

capital tower

a better view of Cardiff
Greyfriars Road, Cardiff CF10 3AZ

High Profile Reversionary City Centre Office Investment





Capital Tower, Greyfriars Road, Cardiff CF10 3AZ

Investment Summary

- Iconic, freehold office tower located in the heart of Cardiff city centre with significant opportunities to add value.
- Cardiff is Wales' capital city and one of the major regional centres in the UK.
- Capital Tower is Cardiff's tallest office building set out over 25 floors and comprising 124,375 sq ft, with flexible floor plates of 5,500 sq ft.
- Multi-million pound refurbishment program completed across the reception area, lift services and 67% of the upper floors which has fuelled occupancy and driven rental growth.
- Multi-let with a WAULT of 5.01 years to lease expiries and 3.27 years to tenant break options.
- 98% let to a diverse cross section of high quality occupiers including the Secretary of State, Admiral Insurance, the AA, Allianz, Dolmans Solicitors and The Law Society.
- Total current rent of £2,012,435 per annum, reflecting a low average rent of £13.16 per sq ft based on office income.
- 247 car spaces reflecting an exceptional ratio of 1:504 sq ft.
- High Reversionary rental profile with prime headline rents in Cardiff of £25 per sq ft and £21 per sq ft on secondary offices.
- The current occupancy levels have created competitive tension from both existing and potential occupiers, creating a platform to significantly increase the rental tone.
- Seeking offers in excess of **£23,400,000** (Twenty Three Million, Four Hundred Thousand Pounds), reflecting an attractive **Net Initial Yield of 8.00%** (having deducted standard purchasers costs of 7.7%) and a **low Capital Value of £188 per sq ft**.
- Rare opportunity to obtain a high **Reversionary Yield of 9.84% on the offices** (based on an average ERV of £16.88 per sq ft), through active asset management opportunities.



Capital Tower

a better view of Cardiff



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Location

Cardiff is the capital city of Wales and is regarded as one of the principal retailing and commercial centres in the UK. It has a population of over 300,000 with a further 1.6 million within a 45 minute travel time of the city centre. The city is located immediately to the south of the M4 motorway, approximately 150 miles west of London, 40 miles west of Bristol and 42 miles east of Swansea.

Cardiff is one of the UK's premier business locations and is the closest capital city to London. The city attracts numerous national and global companies including; Admiral Insurance, Atradius, Legal & General, Deloitte, BT, BBC, PWC and Eversheds Sutherland.

Cardiff is a popular tourist destination attracting millions of visitors every year. There are numerous attractions including; the iconic Principality Stadium, Cardiff Castle, Cardiff Bay and the Cardiff International Sports Village.

The city boasts an established retail core, which includes, a major shopping centre, known as St. David's 2, which was completed in 2009. This development, together with the original St David's Shopping Centre, comprises a combined 1.4 million sq ft of retail space, including a 260,000 sq ft John Lewis store attracting 40 million visitors per annum. This retail development has elevated Cardiff firmly into the top 10 of the UK's retail hierarchy.



Principality Stadium



Cardiff Castle



Cardiff City Hall



St David's 2 Shopping Centre

Communications

Cardiff benefits from excellent connectivity both domestically and internationally. It is linked to the national motorway network via Junctions 29-33 of the M4 Motorway and a mainline rail destination at Cardiff Central Railway Station with intercity journey times of 2 hours to London and Birmingham New Street. Electrification of the main intercity rail line will improve Cardiff's connectivity via faster journey times of circa 1 hour 40 minutes to London, with work scheduled to be completed by the end of 2018.

Cardiff Airport is located 11 miles south-west of the City Centre and provides scheduled flights to an ever-expanding array of global destinations.



Distance by road

Newport	15 miles
Swansea	41 miles
Bristol	43 miles
Birmingham	113 miles
Reading	114 miles
London	147 miles

National Rail times from Cardiff

Bristol	50 minutes
Swindon	60 minutes
Reading	95 minutes
London	127 minutes
Manchester	190 minutes

(Prior to electrification)

A communications hub with fast access to national and international destinations by road, rail and air.



Cardiff Capital Region

The Cardiff Capital Region has a population of 1.6 million within a 45-minute drive and is regarded as one of the top regional centres in the UK. It is the key business, commercial, economic, Government and leisure destination in Wales. The key factors in its growth and success are as follows:

Fastest growing UK City - Cardiff is expected to grow faster than any other UK city in population terms (26%) over the next 20 years - including London. Growth has already been 12% over the last 10 years.

Job Creation - The city has generated 15,000 new private sector jobs in the previous 2 years which is the fastest jobs growth rate compared to any other UK core city.

Highest Earnings Growth - Cardiff has seen the highest earnings growth of the UK Core Cities over the past year according to the Annual Survey of Hours and Earnings.

Quality of Life - Cardiff is consistently ranked the UK's number one city for quality of life. It is the closest European capital city to London and the work/life balance offered across the region is exceptional.

Creative Hub - The city is the hub in Wales for the creative sector and has by far the highest concentration of knowledge based employment in Wales.

Large Student Population - There are over 50,000 higher education students in Cardiff and over 100,000 within a 45 minute drive time providing Cardiff with a captive skilled work force. Cardiff University ranked 6th in the recent Research Excellence Framework.

Development Pipeline - Over £6bn of investment in the pipeline in the city and city-region expected within the next ten years. This follows a number of recent flagship developments in the region including Central Square, Capital Quarter and St David's 2 Shopping Centre.

Connected City - Cardiff is a highly connected city, with a unique contiguous free Wi-Fi network in the city centre, investment in Wi-Fi across all city buses, and a new Internet Exchange - Cardiff is one of only four UK cities to have the facility.

Commuter belt - 90,000 daily commuters and the fastest increase in international visitors of any UK Core city.

Tourism - Cardiff boasts an unrivalled retail, sporting and cultural offer, which bring millions of visitors to the city each year.

Investor Sentiment - The confidence exuberating from Cardiff can be attributed to this very positive growth story with its city centre boasting a number of new developments. The BBC have just taken a new 170,000 sq ft office complex bringing 1,200 staff members into the city centre. In a similar fashion, the UK Government has pre-let 266,000 sq ft of new office space at No.6 Central Square and is set to relocate a further 4,000 jobs to the city centre in 2019.

These two projects are part of the wider Central Square development which Legal & General are funding for circa £400m. Credit Suisse, LaSalle Investment Management, Aviva, Global Mutual and Tesco Pension Fund have also made significant acquisitions in Cardiff in the last 12 months.



The Hayes



Roald Dahl Plaz - Cardiff Bay



Mill Lane



Mermaid Quay - Cardiff Bay

1.6m
within a
45-minute
drive

50,000
higher
education
students

12%
growth over
the last
10 years

90,000
Daily
Commuters
to Cardiff

15,000
new private
sector jobs in
the last 2 years

26%
population
growth in next
20 years

No1
City for quality
of life in the UK

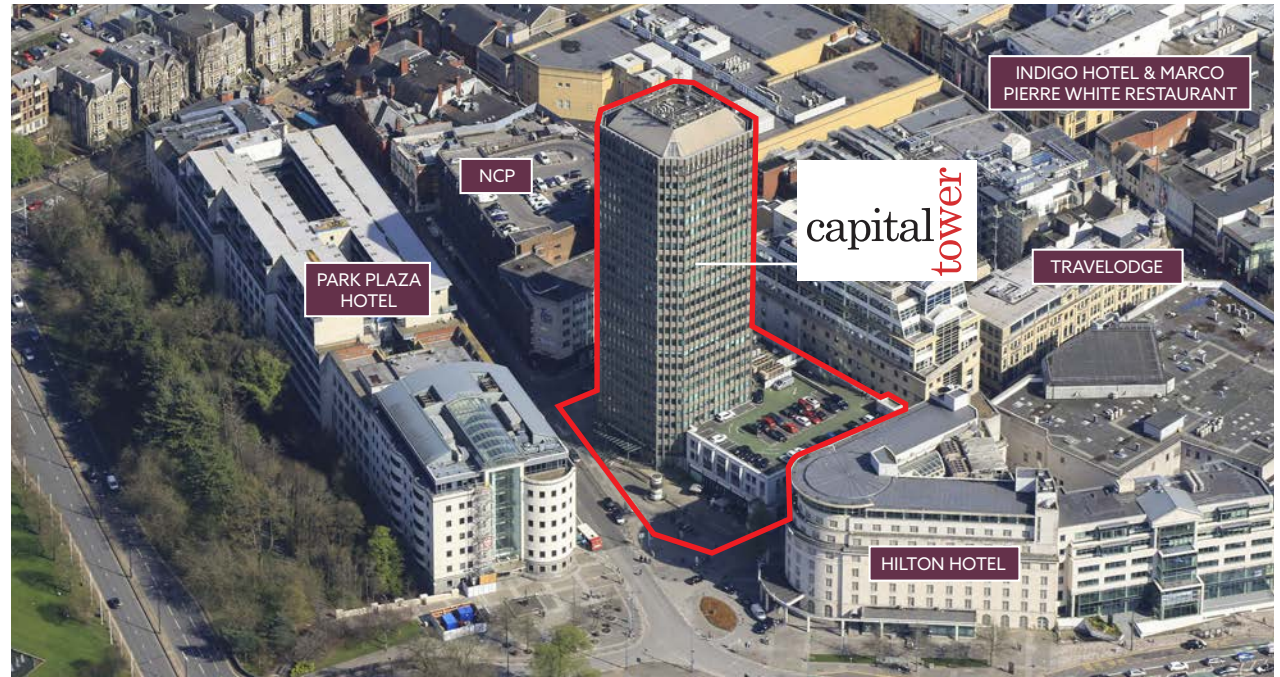
£6bn
of investment
over the next
10 years

Situation

Capital Tower is located in the heart of Cardiff city centre, opposite Cardiff Castle, within close proximity to the prime shopping area. It is also less than a 10 minute walk to both Cardiff Central and Queen Street rail stations and is well connected to the city centre bus network. Cardiff University and a number of civic buildings are located just to the north.

It occupies a prominent, dominant position in the city centre, on the corner of Greyfriars Road and Friary Place. As the tallest office building in Wales, it boasts impressive views across the city and beyond. It sits within the traditional office core with nearby offices including; No 1 Kingsway, No 2 Kingsway, Park House, Principality Buildings and Greyfriars House whose occupiers include PWC, Principality Building Society, LV Insurance, Coutts, British Council and Admiral Insurance.

The property fronts on to Greyfriars Road, which is a vibrant, buzzing street comprising a mix of offices and leisure. The Hilton and Park Plaza hotels are located adjacent and opposite respectively and are regarded as the two premier hotels in the city centre. There is also a Travelodge to the rear and the recently opened Indigo hotel, which has a new rooftop Marco Pierre White restaurant. In addition, there is also; a theatre, NCP car park, gym & spa and a number of bars, restaurants and coffee shop.



Panorama view from Capital Tower

Description

Capital Tower is the tallest office building in Wales and undoubtedly one of the most iconic landmarks in Cardiff. It dominates the skyline, boasting spectacular, unrivalled, views across the city and beyond.

The property is of concrete frame construction with aluminium framed double glazed windows. The building provides a total of 124,375 sq ft over ground and 24 upper floors.

In addition, there is a secure 4 storey car park accessed off Greyfriars Place providing 247 car parking spaces over basement, ground, first and second floors. This provides an exceptional, market leading, parking ratio of 1:504 sq ft.



Description

The offices have undergone a high quality, multi-million pound refurbishment program providing the following specification:

- Perimeter Heating & Cooling
- Perimeter Trunking
- Suspended Ceilings
- LG7 LED Lighting to the office areas
- Separate Male and Female WC's
- Refurbished Lobby Areas
- 24-hour Manned Security
- 5 high speed smart lifts with destination management
- DDA Compliant
- EPC Rating of E104
- Exceptional Parking ratio of 1:504 sq ft

The refurbishment was undertaken over 16 of the office floors and common areas. It also included the new reception, which now boasts an impressive, spacious manned reception area with new security barriers, lift lobby and integral coffee shop/business lounge, which is run by the well-regarded local operator, Milk & Sugar. This is an extremely popular amenity for tenants with meeting and conference catering services readily available.

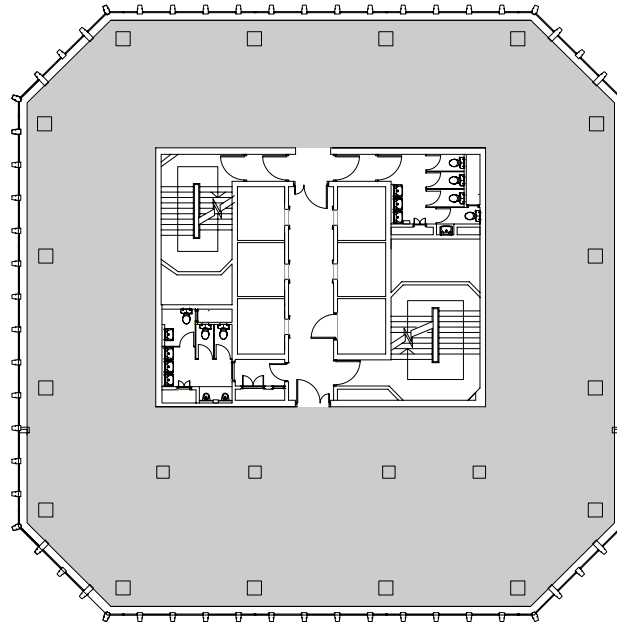
Finally, the current landlord uses the 2nd-4th Floors as a Business Centre enabling it to capture smaller and short term office requirements. This space has provided strong income flow with net profits having reach £30 per sq ft. The Business Centre also acts as incubator space allowing tenants to initially occupy a small amount of space on flexible leases and grow into the upper floors and take longer term, more traditional leases. Full details of how this is operated and its accounts can be provided.



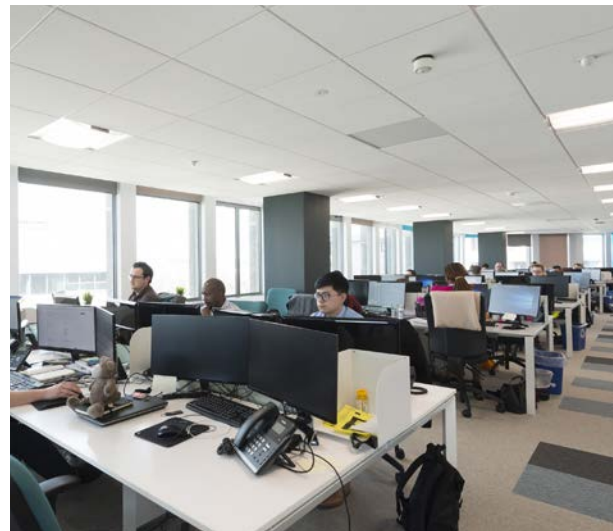
Accommodation

Capital Tower has been measured in accordance with the RICS Code of Measuring Practice (6th Edition). A Plowman Craven Measured Survey dated April 2018 is assignable on request and provides the following net internal areas:

Floor	Use	NIA (Sq M)	NIA (Sq Ft)
24th	Plant Room	118.73	1,278
23rd	Offices	516.35	5,558
22nd	Offices	516.35	5,558
21st	Offices	516.54	5,560
20th	Offices	516.63	5,561
19th	Offices	516.63	5,561
18th	Offices	516.35	5,558
17th	Offices	514.59	5,539
16th	Offices	514.59	5,539
15th	Offices	502.88	5,413
14th	Offices	513.47	5,527
13th	Offices	504.83	5,434
12th	Offices	513.75	5,530
11th	Offices	513.75	5,530
10th	Offices	512.73	5,519
9th	Offices	511.33	5,504
8th	Offices	515.24	5,546
7th	Offices	515.24	5,546
6th	Offices	516.07	5,555
5th	Offices	506.97	5,457
4th	Offices	510.68	5,497
3rd	Offices	510.68	5,497
2nd	Offices	291.90	3,142
1st	Offices	302.03	3,251
Ground	Coffee Bar	66.43	715
Total		11,554.72	124,375



Typical floor plan. Not to scale.

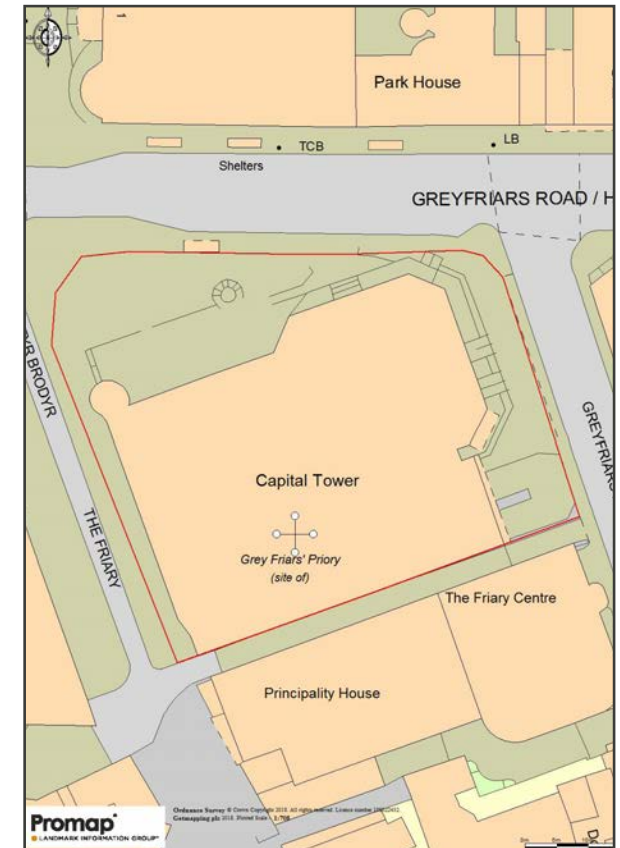


Tenure

Freehold with long leasehold on parts of The Podium for a term of 999 years from 29th June 2001 at a Peppercorn rent. Further information available on request.

The Site

The site area is circa 0.95 acre (0.38 hectare).



For identification purposes only. Not to scale.

Tenancy

The property is let to 27 tenants on 33 occupational leases, with an additional 39 car parking licences providing a Weighted Average Unexpired Lease Term (WAULT) of 5.01 years to lease expiries and 3.27 years to break options.

The total rent of £2,012,435 per annum equating to a low £13.16 per sq ft overall on the office accommodation. The vendor proposes a 12 month rent, rate and service charge guarantee on the small vacant space on part 1st floor and part 5th floor.

Service Charge

The service charge budget for the service charge year ending 2018 is £1,003,750 (£7.90 per sq ft).



24	Plant Room
23	Yard Digital
22	DevOpsGuys
21	Secretary of State for Communities and Local Government
20	Secretary of State for Communities and Local Government
19	Secretary of State for Communities and Local Government
18	Recruit 121
17	The Automobile Association
16	The Automobile Association
15	The Automobile Association & Gaunt Francis Architects
14	Object Matrix & Robert Half Ltd
13	Secretary of State for Communities and Local Government & Gaunt Francis Architects
12	EUI Ltd t/a Admiral Insurance
11	EUI Ltd t/a Admiral Insurance
10	EUI Ltd t/a Admiral Insurance
9	Allianz Cornhill Mgmt Ltd & Independent Clinical Services Ltd
8	Pinnacle Property Ltd & Pageant Media Ltd
7	Randstad & Leap Legal Software
6	Dolmans Solicitors
5	The Law Society & Part Vacant
4	Business Centre
3	Business Centre
2	Business Centre
1	Object Matrix & Part Vacant
G	Milk & Sugar Capital Tower



Tenancy Schedule

Floor	Tenant	Total NIA sq. ft.	Lease Start Date	Next Review Date	Break Date	Lease Expiry Date	WAULT	WAULT (Incl. Breaks)	Rent (p.a)	Rent per sq. ft.	Current ERV		Comments
											psf	p.a.	
The Podium Units 1 & 2	Carey Pension Trustees UK Limited	-	29-Jun-01	-	-	27-Jun-00	82.21	82.21	-	-	-	-	Service charge cap of £2,500pa.
Ground	Milk & Sugar Capital Tower Limited	715	11-Jan-18	11-Jan-23	11-Jan-21	10-Jan-28	9.70	2.70	£10,000	£13.99	£13.99	£10,000	Mutual break option which is subject to 6 months written notice.
Part 1st (A)	Vacant Rent/Rates/SC Guarantee - 12m	2,048	-	-	-	-	1.00	1.00	£32,768	£16.00	£16.00	£32,768	Vendor to provide a 12 month Rent, Rate & SC Guarantee. Unrefurbished.
Part 1st (B)	Object Matrix Limited	1,203	1-Feb-18	-	-	31-Jan-23	4.75	4.75	£10,302	£8.56	£16.00	£19,248	Unrefurbished.
2nd	Business Centre	3,142	-	-	-	-	-	-	-	-	£16.00	£50,272	Operated by Chadwick Business Centres. Passing Rent is based on the average of the last 3 years EBITDA. Refurbished.
3rd	Business Centre	5,497	-	-	-	-	-	-	£176,663	£12.50	£16.00	£87,952	
4th	Business Centre	5,497	-	-	-	-	-	-	-	-	£16.00	£87,952	
Part 5th (A)	The Law Society	2,922	8-May-13	8-May-18	-	7-May-23	5.01	5.01	£30,750	£10.52	£16.50	£48,213	Landlord has served RR notice at £16.50 psf / £48,213 pa. Service charge cap of £19,879 pa / £6.80psf. Unrefurbished.**
Part 5th (B)	Vacant Rent/Rates/SC Guarantee - 12m	2,535	-	-	-	-	1.00	1.00	£41,828	£16.50	£16.50	£41,828	Capita have exercised their Break Option effective on the 24th May 2018. Vendor to provide a 12 month Rent, Rate & SC Guarantee. Unrefurbished.
6th	Dolmans	5,555	18-May-18	17-May-23	17-May-18	17-May-18	10.02	4.02	£77,812	£14.01	£16.50	£91,658	Agreement for Lease - works should be completed by week commencing May 20th. Refurbished.
Part 7th (A)	Randstad UK Holdings Limited	3,391	14-Nov-16	-	14-Nov-20	13-Nov-21	3.53	2.54	£41,838	£12.34	£16.50	£55,952	Break penalty of £6,972. Break option subject to 9 months notice. Refurbished.
Part 7th (B)	Leap Legal Software Limited	2,155	4-Sep-17	-	4-Sep-20	3-Sep-22	4.34	2.34	£30,416	£14.11	£16.50	£35,558	Break option subject to 6 months notice. Refurbished.
Part 8th (A)	Pinnacle Property (Cardiff) Limited	3,385	19-Feb-16	19-Feb-21	19-Feb-21	18-Feb-26	7.80	2.80	£41,837	£12.36	£16.50	£55,853	Break option subject to 6 months notice. Service charge cap of £21,755pa / £6.50psf. Refurbished.**
Part 8th (B)	Pageant Media Limited	2,161	17-Jul-17	-	17-Jul-20	16-Jul-22	4.21	2.21	£30,416	£14.07	£16.50	£35,657	Break option subject to 6 months notice. Refurbished.
Part 9th (A)	Independent Clinical Services Limited	2,916	27-Oct-15	-	27-Oct-18	26-Oct-20	2.48	0.48	£37,500	£12.86	£16.50	£48,114	Tenant has served their Notice to Break and will vacate. Service charge cap of £19,500pa / £6.50psf. Refurbished.**
Part 9th (B)	Allianz Management Services Limited	2,588	22-Dec-15	-	-	21-Dec-20	2.64	2.64	£31,542	£12.19	£16.50	£42,702	Service charge cap of £22,490 / £8.65psf. Refurbished.**
10th	EUI Ltd -t/a Admiral Insurance	5,519	26-Mar-18	-	-	25-Mar-23	4.90	4.90	£71,747	£13.00	£16.50	£91,064	Lease subject to Schedule to Condition. Part-refurbished.
11th	EUI Ltd -t/a Admiral Insurance	5,530	23-Jun-18*	-	-	23-Jun-23	5.14	5.14	£71,890	£13.00	£16.50	£91,245	Agreement for Lease in place - works should be completed by Week commencing May 20th. Schedule of Condition. Part-refurbished.
12th	EUI Ltd -t/a Admiral Insurance	5,530	26-Mar-18	-	-	25-Mar-23	4.90	4.90	£71,890	£13.00	£16.50	£91,245	Schedule of Condition. Part-refurbished.
Part 13th (A)	Alan Wakefield Francis (Gaunt Francis Arch.)	2,498	1-Mar-14	-	-	28-Feb-19	0.82	0.82	£31,225	£12.50	£17.00	£42,466	Service charge cap of £15,414 / £6.17psf. Unrefurbished.**
Part 13th (B)	Sec of State for Communities and Local Gov.	2,936	6-Jan-05	-	-	5-Jan-20	1.68	1.68	£33,647	£11.46	£17.00	£49,912	Service charge cap of £25,149 / £8.57psf. Unrefurbished.**
Part 14th (A)	Robert Half Limited	2,228	21-Jan-16	21-Jan-21	21-Jan-21	20-Jan-26	7.72	2.72	£30,100	£13.51	£17.00	£37,876	Break option subject to 6 months notice. Service charge cap of £13,975pa / £6.50psf. Refurbished.**
Part 14th (B)	Object Matrix Limited	3,299	1-Feb-18	-	-	31-Jan-23	4.75	4.75	£48,531	£14.71	£17.00	£56,083	Refurbished.
Part 15th (A)	Gaunt Francis Architects Limited	771	7-Nov-16	-	-	6-Nov-18	0.51	0.51	£8,963	£11.63	£17.00	£13,107	Tenancy at Will. Service charge cap of £4,661 / £6.04psf. Unrefurbished.**
Part 15th (B)	Automobile Association Developments Limited	4,642	29-Dec-16	29-Jun-20	29-Jun-20	28-Jun-25	7.16	2.16	£62,667	£13.50	£17.00	£78,914	Break option subject to 6 months notice. Service charge cap of £30,662 / £6.61psf. Part-refurbished.**
16th & 17th	Automobile Association Developments Limited	11,078	29-Jun-15	29-Jun-20	29-Jun-20	28-Jun-25	7.16	2.16	£138,475	£12.50	£17.00	£188,326	Break option subject to 6 months notice. Service charge cap of £73,175 / £6.61psf. Refurbished.**
18th	Recruit 121 Limited	5,558	28-Nov-17	28-Nov-22	28-Nov-22	27-Nov-27	9.58	4.58	£88,928	£16.00	£17.00	£94,486	Break option subject to 6 months notice. Service charge cap of £43,908 / £7.90psf. Refurbished.**
19th - 21st	Sec. of State for Communities & Local Gov.	16,682	8-Dec-06	-	-	7-Dec-21	3.60	3.60	£191,176	£11.46	£18.00	£300,276	Service charge cap of £142,896 / £8.57psf. Unrefurbished.**
22nd	DevOpsGuys Limited	5,558	17-May-17	17-May-22	17-May-22	16-May-27	9.04	4.04	£88,928	£16.00	£18.00	£100,044	Further break option on 17/11/2023. Break option subject to 6 months notice. Service charge cap of £49,466 / £8.90psf. Refurbished.**
23rd	Yard Digital	5,558	19-Mar-18	19-Mar-23	19-Mar-23	18-Mar-26	7.88	4.88	£91,707	£16.50	£18.00	£100,044	Break option subject to 6 months notice. Service charge cap of £47,243 / £8.50psf. Refurbished.**
24th Management Suite Switch Room	Cable & Wireless UK	1,278	1-Apr-86	-	-	31-Mar-11	0.00	0.00	£9,000	-	-	£9,000	Holding Over.
25th Equipment Room	Everything Everywhere Limited	0	25-Dec-98	-	-	24-Dec-03	0.00	0.00	£4,750	-	-	£4,750	Holding Over.
Rooftop Aerial	Order of St John, Priory for Wales	0	7-Aug-08	-	-	-	0.00	0.00	£0	-	-	£0	Holding Over.
Rooftop Mast	Cable & Wireless UK	0	5-Oct-91	-	-	31-Mar-11	0.00	0.00	£38,914	-	-	£38,914	Holding Over.
Rooftop Aerials Equipment Room	South Wales Police Authority	0	1-Jan-96	-	-	31-Dec-05	0.00	0.00	£6,500	-	-	£6,500	Holding Over.
The Podium (77 Spaces)	Summerhill Properties Limited (T/A Hilton Hotels)	77 spaces	29-Sep-99	-	-	28-Sep-24	6.41	6.41	£274,729	-	-	£274,729	77 spaces. Rent is subject to 4% pa fixed rental uplifts.
Car Park (All spaces)	Car Park licence income	0	-	-	-	-	-	-	£55,000	-	-	£55,000	Current income from Car Park licences is £55,000.
Total		124,375					5.01	3.27	£2,012,435	£13.16***	£16.88***	2,467,705	

* Estimated lease start dates.

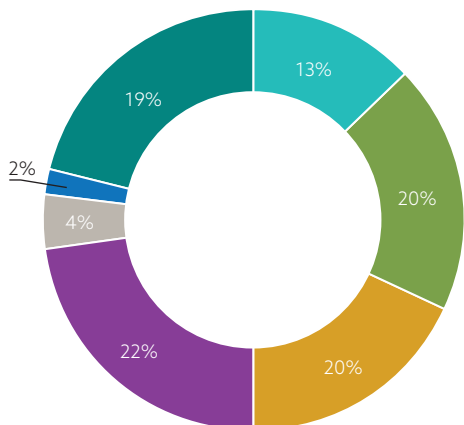
*** Based on office areas.

** All service charge caps are subject to RPI uplifts. Current service charge shortfall £48,026.

Covenant Profile

Capital Tower is home to a truly diverse range of high quality businesses with the following occupier profile:

Occupier Profile



- Technology, Media & Telecom
- Finance, Banking & Insurance
- Pharmaceutical, Medical Healthcare
- Professional Services
- Construction & Engineering
- Public Sector & Not-for-profit
- Car Parking & Other

Amongst the high quality occupiers in Capital Tower, the following selection represents the top five tenants in terms of covenant strength:

EUI Ltd (t/a Admiral Insurance) 10.76% of the current income.

EUI Ltd is a wholly owned subsidiary of the Admiral Group PLC which was established 1993. Admiral is a UK based insurance company specialising in car insurance across an array of products such as single, multi-car and black box insurance etc. Admiral also offers home, travel and pet insurance products as well as personal loans and car finance.

EUI Ltd have a Fame credit score of 92 (Secure) and their previous 3 years published accounts are as follows:

	31 Dec 2016 £'000's GBP	31 Dec 2015 £'000's GBP	31 Dec 2014 £'000's GBP
Turnover	£101,004	£98,028	£90,011
Pre Tax Profit	£3,920	£3,342	£1,402
Net Tangible Assets	£25,291	£21,437	£18,770

Further information can be found on their website:
www.admiral.com

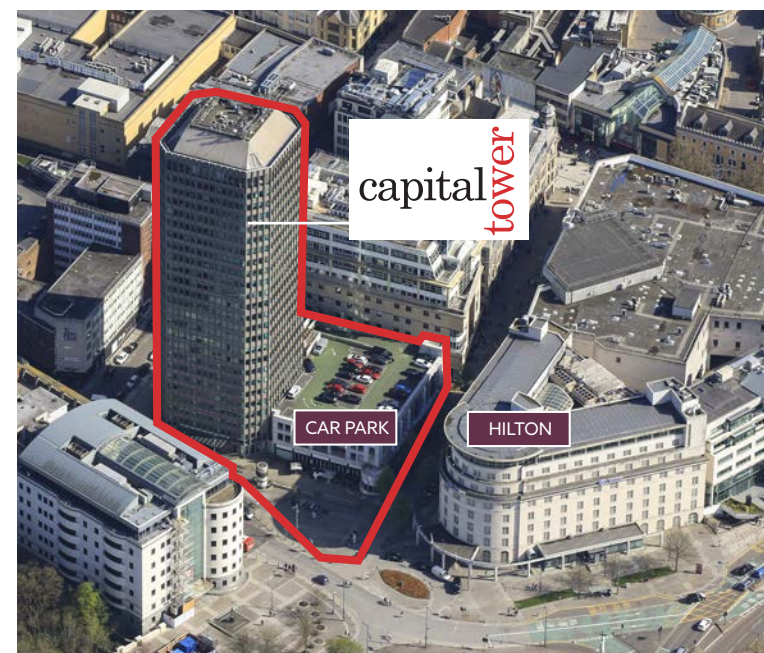
The AA (Automobile Association Developments Ltd) 10.05% of the current income.

The AA was established in 1905 and over its current 113 years in business has grown to become the UK's largest motoring organisation with over 15 million members. The AA is most commonly known for its renowned breakdown cover but has also branched into finance, insurance, leisure and lifestyle services.

The AA have a Fame credit score of 92 (Secure) and their previous 3 years published accounts are as follows:

	31 Jan 2016 £'000's GBP	31 Jan 2015 £'000's GBP	31 Jan 2014 £'000's GBP
Turnover	£595,500	£661,800	£566,723
Pre Tax Profit	£87,800	£101,400	£169,870
Net Tangible Assets	£1,706,800	1,613,200	1,694,544

Further information can be found on their website:
www.theaa.com



Summerhill Properties Ltd (t/a Hilton Hotels) 13.72% of the current income.

Summerhill Properties is a wholly owned subsidiary of the Hilton Hotel Group who were founded in 1919 and are one of the biggest hotel operators in the world with 570 hotels worldwide in 85 countries. They operate a 197 bed hotel immediately adjacent to Capital Tower and frequently host a wide range of corporate and hospitality events. They licence 77 car parking spaces which they use for their staff and guests.

Summerhill Properties have a Fame credit score of 86 (Secure) and their previous 3 years published accounts are as follows:

	30 Sep 2016 £'000's GBP	30 Sep 2015 £'000's GBP	30 Sep 2014 £'000's GBP
Turnover	£9,265	£9,312	£12,041
Pre Tax Profit	£321	£896	-£4,379
Net Tangible Assets	£11,362	£11,183	£5,327



Covenant Profile

Secretary of State for Communities and Local Government – 11.23% of the income.

A key department of the UK Government responsible for policy in areas such as building regulations, decentralisation, fire services and resilience, housing, local government, planning, race equality and urban regeneration.

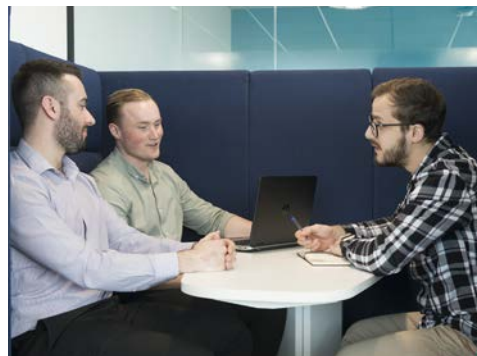
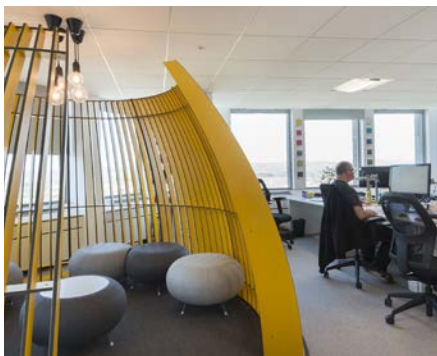
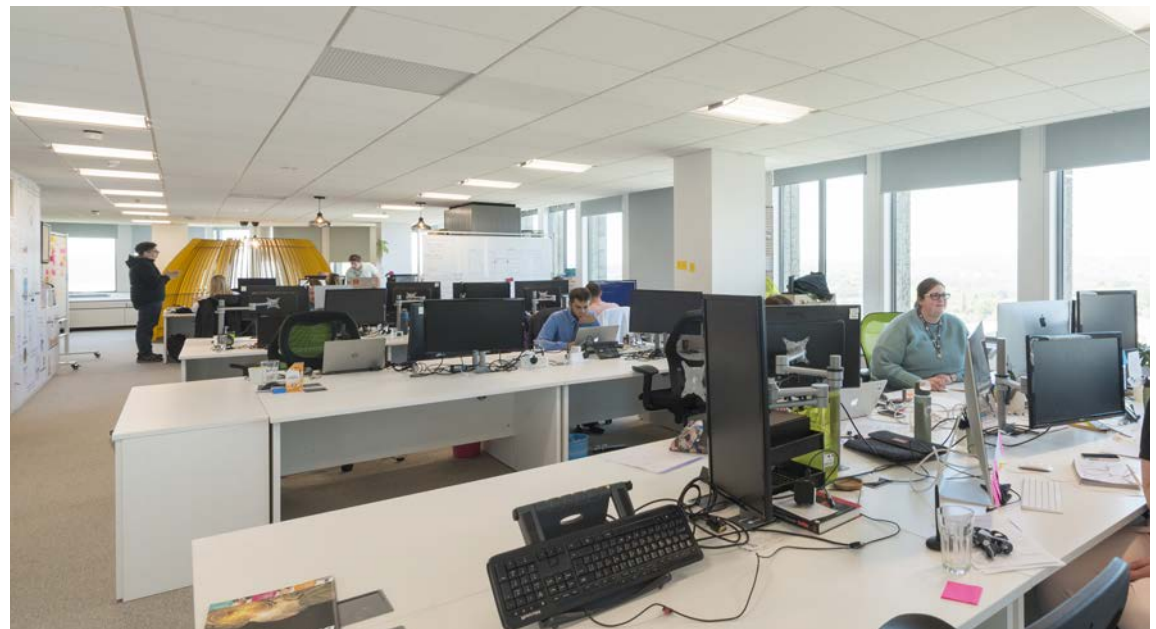
Robert Half Ltd 1.50% of the income.

Robert Half was founded in the US in 1948 and pioneered specialised recruitment services allowing itself to secure the position as the world's leader in helping companies hire accounting, finance, banking, technology and administrative professionals on a temporary, contract and permanent basis.

Robert Half Ltd have a Fame credit score of 99 (Secure) and their previous 3 years published accounts are as follows:

	31 Dec 2016 £'000's GBP	31 Dec 2015 £'000's GBP	31 Dec 2014 £'000's GBP
Turnover	£101,004	£98,028	£90,011
Pre Tax Profit	£3,920	£3,342	£1,402
Net Tangible Assets	£25,291	£21,437	£18,770

Further information can be found on their website:
www.roberthalf.co.uk



Covenant reports for all tenants can be provided upon request.

Cardiff Office Market

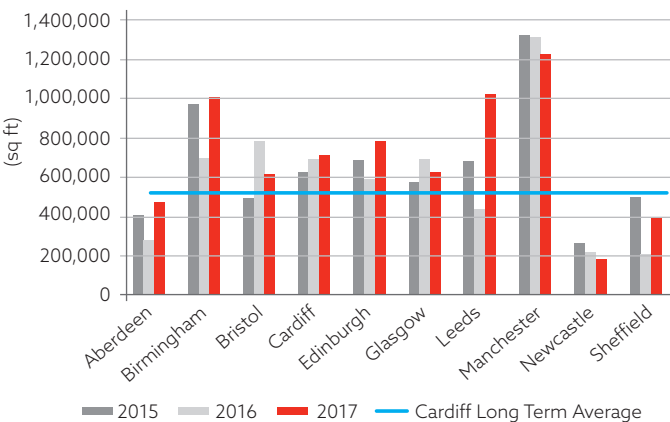
Cardiff is the principal office market within Wales and is one of the major UK regional centres. It is the closest capital city to London with an estimated office stock of approximately 11 million sq ft.

The Cardiff office market dynamics are particularly strong at present. High profile developments have added new landmark Grade A buildings, while a number of secondary offices have been converted to student accommodation and removed these from the supply chain. Annual take-up has been consistently higher than the long-term average and exceeded other dominant UK regional centres, which has all boosted strong rental growth.

The highest profile new development has been Central Square, which sits directly in front of Cardiff Central Railway Station funded by Legal & General with a GDV of circa £400m. Headline rents are at £25 per sq ft, which is the top rent achieved in Cardiff to date.

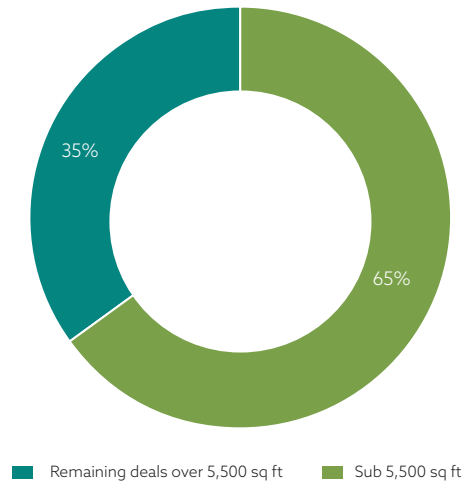
Following Central Square, the Central Quay development, on the former Brains Brewery, will be the next major development in the city centre and will consist of 2.5 million sq ft of mixed-use development with an integral rapid transport link. This will push headline rents further upwards.

UK Regional Office Take-up Volumes (sq ft)



Take-up in 2017 was 703,900 sq ft, with 685,600 sq ft, in 2016 and 619,100 sq ft in 2015 demonstrating recent take-up consistently outperforming the long-term average of 500,000 sq ft by a considerable margin.

3-year average of Cardiff office letting deals according to size (sq ft)



The 5,500 sq ft floor plates at Capital Tower are perfectly poised to capitalise on a wide range of occupier space requirements. From the option to acquire multiple floors, as seen with Admiral's occupation, to the smaller requirements where over the previous three years, 65% of all office deals in Cardiff city centre have been for sub-5,500 sq ft.

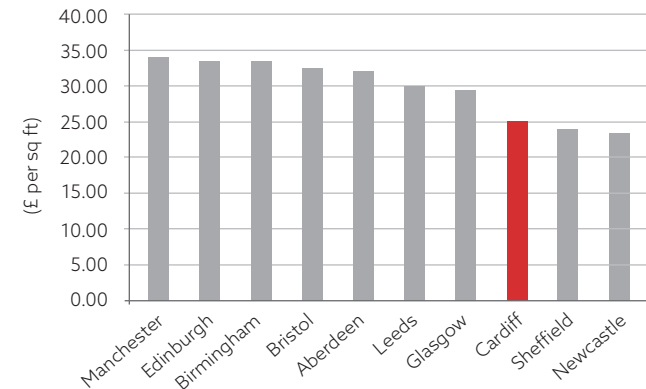
The high level of take-up has created downward pressure on Grade A supply resulting in an extremely low level of availability at 111,000 sq ft, with just 94,500 sq ft in the city centre. The lack of Grade A supply has encouraged further development in the City, but with all the space at Central Square currently

Annual take-up has been consistently higher than the long-term average and exceeded other dominant UK regional centres.

under construction already pre let, the entire pipeline of Grade A space is contained solely in No.3 and 4 Capital Quarter. The recent increase in the headline rent in Cardiff of £25 psf has created additional headroom to allow existing buildings to command new higher rents as demonstrated in recent comparables. This is particularly prevalent where there has been refurbishment and investment in communal facilities as witnessed by the 20 deals done at Capital Tower over the last 3 years.

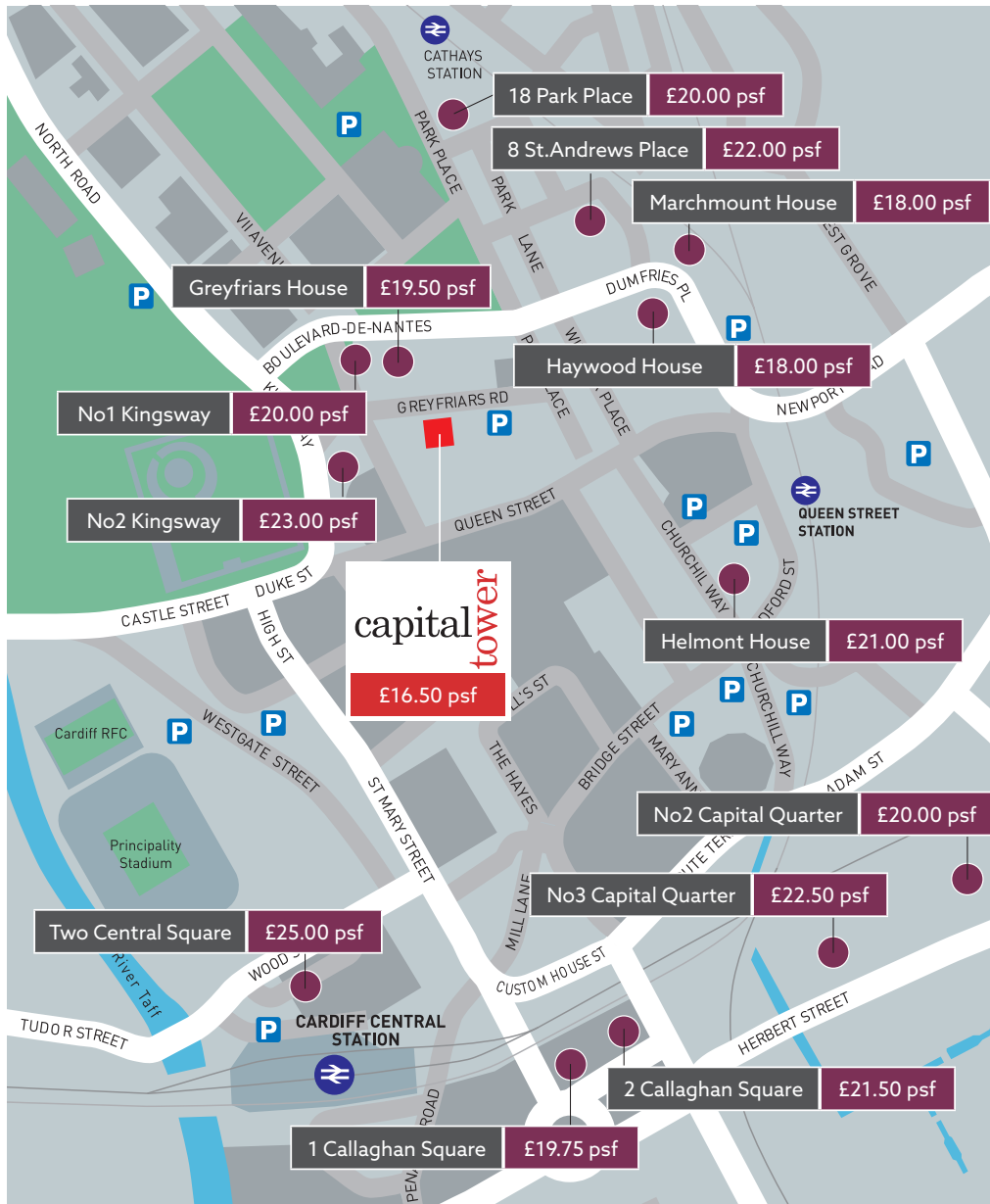
With the current lack of Grade A supply there is also evidence showing a decrease in the level of incentives required to secure lettings and a shift to a landlord-friendly market. This trend along with the current initiatives being undertaken to improve the economic profile and infrastructure of Cardiff, and the discount between it and other major regional centres, will drive further rental growth in Cardiff going forward.

UK Regional Headline Rents as of Q2 2018



Cardiff Office Market

Rental Evidence

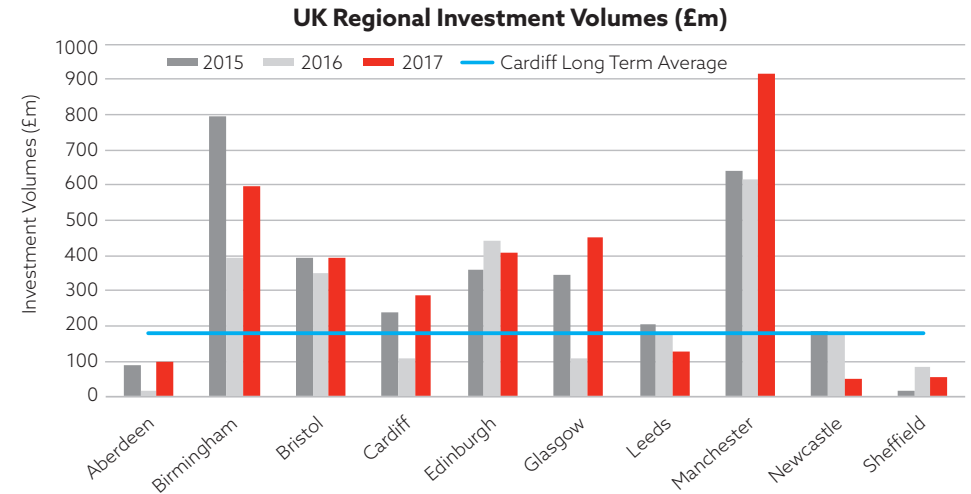


Investment Market

The investment market for good quality regional offices remains buoyant, characterised by high levels of UK and overseas requirements, but constrained by a lack of available stock. Total volumes in 2017 across the top 10 regional markets exceeded £3.3 BN, well ahead of the long-term average, with overseas investors the most active, attracted by the UK's political stability and a relatively cheap pound. These investors are generally chasing well-located offices in the major UK cities such as Cardiff which fits well within this brief.

As illustrated by the graph to the right Cardiff has ranked 6th in the UK regions in terms of office investment volumes in the last 3 years. Office investments in Cardiff totalled £290M for 2017, with overseas investors accounting for 40% of investment turnover. As illustrated by the graph below Cardiff has ranked 6th in the UK regions in terms of office investment volumes in the last 3 years. This demand was particularly evident with the sales of One Central Square and Cardiff Waterside, which both secured strong interest from a diverse range of investors, including Pension Funds, Opportunity Funds and Overseas Investors.

Domestic and overseas investors are expected to continue to chase good quality regional investment stock over the short to medium term, with a lack of available stock continuing to be the main barrier to high trading volumes. Markets such as Cardiff, with significant infrastructure improvements, a buoyant private and public sector and constrained supply are expected to remain particularly sought-after, with genuine rental growth anticipated.



Date	Property Address	Purchaser	Area (sq ft)	Price	NIY	Capital Value (per Sq ft)	WAULT	Vacancy at the time of sale	Tenant
Under Offer	No 1 Callaghan Square, Cardiff	Under Offer	93,670	£26.40m	6.50% (Quoting)	£282	5.5 years	0%	Eversheds Sutherland
Feb-18	Imperial Place, Borehamwood	FProp	220,541	£62.50m	6.39%	£283	3.4 years	0%	Multi-let
Feb-18	Riverside House, Windsor	KFIM	25,974	£16.185m	5.25%	£623	4.3 years	0%	Multi-let
Mar-18	No.2 Callaghan Square, Cardiff	Daily Mail Pension Fund	45,208	£14.875m	5.97%	£329	4.5 years	37%	Multi-let
Feb-18	St Patricks House, Cardiff	Schroders	50,374	£14.16m	7.00%	£281	4 years	39%	Multi-let
Jan-18	One City Park, Brighton, Hove	Eastleigh Council	77,934	£23.0m	6.50%	£296	6 years	0%	L&G
Jul-17	1 Central Square, Cardiff	Aerium	135,333	£51.0m	5.50%	£378	9.5 years	3%	Multi-let

Investment Considerations

- ◆ Significant rental reversion already supported by evidence solely within the building. A much larger reversion is evidenced through recent external comparable lettings.
- ◆ Unrivalled 360-degree, panorama views from Capital Tower enabling premium rents to be commanded on upper floors.
- ◆ Strong rental growth predicted for Cardiff with Capital Tower expected to out perform the market due the high occupancy creating competitive tension for any available space.
- ◆ Recent capital investment on a new reception, all passenger lifts, 16 office floors and common areas areas has re-positioned Capital Tower as a highly sought after business destination.
- ◆ 98% let to a diverse cross section of high quality occupiers including Admiral Insurance, Allianz, The AA and Robert Half with a WAULT of 5.01 years to lease expiries and 3.27 years to tenant break options.
- ◆ 65% of office lettings over the previous 3 years in Cardiff have been for 5,500 sq ft and below. Floor plates of 5,500 sq ft are ideally poised to capitalise on high demand for suites of this size with the flexibility to sub-divide.
- ◆ There have been 20 deals done in the last 3 years at Capital Tower demonstrating its leasing resilience.
- ◆ Rents have steadily increased at Capital Tower in the last 3 years ensuring that the average rent of £13.16 per sq ft is significantly reversionary with £16.50 per sq ft having been achieved within the building.
- ◆ The average rents at Capital Tower are considerably lower than the prime headline rents for Cardiff of £25 per sq ft and £21 per sq ft for secondary offices.
- ◆ Exceptional parking ratio of 1:504 per sq ft with new developments now limited to 1:4,500 sq ft.
- ◆ The business centre offers numerous opportunities to generate further income and provides incubator space providing a captive stream of occupiers to secure on upper floors.
- ◆ Longer-term development opportunities provided above the decked car park area.
- ◆ Strong capital value growth will be achieved in the short term at Capital Tower through the reversionary nature of the current income profile.
- ◆ The combination of strong rental growth and yield compression in Cardiff, as it continues its accelerating growth, will further enhance the performance of Capital Tower going forward.



North View from Capital Tower



South View from Capital Tower

Further Information

VAT

The sale will be treated as a Transfer of a Going Concern.

Data Room

Please contact Knight Frank for access to the data room.

Proposal

Seeking offers in excess of **£23,400,000** (Twenty Three Million, Four Hundred Thousand Pounds), reflecting an attractive **Net Initial Yield of 8.00%** (having deducted standard purchasers costs of 7.7%) and a low **Capital Value of £188 per sq ft.**

Rare opportunity to obtain a high **Reversionary Yield of 9.84%** (based on an average ERV of £16.88 per sq ft), through active asset management opportunities.

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