

ONE TONY WILSON PLACE

PRIME MANCHESTER OFFICE
INVESTMENT OPPORTUNITY





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EXECUTIVE SUMMARY

- Grade A, **BREEAM “excellent”** office building within the exciting and vibrant mixed-use First Street district of Manchester City Centre.
- Manchester is the UK’s second city and is the largest financial and business centre outside London.
- Manchester is a tightly constrained major office market with New Grade A vacancy rate of only 2.9% and over 1.25 million ft² of named requirements.
- The property is **multi-let** to a high quality tenant line-up including Jacobs, Ford (FCE Bank), and Auto Trader.
- The building provides rare large floorplates around a striking atrium. Each floor provides circa 25,500 ft² of efficient open plan office space, designed with flexibility which ideally suits the local occupational market.
- Average unexpired Lease Term of circa **4.4 years to expiry**, 3.5 years to tenant’s break options.
- The current passing income is £4,485,619 per annum reflects a **low average rent of only £25.64 per ft²**. A discount of 34% compared to £38.50 per ft² achieved in nearby buildings.
- Excellent asset management opportunity to increase rents and put the building on a Net Zero Carbon (NZC) pathway.
- Low capital value of only **£406 per ft²** compared to over £800 per ft² evidenced in the city.

Offers are sought in excess of **£73,000,000** (Seventy Three Million Pounds) subject to contract and exclusive of VAT. Assuming standard purchaser’s costs of 6.8%, a purchase at this level reflects the following Yield Profile:

Net Initial Yield	5.75%
Equivalent Yield	6.87%
Reversionary Yield	7.30%

MANCHESTER

FIRST FOR TALENT
FIRST FOR CREATIVITY
FIRST FOR ENDEAVOUR

1ST
FIRST STREET
1ST

LOCATION

A GROWING WORKFORCE GROWING BUSINESSES

Manchester is the largest and fastest growing regional centre in the UK, generating wealth equal to that of Leeds, Liverpool and Sheffield combined. It comes second only to London both in business terms and the quality of its city environment and retail and leisure amenities.

Greater Manchester is home to a population of 2.835 million with a Gross Value Added (GVA) of £56 billion which reflects circa 3% of the UK's total GVA. The workforce, of which 65% are under 45 years old, has excellent language, technical and customer service skills.

Over 7.2 million people live within an hour's drive of the city, allowing employers to draw upon a large and skilled workforce.

Manchester's population has increased by twice the average UK growth rate over the last decade and is forecast to grow by a further 10% by 2025, according to Manchester City Council.

The city centre specifically has advanced at a strong rate for the past five years, primarily due to strong civic leadership, continued investment in transport infrastructure and the consistent high level of graduate retention (up to 70%) from both the city's international universities.

This high level of performance has been driven, in part, by the city's focus on tech and defining itself as the number one regional UK city for tech companies to locate to. As a result Manchester has seen significant inward investment in to the city from regional movers and "North Shorers" – with access to the city's extensive talent pool as one of the primary drivers.

Manchester has the largest and most diverse digital and tech sector outside London and provides new investors with access to a multi-skilled workforce and an ecosystem that drives innovation and builds a high quality and sustainable presence in the region.

This sector is complemented by other industries, including creative communities and growing digital ecosystems, in areas such as FinTech. As the UK's second largest creative, digital and tech hub, Manchester has a thriving community of businesses. From start-ups and home-grown companies that IPO above \$1 billion (THG, AO.com and Boohoo), to global players such as AWS, BBC, Google, IBM, Cisco and GCHQ. These organisations sit side-by-side in creative and digital clusters, incubators and co-working spaces. With strengths in Software Development, IoT, Data Analytics and IT Services at one end and a heritage of Broadcast and Media Production, Animation, Gaming, VFX, AR and VR on the other; Manchester has created an environment where creativity and technology are jointly driving the next wave of innovation and office occupiers.

The diversity of tech expertise means Manchester can support a range of digital functions in both complexity and volume. This has allowed companies to grow divisions not just organically, but by creating new centres of excellence when they see they can recruit a wider pool of talent. Many companies that have set up in Manchester, in recent years, have found they're able to evolve and further develop the capability of their operations, far beyond the original purpose of the site. This supports operational resilience, future proofing and the growth of these businesses in the city.

In recent years, Manchester has also become a hotbed for e-commerce and cyber security. The UK Government identified Manchester as the future 'UK centre for Cyber Security', which led to GCHQ establishing a major growth site in the city. As a result of this and other cyber-related investments, the private and public sector are positioning Manchester as a leading location for developing the next generation of cyber security talent. As a result, large multinationals are being attracted to the city, offering the opportunity to help shape and benefit from this strategy.



MANCHESTER

THE BEST CITY IN THE UK



Manchester was named the best city in the UK in 2021 by Time Out Magazine.



Manchester is the UK's second city and the main driver of the UK Government's 'Northern Powerhouse' and 'Levelling Up' initiative.



It has one of the largest student populations in Europe and one of the highest graduate retention rates.



Manchester was named 3rd best city in the world in 2021 by Time Out Magazine.



The city is home to 5 unicorn tech companies.

30%

The science, R&D, cultural, creative and digital sectors are expected to experience the most rapid levels of growth, expanding by over 30% by 2027.

80+

Over 80 of the FTSE 100 have a presence in Manchester, and it is the UK headquarters for major UK corporates such as Kellogg's, Talk Talk, The Cooperative Group, JD Sports and Adidas.



The Manchester economy is forecast to grow by 14.49% between 2022–2026.



EUROPE'S LARGEST STUDENT POPULATION

Manchester is home to one of the UK's largest universities and Europe's largest student population. 100,000 students choose to live and study within Manchester, 25% of which are international students. The city also benefits from a high graduate retention rate of up to 70%, second only to London, providing a continuous supply of skilled labour, and constantly encourages innovation in the science, R&D and cultural sectors.

First Street is situated within the Oxford Road "Knowledge" Corridor – known as Corridor Manchester this is the city's innovation district – where a workforce of over 73,000 people with wide-ranging and diverse skills are employed. The close proximity to the universities provides employers and inward occupiers excellent access to this talented workforce and has been a big factor in the decision of so many occupiers to locate here. These occupiers include Auto Trader, WSP, Lonza Pharmaceutical, Octopus Energy, Autocab and most recently Roku, who agreed to take a pre-let of 115,000 ft² in the city's largest letting of 2021.



“Here at Corridor Manchester – the city’s innovation district – the continuing success of First Street will impact significantly on growth opportunities within this unique area. We are the focus of Manchester’s knowledge economy where a workforce of over 73,000 people with wide-ranging and diverse skills are employed. Together with a 100,000 student population consisting of students from The University of Manchester, Manchester Metropolitan University and the Royal Northern College of Music, we are looking forward to seeing the further benefits this new development will have in strengthening local facilities and opportunities.”

Claire Lowe
Partnership Manager
**Oxford
Road
Corridor**





FIRST STREET

FIRST FOR WORK
FIRST FOR REST
FIRST FOR LIFE

1ST
FIRST STREET

NUMBER ONE

AMERICAN
FIRST

HOME

SITUATION FIRST STREET



WORK

First Street is Manchester city centre's newest business district. It is a mixed-use development which forms part of **Corridor Manchester**, linking the city centre and the University Quarter where up to 70% of graduates from Greater Manchester universities are retained in local employment. This provides significant opportunities for employers locating to First Street to access the 18,000 students who graduate every year.

First Street has been a very successful office location with a wide range of high quality companies choosing it as their favoured location. One Tony Wilson Place, where Auto Trader, Ford Credit and Jacobs Engineering are all based, was the first Grade A office building to complete. The impressive line up is now extended to include WSP, Willis Towers Watson, Lonza Pharmaceuticals and ODEON who have all recently taken occupation in No.8, bringing the number of people now working across the estate to just under 4,000. Key to attracting and retaining the best talent for these businesses are the local amenities, entertainment and leisure offers which First Street has in abundance to enable occupiers to bring work to life.

Adjacent to No.8, a new 130,000 ft² building, due to complete in May 2024, is under offer and is anticipated to be pre-let shortly.

LIVE

The current residential element of the estate is provided by Vita and provides luxury studio accommodation which has already established First Street as a new place to live in the city. The residents who live here are helping to build a diverse and cosmopolitan culture and the next phase of residential development being delivered by Downing is now under construction.

The scheme will provide circa 2,200 units split between accommodation types ranging from compact studios to five bedroom apartments. The tallest tower will be 45 storeys, with a series of smaller blocks stepping down in height towards the Mancunian Way. Amenities include a gym, restaurants and leisure space.

Designed by architects SimpsonHaugh, the four towers will be clad in a striking glazed façade. Work has now commenced and will include a public square within the heart of the scheme, with more than 140 trees due to be planted across the site.

REST

The leisure phase of First Street opened in April 2015, providing a rich mix of onsite amenities anchored by HOME, a contemporary art and culture venue in the city. HOME has five digital cinema screens, two theatres, galleries, a café and restaurant. Since opening, HOME has attracted 2.9 million visitors and continues to be a major footfall driver for the estate.

In addition to HOME, other amenities include:

- INNSIDE Hotel, part of the Melia brand, a 4-star hotel with 208 bedrooms
- Nine bar/restaurants, the majority of which are local independents
- Pure Gym
- Junkyard Golf Club
- Sainsbury's Local
- 700 space multi-storey car park operated by Q-Park
- Extensive public realm and outdoor space where extensive events and activities are held

“Ask understands the urban agenda and has worked with best-in-class landscape and urban space designers to deliver a truly outstanding business environment. We continue to see a rise of inward movers into Manchester’s office districts. They are looking for amenity-rich, well-connected urban campuses such as First Street”

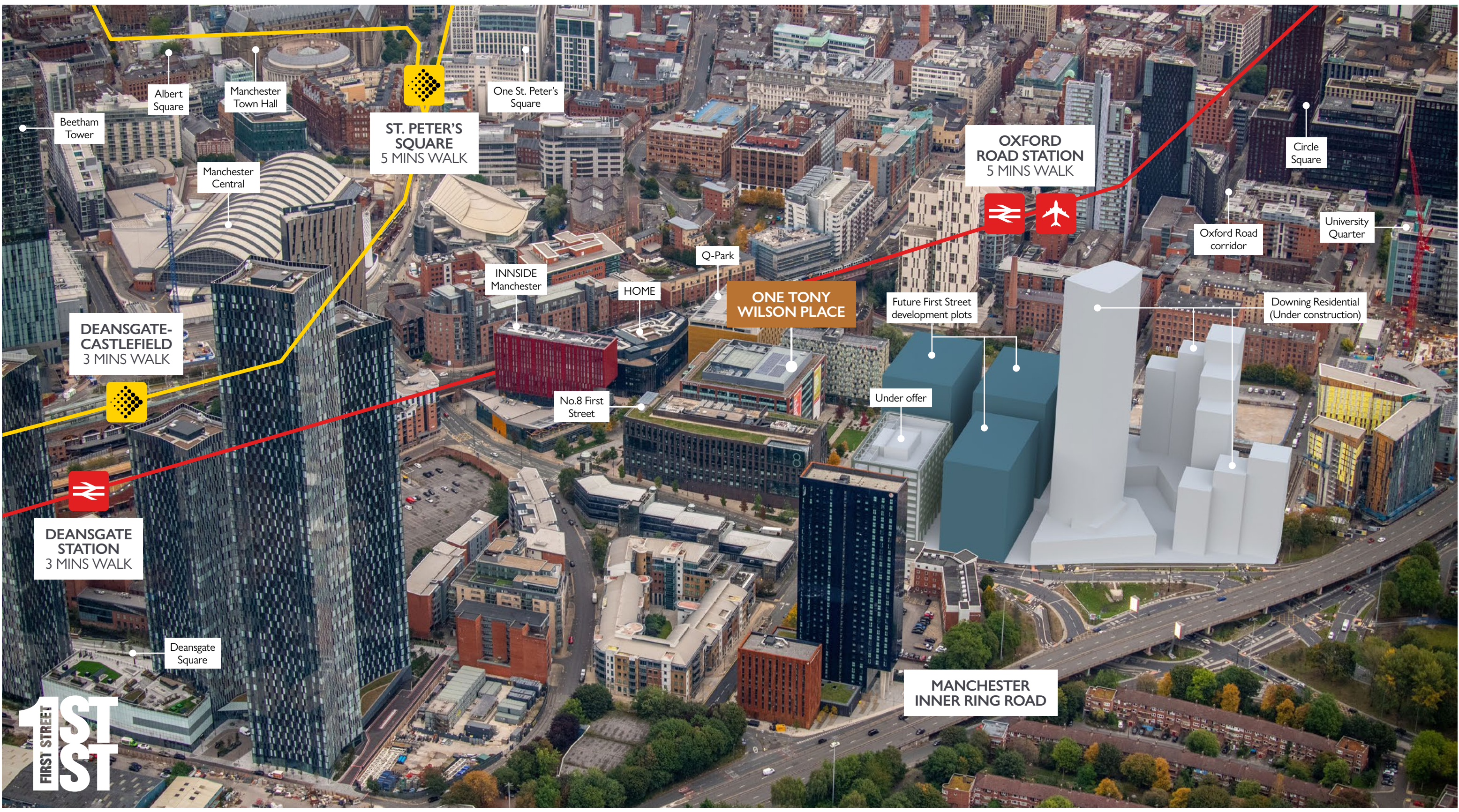
John Hughes
Managing Director

ask

“Our shared ambition with our neighbours is to nurture local talent right here in the heart of First Street, building a unique place where business and culture collide...”

Dave Moutrey
Chief Executive

HOME



Beetham Tower

Albert Square

Manchester Town Hall

ST. PETER'S SQUARE
5 MINS WALK

One St. Peter's Square

OXFORD ROAD STATION
5 MINS WALK

Circle Square

Manchester Central



University Quarter

Oxford Road corridor

INSIDE Manchester

HOME

ONE TONY WILSON PLACE

Future First Street development plots

Downing Residential (Under construction)

DEANSGATE-CASTLEFIELD
3 MINS WALK



No.8 First Street

Under offer

DEANSGATE STATION
3 MINS WALK



Deansgate Square

MANCHESTER INNER RING ROAD

1ST STREET

CONNECTIVITY

In addition to the wide-ranging amenity offer, First Street has quickly established itself as Manchester's leading destination for inward occupiers to the city region through its unrivalled proximity to both mainline rail and Metrolink infrastructure. It is also situated at the conflux of the Mancunian Way and Princess Parkway dual carriageways which are both major arterial roads around and in to the city centre.

First Street has two principal rail stations within a three minute walk, a Metrolink tram station directly to the north and the Oxford Road Bus Corridor within 500 metres to the east.

For car borne traffic, First Street benefits from its own 700 space multi-storey car park operated by Q-Park approximately 100 metres from the proposed building.



1 MIN
BUS



3 MINS
TRAM



5 MINS
TRAIN



IN THE CITY
WALK



130 BIKE RACKS
CYCLE



700 SPACES
DRIVE



20 MINS
FLY

"We chose First Street for our new office due to its central location in an area which is emerging as a vibrant, creative quarter of the city."

Mark Hurley
Head of Planning



DESCRIPTION

FIRST FOR SPACE
FIRST FOR FLEXIBILITY
FIRST FOR QUALITY



BUILDING SPECIFICATION

One Tony Wilson Place is a prime Grade A office building in the city centre. The outstanding construction and excellence in design are combined with a careful consideration for employees, residents and visitors to enhance the relationship between the built environment and the way in which people work.

The building has a net internal floor area of 174,951 ft² with a BREEAM rating of “excellent” over ground and six upper floors. It is situated at the heart of First Street, in a high profile location that creates a fresh working environment. The bold design boasts large windows as well as a spectacular central atrium with floor to ceiling glass making the space light, refreshing and airy. The main entrance is located centrally fronting Tony Wilson Place, an established public square that has been designed with an intensity and vibrancy by fusing cultural, creative, business, retail and leisure uses.

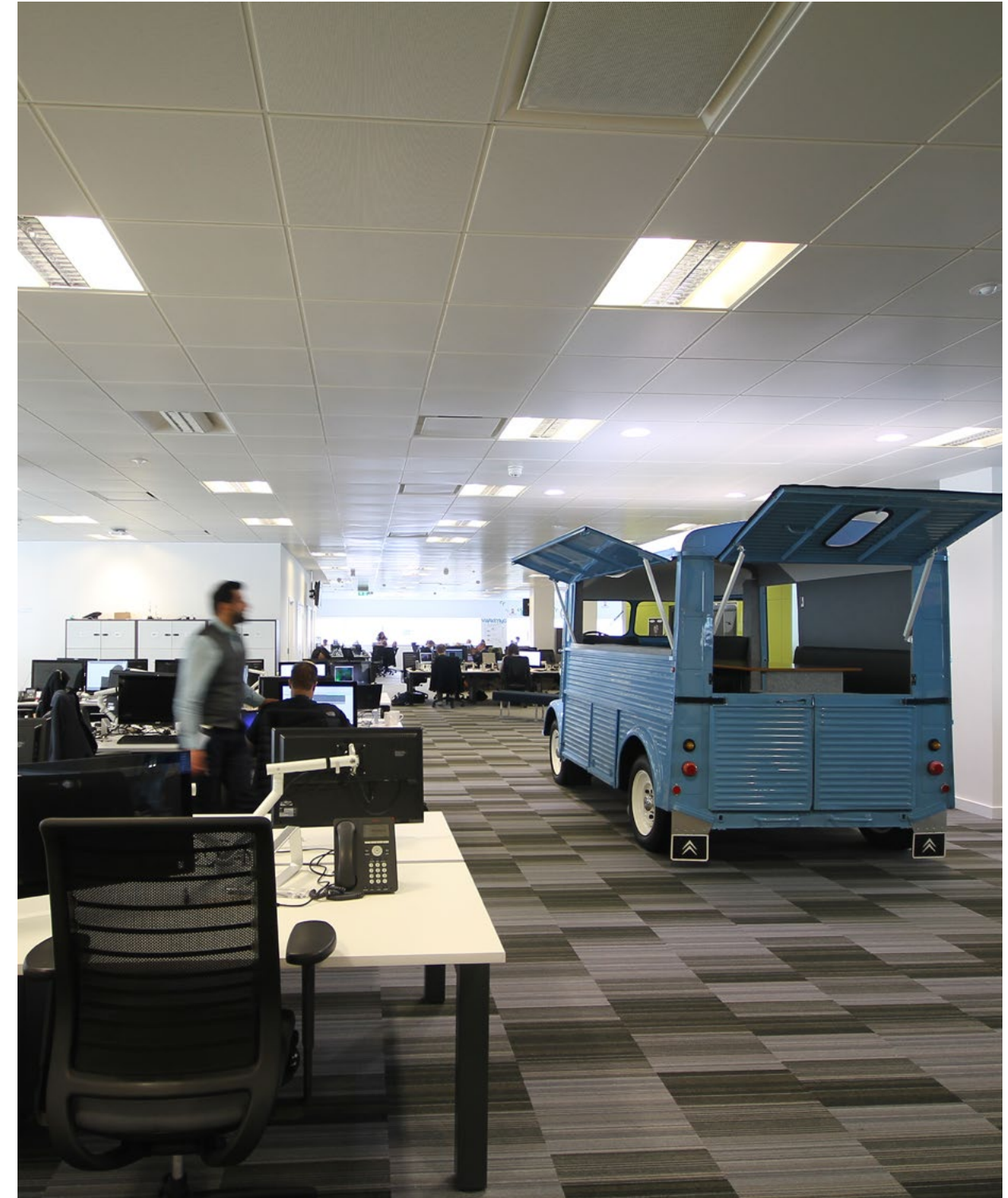
The building is smartly designed to provide efficiency, flexibility and productivity, and for companies with a preference for a more exclusive feel, the ground floor office suite has its own private entrance to the east of the building.

The building has been designed to a high specification and is capable of accommodating high occupational densities and includes:

- Large open plan office floorplates of circa 25,500 ft²
- Stunning large, full height glazed atrium
- Full VRF air-conditioning system
- Full access raised floors and suspended ceilings with LG7 lighting
- Four passenger lifts 2 x 17 person and 2 x 21 person
- Building systems designed to a capacity of 1:10m² with an ability to increase to 1:6m²
- Flexibility: Each floor is easily capable of sub-division
- High quality internal finishes
- Sophisticated security system
- Diverse cable entry points and distribution risers – for choice and security
- Spatial grid of 9 metres and 6 metres
- Planning grid 1.5 metres
- Fully DDA compliant



BREEAM[®]
EXCELLENT



SUSTAINABILITY

With its 210m tree-lined boulevard, new public square, green roof and innovative thermal boreholes, One Tony Wilson Place is at the forefront of sustainable working practices, intent on playing its part in Manchester achieving its target of becoming Net Zero Carbon by 2038 (12 years ahead of the Governments target for the UK), as part of its drive to become Britain's greenest city.

The building was awarded a BREEAM Post Construction Certificate of 'Excellent', the first building in the North West to achieve this and at the time only the seventh in the UK. Its sustainability credentials were further enhanced with the completion of the first phase of public realm, when 35 thermal boreholes were housed in the new Southern Square, boosting the building's energy efficiency by as much as a further 10%.

A 50 kWp Solar Photovoltaic system was installed on the roof in 2018 which generated 37,409 kWh of electricity in 2021.

There's potential to enhance the building's green credentials further by installing a rainwater harvesting system, part of the original base build, to serve a future green wall.

The Energy Use Intensity (EUI) analysis for the building in 2019 was 216 kWh per m². This would need to be reduced to 160 kWh per m² to meet the Green Building Council (UKGBC) target for Net Zero Carbon.

A full ESG review has been taken of the building and an asset management strategy in place which incorporates the replacement of; existing florescent lighting, fan coil units and potentially the boilers.

On completion this will put the building on a pathway to becoming Net Zero Carbon and improve the current EPC rating from a D86 rating to a B rating.

More information on the current ESG credentials and the NZC pathway is available within the dataroom.

BREEAM[®]
EXCELLENT



TENANCY SCHEDULE

The property is multi-let to 3 tenants on 6 leases. The tenant line-up includes Jacobs, Ford Finance (FCE Bank) and Auto Trader. The property has a Weighted Average Unexpired Lease Term of circa 4.4 years to expiry and 3.5 years to tenant's break options.

The property is reversionary. Rents within First Street have moved from £23.50 per ft² in 2011 to £32.50 per ft² in 2022. This reflects a growth rate of circa 5.25% per annum. Over the same period, prime rents in Manchester have grown by 3.05%.

The leases have been summarised into the tenancy schedule below:

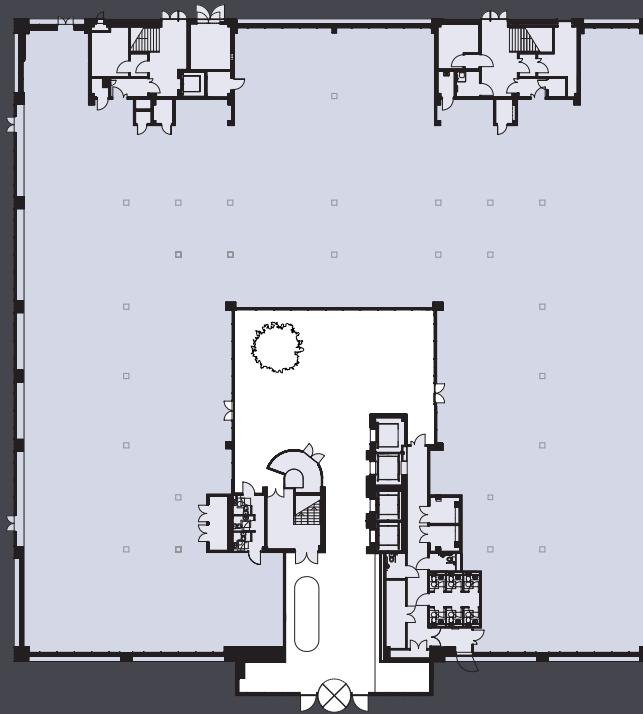
Description	Tenant	NIA (m ²)	NIA (ft ²)	Lease Start	Lease End	Rent Review	Break Option	Rent	Rent (psf)	Headline ERV	ERV (psf)	Comment
Ground floor offices	 Jacobs UK limited	2,188.1	23,552	01/10/2014	30/09/2024			£536,100	£22.76	£765,440	£32.50	Current S/C cap is £177,323.45 pa (£7.53 psf) and then adjusted annually in line with RPI. Lease provides for the recovery of a Sinking/Reserve fund.
1st floor	 FORD CREDIT FCE Bank Plc	2,290.0	24,650	19/05/2014	18/05/2025			£647,400	£26.26	£801,125	£32.50	Current S/C cap is £176,572.48 pa (£7.09 psf) and is adjusted annually in line with RPI. Lease provides for the recovery of a Sinking/Reserve fund. Management fee not to exceed 15% of expenditure.
2nd, part 3rd floor & 47 spaces	 FORD CREDIT FCE Bank Plc	3,527.2	37,966	29/05/2015	18/05/2025			£997,776	£26.28	£1,233,895	£32.50	Current S/C cap is £271,784.33 pa (£7.09 psf) and is adjusted annually in line with RPI. Lease provides for the recovery of a Sinking/Reserve fund. Management fee not to exceed 15% of expenditure.
Part 3rd floor	Vacant – Rental Guarantee	1,186.7	12,774					£415,155	£32.50	£415,155	£32.50	The vendor will provide a 24 month rent and 12 month business rates and S/C guarantee on this suite.
4th and 5th floor	 Auto Trader Limited	4,681.2	50,388	01/03/2014	28/02/2029	13/04/2026	13/04/2026	£1,245,500	£24.72	£1,637,610	£32.50	Current S/C cap is £361,900.92 pa (£7.10 psf) and is adjusted annually in line with RPI. Lease provides for the recovery of a Sinking/Reserve fund. Tenant's yield-up obligation is limited by reference to a photographic schedule of condition.
Part 6th floor (west)	 Auto Trader Limited	840.6	9,048	01/03/2014	28/02/2029	13/04/2026	13/04/2026	£226,500	£25.03	£294,060	£32.50	Current S/C cap is £65,574.01 pa (£7.10 psf) and is adjusted annually in line with RPI. Lease provides for the recovery of a Sinking/Reserve fund. Tenant's yield-up obligation is limited by reference to a photographic schedule of condition.
Part 6th floor (east)	 Auto Trader Limited	1,539.8	16,574	14/04/2021	13/04/2026			£412,188	£24.87	£538,655	£32.50	Current S/C cap is £120,579.70 pa (£7.17 psf) and is adjusted annually in line with RPI. Lease provides for the recovery of a Sinking/Reserve fund. Tenant took additional un-refurbished space. Tenant's yield-up obligation is limited to a photographic schedule of condition.
Part of the roof	 M247 UK Limited	0	0	02/09/2014	01/09/2024			£5,000		£5,000		Rent is inclusive of service charge and insurance.
Total		16,253.5	174,951					£4,485,619	£25.64	£5,690,940	£32.50	The vendor will provide a 24 month S/C shortfall guarantee for 2 years.

FLOORPLANS

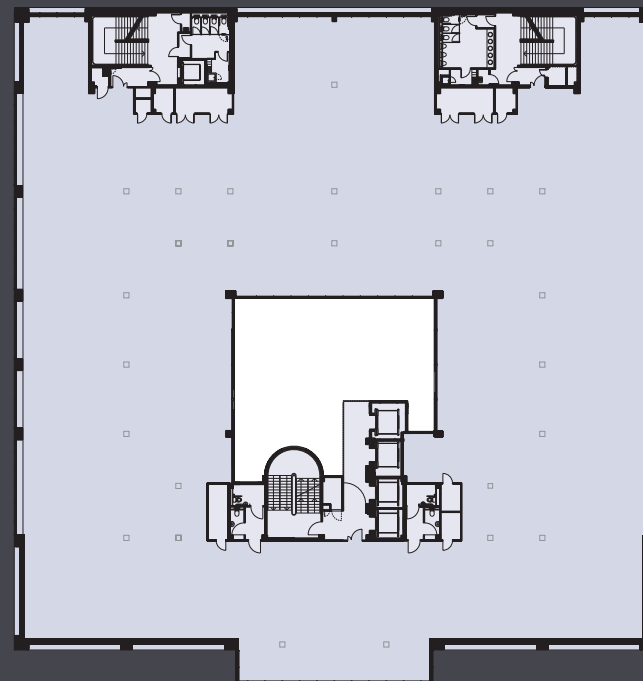
The floors range from between circa 23,500 to 25,600 ft² and each floorplate is designed to be flexible with a capability to be subdivided and changed to suit an individual working style. The central atrium allows all floors to be split yet still profiting from natural light.

The property has been measured in accordance with the RICS code of measurement practice (6th edition) and we have summarised the Net Internal Area below:

Floor	Use	Net Internal Area (m ²)	Net Internal Area (ft ²)
06	Office	2,380.3	25,622
05	Office	2,380.2	25,620
04	Office	2,301.0	24,768
03	Office	2,355.4	25,353
02	Office	2,358.5	25,386
01	Office	2,290.0	24,650
Ground	Office	2,188.1	23,552
Total		16,253.5	174,951
Ground	Reception, Atrium and Building Managers office	461.6	4,968
Total		16,715.1	179,919



GROUND FLOOR
RECEPTION
AND ENTRANCE



TYPICAL FLOOR
LEVELS 1–6,
OFFICES



The Measured Survey and Floor Plans are contained in the dataroom.

Plans not to scale. For indicative purposes only.

“Our move to First Street has been overwhelmingly positive... there is a great sense of community and we really feel part of it...”

Alison Ross
Customer Experience & Operations Director

AutoTrader

“Access to diversity of talent here in Manchester is fantastic.”

Matt Hinton
Manager

 | FORD CREDIT



COVENANT INFORMATION

Auto Trader Limited (Company no. 03909628)

Auto Trader Limited is a FTSE 100 listed company. They provide a digital automotive marketplace to offer vehicle advertisement and products on its websites and apps for individuals as well as agencies and retailers. Their trusted brand has been built over the last 40 years through advancements in Technology and App products, coupled with a highly skilled digital workforce.

Their most recent financial update reported their highest ever six-monthly revenue and profit. Trade revenue was up 92% and operating profit up 121%. Their market cap is £6.15 billion.

We have summarised the last 3 years' financial accounts into the table below:

Year end	31/03/2021 (£000's)	31/03/2020 (£000's)	31/03/2019 (£000's)
Turnover	253,100	361,400	349,600
Pre-tax profit	161,300	255,300	251,300
Net worth	877,700	1,739,300	1,526,000

They have a Dun & Bradstreet rating of 5A1.

Auto Trader has signed up to the UN's "Climate Neutral Now" initiative and "Science Based Targets Initiative". They have been recognised as a FTSE4Good company demonstrating strong environmental, social and governance ('ESG') practices.

FCE Bank Plc (Company no. 0772784)

FCE Bank PLC serves Ford, as well as its dealers and customers, through Ford Credit and Ford Bank. It offers finance for retail customers to purchase or lease vehicles; access to insurance products and financing options for fleet business customers.

We have summarised the last 3 years' financial accounts into the table below:

Year end	31/12/2020 (£000's)	31/12/2019 (£000's)	31/12/2018 (£000's)
Turnover	964,000	1,237,000	1,127,000
Pre-tax profit	184,000	297,000	281,000
Net worth	2,970,000	2,753,000	2,628,000

They have a Dun & Bradstreet rating of 5A1.

Ford are targeting to be carbon neutral by 2050 and recently achieved a Gold Medal for International Corporate Achievement in Sustainable Development from the WEC.

Jacobs UK Limited (Company no. 02594504)

Jacobs UK Limited provides professional technical services in the United Kingdom. It offers design consulting, management consulting, program and project management, strategic planning, supervision and operations. The company provides services to government, commercial and industrial customers.

We have summarised the last 3 years' financial accounts for the tenant into the table below:

Year end	02/10/2020 (£000's)	30/09/2019 (£000's)	30/09/2018 (£000's)
Turnover	630,268	725,099	699,869
Pre-tax profit	11,173	265,078	256,878
Net worth	136,079	144,554	133,646

They have a Dun & Bradstreet rating of 5A1.

Guarantor – Jacobs Engineering Group Inc (Company no. 5926440).

The lease for Jacobs UK Limited is guaranteed by Jacobs Engineering Group Inc. who are incorporated in Delaware under company number 5926440.

We have summarised the last 3 years' financial accounts for the guarantor into the table below:

Year end	01/10/2021 (\$000's)	02/10/2020 (\$000's)	27/09/2019 (\$000's)
Sales	14,092,632	13,566,975	12,737,868
Net income	477,030	491,845	559,214
Net worth	5,940,041	5,815,712	5,714,691

They have a Dun & Bradstreet rating of 5A3.

Jacobs are a recognised global leader in environmental and sustainability professional services. Their first Climate Action Plan was published in 2020, and committed to:

- 100% renewable energy for their operations in 2020
- Net zero carbon for their operations and business travel in 2020
- Carbon negative for their operations and business travel by 2030

MANCHESTER MARKET COMMENTARY

FIRST FOR SUNSHINE
FIRST FOR RAIN
FIRST FOR SPACE

1ST
FIRST STREET
1ST



MANCHESTER

MARKET COMMENTARY

Supply

The total office stock in the city centre of Manchester is approximately 24.5m ft². Current availability is circa 1.6m ft². Vacancy rates for Grade A office accommodation is currently only 5.4%.

Take-Up

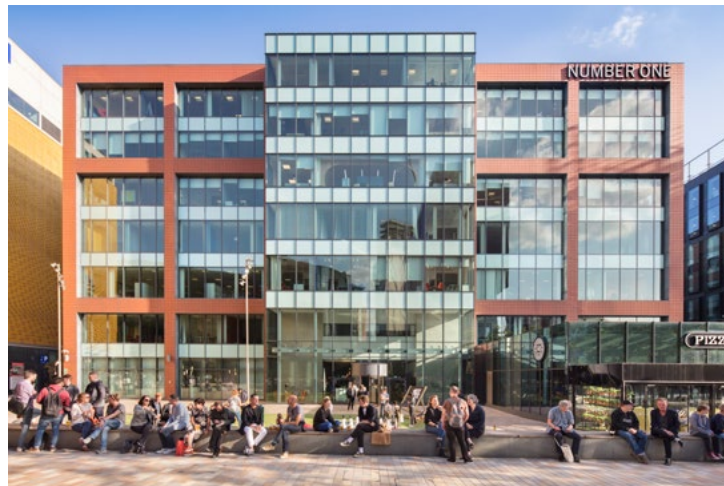
Manchester once again recorded the highest annual take-up among UK regional cities in 2021, with 1.1 million ft² transacted, in line with the 10 year average. Q1 2022 recorded take up over 206,000 ft² across 70 deals.

Grade A accommodation take-up for 2021 was 752,000 ft², reflecting 68% of take-up across 71 deals, which was well above the 5 year average. 50% of the total take-up achieved a rent in excess of £30 per ft², a significant increase in comparison to 23% in 2020.












This emphasises a clear flight to quality and that the demand for best-in-class, sustainable accommodation remains strong.

Prime rents are currently £38.50 per ft² and are forecast to be in excess of £40 per ft² by the end of the year.

Quoting rents for Grade A workspace in the city centre are now £42 per ft² in some buildings and there have been transactions over £40 per ft² in both Edinburgh and Bristol and we expect similar rental levels to be achieved in Manchester within the first half of 2022.



Recent Key City Centre Letting Transactions include:

Property	Date	Area	Size (ft ²)	Tenant	Headline rent (p/ft ²)	Term
Circle Square 	October 2021	Oxford Road	115,066	Roku	£32.00	10 years
No1 Spinningfields 	June 2021	Spinningfields	5,596	Robert Walters	£37.50	5 years
Landmark 	May 2021	CBD	10,880	Allianz	£36.50	10 years
Landmark 	January 2021	CBD	13,143	Grant Thornton	£38.50	15 / 11 years
No1 Spinningfields 	January 2021	Spinningfields	11,342	Brown Shipley	£35.00	10 years
No8 First Street 	January 2021	Oxford Road	12,330	Lonza	£31.50	10 / 5 years
No1 Spinningfields 	November 2020	Spinningfields	11,342	Fieldfisher	£37.50	10 years
The Chancery 	September 2020	CBD	5,665	Palatine	£37.50	5 years
Windmill Green 	January 2020	CBD	9,789	OneStream	£36.00	11 / 5 years
Circle Square 	November 2019	Oxford Road	28,518	HPE	£33.00	10 years
Landmark 	July 2019	CBD	13,896	JLL	£36.50	10 years

MANCHESTER MARKET COMMENTARY

As at Q1 2022, there is in excess of 1.25 million ft² of known active occupier requirements seeking Grade A accommodation in Manchester City Centre. The tech sector will continue to drive inward investment demand; however, sub-sectors such as challenger banks and business related to cyber security will also emerge as future sources of demand.

Looking beyond the immediate identified demand, there are a significant number of lease events on the horizon, not just in the city centre but also across South Manchester – where it is anticipated there will be further sizable regional movers into the city centre.

The upcoming city centre lease events over the next 4 years, continued inward investment from regional movers, and the proliferation of north shoring, means demand for Grade A office space in the city centre will continue to be resilient in the long term.

Investment market

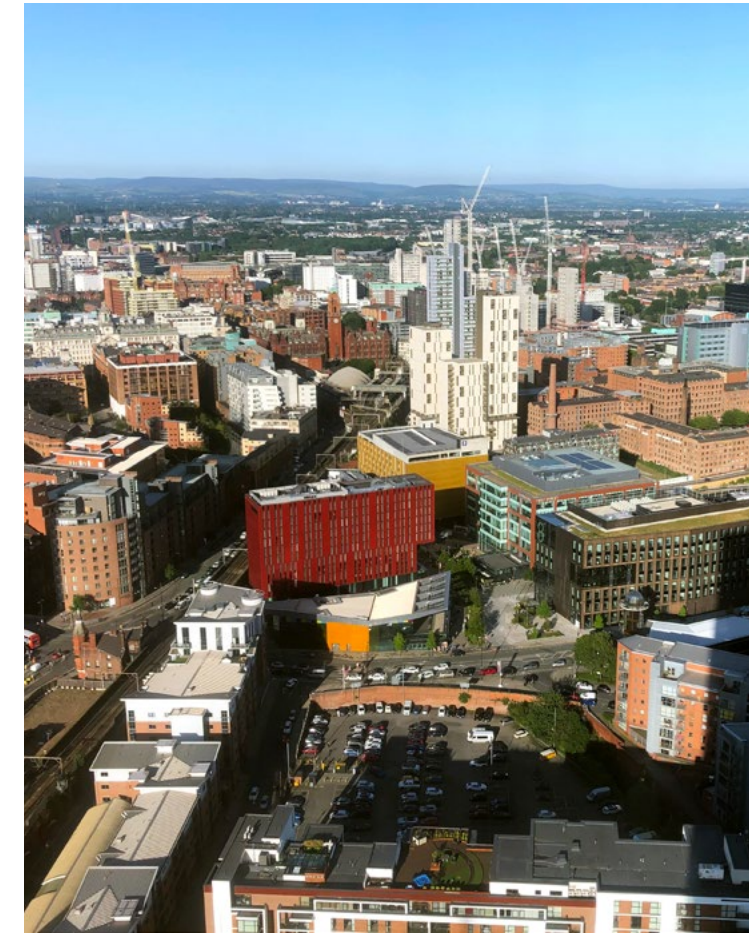
The UK regional office investment market rebounded in 2021 and recorded over £1.8 billion transacted in the Big 6 – a 75% increase on 2020. Manchester recorded the highest volumes with circa £707 million, up 142% from £292 million in 2020 and above the 5 year average of £577 million. The city accounted for 39% of all deals in the Big 6 office locations.

Prime yields moved in 25 Bps during 2021 to 4.5%.

Office Investment Transactions – £707 million (71 deals in 2021)

Prime Yields – 4.5%

Prime Capital Values – £827 per ft²



MANCHESTER MARKET COMMENTARY









Key investment transactions

Manchester continues to represent the most traded office investment market in the UK regions. Investors continue to be attracted to the strong occupational market, limited development pipeline and a favourable supply and demand imbalance. As a result there is significant pent-up demand for income-producing assets that offer strong asset management opportunities like those evident within One Tony Wilson Place.

There are already circa £275 million of office assets under offer in Manchester.

We have summarised a schedule of recent investment transactions of comparable office buildings.



Property		City	Date	Size (ft ²)	WAULT	Price	Cap Val	NIY	Purchaser	Comments
125 Colmore Row		Birmingham	March 2022	148,092	9 years	£70m	£506	4.65%	CBRE IM	Single let 22 year old building
Canada House		Manchester	January 2022	67,809	2.7 years	£21.8m	£385	5.40%	Grosvenor	Part refurbished and heavily multilet
Waverley Gate		Edinburgh	January 2022	203,601	3 years	£75m	£370	5.49%	Kennedy Wilson	Refurbished building within a historic listed building
1 Hardman Boulevard		Manchester	December 2021	357,672	16 years	£292m	£816	4.80%	NatWest	17 year old building let at £40 per ft ² . 3% pa rental uplifts
Windmill Green		Manchester	July 2021	80,999	5 years	£42m	£519	5.75%	Trinova	Refurbished building with some void and 25% let to Hana with turnover provision
Tootal Building		Manchester	November 2020	246,242	4.6 years	£77m	£290	6.00%	Pictet / XLB	Grade II listed and part refurbished
35 Dale Street		Manchester	November 2020	56,209	2.8 years	£21m	£374	5.05%	Pictet / XLB	Refurbished Grade II listed building 30% vacant
Fourways House		Manchester	November 2020	59,572	3.75 years	£21m	£353	6.00%	Pictet / XLB	Part refurbished Grade II listed building

FURTHER INFORMATION

Tenure

The title to the property held long leasehold for a term of 255 years from and including 30 June 2015 at a peppercorn rent. Under the terms of the lease, the long leaseholder of the building has the ability to request up to 207 car parking spaces within Q-Park's multi-storey car park for use by the sub-tenants of the building on the car park's commercial terms.

The freeholder is Southside Regeneration Limited.

Estate charge

There is an estate charge that operates to ensure that the common areas of First Street are managed and operated in a co-ordinated and professional manner. The estate is managed by the First Street Management Company.

The estate charge reflects £1.03 per ft². The estate charge per ft² will reduce pro-rata as further phases of First Street are developed.

Service charge

There is a service charge in operation for the building. The current service charge budget reflects £7.22 per ft².

Further information on estate and service charges are available in the dataroom.

VAT

We understand that the property is elected for VAT and it is envisaged that the transaction will be treated as a Transfer of a Going Concern (TOGC).

Debt advisory

JLL Debt Advisory provides market-leading debt solutions. We have a wide-ranging expertise in senior debt and mezzanine arrangement for investment and development projects.

It is expected that for a high profile asset such as this there would be very strong competition from the diverse UK lending market, with competitive tension key to securing the best debt terms.

JLL Debt Advisory would be delighted to discuss funding options with potential purchasers. Please contact us for further details.

Proposal

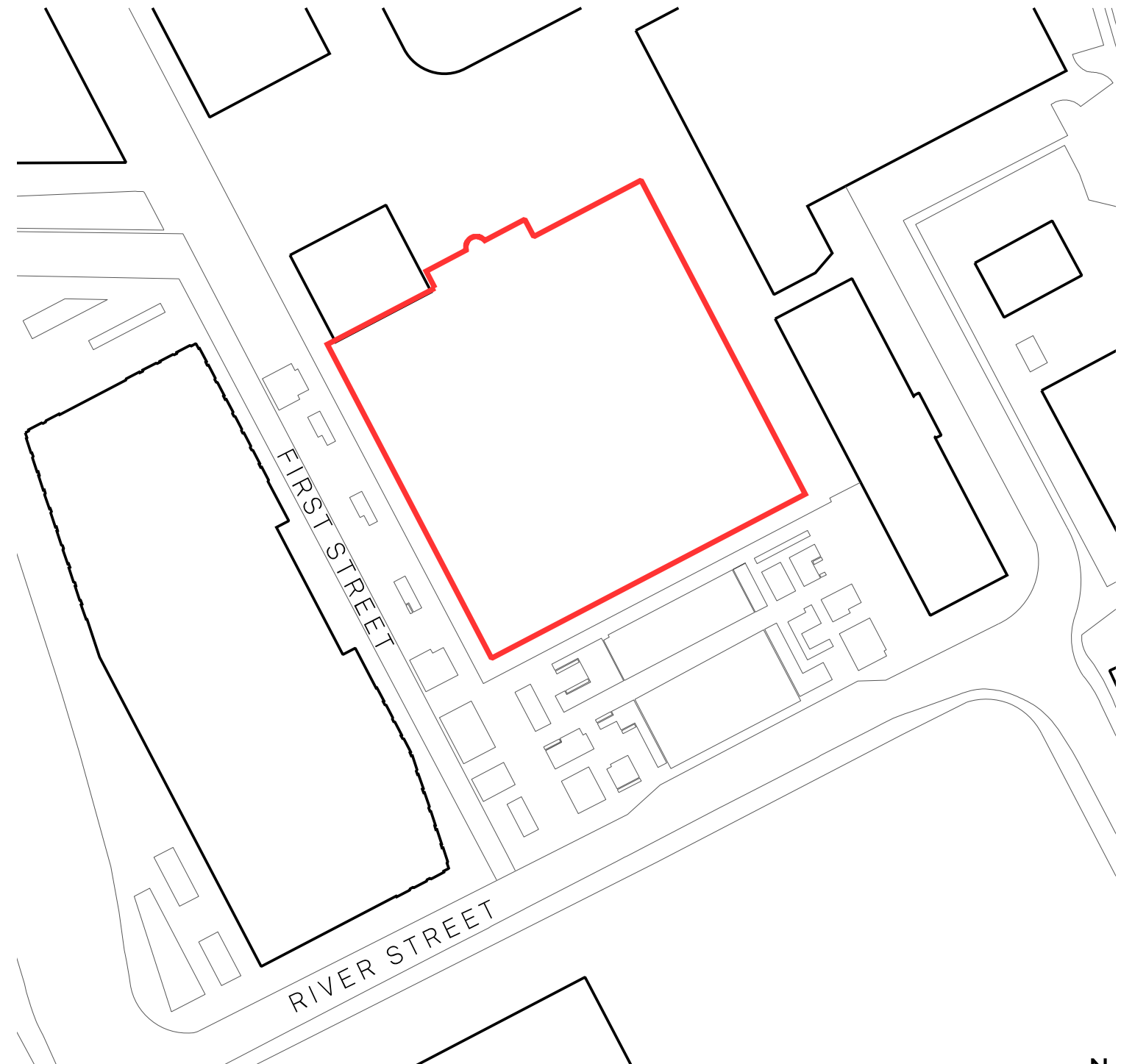
Offers are sought in excess of £73,000,000 (Seventy Three Million Pounds) subject to contract and exclusive of VAT. Assuming standard purchaser's costs of 6.8%, a purchase at this level reflects the following Yield Profile:

Net Initial Yield – 5.75%
Equivalent Yield – 6.87%
Reversionary Yield – 7.30%

This reflects a low capital value of only £406 per ft² including the ground floor reception and atrium areas.

Dataroom

A secure marketing dataroom is available. Access is available upon request.



Plan for indicative purposes only.



CONTACT



Dataroom

A dataroom containing further information is available.
For access please contact:



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3. Regulations etc: Any reference to alterations to, or use of, any part of the property does not mean that any necessary planning, building regulations or other consent has been obtained. A buyer or lessee must find out by inspection or in other ways that these matters have been properly dealt with and that all information is correct.

4. VAT: The VAT position relating to the property may change without notice.
May 2022.