

EXECUTIVE SUMMARY

- Prime, ESG focused, Grade A office investment located in Manchester City Centre
- Substantial island site comprising 1.27 acres (0.51 hectares) situated at the heart of the NOMA prime business district
- NOMA is an exciting £800m mixed use scheme, providing up to 4 million sq ft of commercial and residential space amongst a vibrant public realm
- Iconic HQ office building, providing 329,219 sq ft (30,585 sq m) of Grade A accommodation over basement, lower ground, ground and 14 upper floors
- One Angel Square is one of the most sustainable buildings in the UK with a BREEAM rating of 'Outstanding' and an EPC rating of A+
- Current emissions from the asset are significantly below the decarbonisation trajectory set out within the Paris Climate Agreement (1.5°C) and energy usage is c.20% below a typical office building
- Highly specified and flexible floorplates with excellent natural light. The building is future proofed in design and capable of multiple subdivisions per floor to create suites from 3,000 sq ft upwards

- Best in class amenities and facilities, including several south facing roof terraces with stunning views of Manchester's skyline
- Freehold
- Single FRI lease to The Co-operative Group Limited for 25 years from February 2013, expiring February 2038 (15.5 years unexpired)
- 5 yearly upwards only RPI linked rent reviews compounded annually, subject to a collar of 1.50% per annum and a cap of 4.00% per annum
- The Co-operative Group Limited has an Experian rating of 96/100, indicating a 'Very Low Risk' of business failure, and a D&B rating of 5A2, indicating 'Low Risk' of business failure
- Topped up rent of £11,601,393 per annum, which captures the guaranteed RPI growth until February 2022, reflecting £35.70 per sq ft (assuming lower ground at 50% discount and cars at £3,500 per space), which is forecast to rise to £12,355,986 per annum at the effective 5 yearly review in February 2023
- Current Estimated Rental Value of £11,696,758 per annum, reflective of £36.00 per sq ft (adopting 50% discount at lower ground, and cars at £3,500 per space)

Offers are sought in excess of £210,000,000 (Two Hundred and Ten Million Pounds), subject to contract and exclusive of VAT. A purchase of the asset at this level would reflect the following yield profile, assuming standard purchaser's costs of 6.80%:

Net Initial Yield (2022)	5.17%					
Capital Value (2022)	£620 per sq ft (cars at £40,000 per space)					
	Minimum	Forecast*	Maximum			
Running Yield (Feb 2023)	5.17%	5.42%	5.51%			
Running Yield (Feb 2028)	5.94%	6.45%	6.70%			
Dunning Yield (Feb 2033)	6.05%	7 33%	7.85%			

*Based on Oxford Economics Forecast June 2022

The asset is held in a Special Purpose Vehicle (SPV), which is an English Limited Partnership (ELP) of which a Jersey Property Unit Trust (JPUT) holds a 49% partnership interest. The vendor would consider an asset sale or alternatively, a sale of the units in the JPUT together with the ELP general partner (which is a UK limited company) and the remaining partnership interest in the ELP.

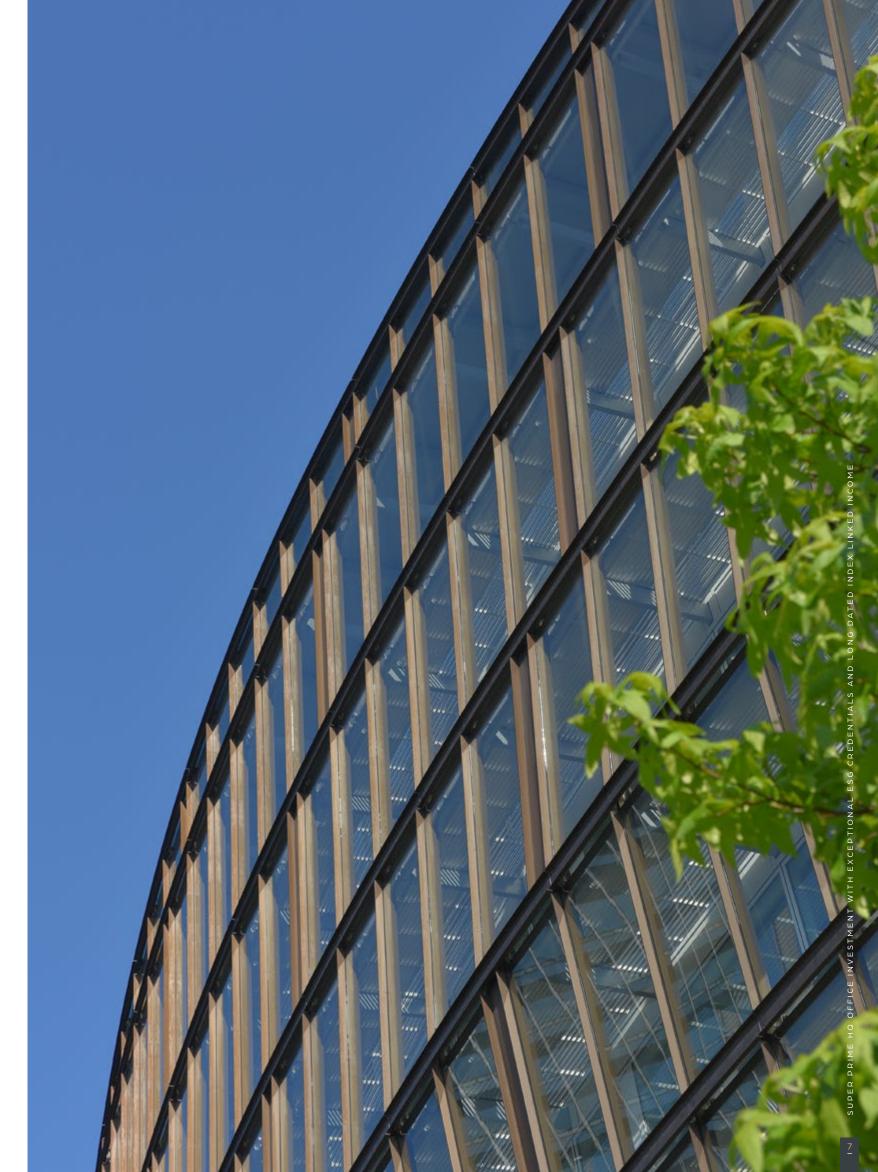


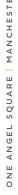






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INVESTMENT RATIONALE

Manchester

- Manchester is the UK's second city and an established International Capital Market
- Largest student population in Europe (over 100,000) attracting employers to a diverse range of digitally qualified graduates, with the City recording the highest graduate retention rate in the UK (51%)
- High employment growth (+30% since 2016) and exponential population growth (+355% since 2002)
- Global connected city with direct flights to 225 destinations, including China, Dubai and the USA
- Significant infrastructure investment including the ongoing construction of HS2 and the Metrolink, which connects the Greater Manchester region via almost 100 stations.

NOMA

- Situated in the heart of the NOMA estate, a vibrant commercial office district, which has attracted occupiers, such as Amazon and Deloitte
- NOMA is predominantly owned and controlled by Federated Hermes, a long-term and stable investor with a vision to create an exceptional commercially led, mixed-use neighbourhood.

One Angel Square

- A state-of-the-art HQ office building, providing best in class Grade A accommodation
- Exceptional ESG credentials with a BREEAM rating of 'Outstanding' and an EPC rating of A+
- Future proofed building with flexible and fully sub-divisible floor plates, ranging from c.3,000 – 29,000 sq ft
- Unrivalled facilities, including an auditorium, a restaurant, a convenience store, a coffee shop and a fully fitted gym and fitness studio.

Covenant

- Securely let to The Co-operative Group Limited, which is the ultimate parent company for the group business and rated 'Very Low Risk' of business failure
- The Co-operative Group has been proudly headquartered in Manchester for over 150 years and based at NOMA for over 50 years
- The tenant is a highly regarded business with a strong ethical focus, supporting local charities, tackling modern slavery and championing sustainability.

Lease

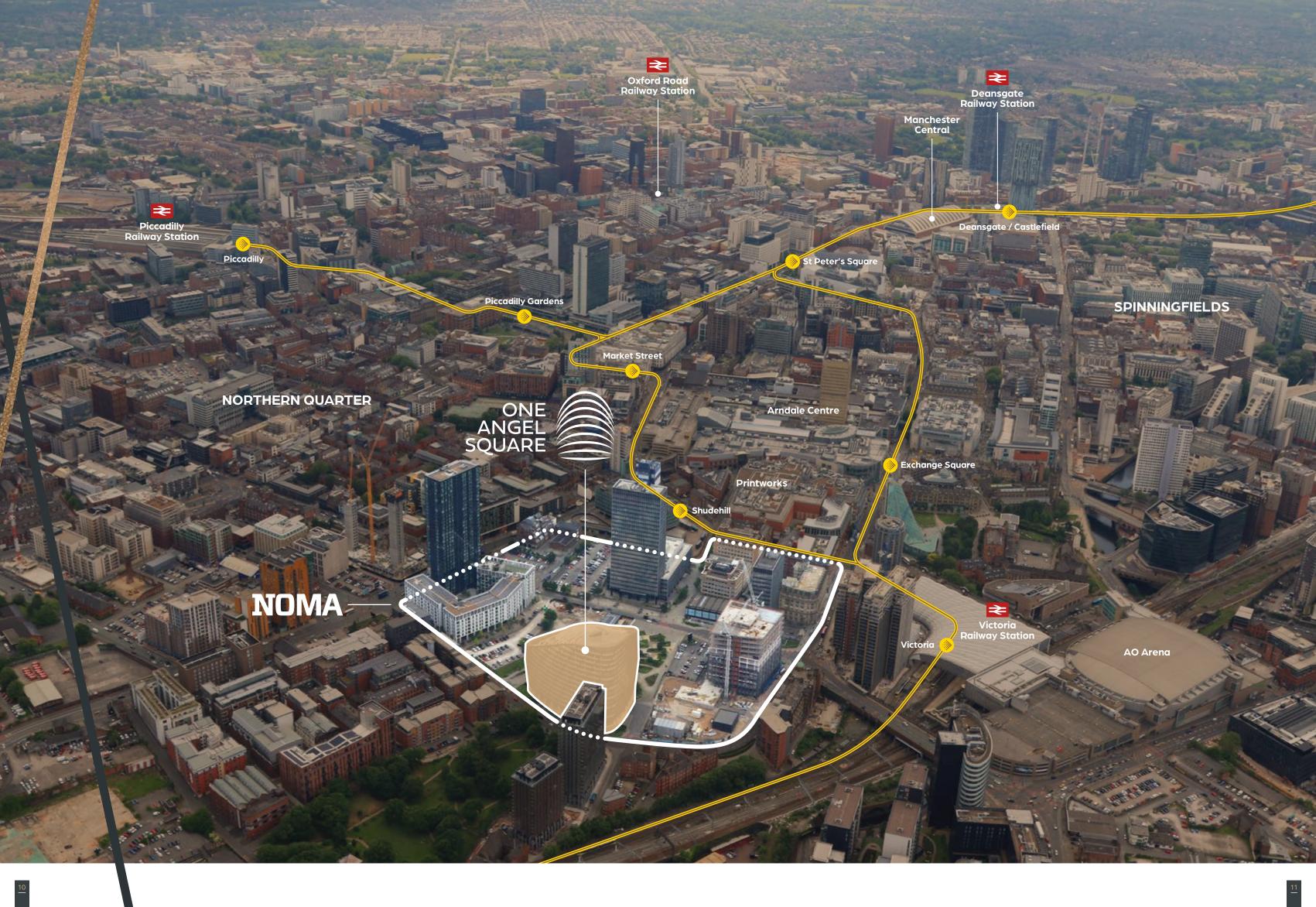
- Single FRI lease providing secure long dated income with 15.5 years unexpired
- Guaranteed income performance from RPI linked rent reviews
- Marketing rent at £35.70 per sq ft is currently below ERV, 9% below the achieved prime Manchester office rent, and 15% below current quoting rents for comparable Grade A office space.

Manchester Office Market

- Manchester is the best performing regional office market with 1.05m sq ft of take up in 2021
- Average take up has increased by 65% per annum since Pre-Global Financial Crisis
- Strong occupational market with demand from a diverse range of occupiers
- Prime Grade A rents increasing in spite of the Covid-19 pandemic with headline rents now evidenced at £38.50 per sq ft and quoting rents between £40.00 – £42.00 per sq ft
- Manchester has experienced long term sustained rental performance of c.2.75% per annum over the last 10 years.

Pricing

- Exceptional relative value with the quoting price reflective of 5.17% NIY comparing favourably to prime investment yields in Manchester, which currently stand at 4.25% NIY, as evidenced by the BT building at New Bailey and the RBS building at Spinningfields
- Entry yield c.150 200 bps more attractive compared to equivalent assets in Central London and comparable key European core markets
- Underpinned by vacant possession values with build costs for comparable BREEAM 'Outstanding' currently over £600 per sq ft to build to Cat A (including land).











MANCHESTER: A GLOBAL CITY

Manchester is the premier regional city in the UK and it is widely recognised as the economic and cultural capital of the North of England. It has been a beneficiary of the UK Government's 'Northern Powerhouse' and 'Levelling Up' initiatives, resulting in the largest and fastest growing regional centre in the UK. The Greater Manchester region generates wealth equal to that of Leeds, Liverpool and Sheffield combined with a Gross Value Added of £66bn.



Named Third Best City in the World Time Out 2021



Voted the most liveable city in the UK
The Economist 2019



Ranked the Best City in Europe for Business Friendliness The Financial Times 2020



Named the UK's Top Digital Tech City The Data City 2020



Home to 5 unicorn tech companies



More than 80 of the FTSE 100 represented in Manchester



Up to 40% lower operating costs than London



Manchester is expected to be the fastest growing of the UK's major cities between 2022 and 2025, with annual growth of 3.2%



Economy that has almost doubled in size in the last 20 years



Over 350,000 employers



Over 1,322,200 people in employment



UK's 3rd busiest airport with a runway capacity for 55 million passengers per annum



One of the largest student populations in Europe with over 105,000 students across five leading universities



The highest graduate retention outside of London, with 51% of students choosing to remain in Manchester



Globally recognised as the home of Manchester United and Manchester City



£9.0bn tourism economy

Manchester is a long standing and proven destination for domestic and international Capital. For over 20 years, Manchester has attracted capital from all over the world, with capital invested across the risk spectrum to stabilised investment holdings to large development opportunities.

Inward investment projects contributed £314m to Manchester's economy in 2021, reflecting a 41% increase compared to 2019 and creating 5,080 new jobs. The city also attracted over 40% of all North West foreign investment projects in 2021 and was ranked by IBM as the 12th most popular location for foreign direct investment (FDI) in 2019.

Airport City

Airport City is one of the largest development schemes in the UK, providing 5 million sq ft of office, logistics and manufacturing accommodation. The £1bn project secured Beijing Construction and Engineering Group Investments (BCEGI) as a 20% equity stakeholder, reflecting one of the largest single investments by a Chinese company in Britain.

Eastlands – City of Manchester Residential Project

The Eastlands project secured a £1bn funding commitment by Abu Dhabi Investment Authority to deliver over 5,000 new residential homes, leisure and education facilities, as well as a £200m training complex. The three-phase scheme occupies a prominent position adjacent to Manchester City football stadium and is expected to transform the local area.

ID Manchester

ID Manchester is a 3.5m sq ft mixed-use redevelopment of the University of Manchester campus that will provide state-of the-art research, science and education space. A Joint Venture Legal Agreement between Bruntwood SciTech and the University of Manchester was signed in February 2022 which will see £1.5bn invested into the city and over 10,000 jobs created.

Mayfield

Mayfield is a £1.5bn mixed-use urban neighbourhood that is now being led by Landsec. The first phase – Mayfield Park – is currently under development and will complete in 2022. The second phase will comprise 500 residential units, office buildings and a new MSCP and is expected to commence in H2 2022 / H1 2023.

Enterprise City

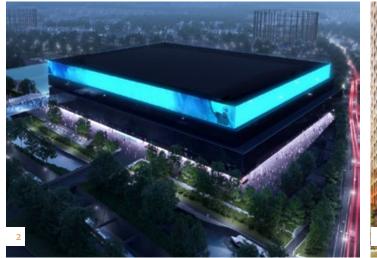
Enterprise City is a transformational mixed-use regeneration development in Manchester City Centre. The masterplan provides a vibrant mix of office accommodation, studio and film space, hotels, retail and leisure units and residential apartments all set around 13 acres of public realm. The scheme has attracted significant occupier interest, with pre-lets already agreed to Booking.com, WPP and Mollies Motels (part of Soho Group).

New Bailey

New Bailey forms a crucial part of Salford Central – a transformative £1bn regeneration of over 50 acres of the City's civic and historic centre to provide 2.2 million sq ft of commercial space, a hotel and 849 new homes. The scheme has already achieved significant leasing success with occupiers including Freshfields Bruckhaus Deringer, BT, Eversheds Sutherland, BLM and HMRC.















- 1 Airport City
- 2 Eastlands 3 ID Manchester
- 4 Mayfield 5 Enterprise City 6 New Bailey

MANCHESTER CONNECTIVITY

Manchester is a city in Greater Manchester in the North West of England, which is the second most populous urban area in the UK with a population in excess of 2.8 million and over 11 million within a 50 mile radius. Manchester benefits from a world class, multi-modal integrated transport infrastructure that provides fast and affordable connectivity throughout the Greater Manchester region and beyond.



Ranked as the 2nd best city in Europe for connectivity - The Financial Times (2020)



225 direct flight destinations from Manchester **Airport**



£350m investment in the new Trafford Park Metrolink line



HS2 High Speed Rail new high-speed line from London to Manchester in 1 hour 7 minutes



59 trains daily between Manchester and London



2-hour journey from Manchester to London



7 million population within one hour's drive - largest travel to work area outside of London



20 million of the **UK's population** within a 2-hour drive



Manchester's Metrolink is the UK's largest light rail system with almost 100 stops



32 million passengers pass through Manchester Piccadilly each year



Road

Manchester has one of the most extensive regional motorway networks in the country, including the M60 orbital motorway, which links the Greater Manchester region, and linear motorways, such as the M6, M56 and M62, that provide direct access to Leeds, Liverpool, Sheffield, Glasgow, Edinburgh and London. NOMA benefits from immediate access to Manchester's inner ring road.

Rail



There are four main railway stations in Manchester city centre, including Manchester Piccadilly, which provides

3 direct hourly services to London Euston with a journey time of 2 hours 6 minutes. Upon completion of the High Speed 2 railway line, the journey time will be reduced to 1 hour 7 minutes. Manchester Victoria is situated to the north of the city centre, immediately adjacent to NOMA.

Metrolink



The Metrolink is one of the most successful light rail systems in the UK, comprising 8 lines and 99 stations that

connect the Greater Manchester region, carrying over 45m passengers per annum. Transport for Greater Manchester has recently invested almost £2bn to expand the network, including the recent £350m Trafford Park extension. NOMA is serviced by the Shudehill and Victoria transport interchanges.

Bus



Greater Manchester and the city centre are served by an extensive bus network, including a free shuttle bus

system running 3 circular routes between the mainline stations of Piccadilly, Victoria and Manchester Oxford Road. The primary bus interchange is situated in Piccadilly Gardens, but NOMA benefits from two major bus stations at Victoria and Shudehill transport interchanges.

Air



Manchester Airport is situated 5 miles (8 km) to the south of the city centre. It remains the largest airport outside of

London and the UK's 3rd busiest airport, servicing over 29m passengers annually. Manchester Airports Group is investing £1bn over the next 10 years to transform Manchester Airport by expanding services and allowing it to double the number of passengers it handles each year to 55m.

Shudehill Interchange Bus & Metrolink station



4 Angel Sq

200k sq ft Grade A office due for completion early 2023

Manchester Victoria Train & Metrolink station

Angel Gardens 466 PRS apartments

CIS Tower Proposed 425k sq ft

office refurbishment

203 Ministry of Justice

Redfern Building

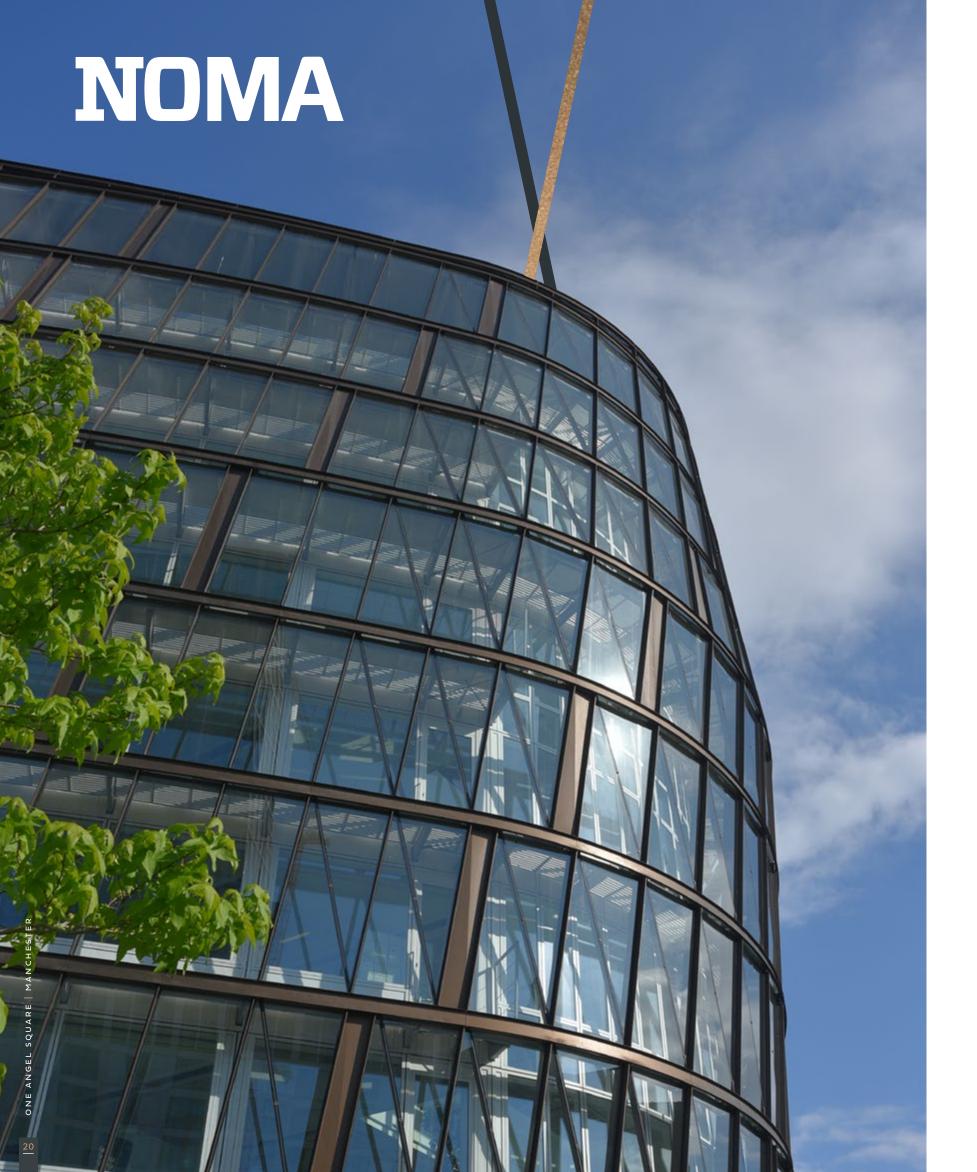
Hanover amazon Deloitte.

New Victoria

520 PRS apartments due for completion late 2023

Meadowside 756 new build apartments





One Angel Square is located in the heart of NOMA, an exciting 20 acre (8 hectare) neighbourhood to the north of Manchester City Centre.

Historically, the area has always been closely linked with The Co-operative Group, the majority asset owners in the area for approximately 150 years, operating from numerous buildings before they sought to rationalise their historic estate and develop a new HQ building.

The NOMA estate comprises 19 assets, the majority of which are now owned by Federated Herms, a long-term investor with a vision to create a vibrant commercially led, mixed-use neighbourhood. Environmental, sustainability and heritage preservation has been an

overriding objective and ambition throughout the design and construction of buildings at NOMA.

Once complete, the £800m mixed use development will provide:

- 2.5 million sq ft offices
- 1 million sq ft of homes
- 400,000 sq ft of shops, restaurants and bars
- 200,000 sq ft of hotels
- 4 acres of public realm

NOMA is already home to...

amazon	Deloitte.	APADMI.	kain●s°
O P	LIVERPOOL GIRL GEEKS	RECONNECTED RESEARCH	wework









Home to The Co-op for almost 160 years



Access to 1GBps Wi-Fi speeds



6,000 people currently work at NOMA



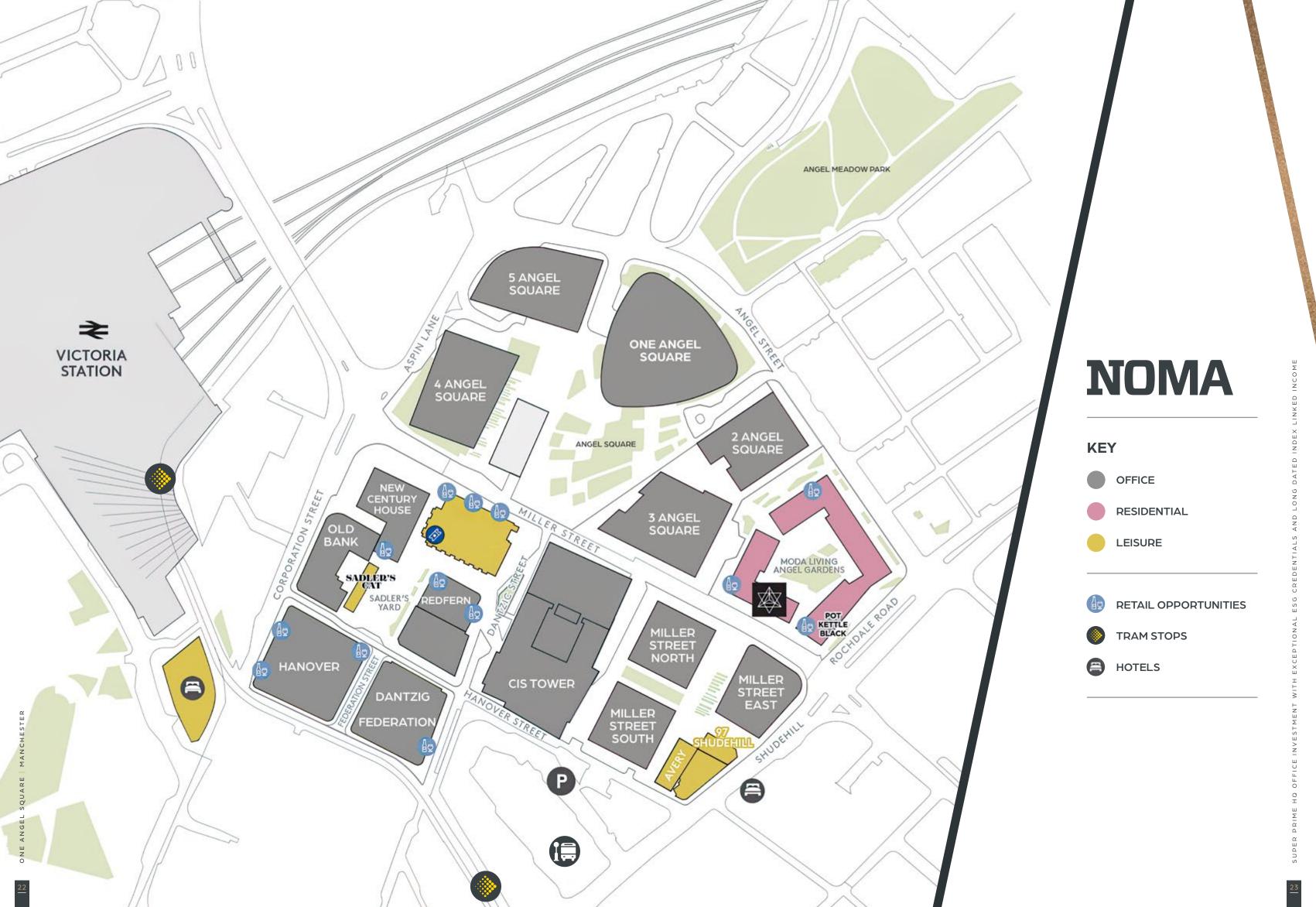
Located next to the city centre's only green park -**Angel Meadow**



The best-connected city centre location in Manchester



Site of the world's first steam-powered mill



NOMA

Completed Developments:



Hanover House – 2018 refurbishment

- Grade II listed building that has been comprehensively refurbished to provide contemporary Grade A office space
- Winner of 'Best Refurbished / Recycled Workplace'—
 British Council for Offices Awards, 2019
- Recently let to Amazon for their Manchester HQ, alongside WeWork and Deloitte



Dantzic – 2019 refurbishment

- Grade II listed characterful building that has been refurbished to provide 45,000 sq ft of creative workspace rated BREEAM – 'Very Good'
- Global consultancy, IBI Group, has recently signed a new 10-year lease at the building

The NOMA estate comprises 19 assets, the majority of which are now owned by a long-term investor, with a vision to create a vibrant commercially led, mixed-use neighbourhood



Redfern – 2020 refurbishment

- Grade II listed former warehouse that has blended original Art Deco features with modern office space and a roof terrace with panoramic city views
- The Ministry of Justice signed a new 15-year lease to occupy the entire building for the National Probation Service

Future Phases:



New Century Hall – 2022 Practical Completion

- Grade II listed building that has undergone a £10m transformative refurbishment
- The building will reopen as a state-of-the-art live music, performance and events space to nurture talent and develop skills in the local community



4 Angel Square – 2023 Practical Completion

- New best in class net zero carbon office building with a quoting rent of £40.00 per sq ft
- 200,000 sq ft of high-quality Grade A office space, targeting BREEAM – 'Outstanding' and Nabers – '5
 Star'



Old Bank – 2023 Practical Completion

- Grade II listed former bank that will provide contemporary accommodation whilst retaining its characterful period features
- The building will benefit from a 7-storey extension to provide 95,000 sq ft of office space and 3,500 sq ft of ground floor retail and leisure accommodation



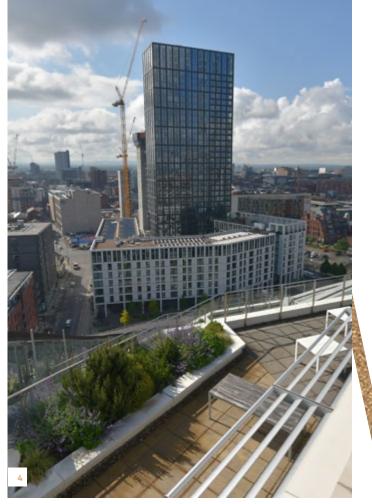
2 & 3 Angel Square – Planning Permissions Granted

- Planning permissions have been granted for Plots 2 & 3 Angel Square
- 2 & 3 will provide 145,000 sq ft and 260,000 sq ft of best-in-class office space targeting BREEAM – 'Excellent'











4 View from a roof terrace

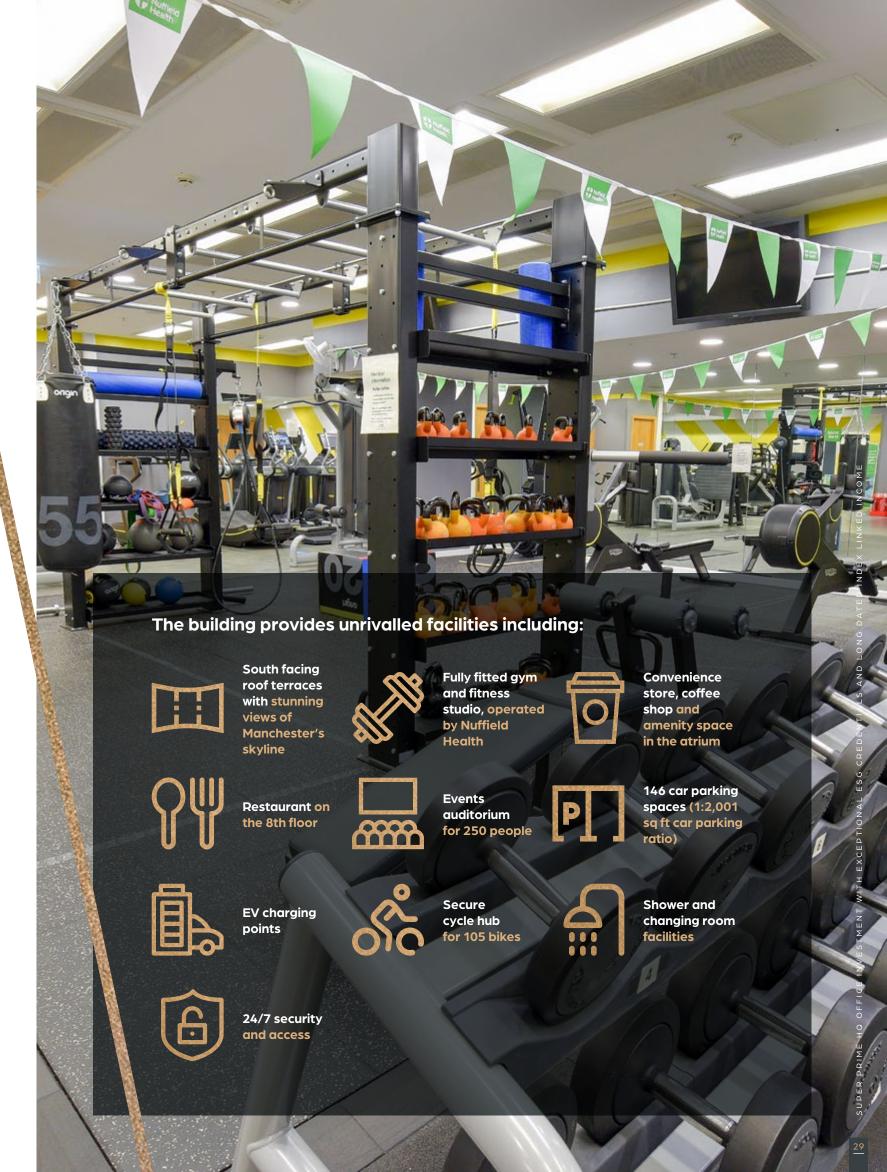
- 1 Roof terrace
- 2 Events auditorium
- 3 Kitchen and break out space

Please note these image were taken out of hours in accordance with the tenants $\ensuremath{\mathsf{GDPR}}$ policy.

Best in class amenities and facilities, including several south facing roof terraces with stunning views of Manchester's skyline

The specification includes:

- Air cooling is provided via chilled beams utilising concrete reducing cooling load for reduced energy consumption
- Heating is provided via incoming air through the raised access floor and supplemented with perimeter heating
- Typical finished floor to ceiling heights of 2.80m
- Typical slab to slab height of 4.00m
- Fully accessible raised floors with a clear void of 350mm
- Floor to ceiling glazing
- LG7 compliant lighting system (300 500 LUX)
- Planning module based on occupancy of 1 person per 8 sq m
- Building Environmental Management System
- 10 no. 17-person passenger lifts
- 3 no. 21-person service lifts
- Male, female and accessible toilets on each floor





ESG

Designed by 3DReid, One Angel Square was one of the most sustainable buildings in the UK when it was constructed in 2012. The desire to create a highly innovative, sustainable building was central to the original design brief and the building was the first BREEAM rated 'Outstanding' regional office building in the UK and has an EPC rating of A+.



EPC Rating – A+



DEC Rating – A



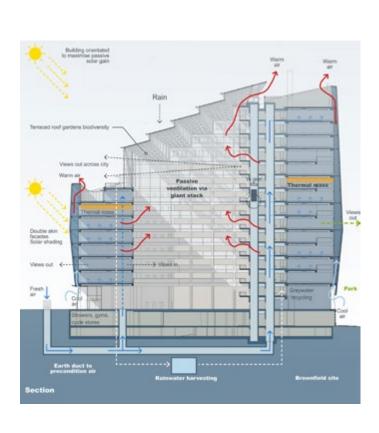
Design Features

One Angel Square operates with an extreme reduction in carbon emissions and energy consumption compared to older office buildings.

Rainwater and greywater harvesting has been employed to guarantee low water consumption and the building has many ground breaking engineering features, including a double skinned façade to minimise heating and cooling throughout the year. In addition, geothermal earth tubes are used to circulate fresh air and chilled beams throughout to provide natural cooling.

Energy Performance & Carbon Transition

The ground-breaking natural ventilation system has future-proofed the building against predicted temperature rises. The building can cope with a potential 3-4 degree increase in summer temperature and 30% more waterfall in the winter.



Energy Useage

As a result of the exceptional specification and numerous energy saving components, the building consumes significantly less energy than a normal office building. The annual consumption for One Angel Square in 2021/2022, which equates to an Energy Use Intensity of c.183 kWh/Sq m. This compares favourably to typical Grade A offices which use 234 kWh/sqm per year.

Energy Performance Features within the building include;

- **Building Information Model (BIM)** this "digital twin" models the way heat travels around the building. This means that when a potential energy saving measure of innovation is put forward, the cost and effect can be understood in detail.
- **Double Skin Façade** providing additional insulation in winter and solar shading in the summer.
- Low energy adaptive lighting all lighting is low energy, and the lighting system is adaptive to daylight meaning they cut off when daylight provides the appropriate Lux level. They are also motion triggered ensuring they are only on when people are present.
- Exposed thermal mass concrete slabs underfloor heating.
- No F gases used onsite
- Energy saving ventilation on entry to the building, the air enters via underground tunnels. The stability of underground temperatures compared to the outside means that this simple measure can reduce the heating or cooling needed by around 0.8°C. On exiting the building, leftover heat in the outgoing air is recovered and used to pre-heat water for heating systems.

The Co-operative Group

The Co-operative Group, who occupy the building, have seized the opportunity to introduce a programme of organisational transformation to ensure the building is used in a sustainable way, including a green travel plan for the site and rolling out virtual desktop technology that not only uses less heat and energy, but also enables flexible working, including home working and hot desking to drive maximum space efficiency.

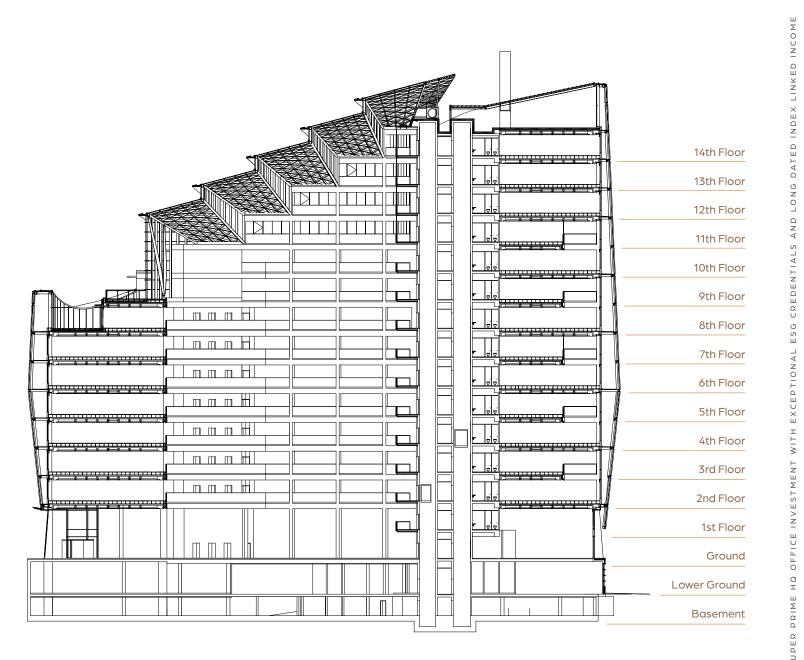


Demise	Use	NIA (sq ft)	NIA (sq m
14th floor	Offices	6,716	624
13th floor	Offices	9,300	864
12th floor	Offices	11,937	1,109
11th floor	Offices	13,977	1,299
10th floor	Offices	15,883	1,476
9th floor	Offices	16,208	1,505
8th floor	Offices	23,550	2,188
7th floor	Offices	27,389	2,545
6th floor	Offices	29,015	2,696
5th floor	Offices	27,389	2,545
4th floor	Offices	29,015	2,696
3rd floor	Offices	27,389	2,545
2nd floor	Offices	29,015	2,696
1st floor	Offices	5,944	552
Ground	Offices	19,485	1,810
Ground	Atrium	10,326	959
Ground	Reception	5,815	540
Lower Ground	Ancillary	18,244	1,695
Basement	Storage (& 146 parking spaces)	2,622	244
Total		329,219	30,585





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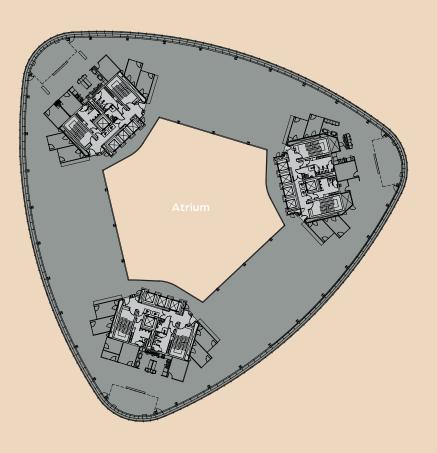
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Lower Ground Floor 18,244 sq ft | 1,695 sq m

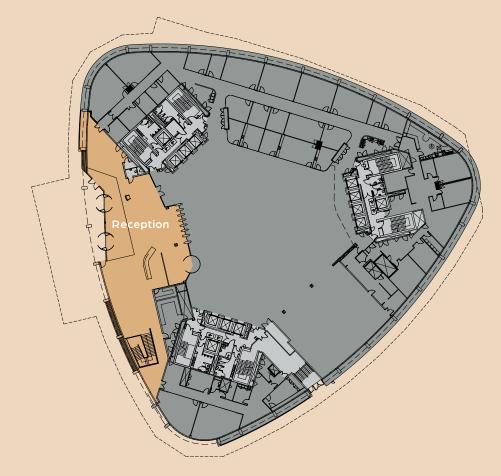
FLOOR PLANS



Indicative Office Floor Up to 29,015 sq ft | 2,696 sq m

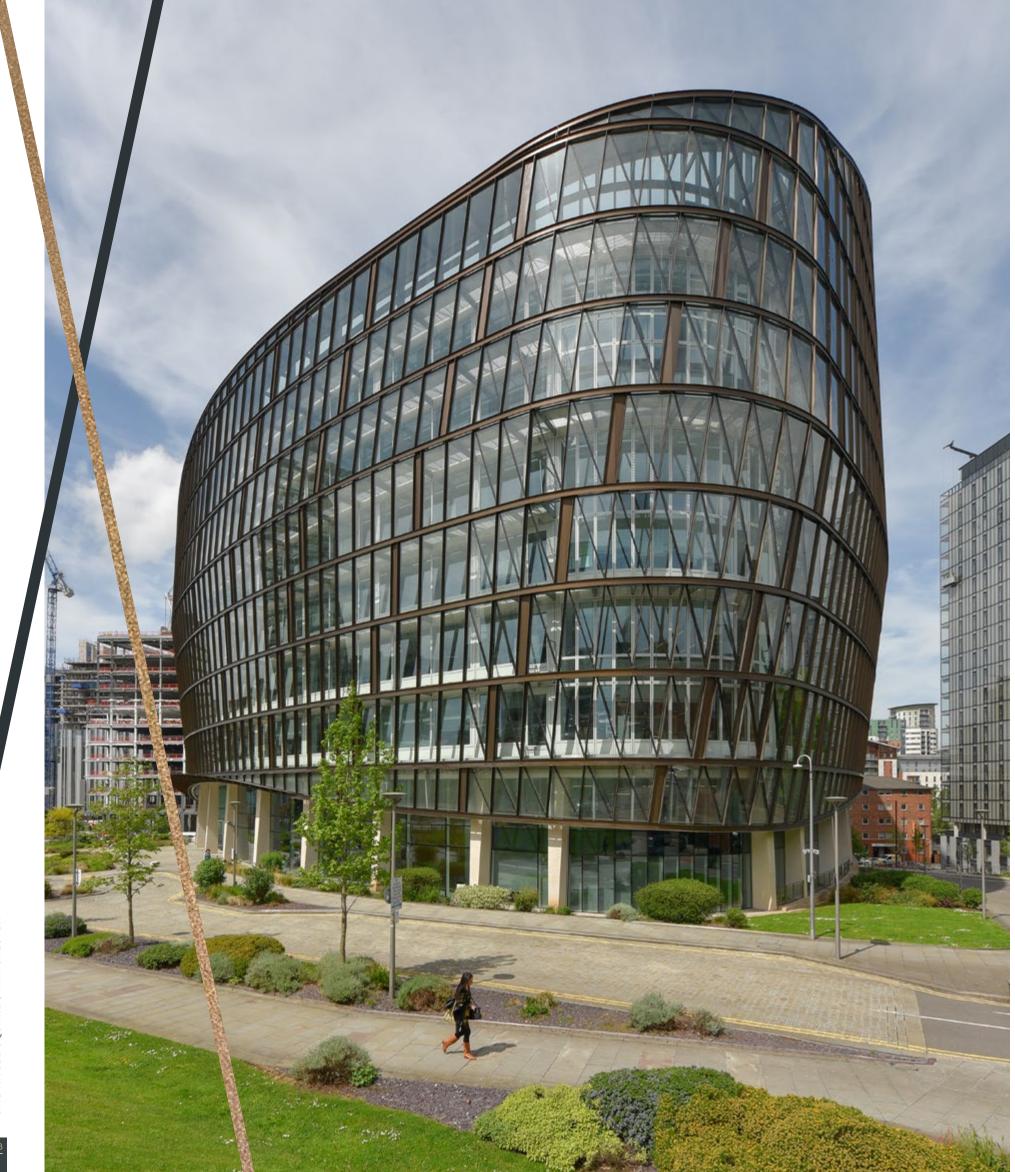


Ground Floor 35,626 sq ft | 3,310 sq m



Indicative Terraced Floor
The 8th, 9th, 10th, 11th, 12th, 13th and
14th floors all benefit from terraces

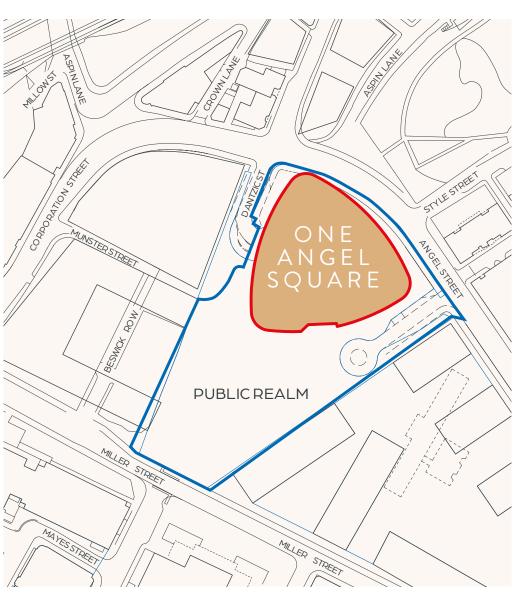




TITLE

Freehold (Title No. MAN206117).

The total site area (marked red) extends to approximately 1.27 acres (0.51 hectares). The public realm is shown marked blue.



The OS plan is not to scale and shows the approximate position of the freehold boundaries. The attached is for identification purposes only and the accuracy of the plan cannot be guaranteed and does not form part of any contract.





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TENANCY

The property is let in its entirety to The Co-operative Group Limited on full repairing and insuring terms for 25 years from 8 February 2013 (15.5 years unexpired).

The lease is subject to 5 yearly upwards only RPI linked rent reviews compounded annually, subject to a collar of 1.50% per annum (1.0773 multiplier) and a cap of 4% per annum (1.2167 multiplier).

The current passing rent from February 2018 is £10,155,327 per annum, which is forecast to rise to £12,355,986 per annum in February 2023. The vendor will provide a top up to a "marketing rent" based on the guaranteed level of rent at hypothetical review February 2022 of £11,601,393, which equates to;

- Offices £35.70 per sq ft
- **Cars** £3,500 per space
- Reception, atrium, lower ground and basement half rent

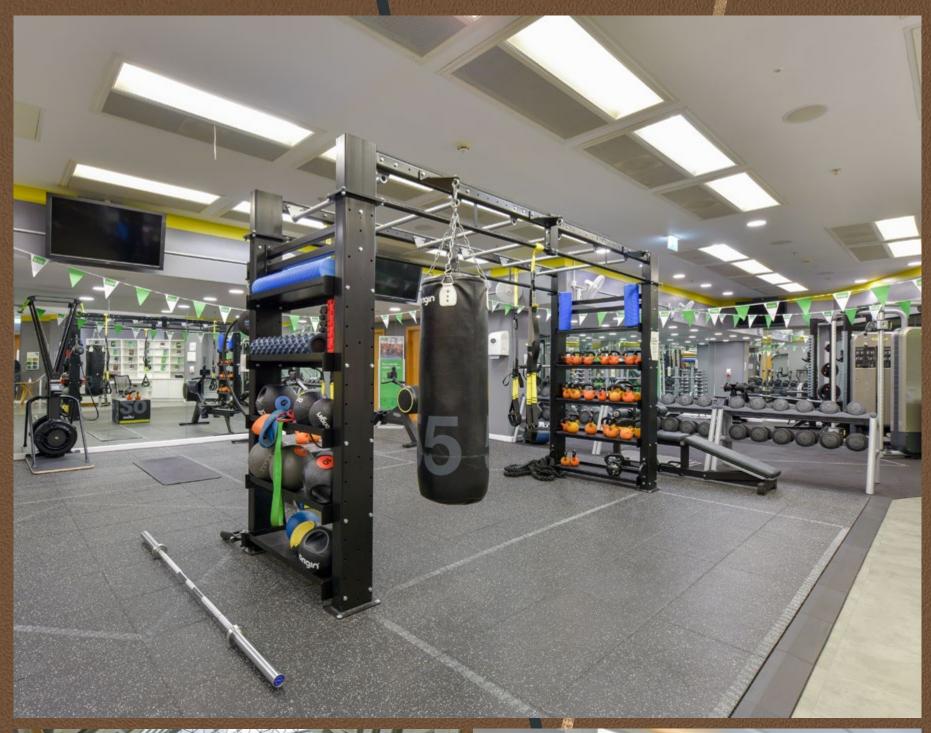
There are three tenant options to renew the lease for a further 10 years at an open market rent, each subject to a tenant option to determine on the 5th anniversary.

Projected Rental Profile

According to Oxford Economics, the Retail Price Index is forecast to increase by almost 10% throughout 2022, which would comfortably exceed the cap at 4% per annum. It is anticipated it will increase at an average of c.3% per annum over the next 5 years, which would provide the following rental profile:

	Review Date	Minimum Rent	Minimum Running Yield**	Forecast Rent*	Forecast Running Yield**	Maximum Rent	Maximum Running Yield**
37577A	Feb-23	£11,601,393	5.17%	£12,152,459	5.42%	£12,355,986	5.51%
2011 - S	Feb-28	£13,311,104	5.94%	£14,468,563	6.45%	£15,033,528	6.70%
2000	Feb-33	£15,586,982	6.95%	£16,448,734	7.33%	£17,603,900	7.85%

*Based on Oxford Economics Forecast June 2022







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^{**} Assuming a purchase price of £210m and standard purchaser's costs of 6.80%





THE CO-OPERATIVE GROUP



The Co-operative Group is the UK's largest consumer co-operative with more than 4 million active members and a presence in every postal area in the country, offering a wide range of services including food, pharmacy, funeral care, legal services, life planning and insurance.

Owned and democratically controlled by its members, The Co-operative Group operates according to values and principles that remain as true and relevant today as they did when the business was established 150 years ago.

As a co-operative, the values of openness, honesty and social environmental responsibility are integral to the business. Profits are shared with each member according to how much they spend over the year and in 2021, £20.7 million was paid back to members.





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The Co-Operative Group Of Companies

The Co-operative Food

The UK's fifth largest food retailer with more than 2,500 convenience and medium sized stores, serving more than 14 million customers a week.

The Co-operative Pharmacy

The UK's third largest pharmacy business, offering community based and online services making us the second largest outpatient dispensary service.

The Co-operative Funeralcare

The funeral business is considered the UK leader, carrying out over 100,000 funerals each year across a network of 1,000 funeral homes – that's c.16% of all funerals in the UK.

The Co-operative Legal

Founded in 2006, The Cooperative provides legal advice for family law, divorce, will writing, conveyancing, employment law, probate and personal injury.

The Co-operative Insurance

The Co-operative has proudly provided insurance services for 150 years including motor, home, pet, travel and business insurance.

COVENANT

The Co-operative Group Limited (IP Society No. IP00525R) is the ultimate parent company of the business and has an Experian rating of 96/100, indicating a 'Very Low Risk' of business failure. The table below details the last three years annual accounts for the tenant:

	Fiscal Consolidated 1 January 2022	Fiscal Consolidated 2 January 2021	Fiscal Consolidated 4 January 2020
Turnover	£11,151,000,000	£11,472,000,000	£10,860,000,000
Pre-Tax Profit	£57,000,000	£127,000,000	£67,000,000
Net Worth	£1,864,000,000	£1,564,000,000	£1,729,000,000
Shareholder's Funds	£2,939,000,000	£2,669,000,000	£2,816,000,000

NE ANGEL SQUARE | MANCHESTE

MANCHESTER OCCUPATIONAL MARKET

Market Overview



Total size -23.5m sq ft



2021 annual take up — 1.05m sq ft (33% increase on 2020 take up)



5-year average annual take up – 1.29m sq ft



5-year average annual Grade A take up – 500,000 sq ft



Prime rent – £38.50 per sq ft



10-year average rental growth – 2.73% per annum

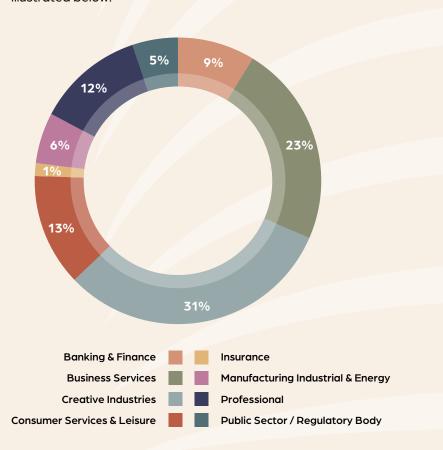
Take Up

Take up of office space in Manchester City Centre reached 1.05m sq ft across all grades in 2021. This reflects a 33% increase on 2020 take up and suggests that the market is recovering from the challenges presented by the Covid–19 pandemic.

We are witnessing growing demand from Manchester's occupiers pursuing a real estate strategy focused on a 'flight to quality' in terms of the type of workspace being acquired. Pre-pandemic, Grade A take up typically accounted for c.35% of overall take up in Manchester City Centre. Since March 2020, this figure stands in excess of 50% and indeed 2020 Grade A take up was down by just 3% compared to 2019 Grade A take up (despite 2020 witnessing a 40% fall in take up across all grades compared to the 5-year average).

Demand

Occupier demand remains very strong in Manchester City Centre and there are in excess of 1.2m sq ft of known active requirements seeking Grade A office accommodation – the highest since the outset of the pandemic. Demand continues to be generated from a diverse range of business sectors, as illustrated below:



Grade A New Build Supply

There are currently no other schemes in Manchester built and available to occupy with a BREEAM rating of 'Outstanding.' There is currently less than one year's supply of Grade A new build office availability and a restricted development pipeline going forwards.

Prime Grade A rents increasing in spite of the Covid-19 pandemic with headline rents now evidenced at £38.50 per sq ft and quoting rents between £40.00 - £42.00 per sq ft

Prime Rent

Prime office rents in Manchester City Centre are continuing to grow, with headline rents now evidenced at £38.50 per sq ft and quoting rents between £40.00 – £42.00 per sq ft. CBRE anticipate a new headline rent of £40.00 per sq ft to be achieved in Manchester in H2 2022. Quoting rents for the next cycle of developments are £45.00 per sq ft.

Manchester has experienced rental growth at 2.73% per annum since 2012, the strongest and most consistent growth of any UK regional office market.



Leasing Comparables

Dlease find set out helow a schedule of Grade A office lettings in Manchester City Centre

Please find set out below a schedule of Grade A office lettings in Manchester City Centre:							
Property	Date	Tenant	Size (sq ft)	Headline Rent (psf)	Term	Condition	
Circle Square	Nov 21	GPC Computer Software	19,084	£33.00	10 years	New build Grade A	
Bauhaus	Nov 21	Connex One	17,805	£35.00	10 years (5 years)	Refurbished Grade A	
Circle Square	Nov 21	Roku	115,066	£33.50	10 years	New build Grade A	
Manchester Goods Yard	Sep 21	Cloud Imperium	81,130	£35.00	10 years	New build Grade A	
Circle Square	Jul 21	Accenture	25,000	£33.00	10 years	New build Grade A	
Landmark	May 21	Allianz	10,883	£36.50	10 years	New build Grade A	
100 Barbirolli Square	Mar 21	Brabners	20,239	£33.50	10 years	Refurbished Grade A	
No.1 Spinning-fields	Feb 21	Brown Shipley	11,342	£37.50	10 years	New build Grade A	
Windmill Green	Jan 21	Oscar Recruitment	7,865	£34.00	10 years (3 & 6 years)	Refurbished Grade A	
Landmark	Jan 21	Grant Thornton	13,143	£38.50	15 years (11 years)	New build Grade A	

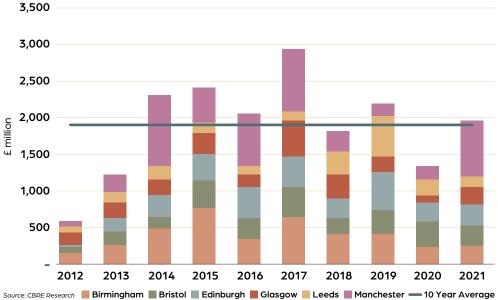
INVESTMENT MARKET

UK Regions "Big 6" Markets

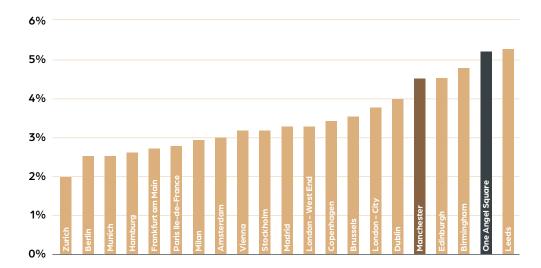
The UK's "Big 6" regional office investment market rebounded in 2021 with £1.9bn transacting across the UK's 'Big 6' regional markets, following a period of reduced investment activity in 2020 as a result of the Covid–19 pandemic. This was a 46% increase on 2020 and was in line with the 10 year average of £1.9bn.

Manchester recorded £684 million of investment transactions in 2021, reflecting 36% of the total investment volume, which is comfortably the highest investment volume of all the UK's "Big Six" regional markets.

Big Six Investment Volumes by City (2012–2021)



In comparison to many of its competing markets globally, Manchester offers excellent value with yields reflecting c.150 – 200 basis points discount compared to other leading European markets and c 125 – 150 basis points discount compared to the City of London.



Manchester Market Overview

- Flight to quality with demand strongest for best-inclass buildings with strong ESG credentials, such as One Angel Square
- Widening origins of International Capital seeking opportunities in Manchester
- Manchester remains the favoured UK region outside of London
- Prime yields currently stand at 4.25% 4.50%
- Over £2.825 billion of transactions in Manchester City Centre in the last 5 years
- Total of £684 million completed in 2021
- Highest investment volume of all the UK's 'Big Six' regional markets in 2021

Investment Comparables

Please find set out below a schedule of comparable regional office investment transactions:

Property	Date	Size (sq ft)	WAULT (years)	Purchase Price	NIY	Cap Val (per sq ft)	Comment	Purchaser
125 Colmore Row, Birmingham	May 2022	148,092	9.0	£78,500,000	4.65%	£530	Single let to Lloyds Bank	CBREIM
177 Bothwell Street, Glasgow	Apr 2022	305,000	19.0	c.£220,000,000	c.4.50%	c.£721	Multi let	Pontagadea
One Hardman Boulevard, Spinningfields, Manchester	Dec 2021	357,756	16.1	£292,000,000	4.16%	£816	Single let to RBS	RBS
2 Semple Street, Edinburgh	Oct 2021	39,347	7.0	£30,500,000	4.70%	£717	Multi let	La Francaise
Temple Quay House, Bristol	Feb 2021	154,191	16.0	£78,845,000	3.75%	£511	Single let to Secretary of State	Abrdn
BT, New Bailey, Manchester	Dec 2020	175,000	20.0	£112,600,000	4.25%	£636	Single let to BT with discount for forward funding	Warrington Borough Council
BT, Assembly, Bristol	Dec 2020	201,000	20.0	£135,000,000	4.70%	£671	Single let to BT with discount for forward funding	LCN Capital Partners
Quartermile 3, Edinburgh	Nov 2020	73,429	7.4	£45,250,000	4.61%	£616	90% let to State Street Bank	KanAm

DATA ROOM

Please contact a member of the CBRE team for data room access.

WARRANTIES

The residue of any available building and construction warranties can be assigned to the purchaser.

CAPITAL ALLOWANCES

There are no capital allowances available.

SPV

The asset is held in a Special Purpose Vehicle (SPV), which is an English Limited Partnership (ELP) of which a Jersey Property Unit Trust (JPUT) holds a 49% partnership interest. The vendor would consider an asset sale or alternatively, a sale of the units in the JPUT together with the ELP general partner (which is a UK limited company) and the remaining partnership interest in the ELP.

VAT

The property has been elected for VAT. If the transaction is concluded via an asset sale, it is anticipated it will be treated as a Transfer of a Going Concern (TOGC).

DEBT

CBRE's Debt & Structure Finance team are available to assist with any finance related enquiries.

PROPOSAL

Offers are sought in excess of £210,000,000 (Two Hundred and Ten Million Pounds), subject to contract and exclusive of VAT. A purchase of the asset at this level would reflect the following yield profile, assuming standard purchaser's costs of 6.80%:

Net Initial Yield (2022)	5.17%				
Capital Value (2022)	£620 per sq ft (cars at £40,000 per s				
	Minimum	Forecast*	Maximum		
Running Yield (Feb 2023)	5.17%	5.42%	5.51%		
Running Yield (Feb 2028)	5.94%	6.45%	6.70%		
Running Yield (Feb 2033)	6.95%	7.33%	7.85%		

^{*}Based on Oxford Economics Forecast June 2022.

