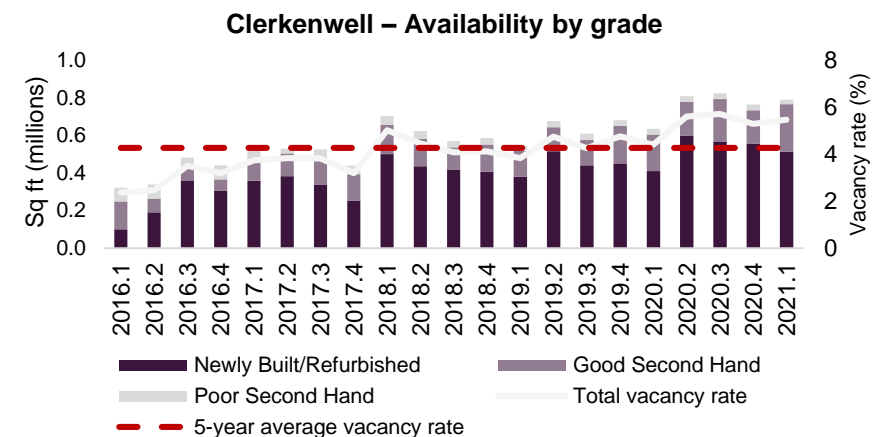


MARKET UPDATE – LEASING

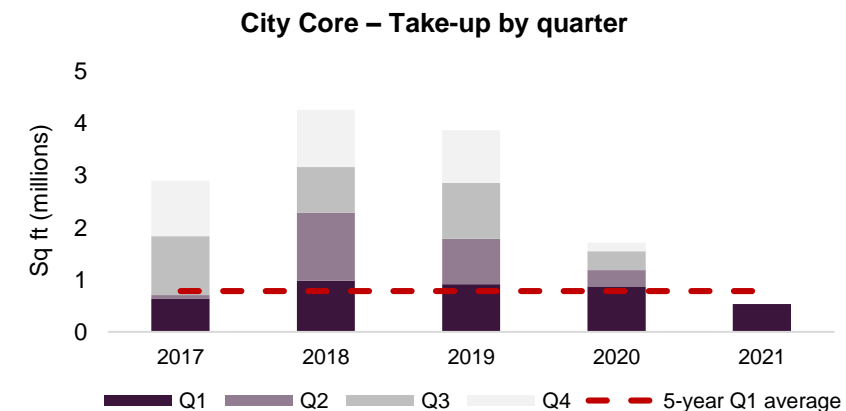
Clerkenwell / Farringdon Office Sub-Market

- Leasing volumes in the Clerkenwell submarket was subdued in 2020 with just 189,000 sq ft transacted, 52% below the five-year annual average of 396,000 sq ft. The first three months of 2021 has seen a uptick in leasing activity with 156,000 sq ft of space leased in Q1, the highest quarterly volumes since Q3 2018 and 9% higher than the five-year Q1 average of 143,000 sq ft.
- The largest transaction to complete during the quarter saw TikTok acquire 86,000 sq ft at the recently completed Kaleidoscope building on a 15 year lease with a break in the 10th year. Another notable transaction saw Leigh Day pre-let 28,000 sq ft at Panagram, 27 Goswell Road, EC1.
- Supply levels across the Clerkenwell submarket remained stable over Q1 to reach 791,000 sq ft at the end of March, representing a vacancy rate of 5.5%. New Grade A supply accounts for 513,000 sq ft (65%) of total space available and is 22% higher than the five-year quarterly average of 419,000 sq ft.
- The volume of speculative space under construction that is scheduled to complete by the end of 2021 reached 290,000 sq ft at the end of March, with an additional 197,000 sq ft of speculative space set to deliver by the end of 2022. We expect the lack of new construction contracts being signed to have an impact on the delivery of new Grade A space in the medium to long term (2023 & beyond), as COVID-19 forces developers to delay their schemes.



City of London Office Market

- A total of 537,000 sq ft was let across the City Core in the first quarter of 2021, a significant increase on the amount transacted in the previous quarter. Despite this, Q1 leasing volumes were 36% down in comparison to last year and were also 31% below the five-year Q1 average of 782,000 sq ft.
- The legal sector accounted for the largest share of take-up across the City Core during Q1, taking over 280,000 sq ft or 52% of total leasing volumes. Banking & financial and professional services occupiers continued to be active, taking a 20% and 18% share respectively during the quarter.
- Availability in the City continued its upward trend over the quarter, increasing by 4% to reach 5.8 million sq ft at the end of Q1, reflecting a vacancy rate of 8.1%. The supply of newly built or refurbished space rose 7% during the quarter to 2.8 million sq ft as a number of new schemes due to complete within the next six months entered the figures.
- Tenant-controlled supply increased 13% quarter on quarter to 2.0 million sq ft at the end of March, up from the 1.8 million sq ft at the end of Q4. Tenant-controlled supply now represents 35% of total space available across the City Core submarket.









PANTHER HOUSE RENTAL VALUES – MAY 2021

Floor	SQ FT	Rent (£ per sq ft)	Comments
5	5,541	£ 77.50	1,184 sq ft terraces
4	7,846	£ 75.00	1,420 sq ft terraces
3	10,949	£ 70.00	No terrace
2	11,076	£ 67.50	No terrace
1	10,882	£ 62.50	No terrace
GF	8,620	£ 50.00	
LG	12,197	£ 30.00	Limited Natural Light
Total Office Rent	67,111	£ 59.74	
Total Retail Rent	2,938	£ 60.00	
Total Rent	70,049	£ 59.75	

We anticipate that the building will be let on a floor by floor basis, with a combination of 10 year straight leases and 10 year leases with 5 years breaks. Market rent frees are currently circa 27 months on a 10 year straight and 24 months on a 10 year lease with a 5 year break (12 + 12 months).

KEY LEASING COMPARABLE TRANSACTIONS

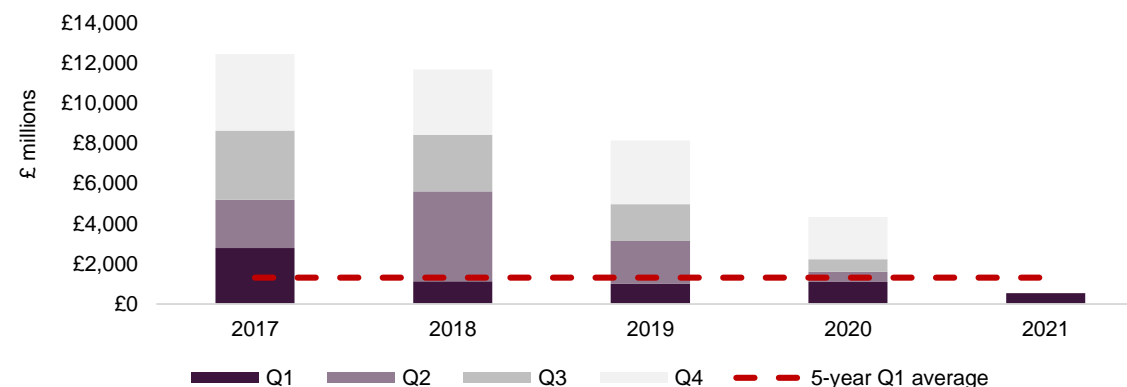
#	Building	Date	Tenant	Floor(s)	SF	Rent (£PSF)	Incentives	Term	Commentary	External Image
1	Panagram, 27 Goswell Road, EC1	Jan-21	Leigh Day	3 rd -7 th	28,483	£65.00 (Blended)	30 months	12 years with break at 5 th year	<ul style="list-style-type: none"> 52,000 sq ft of new office space designed by Buckley Gray Yeoman Floor-to-ceiling heights between 3.3m and 3.8m Terraces with impressive views throughout the building Comparable building in terms of quality of product and terraces on the upper floors. Inferior location to Panther House (PH), hence we have applied a premium to the PH ERV's (PH ERV blends to c. £73.00 psf on 3rd – 5th floors) 	
2	Aspect House, 28 Kirby Street, EC1	Jan-21	Legal Home Office	LG-3 rd	19,143	£57.00	22 months	10 years with break at 5 th year	<ul style="list-style-type: none"> Located in a prominent position between Farringdon Road and Hatton Garden, with the City and West End only short distances away Newly refurbished office building Comparable building in terms of quality of product Comparable location - close to PH Smaller floor plates, hence we have applied a discount to the PH ERV's (PH ERV blends to c. £55.50 psf on LG - 3rd floors) 	
3	Harella House, 90-98 Goswell Road, EC1	Feb-21	IA Interior Architects	4 th & Mezz	5,322	£75.00	13 + 13 months	10 year lease with 5 th year break	<ul style="list-style-type: none"> Located in a prime position towards the junction of Goswell Road and Old Street The site is well connected with Old Street, Farringdon (Underground, Crossrail & National Rail) and Barbican stations all within walking distance Newly refurbished building with double height reception Comparable building in terms of quality of product The 4th floor features a triple aspect office space, high floor to ceiling (pitched roof) heights, a terrace and new mezzanine. Hence we have applied a discount to the PH ERV on the 4th floor of £72.50 psf 	 
4	1 Grays Inn Road, WC1	Sept-20	Hardwicke Chambers	1st – 6th	19,978	£65.05	34 months	15 year lease	<ul style="list-style-type: none"> Redevelopment of the whole building with terraces on the 5th and 6th floor. New glazing, cladding and structure. Comparable location, but smaller floor plates and less terraces. Hence we have applied a premium to the PH ERV's (PH ERV blends to c. £69.00 psf on 1st – 5th floors) 	
5	Johnson Building, 77 Hatton Garden, EC1	Jan-20	Oktra	LL, Ground & 1st	18,300	£47.50	3 months + 14 months half rent	10 year lease with a break at 5 th year	<ul style="list-style-type: none"> Refurbished grade A office space. Full height atrium with fully refurbished contemporary interiors and dedicated entrances at 79 Hatton Garden and the Courtyard, 6 Cross Street. Landscaped Courtyard. LG has more natural light than PH LG floor (from the atrium). Hence we have applied a small discount to the PH ERV on the LG – 1st floors which blend to £46.50 psf 	

MARKET UPDATE – INVESTMENT

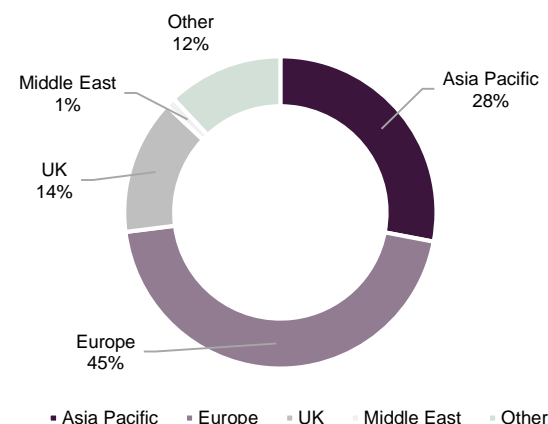
City of London Office Market Overview

- The impact of the COVID-19 pandemic has continued to be felt within the London office market, and the first quarter of 2021 shows there is still a way to go before the market fully recovers from the economic and health impacts felt over the last 12 months.
- With that said, there are early signs that the recovery is underway, as both the occupational and capital markets see some so-called “green shoots.” The continued rollout of the vaccine, combined with the steady re-opening of parts of the economy should see both occupier and investor sentiment improve as 2021 progresses.
- Following a strong end to 2020, the investment market across the City and East London submarkets was subdued in the first three months of the year. Turnover for Q1 2021 totalled just £547.5 million, a quarter on quarter fall of 74%. The Q1 volumes were also 49% below the £1.1 billion traded during Q1 2020 and 58% lower than the five-year Q1 average of £1.3 billion.
- The largest deal of the quarter was Henderson Park & Endurance Land’s disposal of 66 Shoe Lane, EC4 to a Consortium led by Wing Tai Properties for £255 million. The next largest transaction was the disposal of Saffron House, EC1 for £78.3 million, purchased by M&G on behalf of a mandate from an unnamed Asian investor.
- Asia Pacific purchasers were the dominant source of capital during the first quarter of the 2021, accounting for 50% of all investment volumes. UK and European investors remained active with a 32% and 10% share of quarterly volumes respectively.
- The amount of stock on the market has fallen during the quarter, with an estimated £911 million of assets on the market, slightly below the £976 million available this time last year. There is an additional £1.5 billion of assets under offer, which should help to bolster investment turnover in the short to medium term.
- The London investment market continues to be hampered by the restrictions surrounding international travel, although our data shows that there is still significant demand from both domestic and foreign investors for the right assets. However, the shortage of available stock will continue to inhibit investment volumes in the short term. Expectations are that as the economy opens up, investor sentiment will continue to improve, which will likely bring more stock to the market.

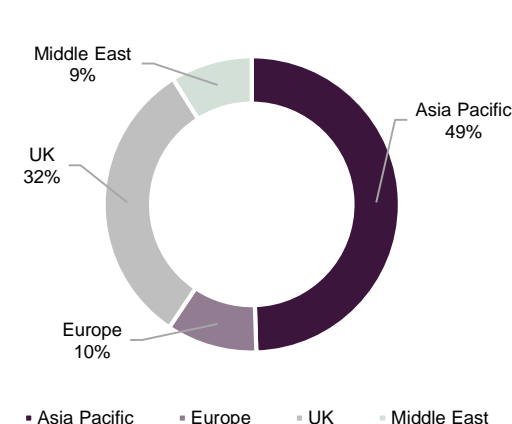
City & East London Investment Volumes







Investment by purchaser origin - 2020



Investment by purchaser origin – 2021 Q1



INVESTMENT COMPARABLE TRANSACTIONS

#	Building	Date	Vendor	Purchaser	SF	Price (£m / £PSF)	Yield	Tenure	Commentary	External Image
1	Saffron House, 6-12 Kirby Street, EC1	Mar-21	Columbia Threadneedle	M&G (on behalf of Asia mandate)	72,976	£78.3m / £1,073 PSF	5.00%	FH	<ul style="list-style-type: none"> Prime Farringdon location less than 200 meters from the new Elizabeth Line station. Multi-let at a passing rent of £4,180,327 pa and reflecting a low average passing rent of £57.27 per sq ft WAULT of 6.63 years to expiry and 3.87 years to breaks 	
2	The Lever Building, 85 Clerkenwell Road, EC1	Feb-21	Amsprop	Merseyside City Council Pension Fund	30,637	£38.14m / £1,249 PSF	4.29%	FH	<ul style="list-style-type: none"> Grade A warehouse style office building providing 30,637 sqft Arranged over lower ground, upper ground and five upper floors plus mezzanine level Single let to Tesco Stores Limited until April 2025 Rental income of £1,745,000 pa equating to only £57.00 per sq ft 	
3	Old Sorting House, 46 Essex Road, N1	Mar-21	Martins Properties	Private Israeli investor	20,505	£16.4m / £800 PSF	7.00%	FH	<ul style="list-style-type: none"> Comprises a 20,505 sq ft office building arranged over lower ground, ground and 2 upper floors Single let to Zava Limited, a medical technology business, on a 10 year lease to Jan 2029 (break in Jan 2024) Let at £1,221,900 per annum, which equated so c.£60 per sq ft overall 	
4	2-14 Bunhill Row, EC1	Dec-20	Nuveen	Sofidy	77,829	£46.2m / £594 PSF	5.02%	LLH	<ul style="list-style-type: none"> Let in full to the University of Law for a 14 year unexpired lease term Passing rent of £39.85 per sq ft, equating to a gross rent of £3.1 million per annum. Multi-let with a WAULT of 8.5 years to expiries and 7 years to breaks 	
5	BeWilson, 70 Wilson Street, EC2	Feb-20	Columbia Threadneedle	UBS	74,388	£93.0m / £1,250 PSF	4.89%	FH	<ul style="list-style-type: none"> Prime City fringe location, located near to both the City Core and the Shoreditch "tech belt" Recently developed, high quality building Multi-let, with a WAULT of 14.5 years to breaks and 16.0 years to expiries 	