CIS Tower, Miller Street, Manchester

Financial Viability Assessment: Options Assessment

CBRE Limited | National Planning & Development report for:
CIS (Devonshire) Limited

June 2025

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Declaration

A declaration of conformity with the RICS Professional Statement Financial Viability in Planning, September 2019, 1st Edition[1], is set out within the following sub-sections.

Instruction and Purpose of Report

CBRE has been instructed by CIS (Devonshire) Limited ('the Applicant') to objectively assess, and report upon, the financial viability of a series of prospective refurbishment and extension options for the CIS Tower, Miller Street, Manchester ('the Site') by way of a Viability Assessment ('VA').

It is understood that Applicant's intends to bring forward a proposal to upgrade the existing building to modern office requirements which necessitates refurbishment, redesign and podium extension to create a Grade A office asset with associated amenity spaces and complementary commercial uses.

The description of development to be submitted for planning approval is as follows:

"Planning permission for internal and external refurbishment of the CIS Tower for office accommodation on level 1-23 (Use Class E c)); change of use to levels 24 and 25 from Use Class E c) (office) to Use Class E b) (F&B); change of use to basement and ground levels from Class E c) (office) to mixed uses (Use Class E a) (retail)/ Use Class E d) (gym)/ Sui generis (leisure)); refurbishment of the external facade including replacement of the existing single glazed façade system and replacement of strip of solar panels on the service tower; removal of existing recreational space on the fifth floor and plant to facilitate the construction of a 3-storey extension to the Podium (Use Class Ec)) external alterations to ground floor façade including an extension to the ground floor entrance lobby; creation of new creation of new entrances on Dantzic Street and on the eastern elevation of the building; hard landscaping and planting; creation of 2x DDA parking spaces; new rooftop plant and screening at level 8; and other associated works."

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The Site occupies an area of c. 0.61 hectares (1.51 acres) and comprises the Grade II Listed CIS ('Co-operative Insurance Society') Tower, which was built between 1959-62. The existing premises was designed as the headquarters of the Co-operative Insurance Society and comprises 25 floors (including a five level podium) and three basement levels together with an atrium and outdoor plaza. It remained in continuous use as an office building from its construction until 2020 and has been occupied up until the Co-operative Group relocated their HQ to 1 Angel Square, Manchester. The premises has remained unoccupied since 2020 and is presently considered unlettable, with EPC ratings ranging between D to E.

The refurbishment options considered for assessment follow a sequential approach (in terms of scale of proposed works/ intervention) and are sensitive to the listed status of the premises; the assessed options are summarised as follows:

- Option 1 Do nothing (i.e. Existing Use)
- Option 2 Refurbishment of existing premises to reach EPC B
- Option 3 Refurbishment of existing premises to modern office standards, to reach EPC A
- Option 4 Proposed Development (i.e. scheme to be submitted for planning approval)

[1] *RICS (May 2019) Financial viability in planning: conduct and reporting, 1st Edition*

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- Option 5 Proposed Development (i.e. scheme to be submitted for planning approval) (including restaurant/bar on upper floors)

The purpose of this VA is to test the financial viability of the prospective refurbishment options for the Site to determine which represents the optimum viable use for the Site, being that which balances the necessary considerations of commercial feasibility, financial viability and minimization of harm to the significance of the asset.

The VA will take into account the policy requirements set by Manchester City Council ('MCC' or 'the Council') as well as national planning policy and guidance.

Objectivity, impartiality and reasonableness

CBRE places the utmost importance on the integrity, impartiality, and potential conflicts of interests in carrying out its services and seeks to identify and assess all relationships which may result in a conflict of interest or pose a threat to impartiality. CBRE aims to inspire confidence by being open and impartial, offering transparency of process, being fair and maintaining the confidentiality of our clients.

In undertaking this instruction and carrying out the viability assessment, CBRE always confirms that we have acted impartially, with objectivity, without interference and with reference to all appropriate available sources of information.

CBRE confirms that adequate time has been provided to produce this report.

CBRE confirms that there is no instruction in place to undertake an Area-Wide viability assessment concerning existing and future planning policies against which the proposed development scheme will, in due course be considered.

CBRE has set out a full explanation of the evidence provided with reasoned justification.

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Conflict(s) of interest

CBRE confirms, to the best of its knowledge, that no conflict or risk of conflict of interest exists in carrying out this viability assessment on behalf of the Applicant(s) and in respect of the site.

Contingent Fee

In preparing this report, no performance related or contingent fees have been agreed between CBRE and the Applicant(s).

Status

This report does not constitute a formal valuation and cannot be regarded, or relied upon, as such.

This report provides a guide for feasibility in line with the purpose for which the assessment is required, in accordance with the National Planning Policy Framework ('NPPF')[2] and national Planning Practice Guidance for Viability ('PPGV')[3], and as stated within the relevant guidance published by the RICS[4].

The conclusions of this report are based upon the input assumptions as stated herein and as available at the time of production. The input assumptions and conclusions of this report are valid at the date of publication and should be

[2] *MHCLG (2024) National Planning Policy Framework (NPPF)*

[3] *MHCLG (2019) National Planning Practice Guidance – Viability*

[4] *RICS (2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England RICS guidance note, England 1st edition, March 2021 (effective from 1 July 2021) ('RICS Viability Guidance')*

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subject to review should further information be made available or in the event of material economic or property market change, or in respect of relevant legislative and policy changes.

Publication

This viability assessment has been prepared on the exceptional basis that it is expected to remain strictly private and confidential due to reasons of commercial sensitivity.

Where information may compromise delivery of the Proposed Development or infringe other statutory and regulatory requirements, these exceptions will be discussed and agreed with the Local Planning Authority ('LPA'). Any sensitive personal information will not be made public.

Personnel

This report has been prepared and approved by the following personnel:

Project Name:	CIS Tower, Miller Street, Manchester		
Project Number:	**Date:**	**Prepared By:**	**Verified By:**
	6 June 2025	Alex Grindrod MRICS *Associate Director*	Matt Spilsbury | MRICS MRTPI Senior Director

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Executive Summary

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It is understood that Applicant's intends to bring forward a proposal to upgrade the existing building to modern office requirements which necessitates refurbishment, redesign and podium extension to create a Grade A office asset with associated amenity spaces and other commercial uses.

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The Site occupies an area of c. 0.61 hectares (1.51 acres) and comprises the Grade II Listed CIS ('Co-operative Insurance Society') Tower, which was built between 1959-62. The existing premises was designed as the headquarters of the Co-operative Insurance Society and comprises 25 floors (including a five level podium) and three basement levels together with an atrium and outdoor plaza. It remained in continuous use as an office building from its construction until 2020 and has been occupied up until the Co-operative Group relocated their HQ to 1 Angel Square, Manchester. The premises has remained unoccupied since 2020 and is presently considered unlettable, with EPC ratings ranging between D to E.

The refurbishment options considered for assessment follow a sequential approach (in terms of scale of proposed works/ intervention) and are sensitive to the listed status of the premises; the assessed options are summarised as follows:

- Option 1 Do nothing (i.e. Existing Use)
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- Option 4 Proposed Development (i.e. scheme to be submitted for planning approval)
- Option 5 Proposed Development (i.e. scheme to be submitted for planning approval) (including restaurant/bar on upper floors)

The purpose of this VA is to test the financial viability of the prospective refurbishment options for the Site to determine which represents the optimum viable use for the Site, being that which balances the necessary considerations of commercial feasibility, financial viability and minimization of harm to the significance of the asset. The VA will take into account the policy requirements set by Manchester City Council ('MCC' or 'the Council') as well as national planning policy and guidance.

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The VA is limited to the consideration of options to refurbish (and extend) the existing buildings (with options for additional new-build floorspace) and so does not consider any options which would involve the significant demolition of the listed structures to enable the site's redevelopment.

Redevelopment Options

The options for redevelopment and reuse of the building surround its existing (previous) use as office accommodation and comprise varying degrees of intervention in order to determine the minimum level of intervention (threshold) at which redevelopment is considered financially viable.

The redevelopment options are informed by advice provided by agents active in the local market to provide the optimal scheme design to attract the greatest demand for office and other commercial uses at this location in the current market.

An accommodation schedule supporting all of the redevelopment options has been provided by the Applicant's appointed architect Simpsonhaugh.

A summary of the assessed redevelopment options for the Site are presented in Table ES1 below.

TABLE ES1: REDEVELOPMENT OPTIONS

Scenario	Description	Comments
1	**Do Nothing**	Represents no intervention and/or refurbishment costs and reflects the existing premises in their present condition.
2	**Office Refurbishment (to EPC B)**	Comprehensive refurbishment of the existing premises to '**Shell and Core**,' achieving **EPC B** rating.
3	**Office Refurbishment and Conversion (to EPC A)**	Comprehensive refurbishment of the existing premises to '**Shell and Core**,' achieving **EPC A** rating (i.e. a highly energy efficient and low environmental impact commercial refurbishment). Including: - the conversion of the lower floor levels (ground and basement) for supplementary leisure, retail and office amenity uses. - No podium extension.
4	**Office Refurbishment and Conversion (to EPC A)**	Comprehensive refurbishment of the premises to **'Shell and Core,'** achieving **EPC A** rating (i.e. a highly energy efficient and low environmental impact commercial refurbishment). Including: - the conversion of the lower floor levels (ground and basement) for supplementary leisure, retail and office amenity uses. - an extension to the podium creating three additional levels (podium extension levels 5-7), accommodating additional office floorspace and amenity space (incl. business lounge, roof terrace and winter garden)
5	**Office Refurbishment and Conversion (to EPC A)**	Comprehensive refurbishment of the premises to **'Shell and Core,'** achieving **EPC A** rating (i.e. a highly energy efficient and low environmental impact commercial refurbishment). Including:

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Scenario	Description	Comments
		- the conversion of the lower floor levels (ground and basement) for supplementary leisure, retail and office amenity uses. - an extension to the podium creating three additional levels (podium extension levels 5-7), accommodating additional office floorspace and amenity space (incl. business lounge, roof terrace and winter garden) - conversion of the upper floors (24F–25F) to a restaurant/ bar (in lieu of office floorspace)

Source: The Applicant; CBRE

Options Appraisal

Residual valuation models with cash flows have been prepared and utilised for each identified redevelopment option to determine their financial viability. Each option is assessed on the basis that it is developed under current market conditions.

Benchmark Land Value ('BLV')

By way of analysis set out within Chapter 7 of this document, the BLV for the Site has been determined based on considering both the Existing Use Value ('EUV') and Alternative Use Value (AUV). The BLV represents CBRE's conclusion as to the minimum level of value at which the landowner would be suitably incentivised to release the Site.

CBRE have adopted a notional BLV for the Site of £1. This is based on the significant amount of capital expenditure required in order to bring the existing building up to a leasable condition in the current market.

Viability Assessment Results & Conclusion

CBRE has assessed the financial viability of the Proposed Development both under current market conditions, and factoring in growth / inflation over the anticipated development period.

The Applicant views the Proposed Development as a long-term investment, thus evaluating returns on a long-term, grown basis is considered to be more representative of actual approach.

The results of the 'grown' scenario appraisals (reflecting forecast revenue growth and cost inflation over the anticipated development programme) are presented in Table ES2 below.

TABLE ES2: GROWN APPRAISALS | RESULTS SUMMARY

Opt	Desc.	Net Development Value (£)	Total Costs (£)	Outturn Developer's Return (£)	Outturn Developer's Return (% on Cost)	Target Developer's Return (%)	Viability Surplus/ Deficit (£)
2	**Office Refurbishment** (EPC B)	£79,513,535	£163,047,954	-£83,534,419	-51.23%	£24,457,193	-£107,991,612
3	**Office Refurbishment** (EPC A)	£145,422,855	£177,984,306	-£32,561,451	-18.29%	£26,697,646	-£59,259,097
4	**Office Refurbishment + Podium Extension** (EPC A)	£233,107,546	£206,399,369	£26,708,177	12.94%	£30,959,905	-£4,251,728

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Opt	Desc.	Net Development Value (£)	Total Costs (£)	Outturn Developer's Return (£)	Outturn Developer's Return (% on Cost)	Target Developer's Return (%)	Viability Surplus/ Deficit (£)
5	**Office Refurbishment + Podium Extension (Incl. Restaurant/Bar Use)** (EPC A)	£243,342,148	£210,546,434	£32,795,714	15.58%	£31,581,965	£1,213,749

Source: CBRE

On a grown basis, only Options 4 and 5 become profit-generating. In addition, Option 5 exceeds the minimum risk-adjusted developer's return target of 15% on cost and is considered financially viable on this basis.

Refurbishment Options 2 and 3 remain substantially loss generating.

A summary of the viability appraisal results for the redevelopment options tested under current market conditions is presented in Table ES3, below.

TABLE ES3: REFURBISHMENT OPTIONS APPRAISAL | VIABILITY RESULTS SUMMARY

Opt	Desc.	Net Development Value (£)	Total Costs (£)	Outturn Developer's Return (£)	Outturn Developer's Return (% on Cost)	Target Developer's Return (%)	Viability Surplus/ Deficit (£)
1	Do nothing	-	-	-	-	-	-
2	**Office Refurbishment (EPC B)**	£61,815,021	£154,462,168	-£92,636,415	-59.97%	£23,169,325	-£115,805,740
3	**Office Refurbishment (EPC A)**	£109,942,245	£168,385,583	-£58,443,338	-34.71%	£25,257,837	-£83,701,175
4	**Office Refurbishment - Podium Extension (EPC A)**	£176,758,093	£195,000,851	-£18,242,758	-9.36%	£29,250,128	-£47,492,886
5	**Office Refurbishment + Podium Extension (Incl. Restaurant/Bar Use) (EPC A)**	£184,540,953	£198,895,403	-£14,354,450	-7.22%	£29,834,310	-£44,188,760

Source: CBRE

Table ES2 demonstrates that all assessed refurbishment options are financially unviable under current market conditions, are significantly loss-making, and would be considered undeliverable.

Options 4 and 5 represent the refurbishment options that demonstrate the smallest viability gap (i.e. shortfall) for the Site, with Option 5 generating the greatest value (NDV), albeit, attracting greater costs (in the form of additional fit-out incentives in order to attract a high quality occupant to the proposed upper-level restaurant/ bar).

Options 2 and 3 generate very significant losses and reflect their anticipated lack of demand within a market where occupiers are targeting the very best in class workspace.

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Although all tested refurbishment options are, at the present day, considered to be financially unviable, It is CBRE's conclusion that Option 5 would represent the Site's optimum viable use, i.e. it represents the minimum scale of intervention necessary (e.g. harm to the asset) whilst securing the greatest opportunity to achieve an economically viable scheme for the Site in the current market and in the foreseeable future.

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1 Introduction

Instruction

1.1 CBRE has been appointed by the Applicant to objectively assess, and report upon, the financial viability of prospective redevelopment options for the Site.

1.2 The purpose of the VA is to test the financial viability of the prospective redevelopment options for the Site, taking into account the policy requirements set by the Council as well as national planning policy and guidance.

Site Context

1.3 The Site occupies an area of c. 0.61 hectares (1.51 acres) and comprises the Grade II Listed CIS Tower, which was built between 1959-62.

1.4 The existing premises was designed as the HQ for the Co-operative Insurance Society (CIS) and comprises substantial office accommodation over 25 floors including a five level podium, three basement levels, an atrium and outdoor plaza.

1.5 It remained in continuous use as an office building from its construction until 2020 and was occupied up until the Co-operative Group relocated their HQ to 1 Angel Square, Manchester. The premises has remained unoccupied since 2020 and is presently considered unlettable, with EPC ratings ranging between D to E.

1.6 The Site is located within Manchester City Centre and is bounded by Miller Street to the North, Dantzic Street to the west, Hanover Street to the south and a surface car park and Riga Steet to the east. The Site is part of the wider NOMA masterplan, a 20-acre strategic development area within the city centre which is proposed to deliver c. 400,000m² of mixed-use development (incl. homes, offices, hotels, retail and leisure spaces).

1.7 A site location plan is enclosed within **Appendix A**.

Planning and Status

1.8 The Site benefits from an extant planning permission (ref: 126119/LO/2020), granted in March 2020, for the following:

"Listed Building Consent for wholesale internal and external refurbishment of the building for office accommodation on level 1-25 (to include demolition of existing recreational space on the fifth floor, refurbishment of single glazed façade; replacement of solar panels on the service tower; creation of new entrances on Dantzic Street and on the eastern elevation of the building; and works associated within the construction of a 3-storey extension to the Podium for additional office accommodation (Use Class B1) provision of cycle storage, showers and refuse areas; alongside external plant and plant screen at roof level) and removal of external signage and associated works."

1.9 The Applicant has revised the redevelopment proposals due to changing occupier trends since the prior application was approved in March 2020, notably pre-COVID.

1.10 A full list of the planning history relating to the Site is provided as part of the planning application.

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Purpose

1.11 During pre-application engagement between the Applicant and MCC regarding the redevelopment of the Site, MCC requested the applicant provide assessment of refurbishment options for the Site.

1.12 The options for the refurbishment and reuse of the building surround its existing use as office accommodation and have been formulated on a sequential approach, assessing varying levels of intervention upon the existing premises to determine the appropriate threshold at which the Site is considered commercially feasible and financially viable.

1.13 The refurbishment options selected for assessment follow a sequential approach, and as summarised as follows:

- Option 1 Do nothing (i.e. Existing Use)
- Option 2 Refurbishment of existing premises to reach EPC B
- Option 3 Refurbishment of existing premises to modern office standards, to reach EPC A
- Option 4 Proposed Development (i.e. scheme to be submitted for planning approval)
- Option 5 Proposed Development (i.e. scheme to be submitted for planning approval) (including restaurant/bar on upper floors)

1.14 The VA concludes by presenting CBRE's recommendation as to the option that represents an optimum viable use for the Site, being that which balances the necessary considerations of commercial feasibility, financial viability and minimization of harm to the significance of the asset.

Professional Team

1.15 The Applicant has engaged a suitably qualified and experienced multi-disciplinary team of advisors to develop the proposals for the refurbishment and reuse of the Site. Their expertise has been drawn upon in undertaking this VA and, where appropriate, supporting outputs are appended to this document.

1.16 The team used for the VA process is as follows:

- Town planning: Colliers
- Architecture: Simpsonhaugh
- Heritage: SLHP
- Cost Consultancy: Gardiner & Theobald ('G&T')
- Commercial Advice: CBRE

Date of Appraisal

1.17 The date of appraisal is the stated date on the cover of this report.

Document Structure

1.18 The viability assessment report is structured as follows:

Section 2: presents the relevant planning policy context.

Section 3: sets out the refurbishment options to be assessed

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Section 4: sets out the approach and methodology to viability appraisal in this VA

Section 5: presents a Market Overview of the proposed refurbishment uses

Section 6: sets out a summary of the principal assumptions and evidence used within this viability assessment

Section 7: derives the benchmark land value ('BLV') or 'Site Value.'

Section 8: summarises the results of viability assessment

Section 9: sets out concluding recommendations to the Applicant and MCC

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2 Planning Policy Context

2.1 This section of the document presents the relevant national and local planning policy context to viability assessment of the Proposed Development of the Site.

National Planning Policy Framework

2.2 The NPPF presents the Government's planning policies for England and how these are expected to be applied.

2.3 The NPPF states that planning law requires planning applications to be determined in accordance with the development plan unless material considerations indicate otherwise. The NPPF, along with emerging plans, are material considerations that must be accorded weight within planning decision-making.

Sustainable Development

2.4 The presumption in favour of sustainable development is at the heart of the NPPF and is to be pursued positively in both decision-making and plan-making as set out within the NPPF. For the purposes of plan-making the presumption is only disapplied in the particular circumstances indicated.

Deliverability & Viability

2.5 The NPPF confirms that it is the applicant's responsibility to demonstrate whether the circumstances affecting the development justify the requirement for the submission of a viability assessment at the application stage.

2.6 The LPA, as decision maker, must determine the weight to be given to the submitted viability assessment having regard to all the circumstances in the case including the following:

- whether the Plan and viability evidence underpinning it is up to date; and
- whether there have been any changes in site circumstances since the Plan was brought into force.

2.7 All viability assessments, including those undertaken at plan-making stage, should reflect the recommended approach in national planning guidance[5].

Planning Practice Guidance for Viability ('PPGV')

2.8 The Government's national planning guidance for understanding viability in both plan making and decision taking is set out within PPGV[6].

2.9 Detailed guidance is provided regarding viability assessment in decision-taking upon individual schemes at the application stage. Firstly, it is the responsibility of the applicant to demonstrate the circumstances justifying the need for viability assessment.

2.10 Paragraph 010 confirms that the viability assessment should reflect the Government's recommended approach to defining key inputs as set out in PPGV

[5] MHCLG (2024) National Planning Policy Framework (NPPF): Paragraph: 58

[6] MHCLG (2024) Planning Practice Guidance: Viability

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2.11 Paragraph 20 confirms that the inputs and findings of any viability assessment should be set out in a way that aids clear interpretation and interrogation by decision makers. Reports and findings should clearly state what assumptions have been made about costs and values (including gross development value, benchmark land value ('BLV') including the landowner premium, developer's return and costs).

Planning Practice Guidance – Historic Environment ('PPGHE')

2.12 The Government's guidance on decision-making within the heritage environment is set out in PPGHE[7].

2.13 This confirms the importance of ensuring that the use of a heritage asset is viable to facilitate investment in the maintenance necessary for long-term conservation.

2.14 It is acknowledged that this often requires that owners are incentivised for active conservation, which can lead to the justification of harm if required to realise the OVU of a heritage asset, providing such harm is minimised.

2.15 Determining the OVU therefore requires the adoption of a sequential approach to confirm the options available for the use of a heritage asset before subsequently calculating the minimum level of required intervention (or 'harm') at which the prospective options become economically viable.

2.16 The option that both achieves the lowest level of harm to the asset and secures public benefit via its economically viable use (and hence it's future conservation) is that which is deemed to be 'optimum'.

2.17 If there is only one viable use, that use represents the OVU.

Adopted Local Policy

Development Plan

2.18 For the purposes of this assessment, the relevant development plan documents for the Site comprise the Manchester Core Strategy 2012-2027 (the 'Core Strategy') (adopted July 2012) (inc. 2024 addendum), the saved policies of the Unitary Development Plan ('UDP') (incl. alterations) (adopted 1995) and Places for Everyone Joint Development Plan Document (adopted March 2024).

2.19 The policies within these documents relevant to the development options considered by the VA are considered below.

Core Strategy

2.20 The Manchester Core Strategy is a key document of the Manchester' Local Plan and sets out the long term (15 year) strategic policies for Manchester's future development and forms the framework against which planning applications are assessed.

2.21 The Core Strategy identifies 'city centre' as a major economic driver and centre of employment, and emphasises the importance it has in supporting the city's economic growth and performance.

2.22 Policy SP1 (Spatial Principles) emphasises Manchester's focus for economic and commercial development, retail, leisure and cultural activity, alongside high quality city living. Importance is placed on the role of the city to the Greater Manchester economy in ensuring its growth reflects the aspirations of its residents.

2.23 The Regional Centre, with Manchester city centre at its core, is the economic driver of the City Region and has greatest potential to drive its continued economic growth with the least environmental costs.

[7] *MHCLG (2019) Planning Practice Guidance: Historic Environment*

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2.24 Any development in the city should:

- *"Make a positive contribution to neighbourhoods of choice including:-*
  - *creating well designed places that enhance or create character.*
  - *making a positive contribution to the health, safety and wellbeing of residents*
  - *considering the needs of all members of the community regardless of age, gender, disability, sexuality, religion, culture, ethnicity or income.*
  - *protect and enhance the built and natural environment.*
- *Minimise emissions, ensure efficient use of natural resources and reuse previously developed land wherever possible.*
- *Improve access to jobs, services, education and open space by being located to reduce the need to travel and provide good access to sustainable transport provision."*

2.25 Policy EC1 (Employment and Economic Growth in Manchester) targets significant major employment growth in Manchester City Centre. The policy targets priorities which include:

- Improving access to jobs for all via public transport, walking and cycling;
- Demonstrating that employment-generating development has fully considered opportunities to provide jobs for local people, through construction or use;
- Improving the portfolio of employment premises, by providing a range of employment sites and premises for small, medium and large businesses;
- Creating business destinations by enhancing the primary business use with ancillary commercial facilities; and
- Ensuring the continued social, economic and environmental regeneration of the city;

2.26 Development should have regard to ensuring design makes the best possible use of a site or building in terms of efficient use of space, enhancing the sense of place of the wider area and minimising detrimental impacts on adjacent uses, considers the needs of users/employees of a site/building for access via walking, cycling and public transport and reduction of opportunities for crime by applying current best practice in security design.

2.27 Policy CC9 (Design and Heritage) notes that development in Manchester City Centre should preserve or enhance the heritage assets that have been identified, including listed buildings, conservation areas and scheduled ancient monuments. Proposals for mixed use development which recognise specific design challenges will be supported.

2.28 In relation to climate change, the Core Strategy's policies are now somewhat out of date and do not reflect the accelerated ambitions of the City as it pushes towards a zero-carbon future. However, Policy EN4 encourages the reduction on CO2 Emissions through following the Energy Hierarchy principles:

- To reduce the need for energy through design features that provide passive heating, natural lighting and cooling.
- To reduce the need for energy through energy efficient features such as improved insulation and glazing to meet residual energy requirements through the use of low or zero carbon energy generating technologies.

2.29 Policy EN6 seeks CO2 reductions from low or zero carbon energy supplies and includes the following targets:

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- A CHP/district heating anchor or connection, or where not feasible.
- A 15% increase on Part L 2010.

2.30 Policy EN8 Adaption to Climate Change set out that all new development will be expected to be adaptable to climate change in terms of design, layout, siting and function of buildings and external spaces.

Places for Everyone Joint Development Plan Document (21 March 2024)

2.31 The Places for Everyone ('PfE') Joint Development Plan Document ('JDP') is a long-term plan of nine Greater Manchester districts (Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Tameside, Trafford and Wigan) for jobs, new homes, and sustainable growth. The plan is a joint development plan of the nine districts which will determine the kind of development that takes place in their boroughs up until 2037.

2.32 Following the publication of the Inspectors' Report (in February 2024), all nine Places for Everyone Councils considered the Inspectors' recommendations and related documentation, and resolved to adopt the Plan at Council meetings held between 28 February and 20 March 2024.

2.33 Policy JP-Strat2 confirms that the 'City Centre' will continue to provide the primary focus for business, retail, leisure, culture and tourism activity in Greater Manchester, but the increasingly important residential role of the City Centre will be expanded. Development will generally be high density. It will enable people to take advantage of the access to education and training and the extensive public transport offer, reducing the need to travel to work whilst supporting economic growth and reducing levels of poverty.

2.34 Policy JP-S1: Sustainable Development seeks to tackle climate change, development should aim to maximise its economic, social and environmental benefits simultaneously, minimise its adverse impacts, utilise sustainable construction techniques and actively seek opportunities to secure net gains across each of the different objectives.

2.35 Paragraph 5.9 states that existing non-domestic buildings in Greater Manchester contribute 35% to their carbon dioxide emissions, therefore retrofitting existing building stock is regarded as a significant opportunity to help meet the 2038 carbon neutrality target.

2.36 Policy JP-J2: Employment Sites and Premises targets a diverse range of employment sites and accessible premises, both new and second-hand, to be made available across the Plan area in terms of location, scale, type and cost. This will offer opportunities for all kinds and sizes of businesses, including start-ups, firms seeking to expand, and large-scale inward investment, which will help to tackle inequalities.

2.37 Paragraph 6.19 confirms that the City Centre is the pre-eminent office location outside London. It will be important to maintain this position, and improve accessibility to the associated job opportunities, for the wider benefit of Greater Manchester, thereby helping to reduce inequalities, deprivation and poverty.

2.38 Policy JP-J3: Office Development targets At least 2,019,000 sqm of accessible new office floorspace will be provided in the Plan area over the period 2022-2039, with a focus on the City Centre, which should account for more than half of all new office floorspace in the sub-region and taking advantage of existing and proposed public transport connectivity.

2.39 Moreover, the policy encourages the refurbishment of existing office accommodation, including improving standards of accessibility, in accordance with Part M (Volume 2) Building Regulations.

2.40 Policy JP-P2: Heritage confirms the Council will proactively manage and work with partners to positively conserve, sustain and enhance our historic environment and heritage assets and their settings, and that Opportunities will be pursued to aid the promotion, enjoyment, understanding and interpretation of heritage assets, as a means of maximising wider public benefits and reinforcing Greater Manchester's distinct character, identity and sense of place.

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2.41 Proposals for heritage assets should be informed, as necessary, by the findings and recommendations of the appropriate heritage assessment(s) in the development plan evidence base and/or any updated heritage assessment submitted as part of the planning application process.

2.42 Policy JP-S2: Carbon and Energy aims to deliver a carbon neutral Greater Manchester no later than 2038, with a dramatic reduction in greenhouse gas emissions, will be supported through a range of measures including promoting the retrofitting of existing buildings with measures to improve energy efficiency and generate renewable and low carbon energy, heating and cooling.

Other Material Considerations

2.43 In November 2018, MCC made a series of commitments, informed by the Manchester Climate Change Agency's (MCCA) work with the world-renowned Tyndall Centre for Climate Research based at University of Manchester. The key commitments are as follows:

- To becoming zero carbon by 2038, significantly accelerated from the original target of 2050.
- To adopt a carbon budget and emit only a maximum of 15 million tonnes CO_2 for the period 2018-2100. This has been transposed from a global carbon budget which has been calculated as *"likely"* to maintain global temperature change within 2°C as agreed in the Paris Agreement.
- To achieve a 13% year-on-year reduction in citywide CO_2 emissions from 2018 to achieve this carbon budget.

2.44 On 13th March 2019, MCC fully endorsed the Zero Carbon Framework 2020-2038, outlining how Manchester can meet its aim to being a zero-carbon city by 2038. Building from this, on 10 July 2019, MCC debated a motion to declare a Climate Emergency, declaring that climate change is a serious risk to Manchester's future. MCC committed to embedding the issue as an integral part of council decision-making, making sure that all key decisions are taken with the City's target of becoming zero-carbon by 2038 in mind.

2.45 Areas for action in the Manchester Zero Carbon Framework (2020-2038) include improving the energy efficiency of local homes; generating more renewable energy to power buildings; creating well-connected cycling and walking routes, public transport networks and electric vehicle charging infrastructure; plus, the development of a 'circular economy', in which sustainable and renewable materials are reused and recycled as much as possible.

2.46 Following this commitment, MCC's Executive endorsed the Manchester Climate Change Framework 2020-2025 in March 2020 which has been produced by the Manchester Climate Change Partnership and Agency. Within this, all new developments where MCC has additional influence, for example as a client / end-user, landowner or development partner, will need to be zero carbon from 2025 at the latest, when the new Manchester Local Plan is expected to become operational and is expected to become a policy requirement.

2.47 In addition, MCC developed a Climate Change Action Plan 2020-2025 to ensure that all aspects of the Climate Emergency Declaration were converted into clear actions with tonnes of CO_2 savings included where applicable. The Plan builds on over a decade of previous activity which has seen the Council's direct CO_2 emissions reduce by 54.7% between 2009/10 and 2019/20.

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3 Refurbishment Options

3.1 This section sets out the refurbishment options that have been selected for the consideration of this VA.

Sequential Approach

3.2 The Applicant originally sought full planning permission (ref: 126118/FO/2020) and listed building consent (126119/LO/2020) in 2020 for the refurbishment of the existing premises to provide office accommodation (Class E), alongside active retail and leisure uses at ground and basement levels. This is elaborated as follows:

- 31,258m² of office floorspace over levels 1-25
- 810m² entrance hall serving the office accommodation
- 413m² of external terracing at level 7 for the use of the podium office accommodation at this level only
- 4,045m² of retail and leisure uses at basement 1 and ground floor (including flexile function space)
- 3,537m² of storage areas at basement 1 lower and basement 2 levels.
- 863m² of external plant space at level 8.

3.3 Approval was granted in March 2020, however, due to the emergence of COVID-19 and stay-at-home orders (i.e. 'lockdowns') commencing at the same time, which not only required but accelerated the adoption of remote/home working, the city centre office market was significantly impacted and the proposal for the Site was placed on hold indefinitely.

3.4 The Applicant has reconsidered the Proposed Development of the Site and incorporated changes in order to suit modern office requirements to include a higher amenity provision and other uses to improve the viability of the scheme.

3.5 The process has considered the site constraints and potential intervention upon the existing Grade II listed asset necessary to establish a financially and commercially viable refurbishment option for the Site.

Refurbishment Options

3.6 The options for refurbishment and reuse of the building surround its existing (previous) use as office accommodation and comprise varying degrees of intervention in order to determine the minimum level of intervention (threshold) at which redevelopment is considered financially viable.

3.7 The refurbishment options are informed by advice provided by agents active in the local market to provide the optimal scheme design to attract the greatest demand for office and other commercial uses at this location in the current market.

3.8 An accommodation schedule for the Proposed Development has been provided by the Applicant's appointed architect Simpsonhaugh. A copy of the accommodation schedule is provided within **Appendix B**.

3.9 A summary of the assessed refurbishment options for the Site are presented in Table 3.1 overleaf.

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TABLE 3.1: REFURBISHMENT OPTIONS

Option	Description	Comments
1	**Do Nothing**	Represents no intervention and/or refurbishment costs and reflects the existing premises in their present condition.
2	**Office Refurbishment (to EPC B)**	Comprehensive refurbishment of the existing premises to '**Shell and Core**,' achieving **EPC B** rating
3	**Office Refurbishment and Conversion (to EPC A)**	Comprehensive refurbishment of the existing premises to '**Shell and Core**,' achieving **EPC A** rating (i.e. a highly energy efficient and low environmental impact commercial refurbishment). Including: - the conversion of the lower floor levels (ground and basement) for supplementary leisure, retail and office amenity uses. - No podium extension.
4	**Office Refurbishment and Conversion (to EPC A)**	Comprehensive refurbishment of the premises to **'Shell and Core,'** achieving **EPC A** rating (i.e. a highly energy efficient and low environmental impact commercial refurbishment). Including: - the conversion of the lower floor levels (ground and basement) for supplementary leisure, retail and office amenity uses. - an extension to the podium creating three additional levels (podium extension levels 5-7), accommodating additional office floorspace and amenity space (incl. business lounge, roof terrace and winter garden)
5	**Office Refurbishment and Conversion (to EPC A)**	Comprehensive refurbishment of the premises to **'Shell and Core,'** achieving **EPC A** rating (i.e. a highly energy efficient and low environmental impact commercial refurbishment). Including: - the conversion of the lower floor levels (ground and basement) for supplementary leisure, retail and office amenity uses. - an extension to the podium creating three additional levels (podium extension levels 5-7), accommodating additional office floorspace and amenity space (incl. business lounge, roof terrace and winter garden) - conversion of the upper floors (24F–25F) to a restaurant/ bar (in lieu of office floorspace)

Source: The Applicant; CBRE

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4 Approach & Methodology

The Role of Viability Assessment in Planning

4.1 This chapter provides the approach and methodology to this viability assessment set within the context of the legislative planning framework and recognised national practice guidance for undertaking viability assessments.

RICS Financial Viability in Planning: Conduct and Reporting (1st edition, May 2019)

4.2 This RICS professional statement sets out mandatory requirements on conduct and reporting in relation to Financial Viability Assessments ('FVAs') for planning in England, whether for area-wide or scheme-specific purposes. It recognises the importance of impartiality, objectivity and transparency when reporting on such matters. It also aims to support and complement the Government's reforms to the planning process announced in July 2018 and subsequent updates, which include an overhaul of the NPPF and PPGV and related matters.

4.3 The statement focuses on reporting and process requirements, and the need for the assessment of viability to be carried out having proper regard to all material facts and circumstances. The additional requirements became effective on 1 September 2019.

RICS Guidance Note: Assessing viability in planning under the National Planning Policy Framework 2019 for England (1st edition, March 2021)

4.4 The RICS Viability Guidance[8], effective from 1st July 2021, supplements the RICS Professional Statement and gives added guidance to RICS members and other stakeholders in the planning process on undertaking and understanding FVAs in both a plan-making and decision-taking context.

4.5 The RICS Viability Guidance, which replaces the earlier 2012 publication, provides best practice guidance for practitioners in carrying out and interpreting the results of viability assessments under the NPPF and PPGV.

PPGV

4.6 PPGV sets out the Government's recommended approach and confirms the principles for conducting viability assessment as follows:

'Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return'.[9]

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[8] *RICS (2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England RICS guidance note, England 1st edition, March 2021*

[9] *MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 010*

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4.7 PPGV confirms that the minimum landowner's return should be referred to as the 'benchmark land value' ('BLV'), which should be established on the basis of the existing use value ('EUV') of the land, plus a premium for the landowner. This approach is referred to as the 'existing use value plus' ('EUV+').

4.8 PPGV also confirms that alternative uses can be used in establishing the BLV. For the purposes of viability assessment the AUV refers to:

'...the value of land for uses other than its existing use.'[10]

4.9 Where AUV is used this should be supported by evidence of the costs and values of the alternative use to justify the land value. PPGV confirms the Government's position that valuation based on AUV includes the premium to the landowner (i.e. the AUV is equal to the EUV+ as a BLV)[11].

Methodology

4.10 To determine the viability of the redevelopment options for the Site, a residual valuation models with cash flows have been prepared using proprietary software Argus Developer.

4.11 The methodology for undertaking this viability assessment follows the residual appraisal method, which is that accepted by the RICS and recommended within RICS Viability Guidance[12]. The methodology is also consistent with the Government's recommended approach as set out in PPGV[13].

4.12 The assessment calculates the cost to acquire, construct, and deliver the capital costs of the development scheme, which is set against the value of the development on the assumption it is completed in the current market. No allowance is made for underlying inflation.

4.13 This method is an industry standard approach for developers in calculating an appropriate bid to acquire land and premises for development. The residual land value ('RLV') represents the sum available following the deduction of all costs, including allowance for developer's profit, from the net achievable revenue which can be derived from the proposed scheme.

Benchmark Land Value ('BLV')

4.14 As set out above, both the Government's PPGV and RICS Guidance set out a requirement for viability assessment to compare the RLV of the Proposed Development, as derived through the viability assessment, with the BLV (i.e. minimum return at which it is considered a reasonable landowner would be willing to sell their land) to determine whether the proposed development is viable or unviable.

4.15 Alternatively, it is acceptable to input the BLV as a fixed land cost within the viability assessment, such that the viability appraisal(s) residualises to developer's outturn profit.

4.16 The outturn developer's return (i.e. profit) therefore becomes the sum available following deduction all costs and can be compared to determine the (level of) viability of each option tested.

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[10] *MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 017*

[11] *MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 017*

[12] *RICS (2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England RICS guidance note, England 1st edition, March 2021*

[13] *MHCLG (2019) National Planning Practice Guidance – Viability*

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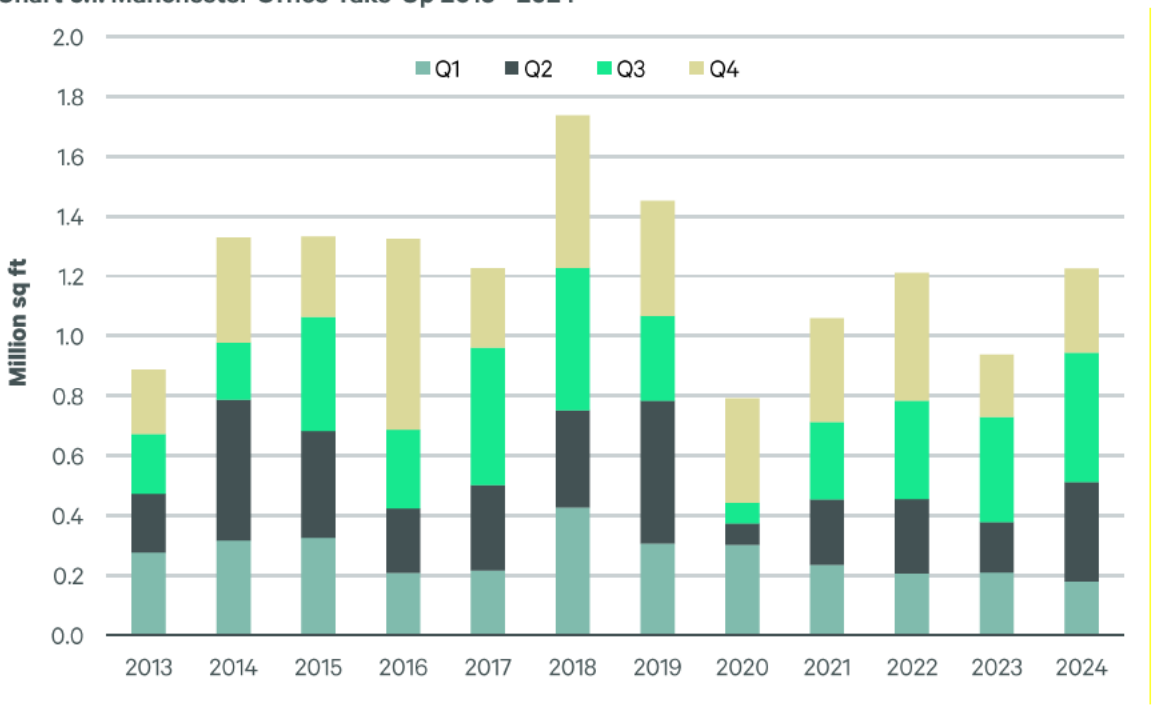
5 Market Overview

Office Market Overview

Sentiment and Trends

5.1 Occupier demand remained strong in 2024 with a total of 1.22m sq ft transacted in Manchester city centre, the best performance since 2018 which saw a record take-up of 1.75m sq ft. Take-up in 2024 fell in-line with the 5 and 10-year average of 1.2m sq ft, demonstrating a positive return to pre-pandemic levels. A summary of Manchester take-up between 2023 – 2024 is summarised in Chart 5.1 below.

Chart 5.1: Manchester Office Take-Up 2013 - 2024



5.2 Leasing activity has started strongly in 2025 with a total of 320,000ft^2 transacted in Q1, the highest level since 2018. Transactions include Autotrader's 130,000ft^2 pre-let at 3 Circle Square and Virgin Media committing to 50,000ft^2 at Island. The outlook for the remainder of 2025 is encouraging with a strong pipeline of named occupiers actively looking to secure best in class workspace against a rapidly diminishing supply of new build Grade A workspace.

5.3 Occupiers 'flight to quality' is evidenced by the success of the city's latest trio of new build workspace, St Michaels, Island and 3 Circle Square, which are experiencing unprecedented levels of occupier interest ahead of practical completion. St Michaels is fully let ahead of PC achieving the current record rent for the city at £45.00 per sq ft. Island and 3 Circle Square are both in excess of 50% pre-let ahead of PC, with strong interest for the remaining space and expectations to set new headline rents for the city.

5.4 The supply demand dynamic for best-in-class new build office space has resulted in a sharp uptick in rental growth with prime rents for existing new build stock ranging between £45.00 - £48.00 per sq ft. The future supply of new build accommodation remains uncertain with no speculative new build developments imminent meaning occupier demand will shift towards the best-in-class refurbished workspace. Redevelopment opportunities such as CIS Tower are well placed to capture this occupier demand.

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5.5 Occupier trends have changed significantly post Covid. The evolution of working patterns has been accelerated and the way occupiers utilise office space has altered meaning Landlords and developers have been forced to react accordingly to ensure the right product is delivered to market. Key trends now shaping occupier demand include:

- **Flight to Quality** – In a bid to recruit and retain the best talent, occupiers are focusing on best-in-class workspace available in their respective markets to gain an edge over competitors and offer employees the best working environment and amenity. Occupiers are also committing to best available workspace to fight against the work from home agenda and help drive employees back into the office willingly. Professional and financial services, who amount for a significant proportion of annual take-up, are particularly sensitive to competitor relocations, and we often see a domino effect when large corporates relocate and improve their commercial real estate.

- **Amenity** – Building amenity is highly sought by occupiers and comes in a variety of forms including ground floor breakout space, business lounges, F&B amenity, cycle hubs, wellness studio's, gyms and external roof terraces. These amenity spaces are multi-purpose, serving as a differentiator for landlords against competition and a wider benefit that occupiers can offer their employees. This feeds directly into the 'flight to quality' piece, helping encourage staff back into the workplace whilst retaining and recruiting the best talent.

- **ESG** – Personal and corporate ambitions to become greener in operation have triggered a drive for greener real estate, alongside pressures to meet wider Net Zero Carbon targets by 2030. Real estate accounts for 23% of the UK's carbon output, of which commercial real estate accounts for 70%. Corporate occupiers are now focused on buildings that achieve a minimum EPC rating A, BREEAM Excellent or better and, ideally, are Net Zero Carbon in operation. Further accreditations including NABERS and WELL are increasingly adopted by developers and occupiers.

- **Location** – Occupiers remain sensitive to location and require proximity to key public transport hubs, high quality public realm and retail amenity. This is evidenced by the leasing velocity of both St Michaels and Island, which have also achieved record rents for the city, ahead of developments like Eden which are viewed as fringe.

- **Fitted & furnished –** Demand for fitted workspace has increased significantly in recent years and landlords have reacted accordingly with an increase in the volume of fitted & furnished workspace delivered to the market, particularly sub 5,000 sq ft. Demand for fitted workspace is not limited to smaller transactions with a number of transactions between 5,000 - 15,000ft^2 secured in recent years. The increase in demand is driven by occupiers seeking to avoid large capital outlays on fit-out projects, especially where more flexible leases (3-5 years) are required. Instead, occupiers are willing to pay Landlords premium headline rents and accept reduced deal incentives to cover the landlords cost of delivering fitted and furnished workspace. Premiums on headline rent typically range between £7.00 - £10.00/ft^2 and incentives are reduced to 3-5 months rent free on a 5-year lease term.

- **Lease Flexibility** – In recent years we have seen occupiers requesting increased flexibility in their leases, with 3 to 5-year terms becoming standard on small to medium sized transactions. Larger deals, above 10,000 sq ft will increase to 10-year terms although often incorporating a 5-year break option. Only when transactions increase above 15,000 to 20,000 sq ft are we confident of securing 10-year plus lease terms. The demand for lease flexibility is directly linked to occupiers' uncertainty over how much space to occupy and their sensitivity to expansion and contraction.

Supply & Availability

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5.6 New build availability is at a record low with only 3 city centre schemes set for delivery in 2025 and no further commitment for new build development forthcoming. A summary of Grade A supply is listed in Table 5.1 below.

TABLE 5.1: NEW BUILD AVAILABILITY

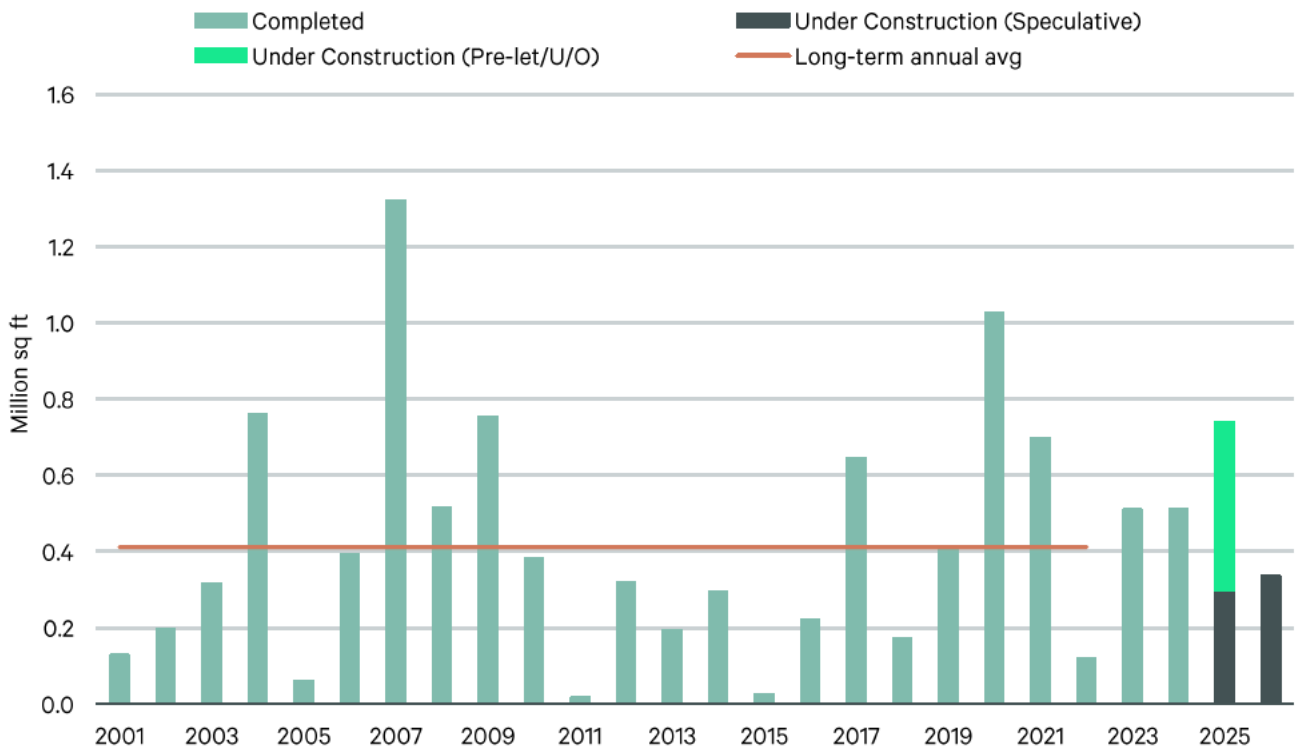
Property & Location	Photo	Size (sq ft)	Available (sq ft)	Rent (per sq ft)	PC Date	Comments
St Michaels Prime Core		180,000	-	£38.50 - £45.00	Q2 2025	Fully pre-let ahead of PC.
3 Circle Square Oxford Road		260,000	60,000	£41.00 - £43.00	Q2 2025	Deals agreed with Autotrader, Havas, Puma and ICO.
Island Prime Core		95,000	40,000	£45.00 - £47.00	Q2 2025	Pre-let 55k to Virgin Media. Strong interest in remainder.

5.7 Several development sites have achieved outline or detailed planning consent although no developer is committed to speculatively building at this stage. Viability remains a challenge with cost of debt, exit yields and build costs combined with liquidity issues with the majority of development sites set to deliver in excess of 200,000 sq ft.

5.8 A summary of the Manchester office development pipeline is presented in Chart 5.2 overleaf.

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Chart 5.2: Manchester Office Development Pipeline



5.9 With a lack of new build space available, occupier demand will shift towards existing Grade A stock and best in class refurbishments, of which there is a healthy supply. Table 5.2 below details the best available workspace in this category.

TABLE 5.2: GRADE A / REFURBISHED OFFICE AVAILABILITY

Property & Location	Photo	Available (sq ft)	Rent (per sq ft)	ESG	Comments
Aviary CBD		100,000	£38.50 - £42.00	EPC A BREEAM Excellent NABERS 5*	Comprehensive refurbishment of existing building. Communal business lounge, roof terrace & pavilion, gym, wellness facilities & cycle hub.
Havelock		110,500	£36.00 - £39.00	EPC A BREEAM Outstanding NABERS 5*	Back to frame redevelopment. Business lounge, 2 x private terraces per floor. Wellness facilities & cycle hub.

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Property & Location	Photo	Available (sq ft)	Rent (per sq ft)	ESG	Comments
4 Hardman St Spinningfields		54,000	£38.50	EPC A BREEAM Excellent NABERS 5*	Comprehensive refurbishment of existing building. Fitness suite & cycle hub.
Eden Salford		77,000	£35.00 - £36.00	EPC A BREEAM Outstanding NABERS 5*	New build development PC'd in 2023. ESG leading, external living green façade. Café & lounge, communal roof terrace. Cycle hub.
2 New Bailey Salford		53,800	£36.50	EPC A BREEAM Excellent	New build development PC's in 2018. Communal roof terrace plus private terraces on each floor. Cycle hub.
Quoin Spinningfields		32,722	£38.50	EPC A BREEAM Excellent	Comprehensive refurbishment of existing building completed 2024. Business lounge, communal roof terrace and cycle hub.
101 Embankment		36,000	£36.60	EPC A BREEAM Excellent	New build Grade A workspace PC'd in 2017. Reception and cycle hub refurbishment completed in 2024.

Demand

5.10 CBRE has outlined 440,000ft^2 of key active requirements in Manchester city centre driving occupational demand detailed in Table 5.3 below.

5.11 The active occupier requirements seeking occupation across 2025 will likely absorb the remaining new build stock outlined in Table 5.2 above.

5.12 This will leave a significant lack of quality Grade A or refurbished office space within Manchester going into 2026 and beyond.

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TABLE 5.3: ACTIVE REQUIREMENT – MANCHESTER CITY CENTRE

Occupier	Sector	Size	Location	Grade	Timing
JMW	Legal	50,000	CBD & Spinningfields	A	Q3 2025
Latham & Watkins	Finance	55,000	CBD	A	Q4 2025
Confidential c/o CBRE	Finance	20,000	CBD	A	Q3 2025
Siemens c/o CBRE	Engineering	60,000	CBD	A	Q4 2025
Confidential c/o BNP	Government	100,000	CBD	A	2025
Confidential c/o C&W	Government	130,000	CBD & Spinningfields	A	2026
Forvis Mazars	Finance	25,000	CBD & Spinningfields	A	Q4 2025

5.13 All the above requirements are focused on best-in-class workspace with strong ESG credentials and on-site staff amenity in the form of business lounges, roof terraces, wellness suites, gyms and cycle hubs.

Rental Evidence

5.14 CBRE has outlined rental evidence for prime Grade A office developments alongside good quality refurbished workspace in Table 5.4 below.

TABLE 5.4: PRIME GRADE A TRANSACTIONS

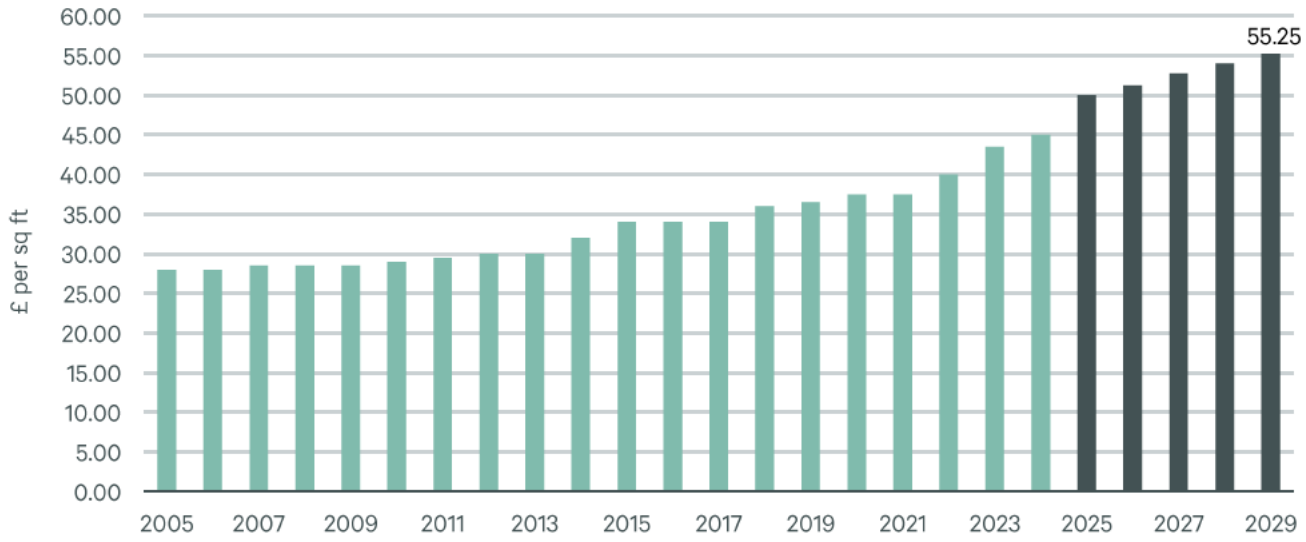
DATE	Property	Occupier	SIZE (sq ft)	Rent (per sq ft)	Comment
October 2024	St Michaels	Channel 4	12,293	£45.00	Straight 10-year lease
October 2024	Island	Virgin Media	45,744	£44.00	Straight 10-year lease
September 2024	St Michaels	ARM	68,860	£40.00	Straight 10-year lease
June 2024	Lincoln	Alvarez & Marsal	9,300	£40.00	Straight 10-year lease
May 2024	St Michaels	S&P Global	19,695	£44.00	Straight 10-year lease
March 2024	Landmark	DAC Beechcroft	13,228	£42.50	Straight 10-year lease

5.15 Prime rents within existing new build stock with Manchester City Centre currently stand at £45-£48.00/ft^2. CBRE are forecasting prime Grade A rents to grow to in excess of £55.00/ft^2 by 2029, although it remains difficult to predict given the current constraints on new build supply and viability issues for new build development.

5.16 Chart 5.3 below shows the forecast Manchester headline rental growth profile to 2029.

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Chart 5.3: CBRE Forecast Grade A Headline Rents – Manchester



5.17 CBRE has also considered secondary Grade B rents within Manchester City Centre. A summary of the comparable Grade B comparable evidence is presented in Table 5.5 below.

TABLE 5.5: GRADE B HEADLINE RENTS – MANCHESTER

DATE	Property	Occupier	SIZE (sq ft)	Rent (per sq ft)	Comment
March 2025	Manchester One	Bechtle	6,142	£28.50	5-year lease
March 2025	Linley House	Diversity Travel	6,574	£27.50	5-year lease
November 2024	City Tower	EC English	8,226	£25.00	10-year lease, 5th year break
November 2024	Bridgewater House	VCAD	20,032	£26.00	16-year lease
March 2024	One Express Building	VF Corporation	9,180	£25.00	10-year lease, 5th year break

5.18 The comparable evidence above shows Grade B rents for comparable stock range £25-£28.50/ft^2. While rents for refurbished Grade B workspace are expected to grow on the back of prime rental growth, there is a significant disparity between best in class and refurbished Grade B rents. In addition, the size of deal and term length reduces in the Grade B market creating more attrition for Landlords.

Outlook

5.19 Continued and improving occupier demand will outpace delivery of new space over the next 2-5 years, with a shortage of new build workspace scheduled for delivery. Refurbished Grade A workspace boasting best in class occupier amenity will capture demand at the top end of the market.

5.20 This will drive rents forward for the best available workspace, even if not regarded as absolute new build. We may see a shift towards a pre-let market, however, this has always proven difficult in Manchester with only a small number of true pre-lets achieved in the last 10 years. Typically, developers will secure

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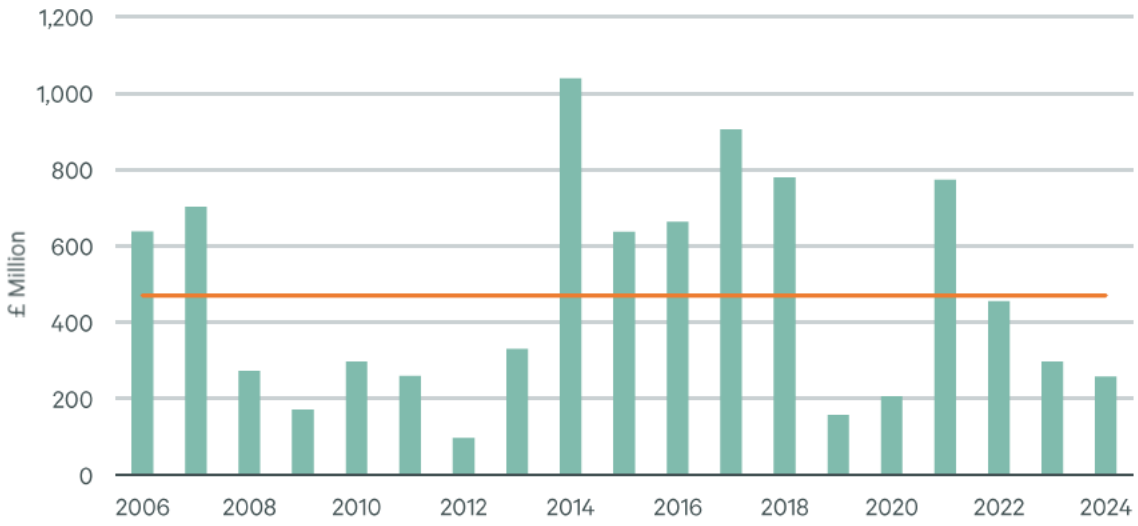
occupiers during the build process as demonstrated with the leasing activity at St Michaels, 3 Circle Square and Island.

Office Investment Market

5.21 Investment volumes for regional offices remain muted with many investors adopting a 'wait and see' approach during 2024.

5.22 Manchester recorded investment volumes totalling £175.25m across 15 transactions, which is significantly down on the 10 year average of £480m (reflecting just 36% against the long term average) as shown in Chart 5.4 below

Chart 5.4: Manchester Office Investment 2006 - 2024



5.23 Sentiment towards the sector is beginning to improve and we consider pricing has now 'bottomed out.' We are seeing increased liquidity with multiple bids on the sales recent processes we have been involved in.

5.24 Two-tiered market moving forward, with prime capturing rental growth and investor demand, and secondary assets struggling disproportionately, due to concerns with underlying occupational demand and the increasing costs required to counter obsolescence and adhere to upcoming MEES regulations.

5.25 Investor demand throughout the UK regions has predominantly been from Overseas investors and High Net Worth family offices, who are both attracted to cyclical low point and are long term holders.

5.26 Target returns remain much higher than historic, with investors generally targeting 10% IRR for Core assets, 15% for Core Plus assets and 20%+ for Value Add assets.

5.27 Liquidity is noticeably deeper for "Value Add" and "Core Plus" opportunities, however we have seen increased appetite for "Core" opportunities in 2025, with UK Pension Funds and Insurers beginning to consider the office sector again, with a focus on best in class, futureproofed buildings with lot sizes in the region of £20 - £60m.

5.28 The majority of stock that has transacted in Manchester over the last 12 – 18 months has generally been limited to Grade B buildings with lot sizes ranging from £5 - £20m.

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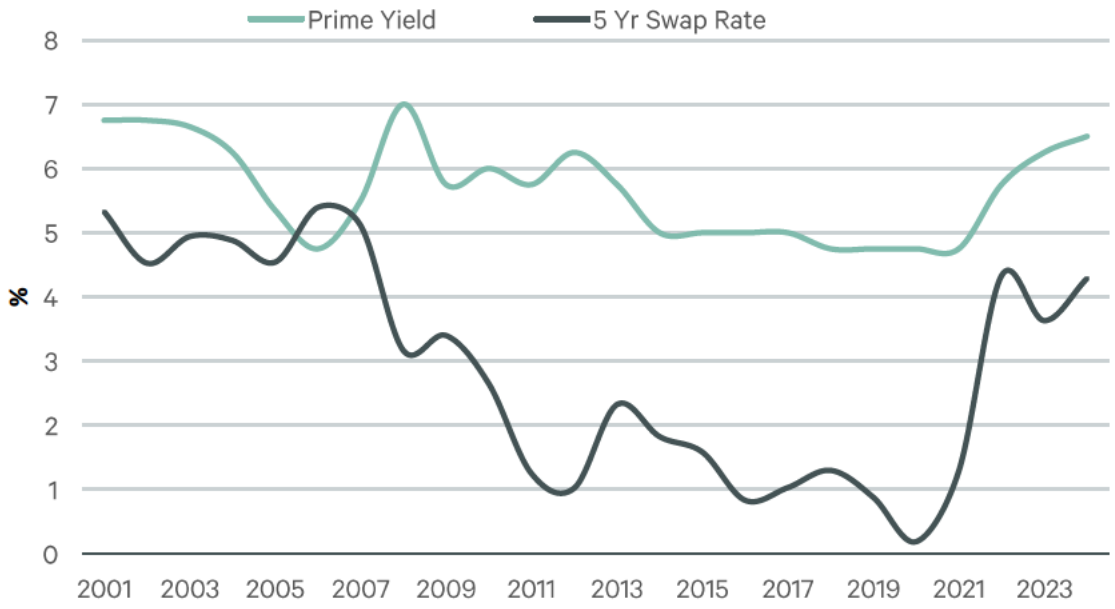
5.29 Limited liquidity for lot sizes over £100m, with a maximum of 2 - 3 buyers, due to increased finance costs and larger equity checks required.

5.30 There is very limited evidence for prime with just 3 buildings transacting in the Big 6 regional markets in the last 18 months with yields ranging from 5.75% - 7.25% for new build, with older buildings typically transacting at 8.00% +. The assets that have transacted at 6.00% or sharper have been reversionary with equivalent yields in the region of 6.50%.

5.31 Manchester sits at the top of the regional hierarchy in terms of liquidity and investor demand.

5.32 Hypothetical prime Manchester yield stands at 6.50%, however there is no evidence to support this in Manchester, therefore we are relying upon evidence in the Big 6 regional markets. A summary of key prime regional investment transactions is provided in **Appendix C** and other Manchester only investment transactions is provided in **Appendix D.**

Chart 5.5: Manchester Prime Office Yields vs 5 Year Swap Rates 2001 - 2024



5.33 Prime yield forecast is trending inwards with more gradual recovery of prime yields expected to recover to 6.00% by 2029, subject to gilt rates and 5-year SONIA swaps reducing to 3.00 - 3.25% (currently fluctuating between 3.75 - 4.25%).

Leisure Market Overview

5.34 The established leisure sub-markets of Printworks / Corn Exchange, Deansgate and Peter Street attract rental values in the range of £30.00-£50.00/ft^2 depending on size; profile continue although rents are variable and sometimes linked to turnover so difficult to devalue.

5.35 Elsewhere Spinningfields is an established leisure destination where prior to 2019 rental levels at Spinningfields are reported to have reached upto £40.00 per sq ft, however, rents have since fallen back due to general retail and leisure downturn post-covid but are now recovering.

5.36 Whilst The CIS Tower would be considered a fringe city centre location for leisure operators, the reoccupation of the Site alongside the wider NOMA development and Victoria North regeneration will

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attract a new customer base for leisure operators. CBRE therefore consider the outlook optimistic for leisure uses within the Site, particularly gym operators.

5.37 Leisure DB's State of the UK Fitness Industry Report 2024 suggests the UK gym market is valued at £5.9bn, a 9.7% increase from 2023.

5.38 CBRE's latest Consumer Survey suggests over 16% of the British population have a gym membership, higher than the peak in 2019 and 74% of those with a gym membership expect to increase or maintain their visits. Evidence suggests this trend is set to continue despite cost of living pressures with a higher proportion of the population prioritising health and wellbeing.

5.39 Premium gym offerings have benefited from this change in consumer behaviour, particularly those offering additional services rather than a gym and workout space alone. Third Space have benefited significantly marketing themselves as a club, not just a gym. They have grown to operate 14 clubs in London and constantly evolve their offerings in response to changing fitness attitudes. Third Space reported average visit frequency increased by 10% in 2024, with members typically visiting three or more times a week.

5.40 Other health and wellness operators such as 'boutique gyms & studios' are also a beneficiary of these changes in consumer trends. Since 2019, more than 1,000 independent health clubs have opened on high streets, shopping centers and retail parks, albeit a large proportion are concentrated in London where 56% of adults now live within one mile of boutique studio.

5.41 Whilst there has been a lack of recent comparable evidence in leisure markets in Manchester, CBRE have summarised the most recent comparable evidence in Table 5.6 below.

TABLE 5.6: MANCHESTER LEISURE COMPARABLE TRANSACTIONS

Date	Address	MICRO Location	Occupier	Area SF	Headline Rent PSF £
June 2024	Circle Square Pavilion Basement	Fringe	Whites Fitness (Gym)	7,062	£9.90
March 2024	NOMA Unit 1 Hanover	Fringe	Barney Hospitality	2,728	£20.15
November 2022	New Century Hall, NOMA	Fringe	One Plus Four	35,894	£17.40
June 2022	Printworks	Core	Yazu Entertainment	4,363	£25.80

Rooftop Restaurant / Bar Market Overview

5.42 There continues to be strong demand for restaurant and licenced premises around the city centre with a number of international and London based brands considering expansion into regional cities.

5.43 A large proportion of take-up has occurred in city centre fringe locations with occupiers taking shell units of ground floor premises within multi-let office or residential developments for example Circle Square / First Street / Kampus.

5.44 F&B occupiers have reported record sales growth, but profit has remained stagnant with the impacts of the UK budget including minimum wage rises and the reduction of business rates relief cap coming into

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effect. Leasing activity has also been impacted by cost inflation with higher fit out costs leading to increases in capital incentives being provided by landlords.

5.45 The proposed rooftop restaurant and bar in the Proposed Development will offer a premium F&B offering within Manchester, albeit away from the F&B 'Core' but offering unrivalled views on Manchester's skyline.

5.46 Given this is a unique proposition, there is limited direct comparable evidence for rooftop restaurants in Manchester.

5.47 The most direct comparable evidence is at St Michaels where Chotto Matte that took a 20,000ft^2 rooftop restaurant and bar. It is understood the rent achieve reflected £40.00/ft^2 with significant capital contributions in the region of £3m.

5.48 CBRE understand at the proposed 2 & 3 Angel Square opposite the Site, there is a 15,000ft^2 rooftop restaurant proposed and is currently quoting in the region of £40.00-£50.00/ft^2 with significant capital contributions anticipated.

5.49 CBRE is aware the ground floor units in the listed NOMA estate are currently achieving rents of between £20-£25/ft^2, notably the letting to SKOF in early 2024, albeit these units are compromised given the configuration of the space and age of the buildings.

5.50 CBRE is also advising on a number of rooftop restaurants in London where rents are similarly in the region of £50.00/ft^2 with significant upfront capital contributions.

Retail Market Overview

5.51 Away from the Core retail markets of the Arndale Centre and the Core high street market, most leasing activity within the retail sector relates to convenience and other F&B operators across Manchester notably on ground floors of new build residential blocks.

5.52 CBRE understand that at the proposed 2 & 3 Angel Square opposite the subject asset, ground floor retail units of 3,500-4,000ft^2 are currently quoting in the region of £25-£30/ft^2 to service the 400,000ft^2 of proposed office space above.

5.53 Lettings at Kampus completed in 2021 / 2022 and is fully occupied with rents at £15-£25.00 per sq ft depending on the individual units.

5.54 CBRE has summarised comparable retail evidence in Table 5.7 below.

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TABLE 5.7: MANCHESTER LEISURE COMPARABLE TRANSACTIONS

Date	Address	MICRO Location	Occupier	Area SF	Headline Rent PSF £
January 2025	252 Great Ancoasts Street	Fringe	Asda	2,914	£48.04
October 2024	Unit 3 First Street	Fringe	Asda	3,940	£46.95
May 2024	Unit L1 Circle Square, Manchester	Fringe	Unknown	1,565	£44.73
January 2024	Manchester New Square	Fringe	Tesco	3,750	£21.07

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6 Viability Assessment Assumptions

6.1 This section presents the principal assumptions used in the viability assessment of each refurbishment option for the Site.

Office Use

Lease Terms and Letting Profile

6.2 The adopted refurbished office rental values are reflective of both the comparable data presented in the office market overview and CBRE's knowledge and in-depth understanding of Manchester City Centre commercial market dynamics. In summary, the comparable lease transactional data indicates rents for new build prime offices range £40.00/ft² - £45.00/ft², with Grade A refurbished stock between £36.50/ft² - £42.00/ft² and Grade B headline rents are closer to £25.00/ft² - £27.50/ft².

6.3 The adopted estimated rental values ('ERVs') also reflect the nature and extent of each refurbishment option considered. The adopted ERVs typically peak on the uppermost storeys (within the Tower and Podium elements), reflecting an expectation of increased desirability.

6.4 Based upon CBRE's experience, whilst set positively for the current market, take-up trends including a flight to quality; highly amenitised accommodation; and strong ESG credentials (e.g. EPC A minimum) would place higher rents on the more comprehensive refurbishment options, i.e. Options 4 and 5. The opportunity [within Options 4 and 5] to create additional new-build office accommodation and substantial internal and external tenant amenity space(s) is expected to generate a rental premium, given this forms a unique and attractive proposition to potential occupiers and increases the competitiveness of the development. This has been reflected in the adopted rents.

6.5 In line with market and CBRE expectations, the adopted letting profile assumes lettings would likely commence with the uppermost storeys, which are anticipated to be the most attractive within the market. The approach and rates applied are regarded as a reasonable reflection of likely void periods, tenant incentives and lease up. The adopted approach essentially ensures the higher value/ upper storeys are let first, aiding viability. Pre-lets have been assumed on these upper levels, which CBRE considers an optimistic, yet positive assumption in the current market. Voids are anticipated to run to up to [redacted] months. Additionally, rent free/ incentive periods are applied at between [redacted] months.

6.6 The adopted lease terms for each refurbishment option are set out in tabulated format in Table 6.1, overleaf.

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TABLE 6.1: ADOPTED LEASE TERMS | OFFICE USE

			Option 2				Option 3				Option 4				Option 5			
Level	Building	Total NIA (ft²)	ERV (£/ft²)	Letting Strat.	Lease Length	RFP	ERV (£/ft²)	Letting Strat.	Lease Length	RFP	ERV (£/ft²)	Letting Strat.	Lease Length	RFP	ERV (£/ft²)	Letting Strat.	Lease Length	RFP
25	Tower	8,790	[redacted]															
24	Tower	8,934																
23	Tower	7,495																
22	Tower	7,452																
21	Tower	7,447																
20	Tower	7,417																
19	Tower	7,425																
18	Tower	7,424																
17	Tower	7,419																
16	Tower	7,402																
15	Tower	7,400																
14	Tower	7,402																
13	Tower	7,403																
12	Tower	7,405																
11	Tower	7,410																
10	Tower	7,406																
9	Tower	7,400																
8	Tower	7,402																
7	Podium Ext.	13,063																
7	Tower	7,324																
6	Podium Ext.	20,018																
6	Tower	7,373																
5	Podium Ext.	19,986																
5	Tower	7,354																
4	Podium	34,929																
3	Podium	34,914																
2	Podium	34,911																
1	Podium	28,708																

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Office Investment Yield

6.7 CBRE's advisory and capital markets teams have provided advice upon the current investment market for office stock across the 'Big 6' regional markets, with specific consideration to the Site and the proposed refurbishment options. Comparable evidence can be found in Appendix C & D as outlined in Section 5.

6.8 There is limited evidence for prime transactions within the last 18 months, however, evidence across the Big 6 regional markets suggests yields have ranged between 5.75% to 7.25% for new-build accommodation and c. 8.00%+ for older stock.

6.9 Manchester is considered to sit at the top of the regional hierarchy in terms of liquidity and investor demand. Hypothetical prime Manchester yields stand at 6.50%, however supporting evidence is thin. High-quality, Grade A refurbished stock would be expected to attract a marginal discount to new-build accommodation.

6.10 Prime yield forecasts are trending inwards with a gradual recovery [of prime yields] expected by 2029, to c. 6.00% (subject to gilt rates and 5-year SONIA swaps reducing to 3.00 - 3.25% and financial markets remaining stable).

6.11 The office investment yield profile adopted for the refurbishment options for the Site are set-out in Table 6.2, below.

TABLE 6.2: INVESTMENT YIELD PROFILE

	Net Initial Yield (%)	Commentary
Scenario 2	10.00%	Grade B; refurbished spec.
Scenario 3	7.00%	Grade A; refurbished spec.
Scenario 4	7.00%	Grade A; refurbished spec.
Scenario 5	7.00%	Grade A; refurbished spec.

Source: CBRE

Retail

6.12 According with the market overview for Manchester City Centre retail, ground floor units are commanding rents in the region of £15/ft²-£30/ft² depending on location and unit size.

6.13 CBRE's retail advisory team suggests ground floor retail rents in the NOMA masterplan area are presently achieving levels between £20/ft²-£25/ft² and are reflective of the increased CAPEX investment required to configure space within existing (older) buildings.

6.14 CBRE expects that the c. 9,700ft² ground floor retail unit proposed within refurbishment Scenarios 4 and 5 could achieve a rent of [redacted] with a rent free/ tenant incentive period of between [redacted] months.

6.15 CBRE have capitalised the rent at an all risk yield of 8.00% which is consistent with other viability assessments.

Leisure

6.16 Whilst The CIS Tower would be considered a fringe city centre location for leisure operators, the revitalisation of the Site, the wider NOMA development and Victoria North regeneration will attract a new customer base for leisure operators. CBRE therefore considers the outlook optimistic for leisure uses within the Site, particularly gym operators.

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6.17 CBRE's retail advisory team proposes that despite the prevailing cost headwinds, UK leisure brands continue to expand in the UK and the NOMA estate area (within which the Site is located) has long term growth potential , albeit it presently lacks the critical mass to attract the better operators and strongest rents. It is advised that the proposed leisure use(s) within refurbishment options 4 and 5 could be expected to attract rents between [redacted] in this location with rent free/ tenant incentive periods of between [redacted] months.

6.18 The adopted lease terms for the proposed leisure units are set out in Table 6.3, below.

TABLE 6.3: ADOPTED LEASE TERMS | LEISURE USE(S)

Level	Building	Total NIA (ft²)	ERV (£/ft²)	Letting Strat.	Rent Free Period
0	Podium	1,486	[redacted]		
B1	Podium	41,115			

Source: CBRE

6.19 CBRE has capitalised the rent at an all risk yield of between 7.00% 8.00% dependent on the scenario.

Food & Beverage (F&B)

6.20 The proposed rooftop restaurant and bar in the Proposed Development (as per option 5) will offer a premium F&B offering within Manchester, albeit away from the F&B 'Core' but offering unrivalled views on Manchester's skyline – being proposed on levels 24 and 25 of the existing tower.

6.21 Given this is a unique proposition, there is relatively limited direct comparable evidence [for rooftop restaurants in Manchester].

6.22 The most direct comparable evidence is at St Michaels where Chotto Matte took a 20,000ft^2 rooftop restaurant and bar. CBRE understands that the achieved rent reflected £40.00/ft^2, albeit a significant capital contribution was provided for fit out which was in the region of £3m.

6.23 CBRE understands that at the proposed 2 & 3 Angel Square opposite the subject asset, there is a 15,000ft^2 rooftop restaurant proposed and is currently quoting in the region of £40 £50.00/ft^2 albeit with significant capital contributions anticipated.

6.24 CBRE is involved in a number of leasing processes for rooftop restaurants in London where rents are in the region of £50/ft^2 with significant upfront capital contributions.

6.25 In consideration of the available comparable evidence, CBRE is of the view that the upper level restaurant/ bar, as proposed within option 5, represents a unique opportunity for Site and will benefit from far reaching views of the city. It would be expected to require a high quality fit out (to secure the right operator), but could command a rent at a level similar to that quoted at 2 & 3 Angel Square.

6.26 CBRE has adopted a ERV of [redacted] for the proposed restaurant/ bar, with a rent free/ incentive period consistent with the above proposed retail/ leisure uses (c. 1[redacted] months). In addition, to reflect the level of rent and necessity to attract a premium operator, an incentive/ fit out package equating to approximately [redacted] has been adopted.

6.27 CBRE is capitalised the rent at an all risk yield of 7.00%.

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Development Costs

Construction Costs

6.28 The Applicant instructed independent construction and property consultancy G&T who have substantive experience of providing consultancy advice to provide cost estimates for proposed refurbishment options 2-5. A copy of each cost plan can be found in **Appendix E - H.**

6.29 Cost estimates were prepared at Q2 2025 prices, excluding inflation.

6.30 G&T has considered the limitations of the existing premises (e.g. its Grade II Listed status), site specific abnormals and the costs to comply with current regulatory requirements (e.g. fire safety and minimum energy efficiency standards), in addition to the necessity to deliver a high-quality product that is aligned with present day occupier expectations and would be competitive in the current market.

6.31 G&T has provided the following commentary regarding significant abnormal costs arising from the refurbishment of the existing premises:

- Extensive asbestos removal works (from the existing façade) are required for all refurbishment options, which can only be completed (removed) externally;
- Due to the above, the entire building will need to be scaffolded for circa 2 years, which is a high cost and again, applies to all options;
- There are significant costs in all options for the current assumed fire compartmentation and protection strategy/requirements. This will be understood in more at Stage 3 and following further survey works;
- The anticipated/ targeted programme length is 3 years regardless of the option… due to the façade works which is a critical path item.

6.32 CBRE has presented a headline summary of G&T's estimated costs for the refurbishment options in Table 6.4, below. This includes a brief description of the differences between each assessed option.

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TABLE 6.4: CONSTRUCTION COSTS SUMMARY | OPTIONS 2-5

Option	G&T Comments	Construction Cost (£)	Construction Cost (£/ft²)
Option 2	- No ground floor entrance extension or structural alterations for double height space - New façade - New façade to Dantzic St and Hanover St elevations omitted - Goods lift extended up to L25 - Upgrade to EPC B - Assumes new lift core with 4nr new lifts and staircase would still be required - Prelims the same as proposed development, assume same programme length based on façade works being the critical path - Function space to B1 shell only - Breakouts for stairs to tenant units omitted - All works to basement floors omitted except anything required for structural integrity of building - Lower finishes and fit-out spec generally	[redacted]	
Option 3	- No ground floor entrance extension or structural alterations for double height space - New façade - Goods lift extended up to L25 - EPC A - Assumes new lift core with 4nr new lifts and staircase would still be required - Prelims the same as proposed development, assume same programme length based on façade works being the critical path - Function space to B1 still included and fully fitted out	[redacted]	
Option 4	- As per Option 3 - Includes the extension to the podium (incl. business lounge, roof terrace and winter garden) - L45 & L25 to shell and core (office space) - Goods lift still extended up to L25	[redacted]	
Option 5	- As per Option 4 - L24 & L25 adapted for restaurant/ bar use	[redacted]	

Source: G&T

6.33 A copy of the G&T cost estimates for each refurbishment option is provided within **Appendix D**.

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Other Development Costs

6.34 Other development costs applied within the viability appraisals for each of the options tested are summarised in Table 6.5 overleaf.

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TABLE 6.5: OTHER DEVELOPMENT COSTS | OPTIONS 1-5

Input	Refurbishment Option 1	2	3	4	5	Comments
Void Costs (%)	-	[redacted]				Estimate based on estimated service charges and mitigation up to fully let
Business Rates Costs	-	-	-	-	-	Not applied to void areas due to listed status of the premises and exemption form Business Rates.
Purchaser's Costs (investment) (%)	-	6.80%				Standard costs of acquisition including SDLT, agency and legal fees
Contingency (%)	-	5.00% - Included within G&T Cost Estimates				G&T Rate
Professional Fees (%)	-	10.00%				Estimated as a % of total build costs. Allowance to include for all professional and statutory fees and insurances.
Marketing Budget (£)	-	£500,000				Estimated fee equating to circa 4.00%-5.00% of estimated rental values
Letting Agent Fee (%)	-	15.00%				Industry standard assuming dual agency instruction
Letting Legal Fee (%)	-	5.00%				Industry standard assumption
Investment Sale Agent Fee (%)	-	1.00%				Minimum disposal fee in current market (lowest point of range)
Investment Sale Legal Fee (%)	-	0.50%				Minimum fee in current market (lowest point of range)
Finance (Debit Rate) (%)	-	8.00%				Minimum 'all-in' finance rate in current market
Developer's Return (% on Cost)	-	15.00% - 20.00%				Target risk adjusted return (hurdle rate), in line with market expectations and the range set-out in PPGV CBRE's experience is that, given the heightened market and commercial risk, both developers and funders would be seeking the upper end of the typical range of return.

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Development & Disposal

6.35 CBRE understands that the programme for the delivery of each refurbishment option is driven by the by the necessary works to the façade (which includes asbestos removal), which is a critical path item. Therefore all options are expected to be delivered over a three year construction (refurbishment) period.

6.36 For the purposes of viability testing each option on a consistent basis, a hypothetical project start date of May 2025 has been applied.

6.37 The following table summarises the anticipated programme durations.

TABLE 6.6: DEVELOPMENT & DISPOSAL PROGRAMME

Duration	Stage	Description
Months 1 – 4:	Pre-construction	Assumed grant of planning permission, procurement, discharge of conditions, site set-up and enabling period.
Months 5 – 40:	Construction	Overall construction period (driven by façade works)
Months 41 – 70:	Letting	Assumed let-up period
Month 71:	Investment Sale	Assumed disposal of the Proposed Development (crystallization of value)

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7 Site Value (or 'Benchmark Land Value')

7.1 Establishing the minimum level of financial return at which a reasonable landowner would be willing to release their land for development represents a critical component of a viability assessment. It must represent a premium over the existing use value ('EUV') and a reasonable incentive, in comparison with other options available, for the landowner to sell land for development, whilst allowing a sufficient contribution to comply with policy requirements.

7.2 Whilst not directly featuring as a cost in an appraisal conducted on a residual land basis, this 'minimum return' forms the BLV against which the RLV derived from the appraisal is tested in order to determine the viability of the Proposed Development and scope for planning obligations (including affordable housing).

7.3 The Government's PPGV requires that the BLV should:

'...be informed by market evidence including current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value... This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.'[14]

7.4 Paragraph 016 of PPGV provides further elaboration. It states:

'Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners.'[15]

7.5 The approach adopted for arriving at an appropriate BLV for the Site follows that set out within Chapter 3 of this document and accords with the relevant RICS Guidance, PPGV and the NPPF (2021). It considers:

- the existing use value ('EUV') of the subject site;
- the alternative use value ('AUV') of the subject site;
- the premium; and
- available comparable evidence of land transactions.

[14] *MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 014*

[15] *MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 016*

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Existing Use Value ('EUV')

7.6 The existing site comprises a Grade II listed 1960's office building totaling 379,405ft^2 NIA. The entire building was vacated in 2020 following the relocation of the Co-operative Group to 1 Angel Place and has remained vacant since.

7.7 The site can be characterised by a five storey podium, 26 storey tower, external lift core covered by solar PV, three basement levels incorporating office amenity, storage and goods entrance and ground floor entrance and lobby. A summary of the existing accommodation is provided in Table 7.1 below:

TABLE 7.1: EXISTING ACCOMMODATION SCHEDULE

Floor	Use	Total NIA (ft^2)	EPC Rating
25	Office	8,790	F
24	Office	8,934	E
23	Office	7,495	E
22	Office	7,452	E
21	Office	7,447	E
20	Office	7,417	E
19	Office	7,425	E
18	Office	7,424	E
17	Office	7,419	E
16	Office	7,402	E
15	Office	7,400	E
14	Office	7,402	E
13	Office	7,403	E
12	Office	7,405	E
11	Office	7,410	E
10	Office	7,406	E
9	Office	7,400	E
8	Office	7,402	E
7	Office	7,324	E
6	Office	7,373	E
5	Office	7,354	E
4	Office	34,929	E
3	Office	34,914	D
2	Office	34,911	D
1	Office	28,708	D
Mezzanine	Management Offices	-	
Ground	Office Amenity	28,592	D
B1U	Void	-	Unknown

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Floor	Use	Total NIA (ft^2)	EPC Rating
B1	Office Amenity	41,115	Unknown
B1L	Office Amenity	17,752	Unknown
B2	Void	-	Unknown
B3	Plant	-	Unknown
Total		**379,405**	

7.8 [redacted]

7.9

7.10

7.11

7.12

Alternative Use Value ('AUV')

7.13 [redacted]

7.14

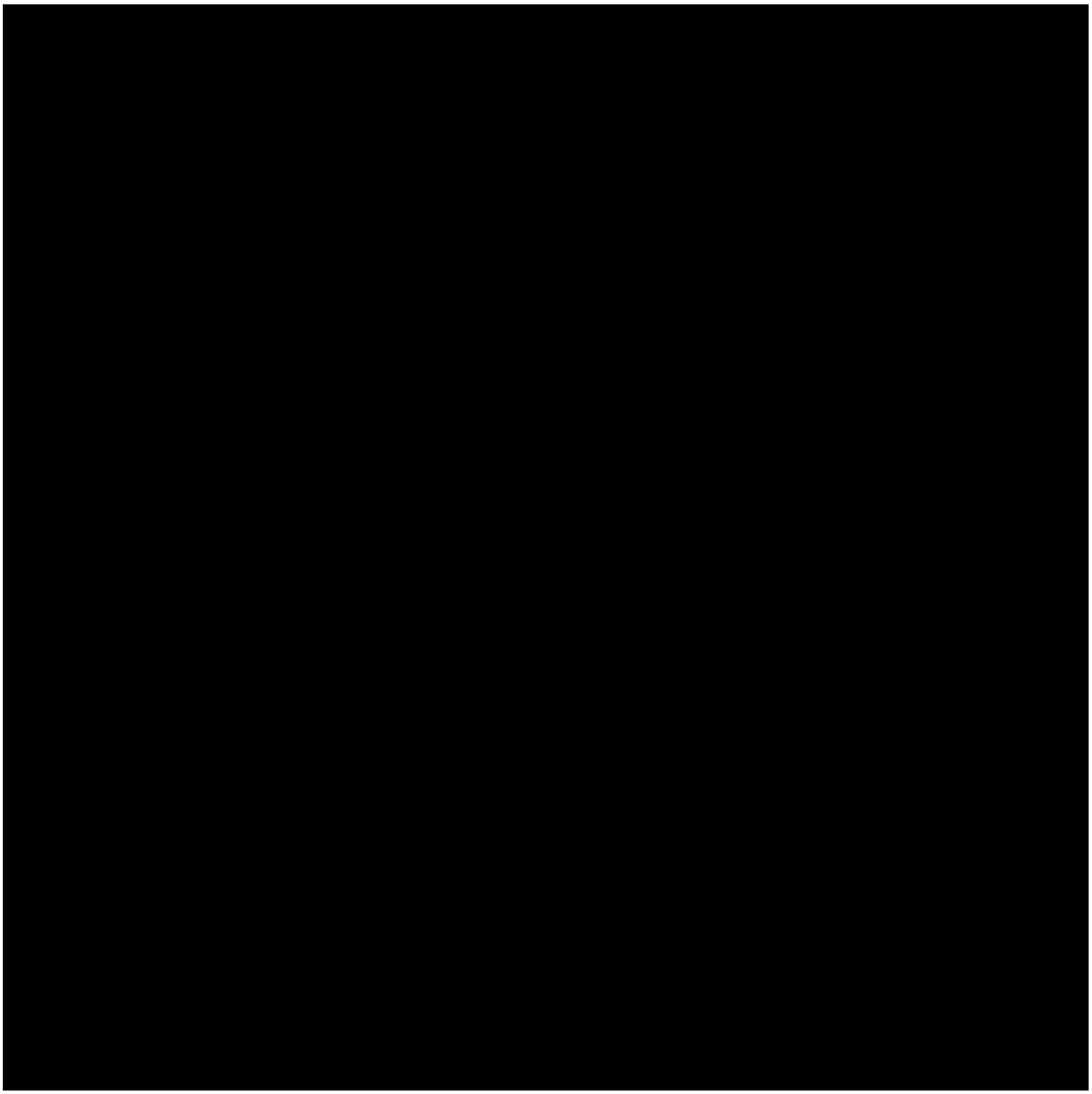
7.15

7.16

Determining the BLV

7.17 Reflecting on the above analysis, when assessed consistently with the methodology of NPPF, PPGV, and RICS Guidance, both the existing and alternative use value for the Site is [redacted]

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8 Appraisal Results

8.1 This chapter presents the results of financial viability appraisals prepared by CBRE for the refurbishment and extension options for the Site.

Viability Appraisal

8.2 A summary of the viability appraisal results for each refurbishment option tested is presented in Table 8.1 below. This reflects a present day analysis, based on current market conditions.

8.3 The full viability appraisals for each option are provided within **Appendix I – L.**

TABLE 8.1: REFURBISHMENT OPTIONS APPRAISAL | VIABILITY RESULTS SUMMARY

Opt	Desc.	Net Development Value (£)	Total Costs (£)	Outturn Developer's Return (£)	Outturn Developer's Return (% on Cost)	Target Developer's Return (%)	Viability Surplus/ Deficit (£)
1	**Do nothing**	-	-	-	-	-	-
2	**Office Refurbishment** (EPC B)	£61,815,021	£154,462,168	-£92,636,415	-59.97%	£23,169,325	-£115,805,740
3	**Office Refurbishment** (EPC A)	£109,942,245	£168,385,583	-£58,443,338	-34.71%	£25,257,837	-£83,701,175
4	**Office Refurbishment + Podium Extension** (EPC A)	£176,758,093	£195,000,851	-£18,242,758	-9.36%	£29,250,128	-£47,492,886
5	**Office Refurbishment + Podium Extension (Incl. Restaurant/Bar Use)** (EPC A)	£184,540,953	£198,895,403	-£14,354,450	-7.22%	£29,834,310	-£44,188,760

Source: CBRE

8.4 Table 8.1 demonstrates that no options are financially viable under current market conditions, are significantly loss-making, and would be considered undeliverable.

8.5 Options 4 and 5 represent the refurbishment options that demonstrate the smallest viability gap (i.e. shortfall) for the Site, with Option 5 generating the greatest value (NDV), albeit, attracting greater costs (in the form of additional fit-out incentives in order to attract a high quality occupant to the proposed upper-level restaurant/ bar).

8.6 Options 2 and 3 generate significant losses and reflect their anticipated lack of demand within a market where occupiers are targeting the very best in class workspace.

Scenario Testing

8.7 The delivery programme for the refurbishment works is forecast over a considerable timescale (i.e. 3 years) during which CBRE anticipates the office market conditions will improve from its current position.

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8.8 As outlined in Section 5, the office market is considered to be on the path to recovery following structural changes to working patterns and occupier requirements resulting from the COVID-19 pandemic and is expected to significantly progress over a further three to four years (i.e. the anticipated development period).

8.9 CBRE has therefore considered the prospects for the refurbishment of the Site when reflecting forecast revenue growth and cost inflation over the anticipated development programme.

8.10 Moreover, the Applicant views this as a long-term investment, thus evaluating returns on a long-term, grown basis is considered to be more representative of actual approach.

Revenue Growth

8.11 As detailed in the Section 5 of this report, prime rents with Manchester City Centre currently stand at £45-£48.00/ft and CBRE forecast these could grow to [redacted] by c. 2029. Moreover, continued and improving occupier demand is expected to outpace delivery of new space over the next 2-5 years and refurbished Grade A workspace, boasting best in class occupier amenity, is expected to capture demand at the top end of the market and drive rents forward for the best available workspace (even if not regarded as absolute new build).

8.12 Based upon this forecast, CBRE has uplifted the adopted office ERVs for all refurbishment options to reflect the anticipated increase in values over the next c. three to four years (equating to c. 20%).

8.13 The adopted office ERVs for the growth scenario(s) are presented overleaf in Table 8.2.

8.14 Additionally, and as referenced earlier in this this report, hypothetical prime Manchester yields presently stand at 6.50% and are forecast for a gradual recovery over the period to 2029, to c. 6.00% (subject to gilt rates and 5-year SONIA swaps reducing to 3.00 - 3.25% and financial markets remaining stable).

8.15 CBRE has therefore assumed net initial yields for the growth scenario appraisals are compressed by c. 50bps, with headline rates at 6.50%.

8.16 The revenue growth assumptions presented above are applied to the office use and supplementary retail/ leisure uses in the 'grown' scenario appraisals.

Construction Cost Inflation

8.17 G&T has provided forecasted cost inflation for Option 5 up to an anticipated midpoint in construction, e.g. Q1/Q2 2027, which equates to up to an additional [redacted] in costs. CBRE has adopted/ applied the same level of inflation in all tested refurbishment options to sufficiently reflect expected cost increases.

Grown Appraisals

8.18 A summary of the results of the 'grown' scenario appraisals (reflecting growth/ inflation over the anticipated development programme) is presented in Table 8.3 below.

8.19 The residual appraisal for each option is provided within **Appendices M – P.**

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TABLE 8.3: GROWN APPRAISALS | RESULTS SUMMARY

Opt	Desc.	Net Development Value (£)	Total Costs (£)	Outturn Developer's Return (£)	Outturn Developer's Return (% on Cost)	Target Developer's Return (%)	Viability Surplus/ Deficit (£)
2	**Office Refurbishment** (EPC B)	£79,513,535	£163,047,954	-£83,534,419	-51.23%	£24,457,193	-£107,991,612
3	**Office Refurbishment** (EPC A)	£145,422,855	£177,984,306	-£32,561,451	-18.29%	£26,697,646	-£59,259,097
4	**Office Refurbishment + Podium Extension** (EPC A)	£233,107,546	£206,399,369	£26,708,177	12.94%	£30,959,905	-£4,251,728
5	**Office Refurbishment + Podium Extension (Incl. Restaurant/Bar Use)** (EPC A)	£243,342,148	£210,546,434	£32,795,714	15.58%	£31,581,965	£1,213,749

Source: CBRE

8.20 The scenario test appraisals demonstrate a substantive improvement in closing the financial viability gap.

8.21 On a grown basis, only Options 4 and 5 become profit-generating. In addition, Option 5 exceeds the minimum risk-adjusted developer's return target of 15% on cost and is considered financially viable on this basis.

8.22 Refurbishment Options 2 and 3 remain substantially loss generating.

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TABLE 8.2: GROWN RENTS | OFFICE USE

			Option 2				Option 3				Option 4				Option 5			
Level	Building	Total NIA (ft²)	ERV (£/ft²)	Letting Strat.	Lease Length	RFP	ERV (£/ft²)	Letting Strat.	Lease Length	RFP	ERV (£/ft²)	Letting Strat.	Lease Length	RFP	ERV (£/ft²)	Letting Strat.	Lease Length	RFP
25	Tower	8,790																
24	Tower	8,934																
23	Tower	7,495																
22	Tower	7,452																
21	Tower	7,447																
20	Tower	7,417																
19	Tower	7,425																
18	Tower	7,424																
17	Tower	7,419																
16	Tower	7,402																
15	Tower	7,400																
14	Tower	7,402																
13	Tower	7,403																
12	Tower	7,405																
11	Tower	7,410																
10	Tower	7,406																
9	Tower	7,400																
8	Tower	7,402																
7	Podium Ext.	13,063																
7	Tower	7,324																
6	Podium Ext.	20,018																
6	Tower	7,373																
5	Podium Ext.	19,986																
5	Tower	7,354																
4	Podium	34,929																
3	Podium	34,914																
2	Podium	34,911																
1	Podium	28,708																

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9 Conclusions

9.1 CBRE has been instructed by the Applicant to objectively assess, and report upon, the financial viability of a series of prospective refurbishment and extension options for the CIS Tower, Miller Street, Manchester by way of a Viability Assessment.

9.2 It is understood that Applicant's intends to bring forward a proposal to upgrade the existing building to modern office requirements which necessitates refurbishment, redesign and podium extension to create a Grade A office asset with associated amenity spaces and complementary commercial uses.

9.3 The Site occupies an area of c. 0.61 hectares (1.51 acres) and comprises the Grade II Listed CIS ('Co-operative Insurance Society') Tower, which was built between 1959-62. The existing premises was designed as the headquarters of the Co-operative Insurance Society and comprises 25 floors (including a five level podium) and three basement levels together with an atrium and outdoor plaza. It remained in continuous use as an office building from its construction until 2020 and has been occupied up until the Co-operative Group relocated their HQ to 1 Angel Square, Manchester. The premises has remained unoccupied since 2020 and is presently considered unlettable, with EPC ratings ranging between D to E.

9.4 The refurbishment options considered for assessment follow a sequential approach (in terms of scale of proposed works/ intervention) and are sensitive to the listed status of the premises; the assessed options are summarised as follows:

- Option 1 Do nothing (i.e. Existing Use)
- Option 2 Refurbishment of existing premises to reach EPC B
- Option 3 Refurbishment of existing premises to modern office standards, to reach EPC A
- Option 4 Proposed Development (i.e. scheme to be submitted for planning approval)
- Option 5 Proposed Development (i.e. scheme to be submitted for planning approval) (including restaurant/bar on upper floors)

9.5 The purpose of this VA is to test the financial viability of the prospective refurbishment options for the Site to determine which represents the optimum viable use for the Site, being that which balances the necessary considerations of commercial feasibility, financial viability and minimization of harm to the significance of the asset. The VA will take into account the policy requirements set by Manchester City Council ('MCC' or 'the Council') as well as national planning policy and guidance.

9.6 The VA is limited to the consideration of options to refurbish (and extend) the existing buildings (with options for additional new-build floorspace) and so does not consider any options which would involve the significant demolition of the listed structures to enable the site's redevelopment.

9.7 As outlined in Section 5 of this report, the office market is considered to be on the path to recovery following structural changes to working patterns and occupier requirements resulting from the COVID-19 pandemic and is expected to significantly progress over a further three years (i.e. the anticipated construction period).

9.8 CBRE has therefore scenario tested the implications on the financial viability of the refurbishment options has assessed the financial viability of the Proposed Development both under current market conditions,

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and factoring in revenue growth and cost inflation over an anticipated three to four year development period.

9.9 The results of the 'grown' scenario appraisals (reflecting growth/ inflation over the anticipated development programme) are presented in Table 8.3 (above) and are duplicated below in Table 9.1 for ease of reference.

TABLE 9.1: GROWN APPRAISALS | RESULTS SUMMARY

Opt	Desc.	Net Development Value (£)	Total Costs (£)	Outturn Developer's Return (£)	Outturn Developer's Return (% on Cost)	Target Developer's Return (%)	Viability Surplus/ Deficit (£)
2	**Office Refurbishment** (EPC B)	£79,513,535	£163,047,954	-£83,534,419	-51.23%	£24,457,193	-£107,991,612
3	**Office Refurbishment** (EPC A)	£145,422,855	£177,984,306	-£32,561,451	-18.29%	£26,697,646	-£59,259,097
4	**Office Refurbishment + Podium Extension** (EPC A)	£233,107,546	£206,399,369	£26,708,177	12.94%	£30,959,905	-£4,251,728
5	**Office Refurbishment + Podium Extension (Incl. Restaurant/Bar Use)** (EPC A)	£243,342,148	£210,546,434	£32,795,714	15.58%	£31,581,965	£1,213,749

Source: CBRE

9.10 On a grown basis, only Options 4 and 5 become profit-generating. In addition, Option 5 exceeds the minimum risk-adjusted developer's return target of 15% on cost and is considered financially viable on this basis.

9.11 Refurbishment Options 2 and 3 remain substantially loss generating.

9.12 Under current market conditions, the results of the viability appraisals for the assessed refurbishment and extension options (see Table 8.1) demonstrate that all options are financially unviable and significantly loss-making and would be considered undeliverable.

9.13 Options 4 and 5 represent the refurbishment options that demonstrate the smallest viability gap (i.e. shortfall) for the Site, with Option 5 generating the greatest value (NDV), albeit, attracting greater costs (in the form of additional fit-out incentives in order to attract a high quality occupant to the proposed upper-level restaurant/ bar).

9.14 Options 2 and 3 generate very significant losses and reflect their anticipated lack of demand within a market where occupiers are targeting the very best in class workspace.

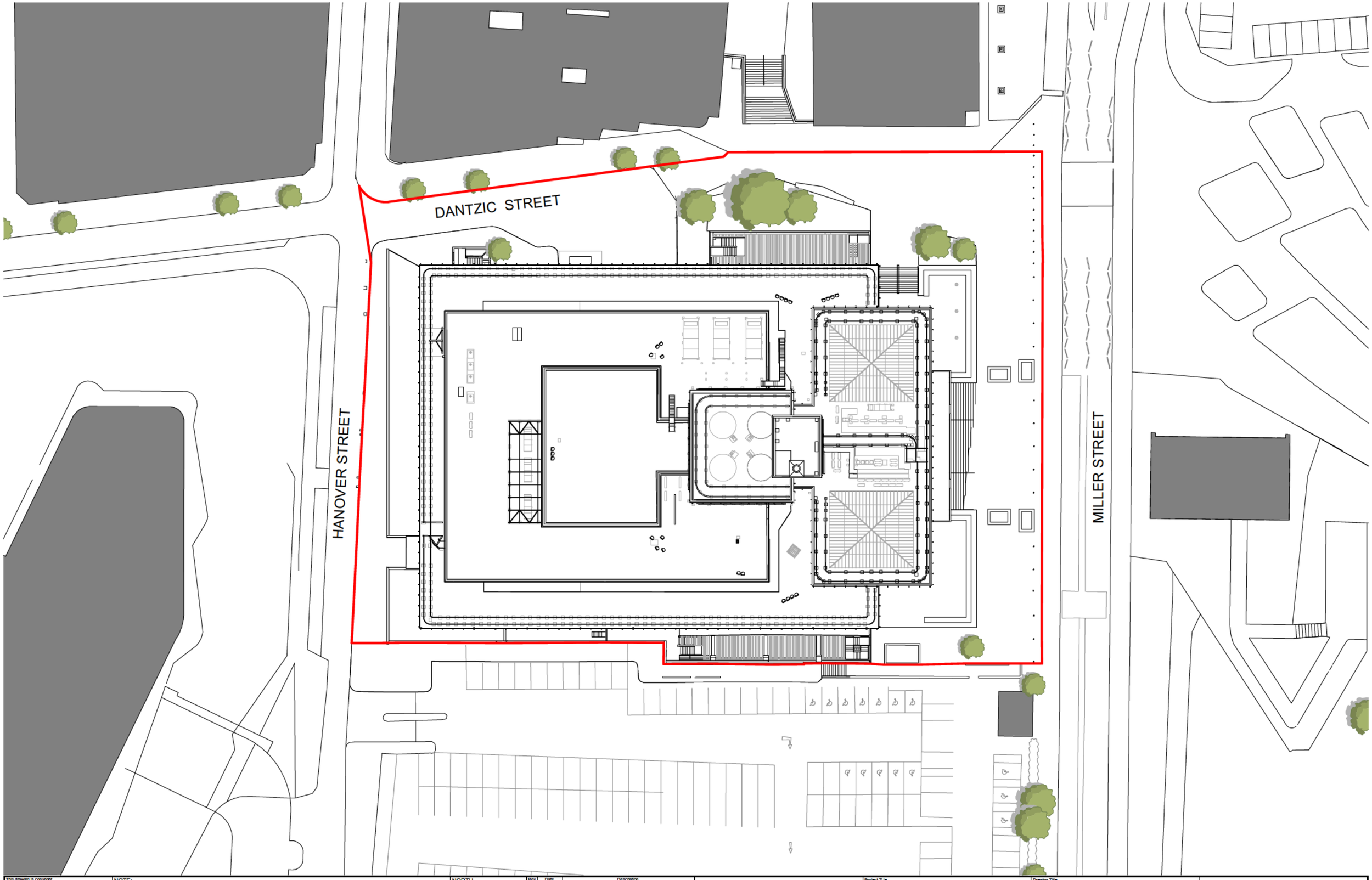
9.15 Although all tested refurbishment options are, at the present day, considered to be financially unviable, It is CBRE's conclusion that Option 5 would represent the Site's optimum viable use, i.e. it represents the minimum scale of intervention necessary (e.g. harm to the asset) whilst securing the greatest opportunity to achieve an economically viable scheme for the Site in the current market and in the foreseeable future.

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Appendices

A Site Location Plan

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This drawing is copyright
Do not scale off dimensions.
All dimensions to be checked on site by contractor.
Contractor to report any dimensional discrepancies, errors or omissions prior to commencing on site.

SimpsonHaugh drawings have been created from a Hollis 3-dimensional model. Where Hollis survey information was unavailable or required fur her detail, drawings have been supplemented through additional information such as Plowman Craven 2-dimensional measured survey drawings, historic records, historic publications and site measurements/observations. All details and dimensions to be verified through further intrusive and measured surveys.

NOTE:

DRAFT 2025-03-17

NORTH

Rev	Date	Description
P01	2025-03-28	Planning Submission

Project Title
Project Sam
Miller Street, Manchester
M60 0AL

Drawing Title
Existing Site Plan
Roof Level

Project No
10518

Scale
1:500 @ A3

Status
PLANNING

SHP Drawing Code
10518-SHA-Z0-A-B5D8-G100-XP-RF-002

Revision
P01

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B Area Schedule

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10518 CIS Project Sam
Manchester

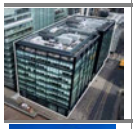
10518-SHA-Z1-A-F900-SC-XX-001
Accommodation Schedule
2025-03-14 P04

Level	Total GEA		Total GIA		Office GIA		Other GIA		Total NIA		Office NIA		Office Amenity NIA		Office BOH NIA		Office Circulation NIA		Office WC NIA		Leisure NIA		Retail NIA		Function NIA		Restaurant NIA		Other NIA		Plant NIA		Workplace density (people : sqm)	Workplace population	Effective density (people : sqm)	Effective population	Office NIA : GIA
	sqm	sqft	sqm	sqft	sqm	sqft	sqm	sqft	sqm	sqft	sqm	sqft	sqm	sqft	sqm	sqft	sqm	sqft	sqm	sqft	sqm	sqft	sqm	sqft	sqm	sqft	sqm	sqft	sqm	sqft					
30	65	704	7	80	0	0	7	80	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
29	43	463	34	367	0	0	34	367	5	54	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	54					
28	279	3000	239	2576	0	0	239	2,576	222	2394	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	222	2394					
27	275	2957	234	2515	0	0	234	2,515	197	2122	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	197	2122					
26	220	2368	180	1939	0	0	180	1,939	130	1404	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	130	1404					
25	1,042	11,216	988	10,639	0	0	988	10,639	885	9,520	0	0	0	0	0	0	0	0	0	0	0	0	0	0	817	8,790	0	0	68	730	N/ A	N/A	N/ A	N/A	
24	1,042	11,216	987	10,625	0	0	987	10,625	830	8,934	0	0	0	0	0	0	0	0	0	0	0	0	0	0	830	8,934	0	0	0	0	N/ A	N/A	N/ A	N/A	
23	1,042	11,216	987	10,625	987	10,625	0	0	827	8,905	696	7,495	0	0	38	414	54	577	39	419	0	0	0	0	0	0	0	0	0	0	1: 10	70	1: 12.5	56	71%
22	1,042	11,216	987	10,626	987	10,626	0	0	803	8,645	692	7,452	0	0	12	125	61	655	38	413	0	0	0	0	0	0	0	0	0	0	1: 10	70	1: 12.5	56	70%
21	1,042	11,216	987	10,628	987	10,628	0	0	804	8,647	692	7,447	0	0	12	127	61	658	39	415	0	0	0	0	0	0	0	0	0	0	1: 10	70	1: 12.5	56	70%
20	1,042	11,216	986	10,611	986	10,611	0	0	802	8,624	689	7,417	0	0	12	128	62	664	39	415	0	0	0	0	0	0	0	0	0	0	1: 10	69	1: 12.5	56	70%
19	1,042	11,216	984	10,594	984	10,594	0	0	800	8,603	690	7,425	0	0	12	127	60	646	38	405	0	0	0	0	0	0	0	0	0	0	1: 10	69	1: 12.5	56	70%
18	1,042	11,216	985	10,599	985	10,599	0	0	799	8,596	690	7,424	0	0	12	126	60	645	37	401	0	0	0	0	0	0	0	0	0	0	1: 10	69	1: 12.5	56	70%
17	1,042	11,216	985	10,597	985	10,597	0	0	797	8,578	689	7,419	0	0	12	125	59	635	37	399	0	0	0	0	0	0	0	0	0	0	1: 10	69	1: 12.5	56	70%
16	1,042	11,216	984	10,591	984	10,591	0	0	797	8,574	688	7,402	0	0	12	126	60	643	37	403	0	0	0	0	0	0	0	0	0	0	1: 10	69	1: 12.5	56	70%
15	1,042	11,216	985	10,601	985	10,601	0	0	796	8,556	688	7,400	0	0	12	125	59	634	37	397	0	0	0	0	0	0	0	0	0	0	1: 10	69	1: 12.5	56	70%
14	1,042	11,216	984	10,593	984	10,593	0	0	797	8,563	688	7,402	0	0	12	126	59	631	38	404	0	0	0	0	0	0	0	0	0	0	1: 10	69	1: 12.5	56	70%
13	1,042	11,216	982	10,576	982	10,576	0	0	795	8,550	688	7,403	0	0	12	129	59	636	36	382	0	0	0	0	0	0	0	0	0	0	1: 10	69	1: 12.5	56	70%
12	1,042	11,216	982	10,569	982	10,569	0	0	796	8,560	688	7,405	0	0	12	126	60	647	36	382	0	0	0	0	0	0	0	0	0	0	1: 10	69	1: 12.5	56	70%
11	1,042	11,216	982	10,569	982	10,569	0	0	796	8,572	688	7,410	0	0	12	125	60	649	36	388	0	0	0	0	0	0	0	0	0	0	1: 10	69	1: 12.5	56	70%
10	1,042	11,216	982	10,571	982	10,571	0	0	796	8,559	688	7,406	0	0	12	127	60	643	36	383	0	0	0	0	0	0	0	0	0	0	1: 10	69	1: 12.5	56	70%
09	1,042	11,216	982	10,567	982	10,567	0	0	795	8,567	687	7,400	0	0	12	127	59	640	37	400	0	0	0	0	0	0	0	0	0	0	1: 10	69	1: 12.5	55	70%
08	1,137	12,237	1,078	11,606	1,078	11,606	0	0	872	9,380	688	7,402	0	0	8	83	68	735	35	374	0	0	0	0	0	0	0	0	0	0	1: 10	69	1: 12.5	56	64%
07 (Podium)	0	0	0	0	0	0	0	0	1,491	16,049	0	0	1,214	13,063	0	0	216	2,326	61	660	0	0	0	0	0	0	0	0	0	0	1: 8	0	1: 10	0	
07 (Tower)	0	0	0	0	0	0	0	0	788	8,498	680	7,324	0	0	6	70	68	737	34	367	0	0	0	0	0	0	0	0	0	0	1: 10	68	1: 12.5	55	
07 (Combined)	2,677	28,810	2,628	28,286	2,628	28,286	0	0	2,279	24,547	680	7,324	1,214	13,063	6	70	284	3,063	95	1,027	0	0	0	0	0	0	0	0	0	0	N/ A	68	N/ A	55	26%
06 (Podium)	0	0	0	0	0	0	0	0	2,049	22,052	1,860	20,018	0	0	15	159	96	1,037	78	838	0	0	0	0	0	0	0	0	0	0	1: 8	233	1: 10	186	
06 (Tower)	0	0	0	0	0	0	0	0	794	8,541	685	7,373	0	0	7	76	68	727	34	365	0	0	0	0	0	0	0	0	0	0	1: 10	69	1: 12.5	55	
06 (Combined)	3,323	35,766	3,263	35,119	3,263	35,119	0	0	2,843	30,593	2,545	27,391	0	0	22	235	164	1,764	112	1,203	0	0	0	0	0	0	0	0	0	0	N/ A	302	N/ A	241	78%
05 (Podium)	0	0	0	0	0	0	0	0	2,059	22,158	1,857	19,986	0	0	0	0	97	1,041	73	789	0	0	0	0	0	0	0	0	32	342	1: 8	233	1: 10	186	
05 (Tower)	0	0	0	0	0	0	0	0	817	8,787	683	7,354	0	0	30	318	69	739	35	376	0	0	0	0	0	0	0	0	0	0	1: 10	69	1: 12.5	55	
05 (Combined)	3,350	36,056	3,295	35,462	3,295	35,462	0	0	2,876	30,945	2,540	27,340	0	0	30	318	166	1,780	108	1,165	0	0	0	0	0	0	0	0	32	342	N/ A	302	N/ A	241	77%
04	4,039	43,477	3,989	42,941	3,989	42,941	0	0	3,545	38,149	3,245	34,929	0	0	18	192	175	1,880	107	1,148	0	0	0	0	0	0	0	0	0	0	1: 8	406	1: 10	325	81%
03	4,039	43,477	3,989	42,941	3,989	42,941	0	0	3,538	38,080	3,244	34,914	0	0	18	193	169	1,824	107	1,149	0	0	0	0	0	0	0	0	0	0	1: 8	406	1: 10	325	81%
02	4,039	43,477	3,989	42,942	3,989	42,942	0	0	3,536	38,063	3,243	34,911	0	0	15	158	171	1,844	107	1,150	0	0	0	0	0	0	0	0	0	0	1: 8	406	1: 10	325	81%
01	3,529	37,981	3,401	36,610	3,401	36,610	0	0	2,957	31,828	2,667	28,708	0	0	13	136	175	1,888	102	1,096	0	0	0	0	0	0	0	0	0	0	1: 8	334	1: 10	267	78%
M0	945	10,177	862	9,278	862	9,278	0	0	511	5,507	0	0	0	0	319	3,438	103	1,107	0	0	0	0	0	0	0	0	0	0	89	962	N/ A	N/A	N/ A	N/A	
00	3,787	40,763	3,695	39,777	2,376	25,576	1,319	14,201	3,215	34,606	0	0	1,530	16,471	165	1,776	281	3,025	9	95	138	1,486	902	9,706	0	0	86	929	0	0	104	1,118	N/ A	N/A	N/ A	N/A	
B1U	474	5,104	431	4,635	0	0	431	4,635	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
B1	5,026	54,103	4,930	53,065	845	9,099	4,085	43,966	4,330	46,611	0	0	0	0	69	741	442	4,755	0	0	3,329	35,837	0	0	490	5,278	0	0	0	0	0	0					
B1L	5,112	55,028	2,315	24,917	2,167	23,320	148	1,597	1,924	20,708	0	0	1,649	17,752	74	794	201	2,162	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
B2	3,058	32,913	2,924	31,471	0	0	2,924	31,471	2,150	23,146	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,150	23,146	0	0					
B3	2,214	23,835	2,176	23,418	0	0	2,176	23,418	1,891	20,355	0	0	0	0	82	881	97	1,041	0	0	0	0	0	0	0	0	0	0	0	0	1,712	18,433					
Totals	65345	703368	60,398	650,126	46,646	502,097	13,752	148,029	50,736	546,045	29,193	314,226	4,393	47,286	1,045	11,198	3,389	36,471	1,342	14,413	3,467	37,323	902	9,706	490	5,278	1,733	18,653	2,150	23,146	2,632	28,345		3,331		2,674	

NOTES
1. Schedule to be read in conjunction with relevant drawings
2. All areas are approximate and subject to change as proposals are developed and co-ordinated with other consultants
3. Drawings show indicative layouts appropriate to the current stage of the project
4. The architect accepts no responsibility for any resulting implications or decisions, commercial or otherwise, made on the basis of this information
5. Areas based on fills shown in area drawings
6. Method of measurement based on RICS Code of Measuring Practice and notes 7-14, below. Areas to be validated by quantity surveyor/another
7. GIA split between uses to be validated by quantity surveyor/another
8. Rooftop external plant areas are excluded from the GIA
9. Level 08 internal plant areas attributed to Office GIA and to be reviewed as scheme develops
10. All other plant areas, includings Levels 26-30, are attributed as per schedule and drawings. To be developed once servicing strategy and design is defined in greater detail.
11. Areas will vary/develop depending on final façade replacement or refurbishment strategy
12. Areas measured in units stated ie areas have not been converted. Areas rounded to 0 decimal places.
13. 2025 measurements differ to those provided in 2020 on that basis of measurement agreed with quantity surveyor
14. This schedule supersedes '10518-SHA-Z1-A-F900-SC-XX-301' produced during RIBA Stage 1
15. All populations rounding up

C Prime Regional Office Investment Transactions

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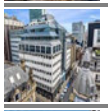
Property	Date of Completion	Town	Address	Purchase Price	NIY	Cap Val (per sq ft)	Area (sq ft)	Tenancy Details	AWULT (years)	Passing Rent pa (per sq ft)	Vendor	Vendor's Agent
	Under Offer	Edinburgh	Capital Square	**£75,000,000**	**5.85%**	£610	123,030	Multi Let	10.00	£4,685,236 (£38.08)	-	-
	Under Offer	Manchester	101 Embankment , Cathedral Approach	**£80,000,000**	**8.45% | (Quoting)**	-	170,653	Multi-let with c.20% vacancy via rent guarantee. Includes a long income Q-Car Park.	10.20	£6,896,434 (£30.98)	M&G	CBRE
	Dec-2024	Bristol	EQ 111 Victoria Street	**£103,000,000**	**7.25%**	£530	194,426	Multi Let	8.90	£7,866,919 (£40.46)	CEG	JLL
	Oct-2024	Glasgow	122 Waterloo Street, Waterloo Street	**£50,200,000**	**8.28%**	£348	156,980	Let in its entirety via separate leases for each individual floor (11 leases over Basement - 8th floor) on identical and Full Repairing and Insuring terms to Morgan Stanley UK Ltd, guaranteed by Morgan Stanley UK Group. Review clause is on a 5-yearly basis to Open Market Rental Value with one remaining review 12th January 2028.	8.75	£4,782,890 (£29.75)	Knight Frank IM	Knight Frank/ Cushman & Wakefield
	Oct-2024	Leeds	Central Square, Wellington Street	**£78,000,000**	**8.00%**	£339	230,385	Multi Let 97% tenanted - 3 units vacant Wault to expiry of 7.8 years and 5.6 years to break. Highly reversionary rents.	5.60	£6,661,149 (£28.41)	M&G	Savills
	Jul-2024	Edinburgh	The Mint Building , St Andrew Square	**£42,000,000**	**5.85%**	£596	70,467	Tenants include FNZ (UK) Limited with EPC Rating A (7), Nationwide Building Society with EPC Rating A (6), Franco Manca 2 UK Limited with EPC Rating B (26), Permanently Unique Group Limited (t/a Tattu) with EPC Rating B (30).10.2 years to nearest tenant break options, with 96% of contracted rent secure for over 10 years.	11.70	£2,623,616 (£34.51)	Hines	Lismore
	Apr-2024	Glasgow	1 West Regent Street	**£45,600,000**	**8.60%**	£317	143,447	Office and retail multi-let.	4.60	£4,245,269 (£29.00)	M&G	Savills
	Feb-2024	Bristol	Halo	**£69,750,000**	**5.77%**	£601	116,024	Osbourne Clarke, Deloitte, National Highways, Knight Frank	10.56	£4,322,316 (£37.25)	Tesco Pension Fund	Savills

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Purchaser	Purchaser's Agent	Note
-	-	EY of c.6.50% in 2026
-	-	Under offer c.8.60% / £75m / £325psf
Melford Capital	Lewis & Partners	Negatively impacted by large lot size & Bristol location - considered inferior to Manchester / Edinburgh
IROKO Zen	BNP Paribas	
Ashtrom	CBRE	
Pontegadea UK Ltd	Savills	
CORUM	-	
CBRE IM	Knight Frank	

D Manchester Office Investment Transactions

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Property	Date of Completion	Town	Address	Purchase Price	NIY	Cap Val (per sq ft)	Area (sq ft)	Tenancy Details	AWULT (years)	Passing Rent pa (per sq ft)	Vendor	Vendor's Agent	Purchaser	Purchaser's Agent
	Available	Manchester	Bauhaus, Quay Street	**£15,500,000**	**9.32% | (Quoting)**	£308	50,272	Multi-let office to 5 tenants with a headline rent of £1,541,308pa / £30.64psf. Ground, 1st and 2nd floors let to Co-worker. Other tenants include: Connex One, Praetura Ventures. 2 vacant suites (topped up). £2m cladding capex required.	2.30	£1,541,308 (£30.64)	Orchard Street/ St James's Place PF	Savills	-	-
	Under Offer	Manchester	11 Portland Street	**£35,000,000**	**10.00% | (Quoting)**	-	159,488	WAULT: 4.92 to expiry / 4.23 to break 99% occupancy (1,276 sq ft suite vacant)	4.23	£3,725,474 (£23.21)	Aviva	CBRE	-	-
	Jan-2025	Manchester	4 Hardman Street	**£13,000,000**	**9.41%**	£257	50,674	WAULT c.3 years 25% vacancy 5,500 sq ft floorplates	3.00	£1,430,877 (£33.10)	Lothbury	Savills	Kamani Property Group	Direct
	Dec-2024	Manchester	Citygate, Mosley Street	**£14,100,000**	**8.15%**	£296	47,679	Multi-let passing off £1,226,529pa (topped up). 1 vacant suite. 6,760 sq ft of retail space let to Barclays Bank. Key tenant: Secretary of State.	5.00	£1,226,529 (£25.75)	Federated Hermes	Savills	XLB/ Investec	CBRE
	Oct-2024	Manchester	55 Spring Gardens	**£13,270,000**	**11.70%**	£239	55,385	Multi Let	2.76	£1,636,490 (£28.86)	Aviva	Knight Frank	Tri7/ Pears Property	-
	Sep-2024	Manchester	82 King Street	**£23,000,000**	**9.38%**	£281	81,806	Multi Let	-	£2,302,967 (£26.39)	Columbia Threadneedle	Metis Real Estate	Priory RE Ltd	-

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Note
c.£2m of cladding capex required - resulting in a CoC yield of c.8.25% on the quote
Multiple bids in and around quote
Sold ahead of quote - cladding capex required
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-
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E G&T Cost Estimate | Option 2

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ELEMENTAL BREAKDOWN - SCENARIO 2

- No podium extension
- No business lounge, roof terrace or winter garden as a result of the above
- No ground floor entrance extension or structural alterations for double height space
- New façade still allowed on the basis that this is the same/similar cost to a refurbished façade
- Goods lift still extended up to L25
- EPC B
- Assumes new lift core with 4nr new lifts and staircase would still be required
- Prelims the same as proposed development, assume same programme length based on façade works being the critical path
- Function space to B1 shell only
- Breakouts for stairs to tenant units omitted
- All works to basement floors omitted except anything required for structural integrity of building
- New façade to Dantzic St and Hanover St elevations omitted (ie. frontage to retail units in proposed development)
- Lower finishes and fit-out spec generally
- 3-year programme assumed

Approx. GIA (m^2): 55,360
Approx. GIA (ft^2): 595,890

ROUNDED ELEMENTAL BREAKDOWN	TOTAL (£)	£/m² GIA	£/ft² GIA	%
0 FACILITATING WORKS	[redacted]			
1 SUBSTRUCTURE				
2 SUPERSTRUCTURE				
2.1 Frame				
2.2 Upper Floors				
2.3 Roof				
2.4 Stairs & Ramps				
2.5 External Walls				
2.6 Windows & External Doors				
2.7 Internal Walls & Partitions				
2.8 Internal Doors				
3 FINISHES				
3.1 Wall Finishes				
3.2 Floor Finishes				
3.3 Ceiling Finishes				
4 FITTINGS, FURNISHINGS & EQUIPMENT				
5 SERVICES				
5.1 Mechanical, Electrical & Public Health				
5.2 Lifts & Conveyor Installations				
6 EXTERNAL WORKS				
NETT CONSTRUCTION COST				
7 MAIN CONTRACTOR PRELIMINARIES				
8 MAIN CONTRACTOR OVERHEADS & PROFIT 5%				
9 DESIGN & CONSTRUCTION RISK 5%				
CONSTRUCTION WORKS TOTAL EXCLUDING INFLATION				

F G&T Cost Estimate | Option 3

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ELEMENTAL BREAKDOWN - SCENARIO 3

- No podium extension
- No business lounge, roof terrace or winter garden as a result of the above
- No ground floor entrance extension or structural alterations for double height space
- New façade still allowed on the basis that this is the same/similar cost to a refurbished façade
- Goods lift still extended up to L25
- EPC A
- Assumes new lift core with 4nr new lifts and staircase would still be required
- Prelims the same as proposed development, assume same programme length based on façade works being the critical path
- Function space to B1 still included and fully fitted out
- 3-year programme assumed

Approx. GIA (m^2): 55,360
Approx. GIA (ft^2): 595,890

ROUNDED ELEMENTAL BREAKDOWN		TOTAL (£)	£/m² GIA	£/ft² GIA	%
0	FACILITATING WORKS	[redacted]			
1	SUBSTRUCTURE				
2	SUPERSTRUCTURE				
2.1	Frame				
2.2	Upper Floors				
2.3	Roof				
2.4	Stairs & Ramps				
2.5	External Walls				
2.6	Windows & External Doors				
2.7	Internal Walls & Partitions				
2.8	Internal Doors				
3	FINISHES				
3.1	Wall Finishes				
3.2	Floor Finishes				
3.3	Ceiling Finishes				
4	FITTINGS, FURNISHINGS & EQUIPMENT				
5	SERVICES				
5.1	Mechanical, Electrical & Public Health				
5.2	Lifts & Conveyor Installations				
6	EXTERNAL WORKS				
	NETT CONSTRUCTION COST				
7	MAIN CONTRACTOR PRELIMINARIES				
8	MAIN CONTRACTOR OVERHEADS & PROFIT				5%
9	DESIGN & CONSTRUCTION RISK				5%
	CONSTRUCTION WORKS TOTAL EXCLUDING INFLATION				

G G&T Cost Estimate | Option 4

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ELEMENTAL BREAKDOWN - SCENARIO 4

- Proposed development without restaurant/bar to L24 & L25 (L24 & L25 to be shell and core office space)
- Goods lift still extended up to L25
- Assume programme length the same as Scenario 3B ie. prelims allowance the same
- 3-year programme assumed

GIA (m^2): 60,399
GIA (ft^2): 650,129

ROUNDED ELEMENTAL BREAKDOWN		TOTAL (£)	£/m^2 GIA	£/ft^2 GIA	%
0	FACILITATING WORKS	[redacted]			
1	SUBSTRUCTURE				
2	SUPERSTRUCTURE				
2.1	Frame				
2.2	Upper Floors				
2.3	Roof				
2.4	Stairs & Ramps				
2.5	External Walls				
2.6	Windows & External Doors				
2.7	Internal Walls & Partitions				
2.8	Internal Doors				
3	FINISHES				
3.1	Wall Finishes				
3.2	Floor Finishes				
3.3	Ceiling Finishes				
4	FITTINGS, FURNISHINGS & EQUIPMENT				
5	SERVICES				
5.1	Mechanical, Electrical & Public Health				
5.2	Lifts & Conveyor Installations				
6	EXTERNAL WORKS				
	NETT CONSTRUCTION COST				
7	MAIN CONTRACTOR PRELIMINARIES				
8	MAIN CONTRACTOR OVERHEADS & PROFIT	5%			
9	DESIGN & CONSTRUCTION RISK	5%			
	CONSTRUCTION WORKS TOTAL EXCLUDING INFLATION				

H G&T Cost Estimate | Option 5

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ELEMENTAL BREAKDOWN - SCENARIO 5

- Proposed development
- 3-year programme assumed

GIA (m^2): 60,399
GIA (ft^2): 650,129

ROUNDED ELEMENTAL BREAKDOWN		TOTAL (£)	£/m² GIA	£/ft² GIA	%
0	FACILITATING WORKS	[redacted]			
1	SUBSTRUCTURE				
2	SUPERSTRUCTURE				
2.1	Frame				
2.2	Upper Floors				
2.3	Roof				
2.4	Stairs & Ramps				
2.5	External Walls				
2.6	Windows & External Doors				
2.7	Internal Walls & Partitions				
2.8	Internal Doors				
3	FINISHES				
3.1	Wall Finishes				
3.2	Floor Finishes				
3.3	Ceiling Finishes				
4	FITTINGS, FURNISHINGS & EQUIPMENT				
5	SERVICES				
5.1	Mechanical, Electrical & Public Health				
5.2	Lifts & Conveyor Installations				
6	EXTERNAL WORKS				
	NETT CONSTRUCTION COST				
7	MAIN CONTRACTOR PRELIMINARIES				
8	MAIN CONTRACTOR OVERHEADS & PROFIT				5%
9	DESIGN & CONSTRUCTION RISK				5%
	CONSTRUCTION WORKS TOTAL EXCLUDING INFLATION				
10	INFLATION PROVISION TO CONSTRUCTION MID-POINT (2Q27 based on 4Q25 SoS)	[redacted]			