



# 70 YORK STREET GLASGOW

A Prime City Centre Office Investment  
Opportunity with Immediate Asset  
Management Initiatives

Predominantly Let to  
The Scottish Ministers

# INVESTMENT SUMMARY

Offers in excess of £14,250,000 (Fourteen Million, Two Hundred and Fifty Thousand Pounds Sterling), exclusive of VAT are invited. This reflects a net initial yield of 5.59% (based on the contracted rent), assuming purchaser's standard acquisition costs of 6.23% and a low capital rate of £194 per sq ft.

- A rare opportunity to acquire a core office building occupying a prime position within Atlantic Quay, in the heart of Glasgow's International Financial Services District
- 4 Atlantic Quay comprises a modern, refurbished office building extending to 73,323 sq ft with 33 car parking spaces (1:2,222 sq ft)
- 4 Atlantic Quay is currently 64% occupied and is let to the exceptionally strong covenants of The Scottish Ministers (occupancy - 46%) and BDO Stoy Hayward (occupancy - 18%), with a WAULT of 6.69 years
- Current passing rent of £846,730 per annum, reflecting a low average office rent of £17.78 per sq ft (excluding car parking)
- Irrecoverable costs in relation to the vacant space equate to £356,764 per annum gross. Assuming this full deduction provides a net operating income of £489,966 per annum.
- Clear asset management initiative to let up the remaining space
- Ideally situated for Glasgow's transport links, being only a few minutes' walk away from Glasgow Central Railway Station and Glasgow Queen Street Station
- Atlantic Quay is going through a transformation, with numerous significant developments having been announced recently or already on site. It is quickly becoming the "go-to" location for Government occupiers in Glasgow with the GPU, Scottish Courts and other Government Departments committing to c. 400,000 sq ft in the past 6 months
- The property is held on a Heritable title (the Scottish equivalent of English Freehold)



# SUPERB LOCATION

Glasgow is the largest city in Scotland and the third largest in the UK. The city is known for its cultural, shopping and academic prowess and is fast becoming one of Europe's most vibrant cities.

Glasgow is known for its retailing and is the top shopping location in Scotland and second only to London in the UK, with over half a million square metres of retail space and a shopping population of circa 2 million. The colloquially named 'Style Mile' is focused around Buchanan St, Argyle St and Sauchiehall Street and the Merchant City is a fashion hub, while the West End has a boutique offer.

Glasgow is one of Europe's most dynamic cities with over £4.85bn of comparison goods spend available in the catchment area and is featured in the top 20 super league of major European shopping destinations by commercial expenditure. Furthermore, there are c. 2.3 million tourists drawn to Glasgow every year, which increases footfall and spending.

Glasgow has an excellent reputation for education, with 5 universities and 3 super colleges. The University of Glasgow is the fourth oldest university in the English speaking world and Glasgow Caledonian University is number 2 in the UK for student satisfaction. The city has a graduate level workforce above almost all major UK cities, with 46.3% of the workforce educated



to degree level. Glasgow maintains a robust skills pipeline and a talented, multilingual workforce with over 130,000 students from 135 different countries.

Finally, Glasgow's conference facilities are best in class. It is home to the Scottish Event Campus (SEC) which is the UK's largest integrated conference and convention centre. The SEC has generated in excess of £1 billion through business tourism. In addition, the Scottish Hydro Arena was completed in 2013 and hosts around 140 events every year and is currently in the top three worldwide arena venues based on annual ticket sales.



# THRIVING ECONOMY

Glasgow is the economic powerhouse of Scotland and generates £19.3 billion GVA per annum – the largest of any Scottish city and representing 16% of Scotland’s output. It is the fastest growing major city economy in the UK with growth significantly outperforming all other core cities in recent years. The City’s GVA per capita is £32,308 per person compared to the UK average of £25,351. The most recent global financial services index (March 2017) confirmed this by putting Glasgow in the top 20 European financial centres (ranked 16th) above other major cities such as Brussels, Madrid and Edinburgh.

Glasgow has recently benefited from significant investment into initiatives such as the International Financial Services District (IFSD) and the Technology Innovation Centre. This has further strengthened Glasgow’s service sector, which is a major part of Glasgow’s economy. The IFSD has become one of the largest financial districts in the UK and has been successful in attracting an impressive line-up of occupiers such as **AXA, JP Morgan, NFU Mutual, Barclays Wealth, RBS, Lloyds Banking Group, Tesco Personal Finance and Morgan Stanley.**



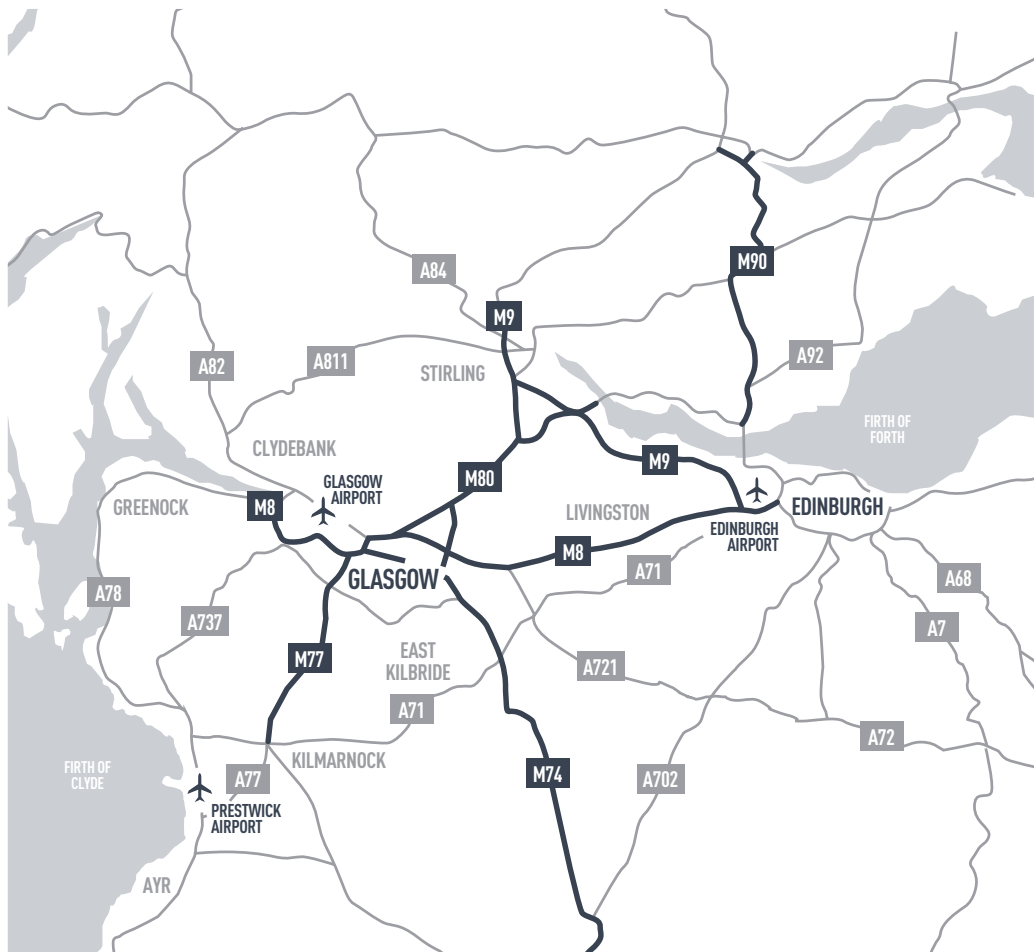
## CITY DEAL

The Glasgow and Clyde Valley City Deal is an agreement between the UK Government, Scottish Government and the 8 local authorities across Glasgow and Clyde Valley to invest in the area in order to stimulate economic growth. The scheme will involve £1.13 billion being invested in infrastructure across the area, supporting growth in the life sciences sector, setting up programmes to help the unemployed and helping small to medium size enterprises grow and develop.

# UNRIVALLED CONNECTIONS

## Road

Four main motorways give Glasgow high speed road access to cities throughout the UK. The M8 motorway provides direct access into the city via six junctions located on the periphery of the CBD and lies at the heart of Scotland's integrated motorway network, connecting directly to Edinburgh. It links with the M74 and the M73 motorways at Junction 4, offering access to Carlisle and Northern England. It also provides access to Stirling and Northern Scotland through its connection to the M80 / A80 at Junction 13.



## Rail

Glasgow benefits from having two main railway stations; Glasgow Central Station and Glasgow Queen Street. In addition to providing local services throughout Central Scotland, these stations provide regular intercity transport to all major cities throughout the UK. Glasgow Central Station operates regular services to most major cities in England, whilst Glasgow Queen Street Station provides services to major Scottish cities such as Edinburgh, Aberdeen, Dundee and Inverness. Glasgow is also served by a subway and a local rail system which links the city centre to the outlying suburban areas, making it very accessible for commuters.



## Air

Glasgow benefits from having three international airports within 45 minutes of the city centre (Glasgow International, Prestwick and Edinburgh) linking Glasgow to all major UK, European and International destinations. Glasgow International, only 15 minutes' drive from the city centre, offers regular domestic, European, Far East and Trans-Atlantic flights. Glasgow is the eighth busiest airport in the UK, with over 7.4 million passengers and 104,000 aircraft movements recorded each year.



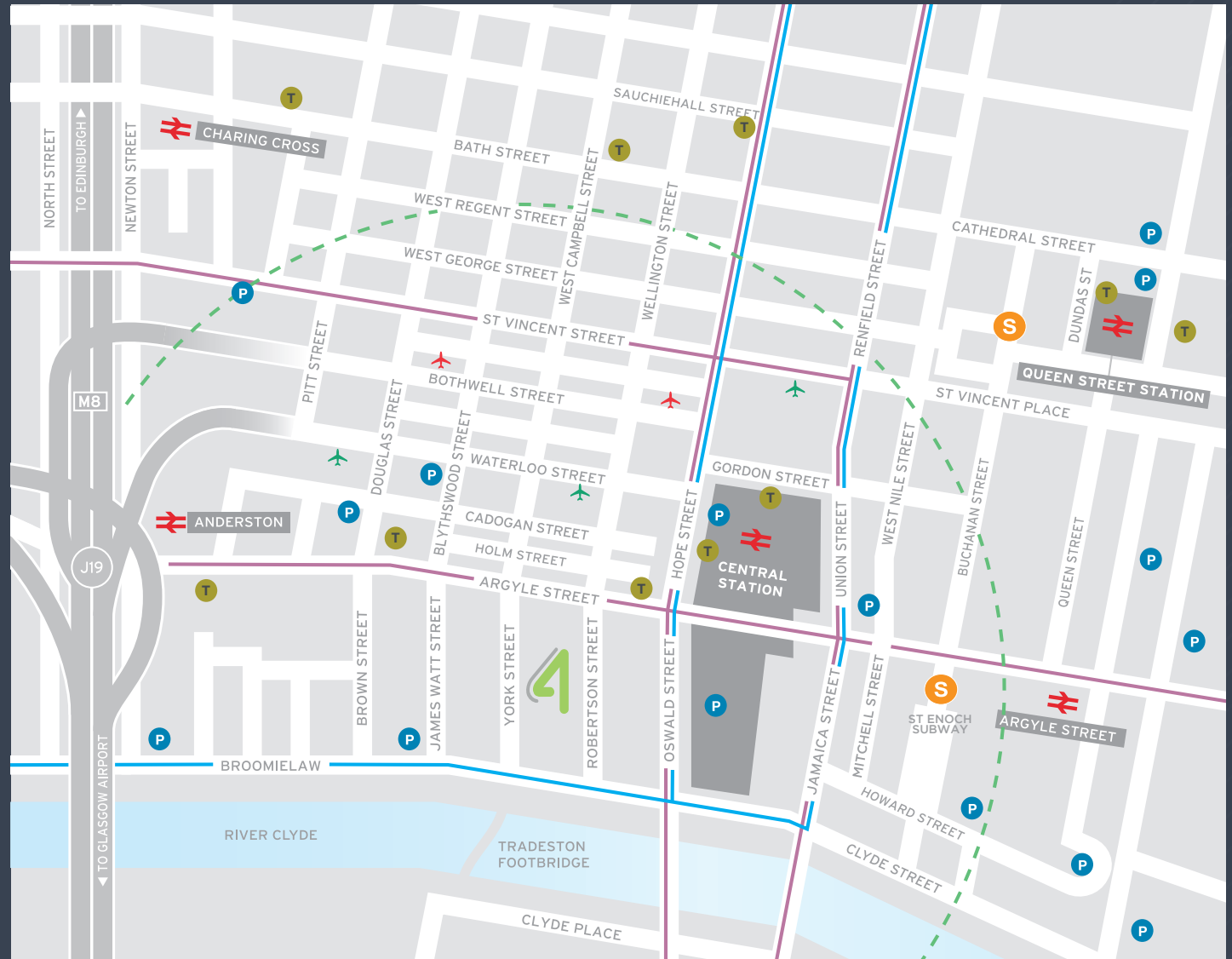
# WELL PLACED FOR BUSINESS

4 Atlantic Quay is situated at 70 York Street, in the heart of the highly successful Atlantic Quay development which is located in the International Financial Services District (IFSD).

The building is ideally placed for access to public transport, with both Glasgow Central and Glasgow Queen Street Stations being only a few minutes' walk away. It also benefits from an extensive range of bus services which run along nearby Argyle Street. Furthermore, St Enoch subway station is situated within a 5 minute walk of the property providing routes to the north, south and west of the city.

The first phase of the new 'Fastlink' has now been delivered and provides a regional Bus Rapid Transit (BRT) system linking major transport hubs, events, venues, local attractions and the new South Glasgow Hospital. The route runs along the Clyde Front via the IFSD. For further information visit:

[www.spt.co.uk/corporate/about/projects/fastlink](http://www.spt.co.uk/corporate/about/projects/fastlink)



TAXI RANKS **T** CAR PARKS **P** 6 MINUTE WALK **- - -** FAST LINK BUS ROUTES **- - -** MAJOR BUS ROUTES **—** AIRPORT BUS PICK UP **—** AIRPORT BUS DROP OFF **—**

# INTERNATIONAL FINANCIAL SERVICES DISTRICT (IFSD)

The International Financial Services District (IFSD) is a project driven by a partnership between both the private and public sectors. To date, over £1 billion of investment has been secured – 90% of which is private sector funding. The IFSD has created the ideal environment for both local and overseas firms in the finance and service sectors to position themselves within and it is designed to allow fast track occupancy for their operations.



The IFSD was initially launched in 2001 and extended to approximately 1km<sup>2</sup> between St Vincent Street and the River Clyde. Following its successful growth over the past 15 years, the district has expanded to cover a wider area of Glasgow City Centre. Over 3 million sq ft of high quality Grade A office accommodation has been developed in the IFSD since 2001.

Companies such as Esure and Morgan Stanley have moved into the district and existing employers such as Barclays and BNP Paribas have expanded their operations substantially. This has led to positive job creation with over 15,500 new jobs within the district.

BT, an early partner in the IFSD development has invested £50m in the broadband infrastructure which helps

the city deliver best in class leading standards for securing of service, value for money, future proofing and fast reliable connectivity. In addition, a further £50m has been invested in the public realm, creating a high quality business environment.





# NEARBY OCCUPIERS

- 1. MacRoberts, ATOS
- 2. Scottish Qualifications Authority
- 3. Lloyds Banking Group
- 4. Clydeport
- 5. Secretary of State, MacTaggart & Mickel
- 6. Scottish Courts & Tribunals Service
- 7. BT
- 8. GPU Development Site
- 9. Scottish Government
- 10. Atkins, ACE Insurance UK
- 11. Ministry of Defence
- 12. SAS, Teleperformance, AXA
- 13. Scottish Ministers
- 14. Morgan Stanley
- 15. AON, Morgan Stanley
- 16. Barclays, Burness Paull, BNP Paribas
- 17. BNP Paribas, HSBC, Shell
- 18. Jacobs
- 19. Student Loans
- 20. Esure
- 21. JP Morgan
- 22. Lloyds Banking Group
- 23. Weir Group, CMS Cameron McKenna, Arup, Global Radio, FDM Group

# HOTELS

- A. Radisson Blu
- B. Yotel Hotel Development
- C. Motel One
- D. Jury's Inn
- E. Hallmark
- F. Marriot Hotel
- G. Hilton
- H. Ibis Styles
- I. Blythswood Hotel & Spa
- J. Indigo
- K. Grand Central
- L. Premier Inn



# ATLANTIC QUAY RENAISSANCE

## 1. Buchanan Wharf Development

The site immediately to the south of the river controlled by Drum Property Group has planning consent for a substantial mixed use regeneration scheme that will include residential, hotel, office and retail / leisure space. The final scheme could extend to 1 million sq ft.

Barclays has acquired the sites earmarked for the 470,000 sq ft office development and they also have an option to extend their campus by an additional 210,000 sq ft, in a second phase of development at the site.

Together with Drum, they will develop a new office hub here for the bank's technology, functions and operations teams. This will create 2,500 jobs, doubling its current Scottish workforce and Barclays current operations in Scotland are expected to begin transferring to the new campus from 2021. Buchanan Wharf is regarded as a benchmark development in Scotland, and will deliver a new and distinctive quarter for the city.

## 2. Broomielaw Waterfront Development

Planning permission exists for 4 leisure/restaurant pods to be erected fronting the River Clyde. With all the activity in the area at present this will further enhance the appeal of this site to investors/developers.

## 3. Atlantic Quay 3

Following a comprehensive refurbishment by Moorfield, this 80,000 sq ft building was single let to The Scottish Courts & Tribunal Services on a 25 year lease. The building has recently been sold to Legal & General reportedly for £50.1 million and a Net Initial Yield of 3.6%.

## 4. Atlantic Quay 1

Following a comprehensive refurbishment by Moorfield, this 122,000 sq ft building was predominantly re-let to the Secretary of State on a 15 year lease. The building is currently under offer to an overseas investor.

## 5. York Street – BAM Properties and Taylor Clark

Following a search of the Glasgow Office Market the Glasgow element of the Government Property Unit (GPU) has selected this site for the first phase of what could be a 600,000 sq ft requirement. The York Street site is expected to accommodate approximately 200,000 sq ft.

## 6. Argyle Street Development Site

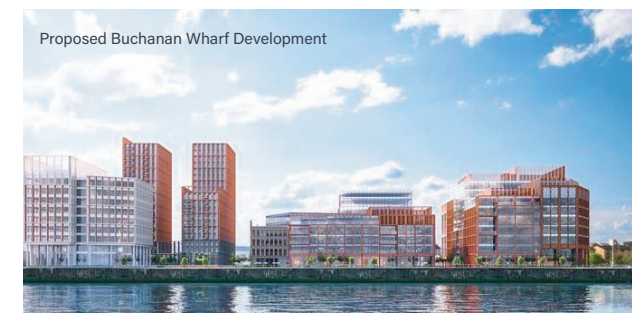
Vanguard Real Estate have recently acquired this prominent 0.8 acre site and have already drawn up plans for a 280,000 sq ft office scheme to be built on site.

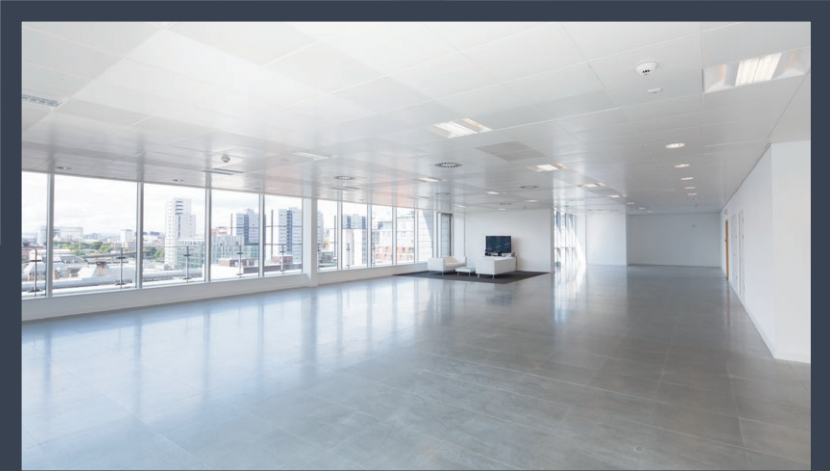
## 7. Westergate Chambers – Argyle Street

This office building constructed in the 1980's is being converted into a YOTEL, with 256 rooms.

## 8. Motel One – Argyle Street

Motel One have recently opened Glasgow's largest hotel at 374 rooms in a prime location adjacent to Glasgow Central Railway Station.





# 4 ATLANTIC QUAY 70 YORK STREET

The property comprises a modern open plan office building extending to 6,811.94 sq m (73,323 sq ft) and arranged over basement, ground and eight upper floors. There is access to a loading bay and secure car parking at basement level. The property was constructed in 2007 with an angular, geometric and grid-like zinc clad/glass exterior. Individual floor plates range from c.6,400 to 8,600 sq ft.



## SPECIFICATION AND KEY FEATURES

- Open plan office accommodation
- Full height glazing throughout
- Double height reception area
- Metal tiled suspended ceilings with inset lighting
- 2.70m floor to ceiling height
- Raised access flooring with 100m floor void
- 3 x 10 person passenger lifts providing access to all floors
- 4 pipe fan coil air conditioning
- 2 x 8 person goods lift/fire lifts
- Male/female and accessible toilets on every floor
- Shower room facility at basement level
- Storage for 10 cycles and a further 10 cycles racks to be added
- Secure basement car parking for 33 cars + designated loading bay
- Dedicated building generator
- EPC rating of C+

# ACCOMMODATION & TENANCY INFORMATION

The building has been measured in accordance with the RICS Code of Measuring Practice (6th edition) and is let as follows:

## Irrecoverable Costs

- Assuming full vacant rates are payable, irrecoverable costs in relation to the vacant space equate to £356,764 per annum gross. Assuming this full deduction provides a net operating income of £489,966 per annum.

## Comments

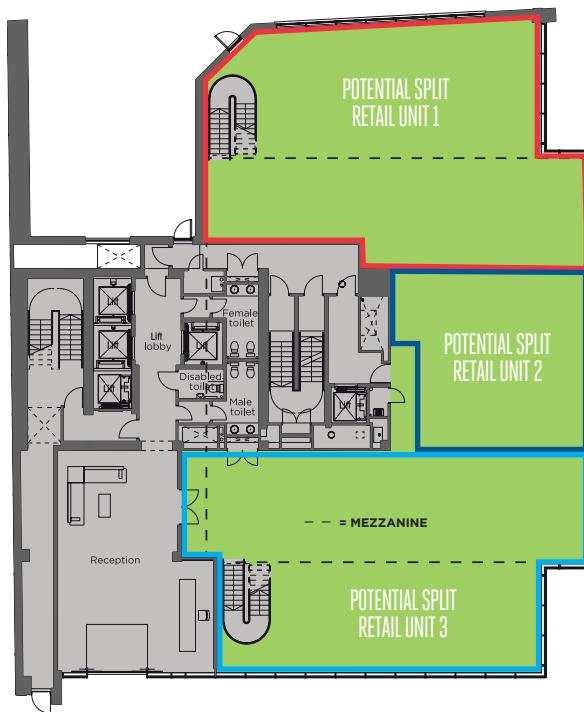
- The Scottish Minsters have a two year Option Agreement over the remaining vacant floors in the building and the BDO space if that becomes available. Further details are available in the Data Room.
- The Weighted Average Unexpired Lease Term (WAULT) is 5.28 years to the earliest lease breaks and 6.69 years until lease expiries.
- Various Scottish government departments will occupy the 1st to 4th floor space.

| Floor              | Tenant                 | Size (Sq M)     | Area (Sq Ft)  | Car Spaces | Lease Start | Lease Expiry | Break Option | Next Review | Rent Per Annum     | Office Rent Per Sq Ft (exc cars) | Comments  |
|--------------------|------------------------|-----------------|---------------|------------|-------------|--------------|--------------|-------------|--------------------|----------------------------------|---|
| 8th                | Vacant                 | 597.00          | 6,426         | -          | -           | -            | -            | -           | -                  | -                                |   |
| 7th                | Vacant                 | 688.78          | 7,414         | -          | -           | -            | -            | -           | -                  | -                                |   |
| 6th                | BDO LLP                | 799.80          | 8,609         | 4          | 15/08/07    | 14/08/22     | -            |             | £169,266.50        | £18.50                           |   |
| 5th (Part)         | BDO LLP                | 388.80          | 4,185         | 2          | 15/08/07    | 14/08/22     | -            |             | £82,422.50         | £18.50                           |   |
| 5th (Part)         | Vacant                 | 401.34          | 4,320         | -          | -           | -            | -            | -           | -                  | -                                |   |
| 4th                | The Scottish Ministers | 788.56          | 8,488         | -          | 02/08/18    | 14/07/26     | 14/07/24     | 02/08/23    | £591,692.50        | £17.50                           | Rent commences on 02/05/2020. Break penalty of 6 months rent free. SC cap at £7.00 psf which is RPI linked. Cap excludes estates charge and utility costs. 4 separate leases. |
| 3rd                |                        | 784.47          | 8,444         |            |             |              |              |             |                    |                                  |   |
| 2nd                |                        | 784.01          | 8,439         |            |             |              |              |             |                    |                                  |   |
| 1st                |                        | 784.10          | 8,440         |            |             |              |              |             |                    |                                  |   |
| Ground & Mezzanine | Vacant                 | 795.06          | 8,558         | -          | -           | -            | -            | -           | -                  | -                                |   |
| Basement Generator | BDO LLP                | -               | -             | -          | 15/08/18    | -            | -            | -           | £3,349             | -                                | Annual licence agreement for a basement generator. Rent reviewed annually to RPI.   |
| <b>Total</b>       |                        | <b>6,811.94</b> | <b>73,323</b> | <b>25</b>  |             |              |              |             | <b>£846,730.72</b> |                                  |   |

# FLOOR PLANS & PLANNING

On 22nd August 2014, our client's planning application (reference number 14/01042/DC) to convert the ground floor office space from Use Class 4 (Business) to Class 3 (Food and Drink) at ground floor and mezzanine only, including the subdivision of the office floorspace to form three Class 3 units, external alterations (including flue), use of public realm as external seating area associated with adjacent Class 3 premises and remodelling of public realm to accommodate external seating area, was approved. A copy of the application, associated plans and decision notice is available on Glasgow city council's planning website. The ground floor also previously had consent for planning Class 1, Class 2 and Class 10 uses.

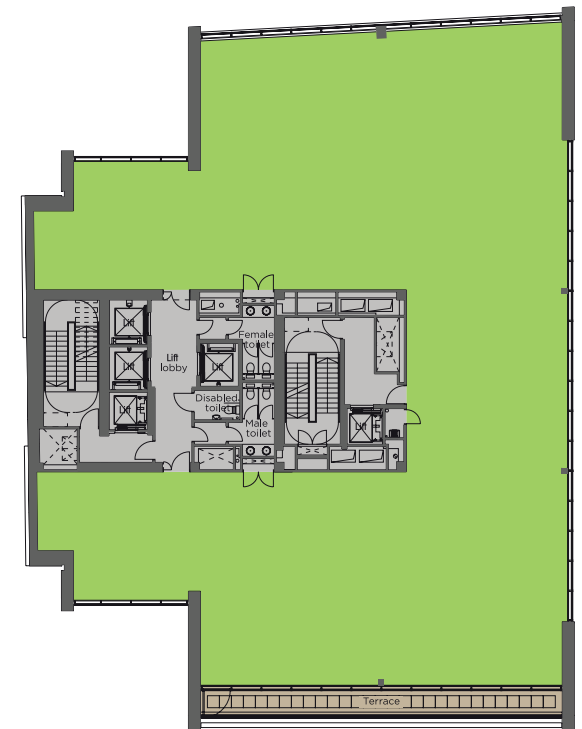
## GROUND FLOOR & MEZZANINE



## TYPICAL FIRST FLOOR TO SEVENTH FLOOR PLAN



## EIGHTH FLOOR PLAN



# TITLE PLANS

The property is held on a single title as shown on the title plan opposite. Access to the basement car parking for the building is taken from Robertson Street.

We estimate the site area of 4 Atlantic Quay to be 0.248 acres (0.11 hectares). A detailed Title Plan is available within the Data Room. A wider estate Service Charge equating to £0.43 per sq ft is applied for the whole Atlantic Quay development which is currently administered by the owner of AQ1.



## KEY:

- 1 Atlantic Quay 1
- 2 Atlantic Quay 2
- 3 Atlantic Quay 3
- 4 Atlantic Quay 4
- 5 Atlantic Quay 5 (Capella)
- 6 Atlantic Quay 6
- Site Boundary

# TENURE

The property is held on a Heritable title (the Scottish equivalent of English Freehold).

# TENANT COVENANTS

The Scottish Ministers - The devolved government for Scotland is responsible for most of the issues of day to day concern to the people of Scotland, including health, education, justice, rural affairs and transport. Departments in occupation at 4 Atlantic Quay include xxxx, xxx and xxx.

BDO LLP - provides tax, audit and assurance, advisory and business outsourcing services to companies across all sectors of the economy. In the UK they operate from 18 offices and employ 3,500 people. BDO LLP is a key member of the BDO global network of public accounting, tax and advisory firms. The firms have representation in 162 territories, with 74,000 people working out of 1,500 offices.

They are rated by Experian as "Very Low Risk" and their accounts are summarised as follows:

| BDO LLP<br>(CO. NO.<br>OC305127) | PERIOD<br>ENDED<br>30 JUN 2017<br>£ '000 | PERIOD<br>ENDED<br>30 JUN 2016<br>£ '000 | PERIOD<br>ENDED<br>30 JUN 2015<br>£ '000 |
|----------------------------------|--|--|--|
| Sales Turnover                   | -  | £390,100                                 | £390,700                                 |
| Profit/(Loss) Before Taxes       | £91,400                                  | £81,900                                  | £66,800                                  |
| Tangible Net Worth               | £104,900                                 | £78,500                                  | £83,500                                  |



# GLASGOW OFFICE MARKET COMMENTARY - OCCUPATIONAL

- Glasgow is the third largest UK regional office market and Scotland's largest, with total floor space of 24.34 million sq ft and 13.84 million sq ft in the city centre. However, office supply within the City Centre is becoming more restricted, with a lack of major development activity, which is expected to continue. In particular, Grade A supply is decreasing dramatically, currently standing at 0.30% (41,803 sq ft). This figure will come under even more pressure as there will be no new build offices brought to the market until at least 2020.
- Two large pre-lets led to a new record level of take-up for the Glasgow office market in 2018. Over the first six months of the year take-up totalled 593,901 sq ft, 11% higher than the annual average for the past ten years. The first major deal was the pre-let of 1 Atlantic Square (187,205 sq ft) by the Government Property Unit. This was followed, a few months later, by Clydesdale Bank pre-letting 110,955 sq ft at 177 Bothwell Street.
- Serviced office operators were a prominent feature in H1 with Omega, taking 21,864 sq ft at 9 George Square, and Regus signing two separate deals at 1 West Regent Street and 100 West George Street. There has been a notable increase in requirements for office space in the city centre. The public sector continues to look for space in the Glasgow, as are a number of professional services firms.
- Supply levels increased slightly during the first half, with a total of 1.33 million sq ft available at the end of June. Supply is increasingly becoming focused on secondhand space, with less than 10% classified as new or early marketed.
- The lack of Grade A space in Glasgow has sparked some fresh development activity. FORE Partnership and Greenoak Real Estate have commenced demolition work of Richmond Exchange and Epic House, at the corner of West Campbell Street and Cadogan Street. Once the site is clear it is expected that construction of Cadworks (94,000 sq ft) will begin immediately on a speculative basis, with completion due in Q3 2020. Signal Capital are also expected to refurbish Cerium, 55 Douglas Street, following the expiry of Morgan Stanley's lease. Also planned for this autumn is the refurbishment of 50 Bothwell Street by FORE Partnership and Kier Property.
- The lack of Grade A space has also led to an increase in prime rents. The Clydesdale Bank pre-let is rumoured to have set a new headline rent over £32.50 per sq ft, up from £29.50 per sq ft at the end of 2017.



# MARKET SNAPSHOT

## TYPICAL HEADLINE RENTS

| Building Type                       | Rent                |
|-------------------------------------|---------------------|
| Prime CBD (new build)               | £32.50 per sq ft    |
| Prime Grade A Rent (existing stock) | £29.50 psf          |
| Prime CBD refurbished               | £28.00 - £29.00 psf |

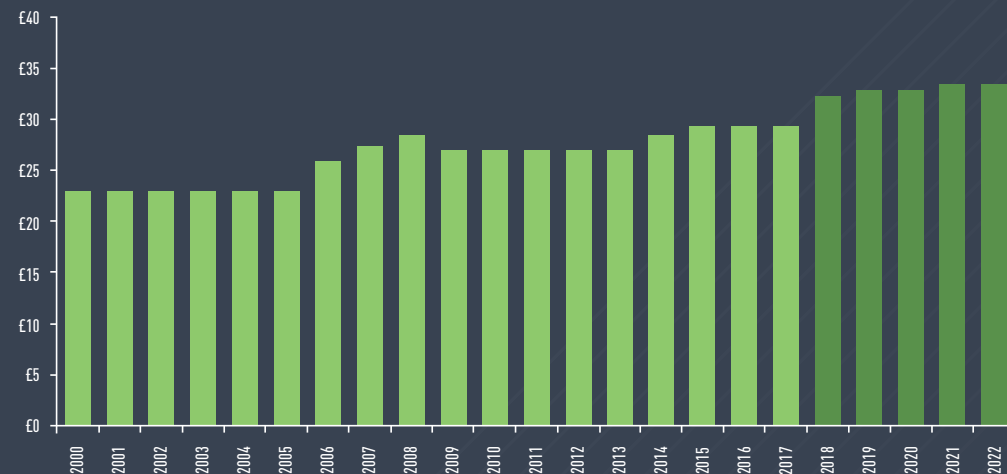
## TYPICAL INCENTIVES

| Term Certain | Grade A New Build | Grade A Refurbished |
|--------------|-------------------|---------------------|
| 5 years      | 9 months          | 12 months           |
| 10 years     | 15 - 18 months    | 20 - 24 months      |

## TOTAL SUPPLY

|         |                    |
|---------|--------------------|
| Grade A | 61,026 sq ft       |
|         | 0.30% vacancy      |
| Grade B | 1.27 million sq ft |
|         | 7.94% vacancy      |

## GLASGOW PRIME OFFICE RENTS



## 2017-2018 KEY LEASING TRANSACTIONS

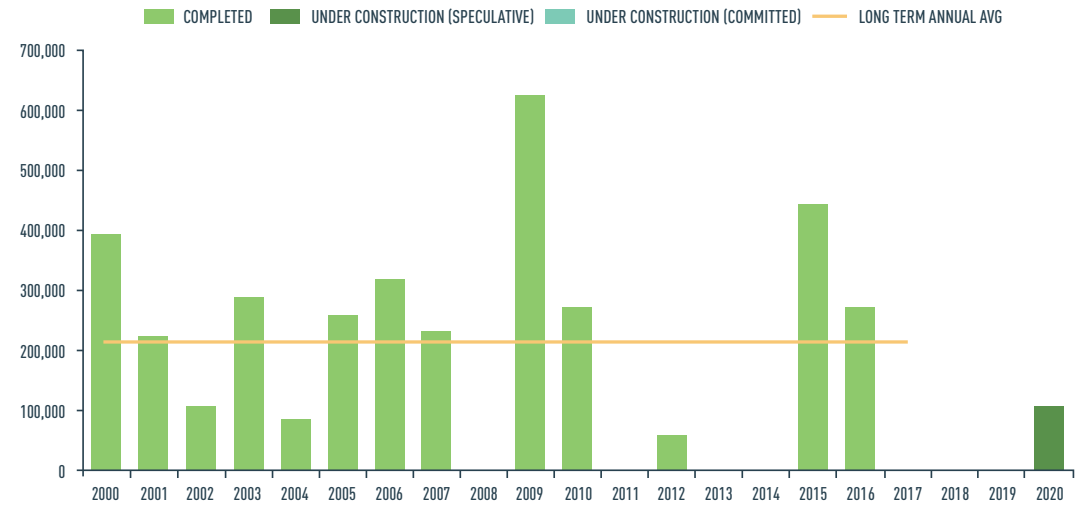
| Property                                   | Date    | Tenant                      | Size (Sq Ft) | Rent (PSF) |
|--|---------|-----------------------------|--------------|------------|
| Capella, 60 York Street (4th-5th Floors)   | Q2 2018 | Arrow Global Ltd            | 21,824       | £28.50     |
| 177 Bothwell Street                        | Q2 2018 | Clydesdale Bank             | 110,955      | £32.50     |
| 1 West Regent Street                       | Q2 2018 | Regus                       | 32,000       | £28.50     |
| Building 1, Atlantic Square                | Q1 2018 | GPU                         | 187,205      | £24.50     |
| 9 George Square (1st - 3rd Floors)         | Q1 2018 | Orega                       | 21,864       | £24.00     |
| 310 St Vincent Street (5th Floor)          | Q1 2018 | COWI                        | 6,990        | £26.00     |
| 1 Atlantic Quay (Ground, 3rd - 5th Floors) | Q4 2017 | DWP                         | 84,542       | £23.00     |
| 3 Atlantic Quay                            | Q4 2017 | Scottish Courts & Tribunals | 80,498       | £23.00     |
| 141 Bothwell Street (3rd Floor)            | Q4 2017 | JP Morgan                   | 20,483       | £29.00     |
| St Vincent Plaza (7th Floor)               | Q4 2017 | Zurich                      | 17,222       | £26.00     |



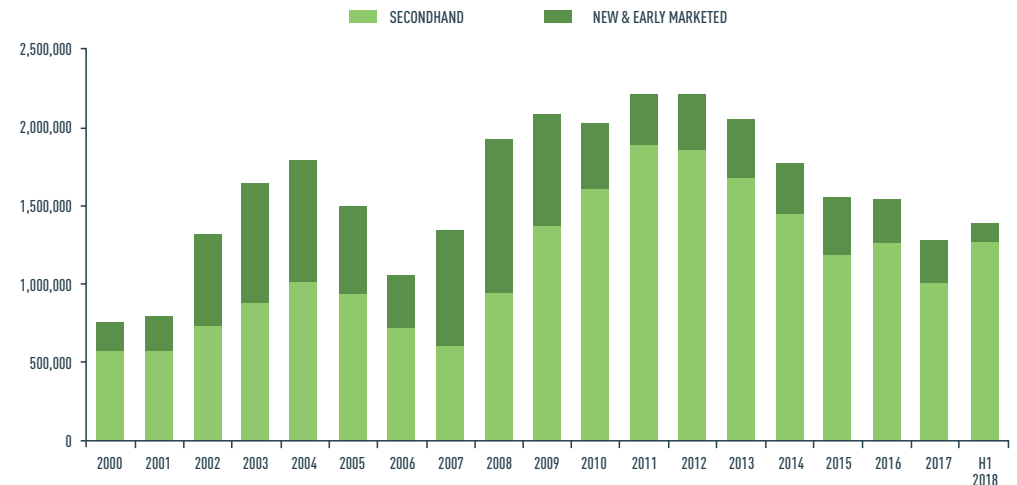
# LIVE OCCUPATIONAL REQUIREMENTS

| COMPANY                                       | SIZE (SQ FT)      | TIMING    |
|---|-------------------|-----------|
| WE WORK                                       | 40,000            | TBC       |
| RESDIARY C/O CARGILL                          | 8,000 - 10,000    | TBC       |
| UTILITYWISE C/O SDI                           | 20,000            | TBC       |
| H P LTD C/O JLL                               | 9,000 - 11,000    | TBC       |
| KPMG C/O KNIGHT FRANK                         | 15,000 - 30,000   | Q3 2018   |
| HMRC C/O JLL                                  | 60,000            | Q3 2018   |
| CIGNA C/O C&W                                 | 30,000 - 60,000   | Q4 2018   |
| MACMILLAN CHARITY C/O REAL ESTATE CONSULTANCY | 16,000 - 17,000   | Q4 2018   |
| ABELLIO                                       | 15,000 - 18,000   | Q4 2018   |
| SCOTTISH MINISTERS C/O JLL                    | 55,000 - 85,000   | Q4 2018   |
| MORTON FRASER C/O JLL                         | 10,000            | Q1 2019   |
| AON C/O CBRE                                  | 10,000 - 15,000   | Q1 2019   |
| C/O CBRE                                      | 24,000 - 28,000   | Q1 2019   |
| GAMMA TELECOM                                 | 15,000 - 20,000   | Q2 2019   |
| ATKINS C/O LSH                                | 30,000            | Q2 2019   |
| HILTON C/O JLL                                | 35,000 - 40,000   | Q1 2019   |
| VIRGIN MEDIA C/O CBRE                         | 25,000 - 30,000   | Q4 2019   |
| GPU (PHASE 2)                                 | 250,000 - 350,000 | 2021/2022 |
| JPMC  | UP TO 200,000     | 2022      |

## GLASGOW OFFICE DEVELOPMENT PIPELINE 2000 - 2020



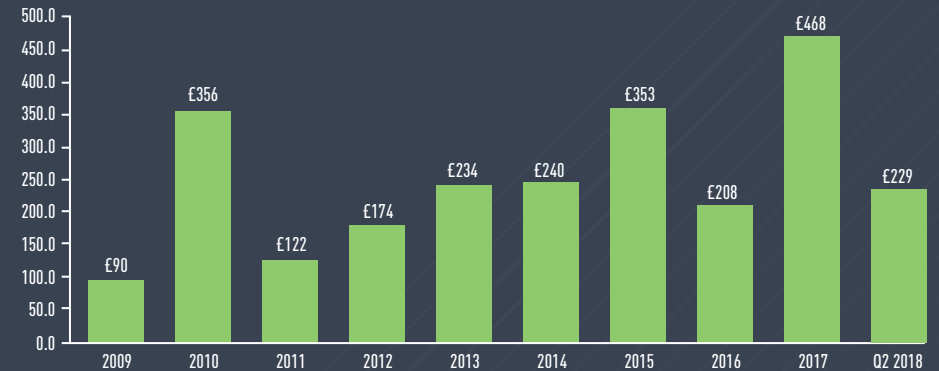
## GLASGOW OFFICE MARKET AVAILABILITY 2000 - H1 2018



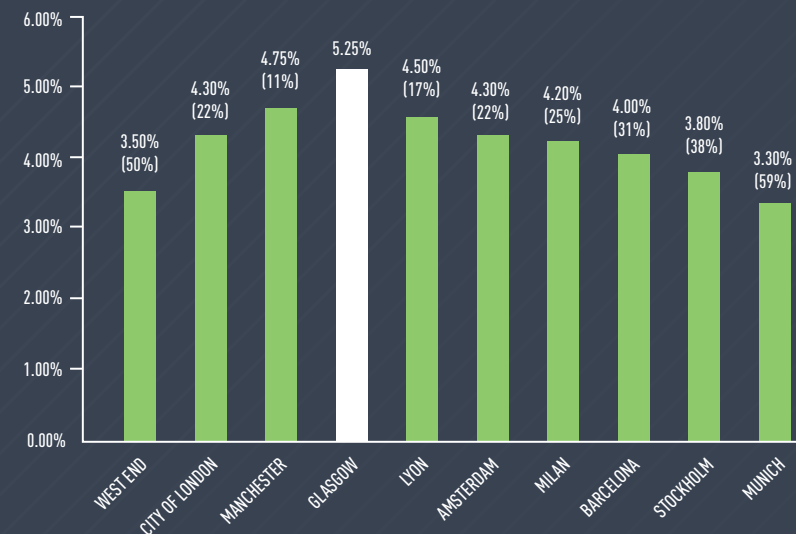
# GLASGOW OFFICE MARKET COMMENTARY - INVESTMENT

- Glasgow is a major centre in itself and has attracted long term investment from a diverse range of sources, most notably UK Institutions, overseas funds and high net worth individuals. Prime city centre office yields in Glasgow are currently 5.25%, which represents a discount to other major cities in the 'Big Six' including Manchester (4.75%) and Birmingham (4.75%).
- The Glasgow Office Investment Market witnessed a record year in 2017 with £468m traded in the city centre across 24 transactions. This represented an increase of 122% from 2016 and was significantly ahead of the 10 year average for Glasgow City Centre investment volumes.
- There have been five major office transactions in Glasgow during the first six months of 2018, totalling £200.35m. The largest of these deals was the forward funding on 1 Atlantic Square, pre-let to the Government Property Unit. L&G's Annuity Fund completed at a price rumoured to be in the region of £106m. The largest sale of a standing asset was Skypark, located within the Digital Media Quarter, purchased for £78m by Hermes. This represented a net initial yield of 8.3%.
- There is strong appetite for good quality office investments from overseas buyers, particularly those looking for modern stock with long term income to strong covenants. Demand has increased for this type of product over the past six months. Moorfield's sale of 1 Atlantic Quay, which is 86% let to the Secretary of State, attracted eight offers at a recent closing date, all from overseas investors. It is now under offer to a Middle Eastern investor for well in excess of the asking price.
- The Scottish office market continues to appeal to a wide range of investors due to the strong occupational sentiment, lack of stock elsewhere and the higher returns generated in Scotland in comparison to other major UK and European cities.

## GLASGOW INVESTMENT VOLUMES £M'S (AS AT END 2017)



## GLASGOW VS PAN-EUROPEAN YIELDS (VALUE DIFFERENCE IN BRACKETS)



# RECENT OFFICE INVESTMENT TRANSACTIONS

| Property                           | Date        | Initial Yield   | Capital Value         | Capital Value Per Sq Ft | Purchaser              | Comments  |
|------------------------------------|-------------|-----------------|-----------------------|-------------------------|------------------------|---|
| 1 Atlantic Quay                    | Under Offer | 5.70% (quoting) | £48,000,000 (quoting) | £394 (quoting)          | Overseas               | 86% let to The Secretary of State. WAULT of 12.2 years to expiry and 11.8 year to breaks.   |
| 145 St Vincent Street              | Aug-18      | 6.80%           | £11,200,000           | £295                    | RJ Holdings            | Multi-let to tenants including Morton Fraser, Syntel Europe, and Aviva Central Services with a WAULT of 3.8 years to the expires and 2.4 years to the breaks.       |
| Building 1, Atlantic Square        | Feb-18      | 4.29%           | £105,000,000          | £561                    | Legal & General        | Forward fund of 187,000 sq ft development pre-let to the Government Property Unit (GPU) on an annuity style lease.  |
| 3 Atlantic Quay                    | Nov-17      | 3.60%           | £50,100,000           | £621                    | Legal & General        | Scottish Ministers (Scottish Courts and Tribunal Service) have taken the whole building on a 25 year lease with guaranteed rental uplifts.                          |
| Pacific House, Wellington Street   | Nov-17      | 7.68%           | £11,350,000           | £222                    | Ediston                | Multi-let to tenants including CBRE, Big Lottery Fund and Ernst & Young, with a WAULT of 3.43 years to the breaks.  |
| Cerium, 55 Douglas Street          | Oct-17      | -               | £16,300,000           | £202                    | Signal Capital         | 80,739 sq ft. Multi-let to Morgan Stanley and Secretary of State for Defence with 0.77 years unexpired. Both tenants due to vacate at lease expiry.                 |
| 122 Waterloo Street                | Oct-17      | 5.60%           | £65,500,000           | £422                    | Knight Frank Investors | Deal completed in early 2018 upon practical completion. Off market transaction. Pre-let to Morgan Stanley on a 10 year lease.                                       |
| 30-40 St Vincent Place             | Oct-17      | 5.68%           | £13,000,000           | £264                    | Redevco                | Let to Clydesdale Bank until 2024.  |
| Granite House, 31 Stockwell Street | Oct-17      | 7.29%           | £33,700,000           | £226                    | ICG Longbow            | Multi-let offices with ground floor retail.   |
| St Vincent Plaza                   | Oct-17      | 5.75%           | £76,200,000           | £446                    | Starwood               | Multi-let to tenants including KPMG, Registers of Scotland and Zurich. WAULT of 10.52 years to the earliest breaks. Initial yield reflects a corporate acquisition. |
| Capella, 60 York Street            | Sep-17      | 6.54%           | £43,500,000           | £372                    | Wirefox                | Multi-let with a WAULT of 9 years to expiry, 5.4 years to breaks.   |
| Cuprum, Argyle Street              | Feb-17      | 6.84%           | £28,000,000           | £288                    | Credit Suisse          | Multi-let with a WAULT of 11 years to expiry, 7.26 years to breaks.   |

Offers are sought in excess of £14,250,000 (Fourteen Million, Two Hundred and Fifty Thousand Pounds) exclusive of VAT for our client's heritable interest, which assuming purchaser's costs of 5.59% (based on the contracted rent), reflects a Net Initial Yield of 5.59% and a low capital value of £194 psf.

## EPC

The property has an EPC rating of C+. A copy of the EPC certificate is available in the Data Room.

## SERVICE CHARGE

The 2018 service charge budget is running at £6.34 per sq ft if the Life Cycle Costs are taken out (including the estates charge for the wider Atlantic Quay development which currently equates to £32,000 per annum / £0.43 per sq ft). Further information is available in the Data Room.

## VAT

The asset is elected for VAT which will therefore be payable on this transaction, however it is anticipated that the sale will be treated as a Transfer of a Going Concern (TOGC).

## DATA ROOM

Further information is available in the Data Room. Access details are available upon request.

# VIEWING AND FURTHER INFORMATION

Viewing strictly by prior appointment via the joint selling agents:



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Further information can also be found at

[www.4atlanticquayglasgow.com](http://www.4atlanticquayglasgow.com)