

WORKING WITH OUR OCCUPIERS

TOTAL OCCUPANCY 2012

91%

TOTAL OCCUPANCY 2018

96%

The key to our success in improving occupancy has been our ability to attract new occupiers while working with and retaining existing ones through our occupier focused approach. This personal hands-on approach and attention to detail is vital as we manage our assets and improve their attractiveness to occupiers. We believe this will improve occupier retention and mitigate risk to our income profile.

GREATER LONDON MULTI-LET INDUSTRIAL ESTATE

LONDON E16

Datapoint comprises seven modern warehouse units totalling 54,900 sq ft, located approximately six miles east of central London, within easy reach of the A11, A12 and A13 arterial routes.

NUMBER OF OCCUPIERS

7



INCREASE IN ERV

16%

SIZE

54,900 square feet

INCREASE IN VALUE

26%



We engaged with an occupier who wanted to leave and was willing to pay the equivalent of their full liability under the lease to surrender. The unit was marketed in its existing condition without any works being undertaken.

The unit was let within four months of completion of the surrender on a ten year lease at a rent of £0.20 million per annum, 16% ahead of the March 2017 ERV and 55% ahead of the previous passing rent.

In another transaction, we removed a December 2019 break option in return for a one month rent free period, securing the occupier for a further five years at a passing rent of £0.27 million per annum which is subject to review in 2019.

The property is fully let and the ERV is 16% higher than at 31 March 2017, with the valuation having increased by 26% over the same period.





COLCHESTER

Colchester Business Park is an established business park constructed in the early 1990s. It comprises 150,700 sq ft of office accommodation just to the south of the A12.



NUMBER OF OCCUPIERS

21



SIZE

150,700 square feet

INCREASE IN ERV

19%

INCREASE IN VALUE

25%

We engaged our largest occupier, Essex County Council, in advance of their September 2018 lease expiry, to establish terms for a renewal of their lease. Following negotiations, we completed an early renewal securing a further ten years, subject to break, at an annual rent of £0.53 million, 34% ahead of ERV and 26% ahead of the previous passing rent.

During the year we completed four further transactions at a total annual rent of £0.1 million, 8% ahead of ERV and 19% ahead of the previous passing rent.

The property is currently 98% let with the ERV 19% higher than at 31 March 2017, and the valuation having increased by 25% over the same period.



INVESTING IN OUR PROPERTIES

CAPITAL INVESTMENT 2012	CAPITAL INVESTMENT 2018
£7m	£28m

We invest back into our properties, ensuring they remain modern and provide space businesses want to occupy. This will enable us to grow income, improve occupier retention, mitigate void periods and enhance value. Our strategy reflects value creation over the short, medium and long-term.

GLOUCESTER

Gloucester Retail Park comprises five units of a combined 113,900 sq ft. The property is located on the established retailing area of Eastern Avenue, approximately two miles from the city centre.



SIZE
 ↑
113,900
 square
 feet
 ↓

NUMBER OF OCCUPIERS
5

INCREASE IN RENT ROLL
15%

INCREASE IN VALUE
10%

During the year, we completed the development of a new drive-through unit which was pre-let to Starbucks on a ten year lease. The addition of an established national operator to the park has increased footfall and completed our plans at the time of purchase to modernise the property and to improve the aesthetics and end user experience.

At the same time, we resurfaced the car park and improved the visibility of the retail park with the installation of new occupier signage.

The property is now fully let and we have increased the valuation by 10% over the year.

WOKINGHAM

The Business Centre on Molly Millar's Lane comprises of twelve multi-let warehouse units totalling 100,800 sq ft. The property is located within easy reach of the M3 and M4 motorways in an area with limited supply and good demographics.



NUMBER OF OCCUPIERS

12



SIZE

100,800 square feet

INCREASE IN VALUE

15%

BEFORE



AFTER



We have repositioned this estate, enhancing the external appearance to give it a more contemporary feel.

Our primary objective was to compete with newer units elsewhere, increase income and add value by attracting new occupiers to the estate. The comprehensive external refurbishment enabled us to let the final vacant unit at a rent 62% ahead of the previous passing rent.

The property is fully let and the estimated rental value (ERV) is 7% higher than at 31 March 2017 with the valuation having increased by 15% over the same period.

INCREASE IN ERV

7%

REPOSITIONING THE PORTFOLIO

PROPERTY ASSETS 2012	PROPERTY ASSETS 2018
£414m	£684m

We repositioned and enhanced the portfolio through strategic acquisitions and disposals improving the income and risk profile. We sold three non-core and non-income producing assets and acquired a multi-let regional office building.

BRISTOL
 Tower Wharf is a 70,800 sq ft Grade A office building with a BREEAM “Excellent” rating located in central Bristol within easy reach of both Temple Meads station and the main shopping district.



SOUTH WEST OFFICE ACQUISITION

PURCHASE PRICE
£23.2m

INCREASE IN OCCUPANCY
28%

INCREASE IN VALUE
15%

Having identified the continuing strength of Bristol’s occupational market, a lack of available Grade A office space and a constrained development pipeline, we acquired the property off market in August 2017 for £23.2 million.

On purchase the property was let to four occupiers at an average passing rent of only £19.65 per sq ft. There was a further 25,400 sq ft of vacant space, providing the opportunity to add value through letting and thereby establishing higher rents within the building.

As anticipated, we quickly completed new leases for a combined 19,100 sq ft, with the fourth floor let to Integreon, a business support company, and the fifth floor let to the advertising agency, McCann.

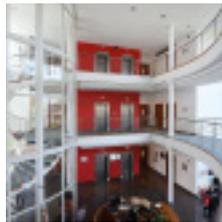
The lettings were for a combined annual rent of £0.54 million, equivalent to £28.50 per sq ft, 4% ahead of the ERV on purchase. Only one small suite now remains available.

As at March 2018 the property has seen a 15% uplift in valuation since acquisition.



BRACKNELL

L'Avenir was a 41,300 sq ft office building located to the south of Bracknell town centre with 184 car parking spaces on a site of 1.87 acres.



SOUTH EAST OFFICE DISPOSAL

SIZE

41,300 square feet

SALE PRICE

£8.1m

PREMIUM TO VALUATION

48%



In contrast to Bristol, the office market in Bracknell remains difficult, with limited occupier demand coupled with an over supply of available and competing space. It was considered that this would be further exacerbated going forward by changes in planning legislation relating to permitted development, bringing an end to the conversion of offices to residential in many parts of the town.

As the property was providing a high level of income from a strong covenant, we waited until lease expiry before selling the property to a residential developer, maximising proceeds and mitigating future capital expenditure.

We disposed of this property in July 2017 for £8.05 million reflecting a 48% premium to the March 2017 valuation.