



“A foodstore anchored retail park with an exceptional line up of national food and convenience brands.”



INVESTMENT SUMMARY

- Reading is a large and affluent town in the south-east of England, with catchment population of 391,000.
- A foodstore anchored retail park providing a rare blend of quality food & grocery occupiers, a drive-thru, national coffee shop operator and fast food take away units.
- Located in the affluent and highly populated district of Lower Earley, 3 miles southeast of Reading town centre.
- Comprising 5 units plus a standalone drive thru restaurant, with a 110 space surface car park.
- Exceptional line-up of national brands: Marks & Spencer Foodhall, McDonald's Drive Thru, Iceland, Costa, KFC and Domino's Pizza.
- Low competition in the 15-minute drive time catchment.
- Total net operating income of £550,973 p.a. with an ERV of £594,360 p.a.
- WAULT of 9.7 years to expiry and 8.1 years to break
- Total site area c 4 acres with strong alternative use value.
- 999 year leasehold interest (virtual freehold) with a ground rent of £100 pa. Ability to purchase the Freehold interest from March 2025 for £1,000.

PROPOSAL

We are instructed to seek offers in excess of **£9,390,000**

Subject to contract and exclusive of VAT.

A purchase at this level would show the following yield profile net of purchaser's costs of 6.69% and assuming our ERV of £594,360 pa:

NET INITIAL YIELD: 5.50%

EQUIVALENT YIELD: 5.85%

REVERSIONARY YIELD: 5.92%

M&S
FOODHALL



Iceland.co.uk



KFC





LOCATION

Reading is a large, affluent town in the South East of England and is the administrative and commercial centre of the Thames Valley.

- Located 37 miles west of central London, and 26 miles south of Oxford
- Excellent road communications with the M4 motorway (Junction 11) immediately to the south of the town, providing a direct link to the M25 (24 miles). The A33 provides a direct link to the M3 motorway to the south at Basingstoke (18 miles).
- One of the busiest train stations outside London, servicing approximately 20 million passengers a year. Fastest journey time to London Paddington approximately 25 minutes.
- London Heathrow is located 22 miles to the east

CATCHMENT & DEMOGRAPHICS



Reading has a primary catchment population of 391,000 with an estimated Consumer Base of 320,000 ranking the town 18th in the UK on this measure.



The proportion of adults within the highest spending age bracket of 25-44 is 24% higher than the national average.



Within the 15-minute drive-time catchment, the proportion of the population within the AB social demographic is 65% higher than the national average.



A large student representation of approximately 17,000 students



A major commercial centre with 13 of the world's top 20 Blue Chip companies having headquarters in Reading, including Microsoft, Oracle, PepsiCo, EY, Price Waterhouse Coopers



Major economic enhancement in the town with a £900 million investment in Reading Station



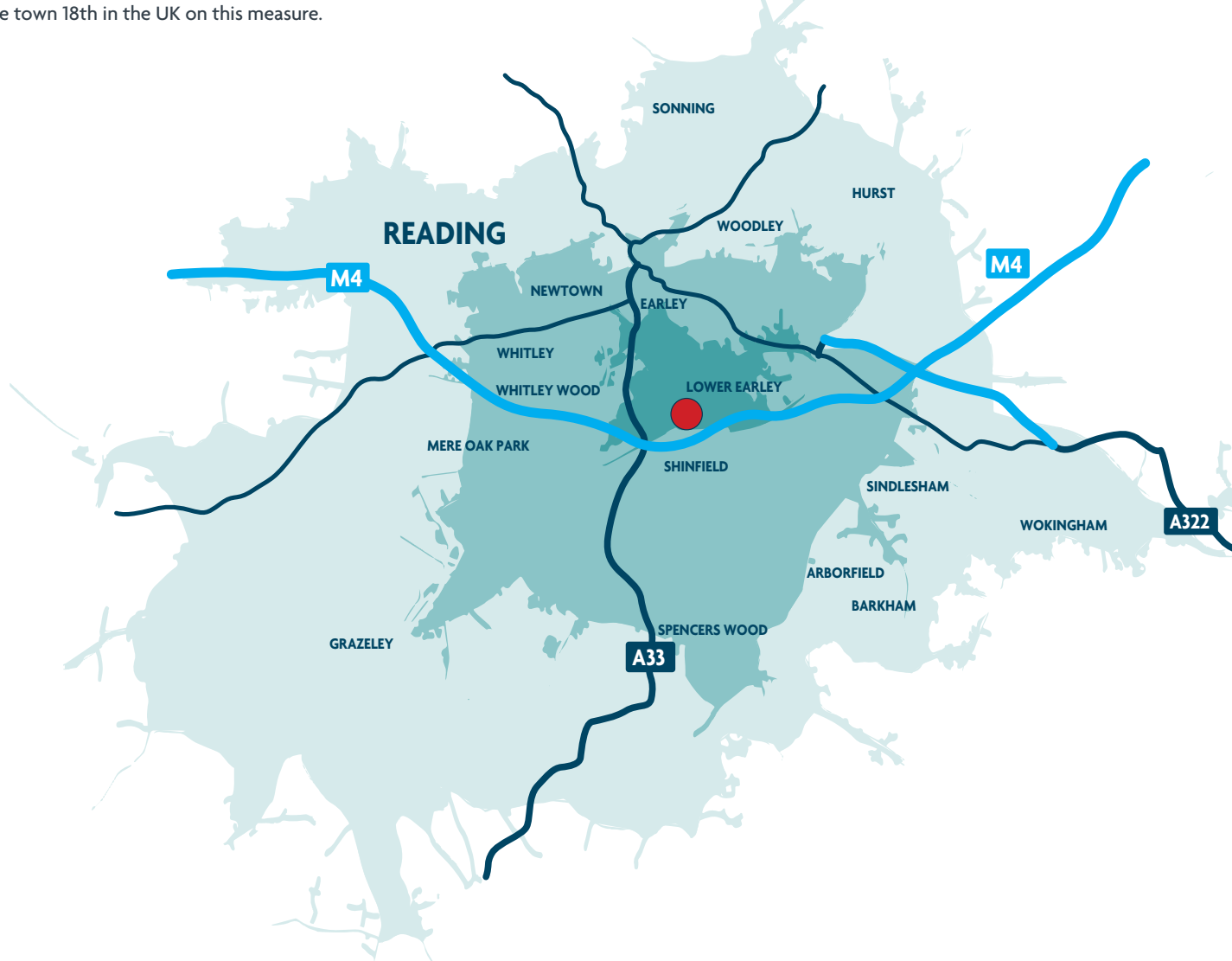
The new Elizabeth Line (Crossrail) will further enhance connectivity to the capital with up to 6 trains an hour at peak times.



CATCHMENT

Reading has a primary catchment population of 391,000 with an estimated Consumer Base of 320,000 ranking the town 18th in the UK on this measure.

Chalfont Square benefits from a lack of competition within the 5 and 10 minute drive-time catchment.



DRIVETIME CATCHMENT ■ 0-5 mins ■ 5-10 mins ■ 10-15 mins

CHALFONT SQUARE ●



Drive-Time: 0-5 minutes
population of
16,318 people



Drive-Time: 0-10 minutes
population of
116,511 people



Drive-Time: 0-15 minutes
population of
230,269 people



Within the 15-minute drive-time catchment, the proportion of the population within the AB social demographic is 65% higher than the national average.

SITUATION

“Covid has highlighted the importance of convenience and purpose-driven shopping, supporting resilience across retail parks, particularly supermarket anchored schemes.”

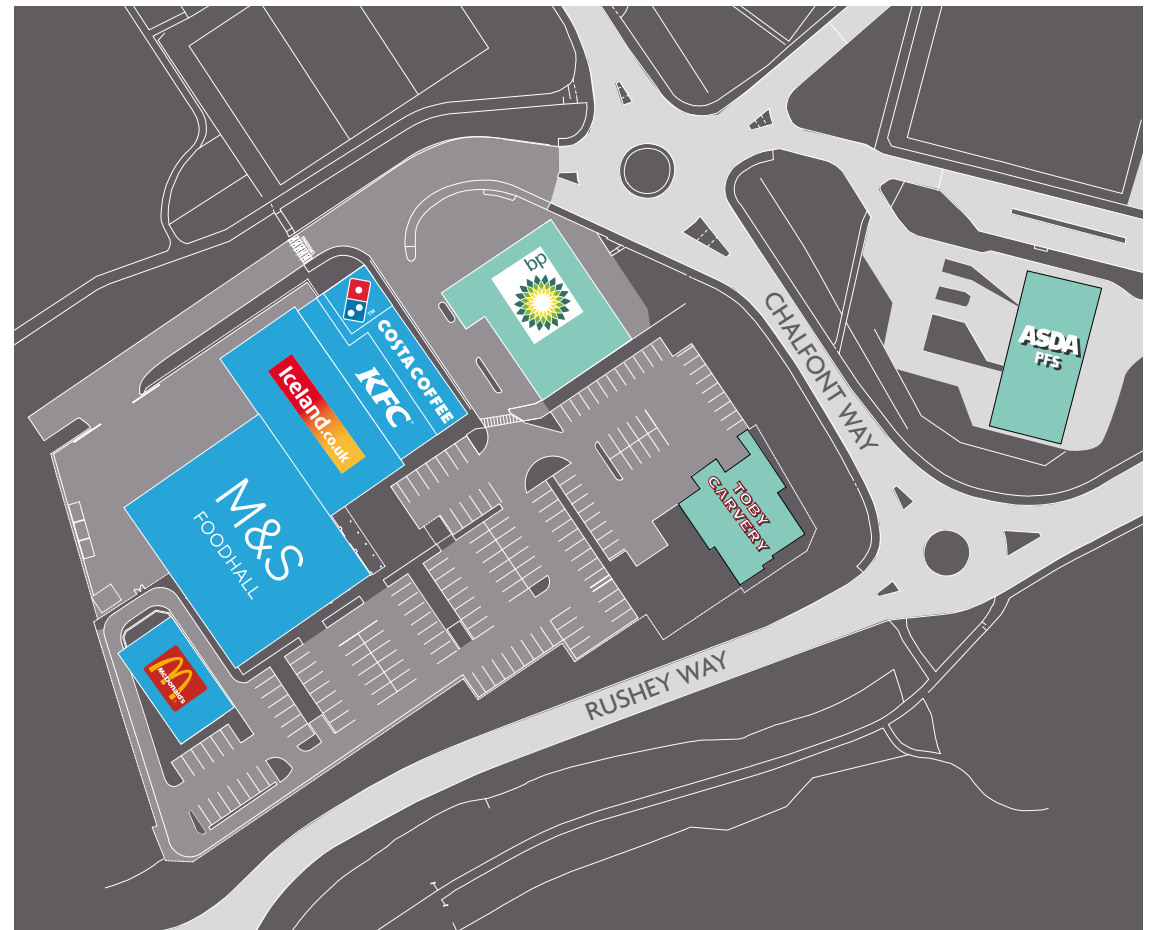
- Chalfont Square is located on Rushey Way, in the district of Lower Earley, 3 miles southeast of Reading town centre and just to the north of the M4 motorway (5 mins drive to J11).
- Excellent connections to the road network. The M4 provides a direct route east to London and the M25 (24 miles). The A33 provides a direct link to the M3 to the south.
- Adjacent to the Lower Earley District Centre, anchored by Asda.
- Chalfont Square and the Lower Earley District Centre provides the dominant food/grocery and convenience offer for the affluent Earley catchment.
- The University of Reading Whiteknights Campus is located 1.7 miles to the north.





DESCRIPTION

- The subject property comprises a terrace of retail units, together with a standalone drive thru restaurant, totalling 29,403 sq ft.
- 110 space surface car park providing a ratio of 1:267.
- The units benefit from rear servicing areas, accessed via Chalfont Way.
- The site also includes a BP petrol filling station and Toby Carvery public house both of which have been sold off on long leasehold interests.
- The site area extends to approximately 4 acres /1.62 hectares.



TENURE

999-year Leasehold interest from 20 March 2000 (978 years unexpired) at a rent of £100 per annum.

From 20 March 2025 (3.25 years) there is the ability to purchase the Freehold for £1,000.

1 has been sold off by way of a long leasehold interest for 150 years from 25-12-1994.

2 has been sold off by way of a long leasehold interest for 150 years from 25-12-1993.



The extent of the demise is shown edged red on the plan, for indicative purposes only.

PLANNING

Open A1 planning consent including food.



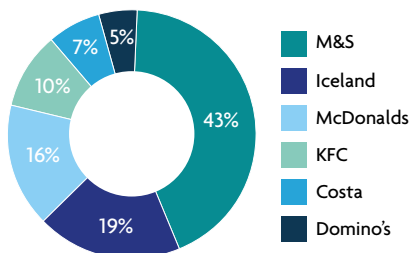
TENANCY SCHEDULE

The property has an attractive WAULT of 9.7 years to expiry and 8.1 years to break.

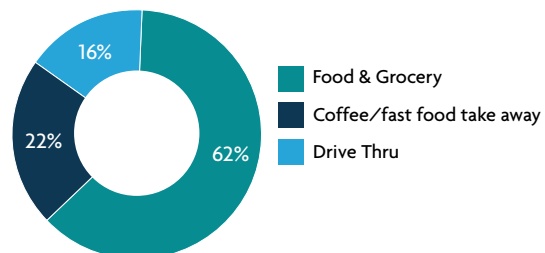
UNIT	GIA (SQ FT)	LEASE START	RENT REVIEW	LEASE END	TENANT BREAK	RENT (PA)	RENT (£PSF)	ERV (PA)	ERV (£PSF)	% OF RENT	COMMENT
Unit 1 Iceland Foods Ltd	7,028	16-08-2021		15-08-2026	15-08-2024	£105,000	£14.94	£105,000	£14.94	19%	August 2021 lease renewal. Rent reduced from £153,675 pa. In occupation since 1994.
Unit 2a DP Realty Ltd t/a Domino's	1,043	22-08-2018	29-09-2021	21-08-2038	21-08-2029	£26,000	£24.93	£26,000	£24.93	5%	In occupation since 2004.
Unit 2b Costa Ltd	2,091	01-09-2020	01-09-2025	31-08-2030	01-09-2026	£40,000	£19.13	£40,000	£21.20	7%	New lease from September 2020.
Unit 2c SBR South Ltd t/a KFC	2,777	01-11-2021	01-11-2026	31-10-2036	31-10-2031	£52,480	£18.90	£52,480	£19.39	10%	New 15 yr lease (TBO yr 10), 15 month incentive. Tenant fitting out. Rent free to be topped up by vendor.
Unit 3 M&S Plc	14,024	05-09-2019	05-09-2024	04-09-2029		£238,400	£17.00	£280,480	£20.00	43%	10 year reversionary lease from September 2019.
Unit 4 McDonald's Restaurants Ltd	2,440	29-09-2002	29-09-2022	28-09-2037		£85,400	£35.00	£85,400	£35.00	16%	15 year reversionary lease from September 2022.
McDonald's storage container		02-09-2021		28-09-2037		£5,000		£5,000			Licence agreement. Landlord can terminate on 5 days notice.
Toby Carvery		25-12-1993		24-12-2143		Peppercorn					
BP Petrol Filling Station		25-12-1994		24-12-2144		Peppercorn					
Total	29,403				WAULT to break	£552,280	£18.78	£594,360	£20.21		
Long Leasehold						(£100)					
Service charge shortfall						(£1,207)					
Net Rental Income						£550,973					

INCOME ANALYSIS

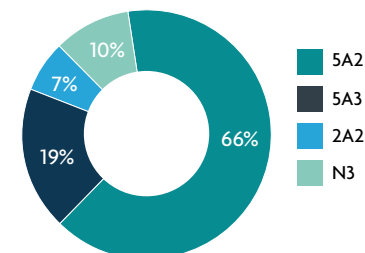
% INCOME SPLIT BY TENANT



% INCOME SPLIT BY USE/SECTOR



% INCOME SPLIT BY D&B RATING



FOOD STORE RENTS

The Marks & Spencer Foodhall rent reflects £17 psf. In our opinion this rate is low when compared to similar food store rates per sq ft. We believe the property has excellent reversionary prospects as evidenced below:

Date	Address/Tenant	Size (sq ft)	Rent per sq ft	Transaction
April 2021	M&S, Wyvern Way, Derby	15,000	£25.00	OML
March 2020	M&S, Ulverston, Cumbria	11,830	£20.00	OML
Feb 2020	Aldi, Chineham, Basingstoke	20,000	£19.50	OML
Dec 2019	Lidl, Paddocks, Weybridge	15,055	£31.22	OML
Dec 2019	Lidl, Mayflower RP, Basildon	20,500	£22.50	OML
Aug 2019	Lidl, Whitehorse Road, Croydon	17,760	£27.00	OML
March 2019	Aldi, Century RP, Watford	11,450	£31.44	OML

TENANT COVENANTS

Company		D&B Rating	Year Ending	Sales Turnover	Pre-Tax Profit	Net Worth
M&S Plc	M&S FOODHALL	5A2	28-3-2020	£10,181,900,000	£60,200,000	£5,294,400,000
Iceland Foods Ltd	Iceland.co.uk	5A3	26-3-2021	£3,715,300,000	£73,100,000	£707,000,000
McDonald's Restaurants Ltd	McDonald's	5A2	31-12-2019	£1,402,777,000	£405,994,000	£994,325,000
Costa Ltd	COSTA COFFEE	5A2	31-12-2019	£880,587,000	£5,336,000	£440,304,000
DP Realty Ltd	Domino's	2A2	27-12-2020	£2,759,000	£1,049,000	£3,691,000
SBR South Ltd	KFC	N3	30-06-2020	£9,733,719	(£893,153)	(£7,090,104)

FOOD STORE AND CONVENIENCE LED INVESTMENT MARKET

The last 12 months has demonstrated the food store and convenience sectors to be amongst the most robust in the market due to their highly defensive qualities. Below are some of the more recent investment transactions from these sectors:

Date	Address/Tenant	Term	Price	NIY	Comment
Nov 2021	Sheldon Retail Park, Birmingham (M&S Foodhall, B&M, The Gym)	11	Quoting £10.53m	Quoting 6.0%	Under offer ahead of asking
Sept 2021	Queens Drive, West Derby, Liverpool (M&S Foodhall, Aldi)	12.6	£10.2m	4.65%	Aldi index linked RR
April 2021	Renfrew Retail Park, Paisley (M&S Foodhall, The Range)	15	£12.91m	6.02%	
Oct 2020	Ringwood Road, Ferndown (M&S Foodhall)	15	£7.6m	4.0%	Index linked RR
April 2020	Landmere Lane, Edwalton, Nottingham (McDonald's, Costa, Greggs, Subway, Busy Bees Day Nursery)	12	£8.21m	5.33%	Forward funding of roadside convenience scheme

