INVESTMENT MARKET DASHBOARD

INVESTMENT VOLUMES YTD
£2.01bn

INVESTMENT VOLUMES Q3
£1.01bn

INVESTOR SENTIMENT
5/10
Trending: Softer

PRIME YIELDS
5.25%
Trending: Stable

INVESTMENT VOLUMES Q3 VS PREVIOUS YEARS

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>£1.01bn</td>
<td>£1.01bn</td>
<td>£935m</td>
<td>£941m</td>
<td>£983m</td>
<td>£656m</td>
</tr>
</tbody>
</table>

INVESTOR DEMAND
CBD VS OUT OF TOWN

CBD

INVESTMENT SUPPLY LEVELS

6/10
Trending: Stronger

Q3 BUYER PROFILE

- Owner Occupier 0%
- REITs / Listed Property Companies 0%
- Overseas 17%
- Private Equity 22%
- Funds 14%
- Private 3%
- Property Companies 5%
- Councils 39%
INVESTMENT SUPPLY LEVELS

- Q3 INVESTMENT VOLUMES
- INVESTOR SENTIMENT

- Achieving the highest level for a third quarter since 2010
- With 95% of take-up
- Occupational sentiment unusually as typically investor sentiment is stronger.

- We believe that investment sentiment is lagging opportunities and therefore investors will need to be discerning in their stock selection.

- Although there is plentiful supply of stock, there is a notable lack of quality.

- Q4 is likely to be busy with c. £1 billion of 'known' stock currently under offer,

- Succeeded in acquiring both Tor in Maidenhead for £35,000,000 and Strata in Staines for £46,500,000.

- For the Institutional Funds it was a subdued quarter except for M&G who

- Overseas Investors represented 17% of the transaction volumes by undertaking a...
As predicted in our Q2 newsletter, Q3 has been a bumper quarter with over £1 billion of transactions taking place, representing a Q-on-Q increase of 85% and a 16% premium over the 5-year average for Q3 transaction volumes.

The Local Authorities continue to be extremely active, representing 39% of transaction volumes, led by Spelthorne Borough Council’s acquisition of Thames Tower, The Porter Building and The Charter Building for a combined price of £285 million. There were a number of institutional buyers who were disappointed to miss out, in particular for Thames Tower and The Porter Building.

The Local Authorities have been the dominant buyer base for any long-medium term income assets but are increasingly focussing on properties ‘in borough’ or in neighbouring economic areas under guidance from Central Government.

Overseas Investors represented 17% of the transaction volumes by undertaking a few larger lot size deals. These were Valesco Group and AIP’s acquisition of the Microsoft HQ at Thames Valley Park for £100,000,000, EPIC’s acquisition of Pinnacle in Wimbledon for £40,210,000 and Dimah Capital’s acquisition of 4, The Square on Stockley Park for £34,500,000.

For the Institutional Funds it was a subdued quarter except for M&G who succeeded in acquiring both Tor in Maidenhead for £35,000,000 and Strata in Staines for £46,500,000.

Private Equity buying activity was limited except for ARES acquisition of the Equinox Portfolio from AEW.
INVESTMENT MARKET SNAPSHOTS

- **CBD VS OUT OF TOWN**
  - Trends: Stable

INVESTMENT MARKET DASHBOARD

- **INVESTOR DEMAND**
  - The Local Authorities continue to be extremely active, representing 39% of transaction volumes, led by Spelthorne Borough Council’s acquisition of Thames Tower, a 16% premium over the 5-year average for Q3 transaction volumes.

- **HEADLINE RENTS**
  - For the Institutional Funds, it was a subdued quarter, except for M&G who succeeded in acquiring both Tor in Maidenhead for £35,000,000 and Strata in Staines for £46,500,000.

  - For Private Equity buying activity, there was limited action, except for ARES acquiring the acquisition of the Porter Building and The Charter Building for a combined price of £285 million.

- **RENTAL MAP**
  - The Local Authorities have been the dominant buyer base for any long-medium terms, with installments of Pinnacle in Wimbledon for £40,210,000 and Dimah Capital’s acquisition of 4,500,000.

  - Few larger lot size deals included Valesco Group and AIP’s acquisition of the EQUINOX portfolio, a portfolio of 246,138 sq ft with a purchase price of £100,000,000.

- **KEY AVAILABILITY**
  - Trending: Stable

INVESTMENT VOLUMES Q3 VS PREVIOUS YEARS

- **EQUINOX PORTFOLIO**
  - Purchase Price: £100,000,000
  - NIY: C. 7.34%
  - CAP VAL (PSF): C. £275
  - AREA (SQ FT): 482,642
  - TENANCY DETAILS: MULTI-LET
  - WAULT (YEARS): 5.8
  - PASSING RENT (PA): £10,425,194 (£21.57)
  - PURCHASER: ARES

- **MICROSOFT CAMPUS, THAMES VALLEY PARK**
  - Purchase Price: £37,000,000
  - NIY: C. 7.0
  - CAP VAL (PSF): £1,742,400 (£32.00)
  - AREA (SQ FT): 246,138
  - TENANCY DETAILS: MICROSOFT LTD
  - WAULT (YEARS): 9.5
  - PASSING RENT (PA): £10,000,000 (£20.78)
  - PURCHASER: ARES

- **STRATA, STAINES**
  - Purchase Price: £35,000,000
  - NIY: 6.0%
  - CAP VAL (PSF): £10,425,194 (£21.57)
  - AREA (SQ FT): 128,498
  - TENANCY DETAILS: MULTI-LET
  - WAULT (YEARS): 5.0
  - PASSING RENT (PA): £10,425,194 (£21.57)
  - PURCHASER: M&G

- **BROCKTON / LANDID PORTFOLIO**
  - Purchase Price: £285,000,000
  - NIY: 5.00% - 5.50%
  - CAP VAL (PSF): £523
  - AREA (SQ FT): 545,000
  - TENANCY DETAILS: MULTI-LET
  - WAULT (YEARS): 9.0
  - PASSING RENT (PA): £10,000,000 (£18.50)
  - PURCHASER: Spelthorne Borough Council

- **EQUINOX PORTFOLIO**
  - Purchase Price: £38,000,000
  - NIY: 5.73%
  - CAP VAL (PSF): £1,975,800 (£28.63)
  - AREA (SQ FT): 238,672
  - TENANCY DETAILS: MULTI-LET
  - WAULT (YEARS): 5.8
  - PASSING RENT (PA): £10,425,194 (£21.57)
  - PURCHASER: M&G

- **STRATA, STAINES**
  - Purchase Price: £34.50
  - NIY: 6.0%
  - CAP VAL (PSF): £1,742,400 (£32.00)
  - AREA (SQ FT): 246,138
  - TENANCY DETAILS: MICROSOFT LTD
  - WAULT (YEARS): 9.5
  - PASSING RENT (PA): £10,425,194 (£21.57)
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INVESTMENT SUPPLY LEVELS

- Q4 is likely to be busy with c. £1 billion of ‘known’ stock currently under offer,
- As we have commented before, we believe that investment sentiment is lagging,
- Although there is plentiful a supply of stock, there is a notable lack of quality

The occupational markets are performing well with Thames Valley take up being of Grade A space, this suggests a willingness on the part of occupiers

Private Equity buying activity was limited except for ARES acquisition of the
succeeded in acquiring both Tor in Maidenhead for £35,000,000 and Strata in
the Microsoft HQ at Thames Valley Park for £100,000,000, EPIC’s acquisition

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term income assets but are increasingly focussing on properties ‘in borough’ or in

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• As we have commented before, we believe that investment sentiment is lagging
opportunities and therefore investors will need to be discerning in their stock
achieving the highest level for a third quarter since 2010 and with 95% of take up
• Private Equity buying activity was limited except for ARES acquisition of the
Staines for £46,500,000, EPIC’s acquisition succeeded in acquiring both Tor in Maidenhead for £35,000,000 and Strata in
• For the Institutional Funds it was a subdued quarter except for M&G who
particular for Thames Tower and The Porter Building
There were a number of institutional buyers who were disappointed to miss out, in
action volumes, led by Spelthorne Borough Council’s acquisition of Thames Tower,
• Overseas Investors represented 17% of the transaction volumes by undertaking a

**INVESTMENT MARKET SNAPSHOT**

**QUARTERLY SOUTH-EAST OFFICE**

**CBD VS OUT OF TOWN**

<table>
<thead>
<tr>
<th>CBD</th>
<th>Out of Town</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trending:</td>
<td>Trending:</td>
</tr>
<tr>
<td>Stronger</td>
<td>Stable</td>
</tr>
<tr>
<td>Trending:</td>
<td>Stable</td>
</tr>
<tr>
<td>Stronger</td>
<td>Stronger</td>
</tr>
<tr>
<td>Trending:</td>
<td>Stable</td>
</tr>
</tbody>
</table>

**OWNERSHIP DISTRIBUTIONS**

- **75% 2015**
- **22% 2016**
- **0% 2017**
- **5% 2018**

**INVESTMENT MARKET DASHBOARD**

**KEY INVESTMENT TRANSACTIONS**

- **VP**
- **Multilet**

**RENTAL MAP**

**TENANCY DETAILS**

**MULTILET**

**VM**

**INCENTIVES VOIDS**

**SALE**

**PURCHASE PRICE**

**PURCHASER**

**DATE TO MARKET**

**DATE TRANSACTED**

**CAP VAL (PSF)**

**NIY**

**WAULT (YEARS)**

**PASSING RENT (PSF)**

**VENDOR**

<table>
<thead>
<tr>
<th>Area (sq ft)</th>
<th>CAP VAL (PSF)</th>
<th>NIY</th>
<th>Wault (years)</th>
<th>Passing Rent (PSF)</th>
<th>Vendor</th>
</tr>
</thead>
<tbody>
<tr>
<td>246,138</td>
<td>£360</td>
<td>6.25%</td>
<td>3.5</td>
<td>£649,322 (£17.83)</td>
<td>Kames Capital</td>
</tr>
<tr>
<td>482,642</td>
<td>C. £275</td>
<td>6.50%</td>
<td>5.8</td>
<td>£1,742,400 (£32.00)</td>
<td>Clearbell Capital</td>
</tr>
<tr>
<td>69,000</td>
<td>£513</td>
<td>5.73%</td>
<td>9.5</td>
<td>£1,742,400 (£32.00)</td>
<td>Clearbell Capital</td>
</tr>
<tr>
<td>36,000</td>
<td>£271</td>
<td>7.00%</td>
<td>9.0</td>
<td>£1,975,800 (£28.63)</td>
<td>Mcalear &amp; Rushe</td>
</tr>
<tr>
<td>68,065</td>
<td>£514</td>
<td>5.0%</td>
<td>1.0</td>
<td>£3,871,500 (£30.13)</td>
<td>Mcalear &amp; Rushe</td>
</tr>
<tr>
<td>482,642</td>
<td>£605</td>
<td>6.0%</td>
<td>7.0</td>
<td>£10,425,194 (£21.57)</td>
<td>Clearbell Capital</td>
</tr>
<tr>
<td>69,000</td>
<td>£523</td>
<td>7.33%</td>
<td>5.0</td>
<td>£1,015,200 (£17.83)</td>
<td>Broomfield Estates</td>
</tr>
</tbody>
</table>

**KEY DEALS**

**CONTACTS**

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**edward.gamble@acrellp.com**

**james.leach@acrellp.com**

**WEB SITE**

**WWW.ACRELP.COM**

**INVESTMENT MARKET DASHBOARD**

**KEY AVAILABILITY**

- **2015**
- **2016**
- **2017**
- **2018**
- Q4 is likely to be busy with c. £1 billion of ‘known’ stock currently under offer, on the market or due to come to the market, which will swell the end of year transaction volumes. A substantial amount of this is being traded or offered up ‘off-market’ or in one-on-one situations

- Although there is plentiful a supply of stock, there is a notable lack of quality opportunities and therefore investors will need to be discerning in their stock selection

- As we have commented before, we believe that investment sentiment is lagging occupational sentiment - unusually - as typically investor sentiment is stronger. The occupational markets are performing well with Thames Valley take up achieving the highest level for a third quarter since 2010 and with 95% of take up being of Grade A space, this suggests a willingness on the part of occupiers to invest in their corporate estates even throughout the BREXIT uncertainty