

central exchange

20
Waterloo Street
Glasgow
G2 6DB

Prime
Multi Let
Office
Investment



Executive Summary

- Prime office asset in a key UK city.
- Landmark corner building within prime CBD location.
- 1 min walk from Central Station, Scotland's busiest train station with 33 Million passengers annually.
- Heritable Title (Freehold).
- 9 storey office totalling 96,457 sq ft with 33 car spaces.
- Grade A building with flexible open plan 10,000 - 13,500 sq ft floor plates.
- AWULT of 11 years to expiry and over 6 years to breaks.
- Fully let to corporate line up of Hymans Robertson, Ashurst, Associated Newspapers and Aberdeen Considine.
- 100% rent collection in 2020.
- Recently completed improvements including new reception entrance and staff amenity blocks.
- Income £2,580,764 pa exclusive on FRI lease basis.
- Strong Glasgow office market dynamic of very limited supply, recent rental growth and significant occupier inward investment.
- Excellent rental growth prospects considering low average of £25.83 psf, notably below the city headline tone of £34.00 psf.
- £44m, attractive NIY of 5.5%.
- £456 psf Capital Value.

Glasgow

Glasgow has a history and heritage to match most but in recent years the city has gone through a transformational period of growth. This was triggered in no small part by the 2014 Commonwealth Games and associated City Deal Funding and is now matching many of its European rivals as a true cultural, sporting and academic city.

Glasgow is Scotland's largest city with a direct population of circa 610,000 people although the Greater Glasgow conurbation has approximately 2.3 Million accounting for more than 40% of Scotland's entire population, making it one of the largest urban areas in the UK. Glasgow is Scotland's largest centre of employment and economic activity, generating approximately £19bn in Gross Value Added (GVA) each year.



Banking giants Barclays and JP Morgan have both committed to significant campus style sites in the city, resulting in Glasgow delivering the largest regional office deal for two consecutive years. The City's IFSD is now one of the largest financial districts in the UK and in addition to the names above, has been successful in attracting an impressive line-up of occupiers such as AXA, NFU Mutual, RBS, Lloyds Banking Group and Morgan Stanley.

With Glasgow's cost of living quoted as 20% lower than south east, the shift north is very much considered to be a viable option for big corporates. Not only that, a key driver in attracting these hubs is that Glasgow has strong student population. There are over 185,000 students in the city within 8 higher education establishments including the flagship institutions of The Glasgow School of Art, Royal Conservatoire and The University of Glasgow, all recognised globally.



Location

Road

Glasgow city centre has immediate access to Scotland's motorway network. The M8 motorway connects the CBD with the international airport to the west and Edinburgh to the east. Thereafter the network of M74 and M80 and M77 provide the national coverage and direct motorway connection to the M6 south.

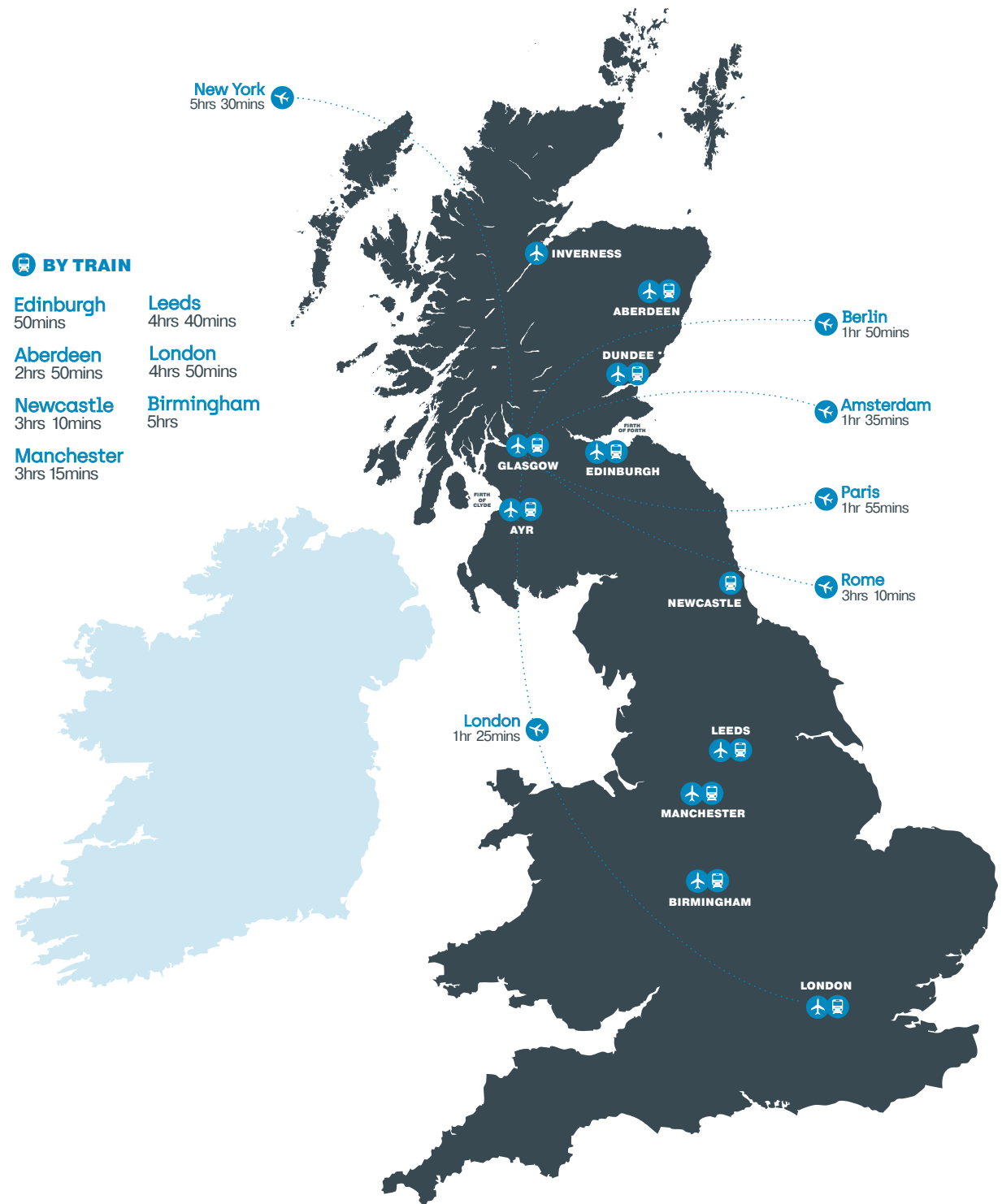
Buchanan Bus Station is Glasgow's main bus terminus for local and national bus services. There are a number of operators running over 170 daily services across 100+ routes in and out of Glasgow to various surrounding locations. There are frequent bus services to and from Glasgow Airport, taking only 15 minutes. Wellington Street is one of the city's main arterial bus routes out of the city centre including the express airport service.

Rail

Glasgow has the UK's largest suburban rail network outside London, benefiting from two main city centre train stations. Glasgow Central, Scotland's busiest station, has connections to all major English cities and London can be reached in 4 hours and 45 mins. Glasgow Queen Street Station connects Glasgow to the east and north of Scotland, with destinations including Edinburgh, Perth, Dundee, Aberdeen and Inverness. Queen Street Station is undergoing a multi-million pound redevelopment and expansion scheduled for completion by the end of 2020.

Air

Glasgow International Airport is just 15 minutes from the city centre with two further international airports within a 1 hour drive - Edinburgh and Glasgow Prestwick. Glasgow Airport hosts approximately 200 flights daily and is home to 30 airlines which fly to 120 destinations worldwide. London is within a one hour flight time of Glasgow making it easily commutable.



Situation

Central Station 1 minute walk
 Buchanan Street Retail 3 minutes' walk
 Queen Street Station 7 minutes' walk
 M8 1 minute drive

Central Exchange is an imposing landmark at the junction of Waterloo Street and Wellington Street, a core CBD office location. As such it benefits from all of the amenities the city has to offer including unrivalled train links, motorway access and the number one retail destination outside London.



Description

The 9 storey building provides Grade A office accommodation extending over basement, ground and 7 upper floors totalling 96,457 sq ft.

Following the recent amenity improvements, the building now benefits from 33 secure car spaces and bike storage along with modern shower, locker and changing facilities on basement level.



The main floor plates offer flexibility of between 10,000 to 13,200 sq ft around a central core with WC and shower facilities on each floor. The specification includes:

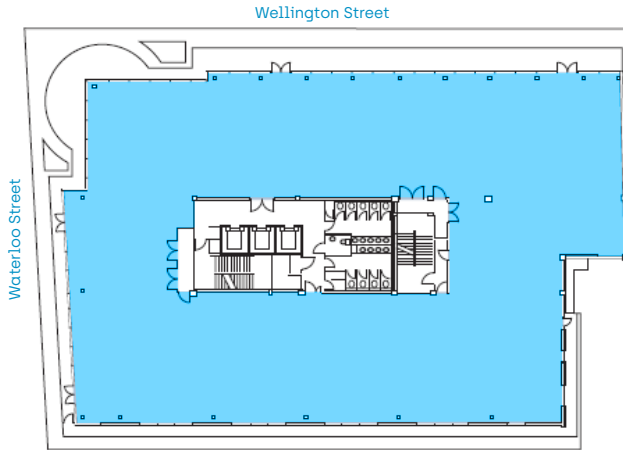
- Feature corner entrance.
- Open-plan column free floor plates.
- Double height reception, fully refurbished in 2019.
- Full access control system.
- 4 pipe fan coil air-conditioning.
- Fully accessible raised floors (150mm void).
- Three 10 person high-speed passenger lifts.
- 33 secure basement car parking spaces including electric charging points.
- Separate male, female and accessible toilets and private shower facilities on each floor.
- New amenity showers and changing facilities / lockers installed in basement space in 2019.

Accommodation

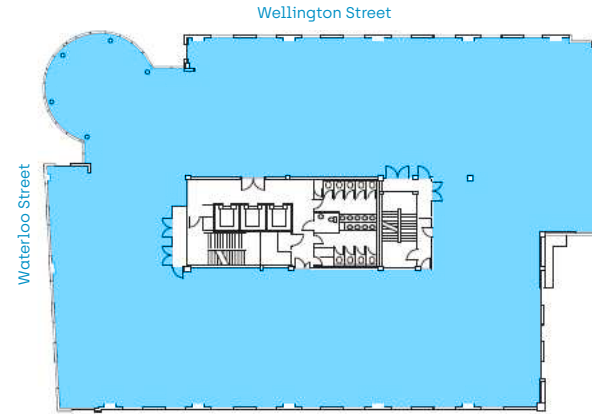
The building has been measured in accordance with the RICS Code of Measuring Practice and extends to approximate Net Internal Area (NIA) of 96,457 sq ft.

Floor	Sq Ft	Sq M
7th	11,566	1,075
6th	11,773	1,094
5th	13,310	1,237
4th	13,292	1,235
3rd	13,289	1,235
2nd	13,231	1,230
1st	10,528	979
Ground Wellington St	4,911	457
Ground Waterloo St	4,557	424
Total	96,457	8,962

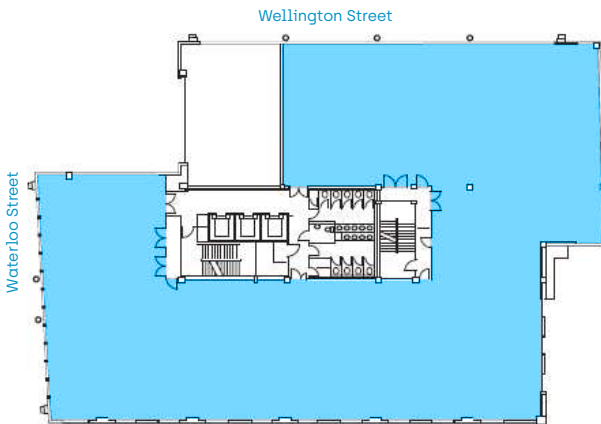
Seventh Floor



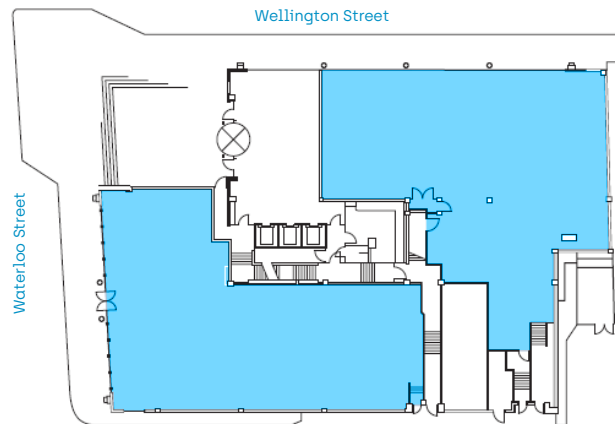
Typical Upper Floor



First Floor



Ground Floor



Tenancy Profile

Floor	Tenant	Start Date	Expiry Date	Next review	Breaks	Area (sq ft)	Cars	Rent pa	Rate (psf)	Comments
7	Hymans Robertson LLP	23-Nov-18	27-Nov-33	02-Feb-25	28-Nov-28	11,566	6	£340,348	£28.00	Tenant rent free until 2 Feb 2021, topped up by Vendor
6	Ashurst Commercial Services Ltd	03-Feb-20	20-Oct-30	03-Feb-25	21-Oct-25	11,773	1	£326,508	£27.50	S/C capped at £8.50 psf excluding all utilities, with annual RPI uplift
5	Ashurst Commercial Services Ltd	03-Feb-20	20-Oct-30	03-Feb-25	21-Oct-25	13,310	1	£368,775	£27.50	S/C capped at £8.50 psf excluding all utilities, with annual RPI uplift
4	Ashurst Commercial Services Ltd	21-Oct-20	20-Oct-30	21-Oct-25	21-Oct-25	13,292	1	£381,572	£28.50	S/C capped at £8.50 psf excluding all utilities, with annual RPI uplift. Tenant rent free until 20 Dec 21, topped up by Vendor
3	Hymans Robertson LLP	01-Apr-06	27-Nov-33	02-Feb-25	28-Nov-28	13,289	5	£365,909	£26.50	Tenant rent free until 6 Jan 2021, topped up by Vendor
2	Hymans Robertson LLP	01-Apr-06	27-Nov-33	02-Feb-25	28-Nov-28	13,231	5	£364,372	£26.50	Tenant rent free until 6 Jan 2021, topped up by Vendor
1	Associated Newspapers Limited	01-Jul-06	30-Jun-26	01-Jul-21	30-Jun-22	10,528	5	£223,060	£20.00	
Ground Wellington St	Ashurst Commercial Services Ltd	21-Oct-20	20-Oct-30	21-Oct-25	21-Oct-25	4,911	1	£98,220	£19.65	S/C capped at £8.50 psf excluding all utilities, with annual RPI uplift
Ground Waterloo St	The Firm of Aberdein Considine and Co	11-Apr-06	10-Apr-27	11-Apr-16		4,557	0	£90,000	£19.75	Tenant rent free until 20 Apr 2021, topped up by Vendor
Parking	Vacant						8	£22,000		Car spaces vacant as of 21 Oct 2020. Vendor will guarantee income for 12 months
Total						96,457	33	£2,580,764	£25.83	Average office rental rate

- > 88% income secured to Ashurst & Hymans Robertson
- > The income profile provides a strong AWULT of 11 years until lease expiry, 6 years incorporating break options
- > All tenants have a D&B risk rating score of 1 – Minimum Risk
- > 100% rent collection throughout 2020



Covenant Information

HYMANS # ROBERTSON

Established 100 years ago, a national management consultancy firm offering independent pensions, investments, benefits and risk consulting services, as well as data and technology solutions. Headquartered in London with regional offices in Birmingham, Edinburgh and Glasgow with total of 490 staff.

For period to Mar 2019, Revenues £85.289m, Net Income £21.314M and Net Assets of £24.580M.



PROPERTY FINANCIAL

Privately owned legal services and estate agents firm with 19 offices across Scotland and the north of England. Launched in 1981 it is Scotland's largest estate and leasing agent controlled by 30 partners with more than 450 staff.

The financials for the company are undisclosed.

ashurst

International law firm headquartered in London with 27 offices in 15 countries across Asia, EMEA and Americas with over 1,600 legal advisers and total of 3,170 staff. Ashurst Commercial Services Ltd is a wholly owned subsidiary of Ashurst LLP.

For period to Apr 19, Revenues £640M, Net Worth £205.1M and Profit £200.8M

ASSOCIATED NEWSPAPERS

Founded in 1905, ANL is the newspaper publishing subsidiary of UK media giant DMG which owns flagship The Daily Mail (with a circulation of more than 1.2 Million), The Mail on Sunday, and MailOnline, which is among the world's most trafficked news websites. The subsidiary also publishes Metro and metro.co.uk. Total staff numbers total 1,690.

For period to Sep 2018, Revenues £651.9M, Net worth £532.5M and Profit of £31.1M

	Income %	D&B Rating (i)	D&B Score (i)
Ashurst Commercial Services Ltd	46%	A1	98/100
Hymans Robertson LLP	42%	N1	98/100
Associated Newspapers Limited	9%	5A1	90/100
The Firm of Aberdeen Considine and Company	3%	O1	100/100

(i) D&B Rating and Failure Score from Compliance Report June 2020

7	Hymans Robertson		11,566 sq ft
6	Ashurst		11,773 sq ft
5	Ashurst		13,310 sq ft
4	Ashurst		13,292 sq ft
3	Hymans Robertson		13,289 sq ft
2	Hymans Robertson		13,231 sq ft
1	Associated Newspapers		10,528 sq ft
G	Ashurst	Aberdeen Considine & co	9,468 sq ft
B	Car Parking		33 spaces



Glasgow Occupational Market

The supply demand dynamics of the Glasgow market are summarised as undersupplied, with limited supply and development Pipeline (over 80% space under construction is pre-let) and as pre-let deals continue, the pressure on rents for the best space will see rent of £34+ psf being achieved by year end. Total availability in Glasgow city centre sits at just over 840,000 sq ft, well below the 5 and 10 year average, and there is effectively no new Grade A space currently available.

Glasgow CBD occupational snapshot;

Total availability	841,200 sq ft
Grade A availability	194,300 sq ft
Vacancy rate	6%
New Grade A vacancy rate	0%*
Prime rent	£34.00 psf

*less than 10,000 ft

Following robust occupier take-up in 2019 of over 850,000 sq ft, the positive trend continued at the start of 2020, with leasing volumes reaching 90,000 sq ft in the first quarter of 2020. Like elsewhere, Covid19 has had a major impact on transactional levels in the city, with occupational and investment deals in Q2 and Q3 at record low levels. Despite this transactions continued to progress and there are a number of key deals progressed in 2020.



177 Bothwell Street, Glasgow

Transaction date	Under Offer
Size	25,000 sq ft
Rent analysis	£34.50 sq ft



Sentinel, Waterloo St Glasgow

Transaction date	Q2 2020
Size	18,268 sq ft
Rent analysis	£29.50 sq ft
Transaction summary	Sedgwick International 10 year lease



191 West George Street, Glasgow

Transaction date	Q4 2019
Size	15,001 sq ft
Rent analysis	£31.00 sq ft
Transaction summary	RSA 10 year lease



177 Bothwell Street, Glasgow

Transaction date	Q3 2019
Size	48,704 sq ft
Rent analysis	£32.50 sq ft
Transaction summary	Virgin money 22 year lease



2 Atlantic Square, Glasgow

Transaction date	Under Offer
Size	35,000 sq ft
Rent analysis	£34.00 sq ft

Glasgow Investment Market

Glasgow has attracted institutional real estate investment from UK and Europe for decades and in recent years this has extended to include a number of Asian investors. Notwithstanding the strong occupational dynamic, prime deals in the city have been curtailed simply as a result of the limited stock of best in class buildings.

As prime yields in the other Big 6 regional centres are driven into 4.5% and 4.75% territory, Glasgow offers opportunity and value with yields in excess of 5%.

Key UK Regional Investment Transactions

Date	Address	Price	NIY	Income	Capital Value (psf)	Purchaser
Under offer	Quartermile 3, Edinburgh	£45M	4.65%	12 years (7 years to break)	£610	Kanam
Oct 20	55 Colmore Row, Birmingham	£105M	4.65%	9 years	£665	Union
May 20	4 North St Andrews Street, Edinburgh	£30.5M	4.35%	18 years (8 years to break)	£735	Kanam
Aug 19	Exchange Plaza, Lothian Road, Edinburgh	£54.0M	5.29%	8.6 years (7 years to breaks)	£533	M&G
Aug 19	Temple Quay House, Bristol	£73.3M	4.02%	17.75 years	£475	Alpha Capital
Jul 19	110 St Vincent Street, Glasgow	£48.4M	5.40%	8.1 years	£500	KFIM
Mar 19	Victory House, Bristol	£36.1M	4.89%	7.7 years	£425	NFU
Feb 19	4-8 St Andrew Square, Edinburgh	£120.0M	4.45%	12 years	£727	Kanam
Oct 18	1 Atlantic Quay, Glasgow	£52.0mM	5.05%	12.2 years (11 years to breaks)	£450	Darin Partners

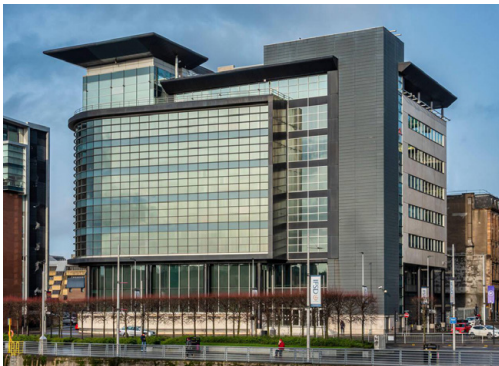
Big Six Prime Yields

— Birmingham — Bristol — Edinburgh
— Glasgow — Leeds — Manchester



Prime Yields Q3 2020

Glasgow	5.25%
Birmingham	4.75%
Bristol	4.75%
Edinburgh	4.75%
Manchester	4.75%
Leeds	5.00%



Investment Rationale



Glasgow Market

- Scotland's largest city with a catchment population of 2 million, a true metropolitan city.
- Glasgow office yield of 5.00%+ is currently offering a discount vs. other Big 6.
- No new Grade A supply in the city and over 80% under construction is pre-let.
- Rent outlook remains positive beyond 2020 with new schemes quoting in excess of £34.00 psf.
- Glasgow has seen a recent shift up the value curve with Barclays, Morgan Stanley and JP Morgan committing to almost 1m sq ft.



Asset Management

- Revisionary potential at the July 2021 rent review based on low passing rent of £20 psf (1st floor).
- No immediate landlord Cap Ex. Upgraded service planned within PPM to be funded through service charge.
- 8 car spaces vacant October 2020 to re-let or scope to provide additional staff amenity, electric charging points, extra bike racks.



Income Profile

- Core income profile with AWULT 11 years, 6 years to breaks.
- 88% income secured to two multi national corporates Ashurst & Hymans Robertson.
- 100% rent collection throughout 2020.
- Rental tone recently set in building at £28.50 psf. Market rents since grown to in excess of £34.00 psf.
- Tenants committed to the building, evidenced by recent decisions to remain and expand.



Building

- Prime location on doorstep of Scotland's busiest train hub.
- Buchanan Street amenities, less than 5 mins walk.
- Sought after 10,000 - 13,000 sq ft floor plates.
- Corner aspect with modern, flexible space.



Title

The Heritable Interest (equivalent to Freehold) in the property is being sold.

VAT

The property has been elected for VAT and therefore VAT will be payable upon the purchase price however it is anticipated that the sale will take the form of a Transfer of Going Concern (TOGC).

EPC

Full details are available upon request.

Property Management

All tenants occupy on a FRI lease basis and although there is currently a service charge cap with one of the tenants, there is no Landlord shortfalls with 100% of the current budget recoverable.

The core service Charge Budget for period to 31 Dec 2020, excluding utilities, equates to £6.47 psf.

As part of recent lease restructure deals, agreement on the cost of the reception upgrade works were agreed with the tenants. In addition, further agreements are in place to implement replacement of aspects of the M&E system as part of Tenant's own rolling fit out upgrade programme, earmarked between now and 2023 and part of the wider Building PPM.

Further details on this and all property management aspects can be made available from the current agents, BNP Paribas Property Management.

Pricing

Offers in excess of **£44,000,000** exclusive of VAT.

This provides attractive NIY of 5.5% based on standard purchasers costs and a Capital Value rate of £456 psf.



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Contact

All further dialogue and enquiries should be made to the sole selling agent BNP Paribas Real Estate



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