

avignon

Current AUM Euros (m)	Current Properties	Active Countries FY16/17	Deal Volume FY16/17 Euros (m)	Number of Deals
675	112	07	565	25

Avignon Capital is a European Property Investment and Asset Management business based in London. We are dedicated to generating value by providing client focused, innovative and comprehensive solutions to property investments.

During the **Financial Year 2016/17** Avignon made significant additions to their UK and European portfolio with 18 acquisitions and 7 disposals completed.

Transactions 2016/17

Ampere Berlin

Use: Office
Size: 11,842 sqm
Acquisition: €43m



Curzon Cinemas UK

Use: Leisure
Size: 2 Locations
Acquisition: £5.4m



Queen Street Reading, UK

Use: Retail/Office
Size: 9,596 ft²
Acquisition: £3.28m



Normanton Yorkshire, UK

Use: Industrial
Size: 39,000 ft²
Acquisition: £2.22m



The Courtyard Cheltenham, UK

Use: Leisure/Retail
Size: 12,086 ft²
Acquisition: £4.65m



High Street Guildford, UK

Use: Retail
Size: 2,746 ft²
Acquisition: £2.46m



North End Croydon, UK

Use: Retail
Size: 3 units
Acquisition: £6.05m



The Parade Leamington, UK

Use: Retail/Office
Size: 2 units
Acquisition: £2.09m



Cavendish London

Use: Office
Size: 9,548 ft²
Acquisition: £20m



Friar Street Worcester, UK

Use: Leisure
Size: 5 units
Disposal: £11.8m



Østensjøvein Oslo

Use: Office
Size: 16,766 sqm
Disposal: €61m



Copenhagen Portfolio

Use: Retail
Size: Portfolio
Disposal: €119m



Meininger Berlin

Use: Hotel
Size: 7,487 sqm
Acquisition: €34.5m



Meininger Frankfurt

Use: Hotel
Size: 4,720 sqm
Acquisition: €14m



NH Hotel Amsterdam

Use: Hotel
Size: 10,000 sqm
Acquisition: €45m



Fulham Reach London

Use: Leisure
Size: 4,885 ft²
Acquisition: £2.66m



King Street Bristol, UK

Use: Office
Size: 6,306 ft²
Acquisition: £1.05m



The Arts Complex Southampton, UK

Use: Leisure
Size: 88,315 ft²
Acquisition: £8.75m



OPCW The Hague

Use: Office
Size: 16,734 sqm
Acquisition: €38m



Fontanella Barcelona

Use: Office/Retail
Size: 8,126 sqm
Disposal: €65m



Hyatt Hotel Amsterdam

Use: Hotel
Size: 8,336 sqm
Acquisition: €53.8m



*Croydon, Ipswich and Milton Keynes disposals not shown but included in figures

Executive Statement

As Avignon Capital concludes this Financial Year 2016/17, we look back over the year at our performance, growth and achievements. Our AUM grew, the size of our acquisitions grew, our team grew, and we entered new markets, all whilst building our brand and reputation.

The financial year was marked by a record volume of acquisitions and disposals, totalling €565m over 25 deals. This figure represents the total deal volume for Avignon for both acquisitions and disposals across the UK and Europe. This achievement prompted us to put together this transaction report to highlight our transaction performance over the past year.



We are proud to report that this deal volume was achieved despite economic uncertainty that followed a series of surprising political events in 2016/17. Whilst activity in the market slowed down, Avignon saw this as an opportunity and, despite the volatility, we were still able to secure attractive and well-located assets.

Our innovative asset management initiatives have helped to deliver income and value growth across the portfolio. Recent sales of assets in Barcelona and Copenhagen demonstrate how implementing a successful value add strategy significantly increases the value of the asset, which in turn delivers attractive returns for our investors. We achieved a 135 % return on equity on the sale of Fontanella in Barcelona, moreover the sale of our Copenhagen portfolio achieved a record 154% return on equity.

During the financial year, Avignon Capital made significant additions to the portfolio and entered new markets. Three acquisitions in The Netherlands (€136.8m) marked Avignon's entry in to the Dutch market and further acquisitions were made in new cities such as Frankfurt. We took the opportunity to diversify our portfolio with hotel acquisitions, whilst maintaining our focus on acquiring assets in attractive locations with strong growth fundamentals.

The team has grown over the past year and we established a new office in Berlin, strengthening our German footprint. The hard-working team make this year's achievements possible; they bring a variety of skills and expertise that combine to build a successful investment solution.

Looking ahead to the next year we are optimistic about the market and will continue to deliver the best real estate solutions to our investors, by securing attractive, well located assets, whilst continuing to deliver sustained income and value growth.

Special thanks to our hard-working team and our investors for believing in us and working with us. This financial year has been a great period for Avignon Capital and we will take this momentum into the next financial year.



Eric Mounier
CEO



Patrick Flaton
CFO

Locations

Avignon has experience and insight to assess opportunities across different locations and identifying markets which deliver value. We look for attractive, long term stable investments in interesting European markets.

During FY16/17 Avignon has been active in the UK, Netherlands, Spain, Germany, Denmark, Norway and Poland.

Active Cities

- 1 – UK Cities
- 2 – Amsterdam
- 3 – The Hague
- 4 – Barcelona
- 5 – Berlin
- 6 – Frankfurt
- 7 – Copenhagen
- 8 – Oslo
- 9 – Warsaw



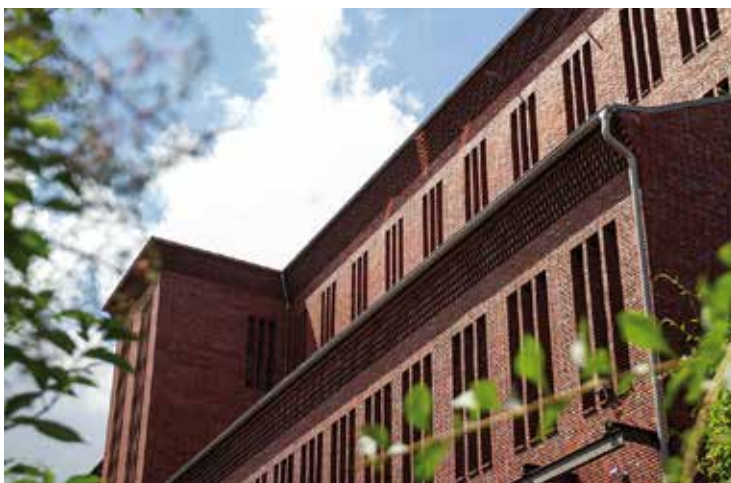
The 11,842 sqm Ampere building is a former electricity transformer station built in 1926 and was converted into offices in 2010.

Located in Prenzlauer Berg, an area widely regarded as a ‘tech-cluster’ in Berlin, and is becoming increasingly popular with young creative companies. Companies already located in the area include, Twitter, Soundcloud and Uber.

Avignon recognised the reversionary potential for the asset and we are investing significant capital into improvements, leasing out vacant space and creating a highly desirable work environment.

The asset management vision is to create a vibrant campus which is home to tech orientated tenants who embody the characteristics of the building.

Avignon have recognized five key areas within the site that they will develop, which will significantly increase the value and passing rent.



Avignon Capital are JV partners with Corinthian Curzon, the development company of historic cinema brand Curzon Cinemas, and we are funding the development of new cinema sites as part of Curzon Cinema's UK expansion.

Two sites are already trading and a further two were acquired this financial year in London and Colchester.

The London cinema forms part of a new seven-acre mixed use residential/leisure scheme by developer Berkeley Homes. Avignon agreed to acquire and operate the new four-screen Curzon cinema and restaurant complex which is located at the heart of the scheme. The cinema opened in January 2017.

The most recent property secured through the JV is located in Colchester, which is being developed into a luxury three-screen boutique cinema and two restaurants. This will be the first Curzon cinema in the East of England and a valuable asset to the Colchester community, generating new jobs and enhancing the towns growing reputation as a hub for creative industries.



Queen Street Reading

The Grade II listed building covers 9,596 sq ft and is situated on a pedestrianised street linking Reading train station directly into the centre of town. Reading is a well-established commercial centre with a strong demographic and Avignon recognised the opportunity to acquire a prime asset set to benefit from the continued growth of the town which will be further enhanced by the arrival of Crossrail in 2019.

The modern, 39,000 sq ft warehouse acts as a research and distribution facility for Harvard Engineering, a world leader in the design and manufacture of lighting products. This acquisition is located in Normanton, which is one of Yorkshire's premier industrial and distribution locations due to its strong transportation links. The property benefits from having a good unexpired term to Harvard Engineering.

Normanton Yorkshire**The Courtyard** Cheltenham

The Courtyard occupies a prime location on Montpellier Street in Cheltenham and is a multi-let scheme, which offered an exciting asset management opportunity to create a desirable high-end retail hub and leisure destination in this affluent spa town. The low passing rents and numerous lease events gave rise to numerous asset management opportunities and the ability to drive income growth in the short to medium term.

The Guildford asset is a Grade II listed building, single-let to women's fashion retailer Gerard Darel. Guildford is one of the UK's top towns and retailing locations, and Avignon secured this asset at a significant discount to prime Guildford yields. In addition, the asset was considered highly reversionary and offered the ability to secure the income growth in the short term.

High Street Guildford**North End** Croydon

The three retail units are located on a popular pedestrianised street in Croydon, let to retailers Pandora, Costa Coffee and Carphone Warehouse with additional flats above. Croydon is set to become London's biggest growth centre and is being transformed with a £5.25bn regeneration programme. There are numerous asset management opportunities from securing rental growth, individual asset sales, or splitting off the residential.

The asset comprises two retail units and 3 floors of offices on The Parade, Leamington's main shopping thoroughfare; the assets are currently let to retailers Smiggle and Vodafone. There is excellent retail demand within Leamington Spa and the asset occupies a prime location in the town. Moreover, office uppers provide additional asset management opportunities for Avignon to create additional value from alternative uses.

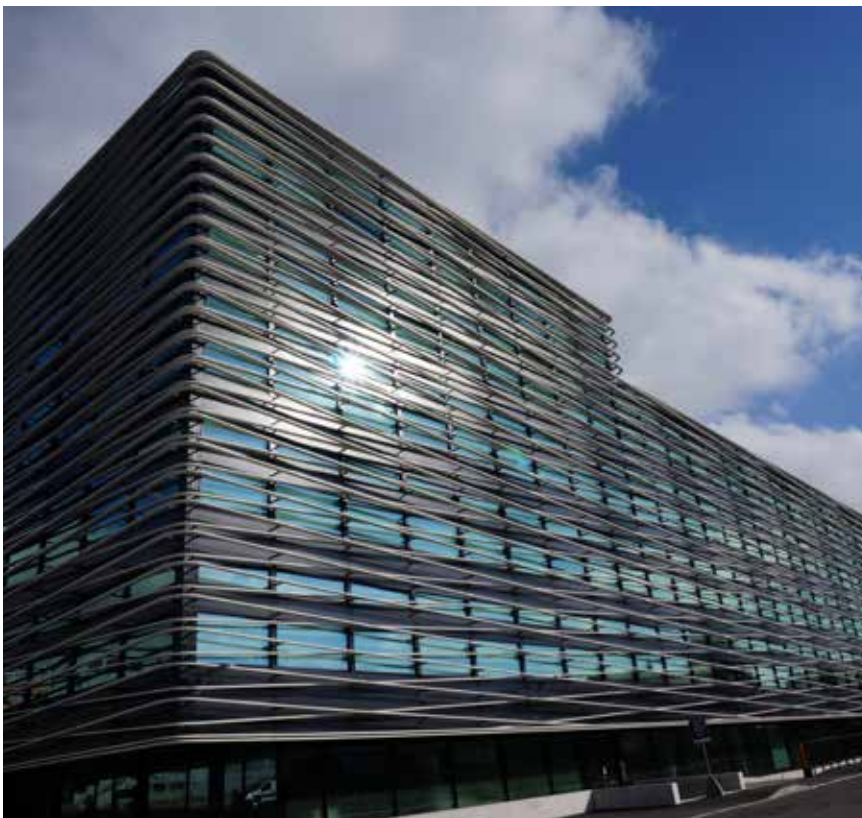
The Parade Leamington Spa

Avignon sold Østensjøveien 27, a prime office building in Oslo, for €61m, producing an 87% return on equity.

Acquired in 2014, Avignon Capital identified Østensjøveien 27 as an opportunity to purchase a high-quality environmental impact building in a growth area of Oslo. The property provided consistent returns to investors alongside sustained capital growth under Avignon Capital's ownership.

The building holds a BREEAM "Excellent" rating, owing to its sustainability credentials, and on completion in Q3 2014 was ranked one of the 100 most sustainable office buildings in the world.

The sale of Østensjøveien 27 is evidence of Avignon's ability to acquire exceptional properties across Europe and deliver attractive returns for investors.



Avignon sold their prime retail portfolio in Copenhagen for €119m achieving a 154% return on equity.

The portfolio consists of five prime retail assets let to international retailers, including Benneton and Superdry. The portfolio was assembled by Avignon between Q2 2012 and Q1 2014, at a time when few international investors were in the market. Avignon identified the Copenhagen retail market as having significant growth opportunities.

Avignon further increased the value of the portfolio with active asset management initiatives including the development of a new ground floor retail unit which was let to international retailer Superdry, increasing rent by 200% since acquisition.

Since Avignon entered the Copenhagen market in 2012, the local retail market has evolved due to the influx of international retailers entering the market, helping to drive the rental and capital value of Avignon's assets.



Two hotels were acquired in Frankfurt and Berlin let to European hotel chain Meininger, both strategically-located next to major transportation hubs for €48.5m.

Meininger is a hotel chain; it has 16 hotels across Europe’s key tourist and business cities, with plans to double this number over the next two years.

The booming German hotel industry presented Avignon with an opportunity to diversify their portfolio whilst sticking to their philosophy of investing in attractive locations with strong growth fundamentals.

The hotels’ exceptional proximity to Berlin and Frankfurt’s prime transportation hubs will be key to the future value and growth of this investment; combined with the stable cash flow from the long-term leases and good covenant strength of the properties.



The €45m acquisition of the NH Amsterdam Zuid hotel marked Avignon’s entry into the Dutch market.

The hotel is based in the Zuidas business district of Amsterdam, an area strategically-positioned between the city centre and Schiphol Airport.

The property was originally constructed in 2002 and comprehensively refurbished as a hotel in 2008. The 4-star hotel covers 10,000 sqm and contains 213 guest rooms.

The acquisition of the NH Amsterdam Zuid hotel was a rare, off-market opportunity to acquire a prime hotel located in Amsterdam’s strongest business district. The asset is securely let to a strong covenant for a further 42 years which offers a low risk, stable income base throughout the hold period.



Avignon were given an opportunity to purchase a leasehold heritage building in central Bristol, 100% occupied at below market rents with the ability to reposition.

Bristol is one of the top creative locations in the UK and there is a demand from the creative industries for historic buildings with character.

Avignon is currently repositioning the building and will commence building improvements, focusing on sustainability to ensure the building is environmentally responsible and resource-efficient throughout the building's life-cycle.

Once improvement works have completed, rents will be put in line with the market, which will significantly increase the rental income.



Avignon expanded its UK portfolio through the acquisition of a restaurant unit in Fulham, London. The modern, purpose-built restaurant unit is arranged over 4,885 sq ft, and let to Brasserie Blanc, the French restaurant group led by acclaimed chef Raymond Blanc.

The brand-new restaurant unit is located in Fulham Reach, a high-profile riverside development on the Thames Pathway, due to open in early summer 2017.

Fulham is an affluent borough in London with a growing demographic of young professionals; the opening of the Thames Path in front of the development, and its proximity to Hammersmith tube station, is expected to further increase footfall by the restaurant.

The property benefits from having a 20-year straight lease to Brasserie Blanc, as well as being situated in an improving location.



Avignon acquired the purpose-built property, let to the Organisation for the Prohibition of Chemical Weapons (OPCW), for €38m.

The property is located in the International Peace and Justice District of The Hague, home to numerous UN or UN-related organisations. It comprises 16,734 sqm of leasable floor area, having been built-to-suit in 1998.

OPCW is the implementing body of the Chemical Weapons Convention, which has 192 Member States, who are working together to achieve a world free of chemical weapons.

The deal to acquire the OPCW building presented Avignon with an off-market opportunity to acquire a purpose-built asset that has a strong relationship with the UN and its member nations.

Avignon Capital is always keen to invest in properties that not only deliver returns, but have a wider positive impact on both society and the environment.



The Arts Complex is a modern, mixed use leisure scheme in the heart of Southampton's thriving Cultural Quarter.

The newly developed building has excellent long term income, with 84% of income secured for greater than 10 years.

The building contains a multi-purpose performing arts centre and is also home to seven restaurant units, which are fully let to Gourmet Burger Kitchen, Nandos, Tapas Barcelona, Mettricks, The Stable, Neighbourhood and Costa Coffee.

The Cultural Quarter area is core to Southampton's social and economic regeneration programme that has benefited from significant investments in recent years and is a desired restaurant location in the city.

Southampton is a key commercial centre for the South East region and is renowned as the cruise ship capital of Europe; with four million visitors every year, Avignon see huge potential for this asset.



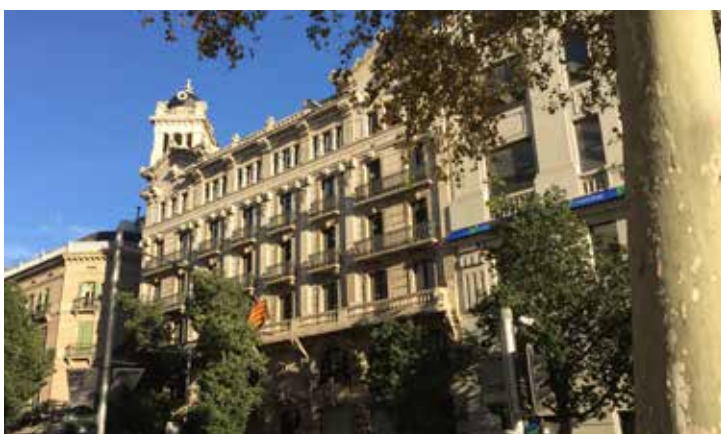
Avignon completed the sale of Fontanella, a prime office and retail asset for €65m, producing an 135% return on equity.

The asset is a 8,126 sqm property situated on the corner of Plaça de Catalunya, one of the busiest tourist locations in Barcelona.

The business plan on acquisition was to maintain the secure income from the existing tenant, whilst simultaneously creating a new retail offering through reconstruction works on the ground and first floors.

The asset management initiative to let the upgraded ground and first floor to Media Markt, an international retailer, increased the passing rent by €350,000 per annum.

The sale of Fontanella is another prime example of Avignon Capital's ability to execute an innovative asset management strategy to significantly increase the value of an asset, as well as secure impressive returns to our investors.



Avignon was given the opportunity to acquire another hotel in Amsterdam which is excellently located in the main Amsterdam Metropolitan Area. The acquisition of the Hyatt Place Amsterdam Airport Hotel was secured in an off-market transaction for €53.8m.

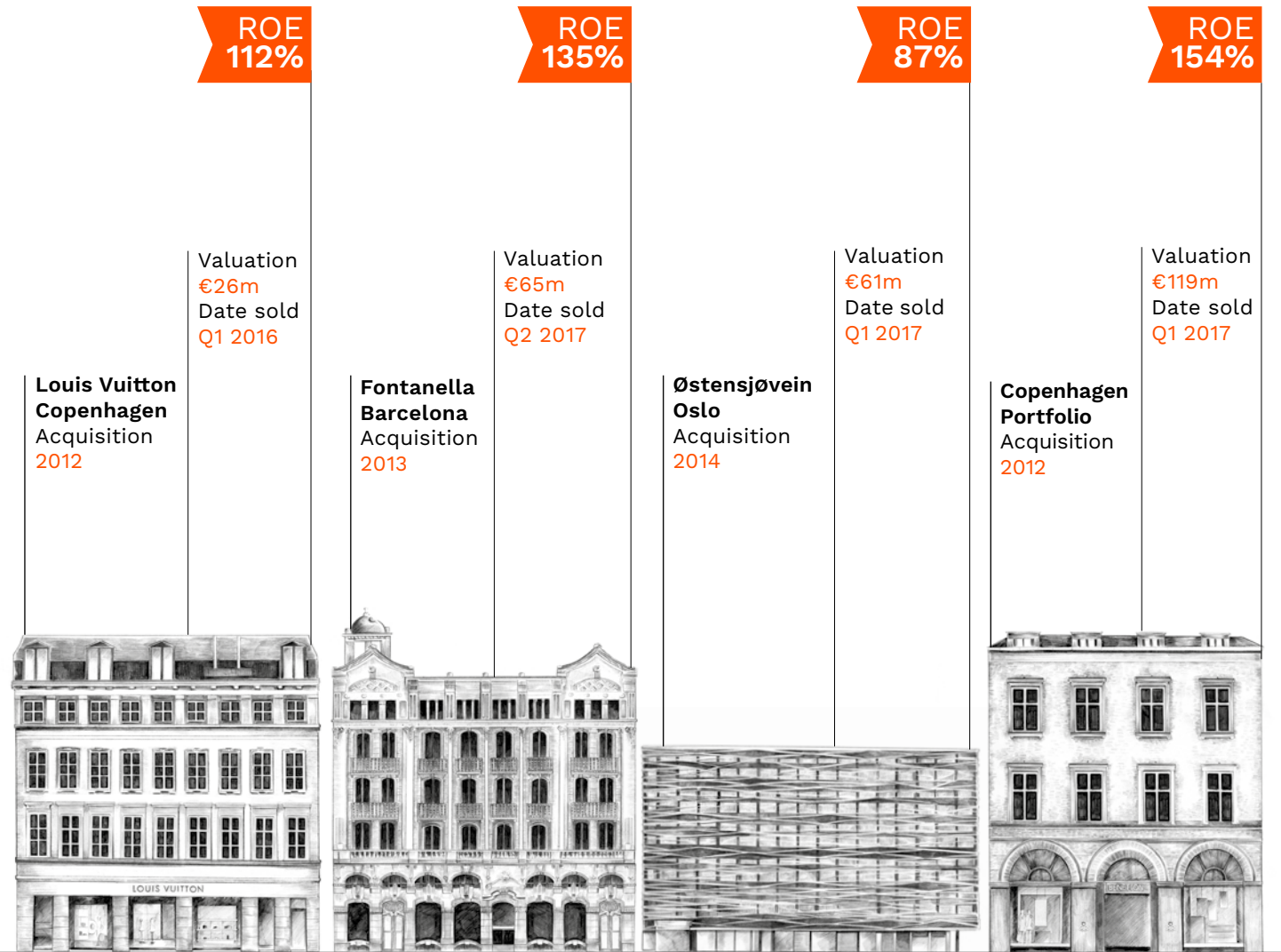
Hyatt Place Amsterdam Airport is a state-of-the-art hotel and opened in January 2014 as Europe's first Hyatt Place Hotel. The hotel is located a five-minute drive from Schiphol airport, which is Europe's third busiest and fastest-growing major airport hub.

Amsterdam is one of Europe's most booming hotel markets with a stable annual growth of 5% in tourists and business travellers visiting the city.

The asset benefits from a long unexpired lease term with annual indexed rental income.



Avignon returns



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