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Valuation Report

VAS
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PANEL

Property Address:

Client Name:

Client Address:

Applicant Name:

Date of Report:

Date of Valuation:

Valuation Company:

Valuer Name:

Counter Signature Name:

75-77 London Street, Reading, RG1 4QA

Reim Capital Limited & Katch Fund Solutions Katch Real Estate
Lending Fund.

Nuffield House, 2nd Floor, 41-46 Piccadilly, London, W1J 9EU

Woodside Reading Limited, Mr Seb Dosanjh

6th August 2020

21st July 2020

Vail Williams LLP

Jane Dench BSc (Hons) MA MRICS (RICS no. 5638253)

Stephen Hobbs BSc MRICS (RICS no. 1124739)

PROPERTY DETAILS

Property Address:	75-77 London Street, Reading, RG1 4QA		
Purpose of Valuation:	Loan Security	Valuation Method:	Comparison



VALUATION

(please carefully read the lenders instruction letter and make sure that valuations are provided on the required basis)

Market Value with vacant possession (MV1)	£900 ,000
Market Value with vacant possession on the special assumption of a sale by auction to be completed within 90 days (MV2)	£725,000
Market Value with vacant possession on the special assumption of a restricted marketing period of 6 months (MV3)	£815,000
Market Rent (MR)	£87,500
Insurance Reinstatement Estimate:	£4,150 ,000

VALUATION ISSUES: Ongoing uncertainty as a result of COVID-19 pandemic and ongoing BREXIT matters.	Estimated Sales period:	9 to 12 months
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LOCATION / DESCRIPTION

Location Summary:	Reading is located approximately 35 miles west of Central London and is well served by road and rail communications. It lies on the M4, served by three motorway junctions (junctions 10-12). The mainline rail station has regular services to London Paddington with a journey time of approximately 25 minutes. The property lies to the south of Reading town centre. London Street is a one way street, which is one of the main arterial routes from the town centre towards the south and the M4 motorway.		
Description Summary:	The property comprises the basement and ground floor of classical Georgian terrace property which has been extended to the rear. It is of traditional brick construction. The roof is not visible due to the presence of a parapet wall.		
Condition Summary:	At the time of our inspection the subject property was found to be in a reasonable state of repair and condition throughout, having regard to its age, location and use.		
Floor Area:	1,165.91 sq m / 12,549 sq ft NIA	Site Area:	0.39 acres / 0.16 hectares

	1,451.39 sq m / 15,623 sq ft GIA		
TENURE / TENANCY			
Tenure:	Freehold	Tenancy:	Vacant Possession
Passing Rent:	£3,000 per annum (residential ground rent)	Market Rent:	£87,500 per annum
DEVELOPMENT			
Planning:	N/A		
Overall Build / Conversion Costs:	N/A	Remaining Costs to Complete the Development / Conversion	N/A
SWOT ANALYSIS			
Strengths: - Freehold Asset; - Town central location with parking to the rear.		Weaknesses: - Primary use as function hall is under significant pressure due to COVID-19 restrictions on congregations; - Only specific tenants would require accommodation of this nature and therefore long void periods would be likely; - Significant lack of natural light.	
Opportunities: - Potential for residential conversion subject to the relevant planning permissions being granted; - To implement a programme of planned maintenance in order to prolong the economic life of the building.		Threats: Ongoing uncertainty as a result of COVID-19 pandemic and ongoing BREXIT matters.	
DEFECTS & SPECIALIST REPORTS			
(Please identify any structural, legal, or environmental issues. Please confirm the status of the defect and provide further commentary below if you recommend that a specialist report is required)			
Comments:	N/A		
RECOMMENDED ACTION POINTS / SUITABILITY FOR LOAN SECURITY			
We would recommend the following action points:	None		
Is the property suitable for loan security?	YES		

Please note that this Executive Summary is merely a summary of the valuation report and should not be read in isolation to the full valuation report provided overleaf.

Report and Valuation

75-77 London Street, Reading, RG1 4QA

Report date:

10th August 2020

Prepared for:

Reim Capital Limited & Katch Fund Solutions
Katch Real Estate Lending Fund,
Nuffield House,
2nd Floor,
41-46 Piccadilly,
London,
W1J 9EU

Lender Reference: VP#22892

Prepared by:

Jane Dench BSc (Hons) MA MRICS
M: 07717 576022
E: jdench@vailwilliams.com



Executive Summary

Address:	75-77 London Street, Reading, RG1 4QA
Location:	Reading is located approximately 35 miles west of Central London and is well served by road and rail communications. It lies on the M4, served by three motorway junctions (junctions 10-12). The mainline rail station has regular services to London Paddington with a journey time of approximately 25 minutes. The property lies to the south of Reading town centre. London Street is a one way street, which is one of the main arterial routes from the town centre towards the south and the M4 motorway.
Description:	The property principally comprises the basement and ground floor of a classical Georgian terrace property which has been extended to the rear to create a large function room. It is of traditional brick construction. The roof is not visible due to the presence of a parapet wall. We understand the upper floors have previously been sold by way of long leases.
Floor Area:	1,165.91 sq m (12,549 sq ft) overall NIA. 1,451.39 sq m (15,623 sq ft) overall GIA.
Tenure:	Freehold
Tenancies:	Vacant possession, with the exception of the long leases to the upper floors.
Valuation Date:	21 st July 2020
Income (pax):	£3,000 per annum (residential ground rent)
Market Rent (pax):	£87,500 (excluding residential ground rent)
Market Value (MV1):	£900,000
Market Value (MV2):	£725,000
Market Value (MV3):	£815,000

Strengths:

- Freehold Asset;
- Town central location with parking to the rear.

Weaknesses:

- Primary use as function hall is under significant pressure due to COVID-19 restrictions on congregations;
- Only specific tenants would require accommodation of this nature and therefore long void periods would be likely;
- Significant lack of natural light.

Opportunities:

- Potential for residential conversion/redevelopment subject to the relevant planning permissions being granted;
- To implement a programme of planned maintenance in order to

Threats:

- Ongoing uncertainty as a result of COVID-19 pandemic and ongoing BREXIT matters.

prolong the economic life of the building.

Loan Security Suitability:	Reasonable security by way of first mortgage. It should be appreciated that this valuation is produced against a background of Material Valuation Uncertainty.
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Regulated Mortgage:	None of the property is used for residential purposes.
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This summary is strictly confidential to the addressee. It must only be read or considered in conjunction with the full report.

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Valuation Summary

Instructions

Our instructions are to prepare a report and valuation of the freehold interest in 75-77 London Street, Reading, RG1 4QA, for loan security purposes, as confirmed in the bank instruction letter and terms and conditions of engagement dated 10th July 2020.

Date of inspection

21st July 2020

Date of Valuation

21st July 2020

Valuation

Subject to the considerations set out in the following report, we are of the opinion that the **Market Value (MV1)** of the freehold interest in the above property, subject to the caveats contained within this report, can, as at the date of valuation, be fairly stated to be:

£900,000 (Nine Hundred Thousand Pounds)

Subject to the considerations set out in this report, we are of the opinion that the **Market Value (MV2)** of the freehold interest in the subject property, subject to the **Special Assumption of vacant possession and of a sale by auction to be completed within 90 days**, can, as at the date of valuation, be fairly stated to be,

£725,000 (Seven Hundred and Twenty-Five Thousand Pounds)

Subject to the considerations set out in this report, we are of the opinion that the **Market Value (MV3)** of the freehold interest in the subject property, subject to the **Special Assumption of a six months restricted marketing period**, can, as at the date of valuation, be fairly stated to be,

£815,000 (Eight Hundred and Fifteen Thousand Pounds)

It is considered that the property provides reasonable security at the Market Values reported herein, although in light of the economic impact of COVID-19 leading to potential volatility in the property markets, prudent lending criteria should not be exceeded.

It is confirmed that the property has been valued by an External Valuer, qualified for the purpose of the valuation and experienced in valuing properties of a comparable nature, complexity and value as the subject property. Unless specifically confirmed otherwise, the Valuer is a RICS Registered Valuer. We confirm that Vail Williams LLP holds appropriate Professional Indemnity Insurance cover for this valuation instruction, and we are not aware of any conflicts of interest or prior involvement that preclude us from acting in this matter.

This valuation report has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2020. Furthermore, this summary is to be considered as a constituent part of our report and not in isolation. Your attention is drawn to paragraph 1.9 below and the bases of valuation contained therein.

Neither the whole nor any part of our report may be reproduced or referred to without the Valuer's written approval.

A handwritten signature in blue ink that reads 'J. Dench'.

Jane Dench BSc (Hons) MA MRICS
RICS Registered Valuer
RICS Number: 5638253
Associate
For and on behalf of Vail Williams LLP
10th August 2020

A handwritten signature in blue ink that reads 'Stephen Hobbs'.

Stephen Hobbs BSc MRICS
RICS Registered Valuer
RICS Number: 0085780
Partner
For and on behalf of Vail Williams LLP
10th August 2020

1 Instructions & Definitions

- 1.1. Our instructions are to prepare a report and valuation of the freehold interest in 75-77 London Street, Reading, RG1 4QA, for loan security purposes, as confirmed in the bank instruction letter and terms and conditions of engagement dated 10th July 2020.
- 1.2. This Report and Valuation on 75-77 London Street, Reading, RG1 4QA, has been completed by Vail Williams LLP, 550 Thames Valley Park Drive, Reading, RG6 1PT, for the benefit of Reim Capital Limited & Katch Fund Solutions Katch Real Estate Lending Fund, Nuffield House, 2nd Floor, 41-46 Piccadilly, London, W1J 9EU.
- 1.3. The surveyor responsible for undertaking this Report and Valuation is Jane Dench BSc (Hons) MA MRICS (RICS no. 5638253), an RICS Registered Valuer qualified for the purpose of this valuation and experienced in valuing properties in a comparable location and of a comparable nature, complexity and value as the subject property.
- 1.4. The date of inspection is 21st July 2020.
- 1.5. The Report has been counter signed by Stephen Hobbs BSc MRICS (RICS no. 0085780), also an RICS Registered Valuer.
- 1.6. The valuation and report have been prepared in accordance with the RICS Valuation – Global Standards 2020 (the “Red Book”) by a Valuer acting as an External Valuer, as defined therein.
- 1.7. We can confirm that there are no conflicts of interest or areas of prior involvement that preclude us from acting in this capacity.
- 1.8. In accordance with our instructions, the property has been valued on the following bases:
 - Market Rent
 - Market Value
- 1.9. The bases of valuation above are as defined within the RICS Valuation – Global Standards 2020 and subject to the qualifications and limitations referred to therein, and those contained within this report, defined as follows:

Market Rent

The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Market Value

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

2 Location

- 2.1. Location plans and an HM Land Registry Title Plan are enclosed as appendices to this report. The latter outlines our understanding of the site boundaries.
- 2.2. Reading is located approximately 35 miles west of Central London and is well served by road and rail communications. It lies on the M4, served by three motorway junctions (Junctions 10-12). In addition, main thoroughfares include the A33, A329 and A4 trunk roads. The mainline rail station has regular services to London Paddington with a journey time of approximately 25 minutes.
- 2.3. The property lies to the south of Reading town centre, close to Reading's Inner Distribution Road and just south of The Oracle Shopping Centre. London Street is a one way street, which is one of the main arterial routes from the town centre towards the south and the M4 motorway.
- 2.4. London Street is characterised by a mix of mainly secondary offices, residential apartments and occasional A3 users.

3 Description

- 3.1. The property principally comprises the basement and ground floor of classical Georgian terrace property which has been extended to the rear. It is of traditional brick construction with single glazed wooden sash windows. The roof is not visible due to the presence of a parapet wall.
- 3.2. The building has been extensively adapted, although the London Street Georgian frontage has been preserved. An extension has been added to the rear of the property which is predominately single storey with a mix of flat and pitched roof and two storeys to the rear. We understand there is some attic-type storage on this roof however we did not inspect this space.
- 3.3. The upper two storeys are residential accommodation which we understand are sold off on long leases and are accessed via a separate entrance door to the left hand side of the subject property.
- 3.4. Internally the property comprises offices to the front, a wide hallway, WC's, a bar area, a commercial kitchen in the centre and a large private function room with stage to the rear. Above the stage at the rear of the property are three further office rooms on the first floor. The basement is located under the original Georgian frontage of the property and would be considered storage space.
- 3.5. Externally to the rear is a car park with space for circa 9 vehicles accessed from East Street.
- 3.6. Photographs of the property are enclosed as an appendix to this report.

4 Accommodation

- 4.1. The property was inspected and measured by Jane Dench BSc (Hons) MA MRICS and Emily Golden BSc (Hons) MSc MRICS on 21st July 2020 using a Leica Disto.
- 4.2. Floor areas have been measured in metric units and converted to imperial using a conversion factor of 10.7639.
- 4.3. The property has been measured in accordance with the RICS Code of Measuring Practice (Sixth Edition). Our calculations provide the following net internal floor areas:

Floor	Use	Sq m	Sq ft
Basement	Storage	81.77	880
Ground	Offices	75.65	814
Ground	Bar and Storeroom	35.80	385
Ground	Commercial Kitchen	111.44	1,200
Ground	Function Room	814.11	8,763
First	Offices	47.14	507
Total (NIA)		1165.91	12,549

- 4.4. In addition, we have calculated the gross internal area of the property for reinstatement purposes, and state these areas below:

Floor	Use	Sq m	Sq ft
Basement	Storage	81.77	880
Ground	Offices, Hallway, WCs	298.03	3,208
Ground	Bar and Storeroom	35.80	385
Ground	Commercial Kitchen	123.19	1326
Ground	Function Room	848.06	9,129
First	Offices	64.54	695
Total (GIA)		1451.39	15,623

- 4.5. We have calculated the total site area of the property from an Ordnance Survey extract to be 0.16 hectares (0.39 acres).

5 Condition

- 5.1. We have not carried out a building survey, nor have we inspected any parts of the building that were not readily accessible. The following comments are general observations from our inspection of the property.
- 5.2. At the time of our inspection the subject property was found to be in a reasonable state of repair and condition throughout, having regard to its age, location and use.
- 5.3. In the course of our inspection, we were unable to access the roof storage areas and as such are not able to comment on this area of the property.
- 5.4. We recommend that a programme of planned preventative maintenance is put in place in order to maintain the useful economic life of the property.
- 5.5. The economic life expectancy of the building in general, assuming periodic maintenance, repair and renewal as required, is in excess of 25 years.

6 Statutory and Environmental

Asbestos

- 6.1. Since May 2004, legislation has required property owners, occupiers and managers to identify and control asbestos containing material (ACM) in their property. If potential ACM is identified and is in good condition and undisturbed, the Health & Safety Executive recommends that an Asbestos Management Plan (AMP) is formulated whereby it is regularly inspected, steps are taken to keep disturbance at a minimum and it is only removed if it is in a poor condition, or at risk of damage.
- 6.2. The building is of an age whereby asbestos containing materials (ACMs) could have been used in its construction or subsequent alterations. We did not have sight of any such materials during our inspection. It is possible that such materials may have already been removed as part of previously completed refurbishment. Consequently, our valuation assumes that no ACMs are present within the building.
- 6.3. We have not been provided with an Asbestos Management Plan for the property and recommend a survey is undertaken to determine the presence of asbestos in order to comply with legislation.
- 6.4. It is recommended that an Asbestos Management Plan be maintained to ensure compliance with the Control of Asbestos at Work Regulations 2012.

Fire Safety

- 6.5. The Regulatory Reform (Fire Safety) Order 2005 replaced all existing fire safety legislation in England and Wales. Fire certificates are no longer required and have no legal status. In the case of the subject property there is a duty for the “responsible person” to carry out a fire risk assessment, implement recommendations and regularly review. We recommend that a Fire Risk Assessment is in place.

Equality Act 2010

- 6.6. We recommend a Disability Discrimination Audit is undertaken as a matter of best practice in accordance with the requirements of the Equality Act 2010 requirements. No specific matters were noted which might adversely affect the Market Value reported.

Energy Performance Certificates

- 6.7. Legislative changes under the Energy Act 2011 made it unlawful to rent out and re-let premises with an EPC rating below a minimum level of E from 1st April 2018. This applies to any property let on a tenancy which is six months or more and less than 99 years in length, and which is legally required to have an EPC. In addition, this legislation will extend to cover existing lettings in 2020 for residential properties and 2023 for commercial buildings.
- 6.8. The existing EPC certificate that has been obtained indicates that the subject property will fall within the acceptable energy performance range for the purposes of the Act. The property was assessed within Band B on the 25th October 2018. The legislation is scheduled to be reviewed in 2020. The method of assessment may have changed since the EPC certificate was issued. On renewal, the EPC rating may change. It is therefore advisable to obtain an expert’s opinion on whether the building would still comply with the minimum standard if the building were re-certified under current methodology.
- 6.9. It is important to keep EPC issues under review and to consider the potential impact on property value of any additional future government initiatives.

7 Services and Utilities

- 7.1. No inspection of services has been undertaken as part of this report. However, we assume that the subject property benefits from connection to all mains services.
- 7.2. We have not tested the services. Consequently, for the purpose of our valuation we have assumed they are fit for purpose and compliant with associated legislation.
- 7.3. An air conditioning system is installed at the property. The owner should be aware that EU legislation which came into effect on the 1 January 2015 makes it illegal to use any HCFCs to service refrigerated air conditioning equipment.
- 7.4. It is permissible to carry on using equipment that contains HCFCs beyond the phase-out dates, but there must be no maintenance or servicing undertaken on the equipment that involves breaking into the refrigerant circuits. As such, systems using HCFCs will be considered obsolete in most instances and repairing obligations of tenants could be limited.
- 7.5. It has not been determined whether the air conditioning installation at the property uses HCFCs.
- 7.6. We recommend that the client ascertains the form of system in place at the subject premises and, where appropriate, reviews the current servicing arrangements for these installations.

8 Planning

- 8.1. The property is in an area administrated by Reading Borough Council. The Core Strategy was adopted in January 2008 and amended in January 2015.
- 8.2. From an inspection of the Proposals Map, we understand the property is located within an area designated as a Conservation Area and an Area of Archaeological Potential.
- 8.3. We have made online enquiries via the relevant planning portal and confirm that we are not aware of any planning applications or consents, either in hand or in contemplation on the subject property or in the immediate vicinity that would adversely affect the Market Values reported.
- 8.4. We are aware of the following planning applications:
 - **170726** – ‘Discharge of condition 2 (material details) of listed building consent 160958.’ Application permitted 26th July 2017.
 - **170696** – ‘Variation of condition 3 (BREEAM) of planning permission 160957, dated 21/10/2016 (for conversion to six flats and associated works), namely to alter the sustainability measures.’ Application refused 3rd May 2017.
 - **170341** – ‘Change of use of building from Class B1(a) (offices) to C3 (dwelling houses) to comprise 4 X 1-bed flats on first floor, 3 X 1- bed and 1 X 2-bed flats on second floor and 1 X 1-bed flat to rear of ground floor. Front of ground floor to remain B1(a). Prior Notification under Class O, Part 3 of Schedule 2 of the Town and Country Planning (General Permitted Development) Order 2015.’ Application approved 2nd March 2017.
 - **160958** – ‘Internal and external works associated with change of use of part- ground, first and second floors from sui generis to 6 (4x1 & 2x2 bed) residential units (Class C3) and associated works, including fenestration alterations on rear elevation at first floor level and cycle/bin storage areas at ground floor level.’ Application permitted 19th August 2016.
 - **160957** – ‘Change of use of part-ground, first and second floors from sui generis to 6 (4x 1 and 2x2 bed) residential units (Class C3) and associated works, including fenestration

alterations on rear elevation at first floor level and cycle/bin storage areas at ground floor level.’ Application permitted 19th August 2016.

- **091689** – ‘Listed building application for retrospective 1st floor alteration to internal non-load bearing partitions.’ Application permitted 4th December 2009.
- **071245** – ‘Refurbishment of ground floor. Change of use from D2 (Formerly cinema) to sui generis - private function hall with single storey rear extension (part retrospective)’ Application permitted 13th December 2007.
- **070496** – ‘Refurbishment of ground floor to include change of use from D2 to sui generis private function hall’ Application withdrawn 7th March 2007.
- **070177** – ‘Certificate of Lawfulness for proposed use as D2 (Assembly and Leisure)’ Application refused 22nd February 2007.
- **070476** – ‘Extension and alterations to rear façade’ Application withdrawn 9th February 2007.
- **060386** – ‘Change of use from D2 to D1 (place of worship)’ Application permitted 6th February 2006.
- **020297** – ‘Change of use to hotel. Extensions to the rear’ Application refused 1st February 2002.
- **020997** – ‘Change of use from The Matrix nightclub to hotel.’ Application refused 1st February 2002.
- **960832** – ‘Demolition of all later additions, conversion of listed building to residential use and erection of 6 new build houses to rear. (Application for Listed Building Consent).’ Application permitted 26th September 1996.
- **950596** – ‘Alterations to existing three storey buildings at 75-77 London Street to form 9 flats and new three storey development of 9 flats at rear, fronting East Street, together with car parking and amenity areas’ Application withdrawn 4th April 1996.

- 8.5. It is confirmed that the property is Grade II Listed and is located within a Conservation Area.
- 8.6. It is understood that London Street is an adopted highway and is therefore maintainable at public expense. It is recommended that this be verified in the course of legal enquiries.
- 8.7. For the purposes of our report we have assumed that there are no outstanding planning issues preventing the current use of the property which is Sui Generis within the Town & Country Planning (Use Classes Order) 1987 (as amended).
- 8.8. We are not aware of any current enforcement action on the property.
- 8.9. We recommend the above assumptions are verified by your legal advisers.

9 Rating

- 9.1. We have obtained details of the current rating assessment for the subject property from the Valuation Office Agency website. Details of the entry in the 2017 Rating List are as follows:

Unit	Description	Rateable Value
Shehnai, 75-77 London Street, Reading	Function Hall and premises	£73,500

10 Environmental Issues

Contamination

- 10.1. A completed RICS Property Observation Checklist is attached as an Appendix to this report. This should not be construed as an environmental audit but is a record of any visual indicators of potential contamination on site. If you have any concerns arising from the completed checklist, you should seek appropriate professional advice from an Environmental Consultant.
- 10.2. We believe that the site would have historically been used for residential purposes but can provide no guarantee as such.
- 10.3. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site, or in the surrounding areas, have not contaminated sub-soils or ground waters.
- 10.4. In arriving at our opinion of value we have assumed that no contamination exists. In the event of contamination being discovered, further specialist advice should be obtained.
- 10.5. We would be pleased to review any environmental reports obtained as part of normal written enquiries.

Flood Risk

- 10.6. We have undertaken an online search via the Environment Agency website (<https://flood-map-for-planning.service.gov.uk>) and confirm that the property lies within Flood Zone 1, where there is minimal risk of flooding. Flood risk assessments take into account the effect of any flood defences in the area. Flood defences reduce, but do not completely stop, the chance of flooding as they can be overtopped or fail.
- 10.7. It is assumed that full insurance cover for all usual risks is available in the market at economic cost.

Radon

- 10.8. From reference to www.ukradon.org, we believe that the property is located within an area where radon affects less than 1% of properties. It is considered, based on the incidence rate, that the risks posed by radon are low. Should the client have concerns in this regard, we would recommend specialist investigations to determine the presence of radon.

Invasive Plant Material

- 10.9. Investigations to establish the presence or otherwise of invasive plant material would usually be undertaken by an environmental specialist. Vail Williams LLP is not qualified to undertake such investigation, and this was in any event outside of the scope of our instructions.

- 10.10. Japanese Knotweed is proscribed under the Wildlife and Countryside Act 1981, making it an offence to allow the plant to spread. All parts of the plant, and any soil contaminated with the rhizome, are classified as 'controlled waste' requiring all the duty of care requirements contained within the Environmental Protection Act 1990 to be met.
- 10.11. If left uncontrolled, Japanese Knotweed and other invasive species can damage drains, foundations, building structures and surfaced areas, rapidly degrading the immediate environment.
- 10.12. Notwithstanding the above, whilst undertaking our site inspection for valuation purposes, the valuer did not note the presence of any invasive plant material. Further, the valuer was not advised of the presence of such material at the property, nor on any adjacent land.
- 10.13. It is advised that the client ensures that full legal due diligence is undertaken in relation to potential contamination and environmental factors relating to the site.

11 Tenure

- 11.1. We understand the property is of freehold tenure, registered at HM Land Registry under title number BK152010.
- 11.2. The rear car park appears to be held on a separate title under title number BK360032.
- 11.3. We understand that the upper floors contain six flats that have been sold off on long leasehold interests with a ground rent of £500 per annum per flat, however this is not evidenced in the title register. We recommend this is verified by your legal advisors. Our valuation assumes that there are in excess of 100 years remaining on each lease and that the ground rents are not subject to review.
- 11.4. At the time of reporting, a report on title has not been provided. Consequently, we have valued on the assumption that there are no onerous conditions or restrictions affecting the title which might adversely affect the Market Value reported.
- 11.5. It is recommended that a report on title be obtained and provided to the valuer for consideration, so that any assumptions can be verified.

12 Occupational Leases

- 12.1. It is understood that the property is owner occupied and is not subject to an occupational lease, licence or other tenancy agreement. Accordingly, we have assumed that the property has the benefit of vacant possession.
- 12.2. Assumptions as to occupational tenancies should be clarified by your legal adviser in the course of standard enquires, and any discrepancies referred to the valuer for additional comment.

13 Market Trends & General Remarks

General Economy

- 13.1. The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. Subsequent actions from governments worldwide have been to restrict movement of citizens in a bid to halt the spread of the virus.

- 13.2. The UK government response has rapidly escalated from management of the outbreak to a full containment with a series of strict measures to fight the virus outbreak. The result of these measures is having a severe impact on businesses with many likely to fall into bankruptcy.
- 13.3. The Chancellor announced a £330bn package of measures (11 March 2020) to combat the economic disruption on an unprecedented scale, with spending reaching £190bn as at July 2020. The aim of measures is to provide cashflow and tax holidays for a raft of interests and businesses to help them amidst an almost total shutdown of the UK economy.
- 13.4. The government's independent forecaster, the Office for Budget Responsibility (OBR), has said the gap between the UK's revenue and spending could hit £298bn in 2020.
- 13.5. As the Pandemic has evolved and lockdown restrictions start to be eased in July 2020 a further round of measures designed to create stimulus within the UK economy have been announced. These include changes to Stamp Duty Land Tax for residential purchases and also to VAT on certain items such as eating out and takeaway food.
- 13.6. GDP fell by 19.1% in the three months to May, as government restrictions on movement dramatically reduced economic activity. This follows falls in both the three months to March and the three months to April 2020 however GDP grew by 1.8% in May 2020, which is still well below the levels seen in February 2020. The Chancellor commented that the modest increase in May 2020 was disappointing however stimulus packages may take longer for the effects to be felt within the economy.
- 13.7. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 0.8% in June 2020, up from 0.7% in May 2020.
- 13.8. The Bank of England's target rate of inflation is at 2%, with market commentators suggesting that inflation could fall below the target rate in the short term and remain there.
- 13.9. After a long period of static interest rates, the Bank of England raised its base rate in August 2018 by a quarter percentage point to 0.75% from 0.5%. The Bank again voted in January 2020 to hold the rate at 0.75% by a vote of 7 to 2. The Bank did, however, indicate that it may cut the cost of borrowing if global economic growth failed to recover or Brexit uncertainties persist. As a response to the COVID-19 crisis, the Bank cut the rate to 0.25% on 11 March 2020, before a further emergency meeting saw base rate cut to 0.1% on 19 March 2020, together with a £200 billion package marking the resumption of quantitative easing.
- 13.10. Responding to such developments, the RICS has issued the following guidance to surveyors: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.
- 13.11. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- 13.12. Our valuation is therefore reported on the basis of 'Material Valuation Uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.

Micro Commentary

- 13.13. The subject property is located just south of Reading town centre, which is slightly out of the main town centre, but still within walking distance of the centre and the train station. It is also a more favourable location for offices rather than retail.
- 13.14. The property is designed as a function suite. The impact of Covid-19 on this sector of the market with limits imposed on large gatherings and indoor events will be having a significant impact on this sector of the property market.
- 13.15. Given the specific use and large size of the subject property there is a lack of comparable evidence available.
- 13.16. We consider that, given the location and nature of the subject property, demand would be limited from investors and owner occupiers.
- 13.17. We consider the occupational market for premises of this nature in this location to be reasonable in comparison with other sectors of the commercial property market at this time.

14 Occupational Market Evidence

- 14.1. In arriving at our opinion of Market Rent for the subject property, we have adopted the comparable method of valuation, having regard to comparable market transactions and availability, current market trends and our knowledge of the subject property.
- 14.2. Included in the Appendix is a schedule of comparable evidence to which we have had regard in considering the Market Rent.
- 14.3. Given the lack of evidence available of properties within the Sui Generis use class, we have widened our search criteria and have included offices, given that the property may convert to this use and typically this is an office location.

Offices

- 14.4. We note that 104 London Street is currently available to let at an asking rent of £15 per sq ft. This property is a mid-terrace 4 storey building of brick elevations under a pitched tiled roof with on site parking to the rear. The total floor area is 1,839 sq ft (including basement of 20 sq ft).
- 14.5. One Friar Street (£17.00 per sq ft in August 2019), 11 Friar Street (£18.75 per sq ft in January 2019) and 145 Friar Street (£12.75 per sq ft in November 2019) are located approximately 0.4 miles north of the subject property in a more central town location within easy walking distance of Reading train station and Oracle Shopping Centre. We would expect these properties to achieve a higher rent per sq ft than the subject property to reflect its superior location. The transaction at One Friar Street was a lease renewal, therefore we have applied less weighting to this evidence.
- 14.6. Central Point is a modern office property located just 0.1 miles from the subject property. We would expect the recent letting of the second floor (£19.35 per sq ft) to achieve a significantly higher rent per sq ft than the subject property to reflect the typical office use, layout and size of the suite.
- 14.7. We understand that the ground floor quasi-retail unit at Central Point was under offer at £14.50 per sq ft prior to the COVID-19 pandemic. This unit is circa 1,850 per sq ft and remains available at an asking price of £15.00 per sq ft. We are of the opinion that the subject property would achieve a lower rent per sq ft than this unit to reflect the large size and Sui Generis use class. We have applied less weighting to this evidence.

D1 Comparables

- 14.8. Ground Floor, 12 Portman Road – where 190.89 sq m (2,055 sq ft) of the accommodation on the ground floor let to Greyfriars Nursery for £34,600 per annum in July 2015, equating to a rate of £181 per sq m (£16.84 per sq ft). This transaction is fairly historic and therefore we have applied little weighting to this evidence.
- 14.9. First Floor, 12 Portman Road – where 72.80 sq m (784 sq ft) of the accommodation on the first floor let to Greyfriars College for £10,000 per annum in 2016, equating to a rate of £137 per sq m (£12.76 per sq ft).
- 14.10. 16 Peppard Road (£12.36 per sq ft in April 2019) is located approximately 2.2 miles north of the subject property. This converted house is used as a nursery and primary school. This transaction was a rent review and therefore we have applied less weighting to this than the open market lettings.

15 Market Rent

- 15.1. In coming to our opinion of the Market Rent of the subject property, we have adopted the comparable method of valuation. There are very limited numbers of comparables of this size property and in particular of Sui Generis use.
- 15.2. However, we believe that it is most appropriate to align the Market Rent with secondary office and D1 values in this location, but with a discount to reflect the unusual layout, lack of natural light, challenges facing the function hall use due to the COVID-19 pandemic and significant size of the property. We are of the opinion that a 40% discount would be appropriate. We are of the opinion that if the subject property were configured as a typical office property it would achieve a rate in the region of £12.50 per sq ft. Therefore, we are of the opinion that £7.50 per sq ft is appropriate and have applied this to the net internal area excluding basement of 11,669 sq ft giving a Market Rent of £87,500 per annum.
- 15.3. Having regard to the above, together with the size and configuration of the ground floor and basement of subject property, we are of the opinion that the **Market Rent**, on the assumption of a 5 year lease with 3 year mutual break option, can, as at the date of valuation, be fairly stated to be:

£87,500 (Eighty-Seven Thousand Five Hundred Pounds) per annum exclusive
- 15.4. We understand that the upper floors are held in the freehold title and we consider the ground rent of the upper residential parts to be rack rented at £3,000 per annum.

16 Capital Market Evidence

- 16.1. In arriving at our opinion of Market Value for the subject property we have adopted the comparable method of valuation. We have considered owner occupier (vacant possession) values and have taken into account our historic knowledge of comparable transactions, premises currently available and our experience of valuing similar properties.
- 16.2. Included in the Appendix is a schedule of comparable evidence to which we have had regard in considering the Market Value.

Office Comparables

- 16.3. 78 London Street (£194.28 per sq ft in March 2020) is located opposite the subject property and 108 London Street (£244.60 per sq ft in November 2017) is located just 90 yards to the south, therefore they are the strongest comparable evidence in terms of location. However, they are significantly smaller than the subject property and configured as traditional office space. Therefore, we would expect the subject property to achieve a lower capital rate per sq ft than these transactions.

D1 Comparables

- 16.4. We are of the opinion that the sale of 553 Oxford Road, Reading (£173.39 per sq ft in February 2020) is the most appropriate D1 comparable due to its location and use with church hall. The purchaser intended to continue using the property as a place of worship. We understand there was a lot of interest from various religious groups as well as residential developers.
- 16.5. Busy Bees Nursery, Loddon Vale Centre, Hurricane Way, Woodley, Reading, RG5 4UL – where the freehold interest in a nursery sold for £2,010,000 in March 2017. This property was entirely let to Busy Bees Day Nursery Limited on a 25 year lease from 8th May 2000 with 5 yearly rent reviews and a passing rent of £154,033.80 per annum. This reflects a net initial yield of 7.66%. The total floor area of this property is approximately 572.60 sq m (6,163 sq ft) which equates to a capital rate of £3,510 per sq m (£326 per sq ft). The property is a single storey unit of masonry construction and a children's play area to the rear and a public car park to the front. This property is located approximately 4 miles east of the subject property.
- 16.6. The Ralph, Fourth Avenue, Globe Park, Marlow, SL7 1YG – where a detached property of 3,024 sq m (32,555 sq ft) let to The Ralph Referral Veterinary Centre sold in August 2019 for £5,950,000. This equates to £1,968 per sq m (£183 per sq ft). The property was let on the terms outlined in Section 13.9 with a passing rent of £450,000 per annum which reflects a net initial yield of 7.56%. This property is located approximately 15 miles north east of the subject property in the affluent town of Marlow.

17 Market Value (MV1)

- 17.1. In coming to our opinion of the Market Value (MV1) of the subject property, we have adopted the comparable and investment methods of valuation.
- 17.2. We consider the recent sale of 553 Oxford Road and 78 London Street to be the most appropriate comparable evidence. These properties were both sold with vacant possession. Due to the significant size of the subject property compared to these comparables, the lack of natural light and the current challenges with the function hall use due to the COVID-19 pandemic, we are of the opinion that a 60% discount on the capital rate of Oxford Road would be appropriate to reflect this, and therefore we have applied a rate of £70 to the main accommodation, across the net internal area excluding the basement (11,669 sq ft). We have applied a rate of £20 per sq ft to the basement (880 sq ft).
- 17.3. We have capitalised the ground rent of the residential element at 4.5%.
- 17.4. Subject to the considerations set out in this report, we are of the opinion that the **Market Value (MV1)** of the freehold interest in the subject property, can, as at the date of valuation, be fairly stated to be:

£900,000 (Nine Hundred Thousand Pounds)

- 17.5. Given the unusual nature, significant size and sui generis use of this property and the lack of relevant comparable evidence, we have also considered alternative uses for this property. We are of the

opinion that the most suitable alternative use would be a residential development site and therefore we have carried out a residual appraisal in order to cross-check the above value.

- 17.6. There is currently no planning permission in place for residential development at the property and therefore we have made the following assumptions.
- 17.7. We have assumed that planning consent would be granted for the conversion of the ground floor of the Georgian front of the property to 3x flats as per the upper floors (1x 2-bed and 2x 1-bed) and the demolition on the rear single storey extension and for the erection of a three storey block of flats within the current footprint of the pitched roof areas of the function room. This is in line with the neighbouring residential development on the corner of East Street and South Street to the rear of the subject property. This would provide adequate access and car parking to the rear of the original Georgian building as well as parking for the new development.
- 17.8. We have estimated the footprint to be circa 430 sq m (4,628 sq ft), which gives a total GIA over three storeys of 1,290 sq m (13,886 sq ft). We have assumed 20% for the communal areas including corridors and stairwells and five flats per storey (3x 2-bed and 2x 1-bed).
- 17.9. We would expect the one bedroom flats (x2) within the Georgian building to sell for £215,000 and the two bedroom flat (x1) to sell for £235,000. The new build flats would achieve a premium and we would expect the one bedroom flats (x6) to sell for £300,000 and the two bedroom flats (x9) to achieve £345,000. We have assumed 30% affordable housing within the new build at 2x one bedroom flats and 3x two bedroom flats at 65% of the above values. **This gives a gross development value of £4,997,750.**
- 17.10. We have deducted construction costs of £200,880 (£1,240 per sq m) for the conversion of the ground floor in the original Georgian building, £100,000 for demolition and £611,030 (£1,421 per sq m) for the new build to the rear of the site, in line with Build Cost Information Service of the RICS.
- 17.11. We have assumed a contingency of 10%, professional fees of 6% which equates to £155,362.
- 17.12. We have assumed that the proposed development will be completed to a high quality and we understand that, on completion, the dwellings will have the benefit of an NHBC or similar insurance guarantee, along with full building regulations approval. This will be required in order to maximise the sales figures reported. We have assumed an NHBC cost of £1,000 per dwelling for the 15 new build flats.
- 17.13. We have made an allowance of £50,000 for S106 payments and have assumed that Community Infrastructure Levy is payable at £120 per sq m, which equates to £155,000.
- 17.14. We have factored in sales and marketing fees of 1% and legal fees of 0.5% on the disposal.
- 17.15. Finance costs have been adopted at 6% over a 3 month lead in period, in order to instruct contractors and a construction, a build period of 9 months for the Georgian conversion and 12 months for the new build block and sales period of 6 months for the Georgian flats and 12 months for the new build block.
- 17.16. Finally, costs for the purchase of the site, including Stamp Duty and legal fees have been deducted.
- 17.17. Based on the above parameters, with a developer's profit of 20%, the site value results £1,132,890, say £1,130,000. However, as the site does not have planning permission in place, although a precedents appears to have been set by the neighbouring residential development and the conversion of the upper floors, we are of the opinion that a developer would require a 25% uplift on the site value to reflect this risk. **This results in a site value of £900,000.**

18 Market Value (MV2)

- 18.1. In arriving at our opinion of Market Value (MV2) assuming vacant possession, which is subject to the Special Assumption of a sale by auction to be completed within 90 days.
- 18.2. We have applied a 20% discount from MV1 which we feel is an appropriate discount.
- 18.3. Subject to the considerations set out in this report, we are of the opinion that the **Market Value (MV2)** of the freehold interest in the subject property, subject to the **Special Assumption of vacant possession and of a sale by auction to be completed within 90 days**, can, as at the date of valuation, be fairly stated to be,

£725,000 (Seven Hundred and Twenty-Five Thousand Pounds)

19 Market Value (MV3)

- 19.1. In arriving at our opinion of Market Value (MV3), which is subject to the Special Assumption of a six months restricted marketing period.
- 19.2. We have applied a 10% discount from MV1 which we feel is an appropriate discount.
- 19.3. Subject to the considerations set out in this report, we are of the opinion that the **Market Value (MV3)** of the freehold interest in the subject property, subject to the **Special Assumption of a six months restricted marketing period**, can, as at the date of valuation, be fairly stated to be,

£815,000 (Eight Hundred and Fifteen Thousand Pounds)

20 Insurance Reinstatement Cost

- 20.1. You have asked us to provide an indication of the level of fire insurance cover. Our estimate of the current reinstatement cost of the ground floor and basement of the subject property alone, inclusive of demolition and professional fees, but exclusive of VAT, is in the order of:

£3,580,000 (Three Million Five Hundred and Eighty Thousand Pounds)

- 20.2. We have also calculated an indication of the level of fire insurance cover including the residential upper floors, the floor areas of which we obtained from the EPCs at 430 sq m. Our estimate of the current reinstatement cost of the building including the residential upper parts, inclusive of demolition and professional fees, but exclusive of VAT, is in the order of:

£4,150,000 (Four Million One Hundred and Fifty Thousand Pounds)

- 20.3. This is a day one figure which makes no allowance for inflation during the period of insurance cover.
- 20.4. Owing to the specialist construction and Listed status of the property, the above figure is provided as an indicative estimate of the re-instatement cost. However, we strongly recommend that a specialist re-instatement valuation is obtained to ensure that the building is appropriately insured. In the circumstances, our reinstatement estimate should not be relied upon for insurance purposes.
- 20.5. We also draw your attention to the specific qualifications of this figure included within our terms and conditions of engagement.

21 Suitability for Loan Security

- 21.1. The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. Subsequent actions from governments worldwide have been to restrict movement of citizens in a bid to halt the spread of the virus.
- 21.2. The UK government response has rapidly escalated from management of the outbreak to a full containment with a series of strict measures to fight the virus outbreak. The result of these measures is having a severe impact on businesses with many likely to fall into bankruptcy.
- 21.3. The subject property is located just south of Reading town centre, which is slightly out of the main town centre, but still within walking distance of the centre and the train station. It is also a more favourable location for offices rather than retail.
- 21.4. Given the specific use and large size of the subject property there is a lack of comparable evidence available.
- 21.5. We consider that, given the location and nature of the subject property, demand would be limited from investors and owner occupiers.
- 21.6. Strengths:
- Freehold Asset;
 - Town central location with parking to the rear.
- 21.7. Weaknesses:
- Primary use as function hall is under significant pressure due to COVID-19 restrictions on congregations;
 - Only specific tenants would require accommodation of this nature and therefore long void periods would be likely;
 - Significant lack of natural light.
- 21.8. Opportunities:
- Potential for residential conversion/redevelopment subject to the relevant planning permissions being granted;
 - To implement a programme of planned maintenance in order to prolong the economic life of the building.
- 21.9. Threats:
- Ongoing uncertainty as a result of COVID-19 pandemic and ongoing BREXIT matters.
- 21.10. You have advised us that the anticipated loan facility is in the sum of £540,000 however the term has not been provided. Subject to the comments made in this report, and assuming prudent lending criteria, we consider the property provides good security for a first charge mortgage. It should be appreciated that this valuation advice is produced against a background of Material Valuation Uncertainty as a result of the economic impact of the Covid-19 pandemic.

Appendix 1

Vas Panel Executive Summary

Date Sent: Friday 10th July 2020

Time: 14:17

Our Ref: VP#22892

****PLEASE SEND ALL REPORTS TO VAS PANEL****

Following our recent communications, please take this as our formal instruction to carry out a valuation of the property detailed below on behalf of:

Reim Capital Limited & Katch Fund Solutions Katch Real Estate Lending Fund

Please note that our client's requirements are attached. Please make sure all Lender requirements are adhered to, including their basis of valuation.

***IMPORTANT* - Please append the VAS Executive Summary to the front of your Valuation Report (Not as a separate document as this will be rejected at Audit Stage) – As agreed in our Panel Agreement**

Please ensure that a minimum of 10 photographs of the property - including internal photographs are taken at the time of the inspection

The Service Level Agreement (SLA) for this instruction is: **10 days** from date of inspection

Should there be any reason that the SLA cannot be adhered to, VAS Panel should be notified immediately in order to keep our client informed of the delay in issuing the Report.

Your Report should be submitted electronically to info@vas-group.co.uk no later than 12pm on the Report return date.

THE INSPECTION DATE MUST BE COMMUNICATED TO VAS PANEL WITHIN 24 HOURS OF INSTRUCTION

Property Address:

75-77 London Street
Reading
Berkshire
RG1 4QA

Estimated Value:

£900,000

Property Description:

Freehold Property, ground & basement unit. Basement is made up of storage vaults & ground floor made up of function room, offices, bar, WC. There has previously been a planning application for Change of use of part-ground, first and second floors from sui generis to 6 (4 x 1 & 2 x 2-bed) residential units (Class C3), however, this is NOT to be taken into consideration. **Tenancy** Vacant **Tenure** Freehold **Loan type** Bridging **Proposed loan charge** 1st **Proposed loan amount** £540,000.00 **The borrower is purchasing the overall freehold title & ground & basement floors. The floors above ground floor do not make up part of this valuation except with regard to ground rent or other income.**

Property Type:

Commercial

Type of Report Requested:

Red Book & VAS Panel Executive Summary

Valuation Requirements:

AS IS

Additional Information:

Report to be carried out on behalf of:

Reim Capital Limited & Katch Fund Solutions Katch Real Estate Lending Fund
Nuffield House, 2nd Floor, 41-46 Piccadilly, London, W1J 9EU

Applicant Name:

Woodside Reading Limited
Mr Seb Dosanjh

Access Arranged Through:

Mr Seb Dosanjh

Access Contact Details:

sebdosanjh@gmail.com
07773 987 888 / 0208 158 9582

NB: Copies of the Report are NOT to be distributed to any third party, including Brokers or the Applicant, without full consent of VAS Panel. Valuation figures are also not to be disclosed to those parties stated without written consent from VAS Panel, failure to acquire consent may result in exclusion from the panel.

Please note: Valuation reports are subject to an internal quality control (QC) check.

The emphasis of this is to check that all points outlined in the Clients specific valuation instruction letter have been adhered to, provision of rental / sales comparables with full valuation methodology / justification to support your valuation.

We might require you to discuss various aspects of your report and we require the primary valuer to provide a prompt response to any queries raised.

We trust the above is self-explanatory, however; should you require any further information or assistance please do not hesitate to contact us.

Kind Regards,

Team VAS

Appendix 2

Schedules of Evidence – Letting and Sale Comp Schedules



Address	Property Type	Demise Description	Size (sq ft)	Transaction Type	Transaction Date	Rent PA	Incentive Years	Analysis	Headline Rate	Net Rate	Lease Start Date	Lease End Date
One Friar Street, READING	Office	Period office with modern rear extension. Basement - 2nd Floor. Second floor has mansard roof.	9,754	Lease Renewal	29-Aug-19	£160,000.00		Agreed rent of £160,000 pa finally agreed between LL and client however DB analysis is £5.00 psf on basement and £17.00 psf across the offices. No differential for extension and original parts of the building. 9,754 sq ft total. 0 C. 118% uplift on previous rent. 1,900 sq ft @ £22.50 = £42,750pa.	£ 17.00	£ 17.00	17-Apr-20	16-Apr-30
11 Friar Street, READING	Office	The property comprises a four storey mixed use building with various retail uses on the ground floor and office accommodation on the upper floors. This end terrace property was built in 1990 and renovated in 2005.	1,900	Letting	01-Jan-19	£42,750.00		Net rent (£42,750 x 30) / 36 = £35,625pa 0.5 £35,625 / 1,900 sq ft = £18.75 per sq ft. 1,400 sq ft @ £17.00 = £23,800 pa	£ 22.50	£ 18.75	01-Jan-19	31-Dec-24
145 Friar Street, READING	Office	The property comprises retail and office accommodation of three floors.	1,400	Letting	01-Nov-19	23,800		Net rent (£23,800 x 18) / 24 = £17,850 pa. 0.5 £17,850 / 1,400 sq ft = £12.75 per sq ft. 1,680 sq ft @ £21.50 = £36,120	£ 17.00	£ 12.75	01-Nov-19	31-Oct-23
Central Point, 23-51 London Street, READING	Office	The property comprises a detached office building of steel from construction with brick elevations. The property is arranged over five floors and was refurbished in 2011.	1,680	Letting	19-Feb-20	36,120		Net rent (£36,120 x 54) / 60 = £32,508 0.5 £32,508 / 1,680 sq ft = £19.35 per sq ft.	£ 21.50	£ 19.35	20-Mar-20	19-Mar-25
16 Peppard Road, READING	D1 use i.e. nurseries	Converted two storey house, now being used as a primary school. Car parking to the front and rear garden/play area.	3,317	Rent Review	24-Apr-19	£41,000.00		0 NIA 3,317 sq ft x £12.36 psf = £40,998 pa	£ 12.36	£ 12.36	24-Apr-09	23-Apr-24



Properties	Demise Description	Transaction Date	Sale Price	Headline Rate	Analysis	Comments
78, London Street, READING, RG1 4SJ	A self-contained period building with ground and three upper floors, together with additional accommodation in the basement. It is a mid terrace 5 storey property (four floors plus basement) of brick elevations under a pitched tiled roof.	17-Mar-20	£ 435,000	£ 194.28	2,239 sq ft @ £194.28 = £435,000	Asking price was £500,000.
553, Oxford Road, READING, RG30 1HJ	The property comprises an almost rectangular shaped site containing a single storey part-attached former church hall with red brick elevations under a pitched tiled roof. Internally the building provides for an open plan hall together with a kitchen, WCs and storage. There is also an attached single storey building which was used for smaller church functions. The remainder of the site is concrete hard-standing car parking.	18-Feb-20	£ 520,000	£ 138.70	3,749 sq ft (GIA) @ £138.70 = £520,000 Assumed 20% reduction to NIA = 2,999 sq ft 2,999 sq ft @ £173.39 = £520,000.	
108, London Street, READING, RG1 4SJ	The property comprises a mid terraced building of masonry construction arranged over 4 floors, providing office space throughout.	14-Nov-17	£ 850,000	£ 244.60	3,475 sq ft @ £244.60 = £850,000	

Appendix 3

Valuation Calculations – VP Market Value



75-77 London Road, Reading, RG1 4QA

Valuation Date:	21/07/2020		
Freehold			
Value:	900,000	Net Initial Yield:	10.056%
Net Rent:	90,500	Nominal Equivalent Yield:	10.056%
Total ERV:	90,500	True Equivalent Yield:	10.721%
		Reversionary Yield:	10.056%

Residential Element

Current	Gross income	3,000		
Net Income			3,000	
YP (4.500% in perpetuity)	22.2222			66,667

Unit Gross Value **66,667**

Commercial

Current	Gross income	87,500		
Net Income			87,500	
YP (10.500% in perpetuity)	9.5238			833,333

Unit Gross Value **833,333**

Net Value **900,000**

Running Yield Report

Date	Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
21/07/2020	900,000	0	90,500	90,500	10.056%	10.056%

Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.

Running Yields and Net Initial Yield are based on gross value before the deduction of capital adjustments 900,000.

Formulae as in Parry's Tables: rent annually in arrears.

Cap Adj Running Yield is based on cumulative capital invested.

75-77 London Street

(Values in Sterling)

7 August 2020

Freehold Site

INCOME NON CAPITALISED

Georgian Conversion

One bedroom flat (1)	1	at 215,000	215,000	
One bedroom flat (2)	1	at 215,000	215,000	
Two bedroom flat (3)	1	at 235,000	235,000	
				665,000

New build flats to rear

One bedroom flats x4	4	at 300,000	1,200,000	
Two bedroom flats x6	6	at 345,000	2,070,000	
Affordable Housing One beds (x2)	2	at 195,000	390,000	
Affordable Housing Two beds (x3)	3	at 224,250	672,750	

4,332,750

TOTAL Non Capitalised

4,997,750

COMPLETED INVESTMENT VALUE

4,997,750

SITE COSTS

			1,132,890	
Stamp Duty		SDLT Commercial	46,073	
Site Legal Fees	0.80 % of	1,132,890	9,063	
Site Agency Fees	1.00 % of	1,132,890	11,329	
		TOTAL SITE COSTS		1,199,427

CONSTRUCTION

Georgian Conversion	162 m² at	1,240.00	200,880	
New build flats to rear	1,290 m² at	1,421.00	1,833,090	
Demolition			100,000	
NHBC			15,000	
Allowance for S106			50,000	
CIL			155,000	
Contingency	10.00 % of	2,353,970	235,397	
Professional fees	6.00 % of	2,589,367	155,362	
		TOTAL CONSTRUCTION COSTS		2,744,729

FINANCIAL

Compounded Monthly Applied Monthly			145,672	
See Cashflow				
		TOTAL FINANCIAL COSTS		145,672

OTHER

Agent fees	1.00 % of	4,997,750	49,978	
Legal fees	0.50 % of	4,997,750	24,989	
		TOTAL OTHER COSTS		74,966
		TOTAL DEVELOPMENT COSTS		4,164,794
		NET PROFIT		832,956

SUMMARY

PROFIT ON COST	20.00	%
SITE VALUE	1,132,890	
PROFIT	832,956	
GROSS DEVELOPMENT YIELD	16.67	%

Annual Income	0
Capitalised	0
Total Non Capitalised	4,997,750
Site Costs	1,199,427
Construction Costs	2,744,729
Financial Costs	145,672
Other Costs	74,966
Development Costs	4,164,794

INTEREST RATE		
Fixed Single Rate	6.00	%
On Deposit	Not Applicable	

Description	TIME SCALE (months)		
	Start	Period	End
SITE	8/2020	1	8/2020
CONSTRUCTION			
Georgian Conversion	11/2020	9	7/2021
New build flats to rear	11/2020	12	10/2021
DISPOSAL			
Georgian Conversion	5/2021	6	10/2021
New build flats to rear	5/2021	12	4/2022

Appendix 4

Photographs

**77 London Street,
Reading RG1 4QA**



Front Elevation



Rear Elevation

**77 London Street,
Reading RG1 4QA**



Entrance Hall



Basement

**77 London Street,
Reading RG1 4QA**



Commercial Kitchen



Banquet Hall

**77 London Street,
Reading RG1 4QA**



Refurbished Rear WC's



Front Office

**77 London Street,
Reading RG1 4QA**



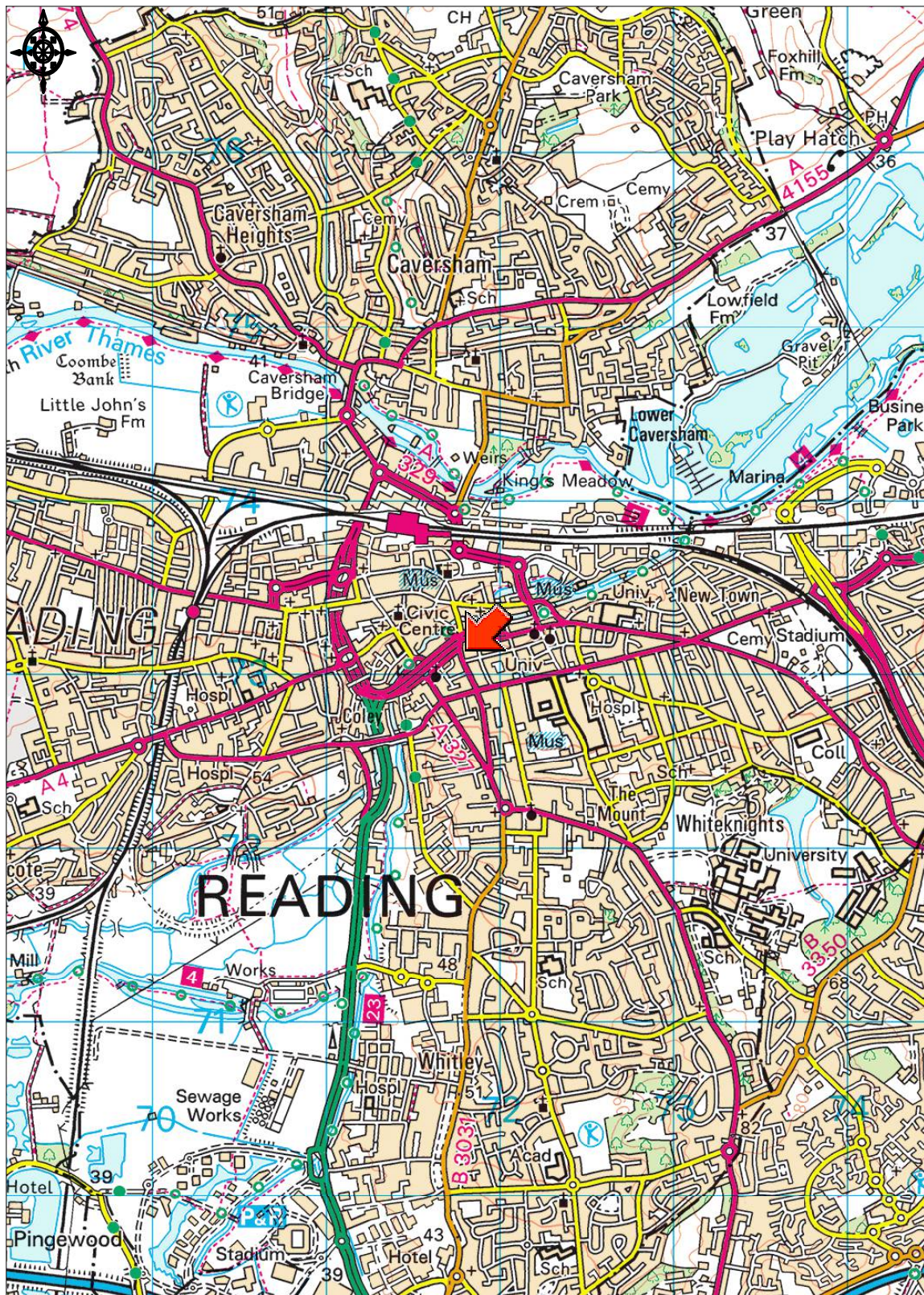
First Floor Office



Lean to 75-77 London Street

Appendix 5

Location Plan



Appendix 6

HMLR Title Plan

H. M. LAND REGISTRY

NATIONAL GRID PLAN

SU 7173

SECTION U

BERKSHIRE

READING-DISTRICT Scale 1/1250

ADMINISTRATIVE AREA READING



MAN 100-100
100-100



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SU 7173 SE
SU 7173 NE



TITLE No. BK 152010

Appendix 7

RICS Property Observation Checklist

CONTAMINATION POTENTIAL OBSERVATION CHECKLIST

Please complete the following checklist during your site inspection.

PROPERTY	75-77 London Street, Reading, RG1 4QA
DATE OF INSPECTION	21/07/2020

Only tick the appropriate box to record the features observed in the course of the inspection of the property and surrounding area.

ELEMENT	FEATURE									
	Present Y or N	Inspected Y or N	Asbestos eg roof, lagging/ insulation	Waste/ Fly Tipping	Bulk Storage Tanks eg Fuel/Chemicals Above/Below Ground	Chemicals present Storage? Secure? Bunded?	Oil/ Chemical staining present?	Irregular Topogra- phy	Vegetation Die Back	Electrical sub station /pylons
Buildings: Vacant	Y	Y	N	N	N	N	N			N
Basements	Y	Y	N	N	N	N	N			N
Hardstanding	Y	Y		N	N	N	N	N		N
Derelict rough or open ground	N									
Agricultural Land	N									
Subterranean features (e.g Air Raid Shelters)	N									
Landscaping	N									
Natural Woodland	N									
Water Course	N									
Radiation Warning Signs	N									

Please provide details in your report of any material observations during the course of your inspection. (Examples may include: unbunded above ground fuel storage tanks, evidence of leaks and/or spillage of potentially contaminative substance, inadequate storage of bulk chemicals, etc.)

Additional comments:

Appendix 8

Instructions

Vail Williams LLP

08/07/2020

Dear Sirs

We shall be grateful if you will act on behalf of REIM Capital Limited in undertaking an appraisal of the below mentioned Property. The valuation is required for secured lending purposes.

Report addressed to :	Reim Capital Limited & Katch Fund Solutions Katch Real Estate Lending Fund
Reference :	Woodside Reading Limited
Borrower Name(s):	Woodside Reading Limited
Property Address:	75 - 77 London Street, Reading, RG1 4QA
Property Description	Commercial Ground Floor and Basement with Freehold Title The borrower is purchasing the ground floor and basement floors of this asset. He is also purchasing the freehold title. The upper floors are residential and do not constitute in the valuation except with regard to ground rent or other income.
Estimated Valuation	Current Value £900,000
Valuation Basis	(LENDER TO DETERMINE WHICH ONES TO USE) 1. Market Value of the Property assuming vacant possession; 2. Market Value of the Property assuming vacant possession, assuming a sale by auction to be completed within 90 days;

Address:

Nuffield House, 2nd Floor, 41-46 Picadilly, Mayfair,
London, England, W1J 9EU

www.reimcapital.com

	3. Market Value of the Property assuming vacant possession, assuming a sale to be completed within 180 days; 4. Current open market rental value of the Property as it stands; 5. Estimated Reinstatement Cost for fire insurance purposes, including site clearance costs and professional fees.
Access to Property	sebdosanjh@gmail.com / 07773 987 888
Valuation Fee & Payment	VAS Panel will collect the valuation fee directly from the client and will be pay your invoice 30 days from receipt of the completed valuation report.
Due Date	The Valuation Report should be completed within 10 business days of the inspection.
Valuation Particulars	• A visual inspection of exterior and interior areas. Any restricted access areas should be noted in the report. • All assumptions to be fully explained and justified, and where the valuer relies on third party information, this should be clearly indicated in the report, identifying the source and commenting on the reliability of the information. • An opinion on the length of marketing period that will be needed to achieve sales and/or lettings. • Details of the valuation methodology. If a residual valuation method is used, the valuer must clearly provide all calculations. • Details of all significant comparable transactions relied upon and their relevance to the valuation. • Whether the property may be considered at risk of flooding. If so, an opinion on the likely impact on value and marketability should be included.

Address:

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www.reimcapital.com



	• Confirmation that the extent of the land valued matches that of the title plan (if supplied) • A comment on the general state of repair of the property should be included along with the presence of any apparent deleterious or hazardous materials • The valuer should make all necessary market and local authority enquiries and should disclose in his report any relevant planning information, including environmental considerations. • If there is a significant prospect of , or potential for, change of use or other development of the subject property, or those in the vicinity, which would materially affect the value of the subject property. • Past, current and future market trends in the property market in the locality and demand for the category of property from the owner-occupier, rental and investment marketplaces. Opinion should be provided on the supply/demand balance in each of these market segments and specifically whether there have been any falls in prices, by how much and for how long.
Appendices required	• Sufficient colour photographs of the street scene, exterior (front and rear) and interior of the Property. • A general location map and a more detailed plan showing boundaries you have assumed for the Property. • Land registry extract.
Report on Title	The Lender may require that its acting Solicitors arrange to send you a copy of their Report on Title in respect of the Property and obtain your written confirmation that nothing in the report on title has any effect on the valuation report you have provided to the Lender. Please respond to any such request by the acting Solicitors timely and without delay.
Follow Up	Following provision of the Valuation Report, you should be prepared to discuss its contents with the us if required.

Address:

Nuffield House, 2nd Floor, 41-46 Picadilly, Mayfair,
London, England, W1J 9EU

www.reimcapital.com

Please send the Valuation Report with the VAS Executive Summary appended to the front of your report as a PDF to **VAS Panel** by email to **info@vas-group.co.uk** Draft reports are not acceptable. Following provision of the Valuation Report, you should be prepared to discuss its contents with the Lender.

By accepting our instruction to you confirm the following and where appropriate provide sufficient evidence of such compliance in your report.

1. The valuation to be carried out in strict accordance with the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors (the “Standards”).
2. That you are able to act on our behalf as an independent valuer and have no existing or conflicts of interest in complying with this instruction;
3. That the valuation will be undertaken by a suitably qualified chartered surveyor possessing the necessary expertise and experience to advise us in relation to the Property;

Yours faithfully

Priyesh Patel

Director

REIM Capital Ltd

Address:

Nuffield House, 2nd Floor, 41-46 Picadilly, Mayfair,
London, England, W1J 9EU

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We advise on a wide range of development projects including the sale or acquisition of land and buildings. We create promotion, option, and development agreements, advise on scheme layout and provide viability appraisals to support planning applications, appeals and local plan enquiries.

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Combining our exceptional negotiation skills and understanding of your objective, we settle liabilities in your favour using our expertise and strategic advice across a broad range of property types.

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Our highly specialist service for when the secured property assets of lenders have become compromised by mortgage arrears.

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An extension of your team, providing the reassurance that your property portfolio is being well managed from a landlord's perspective.

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Providing advice that can lead to valuable cost savings in this often-overlooked area.

Treasury Management

Ensuring your property portfolio delivers maximum value through tight credit control and management of supplier relationships.

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