

Prime Retail Investment in Manchester City Centre

CAFFÈ NERO, 16 ST ANN'S SQUARE, MANCHESTER M2 7HQ



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Investment Summary

- » Prime retail investment in Manchester City Centre
- » Manchester has established itself as the **capital of the north**, being the largest financial and business centre outside of London, with the **economy doubling** in value over the last 20 years with a **£62bn GVA**
- » The city boasts the **largest student population** within Europe spread across **four universities** with a population of over **100,000 students**
- » **St Ann's Square** is considered as one of Manchester City Centres most historic and recognisable public spaces and sits within the **heart of the prime retail core**
- » The square serves as a **key pedestrian throughfare**, connecting Deansgate, New Cathedral Street and the Arndale Shopping Centre attracting approximately **30,000 pedestrians on weekends**
- » The property comprises a **ground floor retail unit** and forms part of four storey building of traditional brick construction under a pitched roof.
- » Total floor area of **2,768 sq ft** (841 sq ft ITZA)
- » Let to **Nero Holdings Limited t/a Caffè Nero**
- » **10-year FRI lease** wef 15 March 2024, expiring on **14 March 2034** (subject to tenant break option on the sixth anniversary)
- » Current passing rent of **£76,250 per annum** (£90 psf ITZA)
- » The lease is subject to **stepped rent** over a **4-year period** on each anniversary of the term, rising from the initial rent to **£80,000 per annum** (£95 psf ITZA) on 15 March 2028
- » Rent to be reviewed on **15 March 2029** on a OMRV basis
- » New **long leasehold** title for a term of 999 years at peppercorn



OFFERS IN EXCESS OF
£1,120,000 (STC)



6.75%
NET INITIAL YIELD

Manchester

Manchester has established itself as the capital of the north, being the largest financial and business centre outside of London, with the economy doubling in value over the last 20 years with a £62bn GVA.

Manchester is home to a population of approximately 2.7 million, with a further 7.2 million people living within an hour's commute of the city centre. The city boasts the largest student population in Europe, with over 100,000 students across four universities and a graduate retention rate of 65%.

Manchester is located 35 miles east of Liverpool, 44 miles south-west of Leeds and 190 miles north-west of London. It is one of the best-connected cities in the UK benefitting from a highly modernised transport infrastructure.

The city is home to the fourth busiest railway station in the UK with over 23 million annual passengers using Manchester Piccadilly.

The ongoing expansion of the Metrolink service provides connections across the region for 45 million passengers each year. It is considered the largest light rail network in the UK, linking the city centre to Salford Quays/MediaCityUK, Manchester Airport, and multiple suburban hubs.

Manchester International Airport is the third busiest in the UK, providing direct flights to 220 destinations worldwide.

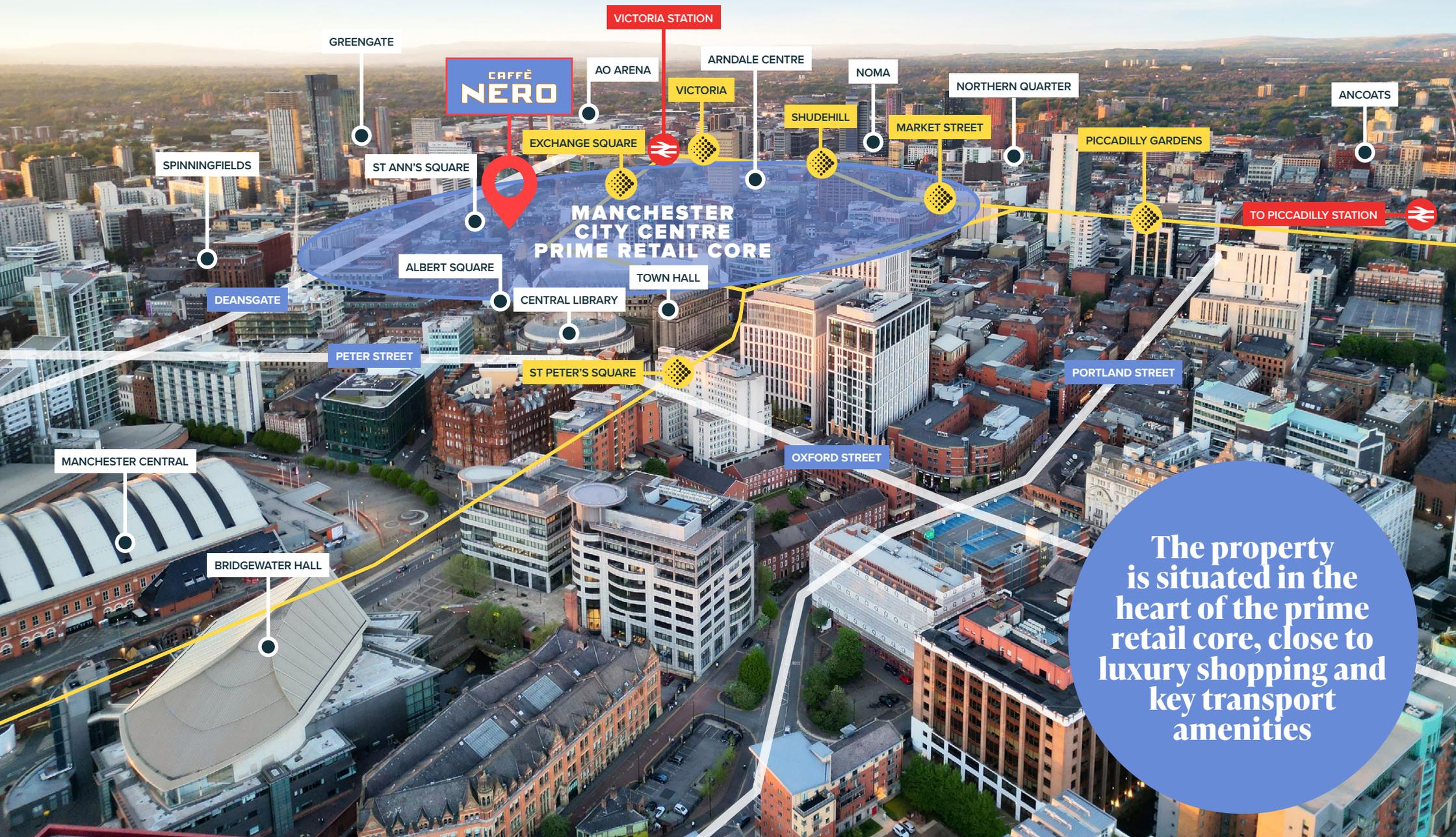


Home to approximately 2.7m people, with a further 7.2m people living within an hour's commute of the city centre



Photo: Thomas Foster on Unsplash

Manchester City Centre



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**MANCHESTER
CITY CENTRE
PRIME RETAIL CORE**

The property is situated in the heart of the prime retail core, close to luxury shopping and key transport amenities

Situation

St Ann's Square is one of Manchester City Centre's most historic and recognisable public spaces, forming part of the St Ann's Conservation Area. The square sits in the heart of the prime retail core, connecting the luxury shopping destination of King Street with Deansgate to the West and New Cathedral Street/Exchange Square to the North.

The property is situated on the western side of St Ann's Square, holding a prime position on the plaza. The immediate locality is made up of an attractive mix of architectural styles and is home to a number of national and independent occupiers such as McDonalds, Holland and Barratt, HSBC, Lulu Lemon, Goldsmiths, Mappin & Webb, as well as others.

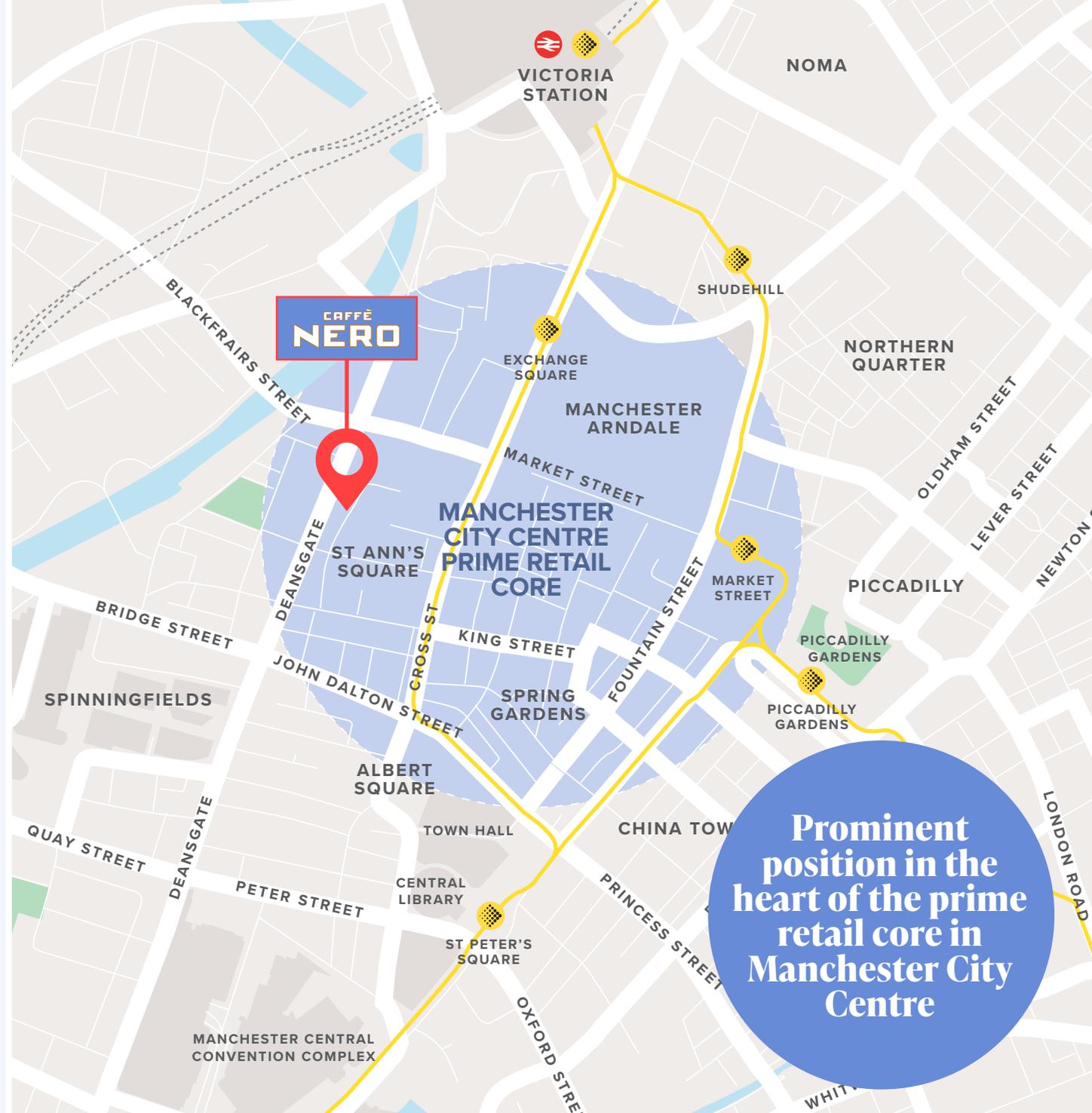
The square has a concentration of high-end jewellers with Mappin and Webb recently spending £7 million on the fit out of a new store, opening in September 2025.

The square serves as a key pedestrian thoroughfare, connecting Deansgate, New Cathedral Street and the Arndale Shopping Centre. It attracts significant pedestrian traffic with approximately 22,000 passing through on weekdays and a further 30,000 on weekends. The square also plays host to seasonal markets (four times a year) such as the Manchester Christmas Markets, enhancing visitor numbers and footfall over these periods.

The area is walking distance from a host of transport services such as Exchange Square metro stop providing services to Bury, Rochdale, East Didsbury, and Ashton-under-Lyne and Market Street metro stop providing connections across all Metrolink service lines.

It is approximately 600 meters from Manchester Victoria Station (8-minute walk) providing regional and intercity services Leeds, Liverpool, Newcastle and beyond and is approximately 1.1 kilometres from Manchester Piccadilly Station (15-minute walk) providing direct services to London, Euston, Birmingham, Glasgow and Cardiff.

Most major city centre bus stops are within a 500-meter radius of the square.





Prominent position within St Ann's Square, a vibrant pedestrian thoroughfare with approximately 22,000 footfall on weekdays and 30,000 on weekends

CAFFÈ NERO

Description

The property comprises a ground floor retail unit and forms part of four storey building of traditional brick construction under a pitched roof.

The retail unit benefits from a glazed frontage beneath Caffé Nero's commercial signage/branding.

The tenants demise comprises of two storeys with the ground floor providing a large sales area with a barista station, kiosk and customer seating. To the rear, there is W/C, ancillary storage and a loading bay.

The lower ground floor provides additional storage and staff facilities.

Accommodation

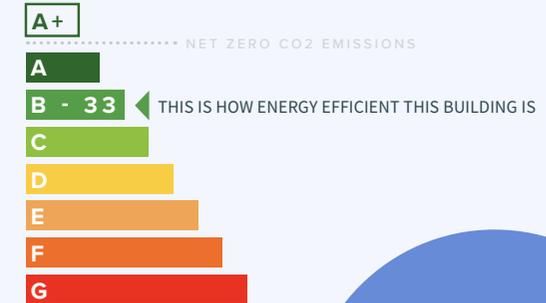
The property has been measured in accordance with the RICS Code of Measuring Practice (6th edition) and provides the following net internal areas:

	SQ FT	SQM
Ground Floor	1,280	118.9
Lower Ground Floor	1,488	138.23
TOTAL	2,768	257.13

The property provides a total floor area of 841 sq ft ITZA.

EPC

The property has an EPC rating of **B-33**. A copy of the certificate can be provided on request.



Total floor area of 2,768 sq ft



Tenancy

The property is let to **Nero Holdings Limited t/a Caffè Nero** on a **10-year effective full repairing and insuring lease** from 15 March 2024, expiring on 14 March 2034 (**8.60 years unexpired**).

The passing rent of **£76,250 per annum (£90 psf ITZA)** is subject to a stepped rent on each anniversary of the term until 18 March 2028.

Rent	Rent Period
£76,250 pa (ex VAT)	15 March 2025 – 14 March 2026
£77,500 pa (ex VAT)	15 March 2026 – 14 March 2027
£78,750 pa (ex VAT)	15 March 2027 – 14 March 2028
£80,000 pa (ex VAT)	15 March 2028 – 14 March 2029

Following the stepped rent period, the rent will be reviewed on 15th March 2029 in line with OMRV (upwards only).

Vendor to provide a rental top up to the March 2028 rent of **£80,000 per annum (£95 psf ITZA)**. The tenant has a break option on the 6th anniversary of the lease.

The lease is inside the provisions of the Landlord and Tenant Act 1954.

Tenant repairing liability limited by way of a schedule of condition annexed to the lease.

Tenure

The property is held freehold title (ref: GM771868).

New long leasehold title for a term of 999 years at peppercorn.

Service charge

There is a service charge recoverable from the tenant for the maintenance and upkeep of common parts. The tenant's service charge liability is capped at £6,217 from March 2025 and is reviewed annually in Line with RPI. The service charge is fully recoverable from the tenant with no landlord shortfall.

**Topped up
rental income
of £80,000
per annum
(£95 psf ITZA)**



Covenant

CAFFÈ NERO

Nero Holdings Limited (No: 03288178)

Nero Holdings Limited is the principal UK operating entity behind the established Caffè Nero brand. Established in 1996 and headquartered in London, it forms part of a broader group structure under proprietor Dr. Gerry Ford, the long-standing founder and CEO.

Caffè Nero is one the UK's most recognisable and trusted coffee brands, known for quality, consistency and providing a premium customer experience. It has benefitted from stable leadership and clear vision which is been demonstrated in the brands consistent growth, customer loyalty and brand value.

The Nero Group, the parent company of Caffè Nero, has a global presence with over 1,000 stores across 11 countries including approximately 626 UK outlets, and the business employs 11,000 staff globally. The brand has successfully expanded into drive-thru formats, agreed in-store concession with John Lewis and Waitrose, and has acquired 200 Degrees Coffee and FCB Coffee.

The Group achieved record-breaking sales of approximately £310 million for the six months ending November 2023, representing an 8% like-for-like increase and 13.6% overall growth.

Nero Holdings Limited generated a revenue of approximately £333 million in 2024 which represents an increase of 10.35% compared to 2023 and over the same period, Pre-Tax Profit has more than doubled. It also displays a CreditSafe rating of A-100, reflecting the strongest possible score, and 'Very Low Risk' of default.

The following is a summary of the latest accounts:

Nero Holdings Limited	31 May 2024	31 May 2023	31 May 2022
Turnover	£333,295,000	£302,022,000	£253,823,000
Profit pre-tax	£22,576,000	£10,920,000	£38,266,000
Net Worth	£370,434,000	£348,754,000	£340,720,000



Proposal

We are instructed to seek offers in excess of

£1,120,000

for our client's Long leasehold interest, subject to contract.

A purchase at this level equates to a net initial yield of 6.75%, after deducting standard purchasers' costs of 5.86%.



6.75%

NET INITIAL YIELD

Dataroom

Access to the dataroom can be provided on request.

Information as follows:

- Title
- Lease
- Floorplans
- EPC

Capital Allowances

There are no unclaimed Capital Allowances available with the property.

VAT

The property has been elected for VAT purposes.

It is anticipated the sale will be dealt with by way of Transfer of a Going Concern (TOGC).

Anti-Money Laundering Regulations

In accordance with Anti-Money Laundering Regulations, two forms of identification and confirmation of the source of funding will be required from the successful purchaser.

Further Information

For further information or to arrange an inspection, please contact:



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