

£0.5 Billion of UK Transactions During 2016

2016 Transactional Review

Acquisitions made during the year focused on assets with excellent prospects of delivering superior long term performance. This strategy is consistent with DTZ Investors' philosophy of investing in high quality mixed-used assets in vibrant locations that offer income growth potential. The Cowcross Estate in Clerkenwell demonstrates this philosophy. This freehold mixed-use scheme covers 1.6 acres next to Farringdon Station and comprises seven retail/restaurant units in addition to office and residential accommodation. The prospect of Crossrail in 2018 has transformed the Clerkenwell market, providing the vibrant working environment and infrastructure to attract and retain high quality tenants.

The acquisition of 9-11 The Quadrant, Richmond, provided DTZ Investors with exposure to an affluent, London suburb location, and an asset with strong income growth fundamentals. This freehold asset comprises retail accommodation across ground and basement floors, totalling 7,000 sq ft, with offices arranged over three upper storeys. Located in Richmond town centre, this property benefits from close proximity to Richmond's excellent transport links into Central London, providing high levels of footfall and an affluent shopper catchment.

DTZ Investors' strategy also focuses on investing into locations offering growth potential and strong fundamentals outside the London markets. A key example of this strategy was the acquisition of Moore House, 8-14 Black Lion Street in Brighton. A freehold asset comprising a mix of office and leisure accommodation totalling c.42,500 sq ft, the property is located close to Brighton's seafront and the popular 'Lanes' shopping district. The immediate area benefits from a well-established dining and leisure culture, reflected by the high demand from A3 multiple operators entering the local market. Brighton's recent emergence as a hub for TMT companies, with many SMEs and start-ups choosing to locate in the city, combined with a relatively low supply of office accommodation, provides the potential for further rental growth on the upper floors.

Despite the UK voting to leave the European Union in June, property values generally ended the year on strong footing. Overseas investors demonstrated their continued appetite for UK property, largely driven by the pound's weakness.

A number of UK institutions increased exposure to UK real estate, and Councils were also active buyers, which helped replace some of the capital lost by the retail funds in the first half of the year. Retail Funds saw the level of outflows fall over the second half of the year, with a number no actively seeking to place capital back in the market. All of this culminated in strong pricing for institutional grade investments. As a result of this, DTZ Investors strategically increased their exposure to favoured markets and investment styles by acquiring assets adjoining existing holdings. This has also unlocked further asset management potential across a number of assets.

The acquisition of 80-86 St John's Road, Clapham, provided DTZ Investors the opportunity to strategically increase its ownership in a key growth area of greater London, and to capitalise on the low retail rents along this pitch relative to competing locations. A mixed-use end of terrace building, the property comprises retail accommodation at ground and basement level, let to Maplin and Mountain Warehouse, with residential units across the upper floors.

Outside London, the acquisition of 38-46 and 28-30 King Street, Manchester, were in line with DTZ Investors' strategy to create a large holding on King Street, which is an improving retail pitch within Manchester City Centre. The two assets comprise Grade II listed period buildings offering retail and office accommodation arranged over ground, basement and three upper floors.

West Five Centre, Acton, a retail warehouse fully let to B&Q and Staples extending to 73,672 sq ft, was acquired at the end of the year. The asset adjoins an existing holding, creating a combined site of c. 16 acres that provides significant future redevelopment opportunities in this suburban London location. This acquisition demonstrates DTZ Investors' long-term approach to property investment.

Finally, 2017 marked DTZ Investors' first investment into the emerging Private Rented sector with purchase of a residential block providing 55 units in Central Birmingham. The asset was acquired with the adjoining office and leisure property for £31.6m.



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Tony Brothwell, Senior Director at DTZ Investors commented "We are delighted with the success of these transactions, enabling us to satisfy our Clients' requirements for good quality investment assets and continued fund performance. Going forward, we will continue to implement our investment strategy of sourcing assets forecast to benefit from longer term rental growth and sustained tenant demand including multi-let industrial estates, alternatives and mixed-use, city-centre investments."

The year has seen further success for the sales programme, taking advantage of current investor demand for good quality London assets, and offering the opportunity to recycle capital into new investment opportunities.

The sale of 65 Curzon Street, Mayfair is a prime example of DTZ Investors' strategy for capitalising on successful asset management in markets where there is strong appetite from investors. Currently an office building comprising 40,249 sq ft; planning permission was secured on the asset for a comprehensive redevelopment to provide up to 32

residential apartments and the creation of a ground floor retail arcade linking Stratton Street and Curzon Street. The asset was sold for £75m to an overseas buyer.

Another key example of capitalising on asset management was the sale of 117 Jermyn Street. A long leasehold interest consisting of a cinema, retail unit and three storeys of offices, this property delivered significant income growth over the period of ownership, as well as a strong capital return. The asset was sold for £67m.

DTZ Investors has successfully sought to take advantage of continued appetite from overseas investors for London property; particularly assets offering long-term income, with the sale of 124 Theobold's Road. A freehold office building, comprising 81,110 sq ft and let mainly to MediaCom until September 2022, the asset was sold in June for £65.75m.

DTZ Investors has ongoing requirements for real estate investments across a wide variety of clients, with £1bn of capital immediately available to invest.

About DTZ Investors

DTZ Investors is a full service, vertically integrated, real estate investment and asset manager. Features of our core service include investment strategy advice, deal sourcing and underwriting, financial structuring, ongoing asset management and property management, regular portfolio review to assess risk, and client reporting. DTZ Investment Management is authorised and regulated by the Financial Conduct Authority. Registered in England no. 4633215. Registered Office: 125 Old Broad Street, London EC2N 1AR.

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