

Appendix 5 – Open market values report

VALUATION REPORT

In respect of:

80 Caversham Road
Reading
RG1 8JG

On behalf of:

Hermes Property Unit Trust

Date of Valuation: 1 May 2020

RESIDENTIAL MARKET COMMENTARY

ECONOMIC BACKDROP

As the UK entered 2020, the outlook was for stable, if modest, GDP growth at around 1.0% for the year. The Covid-19 crisis began to take hold globally from early March, having previously been considered contained to mainland China. Since then, the UK economy (as with other European economies) has progressively been disrupted. The response to this massive health threat was swift and significant, with the UK government introducing a wide-ranging lockdown on 23rd of March. While many office-based service companies have been able to shift to home working, retail and hospitality sectors have effectively had their revenue stopped.

The UK government has been responsive to these wider Covid-19 challenges and has implemented many interventions to support businesses, people and the economy, including £330bn of government backed loans and guarantees for businesses. Most of these policies are aimed at keeping businesses and households solvent, and able, to participate in the recovery when it comes. They will do little, nor are they intended to, alleviate the current drop in activity.

The UK economy will not be able to avoid a severe drop in output in 2020. Our base case is a 'V' shaped recession with Q2 at the trough, followed by a recovery as the restrictions on activity are progressively reduced. We are expecting activity to bounce back in the second half of 2020 and strong GDP growth in 2021. To summarise, our CBRE view is that the UK GDP will fall by 5.4% in 2020 and then bounce back strongly to grow by 6.2% in 2021.

However, a 'V' shaped recession could turn into a 'U' or even an 'L' shaped recession, if there is a protracted lockdown. The longer the lockdown, the bigger the impact on company balance sheets and revenue targets. This will lead to further increased caution on staff levels, capex and a greater risk of bankruptcy, which has knock on effects for the financial sector. Much the same goes for households. On the other hand, lifting the restrictions too early and risking a second wave of the virus, and a second lockdown, could be even more damaging. This has created an unenviable policy dilemma which politicians are having to grapple with. Evidence from the rest of Europe is that governments are increasingly willing to start lifting restrictions in stages. The UK has already started to ease some restrictions.

NATIONAL HOUSING MARKET

UNITED KINGDOM (UK)

- According to Nationwide, the UK housing market started 2020 with positive momentum. **Average house prices** were £217,911 in Q1 2020, a 2.5% increase year-on-year. This reflected improved consumer confidence, after the decisive election win and reduced Brexit uncertainty. This momentum was expected to continue. However, Covid-19 changed this.
- **Transactions** were up 0.4% in Q1 2020 according to provisional figures from HM Revenue and Customs. Our expectation is that transactions in Q2 2020 will be significantly lower due to the Government lockdown; Zoopla estimate 350,000 sales have been put on hold since the start of the lockdown period.
- Data from the Bank of England shows **mortgage approvals** for house purchase in Q1 2020 were up 3.7% year-on-year and 10.3% above the 10-year average. However, this mainly reflects a strong January and February prior to the outbreak of Covid-19; mortgage approvals fell 9.5% year-on-year to March 2020, which reflects the impact of the Covid-19 lockdown.
- According to UK Finance, **First-Time Buyers** accounted for 51% of all lending in Q1 2020. However, the number of loans were down 3.1% year-on-year to Q1 2020. Notably in London, First-Time Buyers accounted for 61% of lending over the same period.
- Following the removal of the interest rate tax relief for landlords and the 3% increase in stamp duty on **Buy-to-Let** properties in March 2016, investor activity has remained subdued. However, investment activity

recovered somewhat at the start of the year. A total of 17,300 loans for Buy-to-Let house purchase were recorded in Q1, an increase of 7.5% year-on-year.

- There were 52,207 **Help to Buy** (equity loans) completions in 2019 overall. This is broadly stable to 2018.
- The latest data from RICS (April 2020) shows the negative impact of Covid-19 and subsequent Government lockdown on the property market in England & Wales. The **Headline Price Net Balance** in April 2020 was negative for the first time this year at -21%. **New Buyer Enquiries**, **New Instructions** and **Agreed Sales** continued to deteriorate, with nearly all surveyors reporting falls in activity. However, some readings were not as negative as March. **Sales Expectations** and **Price Expectations** improved marginally but remained firmly negative at -57% and -72%, respectively.
- According to the Office for National Statistics (ONS) Private Rental Index, **rents** increased 1.4% in the 12-months to March 2020.
- In terms of lettings, the RICS Residential Survey reported dramatic falls in **Tenant Demand** and **Landlord Instructions** in April 2020 at -44% and -64%, respectively. **Rent Expectations** across England and Wales turned negative for the first time since 2009 at -35%.

THE REGIONS

- At a regional level, according to Nationwide, Wales recorded the highest **house price** growth of any region at 6.4% year-on-year to Q1 2020. This was followed by Yorkshire and the Humberside (4.3%), the North West (4.1%), the East Midlands (3.6%), the West Midlands (2.5%), the Outer South East (1.7%), the South West (1.5%), East Anglia (1.3%), London (1.0%), Outer Metropolitan (0.8%), Scotland (0.8%) and Northern Ireland (0.7%). The North was the only region to record a fall in Q1 2020 (-0.3%).
- The latest RICS Residential Survey recorded negative readings for the **Price Net Balance** across the regions in April 2020, except East Anglia (+6%). The most negative readings recorded were in the South East (-35%), the North West (-30%), the East Midlands (-29%), London (-25%) and the West Midlands (-23%).
- In the rental market, the latest RICS Residential Survey recorded negative **Tenant Demand** net balance across all regions in April 2020, with the East Midlands (-72%) and London (-60%) recording the lowest readings. **Landlord Instructions** also fell across all regions with Scotland reporting the lowest reading (-80%). All regions recorded negative **Rent Expectations**.

OUTLOOK

FOR SALE MARKET

- The Covid related lockdown has effectively put the housing market on hold for seven weeks. As a result, we are expecting to see very few sales during Q2. It will be difficult to truly determine the impact on prices until the market restarts properly (the ONS has announced it will not be producing a house price index during this period).
- Estate agents were allowed to reopen from Wednesday 13th May, and many reported an initial surge in activity. We expect some of the stalled sales to now progress. However, this initial market bounce back is unlikely to be sustained in any material fashion. The rate of market recovery will depend on several factors; including the length of the lockdown period, and how this may subsequently impact the unemployment rate, wage growth and the broader economy. In the April RICS Residential Survey, surveyors stated that they expect it to take approximately 9 months for sales to fully recover.
- In light of the Covid-19 crisis, CBRE has updated its house price and rental growth forecasts. Reflecting the economic slowdown, we are much less sanguine about prospects for the market. CBRE Research forecast capital values to fall between -5% to -10% in 2020. The backdrop remains highly uncertain, not least when and how the UK will return fully to work. With this in mind, we have provided forecast ranges and only at a UK level. These forecasts are provided with a large caveat. Different cities and asset types will have different nuances and face different level of challenges, which may affect their growth rates

RENTAL MARKET

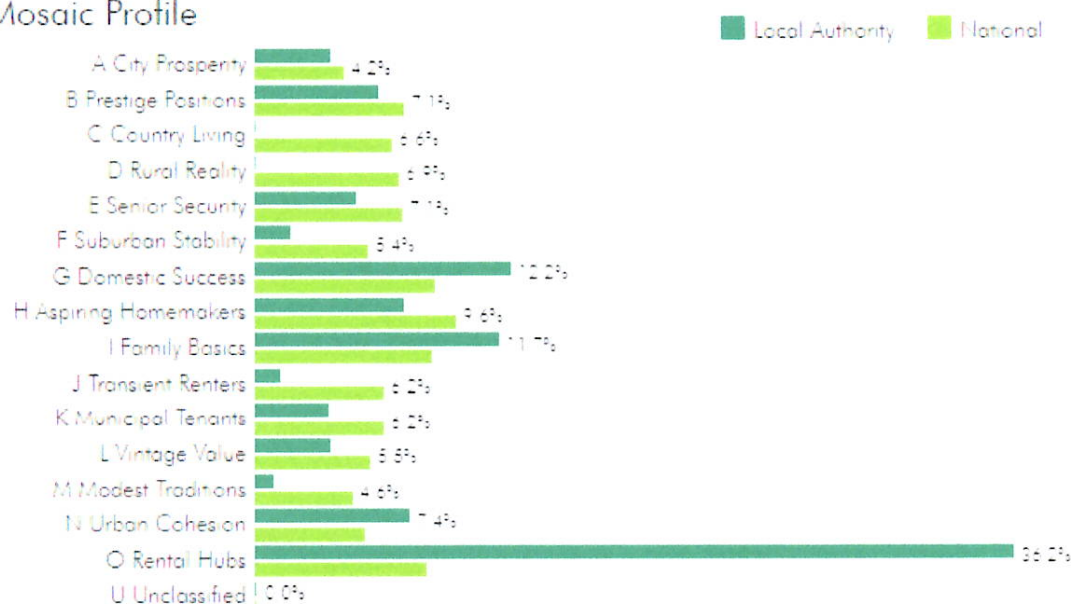
- Like the 'for sale' market, tenant affordability has constrained rental growth in recent years, particularly in London. The tail end of 2019 and the beginning of 2020 saw positive momentum to rental growth and tenant demand, albeit to a lesser extent in London.
- Zoopla saw a rebound of 30% in rental demand in the first two weeks of April, after a decline of 57% in the last two weeks of March. Admittedly this was from a low base, but it serves to illustrate that the rental market is better suited to adjust to shocks such as Covid-19 than sales.
- Following several years of decline, landlord instructions picked up towards the end of 2019. However, the latest data (April 2020) shows a significant drop in Landlord Instructions with the lowest reading since the Survey was introduced.
- Rising real wages has had a positive impact on tenant affordability in the lead up to the current crisis. However, many employees are taking pay cuts (either directly or through reduced bonuses). In addition, in a post furlough world, the unemployment rate will rise.
- Our current forecasts predict a -2% to 0% change in average rents in 2020. Once again, these forecasts are provided with a large caveat and different cities and asset types will have different nuances, for example, multifamily housing rents may perform differently to wider rental growth. In addition, this data does not consider any rent-free periods that effectively reduce overall rent, but don't 'actually' reduce the headline rent. Due to the uncertainty of price and rental growth in the short term, we cannot provide certainty on the years that follow as they will be heavily influenced by the short-term. Rents are likely to be more resilient than house prices, but we will probably see modest falls in some locations/asset types before the end of the year.

LOCAL MARKET CHARACTERISTICS

Demographics

- The population of Reading was estimated to be 170,678 in 2019, forecast to grow 4.2% to 2028.
- Over the same period, the number of households is expected to grow by 5.4% from 69,465 to 73,246.
- Based on the most recent detailed estimates (2018), 30.1% of households in Reading are private renters and 50.5% are owner occupiers.
- In the 5-years to 2023, the proportion of private renters is forecast to grow to 34.9% of households.
- 73.9% of Reading's working age population are economically active, of which 89.9% are in employment. This is lower than the South East (92.8%), and lower than the UK (91.6%).
- The modal income band is £20,000 to £29,000, accounting for 23.5% of the working age population.
- 36.2% of residents fall into the Rental Hubs Mosaic Group (see below).

Mosaic Profile

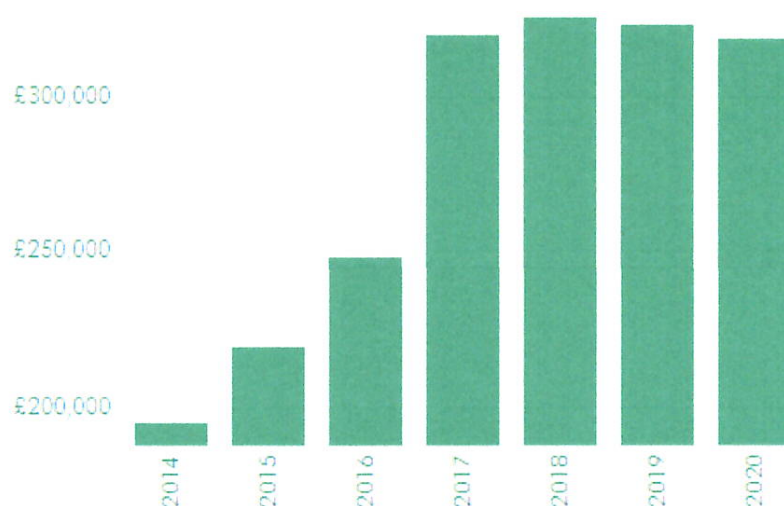


Source: Experian

Housing Market

- For 2020, the average house price in Reading stands at £306,337, a decrease of 3.1% from 2019. The average house price for RG1 is £318,340, a decrease of 1.3% from 2019.
- The average house price across the South East is £325,035, 6.1% higher than in Reading.

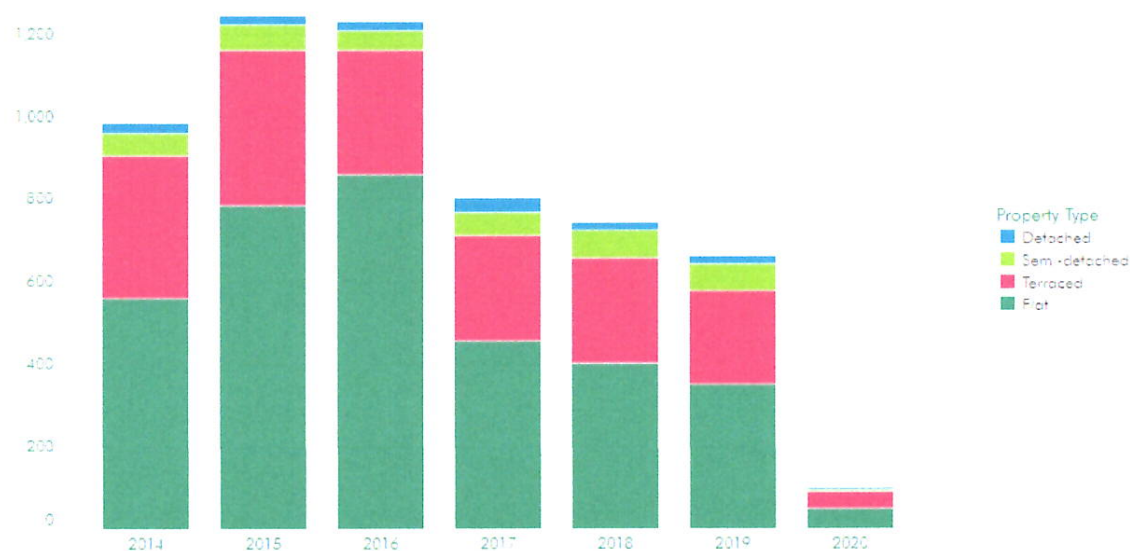
Average Price Achieved for New Build Properties in RG1 between 2014 and 2020



Source: Land Registry Sold Price Data, Experian

- Transactions fell to 310 in Q1 2020, 41.5% below the same period for the previous year. Completion of new build properties accounted for 4.2% of these.
- Whilst terraced houses made up the greatest proportion of sales in 2019 in the Borough of Reading, accounting for 38.4% of activity, flats have accounted for the greatest proportion in RG1 in 2019 and 2020 to date.

Transactions by Property Type in RG1 between 2014 and 2020



Source: Land Registry Sold Price Data

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NEW BUILD COMPARABLE SALES EVIDENCE

In forming our opinion of Gross Development Value, we have had regard to the following transactions of newbuild schemes.

Verto, 120 King's Road, Reading, RG1 3DS



Verto is located approximately 0.8 miles to the south-east of the subject Property and comprises part of the canal-side development in Reading. The scheme was developed by CNM Estates.

Verto is the tallest residential tower within Reading, totalling 18 storeys and comprising 103 one, two and three-bedroom apartments and penthouses.

The development benefits from 24-hour concierge, private balconies, rooftop gardens and cycle storage.

As at the Valuation Date, we understand that approximately 10 units remain unsold.

Set out below is a summary of recent sales evidence from within the development which evidences one-bedroom apartments achieving average capital values of £294,624, two-bedroom apartments achieving average capital values of £382,044 and three-bedroom apartments achieving average capital values of £451,774.

UNIT TYPE	AVERAGE SIZE (SQ FT)	MIN SOLD PRICE	MAX SOLD PRICE	AVERAGE SOLD PRICE	AVERAGE £ PER SQ FT
1 Bed Apartment	536	£254,160	£325,000	£294,624	£550
2 Bed Apartment	728	£317,500	£473,000	£382,044	£525
3 Bed Apartment	869	£379,327	£555,000	£451,774	£520

In addition to the above, we understand that the Asking Prices for one and two-bedroom apartments as at the Valuation Date are as follows:

UNIT TYPE	BEDS	SIZE (SQ FT)	£ ASKING	£/ SQ FT
The Pangbourne	1	482	£272,500	£565
The Goring	2	651	£340,000	£522
The Chiltern	2	651	£345,000	£530

In our opinion, we consider Verto to be superior to the subject Property due to its location within Reading. Whilst Verto is located at a greater distance to Reading Train Station (0.6 miles distant) compared to the subject Property, we consider its canal-side setting to be more desirable and thus attract a premium in capital values achieved.

We consider the design and layout of Verto to be comparable to the subject Property, however the individual unit sizes for the two and three-bedroom apartments are smaller than proposed for the subject Property. Analysing apartment sales on a £ per sq ft basis does not necessarily result in a like for like comparison as larger units will return a diluted £ per sq ft value and conversely smaller units will return a more concentrated £ per value. However this type of analysis enables us to establish the general tone of sales values and we have taken this into account when arriving at our opinion of Gross Development Value for the subject scheme.

Huntley Wharf, Kenavon Drive, Reading, RG1 3DH



Huntley Wharf is located approximately one mile to the south east of the subject Property. Huntley Wharf is a Berkeley Homes and L&Q development.

Huntley Wharf forms part of the redevelopment of the historic industrial site on the River Kennet comprising approximately 765 new homes with over 13,000 sq ft of commercial and retail space and landscaped grounds.

We understand that 72 apartments were released for sale at a private event in September 2019, at which 90% were sold, with 44 having exchanged contracts as at the Valuation Date. We understand that the first units are due to be completed in 2022.

Set out below is a summary of recent blended sales evidence from within the development as provided to us by the Berkeley Homes Sales Agent. It is important to note that the blended sales rates detailed below are evidence of both units which are under offer and that have exchanged contracts.

UNIT TYPE	AVERAGE SIZE (SQ FT)	MIN SOLD PRICE	MAX SOLD PRICE	AVERAGE SOLD PRICE	AVERAGE £ PER SQ FT
1 Bed Apartment	520	Not known	Not known	£300,000	£576
2 Bed Apartment	770	£385,000	£497,000	£441,000	£572
3 Bed Apartment	1,100	£565,000	£565,000	£565,000	£514

Due to the phased nature of the development, we understand that not all the Asking Prices for the Huntley Wharf development have been released, however we have detailed below those of which we are aware as at the Valuation Date.

UNIT TYPE	SIZE (SQ FT)	£ ASKING	£/ SQ FT
1 Bed Apartment	520	£307,500	£591
2 Bed Apartment	706	£385,000	£545
3 Bed Apartment	1,100	£565,000	£514

The subject Property is comparable with Huntley Wharf due to its location, layout and size of the development. Similar to the subject Property, Huntley Wharf is in close proximity to both Reading town centre and Reading Train Station, however benefits from a riverside setting which we consider to be superior to the subject Property.

The average floor areas for the one and two-bedroom apartments at Huntley Wharf are smaller in comparison to similar unit types at the subject Property. However, we understand that the floor areas for the sold two-bedroom apartments at Huntley Wharf range between 690 sq ft and 850 sq ft. Additionally, the average floor areas for the three-bedroom apartments at Huntley Wharf are larger than those proposed for the subject scheme. We have taken this into account when arriving at our opinion of Gross Development Value for the subject scheme.

300 King's Road, Reading, RG1 4HP



300 King's Road is located 1.2 miles to the east of the subject Property. 300 Kings Road is a Titan Property development comprising 78 studio, one and two-bedroom apartments.

The development benefits from concierge, residents-only gym and private rooftop terrace. The development is close to Reading Town Centre and Reading Train Station.

We understand that the development was launched in Q1 2019 and as at the Valuation Date 50% of the scheme had sold.

Set out below is a summary of recent sales evidence from within the development which evidences studio apartments achieving capital values of between £220,000 and £232,500 equating to an average £/sq ft of £613. We further understand from the Sales Agent that one-bedroom apartments are achieving a capital value of £250,500 on average, equating to £668 per sq ft.

UNIT TYPE	SQ FT	MIN SOLD PRICE	MAX SOLD PRICE	AVERAGE SOLD PRICE	AVERAGE £/SQ FT
Studio	360	£220,000	£232,500	£227,882	£613
1 Bed Apartment	375	Not known	Not known	£250,500	£668

In addition to the above, we understand that the asking prices for studio and one-bedroom apartments as at the Valuation Date are as follows:

UNIT TYPE	SQ FT	£ ASKING	£/ SQ FT
1 bed apartment	372	£225,000	£605
1 bed apartment	354	£247,500	£699
1 bed apartment	391	£245,000	£627
Studio	364	£194,000	£533

In our opinion, the proposed units at the subject Property are comparable to the those at 300 King's Road due their location and proximity to Reading Town Centre and Reading Train Station. However, the floor areas for the studio and one-bedroom apartments detailed above are smaller than for the subject Scheme. We have therefore taken this into consideration when arriving at our opinion of Gross Development Value for the subject Property.

Additionally, we consider the subject Property to be superior to 300 King's Road due to the benefits that a master plan development of the proposed scale can offer in terms of services, amenities, community spaces and landscaping.

Riverside View, 5-9 Berkeley Avenue, Reading, RG1 6FF



Riverside View is located approximately 1.2 miles to the south of the subject Property. Riverside is a Weston Homes development arranged over seven storeys.

Riverside comprises 112 one, two and three-bedroom apartments located on the bank of the River Kennet, approximately 0.6 miles to the south of Reading town centre. We understand each residential unit to benefit from outside space in the form of balcony or terrace and allocated private parking.

Riverside View was completed in Q4 2019 and we understand that as at the Valuation Date, one unit remained unsold.

Set out below is a summary of recent sales evidence from within the development which evidences one-bedroom apartments achieving average capital values of £367,879, two-bedroom apartments achieving average capital values of £334,568 and three-bedroom apartments achieving average capital values of £377,500.

UNIT TYPE	AVERAGE SIZE (SQ FT)	MIN SOLD PRICE	MAX SOLD PRICE	AVERAGE SOLD PRICE	AVERAGE £ PER SQ FT
1 Bed Apartment	561	£255,550	£280,000	£267,879	£478
2 Bed Apartment	737	£290,000	£379,135	£334,568	£452
3 Bed Apartment	856	£369,000	£395,000	£377,500	£441

In our opinion, we consider Riverside View is to comparable to the subject Property considering its proximity to Reading town centre. However, we consider the subject Property to be superior to Riverside View on account of its proximity to Reading Train Station offering direct services to London Paddington. Whilst we note that Riverside View is situated in a desirable riverside location, we consider the proximity of the subject Scheme to Reading Train Station to attract a greater premium.

Furthermore, we consider that the subject Property would attract a premium in capital values on account of the benefits that a master plan development of the proposed scale can offer in terms of services, amenities, community spaces and landscaping.

Whilst we consider the average floor areas of the one-bedroom apartments to be comparable to the subject Property, the average floor areas for the two and three-bedroom apartments at Riverside View are smaller than proposed for the subject scheme. We have taken this into consideration when arriving at our opinion of Gross Development Value.

Addison Road, Caversham, Reading RG1 8EN



The new build houses located on Addison Road are located approximately 0.4 miles to the west of the subject Property and comprise a Natta Homes development.

The scheme is a select development of five three-bedroom town houses arranged over three storeys with gardens and private parking. The unit types comprise mid-terrace and end-of-terrace homes.

We understand all the units to have sold in Q1 and Q2 2020.

Set out below is a summary of recent sales evidence from within the development, the prices of which have been provided to us by Walmsley Estate Agency. We understand that the capital values achieved range between £425,000 and £450,000, equating to an average of £442 per sq ft. We have not been provided with an

individual breakdown of sold prices, however understand that the larger end of terrace unit (Plot 49) sold for £450,000, with the mid-terrace house (Plot 53) selling for £425,000.

PLOT	UNIT TYPE	SIZE (SQ FT)	SOLD PRICE	£ PER SQ FT
49	End of Terrace	1023	£450,000	£440
51	Mid-Terrace	958	£425,000 - £450,000	£440 - £444
53	Mid-Terrace	958	£425,000	£444
55	Mid-Terrace	958	£425,000 - £450,000	£440 - £444
57	End of Terrace	969	£425,000 - £450,000	£440 - £444

We consider the Natta Homes development to be comparable to the subject Property on account of its location and proximity to Reading town Centre and train station.

However, the Natta Homes development is superior on account of the units' design, layout and setting which would command a premium capital value over the units associated with the subject Property. Additionally, the floor areas for four of the units associated with the Natta Homes development are smaller on average than those proposed for the subject scheme we have taken this into consideration when forming our opinion of GDV of the subject Property.

Kennet Island, Reading, RG2 0GH



Kennet Island is located approximately 3.3 miles to the south of the subject Property. Kennet Island is a Barratt Homes development.

Kennet Island comprises the phased development of riverside and lakeside apartments and houses totalling over 1,350 new homes which commenced construction in 2005. Kennet Island benefits from the provision of local retail and leisure facilities and communal greenspaces centred around a Piazza.

As at the Valuation Date, we understand the latest phase of the scheme to have nearly sold out, with only one and two-bedroom apartments remaining unsold.

A summary of recent sales evidence for three-bedroom houses of which we are aware is detailed in the table below. We understand capital values to range between £460,000 and £482,600, equating to £ per sq ft values ranging between £415 psf and £435 psf.

UNIT TYPE	AVERAGE SIZE (SQ FT)	MIN SOLD PRICE	MAX SOLD PRICE	AVERAGE SOLD PRICE	AVERAGE £ PER SQ FT
3 Bed House	1109	£460,000	£482,600	£473,275	£427

In our opinion we consider the Kennet Island scheme to be comparable to the subject Property in terms of the size of the development. However, we consider the design, layout and setting of the units at Kennet Island to be superior to those proposed for the subject scheme.

Additionally, the average floor area for the three-bedroom houses associated with Kennet Island are larger than for comparable units with the proposed subject scheme. We have taken this into consideration when arriving at our opinion of Gross Development Value for the subject Property.

SECOND HAND COMPARABLE SALES EVIDENCE

In forming our opinion of Gross Development Value, we have also had regard to the following second-hand sales within the surrounding area for context:

Studio Apartments

ADDRESS	FLOOR AREA (SQ FT)	SOLD PRICE	£/SQ FT	DATE
Flat 8, 40 Redlands Road, Reading, RG1 5HE	366	£130,000	£355	21/06/2019
Flat 8, 111 Castle Hill, Reading, RG1 7SX	624	£130,000	£208	11/06/2019
Flat 1, George Street, Reading, RG1 7NT	Not known	£124,500	n/a	29/01/2020
Flat 6, 98 London Road, Reading RG1 5AU	409	£165,000	£403	20/12/2019

One-Bedroom Apartments

ADDRESS	FLOOR AREA (SQ FT)	SOLD PRICE	£/SQ FT	DATE
Flat 25, Malcolm Place, Caversham Road, Reading, RG1 7AX	440	£170,000	£386	27/06/2019
16, Regent Court, Reading, Reading RG1 7HW	460	£177,000	£384	30/09/2019
Flat 20, Malcolm Place, Caversham Road, Reading, RG1 7AX	426	£196,000	£460	29/03/2019
Flat 19, Projection West, Merchants Place, Reading, RG1 1ET	517	£208,000	£403	11/10/2019
Flat 4, 12 - 14, Queen Victoria Street, Reading, RG1 1TG	700	£228,000	£326	27/09/2019

Two-Bedroom Apartments

ADDRESS	FLOOR AREA (SQ FT)	SOLD PRICE	£/SQ FT	DATE
1, Thames Court, Norman Place, Reading, RG1 8QT	587	£200,000	£341	10/06/2019
Flat 32, Icon House, Merchants Place, Reading, RG1 1EQ	646	£230,000	£356	22/05/2019
8, Lynmouth Court, Lynmouth Road, Reading, RG1 8DD	684	£252,000	£369	17/01/2020
Flat 12, Projection West, Merchants Place, Reading RG1 1ET	678	£260,000	£383	11/02/2019
64, Elliots Way, Caversham, Reading, RG4 8BF	618	£280,000	£453	20/05/2019
84, Elliots Way, Caversham, Reading, RG4 8BF	603	£295,000	£489	23/08/2019
Flat 31, Halcyon, Chatham Place, Reading RG1 7JW	821	£315,000	£384	25/01/2019
16, Kingfisher Place, Reading, RG1 8BQ	850	£380,000	£447	31/07/2019

Three-Bedroom Apartments

ADDRESS	FLOOR AREA (SQ FT)	SOLD PRICE	£/SQ FT	DATE
90, Gosbrook Road, Caversham, Reading, RG4 8BJ	850	£245,000	£288	13/12/2019
17, Oaklands, Bulmershe Road, Reading, RG1 5RW	754	£250,000	£332	26/04/2019
11, Florida Court, Bath Road, Reading, RG1 6NX	795	£277,500	£349	23/10/2019
10, Dartmouth Terrace, Reading, RG1 5AL	1053	£300,000	£285	21/06/2019
27b, Priest Hill, Caversham, Reading, RG4 7RZ	1216	£375,000	£308	16/12/2019

Three-Bedroom Houses

ADDRESS	FLOOR AREA (SQ FT)	SOLD PRICE	£/SQ FT	DATE
74, York Road, Reading, Reading RG1 8DU	826	£318,300	£386	17/05/2019
2, Thames Avenue, Reading, Reading RG1 8DT	862	£345,000	£400	07/05/2019
19, De Montfort Road, Reading, Reading RG1 8DL	969	£355,000	£366	08/03/2019
16, De Montfort Road, Reading, Reading RG1 8DL	947	£367,500	£388	31/01/2020
6, Lynmouth Road, Reading, Reading RG1 8DD	980	£425,000	£434	04/01/2019

Overall, the evidence above demonstrates second-hand sales prices to range from:

- £130,000 to £165,000 for studio apartments, which equates to capital values £ per sq ft ranging between £208 and £305;
- £170,000 to £228,000 for one-bedroom apartments, which equates to capital values £ per sq ft ranging between £326 and £460;
- £200,000 to £380,000 for two-bedroom apartments, which equates to capital values £ per sq ft ranging between £341 and £489;
- £245,000 to £375,000 for three-bedroom apartments, which equates to capital values £ per sq ft ranging between £285 and £349;
- £318,300 to £425,000 for three-bedroom houses, which equates to capital values £ per sq ft ranging between £336 and £434.

OPINION OF GDV

In forming our opinion of the site value, we have assessed the Gross Development Value (GDV) of the constituent elements of the scheme. This has been undertaken following analysis of the comparable sales evidence.

We have assumed that the residential units will be completed to good standard, consummate to new build developments within the subject area. We have further assumed the apartments will benefit from 24/7 concierge and outside space and will be sold off on a long leasehold basis of no less than 125 years subject to Ground Rents. We have assumed that the houses will be sold freehold.

Having regard to the comparable sales evidence, we have assumed the following sales values in arriving at the Gross Development Value for the proposed scheme.

Block A

UNIT TYPE	NO. UNITS	AV. SIZE (SQ FT)	MIN CAPITAL VALUE (£)	MAX CAPITAL VALUE (£)	AV. CAPITAL VALUE (£)	AGG. CAPITAL VALUE (£)	AV. £/SQ FT
Studios	12	491	£230,000	£325,000	£292,917	£3,515,000	£597
1 Bed Apartment	74	595	£265,000	£385,000	£319,662	£23,655,000	£537
2 Bed Apartment	87	804	£345,000	£460,000	£407,356	£35,440,000	£507
3 Bed Apartment	10	915	£355,000	£435,000	£410,000	£4,100,000	£448
Total	183	129,002	£230,000	£460,000	£364,536	£66,710,000	£517

This block is delivered in Phase 1 and comprises a 23-storey tower. The tower is sited in the north eastern corner of the site adjacent to the new Reading Station entrance.

Block B

UNIT TYPE	NO. UNITS	AV. SIZE (SQ FT)	MIN CAPITAL VALUE (£)	MAX CAPITAL VALUE (£)	AV. CAPITAL VALUE (£)	AGG. CAPITAL VALUE (£)	AV. £/SQ FT
Studios	30	475	£245,000	£295,000	£263,000	£7,890,000	£554
1 Bed Apartment	15	553	£275,000	£325,000	£293,000	£4,395,000	£530
2 Bed Apartment	45	779	£355,000	£420,000	£379,667	£17,085,000	£487
Total	90	57,585	£245,000	£420,000	£326,333	£29,370,000	£510

This block is delivered in Phase 1 and comprises a 15-storey apartment block. The block is situated south west of Block A and sits on the Property's south eastern boundary adjoining the railway line.

Block D

UNIT TYPE	NO. UNITS	AV. SIZE (SQ FT)	MIN CAPITAL VALUE (£)	MAX CAPITAL VALUE (£)	AV. CAPITAL VALUE (£)	AGG. CAPITAL VALUE (£)	AV. £/SQ FT
Studios	13	482	£235,000	£270,000	£254,615	£3,310,000	£528
1 Bed Apartment	14	543	£275,000	£300,000	£284,643	£3,985,000	£525
2 Bed Apartment	46	750	£320,000	£390,000	£358,370	£16,485,000	£478
3 Bed Apartment	7	1,047	£435,000	£505,000	£464,286	£3,250,000	£444
Total	80	55,713	£235,000	£505,000	£337,875	£27,030,000	£485

This block is delivered in Phase 2 and comprises an 11-storey apartment block. The block is situated south west of Block B and sits on the Property's southern boundary adjoining the railway line.

Block E

UNIT TYPE	NO. UNITS	AV. SIZE (SQ FT)	MIN CAPITAL VALUE (£)	MAX CAPITAL VALUE (£)	AV. CAPITAL VALUE (£)	AGG. CAPITAL VALUE (£)	AV. £/SQ FT
Studios	3	432	£220,000	£280,000	£241,667	£725,000	£559
1 Bed Apartment	49	534	£265,000	£300,000	£278,367	£13,640,000	£522
2 Bed Apartment	35	753	£345,000	£380,000	£356,286	£12,470,000	£473
3 Bed Apartment	2	840	£385,000	£390,000	£387,500	£775,000	£461
Total	89	55,498	£220,000	£390,000	£310,225	£27,610,000	£497

This block is delivered in Phase 3 and comprises a 10-storey apartment block. The block is situated north of Block F and sits on the Property's northern boundary overlooking Vastern Court Retail Park.

Block F

UNIT TYPE	NO. UNITS	AV. SIZE (SQ FT)	MIN CAPITAL VALUE (£)	MAX CAPITAL VALUE (£)	AV. CAPITAL VALUE (£)	AGG. CAPITAL VALUE (£)	AV. £/SQ FT
Studios	12	484	£235,000	£270,000	£252,917	£3,035,000	£522
1 Bed Apartment	13	542	£265,000	£295,000	£282,692	£3,675,000	£522
2 Bed Apartment	42	749	£320,000	£390,000	£356,667	£14,980,000	£476
3 Bed Apartment	6	1,055	£455,000	£495,000	£467,500	£2,805,000	£443
Total	73	50,640	£235,000	£495,000	£335,548	£24,495,000	£484

This block is delivered in Phase 3 and comprises a 10-storey apartment block. The block is situated south west of Block D and sits on the Property's southern boundary adjoining the railway line.

Block G

UNIT TYPE	NO. UNITS	AV. SIZE (SQ FT)	MIN CAPITAL VALUE (£)	MAX CAPITAL VALUE (£)	AV. CAPITAL VALUE (£)	AGG. CAPITAL VALUE (£)	AV. £/SQ FT
Studios	2	449	£240,000	£240,000	£240,000	£480,000	£535
1 Bed Apartment	9	605	£270,000	£310,000	£300,000	£2,700,000	£496
2 Bed Apartment	42	743	£305,000	£365,000	£345,000	£14,490,000	£464
Total	53	37,552	£240,000	£365,000	£333,396	£17,670,000	£471

This block is delivered in Phase 3 and comprises a seven-storey apartment block. The block is situated west of Block E and sits on the Property's north western boundary overlooking Caversham Road and Vastern Court Retail Park.

Block H

UNIT TYPE	NO. UNITS	AV. SIZE (SQ FT)	MIN CAPITAL VALUE (£)	MAX CAPITAL VALUE (£)	AV. CAPITAL VALUE (£)	AGG. CAPITAL VALUE (£)	AV. £/SQ FT
1 Bed Apartment	22	552	£265,000	£305,000	£282,045	£6,205,000	£511
2 Bed Apartment	23	801	£350,000	£400,000	£372,174	£8,560,000	£464
Total	45	30,574	£265,000	£400,000	£328,111	£14,765,000	£483

This block is delivered in Phase 3 and comprises a seven-storey apartment block. The block is situated south of Block G and sits on the Property's western boundary adjoining Caversham Road.

Three-Bedroom Houses

PHASE	NO. UNITS	AV. SIZE (SQ FT)	MIN CAPITAL VALUE (£)	MAX CAPITAL VALUE (£)	AV. CAPITAL VALUE (£)	AGG. CAPITAL VALUE (£)	AV. £/SQ FT
1	3	1,001	£400,000	£400,000	£400,000	£1,200,000	£400
3	4	1,001	£400,000	£400,000	£400,000	£1,600,000	£400
Total	7	7,007	£400,000	£400,000	£400,000	£2,800,000	£400

The town houses in Phase 1 are situated in a terrace between apartment Blocks B and D on the Property's southern boundary adjoining the railway line. The town houses in Phase 2 are situated in a terrace between the apartment Block F and office building J on the Property's southern boundary adjoining the railway line.

Summary

UNIT TYPE	NO. UNITS	AV. SIZE (SQ FT)	MIN CAPITAL VALUE (£)	MAX CAPITAL VALUE (£)	AV. CAPITAL VALUE (£)	AGG. CAPITAL VALUE (£)	AV. £/SQ FT
Studios	72	478	£220,000	£325,000	£263,264	£18,955,000	£551
1-Bed	196	565	£265,000	£385,000	£297,219	£58,255,000	£526
2-Bed	320	772	£305,000	£460,000	£373,469	£119,510,000	£484
3-Bed	32	984	£355,000	£505,000	£429,063	£13,730,000	£436
Total	620	423,571	£220,000	£505,000	£339,435	£210,450,000	£497

Our aggregate Gross Development Value for the Property is £210,450,000, which reflects an average rate per sq ft of £497.

The aggregate value reflects the aggregate of the individual values and does not account for the time and/or cost implications for a sale of the whole.

MARKETABILITY

Potential Purchasers

The Property comprises a scheme which we consider to be suitable for the current local market, forming part of the wider regeneration and development of Reading.

We anticipate that should the units be offered for sale on the Open Market, the make-up of accommodation would appeal to a wide range of buyers, including young professionals, families and medium scale buy-to-let landlords. Investor purchasers are likely to be attracted to the smaller studio, one and two-bedroom units owing to their likely ability to rent to the professional market as a result of the nearby public transport networks.

However, we are aware that from mid-February 2020, there has been a significant slowdown in sales nationally as a result of the COVID-19 Global Pandemic which is affecting the Real Estate industry worldwide. Whilst it is too uncertain to assess the impact on sales velocity going forward, sales absorption rates have been affected with disruption to both domestic and overseas sales for the foreseeable future. Similarly, there is a risk that if prolonged with an economic recession, sales and rental values could also be adversely affected in line with previous market downturns.

Recent conversation with Sales Agents and our own market research in the subject area suggests that the sales market has improved slightly in more recent weeks with virtual viewings proving popular for new build schemes. Additionally, there has been an increase in interest from overseas buyers, particularly in areas where the COVID-19 Global Pandemic has eased restrictions and the economy is starting to recover. It remains the case that the demand for new build properties is strong, although the ability to view a property is still restricted and potential purchasers are seeking price reductions to reflect the current market.

Sales Volumes

In line with the market for an apartment led development property located in Reading town centre, we have assumed pre-sales rates between 20% and 35% with money receivable on the first month of practical completion.

We have then assumed a sales volume rate of between seven and four sales per month, as the table below illustrates.

PHASE	PRIVATE RESIDENTIAL PRE SALES	PRIVATE RESIDENTIAL SALES POST COMPLETION	POST COMPLETION ABSORPTION RATE (SALES PER MONTH)
Phase 1	83 units 30%	193 units over 32 months	6
Phase 2	28 units 35%	52 units over 13 months	4
Phase 3	53 units 20%	211 units over 30 months	7

We note that this is a considerable size of quantum in the local Reading market and that there are various sub phases over a period of around five years.

OFFICE MARKET COMMENTARY

OFFICE MARKET

Take-Up

One deal transacted in the first quarter of 2020 in Reading over 10,000 sq ft (929m2). This took place at Fountain House, 2 Queens Walk where serviced office provider Co-Space let 14,000 sq ft (1,300m2).

Following an active year of take-up in 2018, 2019 was more subdued in the Reading market with ten deals completing in units over 10,000 sq ft (929m²) totalling 208,185 sq ft (19,341m²). As a result, 2019 was down 36% on the five-year average.

Take-up was split evenly between In Town and Out of Town deals, with the largest deal of the year (41,120 sq ft at Station Plaza acquired by Thames Valley Police) taking place in town. Along with the public sector, creative industries remained active accounting for 33% of space taken. These included Hewlett Packard, Veritas Technologies, BML and Barracuda Networks all taking space.

Supply

Ready to occupy supply in the Reading office market has been slowly declining in recent years, with strong level of take-up removing space from the market. However, there was a slight increase in supply in 2019, with out of town availability seeing a lift. There is currently 1.2 million sq ft (111,483m2) available across both in town and out of town markets, an increase of 4% on the five-year average. Newly completed/ new early market supply accounts for 53% of all supply.

The largest opportunity is currently in town where 141,622 sq ft (13,157m2) is available at 2 Forbury Place, quoting £39.50/sq. ft.

There is currently 73,284 sq ft (6,808m²) of office space under construction and 801,351 sq ft (74,448m²) which has been granted planning permission but yet to commence works.

Rental Levels

Lease completions on newly constructed stock, in both the town centre and the out-of-town business park markets, have rents pushed higher over the past few years. In the town centre prime rents reached £38.50 per sq ft (£414/m²) in Q1 2020, whilst out of town prime rent comes at a slight discount of £37.00 per sq ft (£398/m²). With the abundance of Grade A stock on the market, current quoting rents indicate the desire of landlords to continue to realise rental growth.

OFFICE MARKET EVIDENCE

We have sourced rental evidence from Reading town centre, as follows;

Rental Evidence

Pinnacle, 20 Tudor Road, Reading



- In March 2020, a deal was agreed with Egynte Ltd for the letting of part fifth floor in Pinnacle, totalling 3,605 sq. ft. (334.92m²).
- The deal was for a term of 3 years with a tenant break option in October 2021.
- The transaction was agreed at a rent reflecting £33.50/sq. ft. (360.59/m²).
- The rent achieved is higher than previous deals agreed in the building, most likely due to the short term and tenant break option.
- Pinnacle is located in Reading town centre and is less than 200m south of Reading Station. Pinnacle also benefits from a newly refurbished reception, common parts and a car parking ratio of 1:921 sq. ft.

The White Building, Kings Road, Reading



- In March 2020, Act-On Software Limited secured a 5 year lease with no tenant break option for a part third floor office space extending to 3,500 sq. ft. (325.16m²).
- The deal was agreed at a rent reflecting £36.00/sq. ft. (387.50/m²). with no rent free.
- The White Building is located on Kings Road, east of Broad Street and south east of Reading station. It has been comprehensively refurbished and benefits from 13,315 sq. ft. floor plates, communal roof terrace and a car parking ratio of 1:860 sq. ft.
- The property also benefits from a BREEAM rating of Excellent.
- We are also aware of another recent letting within The White Building in December 2019. Barracuda Networks Limited secured a 10 year lease with a break option in February 2025 on the second floor extending to 13,340 sq. ft. (1,239m²). This deal reflects a headline rent of £35.50/sq. ft. (382.11/m²).

No.2 Forbury Place, Reading



- New build office development on Forbury Place totalling 141,622 sq. ft. (13,157m²).
- Forbury Place is now an established business hub in Reading with the prior success of No.1 and No.3 Forbury Place (the former being fully let to SSE in 2015).
- No.2 Forbury Place benefits from double height reception, large floor plates, VRF Air Conditioning, 2.9m floor to ceiling height and a car parking ratio of 1:848 sq. ft.
- The property also benefits from a BREEAM rating of Excellent.
- KPMG agreed to take up 43,500 sq. ft. (4,041.29m²) of space in Q4 of 2018 at a headline rent of £37.50/sq. ft. (403.65/m²) on a 15 year lease.
- The remaining floor space is currently available at a quoted rent of £39.50/sq. ft. (425/m²).

Considering the rental evidence, above, we are of the opinion that a headline rent of £36 per sq ft are achievable at the subject property. We consider that an average void of 12 months and a further rent-free period of 12 months would be necessary to achieve a 5 year term.

Yield Evidence

We have sourced yield evidence from Reading and the South East, as follows;

Honeywell House, Arlington Square, Bracknell



- Freehold
- 72,604 sq. ft. (6,745m²)
- A prominent HQ building providing
- refurbished Grade A office space
- Single let to Honeywell Control Systems
- Limited (5A1 covenant)
- WAULT: 10.73 years
- Current rent: £1,870,401 pa (£25.93/sq. ft.)
- Date to market: January 2020
- Vendor: Legal & General
- L&G have spent c.£3m on refurbishment and
- Honeywell have spent another £2m on their fitout
- Quoting Price: £30,470,000 (£419/sq. ft.) 5.75% NIY
- Sold to Runnymede Council in March 2020
- Purchase Price: £32,900,000 (£453/sq. ft.)
- Net Initial Yield: 5.32%
- This investment benefits from a long unexpired income of over 10 years and has been comprehensively refurbished therefore it is slightly more attractive than the subject property.

Siena Court, Maidenhead



- Freehold
- 19,884 sq. ft. (1,847m²)
- Fully let to MWB Business Exchange Centres Ltd (Regus)
- Current rent: £500,000 pa (£25.14/sq. ft.)
- WAULT: 5.50 years
- Date to market: January 2020
- Vendor: Aviva
- Sold to Areli in February 2020
- Purchase Price: £8,000,000 (£402/sq. ft.)
- Net Initial Yield: 5.85%

Arlington Business Park, Theale



- Freehold
- 367,000 sq. ft. (34,095m²)
- 11 buildings
- Multi-let to tenants including Amazon UK, Honda, Synopsys and Willis Towers Watson
- Headline rent £32.50psf
- Date to market: Off-market transaction
- Sold to CapitalLand in February 2020
- Purchase Price: £129,250,000 (£352/sq. ft.)
- Net Initial Yield: 7.50%
- Subject property is located in a superior location and would be a more desirable investment.

R+, Blagrove Street, Reading



- Freehold
- 101,512 sq. ft. (9,430.78m²)
- New grade A office space arranged over ground and 5 upper floors with double height reception and 33 parking spaces
- 58% let to 4 tenants including Moore Stephens and Northgate
- WAULT: 9.94 years, WAUTC: 7.83 years
- Current rent: £3,402,156 pa (£31.68/sq. ft.)
- Vendor: M&G
- Quoting Price: £58,000,000 (£571/sq. ft. 5.50% NIY, 5.73% EY)
- We are aware offers have been received at 5.75% NIY (topped up) as of May 2020.
- Not able to place much weight on this property as it is still currently on the market, however it is in a similar location to the subject property and is also an attractive investment.

Based on our analysis of the market, we have adopted an equivalent yield of 5.5% for the office accommodation. Our yield assumes lettings to average covenants with an average term certain of five years.

RETAIL MARKET COMMENTARY

RETAIL MARKET COMMENTARY

At national level, all shops prime rents decreased -0.8% in Q4 2019. Shops in Wales reported the largest decrease, reporting a fall of -2.7%. The next biggest fall was shops in the Eastern region (-1.7%). All Shops prime rents fell - 3.6% in 2019 overall. Vacancy rates outside of Central London rose from 8.5% in Q4 2018 to 9.1% a year later. Sheffield saw vacancies rise to 13%, the biggest jump year-on-year (+2.8ppts). Cardiff remained the UK city with the highest vacancy rate (of the selected areas) of 13.6%

Investment volumes were c. £500m in 2019, a fall of 45% on the year prior (£900m), and well below the 10-year average of £1.1bn. The average transaction size for 2019 was c. £3.3m (£5.3m in 2018). Funds and Institutions were the net sellers with Local Authorities, PropCo's and Private Investors forming most of the buyer pool. High Street yields rose across the board in 2019. Secondary yields increased by 100 bps over the year, closely followed by prime (+75 bps) and then good secondary (+50 bps). Q4 saw no yield movement in any category, but all three are now well above their respective 10-year averages

At the start of 2020, CBRE expected the challenging environment to lead to a 1.8% fall in rental values for all retail in 2020, along with an 8.2% fall in capital values. London, and the surrounding key urban locations, were expected to outperform the rest of the UK. Cities such as Cambridge and Edinburgh have been more resilient in recent years, experiencing positive rental and capital growth. Limited retail stock, high tourist and student numbers, and a highly educated population will all contribute to positive future retail performance in these types of cities.

All retail sub-sectors will experience continued polarisation of assets over the next five years with non-prime assets suffering from oversupply of space and falling visitor numbers. A common theme with excess retail space is the redevelopment and repositioning for alternative uses, increasing the number and quality of mixed-use schemes across the UK.

Retail has initially been the sector to struggle most with the fallout of Covid-19. This has been clearly reflected in both rental and yield data this quarter. At national level, all shops prime rents decreased -1.0% in Q1 2020. Shopping Centre prime rents fell -1.5% over the quarter, while Retail Warehouse prime rents decreased -3.4%. Overall, All Shop average prime yields suffered an increase of 45bps in Q1 2020 (4bps in Q4 2019). Shopping Centre prime yields moved out 53bps. Retail Warehouse prime yields rose 13bps over the quarter. The two images below show the movement of both prime rental growth and prime yield shift throughout Q1 2020.

PRIME RENTAL GROWTH



PRIME YIELD SHIFT



Reading has a total town centre retail floorspace of 1,830,000 sq. ft. (170,012m²). The prime retail pitch is centred on the pedestrianised Broad Street where John Lewis, Primark, Marks & Spencer, Sainsbury's, WH Smith, Boots, GAP, HSBC, Lloyds Bank, Specsavers, Waterstones, JD Sports and Schuh amongst others, are represented. Broad Street runs from The Oracle at its eastern entrance and west to Broad Street Mall. The Oracle Shopping Centre is a 700,000 sq. ft. (65,032m²) retail and leisure scheme split across two levels.

Prime retail rents were stabilised around £245-£250/sq. ft. Zone A (£2,637 - £2,690/m²) before declining in 2019 in the light of current market conditions. There has been little retail rental evidence so far in 2020 in Reading and this was also the case in 2019.

Investor sentiment in Reading is very similar to the rest of the UK where there had already been an adverse shift prior to the COVID-19 pandemic as the market reacted to the growing evidence of downward pressure on retail rents as a direct consequence of the impact of online retail and rising operating costs on retailer profitability. Prime UK high street yields as of May 2020 are at 5.75%, a 50bps shift upwards from 5.25% in March 2020. Good secondary shop investments have shifted 50bps from 8% in March 2020 to 8.5% in May 2020.

RETAIL MARKET EVIDENCE

We have sourced rental evidence from Reading town centre, as follows;

4 Broad Street, Reading



- In the summer of 2019, a deal was agreed with Tortilla for the letting of 4 Broad Street. The unit extends to 3,000 sq. ft. (278m²).
- The deal was for a term of 15 years with a tenant break option in year 5 and 10.
- The transaction was agreed at a rent of £110,000 per annum which reflects £150/sq. ft. ZA (1,614.59/m²).
- Tortilla were granted 12 months rent free which reflects a net effective rent of £127.50/sq. ft. (£1,372.50/m²) assuming 3 months granted for fit out.
- This property is located on the main retail pitch in Reading and therefore would achieve a higher rent than the subject property.

6 Broad Street, Reading



- In the summer of 2019, a deal was agreed with RBS for the letting of 4 Broad Street, however the letting was not complete until March 2020. The unit extends to 2,211 sq. ft. (205.48m²).
- The deal was for a term of 10 years with a tenant break option in year 5.
- The transaction was agreed at a rent of £120,000 per annum which reflects £150/sq. ft. ZA (1,614.59/m²).
- RBS were granted 12 months rent free which reflects a net effective rent of £127.50/sq. ft. (£1,372.50/m²) assuming 3 months granted for fit out.
- This property is located on the main retail pitch in Reading and therefore would achieve a higher rent than the subject property.

Mill Lane, Reading, RG1 2HN



- In July 2019, a deal was agreed with Evan Cycles for the letting of a ground floor retail unit on Mill Lane, located south of the city centre. The unit was previously let to Santander and extends to 4,597 sq. ft. (427m²).
- The deal was for a term of 2 years at a rent of £64,500 per annum which reflects £14.00/sq. ft. (151.00/m²).
- This property is located a similar distance away from the main retail pitch as the subject property however the subject property is adjacent to the train station. The subject property would command a higher rent than this property.

Considering the rental evidence above, we are of the opinion that a headline rent of £16.00 per sq ft (172/m²) is achievable for the larger unit at the subject Property which extends to 15,769 sq ft (1,465m²) and £20.00 per sq ft (£215/m²) for the smaller unit which extends to 1,991 sq ft (185m²). We consider an average void of 15 months and a rent-free period of 12 months would be required to achieve a 5 year term.

Yield Evidence

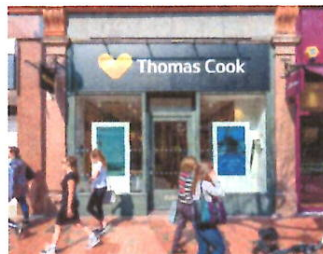
We have sourced yield evidence from the South East, as follows;

8 St. George Street, Canterbury



- Freehold
- 2,770 sq. ft. (257m²)
- High street retail unit
- Let to Warren James at a current rent of £58,000 pa
- WAULT: 4.05
- Purchase Price: £715,000 (£258.12/sq. ft.)
- Status: Sold at auction in February 2020
- Net Initial Yield: 7.60%
- Similar WAULT to assumed term of subject and let to a national retailer. However, Reading would be considered a more desirable location than Canterbury

37 Broad Street, Reading



- Freehold
- 1,873 sq. ft. (174m²)
- High street retail unit was let to Thomas Cook.
- Quoting Price: £1,540,000 NIY 5.50%
- Status: Failed to sell, has attracted little interest since the Thomas Cook collapse in 2019.
- Believe if sold it will be for a lower than quoted price.

9-15 High Street, Oxford



- Freehold
- 28,114 sq ft (2,611m²)
- Mixed-use parade of retail, leisure and educational space split over three buildings and two kiosks
- Let to Whistles, Caffè Nero, Whittard, David Clulow, Oxford Leisure LTD, Cool Britannia Retail LTD, OISE LTD
- WAULT: 6.3 years, WAULTC: 5.2 years
- Current Rent: £749,500 pa
- Date to Market: October 2019
- Vendor: AXA
- Quoting Price: £11,250,000, 6.25% NIY
- Status: Under offer to Oxford University College, 5.5% NIY, 5.5% EY
- Oxford is an established university city and therefore would be attractive to an investor. Possibly sold to a special purchaser (Oxford University) therefore would be willing to pay slightly higher price. Furthermore, there is a mix of uses meaning the income risk is spread for the purchaser.

1-3 East Avenue, Hayes



- Freehold
- 3,378 sq ft (313m²)
- Ground floor retail unit with one upper floor
- Let to Lloyds Bank Plc
- WAULT: 1.21 (no break)
- Current Rent: £40,000 pa
- Date to Market: March 2020 Allsop Auction
- Vendor: TBC
- Guide Price: £700,000 - £750,000
- Purchase Price: £801,000 (£237/sq. ft.)
- Status: Sold at auction in March 2020
- Net Initial Yield: 4.73%
- Strong tenant covenant and located within the M25.

Based on our analysis of the market, we have adopted an equivalent yield of 7.25% for the retail accommodation. Our yield assumes lettings to average covenants with an average term certain of five years. As seen above, relevant yield evidence in Reading has been limited. Yield evidence has continued to be limited during the Covid-19 and the full effect of Covid-19 on the retail market is yet to be determined. Therefore, our opinion of the adopted yield is based on judgment of the investment sales and market sentiment.