

An aerial photograph of Cardiff, Wales, showing a dense urban landscape with various office buildings and a large stadium in the background. A large, bright cyan number '5' is superimposed over the center of the image, partially obscuring some buildings. The number '5' is positioned over a building that has '5 Callaghan Square' written on its facade. The overall image has a blue tint.

5

CALLAGHAN SQUARE
CARDIFF

CAPITAL CITY CENTRE OFFICE INVESTMENT
LOCATED IN THE PRIME OFFICE CORE

5

5 CALLAGHAN SQUARE



5
Callaghan
Square

5
Callaghan
Square
ALCOM
Business
Centre





EXECUTIVE SUMMARY

- A **unique** opportunity located in the **prime** office core of the **capital city** of Wales.
- 5 Callaghan Square is a **modern, multi-tenanted** office building situated in the **heart of Cardiff city centre**.
- **Impressive roster of global office occupiers** including HSBC, Barclays, Deloitte and AECOM.
- **100%** of the **income** is from **tenants rated 'A'** by **CreditSafe**.
- **Modern Grade A** office building totalling **53,536 sq ft** arranged over **seven floors**.
- **Flexible floor plates** lend themselves to the market average deal size of 3,000 sq ft to 4,000 sq ft.
- Three unoccupied suites are currently **under offer**. These will set a new **headline rent of £26.00 psf**.
- Multi-let to **nine tenants** providing a total income of **£1,152,287 pa** (topped up), equating to a **low average passing rent of £21.90 psf** with an **additional £18,550 pa** from parking spaces.
- **Prime rents in Cardiff are now achieving £25.00 psf with potential to reach £30.00 psf by the end of 2023**.
- **WAULT of 3.9 years to expiry and 2.0 years to break**.
- **31 parking spaces** reflecting an **exceptional city centre ratio of 1:1,697 sq ft**.
- **Freehold**.

We are instructed to seek offers in excess of **£10,000,000 (Ten Million Pounds)** subject to contract and exclusive of VAT. Reflecting a Net Initial Yield of **10.71%** and a **low Capital Value of £187 psf**, assuming purchaser's costs of 7.58%.



CARDIFF CENTRAL STATION

PRINCIPALITY STADIUM

CARDIFF CASTLE

ST DAVID'S CENTRE
PRIME RETAIL CORE

WOOD STREET HOUSE
318 UNIT BTR SCHEME

WELSH GOVERNMENT
CATHAYS PARK OFFICES

UK GOVERNMENT HUB

CITY HALL & CARDIFF
MUSEUM

BT STADIUM HOUSE

ONE CENTRAL SQUARE

TWO CENTRAL SQUARE

PARKGATE HOTEL

THE HAYES
SHOPPING, BARS &
RESTAURANTS

BBC WALES HQ

L&G HQ

ST MARY'S STREET
PRIME BARS & RESTAURANTS

CLAYTON HOTEL

PREMIER INN

MARRIOTT HOTEL

CARDIFF BUS INTERCHANGE

JOHN LEWIS

CENTRAL QUAY
(DEVELOPMENT SITE)

3 CALLAGHAN SQUARE



4 CALLAGHAN SQUARE

1&2 CALLAGHAN SQUARE

A4160

CALLAGHAN SQUARE
DEVELOPMENT SITE

INVESTMENT RATIONALE

CARDIFF

- Cardiff is the fastest improving city in the UK according to PWC.
- Large population of 1.6m within a 45-minute drive-time which is set to grow by 20% over the next 20 years.
- Home to 70,000 students, with a graduate retention rate of circa 40%.
- Transformational development over the past decade with further schemes in the pipeline, including Central Quay, The Embankment, Cardiff Arena and John Street.
- The City is investing in major infrastructure including the development of South Wales Metro, Cardiff Crossrail and the Interchange Bus Station.

CARDIFF OFFICE MARKET

- Prime rents in Cardiff are achieving £25.00 psf with projections to reach £30.00 psf by the end of 2023.
- There were 112 office transactions in 2022 within the city totalling 456,309 sq ft.
- Cardiff's due to undergo a sustained period of rental growth.
- Rents in other large UK cities have surpassed £40.00 psf, creating significant headroom for rental growth in Cardiff.

5 CALLAGHAN SQUARE

- Flexible floor plates which lend themselves to the market average deal size of 3,000 sq ft to 4,000 sq ft.
- The property occupies a prime position in Cardiff's office district and is only a three-minute walk from Cardiff Central Railway Station.
- Popular bars, restaurants, hotels and retail are all located within a three-minute walk of the property.
- Exceptional city centre car parking ratio of 1:1,697 sq ft and potential to create additional income from surplus spaces.
- Located close to the new bus interchange and to Cardiff Crossrail, which will link the city centre to Cardiff Bay adding to the appeal of the location and furthering a reversionary potential.

INVESTMENT RATIONALE

A CLEAR EPC PATHWAY

- A value add opportunity for Institutional Investors.
- EPC Pathway Report highlighting a clear route to achieving EPC B.

INCOME PROFILE

- Global occupiers with strong UK presence.
- 100% of the income is from tenants rated 'A' by CreditSafe.
- The tenants have a combined turnover of £11.98bn.
- Weighted Average Unexpired Lease Term (WAULT) of 3.9 years to expiry and 2.0 years to break.

PRICING

- Exceptional value with the quoting price reflective of 10.71% NIY comparing favourably to investment yields in Cardiff and the wider UK regional markets.
- A purchase price of £10,000,000 equates to a low capital value £187 psf.
- Underpinned by replacement cost with build costs for comparable schemes circa £260 psf.



THE BUSINESS PLAN

- Improve rental tone through the refurbishment.
- Improve the ESG strategy through the provision of better 'end of journey' facilities such as improved cycle parking, changing rooms and showers.
- Implement higher rents as comparable evidence is generated in the building and across Cardiff.
- Re-negotiate and extend terms with existing tenants to improve the WAULT.
- The above factors are likely to have a positive impact on exit yields and total rent for an asset located in one of Cardiff's best office locations.

LOCATION

According to PWC's report of the UK's 50 largest cities, Cardiff is the fastest improving city in the UK in its performance against 12 key metrics, including job growth, transport and environmental considerations.

- The capital city of Wales with an estimated population of 346,000 with a further 1.2 million within a 45-minute travel time.
- The commercial, cultural, and retail centre for Wales and is the focal point of business activity.
- Closest capital city to London, which is located 147 miles to the east. Cardiff is 106 miles south of Birmingham and 43 miles north of Bristol.
- The fastest growing UK core city and its wider capital region with its population of 1.5 million is projected to grow by more than 20% over the next 20 years.
- Has attracted numerous national and multinational companies including Legal & General, Admiral Insurance, Lloyds Banking Group, BBC, Cardiff University, BT PLC, Eversheds Sutherland, Deloitte, PWC, HM Revenue and Customs and Welsh Government.
- Home to around 70,000 students studying at three universities: Cardiff University, Cardiff Metropolitan University and the University of South Wales, which between them offer three business schools and three law schools. The City's universities attract talent from around the world, with 1 in 4 students being international students.
- Hosts world-class sporting events and is home to cultural institutions, the city has a growing reputation as a first class destination for leisure, culture, retail and business, hosting the 2017 UEFA Champions League Final, Guinness 6 Nations Rugby, The Rugby World Cup, FA Cup Finals, IAAF World Half Marathon, Volvo Ocean Race, Ashes test matches and a NATO Summit.

5 CALLAGHAN SQUARE - KEY OCCUPIERS



Central Quay

£200m scheme delivering 2.5m sq ft of mixed use space, including a 718 unit build to rent apartment scheme. This is currently on site with the first wave of completion in 2024.



The Interchange

Set for completion in 2023, the new 14 bay bus station will be an integral part of Cardiff's public transport hub.



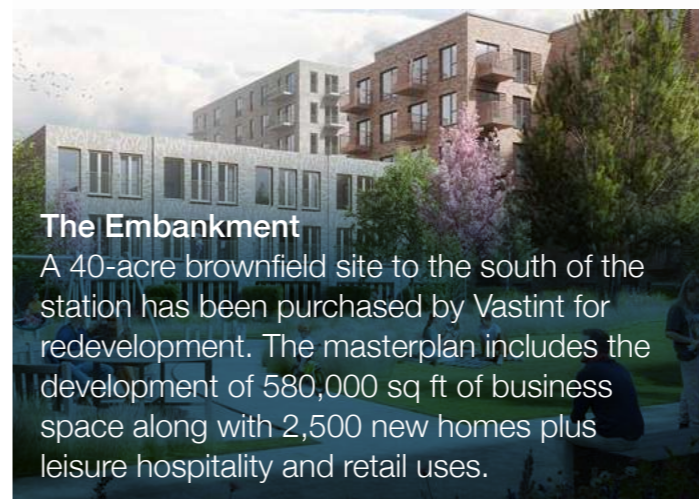
Cardiff Crossrail

£100m in funding has been secured to deliver a new rail line, connecting Cardiff Central Station to Cardiff Bay.



South Wales Metro

The £1bn Metro project will improve the city's connectivity through additional rail and public transport services across South Wales, with a focus on central Cardiff.



The Embankment

A 40-acre brownfield site to the south of the station has been purchased by Vastint for redevelopment. The masterplan includes the development of 580,000 sq ft of business space along with 2,500 new homes plus leisure hospitality and retail uses.



Capital Quarter and John Street

A 10-acre city centre site, developed by JR Smart, providing over 1m sq ft of mixed uses, including offices, student accommodation, build to rent and educational uses.



Cardiff Arena

A new 16,000 capacity arena is due to be developed and completed by 2024/2025 in Atlantic Wharf, Cardiff Bay.



Principality Stadium

Constructed in 1997, the Principality Stadium has a capacity of 74,000. The Stadium regularly host sporting and music events. It has contributed £1.32bn of to the Welsh economy since its opening.

CONNECTIVITY

Cardiff benefits from unrivalled connectivity both domestically and internationally. The city is easily navigated by foot, bike, rail and road.



Cardiff benefits from excellent road links and can be accessed via junctions 29-33 of the M4 motorway. Junction 16 of the M5 connects South Wales to Exeter, Birmingham and Manchester.



Cardiff International Airport is located 12 miles to the south west of Cardiff city centre and offers scheduled flights to a number of European destinations.

DESTINATION	MINUTES
Newport	30
Bristol	1 hr
Birmingham	2 hrs
London	2 hrs 40
Manchester	3 hrs 20

DESTINATION	MINUTES
Cardiff International Airport	35
Bristol Airport	1 hr 5
London Heathrow	2 hrs 10



Cardiff Central Railway Station provides rail services to Bristol, London Paddington, Birmingham and Manchester.

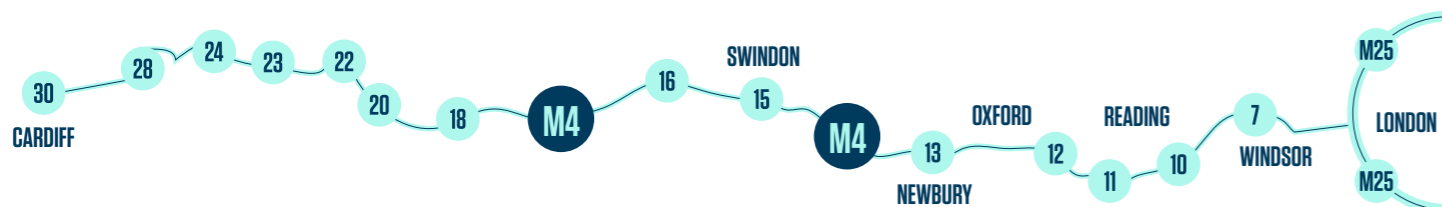
Electrification of the South Wales mainline between Cardiff and London was completed in 2019, with new rolling stock and travel times reduced by 15 minutes.

The South Wales Metro, which includes Cardiff Crossrail is due to complete in 2024.

These new services will increase the will increase the capacity and improve journey times across the city.

DESTINATION	MINUTES
Bristol	51
London Paddington	1 hr 50
Birmingham	2 hrs
Manchester	3 hrs 30

M4 CONNECTION



SITUATION

Callaghan Square consists of five buildings extending to approximately 27,871 sq m (300,000 sq ft) and is considered the most well-established office address in the city centre. It is located at the centre of Cardiff's Central Business District within short walking distance of Cardiff Central Station, the amenities of Cardiff's shopping district and a range of cafes, bars and restaurants.



Cardiff Council has invested in the development of five cycle super-highways, making the city easier and quicker to travel around and into by bike.

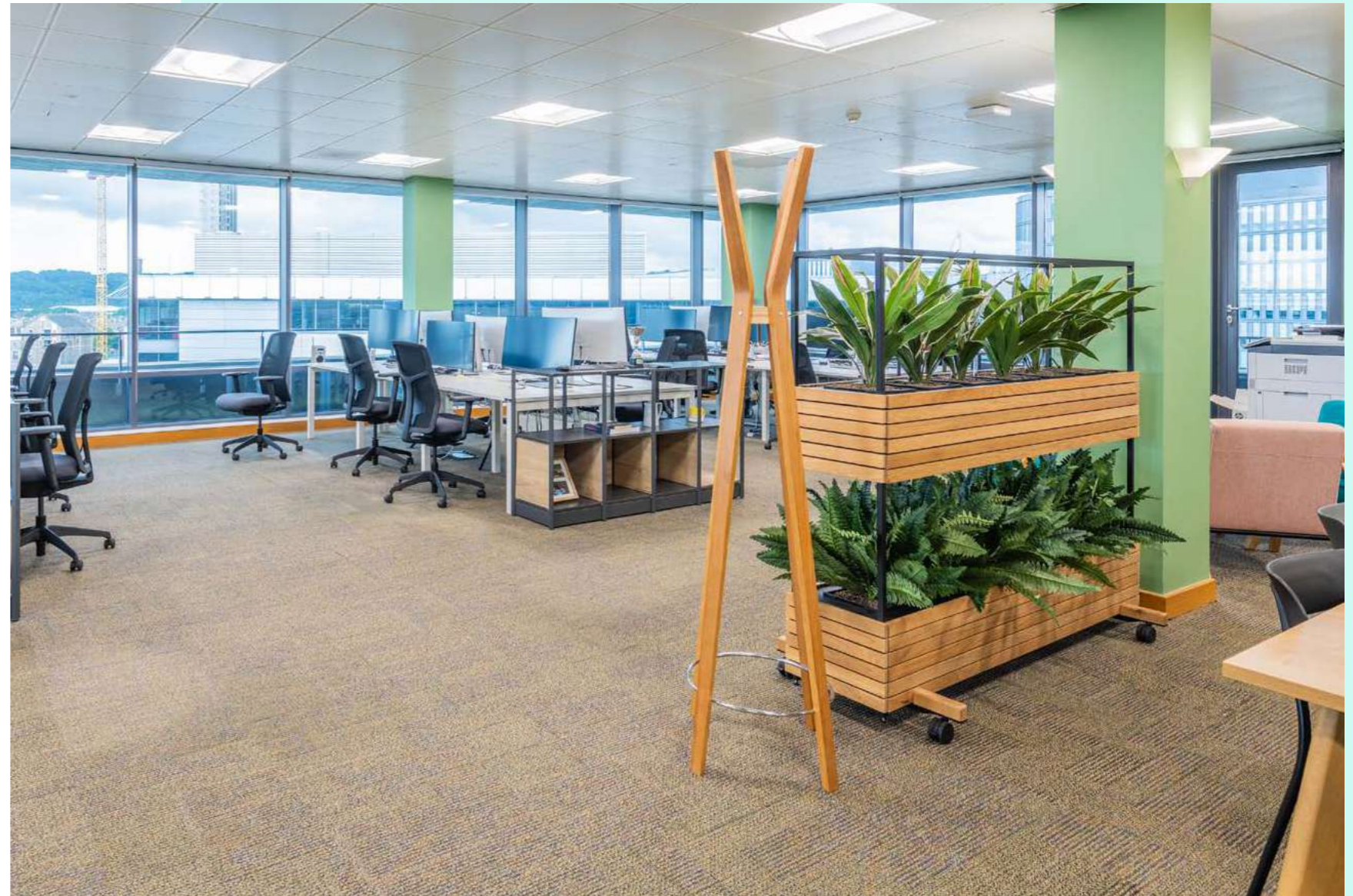


Cardiff is recognised as one of the 10 most walkable cities in the UK with ample amenities within a 10-minute walk.

DESTINATION	MINUTES
Bute Park and Cardiff Castle	5
Roath Park	15
Llandaff	20
Penarth	27

DESTINATION	MINUTES
Cardiff Central Station	2
St Mary's Street	2
Principality Stadium	3
St David's Centre	5

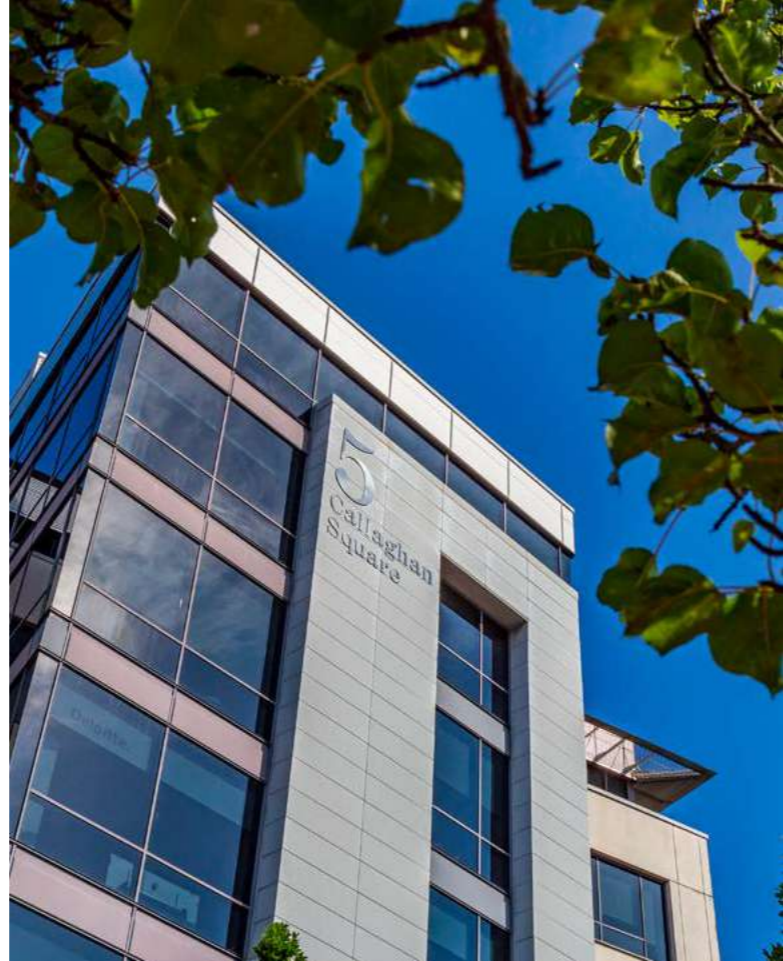




DESCRIPTION

The 53,536 sq ft property was developed in 2009 and provides a modern Grade A office building which is arranged over seven floors with under-croft car parking. The building is rectangular in shape and benefits from a main service core containing a principal stairwell, two thirteen person lifts and male, female and disabled WC on each floor.

The building benefits from flexible, 1,000 sq ft to 9,565 sq ft floorplates which, allow for the creation of 3,000 sq ft to 4,000 sq ft suites. This aligns with the average deal size for the city over the 24 months to October 2023.



Four pipe fan coil air conditioning



Fully accessible raised flooring



Floor to ceiling height of 2.7m



Two thirteen-person passenger lifts



High quality manned reception



Attractive landscaping and piazza area



31 secure under croft parking spaces



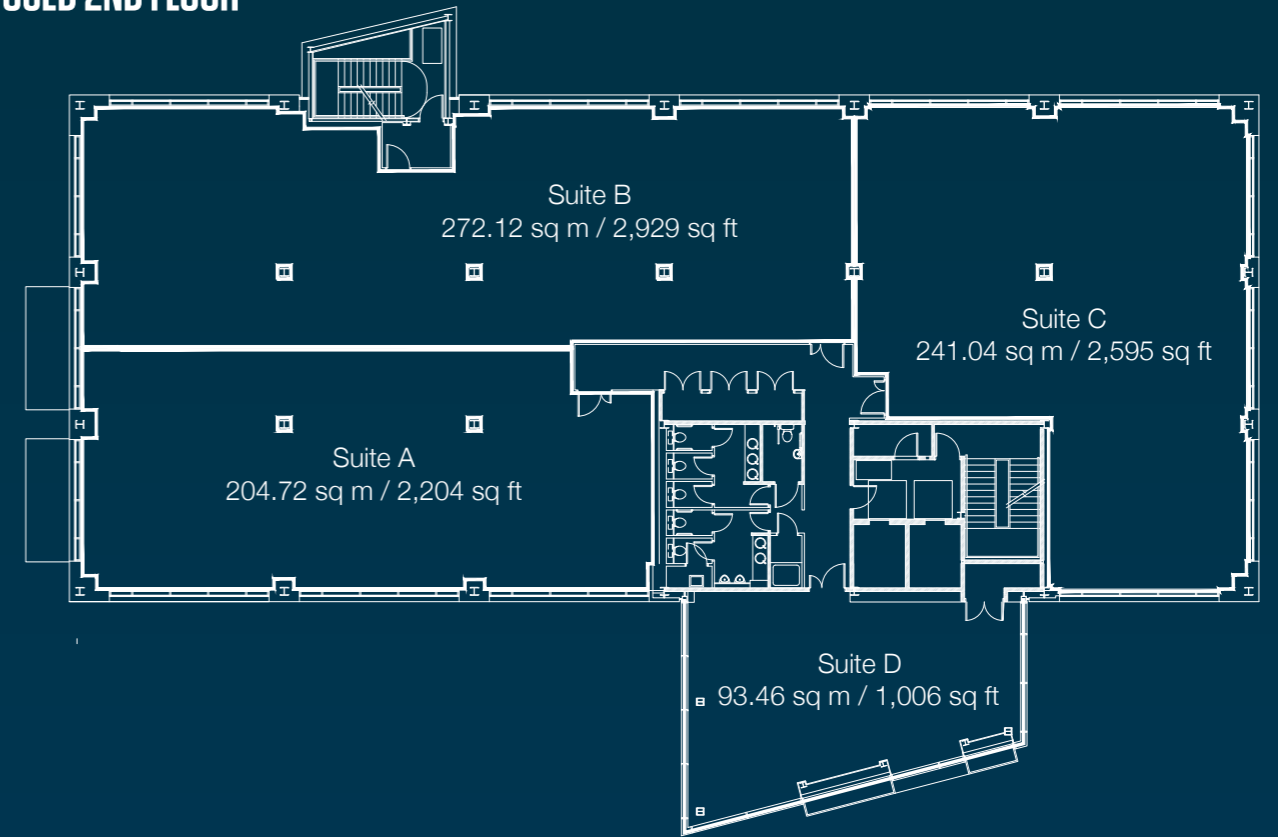
Attractive car parking ratio of 1:1,697 sq ft

ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice, 6th Edition and provides the approximate net internal floor area.

FLOOR	SQ FT	SQ M
Sixth Floor West	3,164	293.9
Sixth Floor East	4,254	395.2
Fifth Floor	8,940	830.6
Fourth Floor	9,565	888.6
Third Floor	9,534	885.8
Second Floor	8,734	811.0
First Floor	8,427	782.9
Ground Floor Reception	918	85.3
TOTAL	53,536	4,974

PROPOSED 2ND FLOOR



For Indicative Purposes Only

SIXTH FLOOR	amey		BARCLAYS	
FIFTH FLOOR	UNDER OFFER 1,010 SQ FT	AECOM	HSBC	
FOURTH FLOOR	Deloitte.			
THIRD FLOOR	Deloitte.			
SECOND FLOOR	IRG	VACANT 2,929 SQ FT	UNDER OFFER 2,595 SQ FT	UNDER OFFER 2,204 SQ FT
FIRST FLOOR	HAYS		GWR	
GROUND FLOOR	RECEPTION			

ESG INFORMATION

An EPC pathway report is available which sets out the likely costs of works, this is summarised below:

OPTION	RECOMMENDED MEASURES	RATING AFTER IMPROVEMENT	EPC SCORE IMPROVEMENT	CO2 EMISSIONS SAVING (KG/CO2/YR)	INDICATIVE CAPITAL COSTS	FINANCIAL ANALYSIS	
						OPERATIONAL COST	SAVINGS
	Baseline Rating	D98				£165,106	
1	Replace existing boiler plant with heat pumps	C67	31	42,075	£200,000	£155,974	£9,132
2	Replace existing boiler plant with heat pumps, replace existing lighting with LED luminaires throughout & install photoelectric dimming to office areas	B49	49	64,145	£400,000	£115,702	£49,404



TENANCY



The asset is multi let to nine tenants providing a total income of £1,152,287 per annum, equating to a low average passing rent of £21.90 psf.



An additional £18,550 per annum is received from licenced parking spaces.



The property has a Weighted Average Unexpired Lease Term (WAULT) of 3.9 years to expiry and 2.0 years to break.



Any current rent free periods will be topped up at the point of completion. If the lettings currently under offer have not completed before completion of the sale, the full rent free incentive will be deducted from the purchase price.

TENANT	FLOOR	AREA SQ FT	LEASE START	BREAK DATE	TERM END	RENT (PA)	RENT (PSF)	COMMENTS
Amey OW Ltd	6th	4,254	24/06/2009	-	23/06/2024	£87,606	£20.59	Inside the Act. No Service charge cap
Barclays Execution Services	6th	3,164	29/06/2021	29/06/2024	28/06/2026	£74,520	£23.55	Inside the Act. Index linked Service charge cap of £21,960 (2023 budget).
(Under Offer)	5th	1,010	-	-	-	£25,000	£24.75	Terms agreed for 5 year lease, 3 year tenant break. Outside the Act. 2 months rent free from lease commencement. Service Charge cap excludes utilities.
AECOM Ltd	5th	5,374	06/04/2022	05/04/2027	05/04/2032	£124,913	£23.24	Inside the Act. Initial Service charge cap of £51,594.50.
HSBC UK Bank PLC	5th	2,556	27/06/2022	01/05/2025	30/04/2027	£60,099	£23.51	Inside the Act. Service charge cap of £24,823.50. Tenant break clause penalty of £10,016.50.
Deloitte LLP	3rd & 4th	19,099	04/01/2010	-	03/01/2025	£365,460	£19.14	-
(Under Offer)	2nd	2,204	-	-	-	£57,304	£26.00	Terms agreed for a straight 5 year lease. Inside the Act. 8 months rent free. Service charge capped at £10 psf year 1 plus RPI increases.
Vacant	2nd	2,929	-	-	-	£76,154	£26.00	Rental guarantee of 24 months, including rates and Service Charge. Service charge cap to exclude utilities.
(Under Offer)	2nd	2,595	-	-	-	£67,470	£26.00	Terms agreed for a 10 year lease with at end of year 5. Inside the Act. 7 months rent free. Service charge capped at £10 psf year 1 plus RPI increases. Service charge cap to exclude utilities.
International Resources Group	2nd	1,006	22/07/2019	-	21/07/2024	£22,011	£21.88	Break not enacted in July 2022. Outside the Act.
Hayes Specialist Recruitment Ltd	1st	7,421	21/04/2020	20/04/2025	20/04/2030	£168,750	£22.74	Renewed lease in 2020. Open Market Rent Review on 21 April 2025. Outside the Act.
First Great Western Ltd	1st	1,006	03/08/2020	-	31/03/2024	£23,000	£22.86	Break not enacted March 2023. Outside the Act.
Total		52,618*				£1,152,287		

*Excludes reception area.

TENANT PROFILES

Amey OW Ltd provides civil engineering consultancy. The Company provides services to clients in the fields of aviation, central government, defence, education, local government, and rail and highway. Amey OW operates supports transport systems and services in throughout the UK.



CREDIT SAFE RATING - A/81	YEAR ENDING 31/12/2021	YEAR ENDING 31/12/2020	YEAR ENDING 31/12/2019
Turnover	£220,018,000	£121,464,000	£99,338,000
Pre-Tax Profit	-£238,000	-£28,668,000	£9,975,000
Shareholder's Funds	£29,024,000	£28,673,000	£57,888,000

Barclays Execution Services is the Group-wide service company providing technology, operations and functional services to businesses across the banking Group.



CREDIT SAFE RATING - A/100	YEAR ENDING 31/12/2022	YEAR ENDING 31/12/2021	YEAR ENDING 31/12/2020
Turnover	£6,235,643,000	£5,831,559,000	£5,442,011,000
Pre-Tax Profit	£312,408,000	£152,057,000	£59,057,000
Shareholder's Funds	£620,303,000	£653,231,000	£485,293,000

AECOM Ltd is the world's trusted infrastructure consulting firm, delivering professional services throughout the project lifecycle – from advisory, planning, design and engineering to program and construction management.



CREDIT SAFE RATING - A/100	YEAR ENDING 30/09/2022	YEAR ENDING 01/10/2021	YEAR ENDING 02/10/2020
Turnover	£492,673,000	£450,173,000	£481,062,000
Pre-Tax Profit	£24,141,000	£20,638,000	£6,013,000
Shareholder's Funds	£218,602,000	£190,928,000	£147,729,000

Deloitte LLP is a leading global professional services firm and one of the largest in the UK. Deloitte provides audit and assurance, consulting financial advisory, risk advisory and related services.



CREDIT SAFE RATING - A/84	YEAR ENDING 31/05/2022	YEAR ENDING 31/05/2021	YEAR ENDING 31/05/2020
Turnover	£4,940,000,000	£4,491,000,000	£2,627,000,000
Pre-Tax Profit	£797,000,000	£876,000,000	£616,000,000
Shareholder's Funds	-£531,000,000	-£775,000,000	-£1,218,000,000

The International Resource Group was founded in 1978 and is an international professional services firm that is a contractor to governments and international organisations. They focus on Energy, Learning and Institutional Strengthening, Climate, Natural Resources and Biodiversity, Water and Agriculture.



CREDIT SAFE RATING - A/99	YEAR ENDING 30/04/2022	YEAR ENDING 30/04/2021	YEAR ENDING 30/04/2020
Turnover	£4,462,000	£3,967,000	£3,644,000
Pre-Tax Profit	£14,955,000	£7,767,000	£5,161,000
Shareholder's Funds	£37,864,000	£45,400,000	£38,772,000

Hays Specialist Recruitment has over 50 years of business success and a reputation as the world leader in specialist recruitment and workforce solutions. They provide recruitment and human resources services across 33 countries globally.



CREDIT SAFE RATING - A/94	YEAR ENDING 24/06/2022	YEAR ENDING 31/12/2021	YEAR ENDING 26/06/2020
Turnover	£1,439,409,000	£1,353,936,000	£1,419,138,000
Pre-Tax Profit	£32,330,000	£11,089,000	£26,594,000
Shareholder's Funds	£114,077,000	£136,003,000	£122,892,000

First Greater Western Ltd (Great Western Railway) is the operator of Great Western Railway and Night Riviera sleeper train services, within England and Wales.



CREDIT SAFE RATING - A/99	YEAR ENDING 31/12/2022	YEAR ENDING 31/12/2021	YEAR ENDING 31/12/2020
Turnover	£1,372,293,000	£1,349,785,000	£1,439,493,000
Pre-Tax Profit	£30,996,000	£39,873,000	£54,835,000
Shareholder's Funds	£27,839,000	£33,124,000	£83,791,000



OCCUPATIONAL MARKET



Cardiff's city centre office take up has rebounded to pre-pandemic levels with the 10-year average take up totalling 400,000 sq ft.



Prime headline rents are currently £25.00 psf which are projected to reach £30.00 psf by the end of 2023.



2023 has already experienced 27 transactions totalling 70,231 sq ft.



12% expected GVA growth over the next five years.



There were 112 office transactions in 2022 within the city totalling 456,309 sq ft which had an average deal size of 4,000 sq ft.



Headline office rents in Cardiff are expected to exceed the growth forecast, with the delivery of new-build Grade A office accommodation.



Cardiff continues to witness a 'flight to quality' and there is limited supply of Grade A space. There is currently 107,010 sq ft under construction which is set to complete between 2023 to 2025.



Average deal size over the last 3 years ranges between circa 3,000 sq ft and 4,000 sq ft.

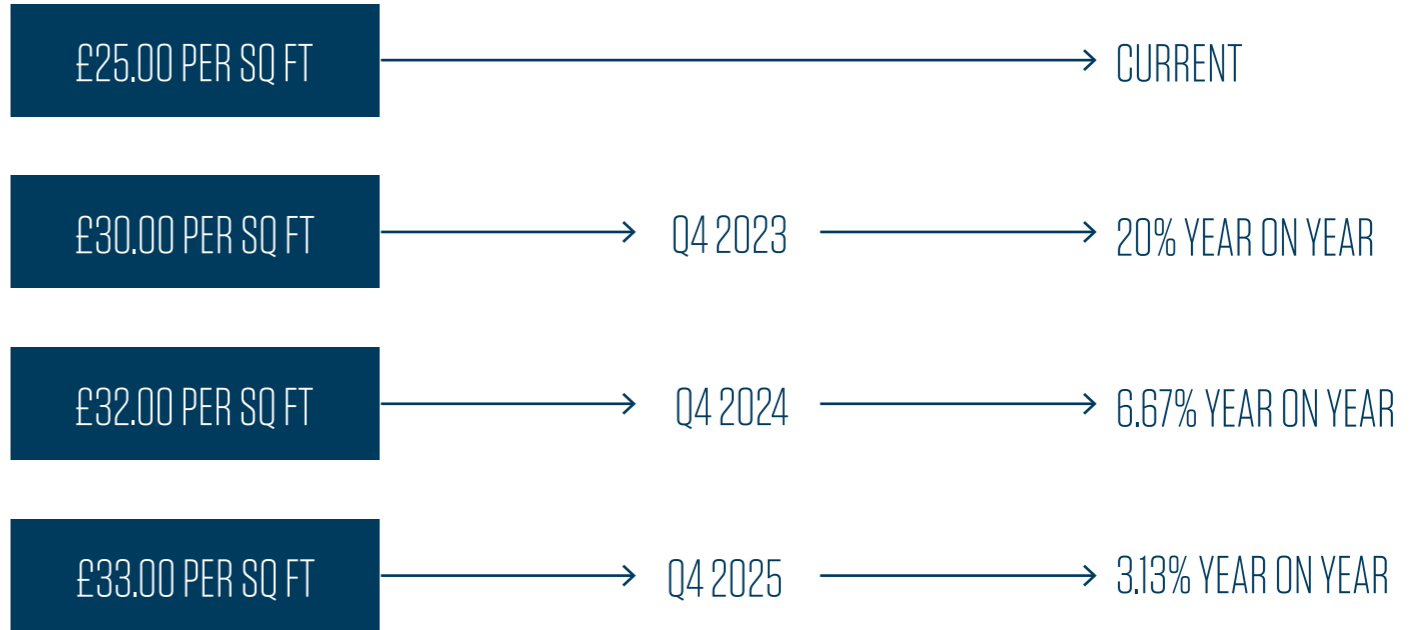


Technology, media and telecom remain the most active sectors and commonly accounts for 60% of overall take-up.



Cardiff is expecting a seismic upward shift in rent due to the headroom created by other UK cities.

CARDIFF PRIME OFFICE RENTAL GROWTH FORECAST



Source: JLL EMEA Research

£33.00 PER SQ FT

HEADLINE OFFICE RENTS IN CARDIFF ARE EXPECTED TO EXCEED THE GROWTH FORECAST, WITH THE DELIVERY OF NEW-BUILD GRADE A ACCOMMODATION AT JOHN STREET AND CENTRAL QUAY.



5

PROPOSAL

We are instructed to seek offers in excess of **£10,000,000 (Ten Million Pounds)** subject to contract and exclusive of VAT. Reflecting a **Net Initial Yield of 10.71%** and a **low Capital Value of £187 psf**, assuming purchaser's costs of 7.58%

TENURE

The property is held Freehold.

EPC

EPC rating – D (98).

An EPC Pathway Report has been commissioned and the full report is available upon request.

VAT

The property is elected for VAT.

AML

The purchaser will be required to provide all necessary information to comply with anti-money laundering legislation.

SERVICE CHARGE

The current service charge budget for the year ending 31/12/2023 is £545,370 pa. This equates to £10.32 psf.

There is currently a service charge shortfall of £18,172.44 pa.

Further information is available in the data-room.

FOR FURTHER INFORMATION



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Particulars dated October 2023.