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[REDACTED]

Planning
Strategic Development Directorate
Manchester City Council
P O Box 532
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11th June 2020

Dear Sir or Madam,

Multi-use arena and ancillary retail/commercial uses (Classes A1, A3, A4), Eastlands – Reference 126431/FO/2020

Prestbury Investment Partners Limited is the investment advisor and manager of Secure Income REIT, the beneficial owner of the Manchester Arena Complex.

The Complex comprises the U.K.'s largest indoor arena that attracts over one million visitors each year, as well as approximately 500,000 sqft of leisure, offices and car parking. Located in the city centre directly above Manchester Victoria train and Metrolink station and being the gateway to Manchester College's future campus, Northern Gateway and other major regeneration areas, the Complex has a strategic city centre role in driving footfall and supporting future expansion.

Secure Income REIT acquired the Complex in July 2018 and from the outset began exploring the opportunities afforded by the non-arena spaces alongside a materially enhanced arena. Our initial plans were presented to your Statagic Director and relevant planning officers in March 2019, they fully supported our vision, concurred with our opinion that the Complex is a strategic city centre asset and encouraged us to be even more ambitious.

In October 2019, our then arena tenant, SMG, merged with AEG Facilities, creating ASM Global the world's pre-eminent venue and event management company with over 300 venues across five continents. AEG have a proven track record for creating the most inspiring and globally acclaimed entertainment districts in the world, including the O2, London, L.A. Live, Los Angeles and Mercedes Platz, Berlin.

During our first meetings with the AEG leadership they expressed that Manchester Arena is a flagship European asset for ASM Global as well as its European Head Office; they intend to significantly upgrade Manchester Arena to celebrate its 25th birthday and they share our desire to transform the Complex into an internationally significant development that has the necessary qualities to attract international businesses and visitors to Manchester.

The expertise and dynamism brought to the project by AEG is already evident. The plans for a radical transformation of the arena, the heart of the Complex, have been released and demonstrate without doubt that the Complex can deliver the desired outcome.

However, without a vibrant arena at its heart, no scheme will succeed and therefore the arena and indeed all other town centre uses should be protected through planning decisions to enable a scheme at the Complex to proceed and precipitate its numerous benefits. Despite assertions

to the contrary by the applicant and their professional advisors, Independent analysis by Charles River Associates, Grant Thornton and Oxford Economics has assessed that if a second arena is built, Manchester Arena will undoubtedly be materially harmed. The city centre will not only lose the opportunity to grow by connecting with major regeneration areas, it will suffer due to a reduction in the footfall Manchester arena generates.

Further, the 'ancillary' retail and leisure of the proposed scheme totaling approximately 180,000 sqft, more than double Manchester Royal Exchange, will compete directly with the city centre. It is foreseeable that at the very least a significant proportion of the city centre footfall currently generated by matches and events at Etihad Stadium will be lost to the new scheme.

The City Council previously indicated that Marketing Manchester has produced research on the impact of events on the city economy, including on hotels, F&B and retail, and that the biggest single generator of footfall for all these businesses in the city centre is football. We do not have the benefit of Marketing Manchester's research but as football is the largest footfall generator, we assume the loss will be significant. It may be argued there are no hotels at Eastlands and therefore visitors will still stay in the city centre but we have good reason to believe that hotel planning applications will follow on if consent is granted to the arena, retail and leisure scheme and a precedent is set that harm to the city centre is acceptable.

The concerns outlined above were well documented in July 2019 when the Eastlands Regeneration Framework Update was presented to Manchester City Council Economy Scrutiny Committee. The Economy Scrutiny Committee approved the adoption of the framework but despite the Council providing ASM with a copy of the final Framework for adoption, it has subsequently been formally withdrawn by Manchester City Council due to failings in the consultation process. Nevertheless and most notably, during the committee meeting, the Director of Planning, Building Control and Licencing, gave assurances that if any application for an arena came forward there would need to be a long robust process, including a market assessment and analysis which would include the impact on any other venues in and around the city centre.

We do not believe a satisfactory market assessment and analysis has been provided to support and justify the proposed arena or the retail and leisure scheme which is too significant to be considered ancillary. This concern is magnified by the market assessment not making any reference to the Covid-19 economic crisis that is already causing immeasurable harm to the city centre.

Within the market assessment highlights below, you will note there is an inexplicable difference between the market growth projections forecast by the Applicant's professional advisors, 150%, and those of ASM and their professional advisors, 3%. This point alone merits the City Council ensuring their own independent advisors scrutinise the Applicants market assessment. We hope that any assessment takes in to account the impact of Covid-19 and that the report to your Executive on 6 May 2020 is considered. Members were advised to "plan for a recovery period of at least three to five years and to not expect the economy to bounce back rapidly in a V shape" and it was highlighted that those who work in retail and hospitality are at particular risk.

Without a valid market assessment for the scheme, we do not believe the application satisfies any National Planning Policy Framework or Manchester City Council's Core Strategy policies that typically seek to protect the city centre and we object to the proposal.

Our appraisal of the application has been carried out jointly with our tenant, ASM Global and we are aware of their objection to the application. We concur with and reiterate their detailed objections but wish to highlight the following specific points that demonstrate the deficiencies with the application and the data contained within it.

Market assessment, demand and capacity

OVG's application is predicated on sufficient growth in the live entertainment market and Manchester securing shows that occur in London and other cities. They forecast the growth to be sufficient to support what will be the U.K.'s two largest indoor arenas, despite the arena's sharing catchment areas.

Analysis of the Applicants proposals by Charles River Associates' (CRA) identifies they are based on flawed assumptions and methodology. CRA's findings include:-

- A continuation of the historic attendance growth of 0.3% per year over the past four years (ignoring the current Covid-19 crisis) would translate to a 5% increase in demand by 2035. Over the same 15-year period OVG's consultants predict 150% growth, which OVG say will provide the attendance level necessary to support a second arena 'without consequential trade draw' from the city centre.
- OVG claim Manchester Arena is operating at 95% capacity utilisation, this is wholly incorrect, Manchester Arena is only 42% occupied, with 58% of days currently available.
- There is no credible case that events which currently play O2, London but do not play Manchester Arena could support a second arena. CRA's analysis demonstrates that Manchester already attracts more events which also play London than any other city and the most common reason for an event not playing in Manchester is that they are London-centric events.

Sequential approach

National Planning Policy Framework (NPPF) requires applicants to demonstrate a flexible approach on issues such as format and scale when undertaking a sequential test when considering the location and impact of town centre uses. The arena, retail and leisure are all town centre uses. The intention of the policy is to ensure town centre or edge of centre sites are fully explored as options for any predicted market demand and any scheme does not negatively impact on the city centre.

- OVG's 'sequential assessment' fails to consider the extent to which existing venues in the city centre (including Manchester Arena) can accommodate market demand in more sequentially suitable, available and accessible alternative locations.
- The applicant has not provided a retail impact assessment despite the application including approximately 180,000 sqft of use class A1, A3 and A4, seven times larger than the 27,000 sqft trigger point set in adopted policy for undertaking such an assessment.

- As there is no demonstrable market demand to sustain two arenas, if consented the scheme will jeopardise planned investments in the city centre.

Supporting the city centre economy

In 2018 Grant Thornton were commissioned to provide an independent analysis of the economic impact of Manchester Arena to Manchester city centre and the Greater Manchester Area. Grant Thornton's analysis demonstrates:-

- Manchester arena attracted a gross visitor spend estimated at £120m within Greater Manchester. Of that visitor spend, over 90% (over £100m) occurred within Manchester city centre.
- The operation of Manchester Arena and the net visitor spend it attracts to the wider economy supported an estimated 2,010 jobs.

Sustainability and transport

- The submitted Transport Assessment defines that 64% of trips / journeys are expected to be car based and that there is a shortfall of campus parking, leading to increased demand for off-site parking. This will cause unacceptable disruption for surrounding streets.
- The submitted Transport Assessment acknowledges existing bus services are insufficient and proposes private shuttle services but it fails to recognise the scale of this private shuttle operation and the congestion it will generate. It is estimated between 24 and 74 double decker buses will be required.
- Many rail services cease to operate from 10:30pm meaning customers must leave events early to ensure they meet their onward travel connections.
- Blacc transport, on behalf of ASM Global, have identified through accessibility mapping that the existing Manchester Arena is twice as accessible by public transport to the population of Greater Manchester than the proposed application site. Manchester Arena and other city centre venues are in far more sustainable locations than Eastlands.
- Enhancement of Manchester Arena and the wider complex will maintain and enhance Manchester Arena's critical role at the heart of Manchester's community in the most sustainable location and will continue to help underpin the city centre leisure and retail economy, in full accordance with national and local planning policy.

Climate

Manchester City Council has committed to meet net zero carbon by 2038.

- The applicants Environmental Statement includes an assessment to quantify greenhouse gases emitted as a result of the construction and operation of the proposed

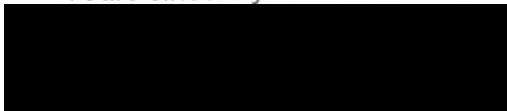
arena. However, it completely discounts transport emissions despite these being a significant contributor to the development's green house gas emissions. This is an unacceptable approach.

- The green house gas emissions forecast to result from Blacc's analysis of car trips indicates an additional 236,000 to 355,000 tonnes of CO2 will be produced over an assumed 60-year lifetime cycle, depending on the number of arena events.
- The estimated green house gasses from transport, unacceptably not included in the submitted Environmental Assessment, are three to five times greater than the lifetime emissions from construction and energy stated in the Environmental Assessment.
- The forecast lifetime green house gas emissions are counter to Manchester City Council's 2038 zero carbon commitment.

In summary, independent consultants have demonstrated there is no market demand for a second arena in Manchester. There is a vast difference of opinion between independent advisors about the market demand, the Council should ensure the applicants Market Assessment is independently scrutinised by their own independent professional advisors so that Manchester doesn't end up with one or even two white elephants. The introduction of an arena with 180,000 sqft of retail and leisure space will harm the city centre due to at the very least reducing footfall currently generated by Manchester Arena and Etihad Stadium, footfall that from Manchester Arena alone generates well in excess of £100m of visitor spend. Planned city centre investment will be delayed or cancelled if consent is granted. It is impossible to envisage that a development of this scale will not be environmentally offensive and counter to Manchester City Council's carbon commitments. As with market demand, the Council should ensure the Applicant's transport and sustainability assessments are independently scrutinised by their own independent professional advisors.

We hope that considering these key points and the application's lack of compliance with policy, planning permission is refused. Thereafter, together with ASM Global whose proven track record for creating globally acclaimed entertainment districts is unquestionable, we will be able to progress with a scheme for a sustainable development of national significance that will continue to attract international businesses and visitors and support the city centre in its long recovery from the Covid-19 economic downturn.

Yours sincerely



Ben Walford