INVESTMENT SUMMARY

- The property is prominently situated on the edge of the town centre.
- The property comprises three modern self-contained retail warehouse units totalling 22,763 sq ft (2,114.70 sq m).
- There are approximately 137 car parking spaces on site.
- Site area of 2.50 acres, providing a low site cover of approximately 21%.
- 100% of the income is secured against the excellent covenants of Lidl and Poundstretcher.
- Total rent passing of £220,800 per annum which equates to an average of £9.70 per sq ft.
- Freehold.
- Nearby occupiers include Argos, Boots, Costa, Iceland Foods and a McDonalds Drive Thru.
- Seeking offers in excess of £2,430,000 subject to contract and exclusive of VAT. A purchase at this level reflects a Net Initial Yield of 8.51%, allowing for acquisition costs of 6.37%.
LOCATION

Peterlee is a medium sized town located approximately 7 miles (11.27 km) north of Hartlepool, 10 miles (16.09 km) east of Durham, 11 miles (17.70 km) south of Sunderland and 20 miles (32.19 km) south of Newcastle upon Tyne. This vibrant town is home to a population of over 23,000 people and sits on rolling hills overlooking the Durham Limestone coast to the east.

Road communications are good with the town being located approximately 8 miles (12.87 km) east of the A1(M) which is accessible via the A1086 from the south. The A19 dual carriageway is approximately 1.50 miles (2.41 km) from the town and provides direct access to Newcastle upon Tyne.

Air travel is convenient with Newcastle International Airport located approximately 30 miles (48.28 km) north of Peterlee and Durham Tees Valley Airport approximately 22 miles (35.41 km) to the south of the town. Both airports provide international flights to European cities as well as internal flights.
SITUATION

The property is situated in a prominent position on the edge of the town centre at the southern end of Essington way, which is the main road used to travel north from the town centre.

The property is within Peterlee’s main shopping area and approximately 0.20 miles (0.32 km) from Castle Dene Shopping Centre which provides over 80 retail shops and services. Occupiers include Argos, Boots, Iceland, Card Factory, Costa, EE, Subway, Thomson, Specsavers, Sally, Shoe Zone, New Look, Ladbrokes and a McDonald’s Drive Thru.

Other than Lidl, the only other food stores represented in the town are Asda, Iceland and Aldi which emphasises the important role that Lidl plays in Peterlee.

An estimated population of over 85,000 people live within a 5-mile (8.05 km) radius of the property and over 435,000 people live within a 10-mile (16.09 km) radius.

Taylor Wimpey North East obtained outline planning permission to build 900 homes in Lows Hills which is located approximately 0.80 miles (1.29 km) north of the property. Full planning permission for a two-phased development of the first 360 family homes on this site has now been granted and Taylor Wimpey North East are developing the homes in partnership with Theakston Estates.
DESCRIPTION

Constructed in 1995, the property comprises three self-contained modern retail warehouse units totalling 22,763 sq ft (2,114.70 sq m).

Unit 1a is a single storey retail warehouse of 10,427 sq ft (968.69 sq m).

Unit 1b is a single storey retail warehouse of 3,514 sq ft (326.48 sq m).

Unit 2 is a retail warehouse totalling 8,821 sq ft (819.53 sq m), including a mezzanine level of 341 sq ft (31.67 sq m).

Each unit benefits from roller shutter loading doors to the rear, a staff room, managers office, and staff WC’s.

The site has a large loading yard to the rear of the warehouses, allowing for HGV deliveries to service each self-contained element of the property.

There are approximately 137 car parking spaces to the front of the warehouses offering a generous car parking ratio of 1:166 sq ft (1:15.44 sq m).

The property has a site area of approximately 2.50 acres (1.01 hectares) which provides a very low site cover of approximately 21%. 
LIDL & POUNDSTRETCHER
ESSINGTON WAY, PETERLEE, TEESIDE, SR8 2BL
High Yielding Securely Let North East Retail Warehouse Investment

ACCOMMODATION & TENANCY SCHEDULE

The property is fully let to two tenants and provides a WAULT of 4.15 years to lease expiries. The total passing rent is £220,800 per annum which equates £9.70 per sq ft overall.

<table>
<thead>
<tr>
<th>UNIT</th>
<th>FLOOR</th>
<th>SQ FT GIA</th>
<th>SQ M GIA</th>
<th>TENANT</th>
<th>RENT PA</th>
<th>RENT PSF</th>
<th>LEASE START</th>
<th>LEASE EXPIRY</th>
<th>NEXT REVIEW</th>
<th>COMMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit 1a</td>
<td>Ground</td>
<td>10,427</td>
<td>968.69</td>
<td>Lidl UK Asset GmbH</td>
<td>£140,000</td>
<td>£10.04</td>
<td>08/07/1996</td>
<td>07/07/2021</td>
<td>-</td>
<td>Lidl are in the process of assigning their lease to Lidl Great Britain Limited from Lidl U.K. Assets GmbH. The lease will be guaranteed via an AGA.</td>
</tr>
<tr>
<td>Unit 1b</td>
<td>Ground</td>
<td>3,514</td>
<td>326.48</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUB TOTAL</td>
<td></td>
<td>13,941</td>
<td>1,295.17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit 2</td>
<td>Ground</td>
<td>8,480</td>
<td>787.86</td>
<td>Poundstretcher Ltd</td>
<td>£80,800</td>
<td>£9.16</td>
<td>21/10/2016</td>
<td>20/10/2023</td>
<td>21/10/2021</td>
<td>Lease obligations guaranteed by Crown Crest Group Ltd who are the parent company of Poundstretcher Ltd. Poundstretcher renewed their lease in 2016. Their previous lease was for a term of 20 years.</td>
</tr>
<tr>
<td>Mezz</td>
<td>341</td>
<td>31.67</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUB TOTAL</td>
<td></td>
<td>8,821</td>
<td>819.53</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>22,763</td>
<td>2,114.70</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£220,800</td>
</tr>
</tbody>
</table>

NB: The above information including measurements have been provided from our client’s management records. Areas are calculated on a GIA basis in accordance with the RICS Code of Measuring Practice.

Estate Charge: The landlord runs an estate charge, which for the year ending 24th June 2017 totalled £40,320 (£1.77 Per sq ft). The budget for the year ending 24th June 2018 is £45,340 (£1.99 Per sq ft).
ASSET MANAGEMENT

There is an opportunity to re-gear the existing leases with the tenants to increase the WAULT.

Unit 1b falls within Lidl’s demise but is not currently in use, this offers the potential to negotiate a surrender of this unit with Lidl and the opportunity to re-let.

The property has a very low site cover of approximately 21% which offers the potential to extend the size of the existing units or to develop additional units on site, subject to planning permission.
COVENANT INFORMATION

Lidl Great Britain Limited

Lidl is a privately owned German discount supermarket chain with its first store opening in 1973 and has grown to become one of Europe’s leading food retailers. The first Lidl in the UK opened in 1994, currently operates from over 690 stores and 10 distribution centres across the United Kingdom and employs over 20,000 staff.

Lidl was the UK’s fastest growing supermarket as of December 2017 with their sales rising by 16.80% compared with the same period the previous year, this took Lidl’s share of the UK grocery market to 5.00% from 4.40% the year earlier.

Dun & Bradstreet has given Lidl Great Britain Limited a D&B rating of 1A2 and has reported the following accounts over the past 3 years.

<table>
<thead>
<tr>
<th>Lidl Great Britain Limited</th>
<th>28/02/2017 (£000’s)</th>
<th>29/02/2016 (£000’s)</th>
<th>28/02/2015 (£000’s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>418,630</td>
<td>344,176</td>
<td>296,315</td>
</tr>
<tr>
<td>Pre Tax Profit/Loss</td>
<td>77</td>
<td>237</td>
<td>189</td>
</tr>
<tr>
<td>Net Worth</td>
<td>975</td>
<td>933</td>
<td>741</td>
</tr>
</tbody>
</table>

For additional information, please see www.lidl.co.uk

Poundstretcher Ltd

Poundstretcher was established in 1981 and is the UK’s leading variety discount retailer for quality food, toiletries, garden essential and homeware brands. Poundstretcher operates from over 400 stores in the United Kingdom and employs a work force of over 6,000 people.

Dun & Bradstreet has given Poundstretcher Ltd a D&B rating of 4A1 and has reported the following accounts over the past 3 years.

<table>
<thead>
<tr>
<th>Poundstretcher Limited</th>
<th>31/03/2017 (£)</th>
<th>31/03/2016 (£)</th>
<th>31/03/2015 (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>397,380,415</td>
<td>429,538,926</td>
<td>438,325</td>
</tr>
<tr>
<td>Pre Tax Profit/Loss</td>
<td>2,730,262</td>
<td>2,405,347</td>
<td>2,835</td>
</tr>
<tr>
<td>Net Worth</td>
<td>19,911,546</td>
<td>17,836,284</td>
<td>16,829</td>
</tr>
</tbody>
</table>

For additional information, please see www.poundstretcher.co.uk

Crown Crest Group Ltd.

Crown Crest Group Ltd is a Midlands based wholesaler of fast moving consumer goods and is the parent company of Poundstretcher Ltd. Crown Crest Group Ltd guarantees the lease commitments of Poundstretcher Ltd.

Dun & Bradstreet has given Crown Crest Group Ltd a D&B rating of 5A1 and has reported the following accounts over the past 3 years.

<table>
<thead>
<tr>
<th>Crown Crest Group Ltd</th>
<th>31/03/2017 (£)</th>
<th>31/03/2016 (£)</th>
<th>31/03/2015 (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>411,503,542</td>
<td>449,368,194</td>
<td>470,863,350</td>
</tr>
<tr>
<td>Pre Tax Profit/Loss</td>
<td>-3,507,667</td>
<td>3,435,219</td>
<td>4,751,862</td>
</tr>
<tr>
<td>Net Worth</td>
<td>110,614,961</td>
<td>116,371,074</td>
<td>113,313,277</td>
</tr>
</tbody>
</table>

For additional information, please see www.crowncrestgroup.co.uk
INVESTMENT CONSIDERATIONS

- Fully let, high yielding secure investment.
- Potential to re-gear the existing leases to extend the unexpired lease terms.
- Potential to increase the total passing rent by taking back Unit 1b from Lidl and re-letting.
- Very low site cover of approximately 21% offering the potential to increase the size of the existing units or construct additional units on site, subject to planning permission.
- Generous car parking ratio of 1:116 sq ft (1:15.44 sq m).
- The property is situated in a prominent position on the edge of the town centre.
- Located within Peterlee’s main shopping area close to Castle Dene Shopping Centre.
- Numerous national multiple operators are represented within the vicinity including Argos, Boots, EE, Costa, Subway, Iceland and New Look.
- Freehold
TENURE

Freehold.

EPC

Units 1a and 1b have a joint EPC rating of B-46 and Unit 2 has an EPC rating of C-56.

Full copies of the EPCs are available from Dunitz & Co. upon request.

VAT

The property has been elected for VAT. It is anticipated that the sale will be treated as a transfer of a going concern. (TOGC).

PLANNING

The property is located within Durham County Council.
Tel: +44 (0) 3000 26 0000 | Web: www.durham.gov.uk

The warehouses benefit from open A1 (food and non-food) planning consent. Planning permission is restricted to a maximum of 14,004 sq ft (1,301 sq m) of gross food retail floor space and 8,504 sq ft (790 sq m) of gross non-food retail floor space.

The property is not listed and does not lie within a conservation area.
PROPOSAL
Seeking offers in excess of £2,430,000 subject to contract and exclusive of VAT, for our clients freehold interest. A purchase at this level reflects a Net Initial Yield of 8.51%, allowing for acquisition costs of 6.37%.

FURTHER INFORMATION
Dunitz & Co. 40 Margaret Street, London W1G 0JH

For further information or to arrange an inspection of the property, please contact:

Daniel Elia
Tel: +44 (0)20 7486 8000
Email: daniel.elia@dunitzandco.com
Web: www.dunitzandco.com

James Dunitz
Tel: +44 (0)20 7486 8000
Email: james@dunitzandco.com
Web: www.dunitzandco.com

DUNITZ & COMPANY LTD: DISCLAIMER

1. The particulars are set out as a general outline only for guidance and do not constitute, nor constitute part of an offer or contract;
2. Lease details, service charges, ground rent (where applicable) and council tax are given as a guide only and should be checked and confirmed by your solicitor prior to exchange of contracts;
3. All descriptions, dimensions, references to condition and necessary permissions for use and occupation, and other details are believed to be correct however we have not carried out a structural survey and any intending purchasers, tenants or third parties should not rely on them as statements or representations of fact but satisfy themselves that they are correct by inspection or otherwise;
4. No person in the employment of Dunitz & Company Ltd has any authority to make or give any representation or warranty whatever in relation to the property; and
5. The photographs show only certain parts of the property as they appeared at the time they were taken and the copyright of the same remain exclusive to Dunitz & Company Ltd.

Designed by Brand+Outlines Ltd. April 2018