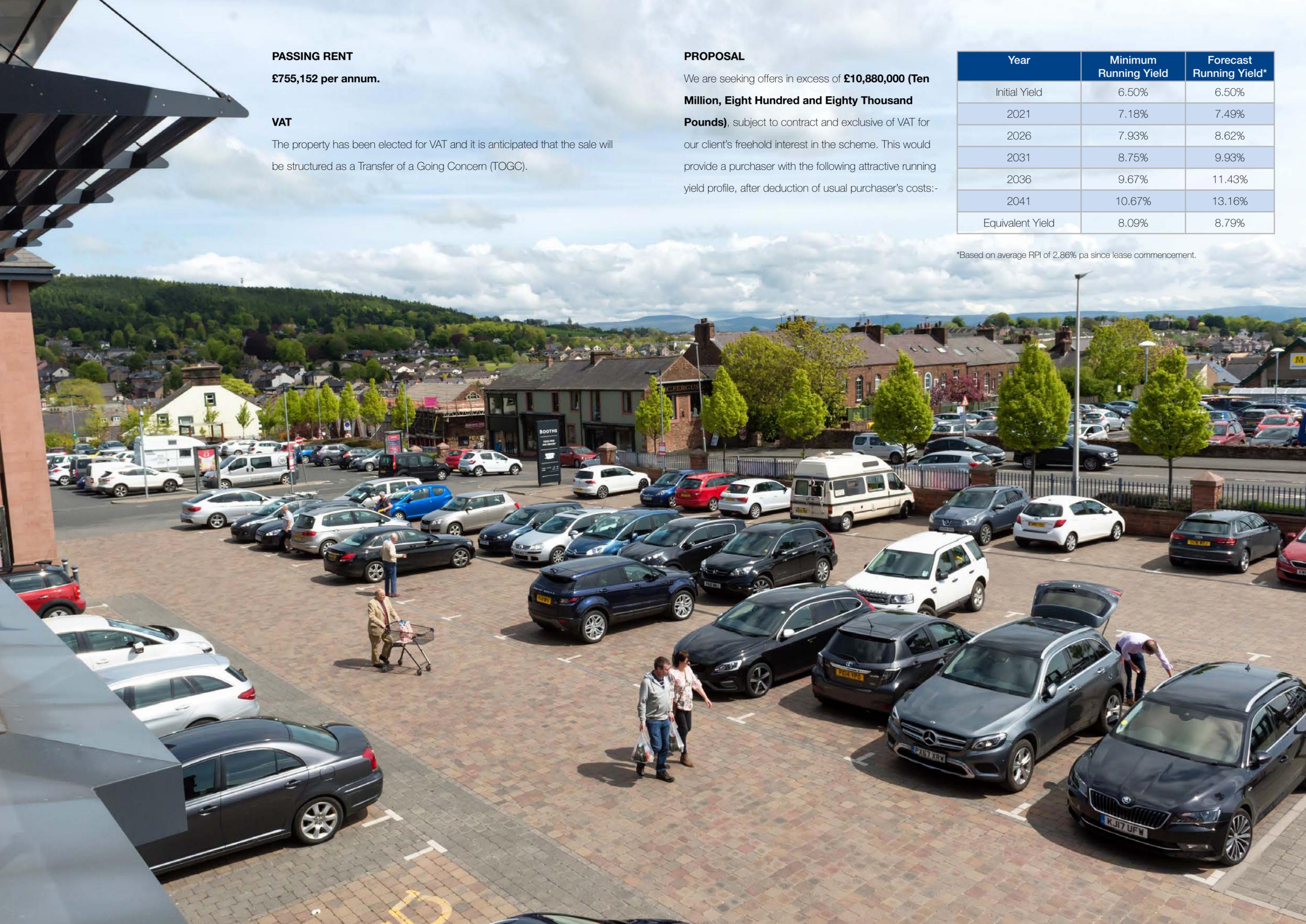
PROPOSAL

We are seeking offers in excess of **£10,880,000 (Ten Million, Eight Hundred and Eighty Thousand**

Pounds), subject to contract and exclusive of VAT for our client's freehold interest in the scheme. This would provide a purchaser with the following attractive running yield profile, after deduction of usual purchaser's costs:-

| Year | Minimum Running Yield | Forecast Running Yield* |
|------------------|-----------------------|-------------------------|
| Initial Yield | 6.50% | 6.50% |
| 2021 | 7.18% | 7.49% |
| 2026 | 7.93% | 8.62% |
| 2031 | 8.75% | 9.93% |
| 2036 | 9.67% | 11.43% |
| 2041 | 10.67% | 13.16% |
| Equivalent Yield | 8.09% | 8.79% |

*Based on average RPI of 2.86% pa since lease commencement.



PENRITH

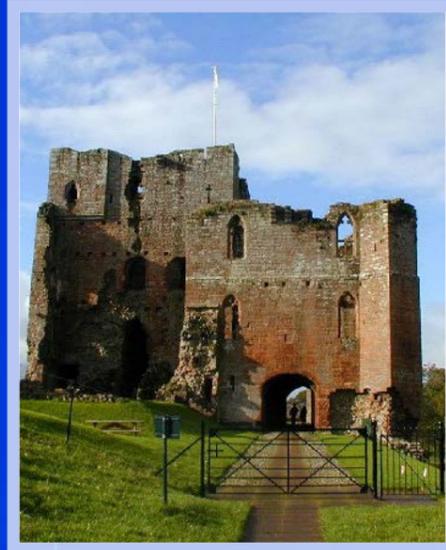
Penrith is an attractive and historic market town, located within the Eden Valley in the heart of Cumbria. The town is located approximately 135 km (84 miles) north of Manchester; 146 km (91 miles) south of Edinburgh; 80km (50 miles) south west of Newcastle Upon Tyne and 392 km (245 miles) north west of London. The town of Penrith has a population of

approximately 15,000 but draws upon a much wider catchment area and continues to grow in popularity as a desirable place to work and live; with its excellent motorway/rail links maintaining a strong local industrial/distribution economy, coupled with its picturesque setting between the Lake District National Park and the North Pennines Area of Outstanding National Beauty.

Penrith was founded on a strong agricultural heritage combined with its excellent strategic position at the crossroads of the London to Carlisle Roman Road (now the A6) and Middlesbrough to Workington Roman Road (now the A66), which saw the town rise to prominence as an important military base through the centuries. Although the agricultural industry remains an important driver behind the Penrith economy, tourism

and the Cumbria Energy Coast have subsequently become equally, if not more, important to the town's success with Penrith now regarded as the regional centre for the eastern Lake District.

Penrith has an extremely vibrant tourist economy, benefiting from being positioned as the 'Gateway to the Lake District' to the immediate south west.



The Lake District is one of England's most outstanding areas of natural beauty and attracts over 16 million overnight and 23 million day visitors each year, spending a total of £1.15bn annually and contributing to the overall affluence and vitality of the area. The Lake District is also England's largest National Park and was recently designated a UNESCO World Heritage Site. Other popular attractions in close proximity to Penrith include the 14th Century Penrith Castle and Park; Centre Parcs Whinell Forest; Lowther Castle and Gardens; Penrith Beacon; Ullswater Steamers and Hadrian's Wall.

In addition, Cumbria is also the heart of the UK's nuclear industry with over one third of the UK's civil nuclear sector located in the county. The global changes in the nuclear sector are expected to produce a £300bn

decommissioning market, with the UK alone standing at £80bn and Cumbria expected to capture over 50% of this amount whilst becoming a major player in the global market. Sellafield nuclear plant which directly employs 10,000 people is one of the two largest, non-government employers in Cumbria, along with BAE Systems who employ 8,000 people at its Barrow shipyard. It has recently been announced that the Ministry of Defence has signed a £1.5bn contract to build a seventh hunter-killer submarine for the Royal Navy in Barrow, as part of the Government's £2.5 bn investment in UK nuclear submarines, which will secure the future prosperity of the County. Approximately 90% of the employees for the Sellafield and BAE Systems originate from Cumbria, with the average salary in Sellafield at approximately £48,000 per annum, nearly twice the UK average.

ECONOMY AND DEMOGRAPHICS

Penrith and the wider Eden Valley have strong demographics with the general economic well-being of the town and the wider district area demonstrated by the following social economic statistics:-

- **Occupation:** 11.7% of the UAP are Managers, Directors or Senior Officials, compared with 10.9% nationally.
- **Car Ownership:** 13.9% of the Urban Area Population (UAP) have no car, substantially below the national average of 25.8%.

- **Home Ownership:** Significantly above average, with over 70% of houses owner occupied compared to 63.3% nationally.
- **Unemployment:** Long Term Unemployment stands at 0.7%, below the national average of 1.7%.



SITUATION

The subject property occupies a strong and very prominent trading position approximately 250m east of Penrith town centre fronting Brunswick Street, which is the principal western thoroughfare through the town and provides direct access (via the A592) to the M6 motorway approximately 1 km (0.6 miles) to the south. In addition, the property is located approximately 240m north of Penrith North Lakes railway station.

Importantly the property, together with the Morrisons foodstore located directly opposite, provides the largest supply of car parking in the town centre (400 spaces) and is a major draw for people visiting Penrith. The only other major foodstore representation in Penrith is Sainsbury's, which is located to the south of the town centre.



DESCRIPTION

The property comprises a modern, high-quality supermarket built in 2011 and providing a total gross internal floor area of approximately 3,036.89 sq. m.

(32,689 sq. ft.) arranged over ground and first floor levels.

The first floor level predominantly provides an attractive and very popular café area that overlooks Penrith town centre. Importantly, the store is "Right sized" in terms of the active

requirements of all the major supermarket operators.

The property also benefits from a dedicated 170 space surface car park, providing a car parking ratio of 1:228 sq. ft.

In addition to the foodstore, there is an adjoining self-contained retail warehouse unit (Unit 2) that forms part of the Booths demise and extends to 564.85 sq. m. (6,080 sq. ft.) arranged over ground and first floor level.

ACCOMMODATION

The property provides the following approximate gross internal floor areas :-

| PENRITH, EDEN VALLEY, CUMBRIA CA11 7JU | | | | |
|--|--------------|------------------|---------------|-------------------------------|
| Address | Description | Floor Area (GIA) | | Comments |
| | | Sq m | Sq ft | |
| Supermarket | Ground Floor | 1,814.57 | 19,532 | Occupied by Booths. |
| | First Floor | 1,222.32 | 13,157 | |
| | Sub-total | 3,036.89 | 32,689 | |
| Unit 2 | Ground Floor | 290.88 | 3,131 | Sublet to Mountain Warehouse. |
| | First Floor | 273.97 | 2,949 | |
| | Sub-total | 564.85 | 6,080 | |
| TOTAL | | 3,601.74 | 38,769 | |





SITE AREA

3.984 hectares (1.612 acres).



For indicative purposes only

TENANCY

The property is let to E.H. Booth & Co (t/a Booths), a 5A1 Dun & Bradstreet rated covenant, by way of 35 year FRI lease with effect from 19th October 2011 and expiring on 18th October 2046.

There are therefore over 28 years remaining without break.

The lease incorporates a very attractive rent review provision, with 5 yearly rent reviews increased in line with RPI (uncapped) and subject to a minimum uplift of 2% per annum compound.

RENTAL INCOME

The property produces a total rental income of **£755,152 per annum** which equates to £19.48 per sq. ft. on an overall basis.



TENANT COVENANT

E.H. Booth & Co (trading as Booths)

Booths was established in 1847 and currently trades from 28 high quality stores in the North of England across their specialist markets of Lancashire; Cheshire; Cumbria and Yorkshire and employing over 3,000 people. Booths trade at the premium end of the grocery market, focussing on regional produce and are widely known as the "Waitrose of the North". In October 2017 Booths announced a tie up with Amazon for its produce to be sold across London and the Home Counties through Amazon Fresh.

E.H. Booth & Co has a Dun & Bradstreet rating of **5A1**, indicating a financial strength of **£35+ million** and an overall condition which is **Strong (Minimal risk of business failure)**.

TOWN PLANNING

The whole site has an Open A1 planning consent; with Unit 2 also benefitting from additional A3; A4; A5; D1(1) or D1(2) consent.

TENURE

The site is held freehold.

EPC

An Energy Performance Certificate is available on request.

VAT

The property has been elected for VAT and it is anticipated that the sale will be treated as a Transfer of a Going Concern (TOGC).

FINANCE

A finance offer for the property has been obtained. Further details are available on request.

PROPOSAL

We are seeking offers in excess of **£10,880,000 (Ten Million, Eight Hundred and Eighty Thousand Pounds)**, subject to contract and exclusive of VAT for our client's freehold interest in the scheme.

An acquisition at this level will provide a purchaser with a very attractive net initial yield of **6.5%**, after deduction of usual purchaser's costs and the following running

yield profile throughout the remainder of the term:-

| Year | Minimum Running Yield | Forecast Running Yield* |
|------------------|-----------------------|-------------------------|
| Initial Yield | 6.50% | 6.50% |
| 2021 | 7.18% | 7.49% |
| 2026 | 7.93% | 8.62% |
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FURTHER INFORMATION

For further information please contact:-



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BOOTH'S

FOOD, WINE
AND GROCERY



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